

# Comprehensive Strategic Financing

*Moving Ahead with the Execution of our Strategy*

September 2014



# Important notice

- This presentation has been prepared by the management of Nyrstar NV (the "Company"). It does not constitute or form part of, and should not be construed as, an offer, solicitation or invitation to subscribe for, underwrite or otherwise acquire, any securities of the Company or any member of its group nor should it or any part of it form the basis of, or be relied on in connection with, any contract to purchase or subscribe for any securities of the Company or any member of its group, nor shall it or any part of it form the basis of or be relied on in connection with any contract or commitment whatsoever.
- The information included in this presentation has been provided to you solely for your information and background and is subject to updating, completion, revision and amendment and such information may change materially. Unless required by applicable law or regulation, no person is under any obligation to update or keep current the information contained in this presentation and any opinions expressed in relation thereto are subject to change without notice. No representation or warranty, express or implied, is made as to the fairness, accuracy, reasonableness or completeness of the information contained herein. Neither the Company nor any other person accepts any liability for any loss howsoever arising, directly or indirectly, from this presentation or its contents.
- This presentation includes forward-looking statements that reflect the Company's intentions, beliefs or current expectations concerning, among other things, the Company's results of operations, financial condition, liquidity, performance, prospects, growth, strategies and the industry in which the Company operates. These forward-looking statements are subject to risks, uncertainties and assumptions and other factors that could cause the Company's actual results of operations, financial condition, liquidity, performance, prospects, growth or opportunities, as well as those of the markets it serves or intends to serve, to differ materially from those expressed in, or suggested by, these forward-looking statements. The Company cautions you that forward-looking statements are not guarantees of future performance and that its actual results of operations, financial condition and liquidity and the development of the industry in which the Company operates may differ materially from those made in or suggested by the forward-looking statements contained in this presentation. In addition, even if the Company's results of operations, financial condition, liquidity and growth and the development of the industry in which the Company operates are consistent with the forward-looking statements contained in this presentation, those results or developments may not be indicative of results or developments in future periods. The Company and each of its directors, officers and employees expressly disclaim any obligation or undertaking to review, update or release any update of or revisions to any forward-looking statements in this presentation or any change in the Company's expectations or any change in events, conditions or circumstances on which these forward-looking statements are based, except as required by applicable law or regulation.
- This document and any materials distributed in connection with this document are not directed to, or intended for distribution to or use by, any person or entity that is a citizen or resident or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would require any registration or licensing within such jurisdiction.
- The distribution of this document in certain jurisdictions may be restricted by law and persons into whose possession this document comes should inform themselves about, and observe any such restrictions. The Company's securities have not been and will not be registered under the US Securities Act of 1933 (the "Securities Act") and may not be offered or sold in the United States absent registration under the Securities Act or exemption from the registration requirement thereof.

# Today's presenters



**Roland Junck**  
*Management Committee,  
Chief Executive Officer*



**Heinz Eigner**  
*Management Committee,  
Chief Financial Officer*



**Michael Morley**  
*Management Committee,  
Chief Development Officer, SVP  
Metals Processing*



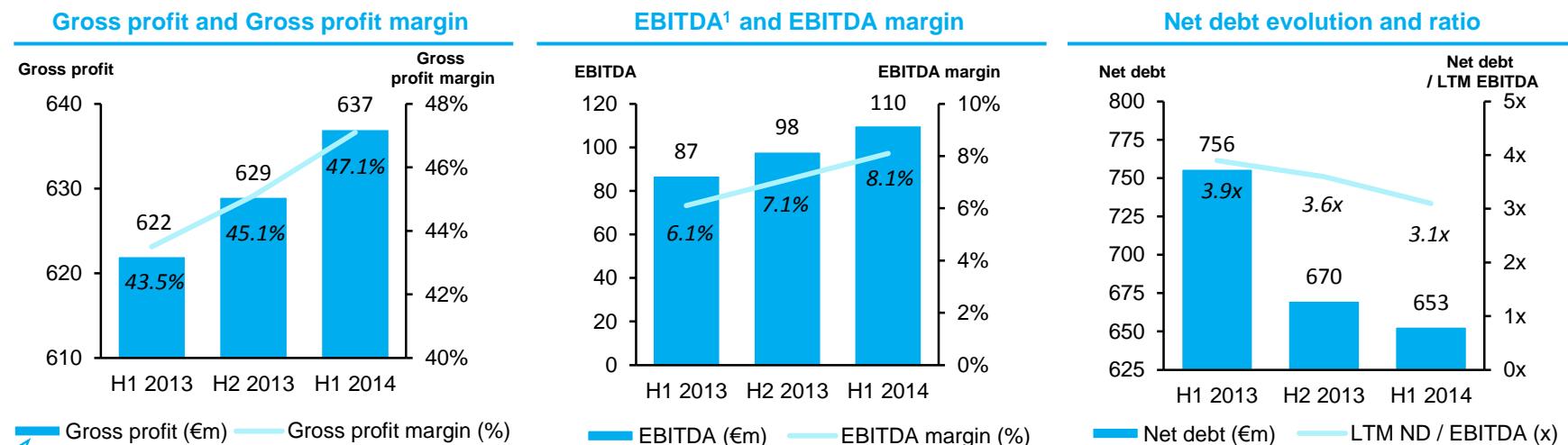
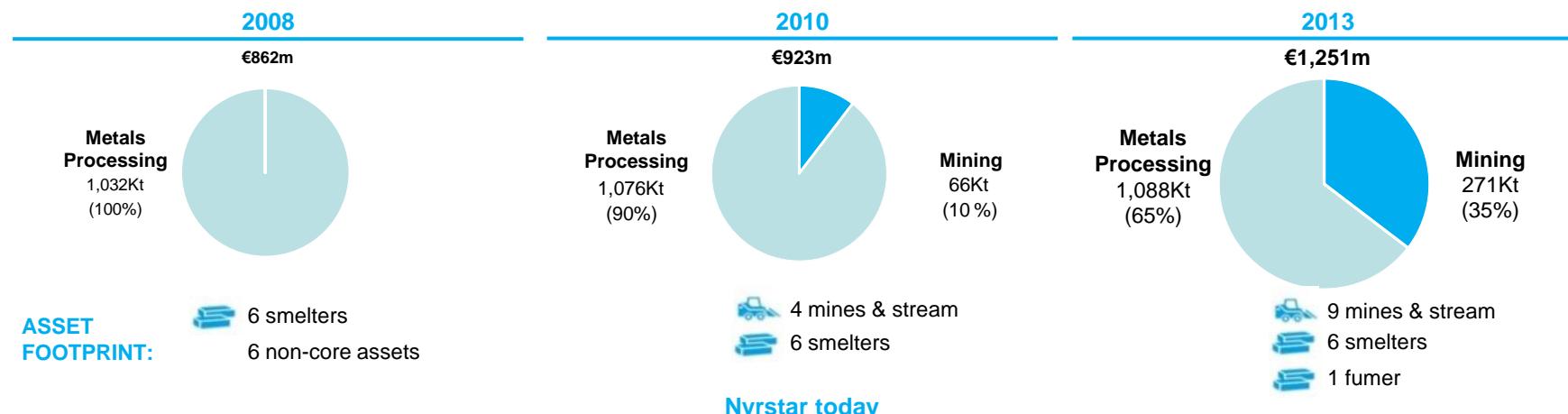
## I. **Moving Ahead with the Execution of our Strategy**



