



CLIFFS

THE AMERICAN IRON AND STEEL COMPANY

Full-Year and Fourth-Quarter 2023 Earnings Presentation



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: 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; potential weaknesses and uncertainties in global economic conditions, excess global steelmaking capacity, oversupply of iron ore, prevalence of steel imports and reduced market demand; severe financial hardship, bankruptcy, temporary or permanent shutdowns or operational challenges of one or more of our major customers, key suppliers or contractors, which, among other adverse effects, could disrupt our operations or 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, and reclamation and remediation obligations; 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, or to repurchase our common shares; 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, including adverse impacts as a result of the Inflation Reduction Act; the outcome of, and costs incurred in connection with, lawsuits, claims, arbitrations or governmental proceedings relating to commercial and business disputes, antitrust claims, environmental matters, government investigations, occupational or personal injury claims, property-related matters, labor and employment matters, or suits involving legacy operations and other matters; supply chain disruptions or changes in the cost, quality or availability of energy sources, including electricity, natural gas and diesel fuel, critical raw materials and supplies, including iron ore, industrial gases, graphite electrodes, scrap metal, chrome, zinc, coke and metallurgical coal, and critical manufacturing equipment and spare parts; 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; the risk that the cost or time to implement a strategic or sustaining capital project may prove to be greater than originally anticipated; our ability to consummate any public or private acquisition transactions and to realize any or all of the anticipated benefits or estimated future synergies, as well as to successfully integrate any acquired businesses into our existing businesses; 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; cybersecurity incidents relating to, disruptions in, or failures of, information technology systems that are managed by us or third parties that host or have access to our data or systems, including the loss, theft or corruption of sensitive or essential business or personal information and the inability to access or control systems; liabilities and costs arising in connection with any business decisions to temporarily or indefinitely 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 level of self-insurance and our ability to obtain sufficient third-party insurance to adequately cover potential adverse events and business risks; uncertainties associated with our ability to meet customers' and suppliers' decarbonization goals and reduce our greenhouse gas emissions in alignment with our own announced targets; 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 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; 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; uncertain availability or cost of skilled workers to fill critical operational positions and potential labor shortages caused by experienced employee attrition or otherwise, as well as our ability to attract, hire, develop and retain key personnel; 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, 2022, and other filings with the SEC.

2023 HIGHLIGHTS



\$22 billion

Revenues



16.4 million tons

Record Steel Shipments



\$1.9 billion

Adjusted EBITDA¹



\$1.6 billion

Free Cash Flow¹



\$2.9 billion

Net Debt¹



\$1.3 billion

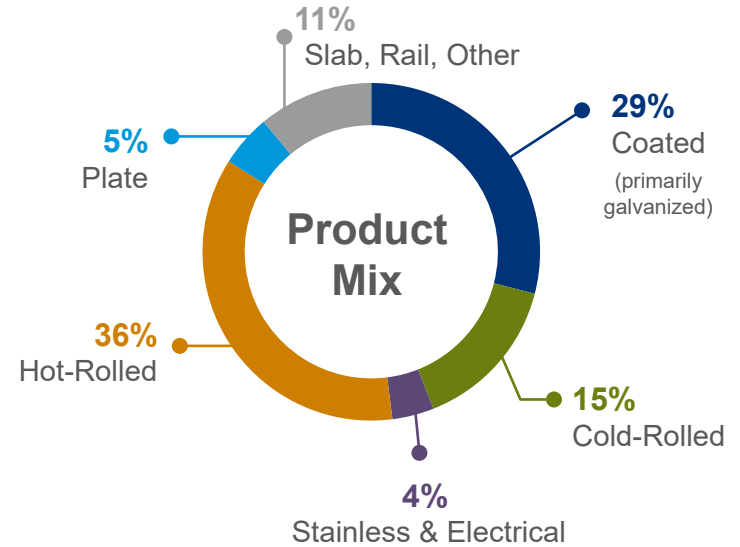
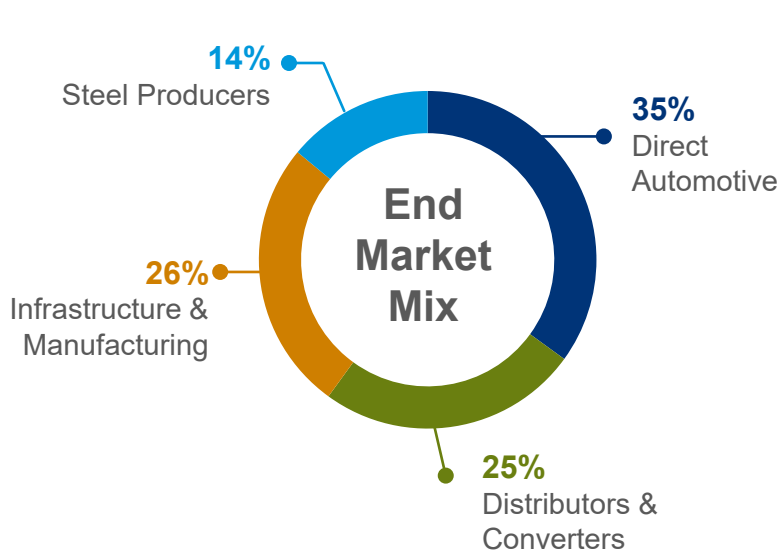
Net Debt¹ Reduction



