

SunCoke Energy®

# SunCoke Energy Investor Presentation

Third Quarter 2019

# Forward-Looking Statements



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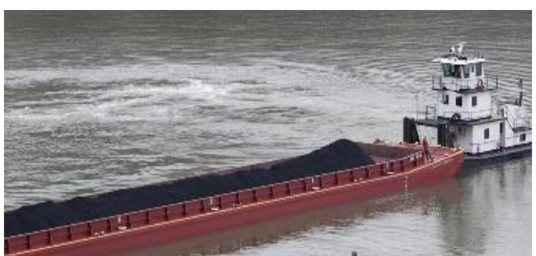
# SunCoke Overview

**Leading raw materials processing and handling company with existing operations in cokemaking and logistics**

## Business Segments

Cokemaking
2019 Adj. EBITDA[1] Guidance: $217M - $223M

- Largest independent coke producer in North America serving all 3 major blast furnace steel producers
- 4.2M tons of domestic coke capacity
- Long-term, take-or-pay contracts with key pass-through provisions
- Advantaged operating characteristics

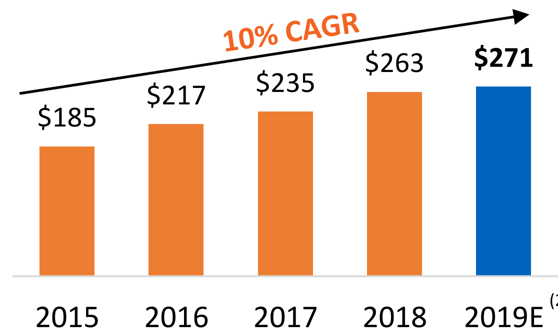


Logistics
Expect to be at low end of 2019 Adj. EBITDA[1] Guidance: $73M - $75M

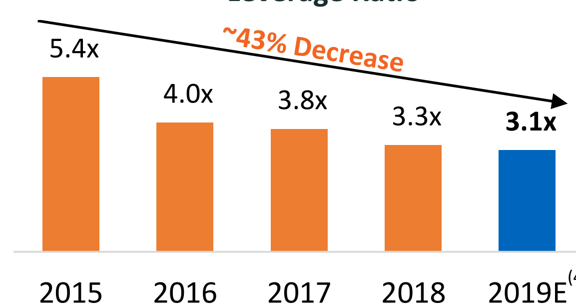
- Strategically located coal handling terminals with access to rail, barge and truck
- Fee per ton handled, limited commodity risk
- >40M tons of total throughput capacity
- 10M tons volume commitment via take-or-pay contracts with low cost ILB producers

## Key Financial Highlights

**Consolidated Adjusted EBITDA[1]**




**Leverage Ratio[3]**




(1) See appendix for definition and reconciliation of Adjusted EBITDA
(2) Midpoint of 2019 guidance range of $266 to $276 million
(3) Represents gross debt divided by Adjusted EBITDA
(4) Calculated using Q2 2019 gross debt divided by midpoint of 2019 Adjusted EBITDA guidance range.

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# Advantaged Assets Driving Value Creation



## Advantaged Assets with Leading Market Positions

- **Industry leading** cokemaking and logistics market positions
  - Tight domestic supply/demand fundamentals for coke
  - Cost advantaged cokemaking versus global imports
- Youngest and most technologically-advanced cokemaking fleet
- Low cost, logistically advantaged terminals

## Strong Balance Sheet

- **No material debt maturities until 2024**; $700M of unsecured notes due June 2025
- Targeting **leverage at or below 3.0x** on a gross debt/EBITDA basis
- **Significant liquidity to fund organic or M&A growth**

## Steady Cash Flow Generation

- Supported by **long-term, take-or-pay contracts** with **limited commodity price exposure**
- ~90% of logistics Adj. EBITDA underpinned by **long-term commitments** through **2023**
- Simplification **increases adj. free cash flow per share** to **Pro Forma $1.62/share**(1)

## Balanced Capital Allocation Strategy

- **Significant value creation** supported by strong cash flow and financial flexibility
  - Expect to initiate a $0.24/share annual dividend in Q4 2019 based on Q3 2019 results
  - Pursuing growth opportunities
  - Return of capital to shareholders

(1) See appendix for reconciliation of adjusted free cash flow per share

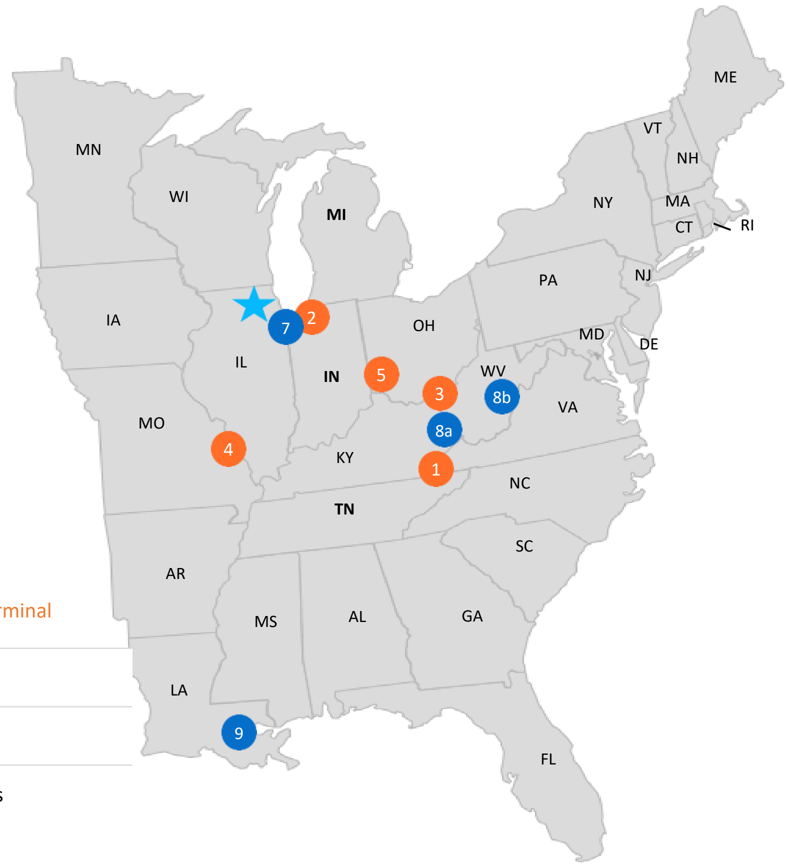
# Strategically Located Network of Assets

## North American Operations

Legend

1 Jewell Coke
2 Indiana Harbor
3 Haverhill I & II
4 Granite City
5 Middletown
6 Vitória, Brazil (Not pictured)
7 Lake Terminal
8a KRT Ceredo
8b KRT Quincy
9 Convent Marine Terminal

Cokemaking
Logistics
★ SunCoke Headquarters




## Cokemaking Advantages

- Domestic assets strategically located to serve customers' blast furnace assets
  - Three facilities co-located with customer BF and remaining two facilities benefit from advantaged rail logistics
- Close proximity to met. coal feedstock
- Access to outbound coke logistics provide flexibility to serve multiple customers

