



SunCoke Energy®

# SunCoke Energy, Inc. Q3 2023 Earnings Conference Call

# Forward-Looking Statements

This presentation should be reviewed in conjunction with the third quarter 2023 earnings release of SunCoke Energy, Inc. (SunCoke) and conference call held on November 1, 2023 at 11:00 a.m. ET.

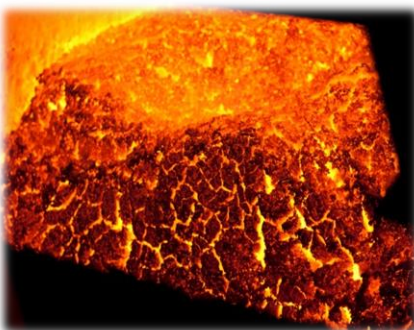
This presentation contains “forward-looking statements” (as defined in Section 27A of the Securities Act of 1933, as amended and Section 21E of the Securities Exchange Act of 1934, as amended). Forward-looking statements often may be identified by the use of such words as “believe,” “expect,” “plan,” “project,” “intend,” “anticipate,” “estimate,” “predict,” “potential,” “continue,” “may,” “will,” “should,” or the negative of these terms, or similar expressions. However, the absence of these words or similar expressions does not mean that a statement is not forward-looking. Any statements made in this presentation that are not statements of historical fact, including statements about our full-year 2023 guidance, including our 2023 segment guidance, and our ability to achieve the high end of the 2023 Consolidated Adjusted EBITDA guidance range, our ability to execute on our 2023 key initiatives, the amount and timing of our quarterly dividend, the expected headwinds and duration of such headwinds, the ability of our domestic coke plants to continue to operate at full capacity, future sales commitments, and our export coke market expectations, are forward-looking statements and should be evaluated as such. Forward-looking statements represent only our beliefs regarding future events, many of which are inherently uncertain and involve significant known and unknown risks and uncertainties (many of which are beyond the control of SunCoke) that could cause our actual results and financial condition to differ materially from the anticipated results and financial condition indicated in such forward-looking statements. These risks and uncertainties include, but are not limited to, the risks and uncertainties described in Item 1A (“Risk Factors”) of our Annual Report on Form 10-K for the most recently completed fiscal year, as well as those described from time to time in our other reports and filings with the Securities and Exchange Commission (SEC).

In accordance with the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, SunCoke has included in its filings with the SEC 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 made by SunCoke. For information concerning these factors and other important information regarding the matters discussed in this presentation, see SunCoke's SEC filings, copies of which are available free of charge on SunCoke's website at [www.suncoke.com](http://www.suncoke.com) or on the SEC's website at [www.sec.gov](http://www.sec.gov). All forward-looking statements included in this presentation are expressly qualified in their entirety by such cautionary statements. Unpredictable or unknown factors not discussed in this presentation also could have material adverse effects on forward-looking statements.

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# Q3 2023 Highlights

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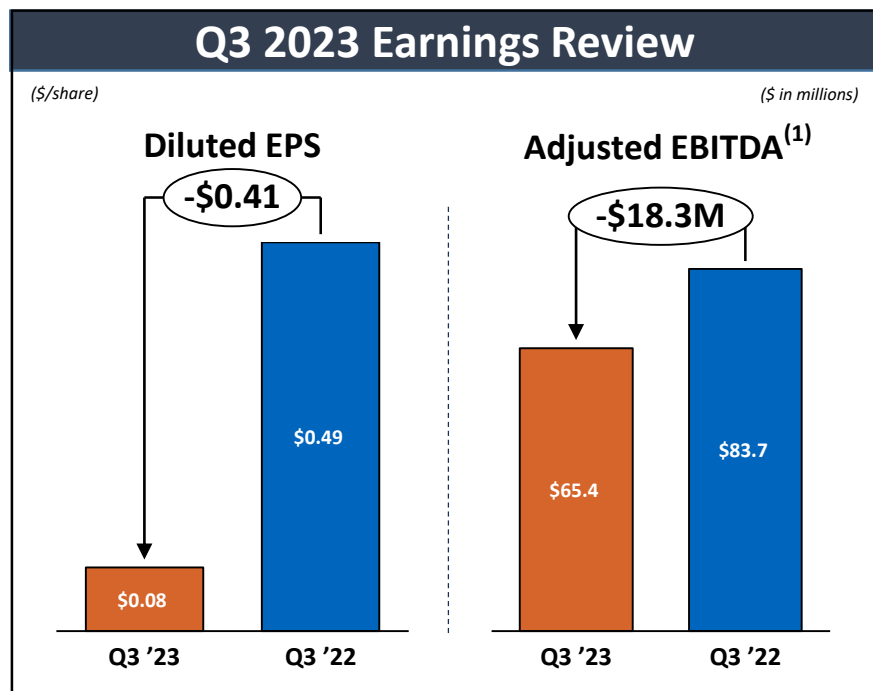


