GOODYEAR TIRE & RUBBER CO /OH/
Form 11-K
June 04, 2013
Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 11-K

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE

SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2012

Commission File Number: 1-1927

GOODYEAR DUNLOP TIRES NORTH AMERICA, LTD.

EMPLOYEE SAVINGS PLAN FOR BARGAINING UNIT EMPLOYEES

(Full title of the Plan)

THE GOODYEAR TIRE & RUBBER COMPANY

(Name of Issuer of the Securities)

200 Innovation Way

Akron, Ohio 44316-0001

(Address of Issuer s Principal Executive Office)

Table of Contents

TABLE OF CONTENTS

ITEM 1. Not applicable.
ITEM 2. Not applicable.
ITEM 3. Not applicable.
ITEM 4. FINANCIAL STATEMENTS OF THE PLAN
EXHIBITS.
SIGNATURES
EX-23.1

Table of Contents

GOODYEAR DUNLOP TIRES NORTH AMERICA, LTD.

EMPLOYEE SAVINGS PLAN FOR BARGAINING UNIT EMPLOYEES

ITEM 1. Not applicable.

ITEM 2. Not applicable.

ITEM 3. Not applicable.

ITEM 4. FINANCIAL STATEMENTS OF THE PLAN

The Financial Statements of the Goodyear Dunlop Tires North America, Ltd. Employee Savings Plan for Bargaining Unit Employees (the Plan) as of December 31, 2012 and 2011 and for the fiscal year ended December 31, 2012, together with the report of Bober, Markey, Fedorovich & Company, independent registered public accounting firm, are attached to this Annual Report on Form 11-K as Annex A, and are by specific reference incorporated herein and filed as a part hereof. The Financial Statements and the Notes thereto are presented in lieu of the financial statements required by Items 1, 2 and 3 of Form 11-K. The Plan is subject to the requirements of the Employee Retirement Income Security Act of 1974 (ERISA).

EXHIBITS.

EXHIBIT 23.1. Consent of Bober, Markey, Fedorovich & Company, independent registered public accounting firm.

Table of Contents

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Plan Administrator has duly caused this Annual Report to be signed by the undersigned thereunto duly authorized.

GOODYEAR DUNLOP TIRES NORTH AMERICA, LTD.

Plan Administrator of the GOODYEAR DUNLOP TIRES

NORTH AMERICA, LTD. EMPLOYEE SAVINGS PLAN

FOR BARGAINING UNIT EMPLOYEES

June 4, 2013

/s/ Mai Yee
Mai Yee, Assistant Treasurer

Table of Contents

ANNEX A TO FORM 11-K

GOODYEAR DUNLOP TIRES NORTH AMERICA, LTD.

EMPLOYEE SAVINGS PLAN FOR BARGAINING UNIT EMPLOYEES

* * * * *

FINANCIAL STATEMENTS AND

SUPPLEMENTAL INFORMATION

DECEMBER 31, 2012 and 2011

Table of Contents

GOODYEAR DUNLOP TIRES NORTH AMERICA, Ltd.

EMPLOYEE SAVINGS PLAN

FOR BARGAINING UNIT EMPLOYEES

TABLE OF CONTENTS

	Page No.
REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM	1 2
FINANCIAL STATEMENTS	
Statements of Net Assets Available for Benefits at December 31, 2012 and 2011	3
Statement of Changes in Net Assets Available for Benefits for the Year Ended December 31, 2012	4
Notes to Financial Statements	5 16
SUPPLEMENTAL SCHEDULE	
Schedule H, Line 4i Schedule of Assets (Held at End of Year)	17

Note: Certain schedules required by the Department of Labor s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because of the absence of the conditions under which they are required.

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Participants and Administrator

of the Goodyear Dunlop Tires North America, Ltd.

Employee Savings Plan for Bargaining Unit Employees

Buffalo, New York

We have audited the accompanying statements of net assets available for benefits of the Goodyear Dunlop Tires North America, Ltd. Employee Savings Plan for Bargaining Unit Employees (the Plan) as of December 31, 2012 and 2011, and the related statement of changes in net assets available for benefits for the year ended December 31, 2012. These financial statements are the responsibility of the Plan s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for benefits of the Goodyear Dunlop Tires North America, Ltd. Savings Plan for Salaried Employees as of December 31, 2012 and 2011 and the changes in its net assets available for benefits for the year ended December 31, 2012 in conformity with accounting principles generally accepted in the United States of America.

Table of Contents

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental Schedule of Assets (Held at End of Year) as of December 31, 2012, is presented for the purpose of additional analysis and is not a required part of the basic financial statements but is supplemental information required by the Department of Labor s Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This supplemental information is the responsibility of the Plan s management. The supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

/s/ BOBER, MARKEY, FEDOROVICH & COMPANY

Akron, Ohio

May 28, 2013

Table of Contents

GOODYEAR DUNLOP TIRES NORTH AMERICA, Ltd.

EMPLOYEE SAVINGS PLAN

FOR BARGAINING UNIT EMPLOYEES

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

December 31, 2012, and 2011

(Dollars in Thousands)

	2012	2011
Plan s Interest in Commingled Trust, at Fair Value	$ 55,021	$ 49,870
Notes Receivable from Participants	2,993	2,949
Contribution Receivable Employer	4	6
Contribution Receivable Employee	41	54
Net Assets Available for Benefits, at Fair Value	58,059	52,879
Adjustment from Fair Value to Contract Value for Stable Value Investment	(472)	(373)
Net Assets Available for Benefits	$ 57,587	$ 52,506

The accompanying notes are an integral part of these financial statements.

Table of Contents

GOODYEAR DUNLOP TIRES NORTH AMERICA, Ltd.

EMPLOYEE SAVINGS PLAN

FOR BARGAINING UNIT EMPLOYEES

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

For the Year Ended December 31, 2012

(Dollars in Thousands)	
Contributions:	
Employer	$ 293
Employee	2,617
Total Contributions	2,910
Deductions:	
Benefits Paid to Participants or Their Beneficiaries	3,309
Total Deductions	3,309
Interest from Notes Receivable from Participants	96
Net Investment Gain from Plan s Interest in Commingled Trust	5,384
Net Increase in Net Assets Available for Benefits During the Year	5,081
Net Assets Available for Benefits at Beginning of Year	52,506
Net Assets Available for Benefits at End of Year	$ 57,587

The accompany notes are an integral part of these financial statements.

Table of Contents

GOODYEAR DUNLOP TIRES NORTH AMERICA, Ltd.

EMPLOYEE SAVINGS PLAN

FOR BARGAINING UNIT EMPLOYEES

NOTES TO FINANCIAL STATEMENTS

December 31, 2012 and 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accounts of the Goodyear Dunlop Tires North America, Ltd. Employee Savings Plan for Bargaining Unit Employees (the Plan) are maintained on the accrual basis of accounting and in accordance with The Northern Trust Company (the Trustee) Trust Agreement.

Plan Year

The Plan Year is a calendar year.

Trust Assets

The two defined contribution savings plans sponsored by Goodyear Dunlop Tires North America, Ltd. (the Company) at December 31, 2012 and 2011 maintain their assets in a master trust entitled Goodyear Dunlop Tires North America, Ltd. Retirement Savings Plan Trust (the Commingled Trust) administered by the Trustee. The Plan s undivided interest in the Commingled Trust is presented in the accompanying financial statements in accordance with the allocation made by the Trustee.

Recordkeeper

J. P. Morgan Retirement Plan Services, LLC is the recordkeeper of the Plan.

Investment Valuation and Income Recognition

The investments of the Plan are reported at fair value. The fair value of the Plan s interest in the Commingled Trust is based on the beginning of the year value in the trust plus actual contributions and allocated investment income (loss) less actual distributions and allocated administrative expenses. The fair value of investments held by the Commingled Trust is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date (See Note 7). Investment income (loss) and administrative expenses relating to the Commingled Trust are allocated on a daily basis to the Plan based on the Plan s value in each applicable fund within the Commingled Trust.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net appreciation (depreciation) includes the Commingled Trust s gains and losses on investments bought and sold as well as held during the year.

Investment contracts held by a defined contribution plan are required to be reported at fair value. However, contract value is the relevant measurement attribute for that portion of the net assets available for benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants would receive if they were to initiate permitted transactions under the terms of the plan. The Statements of Net Assets Available for Benefits present the fair value of the investment contracts held in the Stable Value Fund of the Commingled Trust as well as the adjustment of the fully benefit-responsive investment contracts from fair value to contract value. The Statement of Changes in Net Assets Available for Benefits is prepared on a contract value basis.

GOODYEAR DUNLOP TIRES NORTH AMERICA, Ltd.

EMPLOYEE SAVINGS PLAN

FOR BARGAINING UNIT EMPLOYEES

NOTES TO FINANCIAL STATEMENTS

December 31, 2012 and 2011

Notes Receivable from Participants

The Plan allows notes from participants in accordance with the Plan document. These notes are reported at the unpaid principal balance plus accrued interest. Notes are deemed distributions by the Plan when they are determined to be in default.

Concentration of Credit Risk

The Stable Value Fund of the Commingled Trust invests part of the fund in investment contracts of financial institutions with strong credit ratings and has established guidelines relative to diversification and maturities that are intended to maintain safety and liquidity (See Note 8).

The Goodyear Stock Fund invests solely (except for cash investments generally ranging from 3-4% of the Goodyear Stock Fund for liquidity needs) in the common stock of The Goodyear Tire & Rubber Company (Goodyear). Significant changes in the price of Goodyear Stock can result in significant changes in the Net Assets Available for Benefits.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and related notes to financial statements. Changes in such estimates may affect amounts reported in future years.

Risk and Uncertainties

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants account balances and the amounts reported in the Statements of Net Assets Available for Benefits.

Reclassification

For comparability, certain amounts in the 2011 financial statements have been reclassified to conform to the 2012 financial statement presentation.

Subsequent Events

The Plan has evaluated subsequent events through the date of issuance of the financial statements. There were no subsequent events which required recognition or disclosure in the financial statements.

Table of Contents

GOODYEAR DUNLOP TIRES NORTH AMERICA, Ltd.

EMPLOYEE SAVINGS PLAN

FOR BARGAINING UNIT EMPLOYEES

NOTES TO FINANCIAL STATEMENTS

December 31, 2012 and 2011

NOTE 2 GENERAL DESCRIPTION AND OPERATION OF THE PLAN

General

The Plan is a defined contribution plan covering all eligible hourly employees of the Company. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Eligibility

All employees who are members of a bargaining unit, which has adopted the Plan, are eligible to participate in the Plan as of the first enrollment date after completing ninety days of continuous service with the Company.

Vesting

Employee contributions are fully vested. Employer contributions vest after the participant has completed two years of continuous service with the Company.

Contributions

Eligible employees may elect to contribute from 1% to 50% of earnings, including wages, certain bonuses, commissions, overtime and vacation pay into the Plan, subject to certain limitations under the Internal Revenue Code. In addition, the Plan permits catch-up contributions by participants who have attained age 50 by December 31 of each year.

Participating employees may elect to have their contributions invested in any of the funds available for employees at the time of their contributions. The Company calculates and deducts employee contributions from eligible compensation each pay period based on the percent elected by the employee. Employees may change their contribution percent at any time. The change will become effective as soon as administratively possible after it is submitted. Employees may suspend their contributions at any time.

All participants are entitled to elect employee contributions to be on a pre-tax or as a Roth 401(k) contribution, subject to certain limitations under the Internal Revenue Code.

The Plan has been established under Section 401 of the Internal Revenue Code. Therefore, employee contributions, except for Roth 401(k) contributions, are not subject to Federal income withholding tax, but are taxable when withdrawn from the Plan.

Effective January 1, 2010, certain participants are eligible for a Company retirement contribution equal to 3% of compensation and a Company matching contribution equal to 50% of the first 4% of compensation that the employee contributes to the Plan. Employees are eligible for Company contributions if they are not covered under the Goodyear Dunlop Tires North America, Ltd. 1950 Pension Plan (Buffalo Hourly).

GOODYEAR DUNLOP TIRES NORTH AMERICA, Ltd.

EMPLOYEE SAVINGS PLAN

FOR BARGAINING UNIT EMPLOYEES

NOTES TO FINANCIAL STATEMENTS

December 31, 2012 and 2011

The employee can elect to invest the Company contributions in any of the investment options available for employee contributions. Participants may not elect to contribute more than 10% of future Company retirement contributions to the Goodyear Stock Fund.

Participants may transfer amounts attributable to employee or employer contributions from one fund to the other on a daily basis subject to compliance with applicable trading policies of the Company and Plan. Participants may not hold more than 10% of the account balance related to Company retirement contributions immediately after a transfer of funds into an investment in the Goodyear Stock Fund.

Participant Accounts

A variety of funds have been established for each participant in the Plan. All accounts are valued by the Trustee at the close of business following each business day.

Interest and dividends (in funds other than the Goodyear Stock Fund) are automatically reinvested in each participant s respective accounts and reflected in the unit value of the fund which affects the value of the participants accounts.

Under the Employee Stock Ownership Plan (ESOP), participants may elect to receive cash dividends on the Goodyear stock held in their employer match account. Such election results in a distribution to the participant. For the year ended December 31, 2012 there were no dividends paid on the Goodyear stock held.

Plan Withdrawals and Distributions

Participants may take in-service distributions of vested amounts from their accounts if they:

- Attain the age of 59 $^1/_2$, or
- Qualify for a financial hardship.

The Internal Revenue Service (IRS) issued guidelines governing financial hardship. Under the IRS guidelines, withdrawals are permitted for severe financial hardship. Contributions to the Plan are automatically suspended for 6 months subsequent to a financial hardship withdrawal.

Participant vested amounts can remain in the plan or are eligible to be paid upon retirement, death or other termination of employment.

All withdrawals and distributions are valued as of the end of the day they are processed, and may be subject to income tax upon receipt. Any non-vested Company contributions are forfeited and applied to reduce future Plan expenses and contributions by the Company. As of December 31, 2012 and 2011, the Plan had forfeiture credits of $64,345 and $66,932, respectively.

Table of Contents

GOODYEAR DUNLOP TIRES NORTH AMERICA, Ltd.

EMPLOYEE SAVINGS PLAN

FOR BARGAINING UNIT EMPLOYEES

NOTES TO FINANCIAL STATEMENTS

December 31, 2012 and 2011

Notes Receivable from Participants

Eligible employees may borrow money from their participant accounts. The minimum amount to be borrowed is $1,000. The maximum amount to be borrowed is the lesser of $50,000 reduced by the highest outstanding balance of any notes during the preceding twelve month period, or 50% of the participant s vested account balance. Participants may have up to two notes outstanding at any time. The interest rate charged is a fixed rate established at the time of the note application based on prime plus one percent (4.25% at December 31, 2012 and 2011).

Note repayments, with interest, are made through payroll deductions. If a note is not repaid when due, the outstanding balance is treated as a taxable distribution from the Plan.

Rollovers

Employees, Plan participants, or former Plan participants may transfer eligible cash distributions from any other employer sponsored plan qualified under Section 401 of the Internal Revenue Code into the Plan by a direct transfer from such other plan.

Expenses

Expenses of administering the Plan were paid partly by the Company and partly by the Commingled Trust. The payment of Trustee s fees and brokerage commissions associated with the Goodyear Stock Fund are paid by the Company. Expenses related to the asset management of the investment funds and the independent fiduciary of the Goodyear Stock Fund are paid from such funds which reduce the investment return reported and credited to participant accounts. Recordkeeping fees are paid from funds in which a participant invests.

The J. P. Morgan Personal Asset Manager Program is available to all participants. This program provides personalized portfolio management for participants who wish to delegate their investment decisions about fund choices within the Plan to a professional manager. Participation in the program is paid solely by those participants electing to enroll. The expense reduces the investment return reported and credited to participant accounts.

