Peabody Reports Earnings For Quarter Ended September 30, 2020

09.11.2020 | PR Newswire

ST. LOUIS, Nov. 9, 2020 - Peabody (NYSE: BTU) today announced its third quarter 2020 operating results, including r
income taxes of $64.8 million; net loss attributable to common stockholders of $67.2 million; diluted loss per share from
million.

"Peabody drove strong cost performance within our thermal segments during the third quarter, including record-low PR
Kellow. "We have had a number of achievements across the portfolio and look to further build upon our progress as we
addition to our ongoing portfolio enhancements, we have been working to achieve specific financing objectives. While w
actions are intended to provide a solid base to strengthen our financial and operating performance."

Third Quarter 2020 Results

Third quarter revenues declined 39 percent from the prior year to $671.0 million due to lower volumes, mix changes an
million, including $82.6 million from Kayenta's closure in the third quarter of 2019.

Operating costs and expenses also fell by 39 percent, reflecting the benefit of cost saving initiatives taken to date, as w
reductions, which resulted in a restructuring charge of $8.1 million in the third quarter.

The company also modified its approach to its non-represented retiree medical coverage to better align with evolving b
company's postretirement benefit obligation was adjusted to fair value, utilizing lower discount rates, which resulted in a
the liability. Peabody ended the third quarter with $814.6 million of cash and cash equivalents and $860.1 million of ava

Segment Performance

During the quarter, the seaborne thermal segment shipped 4.6 million tons, with 2.7 million tons exported at an average
tons were sold under a long-term domestic contract.

Seaborne thermal segment costs per ton of $27.59 improved 22 percent compared to the prior year due to strong cost
ratio and improved geology contributed to significantly lower year-over-year costs at the surface operations.

In the quarter, the seaborne met segment shipped 1.1 million tons at an average realized price of $71.88 per short ton.
impacted by lower pricing and a higher mix of PCI sales.

Seaborne met costs per ton, excluding prior year North Goonyella equipment and development costs, improved 15 per
by ongoing actions to improve the cost structure at Metropolitan, Coppabella and Moorvale. Year-to-date 2020 met cos
adjustment to record certain mines' inventory at net realizable value.

Peabody's U.S. thermal mines delivered strong cost performance driven by optimizing the company's maintenance pro
largely offset the impacts of lower demand.

Third quarter PRB Adjusted EBITDA of $78.3 million increased $7.6 million from the prior year on record low PRB costs
quarter PRB costs benefited from lower maintenance spending, and fuel and sales related costs associated with reduc

The other U.S. thermal segment earned $51.6 million of Adjusted EBITDA in the quarter on continued strong cost perfo
$26.52 due to reduced maintenance spending, favorable mix impacts, and lower personnel costs, among other items.

Financing Update

As part of the company's comprehensive process to explore financing alternatives, the company engaged with its suret
continued reclamation efforts. In early November, Peabody reached a standstill agreement with its surety bond provide
approximately $800 million of collateral requests made in the third quarter and limit future collateral requirements.

"We are grateful for the tremendous collaboration with our surety providers to reach a first-of-its-kind solution that offers

requirements," said Executive Vice President and Chief Financial Officer Mark Spurbeck. "The agreement lays the four
longstanding commitment to reclamation. We are now focused on continuing to work with our 2022 noteholders and rev
for maturity extensions and covenant relief, while maintaining sufficient operating liquidity and financial flexibility."

Providers of 99 percent of the company's surety bond portfolio have agreed to the following terms and conditions:

- Under the terms of the transaction support agreement, Peabody will post $75 million of collateral and provide sec of the surety providers.
- In addition, Peabody will post an additional $25 million of collateral per year through 2025 for the benefit of the su extent the company generates more than $100 million of free cash flow (as defined in the transaction support agr $10 million.
- Surety providers have agreed to a standstill through the earlier of December 2025 or the maturity date of the com time, surety bond providers agree not to demand any additional collateral; draw on letters of credit posted for the surety bond.

