

Results for the twelve months ended 31 December 2009

Wednesday 24 February 2010

Mike Salamon, Executive Chairman

Marek Jelinek, Executive Director & Chief Financial Officer

Jan Fabian, Chief Operating Officer



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Agenda

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

Strategic highlights

- Continued improvement in safety with LTIFR in mining operations down 8% y/y
- POP 2010 programme completed
 - All 10 new longwall sets continue to deliver significant improvements in productivity and efficiency
- COP 2010 programme on track to be completed by the end of the year
- Revised plan for opening Debiensko mine completed
 - Applying for an amendment to our current mining license with Polish Ministry of Environment
- Sale of NWR Energy completed for EUR 122 million in cash¹ to Dalkia
 - In line with our strategy to focus on core businesses
 - Transaction expected to close in Q2 2010
- Capital structure optimisation
 - During 2009 NWR concluded a EUR 141 million ECA² covered loan and redeemed EUR 32 million of outstanding 2015 senior notes

¹ The proceeds of this transaction will be received in CZK and are subject to certain adjustments. The EUR amount is based on the exchange rate of the day the deal was announced (CZK/EUR 26.3), thus the EUR amount is subject to exchange rate fluctuations

² Export Credit Agency of the Federal Republic of Germany

Highlights 2009

Q4 vs. Q3 2009

- Consolidated revenues of EUR 341 million, up 17% q/q
- Coal and coke production up 18% and 32%, respectively
- Coal inventories down 53%
- Operating cash flow up 240% to EUR 157 million
- EBITDA up 97% EUR 68 million
- Net income of EUR 7 million

FY 2009 vs. FY 2008

- Consolidated revenues of EUR 1,117 million, down 38% y/y
- Coking coal revenues down 40%, thermal coal revenues flat, and coke revenues down 68%
- Coal and coke production of 11,001kt and 843kt, respectively
- Total external sales of 10,061kt of coal and 705kt of coke
- EBITDA of EUR 179 million, down 74%
- CF from coal operating activities of EUR 318 million, CF from coke negative EUR 70 million
- Main operating costs under tight control, down 15% on constant currency basis
- Unit mining cash costs flat at EUR 75 per tonne
- Unrestricted cash of EUR 548 million as at year-end

2010 pricing

Q1 and FY 2010¹

- Production targets for 2010 of 11Mt for coal and 1Mt for coke
- Average price agreed for coking coal for Q1 2010 of EUR 103 per tonne²
- Average price agreed for thermal coal for 2010 of EUR 63 per tonne³
- Average price agreed for coke for Q1 2010 of EUR 195 per tonne⁴
- Q1 2010 sales for coking coal and coke cover committed volumes of 1.5Mt and 266kt, respectively
- Coking coal prices expected to be re-negotiated in March-April to run the length of the next Japanese Fiscal Year, adjusted with customer demand
- Thermal coal sales cover the full 2010 calendar year

¹ Prices based on CZK/EUR rate of 24.5 and subject to changes. See footnote on page 29.

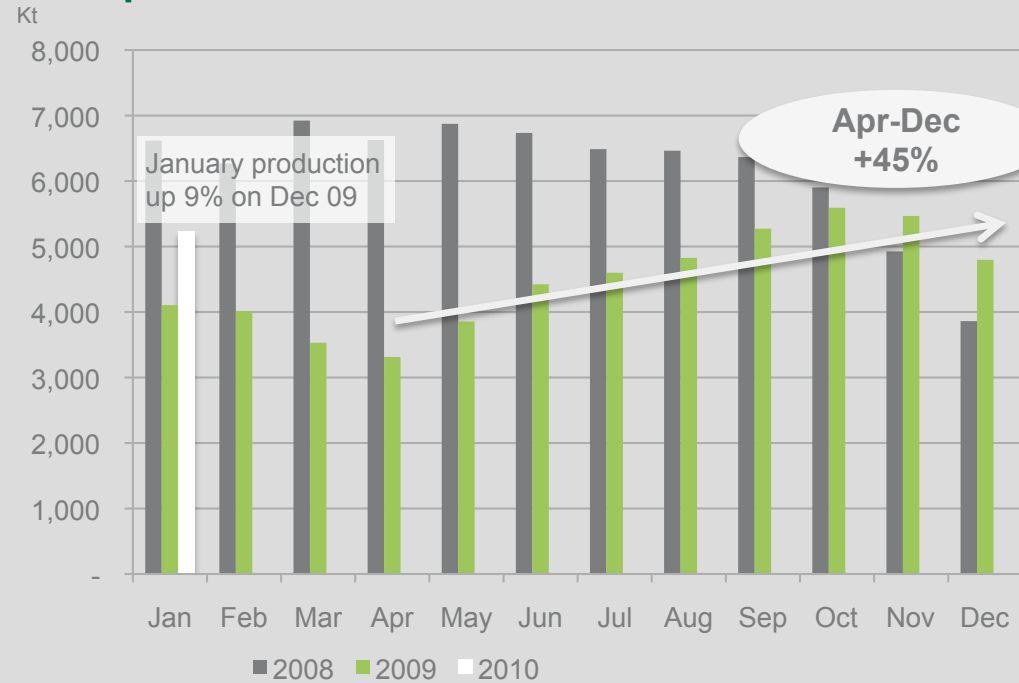
² Blended average across all qualities of coking coal

³ Blended average price for all qualities of thermal coal, including middlings

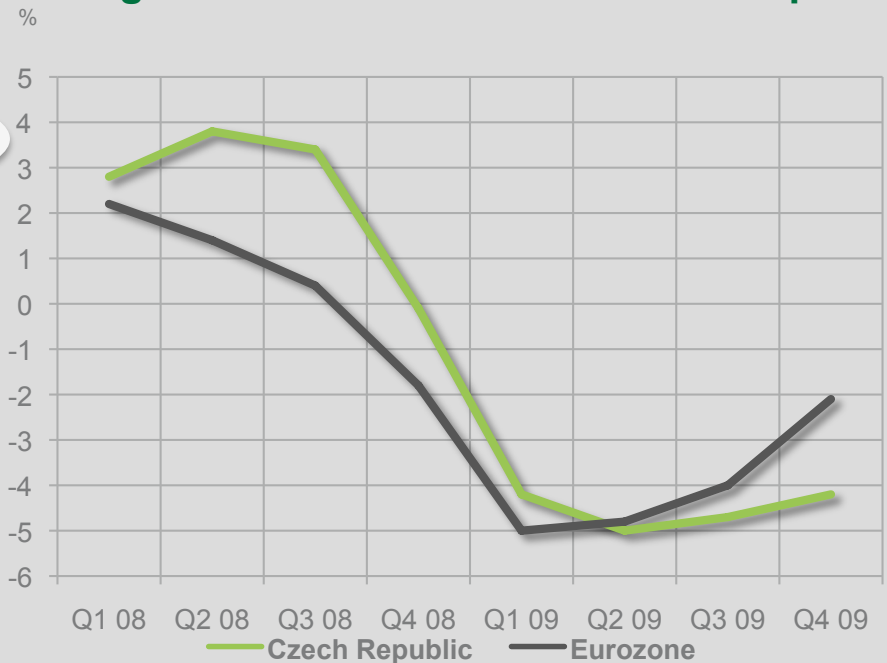
⁴ Blended average across all types of coke

Macro environment

Steel production in NWR's main customer markets¹



GDP growth in Eurozone and Czech Republic

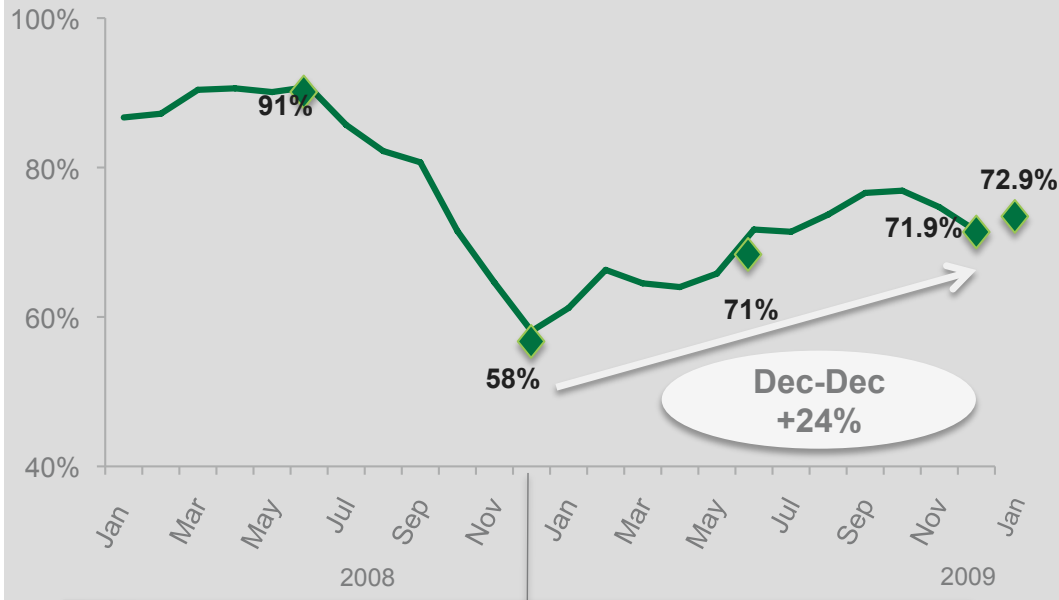


- Although steel production in NWR's main customer markets increased by 45% in the April-December 2009 period, FY 2009 steel production was 27% below FY 2008 levels
- Czech and Eurozone GDP down 4.2% and 2.1% in Q4, respectively. Down 0.6% q/q in CR, and up 0.1% q/q in EZ
- In 2009, real GDP fell by 4.3% in the Czech Republic and by 2.1% in the Eurozone

¹ NWR main customer markets include Czech Republic, Germany, Austria, Poland, and Slovakia.
Source: World Steel Association, Bloomberg, Czech Statistical Office.

