

60 YEARS  
**KGHM**



THE FUTURE IS MADE  
**OF COPPER**

**Results of the KGHM Group for the first quarter of 2021**

Lubin, 12-13 May 2021

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# Agenda



1. KGHM Group in the fight with the coronavirus



2. Macroeconomic situation and execution of main targets



3. Production results of the KGHM Group by segment



4. Financial results of the KGHM Group



5. Advancement of development initiatives



6. Supporting slides – KGHM Polska Miedź S.A.

# We care, we act, we protect

Effectively fighting the spread of the coronavirus



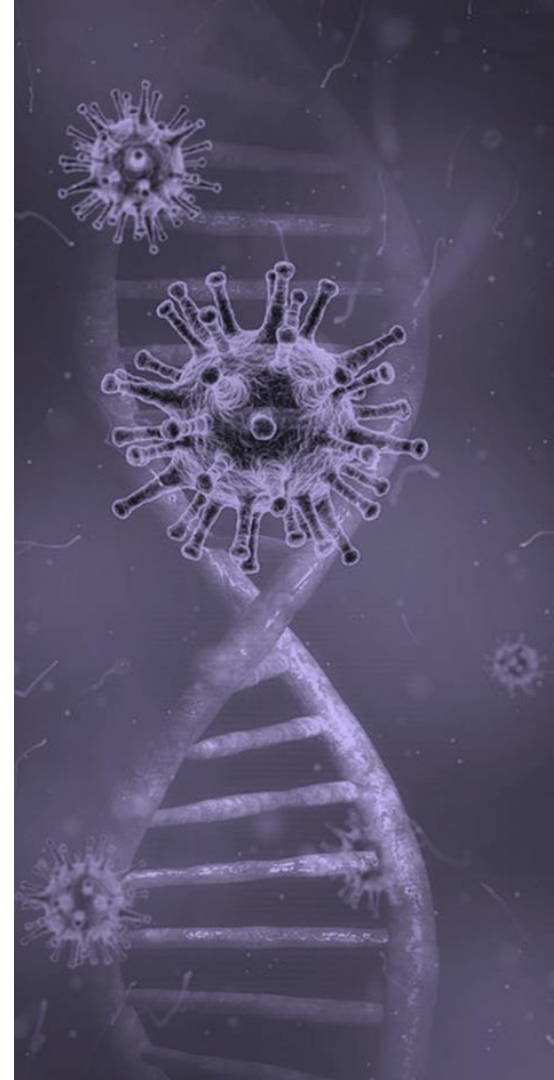
- COVID-19 unit at the hospital MCZ
- Two temporary hospitals in Legnica and Wałbrzych
- Help for seniors
- Home office and restricted contacts
- Protective procedures



- Voluntary employee vaccination program through the KGHM Group hospital<sup>1)</sup>
- Thermal cameras
- NITROSEPT disinfectant liquid
- Disinfection and masks in common-use areas and during transport
- Personal safety measures when travelling into/out of the mines



- Numerous communication channels
- Continuous announcements on internal procedures and sanitary services guidelines
- Billboards, educational films, handouts, newspapers and company TV
- Special Infolines for employees



## Key issues and execution of main targets

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## Summary of Q1 2021 in the KGHM Group

Main macroeconomic factors and key Group statistics during the COVID-19 pandemic compared to Q1 2020

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

**+51%**

Copper price

**+55%**

Silver price

**-3%**

Weaker USD vs the PLN

### Production and C1 cost

**+6.6%**

Copper production

**-8.4%**

Silver production

**+13%**

C1 cost

### Financial results

**+27%**

Increase in revenues to  
PLN 6 745 mn

**+131%**

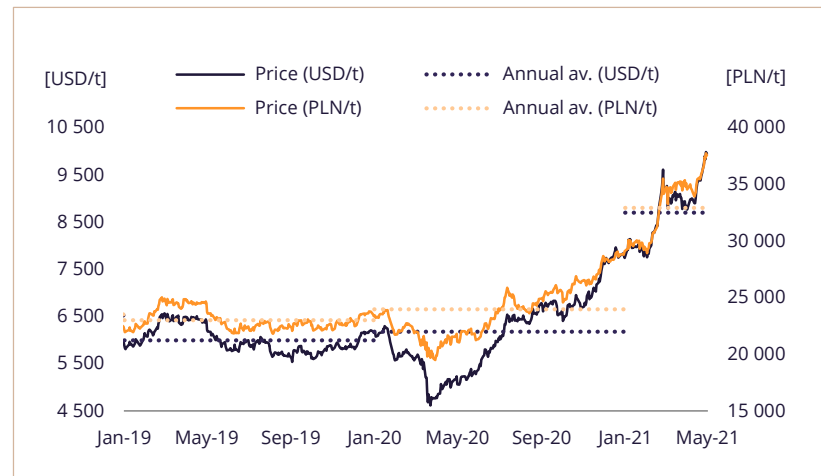
Increase in EBITDA<sup>2)</sup> to  
PLN 2 608 mn

## Macroeconomic environment

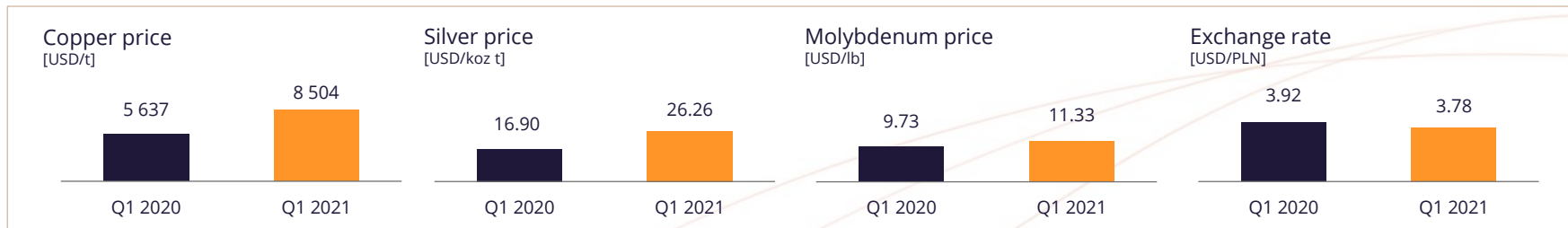
Commodities and currencies prices

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

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



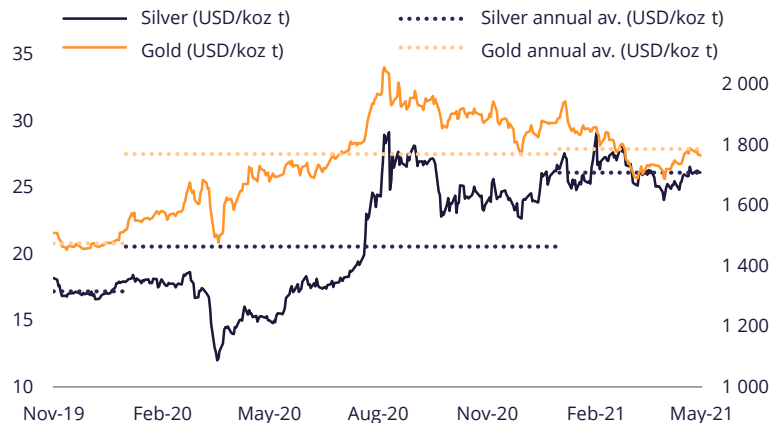
Source: Thomson Reuters, KGHM Polska Miedź S.A.



