

 **NACCO Industries, Inc.**[®]



**TRUSTED PARTNERS. INTEGRATED SOLUTIONS.
POWERFUL RESULTS.**



**INVESTOR
PRESENTATION
March 2020**

Safe Harbor Statement and Disclosure

This presentation includes forward-looking comments subject to important risks and uncertainties. It may also contain financial measures that are not in conformance with accounting principles generally accepted in the United States of America (GAAP).

Refer to NACCO's reports filed on Forms 8-K (current), 10-Q (quarterly), and 10-K (annual) for information on factors that could cause actual results to differ materially from information in this presentation. Past performance may not be representative of future results.

Information noted in the following slides was effective as of the Company's most recent earnings release and conference call (March 5, 2020). Nothing in this presentation should be construed as reaffirming or disaffirming the outlook provided as of that date.

This presentation is not an offer to sell or a solicitation of offers to buy any of NACCO Industries, Inc.'s securities.

Company Overview



NACCO Industries

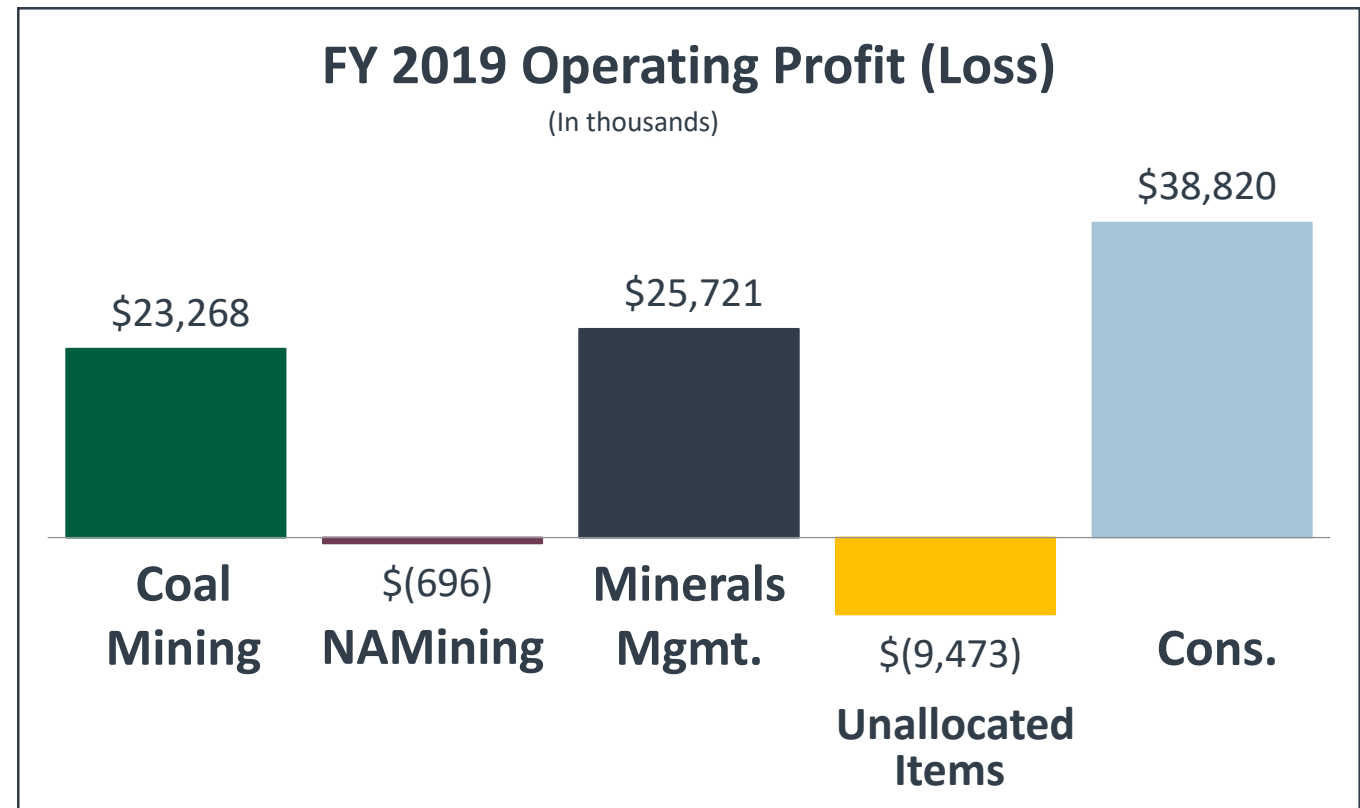
NACCO (NYSE: NC)

- NACCO Industries, Inc.[®] is the public holding company for The North American Coal Corporation[®]. The Company and its affiliates operate in the mining and natural resources industries through three operating segments:
 - Coal Mining
 - Operates surface coal mines under long-term contracts with power generation companies and activated carbon producers pursuant to a service-based business model
 - North American Mining (“NAMining”)
 - Provides value-added contract mining and other services for producers of aggregates, lithium and other minerals
 - Minerals Management
 - Promotes the development of the Company’s oil, gas and coal reserves, generating income primarily from royalty-based lease payments from third parties
- In addition, the Company has launched a new business providing stream and wetland mitigation solutions, Mitigation Resources of North America

