

# Results for the nine months ended 30 September 2011

Wednesday 16 November 2011, Amsterdam

Marek Jelinek, Executive Director and Chief Financial Officer



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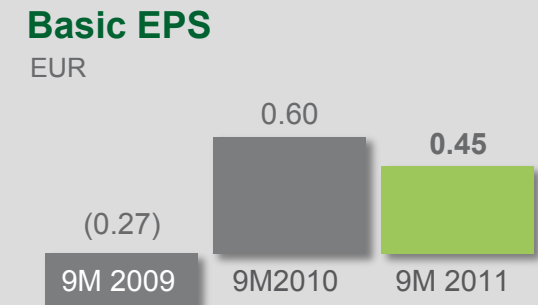
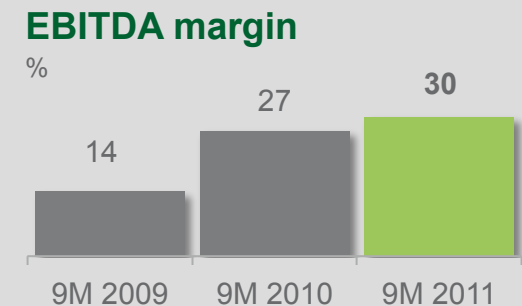
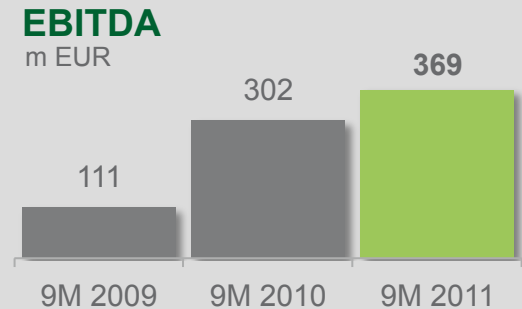
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# Agenda

- Highlights
- Business Review
- Financial Review
- Outlook
- Appendix

# Financial highlights 9M 2011 vs. 9M 2010

- Revenues of EUR 1,241m, up 10%
- EBITDA of EUR 369m, up 22%
- Profit before tax of EUR 166m
- Underlying net profit<sup>1</sup> up 105%
- Basic earnings per share of EUR 0.45
- Mining costs per tonne at EUR 81, up 6%<sup>2</sup>
- Coke conversion costs per tonne at EUR 62, down 16%<sup>2</sup>
- Operating cash flow of EUR 210m, up 16%
- Net debt of EUR 400m as at 30 September 2011



<sup>1</sup> Excluding EUR 82m one-off gain from the sale of NWR Energy and EUR 22m positive tax refund in 9M 2010.

<sup>2</sup> On a constant currency basis.

# Operational and strategic highlights

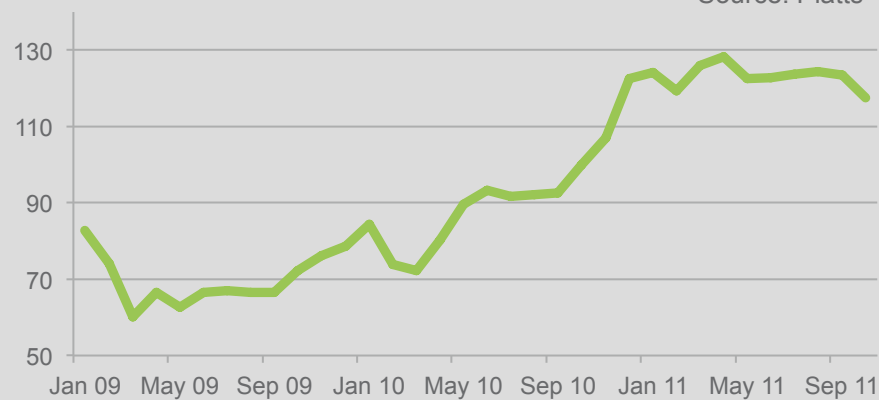
- Commitment to continuous improvement in safety with mining LTIFR at 8.71
- Coal production of 8,641kt, and external sales of 8,013kt
- Coke production of 584kt, and external sales of 430kt
- Coking coal and coke average prices for Q4 2011 agreed at EUR 171/t and EUR 341/t respectively
- On track to deliver FY 2011 coal production and sales targets
- Debiensko project on track to break ground in December
- Intention to explore the hard coal deposit at the Frenstat Mine

# International coal markets

## Thermal coal spot price

ARA (USD/t CIF)

Source: Platts



## Coking coal spot price

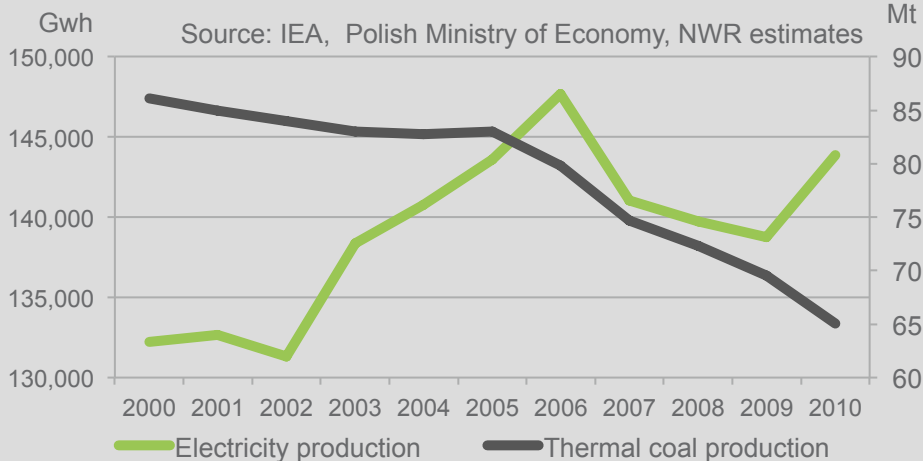
Australian HCC (USD/t FOB excl. VAT)

