



# Fourth Quarter & Full Year 2021

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## Earnings Call

**David Burritt**

President and Chief Executive Officer

**Christie Breves**

Senior Vice President and Chief Financial Officer

**Rich Fruehauf**

Senior Vice President, Chief Strategy  
and Sustainability Officer

**Kevin Lewis**

Vice President, Investor Relations and  
Corporate FP&A

**January 28, 2022**





# Forward-looking statements



These slides are being provided to assist readers in understanding the results of operations, financial condition and cash flows of United States Steel Corporation as of and for the fourth quarter and full year of 2021. Financial results as of and for the periods ended December 31, 2021 provided herein are preliminary unaudited results based on current information available to management. They should be read in conjunction with the consolidated financial statements and Notes to the Consolidated Financial Statements contained in our Annual Report on Form 10-K and Quarterly Reports on Form 10-Q filed with the Securities and Exchange Commission.

This presentation contains information that may constitute “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. We intend the forward-looking statements to be covered by the safe harbor provisions for forward-looking statements in those sections. Generally, we have identified such forward-looking statements by using the words “believe,” “expect,” “intend,” “estimate,” “anticipate,” “project,” “target,” “forecast,” “aim,” “should,” “will,” “may,” and similar expressions or by using future dates in connection with any discussion of, among other things, financial performance, the construction or operation of new and existing facilities, the timing, size and form of stock repurchase transactions, operating performance, trends, events or developments that we expect or anticipate will occur in the future, statements relating to volume changes, share of sales and earnings per share changes, anticipated cost savings, potential capital and operational cash improvements, changes in global supply and demand conditions and prices for our products, international trade duties and other aspects of international trade policy, the integration of Big River Steel in our existing business, business strategies related to the combined business and statements expressing general views about future operating results. However, the absence of these words or similar expressions does not mean that a statement is not forward-looking. Forward-looking statements are not historical facts, but instead represent only the Company’s beliefs regarding future events, many of which, by their nature, are inherently uncertain and outside of the Company’s control. It is possible that the Company’s actual results and financial condition may differ, possibly materially, from the anticipated results and financial condition indicated in these forward-looking statements. Management believes that these forward-looking statements are reasonable as of the time made. However, caution should be taken not to place undue reliance on any such forward-looking statements because such statements speak only as of the date when made. Our Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law. In addition, forward-looking statements are subject to certain risks and uncertainties that could cause actual results to differ materially from our Company’s historical experience and our present expectations or projections. These risks and uncertainties include, but are not limited to, the risks and uncertainties described in “Item 1A. Risk Factors” in our Annual report on Form 10-K for the year ended December 31, 2020 and those described from time to time in our future reports filed with the Securities and Exchange Commission.

References to “we,” “us,” “our,” the “Company,” and “U. S. Steel,” refer to United States Steel Corporation and its consolidated subsidiaries, references to “Big River Steel” refer to Big River Steel Holdings LLC and its direct and indirect subsidiaries unless otherwise indicated by the context, and “Transtar” refers to Transtar LLC and its direct and indirect subsidiaries unless otherwise indicated by the context.



# Explanation of use of non-GAAP measures



We present adjusted net earnings (loss), adjusted net earnings (loss) per diluted share, earnings (loss) before interest, income taxes, depreciation and amortization (EBITDA) and adjusted EBITDA, which are non-GAAP measures, as additional measurements to enhance the understanding of our operating performance.

We believe that EBITDA, considered along with net earnings (loss), is a relevant indicator of trends relating to our operating performance and provides management and investors with additional information for comparison of our operating results to the operating results of other companies.

Adjusted net earnings (loss) and adjusted net earnings (loss) per diluted share are non-GAAP measures that exclude the effects of items that include: debt extinguishment, restructuring and other charges, asset impairment charges, Big River Steel - acquisition-related items, (gains) losses on assets sold & previously held investments, gain on sale of Transtar, net reversal of tax valuation allowance, pension de-risking, environmental remediation charge and other items (Adjustment Items). Adjusted EBITDA is also a non-GAAP measure that excludes the effects of certain Adjustment Items. We present adjusted net earnings (loss), adjusted net earnings (loss) per diluted share and adjusted EBITDA to enhance the understanding of our ongoing operating performance and established trends affecting our core operations by excluding the effects of events that can obscure underlying trends. U. S. Steel's management considers adjusted net earnings (loss), adjusted net earnings (loss) per diluted share and adjusted EBITDA as alternative measures of operating performance and not alternative measures of the Company's liquidity.

U. S. Steel's management considers adjusted net earnings (loss), adjusted net earnings (loss) per diluted share and adjusted EBITDA useful to investors by facilitating a comparison of our operating performance to the operating performance of our competitors. Additionally, the presentation of adjusted net earnings (loss), adjusted net earnings (loss) per diluted share and adjusted EBITDA provides insight into management's view and assessment of the Company's ongoing operating performance because management does not consider the adjusting items when evaluating the Company's financial performance. Adjusted net earnings (loss), adjusted net earnings (loss) per diluted share and adjusted EBITDA should not be considered a substitute for net earnings (loss), earnings (loss) per diluted share or other financial measures as computed in accordance with U.S. GAAP and is not necessarily comparable to similarly titled measures used by other companies. A condensed consolidated statement of operations (unaudited), condensed consolidated cash flow statement (unaudited), condensed consolidated balance sheet (unaudited) and preliminary supplemental statistics (unaudited) for U. S. Steel are attached.