\$4.5 billion

Total Record Liquidity

2023 END MARKET AND PRODUCT OVERVIEW



Highlights

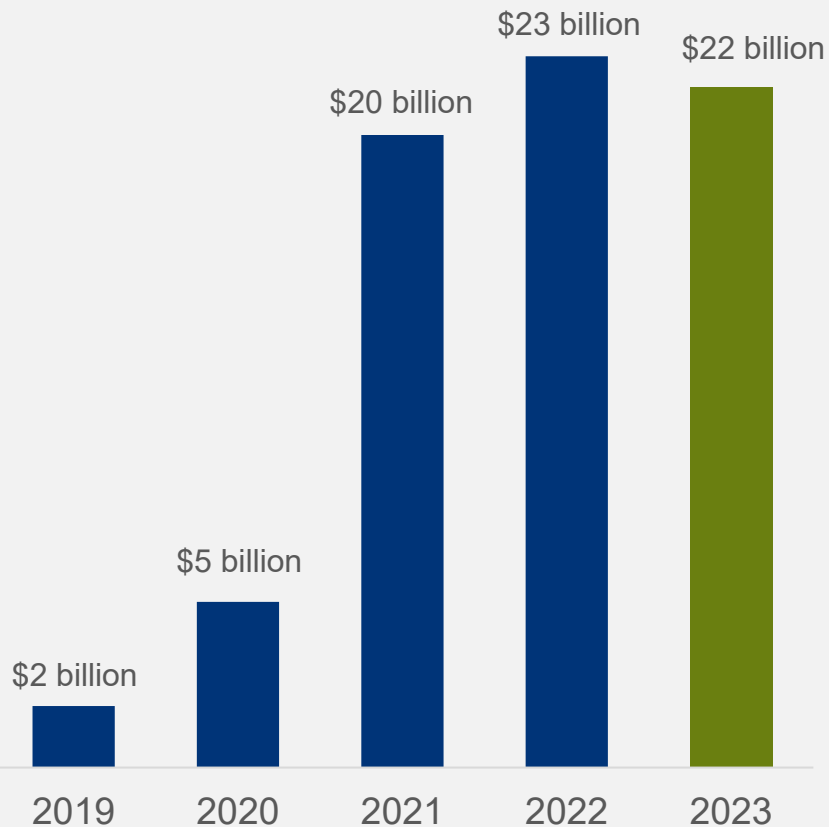
- Record high of 35% of sales to direct automotive customers
- North American light vehicle production in 2023 was highest level since 2019 leading to record automotive shipments
- Service center buying pattern increased during Q4 as UAW strike concluded
- Growing demand related to Bipartisan Infrastructure Law, IRA, and CHIPS Act

