

**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
WASHINGTON, DC 20549

**FORM 8-K**

**CURRENT REPORT  
Pursuant to Section 13 or 15(d)  
of the Securities Exchange Act of 1934**

Date of report (Date of earliest event reported): **February 26, 2019 (February 26, 2019)**

**Arch Coal, Inc.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction of  
incorporation)

**1-13105**  
(Commission File Number)

**43-0921172**  
(I.R.S. Employer Identification No.)

**CityPlace One**  
**One CityPlace Drive, Suite 300**  
**St. Louis, Missouri 63141**  
(Address, including zip code, of principal executive offices)

Registrant's telephone number, including area code: **(314) 994-2700**

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

**Item 7.01 Regulation FD Disclosure.**

Beginning on or about February 26, 2019, and at other times thereafter, members of the senior management team of Arch Coal, Inc. (the "Company"), will use the attached slides in various investor presentations. The slides from the presentation are attached as Exhibit 99.1 hereto and are hereby incorporated by reference.

The information contained in Item 7.01 and the exhibits attached hereto shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of that section, nor shall they be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended (the "Securities Act") or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits

The following exhibits are attached hereto and filed herewith.

<u>Exhibit No.</u>	<u>Description</u>
99.1	<a href="#">Arch Coal, Inc. Investor Presentation Slides.</a>

**Signatures**

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 hereunto duly authorized.

Dated: February 26, 2019

Arch Coal, Inc.

By: /s/ Robert G. Jones  
Robert G. Jones  
Senior Vice President — Law, General Counsel and Secretary

February 26, 2019



# 2019 BMO Global Metals & Mining Conference

John W. Eaves  
Chief Executive Officer

## Forward-looking information

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This presentation contains "forward-looking statements" – that is, statements related to future, not past, events. Forward-looking statements address our expected future business and financial performance including our financial projections and often contain words such as "believes", "could", "should", "expects," "anticipates," "intends," "plans," "believes," "seeks," or "will." Forward-looking statements by their nature address matters that are, to different degrees, uncertain and depend upon important estimates and assumptions concerning our financial and operating results, including with respect to our coal pricing expectations, many of which are subject to change. No representations or warranties are made by us as to the accuracy of any such forward-looking statements. The inclusion of this information should not be regarded as an indication that we consider it to be necessarily predictive of actual future results. The information contained herein reflect numerous estimates and assumptions with respect to coal market conditions, general economic conditions, weather conditions, natural gas prices, competition in our industry, production capacity, availability of surety bonds, and matters other matters specific to our business, all of which are difficult to predict and many of which are beyond our control. Uncertainties arise from changes in the demand for and pricing of our coal by the domestic electric generation industry; from legislation and regulations relating to the Clean Air Act and other environmental initiatives; from operational, geological, permit, labor and weather-related factors; from fluctuations in the amount of cash we generate from operations; from future integration of acquired businesses; and from numerous other matters of national, regional and global scale, including those of a political, economic, business, competitive or regulatory nature. There is significant risk that our current estimates and assumptions may not be accurate and that our actual results will vary significantly from our anticipated results. Readers are cautioned not to rely on the forward-looking statements contained herein. We do not undertake to update our forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by law. For a description of some of the risks and uncertainties that may affect our future results, you should see the risk factors described from time to time in the reports we file with the Securities and Exchange Commission.

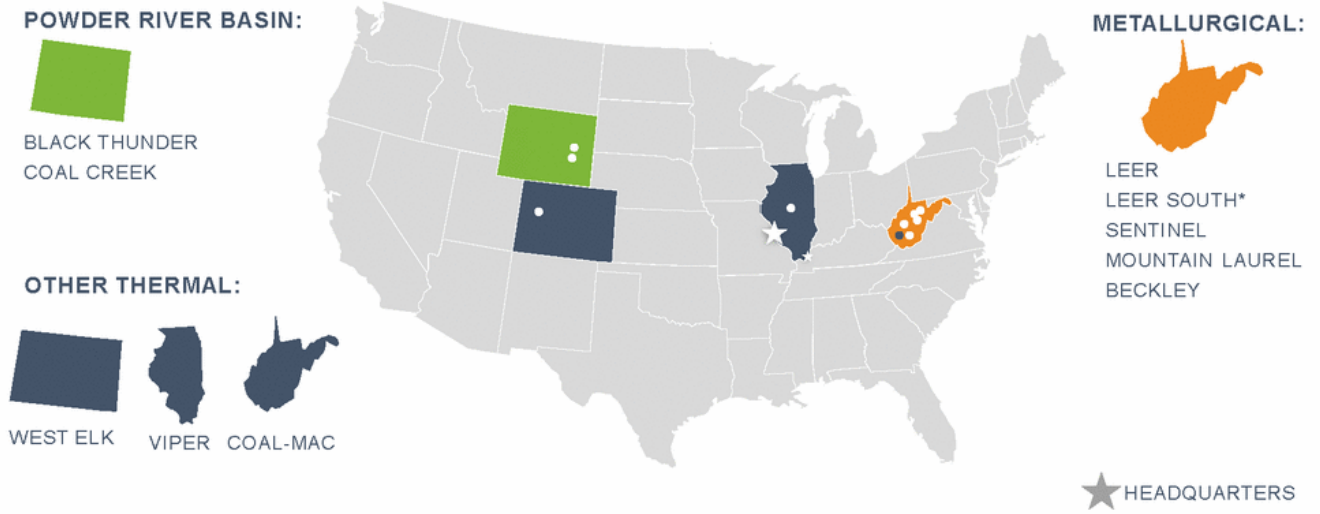
This presentation includes certain non-GAAP financial measures, including, Free Cash Flow, Adjusted EBITDA, Adjusted EBITDA and cash costs per ton. These non-GAAP financial measures are not measures of financial performance in accordance with generally accepted accounting principles and may exclude items that are significant in understanding and assessing our financial results. Therefore, these measures should not be considered in isolation or as an alternative to net income from operations, cash flows from operations, earnings per fully-diluted share or other measures of profitability, liquidity or performance under generally accepted accounting principles. You should be aware that our presentation of these measures may not be comparable to similarly-titled measures used by other companies. A reconciliation of these financial measures to the most comparable measures presented in accordance with generally accepted accounting principles has been included at the end of this presentation.

