



KGHM
POLSKA MIEDŹ S.A.

Company Results
for Q3 2008

Presentation for Analysts Meeting
17 November 2008

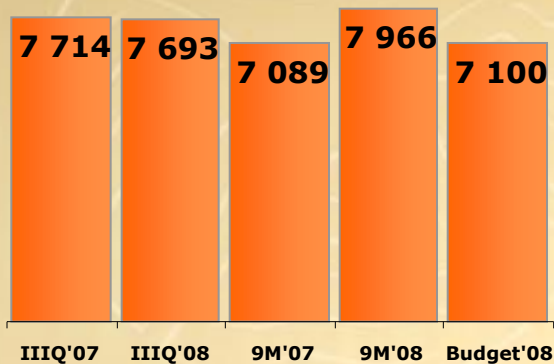
November 2008

Contents

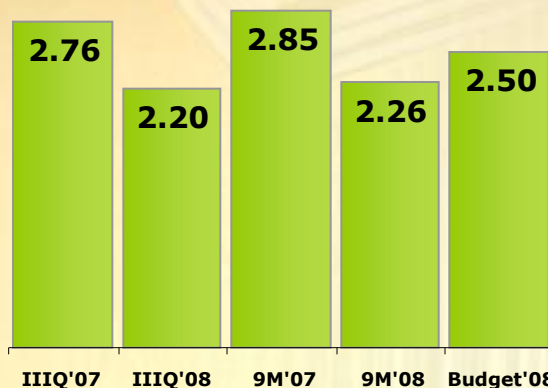
- **Macroeconomic conditions**
- **Production results**
- **Financial results**
- **Risk management**
- **Execution of Budget 2008**
- **Costs by type and unit cost**
- **Investments**
- **Cash flow**

