



SunCoke Energy, Inc.

Q4 2013 Earnings Conference Call

January 30, 2014



SunCoke Energy™

Forward-Looking Statements



This slide presentation should be reviewed in conjunction with the Fourth Quarter 2013 earnings releases of SunCoke Energy, Inc. (SunCoke) and the conference call held on January 30, 2013 at 11:30 a.m. ET.

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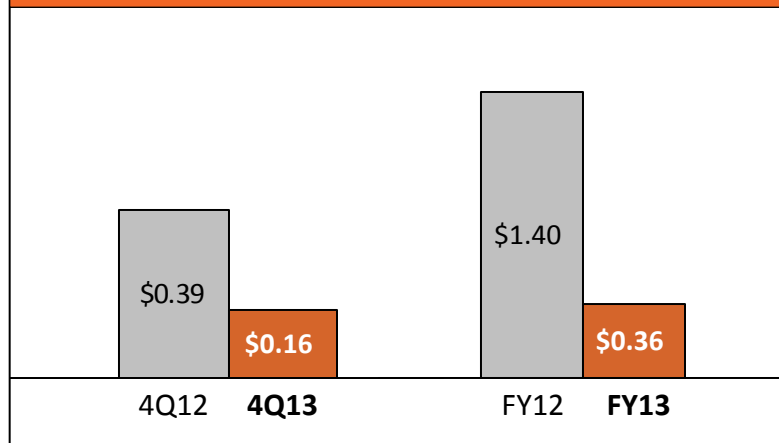
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This presentation includes certain non-GAAP financial measures intended to supplement, not substitute for, comparable GAAP measures. Reconciliations of non-GAAP financial measures to GAAP financial measures are provided in the Appendix at the end of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

Q4 & FY 2013 Earnings Overview



Earnings Per Share (diluted)



Delivered on 2013 Adj. EBITDA guidance, albeit at low end of revised range—due to Q4

- Q4 results impacted by
 - Indiana Harbor \$7M weaker than expected on lower volumes and higher costs
 - Customer claim regarding coke quality at Jewell
 - Weakness in Coal Mining, including inventory mark-to-market

Q4 and FY 2013 EPS results reflect

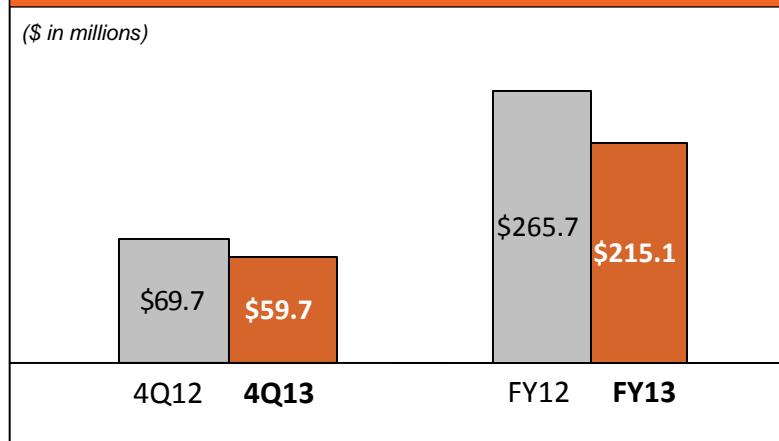
- Lower EBITDA performance
- Income attributable to SXCP public holders

Maintained financial flexibility and ended year with solid liquidity position

- Exceeded operating cash flow target by \$30M+

Reaffirm 2014 outlook, but expect Q1 to be challenged by impact of severe weather in January

Adjusted EBITDA⁽¹⁾



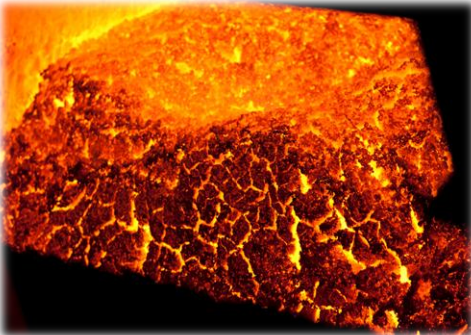
⁽¹⁾ For a definition and reconciliation of Adjusted EBITDA, please see appendix.

2013 Accomplishments



Continued operations excellence

- Maintained top quartile coke and coal safety performance
- Sustained solid Domestic Coke performance despite major refurbishment at Indiana Harbor
- Meaningful improvement in Coal Mining productivity and cash production costs per ton



Positioned SXC & SXCP for future growth

- Renewed Indiana Harbor contract and made substantial progress on refurbishment project
- Received draft 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

- Achieved 2013 financial targets, except in coal segment
- IPO of SXCP in January 2013 delivered results as planned

Q4 & FY 2013 Financial Results



(\$ in millions, except volumes)	Q4'13	Q4'12	FY 2013	FY 2012	Q4 2013 VS. Q4 2012	FY 2013 VS. FY 2012
Domestic Coke Sales Volumes	1,047	1,077	4,263	4,345	(30)	(82)
Coal Sales Volumes	389	371	1,652	1,500	18	152
Total Revenues	\$399.6	\$491.4	\$1,647.7	\$1,914.1	(\$91.8)	(\$266.4)
Operating Income	\$30.9	\$44.3	\$111.3	\$173.7	(\$13.4)	(\$62.4)
Net Income Attributable to Shareholders	\$11.0	\$27.6	\$25.0	\$98.8	(\$16.6)	(\$73.8)
Diluted Earnings Per Share	\$0.16	\$0.39	\$0.36	\$1.40	(\$0.23)	(\$1.04)
Coke Adjusted EBITDA ⁽¹⁾	\$70.1	\$72.7	\$260.2	\$261.3	(\$2.6)	(\$1.1)
Coal Adjusted EBITDA ⁽²⁾	(\$8.9)	\$6.0	(\$18.7)	\$33.4	(\$14.9)	(\$52.1)
Coal Logistics Adj. EBITDA ⁽²⁾	\$4.0	-	\$4.7	-	\$4.0	\$4.7
Corporate/Other	(\$5.5)	(\$8.9)	(\$31.1)	(\$29.0)	\$3.4	(\$2.1)
Adjusted EBITDA ⁽²⁾	\$59.7	\$69.7	\$215.1	\$265.7	(\$10.0)	(\$50.6)

