

Profit Squeeze on Coal and Recovery Potential



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PROFIT SQUEEZE

Downward pressure

Natural Gas
Efficiency
Solar
Wind
Public

Pressure Produces

Cuts/layoffs
Mine Closings
Exports
Oppose Regulation
Oppose Renewables

Upward pressure

Cost of production
CAPEX
Shareholders
New Ventures
Environmental & Climate Risk

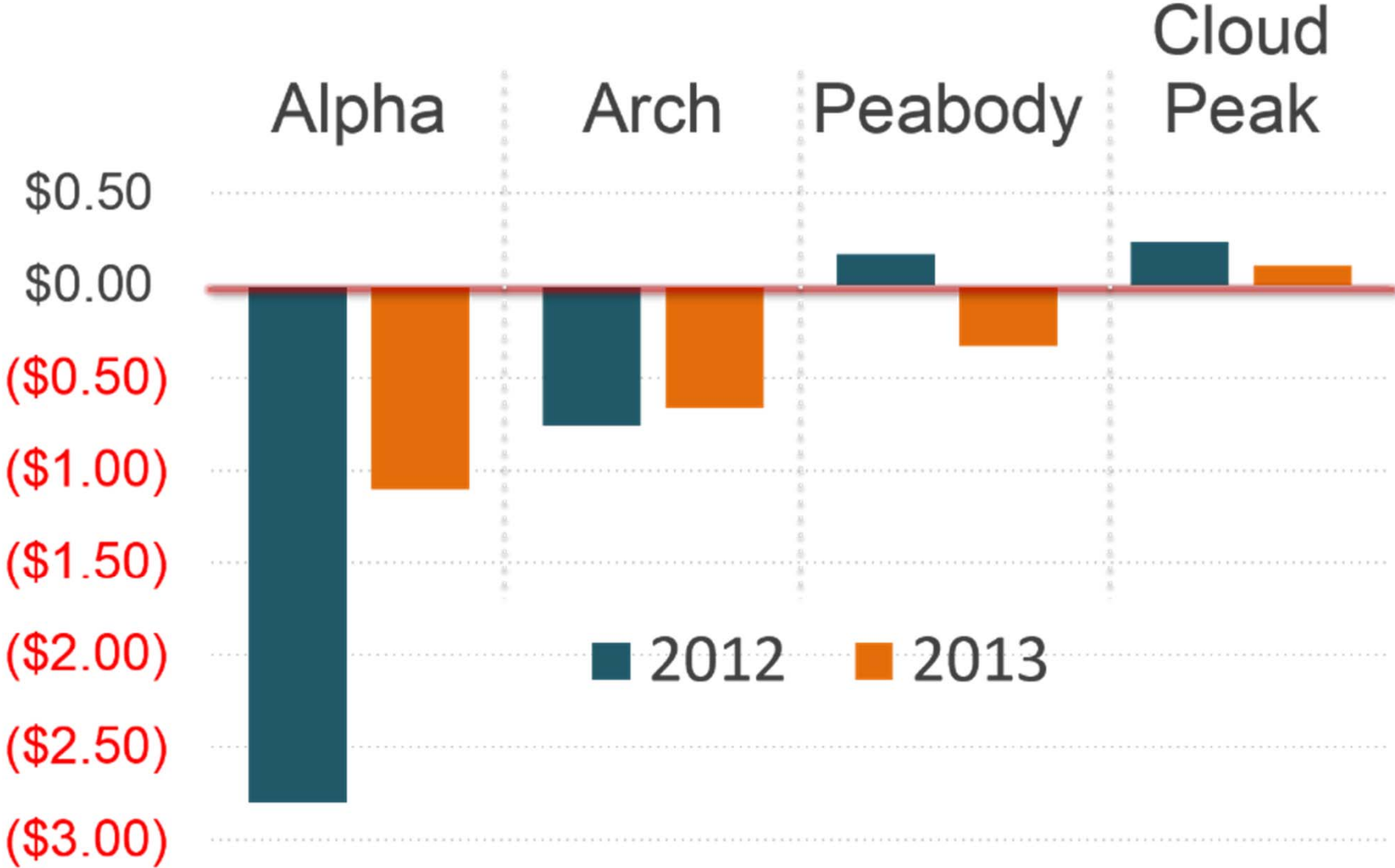


Four US Companies: 51% of annual production

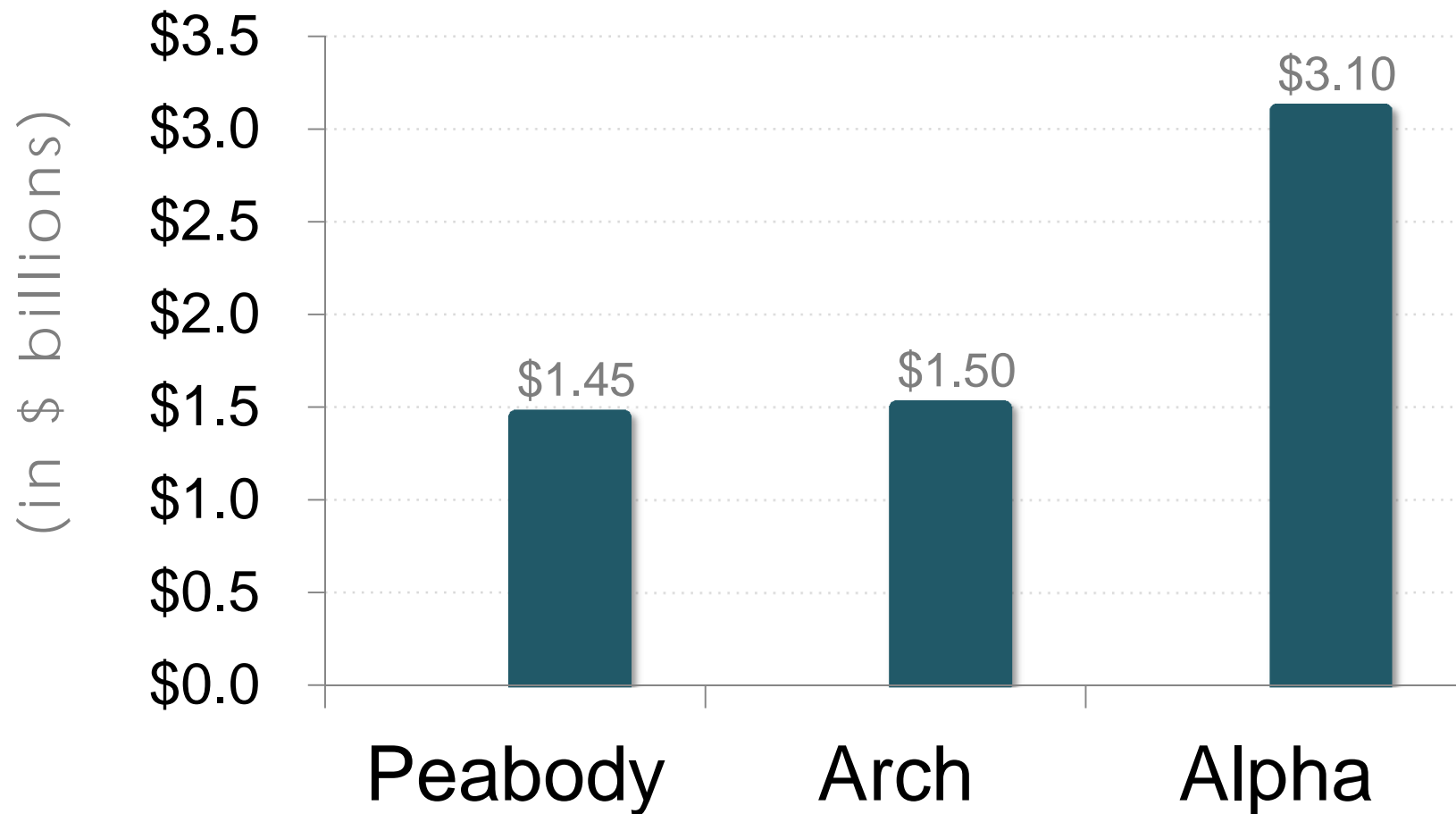
Company	2012 Coal Production	2013 Coal Production	Percentage of 2013 production
Peabody Energy	192,563,000	185,000,000	19%
Arch Coal	138,992,000	139,000,000	14%
Cloud Peak	94,306,000	86,000,000	9%
Alpha Natural Resources	90,721,000	86,912,000	9%
Total	516,482,000	496,912,000	51%

2012-2013 Profit/Loss

(in \$ billions)



\$6 Billion Combined Asset Writedowns in 2012-2013



Coal Industry Recovery Plan

Strategy	Likelihood of Success
Cut Costs, Sell and Close Mines	Low- Medium
Exports	Low-Medium
Increase Natural Gas Prices	Medium
Collapse of Renewables	Low
Oppose Environmental and Climate Regulation	Low
Techno-Fix	Low
Bash the Adversary	?????

