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**The highest PLN-expressed copper prices since the start of 2013 ensured higher revenues and EBITDA for the KGHM Polska Miedź Group in the second quarter, despite the negative impact of the planned maintenance at the Głogów II Copper Smelter and Refinery on the achieved levels of production and sales.**

The increase in consolidated revenue by 7 percent yoy to the level of PLN 5 157 million in the second quarter of 2018 is mainly the result of an increase in the price of copper by more than 1 200 USD/t (+21 percent yoy) alongside the partial offsetting of this effect by the 7 percent lower volume of copper sales yoy and the weakening of the USD/PLN exchange rate by 7 percent yoy. The average PLN-expressed price of copper in the second quarter was at the highest level since the first quarter of 2013.

Payable copper production by the Group was 10 percent lower than in the second quarter of 2017 (152 kt versus 168 kt), mainly due to the maintenance shutdown of the flash furnace at the Głogów II Copper Smelter and Refinery. Production by the international assets remained stable. The maintenance of the flash furnace also had a negative impact on production of associated metals, mainly metallic silver (-20 proc. yoy). Production of molybdenum fell by 55 percent to the level of 3.8 million pounds, mainly due to the lower content of this metal in the ore extracted by the Sierra Gorda mine.

Adjusted consolidated EBITDA<sup>1</sup> in the second quarter of 2018 was higher by 9 percent compared to the corresponding period of 2017 (from PLN 1 282 million to PLN 1 391 million). Impact came from the higher EBITDA of the Sierra Gorda mine (by PLN 97 million) alongside changes in the revenue and costs of other segments, resulting in a net positive effect of PLN 12 million.

Consolidated profit in the second quarter amounted to PLN 172 million and was half of that achieved in the prior year. The difference was mainly due to an increase in depreciation/amortisation, the recognition of provisions (mainly due to litigation) and to a lower result on the involvement in joint ventures.

Net debt at the end of the second quarter amounted to PLN 8 019 million (USD 2 142 million), while the ratio of net debt to adjusted EBITDA amounted to 1.7.

<b>in mn PLN</b>	<b>2nd quarter 2018</b>	<b>2nd quarter 2017</b>	<b>Change in mn PLN</b>	<b>Change in %</b>
Revenue	5 157	4 802	+ 355	+ 7.4%
Cost of goods sold	-4 464	-3 999	- 465	+ 11.6%
Adjusted EBITDA	1 391	1 282	+ 109	+ 8.5%
Net result on sales	693	803	- 110	- 13.7%
Profit for the period	172	344	- 172	- 50.0%

<b>in mn PLN</b>	<b>1st half 2018</b>	<b>1st half 2017</b>	<b>Change in mn PLN</b>	<b>Change in %</b>
Revenue	9 423	9 713	- 290	- 3.0%
Cost of goods sold	-8 071	-7 836	- 235	+ 3.0%
Adjusted EBITDA	2 565	2 863	- 298	- 10.4%
Net result on sales	1 352	1 877	- 525	- 28.0%
Profit for the period	611	1 054	- 443	- 42.0%

<sup>i</sup> Adjusted EBITDA including 55% of EBITDA in Sierra Gorda, which is consolidated by using the equity method.