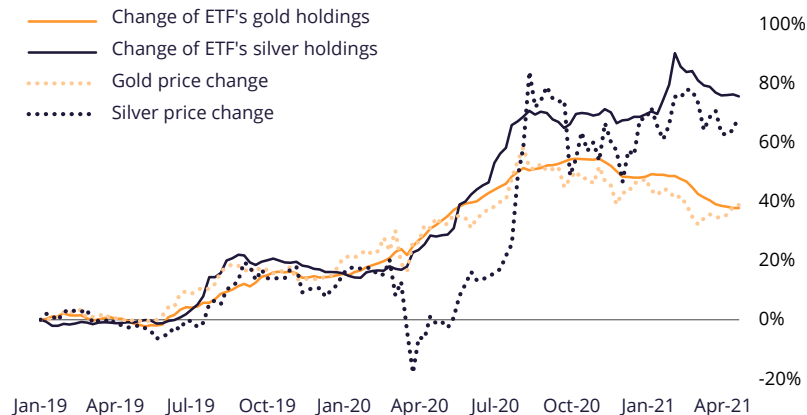
## Precious metals prices in Q1 2021

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

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



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



Source: Bloomberg, KGHM Polska Miedź

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

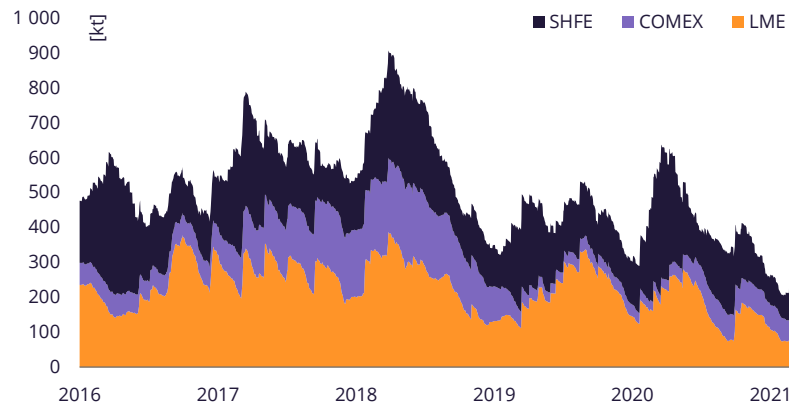


# A spectacular rise in copper prices over the last 12 months

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

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

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



Source: Bloomberg, KGHM Polska Miedź

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

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

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

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

## Key production indicators

Q1 2021

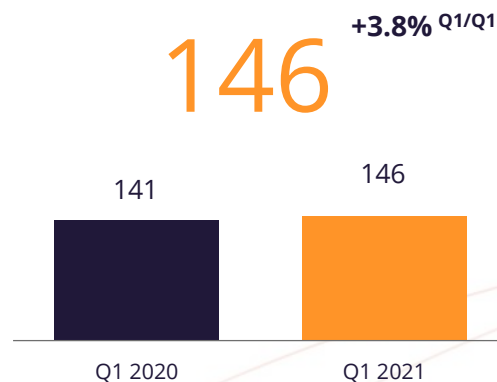
Payable copper production  
by the KGHM Group  
higher by 6.6% (q/q)

186

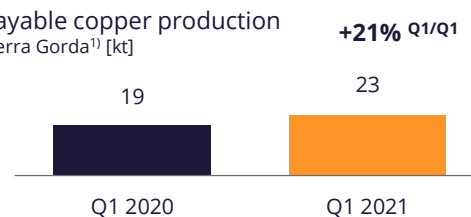
+6.6% Q1/Q1  
[kt]

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

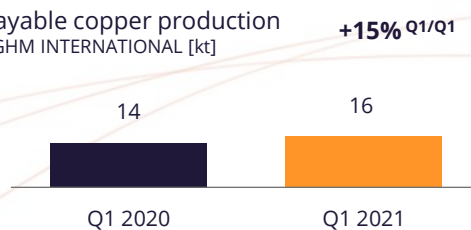
Payable copper production  
KGHM Polska Miedź [kt]



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



Payable copper production  
KGHM INTERNATIONAL [kt]



## Key financial indicators

Q1 2021

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

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

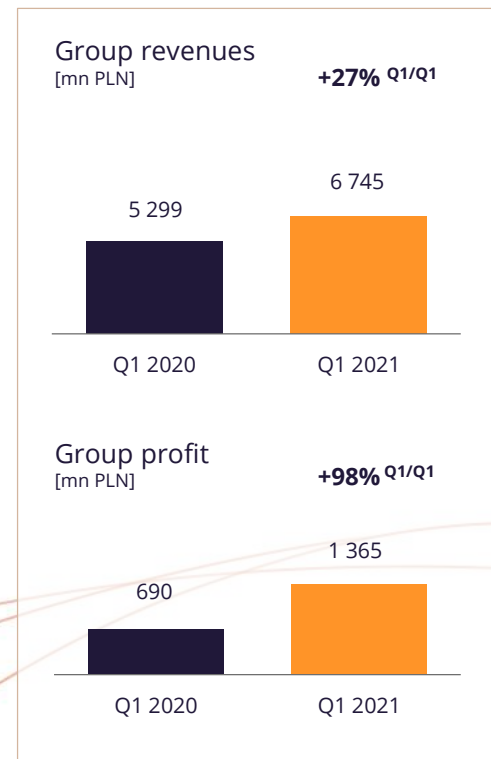
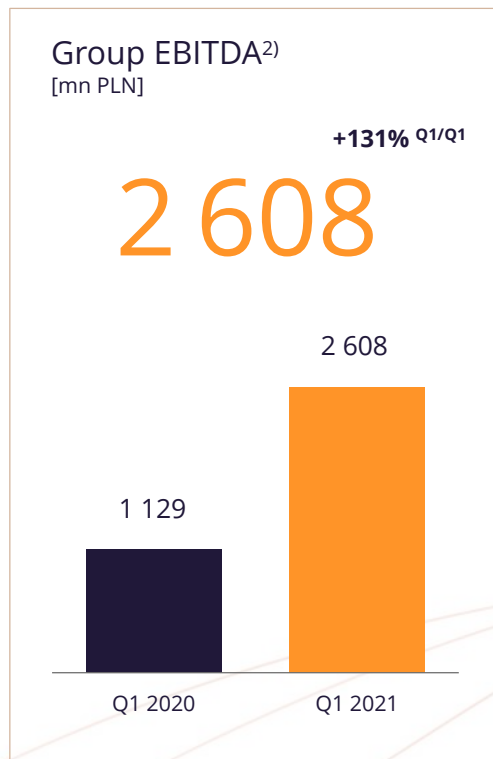
- KGHM Polska Miedź +PLN 775 mn (+86%) – higher copper prices
- Sierra Gorda<sup>1)</sup> +PLN 539 mn – a more than sixfold increase – mainly higher revenues from the sale of copper due to higher prices and a higher sales volume
- KGHM INTERNATIONAL +PLN 186 mn – mainly higher copper prices and higher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

