

60 YEARS  
**KGHM**



THE FUTURE IS MADE  
**OF COPPER**



**KGHM Group Investor Presentation**

July 2021

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# Agenda



1. Key information about the KGHM Group



2. Sustainable development of the KGHM Group



3. The KGHM Group vs the sector



4. Production and financial results of the KGHM Group



5. Advancement of the Group's Strategy



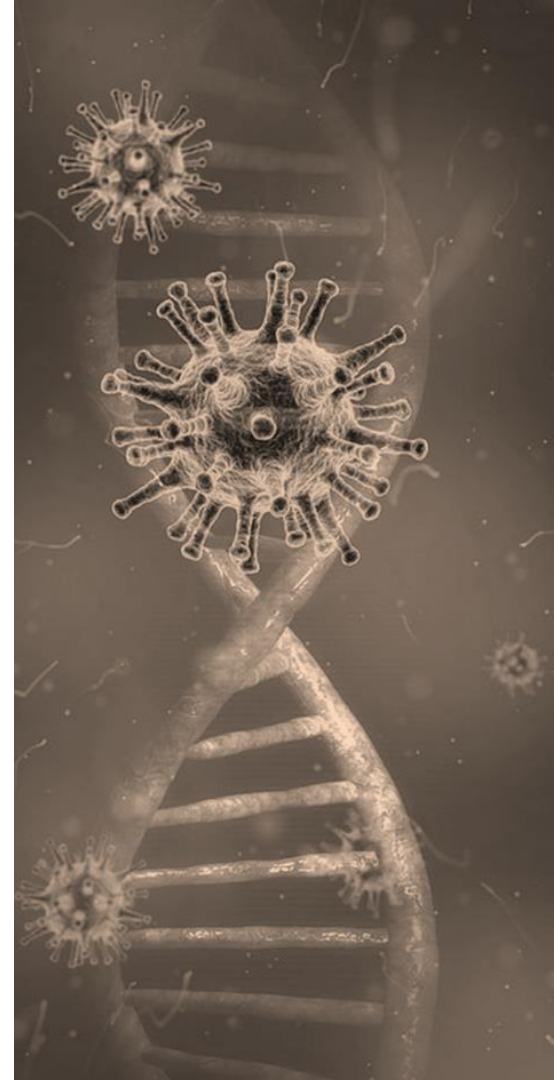
6. Additional slides, Q&A

# We care, we act, we protect

Effectively fighting the spread of the coronavirus



- COVID-19 unit at the hospital MCZ
- Two temporary hospitals in Legnica and Wałbrzych
- Help for seniors
- Home office and restricted contacts
- Protective procedures
- Voluntary employee vaccination program through the KGHM Group hospital<sup>1)</sup>
- Thermal cameras
- NITROSEPT disinfectant liquid
- Disinfection and masks in common-use areas and during transport
- Personal safety measures when travelling into/out of the mines
- Numerous communication channels
- Continuous announcements on internal procedures and sanitary services guidelines
- Billboards, educational films, handouts, newspapers and company TV
- Special Infolines for employees



## Key information about the KGHM Group

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## KGHM Group in brief

One of the world's largest producers of copper and silver with 60 years of experience in mining and metallurgy

709 thousand tonnes of payable copper production by the KGHM Group in 2020, (1.1% higher y/y)

A diversified portfolio of assets at various stages of development located in mining-friendly jurisdictions

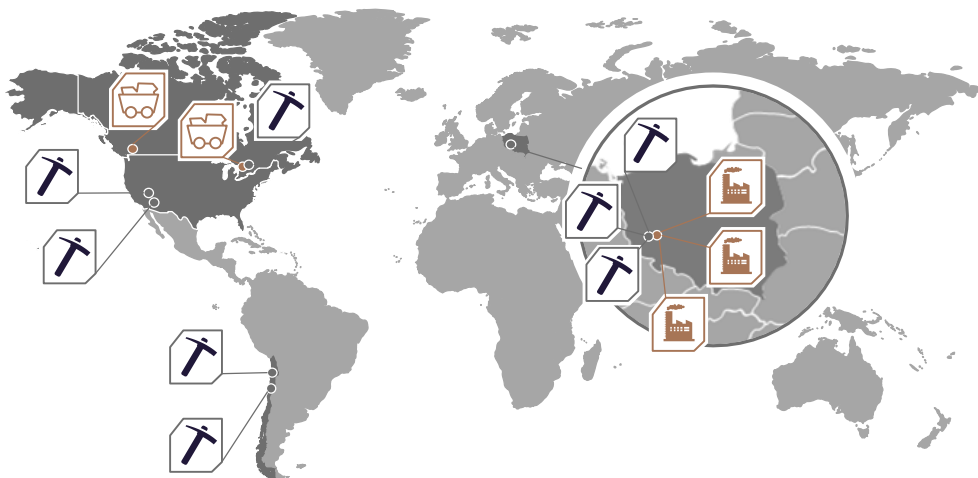
Member of the prestigious indices WIG-ESG<sup>1)</sup> & FTSE4Good published by the GPW and LSE

A stable and competitive position in a key sector for the global economy  
- copper mining and processing

An organisation with strong values-based roots, focused on corporate social responsibility

## KGHM: a top ten copper producer and a leading Polish exporter

The Group has a global reach and plays a significant role on the global copper and silver markets



Legend: Mining projects of KGHM Mines of KGHM Metallurgical facilities of KGHM

Seventh  
 largest  
 copper  
 producer



Second  
 largest  
 silver  
 producer



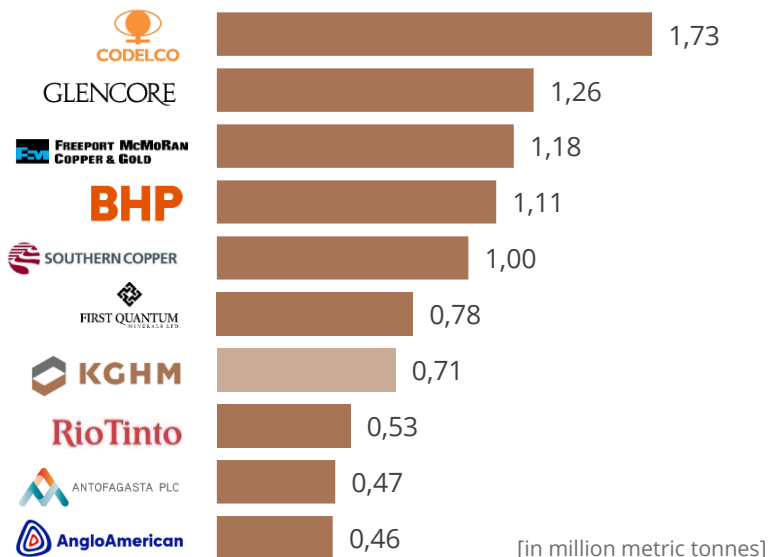
### Other KGHM Group products:

- Molybdenum
- Lead
- Nickel
- Gold
- Palladium
- Platinum
- Rhenium
- Sulphuric acid
- Selenium
- Copper sulphate
- Nickel sulphate

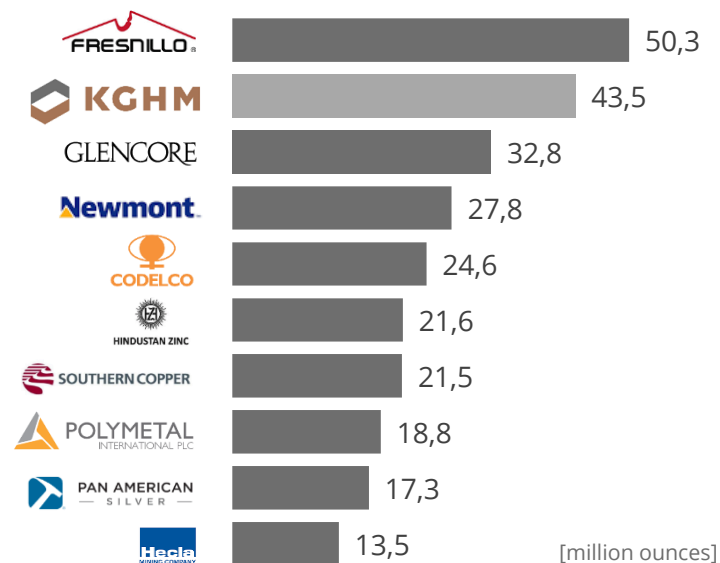


# KGHM among the biggest copper and silver producers<sup>1)</sup>

Mined Copper production 2020<sup>2)</sup>



Silver production 2020<sup>3)</sup>

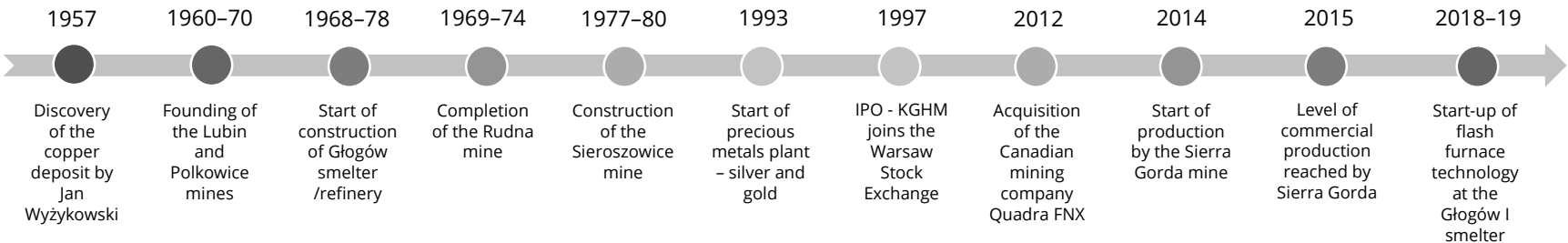


- 1) KGHM results as reported in its consolidated financial statement 2020
- 2) Statista, April 2020
- 3) World Silver Survey 2021



# A proud history of mining and metallurgy

Discovery of the copper deposit brought about a fundamental change in the region's economy thanks to the growth of KGHM Polska Miedź S.A. As a result of M&A activities, capped by the acquisition of Quadra FNX, KGHM became a truly global copper producer aimed at continued growth



# Core production assets in Poland – stable output and earnings

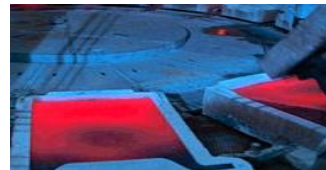
Underground copper mines, fully integrated production



## Polkowice-Sieroszowice Mine

36 years LOM

- Copper in extracted ore in 2020: 191.0 kt
- Associated metals: silver, lead, rock salt, gold



## Legnica Smelter and Refinery

LME grade A-registered cathodes

Capacity of ca. 120 kt electrolytic Cu/year <sup>1)</sup>

- Other metals produced: Ag, Au, Pb, Re
- 2020 Cu production: 123.3 kt



## Rudna Mine

21 years LOM

- Copper in extracted ore in 2020: 177.4 kt
- Associated metals: silver, lead, gold



## Głogów I Smelter and Refinery

LME grade A-registered cathodes

Capacity of ca. 240 kt electrolytic Cu/year<sup>1)</sup>

- Other metals produced: Ag, Au, Pb, Re



## Lubin Mine

26 years LOM

- Copper in extracted ore in 2020: 73.5 kt
- Associated metals: silver, lead, gold



## Głogów II Smelter and Refinery

LME grade A-registered cathodes

Capacity of ca. 230 kt electrolytic Cu/year<sup>1)</sup>

- Other metals produced: Ag, Au, Pb, Re

2020 Cu production in total: 437.1 kt



## Deep Głogów Project

- Extension of Rudna and Polkowice-Sieroszowice mines
- DG production figures are included in Rudna and Polkowice-Sieroszowice mines' production stats



## Cedynia Copper Wire Rod Plant

Contirod and Upcast technology

- Production in 2020: 245.4 kt of copper wire and 14.1 kt of OFE rod

# Key international assets

Existing operations and growth potential from projects

## Producing assets



### Sierra Gorda (55% stake), Chile

- |   |   |
|---|---|
| <b>23 years LOM</b>   | <b>2020 production stats:</b>   |
| <ul style="list-style-type: none"> <li>▪ Open-pit mine</li> <li>▪ Porphyry</li> </ul> | <ul style="list-style-type: none"> <li>▪ Cu production (payable): 148.7 kt</li> </ul> |



### Robinson Mine, USA

- |   |  |
|---|--|
| <b>9 years LOM</b>  | <b>2020 production stats:</b>  |
| <ul style="list-style-type: none"> <li>▪ Open-pit mine</li> <li>▪ Porphyry/Skarn orebody</li> </ul> | <ul style="list-style-type: none"> <li>▪ Cu production (payable): 47.4 kt</li> </ul> |



### Sudbury, Canada

- |  |   |
|--|---|
| <b>7 years LOM</b>   | <b>2020 production stats:</b>   |
| <ul style="list-style-type: none"> <li>▪ Underground mine</li> <li>▪ Footwall/Contact orebody</li> </ul> | <ul style="list-style-type: none"> <li>▪ Cu production (payable): 2.1 kt</li> </ul> |



### Franke Mine, Chile

- |   |  |
|---|--|
| <b>5 years LOM</b>  | <b>2010 production stats:</b>  |
| <ul style="list-style-type: none"> <li>▪ Open-pit mine</li> <li>▪ IOCG orebody</li> </ul> | <ul style="list-style-type: none"> <li>▪ Cu production (cathodes: SX-EW): 12.5 kt</li> </ul> |

## Potential growth projects



### Sierra Gorda Oxide, Chile

- 11 years LOM**
- The project aims at processing the oxide ore
  - The oxide ore is currently stored separately for later heap leaching
  - The ore will be transported to a permanent heap, where it will be processed via leaching



### Victoria, Canada

- 14 years LOM**
- The projects assumes building an underground copper-nickel mine
  - Current development scenario assumes accessing the deposit via 2 shafts
  - Forecasted annual production: 16 kt Cu p.a., 18 kt Ni p.a.



### Ajax (80% stake), Canada

- 19 years LOM**
- The project assumes building an open-pit copper-gold mine and processing plant with associated infrastructure
  - 53 kt Cu p.a., 114 koz t Au p.a.

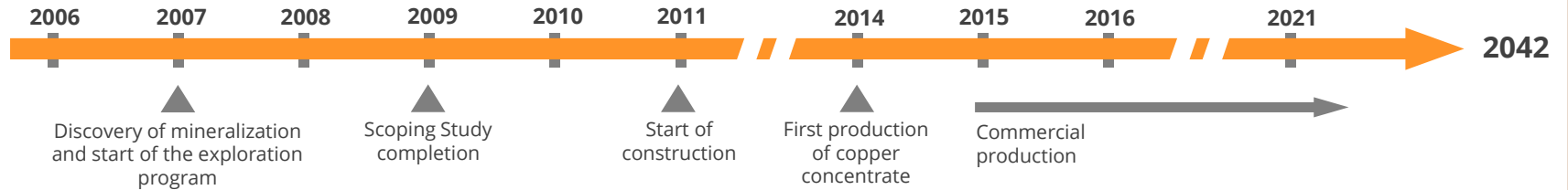
# Sierra Gorda



Sierra Gorda is an open pit copper and molybdenum mine located in Chile's Antofagasta region in the Atacama desert. Sierra Gorda is a Joint Venture of:

- KGHM Polska Miedź S.A. – 55% share
- Sumitomo Metal Mining – 31.5% share
- Sumitomo Corporation – 13.5% share

## Schedule of Sierra Gorda development



Sierra Gorda payable copper production and silver production<sup>1)</sup>

Cu production in 2020 vs 2019	81.8 kt	59.5 kt	↑ +37% y/y
Ag production in 2020 vs 2019	27.6 t	14.6 t	↑ +87% y/y

# Sustainable development

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## Copper - a strategic material

in a carbon neutral and circular economy



### Metal in a circular economy

Nearly 50% of copper produced in the EU is obtained through recycling

### Lower GHG emissions

While adding 0.4% GHG, copper contributes to reducing ca. 75% of emissions in EU society

### 22 million tonnes

Amount needed in the years 2020 – 2050 to make the European economy climate neutral

### Carrier of valuable metals

Copper metallurgy is needed to handle and recover many other valuable materials present in electronics, batteries, etc.

### Half a million people

Employed in the production and processing of nonferrous metals in Europe

### Green Energy generation, sustainable transport

Copper's innovative potential: wind turbines, photovoltaics, energy distribution and storage; electric cars and charging point infrastructure





# Raw materials a key to sustainable development

as well as care for the environment and ensuring life's comforts to employees and society



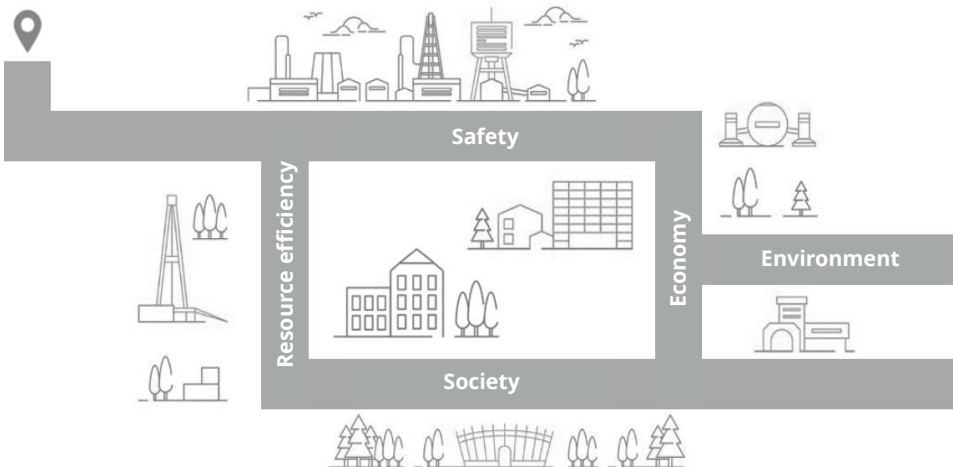
In working towards our goals we concentrate on creating added value while at the same time ensuring solid and lasting foundations for the business and its people as well as successes in the long term.



We want to wisely invest our profits in new technology, innovative solutions, best available practice and employee development. We are aware that the sustainable development of the raw materials sector has become a global challenge for the modern world.



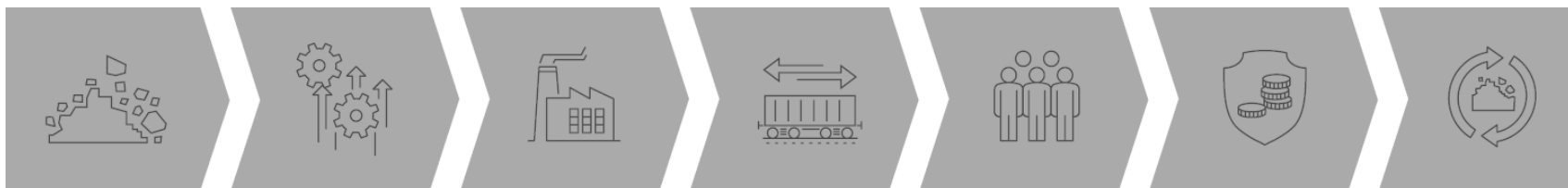
FTSE4Good



We operate based on the principles of sustainable development, reflecting in our daily activities obligations tied to such areas as **Society**, the **Environment**, the **Economy**, **Safety** and **Resource efficiency**.



# Sustainable value chain in the KGHM Group



## Raw materials

Responsible use of raw materials while caring for natural resources

## Extraction

Rational deposits management - Intelligent production solutions - KGHM 4.0

## Production

Reduction of the environmental, product and organisational footprint

## Logistics

Reduction of emissions, making logistics structures and procedures more efficient

## Stakeholders

Customers, consumers and partners as guideposts for the Company's standards of responsible actions

## Commerce

Commerce based on Fair Trade principles

## Tailings

Product life cycles based on the Circular Economy and adherence to its principles at every stage of the value chain



# Ethical standards

KGHM Polska Miedź S.A.

KGHM is a Company based on strongly-rooted values and principles, which guide our employees in their daily work

Zero harm, teamwork, results-oriented, accountability and courage – these values unite all of KGHM's employees, regardless of whether they work in a mine, processing plant or smelter, whether in Poland or anywhere else.



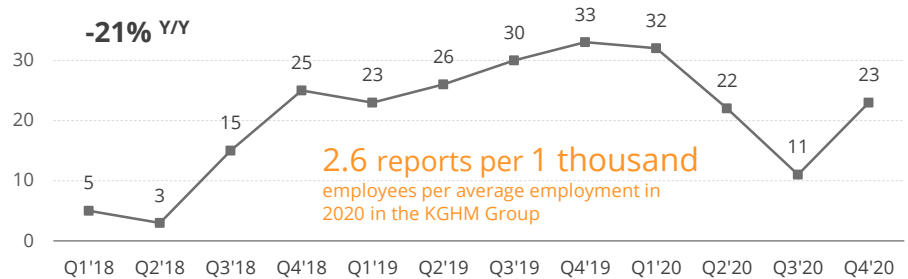
## KGHM Ethics Hotline. Protection for whistleblowers.



- The Platform is available in four languages
- Available at <https://liniaetyki.kghm.com/web/liniaetyki/home> for employees, contractors and customers
- Enables anonymous reporting of violations
- Serves as an alternative channel to other forms of contact – telephone, email, traditional mail

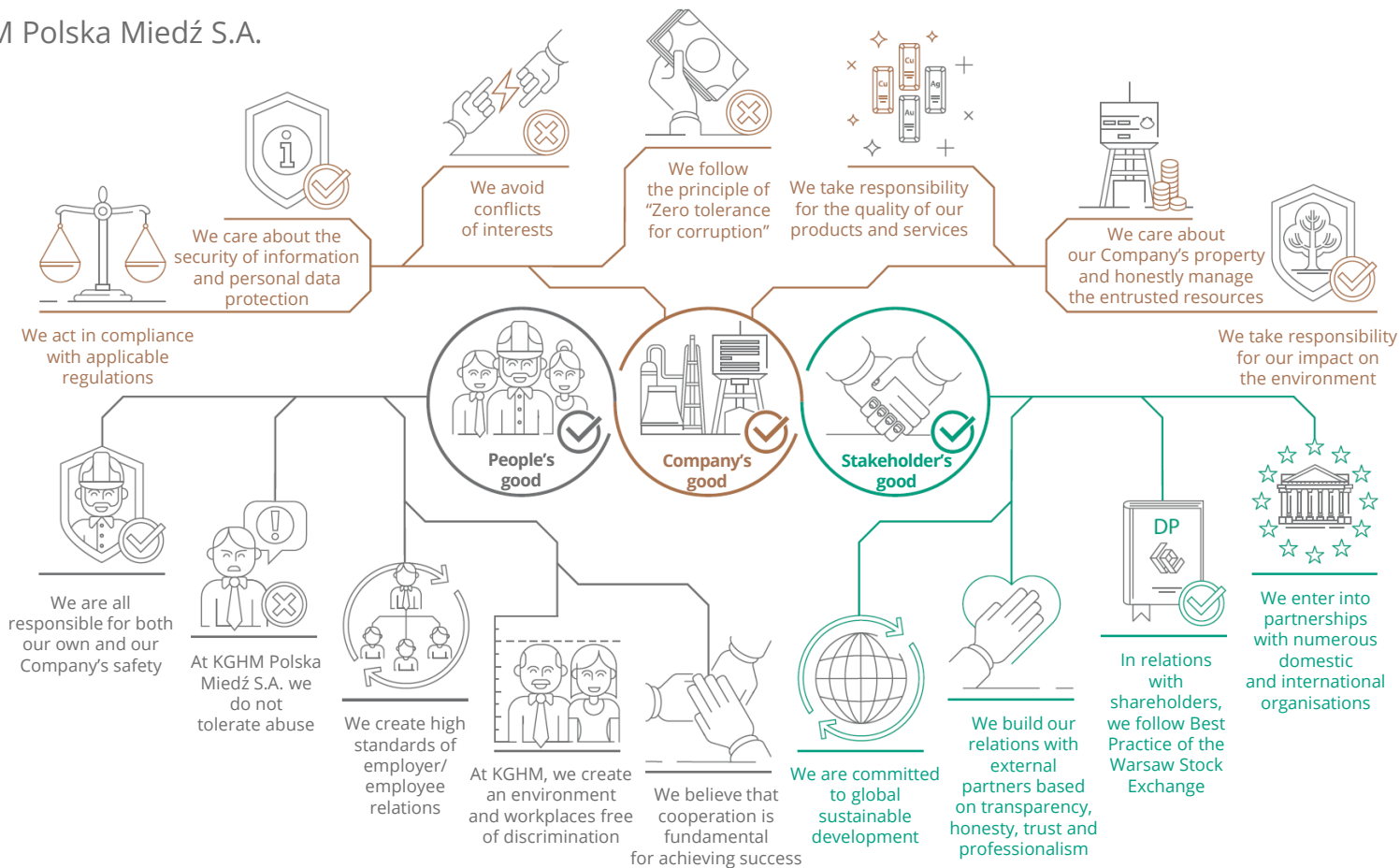
## Number of reports of violations of ethical principles

[by quarter]



# Ethical standards

KGHM Polska Miedź S.A.



# Employee safety as a strategic priority for the KGHM Group

Summary of 2020



## Safety and development

- ISO 45001:2018

Granting of an Occupational Health and Safety Management System Certificate

- Leader's Gold Card of Workplace Safety

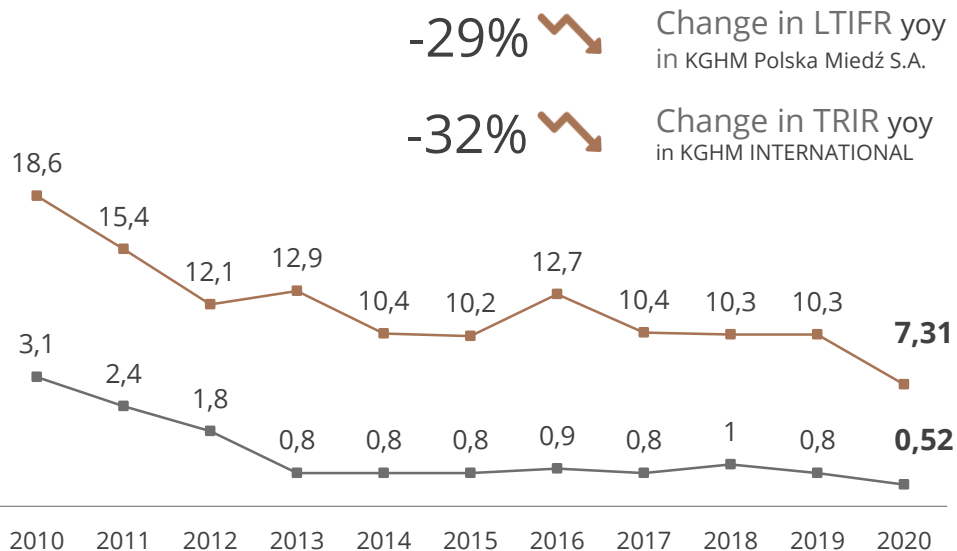
A 29% decrease in the number of recognised workplace accidents to 213 at year's end

- Historically-low accident ratio

Thanks to the outstanding behaviour and commitment of all employees

- TRIR in KGHM INTERNATIONAL LTD
- LTIFR in KGHM Polska Miedź S.A.