# Advancing towards our Best for All<sup>SM</sup> future



## CURRENT LANDSCAPE

Record performance in 2021 and bullish for 2022



## CHALLENGES

Transitioning to a less capital and carbon intensive business model while becoming the best steel competitor



## SOLUTION

- ✓ Balanced capital allocation strategy
- ✓ Mini Mill #2
- ✓ NGO electrical steel line at Big River Steel
- ✓ Coating line at Big River Steel



## PATH FORWARD

Delivering on Best for All

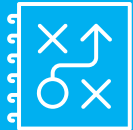


United States Steel Corporation

# Advancing towards our Best for All future *2021 successes creating 2022 opportunities*



**Delivered record performance  
for our stakeholders in 2021**



**Confident in 2022 and well positioned to  
execute our Best for All strategy**



**Returning excess capital to stockholders**



# Advancing towards our Best for All future *Delivered for our stakeholders in 2021*

A large, light blue outline of a trophy cup, serving as a background for the year '2021'.

**2021**

***A Year of  
Records***



***Safety &  
Environmental***



***Customer &  
Operational Excellence***



***Financial  
Performance***

*More details on the  
following slide*



# Advancing towards our Best for All future

## *Record financial performance in 2021*



**~\$5.6B**

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**2021**

***Adj. EBITDA***

Record 28% adjusted EBITDA margin reflects the improved quality of our earnings

**~\$3.2B**

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**2021**

***FCF***

Meaningful incremental free cash flow expected in 2022

**0.7x**

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**2021**

***Leverage<sup>1</sup>***

Strong balance sheet and record cash



**United States Steel Corporation**

<sup>1</sup> (Funded debt + operating leases + unfunded pension & OPEB) / 2021 EBITDA. Note, our pension and OPEB are overfunded.