## Arch Coal in brief

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- Arch is a large and growing U.S. producer of high-quality metallurgical coals, and the leading global supplier of premium, High-Vol A coking coal
  - We operate large, modern coking coal mines at the low end of the U.S. cost curve
  - Our product slate is dominated by High-Vol A coals that earn a market premium
  - Our Leer South growth project will further solidify our position as the leading global supplier of High-Vol A coal
  - We have exceptional, long-lived reserves that provide significant and valuable optionality for long-term growth
- Arch's strong coking coal position is supplemented by a top-tier thermal franchise
  - We operate highly competitive mines in the Powder River Basin and other key supply regions
  - Our mines have modest capital needs and generate significant free cash
- Arch has deep expertise in mining, marketing and logistics – and, critically, in mine safety and environmental stewardship – and levers those competencies in both steel and power markets
- Arch has an exceptionally strong balance sheet, generates high levels of free cash and is committed to returning excess cash to shareholders via a proven and highly successful capital return program

We operate a streamlined portfolio of large, modern, well-capitalized and low-cost mines that can generate free cash flow at all points in the cycle

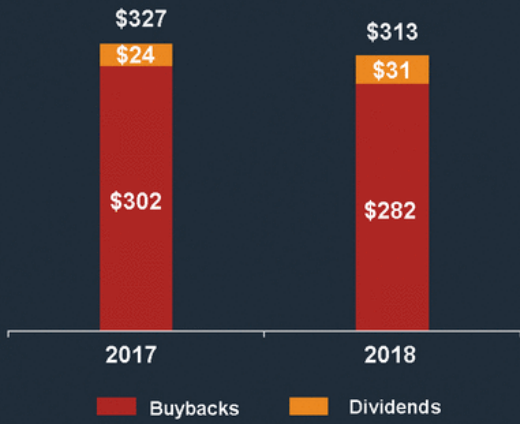


\* Note: Leer South is a 3-million-ton-per-year, High-Vol A longwall mine currently under development on the 200-million-ton Leer reserve base



# Arch has returned \$640 million of capital to shareholders since May 2017

CAPITAL RETURNED TO SHAREHOLDERS  
(IN MILLIONS)



CHANGE IN SHARES OUTSTANDING  
(IN MILLIONS)



Arch has bought back 29% of its total shares outstanding in past seven quarters

**\$640 million**

returned to shareholders since capital return program's inception in May 2017





## Arch's Premier Coking Coal Franchise



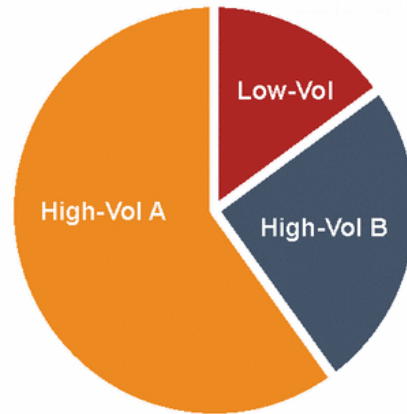
## Arch is a large, low-cost, growing global coking coal producer with the world's most valuable High-Vol A coking coal franchise

ESTIMATED U.S. COKING COAL OUTPUT BY PRODUCER, 2018  
(IN MILLIONS OF TONS)



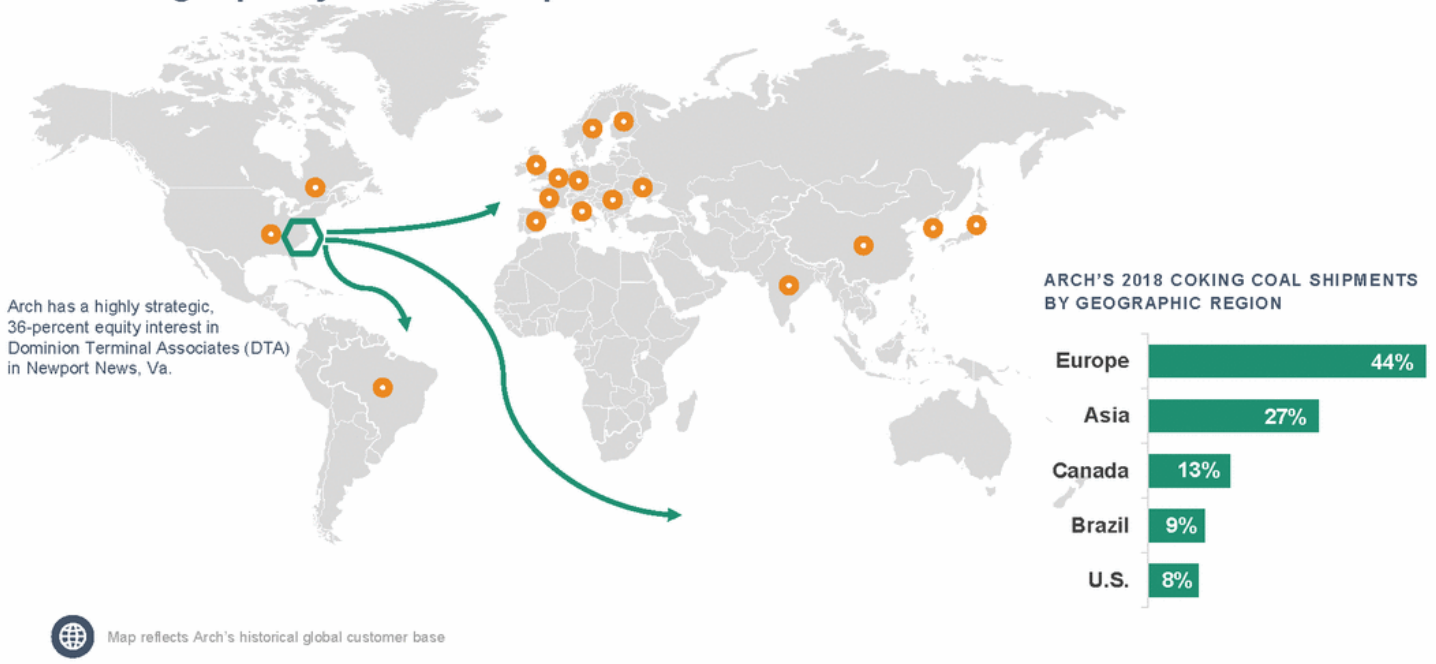
Source: Arch and MSHA  
Peer group includes Blackhawk, Contura, Coronado, Warrior (listed here alphabetically)

ARCH'S COKING COAL PRODUCT SUITE  
(PERCENTAGE OF EXPECTED 2019 SALES)



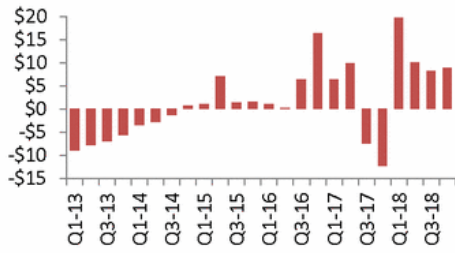
With the startup of Leer South, the percentage of High-Vol A coal in Arch's mix will approach 75 percent and its High-Vol A output will climb to ~ 7 million tons, or nearly 30 percent of total global supply

Arch is continuing to penetrate new markets and expand the global reach of its high-quality coking coal product suite