#### Higher Group revenues

- Impact of higher metals prices

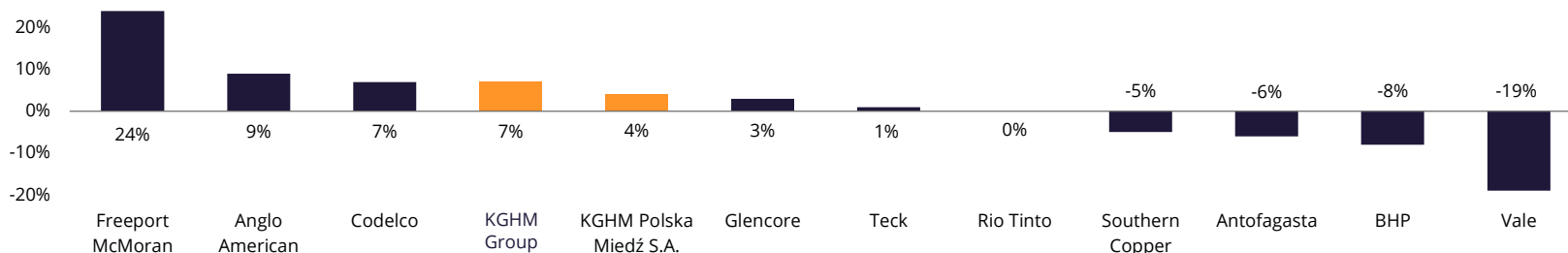
#### Higher Group net profit

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

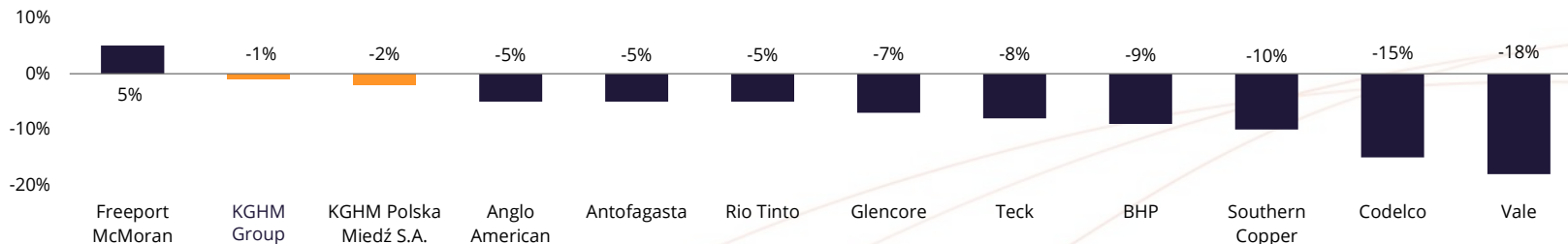


# The production of miners in Q1 2021

Copper production by miners, Q1 2021 vs Q1 2020



Copper production by miners, Q1 2021 vs Q4 2020



# Key elements of the Strategy advanced in Q1 2021



## Production

- Stable copper production from assets in Poland (mined production 110.4 kt; metallurgical production 146.4 kt)
- Stable copper production from international assets (Sierra Gorda 22.9 kt; Robinson 11.9 kt; Carlota 1.2 kt; Franke 2.6 kt; Sudbury Basin 0.5 kt)
- Continuation of projects aimed at automatization



## Development

- Continuation of the Deposit Access Program (GG-1 shaft – construction of shaft tubing)
- Continuation of Development of the Źelazny Most Tailings Storage Facility (more than 90% of work completed)
- Continuation of exploration projects in Poland
- 20.64% of the general energy consumption of KGHM was supplied by its own internal sources; development of RES
- Work started in connection with construction of a 2nd Upcast line at the Cedyňa wire rod plant (OFE copper)
- Creation of the Hybrid Legnica Smelter and Refinery Strategic Program



## Innovation

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



## Efficient Organisation

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



## People and the Environment

- Actions to adapt to BAT Conclusions (incl. the BATAs Program dedicated to restricting emissions of arsenic)
- Continuation of the Occupational Health and Safety Program (LTIFR: 4.21, TRIR: 0.3)
- Implementation of a mining machinery anti-collision system
- Intensification of actions to fight COVID-19



## Financial Stability

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

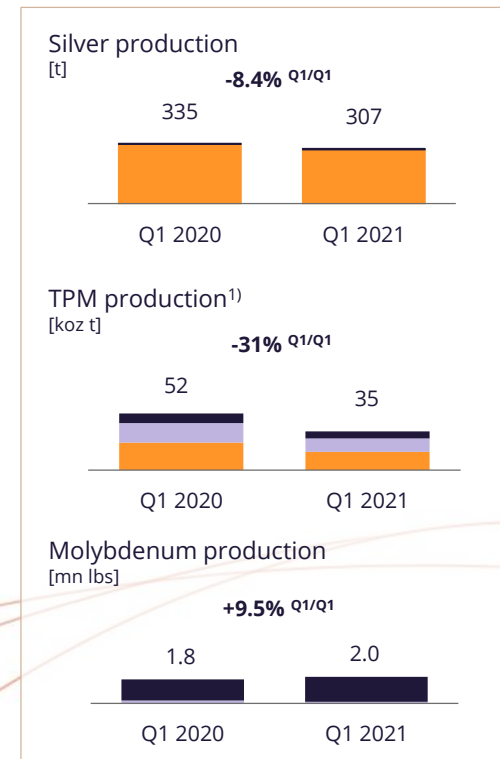
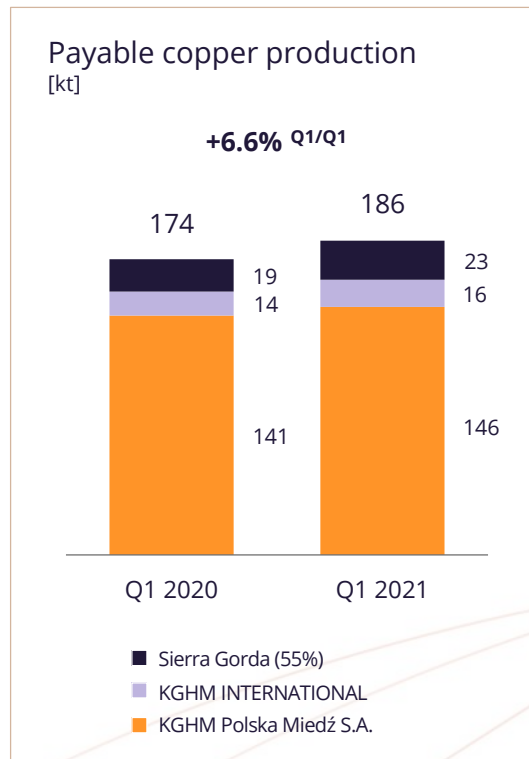
## Production results of the KGHM Group by segment

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# Metals production

## KGHM Group

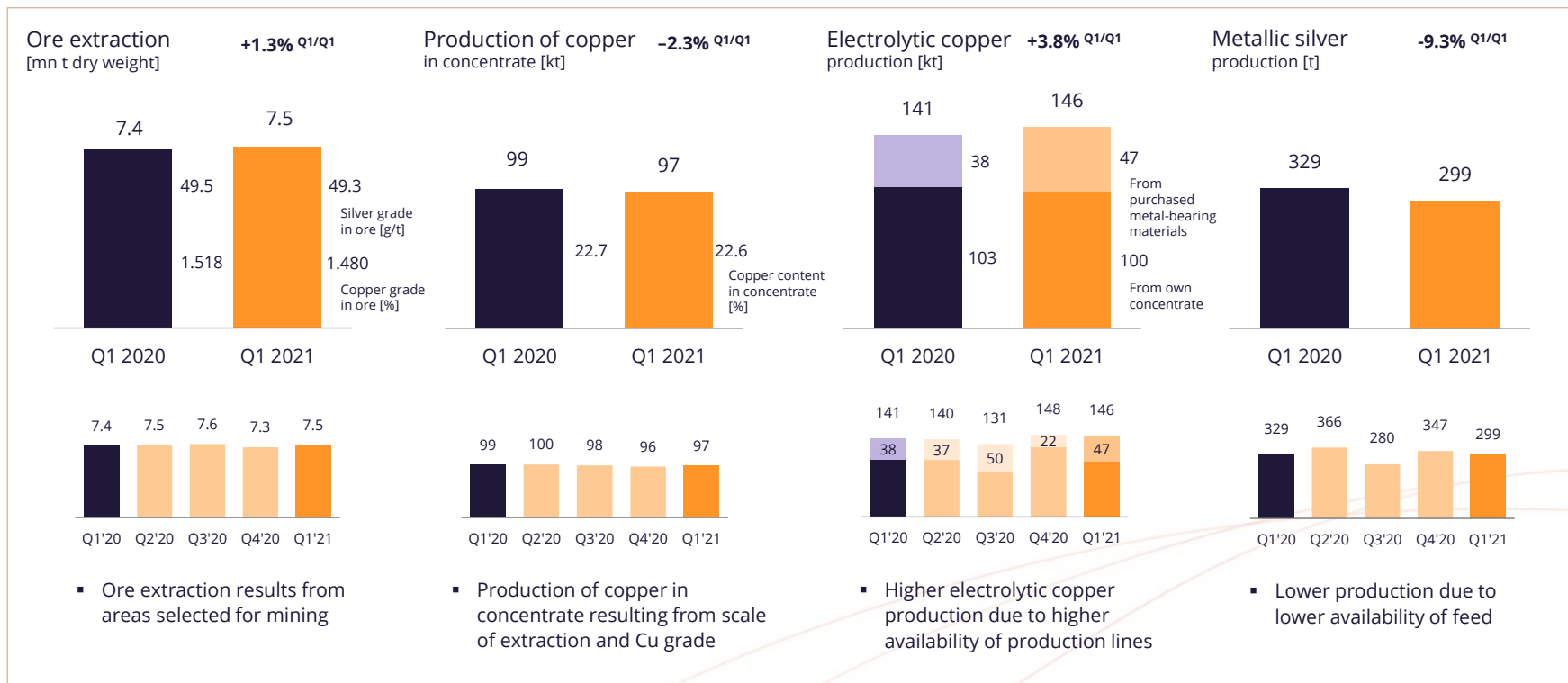
- Higher production vs Q1 2019:
  - by KGHM Polska Miedź due to greater availability of feed and higher availability of production lines
  - by KGHM INTERNATIONAL mainly due to higher production by the Robinson mine
  - by the Sierra Gorda mine due to higher recovery and higher copper content in ore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