# Nyrstar today – the journey to date

## Creation of our integrated metals business

### Gross profit<sup>1</sup> contribution – demonstrated ability to grow and diversify earnings

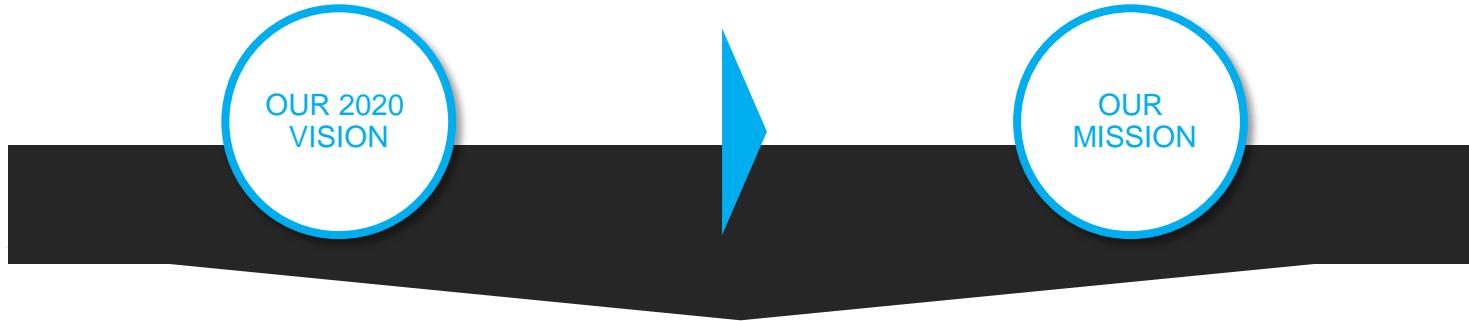


<sup>1</sup> All references to EBITDA in the presentation refer to Underlying EBITDA that is defined as profit or loss for the period adjusted to exclude depreciation, amortisation, depletion, impairment losses and reversals, net finance expense, income tax expense/benefits and excludes exceptional items related to restructuring measures, M&A related transaction expenses, 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.

# Our stated strategy

The steps required to deliver our vision

Nyrstar 2020

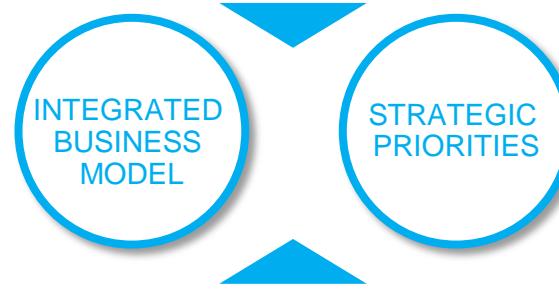


What we want to be

To be the leading integrated mining and metals business

What we need to do to get there

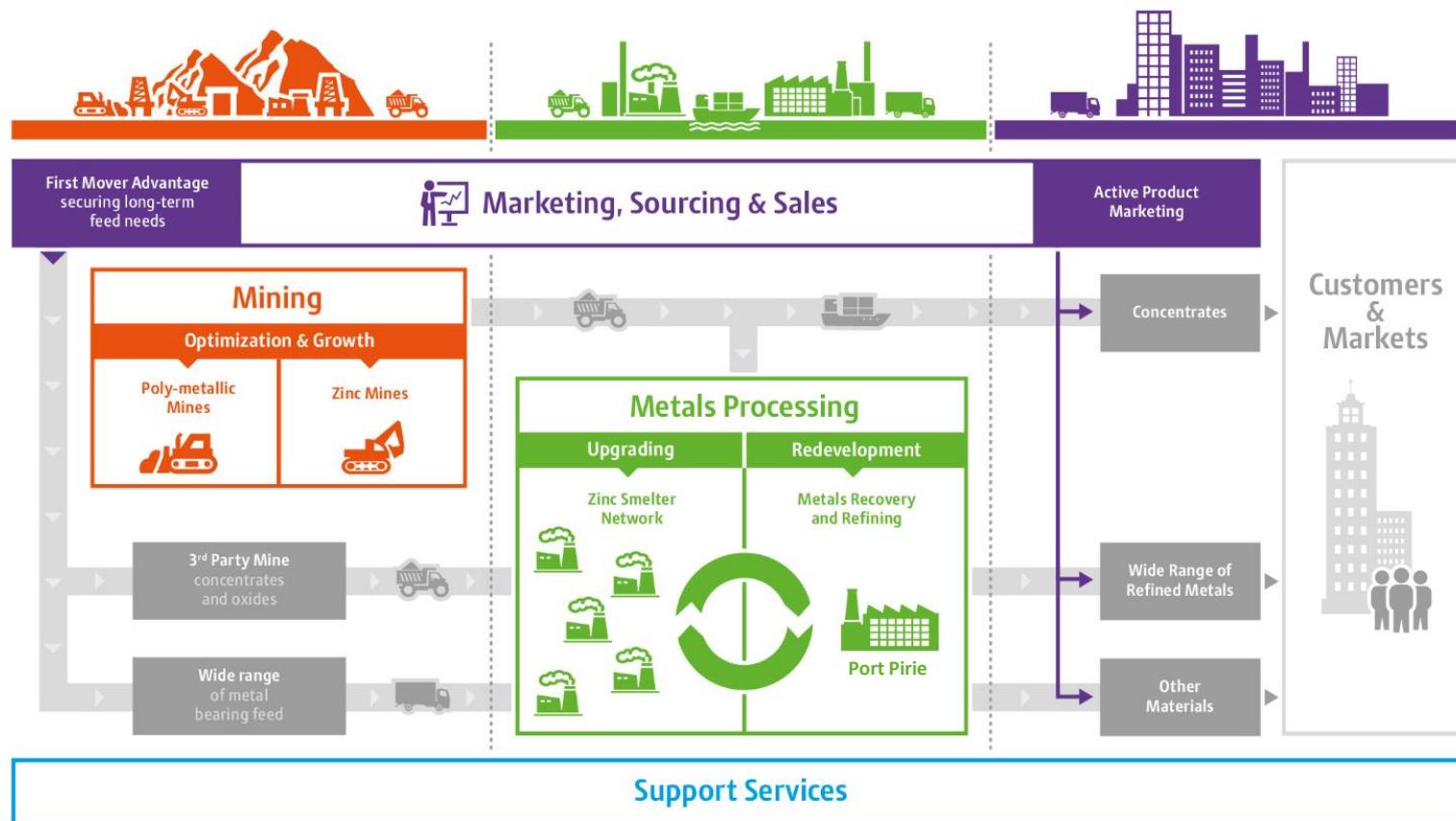
**To capture the maximum value inherent in mineral resources through deeper market insight and unique processing capabilities, generating superior returns for our shareholders**



Comprehensive strategic financing plan

# Our integrated business and operating model

Diversification and vertical integration enables Nyrstar to maintain profitability as margins shift across different business units over business cycles



"To capture the maximum value inherent in mineral resources through deep market insight and unique processing capabilities, generating superior returns for our shareholders."