Macroeconomic conditions

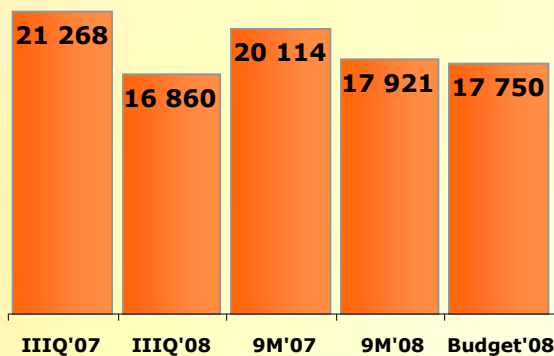
Copper prices
USD/t



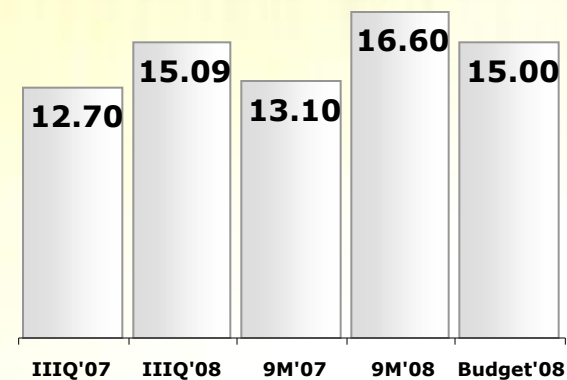
Silver prices
PLN/USD



Copper prices
PLN/t

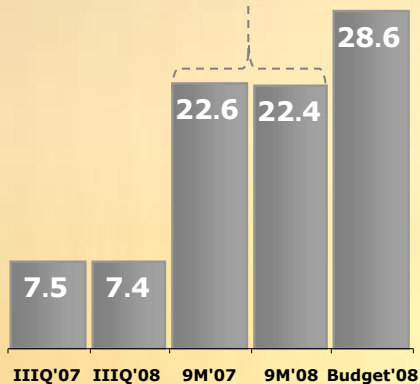


Silver prices
USD/troz

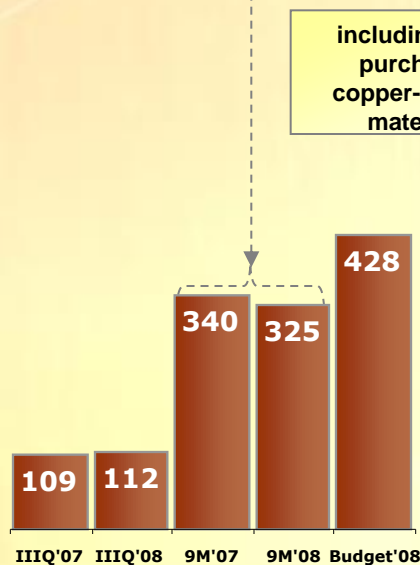


Production results

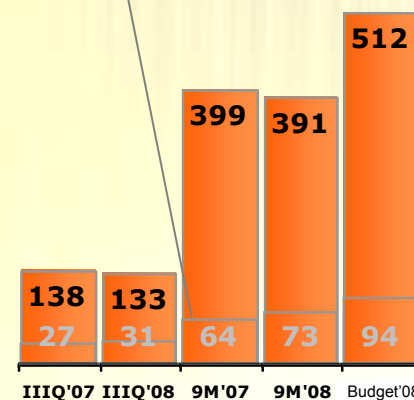