Termination Provisions

The Company anticipates and believes that the Plan will continue without interruption, but reserves the right to discontinue the Plan. In the event of termination, the obligation of the Company to make further contributions ceases. All participants accounts would then be fully vested with respect to Company contributions.

Table of Contents

GOODYEAR DUNLOP TIRES NORTH AMERICA, Ltd.

EMPLOYEE SAVINGS PLAN

FOR BARGAINING UNIT EMPLOYEES

NOTES TO FINANCIAL STATEMENTS

December 31, 2012 and 2011

NOTE 3 RELATED PARTY TRANSACTIONS

An affiliate of the Trustee serves as the fund manager of the S&P 500 Index Stock Equity Fund.

J. P. Morgan Investment Management, Inc., an affiliate of the recordkeeper, serves as the fund manager of the Large Capitalization Value Fund and the International Equity Fund.

The Goodyear Stock Fund is designed for investment in common stock of Goodyear, except for short-term investments needed for Plan operations. During 2012, the price per share of Goodyear common stock on The New York Stock Exchange and The NASDAQ Stock Market composite transactions ranged from $9.24 to $15.80. The closing price per share of Goodyear common stock on The NASDAQ Stock Market was $13.81 at December 31, 2012 ($14.17 at December 31, 2011). The common stock of Goodyear and a Short-Term Investments Fund are the current investments of this fund. The portion of this fund related to employer contributions is designated as an ESOP.

NOTE 4 TAX STATUS OF PLAN

The IRS has determined and informed the Company by a letter dated October 30, 2008 that the Plan is qualified and the trust established for the Plan is exempt from Federal Income Tax under the appropriate Sections of the Internal Revenue Code. The Plan has been amended since receiving the determination letter. However, the Company and the Plan s tax counsel believe the Plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code. Therefore, no provision for income taxes has been included in the Plan s financial statements. The Plan submitted a new request for a determination letter on January 29, 2013.

NOTE 5 RECONCILIATION OF FINANCIAL STATEMENTS TO FORM 5500

The following is a reconciliation of net assets available for benefits per the financial statements at December 31, 2012 and 2011 to the Form 5500:

(Dollars in Thousands)	2012	2011
Net Assets Available for Benefits per the Financial Statements	$ 57,587	$ 52,506
Amount for Adjustment from Contract Value to Fair Value for Fully Benefit-Responsive Investment Contracts	472	373
Net Assets Available for Benefits per the Form 5500	$ 58,059	$ 52,879

Table of Contents

GOODYEAR DUNLOP TIRES NORTH AMERICA, Ltd.

EMPLOYEE SAVINGS PLAN

FOR BARGAINING UNIT EMPLOYEES

NOTES TO FINANCIAL STATEMENTS

December 31, 2012 and 2011

The following is a reconciliation of net gain from the Plan s investment in the Commingled Trust per the financial statements for the year ended December 31, 2012 to the Form 5500:

(Dollars in Thousands)

Net Investment Gain from Plan s Interest in Commingled Trust per the Financial Statements	$ 5,384
Impact of Reflecting Fully Benefit-Responsive Investment Contracts at Fair Value	99
Net Investment Gain from Plan s Interest in Commingled Trust per the Form 5500	$ 5,483

Fully benefit-responsive investment contracts are recorded at fair value on the Form 5500.

NOTE 6 FINANCIAL DATA OF THE COMMINGLED TRUST

All of the Plan s investments are in the Commingled Trust, which was established for the investment of assets of the Plan. Each Participating plan has an undivided interest in the Commingled Trust. At December 31, 2012 and 2011, the Plan s interest in the net assets of the Commingled Trust was approximately 61% and 62%, respectively.

Table of Contents

GOODYEAR DUNLOP TIRES NORTH AMERICA, Ltd.

EMPLOYEE SAVINGS PLAN

FOR BARGAINING UNIT EMPLOYEES

NOTES TO FINANCIAL STATEMENTS

December 31, 2012 and 2011

The Statements of Net Assets Available for Benefits of the Commingled Trust are as follows:

(Dollars in Thousands)	2012	2011
Investments:		
Common Collective Trusts		
JP Morgan Value Opportunities Fund	$ 3,811	$ 3,676
NTGI-QM Daily S&P 500 Equity Index Fund	16,847	14,683
JPMCB EAFE Plus Fund	8,214	6,834
Key Bank Large Cap Growth Fund	10,597	9,752
Western Asset Core Plus Bond Fund Class 1	5,996	4,221
Vanguard Fiduciary Trust Target Retirement Income Fund	1,238	845
Vanguard Fiduciary Trust Target Retirement 2005 Fund		461
Vanguard Fiduciary Trust Target Retirement 2015 Fund	1,304	1,049
Vanguard Fiduciary Trust Target Retirement 2025 Fund	9,113	7,471
Vanguard Fiduciary Trust Target Retirement 2035 Fund	2,419	1,669
Vanguard Fiduciary Trust Target Retirement 2045 Fund	2,259	1,664
Invesco Stable Value Trust (see Note 8)	19,704	18,805
Short Term Investment Fund	107	169
Mutual Funds		
Eagle Small Capitalization Growth Fund	2,168	1,695
RS Partners Small Capitalization Value Fund	1,221	1,172
Charles Schwab Self Directed Account Mutual Funds	2,945	3,508
Common Stock of The Goodyear Tire & Rubber Company	2,474	2,315
Total Investments	90,417	79,989
Receivables:		
Accrued Interest and Dividends	29	33
Total Assets Available for Benefits	90,446	80,022
Liabilities:		
Other	(39)	
Administrative Expenses Payable	(71)	(113)
Total Liabilities	(110)	(113)
Net Assets Available for Benefits, at Fair Value	$ 90,336	$ 79,909

Table of Contents

GOODYEAR DUNLOP TIRES NORTH AMERICA, Ltd.

EMPLOYEE SAVINGS PLAN

FOR BARGAINING UNIT EMPLOYEES

NOTES TO FINANCIAL STATEMENTS

December 31, 2012 and 2011

Net investment gain for the Commingled Trust is as follows:

(Dollars in Thousands)

	Year Ended December 31, 2012
Net Depreciation in Fair Value of Investments:	
Common Collective Trusts	$ 8,031
Mutual Funds	475
Common Stock	19
Self Directed Funds Mutual Funds	372
	8,897
Interest and Dividends	401
Investment Gain from Plan s Interest in Master Trust	9,298
Administrative Expenses	(259)
Net Investment Gain	$ 9,039

NOTE 7 FAIR VALUE MEASUREMENTS

Assets and liabilities measured at fair value are classified using the following hierarchy, which is based upon the transparency of inputs to the valuation as of the measurement date:

Level 1 Valuation is based upon quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 Valuation is based upon quoted prices for similar assets and liabilities in active markets, or other inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 Valuation is based upon other unobservable inputs that are significant to the fair value measurement.

The classification of fair value measurements within the hierarchy is based upon the lowest level of input that is significant to the measurement. Valuation methodologies used for assets and liabilities measured at fair value are as follows:

Common stock: Valued at the closing price reported on the active market on which the individual securities are traded.

GOODYEAR DUNLOP TIRES NORTH AMERICA, Ltd.

EMPLOYEE SAVINGS PLAN

FOR BARGAINING UNIT EMPLOYEES

NOTES TO FINANCIAL STATEMENTS

December 31, 2012 and 2011

Mutual funds: Valued at the net asset value (NAV) of shares held by the Commingled Trust at year end, as determined by the closing price reported on the active market on which the individual securities are traded.

Common collective trusts: Valued at the NAV of units held by the Commingled Trust at year end, as determined by a pricing vendor or the fund family. The common collective trust funds are invested to earn returns that match U.S. or international equity indexes. The Stable Value Fund is valued at fair value by discounting the related cash flows based on2px;padding-top:2px;padding-bottom:2px;padding-right:2px;">

—

0.7

Other current assets

6.2

2.8

Total current assets

387.1

335.0

Properties, plants and equipment (net of accumulated depreciation of $866.0 million and $855.8 million at March 31, 2019 and December 31, 2018, respectively)

1,459.0

1,471.1

Goodwill

76.9

76.9

Other intangible assets, net

154.1

156.8

Deferred charges and other assets

20.2

5.5

Total assets

$
2,097.3

$
2,045.3

Liabilities and Equity

Accounts payable

$
145.7

$
115.0

Accrued liabilities

42.3

45.6

Deferred revenue

7.5

3.0

Current portion of long-term debt and financing obligation

4.5

3.9

Interest payable

16.8

3.6

Income tax payable	1.2	—
Total current liabilities	218.0	171.1
Long-term debt and financing obligation	828.8	834.5
Accrual for black lung benefits	45.6	44.9
Retirement benefit liabilities	24.6	25.2
Deferred income taxes	254.3	254.7
Asset retirement obligations	13.2	14.6
Other deferred credits and liabilities	25.8	17.6
Total liabilities	1,410.3	1,362.6

Equity

Preferred stock, $0.01 par value. Authorized 50,000,000 shares; no issued shares at both March 31, 2019 and December 31, 2018

—

—

Common stock, $0.01 par value. Authorized 300,000,000 shares; issued 72,578,808 and 72,233,750 shares at March 31, 2019 and December 31, 2018, respectively

0.7

0.7

Treasury stock, 7,477,657 shares at both March 31, 2019 and December 31, 2018

(140.7
)

(140.7
)
Additional paid-in capital

488.0

488.8

Accumulated other comprehensive loss

(13.1
)

(13.1
)
Retained earnings

137.2

127.4

Total SunCoke Energy, Inc. stockholders' equity

472.1

463.1

Noncontrolling interests

214.9

219.6

Total equity

687.0

682.7

Total liabilities and equity

$
2,097.3

$
2,045.3

(See Accompanying Notes)

3

Table of Contents

SunCoke Energy, Inc.
Consolidated Statements of Cash Flows
(Unaudited)

	Three Months Ended March 31,	
	2019	2018
	(Dollars in millions)	
Cash Flows from Operating Activities:		
Net income	$12.2	$13.0
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization expense	37.2	32.9
Deferred income tax (benefit) expense	(0.4)	0.2
Payments in excess of expense for postretirement plan benefits	(0.6)	(0.6)
Share-based compensation expense	0.9	0.8
Loss on extinguishment of debt	—	0.3
Changes in working capital pertaining to operating activities:		
Receivables	(10.9)	(6.8)
Inventories	(40.3)	0.9
Accounts payable	29.9	14.0
Accrued liabilities	(4.4)	(8.7)
Deferred revenue	4.5	1.9
Interest payable	13.2	11.7
Income taxes	1.9	(0.6)
Other	(7.9)	(1.7)
Net cash provided by operating activities	35.3	57.3
Cash Flows from Investing Activities:		
Capital expenditures	(20.9)	(15.4)
Net cash used in investing activities	(20.9)	(15.4)
Cash Flows from Financing Activities:		
Proceeds from issuance of long-term debt	—	45.0
Repayment of long-term debt	(0.3)	(44.9)
Debt issuance costs	—	(0.5)
Proceeds from revolving credit facility	60.7	53.5
Repayment of revolving credit facility	(65.7)	(53.5)
Repayment of financing obligation	(0.7)	(0.6)
Acquisition of additional interest in the Partnership	—	(3.4)
Cash distribution to noncontrolling interests	(7.1)	(10.6)
Other financing activities	(3.1)	(0.1)
Net cash used in financing activities	(16.2)	(15.1)
Net (decrease) increase in cash and cash equivalents	(1.8)	26.8
Cash and cash equivalents at beginning of period	145.7	120.2
Cash and cash equivalents at end of period	$143.9	$147.0
Supplemental Disclosure of Cash Flow Information		
Interest paid, net of capitalized interest of $1.2 million and $0.5 million, respectively	$0.9	$3.0
Income taxes paid	$1.0	$2.3

(See Accompanying Notes)

4

Table of Contents

SunCoke Energy, Inc.
Consolidated Statements of Equity
(Unaudited)

	Common Stock		Treasury Stock		Additional Paid-In Capital	Accumulated Other Comprehensive Loss	Retained Earnings	Total SunCoke Energy, Inc. Equity	Noncontrolling Interests	Total Equity
	Shares	Amount	Shares	Amount						
	(Dollars in millions)									
At December 31, 2017	72,006,905	$ 0.7	7,477,657	$ (140.7)	$ 486.2	$ (21.2)	$ 101.2	$ 426.2	$ 233.4	$ 659.6
Net income	—	—	—	—	—	—	8.7	8.7	4.3	13.0
Currency translation adjustment	—	—	—	—	—	(0.1)	—	(0.1)	—	(0.1)
Cash distribution to noncontrolling interests	—	—	—	—	—	—	—	—	(10.6)	(10.6)
Share-based compensation expense	—	—	—	—	0.8	—	—	0.8	—	0.8
Share-issuances, net of shares withheld for taxes	69,187	—	—	—	(0.1)	—	—	(0.1)	—	(0.1)
Acquisition of additional interest in the Partnership:										
Cash paid	—	—	—	—	(1.2)	—	—	(1.2)	(2.2)	(3.4)
Deferred tax adjustment	—	—	—	—	0.3	—	—	0.3	—	0.3
At March 31, 2018	72,076,092	$ 0.7	7,477,657	$ (140.7)	$ 486.0	$ (21.3)	$ 109.9	$ 434.6	$ 224.9	$ 659.5
At December 31, 2018	72,233,750	$ 0.7	7,477,657	$ (140.7)	$ 488.8	$ (13.1)	$ 127.4	$ 463.1	$ 219.6	$ 682.7
Net income	—	—	—	—	—	—	9.8	9.8	2.4	12.2
Cash distribution to noncontrolling interests	—	—	—	—	—	—	—	—	(7.1)	(7.1)
Share-based compensation expense	—	—	—	—	0.9	—	—	0.9	—	0.9
Share-issuances, net of shares withheld for taxes	345,058	—	—	—	(1.7)	—	—	(1.7)	—	(1.7)
At March 31, 2019	72,578,808	$ 0.7	7,477,657	$ (140.7)	$ 488.0	$ (13.1)	$ 137.2	$ 472.1	$ 214.9	$ 687.0

(See Accompanying Notes)

5

SunCoke Energy, Inc.
Notes to the Consolidated Financial Statements
1. General
Description of Business
SunCoke Energy, Inc. (“SunCoke Energy,” “SunCoke,” “Company,” “we,” “our” and “us”) is the largest independent producer
high-quality coke in the Americas, as measured by tons of coke produced each year, and has over 55 years of coke production experience. Coke is a principal raw material in the blast furnace steelmaking process and is produced by heating metallurgical coal in a refractory oven, which releases certain volatile components from the coal, thus transforming the coal into coke. Additionally, we own and operate a logistics business, which primarily provides handling and/or mixing services of coal and other bulk products and liquids to third-party customers as well as to our own cokemaking facilities.

We have designed, developed, built, own and operate five cokemaking facilities in the United States (“U.S.”), which consist of our Haverhill, Middletown, Granite City, Jewell and Indiana Harbor cokemaking facilities. Our cokemaking facilities have collective nameplate capacity to produce approximately 4.2 million tons of coke per year. Additionally, we have designed and operate one cokemaking facility in Brazil under licensing and operating agreements on behalf of ArcelorMittal Brasil S.A. ("ArcelorMittal Brazil”), which has approximately 1.7 million tons of annual cokemaking capacity.

Our cokemaking ovens utilize efficient, modern heat recovery technology designed to combust the coal’s volatile components liberated during the cokemaking process and use the resulting heat to create steam or electricity for sale. This differs from by-product cokemaking, which repurposes the coal’s liberated volatile components for other uses. We have constructed the only greenfield cokemaking facilities in the U.S. in approximately 30 years and are the only North American coke producer that utilizes heat recovery technology in the cokemaking process. We provide steam pursuant to steam supply and purchase agreements with our customers. Electricity is sold into the regional power market or pursuant to energy sales agreements.