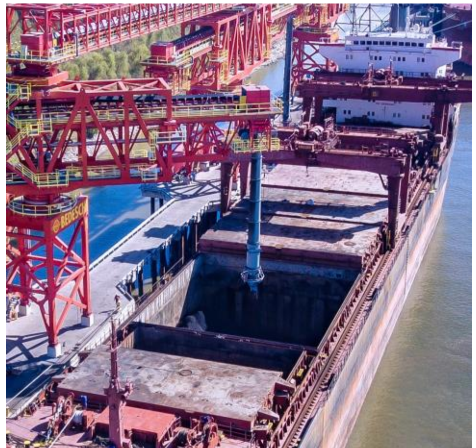
## Logistics Advantages

- Only rail served bulk export facility on lower Mississippi River
- Uniquely positioned with dual-rail and barge in/out capability on Ohio River
- Locations on Ohio River system well positioned to serve coal miners, power companies and steelmakers

# Strategic Growth Priorities



- Growing market share in the North American coke market
- Disciplined expansion and optimization of logistics assets
- Developing additional business lines within the domestic steel/carbon markets
- Leveraging technology to expand in select global markets



## Logistics

- Continue build-out of Convent Marine Terminal capability and diversify customer base
  - Dry bulk
  - Liquids
- Pursue complementary portfolio M&A

## Steel Adjacencies

- Pursue opportunity set within domestic market
  - Steel mill services
  - Other steel inputs

## International Coke Licensing

- Ramp up marketing and engineering capability to pursue “Brazil-model” in select markets
  - Western Europe
  - South America
  - Asia

# Balanced Capital Allocation Priorities



| | |
|---|---|
| **Initiate Dividend** | • Expect to establish $0.06 quarterly dividend; $0.24 annually |
| **Reduce Debt** | • Accelerate delevering efforts to reach 3.0x gross Debt / EBITDA |
| **Invest In Growth Projects** | • Pursue organic growth projects and M&A opportunities<br>– Simplified structure improves SXC's ability to execute and fund growth<br>– Lower effective cost of capital and retained cash enable pro forma SXC to be more competitive for third-party M&A and organic growth projects |
| **Return Excess Capital to Shareholders** | • Flexibility to return capital to shareholders through opportunistic share repurchases |

# Cokemaking Overview

# Durable Model with Strong Market Dynamics



| Stable Long-term Business Model | Superior Asset Characteristics | Favorable Long-term Coke Supply/Demand Dynamics |
|---|---|---|
| • Steady cash flow generation<br>• Limited commodity price exposure as a result of cost pass through provisions<br>• 100% take-or-pay contracts across cokemaking fleet | • Newest fleet of cokemaking facilities and equipment in the industry<br>• Leading technology with EPA MACT environmental signature<br>• Logistically advantaged assets provide inbound and outbound efficiencies<br>• Ovens consistently produce high quality of coke desired by our customers | • Long-run steel demand stable, and any increased domestic steel demand, blast furnace ("BF") restarts or further closures of coke capacity could result in a coke shortage<br>• Natural level of support for BFs given technology/product mix<br>• Aging fleet of by-product coke batteries continue to be at risk<br>• Coke imports not viable long-term supply alterative for BF operators |

# Long-term, Contracted Earnings Stream



**Long-term, take-or-pay contracts generate stable cash flow and insulate business from industry cyclicality**

| Take-or-Pay Contract Provisions | |
|---|---|
| **General Provisions** | |
| Fixed Fee | ✓ |
| Take-or-Pay | ✓ |
| Minimal Termination Provisions | ✓ |
| Contract Duration | 10 – 20 yrs. |
| **Pass-through Provisions** | |
| Cost of Coal | ✓ |
| Coal Blending and Transport | ✓ |
| Ops. & Maintenance ("O&M") Costs | ✓ |
| Taxes (ex. Income Taxes) | ✓ |
| Changes in Regulation | ✓ |

## Contract Observations

- Customers required to **take the contract-maximum coke**
- **Long-term, take-or-pay** nature provides **stability** during downturns
- **Commodity price risk minimized** by passing through operating costs to customer
- Contracts typically contain **minimal early termination** without default

## Coke Contract Duration and Facility Capacity

| Customer | Facility | Capacity | Contract Expiry |
|---|---|---|---|
| AK Steel | Middletown | 550Kt Capacity[1] | Dec. 2032 |
| USS | Granite City | 650Kt Capacity | Dec. 2024 |
| ArcelorMittal USA | Indiana Harbor | 1,220Kt Capacity | Oct. 2023 |
| AK Steel | Haverhill 2 | 550Kt Capacity | Dec. 2021 |
| ArcelorMittal USA | Haverhill 1 | 550Kt Capacity | Dec. 2020 |
| ArcelorMittal USA | Jewell Coke | 720Kt Capacity | Dec. 2020 |

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

# Industry Leading Technology



**SunCoke's cokemaking technology is the basis for U.S. EPA MACT standards and makes larger, stronger coke**

SunCoke Heat Recovery Ovens

### SunCoke's Heat Recovery Cokemaking Technology

- Negative Pressure Ovens
  - MACT standard for heat recovery / non-recovery batteries
- Cogeneration potential (convert waste heat into steam or electricity)
  - More fungible by-product (generate ~9MW of electrical power per 110Kt annual coke production)
- No wall pressure limitations on coal blend
- Higher CSR coke quality
- Lower capital cost and simpler operation

By-Product Ovens

### By-Product Cokemaking Technology

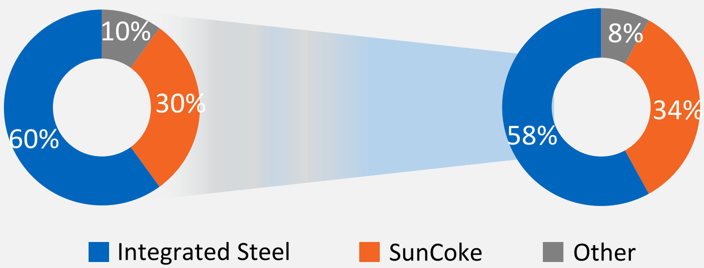
- Positive Pressure Ovens
  - Allows fugitive emission of hazardous pollutants via cracks / leaks
  - No air leaks into oven results in higher coal-to-coke yields
- By-product use and value
  - Increasingly limited, less valuable market options for coal tar and oil by-products
- No volatile matter limitations on coal blend
- Smaller oven footprint for new and replacement ovens

# North American Coke Market Balance

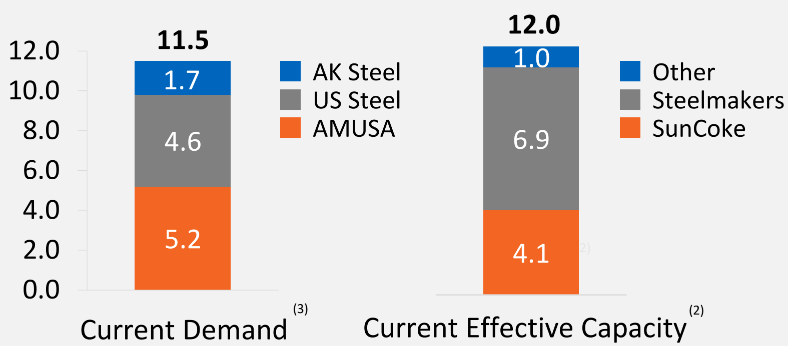


## 2019E U.S. Coke Capacity

Nameplate Capacity: 14.0[1] million tons Effective Capacity: 12.0[2] million tons




