

# Quarterly Results Presentation

for the three months ended 31 March 2009

Monday 18 May 2009

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## Financial highlights

- Performance heavily affected by deepening wider economic downturn
- Revenues down 48% to EUR 270 million
  - Coking coal and coke revenues down 58% and 75% respectively
  - Thermal coal revenues down 2%
- EBITDA down 72% to EUR 60 million, EBITDA margin at 22%
- Main operating expenses down by 12% y/y excl. electricity trading
- Unrestricted cash of EUR 557 million
- Net debt of EUR 459 million
- No material refinancing requirements until 2012
- Adjusted loss per A share of EUR (0.01)

## Financial highlights

EUR million	Q1 2009	Q1 2008	% chg
Revenues	270	524	(48%)
EBITDA	60	212	(72%)
<i>Margin</i>	<i>22%</i>	<i>40%</i>	
Operating Profit	20	169	(88%)
<i>Margin</i>	<i>7%</i>	<i>32%</i>	
Net Earnings	(2.1)	118	
<i>Margin</i>	<i>(1%)</i>	<i>23%</i>	
Net operating cash flow	(1)	74	

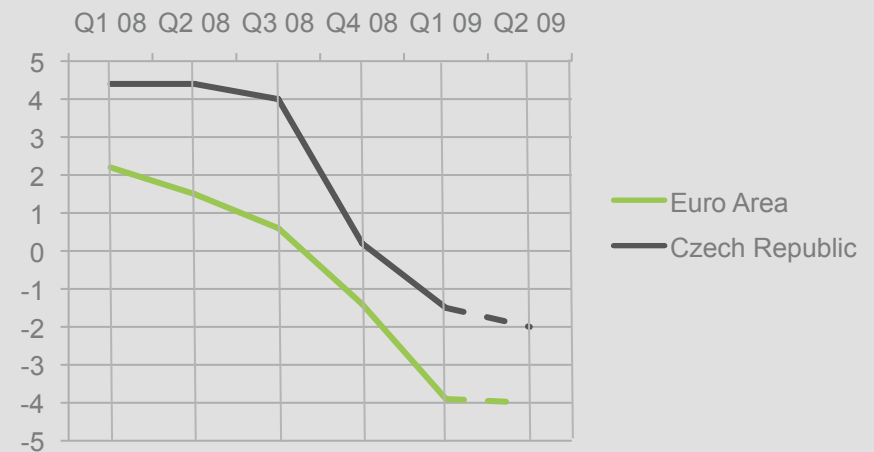
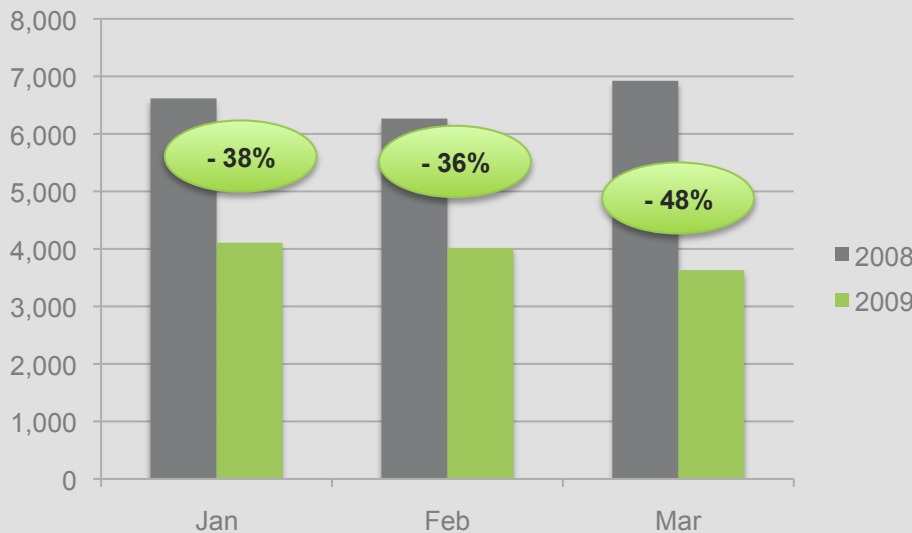
## Operational highlights

- Coal production of 3.1 Mt, net sales of 2.0 Mt, 1.1 Mt thermal coal and 0.9 Mt coking coal
- Total coke production of 233kt and total coke sales of 103kt
- Average realised prices per tonne in Q1 2009
  - EUR 103 for coking coal (down 18% y/y)
  - EUR 75 for thermal coal (up 17% y/y)
  - EUR 200 for coke (down 31% y/y)
- Coke pricing agreements on much shorter terms since the end of Q1 2009
- Further improved safety record, LTIFR<sup>1</sup> at mining operations down 4% y/y
- POP 2010 continues to deliver better than expected operational efficiencies

