

Layers of possibilities



Results of the KGHM Group
for the first half of 2024

Warsaw, 14 August 2024

Summation of H1 2024 in the KGHM Group

Main macroeconomic factors and aspects of the Group compared to H1 2023

Macroeconomic environment¹⁾

+4%

Copper price
in USD/t

-3%

Copper price
in PLN/t

+12%

Silver price
in USD/oz t

+4%

Silver price
in PLN/oz t

-7%

A weaker USD vs the PLN

Operating results

no change

in extraction of ore, dry weight
in KGHM Polska Miedź S.A.

+1.6%

Production of
copper in concentrate
by KGHM Polska Miedź S.A.

-4.7%

Production of metallic silver
by KGHM Polska Miedź S.A.

-22.4%

Production of gold
by KGHM Polska Miedź S.A.

Indicators

+15%

Higher CAPEX execution
by KGHM Polska Miedź S.A.

-2%

Decrease in revenues to
PLN 17 480 mn

0.7

Debt
(Liquidity indicator, measured as net
debt to adjusted EBITDA)

Summation of H1 2024 in the KGHM Group and KGHM Polska Miedź S.A.

Basic measures of the results in H1 2024

KGHM Group

PLN 17 480 mn

Revenues

PLN 4 208 mn

Adjusted EBITDA

PLN 1 074 mn

Profit for the period

KGHM Polska Miedź S.A.

PLN 15 076 mn

Revenues

PLN 2 472 mn

Adjusted EBITDA

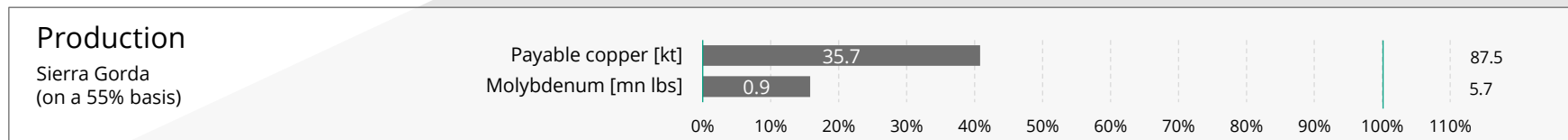
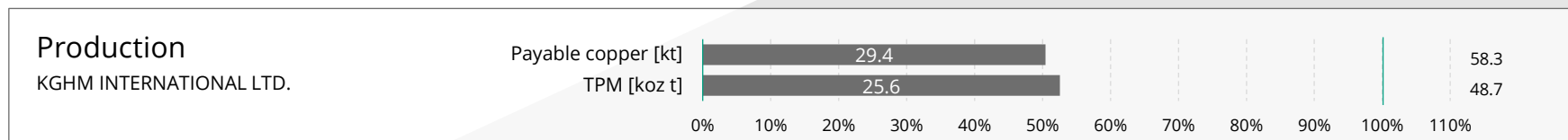
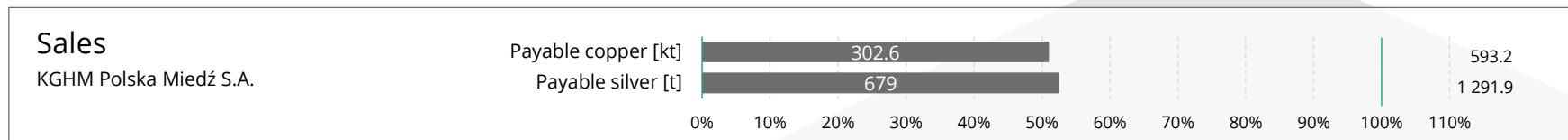
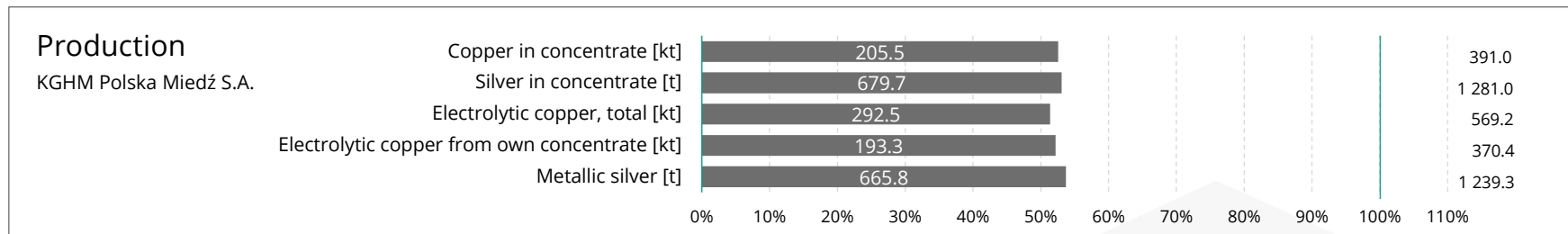
PLN 1 331 mn

