



# Warrior Met Coal

Third Quarter 2018 Results  
October 31, 2018



# Forward looking statements

*These slides contain, and the Company's officers and representatives may from time to time make, 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. All statements, other than statements of historical facts, included in these slides that address activities, events or developments that the Company expects, believes or anticipates will or may occur in the future are forward-looking statements, including statements regarding 2018 guidance, sales and production growth, ability to maintain cost structure, demand, the future direction of prices, expected capital expenditures, future effective income tax rates or the Company's purchases of shares of its common stock pursuant to the stock repurchase program or otherwise. The words "believe," "expect," "anticipate," "plan," "intend," "estimate," "project," "target," "foresee," "should," "would," "could," "potential," or other similar expressions are intended to identify forward-looking statements. However, the absence of these words does not mean that the statements are not forward-looking. These forward-looking statements represent management's good faith expectations, projections, guidance or beliefs concerning future events, and it is possible that the results described in these slides will not be achieved. These forward-looking statements are subject to risks, uncertainties and other factors, many of which are outside of the Company's control, that could cause actual results to differ materially from the results discussed in the forward-looking statements, including, without limitation, fluctuations or changes in the pricing or demand for the Company's coal (or met coal generally) by the global steel industry; federal and state legislation; changes in interpretation or assumptions and/or updated regulatory guidance regarding the Tax Cuts and Jobs Act of 2017; legislation and regulations relating to the Clean Air Act and other environmental initiatives; regulatory requirements associated with federal, state and local regulatory agencies, and such agencies' authority to order temporary or permanent closure of the Company's mines; operational, logistical, geological, permit, license, labor and weather-related factors, including equipment, permitting, site access, operational risks and new technologies related to mining; the Company's obligations surrounding reclamation and mine closure; inaccuracies in the Company's estimates of its met coal reserves; the Company's ability to develop or acquire met coal reserves in an economically feasible manner; significant cost increases and fluctuations, and delay in the delivery of raw materials, mining equipment and purchased components; competition and foreign currency fluctuations; fluctuations in the amount of cash the Company generates from operations, including cash necessary to pay any special or quarterly dividend or to repurchase any of its common stock; the Company's expectations regarding its future tax rate as well as its ability to effectively utilize its NOLs; the Company's ability to comply with covenants in its amended and restated credit agreement or the indenture governing its senior secured notes; integration of businesses that the Company may acquire in the future; adequate liquidity and the cost, availability and access to capital and financial markets; failure to obtain or renew surety bonds on acceptable terms, which could affect the Company's ability to secure reclamation and coal lease obligations; costs associated with litigation, including claims not yet asserted; and other factors described in the Company's filings with the U.S. Securities and Exchange Commission ("SEC"), including its Form 10-K for the year ended December 31, 2017 and Form 10-Q for the quarterly period ended September 30, 2018 and other reports filed from time to time with the SEC, which could cause the Company's actual results to differ materially from those contained in any forward-looking statement. The Company's filings with the SEC are available on its website at [www.warriormetcoal.com](http://www.warriormetcoal.com) and on the SEC's website at [www.sec.gov](http://www.sec.gov).*

*Any forward-looking statement speaks only as of the date on which it is made, and, except as required by law, the Company does not undertake any obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. New factors emerge from time to time, and it is not possible for the Company to predict all such factors.*

## Non-GAAP Financial Measures

*This presentation contains certain Non-GAAP financial measures that are used by the Company's management when evaluating results of operations and cash flows. Non-GAAP financial measures should not be construed as being more important than comparable GAAP measures. The definition of these Non-GAAP financial measures and detailed reconciliations of these Non-GAAP financial measures to comparable GAAP financial measures can be found in the earnings press releases located on our website at [www.warriormetcoal.com](http://www.warriormetcoal.com) within the Investors section.*

# 2018 Achievements

- 1** Strong operational performance, including YTD production of 5.8mst and sales of 5.7mst ✓
- 2** Operated ahead of schedule on production ramp, enabling increased 2018 guidance targets ✓
- 3** Generated Adjusted EBITDA\* of \$439 million and Free Cash Flow\* of \$349 million ✓
- 4** Demonstrated ongoing commitment to capital return to shareholders, including \$350 million special dividend and continued regular dividend ✓
- 5** Implemented a \$40 million stock repurchase program and repurchased 500,000 shares of common stock totaling \$12.1 million ✓
- 6** Received a Moody's Corporate Family Rating upgrade based on strong financial performance ✓
- 7** Amended and Restated Credit Agreement increasing commitments available to \$125.0 million and extending maturity to October 2023 ✓

\*See "Non-GAAP Financial Measures".  
1 short ton is equivalent to 0.907185 metric tons.

