

RESULTS MEETING WITH ANALYSTS AND JOURNALISTS: FINANCIAL RESULTS PRESENTATION OF THE KGHM POLSKA MIEDŹ S.A. GROUP FOR THE FOURTH QUARTER AND YEAR 2019

LIDIA MARCINKOWSKA-BARTKOWIAK, EXECUTIVE DIRECTOR, COMMUNICATIONS: Welcome everyone to this conference dedicated to the fourth quarter and full year results of 2019 of KGHM Polska Miedź S.A. and of the KGHM Group. We are meeting in a different way, via videoconference, so if you would like to ask any questions, we kindly ask you to send them to the email ir@kghm.com and we will read them shortly after the presentation. You can also download the presentation. We will not show the entire presentation during our comments. The numbers for the slides will be the same. If you would like to refer to any slides, you are welcome to, please give us the slide number and ask about details, and then we will reveal hidden slides.

Today, at your disposal is the Management Board of KGHM Polska Miedź S.A. consisting of Marcin Chłudziński, President and CEO, Prof. Katarzyna Kreczmańska-Gigoł, Vice President of the Management Board (CFO), Mr. Radosław Stach, Vice President of the Management Board (Production), and Adam Bugajczuk, Vice President of the Management Board (Development).

Ladies and gentlemen, we will start with a commentary from the Board regarding the results and then we will move on to the questions. If there are many questions, or they are very similar to each other, then we will prepare all the answers after the presentation and we will upload them to the website, so everyone has clarity about what happened during our conference. So, the answers to all your questions you will receive either during today's meeting, or after the meeting in a written form on our website. I kindly invite you, let's begin.

MARCIN CHŁUDZIŃSKI, PRESIDENT & CEO: Thank you. Welcome everyone. Marcin Chłudziński, President and CEO. Indeed, this is the first time we are meeting in this unusual way, but the circumstances forced us to do so. Paweł Gruza is not present today. Just to ward off any question in this matter that you might have, Paweł is not ill. Everything is okay, he is completing his quarantine period. His area of expertise, which mainly involves the international assets, will be covered by other vice presidents.

And since we are speaking about this exceptional situation, it is worth starting with that. I would like to tell you what is happening regarding this, both in the context of the activities undertaken by the Group and the external support activities undertaken by us involving the resolution of coronavirus-related problems. These are actions related to our employees, as they are the most important for us. Firstly, we are maintaining the continuity of production, which is extremely important. By ensuring production we take care of all of our commercial needs. I can also confirm that until now we have not observed any changes in relation to the sales volumes and demand, so that's good news for us.

Just last week, we launched a 24-hour helpline where employees can ask questions and dispel all worries related to potential hazards and occupational safety. We have also launched an email address to which questions can be sent at any time. The answers are given immediately.

At the beginning of last week, we stopped all trips abroad and also limited any domestic trips, we are talking about business trips, so we did this in advance. We have also suspended holidays of key people in terms of Health and Safety and company management. There is, of course, work

from home, remote work whenever possible, everyone receives permission and they work. Those are both people who are caring for their children, but also employees aged 65+, because we have a few of them, who may potentially be at risk of the virus the most, so they also get permission to work from home.

In addition there is also an extensive information campaign, posters, television, we are trying to dispel all myths and doubts related with the danger and calm everyone down. But at the same time we're trying to provide disinfectants available in the highest volumes, protecting employees by limiting the number of people going underground, when it comes to cages, so we have a reduced number of people, we are obviously providing hygiene and personal care and protective products for everyone. We have prepared, in express mode, the entire Group and Company for larger remote work. These are internal activities and of course we will adapt everything that is needed in our production to the legal environment that is currently changing, because we have new potential necessities, regulations, so we are dealing with it dynamically.

In terms of external activities, because we treat ourselves as a company that participates not only in dealing with the situation in the context of our employees, but also in external support processes, we have begun the production of biocidal fluid through our subsidiary NITROERG. This is a company that produces explosives daily. This company didn't have a production line for fluid, but in an express mode, also when it comes to registering this product, and thanks to the efforts of technicians and management, the Company is already able to produce the first test versions. We are moving to full-scale production and that is very important.

Our key company for the production process, Centrum Badań Jakości (Quality Research Centre), has also joined in preparations for performing and conducting tests for the presence of coronavirus, of course, at the request of hospitals and sanitary-epidemiological stations. We are in regular contact, and if such a decision is made, CBJ will perform these tests. We also have other matters related to providing buildings for quarantine. We gave one building in Głogów, the rest of the buildings that we can lend are currently being announced by us. Whether they will be used depends on local government decisions.

We have transferred some of our surpluses in terms of protection-related products, masks were given to the Ministry of Health and the Provincial Office. We are in the process of retrofitting hospitals included in the list that are a priority in the fight against the coronavirus. Now we are retrofitting the hospital in Legnica. It is also important for us to be able to help hospitals which can obtain the equipment that is urgently needed there. It's important that it's available in a weeks' time, not tomorrow or in 8 weeks. In these projects we help to obtain such equipment by augmenting it.

We are cooperating with the local Regional Crisis Management Team, meaning the provincial team, but also with all institutions at the national level, such as the Ministry of State Assets, Ministry of Health and the Prime Minister's Office. Also, there is a great campaign called "Help the senior", and it has received a great response from employees. People in our volunteering network have placed ads in many places, declaring that they would help with shopping, help with buying medicines in a pharmacy for people who cannot go out and are in isolation, but also for people who are more exposed due to their age. We are pleased to see our employees taking on such great responsibilities. Everyone has an impact on reality, not only in the context of

preventive measures but also in the context of what they can safely do for others. We are happy that the response is quite large.

