



# **Cleveland-Cliffs Inc.**

## **Investor Presentation**

**FEBRUARY 2022**

# FORWARD-LOOKING STATEMENTS

This presentation contains statements that constitute "forward-looking statements" within the meaning of the federal securities laws. All statements other than historical facts, including, without limitation, statements regarding our current expectations, estimates and projections about our industry or our businesses, are forward-looking statements. We caution investors that any forward-looking statements are subject to risks and uncertainties that may cause actual results and future trends to differ materially from those matters expressed in or implied by such forward-looking statements. Investors are cautioned not to place undue reliance on forward-looking statements. Among the risks and uncertainties that could cause actual results to differ from those described in forward-looking statements are the following: disruptions to our operations relating to the ongoing COVID-19 pandemic, including the heightened risk that a significant portion of our workforce or on-site contractors may suffer illness or otherwise be unable to perform their ordinary work functions; continued volatility of steel, iron ore and scrap metal market prices, which directly and indirectly impact the prices of the products that we sell to our customers; uncertainties associated with the highly competitive and cyclical steel industry and our reliance on the demand for steel from the automotive industry, which has been experiencing a trend toward light weighting and supply chain disruptions, such as the semiconductor shortage, that could result in lower steel volumes being consumed; potential weaknesses and uncertainties in global economic conditions, excess global steelmaking capacity, oversupply of iron ore, prevalence of steel imports and reduced market demand, including as a result of the prolonged COVID-19 pandemic; severe financial hardship, bankruptcy, temporary or permanent shutdowns or operational challenges, due to the ongoing COVID-19 pandemic or otherwise, of one or more of our major customers, including customers in the automotive market, key suppliers or contractors, which, among other adverse effects, could lead to reduced demand for our products, increased difficulty collecting receivables, and customers and/or suppliers asserting force majeure or other reasons for not performing their contractual obligations to us; risks related to U.S. government actions with respect to Section 232 of the Trade Expansion Act of 1962 (as amended by the Trade Act of 1974), the United States-Mexico-Canada Agreement and/or other trade agreements, tariffs, treaties or policies, as well as the uncertainty of obtaining and maintaining effective antidumping and countervailing duty orders to counteract the harmful effects of unfairly traded imports; impacts of existing and increasing governmental regulation, including potential environmental regulations relating to climate change and carbon emissions, and related costs and liabilities, including failure to receive or maintain required operating and environmental permits, approvals, modifications or other authorizations of, or from, any governmental or regulatory authority and costs related to implementing improvements to ensure compliance with regulatory changes, including potential financial assurance requirements; potential impacts to the environment or exposure to hazardous substances resulting from our operations; our ability to maintain adequate liquidity, our level of indebtedness and the availability of capital could limit our financial flexibility and cash flow necessary to fund working capital, planned capital expenditures, acquisitions, and other general corporate purposes or ongoing needs of our business; our ability to reduce our indebtedness or return capital to shareholders within the currently expected timeframes or at all; adverse changes in credit ratings, interest rates, foreign currency rates and tax laws; the outcome of, and costs incurred in connection with, lawsuits, claims, arbitrations or governmental proceedings relating to commercial and business disputes, 5 environmental matters, government investigations, occupational or personal injury claims, property damage, labor and employment matters, or suits involving legacy operations and other matters; supply chain disruptions or changes in the cost or quality of energy sources, including electricity, natural gas and diesel fuel, or critical raw materials and supplies, including iron ore, industrial gases, graphite electrodes, scrap metal, chrome, zinc, coke and metallurgical coal; problems or disruptions associated with transporting products to our customers, moving manufacturing inputs or products internally among our facilities, or suppliers transporting raw materials to us; uncertainties associated with natural or human-caused disasters, adverse weather conditions, unanticipated geological conditions, critical equipment failures, infectious disease outbreaks, tailings dam failures and other unexpected events; disruptions in, or failures of, our information technology systems, including those related to cybersecurity; liabilities and costs arising in connection with any business decisions to temporarily idle or permanently close an operating facility or mine, which could adversely impact the carrying value of associated assets and give rise to impairment charges or closure and reclamation obligations, as well as uncertainties associated with restarting any previously idled operating facility or mine; our ability to realize the anticipated synergies and benefits of our recent acquisition transactions and to successfully integrate the acquired businesses into our existing businesses, including uncertainties associated with maintaining relationships with customers, vendors and employees and known and unknown liabilities we assumed in connection with the acquisitions; our level of self-insurance and our ability to obtain sufficient third-party insurance to adequately cover potential adverse events and business risks; challenges to maintaining our social license to operate with our stakeholders, including the impacts of our operations on local communities, reputational impacts of operating in a carbon-intensive industry that produces greenhouse gas emissions, and our ability to foster a consistent operational and safety track record; our ability to successfully identify and consummate any strategic capital investments or development projects, cost-effectively achieve planned production rates or levels, and diversify our product mix and add new customers; our actual economic mineral reserves or reductions in current mineral reserve estimates, and any title defect or loss of any lease, license, easement or other possessory interest for any mining property; availability of workers to fill critical operational positions and potential labor shortages caused by the ongoing COVID-19 pandemic, as well as our ability to attract, hire, develop and retain key personnel; our ability to maintain satisfactory labor relations with unions and employees; unanticipated or higher costs associated with pension and OPEB obligations resulting from changes in the value of plan assets or contribution increases required for unfunded obligations; the amount and timing of any repurchases of our common shares; and potential significant deficiencies or material weaknesses in our internal control over financial reporting.

For additional factors affecting the business of Cliffs, refer to Part I – Item 1A. Risk Factors of our Annual Report on Form 10-K for the year ended December 31, 2021, and other filings with the U.S. Securities and Exchange Commission.

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## CLEVELAND-CLIFFS

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Largest flat-rolled steel producer in North America



Fully integrated from raw materials, direct reduced iron and ferrous scrap to primary steelmaking and downstream stamping, tooling and tubing



Steel market leader in automotive industry sales and quality



Track record of cost control and disciplined commercial excellence



Full commitment to ESG policies including aggressive GHG emissions reduction and inclusive capitalism

# DIFFERENTIATED, FULLY-INTEGRATED BUSINESS MODEL

- ✓ Vertically integrated in ferrous raw materials

Pellets



HBI



Prime Scrap



- ✓ Annual shipments of approximately 16 million tons

Steel Making & Rolling



- ✓ Industry leading automotive market share

Finishing & Coating

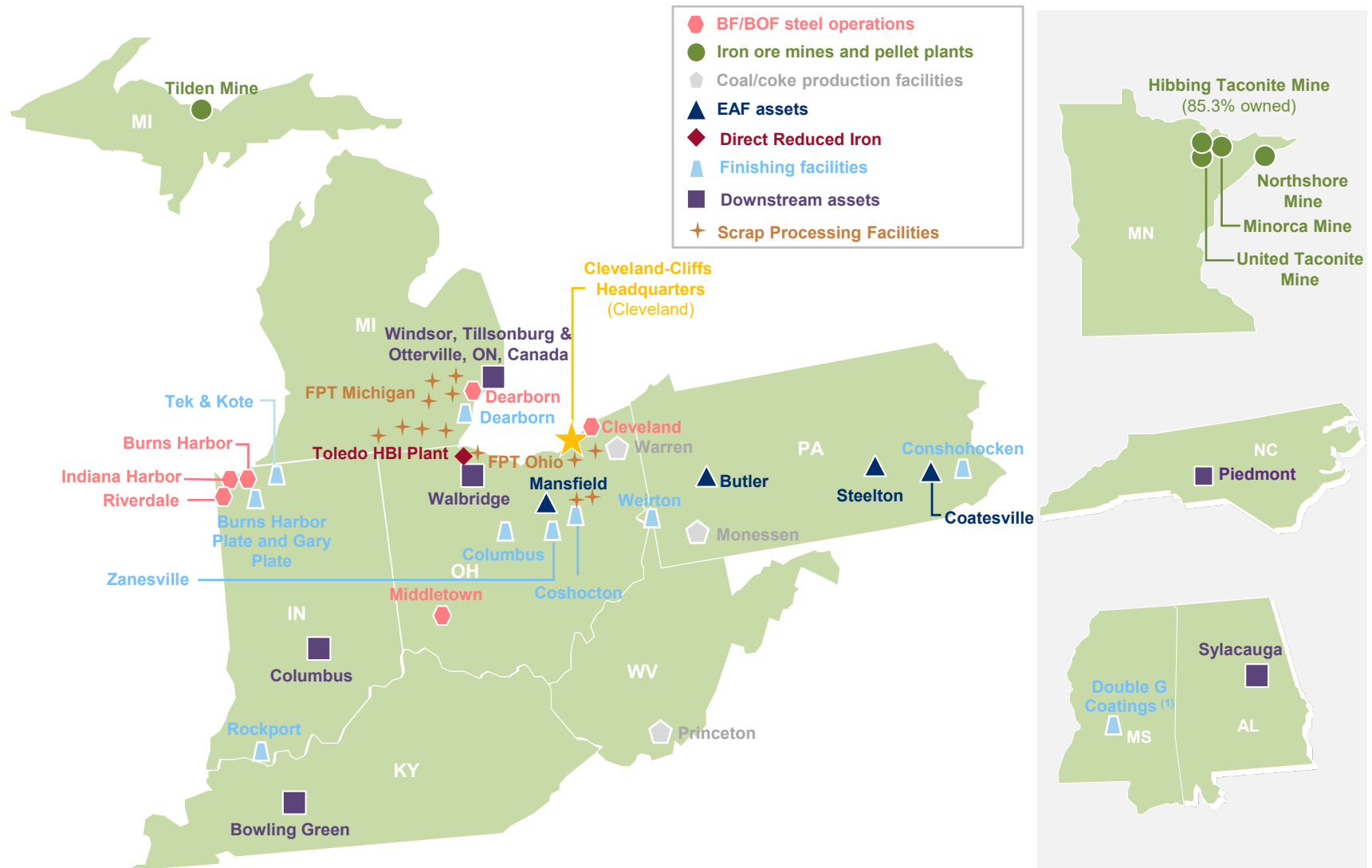


- ✓ Innovative and diverse downstream capabilities

Downstream



# OPERATIONAL FOOTPRINT



## 2021 HIGHLIGHTS

### Achieved Record Financial Performance



Achieved record annual revenue, net income, Adjusted EBITDA and free cash flow

### Entered the Scrap Business



Purchased the leading prime scrap processor in North America

### Returned Capital to Shareholders



Reduced our diluted share count by 10%

### Improved Contracts



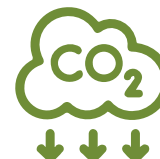
Locked in substantial price increases for our fixed price contracts

### Fully Utilized HBI



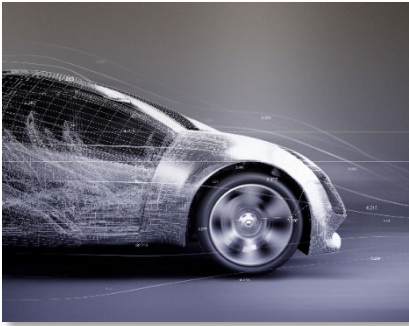
Reached nameplate capacity at our HBI facility in Toledo, OH

