

GLOBAL METALS & MINING  
C O N F E R E N C E



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# BMO Global Metals and Mining 2012

**Roland Junck**, Chief Executive Officer

28 February 2012



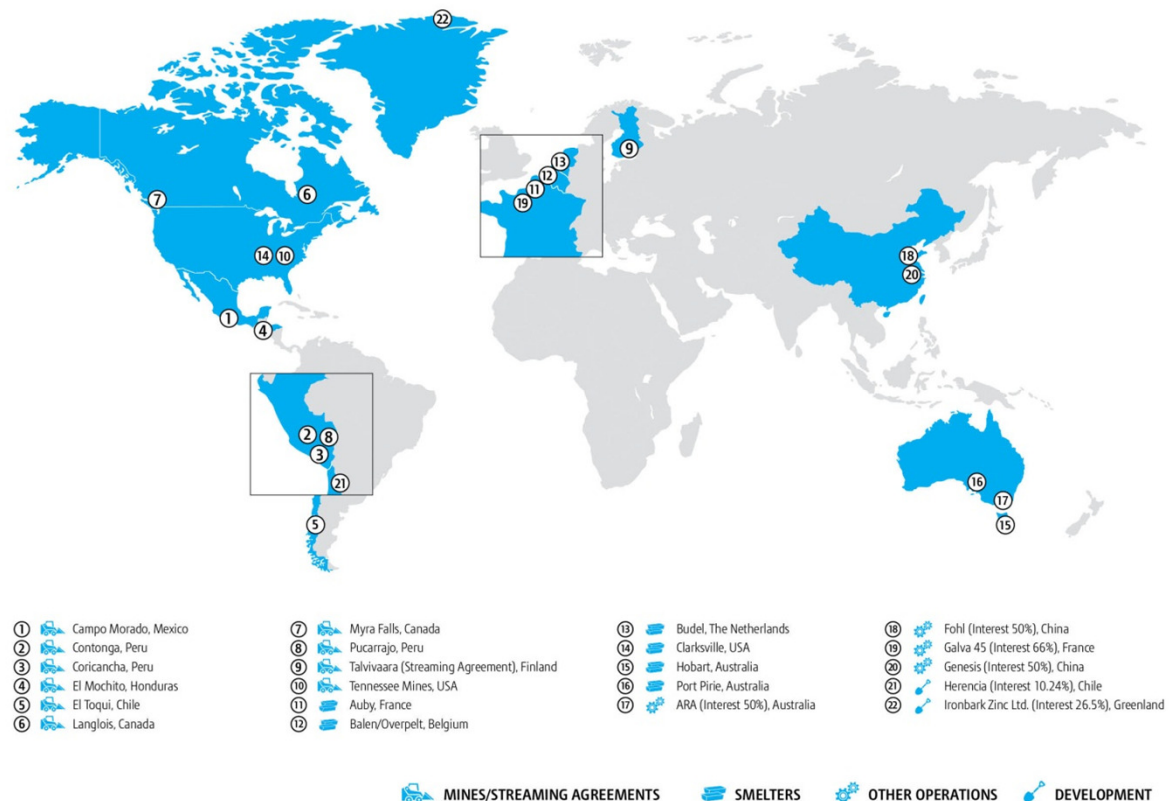
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# Nyrstar's expanding global multi-metals footprint

Nyrstar is an integrated mining and metals business, with market leading positions in zinc and lead, and growing positions in other base and precious metals; essential resources that are fuelling the rapid urbanisation and industrialisation of our changing world. Nyrstar is incorporated in Belgium and has its corporate office in Switzerland. Nyrstar is listed on NYSE Euronext Brussels under the symbol NYR, and is a member of the BEL20 and Eurostoxx 600

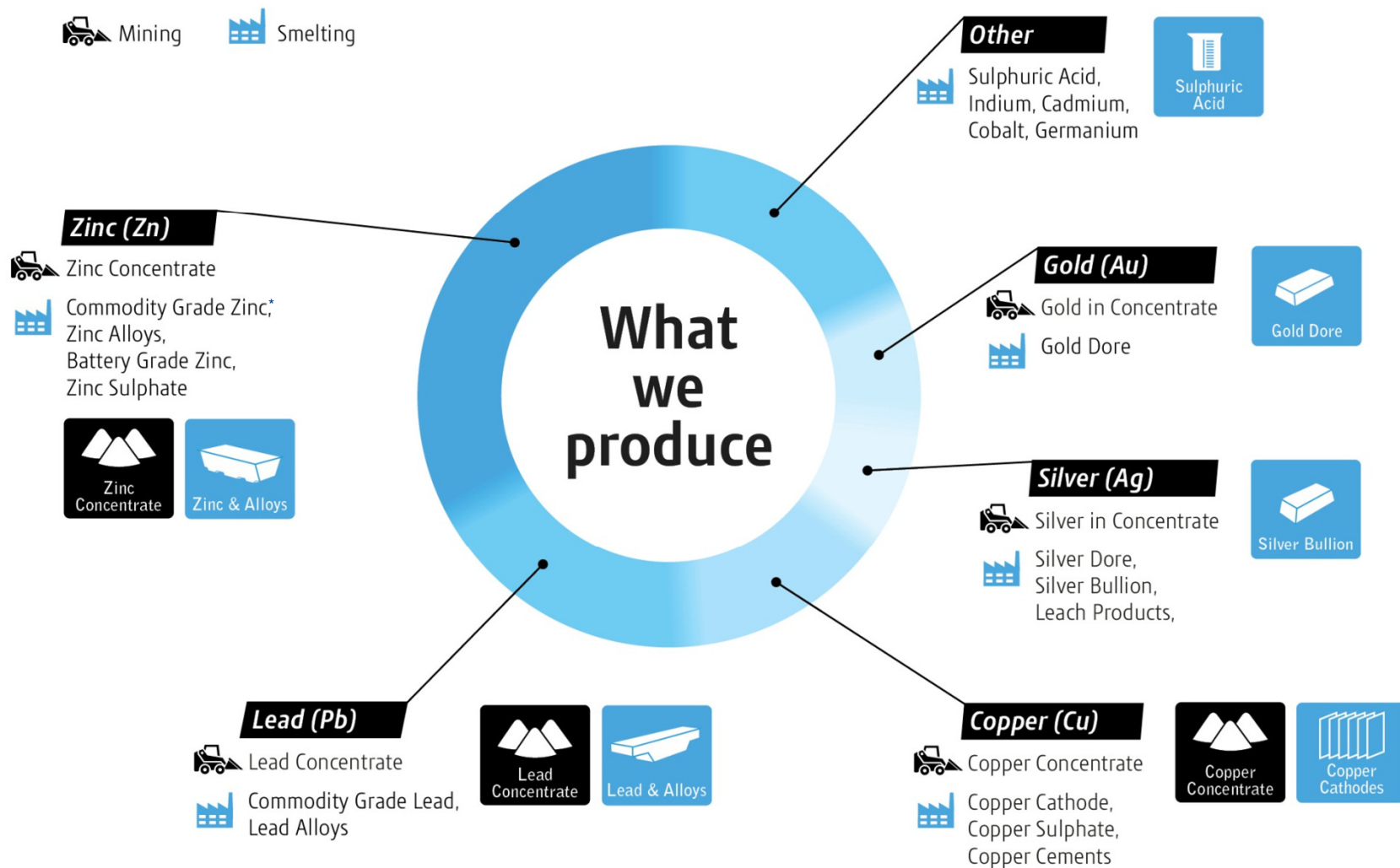
- One of the world's largest integrated zinc producers
  - 1.1 million tpa zinc metal
  - 475,000 tpa zinc in concentrate<sup>1</sup>
- Market leading position in lead
- Expanding multi-metals footprint
  - Growing production of copper, gold, silver and lead
- Nine mining operations
- Six smelters
- Employing over 7,000 people across five continents



