

# New World Resources

Goldman Sachs Emerging Markets Conference, London  
1 December 2009



## CEE's leading hard coal producer

- NWR produces quality coking coal, thermal coal and coke from assets in the Czech Republic for the steel and energy sectors in Central and Eastern Europe (CEE).
- Principal subsidiary OKD is the Czech Republic's largest hard coal mining company.
- Strategically located within CEE supplying a blue chip customer base in the region.
- Operating in the region with 215 Bnt of total coal resources.<sup>1</sup>
- Four active coal mines.
- Three ongoing development projects and other viable opportunities.
- 418 Mt of JORC<sup>2</sup> reserves.
- 12.7 Mt of total coal produced in 2008, consisting of 7.4 Mt of coking coal, and 5.1 Mt of thermal coal.
- 1.3 Mt of blast furnace and foundry coke produced in 2008.

# Top regional player

- Coal mining holding acquired from the Czech Government and from management in 2004.
- Massive restructuring aimed at focusing the Company on its core coal and coke businesses.
- Capital structure aided by an EUR 1.1 billion senior bank facility and an EUR 300 million bond.
- International management team joined to implement best practice engineering and management standards.
- In May 2008 NWR listed on the London, Prague and Warsaw Stock Exchanges.
- Aiming to become a catalyst in regional consolidation.

### Rothschild Ownership 1782-1946

- Coal and steel conglomerate owned by the Rothschild family

### Nationalisation 1946-1994

- Nationalisation
- Creation of state champion

### Privatisation 1994-2004

- Privatisation and restructuring by Karbon Invest

### Asset consolidation 2004-2007

- Acquisition and restructuring by RPG Group
- Creation of NWR

### Global Offering 2007-2008

- Bond issue
- Prague, London and Warsaw listings

## Ambitious growth strategy

- Improve efficiency and profitability of our mining operations.
  - Investing in state-of-the-art equipment and technology.
  - Consolidating procurement efforts.
  - Enhancing operational efficiency through maintaining efficient cost structures.
- Strengthen reserve base from existing mines.
- Actively pursue regional growth opportunities.
- Maintain a strong health and safety record.
- Implement international best practices in our corporate governance.

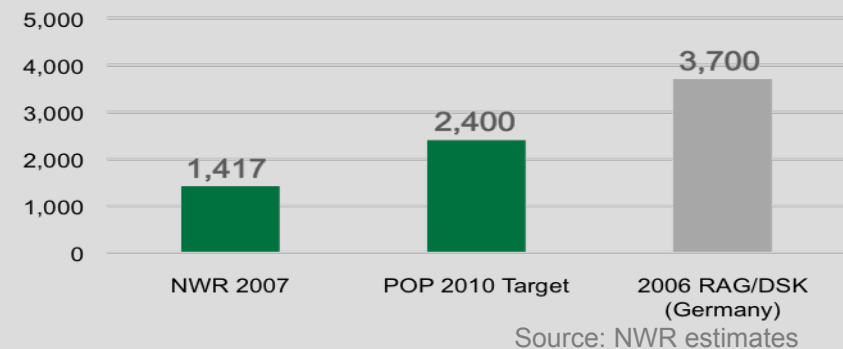
# Increasing efficiency in current operations

## Productivity Optimisation Programme POP 2010

- Acquisition of 10 sets of new longwall mining equipment and 12 sets of gateroad development equipment; state-of-the-art new technology.
- Maintain current levels of production.
- Improve safety and reliability.
- Estimated cost reductions:
  - 10% of labour costs,
  - 20% of maintenance costs, and
  - 4% of other operating and energy costs.
- Total investment of EUR 330 million.
- Total of eight new longwalls fully operational. Next longwall expected to start operation at the end of December 09.
- Three longwalls of Phase I already moved to new coal panels.
- EUR 141 million ECA<sup>1</sup> loan agreement for financing of Phase II.

New World Resources N.V.

## Productivity per Longwall Face and day (t)



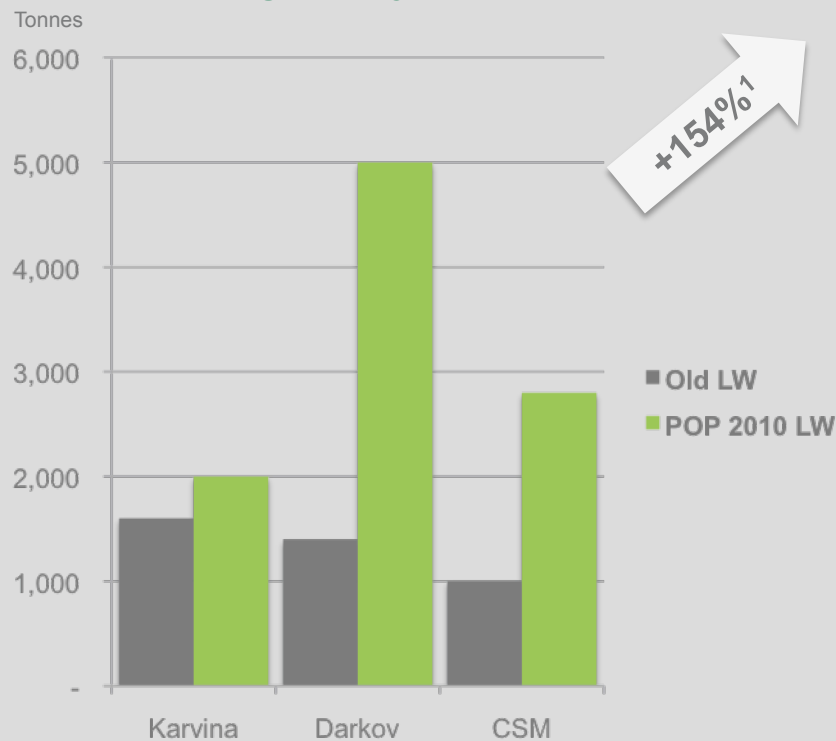
## COP 2010

- Centralisation and modernisation of NWR's coking operations.
- Refurbishment of Svoboda coke plant battery No. 8 continues as planned. Completion planned for 2010.
- Construction of coking battery No. 10 at Svoboda plant to be completed by the end of 2010 providing additional 200kt of coke capacity.