Accident ratios<sup>1)</sup>



1) LTIFR (Lost Time Injury Frequency Rate); TRIR (Total Recordable Incident Rate) calculated using accepted methodology as the number of accidents at work meeting the conditions of registration as defined in the International Council on Mining & Metals standard, in total for the employees of KGHM INTERNATIONAL LTD., KGHM Chile SpA and Sierra Gorda S.C.M. and sub-contractors for these entities, per 200 000 worked hours

# Environmental protection

Primary obligations of KGHM Polska Miedź S.A.



We supply metals and related products in order to achieve the environmental goals of contemporary society, including actions on behalf of the climate and efficient energy use



We keep abreast of new technologies to reduce industrial impact on the environment and introduce them according to our needs and possibilities



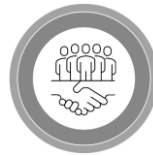
We minimise waste generation and are constantly developing techniques to manage waste in order to achieve the greatest degree of environmental protection



We strengthen our employees' sense of accountability to protect the environment



We apply the principles of responsible management of chemicals introduced by the EU's REACH and CLP regulations



We conduct objective, open and respectful dialogue with our local communities and appropriate government bodies concerning the environment



We operate our installations in compliance with the environmental permits held. We monitor emissions to the air, water and soil. We minimise the utilisation of limited resources, such as soil, water and energy

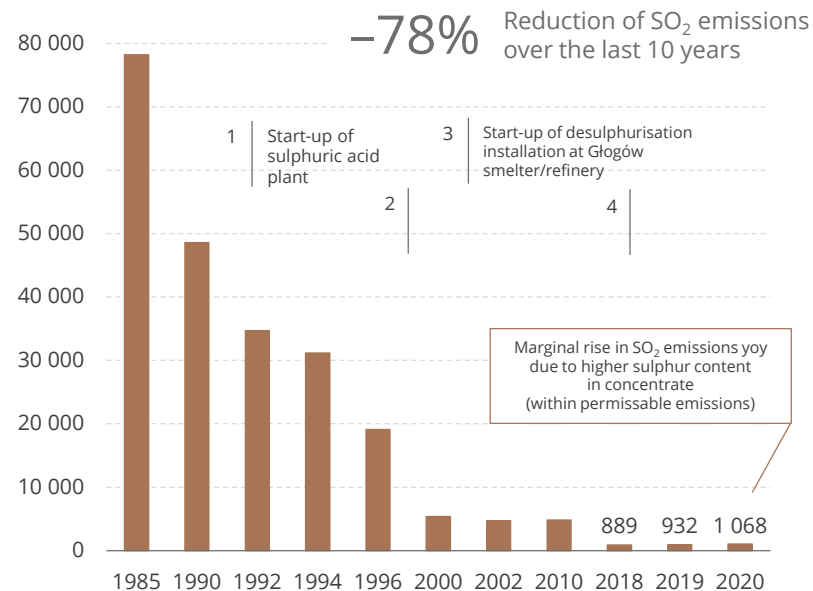


We actively strive to preserve and, if unavoidable, to restore losses of biological diversity, as well as to responsibly manage our earth, its forests and water

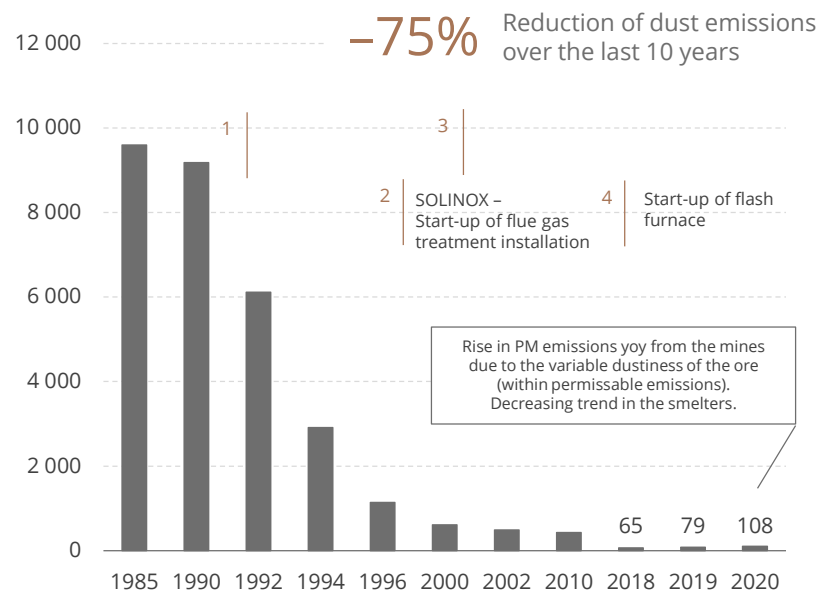
# Emissions by the divisions of KGHM Polska Miedź S.A.

SO<sub>2</sub> and dust emissions<sup>1)</sup>

SO<sub>2</sub> emissions by KGHM Polska Miedź S.A.  
[tonnes]



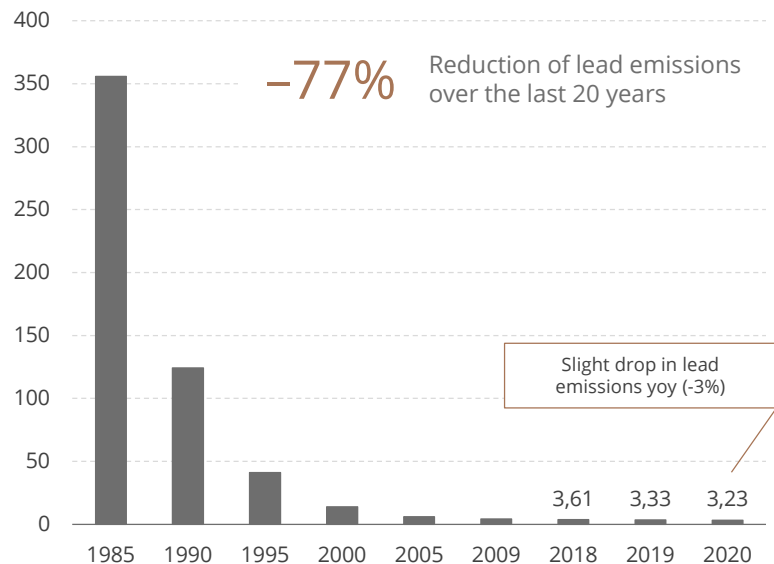
Dust emissions by KGHM Polska Miedź S.A.  
[tonnes]



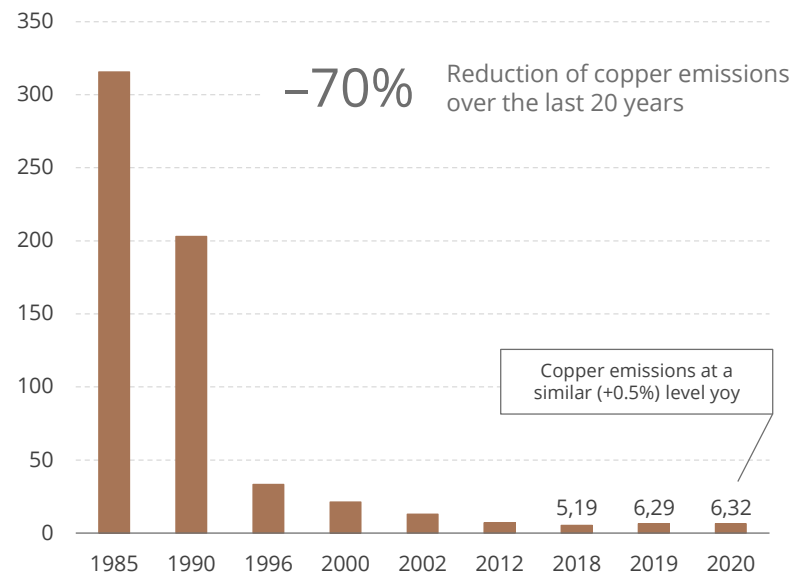
# Emissions by the divisions of KGHM Polska Miedź S.A.

## Lead and copper emissions

Lead emissions by KGHM Polska Miedź S.A.  
[tonnes]

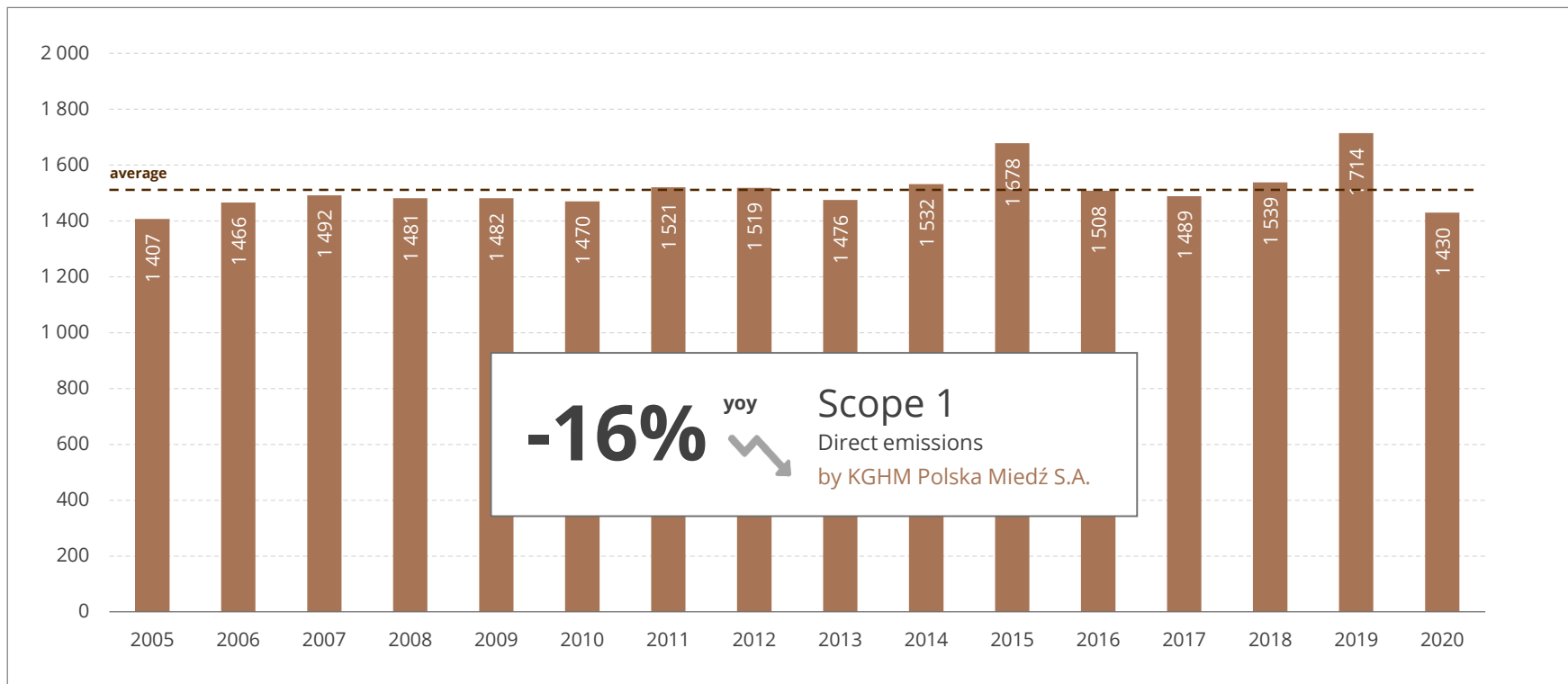


Copper emissions by KGHM Polska Miedź S.A.  
[tonnes]



## CO<sub>2</sub> emissions by KGHM Polska Miedź S.A.<sup>1)</sup>

ETS<sup>2)</sup> direct emissions + non-ETS equivalent [kt CO<sub>2</sub>]





## ECOLOGY

### 4E Strategy pillar

## WE ARE PREPARING A CLIMATE POLICY

The KGHM Group has committed to preparing a Climate Policy which will comprise medium-term (2030) and long-term (2050) quantitative goals, including among others:

- decreases in GHG emissions (Scope 1, 2 and 3)
- improved energy efficiency and greater use of renewable energy sources
- an increase in the share of products associated with activities which meet the criteria of making a substantial contribution to climate change mitigation or climate change adaptation





# The KGHM Group vs the sector

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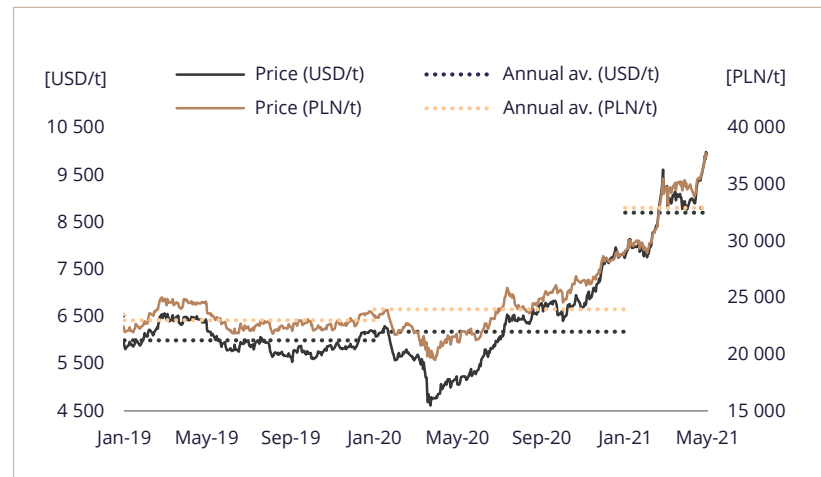
Macroeconomic environment

## Macroeconomic environment

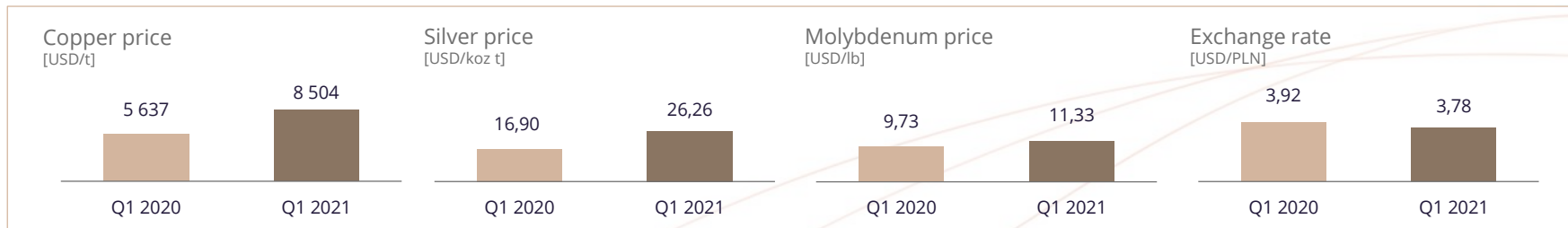
### Commodities and currencies prices

Copper prices in Q1 2021 continued their upward trend, approaching the levels of 2011. Silver prices remained above 25 USD/koz t.

- The average price of copper in Q1 2021 was higher by 50%, and molybdenum by more than 16%, than in the corresponding prior-year period
- The average silver price in Q1 2021 was more than 55% higher than a year earlier
- The average price of copper expressed in PLN was over 45% higher than in Q1 2020, while the impact of the USD-expressed copper price was only slightly offset by strengthening of the PLN, i.e. a decrease in the USD/PLN exchange rate by 3% Q1/Q1



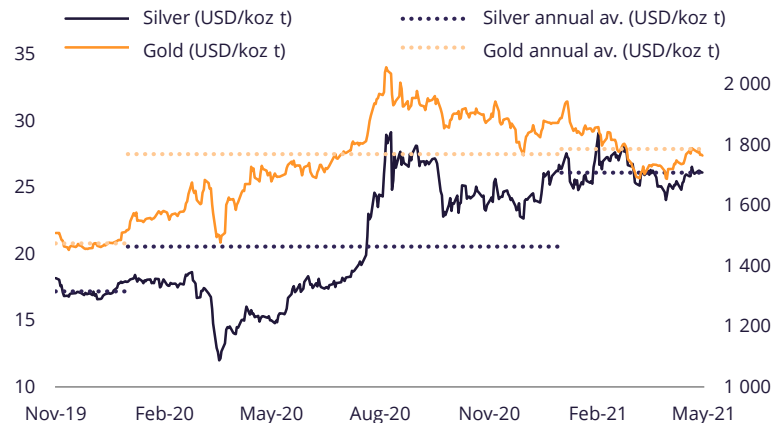
Source: Thomson Reuters, KGHM Polska Miedź S.A.



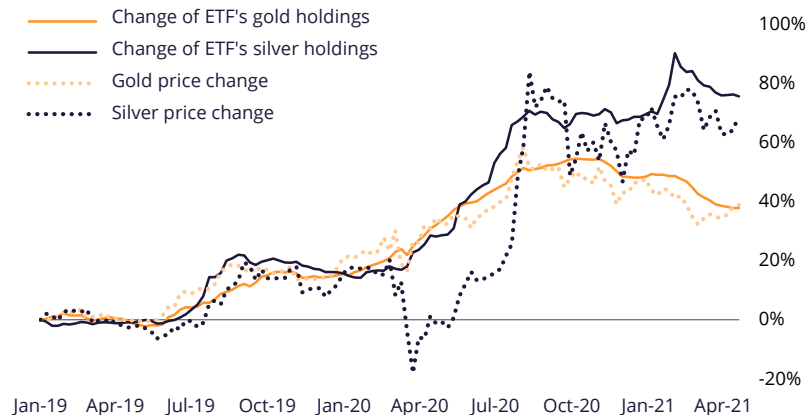
## Precious metals prices in Q1 2021

Gold prices fell against the backdrop of economic recovery, silver prices in the range of 25-29 USD/koz t

The price of silver in Q1 2021 remains at a high level despite gold's weakness



The inflow of cash into ETF precious metals funds is strongly correlated with changes in the prices of these metals



Source: Bloomberg, KGHM Polska Miedz

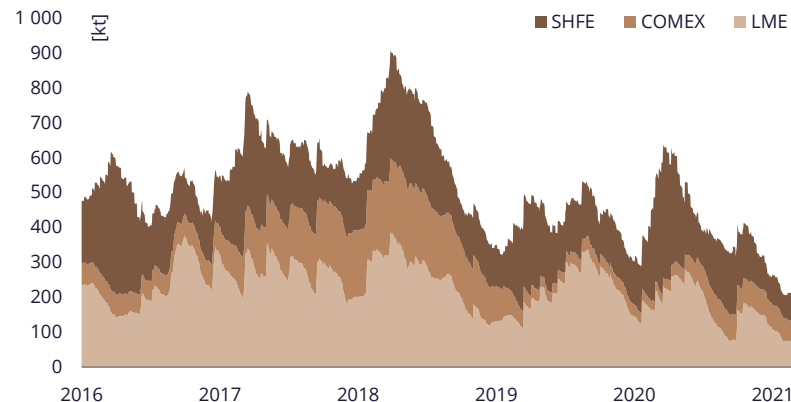
- Silver prices, as opposed to the price of gold, which, following the increase associated with the start of the COVID-19 pandemic, fell back starting in August 2020, stabilised at high levels, establishing an average price in the first quarter above 26 USD/koz t
- The gold/silver ratio – an important indicator which shows gold as over-priced or under-priced compared to silver – after reaching record levels in the first half of 2020, returned to the average level of the last 40 years
- Changes in the price of gold are strongly correlated with decisions made by investors, which also effects flows into ETF funds; the correlation is also evident, though to a lesser degree, in the case of silver, due to the industrial nature of this metal apart from its investment characteristic

# A spectacular rise in copper prices over the last 12 months

This price volatility was related to fluctuations in metal inventories in recent months

Over the last 12 months the price of copper has doubled, approaching the historic highs of 2011

In February 2021 copper inventories in official warehouses reached a multi-year minimum



Source: Bloomberg, KGHM Polska Miedź

- The lockdowns in Q1 and Q2 2020 led to a collapse in the copper price and a jump in metal inventories
- In November 2020 the victory of Joe Biden and the Democrats in the USA, along with the announced fiscal packages and the weakening of the USD, supported copper prices
- During the first 100 days of his presidency, Biden announced stimulus packages on the order of USD 1.9 tn and a further USD 2 tn to improve infrastructure
- Inventories in official warehouses fell in February 2021 to the record low levels last seen prior to the crisis in 2008
- The increasingly low physical premiums and the high long net positions held by investors on COMEX and the LME suggest that prices are being supported to a large extent by investor demand
- As a result of the increase in the red metal's price, an increasing amount of copper scrap is finding its way onto the market

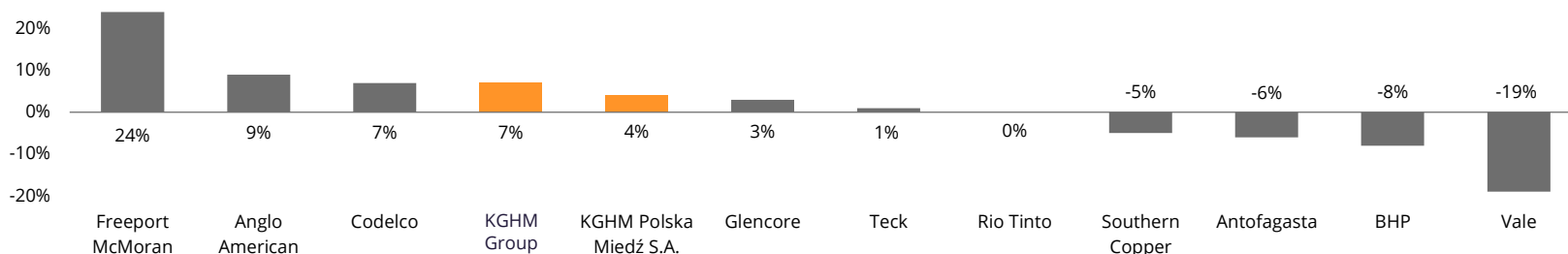
# Economic activity in Q1 2021 increased, ending the quarter with record-high readings

Industrial PMI in the USA, Germany and several other countries approached, and even substantially surpassed, the 60 level. Average industrial PMI in the eurozone was 62.5.