## 2019E Coke Supply / Demand Balance




## Commentary

- **2019E U.S. coke market only 4% excess capacity**
  - Increase in utilization, blast furnace restarts or further closures of coke capacity could tip market to shortfall
  - Estimate a 1% increase in BF utilization would result in ~200Kt coke demand[1]
- **Canadian coke market is generally in balance with 600ktpy from the U.S. going to Essar and ArcelorMittal**
  - If Stelco Hamilton BF restarted, the Canadian market would be structurally short
- **Several catalysts exist which could impact near and long-term coke balance**
  - Infrastructure stimulus and/or increases in domestic oil production could result in higher BF utilization rates
  - Aged and environmentally challenged coke batteries are at risk of closure within next 5 years
- **Imports available but not attractive for long-term supply**
  - Customers "will not put blast furnace operations at risk"[4] with uncertain/unstable coke supply
  - Challenged logistics, unreliable quality and volatile pricing
- **Any new build must meet SunCoke-type technology standards**
  - New coke battery requires significant capital investment (Middletown build cost >$400M) and 3+ years lead time

(1) Source: CRU Group
(2) SunCoke estimates based on market intelligence. Excludes foundry coke volumes and 600 ktpy U.S. volumes exported to Canada
(3) SunCoke estimates based on AISI blast furnace operations data
(4) Source: CRU-Insight – "Frugality at the Expense of Quality"

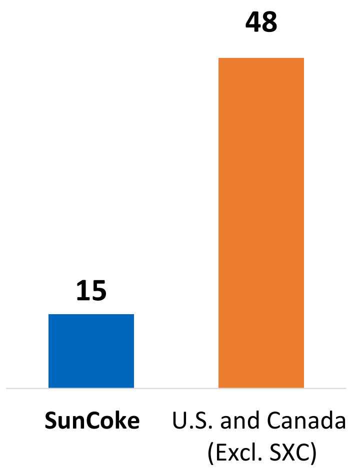
# Shrinking Coke Supply Base Creates Opportunity



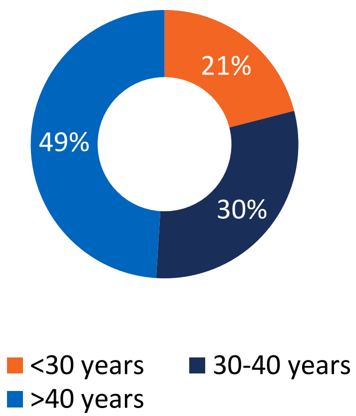
**Expect aging by-product battery closures to continue, creating opportunity for SunCoke**

## Aging Cokemaking Facilities

**Average Age**




**% of U.S. and Canada Coke Capacity (Excl. SXC)**




**~79% of coke capacity (excl. SXC) is at facilities >30 years old**

## Aging Capacity Creates Opportunity

- Closures driven by combination of deteriorating facilities and environmental challenges
- AK Ashland Coke closed (2010) and resulted in long-term, take-or-pay contracts with SunCoke at Middletown and Haverhill
- In last five years, approximately 2.5 million tons of additional capacity was permanently closed:
  - USS Gary Works (1,200k)
  - USS Granite City (500k)
  - AM Dofasco (455k)
  - DTE Shenango (320k)
- Believe additional 1.5 – 2.0 million tons of cokemaking capacity is at risk of closure in the next five years

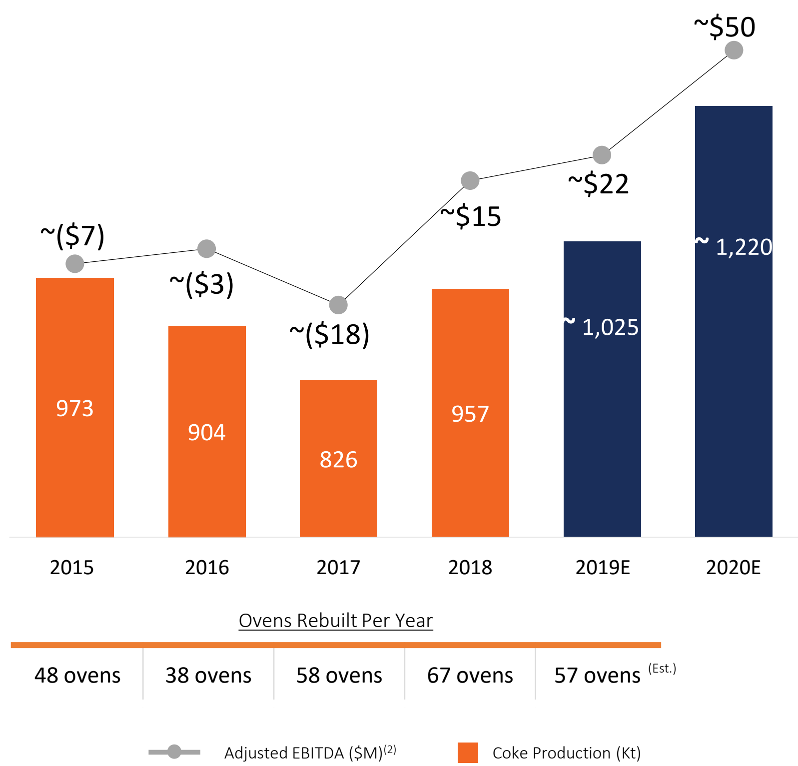
Source: CRU Group – Metallurgical Coke Market Outlook Report, Company Estimates

# Performance Improvement at Indiana Harbor



**Anticipate run-rate IHO[1] Adj. EBITDA[2] of ~$50M after the final phase of oven rebuild project is completed in 2019**

## Indiana Harbor[1] Performance Outlook




## Indiana Harbor[1] Rebuild Progress

- To-date, ~84% of the facility completely rebuilt (A/C/D batteries)
- In 2019, anticipate to complete comprehensive rebuild on 57 remaining B-battery ovens
- Expect 2019 B-battery rebuilds can be executed at $50M - $60M
  - $40M -$48M of capital expenditures
  - $10M - $12M of operating expenses
- Once 2019 campaign completed, 100% of facility fully rebuilt
- Once 2019 rebuild campaign completed, expect IHO to deliver Adj. EBITDA[2] run-rate of ~$50M on 1.22Mt production