Based on the company's current outlook, it is probable that Peabody's fourth quarter 2020 results will not be sufficient t
revolving credit agreement. Peabody has been engaged in discussions with its revolving credit lenders and an ad hoc g
with these parties to date, Peabody expects to continue to have discussions with all or certain of these constituencies i
the company ultimately completing a deal with its revolving credit lenders and 2022 noteholders by Dec. 31, 2020, whic
purposes of increasing participation.

The additional collateral demands and probable financial covenant noncompliance under the revolving credit facility, re
sheet as of Sept. 30, 2020. Upon completion of a comprehensive resolution with its revolving credit lenders and 2022 n
or non-current based upon the timing of its stated maturity.

Operational/Portfolio Update

The company has benefited from a comprehensive improvement program with board oversight across operational and
changes throughout the organization.

Actions recently taken include:

- Further scaled back production and the workforce at Wambo Underground, including temporarily suspending pro demand conditions. The mine is focused on enhancing its competitive position to enable continued mining in the
- Temporarily idled Shoal Creek in early October to reset the cost structure of the mine. Costs per ton in 2020 have productivity rates, and poor geological conditions in the final H-panel. Production is expected to be suspended fo approximately $4 million per month.
- Idling an excavator fleet at Moorvale in November in light of elevated inventory levels and weak pricing.

Other initiatives, including the following, are also underway across the portfolio:

- Resetting Metropolitan's cost structure by improving development rates and scaling the mine to reduce longwall c discussions with its customers and workforce to reach agreements that best serve the needs of all stakeholders a conditions.
- Middlemount is beginning to see the benefits of a recent change in management earlier this year, along with reco volumes are fully committed amid improving customer demand.
- Sharing of production at the United Wambo joint venture is anticipated to begin later this year. While production w ratios and access to otherwise stratified reserves, enabling continued production of a high-quality seaborne therm
- The North Goonyella commercial process and review of strategic alternatives is ongoing.
- In the U.S., Peabody intends to continue to adjust to changing demand profiles and enhance its competitiveness termination of its PRB/Colorado joint venture agreement with Arch. In September, the court issued its decision to

Market Update

The global economy is showing a marked improvement in industrial production, even as the timing of a recovery varies
and below pre-pandemic levels and rising COVID-19 cases worldwide continue to pose a threat to commodity pricing.

Steel industry fundamentals are improving in most regions relative to COVID-driven lows earlier in the year, although s

While China is leading the steel production recovery, met coal imports have been muted given unofficial import controls
8 million tonnes compared to the prior year. Looking ahead, Peabody projects global seaborne met coal demand to sho
During this time, India is expected to account for the vast majority of overall demand growth amid significant steel capa
also projected to be a notable contributor to growth as demand in Japan and Korea remains largely stable. Australia is
seaborne supply.

Within seaborne thermal, weak demand continues to pressure prices. India imports have declined 24 million tonnes du
China imports are down 9 million tonnes year to date through September. ASEAN countries are the only major importin
million tonnes year to date through September. Longer term, coal is expected to maintain a leading position in the elect
while its share of overall generation is expected to decline. ASEAN countries and India are expected to be drivers for s
economic gains. This growth is anticipated to more than offset sharp declines in global coal use from developed econo
perspective, year-to-date thermal exports for every major exporting country are down relative to the prior year. Indones
followed by Colombia and the United States. In fact, Colombia exports marked an all-time low in September.

In the U.S., the impacts of COVID-19 have accelerated a multi-year decline in coal demand. Year-to-date through Sept
percent of the overall generation mix. While still at elevated levels, strong summer draws have lowered U.S. utility coal
based on maximum usage. Current natural gas forwards are above $3.00 for the remainder of the year and into 2021.

