ZŁOMREX S.A.

Q1 2010 Business and Financial Performance

June 8, 2010

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Introduction

Section 1

Introduction

Speakers

Krzysztof Zola

CFO

Member of the Board

Age – 38

8 yrs with Złomrex

Krzysztof Walarowski

Commercial Director

Member of the Board

Age – 53

6 yrs with Złomrex

Introduction

Q1 2010 Highlights

- Increasing but still weak demand with prices coming up.
- Sale of 6 million of shares in COG.
- Production capacities utilized under maximum levels (FERR 53%, HSJ 35%)
- Positive EBITDA for the first time since Q3 2008
- GDP growth over 3% in Poland
- Steel production increase by 29% in Poland.

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Business overview

Section 2

Business overview

Business environment

CRUDE STEEL PRODUCTION(1)	Q1 2010	% YoY	Q1 2009	Q1 2008
million tonnes				
Poland	**1,8**	**29%**	**1,4**	**2,7**
EU (27)	42,1	37%	26,5	51,8
Global	342,4	30%	263,3	340,1

UNIT PRICES(2)	Q1 2010	% YoY	Q1 2009	Q1 2008
PLN / Tonne				
Scrap metal	776	29%	600	834
Billets	1 387	-3%	1 427	1 591
Bars	1 649	-8%	1 799	1 947

(1) Source: World Steel Association

(2) Source: ZŁOMREX S.A.

Business overview

Q1 2010 performance drivers

SALES	Q1 2010	% YoY	Q1 2009
Tonnes			
SCRAP	15 773	-47%	29 537
BILLETS	32 678	87%	17 442
FINISHED PRODUCTS	143 273	-22%	184 292

SALES	Q1 2010	% YoY	Q1 2009
000 PLN			
SCRAP	12 248	-31%	17 717
BILLETS	45 332	82%	24 888
FINISHED PRODUCTS	323 391	-31%	470 601

Business overview

Segments

SCRAP METAL		Q1 2010	Q1 2009
EXTERNAL PURCHASES	*Tonns*		
ZLOM		0	0
FERR		12 854	9 523
ZLMET		64 500	82 811
HSJ		19 205	18 944
ZJEL		0	7 568
INTERNAL USE	*Tonns*		
FERR		59 440	58 103
HSJ		27 550	26 492
ZJEL		0	7 682
SALES TO EXTERNAL CUSTOMERS	*Tonnes*		
ZLOM		0	0
ZLMET		15 523	29 136
OTHER		250	401
SALES	*'000 PLN*		
CONSOLIDATED		12 248	17 717
TOTAL PURCHASES in TONNES		**96 559**	**118 846**
TOTAL INTERNAL USE in TONNES		**86 990**	**92 277**
TOTAL SALES in TONNES		**15 773**	**29 537**
TOTAL SALES in '000 PLN		**12 248**	**17 717**

Business overview

Segments

BILLETS		Q1 2010	Q1 2009
PURCHASES	*Tonns*	0	0
PRODUCTION	*Tonns*		
FERR		49 247	50 046
HSJ		22 764	22 188
ZJEL			6 572
INTERNAL USE	*Tonns*		
FERR		16 569	33 812
HSJ		22 764	21 118
ZJEL		0	6 563
SALES TO EXTERNAL CUSTOMERS	*Tonns*		
ZLOM		0	129
FERR		32 678	16 234
HSJ		0	1 070
ZJEL		0	9
SALES	*'000 PLN*		
CONSOLIDATED		45 332	24 888
TOTAL PRODUCTION in TONNES		**72 011**	**78 806**
TOTAL INTERNAL USE in TONNES		**22 764**	**27 681**
TOTAL SALES in TONNES		**32 678**	**17 442**
TOTAL SALES in '000 PLN		**45 332**	**24 888**

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Business overview

Segments

FINISHED PRODUCTS		Q1 2010	Q1 2009
PRODUCTION	*Tonnes*		
ZWWB		13 644	20 527
FERR		0	12 292
HSJ		21 038	25 380
ZJEL		0	7 076
SALES OF PRODUCTION TO DISTIBUTION	*Tonnes*		
ZLOM		0	250
HSJ		0	990
FERR		4 509	7 774
ZJEL		0	809
SALES TO EXTERNAL CUSTOMERS	*Tonnes*		
ZLOM		0	24
FERR		14 815	31 416
HSJ		22 261	22 980
ZJEL		0	8 632

