

Layers of possibilities



KGHM Group Investor Presentation

September 2020

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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

Actions by the KGHM Group during the COVID-19 pandemic

Selected internal procedures for protection and prevention

- An informational campaign is underway using the company's existing means of communication: intranet, kghm.tv, posters and billboards, enabling the ongoing transmission of updated recommendations and announcements by the government and health authorities
- A dedicated infoline and e-mail were created for employees as well as on-line training, incl. OHS
- The possibility of home-based remote work was introduced
- Procedures were introduced complying with the guidance announced by the government regarding what to do in the event of infection by the coronavirus
- Decontamination of all common areas in the company's divisions was introduced along with industrial ozonation, and hand disinfectants have been provided
- In the mines, the frequency of trips into the mines was increased, which reduced the number of staff travelling at the same time
- Body temperature measurement was introduced, among others utilising thermal cameras
- Business trips abroad were cancelled as well as employee participation in domestic conferences
- Vehicles providing employee transportation undergo decontamination
- Other actions, such as the replacement of on-site language courses with on-line courses and the switch to take-out meals from the canteen

We care, we act, we protect



KGHM purchased medical equipment for Poland via air transport, comprised of 51 respirators, over 150 thousand protective medical aprons, 380 thousand medical masks, over 200 thousand medical goggles and over 6 million protective masks.

Moreover, under the slogan „Be a good neighbour“ the Company is engaged in actions under the **KGHM Voluntary** program „Copper Heart“. Company employees provide support to senior citizens in dealing with their most important needs.

The companies **KGHM ZANAM** and **Mercus Logistyka** are engaged in producing protective masks for the Voivodeship of Lower Silesia and the Ministry of Health, which are then delivered to hospitals and other medical facilities.

The company **INTERFERIE** has donated one of its buildings for use as a quarantine facility. In addition, sanitary buildings of the **Polish Spa Group** will serve the same purpose.



The KGHM Foundation has provided over PLN 4.6 million towards efforts to prevent and counteract the COVID-19 virus. Funds have been spent among others on the purchase of vital life-saving equipment (respirators, cardio-monitors and tests). This aid has been given to hospitals in Lubin and Wrocław, emergency departments and hospices.

The following items have been donated:

- over 96 000 litres of disinfectant
- 7 900 medical masks
- 7 200 surgical masks
- 1 235 protective medical aprons

The company **NITROERG** produces disinfectants. This liquid has already been provided to more than a thousand Polish hospitals, medical and social services facilities, as well as to the employees of the KGHM Group. **NITROERG** currently produces 80 thousand litres daily.

Lubinpex provides meals to medical staff at the hospital in Legnica, while the spa company **Uzdrowiska Kłodzkie** has provided 2.5 thousand bottles of mineral water produced by Staropolanka to infectious diseases hospitals.



We care, we act, we protect



Thanks to the company **Centrum Badań Jakości¹⁾ (CBJ)** a special type of centrifuge called *MiniSpin* and automatic pipette packets were provided to the specialty hospital in Legnica. The equipment provided is used in testing samples for presence of the virus. CBJ also has a *miniOpticon* real-time PCR system for testing isolated material for the coronavirus genome. The company is prepared to provide this equipment to hospital laboratories.

Miedziowe Centrum Zdrowia, a health services company in the KGHM Group, opened a special telephone hotline to provide medical advice through its clinics in several towns in the region. This is aimed at helping patients with consultations as respects previously-registered visits and specialty care.





Key information about the KGHM Group

KGHM Group in brief

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

702 thousand tonnes of payable copper production by the KGHM Group in 2019, (11% higher y/y)

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

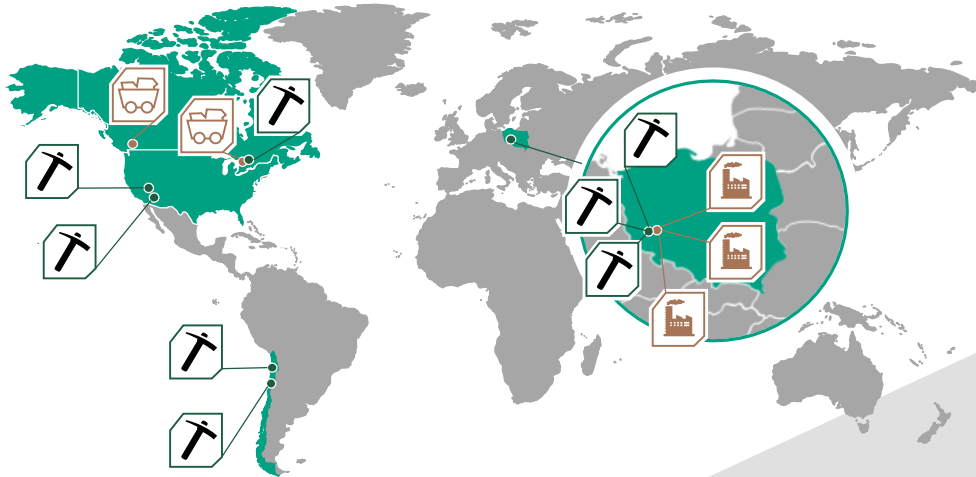
Member of the prestigious indices WIG-ESG¹⁾ & FTSE4Good published by the WSE and LSE

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

Sixth 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

Geology



Mining



Metallurgy



Exploration and evaluation

Ore extraction

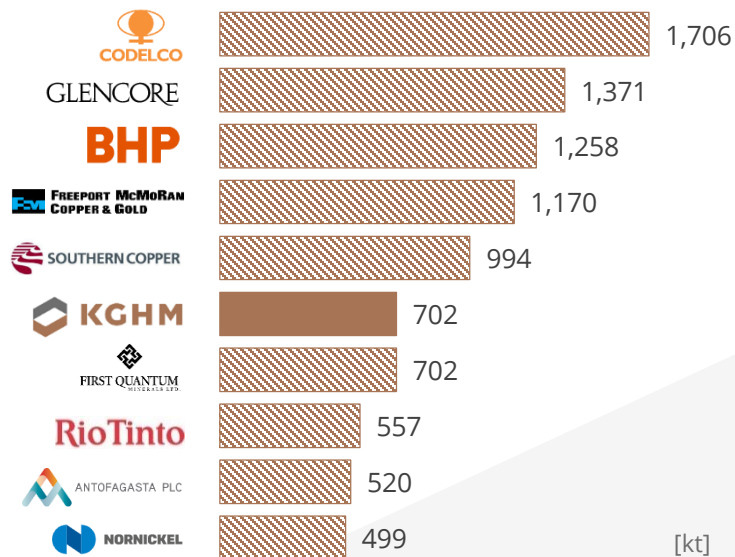
Ore enrichment

Smelting and refining

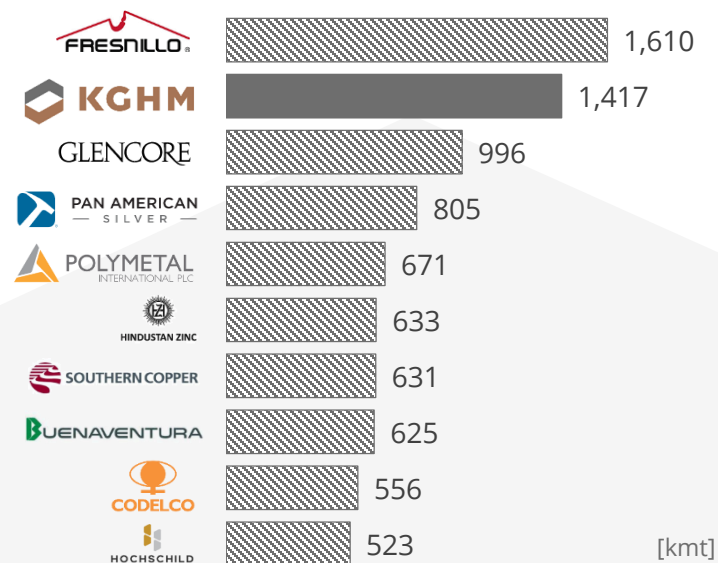
Casting

KGHM among the biggest copper and silver producers¹⁾

Mined Copper production 2019²⁾



Silver production 2019³⁾



- 1) KGHM results as reported in its consolidated financial statement 2019
- 2) Mines and Metals, March 2020
- 3) World Silver Survey 2020

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



1957



Discovery of the copper deposit by Jan Wyżykowski

1960-70



Founding of the Lubin and Polkowice mines

1968-78



Start of construction of Głogów smelter /refinery

1969-74



Completion of the Rudna mine

1977-80



Construction of the Sieroszowice mine

1993



Start of precious metals plant – silver and gold

1997



IPO - KGHM joins the Warsaw Stock Exchange

2012



Acquisition of the Canadian mining company Quadra FNX

2014



Start of production by the Sierra Gorda mine

2015



Level of commercial production reached by Sierra Gorda

2018-19



Start-up of flash furnace technology at the Głogów I smelter

Core production assets in Poland – stable output and earnings

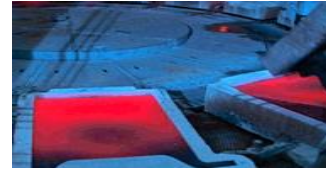
Underground copper mines, fully integrated production



Polkowice-Sieroszowice Mine

36 years LOM

- Copper production in 2019 (payable): 194.6 kt (-0.6% y/y)
- Associated metals: silver, lead, rock salt, gold



Legnica Smelter and Refinery

LME grade A-registered cathodes

Capacity of ~120 kt electrolytic Cu/year ¹⁾

- Other metals produced: Ag, Au, Pb, Re
- 2019 Cu production: 117.5 kt (+2.6% y/y)



Rudna Mine

21 years LOM

- Copper production in 2019 (payable): 181.3 kt (-2.6% y/y)
- Associated metals: silver, lead, gold



Głogów I Smelter and Refinery

LME grade A-registered cathodes

Capacity of ~240 kt electrolytic Cu/year ¹⁾

- Other metals produced: Ag, Au, Pb, Re
- 2019 Cu production: 218.7 kt



Lubin Mine

26 years LOM

- Copper production in 2019 (payable): 73.5 kt (+4.9 y/y)
- Associated metals: silver, lead, gold



Głogów II Smelter and Refinery

LME grade A-registered cathodes

Capacity of ~230 kt electrolytic Cu/year ¹⁾

- Other metals produced: Ag, Au, Pb, Re
- 2019 Cu production: 229.3 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 2019: 250.7 kt of copper wire rod and 15.5 kt of OFE rod (-0.08% y/y)

Key international assets

Existing operations and growth potential from projects

Producing assets



Sierra Gorda (55% stake), Chile

- 24 years LOM
- Open-pit mine
 - Porphyry
- 2019 production stats:
- Cu production (payable): 59.8 kt (+11.7 y/y)



Robinson Mine, USA

- 9 years LOM
- Open-pit mine
 - Porphyry/Skarn orebody
- 2019 production stats:
- Cu production (payable): 48.8 kt (+1.7 y/y)



Sudbury, Canada

- 7 years LOM
- Underground mine
 - Footwall/Contact orebody
- 2019 production stats:
- Cu production (payable): 4.2 kt (-43.2% y/y)¹⁾



Franke Mine, Chile

- 5 years LOM
- Open-pit mine
 - IOCG orebody
- 2019 production stats:
- Cu production (cathodes: SX-EW): 19.0 kt (-5.9% y/y)

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

- 13 years LOM
- The projects assumes building an underground copper-nickel mine
 - Current development scenario assumes accessing the deposit via 2 shafts
 - Forecasted annual production: 19 kt Cu p.a., 17 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.

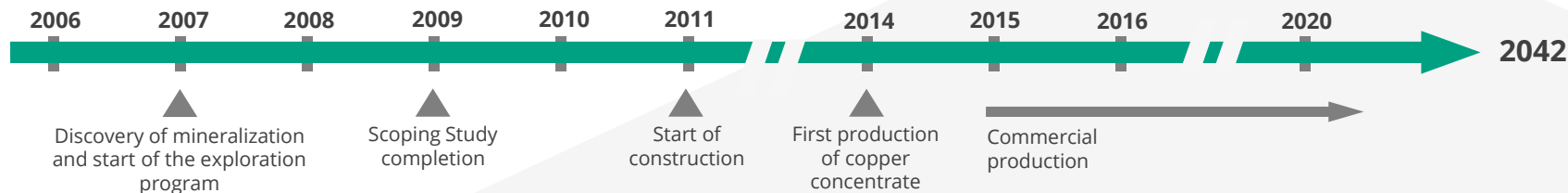
Sierra Gorda



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



Life of mine based on documented resources is 25 years

Sierra Gorda end products are copper concentrate and molybdenum concentrate ¹⁾

| | | |
|-----------------------|-------------|-------------|
| Cu production in 2019 | 108.2 kt | ↑ 11.2% y/y |
| Mo production in 2019 | 20.3 mn lbs | ↓ 24.0% y/y |



Sustainable development



Copper production: emissions and impact on climate transformation

Arguments for using copper as a carbon-neutral metal

Copper - a strategic material for a carbon neutral and circular economy in Europe

CIRCULAR ECONOMY

A circular metal

Close to **50%** of copper produced in the EU is obtained through recycling

Carrier of valuable metals

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

ENERGY TRANSITION AND DIGITISATION

22 mn tonnes of copper

required over 2020 – 2050 to shift to a climate-neutral European economy



International Copper Association

Copper Alliance

0.4%



-75%

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

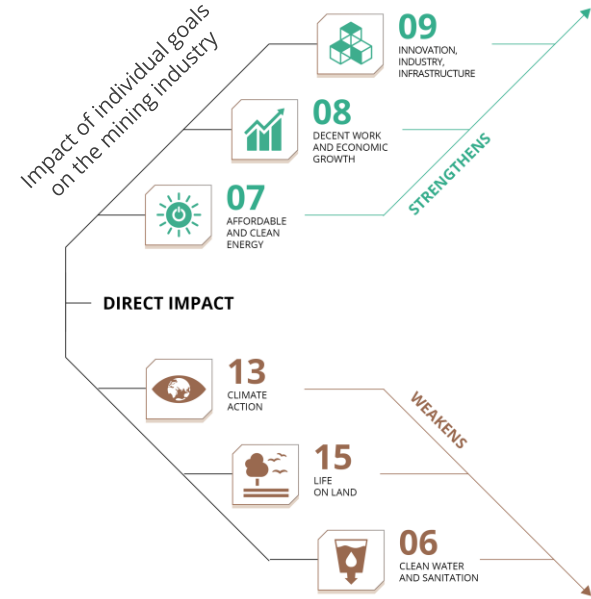


Sustainable development of the raw materials

– a global challenge of the modern world

KGHM as a signatory of Agenda 2030 operates on the basis of the principles of sustainable development, taking into account in its daily commitments such areas as Society, Environment, Economics and Economy, Security and Resource Efficiency

In 2018 KGHM joined the [FTSE4Good](#). Being a member of the FTSE4Good index series confirms KGHM's efforts in the field of ESG: environmental protection, social responsibility and corporate governance. Moreover, KGHM belongs to the [WIG-ESG](#) index (previously [RESPECT Index](#)) and The European Technology Platform on Sustainable Mineral Resources ([ETP SMR](#)).



FTSE4Good



European Technology Platform
on Sustainable Mineral Resources

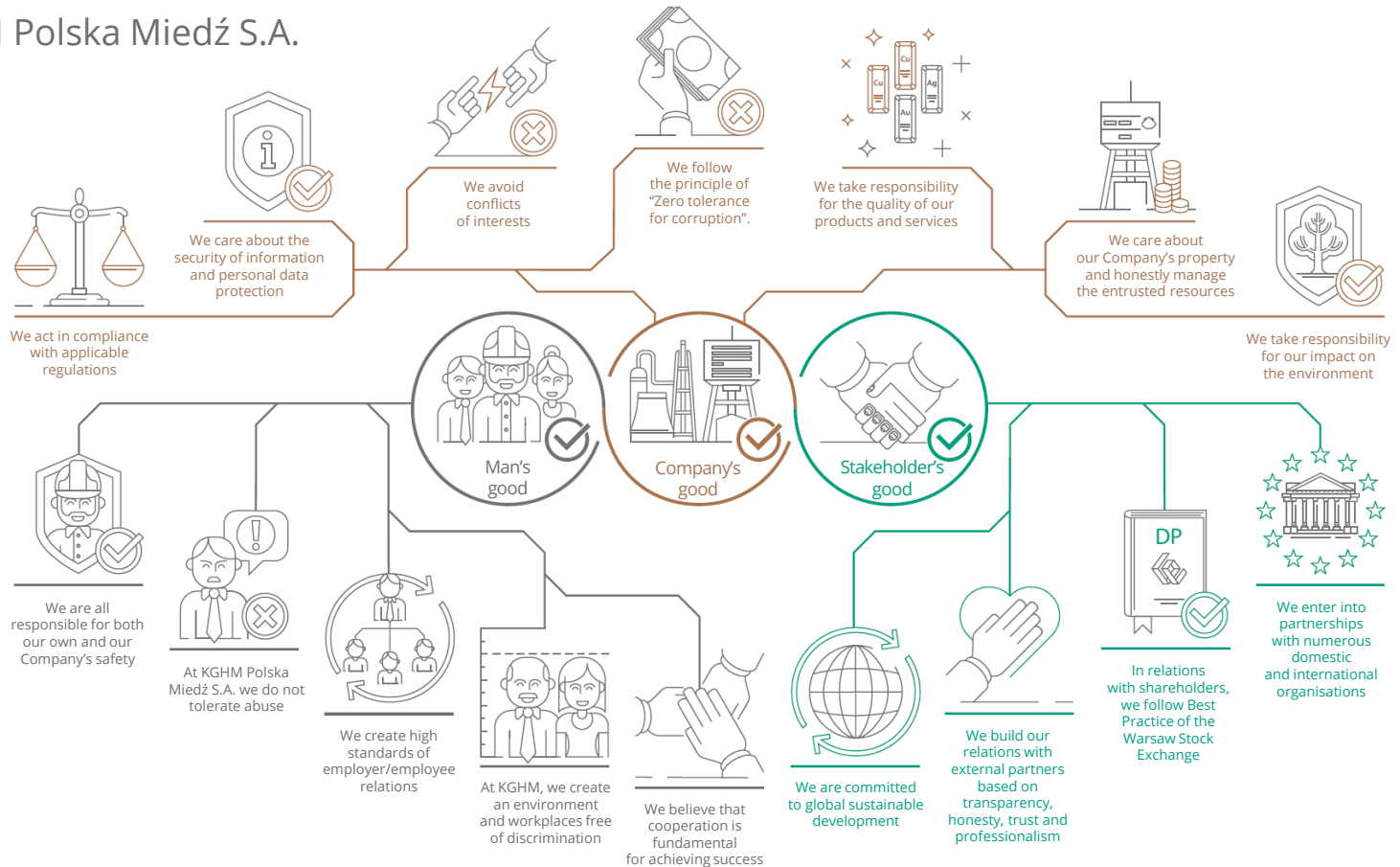
Sustainable value chain

Responsible Supply Chain Policy of the KGHM Group



Ethical Standards

KGHM Polska Miedź S.A.