# Production results

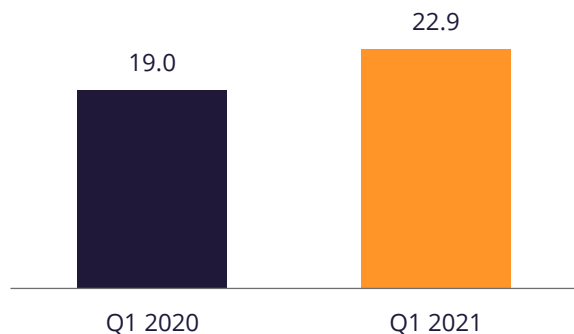
KGHM Polska Miedź S.A.



# Production results

Sierra Gorda<sup>1)</sup>

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



**Higher than projected copper production in Q1 2021**

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

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



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



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

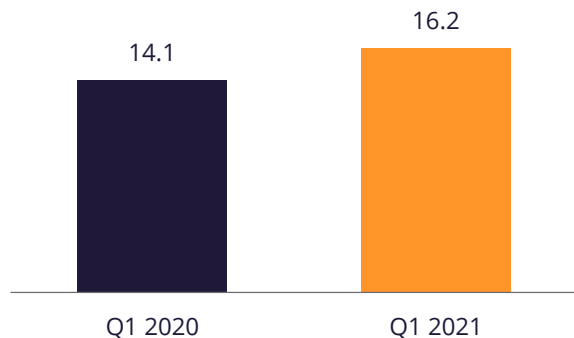


- Higher silver production in Q1 2021 vs Q1 2020 thanks to higher ore grade
- Lower TPM production in Q1 2021 vs Q1 2020 due to lower TPM grade
- Higher molybdenum production due to higher metal recovery vs corresponding prior-year period

## Production results

KGHM INTERNATIONAL

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



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

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



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



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



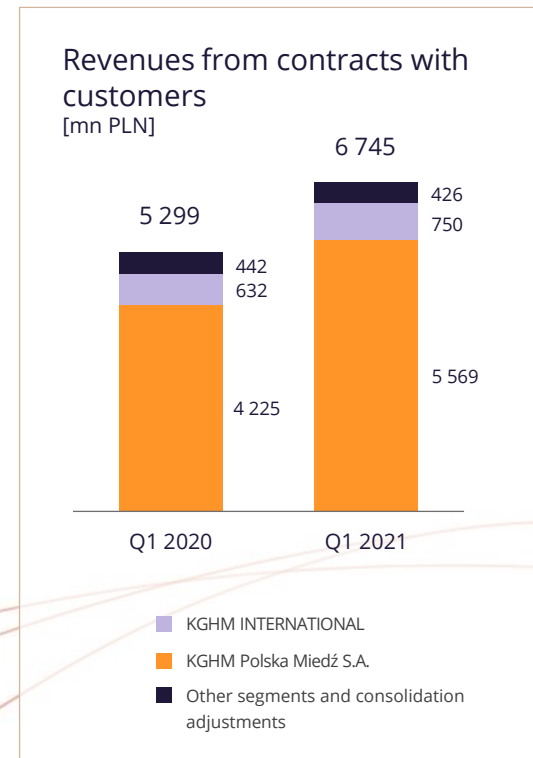
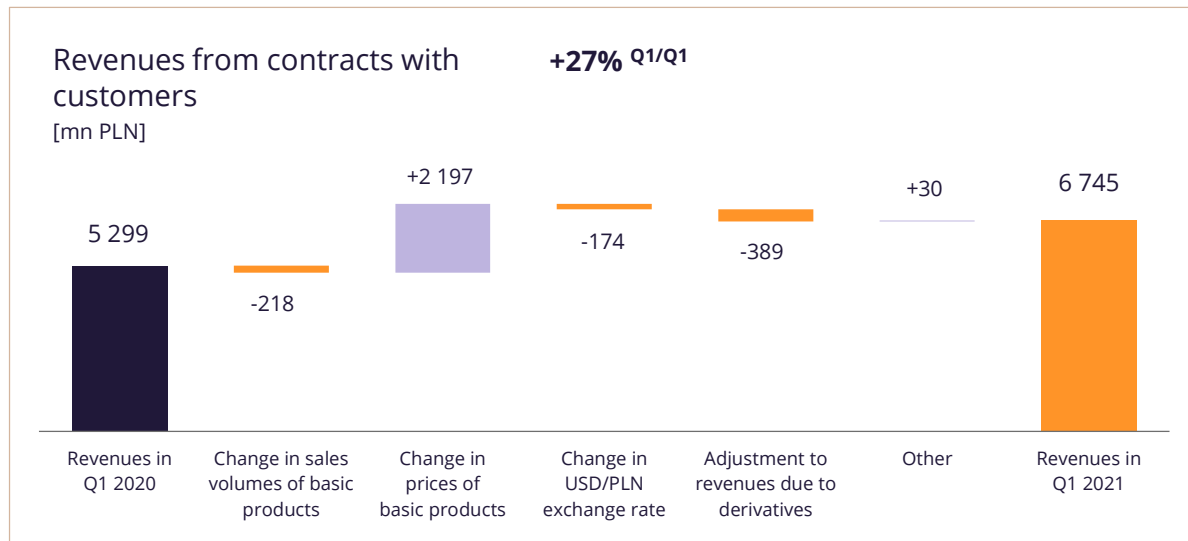
- Higher silver production by the Sudbury Basin due to higher silver content in ore
- Higher gold production by the Robinson mine (higher gold content in ore) did not offset the substantial drop in TPM production by the Sudbury Basin (lower extraction, lower TPM content in ore)
- Lower molybdenum production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