# Sales and Production in Q3 2018 vs. Q3 2017

Q3 2018		Q3 2017	
Tons produced (in 000s Short tons ("St"))	1,819	Tons produced (in 000s St)	1,620
Tons sold (in 000s St)	1,668	Tons sold (in 000s St)	2,103
Gross price realization <sup>(1)</sup>	97%	Gross price realization <sup>(1)</sup>	85%
Average net selling price (per St)	\$158.82	Average net selling price (per St)	\$144.06
Revenue	\$273.3 million	Revenue	\$312.0 million
Net income	\$52.6 million	Net income	\$119.7 million
Cash cost of sales (per St)*	\$99.78	Cash cost of sales (per St)*	\$89.91
Adjusted EBITDA*	\$94.1 million	Adjusted EBITDA*	\$107.3 million
Adjusted Net income*	\$55.9 million	Adjusted Net income*	\$119.7 million
EPS/Adjusted EPS*	\$1.00 / \$1.06	EPS/Adjusted EPS*	\$2.27 / \$2.27

\*See "Non-GAAP Financial Measures".

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<sup>(1)</sup> For the three months ended September 30, 2018, our gross price realization represents a volume weighted-average calculation of our daily realized price per ton based on gross sales, which excludes demurrage and other charges, as a percentage of the Platts Premium LV FOB Australia Index price. For the three months ended September 30, 2017, gross price realization represents gross sales, excluding demurrage and other charges, divided by tons sold as a percentage of the Australian LV Index.

# Sales and Production in 2018 vs. 2017

YTD 2018		YTD 2017	
Tons produced (in 000s St)	5,846	Tons produced (in 000s St)	5,142
Tons sold (in 000s St)	5,669	Tons sold (in 000s St)	5,172
Gross price realization <sup>(1)</sup>	98%	Gross price realization <sup>(1)</sup>	108%
Average net selling price (per St)	\$175.13	Average net selling price (per St)	\$173.20
Revenue	\$1.0 billion	Revenue	\$929.3 million
Net income	\$322.6 million	Net income	\$357.9 million
Cash cost of sales (per St)*	\$94.15	Cash cost of sales (per St)*	\$87.86
Adjusted EBITDA*	\$439.4 million	Adjusted EBITDA*	\$431.4 million
Adjusted Net income*	\$333.7 million	Adjusted Net income*	\$370.8 million
EPS/Adjusted EPS*	\$6.10 / \$6.31	EPS/Adjusted EPS*	\$6.79 / \$7.03

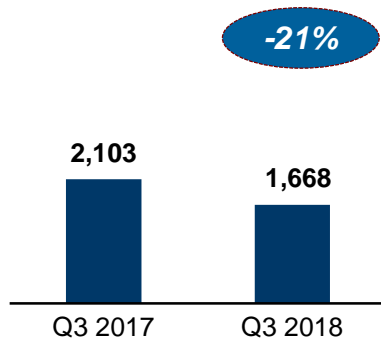
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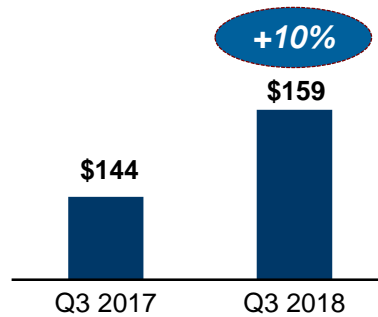
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# Performance Across Key Metrics in Q3 2018

