

# WARRIOR

MET COAL

Fourth Quarter 2020 Results  
February 24, 2021



# 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, the impact of COVID-19 on its business and that of its customers, sales and production growth, ability to maintain cost structure, demand, the future direction of prices, expected capital expenditures, future effective income tax rates and payment of cash taxes, if any. 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; the impact of COVID-19 on its business and that of its customers, including the risk of a decline in demand for the Company's met coal due to the impact of COVID-19 on steel manufacturers, the inability of the Company to effectively operate its mines and the resulting decrease in production, the inability of the Company to ship its products to customers in the case of a partial or complete shut-down of the Port of Mobile; federal and state tax 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; 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, 2020 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 for the three months and year ended December 31, 2020 and 2019 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](http://www.warriormetcoal.com) within the Investors section.*

# COVID-19: Initiatives to Protect, Preserve, Recover

COVID-19 has had an unprecedented impact on our business, adversely affecting the economies and financial markets of many countries, including those of our customers, which are primarily located in Europe, South America and Asia. Warrior's response to this crisis has been focused on three key priorities:

## Protecting the Health and Safety of our Employees

- Enhanced cleaning and sanitizing in high traffic areas
- Staggered shifts to allow for social distancing
- Strict screening process, including mandatory temperature checks
- Provided employees with masks, gloves, gaiters and other gear
- Eliminated business travel

## Preserving Financial Liquidity

- Increased total liquidity through a \$40 million drawdown under our Amended and Restated Asset-Based Revolving Credit Facility ("ABL Facility")
- Delayed the budgeted \$25.0 million development of Blue Creek
- Temporarily suspended our Stock Repurchase Program
- Achieved the lowest annual cash cost of sales (free on board port)\*

## Defining our Recovery Path

- Remaining focused on managing cost and preserving cash and liquidity, while carefully reinvesting in the business
- Preparing for slow and choppy recovery due to dual effect of pandemic and China import ban on Australian met coals
- Continuing to work with our customers and seek sales opportunities in in all geographic areas

\*See "Non-GAAP Financial Measures".

# Achieved Key 2020 Financial and Operational Goals, Even with Pandemic

- 1 Achieved sales volume of 7.4 million short tons ("St") and production volume of 7.9 million St 
- 2 Continued to successfully implement social distancing procedures under the guidelines issued by the Centers for Disease Control and Prevention related to COVID-19 while continuing to operate our mines near capacity 
- 3 Focused expense reduction resulted in the lowest annual cash cost of sales (free on board port)\* per St of \$83.74 
- 4 Reduced 2020 S,G&A expenses 11% to \$32.9 million. 
- 5 Reduced planned capex 40% or \$57.5 million from guidance 
- 6 Delivered positive cash flows from operations and nearly positive free cash flow in a low price environment while continuing to invest \$114.6 million in property, plant and equipment and mine development 
- 7 Maintained strong balance sheet with total liquidity of \$243.5 million, consisting of cash and cash equivalents of \$211.9 million and \$31.6 million available under our ABL Facility 
- 8 Paid regular quarterly cash dividends of \$0.05 per share 

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

# Key Metrics for Q4 2020 vs. Q4 2019

Q4 2020		Q4 2019		% Change
Tons produced (in 000s St)	1,760	Tons produced (in 000s St)	1,813	(3%)
Tons sold (in 000s St)	2,205	Tons sold (in 000s St)	1,655	33%
Gross price realization <sup>(1)</sup>	102%	Gross price realization <sup>(1)</sup>	97%	5%
Average net selling price (per St)	\$93.54	Average net selling price (per St)	\$119.67	(22%)
Revenue (in millions)	\$212.3	Revenue (in millions)	\$204.9	4%
Net loss (in millions)	(\$33.7)	Net income (in millions)	\$20.8	(262%)
Cash cost of sales (per St)*	\$86.37	Cash cost of sales (per St)*	\$85.74	(1%)
Adjusted EBITDA* (in millions)	\$9.2	Adjusted EBITDA* (in millions)	\$45.0	(80%)
Free cash flow* (in millions)	\$1.2	Free cash flow* (in millions)	(\$9.4)	(113%)
Adjusted net loss* (in millions)	(\$32.0)	Adj. net income* (in millions)	\$16.3	(296%)
Diluted EPS/Adjusted Diluted EPS*	(\$0.66) / (\$0.63)	Diluted EPS/Adjusted Diluted EPS*	\$0.41 / \$0.32	(261%) / (297%)

\*See "Non-GAAP Financial Measures".

