

# CODELCO

## Corporate Presentation

March 2021



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As an industry standard, Codelco divides its mineral holdings into two categories, reserves and resources. Resources are ore bodies of economic value that have been identified and evaluated through exploration, reconnaissance and sampling. Reserves are the portion of the resource that can be extracted based on an economic, environmental and technological analysis set forth in the mining plan. Reserves and resources are both subdivided further, based on the degree of knowledge that Codelco has of their extent and composition. The system used by Codelco for categorizing mineral ore is according to the Chilean law (N° 20.235), which is in accordance with other systems widely used within the mining industry. The "Comisión Calificadora de Competencias en Recursos y Reservas Mineras" is the independent Chilean entity who regulates this and it is part of the Committee for Mineral Reserves International Reporting Standards (CRISCO).

The non-GAAP financial measures included in this presentation (including, without limitation, Adjusted EBIT, Adjusted EBITDA, cash cost, total costs and expenses and financial debt) are not GAAP measures of our liquidity and operating performance and should not be considered alternatives to cash flow from operating activities as a measure of liquidity or net income or operating income as measures of operating performance or any other measure derived in accordance with GAAP. The Company has prepared reconciliations of comparable GAAP to Non-GAAP measures in tables included at the end of this presentation.

# CODELCO

## Overview

# Codelco is Chile's state-owned copper producer since 1971



**1.7**  
million tons  
copper production  
2020

*Includes output from  
associated companies*

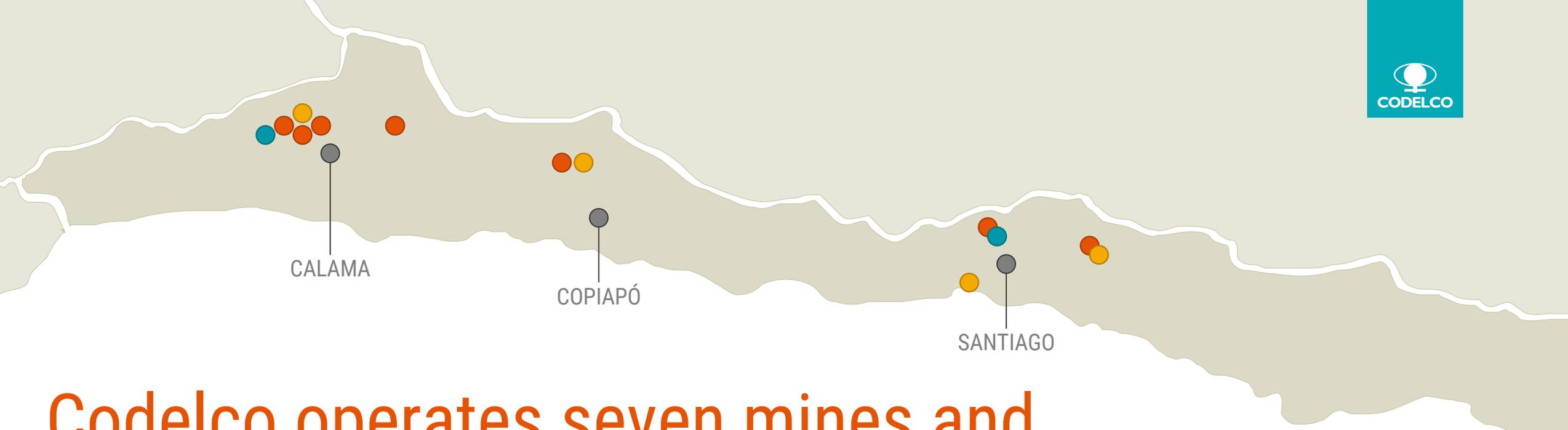
**\$14Bn**  
Annual revenues  
2020

**14%**  
of total Chilean  
exports  
2020

**1st**  
copper producer  
worldwide 2020

**A/A3/A-**  
top rated  
mining company  
S&P / Moody's / Fitch

**49Mt**  
6% of global  
copper reserves  
2020



# Codelco operates seven mines and four smelters, all located in Chile

- Mining operation
- Smelter
- Minority stakes





## Highlights 2020

- Effective implementation of **Covid-19 action plan**
- **Increase of own production to 1,618 ktons (+1.9% YoY)**. Total production<sup>1</sup> reached 1,727 ktons (+1.2% YoY)
- **Significant reduction of C1 cash cost** to c\$129/pound from c\$142/pound in 2019
- EBITDA amounted to US\$5.3 billion (+30.8% YoY) and **Net Debt-to-EBITDA ratio declined to 3.1x**
- **Focus on ESG:** Released 5 sustainable development commitments by 2030
- **Construction of structural projects steadily progressing.** Rajo Inca project approved in Jan-2021

<sup>1</sup> Total production includes minority stakes in AAS and El Abra

# Sustainability is a key driver of our decisions

Five commitments of sustainable development by 2030



**Reduce 70% of  
our Carbon  
Footprint**

Implement 100% renewable energy matrix and e-Mobility, among others



**Reduce 60%  
of our Water  
Footprint**

Incorporate a desalination plant and increase water recycling



**Recycling 65%  
of Industrial  
Waste**

Recycle mine truck tires and solid waste from operations and projects



**New Tailings  
Storage Facility  
Standard**

Online monitoring of TSF physical and chemical stability



**Create  
Additional  
Social Value**

Increase by 60% goods and services supplied by local suppliers and local workforce



