

Alpha Natural Resources Announces 2018 Sales Guidance

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KINGSPORT, Tenn., Jan. 17, 2018 /PRNewswire/ -- Alpha Natural Resources (ANR, Inc.) today announced that it is its sales guidance for 2018 of 13.0 – 14.6 million tons, comprised of approximately 6.8 – 7.8 million tons of metallurgical coal and 6.2 – 6.8 million tons of thermal coal. Alpha's anticipated 2018 metallurgical coal sales cover various grades of metallurgical coal, with the majority of these sales from Alpha's Low Volatile, Medium Volatile, and High Volatile A products.

Alpha CEO David Stetson said, "I am excited about what's to come for Alpha in 2018. We have diligently worked over the last 18 months to create a business model that will allow Alpha to thrive in any market. We have invested in our people and properties to create a company that can quickly adjust its production to match the coal markets. We have driven down the costs associated with our operating mines since our emergence from bankruptcy in July 2016 and remain focused on maintaining a competitive cost structure. We continue to provide our long-standing domestic utility and steelmaking customers with the service and premium coals they have come to expect and continue to see demand for our high quality thermal and metallurgical coals in the international market. I believe that Alpha is ready and able to exploit the opportunities that present themselves in 2018 year."

More than half of Alpha's metallurgical sales in 2018 will be sold under Alpha's multi-year arrangement to a counterpart or an ultimate sale to third parties in the international market. Pricing through this arrangement is primarily set by various Atlantic seaboard-based price indices, depending on the grade and quality of the coal. The majority of Alpha's thermal sales are sold to long-standing domestic utility customers with the remaining thermal production to be sold domestically or into the export market via spot sales.

Stetson stated, "We are already taking advantage of the strong international markets for our coal through additions of incremental production with minimal new capital investments. If this market remains strong and stable, we can further increase our metallurgical production beyond the guidance provided above by approximately one million tons on an annual basis without incurring significant capex cost. We also have the ability to decrease production without having to absorb a fixed cost if this market changes."

Stetson pointed to the investments and improvements at the Marfork Complex as prime examples of Alpha's ability to take full advantage of opportunities in 2018 while simultaneously building for the future. A major transportation infrastructure project at Workman Creek is scheduled to be completed in the First Quarter of 2018 and several mines were opened or expanded at the Marfork Complex in 2017. The transportation infrastructure project will decrease costs and, combined with the new mines at the Marfork Complex to provide one-half of Alpha's incremental metallurgical production. The capex projects that are completed or nearing completion have also enabled Alpha to begin preliminary development work on new underground and surface mines at the Marfork Complex with more than 35 million tons of high quality metallurgical reserves associated with them.

In addition to the investments at the Marfork Complex, Alpha deployed capital in 2017 on other projects that will ensure the long-term success of the company, including the slope to the new Road Fork 52 mine at its Kepler Complex, that is expected to be completed in late 2018, allowing this mine to begin production in early 2019. The Road Fork 52 mine will extend the life of the Kepler Complex and provide additional mining capacity for some of the best Low Volatile coal in the CAPP region when it becomes operational in 2019.

"This past year was truly transformational for Alpha," said Stetson. "The sale of properties to Lexington Coal in October 2017 not only relieve our obligations associated with legacy properties, but will enable our team to focus our capital and resources toward sustaining and growing Alpha as the leading producer of high quality coals in the Central Appalachian region."

Alpha also announced that it expects sales in the 4th Quarter of 2017 to be 1.9 million tons of metallurgical coal and 1.7 million tons of thermal coal, and full year 2017 sales of 7.9 million tons of metallurgical coal, including 1.0 million brokered tons of metallurgical coal and 1.0 million tons of thermal coal. With the Lexington Coal transaction closing in the Fourth Quarter of 2017, Alpha expects to incur a one-time loss of approximately \$165 million, which includes costs associated with maintaining idle properties, professional fees, banking fees, and employee related expenses. The full benefits of the Lexington Coal transaction are expected to be realized in 2018.

2018 Guidance		
Production tonnage (in millions):		
	LOW	HIGH
Metallurgical	6.8	7.8
Steam	6.2	6.8
TOTAL	13.0	14.6
Committed tons sold (in millions) and price per ton:		
Metallurgical	3.2 (\$101.91)	
Steam	5.2 (\$53.31)	
Cash Cost of Operations per ton:	\$62.50	\$66.00
Corporate Cost (in millions):		
Selling, General and Administrative	\$27.0	\$29.0
Inactive Operation Costs	\$9.5	\$10.5
Interest Cash Payments	\$11.5	\$12.5
ARO Accretion	\$21.0	\$22.0
ARO Spend (Payments)	\$7.0	\$8.0
Capital Expenditures	\$67.0	\$72.0
Income Tax Payments	\$0	

About Alpha Natural Resources

Alpha Natural Resources has affiliate mining operations in seven counties in West Virginia, and supplies metallurgical coal to the steel industry and thermal coal to generate power. ANR has offices in Kingsport, Tennessee, and Julian, West Virginia, which support approximately 20 active mining operations. Alpha is committed to being a leader in mine safety and an environmental steward in the communities where its affiliates operate. For more information, visit Alpha's website (www.alphanr.com).

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SOURCE Alpha Natural Resources

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