<sup>1</sup> Lost time injury frequency rate represents the number of reportable injuries after three days of absence divided by total number of hours worked expressed in millions of hour

## Steel production and GDP developments

NWR's main customer markets' steel production (kt) Euro area and Czech Republic GDP growth (%)



- Steel production in NWR's main customer markets down 41% y/y in Q1 2009
- Steel production in EU down 44% y/y in Q1 2009
- Czech GDP dropped 1.5%, and EU GDP dropped 3.9% in Q1 2009
- Steel production expected to remain depressed throughout 2009 with resultant impact on coking coal and coke demand and prices

## Sales and production – sales significantly below expectations

### Coal performance indicators (kt)

	Q1 2009	Q1 2008	% chg
Coal production	3,113	3,647	(15%)
Sales from production	2,859	3,341	(14%)
Inventories at the end of period	1,111	350	217%
<b>Total net sales</b>	<b>2,039</b>	<b>3,141</b>	<b>(35%)</b>
Coking coal	930	1,818	(49%)
Thermal coal	1,109	1,323	(16%)

### Coke performance indicators (kt)

	Q1 2009	Q1 2008	% chg
Coke production	233	337	(31%)
Inventories at the end of period	246	43	472%
<b>Coke sales</b>	<b>103</b>	<b>292</b>	<b>(65%)</b>

## Response to difficult market conditions

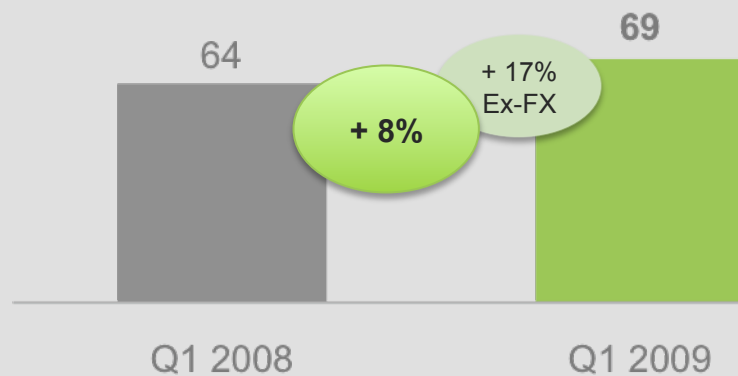
- NWR has lowered its FY 09 coal production target from 12.1 Mt to 10.5 Mt
- Coke production target for FY 09 has been reduced by 140kt to 710kt
  - Acceleration of closure of Sverma coking plant originally scheduled for 2011
- Continued focus on tight cost management
- Agreement with trade union: headcount cut of 7% and overall wage decrease<sup>1</sup>
- 2009 capital expenditures budget reduced by 19% to EUR 234 million
- POP 2010 Phase II implementation continues according to schedule
  - Negotiating debt financing in respect of POP 2010 CAPEX in 2009

<sup>1</sup> In OKD

## Cash cost per tonne

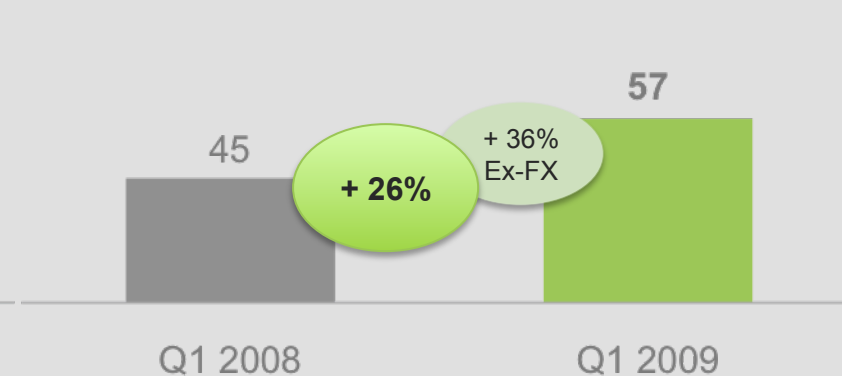
### Coal mining

In EUR



### Coke production

In EUR



- Tighter cost management in 2009, however due to production cutback, the expected 2009 mining cash cost per tonne to be above 2008 level
- Agreement with OKD trade union leading to overall headcount reduction of 7% and overall wage decrease
- All other cost items expected to be reduced (except for energy consumption)

## CAPEX

- By deferring less crucial projects, 2009 capital expenditures reduced by EUR 55m compared to original budget
- NWR is further evaluating its investment plans to optimise returns and cash flow