<sup>1</sup>Export Credit Agency

# POP 2010 achieved efficiencies

**9M 09 average daily production at LW**



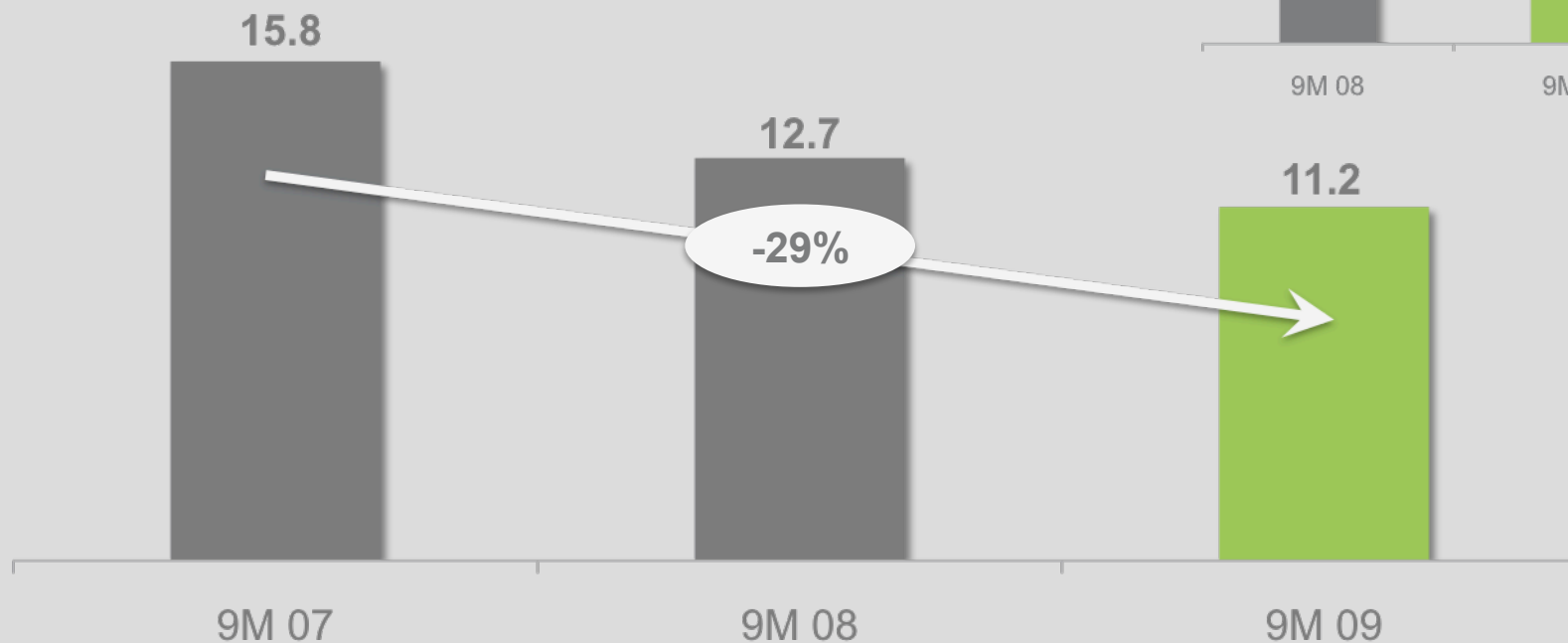
**9M 09 average daily output per manshift**



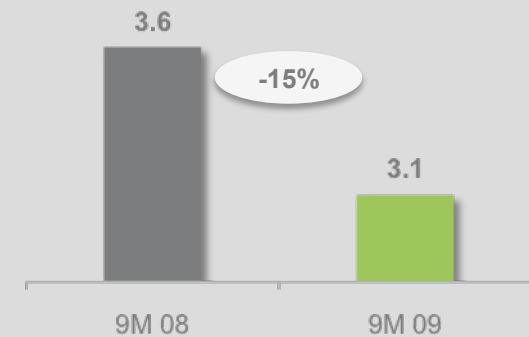
<sup>1</sup> Unweighted average growth across Karvina, Darkov, and CSM mines.

# Health & Safety

**Mining lost time injury frequency rate<sup>1</sup> (OKD)**



**Coking lost time injury frequency rate<sup>1</sup> (OKK)**



- LTIFR at POP 2010 coal faces down 60% compared to other coal faces.

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

# Regional growth strategy

## Debiensko

- 50-year mining licence granted in June 2008 to NWR's wholly-owned Polish subsidiary, Karbonia PL.
- Feasibility study on the development of 190 Mt of coking coal reserves completed.
- Technical and economic outcomes of the study now being analysed internally.
- Alternative development plan including extension of the mining license to shallower coal seams under consideration

## M&A

- Major opportunities for regional expansion in Poland (14 Bnt of reserves) and Ukraine (34 Bnt of reserves).<sup>1</sup>

## Morcinek

- Letter of intent signed with Jastrzebska Spolka Weglowa.
- Cross-border mining treaty signed by the Czech and Polish ministries in August 2008.
- Legal framework in place to enable the project to move forward.
- Both companies assessing scope and nature of the geological and pre-feasibility work required to proceed with the project.



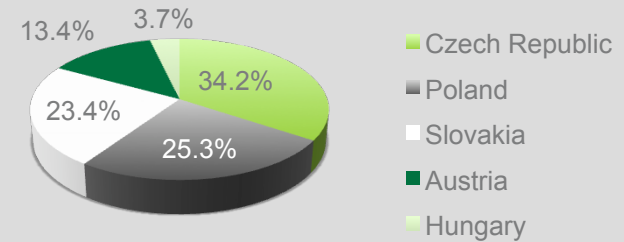
# NWR's regional market

- NWR
- Coking coal customers
- Coke customers
- Thermal coal customers



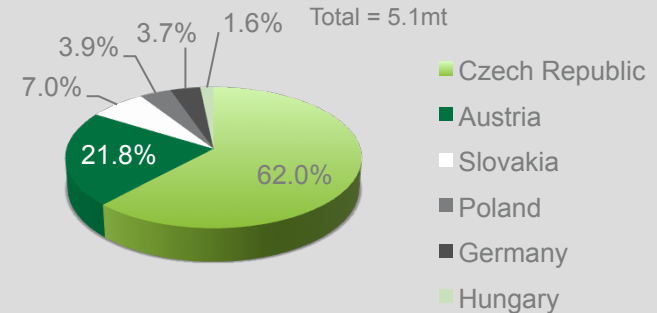
**NWR Coking coal sales 2008**

Total = 6.3mt



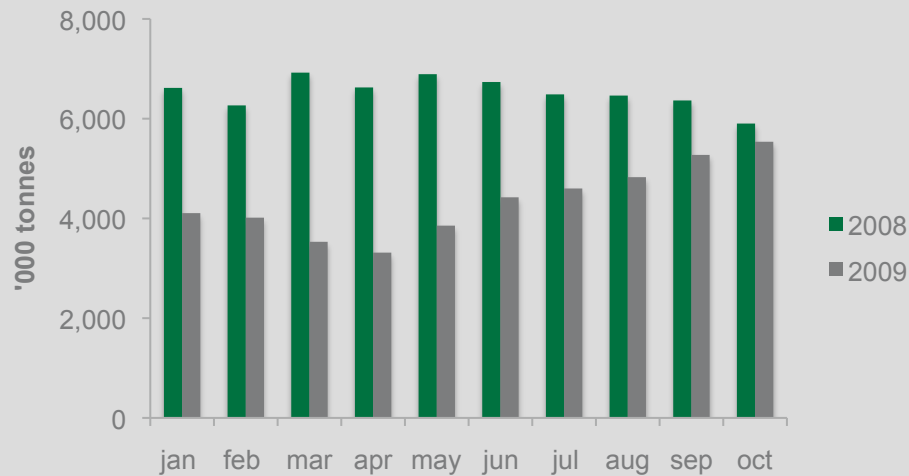
**NWR Thermal coal sales 2008**

Total = 5.1mt



# Crude steel production trends

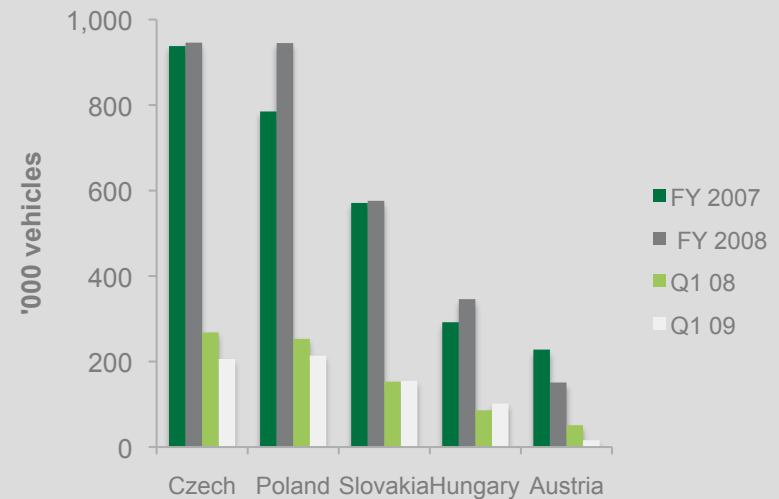
**Steel Production in NWR's Customer Markets**