Our logistics business provides handling and/or mixing services to steel, coke (including some of our domestic cokemaking facilities), electric utility, coal producing and other manufacturing based customers. Our logistics business consists of Convent Marine Terminal ("CMT"), Kanawha River Terminal ("KRT"), SunCoke Lake Terminal, ("Lake Terminal") and Dismal River Terminal ("DRT") and has collective capacity to mix and/or transload more than 40 million tons of coal and other aggregates annually and has total storage capacity of approximately 3 million tons.

Our consolidated financial statements include SunCoke Energy Partners, L.P. (the "Partnership"), a publicly-traded partnership, which owns 98 percent of our Haverhill, Middletown, and Granite City cokemaking facilities and 100 percent of CMT, KRT and Lake Terminal. At March 31, 2019, we owned the general partner of the Partnership, which consists of a 2.0 percent ownership interest and incentive distribution rights, and owned a 60.4 percent limited partner interest in the Partnership. At March 31, 2019, the remaining 37.6 percent interest in the Partnership was held by public unitholders. SunCoke is considered the primary beneficiary of the Partnership as it has the power to direct the activities that most significantly impact the Partnership's economic performance.

On February 5, 2019, the Company and the Partnership announced that they entered into a definitive agreement whereby SunCoke will acquire all outstanding common units of the Partnership not already owned by SunCoke in a stock-for-unit merger transaction (the “Simplification Transaction”). Pursuant to the terms of this agreement (“Merger Agreement”), the Partnership's unaffiliated common unitholders will receive 1.40 SunCoke common shares plus a fraction of a SunCoke common share, based on a formula as further described in the Merger Agreement, for each Partnership common unit. Following completion of the Simplification Transaction, the Partnership will become a wholly-owned subsidiary of SunCoke, the Partnership's common units will cease to be publicly traded and the Partnership's IDRs will be eliminated. The Company continues to expect the Simplification Transaction to close late in the second quarter of 2019 or early in the third quarter of 2019.

Incorporated in Delaware in 2010 and headquartered in Lisle, Illinois, we became a publicly-traded company in 2011 and our stock is listed on the New York Stock Exchange (“NYSE”) under the symbol “SXC.”

Basis of Presentation

The accompanying unaudited consolidated financial statements included herein have been prepared in accordance with accounting principles generally accepted in the U.S. ("GAAP") for interim reporting. Certain information and disclosures normally included in financial statements have been omitted pursuant to the rules and regulations of the Securities and Exchange Commission ("SEC"). In management's opinion, the financial statements reflect all adjustments, which are of a normal recurring nature, necessary for a fair presentation of the results of operations, financial position and cash flows for the periods presented. The results of operations for the periods ended March 31, 2019 are not necessarily indicative of the

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Table of Contents

operating results expected for the entire year. These unaudited interim consolidated financial statements should be read in conjunction with the audited consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2018.

Recently Adopted Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, "Leases (Topic 842)." ASU 2016-02 requires leases to be recognized as assets and liabilities on the balance sheet for the rights and obligations created by all leases with terms of more than 12 months. Subsequently, the FASB has issued various ASUs to provide further clarification around certain aspects of Accounting Standards Codification ("ASC") 842, "Leases." We adopted the standard effective January 1, 2019 using the modified retrospective transition approach and elected not to adjust prior comparative periods. Upon adoption, the Company recognized right-of-use assets and lease liabilities of $5.1 million at January 1, 2019. See Note 8.

2. Inventories

The components of inventories were as follows:

	March 31, 2019	December 31, 2018
	(Dollars in millions)	
Coal	$98.0	$ 59.9
Coke	9.7	8.6
Materials, supplies and other	43.0	41.9
Total inventories	$150.7	$ 110.4

3. Goodwill and Other Intangible Assets

Goodwill, which represents the excess of the purchase price over the fair value of net assets acquired, is tested for impairment as of October 1 of each year, or when events occur or circumstances change that would, more likely than not, reduce the fair value of a reporting unit to below its carrying value. Goodwill allocated to our Domestic Coke and Logistics segments was $3.4 million and $73.5 million at both March 31, 2019 and December 31, 2018, respectively.

The components of other intangible assets, net were as follows:

		March 31, 2019			December 31, 2018		
	Weighted - Average Remaining Amortization Years	Gross Carrying Amount	Accumulated Amortization	Net	Gross Carrying Amount	Accumulated Amortization	Net
		(Dollars in millions)					
Customer contracts	4	$31.7	$ 18.6	$13.1	$31.7	$ 17.7	$14.0
Customer relationships	13	28.7	8.0	20.7	28.7	7.5	21.2
Permits	23	139.0	18.7	120.3	139.0	17.4	121.6
Total		$199.4	$ 45.3	$154.1	$199.4	$ 42.6	$156.8

Total amortization expense for intangible assets subject to amortization was $2.7 million and $2.8 million for the three months ended March 31, 2019 and 2018, respectively.

4. Income Taxes

At the end of each interim period, we make our best estimate of the effective tax rate expected to be applicable for the full fiscal year and the impact of discrete items, if any, and adjust the rate as necessary.

The Company recorded an income tax expense of $3.0 million and $2.0 million for the three months ended March 31, 2019 and 2018, respectively, resulting in effective tax rates of 19.7 percent and 13.3 percent, respectively, as compared to the 21.0 percent federal statutory rate. The difference in the Company's effective tax rates as compared to the statutory rate in both periods was primarily the result of earnings attributable to its noncontrolling ownership

interests in partnerships, which had a larger impact in the prior year period. Additionally, the effective rate for the three months ended March 31, 2019 was impacted by higher state taxes as compared to the three months ended March 31, 2018.

7

Table of Contents

5. Accrued Liabilities

Accrued liabilities consisted of the following:

	March 31, 2019	December 31, 2018
	(Dollars in millions)	
Accrued benefits	$13.9	$ 21.2
Current portion of postretirement benefit obligation	3.0	3.0
Other taxes payable	11.3	9.1
Current portion of black lung liability	4.5	4.5
Accrued legal	3.3	4.2
Other	6.3	3.6
Total accrued liabilities	$42.3	$ 45.6

6. Debt and Financing Obligation

Total debt and financing obligation, including the current portion of long-term debt and financing obligation, consisted of the following:

	March 31, 2019	December 31, 2018
	(Dollars in millions)	
7.500 percent senior notes, due 2025 ("2025 Partnership Notes")	$700.0	$ 700.0
Term loan, due 2022 ("Term Loan")	43.6	43.9
SunCoke's revolving credit facility, due 2022 ("Revolving Facility")	—	—
Partnership's revolving credit facility, due 2022 ("Partnership Revolver")	100.0	105.0
5.82 percent financing obligation, due 2021 ("Partnership Financing Obligation")	9.4	10.1
Total borrowings	853.0	859.0
Original issue discount	(5.1)	(5.4)
Debt issuance costs	(14.6)	(15.2)
Total debt and financing obligation	833.3	838.4
Less: current portion of long-term debt and financing obligation	4.5	3.9
Total long-term debt and financing obligation	$828.8	$ 834.5

Revolving Facility

SunCoke's Revolving Facility has capacity of $100.0 million. As of March 31, 2019, the Revolving Facility had letters of credit outstanding of $23.8 million and no outstanding balance, leaving $76.2 million available.

Partnership Revolver

The Partnership Revolver has capacity of $285.0 million. As of March 31, 2019, the Partnership had no letters of credit outstanding and an outstanding balance of $100.0 million, leaving $185.0 million available.

Covenants

Under the terms of the Revolving Facility, the Company is subject to a maximum consolidated leverage ratio of 3.25:1.00 and a minimum consolidated interest coverage ratio of 2.75:1.00. Under the terms of the Partnership's credit agreement, the Partnership is subject to a maximum consolidated leverage ratio of 4.50:1.00 prior to June 30, 2020 and 4.00:1.00 after June 30, 2020 and a minimum consolidated interest coverage ratio of 2.50:1.00. The Company's and Partnership's credit agreements contain other covenants and events of default that are customary for similar agreements and may limit our ability to take various actions including our ability to pay a dividend or repurchase our stock.

If we fail to perform our obligations under these and other covenants, the lenders' credit commitment could be terminated and any outstanding borrowings, together with accrued interest, under the Revolving Facility and Partnership Revolver could be declared immediately due and payable. The Company and the Partnership have a cross default provision that applies to our indebtedness having a principal amount in excess of $35 million.

8

As of March 31, 2019, the Company and the Partnership were in compliance with all applicable debt covenants. We do not anticipate a violation of these covenants nor do we anticipate that any of these covenants will restrict our operations or our ability to obtain additional financing.

7. Commitments and Contingent Liabilities

Legal Matters

SunCoke Energy is party to an omnibus agreement, pursuant to which we have agreed to indemnify the Partnership for costs and expenses related to remediation of certain identified environmental matters in existence prior to the Partnership's initial public offering on January 24, 2013 ("IPO") at the Partnership's Haverhill and Middletown facilities and certain identified environmental matters at the Partnership's Granite City facility in existence prior to its dropdown in January of 2015 ("Granite City Dropdown"). However, under the terms of the omnibus agreement, SunCoke Energy is not obligated to indemnify the Partnership for any new environmental matters coming into existence after the IPO at the Partnership's Haverhill and Middletown facilities, or any new environmental matters coming into existence after the Granite City Dropdown at the Partnership's Granite City facility.

The EPA issued Notices of Violations ("NOVs") for our Haverhill and Granite City cokemaking facilities which stemmed from alleged violations of our air emission operating permits for these facilities. We are working in a cooperative manner with the EPA, the Ohio Environmental Protection Agency and the Illinois Environmental Protection Agency to address the allegations, and have entered into a consent decree in federal district court with these parties. The consent decree includes a $2.2 million civil penalty payment, which was paid in December 2014, as well as capital projects underway to improve the reliability of the energy recovery systems and enhance environmental performance at the Haverhill and Granite City facilities. In the third quarter of 2018, the Court entered an amendment to the consent decree, which provides the Haverhill and Granite City facilities with additional time to perform necessary maintenance on the flue gas desulfurization systems without exceeding consent decree limits. The emissions associated with this maintenance will be mitigated in accordance with the amendment, and there are no civil penalty payments associated with this amendment. The project at Granite City was due to be completed in February 2019, but the Company expects to complete the project in June 2019 and is in discussions with the government entities regarding, among other things, the timing thereof.

We anticipate spending approximately $150 million related to these projects, of which we have spent approximately $141 million to date, including $7 million spent by the Company prior to the formation of the Partnership. The remaining capital is expected to be spent through the first half of 2019. Pursuant to the omnibus agreement, the Company previously funded $139 million for these known environmental remediation projects and made capital contributions to the Partnership of $4 million during the first quarter of 2019. The Company expects to make additional capital contributions for the remaining amount to be spent on the project later in 2019.

SunCoke Energy has also received NOVs, Findings of Violations ("FOVs"), and information requests from the EPA related to our Indiana Harbor cokemaking facility, which allege violations of certain air operating permit conditions for this facility. The Clean Air Act (the "CAA") provides the EPA with the authority to issue, among other actions, an order to enforce a State Implementation Plan ("SIP") 30 days after an NOV. The CAA also authorizes EPA enforcement of other non-SIP requirements immediately after an FOV. Generally, an NOV applies to SIPs and requires the EPA to wait 30 days, while an FOV applies to all other provisions (such as federal regulations) of the CAA, and has no waiting period. The NOVs and/or FOVs were received in 2010, 2012, 2013, 2015 and 2016. After discussions with the EPA and the Indiana Department of Environmental Management ("IDEM") in 2010, resolution of the NOVs/FOVs was postponed by mutual agreement because of ongoing discussions regarding the NOVs at Haverhill and Granite City. In January 2012, the Company began working in a cooperative manner to address the allegations with the EPA, the IDEM and Cokenergy, LLC, an independent power producer that owns and operates an energy facility, including heat recovery equipment and a flue gas desulfurization system, that processes hot flue gas from our Indiana Harbor facility to produce steam and electricity and to reduce the sulfur and particulate content of such flue gas.

The EPA, IDEM, SunCoke Energy and Cokenergy, LLC met regularly since those discussions commenced to reach a settlement of the NOVs and FOVs. Capital projects were underway during this time to address items that would be included in conjunction with a settlement. A consent decree among the parties was entered by the federal district court

during the fourth quarter of 2018. The settlement includes a $2.5 million civil penalty, that was paid in the fourth quarter of 2018. Further, the settlement consists of capital projects already underway to improve reliability and environmental performance of the coke ovens at the facility.

The Company is a party to certain other pending and threatened claims, including matters related to commercial and tax disputes, product liability, employment claims, personal injury claims, premises-liability claims, allegations of exposures to toxic substances and environmental claims. Although the ultimate outcome of these claims cannot be ascertained at this time, it is reasonably possible that some portion of these claims could be resolved unfavorably to the Company. Management of the

9

Table of Contents

Company believes that any liability which may arise from claims would not have a material adverse impact on our consolidated financial statements.

Black Lung Benefit Liabilities

The Company has obligations related to coal workers' pneumoconiosis, or black lung, benefits to certain of our former coal miners and their dependents. Such benefits are provided for under Title IV of the Federal Coal Mine and Safety Act of 1969 and subsequent amendments, as well as for black lung benefits provided in the states of Virginia, Kentucky and West Virginia pursuant to workers' compensation legislation. The Patient Protection and Affordable Care Act ("PPACA"), which was implemented in 2010, amended previous legislation related to coal workers' black lung obligations. PPACA provides for the automatic extension of awarded lifetime benefits to surviving spouses and changes the legal criteria used to assess and award claims. We act as a self-insurer for both state and federal black lung benefits and adjust our liability each year based upon actuarial calculations of our expected future payments for these benefits.

Our independent actuarial consultants calculate the present value of the estimated black lung liability annually based on actuarial models utilizing our population of former coal miners, historical payout patterns of both the Company and the industry, actuarial mortality rates, disability incidence, medical costs, death benefits, dependents, discount rates and the current federally mandated payout rates. The estimated liability may be impacted by future changes in the statutory mechanisms, modifications by court decisions and changes in filing patterns driven by perceptions of success by claimants and their advisors, the impact of which cannot be estimated. The estimated liability was $50.1 million and $49.4 million at March 31, 2019 and December 31, 2018, respectively, of which the current portion of $4.5 million was included in accrued liabilities on the Consolidated Balance Sheets in both periods.

8. Leases

The Company leases land, office space, equipment, railcars and locomotives. Arrangements are assessed at inception to determine if a lease exists and, with the adoption of ASC 842, "Leases," right-of-use ("ROU") assets and lease liabilities are recognized based on the present value of lease payments over the lease term. Because the Company's leases do not provide an implicit rate of return, the Company uses its incremental borrowing rate at the inception of a lease to calculate the present value of lease payments. The Company has elected to apply the short-term lease exception for all asset classes, therefore, excluding them from the balance sheet, and will recognize the lease payments in the period they are incurred. Additionally, the Company has elected to account for lease and nonlease components of an arrangement, such as assets and services, as a single lease component for all asset classes.

Certain of our long-term leases include one or more options to renew or to terminate, with renewal terms that can extend the lease term from one month to 50 years. The impact of lease renewals or terminations are included in the expected lease term to the extent the Company is reasonably certain to exercise the renewal or termination. The Company's finance leases are immaterial to our consolidated financial statements.

The components of lease expense were as follows:

	Three months ended March 31, 2019 (Dollars in millions)
Operating leases:	
Cost of products sold and operating expenses	$ 0.4
Selling, general and administrative expenses	0.1
	$ 0.5
Short-term leases:	
Cost of products sold and operating expenses[(1)(2)]	$ 2.3
Total lease expense	2.8

(1) Includes expenses for month-to-month equipment leases, which are classified as short-term as the Company is not reasonably certain to renew the lease term beyond one month.
(2) Includes variable lease expenses, which are immaterial to the consolidated financial statements.