Outlook

Based on current estimates, fourth quarter seaborne volumes are expected to improve modestly, while U.S. thermal vo
Seaborne met costs are anticipated to rise primarily due to a planned longwall move at Metropolitan and changes in pr
line with the third quarter. Current fourth quarter 2020 priced and committed sales are as follows:

- 23 million tons of PRB sales at an average realized price of $11.28 per ton
- 5 million tons of other U.S. thermal sales at an average realized price of $36 per ton
- 2 million tons of seaborne thermal export sales at an average realized price of $47 per short ton
- 0.7 million tons of seaborne met sales at an average realized price of $88 per short ton

In addition, 2020 full year capital expenditures and SG&A have been reduced to approximately $185 million and $105 r

Current 2021 market expectations reflect improvement in seaborne coal demand as economies continue to recover fro
are expected to offset the impact of additional retirements within the U.S. thermal market. Other factors that will determ
of production at Shoal Creek in early 2021 as well as lower production due to the United Wambo joint venture transitio

Today's earnings call is scheduled for 10 a.m. CT and can be accessed via the company's website at PeabodyEnergy.

Peabody (NYSE: BTU) is a leading coal producer, serving customers in more than 25 countries on six continents. We p
and developed countries and create the steel needed to build foundational infrastructure. Our commitment to sustainab
the future. For further information, visit PeabodyEnergy.com.

Contact:
Julie Gates
314.342.4336

[1] Adjusted EBITDA is a non-GAAP financial measure. Revenues per ton, costs per ton, Adjusted EBITDA margin per t

Condensed Consolidated Statements of Operations (Unaudited) For the Quarters and Nine Months Ended Sept. 30, 2020 and 2019				
(In Millions, Except Per Share Data)	Quarter Ended		Nine Months Ended	
	Sept. 2020	Sept. 2019	Sept. 2020	Sept. 2019
Tons Sold	34.7	44.8	98.6	124.7
Revenues	$ 671.0	$ 1,106.4	$ 2,143.9	$ 3,506.0
Operating Costs and Expenses (1)	550.9	905.5	1,886.7	2,711.5
Depreciation, Depletion and Amortization	72.2	141.5	266.5	479.4
Asset Retirement Obligation Expenses	14.3	15.5	46.0	44.6
Selling and Administrative Expenses	27.2	32.2	77.3	107.8
Restructuring Charges	2.1	0.7	31.1	1.3
Transaction Costs Related to Joint Ventures	6.0	8.2	23.1	9.8
Other Operating Loss (Income):				
Net Gain on Disposals	(2.5)	(1.1)	(10.4)	(2.8)
Asset Impairment	—	20.0	1,418.1	20.0
Provision for North Goonyella Equipment Loss	—	—	—	24.7
North Goonyella Insurance Recovery	—	—	—	(125.0)
Loss from Equity Affiliates	10.6	20.7	25.7	7.5
Operating (Loss) Profit	(15.8)	(36.8)	(1,620.2)	227.2
Interest Expense	34.9	35.4	102.3	107.2
Interest Income	(1.6)	(7.0)	(7.1)	(22.5)
Net Periodic Benefit Costs, Excluding Service Cost	2.8	4.9	8.3	14.6
Net Mark-to-Market Adjustment on Actuarially Determined Liabilities	13.0	—	13.0	—
(Loss) Income from Continuing Operations Before Income Taxes	(64.9)	(70.1)	(1,736.7)	127.9
Income Tax (Benefit) Provision	(0.1)	4.2	2.7	26.0
(Loss) Income from Continuing Operations, Net of Income Taxes	(64.8)	(74.3)	(1,739.4)	101.9

Loss from Discontinued Operations, Net of Income Taxes	(2.3)	(3.8)	(6.8)	(10.6)
Net (Loss) Income	(67.1)	(78.1)	(1,746.2)	91.3
Less: Net Income (Loss) Attributable to Noncontrolling Interests	0.1	4.7	(5.1)	12.8
Net (Loss) Income Attributable to Common Stockholders	$ (67.2)	$ (82.8)	$ (1,741.1)	$ 78.5
Adjusted EBITDA (2)	$ 95.4	$ 159.2	$ 155.6	$ 643.3
Diluted EPS - (Loss) Income from Continuing Operations (3)(4)	$ (0.66)	$ (0.77)	$ (17.76)	$ 0.83
Diluted EPS - Net (Loss) Income Attributable to Common Stockholders (3)	$ (0.69)	$ (0.81)	$ (17.83)	$ 0.73