People and the Environment as a strategic area in the KGHM Group

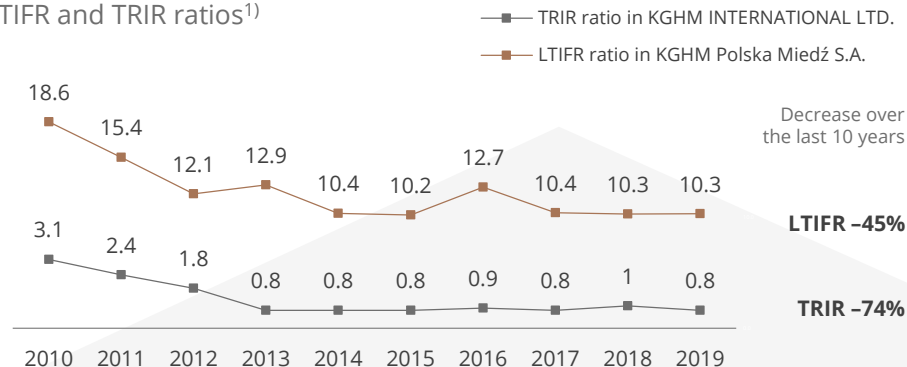
Strategy for 2019 – 2023



People and the Environment

- Main target – growth based on the idea of sustainable development and safety as well as enhancing the Group's image of social responsibility
- Selected effectiveness measures with respect to *People and the Environment*:
 - Minimum level of annual improvement of LTIFR (Polish assets) and TRIR (international assets)
 - Level of commitment and satisfaction of the KGHM Group's employees based on measures defined during implementation, by 2023

LTIFR and TRIR ratios¹⁾



In 2019, the Company recorded a slight increase (+0.7%) in the total number of workplace accidents. At the same time the number of workplace accidents in KGHM Polska Miedź S.A., excl. accidents due to natural causes, was lower by 11%. Among recorded accidents around 98% were qualified as light injuries, caused mainly by rock falls followed by loss of balance by employees, as well as contact (striking) with or by moveable/immovable objects.

TRIR 2019:

2.8 North America 0.31 KGHM Chile SpA 0.36 Sierra Gorda S.C.

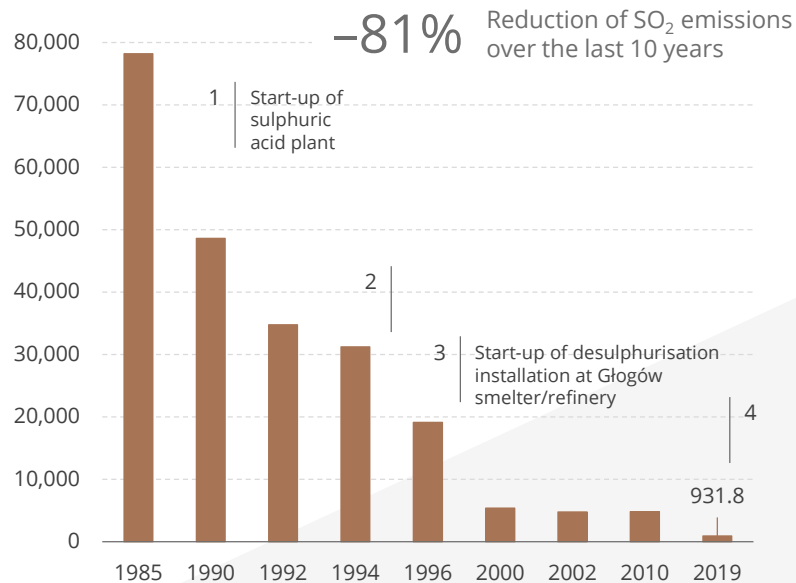
1) LTIFR (Lost Time Injury Frequency Rate); TRIR (Total Recordable Incident Rate) calculated using accepted methodology as the number of accidents at work meeting the conditions of registration as defined in the ICMM (International Council on Mining & Metals) standard, in total for the employees of KGHM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

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

SO₂ and dust emissions¹⁾

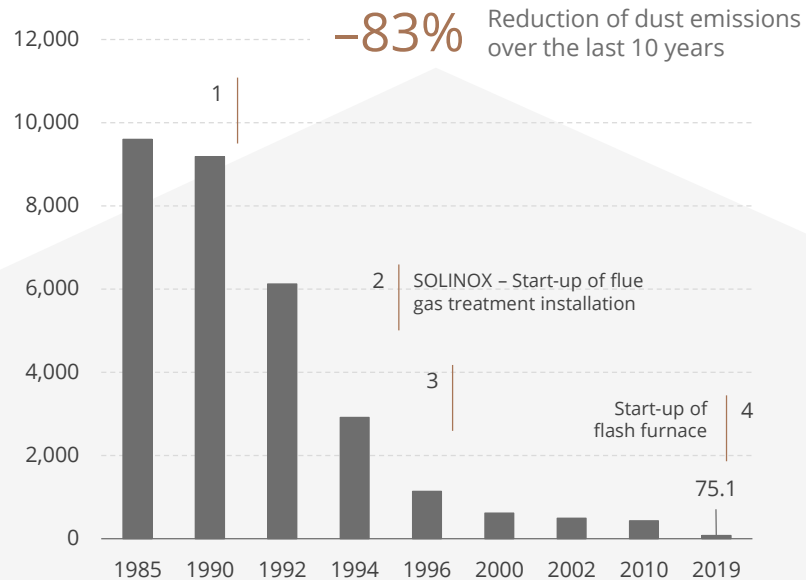
SO₂ emissions by KGHM Polska Miedź S.A.

[tonnes]



Dust emissions by KGHM Polska Miedź S.A.

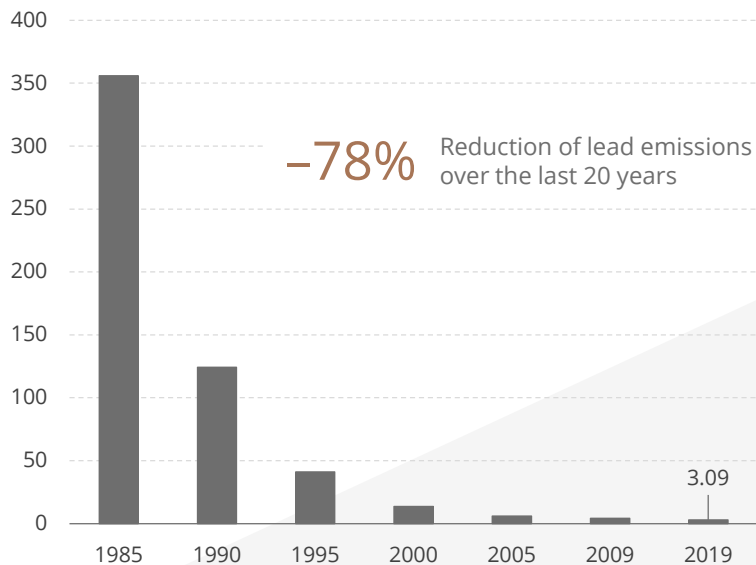
[tonnes]



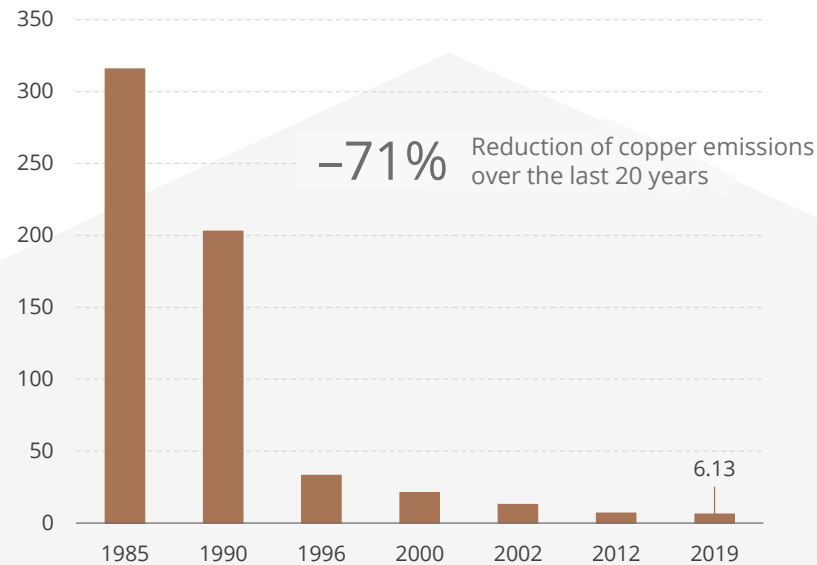
Emissions by the divisions of KGHM Polska Miedź S.A.

Lead and copper emissions

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



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



Pro-ecological investments and environmental fees

KGHM Group



Over
229
million PLN

spent in 2019 by KGHM
on investments to
protect the natural
environment

[incl. the largest expenses of **over
PLN 44 million** incurred on replacing
the absorption and drying towers of the
sulphuric acid plant at the Legnica Copper
Smelter and Refinery]

Selected actions to reduce environmental impact and environmental fees in 2019

PLN 3.3 million

Energetyka sp. z o.o. **-13% Y/Y**

[payments for water intake and waste discharge and
for emissions to the atmosphere]

Selected environmental investments¹⁾:

- construction of a gases treatment installation meeting emission standards compliant with EU Directives
- expanding capacity based on gas-fired boilers

PLN 0.3 million

NITROERG S.A. **-40% Y/Y**

[fees due to the specific nature of the products –
explosives, initiation systems, fuel additives]

Selected environmental investments:

- modernization of the sewage treatment plant
- continuation of the construction of a new installation for the production of fuel additives, which will allow for the re-use of concentrated acids in the production process

BATAs program

Selected environmental investments:

- 22 projects were advanced (16 in HM Głogów and 6 in HM Legnica), decision made to exclude six projects from the BATAs Program
- HM Głogów: work completed on sealing conveyor belts and belt pulling stations for carrying copper concentrate, construction of gas desulphurisation installation for the Kaldo furnace completed
- HM Legnica: a modernised dedusting unit for three filters behind the shaft furnaces brought on-line

Pro-ecological investments and environmental fees

KGHM INTERNATIONAL

Activities carried out by the entities of the KGHM INTERNATIONAL Group in 2019 related to environmental protection

PLN 28 million

Robinson Mine (USA)

including PLN 3 million due to environmental permits held

→ Activities were aimed at monitoring air and water quality, waste management and the restoration of mining areas

PLN 5 million

Carlota Mine (USA)

→ Activities were mainly related to mine decommissioning and environmental monitoring

PLN 1 million

Sudbury Basin (Canada)

→ In the Sudbury Basin mines activities focused on environmental monitoring

PLN 6 million

Franke Mine (Chile)

→ Activities focused on acquiring required permits and environmental monitoring



IN 2014, KGHM JOINED THE
GLOBAL COMPACT –
THE WORLD'S LARGEST UN
INITIATIVE FOR CORPORATE
SOCIAL RESPONSIBILITY AND
SUPPORT FOR SUSTAINABLE
DEVELOPMENT

Energy development program



Renewable energy sources development

- Photovoltaic
 - 200 ha of own lands for development, out of which 160 ha in close vicinity of energy consumption sites
- On-shore wind farms
 - Virtual PPAs¹⁾
 - Acquisitions



Optimisation and development of gas fired units

- Power production increase in existing CCGT blocks
- Development of local gas engines



R&D of alternative options

- Waste heat utilisation from metallurgy and mining processes
- Energy storage for optimisation and stabilisation
- Waste fuels utilisation



Competence building

- Adjusting company structure for changing environment
- Building competencies to secure energy deliveries
- Support legislation for energy intensive industry

First photovoltaic projects

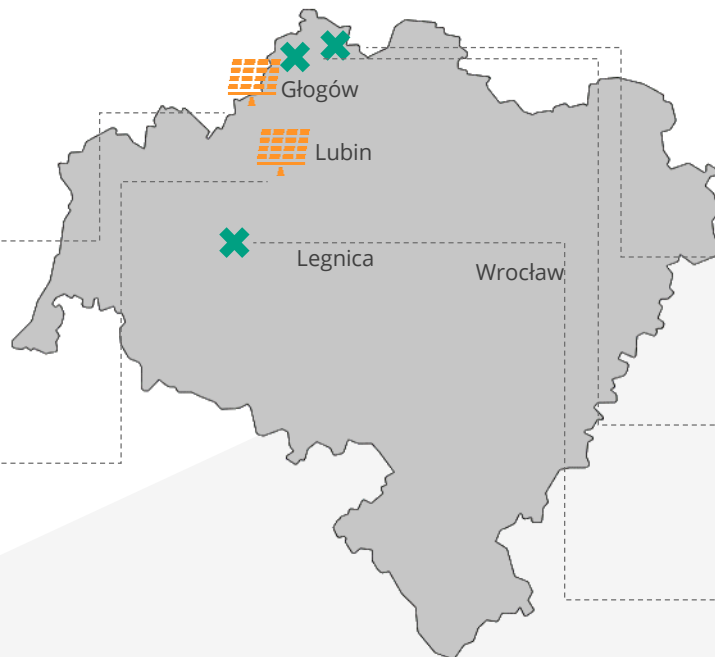
Design phase

PV¹⁾ 1. HMG

4 MW Głogów Copper Smelter and Refinery
Start of production Q3 2021

PV 2. Piaskownia Obora

5 MW in the reclamation area of the Obora sandpit
Start of production Q2 2022



Pre-design phase

3. Wierzba I

16 MWp²⁾ at the willow³⁾ plantation

4. Wierzba II

50 MWp at the willow plantation

5. Konrad

30 MWp at the former Konrad Mine

ESG - a new dimension of sustainable development

in the field of reporting environmental, social and corporate activities

Protection of human rights, operating with respect for the natural environment, responsible supply chain management and transparency in relations with stakeholders are crucial to us and are a pillar of our activity on the global market. Among the achievements and activities undertaken in the KGHM Group in 2019 in the areas of E - environmental, S - social and G - governance were, among others:

Environment

- „Żelazny Most” Tailing Storage Facility: The 18th International Conference on Technical Control of Water Dams – Monitoring and safety of hydrotechnical constructions
- Replacing the absorption and drying towers of the sulphuric acid plant at the Legnica Copper Smelter and Refinery
- Construction of a fumes treatment installations meeting the emission standards compliant with EP Directives and expanding the capacity based on gas-fired boilers in Energetyka sp. z o.o.
- Modernization of the sewage treatment plant and continuation of the construction of a new installation for the production of fuel additives, which will allow for the re-use of concentrated acids in the production proces in NITROERG S.A.

Social

- Organization of the Lower Silesian Conference on Responsible Supply Chain „To have an impact”
- Prizewinner in the international Stevie Awards competition in the category „CSR Program of the Year - in Europe” for all activities in the field of corporate social responsibility
- Cooperation in the „Together for Youth” project, for developing opportunities for youth in the region
- Joining the „Educational Cluster of the Legnica Special Economic Zone”
- „Copper Heart” voluntary employee work program
- The ECO-Health Program
- Establishing the Medical Council at KGHM to support and initiate all the works in the scope of extensive local activities for the health of employees and residents of the region

Governance

- KGHM Polska Miedź S.A. with the „Transparent Company of the Year” award and "The Best of The Best" Annual Report prize for the Sustainability Report for 2018
- „Executive of the Year - Metals & Mining” award for the President of the Management Board of KGHM Polska Miedź S.A.
- Membership in the RESPECT and WIG-ESG indices, and since 2018 in the FTSE4Good Index Series
- Providing information on the website on the Company's application of the recommendations and principles contained in the Code of Good Practices



The KGHM Group vs the sector

Macroeconomic environment

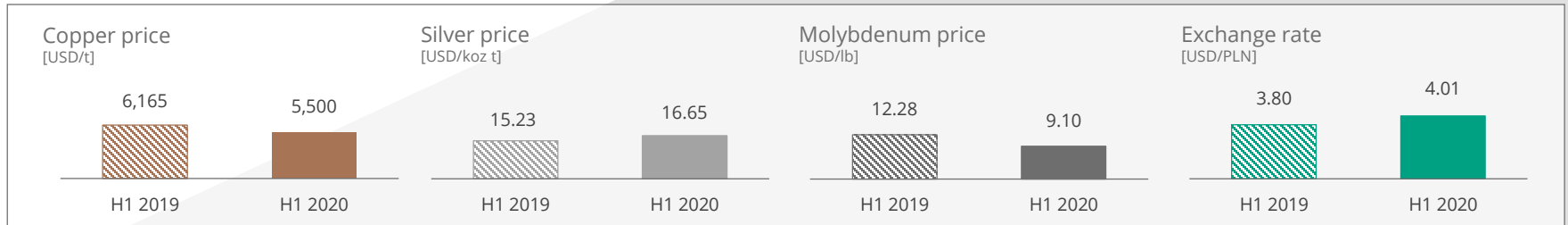
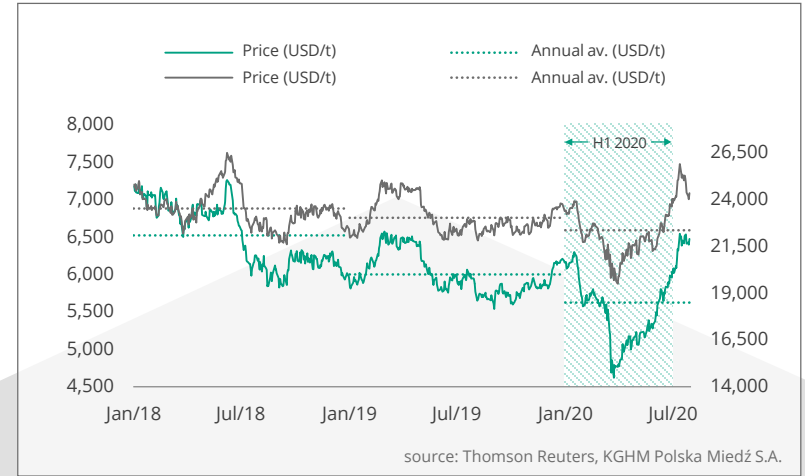


Macroeconomic environment

Commodities and currencies prices

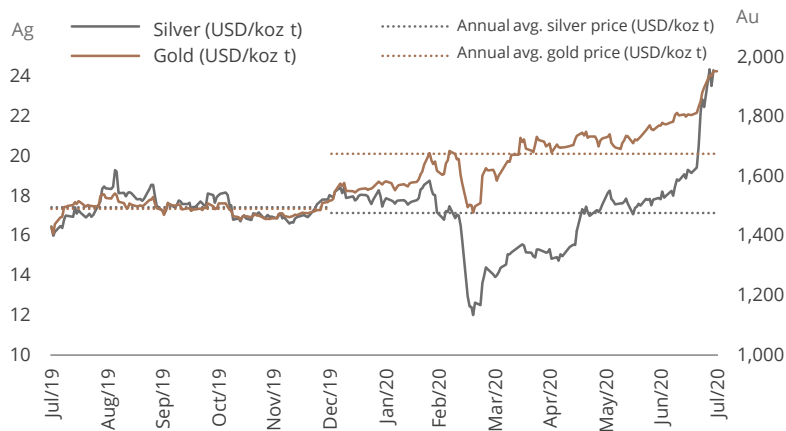
Despite the outbreak of the COVID-19 pandemic the copper price returned to its level at the start of the year, while silver recorded its highest rise since the start of 2013

- The outbreak of the epidemic in China, which is the largest consumer of many commodities, led to a downturn in prices on this market in February and March 2020. In April the prices of most commodities again began to rise. Despite this, the average price of copper in the first half of 2020 was lower by nearly 11%, and molybdenum by nearly 26% compared to the corresponding prior-year period.
- The prices of precious metals likewise fell sharply initially, but relatively quickly made back their losses on a wave of flight towards safe assets. The average price of silver in the first half of 2020 was 9% higher than a year earlier.
- The average price of copper in PLN was 6.2% lower than in the first half of 2019. The decrease in the USD-denominated price of copper was partially offset by the weakening in the USD/PLN exchange rate.