# Financial results of the Group

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## Group sales revenue

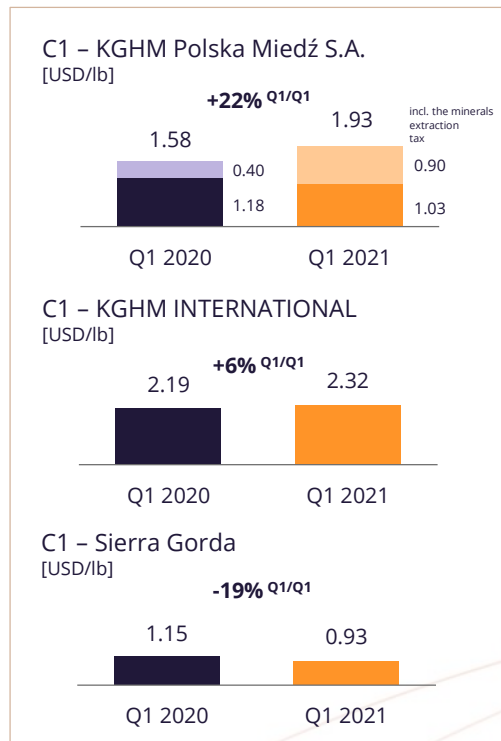
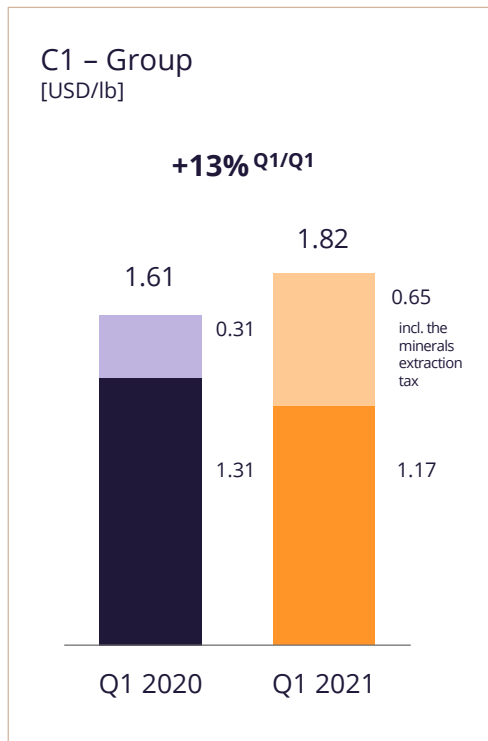
Q1 2021



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

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

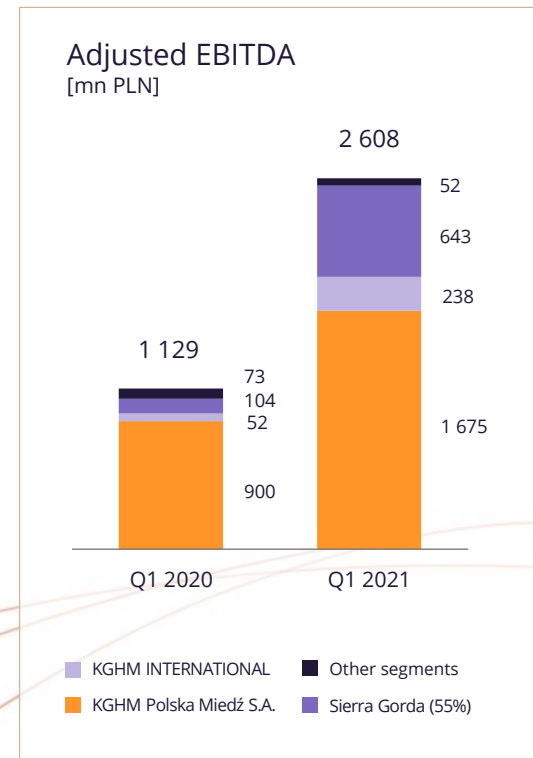
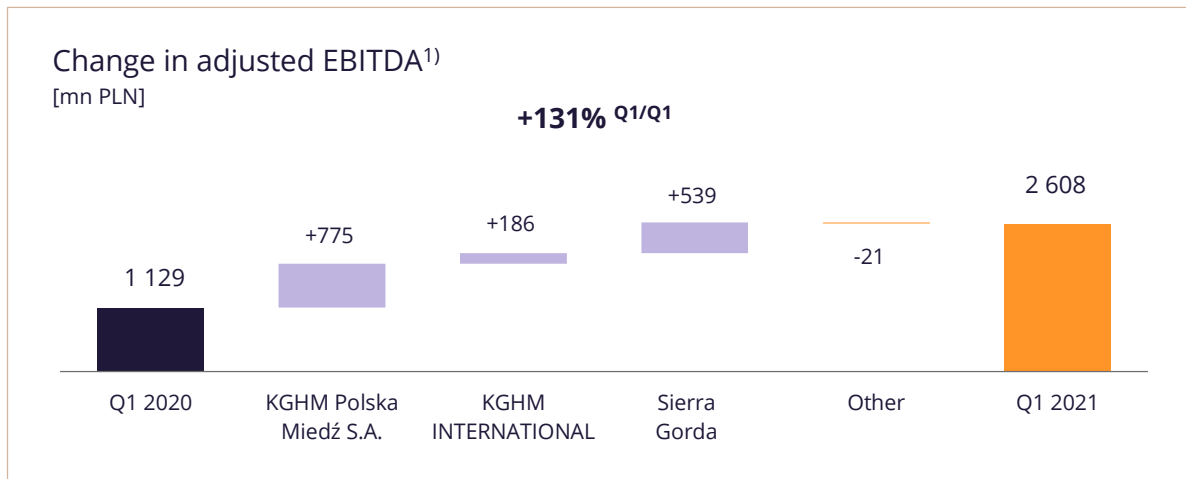
KGHM Group



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

## Operating results

KGHM Group



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

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

# Financial results

KGHM Group

Profit for the period

[mn PLN]

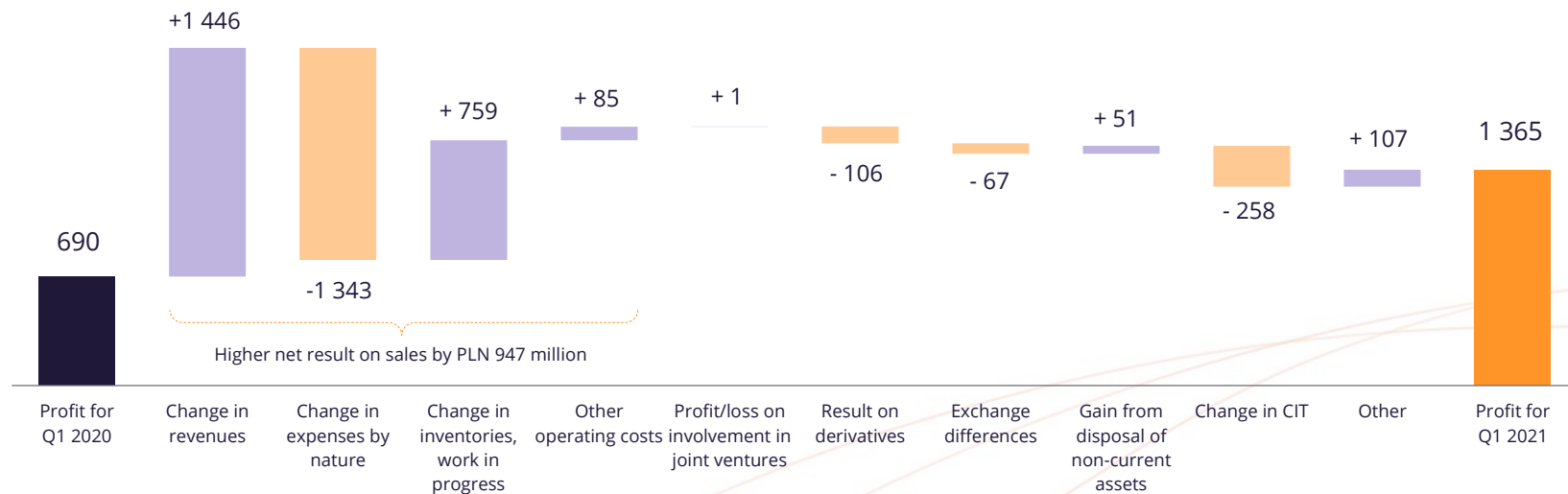
**+98% Q1/Q1**

**1 365**

[million PLN]