- ✓ **Delivered Q3 '23 Consolidated Adjusted EBITDA<sup>(1)</sup> of \$65.4M**
- ✓ **Solid operating performance from our coke and logistics operations**
- ✓ **Continue to successfully navigate through challenging market conditions**
- ✓ **Declared cash dividend of \$0.10 per share, payable on December 1, 2023**
- ✓ **Ended Q3 with a strong liquidity position of \$475.9 million**
- ✓ **Gross leverage at 1.91x on a trailing 12 month Adjusted EBITDA<sup>(1)</sup> basis**
- ✓ **Remain well positioned to achieve the high end of FY 2023 Consolidated Adjusted EBITDA<sup>(1)</sup> guidance range of \$250M - \$265M**

(1) See appendix for a definition and reconciliation of Adjusted EBITDA

# Q3 2023 Financial Performance

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- **Q3 '23 EPS of \$0.08, down \$0.41 from the prior year quarter**
  - Primarily due to tax law changes in the U.S. and Brazil in 2022 and 2023, the quarter-over-quarter impact on EPS was \$0.29 per share
  - Excluding the impact of tax adjustments, EPS was down by \$0.12 quarter-over-quarter, primarily driven by lower contribution margin on non-contracted blast coke sales, partially offset by favorable coal-to-coke yields
- **Consolidated Adjusted EBITDA<sup>(1)</sup> of \$65.4M, a decrease of \$18.3M from the prior year quarter**
  - Coke segment down \$13.7M, primarily driven by lower contribution margin on non-contracted blast coke sales, partially offset by favorable coal-to-coke yields
  - Logistics segment down \$4.5M, driven by lower transloading volumes and pricing

(\$ in millions, except volumes)	Q3 '23	Q3 '22	Q3 '23 vs Q3 '22
Domestic Coke Sales Volumes	1,016	1,022	(6)
Logistics Volumes	4,961	5,721	(760)
Coke Adjusted EBITDA <sup>(2)</sup>	\$66.2	\$79.9	(\$13.7)
Logistics Adjusted EBITDA	\$8.4	\$12.9	(\$4.5)
Corporate and Other Adjusted EBITDA <sup>(3)</sup>	(\$9.2)	(\$9.1)	(\$0.1)
<b>Consolidated Adjusted EBITDA<sup>(1)</sup></b>	<b>\$65.4</b>	<b>\$83.7</b>	<b>(\$18.3)</b>

(1) See appendix for a definition and reconciliation of Adjusted EBITDA

(2) Coke Adjusted EBITDA includes Domestic Coke Adjusted EBITDA and Brazil Coke Adjusted EBITDA, combined

(3) Q3 '23 Corporate and Other Adjusted EBITDA includes activity from our legacy coal mining business