Total lease expense was $2.9 million during the three months ended March 31, 2018.

10

Table of Contents

Supplemental balance sheet information related to leases was as follows:

	Financial Statement Classification	March 31, 2019 (Dollars in millions)
Operating ROU assets	Deferred charges and other assets	$ 10.9
Operating lease liabilities:		
Current operating lease liabilities	Accrued liabilities	$ 2.0
Noncurrent operating lease liabilities	Other deferred credits and liabilities	$ 8.3
Total operating lease liabilities		$ 10.3

The weighted average remaining lease term and weighted average discount rate were as follows:

	Three months ended March 31, 2019
Weighted average remaining lease term of operating leases	8.3 years
Weighted average discount rate of operating leases	5.1 %

Supplemental cash flow information related to leases was as follows:

	Three months ended March 31, 2019 (Dollars in millions)
Operating cash flow information:	
Cash paid for amounts included in the measurement of operating lease liabilities	$ 1.9
Non-cash activity:	
ROU assets obtained in exchange for new operating lease liabilities	$ 5.0

Maturities of operating lease liabilities as of March 31, 2019 are as follows:

	(Dollars in millions)
Years ending December 31:	
2019[(1)]	$ 1.8
2020	1.9
2021	1.7
2022	1.2
2023	0.9
2024-Thereafter	5.2
Total lease payments	12.7
Less: imputed interest	2.4
Total lease liabilities	$ 10.3

(1) Excluding the three months ended March 31, 2019.

11

Table of Contents

The aggregate amount of future minimum annual rental payments applicable to noncancelable leases as of December 31, 2018 were as follows:

	Minimum Rental Payments (Dollars in millions)
Year ending December 31:	
2019	$ 2.0
2020	1.1
2021	1.0
2022	0.5
2023	0.1
2024-Thereafter	0.7
Total	$ 5.4

12

Table of Contents

9. Share-Based Compensation
Equity Classified Awards
During the three months ended March 31, 2019, the Company granted share-based compensation to eligible participants under the SunCoke Energy, Inc. Long-Term Performance Enhancement Plan ("SunCoke LTPEP"). All awards vest immediately upon a change in control and a qualifying termination of employment as defined by the SunCoke LTPEP.

Stock Options
The Company granted the following stock options during the three months ended March 31, 2019 with an exercise price equal to the closing price of our common stock on the date of grant.

	Shares	Weighted Average Per Share Exercise Price	Weighted Average Per Share Grant Date Fair Value
Traditional stock options	267,897	$ 9.87	$ 4.09

The stock options vest in three equal annual installments beginning one year from the date of grant. The stock options expire ten years from the date of grant.
The Company calculates the value of each employee stock option, estimated on the date of grant, using the Black-Scholes option pricing model. The weighted-average fair value of employee stock options granted during the three months ended March 31, 2019 was based on using the following weighted-average assumptions:

	Three Months Ended March 31, 2019	
Risk-free interest rate	2	%
Expected term	6 years	
Volatility	53	%
Dividend yield	2	%

The risk-free interest rate assumption is based on the U.S. Treasury yield curve at the date of grant for periods which approximate the expected life of the option. The expected term of the employee options represent the average contractual term adjusted by the average vesting period of each option tranche. We determined expected volatility using our historical volatility calculated as our historical daily stock returns over the options' expected term. The dividend yield assumption is based on the Company's expectation of dividend payouts at the time of grant.
Restricted Stock Units Settled in Shares
The Company issued 136,425 stock-settled restricted stock units ("RSUs") to certain employees for shares of the Company's common stock during the three months ended March 31, 2019. The weighted average grant date fair value was $9.87 per share. The RSUs vest in three annual installments beginning one year from the date of grant.
Performance Share Units
The Company granted the following performance share units ("PSUs") for shares of the Company's common stock during the three months ended March 31, 2019 that vest on December 31, 2020:

	Shares	Grant Date Fair Value per

		Share
PSUs[1][2]	227,378	$10.79

(1) The PSU awards are split 50/50 between the Company's three year cumulative Adjusted EBITDA performance measure and the Company's three-year average pre-tax return on capital performance measure for its coke and logistics businesses and unallocated corporate expenses.

(2) The number of PSUs ultimately awarded will be determined by the above performance versus targets and the Company's three-year total shareholder return ("TSR") as compared to the TSR of the companies making up the Nasdaq Iron & Steel Index ("TSR Modifier"). The TSR Modifier can impact the payout between 75 percent and 125 percent of the Company's final performance measure results.

13

Table of Contents

The award may vest between zero and 250 percent of the original units granted. The fair value of the PSUs granted during the three months ended March 31, 2019 is based on the closing price of our common stock on the date of grant as well as a Monte Carlo simulation for the valuation of the TSR Modifier.

Liability Classified Awards

Restricted Stock Units Settled in Cash

During the three months ended March 31, 2019, the Company issued 129,005 restricted stock units to be settled in cash ("Cash RSUs"), which vest in three annual installments beginning one year from the grant date. The weighted average grant date fair value of the Cash RSUs granted during the three months ended March 31, 2019 was $9.87 and was based on the closing price of our common stock on the day of grant.

The Cash RSU liability is adjusted based on the closing price of our common stock at the end of each period and at both March 31, 2019 and December 31, 2018 was not material.

Cash Incentive Award

The Company also granted share-based compensation to eligible participants under the SunCoke Energy, Inc. Long-Term Cash Incentive Plan ("SunCoke LTCIP"), which became effective January 1, 2016. The SunCoke LTCIP is designed to provide for performance-based, cash-settled awards. All awards vest immediately upon a change in control and a qualifying termination of employment as defined by the SunCoke LTCIP.

The Company issued a grant date fair value award of $0.6 million during the three months ended March 31, 2019 that vest on December 31, 2020. The awards are split 50/50 between the Company's three-year cumulative Adjusted EBITDA performance and the Company's three-year average pre-tax return on capital for its coke and logistics businesses and unallocated corporate expenses. The ultimate award value will be determined by the performance versus targets and the Company's three-year TSR Modifier performance but will be capped at 250 percent of the target award.

The cash incentive award liability at March 31, 2019 was adjusted based on the Company's three-year cumulative Adjusted EBITDA performance and adjusted average pre-tax return on capital for the Company's coke and logistics businesses and unallocated corporate expenses. The cash incentive award liability at both March 31, 2019 and December 31, 2018 was not material.

Summary of Share-Based Compensation Expense

Below is a summary of the compensation expense, unrecognized compensation costs, and the period for which the unrecognized compensation cost is expected to be recognized over:

	Three Months Ended March 31,		March 31, 2019	
	2019	2018		
	Compensation Expense[1]		Unrecognized Compensation Cost	Recognition Period
	(Dollars in millions)			(Years)
Equity Awards:				
Stock Options	$ 0.2	$ 0.2	$1.4	2.3
RSUs	0.1	0.1	$1.5	1.5
PSUs	0.5	0.4	$5.2	2.3
Total equity awards	$ 0.8	$ 0.7		
Liability Awards:				
Cash RSUs	$ 0.4	$ 0.1	$1.6	1.9
Cash incentive award	0.1	0.2	$1.3	2.1
Total liability awards	$ 0.5	$ 0.3		

(1) Compensation expense recognized by the Company is in selling, general and administrative expenses on the Consolidated Statements of Income.

The Company and the Partnership issued $0.1 million of shared-based compensation to the Company's and the Partnership's Board of Directors during both the three months ended March 31, 2019 and 2018.

14

Table of Contents

10. Earnings per Share

Basic earnings per share ("EPS") has been computed by dividing net income attributable to SunCoke Energy, Inc. by the weighted average number of shares outstanding during the period. Except where the result would be anti-dilutive, diluted earnings per share has been computed to give effect to share-based compensation awards using the treasury stock method.

The following table sets forth the reconciliation of the weighted-average number of common shares used to compute basic EPS to those used to compute diluted EPS:

	Three Months Ended March 31,	
	2019	2018
	(Shares in millions)	
Weighted-average number of common shares outstanding-basic	64.9	64.6
Add: Effect of dilutive share-based compensation awards	0.4	0.8
Weighted-average number of shares-diluted	65.3	65.4

The following table shows stock options, restricted stock units, and performance stock units that are excluded from the computation of diluted earnings per share as the shares would have been anti-dilutive:

	Three Months Ended March 31,	
	2019	2018
	(Shares in millions)	
Stock options	2.8	2.8
Performance stock units	0.1	0.2
Total	2.9	3.0

15

Table of Contents

11. Fair Value Measurement

The Company measures certain financial and non-financial assets and liabilities at fair value on a recurring basis. Fair value is defined as the price that would be received from the sale of an asset or paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants on the measurement date. Fair value disclosures are reflected in a three-level hierarchy, maximizing the use of observable inputs and minimizing the use of unobservable inputs.

The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability on the measurement date. The three levels are defined as follows:

- Level 1 - inputs to the valuation methodology are quoted prices (unadjusted) for an identical asset or liability in an active market.
- Level 2 - inputs to the valuation methodology include quoted prices for a similar asset or liability in an active market or model-derived valuations in which all significant inputs are observable for substantially the full term of the asset or liability.
- Level 3 - inputs to the valuation methodology are unobservable and significant to the fair value measurement of the asset or liability.

Financial Assets and Liabilities Measured at Fair Value on a Recurring Basis

Certain assets and liabilities are measured at fair value on a recurring basis. The Company's cash equivalents, which amounted to $5.5 million and $3.2 million at March 31, 2019 and December 31, 2018, respectively, were measured at fair value based on quoted prices in active markets for identical assets. These inputs are classified as Level 1 within the valuation hierarchy.

CMT Contingent Consideration

In connection with the CMT acquisition, the Partnership entered into a contingent consideration arrangement that runs through 2022 and requires the Partnership to make future payments to The Cline Group based on future volume over a specified threshold, price and contract renewals. The fair value of the contingent consideration was estimated based on a probability-weighted analysis using significant inputs that are not observable in the market, or Level 3 inputs. Key assumptions included probability adjusted levels of handling services provided by CMT, anticipated price per ton on future sales and probability of contract renewal, including length of future contracts, volume commitment, and anticipated price per ton. The fair value of the contingent consideration was $3.7 million and $5.0 million at March 31, 2019 and December 31, 2018, respectively, and was primarily included in other deferred credits and liabilities on the Consolidated Balance Sheets. The decrease in the contingent consideration liability in the first quarter of 2019 was the result of a $0.9 million payment made as well as a decrease in expected future payments for changes in expected throughput volumes related to the long-term, take-or-pay agreements.

Certain Financial Assets and Liabilities not Measured at Fair Value

At March 31, 2019 and December 31, 2018, the fair value of the Company’s total debt was estimated to be $863.5 million and $822.8 million, respectively, compared to a carrying amount of $853.0 million and $859.0 million, respectively. The fair value was estimated by management based upon estimates of debt pricing provided by financial institutions, which are considered Level 2 inputs.

12. Revenue from Contracts with Customers

Disaggregated Sales and Other Operating Revenue

The following table provides disaggregated sales and other operating revenue by product or service, excluding intersegment revenues:

Table of Contents

	Three Months Ended March 31,	
	2019	2018
	(Dollars in millions)	
Sales and other operating revenue:		
Cokemaking	$344.5	$302.5
Energy	13.8	13.6
Logistics	22.0	22.1
Operating and licensing fees	9.7	10.1
Other	1.3	2.2
Sales and other operating revenue	$391.3	$350.5

The following table provides disaggregated sales and other operating revenue by customer:

	Three Months Ended March 31,	
	2019	2018
	(Dollars in millions)	
Sales and other operating revenue:		
AM USA	$197.6	$164.1
AM Brazil	9.7	10.1
AK Steel	104.1	92.9
U.S. Steel	54.1	51.7
Foresight and Murray	10.9	14.1
Other	14.9	17.6
Sales and other operating revenue	$391.3	$350.5

Logistics Contract Balances

Our logistics business has long-term, take-or-pay agreements requiring us to handle over 13 million tons annually. The take-or-pay provisions in these agreements require our customers to purchase such handling services or pay the contract price for services they elect not to take. Estimated take-or-pay revenue of approximately $295 million from all of our long-term logistics contracts is expected to be recognized over the next five years for unsatisfied or partially unsatisfied performance obligations as of March 31, 2019.

The following table provides changes in the Company's deferred revenue:

	Three Months Ended March 31,	
	2019	2018
	(Dollars in millions)	
Beginning balance at December 31, 2018 and 2017, respectively	$3.0	$1.7
Reclassification of the beginning contract liabilities to revenue, as a result of performance obligation satisfied	(1.0)	(0.6)
Billings in excess of services performed, not recognized as revenue	5.5	2.5
Ending balance at March 31, 2019 and 2018, respectively	$7.5	$3.6

17

Table of Contents

13. Business Segment Information

The Company reports its business through three segments: Domestic Coke, Brazil Coke and Logistics. The Domestic Coke segment includes the Jewell, Indiana Harbor, Haverhill, Granite City and Middletown cokemaking facilities. Each of these facilities produces coke, and all facilities except Jewell recover waste heat, which is converted to steam or electricity.

The Brazil Coke segment includes the licensing and operating fees payable to us under long-term contracts with ArcelorMittal Brazil, under which we operate a cokemaking facility located in Vitória, Brazil through at least 2023.

Logistics operations are comprised of CMT, KRT, Lake Terminal, which provides services to our Indiana Harbor cokemaking facility, and DRT, which provides services to our Jewell cokemaking facility. Handling and mixing results are presented in the Logistics segment.

Corporate expenses that can be identified with a segment have been included in determining segment results. The remainder is included in Corporate and Other. Corporate and Other also includes activity from our legacy coal mining business.

Segment assets are those assets utilized within a specific segment and exclude taxes.

The following table includes Adjusted EBITDA, which is the measure of segment profit or loss and liquidity reported to the chief operating decision maker for purposes of allocating resources to the segments and assessing their performance:

	Three Months Ended March 31,	
	2019	2018
	(Dollars in millions)	
Sales and other operating revenue:		
Domestic Coke	$359.3	$318.1
Brazil Coke	9.7	10.1
Logistics	22.3	22.3
Logistics intersegment sales	6.5	5.4
Elimination of intersegment sales	(6.5)	(5.4)
Total sales and other operating revenues	$391.3	$350.5
Adjusted EBITDA:		
Domestic Coke	$58.5	$54.3
Brazil Coke	4.5	4.7
Logistics	12.7	13.6
Corporate and Other[(1)]	(8.4)	(8.6)
Total Adjusted EBITDA	$67.3	$64.0
Depreciation and amortization expense:		
Domestic Coke	$30.6	$25.3
Brazil Coke	0.2	0.2
Logistics	6.1	7.0
Corporate and Other	0.3	0.4
Total depreciation and amortization expense	$37.2	$32.9
Capital expenditures:		
Domestic Coke	$18.9	$15.1
Logistics	2.0	0.3
Corporate and Other	—	—

Total capital expenditures	$20.9	$15.4

(1) Corporate and Other includes the activity from our legacy coal mining business, which contributed Adjusted EBITDA losses of $1.8 million during the three months ended March 31, 2019, as well as $2.3 million during the three months ended March 31, 2018.