1 short ton is equivalent to 0.907185 metric tons.

<sup>(1)</sup> For the three months ended December 31, 2020 and 2019, 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 2020 vs. 2019

FY 2020		FY 2019		% Change
Tons produced (in 000s St)	7,862	Tons produced (in 000s St)	8,470	(7%)
Tons sold (in 000s St)	7,424	Tons sold (in 000s St)	7,980	(7%)
Gross price realization <sup>(1)</sup>	96%	Gross price realization <sup>(1)</sup>	98%	(2%)
Average net selling price (per St)	\$102.62	Average net selling price (per St)	\$154.89	(34%)
Revenue (in millions)	\$782.7	Revenue (in millions)	\$1,268.3	(38%)
Net loss (in millions)	(\$35.8)	Net income (in millions)	\$301.7	(112%)
Cash cost of sales (per St)*	\$83.74	Cash cost of sales (per St)*	\$89.95	7%
Adjusted EBITDA* (in millions)	\$108.3	Adjusted EBITDA* (in millions)	\$485.7	(78%)
Free Cash Flow* (in millions)	(\$2.0)	Free Cash Flow* (in millions)	\$402.1	(100%)
Adjusted Net loss* (in millions)	(\$34.8)	Adj. Net income* (in millions)	\$288.6	(112%)
Diluted EPS/Adjusted Diluted EPS*	(\$0.70) / (\$0.68)	Diluted EPS/Adjusted Diluted EPS*	\$5.86 / \$5.61	(112%) / (112%)

\*See "Non-GAAP Financial Measures".

1 short ton is equivalent to 0.907185 metric tons.

<sup>(1)</sup> For the year ended December 31, 2020 and 2019, 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.

# Breaking Down Warrior's Capital Expenditures

## 2020 Capex Detail

(\$mm)

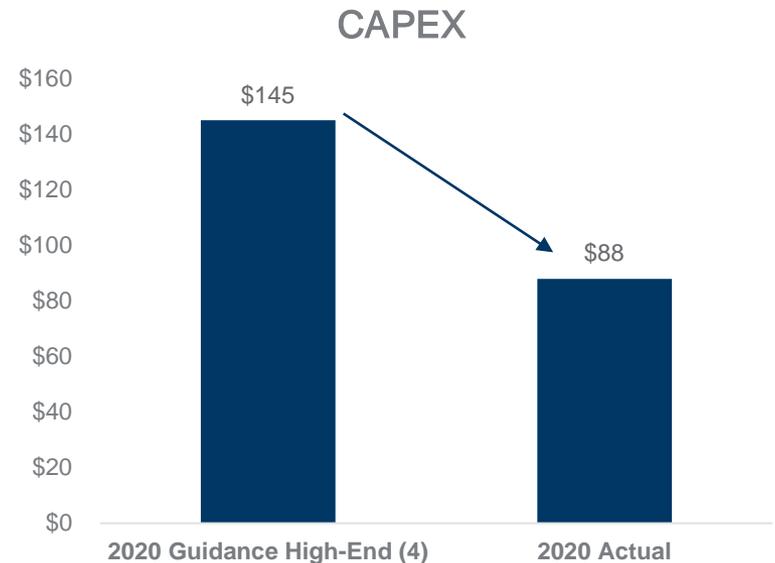
### Sustaining<sup>(1)</sup>

Mines	\$53
Gas operations	\$7
<b>Total Sustaining<sup>(1)</sup></b>	<b>\$60</b>

### Discretionary

Blue Creek <sup>(2)</sup>	\$3
4 North Portal <sup>(3)</sup>	\$25
<b>Total Discretionary</b>	<b>\$28</b>