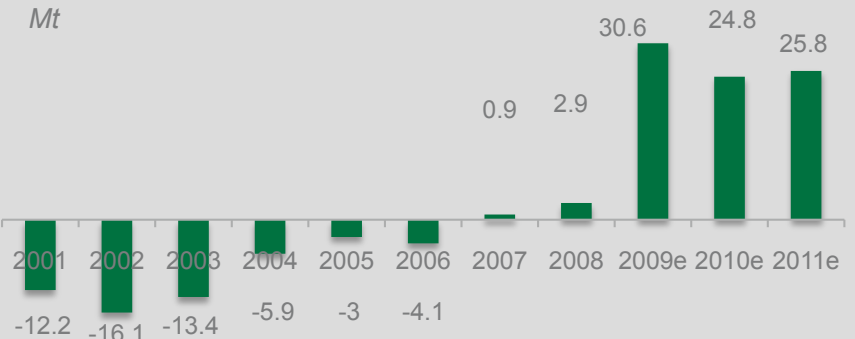
International markets

Global steel capacity utilisation ratio



Source: World Steel Association, SAGE

Chinese net coking coal imports

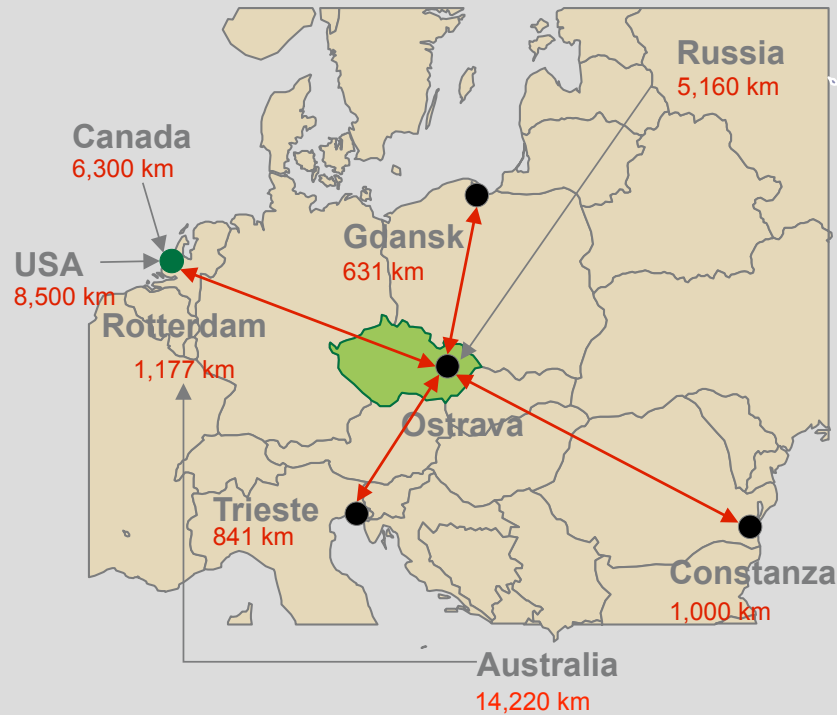


China iron and steel production

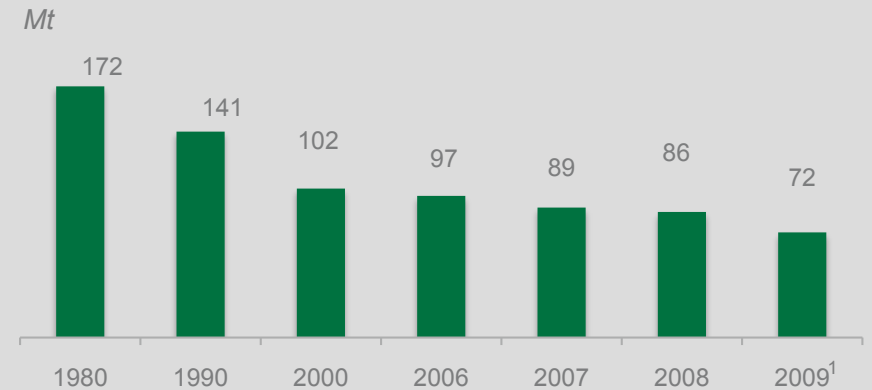
Category	2009	2008	Chg
Coke	345	312	+11%
Crude iron ore	880	808	+9%
Pig iron	544	469	+16%
Ferroalloy	22	18	+20%
Crude steel	568	500	+14%
Steel product	692	584	+19%

Competitive landscape

Geographic position limits competition



Total hard coal production in Poland



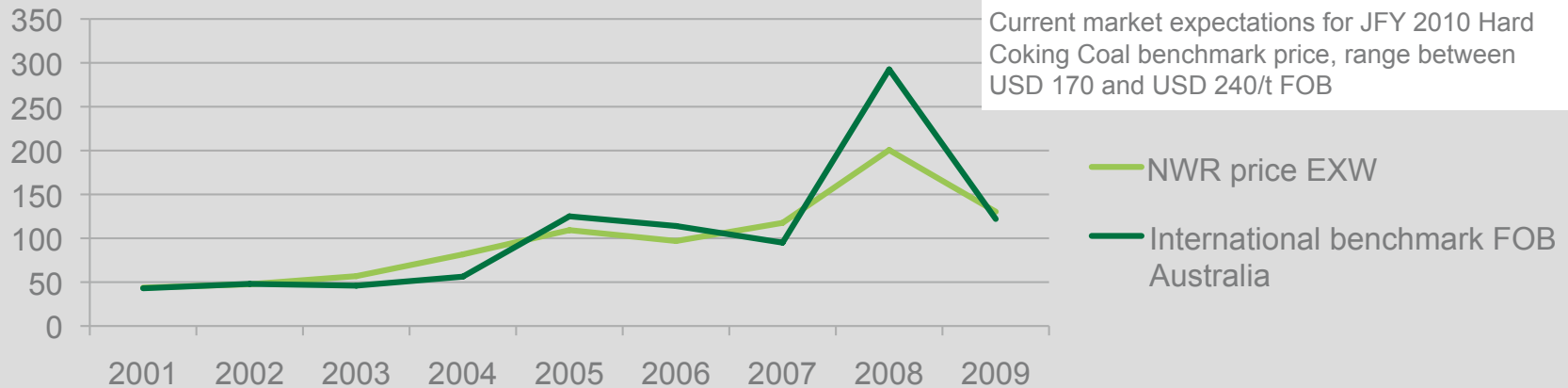
Chinese coke exports



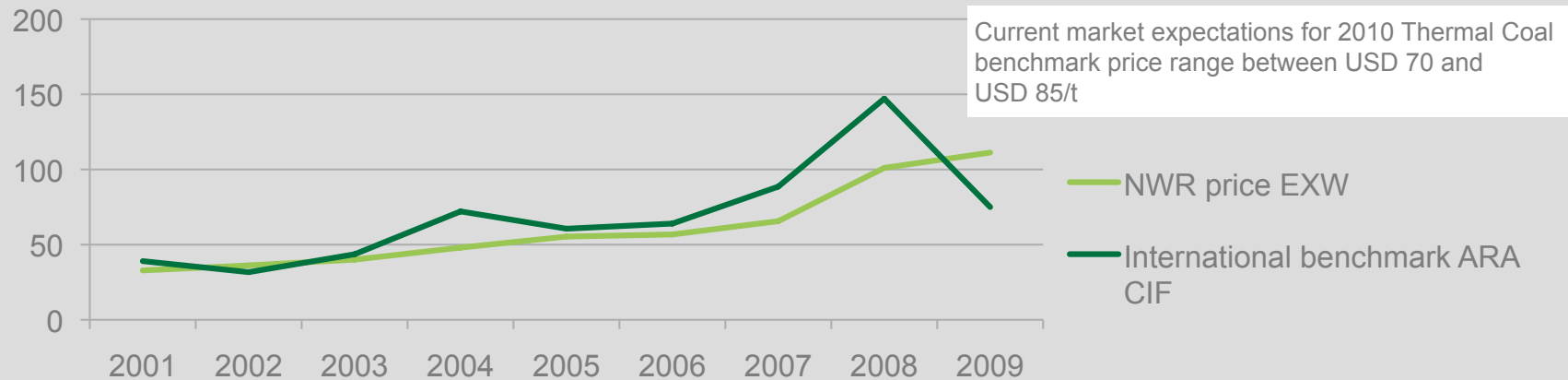
Source: International Energy Agency, AME, World Steel Association, Resource Net, Polish Ministry of Economy
¹ Jan – Nov 2009

NWR vs. international benchmark prices

Coking coal USD/t



Thermal coal USD/t



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Safety

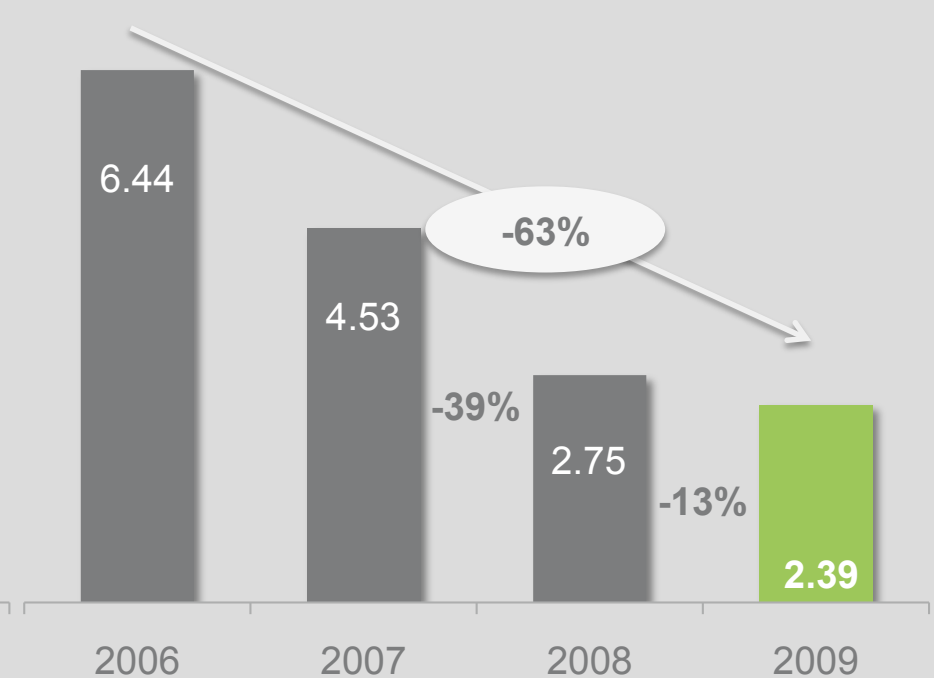
SAFETY 2010 programme

- Launched in H2 2008 to completely replace the current personal protection aids with new, better quality equipment
- Total cost of the programme is EUR 17 million
- Programme is on track to be completed in 2010

Mining lost time injury frequency rate¹ (OKD)



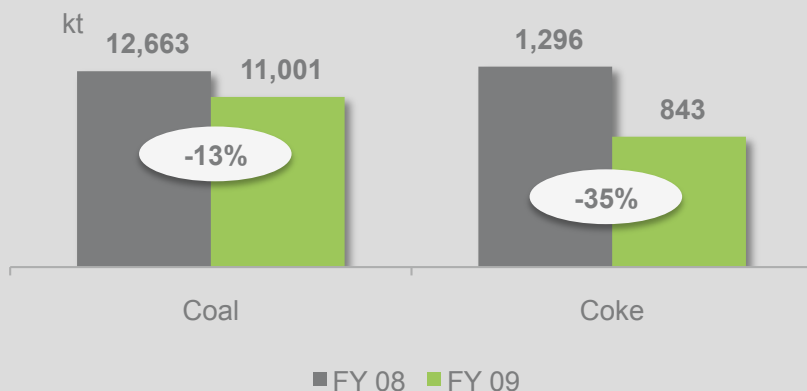
Coking lost time injury frequency rate¹ (OKK)



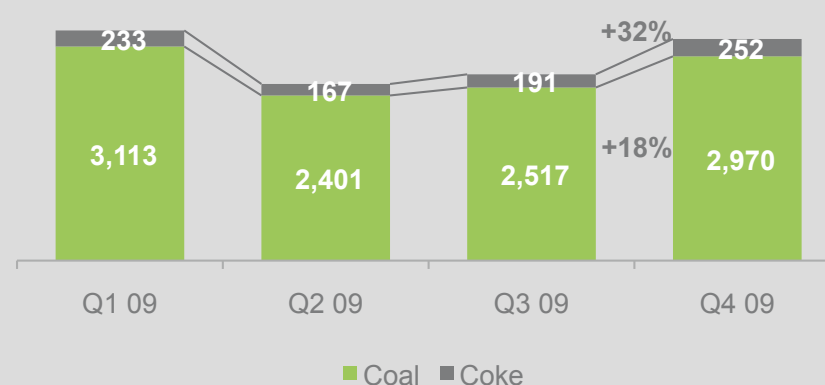
¹LTIFR = number of reportable injuries after three days of absence divided by total hours worked expressed in millions of hours.

