



WARRIOR

MET COAL

Fourth Quarter 2019 Results
February 19, 2020



Forward looking statements

These slides contain, and the officers and representatives of Warrior Met Coal, Inc. (the “Company”) 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 2020 guidance, sales and production growth, ability to maintain cost structure, demand, the future direction of prices, expected capital expenditures, future effective income tax rates, payment of cash taxes, if any 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,” “outlook,” “guidance” 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 timing and impact of planned longwall moves; 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 Blue Creek, any projections or estimates regarding Blue Creek, including the expected returns from this project, if any, and the ability of Blue Creek to enhance the Company’s portfolio of assets, 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 the timing and amount of any stock repurchases the Company makes under its stock repurchase program; the Company’s expectations regarding its future tax rate as well as its ability to effectively utilize its NOLs to reduce or eliminate its cash taxes; 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, 2019 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 and on the SEC’s website at 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 for the year ended December 31, 2019 and 2018 can be found in the Appendix. In addition, detailed reconciliations of these Non-GAAP financial measures for certain other historical periods in this presentation can be found in earnings press releases located on our website at www.warriormetcoal.com within the Investors section.

2019 Achievements

- 1 Achieved record annual sales volume of 8.0 million short tons (“St”) and lowest annual cash cost of sales (free on board port)* per St of \$89.95 ✓
- 2 Recorded best ever annual production volume of 8.5 million St in 2019, while achieving a record low safety incident rate at the mines ✓
- 3 Consummated restricted payment offer to permit up to \$299 million in stockholders returns and consummated concurrent tender offer in Q1’19 ✓
- 4 Paid special cash dividend of \$230.0 million (\$4.41 per share) to stockholders in Q2’19 ✓
- 5 Implemented a new \$70.0 million stock repurchase program after fully exhausting the previous \$40.0 million stock repurchase program in Q1’19 ✓
- 6 Declared regular quarterly cash dividends of \$0.05 per share ✓
- 7 Successfully retired \$131.6 million aggregate principal amount of 8.00% Senior Secured Notes due 2024 in Q1’19 ✓
- 8 Reduced 2019 interest expense, net to \$29.3 million ✓

*See “Non-GAAP Financial Measures”.
1 short ton (“St”) is equivalent to 0.907185 metric tons.

Key Metrics for Q4 2019 vs. Q4 2018

Q4 2019		Q4 2018		% Change
Tons produced (in 000s St)	1,813	Tons produced (in 000s St)	1,889	(4%)
Tons sold (in 000s St)	1,655	Tons sold (in 000s St)	1,971	(16%)
Gross price realization ⁽¹⁾	97%	Gross price realization ⁽¹⁾	93%	4%
Average net selling price (per St)	\$119.67	Average net selling price (per St)	\$177.50	(33%)
Revenue (in millions)	\$204.9	Revenue (in millions)	\$360.4	(43%)
Net income (in millions)	\$20.8	Net income (in millions)	\$374.2	(94%)
Cash cost of sales (per St)*	\$85.74	Cash cost of sales (per St)*	\$92.64	7%
Adjusted EBITDA* (in millions)	\$39.0	Adjusted EBITDA* (in millions)	\$161.6	(76%)
Free Cash Flow* (in millions)	(\$9.4)	Free Cash Flow* (in millions)	\$105.2	(109%)
Adjusted Net income* (in millions)	\$11.7	Adj. Net income* (in millions)	\$125.3	(91%)
Diluted EPS/Adjusted Diluted EPS*	\$0.41 / \$0.23	Diluted EPS/Adjusted Diluted EPS*	\$7.11 / \$2.38	(94%) / (90%)

*See "Non-GAAP Financial Measures".

1 short ton is equivalent to 0.907185 metric tons.

⁽¹⁾ For the three months ended December 31, 2019 and 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.

Key Metrics for 2019 vs. 2018

FY 2019		FY 2018		% Change
Tons produced (in 000s St)	8,470	Tons produced (in 000s St)	7,735	10%
Tons sold (in 000s St)	7,980	Tons sold (in 000s St)	7,640	4%
Gross price realization ⁽¹⁾	98%	Gross price realization ⁽¹⁾	97%	1%
Average net selling price (per St)	\$154.89	Average net selling price (per St)	\$175.74	(12)%
Revenue (in millions)	\$1,268.3	Revenue (in millions)	\$1,378.0	(8)%
Net income (in millions)	\$301.7	Net income (in millions)	\$696.8	(57)%
Cash cost of sales (per St)*	\$89.95	Cash cost of sales (per St)*	\$93.76	4%
Adjusted EBITDA* (in millions)	\$478.7	Adjusted EBITDA* (in millions)	\$601.0	(20)%
Free Cash Flow* (in millions)	\$402.1	Free Cash Flow* (in millions)	\$457.8	(12)%
Adjusted Net income* (in millions)	\$284.0	Adj. Net income* (in millions)	\$459.0	(38)%
Diluted EPS/Adjusted Diluted EPS*	\$5.86 / \$5.52	Diluted EPS/Adjusted Diluted EPS*	\$13.17 / \$8.67	(56)% / (36)%

*See "Non-GAAP Financial Measures".