<b>Total 2020 Spending</b>	<b>\$88</b>
----------------------------	-------------



Reduced planned capex 40%  
or \$58 million

# 4 North Shaft and Hoist Construction Update

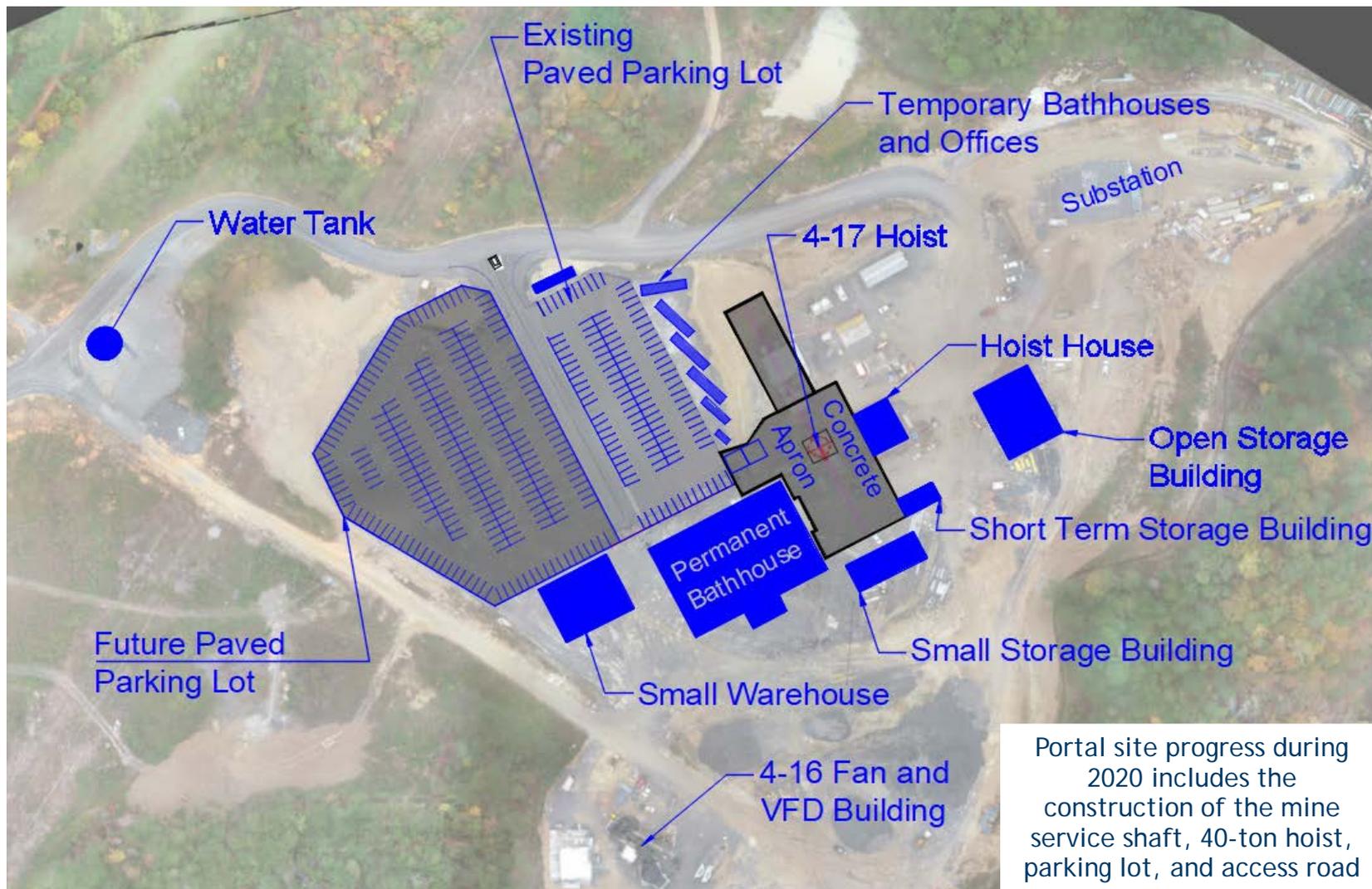


View of Partial 4N Site from the Top of 4-17 Headframe



Permanent Hoist Headframe and Hoist House

## 4 North Portal General Layout



# Leverage and Liquidity Analysis

## Financial Metrics (\$MM except ratios)

### Leverage (for the trailing twelve months ended Dec. 31, 2020)

Adjusted EBITDA*	\$108.3