<sup>1</sup> Based on full production of mining assets. Compared against Brook Hunt's 2011 zinc mining company rankings (Long Term Outlook Zinc, Q4 2011)



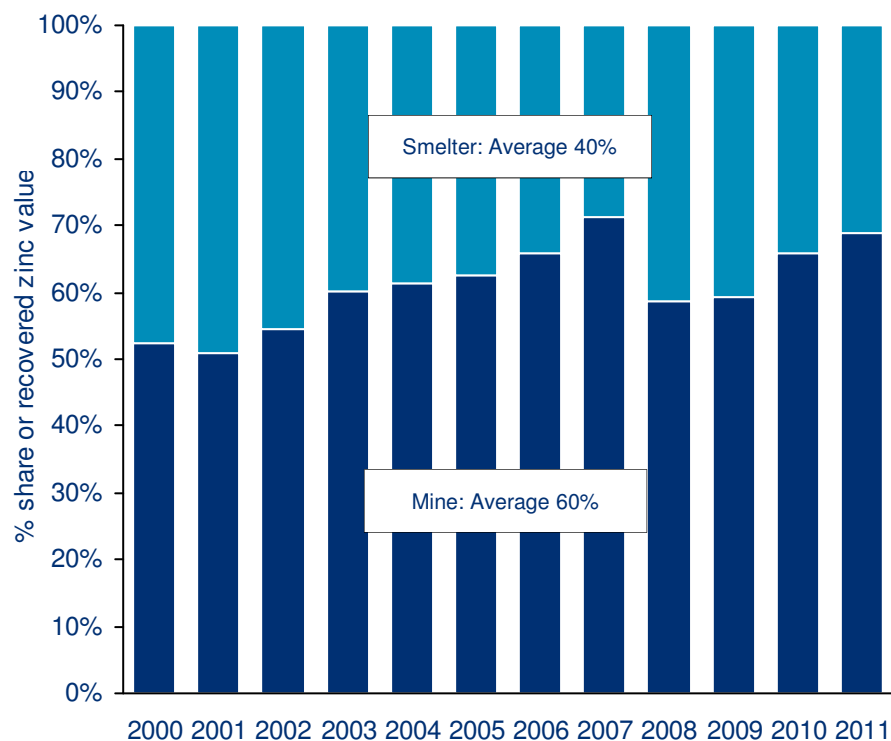
# What we produce



\* Commodity Grade Zinc includes Special High Grade (SHG) and Continuous Galvanising Grade (CCG)

# Mining is structurally more profitable per tonne than smelting

## Share of Recovered Zinc Value in Concentrate



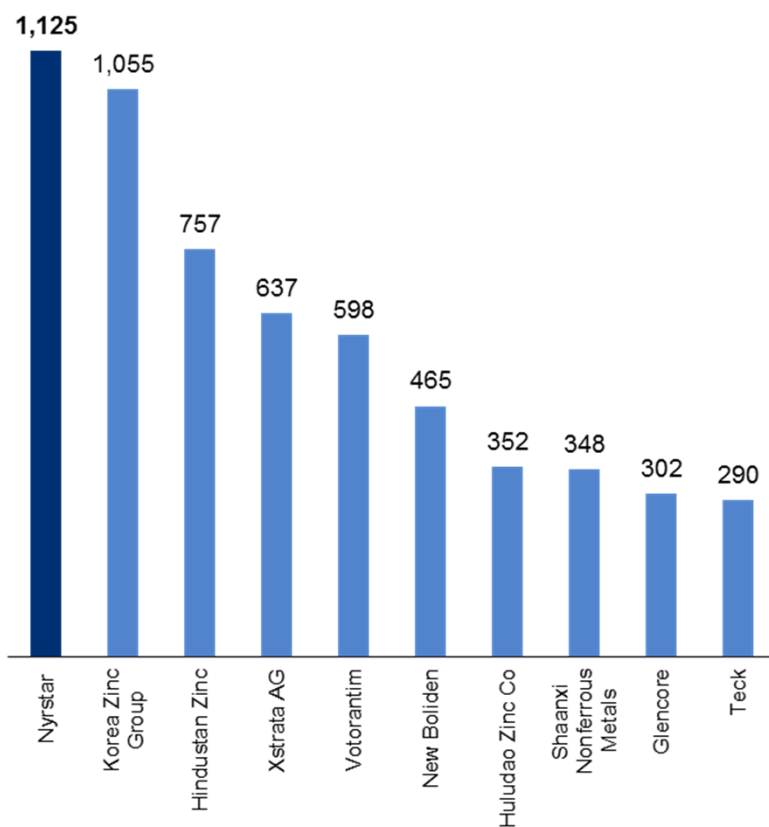
## Observations

- Brook Hunt estimates that producing one tonne of zinc in concentrate is on average more than two times more profitable than smelting one tonne of zinc
- Mines have historically captured approximately 60% of zinc price revenues
- Upstream integration provides greater exposure to metal prices throughout the cycle
- Nyrstar is seeking to capture incremental revenue by moving upstream into mining
- Nyrstar's mining footprint is becoming larger and provides greater scope for growth and maximisation of shareholder value

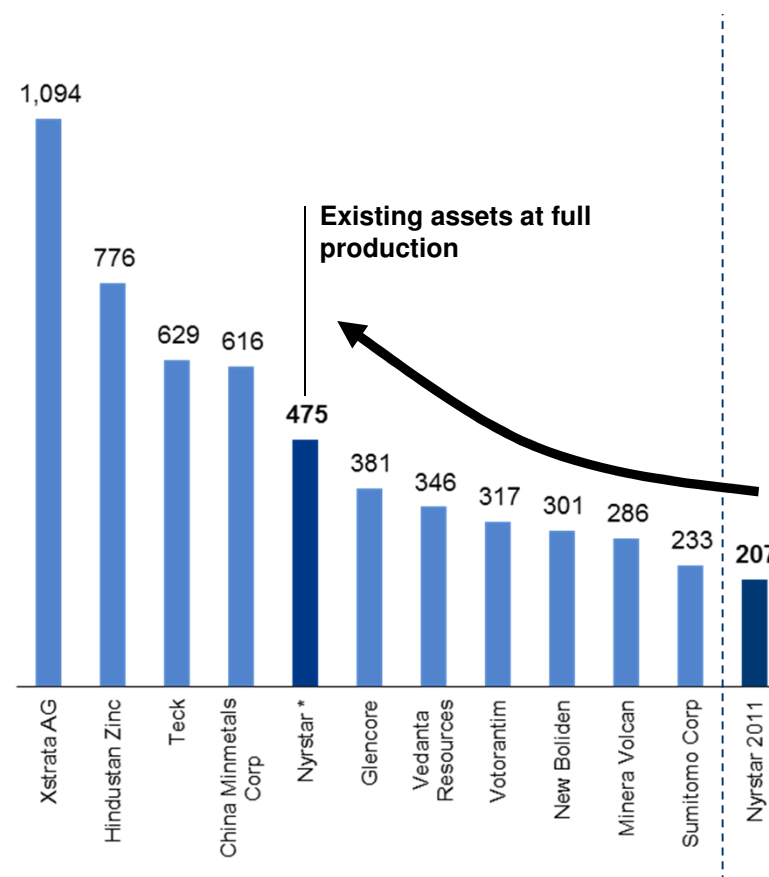
*Note: Revenue split between miners and smelters based on LME annual average prices, premiums and "benchmark" treatment charges  
Source: Brook Hunt*