EUR million	Q1 2009	EUR million	Plan 2009 new	Plan 2009 original	% chg
POP 2010	52	POP 2010	116	116	0%
OKD	34	OKD	87	123	(29%)
OKK	9	OKK	21	29	(28%)
Projects in Poland	-	Projects in Poland	5	17	(71%)
Other	3	Other	4	4	0%
<b>TOTAL</b>	<b>98</b>	<b>TOTAL</b>	<b>234</b>	<b>289</b>	<b>(19%)</b>

## POP 2010 – Q1 figures beating expectations

- Phase I continuing to deliver better than expected results
- Phase II remains our top priority
  - Four of the five longwall sets expected to be delivered, assembled and operational by the end of 2009
  - The fifth longwall is expected to become operational in 2010
  - The committed CAPEX related to POP 2010 for 2009 is approximately EUR 116 million, of which EUR 52 million was spent in the first quarter of 2009

		Average daily production per longwall (t)		Average output per manshift at longwalls (t)	
		Other Longwalls	POP 2010 Longwalls	Other Longwalls	POP 2010 Longwalls
Karvina	Lazy; high seam	1,721	2,789	29.3	120.0
	CSA; mid seam		4,202		93.4
	Lazy; low seam (plow)	308	433	3.6	9.3
Darkov mine; high seam		1,638	5,316	29.9	87.0
CSM mine; mid seam		982	3,055	19.0	65.8

## Concluding remarks

- Outlook for remainder of 2009 remains uncertain
- Low short-term visibility
- We are budgeting for ongoing pressures on volumes and prices
- Management response to challenging market conditions:
  - Cutting back production to 10.5 Mt
  - Stricter cost management
  - CAPEX budget reduction to EUR 234 million
- Further measures to reduce costs in the pipeline as well as re-evaluation of NWR's strategic investments