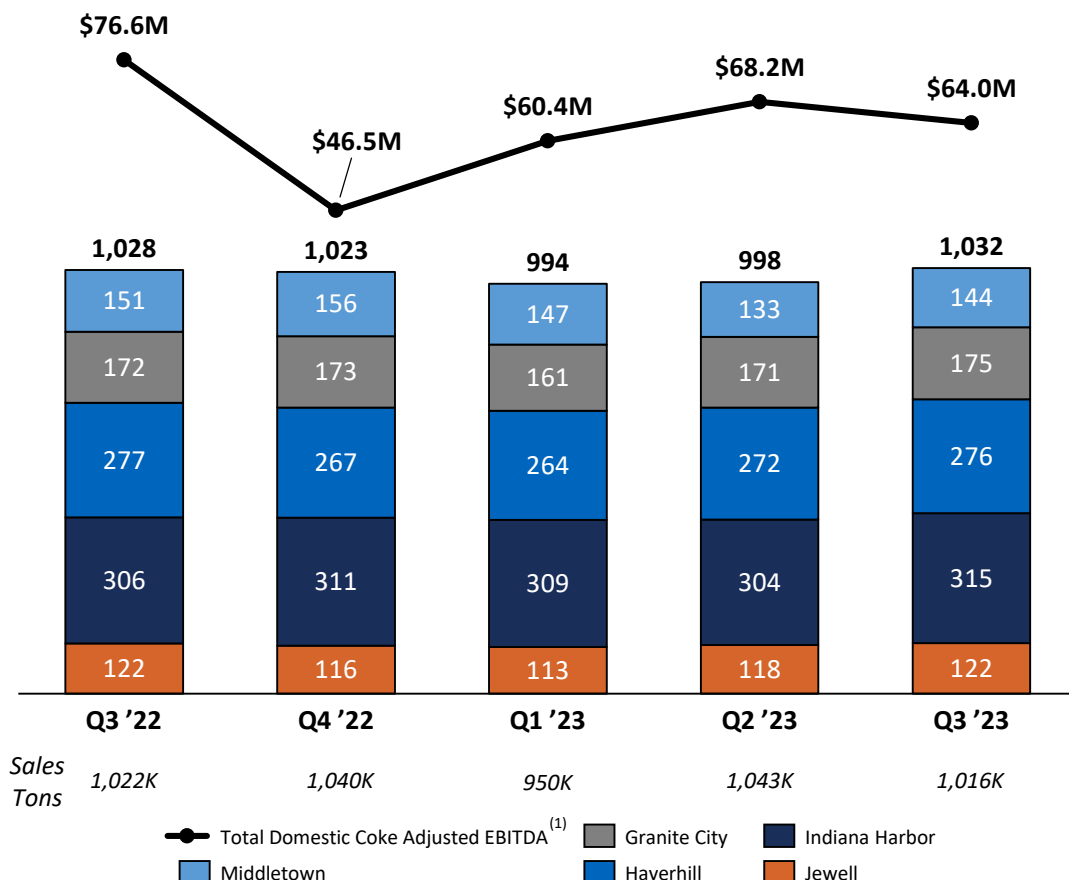
# Domestic Coke Business Summary

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**Domestic coke fleet delivered solid operational performance;  
Challenging market conditions for non-contracted blast coke sales**

## Domestic Coke Performance

(Coke Production, Kt)



- **Delivered Adjusted EBITDA of \$64.0M in Q3 '23 vs \$76.6M in Q3 '22**
  - Domestic Coke fleet continues to operate at full capacity
  - Lower contribution margin on non-contracted blast coke sales, partially offset by favorable coal-to-coke yields
- **Well positioned to achieve the high end of FY 2023 Domestic Coke Adjusted EBITDA guidance range of \$234M - \$242M**

