



# Fourth Quarter 2021 Results

February 22, 2022



# 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 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 (including strikes and slowdowns) 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 second 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, 2021 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 years ended December 31, 2021 and 2020 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.*

# Full Year 2021 Achievements

- 1 Achieved sales volume of 5.7 million metric tons ("Mt") and cash cost of sales (free-on-board port) per Mt of \$96 
- 2 Achieved production volume of 5.1 million Mt comprised of 4.4 million Mt from Mine 7 and 0.7 million Mt from Mine No. 4 
- 3 Delivered positive cash flow from operations of \$351.5 million and free cash flow of \$280.2 million while continuing to invest \$71.4 million in capex and mine development 
- 4 Strengthened balance sheet with total liquidity of \$479.0 million, consisting of cash and cash equivalents of \$395.8 million and \$83.2 million available under our ABL Facility 
- 5 Successfully refinanced our Senior Notes and amended our ABL Facility to strengthen our balance sheet and financial position for long term success 
- 6 Achieved adjusted EBITDA of \$457.0 million and adjusted EBITDA margin of 43.1% 
- 7 Achieved adjusted net income of \$227.7 million, \$4.43 per share 
- 8 Declared regular quarterly cash dividend 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 2021 vs. Q4 2020

Q4 2021		Q4 2020		% Change
Tons produced (in 000s Mt)	1,005	Tons produced (in 000s Mt)	1,596	(37%)
Tons sold (in 000s Mt)	1,314	Tons sold (in 000s Mt)	2,001	(34%)
Gross price realization <sup>(1)</sup>	85%	Gross price realization <sup>(1)</sup>	103%	(17%)
Average net selling price (per Mt)	\$301.97	Average net selling price (per Mt)	\$103.08	193%
Revenue (in millions)	\$415.5	Revenue (in millions)	\$212.3	96%
Net income (in millions)	\$138.5	Net loss (in millions)	(\$33.7)	511%
Cash cost of sales (per Mt)	\$116.67	Cash cost of sales (per Mt)	\$95.17	(23%)
Adjusted EBITDA (in millions)	\$240.2	Adjusted EBITDA (in millions)	\$9.2	2,511%
Free cash flow (in millions)	\$151.0	Free cash flow (in millions)	\$1.2	12,483%
Adjusted net income (in millions)	\$163.3	Adj. net loss (in millions)	(\$32.0)	610%
Diluted EPS/Adjusted Diluted EPS	\$2.68 / \$3.17	Diluted EPS/Adjusted Diluted EPS	(\$0.66) / (\$0.63)	506% / 603%

\*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, 2021 and 2020, 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 Years Ended December 31, 2021 vs. 2020

For the year ended December 31, 2021		For the year ended December 31, 2020		% Change
Tons produced (in 000s Mt)	5,084	Tons produced (in 000s Mt)	7,132	(29%)
Tons sold (in 000s Mt)	5,699	Tons sold (in 000s Mt)	6,735	(15%)
Gross price realization <sup>(1)</sup>	92%	Gross price realization <sup>(1)</sup>	96%	(4%)
Average net selling price (per Mt)	\$180.43	Average net selling price (per Mt)	\$113.12	60%
Revenue (in millions)	\$1,059.2	Revenue (in millions)	\$782.7	35%
Net income (in millions)	\$150.9	Net loss (in millions)	(\$35.8)	522%
Cash cost of sales (per Mt)	\$96.43	Cash cost of sales (per Mt)	\$92.31	(4%)
Adjusted EBITDA (in millions)	\$457.0	Adjusted EBITDA (in millions)	\$108.3	322%
Free cash flow (in millions)	\$280.2	Free cash flow (in millions)	(\$2.0)	14,110%
Adjusted net income (in millions)	\$227.7	Adjusted net income (in millions)	(\$34.8)	754%
Diluted EPS/Adjusted Diluted EPS	\$2.93 / \$4.43	Diluted EPS/Adjusted Diluted EPS	(\$0.70) / (\$0.68)	519% / 751%

\*See "Non-GAAP Financial Measures".

1 short ton is equivalent to 0.907185 metric tons.

<sup>(1)</sup> For the year ended December 31, 2021 and 2020, 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.

# Leverage and Liquidity Analysis

## Financial Metrics (\$MM except ratios)

### Leverage (for the year ended December 31, 2021)

Adjusted EBITDA*	\$457.0
Consolidated Net Debt* <sup>(1)</sup>	(3.9)
<b>Net Leverage Ratio <sup>(2)</sup></b>	<b>(0.01x)</b>

### Liquidity (as of December 31, 2021)

Cash and Cash Equivalents	\$395.8
Asset-Based Revolving Credit Agreement Availability <sup>(3)</sup>	\$83.2
<b>Total Liquidity</b>	<b>\$479.0</b>

\*See "Non-GAAP Financial Measures".