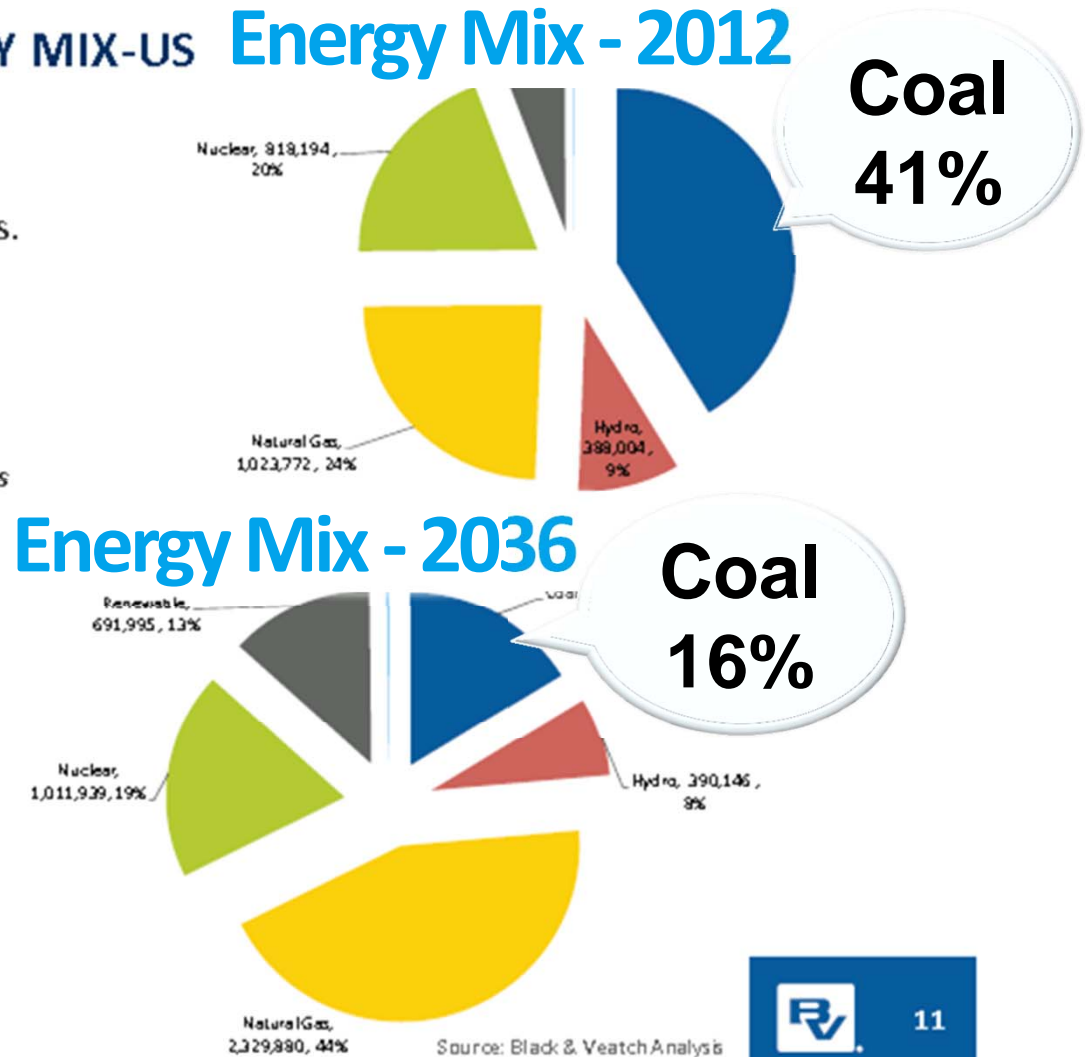
Coal from 41% Market Share to 16% – 2036 ??

THE CHANGING ENERGY MIX-US Energy Mix - 2012

The Energy Mix is a demonstration of what primary resources are used to create the electricity consumed in the US. It varies from the Capacity Mix in that some resources are run all the time ("base load") while others only operate during periods of highest demand for power ("peaking").

The shift to new gas-fired technologies is more pronounced when looking at energy generation, as part of a multi-prong power industry strategy that also includes wind, solar, nuclear and some IGCC w/ CCS.

Natural gas's "market share" increases from 24% of electricity consumption to 44%, while coal decreases from 41% to 16%, and renewables increases from 6% to 13%.



Data Label Legend:
Technology, Energy (GWh), Share of Total (%)