(1) Coke Adjusted EBITDA includes Domestic Coke and Brazil and India Coke segments.

(2) For a definition and reconciliation of Adjusted EBITDA and Adjusted EBITDA per ton, please see appendix.

Adj. EBITDA down 14% and 19% for Q4 '13 and FY '13, respectively

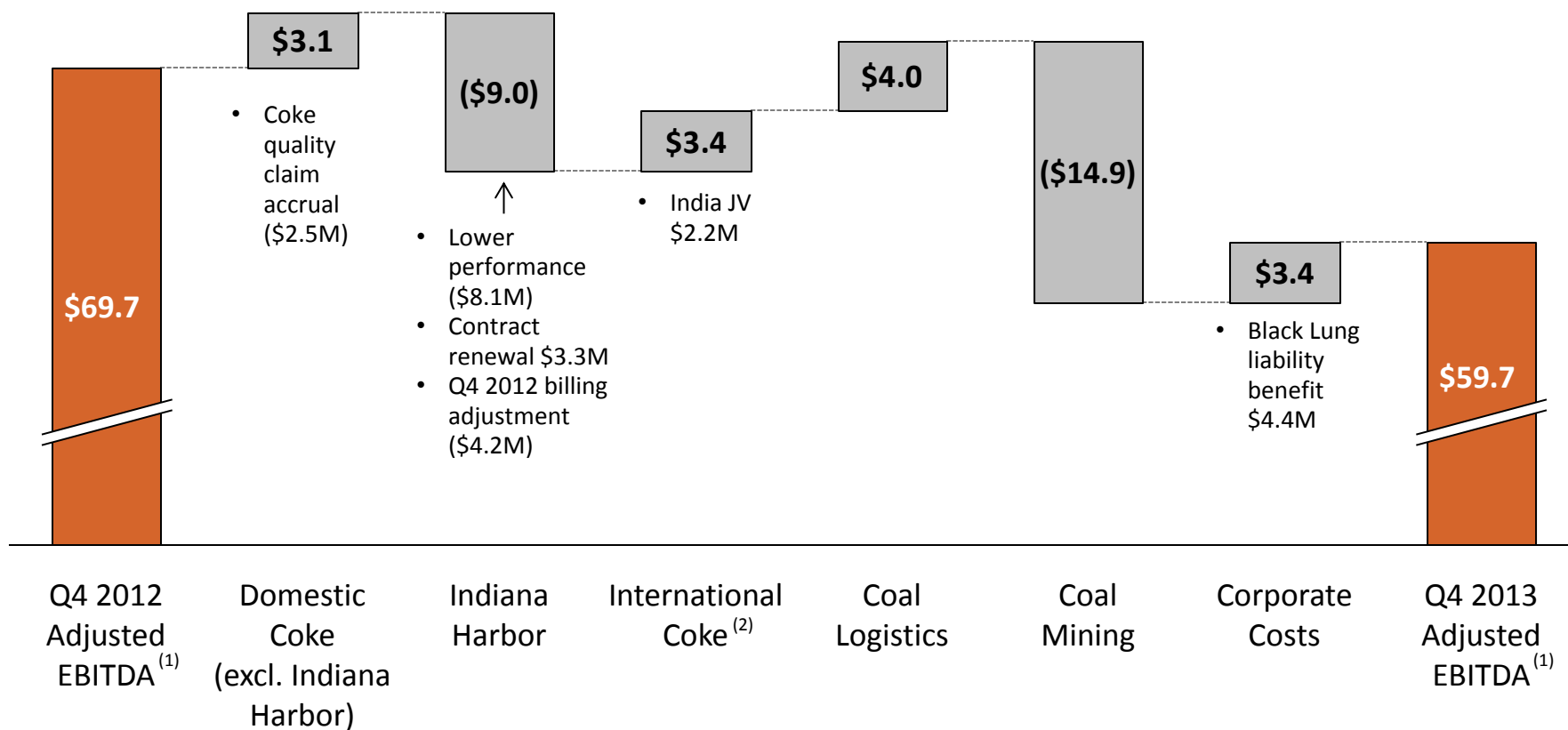
- Q4 Domestic Coke business impacted by
 - Weak Indiana Harbor results
 - Coke quality claim accrual had \$2.5M unfavorable impact
- Q4 coal weakness driven by decline in coal prices, partially offset by lower cash costs
 - Also impacted by unfavorable \$2.3M mark-to-market adjustment and \$1.0M Black Lung liability adjustment

Adjusted EBITDA⁽¹⁾ Bridge – Q4 '12 to Q4 '13



Adjusted EBITDA impacted by coal business headwinds and disappointing Indiana Harbor performance

(\$ in millions)