Source: AME



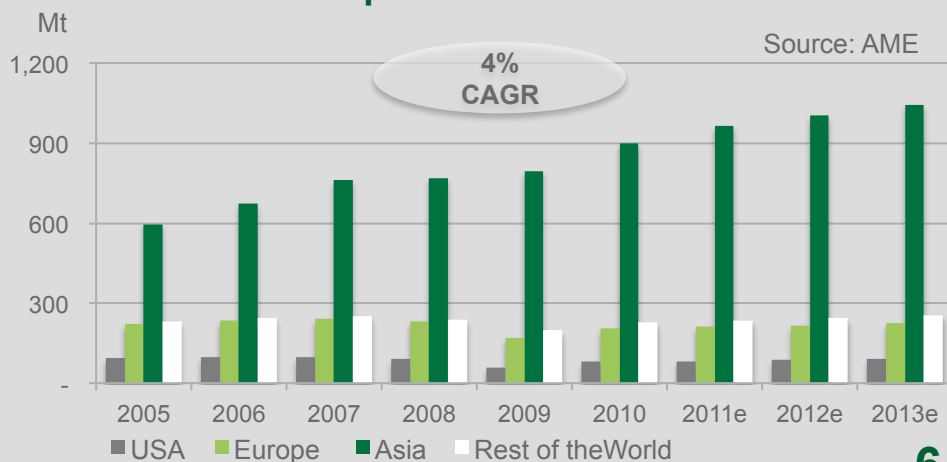
## Electricity and thermal coal production in Poland

Source: IEA, Polish Ministry of Economy, NWR estimates



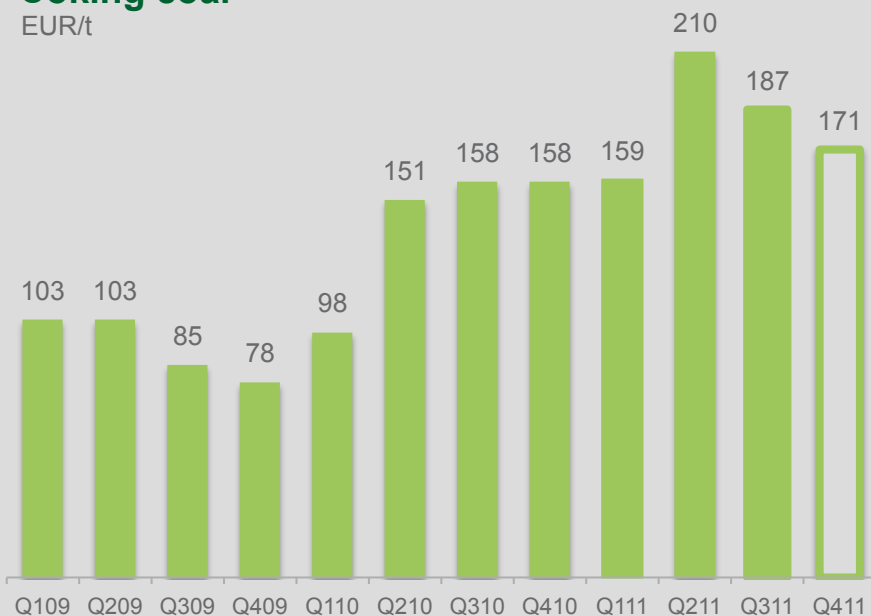
## World crude steel production

Source: AME

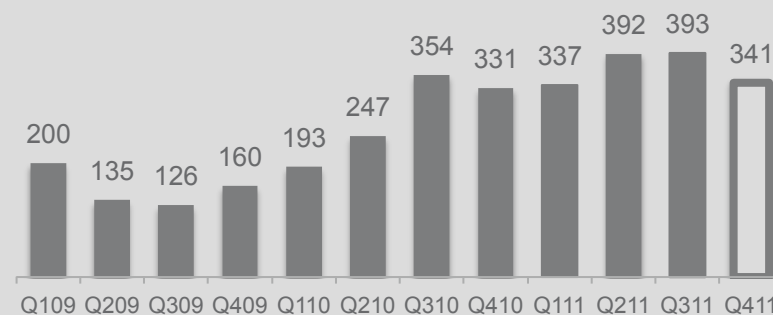


# NWR quarterly prices

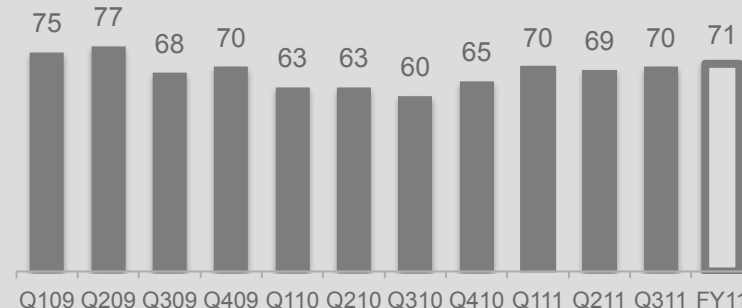
## Coking coal EUR/t



## Coke EUR/t



## Thermal coal EUR/t



Note: Q411 announced prices are based on the exchange rate of CZK/EUR of 24.3. All other prices are average realised prices based on actual exchange rates for the respective periods. Average agreed prices are indicative prices and are subject to a range of factors including, but not limited to, FX fluctuations, quality mix and timing of deliveries.

