

24 JULY 2014



# H1 Results 2014:

Moving ahead with the execution  
of our stated strategy



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**Roland Junck**  
Chief Executive Officer

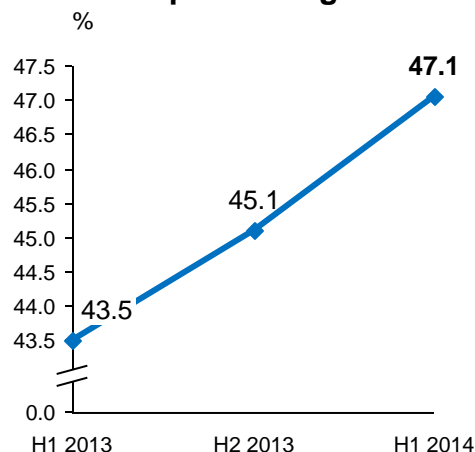
> **Highlights**

Group financial results  
Marketing, Sourcing & Sales  
Metals Processing  
Mining  
Outlook

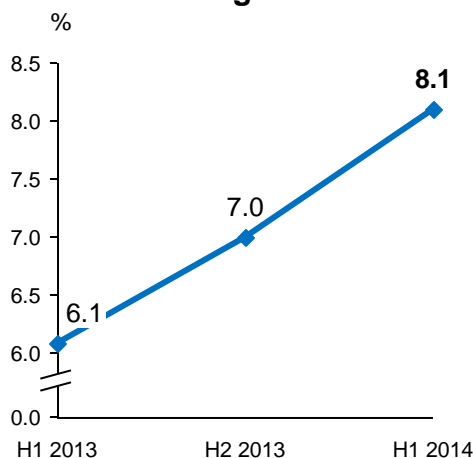
# Solid financial performance...

- Gross profit of EUR 637 million, up 1% on H2 2013, up 2% on H1 2013
- Group underlying of EBITDA of 110 million, up 12% h/h, 26% y/y
- Project Lean savings of EUR 22 million; on track to deliver target EUR 75 million of sustainable cost savings by end of 2014
- Net debt of EUR 653 million, improved 3% h/h and 14% on y/y; LTM H1 2014 Net debt to EBITDA, 3.1x
- Committed undrawn liquidity headroom and cash on hand of EUR 768 million at the end of H1 2014
- Port Pirie redevelopment approved; innovative funding framework limits impact on balance sheet
- Moving ahead with SSR project portfolio

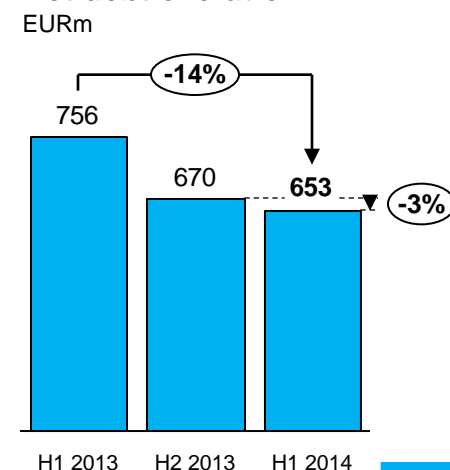
### Gross profit margin



### EBITDA margin



### Net debt evolution



# ...backed by solid operational performance across segments

## Mining

- Zinc in concentrate production (own mines) of 140,000 tonnes; up 4% h/h, 1% y/y
- Average unit costs<sup>1</sup> of USD 66 DOC/t improved by 1% h/h; improved 3% y/y
- New mine plans & operational efficiencies in place
- 17,000 tonnes delivered under streaming agreement with Talvivaara

## Metals Processing

- Zinc market metal of 552,000 tonnes, down 3% on H2 2013; up 6% on H1 2013
- Average unit costs<sup>2</sup> of EUR 477 DOC/t metal down 3% on H2 2013; down 18% on H1 2013
- Lead production (Port Pirie) of 93,000 tonnes flat on H2 2013; up 8% on H1 2013

## Marketing Sourcing & Sales

- Nyrstar & Noble marketing agreement in operation, meeting and exceeding expectations
- Nyrstar completes contract negotiations with major steelmakers; successfully built up in-house expertise to market directly to existing and new customers
- Improved zinc premium & treatment charges; premium uplift of 12% on H1 2013 and 23% on H2 2013 for Metals Processing segment

**Implementation of more stringent safety practices**

<sup>1</sup> Mining unit cost is USD direct operating costs per tonne of ore milled. Direct operating costs include people costs, energy costs, stores, external services and other operating costs.

<sup>2</sup> Metals Processing unit cost is EUR direct operating costs per tonne of zinc and lead metal production. Direct operating costs include people costs, energy costs, stores, external services and other operating costs.



**Heinz Eigner**  
Chief Financial Officer

Highlights

> **Group financial results**

Marketing, Sourcing & Sales

Metals Processing

Mining

Outlook

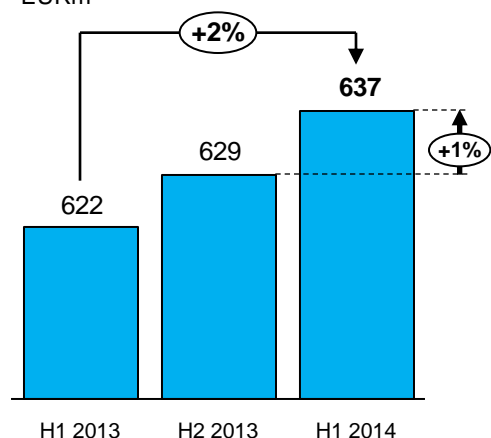


# Improving financial performance...

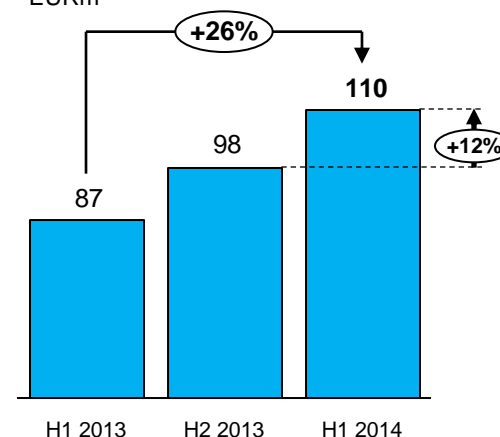
EURm	H1 2013	H2 2013	H1 2014
Revenue	1,430	1,394	1,354
Gross profit	622	629	637
Gross profit margin	44%	45%	47%
Direct operating costs	(571)	(542)	(527)
EBITDA <sup>1</sup>	87	98	110
EBITDA margin	6%	7%	8%
Profit/(loss) for the period	(92)	(104)	(66)
Basic EPS	(0.58)	(0.68)	(0.42)

- Group underlying EBITDA of EUR 110 million, up 12% on H2 2013
- Metals Processing EBITDA of EUR 108 million, up 44% on H2 2013 due to higher realised premiums, operating cost control as well as higher zinc price
- Mining EBITDA of EUR 26 million, down 43% on H2 2013 particularly driven by lower strategic hedge gains in H1 2014
- Further incremental savings of EUR 22 million under Project Lean initiative, on track to deliver EUR 75 million at year-end

**Gross Profit**  
EURm



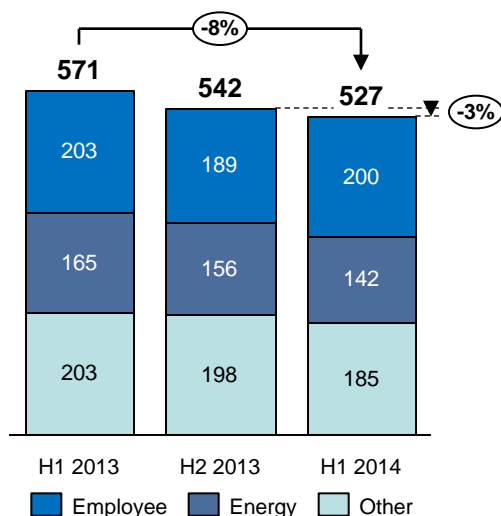
**EBITDA**  
EURm



<sup>1</sup> All references to EBITDA in the presentation refers to Underlying EBITDA which excludes exceptional items related to restructuring measures, M&A related transaction expenses, impairment of assets, material income or expenses arising from embedded derivatives recognised under IAS 39 and other items arising from events or transactions clearly distinct from the ordinary activities of Nyrstar.

# ...through continued focus on cost control...

## Direct operating costs EURm

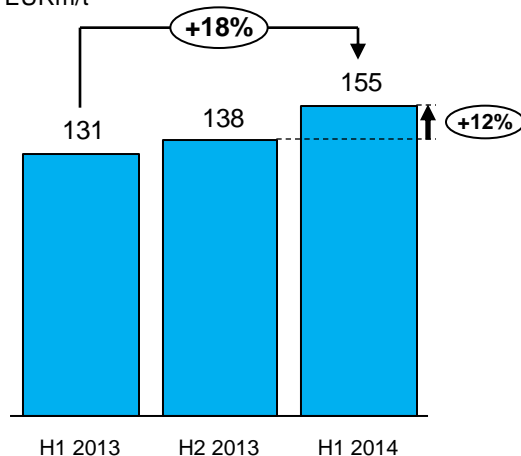


Stable year-on-year  
despite global labor  
cost inflation

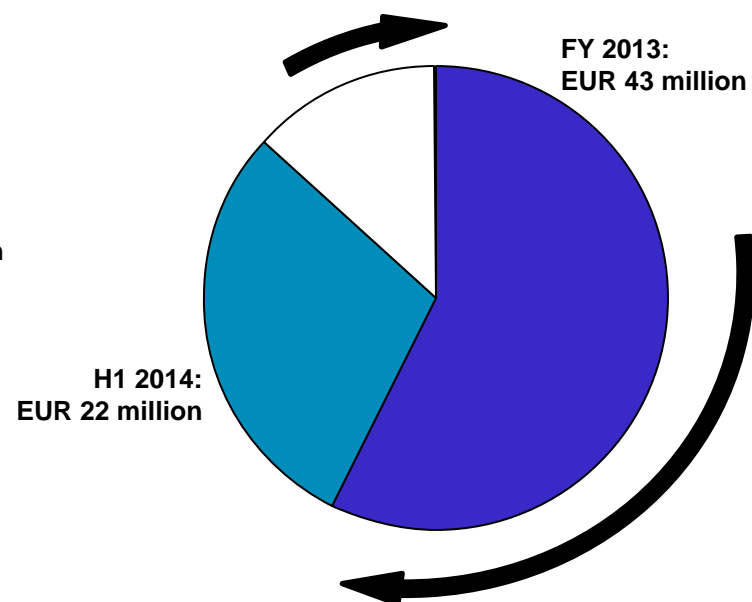
Decrease in line with  
lower volumes in  
Metals Processing  
coupled with improved  
energy rates

