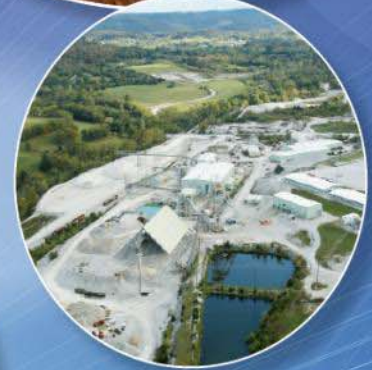


# On track to deliver

## Half Year Results 2009

26 August 2009



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# Half Year Results 2009

Roland Junck, Chief Executive Officer

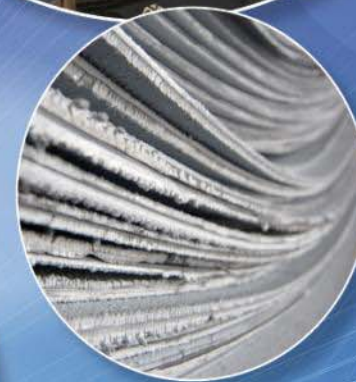


## > Highlights

Financial Results

Operating Results

Strategy, Outlook & Summary



# Highlights

## I **SOLID FINANCIAL PERFORMANCE IN CHALLENGING CONDITIONS**

- I Underlying EBITDA of €30 million for H1 2009
- I Net cash €158 million at 30 June (excluding convertible bond)

## I **ON TRACK TO DELIVER TRANSFORMATIONAL CHANGES**

- I Sustainable annual cost savings target increased from €50 million to €75 million by end 2010
- I On track to reduce by 500 employees and contractors by end 2010 (reduced by 300 in H1 2009)
- I Underlying operating costs reduced from €576/tonne in 2008 to €527/tonne in H1 2009 (targeting €500/t for 2009)

## I **PRODUCTION RESPONSES TO MARKET CONDITIONS**

- I Zinc production down 26% to 381,000 tonnes in line with previous announcements
- I Full production resumed at Clarksville and Budel, Balen remains on standby