Also, in terms of taking advantage of our international relationships, especially in Chinese context, we are currently completing orders for personal protective equipment and other medical products from China. We are waiting for confirmation of the volumes involved. We are taking further steps here in many aspects.

By the way, since we are talking about this, there will be probably more questions in this thread, and we will answer them during the question session. Just before our conference the President of Poland and the Prime Minister presented a package for the economy. In our opinion this package is the most extensive in terms of its scale, among other actions being announced now in Europe. We are in a fairly good pace, because it is one of the first packages on such a scale. I am pleased with the extensive infrastructure investments that have been announced, for reviving and supporting the economy, various types of reliefs, subsidies for companies suffering from this slowdown. It is quite a comprehensive action and I think it will help the Polish economy to face this danger that undoubtedly is coming to Poland in the context of international events.

Moving on to issues related to the content of our conference, we are talking about the results from 2019 and it is important that we are happy with them. We have started with the current events and threats as they interest all of us. But the purpose of this conference is for us to discuss the year 2019.

The results are a reflection, more or less, of what we managed to accomplish thanks to the hard work and commitment of our people. These are the numbers that show where we are at the end of 2019. Firstly, we must say that given the macroeconomic situation being much worse than in 2018, because the price of copper, our main product, was 8% lower in 2019. The average price of copper in 2019 was around USD 6 000, or around 8% less than in 2018. The price of silver served us, but not so much, it was higher by 3% with a strengthening of the dollar against the PLN by 6%.

The numbers related to production and costs. The increase in copper production by 11% is a very important parameter, mainly due to the greater efficiency of metallurgical installations, but also due to the increase in our international production. There was an increase in silver production by 18% through higher discipline when it comes to production. Silver also served us well when it comes to price and the drop of C1 cost by 6%. This is reflected in higher financial results, of course positively. In terms of revenue growth, we have 11% to the level of PLN 22 723 million and a 5% increase of EBITDA to PLN 5 229 million. This is what the data and numbers look like. When it comes to macroeconomic issues, we communicated it last year and during the year, I call it figuratively to show what it is about that the world and macro environment were rather blowing in our face and we had to fight against the wind, and with the wind we had no support in the macroeconomic environment. The price that I was talking about, USD 6000 on average in 2019, a drop of this price in comparison to 2018. Also, large and dynamic price fluctuations in the context of relations with China, the trade agreement, this uncertainty was very strong and was already visible in the second part of 2019. We must say that assuming our development and thinking about development in 2018, building a strategy and communicating it, we had anticipated this situation, because the strategy, as the two main presumptions, assumed flexibility and efficiency of work and is assuming that all the time. Meaning, flexibility

with macroeconomic issues, what surrounds us, efficiency understood as the greatest use of resources that we have and optimization of our cost parameters. The strategic objectives that we have adopted helped us to cope with macroeconomic reality in such a way that despite less favorable macros, we get better production results and better financial results.

Production indicators; in the Group 702 000 tonnes, which is plus 11% comparing year to year. It's a very good production result. Sierra Gorda helped us, also metallurgy. It was possible to maintain mining production, despite various types of technological problems, because you know that it's not getting easier when it comes to geological conditions. Financial indicators, we said EBITDA higher by 5%, revenues of the Group higher. Of course, while speaking about financial results we can also talk about something which was quite important. For the first time in a long time we were able to have a positive impact when it comes to our international assets. We released reserves partially on Sierra Gorda, or on the Victoria project. When it comes to the Sierra Gorda project, it has started to develop so much, it gave us grounds to do so. Regarding the Victoria project, which is a historical project that we always had problems with, we have managed to formally organize potential investment matters, matters with land use, and environmental permits. So, there were indications to increase the value of this project and this year we also intend to complete this process in such a way, that we are fully prepared for the potential development of the project. It is not like we said to ourselves that we are starting and investing. But to say this, you need to have formal and legal capacity first and when it comes to all regulatory issues, this year we intend to finish it.

The issues related to production I will leave to Vice President Radek to discuss in detail. The financial situation will be discussed by Vice President Kasia. In general, when it comes to the financial situation, we are very happy with higher revenues, with higher EBITDA, with a lower than assumed debt ratio, because the indicators I am talking about we were able to keep below the budget targets. Or unit costs that we were assuming are below budget indicators, which is very important for the Group and for us.

In summary, this is what I already said on the macro environment slide. If it were not for our assumptions, for our flexibility, for our efficiency but also ecology, in the context of the Green Deal and those topics that appear regulatory, or e-industry that affects costs, probably this year could look different. But because in this rather difficult year 2019 we faced reality with these good results, then maybe we are also ready for the reality that waits for us in 2020. And everything points to the fact that it will be probably more difficult than the one in 2019. So as the saying goes, "steel has tempered so much" or "it gets tempered in battle," so in real challenges, in real realities and we've been through some of these tougher experiences, we're probably more ready for them. To face them in 2020. I wouldn't want to say that we have predicted the reality when it comes to macroeconomy in 2019, because we are not omnipotent, but we have managed to identify trends and show how to answer them. The huge work of all people involved in the production line, managerial positions, management, board, and all people in KGHM.