# Our strategic priorities

1

## **Maximising the performance of our assets today, to underpin the transformation of Nyrstar**

- Maximising financial performance from our existing assets is a critical enabler of our transformation
- Managing safety and environmental stewardship as a pre-condition for our license to operate

2

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

- Brownfield investment; infrastructure and workforce in place, coupled with stringent feasibility work, minimises development risk
- Committed funding package in place

3

## **SSR: upgrading Nyrstar's smelter network to allow the processing of more high value feeds**

- Deconstraining allows for the treatment of more complex and higher value materials
- Building fumer capacity to allow for more efficient processing of some smelter residues and minor metal capture
- Increased minor metals breadth and depth

4

## **Continually improving the performance of the Mining business unit**

- Leveraging the benefits of the Port Pirie Redevelopment and SSR investments
- Focused on brownfield growth options at existing assets

5

## **Marketing, Sourcing & Sales enhances the Group's integrated business model by optimising the feedstock of internal / external raw materials and enhancing Nyrstar's market position**

- Better understanding of markets, customers, products and end uses
- Expand geographic placement; optimise products to respond better to global trends
- Improve supply chain and logistics knowledge to support first mover advantage for the Group
- Allow Nyrstar to perform above market benchmarks

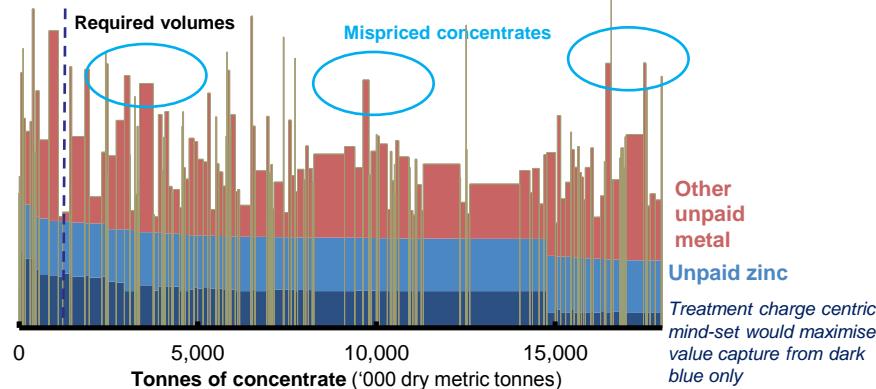
# Leveraging Nyrstar's integrated business model and delivering on our strategy

## Leveraging Nyrstar's integrated business model

- Traditional volume driven zinc smelters target concentrates that generate the highest treatment charge income
- Focusing on treatment charge income alone ignores the value potential from unpaid metal, specifically non-zinc unpaid metal (e.g. gold, silver, copper and certain minor metals)
- Viewing raw material flows and focusing on unpaid metal value, rather than just treatment charge income, brings significantly more value to Nyrstar
- Combined with sophisticated optimisation modelling used in Nyrstar today, management believes that by having the operational capability to treat the feed material and recover the metal value is expected to improve profitability
- Through this lens, Nyrstar's own mine production represents some of the valuable feed material available to Metals Processing

## Viewing raw materials through an unpaid metal value lens ...

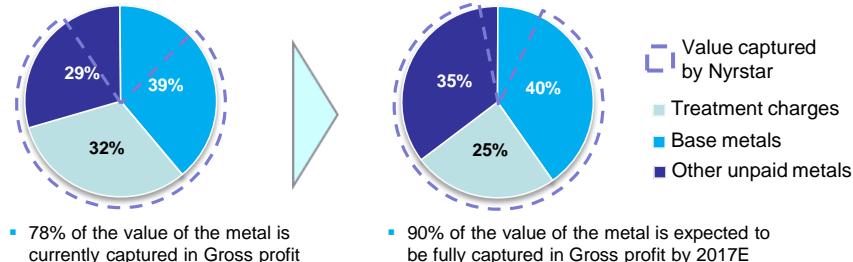
### Illustrative value in concentrate Indicative value / tonne of feed (EUR)



## Unlocking value in existing smelter residues

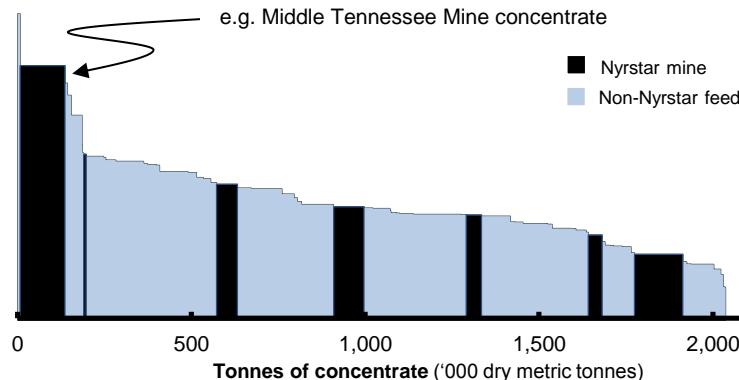
- A** Redevelopment of Nyrstar's Port Pirie smelter to maximise high margin and internal concentrates and residues not currently fully valorised
- B** Upgrading Nyrstar's zinc smelter network through the SSR investments, to allow the processing of more high value feeds<sup>1</sup>

### Illustrative potential future value captured by Nyrstar<sup>2</sup>:



...our own mine supply represents ~25% of the most valuable feed materials to the transformed network

### Zinc concentrate / oxide feedback (post-Metals Processing Transformation) EBITDA / tonne of feed (EUR)

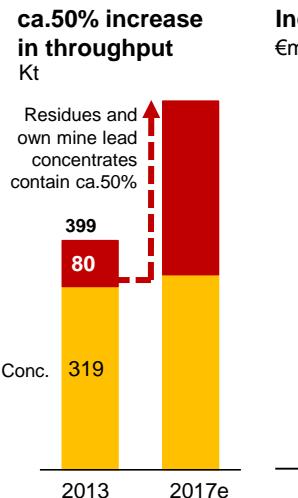


<sup>1</sup> Where The SSR capital expenditure guidance provided is indicative and is subject to change as the SSR projects progress. Nyrstar provides annual guidance on its Metals Processing business unit, whereby Metals Processing Growth capital expenditure for the year is outlined, and refers to SSR investment project spend.

<sup>2</sup> Illustrative potential future value captured by Nyrstar based on internal assumptions (post Port Pirie redevelopment and SSR investments) and should be regarded as illustrative and not a forecast.