### Committed to Reduce CO<sub>2</sub>

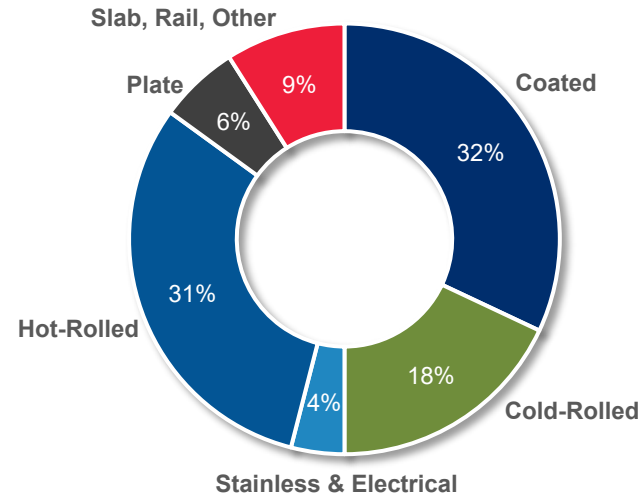


Announced commitment to reduce GHG emissions by 25% by 2030

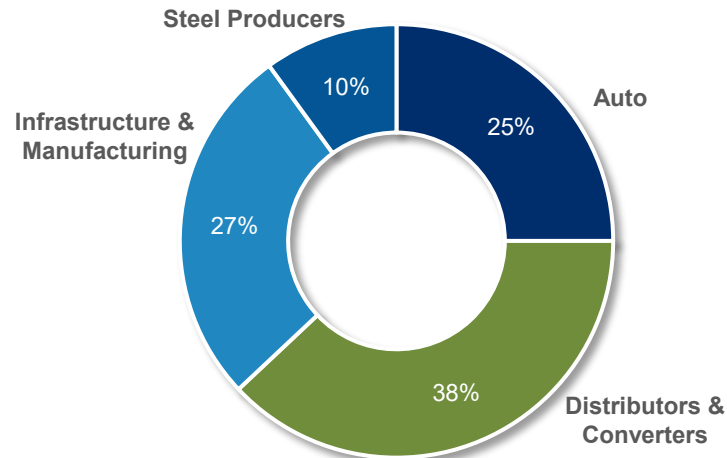
# DIVERSIFIED END MARKETS WITH FOCUS ON VALUE ADDED PRODUCTS



## Product Mix



## End Market Mix

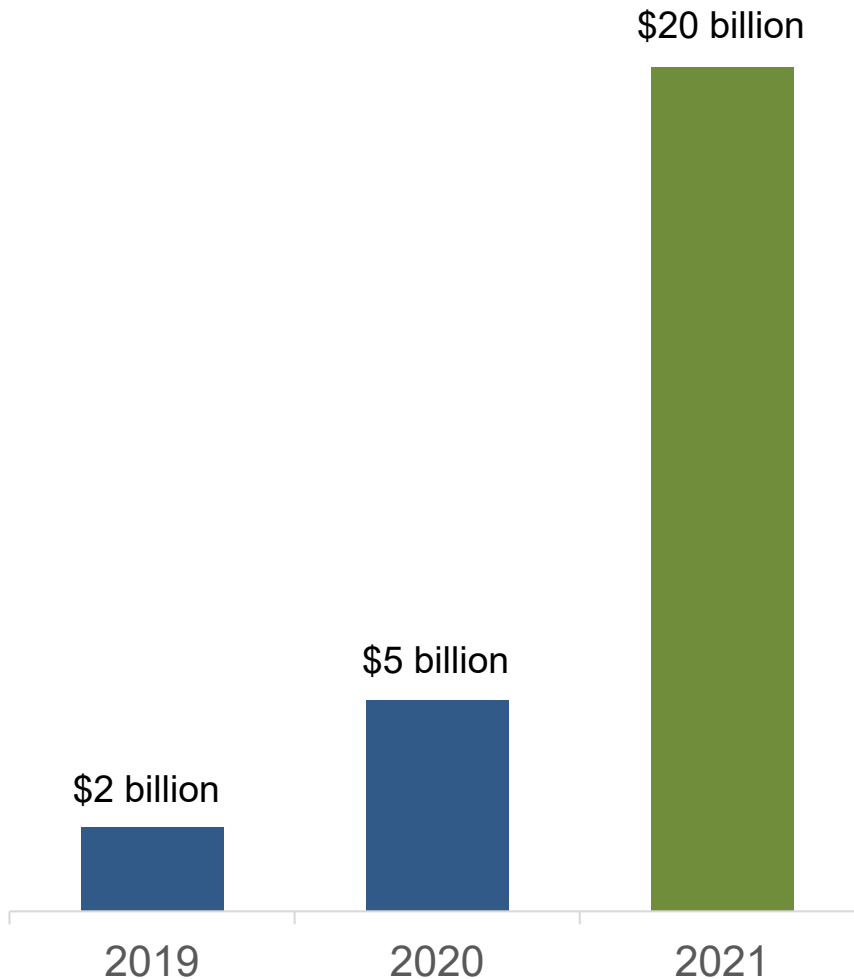


## Extensive Product Offering

- ✓ Advanced High-strength Steels
- ✓ Aluminized
- ✓ Automotive Exposed
- ✓ Cold-rolled Coil
- ✓ Electrogalvanized
- ✓ Galvalume
- ✓ Galvanneal
- ✓ Grain Oriented Electrical Steels
- ✓ Hot-dipped Galvanized
- ✓ Hot-rolled Coil
- ✓ Non-oriented Electrical Steels
- ✓ Plate
- ✓ Rail
- ✓ Stainless Steels
- ✓ Stamped Components
- ✓ Tinplate
- ✓ Tool & Die
- ✓ Tubing

# CLEVELAND-CLIFFS' 3-YEAR TRANSFORMATION

## 2019-2021 Annual Revenues



## 2019 Operational Profile

**0 tons**

of finished steel shipments

## 2020 Operational Profile

**3.8 million tons**

of finished steel shipments

**#5**

Fifth largest flat-rolled steel producer in North America

## 2021 Operational Profile

**15.9 million tons**

of finished steel shipments

**#1**

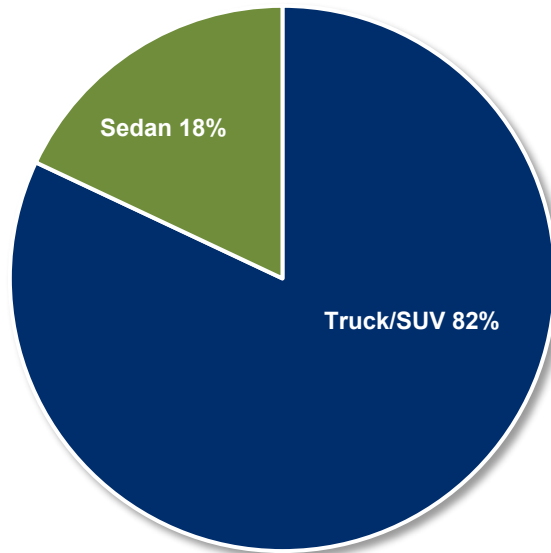
Largest flat-rolled steel producer in North America



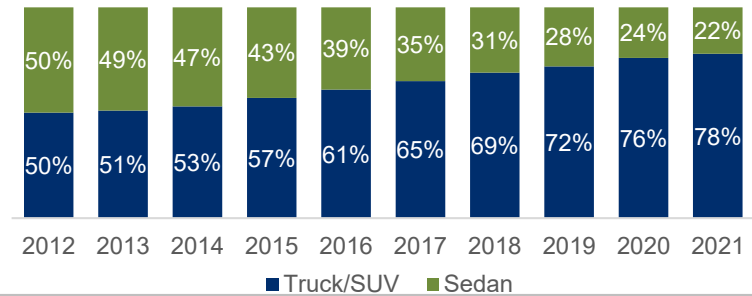
# INDUSTRY LEADING AUTOMOTIVE MARKET SHARE

- 15.2 and 17.2 million new vehicle builds projected in 2022 and 2023, respectively, compared to 13.0 million builds in 2021
- Dealer inventories reached 22 days sales outstanding in 2021, an all-time low
- Truck and SUV sales continue to increase market share

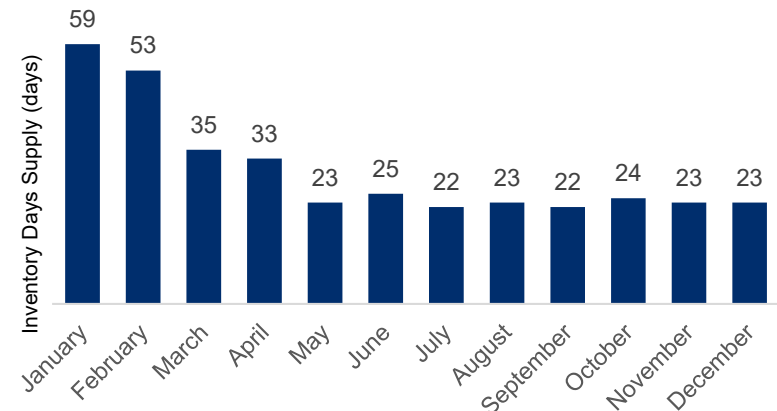
### Cliffs' End Product Mix



### U.S. Auto Market Trend



### U.S. Dealer Inventories (TTM)



# STEEL FOR THE VEHICLE OF TOMORROW

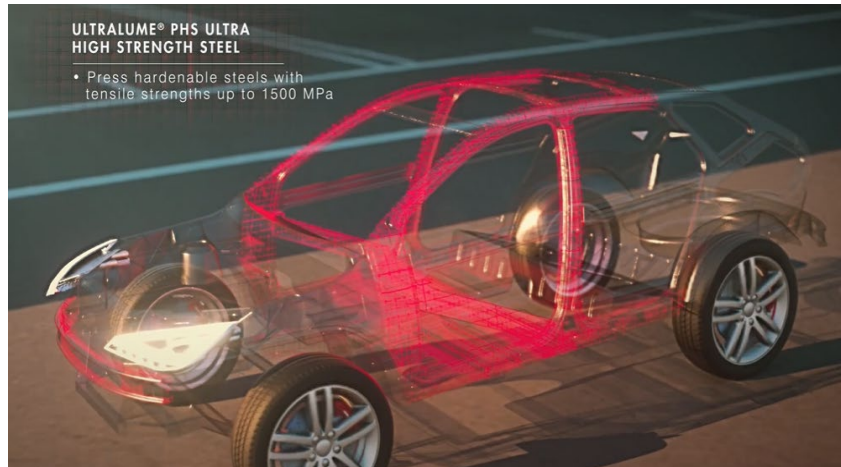
## MARTENSITIC STEELS

- Tensile strengths from 900 – 1700 MPa



## ULTRALUME® PHS ULTRA HIGH STRENGTH STEEL

- Press hardenable steels with tensile strengths up to 1500 MPa



## NEXMET® 1000/1200

- 3<sup>rd</sup> Generation AHSS offering higher strength and high formability for lightweight structural components



## DUAL PHASE, MULTI-PHASE, COMPLEX PHASE STRUCTURAL STEELS

- Tensile strengths from 590 – 1180 MPa



Leadership position in exposed and lightweight materials has created a strong appetite for the use of Cliffs' steel in new electric vehicle models

# ALL THE STEEL NECESSARY FOR THE FORTHCOMING EV EXPANSION

## Cliffs' AHSS

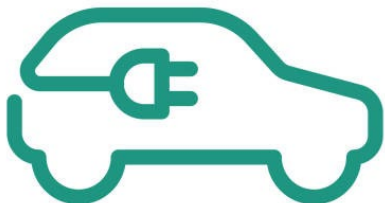
*for lightweight EV bodies & battery support*



- Steel use becomes more critical in the motor, body, battery casing, and vehicle charging network
- Biden administration targeting 50% EVs by 2030
- Infrastructure bill contains \$7.5 billion for EV charging network