(1)	Excludes items sho
(2)	Adjusted EBITDA is
(3)	During the quarters
(4)	Reflects (loss) incor

This information is intended to be reviewed in conjunction with the company's filings with the SEC.

Supplemental Financial Data (Unaudited)

For the Quarters and Nine Months Ended Sept. 30, 2020 and 2019

	Quarter Ended	
	Sept. 2020	Sept. 2019
Tons Sold (In Millions)		
Seaborne Thermal Mining Operations	4.6	4.9
Seaborne Metallurgical Mining Operations	1.1	1.8
Powder River Basin Mining Operations	23.6	30.2
Other U.S. Thermal Mining Operations (1)	4.8	7.2
Total U.S. Thermal Mining Operations	28.4	37.4
Corporate and Other	0.6	0.7
Total	34.7	44.8
Revenue Summary (In Millions)		

Seaborne Thermal Mining Operations	$ 163.0	$ 249.5
Seaborne Metallurgical Mining Operations	78.8	216.3
Powder River Basin Mining Operations	264.8	333.6
Other U.S. Thermal Mining Operations (1)	179.8	326.4
Total U.S. Thermal Mining Operations	444.6	660.0
Corporate and Other	(15.4)	(19.4)
Total	$ 671.0	$ 1,106.4
Total Reporting Segment Costs Summary (In Millions) (2)		
Seaborne Thermal Mining Operations	$ 127.7	$ 172.7
Seaborne Metallurgical Mining Operations	106.1	232.5
North Goonyella Equipment & Development Costs (3)	—	29.3
Seaborne Metallurgical Mining Operations, Excluding North Goonyella Equipment & Development Costs	106.1	203.2
Powder River Basin Mining Operations	186.5	262.9
Other U.S. Thermal Mining Operations (1)	128.2	244.1
Total U.S. Thermal Mining Operations	314.7	507.0
Corporate and Other	7.4	1.2
Total	$ 555.9	$ 913.4
Other Supplemental Financial Data (In Millions)		
Adjusted EBITDA - Seaborne Thermal Mining Operations	$ 35.3	$ 76.8
Adjusted EBITDA - Seaborne Metallurgical Mining Operations	(27.3)	(16.2)
North Goonyella Equipment & Development Costs (3)	—	29.3
Adjusted EBITDA - Seaborne Metallurgical Mining Operations, Excluding North Goonyella Equipment & Development Costs	(27.3)	13.1
Adjusted EBITDA - Powder River Basin Mining Operations	78.3	70.7
Adjusted EBITDA - Other U.S. Thermal Mining Operations (1)	51.6	82.3
Adjusted EBITDA - Total U.S. Thermal Mining Operations	129.9	153.0
Middlemount (4)	(11.1)	(18.8)
Resource Management Results (5)	1.0	2.3
Selling and Administrative Expenses		

(27.2)

		(32.2)

Other Operating Costs, Net (6)	(5.2)				(5.7)	
Adjusted EBITDA (2)	$	95.4			$	159.2
Note: See footnote explanations on following page						

Supplemental Financial Data (Unaudited)