# Covid-19: Action Plan

Employee Health & Safety and Operational  
Continuity

# Employee safety and operational continuity are our top priorities



- ✓ Social distancing measures and temporary suspension of projects did not have a material impact on production in 2020
- ✓ Alignment of employees with a common safety goal has been key in the effectiveness of the fight against Covid-19 and production performance
- ✓ We have a Covid-19 specially-dedicated organizational structure across our operations that maintains an ongoing monitoring
- ✓ Health authorities, Pontificia Universidad Catolica de Chile and McKinsey support our monitoring and provide advice regarding measures

# Fight against Covid-19 continues in 2021



✓ In 2021, the Covid-19 Action Plan measures are successfully managing the risk of infection among our employees

✓ We have intensified our TTI strategy (Testing-Tracing-Isolating) which allows us to prevent, through early detection, the spread of infections

✓ Our testing rate is, on average, 28x the testing rate of the regions where our operations are located

✓ Cumulative infected cases total 5,886 people. 5,671 people have already recovered. As of February 22nd, 2021, there are 197 active cases

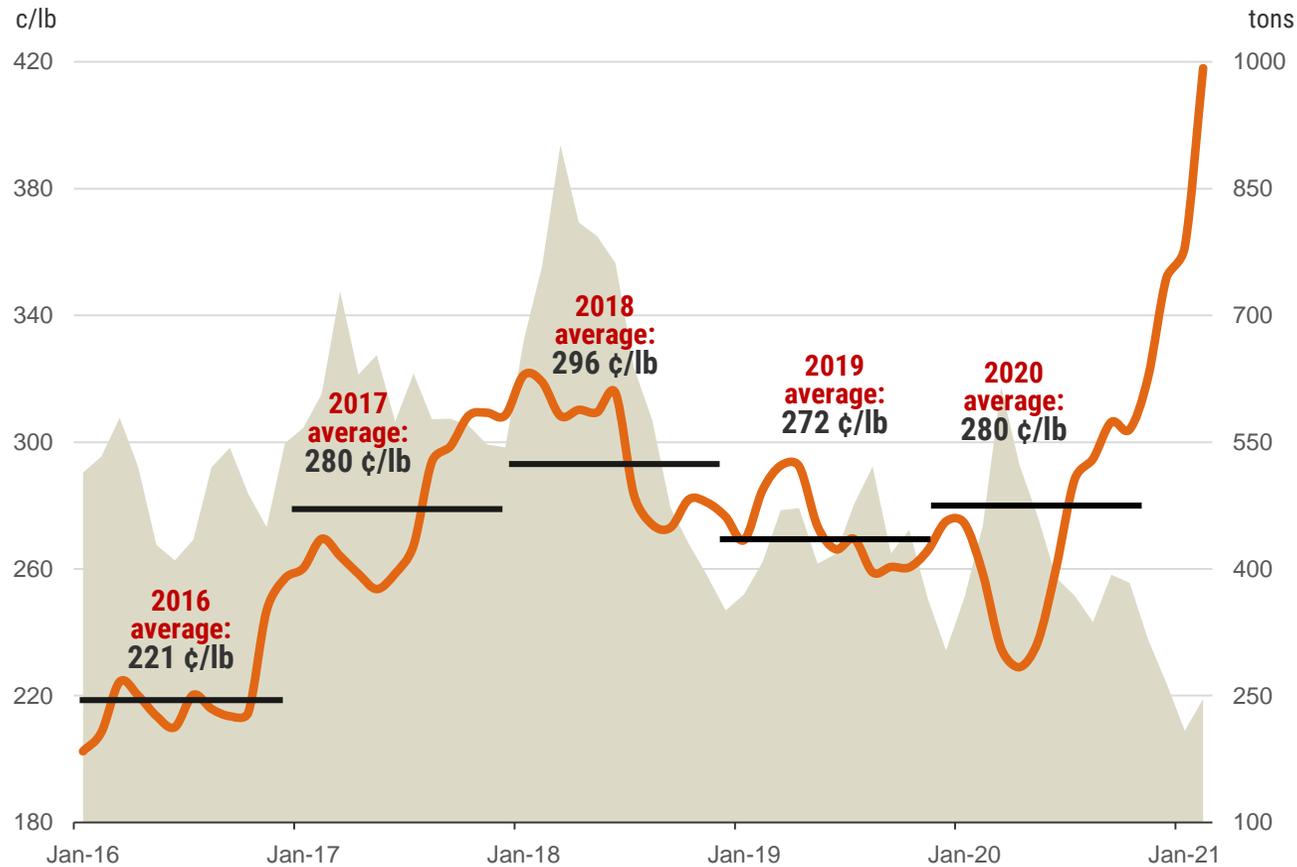
# Copper Market

Main Drivers: Short and Long Term Views

# Copper is off the charts compared to recent years



## 2016-2021 copper price and stocks\*



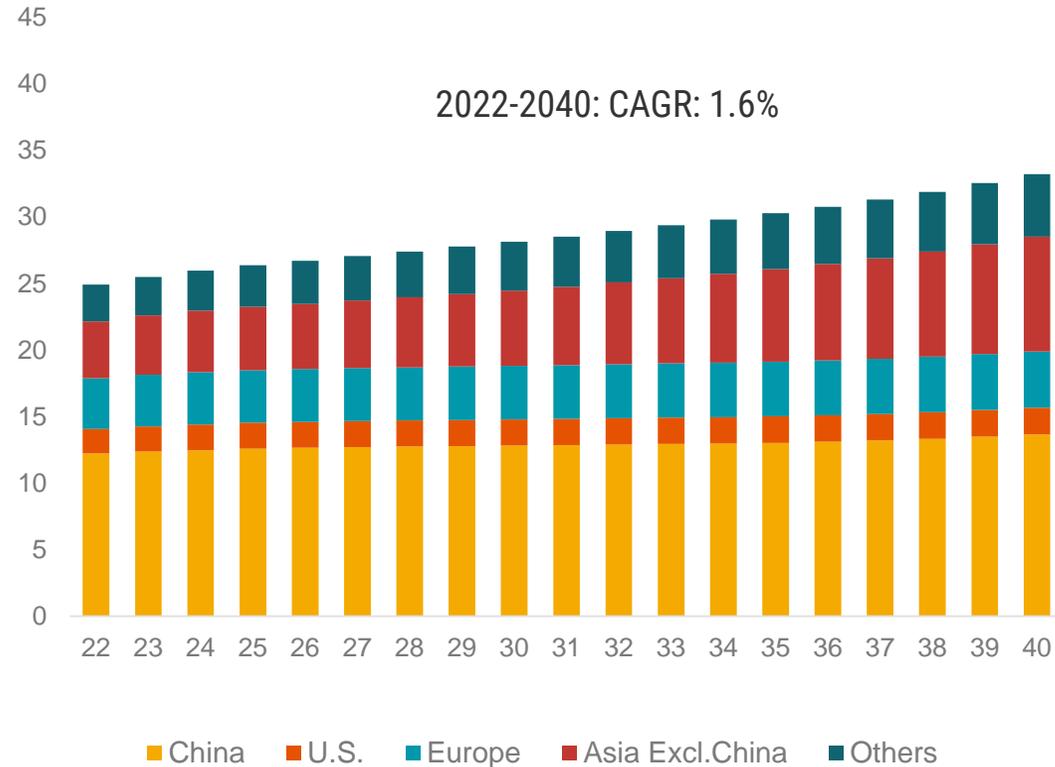
\* Data until 25/02/2020; London Metal Exchange.

- **Strong demand from China** in 2020 and similar outlook for 2021
- **Green-led economic recovery** in 2021 and coming years
- **Declining impact of Covid-19** on global economy because of vaccination efforts
- Potential supply-side **disruptions and cutbacks**
- Expectations of **higher inflation and weaker USD**

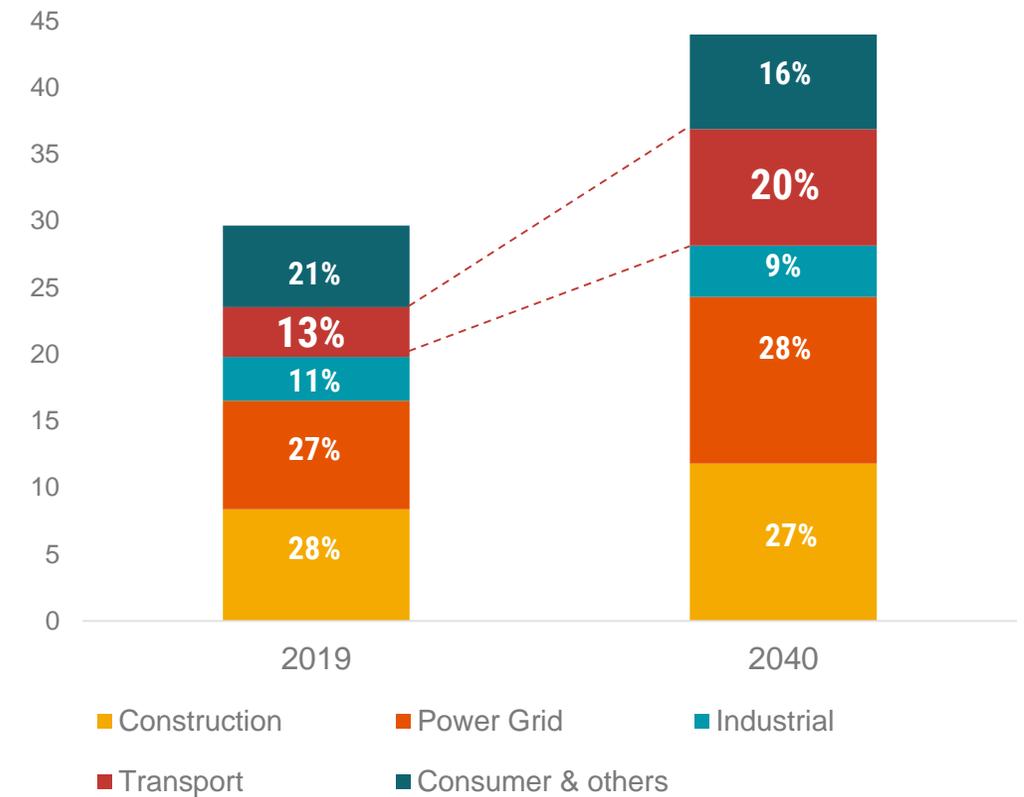
# Demand projections reflect stable long-term growth