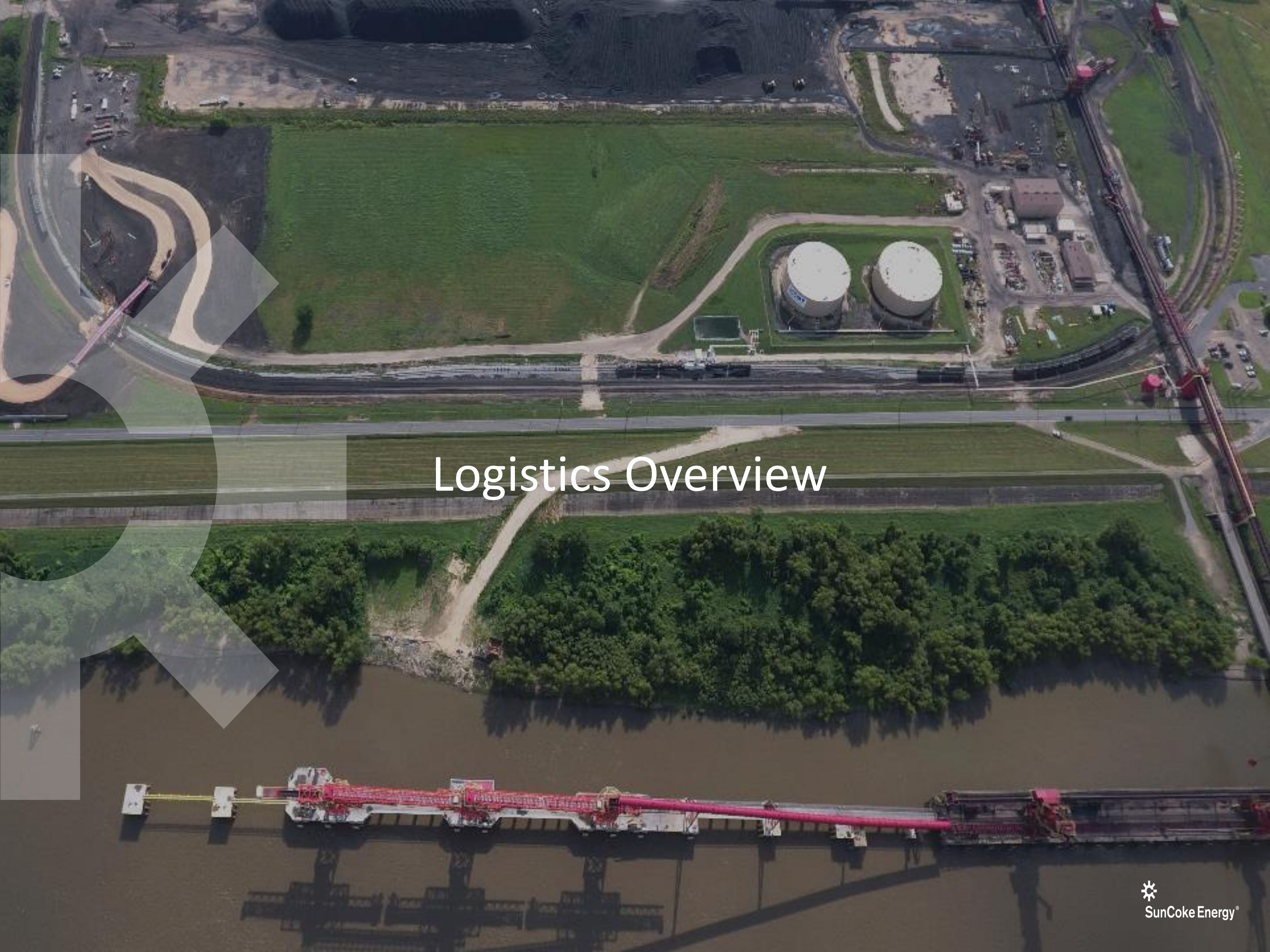
(1) Represents 100% of IHO operations, including a 14.8% third-party interest in the cokemaking facility.
(2) See appendix for a definition and reconciliation of Adjusted EBITDA.

# SunCoke's Superior Assets Will Drive Contract Renewals



| | Value Proposition | Competitive Advantage |
|---|---|---|
| **Superior Asset Age** | • SunCoke's average asset age is ~15 years compared to ~48 years for all other US/Canadian capacity | • Advantaged operating cost structure and capital investment requirements<br>• Improved ability to capture additional market share as competitors' older facilities retire |
| **+ Advantaged Environmental Signature** | • SunCoke technology sets environmental MACT standard for heat-recovery cokemaking in US<br>• Only US company to construct domestic greenfield coke facility in last 30 years | • Advantaged environmental signature provides barrier to entry for any greenfield projects |
| **+ Reliable, Secure, Long-term Coke Supply** | • SunCoke is a proven partner with a track record of providing reliable, high-quality coke<br>• Imported spot coke may not meet required specifications | • Supply chain stability incentivizes BF customers to enter into long-term, take-or-pay contracts<br>• Limited viable long-term coke substitute |
| **+ Advantage Supplier of High Quality Coke** | • Coke is a critical raw material input for blast furnace steel production with no viable substitute<br>• SunCoke ovens consistently produce high strength coke desired by our customers | • Quality of coke is integral to maintain high performance operations at blast furnaces<br>• SunCoke ovens increase operational flexibility by easily allowing for coal blend changes |

# Logistics Overview



# Strategic Network of Low Cost Facilities



| | |
|---|---|
| **Well Positioned Domestic Logistics Facilities** | • Strategically located assets with **access to barge, rail and truck**<br>• Provide **key logistics services** for **various met. and thermal coal producers and consumers** |
| **Advantaged Gulf Coast Facility** | • Only dry-bulk, rail-serviced terminal on lower Mississippi with significant logistical advantages<br>• **State-of-the-art facility** shiploader<br>• Physical facility footprint suitable for further expansion<br>• Access to **coal, petcoke, liquids and other industrial material markets** |
| **Competitive, Low-Cost ILB Producers** | • **Low-cost position** in Illinois Basin ("ILB") market helps **insulates customers** from market contraction |
| **Attractive Seaborne Export Dynamics** | • U.S. thermal coal producers continue to **augment domestic demand with export shipments**<br>• Seaborne thermal coal market expected to **remain resilient long-term**<br>• CMT **positioned to ship exports** into **Europe, South America, Mediterranean** and **Southeast Asia** |

# CMT Positioned for Continued Throughput Opportunities

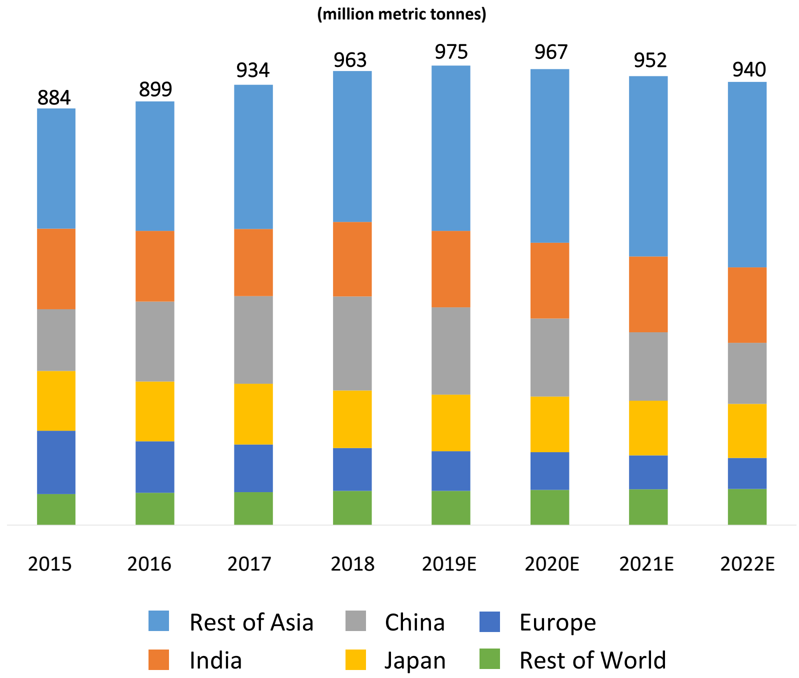


**World class facility on Gulf Coast with direct rail access and cape size loading capabilities**

- CMT strategically located as only dry-bulk, rail-serviced terminal on lower Mississippi
  - Fastest shiploader on lower Mississippi
- Low-cost, efficient operations
- Largest export terminal on the U.S. Gulf Coast
- Outbound throughput capacity of ~15M tons per year
- Barge unloading allows CMT's multi-modal capabilities; now cover all modes of transport options
- Access to seaborne markets for coal, petcoke, liquids and other industrial materials provides potential growth opportunities
- Dual berths capable of handling Cape and Panamax-sized vessels simultaneously
- Developing rotary dump capabilities to enhance its flexibility to dump numerous types of railcars