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⁽¹⁾ For the year ended December 31, 2019 and 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.

Warrior Delivered on its Commitments for 2019...

	<u>Actual</u>	<u>Guidance⁽¹⁾</u>	
Coal Sales	8.0 Mst	7.5 – 7.9 Mst	✓
Coal Production	8.5 Mst	7.5 – 7.9 Mst	✓
Cash Cost of Sales (Free-on-Board Port)*	\$89.95 per St	\$89 - \$95 per St	✓
Capital Expenditures	\$107.3mm	\$100 - \$120mm	✓
Mine development costs	\$23.4mm	\$18 - \$22mm	✓
S,G&A	\$37.0mm	\$32 – \$36mm	✓
Interest Expense, net	\$29.3mm	\$30 – \$32mm	✓
Cash Tax Rate	0%	0%	✓

*See "Non-GAAP Financial Measures".

1 short ton is equivalent to 0.907185 metric tons.

(1) Management guidance for YE 2019 as per Q3 2019 Earnings Presentation.

Breaking Down Warrior's Capital Expenditures

2019 Actual vs. Guidance

(\$mm)	2019A	Guidance
Production (Mst)	8.5	7.5 - 7.9
Capex		
Sustaining ⁽¹⁾	\$89	\$70 - \$83
Discretionary ⁽²⁾	\$18	\$30 - \$37
Total Capex	107	\$100 - \$120

2019 Capex Detail

(\$mm)	2019A
Sustaining⁽¹⁾	
Mines	\$83
Gas operations	\$6
Total Sustaining⁽¹⁾	\$89
Discretionary⁽²⁾	
4 North Shaft Construction ⁽³⁾	\$11
Other	\$7
Total Discretionary⁽²⁾	\$18

- (1) Sustaining capital expenditures inclusive of gas business spending.
 (2) Discretionary capital expenditures guidance inclusive of potential reductions.
 (3) Primarily includes service shaft, fan shaft, belt terminals and electrical equipment.

Leverage and Liquidity Analysis

Financial Metrics (\$MM except ratios)

Leverage (for the year ended December 31, 2019)

Adjusted EBITDA*	\$478.7
Consolidated Net Debt* ⁽¹⁾	\$181.5
Net Leverage Ratio*	0.38x

Liquidity (as of December 31, 2019)

Cash and Cash Equivalents	\$193.4
Asset-Based Revolving Credit Agreement Availability ⁽²⁾	\$116.1
Total Liquidity	\$309.5