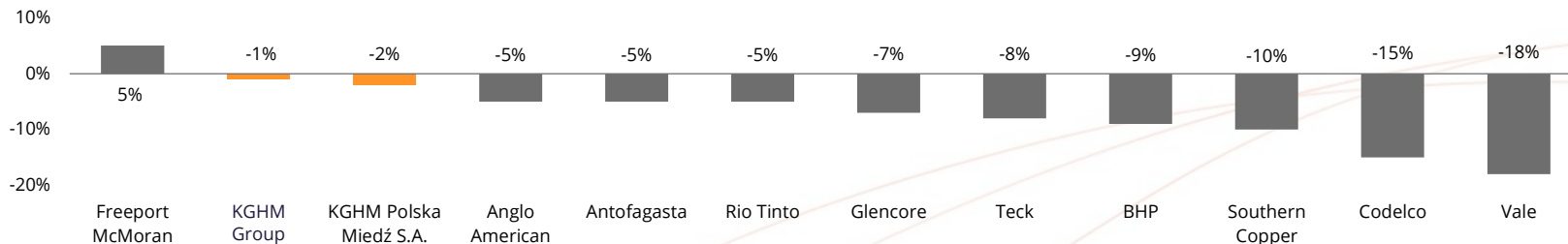
	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19	Mar-19	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	
<b>USA (ISM)</b>	59,2	58,6	58,9	59,7	58,0	60,4	59,5	58,3	58,7	54,8	55,7	54,2	55,3	53,6	52,2	51,3	51,0	48,4	48,3	48,3	48,2	47,7	51,1	50,3	49,7	41,7	43,1	52,2	53,7	55,6	55,7	58,8	57,7	60,5	58,7	60,8	
<b>USA (PMI)</b>	56,5	56,4	55,4	55,3	54,7	55,6	55,7	55,3	53,8	54,9	53,0	52,4	52,6	50,5	50,6	50,4	50,3	51,1	51,3	52,6	52,4	51,9	50,7	48,5	36,1	39,8	49,8	50,9	53,1	53,2	53,4	56,7	57,1	59,2	58,6	59,1	
<b>Canada</b>	55,5	56,2	57,1	56,9	56,8	54,8	53,9	54,9	53,6	53,0	52,6	50,5	49,7	49,1	49,2	50,2	49,1	51,0	51,2	51,4	50,4	50,6	51,8	46,1	33,0	40,6	47,8	52,9	55,1	56,0	55,5	55,8	57,9	54,4	54,8	58,5	
<b>Mexico</b>	51,6	51,0	52,1	50,7	51,7	50,7	49,7	49,7	50,9	52,6	49,8	50,1	50,0	49,2	49,8	49,0	49,1	50,4	48,0	47,1	49,0	50,0	47,9	35,0	38,3	38,6	40,4	41,3	42,1	43,6	43,7	42,4	43,0	44,2	45,6		
<b>Brazil</b>	52,3	50,7	49,8	50,5	51,1	50,9	51,1	52,7	52,6	52,7	53,4	52,8	51,5	50,2	51,0	49,9	52,5	53,4	52,2	52,9	50,2	51,0	52,3	48,4	36,0	38,3	51,6	58,2	64,7	64,9	66,7	64,0	61,5	56,5	58,4	52,8	
<b>Eurozone</b>	56,2	55,5	54,9	55,1	54,6	53,2	52,0	51,8	51,4	50,5	49,3	47,5	47,9	47,7	47,6	46,5	47,0	45,7	45,9	46,9	46,3	47,9	49,2	44,5	33,4	39,4	47,4	51,8	51,7	53,7	54,8	53,8	55,2	54,8	57,9	62,5	
<b>Germany</b>	58,1	56,9	55,9	56,9	55,9	53,7	52,2	51,8	51,5	49,7	47,6	44,1	44,4	44,3	45,0	43,2	43,5	41,7	42,1	44,1	43,7	45,3	48,0	45,4	34,5	36,6	45,2	51,0	52,2	56,4	58,2	57,8	58,3	57,1	60,7	66,6	
<b>France</b>	53,8	54,4	52,5	53,3	53,5	52,5	51,2	50,8	49,7	51,2	51,5	49,7	50,0	50,6	51,9	49,7	51,1	50,1	50,7	51,7	50,4	51,1	49,8	43,2	31,5	40,6	52,3	52,4	49,8	51,2	51,3	49,6	51,1	51,6	56,1	59,3	
<b>Italy</b>	53,5	52,7	53,3	51,5	50,1	50,0	49,2	48,6	49,2	47,8	47,7	47,4	49,1	49,7	48,4	48,5	48,7	47,8	47,7	47,6	46,2	48,9	48,7	40,3	31,1	45,4	47,5	51,9	53,1	53,2	53,8	51,5	52,8	55,1	56,9	59,8	
<b>Spain</b>	54,4	53,4	53,4	52,9	53,0	51,4	51,8	52,6	51,1	52,4	49,9	50,9	51,8	50,1	47,9	48,2	48,8	47,7	46,8	47,5	47,4	48,5	50,4	45,7	30,8	38,3	49,0	53,5	49,9	50,8	52,5	49,8	51,0	49,3	52,9	56,9	
<b>Netherlands</b>	60,7	60,3	60,1	58,0	59,1	59,8	57,1	56,1	57,2	55,1	52,7	52,5	52,0	52,2	50,7	50,7	51,6	51,6	50,3	49,6	48,3	49,9	52,9	50,5	41,3	40,5	45,2	47,9	52,3	52,5	50,4	54,4	58,2	58,8	59,6	64,7	
<b>Austria</b>	57,3	56,6	56,8	56,4	55,0	53,8	54,9	53,9	52,7	51,8	50,0	49,2	48,3	47,5	47,0	47,9	45,1	45,5	46,0	46,0	49,2	50,2	45,8	31,6	40,4	46,5	52,8	51,0	51,7	54,0	51,7	53,5	54,2	58,3	63,4	64,7	
<b>Ireland</b>	55,3	55,4	56,6	56,3	57,5	56,3	54,9	55,4	54,5	52,6	54,0	53,9	52,5	50,4	49,8	48,7	48,6	48,7	50,7	49,7	49,5	51,4	51,2	45,1	36,0	39,2	51,0	57,3	52,3	50,0	50,3	52,2	57,2	51,8	52,0	57,1	
<b>UK</b>	53,8	54,3	54,0	53,9	52,9	53,7	51,1	53,3	54,3	52,8	52,1	55,1	53,1	49,4	48,0	48,0	47,4	48,3	49,6	48,9	47,5	50,0	51,7	47,8	32,6	40,7	50,1	53,3	55,2	54,1	53,7	55,6	57,5	54,1	55,1	58,9	
<b>Greece</b>	52,9	54,2	53,5	53,5	53,9	53,6	53,1	54,0	53,8	53,7	54,2	54,7	56,6	54,2	54,6	54,9	53,6	53,5	54,1	53,9	54,4	56,2	42,5	29,5	41,1	49,4	48,6	49,4	50,0	48,7	42,3	46,9	50,0	49,4	51,8		
<b>Poland</b>	53,9	53,3	54,2	52,9	51,4	50,5	50,4	49,5	47,6	48,2	47,6	48,7	49,0	48,8	48,4	47,4	48,8	47,8	45,6	46,7	48,0	47,4	48,2	42,4	31,9	40,6	47,2	52,8	50,6	50,8	50,8	50,8	51,7	51,9	53,4	54,3	
<b>Czech Rep.</b>	57,2	56,5	56,8	55,4	54,9	53,4	52,5	51,8	49,7	49,0	48,6	47,3	46,6	46,6	45,9	43,1	44,9	44,8	45,0	43,5	43,6	45,2	46,5	41,3	35,1	39,6	44,9	47,0	49,1	50,7	51,9	53,9	57,0	57,0	56,5	58,0	
<b>Turkey</b>	48,9	46,4	46,8	49,0	46,4	42,7	44,3	44,7	44,2	44,2	46,4	47,2	46,8	45,3	47,9	46,7	48,0	50,0	49,0	49,5	49,5	51,3	52,4	48,1	33,4	40,9	53,9	56,9	54,3	52,8	53,9	51,4	50,8	54,4	51,7	52,6	
<b>Russia</b>	51,3	49,8	49,5	48,1	48,9	50,0	51,3	52,6	51,7	50,9	50,1	52,8	51,8	49,8	48,6	49,3	49,1	46,3	47,2	45,6	47,5	47,9	48,2	47,5	31,3	36,2	49,4	48,4	51,1	48,9	46,9	46,3	49,7	50,9	51,5	51,1	
<b>Asia</b>	51,5	51,4	51,9	51,5	51,5	51,6	51,3	51,1	50,6	50,2	50,2	50,1	50,6	50,5	49,8	49,9	49,8	49,6	49,6	49,5	50,5	50,9	50,3	41,7	42,1	42,9	47,8	48,8	50,7	51,6	52,4	52,3	52,8	53,1	52,9	52,4	
<b>China (Caixin)</b>	51,1	51,1	51,0	50,8	50,6	50,0	50,1	50,2	49,7	48,3	49,9	50,8	50,2	50,2	49,4	49,9	50,4	51,4	51,7	51,8	51,5	51,1	48,3	50,1	49,4	50,7	51,2	52,8	53,1	53,0	53,6	54,9	53,0	51,5	50,9	50,6	
<b>China</b>	51,5	51,4	51,9	51,5	51,2	51,3	50,8	50,2	50,0	49,4	49,5	49,2	50,5	50,1	49,4	49,4	49,7	49,5	49,8	49,3	50,2	50,0	35,7	52,7	50,8	50,6	50,9	51,1	51,0	51,4	52,1	51,9	51,2	51,9	51,3	50,6	
<b>Japan</b>	52,8	53,0	52,3	52,5	52,5	52,9	52,2	52,6	50,3	48,9	49,2	50,2	49,8	49,3	49,4	49,3	48,9	48,4	48,8	47,8	48,8	44,8	41,9	38,4	40,1	45,2	47,2	47,7	48,7	49,0	50,0	49,8	51,4	52,7	53,3		
<b>India</b>	51,6	51,2	53,1	52,3	51,7	52,2	53,1	54,0	53,2	53,9	54,3	52,6	51,8	52,7	52,1	52,5	51,4	51,4	50,6	51,2	52,7	55,3	54,5	51,8	27,4	30,8	47,2	47,2	46,0	52,0	56,8	58,9	56,3	56,4	57,7	57,5	55,4
<b>Indonesia</b>	51,6	51,7	50,3	50,5	51,9	50,7	50,5	50,4	51,2	49,9	50,1	51,2	50,4	51,6	50,6	49,6	49,0	49,1	47,7	48,2	49,5	49,3	51,9	45,3	27,5	28,6	39,1	46,9	50,8	47,2	47,8	50,6	51,3	52,2	50,9	53,2	
<b>Malaysia</b>	48,6	47,6	49,5	49,7	51,2	51,5	49,2	48,2	46,8	47,9	47,6	47,2	49,4	48,8	47,8	47,6	47,4	47,9	49,3	49,5	50,0	48,8	48,5	48,4	31,3	45,6	51,0	50,0	49,3	49,0	48,5	48,4	49,1	48,9	47,7	49,9	
<b>Taiwan</b>	54,8	53,4	54,5	53,1	53,0	50,8	48,7	48,4	47,7	47,5	46,3	49,0	48,2	48,4	45,5	48,1	47,9	50,0	49,8	49,8	50,8	51,8	49,9	50,4	42,2	41,9	46,2	50,6	52,2	55,2	55,1	56,9	59,4	60,2	60,4	60,8	
<b>Thailand</b>	49,4	51,8	49,6	50,0	50,3	49,9	49,4	50,2	50,3	49,6	49,7	50,3	50,6	50,6	49,4	49,8	50,0	49,5	49,8	49,7	51,2	49,6	49,7	46,4	35,8	41,3	42,5	45,3	50,0	49,6	51,1	50,7	52,3	48,5	47,2	49,2	
<b>South Korea</b>	48,4	48,9	49,8	48,3	49,9	51,3	51,0	48,6	49,8	48,3	47,2	48,8	50,2	48,4	47,5	47,3	49,0	48,0	48,4	49,4	50,1	49,8	48,7	44,2	41,6	41,3	43,4	46,9	48,5	49,8	51,2	52,9	52,9	53,2	55,3	55,3	

# The production of miners in Q1 2021

## Copper production by miners, Q1 2021 vs Q1 2020



## Copper production by miners, Q1 2021 vs Q4 2020



# Production and financial results of the KGHM Group

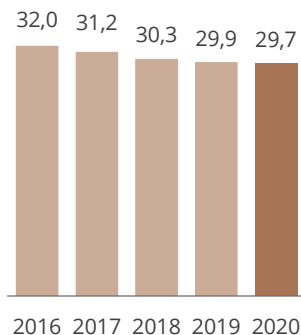
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Part I: 5 years data

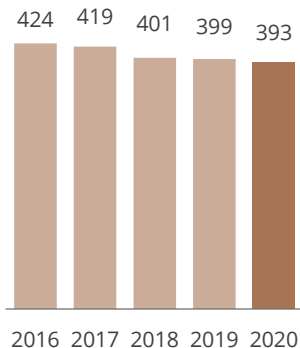
## Key production data – 5 years

KGHM Polska Miedź S.A.

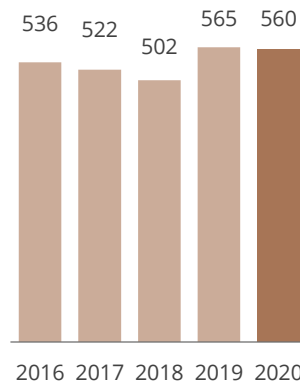
Ore extraction  
[mn t dry weight]



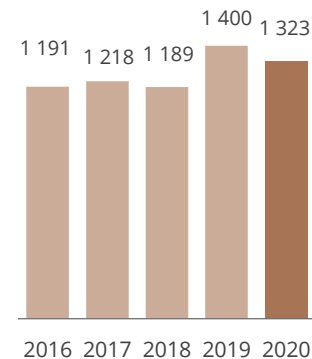
Production of copper  
in concentrate  
[kt]



Production of  
electrolytic copper  
[kt]



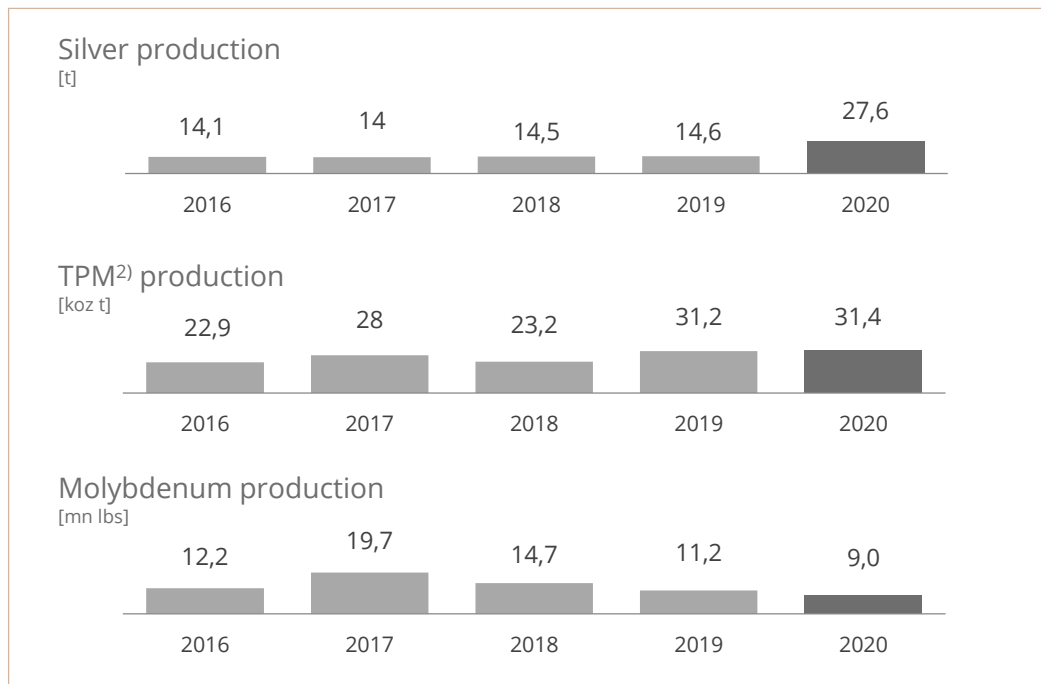
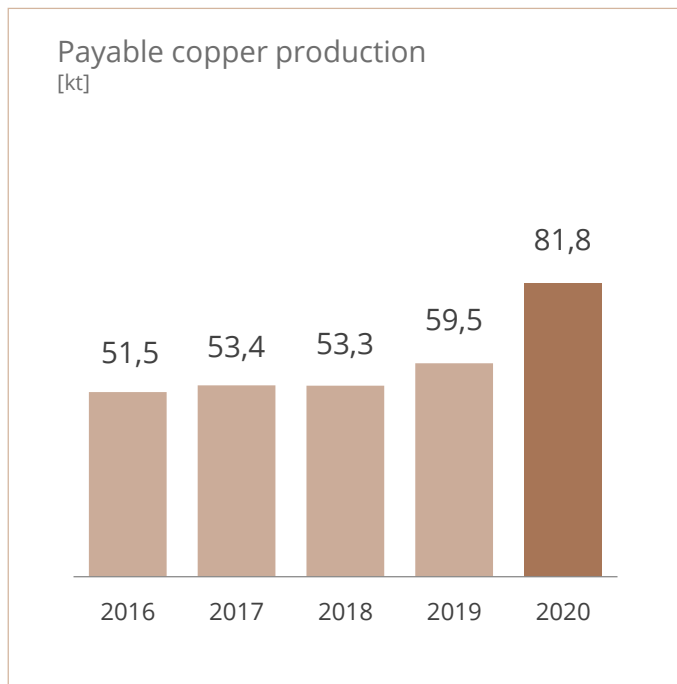
Metallic silver production  
[t]





## Key production data – 5 years

Sierra Gorda<sup>1)</sup>

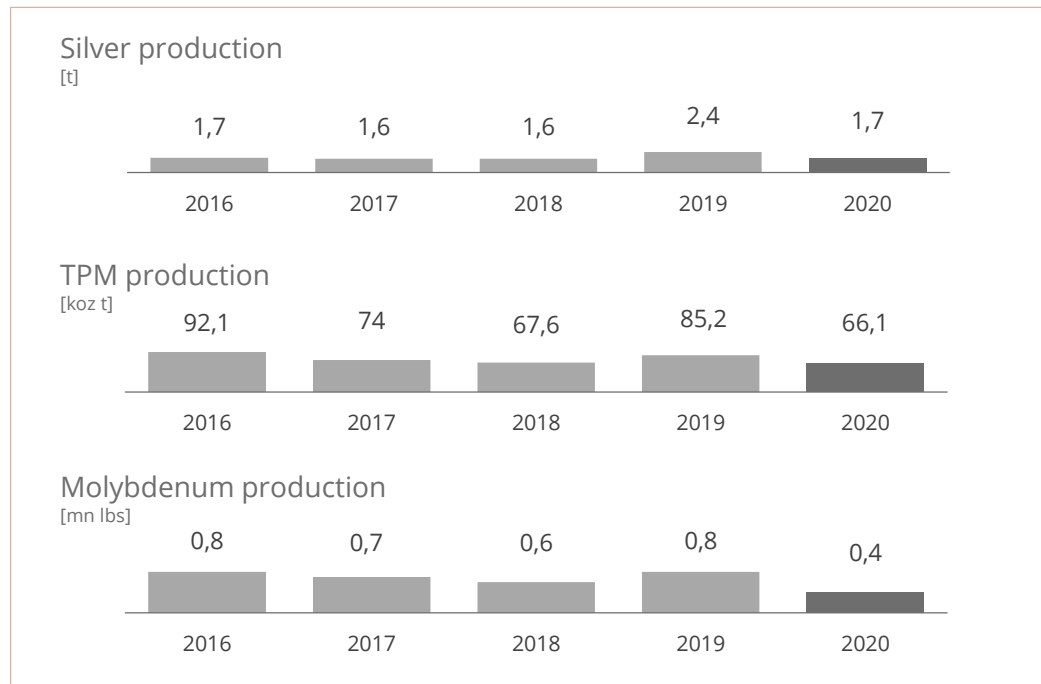
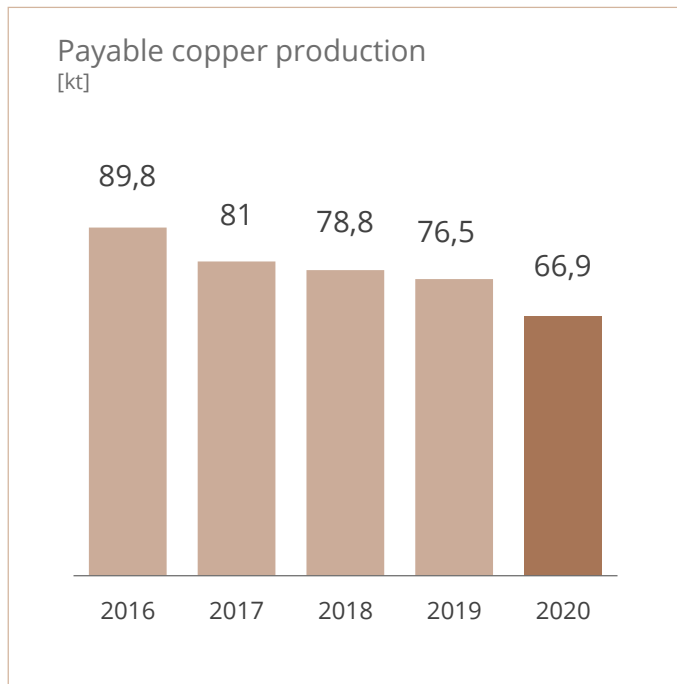


1) Pursuant to interest held (55%); production data – 5 years (since production start)

2) TPM – Total Precious Metals, comprising gold, platinum and palladium

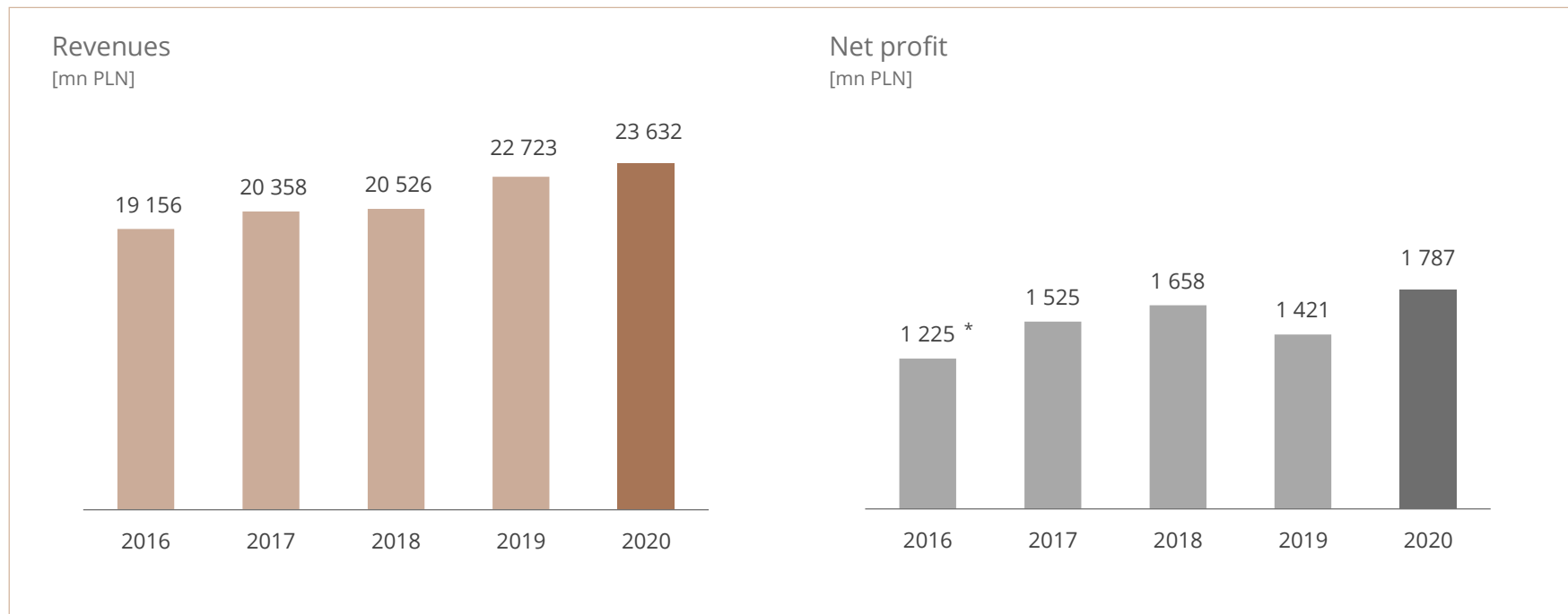
## Key production data – 5 years

KGHM INTERNATIONAL



## Sales revenue and net profit – 5 years

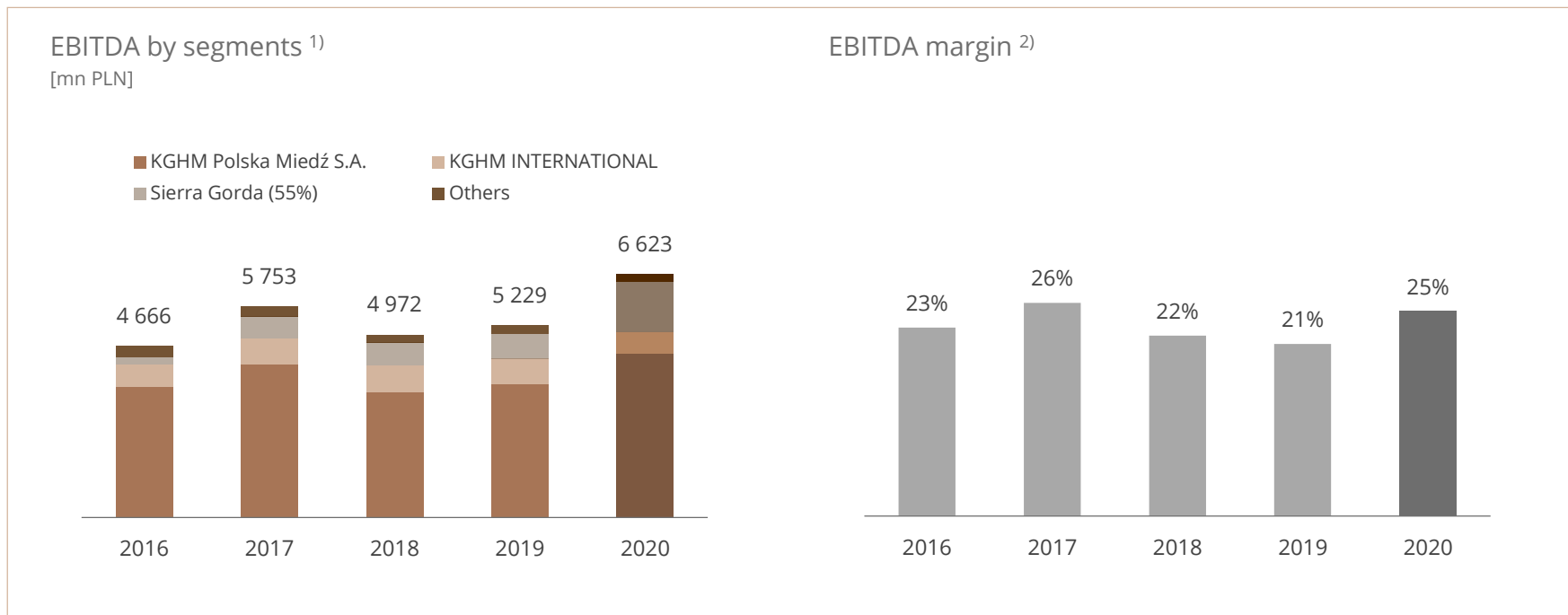
KGHM Group



\* Net profit of 2016 excluding impact of impairment of non-current assets, loans and impairment recognised in the loss from the valuation of joint ventures using the equity method

## EBITDA and EBITDA margin – 5 years

KGHM Group

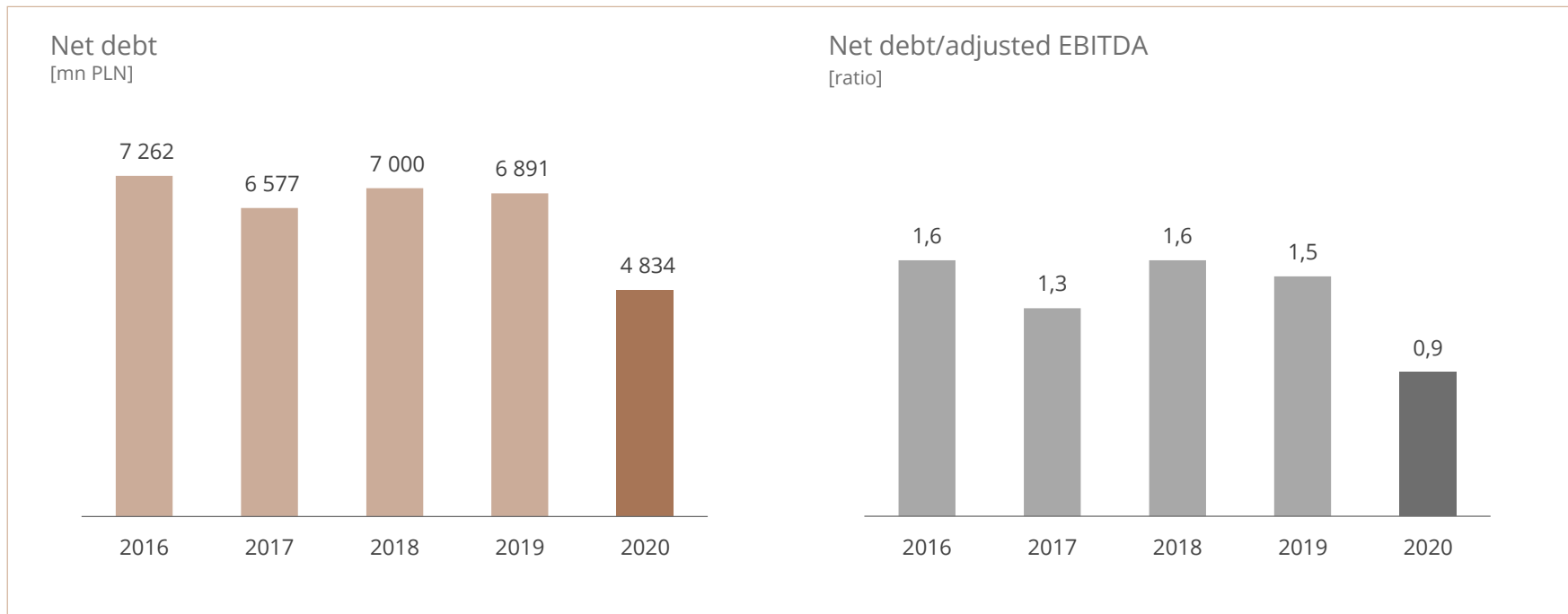


1) Sum of segments; adjusted EBITDA = EBITDA (profit/(loss) on sales + depreciation/amortisation) adjusted by impairment losses on non-current assets

2) Adjusted EBITDA to revenues from sales. For the purposes of calculating the Group's EBITDA margin, the consolidated revenues from sales were increased by revenues from sales of the segment Sierra Gorda S.C.M. e.g. for 2019:  $[5\,229 / (22\,723 + 2\,002) * 100]$

## Net debt and net debt/EBITDA ratio – 5 years

KGHM Group



## Basic items of the consolidated financial statements

KGHM Group

Consolidated data <small>[unless otherwise indicated]</small>		2016	2017	2018	2019	2020
Sales revenue	[mn PLN]	19 156	20 358	20 526	22 723	23 632
Adjusted EBITDA	[mn PLN]	4 666	5 753	4 971	5 229	6 623
Profit/(loss) for the period	[mn PLN]	-4 449	1 525	1 658	1 421	1 797
Total assets	[mn PLN]	33 442	34 122	37 237	39 409	42 780
Liabilities and provisions	[mn PLN]	17 531	16 337	18 012	19 207	21 699
Earnings per share (EPS) <sup>1)</sup>	[PLN]	-20.42	6.62	10.13	6.32	8.90
Dividend per share (DPS) <sup>2)</sup>	[PLN]	1.00	x	x	x	TBA
Net debt/EBITDA <sup>3)</sup>	[ratio]	1.6	1.3	1.6	1.5	0.9
Payable copper production <sup>4)</sup>	[kt]	677	656	634	702	709
Payable silver production <sup>4)</sup>	[t]	1 207	1 234	1 205	1 417	1 352
Concentrate production cost C1 <sup>4)</sup>	[USD/lb]	1.41	1.59	1.81	1.70	1.59
Cash expenditures on property, plant, equipment and intangible assets <sup>5)</sup>	[mn PLN]	2 604	1 991	1 907	2 366	2 331

1) Attributable to shareholders of the Parent Entity

2) Dividend for the financial year

3) Adjusted EBITDA for the year, excluding EBITDA of the joint venture Sierra Gorda S.C.M.