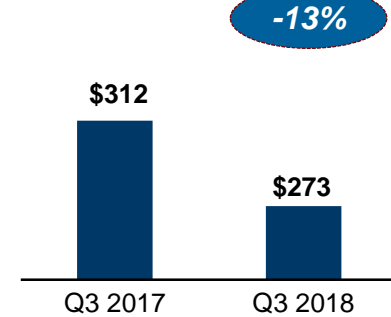
**Sales Volume (St in 000s)**  
Q3 2017 vs. Q3 2018



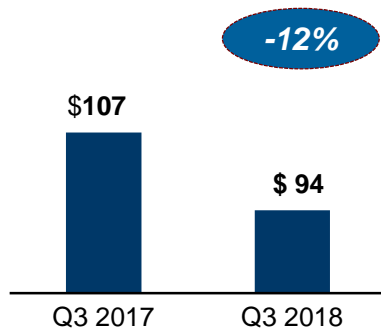
**Average Net Selling Price (\$/St)**  
Q3 2017 vs. Q3 2018



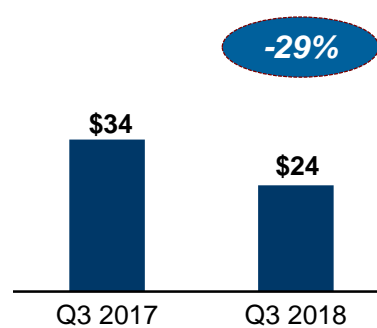
**Revenue (\$ in millions)**  
Q3 2017 vs. Q3 2018



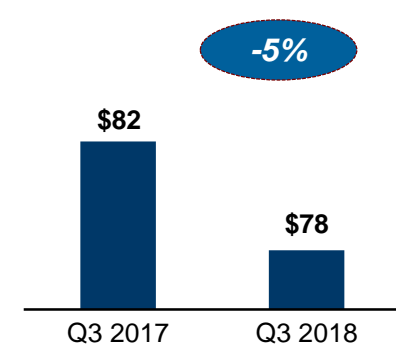
**Adjusted EBITDA\* (\$ in millions)**  
Q3 2017 vs. Q3 2018



**Capital Expenditures (\$ in millions)**  
Q3 2017 vs. Q3 2018



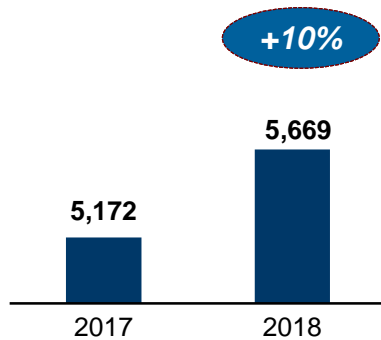
**Free Cash Flow\* (\$ in millions)**  
Q3 2017 vs. Q3 2018



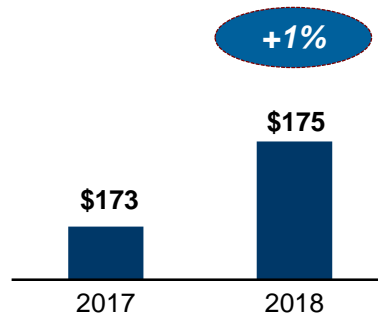
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# Strong Performance Across Key Metrics in 2018

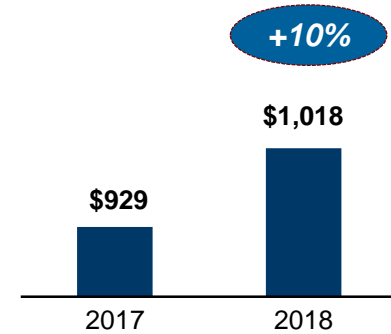
Sales Volume (St in 000s)  
2017 vs. 2018



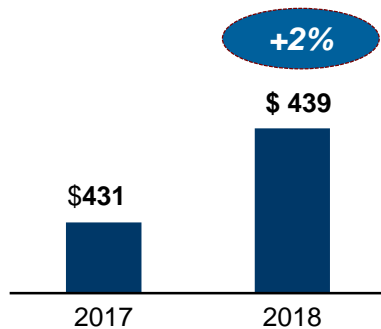
Average Net Selling Price (\$/St)  
2017 vs. 2018