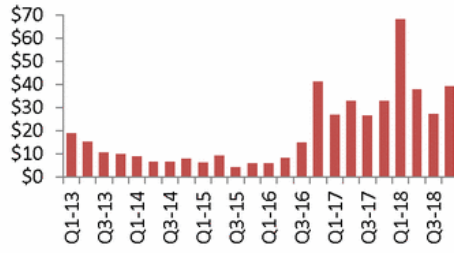


## U.S. High-Vol A coal is earning an expanding premium in the marketplace

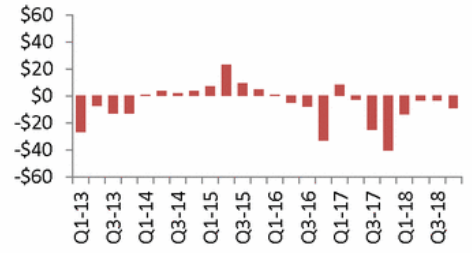
**SPREAD BETWEEN U.S. HVA AND U.S. LV**  
(QUARTERLY AVERAGE, IN \$ PER TON)



**SPREAD BETWEEN U.S. HVA AND U.S. HVB**  
(QUARTERLY AVERAGE, IN \$ PER TON)



**SPREAD BETWEEN U.S. HVA AND PREMIUM HCC**  
(QUARTERLY AVERAGE, IN \$ PER TON)



### U.S. High-Vol A versus U.S. Low-Vol

- U.S. High-Vol A has traded at a premium to U.S. Low-Vol in 14 of the past 24 quarters, including each of the last four, and achieved an average premium of nearly \$12 per metric ton in 2018

### U.S. High-Vol A versus U.S. High-Vol B

- The premium that U.S. High-Vol A has achieved relative to U.S. High-Vol B has increased markedly in recent years, averaging nearly \$43 per metric ton in 2018 versus just \$6 per ton in 2015

### U.S. High-Vol A versus Australian Premium Hard Coking Coal

- U.S. High-Vol A has earned a premium over Australian Premium Hard Coking Coal in 11 of the past 24 quarters, with the Aussie product achieving a modest, \$6 per metric ton higher price on average over that timeframe

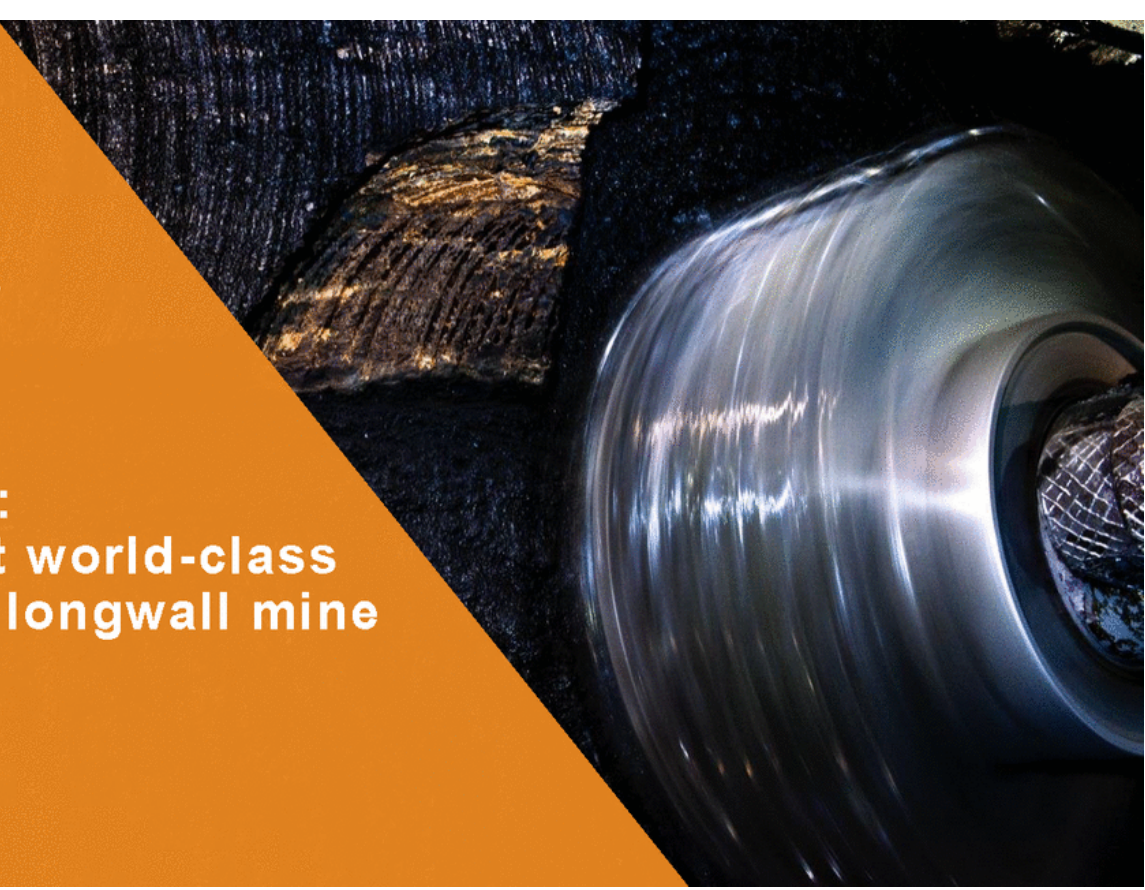


Source: Platts, Internal





**Leer South:  
Arch's next world-class  
High-Vol A longwall mine**



# Leer South will be nearly identical to Arch's world-class Leer mine

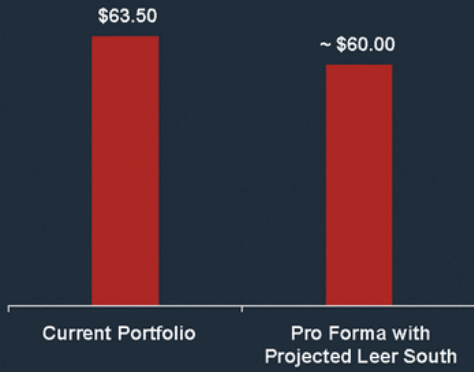
	Leer	Leer South
Mine life	10 Years	20 Years
Mining technique	Longwall	Longwall
Seam	Lower Kittanning	Lower Kittanning
Seam thickness	~ 62 inches <sup>1</sup>	~ 65 inches
Average panel length	~ 6,700 feet	~ 9,000 feet
Annual met output	3 million tons	3 million tons
Product quality	High-Vol A	High-Vol A
Projected cash cost	Low-\$50s	Low-\$50s
Export facilities	Baltimore / DTA	Baltimore / DTA



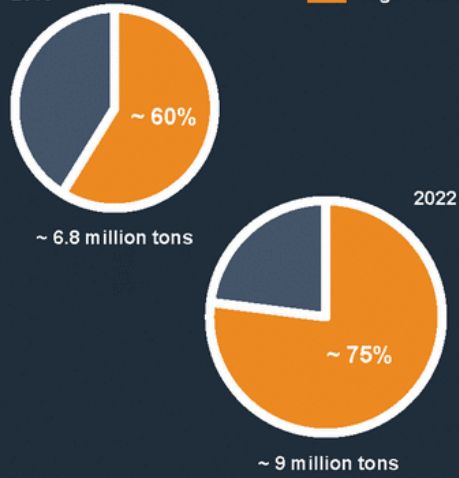
<sup>1</sup> Reflects Leer mine's average seam thickness to date; starting in 2020 and thereafter, the average seam thickness at Leer will expand to more than 72 inches  
 Note: Excluding the reserves in the mine plans for Leer, Sentinel and Leer South, Arch will still have ~ 150 million tons of undeveloped reserves in the Tygart Valley reserve block.

