



Steel Success Strategies XXVIII 2013



Coking Coal – Evolving to Support
the “Iron Age”

June 19, 2013

New York, New York

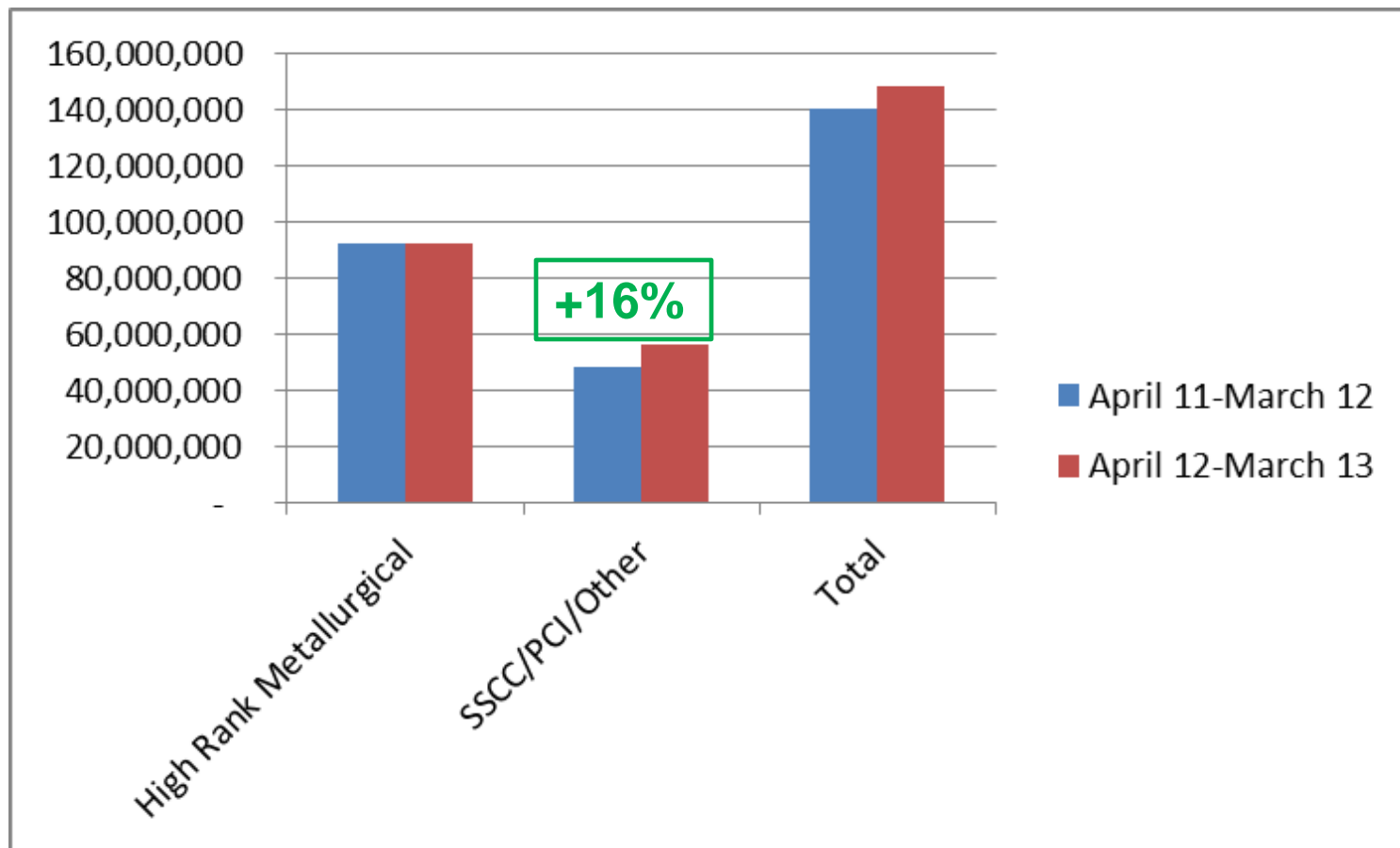
We Manage the Process
From the Ground Up