Production and inventories

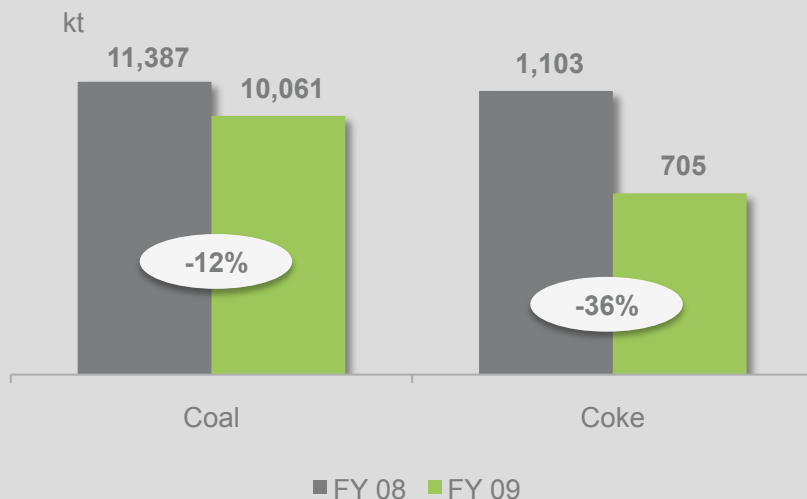
Production 2009 vs. 2008



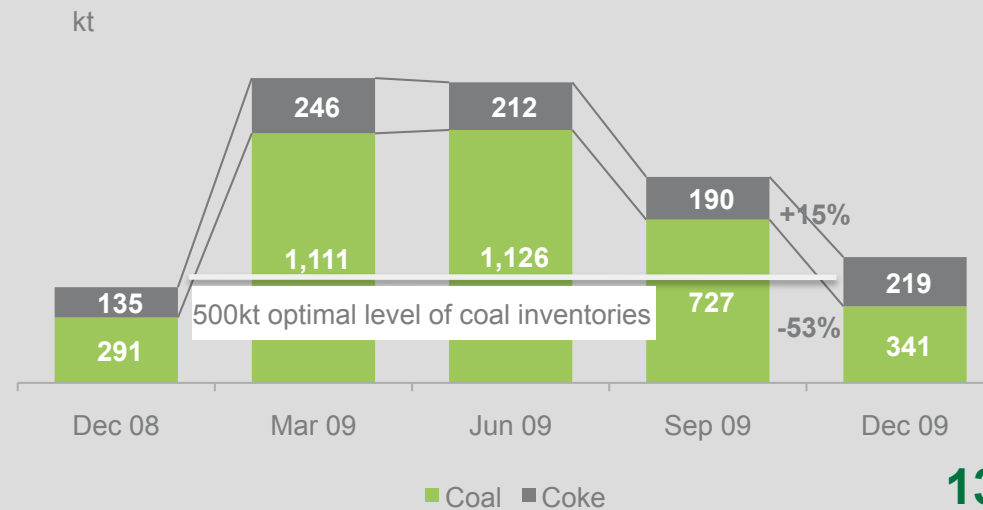
Production 2009



Sales 2009 vs. 2008

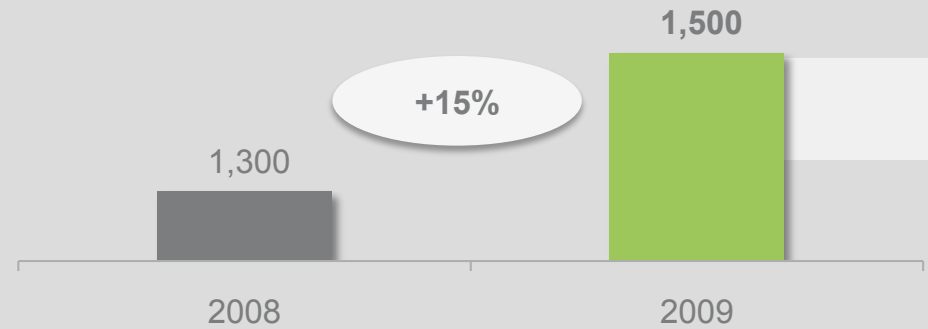


Inventories 2009

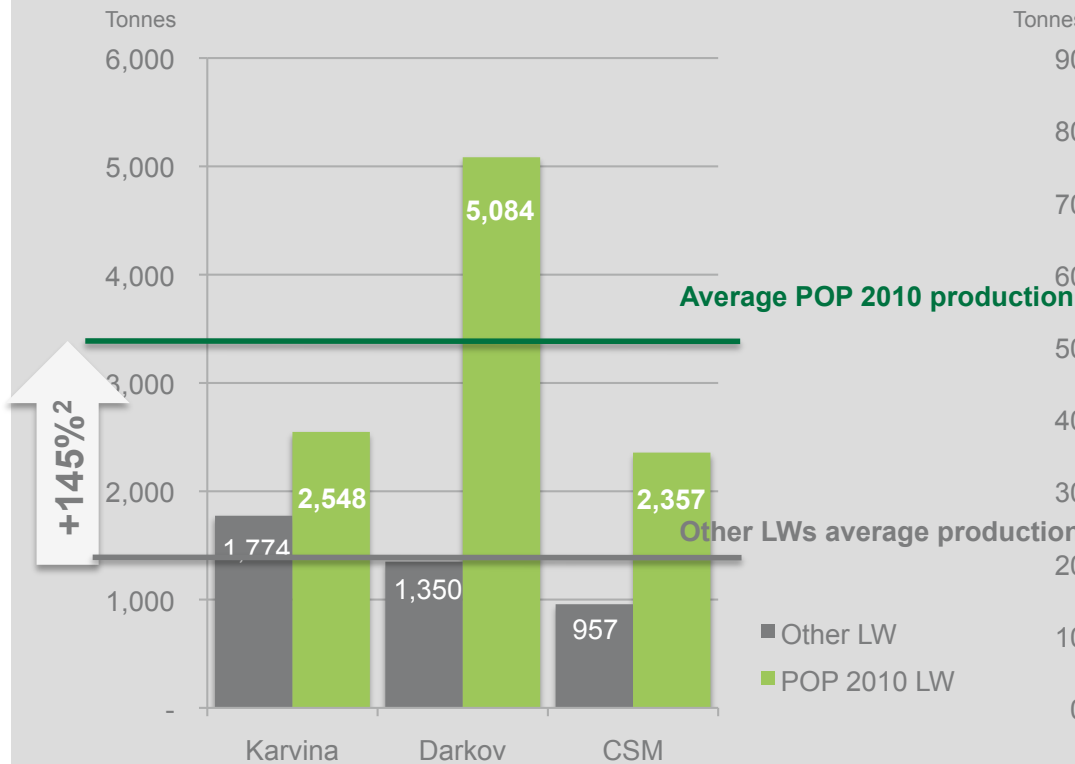


POP 2010

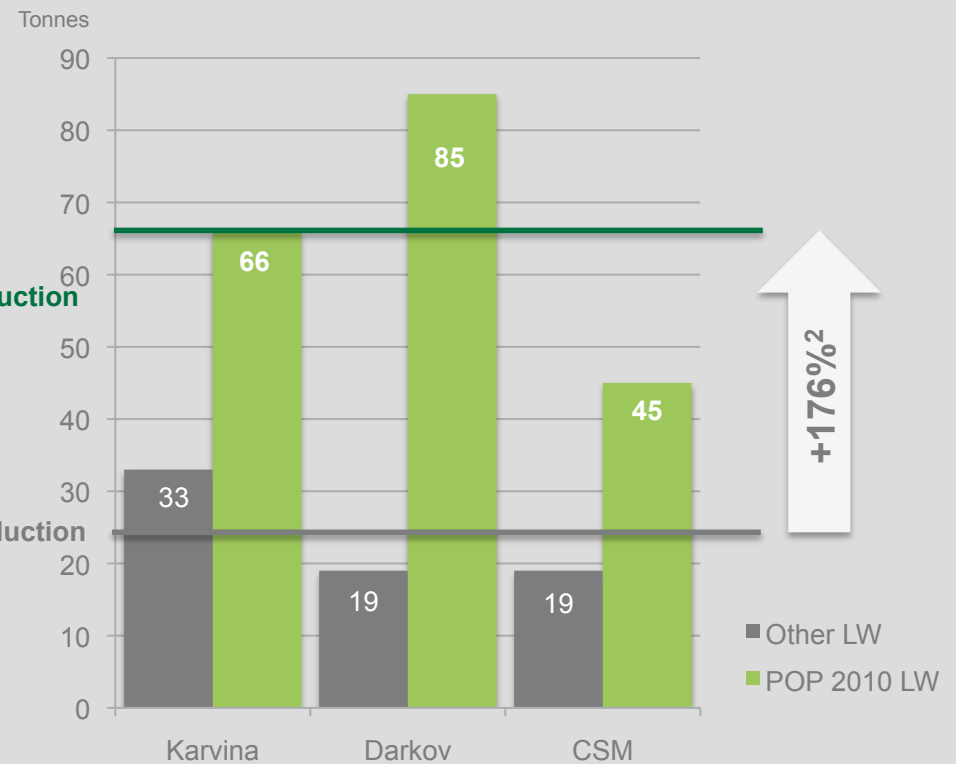
Overall LW productivity improvement in OKD (all LWs including POP 2010)¹



2009 average daily production at LW¹



2009 average daily output per manshift¹

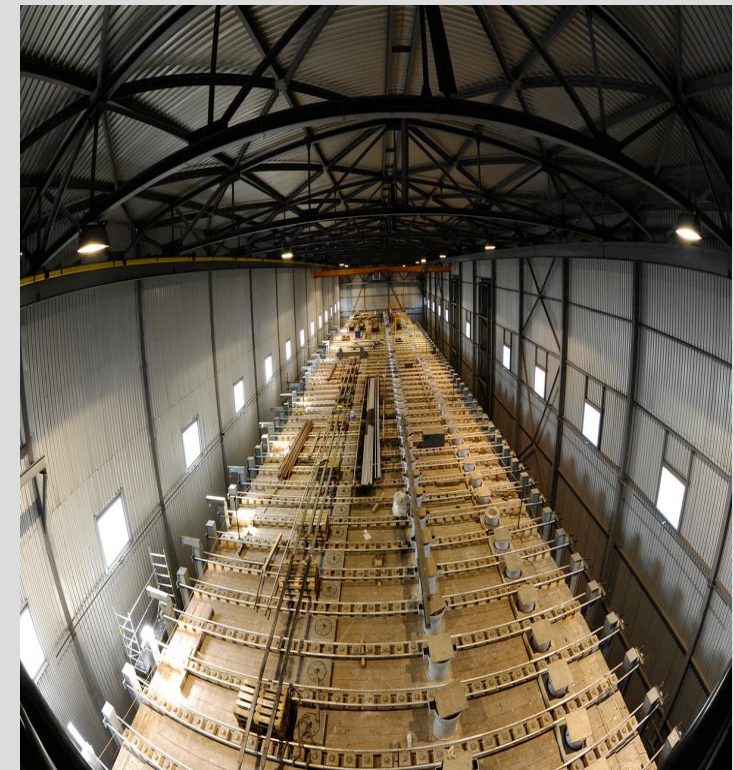


¹ Average number of POP operational longwalls in 2009 vs. other longwalls was 4 vs. 12. Simple average of high seam and mid seam performance at each mine; at Darkov high seams only.