Note: Based on Full-Year 2023– Product Mix includes steel products shipments

HISTORICAL ANNUAL REVENUE AND STEEL SHIPMENTS

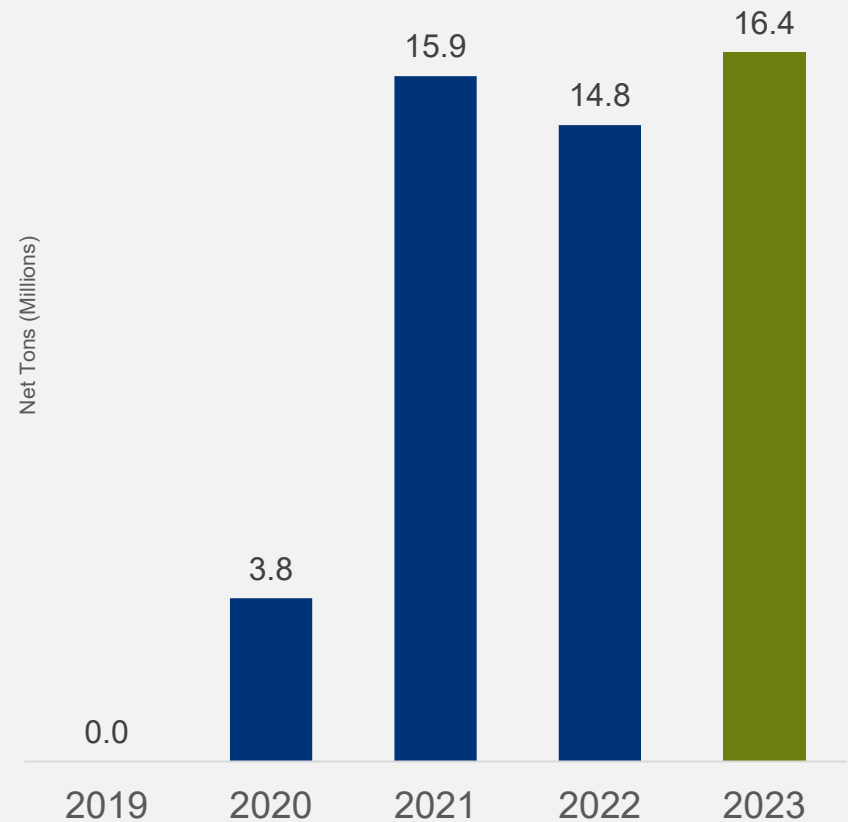
Revenue from 2019 to 2023

Third consecutive year with revenues above \$20 billion



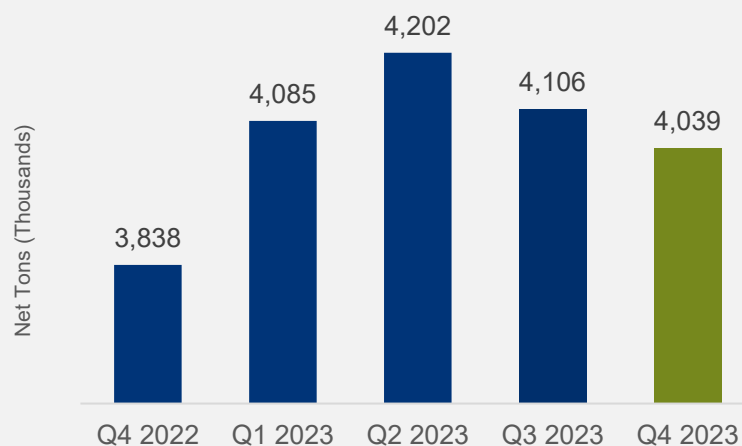
Steel Shipments from 2019 to 2023

Record Steel Shipments in 2023

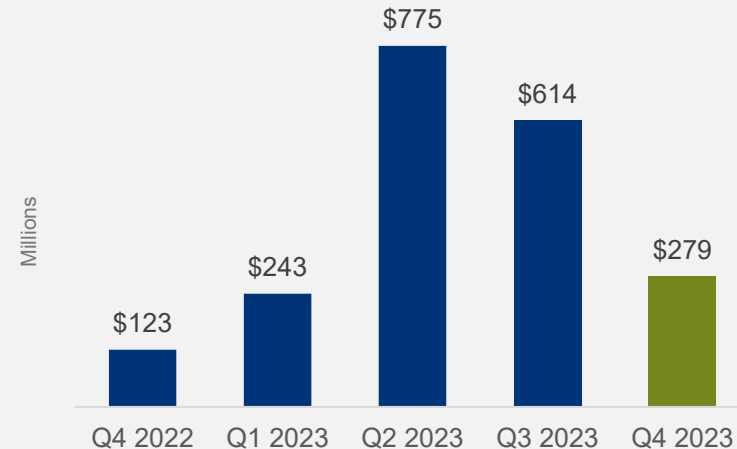


RESULTS TREND

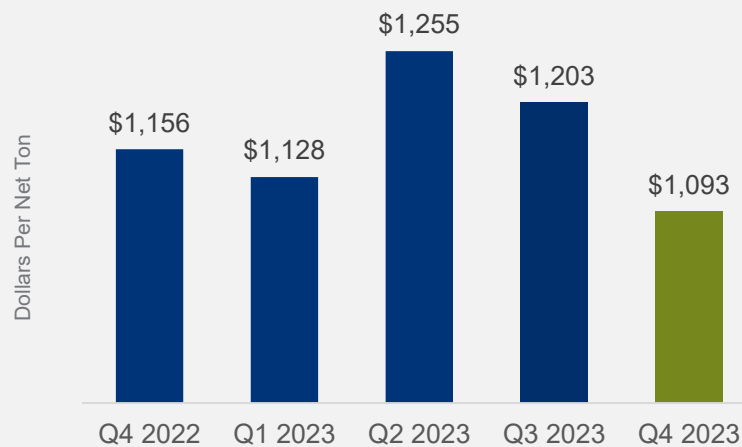
Steelmaking External Sales Volumes



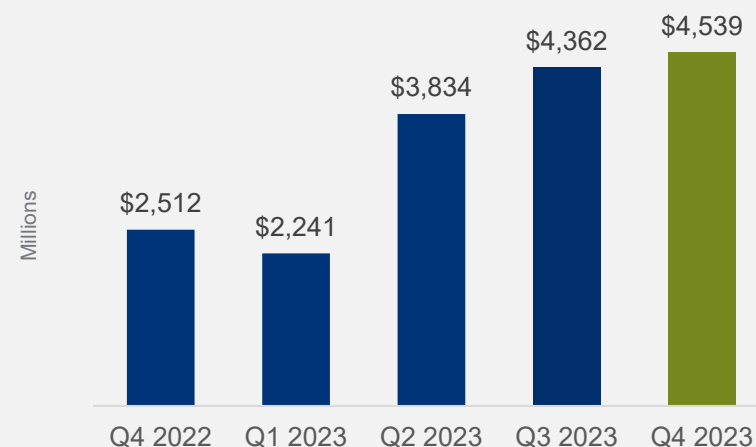
Adjusted EBITDA¹



Steelmaking Average Selling Price



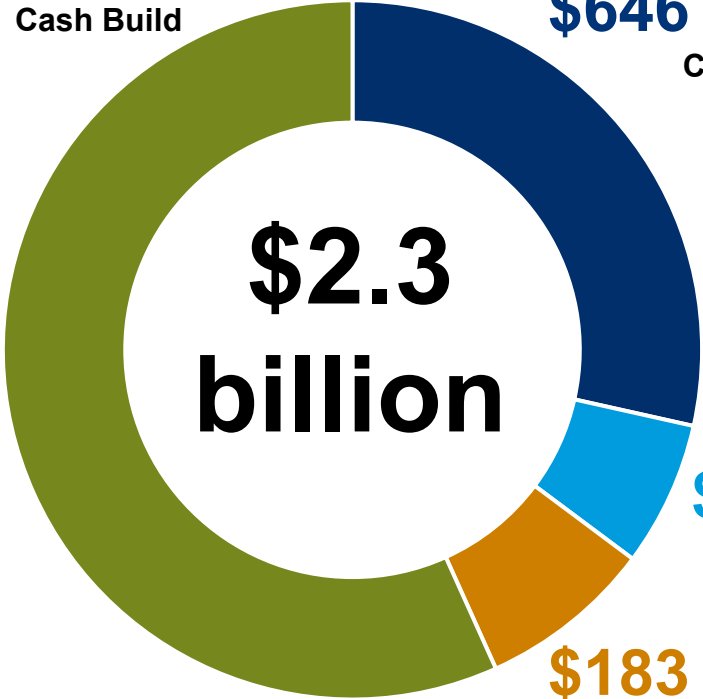
Liquidity



2023 CASH FLOW FROM OPERATIONS

\$1.3 billion

Net Debt Reduction /
Cash Build



\$646 million

Capex

\$152 million

Share Repurchases

\$183 million

Other

2023 Uses of Cash Flow From Operations

- Reduced net debt by \$1.3 billion with a fully undrawn ABL as of 12/31/2023 and cash balance of ~\$200 million
- Full-year 2023 capital expenditure 31% lower than 2022
- Repurchased 10.4 million shares at average price of \$14.68 per share
- Primarily relates to repayments of leased equipment

¹Reconciliations for Net Debt can be found in the earnings release published January 29, 2024 and forms 10-Q and 10-K.