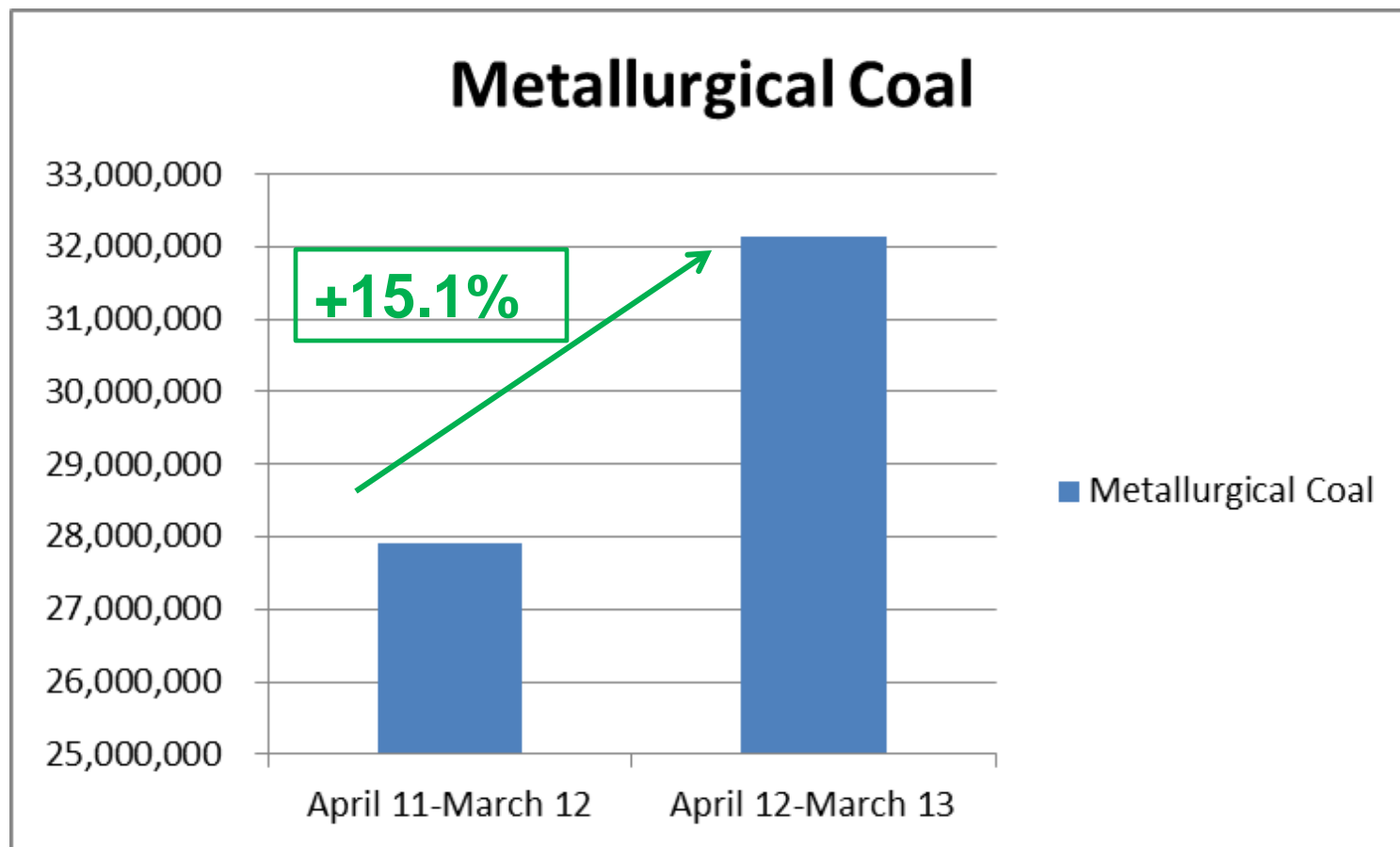
2013 Market

- » Although lower than previous years, year-on-year demand for coking coal continues to grow
- » Customer requirements are changing
 - Due to the challenging state of the steel industry, customers are utilizing lower grade coking coals to reduce costs
- » Pricing in the market is being driven by oversupply