NACCO Industries

At a Glance

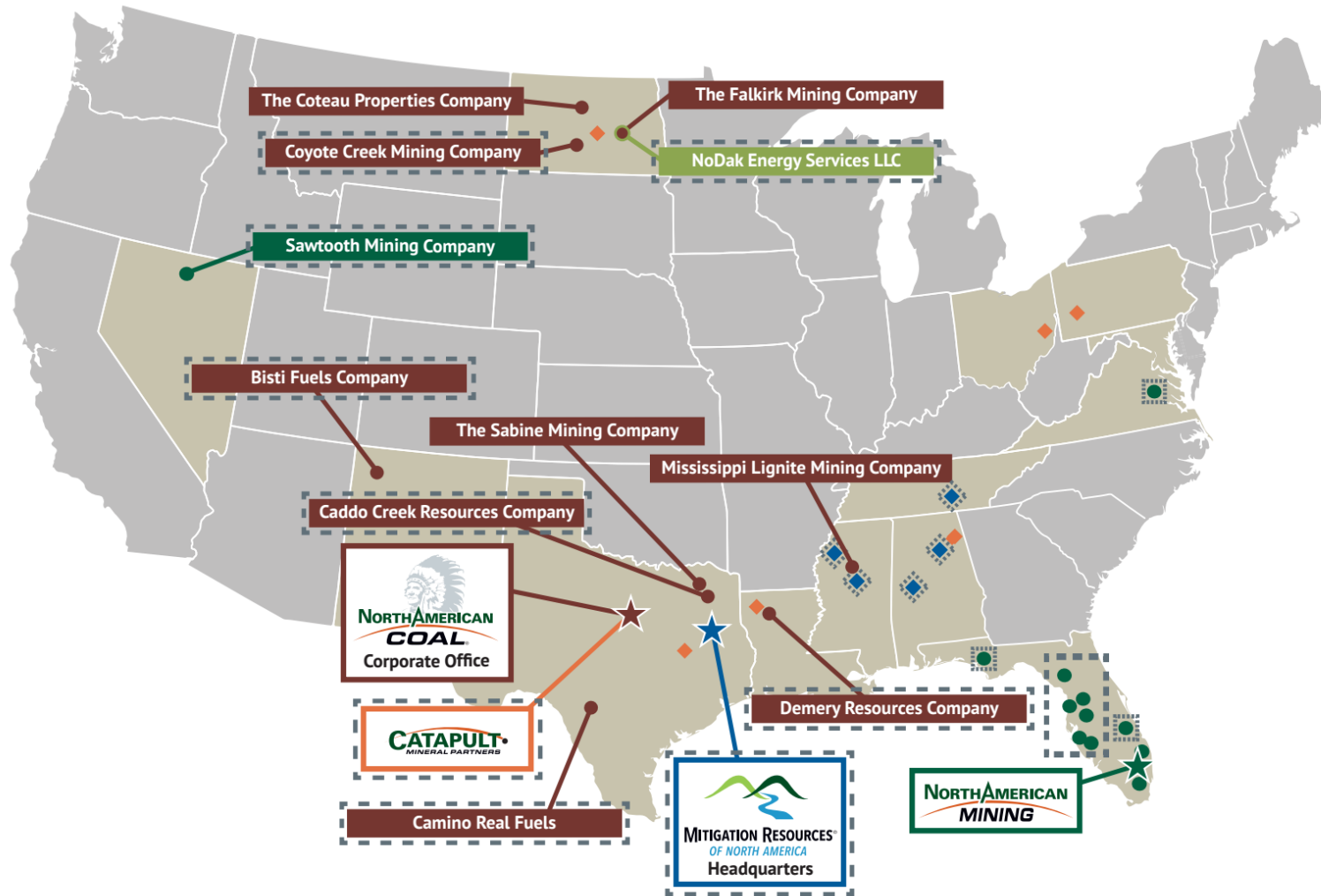
Key Metrics In thousands, except deliveries	FY 12/31/19
	Consolidated
Operating Profit	\$38,820
Income before Income taxes	\$43,399
Net income	\$39,632
EBITDA ⁽¹⁾	\$56,895
Net Cash (Debt) at 12/31/2019 ⁽¹⁾⁽²⁾	\$97,949
Tons delivered - coal	34.6 million
Tons delivered - aggregates	44.7 million



(1) EBITDA and Net Cash (Debt) are non-GAAP measures and should not be considered in isolation or as substitutes for GAAP measures. See non-GAAP explanations and the related reconciliations to GAAP measures beginning on page 39.

(2) Net Cash (Debt) at December 31, 2019 is calculated as cash of \$122.9 million less total debt of \$24.9 million.

Our Operations



- Surface Coal Mining Operations
- North American Mining Operations
- Value-Added Services
- ◆ Catapult Mineral Partners' Mineral Interests
- ◆ Mitigation Resources of North America's Mitigation Banks

In 2019, NACCO continued to focus on building long-term shareholder value by executing on its strategies to **grow** and **diversify**; adding new locations to an already diverse geographic footprint.