² Unweighted average growth across Karvina, Darkov, and CSM mines.

COP 2010

- First phase of planned works on coking battery No. 8 at the Svoboda plant completed to schedule with battery restarted in October 2009. Full refurbishment to be completed by year end
- Project work on the new battery No. 10 continues to schedule with start of production expected by the end of 2010
- Sverma coking plant being kept open currently to meet improving demand but will be shut down by the end of 2010
- Starting 2011, coke capacity of 850kt centralised at the Svoboda coking plant, with production flexibility between foundry and blast furnace coke
- NWR is currently the No. 1 supplier for the European foundry coke market



Coking Battery No. 10 at Svoboda plant

Debiensko

- 50-year mining licence granted in June 2008 to NWR's wholly-owned Polish subsidiary, NWR KARBONIA
- Feasibility study on the development of 190Mt of coking coal reserves completed in mid-2009 by J.T. Boyd
- An alternative mine development plan has been completed, having identified the potential for capturing additional mineable coal reserves and reducing overall capital cost
- CAPEX required estimated to be between EUR 350 million and EUR 400 million to be incurred over a five-year period, with years 1, 2 and 5 expected to be most CAPEX intensive
- Currently, NWR is in the process of applying for an amendment to our current license
- Provided this extended license is granted, NWR will review the investment plan, in order to determine the optimal timing to start the project

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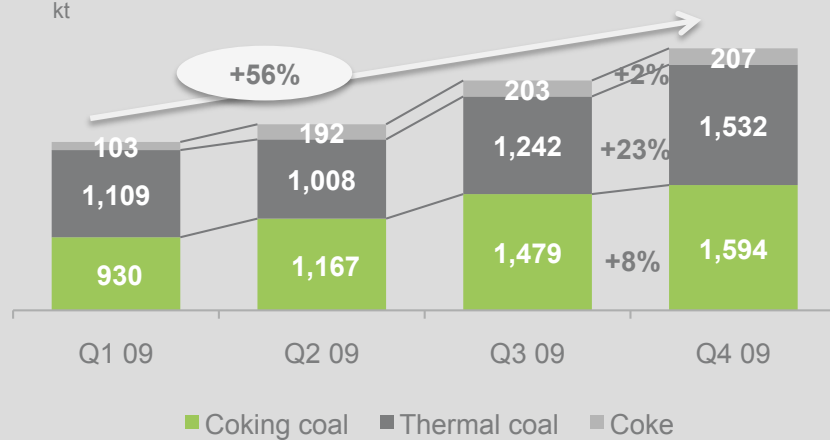
Financial overview

EUR mln	FY 09	FY 08	FY/FY	Q4 09	Q3 09	Q4/Q3
Revenues	1,117	1,815	(38%)	341	291	17%
EBITDA	179	684	(74%)	68	35	97%
<i>Margin</i>	12%	38%		20%	12%	
Operating profit	10	517	(98%)	20	(10)	
<i>Margin</i>	1%	28%		6%	(4%)	
Net profit	(62)	352		7	(28)	
Operating CF	176	524	(66%)	157	46	240%
Average CZK/EUR	26.4	24.9	6%	25.9	25.6	1%