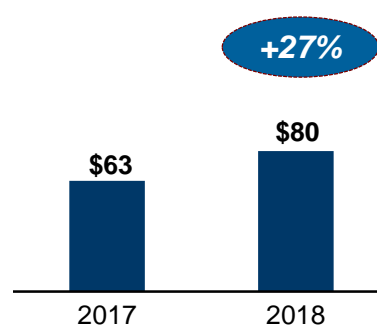
Revenue (\$ in millions)  
2017 vs. 2018



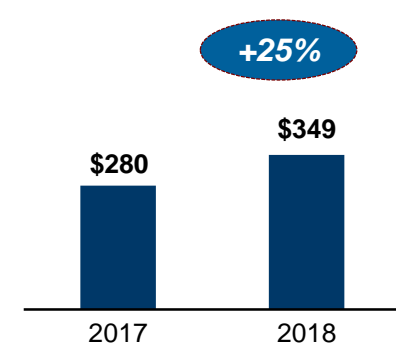
Adjusted EBITDA\* (\$ in millions)  
2017 vs. 2018



Capital Expenditures (\$ in millions)  
2017 vs. 2018



Free Cash Flow\* (\$ in millions)  
2017 vs. 2018



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# Leverage and Liquidity Analysis

## Financial Metrics (\$MM except ratios)

### Leverage (for the trailing twelve months ended September 30, 2018)

Adjusted EBITDA*	\$525.7
Consolidated Net Debt* <sup>(1)</sup>	\$337.4
<b>Net Leverage Ratio*</b>	<b>0.64x</b>

### Liquidity (as of September 30, 2018)

Cash and Cash Equivalents	\$130.2
Asset-Based Revolving Credit Agreement Availability <sup>(2)</sup>	\$95.4
<b>Total Liquidity</b>	<b>\$225.6</b>

\*See "Non-GAAP Financial Measures".

(1) Calculated as of September 30, 2018, and represents total long-term debt of \$466.1 million, plus current portion of long-term debt of \$1.5 million, less cash and cash equivalents of \$130.2 million.

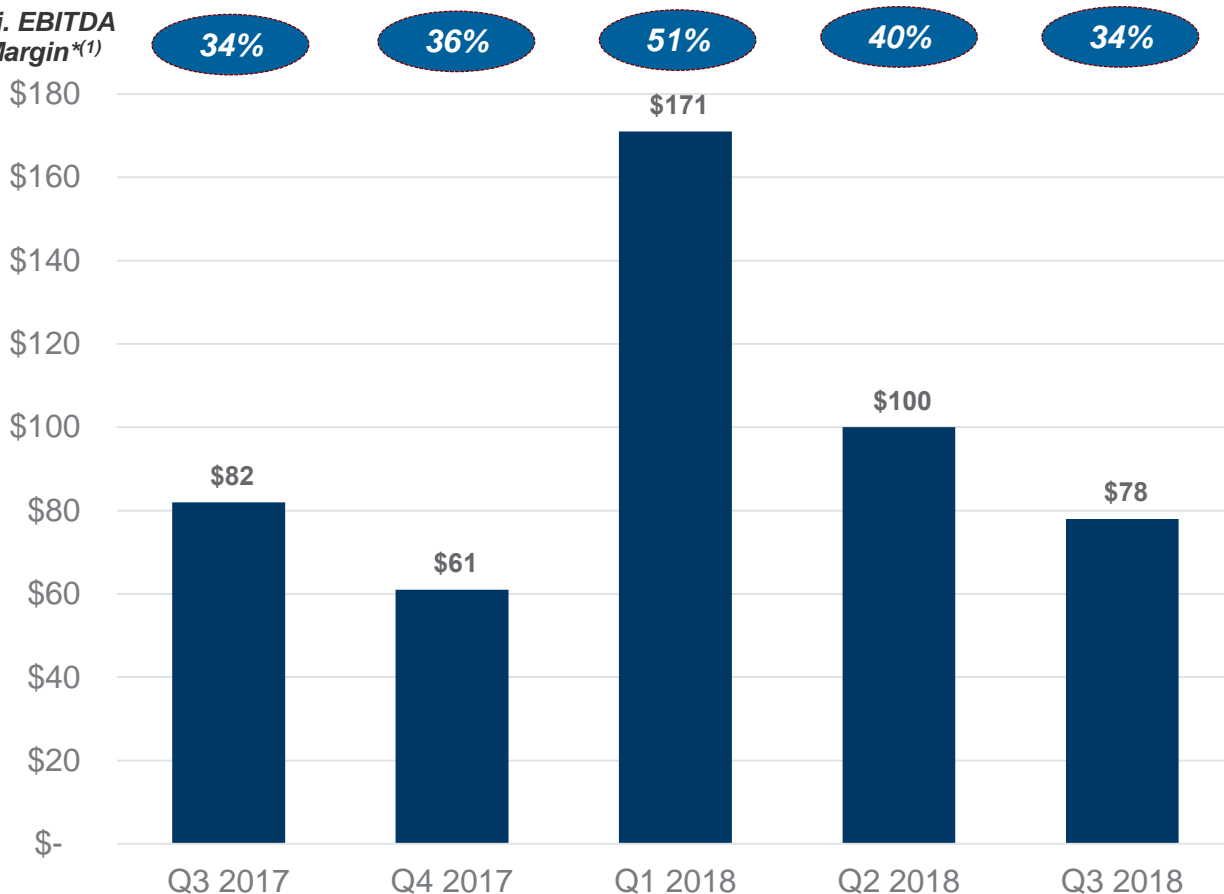
(2) Net of outstanding letters of credit of \$4.6 million.



