

Cleveland-Cliffs
Fourth-Quarter and Full-Year 2025 Earnings Conference Call
February 9, 2026

Presenters

Lourenco Goncalves - Chairman, President, and Chief Executive Officer
Celso Goncalves - Executive Vice President and Chief Financial Officer

Q&A Participants

Carlos de Alba - Morgan Stanley
Nick Giles - B. Riley Securities
Lawson Winder - Bank of America
Alex Hacking - Citi
Albert Realini - Jefferies

Operator

Good morning, ladies and gentlemen. I'm your conference facilitator today, Kevin, and I'd like to welcome everyone to Cleveland-Cliffs Fourth-Quarter and Full-Year 2025 Earnings Conference Call. All lines have been placed on mute to prevent any background noise. After the speakers' remarks there will be a question-and-answer session. The company reminds you that certain comments made on today's call will include predictive statements that are intended to be made as forward-looking within the safe harbor protections of the Private Securities Litigation Reform Act of 1995. Although the company believes that its forward-looking statements are based on reasonable assumptions, such statements are subject to risks and uncertainties that could cause actual results to differ materially. Important factors that could cause results to differ materially are set forth in reports on Form 10-K and 10-Q and news releases filed with the SEC which are available on the company's website. Today's conference call is also available and being broadcast on clevelandcliffs.com. At the conclusion of the call, it will be archived on the website and available for replay. The company will also discuss results excluding certain special items. Reconciliation for Regulation G purposes can be found in the earnings release which was published this morning. At this time, I'd like to introduce Lourenco Goncalvez, Chairman, President, and Chief Executive Officer.

Lourenco Goncalves

Thank you, Kevin, and good morning, everyone. After several years of no real actions taken to reverse the systematic destruction of the American industrial bases, we finally saw in 2025 a federal administration that values the importance of preserving and growing American manufacturing. That said, in 2025, throughout the entire year, we were still exposed to a lot of steel imports, poisoning our domestic market, creating a demand gap that negatively impacted our steel shipments and asset utilization. In response to these challenging conditions, we made difficult decisions on shutting down assets that were dragging us down. Also, in 2025, we terminated our index-based slab supply contract with ArcelorMittal. The contract became very

onerous in its final year when the Brazilian slab price index unnaturally separated from the U.S. finished steel prices.

The factors that weighed on our performance in 2025 were well-known and addressable. As we entered 2026, these problems have either been resolved or are clearly improving. We have already secured more business from our automotive clients, and that will show throughout 2026 as the OEMs reshore production back to the United States. Also very important, at the end of 2025, the Canadian government has finally made a move to restrict importing steel into Canada, and that has created positive momentum in 2026 for our Canadian subsidiary Stelco.

Our robust order book is the best confirmation that the business environment has already started to improve. Section 232 tariffs at 50% are, of course, a leading driver of this impact. We are seeing the benefit of melted-and-poured requirements in driving demand for domestically produced steel. A lot of the new galvanizing capacity in the U.S. has come online and taking share from imports, reducing the amount of hot-rolled availability in the marketplace. We have been able to use the melting capacity previously allocated through orders of low-margin slabs to fill orders of higher-margin flat-rolled products. That said, due to melted import requirements, we anticipate continued demand for our domestically produced slabs. We remain open to being a domestic slab supplier to those in need of domestic slabs as long as we can agree on a pricing construct that makes sense.

With all this positive influence, the spot steel price is sitting at a two-year high. Layering in the recent cold weather stretch across the Midwest, scrap prices and electricity prices have continued to grind higher, which has increased the cost structure of the mini-mills to a greater level than our own. This has given us a cost advantage as we generate a lot of our own power and use much less scrap. Even with our sizeable fixed price automotive footprint, because of our vertically integrated nature and the also significant size of our non-automotive customer base, Cliffs' profitability is more impacted by spot steel prices than any other company in our industry. Said another way, when hot-rolled coil prices rally, we at Cleveland-Cliffs benefit.