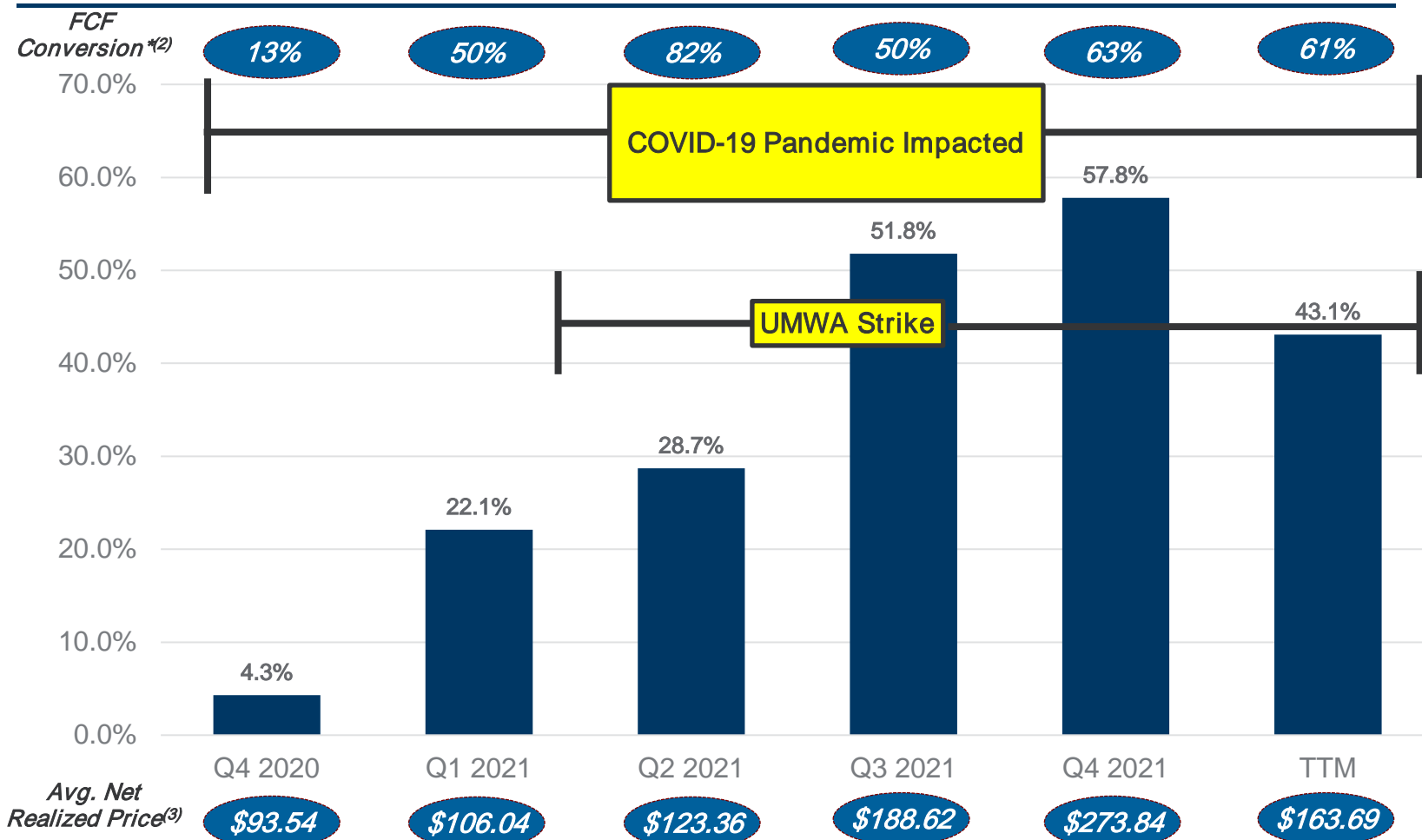
(1) Calculated as of December 31, 2021, and represents total long-term debt of \$339.8 million, plus capital lease obligations of \$52.1 million, less cash and cash equivalents of \$395.8 million.

(2) Represents consolidated net debt of (\$3.9) million divided by Adjusted EBITDA of \$457.0 million.