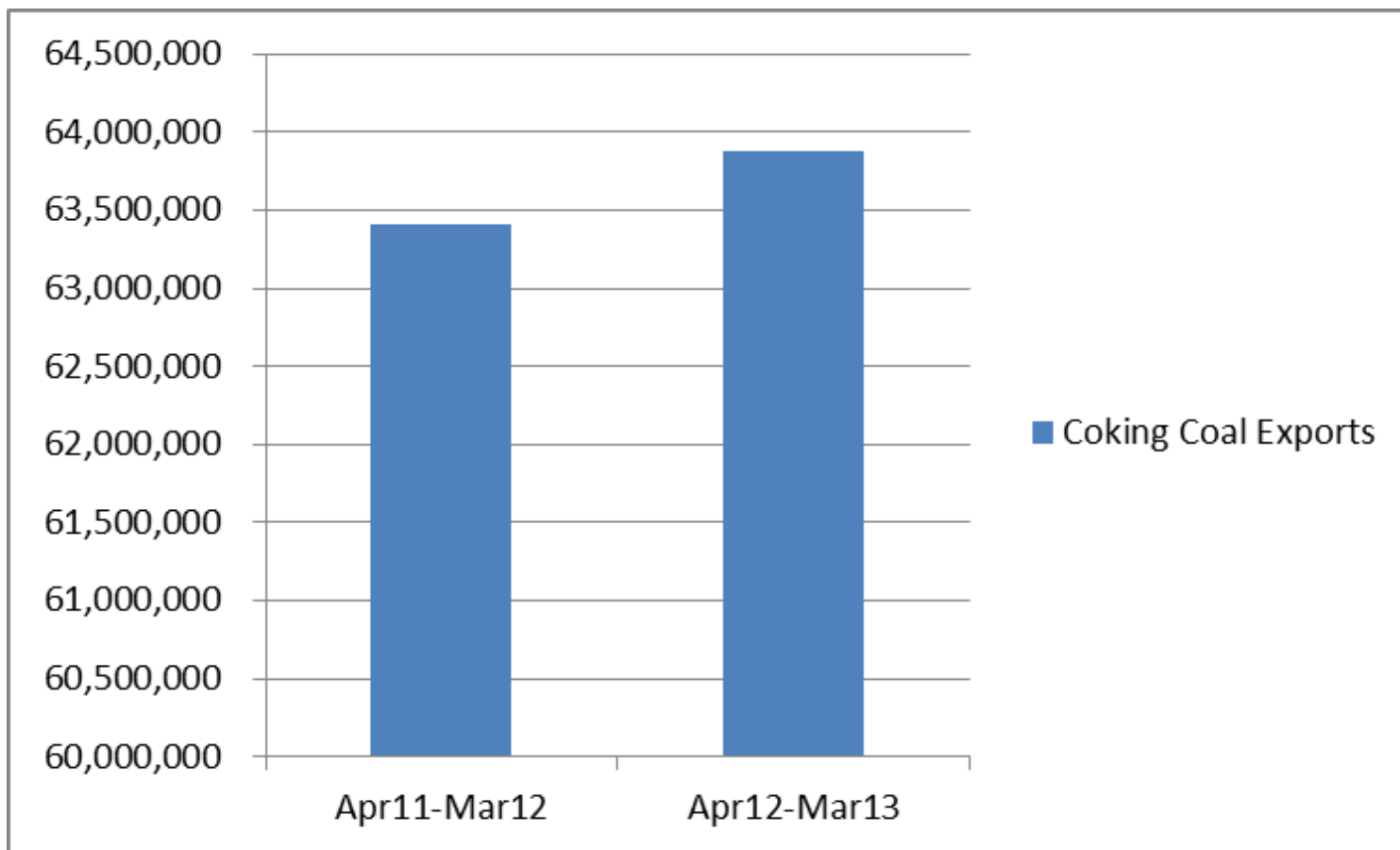
Australia Coking Coal Exports Comparison FY2011 vs. FY2012