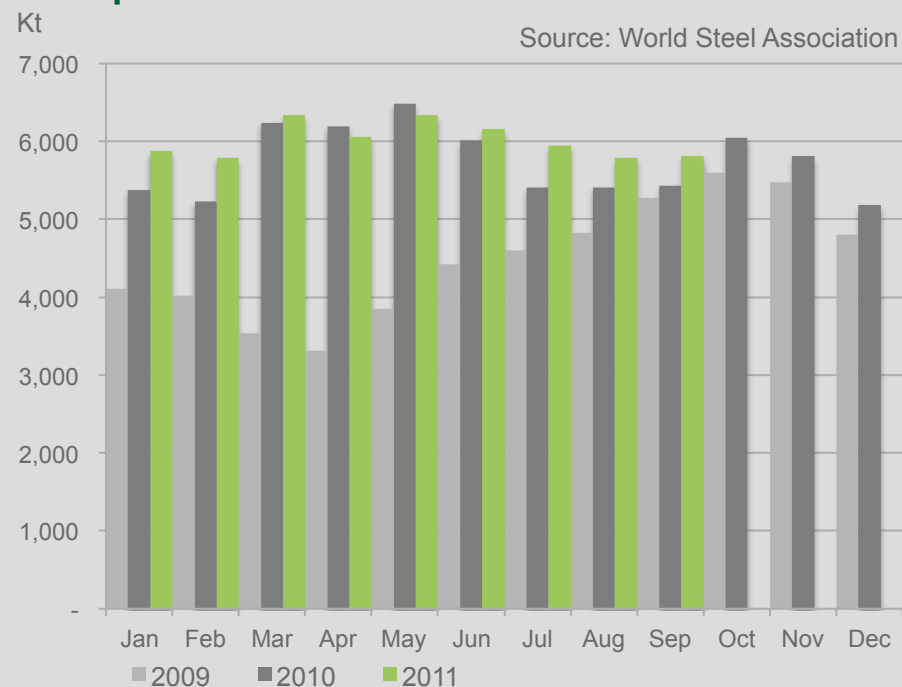
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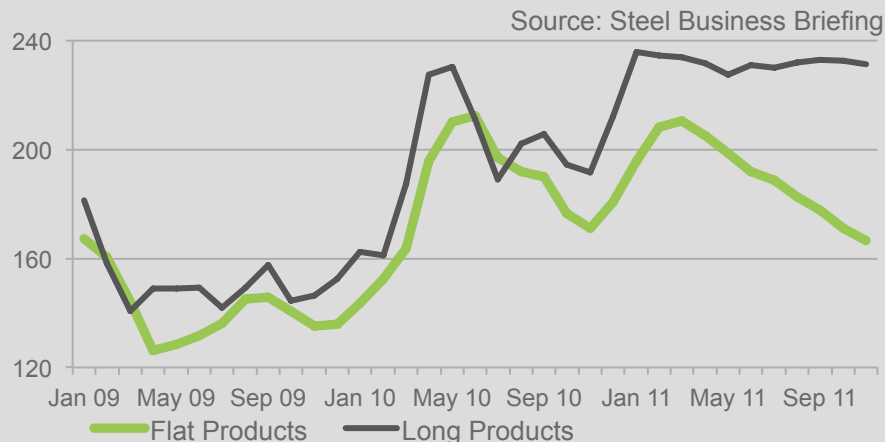


# Steel environment

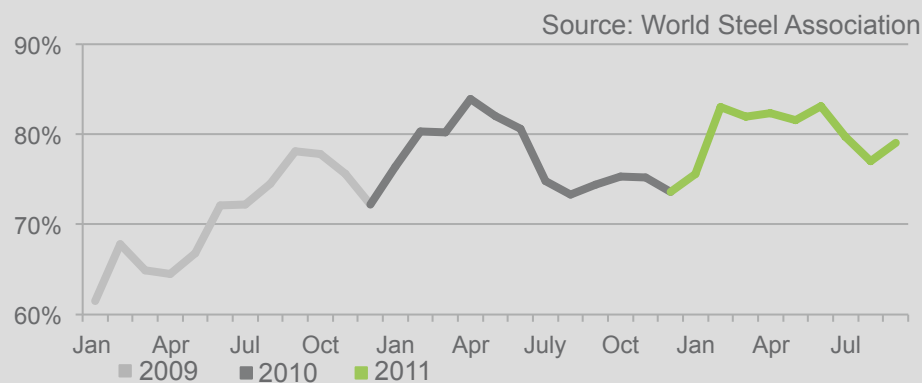
## Steel production in NWR's main customer markets<sup>1</sup>



## Steel price tracker (year 2000 = 100), Europe



## Global steel capacity utilisation ratio<sup>2</sup>

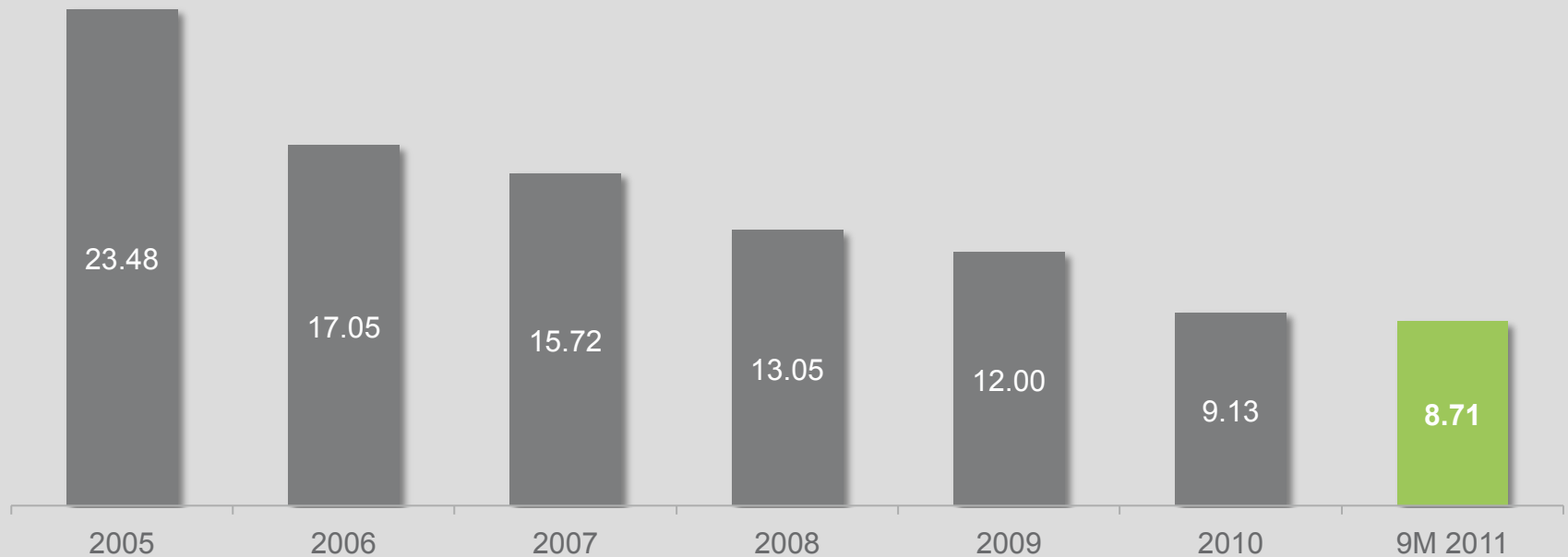


- Steel production in NWR's main customer markets was up 5% in 9M 2011 compared to 9M 2010
- Global steel capacity utilisation ratio was 79% in September 2011
- In 9M 2011, European flat steel products price increased by 6%, long steel products price increased 18%

<sup>1</sup> Czech Republic, Germany, Austria, Poland, and Slovakia. <sup>2</sup> Based on 64 countries reporting to World Steel Association.