Automotive is still our core end market, and when domestic production levels of cars, trucks, and SUVs remain weak for an extended period, the impact on us is unavoidable. Vehicle production in the United States was down in 2025 for the third consecutive year. But with this new era of policy-driven reshoring, the return to pre-COVID levels of vehicle production in the United States is inevitable. Throughout 2025, we geared up for this inevitability by signing multiyear fixed price contracts with all major OEM customers. These agreements increased our market share and secured high-margin business that will flow through in 2026. We have the installed capacity available right now. Cliffs does not need to build new plants. Unfortunately, the transition to Cliffs steel from the previous suppliers is not instantaneous. It takes some time before we see the full impact of these changeovers, but we will see it in 2026. The expected combination of these market share gains with an increased domestic production of vehicles will be a massive gain for our throughput, efficiency, costs, and ultimately profits. One more time, differently from our competitors currently building new steel plants or announcing plans to

build steel plants, Cleveland-Cliffs has production capacity available right now. Again, Cliffs does not need to build plants to be ready in 2028, 2029, or 2030. The incremental volume demanded by the automotive industry can and will be absorbed by our existing footprint. That volume carries attractive incremental margins, and thanks to our multi-year fixed price contracts with all major automotive OEMs, there will be no pressure on the price of cars to consumers in the U.S. that could even remotely be attributed to the price of Cliffs steel.

Another example of the progress we continue to demonstrate in automotive is our successful replacement of aluminum with steel using aluminum-forming equipment. Our Cliffs steel is now stamped into exposed automotive components, using existing forming equipment on a production scale basis. This Cleveland-Cliffs development demonstrates that the changeover from aluminum to steel can be easily done without requiring new tooling or capital investment from the customer. That significantly lowers the barrier to adoption and expands the addressable market for our Cliffs steel products, particularly as the aluminum supply chain has suffered severe disruption with a succession of fire events, clearly exposing its weakness. More than ever before, Cleveland-Cliffs is seeing a clear path to replace aluminum with made in U.S.A. steel in major applications. We operate in a market that companies from around the world are spending billions of dollars to enter. We are already here. We already have the assets. We already have the workforce. As manufacturing activity in the United States continues to recover, Cleveland-Cliffs is the best positioned to benefit without requiring massive capital investments.

I want to drill down on another factor that impacted our 2025 performance, and that was the change in dynamics in the Canadian steel market. For the last several years, even under the previous tariff regime, pricing in the Canadian market moved in tandem with the U.S. market. We acquired Stelco on November 1, 2024, four days before President Trump's election, and immediately took Stelco out of the U.S. market, redirecting Stelco's output 100% to the Canadian market. This was not driven by policy change but rather our conviction on what's in the best interest for our shareholders and our employees on both sides of the border. Even the all-surprising change in Canada relations with the U.S. should not have affected this strategy at all, but that's not how it played out. All of a sudden, Canada became a dumping ground for producers trying to avoid U.S. tariffs, and downstream Canadian manufacturing was negatively impacted, as well. Canadian pricing decoupled from U.S. pricing. Until recently, the Canadian government insisted on doing nothing about this unsustainable situation, preferring to watch its steel industry flounder for the sake of globalism. After raising the alarm louder and louder, we finally saw the Canadian government come around late in the fourth quarter of 2025. While still insufficient and limited in scope, the restrictions implemented were at least able to stop the bleeding. As a result, we have seen Canadian pricing and shipments improved in the last month. Prior to our acquisition, Stelco was a low-price exporter into the U.S. and the highly disruptive one by the way. When you look at the big picture, what our acquisition has done to transform and improve the U.S. marketplace more than justifies and supports a return on our \$2.5 billion purchase price of Stelco.

In the fourth quarter, we revealed that our memorandum of understanding partner was POSCO, Korea's largest steelmaker and the world's third largest steelmaker outside of China. The partnership with Cliffs will allow POSCO to support and grow its established U.S. customer base while ensuring that its products meet U.S. country-of-origin melted and poured requirements.

Our collaboration represents a model of how allies can deepen industrial cooperation under fair and transparent trade principles, and it aligns with U.S. policy goals to strengthen domestic industry and attract foreign investment. POSCO continues to conduct due diligence as part of our recently announced strategic partnership. Both parties are focused on structuring a transaction that is highly accretive and strategically compelling for each company. The duration of these negotiations reflects the seriousness and potential scale of the opportunity. We are targeting signing a definitive agreement in the first half of 2026. This remains the number one strategic priority for both Cleveland-Cliffs and POSCO, and engagement between the teams is active and ongoing. Our MoU is non-binding, and we will only move forward on ratifying our partnership if the collaboration is accretive to Cliffs' shareholders.

