



# SunCoke Energy, Inc. 2014 Guidance Call

December 16, 2013



SunCoke Energy™

# Forward-Looking Statements



This slide presentation should be reviewed in conjunction with the 2014 Guidance Update of SunCoke Energy, Inc. (SXC) and the conference call held on December 16, 2013 at 11:00 a.m. ET.

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Although management believes that its plans, intentions and expectations reflected in or suggested by the forward-looking statements made in this presentation are reasonable, no assurance can be given that these plans, intentions or expectations will be achieved when anticipated or at all. Moreover, such statements are subject to a number of assumptions, risks and uncertainties. Many of these risks are beyond the control of SXC and SXCP, and may cause actual results to differ materially from those implied or expressed by the forward-looking statements. Each of SXC and SXCP has included in its filings with the Securities and Exchange Commission cautionary language identifying important factors (but not necessarily all the important factors) that could cause actual results to differ materially from those expressed in any forward-looking statement. For more information concerning these factors, see the Securities and Exchange Commission filings of SXC and SXCP. All forward-looking statements included in this presentation are expressly qualified in their entirety by such cautionary statements. Although forward-looking statements are based on current beliefs and expectations, caution should be taken not to place undue reliance on any such forward-looking statements because such statements speak only as of the date hereof. Neither SXC nor SXCP has any intention or obligation to update publicly any forward-looking statement (or its associated cautionary language) whether as a result of new information or future events or after the date of this presentation, except as required by applicable law.

This presentation includes certain non-GAAP financial measures intended to supplement, not substitute for, comparable GAAP measures. Reconciliations of non-GAAP financial measures to GAAP financial measures are provided in the Appendix at the end of the presentation. Investors are urged to consider carefully the comparable GAAP measures and the reconciliations to those measures provided in the Appendix.

# 2013 Accomplishments



## ***Continued operations excellence***

- Sustained solid Domestic Coke performance
- Maintained top quartile coke and coal safety performance
- Improved productivity and reduced production costs per ton in coal mining segment
- Initiated environmental project and consent decree filed

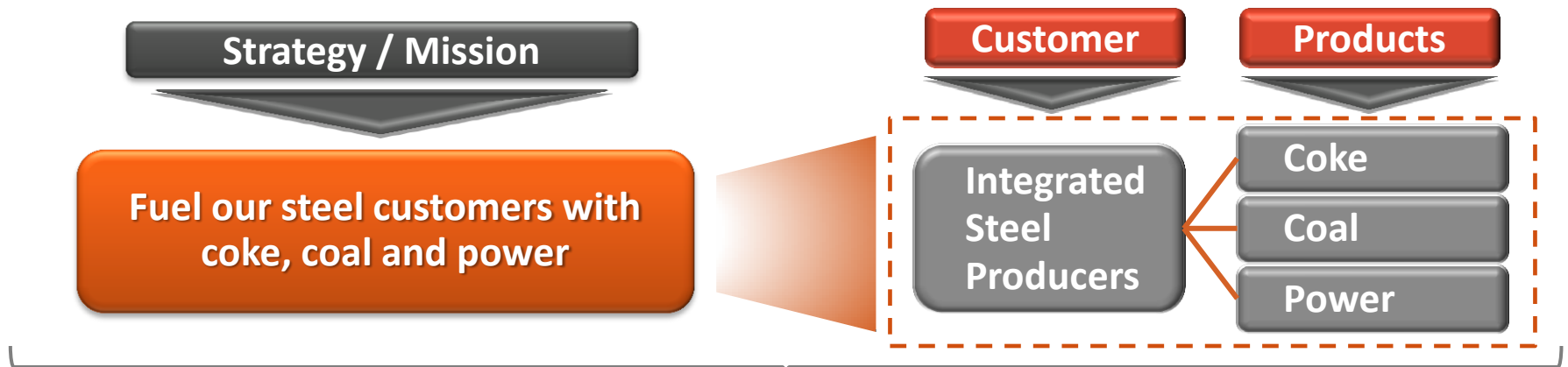
## ***Positioned SXC & SXCP for future growth***

- Entered India via VISA SunCoke JV
- Renewed Indiana Harbor contract; refurbishment on track
- Progressed on permit for potential new coke plant
- SXCP completed two accretive coal logistics transactions
- SXCP received favorable IRS ruling on ferrous activities