Table of Contents

The following table sets forth the Company's segment assets:

	March 31, 2019	December 31, 2018
	(Dollars in millions)	
Segment assets		
Domestic Coke	$1,488.8	$1,446.5
Brazil Coke	16.1	15.1
Logistics	471.4	463.0
Corporate and Other	121.0	120.0
Segment assets, excluding tax assets	2,097.3	2,044.6
Tax assets	—	0.7
Total assets	$2,097.3	$2,045.3

The Company evaluates the performance of its segments based on segment Adjusted EBITDA, which is defined as earnings before interest, taxes, depreciation and amortization ("EBITDA"), adjusted for any impairments, loss on extinguishment of debt, changes to our contingent consideration liability related to our acquisition of CMT and/or transaction costs incurred as part of the Simplification Transaction. EBITDA and Adjusted EBITDA do not represent and should not be considered alternatives to net income or operating income under GAAP and may not be comparable to other similarly titled measures in other businesses.

Management believes Adjusted EBITDA is an important measure of the operating performance and liquidity of the Company's net assets and its ability to incur and service debt, fund capital expenditures and make distributions. Adjusted EBITDA provides useful information to investors because it highlights trends in our business that may not otherwise be apparent when relying solely on GAAP measures and because it eliminates items that have less bearing on our operating performance and liquidity. EBITDA and Adjusted EBITDA are not measures calculated in accordance with GAAP, and they should not be considered a substitute for net income, operating cash flow or any other measure of financial performance presented in accordance with GAAP. Set forth below is additional discussion of the limitations of Adjusted EBITDA as an analytical tool.

Limitations. Other companies may calculate Adjusted EBITDA differently than we do, limiting its usefulness as a comparative measure. Adjusted EBITDA also has limitations as an analytical tool and should not be considered in isolation or as a substitute for an analysis of our results as reported under GAAP. Some of these limitations include that Adjusted EBITDA:

- does not reflect our cash expenditures, or future requirements, for capital expenditures or contractual commitments;
- does not reflect items such as depreciation and amortization;
- does not reflect changes in, or cash requirement for, working capital needs;
- does not reflect our interest expense, or the cash requirements necessary to service interest on or principal payments of our debt;
- does not reflect certain other non-cash income and expenses;
- excludes income taxes that may represent a reduction in available cash; and
- includes net income attributable to noncontrolling interests.

Table of Contents

Below is a reconciliation of Adjusted EBITDA to net income and net cash provided by operating activities, which are its most directly comparable financial measures calculated and presented in accordance with GAAP:

	Three Months Ended March 31,	
	2019	2018
	(Dollars in millions)	
Net cash provided by operating activities	$35.3	$57.3
Subtract:		
Depreciation and amortization expense	37.2	32.9
Deferred income tax (benefit) expense	(0.4)	0.2
Changes in working capital and other	(13.7)	11.2
Net income	$12.2	$13.0
Add:		
Depreciation and amortization expense	$37.2	$32.9
Interest expense, net	14.8	15.8
Loss on extinguishment of debt	—	0.3
Income tax expense	3.0	2.0
Contingent consideration adjustments[1]	(0.4)	—
Simplification Transaction costs	0.5	—
Adjusted EBITDA	$67.3	$64.0
Subtract: Adjusted EBITDA attributable to noncontrolling interests[2]	18.9	19.0
Adjusted EBITDA attributable to SunCoke Energy, Inc.	$48.4	$45.0

(1) In connection with the CMT acquisition, the Partnership entered into a contingent consideration arrangement that requires the Partnership to make future payments to the seller based on future volume over a specified threshold, price and contract renewals. Contingent consideration adjustments in 2019 were primarily the result of modifications to the volume forecast.

(2) Reflects noncontrolling interest in Indiana Harbor and the portion of the Partnership owned by public unitholders.

20

Table of Contents

14. Supplemental Condensed Consolidating Financial Information

Certain 100 percent owned subsidiaries of the Company serve as guarantors of the obligations under the Credit Agreement (“Guarantor Subsidiaries”). These guarantees are full and unconditional (subject, in the case of the Guarantor Subsidiaries, to customary release provisions as described below) and joint and several. For purposes of the following information, SunCoke Energy is referred to as “Issuer.” The indenture dated July 26, 2011 among the Company, the guarantors party thereto and The Bank of New York Mellon Trust Company, N.A., governs subsidiaries designated as “Guarantor Subsidiaries.” All other consolidated subsidiaries of the Company are collectively referred to as “Non-Guarantor Subsidiaries.”

The ability of the Partnership and Indiana Harbor to pay dividends and make loans to the Company is restricted under the partnership agreements of the Partnership and Indiana Harbor, respectively. The credit agreement governing the Partnership’s credit facility and the indenture governing the Partnership Notes contain customary provisions which would potentially restrict the Partnership’s ability to make distributions or loans to the Company under certain circumstances. For the year ended December 31, 2018, less than 25 percent of net assets were restricted. Additionally, certain coal mining entities are designated as unrestricted subsidiaries. As such, all the subsidiaries described above are presented as "Non-Guarantor Subsidiaries." There have been no changes to the "Guarantor Subsidiaries" and "Non-Guarantor Subsidiaries" during 2019

The guarantee of a Guarantor Subsidiary will terminate upon:

- a sale or other disposition of the Guarantor Subsidiary or of all or substantially all of its assets;
- a sale of the majority of the Capital Stock of a Guarantor Subsidiary to a third-party, after which the Guarantor Subsidiary is no longer a "Restricted Subsidiary" in accordance with the indenture governing the Notes;
- the liquidation or dissolution of a Guarantor Subsidiary so long as no "Default" or "Event of Default", as defined under the indenture governing the Notes, has occurred as a result thereof;
- the designation of a Guarantor Subsidiary as an "unrestricted subsidiary" in accordance with the indenture governing the Notes;
- the requirements for defeasance or discharge of the indentures governing the Notes having been satisfied; or
- the release, other than the discharge through payments by a Guarantor Subsidiary, from its guarantee under the Credit Agreement or other indebtedness that resulted in the obligation of the Guarantor Subsidiary under the indenture governing the Notes.

The following supplemental condensed combining and consolidating financial information reflects the Issuer’s separate accounts, the combined accounts of the Guarantor Subsidiaries, the combined accounts of the Non-Guarantor Subsidiaries, the combining and consolidating adjustments and eliminations and the Issuer’s consolidated accounts for the dates and periods indicated. For purposes of the following condensed combining and consolidating information, the Issuer’s investments in its subsidiaries and the Guarantor and Non-Guarantor Subsidiaries’ investments in its subsidiaries are accounted for under the equity method of accounting.

Table of Contents

SunCoke Energy, Inc.
Condensed Consolidating Statement of Income
Three Months Ended March 31, 2019
(Dollars in millions)

	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Combining and Consolidating Adjustments	Total
Revenues					
Sales and other operating revenue	$—	$ 62.3	$ 330.3	$ (1.3)	$391.3
Equity in earnings of subsidiaries	11.9	6.3	—	(18.2)	—
Total revenues, net of equity earnings of subsidiaries	11.9	68.6	330.3	(19.5)	391.3
Costs and operating expenses					
Cost of products sold and operating expense	—	45.6	263.1	(1.3)	307.4
Selling, general and administrative expense	2.1	3.4	11.2	—	16.7
Depreciation and amortization expense	—	2.0	35.2	—	37.2
Total costs and operating expenses	2.1	51.0	309.5	(1.3)	361.3
Operating income	9.8	17.6	20.8	(18.2)	30.0
Interest (income) expense, net - affiliate	—	(0.4)	0.4	—	—
Interest expense (income), net	0.8	(0.6)	14.6	—	14.8
Total interest expense (income), net	0.8	(1.0)	15.0	—	14.8
Income before income tax (benefit) expense	9.0	18.6	5.8	(18.2)	15.2
Income tax (benefit) expense	(0.8)	5.0	(1.2)	—	3.0
Net income	9.8	13.6	7.0	(18.2)	12.2
Less: Net income attributable to noncontrolling interests	—	—	2.4	—	2.4
Net income attributable to SunCoke Energy, Inc.	$9.8	$ 13.6	$ 4.6	$ (18.2)	$9.8
Comprehensive income	$9.8	$ 13.5	$ 7.0	$ (18.1)	$12.2
Less: Comprehensive income attributable to noncontrolling interests	—	—	2.4	—	2.4
Comprehensive income attributable to SunCoke Energy, Inc.	$9.8	$ 13.5	$ 4.6	$ (18.1)	$9.8

Table of Contents

SunCoke Energy, Inc.
Condensed Consolidating Statement of Income
Three Months Ended March 31, 2018
(Dollars in millions)

	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Combining and Consolidating Adjustments	Total
Revenues					
Sales and other operating revenue	$—	$ 51.0	$ 300.7	$ (1.2)	$350.5
Equity in earnings of subsidiaries	10.9	8.7	—	(19.6)	—
Total revenues, net of equity in earnings of subsidiaries	10.9	59.7	300.7	(20.8)	350.5
Costs and operating expenses					
Cost of products sold and operating expenses	—	39.1	232.7	(1.2)	270.6
Selling, general and administrative expenses	1.4	3.4	11.1	—	15.9
Depreciation and amortization expense	—	2.0	30.9	—	32.9
Total costs and operating expenses	1.4	44.5	274.7	(1.2)	319.4
Operating income	9.5	15.2	26.0	(19.6)	31.1
Interest (income) expense, net - affiliate	—	(2.0)	2.0	—	—
Interest expense (income), net	0.7	(0.2)	15.3	—	15.8
Total interest expense (income), net	0.7	(2.2)	17.3	—	15.8
Loss on extinguishment of debt	0.3	—	—	—	0.3
Income before income tax (benefit) expense	8.5	17.4	8.7	(19.6)	15.0
Income tax (benefit) expense	(0.2)	3.1	(0.9)	—	2.0
Net income	8.7	14.3	9.6	(19.6)	13.0
Less: Net income attributable to noncontrolling interests	—	—	4.3	—	4.3
Net income attributable to SunCoke Energy, Inc.	$8.7	$ 14.3	$ 5.3	$ (19.6)	$8.7
Comprehensive income	$8.6	$ 26.7	$ 9.5	$ (31.9)	$12.9
Less: Comprehensive income attributable to noncontrolling interests	—	—	4.3	—	4.3
Comprehensive income attributable to SunCoke Energy, Inc.	$8.6	$ 26.7	$ 5.2	$ (31.9)	$8.6

Table of Contents

SunCoke Energy, Inc.
Condensed Consolidating Balance Sheet
March 31, 2019
(Dollars in millions, except per share amounts)

	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Combining and Consolidating Adjustments	Total
Assets					
Cash and cash equivalents	$—	$ 121.9	$ 22.0	$ —	$ 143.9
Receivables	—	14.9	71.4	—	86.3
Inventories	—	12.7	138.0	—	150.7
Other current assets	—	3.3	2.9	—	6.2
Advances to affiliate	—	297.1	—	(297.1)	—
Total current assets	—	449.9	234.3	(297.1)	387.1
Notes receivable from affiliate	—	—	200.0	(200.0)	—
Properties, plants and equipment, net	—	54.1	1,404.9	—	1,459.0
Goodwill	—	3.4	73.5	—	76.9
Other intangible assets, net	—	0.9	153.2	—	154.1
Deferred income taxes	7.5	—	—	(7.5)	—
Deferred charges and other assets	—	10.1	10.1	—	20.2
Total assets	$ 7.5	$ 518.4	$ 2,076.0	$ (504.6)	$ 2,097.3
Liabilities and Equity					
Advances from affiliate	$ 172.2	$ —	$ 124.9	$ (297.1)	—
Accounts payable	—	20.9	124.8	—	145.7
Accrued liabilities	1.2	9.7	31.4	—	42.3
Deferred revenue	—	—	7.5	—	7.5
Current portion of long-term debt and financing obligation	1.7	—	2.8	—	4.5
Interest payable	0.5	—	16.3	—	16.8
Income taxes payable	1.3	97.2	(97.3)	—	1.2
Total current liabilities	176.9	127.8	210.4	(297.1)	218.0
Long-term debt and financing obligation	40.5	—	788.3	—	828.8
Payable to affiliate	—	200.0	—	(200.0)	—
Accrual for black lung benefits	—	11.0	34.6	—	45.6
Retirement benefit liabilities	—	11.9	12.7	—	24.6
Deferred income taxes	—	195.8	66.0	(7.5)	254.3
Asset retirement obligations	—	—	13.2	—	13.2
Other deferred credits and liabilities	3.2	8.9	13.7	—	25.8
Total liabilities	220.6	555.4	1,138.9	(504.6)	1,410.3
Equity					
Preferred stock, $0.01 par value. Authorized 50,000,000 shares; no issued shares at March 31, 2019	—	—	—	—	—
Common stock, $0.01 par value. Authorized 300,000,000 shares; issued 72,578,808 shares at March 31, 2019	0.7	—	—	—	0.7
Treasury stock, 7,477,657 shares at March 31, 2019	(140.7)	—	—	—	(140.7)
Additional paid-in capital	488.0	81.6	604.3	(685.9)	488.0
Accumulated other comprehensive loss	(13.1)	(2.1)	(11.0)	13.1	(13.1)
Retained earnings	137.3	539.6	128.9	(668.6)	137.2
Equity investment eliminations	(685.3)	(656.1)	—	1,341.4	—

Total SunCoke Energy, Inc. stockholders' equity	(213.1)	(37.0)	722.2	—	472.1
Noncontrolling interests	—	—	214.9	—	214.9
Total equity	(213.1)	(37.0)	937.1	—	687.0
Total liabilities and equity	$7.5	$ 518.4	$ 2,076.0	$ (504.6)	$2,097.3

24

SunCoke Energy, Inc.
Condensed Consolidating Balance Sheet
December 31, 2018
(Dollars in millions, except per share amounts)

	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Combining and Consolidating Adjustments	Total
Assets					
Cash and cash equivalents	$—	$ 123.2	$ 22.5	$ —	$ 145.7
Receivables	—	13.3	62.1	—	75.4
Inventories	—	10.6	99.8	—	110.4
Income tax receivable	—	—	96.1	(95.4)	0.7
Other current assets	—	1.8	1.0	—	2.8
Advances to affiliate	—	281.1	—	(281.1)	—
Total current assets	—	430.0	281.5	(376.5)	335.0
Notes receivable from affiliate	—	—	200.0	(200.0)	—
Properties, plants and equipment, net	—	54.3	1,416.8	—	1,471.1
Goodwill	—	3.4	73.5	—	76.9
Other intangible assets, net	—	1.1	155.7	—	156.8
Deferred income taxes	7.0	—	—	(7.0)	—
Deferred charges and other assets	—	5.1	0.4	—	5.5
Total assets	$ 7.0	$ 493.9	$ 2,127.9	$ (583.5)	$ 2,045.3
Liabilities and Equity					
Advances from affiliate	$ 167.3	$ —	$ 113.8	$ (281.1)	$—
Accounts payable	—	14.7	100.3	—	115.0
Accrued liabilities	1.8	13.7	30.1	—	45.6
Deferred revenue	—	—	3.0	—	3.0
Current portion of long-term debt and financing obligation	1.1	—	2.8	—	3.9
Interest payable	0.4	—	3.2	—	3.6
Income taxes payable	1.9	93.5	—	(95.4)	—
Total current liabilities	172.5	121.9	253.2	(376.5)	171.1
Long-term debt and financing obligation	41.2	—	793.3	—	834.5
Payable to affiliate	—	200.0	—	(200.0)	—
Accrual for black lung benefits	—	10.9	34.0	—	44.9
Retirement benefit liabilities	—	12.2	13.0	—	25.2
Deferred income taxes	—	194.9	66.8	(7.0)	254.7
Asset retirement obligations	—	—	14.6	—	14.6
Other deferred credits and liabilities	3.5	6.6	7.5	—	17.6
Total liabilities	217.2	546.5	1,182.4	(583.5)	1,362.6
Equity					
Preferred stock, $0.01 par value. Authorized 50,000,000 shares; no issued and outstanding shares at December 31, 2018	—	—	—	—	—
Common stock, $0.01 par value. Authorized 300,000,000 shares; issued 72,223,750 shares at December 31, 2018	0.7	—	—	—	0.7
Treasury Stock, 7,477,657 shares at December 31, 2018	(140.7)	—	—	—	(140.7)
Additional paid-in capital	488.9	61.0	612.8	(673.9)	488.8
Accumulated other comprehensive loss	(13.1)	(2.0)	(11.1)	13.1	(13.1)