For the Quarters and Nine Months Ended Sept. 30, 2020 and 2019

	Quarter Ended		Nine Months Ended	
	Sept. 2020	Sept. 2019	Sept. 2020	Sept. 2019
Revenues per Ton - Mining Operations (7)				
Seaborne Thermal	$ 35.28	$ 51.06	$ 38.14	$ 51.14
Seaborne Metallurgical	71.88	120.94	87.16	134.80
Powder River Basin	11.26	11.02	11.35	11.22
Other U.S. Thermal (1)	37.20	45.45	38.67	43.52
Total U.S. Thermal	15.68	17.62	16.07	18.22
Costs per Ton - Mining Operations (7)(8)				
Seaborne Thermal	$ 27.59	$ 35.33	$ 29.58	$ 33.69
Seaborne Metallurgical	96.87	130.01	110.20	114.22
North Goonyella Equipment & Development Costs (3)	—	16.38	—	9.84
Seaborne Metallurgical, Excluding North Goonyella Equipment & Development Costs	96.87	113.63	110.20	104.38
Powder River Basin	7.93	8.69	9.15	9.39
Other U.S. Thermal (1)	26.52	34.00	29.60	32.70
Total U.S. Thermal	11.10	13.54	12.68	14.44
Adjusted EBITDA Margin per Ton - Mining Operations (7)(8)				
Seaborne Thermal	$ 7.69	$ 15.73	$ 8.56	$ 17.45
Seaborne Metallurgical	(24.99)	(9.07)	(23.04)	20.58
North Goonyella Equipment & Development Costs (3)	—	16.38	—	9.84
Seaborne Metallurgical, Excluding North Goonyella Equipment & Development Costs	(24.99)	7.31	(23.04)	30.42
Powder River Basin	3.33	2.33	2.20	1.83
Other U.S. Thermal (1)	10.68	11.45	9.07	10.82
Total U.S. Thermal	4.58	4.08	3.39	3.78

(1)	Beginning Q1 2020, we have combined the Midwestern U.S. Mining segment with the Western U.S. Mining segment to reflect the manner in which our chief operating decision maker now views our businesses for purposes of reviewing performance, allocating resources and assessing future prospects and strategic execution. All periods presented have been recast for comparability.
(2)	Total Reporting Segment Costs and Adjusted EBITDA are non-GAAP financial measures. Refer to the "Reconciliation of Non-GAAP Financial Measures" section in this document for definitions and reconciliations to the most comparable measures under U.S. GAAP.
(3)	Costs incurred from January 1, 2020 forward are included within Other Operating Costs, Net. Costs incurred prior to January 1, 2020 remain within the Seaborne Metallurgical segment.
(4)	We account for our 50% equity interest in Middlemount Coal Pty Ltd. (Middlemount), which owns the Middlemount Mine, under the equity method. Middlemount's standalone results exclude the impact of related changes in deferred tax asset valuation allowance and reserves and amortization of basis difference recorded by the company in applying the equity method. Middlemount's standalone results include (on a 50% attributable basis):

	Quarter Ended		Nine Months Ended	
	Sept. 2020	Sept. 2019	Sept. 2020	Sept. 2019
	(In Millions)			
Tons sold	0.4	0.2	1.2	1.2
Depreciation, depletion and amortization and asset retirement obligation expenses	$ 9.2	$ 8.2	$ 23.5	$ 15.3
Net interest expense	4.1	2.4	10.0	6.4
Income tax benefit	(4.7)	(7.5)	(11.7)	(1.6)

(5)	Includes gains (losses) on certain surplus coal reserve and surf costs and revenues.
(6)	Includes trading and brokerage activities, costs associated with certain transportation-related contracts and costs associated wi Goonyella Mine.
(7)	Revenues per Ton, Costs per Ton and Adjusted EBITDA Margi to measure each of our mining segment's operating performanc Margin per Ton are equal to revenues by segment and Adjustec by segment tons sold. Costs per Ton is equal to Revenues per Management believes Costs per Ton and Adjusted EBITDA Ma and operating results at the mining segment level. We consider be operating/statistical measures; however, we include reconci measures (Adjusted EBITDA and Total Reporting Segment Cos Financial Measures" section in this document.
(8)	Includes revenue-based production taxes and royalties; exclude asset retirement obligation expenses; selling and administrative impairment; provision for North Goonyella equipment loss and r take-or-pay contract-based intangibles; and certain other costs

This information is intended to be reviewed in conjunction with the company's filings with the SEC.