## I **STRATEGY AND OUTLOOK**

- I Clear strategic direction
- I Fundamental outlook is positive



# Half Year Results 2009

Heinz Eigner, Chief Financial Officer

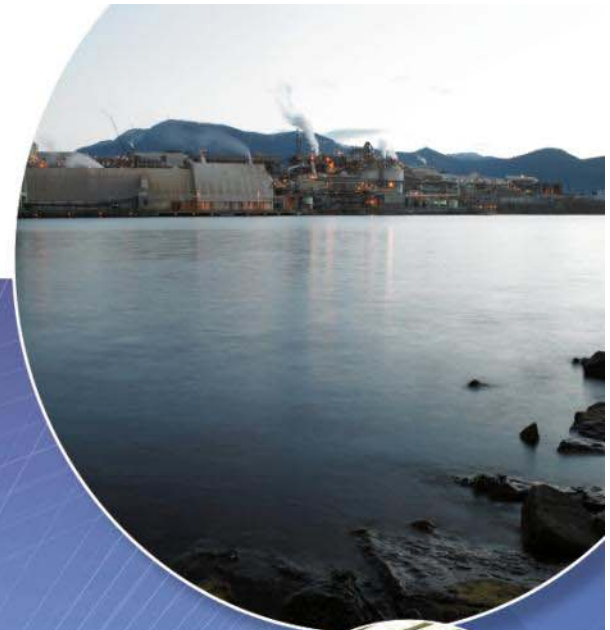


Highlights

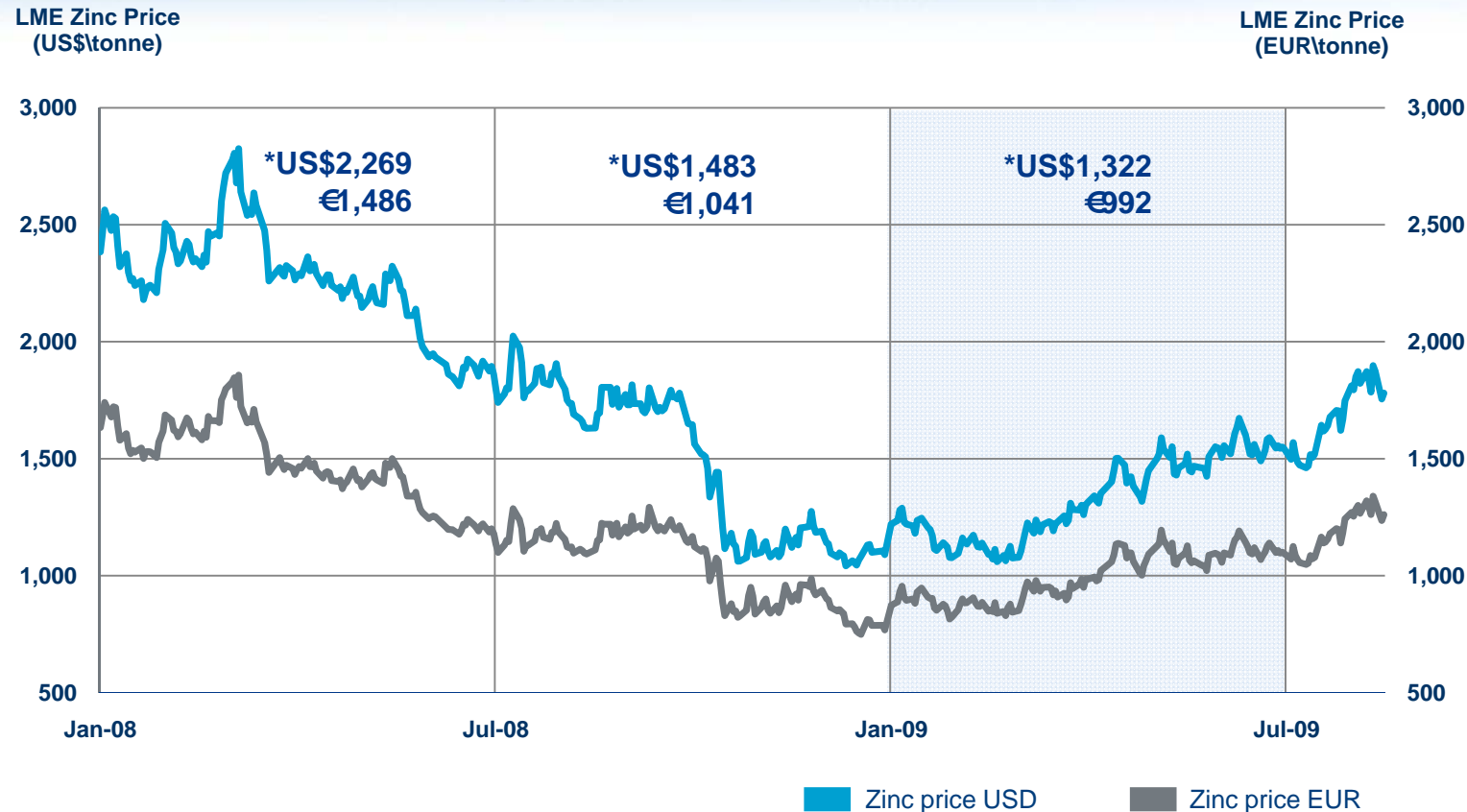
> **Financial Results**

Operating Results

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# Challenging market conditions



■ Average LME zinc price down 11% on H2 2008 to US\$1,322/t

# Solid financial performance

- Despite challenging market conditions, strong cost management resulted in a positive EBITDA of €30 million

€ millions*	H2 2008	H1 2009	% Var
Revenue	1,002	712	-29%
Gross Profit	420	283	-33%
Operating Costs	376	254	-32%
EBITDA	47	30	-36%

# Strong cash flow

- Achieved positive operating cash flow of €47 million despite rising metal prices

## Working Capital Management

- Net working capital reduction due to:
  - Reduced inventories due to inventory management
  - Improved credit terms under the off-take agreement

## Capital Expenditure

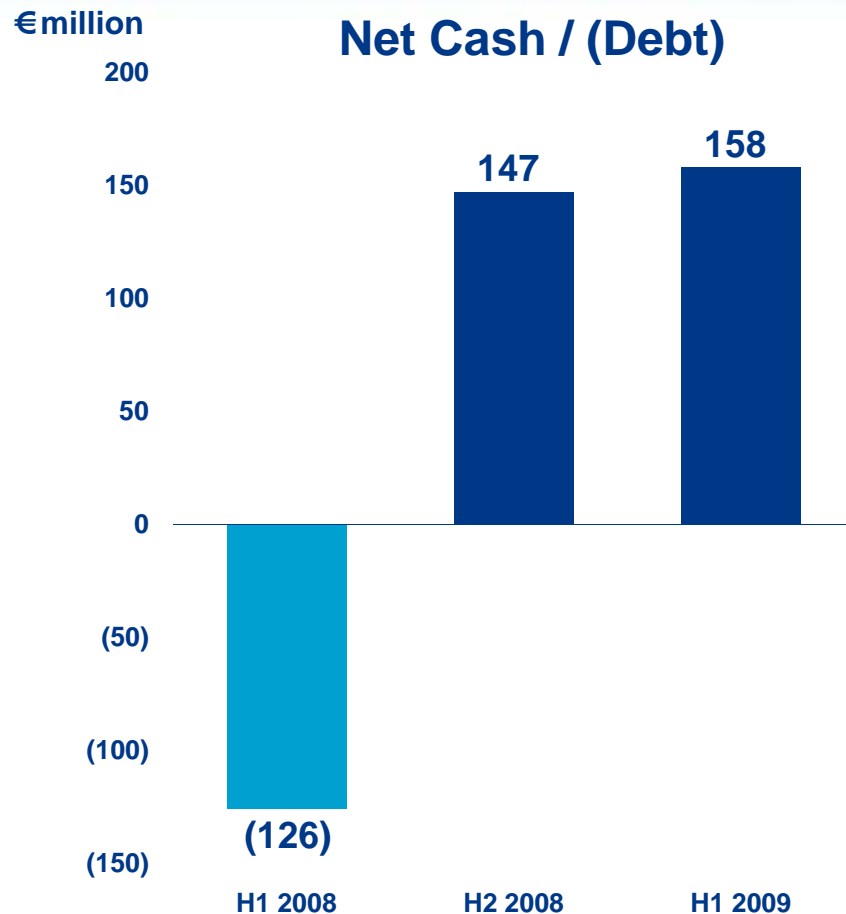
- €23 million for existing operations
  - Continuing to target €65 million for 2009

## Acquisitions

- €9 million for acquisition of Gordonsville mine
  - Comprising €14 million assets and €5 million provisions