## ***Built financial strength and flexibility***

- Expect to achieve 2013 financial targets
- IPO of SXCP in January 2013 delivered as planned
- SXC and SXCP capitalized for future growth

# SunCoke's Existing Business



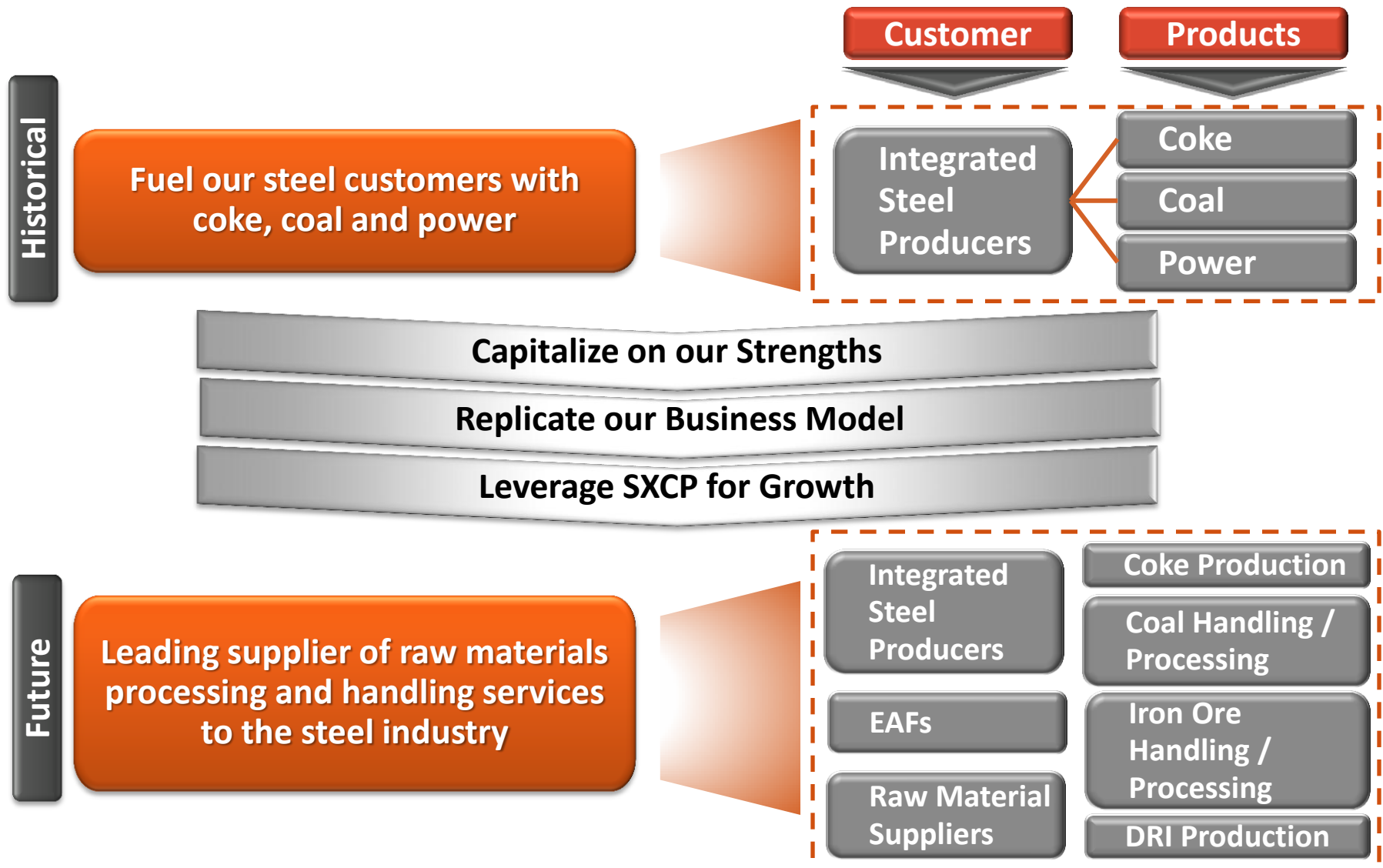
## SunCoke Strengths

- ✓ Supply strategic blast furnaces with long expected useful lives
- ✓ Possess secure long-term, take-or-pay contracts with key pass-through provisions
- ✓ Deliver competitively priced coke to customers
- ✓ Meet U.S. EPA Maximum Achievable Control Standard
- ✓ Well-positioned to grow via aging battery replacement