I would like to conclude my remarks congratulating our employees for our remarkable safety record. In 2025, we achieved the lowest total recordable incident rate since Cleveland-Cliffs became a steel producer six years ago. Our TRIR including contractors -- which is unusual in our industry. We include contractors. Our TRIR was 0.8 per 200,000 hours worked. That represents a 43% improvement compared with 2021, which was our first full year operating as an integrated steelmaker. This is a direct outcome of how we manage and operate in contrast with how the predecessors used to do with the same people and the same plants. Safety performance at this level requires discipline, consistency, and leadership at every site. We have room for improvement, but the amount of progress we have seen in safety results since forming this new iteration of Cliffs six years ago is truly remarkable. I will now turn it over to our CFO, Celso Goncalves, for his remarks.

Celso Goncalves

Hey. Good morning. Total shipments in Q4 were 3.8 million tons, which was slightly lower than Q3 due to heavier-than-usual seasonal impacts. Looking forward, Q1 shipment levels should improve back to the 4 million ton level again, driven by improved demand and less maintenance time at our mills. My expectation for full year 2026 shipment level is in the 16.5 million to 17 million ton range, an improvement from 2025 as we run our mills at higher utilizations.

Q4 price realization of \$993 per net ton fell by around \$40 per net ton as the lagging indices on spot prices declined. Automotive volume fell, and slab prices became even more disconnected. Since these factors are largely behind us, I expect a substantial improvement in realized prices starting in Q1 of 2026, an increase of approximately \$60 per ton from Q4 of 2025. As pricing continues to grind higher and assuming this trend continues, we will likely see even further increases in this price as the year progresses.

On the operations side, 2025 represented our third straight year of unit cost reductions with another \$40 per ton reduced last year. The much-needed rationalization of our footprint and reduction of around 3,300 employees last year was a big part of that. We have further momentum heading into 2026 as we locked in coal contracts that generate over \$100 million of savings year-over-year and an expectation of much higher utilizations both in melt and in our finishing operations. Combining this with some partial offsets in utilities and labor costs, we expect unit cost to decline again for a fourth straight year, down another \$10 per ton in 2026. On an apples-to-apples basis with 2025, the reduction is even greater as we are also selling a richer mix this year without slabs, making the year-over-year reduction even more impressive. With that said, for the first quarter of 2026, the recent spike in utilities costs and change in mix will likely push costs up temporarily before normalizing into Q2. As a reminder, we generally hedge 50% of our natural gas exposure looking forward one year.

On cash flow, we had a record low year in 2025 in capital expenditures as a steel company with only \$561 million spent. 2026 total CapEx is projected to be around \$700 million, reflecting more normalized maintenance capital as well as some prework and a coke plant upgrade ahead of the Burns Harbor Furnace C relining plan for 2027. Annual pension and OPEB cash obligations continue to decline. With the HRC curve where it is and automotive volumes ultimately returning, I expect to return back to healthy cash flow generation in 2026, all of which will be used to pay down debt.

Asset sale processes continue, and they should bring us more cash proceeds throughout the year. We have already closed the sale of FPT Florida, and we are under contract to sell several idled properties with agreements in principle for the majority of the rest. My expectation of the \$425 million in total proceeds from these sales remains intact. Some of the larger asset sale processes remain in a holding pattern while the POSCO talks remain ongoing, but we have several options out there that we are evaluating.

One major success we had in 2025 was balance sheet management, particularly in the fourth quarter. From a pure dollar perspective, our leverage remains too elevated for my liking, but the shape and format of our debt structure gives us incredible runway and flexibility. After the refinancings that we completed in 2025, our nearest bond maturity is now in 2029, and all of our outstanding bonds are unsecured. Our ABL draw is the lowest it has been since the Stelco acquisition, and our total liquidity to end 2025 was \$3.3 billion.

The focus this year is on generating EBITDA and cash flow. I feel much better about where we are today versus where we were 12 months ago. Looking ahead, our order book is solid, demand is improving, lead times are going out, prices are rising, costs are still coming down, tariffs are in place, the slab contract is gone, manufacturing is coming back, unemployment is low, rate cuts are here, tax refunds are coming, Stelco is contributing, autos are looking to replace aluminum with steel, POSCO is collaborating, our employees are incentivized, and our

operations and commercial teams are working together towards the same goal to maximize profitability in 2026. With that, I'll turn the call back over to Lourenco for his closing remarks.