# Strong financial position



- Practically debt free at 30 June
- Trading comfortably within debt financing covenants
- €350 million revolving credit facility available
  - Reduces to €150 million in Dec 2009
- €120 million raised through convertible bond in July

# Half Year Results 2009

Greg McMillan, Chief Operating Officer

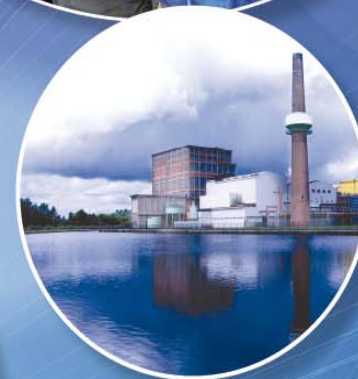


Highlights

Financial Results

**> Operating Results**

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# Transformational changes

- Significant progress in pursuing transformational changes to create a lean, efficient, dynamic and flexible business focused on creating value

On track to deliver cost savings

- On track to deliver sustainable annual cost savings of **€75 million by end 2010**
  - Increased from €50 million
  - Comprising €30 million employee costs, €45 million other costs

On track to reduce head count

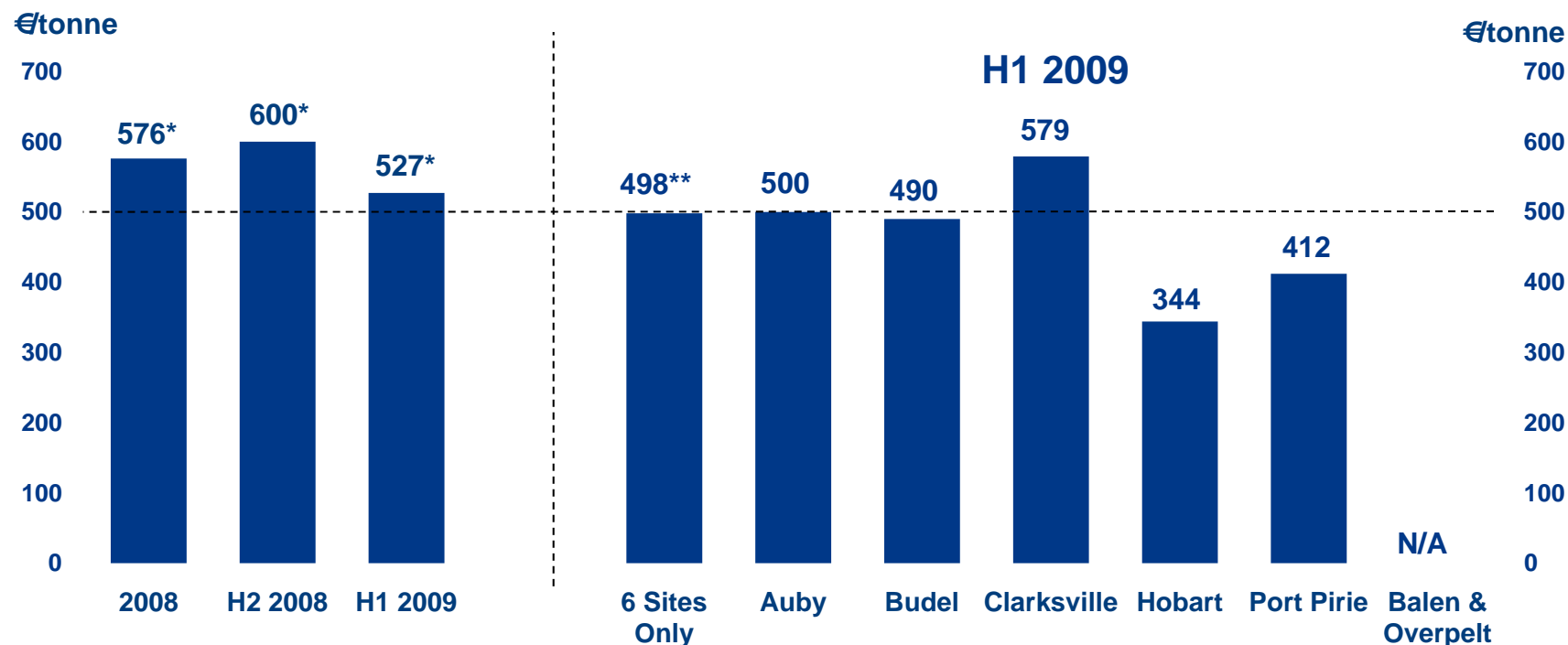
- On track to reduce headcount by **500 (15%) by end 2010**
  - 300 in H1 2009

Timing

- All initiatives to be completed by end 2010
  - Once-off restructuring costs fully provisioned, with €24 million in 2008 and €16 million in H1 2009