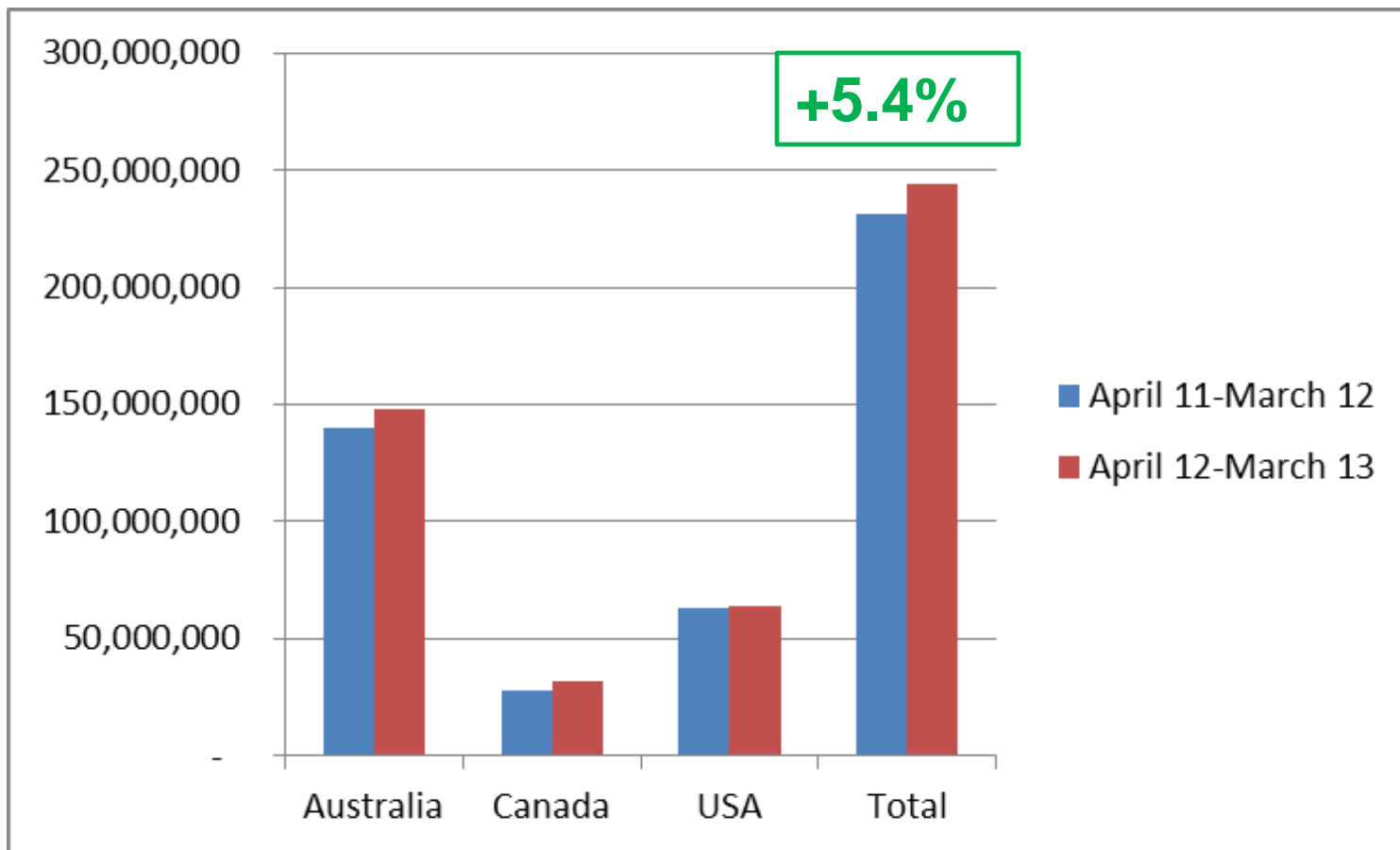
Canada Coking Coal Exports Comparison FY2011 vs. FY2012