**consolidated net profit for Q1 2021**

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





# Cash flow

KGHM Group





## Advancement of development initiatives

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# A rationale and responsible investment program

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



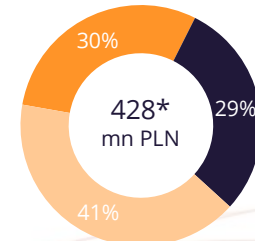
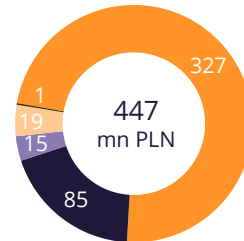
## CAPEX execution in Q1 2021

by area

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

by category

- Replacement
- Maintaining mine production
- Development



\*excl. Leasing IFRS 16

## CAPEX and budget execution in Q1 2020

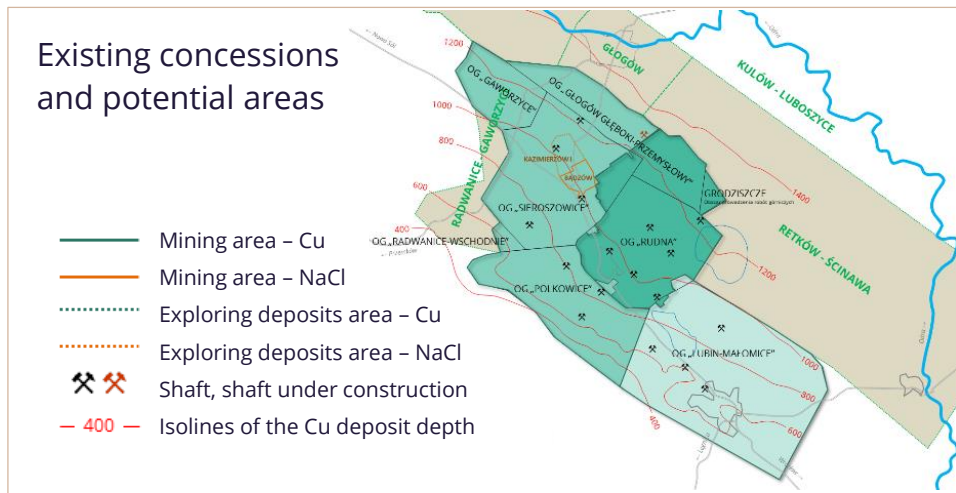
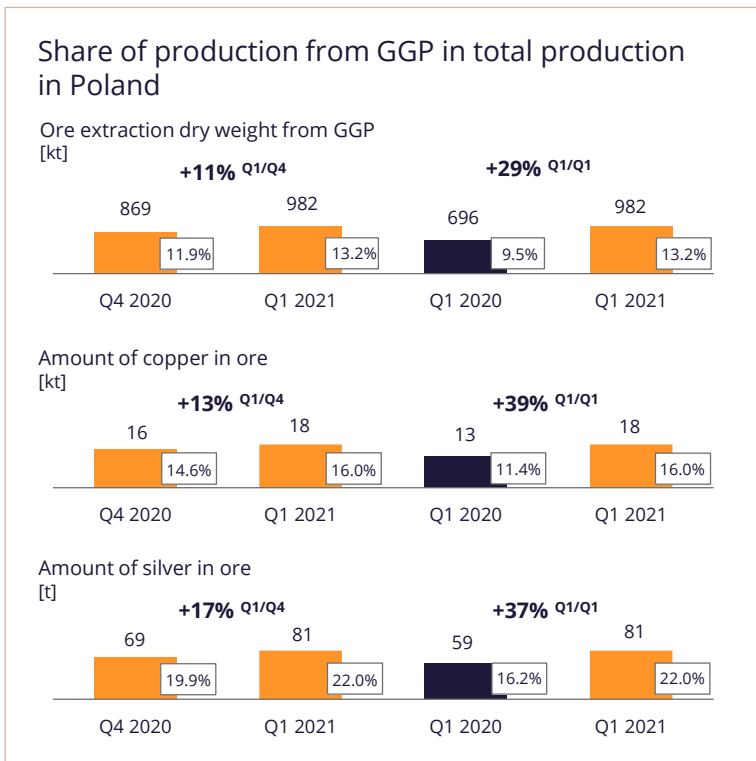


**401** mn PLN  
CAPEX execution in Q1 2020

**2 250** mn PLN  
CAPEX budget target for 2020

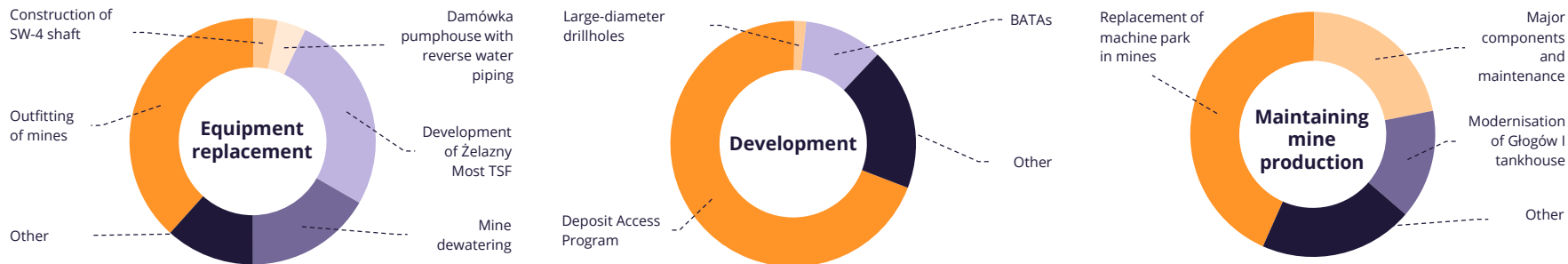
# Role of Deep Głogów (GGP) in maintaining output in Poland

Deposit access program in KGHM's concessioned areas



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

## CAPEX execution in key projects



### Development of Żelazny Most Tailings Storage Facility

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

### Deposit Access Program

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

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

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

### Modernisation of Głogów I Tankhouse

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

60 YEARS  
**KGHM**



THE FUTURE IS MADE  
**OF COPPER**

**Results of the KGHM Group for the first quarter of 2021**

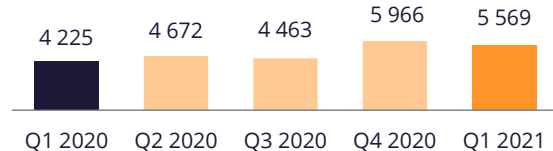
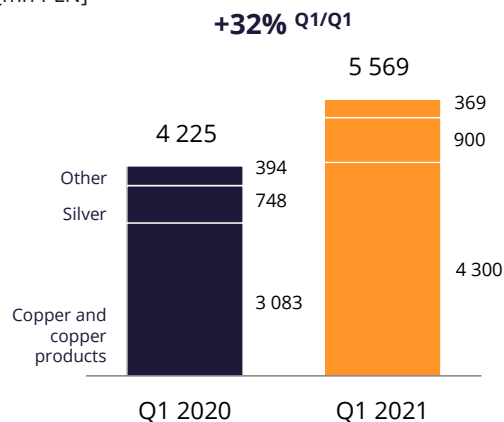
Lubin, 12-13 May 2021



# Sales revenue

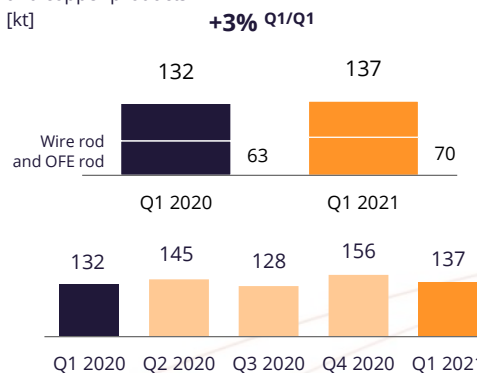
KGHM Polska Miedź S.A.