Leer South will lower the average cost, increase the average quality, and expand the average operating margin of Arch's coking coal portfolio

PROJECTED 2019 COKING COAL COSTS  
(IN \$ PER TON, AT MIDPOINT OF GUIDANCE)



2019 High-Vol A



PROJECTED PAYBACK FOR LEER SOUTH  
AT VARIOUS MARKET PRICES

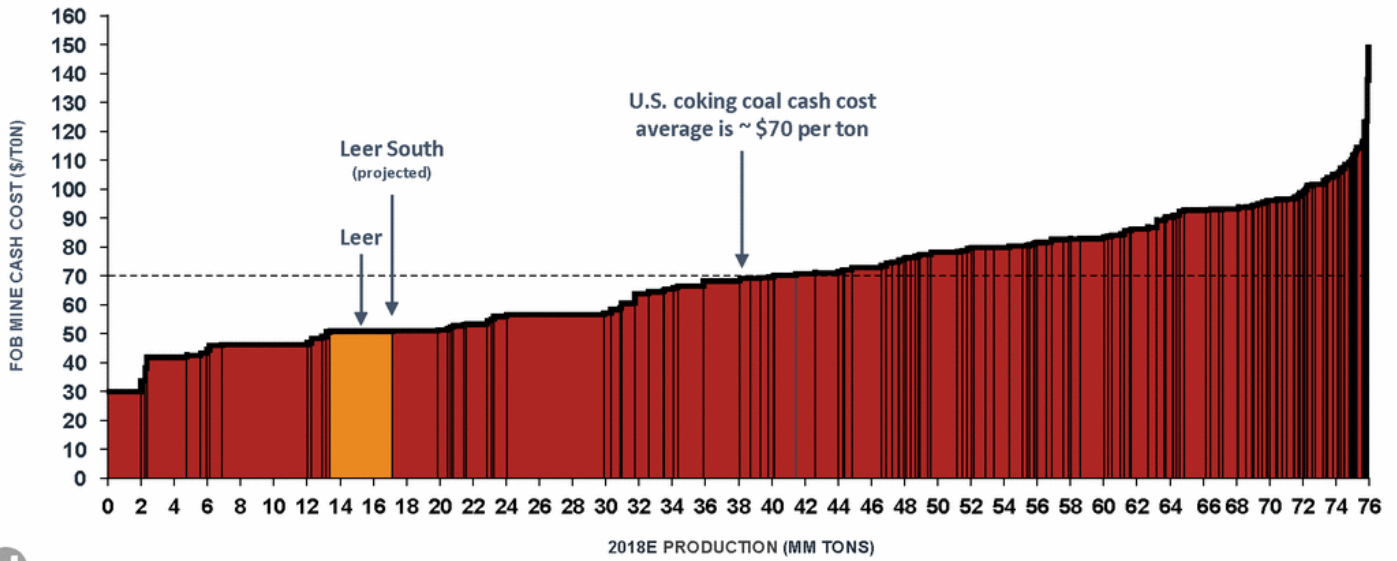
Price*	Payback
\$225	15 months
\$200	18 months
\$175	24 months
\$150	30 months
\$125	48 months

\* High-Vol A price per metric ton, FOB vessel, U.S. East Coast



**Leer South is projected to join Leer at the low end of the U.S. cost curve – a competitive advantage amplified further by its high-quality, High-Vol A output**

COAL PRODUCTION FROM IDENTIFIED MET MINES IN THE U.S.



Source: Internal

# Arch's Thermal Coal Franchise

 ArchCoal™



# PRB

Arch's thermal portfolio is anchored by the Black Thunder mine, which is one of the world's largest and lowest-cost mines and which boasts the highest-Btu coal in the basin.

## CAPP

**Coal-Mac** is a low-cost West Virginia surface mine with minimal capital requirements and strategic access to seaborne markets.

## ILB

**Viper** is an efficient Illinois deep mine and longstanding supplier to a neighboring municipal generator and industrial facilities.

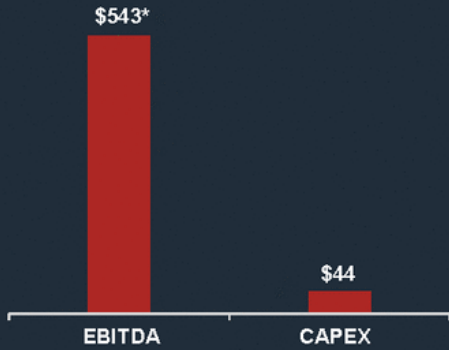
**Knight Hawk**, in which Arch holds a 49-percent equity interest, has one of the lowest net cost structures in the region.

## WBIT

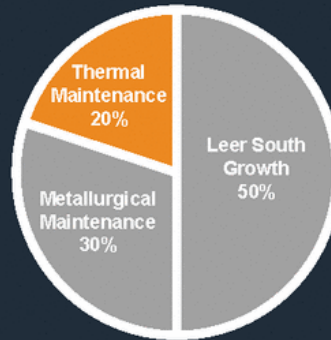
**West Elk** is a low-cost Colorado longwall mine that produces high-heat, low-sulfur coal that is well-suited to both the export market and domestic generators and industrial facilities.

