

INVESTOR CHAT OF KGHM POLSKA MIEDŹ S.A.



INVESTOR CHAT

Andrzej Szydło
President of the Management Board



12.00 p.m.








Link to the original chat (in Polish): [Our main priority is optimization of currently owned domestic and international assets - investor chat with the CEO of KGHM | StrefaInwestorow.pl](https://www.strefainwestorow.pl/our-main-priority-is-optimization-of-currently-owned-domestic-and-international-assets-investor-chat-with-the-ceo-of-kg hm-polska-miedz-s-a)














On Friday, 17th May 2024 an investor chat was held with the CEO of KGHM Polska Miedź S.A., Mr. Andrzej Szydło. During the chat we talked about the financial results for the first quarter of 2024 and further development plans.




800 people participated in the chat. Please feel free to read through the chat.

Following is the transcript of the chat.

	<p>Janusz Maruszewski Hello and welcome to our investor chat with the CEO of KGHM, Mr. Andrzej Szydło. The chat is open, we invite you to follow the discussion and to ask questions.</p>
	<p>Andrzej Szydło Good afternoon, welcome to our investor chat related to the financial results for the first quarter of 2024. During our meeting today, I will answer the issues you are interested in and possibly provide more details. Today, due to other duties, the Vice President for Finance is not with us. Please feel free to ask questions.</p>
	<p>Investor A When do you intend to convene a General Meeting?</p>
	<p>Andrzej Szydło The Ordinary General Meeting will take place on 7 June 2024, beginning at 11:00 a.m.</p>
	<p>Investor 33 Good afternoon, will there be a dividend paid to the shareholders?</p>

	<p>Andrzej Szydło As far as dividend payments are concerned, KGHM's Dividend Policy is in force in an unchanged form and provides for the maximum proposed amount of dividend up to one third of the standalone result. The Management Board recommended the payment of a dividend, as we announced in the Regulatory filing. We have adopted a resolution in which we recommend the payment of a dividend to the Ordinary General Meeting in the amount of PLN 300 million (PLN 1.50 per share). Of course, the final decision on covering the loss for 2023 and dividend payout will be taken by the Ordinary General Meeting of KGHM.</p>
	<p>Investor 33 When do you intend to present the new strategy?</p>
	<p>Andrzej Szydło As we mentioned during our recent results conferences and meetings with you during our last investor chat, we are in the process of reviewing the Strategy. We intend to focus on mining, processing, metallurgy and broadly understood renewable energy. We need to adapt the strategy to the changing conditions in mining and the environment. The goals will be to improve production efficiency, optimize processes and reduce costs. New mining areas have to be accompanied by infrastructure investments and investments related to deposit access. We will inform you about the details having completed the work on the strategy in the fourth quarter of this year.</p>
	<p>Guest BHP offered to buy Anglo American however it seems the second bid will be rejected. The rumour has it Glencore could step in. With active m&a market and KGHM revision of strategy what would be the response to potential BHP or Glencore offer to acquire 55% stake of Sierra Gorda from KGHM?</p>
	<p>Andrzej Szydło This type of M&A activity is a signal of the strength and attractiveness of the copper market, which is very encouraging for producers such as the KGHM Group. In our case we have no plans to divest any tier-1 assets such as Sierra Gorda, though we continue to have lower-quality assets which we are reviewing in terms of potential divestment.</p>
	<p>Investor Silver production is much lower - is this a lasting trend?</p>
	<p>Andrzej Szydło Silver production in the first quarter of 2023 could not be called entirely "lasting" - the high base for comparison in the first quarter of 2024 was a unique, one-off phenomenon and resulted from large stocks of "half-finished products" at the end of 2022 and lower production in the first quarter of 2024 due to the planned renovation of the main unit. Annual production is in line with our plan. However, a permanent trend could be the annual production of approximately 1 300 tonnes. The silver production level of KGHM Polska Miedź S.A. determines the production of this metal in the KGHM Group.</p>

	<p>Guest Can we, as minority shareholders, interpret the dividend payout as a return to the lasting trend of dividend policy implementation?</p>
	<p>Andrzej Szydło We have not changed our dividend policy. All Shareholders are important to us.</p>
	<p>Investor Does KGHM intend to develop energy storage facilities?</p>
	<p>Andrzej Szydło Yes, as a natural next step and a consequence of ongoing renewable energy projects.</p>
	<p>KZ How will KGHM ensure access to electricity at a reasonable price in the long term? Are SMR projects still being considered?</p>
	<p>Andrzej Szydło As you can see, we have recently recorded slightly lower energy prices, which had a positive impact on the financial results of the first quarter of 2024. However, these are not "guaranteed" prices. In order to increase the Company's ability to achieve optimal prices, KGHM has a security system for the Company in the area of, among others, purchasing energy commodities and market risk hedging. However, a long-term and stable reduction in average energy prices is possible by implementing our own energy projects.</p>
	<p>Investor Are purchases of additional international mining assets being considered?</p>
	<p>Andrzej Szydło The prevailing priority is to optimize the currently owned international and domestic assets.</p>
	<p>Guest Copper prices are at multi-year highs. Do you therefore use any form of hedging against these prices in case they start to fall?</p>
	<p>Andrzej Szydło The main market risk management technique in the KGHM Group is utilizing hedging strategies by applying derivative instruments. There is also the so-called natural hedging. The Parent Entity uses hedging transactions within the meaning of hedge accounting. However, it is not our practice to inform the public about plans for price hedging transactions.</p>
	<p>Piotr What are your expectations as regards the cost of C1 by the end of the year? Taking into account the stabilization of lower gas and electricity prices, is there any room for this cost to decline?</p>
	<p>Andrzej Szydło We have an optimistic attitude.</p>
	<p>Piotr How do you evaluate the ongoing second quarter from the business perspective? Are there any reasons for optimism?</p>

	<p>Andrzej Szydło Yes, there are.</p>
	<p>Andrzej Szydło Thank you very much for participating in the chat and for all questions asked. I also invite you to follow the Company's information and contact us via our website Investors KGHM Corporate Website</p>
	<p>Janusz Maruszewski We would like to thank everyone for participating in the chat and for the questions asked, and to our guest for answering them. Best regards, and have a nice afternoon and weekend!</p>