



**Investor chat of KGHM Polska Miedź S.A.**



# INVESTOR CHAT

**Mateusz Wodejko**

Vice President of the Management Board (Finance)



**19th May  
2023**



**12:00**






Link to the original chat (in Polish): [KGHM - Investor chat](#)



On Friday, 19<sup>th</sup> May 2023, an investor chat was held with the CFO of KGHM, Mr. Mateusz Wodejko. During the chat, we discussed the financial results for the first quarter of 2023. Investors also posed questions about the situation on the copper market, the dividend policy and the implementation of the strategy.













385 people participated in the chat, and the Vice President of the Management Board responded to nearly 20 questions.










Please feel free to read through the chat.

Following is the transcript of the chat

	<p><b>Janusz Maruszewski</b> Hello and welcome to our investor chat with the CFO of KGHM, Mr. Mateusz Wodejko. The chat is open, we invite you to follow the discussion and to ask questions!</p>
	<p><b>Mateusz Wodejko</b> Good morning, welcome to our investor chat related to the results for Q1 2023. During our meeting today, I will answer your questions. Feel free to ask questions.</p>
	<p><b>Investor</b> Mr. President, please comment on the net result. A lot about revenues, operating result and little about a weak net profit.</p>
	<p><b>Mateusz Wodejko</b> Please note that the net result was significantly affected on the one hand by one-off events and exchange rate differences, and on the other hand by the cost pressure caused by inflationary factors resulting from Russia's aggression against Ukraine.</p>

	<p><b>Investor</b> I would also like to ask when can we expect the announcement of convening the General Meeting?</p>
	<p><b>Mateusz Wodejko</b> At the moment, there is no date for convening the Ordinary General Meeting. Generally, it should take place within six months after the end of each financial year. Please follow our website, via which we will inform you about the planned date of the General Meeting through a regulatory filing.</p>
	<p><b>Guest</b> Good morning, how is the situation in the Sierra Gorda mine and Chile in general? How do you assess the legal/tax risks for your local mine?</p>
	<p><b>Mateusz Wodejko</b> Based on currently available information, we assess the tax risk as limited, hence, as we mentioned during yesterday's results conference, together with our Australian partner, we are considering further investments in the development of the Sierra Gorda mine.</p>
	<p><b>Guest</b> What are your expectations regarding copper prices by the end of 2023?</p>
	<p><b>Mateusz Wodejko</b> Despite price drops in recent weeks, we, like most of the market, remain optimistic about sustaining and increasing demand. In the short term, however, volatility cannot be ruled out, which is related to the situation in the global economy.</p>
	<p><b>Investor</b> And the last question about the location of the nuclear power plant. In March you said that you were collecting potential locations. Can you tell us more about where the construction is planned?</p>
	<p><b>Mateusz Wodejko</b> In April, the Company submitted an application for a principle decision for a specific location, but at the moment we do not publish information about the details.</p>
	<p><b>Guest</b> When can we expect a dividend payout?</p>
	<p><b>Mateusz Wodejko</b> The proposal of the Management Board was announced in the regulatory filing that states the dividend distribution in the amount of PLN 200 million (PLN 1.00 per share), with the dividend date proposed for 27<sup>th</sup> July 2023 and the dividend payment date for 10 August 2023. The final decision on the profit distribution of KGHM Polska Miedź S.A. for 2022 will be adopted by the Ordinary General Meeting of KGHM Polska Miedź S.A.</p>
	<p><b>Guest</b> Why did you decide to pay a relatively "modest" dividend? What is the reason for that?</p>
	<p><b>Mateusz Wodejko</b> The level of the recommended dividend rate results from the assessment of capital needs related to the realisation of the Strategy, including the planned expenditures on Resource Base Development and energy transformation projects, while maintaining a safe level of debt of the KGHM Polska Miedź S.A. Group.</p>
	<p><b>KM</b> How will the exchange differences affect the results of the subsequent quarters? The Polish zloty has recently strengthened significantly against the dollar and the euro?</p>