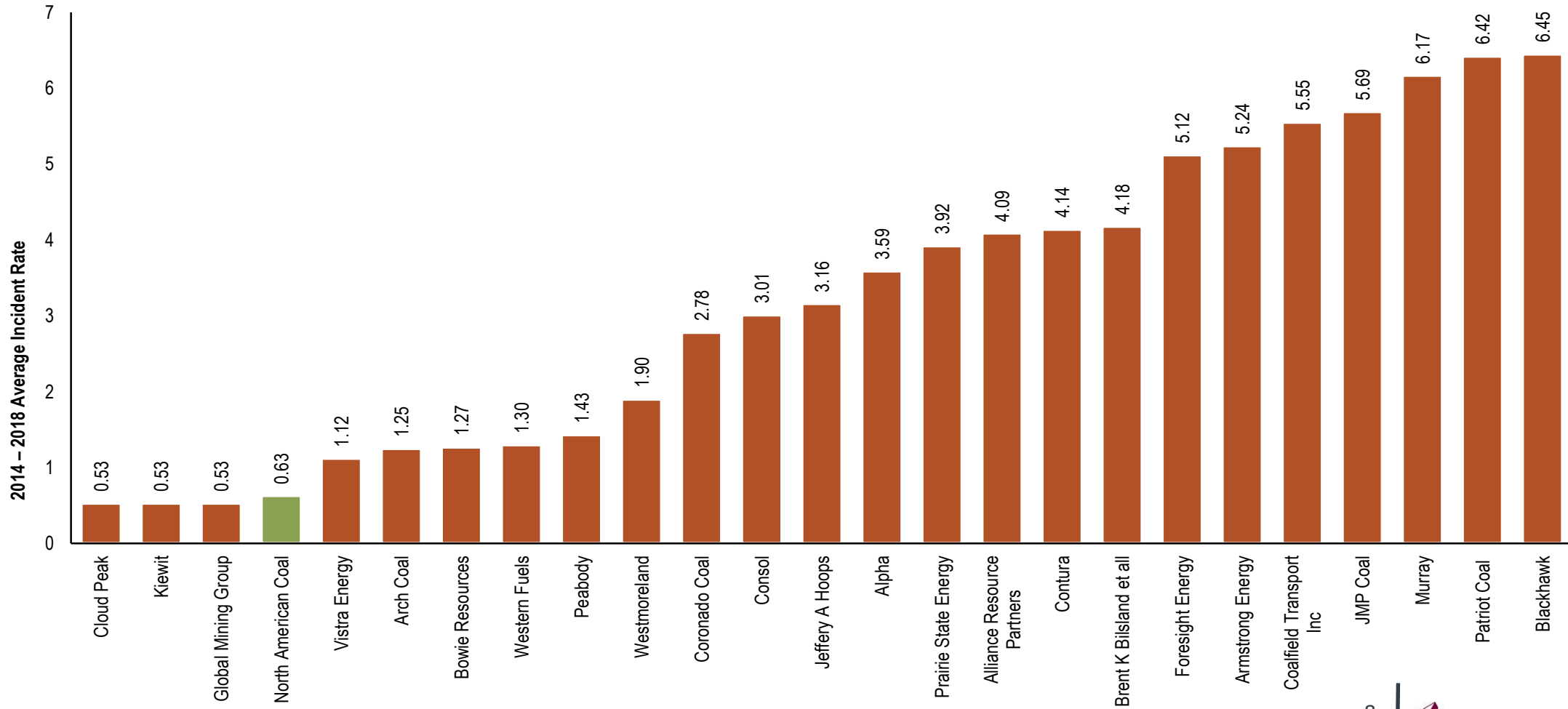
It's About People: Trusted Partners

While our core competency is mining, our business is about people –our customers, our employees and our communities

- Our customers:
 - Long-term relationships help us understand our customer's business objectives and allow us to deliver results that strengthen their businesses
- Our employees:
 - We are proud of our high level of employee engagement and strong retention rates
 - Training programs ensure bench strength for succession, growth and diversification
 - Shared commitment to operational excellence and safety
 - Received over 100 safety awards at the state and national levels
- Our communities:
 - Successful and innovative reclamation projects
 - Planted over 8.6 million trees since 1978 as part of reclamation activities

Trusted Partners - Excellent Safety Record

2014 – 2018 National Mining Association Top 25 U.S. Coal Producers Ranked by Average Incident Rate



Trusted Partners - Environmental Stewardship

North American Coal has received over 90 federal and state awards for successful and innovative reclamation projects over the last 30 years

- Environmental Protection Agency Environmental Excellence Award
- The Department of Interior Office of Surface Mining Best of the Best Award
- The Department of Interior Office of Surface Mining Director's Award
- The Department of Interior Office of Surface Mining Good Neighbor Award
- The Department of Interior Office of Surface Mining Excellence in Surface Coal Mining and Reclamation Award
- The Texas Parks & Wildlife Department Lone Star Steward Award
- The Railroad Commission of Texas State Reclamation Award
- The Interstate Mining Compact Commission's National Reclamation Award
- The North Dakota Public Service Commission Excellence in Surface Coal Mining & Reclamation Award



Managing and enhancing land is one of the great benefits we offer customers

From permit management to agency or tribal coordination, North American Coal is an expert in environmental stewardship and compliance

Coal Mining



The Coal Mining segment provides *integrated solutions* for power generation companies



Land Acquisition
Reserve Acquisition
Permitting
Mine Planning



Mining

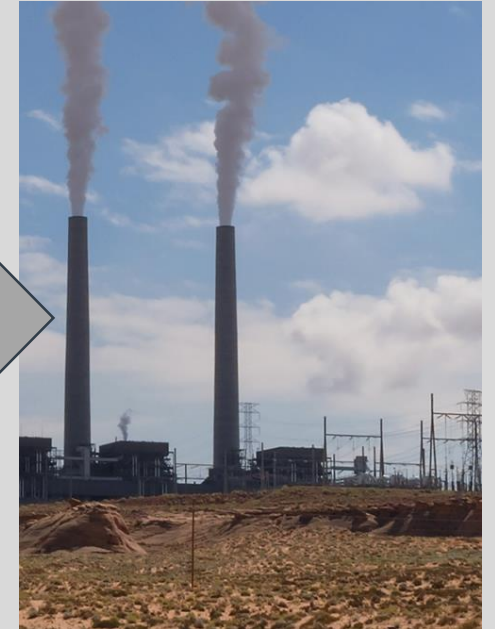


Load & Haul
Coal Handling



Reclamation
Bond Release

Customer Operations



Power Plant Operation & Maintenance
Electricity Sales
Regulatory Matters

Coal Mining

- 107 year history of mining coal
- Nine surface coal mines
 - Delivered 34.6 million tons of coal in 2019
- Mines deliver coal produced to adjacent or nearby power plants, synfuels plants or activated carbon facilities
- All but one mine is the exclusive supplier to its customer's facility
 - Camino Real's customer takes all coal produced but also purchases from other suppliers



Unique Business Model

- Eight of nine coal mining locations operate pursuant to “management fee” contracts
 - Contract structure aligns our focus with customer objectives
- Under “management fee” contracts, we are responsible for all mine operations
 - Receive management fee per ton or MMBtu of coal delivered
- Customer is responsible for funding all operating costs and capital to build and operate the mine
 - Contract structure provides steady income and cash-flow with minimal capital investment
 - Eliminates exposure to coal market price fluctuations



Mississippi Lignite Mining Company (MLMC)

- MLMC delivers coal to the adjacent Red Hills power plant under a contract that runs through 2032
 - The Red Hills Power Plant supplies electricity to TVA under a long-term power purchase agreement.
 - MLMC provides 100% of the fuel for the Red Hills power plant
- MLMC contract is the only coal contract in which NACoal is responsible for all operating costs, capital requirements and final mine reclamation
 - MLMC will require significant capital spending over the next several years as it moves to a new mine area
- Contractually agreed-upon coal sales price adjusts monthly primarily based on changes in the level of established indices, which reflect general U.S. inflation rates, including cost components such as labor and diesel fuel
 - Coal sales price is not subject to spot coal market fluctuations
 - Profitability is affected by three key factors: customer demand for coal, changes in the indices that determine coal sales price and actual costs incurred