## Cliffs' Electrical Steel

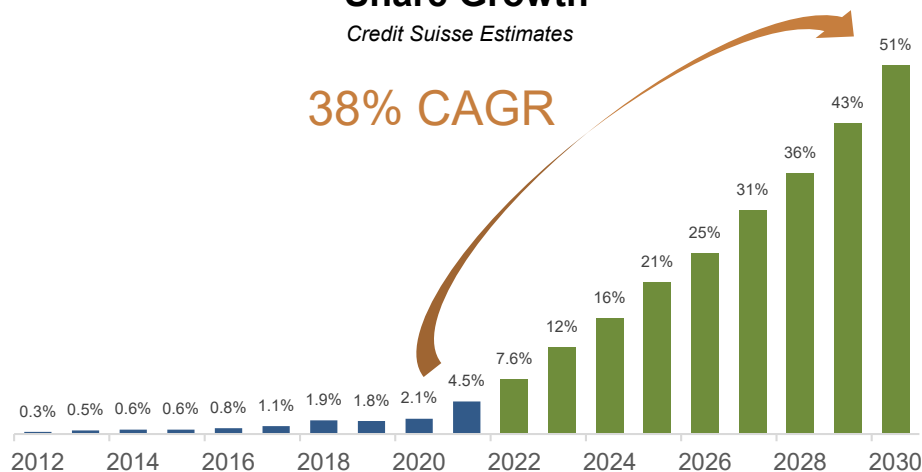
*for EV motor & charging*



## Projected North America EV Market Share Growth

*Credit Suisse Estimates*

**38% CAGR**



# SHARE PERFORMANCE VS. XME AND S&P 500

## 1-Year Performance

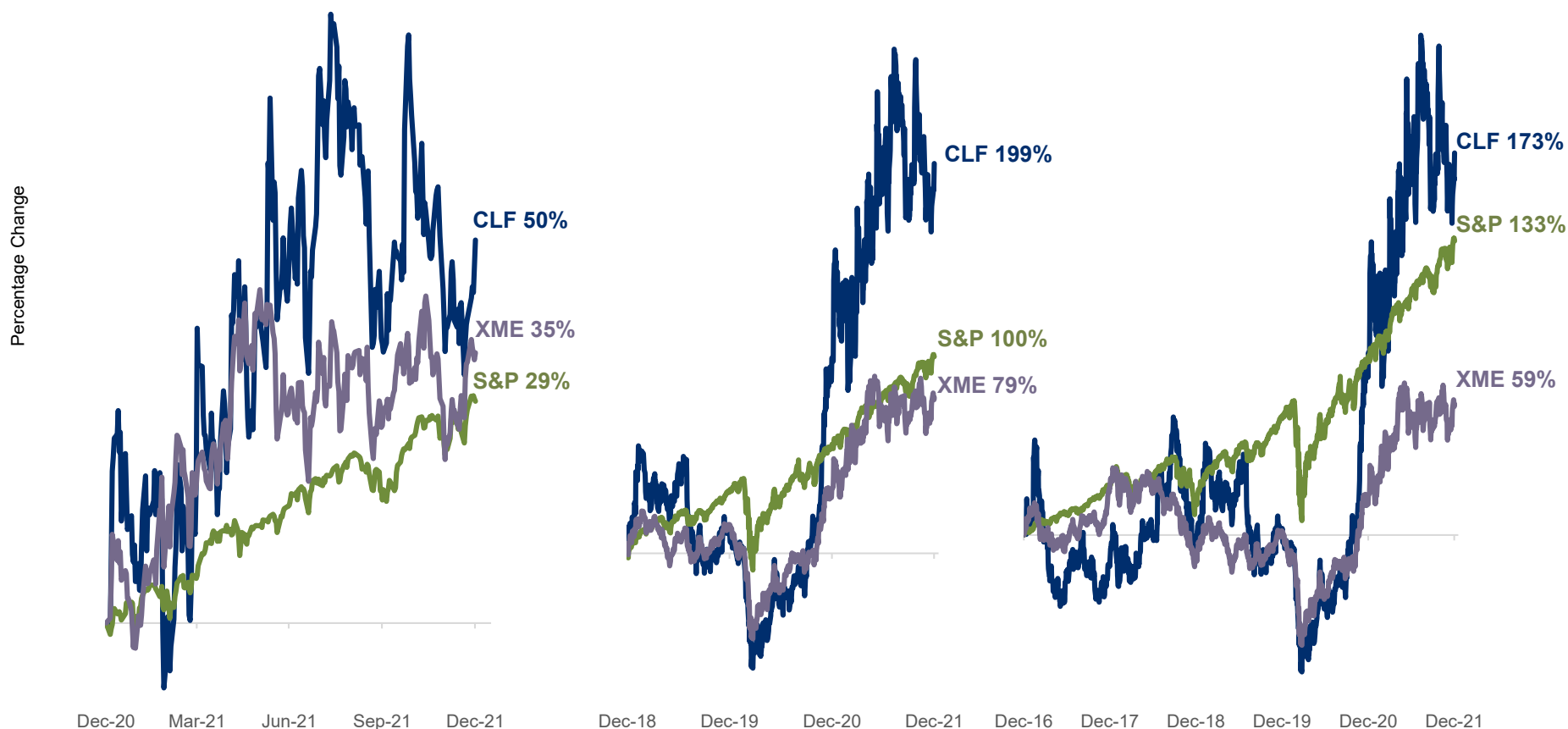
Company	Price Change
Cleveland-Cliffs	50%
XME	35%
S&P 500	29%

## 3-Year Performance

Company	Price Change
Cleveland-Cliffs	199%
S&P 500	100%
XME	79%

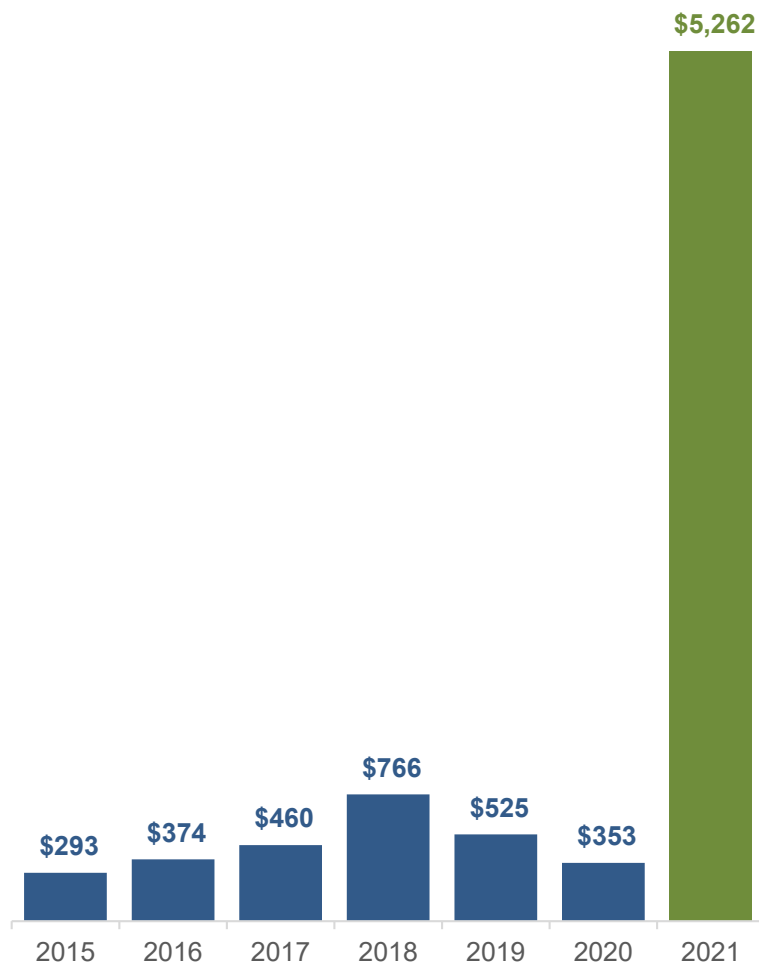
## 5-Year Performance

Company	Price Change
Cleveland-Cliffs	173%
S&P 500	133%
XME	59%

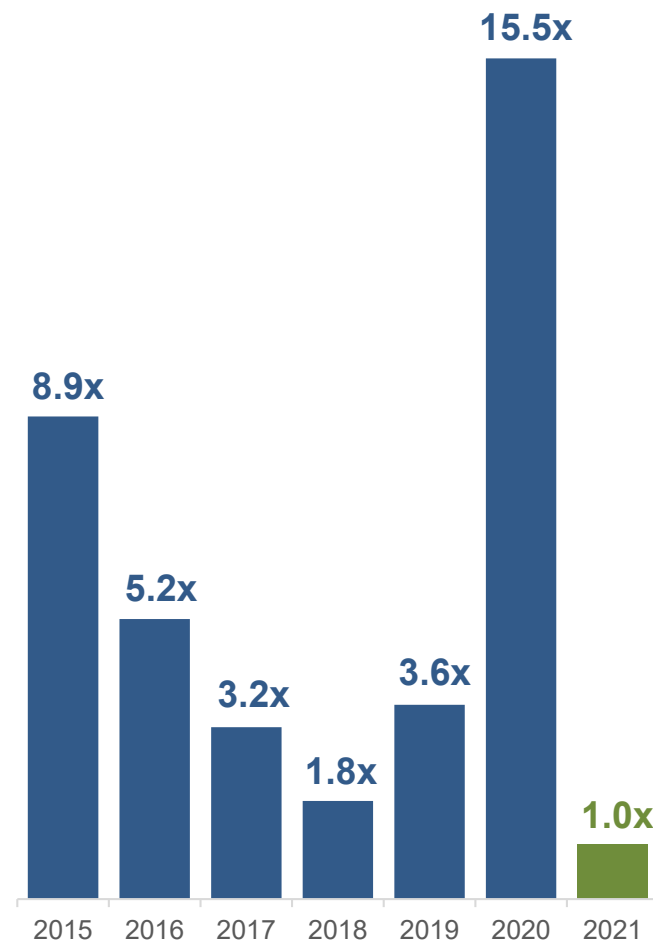


## RECORD FINANCIAL PERFORMANCE DRIVING DELEVERAGING

### Adjusted EBITDA<sup>1</sup> (\$mm)



### Net debt / Adjusted EBITDA<sup>1</sup>

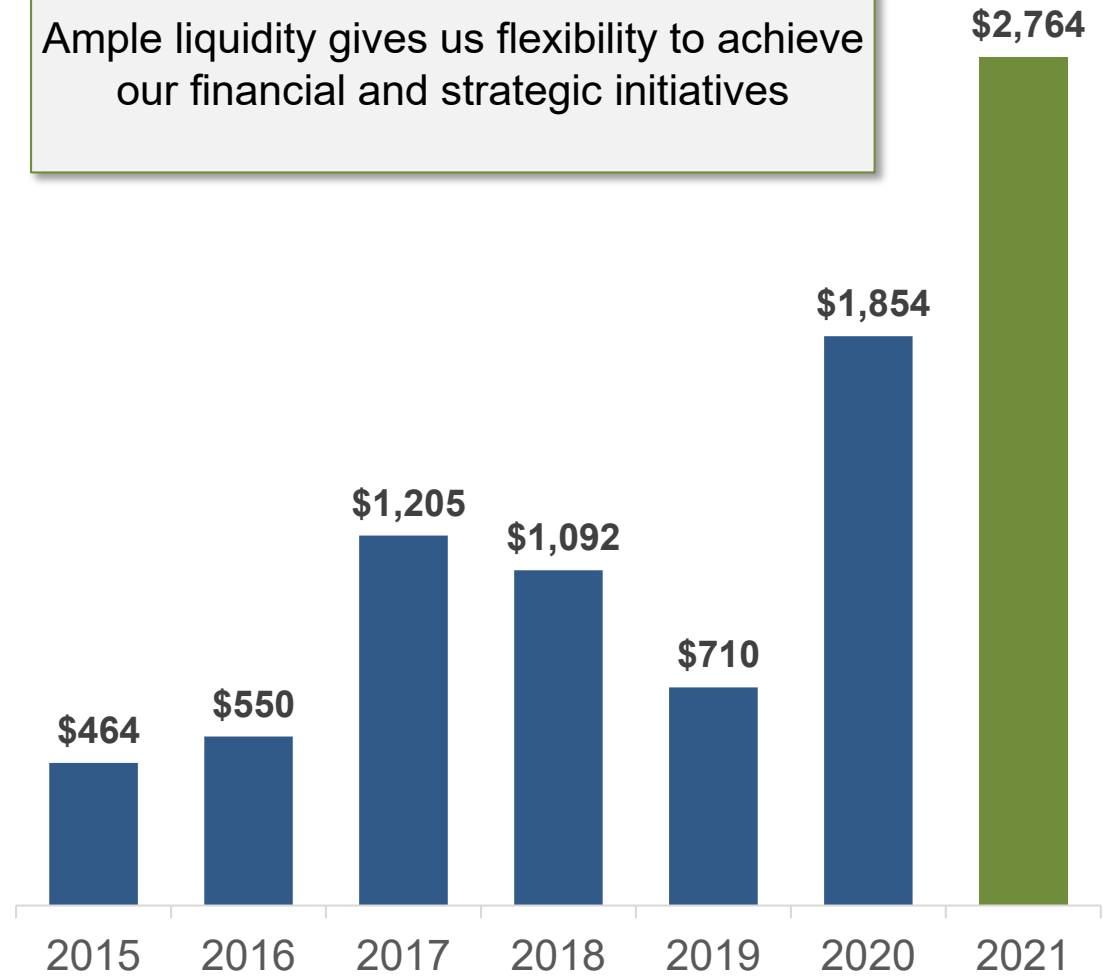


# LIQUIDITY GROWTH



*In Millions*

Ample liquidity gives us flexibility to achieve our financial and strategic initiatives