Source: International Iron and Steel Institute

Countries included: Czech Republic, Slovakia, Poland Germany, Austria

**Motor Vehicle Production in Region**

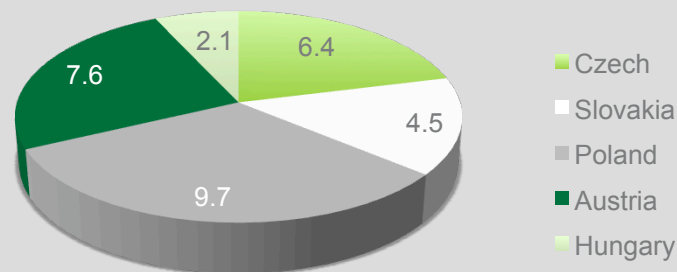


Source: ACEA

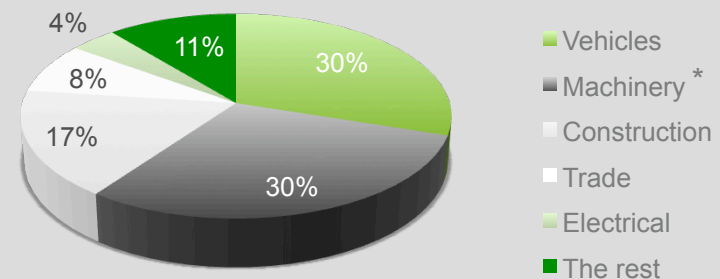
- Although steel production in NWR's main customer markets increased by 67% in the April-October period, 9M production remained 36% below 9M 2008 levels
- The world steel association expects the EU-27 apparent steel use to fall by 32.6% for the full year 2009 with a recovery in growth of 12.5% in 2010
- Motor vehicle production in the region has been boosted by various government sponsored scrappage schemes

# Steel production & consumption in CEE

Steel production in 2008, mt



CEE steel consumption by sector

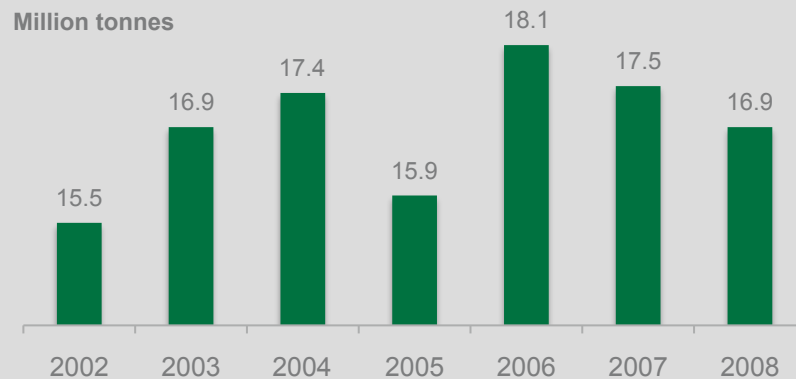


*\*partly includes auto industry through heavy vehicles*

In the Czech Republic steel consumption is more heavily weighted towards automotive and machinery

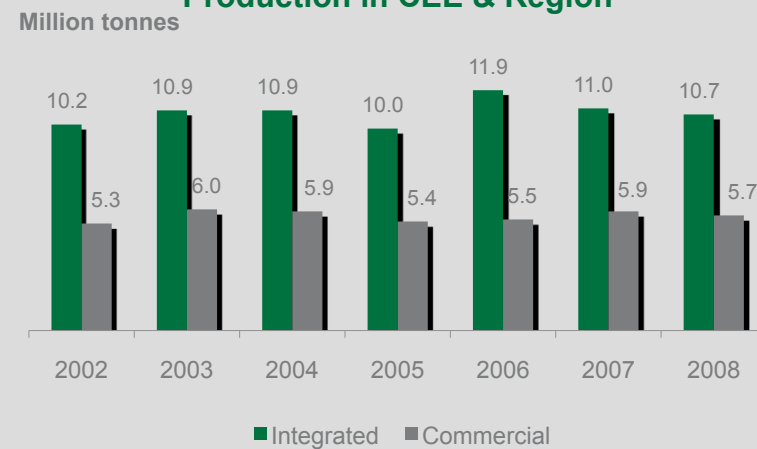
# Coke production

**CEE Coke Production Trend**



Source: NWR Estimates

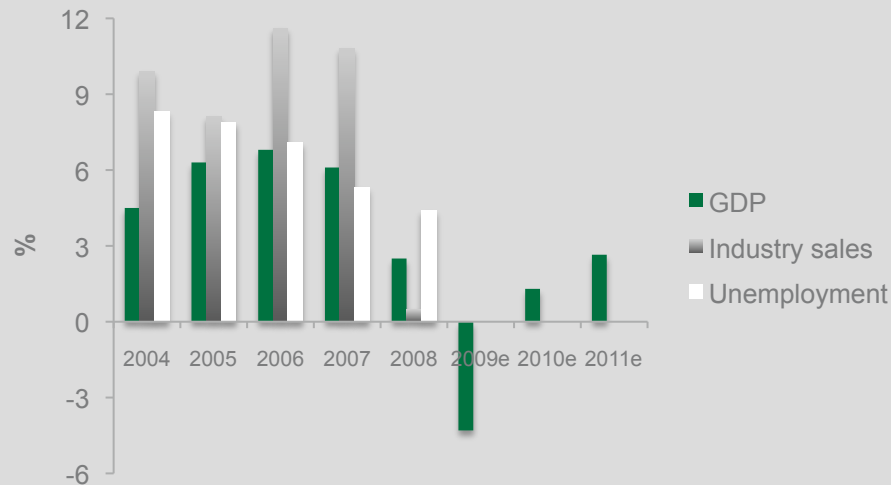
**Integrated V's Commercial Coke Production in CEE & Region**



- NWR produced 7.2% of the total coke production in the region in 2008
- The coke supply/demand balance in the CEE region is much more volatile since there are few producers operating some very out dated batteries
- Historically there has always been more coke production in the CEE and the surrounding region by the integrated steel mills such as ArcelorMittal compared to the commercial plants such as NWR
- As a result of the economic crisis, up to 2 million tonnes of coke production have been permanently lost to date in the CEE due to the fall in demand which could create very tight supply conditions when demand recovers

# Macro economics of the region

**Czech Macro Indicators**



**GDP in Customer Markets**



Source: Bloomberg, Czech Statistics Office

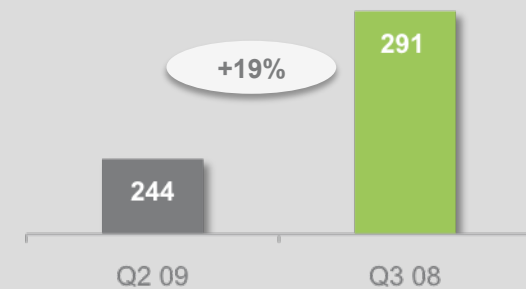
- The Czech Republic, as part of an emerging economic region, has seen higher than average growth in the EU in the last number of years and is expected to recover from the recession with stronger growth than more developed European economies
- NWR's customer markets have been hit hard by the economic downturn but current forecasts predict a return to growth in Q4 09 and for the full year 2010

## Highlights Q3 vs.Q2

- Continued quarter on quarter recovery in sales and earnings in Q3.
- EBITDA of EUR 35mIn, up 79%.
- Consolidated revenues of EUR 291mIn, up 19%.
- Coal and coke production up 5% and 14% respectively.
- Coal and coke sales up 25% and 6% respectively.
- Coal and coke inventory down 35% and 10% respectively.
- Main operating costs remained flat.
- Positive net operating cash flow of EUR 46mIn.
- Unrestricted cash of EUR 433mIn.
- POP 2010 Phase II proceeding to plan and delivering results as expected.