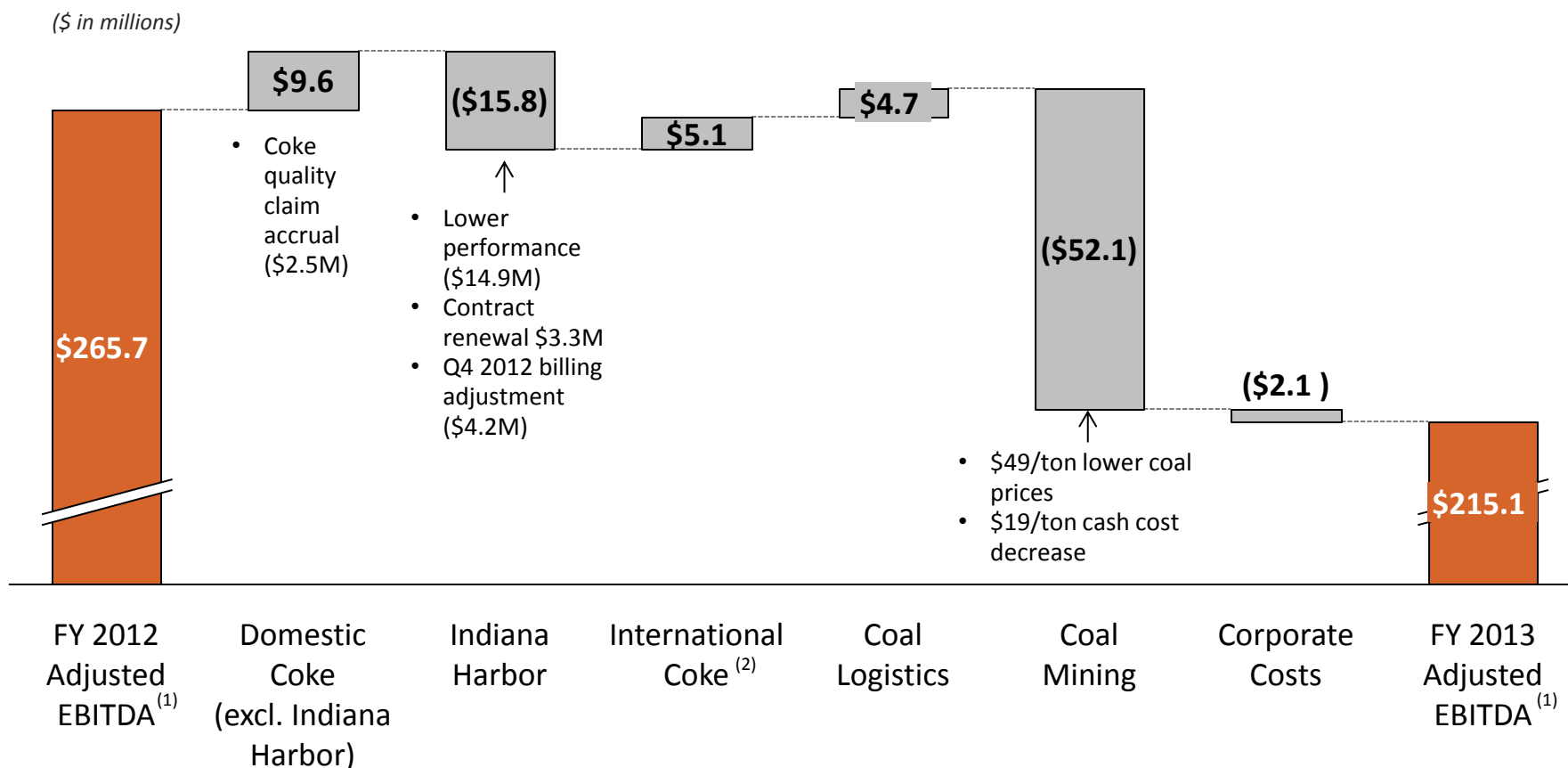
(1) For a definition and reconciliation of Adjusted EBITDA, please see the appendix.

(2) Includes Brazil Coke and India Coke.

Adjusted EBITDA⁽¹⁾ Bridge – FY '12 to FY '13



Adjusted EBITDA impacted by coal business headwinds and disappointing Indiana Harbor performance