Results Driven by Long-Term Contracts with High-Quality Customers

Mine	Customer	Type of Mine	Contract Expires
<i>Unconsolidated Mines (wholly-owned subsidiaries of NACoal)</i>			
The Coteau Properties Company	Dakota Coal Company, an affiliate of Basin Electric Power Cooperative	Lignite	2022 /2037 ⁽¹⁾
The Falkirk Mining Company	Great River Energy ⁽²⁾	Lignite	2045
The Sabine Mining Company	Southwestern Electric Power Company, an affiliate of AEP	Lignite	2035
Demery Resources Company	Five Forks Mining, an affiliate of Advanced Emissions Solutions	Lignite	2030
Caddo Creek Resources Company	Marshall Mine, an affiliate of Cabot Norit Americas	Lignite	2044
Camino Real Fuels	AHMSA, an affiliate of Dos Republicas Coal Partnership	Sub-bituminous	2021 ⁽³⁾
Coyote Creek Mining Company	Four Power Companies ⁽⁴⁾	Lignite	2040
Bisti Fuels Company	Navajo Transitional Energy Company	Sub-bituminous	2031
<i>Consolidated Mines</i>			
Mississippi Lignite Mining Company	CGLP, an affiliate of PurEnergy ⁽⁵⁾	Lignite	2032

(1) Although the term of the existing coal sales agreement terminates in 2022, the term may be extended for three additional periods of five years, or until 2037, at the option of Coteau.

(2) During the first quarter of 2020, Great River Energy announced that it was evaluating the economics of the Coal Creek Station ("CCS") power plant. The Company has a mining contract to supply coal to CCS that expires in 2045. Any decision by Great River Energy to reduce operations or prematurely close CCS would have a material adverse effect on the Company's results of operations.

(3) Camino Real's contract mining agreement will be automatically extended in the event Camino Real's customer extends its existing coal supply contract.

(4) Otter Tail Power Company, Northern Mutual Municipal Power Agency, Montana-Dakota Utilities Company and Northwestern Corporation.

(5) CGLP has engaged Southern Company to operate and maintain the power plant.

Well-Positioned in Light of Challenging Environment

- No direct exposure to coal market price
- Focus to drive down production costs and maximize efficiency and operating capacity at each mine
 - Benefits both customers and the Company as fuel cost is a major driver for power plant dispatch
 - Power plant dispatch drives demand for coal
- Customers continue to invest in efficiency and environmental upgrades to facilities

Well-Positioned in Light of Challenging Environment

- We believe the power plants we supply are generally younger and more efficient, with better environmental controls than most that have closed in recent years
- During the past 10 years, North American Coal built five new coal mines and assumed operation of an existing mine for a new customer
- Currently providing other value-added services for existing customers
 - Some mines provide coal blending and handling, ash handling and ash management services
- Continued pursuit of additional opportunities to assume operation of existing mines
 - Utilizing management fee business model

North American Mining



NAMining provides
Integrated Solutions
for aggregates
companies



Land Acquisition
Reserve Acquisition
Permitting
Blasting
Over Burden Removal

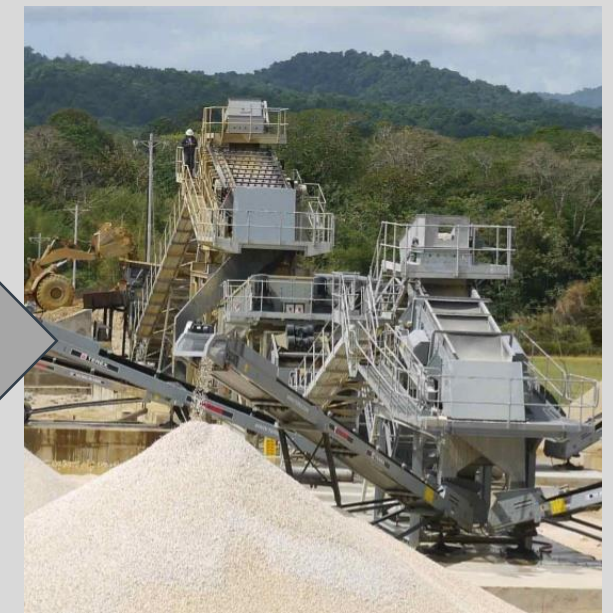


Dragline Operation &
Maintenance



Rope Shovels
Excavators
Trucks
Conveyors
Dozers
Graders

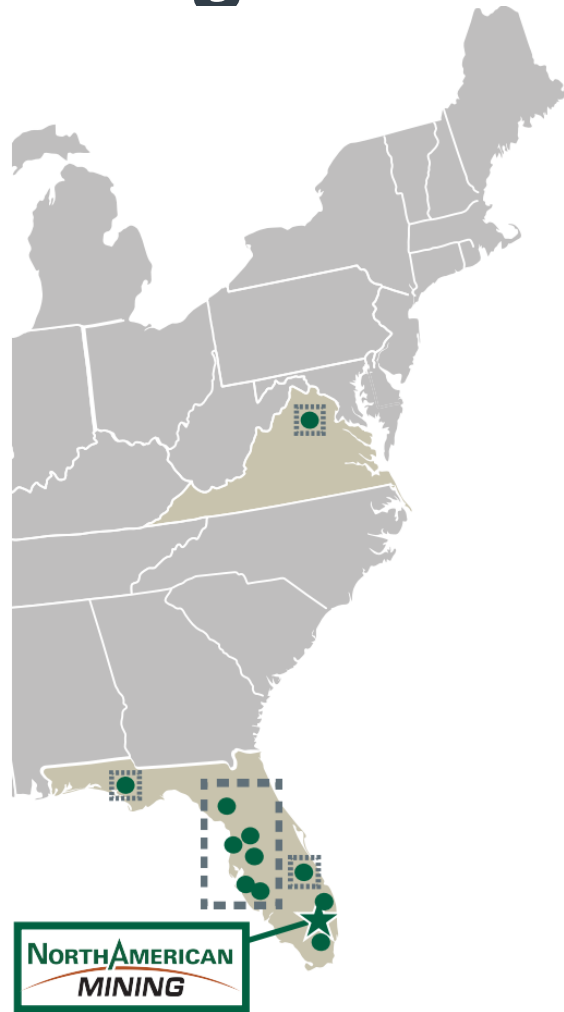
Customer
Operations



Crushing
Sizing
Marketing
Sales

We have core competencies to expand scope of mining activities-

NAMining – Current Operating Locations



30 draglines and an electric rope shovel at the end of 2019 compared with 10 draglines at the end of 2015