# Global Seaborne Thermal Coal Expected to Remain Stable

## Global Seaborne Thermal Coal Outlook (2015-2022E)[1]




## Commentary

- **Coal fired generation will continue as primary global energy source**
  - Expect new coal-fired capacity in emerging markets will offset coal-fired replacements in developed markets
- CMT services low cost ILB producers through long-term, take-or-pay contract through 2023
- **CMT export market share in 2018:**
  - **~20% of total thermal coal exports in U.S.**
  - **~47% of total thermal coal exports in U.S. Gulf**
- ILB producers continue to augment domestic order book with export shipments
  - Enables productivity / margin optimization without flooding domestic marketplace

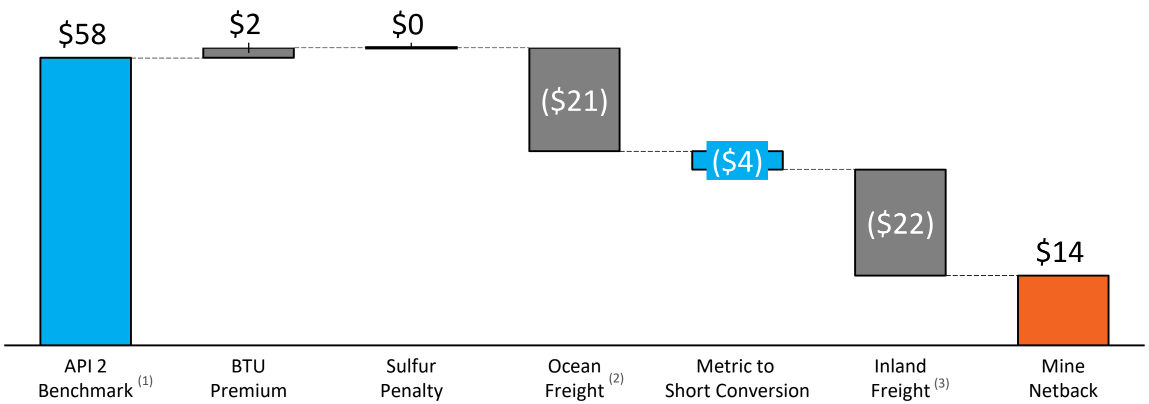
(1) Source: Goldman Sachs equity research

# Thermal Coal Export Profitability

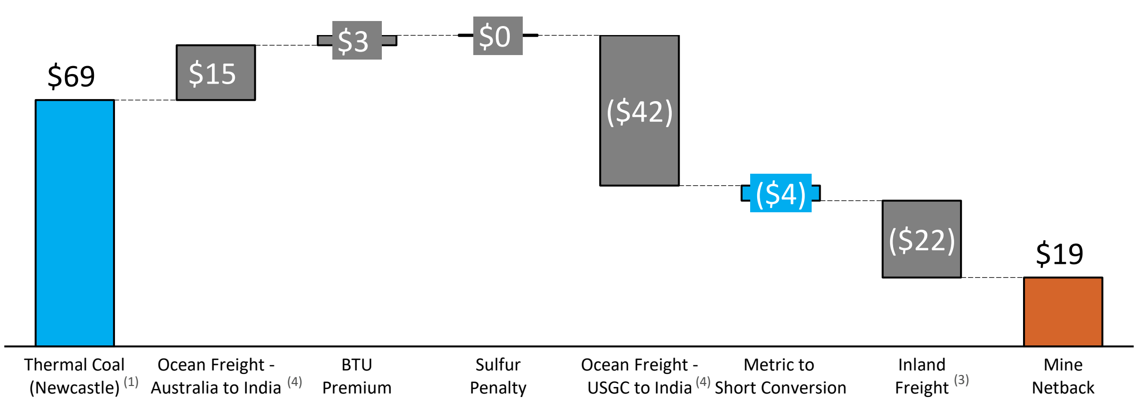


## API2 and Newcastle benchmarks remain suppressed

### Thermal Coal Mine Netback – Rotterdam




### Thermal Coal Mine Netback – Newcastle




**Mid-August Q4 2019 API2 benchmark pricing of ~$58/ton**

- Premiums to API2 offered on shipments into Egypt, South America and Asia
- 2020 API2 forward curve pricing ~$64/ton[5]

**Mid-August Q4 2019 Newcastle benchmark pricing of ~$69/ton**

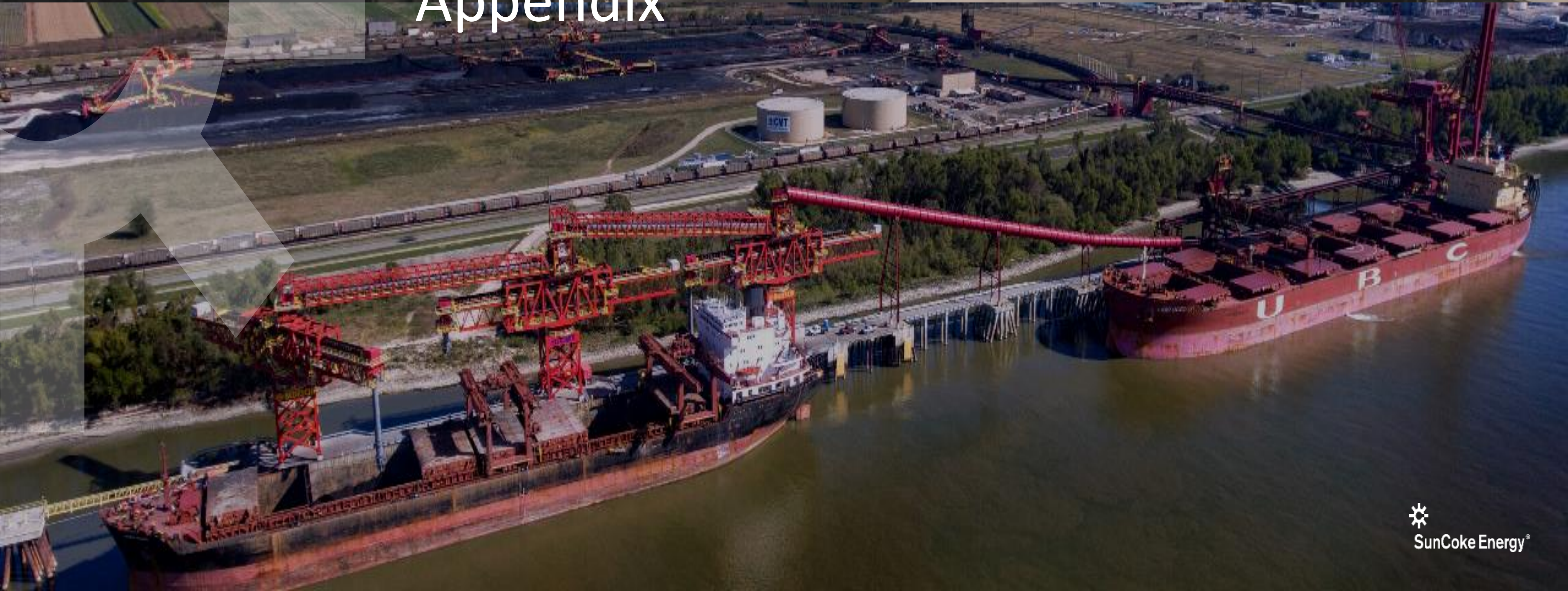
- 2020 Newcastle forward curve pricing ~$75/ton[5]