Consolidated Net Debt* <sup>(1)</sup>	\$206.5
<b>Net Leverage Ratio <sup>(3)</sup></b>	<b>1.91x</b>

### Liquidity (as of Dec. 31, 2020)

Cash and Cash Equivalents	\$211.9
Asset-Based Revolving Credit Agreement Availability <sup>(2)</sup>	\$31.6
<b>Total Liquidity</b>	<b>\$243.5</b>

\*See "Non-GAAP Financial Measures".

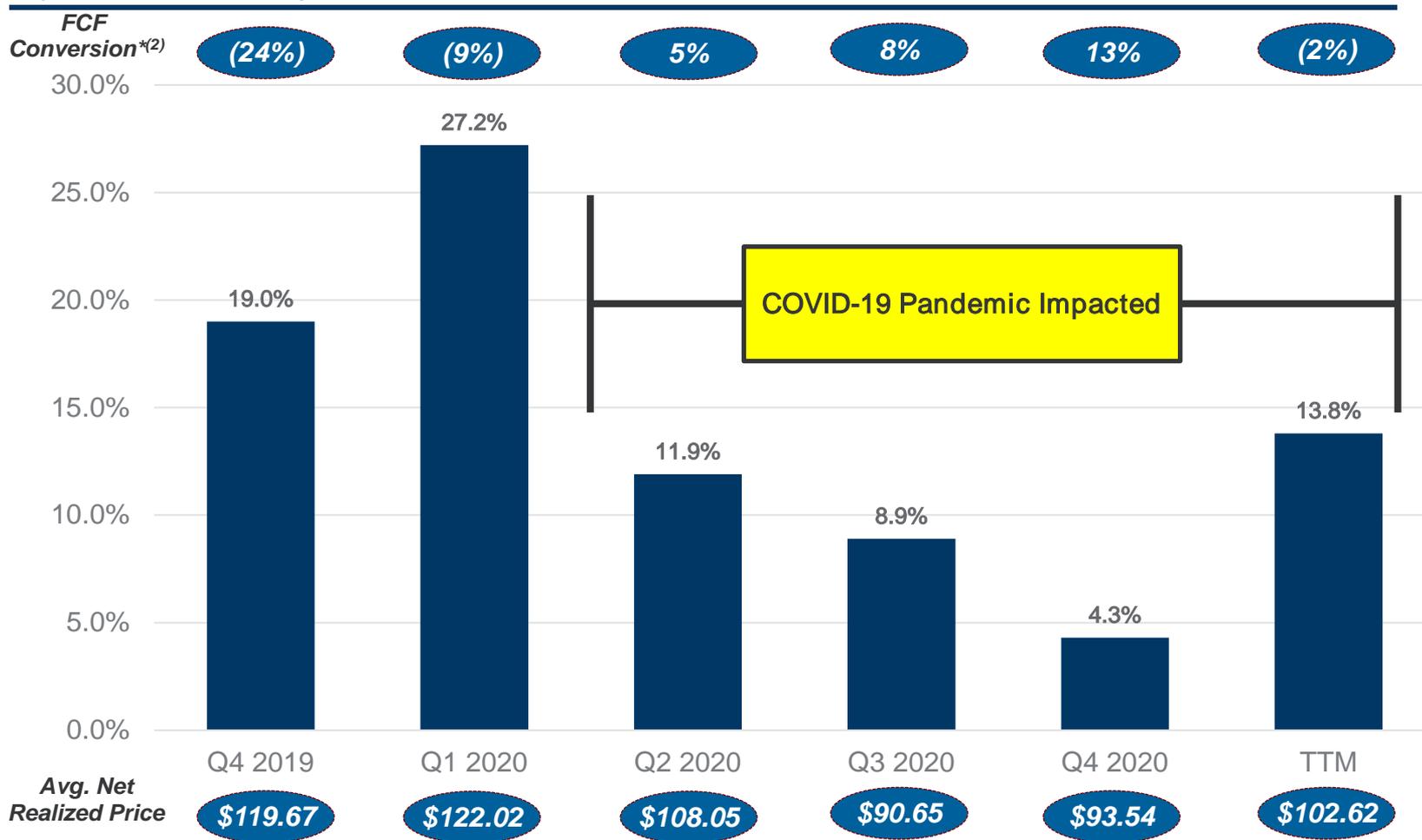
(1) Calculated as of December 31, 2020, and represents total long-term debt of \$379.9 million, plus capital lease obligations of \$38.5 million, less cash and cash equivalents of \$211.9 million.