# Generated Significant Cash Flow with Strong Margins

## Free Cash Flow\* (\$ in millions)

Adj. EBITDA  
Margin<sup>\*(1)</sup>



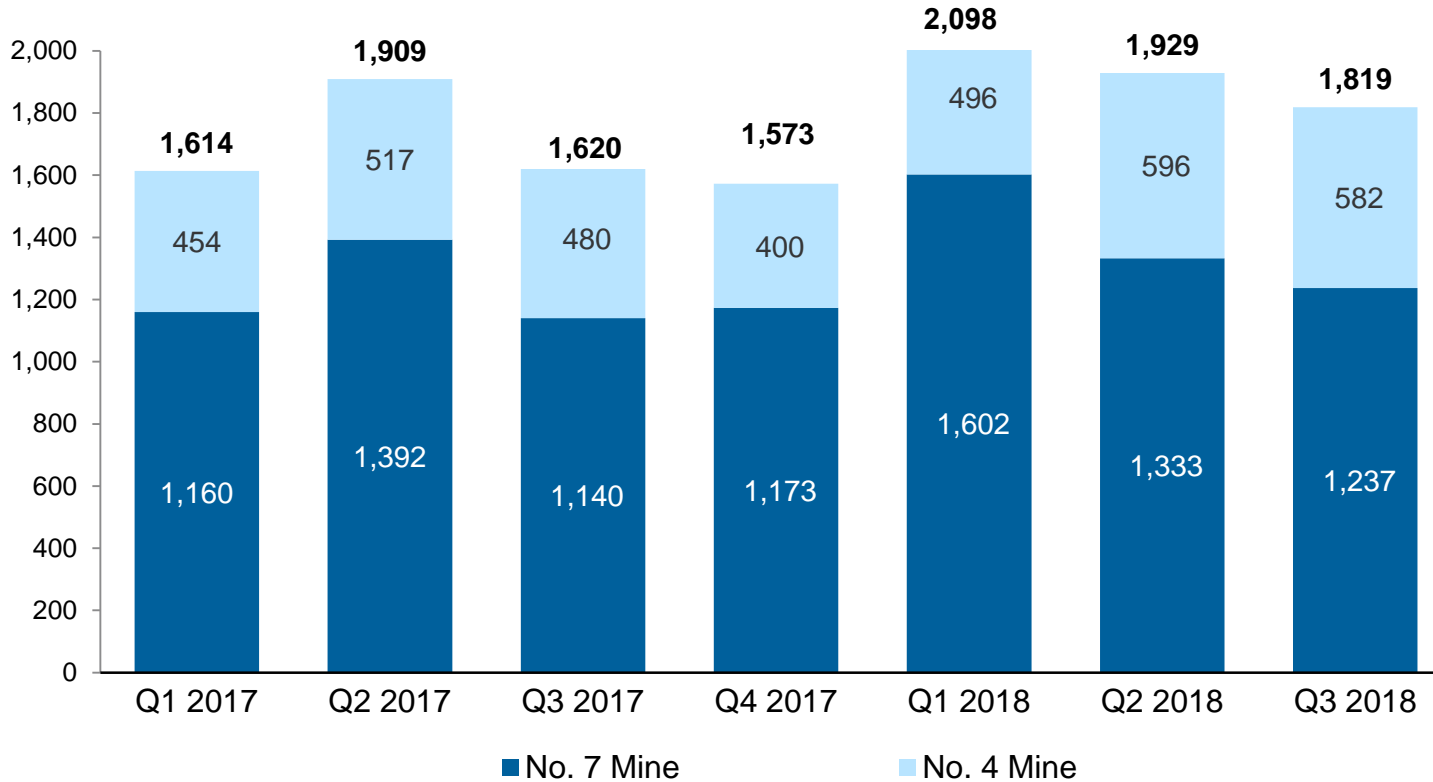
### Q3 2018 Achievements

- Q3 free cash flow\* of \$78.2 million, net of purchases of PPE of \$24.2 million

# Production Ramp Up Continues in 2018

Tons Produced (thousand short tons)

Longwall moves: 1, -, -, 3, -, -, 2



**Q3'18 Achievements**

- Q3 2018 production 12% greater than Q3 2017
- 2 longwall moves during the current quarter

# Looking Forward: 2018 Revised Full Year Guidance

- On Track to Building Shareholder Value in 2018
- Coal sales of 7.1 – 7.5 million St
- Coal production of 7.1 – 7.5 million St
- Cash cost of sales (free-on-board port)\* of \$89 - \$95 per St
- Capital expenditures of \$100 - \$120 million
- SG&A expenses of \$36 - \$39 million
- Interest expense of \$40 - \$42 million
- Cash tax rate of 0%

# Appendix

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# Appendix

	For the three months ended September 30, 2018 (Unaudited)		For the three months ended September 30, 2017 (Unaudited)	
	Short Tons	Metric Tons	Short Tons	Metric Tons