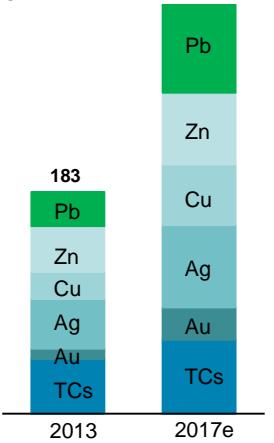
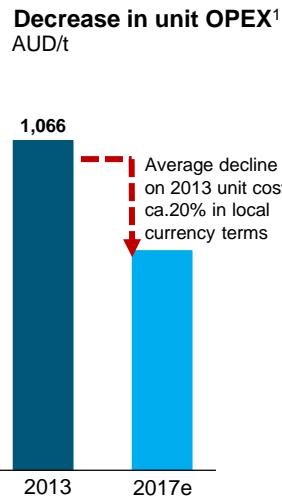
# Port Pirie Redevelopment

- Conversion of Nyrstar Port Pirie smelter into an advanced metal recovery and refining facility
- Increase margin earned on every unit of metal produced by processing internal zinc smelter residues and own mine concentrates (~50% of feed materials requirements)
- Higher throughput of all metals and improved production capacity
  - ca.250,000 tonnes of refined lead
  - ca.40,000 tonnes of zinc in fume
  - ca.7,000 tonnes of copper in matte
  - ca.25.0 million troy ounces of silver ore (containing ca.100,000 troy ounces of gold)
- EBITDA and FCF driven by significant increase in Gross profit, relatively modest increase in operating costs and lower working capital requirements



€m

Increase in Gross profit

Decrease in unit OPEX<sup>1</sup>

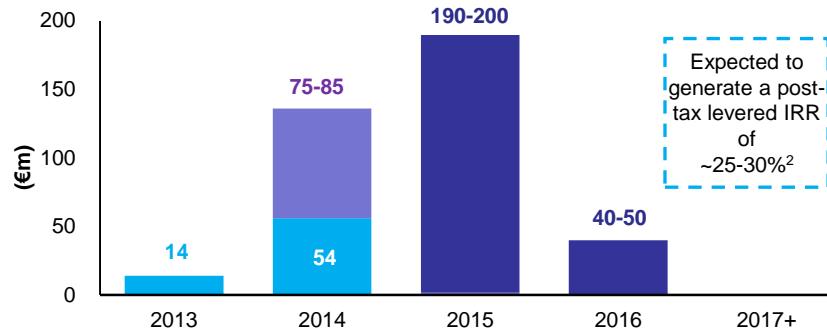
Sources and uses			
Sources <sup>1</sup>	Uses <sup>1</sup>		
EFIC backed perp. securities	€191m	Construction costs	€256m
Silver prepay proceeds	€79m	Contingency	€43m
Nyrstar direct contribution	€68m	Feasibility costs	€13m
		Inflation allowance	€13m
		Owners costs <sup>2</sup>	€12m
<b>Total</b>	<b>€338m</b>	<b>Total</b>	<b>€338m</b>

<sup>1</sup> Average exchange rate of AUD/€1.52 (02 January to 30 April 2014) in line with H1 2014 Results.

<sup>2</sup> Includes Nyrstar Project Management Team salaries and overheads.

## Nyrstar CAPEX Guidance (€m)<sup>1</sup>

- Nyrstar direct contribution
- Proceeds from forward sale of silver production
- Project level financing: Structured third party financing



<sup>1</sup> Ranges provided in the chart represent Nyrstar's CAPEX guidance as outlined with the H1 2014 Results. Nyrstar provides annual guidance with its full year results, and the Redevelopment CAPEX guidance above is subject to change.

<sup>2</sup> IRR guidance is an illustrative post-tax, levered IRR subject to a number of assumptions and qualifications, including feed book, operational, finished product and financing assumptions, and compares a financial base line derived from the current asset base versus the expected asset base following the Transformation.

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

## Overview

- SSR leverages the Port Pirie Redevelopment and further enhances Nyrstar's operational capability to treat and valorise a wider range of high value concentrates, from both Nyrstar's own mines and external feed materials sourced by Marketing, Sourcing & Sales (MSS)
- The SSR investment project portfolio consists of ca. 25 integrated projects across Metals Processing, which can be categorised under three headings:
  - Deconstraining Nyrstar's smelting network to allow the treatment of more complex and higher value material
  - Fumer capacity to enable more efficient processing of some smelter residues and capturing of minor metals value; and
  - Minor metals capabilities allowing increased capacity to produce a wider portfolio of value minor metals products
- Increased unpaid metal value in feed drives increased Gross profit which management believes will drive increased profitability

## Key outcomes

- ✓ SSR investments consists of ca. 25 projects
- ✓ Total CAPEX ca. €265 million; no single investment exceeding ca. €50 million
- ✓ All ca.25 projects at different stages in project life cycle - implementation phases staggered throughout 2014, 2015 and 2016
- ✓ ca. €250 million of CAPEX to be spent on SSR investments by the end of 2016; full completion of all projects by the end of 2017<sup>1</sup>
- ✓ Compelling investment case: expected post-tax levered IRR of 25-30%<sup>2</sup>
- ✓ All SSR projects progress for the remainder of 2014 within capital expenditure guidance for the year

<sup>1</sup> The SSR capital expenditure guidance provided is indicative and is subject to change as the SSR investment projects progress. Nyrstar provides annual guidance on its Metals Processing business unit, whereby Metals Processing Growth capital expenditure for the year is outlined, and refers to SSR investment project spend.

<sup>2</sup> IRR guidance is an illustrative post-tax, levered IRR subject to a number of assumptions and qualifications, including feed book, operational, finished product and financing assumptions, and compares a financial base line derived from the current asset base versus the expected asset base following the Transformation.

## Deconstraining

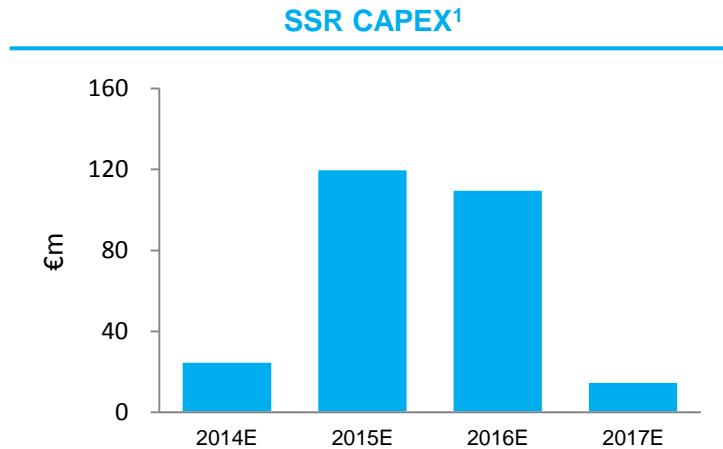
- Zinc network deconstraining investments allow the consumption of more diverse, complex and valuable feed material
  - Key investments include increasing capacity to treat higher volumes of certain elements in feed (iron, cadmium, silica and manganese) and the resultant higher residue volumes (particularly at Hobart and Budel)
  - Expected to drive value by providing Nyrstar's zinc smelters with operational flexibility to operate reliably with a more diverse and complex feed mix, providing capacity to pursue higher value feed material
- Lead deconstraining investments will further enhance the operating capacity and flexibility of Port Pirie smelter post the Redevelopment to capture more value in the feed
  - Key investments further increasing capacity to treat higher volumes of certain elements (e.g. copper and silver)