Moving on to issues that are very important in a regulatory context, this discussion may have less relevance in the current situation (we are talking about an epidemiological risk), but it has started and it is a matter of our impact on the environment and our participation in the climate transformation. I am not sure if you are aware, but the copper industry in Europe is responsible for 0.4% emissions in the scale of all emissions. This is very little, but at the same time it is

contributing, by using 75% copper in renewable sources, to a reduction of emissions in Europe when it comes to the use of copper. So, we could say that we are a key industry and sector in the context of energy transformation, therefore in building ecological and green sources. At the same time, we are polluting the environment to a very minimal extent, which is 0.4%, that is our share in the emissions. We are using this fact during talks with the European Commission. Our arguments are understood, but we also use these numbers in our preparation for the market. Potentially, despite the current problems, we are needed and necessary for the systemic energy transformation in Europe and in the world. These are also the issues related to our participation in emissions. We have dusts here, or issues related to sulfur. You can see on the slides the rate of decrease throughout the years and how much work has been done and what it looks like in 2019. Here the company has transformed and is transforming all the time, regardless of the fact that someone requires more from us. We know that we must work on it very hard and those are very minimal levels. Here we've got the emissions of lead and copper from our metallurgical production. Please note that these are just minimal amounts at the moment. Huge work has been done and is still being done in this matter. It is also in regards to issues related to the Green Deal, although as I say, these matters are now farther down the line in the plan, but we also need to think about them in the context of the entire development of the Company. Production results please, Radek.

RADOSŁAW STACH, VICE PRESIDENT OF THE MANAGEMENT BOARD (PRODUCTION): Ladies and gentlemen, moving on to discussing the production results, I would like to say that several key investments have taken place that allowed us to carry out production. Here I mean starting a concentrate roasting installation, this is what we were saying in 2018 that it is our task, we managed to stabilize the functionality of this installation and thanks to, among other things, this installation, we achieved very good results in 2019. Another thing is delivering the WTR furnace installation in the Legnica Copper Smelter/Refinery, which will allow us to melt copper scrap in the future. It also had a big impact on the production in 2019. Another thing was the renovation works completed at the Legnica Smelter and Cedynia Smelter. I will add to this also that as we mentioned, at one of our conferences, an event from the Rudna mine, a very quick reaction to what happened also allowed us to get good results.

Moving on to discussing the results in detail, as previously mentioned by the President, payable copper production is 11% above the assumptions compared to 2018. And the most important information is that all 2019 production in the entire Group, including Sierra Gorda and KGHM International, was done within the budget. It is one of the most important pieces of information.

As for our domestic production as you can see on the slide, it was achieved. We are comparing the fourth quarter to the other quarters. It may not look the same as the other quarters, but it didn't affect the results for the whole year. It should be emphasized that in some cases this is not comparable to 2018, but overall, with the budget, these parameters have been achieved. Also, metallurgical production should be emphasized, +13%, silver production +18%, this is one of the highest results in the history of KGHM. Thanks to the content of silver in the deposit, we achieved such results in the final product from the smelters.

As for the inventories, this is also very important information that we show at all our conferences, we are gradually descending here, primarily from copper inventories at the smelters, so as not to freeze up cash. Next are the stocks of anodes that we are collecting. We want to drop to the

minimal levels so that it has the best effect on the financial result of the entire Group. And as is shown in our presentation, you can see that we are successively doing this in accordance with our adopted targets.

When it comes to production in Sierra Gorda, the results are also very good. They were exceeded in comparison to 2018, as well as in relation to the budget, meaning they were achieved. We know historically that we had a lot of troubles in the Sierra Gorda mine, while very good leadership, managerial decisions, the work of our employees led to this result being very good. The only thing we have here is molybdenum production, which is lower in comparison to 2018, but in relation to the budget it was achieved. It is also very important information.

As for the results of KGHM International, they are slightly lower compared to 2018, while in relation to the budget the Robinson mine, Franke mine and Sudbury Basin mine all achieved their targets. Here we have a very good result on metals: platinum, gold, palladium, this is + 26% and is very good information. To summarize, the production results in the whole Group, both Polish and international, I think it was a very good year. Difficult, full of challenges and what's worth stressing, in line with our strategy which we announced in 2018, which covers a 3-year period and is being consistently implemented. Thank you.

KATARZYNA KRECZMAŃSKA-GIGOL, VICE PRESIDENT OF THE MANAGEMENT BOARD (CFO):

Ladies and gentlemen, revenues are higher than last year by 11%. What makes us happy is that higher revenues are associated with higher sales volume and this is the basic factor that influenced the increase in revenues. The dollar rate helped us, but please note that the copper price did not support us. Despite this, we exceeded the revenues from 2018.

Ladies and gentlemen, when it comes to unit cost, meaning C1 cost, in the entire Group, despite challenging external conditions, the C1 cost was lower by 6%, apart from Sierra Gorda, where the lower volume of molybdenum sales had a negative impact, and this depends on the specifics of the deposit, not on the actions that are dependent on us. In other segments, we had a lower C1 cost than in 2018.