## Arch's thermal franchise is a powerful free cash generator

EBITDA VERSUS CAPEX FOR THERMAL SEGMENTS SINCE EMERGENCE  
(IN MILLIONS)



PROJECTED THERMAL SEGMENT MAINTENANCE CAPEX IN 2019  
(IN MILLIONS)



Arch is using cash generated by the thermal segments to support capital returns and the coking coal portfolio

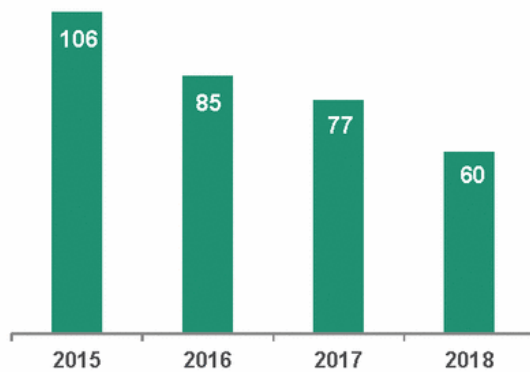
12x

Thermal segment-level EBITDA has exceeded capex twelve-fold since emergence

\* Represents segment level EBITDA, which does not include corporate or other unallocated costs

## U.S. thermal market dynamics continue to improve, buoyed by a four-year correction in power generator stockpiles

U.S. POWER GENERATOR YEAR-END STOCKPILES  
(IN DAYS OF SUPPLY)



 Source: Wood Mackenzie, CRU, and internal forecasts

- After a four-year overhang, U.S. power generator stockpiles are finally approaching target levels
- Buying activity is picking up as power generators return to the market to supplement existing contracts and shore up their inventories
- Generators have supplemented their purchases with an average draw of 30 million tons from stockpiles in each of the past three years, but won't have that luxury in 2019
- Arch had committed and priced nearly 85 percent of its projected thermal output at Feb. 14, and activity remains robust
- Arch exported more than 4 million tons of thermal coal in 2018, and could again approach that level in 2019

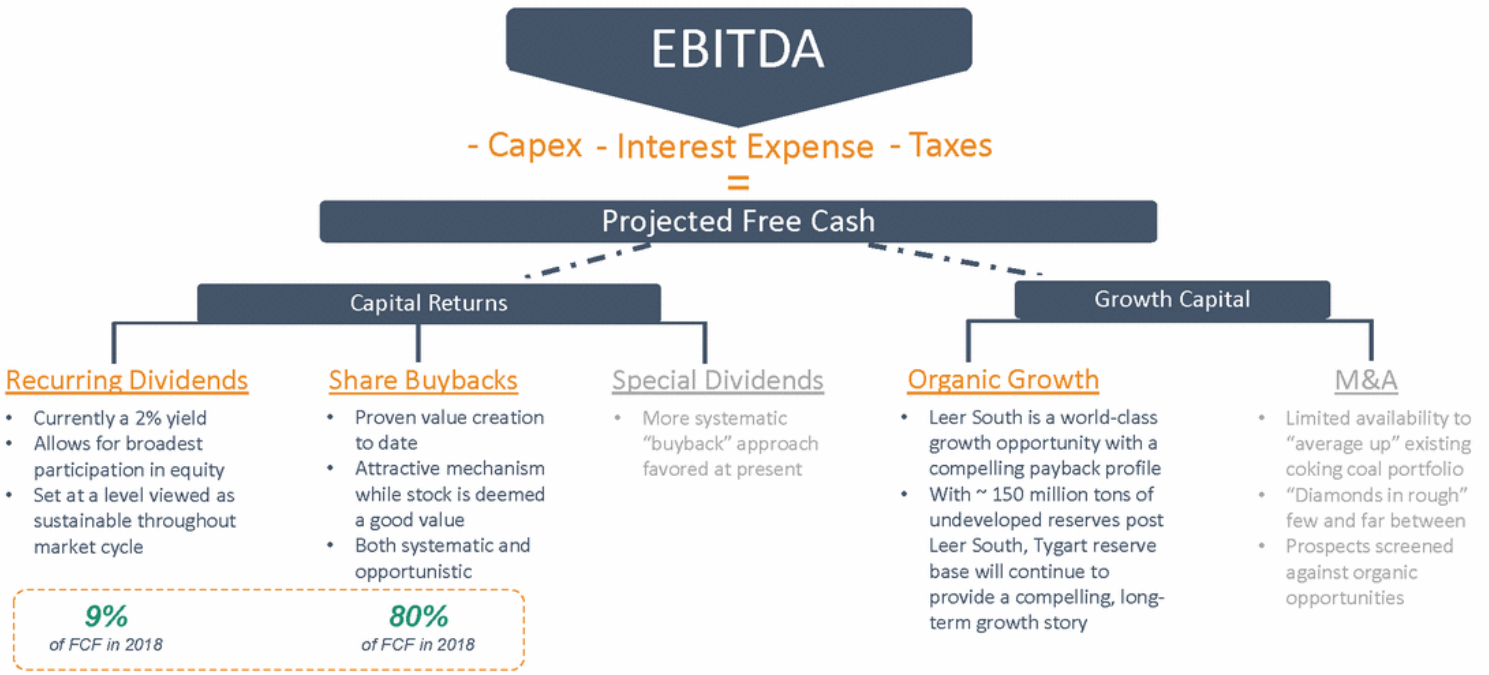




# Capital Allocation Priorities



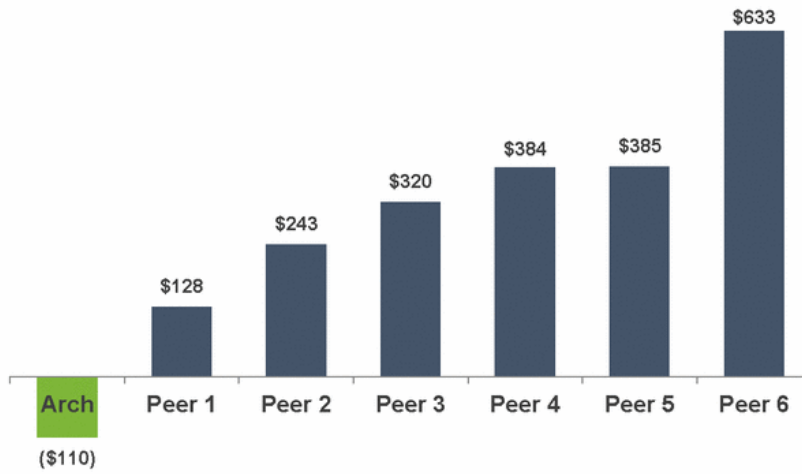
Arch continuously evaluates which avenues provide the best risk-adjusted returns





Arch has the industry’s strongest balance sheet, and is sharply focused on maintaining an exceptionally strong financial position

NET DEBT  
(IN MILLIONS OF DOLLARS)