## Fuming capacity

- Fumer capacity enables more efficient processing of some smelter residues (including current arising and some historical residues) and improved minor metals capture
- Smelter residues treated by Nyrstar's fumers will create additional capacity for Port Pirie post the Redevelopment to treat even higher value feed materials
- Investments include the construction of a stand-alone fumer (in addition to Hoyanger, acquired in 2013)

## Minor metals

- Investments in minor metals extraction capabilities will enable Nyrstar to capture greater value in all of the minor metals by-products produced in the transformed network, allowing Nyrstar to extract and refine a wider range of minor metals products from its feed material
- Minor metals will be first captured through fumes (oxides) from Nyrstar's fumers which will then be further concentrated in side streams and subsequently transformed into market products at dedicated minor metals plants
- These SSR investment projects will increase Nyrstar's exposure to indium, germanium and gallium



<sup>1</sup> The SSR capital expenditure guidance provided is indicative and is subject to change as the SSR investment projects progress. Nyrstar provides annual guidance on its Metals Processing business unit, whereby Metals Processing Growth capital expenditure for the year is outlined, and refers to SSR investment project spend.

## II. Overview of Comprehensive Strategic Financing

## Comprehensive strategic financing

- Culmination of an **extensive review of a range of available funding options**
- Aimed at strengthening Nyrstar's **financial flexibility** and our ability to **maximise long-term growth opportunities**
- Intended to **allow Nyrstar to continue with the execution of its stated strategy:**  
**To capture the maximum value inherent in mineral resources and to enhance the Company's financial position and financial flexibility**
- Provides an **optimised capital structure** to:
  - **Maximise Nyrstar's long-term growth potential**
  - Support Nyrstar's **continued transformation through the Port Pirie Redevelopment and the SSR investment programme**
  - Reduce Net debt and fund other corporate requirements

# Comprehensive strategic financing

## 3 Integral Elements to Financing Strategy

ca. €350 million  
Debut international  
Notes Offering



ca. €250 million  
Rights Offering



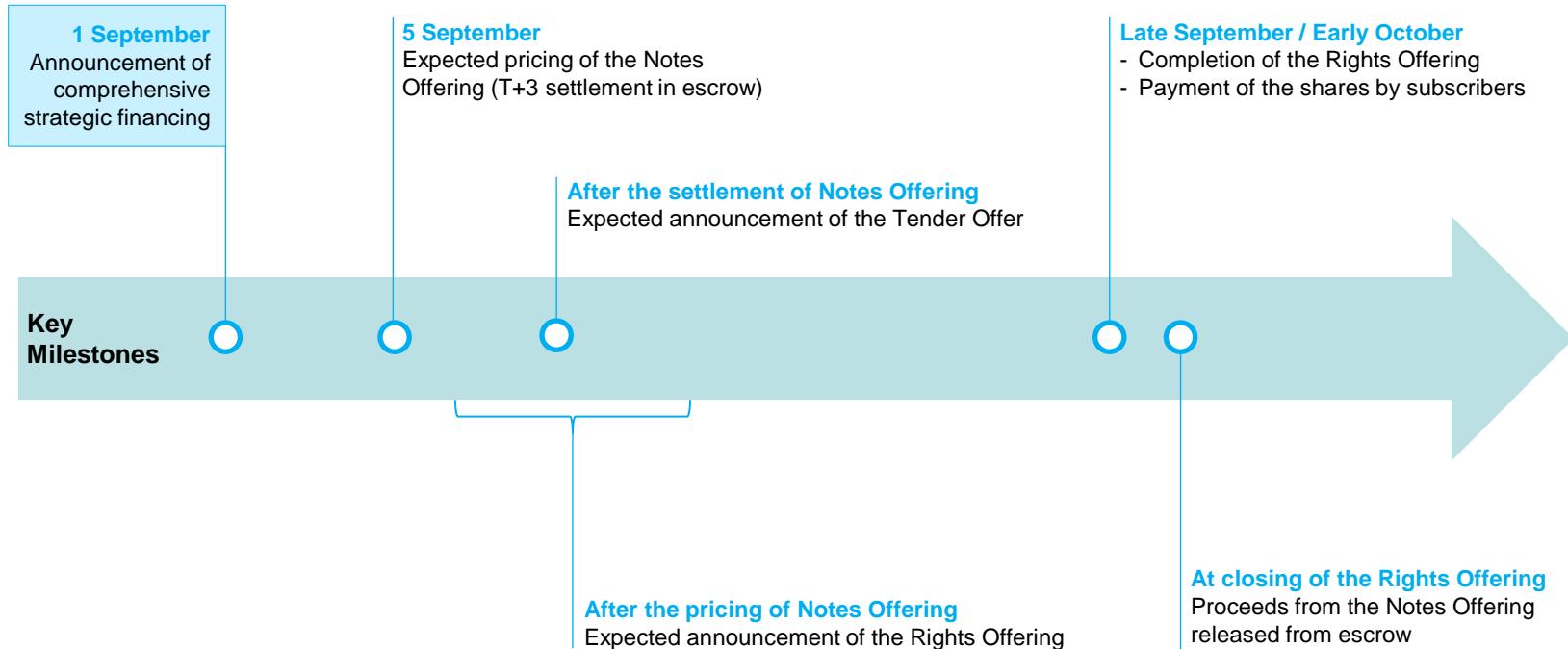
ca. €600 million  
Targeted Capital Raise  
*Use of Proceeds*

- ✓ Launch offering to institutional investors of ca. €350 million of Senior Unsecured Notes due 2019
- ✓ Credit ratings to be published by S&P and Moody's
- ✓ Extension of debt maturity profile, access to new capital market established

- ✓ New shares of ca. €250 million with preferential subscription rights for the existing shareholders
- ✓ Underwriting banks have been appointed and have given a commitment to underwrite the Rights Offering
- ✓ Rights Offering expected to be launched after bond pricing
- ✓ Strengthen Nyrstar's balance sheet and fund investment needs

- ✓ Repurchase any-and-all 2015 retail bonds (€220 million)
- ✓ Repurchase portion of 2016 retail bonds (up to €100 million)
- ✓ Fund CAPEX required over next 2 years for Nyrstar's continued transformation through Strategic Smelter Review projects (€200m)
- ✓ Nyrstar direct contribution to Port Pirie Redevelopment (€68 million)
- ✓ Reduce Net debt (towards a targeted Net Debt / EBITDA ratio of 2.5x), for transaction costs and for general corporate purposes