Profit for the period

Group production and sales in H1 2024

Execution of annual targets

2024
Budget



Key production indicators

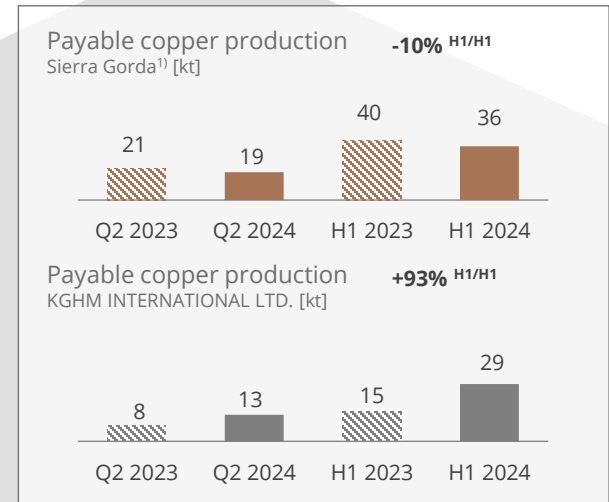
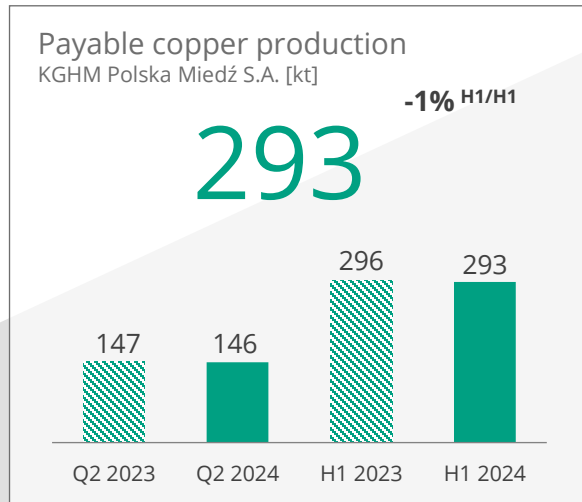
H1 2024

Payable copper production
by the KGHM Group
higher by 2% (H1/H1)

358

+2% H1/H1
[kt]

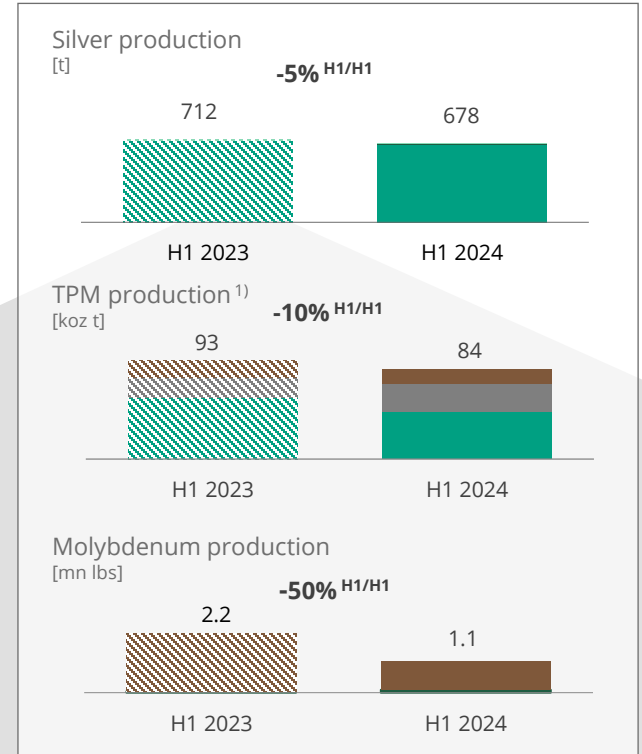
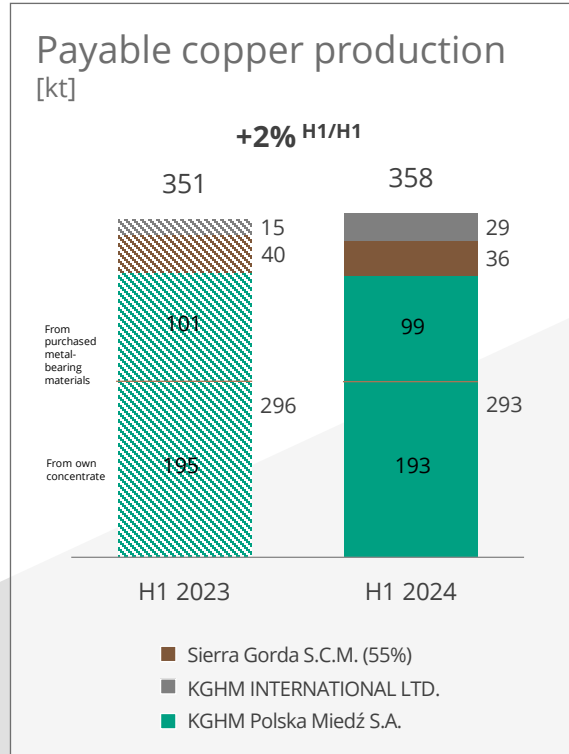
- **KGHM Polska Miedź**
Production slightly lower than in the prior year – the small decrease was due to execution of the adopted production plan for 2024
- **Sierra Gorda**
Lower copper content in ore and lower metal recovery, partially offset by higher processing
- **KGHM INTERNATIONAL LTD.**
Higher production mainly due to higher production by the Robinson mine



Metals production

KGHM Group

- Slightly lower copper production by KGHM Polska Miedź S.A. due to execution of the adopted production plan for 2024
- Higher copper production by KGHM INTERNATIONAL LTD. due to higher production by the Robinson mine
- Lower copper production by the Sierra Gorda mine due to lower copper content in ore and lower recovery, which was not offset by higher processing
- Production of silver by the Group was lower than in H1 2023 due to lower production by KGHM Polska Miedź S.A., as well as in the Sudbury Basin
- Production of precious metals lower than in H1 2023 due to lower gold production in KGHM Polska Miedź S.A. and Sierra Gorda S.C.M. as well as TPM in the Sudbury Basin
- Lower molybdenum production by Sierra Gorda S.C.M. due to extraction of ore with lower molybdenum content and lower recovery