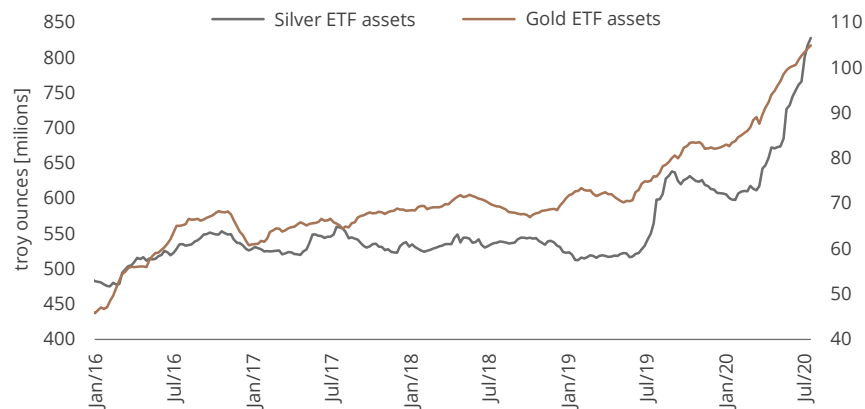


Higher precious metals prices due to investor flight towards safe assets. A greater scope of quantitative easing by central banks.

The change in silver prices had matched that of gold by the start of the second half of the year



The appreciation in the assets of ETFs since June 2019 by 59% (for silver) and 45% (for gold) attests to the high demand for precious metals



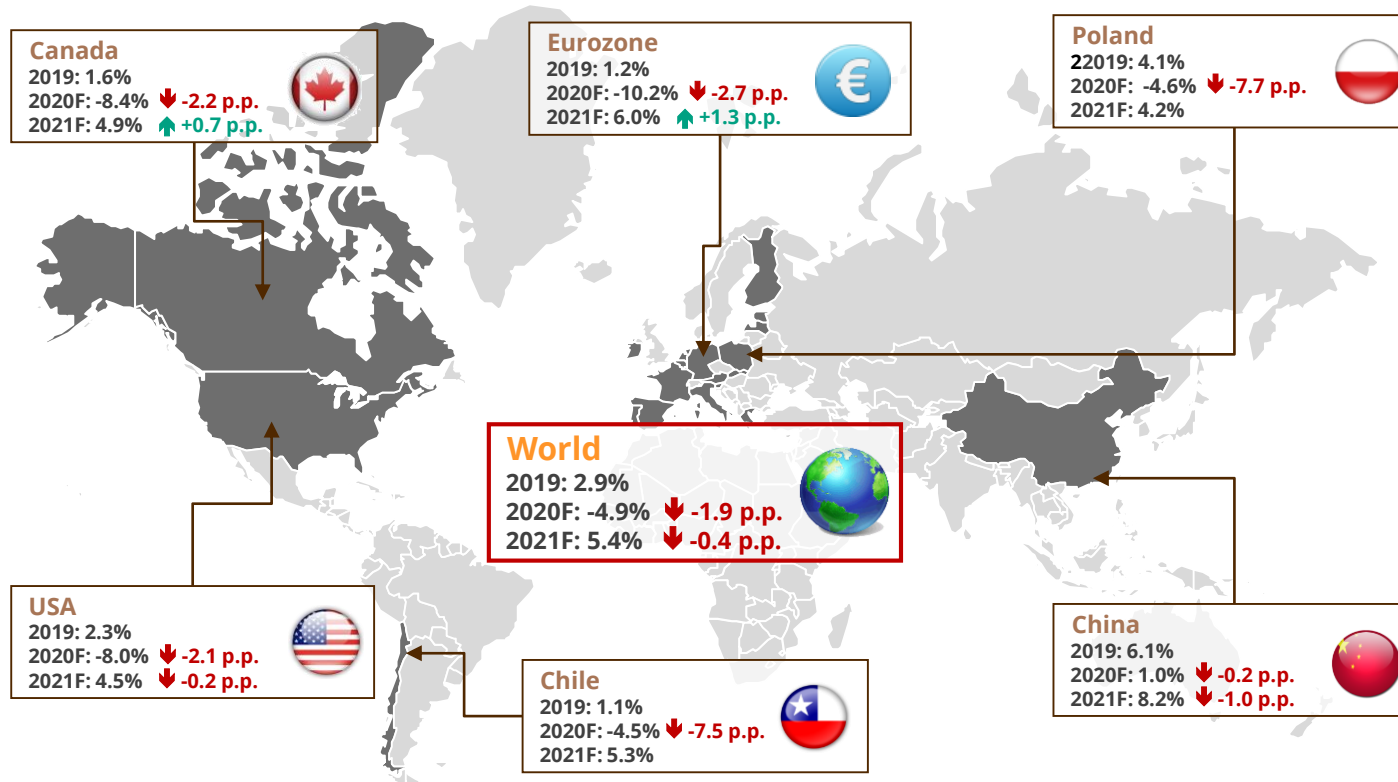
- The COVID-19 epidemic emerged in China at the end of 2019 and morphed into a global pandemic in the first quarter of 2020. The world then witnessed a wave of staunch reactions by governments to the spread of the disease, in the form of economic lockdowns and social isolation. This affected demand for metals, whose prices were not helped even by the signing of the agreement ending the first phase of trade negotiations between the USA and China.
- Economic unfreezing in the second quarter of 2020, combined with the strength of the monetary impulse by central banks and the fiscal one by governments, lead to heightened demand for commodities, in particular for precious metals like gold and silver.
- The price of gold, traditionally considered to be an asset which retains its value during crises, rose in the first half of 2020 to historically high levels.

Economic activity in H1 2020 at record lows in most countries

An improvement in PMI numbers in June 2020

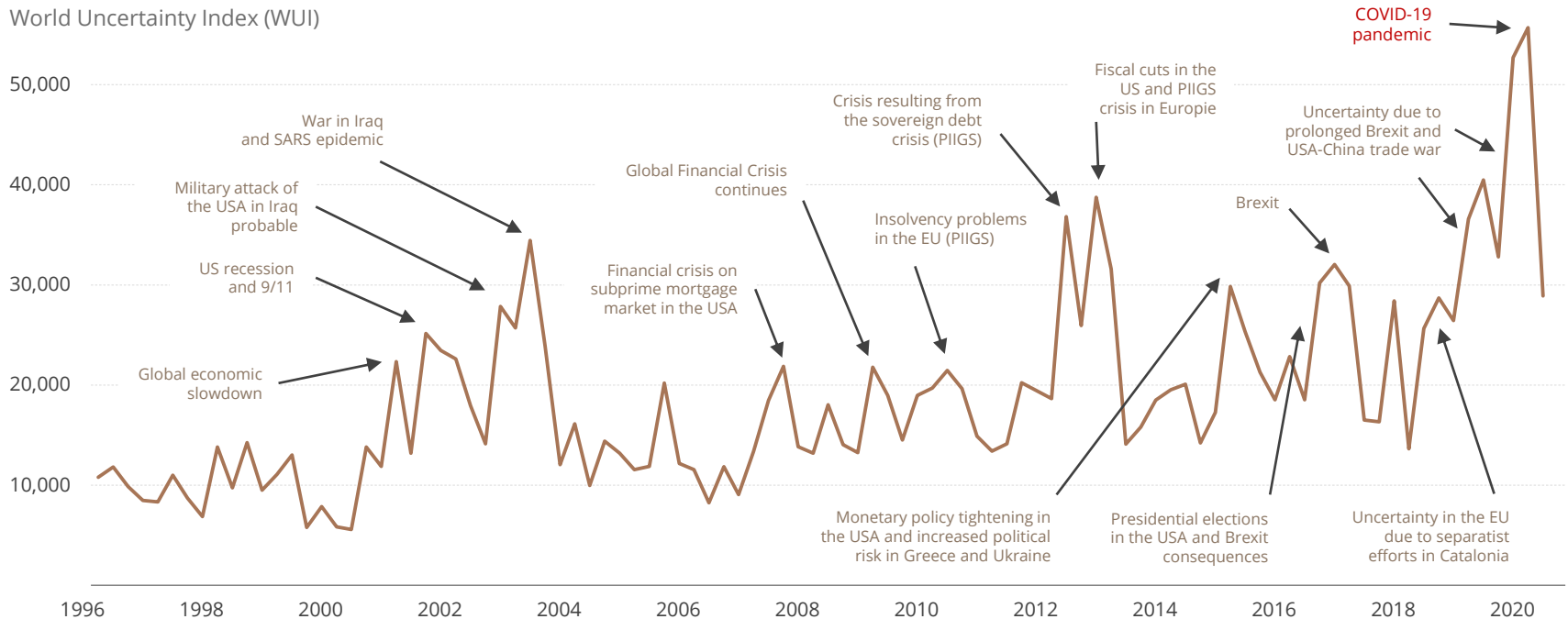
| | Jan-18 | Feb-18 | Mar-18 | Apr-18 | May-18 | Jun-18 | Jul-18 | Aug-18 | Sep-18 | Oct-18 | Nov-18 | Dec-18 | Jan-19 | Feb-19 | Mar-19 | Apr-19 | May-19 | Jun-19 | Jul-19 | Aug-19 | Sep-19 | Oct-19 | Nov-19 | Dec-19 | Jan-20 | Feb-20 | Mar-20 | Apr-20 | May-20 | Jun-20 |
|-----------------------|--------|--------|--------|--------|--------|--------|--------|--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

Economic growth forecasts by the IMF in June 2020¹⁾



The coronavirus pandemic overlapped a series of events which increased uncertainty in the world's economies

World Uncertainty Index (WUI)

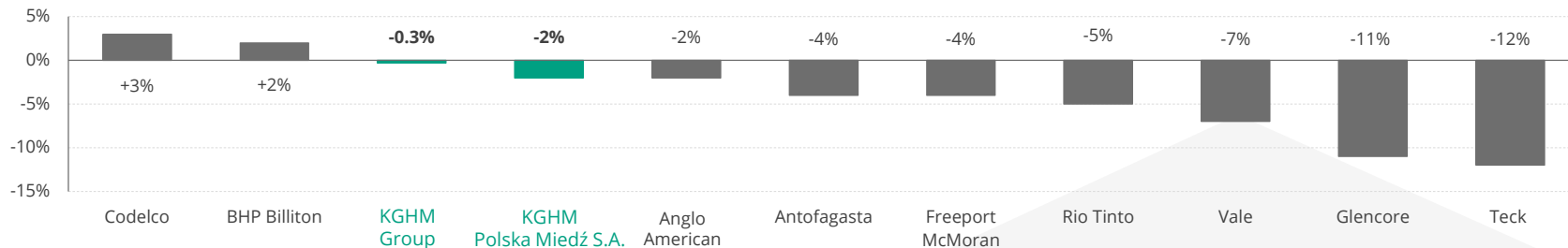


The WUI is computed by counting the percent of word “uncertain” (or its variant) in the Economist Intelligence Unit country reports. The WUI is then rescaled by multiplying by 1,000,000. A higher number means higher uncertainty and vice versa. For example, an index of 200 corresponds to the word ,uncertainty’ accounting for 0.02 percent of all words, which—given the EIU reports are on average about 10,000 words long—means about 2 words per report.

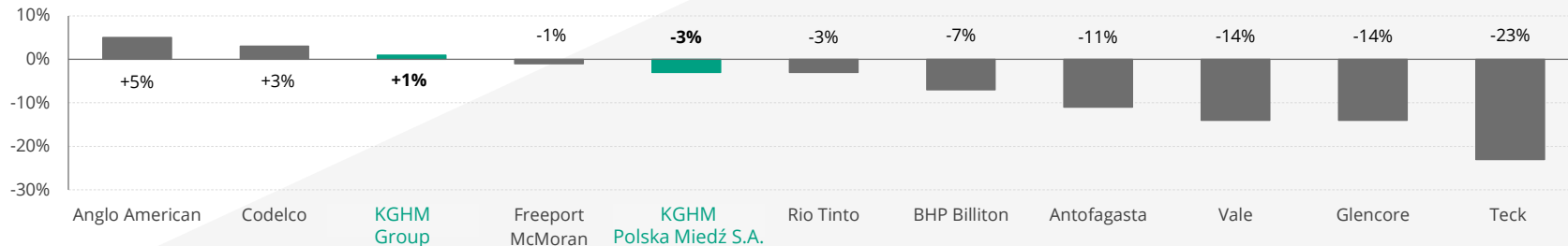
Source: Ahir, H, N Bloom, and D Furceri (2018), “World Uncertainty Index”, Stanford mimeo, KGHM; WUI for the period Q1 1996 to Q2 2020

The production of miners in the first half was under heavy pressure

Copper production by miners, H1 2020 vs H1 2019



Copper production by miners, Q2 2020 vs Q2 2019





Production and financial results of the KGHM Group

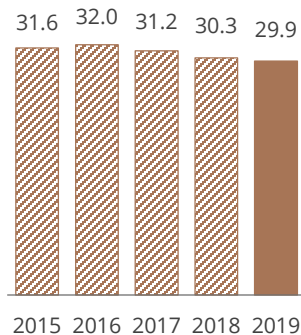
Part I: 5 years data



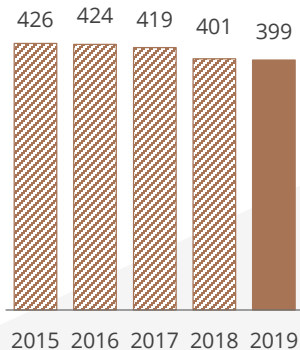
Key production data – 5 years

KGHM Polska Miedź S.A.