Revenues from contracts with customers  
[mn PLN]

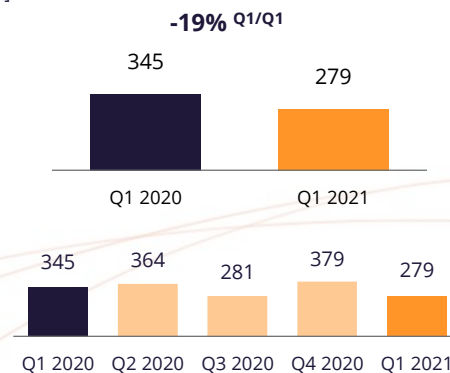


Higher revenues from sales by PLN 1 344 million (+32%) in Q1 2021 compared to the corresponding prior-year period mainly due to higher metals prices (copper +51%, silver +55%)

Sales of copper and copper products  
[kt]



Silver sales  
[t]

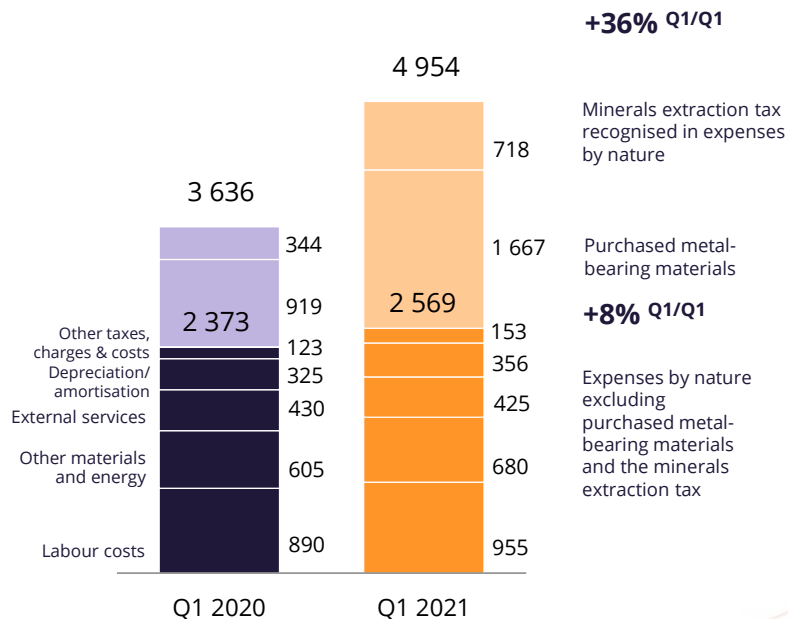




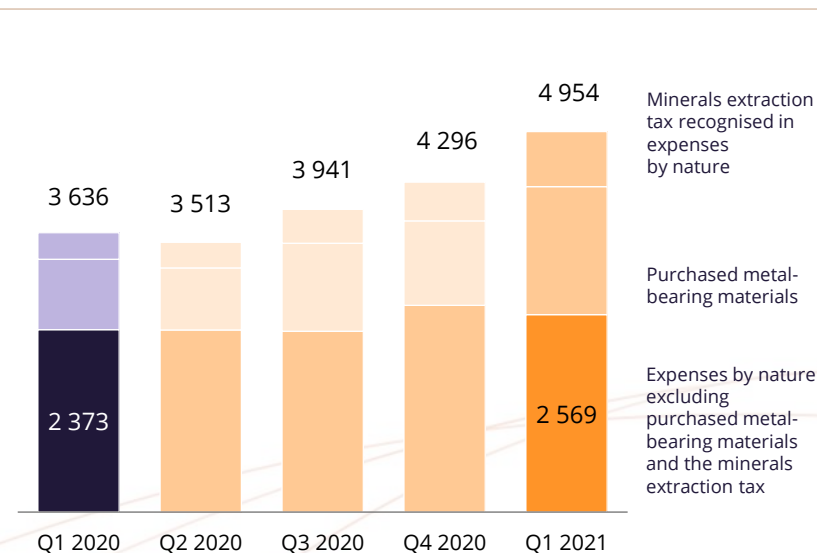
## Expenses by nature

KGHM Polska Miedź S.A.

Expenses by nature  
[mn PLN]



## Expenses by nature higher by PLN 1 318 million q1/q1

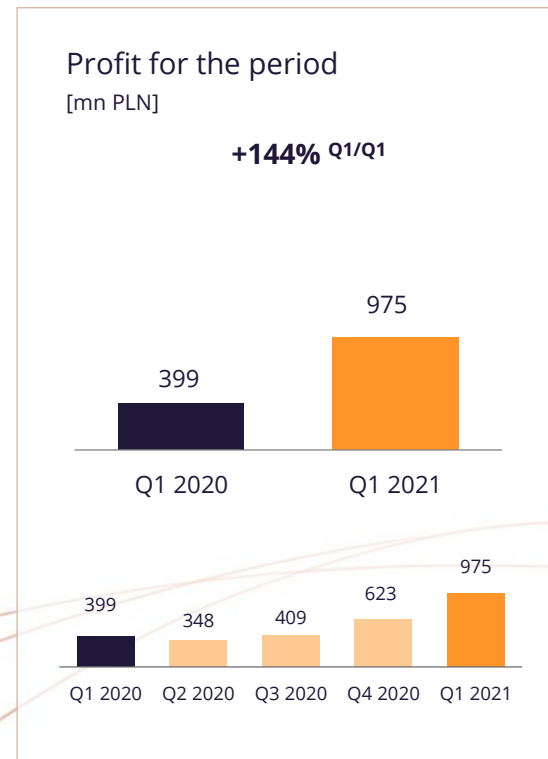
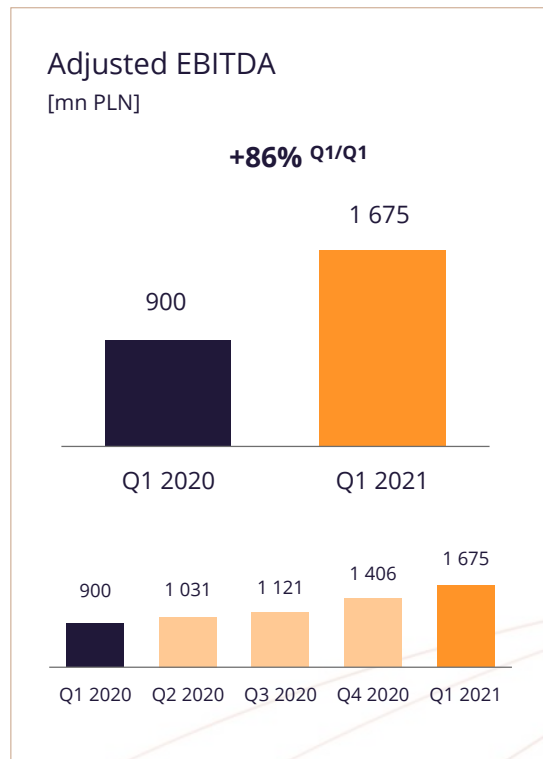


## EBITDA and profit for the period

KGHM Polska Miedź S.A.