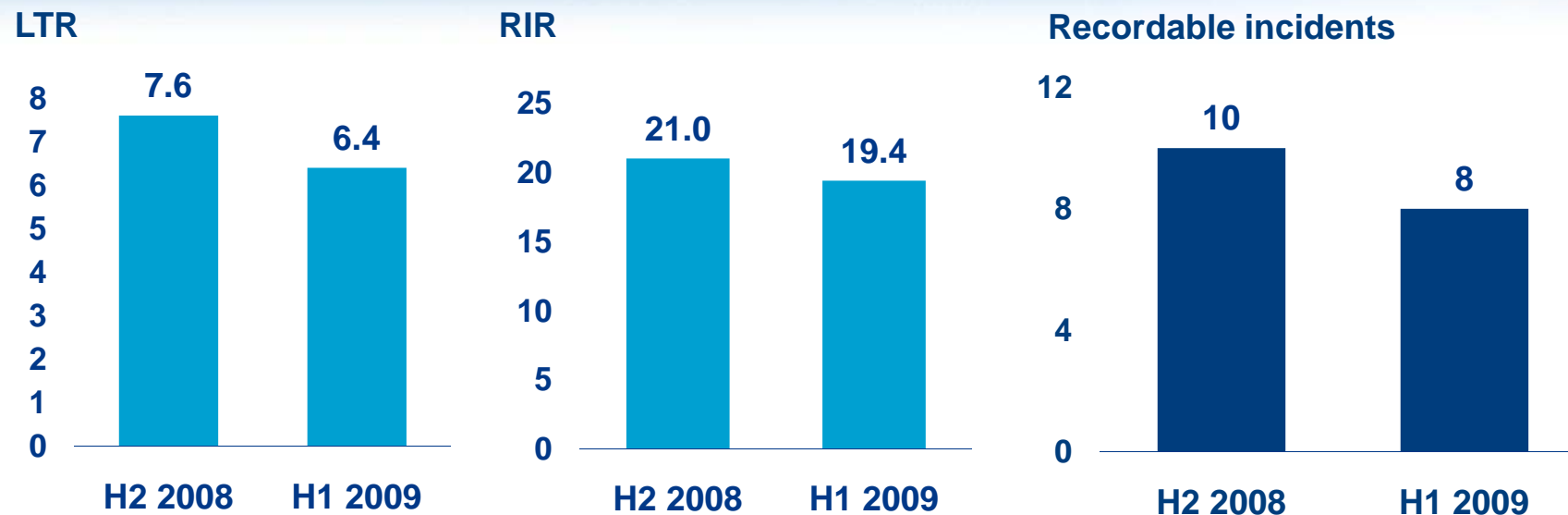


# Operating costs per tonne 2009



- Operating costs reduced by 9% to €527/t in H1 2009 from €576/t in 2008, and expected to reduce further (targeting €500/t in 2009)

# Safety, Health and Environment



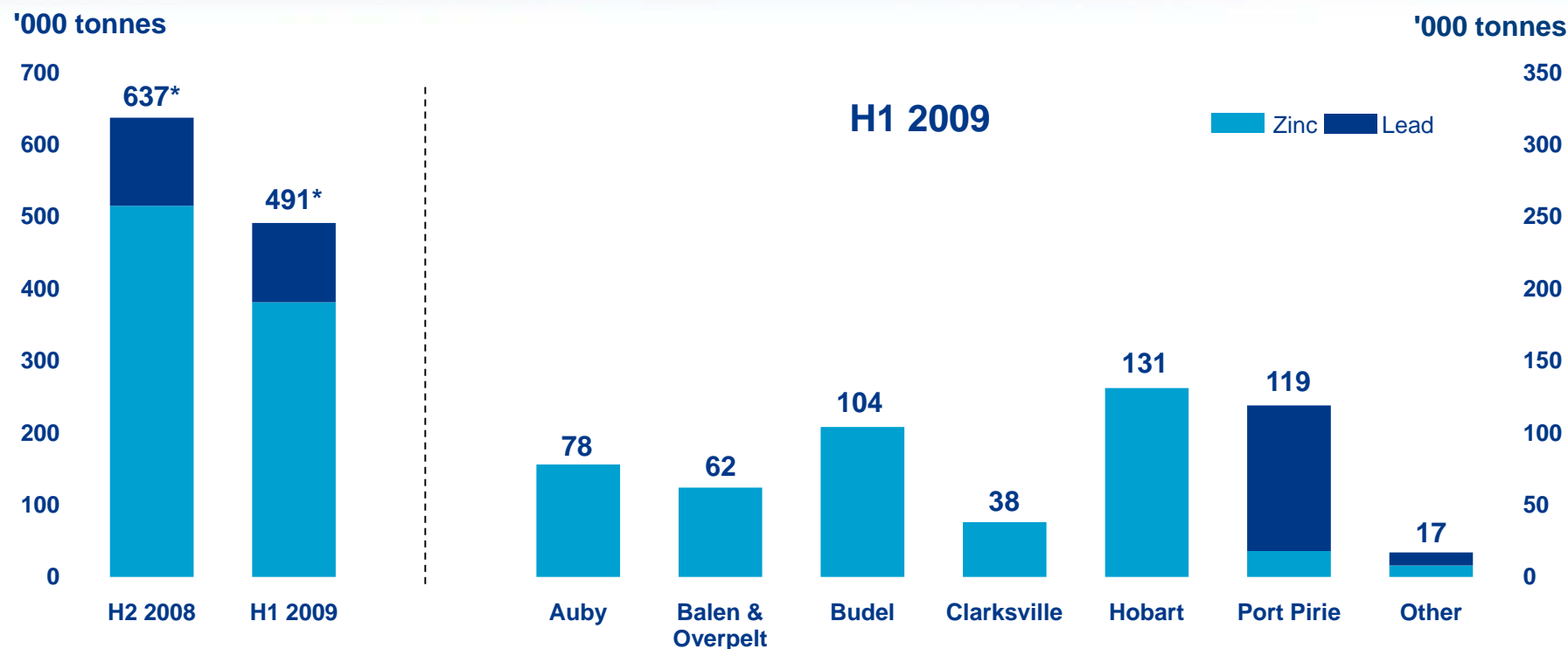
## Safety

- LTR\* reduced by 16%, RIR\* reduced by 8%

## Environment

- Recordable incidents reduced by 20% from 10 to 8, all minor
- Continued focus on reducing emissions and historical contamination