**Ore extraction
(mln t d.w.)**



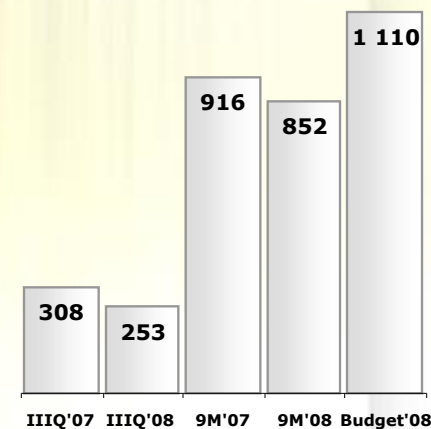
**Copper production
in concentrate
(‘000 t)**



**Electrolytic
copper production
(‘000 t)**



**Metallic silver
production
(t)**



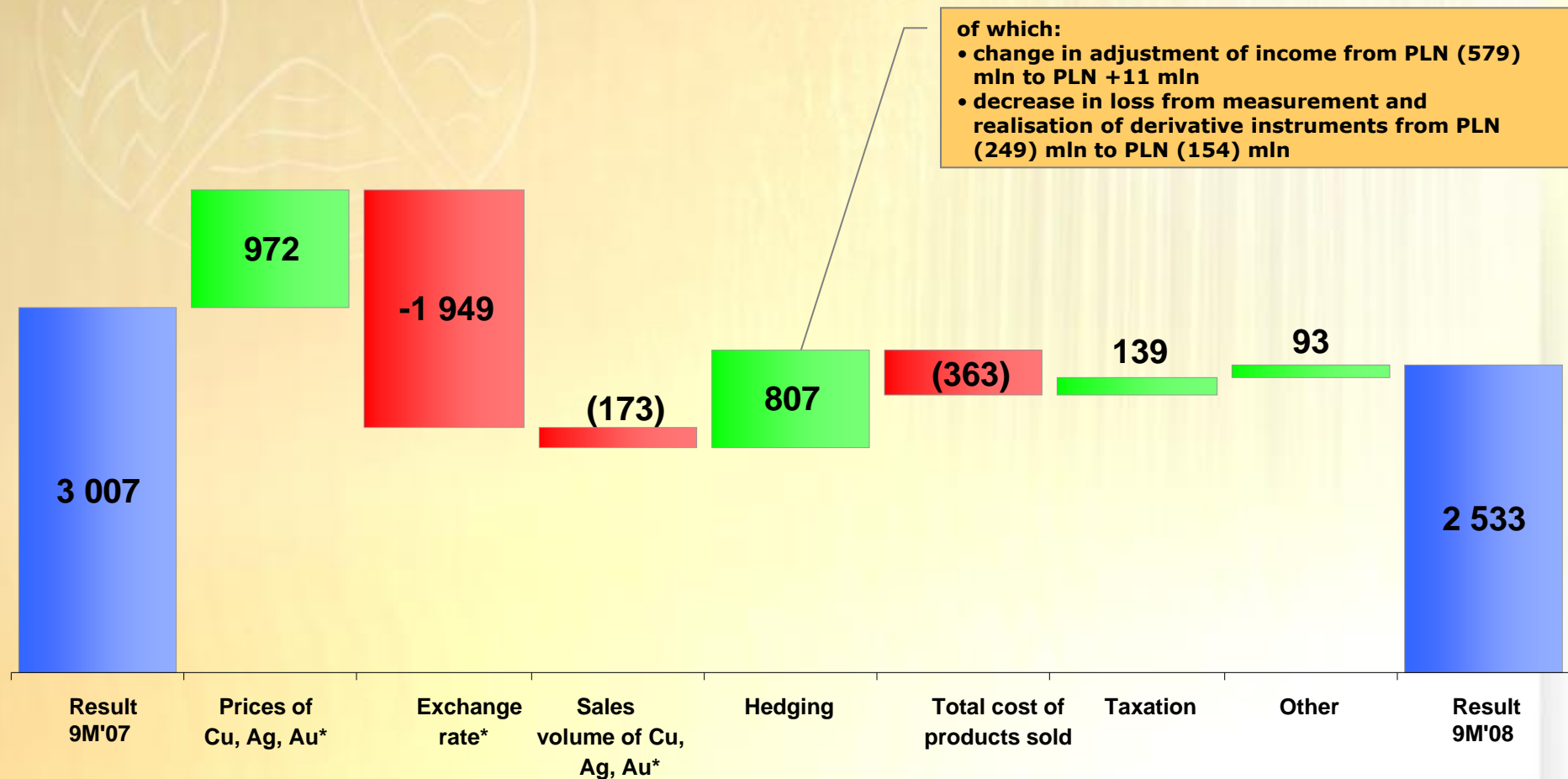
A decrease in copper content in ore from 1.69% to 1.62%