As for the Group's net result, it was 14% lower. I would like to point out that the reasons for the lower net result are accruals rather than cash related, because with revenues that were higher, please note that we had a change in inventories, these inventories have decreased. The downward change in inventories means that we may have higher sales revenues and they were higher, but at the same time expenses that were rendered for the production of these resources in previous periods are included in costs and then they reduce our financial result. In regards to that I would like to add that expenses by nature negatively affected us. The factors that primarily contributed to this were higher labor costs. We are bound by a social contract with our employees, and we fulfill this contract. The increase in wages generally in the country, in enterprises, meant that these wages had to increase for us as well. Then we had higher energy costs, which on one hand are related to the price of energy, which was higher, but on the other hand higher production required higher energy consumption.

Ladies and gentlemen, when it comes to additional factors, please note that we have released reserves related to our international businesses, and partly also when it comes to our international business, we had to co-finance it in 2019 so that it could continue to operate and

develop. This brought a better result, higher revenues, and better EBITDA in our international businesses.

Please also note that when it comes to cash flow, the cash balance at the end of 2019 was higher than at the end of 2018. And that was the result of the actions we took. Profit before tax was higher, but in addition we had the impact of the actions we took. Among other things, we freed up over PLN 1 100 million in working capital engaged in our business.

We did that by reducing inventories, by reducing the level of receivables, by increasing the scale of financing with operational liabilities and in a legitimate manner we are not delaying payments to our contractors.

Another factor that influenced the fact that we have more cash, is that we adjusted our financial result, from which we start depreciating, which is a cost, but not an expense. Depreciation is higher than it was in 2019, primarily because we implemented our investment plans, with the effect that the fixed assets that were brought into use means that depreciation increased.

Ladies and gentlemen, we have such a big position here - the impact of the issuance of securities, debt securities, we issued bonds, but this did not lead to an increase in debt because we simultaneously repaid our other liabilities, while implementing the strategy of increasing the financial security of our Group, we changed the financing structure, we finance ourselves more with long-term sources of financing, so the balance of debt is lower than it was in 2018. This is confirmed by the net debt indicator to adjusted EBITDA ratio. In 2018 it was 1.6, this year we have 1.5, but please take into account the changes in accounting regulations, we were impacted by IFRS 16, which resulted in higher debt by PLN 627 million, despite the fact that we did not incur any new liabilities, we book them differently in accordance with the new regulations. If we had not taken these changes into account, in other words had we calculated the debt ratio in the same way as at the end of 2018, it would amount to 1.4. You can see that our business, when it comes to the financial side, is safer than in 2018. Thank you very much.

ADAM BUGAJCZUK, VICE PRESIDENT OF THE MANAGEMENT BOARD (DEVELOPMENT): Ladies and gentlemen, when it comes to the implementation of development initiatives and projects it was a very successful year. Both when it comes to the implementation of the budget projects and schedules, but also due to the completion of two key investments for us. Here I mean the concentrate roasting installation and the WTR furnace at the Legnica Copper Smelter/Refinery. As Vice President Radek said, they were included in the main technological line and are already bringing the results that we planned to achieve, so we are very happy with it.

The deposit access program, as we have mentioned, is a multi-year program that aims to secure the future and to access and open areas of the deposit that will be able to provide us with stable production. We were able to develop 48 km of preparatory tunnels, compared to the 46 km that we had planned to build, as well as work on the shaft going according to schedule. By the end of the year we were able to deepen it to the level of 1099 m. As for the concentrate roasting installation, as Vice President Radosław has already mentioned, we managed to stabilize everything, plug it into the main line, so here we have completed this investment. Similarly, is the case of the WTR furnace at the Legnica Copper Smelter/Refinery, which is also in full operation, so with these investments having been implemented they will not appear on these slides in subsequent quarters. When it comes to the extension of the tailings storage facility,

here we were able to implement, both on budget and on schedule, what we had planned, and we have already reached beyond the half-way mark of the investment schedule, both in terms of the Southern Quarter as well as the tailings segregation station, so here we see no threat when it comes to this investment.

The situation looks similar with the BAT conclusions adjustment program, where we are implementing several projects at the Legnica and Głogów Smelters/Refineries, they are also not at risk and we are advancing them on schedule.

Advancement of the Budget we had for 2019 is at a very good, satisfactory level, because, as we mentioned, we have managed to advance all key projects that we had planned both in terms of schedule and budget. We are very pleased with that. Here we wanted to show you the role of the Deep Głogów deposit, about which we have been telling you both in 2018 and at quarterly conferences. We wanted to show what impact this deposit has already had on our production. This is a year-to-year comparison, where we have a 24% increase in extraction by dry weight, a 31% increase in copper content and a 27% increase in silver content. As we said, this is a very promising area for us, and we have very high hopes for it. As of today, all of our targets and expectations regarding this program are being confirmed, so here we are also very happy with it. Thank you.

MARCIN CHLUDZIŃSKI, PRESIDENT & CEO: I will go back once again to the topic related to energy development and our energy conversion program. We are currently in a position where we have identified projects. Some of them already have formal and legal approvals, because there is a lot of bureaucracy in these matters, environmental research, area development plans, but in general we are ready in some, in some we are in progress. We will start the first project in mid-April. It is a project which will provide power of around 3MW and it will be in Legnica. Then subsequently after obtaining permits. Of course, we optimize our own sources, as we said, we have 25% of our own sources, but you can do a lot when it comes to their greater efficiency, greater use, but also greater energy efficiency on the recipient side, meaning, in places where we use energy most, so in metallurgy and mining. Special dedicated teams have been created; we have also expanded the energy development division at the Head Office which deals with it. Here more or less are shown the places, where we are in the phase of preparation for the investment, there is the Obora sandpit next to Lubin, quite a large project. The Głogów smelter, these are potentially 4 MW. We have also a large Wierzba project, this is the project at the Głogów Copper Smelter and the Konrad project, this is a very large project on the site of the former Konrad mine, but there we have a much longer perspective. The dates given here are approximate dates, because some of these projects may accelerate due to potentially quicker formalities. We have one project that is the fastest project but is not here yet. It is being started jointly with our subsidiary Zanam and our smelter in Legnica, and this is in April this year. Depending on how the situation develops, we will try to speed up these projects if we can complete the formalities faster as well.