# Safety performance

## Lost time injury frequency rate<sup>1</sup>



<sup>1</sup> LTIFR = number of reportable injuries after three days of absence divided by total hours worked expressed in millions of hours.

# Growth projects update

## Debiensko

- The site for the Slope 1 portal opening ('box cut') is prepared for construction
- Official ground breaking in the first half of December
- Detailed technological planning for consecutive elements of underground access to be completed by March 2012
- Amended license for additional seams expected by mid 2012 following environmental review

## Frenstat

- 1.5 billion tonnes of hard coal resources, based on NWR's own calculations
- Situated close to existing mining operations, in the northeast of the Czech Republic
- September 2011: intention to explore the deposit announced
- Exploration process to take four years to complete – after which feasibility of developing the resource is decided

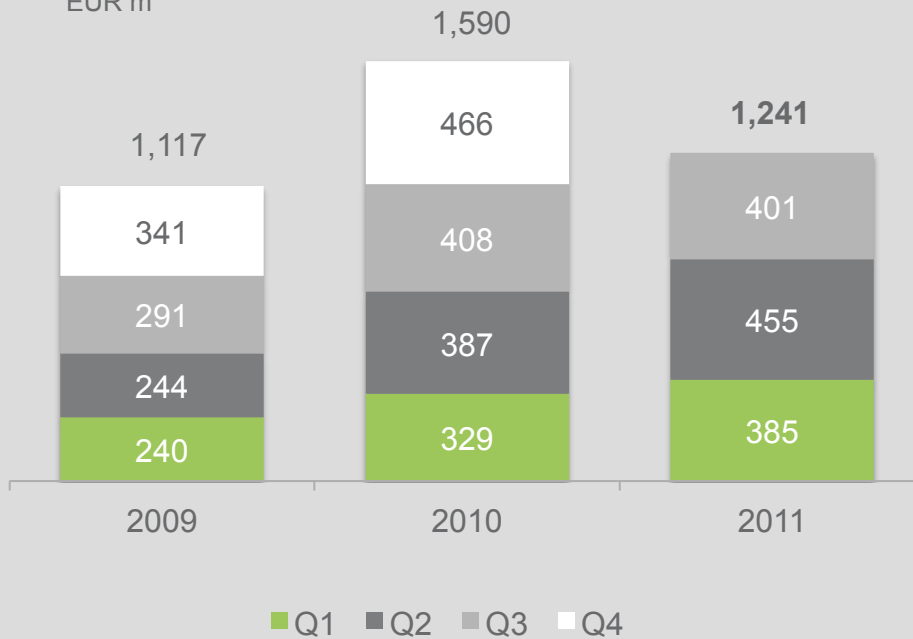
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# Quarterly revenues and EBITDA