Quarterly development

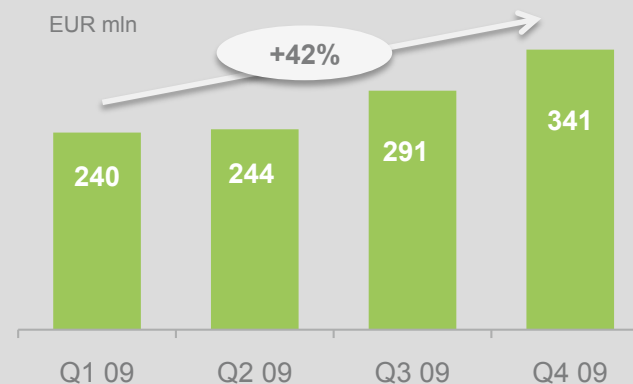
Sales volumes

kt



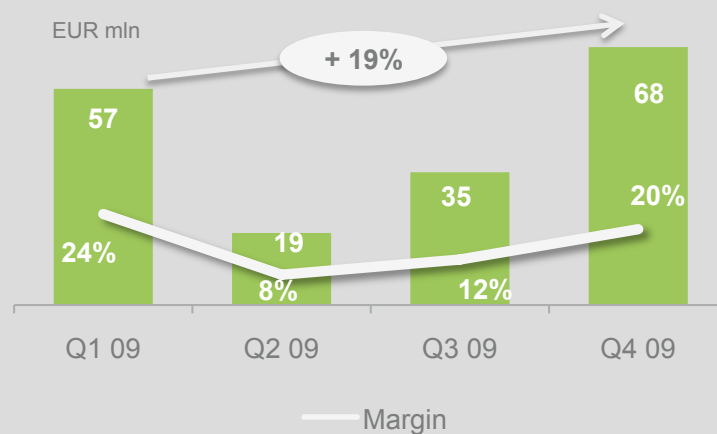
Revenues

EUR mln



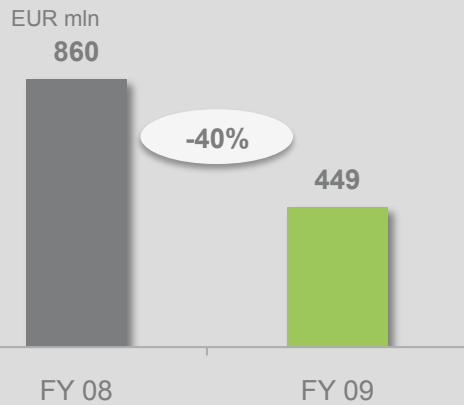
EBITDA

EUR mln

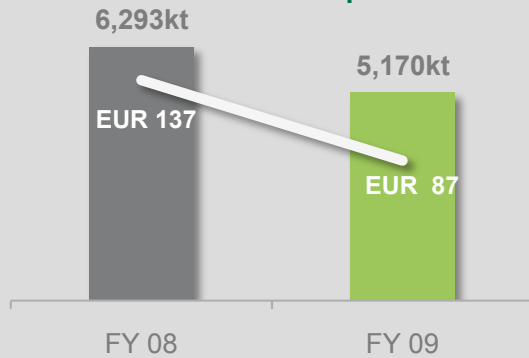


Prices and volumes

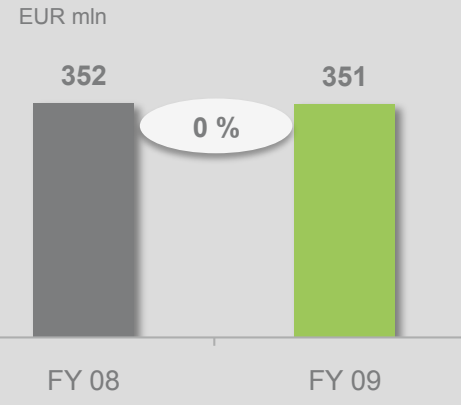
Coking coal Revenues



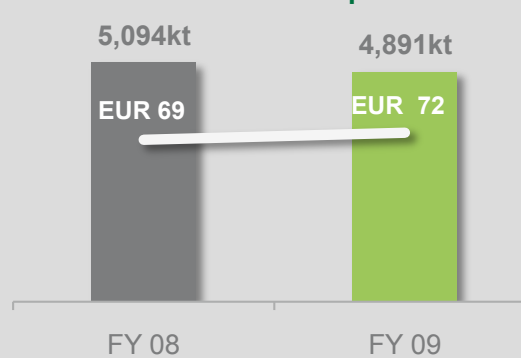
Volumes and prices¹



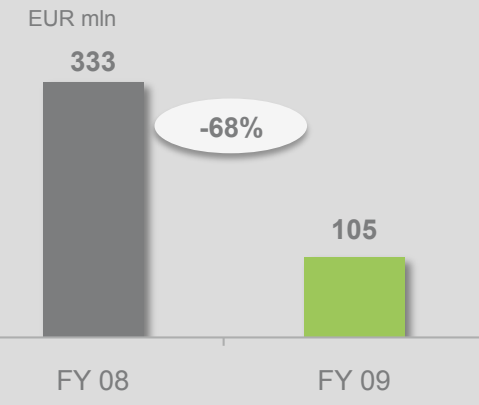
Thermal coal Revenues



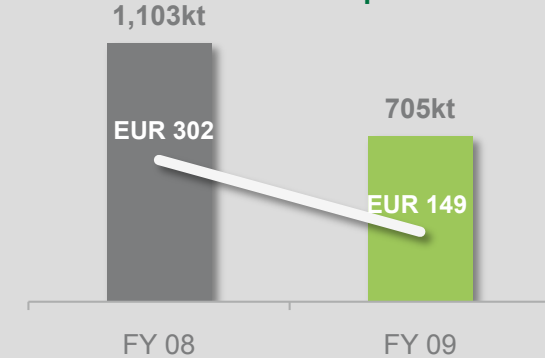
Volumes and prices²



Coke Revenues



Volumes and prices³



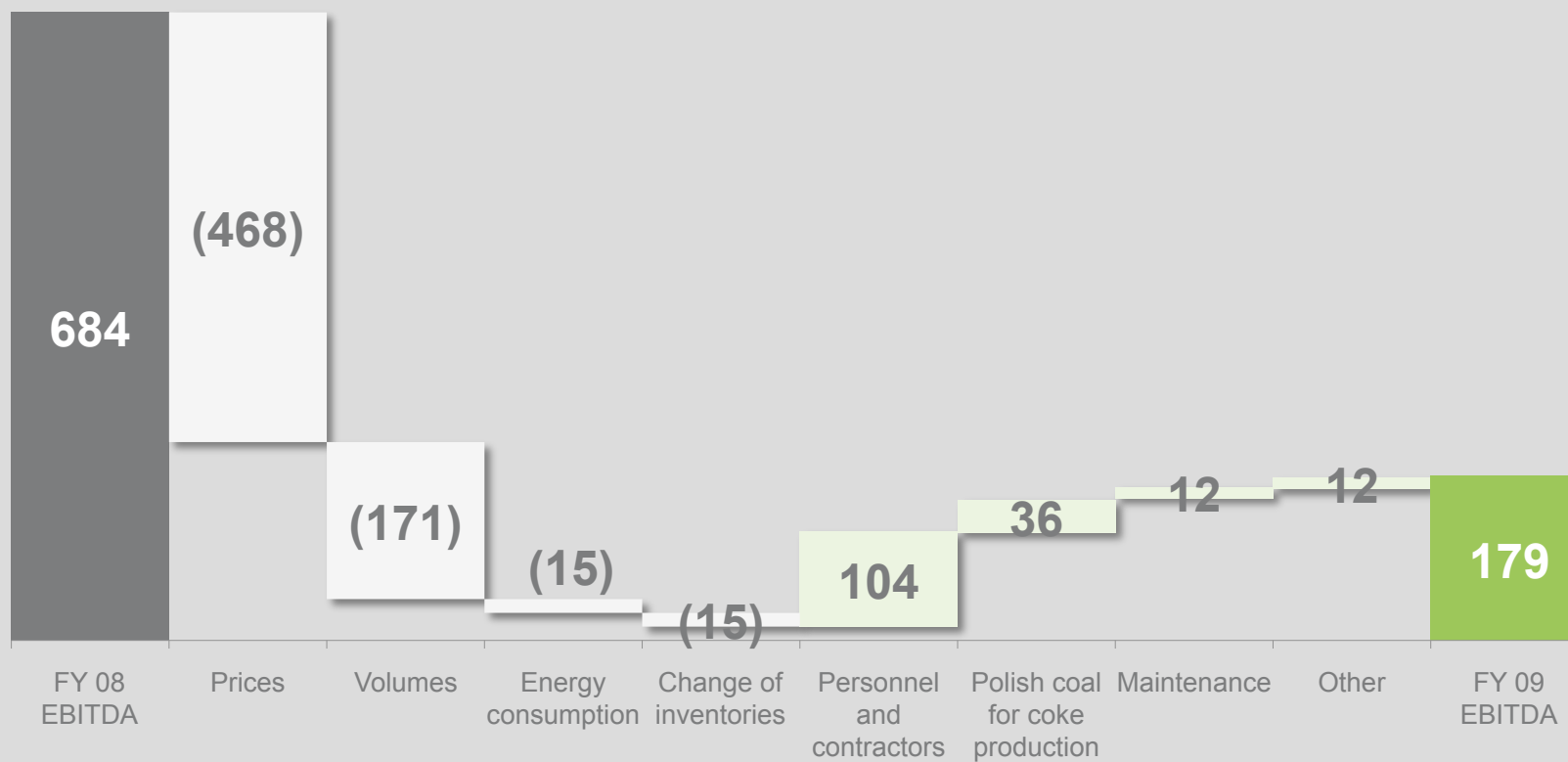
¹ Blended average across all qualities of coking coal. In 2009, approx. 43% of coking coal sales were hard coking coal and 57% were semi-soft.

² Blended average price for all qualities of thermal coal, In 2009, approx. 80% of thermal coal sales were coal and 20% were middlings.

³ Blended average price for all types of coke. In 2009, approx. 45% of coke sales were blast furnace, 25% foundry and 30% others.

EBITDA

EUR mln

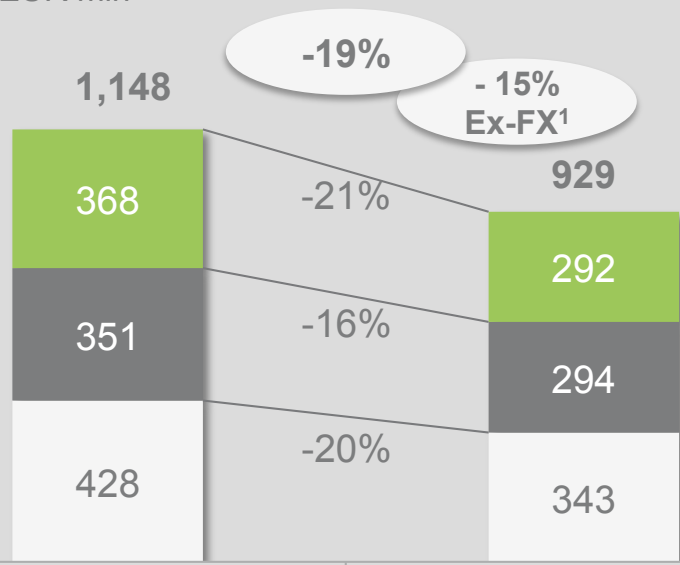


- EBITDA from discontinued operations of EUR 7 million in 2009

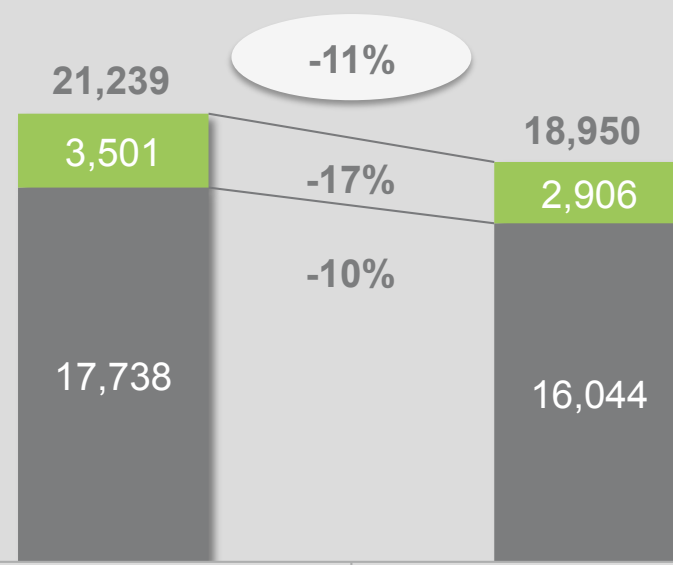
Operating costs

Costs

EUR mln



Average headcount



■ Personnel² ■ Services ■ Material and energy

■ NWR staff ■ Contractors

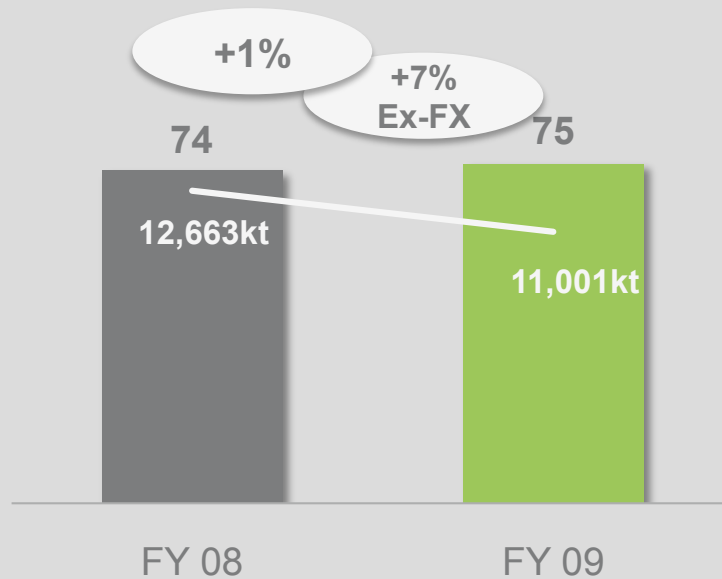
¹ Constant foreign exchange rate.

² Excluding employee benefits

Unit costs

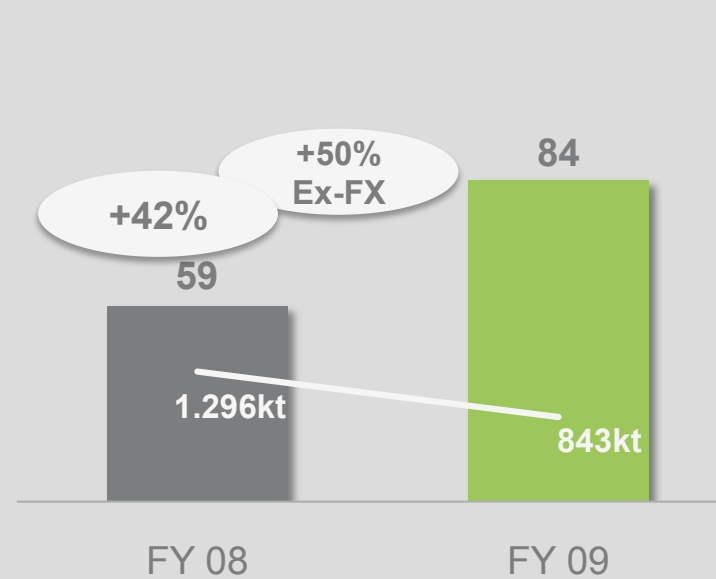
Coal mining (OKD)

EUR



Coke conversion (OKK)

EUR

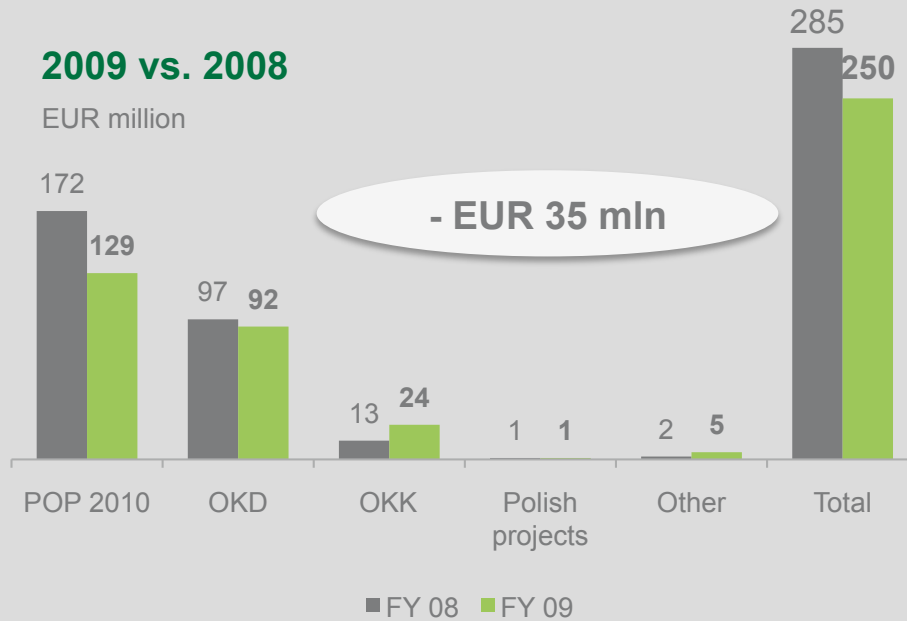


- Despite a 13% decrease in production, mining unit cash costs remained flat due to stringent cost cutting measures and favourable FX movement
- Increase in coke unit cash costs is due to 35% lower production and one off costs of approx. EUR 7 million related to the shutdown of one coking battery at the Sverma coking plant