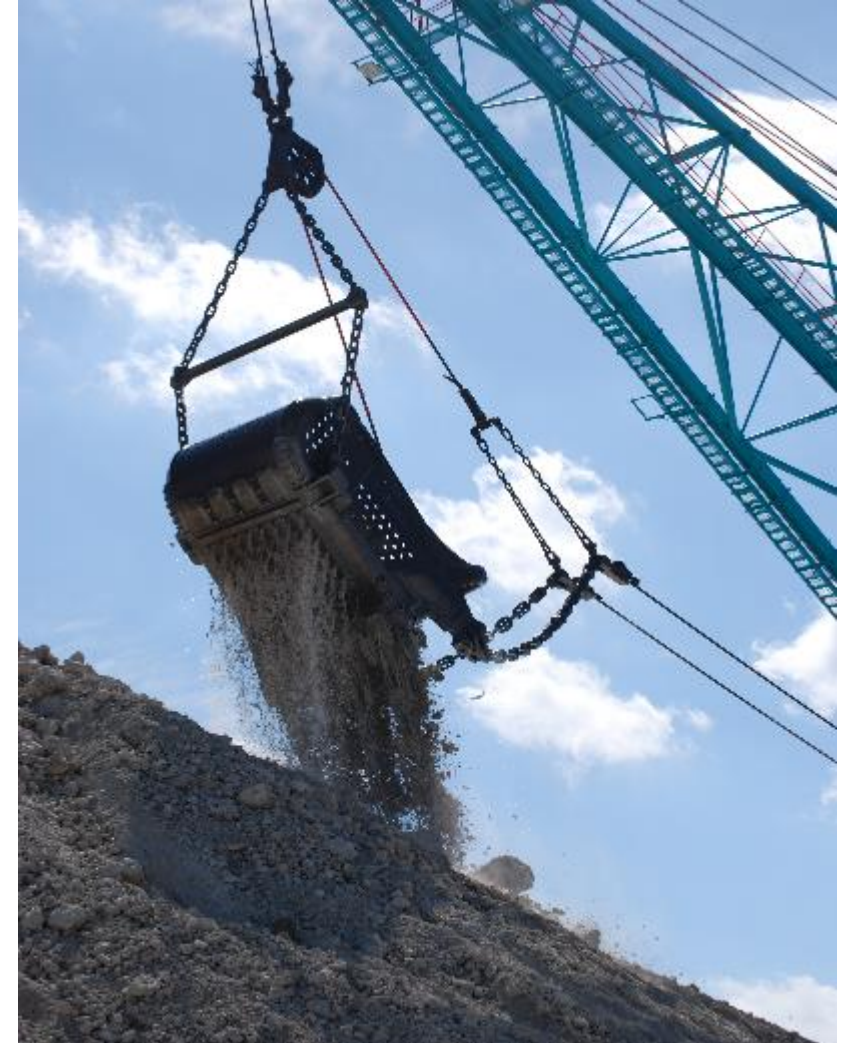
10 customers at the end of 2019 compared with 2 customers at the end of 2015

20 quarries at the end of 2019 compared with 7 quarries at the end of 2015

1 new lithium project in development in Nevada

NA Mining Segment

- Serviced-based business model to create value
- Focused on:
 - Mining materials other than coal
 - Primarily limestone as well as sand and in the future, lithium
 - Mining services where our core skills can provide value
 - Long-term customer relationships
 - Entered into a 20-year limestone mining services agreement with a new customer during 2019



Platform for Growth Outside Coal

- Geography
 - Focus on expanding footprint beyond the southeastern United States
- Contract mining services provide:
 - Dependable production
 - Optimized quality of delivered material
 - Controlled costs
- Expand scope of work – ability to offer a full range of comprehensive mining services
 - Well-suited to mine a range of minerals and materials
 - Entered into a contract in 2019 to mine lithium
- Continued growth can lead to increased profitability
 - Recently established administrative infrastructure to support scalability