# Production responding to market conditions



- Full production resumed at Clarksville and Budel in July
- Balen remains on care and maintenance - a decision regarding the re-start of the site is expected to be made in September



# Half Year Results 2009

Roland Junck, Chief Executive Officer

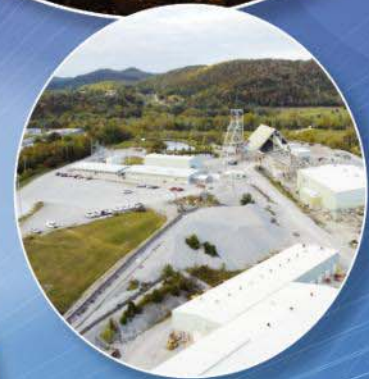


Highlights

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**> Strategy, Outlook & Summary**



# Resources for a changing world

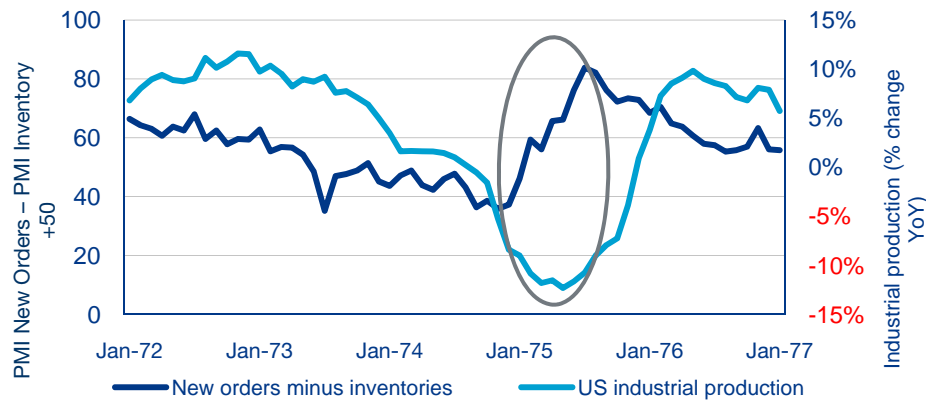


- I Gordonsville zinc mine complex acquired in May 2009

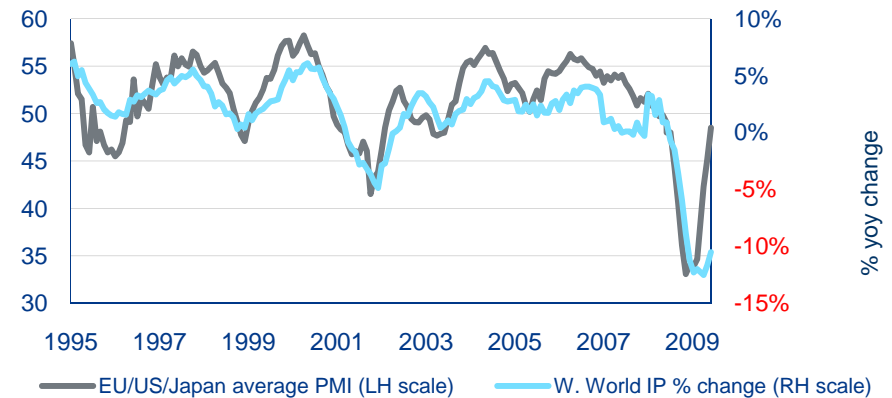
- I New strategy announced in June 2009
- I Improve and expand our existing business, whilst selectively pursuing opportunities in mining
  - I Our goal is that smelting and mining will both provide significant contributions to our earnings
- I Actively exploring a number of opportunities
  - I Dedicated M&A team
  - I Stringent investment criteria
  - I Broad range of potential targets

# Lead indicators continue to indicate a positive outlook for resources

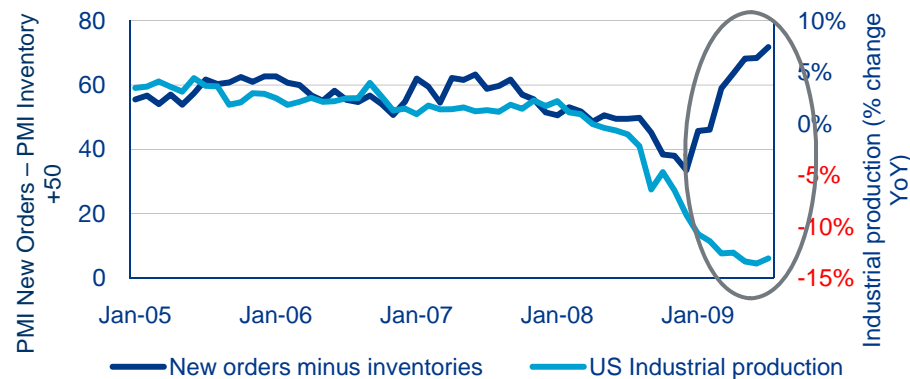
**New orders led the production recovery in 1975**