**Refined Consumption by Region**  
(Mt)



**Total Consumption by Industry**  
(Mt)



Source: Wood Mackenzie

# Codelco: Recent Performance

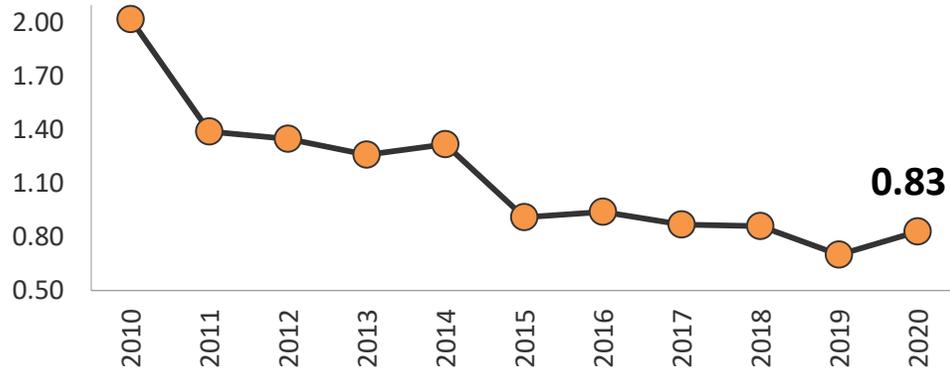
## Production & Financial Results

# Employee health and safety remain our top priorities



## Frequency Rate – Employees & Contractors

(Lost time injury / Million hours worked)



### FREQUENCY RATE

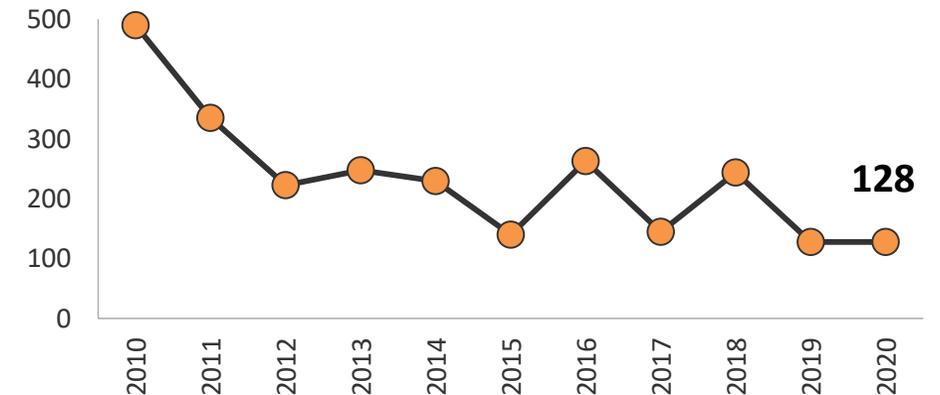
The accident frequency rate increased in 2020, but remained among the lowest rates in recent years

## SEVERITY RATE

In June 2020, a fatal accident occurred at Radomiro Tomic, which resulted in the death of a contractor. We deeply regret this accident

## Severity Rate – Employees & Contractors

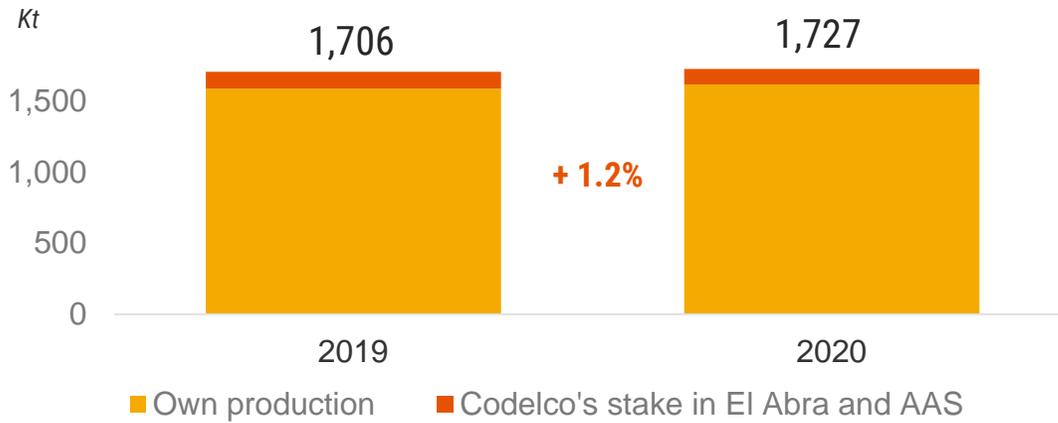
(Lost days & days charged / Million hours worked)