## Increased exposure across the zinc value chain, further positioning Nyrstar to take full advantage of strong zinc industry fundamentals

One of the world's largest zinc smelters (kt pa)



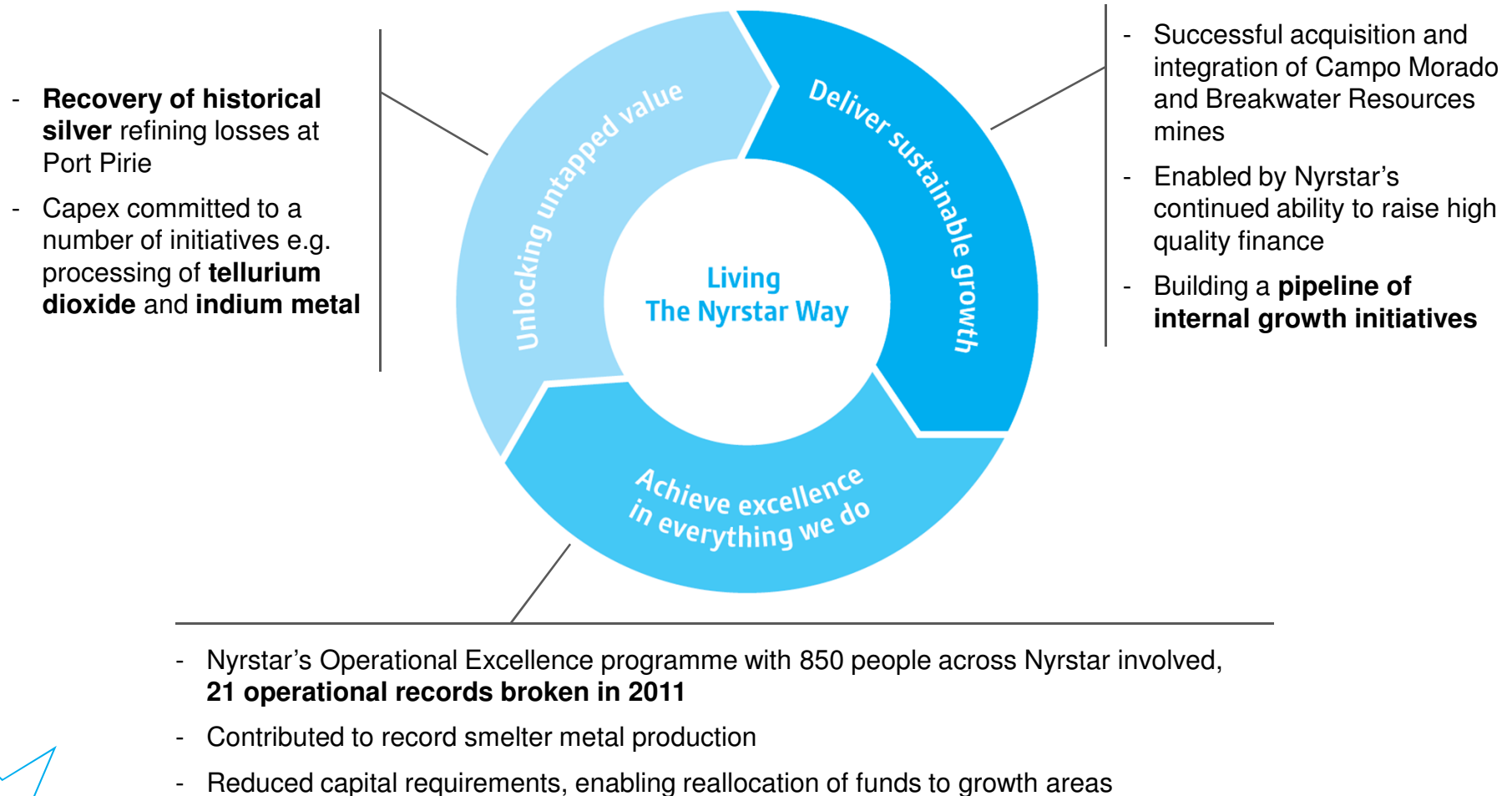
Top five zinc miners (kt pa)



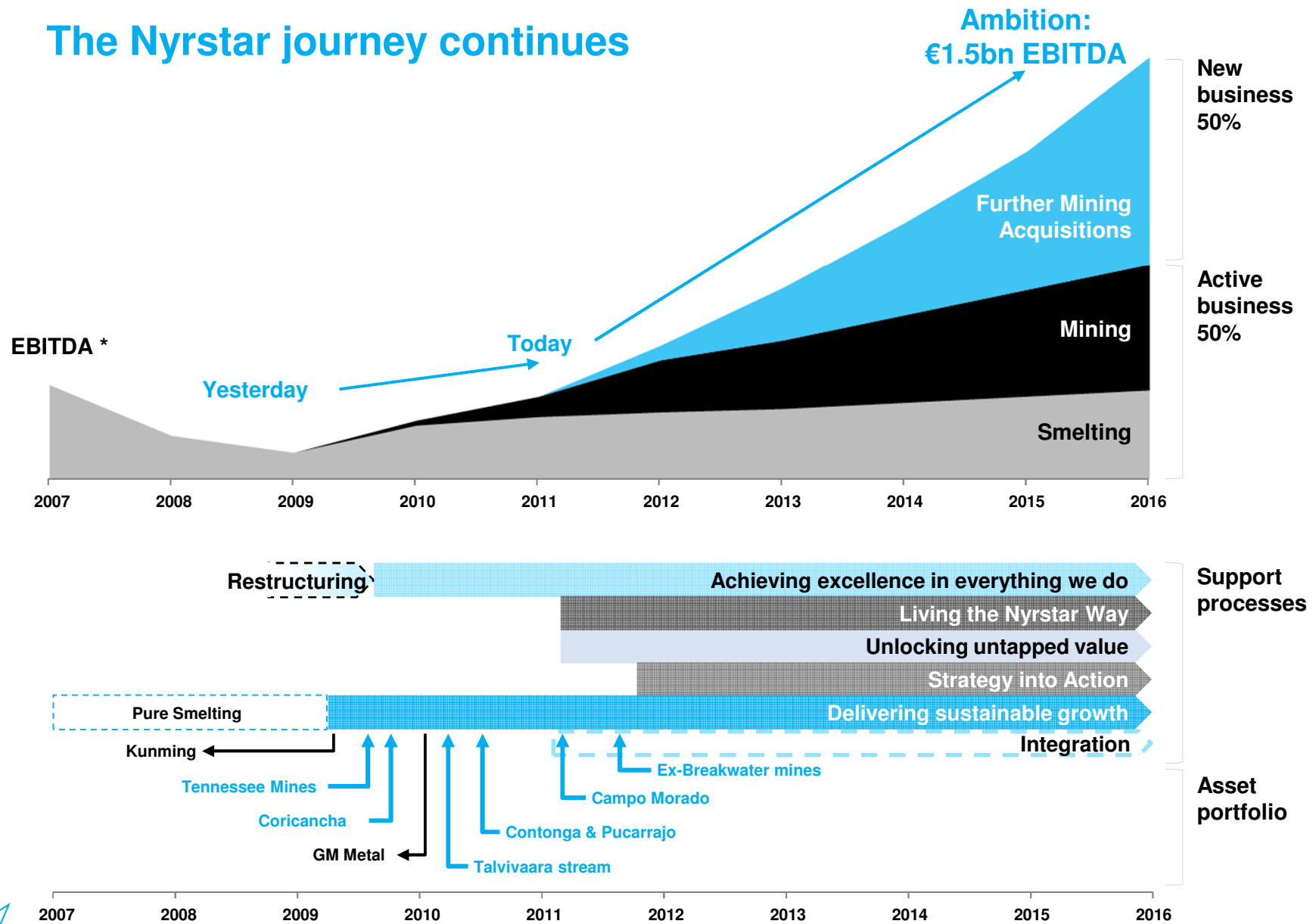
Source: Brook Hunt 2011 mine and smelter production rankings (Long Term Outlook Zinc, Q4 2011). Nyrstar actual 2011 production included  
 \* Based on full production of mining assets