# STEEL MARKET FUNDAMENTALS



**Strong end-user steel demand environment**



**Prime scrap remains in short supply**



**2022**

**Industrial supply chains deferred demand into 2022**



**Auto contracts negotiated at higher prices for 2022**

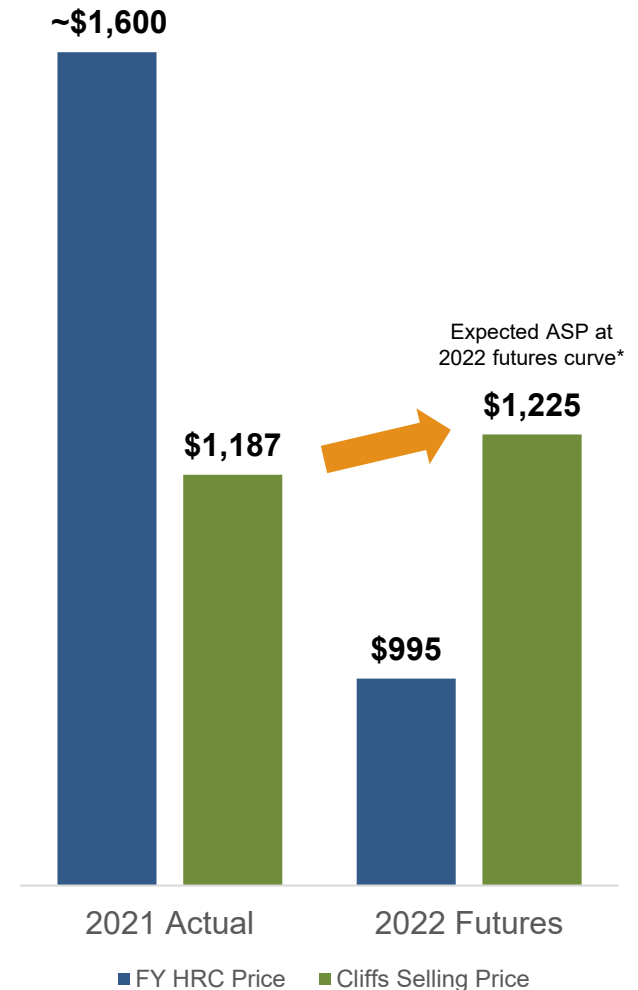


**Infrastructure investment will drive demand for steel**



**Greening of America will consume a lot of steel going forward**

## Rising Selling Price Despite Lower HRC Pricing

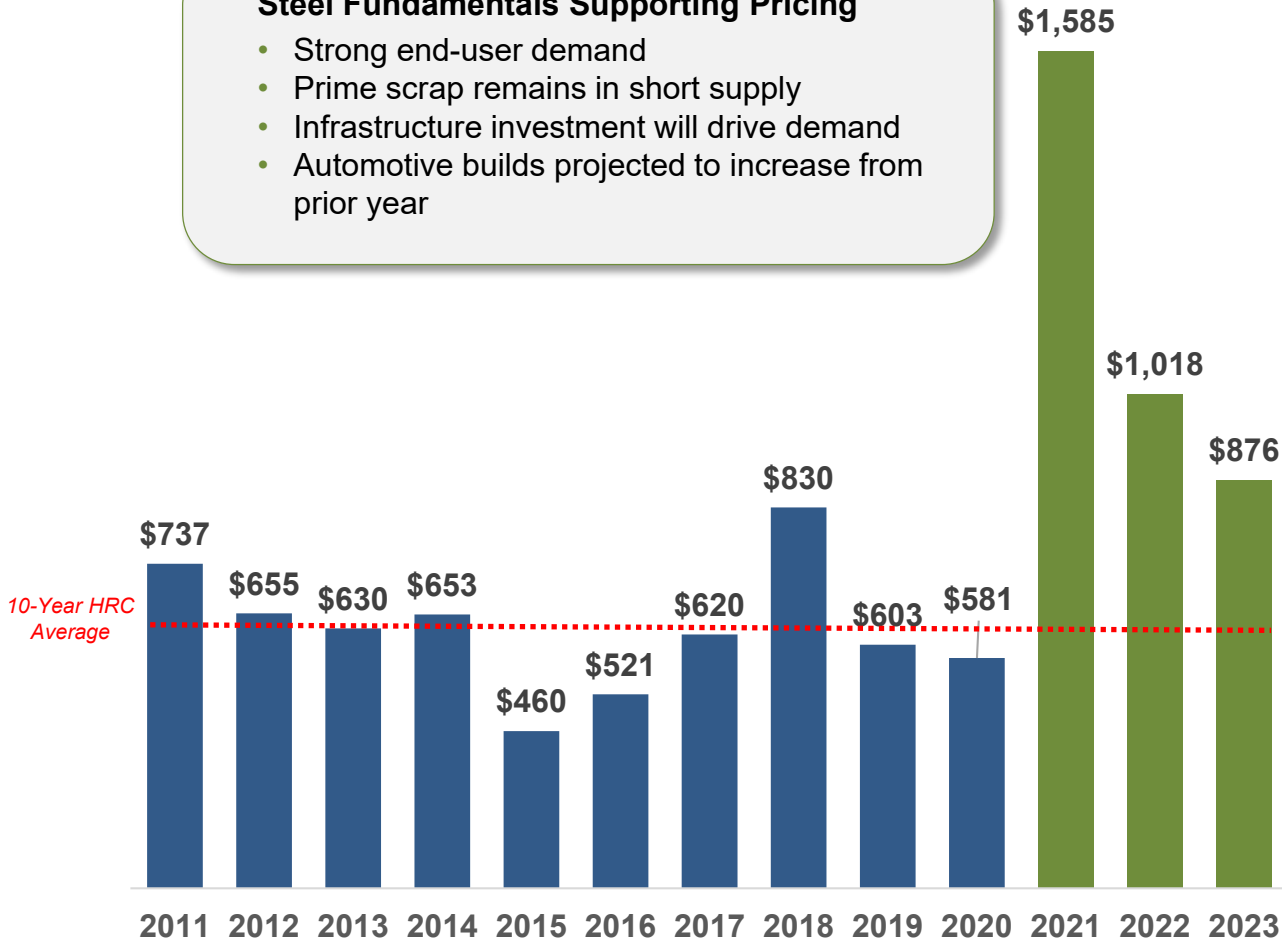


# HISTORICAL HRC PRICING

## HRC Prices Forecasted to Remain Above Historical Averages

### Steel Fundamentals Supporting Pricing

- Strong end-user demand
- Prime scrap remains in short supply
- Infrastructure investment will drive demand
- Automotive builds projected to increase from prior year



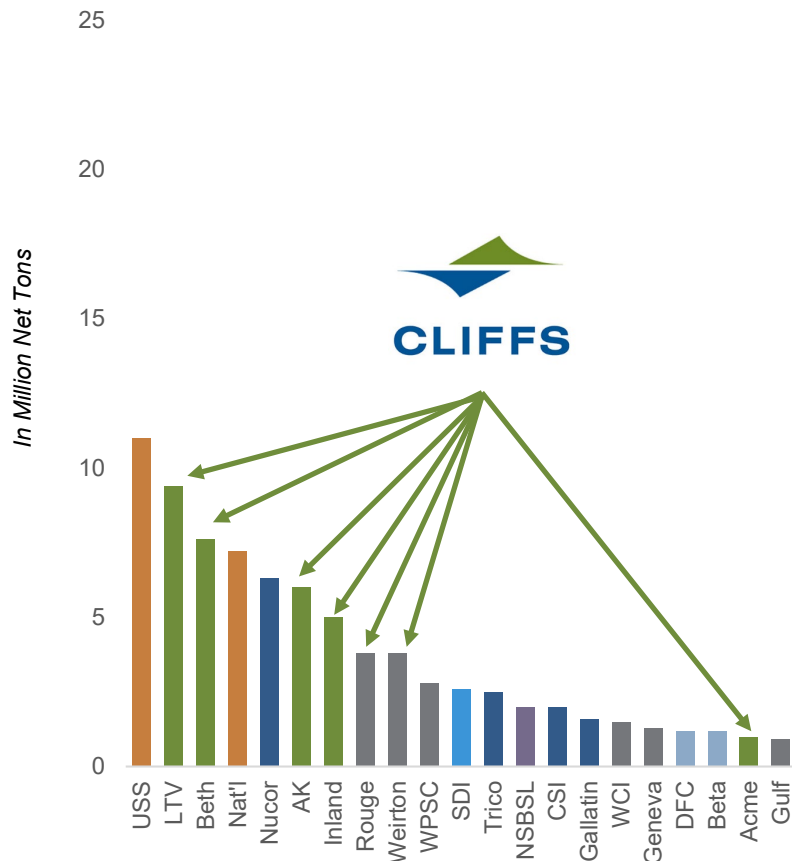


# FLAT-ROLLED MARKET CONSOLIDATION

## United States Hot Strip Mill Capacity

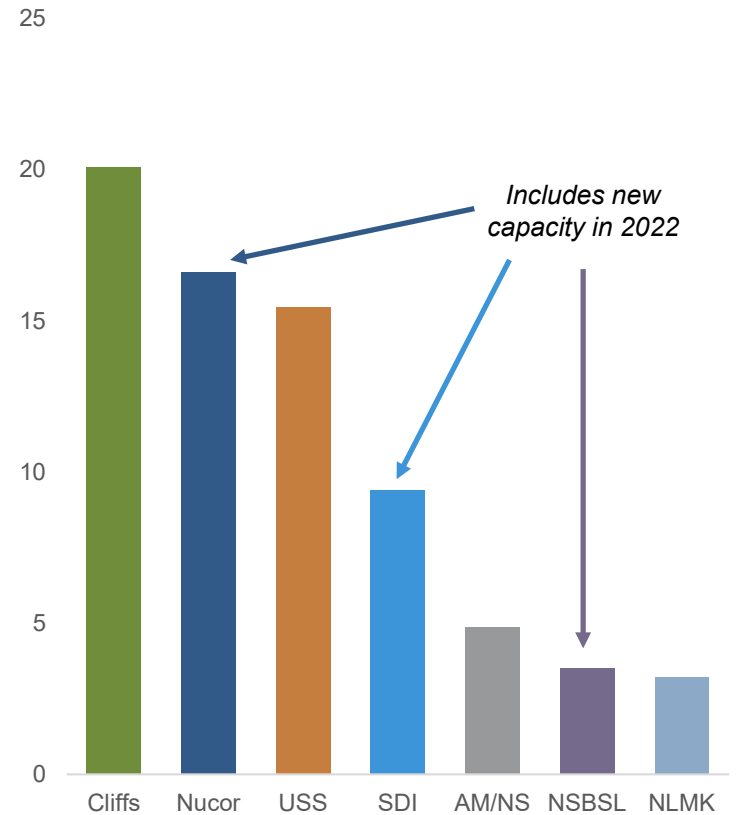
2000

Top 4 make up **44%**



2022

Top 4 make up **84%**



## INCREASING FOCUS ON RETURNING CAPITAL TO SHAREHOLDERS

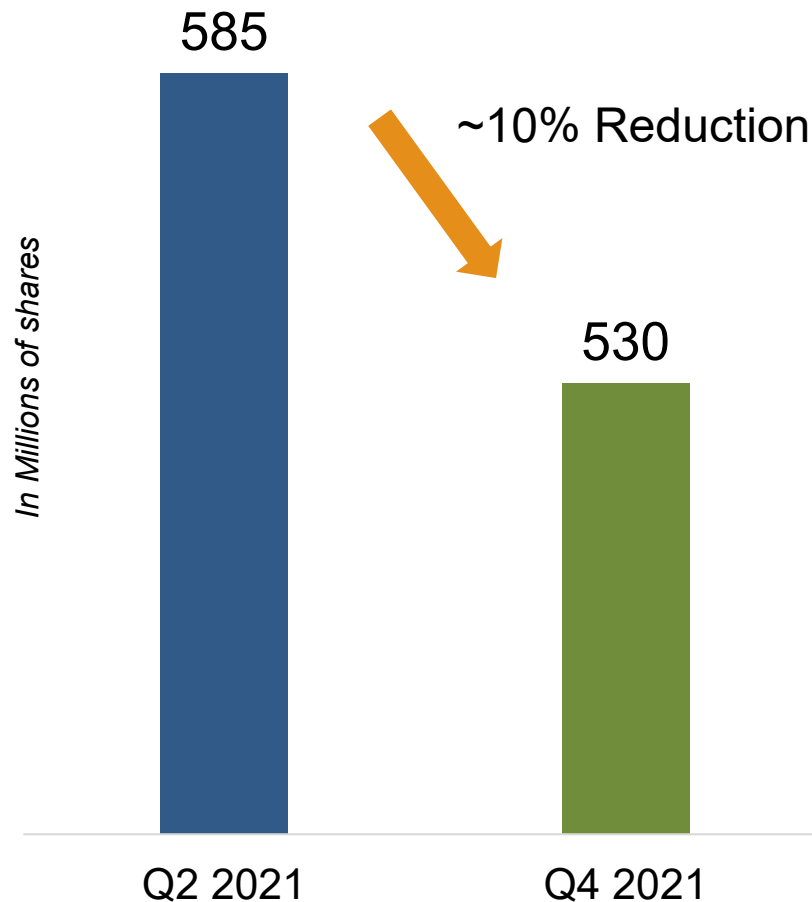
### 2021

- Completed redemption of all outstanding preferred shares with \$1.3 billion in cash
- Reduced the diluted share count by 10%