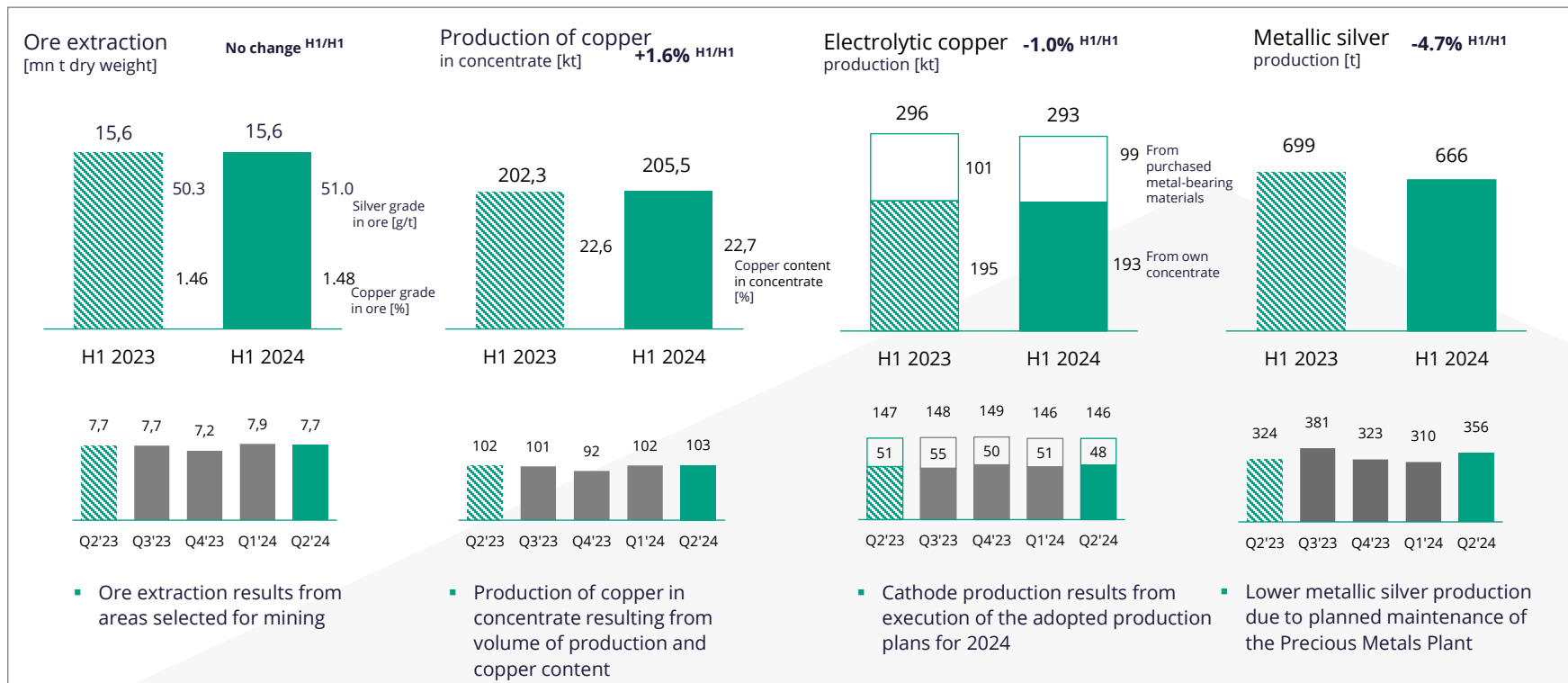


Production results of the KGHM Group by segment



Production results

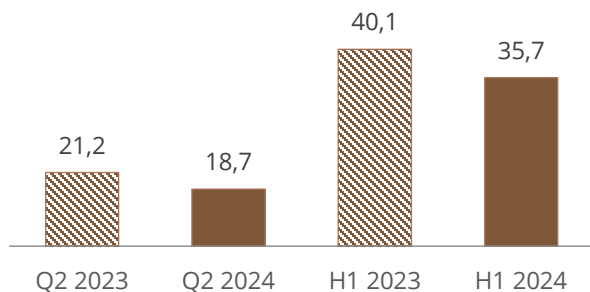
KGHM Polska Miedź S.A.



Production results

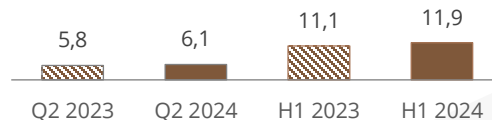
Sierra Gorda S.C.M.¹⁾

Payable copper production **-11% H1/H1**
[kt]

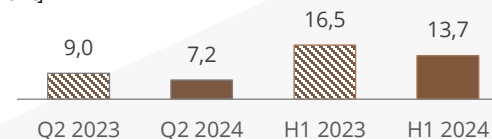


- Lower payable copper production in H1 2024 compared to H1 2023 due to the mining of ore with lower copper content and lower recovery

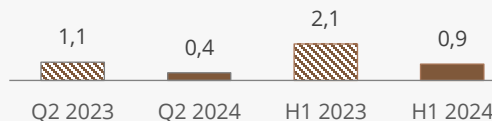
Silver production **+7% H1/H1**
[t]



TPM production **-17% H1/H1**
[koz t]



Molybdenum production **-57% H1/H1**
[mn lbs]

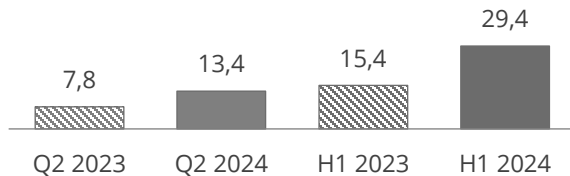


- The volume of precious metals production derived from the content of these metals in mined ore
- The decrease in molybdenum production was due to extraction from areas with lower metal content compared to ore mined in the prior year and lower recovery

Production results

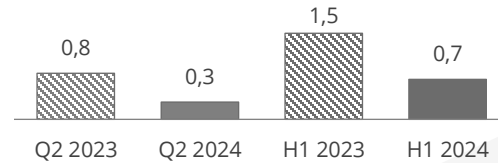
KGHM INTERNATIONAL LTD.