## Putting our Strategy into Action

Launched “Strategy into Action”, a disciplined approach to taking Nyrstar’s strategy, Nyrstar2020, into every part of the business and engaging the entire workforce to achieve Nyrstar’s vision of being the leading integrated mining and metals business



# The Nyrstar journey continues



\* EBITDA growth profile at constant prices and exchange rates and is shown for illustrative purposes only



## Deliver sustainable growth: *by seeking significant acquisitions*

### Which assets do we look to acquire?

- **Zinc multi-metallic mines**
  - Furthering our level of zinc integration (50% medium term target)
  - Creating value as zinc mining is more profitable than smelting
  - Further strengthening our zinc business

### With growth comes other options...

- **Other multi-metallic mines**
  - Assets that compliment our growing metals footprint
  - Strong fundamentals
  - For example, copper

29	30	31	32
Cu	Zn	Ga	Ge
47	48	49	50
Ag	Cd	In	Sn
79	80	81	82
Au	Hg	Tl	Pb

### What is our investment criteria?

#### Nyrstar utilises a strict investment criteria for assessing potential acquisitions:

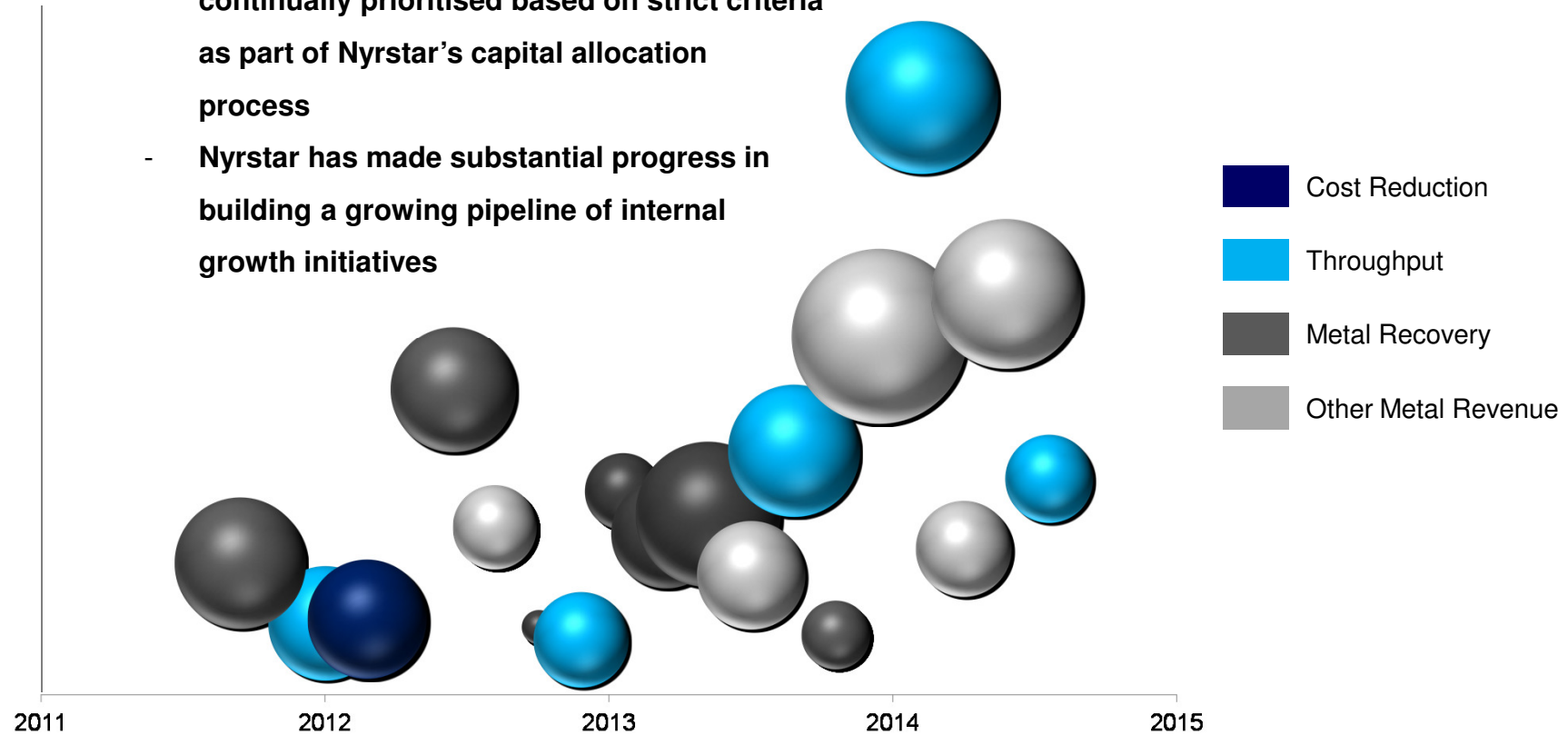
- **Assets must be operating or capable of operating within a short period**
  - Cash generator
  - Production
- **Must be value accretive - not growth for growth's sake**
  - EV/EBITDA multiple
  - Cashflow per share
  - EPS
- **Short payback period**
- **Low operating costs / capex or scope for improvement**

