

# NWR Pricing Update

Wednesday 14 April 2010

Mike Salamon, Executive Chairman

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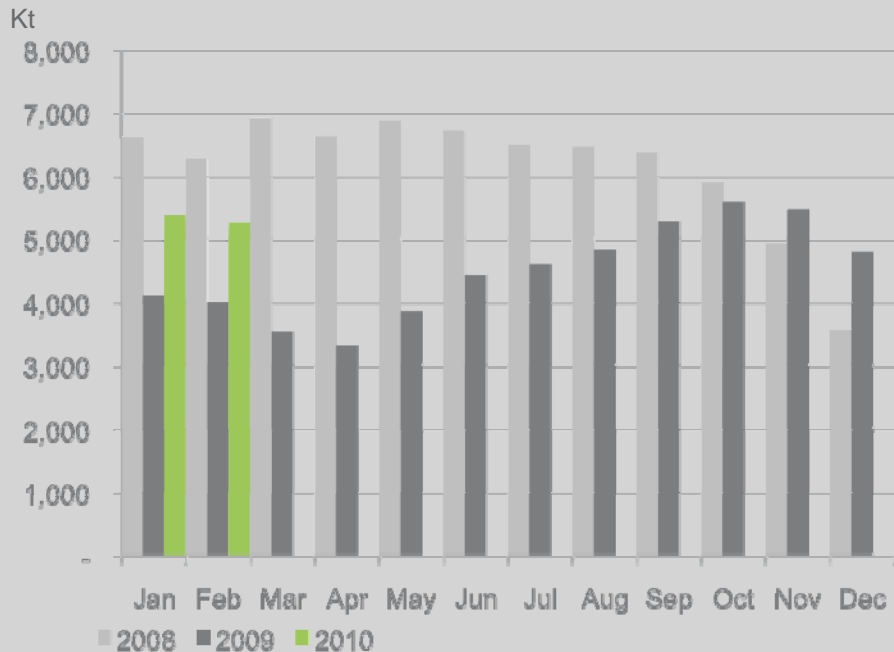
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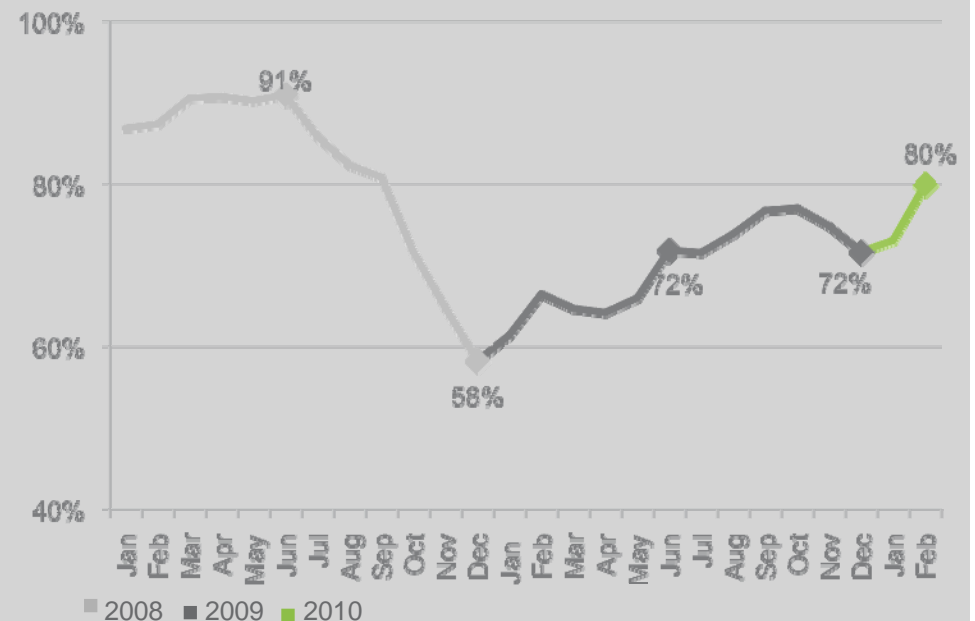
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# Steel environment