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

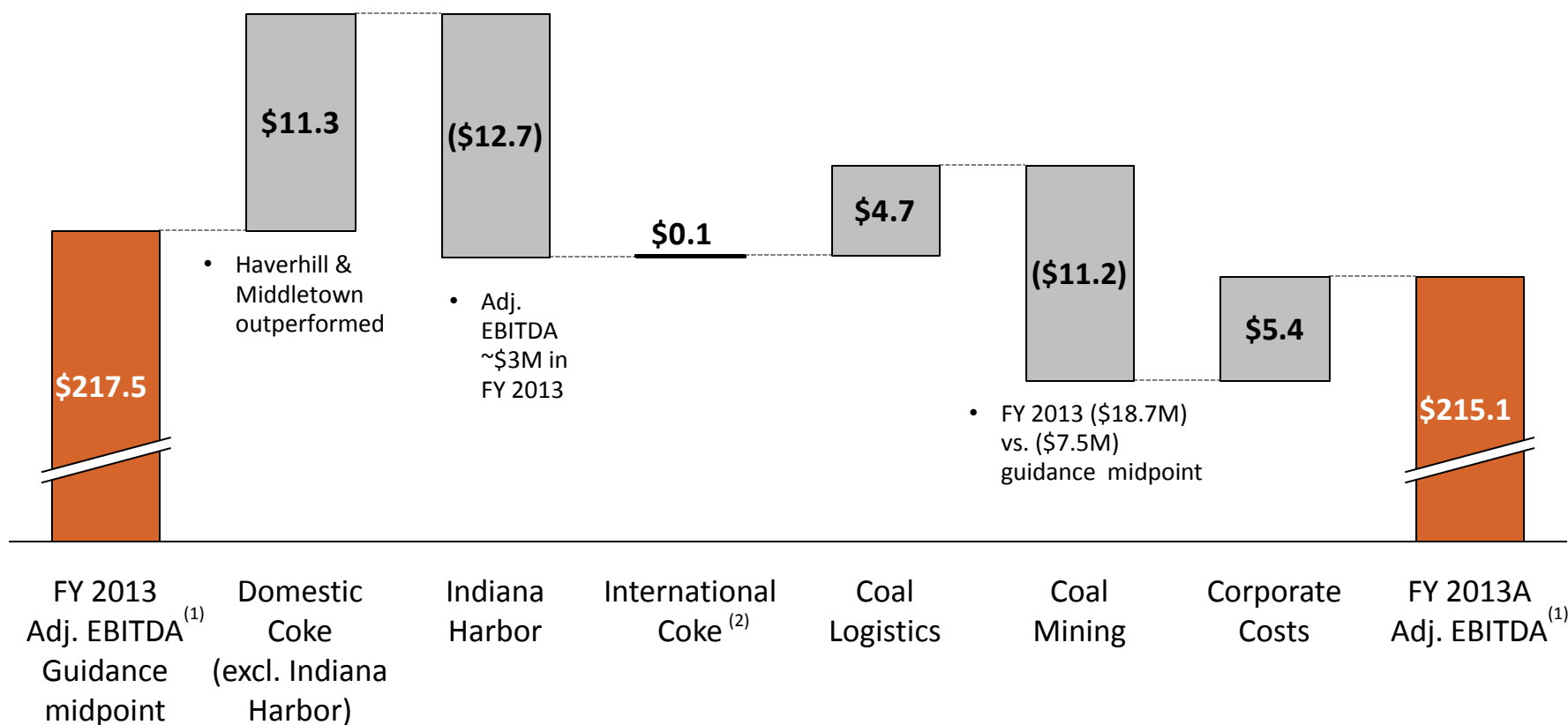
(2) Includes Brazil Coke and India Coke.

Adjusted EBITDA⁽¹⁾ vs. 2013 Initial Guidance



Coal Mining and Indiana Harbor underperformed in quarter and year, offset by strong results in rest of Domestic Coke business

(\$ in millions)



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

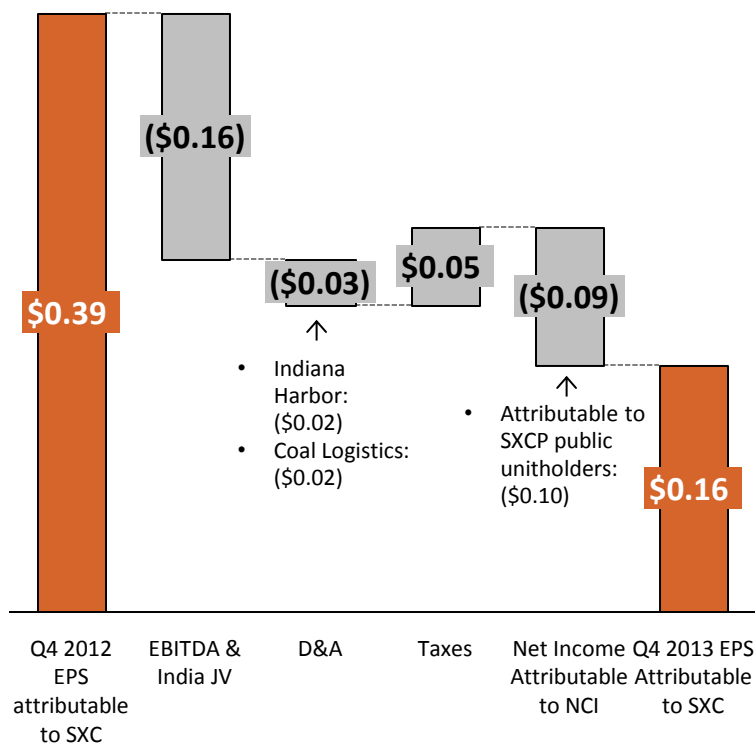
(2) Includes Brazil Coke and India Coke.