**Future acquisitions will further improve the quality of our portfolio of assets**

## Deliver sustainable growth: *through internal growth opportunities*

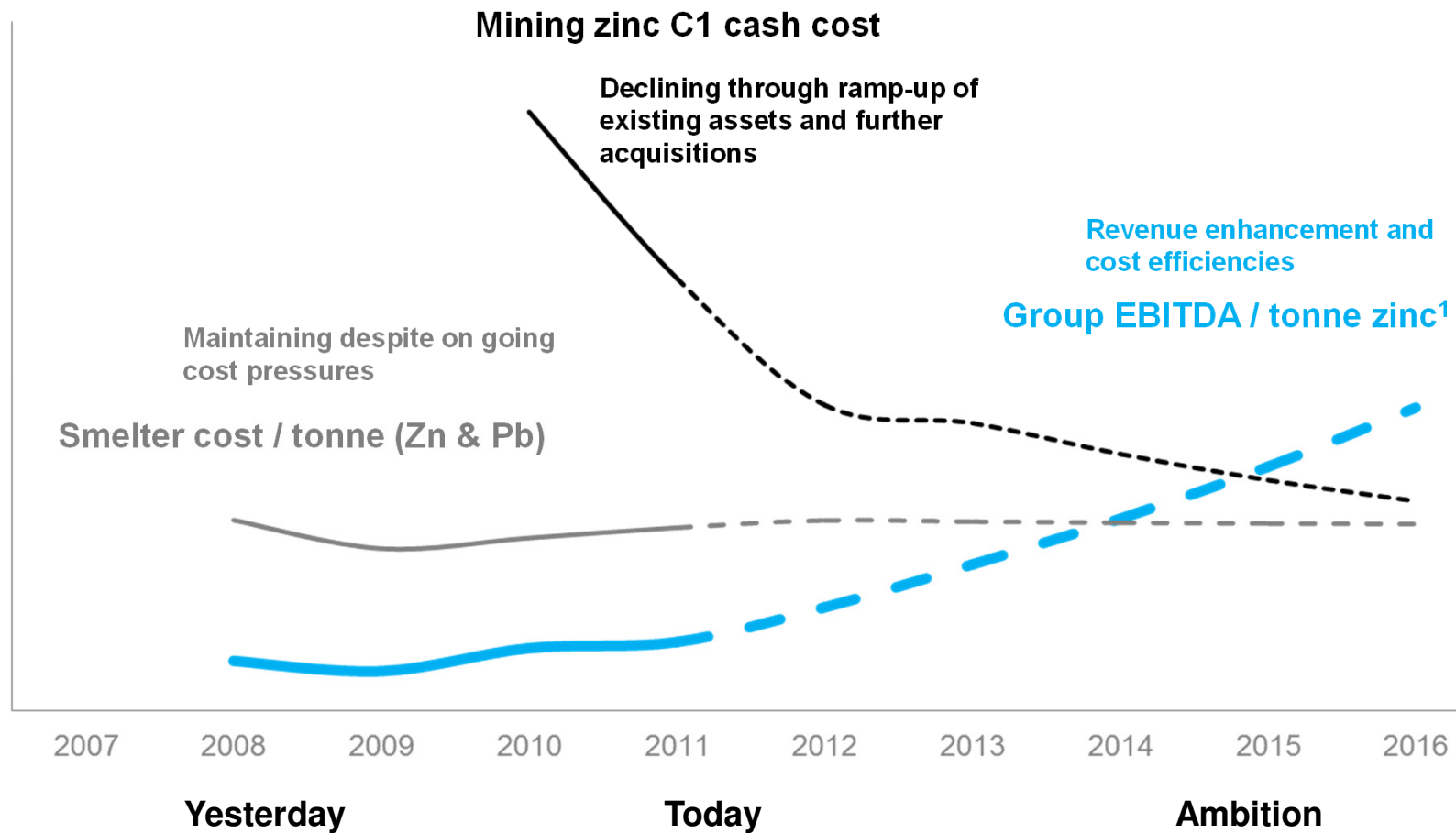
EBITDA

- All internal growth opportunities are continually prioritised based on strict criteria as part of Nyrstar's capital allocation process
- Nyrstar has made substantial progress in building a growing pipeline of internal growth initiatives



*Bubble size indicates capital expenditure*

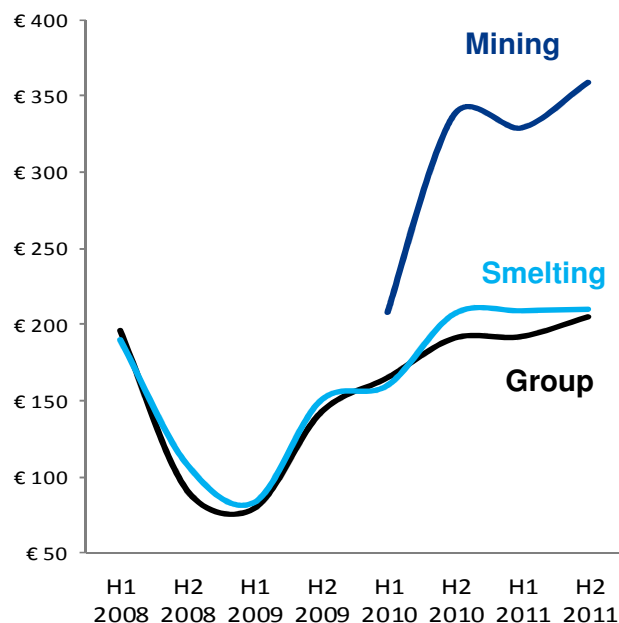
## A focus on value means less reliance on the zinc price to achieve results



Improvement in commodity price environment becomes an upside

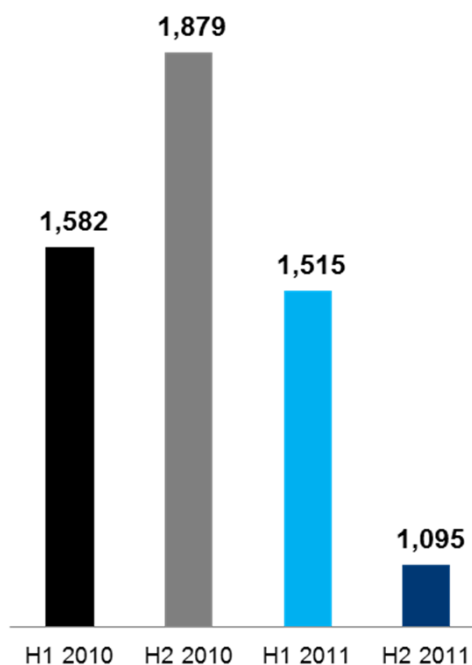
## Year on year increase in underlying group EBITDA per tonne driven by growth in mining segment

Underlying EBITDA/t



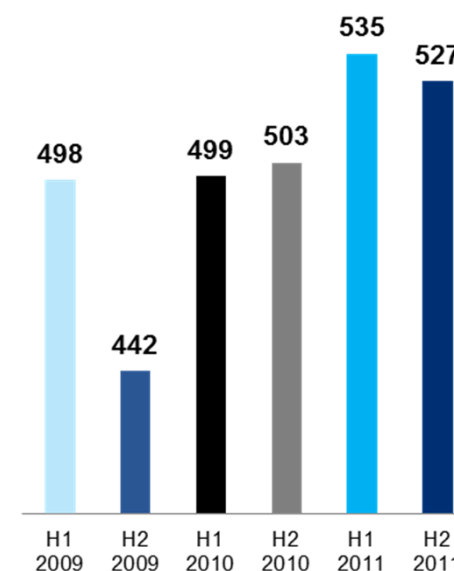
- Increased 10% to €199/t with mining result up 22% to €348 and smelting improving to €209 (€184 in 2010)

Average zinc mining C1 cash cost (USD/t)



- Demonstrated 28% improvement in 2011 to achieve US\$1,257/t
- On track for target of US\$1,000/t (average) in 2012

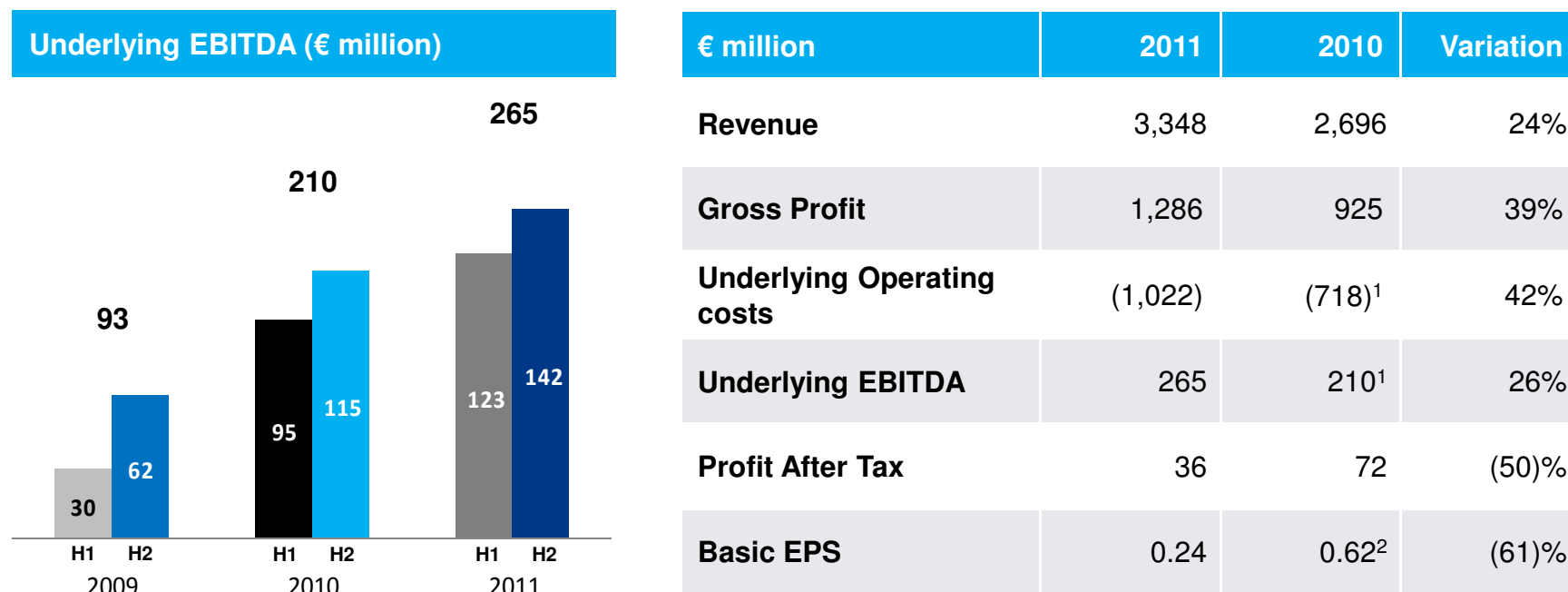
Smelting cost per tonne (EUR/t Zn+Pb)