### 2022

- Announced \$1 billion share repurchase program
- Ample flexibility to buy up to a maximum of \$1 billion worth of shares
- No set expiration date

### Diluted Share Count Evolution



# ENVIRONMENTAL AND SUSTAINABILITY COMMITMENTS AND STRATEGY



## Emissions Reductions Targets

Reduce GHG emissions 25% by 2030



## Low CO<sub>2</sub> Intensity Blast Furnaces

Scope 1 and 2 emissions as low as 0.95/ton of steel produced



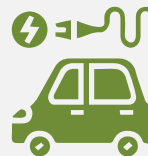
## 100% Natural Gas Based HBI

1.9 million metric tons of annual HBI capacity reduced with 100% natural gas



## New Scrap Recycling Presence

FPT is the leading recycler of prime ferrous scrap in North America



## Technical Capabilities for EV Expansion

AHSS for lightweight EV bodies and electrical steel for EV motor and charging



## Industry High Employee Pay

2020 median employee compensation of \$101,940, well above industry average

# STEEL'S INEVITABILITY IN THE GREENING OF AMERICA

## Wind Energy



### Cliffs' plate

~130 tons of steel per MW

## Solar Power



### Cliffs' galvanized

~40 tons of steel per MW

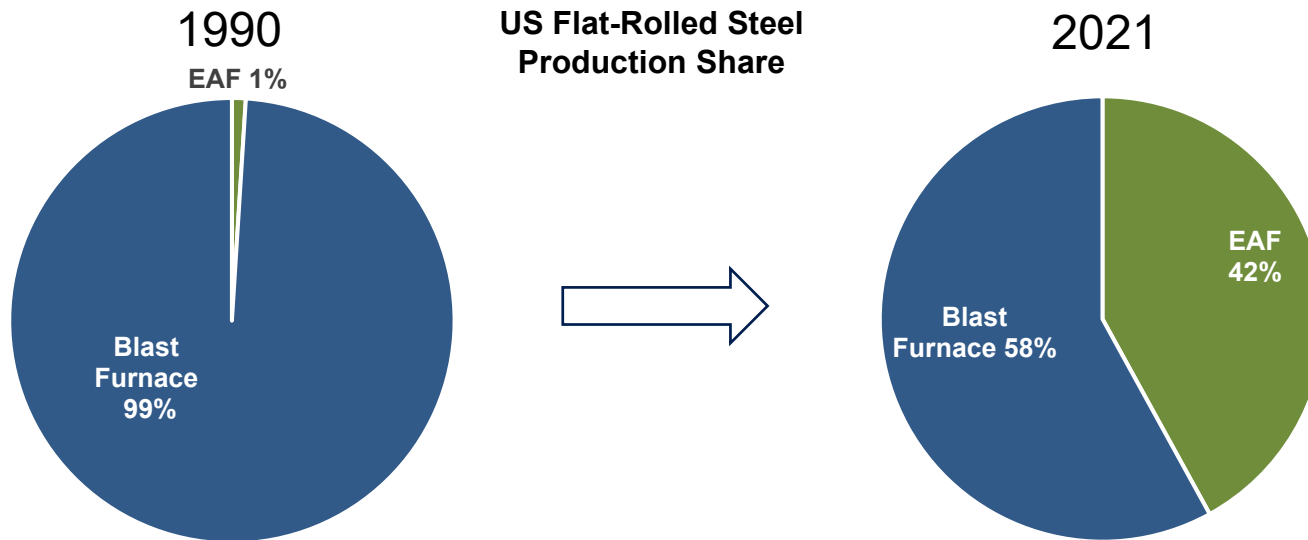
## Modern Electric Grid



### Cliffs' GOES

Infrastructure bill contains \$65 billion toward the modernization of the U.S. electric grid

# FLAT-ROLLED MINI-MILL MARKET PENETRATION



**What impact has this had?**

Prime scrap demand:



Prime scrap supply:



**Flat-rolled EAF's are dependent on:**

Prime Scrap

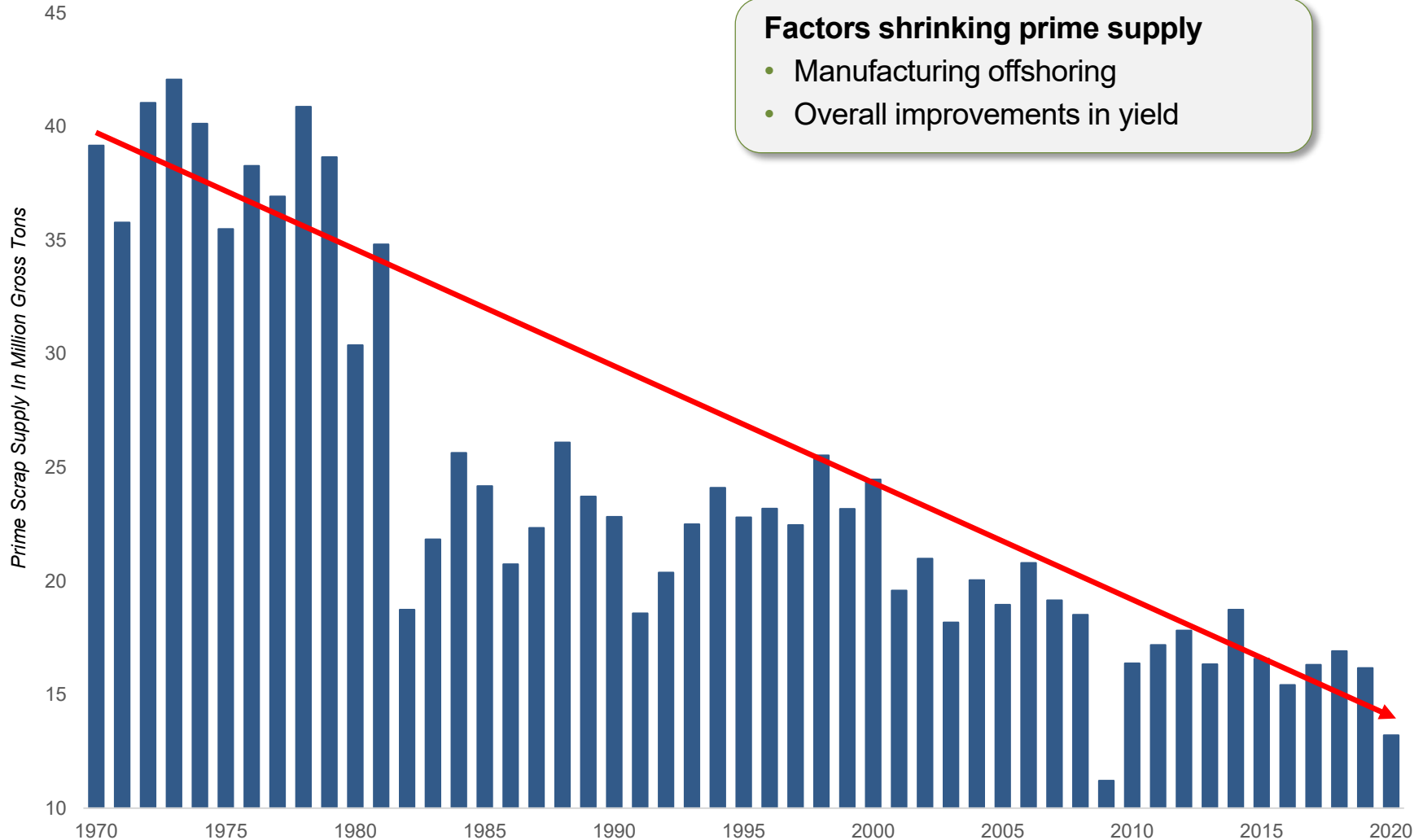


Pig iron/  
DRI/HBI



# PRIME SCRAP SUPPLY HAS BEEN SHRINKING FOR 50 YEARS

## Prime Scrap Supply (Including home scrap)



# FERROUS PROCESSING AND TRADING CO. (FPT)



## Company Overview

- FPT is among the largest processors and distributors of prime ferrous scrap in North America
- **~3 million tons** of scrap metal processed per year
- Approximately **half** of total output is prime grade
- ~600 employees

## Footprint

- 22 locations with primary emphasis on Midwest Region (primarily Michigan and Ohio)
- Headquartered in Detroit, Michigan
- **~90% of revenues** from Midwest locations
- 99% of sales to North American customers

## Transaction Overview

- \$775 million purchase price
- Paid in cash
- Transaction completed on 11/18/2021

## TTM (through August 2021) Financial Profile

- EBITDA of approximately \$100 million
- Capital spend of approximately \$20 million

## FPT ACQUISITION TRANSACTION HIGHLIGHTS

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Allows Cliffs to optimize productivity at its existing EAFs and BOFs as the Company has no current plans to add additional steelmaking capacity



Expands portfolio of high-quality ferrous raw materials to include iron ore pellets, direct-reduced iron, and now prime scrap



Immediately secures substantial access to prime scrap, where demand is expected to grow dramatically with limited to no growth in corresponding supply



Creates a platform for Cliffs to leverage flat-rolled automotive and other customer relationships into closed-loop recycling partnerships to grow prime scrap presence



Furthers commitment to environmentally-friendly, low-carbon intensity steelmaking with cleaner materials mix



# PRIME SCRAP: THE NEXT PRECIOUS METAL

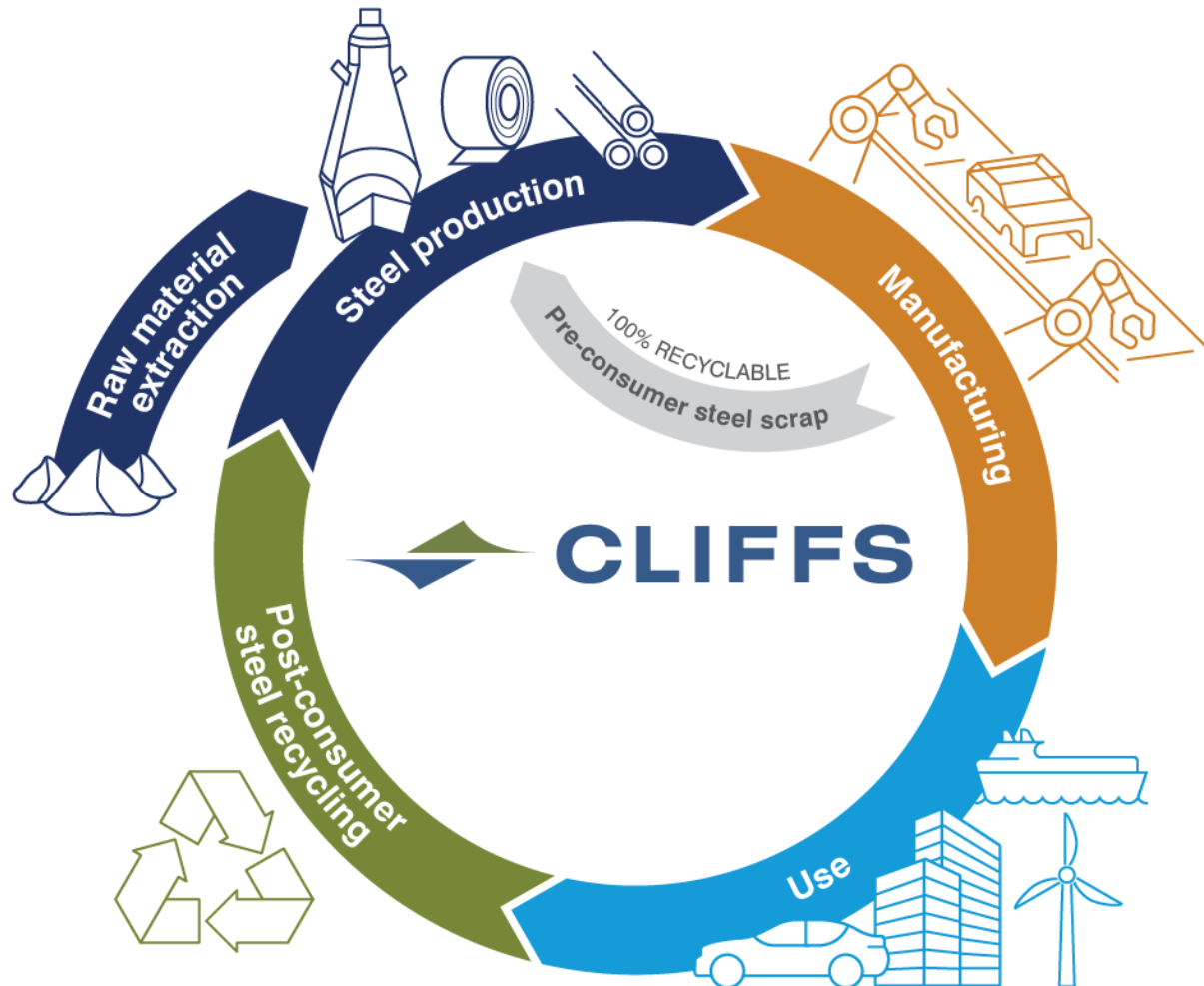
**FPT represents approximately 15% of the merchant prime scrap market<sup>1</sup>**