CAPEX

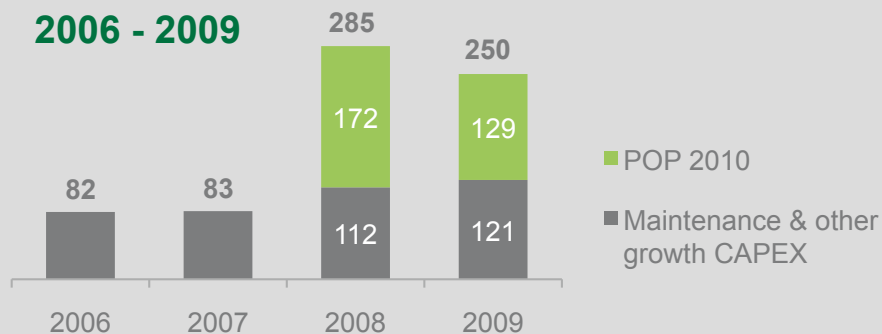
2009 vs. 2008

EUR million



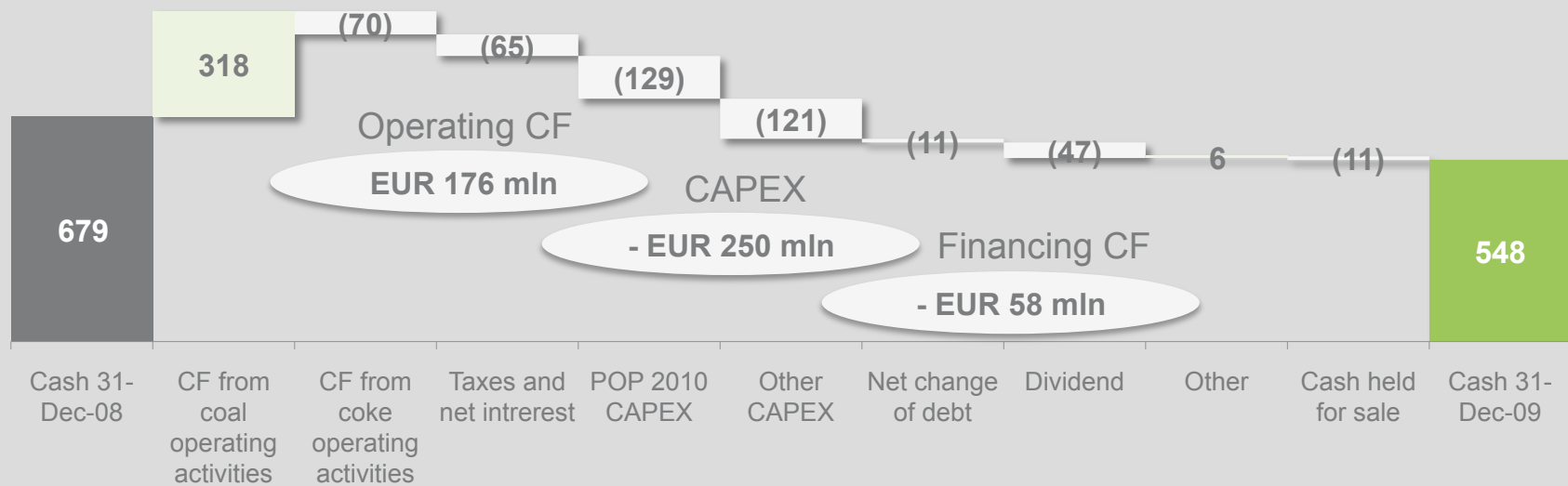
- 2009 total CAPEX 12% below 2008 level
- Two major CAPEX programmes:
 - EUR 350 million of total investments in POP 2010 (completed)
 - EUR 63 million of total investments in COP 2010 (pending)

2006 - 2009



- Maintenance CAPEX of EUR 80-100 million

Cash development



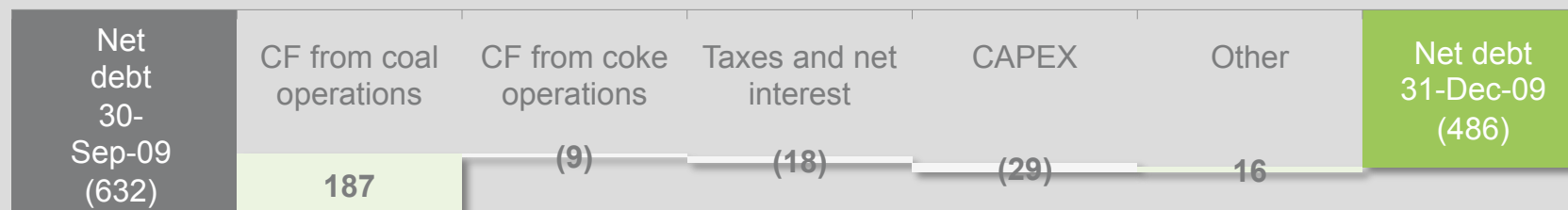
- In Q4 2009 strong operating CF of EUR 157 million, reflecting increased sales and improved working capital management
- As a result, cash position in Q4 2009 increased by EUR 115 million to EUR 548 million

Debt overview

Q4 Net debt

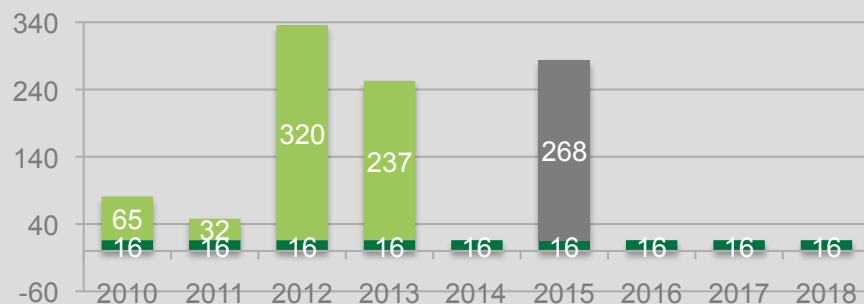
EUR mln

+ EUR 146 mln



Debt maturity profile

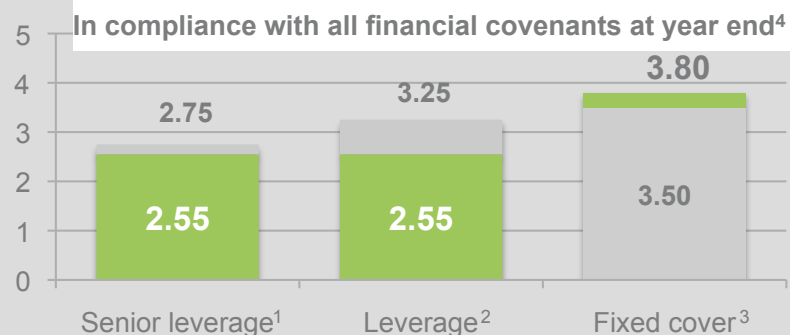
EUR mln



■ ECA loan ■ Senior secured bank facilities ■ 2015 Senior Notes

Based on exchange rate of CZK/EUR 25 and ECA loan fully drawn.

Financial covenants as of 31.12.2009



¹ Senior leverage – ratio of consolidated total senior net debt to consolidated EBITDA

² Leverage – ratio of consolidated total net debt to consolidated EBITDA

³ Fixed cover – ratio of consolidated EBITDA to consolidated total net interest payable

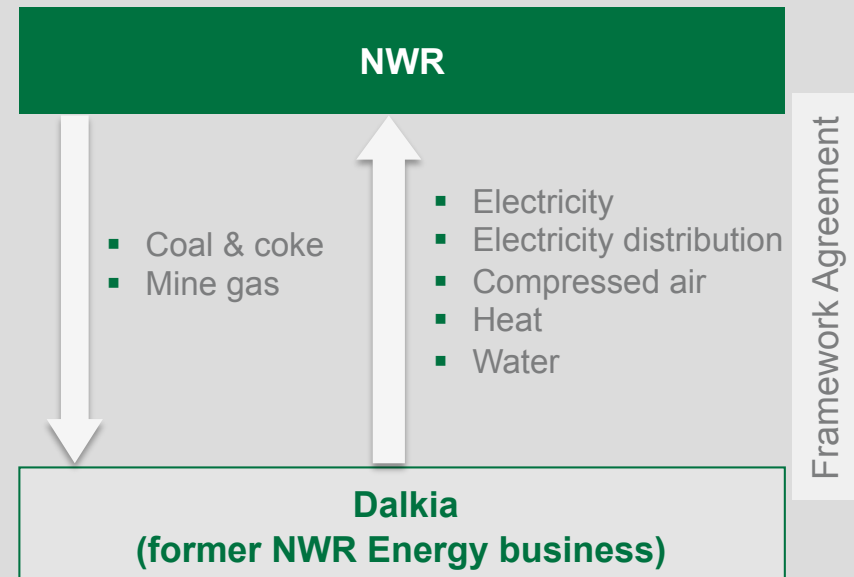
⁴ Maintenance covenants tested quarterly on 12-month rolling basis

Divestment of NWR Energy

Overview of the transaction

- In line with our strategy to focus on core businesses of coal mining and coke production
- SPA signed with Czech energy group Dalkia Ceska Republika on 8 January 2010; closing expected in Q2 2010
- Sale price amounts to approx. EUR 122 million and is payable in cash on closing¹
- NWR Energy activities include supply and distribution of electricity, heat, compressed air and water as well as electricity trading
- NWR Energy predominantly supplies the NWR Group. To be governed by Framework Agreement post completion

Illustrative structure



¹ The proceeds of this transaction will be received in CZK and are subject to certain adjustments. The EUR amount is based on the exchange rate of the day the deal was announced (CZK/EUR 26.3), thus the EUR amount is subject to exchange rate fluctuations.

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2010 Outlook

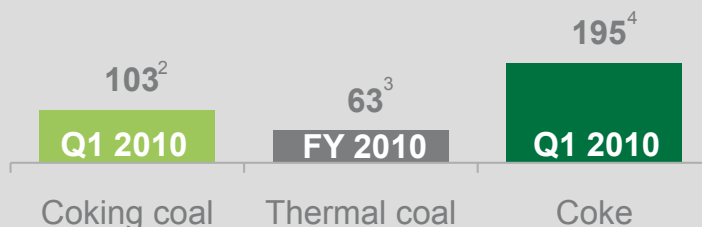
Production

- Expected total coal production of 11Mt and 1Mt of coke

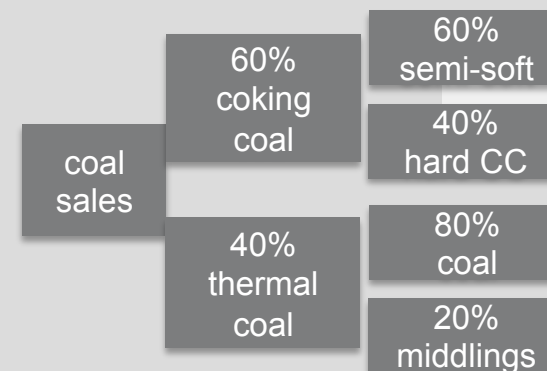
Sales volumes and structure

- Coking coal: Q1 volumes of 1.5Mt
- Thermal coal: fully sold for the calendar year
- Coke: Q1 volumes of 266kt

Prices¹



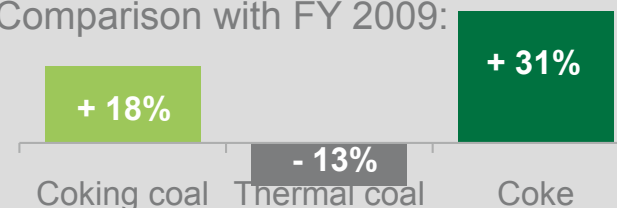
Expected 2010 coal sales structure:



Expected 2010 coke sales structure:



Comparison with FY 2009:



¹ Announced average prices are indicative prices, as these can be influenced by a range of factors including, but not limited to, exchange rate fluctuations, quality mix and timing of coal deliveries and flexible provisions in individual contracts.