Financial results (mln PLN)

	IIIQ'07	IIIQ'08	9M'07	9M'08	Budget 2008
Revenues from sales	3 411	2 720	9 271	8 751	11 193
<i>(excluding effects of hedging transactions)</i>	<i>70</i>	<i>6</i>	<i>(551)</i>	<i>11</i>	<i>9</i>
Basic operating costs	1 903	1 982	5 424	5 793	7 816
Net profit from sales	1 507	737	3 846	2 958	3 376
Result on other operating activities	(79)	159	(151)	133	205
Operating profit	1 428	896	3 695	3 090	3 582
Result on financial activities	(8)	(11)	(20)	(29)	(27)
Profit before taxation	1 420	885	3 675	3 062	3 555
Income tax	271	167	668	529	651
Net profit	1 149	718	3 007	2 533	2 904
<i>EBITDA</i>	<i>1 534</i>	<i>1 013</i>	<i>4 005</i>	<i>3 440</i>	<i>4 077</i>

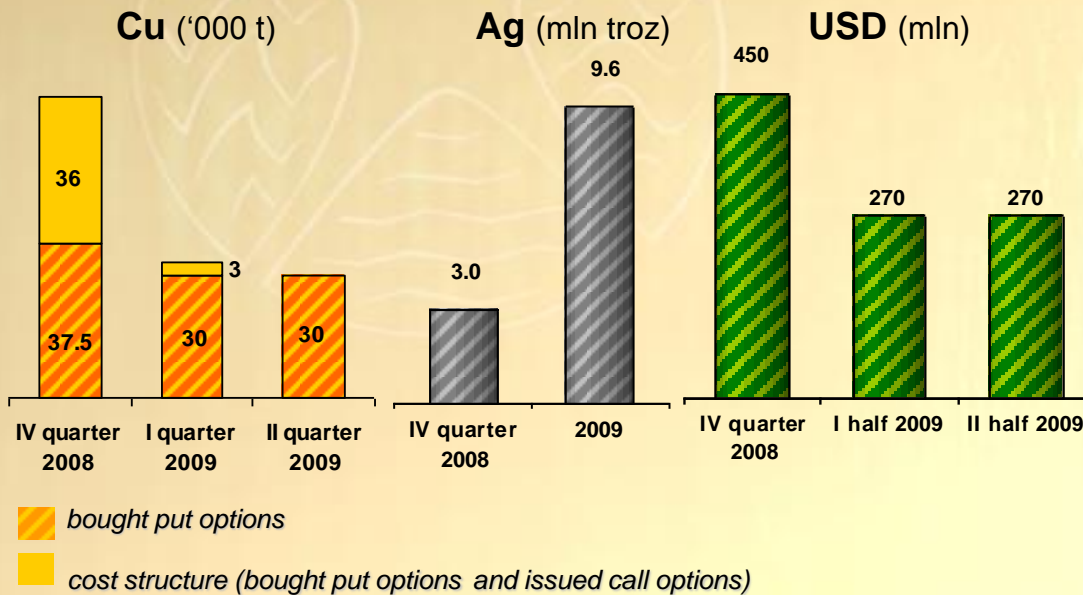
Financial results (mln PLN)