**CMT well-positioned to serve ILB thermal coal producers**

Source: Doyle Trading Company, Platt's Coal Trader International and Internal Company Estimates

1) Netback calculation example assuming $58 and $69 per metric tonne mid-August API 2 & Newcastle Q4 2019 benchmark
2) Ocean Freight for US Gulf/ARA Coal Panamax freight.
3) Consists of CN rail transportation from ILB coal mines to CMT and terminal transloading costs.
4) Ocean Freight for Australia/India Panamax Freight (~$15/mt) and US Gulf/India Panamax (~$42/mt).
5) 2020 forward curve pricing as of mid-August according to Doyle Trading Company.

# Appendix

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# Definitions



**Adjusted EBITDA** represents earnings before interest, loss (gain) on extinguishment of debt, taxes, depreciation and amortization (“EBITDA”), adjusted for impairments, loss on extinguishment of debt, changes to our contingent consideration liability related to our acquisition of CMT, loss on the disposal of our interest in VISA SunCoke, and/or transaction costs incurred as part of the Simplification Transaction. 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.

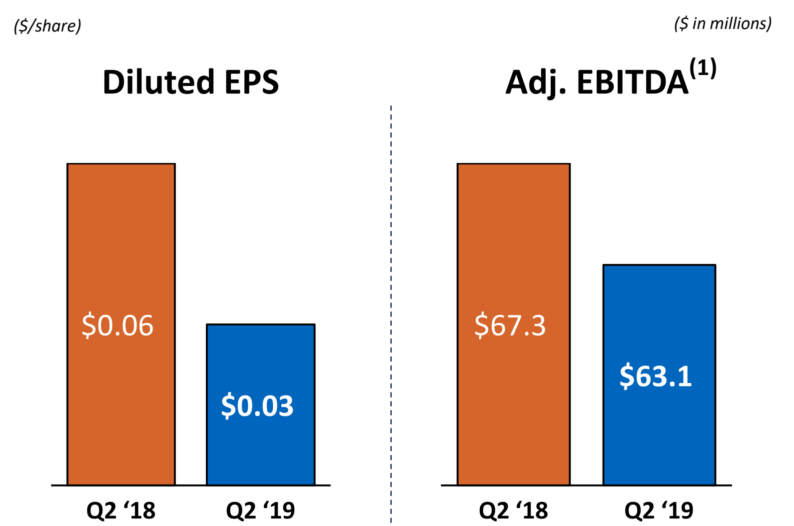
**Adjusted EBITDA attributable to SXC** represents Adjusted EBITDA less Adjusted EBITDA attributable to noncontrolling interests.

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

# Q2 2019 Financial Performance



## Q2 2019 Earnings Review




| *($ in millions, except volumes)* | Q2 '18 | Q2 '19 | Q2 '19 vs. Q2 '18 |
|---|---|---|---|
| Domestic Coke Sales Volumes | 1,007 | 1,030 | 23 |
| Logistics Volumes | 6,980 | 5,592 | (1,388) |
| Coke Adj. EBITDA[2] | $57.7 | $60.6 | $2.9 |
| Logistics Adj. EBITDA | $19.7 | $11.8 | ($7.9) |
| Corporate and Other Adj. EBITDA | ($10.1) | ($9.3) | $0.8 |
| **Adjusted EBITDA (Consolidated)[1]** | **$67.3** | **$63.1** | **($4.2)** |

## Q2 '19 EPS of $0.03, down $0.03 from the prior year quarter

- Mainly driven by higher depreciation expense and Simplification Transaction costs[3] partially offset by loss from equity method investment in Q2 '18

## Adjusted EBITDA[1] of $63.1M down $4.2M

- Coke operations up $2.9M, continued strong performance across the coke segments
- Logistics segment down $7.9M mainly due to lower CMT throughput volumes
- Excludes $4.4M of Simplification Transaction costs[3]

(1) See appendix for a definition and reconciliation of Adjusted EBITDA.
(2) Coke Adjusted EBITDA includes Domestic Coke and Brazil Coke.
(3) Costs expensed by the Partnership associated with the Simplification Transaction.

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# Reconciliation to Adjusted EBITDA



| *($ in millions)* | Q1 '18 | Q2 '18 | Q3 '18 | Q4 '18 | FY '18 | Q1 '19 | Q2 '19 | YTD '19 |
|---|---|---|---|---|---|---|---|---|
| **Net Income** | **$ 13.0** | **$ 11.4** | **$ 17.1** | **$ 5.5** | **$ 47.0** | **$ 12.2** | **$ 3.3** | **$ 15.5** |
| Depreciation and amortization expense | 32.9 | 32.0 | 35.4 | 41.3 | 141.6 | 37.2 | 37.0 | 74.2 |
| Loss on extinguishment of debt | 0.3 | - | - | - | 0.3 | - | - | - |
| Interest expense, net | 15.8 | 15.7 | 15.4 | 14.5 | 61.4 | 14.8 | 15.1 | 29.9 |
| Income tax expense / (benefit) | 2.0 | 2.2 | (2.4) | 2.8 | 4.6 | 3.0 | 3.2 | 6.2 |
| Loss from equity method investment[1] | - | 5.4 | - | - | 5.4 | - | - | - |
| Contingent consideration adjustments | - | 0.6 | 0.5 | 1.4 | 2.5 | (0.4) | 0.1 | (0.3) |
| Simplification Transaction costs[2] | - | - | - | 0.4 | 0.4 | 0.5 | 4.4 | 4.9 |
| **Adjusted EBITDA** | **$ 64.0** | **$ 67.3** | **$ 66.0** | **$ 65.9** | **$ 263.2** | **$ 67.3** | **$ 63.1** | **$ 130.4** |
| Adjusted EBITDA attributable to noncontrolling interest[3] | (19.0) | (21.6) | (21.0) | (20.4) | (82.0) | (18.9) | (18.6) | (37.5) |
| **Adjusted EBITDA attributable to SXC** | **$ 45.0** | **$ 45.7** | **$ 45.0** | **$ 45.5** | **$ 181.2** | **$ 48.4** | **$ 44.5** | **$ 92.9** |

(1) In June 2018, the Company recorded a loss in connection with the disposal of our interest in VISA SunCoke Limited.
(2) Costs expensed by the Partnership associated with the Simplification Transaction.
(3) Reflects non-controlling interests in Indiana Harbor and the portion of the Partnership owned by public unitholders.