Payable copper production [kt] **+91% H1/H1**



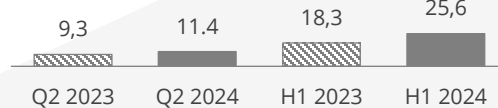
- Higher copper production in H1 2024 vs H1 2023 mainly due to higher copper production by the Robinson mine due to extraction from the main, copper-rich zone (higher volume of ore extraction with higher copper content)
- Lower copper production compared to the corresponding prior-year period in the Sudbury Basin (extraction of ore with lower copper content, lower volume of ore extraction)
- Lower production by the Carlota mine compared to H1 2023 due to lower copper content in leaching solution (PLS grade)

Silver production [t] **-53% H1/H1**



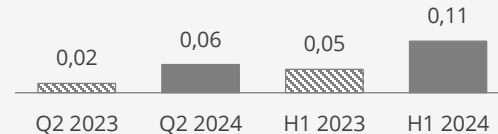
- Lower silver production by the Sudbury Basin due to lower silver content in ore and a lower volume of ore extraction

TPM production [koz t] **+40% H1/H1**



- Higher gold production by the Robinson mine (higher recovery and extraction). Lower precious metals production by the Sudbury Basin (lower TPM content in ore, lower volume of ore extraction)

Molybdenum production [mn lbs] **+120% H1/H1**



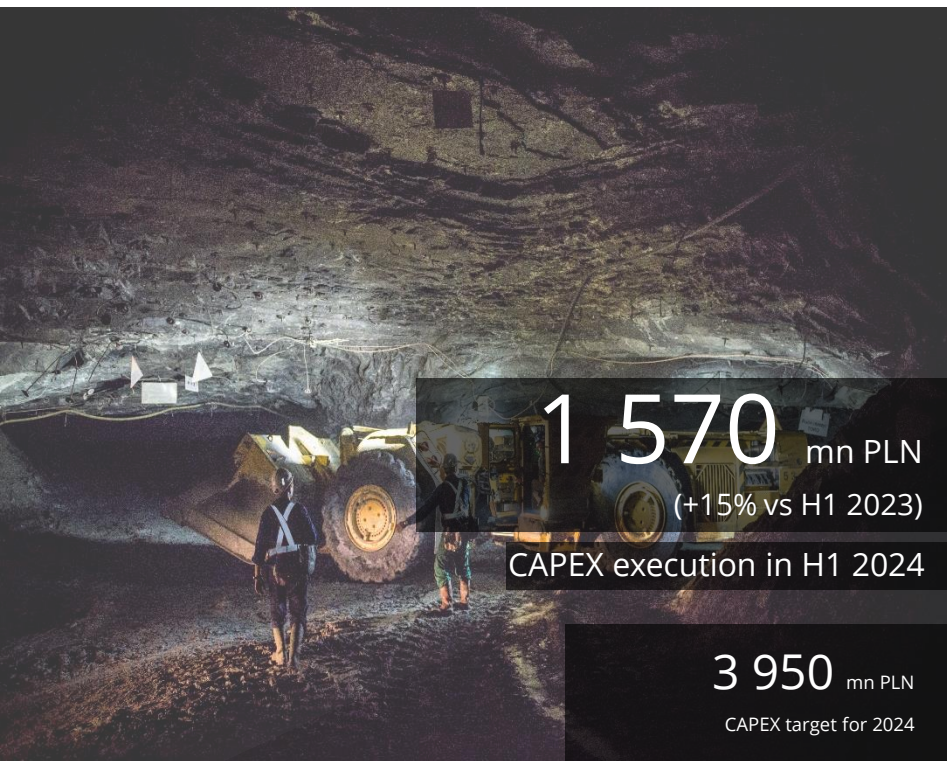
- Higher molybdenum production by the Robinson mine due to higher molybdenum content in ore and higher volume of ore extraction



Advancement of development initiatives

A rationale and responsible investment program

Capital expenditures by KGHM Polska Miedź S.A. in H1 2024



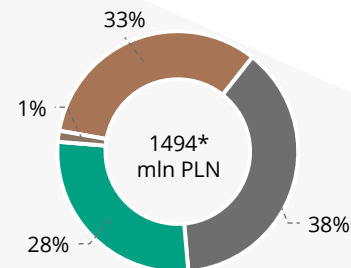
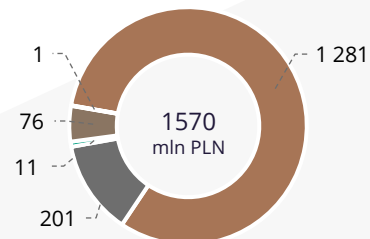
CAPEX execution in H1 2024. incl. borrowings

by area

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

by category

- Replacement
- Maintaining mine production
- Development (incl. R&D)
- Adaptaion projects



* excl. Leasing per IFRS 16

Comparison: CAPEX and budget execution in H1 2023



1 369 mn PLN
CAPEX execution 2023

3 250 mn PLN
CAPEX budget target for 2023

CAPEX execution in key investments

Deposit Access Program

- GG-1 shaft – Work continues on the final facilities. An environmental decision was obtained for the target facilities.
- GG-2 „Odra” shaft – Work carried out on shaft design.
- Retków shaft – Land for the construction of a shaft was purchased.
- Gaworzycze shaft – the Municipality published the changes to the MPZP²⁾ for the shaft complex construction area.
- 21.7 kilometres of tunnelling were excavated
- Central Air-Cooling System (SKC) – the Surface-based Air Conditioning Station (PSK) is operating with a nominal capacity of 33 MW. Part I of the Ice Water Transfer System (SPWL) is operating without disruptions. Construction of part II of the SPWL has been completed. Preparations to expand the SKC to 40 MW are underway.