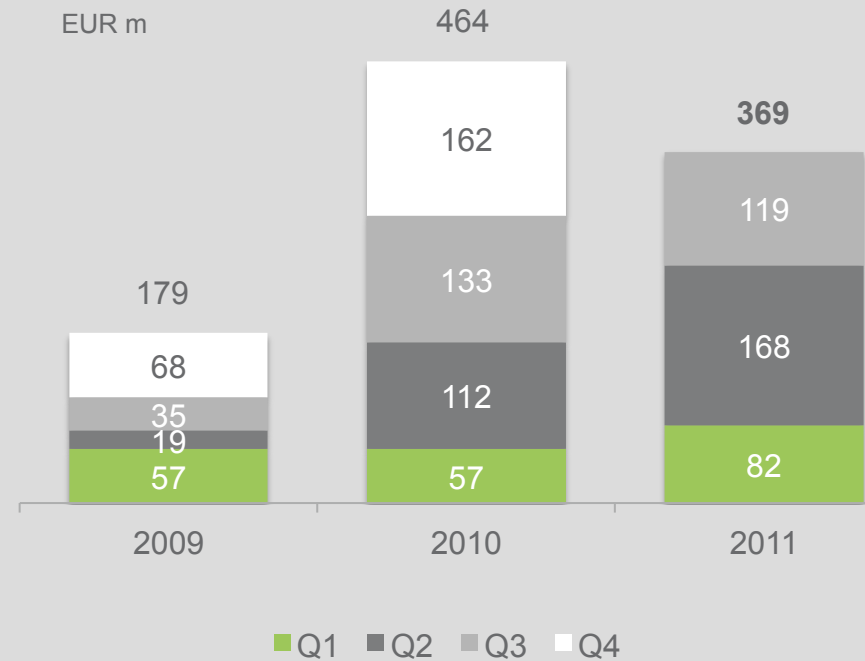
## Revenues

EUR m



## EBITDA

EUR m



# Financial overview

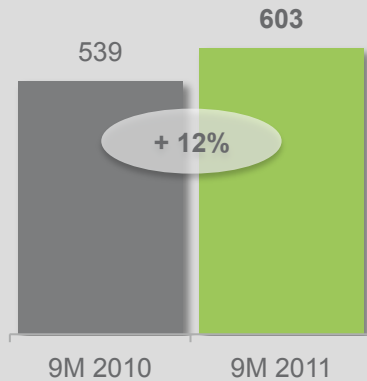
EUR m	9M 2011	9M 2010	Chg	Q3 2011	Q2 2011	Chg
Revenues	<b>1,241</b>	1,124	10%	<b>401</b>	455	(12%)
EBITDA	<b>369</b>	302	22%	<b>119</b>	168	(29%)
- coal segment <sup>1</sup>	<b>382</b>	290	32%	<b>123</b>	177	(31%)
- coke segment <sup>1</sup>	<b>8</b>	11	(24%)	<b>0</b>	2	-
Margin	<b>30%</b>	27%	-	<b>30%</b>	37%	-
Operating profit	<b>235</b>	181	30%	<b>74</b>	123	(40%)
- Net financial expense	<b>(70)</b>	(93)	-	<b>(29)</b>	(14)	-
- Profit on sale of NWR Energy	-	82	-	-	-	-
- Income tax expense	<b>(45)</b>	(10)	-	<b>(11)</b>	(26)	-
Total net profit	<b>121</b>	164	(26%)	<b>34</b>	84	(59%)
Underlying net profit	<b>121</b>	<b>59<sup>2</sup></b>	105%	-	-	-
Operating CF	<b>210</b>	182	16%	<b>89</b>	2	-
Average CZK/EUR	<b>24.4</b>	25.5	(4%)	<b>24.4</b>	24.3	0%

<sup>1</sup> The full disclosure on all operational segments including the “Other” segment as well as consolidation adjustments and eliminations is presented in the Operating and Financial Review for the nine month period ended 30 September 2011.

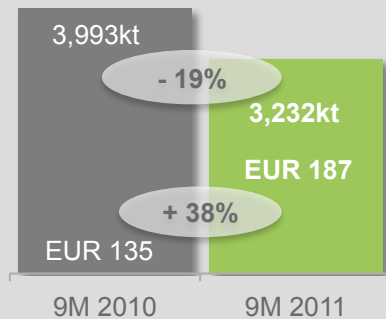
<sup>2</sup> Excluding EUR 82m one-off gain from the sale of NWR Energy and EUR 22m positive tax refund.

# Coal segment

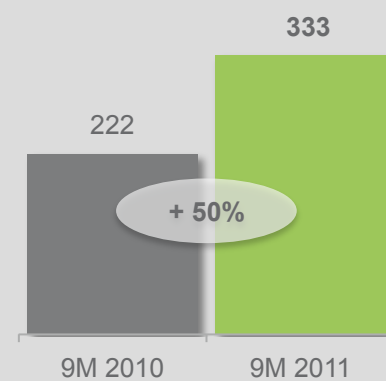
**Coking coal revenues**  
EUR m



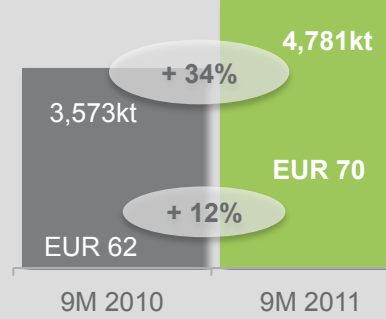
**Volumes and prices<sup>1</sup>**



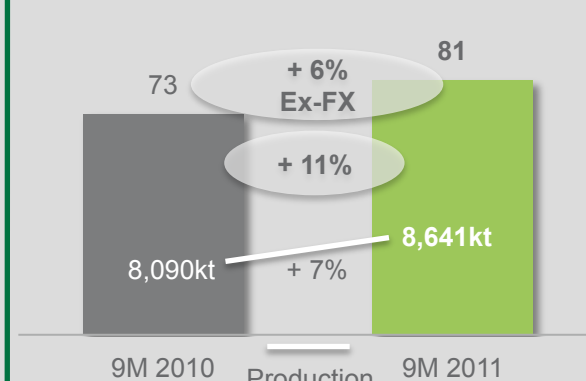
**Thermal coal revenues**  
EUR m



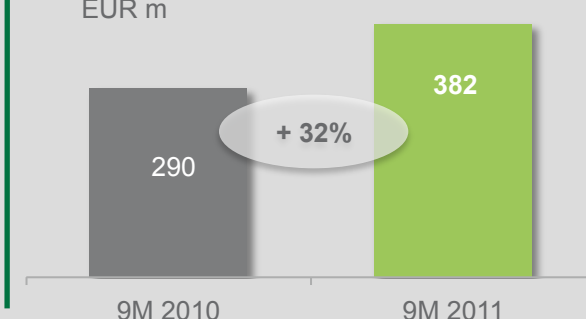
**Volumes and prices<sup>2</sup>**



**Costs per tonne<sup>3</sup>**  
EUR



**Coal segment EBITDA<sup>4</sup>**

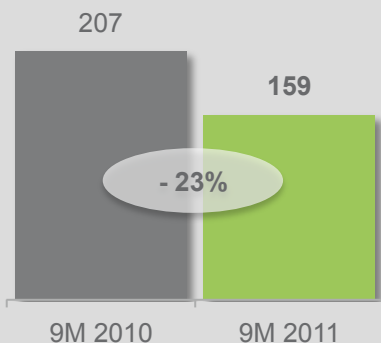


<sup>1</sup> Blended average across all qualities of coking coal. In 9M 2011, approx. 48% of coking coal sales was hard coking coal and 52% was semi-soft grades.  
<sup>2</sup> Blended average price for all qualities of thermal coal. In 9M 2011, approx. 78% of thermal coal sales was thermal coal, 6% PCI coal and 16% middlings.  
<sup>3</sup> Mining costs per tonne reflect the operating costs incurred in mining of both coking coal and thermal coal. It does not include cost of transportation.  
<sup>4</sup> Includes internal sales to the coke segment. The full disclosure on operational segments is presented in the latest Operating and Financial Review.