Sawtooth Mining

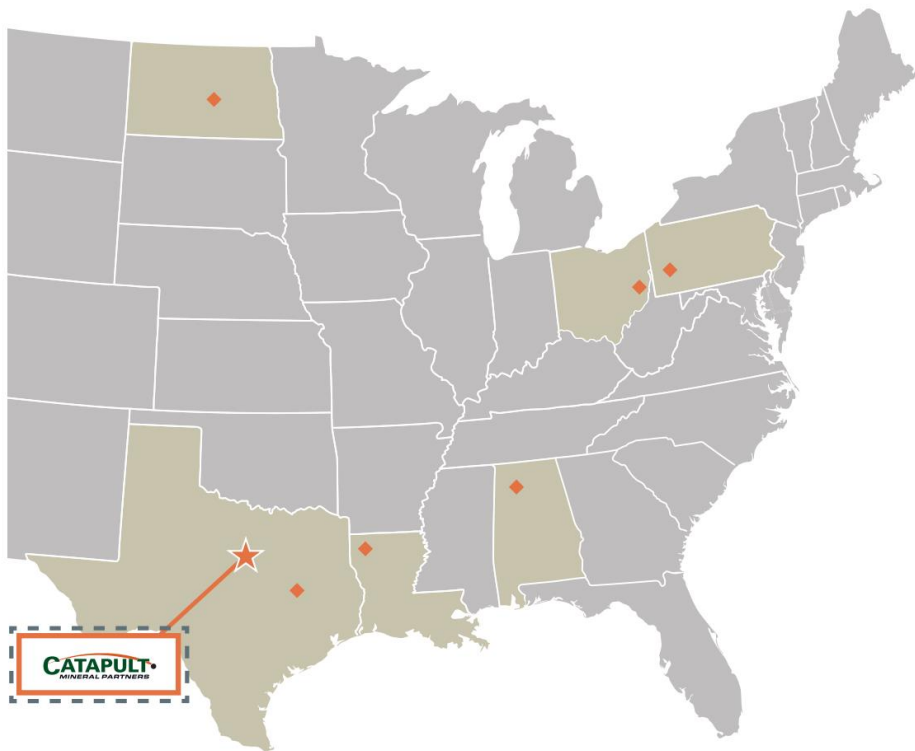


- In 2019, NAMining, through its subsidiary, Sawtooth Mining, entered into a new mining agreement
 - Will serve as exclusive contract miner for the Thacker Pass lithium project
 - Located in northern Nevada
 - 20 year contract term
- The Thacker Pass Project is 100% owned by Lithium Nevada Corp.
 - Plans to develop a lithium production facility near what is believed to be the largest known lithium deposit in the United States
 - Lithium Nevada Corp. owned by Lithium Americas (*NYSE: LAC*)
- Sawtooth Mining will provide comprehensive mining services
 - Will be reimbursed for its operating and mine reclamation costs
 - Will receive a management fee per metric ton of lithium delivered
- Lithium Nevada currently expects to commence construction in 2021 and production of lithium products in 2023

Minerals Management



Minerals Management Segment



We have worked to protect our existing mineral interests

Location of Significant Reserves				
	OH	PA	ND	LA
Gas	✓	✓		✓
Oil	✓			✓
Coal	✓	✓	✓	

- We receive royalty-based lease payments based on sales of natural gas, and to a lesser extent, oil, natural gas liquids and coal, extracted by third parties
 - 44,860 gross acres of oil and gas mineral interests
- Majority of reserves acquired as part of the Company's historical coal mining operations
- Focused on growing and diversifying the segment
- Considering acquisitions of smaller mineral reserves with near-term cash flow yields

Minerals Management Segment



- Minerals Management income grew significantly in 2019 compared with 2018, primarily due to an increase in the number and productivity of gas wells operated by third parties
 - Production from newly developed natural gas wells can decrease quickly due to the natural production decline curve, as a result royalty income in 2020 is expected to be substantially lower than 2019 levels
- Royalty income can fluctuate due to a number of other factors outside the Company's control, including:
 - The number of wells being operated by third parties
 - Fluctuations in commodity prices (primarily natural gas) and production rates
 - Regulatory issues
 - The Company's lessees' willingness and ability to incur well-development and other operating costs
 - Changes in the availability and continuing development of infrastructure

Other Growth & Diversification



Mitigation Resources of North America[®]



◆ Mitigation Resources of North America's Mitigation Banks

Leverage Core Competencies to Grow and Diversify

- North American Coal is widely recognized for the quality of its environmental work and effective reclamation plans
- Mitigation Resources of North America (“Mitigation Resources”) was established to leverage these core competencies
 - Mitigation Resources obtains sites with impaired streams, wetlands, or species habitats and restores, enhances and preserves them, creating mitigation credits that can be sold to offset disturbances of nearby streams, wetlands and/or habitats.
 - Mitigation Resources also provides services to those engaged in permittee-responsible stream and wetland mitigation
 - The creation and sale of mitigation credits is known as mitigation banking



While Mitigation Resources is still in its early stages, this industry offers opportunity for growth in an area where North American Coal has substantial knowledge and skills

Summary





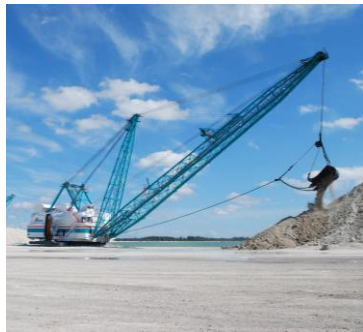
NACCO Industries, Inc.®

Coal Mining



High return, low volatility business model supported by long-term contracts

North American Mining



Rapidly growing contract miner in aggregates and minerals industry

Minerals Management



Expand income streams from royalties earned on gas and coal reserves extracted by others

Diversification



Leverage core capabilities to diversify into related businesses

Financial Strength



Conservative Balance Sheet
Strong annuity-like cash flows without cyclical swings

Why Invest in NACCO?

Strong balance sheet and free cash flow generation provides capacity for growth

100 years of success in mining provides the foundation for continued growth

Highly-Efficient, Cost-Effective Mining Solutions

Provide customers with Integrated Solutions

Continue pursuit of non-coal mining opportunities principally through the North American Mining segment

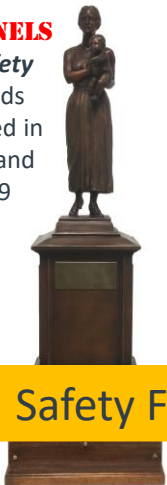


Well suited to serve as a contract miner in both coal and non-coal mining operations

Focus on developing the Minerals Management segment



SENTINELS
of Safety
Awards
received in
2017 and
2019



Safety First. Safety Always.