- Moderate increase to €531/t despite energy price and exchange rate pressures

## Considerable growth in EBITDA despite volatile market environment

- Underlying EBITDA of €265 million, up 26% in 2011 compared to 2010
- Mining segment underlying EBITDA up 200% to €72 million; 27% of group underlying EBITDA
- Contribution of €78 million from “unlocking untapped value” initiatives through the identification, recovery and sale of silver bearing material at Port Pirie
- EPS impacted by M&A related transaction and restructuring costs, increased depletion of mineral properties and higher financing costs
- Proposed distribution of €0.16 per share via a share capital reduction

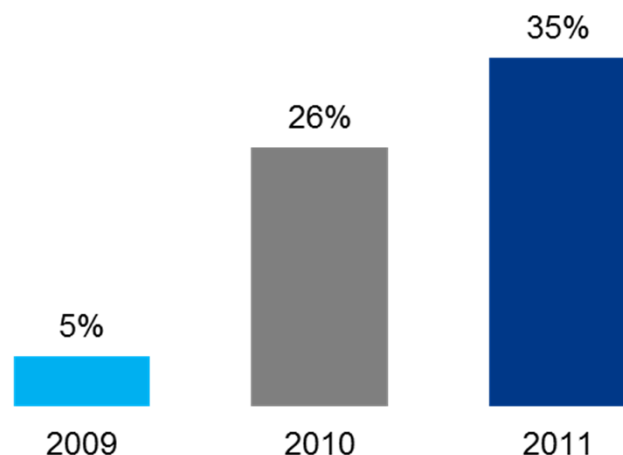


<sup>1</sup> To improve reporting transparency, M&A related transaction expenses (2011: €14.6m, 2010: €2.8m) have been re-classified from operating costs to underlying adjustments, impacting Underlying EBITDA. Profit after tax is unchanged

<sup>2</sup> 2010 EPS restated to retroactively reflect the impact of the March 2011 rights issue (adjusted in accordance with IAS 33 Earnings per Share)

## Strong financial position with high quality portfolio of long-term debt

### Gearing<sup>1</sup>



### Quality of debt

Type	Due	Financial Covenants
€120M Convertible Bonds	2014	None
€225M Fixed Rate Bonds	2015	None
€525M Fixed Rate Bonds	2016	None
€500M Structured Commodity Trade Finance Facility	No P&L related financial covenants; entirely undrawn as of December 31, 2011	

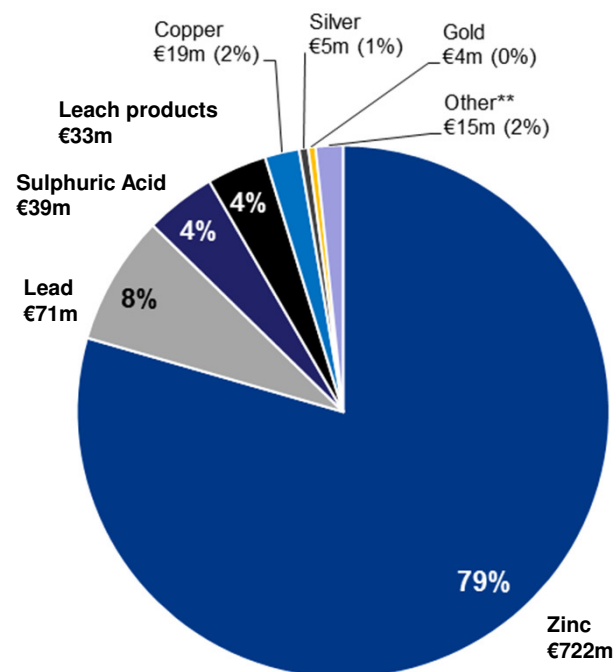
- Successfully completed €490m rights offering in March 2011
- Closed public bonds offer for €525m in May 2011
- Capital raise and bond issue both demonstrated strong support by shareholders and the market of our strategy and ability to deliver value accretive transactions
- Solid financial position with net debt of €718m at 31 December, and gearing of approximately 35%<sup>1</sup>
- Conservative debt financing well suited for a cyclical business
- Significant committed funding headroom available

<sup>1</sup> Gearing: Net debt to net debt plus equity at end of period

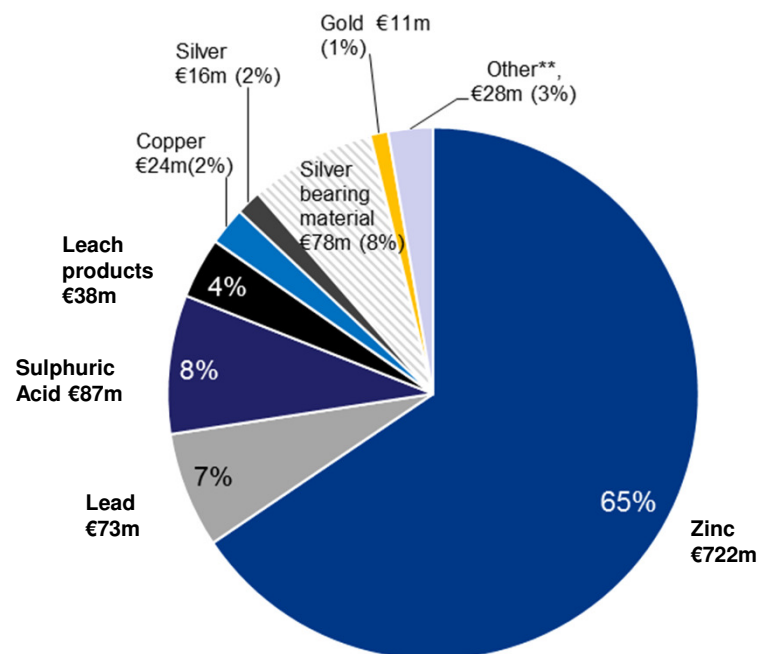


## Smelting gross profit by metal

2010  
€827 million \*



2011  
€937 million \*



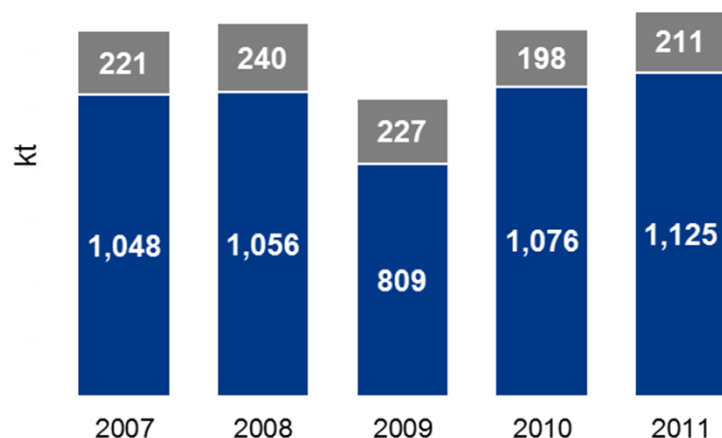
- Smelting by-product income improved by 145% (77% excluding sales of silver bearing material)
- The average realised acid price achieved by Nyrstar increased to approximately US\$85/tonne

