

# Markets

Réal Foley  
Senior Vice President  
Marketing and Logistics



Teck

# Caution Regarding Forward-Looking Statements

Both these slides and the accompanying oral presentations contain certain forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995 and forward-looking information within the meaning of the Securities Act (Ontario) and comparable legislation in other provinces (collectively referred to herein as forward-looking statements). Forward-looking statements can be identified by the use of words such as “plans”, “expects” or “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variation of such words and phrases or state that certain actions, events or results “may”, “could”, “should”, “would”, “might” or “will” be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of Teck to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

These forward-looking statements include, but are not limited to, statements concerning: price and supply and demand forecasts for our commodities, as well as the factors driving those forecasts; Teck’s ability to sell coal to China; Teck being well positioned for future copper demand growth; and all other estimates and projections associated with our business and operations.

The forward-looking statements are based on and involve numerous assumptions, risks and uncertainties and actual results may vary materially. These statements are based on assumptions, including, but not limited to, general business and economic conditions, interest rates, the supply and demand for, deliveries of, and the level and volatility of prices of, zinc, copper, coal, blended bitumen, and other primary metals, minerals and products as well as steel, oil, natural gas, petroleum, and related products, our costs of production and production and productivity levels, as well as those of our competitors, power prices, continuing availability of water and power resources for our operations, market competition, the accuracy of our reserve estimates (including with respect to size, grade and recoverability) and the geological, operational and price assumptions on which these are based, conditions in financial markets, the future financial performance of the company, our ability to successfully implement our technology and innovation strategy, the performance of new technologies in accordance with our expectations, our ability to attract and retain skilled staff, our ability to procure equipment and operating supplies, positive results from the studies on our expansion projects, our coal and other product inventories, our ability to secure adequate transportation for our products, our ability to obtain permits for our operations and expansions, our ongoing relations with our employees and business partners and joint venturers.

Factors that may cause actual results to vary materially include, but are not limited to, renewed or extended COVID-19 related suspension of activities and negative impacts on our suppliers, contractors, employees and customers; extended delays in return to normal operations due to COVID-19 related challenges; changes in commodity and power prices, changes in market demand for our products, changes in interest and currency exchange rates, acts of governments and the outcome of legal proceedings, inaccurate geological and metallurgical assumptions (including with respect to the size, grade and recoverability of mineral reserves and resources), unanticipated operational difficulties (including failure of plant, equipment or processes to operate in accordance with specifications or expectations, cost escalation, unavailability of materials and equipment, government action or delays in the receipt of government approvals, industrial disturbances or other job action, adverse weather conditions and unanticipated events related to health, safety and environmental matters), union labour disputes, political risk, social unrest, failure of customers or counterparties (including logistics suppliers) to perform their contractual obligations, changes in our credit ratings, unanticipated increases in costs to construct our development projects, difficulty in obtaining permits, inability to address concerns regarding permits of environmental impact assessments, negative changes or deterioration in general economic conditions; and alternatives for our commodities.

The forward-looking statements in this presentation and actual results will also be impacted by the effects of COVID-19 and related matters. The overall effects of COVID-19 related matters on our business and operations and projects will depend on how the ability of our sites to maintain normal operations, and on the duration of impacts on our suppliers, customers and markets for our products, all of which are unknown at this time. Continuing operating activities is highly dependent on the progression of the pandemic and the success of measures taken to prevent transmission, which will influence when health and government authorities remove various restrictions on business activities.

We assume no obligation to update forward-looking statements except as required under securities laws. Further information concerning risks and uncertainties associated with these forward-looking statements and our business can be found in our Annual Information Form for the year ended December 31, 2020, filed under our profile on SEDAR ([www.sedar.com](http://www.sedar.com)) and on EDGAR ([www.sec.gov](http://www.sec.gov)) under cover of Form 40-F, as well as subsequent filings, including but not limited to our quarterly reports.

# Steelmaking Coal Prices Resilient Despite Import Ban

Australian banned exports absorbed by strong steel market

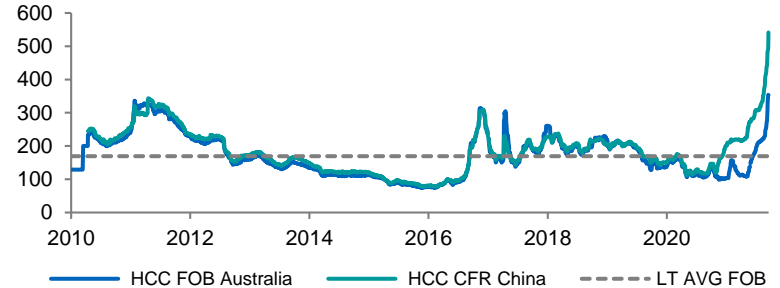
## Steelmaking coal prices diverge on import ban