# Despite the pandemic, we reached 2020 production and cost targets



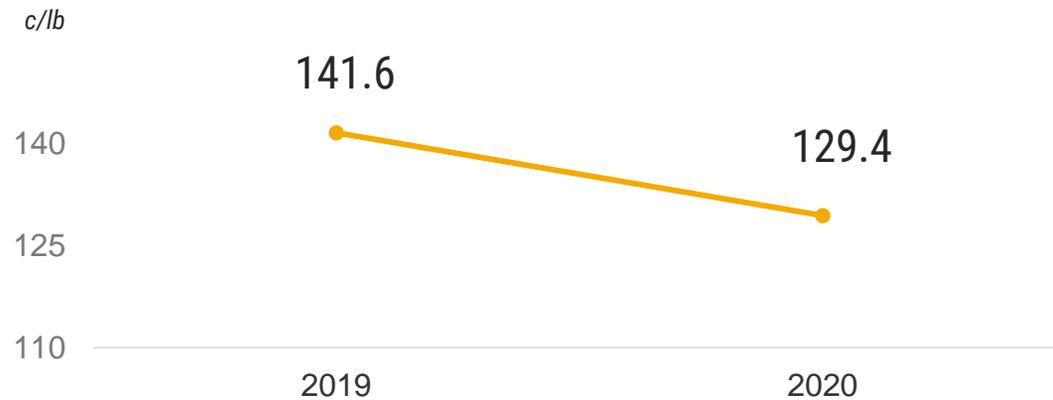
## Copper Production



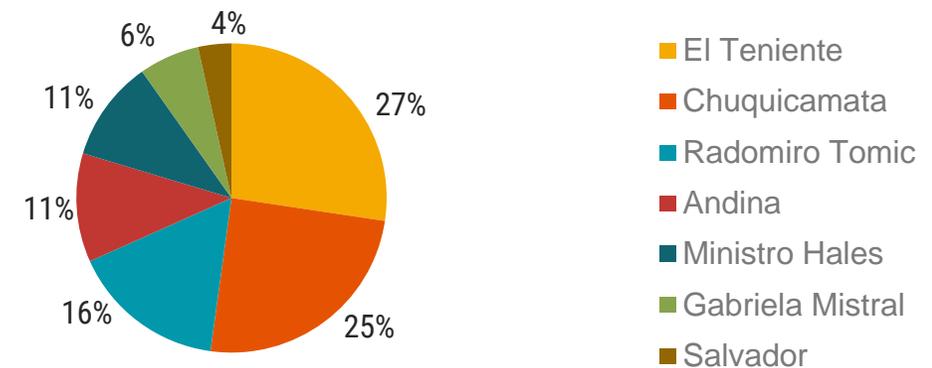
## Quarterly Production



## C1 Cash Cost



## Own production by operation

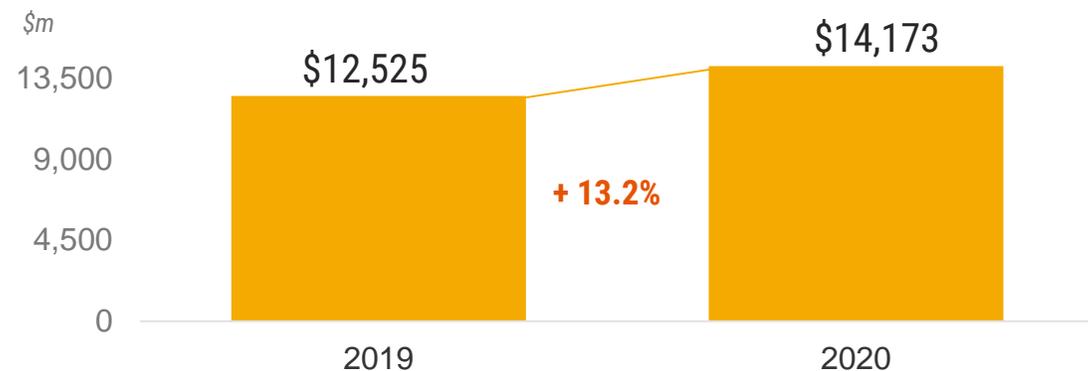


# Summary of financial results 2020

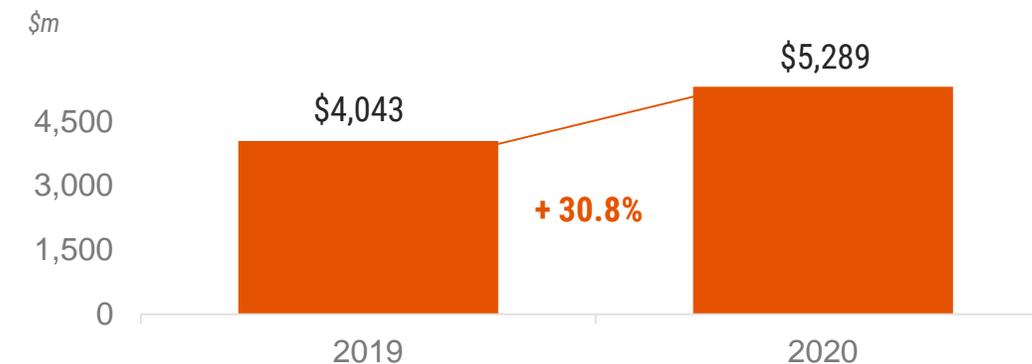
Higher prices and production volume had a positive impact on revenues and margins