Diluted EPS Bridges

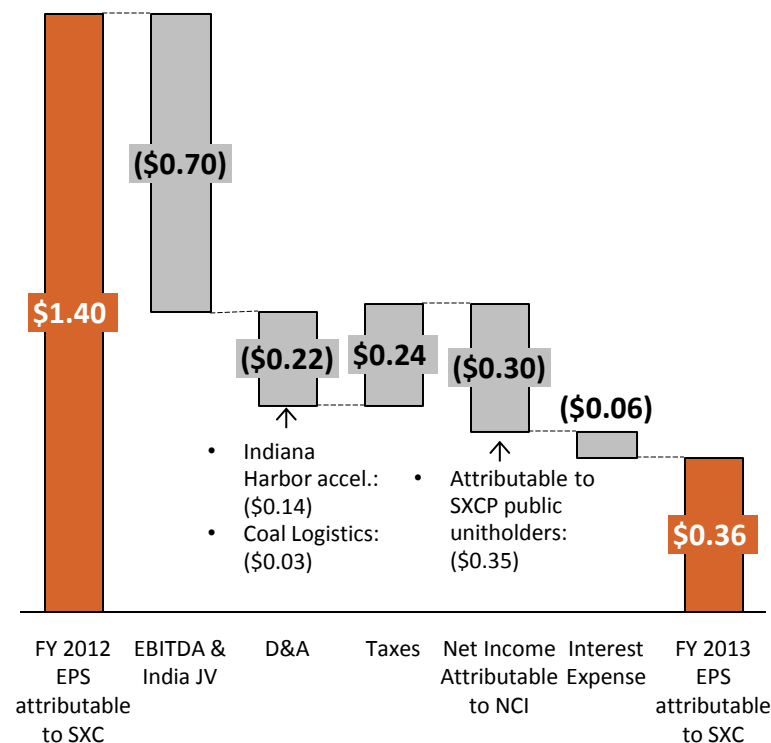


EPS impacted by weak coal results, higher depreciation costs and income attributable to SXCP, partly offset by lower taxes

Q4 2012 to Q4 2013



FY 2012 to FY 2013



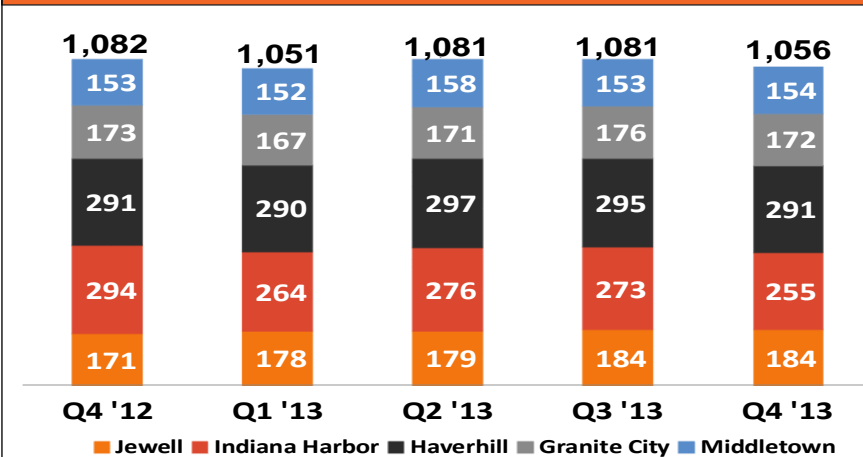
Domestic Coke Business Summary



Achieved Adjusted EBITDA per ton of \$54 in Q4 2013 and \$57 in FY 2013

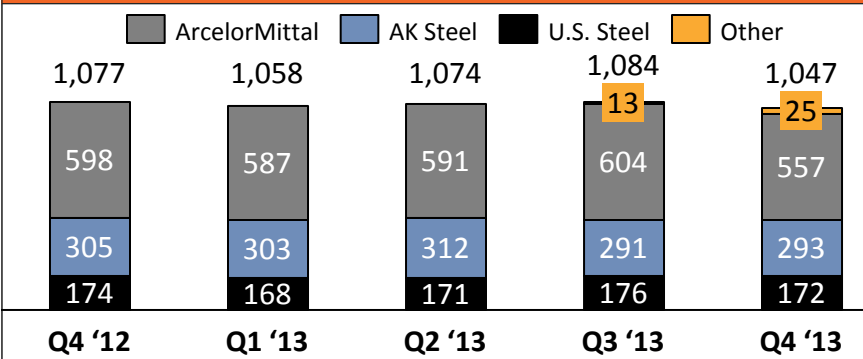
Domestic Coke Production

(thousands of tons)



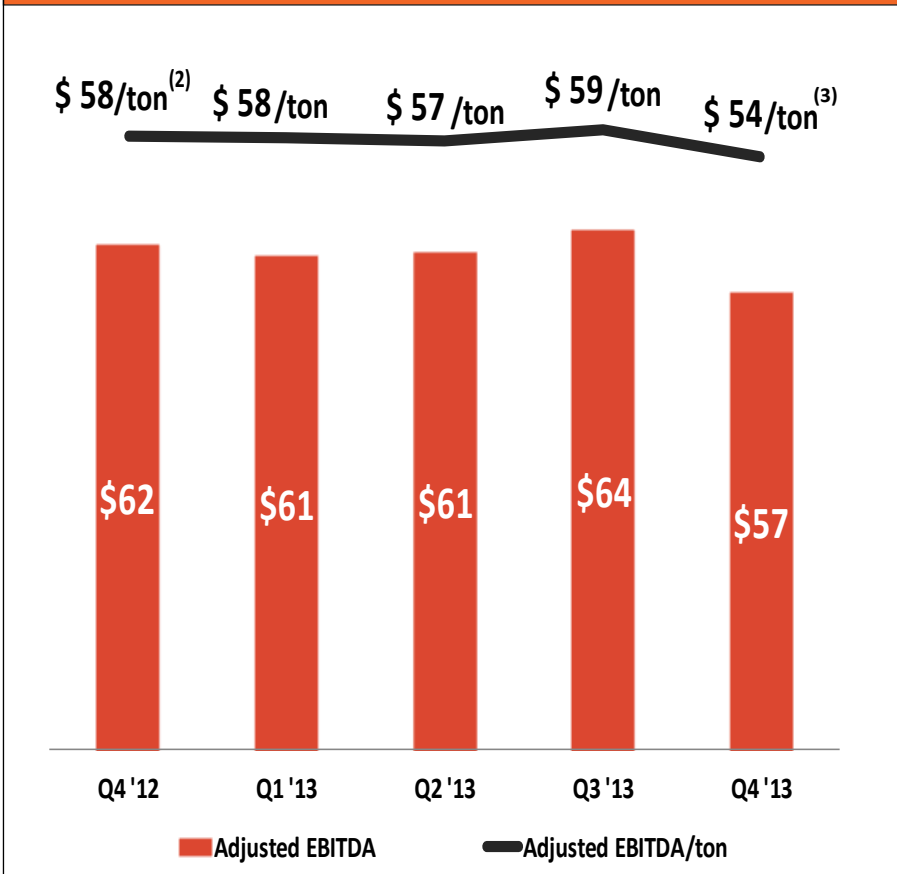
Coke Sales by Customer

(thousands of tons)