- **Scrap demand will continue to increase** due to industry decarbonization efforts
- **Prime scrap is a critical feedstock for flat-rolled steel** production in both EAFs and BOFs
- **Cliffs is the largest source of the steel** that generates prime scrap in manufacturing facilities
- Estimated **60-70% of flat-rolled EAF feed comprised of prime scrap and metallics**
- **Estimated US demand for prime scrap and metallics to increase ~9m gross tons per year by 2025**
- Prime scrap supply has been **shrinking for 50 years**
- United States currently imports **~2m gross tons of prime scrap annually**
- **CO<sub>2</sub> footprint of pig iron and restricted DRI availability** leaves limited alternatives
- Existing and future **DRI facilities have limitations on third-party DR-grade pellet supply**

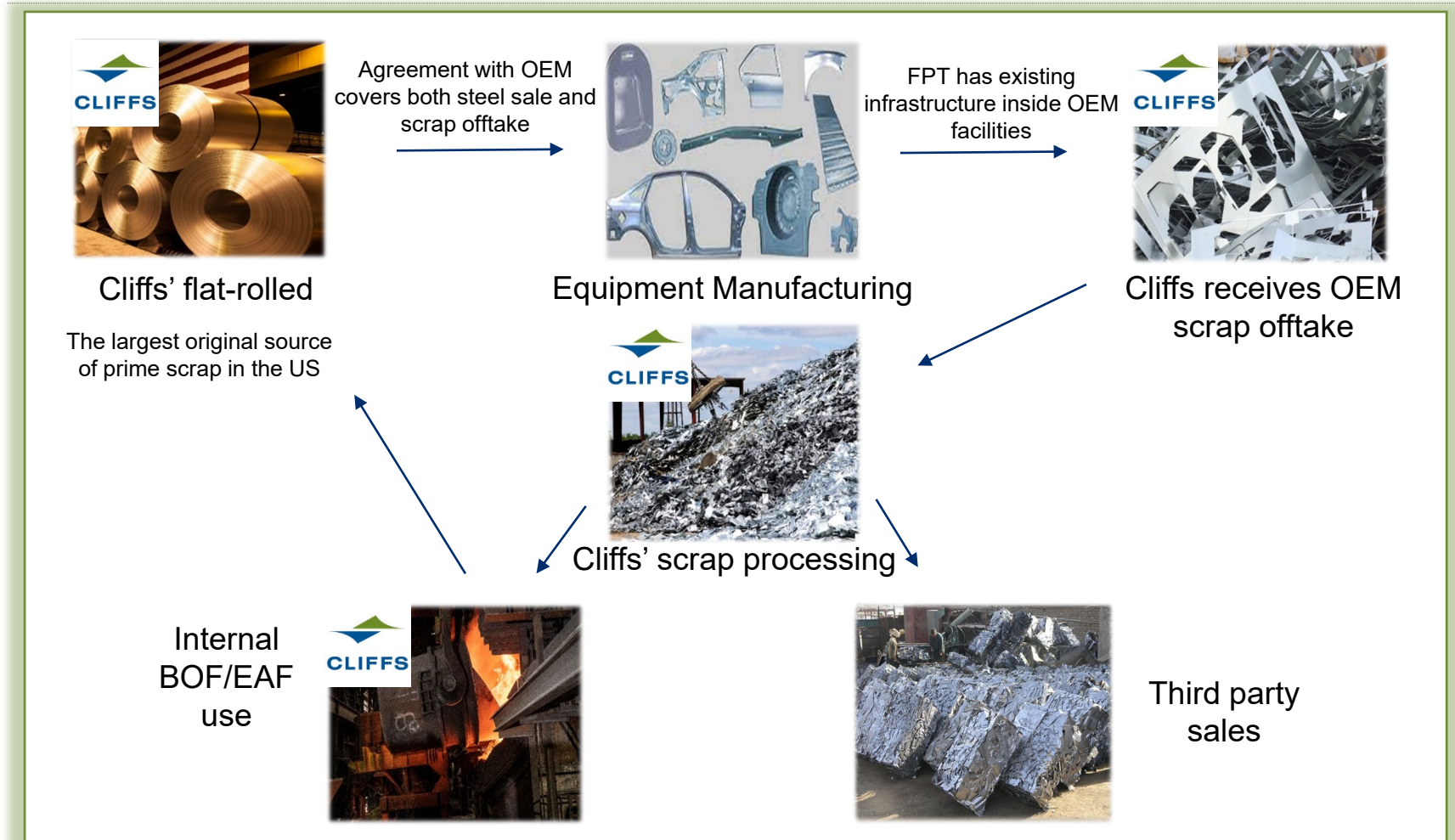


## A REAL CLOSED-LOOP

### CLOSED-LOOP STEEL RECYCLING



# CLIFFS NOW COVERS THE ENTIRE STEEL LIFE CYCLE



Cliffs' position as the most prominent automotive steel supplier in the U.S. provides a compelling scrap offtake proposition for the OEMs

## CLIFFS' FERROUS RAW MATERIAL PORTFOLIO



### Prime Scrap

- Approximately half of FPT output is prime scrap
- Several existing scrap offtake arrangements with OEMs
- Have increased offtake arrangements with OEMs since FPT acquisition



### Pellets

- 27 million gross ton capacity throughout 5 mines
- 85% less CO<sub>2</sub> intense than sinter
- Standard, Flux, and DR-grade qualities

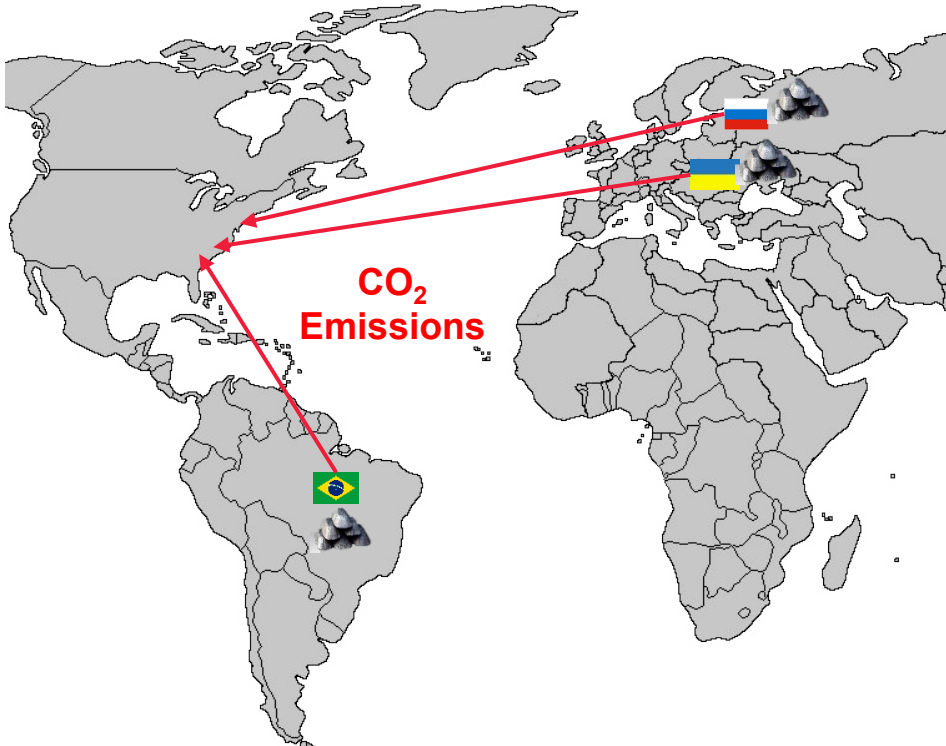


### HBI

- 1.9 million metric tons of annual capacity
- Predominantly used in Blast Furnaces
- Flexibility to utilize hydrogen reduction

# PIG IRON IS NOT AN ENVIRONMENTALLY FRIENDLY ALTERNATIVE

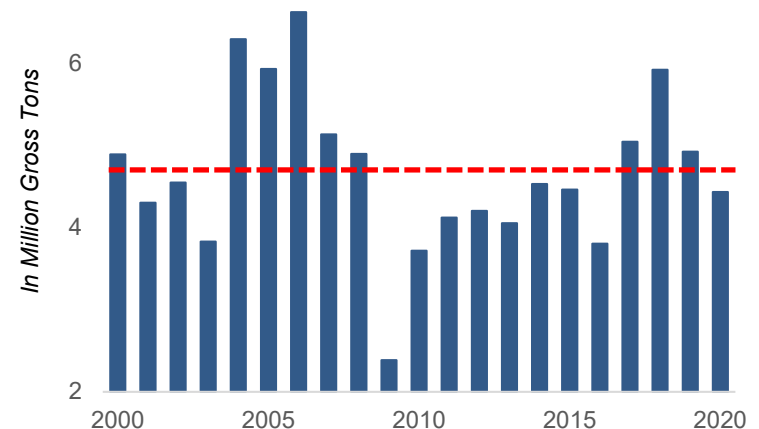
## Flat-rolled mini-mills outsource CO<sub>2</sub> emissions



Imported pig iron and transport is significantly more CO<sub>2</sub> intensive than US blast furnace steel

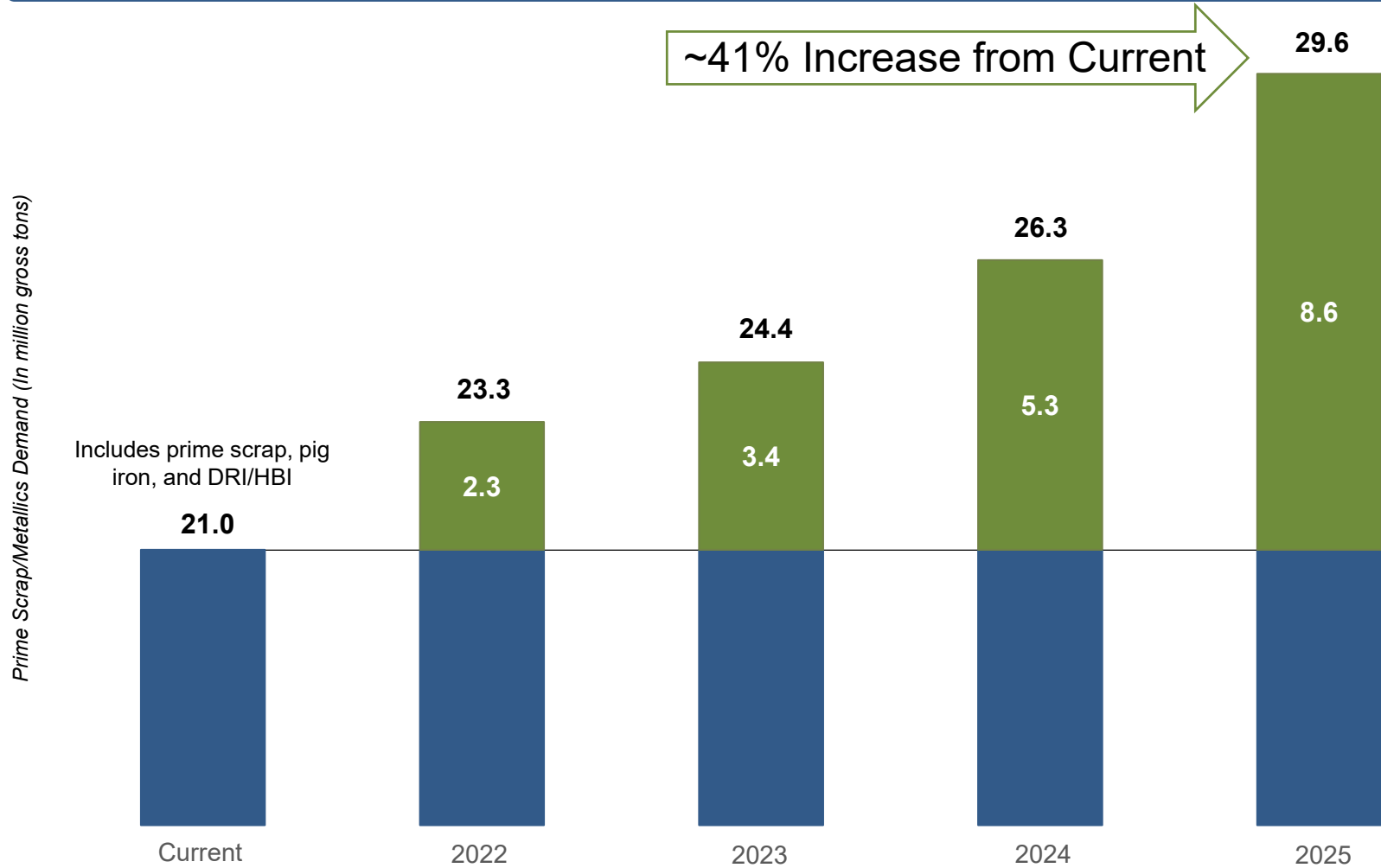
- ~75% of pig iron imports come from Russia and Ukraine
- When reported, imported pig iron will dramatically increase flat-rolled EAF CO<sub>2</sub> emissions
- Pig iron imports average ~5 million gross tons per year