Lourenco Goncalves

Thank you, Celso. 2025 was about fixing what needed to be fixed, making tough but necessary decisions, and positioning Cleveland-Cliffs for sustainable performance in a fundamentally improved market. Those actions are now largely behind us. As we move through 2026, we are operating with a linear footprint, a stronger order book, improving price realization, declining unit costs, and a clear line of sight to higher utilization and cash generation. With that, I'll turn it over to Kevin for the Q&A.

Operator

Thank you. We'll now be conducting a question-and-answer session. If you'd like to be placed in the question queue, please press star one on your telephone keypad. A confirmation tone will indicate your line is in the question queue. You may press star two if you'd like to remove your question from the queue. For participants using speaker equipment, it may be necessary to pick up your handset before pressing star one. One moment please, while we poll for questions.

Our first question today is coming from Carlos De Alba from Morgan Stanley. Your line is now live.

Carlos de Alba

Yeah. Good morning, Lourenco, Celso. Thank you. My first question is on the benefit that you expect on the cancellation of the slab contract this year. Given the running prices that we have seen, can you maybe update us as to how much EBITDA more or less or any other form of benefit that you expect to see from these contracts expiring? And then maybe we can -- just on CapEx beyond 2026, given the relining that you expect in 2027, how much should we pencil in give or take for CapEx in 2027?

Lourenco Goncalves

Yeah. Good morning, Carlos. I will answer the question on the slabs, and I will let Celso talk about the CapEx one. As far as these slabs, when we sold -- I'm sorry, when we acquired ArcelorMittal U.S.A. from ArcelorMittal, we had that slab contract, the last item that we had to negotiate. And it was more about duration than pricing formula because pricing formula was based on the international price of slabs and referencing the Brazilian slab prices just because Brazil was by far the largest exporter of slabs at the time. So -- and for four of the five years, the contract worked. And then in the fifth year, magically, the separation between the price of slabs and the price of hot band, turned that contract into a disaster. And we tried to negotiate the contract, but we were unsuccessful because short-term gains for them were more important than the long-term relationship. So, I'm fine with that. So, I ate. I took it like a big boy, and now they don't have our slabs anymore. So, good luck on running their business here in the United States without having melted and poured slabs made in Cleveland-Cliffs, not made in somewhere else. Somewhere else does not know what they are doing. We know what

we are doing. So, they don't have these slabs anymore. And if I can put a number on the -- the gain, the EBITDA number by itself is to the order of \$500 million just by replacing these slabs with higher margin. That's a very high-level number and should be even more than that. But \$500 million is a good number to start thinking about the gain of not having and that's just a benefit on us, not the fact that competition for automotive business became automatically weaker when you don't make our slabs available to our competitor. I'll let Celso answer the other one on CapEx.

Carlos de Alba

Sorry. Maybe before we move to Celso, quick question on when should we expect to see the beginning of this around \$500 million improvement in EBITDA? Already in Q1, or is it more Q2?

Lourenco Goncalves

Yeah. Look, we are already selling the material in Q1, yes. So -- but of course, you know how these things work. The cost flow through inventory, and you're going to see more impact in Q2 than in Q1 and then more impact in Q3 than in Q2. But that's our projection for the year.

Celso Goncalves

Yeah, Carlos. If you think about it right, the HRC price is \$970 or so, and the slab price was like \$485. So, it's a pretty immediate improvement in terms of revenue at the current price. It's like a \$700 million improvement in revenue at current market prices, and then you consider, call it, \$150 million increase in conversion cost to roll the slabs. That's the way to think about it on a full year basis for 2026.

Carlos de Alba

Great. Thank you.

Celso Goncalves

Yeah. And then as it relates to CapEx, as I mentioned, 2025 was a record low at \$565. We had dramatically reduced spend at Stelco. We had CapEx avoidance related to idled facilities and asset optimization and things like that. 2026 will be more normalized at \$700 million. Call it, more normalized maintenance spend and some prework and pre-spend related to the Burns Harbor reline in 2027. And then beyond '27, it goes to, call it, \$900 million in '27 and then back down to \$700 million in 2028. And the only reason that '27 goes to \$900 million is largely because of that Blast Furnace reline at Burns Harbor.

Carlos de Alba

Perfect. Thank you very much.

Celso Goncalves

Thank you.