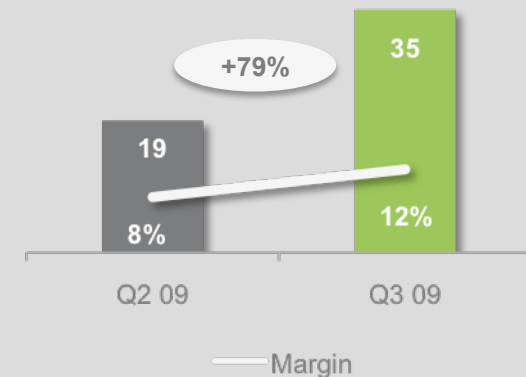
### Revenues

EUR mln



### EBITDA

EUR mln

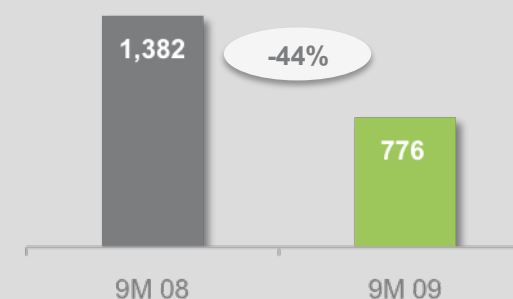


## Highlights 9M

- Results for nine months ended September 2009 reflect significantly lower coal and coke prices and volumes.
- Consolidated revenues of EUR 776mIn.
- EBITDA of EUR 111mIn.
- Coal and coke production of 8Mt and 591kt respectively.
- Total external coal sales of 6.9Mt and 498kt of coke.
- Main operating costs remain under tight control, down 23%.
- Mining cash cost per tonne flat year-on-year at EUR 74 despite lower production volumes.
- Positive net operating cash flow of EUR 19mIn.
- Continued improvement in safety with LTIFR in mining operations down 12%.

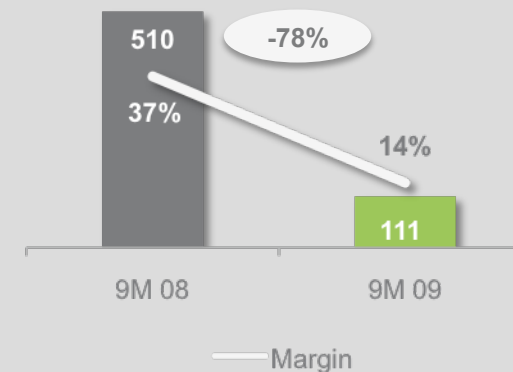
### Revenues

EUR mln



### EBITDA

EUR mln

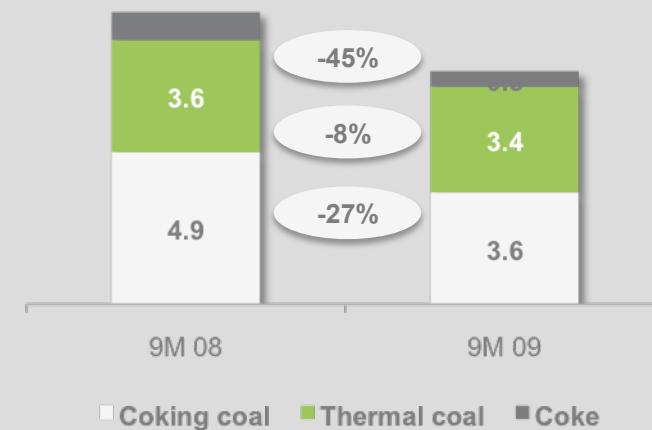


# Operations

	9M/9M	Q3/Q2
Coal Production	(15%)	+5%
Coal Sales	(19%)	+25%
Coal inventories (eop)	+343%	(35%)
Coke Production	(40%)	+14%
Coke Sales	(45%)	+6%
Coke inventories (eop)	+400%	(10%)

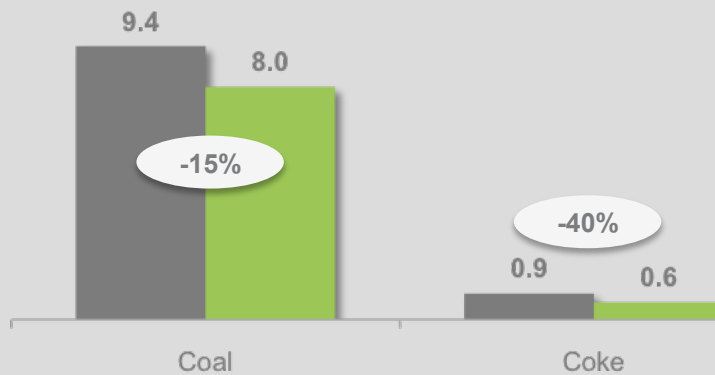
## Sales

Mt



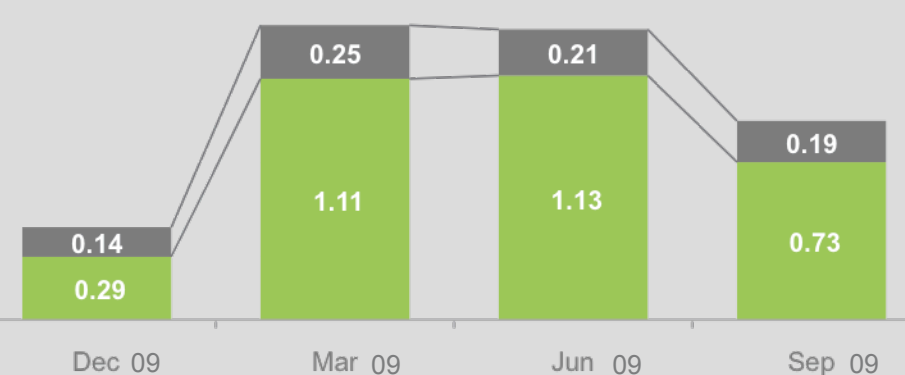
## Production

Mt



## Inventories

Mt





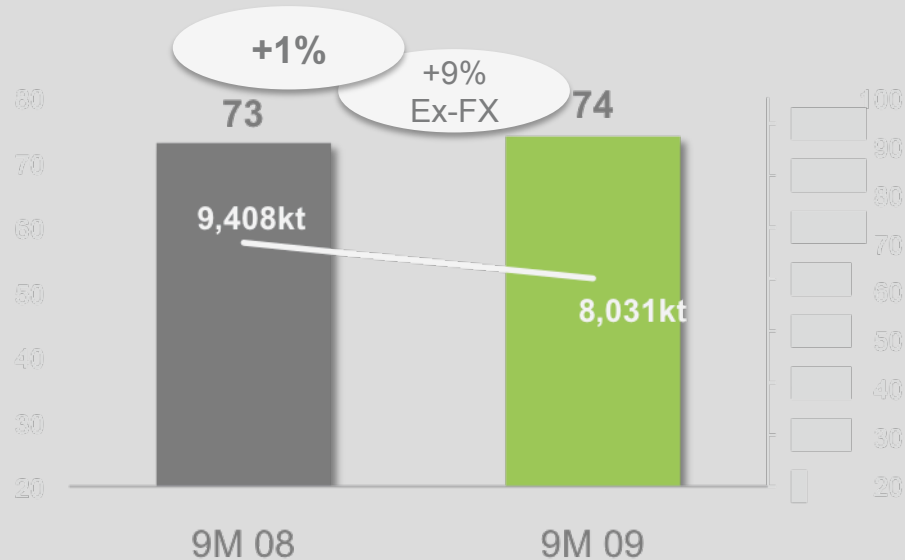
## Key financials

EUR mln	9M 09	9M 08	Q3 09	Q2 09
Revenues	776 ↓	1,382	291 ↑	244
EBITDA	111 ↓	510	35 ↑	19
<i>Margin</i>	14% ↓	37%	12% ↑	8%
Operating profit	(10) ↓	385	(10) ↑	(17)
<i>Margin</i>	(1%) ↓	28%	(4%) ↑	(7%)
Net profit	(69) ↓	259	(28) ↑	(39)
Operating CF	19 ↓	359	46 ↑	(26)
Average CZK/EUR	26.6 ↑	24.8	25.6 ↑	24.8