SIGNIFICANT COST REDUCTIONS

Steel Unit Costs Down \$80 Per Ton During 2023

2023 Cost Savings

Unit Cost Per
Ton of Steel

~\$80/t
Decrease



Annual Run
Rate
Savings

\$1.3 Billion
In Savings



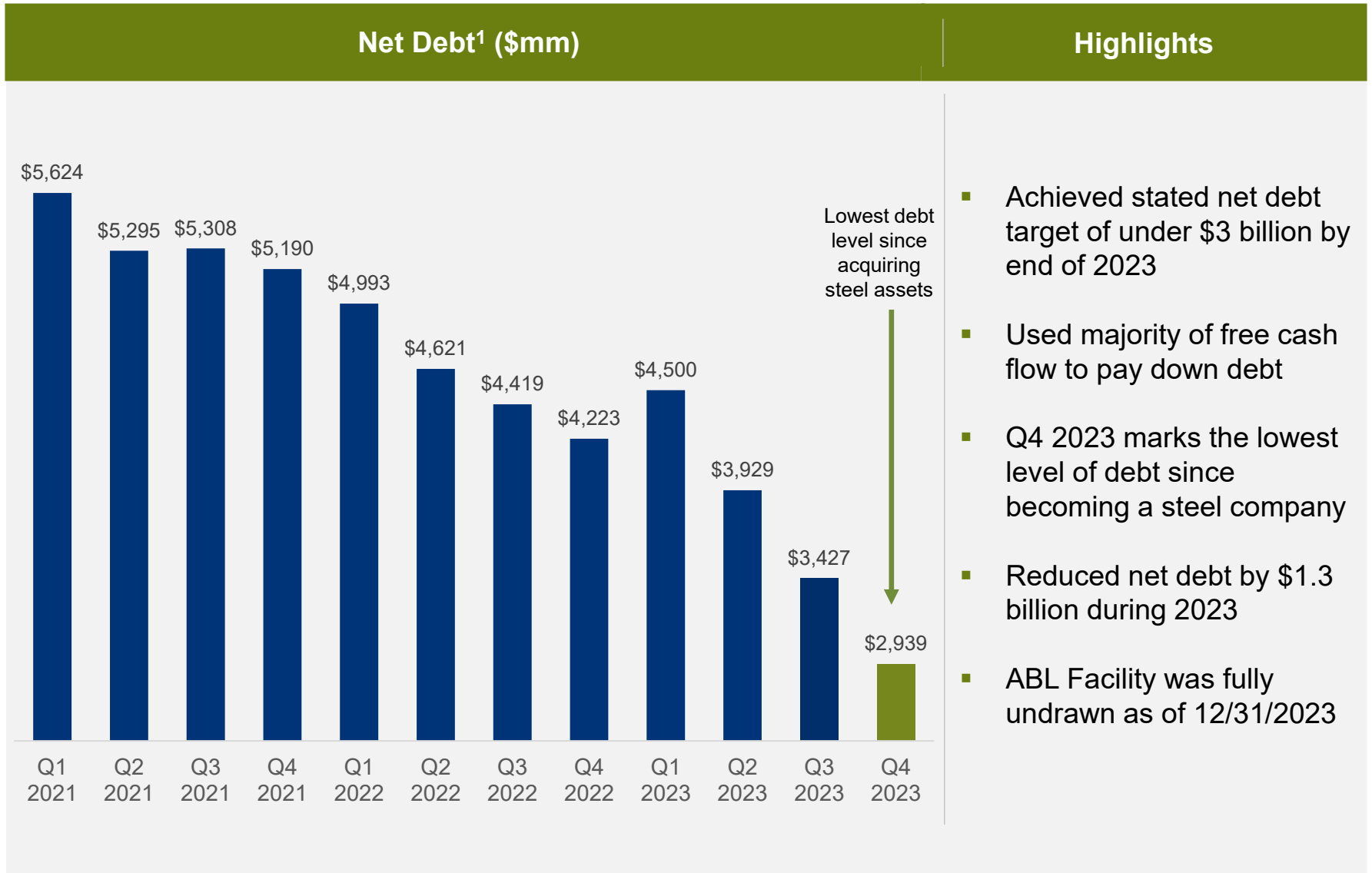
Highlights

- ✓ Normalized repair and maintenance
- ✓ Lower input costs
- ✓ Higher productivity
- ✓ Clearing of higher-cost inventory