Domestic Coke Adjusted EBITDA⁽¹⁾ Per Ton

(\$ in millions, except per ton amounts)



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

(2) Includes \$4.2 million favorable adjustment at Indiana Harbor due to settlement of 2011 billing review.

(3) Includes coke quality claim accrual of \$2.5 million.



Capacity utilization, coke production and earnings improved as we finished year

Visa SunCoke	Q2'13	Q3'13	Q4'13	FY'13
Coke Production Volumes (000s short tons)	69	93	107	269
Coke Sales Volumes (000s short tons)	52	97	108	257
Capacity Utilization (%)	63%	84%	95%	79%
EBITDA attributable to SXC ⁽¹⁾ (\$ million)	\$0.8	(\$2.1)	\$2.2	\$0.9
EBITDA \$/ton (excluding FX impact) ⁽¹⁾	\$31	\$6	\$25	\$19
FX impact \$/ton	-	(\$51)	\$16	(\$11)
Earnings (Loss) from equity method investment	(\$0.2)	(\$2.3)	\$0.3	(\$2.2)

(1) Represents SunCoke's 49% share in Visa SunCoke.

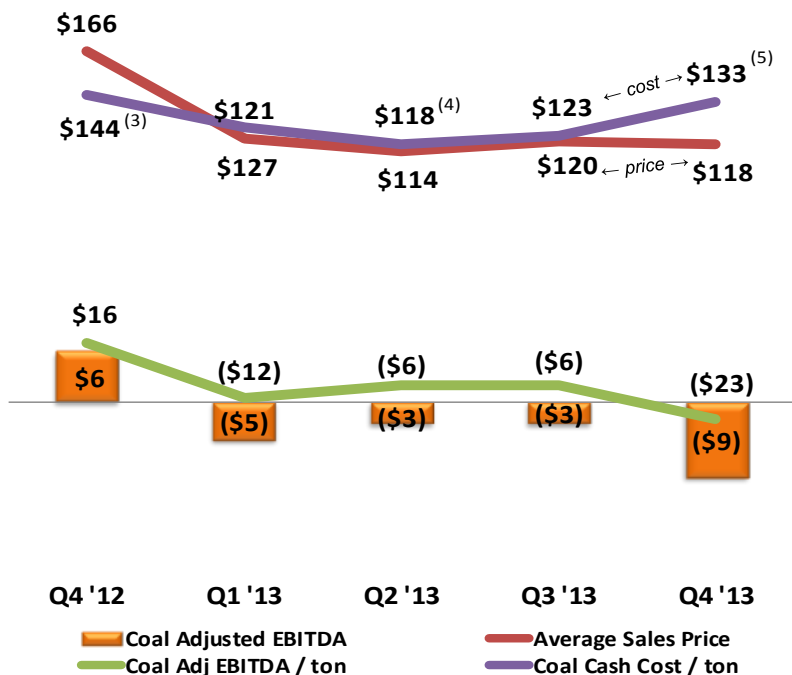
- Improving operating trends with EBITDA of \$2.2M in Q4 '13
- FX hedging program and trade credit facilities now in place
- India coke market fundamentals have stabilized, but remain weak
- Focused on improving profitability and cash flow from business

Coal Mining Financial Summary



Coal Mining Adjusted EBITDA⁽¹⁾ and Avg. Sales Price/Ton⁽²⁾

(\$ in millions, except per ton amounts)



Coal Sales, Production and Purchases

	Q4 '12	Q1 '13	Q2 '13	Q3 '13	Q4 '13
Coal Sales	371	373	457	433	390
Coal Production	351	349	367	350	275
Purchased Coal	9	18	91	110	115
Reject Rate (%)	66	66	70	70	70

Q4 2013 Adjusted EBITDA down \$14.9 million YOY

- Driven by ~\$48 per ton decline in average price, partially offset by \$11 reduction in cash cost per ton⁽⁵⁾
- Mark-to-market inventory adjustment (\$2.3M) and Black Lung liability (\$1.0M)
- Q4 sequential results impacted by
 - Production decline driven by challenging geology at Revelation and 9 fewer working days in quarter

FY 2013 Adjusted EBITDA of (\$18.7) million

- Impacted by lower prices, lower production and higher reject rates
- Cash cost per ton down \$19 to \$126 in FY '13

Continue to expect 2014 Coal Adj. EBITDA of (\$20M) – (\$30M)