(2) Net of \$40.0 million in borrowings and outstanding letters of credit of \$9.4 million.

(3) Represents consolidated net debt of \$206.5 million divided by Adjusted EBITDA of \$108.3 million.

# Generated Significant Free Cash Flow\* on Strong Conversion of Adjusted EBITDA\* Margins<sup>(1)</sup>

Adjusted EBITDA\* Margin <sup>(1)</sup>



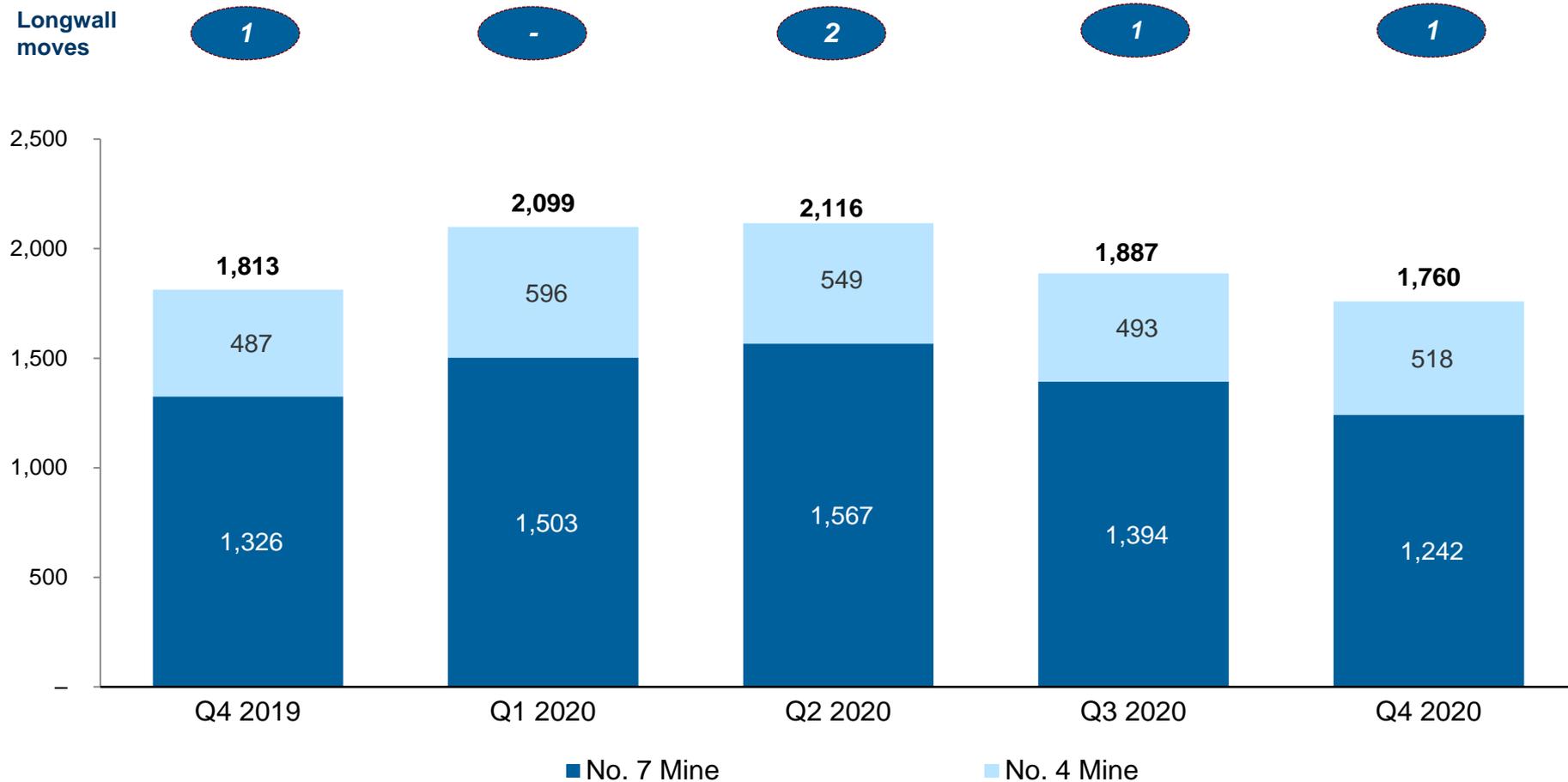
\*See "Non-GAAP Financial Measures".