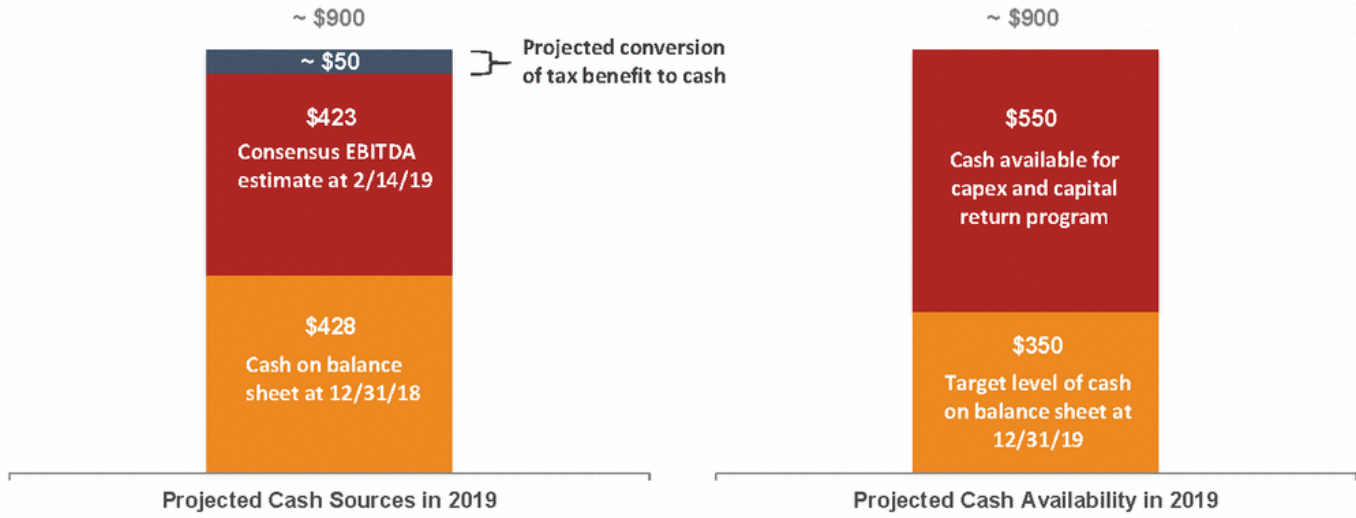
- Arch had \$428 million of cash at 12/31/2018, against debt of just \$318 million
- Arch’s approximately \$300 million term loan has a coupon of L+275 – a level significantly lower than most industry peers



Source: Arch and company filings  
Peer group includes Alliance, Cloud Peak, Consol Coal Resources, Contura, Peabody and Warrior (listed here alphabetically)  
Note 1: Arch and Peers 1, 5 and 6 are as of 12/31/2018; other Peers are as of 9/30/2018

# Based on current estimates, Arch would have around \$550 million of capital available to fund its capex needs and capital return program in 2019

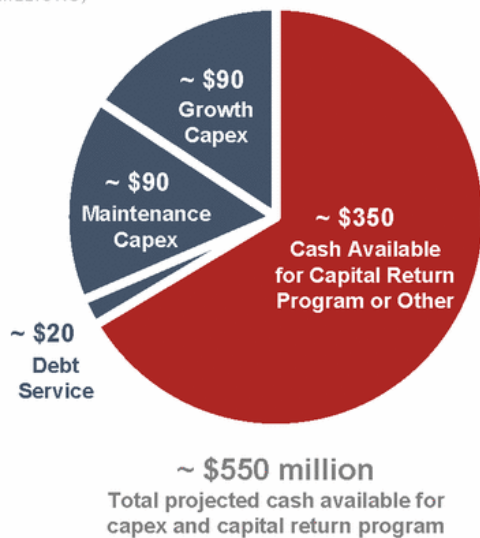
PROJECTED SOURCES OF CASH AND CASH AVAILABILITY IN 2019  
(IN MILLIONS)



Source: IR Insight (analyst estimates) and internal projections

## Based on current estimates and projected needs, Arch would have \$350 million of available cash to fund its capital return program

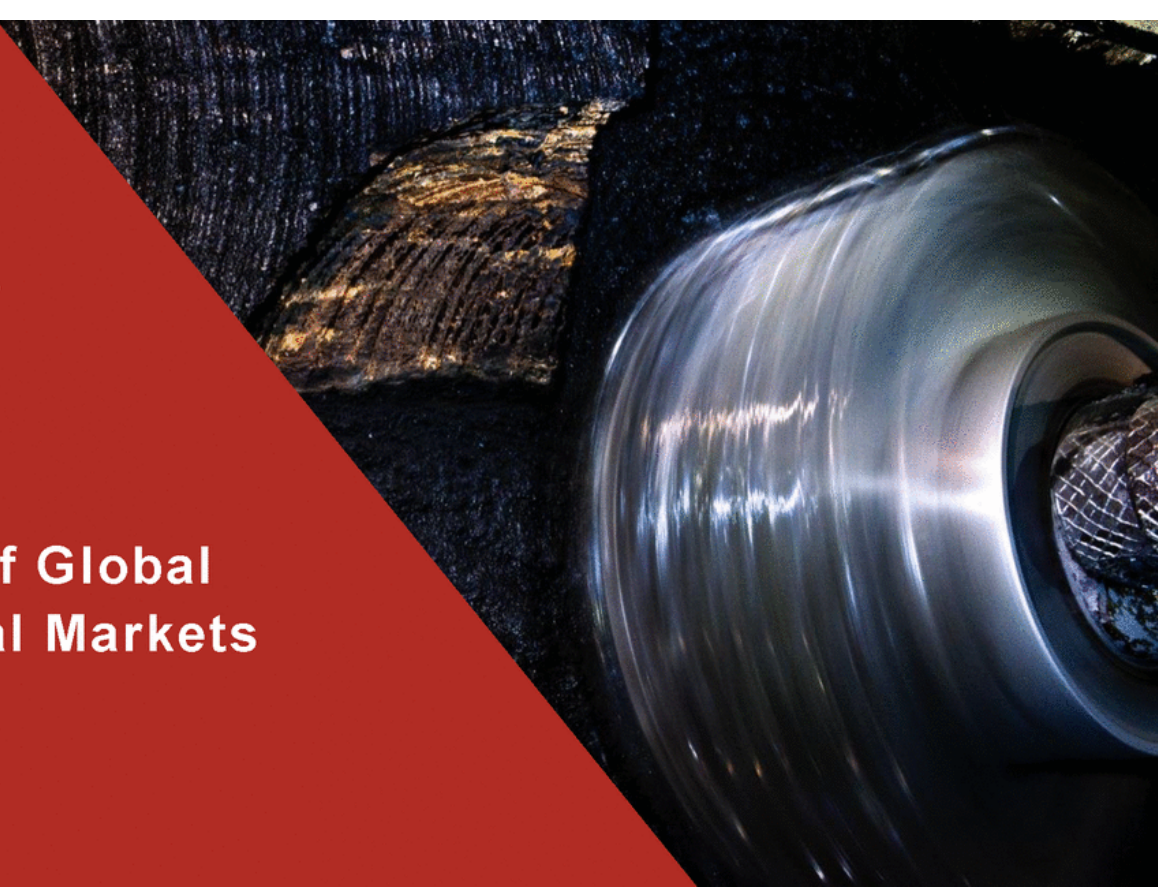
PROJECTED 2019 CASH AVAILABILITY AND POTENTIAL USES  
(IN MILLIONS)



- Even with the Leer South growth capex, Arch would have \$350 million of discretionary cash availability in 2019 based on current analyst expectations and projected maintenance capex needs
- Arch returned an average of \$320 million of cash to shareholders in 2017 and 2018 under its capital return program
- Arch is projected to be in an excellent position to match or exceed that level in 2019 should it opt to do so