(3) Net of outstanding letters of credit of \$9.4 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\*

# Appendix

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# Appendix

	For the three months ended December 31, 2021 (Unaudited)		For the three months ended December 31, 2020 (Unaudited)	
	Short Tons	Metric Tons	Short Tons	Metric Tons
Tons sold (in 000s)	1,449	1,314	2,205	2,001
Tons produced (in 000s)	1,108	1,005	1,760	1,596
Gross price realization <sup>(1)</sup>	85%	85%	102%	102%
Average net selling price per ton	\$273.84	\$301.97	\$93.54	\$103.08
Cash cost of sales (free-on-board port) per ton*	\$105.80	\$116.67	\$86.37	\$95.17

\*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, 2021 and 2020, 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, 2021 (Unaudited)		For the year ended December 31, 2020 (Unaudited)	
	Short Tons	Metric Tons	Short Tons	Metric Tons
Tons sold (in 000s)	6,282	5,699	7,424	6,735
Tons produced (in 000s)	5,604	5,084	7,862	7,132
Gross price realization <sup>(1)</sup>	92%	92%	96%	96%
Average net selling price per ton	\$163.69	\$180.43	\$102.62	\$113.12
Cash cost of sales (free-on-board port) per ton*	\$87.48	\$96.43	\$83.74	\$92.31

\*See "Non-GAAP Financial Measures".

1 short ton is equivalent to 0.907185 metric tons.

<sup>(1)</sup> For the years ended December 31, 2021 and 2020, 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, (Unaudited)		For the years ended December 31, (Unaudited)	
	2021	2020	2021	2020
Net income (loss)	\$ 138,490	\$ (33,711)	\$ 150,881	\$ (35,761)
Interest expense, net	9,435	8,463	35,389	32,310
Income tax expense (benefit)	26,657	(10,808)	49,096	(20,144)
Depreciation and depletion	39,397	39,279	141,418	118,092
Asset retirement obligation accretion and valuation adjustments	1,011	433	3,427	2,631
Stock compensation expense	607	1,968	9,370	7,602
Other non-cash accretion and valuation adjustments	800	4,955	1,881	6,014
Non-cash mark-to-market (gain) loss on gas hedges	(7,066)	—	1,595	—
Loss on early extinguishment of debt	9,678	—	9,678	—
Business interruption	7,480	—	21,372	—
Idle mine	13,696	—	33,899	—
Other income	—	(1,429)	(998)	(2,468)
<b>Adjusted EBITDA</b>	<b>\$ 240,185</b>	<b>\$ 9,150</b>	<b>\$ 457,008</b>	<b>\$ 108,276</b>
Total revenues	\$ 415,545	\$ 212,253	\$ 1,059,216	\$ 782,738
<b>Adjusted EBITDA margin<sup>(1)</sup></b>	<b>57.8%</b>	<b>4.3%</b>	<b>43.1%</b>	<b>13.8%</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 December 31, (Unaudited)		For the years ended December 31, (Unaudited)	
	2021	2020	2021	2020
Net cash provided by operating activities	\$ 174,713	\$ 30,473	\$ 351,543	\$ 112,626
Purchases of property, plant and equipment and mine development costs	(23,744)	(29,265)	(71,355)	(114,581)
<b>Free cash flow</b>	<b>\$ 150,969</b>	<b>\$ 1,208</b>	<b>\$ 280,188</b>	<b>\$ (1,955)</b>
Adjusted EBITDA	\$ 240,185	\$ 9,150	\$ 457,008	\$ 108,276
Free cash flow conversion <sup>(1)</sup>	62.9%	13.2%	61.3%	-1.8%

<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 December 31, (Unaudited)		For the years ended December 31, (Unaudited)	
	2021	2020	2021	2020
Net income (loss)	\$ 138,490	\$ (33,711)	\$ 150,881	\$ (35,761)
Alabama state income tax valuation allowance	—	—	24,965	—
Asset retirement obligation valuation adjustments, net of tax	150	(238)	150	(238)
Other non-cash valuation adjustments, net of tax	347	2,944	347	2,944
Business interruption, net of tax	5,898	—	16,852	—
Idle mine, net of tax	10,799	—	26,729	—
Loss on early extinguishment of debt, net of tax	7,631	—	7,631	—
Incremental stock compensation expense, net of tax	—	—	960	—
Other income, net of tax	—	(1,026)	(820)	(1,772)
<b>Adjusted net income (loss)</b>	<b>\$ 163,315</b>	<b>\$ (32,031)</b>	<b>\$ 227,695</b>	<b>\$ (34,827)</b>
Weighted average number of basic shares outstanding	51,430	51,190	51,382	51,168
Weighted average number of diluted shares outstanding	51,580	51,190	51,445	51,168
<b>Adjusted diluted net income (loss) per share:</b>	<b>\$3.17</b>	<b>(\$0.63)</b>	<b>\$4.43</b>	<b>(\$0.68)</b>

# 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, (Unaudited)		For the years ended December 31, (Unaudited)	
	2021	2020	2021	2020
Cost of sales	\$ 155,194	\$ 191,509	\$ 554,282	\$ 625,170
Asset retirement obligation accretion and valuation adjustments	(1,506)	(596)	(2,802)	(1,702)
Stock compensation expense	(380)	(477)	(1,917)	(1,789)
Cash cost of sales (free-on-board port)	<u>\$ 153,308</u>	<u>\$ 190,436</u>	<u>\$ 549,563</u>	<u>\$ 621,679</u>