A decrease in net profit versus the first 9 months of 2007 by PLN 474 mln



Market risk management

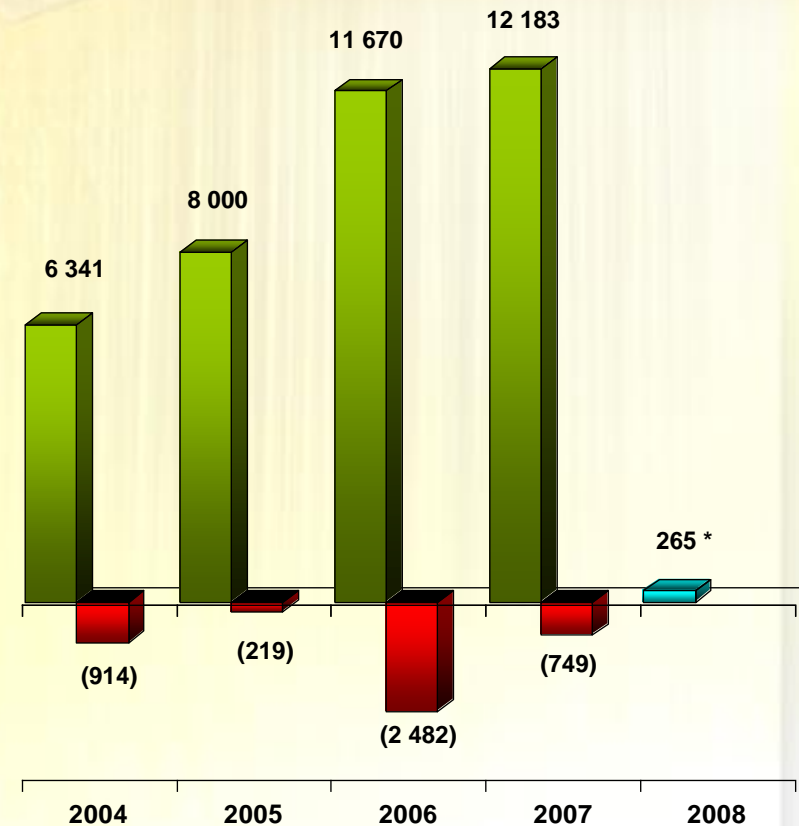
Hedging by segment
(at 30 September 2008)



➤ In Q3 2008 the Company hedged:

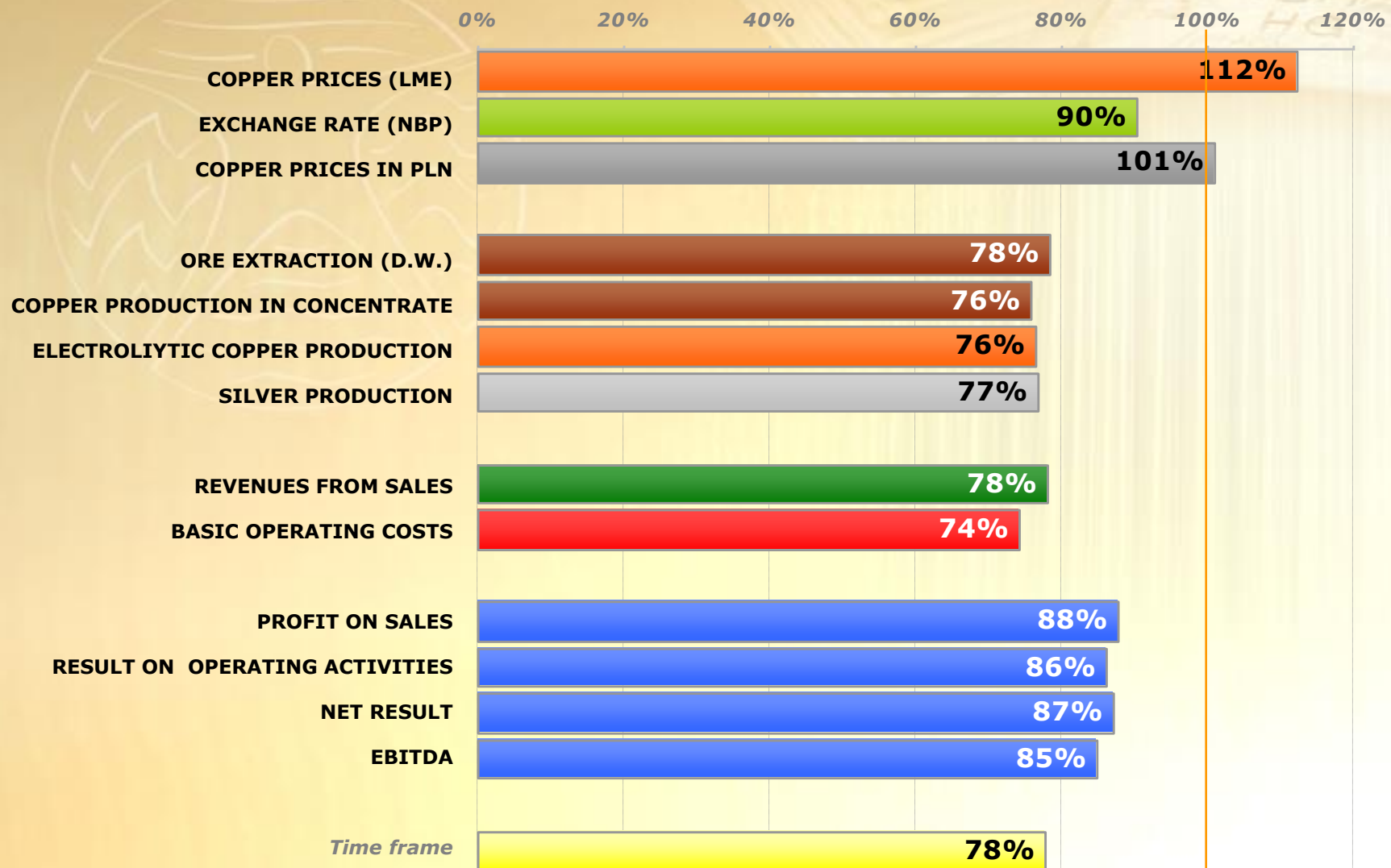
- 36 '000 t of Cu (using *collars*) – for Q4 2008
- 3 '000 t of Cu (using *collars*) – for Q1 2009
- 450 mln USD (put options) – for Q4 2008
- 540 mln USD (put options) – for 2009