\* Includes "Other Gross Profit" which includes realisation expenses, costs of alloying materials and contribution from smaller sites: €(98)m 2011, €(81)m 2010

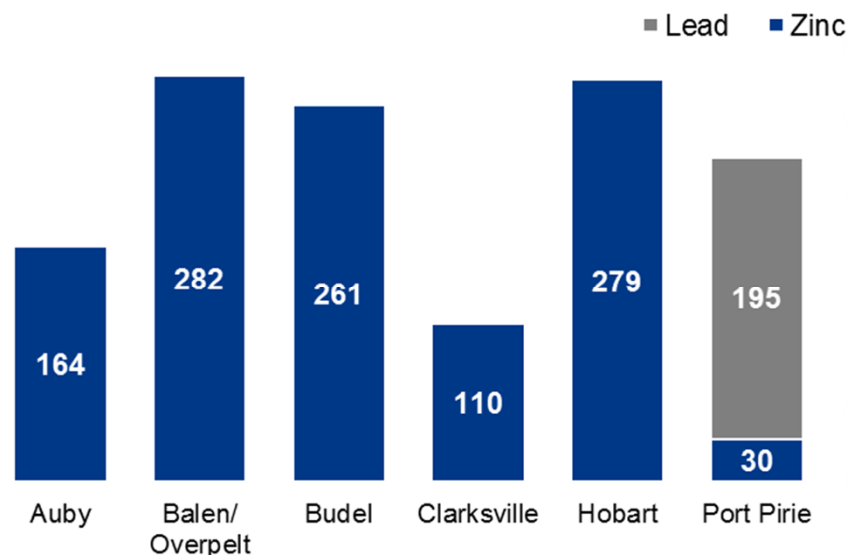
\*\* Other includes a range of metals and products, including: Cobalt, Cadmium, Germanium, Indium

# Smelting production

## Smelting production



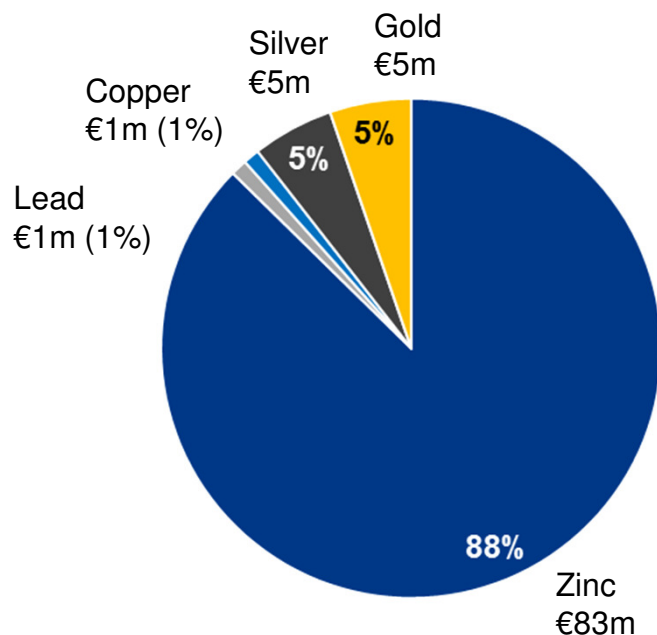
## 2011



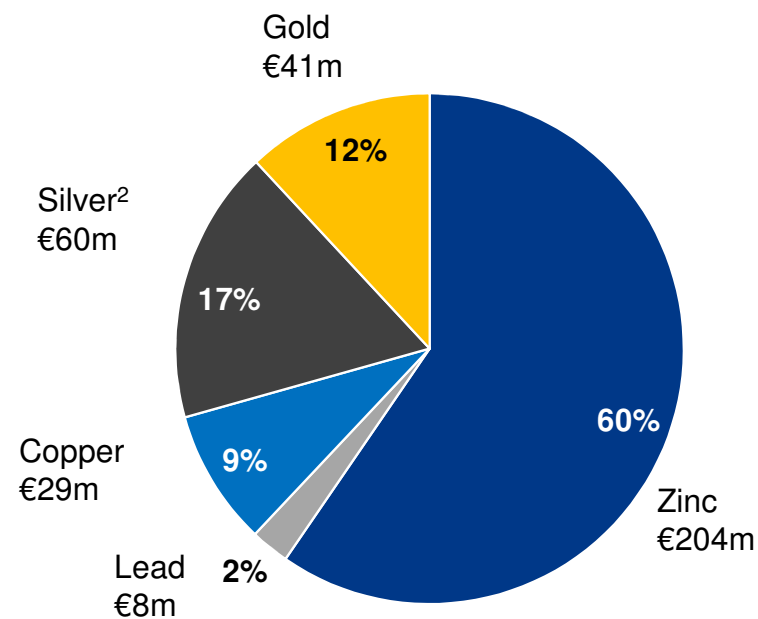
- Record zinc metal production of approximately 1,125kt, up 5% on 2010 (previous record year)
- Equally important were record production levels of high-value silver and gold by-products at our multi-metals Port Pirie smelter
- Record zinc, silver and gold production is a direct result of Nyrstar's Operational Excellence programme

## Mining gross profit by metal

2010  
€96 million <sup>1</sup>



2011  
€345 million <sup>1</sup>



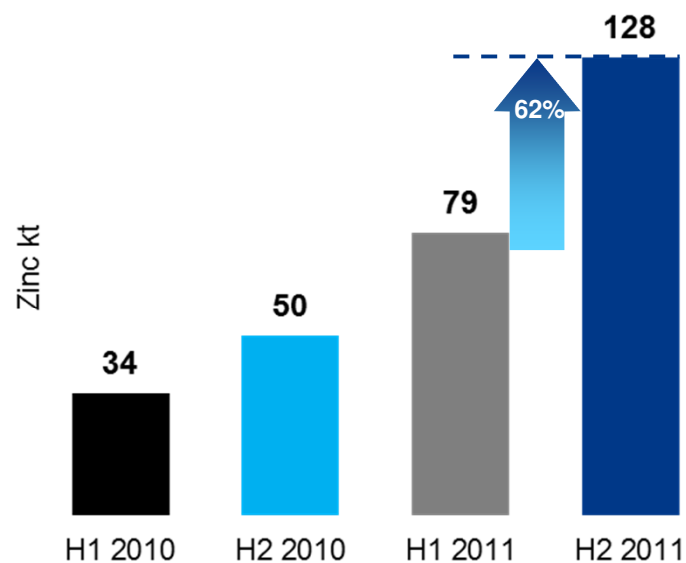
- Gross profit increased 259% between 2010 and 2011
- Non zinc contribution to gross profit increased to 40% in 2011, from only 12% in 2010
- Demonstrates Nyrstar's increasing footprint in and financial contribution from other commodities namely silver, gold and copper