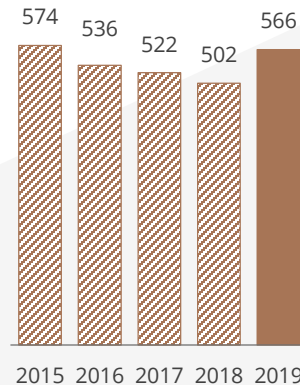
Ore extraction
[mn t dry weight]



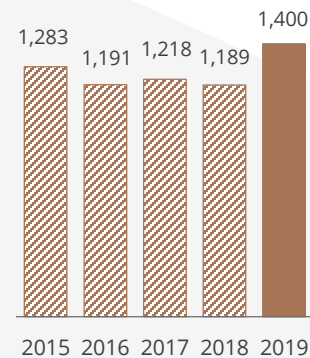
Production of copper
in concentrate
[kt]



Production of
electrolytic copper
[kt]

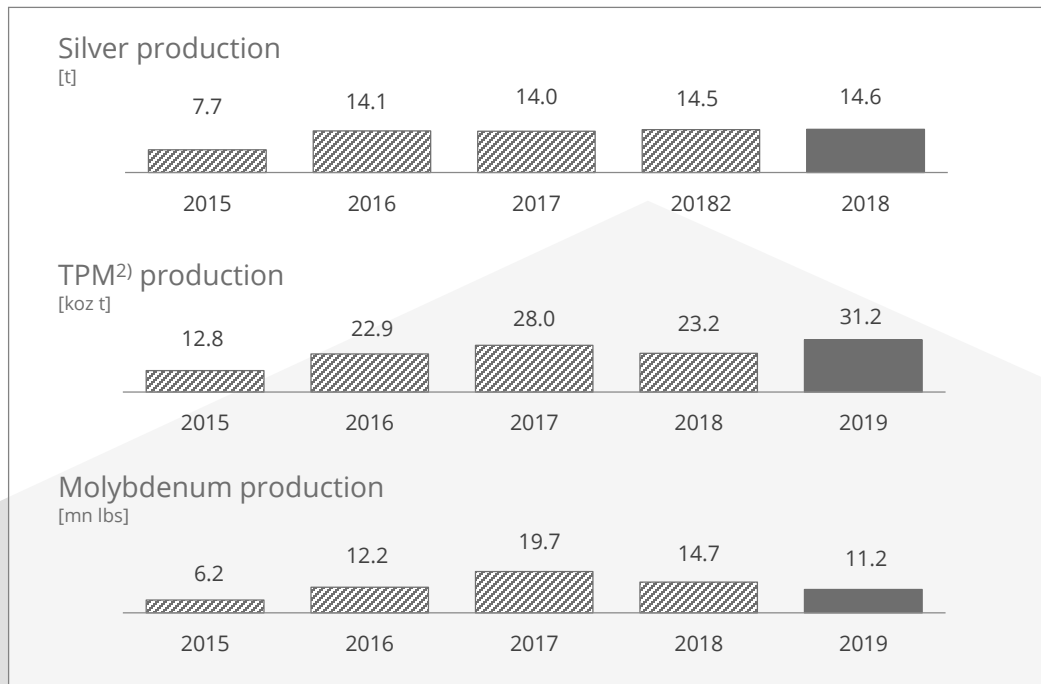
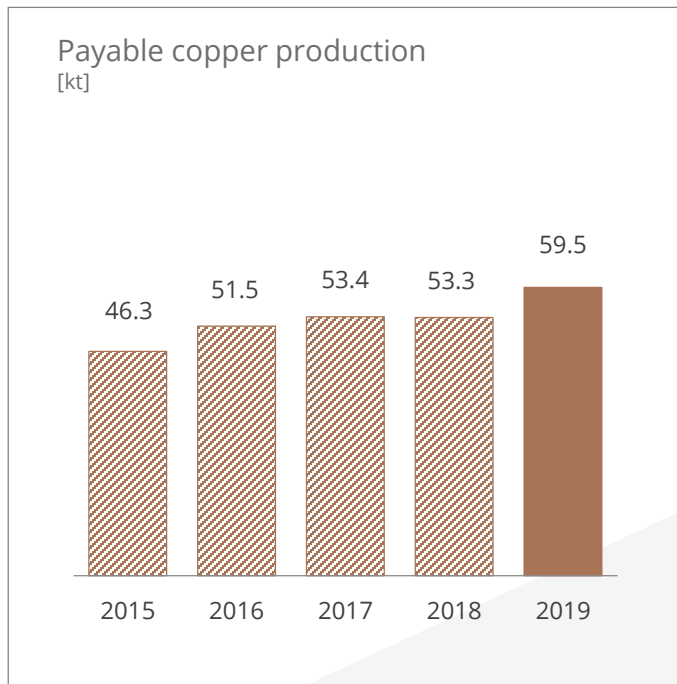


Metallic silver production
[t]



Key production data – 5 years

Sierra Gorda¹⁾

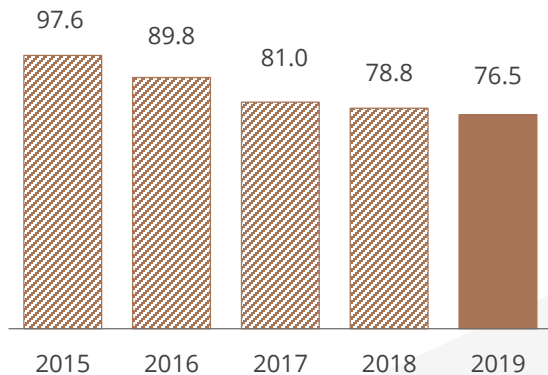


1) Pursuant to interest held (55%); production data – 5 years (since production start)
2) TPM – Total Precious Metals, comprising gold, platinum and palladium

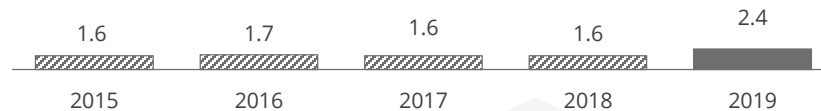
Key production data – 5 years

KGHM INTERNATIONAL

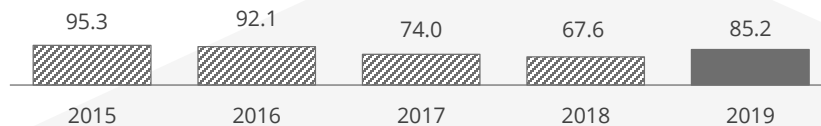
Payable copper production
[kt]



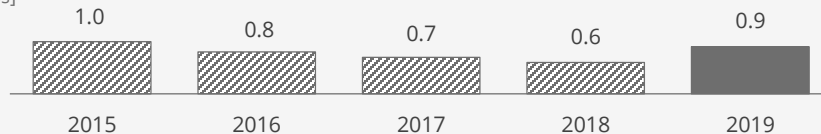
Silver production
[t]



TPM production
[koz t]

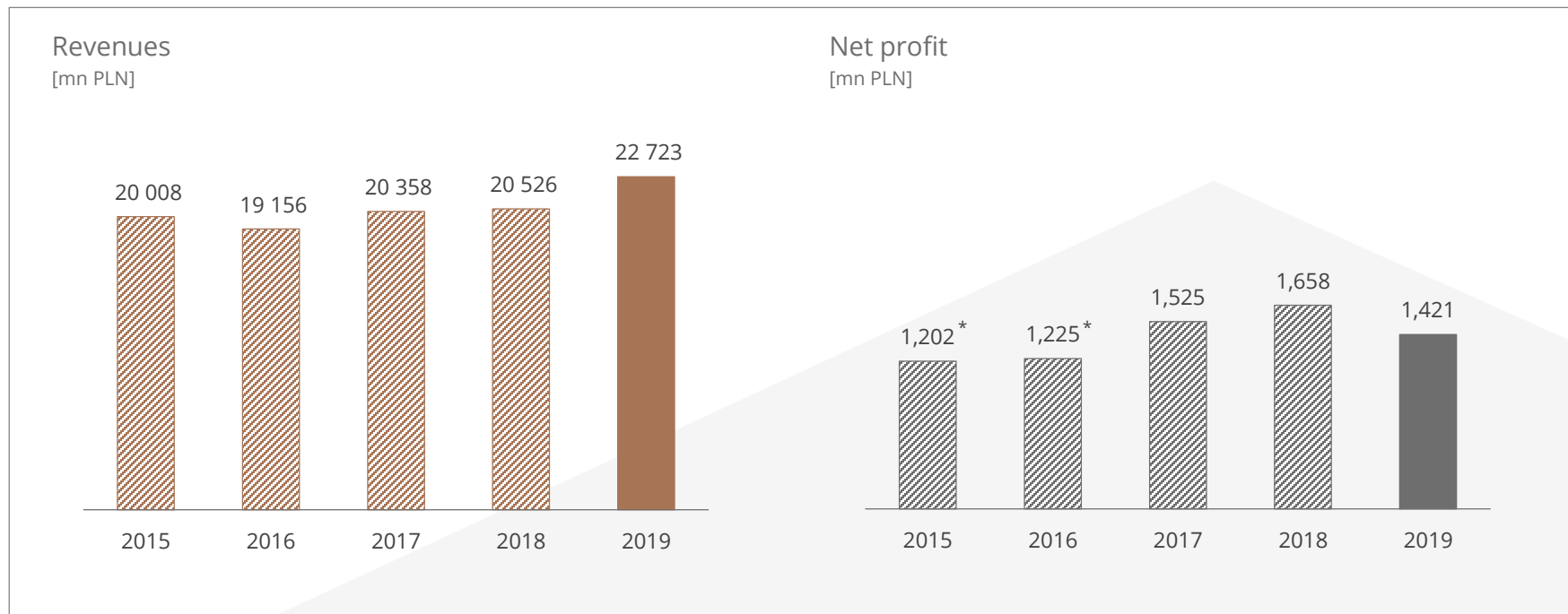


Molybdenum production
[mn lbs]



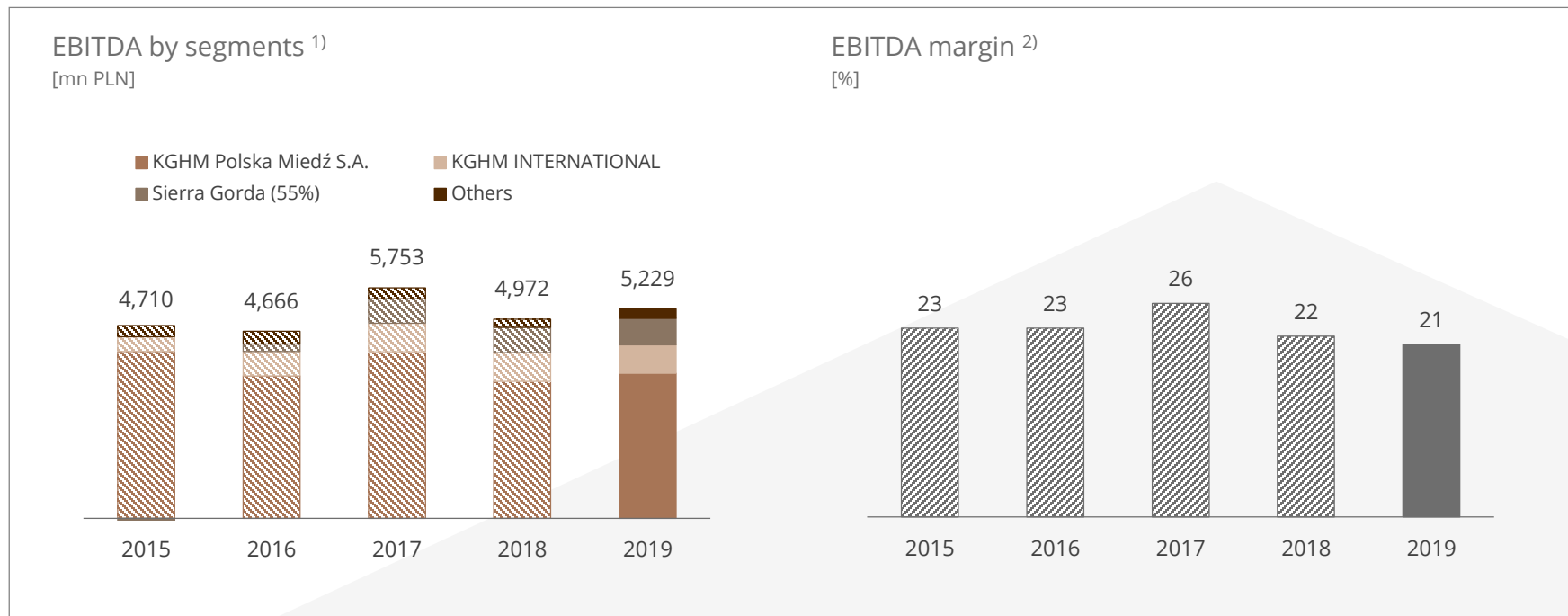
Sales revenue and net profit – 5 years

KGHM Group



EBITDA and EBITDA margin – 5 years

KGHM Group

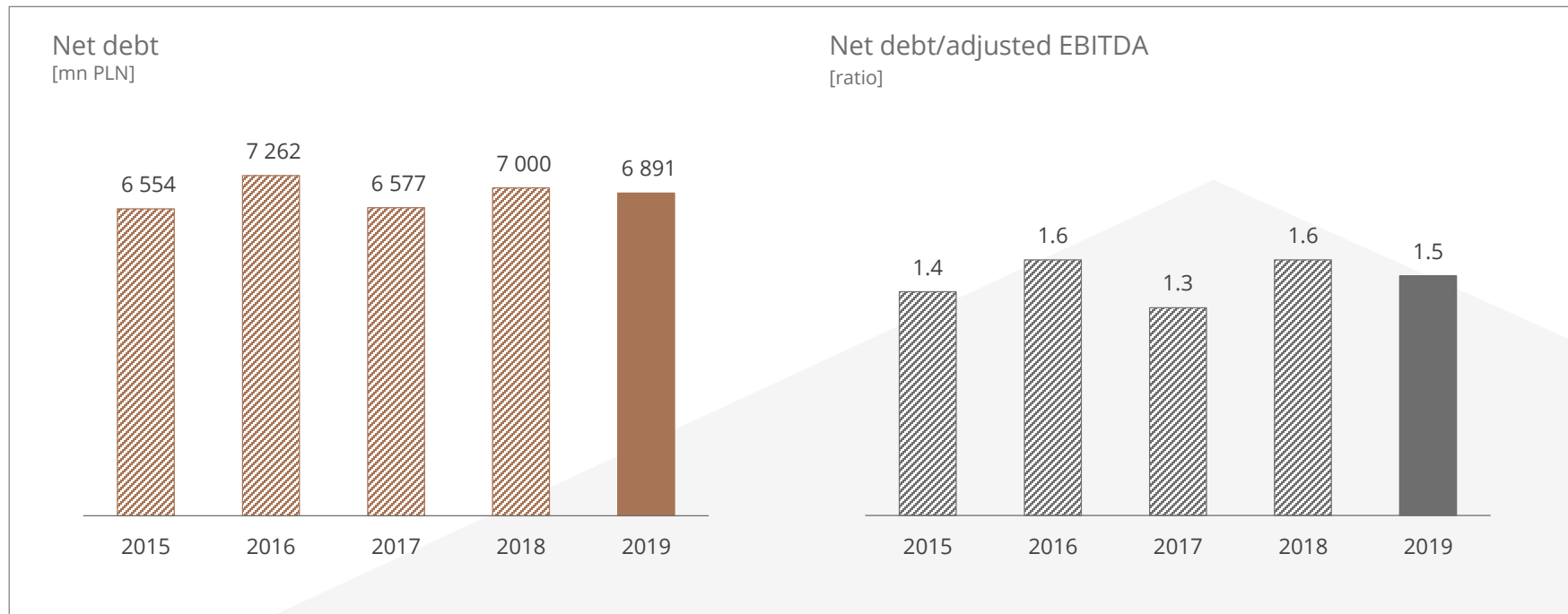


1) Sum of segments; adjusted EBITDA = EBITDA (profit/loss) on sales + depreciation/amortisation) adjusted by impairment losses on non-current assets

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

| KGHM Group – consolidated data | | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|----------|--------|--------|--------|--------|--------|
| Sales revenue | [mn PLN] | 20 008 | 19 156 | 20 358 | 20 526 | 22 723 |
| Profit/(loss) for the period | [mn PLN] | -5 009 | -4 449 | 1 525 | 1 658 | 1 421 |
| Total assets | [mn PLN] | 36 764 | 33 442 | 34 122 | 37 237 | 39 409 |
| Liabilities and provisions | [mn PLN] | 16 350 | 17 531 | 16 337 | 18 012 | 19 207 |
| Earnings per share (EPS) ¹⁾ | [PLN] | -25.06 | -21.86 | 7.84 | 8.29 | 7.11 |
| Share price of the Company ²⁾ | [PLN] | 63.49 | 92.48 | 111.20 | 88.88 | 95.58 |
| Net debt/EBITDA ³⁾ | | 1.4 | 1.6 | 1.3 | 1.6 | 1.5 |
| Payable copper production ⁴⁾ | [kt] | 718 | 677 | 656 | 634 | 702 |
| Payable silver production ⁴⁾ | [t] | 1 299 | 1 207 | 1 234 | 1 205 | 1 417 |
| Concentrate production cost C1 ⁴⁾ | [USD/lb] | 1.59 | 1.41 | 1.59 | 1.81 | 1.70 |
| Cash expenditures on property, plant and equipment & intangible assets | [mn PLN] | 3 939 | 3 251 | 2 796 | 2 875 | 3 232 |

1) Attributable to shareholders of the Parent Entity

2) At the end of the period

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%)



Production and financial results of the KGHM Group

Part II: H1 2019



Summation of the first half of 2020 in the KGHM Group

Main events and factors affecting the results of the Group¹⁾ in the age of the COVID-19 pandemic

Macroeconomic environment

-11%

Copper price

+9%

Silver price

+5.5%

Stronger USD vs the PLN

Production and C1 cost

-0.3%

Copper production

-1%

Silver production

-10%

C1 cost

Financial results

-2%

Revenues:
PLN 10 948 mn

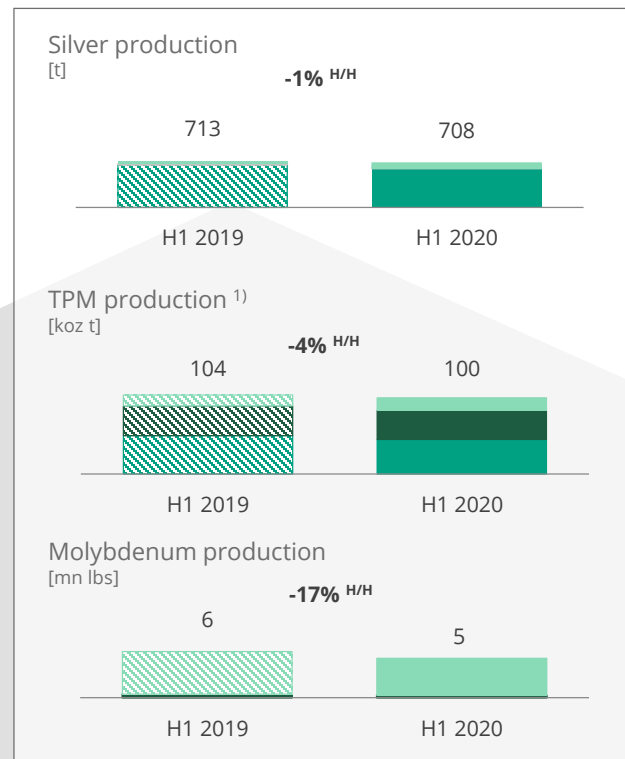
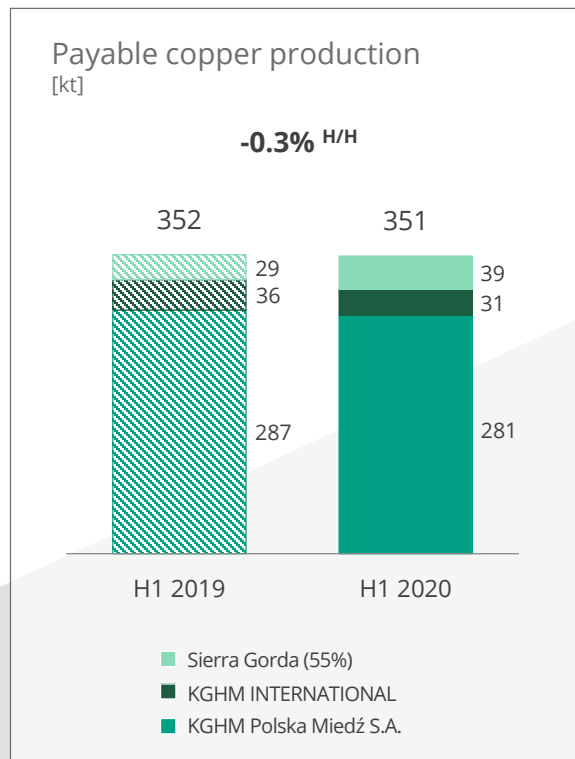
-3%

EBITDA:
PLN 2 651 mn

Metals production

KGHM Group

- Slightly lower production of electrolytic copper by KGHM Polska Miedź S.A. due to lower processing of own concentrate and the build-up of anode inventories due to the planned maintenance shutdown in Q3 2020 of the Głogów I Smelter/Refinery
- Lower copper production by KGHM INTERNATIONAL due to lower production by the Sudbury Basin and by the Robinson and Franke mines
- Higher copper production by the Sierra Gorda mine due to extracting higher copper grade ore and higher throughput
- Lower molybdenum production both by Sierra Gorda (extraction of ore with a lower Mo grade and lower recovery), and by Robinson (extraction from a low-quality transitional zone until Q1 2021)

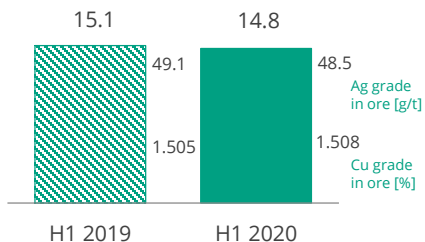


Production results

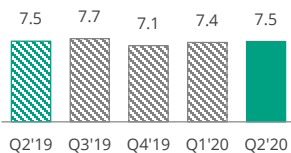
KGHM Polska Miedź S.A.