To sum up our speech, I think it can be said that first of all, I will repeat again, difficult macroeconomics, good production results and good financial results, thanks to the involvement of many, many people from the entire company, from all over KGHM and I think also with a very large commitment from our employees in our international assets. Because we treat this company as a large global corporation and those who work in Canada, the United States or Chile

are also Company people and we also see more and more involvement from those employees in various places. I think that this difficult year will also help us to respond to challenges this year that we have in front of us, meaning the experiences of implementing the strategy, where we are constantly learning efficiency, flexibility and we are also learning to use IT technologies, e-industry, which we are using more frequently, for example in the context of logistics systems, purchasing systems, it also helps us generate some savings and optimality in this case.

While summarizing it is also worth mentioning our development projects that were presented here, because in the public debate sometimes arguments were raised that KGHM is not developing or building new mines. I can only say that every year we build in the context of development work, in the context of infrastructure, much more than the largest mine built by those who accuse us of it, meaning potential international investors. Of course, this is not a new institutional mine with a new CEO, with a new maintenance department, etc., because that would be completely uneconomical, but the work available on the deposits that roll forward each year, they are quite dynamic and far exceed the scale of investments incurred by many potential investors in Poland who also want to deal with the copper sector. We are in the process of obtaining concessions for the Bytom Odrzański area, we are waiting for administrative decisions. But that is not our call to make. Regardless of the decision taken, we also have other development opportunities in other fields, which all requires capital, but these decisions must be made fairly quickly to have results in 10 years. This is the reality in mining projects. Once again, thank you very much for all the effort made in the year 2019 and we will definitely need more effort in the context of 2020. Thank you.

LIDIA MARCINKOWSKA-BARTKOWIAK, CHIEF EXECUTIVE DIRECTOR (COMMUNICATIONS):

Ladies and gentlemen, thank you also to the Management Board for your comments. We will now move onto your questions, which we received at ir@kgm.com. We will continue to accept these questions all the time. Of course, not all of them, because we already know there are a lot of them, we will not manage to read them all and answer them during our videoconference. We promise, they will be all placed on our website along with the answers, including those that we will be giving here. I now give the floor to Janusz Krystosiak, Director of the Investor Relations Department.

JANUSZ KRYSOSIAK, DIRECTOR, INVESTOR RELATIONS DEPARTMENT: Ladies and gentlemen, as Lidia said, we already have quite a few questions. I have tried to control them in some way as we receive them via email and phone. Please forgive me if the order of questions and answers you ask is slightly different, maybe some questions will be repeated, but I will try to choose all that came to us and I will ask the Board Members for an answer. The first questions have already come through and I was able to pass them on in the meantime. If you are ready to answer, we can start with those received first. I apologize for this form, but we are trying to cope in the conditions we have.

MARCIN CHLUDZIŃSKI, PRESIDENT & CEO: Yes. The first question is in reference to the Coronavirus situation in Chile. Chile has undertaken certain measures to prevent illness, in the form of closing borders for non-Chilean citizens, in the form of school closures. We are constantly monitoring the situation there. Currently, the Sierra Gorda project is running at full scale, smoothly, and it is maintaining production. We have no illnesses in the context of the mine itself, but there is small amount of ill people in the region in which we operate, the Antofagasta

region, so now there are no significant threats to continuity. We are trying to produce, maintain production continuity, but we will have to adapt to recommendations or changes in public law, if there are any in the future, and we have no influence on that. So far, we are producing.

RADOSŁAW STACH, VICE PRESIDENT OF THE MANAGEMENT BOARD (PRODUCTION): The next questions refer to production abroad. Do we have any options for the virus abroad? Of course, we are currently assessing various scenarios and we will monitor the development of the situation. The conditions in each country will dictate whether we will limit the production.

Are we able to sell concentrates from the mines? At present, we have no issues with selling the concentrate.

Regarding production in KGHM, this is another question. "Does KGHM expect a reduction in production?" That is very hard to say today. Of course, we know and are aware of the seriousness of the coronavirus-related situation, but we have prepared various scenarios, we are prepared, but I can answer you that as of today, at the moment we do not have a decrease in production and we are not observing it.

KATARZYNA KRECZMAŃSKA-GIGOL, VICE PRESIDENT OF THE MANAGEMENT BOARD (CFO): The next question concerns the available sources of financing for KGHM. Ladies and gentlemen, in the financing strategy adopted by us, we assumed an increase in financial security and we assumed a change in the financing structure, therefore this change was aimed at the diversification of financing sources and to the extension of maturities of our liabilities. We implemented this strategy throughout 2019 and it can be said that the most important elements of our security-based financing strategy have already been carried out. So, we issued bonds and we announced this to the market. The value of bonds is PLN 2 billion and, most importantly, the maturity of the main part of these bonds is 10 years while the smaller part, amounting to PLN 400 million out of this PLN 2 billion, is 5 years. In addition, we took out a loan, of which we have also informed the market, a loan from the bank BGK, which is also a loan of 5 years plus 2, so a seven year loan, and at the end of the year, as we informed the market, we refinanced our syndicated loan and the payment period of this loan is 5 years plus 1 plus 1. So, we have a seven-year loan at our disposal. At the end of 2019, our available credit lines were PLN 14.5 billion, with the drawdown of PLN 7 billion. So, we still have a very large part of our financing sources to use. Thank you.