Retained earnings	127.5	526.1	124.2	(650.4)	127.4
Equity investment eliminations	(673.5)	(637.7)	—	1,311.2	—
Total SunCoke Energy, Inc. stockholders' equity	(210.2)	(52.6)	725.9	—	463.1
Noncontrolling interests	—	—	219.6	—	219.6
Total equity	(210.2)	(52.6)	945.5	—	682.7
Total liabilities and equity	$7.0	$ 493.9	$ 2,127.9	$ (583.5)	$2,045.3

25

Table of Contents

SunCoke Energy, Inc.
Condensed Consolidating Statement of Cash Flows
Three Months Ended March 31, 2019
(Dollars in millions)

	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Combining and Consolidating Adjustments	Total
Cash Flows from Operating Activities:					
Net income	$9.8	$ 13.6	$ 7.0	$ (18.2)	$12.2
Adjustments to reconcile net income to net cash (used in) provided by operating activities:					
Depreciation and amortization expense	—	2.0	35.2	—	37.2
Deferred income tax (benefit) expense	(0.5)	0.9	(0.8)	—	(0.4)
Payments in excess of expense for postretirement plan benefits	—	(0.3)	(0.3)	—	(0.6)
Share-based compensation expense	0.9	—	—	—	0.9
Equity in loss of subsidiaries	(11.9)	(6.3)	—	18.2	—
Changes in working capital pertaining to operating activities:					
Receivables	—	(1.6)	(9.3)	—	(10.9)
Inventories	—	(2.1)	(38.2)	—	(40.3)
Accounts payable	—	6.6	23.3	—	29.9
Accrued liabilities	(0.6)	(4.8)	1.0	—	(4.4)
Deferred revenue	—	—	4.5	—	4.5
Interest payable	0.1	—	13.1	—	13.2
Income taxes	(1.1)	3.7	(0.7)	—	1.9
Other	0.3	(3.8)	(4.4)		(7.9)
Net cash (used in) provided by operating activities	(3.0)	7.9	30.4	—	35.3
Cash Flows from Investing Activities:					
Capital expenditures	—	(1.6)	(19.3)	—	(20.9)
Net cash used in investing activities	—	(1.6)	(19.3)	—	(20.9)
Cash Flows from Financing Activities:					
Repayment of long-term debt	(0.3)	—	—	—	(0.3)
Proceeds from revolving facility	—	—	60.7	—	60.7
Repayment of revolving facility	—	—	(65.7)	—	(65.7)
Repayment of financing obligation	—	—	(0.7)	—	(0.7)
Cash distribution to noncontrolling interests	—	—	(7.1)	—	(7.1)
Other financing activities	(1.7)	—	(1.4)	—	(3.1)
Net increase (decrease) in advances from affiliates	5.0	(7.6)	2.6	—	—
Net cash provided by (used in) financing activities	3.0	(7.6)	(11.6)	—	(16.2)
Net decrease in cash and cash equivalents	—	(1.3)	(0.5)	—	(1.8)
Cash and cash equivalents at beginning of period	—	123.2	22.5	—	145.7
Cash and cash equivalents at end of period	$—	$ 121.9	$ 22.0	$ —	$143.9

Table of Contents

SunCoke Energy, Inc.
Condensed Consolidating Statement of Cash Flows
Three Months Ended March 31, 2018
(Dollars in millions)

	Issuer	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Combining and Consolidating Adjustments	Total
Cash Flows from Operating Activities:					
Net income	$8.7	$ 14.3	$ 9.6	$ (19.6)	$13.0
Adjustments to reconcile net income to net cash (used in) provided by operating activities:					
Depreciation and amortization expense	—	2.0	30.9	—	32.9
Deferred income tax expense (benefit)	—	0.3	(0.1)	—	0.2
Payments in excess of expense for postretirement plan benefits	—	(0.2)	(0.4)	—	(0.6)
Share-based compensation expense	0.8	—	—	—	0.8
Equity in loss of subsidiaries	(10.9)	(8.7)	—	19.6	—
Loss on extinguishment of debt	0.3	—	—	—	0.3
Changes in working capital pertaining to operating activities:					
Receivables	—	1.0	(7.8)	—	(6.8)
Inventories	—	(3.7)	4.6	—	0.9
Accounts payable	—	4.7	9.3	—	14.0
Accrued liabilities	(0.4)	(5.9)	(2.4)	—	(8.7)
Deferred revenue	—	—	1.9	—	1.9
Interest payable	(1.1)	—	12.8	—	11.7
Income taxes	(0.3)	2.3	(2.6)	—	(0.6)
Other	(0.5)	(1.5)	0.3	—	(1.7)
Net cash (used in) provided by operating activities	(3.4)	4.6	56.1	—	57.3
Cash Flows from Investing Activities:					
Capital expenditures	—	(0.6)	(14.8)	—	(15.4)
Net cash used in investing activities	—	(0.6)	(14.8)	—	(15.4)
Cash Flows from Financing Activities:					
Proceeds from issuance of long-term debt	45.0	—	—	—	45.0
Repayment of long-term debt	(44.9)	—	—	—	(44.9)
Debt issuance cost	(0.5)	—	—	—	(0.5)
Proceeds from revolving facility	—	—	53.5	—	53.5
Repayments of revolving facility	—	—	(53.5)	—	(53.5)
Repayment of financing obligation	—	—	(0.6)	—	(0.6)
Acquisition of additional interest in the Partnership	—	(3.4)	—	—	(3.4)
Cash distribution to noncontrolling interests	—	—	(10.6)	—	(10.6)
Other financing activities	(0.1)	—	—	—	(0.1)
Net increase (decrease) in advances from affiliates	3.9	(11.0)	7.1	—	—
Net cash provided by (used in) financing activities	3.4	(14.4)	(4.1)	—	(15.1)
Net (decrease) increase in cash and cash equivalents	—	(10.4)	37.2	—	26.8
Cash and cash equivalents at beginning of period	—	103.6	16.6	—	120.2
Cash and cash equivalents at end of period	$—	$ 93.2	$ 53.8	$ —	$147.0

27

Table of Contents

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

This Quarterly Report on Form 10-Q contains certain forward-looking statements of expected future developments, as defined in the Private Securities Litigation Reform Act of 1995. This discussion contains forward-looking statements about our business, operations and industry that involve risks and uncertainties, such as statements regarding our plans, objectives, expectations and intentions. Our future results and financial condition may differ materially from those we currently anticipate as a result of the factors we describe under "Cautionary Statement Concerning Forward-Looking Statements."

This Management's Discussion and Analysis of Financial Condition and Results of Operations ("MD&A") is based on financial data derived from the financial statements prepared in accordance with the United States ("U.S.") generally accepted accounting principles ("GAAP") and certain other financial data that is prepared using non-GAAP measures. For a reconciliation of these non-GAAP measures to the most comparable GAAP components, see "Non-GAAP Financial Measures" at the end of this Item and Note 13 to our consolidated financial statements.

Our MD&A is provided in addition to the accompanying consolidated financial statements and notes to assist readers in understanding our results of operations, financial condition and cash flow.

Overview

SunCoke Energy, Inc. ("SunCoke Energy," "SunCoke," "Company," "we," "our" and "us") is the largest independent producer of high-quality coke in the Americas, as measured by tons of coke produced each year, and has over 55 years of coke production experience. Coke is a principal raw material in the blast furnace steelmaking process and is produced by heating metallurgical coal in a refractory oven, which releases certain volatile components from the coal, thus transforming the coal into coke. We also provide handling and/or mixing services to steel, coke (including some of our domestic cokemaking facilities), electric utility, coal producing and other manufacturing based customers.

Our consolidated financial statements include SunCoke Energy Partners, L.P. (the "Partnership"), a publicly-traded partnership which owns 98 percent of our Haverhill, Middletown, and Granite City cokemaking facilities and 100 percent of Convent Marine Terminal ("CMT"), Kanawha River Terminal, ("KRT") and SunCoke Lake Terminal ("Lake Terminal"). As of March 31, 2019, we owned the general partner of the Partnership, which consists of a 2.0 percent ownership interest and incentive distribution rights, and owned a 60.4 percent limited partner interest in the Partnership. As of March 31, 2019, the remaining 37.6 percent interest in the Partnership was held by public unitholders.

On February 5, 2019, the Company and the Partnership announced that they entered into a definitive agreement whereby SunCoke will acquire all outstanding common units of the Partnership not already owned by SunCoke in a stock-for-unit merger transaction (the "Simplification Transaction"). Pursuant to the terms of this agreement ("Merger Agreement"), the Partnership's unaffiliated common unitholders will receive 1.40 SunCoke common shares plus a fraction of a SunCoke common share, based on a formula as further described in the Merger Agreement, for each Partnership common unit. Following completion of the Simplification Transaction, the Partnership will become a wholly-owned subsidiary of SunCoke, the Partnership's common units will cease to be publicly traded and the Partnership's IDRs will be eliminated. The Company continues to expect the Simplification Transaction to close late in the second quarter of 2019 or early in the third quarter of 2019.

Cokemaking

We have designed, developed, built, own and operate five cokemaking facilities in the United States ("U.S."), which consist of our Haverhill, Middletown, Granite City, Jewell and Indiana Harbor cokemaking facilities. These five cokemaking facilities have collective nameplate capacity to produce approximately 4.2 million tons of coke per year. Additionally, we have designed and operate one cokemaking facility in Brazil under licensing and operating agreements on behalf of ArcelorMittal Brasil S.A. ("ArcelorMittal Brazil"), which has approximately 1.7 million tons of annual cokemaking capacity.

Our core business model is predicated on providing steelmakers an alternative to investing capital in their own captive coke production facilities. We direct our marketing efforts principally towards steelmaking customers that require coke for use in their blast furnaces. Our U.S. coke sales are made pursuant to long-term, take-or-pay agreements with ArcelorMittal USA LLC and/or its affiliates ("AM USA"), AK Steel Holding Corporation ("AK Steel") and United States Steel Corporation, ("U.S. Steel"), who are three of the largest blast furnace steel makers in North America.

These coke sales agreements have an average remaining term of approximately five years and contain pass-through provisions for costs we incur in the cokemaking process, including coal costs (subject to meeting contractual coal-to-coke yields), operating and maintenance expenses, costs related to the transportation of coke to our customers, taxes (other than income taxes) and costs associated with changes in regulation. The coal component of the Jewell coke price is based on the weighted-average contract price of third-party coal purchases at our Haverhill facility applicable to AM USA coke sales. To date, our coke customers have satisfied their obligations under these agreements.

Table of Contents

The coke sales agreement and energy sales agreement with AK Steel at our Haverhill facility are subject to early termination by AK Steel only if AK Steel meets both of the following two criteria: (1) AK Steel permanently shuts down operation of the iron producing portion of its Ashland Works Plant and (2) AK Steel has not acquired or begun construction of a new blast furnace in the U.S. to replace, in whole or in part, the Ashland Works Plant iron production capacity. If AK Steel were able to satisfy both criteria and chose to elect early termination, AK Steel must provide two years advance notice of the termination. During the two-year notice period, AK Steel must continue to perform under the terms of the coke sales agreement and energy sales agreement. On January 28, 2019, AK Steel announced its intention to permanently close its Ashland Works Plant by the end of 2019. Were the Ashland Plant to permanently shut down, we believe AK Steel has not and would not satisfy the second criterion. No other coke sales agreement has an early termination clause.

Our Granite City facility and the first phase of our Haverhill facility, or Haverhill I, have steam generation facilities, which use hot flue gas from the cokemaking process to produce steam for sale to customers, pursuant to steam supply and purchase agreements. Granite City sells steam to U.S. Steel and Haverhill I provides steam, at minimal cost, to Altivia Petrochemicals, LLC. Our Middletown facility and the second phase of our Haverhill facility, or Haverhill II, have cogeneration plants that use the hot flue gas created by the cokemaking process to generate electricity, which either is sold into the regional power market or to AK Steel pursuant to energy sales agreements.

The following table sets forth information about our cokemaking facilities and our coke and energy sales agreements as of March 31, 2019:

Facility	Location	Customer	Year of Start Up	Contract Expiration	Number of Coke Ovens	Annual Cokemaking Nameplate Capacity (thousands of tons)	Use of Waste Heat
Owned and Operated:							
Jewell	Vansant, Virginia	AM USA	1962	December 2020	142	720	Partially used for thermal coal drying
Indiana Harbor	East Chicago, Indiana	AM USA	1998	October 2023	268	1,220	Heat for power generation
Haverhill Phase I	Franklin Furnace, Ohio	AM USA	2005	December 2020	100	550	Process steam
Haverhill Phase II	Franklin Furnace, Ohio	AK Steel	2008	December 2021	100	550	Power generation
Granite City	Granite City, Illinois	U.S. Steel	2009	December 2025	120	650	Steam for power generation
Middletown[(1)]	Middletown, Ohio	AK Steel	2011	December 2032	100	550	Power generation
					830	4,240	
Operated:							
Vitória	Vitória, Brazil	ArcelorMittal Brazil	2007	January 2023	320	1,700	Steam for power generation
					1,150	5,940	

(1) Cokemaking nameplate capacity represents stated capacity for production of blast furnace coke. The Middletown coke sales agreement provides for coke sales on a “run of oven” basis, which includes both blast furnace coke and small coke. Middletown nameplate capacity on a “run of oven” basis is 578 thousand tons per year.

Logistics

Our logistics business consists of CMT, KRT, Lake Terminal and Dismal River Terminal ("DRT"). CMT is one of the largest export terminals on the U.S. Gulf Coast. CMT provides strategic access to seaborne markets for coal and other

industrial materials. Supporting low-cost Illinois Basin coal producers, the terminal provides loading and unloading services and has direct rail access. With its top of the line shiploader, CMT has the current capability to transload 15 million tons annually. The facility is supported by long-term contracts with volume commitments covering 10 million tons of its current capacity. The facility also serves other merchant business including aggregates (crushed stone) and petroleum coke. CMT's efficient barge unloading capabilities complement its rail and truck offerings and provide the terminal with the ability to transload and mix a significantly broader variety of materials, including petroleum coke and other materials from barges at its dock. KRT is a leading metallurgical and thermal coal mixing and handling terminal service provider with collective capacity to mix and transload 25 million tons annually through its two operations in West Virginia. Lake Terminal and DRT provide coal handling and mixing services to SunCoke's Indiana Harbor and Jewell cokemaking operations, respectively.

29

Table of Contents

Our logistics business has the collective capacity to mix and/or transload more than 40 million tons of coal and other aggregates annually and has storage capacity of approximately 3 million tons. Our terminals act as intermediaries between our customers and end users by providing transloading and mixing services. Materials are transported in numerous ways, including rail, truck, barge or ship. We do not take possession of materials handled but instead derive our revenues by providing handling and/or mixing services to our customers on a per ton basis. Revenues are recognized when services are provided as defined by customer contracts.

Billings to CMT customers for take-or-pay volume shortfalls based on pro-rata volume commitments under take-or-pay contracts that are in excess of billings earned for services provided are recorded as contract liabilities and characterized as deferred revenue on the Consolidated Balance Sheets. Deferred revenue will be recognized at the earliest of i) when the performance obligation is satisfied; ii) when the performance obligation has expired, based on the terms of the contract; or iii) when the likelihood that the customer would exercise its right to the performance obligation becomes remote.