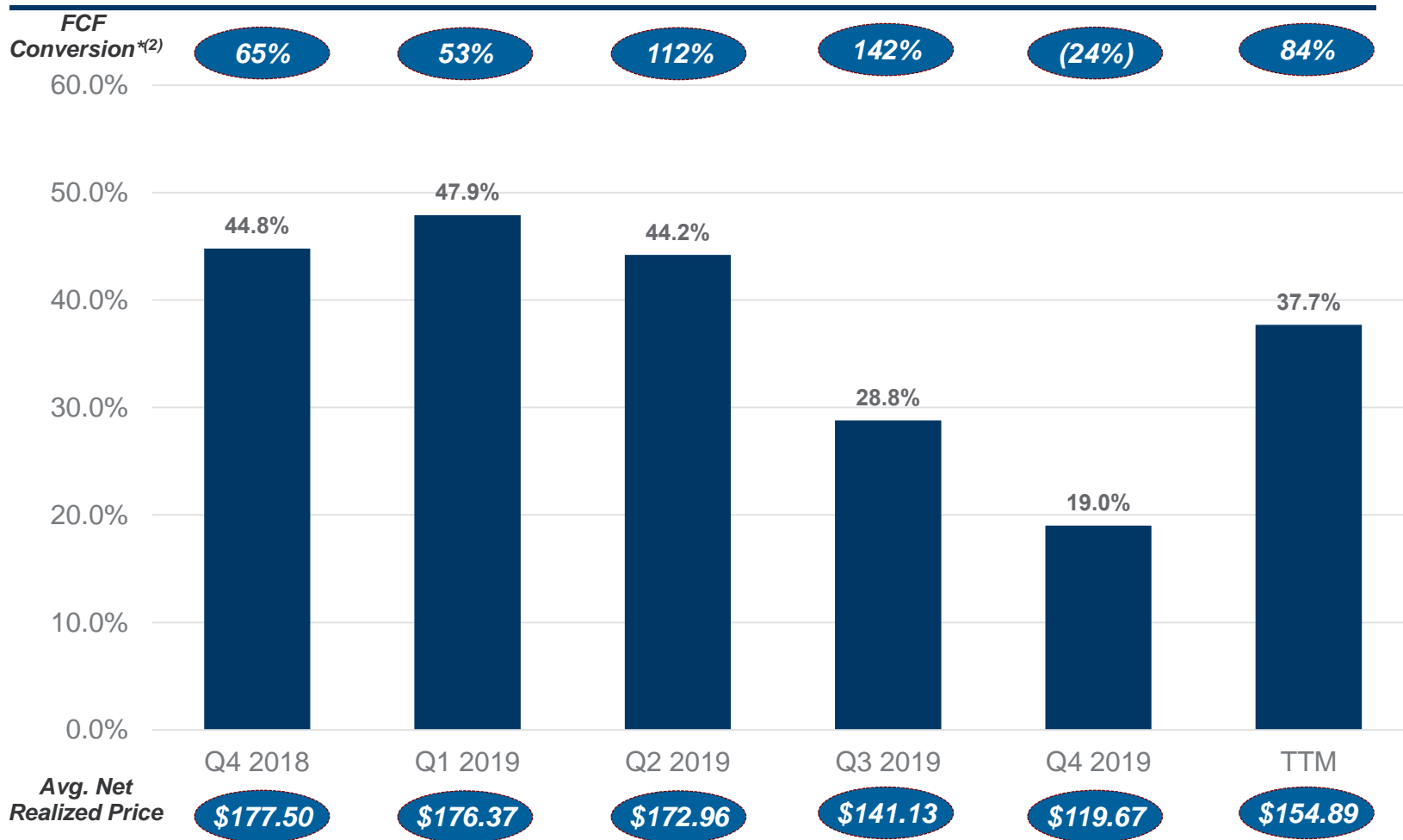
*See "Non-GAAP Financial Measures".

(1) Calculated as of December 31, 2019, and represents total long-term debt of \$339.2 million, plus capital lease obligations of \$35.7 million, less cash and cash equivalents of \$193.4 million.

(2) Net of outstanding letters of credit of \$8.9 million.

Generated Significant Free Cash Flow* on Strong Conversion of Adjusted EBITDA* Margins⁽¹⁾

Adjusted EBITDA* Margin ⁽¹⁾



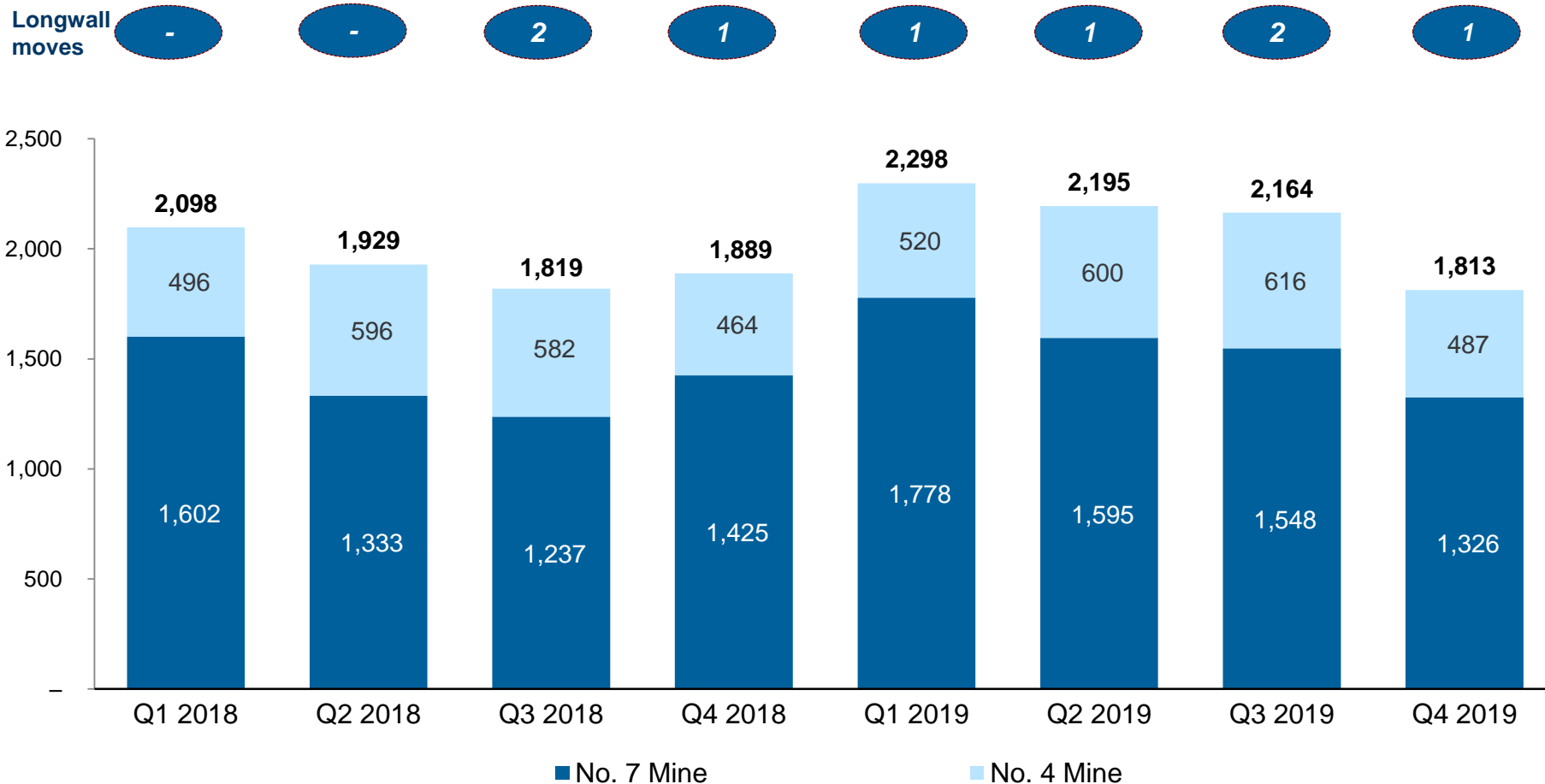
*See "Non-GAAP Financial Measures".