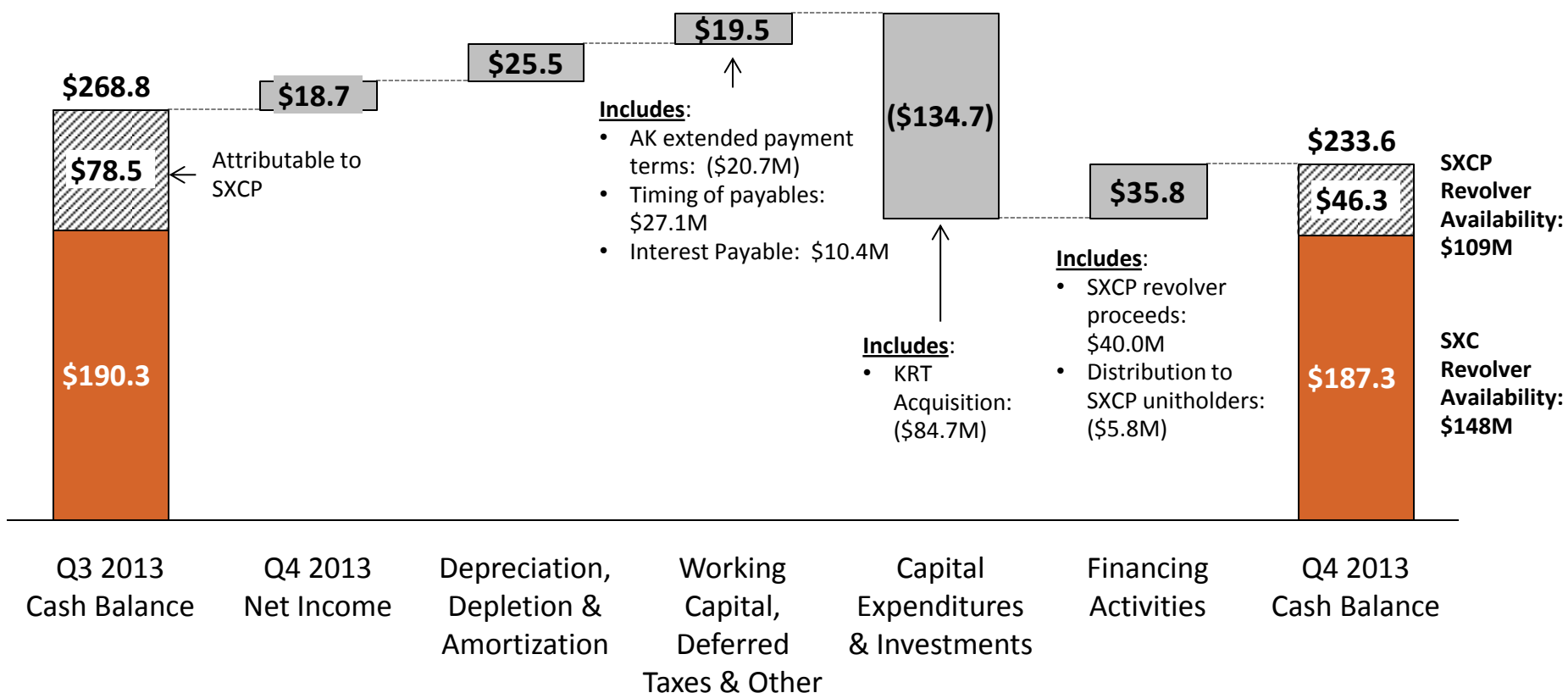
(1) For a definition and a reconciliation of Adjusted EBITDA, please see the appendix.
 (2) Avg. Sales Price is weighted avg. price for all sales, including to affiliates and Jewell Coke.
 (3) Excludes Black Lung liability charge of \$0.8 million and accrued potential fines and penalties of \$1.5 million.
 (4) Excludes the benefit of a \$0.4 million decline in accrued potential fines and penalties.
 (5) Excludes Black Lung liability charge of \$1.7 million and charges for accrued potential fines and penalties of \$0.2 million.

SXC Liquidity Position



Ended quarter with strong cash position and revolver availability

(\$ in millions)



2014 GUIDANCE



SunCoke EnergyTM

Consolidated Guidance Summary



Reaffirm FY 2014 earnings guidance, although expect Q1 to be challenged by impact of severe weather in January

Metric	2014 Guidance
Adjusted EBITDA ⁽¹⁾	
Consolidated	\$230 – \$255 million
Attributable to SXC	\$183 – \$203 million
EPS Attributable to SXC Shareholders (diluted)	\$0.35 – \$0.60
Cash Flow from Operations	~\$170 million
Capital Expenditures	~\$117 million
Investments	n/a
Effective Tax Rate	20% – 26%
Cash Tax Rate	10% – 18%
Domestic Coke Production	~4.3 million tons
Coal Production	~1.3 million tons

Prior:
~\$110M

Prior:
16% - 22%

(1) Please see appendix for a definition of Adjusted EBITDA.

Expiration of restructuring provisions in tax sharing agreement expands strategic and structuring flexibility

Domestic Coke Business

- Engaged key advisors
- Analysis underway to assess potential dropdowns to SXCP
- Expect to review with Board in coming weeks

Coal Mining Business

- Evaluating strategic options with Board
- Continuing to drive productivity

Will provide status update at March Investor Day



Operations Excellence

- Sustain high-level of operating performance and maintain top quartile safety performance in coke and coal
- Execute environmental remediation project
- Stabilize India JV and generate cash flow
- Drive mining efficiency gains to lower costs



Drive Growth

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



Optimize Business and Capital Structure

- Complete evaluations of coke asset dropdowns to SXCP and coal mining strategic alternatives
- Execute on Board approved plans

QUESTIONS



SunCoke EnergyTM



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APPENDIX



SunCoke EnergyTM

Definitions



- **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 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