Results on hedging transactions and
Company income (mln PLN)



* fair value of open positions in derivative instruments
at 30 September 2008

Execution of Budget

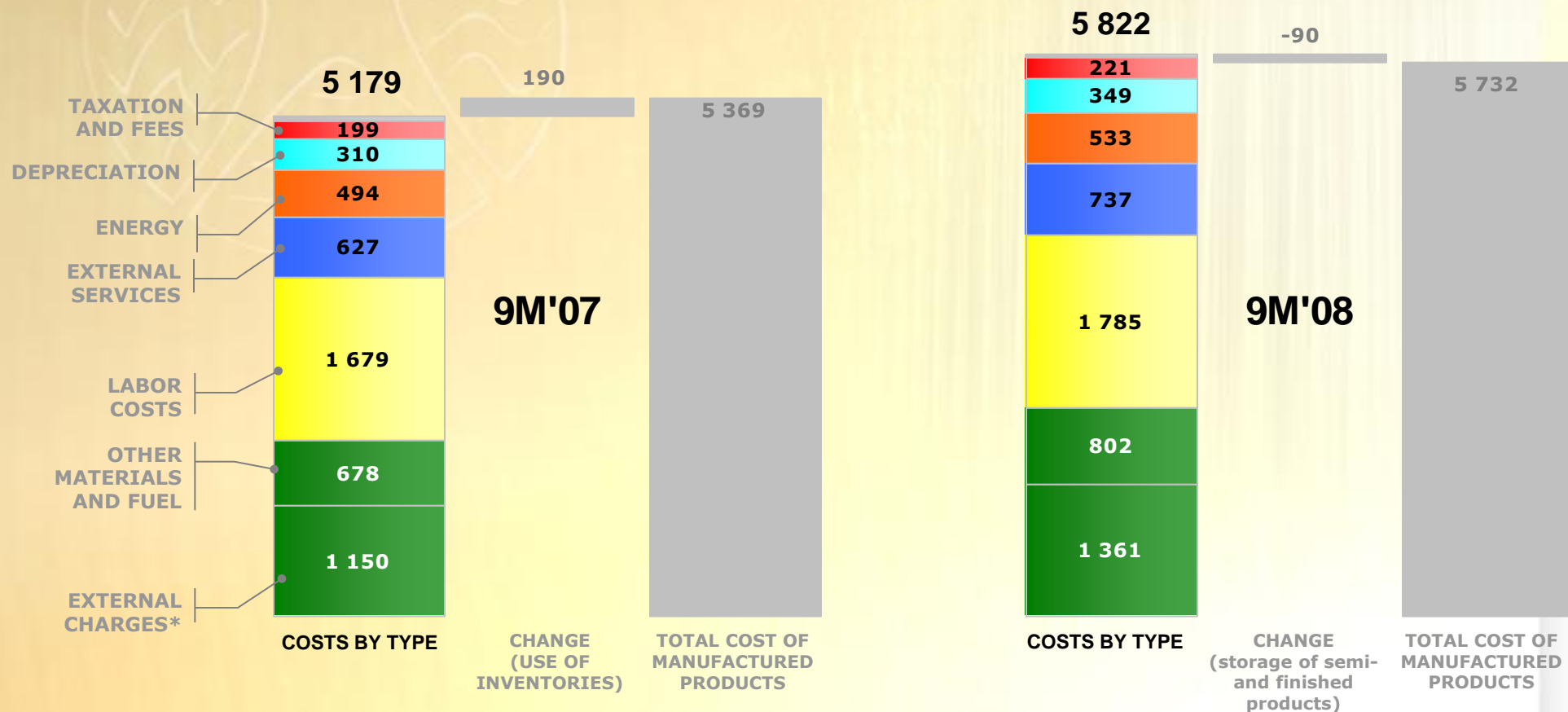


Execution of Budget in 2008

- **The Company in its Budget anticipated a deterioration of macroeconomic conditions in the fourth quarter of 2008, however as a result of the growing financial crisis the observed scale of the fall in metals prices is greater than that assumed in the Budget**
- **The measurement of assets may also have an impact on realisation of the financial results forecast**
- **In spite of this, the strengthening of the USD, in particular to the Polish zloty, which is favourable to the Company and realisation of the hedging policy, representing a short term hedging of the Company's results, reduce the risk of failure to achieve the Budget**
- **If the current situation on the currency and copper markets continues in the fourth quarter, the Company does not foresee any significant variation from the financial results forecast for 2008**

Costs by type (mln PLN)

An increase in costs by type versus 9M'07 by PLN 643 mln, or 12%
An increase in total costs of manufactured products by PLN 363 mln, or 7%



* during the first 9 months of 2007 also used were external copper-bearing materials stored in 2006 valued at approx. PLN 146 mln (5.4 '000 t of Cu). This amount was not charged to prior-year costs by type, but is accounted for, through a change in inventories, in basic operating costs.

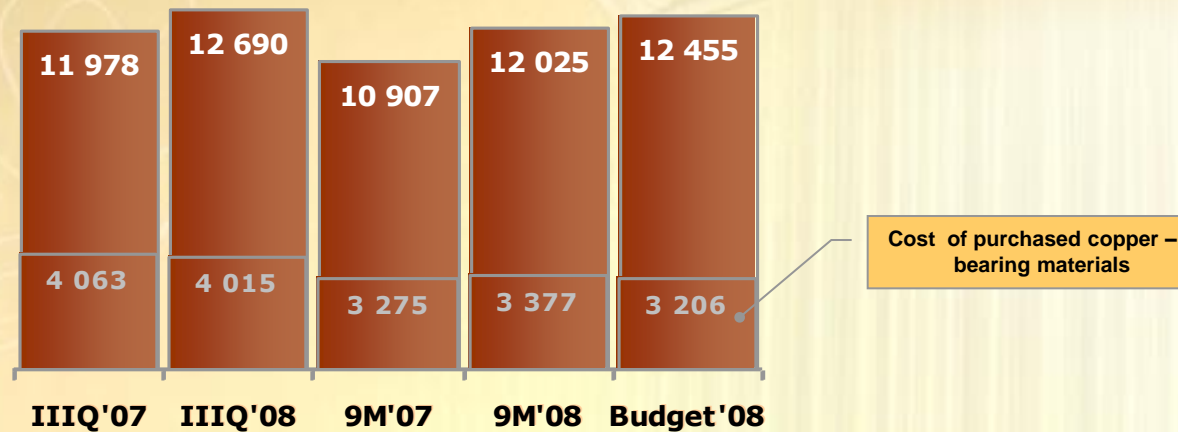
Change in costs by type (mln PLN)