(1) Adj. EBITDA* margin is defined as Adjusted EBITDA* divided by total revenue

(2) Free cash flow conversion* defined as free cash flow* divided by Adjusted EBITDA*

Production Growth Continued in 2019

Tons Produced (thousand st)



Recorded highest annual production level in Company history in 2019, while achieving a record low safety incident rate at the mines.

1 short ton is equivalent to 0.907185 metric tons.

Looking Forward: 2020 Full Year Guidance

	<u>Full Year Guidance</u>
Coal Sales	7.3 - 7.8 Mst
Coal Production	7.0 - 7.5 Mst
Cash Cost of Sales (Free-on-Board Port)*	\$88 - \$93 per St
Capital Expenditures	\$125 - \$145mm
Mine Development	\$10 - \$14mm
S,G&A	\$32 - \$36mm
Interest Expense, net	\$25 - \$27mm
Non-Cash Tax Rate	18 - 20%
Cash Tax Rate	0%

*See "Non-GAAP Financial Measures". The Company does not provide reconciliations of its outlook for cash cost of sales (free-on-board port) to cost of sales in reliance on the unreasonable efforts exception provided for under Rule 100(a)(2) of Regulation G. The Company is unable, without unreasonable efforts, to forecast certain items required to develop the meaningful comparable Generally Accepted Accounting Principles ("GAAP") cost of sales. These items typically included non-cash asset retirement obligation accretion expenses and other non-recurring indirect mining expenses that are difficult to predict in advance in order to include a GAAP estimate.

1 short ton is equivalent to 0.907185 metric tons.