USA Coking Coal Exports Comparison FY2011 vs. FY2012

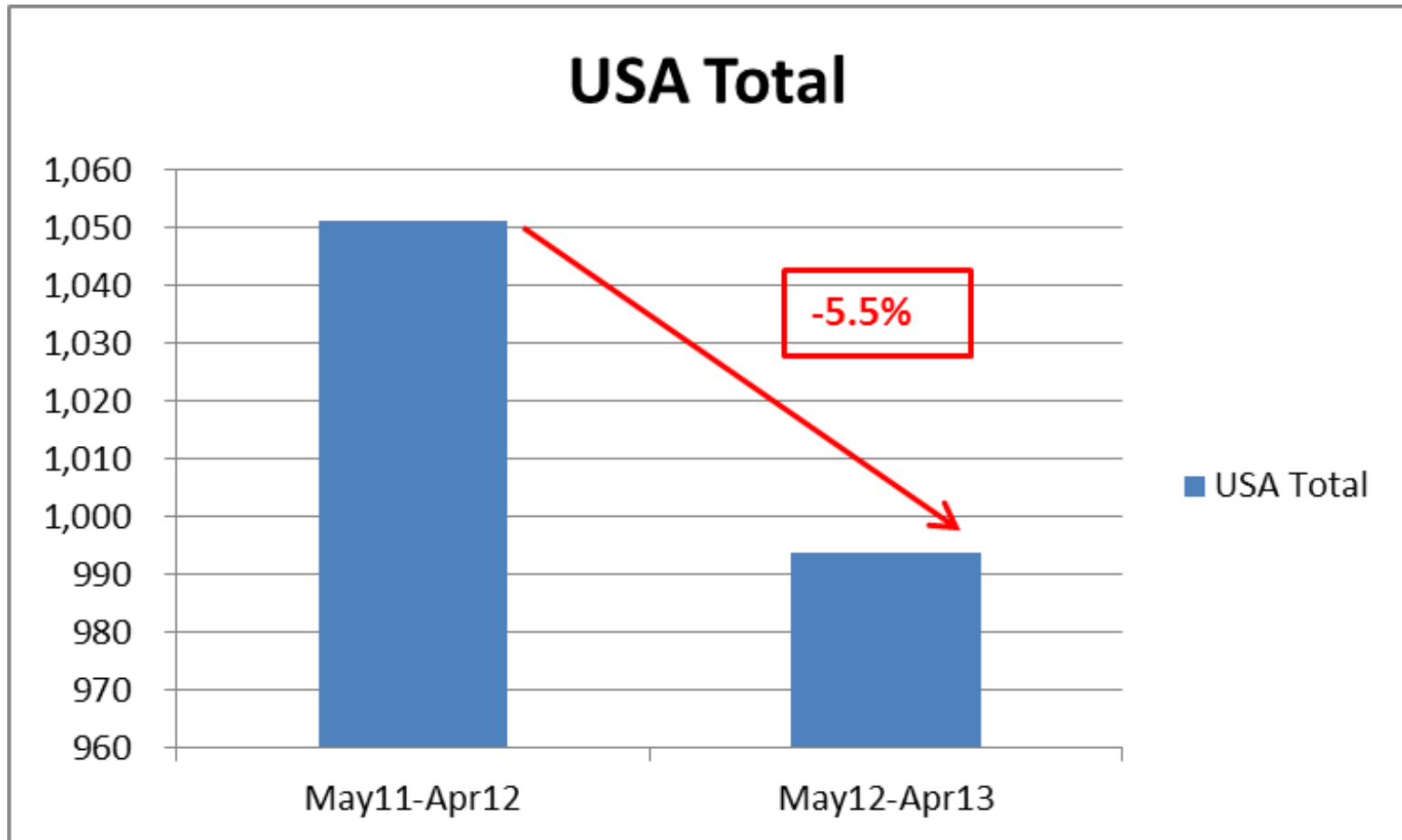


Major Seaborne Coking Coal Exports Comparison FY2011 vs. FY2012