(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 Overview

Tons Produced (thousand st)



1 short ton is equivalent to 0.907185 metric tons.

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

## Industry Leader in Environmental Stewardship

- Compliance measured against Sustainability Accounting Standards Board (SASB) -- Coal Operations
- 99.8% compliance rate with environmental water regulations
- 67% of methane produced through mining process captured by operations for conversion to natural gas
- Goal to reduce water usage at current facilities by 25% by 2030
- 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 released bond or transferred 1,333 acres from reclamation since 2017 a 18% reduction in the total surface area
- Minimal reclamation costs required annually

Underground mining of met coal typically has far less environmental impacts than surface mining of thermal coal - 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 25% 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 Bevill 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, 2020 (Unaudited)		For the three months ended December 30, 2019 (Unaudited)	
	Short Tons	Metric Tons	Short Tons	Metric Tons
Tons sold (in 000s)	2,205	2,001	1,655	1,502
Tons produced (in 000s)	1,760	1,596	1,813	1,644
Gross price realization <sup>(1)</sup>	102%	102%	97%	97%
Average net selling price per ton	\$93.54	\$103.08	\$119.67	\$131.86
Cash cost of sales (free-on-board port) per ton*	\$86.67	\$95.17	\$85.74	\$94.48

\*See "Non-GAAP Financial Measures".

1 short ton is equivalent to 0.907185 metric tons.

<sup>(1)</sup> For the three months ended December 31, 2020 and 2019, 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, 2020		For the year ended December 31, 2019	
	Short Tons	Metric Tons	Short Tons	Metric Tons
Tons sold (in 000s)	7,424	6,735	7,980	7,240
Tons produced (in 000s)	7,862	7,132	8,470	7,683
Gross price realization <sup>(1)</sup>	96%	96%	98%	98%
Average net selling price per ton	\$102.62	\$113.12	\$154.89	\$170.72
Cash cost of sales (free-on-board port) per ton*	\$83.74	\$92.31	\$89.95	\$99.15

\*See "Non-GAAP Financial Measures".

1 short ton is equivalent to 0.907185 metric tons.