Change in costs by type		9M'07	9M'08	Change
external charges	211	1 150	1 361	118
other materials and fuel	124	678	802	118
fuels etc.	53	204	256	126
labor costs	106	1 679	1 785	106
wages increased by PLN 150 (with charges)	68	0	68	x
-28 annual bonus (with charges)		274	247	90
actuarial provision	38	19	57	x 3,0
mine development work	89	110	199	181
drilling	59	6	64	x 11,5
energy use, incl.:	39	494	533	108
electricity	32	382	414	108
depreciation	39	310	349	113
property tax	29	62	90	147
other external services	21	517	538	104
-16 other		180	164	91

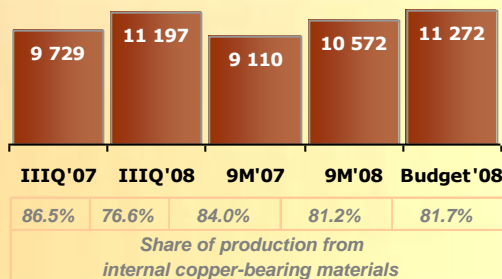
* during the first 9 months of 2007 also used were external copper-bearing materials stored in 2006 valued at approx. PLN 146 mln (5.4 '000 t of Cu). This amount was not charged to prior-year costs by type, but is accounted for, through a change in inventories, in basic operating costs.

Unit cost of electrolytic copper production (PLN/t)

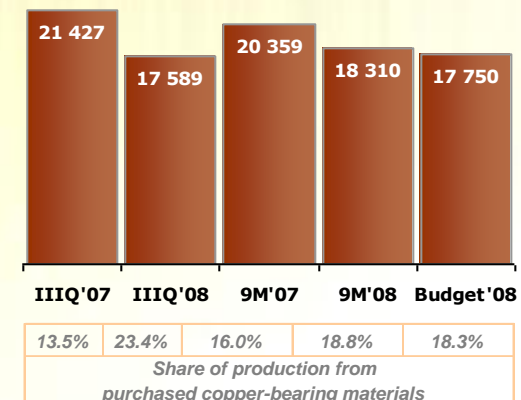
Unit cost of electrolytic copper production