Operator

Thank you. Next question is coming from Nick Giles from B. Riley Securities. Your line is now live.

Nick Giles

Thank you, operator. Good morning, Lourenco and Celso. Lourenco, you outlined the capacity you have today and attract incremental margins on what I heard is uncontracted volumes. So, you've layered in some multiyear agreements, but I was wondering if you could give us a sense for how much open capacity that is, what could still be contracted, and similar to Carlos' questions, just any sensitivity from an EBITDA perspective.

Lourenco Goncalves

Yeah. Look, we have downstream capacity in pretty much every single location that we operate. Just to give you an idea, let me take a simple example. Single-line, galvanizing line we have in Columbus, Ohio. That was one of the first assets that were -- got in the -- were -- got the attention for POSCO. We run that line at less than 300,000 tons a year. That line has a capacity of 450,000 tons a year. We can produce all kinds of exposed parts over there. But we don't run at full capacity because the OEMs don't produce cars in the United States as much as they should. They produce in Mexico. They import from Korea. They import from other places, and that's what kind of kills our automotive business. And it has been abundantly clear since day one of the Trump administration, the directive is to produce cars in the United States, not importing cars from Korea and putting a stamp of an American OEM on top of that. It's still a Korean car. It's not an American car. It's not generating American jobs. So, that's what kills our capacity utilization. We need this made in the USA automotive production in order to utilize our capacity. What I just explained with numbers for Columbus, Ohio. I can do the same thing for Rockport, Indiana, for other downstream facilities like what we call New Carlisle, Indiana, the used to call Tek and Kote under previous ownership. We have a lot of capacity to deploy and it's a matter of just moving from commodity type, which by the way now is extremely profitable, to a more specialized type of steel that it's typical Cleveland-Cliffs type of capability or forte in terms of the technology. By the way, we have the technology. We are a well-known and well-recognized supplier of automotive steel in the international scale. And we knew that all along. Now we have the agreement of POSCO on that. So, there is nothing that we need to learn from POSCO to how to do stuff. We know how to do stuff. We just don't have the orders. But now we're going to have it.

Nick Giles

I really appreciate all that detail. My second question was really just around the outlook particularly here in 1Q. HRC has obviously risen dramatically. So, can you just help us set expectations around ASP and costs and maybe just volumes, as well? Thanks.

Lourenco Goncalves

Yeah. I'll have Celso handle that for you, Nick.

Celso Goncalves

Yeah. Hey, Nick. Let me give you guys some general guidance for Q1 and the rest of 2026. So, for Q1, shipments should return back to that 4 million-ton mark, and that's largely driven by improved demand both in the U.S. and Canada. Q1 auto shipments are expected to improve back to the, call it, Q3 of '25 levels or better. As I mentioned, ASP is expected to be up \$60 a ton in Q1. All that pricing that negatively impacted Q4 is now positive for Q1. The monthly lag, the quarter lags, and the spot pricing are all up. Canadian pricing is also improving. We talked about the end of the slab contract, and the automotive volumes increasing is also a benefit. The way that we calculate that ASP has changed slightly, so let me give you guys the new kind of guidelines for that given the expiration of the slab contract and the increased automotive volume. The way to think about it going forward is around 35% to 40% is on a fixed full year price with resets throughout the year obviously. And then 25% of the volumes are on a CRU month lag. 10% is on a CRU quarter lag. And then the balance, call it, 25% to 30% is the spot and other, including the Stelco volumes. So, that's the way to think about ASP going forward. Costs in Q1 will likely be up around \$20 a ton before normalizing into Q2. But as I mentioned earlier, on a full year basis, the cost from '25 to '26 on a full year basis is expected to decline \$10 per ton with -- further even with adjustments for richer mix and the expiration of the slab contract. So, on an apples-to-apples basis, the cost will be down even more but should be down around \$10 per ton with the current construct. I think with that, you should have everything you need for -- to get a sense for Q1 and the full year 2026.

Nick Giles

I think so. I appreciate the details as always. And continued best of luck.

Lourenco Goncalves

Thank you, Nick.

Operator

Thank you. Next question is coming from Lawson Winder from Bank of America. Your line is now live.

Lawson Winder

Hi. Yeah. Thank you very much, operator. And good morning, Lourenco and Celso. Nice to hear from you and thank you for the update. If I could ask on POSCO. Like, I think there's no question that it is serious and potentially transformational for Cliffs. I was just curious. You made the remark that POSCO is still continuing their due diligence. Has Cleveland-Cliffs completed its due diligence on POSCO?