## U.S Pig Iron Imports



# PRIME/METALLICS DEMAND WILL GROW >40% OVER THE NEXT 4 YEARS

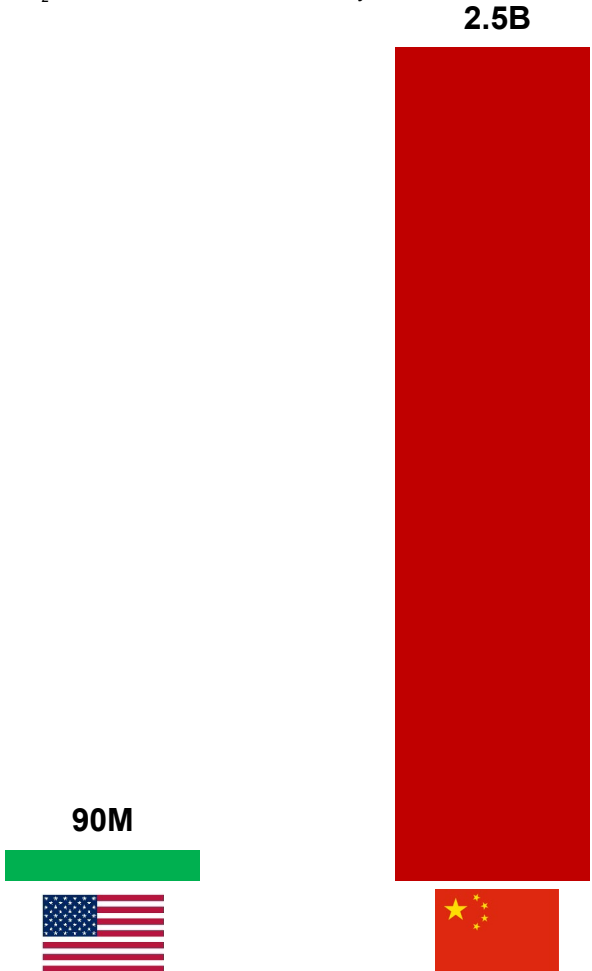
## Projected North America Net Prime Scrap / Metallics Demand



# STEEL INDUSTRY CO<sub>2</sub> EMISSIONS

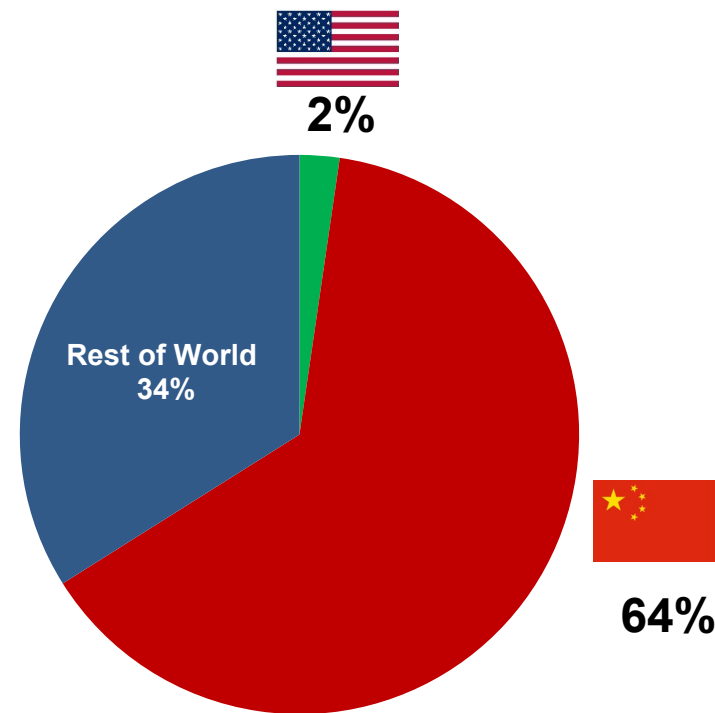
## Total Steel CO<sub>2</sub> Emissions

Annual tons of CO<sub>2</sub> Emissions from the steel industry



## Global Steel CO<sub>2</sub> Emissions Share

Total emissions generated by steel industry annually

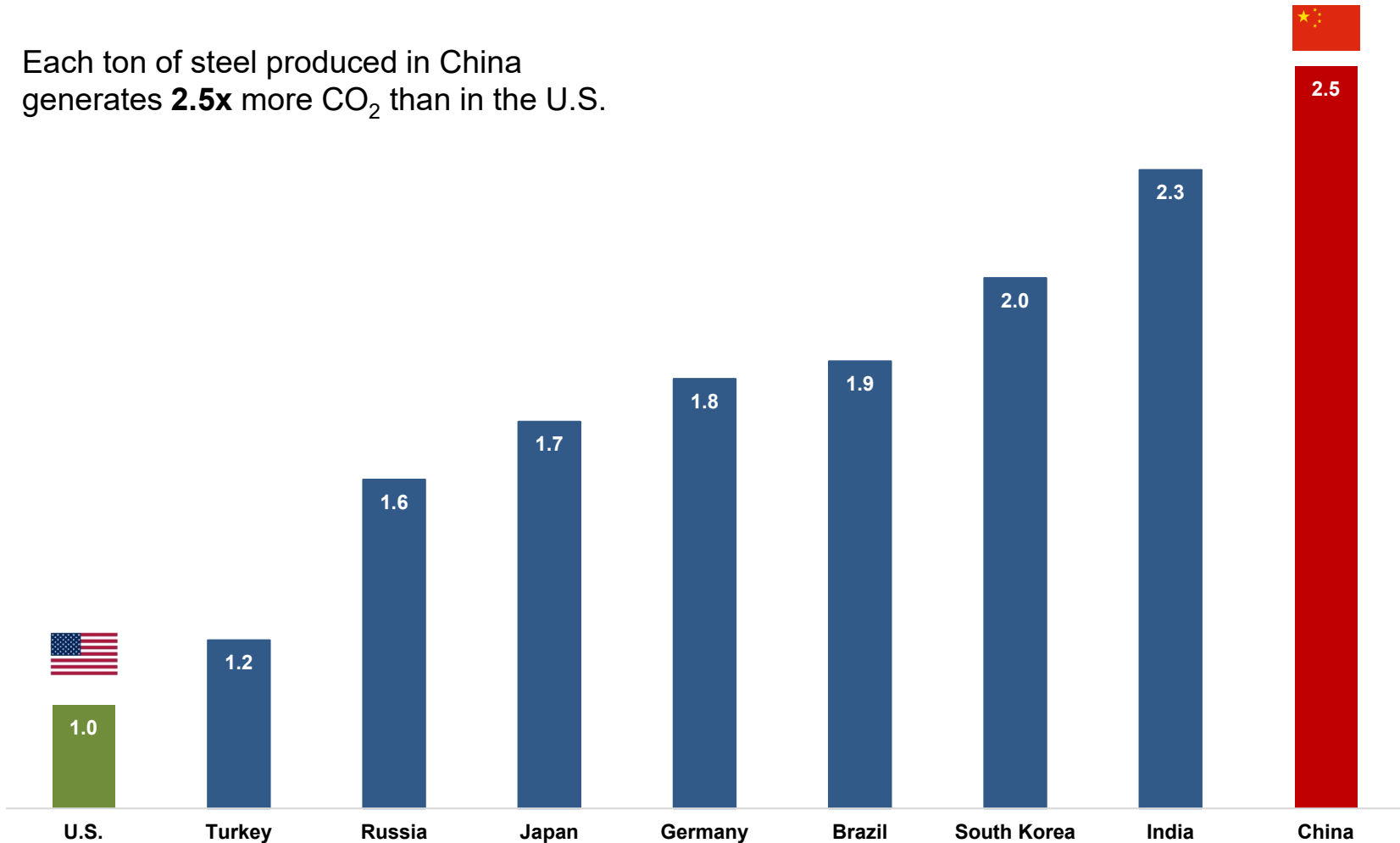


The U.S. is not the source of the problem

# THE UNITED STATES IS THE ENVY OF THE WORLD

## Tons of CO<sub>2</sub> emissions per ton of steel produced

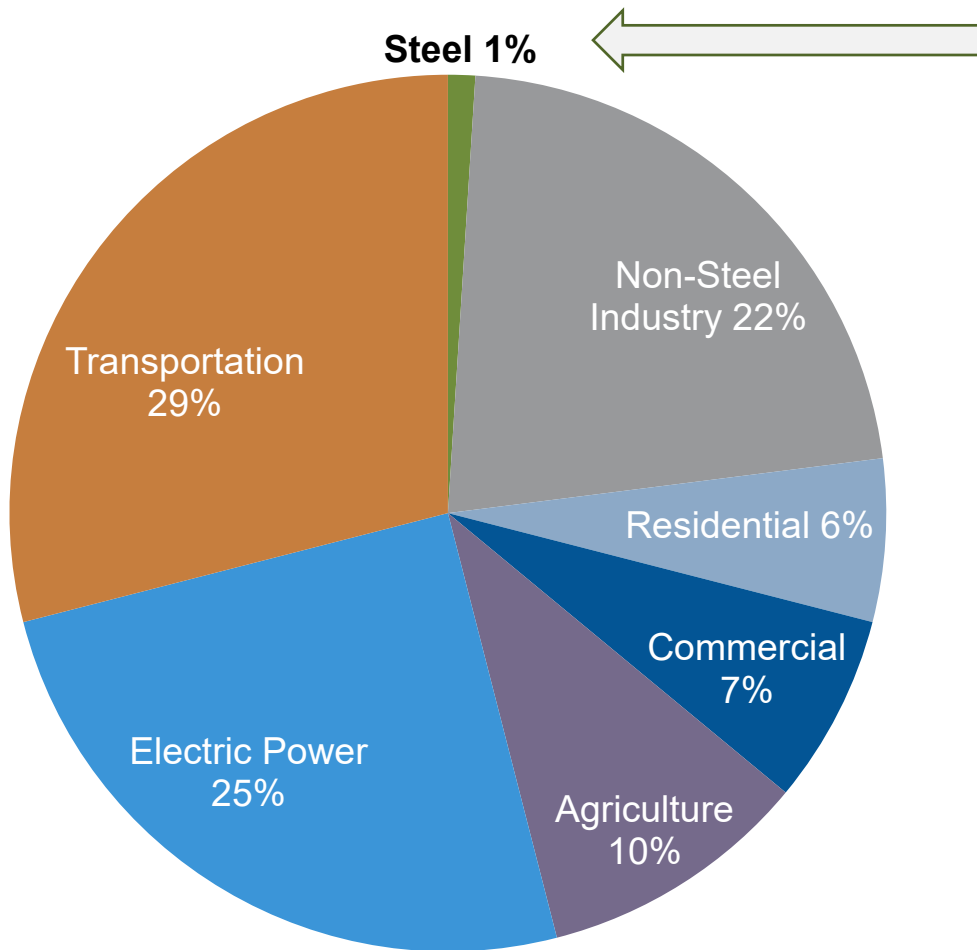
Each ton of steel produced in China generates **2.5x** more CO<sub>2</sub> than in the U.S.