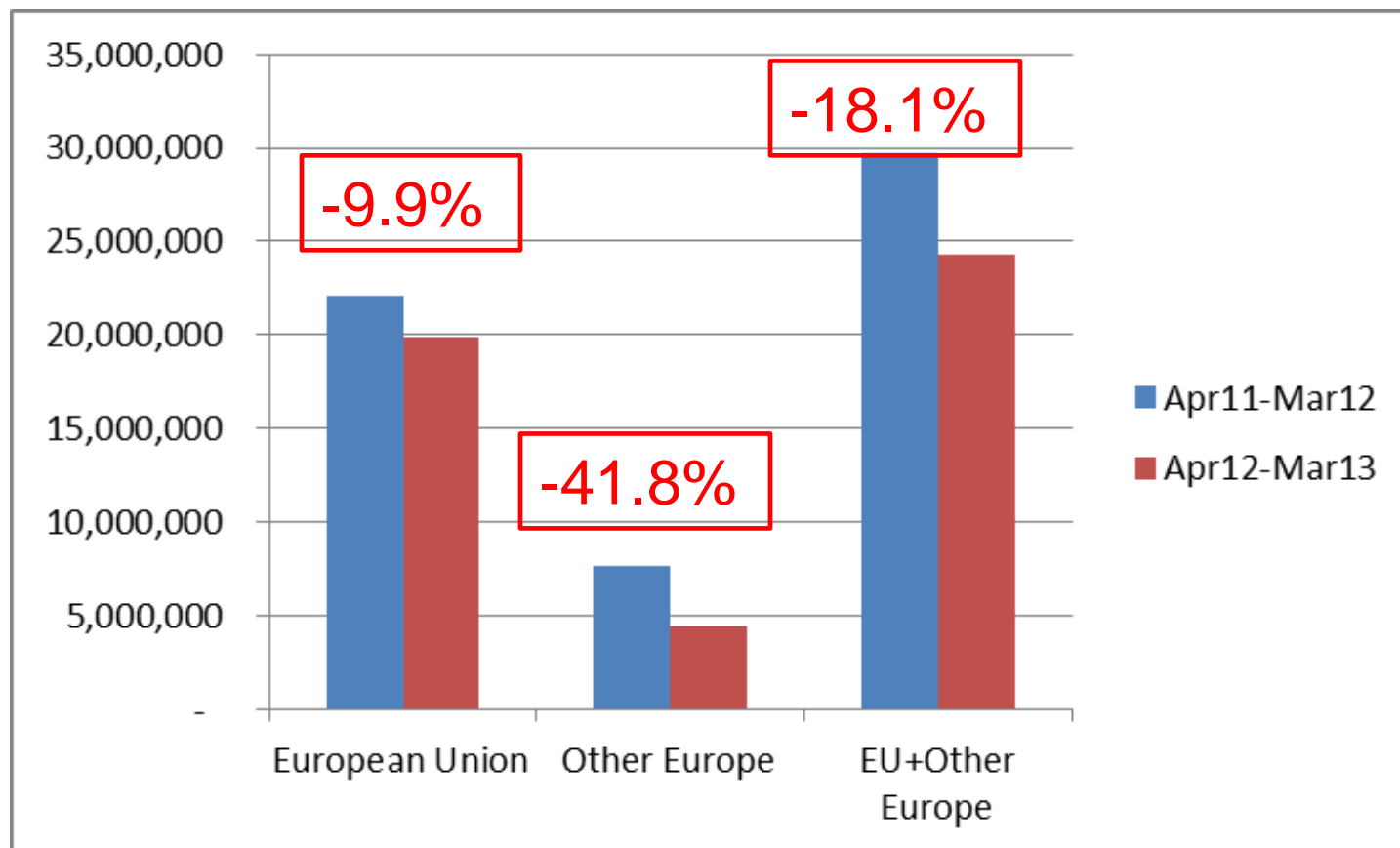
USA Total Coal Production

(Metric tons-millions)



US Coking Coal – Exports to Europe

LTM April11-March 12 vs. April12-March 13(MT)