4) Comprises Sierra Gorda S.C.M. pursuant to interest held (55%)

5) For KGHM Polska Miedź S.A.

# Production and financial results of the KGHM Group

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Part II: FY 2020

## Summation of the year 2020 in the KGHM Group

Main macroeconomic factors and aspects of the Group in the age of the COVID-19 pandemic compared to 2019

### Macroeconomic environment<sup>1)</sup>

+3%

Copper price

+27%

Silver price

+2%

Stronger USD vs the PLN

### Production and C1 cost

+1.1%

Copper production

-4.5%

Silver production

-6.5%

C1 cost

**High base 2019**  
+5% vs avg.  
for last 5 yrs  
(1 264.20 kt)

### Financial results

+4%

Increase in revenues to  
PLN 23 632 mn

+27%

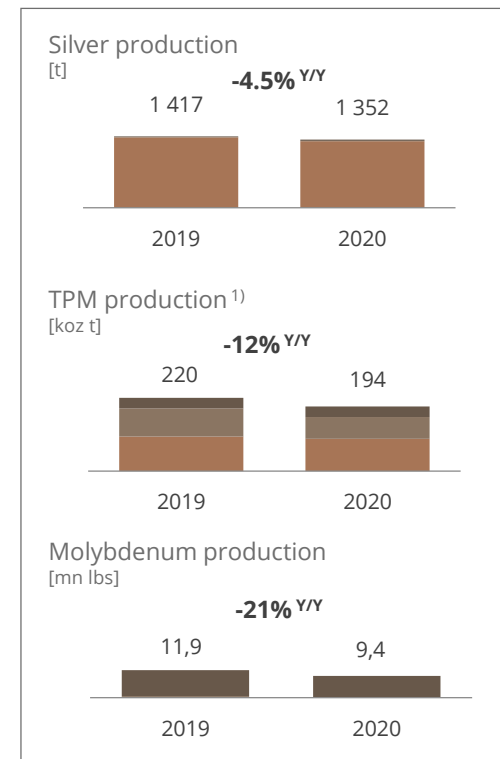
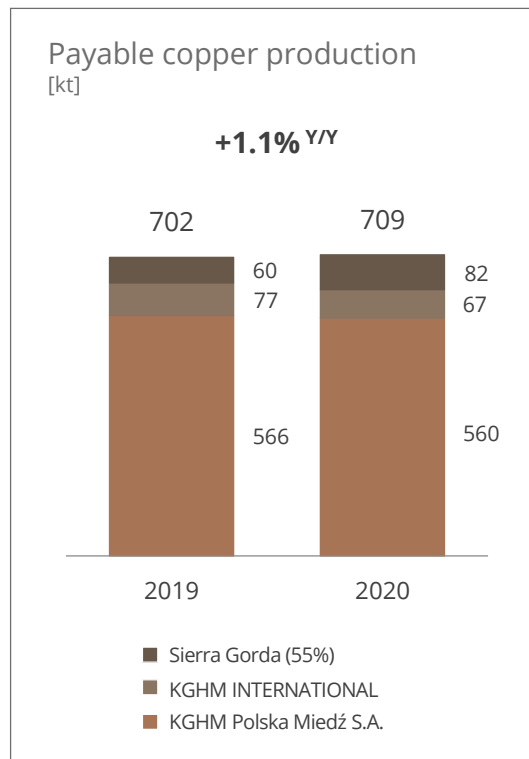
Increase in EBITDA<sup>2)</sup> to  
PLN 6 623 mn



# Metals production

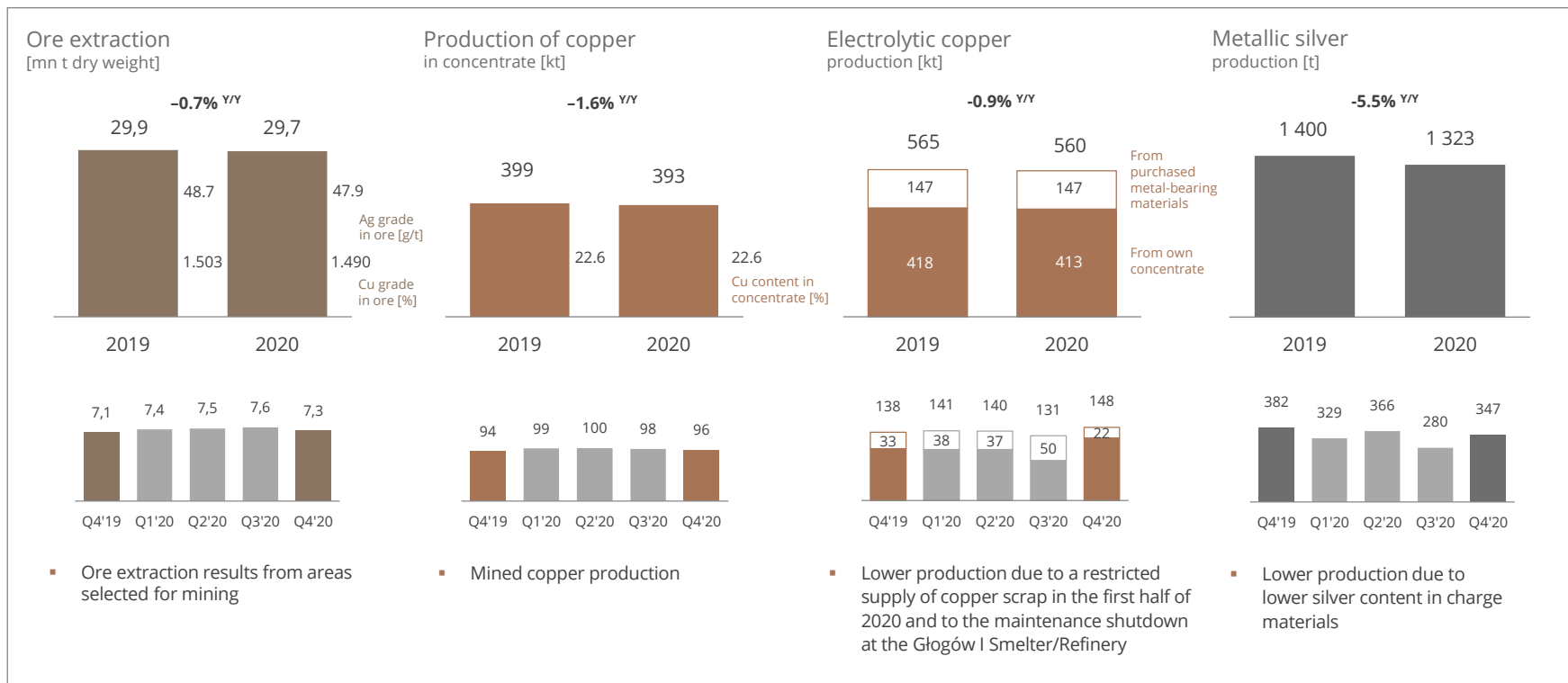
KGHM Group

- Slightly lower production vs 2019:
  - by **KGHM Polska Miedź** due to the lower grade and thickness of the mined deposit, as well as due to the restricted supply of copper scrap in the first half of 2020
  - by **KGHM INTERNATIONAL** due to lower production by the Franke mine (lower quality ore, lower recovery) and the Sudbury Basin (lower extraction from deposits rich in TPM); in Q1 2019 extraction from the Morrison mine was suspended
- Higher copper production by the **Sierra Gorda** mine due to a higher volume of ore processed, higher recovery and a higher copper grade in ore,
- Lower molybdenum production both by Sierra Gorda (extraction of ore with a lower Mo grade and lower recovery), and by Robinson (extraction of lower-quality ore)



# Production results

KGHM Polska Miedź S.A.



## Production initiatives implemented in KGHM Polska Miedź S.A.

Full integration of processes in management of the supply chain

Integrated planning of material needs

- Implementation of an integrated material planning system based on the structure of where costs arise
- Implementation of systemic tools to evaluate deviations from the execution of plans in real time
- Organisation and restriction of materials base indices utilised in planning and deliveries

Management of an integrated procurement and materials utilisation system

- Construction and integration of IT tools supporting the process of ordering materials from suppliers
- Monitoring of integrated materials utilisation processes
- Utilisation of advanced analytical models in the area of materials utilisation

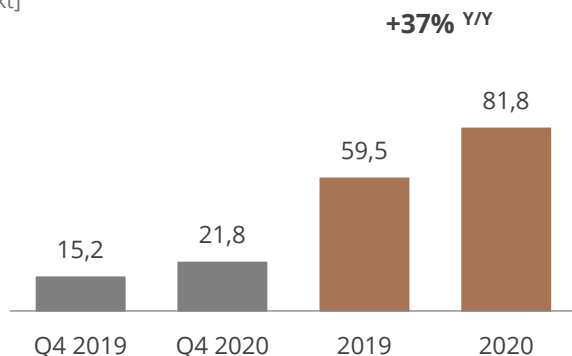
Integrated management of inventories

- Digitalisation and automatisisation of the processes of distribution and replenishment of inventories using EDI (Electronic Data Interchange) and VMI (Vendor Managed Inventory)
- Systemic forecasting and modelling of inventories levels based on historic utilisation as well as actual and announced needs
- Transfer of RW documents to electronic form

# Production results

Sierra Gorda<sup>1)</sup>

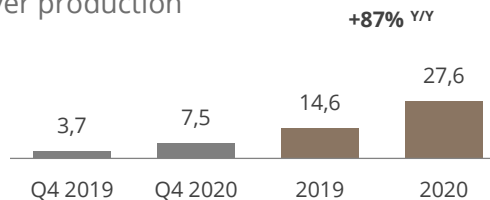
Payable copper production  
[kt]



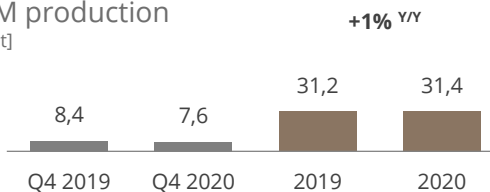
## Higher than expected copper production in 2020

- Higher payable copper production in 2020 versus 2019 thanks to higher ore throughput, improved recoveries and higher metal content in mined ore

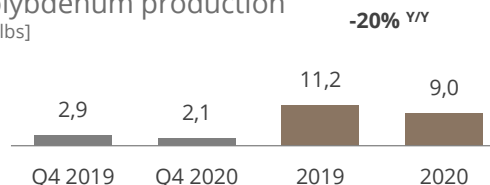
Silver production  
[t]



TPM production  
[koz t]



Molybdenum production  
[mn lbs]



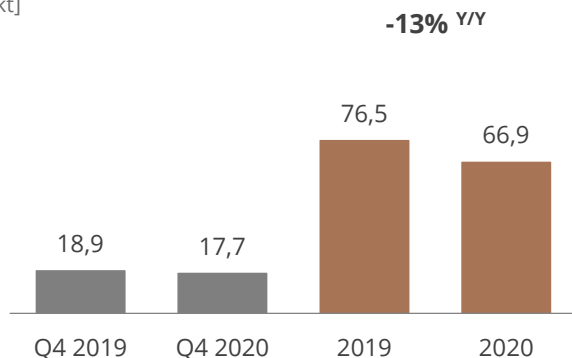
- Higher extraction by the Sierra Gorda mine led to higher production of copper, silver and gold in 2020 compared to 2019
- Lower molybdenum production due to extraction in areas with lower molybdenum content compared to ore extracted in prior periods; this factor was partially offset by higher ore throughput

# Production results

KGHM INTERNATIONAL

## Payable copper production

[kt]

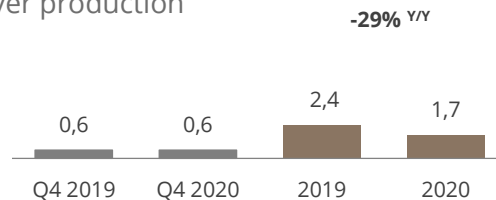


Copper production lower by 6.5% than targeted in the 2020 budget

- Lower production mainly by the Franke mine (lower-quality ore extracted – high carbonates content in the deposit), the Sudbury Basin (lower extraction and lower copper content in ore) and by the Robinson mine (extraction of lower copper-grade ore)

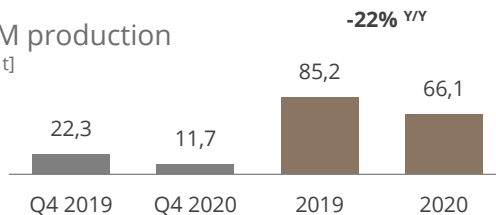
## Silver production

[t]



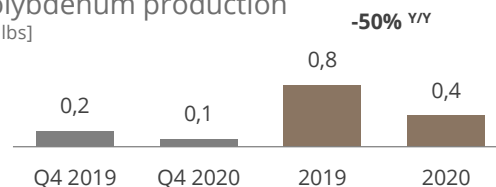
## TPM production

[koz t]



## Molybdenum production

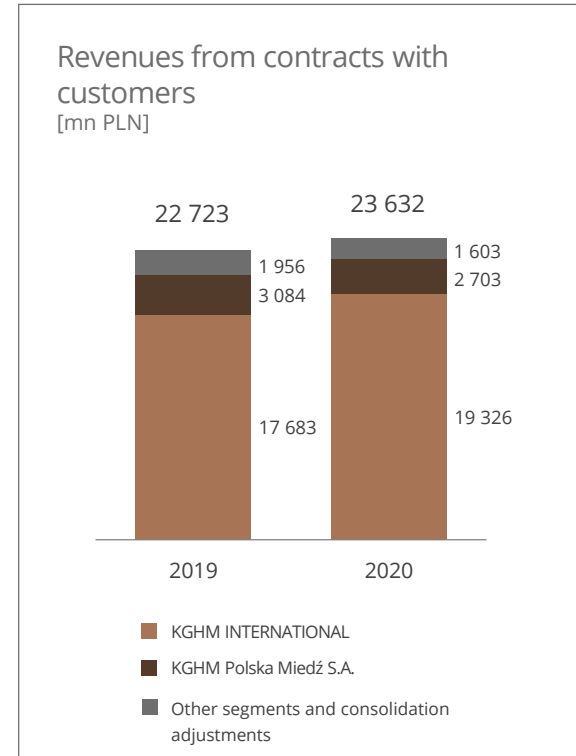
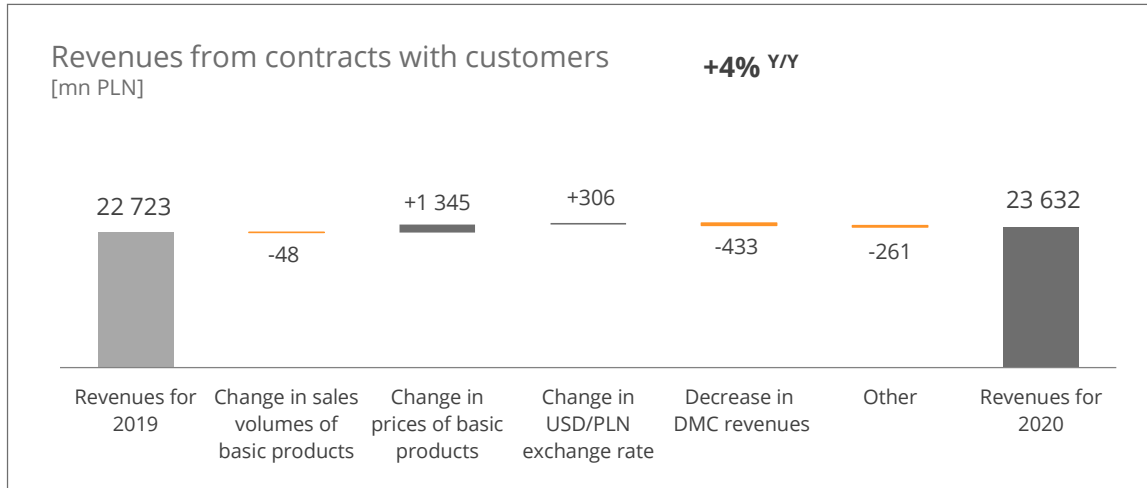
[mn lbs]



- Lower silver production in the Sudbury Basin due to lower extraction and lower silver content in ore
- Lower gold production by the Robinson mine (lower gold content in ore, lower recovery) and TPM in the Sudbury Basin (lower extraction, lower TPM content in ore)
- Lower molybdenum production by the Robinson mine due to mining lower-quality ore from a transitional zone, with lower recovery due to higher clay minerals content

# Sales revenue

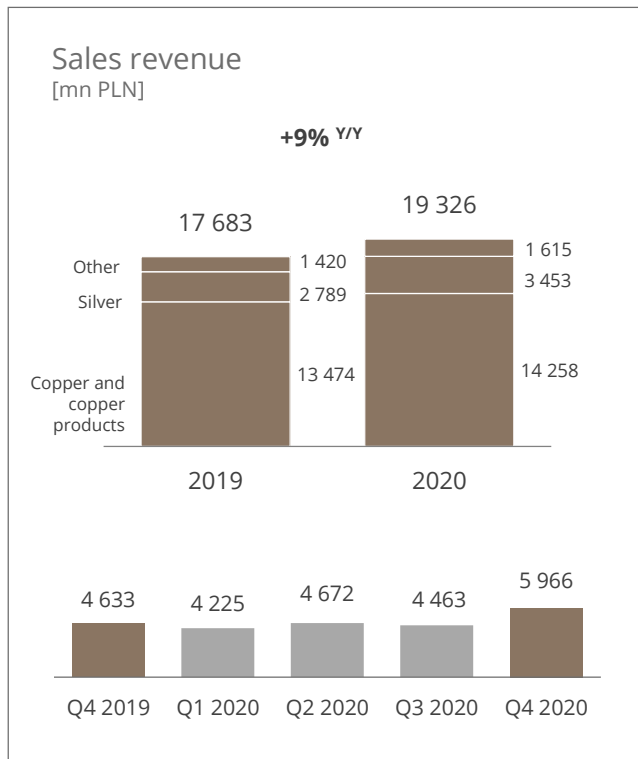
KGHM Group



- Higher revenues by PLN 909 million (+4%) versus 2019 due to higher prices for basic products and to a change in the USD/PLN exchange rate, partially offset by lower revenues from the sale of services by DMC due to the suspension of work on the Woodsmith (previously Sirius) project

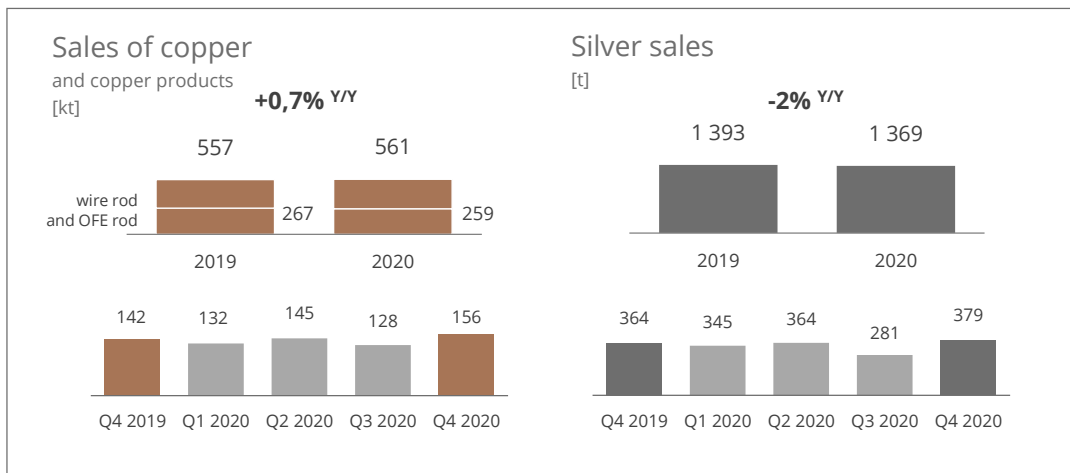
## Sales revenue

KGHM Polska Miedź S.A.

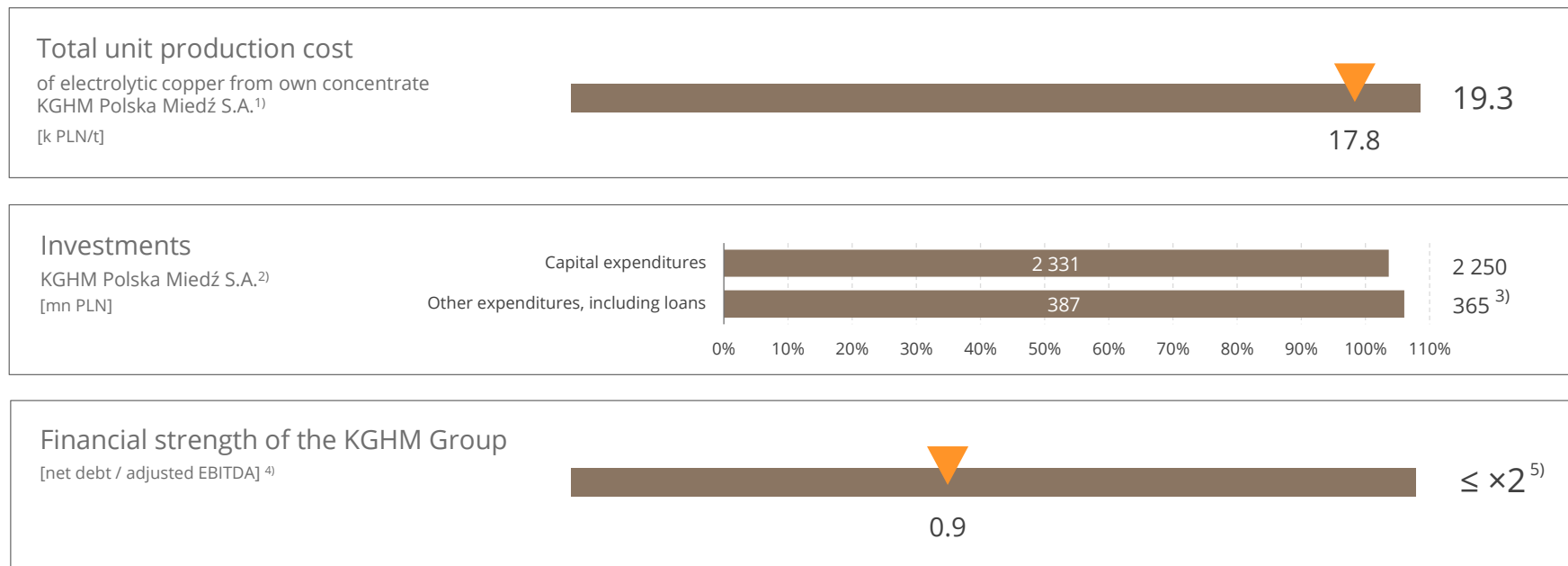


Higher revenues from sales by PLN 1 643 million (+9%) were achieved in 2020 compared to 2019 mainly due to:

- higher metals prices (copper +3%, silver +27%)
- a more favourable USD/PLN exchange rate (+2%)



## The financial situation of the KGHM Group remains stable and safe

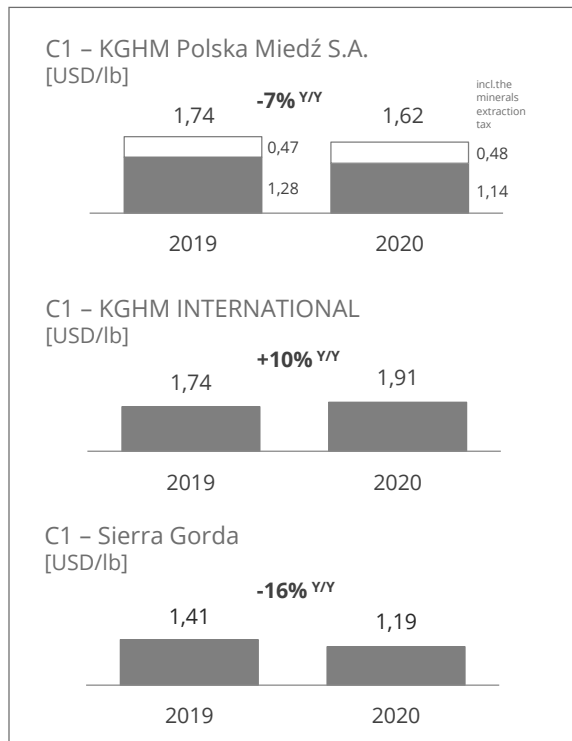
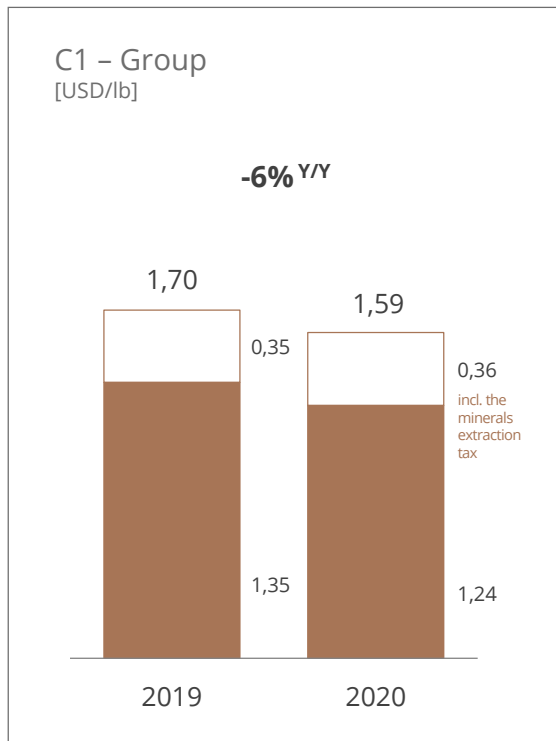