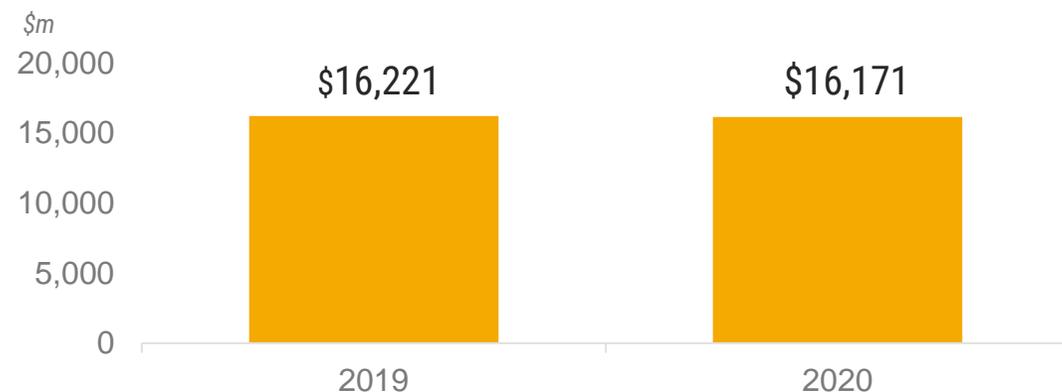
## Revenues



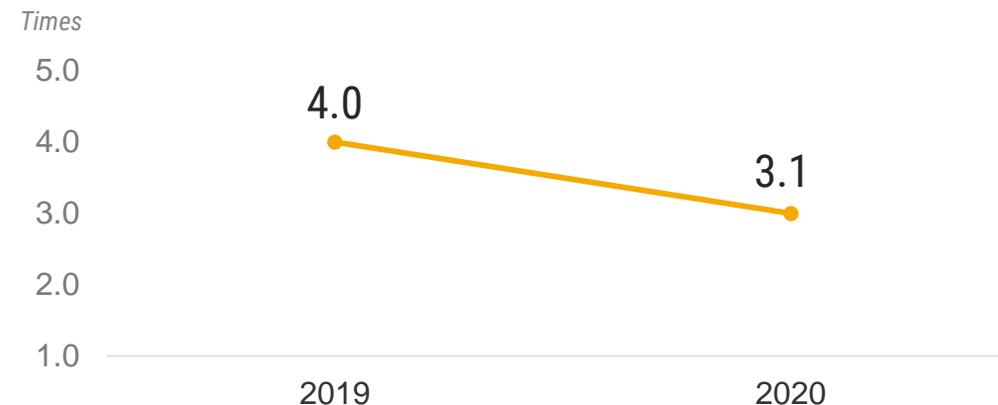
## EBITDA



## Net Financial Debt



## Net Financial Debt-to-EBITDA ratio

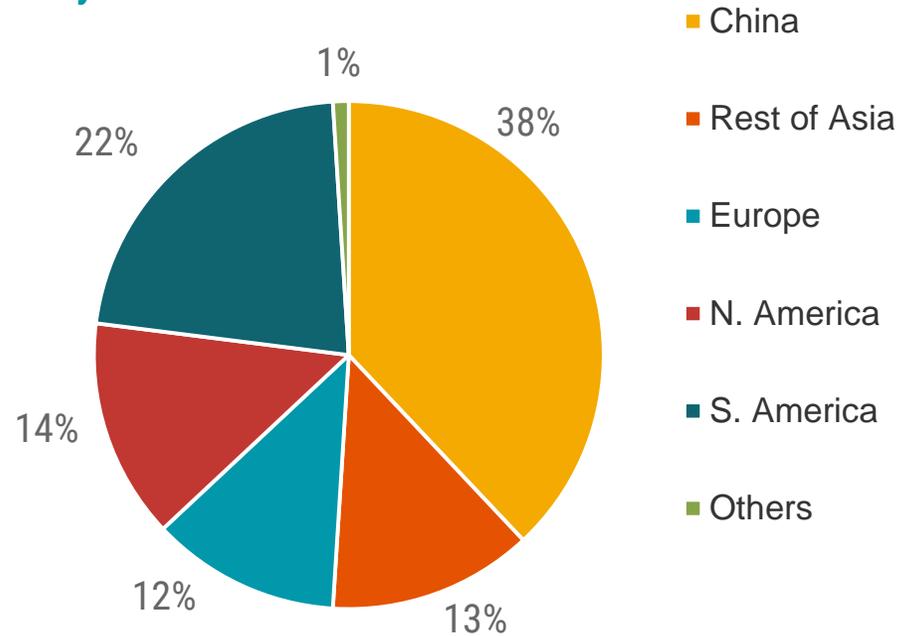


# Copper sales volume breakdown by product and end-market in 2020

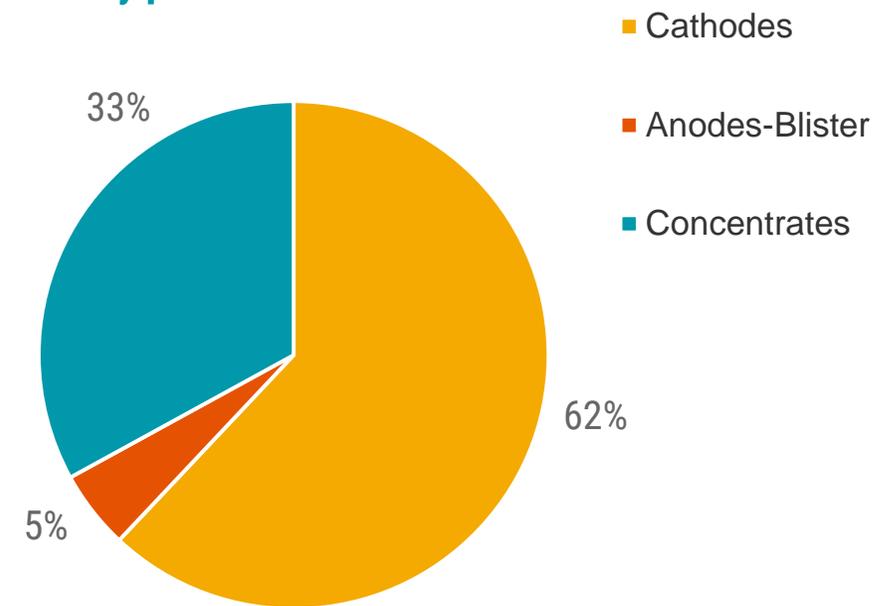
China continues to be the most relevant market