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# Adjusted EBITDA and Adjusted EBITDA per ton



| Reconciliation of Segment Adjusted EBITDA and Adjusted EBITDA per Ton | | | | | |
|---|---|---|---|---|---|
| *($ in millions, except per ton data)* | Domestic Coke | Brazil Coke | Logistics | Corporate and Other[1] | Consolidated |
| **Q2 2019** | | | | | |
| Adjusted EBITDA | $56.3 | $4.3 | $11.8 | ($9.3) | **$63.1** |
| Sales Volume (thousands of tons) | 1,030 | 424 | 5,592 | | |
| **Adjusted EBITDA per Ton** | **$54.66** | **$10.14** | **$2.11** | | |
| **Q1 2019** | | | | | |
| Adjusted EBITDA | $58.5 | $4.5 | $12.7 | ($8.4) | **$67.3** |
| Sales Volume (thousands of tons) | 1,004 | 419 | 5,784 | | |
| **Adjusted EBITDA per Ton** | **$58.27** | **$10.74** | **$2.20** | | |
| **FY 2018** | | | | | |
| Adjusted EBITDA | $207.9 | $18.4 | $72.6 | ($35.7) | **$263.2** |
| Sales Volume (thousands of tons) | 4,033 | 1,768 | 26,605 | | |
| **Adjusted EBITDA per Ton** | **$51.55** | **$10.41** | **$2.73** | | |
| **Q4 2018** | | | | | |
| Adjusted EBITDA | $51.6 | $4.4 | $18.3 | ($8.4) | **$65.9** |
| Sales Volume (thousands of tons) | 1,040 | 442 | 6,861 | | |
| **Adjusted EBITDA per Ton** | **$49.62** | **$9.95** | **$2.67** | | |
| **Q3 2018** | | | | | |
| Adjusted EBITDA | $49.1 | $4.5 | $21.0 | ($8.6) | **$66.0** |
| Sales Volume (thousands of tons) | 1,012 | 454 | 6,943 | | |
| **Adjusted EBITDA per Ton** | **$48.52** | **$9.91** | **$3.02** | | |
| **Q2 2018** | | | | | |
| Adjusted EBITDA | $52.9 | $4.8 | $19.7 | ($10.1) | **$67.3** |
| Sales Volume (thousands of tons) | 1,007 | 431 | 6,980 | | |
| **Adjusted EBITDA per Ton** | **$52.53** | **$11.14** | **$2.82** | | |
| **Q1 2018** | | | | | |
| Adjusted EBITDA | $54.3 | $4.7 | $13.6 | ($8.6) | **$64.0** |
| Sales Volume (thousands of tons) | 974 | 441 | 5,821 | | |
| **Adjusted EBITDA per Ton** | **$55.75** | **$10.66** | **$2.34** | | |

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

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# Balance Sheet & Debt Metrics



| As of 6/30/2019 | | |
|---|---|---|
| *($ in millions)* | | **SXC Consolidated** |
| Cash | $ | 102 |
| Available Revolver Capacity | | 261 |
| Total Liquidity | $ | 363 |
| | | |
| Gross Debt (Long and Short-term) | $ | 852 |
| Net Debt (Total Debt less Cash) | $ | 750 |
| | | |
| FY 2019 Adj. EBITDA[(1)] | $ | 271 |
| Gross Debt / FY 2019 Adj. EBITDA | | 3.14x |
| Net Debt / FY 2019 Adj. EBITDA | | 2.77x |

(1) Represents mid-point of FY 2019 guidance for Adj. EBITDA.

| *As of 6/30/2019* *($ in millions)* | **SXC Consolidated Debt Maturities Schedule** | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | **2019** | **2020** | **2021** | **2022** | **2023** | **2024** | **2025** | **Consolidated Total** |
| **SXCP Revolver** | - | - | - | 100.0 | - | - | - | **100.0** |
| **SXCP Sr. Notes** | - | - | - | - | - | - | 700.0 | **700.0** |
| **SXCP Sale Leaseback** | 1.4 | 7.3 | - | - | - | - | - | **8.7** |
| **SXC Term Loan** | 0.5 | 3.4 | 3.4 | 36.0 | - | - | - | **43.3** |
| **Total** | **$ 1.9** | **$ 10.7** | **$ 3.4** | **$ 136.0** | **$ -** | **$ -** | **$ 700.0** | **$ 852.0** |

# 2019 Guidance Summary



**Guidance remains unchanged from February 2019 announcement**

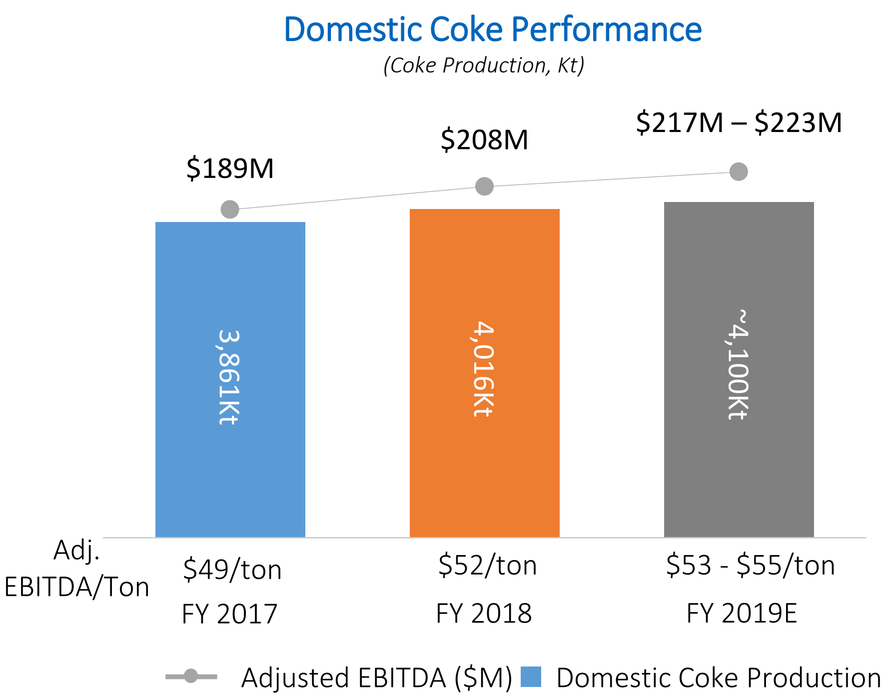
| Metric | 2018 Results | 2019 Guidance |
|---|---|---|
| **Adjusted EBITDA[1]** | | |
| **Consolidated** | **$263.2M** | **$266M - $276M** |
| **Attrib. to SXC** | **$181.2M** | **$226M - $232M** |
| **Total Capital Expenditures[2]** | **$97.1M** | **$110M - $120M** |
| *IHO Oven Rebuilds* | *$33.6M* | *$40M - $48M* |
| *GCO Gas Sharing* | *$24.7M* | *~$6M* |
| **Domestic Coke Production** | **4.03 Mt** | **~4.1Mt** |
| **Dom. Coke Adj. EBITDA/ton** | **$52 / ton** | **$53 - $55 / ton** |
| **Operating Cash Flow** | **$185.8M** | **$176M - $191M** |
| **Cash Taxes[3]** | **$7.8M** | **$4M - $8M** |

(1) See appendix for a definition and reconciliation of Adjusted EBITDA.
(2) Capital expenditures exclude the impact of capitalized interest.
(3) Included in Operating Cash Flow.