2024 unit costs expected to be reduced by \$30 per net ton

SUBSTANTIAL DEBT REDUCTION PROGRESS



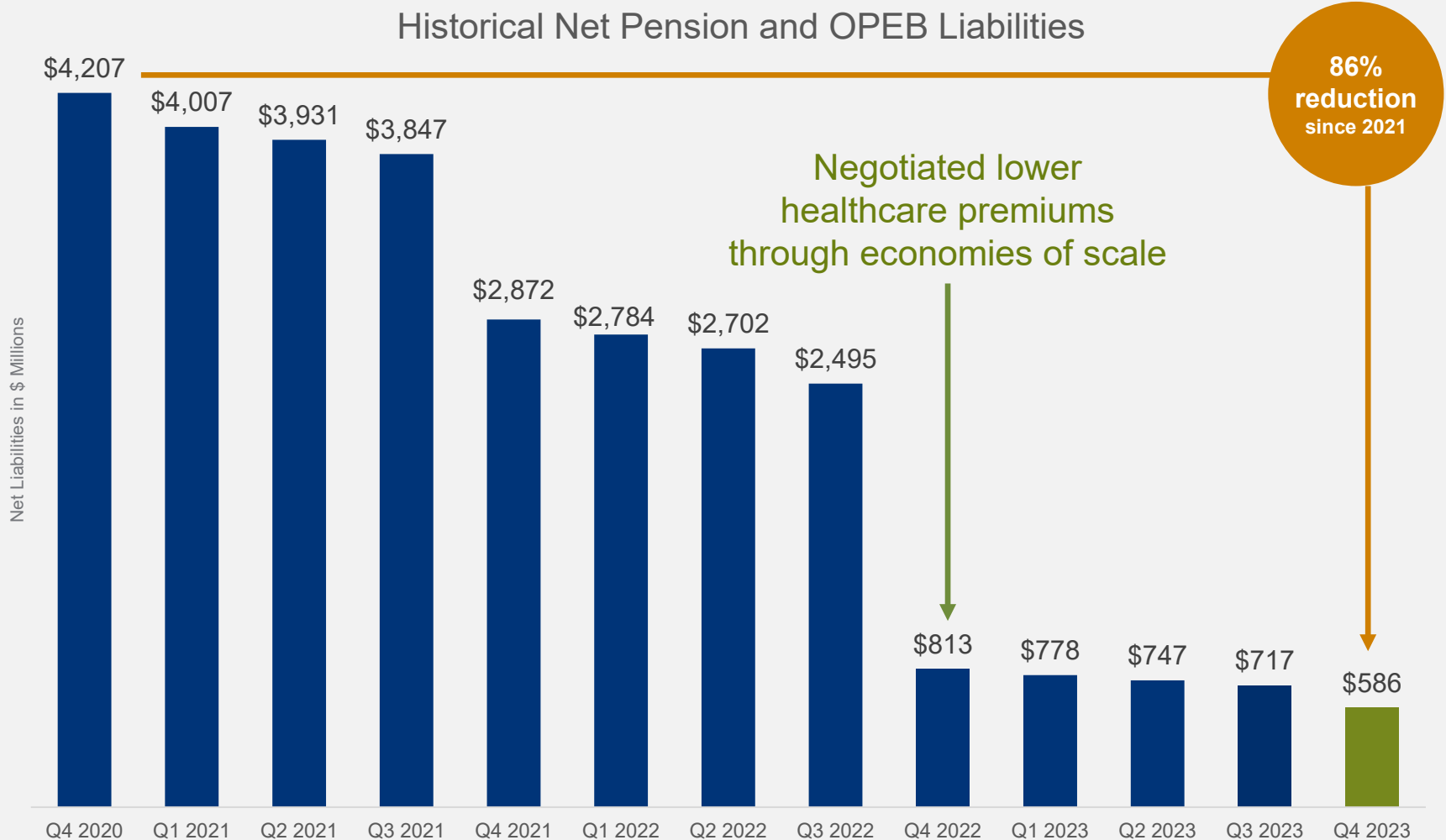
Highlights

- Achieved stated net debt target of under \$3 billion by end of 2023
- Used majority of free cash flow to pay down debt
- Q4 2023 marks the lowest level of debt since becoming a steel company
- Reduced net debt by \$1.3 billion during 2023
- ABL Facility was fully undrawn as of 12/31/2023