Decreased through a  
number of Project Lean  
initiatives e.g. lowering  
maintenance spend

## EBITDA/t<sup>1</sup> EURm/t



## Project Lean: incremental, sustainable cost reduction over a 2-year period



**Project Lean:**  
On track to deliver EUR 75 million  
of sustainable cost reductions by  
the end of 2014

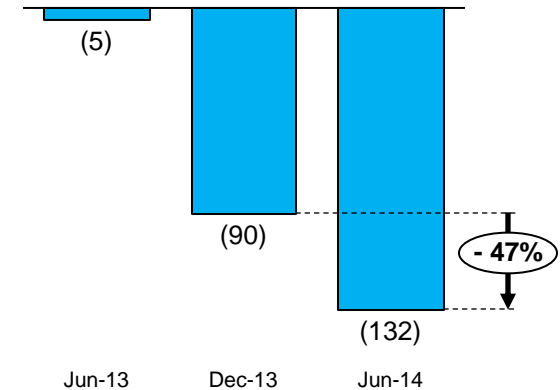
<sup>1</sup> Group Underlying EBITDA per tonne of zinc in concentrate and zinc metal produced.



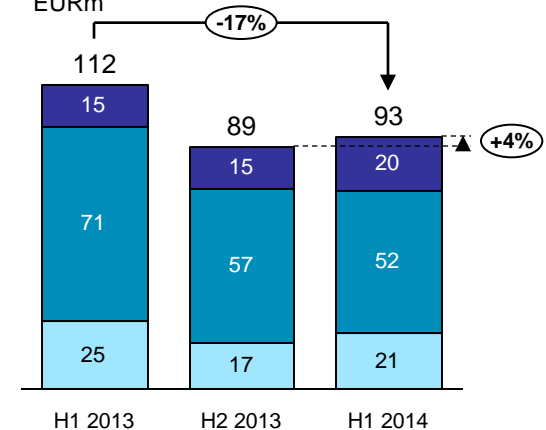
# ...and sustainable working capital management...

- Further reduction in net working capital<sup>2</sup> by EUR 55 million
  - Despite 6% increase in period-end zinc price
  - Direct marketing of commodity grade metal and alloys in Europe and Rest of World, combined with Noble agreement
- Inventory levels maintained at the H2 2013 levels
- Higher receivables more than off-set by increase in trade payables
- Non-growth CAPEX continued to be tightly managed

**Net working capital<sup>1</sup>**  
EURm



**CAPEX<sup>1</sup>**  
EURm



<sup>1</sup> Net working capital is calculated as inventory, accounts receivable balances less accounts payable and deferred revenue.  
<sup>2</sup> Change in Net Working Capital does not include changes in other assets and liabilities and provisions and employee benefits.

# ...result in a solid financial position and ample liquidity.

## Solid financial position

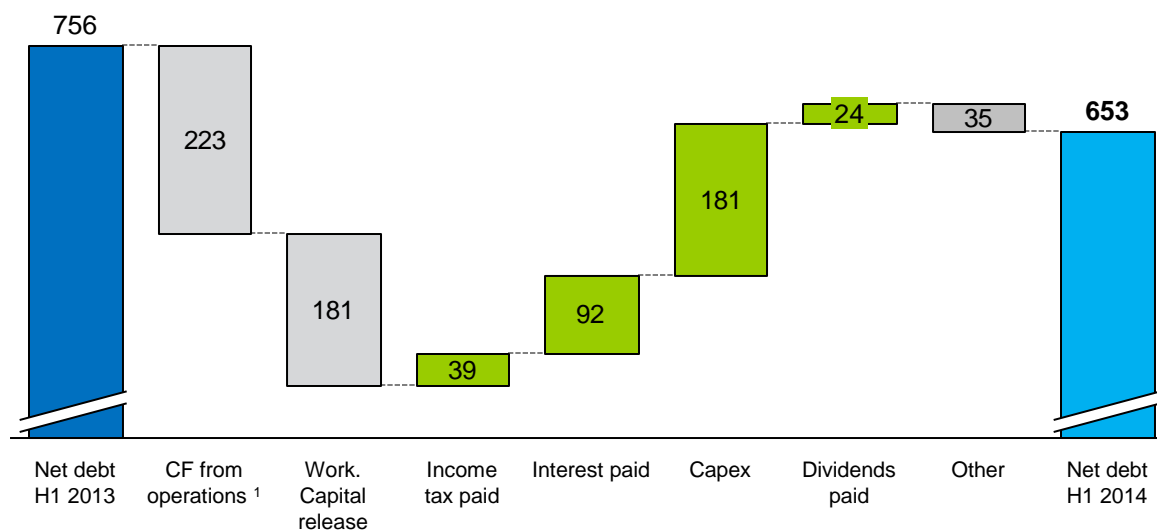
- Committed undrawn liquidity headroom and cash of EUR 768 million at the end of H1 2014
- EUR 400 million borrowing base facility with EUR 350 million increase option (on a pre-approved, but uncommitted basis) designed to address working capital requirements in a higher price environment
- All bank facilities are free of P&L or cash flow related covenants – all outstanding bonds are without financial covenants

## Future funding options

- Diversified sources of current funding backed by broad banking syndicate
- High quality credit counterparties
- Actively evaluating funding options for SSR capital expenditure
- Actively evaluating capital structure and management of upcoming maturities – Nyrstar intends to address the refinancing of its EUR 225 million bond ahead of its scheduled 2015 maturity

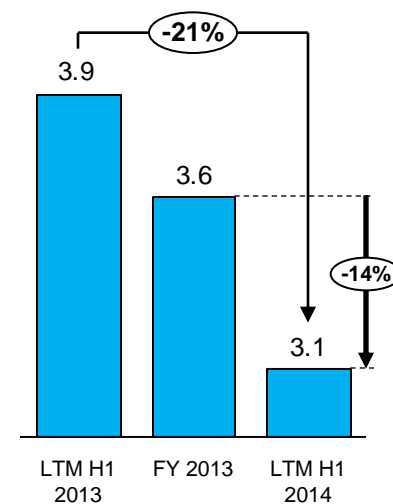
## Net debt evolution

EURm



<sup>1</sup> Cash flow from operating activity before change in working capital and income tax.

## Net Debt / EBITDA ratio

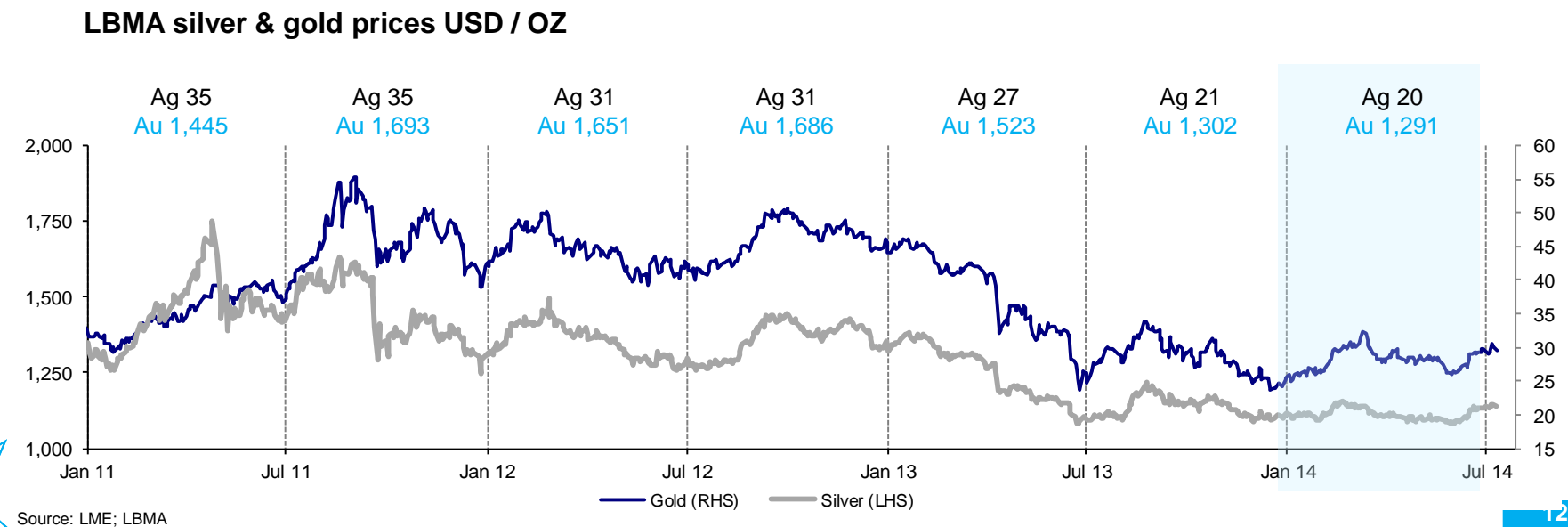
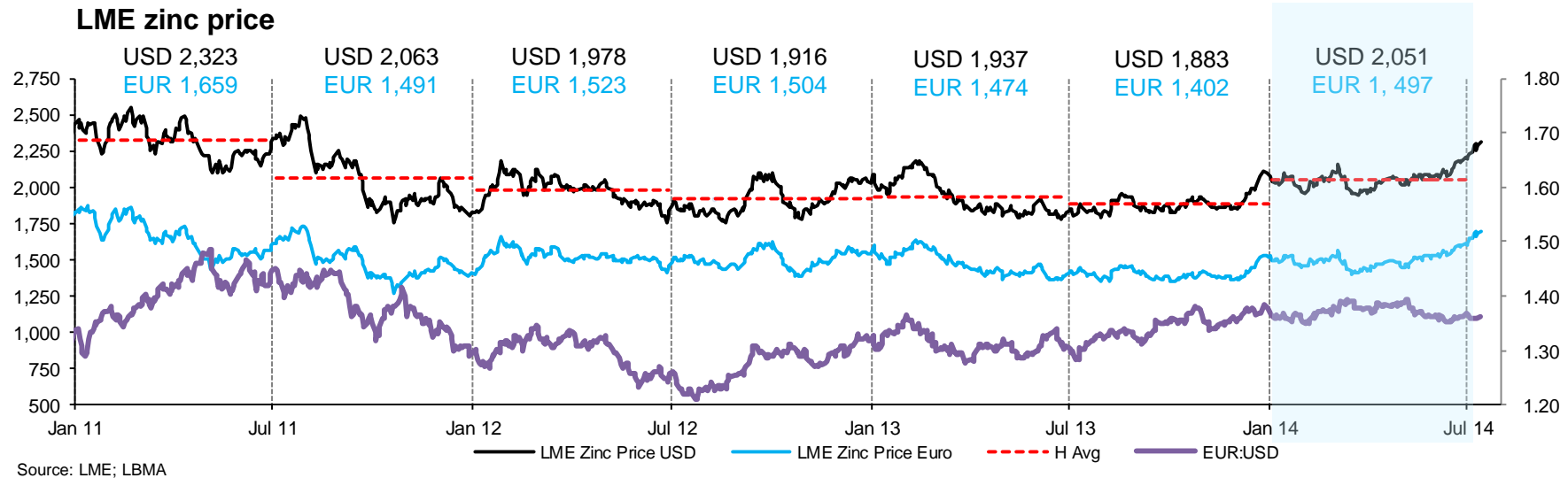