<b>Tons sold (in 000s)</b>	<b>1,668</b>	<b>1,513</b>	<b>2,103</b>	<b>1,908</b>
<b>Tons produced (in 000s)</b>	<b>1,819</b>	<b>1,650</b>	<b>1,620</b>	<b>1,470</b>
<b>Gross price realization <sup>(1)</sup></b>	<b>97%</b>	<b>97%</b>	<b>85%</b>	<b>85%</b>
<b>Average net selling price per ton</b>	<b>\$158.82</b>	<b>\$175.09</b>	<b>\$144.06</b>	<b>\$158.78</b>
<b>Cash cost of sales (free-on-board port)* per ton</b>	<b>\$99.78</b>	<b>\$109.99</b>	<b>\$89.91</b>	<b>\$99.10</b>

\*See "Non-GAAP Financial Measures".

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# Appendix

	For the nine months ended September 30, 2018 (Unaudited)		For the nine months ended September 30, 2017 (Unaudited)	
	Short Tons	Metric Tons	Short Tons	Metric Tons
<b>Tons sold (in 000s)</b>	<b>5,669</b>	<b>5,143</b>	<b>5,172</b>	<b>4,692</b>
<b>Tons produced (in 000s)</b>	<b>5,846</b>	<b>5,303</b>	<b>5,142</b>	<b>4,665</b>
<b>Gross price realization <sup>(1)</sup></b>	<b>98%</b>	<b>98%</b>	<b>108%</b>	<b>108%</b>
<b>Average net selling price per ton</b>	<b>\$175.13</b>	<b>\$193.05</b>	<b>\$173.20</b>	<b>\$190.92</b>
<b>Cash cost of sales (free-on-board port)* per ton</b>	<b>\$94.15</b>	<b>\$103.78</b>	<b>\$87.86</b>	<b>\$96.85</b>