(1) See appendix for a definition and reconciliation of Adjusted EBITDA

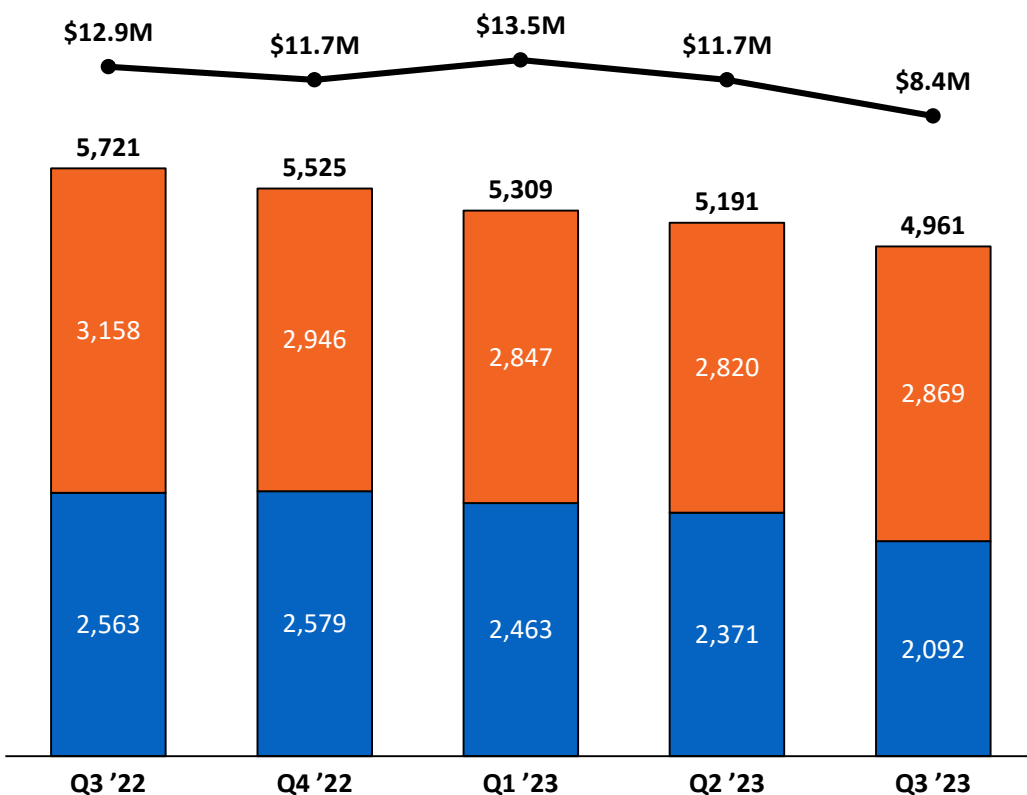
# Logistics Business Summary

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Weaker commodity markets continue to drive lower volumes at CMT

## Logistics Performance

(Tons Handled, Kt)



—●— Total Logistics Adj. EBITDA<sup>(1)</sup> ■ CMT (coal, bulk products, iron ore)

■ Logistics (ex. CMT)