**Bob Katsioularis**  
Senior Vice President,  
Marketing, Sourcing and Sales

- Highlights
- Group financial results
- > **Marketing, Sourcing & Sales**
- Metals Processing
- Mining
- Outlook

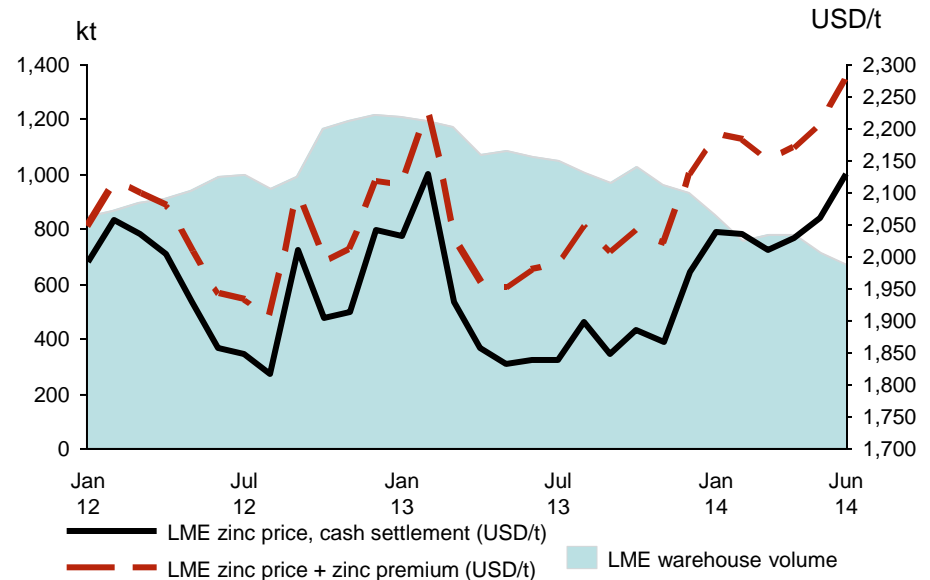
# Gradually improving metal price conditions during H1 2014...



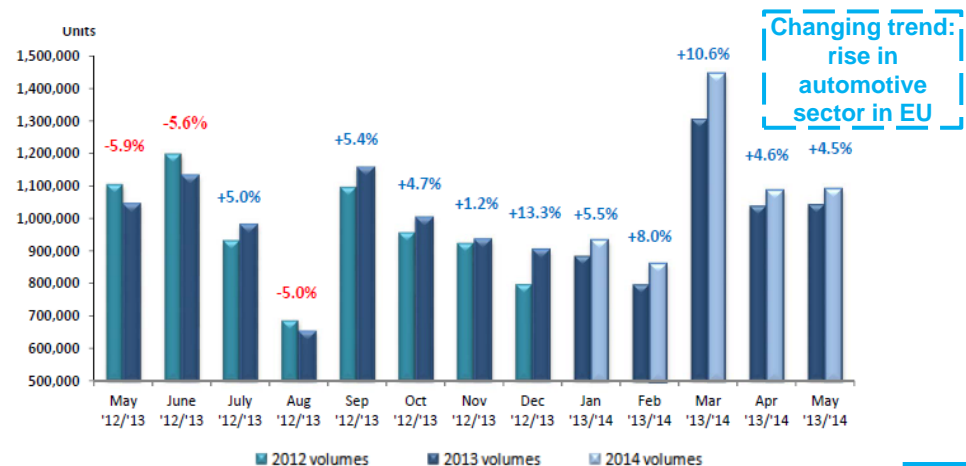
# ...underlying demand remain strong...

- LME stocks down 46% since January last year, underpinned in part by increased structural demand
- Increase in structural demand of ca. 4-5% driven principally by growth in construction and automotive sectors in Europe and the US respectively; and growth in the automotive and consumer goods sectors in China
- Decreasing inventory levels driven by increase in structural demand has resulted in premium and price increases; 3-month zinc price up ca. 5% since January; premiums up in Europe and in the US of ca. 4% and 3% respectively
- Nyrstar research indicates structural supply-side deficit in the near to medium term