The financial performance of our logistics business is substantially dependent upon a limited number of customers. Our CMT customers are impacted by seaborne export market dynamics. Fluctuations in the benchmark price for coal delivery into northwest Europe, as referenced in the Argus/McCloskey's Coal Price Index report ("API2 index price"), as well as Newcastle index coal prices, as referenced in the Argus/McCloskey's Coal Price Index report ("API5 index price"), which reflect high-ash coal prices shipped from Australia, contribute to our customers' decisions to place tons into the export market and thus impact transloading volumes through CMT. Our KRT terminals serve two primary domestic markets: metallurgical coal trade and thermal coal trade. Metallurgical markets are primarily impacted by steel prices and blast furnace operating levels, whereas thermal markets are impacted by natural gas prices and electricity demand.

API2 and API5 prices declined in the first quarter of 2019 from the end of 2018, driven by reduced demand from Europe, Asia and the Mediterranean regions. While we expect the U.S. to continue to be a significant participant in the seaborne coal trade, we anticipate export volumes to be lower in 2019 as compared to 2018. However, due to the take-or-pay nature of our contracts with coal export customers, lower export volumes do not have a material impact on our expected full-year results.

First Quarter Key Financial Results

Our consolidated results of operations were as follows:

	Three Months Ended March 31,		
	2019	2018	Increase (Decrease)
	(Dollars in millions)		
Net income	$12.2	$13.0	$ (0.8)
Net cash provided by operating activities	$35.3	$57.3	$ (22.0)
Adjusted EBITDA	$67.3	$64.0	$ 3.3

Results in the first quarter of 2019 reflect strong operating performance. Higher depreciation expense also impacted net income and rebuilding coal inventory levels impacted cash provided by operating activities. See detailed analysis of the quarter's results throughout the MD&A. See Note 13 to our consolidated financial statements for the definition and reconciliation of Adjusted EBITDA.

Recent Developments and Items Impacting Comparability

There were no unusual events during the three months ended March 31, 2019, significantly impacting comparability to the prior year period.

Results of Operations

The following table sets forth amounts from the Consolidated Statements of Income for the three months ended March 31, 2019 and 2018, respectively:

	Three Months Ended March 31,		
	2019	2018	Increase (Decrease)
	(Dollars in millions)		
Revenues			
Sales and other operating revenue	$391.3	$350.5	$ 40.8
Costs and operating expenses			
Cost of products sold and operating expenses	307.4	270.6	36.8
Selling, general and administrative expenses	16.7	15.9	0.8
Depreciation and amortization expense	37.2	32.9	4.3
Total costs and operating expenses	361.3	319.4	41.9
Operating income	30.0	31.1	(1.1)
Interest expense, net	14.8	15.8	(1.0)
Loss on extinguishment of debt	—	0.3	(0.3)
Income before income tax expense	15.2	15.0	0.2
Income tax expense	3.0	2.0	1.0
Net income	12.2	13.0	(0.8)
Less: Net income attributable to noncontrolling interests	2.4	4.3	(1.9)
Net income attributable to SunCoke Energy, Inc.	$9.8	$8.7	$ 1.1

Sales and Other Operating Revenue and Costs of Products Sold and Operating Expenses. Sales and other operating revenue and costs of products sold and operating expenses increased for the three months ended March 31, 2019 compared to the same prior year period, primarily due to the pass-through of higher coal prices and higher volumes in our Domestic Coke segment.

Selling, General and Administrative Expenses. Selling, general and administrative expenses during the three months ended March 31, 2019 increased compared to the same prior year period primarily due to Simplification Transaction costs.

Depreciation and Amortization Expense. The increase in depreciation and amortization expense was driven by revisions made in the third quarter of 2018 to the estimated useful lives of certain assets in our Domestic Coke segment, primarily as a result of plans to replace major components of certain heat recovery steam generators with upgraded materials and design. The revisions resulted in additional depreciation of $5.7 million, or $0.09 per common share from operations, during the three months ended March 31, 2019.

Interest Expense, Net. Interest expense, net benefited from higher capitalized interest on the environmental remediation project and higher interest rates on our cash and cash equivalent balances during the three months ended March 31, 2019.

Income Tax Expense. The Company's effective tax rate was 19.7 percent and 13.3 percent during the three months ended March 31, 2019 and 2018, respectively. The effective rate for the three months ended March 31, 2019 was impacted by higher state taxes and a less significant impact of earnings attributable to its non controlling ownership interests in partnerships as compared to the three months ended March 31, 2018. See Note 4 to our consolidated financial statements.

Noncontrolling Interest. Net income attributable to noncontrolling interest represents the common public unitholders' interest in the Partnership as well as a 14.8 percent third-party interest in our Indiana Harbor cokemaking facility.

Table of Contents

The following table provides details into net income attributable to noncontrolling interest:

	Three Months Ended March 31,		
	2019	2018	Increase (Decrease)
	(Dollars in millions)		
Net income attributable to the Partnership's common public unitholders'[1]	$1.7	$4.6	$ (2.9)
Net income (loss) attributable to third-party interest in our Indiana Harbor cokemaking facility[2]	0.7	(0.3)	1.0
Net income attributable to noncontrolling interest	$2.4	$4.3	$ (1.9)

(1) The decrease during the three months ended March 31, 2019 was due to lower net income at the Partnership, decreasing income allocated to public unitholders.

(2) The increase during the three months ended March 31, 2019 as compared to the same prior year periods was primarily driven by higher volumes as a result of the rebuilt ovens.

Results of Reportable Business Segments

We report our business results through three segments:

- Domestic Coke consists of our Jewell facility, located in Vansant, Virginia, our Indiana Harbor facility, located in East Chicago, Indiana, our Haverhill facility, located in Franklin Furnace, Ohio, our Granite City facility located in Granite City, Illinois, and our Middletown facility located in Middletown, Ohio.
- Brazil Coke consists of operations in Vitória, Brazil, where we operate the ArcelorMittal Brazil cokemaking facility.
- Logistics consists of CMT, located in Convent, Louisiana, KRT, located in Ceredo and Belle, West Virginia, Lake Terminal, located in East Chicago, Indiana, and DRT, located in Vansant, Virginia. Lake Terminal and DRT are located adjacent to our Indiana Harbor and Jewell cokemaking facilities, respectively.

Corporate expenses that can be identified with a segment have been included in determining segment results. The remainder is included in Corporate and Other, including activity from our legacy coal mining business.

Management believes Adjusted EBITDA is an important measure of operating performance and liquidity, which is used as the primary basis for the chief operating decision maker to evaluate the performance of each of our reportable segments. Adjusted EBITDA should not be considered a substitute for the reported results prepared in accordance with GAAP. See Note 13 to our consolidated financial statements.

32

Table of Contents

Segment Financial and Operating Data

The following tables set forth financial and operating data:

	Three Months Ended March 31, 2019	2018	Increase (Decrease)
	(Dollars in millions)		
Sales and other operating revenues:			
Domestic Coke	$359.3	$318.1	$ 41.2
Brazil Coke	9.7	10.1	(0.4)
Logistics	22.3	22.3	—
Logistics intersegment sales	6.5	5.4	1.1
Elimination of intersegment sales	(6.5)	(5.4)	(1.1)
Total sales and other operating revenues	$391.3	$350.5	$ 40.8
Adjusted EBITDA[(1)]:			
Domestic Coke	$58.5	$54.3	$ 4.2
Brazil Coke	4.5	4.7	(0.2)
Logistics	12.7	13.6	(0.9)
Corporate and Other[(2)]	(8.4)	(8.6)	0.2
Total Adjusted EBITDA	$67.3	$64.0	$ 3.3
Coke Operating Data:			
Domestic Coke capacity utilization	96 %	92 %	4 %
Domestic Coke production volumes (thousands of tons)	1,006	962	44
Domestic Coke sales volumes (thousands of tons)	1,004	974	30
Domestic Coke Adjusted EBITDA per ton[(3)]	$58.27	$55.75	$ 2.52
Brazilian Coke production—operated facility (thousands of tons)	419	441	(22)
Logistics Operating Data:			
Tons handled (thousands of tons)[(4)]	5,784	5,821	(37)
CMT take-or-pay shortfall tons (thousands of tons)[(5)]	669	172	497

(1) See Note 13 in our consolidated financial statements for both the definition of Adjusted EBITDA and the reconciliations from GAAP to the non-GAAP measurement for the three months ended March 31, 2019 and 2018.

(2) Corporate and Other includes the activity from our legacy coal mining business, which contributed Adjusted EBITDA losses of $1.8 million during the three months ended March 31, 2019, and $2.3 million for the three months ended March 31, 2018.

(3) Reflects Domestic Coke Adjusted EBITDA divided by Domestic Coke sales volumes.

(4) Reflects inbound tons handled during the period.

(5) Reflects tons billed under take-or-pay contracts where services have not yet been performed.

33

Table of Contents

Analysis of Segment Results

Domestic Coke

The following table explains year-over-year changes in the Domestic Coke segment's sales and other operating revenues and Adjusted EBITDA results:

	Three months ended March 31, 2019 vs. 2018	
	Sales and other operating revenue	Adjusted EBITDA
	(Dollars in millions)	
Prior year period	$318.1	$ 54.3
Volumes[1]	6.9	2.6
Coal cost recovery and yields[2]	34.7	0.8
Operating and maintenance costs[3]	—	1.0
Energy and other	(0.4)	(0.2)
Current year period	$359.3	$ 58.5

(1) The increase in volumes was driven by improved performance from rebuilt ovens at our Indiana Harbor facility.

(2) The increase in coal cost recovery and yields was driven by higher coal prices. The benefit of higher coal prices was partly offset by the impact of higher coal moistures as a result of heavy rainfall during the winter of 2019, which negatively impacted coal-to-coke yields and Adjusted EBITDA by $1.6 million.

(3) The first quarter of 2019 benefited from the timing of planned outage work as compared the same prior year period.

Logistics

The following table explains year-over-year changes in the Logistics segment's sales and other operating revenues and Adjusted EBITDA results:

	Three months ended March 31, 2019 vs. 2018	
	Sales and other operating revenue inclusive of intersegment sales	Adjusted EBITDA
	(Dollars in millions)	
Prior year period	$27.7	$ 13.6
Transloading volumes[1]	(1.7)	(1.9)
Price/margin impact of mix in transloading services	1.1	1.1
Operating and maintenance costs and other[2]	1.7	(0.1)
Current year period	$28.8	$ 12.7

(1)

Revenues decreased due to lower export volumes at CMT, but were partially offset by higher volumes at our domestic terminals, which increased revenues $1.6 million as compared to the same prior year period.

(2) Operating and maintenance costs and other reflects $0.5 million of incremental costs during the current year period resulting from high water levels.

Brazil

Revenues were $9.7 million and Adjusted EBITDA was $4.5 million during the three months ended March 31, 2019, which were comparable to results in the prior year period.

Corporate and Other

Corporate and Other Adjusted EBITDA was a loss of $8.4 million for the three months ended March 31, 2019, which was comparable to results in the prior year period.

Liquidity and Capital Resources

Our primary liquidity needs are to fund working capital, fund investments, service our debt, maintain cash reserves and replace partially or fully depreciated assets and other capital expenditures. Our sources of liquidity include cash generated

Table of Contents

from operations, borrowings under our revolving credit facility and, from time to time, debt and equity offerings. We believe our current resources are sufficient to meet our working capital requirements for our current business for the foreseeable future. As of March 31, 2019, together with the Partnership, we had $143.9 million of cash and cash equivalents and $261.2 million of borrowing availability under our credit facilities.

Distribution

On April 15, 2019, the Partnership's Board of Directors declared a quarterly cash distribution of $0.4000 per unit. This distribution will be paid on June 3, 2019, to unitholders of record on May 15, 2019.

The Partnership anticipates it will maintain the current quarterly distribution rate of $0.4000 per unit for each quarter until the closing of the Simplification Transaction. Partnership common unitholders will receive a prorated distribution per unit payable in SunCoke common shares based upon a quarterly distribution of $0.4000 per unit for the period beginning with the first day of the most recent full calendar quarter with respect to which any Partnership unitholder distribution record date has not occurred (or if there is no such full calendar quarter, then beginning with the first day of the partial calendar quarter in which the closing occurs) and ending on the day prior to the close of the Simplification Transaction.

Covenants

As of March 31, 2019, the Company and the Partnership were in compliance with all applicable debt covenants. We do not anticipate a violation of these covenants nor do we anticipate that any of these covenants will restrict our operations or our ability to obtain additional financing. See Note 6 to the consolidated financial statements for details on debt covenants.

Credit Rating

In March 2019, S&P Global Ratings reaffirmed the Company and the Partnership's corporate credit rating of BB- (stable). Additionally, in February 2019, Moody’s Investors Service reaffirmed the Company’s corporate family rating of B1 (stable).

Cash Flow Summary

The following table sets forth a summary of the net cash provided by (used in) operating, investing and financing activities for the three months ended March 31, 2019 and 2018:

	Three Months Ended March 31,	
	2019	2018
	(Dollars in millions)	
Net cash provided by operating activities	$35.3	$57.3
Net cash used in investing activities	(20.9)	(15.4)
Net cash used in financing activities	(16.2)	(15.1)
Net (decrease) increase in cash and cash equivalents	$(1.8)	$26.8

Cash Flows from Operating Activities

Net cash provided by operating activities decreased by $22.0 million to $35.3 million for the three months ended March 31, 2019 as compared to the corresponding prior year period. The decrease was due to an unfavorable year-over-year change in primary working capital, which is comprised of accounts receivable, inventories and accounts payable, primarily driven by rebuilding coal inventory levels at higher coal prices as compared to the prior year period.

Cash Flows from Investing Activities

Net cash used in investing activities increased by $5.5 million to $20.9 million for the three months ended March 31, 2019 as compared to the corresponding prior year period. The current year period included higher capital spending as compared to the same prior year period, primarily related to the timing of capital expenditures as well as higher capital spending on the Indiana Harbor oven rebuild project and certain upgrades in order to improve the long-term reliability and operational performance of our assets.

Cash Flows from Financing Activities
Net cash used in financing activities increased by $1.1 million to $16.2 million for the three months ended March 31, 2019 as compared to the corresponding prior year period. The increase was primarily the result of the Partnership's repayment of $5.0 million on its revolving credit facility, mostly offset by lower Partnership distributions to its public unitholders and the absence of the Company's purchase of outstanding Partnership common units in the corresponding prior year period.

Table of Contents

Capital Requirements and Expenditures

Our operations are capital intensive, requiring significant investment to upgrade or enhance existing operations and to meet environmental and operational regulations. The level of future capital expenditures will depend on various factors, including market conditions and customer requirements, and may differ from current or anticipated levels. Material changes in capital expenditure levels may impact financial results, including but not limited to the amount of depreciation, interest expense and repair and maintenance expense.

Our capital requirements have consisted, and are expected to consist, primarily of:

- Ongoing capital expenditures required to maintain equipment reliability, the integrity and safety of our coke ovens and steam generators and to comply with environmental regulations. Ongoing capital expenditures are made to replace partially or fully depreciated assets in order to maintain the existing operating capacity of the assets and/or to extend their useful lives and also include new equipment that improves the efficiency, reliability or effectiveness of existing assets. Ongoing capital expenditures do not include normal repairs and maintenance expenses, which are expensed as incurred;
- Environmental remediation project expenditures required to implement design changes to ensure that our existing facilities operate in accordance with existing environmental permits; and
- Expansion capital expenditures to acquire and/or construct complementary assets to grow our business and to expand existing facilities as well as capital expenditures made to enable the renewal of a coke sales agreement and/or logistics service agreement and on which we expect to earn a reasonable return.