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



Global steel capacity utilisation ratio

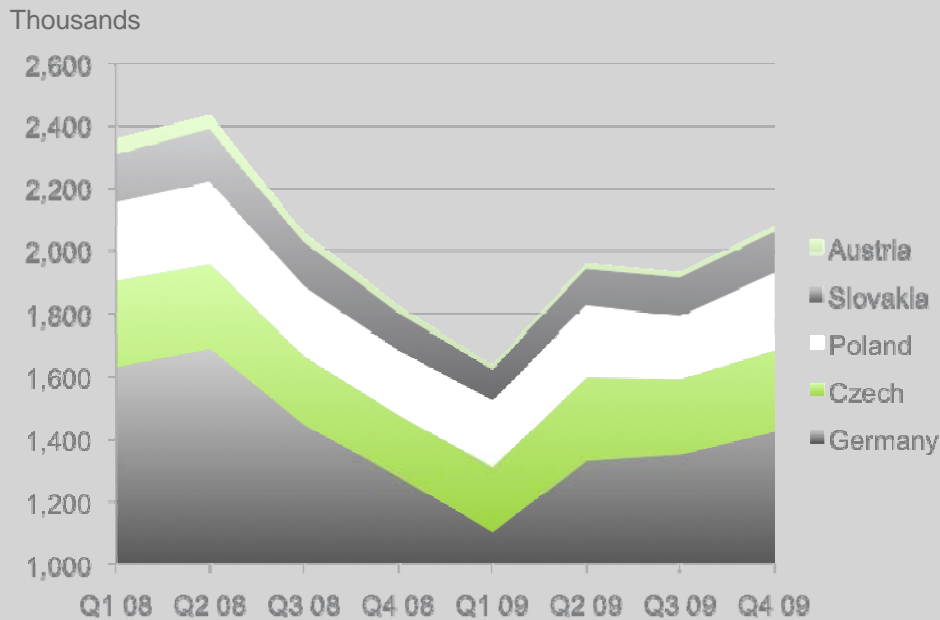


- Steel production YTD is 31% above 2009, but 18% below 2008 levels.
- The global steel capacity utilisation ratio of the 66 countries reporting to the WSA in February 2010 was 80%, a level last achieved in September 2008.
- Producers of long products in NWR main customer markets are running at 80 -100% capacity.

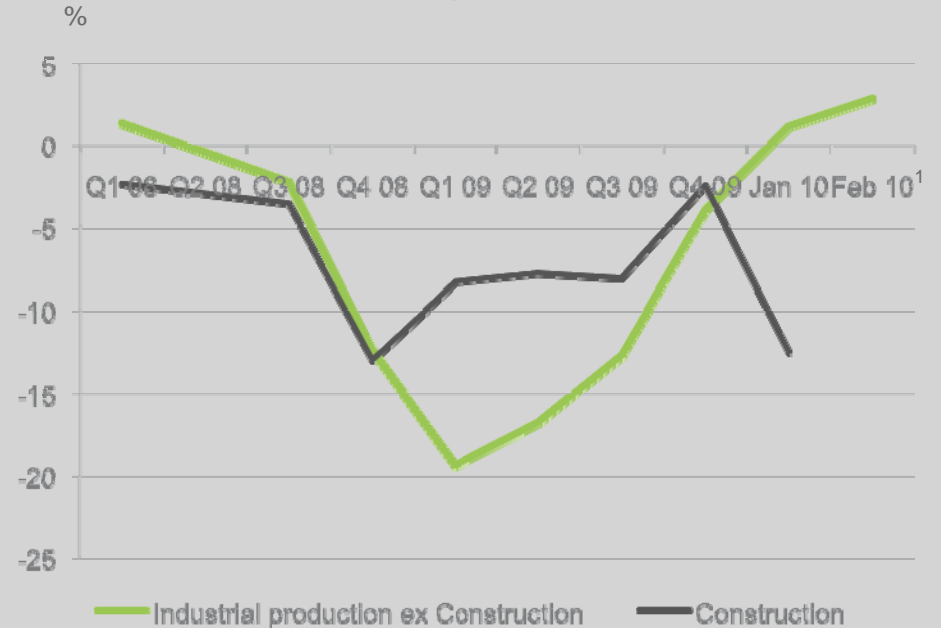
<sup>1</sup> NWR main customer markets include Czech Republic, Germany, Austria, Poland, and Slovakia.  
Source: World Steel Association