# Advancing towards our Best for All future

## *Record financial performance in 2021*



### 2021 EBITDA performance:

### 4Q 2021 EBITDA performance:

NAFR

~\$3.1B

**25%**

*EBITDA margin*

~\$1.0B

**30%**

*EBITDA margin*

Mini Mill

~\$1.4B

**39%**

*EBITDA margin*

\$407M

**41%**

*EBITDA margin*

USSE

~\$1.1B

**25%**

*EBITDA margin*

\$293M

**26%**

*EBITDA margin*

Tubular

\$48M

**6%**

*EBITDA margin*

\$42M

**16%**

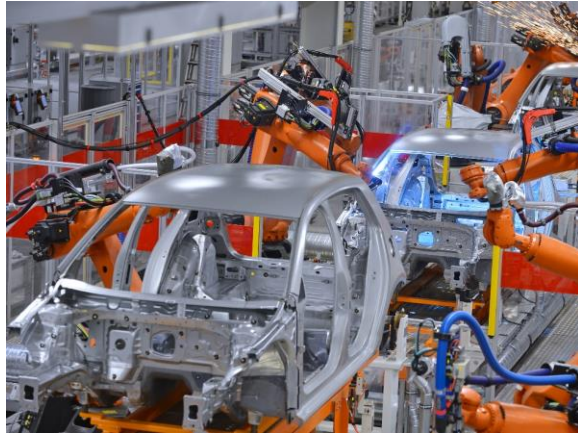
*EBITDA margin*



United States Steel Corporation



# Advancing towards our Best for All future 2022 outlook



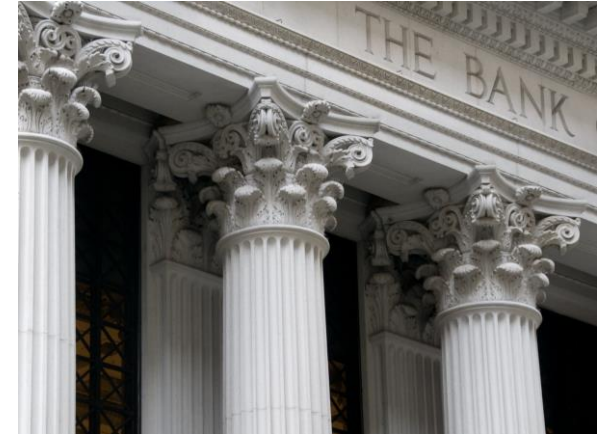
## Structural demand factors intact

*Accelerating order  
activity from higher fixed  
price OEM contracts*



## Enhanced Customer Partnerships

*Partnering with  
customers to develop  
unique solutions*



## Transformed Balance Sheet

*Creating the foundation  
for a balanced capital  
allocation approach*

# Advancing towards our Best for All future

## 1Q 2022 outlook



**Renewed annual fixed-price contracts reflected in Flat-rolled segments higher realized selling price**



**Seasonal iron ore mining impacts**



**Seasonal impacts to spot-oriented industries**



# Advancing towards our Best for All future

## *Disciplined approach to capital allocation*



	PRIORITIES	CONSIDERATIONS	OBJECTIVES
1	Balance sheet strength	Through-cycle adjusted debt to EBITDA range	3.0x – 3.5x range
2	Announced Best for All investments	Cash to next twelve-month (NTM) capex and cash of no less than \$1.5B	1:1 ≥ \$1.5B cash
3	Capability capex	Expands iron ore, mini mill or best-in-class finishing competitive advantages	15%+ IRR & advances Best for All
4	Direct returns	Maintain quarterly dividend Return excess cash w/ stock buyback (SBB)	\$0.05/share measured & opportunistic SBB





Q&A





# Closing Remarks



# Reconciliation of 2021 leverage



<b>Adjusted Debt</b> <u>(\$ millions)</u>	<u>YE 2021</u>
Short-term debt and current maturities of long-term debt	\$28
Long-term debt, less unamortized discount and debt issuance costs	3,863
Operating leases	194
Unfunded pension / OPEB	0
<b>Total Adjusted Debt</b>	<b>\$4,085</b>
Divided by: LTM EBITDA <sup>1</sup>	5,592
<b>Leverage</b>	<b>0.7</b>



# Reconciliation of segment EBITDA



<b>Flat-rolled</b> (\$ millions)	<u>3Q 2021</u>	<u>4Q 2021</u>	<u>FY 2020</u>	<u>FY 2021</u>
Segment (loss) earnings before interest and income taxes	\$1,015	\$890	(\$596)	\$2,630
Depreciation	120	127	496	491
<b>Flat-rolled Segment EBITDA</b>	<b>\$1,135</b>	<b>\$1,017</b>	<b>(\$100)</b>	<b>\$3,121</b>
<b>Mini Mill</b> (\$ millions)	<u>3Q 2021</u>	<u>4Q 2021</u>	<u>FY 2020</u>	<u>FY 2021</u>
Segment (loss) earnings before interest and income taxes	\$424	\$366	-	\$1,206
Depreciation	40	41	-	151
<b>Mini Mill Segment EBITDA</b>	<b>\$464</b>	<b>\$407</b>	<b>-</b>	<b>\$1,357</b>
<b>U. S. Steel Europe</b> (\$ millions)	<u>3Q 2021</u>	<u>4Q 2021</u>	<u>FY 2020</u>	<u>FY 2021</u>
Segment (loss) earnings before interest and income taxes	\$394	\$269	\$9	\$975
Depreciation	24	24	97	98
<b>U. S. Steel Europe Segment EBITDA</b>	<b>\$418</b>	<b>\$293</b>	<b>\$106</b>	<b>\$1,073</b>
<b>Tubular</b> (\$ millions)	<u>3Q 2021</u>	<u>4Q 2021</u>	<u>FY 2020</u>	<u>FY 2021</u>
Segment (loss) earnings before interest and income taxes	\$0	\$30	(\$179)	\$1
Depreciation	12	12	39	47
<b>Tubular Segment EBITDA</b>	<b>\$12</b>	<b>\$42</b>	<b>(\$140)</b>	<b>\$48</b>
<b>Other</b> (\$ millions)	<u>3Q 2021</u>	<u>4Q 2021</u>	<u>FY 2020</u>	<u>FY 2021</u>
Segment (loss) earnings before interest and income taxes	(\$2)	(\$31)	(\$6)	(\$11)
Depreciation	0	0	3	4
<b>Other Segment EBITDA</b>	<b>(\$2)</b>	<b>(\$31)</b>	<b>(\$3)</b>	<b>(\$7)</b>



# Reconciliation of adjusted EBITDA



<u>(\$ millions)</u>	<u>3Q 2021</u>	<u>4Q 2021</u>	<u>FY 2020</u>	<u>FY 2021</u>
Reported net (loss) earnings attributable to U. S. Steel	\$2,002	\$1,069	(\$1,165)	\$4,174
Income tax provision (benefit)	260	(54)	(142)	170
Net interest and other financial costs	80	130	232	602
Reported (loss) earnings before interest and income taxes	\$2,342	\$1,145	(\$1,075)	\$4,946
Depreciation, depletion and amortization expense	196	204	643	791
EBITDA	\$2,538	\$1,349	(\$432)	\$5,737
Asset impairment charges	—	245	287	273
Restructuring and other charges	—	91	138	128
Big River Steel – acquisition-related items	(12)	(1)	3	35
(Gains)/losses on assets sold & previously held investments	7	1	(170)	(118)
Gain on sale of Transtar	(506)	—	—	(506)
Environmental remediation charge	—	43	—	43
Other	—	—	12	—
<b>Adjusted EBITDA</b>	<b>\$2,027</b>	<b>\$1,728</b>	<b>(\$162)</b>	<b>\$5,592</b>





## INVESTOR RELATIONS

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