JANUSZ KRYSOŚIAK, DIRECTOR, INVESTOR RELATIONS DEPARTMENT: Now, if we may, three questions from Daniel Major from UBS. They are quite long, I will read the question and I will try to quickly translate and pass it to the Vice President to refer to the first two questions, the third one I suspect, here the President will help us. First question: "Is the reduction of working capital, lower levels, can it be assumed that this is a lasting trend? What are the expectations of working capital levels in the current year 2020, if copper prices remain at the current level?" I will read the second question right away and pass it on to make it easier to relate to individual questions. Second question: "Expected CAPEX for 2020 at the level of PLN 2 250 million, how much could this level be reduced if the prices of copper continue to fall?" The third question is about dividends: "Looking at the uncertain macro environment and the debt growth in 2019 can it be assumed that the Management Board may again not recommend a dividend payout?"

KATARZYNA KRECZMAŃSKA-GIGOL, VICE PRESIDENT OF THE MANAGEMENT BOARD (CFO):

Question 1, is the reduction of net working capital a permanent trend? Definitely yes. Because in our financing strategy we assumed that in addition to diversifying the sources of financing and extending the maturity periods of these sources of financing, we will increase the significance of factoring and we will focus on reducing inventory levels. In fact, the decrease in net working capital is the effect of increasing the use of receivables factoring, increasing the use of reverse factoring and reducing inventory levels. We intend to maintain these activities in the upcoming years, because this is a part of our strategy.

As for the second question, the expected CAPEX - PLN 2 250 million, how much can we reduce? When it comes to our investments, we have capital expenditures at the level of PLN 2 - 2.5 billion every year and some of these investments are replacement investments, some of them are development investments. Of course, if the prices of copper and silver remain low for a long time, of course, then this option of postponing investments which do not require implementation in a short time would come into play. If this does not threaten our production, then of course we can take it into account.

ADAM BUGAJCZUK, VICE PRESIDENT OF THE MANAGEMENT BOARD (DEVELOPMENT):

I would just add to this question that we are prepared here for all kinds of scenarios related to limiting CAPEX, without limiting the amount of production. So, here we have the options calculated, broken down into projects that are necessary and basic and into those that can stay, but also can be postponed without having an impact on production, so we are ready for it.

MARCIN CHLUDZIŃSKI, PRESIDENT & CEO: As for dividend issues. This is not the moment when we will make such a decision, so we are looking very closely at what is happening in the world and it will depend a bit on that. We, as the Management Board, are positive about this mechanism and we absolutely do not deny this possibility, but we will also have to closely observe what is ahead of us.

There was a question about investments - we are selling at the moment, reception is assured at the moment, the trade relationship is maintained all the time and we do not see a decrease in demand, but the price is also changing and we cannot ignore that. So, the future, the next two months will show us which way the world is going, which way the industry is going and will also show us how much we need to reorient ourselves and whether we need to do so when it comes to our goals for 2020.

JANUSZ KRYSOŚIAK, DIRECTOR, INVESTOR RELATIONS DEPARTMENT:

Thank you very much. Two questions from Mr. Robert Maj from Ipopema. The second question has just been discussed, namely: "In what amount will the Management Board propose a dividend for the current year?" Question 1 from Robert: "A record high level of sales and general management costs in Poland, should such quarterly dynamics be assumed in 2020?"

KATARZYNA KRECZMAŃSKA-GIGOL, VICE PRESIDENT OF THE MANAGEMENT BOARD (CFO):

Ladies and gentlemen, when it comes to sales costs, general management costs, I understand that we are referring here to the fourth quarter, where this dynamic was higher, but this is a normal phenomenon, mainly because in the fourth quarter we are creating a reserve for paying the annual bonus. Therefore, we do not assume that we will pay the annual bonus every quarter,

therefore we do not expect to maintain this dynamic of cost growth in the following quarters. Thank you.

JANUSZ KRYSOŚIAK, DIRECTOR, INVESTOR RELATIONS DEPARTMENT: Thank you, now I have two questions in regards to our energy activities in energy policy. I will read the first one from Mr. Paweł Puchalski from Santander. "Is KGHM considering closer cooperation with Tauron on renewable energy, because your strategies are very similar in this matter? Is KGHM considering buying conventional blocks from Tauron to diversify risk?"

MARCIN CHLUDZIŃSKI, PRESIDENT & CEO: Currently, when it comes to our activities related to energy, they focus on two goals, firstly our energy security, as far as supplies are concerned, secondly, equal in terms of importance, although it is second, on economic efficiency in obtaining energy in the long term. This economic efficiency is simply associated with price, so we do everything that will provide us with cheaper energy in the long run. The RES projects that I spoke about today are projects that we want to have, where we want to have energy for our own use, that means to produce it, so that it directly supplies our networks and our production facilities. In the context of these projects, we are not working with Tauron or other energy companies, we want to implement them ourselves with the help of external developers. Of course, when it comes to other possibilities, we are also considering them. It is a matter of both the European Union's regulatory policy and natural gas approach, a large natural gas source complementing our energy production. This natural gas source is of course good and optimal because from the green energy point of view, such as solar farms, we will not provide maximum volume, we will only supplement our needs, so the natural gas source is a perfect complement. We don't intend to purchase conventional sources from Tauron or any other companies. If there are projects concerning green energy or natural gas, where we can implement them effectively and cost-effectively for us, we are obviously open to them.