## Potential Challenges

- Customer concentration
- EAF now the dominant steel making process in the U.S.
- DRI can improve EAF steel quality and make blast furnaces more productive
- Steel imports to the U.S. remain a competitive threat

# Transformational Strategy







## ***Operations Excellence***

- Sustain high-level of operating performance and maintain top quartile safety performance in coke and coal
- Drive mining efficiency gains to partially mitigate coal pricing headwinds
- Stabilize India JV and generate cash flow



## ***Drive Growth***

- Complete Indiana Harbor refurbishment and ramp up
- Obtain permit for new coke plant
- Leverage SXCP to pursue further opportunities in cokemaking, coal logistics and entry into ferrous value chain



## ***Optimize Business and Capital Structure***

- Evaluate opportunities to enhance value of our coke and coal assets, and assess optimal capital structure for SXC and SXCP post expiration of SXC's tax-sharing agreement

# GUIDANCE

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# 2014 Domestic Coke Business Outlook



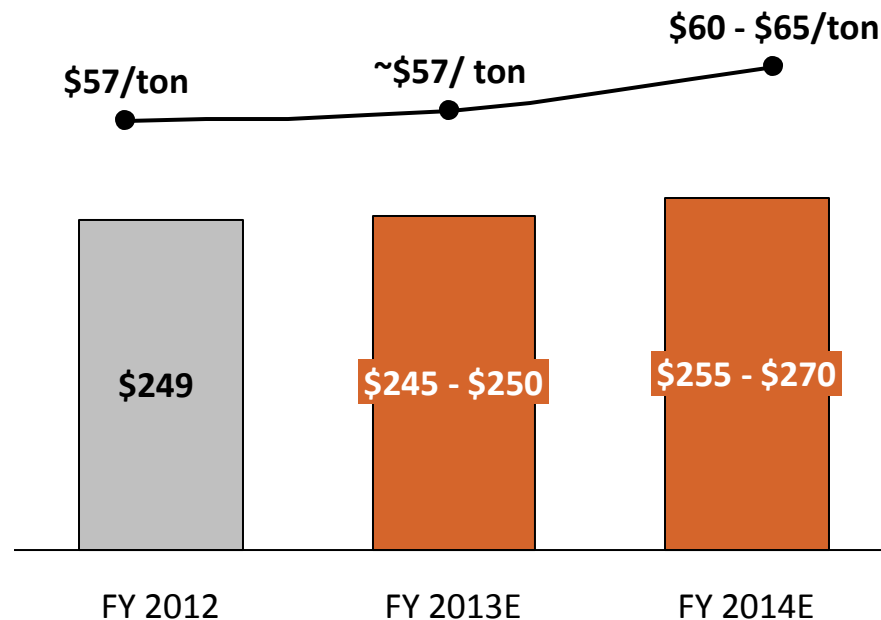
**Expect Domestic Coke business to generate  
Adj. EBITDA<sup>(1)</sup> per ton of between \$60 and \$65 in 2014**

**Outlook reflects expected  
ongoing solid operation across  
fleet**

- Production of approximately 4.3 million tons
- Benefit of Indiana Harbor contract renewal and cost improvements
  - Expect 2H '14 to be stronger due to completion of refurbishment and blast furnace outage at Indiana Harbor

## Domestic Coke Adj. EBITDA<sup>(1)</sup> and EBITDA per ton

*(\$ in millions, except per ton amounts)*



(1) For a definition of Adjusted EBITDA and Adjusted EBITDA/ton and reconciliations, see appendix.