## Copper sales by end-market



## Copper sales by product

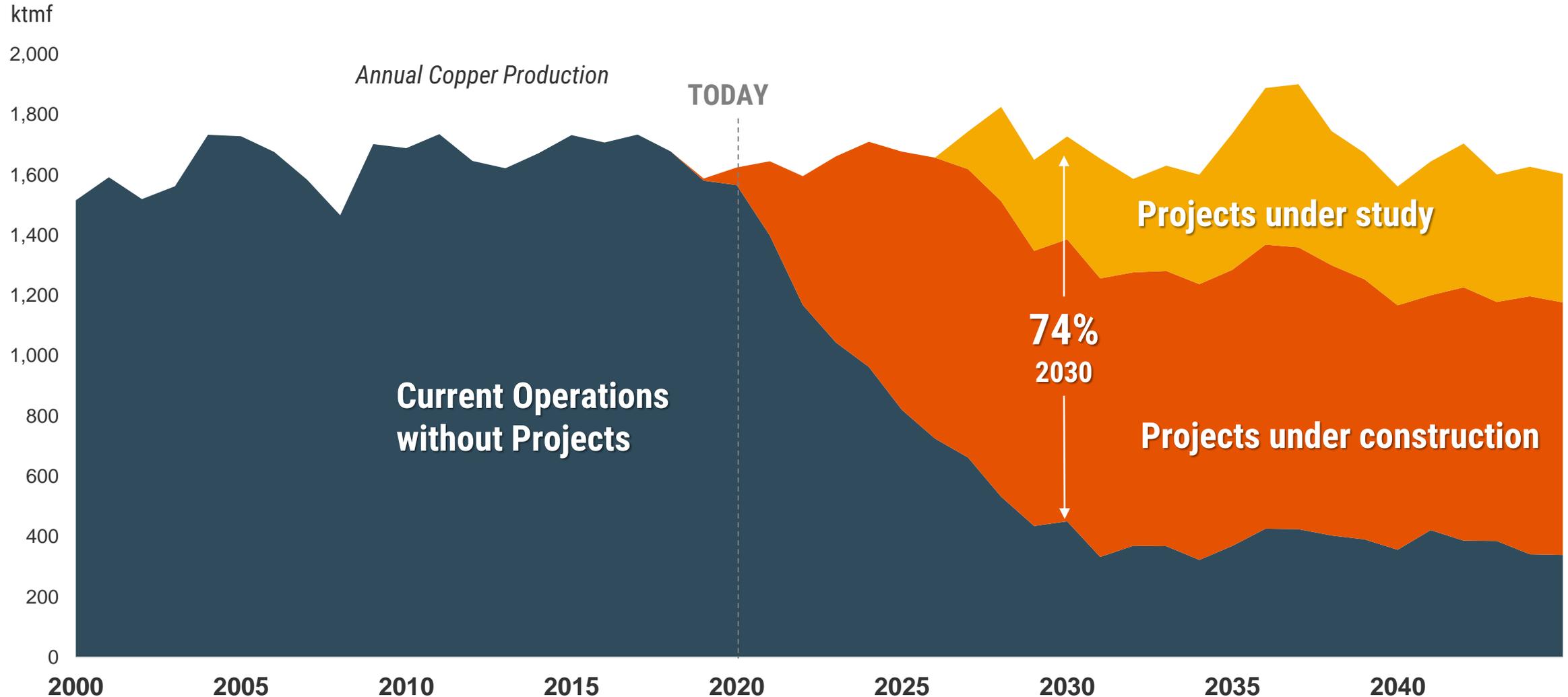


# Looking Ahead

## Structural Projects and Transformation

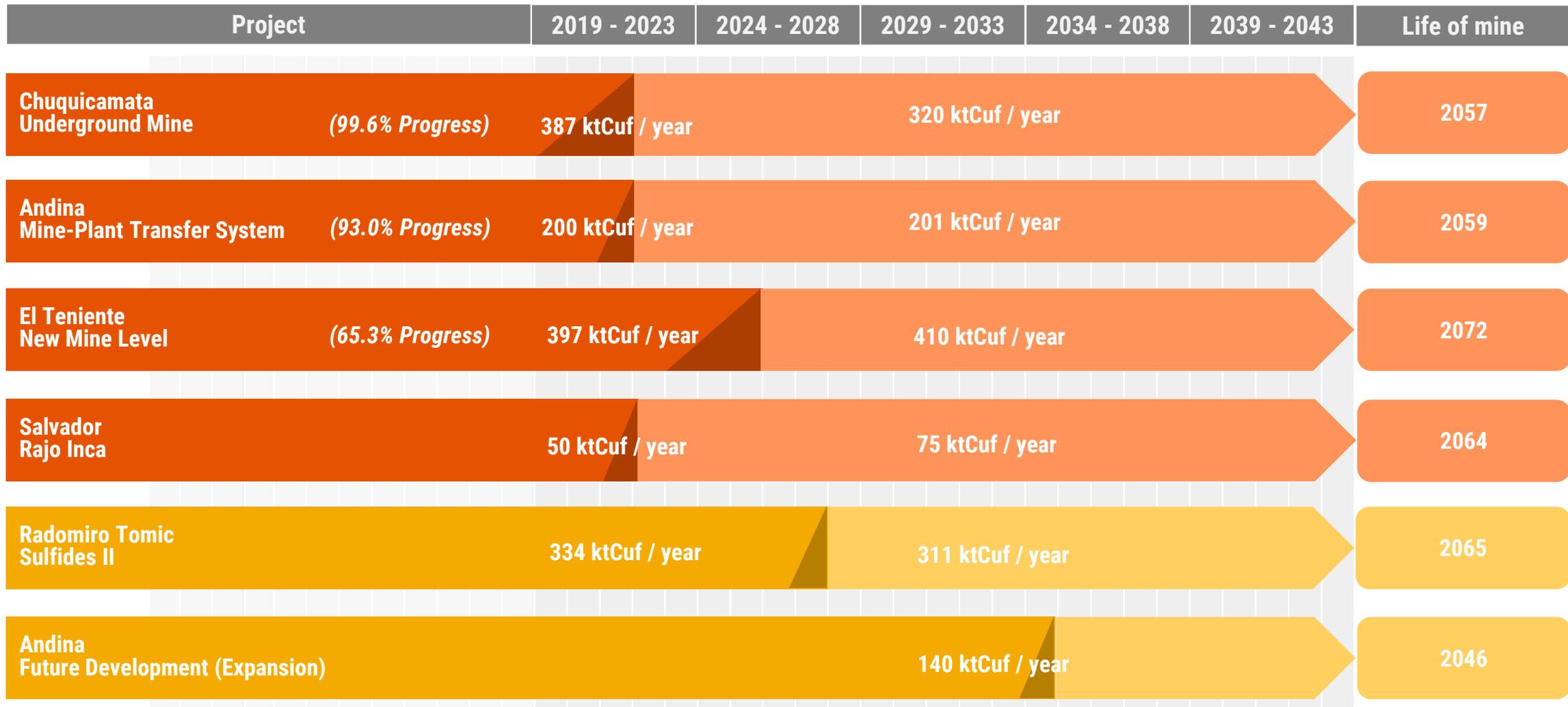
# Codelco's investment program is key to maintain production

Structural projects account for 3/4 of expected output by 2030



# Structural projects extend life of mine of our operations

Construction and start-up periods