Ore extraction
[mn t dry weight]

-2.0% H/H



H1 2019 H1 2020

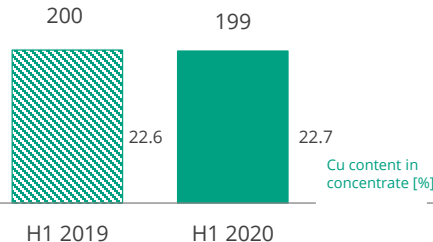


Q2'19 Q3'19 Q4'19 Q1'20 Q2'20

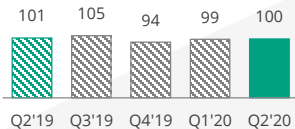
- Ore extraction results from areas selected for mining

Production of copper
in concentrate [kt]

-0.7% H/H



H1 2019 H1 2020

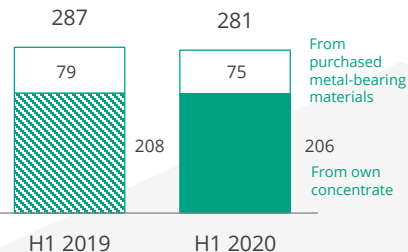


Q2'19 Q3'19 Q4'19 Q1'20 Q2'20

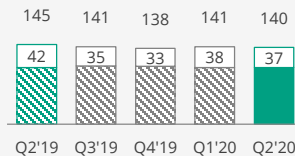
- Mined copper production

Electrolytic copper
production [kt]

-2.1% H/H



H1 2019 H1 2020

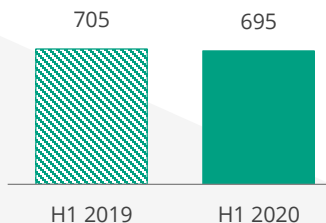


Q2'19 Q3'19 Q4'19 Q1'20 Q2'20

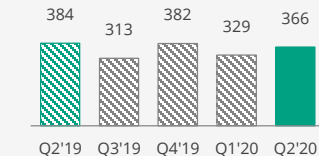
- Half-year production in line with targets; Production achieved in H1 2020 vs H1 2019 related to the availability of charge materials on the market

Metallic silver
production [t]

-1.4% H/H



H1 2019 H1 2020



Q2'19 Q3'19 Q4'19 Q1'20 Q2'20

- Lower production due to lower mineral grade in ore

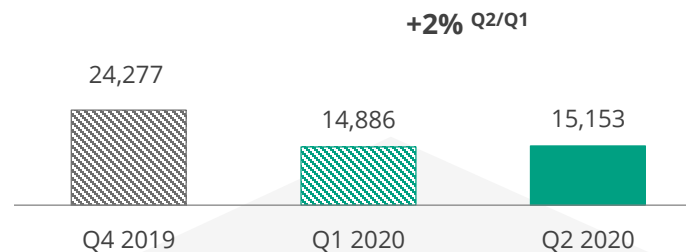
Change in inventories

KGHM Polska Miedź S.A.

Inventories of copper in concentrate at the smelters

amount of Cu [t]

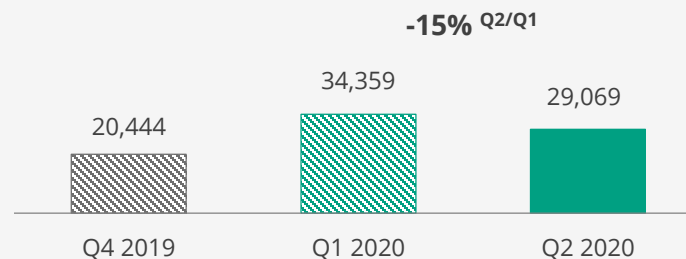
- Slight rise in concentrate inventories due to the start of the planned maintenance shutdown at the Głogów I smelter



Inventories of copper anodes at the smelters

amount of Cu [t]

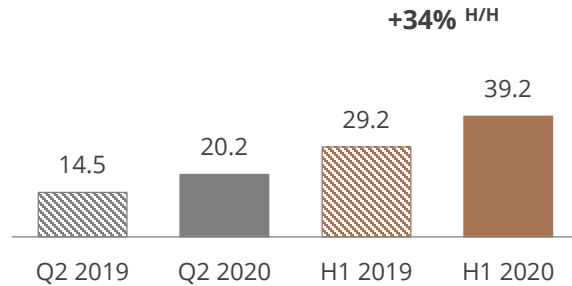
- A higher level of anodes due to the build-up of anode inventories which will be consumed in Q3 2020 during the 10-week maintenance shutdown at the Głogów I smelter (commenced in June)



Production results

Sierra Gorda¹⁾

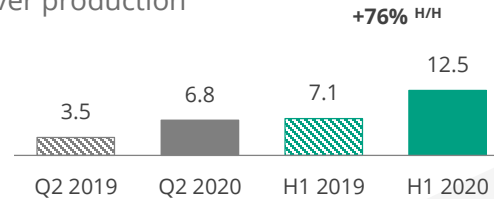
Payable copper production
[kt]



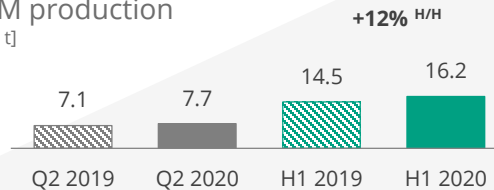
Higher than expected copper production after the first 6M of 2020

- Higher payable copper production in H1 2020 compared to H1 2019 due to higher extraction and ore throughput
- In H1 2020 ore with a higher copper content was extracted compared to H1 2019

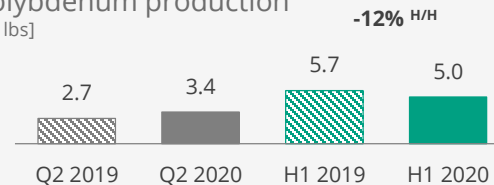
Silver production
[t]



TPM production
[koz t]



Molybdenum production
[mn lbs]

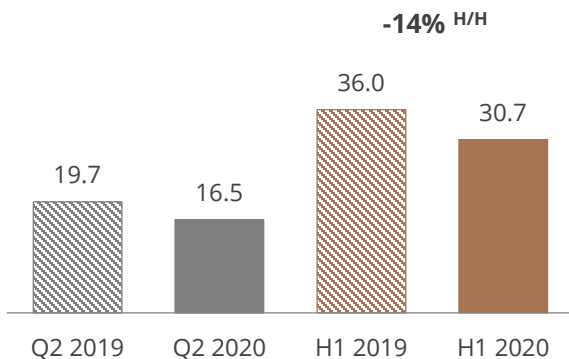


- Higher extraction by the Sierra Gorda mine lead to higher production of copper, silver and gold
- Lower molybdenum production due to extraction in areas with lower molybdenum content compared to ore extracted in prior periods

Production results

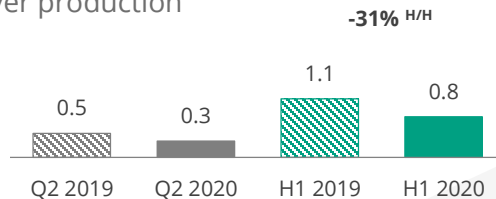
KGHM INTERNATIONAL

Payable copper production
[kt]

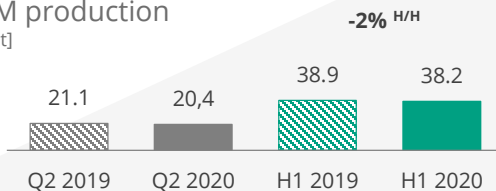


- Lower production in the Sudbury Basin (lower extraction and lower copper content in ore), in the Robinson mine (extraction from a low-copper-grade transitional zone, lower recovery) and in the Franke mine (lower copper content in ore and lower recovery)

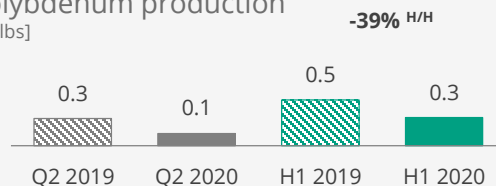
Silver production
[t]



TPM production
[koz t]



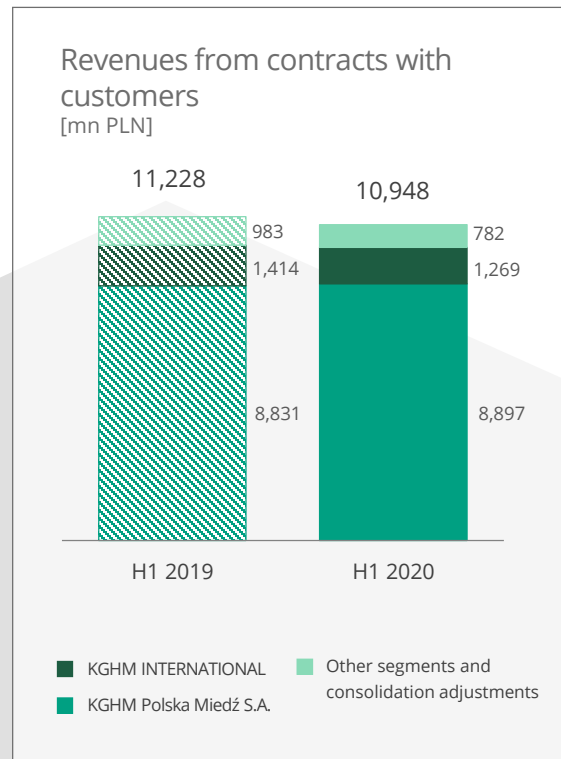
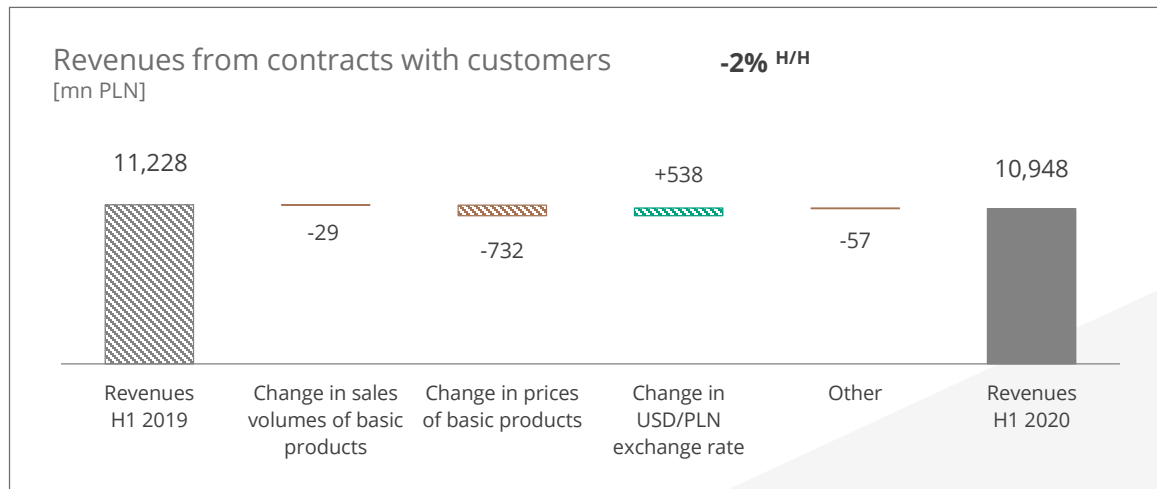
Molybdenum production
[mn lbs]



- Lower silver production in the Sudbury Basin due to lower extraction and lower silver content in ore
- Lower gold production by the Robinson mine (mining from a poor-quality transitional zone until Q1 2021), which was not offset by higher TPM production in the Sudbury Basin
- Lower molybdenum production by the Robinson mine due to mining from a poor-quality transitional zone until Q1 2021

Sales revenue

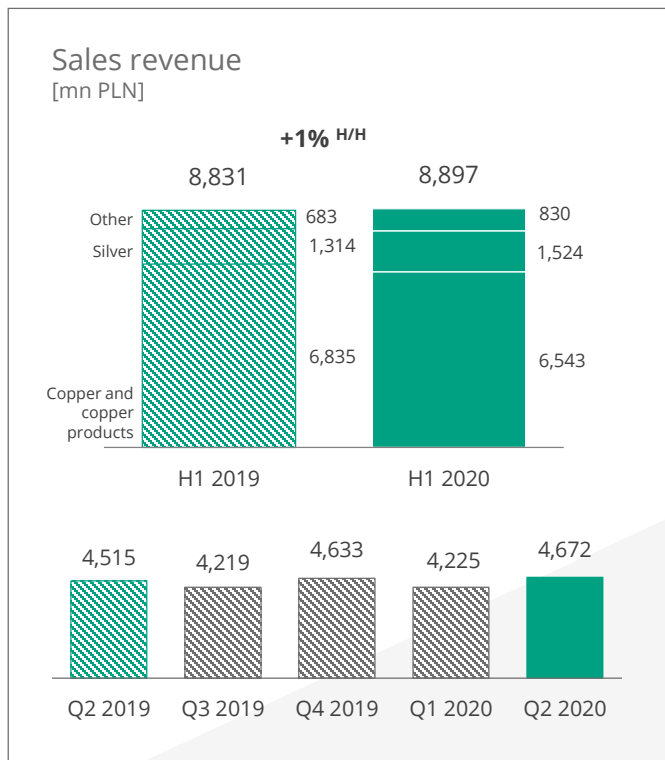
KGHM Group



- Lower revenues by PLN 280 million (-2%) versus the corresponding period of 2019, including lower revenues of KGHM INTERNATIONAL by PLN 145 million and of other segments by PLN 148 million
- Lower revenues in KGHM INTERNATIONAL mainly due to lower copper prices and lower revenues achieved by companies operating under the DMC brand

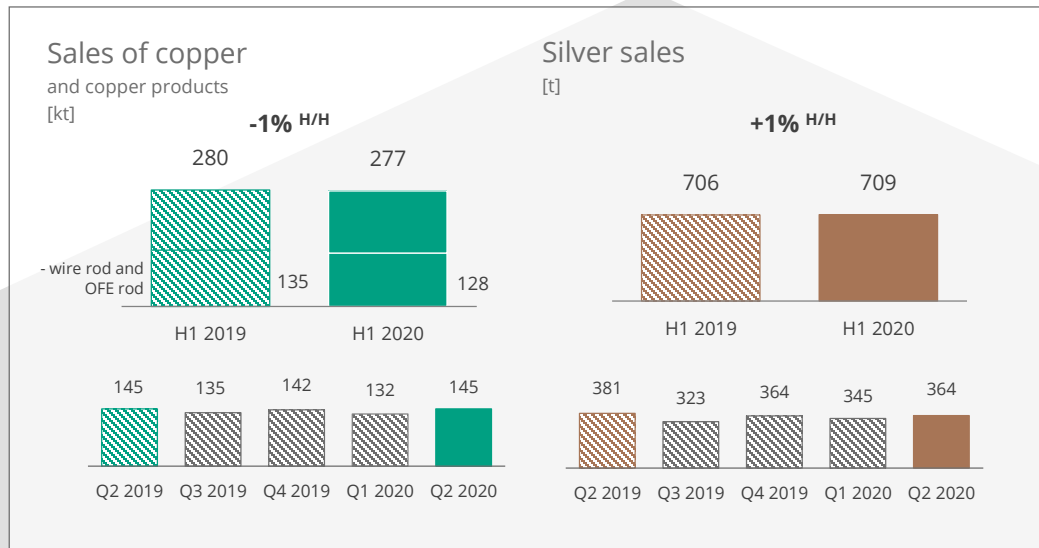
Sales revenue

KGHM Polska Miedź S.A.