- CFR prices into China hit all time high
- Chinese steel production continues to grow at 1.1 Gt annualized YTD
- Chinese mine supply constrained on quality, logistics and environmental pressures
- Imports from Mongolia constrained due to COVID-19
- Ten-year average seaborne FOB price of ~US\$170/t, or US\$180/t on an inflation-adjusted basis<sup>1</sup>

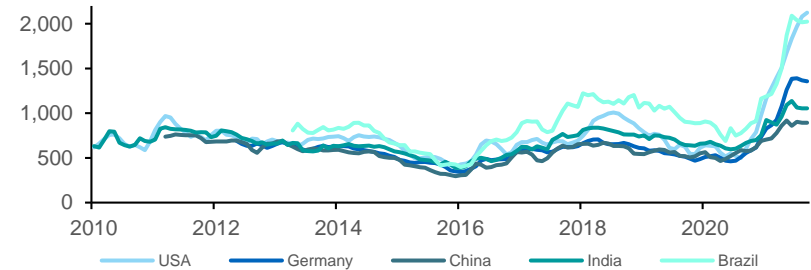
## Steel prices support steel mill margins

- Steel prices hit record highs in 2021 across all markets
- Current order books well supported into 2022
- Strong demand led to record steel prices, incentivizing production and supporting raw material prices

## Steelmaking Coal Prices<sup>1</sup> (US\$/t)



## Hot Rolled Coil Prices (US\$/t)



Rising demand exceeds market's ability to adjust to trade dispute

# Australian Coal Ban Absorbed

## Displaced Australian coal taken up by ex-China market

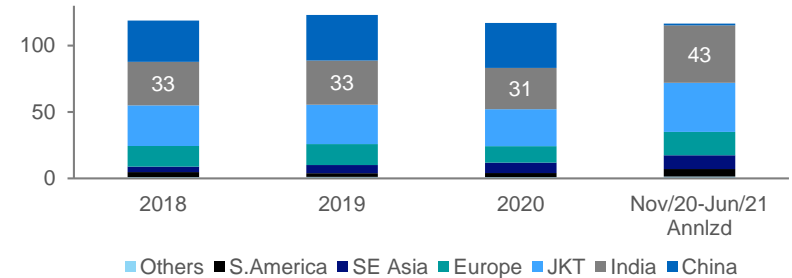
### Australian HCC finds new homes; market pivots

- Australian coal banned; ROW to fill the Chinese gap
- Australian exports to China drop to zero from ~34 Mt
- Increased demand ex-China & repositioning absorbed Australian surplus; took market ~6 months to sort out logistics/supply
- No indication of change to import ban into 2022

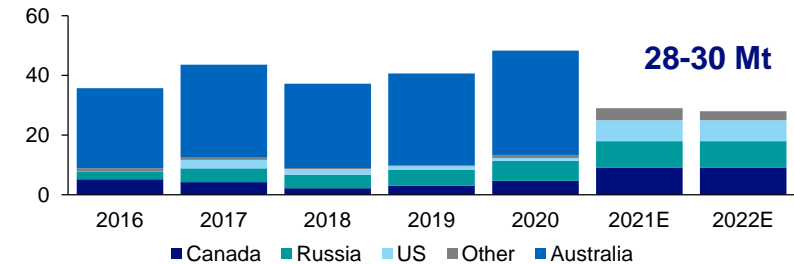
### China remains short steelmaking coal

- China relied on increased domestic production, imports from Mongolia, Canada/USA & others
- Mongolia down 7% YTD due to COVID-19 (2021: -8.6 Mt)
- Domestic production up 3% YTD, estimated +9 Mt for 2021
- Seaborne imports ex-Australia up 136% YTD, estimated +16 Mt for 2021
- China short ~13–20 Mt this year based on historic imports and production

### Australian HCC Exports<sup>1</sup> (Mt)



### China HCC Imports<sup>2</sup> (Mt)



Teck capitalizing on Chinese market opportunity while maintaining existing contracts