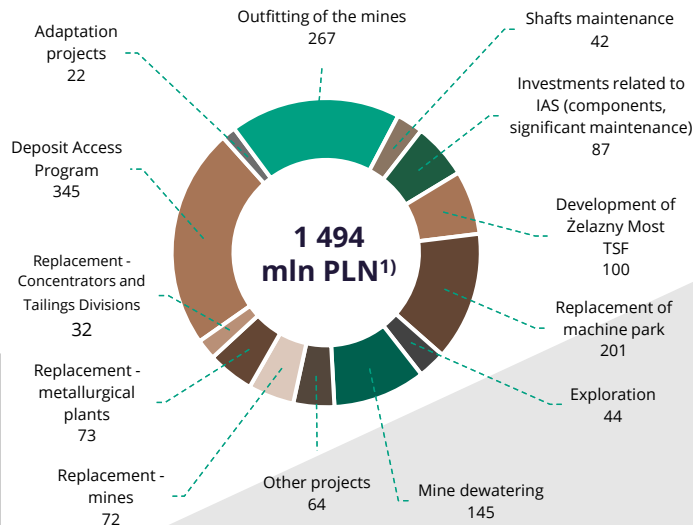
Replacement - metallurgical plants

- Renovation of three storage areas at the sulphuric acid plant of the Głogów II Copper Smelter/Refinery;
- Modernisation of electrorefining at the Głogów II Copper Smelter/Refinery
- Replacement of revolving concentrate drier no. 3 at the Shaft Furnaces Section of the Legnica Copper Smelter/Refinery
- Modernisation of the 6kV S1 and S2 switching stations of the Main Transformer Station at the Cedynia Copper Wire Rod Plant

Replacement - mines

- Modernisation of conveyor belts, shafts, air cooling and ventilation, power and telecommunications equipment; purchase of finished products.

- 1) excluding Leasing per IFRS 16, plus borrowing costs and R&D
- 2) municipal area management plan
- 3) study of conditions and directions of area development



Outfitting of the mines

- Conveyor belt transport – construction and extension of conveyor belts (29 conveyor belts under construction; completed - 4 km).
- Outfitting and infrastructure of regions/sections – work continued (the largest expenditures were incurred, among others, in projects related to the outfitting of section G-54– G-32 in the Polkowice-Sieroszowice mine).

Development of the Żelazny Most Tailings Storage Facility

- In terms of the project to increase the crown height above the level of 195 m a.s.l. – work carried out by the company PORR is on time or accelerated. Design work is underway on utilising terrain and occupying the north-west area. At the same time, administrative work is underway in three municipalities to enact changes to the MPZP²⁾, which are at the stage of having resolutions adopted for the SUJKZP³⁾.

Replacement of machine park

- 122 mine machines were purchased and supplied to the three mines: 29 to Lubin; 34 to Rudna; 59 to Polkowice-Sieroszowice.

Mine dewatering

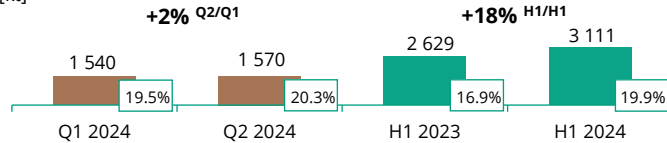
- UiUGO SW-4 – high-pressure pumping units were built and handed over. Technological commissioning is in progress.
- Polkowice-Sieroszowice mine – development of the piping network and the anti-filtration barrier.
- Rudna mine and Lubin mine – work commenced and continued on retention clarifier construction.

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

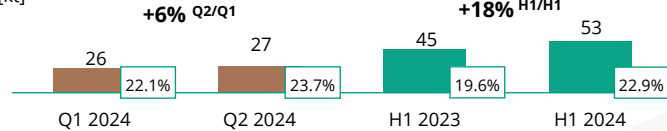
Deposit access program in KGHM's concessioned areas

Share of production from GGP in total production in Poland

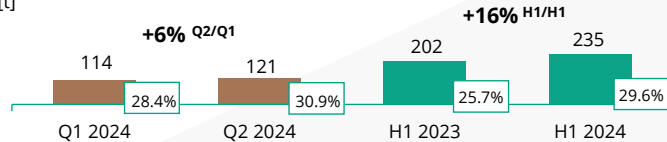
Ore extraction dry weight from GGP [kt]



Amount of copper in ore [kt]

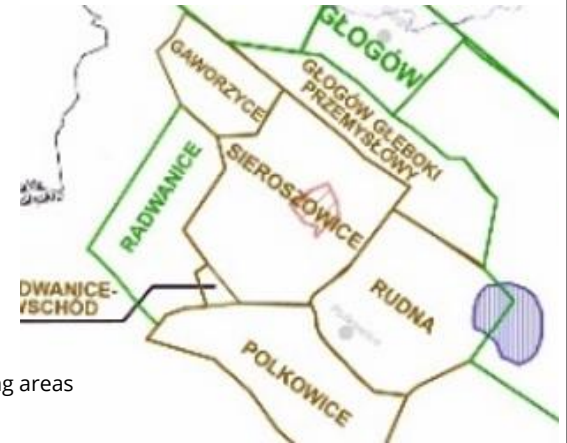


Amount of silver in ore [t]



Active concessions and future potential

- Current mining area
- Other future copper mining areas



Ore Extraction in the GGP region, as well as the amounts of copper and silver in ore, quarter to quarter (Q2/Q1 2024) increased by 2%.

The share of production from the GGP region in total domestic production year to year (H1 2024/H1 2023) remained in a rising trend, due to the successive increase in the number of mining sections and executed workings, as well as thanks to the improved ventilation of the workings from the GG-1 shaft.