# Indicative timetable



### III. Supporting Materials

# Nyrstar at a glance

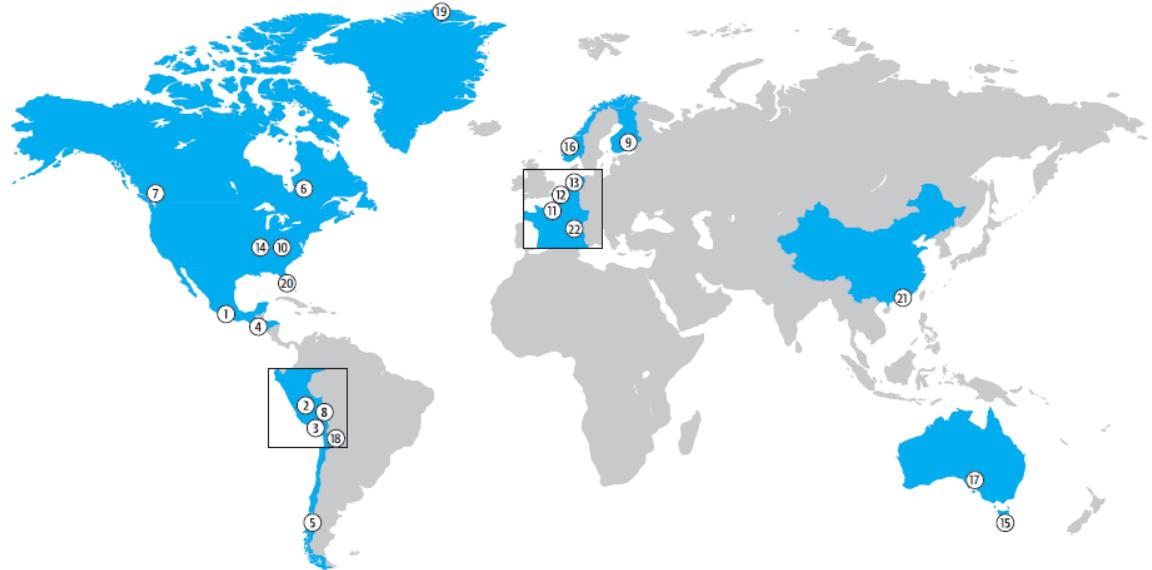
## A unique industrial footprint with scale and diversity across zinc metal value chain

- Nyrstar benefits from a diversified global asset base. Nyrstar believes the geographic diversification of its asset base mitigates political and sovereign risk. Nearly 75% of its assets and production are from AAA/AA rated countries

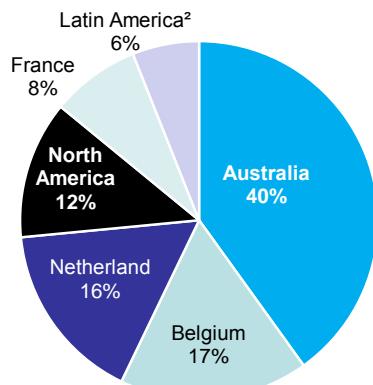
### Global portfolio

- 9 mines
- 6 smelters
- 1 fumer
- Operating in 11 countries across 4 continents

### Approximately 95% of Nyrstar revenues are generated in OECD countries



### Revenue by origin (2013)<sup>1</sup>



LTM production:  
1.1mt zinc metal

LTM production:  
297kt zinc in conc.

LTM Revenue  
€2.7bn

LTM EBITDA  
€208m

ca.6,600 employees<sup>3</sup>



<sup>1</sup> Revenue by origin represents the sales revenue generated from source country and region of production of all materials produced and sold during 2013.

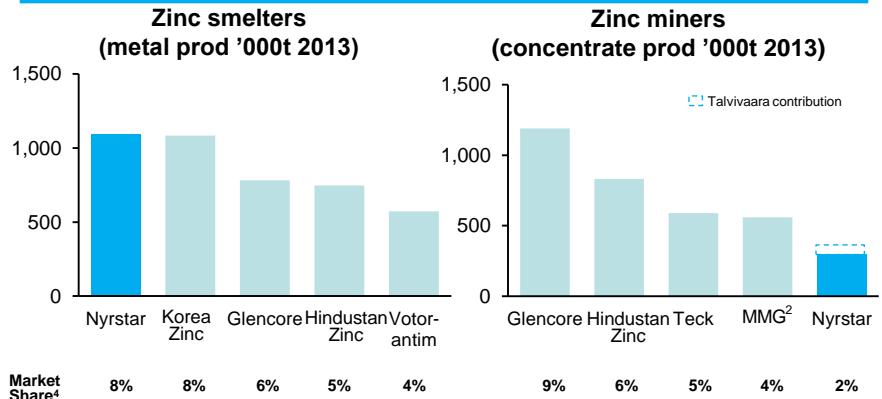
<sup>2</sup> Latin America includes South and Central America (including Mexico).

<sup>3</sup> As at 31 December 2013.

# Nyrstar at a glance

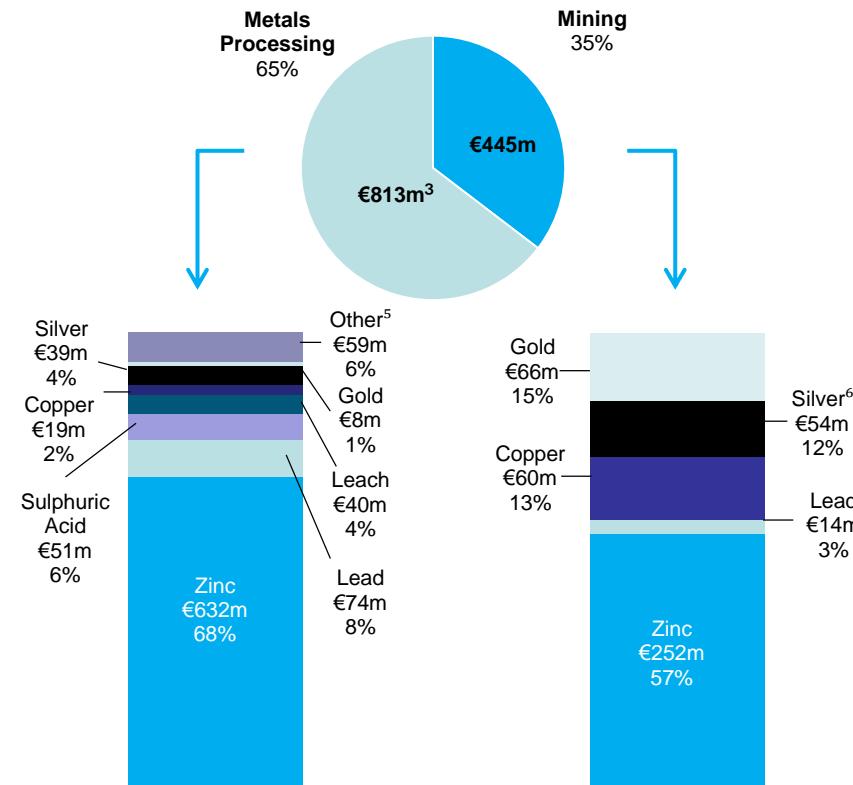
Market leading position in zinc and zinc processing and growing positions in other base, precious and minor metals including lead, copper, gold, silver and indium