Higher revenues from sales by PLN 66 million (+1%) in H1 2020 compared to H1 2019 due to :

- a more favourable USD/PLN exchange rate (+6%) and
- higher prices of silver (+9%) and gold (+26%)
- alongside less favourable copper prices (-11%)



The financial situation of the KGHM Group remains stable and safe

2020
Budget

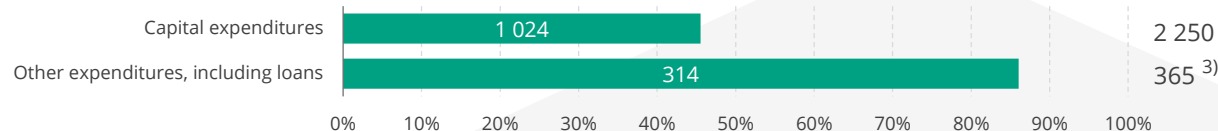
Total unit production cost

of electrolytic copper from own concentrate
KGHM Polska Miedź S.A.¹⁾
[k PLN/t]



Investments

KGHM Polska Miedź S.A.²⁾
[mn PLN]



Financial leverage of the KGHM Group

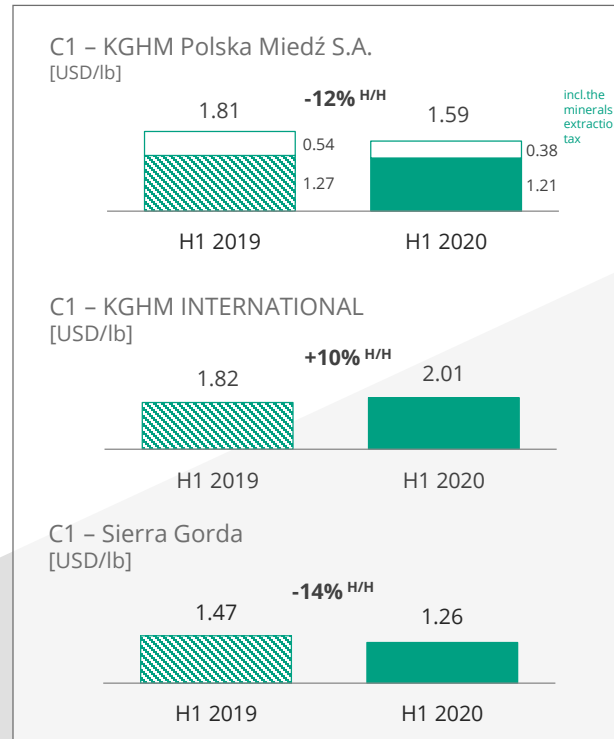
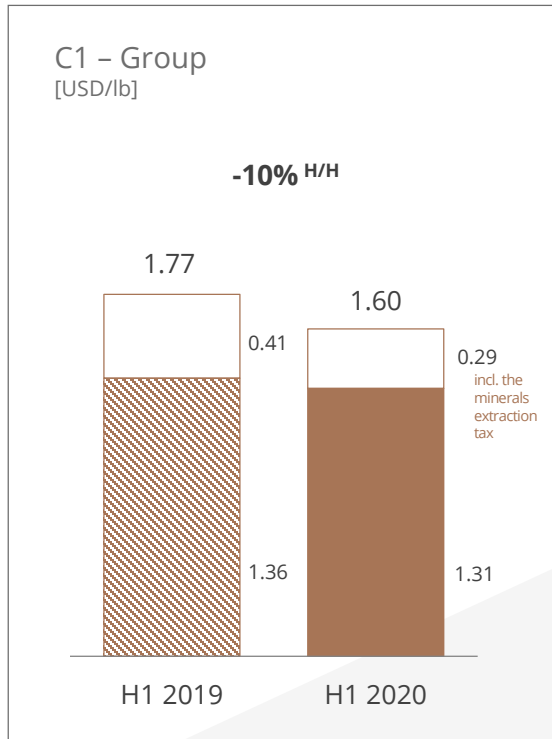
[net debt / adjusted EBITDA]⁴⁾



- 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 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 cost¹⁾

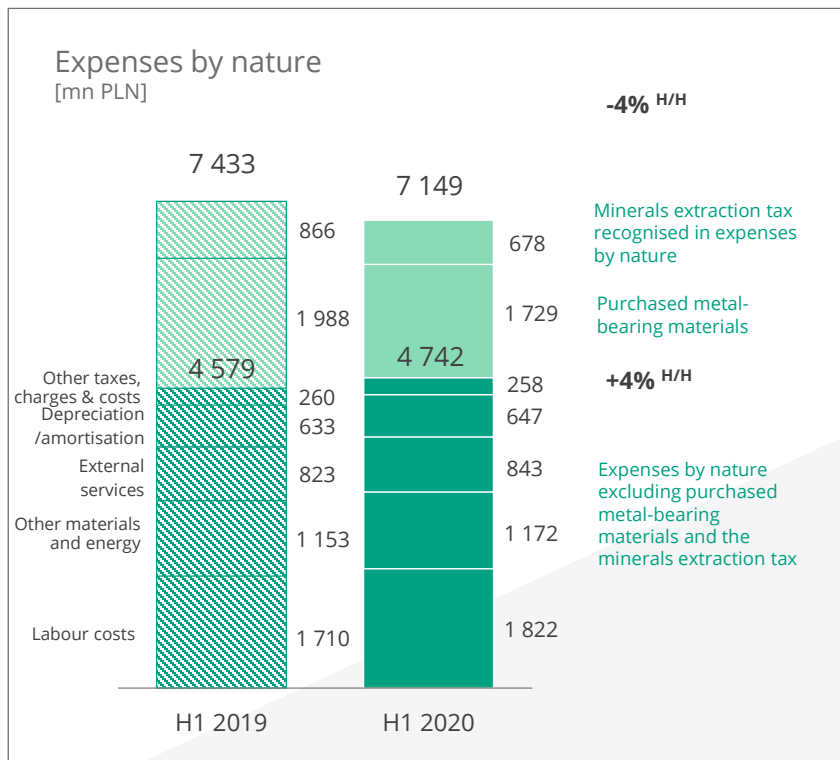
KGHM Group



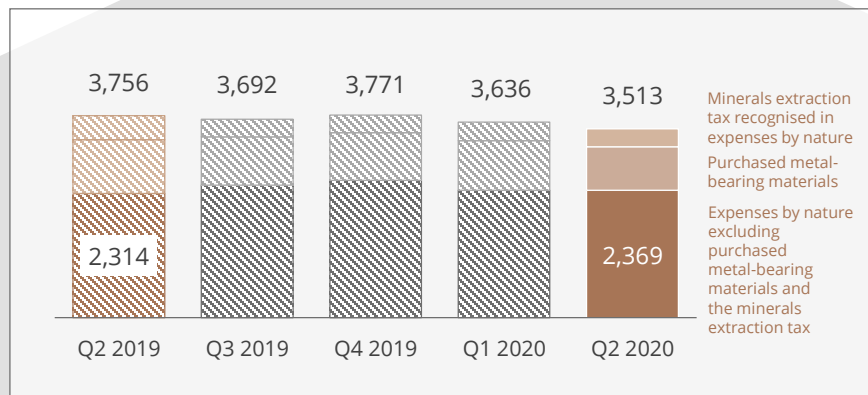
- The decrease in C1 cost in KGHM Polska Miedź S.A. by 12% versus the first half of 2019 was mainly due to a weakening of the PLN vs the USD and to a lower minerals extraction tax
- The increase in C1 by 10% in KGHM INTERNATIONAL was due to higher operating costs and to a lower sales volume and the measurement of inventories
- The decrease in C1 cost in Sierra Gorda by 14% was due to lower operating costs with a higher copper sales volume

Expenses by nature

KGHM Polska Miedź S.A.

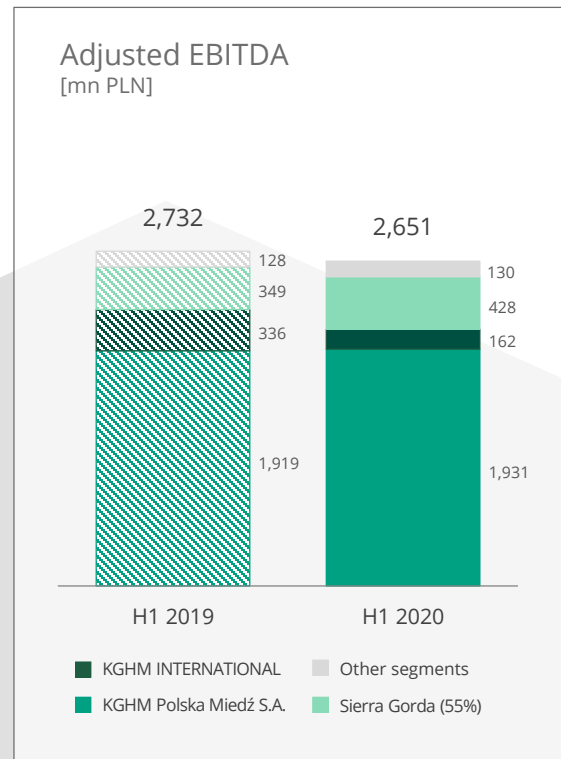
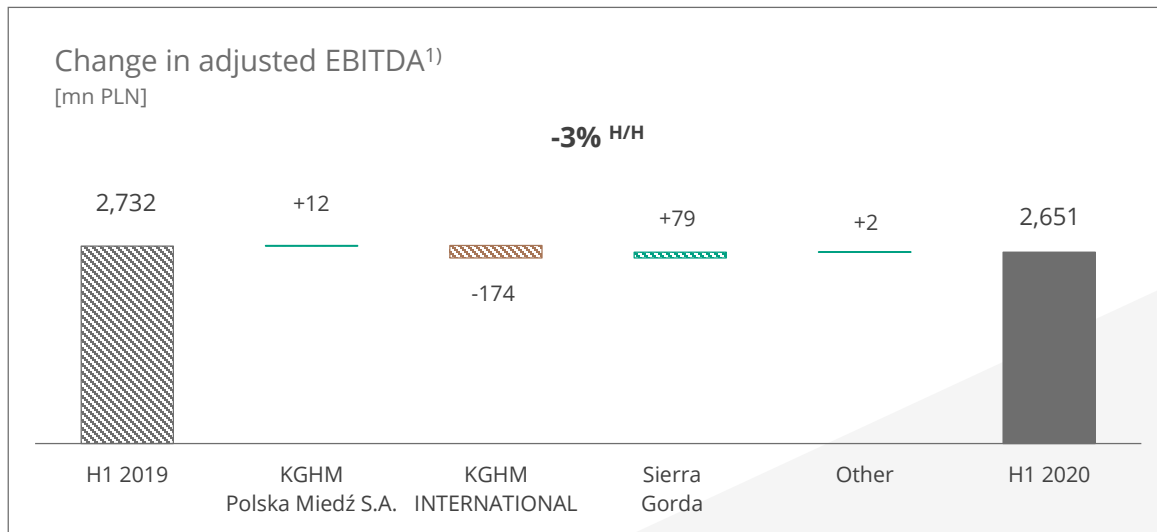


- Expenses by nature were lower by PLN 284 million (4%) mainly due to lower costs of consumption of purchased metal-bearing materials by PLN 259 million and a lower minerals extraction tax charge by PLN 188 million
- Expenses by nature, excluding purchased metal-bearing materials and the minerals extraction tax, were higher versus the prior year by PLN 163 million, or 4%, mainly due to higher labour costs (+PLN 112 million)



Operating results

KGHM Group



- Lower adjusted EBITDA of the Group (-PLN 81 mn) due to the lower result of KGHM INTERNATIONAL (-PLN 174 mn; -52%)

Financial results

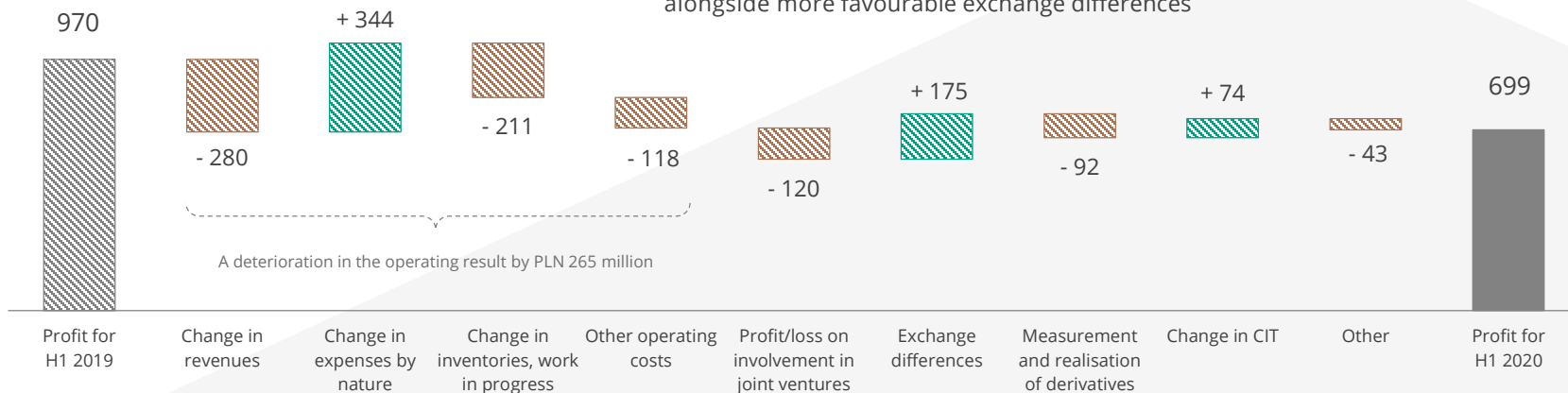
KGHM Group

Profit for the period **-28%^{H/H}**
[mn PLN]

PLN 699 million consolidated net profit for H1 2020

Group profit for the period lower by PLN 271 million (-28%) mainly due to:

- a lower result on operating activities
- a lower result on involvement in joint ventures
- a lower result on the measurement and realisation of derivatives alongside more favourable exchange differences

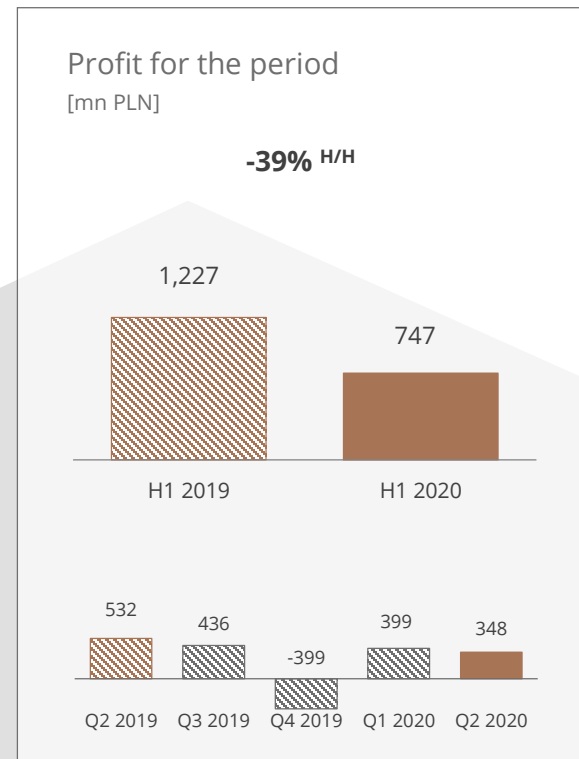
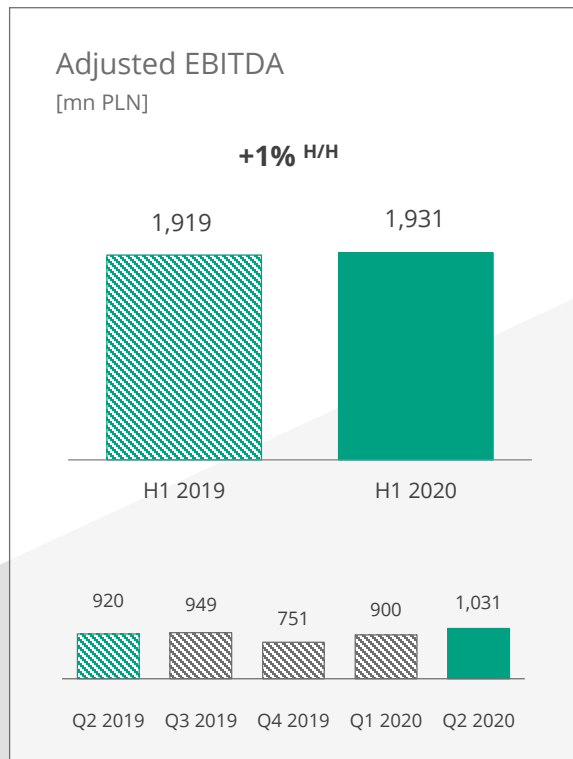


EBITDA and profit for the period

KGHM Polska Miedź S.A.

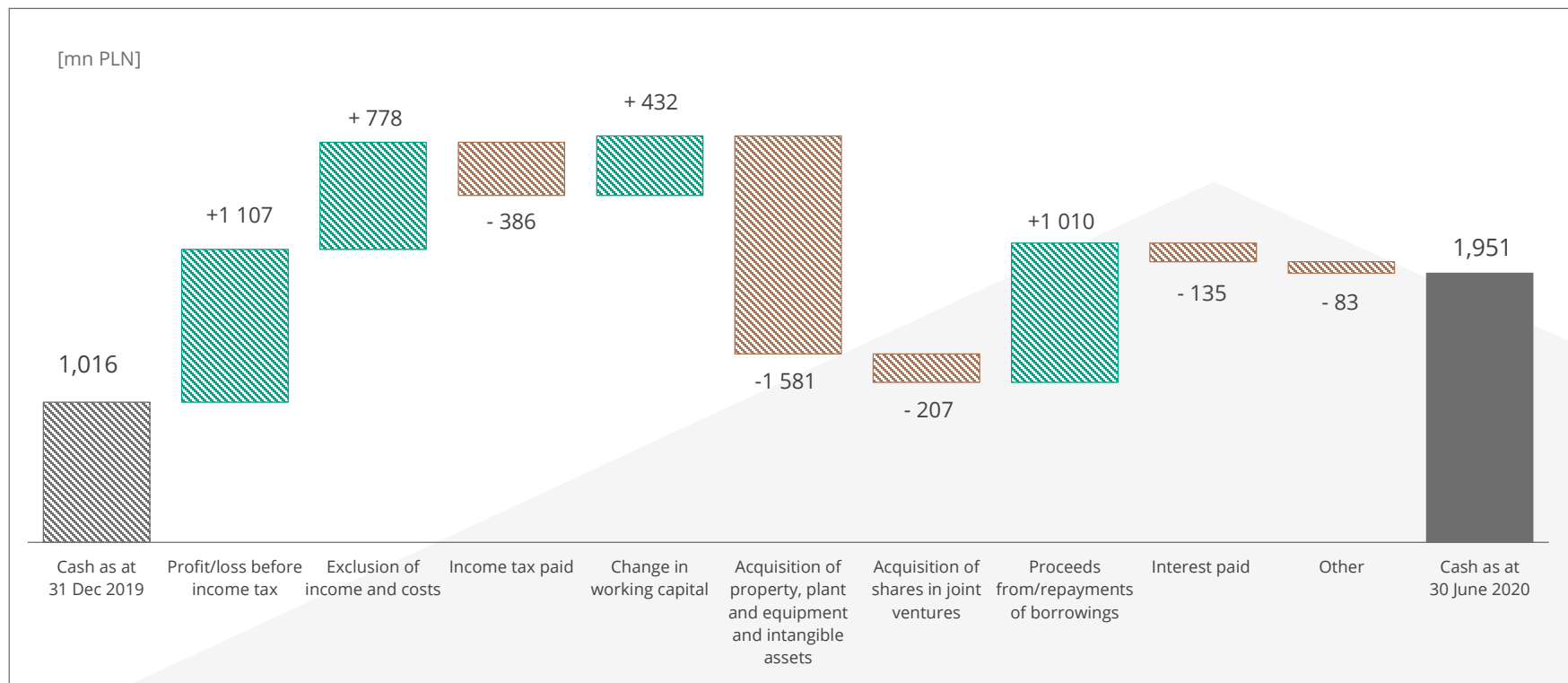
Similar EBITDA with lower net profit

- EBITDA at a similar level to that achieved in H1 2019
- Lower net profit of PLN 480 million (-39%) than in H1 2019, mainly due to a change in the measurement of financial assets