¹Reconciliations for Net Debt can be found in the earnings release published January 29, 2024 and forms 10-Q and 10-K.

PENSION AND OPEB LIABILITY REDUCTION

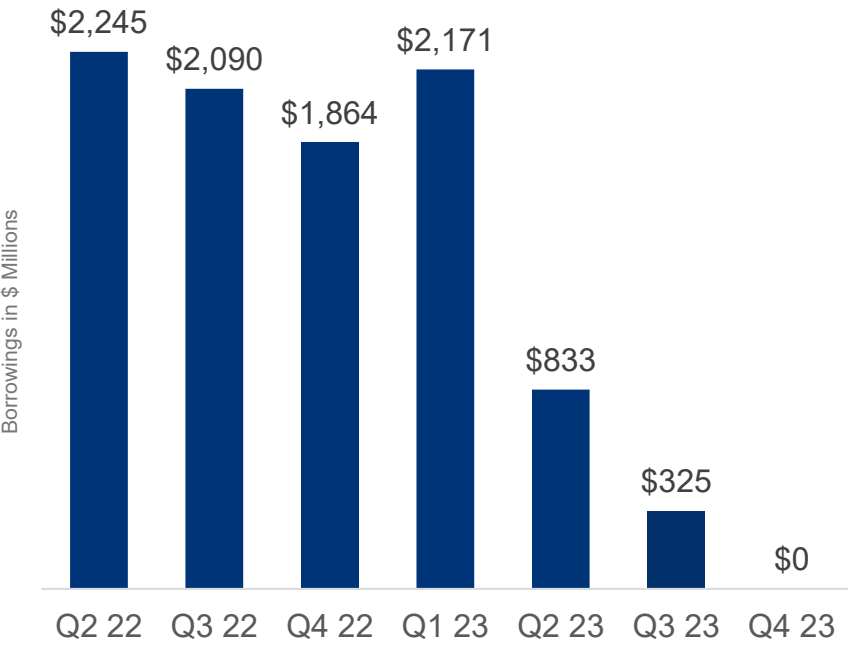
\$3.6 billion reduction in pension/OPEB net liabilities since AM USA acquisition



ABL FACILITY AND RECORD LIQUIDITY

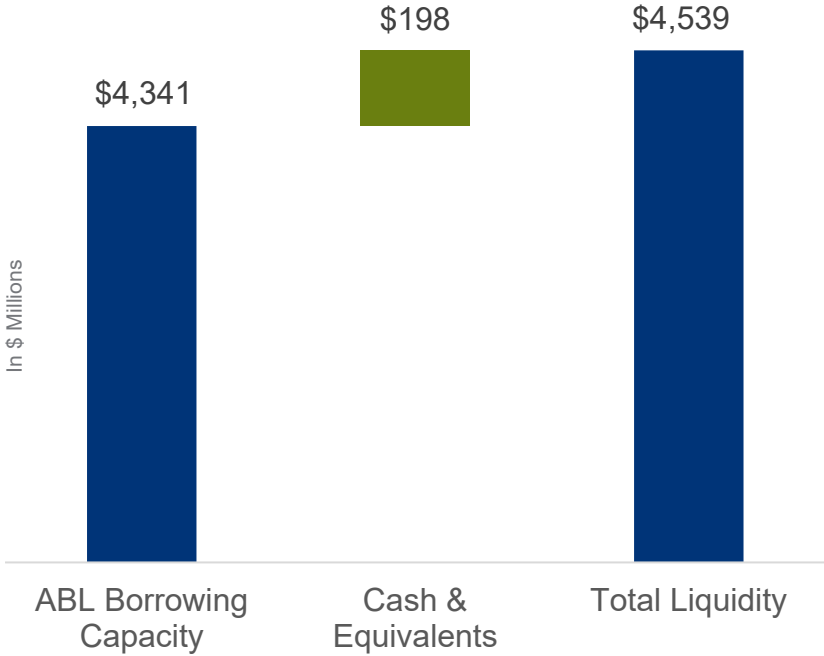
\$2.2 Billion Reduction in Borrowings in 18 months and Record Liquidity