Breaking Down Warrior's 2020 Capital Expenditures Guidance

2020 Capex Guidance

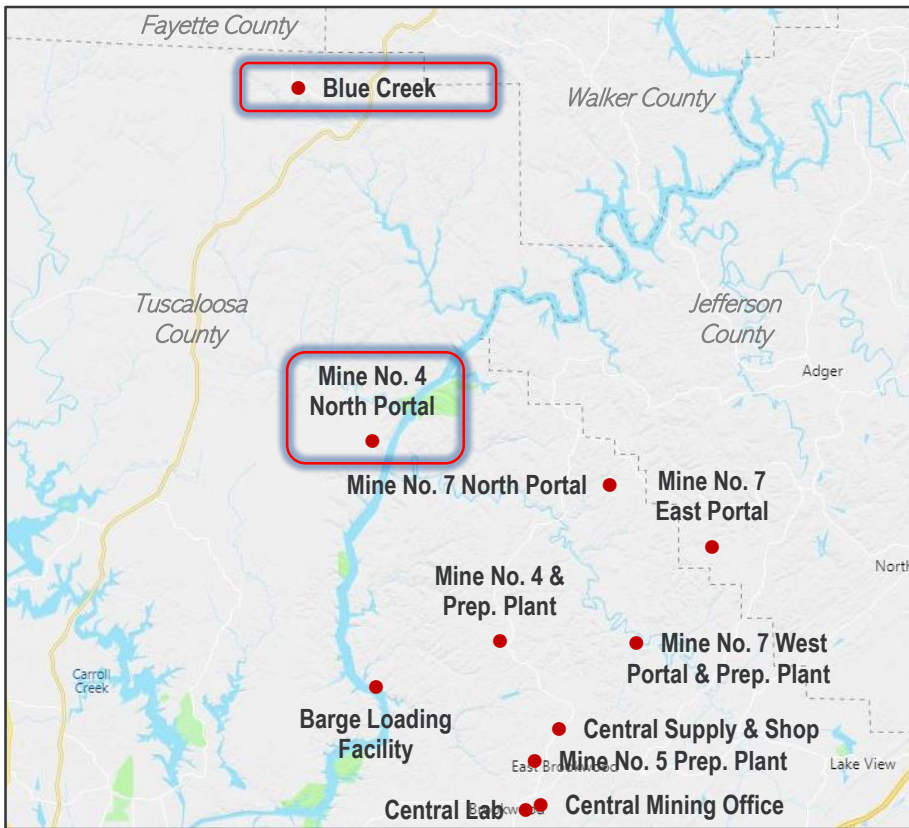
(\$mm)	Low	High
Production (Mst)	7.0	7.5
Capex		
Sustaining ⁽¹⁾	\$75	\$85
Discretionary ⁽²⁾	\$50	\$60
Total Capex	\$125	\$145

2020 Capex Guidance Detail

(\$mm)	
Sustaining⁽¹⁾	
Mines	\$80
Gas operations	\$5
Total Sustaining⁽¹⁾	\$85
Discretionary⁽²⁾	
Blue Creek ⁽³⁾	\$25
4 North Portal ⁽⁴⁾	\$22
Other	\$13
Total Discretionary⁽²⁾	\$60

- (1) Sustaining capital expenditures inclusive of gas business spending.
(2) Discretionary capital expenditures guidance inclusive of potential reductions.
(3) Represents development of Blue Creek slope.
(4) Primarily includes service shaft, fan shaft, bath house and bunker.