Pursue growth opportunities that leverage core competencies, mining expertise and environmental stewardship



“Management fee” contract structure eliminates volatility from fluctuations in coal prices

Capacity for Growth

2019

Strong cash flow generation:

- Net cash provided before financing activities of \$32.5 million

Conservative leverage:

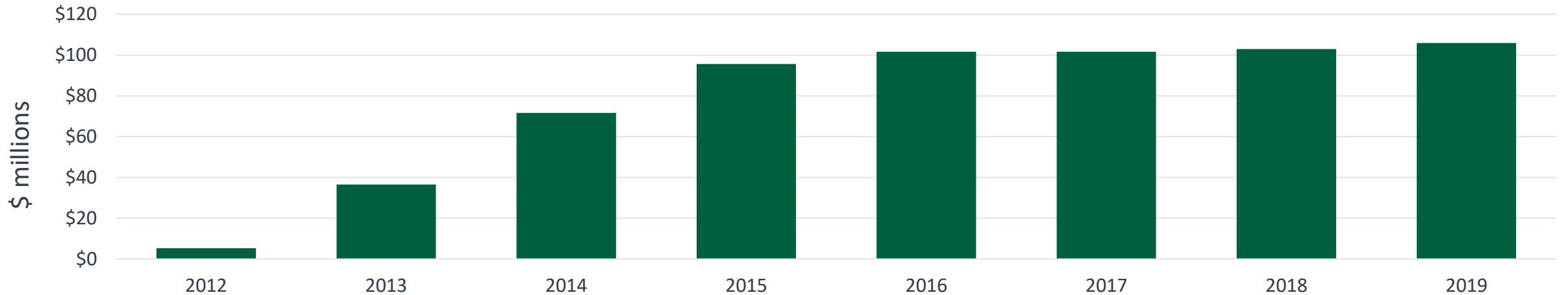
- Unsecured \$150 million revolver
 - \$132.6 million available and unused at December 31, 2019
- BBB(low) with a stable trend credit rating from DBRS Limited

2020

- Utilize cash to support growth initiatives for both existing businesses and diversification opportunities, as well as to fund capital expenditures
- Maintain a conservative leverage ratio - high leverage introduces risks that are not consistent with NACCO's long-term strategy

Return Capital to Shareholders

Cumulative Share Repurchases since 2011



Strong history of paying dividends – NACCO has paid dividends since 1956

Quarterly cash dividend increased to \$0.19 per share as of Q2 2019, which is equal to an annual dividend rate of \$0.76 per share

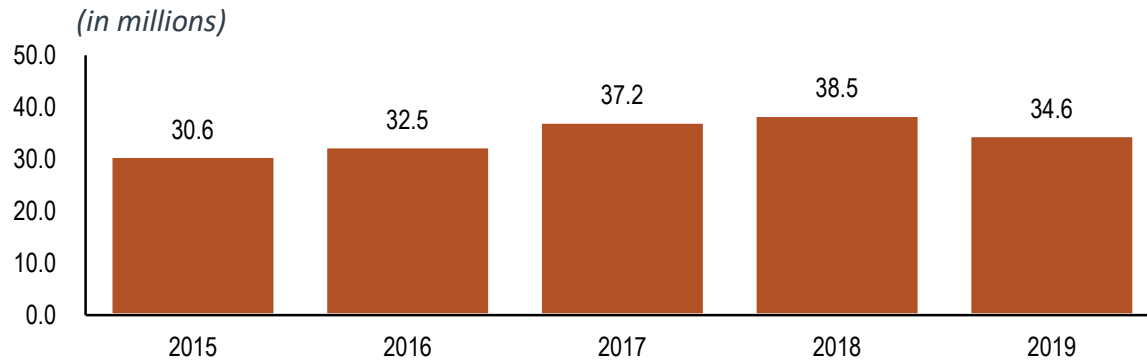
\$122.9 million of cash and \$24.9 million of debt at 12/31/2019