- 1) Sum of costs of extraction, floatation and metallurgical processing per cathode, together with support functions and cathode selling costs, adjusted by the value of inventories of half-finished products and work in progress, less the value of anode slimes and divided by the volume of electrolytic copper production from own concentrates
- 2) Capital expenditures – excluding costs of borrowing, leasing per IFRS 16 unrelated with an investment project and development work – uncompleted;  
Other expenditures – acquisition of shares and investment certificates of subsidiaries and associates and loans granted
- 3) Reflects an adjustment of assumptions pursuant to regulatory filing 9/2020 dated 12 May 2020
- 4) Adjusted EBITDA for 12 months, to the end of the reporting period, excluding EBITDA of the joint venture Sierra Gorda S.C.M.
- 5) Level of net debt/EBITDA ≤ 2 related to the Financial Liquidity Policy adopted by the Company and is not part of the budget assumptions of KGHM for 2020



# C1 unit cost<sup>1)</sup>

KGHM Group

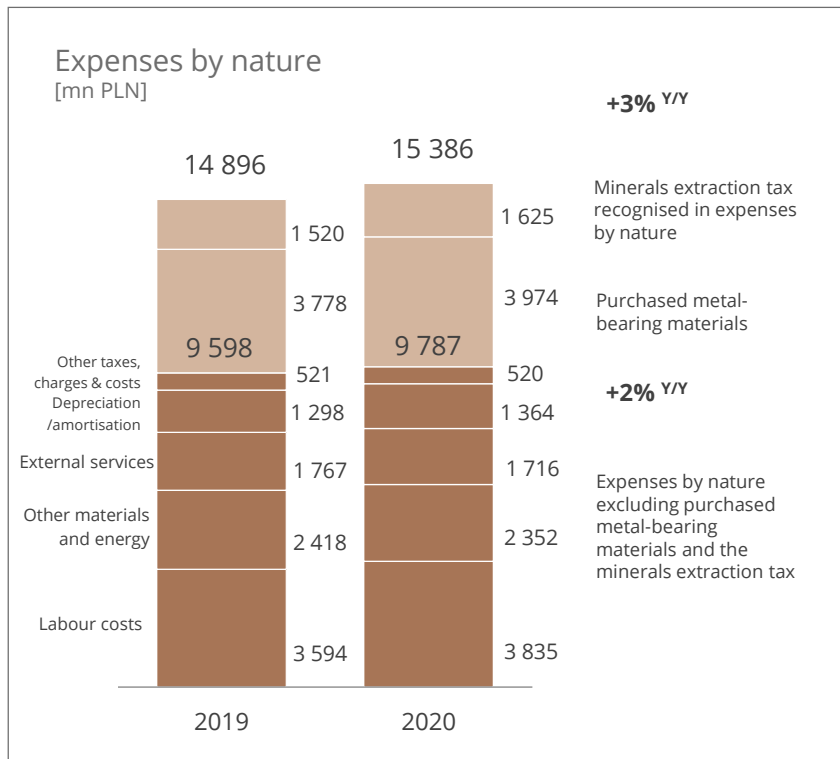


- The decrease in C1 cost in KGHM Polska Miedź versus 2019 was due to the weakening of the PLN vs the USD and to higher silver and gold prices, meaning a higher valuation of by-products
- The increase in C1 by 10% in KGHM INTERNATIONAL was due to lower copper sales volume which was partially offset by higher revenues from sales of associated metals (+5%)
- The decrease in C1 cost in Sierra Gorda by 16% was due to a higher copper sales volume, lower fuel prices, lower labour costs and lower costs of external services, materials and other costs categories

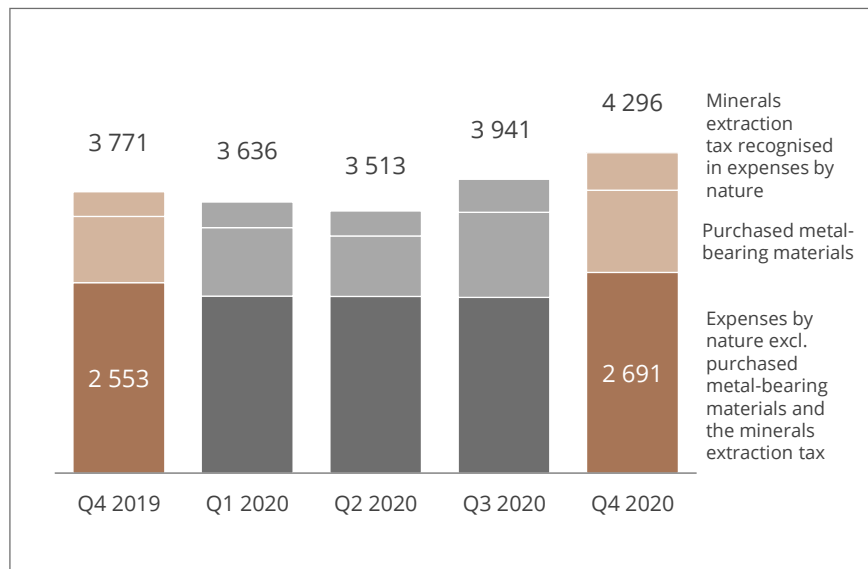
The decrease in C1 was achieved alongside a decrease in revenues from sales of associated metals

## Expenses by nature

KGHM Polska Miedź S.A.

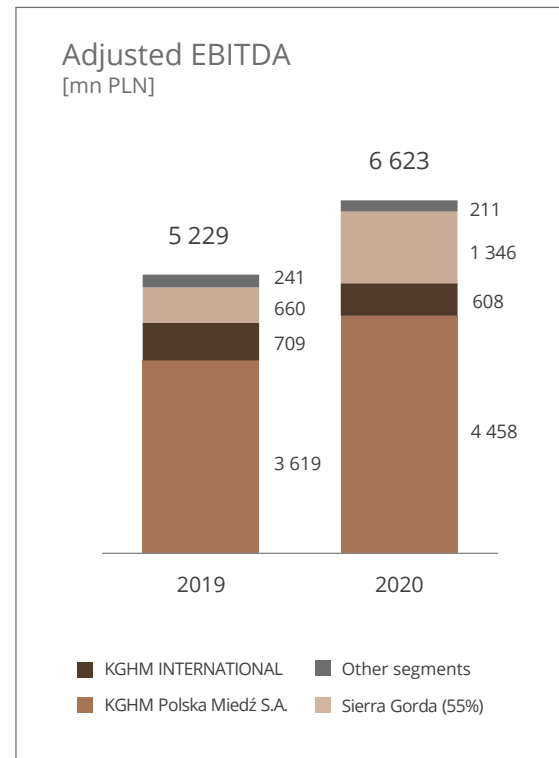
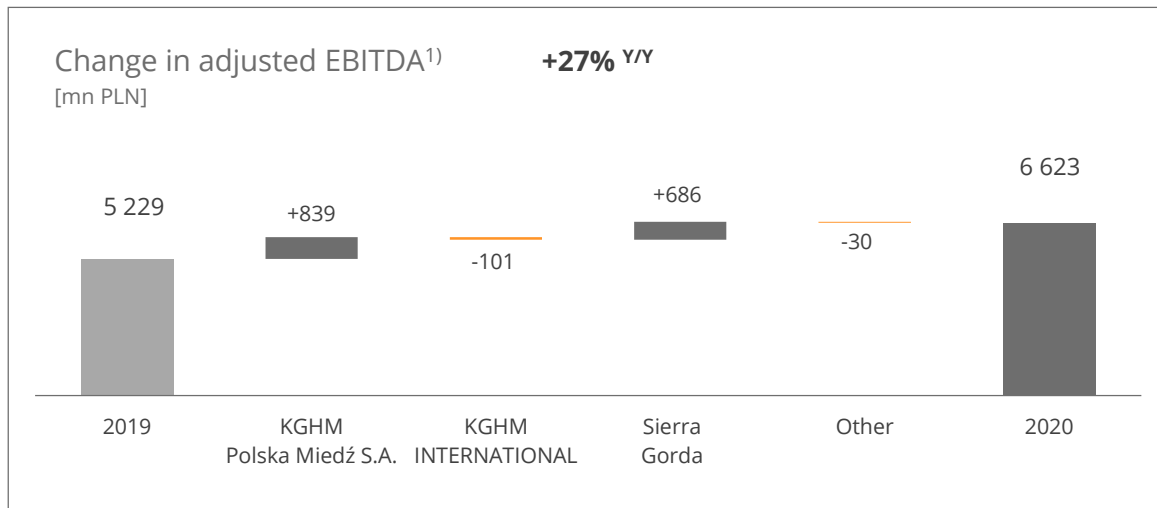


Expenses by nature higher by  
PLN 490 million yoy



# Operating results

KGHM Group



## Higher EBITDA for the year by PLN 1 394 million due to:

- higher total EBITDA by PLN 1 525 million for the segments KGHM Polska Miedź S.A. and Sierra Gorda, mainly due to higher copper sales and higher copper and silver prices
- lower total EBITDA by PLN 131 million for KGHM INTERNATIONAL (mainly due to a lower copper sales volume) and in the segment Other (lower EBITDA in domestic companies)

# Financial results

KGHM Group

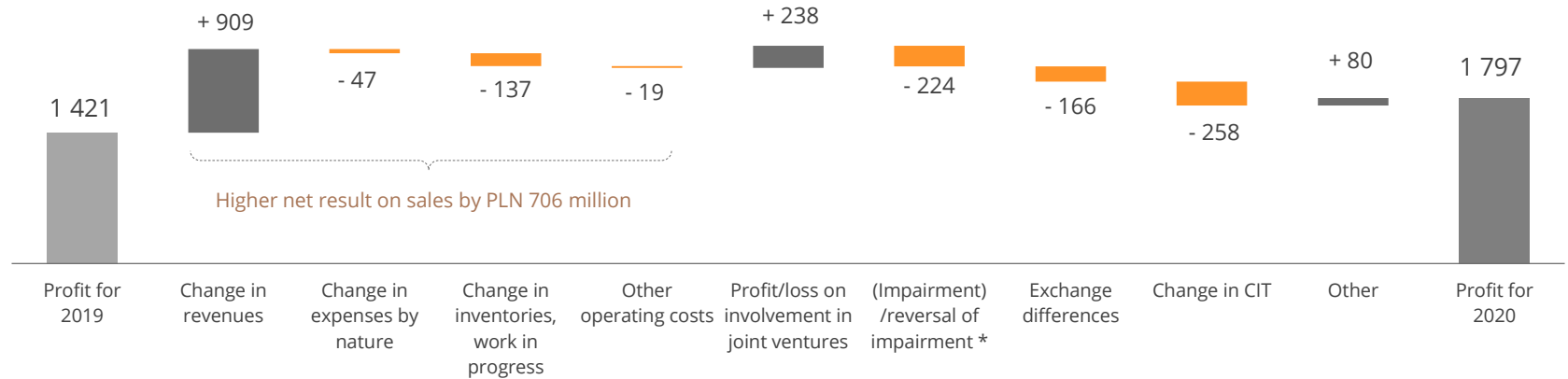
Profit for the period **+26% Y/Y**  
[mn PLN]

**1 797**  
[million PLN]

consolidated net profit for 2020

Higher Group profit by PLN 376 million (+26%) mainly due to:

- a higher net result on sales
- a higher result on involvement in joint ventures

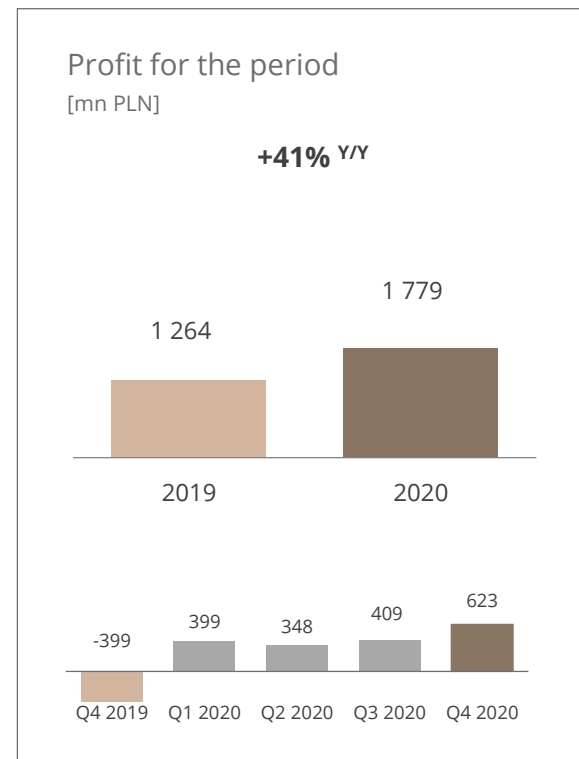
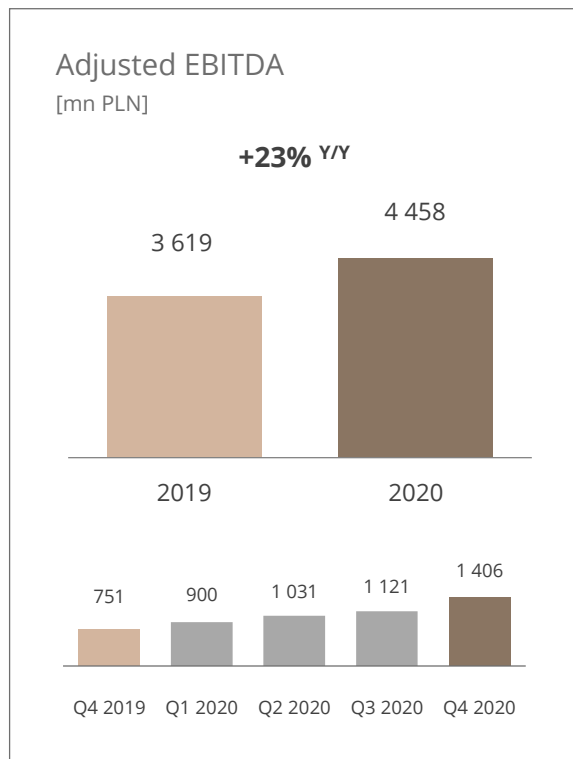


## EBITDA and profit for the period

KGHM Polska Miedź S.A.

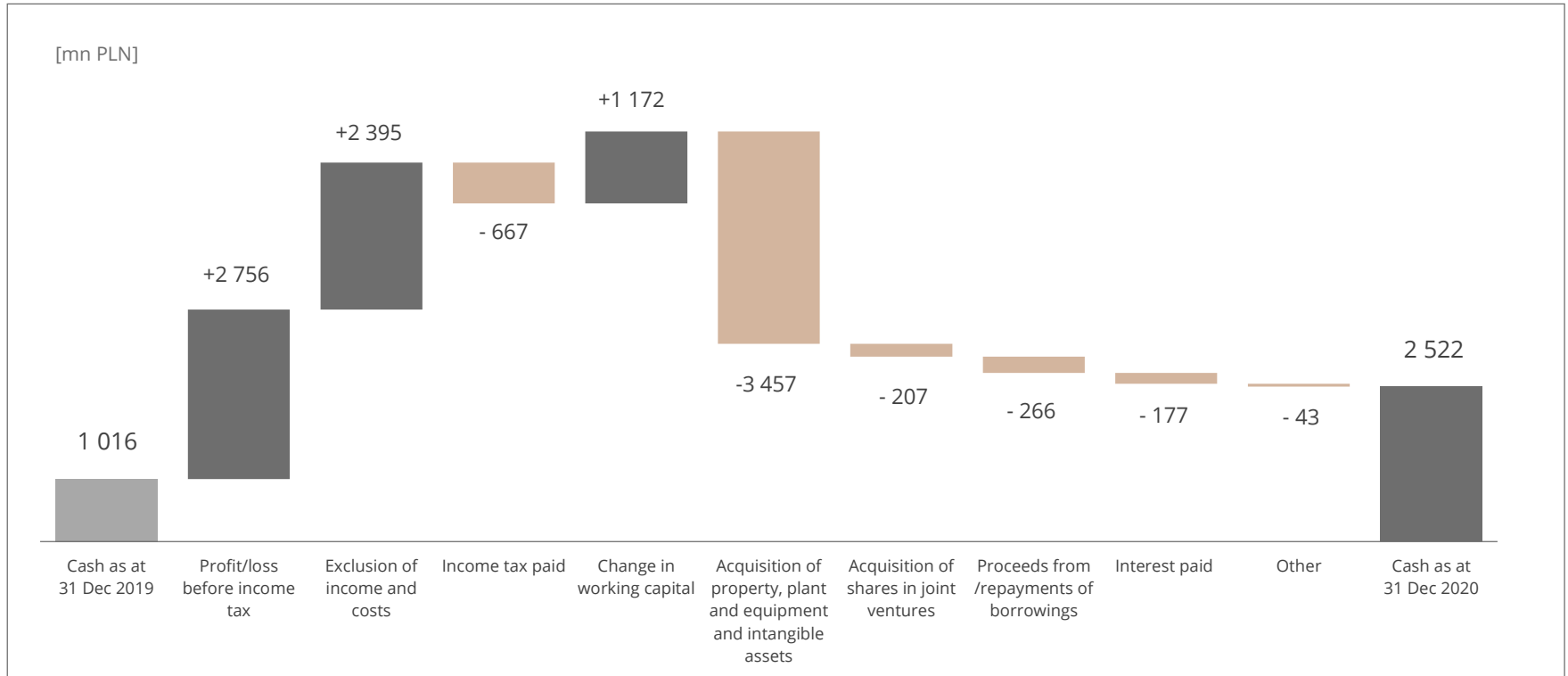
### Higher EBITDA, higher net profit

- EBITDA higher by 23% vs the corresponding period of 2019
- Higher net profit by PLN 515 mn (+41%) than in 2019 mainly due to higher operating profit



# Cash flow

KGHM Group





# Production and financial results of the KGHM Group

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Part III: Q1 2021



## Key production indicators

Q1 2021

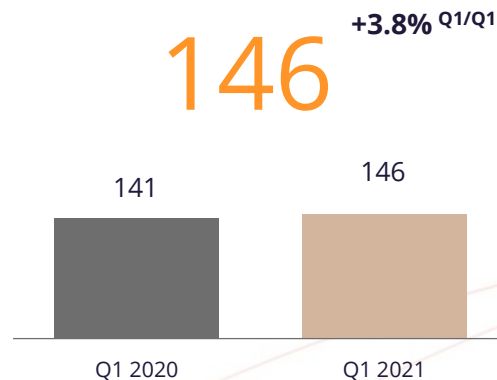
Payable copper production  
by the KGHM Group  
higher by 6.6% (q/q)

186

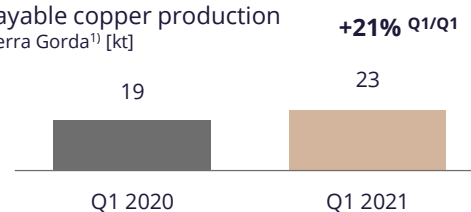
+6.6% Q1/Q1  
[kt]

- KGHM Polska Miedź:  
higher availability of feed material  
and of production lines
- Sierra Gorda:  
higher recovery and higher  
copper content in ore
- KGHM INTERNATIONAL:  
higher production by the  
Robinson mine

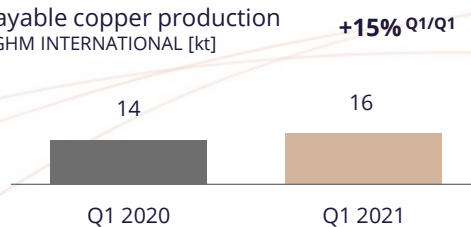
Payable copper production  
KGHM Polska Miedź [kt]



Payable copper production  
Sierra Gorda<sup>1)</sup> [kt]

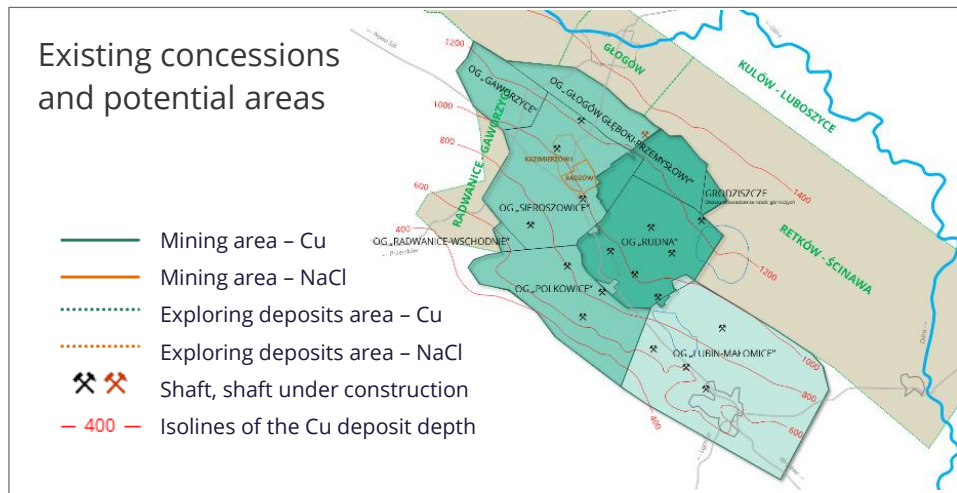
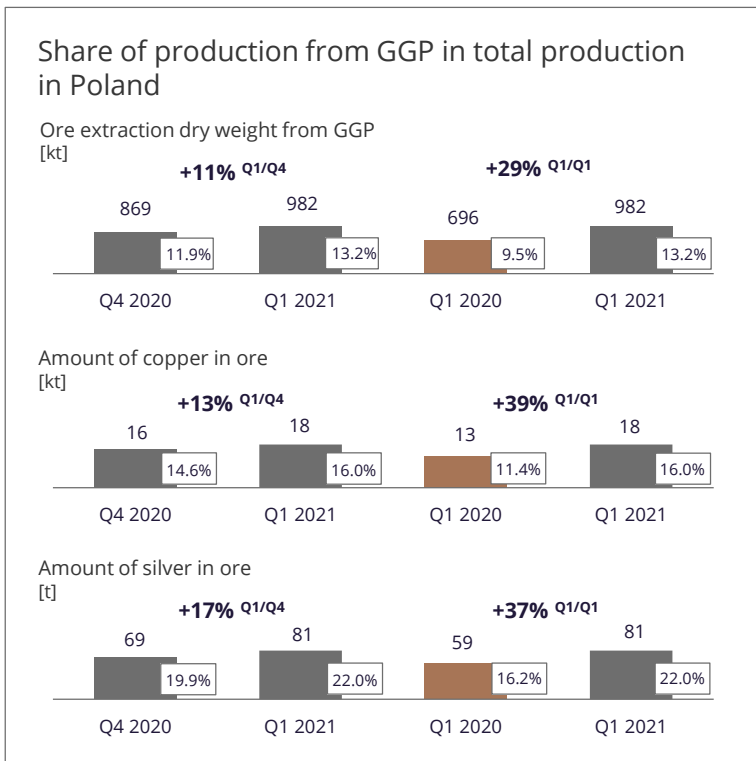


Payable copper production  
KGHM INTERNATIONAL [kt]



# Role of Deep Głogów (GGP) in maintaining output in Poland

Deposit access program in KGHM's concessioned areas



The increase in ore extraction (+11%), as well as copper content (+13%), quarter-to-quarter (Q1 2021/Q4 2020) in the GGP area was due to a higher amount of development work in Q1 2021 compared to Q4 2020, as well as to the substantially higher share of development work in the orebody than in barren rock

## Key financial indicators

Q1 2021

### Adjusted KGHM Group EBITDA more than double that recorded in Q1 2020

Higher EBITDA compared to Q1 2020 (+PLN 1 479 million; +131%) of which in the following segments:

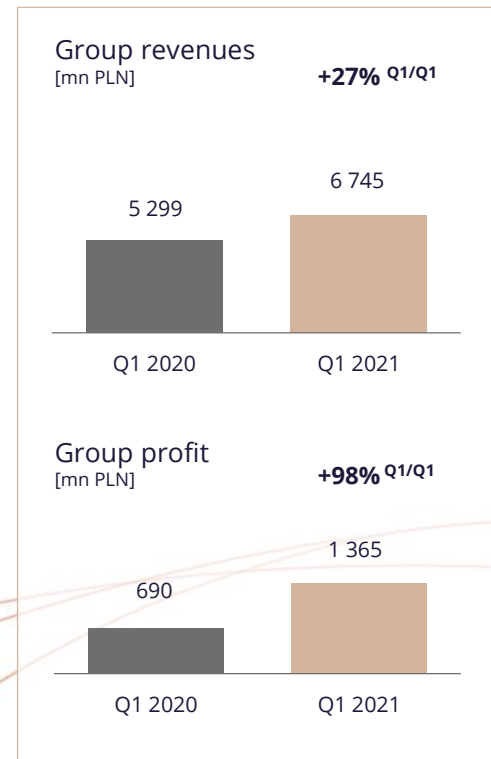
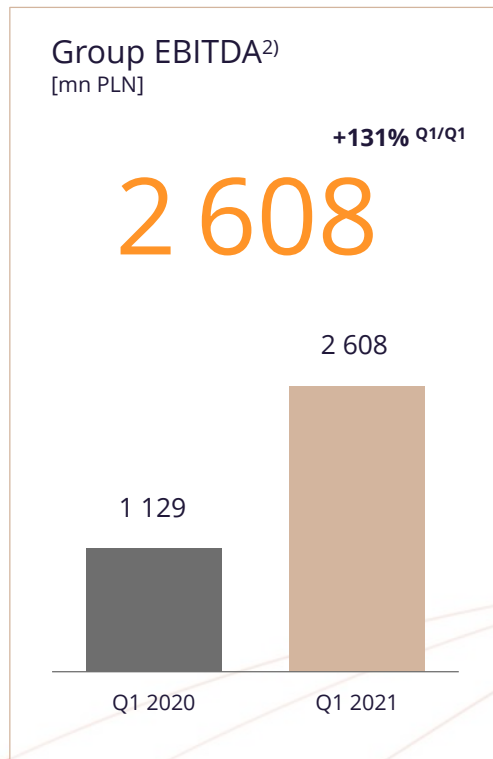
- KGHM Polska Miedź +PLN 775 mn (+86%) – higher copper prices
- Sierra Gorda<sup>1)</sup>+PLN 539 mn – a more than sixfold increase – mainly higher revenues from the sale of copper due to higher prices and a higher sales volume
- KGHM INTERNATIONAL +PLN 186 mn – mainly higher copper prices and higher production

#### Higher Group revenues

- Impact of higher metals prices

#### Higher Group net profit

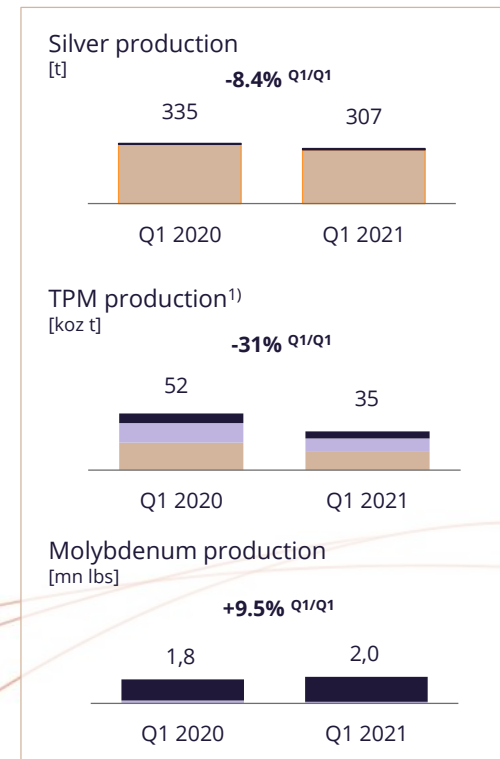
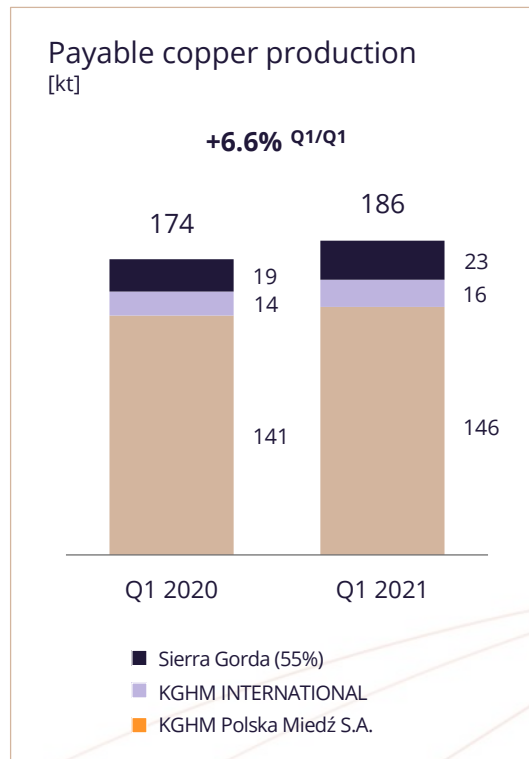
- Improved EBITDA supported achievement of profit higher by PLN 675 mn (+98%) than recorded for Q1 2020



# Metals production

KGHM Group

- Higher production vs Q1 2019:
  - by KGHM Polska Miedź due to greater availability of feed and higher availability of production lines
  - by KGHM INTERNATIONAL mainly due to higher production by the Robinson mine
  - by the Sierra Gorda mine due to higher recovery and higher copper content in ore
- Lower silver production by KGHM Polska Miedź
- Lower TPM production by KGHM Polska Miedź, KGHM INTERNATIONAL and Sierra Gorda
- Higher molybdenum production by Sierra Gorda (extraction of ore with a higher molybdenum grade and higher recovery), offset by lower production by Robinson (extraction of ore with lower molybdenum content)

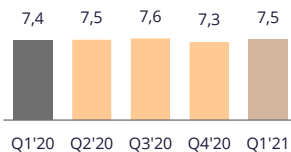
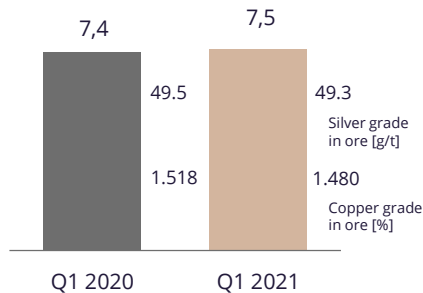


# Production results

KGHM Polska Miedź S.A.