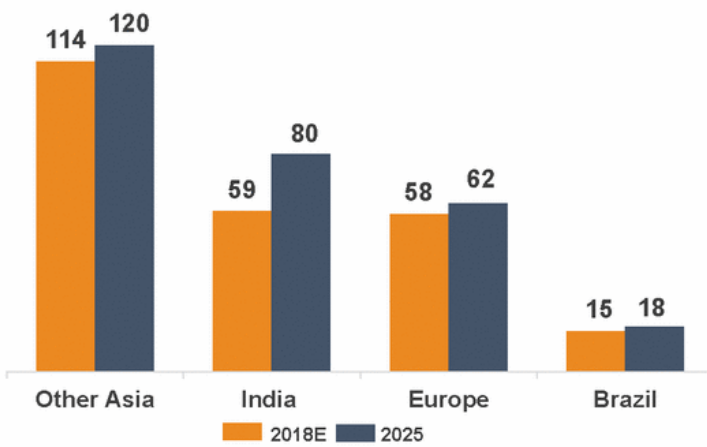


# Overview of Global Coking Coal Markets



## Solid demand growth is forecast for key coking coal import regions, and an increasing number of global steel mills are looking to add High-Vol A coals to their coke blends

GLOBAL METALLURGICAL COAL IMPORTS  
(MILLION METRIC TONS)



- India and Other Asia represent a significant opportunity for the seaborne market – both directly and as a sink for Australian output
- India has doubled its steel production in the past 10 years and is on track to become the world's largest importer of coking coal in the near future
- European coking coal demand will be driven by continuing pressures on indigenous metallurgical coal reserves and production, as well as modest demand growth
- Even with continuing economic uncertainty, Brazil is expected to expand its steel output and import more coking coal



Source: Consensus based on CRU, Wood Mackenzie, and internal forecasts

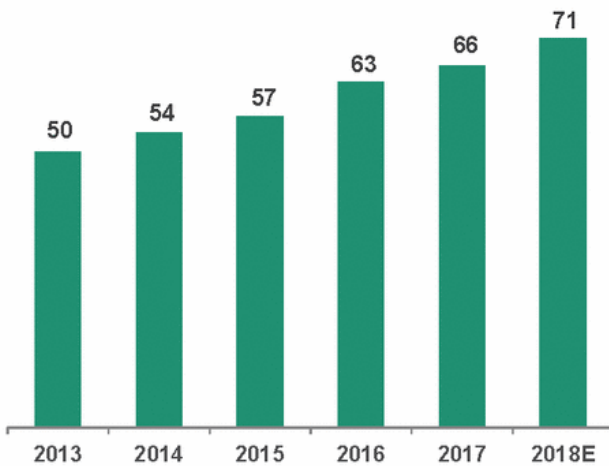
## We expect China to continue to import significant volumes of seaborne coking coal, even if Chinese hot metal production is reaching a peak



- Roughly two thirds of Chinese steel production is located in **coastal provinces**, where seaborne moves may have a logistical advantage
- Nearly 100 million tons of steel output is in southern coastal provinces, where that advantage is even more pronounced
- As China emphasizes producing more steel from fewer mills, high-quality coking coal imports should become increasingly valued
- The cost curve for Chinese coking coal continues to shift up and to the right

## India is on track to become the world's largest importer of coking coal in the near future

INDIAN HOT METAL PRODUCTION  
(IN MILLIONS OF METRIC TONS)



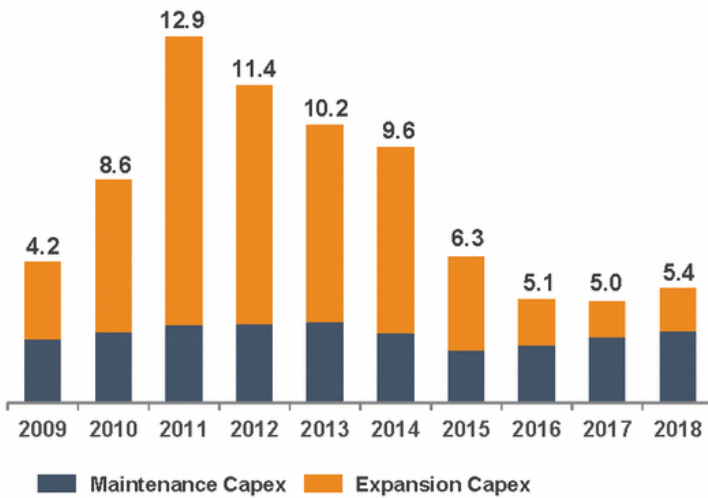
Source: CRU, IHS, Wood Mackenzie

- Indian steel output is up ~ 40 percent in the past five years
- Indian steel producers plan to add 42 million metric tons of hot metal capacity by 2023 – increasing the installed base by 50 percent
- The Indian government is targeting 300 million metric tons of steel mill capacity by 2030
- Tata expects steel production to reach 150 million tons by 2025, which could boost coking coal requirements by 30 million metric tons or more
- Given poor quality of indigenous coals, nearly all of that total will need to be imported



## Capital spending at Australian coking coal mines remains muted

INVESTMENT IN AUSTRALIAN COKING COAL MINES  
(IN BILLIONS OF DOLLARS)

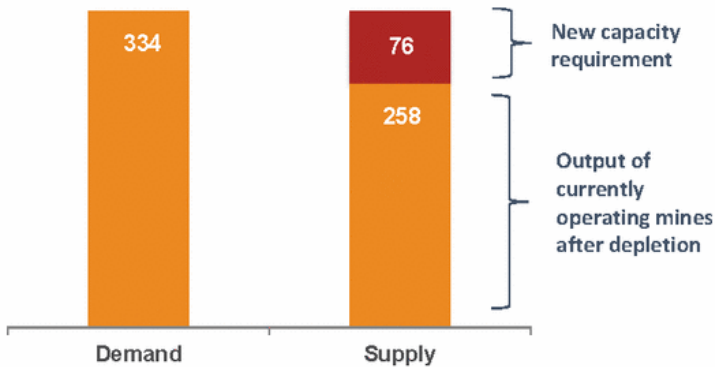


Source: Wood Mackenzie

- Australian producers supplied roughly 60 percent of all coking coal in the seaborne market in 2018
- Australian expansion capex fell from a peak of \$8.5 billion in 2011 to an average of \$1.2 billion annually over the past three years
- Based on current expansion plans, that trend appears likely to extend into 2019

## Industry consultants project that 76 million metric tons of global coking coal capacity must be added by 2025 to meet growing seaborne demand