Warrior Mining Facility Map



4 North Portal and Blue Creek are extensions of our existing mines

4 North Shaft Construction Update

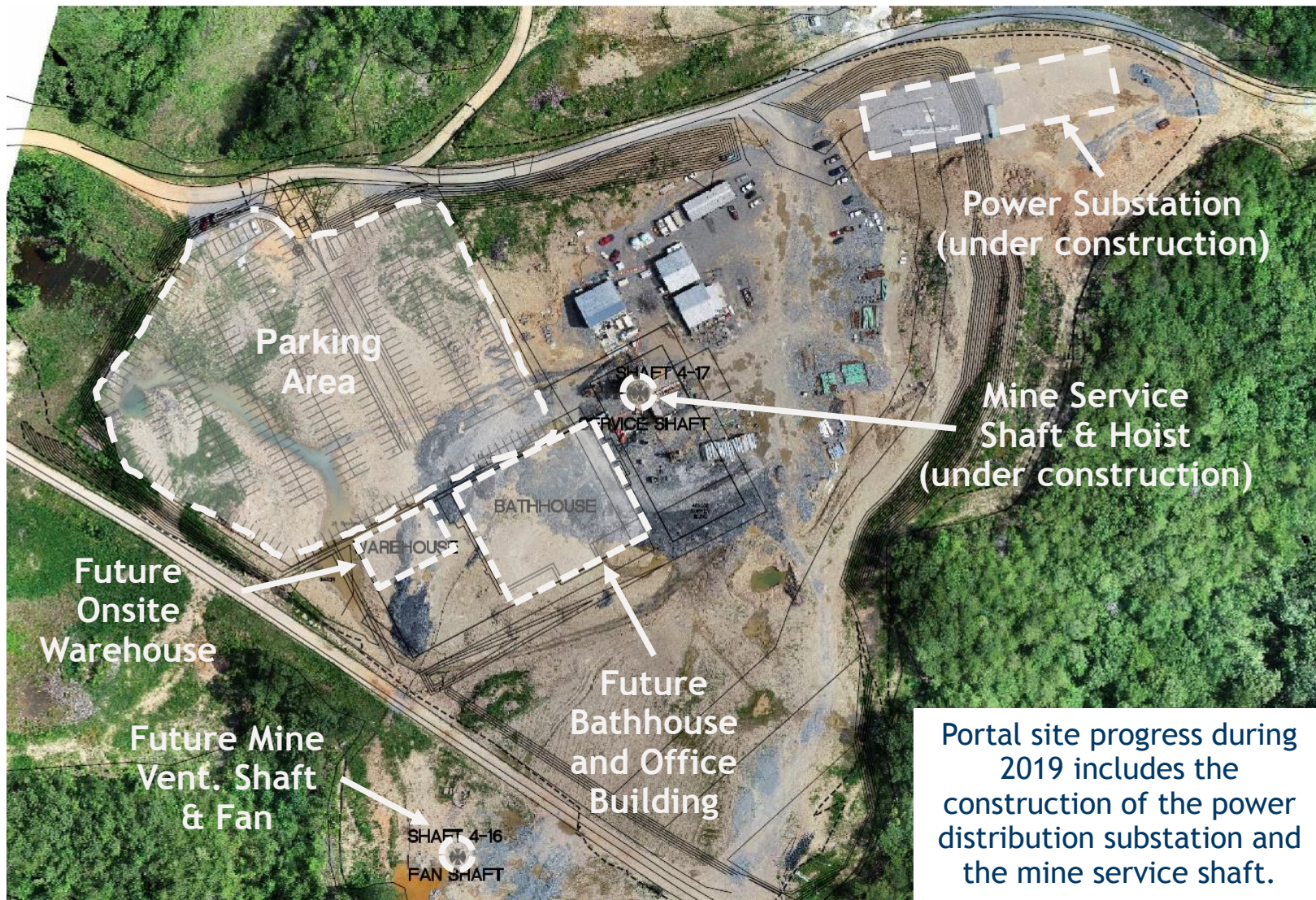


Service shaft construction headframe & support facilities



Shaft wall concrete preparations

4 North Portal General Layout



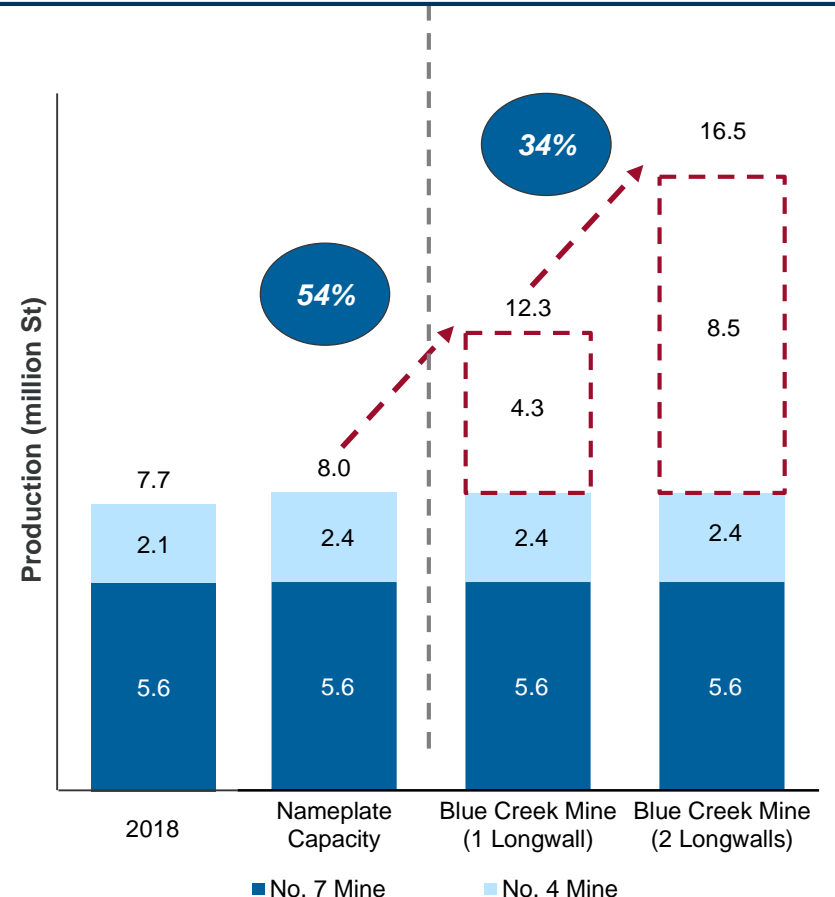
2020 Commencement of World-Class Blue Creek with High-Return for Growth

- One of the last remaining untapped premium quality High Vol A coal reserves in the U.S., trading currently at premium prices
- Once developed, expected to provide a portfolio of Premium Low, Medium and High Vol coals for its customers from the premium Blue Creek seam
- A single longwall operation with estimated 4.3 million St of annual production capacity; future potential of second longwall. Estimated capital outlay of \$550 - \$600 million over 5 years
- Control 114 million short tons of reserves of 170 million block with expected mine life of approximately 50 years assuming a single longwall operation
- See full announcement of the commencement of the Blue Creek project at www.warriormetcoal.com.