Ore extraction  
[mn t dry weight]

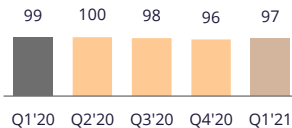
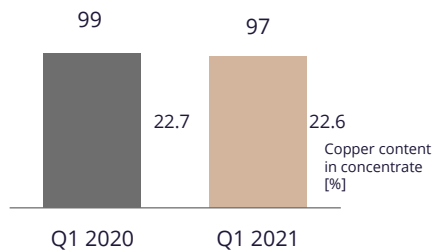
+1.3% Q1/Q1



- Ore extraction results from areas selected for mining

Production of copper  
in concentrate [kt]

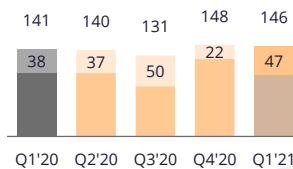
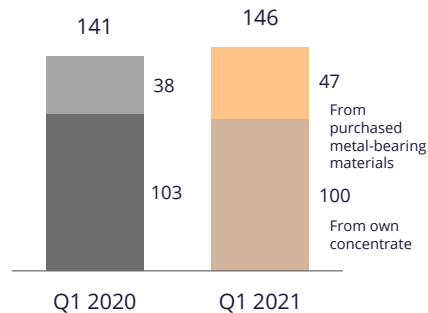
-2.3% Q1/Q1



- Production of copper in concentrate resulting from scale of extraction and Cu grade

Electrolytic copper  
production [kt]

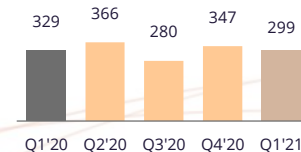
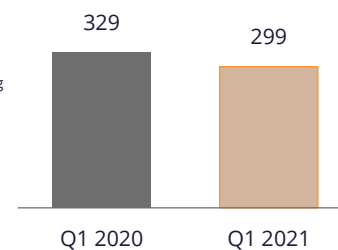
+3.8% Q1/Q1



- Higher electrolytic copper production due to higher availability of production lines

Metallic silver  
production [t]

-9.3% Q1/Q1

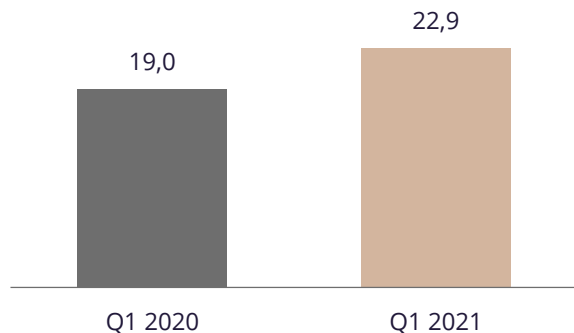


- Lower production due to lower availability of feed

# Production results

Sierra Gorda<sup>1)</sup>

Payable copper production [kt] **+21% Q1/Q1**



## Higher than projected copper production in Q1 2021

- Higher payable copper production in Q1 2021 versus Q1 2020 thanks to higher metal content in mined ore and higher recovery, with a lower C1 cost thanks to stable ore processing

Silver production [t] **+37% Q1/Q1**



TPM production [koz t] **-22% Q1/Q1**



Molybdenum production [mn lbs] **+17% Q1/Q1**

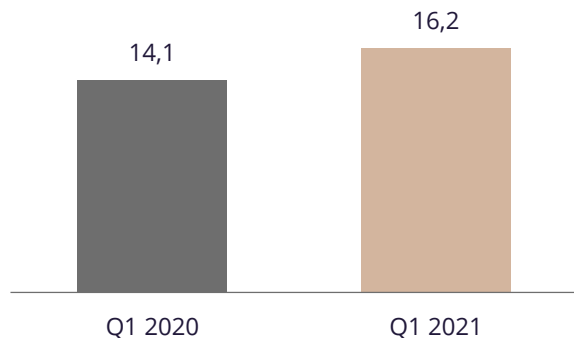


- Higher silver production in Q1 2021 vs Q1 2020 thanks to higher ore grade
- Lower TPM production in Q1 2021 vs Q1 2020 due to lower TPM grade
- Higher molybdenum production due to higher metal recovery vs corresponding prior-year period

## Production results

KGHM INTERNATIONAL

Payable copper production [kt] **+15% Q1/Q1**



- Higher production mainly due to higher production by the Robinson mine (mining of higher copper-grade ore with higher recovery)

Silver production [t] **+30% Q1/Q1**



TPM production [koz t] **-32% Q1/Q1**



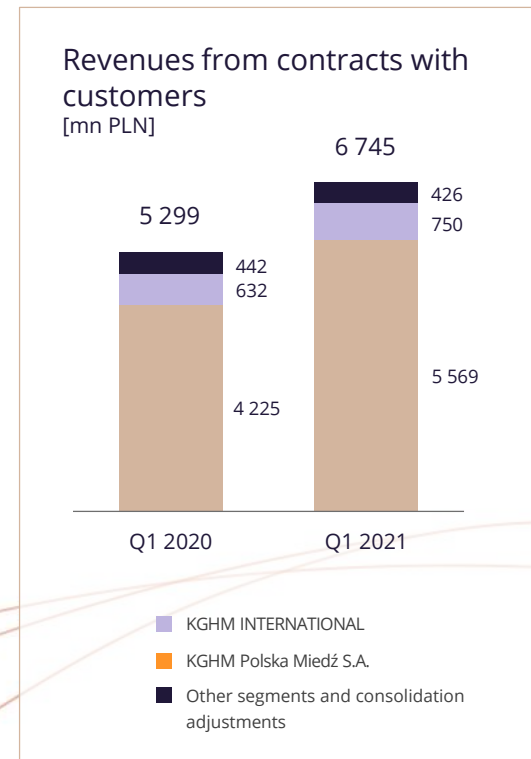
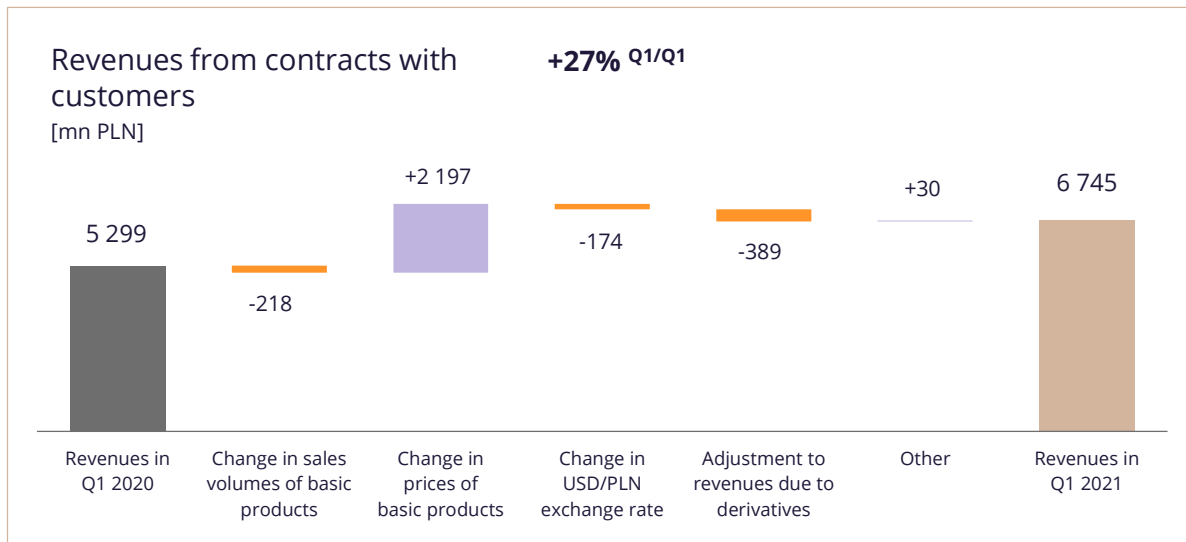
Molybdenum production [mn lbs] **-66.7% Q1/Q1**



- Higher silver production by the Sudbury Basin due to higher silver content in ore
- Higher gold production by the Robinson mine (higher gold content in ore) did not offset the substantial drop in TPM production by the Sudbury Basin (lower extraction, lower TPM content in ore)
- Lower molybdenum production by the Robinson mine due to mining ore with lower molybdenum content, with lower recovery

# Group sales revenue

Q1 2021

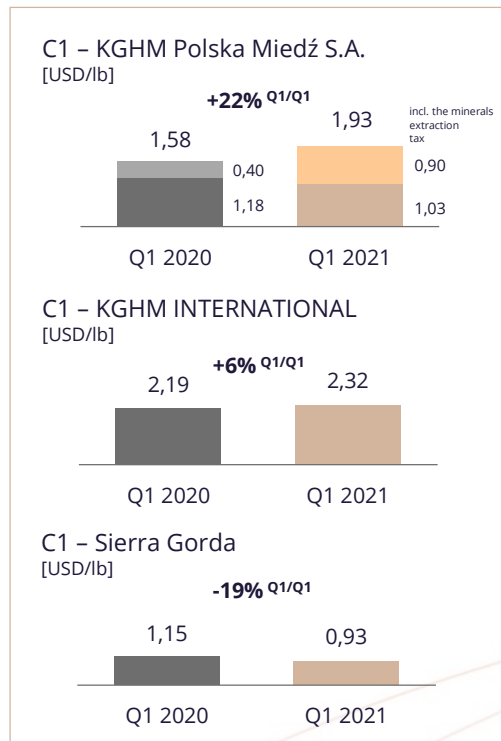
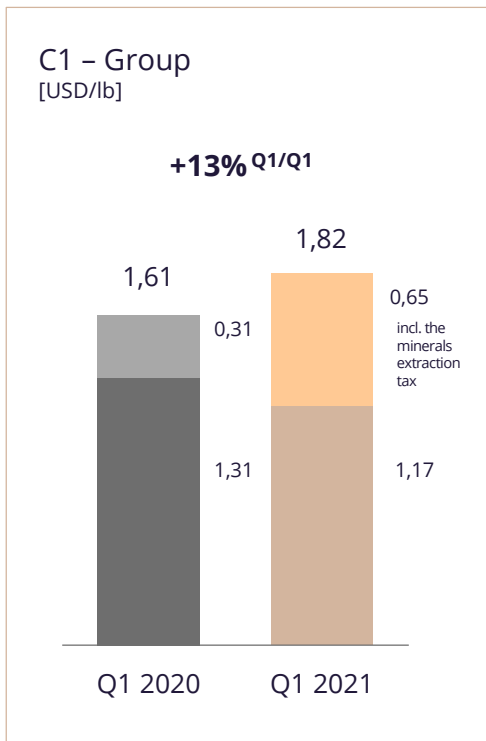


- Higher revenues by PLN 1 446 million (+27%) versus Q1 2020 due to higher prices for basic products, partially offset by an adjustment to revenues due to derivatives, lower sales volume and a less favourable USD/PLN exchange rate



# C1 unit cost<sup>1)</sup>

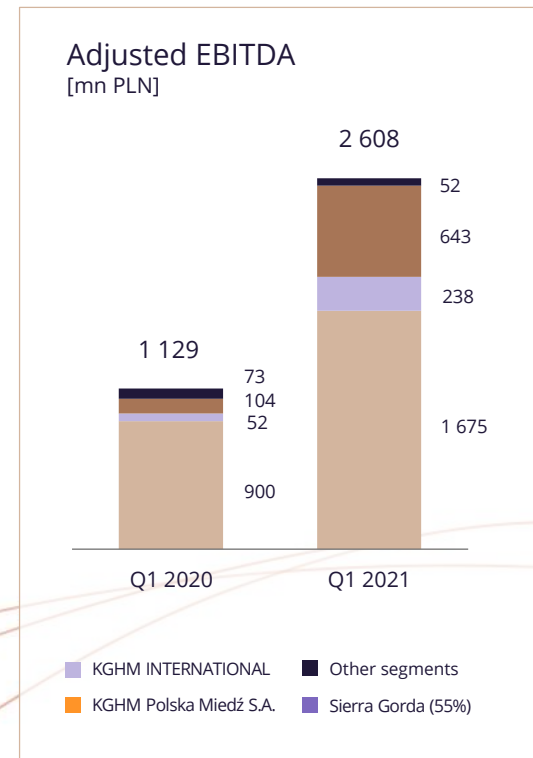
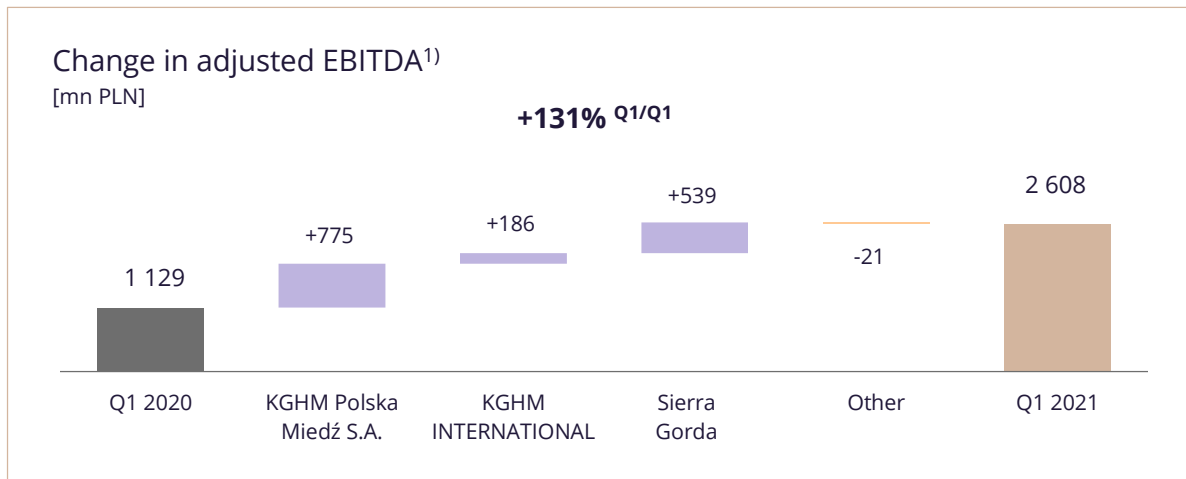
KGHM Group



- The increase in C1 w KGHM Polska Miedź by 22% compared to Q1 2020 was mainly the result of a higher minerals extraction tax charged (C1 excl. this tax was lower by 13% mainly due to the higher valuation of by-products, i.e. silver and gold)
- An increase in C1 by 6% in KGHM INTERNATIONAL versus Q1 2020 due to a lower copper sales volume and lower revenues from the sale of associated metals
- The decrease in C1 in Sierra Gorda by 19% versus the prior year was due to higher revenues from the sale of associated metals, as well as higher copper production and sales

## Operating results

KGHM Group



Higher adjusted EBITDA compared to Q1 2020 by PLN 1 479 million due to higher adjusted EBITDA in the following segments:

- KGHM Polska Miedź S.A. (+PLN 775 mn)
- Sierra Gorda (+PLN 539 mn)
- KGHM INTERNATIONAL (+PLN 186 mn)

# Financial results

KGHM Group

Profit for the period

[mn PLN]

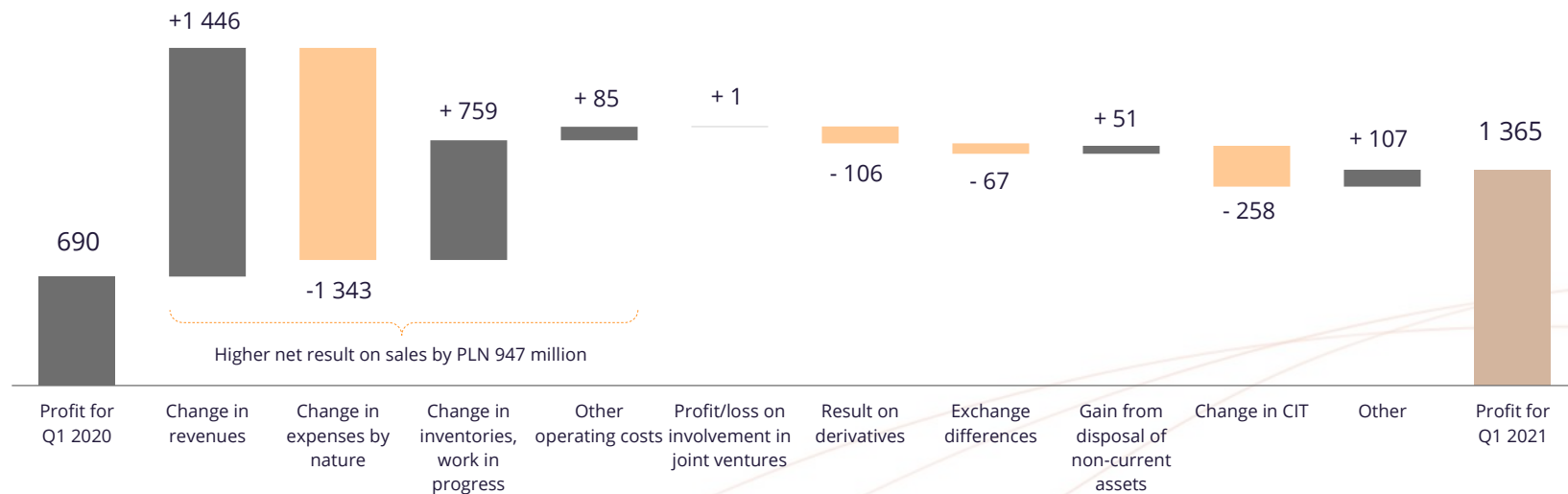
**+98% Q1/Q1**

**1 365**

[million PLN]

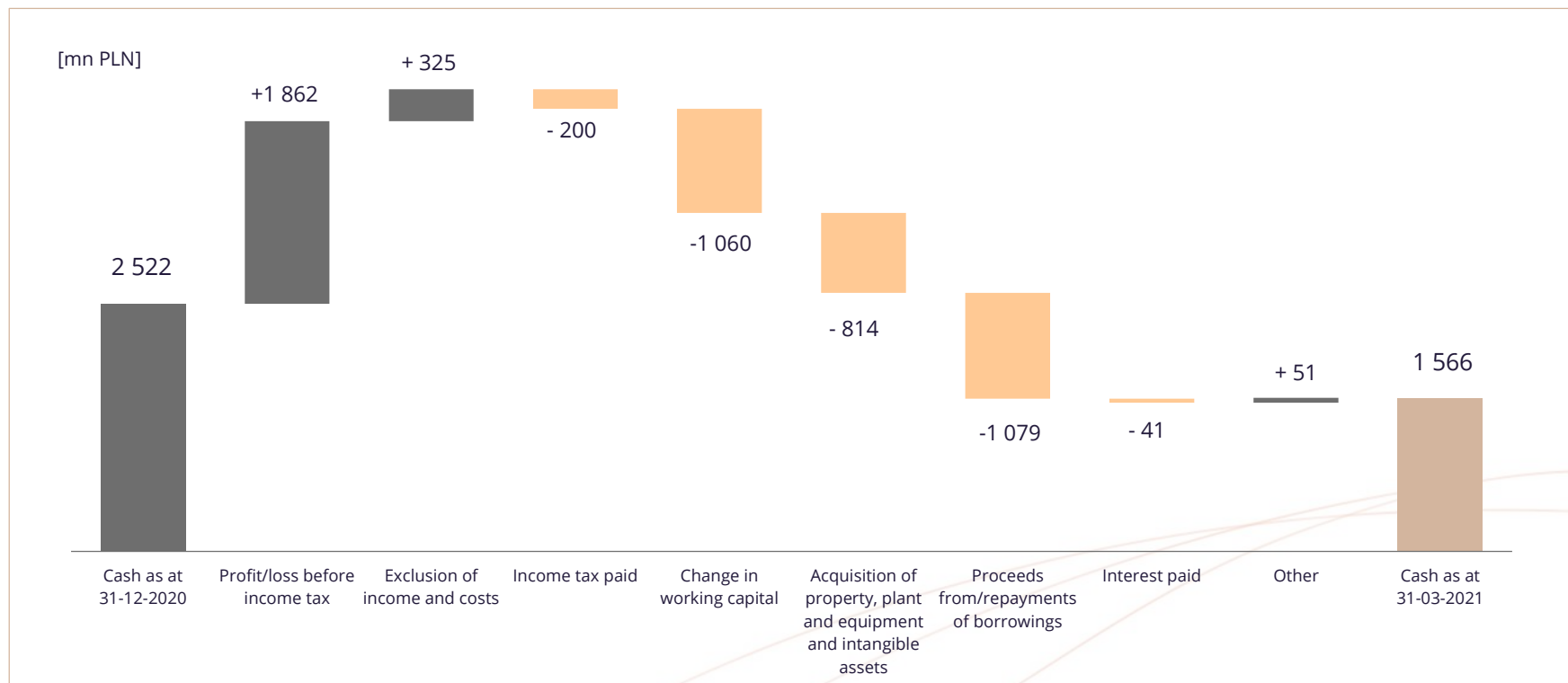
**consolidated net profit for Q1 2021**

Higher Group profit for the period by PLN 675 million (+98%) mainly due to a higher net result on sales with higher CIT



# Cash flow

KGHM Group





# Advancement of the KGHM Group's strategy

---

## 4 strategic directions for KGHM's development

The review of the Strategy of KGHM Polska Miedź S.A. for 2019-2023

#4E



ELASTICITY,  
FLEXIBILITY



EFFICIENCY



ECOLOGY,  
SAFETY AND SUSTAINABLE  
DEVELOPMENT



E-INDUSTRY

# Strategic priorities

#1 Higher production

#2 Energy independence

#3 International assets 2.0

#4 Long-term financial strategy

#5 Ecosystem innovation for KGHM

#6 Technologies of the future

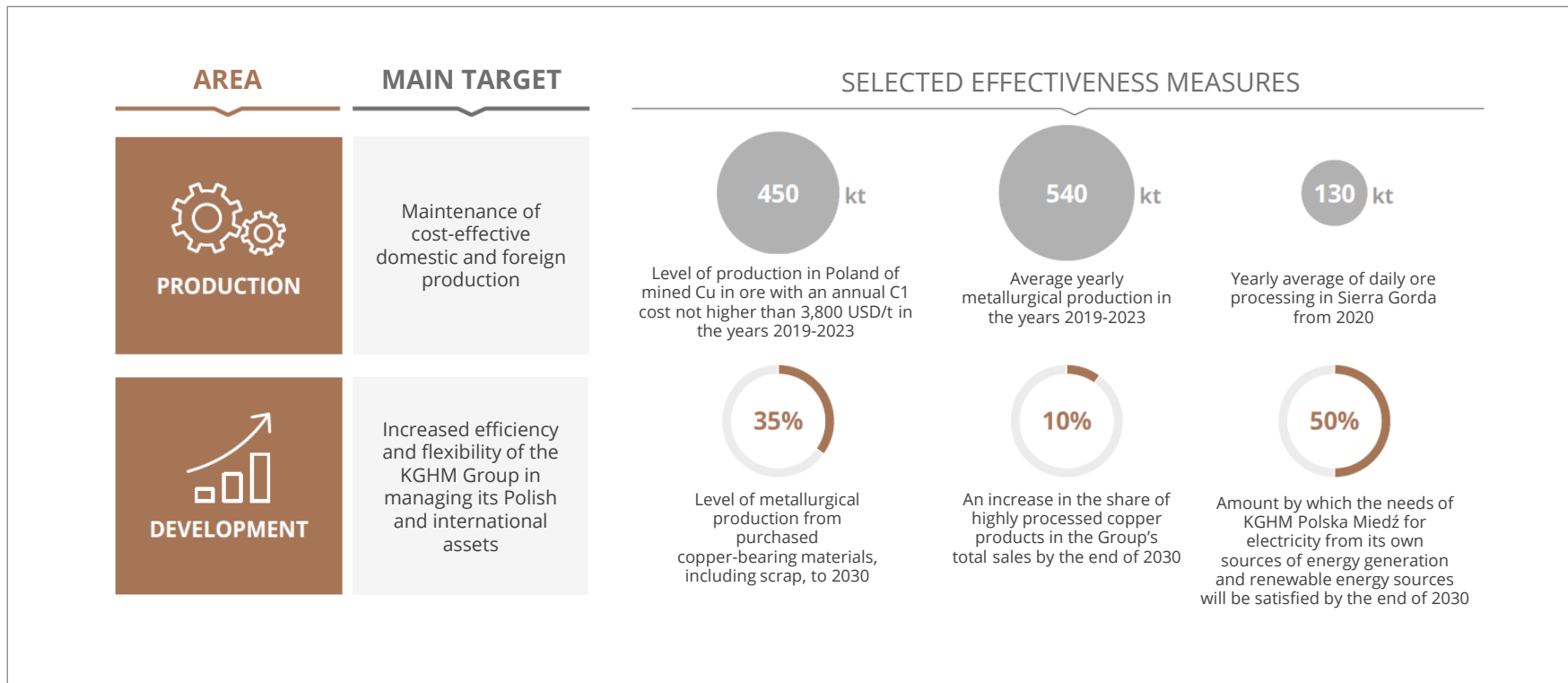
#7 New quality  
*Safety and development*