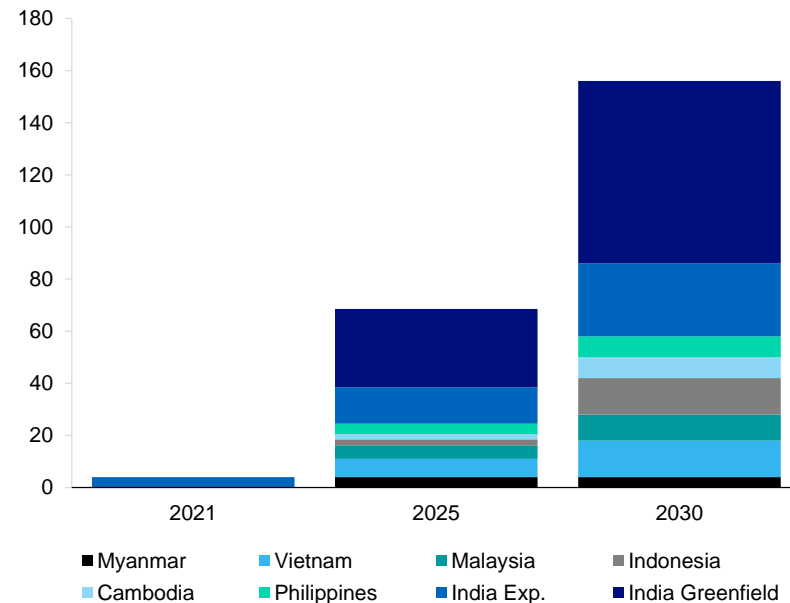
# Long Term Steelmaking Coal Demand Well Supported

## Planned blast furnace capacity set to grow

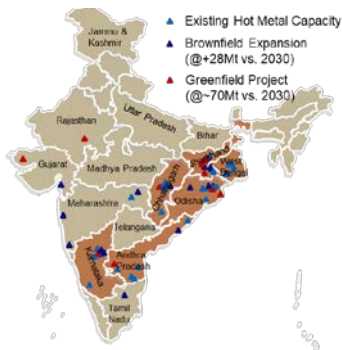
### Asian blast furnace capacity continues to grow

- Asia committing to 20+ years of traditional steel making
- European steel mills seek alternatives to coal feed
- Hydrogen pilot plants only, commercial technology still decades away and currently prohibitively expensive
- Seek alternative carbon abatement in CCS/CCUS

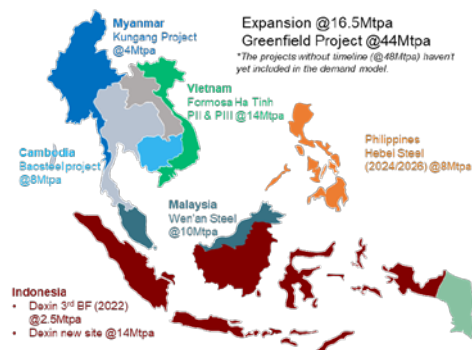
### Blast Furnace Capacity<sup>2</sup> (Mt)



#### India<sup>1</sup>



#### South-East Asia<sup>1</sup>



Financial commitments being made for multi-decade traditional steel making

# Copper Supply Needed for Electrification Targets

## Supply committed pre-pandemic insufficient to meet growing demand

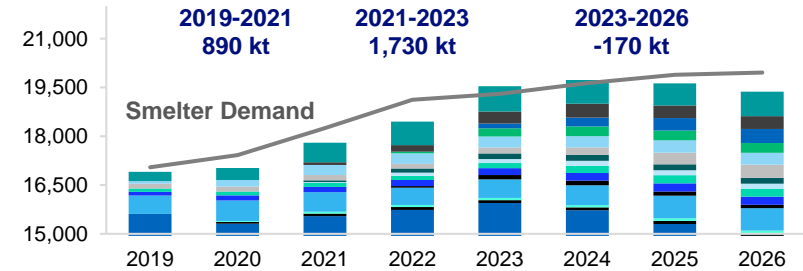
### Supply response falling short

- >80% of the current committed mine projects were sanctioned prior to the pandemic
- Under an IEA 1.5 degree scenario, copper demand will grow by >12 Mt in the next 10 years
- In the last 20 years (China growth), copper mine production only grew 7 Mt
- Only 2.4 Mt is committed over the next five years

### Demand accelerating in mid-term

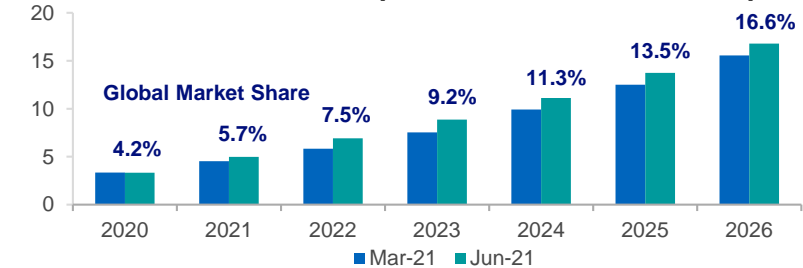
- Automakers are raising five-year targets for EV fleets; up by 8% in the last three months
- Wind and solar driven by corporate agendas
- Current electric grid requires >10% increase to meet near term targets of 40% EV penetration