Business overview

Segments

COG			
- retail		19 985	8 308
- bulk product		6 338	705
CGOR			
- retail		N/C	12 386
- bulk product		N/C	8 228
STX			
- retail		5	12 325
- bulk product		0	2 025
COGAT			
- retail		60 717	55 576
- bulk product		18 253	18 934
OTHER			
- retail		899	2 753
SALES	*'000 PLN*		
CONSOLIDATED		323 391	470 601
TOTAL PRODUCTION in TONNES		34 682	65 275
TOTAL RETAIL SALES in TONNES		81 606	91 348
TOTAL BULK PRODUCT SALES in TONNES		61 667	92 944
TOTAL SALES in '000 PLN		323 391	470 601

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Financials

Section 3

Financials

P&L

INCOME STATEMENT	Q1 2010	Q1 2009
'000 PLN		
Revenue	423 529	561 243
Cost of sales	-399 973	-550 658
Gross profit	**23 556**	**10 585**
Other income	4 148	14 331
Distribution expenses	-25 991	-37 423
Administrative expenses	-26 483	-39 822
Other gains/losses net	13 493	-8 390
Other expenses	-5530	-3 101
EBIT	**-16 807**	**-63 820**
Financial income	22 141	27 525
Financial expenses	-16 039	-84 896
Net financing costs	**6 102**	**-57 371**
Share of profits of associates	-75	-1 021
Profit before tax	**-10 780**	**-122 212**
Income tax expense	-14 688	-57
Profit/loss from discontinued operations	9 821	-12 433
Profit for the period	**-15 647**	**-134 702**
Depreciation and amortization	17 205	18 594
EBITDA	**398**	**-45 226**

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Financials

Assets

ASSETS	Q1 2010	Q1 2009
'000 PLN		
A. TOTAL NON-CURRENT ASSETS	**792 030**	**997 963**
I. Intangible assets	40 558	47 085
II. Property, plant and equipment	645 119	817 849
III. Other receivables	11 274	1 556
IV. Investment property and other investments	5 278	43 949
V. Prepaid perpetual usufruct of land	46 007	58 976
VI. Deferred tax assets	43 794	28 548
B. TOTAL CURRENT ASSETS	**541 110**	**971 280**
I. Inventories	**255 046**	**540 676**
II. Other investments	**5 305**	**1 856**
III. Receivables	**267 370**	**375 907**
1. Trade and other receivables	264 312	370 987
2. Income tax receivable	3 058	4 920
IV. Cash and cash equivalents	**13 389**	**47 138**
V. Assets classified as held for sale	**0**	**5 703**
C. Assets and disposal group of assets	**223 065**	**277 462**
TOTAL ASSETS	1 556 205	2 246 705

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Financials

Equity and Liabilities

EQUITY AND LIABILITIES '000 PLN	Q1 2010	Q1 2009
A. EQUITY	**220 141**	**449 727**
I. Issued share capital	47 691	47 691
II. Reserves and retained earnings	84 874	248 860
III. Minority interest	87 576	153 176
B. LIABILITIES	**1 181 115**	**1 590 287**
I. Non-current liabilities	**555 110**	**831 670**
1. Employee benefits	37 108	54 775
2. Interest-bearing loans and borrowings	501 277	746 138
3. Deferred government and other payables	2 174	40 975
5. Deferred tax liabilities	16 725	30 757
II. Current liabilities	**626 005**	**758 617**
1. Interest-bearing loans and borrowings	157 468	245 646
3. Trade payables	349 936	382 970
5. Bank overdraft	113 954	119 700
6. Income tax payable	300	5 415
7. Employee benefits	1 690	2 609
8. Provisions for payables	801	175
III. Deferred income	**1 856**	**2 102**
C. Liabilities of disposal group	**152 775**	**165 716**
TOTAL EQUITY AND LIABILITIES	**1 554 031**	**2 205 730**

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Financials

Cash Flow

CASH FLOW	Q1 2010	Q1 2009
'000 PLN		
A. FROM OPERATING ACTIVITIES	**10 691**	**-61 089**
B. FROM INVESTING ACTIVITIES	**15 772**	**-55 978**
C. FROM FINANCING ACTIVITIES	**-29 850**	**57 666**
NET INCREASE IN CASH	**-3 387**	**-59 401**

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Financials

Metrics

MAIN METRICS	Q1 2010	Q1 2009
Liquidity ratio	0,86	1,28
Quick ratio	0,46	0,57
Inventories turnover (days)	57	88
Receivables turnover (days)	57	60
EBITDA margin	0,1%	-8,1%
Net profit margin	-3,7%	-24,0%
Equity	220 141	449 727
Net debt	759 310	1 064 346

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Q2 2010 Outlook

Section 4

Q2 2010 outlook

- Polish GDP over 3%
- Continuation of prices increases
- Improved sales, positive EBITDA
- Recovery in capacities utilization
- Finalization of negotiations over certain asset disposals

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Q&A

Section 5