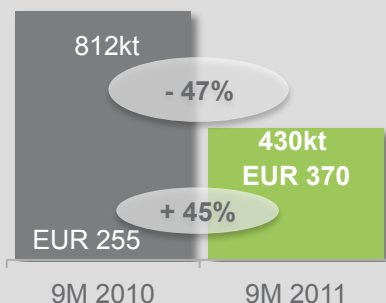
# Coke segment

## Coke revenues

EUR m

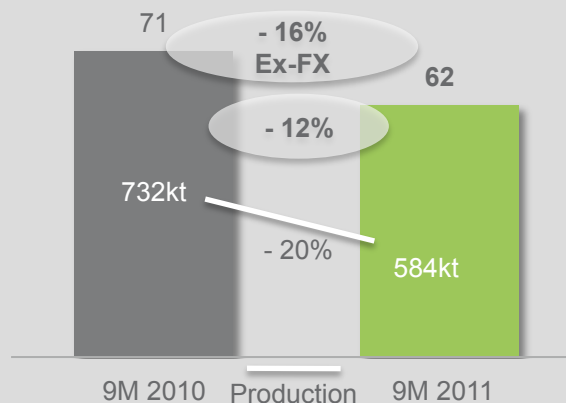


## Volumes and prices<sup>1</sup>



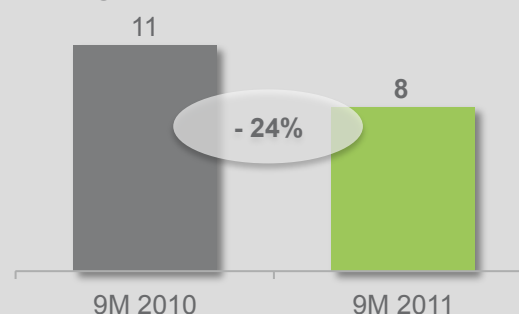
## Conversion costs per tonne<sup>2</sup>

EUR



## Coke segment EBITDA<sup>3</sup>

EUR m



<sup>1</sup> Blended average price for all types of coke. In 9M 2011, approx. 66% of coke sales was foundry coke, 25% blast furnace coke and 9% other types of coke.

<sup>2</sup> Coke conversion costs per tonne reflects the operating costs incurred in converting coking coal into coke. It does not include the cost of internal or externally purchased coking coal. Transportation costs are also not included.

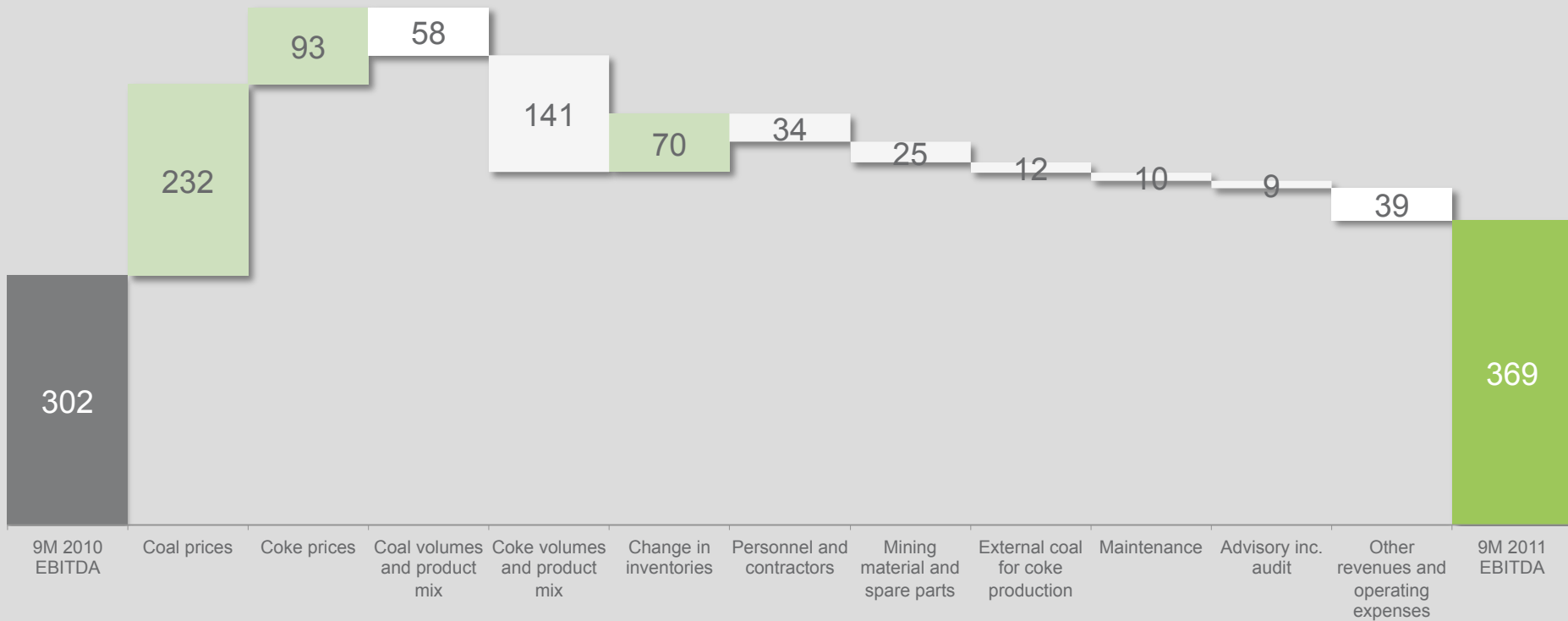
<sup>3</sup> Includes both internal and external coal charges. The full disclosure on operational segments is presented in the latest Operating and Financial Review.