<sup>1</sup> Includes other products / metals: €2m 2011, €1m 2010

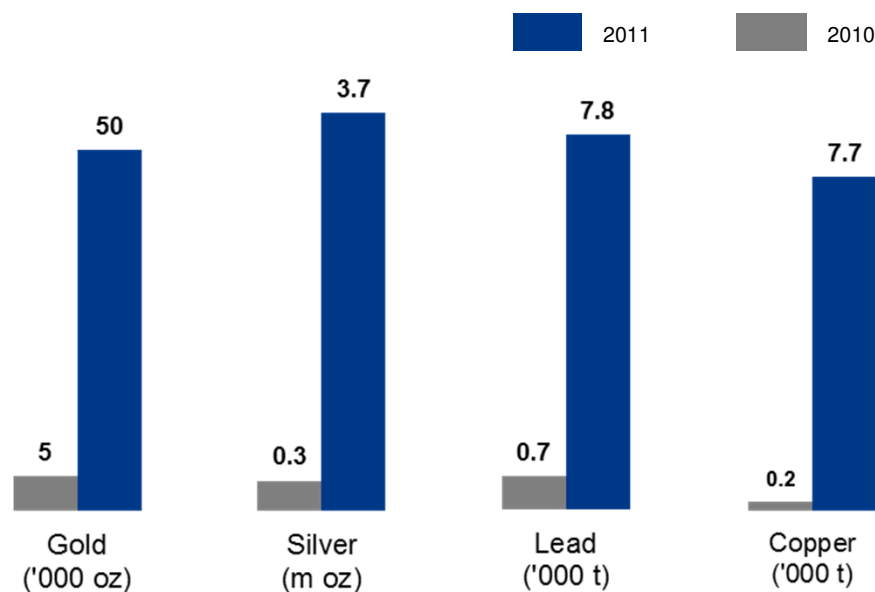
<sup>2</sup> 75% of the silver produced by Campo Morado is subject to a streaming agreement with Silver Wheaton Corporation whereby only USD3.90/oz is payable. In 2011, Campo Morado produced approximately 1,836,000 troy ounces of silver.

# Mining production

## Zinc in Concentrate Production<sup>1</sup>



## Other Metal in Concentrate Production<sup>2</sup>



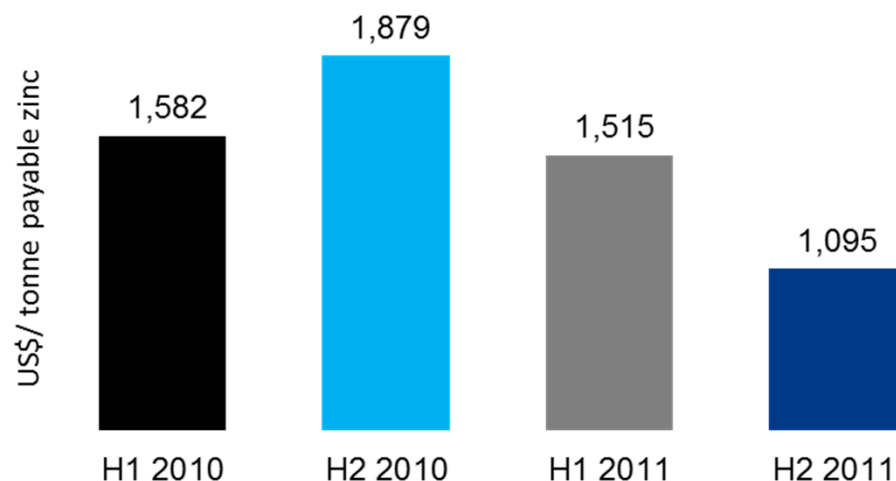
- Zinc in concentrate production of 207kt (compared to revised guidance of 205kt to 215kt), up 146% from 2010 (84kt)
- Significant rise in mining segment production of copper, gold, silver and lead up 39 fold, 11 fold, 14 fold and 11 fold respectively

<sup>1</sup> Including deliveries from Talvivaara under the zinc streaming agreement

<sup>2</sup> 75% of the silver produced by Campo Morado is subject to a streaming agreement with Silver Wheaton Corporation whereby only USD3.90/oz is payable. In 2011, Campo Morado produced approximately 1,836,000 troy ounces of silver

## Demonstrated substantial improvement in C1 cash costs

Average Zinc mine<sup>1,2</sup>



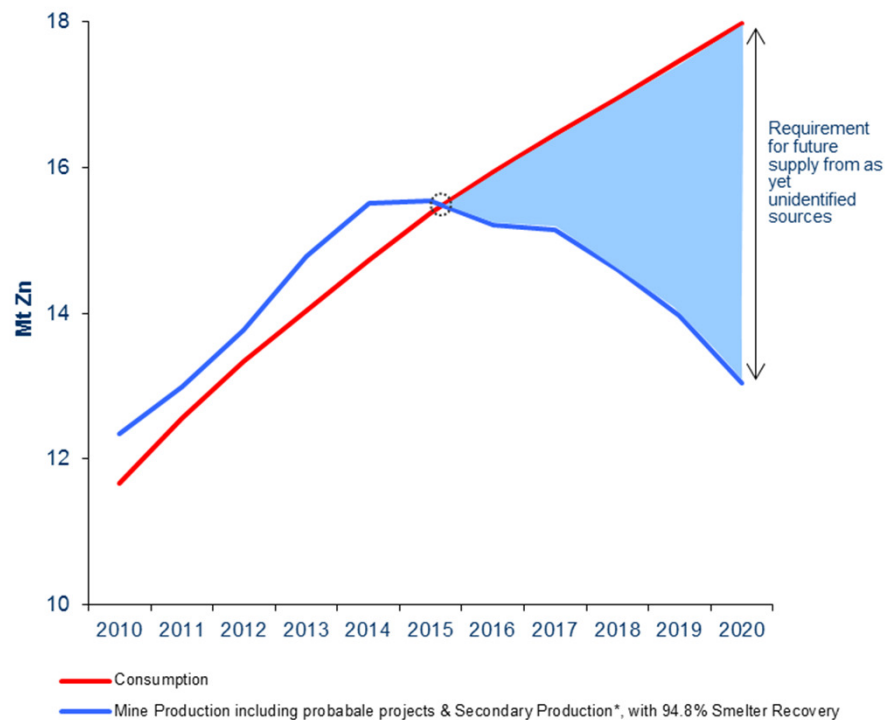
- Average C1 cash cost for Nyrstar's zinc mines was US\$1,257/t<sup>2</sup> in 2011, an improvement of approximately 28% on 2010
- Continued reduction was due to acquisition of the multi-metal Campo Morado and Breakwater mines and increased deliveries from Talvivaara
- Expected that the US\$1,000 per tonne average C1 cash cost target for Nyrstar's zinc mines will be met in 2012
- The Coricancha mine achieved an average gold C1 cash cost of US\$1,172 per troy ounce in 2011 (US\$940/t oz in FY2010)

<sup>1</sup> C1 cash costs as defined by Brook Hunt (see page 49 for full details)

<sup>2</sup> Including deliveries from Talvivaara under the zinc streaming agreement

# Strong Zinc Market Fundamentals

## Projected Tightness in Concentrate Market in Medium Term



## Observations

- Global Zinc consumption forecast to increase to 15.4Mt p.a. by 2015, primarily driven by demand growth in China
- Supply constraints will increase in the medium term and impact prices
- It is estimated that by 2020, 5 million tonnes per annum of additional and replacement mine capacity will be required to meet global demand
- Value split expected to continue to favour zinc miners

\* Based on 94.8% smelter recovery and mine production including probable projects and secondary production (assuming secondaries represent on average 7% of global zinc smelter raw material)  
Source: Brook Hunt