Financial results of the Group

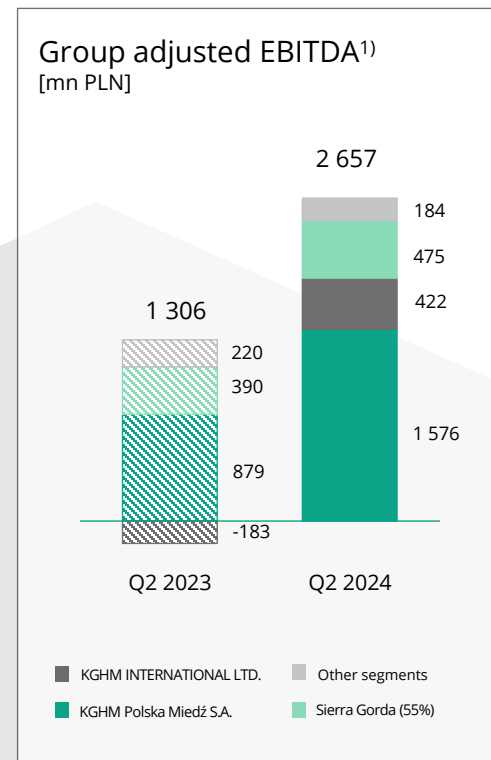
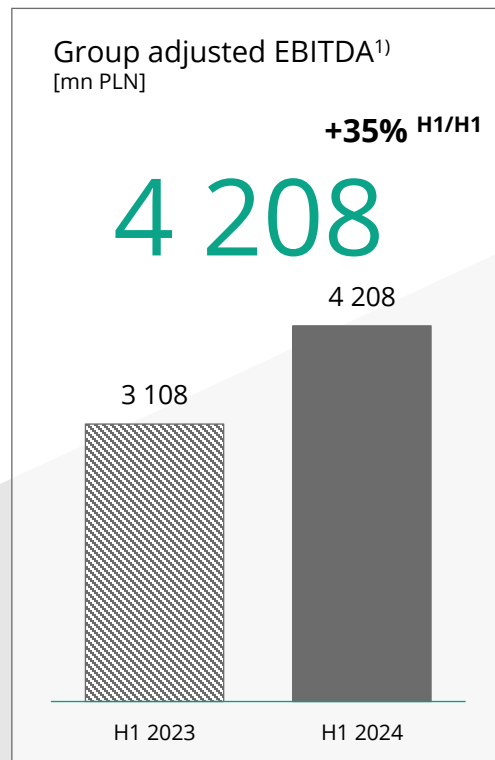
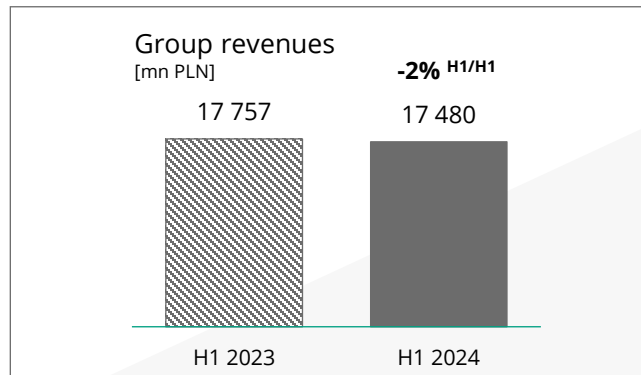


Key financial indicators of the KGHM Group

H1 2024

Adjusted EBITDA of the KGHM Group

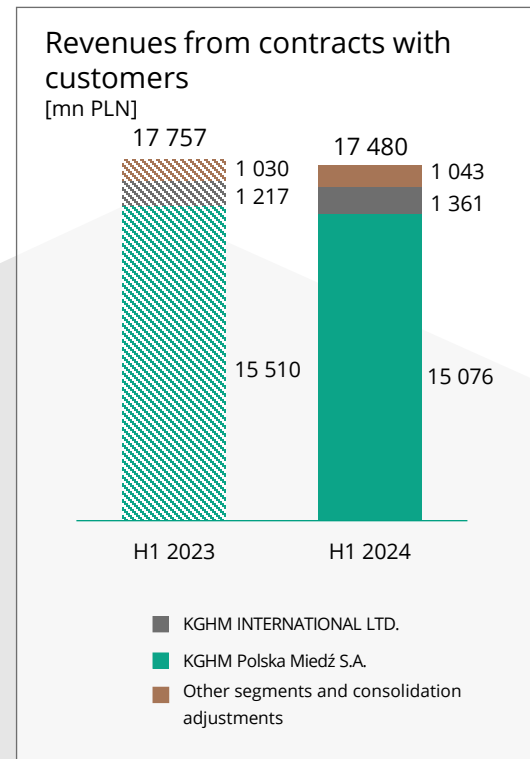
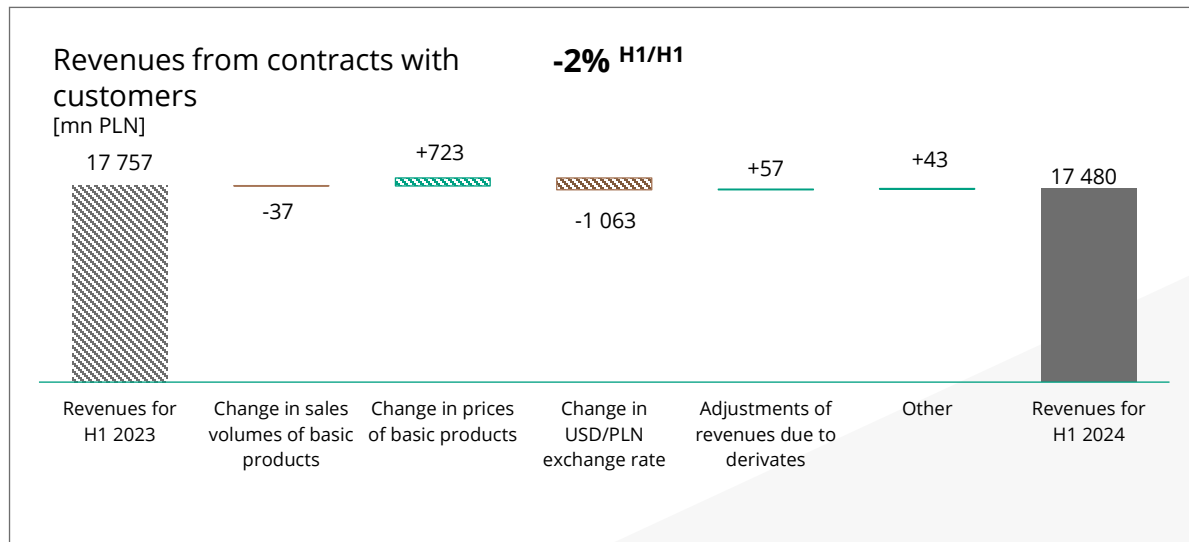
Higher adjusted EBITDA compared to H1 2023 applies mainly to KGHM INTERNATIONAL LTD. and to a lesser extent to KGHM Polska Miedź S.A.