JANUSZ KRYSOŚIAK, DIRECTOR, INVESTOR RELATIONS DEPARTMENT: And a question also about this area, about photovoltaics. Mr. Jacek Saja, Radio Plus: "In the event of an epidemic threat, is the launch of the KGHM investment planned for April, that is the first photovoltaic phase, will it be implemented as planned or will it be postponed?"

MARCIN CHLUDZIŃSKI, PRESIDENT & CEO: We currently have permission for this project, we are ready to physically start this investment. The environment that we are observing does not show us that the companies have stopped providing their services. Of course, depending on the options and scenarios, if it turns out that there is a problem with staff availability or we are in a different situation in 3 weeks, it can be different, but I assess the situation based on what I see today. Today we don't have such indications. Please keep in mind that reality is dynamic, and we don't really know how things will develop in the short and medium period of time.

JANUSZ KRYSOŚIAK, DYREKTOR DEPARTAMENTU, DIRECTOR, INVESTOR RELATIONS DEPARTMENT: Thank you. A question from Mr. Olivier Prandecki, Nationale Nederlanden TFI: "Copper has been quite strong since the beginning of the coronavirus epidemic in the world. What does the Company believe is behind this and what must happen for copper prices to follow trends already prevailing in other resources?"

MARCIN CHLUDZIŃSKI, PRESIDENT & CEO: What is happening in the world is behind it, the current situation and greater hope or less hope for positive developments, so here we have

macroeconomic mechanisms that are shaping this price. It is what it is, and it changes dynamically. I can only say that we said for good reason, that we have very good hedging teams. Because first, we are already implementing hedging and security operations, and we are also preparing and have been preparing for these circumstances, because these people are there to deal with such situations. Thanks to this, price affects us but maybe not as much as it could.

JANUSZ KRYSZOSIAK, DIRECTOR, INVESTOR RELATIONS DEPARTMENT: What is the cause of the current drop in silver prices and should it be perceived as a change in trend?"

MARCIN CHLUDZIŃSKI, PRESIDENT & CEO: In the context of the situation we have, so events that change dynamically day after day, we cannot talk about any trend for now. We have to simply wait a month, or two and see what's there. Recently with silver it's like that. Sometimes the price drops, but it also happened that some days ago it was rising. So, here it is difficult to talk, ladies and gentlemen, about any trend, you just have to wait and see what the reality will look like in the near future.

JANUSZ KRYSZOSIAK, DIRECTOR, INVESTOR RELATIONS DEPARTMENT: Mr. Andrzej Lampart, TVP, and a question about the current situation. We have surely already talked about this. I will read this question: "What is the current situation of the company, staff turnout, production, sales?" Second question: "In connection with the coronavirus the government has announced various forms of support for business entities, is the Management Board of KGHM considering suspending the mineral tax charges to the Company?"

MARCIN CHLUDZIŃSKI, PRESIDENT & CEO: When it comes to attendance issues, the Vice President for Production will refer to that shortly. But we do not see any situation that people are not coming to work *en masse*. On the contrary, there is a lot of mobilization, for which we are also grateful to our employees, everyone is trying in these difficult circumstances simply to do their daily work and earn their salary, this is the attitude we are currently seeing. As for sales, as I said, it remains at normal levels, both when it comes to January and February, there are no significant deviations, and in March we do not see significant deviations either. Which would confirm that the industries that buy from us are producing because they need our copper. How will the reality look in a months' time? I don't know. In two months', I also don't know. Let's see what the situation will bring us and we will directly and strongly respond to that.

As for the government package, facilities, concessions, subsidies, suspensions. This is a very good comprehensive package for the economy, a package for the hard times that we are facing. I think when I look at Europe, this is the most comprehensive approach, so it will significantly help all of those who will feel the effects of the virus and the effects in their wallet, on the company's books, in payments, and in the invoices they issue. It can significantly help to get through this difficult time. From our side, we also asked them to consider potential possibilities of supporting the company when it comes to certain suspensions of various types of instruments. But it can only happen, if we also feel the consequences of this crisis. If sales decrease, if the lower price stays for a long time, we will ask for it in a situation when we will feel the crisis in the company's results.

RADOSŁAW STACH, VICE PRESIDENT OF THE MANAGEMENT BOARD (PRODUCTION): I'd like to add something in regards to production. Of course, I will confirm once again that we are perfectly aware of the seriousness of the situation in which we are in as a production business.

Every day we are talking to our Executive Directors here, we have information about what is happening, how many people are off sick, how many people are on delegations, we are in control here. It's hard to say what will happen tomorrow, the day after tomorrow, because as you all know, the situation is highly volatile, but we also have a message for our employees, in line with our strategy of thinking about the consequences, to be very responsible if anyone feels that they are, or may be infected, that they take appropriate measures. We are observing this, as of today, there is currently no drastic drop, but I am talking about today and the number of our employees at work.