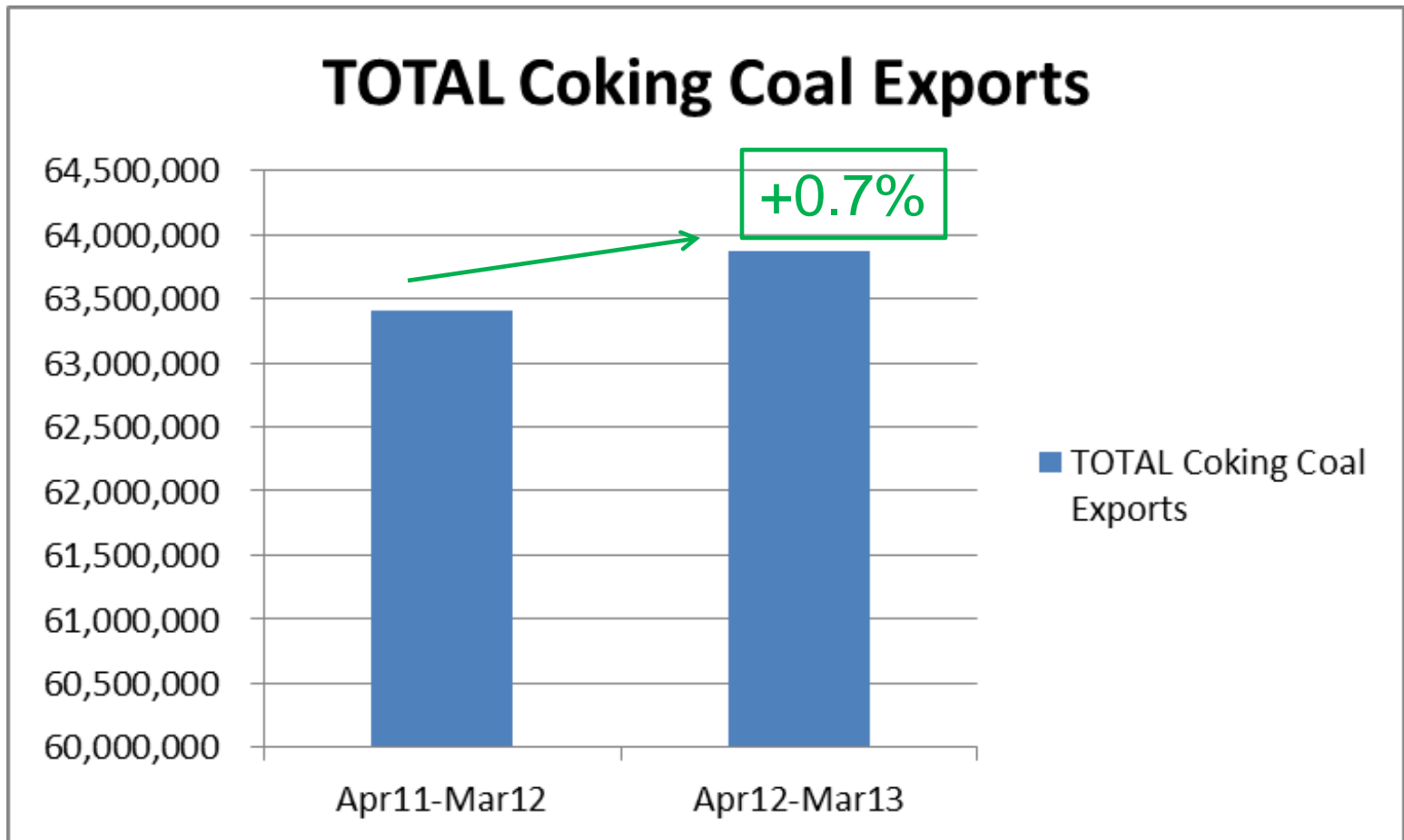
US Coking Coal – Exports to Asia

LTM April11-March 12 vs. April12-March 13(MT)