# Cash costs per tonne

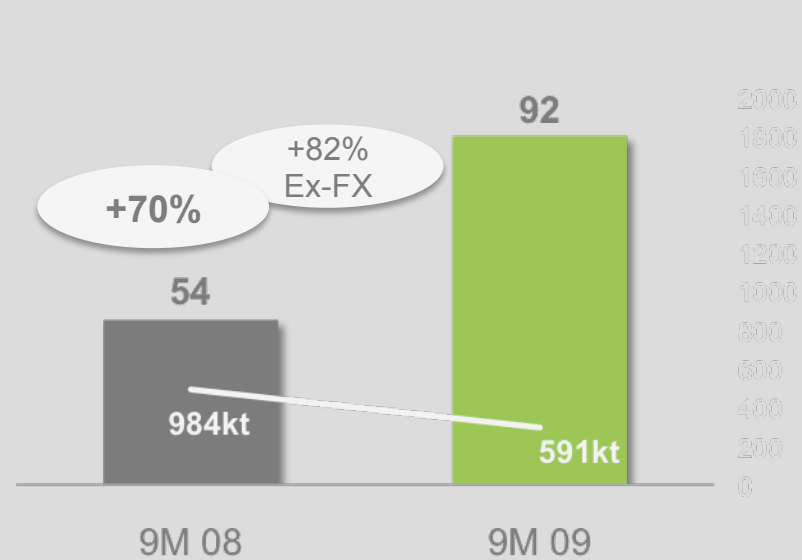
## Coal mining (OKD)

EUR



## Coke conversion (OKK)

EUR



- Despite 15% decrease in production, mining unit cash costs remained flat due to stringent cost cutting measures and FX benefit.
- Increase in coke unit cash costs is due to significantly lower production and one off costs of ca EUR 7mln related to the shutdown of one coking battery at Sverma coking plant.

## FY 2009 Outlook

### Production

- Production target increased by 0.5Mt to 11Mt of coal reflecting improved sales and decreasing inventories.
- Coke production target increased by 130kt to 840kt.

### Sales volumes

- Q4 sales in line or above Q3 levels of 2.7Mt of coal and 203kt of coke, depending on market conditions.

### Prices

- FY 09 average prices in line or slightly below guidance.
- Coke prices subject to market conditions.

### Costs

- Continuing strict OPEX and CAPEX management.
- Risk of further CZK strengthening.