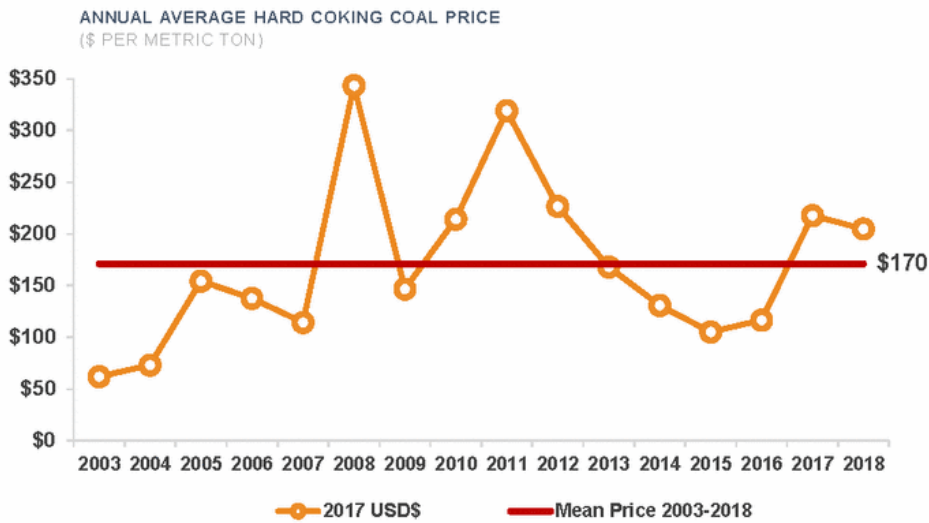
PROJECTED 2025 SEABORNE COKING COAL SUPPLY AND DEMAND  
(IN MILLIONS OF METRIC TONS)



Source: Wood Mackenzie, CRU, and internal forecasts

- The consensus estimate is for 1.5 percent annual seaborne demand growth through 2025 – increasing from 300 to 334 million metric tons in 2025
- Wood Mackenzie projects that depletion will reduce annual output by 2 percent per year, or 42 million metric tons by 2025
- That leaves a gap of 76 million metric tons that must be filled with mine expansions and new capacity by 2025
- Australian producers are unlikely to fill the gap given subdued pipeline of development projects and ongoing logistics issues
- Likewise, North America is a mature asset base with few quality development projects

## Global hard coking coal prices have averaged ~ \$170 per metric ton over the past 16 years – and the global cost curve is shifting up and to the right



- The average price of coking coal FOB the vessel in Queensland, Australia has averaged ~ \$170 per metric ton on an inflation-adjusted basis since China entered the market 16 years ago
- We expect volatility to continue, but with an upward bias as mining costs increase over time due to reserve degradation and depletion



Source: Bloomberg, Public Information, BLS, Internal

February 26, 2019



# 2019 BMO Global Metals & Mining Conference

John W. Eaves  
Chief Executive Officer



## Reconciliation of Non-GAAP measures

Included in this presentation, we have disclosed certain non-GAAP measures as defined by Regulation G. The following reconciles these items to net income and cash flows as reported under GAAP. Adjusted EBITDA is defined as net income attributable to the Company before the effect of net interest expense, income taxes, depreciation, depletion and amortization, accretion on asset retirement obligations, amortization of sales contracts and non-operating expenses. Adjusted EBITDA may also be adjusted for items that may not reflect the trend of future results by excluding transactions that are not indicative of the Company's core operating performance.

Adjusted EBITDA is not a measure of financial performance in accordance with generally accepted accounting principles, and items excluded from Adjusted EBITDA are significant in understanding and assessing our financial condition. Therefore, Adjusted EBITDA should not be considered in isolation, nor as an alternative to net income, income from operations, cash flows from operations or as a measure of our profitability, liquidity or performance under generally accepted accounting principles. The Company uses adjusted EBITDA to measure the operating performance of its segments and allocate resources to the segments. Furthermore, analogous measures are used by industry analysts and investors to evaluate our operating performance. Investors should be aware that our presentation of Adjusted EBITDA may not be comparable to similarly titled measures used by other companies. The table below shows how we calculate Adjusted EBITDA.

(In thousands)	Year Ended	Year Ended	Period from	Segment Adjusted EBITDA	PRB	MET	Other Thermal	Corporate and Other	Consolidated
	December 31, 2018	December 31, 2017	October 2 through December 31, 2016						
Net income	312,577	238,450	33,449	(In Thousands)					
Income tax (benefit) provision	(52,476)	(35,255)	1,156	Year Ended December 31, 2018	126,525	349,524	68,620	(106,891)	437,778
Interest expense, net	13,689	24,256	10,754	Year Ended December 31, 2017	158,882	243,616	102,006	(84,807)	419,697
Depreciation, depletion and amortization	119,563	122,464	32,605	October 2 through December 31, 2016	56,765	30,819	31,159	(23,278)	94,465
Accretion on asset retirement obligations	27,970	30,209	7,633	Since Emergence	341,172	623,959	201,785	(214,976)	951,940
Amortization of sales contracts, net	11,107	53,985	796						
Gain on sale of Lone Mountain Processing, Inc.	-	(21,297)	-						
Net loss resulting from early retirement of debt and debt restructuring	485	2,547	-						
Non-service related postretirement benefit costs	3,202	1,940	(32)						
Reorganization items, net	1,661	2,398	759						
Fresh start coal inventory fair value adjustment	-	-	7,345						
Adjusted EBITDA	437,778	419,697	94,465						
EBITDA from idled or otherwise disposed operations	2,492	3,253	1,596						
Selling, general and administrative expenses	100,300	87,952	23,193						
Other	4,099	(6,398)	(1,511)						
Reported segment Adjusted EBITDA from coal operations	544,669	504,504	117,743						

## Reconciliation of Non-GAAP measures

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The Company is unable to present a quantitative reconciliation of its forward-looking non-GAAP Segment cash cost per ton sold financial measures to the most directly comparable GAAP measures without unreasonable efforts due to the inherent difficulty in forecasting and quantifying with reasonable accuracy significant items required for the reconciliation. The most directly comparable GAAP measure, GAAP cost of sales, is not accessible without unreasonable efforts on a forward-looking basis. The reconciling items for this non-GAAP measure are transportation costs, which are a component of GAAP revenues and cost of sales; the impact of hedging activity related to commodity purchases that do not receive hedge accounting; and idle and administrative costs that are not included in a reportable segment. Management is unable to predict without unreasonable efforts transportation costs due to uncertainty as to the end market and FOB point for uncommitted sales volumes and the final shipping point for export shipments. Management is unable to predict without unreasonable efforts the impact of hedging activity related to commodity purchases that do not receive hedge accounting due to fluctuations in commodity prices, which are difficult to forecast due to their inherent volatility. These amounts have historically and may continue to vary significantly from quarter to quarter and material changes to these items could have a significant effect on our future GAAP results. Idle and administrative costs that are not included in a reportable segment are expected to be between \$15 million and \$20 million in 2019.