US Coking Coal – Total Exports

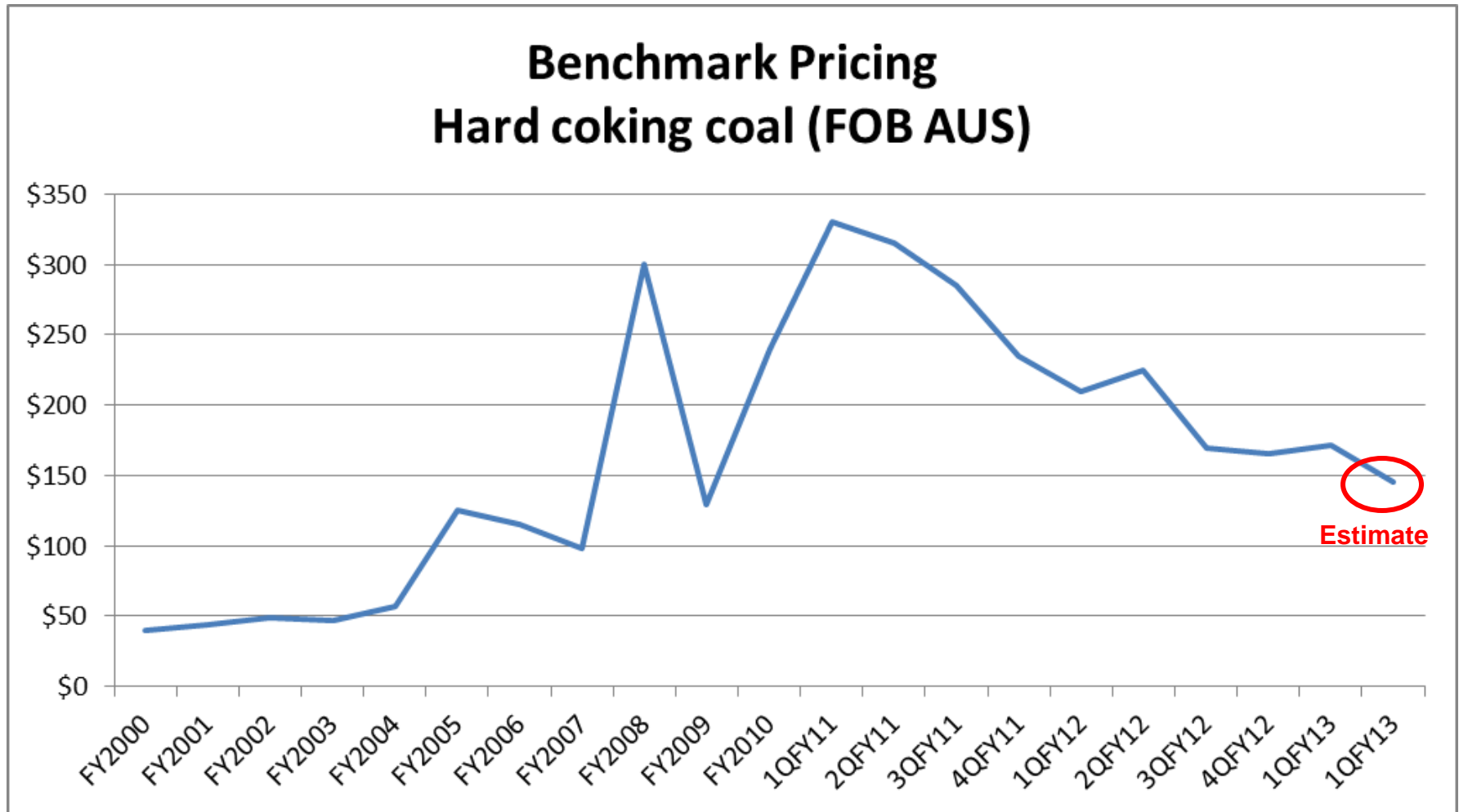
LTM April11-March 12 vs. April12-March 13(MT)



Benchmark & Index Pricing – Coking Coal

- » In a oversupplied market, less than 10% of seaborne traded coking coal is priced at the "headline" benchmark price
- » Customers are shifting to shorter term pricing
 - Annual > Quarterly > Monthly > Spot
- » Indices are based on thinly traded markets and are struggling to accurately reflect physical transactions
- » Increased pricing volatility resulting from the transition to different pricing methodology

Seaborne Coking Coal Benchmark Pricing



Summary

- » The global market for coking coal continues to grow but is challenged by current market pricing
- » The evolution of pricing models, and changing quality requirements, will force coal producers to become more short term oriented
- » The current oversupplied market, and low prices, will force coal producers to cut production and reduce investment in new projects
- » Low cost producers will survive and benefit from the adjustment in the marketplace

Credits

John T. Boyd Company

- » Financial Times
- » Macquarie Research
- » McCloskey Group
- » SSY Research
- » T. Parker Host
- » World Steel Dynamics

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