# 2014 Coal Mining Adj. EBITDA<sup>(1)</sup> Outlook

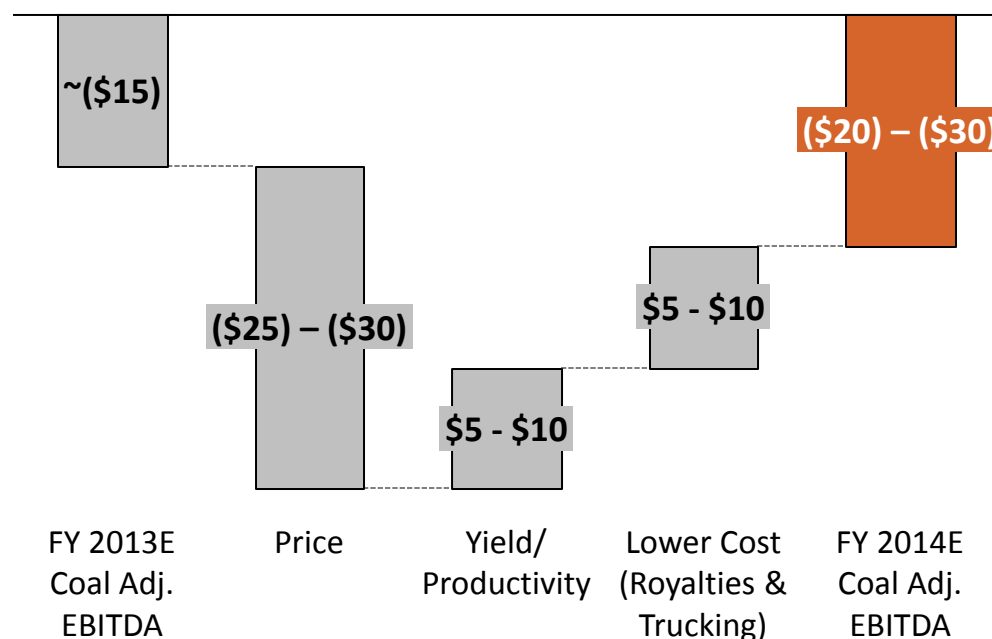


**Continued coal price/demand headwinds expected to impact FY 2014 segment Adj. EBITDA<sup>(1)</sup> by (\$5M) – (\$15M) vs. FY 2013**

## Outlook reflects expected

- Challenging price environment offset in part by yield and productivity gains
- Project average 2014 sales price of \$100 to \$105 per ton for internal and external sales
- Production volume of ~1.3M tons and sales volume of ~1.7M tons
  - Consistent with 2013

(\$ in millions)



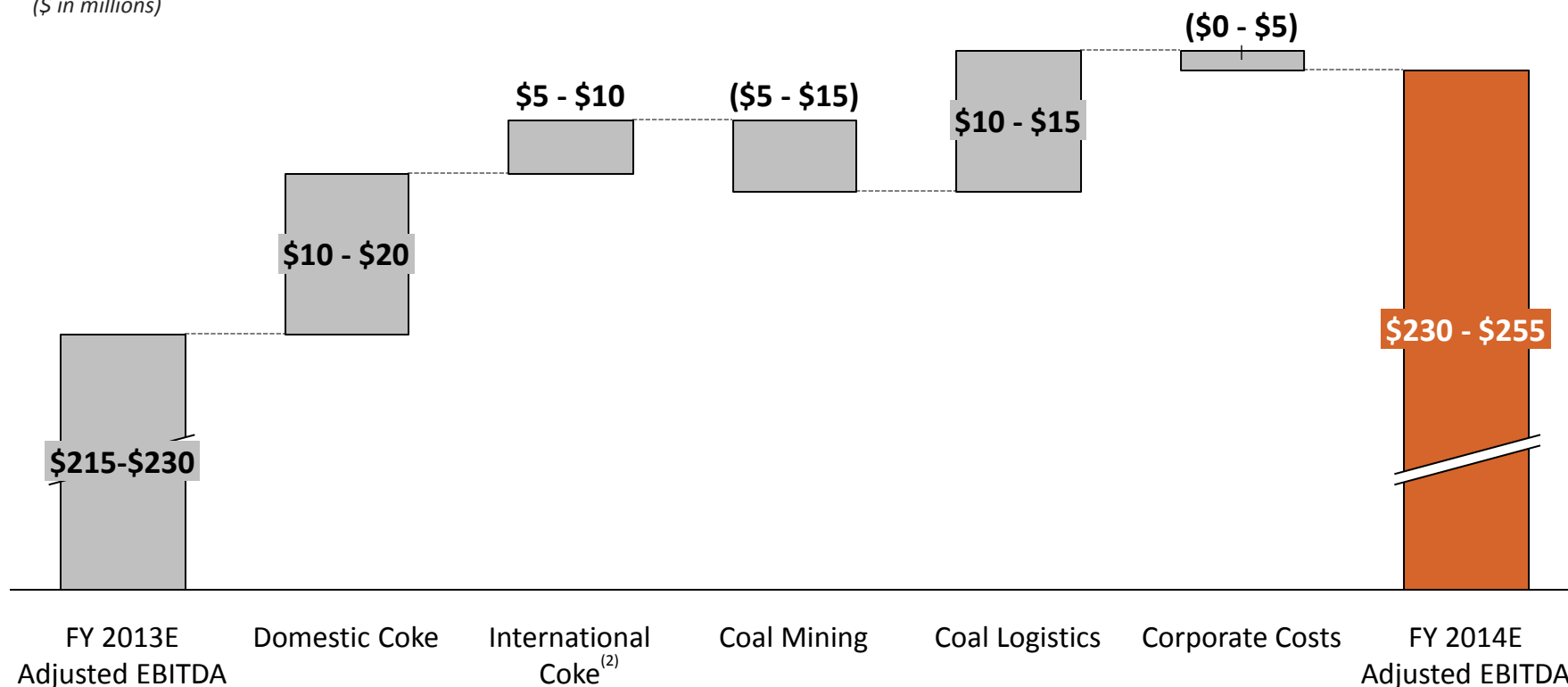
<sup>(1)</sup> For a definition and reconciliation of Adjusted EBITDA, please see appendix.