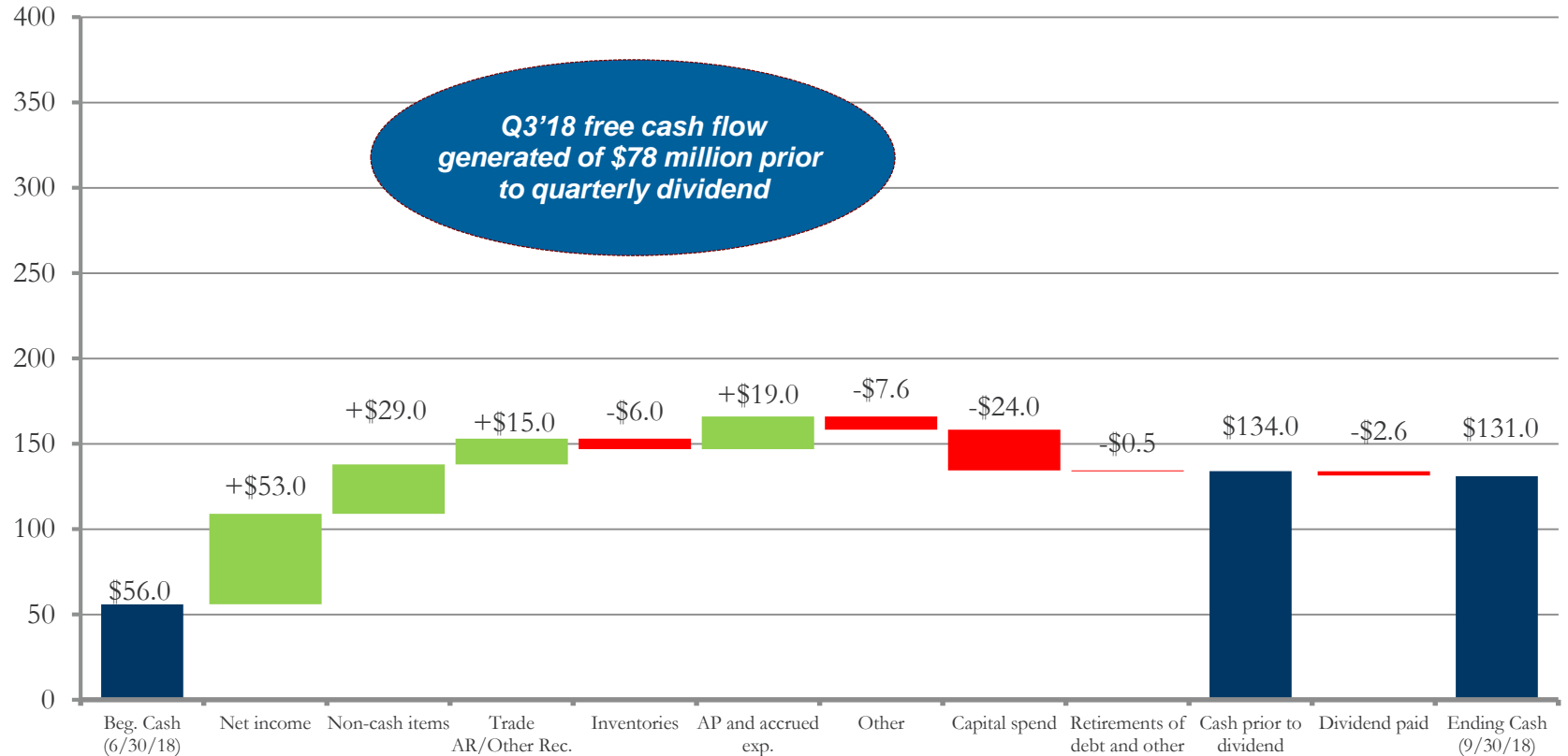
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# Appendix: Generated Significant Cash Flow (Q3 2018)

(\$ in millions)



# Appendix: Generated Significant Cash Flow (2018)

(\$ in millions)