**LME zinc: warehouse volume, zinc price & premiums**

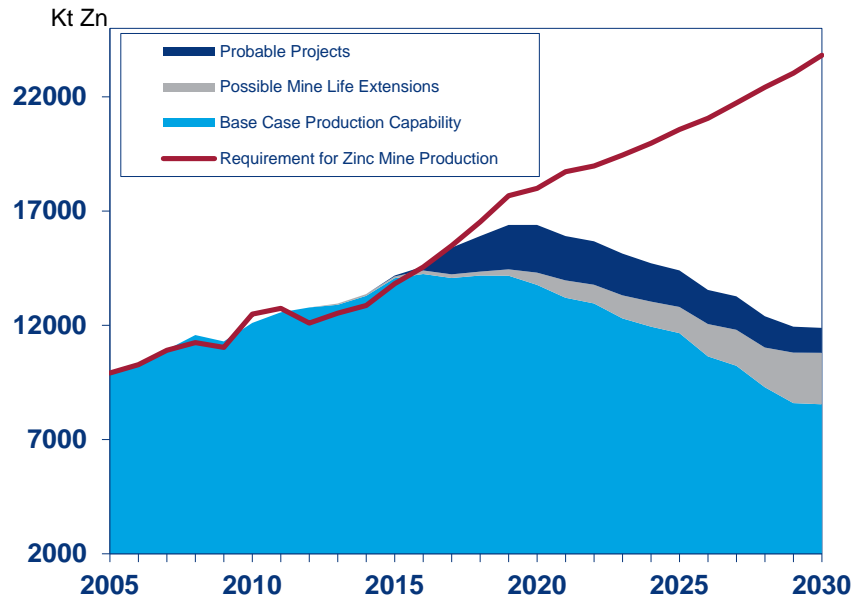


**New passenger car registrations in the EU (last 12 months)**

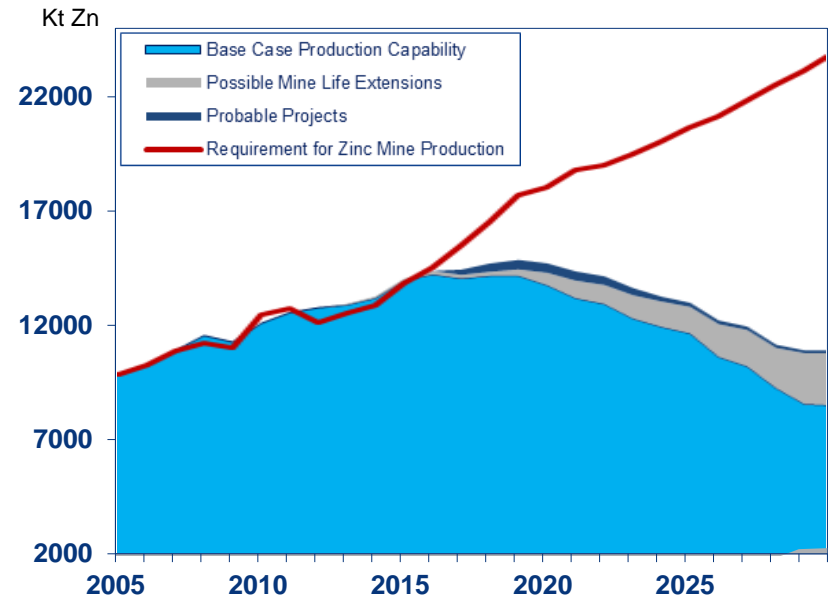


# ...along with underlying supply metrics...

**Wood Mackenzie  
Sources of Future Zinc Production**



**Nyrstar Evaluation  
Source of Future Zinc Production<sup>1</sup>**

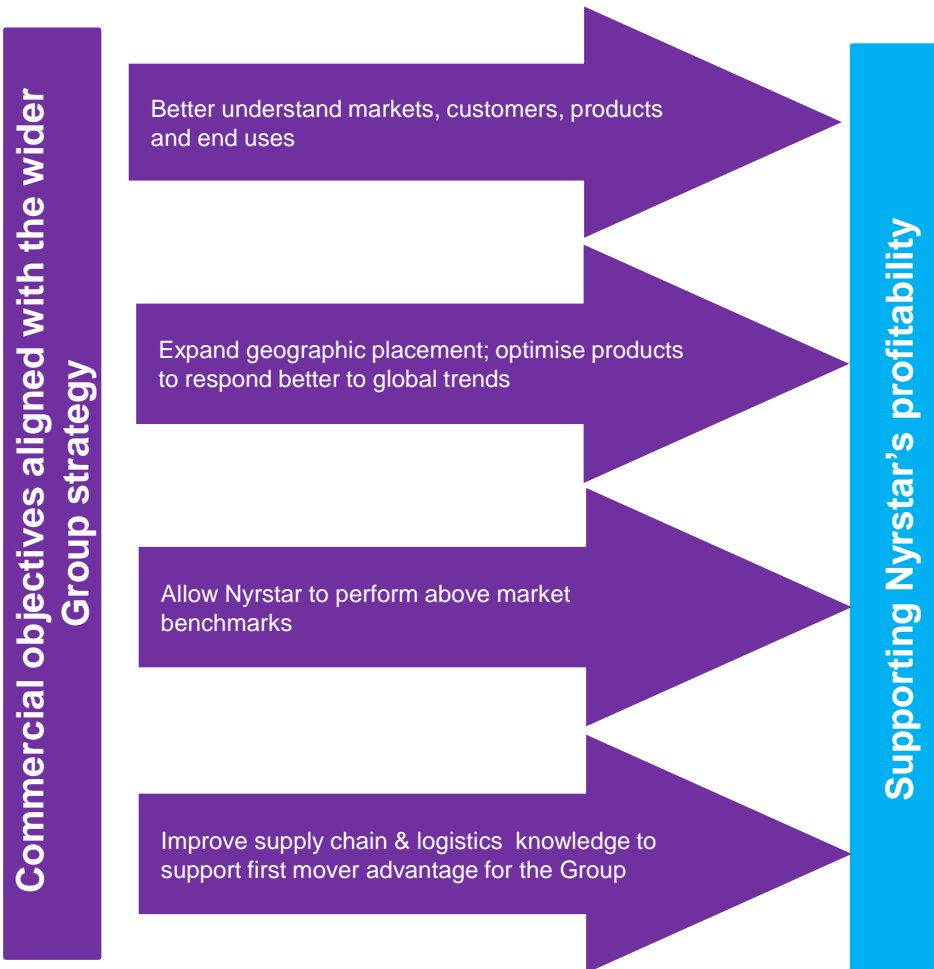


- Wood Mackenzie identify a number of probable zinc projects that are undergoing feasibility studies, permitting or awaiting financing, which could be developed to meet the supply shortfall
- Based on proprietary commercial, technical and strategic evaluation, Nyrstar expects that only a small percentage of probable projects will be viable and achieve commercial production

<sup>1</sup> Nyrstar adjustments to Wood Mackenzie consultant analysis.

# ...we are better equipped to take advantage of market dynamics to support Group-wide profitability.

**Established dedicated Marketing Sourcing & Sales team to implement Nyrstar's commercial strategy to realise sustainable product premiums for the Group**



## H1 2014 highlights

- Nyrstar's strategic marketing agreement with Noble in operation; delivering commodity grade zinc to global markets previously uneconomical for Nyrstar to reach
- Improved direct marketing efforts; contract negotiations with major steelmakers completed
- Direct placement of products to new geographies include South Africa, China, Middle East, Eastern Africa and Southeast Asia
- Expansion of portfolio of alloys to better meet changes in end uses e.g. automotive sector
- Leading position in die-cast alloys in Europe & Asia; improved ability to respond to customers globally
- Greater understanding of benchmark TCs, spot TCs, escalators, paid and unpaid metal to increase the net value of the feed book
- 12% uplift in premia for Metals Processing segment





**Michel Morley**

Senior Vice President, Metals  
Processing and Chief  
Development Officer

Highlights

Group financial results

Marketing, Sourcing & Sales

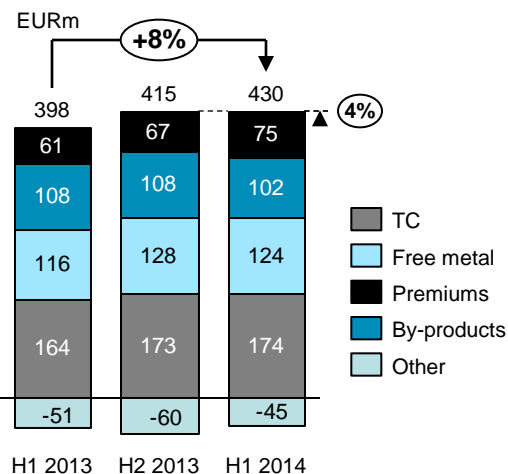
> **Metals Processing**

Mining

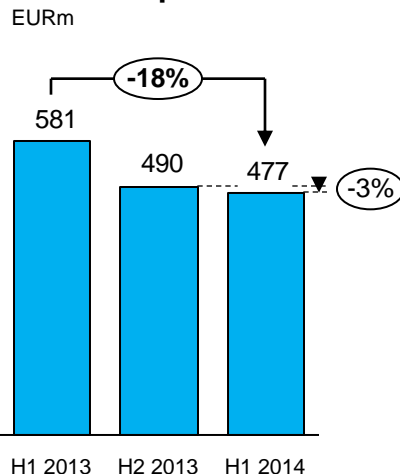
Outlook

# Continued strong performance in our smelting business...

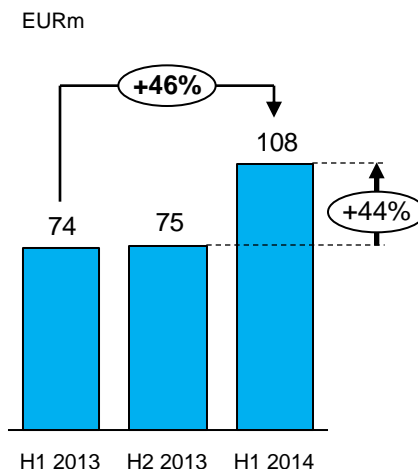
## Gross Profit



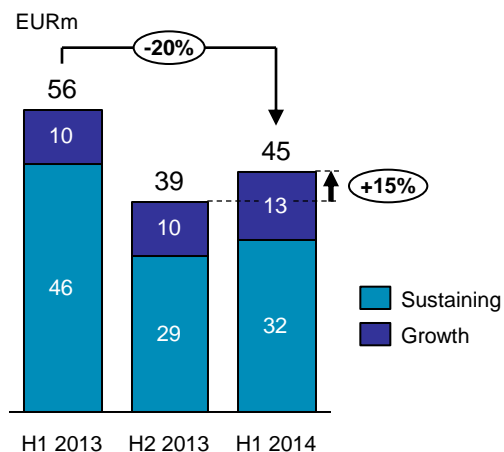
## Unit cost per tonne <sup>1</sup>



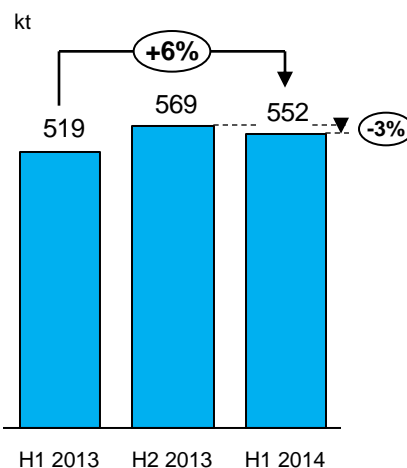
## EBITDA



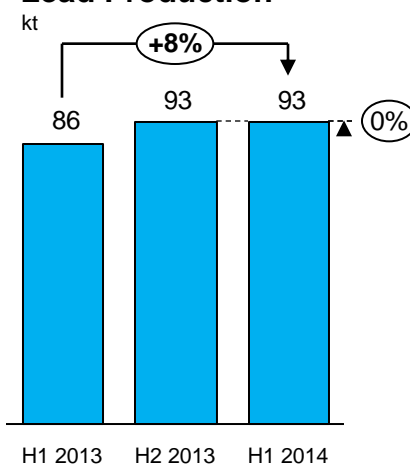
## CAPEX



## Zinc Production



## Lead Production



<sup>1</sup> Direct operating costs per tonne of zinc and lead metal production. Direct operating costs include people costs, energy costs, stores, external services and other operating costs.

# ...as we move forward with our present strategic priorities...

**Leveraging the integrated business model through a platform approach allows Nyrstar to unlock incremental margin potential from the existing production base**

- Viewing raw material flows through a different lens allows us to leverage our industrial footprint to unlock significant value from existing feed material
- Strategically acquired mines provide complex, high quality concentrates to Metals Processing segment

**Redevelopment of Port Pirie metal recovery and refining facility to maximise high margin and internal concentrates and residues not currently fully valorised**

- Internal residues and concentrates secure 50% of feed material source for redeveloped Port Pirie
- Longstanding industrial footprint, infrastructure and workforce in place, coupled with stringent feasibility work minimise development risk

**Upgrading our zinc smelter network to allow the processing of more high value feeds (SSR Projects)<sup>1</sup>**

- Debottlenecking smelters
- Building fumer capacity to allow efficient processing of some smelter residues and minor metal capture
- Minor metal extraction - increased minor metals breadth and depth

<sup>1</sup> No single investment exceeding EUR 50 million.

<sup>2</sup> Post tax levered IRR

<sup>3</sup> Average exchange rate of AUD/EUR1.52 (2 January to 30 April 2014) in line with press release dated 16 May.