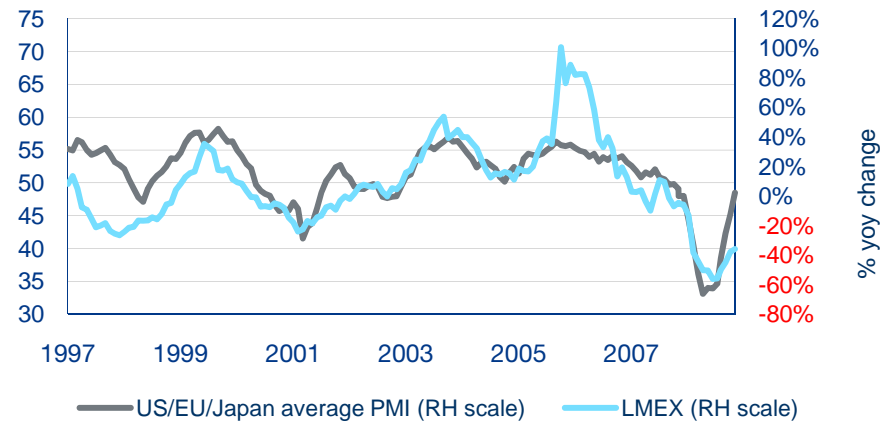
**PMIs are correlated with industrial production...**



**Rising new orders often precedes a recovery in industrial production**



**...As well as metals prices**



Source: Ecwin, ISM, August 2009



# H2 2009 Outlook

- | Whilst we expect to benefit from improved metal prices and re-structuring initiatives, H2 2009 is expected to be impacted by lagging consequences of the global economic crisis
- | We expect H2 2009 financial performance to be impacted by:
  - | Reduced acid prices due to Hobart contract renegotiation
  - | Reduced premiums as H1 2009 benefits from carryover 2008 terms
  - | Lower treatment charge terms as H1 2009 benefited from carryover 2008 TC terms
  - | Exposure to adverse movements in AUD and USD relative to EUR

# Summary

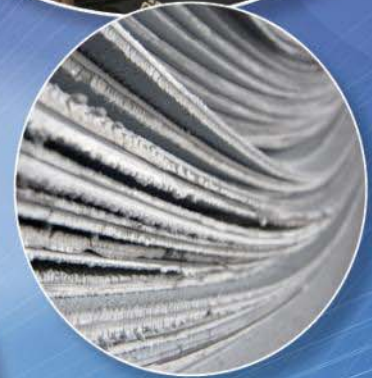
- Solid financial performance in challenging conditions
- On track to deliver transformational changes
- Clear strategic direction
- Fundamental outlook is positive