² Blended average across all qualities of coking coal

³ Blended average price across all types of thermal coal, including middlings

⁴ Blended average price across all types of coke

2010 Outlook cont.

Costs / CAPEX

- Main operational expenses higher in 2010 vs. 2009
 - Personnel expenses to remain flat on a constant currency basis
 - Service expenses to increase slightly due to rising transportation costs (re-charged on to customers)
 - Materials & energy expenses to increase significantly due to intensified development works and higher coke production (Mining materials UP, Consumption of energy for mining DOWN and Polish coal consumption UP)
- EUR 50 million deferred payments related to POP 2010 and EUR 35 million COP 2010 related CAPEX + maintenance CAPEX (EUR 80 – 100 million)

FX

- Prices based on CZK/EUR rate of 24.5 and subject to change since approx. 60% of sales are CZK-denominated
- 43% of forecast 2010 exposure covered by forward contracts¹

¹ Expected proceeds from sale of NWR Energy to cover the balance of expected 2010 exposure to currency fluctuations.

Closing remarks

- NWR is looking towards 2010 with cautious optimism
- Higher coke and coking coal prices agreed for Q1 2010 are a result of improving regional and global coal and coke markets and improved trends in the steel industry
- Coking coal prices expected to be re-negotiated for the fiscal year starting April 2010, once there is an indication of global price trends for this period
- Strong cash position preserves liquidity and provides flexibility to manage business volatility and approach capital markets opportunistically
- Decision on timing of Debiensko project to be taken in the course of 2010
- Reflecting the challenging economic and market environments as well as negative net profit achieved in 2009, NWR will not pay a final dividend for 2009
- NWR remains committed to its policy of distributing approximately 50% of net profit over the course of the business cycle, and a return to dividend distribution will be assessed in the course of 2010

Financial calendar

Upcoming events

- 31 March 2010
- 27 April 2010
- 19 May 2010
- 26 August 2010
- 19 November 2010

Annual Report and Accounts
Annual General Meeting
First Quarter 2010 Results
First Half 2010 Results
Nine Months 2010 Results

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Agenda

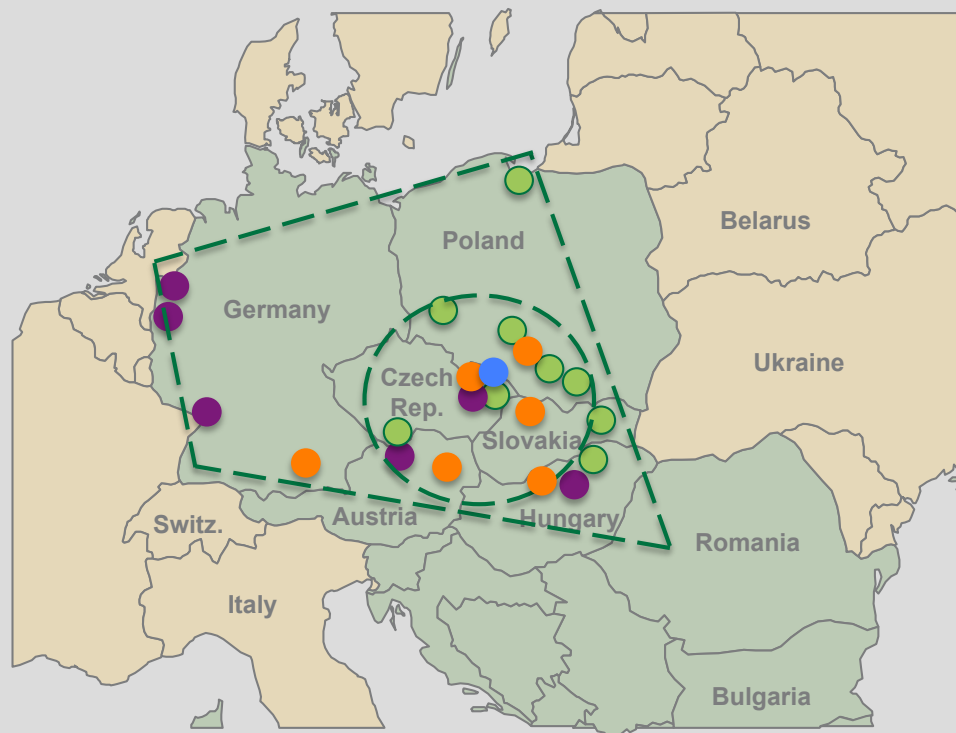
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Balance sheet

EUR mln	31 Dec 2009	31 Dec 2008
Total Assets	2,216	2,250
Non current assets	1,344	1,293
Property, plant & equipment	1,158	1,088
Current assets	787	957
Cash and cash equivalents	548	679
<i>Assets held for sale</i>	85	0
Total Equity and Liabilities	2,216	2,250
Total equity	560	646
Total liabilities	1,655	1,603
Long-term loans	680	662
Bonds issued	260	290
Current portion of long-term loans	75	67
Short-term loans	19	29
<i>Liabilities held for sale</i>	43	0
Net Debt	486	369

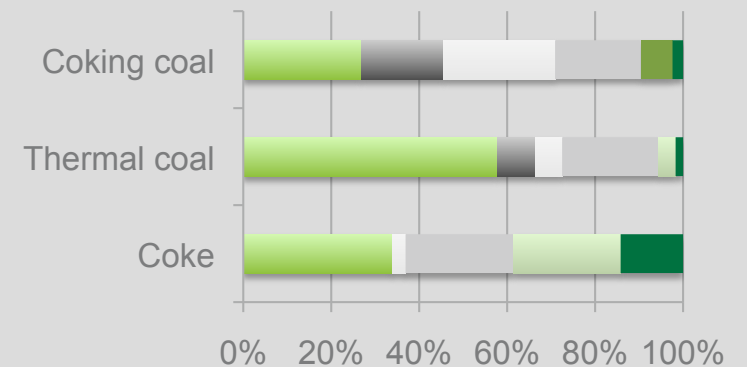
Regional market

NWR and its Customers



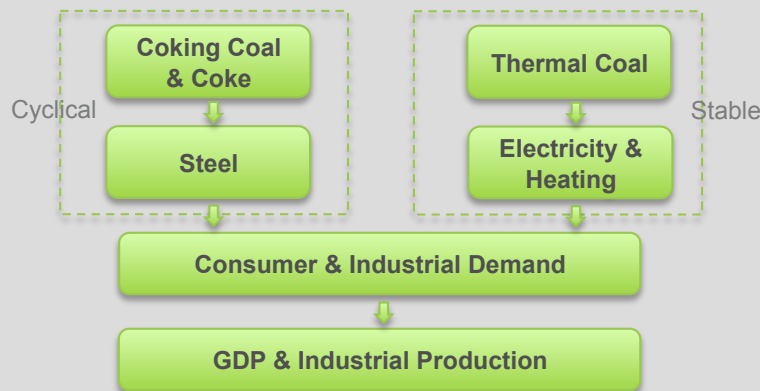
● NWR ● Coke customers ● Coking coal customers ● Thermal coal customers

Sales volumes per country (2009)



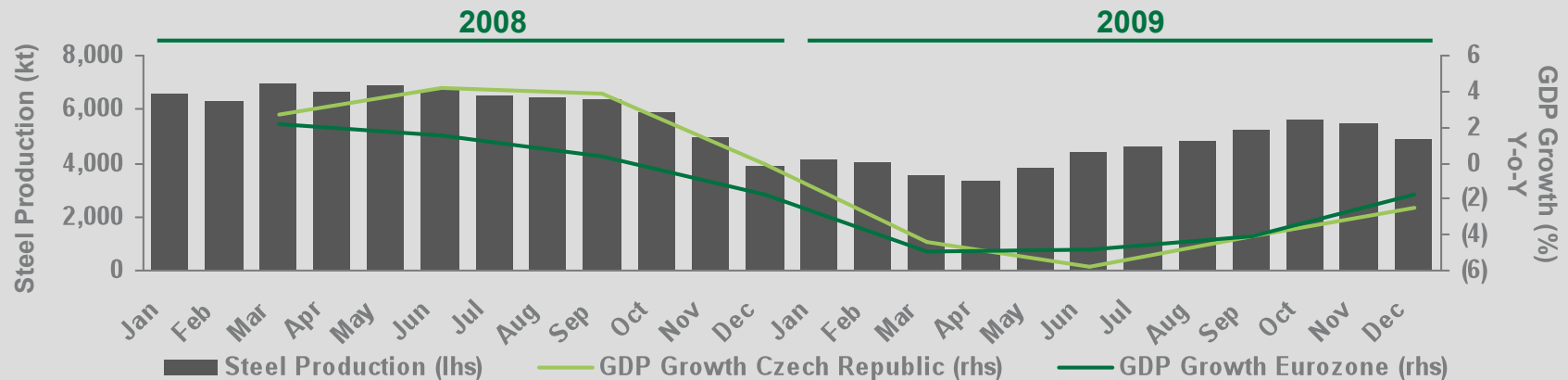
■ Czech Republic ■ Poland
 ■ Slovakia ■ Austria
 ■ Germany ■ Hungary
 ■ Other

Demand dynamics



- Steel demand in CEE driven primarily by the automotive, machinery and construction industries
- Prices are negotiated as part of long-term framework agreements with customers
- NWR has a track record of building long-lasting customer relationships

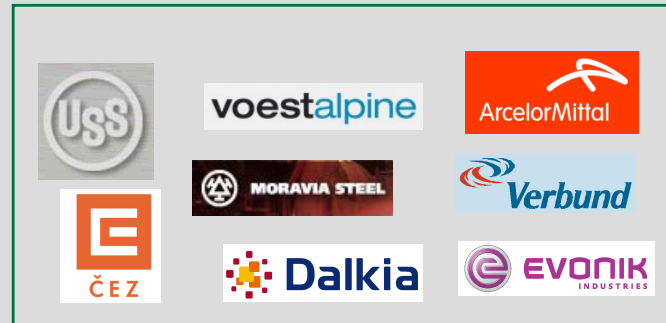
Steel Production in NWR's Main Customer Markets¹ and GDP Growth in Eurozone and Czech Republic



Source: World Steel Association, Bloomberg, Czech Statistical Office
¹ NWR customer markets include Czech Republic, Germany, Austria, Poland, and Slovakia.