1) Sum of segments; adjusted EBITDA = profit/loss on sales + depreciation/amortisation adjusted by impairment losses/reversals of impairment losses on non-current assets. EBITDA presented in accordance with the amended definition (see the consolidated half-year report Note 2.1)

Group sales revenue

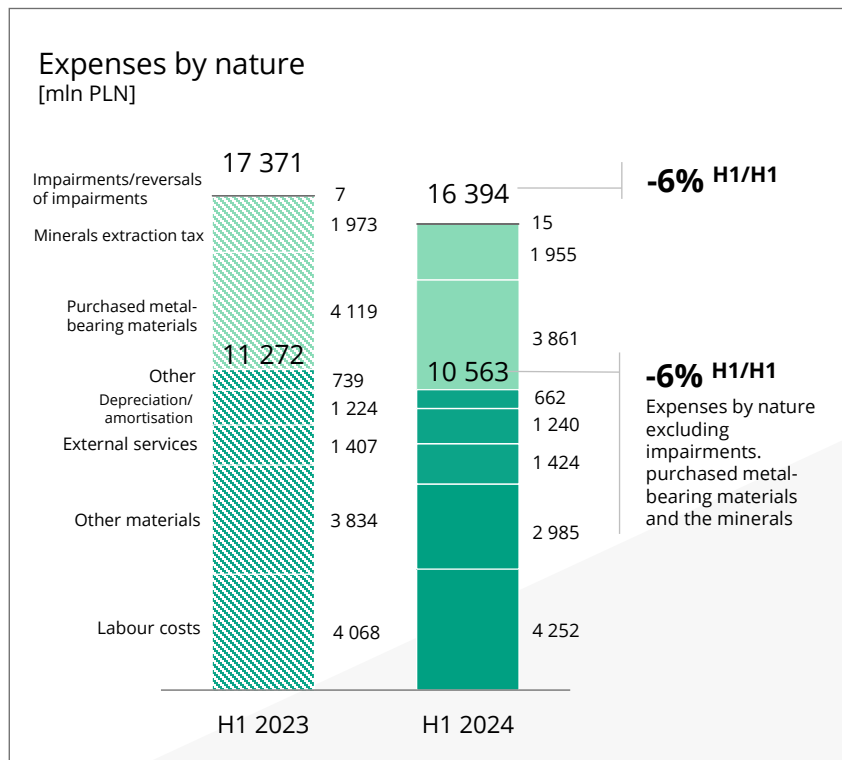
H1 2024



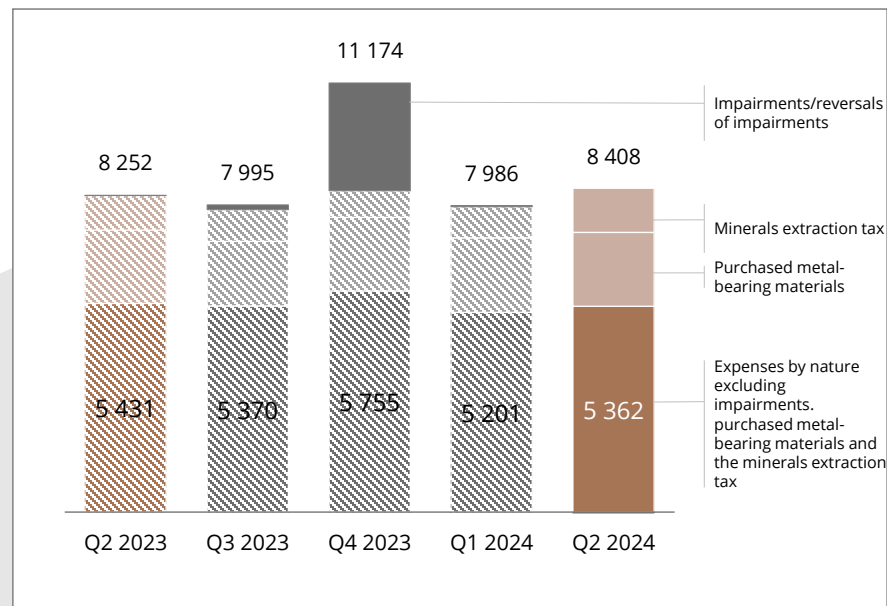
- Lower revenues by PLN 277 million (-2%) compared to H1 2023, due to less favourable macroeconomic conditions and lower sales by KGHM Polska Miedź S.A.