# Expected 2014 Adjusted EBITDA<sup>(1)</sup>



**FY 2014 Adj. EBITDA<sup>(1)</sup> expected to benefit from contract renewal and cost improvement at Indiana Harbor and new Coal Logistics business**

(\$ in millions)



(1) For a definition and reconciliation of Adjusted EBITDA, please see the appendix.

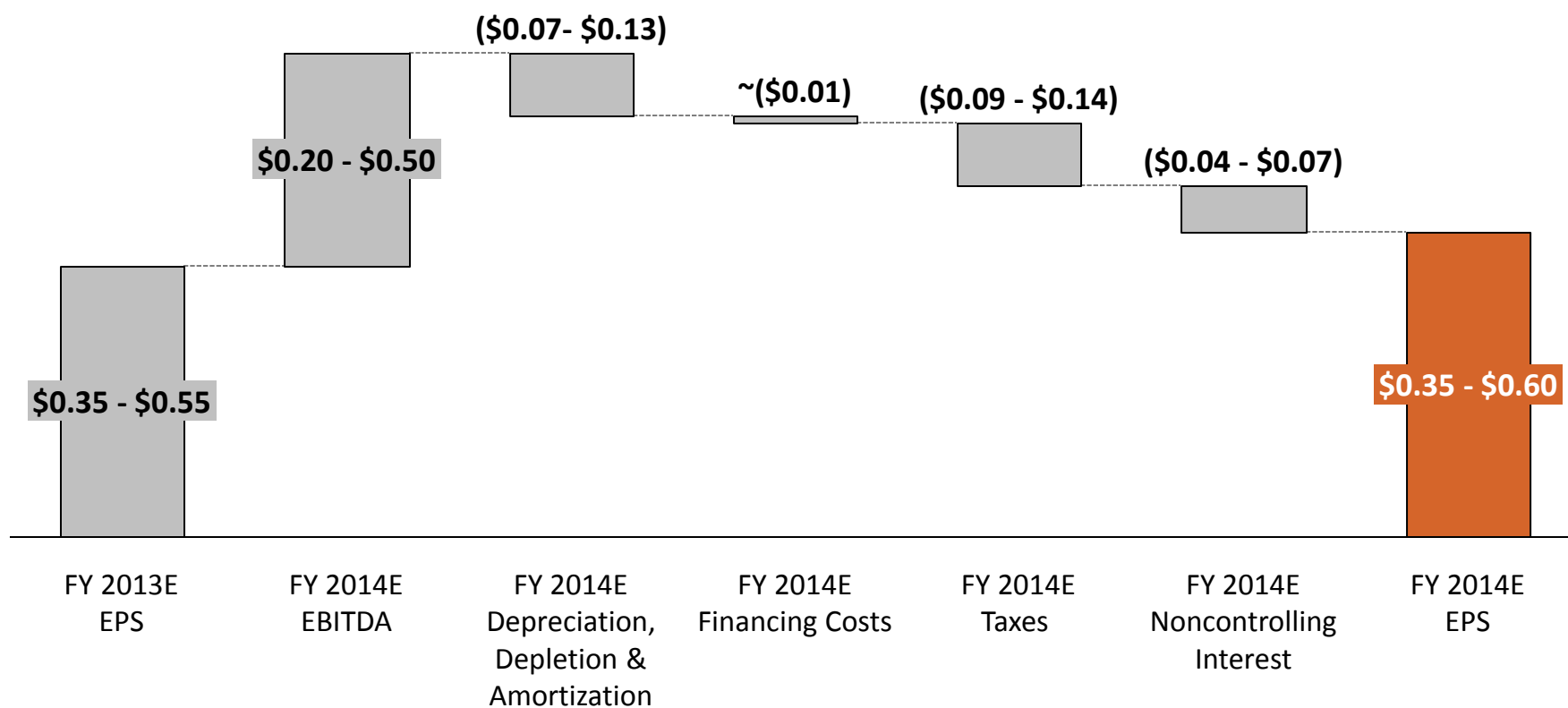
(2) Includes Brazil Coke and India Coke.