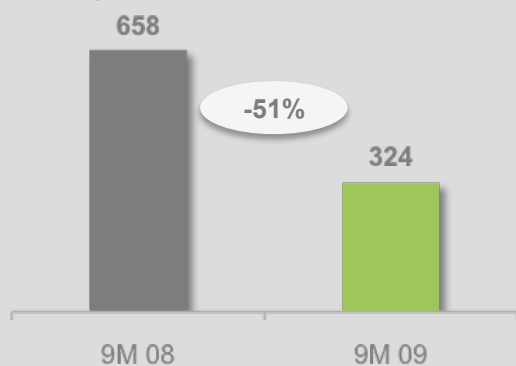
# Appendix



# Coal and coke revenues

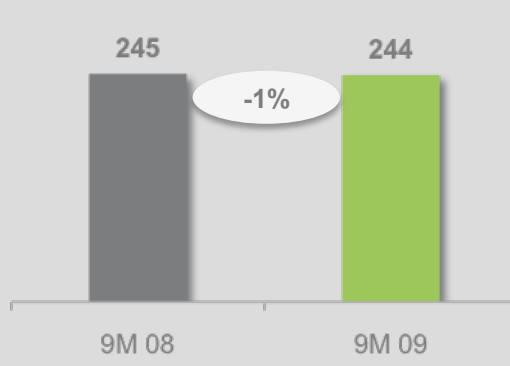
## Coking coal Revenues

EUR mln



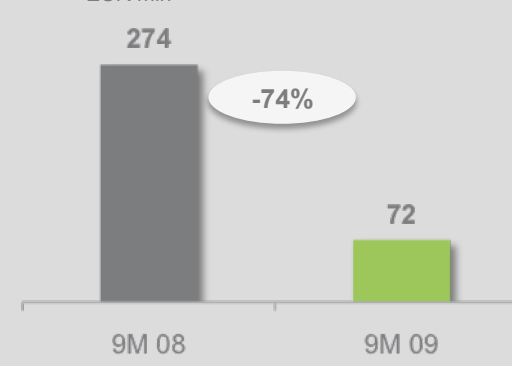
## Thermal coal Revenues

EUR mln

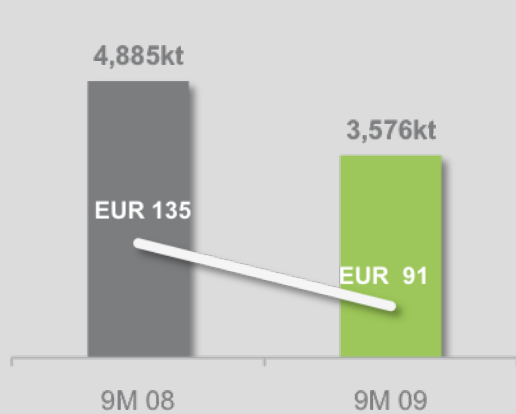


## Coke Revenues

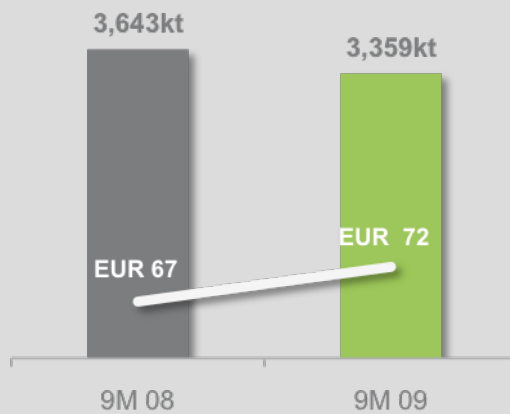
EUR mln



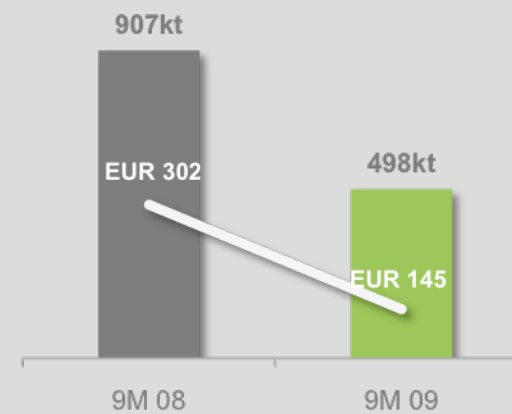
## Volumes and prices



## Volumes and prices

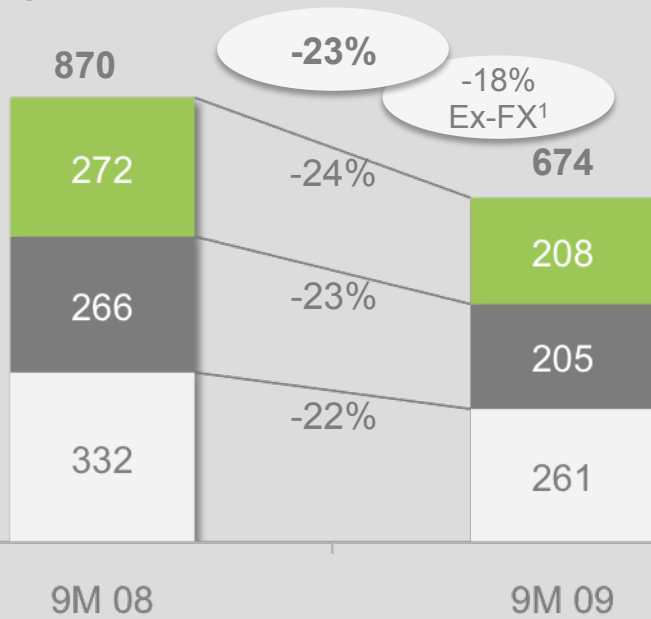


## Volumes and prices

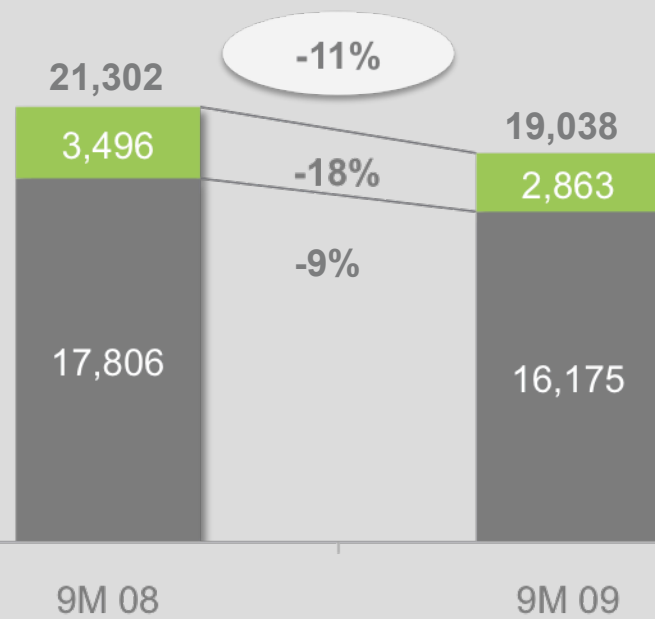


# Operating costs

**Costs**  
EUR mln



**Average headcount**



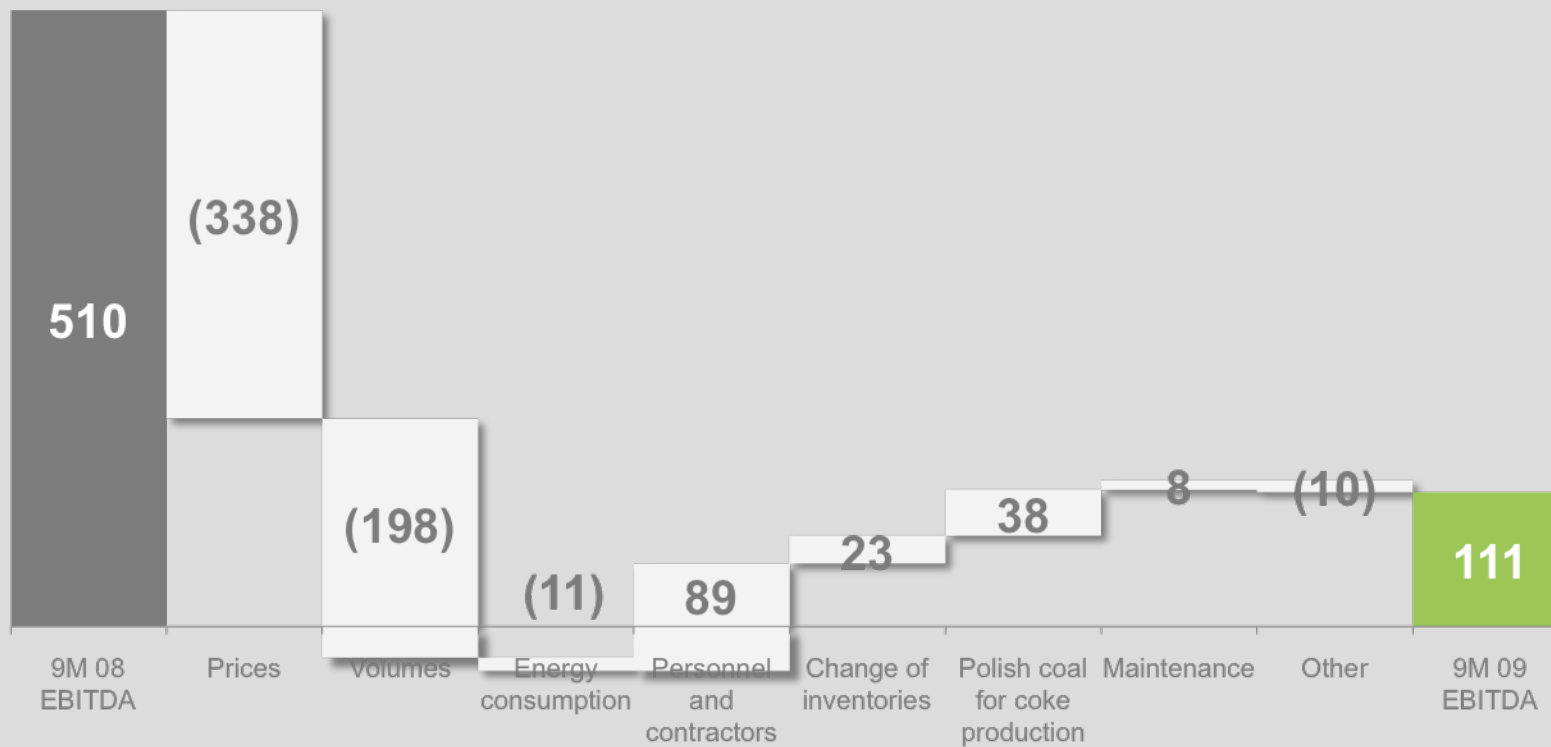
Personnel
  Services
  Material and energy

Own staff
  Contractors

<sup>1</sup> Constant foreign exchange rate.