Condensed Consolidated Balance Sheets		
As of Sept. 30, 2020 and Dec. 31, 2019		
(Dollars In Millions)		
	(Unaudited)	
	Sept. 30, 2020	Dec. 31, 2019
Cash and Cash Equivalents	$ 814.6	$ 732.2
Accounts Receivable, Net	192.9	329.5
Inventories	319.7	331.5
Other Current Assets	209.2	220.7
Total Current Assets	1,536.4	1,613.9
Property, Plant, Equipment and Mine Development, Net	3,152.3	4,679.1
Operating Lease Right-of-Use Assets	44.9	82.4
Investments and Other Assets	122.4	139.1
Deferred Income Taxes	4.9	28.3
Total Assets	$ 4,860.9	$ 6,542.8
Current Portion of Long-Term Debt	$ 1,600.1	$ 18.3
Accounts Payable and Accrued Expenses	774.3	957.0
Total Current Liabilities	2,374.4	975.3
Long-Term Debt, Less Current Portion	—	1,292.5
Deferred Income Taxes	28.9	28.8
Asset Retirement Obligations	671.2	654.1
Accrued Postretirement Benefit Costs	419.6	593.4
Operating Lease Liabilities, Less Current Portion	7.1	52.8
Other Noncurrent Liabilities	258.9	273.4
Total Liabilities	3,760.1	3,870.3
Common Stock	1.4	1.4
Additional Paid-in Capital	3,361.0	3,351.1

Treasury Stock	(1,368.9)	(1,367.3)
(Accumulated Deficit) Retained Earnings	(1,144.1)	597.0
Accumulated Other Comprehensive Income	201.3	31.6
Peabody Energy Corp. Stockholders' Equity	1,050.7	2,613.8
Noncontrolling Interests	50.1	58.7
Total Stockholders' Equity	1,100.8	2,672.5
Total Liabilities and Stockholders' Equity	$ 4,860.9	$ 6,542.8

This information is intended to be reviewed in conjunction with the company's filings with the SEC.

Condensed Consolidated Statements of Cash Flows (Unaudited)

For the Quarters and Nine Months Ended Sept. 30, 2020 and 2019

(Dollars in Millions)

	Quarter Ended		Nine Months Ended	
	Sept.	Sept.	Sept.	Sept.
	2020	2019	2020	2019
Cash Flows From Operating Activities				
Net Cash Provided By (Used In) Continuing Operations	$ 23.0	$ 179.2	$ (9.7)	$ 577.8
Net Cash Used in Discontinued Operations	(2.0)	(3.6)	(22.4)	(25.2)
Net Cash Provided By (Used In) Operating Activities	21.0	175.6	(32.1)	552.6
Cash Flows From Investing Activities				
Additions to Property, Plant, Equipment and Mine Development	(46.1)	(86.0)	(131.9)	(182.8)
Changes in Accrued Expenses Related to Capital Expenditures	(0.6)	(5.8)	(14.9)	(5.6)
Insurance Proceeds Attributable to North Goonyella Equipment Losses	—	—	—	23.2
Proceeds from Disposal of Assets, Net of Receivables	3.4	11.8	15.4	27.6
Amount Attributable to Acquisition of Shoal Creek Mine	—	—	—	(2.4)
Contributions to Joint Ventures	(83.2)	(106.8)	(275.2)	(326.4)
Distributions from Joint Ventures	82.8	111.2	271.0	316.7
Advances to Related Parties	—	(8.0)	(23.1)	(12.5)
Cash Receipts from Middlemount Coal Pty Ltd	—	—	—	14.7
Other, Net	(0.1)	—	(0.7)	(0.1)
Net Cash Used In Investing Activities	(43.8)	(83.6)	(159.4)	(147.6)
Cash Flows From Financing Activities				
Proceeds from Long-Term Debt	60.0	—	360.0	—