# End market developments

## Car production in NWR main customer markets



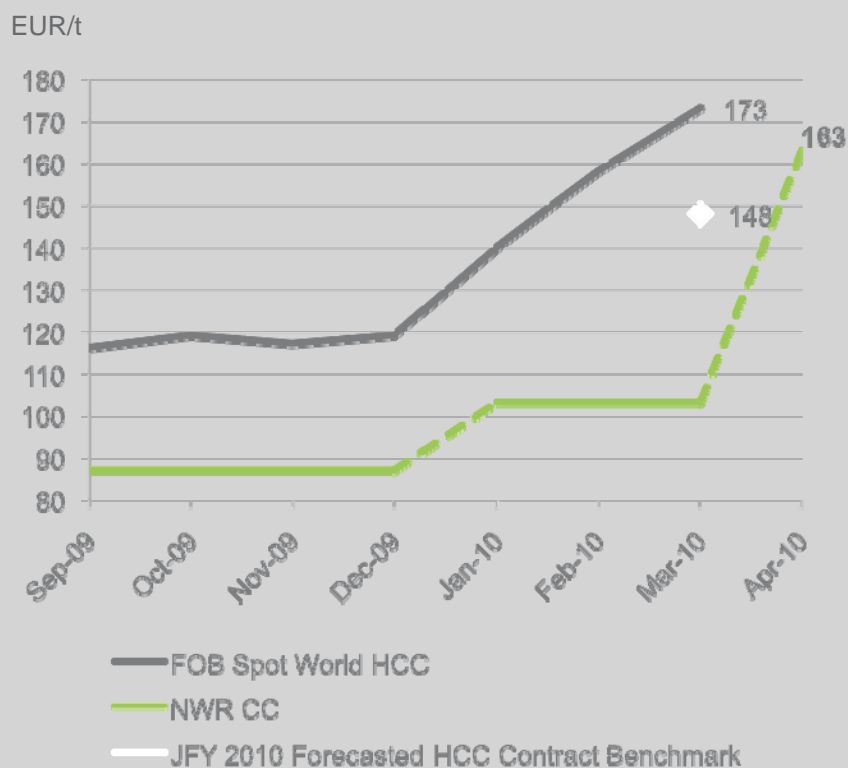
## Industrial production growth in EU 27



- Registration of new cars in EU grew by 8% in the first two months of 2010, reaching levels similar to 2006 and 2007.
- Ongoing industrial production recovery in Europe.
- Improving construction slowed at the beginning of 2010 in Europe, due to severe winter conditions.

<sup>1</sup> Expected (Bloomberg survey as of 12/4 2010)  
 Source: European Automobile Manufacturers' Association, Bloomberg

# Coking coal and coke prices



Source: Resource Net, AME, NWR

Note: All of the prices stated in Euros are based on an exchange rate for CZK/EUR of 24.5. Prices are expressed as blended averages between the different qualities both for coal and coke.

NWR further notes that the average contract prices are indicative prices, as these can be influenced by a range of factors including, but not limited to, exchange rate fluctuations, quality mix, timing of the deliveries and flexible provisions in the individual agreements. Thus the actual realised price for the period may differ from the average contract prices announced.

## Coking coal

- Volumes priced: **5.5Mt** of which
  - **80%** is for **JFY 2010**
  - **20%** will be priced **quarterly**
- Price for **JFY 2010 EUR 163/t**
  - **58%** increase vs. Q1 2010 price of EUR 103/t
  - **87%** increase vs. FY 2009 price of EUR 87/t
- The quarterly priced coal is heavily weighted towards semi-soft coking coal with **Q2 2010** price at **EUR 135/t**.

## Coke

- Volumes priced for **Q2 2010: 338kt**
- Price for Q2 2010: **EUR 255/t**
  - **31%** increase vs. Q1 2010 price of EUR 195/t
  - **71%** increase vs. FY 2009 price of EUR 149/t
- NWR expects to continue pricing coke on a quarterly basis for the rest of calendar year 2010.

# Thermal coal price



Source: Platts, NWR

## Thermal coal

- NWR thermal coal price has not changed significantly and continues to follow the calendar year.
- Volumes priced: **5.0Mt** for **CY 2010**
- Price settlements are at **EUR 65/t** for **CY 2010**
- Lower thermal coal price in 2010, compared to 2009, will be more than offset by lower costs of energy for mining and coke production.