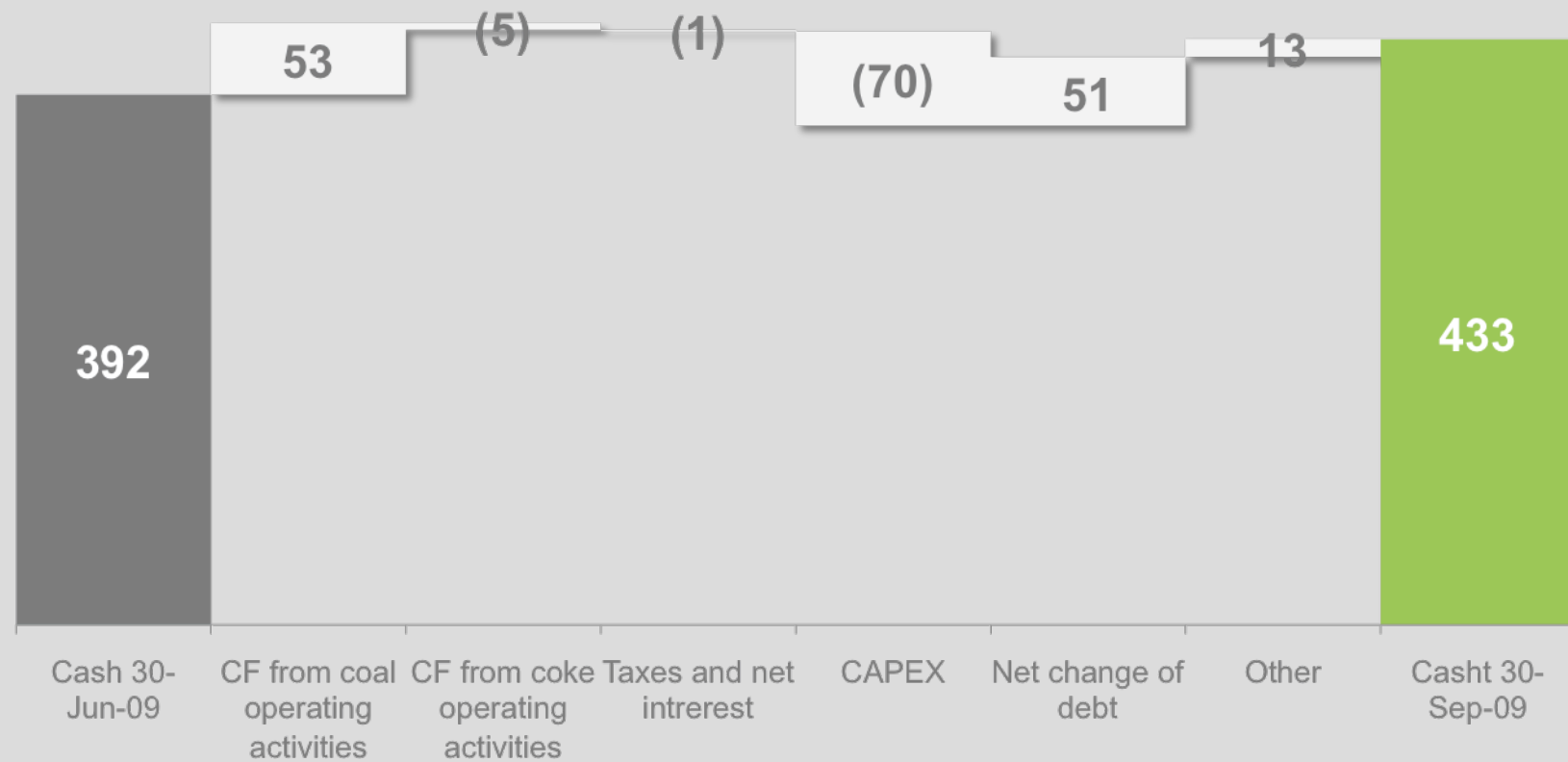
# EBITDA

EUR mln



# Cash

EUR mln





# Annual financial and operating data overview

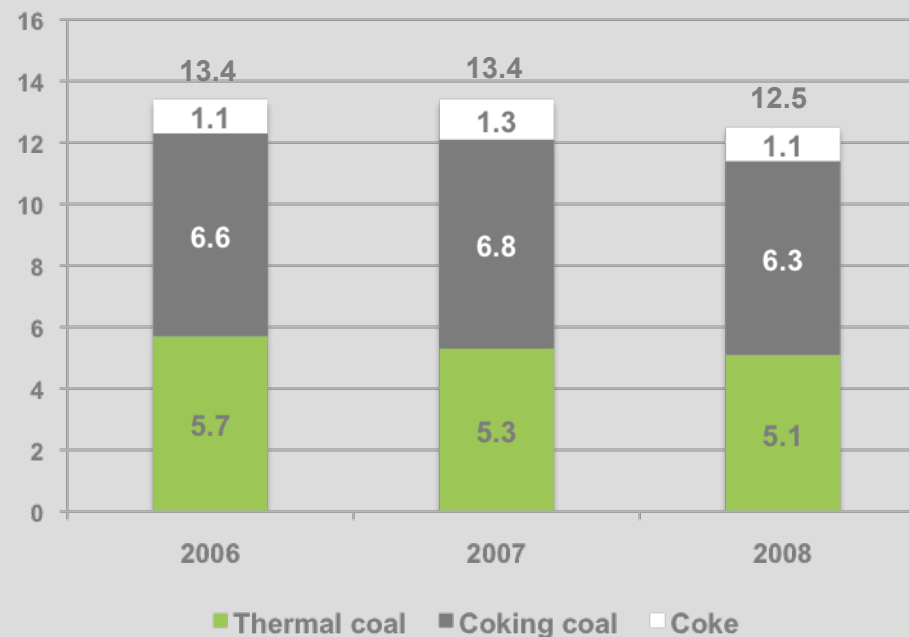
## Financial Highlights<sup>1</sup>

EUR mln

	2006	2007	2008
Revenues	1,235	1,367	2,041
EBITDA	283	351	697
Margin	23%	26%	34%
Net income	100	196	352
Margin	8%	14%	17%

## Sales Highlights

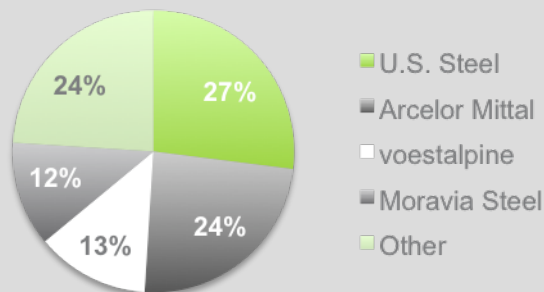
Mt



## Servicing a blue chip customer base

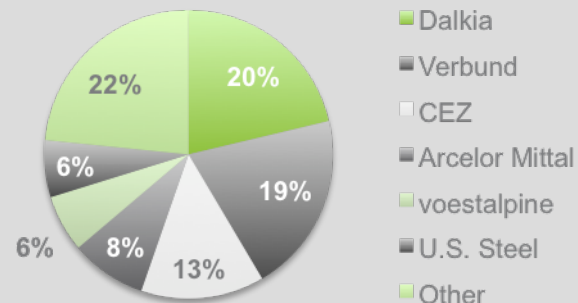
- Long-term relationships with blue chip customers governed by long-term framework agreements.
- Ability to serve customer base efficiently supported by good logistic links to all customers.
- Customer production facilities configured for the Company's coal specifications.