# EBITDA

## EBITDA reconciliation

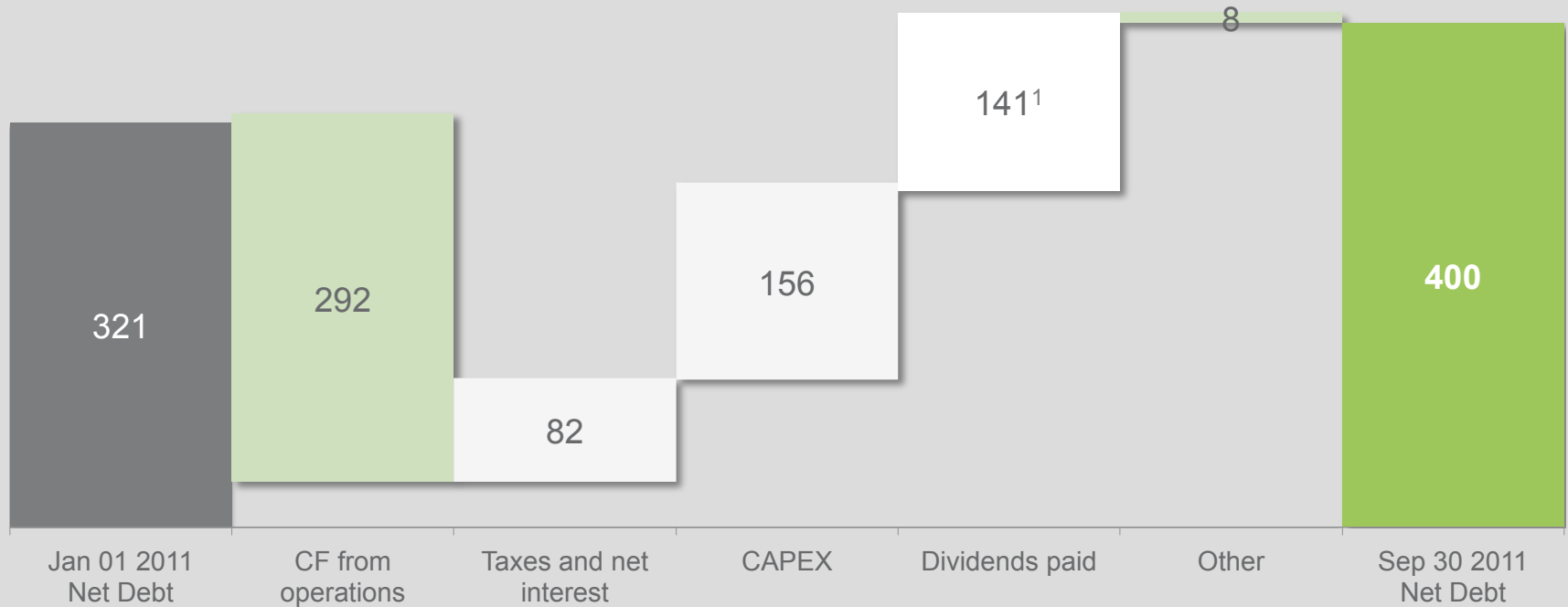
EUR m



# Net Debt

## Net debt development

EUR m



<sup>1</sup> Includes an interim distribution from the B dividend reserve to the sole holder of the B shares, RPG Property B.V., for the amount of EUR 40m. The dividend was comprised of, principally, the proceeds from the sale of NWR Energy attributable to the Real Estate Division.

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# FY 2011 guidance

## Production

- 11Mt of coal and 800kt of coke

## External sales

- Coal: 10.3Mt of which 52% thermal coal, 4% PCI coal, 44% coking coal
- Coke: revised figure of between 525 and 575kt

## Prices

- Thermal coal priced at EUR 71/t for calendar year 2011
- Coking coal priced quarterly: Q4 2011 average price agreed at EUR 171/t
- Coke priced quarterly: Q4 2011 average price agreed at EUR 341/t

## Costs

- Mining unit costs expected to be approx. 10% above 2010 level, on a constant FX basis
- Coke conversion unit costs expected to be approx. 15% lower on a constant FX basis

# Summary

- Positive safety record trend
- Coal production and sales targets on track
- Coal sales expected to meet previously announced volume mix for 2011
- Unit costs in accordance with guidance
- Pricing for Q4 in line with global coal market trends
- Debiensko on track to break ground in December
- Strong balance sheet with no refinancing needs until 2015

### Upcoming conferences

30 November 2011

30 November 2011

European Credit Conference, Citi, London

ING 14<sup>th</sup> Annual EMEA CEO/CFO Forum, Warsaw

### Investor Relations

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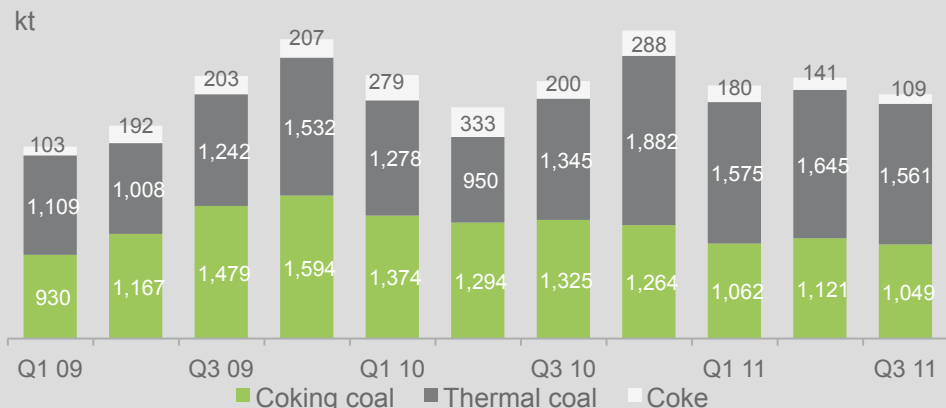
# Balance sheet

EUR m	30 Sept 2011	31 Dec 2010	30 Sept 2010
<b>Total Assets</b>	<b>2,289</b>	<b>2,258</b>	<b>2,279</b>
Non current assets	1,490	1,475	1,475
Property, plant & equipment	1,298	1,281	1,269
Current assets	799	783	805
Cash and cash equivalents	445	529	484
<b>Total Equity and Liabilities</b>	<b>2,289</b>	<b>2,258</b>	<b>2,279</b>
Total equity	799	809	767
Total liabilities	1,490	1,449	1,512
Long-term loans	83	89	94
Bonds issued	746	745	745
Current portion of long-term loans	17	15	15
Short-term loans	0	0	0
<b>Net Debt</b>	<b>400</b>	<b>321</b>	<b>370</b>
<b>Net Working Capital</b>	<b>130</b>	<b>49</b>	<b>62</b>