The following table summarizes ongoing, environmental remediation projects and expansion capital expenditures:

	Three Months Ended March 31,	
	2019	2018
	(Dollars in millions)	
Ongoing capital[1]	$16.4	$8.1
Environmental remediation projects[2]	4.5	7.3
Total capital expenditures	$20.9	$15.4

(1) Includes $4.8 million and $3.4 million of capital expenditures in connection with our current oven rebuild initiative at our Indiana Harbor facility, during the three months ended March 31, 2019 and 2018, respectively.

(2) Includes $1.2 million and $0.5 million of capitalized interest in connection with the environmental remediation projects during the three months ended March 31, 2019 and 2018, respectively.

In 2019, we expect our capital expenditures to be between $110 million and $120 million, of which approximately $55 million to $60 million will be spent at the Partnership and approximately $40 million to $48 million will be spent on the Indiana Harbor oven rebuild project.

We anticipate spending approximately $150 million related to these environmental remediation projects, of which we have spent approximately $141 million to date, including $7 million spent by the Company prior to the formation of the Partnership. The remaining capital is expected to be spent through the first half of 2019. Pursuant to the omnibus agreement, the Company previously funded $139 million for these known environmental remediation projects and made capital contributions to the Partnership of $4 million during the first quarter of 2019. The Company expects to make additional capital contributions for the remaining amount to be spent on the project later in 2019.

Off-Balance Sheet Arrangements

We have letters of credit, short term operating leases and outstanding surety bonds to secure reclamation and other performance commitments. There have been no significant changes to these arrangements during the three months ended March 31, 2019. Please refer to our Annual Report on Form 10-K filed on February 15, 2019 for further disclosure of these arrangements. Other than these arrangements, the Company has not entered into any transactions,

agreements or other contractual arrangements that would result in material off-balance sheet liabilities.

Table of Contents

Critical Accounting Policies

There have been no significant changes to our accounting policies during the three months ended March 31, 2019. Please refer to our Annual Report on Form 10-K filed on February 15, 2019 for a summary of these policies.

Recent Accounting Standards

See Note 1 to our consolidated financial statements.

Non-GAAP Financial Measures

In addition to the GAAP results provided in this Quarterly Report on Form 10-Q, we have provided a non-GAAP financial measure, Adjusted EBITDA. Our management, as well as certain investors, use this non-GAAP measure to analyze our current and expected future financial performance and liquidity. This measure is not in accordance with, or a substitute for, GAAP and may be different from, or inconsistent with, non-GAAP financial measures used by other companies. See Note 13 in our consolidated financial statements for both the definition of Adjusted EBITDA and reconciliations from GAAP to the non-GAAP measurement for the three months ended March 31, 2019 and 2018, respectively.

Below is a reconciliation of 2019 Adjusted EBITDA guidance from its closest GAAP measures:

	2019	
	Low	High
Net cash provided by operating activities	$180	$195
Subtract:		
Depreciation and amortization expense	150	145
Changes in working capital and other	(14)	(1)
Net income	$44	$51
Add:		
Depreciation and amortization expense	150	145
Interest expense, net	65	65
Income tax expense	6	14
Adjusted EBITDA	$265	$275
Subtract: Adjusted EBITDA attributable to noncontrolling interests[(1)]	83	87
Adjusted EBITDA attributable to SunCoke Energy, Inc.	$182	$188

(1) Reflects non-controlling interest in Indiana Harbor and the portion of the Partnership owned by public unitholders.

Table of Contents

CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

We have made forward-looking statements in this Quarterly Report on Form 10-Q, including, among others, in the sections entitled “Business,” “Risk Factors,” “Quantitative and Qualitative Disclosures About Market Risk” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations.” Such forward-looking statements are based on management’s beliefs and assumptions and on information currently available.

Forward-looking statements include the information concerning our possible or assumed future results of operations, business strategies, financing plans, competitive position, potential growth opportunities, potential operating performance, the effects of competition and the effects of future legislation or regulations. Forward-looking statements include all statements that are not historical facts and may be identified by the use of forward-looking terminology such as the words “believe,” “expect,” “plan,” “intend,” “anticipate,” “estimate,” “predict,” “potential,” “continue, “will,” “should” or the negative of these terms or similar expressions. In particular, statements in this Quarterly Report on Form 10-Q concerning future dividend declarations are subject to approval by our Board of Directors and will be based upon circumstances then existing.

Forward-looking statements involve risks, uncertainties and assumptions. Actual results may differ materially from those expressed in these forward-looking statements. You should not put undue reliance on any forward-looking statements. We do not have any intention or obligation to update any forward-looking statement (or its associated cautionary language), whether as a result of new information or future events, after the date of this Quarterly Report on Form 10-Q, except as required by applicable law.

The risk factors discussed in “Risk Factors” could cause our results to differ materially from those expressed in the forward-looking statements made in this Quarterly Report on Form 10-Q. There also may be other risks that we are unable to predict at this time. Such risks and uncertainties include, without limitation:

- changes in levels of production, production capacity, pricing and/or margins for coal and coke;
- variation in availability, quality and supply of metallurgical coal used in the cokemaking process, including as a result of non-performance by our suppliers;
- changes in the marketplace that may affect our logistics business, including the supply and demand for thermal and metallurgical coal;
- changes in the marketplace that may affect our cokemaking business, including the supply and demand for our coke products, as well as increased imports of coke from foreign producers;
- competition from alternative steelmaking and other technologies that have the potential to reduce or eliminate the use of coke;
- our dependence on, relationships with, and other conditions affecting our customers;
- our dependence on, relationships with, and other conditions affecting our suppliers;
- severe financial hardship or bankruptcy of one or more of our major customers, or the occurrence of a customer default or other event affecting our ability to collect payments from our customers;
- volatility and cyclical downturns in the steel industry and in other industries in which our customers and/or suppliers operate;
- volatility, cyclical downturns and other change in the business climate and market for coal, affecting customers or potential customers for the Partnership's logistics business;
- our significant equity interest in the Partnership;
- our ability to repair aging coke ovens to maintain operational performance;
- our ability to enter into new, or renew existing, long-term agreements upon favorable terms for the sale of coke, steam, or electric power, or for handling services of coal and other aggregates (including transportation, storage and mixing);
- the Partnership's ability to enter into new, or renew existing, agreements upon favorable terms for logistics services;
- our ability to identify acquisitions, execute them under favorable terms, and integrate them into our existing business operations;
- our ability to consummate investments under favorable terms, including with respect to existing cokemaking facilities, which may utilize by-product technology, and integrate them into our existing businesses and have them perform at anticipated levels;

- our ability to develop, design, permit, construct, start up, or operate new cokemaking facilities in the U.S. or in foreign countries;
- our ability to successfully implement domestic and/or our international growth strategies;
- our ability to realize expected benefits from investments and acquisitions;
- age of, and changes in the reliability, efficiency and capacity of the various equipment and operating facilities used in our cokemaking operations, and in the operations of our subsidiaries, major customers, business partners, and/or suppliers;
- changes in the expected operating levels of our assets;
- our ability to meet minimum volume requirements, coal-to-coke yield standards and coke quality standards in our coke sales agreements;
- changes in the level of capital expenditures or operating expenses, including any changes in the level of environmental capital, operating or remediation expenditures;
- our ability to service our outstanding indebtedness;
- our ability to comply with the restrictions imposed by our financing arrangements;
- our ability to comply with applicable federal, state or local laws and regulations, including, but not limited to, those relating to environmental matters;
- nonperformance or force majeure by, or disputes with, or changes in contract terms with, major customers, suppliers, dealers, distributors or other business partners;
- availability of skilled employees for our cokemaking and/or logistics operations, and other workplace factors;
- effects of railroad, barge, truck and other transportation performance and costs, including any transportation disruptions;
- effects of adverse events relating to the operation of our facilities and to the transportation and storage of hazardous materials or regulated media (including equipment malfunction, explosions, fires, spills, impoundment failure and the effects of severe weather conditions);
- effects of adverse events relating to the business or commercial operations of our customers and/or suppliers;
- disruption in our information technology infrastructure and/or loss of our ability to securely store, maintain, or transmit data due to security breach by hackers, employee error or malfeasance, terrorist attack, power loss, telecommunications failure or other events;
- our ability to enter into joint ventures and other similar arrangements under favorable terms;
- our ability to consummate assets sales, other divestitures and strategic restructuring in a timely manner upon favorable terms, and/or realize the anticipated benefits from such actions;
- changes in the availability and cost of equity and debt financing;
- impacts on our liquidity and ability to raise capital as a result of changes in the credit ratings assigned to our indebtedness;
- changes in credit terms required by our suppliers;
- risks related to labor relations and workplace safety;
- proposed or final changes in existing, or new, statutes, regulations, rules, governmental policies and taxes, or their interpretations, including those relating to environmental matters and taxes;
- the existence of hazardous substances or other environmental contamination on property owned or used by us;
- the availability of future permits authorizing the disposition of certain mining waste and the management of reclamation areas;
- risks related to obligations under mineral leases retained by us in connection with the divestment of our legacy coal mining business;
- risks related to environmental compliance;

Table of Contents

- risks related to the ability of the assignee(s) to perform in compliance with applicable requirements under mineral leases assigned in connection with the divestment of our legacy coal mining business;
- claims of noncompliance with any statutory or regulatory requirements;
- proposed or final changes in accounting and/or tax methodologies, laws, regulations, rules, or policies, or their interpretations, including those affecting inventories, leases, post-employment benefits, income or other matters;
- historical consolidated financial data may not be reliable indicators of future results;
- public company costs;
- our indebtedness and certain covenants in our debt documents;
- our ability to secure new coal supply agreements or to renew existing coal supply agreements;
- required permits and other regulatory approvals and compliance with contractual obligations and/or bonding requirements in connection with our cokemaking, logistics operations, and/or former coal mining activities;
- changes in product specifications for the coke that we produce or the coals we mix, store and transport;
- changes in insurance markets impacting cost, level and/or types of coverage available, and the financial ability of our insurers to meet their obligations;
- changes in tax laws or their interpretations, including regulations governing the federal income tax treatment of the Partnership;
- volatility in foreign currency exchange rates affecting the markets and geographic regions in which we conduct business;
- the accuracy of our estimates of reclamation and other mine closure obligations;
- inadequate protection of our intellectual property rights; and
- effects of geologic conditions, weather, natural disasters and other inherent risks beyond our control.

The factors identified above are believed to be important factors, but not necessarily all of the important factors, that could cause actual results to differ materially from those expressed in any forward-looking statement made by us. Other factors not discussed herein also could have material adverse effects on us. All forward-looking statements included in this Quarterly Report on Form 10-Q are expressly qualified in their entirety by the foregoing cautionary statements.

Table of Contents

Item 3. Quantitative and Qualitative Disclosures About Market Risk

There have been no material changes to the Company's exposure to market risk disclosed in our Annual Report on Form 10-K for the year ended December 31, 2018.

Item 4. Controls and Procedures

Management’s Evaluation of Disclosure Controls and Procedures

The Company maintains disclosure controls and procedures, (as defined in Rule 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934), as amended (the “Exchange Act”) that are designed to ensure that information required to be disclosed in its reports filed or submitted under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and that such information is accumulated and communicated to the Company’s management, including its Chief Executive Officer and Chief Financial Officer as appropriate, to allow timely decisions regarding required disclosure.

In designing and evaluating the disclosure controls and procedures, management recognizes that any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives.

The Company carried out an evaluation, under the supervision and with the participation of management, including its Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of the Company’s disclosure controls and procedures as of the end of the period covered by this report. Based on this evaluation, the Company’s Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of the end of the period covered by this report.

Changes in Internal Control over Financial Reporting

There have been no changes in the Company’s internal control over financial reporting that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

Table of Contents

PART II – OTHER INFORMATION

Item 1. Legal Proceedings

The information presented in Note 7 to our consolidated financial statements within this Quarterly Report on Form 10-Q is incorporated herein by reference.

Many legal and administrative proceedings are pending or may be brought against us arising out of our current and past operations, including matters related to commercial and tax disputes, product liability, employment claims, personal injury claims, premises-liability claims, allegations of exposures to toxic substances and general environmental claims. Although the ultimate outcome of these proceedings cannot be ascertained at this time, it is reasonably possible that some of them could be resolved unfavorably to us. Our management believes that any liabilities that may arise from such matters would not be material in relation to our business or our consolidated financial position, results of operations or cash flows at March 31, 2019.

Item 1A. Risk Factors

There have been no material changes with respect to risk factors disclosed in our Annual Report on Form 10-K for the year ended December 31, 2018.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

There has been no activity with respect to the Company's program to repurchase outstanding shares and the Partnership's program to repurchase outstanding units during the three months ended March 31, 2019. Please refer to our Annual Report on Form 10-K filed on February 15, 2019 for further information on the programs.

Item 4. Mine Safety Disclosures

While the Company divested substantially all of its remaining coal mining assets in April 2016, certain retained coal mining assets remain subject to Mine Safety and Health Administration ("MSHA") regulatory purview and the Company continues to own certain logistics assets that are also regulated by MSHA. The information concerning mine safety violations and other regulatory matters that we are required to report in accordance with Section 1503(a) of the Dodd-Frank Wall Street Reform and Consumer Protection Act and Item 104 of Regulation S-K (17 CFR 229.014) is included in Exhibit 95.1 to this Quarterly Report on Form 10-Q.

Table of Contents

Item 6. Exhibits

The following exhibits are filed as part of, or incorporated by reference into, this Form 10-Q.

Exhibit Number	Description
2.3	Agreement and Plan of Merger dated as of February 4, 2019 by and among SunCoke Energy, Inc., SC Energy Acquisition LLC, SunCoke Energy Partners, L.P., and SunCoke Energy Partners GP LLC. (incorporated by reference herein to Exhibit 2.1 to the Company's Current Report on Form 8-K, filed on February 5, 2019 File No. 001-35243
10.11	Support Agreement, dated as of February 4, 2019, by and between SunCoke Energy Partners, L.P., and Sun Coal & Coke LLC (incorporated by reference Ex. 10.1) to the Company's Current Report on Form 8-K, filed on February 5, 2019, File No. 001-35243
31.1*	Chief Executive Officer Certification Pursuant to Exchange Act Rule 13a-14(a) or Rule 15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Chief Financial Officer Certification Pursuant to Exchange Act Rule 13a-14(a) or Rule 15d-14(a), as Adopted Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002
32.1*	Chief Executive Officer Certification Pursuant to Exchange Act Rule 13a-14(b) or Rule 15d-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code, as Adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
32.2*	Chief Financial Officer Certification Pursuant to Exchange Act Rule 13a-14(b) or Rule 15d-14(b) and Section 1350 of Chapter 63 of Title 18 of the United States Code, as Adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
95.1*	Mine Safety Disclosures
101*	The following financial statements from SunCoke Energy, Inc.'s Quarterly Report on Form 10-Q for the three months ended March 31, 2019, filed with the Securities and Exchange Commission on April 24, 2019, formatted in XBRL (eXtensible Business Reporting Language is attached to this report): (i) the Consolidated Statements of Income; (ii) the Consolidated Balance Sheets; (iii) the Consolidated Statements of Cash Flows; and, (iv) the Notes to Consolidated Financial Statements. Users of this data are advised pursuant to Rule 406T of Regulation S-T that this interactive data file is deemed not filed or part of a registration statement or prospectus for purposes of sections 11 or 12 of the Securities Act of 1933, is deemed not filed for purposes of section 18 of the Securities Exchange Act of 1934, and otherwise is not subject to liability under these sections.

*Filed herewith.

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We are pleased to furnish this Form 10-Q to shareholders who request it by writing to:

SunCoke Energy, Inc.
Investor Relations
1011 Warrenville Road
Suite 600
Lisle, Illinois 60532

43

Table of Contents

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

SunCoke Energy, Inc.

Dated: April 24, 2019 By: /s/ Fay West
Fay West
Senior Vice President and Chief Financial Officer
(As Principal Financial Officer and
Duly Authorized Officer of SunCoke Energy, Inc.)

44