**Gross CAPEX  
(EURm)**

**IRR (%)<sup>2</sup>**

ca. EUR  
338m<sup>3</sup> by  
2016 (EUR  
68m Nyrstar  
direct  
contribution)

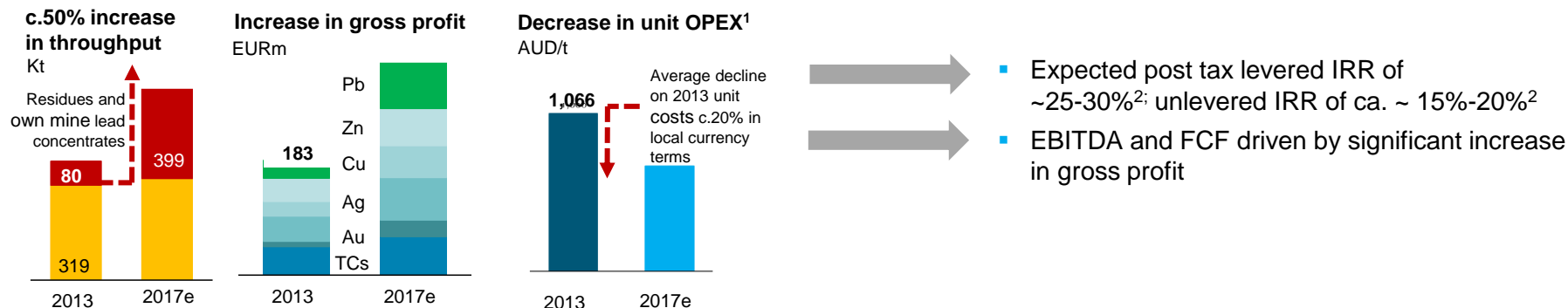
ca. 25-30%

ca.  
EUR 265m  
(EUR 250m  
by end of  
2016)

ca. 25-30%

# ...with the Port Pirie redevelopment, a major catalyst for the implementation of the strategy approved.

## Compelling business case



## Innovative funding package<sup>1</sup>

Direct contribution

EUR  
68m

Project level financing

EUR  
191m

Forward sale of silver production

EUR  
79m

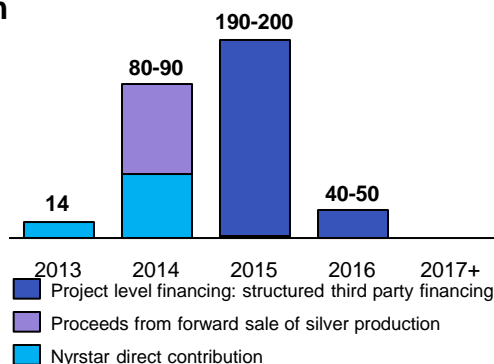
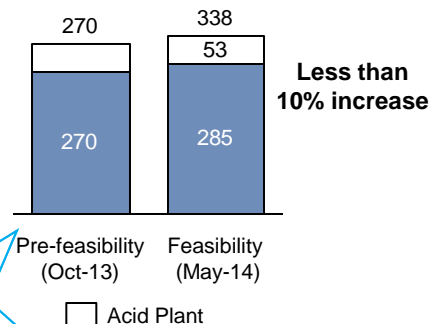
Includes

ca 20%

Contingency & inflation buffer over the project life

<sup>1</sup> Average exchange rate of AUD/EUR1.52 (2 January to 30 April 2014) in line with press release dates 16 May

## Project CAPEX guidance EURm



## Post redevelopment production

- Refined lead: c.250,000 tonnes
- Zinc in fume: c.40,000 tonnes
- Copper in matte: c.7,000 tonnes
- Silver ore: c.25.0 million troy ounces (inc. c.100,000 troy ounces of gold)

<sup>1</sup> Unit cost calculation for the 2013 based on combined lead and zinc volumes, and lead and zinc in fume for 2017

<sup>2</sup> Based on internal economic and flat metal price assumptions for the duration of the project; and includes the zinc plant closure.



**Bob Katsioularis**

**Senior Vice President,  
Marketing, Sourcing and Sales  
And Acting-Senior Vice  
President Mining**

Highlights

Group financial results

Marketing, Sourcing & Sales

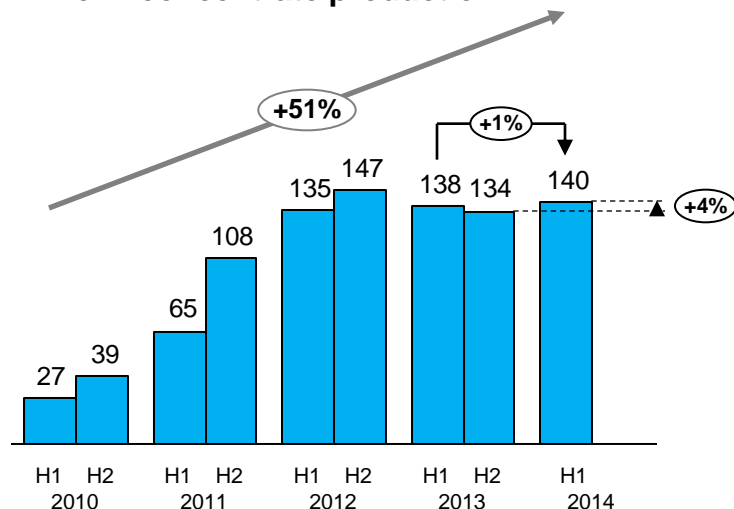
Metals Processing

> **Mining**

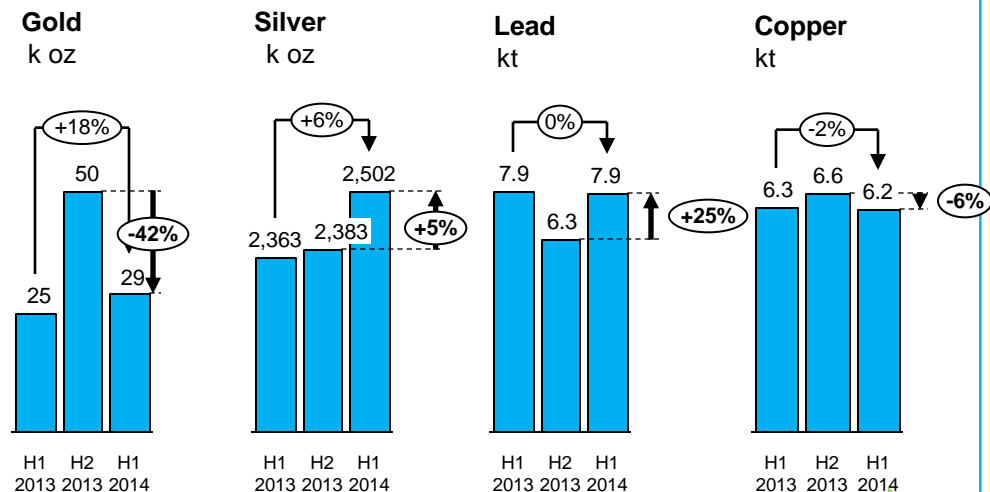
Outlook

# Gradual improvement in performance...

## Zinc in concentrate production

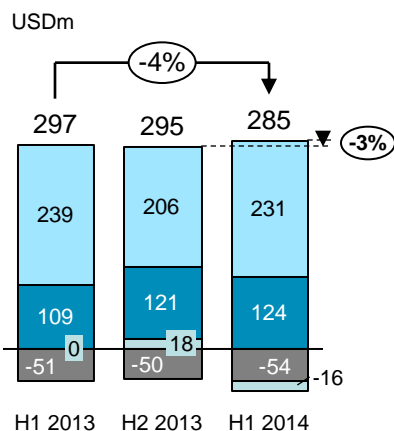


## Other metal in concentrates

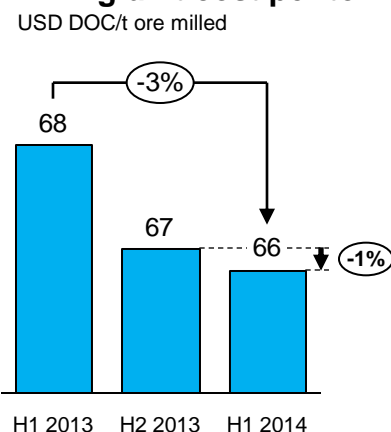


On track to meeting FY 2013 production guidance in all metals

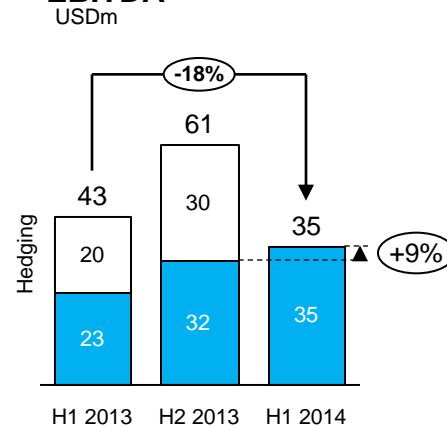
## Gross Profit



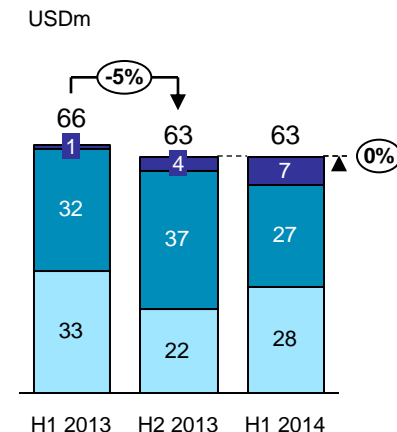
## Mining unit cost per tonne<sup>1</sup>