# Expected 2014 Earnings Per Share



## FY 2014 EPS expected to benefit from improvement at Indiana Harbor and Coal Logistics

(\$ per share)



# Capital Allocation Priorities



## 2014E known Capex reflects:

- Sustaining investment in current business
- Completing Indiana Harbor refurbishment
- Implementing environmental project

## Evaluating potential 2014E Capex allocation opportunities to:

- Initiate construction of new coke plant (~\$30M)
- Build new coal prep plant (\$30-\$60M in 2014, ~\$70M total)
- Pursue coke, coal logistics and/or iron processing acquisition opportunities

## Consolidated Capex

(\$ in millions)	2013E	2014E <sup>(1)</sup>
On-Going <sup>(2)</sup>	\$48	\$51
Environmental Project	\$26	\$41
Indiana Harbor Refurbishment	\$68	\$13
Coal Logistics & Other	\$2	\$5
<b>Total CapEx</b>	<b>\$144</b>	<b>\$110</b>
Investments	\$183	-
<b>Total CapEx &amp; Investments</b>	<b>\$327</b>	<b>\$110</b>

(1) Does not include spending to initiate construction of potential new coke plant (~\$30M) or potential new coal prep plant (\$30-\$60M).

(2) In 2013, includes \$28M in coke ongoing capex and \$20M in coal. In 2014, includes \$36M in coke ongoing capex and \$15M in coal.

# Consolidated Guidance Summary



Metric	Expected 2013	2014 Guidance
<b>Adjusted EBITDA <sup>(1)</sup></b>		
<b>Consolidated</b>	<b>\$215 – \$230 million</b>	<b>\$230 – \$255 million</b>
<b>Attributable to SXC</b>	<b>\$175 – \$188 million</b>	<b>\$183 – \$203 million</b>
<b>EPS Attributable to SXC Shareholders (diluted)</b>	<b>\$0.35 – \$0.55</b>	<b>\$0.35 – \$0.60</b>
<b>Cash Flow from Operations<sup>(2)</sup></b>	<b>~\$120 million</b>	<b>~\$170 million</b>
<b>Capital Expenditures</b>	<b>~\$130 million</b>	<b>~\$110 million</b>
<b>Investments</b>	<b>\$183 million</b>	<b>n/a</b>
<b>Effective Tax Rate</b>	<b>14% – 20%</b>	<b>20% – 26%</b>
<b>Cash Tax Rate</b>	<b>12% – 20%</b>	<b>16% – 22%</b>
<b>Domestic Coke Production</b>	<b>~4.3 million tons</b>	<b>~4.3 million tons</b>
<b>Coal Production</b>	<b>~1.4 million tons</b>	<b>~1.3 million tons</b>

(1) Please see appendix for a definition and reconciliation of 2013E Adjusted EBITDA.

(2) Reflects shift of \$20M AK Steel payment from 2013 to 2014 to accommodate customer's request due to unexpected blast furnace outage at AK Middletown.