Illustrative Returns Across Range of HCC Prices ⁽¹⁾

	Assumed Metallurgical Coal Price		
	\$120/ tonne	\$150/ tonne	\$170/ tonne
NPV ⁽²⁾ (10%)	\$546mm	\$1,039mm	\$1,368mm
Per share ⁽³⁾	\$10.60	\$20.18	\$26.56
IRR ⁽²⁾	22%	29%	34%
Payback (yrs)	3.2	2.3	1.9

Significant Growth Potential



⁽¹⁾ These assumed prices are in metric tons and are for illustrative purposes only and are not a predictor of actual returns from the development of this project. These prices were selected because they reflect market expectations of long term pricing trends in met coal but there can be no guarantee of prices prevailing at any time in the future.

⁽²⁾ The NPV, IRR and payback calculations are for illustrative purposes only and are based on estimates and assumptions that may change, including due to future developments.

⁽³⁾ NPV per share based on outstanding shares of 51.1 million as of December 31, 2019.

Warrior Remains Committed to its Stated Financial Policies

Strong Cash Conversion

- Generated \$402 million of free cash flow* in 2019 with 84% free cash flow conversion⁽¹⁾
- High price realizations, low cash costs, clean balance sheet, and large net operating loss balance drive strong cash conversion

Disciplined Approach to Growth

- Evaluate opportunities in disciplined manner based on defined return-based metrics and pay back period
- Holistic approach to capital allocation that seeks to maximize stockholder returns

Maintain Strong Balance Sheet

- Net leverage of 0.38x as of December 31, 2019 with no legacy pension/OPEB liabilities
- Benefit from upsized revolver and over \$309 million of liquidity

Focus on Returning Capital

- Returned \$253 million to shareholders in 2019 and have returned \$1.3 billion since IPO
- Remain committed to returning cash through quarterly dividends, special dividends, and share repurchases

*See "Non-GAAP Financial Measures".

(1) Free cash flow conversion* defined as free cash flow* divided by Adjusted EBITDA.

Warrior's Proactive Approach to Environmental, Social, Governance (ESG)

Industry Leader in Environmental Stewardship

- Corporate Responsibility Report prepared according to Global Reporting Initiative (GRI) Standards -- Core Option
- 99.86% compliance rate with environmental water regulations
- 62% of methane produced through mining process captured by operations for conversion to natural gas
- \$1 million invested in 2018 on environmental initiatives and compliance enhancements
- Active attention to minimizing energy use; monitoring air quality; water and waste management; and preserving biodiversity and wildlife

Strong Environmental Compliance Record

- Almost perfect record with the Environmental Protection Agency's National Pollutant Discharge Elimination System
- Actively engaged in EPA's voluntary programs to reduce Greenhouse Gas emissions
- Successfully bond released or transferred 1,036 acres from reclamation since 2017
- Minimal reclamation costs required annually

Met coal/underground mining has far less environmental impact than thermal coal/surface mining - and Warrior Met Coal mines only met coal underground.

Warrior's Proactive Approach to Environmental, Social, Governance (ESG) - (Continued)

Safety Statistics Better than Industry Average

- Safety rate 33% better than peers
- Incident severity measure consistently less than half the national average
- Zero work-related fatalities since formation
- “Stop and Correct Authority” provided to all employees, contractors, and visitors

Collaborative Partnerships Focused on Workforce Development and Communities

- Safety training specific to equipment and tasks
- Technical training specific to equipment and environmental compliance
- Partner with local Beville State Community College's unique training center for workforce development
- Invest in local education, safety, and health institutions

We supply the global steel industry as a responsible corporate citizen focusing not just on what we do, but how we do it.

Appendix

Appendix

	For the three months ended December 31, 2019 (Unaudited)		For the three months ended December 31, 2018 (Unaudited)	
	Short Tons	Metric Tons	Short Tons	Metric Tons
Tons sold (in 000s)	1,655	1,502	1,971	1,788
Tons produced (in 000s)	1,813	1,644	1,889	1,714
Gross price realization ⁽¹⁾	97%	97%	93%	93%
Average net selling price per ton	\$119.67	\$131.86	\$177.50	\$195.66
Cash cost of sales (free-on-board port)* per ton	\$85.74	\$94.48	\$92.64	\$102.12

*See "Non-GAAP Financial Measures".

1 short ton is equivalent to 0.907185 metric tons.

⁽¹⁾ For the three months ended December 31, 2019 and 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.