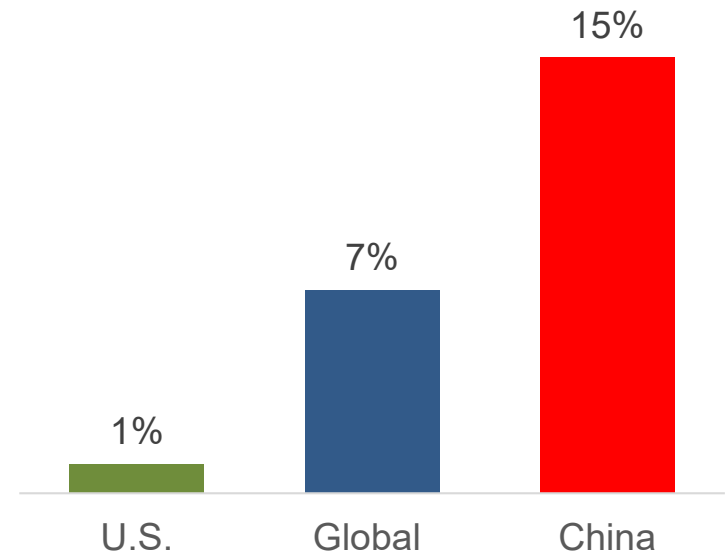
# UNITED STATES GREENHOUSE GAS EMISSIONS BY ECONOMIC SECTOR

## U.S. GHG Emissions Share



- Domestic steel industry accounts for 1% of total U.S. emissions
- Global average: 7% of total global emissions

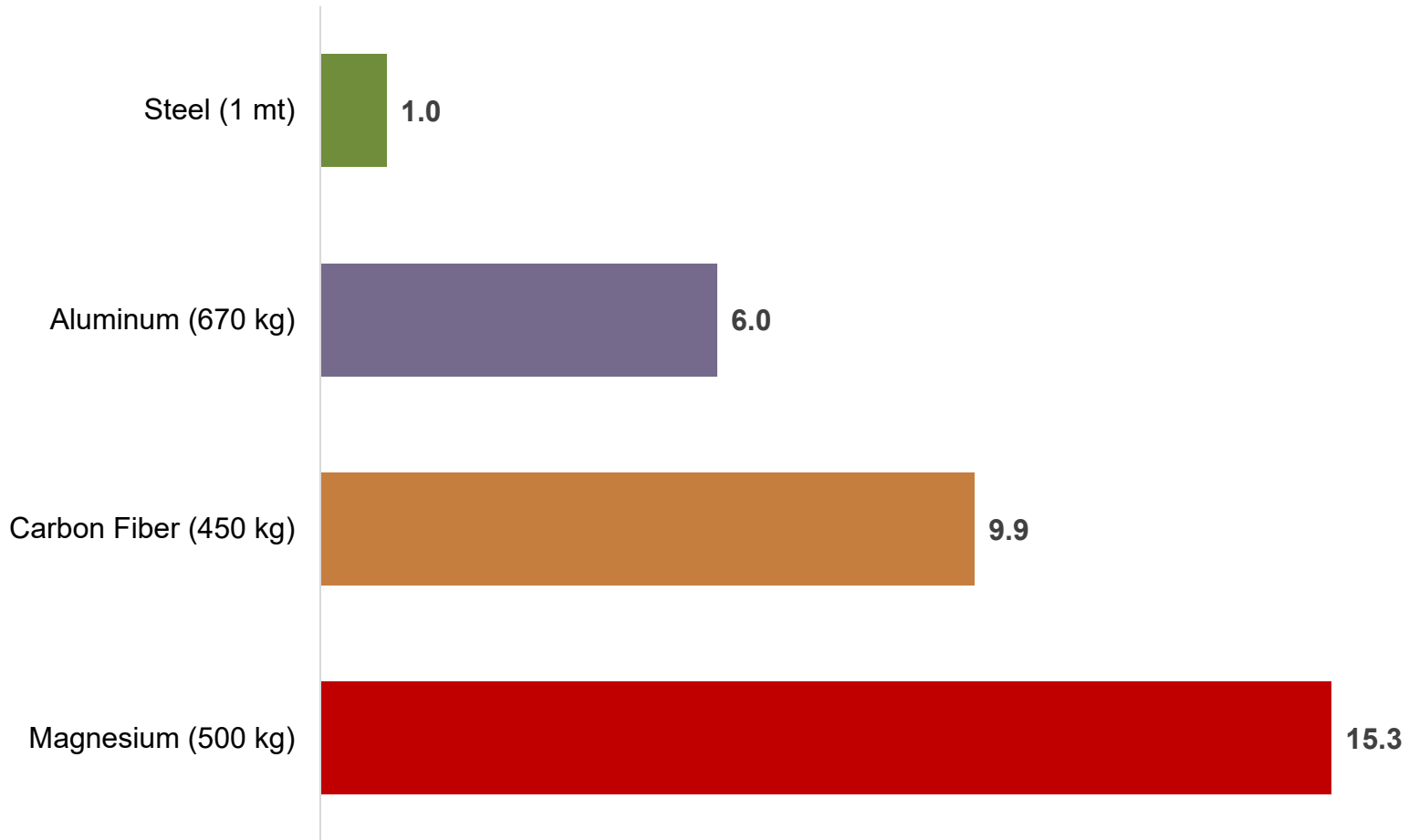
## Steel Emissions Share



# STEEL EMISSIONS VS. OTHER MATERIALS

## CO<sub>2</sub> emissions intensity adjusted for part weight (Scope 1 and 2)

*Each material adjusted to its equivalent of 1 metric ton of steel*



# NATURAL GAS BASED HBI



**Production  
Capacity**

**1.9 million  
metric tons**

**Hot Briquetted Iron**



**Cliffs' Blast Furnaces  
(primary use)**

**Cliffs' EAFs**

**Cliffs' BOFs**

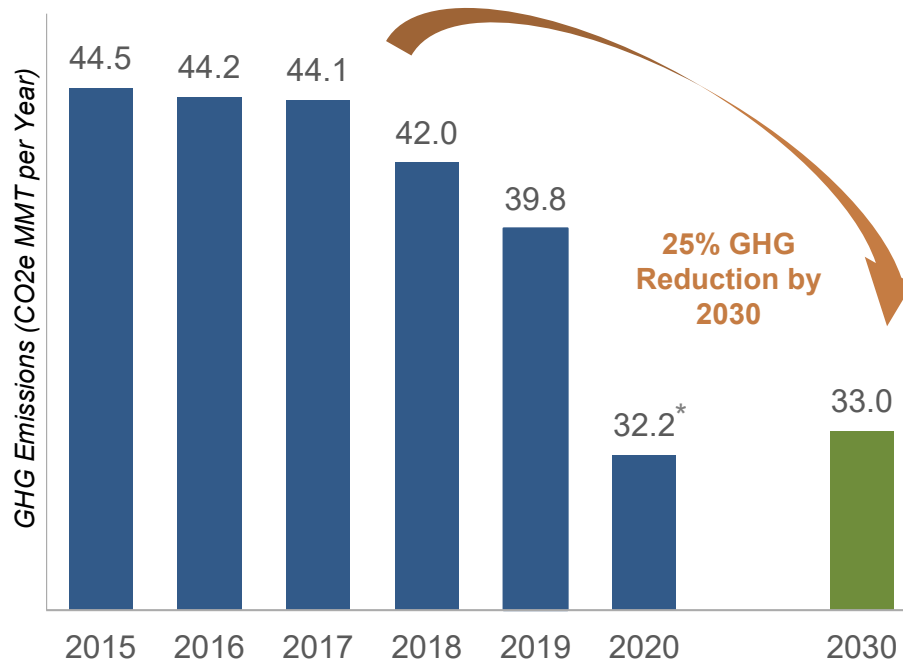
## EMISSIONS REDUCTION

- Reduced with 100% natural gas
- 70% less CO<sub>2</sub> emissions than foreign pig iron
- Planning to implement hydrogen in 2022

# GHG REDUCTION COMMITMENT

## 25% GHG Reduction by 2030

Scope 1 and Scope 2 Emissions

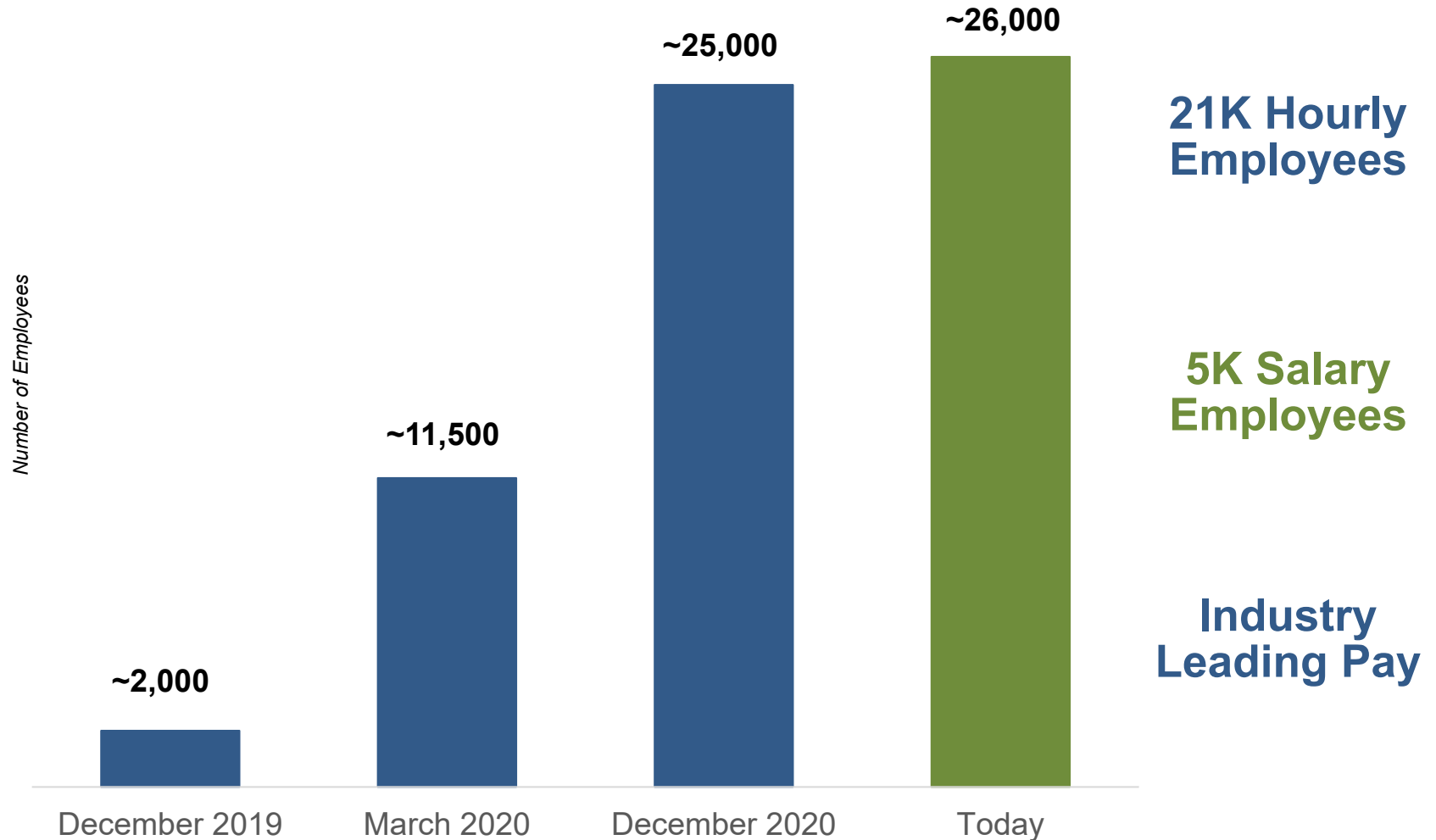


### How we will accomplish

- ✓ Use of HBI in blast furnaces
- ✓ Stretching hot metal with additional scrap
- ✓ Natural gas injection in blast furnaces
- ✓ Clean energy and energy efficiency projects
- ✓ Carbon capture

Cleveland-Cliffs' seven operating blast furnaces are among the lower GHG-intensive integrated operations in the world

## EMPLOYEE BASE GROWTH



## TRACK RECORD OF EXCELLENT LABOR PARTNERSHIPS

In 2021. . .



New 3-Year Labor Contract with United Auto Workers at Rockport Works



New 3-Year Labor Contract with United Auto Workers at Dearborn Works



New 4 ½ Year Labor Contract with UAW at Mansfield Works



New Labor Agreement with IAM Members for Middletown Works



# RECENT RECOGNITION



**S&P Global Platts 2021 Deal of the Year**



**S&P Global Platts 2021 Metals Company of the Year**



**S&P Global Platts 2021 CEO/Chairperson of the Year**



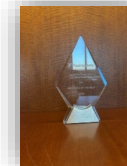
**AIST 2021 Steelmaker of the Year**



**General Motor's 2020 Supplier of the Year for Fourth Straight Year**



**AMM/Fastmarkets 2021 Steel Advocate of the Year**



**AMM/Fastmarkets 2021 Scrap Company of the Year (FPT)**