Financial Results

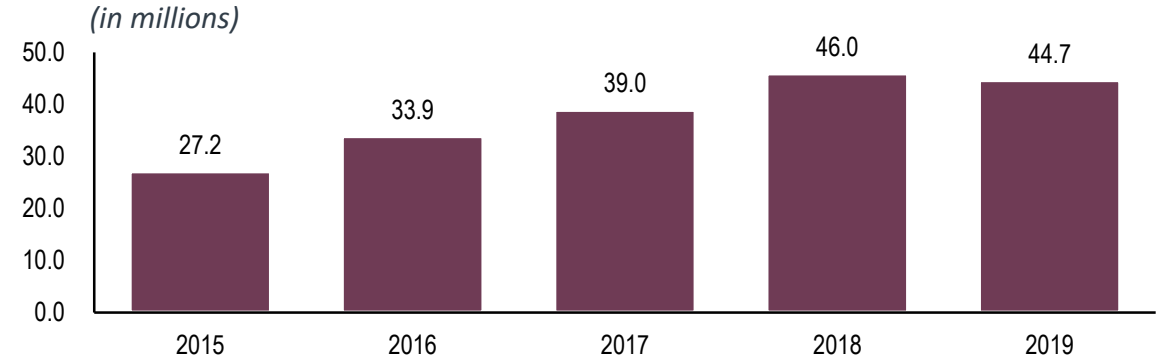


Historical Operating Results

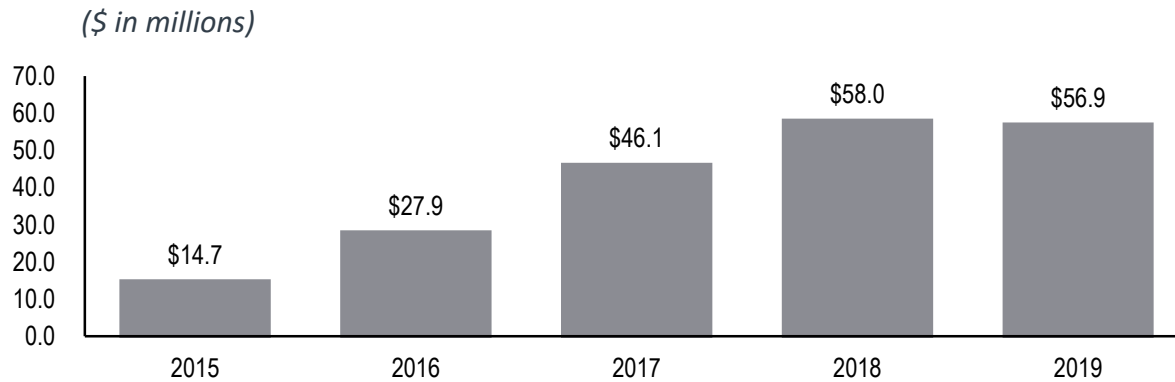
Tons of Coal Delivered⁽¹⁾



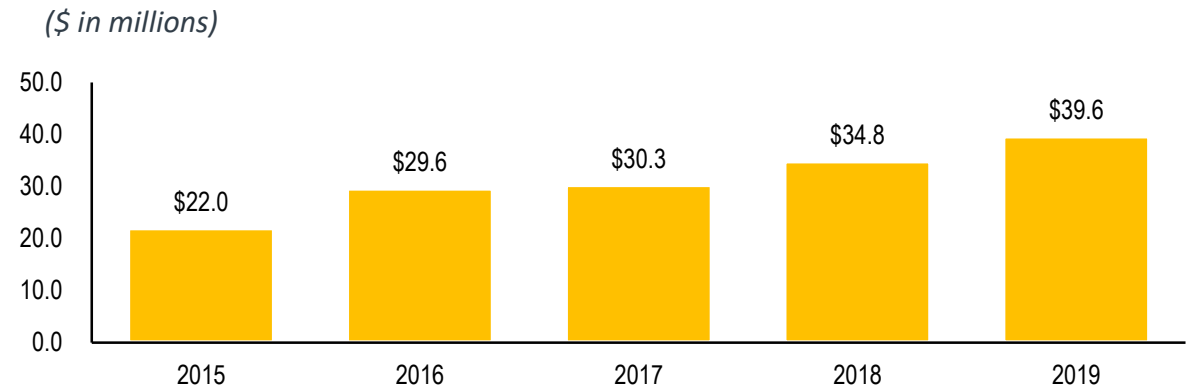
Tons of Limestone Delivered



Consolidated Adjusted EBITDA⁽²⁾⁽³⁾



Consolidated Net Income⁽²⁾



⁽¹⁾ Excludes Centennial as the Company ceased mining operations at this mine in 2015.

⁽²⁾ On September 27, 2017, the Company spun-off Hamilton Beach Brands Holding Company ("HBBHC"), a former wholly-owned subsidiary. Amounts above exclude HBBHC and reflect only the continuing operations of NACCO.

⁽³⁾ EBITDA is a non-GAAP measure and should not be considered in isolation or as a substitute for GAAP measures. Consolidated Adjusted EBITDA is defined as income from continuing operations before long-lived asset impairment charges and income taxes plus interest expense and depreciation, depletion and amortization expense. See non-GAAP explanations and reconciliations on pages 39 and 40.

NACCO Industries FY 2019 vs FY 2018 Results

(\$ in thousands)	FY 12/31/19					FY 2018		Variance
	Coal Mining	NA Mining	Minerals Mgmt.	Unallocated	Elims	Consolidated	Consolidated	
Revenue	\$68,701	\$42,823	\$30,119	\$790	(\$1,443)	\$140,990	\$135,375	\$5,615
Gross Profit	\$3,271	\$1,125	\$26,654	(\$165)	\$243	\$31,128	\$29,968	\$1,160
Earnings of Unconsolidated Operations	60,678	3,205	-	-	-	63,883	64,994	(1,111)
Operating Expenses	40,681	5,026	933	9,564	(13)	56,191	51,338	4,853
Operating Profit (Loss)	\$23,268	(\$696)	\$25,721	(\$9,729)	\$256	\$38,820	\$43,624	(\$4,804)
Operating Profit (Loss)	\$23,268	(\$696)	\$25,721	(\$9,729)	\$256	\$38,820	\$43,624	(\$4,804)
Depreciation, Depletion and Amortization	12,409	2,223	1,362	246	-	16,240	14,683	1,557
Segment EBITDA ⁽¹⁾	\$35,677	\$1,527	\$27,083	(\$9,483)	\$256	\$55,060	\$58,307	(\$3,247)

⁽¹⁾ EBITDA is a non-GAAP measure and should not be considered in isolation or as a substitute for GAAP measures. Segment EBITDA is defined as Operating Profit plus Depreciation, Depletion and Amortization. See non-GAAP explanations on page 39.

Appendix



Non-GAAP Disclosure

This presentation contains non-GAAP financial measures. Included in this presentation are reconciliations of these non-GAAP financial measures to the most directly comparable financial measures calculated in accordance with U.S. generally accepted accounting principles ("GAAP"). Adjusted EBITDA is a measure of net income (loss) that differs from financial results measured in accordance with GAAP. Adjusted EBITDA, cash flow before financing, and net cash (debt) in this presentation are provided solely as supplemental non-GAAP disclosures of operating results. Management believes these non-GAAP financial measures assist investors in understanding the results of operations of NACCO Industries, Inc. and its subsidiaries and aid in understanding comparability of results. In addition, management evaluates results using these non-GAAP financial measures.

NACCO defines non-GAAP measures as follows:

- Adjusted EBITDA from continuing operations is defined as income (loss) from continuing operations before long-lived asset impairment charges and income taxes plus net interest expense and depreciation, depletion and amortization expense;
- Cash flow before financing is defined as net cash from operating activities plus net cash from investing activities. It includes non-cash impairment charges related to NACoal's Centennial mining operations, which ceased active mining operations at the end of 2015.
- Net Cash (Debt) is defined as Cash minus Debt.

Non-GAAP Reconciliation – Adjusted EBITDA

(\$ in thousands)

	Year Ended December 31,				
	2015	2016	2017	2018	2019
<u>NACCO Consolidated</u>					
Net income (loss)	\$21,984	\$29,607	\$30,337	\$34,785	\$39,632
Discontinued operations, net of tax	(19,711)	(26,651)	(1,874)	-	-
Centennial long-lived asset impairment charge	-	17,443	982	-	-
Income tax provision (benefit)	(9,510)	(9,649)	639	7,378	3,767
Interest expense	4,962	4,318	3,440	1,998	872
Interest income	(418)	(196)	(222)	(865)	(3,616)
Depreciation, depletion and amortization expense	17,372	13,050	12,767	14,683	16,240
Adjusted EBITDA from Continuing Operations	\$14,679	\$27,922	\$46,069	\$57,979	\$56,895

Note: NACCO defines Adjusted EBITDA from continuing operations as income (loss) from continuing operations before long-lived asset impairment charges and income taxes, plus net interest expense and depreciation, depletion and amortization expense. Adjusted EBITDA is not a measurement under U.S. GAAP and is not necessarily comparable with similarly titled measures of other companies.