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

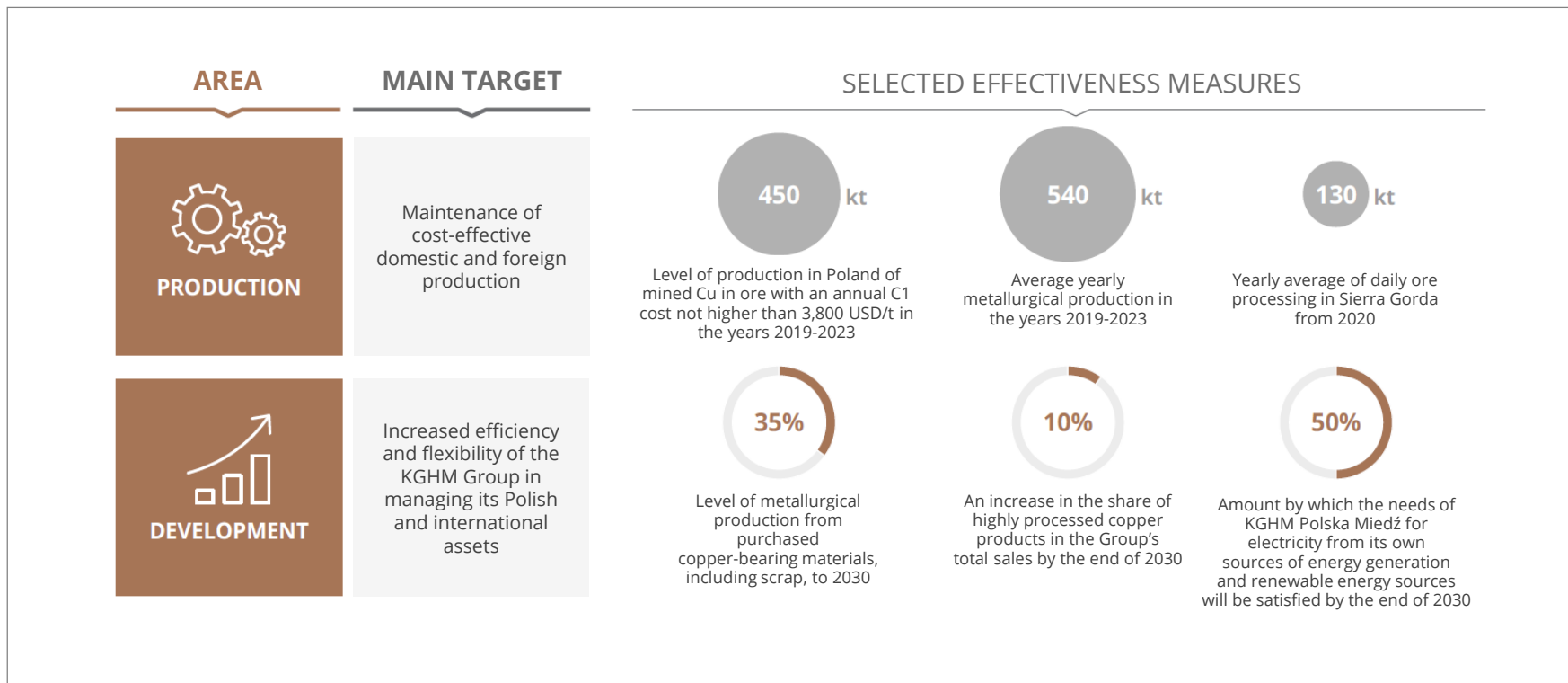
#6 Technologies of the future

#7 New quality
Safety and development



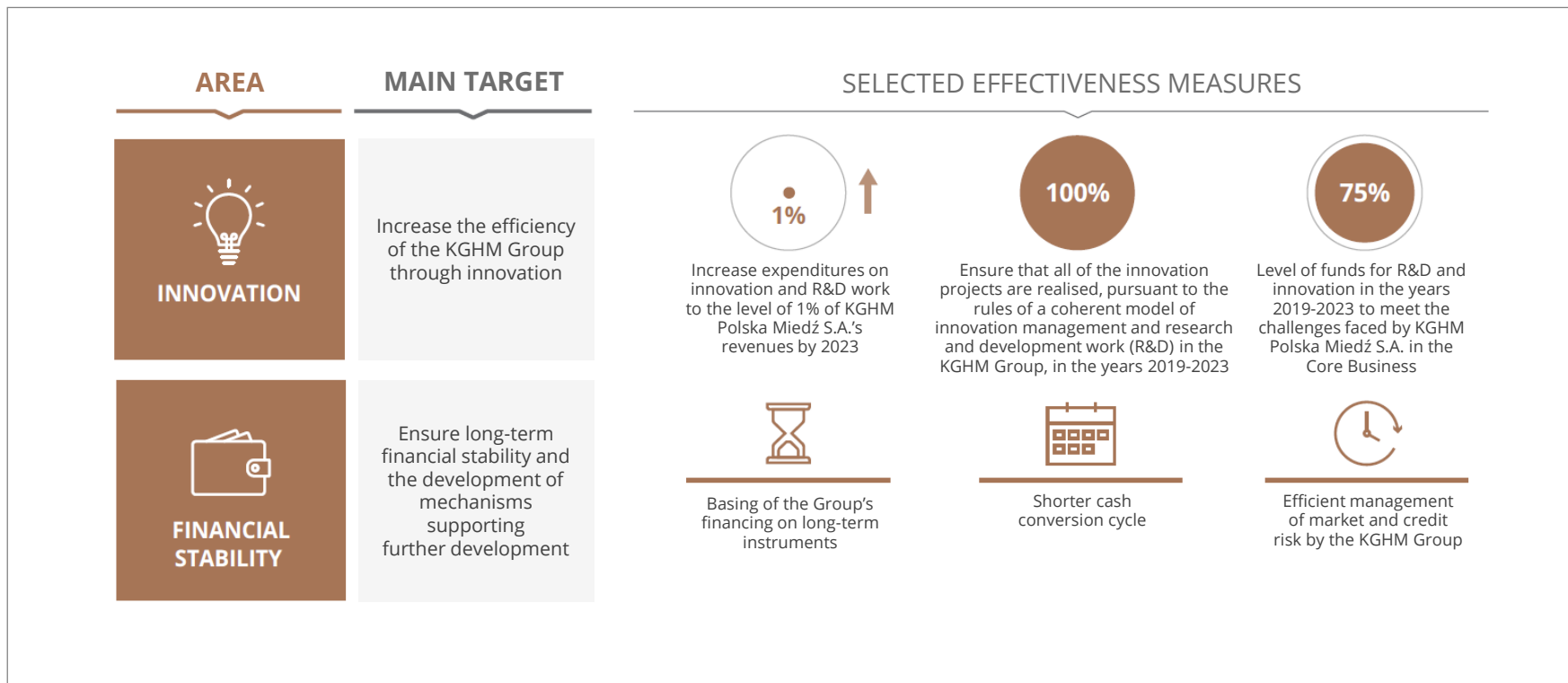
Strategy in practice

Selected key operating initiatives (1)



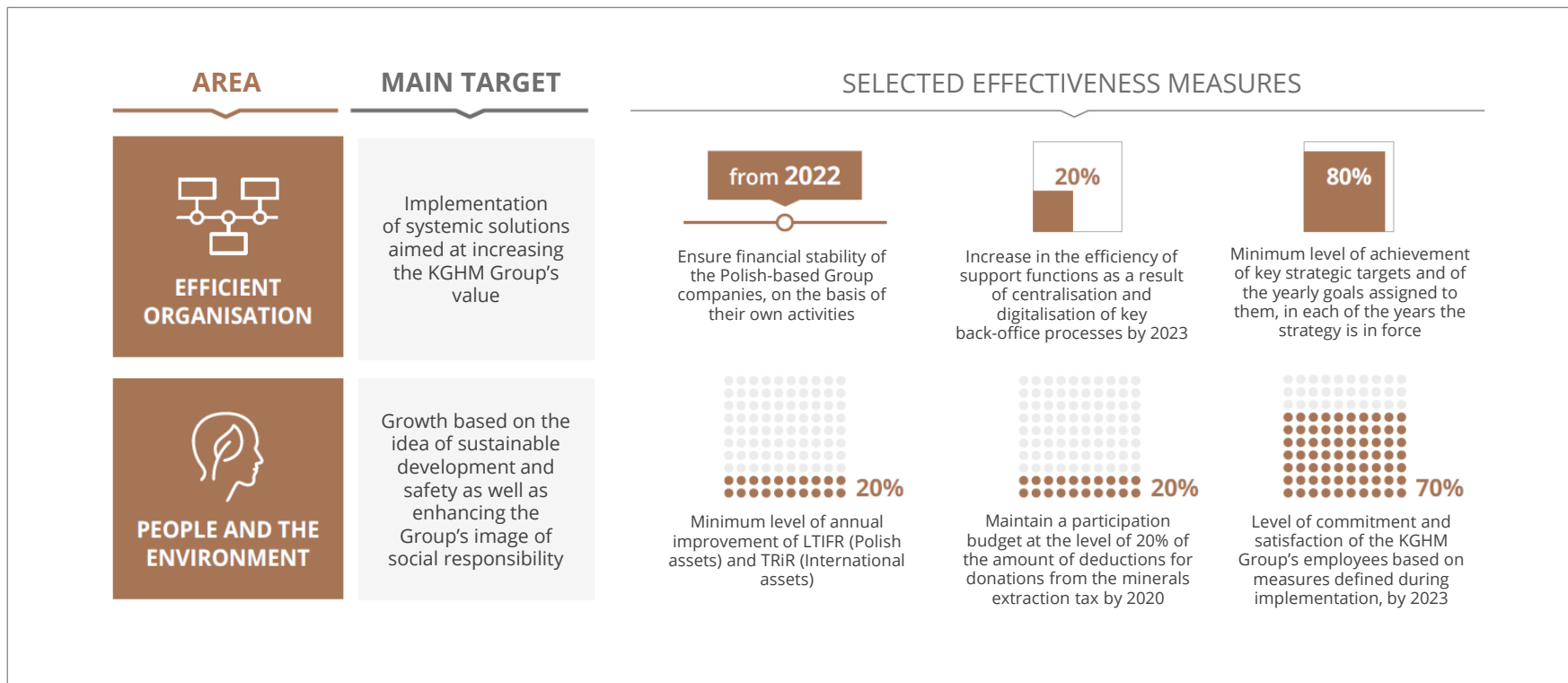
Strategy in practice

Selected key operating initiatives (2)



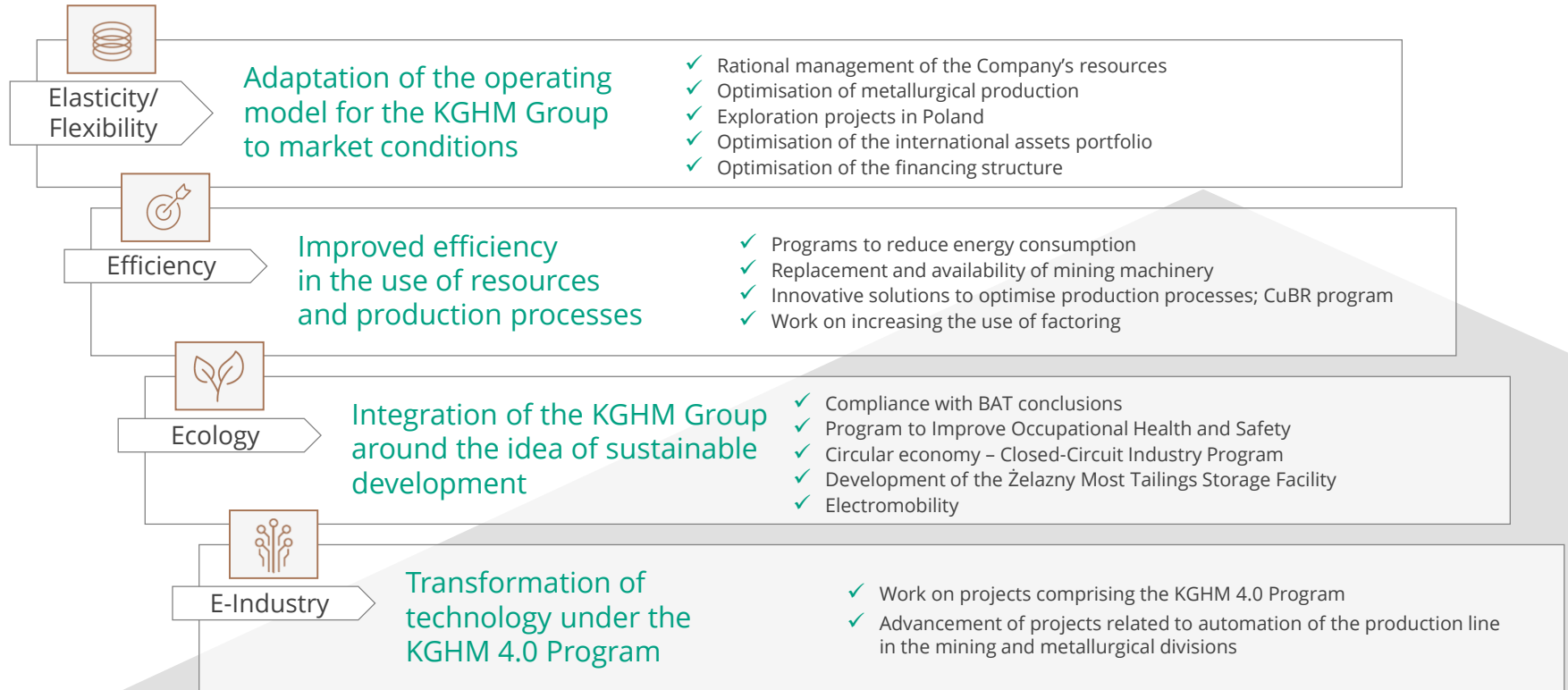
Strategy in practice

Selected key operating initiatives (3)



Consistent advancement of the strategy

Key areas – 4E



A consistent and rational investment program

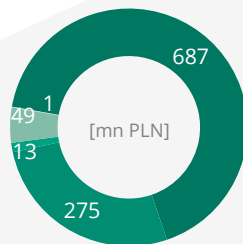
Capital expenditures by KGHM Polska Miedź S.A. for the first half of 2020



CAPEX execution in H1 2020

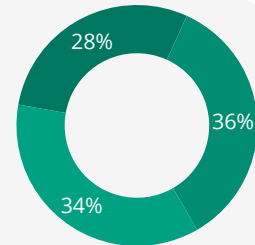
by area

- Mining (67%)
- Metallurgy (27%)
- Other activities (1%)
- Leasing MSSF 16 (5%)
- Development - uncompleted



by category

- Replacement (28%)
- Maintaining mine production (36%)
- Mine development (34%)



CAPEX and budget in H1 2019



1 020 mn PLN

CAPEX execution in H1 2019

2 516 mn PLN

CAPEX budget target for 2019

Selected development projects

CAPEX execution in H1 2020

PLN 193 million

Deposit Access Program

- ↳ 20.4 km of tunneling were excavated
- ↳ The GG-1 shaft reached a depth of 1166.5 m
- ↳ GG-2 „Odra” shaft – changes made to planning documentation, talks carried out with property owner
- ↳ Gaworzyce shaft – the spatial plan was handed over; actions begun regarding siting of the shaft

PLN 151 million

Development of Żelazny Most Tailings Storage Facility – Southern Quarter

- ↳ Southern Quarter – work advancing on schedule, 80% of the planned work has been completed
- ↳ Tailings Segregation and Thickening Station – work continues on building internal installations for the hall, 66% of the planned work has been completed

PLN 6.8 million

KGHM 4.0 Program

- ↳ The project „Locating persons and machines in the underground mines” was advanced at the Polkowice-Sieroszowice mine with access assured to broadband data transmission at the working faces of the mines
- ↳ Pilot phase of a CMMS completed in sections of the Metallurgical Plants, Concentrators and Tailings Divisions, stage two of implementation commenced
- ↳ Work begun on a project to implement a system to monitor the diesel fueling process
- ↳ Business testing completed on a CRM system

PLN 55 million

Program to adapt the technological installations to BAT Conclusions

- ↳ Głogów Smelter/Refinery: construction and assembly work on most projects, testing performed on the Kaldo furnace gases desulphurisation installation
- ↳ Legnica Smelter/Refinery: design work performed, pre-fabricated parts received, executory documentation, work underway to obtain administrative decisions

PLN 12.5 million

Exploration projects

- ↳ in the following concessions:
 - ↳ „RETKÓW-ŚCINAWA”: work completed on a drillhole, restoration work carried out, geological documentation developed
 - ↳ „GŁOGÓW”: work begun on sinking the S-839 drillhole
 - ↳ „PUCK”: work begun to prepare for sinking of another drillhole



New Development Programs

Work begun on Investment Phase of new development projects under Strategic Programs:

- ↳ Construction of a Solar Power Plant – Energy Development Program
- ↳ Hybrid Smelter Program at Legnica Plant
- ↳ Construction of a CuOFE+alloy production line - Program to Extend the Value Chain, under the program to Intensify Production of Oxygen-Free Copper at Cedyňa