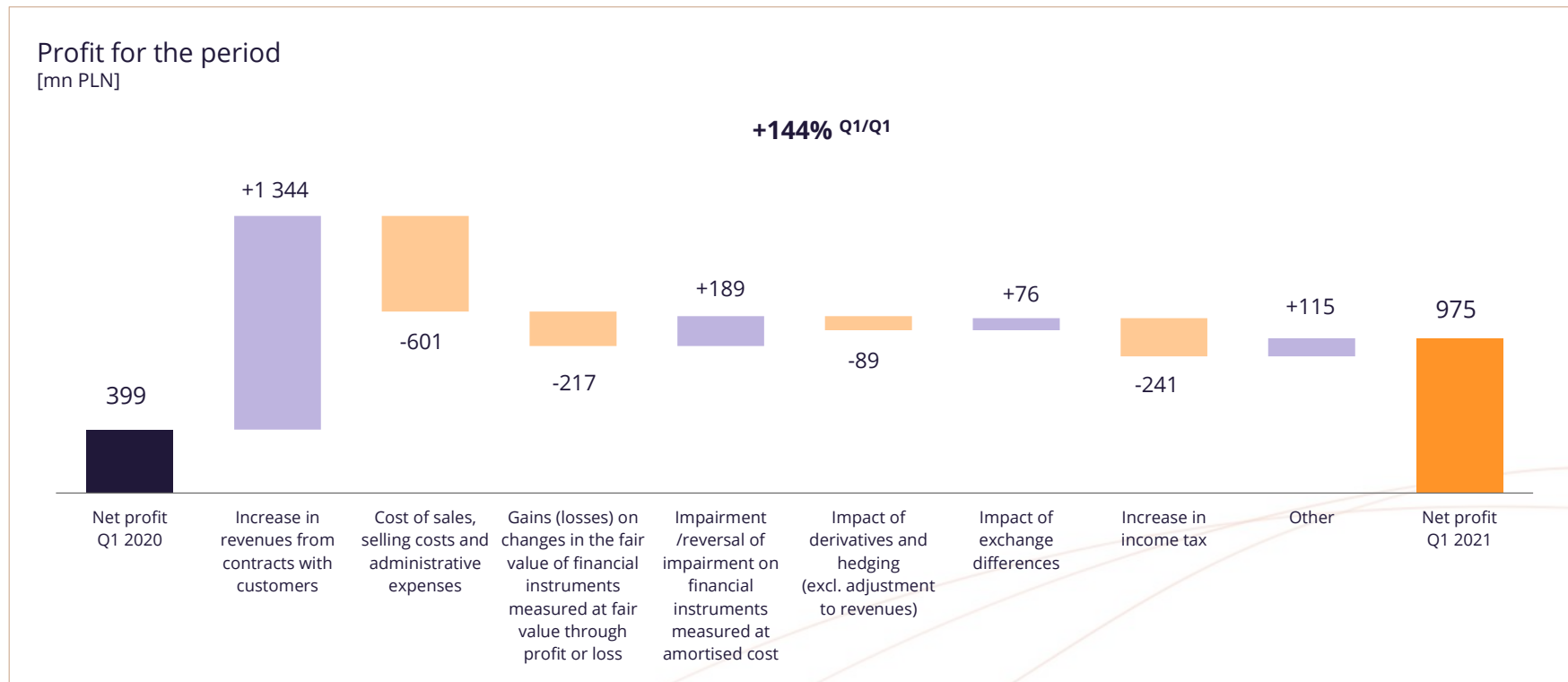
### Higher EBITDA, higher net profit

- EBITDA higher by 86% vs the corresponding period of 2020
- Higher net profit by PLN 576 mn (+144%) than in Q1 2020 mainly due to higher metals prices



## Profit for the period

KGHM Polska Miedź S.A.

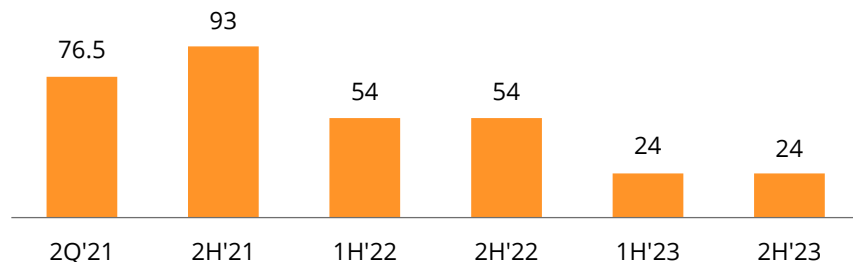


## Market risk management

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

Copper  
[kt]

■ Hedged position – open as at 31 March 2021



### In Q1 2021 open derivatives on the copper market were restructured:

- Call options were bought for the period March to June 2021 for the total notional amount of 62 thousand tonnes (of which: 46.5 kt for Q2 2021), which at the same time opens participation in potential further rises in the copper price for the seagull and collar structures held, with maturities from March to June 2021

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

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

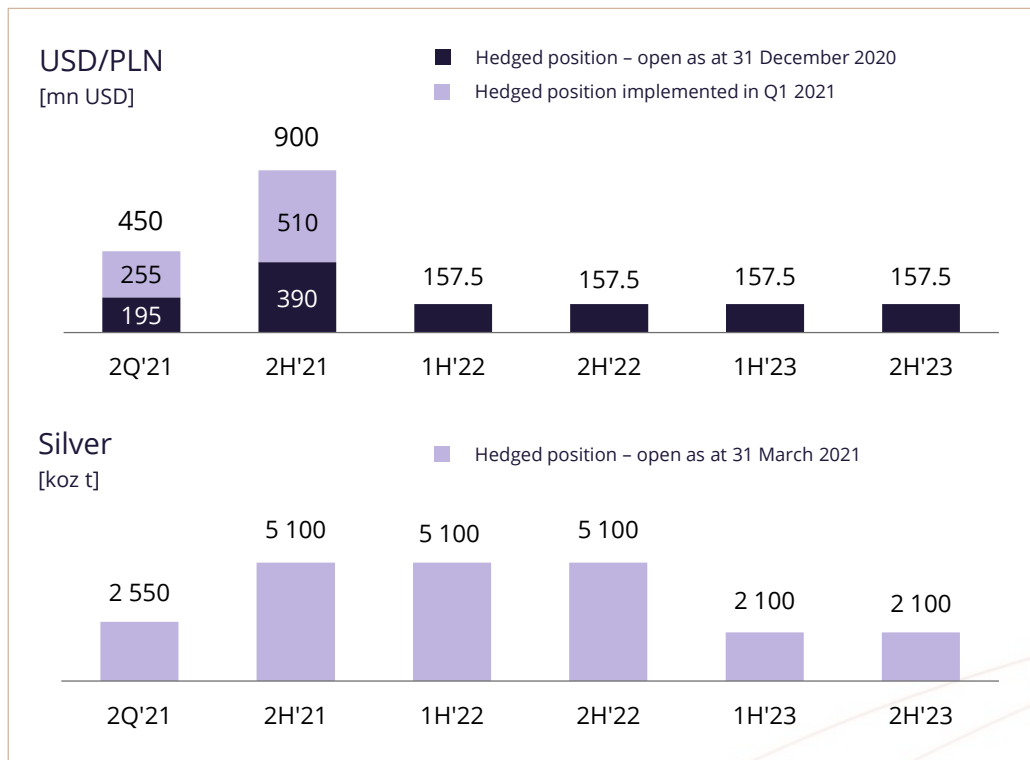
The fair value of open derivatives in KGHM Polska Miedź S.A. as at 31 March 2021 amounted to –PLN 1 591 million\*

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

\* excludes embedded instruments

## Market risk management

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



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

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

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

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



## Investor Relations Department

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