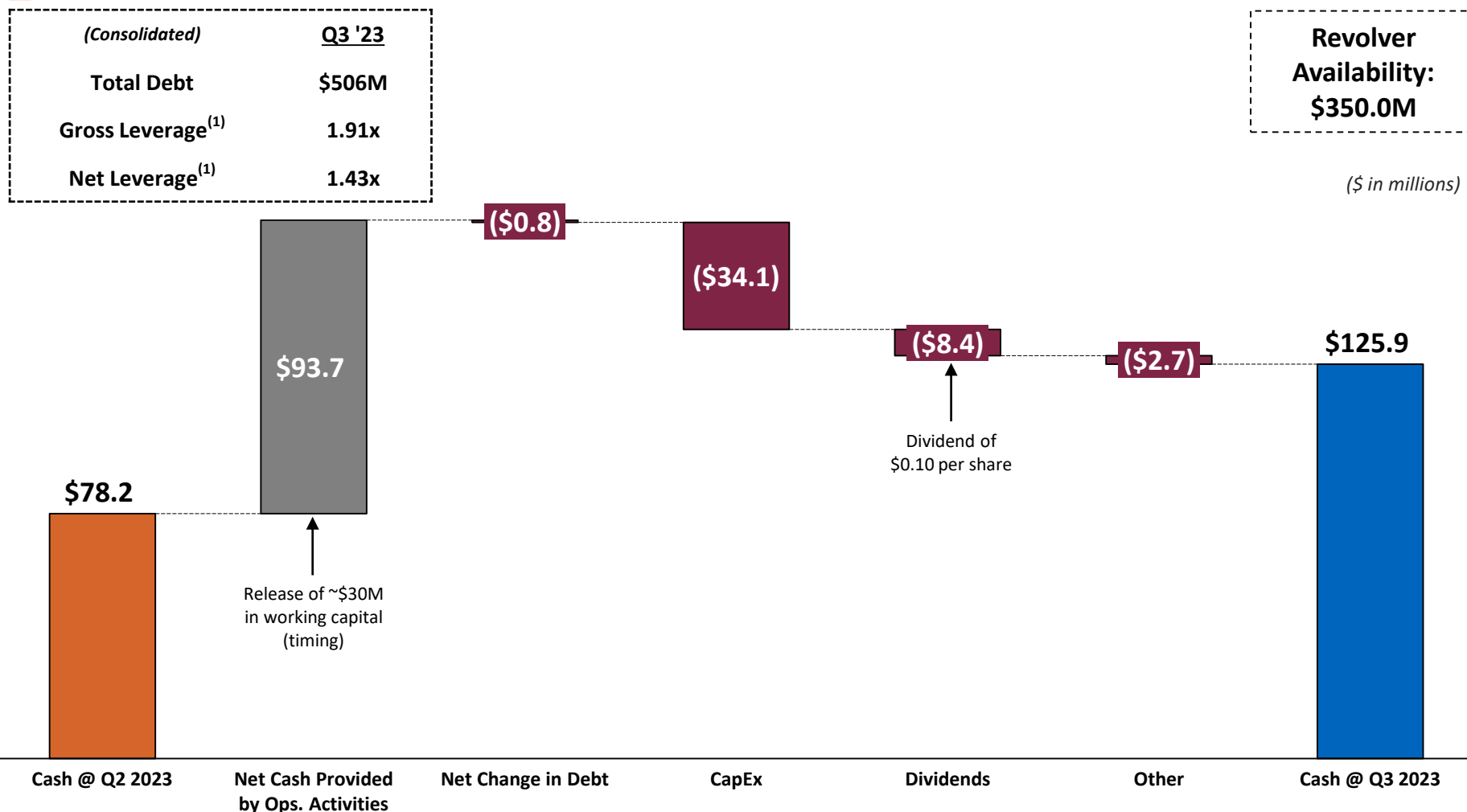
(1) See appendix for a definition and reconciliation of Adjusted EBITDA

- **Logistics segment contributed \$8.4M to Q3 '23 Adjusted EBITDA**
  - Lower volumes at CMT during Q3 due to weaker commodity markets
- **Continued volatility in thermal coal pricing (API2 index); CMT recognized limited API2 price adjustment benefit during Q3**
  - Q4 2023 API2 price adjustment recovering
- **Expect to deliver FY 2023 Logistics Adjusted EBITDA at the low end of the guidance range of \$47M - \$50M**

# Q3 2023 Liquidity

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Maintained strong liquidity position of ~\$476M



(1) Gross leverage and Net leverage for Q3 2023 calculated using Last Twelve Month (LTM) Adjusted EBITDA



# 2023 Key Initiatives

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## Continued Safety and Environmental Excellence

- Continue to deliver strong safety and environmental performance

## Deliver Operational Excellence and Optimize Asset Utilization

- Successfully execute on operational and capital plan
- Support full capacity utilization of cokemaking assets

## Build on the Commercial Success of Foundry Business

- Execute on foundry expansion project
- Continue to grow foundry market participation and strengthen customer relationships for long-term success

## Execute on Well-Established Capital Allocation Priorities

- Continue to pursue balanced capital allocation including growth opportunities, deleveraging, and returning capital to shareholders