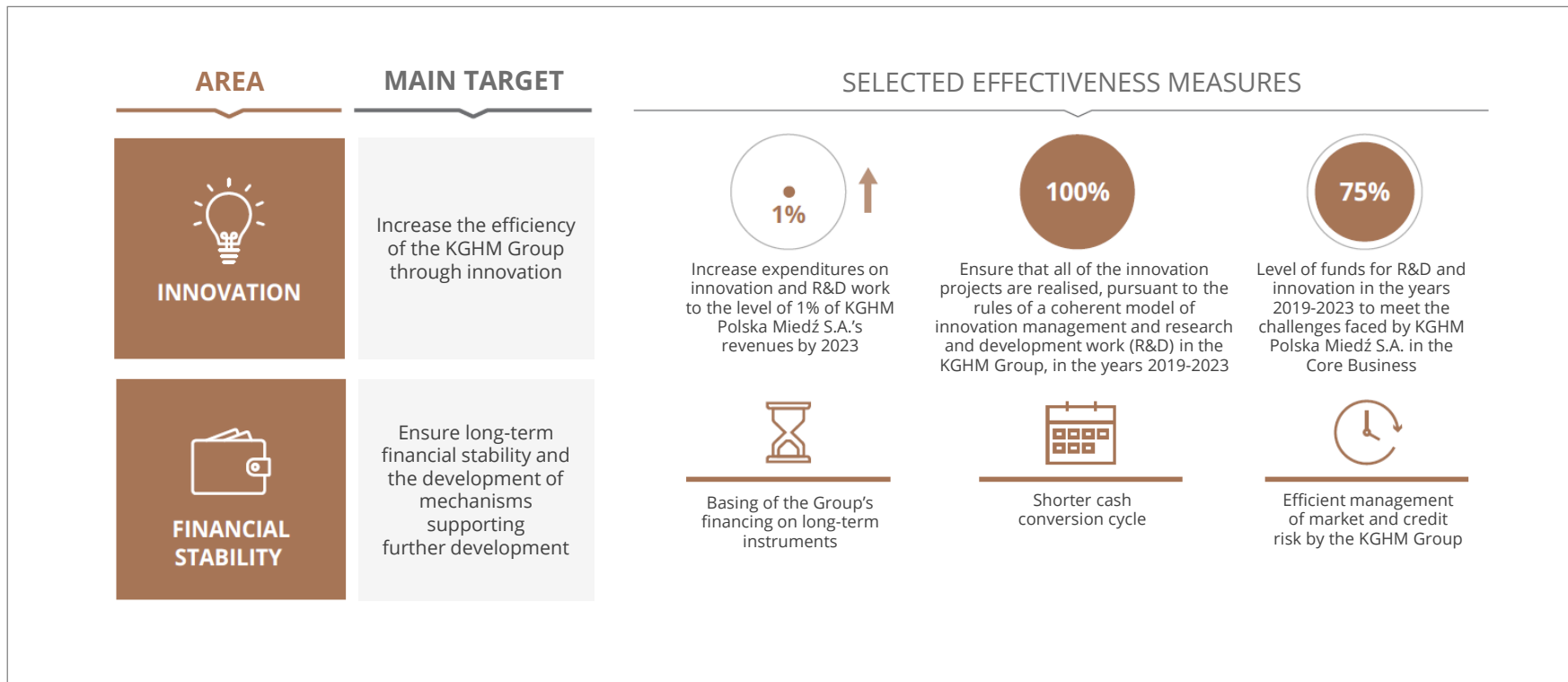
# Strategy in practice

## Selected key operating initiatives (1)



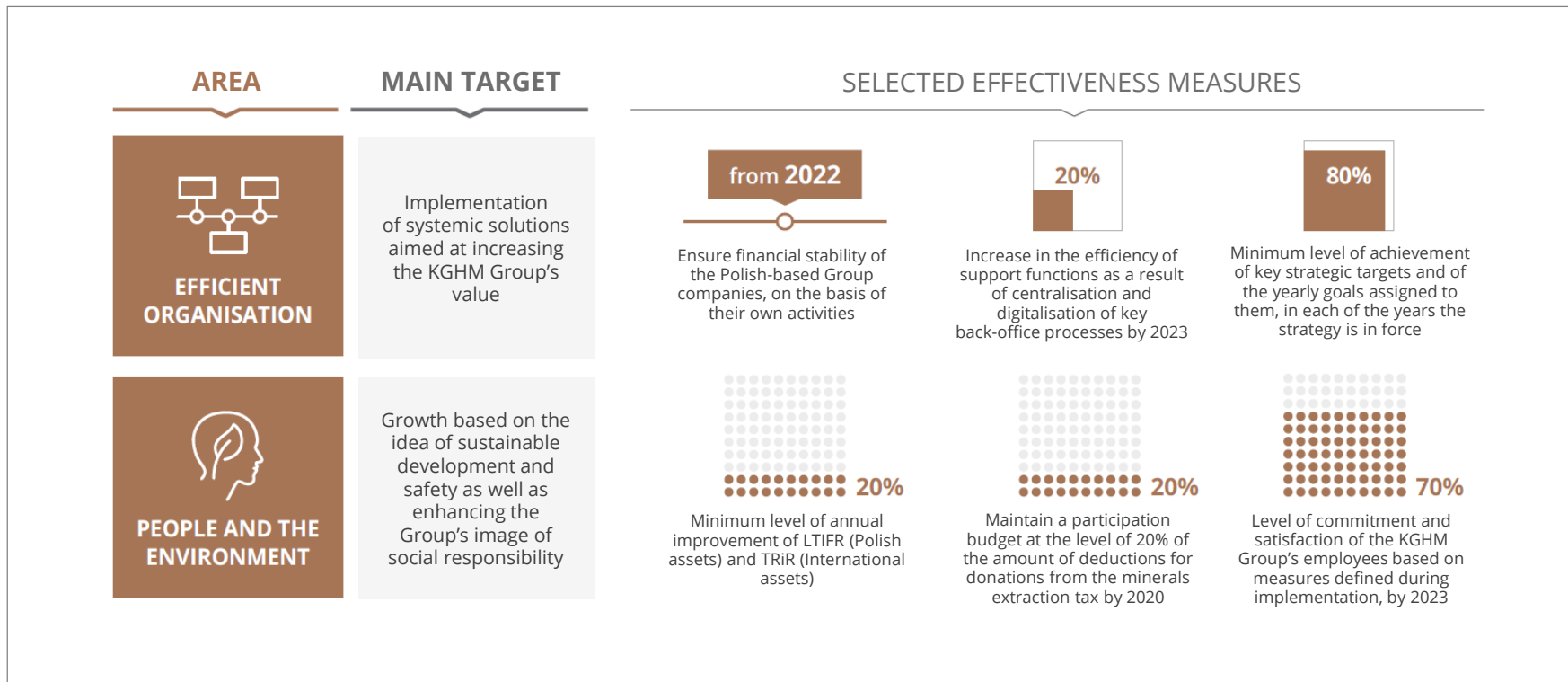
## Strategy in practice

### Selected key operating initiatives (2)



## Strategy in practice

### Selected key operating initiatives (3)



## Key elements of the Strategy advanced in 2020



### Production

- High production from domestic assets (mined production 442 kt; metallurgical production 560 kt)
- Stable production from international assets (Sierra Gorda 81.8 kt; Robinson 47.4 kt; Carlota 5 kt; Franke 12.5 kt; Żagłębie Sudbury 2.1 kt)
- Continuation of projects aimed at automatization



### Development

- Continuation of the Deposit Access Program (GG-1 shaft reached a depth of 1231 m)
- Continuation of Development of the Żelazny Most Tailings Storage Facility
- Continuation of exploration projects in Poland
- 22.42% of the general energy consumption of KGHM was supplied by its own internal sources and by developing RES
- The capacity to base 35% of production on purchased metal-bearing materials was achieved



### Innovation

- Continuation of the CuBR venture
- Continuation of Implementation Doctorates Program
- Advancement of R&D work
- Start of initiatives related to testing EV mining machinery
- Continuation of projects financed under KIC Raw Materials and Horizon 2020



### Efficient Organisation

- Enhanced Energy efficiency
- Continuation of digital transformation under the KGHM 4.0 Program
- Optimisation of the international assets portfolio
- Work on improving support processes efficiency



### People and the Environment

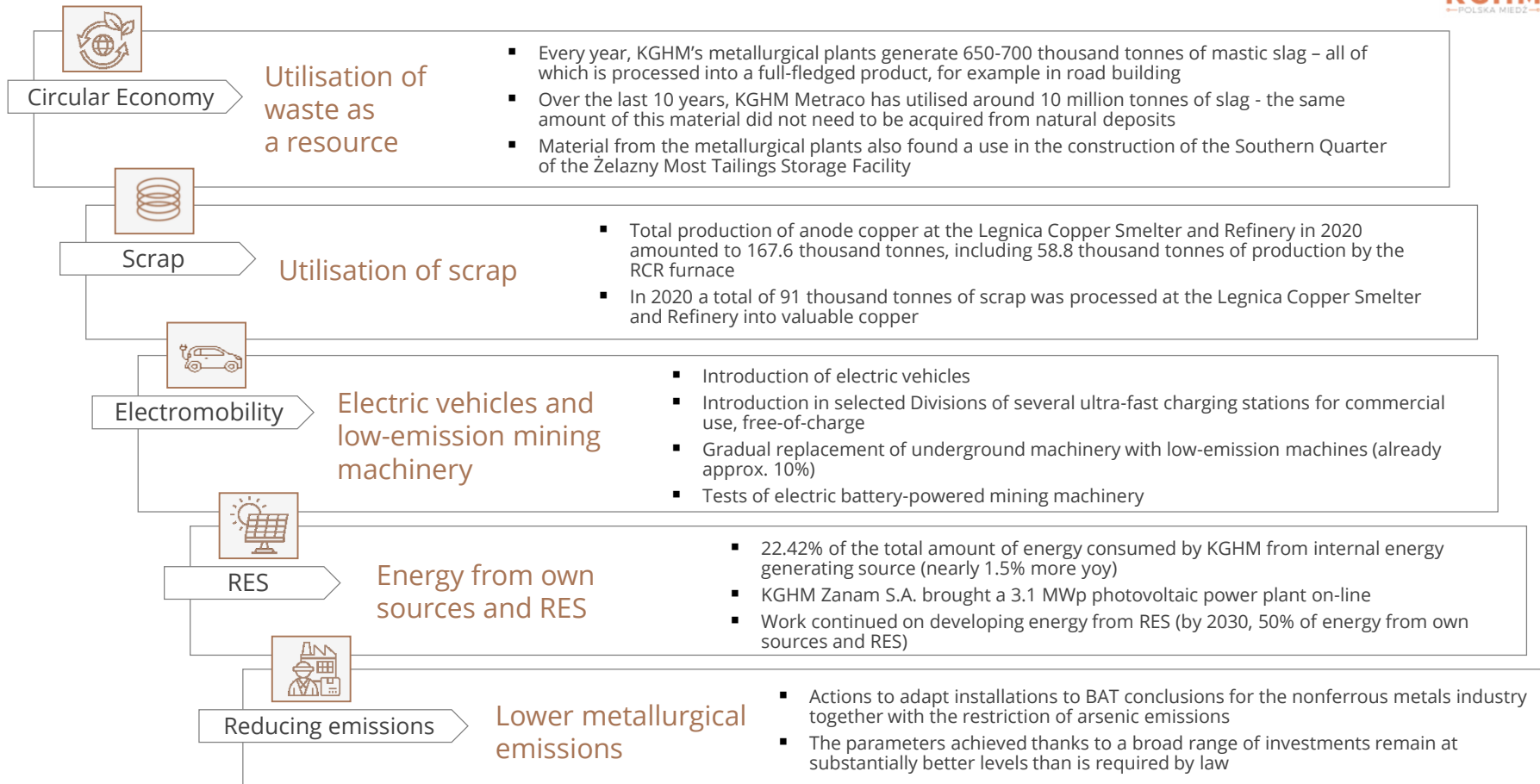
- Actions to adapt to BAT Conclusions (incl. the BATAs Program dedicated to restricting emissions of arsenic)
- Continuation of the Occupational Health and Safety Program (LTIFR: 7.31, TRIR: 0.52)
- Implementation of the new BHP ISO 45001:2018 standard in the Company's Divisions
- Intensification of actions to fight COVID-19



### Financial Stability

- Greater use of factoring
- Optimisation of the financing structure
- Basing the Group's financing structure on long-term instruments
- Effective market and credit risk management in the KGHM Group

## Strategy – actions to protect our climate



## Strategy execution after 2 years - summary



### Flexibility

We are adapting our activities to changes in our environment

- Consistent management of deposits and extraction
- Optimisation of metallurgical production – RCR furnace at Legnica, the concentrate roaster at Głogów
- New financing structure - from short-term to long-term
- Increased power generation from internal sources
- Actions were undertaken to eliminate generational gaps – HR programs
- Employee skills raised through adaptive and development projects
- Reviews of international assets



### Efficiency

Our response to increase in competitiveness in the production and mining sector and Industry 4.0.

- Domestic mine production remains at the level of 450 kt of copper in ore; average annual metallurgical production at the level of 540 kt
- RCR furnace in Legnica – increased production capacity and the capability to process purchased materials
- Skills raised in energy development, including RES
- Development of the Żelazny Most Tailings Storage Facility by building the Southern Quarter
- External sources to finance R&D projects
- Financial efficiency increased - diversification of sources and adaptation of financing to the KGHM Group's needs



### Ecology

We rely on electromobility, the development of pro-ecological regulations, the Circular Economy and environmentally-friendly production in accordance with the highest safety standards

- Improved safety statistics in Poland and abroad
- Intelligent solutions introduced to enhance employee safety
- Numerous actions taken under the „Copper Heart” employee volunteer program
- Corporate income taxes paid by the Group to National and local budgets - around PLN 400 million annually
- Minerals extraction tax paid to the State budget – around PLN 1.5 billion annually
- New installations, in accordance with BAT (Best Available Techniques) conclusions for the nonferrous metals industry
- Investments in renewable energy sources (RES), mainly in developing photovoltaics
- Electromobility – tests of electric personnel and terrain vehicles; a switch from diesel engines to low-emission vehicle engines in the machinery park



### E-Industry

We are implementing the idea of Industry 4.0., striving towards automation and robotisation of production, carrying out the digital transformation of the KGHM Group and building a knowledge-based society

- Pilot version of a „System for locating persons and machines in the underground mines”
- Development of „ Broad-band data transmission in the underground mines”
- Development of the „Centre of Advanced Data Analysis (CZAD)”
- Development of the „ Robotisation of production and auxiliary processes” - construction commenced on a CuXRF robot for scanning for copper content at the working faces
- Development of information technology to collect and transfer knowledge within the KGHM Group
- A new company - KGHM Centrum Analityki in Zielona Góra – R&D in the area of BigData to analyses industrial processes
- Projects related with the National Cybersecurity System and strengthening IT security within the Group

# A rationale and responsible investment program

Capital expenditures by KGHM Polska Miedź S.A. in 2020



**2 480** mn PLN

CAPEX execution in 2020

**2 250** mn PLN

CAPEX target for 2020

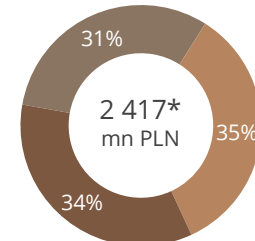
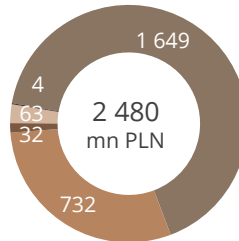
## CAPEX execution in 2020

by area

- Mining (66%)
- Metallurgy (30%)
- Other activities (1%)
- Leasing IFRS 16 (3%)
- Development - uncompleted

by category

- Replacement (31%)
- Maintaining mine production (35%)
- Development (34%)



\*excl. Leasing IFRS 16

## CAPEX and budget execution in 2019



**2 481** mn PLN  
CAPEX execution in 2019

**2 516** mn PLN  
CAPEX budget target for 2019



# A rationale and responsible investment program

Capital expenditures by KGHM Polska Miedź S.A. in Q1 2021



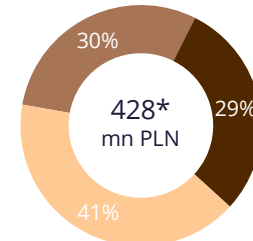
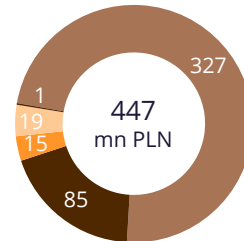
## CAPEX execution in Q1 2021

by area

- Mining
- Metallurgy
- Other activities
- Leasing MSSF 16
- Development - uncompleted

by category

- Replacement
- Maintaining mine production
- Development



\*excl. Leasing IFRS 16

## CAPEX and budget execution in Q1 2020



**401** mn PLN

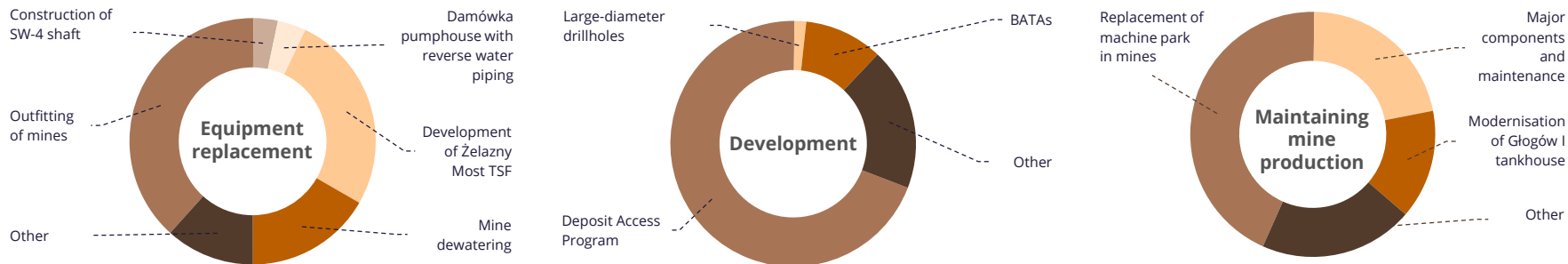
CAPEX execution in Q1 2020

**2 250** mn PLN

CAPEX budget target for 2020



## CAPEX execution in key projects



### Development of Żelazny Most Tailings Storage Facility

- Completion of Stage 1 of construction of the Southern Quarter, operating permit obtained
- Work continues on building the Southern Quarter: 93% completed
- Continuation of work on the Tailings Segregation and Thickening Station - total completion for Stage 1: 90%, for Stage 2: 40%

### Deposit Access Program

- GG-1 shaft – sunk to 1231.2 meters
- GG-2 „Odra” – land acquired
- 11 km of tunneling
- Central Air Cooling System – work on building the cooling building (99%), power building (99%), installation-assembly work (80%) and work on building the first part of surface piping

### Program to adapt the technological installations to BAT Conclusions

- At the Głogów metallurgical plant, the installation for the transport of de-leaded slag was settled and brought on-line along with a warehouse and storage area for lead-bearing materials; in other projects intensive construction and assembly work is underway

### Modernisation of Głogów I Tankhouse

- Assembly of new roof undercarriage close to completion in 8 stages (over 97%), on a further 8 stages over 25% completed
- Work underway on tankhouse walls (disassembly of old tiles, cleaning/painting, assembly of new windows and sidewall tiling) – over 25% completed on 15 of 20 stages
- Work remaining on entire facility: 60%

## Selected development projects

CAPEX execution 2020

PLN 389 mn

Development of Źelazny Most TSF

Southern Quarter



88% of physical work completed



Tailings Segregation  
and Thickening Station



78% of physical work completed

PLN 161 mn

Program to adapt the technological installations  
to BAT Conclusions

- ↳ Construction and start-up of the following completed:
  - **Głogów plant** - (1) an installation for the transport of de-lead slag for processing in the flash furnace, (2) bypass gases pipelines from the flash furnaces to the sulphuric acid plant, (3) a warehouse and storage area for lead-bearing materials to eliminate fugitive dust emissions
  - **Legnica plant** - an installation to eliminate arsenic-bearing dusts from concentrate drier gases and from above the anode casting machine

Głogów Smelter/Refinery



P-31 Site



Pb slag

Legnica Smelter/Refinery



Sollinox



Gas pipeline



Carousel



Drier

PLN 484 mn

Deposit Access Program

- ↳
  - 40.3 km of tunneling were excavated
  - GG-1 shaft reached a depth of 1 231.2 m
  - GG-2 „Odra” shaft – commercial terms set for the purchase of terrain to build the shaft
  - Gaworzycze shaft – based on the spatial plan, the site for the shaft was confirmed



Surface-based Air Conditioning  
System for the GG-1 shaft

## Advancement of key investments



### Mining machinery

- Purchase of 161 machines, incl. 26 – Lubin mine, 62 – Polkowice-Sieroszowice mine, 73–Rudna mine
- 2020/2019 > 161/220



### Modernisation of WPA II deduster

- Main installations and equipment of the deduster process line built (exchangers, reactors, bag filters, chimneys, ventilators, separators)
- Final assembly of installations and equipment underway



### Purchase/construction of press filters

- F-1 press filter renovated in Rudna Concentrator with operational testing commenced



### Construction of Biechów III TSF

- In H1 2020 final handover completed and operation commenced by the facility for non-hazardous waste and neutral waste and with a separate area for hazardous waste (code 19 08 13\*).



### Damówka Pumphouse

- Construction/assembly underway (building roof and sides),
- Outfitting of the pumphouse underway,
- Reinforced concrete parts of the DW-04 water filtration unit completed
- Rainwater catches and effluents elements built



### Modernisation of Głogów I Tankhouse

- Assembly of new roof undercarriage, 11 of 16 steps
- Work underway on tankhouse walls (disassembly of old tiles, cleaning/painting, assembly of new windows and sidewall tiling)

## Pro-ecological investments

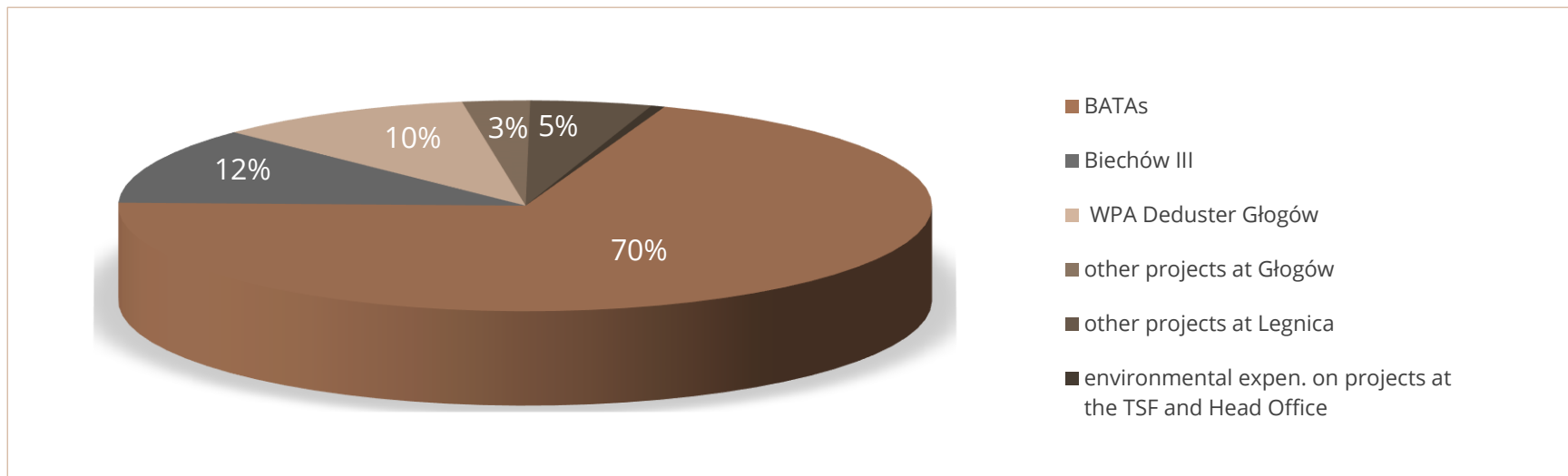
KGHM Group



Over  
**186**  
million PLN

spent in 2020 by KGHM  
on pro-ecological  
investments<sup>1)</sup>

[including more than PLN 43 million on construction of an installation to eliminate arsenic and mercury from gases at the Solinox installation in the Legnica Smelter/Refinery under the BATAs Program]



# Actions to reduce environmental impact

KGHM INTERNATIONAL

Actions taken by entities of the KGHM INTERNATIONAL LTD. Group in 2020 to protect the environment

**PLN 6 mn**    **+20% Y/Y**

Carlota (USA)

↳ Actions related to monitoring the environment and preparing for the process of restoration of terrain

**PLN 3 mn**    **+200% Y/Y**

Sudbury (Canada)

↳ In the Sudbury basin mines actions focused on environmental monitoring

**PLN 18 mn**    **-36% Y/Y**

Robinson (USA)

[incl. nearly PLN 3 mn due to environmental permits held]

↳ Actions focused on monitoring air and water quality, waste management and the restoration of mining areas

**PLN 5 mn**    **-17% Y/Y**

Franke (Chile)

↳ Actions focused on acquiring required permits and environmental monitoring

In 2020 the Robinson mine in the USA received the *Nevada Excellence in Mine Reclamation Award*. This distinction was granted in the category *Legacy Waste Rock Remediation* for restoration of the Lane City Waste Rock Facility.