<sup>(1)</sup> For the year ended December 31, 2020 and 2019, 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 Dec. 31, (Unaudited)		For the year ended Dec. 31, (Unaudited)	
	2020	2019	2020	2019
Net (loss) income	\$ (33,711)	\$ 20,751	\$ (35,761)	\$ 301,699
Interest expense, net	8,463	6,542	32,310	29,335
Income tax (benefit) expense	(10,808)	(3,222)	(20,144)	65,417
Depreciation and depletion	39,279	23,678	118,092	97,330
Asset retirement obligation accretion and valuation adj.	433	(10,327)	2,631	(7,891)
Stock compensation expense	1,968	1,602	7,602	5,820
Other non-cash accretion and valuation adjustments	4,955	5,970	6,014	7,042
Loss on early extinguishment of debt	-	-	-	9,756
Other income and expenses	(1,429)	-	(2,468)	(22,815)
<b>Adjusted EBITDA</b>	<b>\$ 9,150</b>	<b>\$ 44,994</b>	<b>\$ 108,276</b>	<b>\$ 485,693</b>
Total revenues	\$ 212,253	\$ 204,901	\$ 782,738	\$ 1,268,309
<b>Adjusted EBITDA margin<sup>(1)</sup></b>	<b>4.3%</b>	<b>22.0%</b>	<b>13.8%</b>	<b>38.3%</b>

<sup>(1)</sup> 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 Dec. 31, (Unaudited)		For the year ended Dec. 31, (Unaudited)	
	2020	2019	2020	2019
Net cash provided by operating activities	\$ 30,473	\$ 24,549	\$ 112,626	\$ 532,814
Purchases of property, plant and equipment and mine development costs	(29,265)	(33,906)	(114,581)	(130,670)
Free cash flow	<u>\$ 1,208</u>	<u>\$ (9,357)</u>	<u>\$ (1,955)</u>	<u>\$ 402,144</u>
Adjusted EBITDA	\$ 9,150	\$ 44,994	\$ 108,276	\$ 485,693
Free cash flow conversion <sup>(1)</sup>	13.2%	-20.8%	-1.8%	82.8%

<sup>(1)</sup> Free cash flow conversion defined as free cash flow divided by Adjusted EBITDA.

# Appendix

## Non-GAAP Financial Measures

### Reconciliation of Adjusted Net Income (Loss) to Amounts Reported Under U.S. GAAP

(in thousands)	For the three months ended Dec. 31, (Unaudited)		For the year ended Dec. 31, (Unaudited)	
	2020	2019	2020	2019
Net (loss) income	\$ (33,711)	\$ 20,751	\$ (35,761)	\$ 301,699
Asset retirement obligation valuation adjustments, net of tax	(238)	(9,089)	(238)	(9,089)
Other non-cash valuation adjustments, net of tax	2,944	4,613	2,944	4,613
Loss on early extinguishment of debt, net of tax	—	—	—	9,756
Other income and expenses, net of tax	(1,026)	-	(1,772)	(18,331)
<b>Adjusted net (loss) income</b>	<b>\$ (32,031)</b>	<b>\$ 16,275</b>	<b>\$ (34,827)</b>	<b>\$ 288,648</b>
Weighted average number of basic shares outstanding	51,190	51,051	51,168	51,363
Weighted average number of diluted shares outstanding	51,190	51,201	51,168	51,493
Adjusted diluted net (loss) income per share:	(\$0.63)	\$0.32	(\$0.68)	\$5.61

# Appendix

## Non-GAAP Financial Measures

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

	For the three months ended Dec. 31, (Unaudited)		For the year ended Dec. 31, (Unaudited)	
	2020	2019	2020	2019
(in thousands)				
Cost of sales	\$ 191,509	\$ 142,707	\$ 625,170	\$ 720,745
Asset retirement obligation accretion and valuation adjustments	(596)	(399)	(1,702)	(1,519)
Stock compensation expense	(477)	(405)	(1,789)	(1,405)
Cash cost of sales (free-on-board port)	<u>\$ 190,436</u>	<u>\$ 141,903</u>	<u>\$ 621,679</u>	<u>\$ 717,821</u>