# 2019 Domestic Coke Business Outlook



**Expect Strong Domestic Coke operations in 2019;**
**Domestic Coke Adj. EBITDA expected to be $217M – $223M**



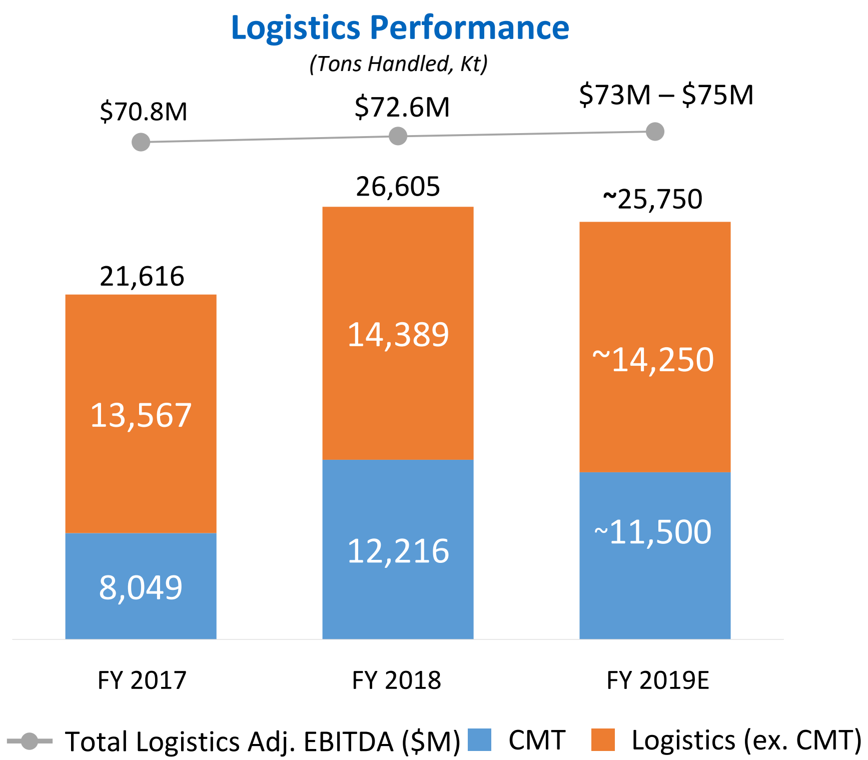

## Commentary

- Anticipate a $9M to $15M increase in Domestic Coke Adj. EBITDA in 2019 due to:
  - Increased production, higher energy revenue and lower operating and maintenance costs
  - Improved yield benefit from higher coal pricing
- Expect increased production of ~85K tons in 2019 primarily due to improved oven performance from rebuilt ovens at Indiana Harbor

# 2019 Logistics Business Outlook



**Expect tons handled in 2019 to be in line with 2018;**
**Expect to be at low end of Logistics Adjusted EBITDA guidance of $73M – $75M**




## Commentary

- Expect strong Logistics performance in 2019
  - Anticipate CMT will handle ~10.5Mt for our coal export customers and ~1.0Mt business (e.g., aggregates, pet. coke, liquids)
  - Expect 2019 KRT volumes to be in line with 2018
- Continuing active pursuit of new business opportunities across fleet
  - Focused on opportunities to further diversify customer and product mix

# 2019 Guidance Reconciliation



| *($ in millions)* | Low | High |
|---|---|---|
| Net Income | $40 | $47 |
| Depreciation and amortization expense | 150 | 145 |
| Interest expense, net | 65 | 65 |
| Income tax expense | 6 | 14 |
| Simplification Transaction costs[(1)] | 5 | 5 |
| Adjusted EBITDA (Consolidated) | $266 | $276 |
| Adjusted EBITDA attributable to noncontrolling interests[(2)] | (40) | (44) |
| Adjusted EBITDA attributable to SXC | $226 | $232 |

(1) Costs expensed by the Partnership associated with the Simplification Transaction.
(2) Reflects non-controlling interest in Indiana Harbor and the portion of the Partnership owned by public unitholders prior to the closing of the Simplification Transaction.

# 2019 Capital Expenditures



| *2019 CapEx Overview ($ in millions)* | **Low** | **High** |
|---|---|---|
| Ongoing | $64 | $66 |
| IHO Oven Rebuilds | 40 | 48 |
| **Total Ongoing CapEx[(1)]** | **$104** | **$114** |
| Environmental Project (Gas Sharing)[(2)(3)] | 6 | 6 |
| **Total CapEx** | **$110** | **$120** |

1) At the midpoint of the range 2019 ongoing CapEX includes approximately $104M in ongoing Coke CapEx and $5M ongoing Logistics.
2) Completed gas sharing project during second quarter 2019
3) Excludes ~$4M of cash payments expected to be made in 2019 for work performed in 2018.

# Pro Forma SXC FCF/Share



| *($ in millions, except per share amounts)* | | 2019E |
|---|---|---|
| Net Income | $ | 44 |
| Depreciation and amoritization expense | | 148 |
| Interest expense, net | | 65 |
| Income tax expense | | 10 |
| Simplification Transaction costs[(1)] | | 5 |
| Adjusted EBITDA[(2)] | $ | 271 |
| Cost synergies | | 1 |
| Adjusted EBITDA - Pro Forma | $ | 272 |
| Cash interest[(3)] | | (63) |
| Cash taxes[(4)] | | (6) |
| Ongoing capex[(5)] | | (109) |
| Adjustment for non-cash items[(6)] | | 3 |
| Free cash flow (FCF) | $ | 97 |
| Nonrecurring IHO refurbishment capital and opex[(7)] | | 50 |
| Adjusted FCF -- Pro Forma | $ | 147 |
| SXC WA shares outstanding *(millions)* [(8)] | | 90.6 |
| Adjusted FCF/Share -- Pro Forma | $ | 1.62 |

1) Costs expensed by the Partnership associated with the Simplification Transaction.
2) Based on mid-point of 2019E SXC Adjusted EBITDA guidance
3) Anticipated 2019 SXC consolidated cash interest
4) Based on mid-point of 2019E SXC cash tax guidance
5) Based on 2019E guidance. Ongoing capex excludes gas sharing and growth related capital expenditures
6) Adjustment for non-cash stock compensation expense based on 2018 actuals
7) Reflects low-end of 2019E IHO oven rebuild opex and capex guidance
8) Number of shares outstanding as of 6/30/2019, includes the pro-rata distribution paid in SXC shares related to the closing of the Simplification Transaction

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