Repayments of Long-Term Debt	(71.1)	(6.4)	(81.0)	(23.9)
Payment of Debt Issuance and Other Deferred Financing Costs	—	(5.6)	—	(6.4)
Common Stock Repurchases	—	(144.2)	—	(300.2)
Repurchase of Employee Common Stock Relinquished for Tax Withholding	—	—	(1.6)	(12.3)
Dividends Paid	—	(14.6)	—	(243.9)
Distributions to Noncontrolling Interests	—	(9.0)	(3.5)	(23.4)
Other, Net	—	0.1	—	0.1
Net Cash (Used In) Provided By Financing Activities	(11.1)	(179.7)	273.9	(610.0)
Net Change in Cash, Cash Equivalents and Restricted Cash	(33.9)	(87.7)	82.4	(205.0)
Cash, Cash Equivalents and Restricted Cash at Beginning of Period	848.5	900.1	732.2	1,017.4
Cash, Cash Equivalents and Restricted Cash at End of Period	$ 814.6	$ 812.4	$ 814.6	$ 812.4

This information is intended to be reviewed in conjunction with the company's filings with the SEC.

Reconciliation of Non-GAAP Financial Measures (Unaudited)

For the Quarters and Nine Months Ended Sept. 30, 2020 and 2019

(Dollars In Millions)

Note: Management believes that non-GAAP performance measures are used by investors to measure our operating p
our ability to incur and service debt. These measures are not intended to serve as alternatives to U.S. GAAP measures
comparable to similarly-titled measures presented by other companies.

	Quarter Ended	
	Sept.	Sept.
	2020	2019
(Loss) Income from Continuing Operations, Net of Income Taxes	$ (64.8)	$ (74.3)
Depreciation, Depletion and Amortization	72.2	141.5
Asset Retirement Obligation Expenses	14.3	15.5
Restructuring Charges	8.1	0.7
Transaction Costs Related to Joint Ventures	6.0	8.2
Asset Impairment	—	20.0
Provision for North Goonyella Equipment Loss	—	—
North Goonyella Insurance Recovery - Equipment [1]	—	—
Changes in Deferred Tax Asset Valuation Allowance and Reserves and Amortization of Basis Difference Related to Equity Affiliates	(0.5)	—

Interest Expense	34.9				35.4	
Interest Income	(1.6)				(7.0)	
Net Mark-to-Market Adjustment on Actuarially Determined Liabilities	13.0				—	
Unrealized Losses (Gains) on Economic Hedges	16.1				18.0	
Unrealized Gains on Non-Coal Trading Derivative Contracts	(0.7)				(0.3)	
Take-or-Pay Contract-Based Intangible Recognition	(1.5)				(2.7)	
Income Tax (Benefit) Provision	(0.1)				4.2	
Adjusted EBITDA [2]	$	95.4			$	159.2
Operating Costs and Expenses	$	550.9			$	905.5
Unrealized Gains on Non-Coal Trading Derivative Contracts	0.7				0.3	
Take-or-Pay Contract-Based Intangible Recognition	1.5				2.7	
North Goonyella Insurance Recovery - Cost Recovery and Business Interruption [1]	—				—	
Net Periodic Benefit Costs, Excluding Service Cost	2.8				4.9	
Total Reporting Segment Costs [3]	$	555.9			$	913.4
Net Cash Provided By (Used In) Operating Activities	$	21.0			$	175.6
Net Cash Used In Investing Activities	(43.8)				(83.6)	
Add Back: Amount Attributable to Acquisition of Shoal Creek Mine	—				—	
Free Cash Flow [4]	$	(22.8)			$	92.0