## EBITDA



## CAPEX

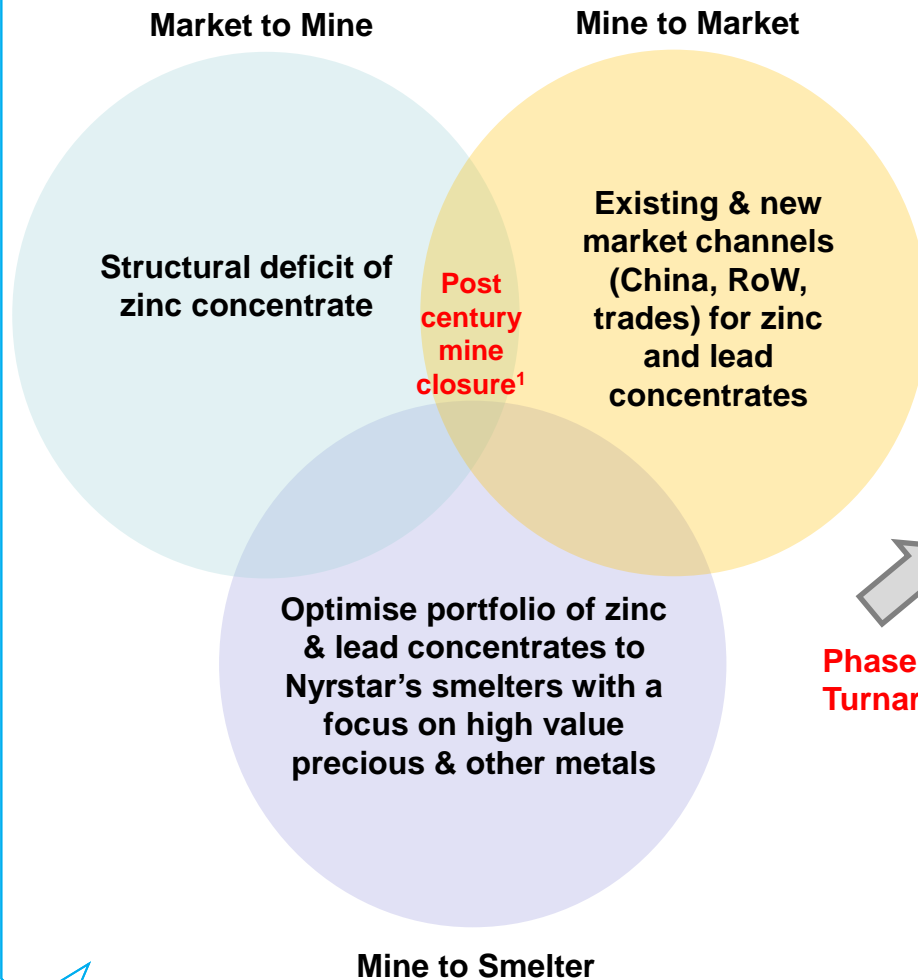


TC  
 Payable metal  
 By-products  
 Other

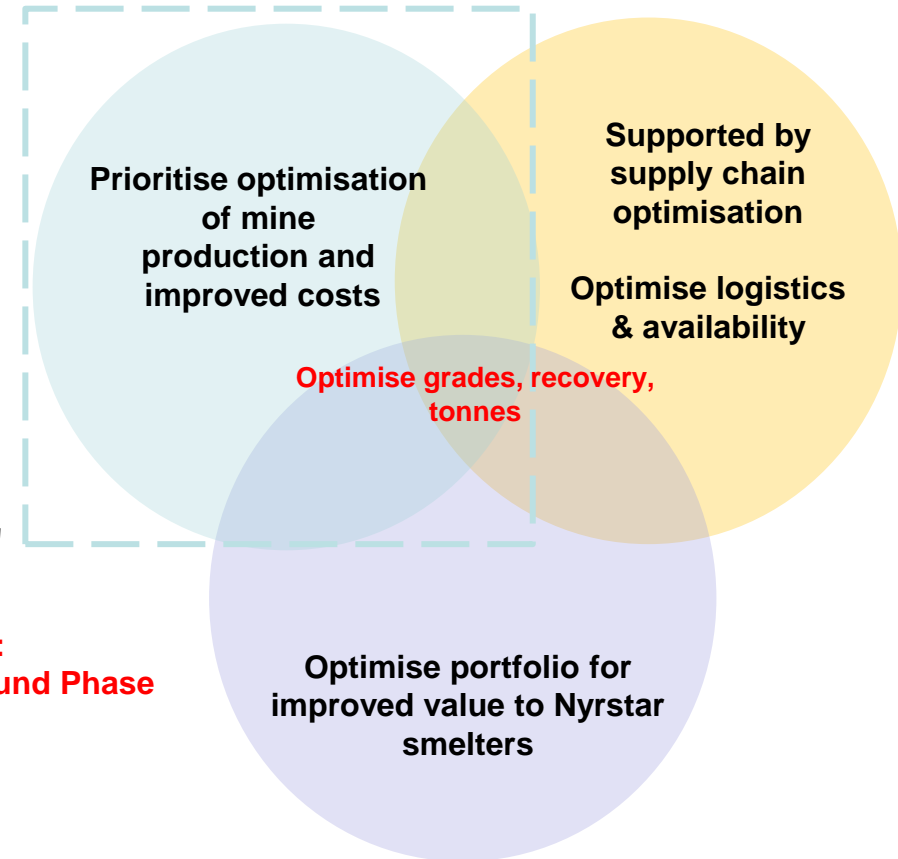
<sup>1</sup> Direct operating costs include people costs, energy costs, stores, external services and other operating costs

# ...but we need to do more to improve performance and returns for the Group...

## The markets in which we operate



## Our response



**Phase 1:  
Turnaround Phase**

<sup>1</sup> Century mine forecast to close in mid-2015.



## ...and remain committed to delivering core objectives.

### **Mining Strategic Review: an optimisation programme**

- Core aims: improve EBITDA and maximise Free Cash Flow
- **Optimise production from Nyrstar's mines and improve overall direct operating costs per tonne**
- Undertaken in two phases:
  - Phase 1: Turnaround Phase to implement near-term measures; continues for 2014
  - Phase 2: A more comprehensive phase to be linked to the Metals Processing segment and the outcome of the SSR programme, combined with MSS
- Operational in nature/not envisaged to be capital intensive

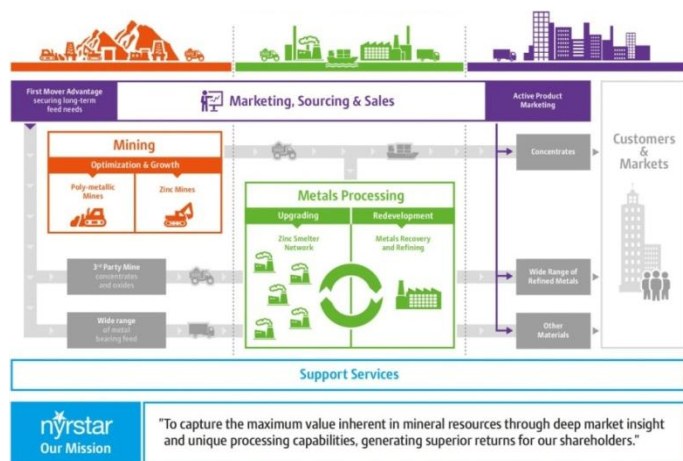


**Roland Junck**  
Chief Executive Officer

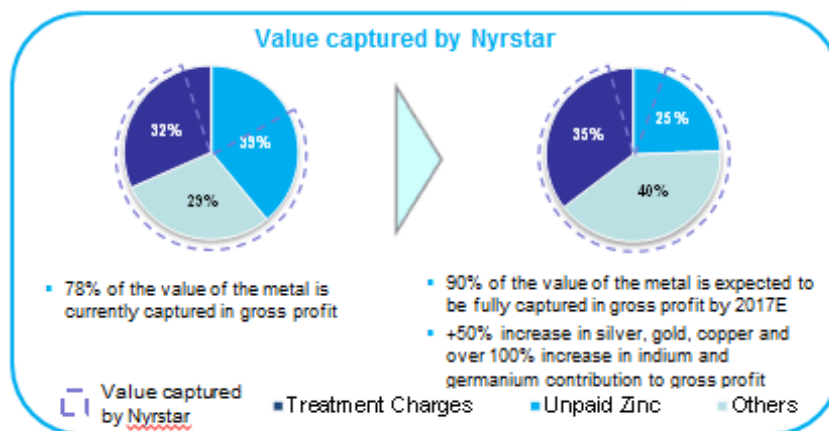
Highlights  
Group financial results  
Marketing, Sourcing & Sales  
Metals Processing  
Mining  
> **Outlook**

# We continue to take advantage of our integrated business model...

## Our integrated business model



## Metals Processing: Transforming Port Pirie into a core asset of the Group



## Marketing Sourcing & Sales

- Expanding market reach in terms of geographies, product mix and customer mix
- Increasing MSS footprint with new sales office in Hong Kong
- Improved uplift in premia for Metals Processing

## Mining

- Increasing trend in the percentage of total zinc concentrates from our own mines used internally by the Group's smelter network: H1 2014: ca 52% compared to 41% in H1 2013

## ...and remain confident on the outlook for the business.

- Deliver 2014 guidance
- Continue stringent cost control and deliver Project Lean
- Stringent capital allocation process to ensure we invest in the best opportunities for the Group
- Further integration of the Group's commercial strategy: greater focus on the right product mix to better meet market demands
- Deliver on time and to budget key milestones for Port Pirie redevelopment and SSR projects
- Focus on delivering further results from the Mining Strategic Review
- Evaluate access to capital markets to address incremental capital expenditure needs and refinancing

**Remain on track to take full advantage of our unique integrated business model and improve on our leading position**

# 2014 Guidance

## Production

### Mining

Metal in concentrate	Range
Zinc (own mines) <sup>1</sup>	280,000 – 310,000 tonnes
Lead	15,000 – 18,000 tonnes
Copper	12 ,000– 14,000 tonnes
Silver <sup>2</sup>	4,750,000 – 5,250, 000 troy ounces
Gold	65,000 – 70,000 troy ounces

### Metals processing

Metal	Range
Zinc	1.0–1.1 million tonnes

### Smelter planned maintenance shuts

Smelter & production step impacted	Timing and duration	Estimated impact
Clarksville - roaster and acid plant	Q3: 2 – 3 weeks	nil – 1,000t zinc metal
Auby – roaster	Q4: 2 weeks	nil
Port Pirie – lead plant	Q4: 3 weeks	nil-500t

## CAPEX

	EURm
<b>Mining</b>	<b>105 – 115</b>
Sustaining	40 – 45
Exploration and Development and Growth	65 – 70
<b>Metals Processing</b>	<b>175 – 200</b>
Sustaining	75 – 80
Growth	20 - 30
Port Pirie Redevelopment	80-90
<b>Group</b>	<b>280-315</b>

- Disciplined CAPEX approach
- Non-growth CAPEX in 2014 expected to be flat or lower year on year
- Production guidance based on maximising EBITDA and free cash flow by targeting optimal balance between production and Sustaining CAPEX
- Estimated impact of maintenance shuts on 2014 production, have been taken into account when determining zinc metal guidance for 2014

<sup>1</sup> Excluding zinc deliveries under the Talvivaara 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 USD 3.90/oz is payable.