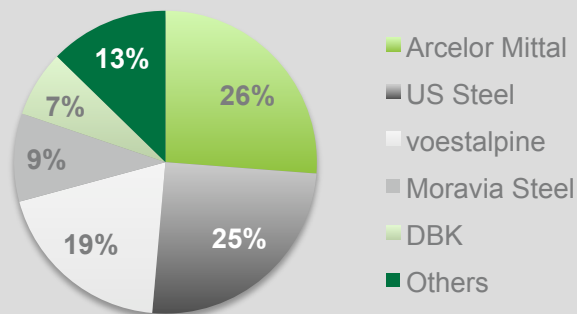
Customer breakdown

- Long-standing customer relationships governed by long-term framework agreements
- In some cases customers have relied on NWR coal and its specific characteristics for decades
- Ability to serve customer base efficiently given close proximity supported by good logistic links to all customers
- Some customer production facilities configured for the Company's coal specifications

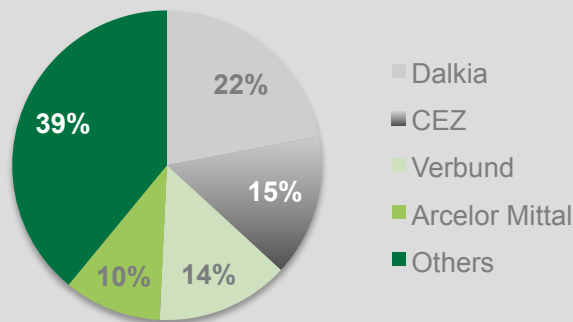


Sales volumes by customer (2009)

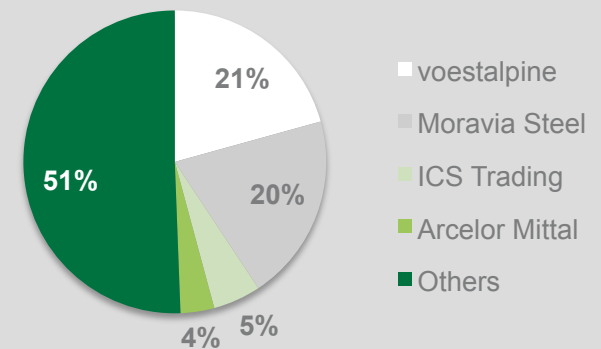
Coking Coal



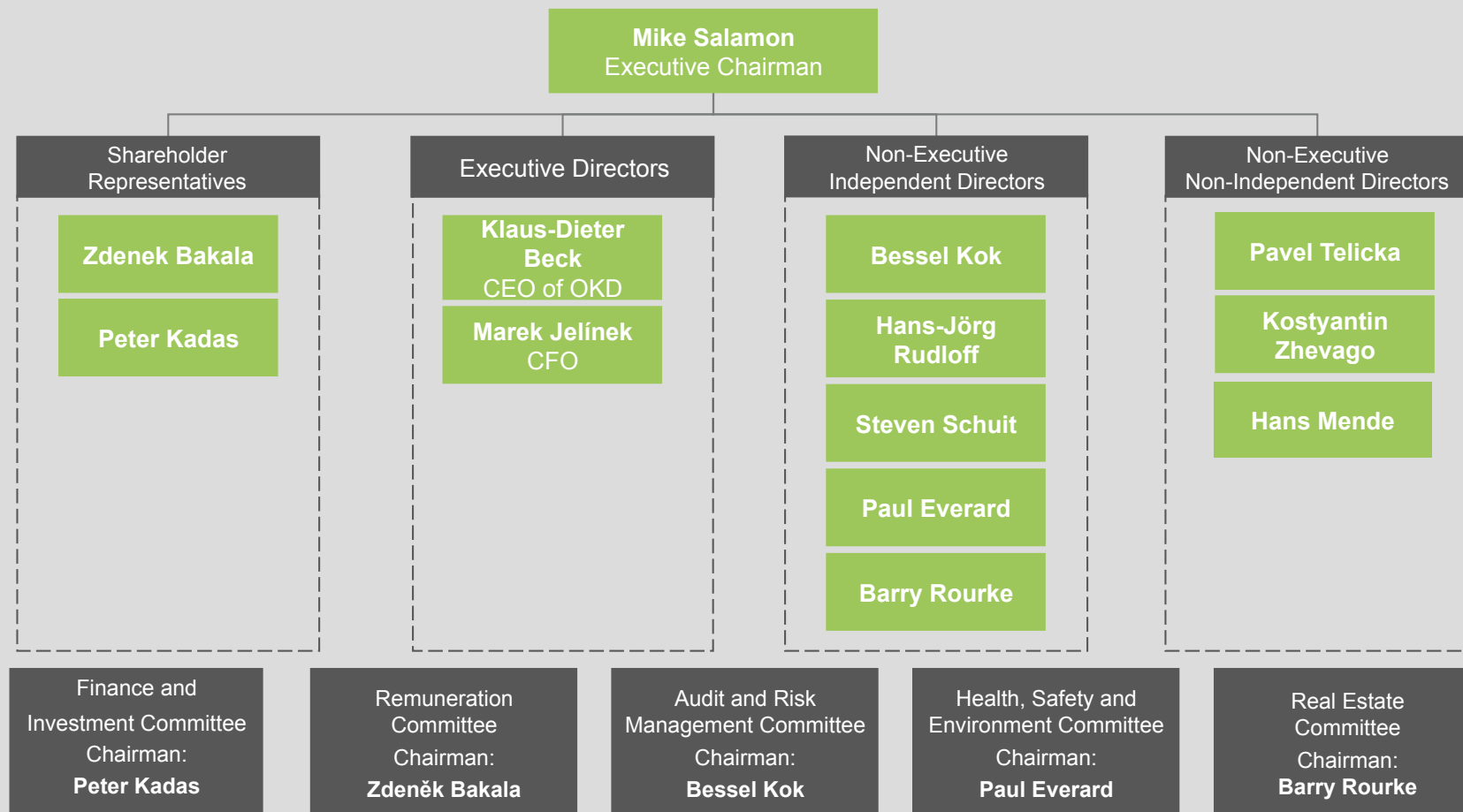
Thermal Coal



Coke



Corporate structure



Management team



Mike Salamon

Executive Chairman of NWR

- Co-President of AMCI Capital and Non-Executive Director of Central Rand Gold, Gem Diamonds, and Non-Executive Director of Ferrexpo
- Career spans more than 30 years, the latter part of which was spent with BHP Billiton



Marek Jelinek

Chief Financial Officer & Executive Director of NWR

- Responsible for the restructuring activities within the NWR Group, finance and treasury functions
- In 2007-2008, he led the Group's bond issue and the successful IPO in London, Prague and Warsaw
- Non-Executive Director of Ferrexpo



Klaus-Dieter Ralf Beck

CEO of OKD & Executive Director of NWR

- Significant management experience from his previous jobs in prominent managerial posts in international coal companies in both Europe and the U.S.
- Expertise helped NWR achieve strong growth and opened the way to further expansion



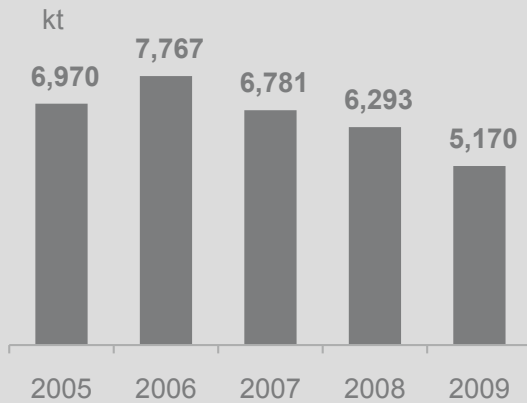
Jan Fabian

Chief Operating Officer of NWR & Vice-Chairman of OKD Board of Directors

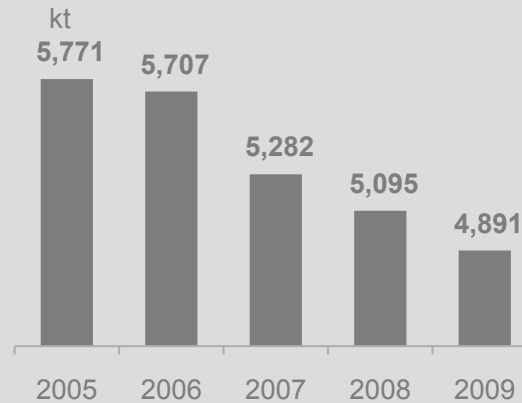
- Has overall responsibility for the operations of OKK and the Polish business operations of NWR Karbonia
- Previously managed large privatisation projects in the Czech Republic as well as Romanian steel industries
- Over 15 years experience in iron ore mining, focusing on operational efficiencies

Key historical figures

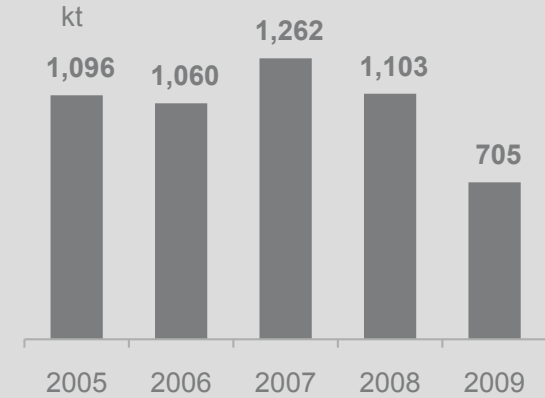
Coking coal sales
Volumes



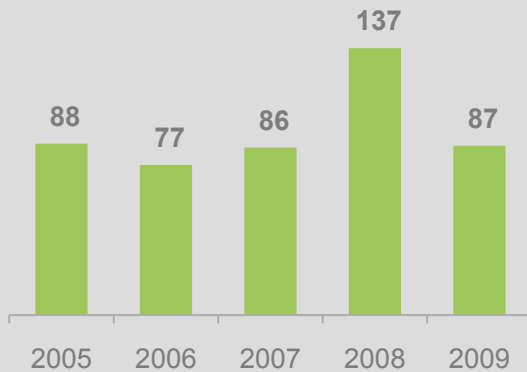
Thermal coal sales
Volumes



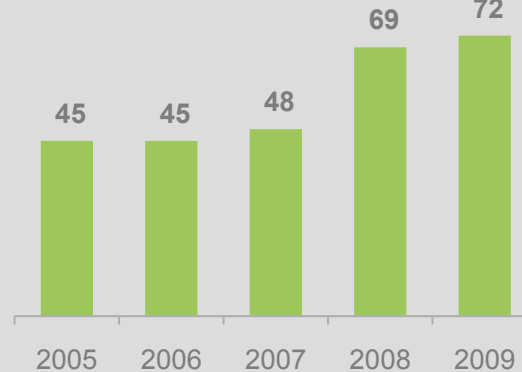
Coke sales
Volumes



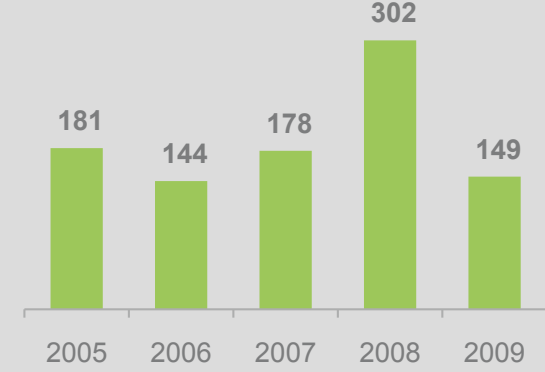
Prices
EUR/t



Prices
EUR/t



Prices
EUR/t



NWR reserve base and coal qualities

	Active Mines				Total Active	Development Debiensko	Total Active + Dev.
	Darkov	Karvina ¹	CSM	Paskov			
JORC reserves (Mt) (proven and probable)	47	101	53	27	228	190 ⁴	418
Calorific value (MJ/kg)	26.10	27.56 ²	27.40	27.55	27.22 ³		
Sulfur content	0.43%	0.44% ²	0.50%	0.61%	0.47% ³		
Swelling index	6.5	4.3 ²	7.0	8.0	5.8 ³		
% with thickness over 2.5m	63%	65%	66%	0%	57% ³		

HCC = Hard coking coal, TC = Thermal coal

¹ CSA and Lazy mines have been merged into Karvina mine.

² Average of Karvina – CSA and Lazy.

³ Reserve-weighted average of all active mines.

⁴ Probable reserves.