# Questions

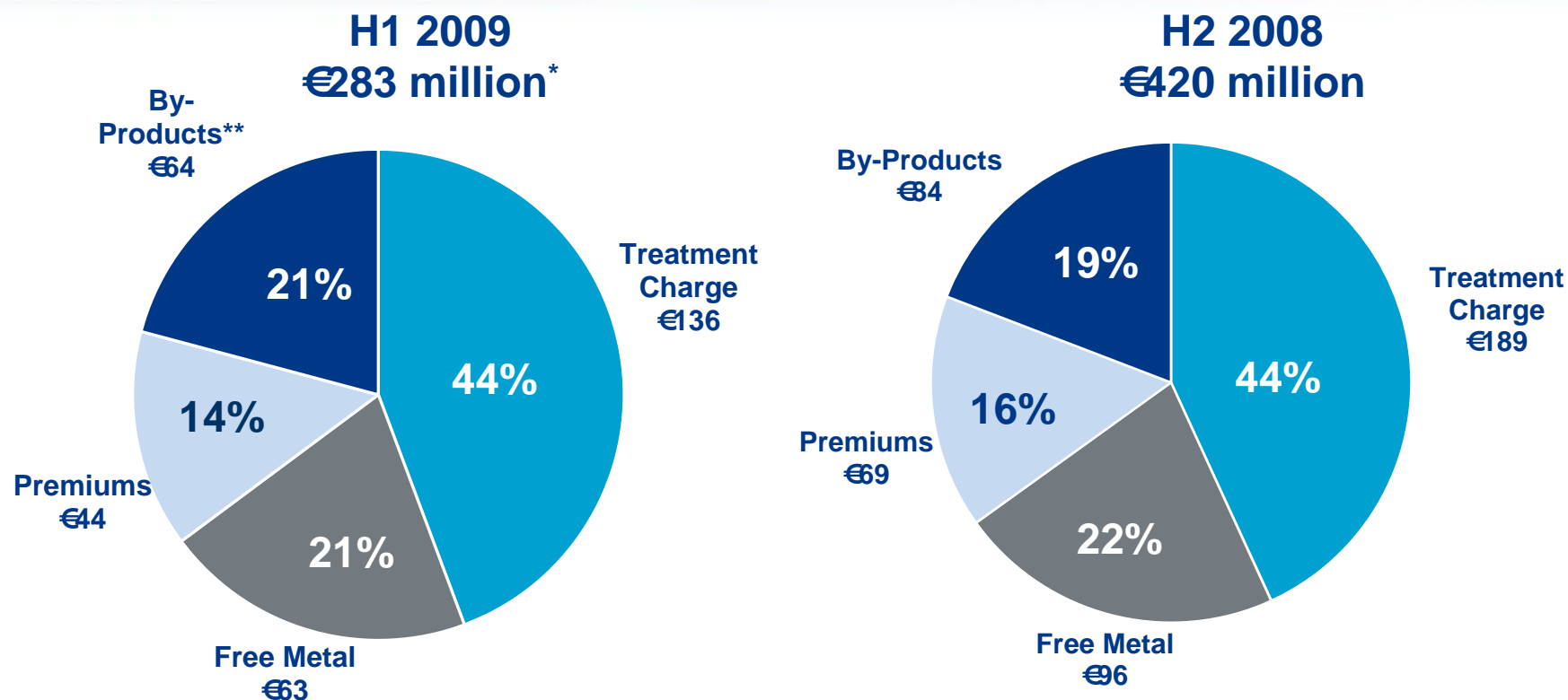




# Appendix



# Gross profit



I Nyrstar's 2009 composite weighted average treatment charge for all zinc bearing feed is approximately \$204/dmt at a base price of \$1250/tonne\*\*\*

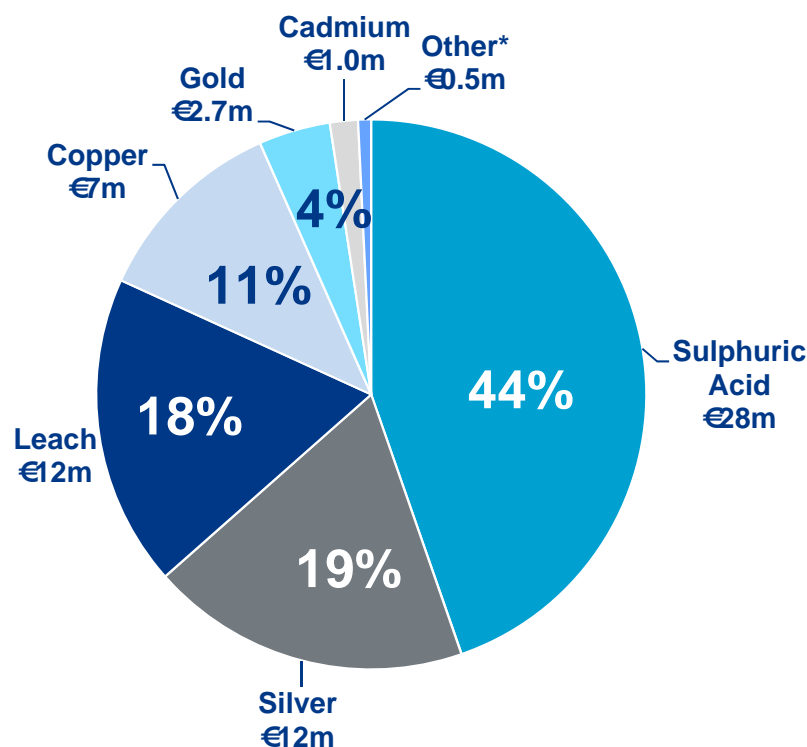
\* Excludes "Other" (includes realisation expenses, costs of alloying materials and realised prices differences): €(23)m H1 2009, €(19)m H2 2008, €(46)m H1 2008

\*\* Important Note: Port Pirie zinc contribution has been re-classified from By-Products into Free Metal and Premiums (prior periods have been adjusted)

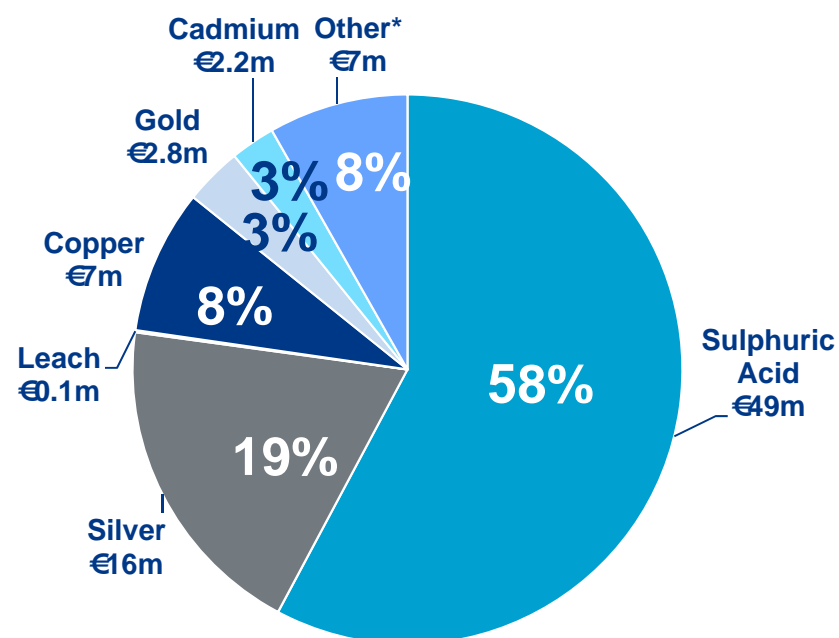
\*\*\* Escalator of approximately 12.5c per US\$1 and de-escalator of approximately 11c per US\$1. Note the majority of feed in H1 2009 was on 2008 terms