# QUESTIONS



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# DEFINITIONS AND RECONCILIATIONS

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- **Adjusted EBITDA** represents earnings before interest, taxes, depreciation, depletion and amortization (“EBITDA”) adjusted for sales discounts and the interest, taxes, depreciation, depletion and amortization attributable to our equity method investment. EBITDA reflects sales discounts included as a reduction in sales and other operating revenue. The sales discounts represent the sharing with customers of a portion of nonconventional fuel tax credits, which reduce our income tax expense. However, we believe our Adjusted EBITDA would be inappropriately penalized if these discounts were treated as a reduction of EBITDA since they represent sharing of a tax benefit that is not included in EBITDA. Accordingly, in computing Adjusted EBITDA, we have added back these sales discounts. Our Adjusted EBITDA also includes EBITDA attributable to our equity method investment. EBITDA and Adjusted EBITDA do not represent and should not be considered alternatives to net income or operating income under GAAP and may not be comparable to other similarly titled measures in other businesses. Management believes Adjusted EBITDA is an important measure of the operating performance of the Company's net assets. We believe Adjusted EBITDA is an important measure of operating performance and provides useful information to investors because it highlights trends in our business that may not otherwise be apparent when relying solely on GAAP measures and because it eliminates items that have less bearing on our operating performance. Adjusted EBITDA is a measure of operating performance that is not defined by GAAP, does not represent and should not be considered a substitute for net income as determined in accordance with GAAP. Calculations of Adjusted EBITDA may not be comparable to those reported by other companies.
- **EBITDA** represents earnings before interest, taxes, depreciation, depletion and amortization.
- **Adjusted EBITDA attributable to SXC/SXCP** equals Adjusted EBITDA less Adjusted EBITDA attributable to noncontrolling interests.
- **Adjusted EBITDA/ton** represents Adjusted EBITDA divided by tons sold.

# Expected 2013 EBITDA Reconciliation



(in millions)	2013E Low	2013E High
<b>Net Income</b>	<b>\$51</b>	<b>\$57</b>
Depreciation, depletion and amortization	96	95
Interest expense, net	54	54
Income tax expense	7	14
<b>EBITDA</b>	<b>\$208</b>	<b>\$220</b>
Sales discounts	7	7
Adjustment to unconsolidated affiliate earnings <sup>(1)</sup>	—	3
<b>Adjusted EBITDA</b>	<b>\$215</b>	<b>\$230</b>
EBITDA attributable to noncontrolling interests <sup>(2)</sup>	(40)	(42)
<b>Adjusted EBITDA attributable to SXC</b>	<b>\$175</b>	<b>\$188</b>

(1) Represents SXC share of India JV interest, taxes and depreciation expense.

(2) Represents Adjusted EBITDA attributable to SXCP public unitholders and to DTE Energy's interest in Indiana Harbor.

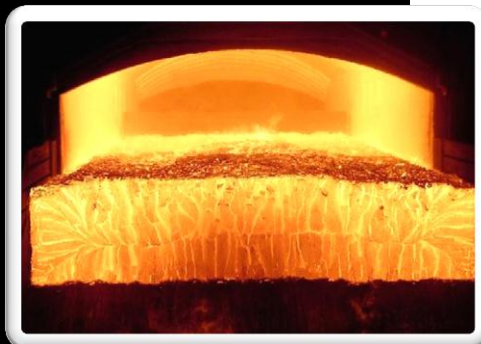
# Expected 2014 EBITDA Reconciliation



(in millions)	2014E Low	2014E High
<b>Net Income</b>	<b>\$53</b>	<b>\$71</b>
Depreciation, depletion and amortization	105	100
Interest expense, net	55	53
Income tax expense	13	24
<b>EBITDA</b>	<b>\$226</b>	<b>\$248</b>
Sales discounts	—	—
Adjustment to unconsolidated affiliate earnings <sup>(1)</sup>	4	7
<b>Adjusted EBITDA</b>	<b>\$230</b>	<b>\$255</b>
EBITDA attributable to noncontrolling interests <sup>(2)</sup>	(47)	(52)
<b>Adjusted EBITDA attributable to SXC</b>	<b>\$183</b>	<b>\$203</b>

(1) Represents SXC share of India JV interest, taxes and depreciation expense.

(2) Represents Adjusted EBITDA attributable to SXCP public unitholders and to DTE Energy's interest in Indiana Harbor.



**Investor Relations:**  
**630-824-1987**  
**[www.suncoke.com](http://www.suncoke.com)**



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