Lourenco Goncalves

Look -- yes. That's correct, number one. Number two, keep in mind, Lawson, they came to us. We did not look for them. So, that's a very important point to consider. So, that shows that we feel like they need us probably much more than we need them. That's my view. That said, we are proud of our negotiation and our conversation and our potential partnership. One thing to

keep in mind, our Cleveland-Cliffs Board of Directors will not approve any deal that's not accretive to our shareholders. So, that's what we're working on. Forming a partnership with POSCO is our number one strategic priority at this point. And based on what they say to us, that's the same thing for POSCO. We believe that we would be able to provide to POSCO the ability to meet U.S. trade and origin requirements particularly melted and poured into the United States in the short term, what they need -- absolutely need, they will not be able to sell here without complying with that requirement. That thing is not going to change. It's clear at this point. And this is a market that everybody wants to be in, and we are the only possibility for any company that is outside of the border of the United States to be inside the border of the United States. So, POSCO is in the pole position, in a very comfortable position to have a partnership with us. We absolutely love working with them, and they seem to like work with us. Now it's a matter of finalizing an agreement that's accretive to both Cliffs and POSCO, what should not be difficult to accomplish.

Lawson Winder

Thank you, Lourenco. That was very helpful. If I could ask one following question just on the aluminum opportunity. I mean, I think it's really intriguing. Could you maybe frame that up for us in terms of the size of the opportunity to take share from aluminum in terms of tonnages? And then what would be the timeline to achieve those tonnages?

Lourenco Goncalves

Yeah. Look, this was the type of thing that we have been -- have been asking for an opportunity to prove ourselves to our clients, and for some reason, they were committed to keep the status quo in place until they are no longer because it's not just the ones that use massive amounts of aluminum. That's obvious. That's absolutely obvious. We can't rely on supply chain of aluminum that is very weak in the United States, and they proved that by having a succession of fires in the same plant in a space of 40 days or 45 days. And also, truly dependent from aluminum produced abroad knowing that Canada is another country. Like they like to say, we are not a 51st state. Yes, we agree with that. It's outside of the border of the United States. It's another country. Yes. So, that's why they are subject to Section 232 and will continue to be because they are another country. So, aluminum from Canada is not a strategic solution for the supply chain. And then we proved our point that stamping aluminum or stamping steel for the type of steel that we, Cleveland-Cliffs, produce is the same thing. And we prove that at this point with three different OEMs, and they know what they need to do, and we are ready for them. Timing is on their control, not my control. We are ready. We proved that. We are getting orders at a production scale basis. And this should only be growing. And the potential of the size of aluminum utilized. The best-selling vehicle in the United States has a lot of aluminum in the outside. We are starting to produce parts for that vehicle. So, I can tell you without triggering any problems with my clients.

Lawson Winder

That's very helpful. Thank you very much.

Lourenco Goncalves

Thank you.

Operator

Thank you. next questions coming from Alex Hacking from Citi. Your line is now live.

Alex Hacking

Yeah. Thanks. Morning. Can you maybe quantify how big of a drag on earnings Stelco has been for the past few quarters and, therefore, kind of by proxy, how much potential upside there is as Canadian markets turn around? And just for context, we're looking at a Canadian publicly traded peer that's guiding to losing over \$250 a ton of EBITDA in 4Q. I assume Stelco is doing better than that. But yeah, anything you could do to help quantify that. Thank you.

Celso Goncalves

Yeah. Hey, Alex. It's Celso. We don't break down EBITDA by mill, but obviously, Stelco was disappointing in 2025 as you can imagine. But the good news is that they're a contributor now. We've seen a lot of improvement recently that will lead to significant EBITDA increase in 2026. And if you think of the big picture on a net basis, even though they haven't been contributing to the bottom line, it has kind of changed the dynamics of the market and has helped our U.S. business. And that's only going to be amplified here as HRC pricing in the U.S. has found some footing at a higher level. So, you can't really think of Stelco as a standalone. We're happy with the asset. We're happy with the people. They have -- we have great people that work for us at Stelco, but you have to think of the business as a whole. And going forward, they're going to be a much bigger contributor to the big picture.