### Copper Mine Growth<sup>1</sup> (kt)



### EV Change in Projected Growth

#### Last Three Months<sup>2</sup> (BEV + PHEV M units)



Teck well positioned for future copper demand growth

# Zinc Outperforms Market Expectations

Chinese mine production continues to underperform expectations

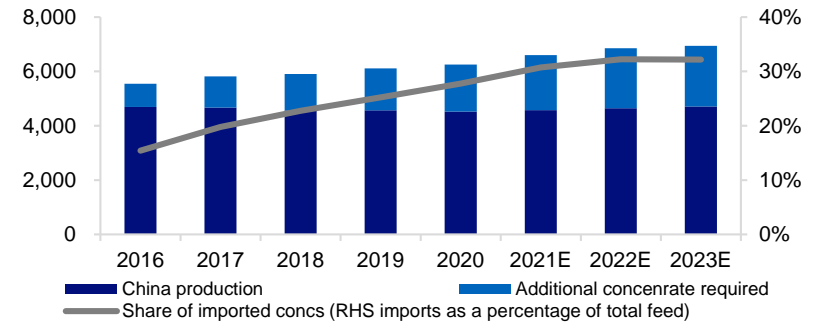
## Concentrate market remains tight through 2021

- Spot TCs relatively unchanged at historically low levels
- Energy shortages impacting Chinese smelters
- Chinese mine production growth limited going forward
- South American supply/logistics continue to struggle

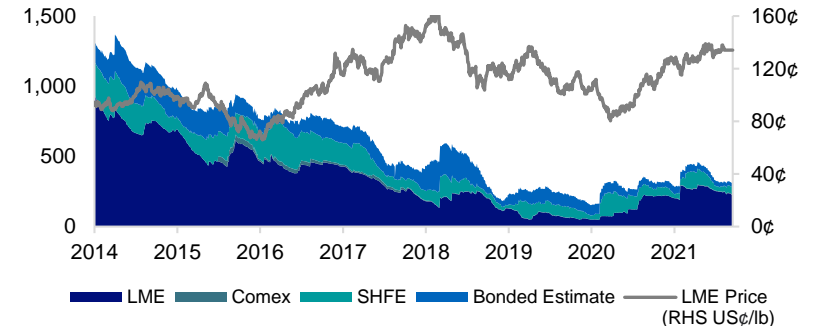
## Metal market better than projected

- Chinese mine supply did not deliver as analysts projected
- Galvanized steel demand strong globally, record high prices
- Auto production backlog likely to continue into 2022
- Ex-China infrastructure spending is now beginning
- Decarbonization trend will be steel intensive
- Galvanizing steel extends service life, reducing scrapping

## China Zinc Concentrate Supply<sup>1</sup> (Kmt)



## Global Visible Stocks<sup>2</sup> (kt)



# Appendix



# Endnotes: Markets

## **Slide 2: Steelmaking Coal Prices Resilient Despite Import Ban**

1. Ten-year steelmaking coal prices are calculated from January 1, 2011. Inflation-adjusted prices are based on Statistics Canada's Consumer Price Index. Source: Argus, Teck. As at September 15<sup>th</sup>, 2021.
2. Eight-year Steel Hot Rolled Coil, Turkish Scrap prices calculated from January 1, 2013. Source: Platts, Teck. As at September 15<sup>th</sup>, 2021

## **Slide 3: Australian Coal Ban Absorbed**

1. Australian Hard Coking Coal Exports by Market 2018 – 2020 and Post Ban Annualized (November 2020 – June 2021 Actuals) in Millions of Tonnes. Source: IHS/GTIS, Australian Bureau of Statistics.
2. Chinese Hard Coking Coal Imports by Country of Origin 2016 to 2020 with estimates for 2021 based on exports to June/July 2021 annualized. Estimates for 2022 based on currently projected production increases and no change to import ban observed by market analysts as at September 2021. Source: IHS/GTIS, Teck, Wood Mac, CRU. As at September 15<sup>th</sup>, 2021

## **Slide 4: Long Term Steelmaking Coal Demand Well Supported**

1. Announced planned blast furnace expansions and greenfield blast furnaces projects, various company announcements.
2. Announced potential blast furnace capacity increases by country. Source: Various Company Announcements, Wood Mackenzie, CRU, Platts, Teck As at September 15<sup>th</sup>, 2021.

## **Slide 5: Copper Supply Needed for Electrification Targets**

1. Copper concentrate supply and smelter demand 2019 – 2020 actuals and 2021 – 2026 forecasts, includes committed projects and projected 4% disruption allowance. Wood Mackenzie, CRU, Teck. As at September 15<sup>th</sup>, 2021.
2. Change in BEV/PHEV market share projections by global auto makers. Source: CRU.

## **Slide 6: Zinc Outperforms Market Expectations**

1. China zinc concentrate supply requirements 2016 – 2023 estimates. Source: China NBS/CNIA, BGRIMM, Teck.
2. Global Visible Stocks. Source: LME, ICE, SHFE, SMM. To September 15<sup>th</sup>, 2021.