## Achieve 2023 Financial Objectives

- \$250M - \$265M Adjusted EBITDA<sup>(1)</sup>

(1) See appendix for a definition and reconciliation of Adjusted EBITDA





# **APPENDIX**

## NON-GAAP FINANCIAL MEASURES

In order to assist readers in understanding the core operating results that our management uses to evaluate the business, we describe our non-GAAP measures referenced in this presentation below. In addition to U.S. GAAP measures, this presentation contains certain non-GAAP financial measures. These non-GAAP financial measures should not be considered as alternatives to the measures derived in accordance with U.S. GAAP. Non-GAAP financial measures have important limitations as analytical tools, and you should not consider them in isolation or as substitutes for results as reported under U.S. GAAP. Additionally, other companies may calculate non-GAAP metrics differently than we do, thereby limiting their usefulness as a comparative measure. Because of these and other limitations, you should consider our non-GAAP measures only as supplemental to other U.S. GAAP-based financial performance measures, including revenues and net income. Reconciliations to the most comparable GAAP financial measures are included at the end of this Appendix.

### DEFINITIONS

**Adjusted EBITDA** represents earnings before interest, taxes, depreciation and amortization ("EBITDA"), adjusted for any impairments, restructuring costs, gains or losses on extinguishment of debt, and/or transaction costs ("Adjusted EBITDA"). 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 in assessing operating performance. Adjusted EBITDA 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. EBITDA and Adjusted EBITDA are not measures calculated in accordance with GAAP, and they should not be considered a substitute for net income, or any other measure of financial performance presented in accordance with GAAP.

**EBITDA** represents earnings before interest, taxes, depreciation and amortization.

**Adjusted EBITDA attributable to SXC** represents Adjusted EBITDA less Adjusted EBITDA attributable to non-controlling interests.

**Adjusted EBITDA/Ton** represents Adjusted EBITDA divided by tons sold/handled.

**Free Cash Flow (FCF)** represents operating cash flow adjusted for capital expenditures. Management believes FCF is an important measure of liquidity. FCF is not a measure calculated in accordance with GAAP, and it should not be considered a substitute for operating cash flow or any other measure of financial performance presented in accordance with GAAP.

# 2023 Guidance Summary

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**Expect 2023 Consolidated Adjusted EBITDA at the high end of \$250M - \$265M;  
2023 Free Cash Flow of \$105M - \$120M**

Metric	2023 Guidance
Adjusted EBITDA Consolidated <sup>(1)</sup>	\$250M - \$265M
Domestic Coke EBITDA	\$234M - \$242M
Logistics EBITDA	\$47M - \$50M
Domestic Coke Sales <sup>(2)</sup>	~4M tons
Domestic Coke Adjusted EBITDA/ton <sup>(3)</sup>	\$59 - \$61/ton
Total Capital Expenditures	~\$95M <sup>(4)</sup>
Free Cash Flow <sup>(5)</sup>	\$105M - \$120M
Cash Taxes	\$12M - \$16M

(1) See appendix for a definition and reconciliation of Adjusted EBITDA

(2) Domestic coke sales for 2023 estimate includes production for foundry and export sales

(3) Domestic Coke Adjusted EBITDA/ton calculated as Domestic Coke EBITDA/Domestic Coke Sales

(4) Capital expenditure guidance excludes preliminary engineering expenses related to the GPI project

(5) See appendix for a definition and reconciliation of Free Cash Flow (FCF)

Adjusted EBITDA to FCF Walk		
	2023E	
	Low End	High End
(\$ in millions)		
Adjusted EBITDA <sup>(1)</sup>	\$250	\$265
Cash interest	(\$28)	(\$26)
Cash taxes	(\$12)	(\$16)
Total capex	(\$95)	(\$95)
Working Capital changes	(\$10)	(\$8)
Free Cash Flow (FCF) <sup>(2)</sup>	\$105	\$120

(1) See appendix for a definition and reconciliation of Adjusted EBITDA

(2) See appendix for a definition and reconciliation of Free Cash Flow (FCF)