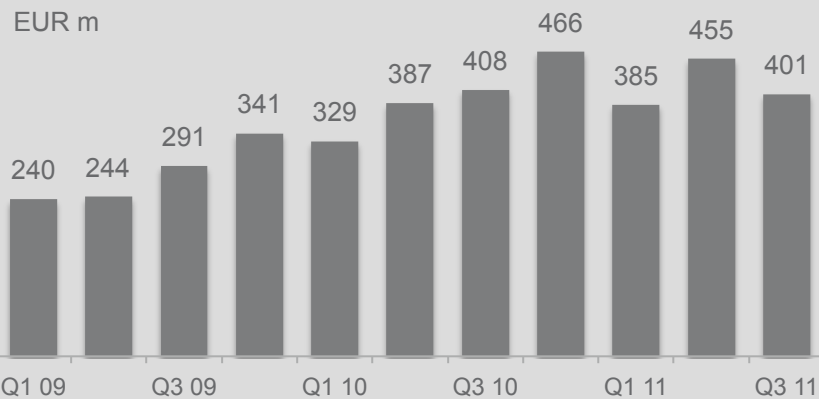


# Quarterly development

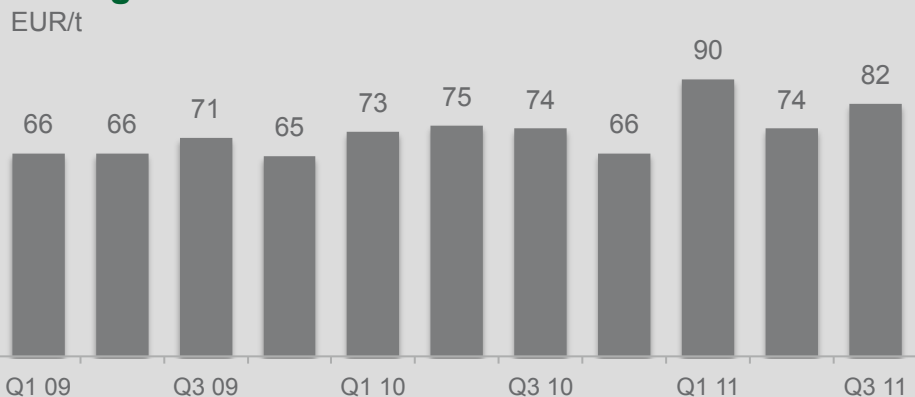
## Sales mix



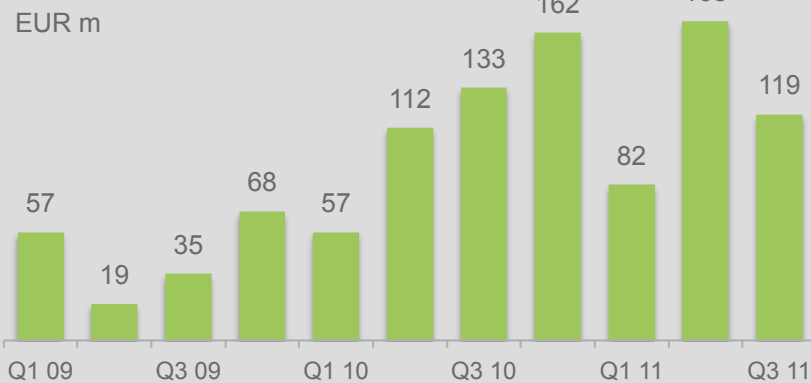
## Revenues



## Mining unit costs<sup>1</sup>



## EBITDA

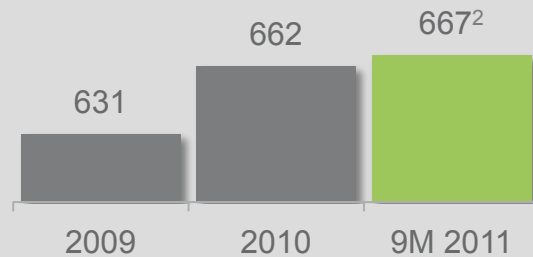


<sup>1</sup> Mining costs per tonne reflect the operating costs incurred in mining of both coking coal and thermal coal. It does not include cost of transportation.

# Efficiency statistics – coal segment

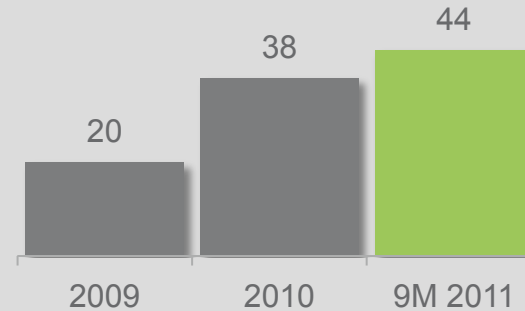
## Coal production per mining employee<sup>1</sup>

Tonne



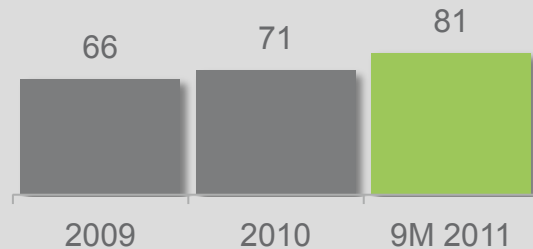
## Mining EBITDA per tonne of production

EUR



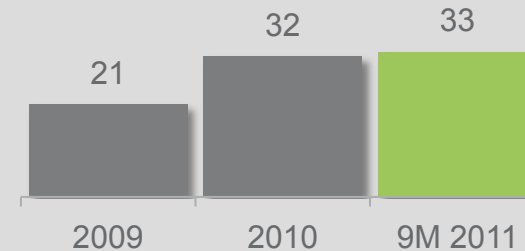
## Mining unit costs

EUR/t



## Mining EBITDA margin

%



<sup>1</sup> Including contractors. <sup>2</sup> Annualised.

# Debiensko: project parameters

<b>Reserves</b>	190Mt
<b>Expected mix</b>	7/8 coking coal and 1/8 thermal coal
<b>Expected coking coal</b>	2/3 hard coking coal and 1/3 semi-soft coal
<b>Average production</b>	2Mtpa
<b>Schedule</b>	First coal in 2017 and full production shortly thereafter
<b>Development CAPEX</b>	EUR 411m
<b>Costs associated with existing infrastructure</b>	EUR 133m
<b>Mine entrance</b>	Twin slopes plus two existing shafts
<b>Expected number of longwalls</b>	3 operational and 1 spare
<b>Expected unit costs</b>	EUR 70/t <sup>1</sup>

<sup>1</sup>In today's prices.