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## FOR FURTHER INFORMATION

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# Appendix





# EBITDA sensitivity

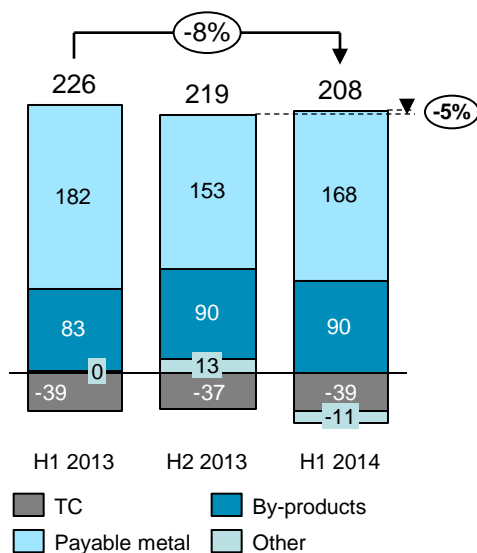
Parameter	Variable	Estimated annualised EBITDA impact	Estimated annual EBITDA impact
		EURm	EURm
		H1 2014	FY 2013
Zinc price	+/- USD100/t	+30 / -29	+28 / -28
Lead price	+/- USD100/t	+2 / -2	+2 / -2
Copper price	+/- USD500/t	+6 / -6	+6 / -6
Silver Price	+/- USD1/troy ounce	+4 / -4	+4 / -4
Gold Price	+/- USD100/troy ounce	+5 / -5	+6 / -6
USD / EUR	+/- EUR0.01	+18 / -18	+18 / -18
AUD / EUR	-/+ EUR0.01	-3 / +3	-3 / +3
Zinc TC	+/- USD25/dmt <sup>1</sup>	+29 / -29	+28 / -28
Lead TC	+/- USD25/dmt <sup>1</sup>	+5 / -5	+5 / -5

- Calculated by modeling Nyrstar's H1 2014 underlying operating performance. Each parameter is based on an average value observed during that period and is varied in isolation to determine the annual EBITDA impact
- Particular care needs to be taken when applying the sensitivities.

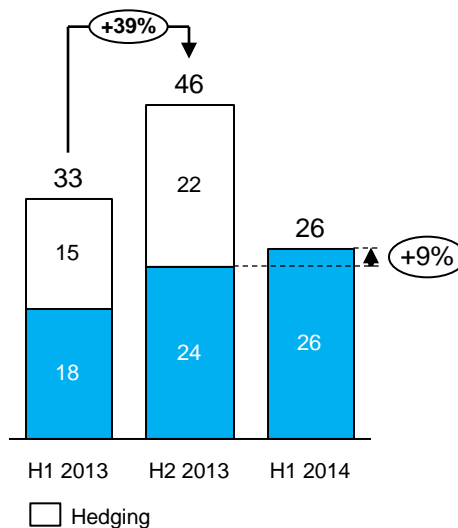
<sup>1</sup> dmt = dry metric tonn

# Mining: performance (EURm)

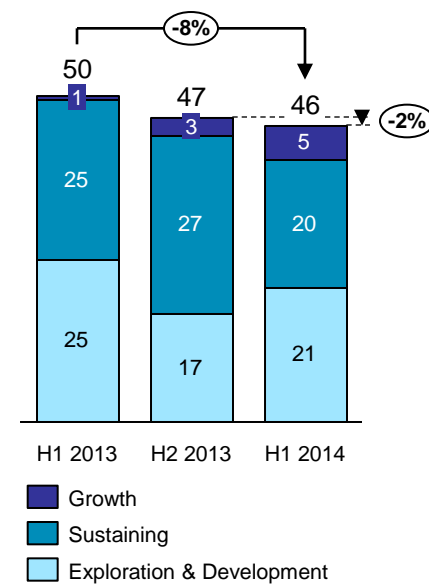
**Gross Profit**  
EURm



**EBITDA**  
EURm



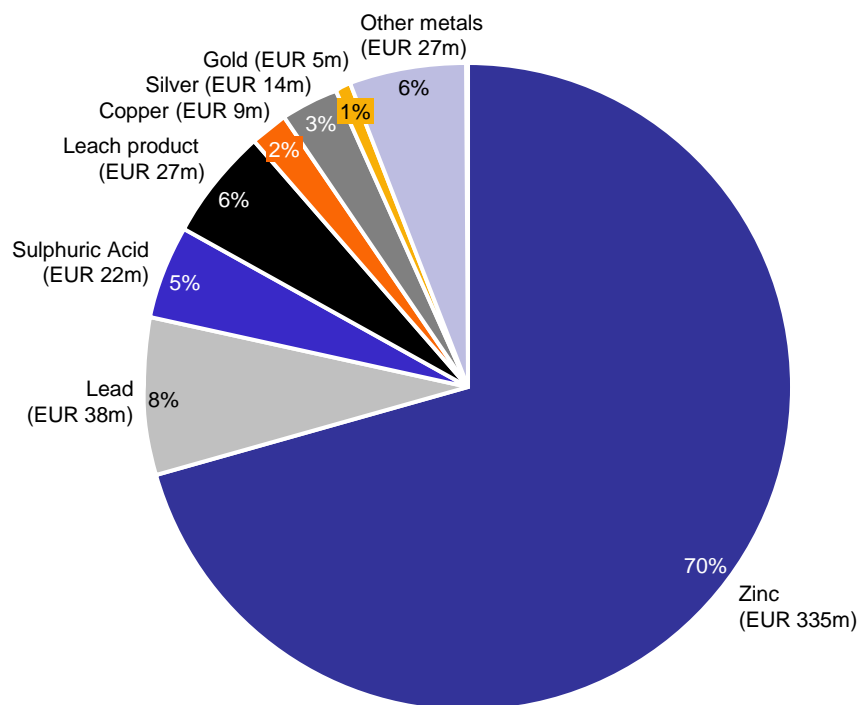
**CAPEX**  
EURm



# Metal processing: Gross profit by metal

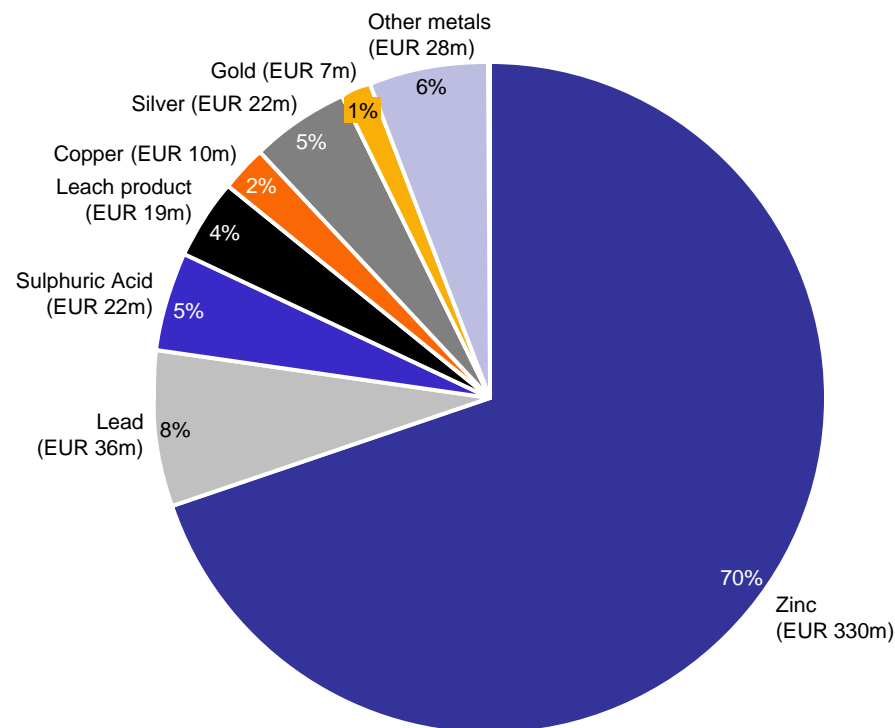
**H1 2014**

**EUR 430 m <sup>1</sup>**



**H2 2013**

**EUR 415 m <sup>1</sup>**

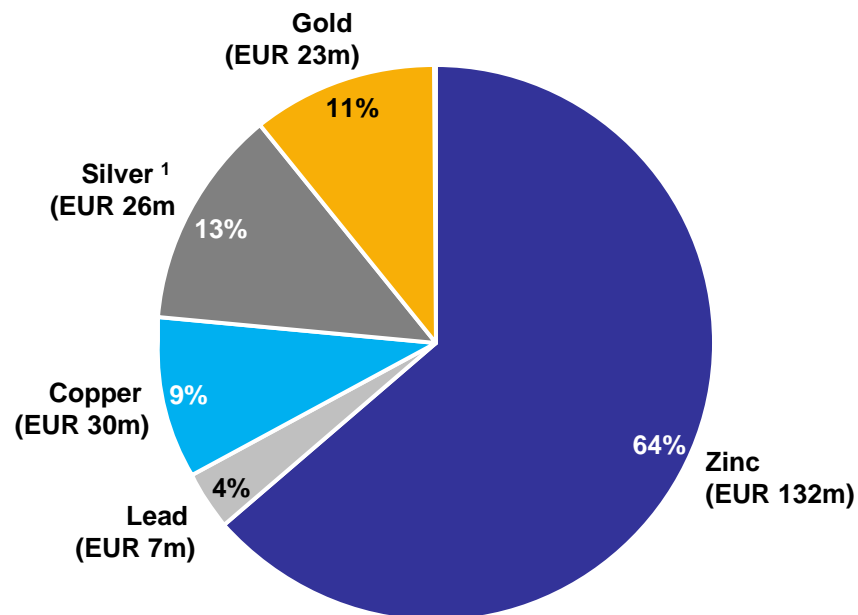


<sup>1</sup> Includes "Other Gross Profit" which includes realisation expenses and costs of alloying materials: EUR (60)m H2 2013, EUR (45)m H1 2014