MARCIN CHLUDZIŃSKI, PRESIDENT & CEO: I'd like to just summarize. Roosevelt once said: "Do what you can, with what you have, where you are" and we are trying to approach it this way. Both by taking preventive actions that increase safety, calm people down, but also activities related to the economic situation, for example in the form of hedging strategies that were once and are still being included and updated. And that brings us results. Even today, after our videoconference, we have a teleconference with our divisional directors to see what the current situation is and to talk about business continuity plans and what the directors were supposed to do in the meantime, so we work on it every day.

JANUSZ KRYSOŚIAK, DIRECTOR, INVESTOR RELATIONS DEPARTMENT: Ms. Magdalena Graniszewska, Puls Biznesu: "The President is talking about buying masks from China. Will KGHM play any role in this?"

MARCIN CHLUDZIŃSKI, PRESIDENT & CEO: We play a role both in the context of what we can do in Poland, because antibacterial fluid is being produced by our company NITROERG, and here we'd like to thank the employees and the team. Surgical masks, the production of which we have launched, this is the company Mercus and Zanam, and also in a fairly fast mode. And also when it comes to contact with China, we have a long history of cooperation with our Chinese partner China Minmetals. It is good cooperation; we can count on their help. I can only say that they help us a lot both in the context of supply and complementary purchases that are needed in Poland.

JANUSZ KRYSOŚIAK, DIRECTOR, INVESTOR RELATIONS DEPARTMENT: Another question from Ms. Magdalena, "How is the current situation different from previous economic breakdowns in business? How did KGHM prepare for this situation before?"

MARCIN CHLUDZIŃSKI, PRESIDENT & CEO: When it comes to the current situation, it has a completely different source and a different DNA. When we look at the previous crisis, it is a crisis related to a financial bubble and virtual money, it can be briefly and very simply described like that. Today's crisis, potential crisis, this recession, this slowdown is the result of a real threat related to the absence of people in their workplace, disruption of the supply chain, with a lack of supply in industry, which is related and based on the principle of *just in time*, which is not valid anymore, in these times. I bet that after the coronavirus, the old rule will come back, to have inventory and storage. Because *just in time* may not work. It changes the philosophy of production. Now I look at what is happening in China, because we examine it from various information sources, because this is our partner, but also an important factor in the development of the situation and there we have a slow moment when this industrial production returns strongly to action, people came back to work, we do not see the effects of this virus spreading, only that they are a little earlier in this entire development phase and other sources of crisis, other counteracting mechanisms. Although what is happening when it comes to State

intervention, very strong intervention in Poland is very much needed, because the effects are the same in the end, that is, less orders in industry, less consumer optimism and you need to help, support, let companies survive, and this Government response is highly comprehensive and responding to real challenges and needs. What we are going to do is look at this reality very much day by day and both when it comes to maintaining production and maintaining cost discipline, as well as our potential plans that we have this year, we will, if necessary, verify that in order to safely run the company during a difficult time. We were able to safely pass through difficult times in 2019, and I think these experiences can help us in 2020.

JANUSZ KRYSOŚIAK, DIRECTOR, INVESTOR RELATIONS DEPARTMENT: Mr. Tomasz Jóźwiak, Radio Elka: "What's the current situation in the Polkowice-Sieroszowice mine in relation to excess water? What is the future of the G-63 section, which was closed, and how did this hydrological problem affect production results in 2019?"

RADOSŁAW STACH, VICE PRESIDENT OF THE MANAGEMENT BOARD (PRODUCTION): As for the situation at the Polkowice-Sieroszowice mine, the inflow was stabilized at half of what we had in November, it is 8 cubic meters/minute. A completely new installation was built at the time, which allows us to pump out, I believe that this inflow is normal in mine conditions. However, we are able to deal with it today, of course, the area of the G-63 section, as you asked in detail is currently unavailable, but we have opened a section in a completely different place, there we are building a new area for operations. The impact on production, as I mentioned last year, had no direct impact on the KGHM as a whole, whereas of course it had a slight impact on the mine itself. In 2020, we don't expect that this will strongly impact the production results of the entire KGHM.

JANUSZ KRYSOŚIAK, DIRECTOR, INVESTOR RELATIONS DEPARTMENT: A question from Daniel Shaw from Morgan Stanley: "Are you able to sell concentrates? At what level in the current year?"

RADOSŁAW STACH, VICE PRESIDENT OF THE MANAGEMENT BOARD (PRODUCTION): We are prepared that our metallurgical capacity, above all, we have been working for years to strengthen it, to increase these processing possibilities and at the moment we do not want to sell the concentrate, but to process it and increase our own production, this is our goal as KGHM and for now, I don't see the need for us to sell concentrate.

JANUSZ KRYSOŚIAK, DIRECTOR, INVESTOR RELATIONS DEPARTMENT: Ladies and gentlemen, I think we have reviewed and at least thematically discussed most of the issues that were included in some of the questions.

LIDIA MARCINKOWSKA-BARTKOWIAK, CHIEF EXECUTIVE DIRECTOR, COMMUNICATIONS: All the questions that we have not answered or which will come now, because I assume that they can also come on a regular basis, will be answered by the members of the Board. Today, by the end of the day, you will have it on the investor website of KGHM, including the question we have now answered so that you will have access to all the answers. We will clarify certain numbers that appeared in these questions, especially in these financial or investment questions. Thank you very much everyone.