# By-products

**H1 2009**  
**€64 million**



**H2 2008**  
**€84 million**



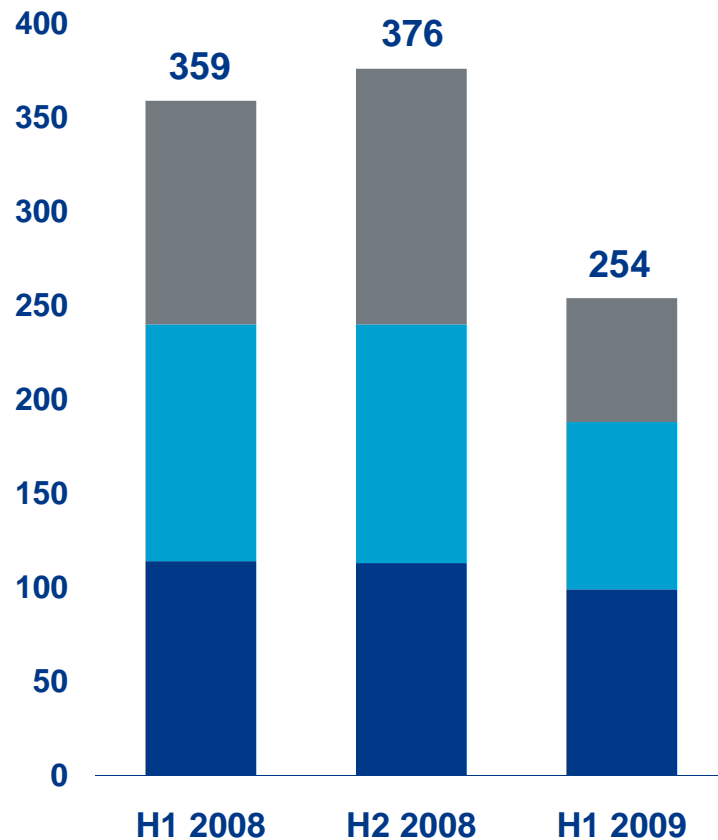
- By-product contribution impacted by collapse in sulphuric acid prices and lower other metal prices

\* Other includes a range of metals and products, including: Cobalt, Germanium, Indium



# Operating expenses

€million



## Employees

- Re-structuring labour savings beginning to be realised

## Energy

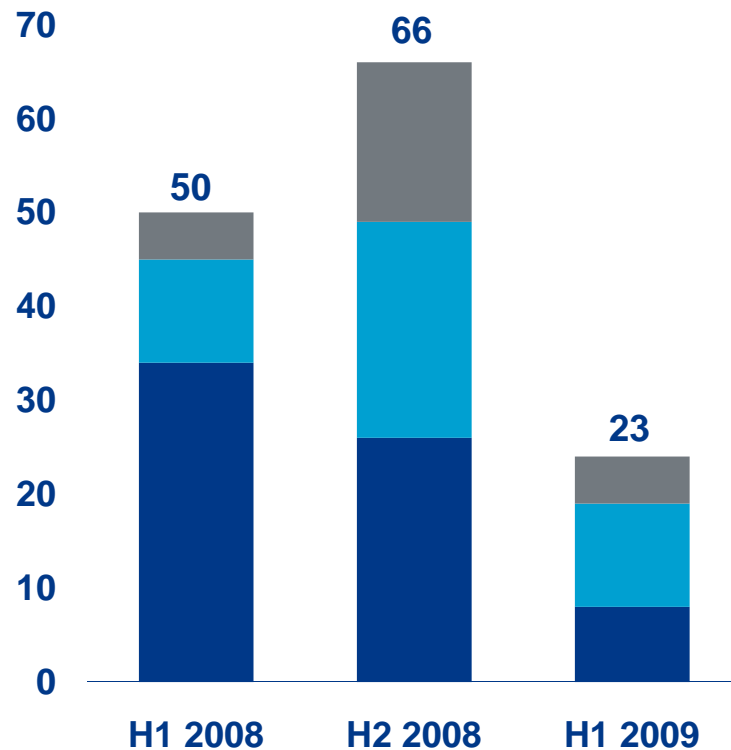
- Production cuts are the main driver of energy savings

## Other

- Significant reduction in external services and stores due to production cuts and re-structuring

# Capital expenditure

€million



- Capital Expenditure contained to conserve cash
  - 33% maintenance
  - 47% compliance and other environmental
  - 20% growth
- Continuing to target €65 million capital expenditure for 2009

# EBITDA reconciliation

€ millions	H2 2008	H1 2009
<b>EBITDA</b>	<b>(594)</b>	<b>18</b>
<b>Underlying adjustments</b>		
Add back:		
Restructuring expenses	24	16
Impairment losses / (reversals)	615	(4)
Energy contract at Hobart	2	1
<b>Underlying EBITDA</b>	<b>47</b>	<b>30</b>



# EBITDA sensitivities

H1 2009		
Parameter	Variable	Estimated EBITDA impact in €million
Zinc Price	+/- US\$100/t	+17 / -16
Lead Price	+/- US\$100/t	+/- 1
US\$/€	+/- €0.01	+/- 6
A\$/€	+/- €0.01	+/- 4
Zinc TC	+/- US\$25/dmt	+/- 22
Lead TC	+/- US\$25/dmt	+/- 6

- Calculated by modelling Nyrstar's H1 2009 underlying operating performance. Each parameter is based on an average value observed during that period and is varied in isolation to determine the EBITDA impact.
- Particular care needs to be taken when applying the sensitivities. For details refer to Nyrstar's H1 2009 results announcement.