# Mining: Gross profit by metal

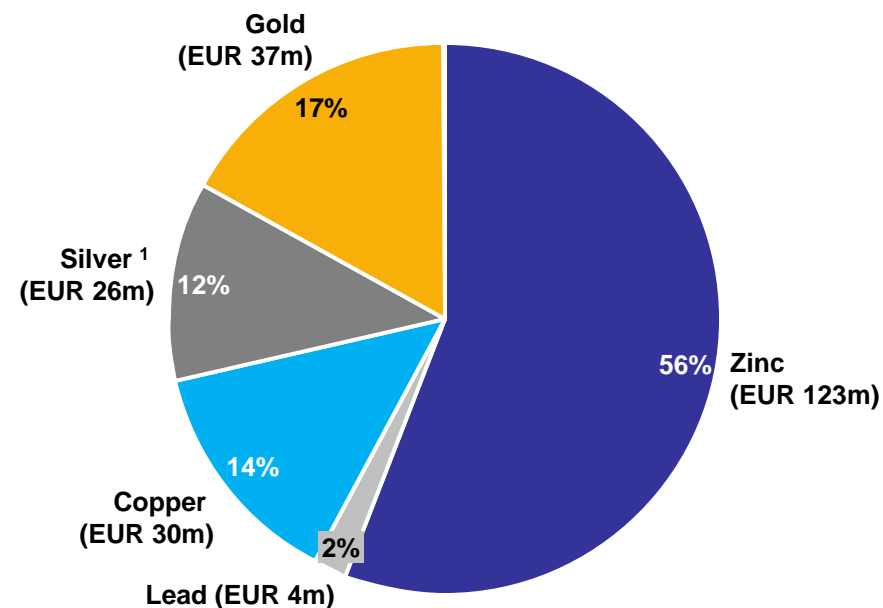
H1 2014

EUR 208 m <sup>1</sup>



H2 2013

EUR 219 m <sup>1</sup>

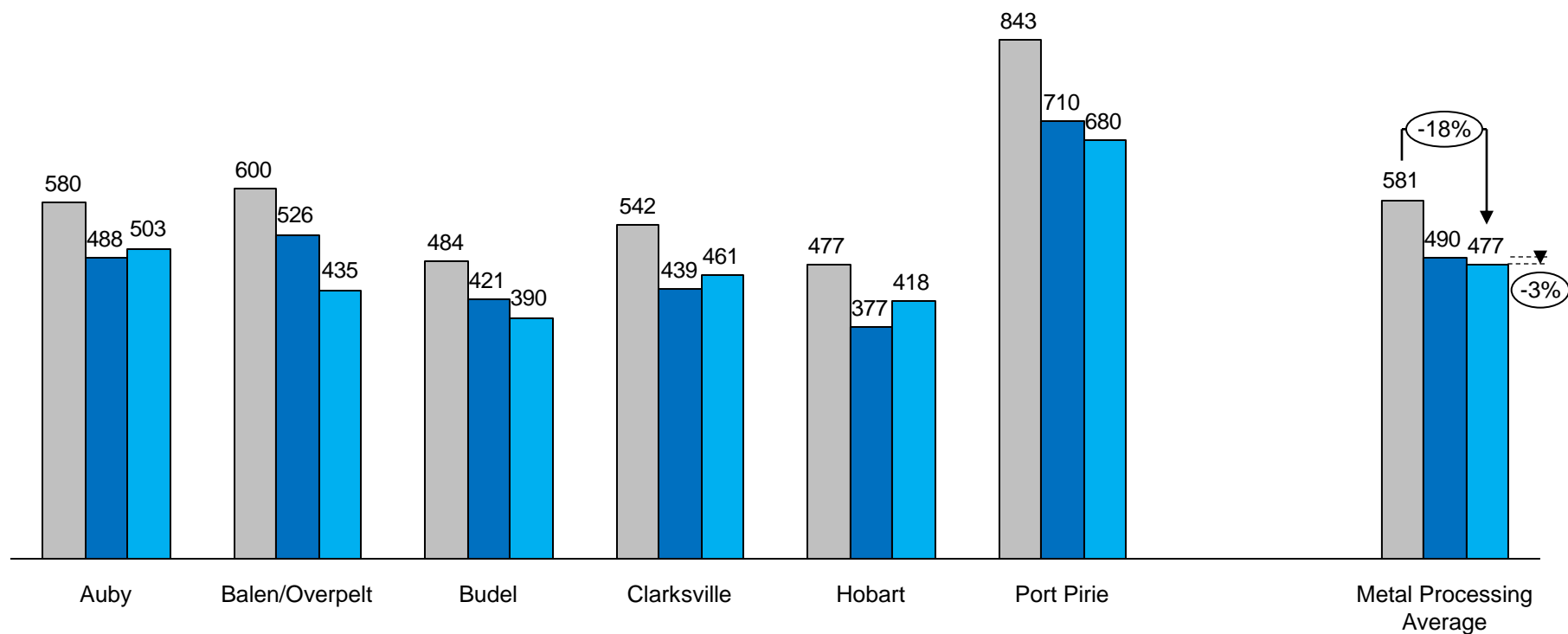


<sup>1</sup> 75% of the silver produced by Campo Morado is subject to a streaming agreement with Silver Wheaton Corporation whereby only USD3.98/oz is payable. In H1 2014, Campo Morado produced approximately 478,000 troy ounces of silver

# Metal Processing: unit costs

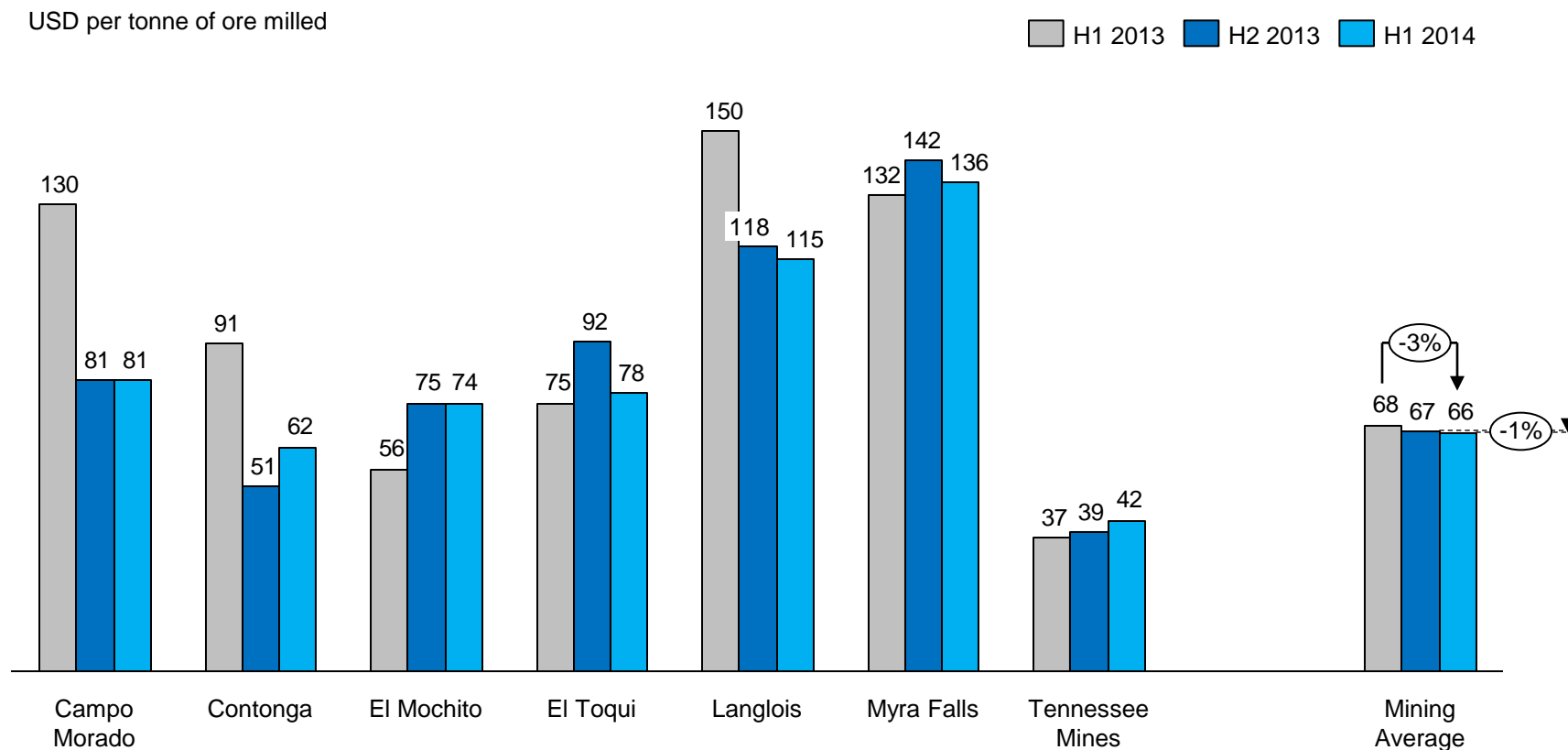
EUR DOC/t metal

■ H1 2013 ■ H2 2013 ■ H1 2014



Metal Processing unit cost is EUR direct operating costs per tonne of zinc and lead metal production. Direct operating costs include people costs, energy costs, stores, external services and other operating costs

# Mining: direct operating costs per mine



# EBITDA and EPS reconciliation

EURm	H1 2014	H2 2013	H1 2013
<b>EBITDA</b>	<b>107</b>	<b>89</b>	<b>66</b>
<i>Add back Underlying adjustments:</i>			
Restructuring expenses	3	8	10
M&A related transaction expenses	0	1	1
Net loss / (gain) on disposal of subsidiaries	(1)	0	-
Net loss / (gain) on Hobart Smelter embedded derivatives	0	(1)	10
<b>Underlying EBITDA</b>	<b>110</b>	<b>98</b>	<b>87</b>

EUR per share	H1 2014	H2 2013	H1 2013
<b>Basic EPS</b>	<b>(0.42)</b>	<b>(0.68)</b>	<b>(0.58)</b>
<i>Add back Underlying adjustments:</i>			
Restructuring expenses	0.02	0.04	0.07
M&A related transaction expenses	-	0.01	-
Net loss / (gain) on disposal of subsidiaries	(0.01)	-	-
Net loss / (gain) on Hobart Smelter embedded derivatives	-	(0.01)	0.06
Net After Tax Impairments	-	0.26	-
<b>Underlying EPS</b>	<b>(0.41)</b>	<b>(0.39)</b>	<b>(0.44)</b>



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