Lourenco Goncalves

Yeah. Alex, Lourenco here. Let me add a little bit more on the Stelco comparison with a competitor. The competitor had the same business model as Stelco, selling to the United States. And we bought Stelco to do one thing that the competitor is never willing to do, changing their business model to sell into Canada. And we did. Like I said in my prepared remarks, a few days before Trump -- President Trump was elected. Let alone, President Trump was in office, and let alone, President Trump implementing Section 232 tariffs in April. So, we did that in November. So, we were way ahead of the game in terms of how to reposition Stelco. Another thing that we took from Stelco that we did not have before is made in Canada coke in our coke battery over there, which is a USMCA-compliant feedstock. So, that was a benefit for us, and that benefit will continue to be in place. The other thing is that if we had not had all the imports from the United States being redirected to Canada and have the Canadian board accepting that as normal course of business we would have had a completely different 2025. It took us almost one entire year to convince the Canadian government that was completely unsustainable situation. And we finally -- they finally made a move, a move that was a lot smaller than the move that we would like them to make, but that was enough for us to see a completely different dynamics in the domestic market in Canada. So, the comparison between Stelco and the competitor, it's not a good comparison. Got to be Stelco for Cliffs, and Stelco for

Cliffs going forward. And Stelco for Cliffs in 2025 was not as good as we envisioned basically because domestic Canadian prices went down due to the avalanche of imports into Canada. That has been put on hold. That has changed, and we will have a completely different 2026 because of that.

Alex Hacking

Thanks for the color. I guess just following up, how much better can 2026 look? Like, on the price side, where do you think Canadian prices should be with a new tariff policy versus where they are today? I don't know if you can comment on that at all. Thank you.

Lourenco Goncalves

Yeah. Like Celso said, we don't break down Stelco results into our results, so we do not disclose that. But it's easy to see that based on how bad 2025 was and used the competitors as they referenced for that specific point, you'll see that they will be night and day. So, they will be a contributor, and they will be a significant contributor to Cliffs' results.

Alex Hacking

Thank you.

Lourenco Goncalves

You're welcome.

Operator

Thank you. Next question today is coming from Albert Realini from Jefferies. Your line is now live.

Albert Realini

Hey. Good morning, Lourenco, Celso. Thank you for taking my question. So, just, Celso, I think you kind of alluded to it a bit, but the \$425 million in total proceeds that are potentially under contract, closure and agreement, I think you had said that doesn't include some of the larger scale assets. And I think you had mentioned that those would be on hold until anything with POSCO were to be finalized. So, I guess what I'm asking is that total amount of proceeds from the asset sales could be a lot higher, and then timing would be until anything with POSCO would be finalized. Is that -- my understanding correct?

Celso Goncalves

Yeah. So -- hey, Albert. So, the \$425 million, that's the totality of all of kind of our idled plants that we're marketing. And there's interest across the board for all of them. We've received \$60 million so far, but we're in discussions to sell the rest, and that would add up to the \$425. Beyond that, we have the larger assets that we could sell that there's been some interest around specifically Toledo HBI and FPT assets. So, that would be in addition to the \$425. Now, we put these larger asset sales on hold given POSCO's interest in our business. They're looking across our entire footprint. So, we don't want to jeopardize the POSCO opportunity, which is

much bigger. But for whatever reason, if the POSCO opportunity were to not materialize, we could pick up where we left off on the larger asset sales, and we've had some meaningful interest in those, as well. So, that would be in addition to the \$425. You're correct.

Albert Realini

Understood. Thank you.

Lourenco Goncalves

Albert, just a slight correction. Celso said in the discussion, some of the discussions are already signed contracts. So, we are beyond a little -- a little beyond the just discussions. We have contracts in place, and it's a matter of going between a binding contract and a sale agreement that -- at closing. So, it's -- these transactions are real. It's a matter of time for closing. So, like we have done so far, we do want that already close.

Albert Realini

Got it. Thanks for the clarity.

Lourenco Goncalves

Thank you.

Operator

Thank you. We've reached end of our question-and-answer session. I'd like to turn the floor back over for any further or closing comments.

Lourenco Goncalves

Thank you very much, and you guys have -- enjoy 2026 as much as Cleveland-Cliffs will. I appreciate your interest in our company. Thanks a lot. Bye now.

Operator

Thank you. That does conclude today's teleconference webcast. You may disconnect your line at this time and have a wonderful day. We thank you for your participation today.