Expenses by nature

KGHM Group

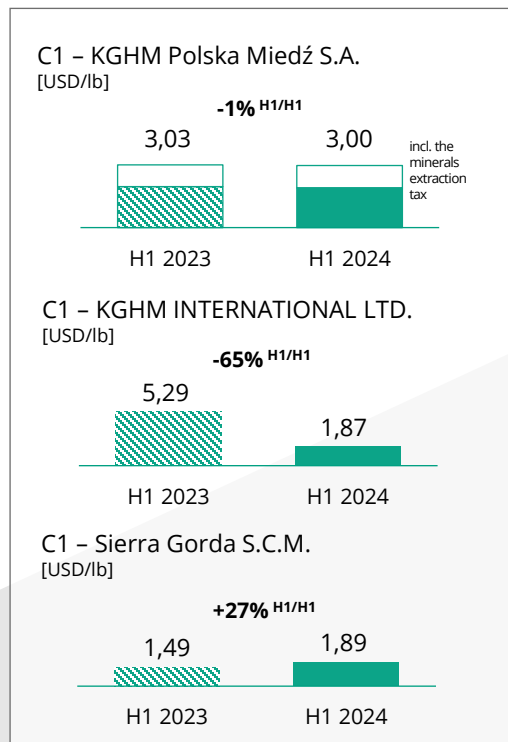
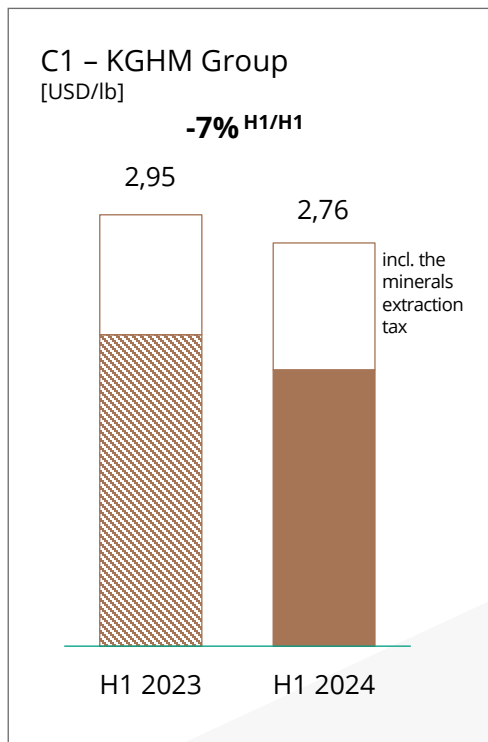


Lower expenses by nature compared to H1 2023 mainly due to lower costs of purchased metal-bearing materials, as well as energy and natural gas



C1 unit cost ¹⁾

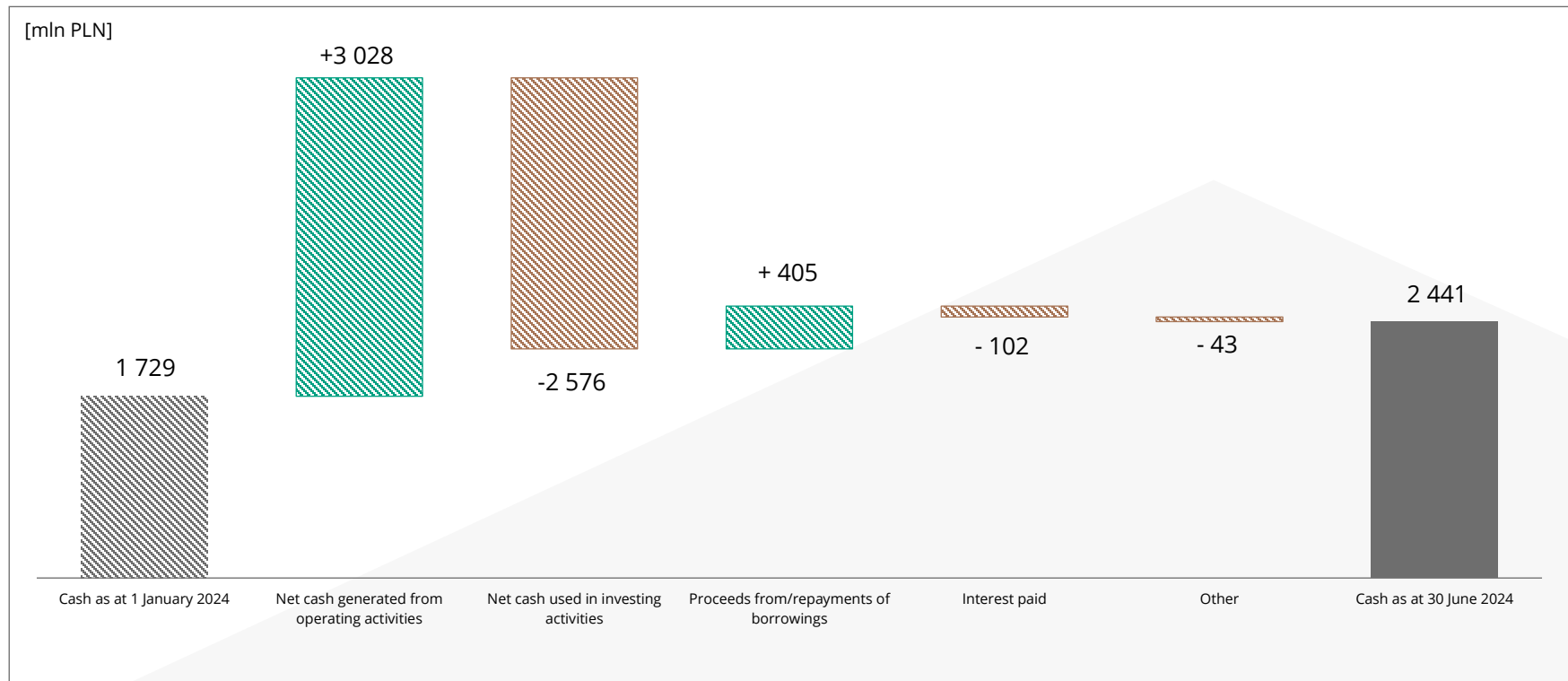
KGHM Group



- KGHM Polska Miedź S.A.** – a decrease in C1 by 1% mainly due to higher production from own concentrates, higher valuation of by-products and lower costs of extraction and metallurgical processing. The lower C1 cost was achieved despite weakening of the USD versus the PLN by 7%, when converting costs from PLN to USD.
- KGHM INTERNATIONAL LTD.** – the significant decrease in C1 cost results from the improvement in the Robinson mine, which in 2023 had mainly mined from low copper content zones and struggled with technical problems
- Sierra Gorda S.C.M.** - higher by 27%, mainly due to a lower volume of copper sold and the increase in cost of external services, fuel and spare parts

Cash flow

KGHM Group



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+48 76 74 78 280