## Leading global zinc market shares<sup>1</sup>

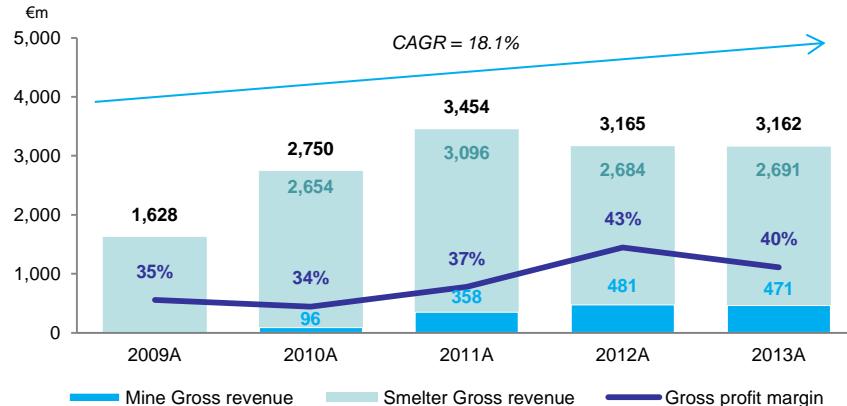


## Highly diversified operations

### Gross profit (2013)



## Gross profit margin improving in line with transformation



<sup>1</sup> Compared against Wood Mackenzie Ltd. 2014 Long-Term Outlook Global Zinc Production Ranking. Nyrstar includes contribution from Talvivaara zinc streaming agreement.

<sup>2</sup> MMG Limited zinc production contributed predominately from the Century mine, expected to close mid-2015.

<sup>3</sup> Includes "Other Gross profit" which includes realisation expenses and costs of alloying materials €(111)m 2013.

<sup>4</sup> Wood MacKenzie Ltd. global consumption figures of ca.13.3 million tonnes.

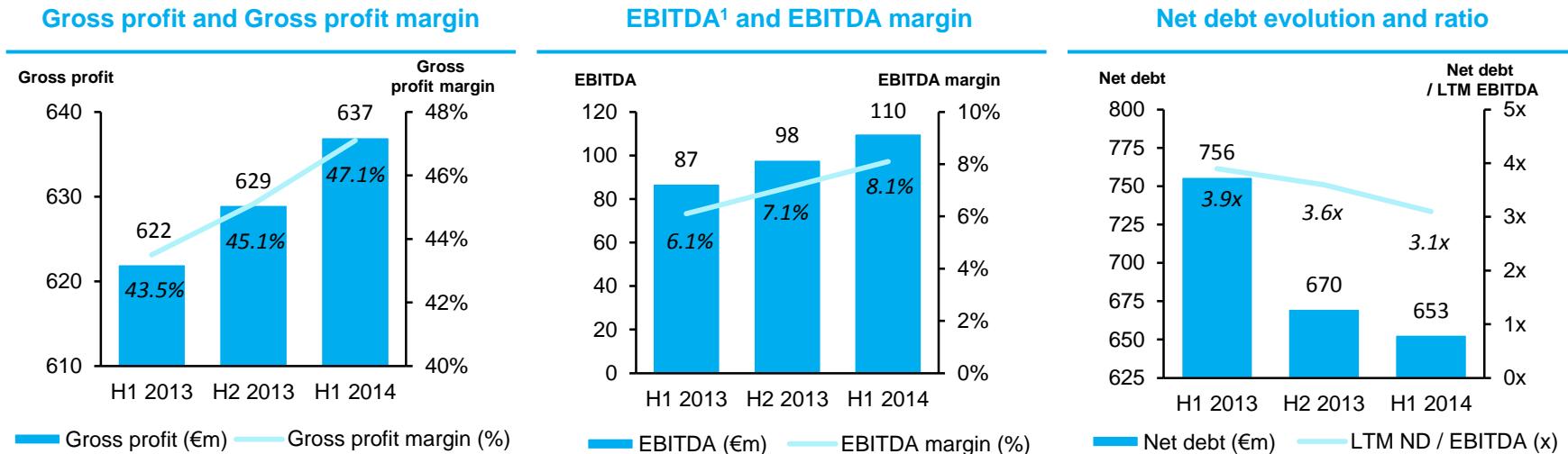
<sup>5</sup> Other includes a range of metals and products, including: indium, tellurium, germanium, gallium, cobalt and cadmium.

<sup>6</sup> 75% of the paid silver produced by Campo Morado is subject to a silver streaming agreement with Silver Wheaton Corporation whereby only US\$3.98/oz is payable as of 31-Dec-2013. In 2013, Campo Morado produced approximately 1,156,000 troy ounces of silver.

# H1 2014 highlights

## Strong financial performance

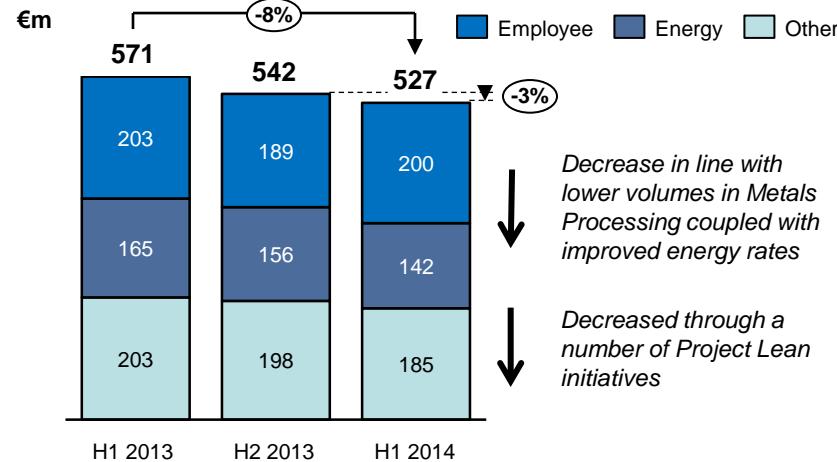
- Gross profit of €637 million, up 1% h/h and up 2% y/y
- EBITDA<sup>1</sup> of €110 million, up 12% h/h and 26% y/y
- Project Lean incremental savings of €22 million; on track to deliver €75 million of sustainable savings by the end of 2014
- Net debt of €653 million, improved 3% h/h and 14% on y/y
- Committed undrawn liquidity headroom and cash on hand of €768 million at the end of H1 2014
- Port Pirie Redevelopment approved: innovative funding agreement limits impact on Nyrstar's balance sheet
- Smelting Strategic Review: Nyrstar moves forward with sequencing and implementation of investment projects
- Marketing, Sourcing and Sales: exceeded expected contribution to the Group's overall profitability



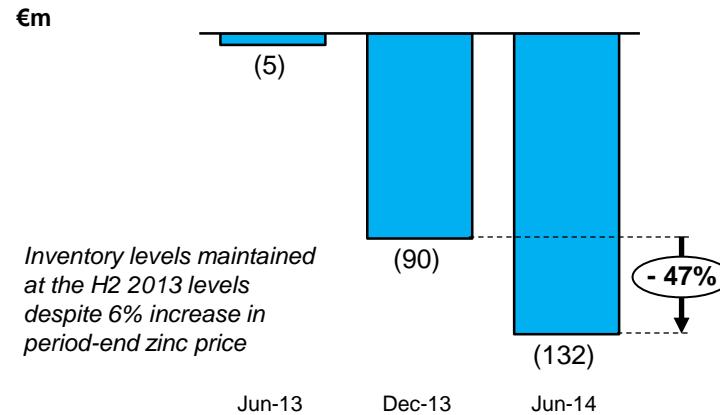
<sup>1</sup> All references to EBITDA in the presentation refer to Underlying EBITDA that is defined as profit or loss for the period adjusted to exclude depreciation, amortisation, depletion, impairment losses and reversals, net finance expense, income tax expense/benefits and excludes exceptional items related to restructuring measures, M&A related transaction expenses, 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.