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## Other developments

- NWR has decided to increase its coal production for 2010 to **11.5Mt**.  
Coke production target of 1Mt for 2010 remains unchanged.
- Due to improving market conditions and increased production target, conditional on achieving the financial and operational targets, NWR will consider paying performance related bonuses to its employees in 2010.
- NWR has internally updated its reserve base calculations. As at 1 January 2010:
  - 217Mt of coal reserves in the Czech operations
  - 190Mt of coal reserves in Debiensko
  - **407Mt of total coal reserves**

# Financial calendar

## Upcoming events

- 27 April 2010
- **19 May 2010**
- 26 August 2010
- 19 November 2010

Annual General Meeting

**First Quarter 2010 Results**

First Half 2010 Results

Nine Months 2010 Results

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# NWR reserve base as of 1 January 2010

	Active Mines				Total Active	Development Debiensko	Total Active + Dev.
	Darkov	Karvina <sup>1</sup>	CSM	Paskov			
<b>Reserves (Mt)</b>	44	97	50	26	<b>217</b>	<b>190<sup>4</sup></b>	<b>407</b>
<b>Calorific value (MJ/kg)</b>	26.10	27.56 <sup>2</sup>	27.40	27.55	27.23 <sup>3</sup>		
<b>Sulfur content</b>	0.43%	0.44% <sup>2</sup>	0.50%	0.61%	0.48% <sup>3</sup>		
<b>Swelling index</b>	6.5	4.3 <sup>2</sup>	7.0	8.0	5.8 <sup>3</sup>		
<b>% with thickness over 2.5m</b>	63%	65%	66%	0%	57% <sup>3</sup>		

<sup>1</sup> CSA and Lazy mines have been merged into Karvina mine.

<sup>2</sup> Average of Karvina – CSA and Lazy.

<sup>3</sup> Reserve-weighted average of all active mines.

<sup>4</sup> Probable reserves.

# NWR historical figures

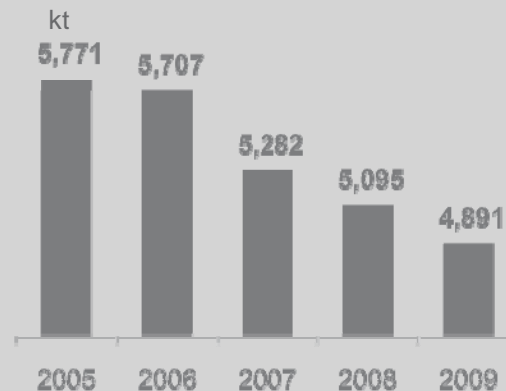
## Coking coal sales

Volumes



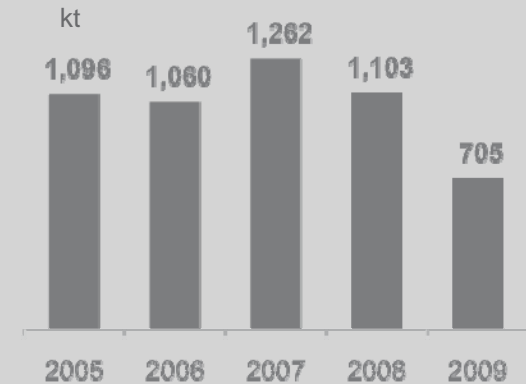
## Thermal coal sales

Volumes



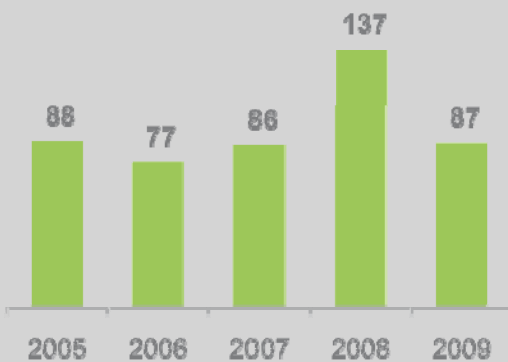
## Coke sales

Volumes



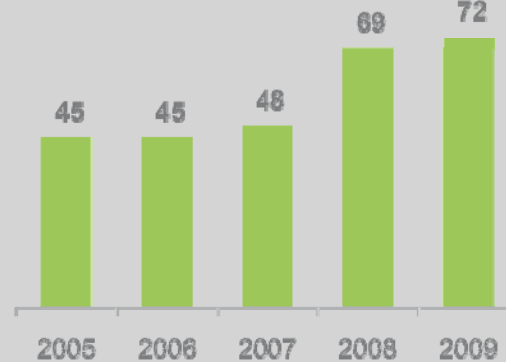
## Prices

EUR/t



## Prices

EUR/t



## Prices

EUR/t