# Q/A



# Appendix

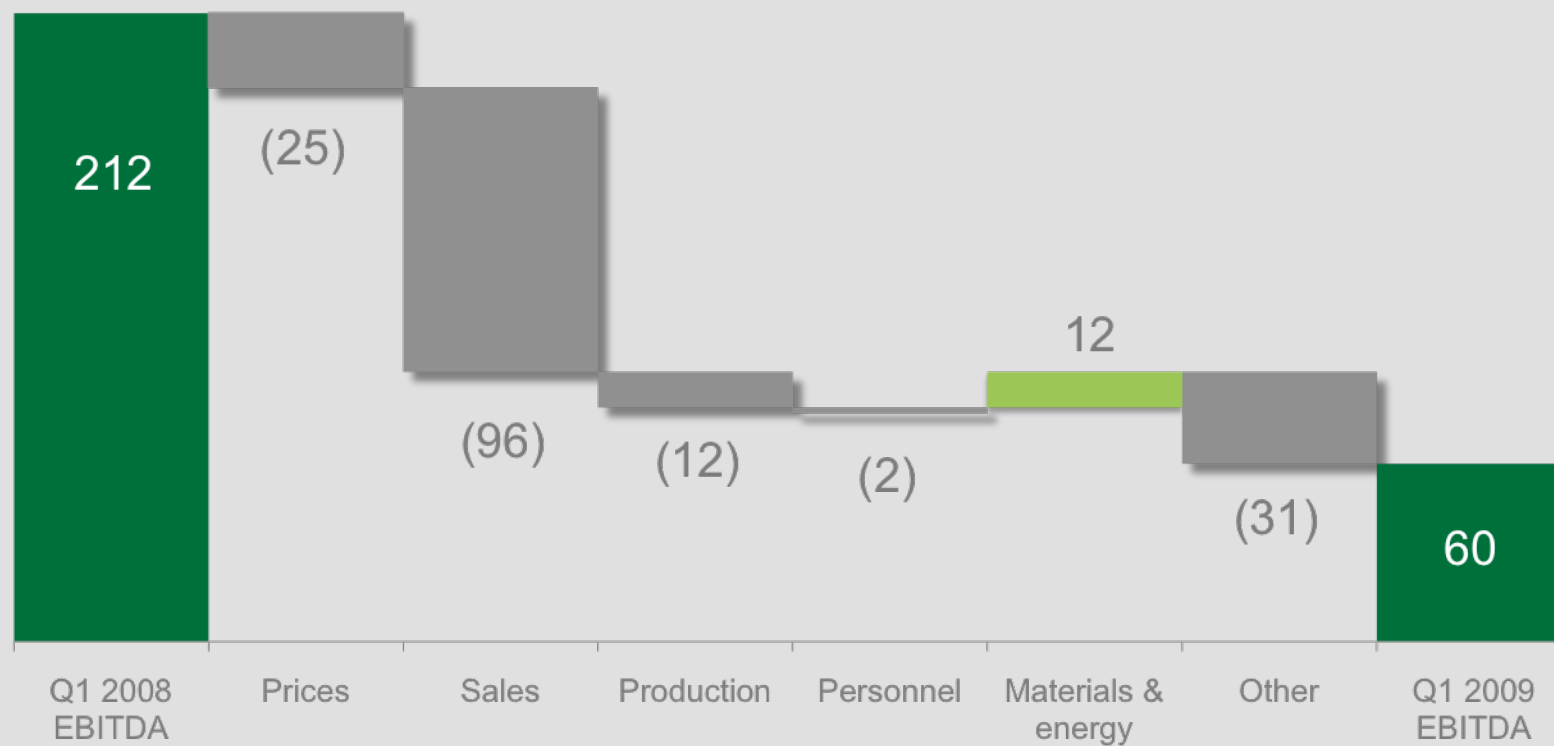


## Quarterly financial highlights

EUR million	Q1 2009	Q4 2008	Q1 2008
Revenues	270	489	524
EBITDA	60	177	212
<i>Margin</i>	<i>22%</i>	<i>36%</i>	<i>40%</i>
Operating Profit	20	135	169
<i>Margin</i>	<i>7%</i>	<i>28%</i>	<i>32%</i>
Net Earnings	(2.1)	92	118
<i>Margin</i>	<i>(1%)</i>	<i>19%</i>	<i>23%</i>

# EBITDA bridge

In EUR millions

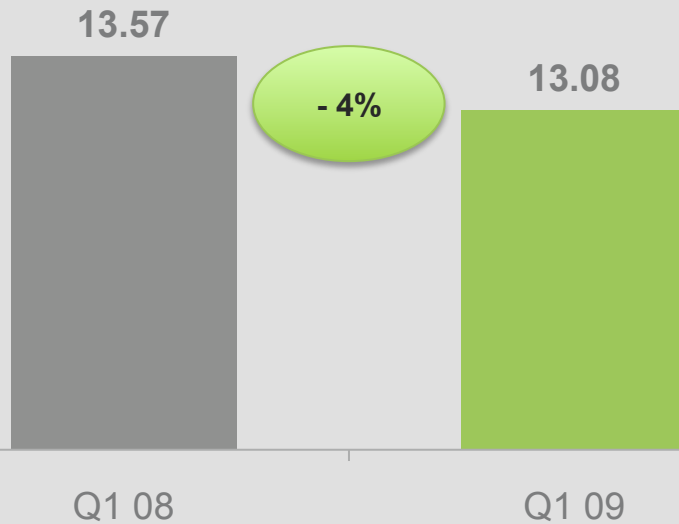


## Balance sheet

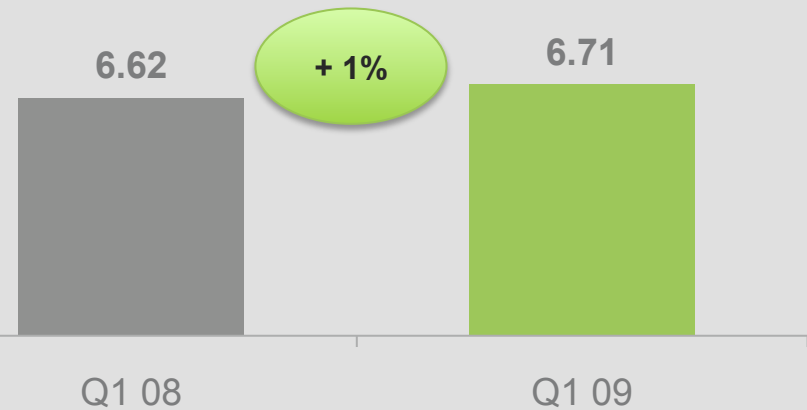
EUR million	31 Mar 2009	31 Dec 2008
<b>Total Assets</b>	<b>2,183</b>	<b>2,250</b>
Non current assets	1,291	1,293
Property, plant & equipment	1,085	1,088
Current assets	892	957
Cash and cash equivalents	557	679
<b>Total Equity and Liabilities</b>	<b>2,183</b>	<b>2,250</b>
Total equity	576	646
Total liabilities	1,607	1,603
Long-term loans	627	662
Bonds issued	291	290
Current portion of long-term loans	64	67
Short-term loans	34	29
<b>Net Debt</b>	<b>459</b>	<b>369</b>

## Health & safety

Mining lost time injury frequency rate (OKD)



Coking lost time injury frequency rate (OKK)



- POP 2010 contributing to safer working environment

## Cautionary note regarding forward-looking statements

Certain statements in this presentation are not historical facts and are “forward-looking”. NWR’s prospects, plans, financial position and business strategy, may constitute forward-looking statements. In addition, forward-looking statements can be generally identified by the use of forward-looking terminology such as “may”, “expect”, “intend”, “estimate”, “anticipate”, “plan”, “foresee”, “believe” or “continue” or the negatives of these terms or variations of them or similar terminology. Although NWR believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to have been correct.

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