(1)	We recorded a $125.0 million insurance recovery during the nine months ended to losses incurred at our North Goonyella Mine. Of this amount, Adjusted EBITD amount applicable to total equipment losses recognized at the time of the insura which consisted of $24.7 million and $66.4 million recognized during the nine mo 2019 and the year ended December 31, 2018, respectively. The remaining $33. incremental costs and business interruption losses, is included in Adjusted EBIT ended September 30, 2019.
(2)	Adjusted EBITDA is defined as (loss) income from continuing operations before expense, income taxes, asset retirement obligation expenses and depreciation, Adjusted EBITDA is also adjusted for the discrete items that management exclu segment's operating performance as displayed in the reconciliation above. Adju management as the primary metric to measure each of our segment's operating retrospectively modified our calculation of Adjusted EBITDA to exclude restructu costs related to joint ventures as management does not view these items as par
(3)	Total Reporting Segment Costs is defined as operating costs and expenses adj that management excluded in analyzing each of our segment's operating perfor reconciliation above. Total Reporting Segment Costs is used by management as of our segment's operating performance. We have retrospectively modified our c Segment Costs to exclude restructuring charges as management does not view normal operations.
(4)	Free Cash Flow is defined as net cash provided by (used in) operating activities investing activities and excludes cash outflows related to business combinations management as a measure of our financial performance and our ability to gener our business operations.

This information is intended to be reviewed in conjunction with the company's filings with the SEC.

Reconciliation of Non-GAAP Financial Measures (Unaudited)			
As of Sept. 30, 2020 and Dec. 31, 2019			
(Dollars In Millions)			
Note: Management believes that non-GAAP performance measures are used by investors to measure our operating performance and lenders to measure our ability to incur and service debt. These measures are not intended to serve as alternatives to U.S. GAAP measures of performance and may not be comparable to similarly-titled measures presented by other companies.			
		(Unaudited)	
		Sept. 30, 2020	Dec. 31, 2019
Current Portion of Long-Term Debt		$ 1,600.1	$ 18.3
Long-Term Debt, Less Current Portion		—	1,292.5
Less: Cash and Cash Equivalents		(814.6)	(732.2)
Net Debt (1)		$ 785.5	$ 578.6

(1) Net Debt is defined as current portion of long-term debt plus lor and cash equivalents. Net Debt is reviewed by management as capital structure and leverage.

This information is intended to be reviewed in conjunction with the company's filings with the SEC.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the securities laws. Forward-looking statements can be identified by the fact that they do not relate strictly to historical or current facts. They often include words or variation of words such as "expects," "anticipates," "intends," "plans," "believes," "seeks," "estimates," "projects," "forecasts," "targets," "would," "will," "should," "goal," "could" or "may" or other similar expressions. Forward-looking statements provide management's current expectations or predictions of future conditions, events or results. All statements that address operating performance, events, or developments that Peabody expects will occur in the future are forward-looking statements. They may include estimates of sales targets, cost savings, capital expenditures, other expense items, actions relating to strategic initiatives, demand for the company's products, liquidity, capital structure, market share, industry volume, other financial items, descriptions of management's plans or objectives for future operations and descriptions of assumptions underlying any of the above. All forward-looking statements speak only as of the date they are made and reflect Peabody's good faith beliefs, assumptions and expectations, but they are not guarantees of future performance or events. Furthermore, Peabody disclaims any obligation to publicly update or revise any forward-looking statement, except as required by law. By their nature, forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. Factors that might cause such differences include, but are not limited to, a variety of economic, competitive and regulatory factors, many of which are beyond Peabody's control, including the ongoing impact of the COVID-19 pandemic and factors that are described in Peabody's Annual Report on Form 10-K for the fiscal year ended Dec. 31, 2019, and other factors that Peabody may describe from time to time in other filings with the SEC. You may get such filings for free at Peabody's website at www.peabodyenergy.com. You should understand that it is not possible to predict or identify all such factors and, consequently, you should not consider any such list to be a complete set of all potential risks or uncertainties.

View original content to download
multimedia:http://www.prnewswire.com/news-releases/peabody-reports-earnings-for-quarter-ended-september-30-202

SOURCE Peabody