### Coking coal customers

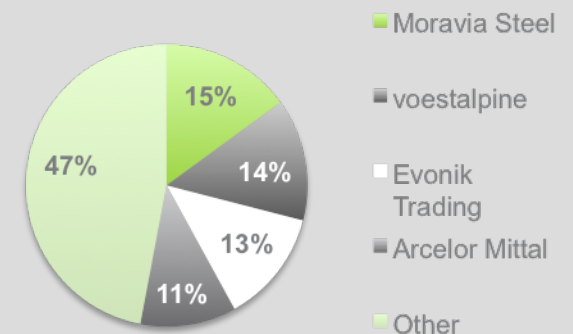


*As a percentage of 2008 revenues*

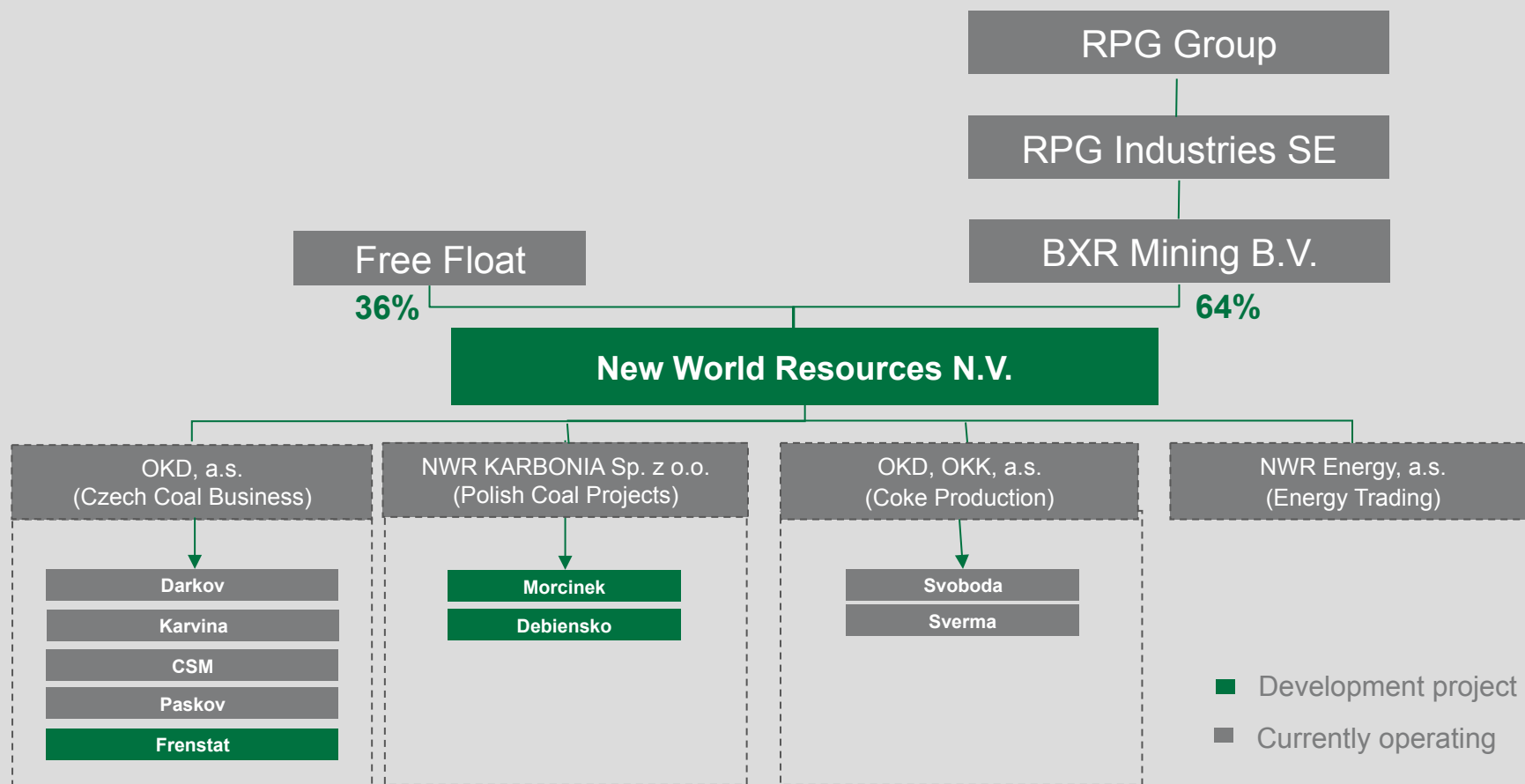
### Thermal coal customers



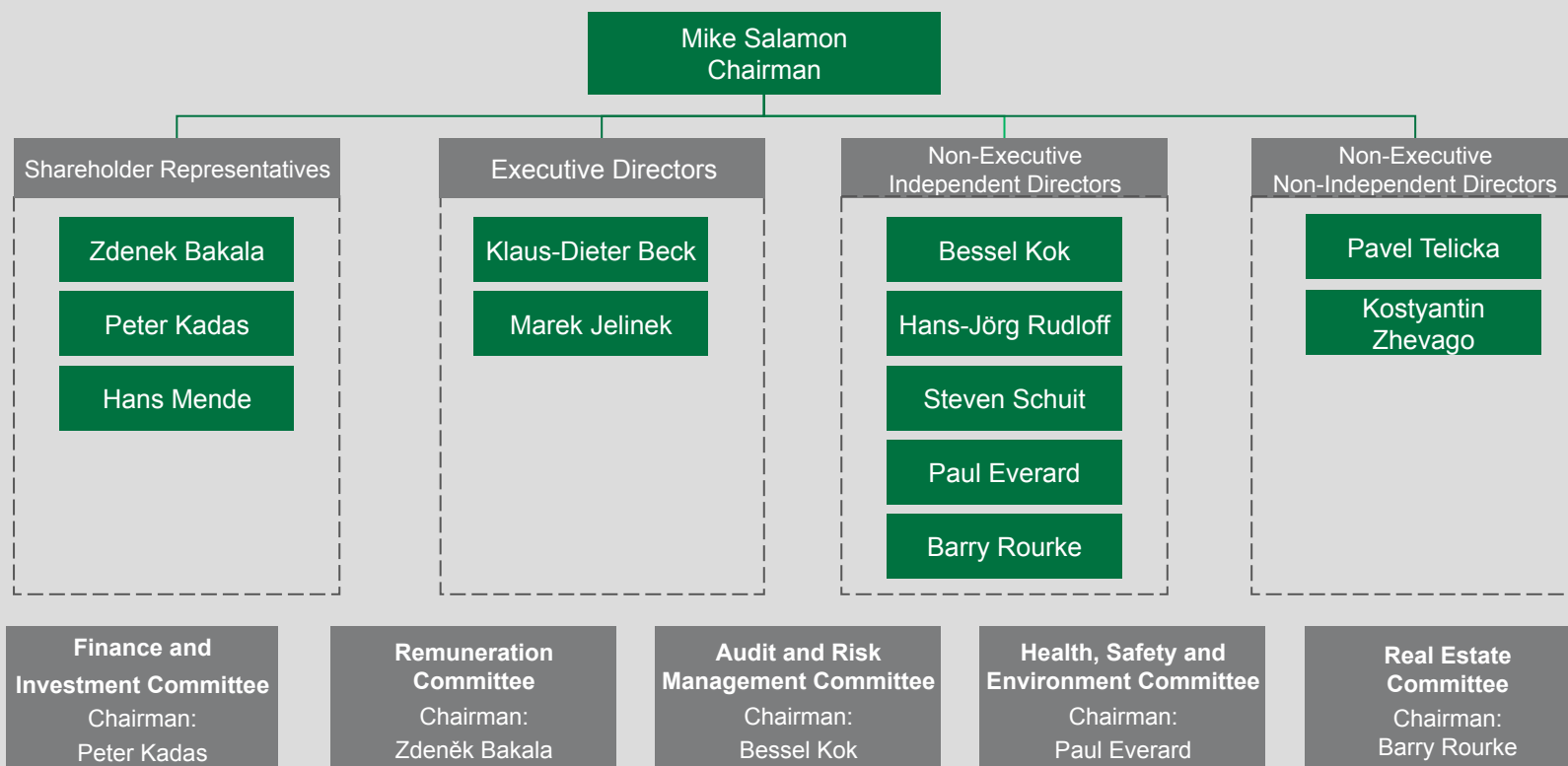
### Coke customers



# Shareholder & Company structure



# Corporate governance structure



## Experienced senior management



**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 plc
- 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*

- Non-Executive Director of Ferrexpo plc
- 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



**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 the Company achieve strong growth and opened the way to further expansion



**Jan Fabian**  
*Chief Operating Officer of NWR & Member of OKD Board of Directors*

- Has overall responsibility for the operations of OKK and the Polish business operations of KARBONIA PL
- Previously he managed large privatisation projects in the Czech as well as Romanian steel industries

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