Borrowings Under ABL Facility



- ✓ Fully undrawn ABL Facility as of 12/31/23
- ✓ Achieved net debt target of under \$3 billion
- ✓ Eliminates our only variable interest rate debt

Record Liquidity



- ✓ Record liquidity of \$4.5 billion as of 12/31/23
- ✓ Provides ample resources for operational and strategic initiatives

CAPITAL RETURNED TO SHAREHOLDERS

Diluted Share Count Evolution



2023

- Repurchased 10.4 million shares at an average price of \$14.68 per share
- ~\$600 million remaining under current repurchase program as of Q4 2023
- Reached net debt target in 2023 allowing Cliffs to put larger focus on shareholder capital returns in 2024

Lourenco Goncalves, Cliffs' Chairman, President and Chief Executive Officer is largest individual shareholder and top 15 overall shareholder

RECORD AUTOMOTIVE YEAR



Record Shipments

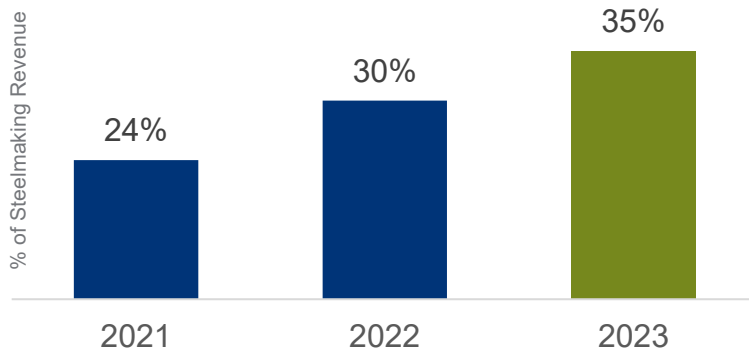
- 2023 was highest level of annual shipments to automotive since becoming a steel company
- Contributed to overall annual record steel shipments of company
- Helped to offset weaker service center demand



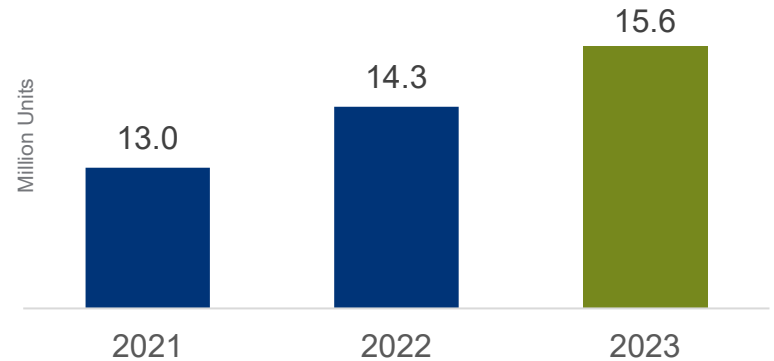
Strong Demand

- 2023 North American light vehicle production was highest annual level since 2019
- 2024 North American light vehicle production is expected to exceed 2023 production
- Successful implementation of Cliffs H surcharge in contracts

Cliffs' Automotive Revenue



North American Light Vehicle Production



Source: IHS

2024 OUTLOOK PROJECTIONS

Strong shipments, lower costs, and normalized capital expenditures



Steel Shipments

16.5 million net tons



Steel Unit Costs

\$30/t reduction from 2023



Adjusted EBITDA

~\$500 million benefit from
cost reductions

(Holding 2023 HRC pricing constant)



Capital Expenditures

\$675-\$725 million





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