# Continued focus on cost control and sustainable working capital management...

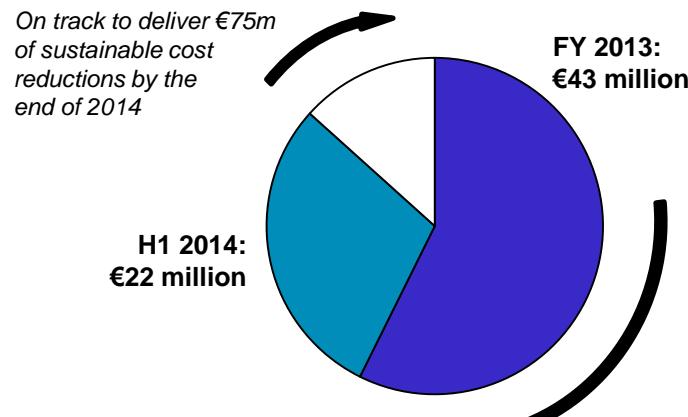
## Direct operating costs – stable despite global labor cost inflation



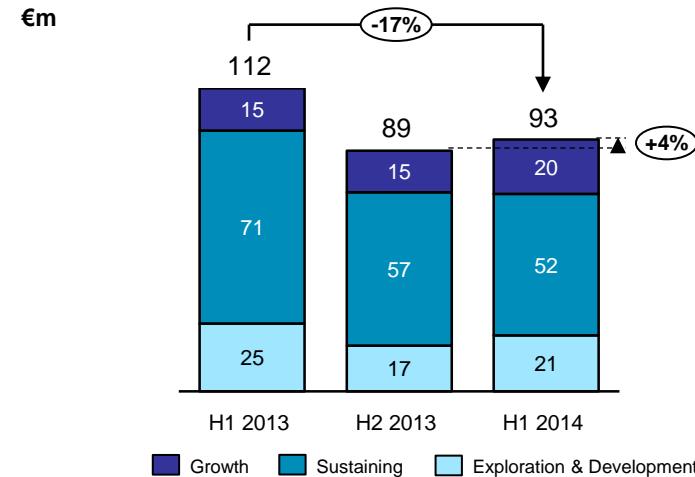
## Net working capital – further reduction by €55m



## Project Lean – Incremental, sustainable cost reduction



## CAPEX – Non-growth CAPEX continued to be tightly managed



1 Net working capital is calculated as inventory, accounts receivable balances less accounts payable and deferred revenue.

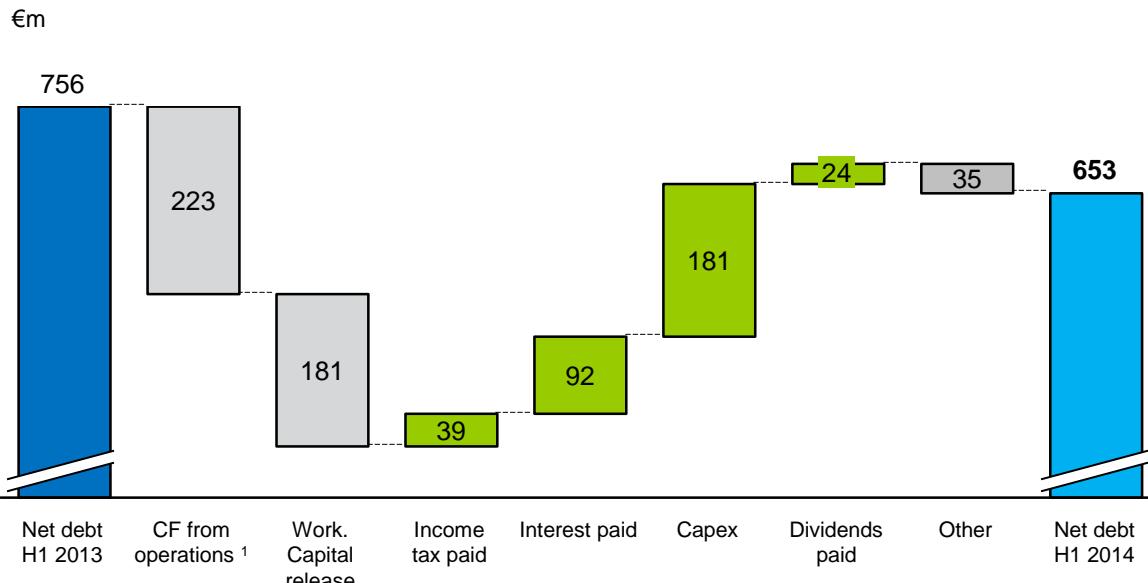
2 Change in Net Working Capital does not include changes in other assets and liabilities and provisions and employee benefits.

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

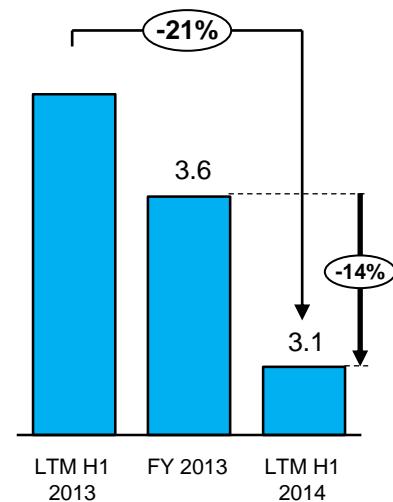
## Solid financial position

- Diversified sources of current funding backed by broad banking syndicate
- Committed undrawn liquidity headroom and cash of €768 million at the end of H1 2014
- €400 million borrowing base facility with €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

### Net debt evolution



### Net Debt / LTM EBITDA ratio



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

## EBITDA sensitivity

Parameter	Variable	Estimated annualised EBITDA impact	Estimated annual EBITDA impact
			€m
		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
US\$ / €	+/- EUR0.01	+18 / -18	+18 / -18
AU\$ / €	-/+ 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 tonne.

## For further information:

Amy Rajendran  
Group Manager Investor Relations  
D: +41 (0)44 745 8103  
M: +41 (0)79 722 30 89  
E: [amy.rajendran@nyrstar.com](mailto:amy.rajendran@nyrstar.com)  
[www.nyrstar.com](http://www.nyrstar.com)