Appendix

	For the year ended December 31, 2019		For the year ended December 31, 2018	
	Short Tons	Metric Tons	Short Tons	Metric Tons
Tons sold (in 000s)	7,980	7,240	7,640	6,931
Tons produced (in 000s)	8,470	7,683	7,735	7,017
Gross price realization ⁽¹⁾	98%	98%	97%	97%
Average net selling price per ton	\$154.89	\$170.72	\$175.74	\$193.72
Cash cost of sales (free-on-board port)* per ton	\$89.95	\$99.15	\$93.76	\$103.35

Recorded highest annual sales volume in Company history in 2019 and lowest annual cash cost of sales (free-on-board port)* per ton.
Recorded highest annual production level in Company history in 2019, while achieving a record low safety incident rate at the mines.

*See "Non-GAAP Financial Measures".

1 short ton is equivalent to 0.907185 metric tons.

⁽¹⁾ For the year ended December 31, 2019 and 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.

Appendix

Non-GAAP Financial Measures

Reconciliation of Adjusted EBITDA to Amounts Reported Under U.S. GAAP

(in thousands)	For the three months ended December 31,		For the year ended December 31,	
	2019	2018	2019	2018
Net income	\$ 20,751	\$ 374,190	\$ 301,699	\$ 696,787
Interest expense, net	6,542	8,842	29,335	37,314
Income tax expense	(3,222)	(225,814)	65,417	(225,814)
Depreciation and depletion	23,678	25,459	97,330	97,209
Asset retirement obligation	(10,327)	(23,407)	(7,891)	(19,942)
Stock compensation expense	1,602	807	5,820	6,405
Transaction and other expenses	—	1,529	—	9,068
Loss on early extinguishment of debt	—	—	9,756	—
Other income	—	—	(22,815)	—
Adjusted EBITDA	\$ 39,024	\$ 161,606	\$ 478,651	\$ 601,027
Total revenues	\$ 204,901	\$ 360,360	\$ 1,268,309	\$ 1,378,007
Adjusted EBITDA margin⁽¹⁾	19.0%	44.8%	37.7%	43.6%

⁽¹⁾ Adjusted EBITDA margin is defined as Adjusted EBITDA divided by total revenues

Appendix

Non-GAAP Financial Measures

Reconciliation of Free Cash Flow to Amounts Reported Under U.S. GAAP

(in thousands)	For the three months ended December 31,		For the year ended December 31,	
	2019	2018	2019	2018
Net cash provided by operating activities	\$ 24,549	\$ 130,797	\$ 532,814	\$ 559,396
Purchases of property, plant and equipment and mine development costs	(33,906)	(25,623)	(130,670)	(101,620)
Free cash flow	\$ (9,357)	\$ 105,174	\$ 402,144	\$ 457,776
Adjusted EBITDA	\$ 39,024	\$ 161,606	\$ 478,651	\$ 601,027
Free cash flow conversion⁽¹⁾	-24.0%	65.1%	84.0%	76.2%

⁽¹⁾ Free cash flow conversion defined as free cash flow divided by Adjusted EBITDA.

Appendix

Non-GAAP Financial Measures

Reconciliation of Adjusted Net Income to Amounts Reported Under U.S. GAAP

(in thousands)	For the three months ended December 31,		For the year ended December 31,	
	2019	2018	2019	2018
Net income	\$ 20,751	\$ 374,190	\$ 301,699	\$ 696,787
Incremental stock compensation expense	—	—	—	3,570
Transaction and other expenses, net of tax	—	1,529	—	9,068
Income tax valuation allowance reclass	—	(225,814)	—	(225,814)
Asset retirement obligation valuation adjustment, net of tax	(9,089)	(24,562)	(9,089)	(24,562)
Loss on early extinguishment of debt	—	—	9,756	—
Other income, net of tax	—	—	(18,331)	—
Adjusted net income	\$ 11,662	\$ 125,343	\$ 284,035	\$ 459,049
Weighted average number of basic shares outstanding	51,051	52,504	51,363	52,812
Weighted average number of diluted shares outstanding	51,201	52,643	51,493	52,918
Adjusted basic and diluted net income per share:	\$0.23	\$2.39	\$5.53	\$8.69
Adjusted diluted net income per share:	\$0.23	\$2.38	\$5.52	\$8.67

Appendix

Non-GAAP Financial Measures

Reconciliation of Cash Cost of Sales (Free-On-Board Port) to Cost of Sales Reported Under U.S. GAAP

(in thousands)	For the three months ended December 31,		For the year ended December 31,	
	2019	2018	2019	2018
Cost of sales	\$ 142,707	\$ 180,238	\$ 720,745	\$ 716,645
Asset retirement obligation	(399)	2,555	(1,519)	875
Stock compensation expense	(405)	(202)	(1,405)	(1,214)
Cash cost of sales (free-on-board port)	<u>\$141,903</u>	<u>\$ 182,591</u>	<u>\$ 717,821</u>	<u>\$ 716,306</u>