# Coke Facility Capacity and Contract Duration/Volume

Facility	Capacity <sup>(1)</sup>	Customer	Contract Expiry	Contract Volume
Indiana Harbor	1,220 Kt	Cliffs Steel	Sep. 2035	Capacity
Middletown	550 Kt <sup>(2)</sup>	Cliffs Steel	Dec. 2032	Capacity
Haverhill II	550 Kt	Cliffs Steel	June 2025	Capacity
Granite City	650 Kt	US Steel	Dec. 2024	Capacity
Haverhill I/JWO	1,270Kt	Cliffs Steel	Dec. 2025	400 Kt
		Algoma Steel	Dec. 2026	150 Kt

(1) Capacity represents blast furnace equivalent production capacity

(2) Represents production capacity for blast-furnace sized coke, however, customer takes all on a “run of oven” basis, which represents >600k tons per year.

# Balance Sheet & Debt Metrics

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<i>(\$ in millions, except leverage ratios)</i>	As of 9/30/2023	As of 12/31/2022
Cash	\$ 126	\$ 90
Available Revolver Capacity	\$ 350	\$ 315
Total Liquidity	\$ 476	\$ 405
Gross Debt (Long and Short-term)	\$ 506	\$ 544
Net Debt (Total Debt less Cash)	\$ 380	\$ 454
LTM Adjusted EBITDA	\$ 265	\$ 298
Gross Debt / LTM Adjusted EBITDA	1.91x	1.83x
Net Debt / LTM Adjusted EBITDA	1.43x	1.52x
Adjusted EBITDA (Guidance)	\$250M - \$265M	
Gross Leverage (Guidance)	1.91x - 2.03x	
Net Leverage (Guidance)	1.44x - 1.52x	

As of 9/30/2023 (\$ in millions)	2023	2024	2025	2026	2027	2028	2029	Consolidated Total
Sr. Notes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 500.0	\$ 500.0
Sale Leaseback	0.8	5.5	-	-	-	-	-	6.3
Revolver	-	-	-	-	-	-	-	-
Total	\$ 0.8	\$ 5.5	\$ -	\$ -	\$ -	\$ -	\$ 500.0	\$ 506.3

# 2023 Guidance Reconciliation

<i>(\$ in millions)</i>	Low	High
Net Income	\$49	\$68
Depreciation and amortization expense	136	132
Interest expense, net	31	29
Income tax expense	34	36
Adjusted EBITDA (Consolidated)	\$250	\$265

## Free Cash Flow Reconciliation

<i>(\$ in millions)</i>	2023E	
	Low	High
Operating Cash Flow	\$200	\$215
Capital Expenditures	(95)	(95)
Free Cash Flow (FCF)	\$105	\$120

# Net Income to FCF Reconciliation

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(\$ in millions)	2023E	
	Low End	High End
Net Income	\$49	\$68
Depreciation and amortization expense	136	132
Interest expense, net	31	29
Income tax expense	34	36
Adjusted EBITDA (Consolidated)	\$250	\$265
Cash interest	(28)	(26)
Cash taxes	(12)	(16)
Total capex	(95)	(95)
Working capital changes	(10)	(8)
Free Cash Flow (FCF)	\$105	\$120



# Reconciliation to Adjusted EBITDA

(\$ in millions)	Q1 '22	Q2 '22	Q3 '22	Q4 '22	FY '22	Q1 '23	Q2 '23	Q3 '23
<b>Net Income</b>	<b>\$ 30.6</b>	<b>\$ 19.0</b>	<b>\$ 42.5</b>	<b>\$ 12.8</b>	<b>\$ 104.9</b>	<b>\$ 17.7</b>	<b>\$ 22.0</b>	<b>\$ 8.5</b>
Depreciation and amortization expense	35.2	35.8	35.7	35.8	142.5	35.3	36.4	35.5
Interest expense, net	8.0	8.3	8.0	7.7	32.0	7.2	7.2	6.6
Income tax expense (benefit)	10.0	7.2	(2.9)	2.5	16.8	6.8	8.3	14.6
Transaction costs <sup>(1)</sup>	-	1.0	0.4	0.1	1.5	0.1	0.1	0.2
<b>Adjusted EBITDA</b>	<b>\$ 83.8</b>	<b>\$ 71.3</b>	<b>\$ 83.7</b>	<b>\$ 58.9</b>	<b>\$ 297.7</b>	<b>\$ 67.1</b>	<b>\$ 74.0</b>	<b>\$ 65.4</b>