Supporting slides



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

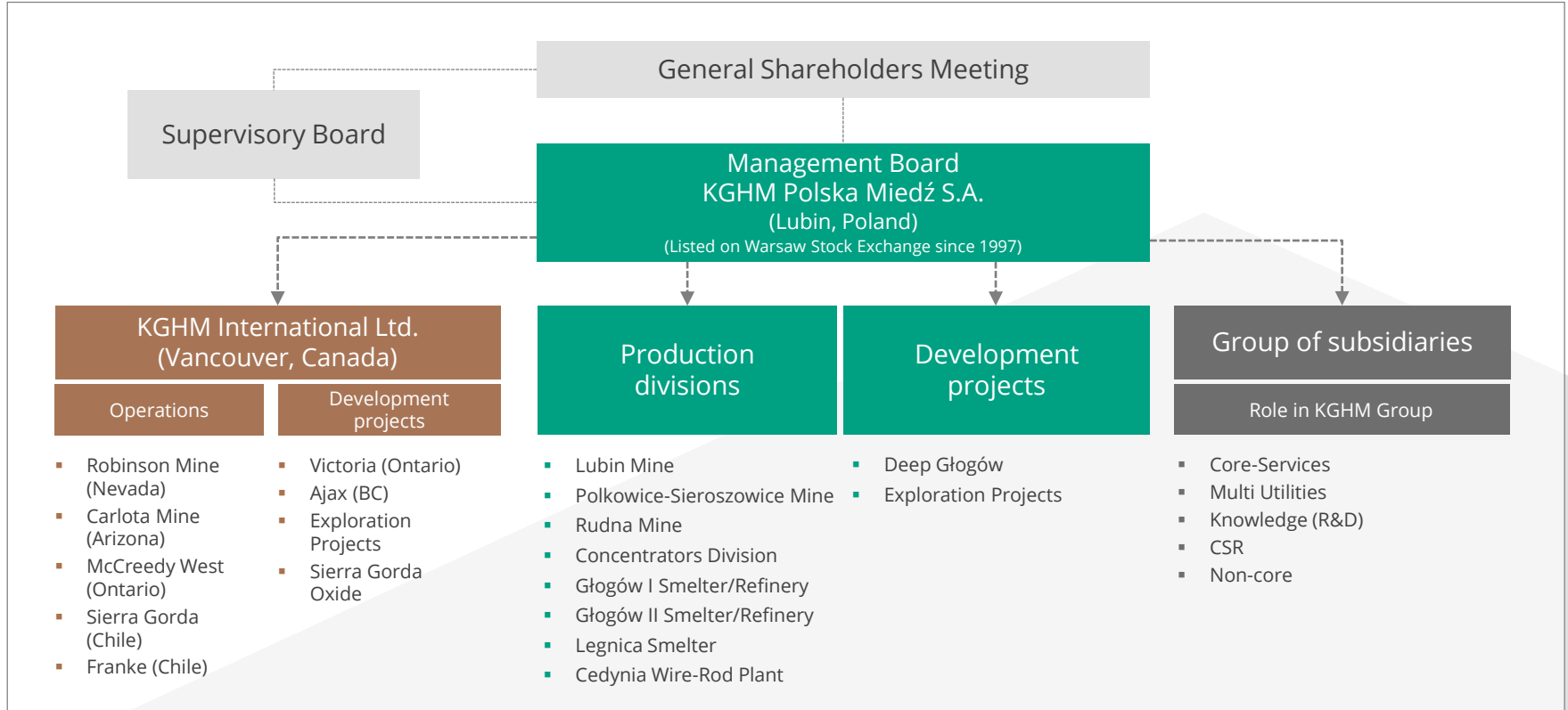
A reliable producer, a trusted business partner and a company committed to sustainable development

Experienced management with a proven track record of success

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

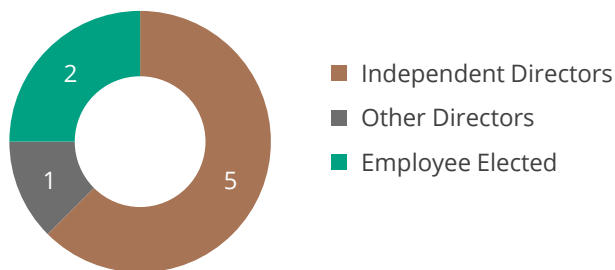
A rational leveraging policy with a safe level of the net debt/EBITDA ratio and long-term financing ensured through the Bond Issue Program

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:

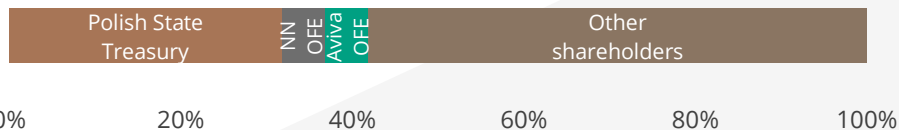
- All members of KGHM's Supervisory Board are appointed by the General Shareholders Meeting
- All of KGHM's shares have equal voting rights (no preferred stock)
- 5 independent members of the Supervisory Board ¹⁾
- Committees of the Supervisory Board:
 - Strategy Committee
 - Audit Committee
 - Remuneration 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.

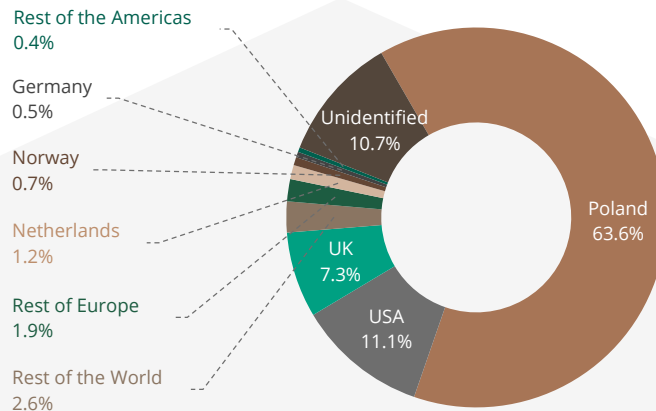
Ownership structure

| 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% |
| Total | 200,000,000 | 100.00% | 100.00% |



Geographical ownership structure

[% of shares]



Share price performance

Basic quotes

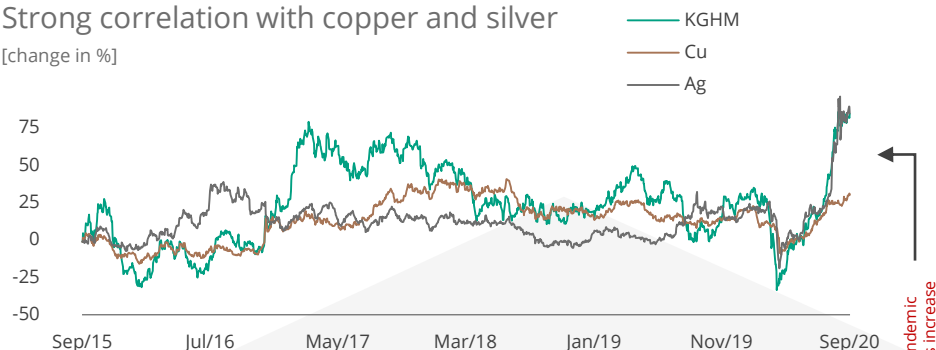
| | | |
|--------------------------|----------------------------|--------------|
| WSE debut | 10 th July 1997 | |
| GPW ticker | KGH | |
| Bloomberg/Reuters ticker | KGH PW / KGH.WA | |
| Share price [PLN] | 136.25 | |
| Capitalization [bn PLN] | 27.25 | |
| No. of shares | 200 000 000 | |
| Share capital [PLN] | 2 000 000 000 | |
| 52 weeks ¹⁾ | Max/min share price [PLN] | 139.35/49.40 |
| | Spread min/max [PLN] | 89.95 |
| | Avg. share price [PLN] | 89.91 |
| | Avg. volume | 715 400 |
| | Avg. turnover [mn PLN] | 62.9 |

Data: KGHM Polska Miedź, stooq.pl, as of 1st September 2020

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.

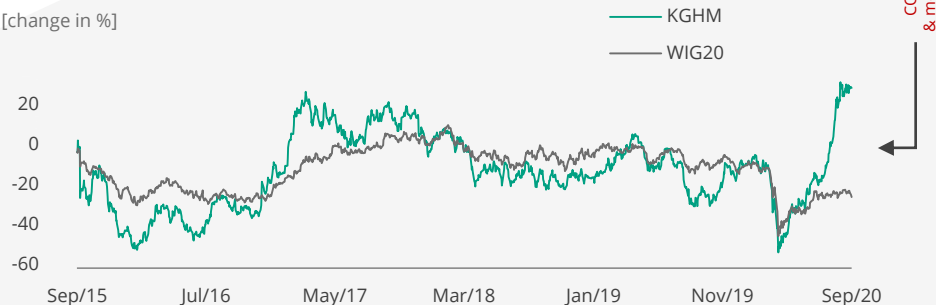
Strong correlation with copper and silver

[change in %]



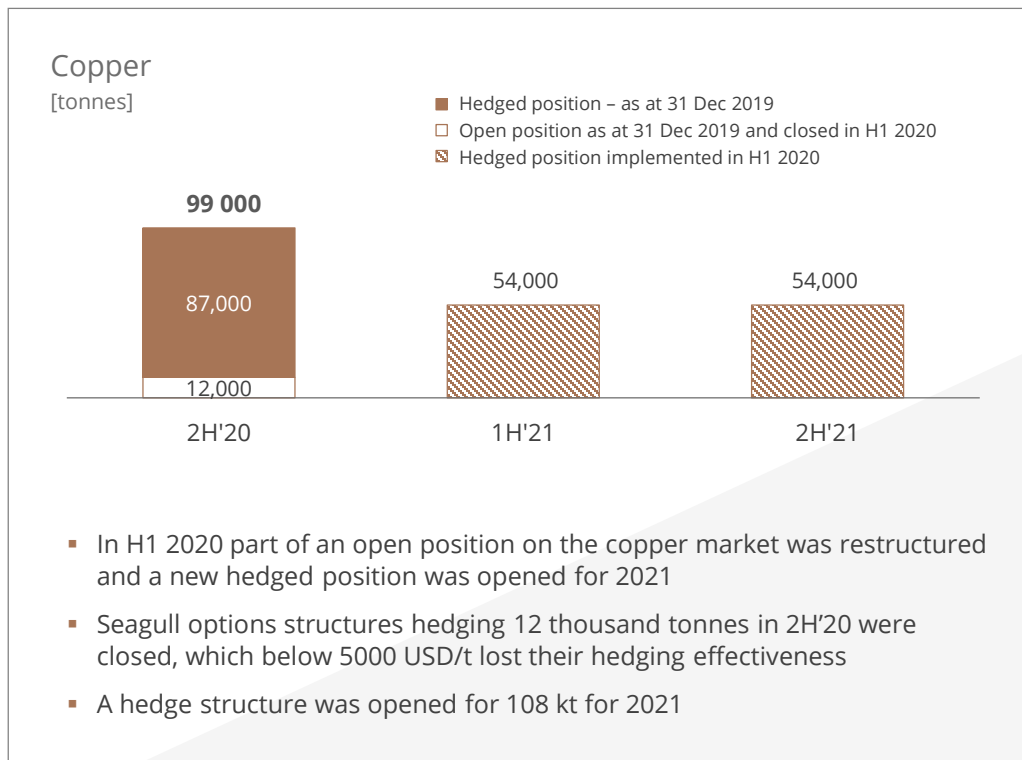
...as well as WIG20 index

[change in %]



Market risk management

Hedged position on the copper market (as at 30 June 2020)



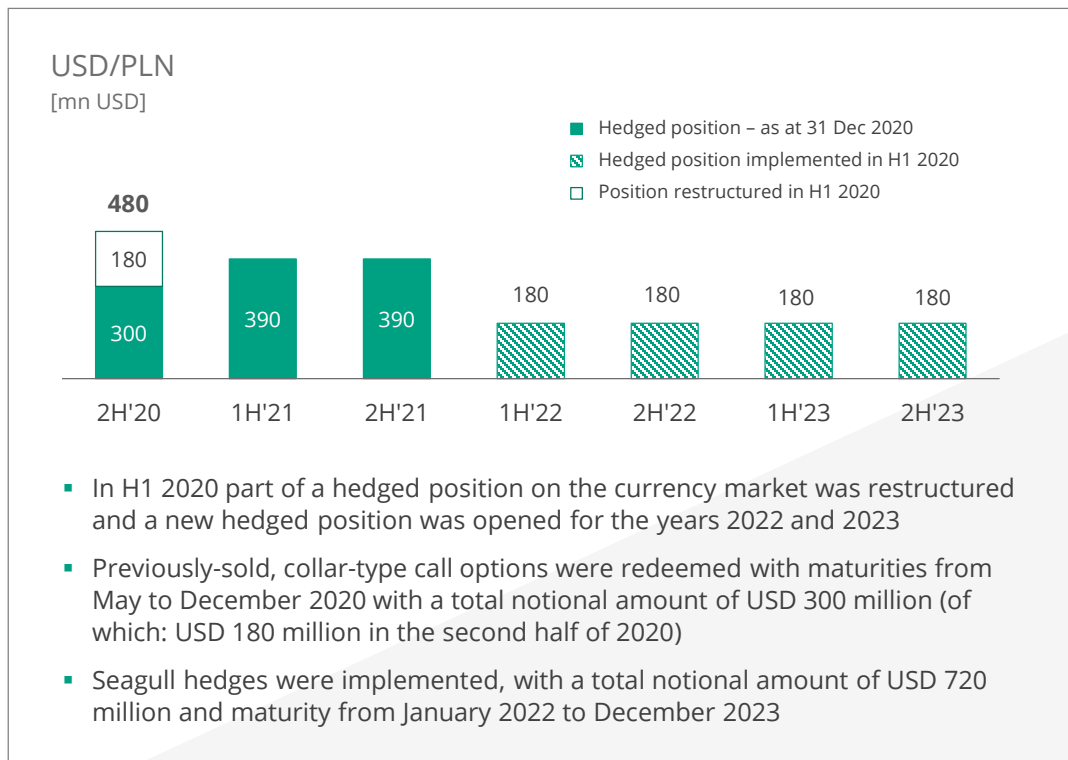
In 1H 2020 KGHM Polska Miedź S.A. recorded a result on derivatives* and hedges in the amount of PLN 175 million:

- PLN 292 million adjusted revenues from contracts with customers (transactions settled to 30 June 2020)
- PLN 109 million decreased the result on other operating activities
- PLN 8 million decreased the result on finance activities
- The fair value of derivatives in KGHM Polska Miedź S.A. as at 30 June 2020 amounted to -PLN 213 million*
- The revaluation reserve on cash flow hedging instruments as at 30 June 2020 amounted to -PLN 515 million

* excludes embedded instruments

Market risk management

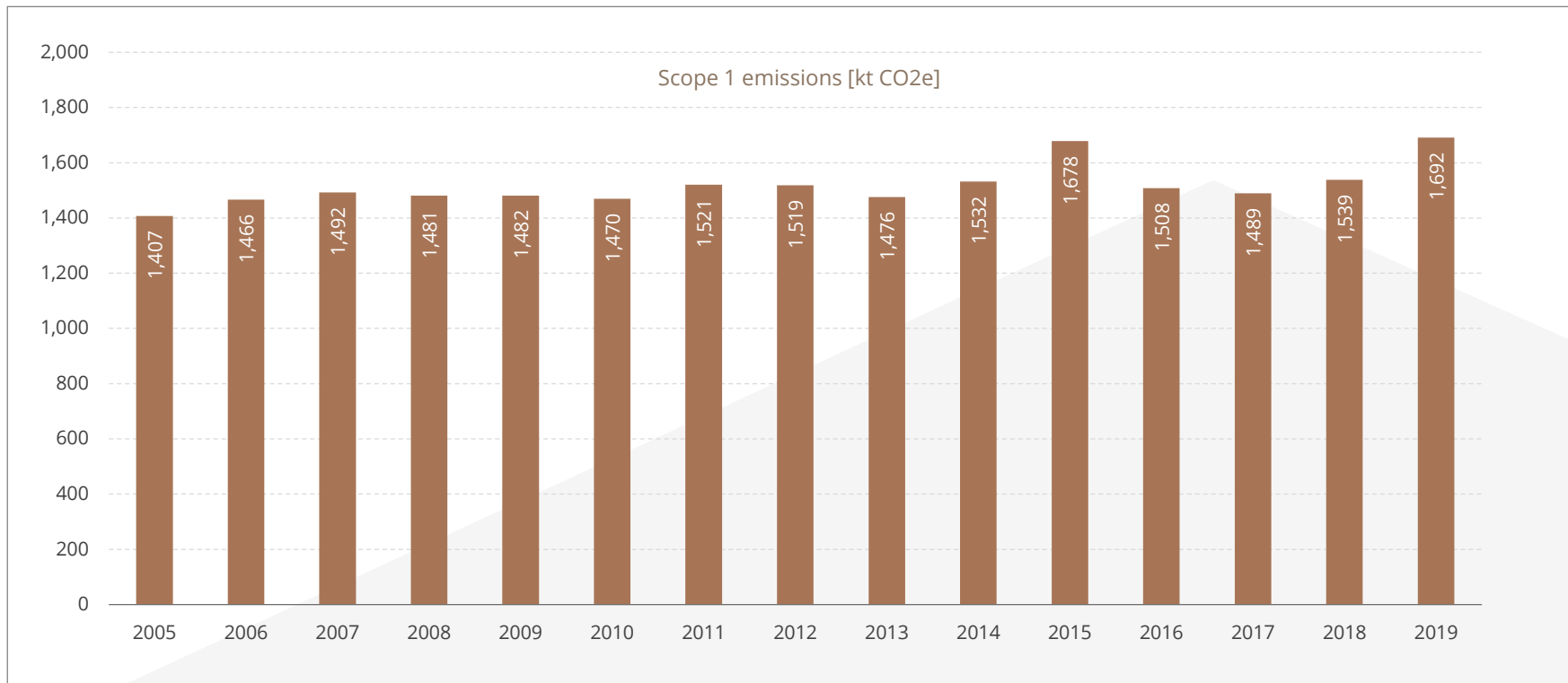
Hedged positions on the silver, currency and interest rate markets (as at 30 June 2020)



- At the end of the first half of 2020, a hedged position existed for 1.8 mn troy ounces of silver in H2 2020
- As at 30 June 2020 the Parent Entity held open CIRS (Cross Currency Interest Rate Swap) transactions for the total notional amount of PLN 2 billion, hedging against market risk related to the issue of bonds in PLN with a variable interest rate
- In addition, as at 30 June 2020 the Parent Entity held open CAP derivative transactions on the interest rate market for 2020 as well as bank and other loans bearing fixed interest rates

CO₂ emissions by KGHM Polska Miedź S.A.

ETS¹⁾ direct emissions + nonETS [kt CO₂]



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ir@kgm.com

+48 76 74 78 280