... from internal charges

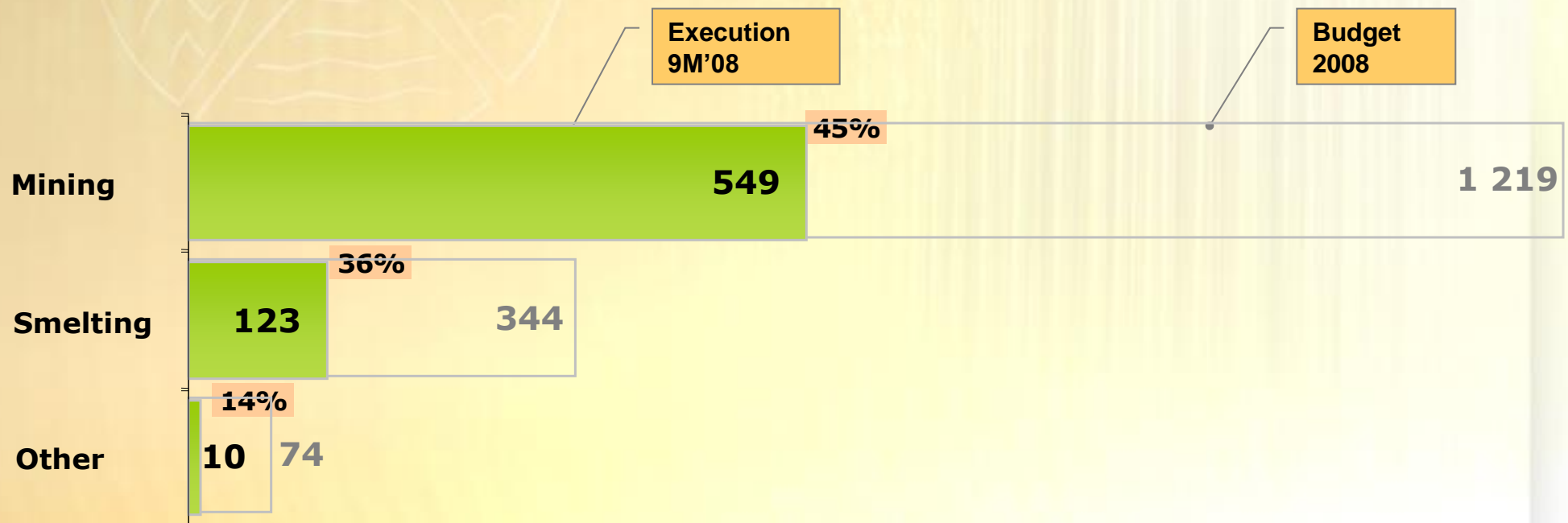


... from purchased copper-bearing materials

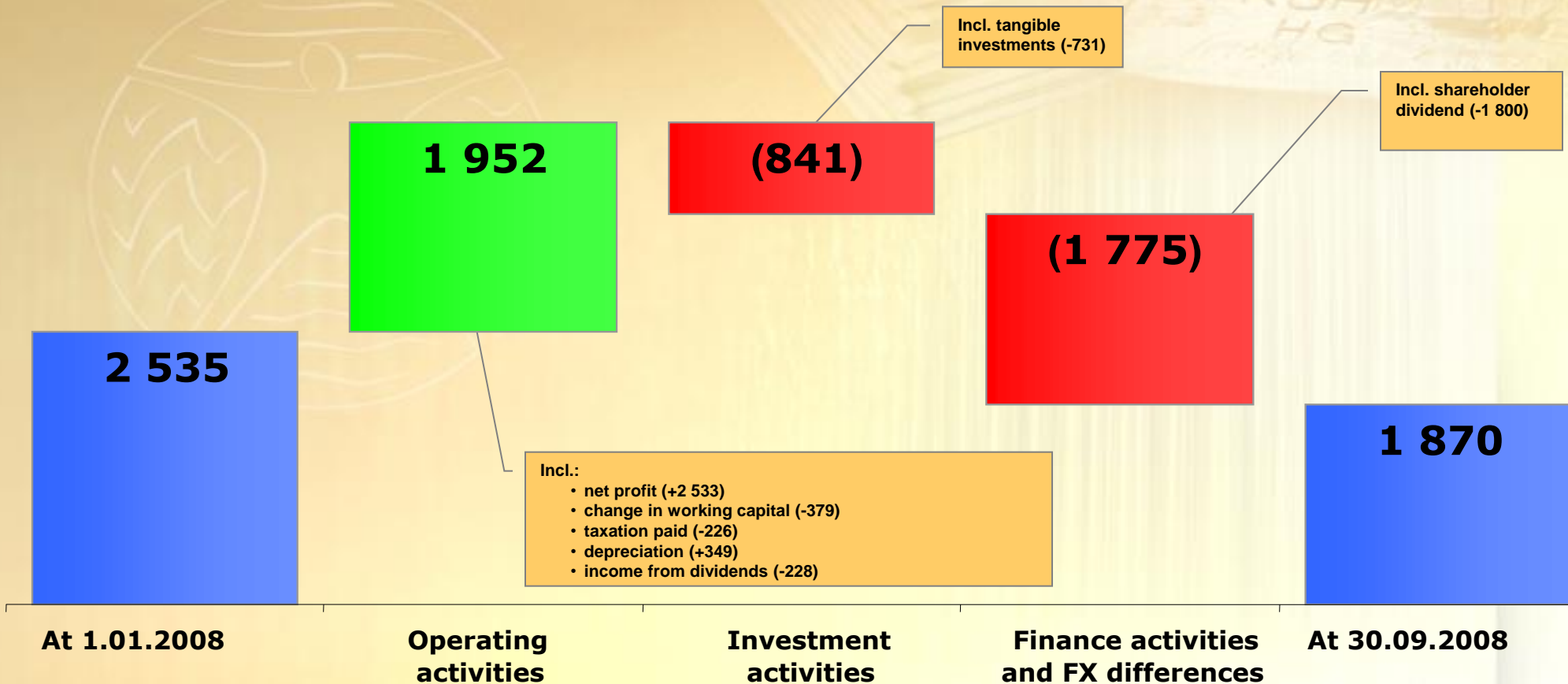


Investments

After 9 months, 42% of planned investments carried out
 (execution 9M'08 – PLN 682 mln; Budget 2008 – PLN 1 637 mln)



Cash flow (mIn PLN)



Monetary assets
in the first 9 months of 2008
decreased by PLN 665 mln, or 26%





Thank you

KGHM POLSKA MIEDŹ S.A.

KGHM POLSKA MIEDŹ S.A. • ul. Marii Skłodowskiej-Curie 48 • 59-301 Lubin • tel. +48 76 74 78 200 • fax +48 76 74 78 500 • www.kghm.pl