(1) Costs incurred as part of the granulated pig iron project with U.S. Steel

# Adjusted EBITDA and Adjusted EBITDA per ton

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Reconciliation of Segment Adjusted EBITDA and Adjusted EBITDA per Ton					
(\$ in millions, except per ton data)	Domestic Coke	Brazil Coke	Logistics	Corporate and Other <sup>(1)</sup>	Consolidated
<b>Q3 2023</b>					
Adjusted EBITDA	\$64.0	\$2.2	\$8.4	(\$9.2)	<b>\$65.4</b>
Sales Volume (thousands of tons)	1,016	381	4,961		
<b>Adjusted EBITDA per Ton</b>	<b>\$62.99</b>	<b>\$5.83</b>	<b>\$1.69</b>		
<b>Q2 2023</b>					
Adjusted EBITDA	\$68.2	\$2.3	\$11.7	(\$8.2)	<b>\$74.0</b>
Sales Volume (thousands of tons)	1,043	396	5,191		
<b>Adjusted EBITDA per Ton</b>	<b>\$65.39</b>	<b>\$5.78</b>	<b>\$2.26</b>		
<b>Q1 2023</b>					
Adjusted EBITDA	\$60.4	\$2.4	\$13.5	(\$9.2)	<b>\$67.1</b>
Sales Volume (thousands of tons)	950	398	5,309		
<b>Adjusted EBITDA per Ton</b>	<b>\$63.58</b>	<b>\$6.07</b>	<b>\$2.55</b>		
<b>FY 2022</b>					
Adjusted EBITDA	\$263.4	\$14.5	\$49.7	(\$29.9)	<b>\$297.7</b>
Sales Volume (thousands of tons)	4,031	1,585	22,291		
<b>Adjusted EBITDA per Ton</b>	<b>\$65.34</b>	<b>\$9.15</b>	<b>\$2.23</b>		
<b>Q4 2022</b>					
Adjusted EBITDA	\$46.5	\$3.1	\$11.7	(\$2.4)	<b>\$58.9</b>
Sales Volume (thousands of tons)	1,040	377	5,525		
<b>Adjusted EBITDA per Ton</b>	<b>\$44.71</b>	<b>\$8.22</b>	<b>\$2.12</b>		
<b>Q3 2022</b>					
Adjusted EBITDA	\$76.6	\$3.3	\$12.9	(\$9.1)	<b>\$83.7</b>
Sales Volume (thousands of tons)	1,022	382	5,721		
<b>Adjusted EBITDA per Ton</b>	<b>\$74.95</b>	<b>\$8.60</b>	<b>\$2.26</b>		
<b>Q2 2022</b>					
Adjusted EBITDA	\$64.3	\$3.9	\$12.5	(\$9.4)	<b>\$71.3</b>
Sales Volume (thousands of tons)	1,007	406	5,809		
<b>Adjusted EBITDA per Ton</b>	<b>\$63.85</b>	<b>\$9.59</b>	<b>\$2.15</b>		
<b>Q1 2022</b>					
Adjusted EBITDA	\$76.0	\$4.2	\$12.6	(\$9.0)	<b>\$83.8</b>
Sales Volume (thousands of tons)	962	419	5,236		
<b>Adjusted EBITDA per Ton</b>	<b>\$79.00</b>	<b>\$10.12</b>	<b>\$2.41</b>		

(1) Corporate and Other includes the results of our legacy coal mining business.



SunCoke Energy<sup>®</sup>