	<p><b>Mateusz Wodejko</b> The dollar exchange rate is important for the Company due to the fact that the majority of revenues are denominated in the dollar, moreover, in the income statement we also recognize the effects of changes in the valuation of foreign currency assets and liabilities, the main items of which are loans granted and financial liabilities.</p>
	<p><b>Guest</b> What initiatives does the Company implement to secure a reasonable level of energy prices?</p>
	<p><b>Mateusz Wodejko</b> We modified the process of purchasing energy factors, we strengthened the dedicated Team, in particular with the analytical and market extent. We have the option of purchasing electricity directly on the Polish Power Exchange and on the balancing market.</p>
	<p><b>Guest</b> What cost-saving measures have you taken and want to take to reduce costs in 2023?</p>
	<p><b>Mateusz Wodejko</b> We strive to reduce the costs of energy factors and strengthen cost discipline in other areas.</p>
	<p><b>Tomasz</b> Does the Company need to increase debt in connection with the implementation of the Strategy and energy transformation?</p>
	<p><b>Mateusz Wodejko</b> We take into account the periodic increase in the debt ratio, which, however, remains at a safe level in relation to the Group's EBITDA.</p>
	<p><b>Guest</b> What size of RES projects do you intend to implement? What amount of power are we talking about?</p>
	<p><b>Mateusz Wodejko</b> We are interested in increasing the level of RES in our energy mix, both through our own engagement in their development, as well as concluding PPAs. In any case, and in particular when it comes to acquisitions, the determining factor is of course the level of the price expected by the selling party in relation to the attractiveness of the asset.</p>
	<p><b>Adam</b> You communicated the development of the Sierra Gorda mine and exploration works. I have two questions: what increase in the potential of this mine can we talk about? How does this relate to the announcement of taxation of Chilean deposits?</p>
	<p><b>Mateusz Wodejko</b> We are continuing comprehensive activities covering the subsequent stages of improving mine operation (debottlenecking), and due to the success of the solutions implemented up to now, we look favorably on the development potential of Sierra Gorda and subsequent projects. Based on currently available information, we still assess the tax risk as low.</p>
	<p><b>KK</b> Is there any increase in demand for copper due to the potential recovery of the world from the period of economic slowdown?</p>

	<p><b>Mateusz Wodejko</b> First of all, we do not see a decrease in demand for our products, while in the case of copper prices, the observed high volatility of the market does not allow us to clearly determine trends in the real economy.</p>
	<p><b>w.w.</b> What are the prospects for the realisation and possible exceeding of KGHM's Polish production plans in 2023?</p>
	<p><b>Mateusz Wodejko</b> The results of domestic production to date indicate that the budget assumptions for KGHM Polska Miedź S.A. are going to be met for 2023.</p>
	<p><b>w.w.</b> What are the main strategic goals of KGHM in the context of metal production in Poland in the future?</p>
	<p><b>Mateusz Wodejko</b> Goals for 2030: domestic copper production – ca. 600 thousand tonnes of electrolytic copper (including increased throughput of purchased materials and recycled copper). International copper production - increasing production from KGHM's international assets by extending the LOM of active mines, developing assets within the portfolio of mining projects and growth of the resource base through the implementation of the Foreign Exploration Strategy.</p>
	<p><b>Guest</b> What is the progress in implementation of the project of small modular nuclear reactors?</p>
	<p><b>Mateusz Wodejko</b> As regards the SMR project, among the tasks already completed was the Company's submission to the Ministry of Climate and Environment of an application for the issuance of a principal decision for the construction of a small modular nuclear power plant (SMR) in Poland.</p>
	<p><b>Mateusz Wodejko</b> Thank you very much for participating in the chat and for all questions asked. I also invite you to follow the Company's information and contact us via contact information in the section Investors   KGHM Corporate Website</p>
	<p><b>Janusz Maruszewski</b> We would like to thank everyone for participating in the chat and for the questions asked, and to our guest for answering. Greetings and have a nice afternoon and weekend!</p>