Reconciliation from Net Income to Adjusted EBITDA



<i>\$ in millions</i>	<u>FY 2013</u>	<u>Q4 2013</u>	<u>Q3 2013</u>	<u>Q2 2013</u>	<u>Q1 2013</u>	<u>FY 2012</u>	<u>Q4 2012</u>	<u>Q3 2012</u>	<u>Q2 2012</u>	<u>Q1 2012</u>
Net Income	50.1	18.7	12.3	12.7	6.4	102.5	29.0	32.9	24.0	16.6
Add: Depreciation, depletion and amortization	96.0	25.5	23.2	23.4	23.9	80.8	23.3	18.9	20.2	18.4
Add: Interest expense, net	52.3	12.3	12.1	12.1	15.8	47.8	11.8	12.2	11.8	12.0
Add: Income Tax	6.7	0.2	0.6	1.1	4.8	23.4	3.5	7.6	7.0	5.3
EBITDA	205.1	56.7	48.2	49.3	50.9	254.5	67.6	71.6	63.0	52.3
Add: Sales discount	6.8	1.1	2.2	2.1	1.4	11.2	2.1	2.1	3.8	3.2
Add: Adjustment to unconsolidated affiliate earnings	3.2	1.9	0.3	1.0	-	-	-	-	-	-
Adjusted EBITDA	215.1	59.7	50.7	52.4	52.3	265.7	69.7	73.7	66.8	55.5
Adjusted EBITDA attributable to noncontrolling interests	(41.2)	(12.2)	(9.9)	(10.7)	(8.4)	(3.0)	(1.5)	(1.1)	(0.9)	0.5
Adjusted EBITDA attributable to SXC	173.9	47.5	40.8	41.7	43.9	262.7	68.2	72.6	65.9	56.0

Reconciliation of Segment Adjusted EBITDA and Adjusted EBITDA per ton



<i>\$ in millions, except per ton data</i>	Domestic Coke	Brazil Coke	India Coke ⁽¹⁾	Coal Mining	Coal Logistics	Corporate	Combined
FY 2013							
Adjusted EBITDA	243.2	16.1	0.9	(18.7)	4.7	(31.1)	215.1
Sales Volume (thousands of tons)	4,263	876	126	1,652	3,785		
Adjusted EBITDA per Ton	57.05	18.38	7.14	(11.32)	1.24		
Q4 2013							
Adjusted EBITDA	56.5	11.4	2.2	(8.9)	4.0	(5.5)	59.7
Sales Volume (thousands of tons)	1,047	222	53	389	3,649		
Adjusted EBITDA per Ton	53.96	51.35	41.50	(22.88)	1.10		
Q3 2013							
Adjusted EBITDA	64.3	1.5	(2.1)	(2.6)	0.7	(11.1)	50.7
Sales Volume (thousands of tons)	1,084	221	47	433	136		
Adjusted EBITDA per Ton	59.32	6.79	(44.68)	(6.00)	5.15		
Q2 2013							
Adjusted EBITDA	61.3	1.6	0.8	(2.6)	N/A	(8.7)	52.4
Sales Volume (thousands of tons)	1,074	217	26	457	N/A		
Adjusted EBITDA per Ton	57.08	7.37	30.77	(5.69)	N/A		
Q1 2013							
Adjusted EBITDA	61.1	1.6	N/A	(4.6)	N/A	(5.8)	52.3
Sales Volume (thousands of tons)	1,058	216	N/A	367	N/A		
Adjusted EBITDA per Ton	57.75	7.41	N/A	(12.53)	N/A		
Q4 2012							
Adjusted EBITDA	62.4	10.2	N/A	6.0	N/A	(8.9)	69.7
Sales Volume (thousands of tons)	1,077	239	N/A	370	N/A		
Adjusted EBITDA per Ton	57.94	42.68	N/A	16.22	N/A		

(1) Represents SunCoke's 49% share in Visa SunCoke production and results.

SXC 2013 Guidance Summary



Metric	2013 Initial Guidance	2013 Guidance (as of Dec 2013)	2013 Actual
Adjusted EBITDA⁽¹⁾			
Consolidated	\$205 – \$230M	\$215 – \$230M	\$215.1M
Attributable to SXC	\$165 – \$190M	\$175 – \$188M	\$173.9M
EPS Attributable to SXC Shareholders (diluted)	\$0.30 – \$0.55	\$0.35 – \$0.55	\$0.36
Cash Flow from Operations	~\$140M	~\$120M⁽²⁾	\$151.3M
Capital Expenditures	~\$200M	\$144M	\$145.6M
Investments	n/a	\$183M	\$181M
Effective Tax Rate	7% – 14%	14% – 20%	11.4%
Cash Tax Rate	12% – 20%	12% – 20%	25.9%
Domestic Coke Production	4.3M+ tons	~4.3M tons	4.27M tons
Coal Production	~1.4M tons	~1.4M tons	1.34M tons

(1) Please see page 21 for a reconciliation of 2013A Adjusted EBITDA.

(2) Reflects ~\$30 million of sales discounts paid to customers (of which ~\$12million was pre-funded at SXCP with IPO proceeds) and ~\$21 million higher receivables due to extended payment terms with AK Steel.

Expected 2014 EBITDA Reconciliation



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

(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.

Capital Expenditures & Investments



Consolidated Capex

(\$ in millions)	2013A	2014E ⁽¹⁾
On-Going ⁽²⁾	\$48	\$50
Environmental Project	\$28	\$41
Indiana Harbor Refurbishment	\$66	\$20
Coal Logistics & Other	\$4	\$6
Total CapEx	\$146	\$117
Investments	\$181	-
Total CapEx & Investments	\$327	\$117

(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 \$14M in coal.