# Energy Development Program, including RES

Actions in 2020



## Development of renewable Energy sources

- A contractor was selected for the project „Design for a PV power plant together with obtaining a construction permit” for the Obora Sandpit and HM Głogów I-III sites<sup>1)</sup>
- The terrain use concept adopted foresees an increase in installed capacity to:
  - 8 MWp from 5 MWp for the Obora Sandpit
  - 6.5 MWp from 4 MWp for the HM Głogów I-III site
- Applications were submitted to alter the urban planning documentation to enable the siting of a PV installation with a capacity of over 100 kW on terrain belonging to KGHM in:
  - The Lubin municipality with a potential installed capacity of approx. 20 MWp
  - The Warta Bolesławiecka municipality for a site with a potential of over 50 MWp



## Optimisation and development of conventional sources

- The simultaneous pilot start-up of two gas-fired turbines at the gas-steam block in Głogów
- This increase in electricity production by approx. 16 GWh, resulted in:
  - A lower cost to obtain power by approx. PLN 1.8 mn
  - Avoiding of more than 4 kt of CO<sub>2</sub> emissions



## The first photovoltaic power plants projects

### PVPP Piaskownia Obora

Installed power 8 MW  
Estimated production 8.5 GWh



Projected avoided emissions over 25 years:

- CO<sub>2</sub> more than 80 kt
- SO<sub>x</sub> more than 70 tonnes
- NO<sub>x</sub> more than 70 tonnes
- CO more than 30 tonnes
- PM more than 4 tonnes

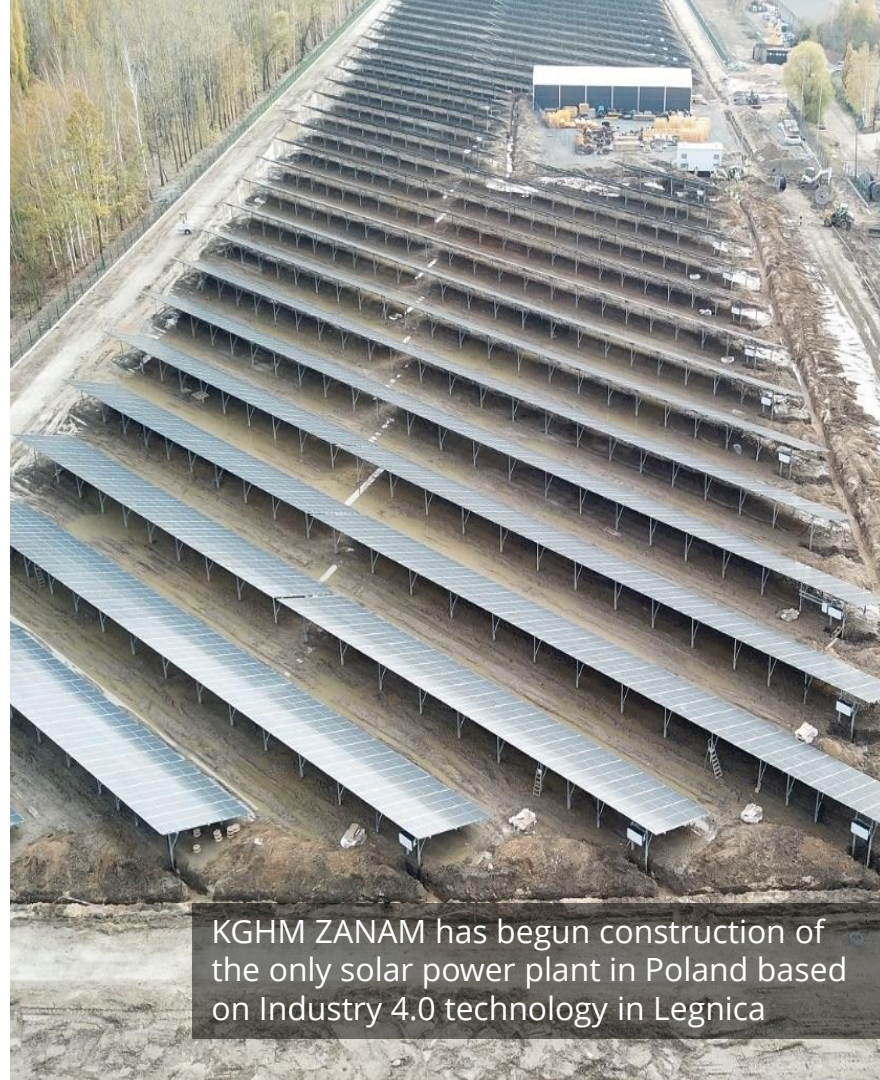
### PVPP HMG I-III complex

Installed power 6.5 MW  
Estimated production 6.9 GWh



Projected avoided emissions over 25 years:

- CO<sub>2</sub> more than 70 kt
- SO<sub>x</sub> more than 60 tonnes
- NO<sub>x</sub> nearly 60 tonnes
- CO more than 25 tonnes
- PM more than 3 tonnes

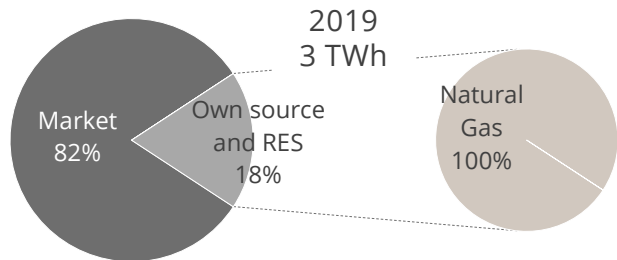


KGHM ZANAM has begun construction of the only solar power plant in Poland based on Industry 4.0 technology in Legnica

## By 2030 the increase in share of RES will lead to a substantial reduction in CO<sub>2</sub> emissions

Share of power source in supplies to KGHM Polska Miedź S.A.

2019:



2019  
3 TWh

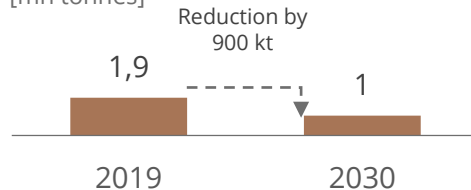
2020:

Own generation sources covered 22.42% of KGHM's total power needs in 2020

(almost 1.5% more than in 2019)

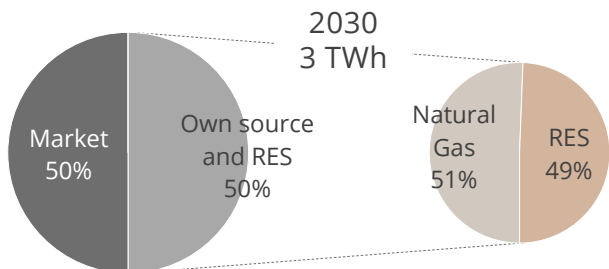
Estimated CO<sub>2</sub> emissions due to electricity consumption

[mn tonnes]



**100%** of electricity to be generated by RES in the **Sierra Gorda mine** from 2023

Implementation of the „Development of Energy generation, incl. RES” Program alongside changes in the national energy system structure will enable the avoidance of approx. 900 kt of CO<sub>2</sub> annually



2030  
3 TWh



## Supporting slides

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## Reasons to invest in KGHM

A leading player on the copper and silver market in terms of mine output and size of documented resources, in mining-friendly jurisdictions

A diversified portfolio of assets at various stages of development to guarantee continued operations

A reliable producer, a trusted business partner and a company committed to sustainable development

Experienced management with a proven track record of success

A solid outlook for the copper market in the medium-to-long term

A rational leveraging policy with a safe level of the net debt/EBITDA ratio and long-term financing ensured through the Bond Issue Program

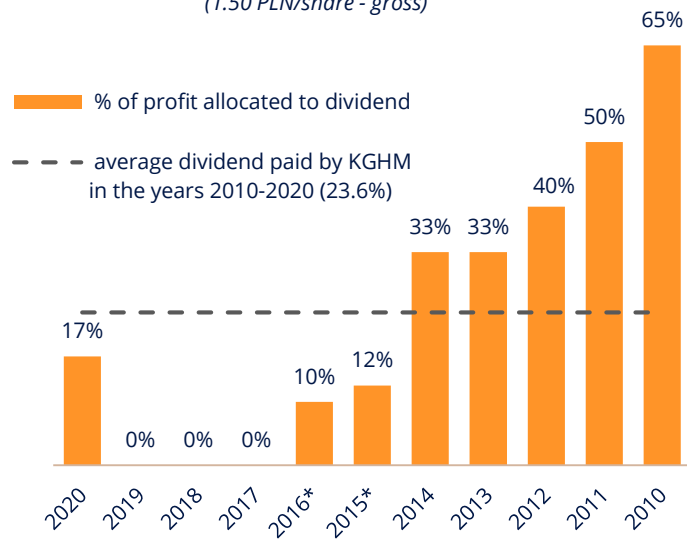
# Capital allocation

Renewal of dividend payout

## 2020 Dividend Payout (17% of net profit)

**300 mn PLN**

(1.50 PLN/share - gross)



**dividend date:** 21 June 2021

**dividend payment date:** 29 June 2021

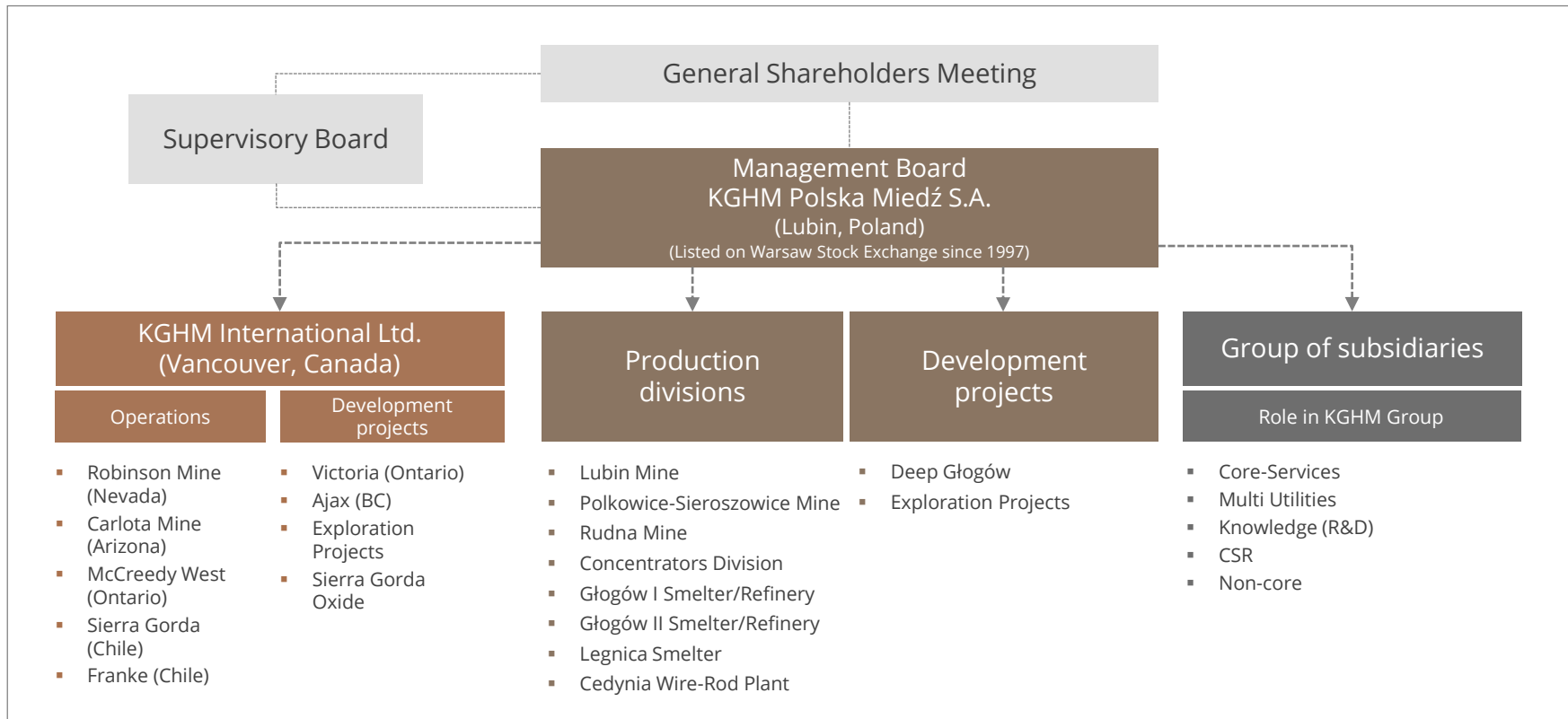
## Dividend policy

The Dividend Policy of KGHM Polska Miedź S.A. is part of its on-going efforts to ensure a balance between dividends paid out to shareholders and opportunities to efficiently invest the Company's funds.

The Dividend Policy of KGHM Polska Miedź S.A. assumes that the Management Board will recommend allocation of **up to one-third of the Company's standalone net profit** for the previous financial year as a dividend, while taking into account the current and anticipated financial situation of the Company and the Group. In particular, in making its recommendation the Management Board will take into account the Company's anticipated requirements for capital to complete the Company's development program as well as a safe debt level for the Group.

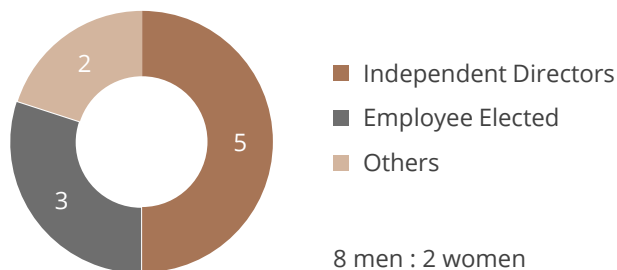
\* In the years 2015-2016 the company reported a net loss, mainly due to the impairment of assets. The dividend payout ratio for this period was calculated on the basis of the company's net result, after eliminating the impact of the impairments.

## Transparent Group structure



## Committed to solid corporate governance

### Independent directors on the board



KGHM meets the top quality Corporate Governance standards of the Warsaw Stock Exchange (compliant with EU/OECD guidance)

### KGHM's Corporate Governance is guided by international standards and follows best practices:

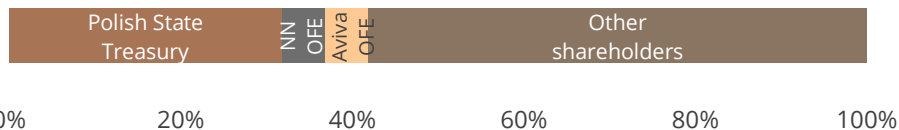
- All members of KGHM's Supervisory Board are appointed by the General Shareholders Meeting
- All of KGHM's shares have equal voting rights (no preferred stock)
- 5 independent members of the Supervisory Board <sup>1)</sup>
- Committees of the Supervisory Board:
  - Strategy Committee
  - Audit Committee
  - Remuneration Committee
- Internal audit structure implemented across the KGHM Group - consistent with the best international practices
- Code of Ethics - implemented in 2015

**In 2018 KGHM joined the FTSE4Good index.** Being a member of the FTSE4Good index series confirms KGHM's efforts in the field of environmental protection, social responsibility and corporate governance. KGHM perceives joining the FTSE4Good index as an award for its solid performance in complying with demanding ESG standards.

## Shareholder structure of KGHM Polska Miedź S.A.

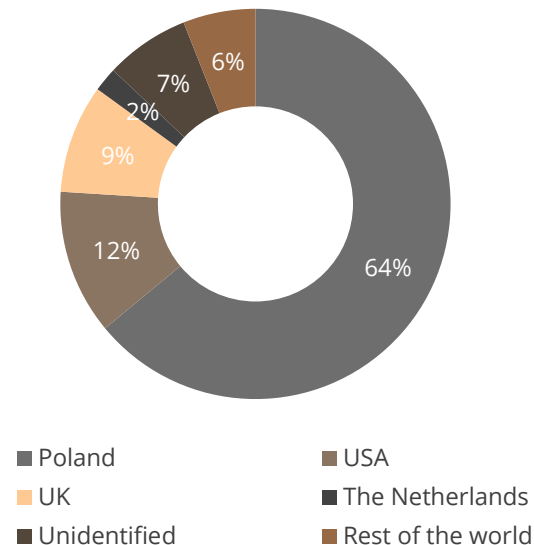
### Ownership structure

Shareholder	No. of shares/ votes	Percentage of share capital	Share in total number of votes
Polish State Treasury	63,589,900	31.79%	31.79%
Nationale-Nederlanden OFE	10,104,354	5.05%	5.05%
Aviva OFE	10,039,684	5.02%	5.02%
Other shareholders	116,266,062	58.14%	58.14%
<b>Total</b>	<b>200,000,000</b>	<b>100.00%</b>	<b>100.00%</b>



### Geographical ownership structure

[% of shares]



# Share price performance

## Basic quotes

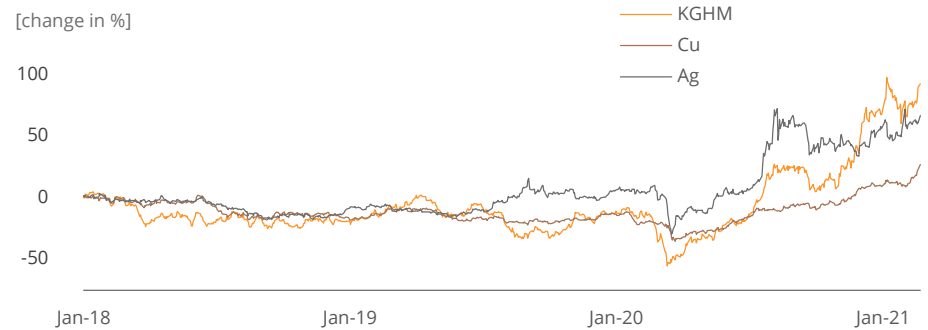
WSE debut	10 <sup>th</sup> July 1997	
GPW ticker	KGH	
Bloomberg/Reuters ticker	KGH PW / KGH.WA	
Share price [PLN]	210.30	
Capitalization [bn PLN]	42.06	
No. of shares	200 000 000	
Share capital [PLN]	2 000 000 000	
52 weeks <sup>1)</sup>	Max/min share price [PLN]	215.90/49.40
	Spread min/max [PLN]	166.50
	Avg. share price [PLN]	122.28
	Avg. volume	730 764
	Avg. turnover [mn PLN]	83.6

Data: KGHM Polska Miedź, infostrefa.com, as of 22nd February 2021

The Company's shares are a component of the indices: WIG, WIG20, WIG20TR, WIG30, WIG30TR, WIG-GÓRNICTWO, WIG-Poland, WIG.MS-BAS, WIG-ESG, CEEplus. What is more, in 2018 KGHM joined the prestigious FTSE4Good index.

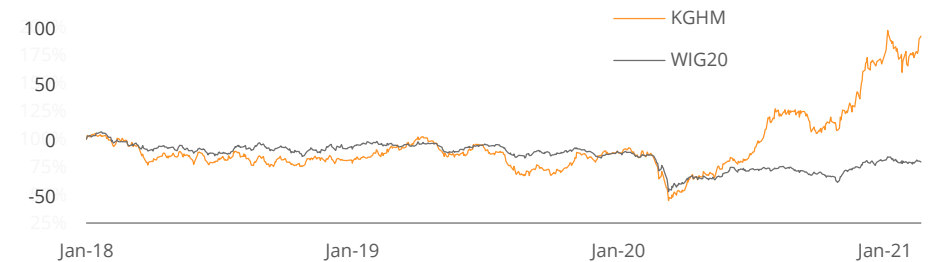
## Strong correlation with copper and silver

[change in %]



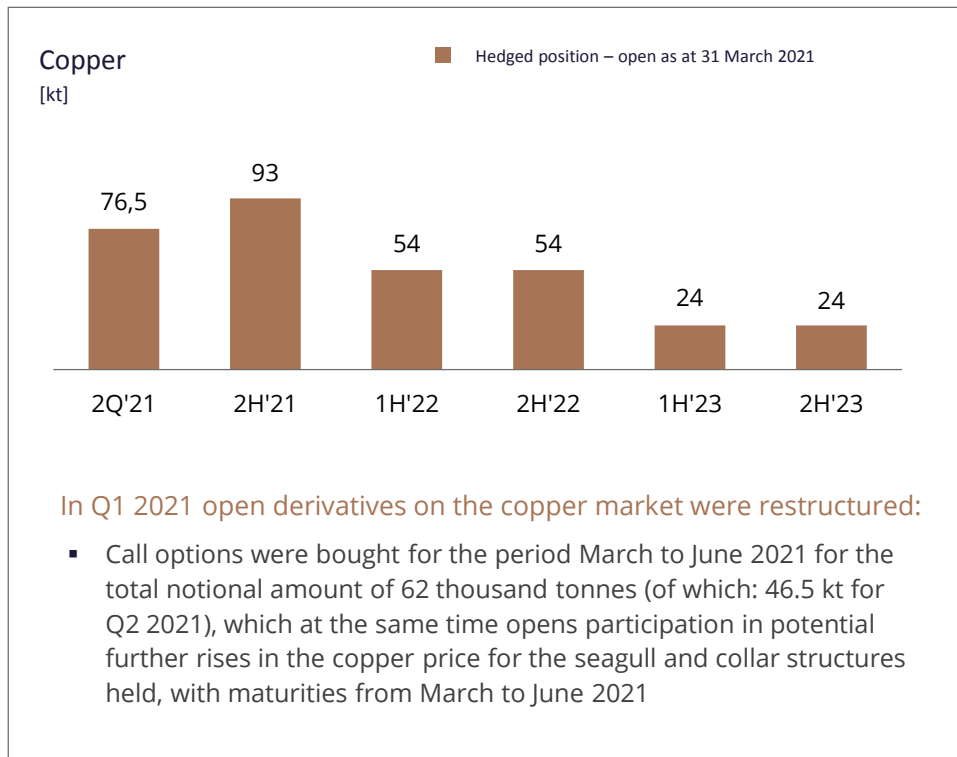
## Superior performance vs WIG20 index

[change in %]



## Market risk management

Hedged position on the copper market (as at 31 March 2021)



At the end of Q1 2021 KGHM Polska Miedź S.A. recorded a result\* on derivatives and hedges in the amount of –PLN 437 million:

- PLN 266 million adjusted revenues from contracts with customers
- PLN 170 million decreased the result on other operating activities
- PLN 1 million decreased the result on finance activities

The fair value of open derivatives in KGHM Polska Miedź S.A. as at 31 March 2021 amounted to –PLN 1 591 million\*

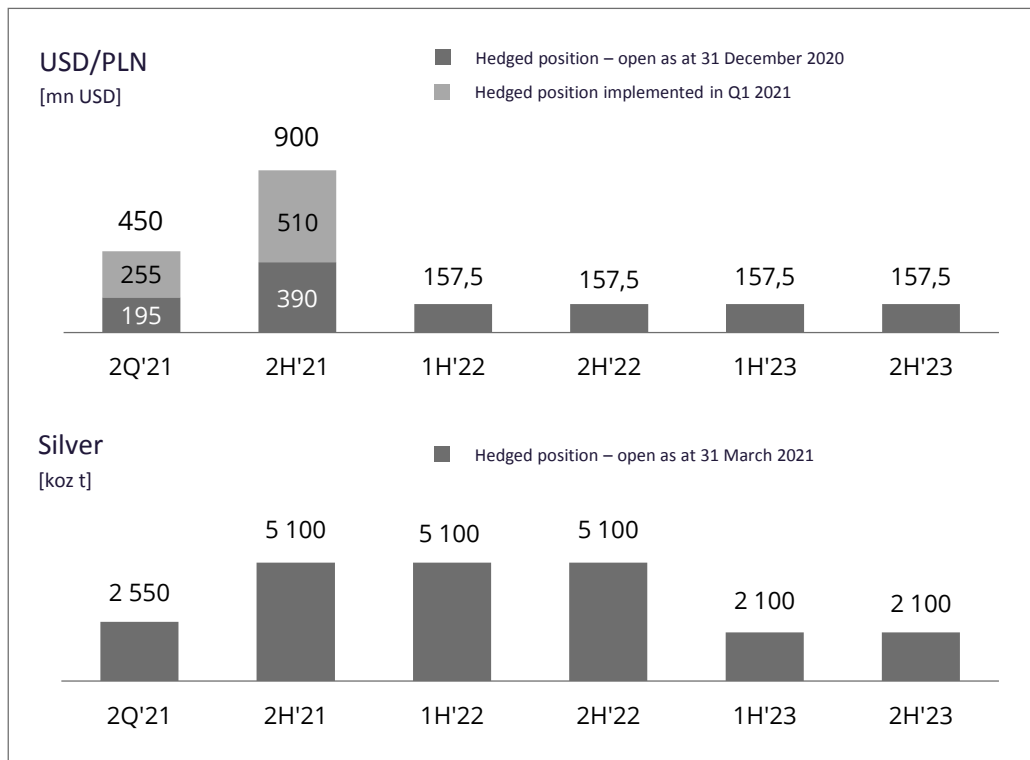
The revaluation reserve on cash flow hedging instruments as at 31 March 2021 amounted to –PLN 2 177 million

\* excludes embedded instruments



## Market risk management

Hedged positions on the silver, currency and interest rate markets (as at 31 March 2021)



In Q1 2021 transactions were implemented on the forward currency market:

- Put options were bought with maturities from February to December 2021 for the total notional amount of USD 870 mn (of which: USD 765 mn for the period from April to December 2021). These transactions were not designated as hedging instruments.
- Previously sold put options were redeemed with a strike price of USD/PLN 3.20 having a notional amount of USD 495 mn for the period from February to December 2021 (of which: USD 405 mn for the period from April to December 2021)

In Q1 2021 no hedging was implemented on the silver and interest rate markets

As at 31 March 2021 the Parent Entity held open CIRS (Cross Currency Interest Rate Swap) transactions for the notional amount of PLN 2 bn

## Events for investors

2021

Date	Upcoming events
17 Aug	Half-year report for the first half of 2021
18 Aug	MB's results conference
19 Aug	Investor chat with CFO
6 Sep	Pekao 18th Annual Emerging Europe Investment Conference
28 Sep	PKO BP Investor's Day: CEE Metals & Energy
4 Oct	Erste Bank Finest CEElection Investor conference 2021
8 Nov	Goldman Sachs 13th Annual CEEMEA One-on-One Conference
16 Nov	Report for the third quarter of 2021
17 Nov	MB's results conference
TBA	Investor chat with CFO
7-10 Dec	WOOD's Winter Wonderland EME Conference



## Investor Relations Department

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