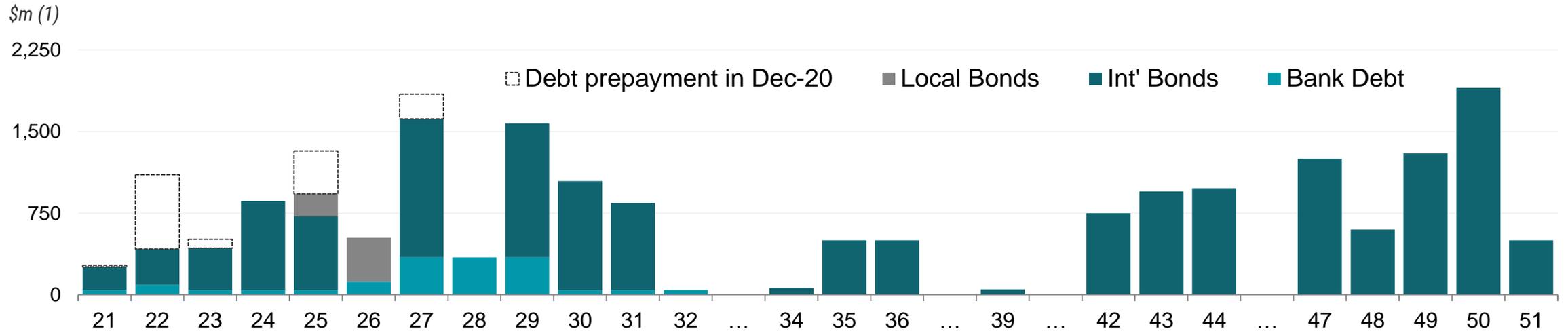


**LEGEND:** Development Start-up

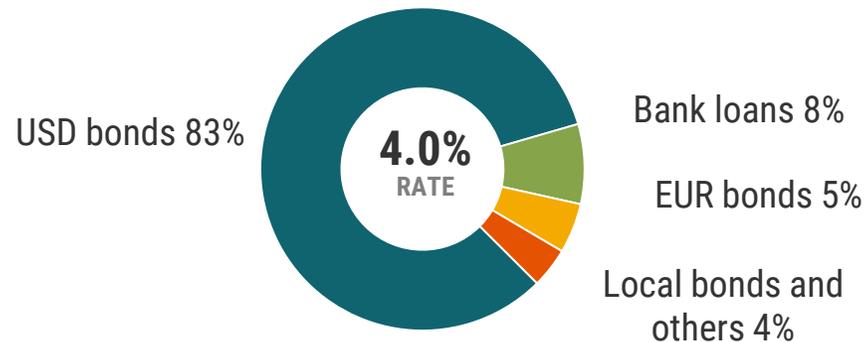
Under Study Start-up

Future project production is calculated as the annual average production until 2044. Project construction progress as of Dec-2020

# We have reduced debt maturities in the period of intensive Capex



## Sources of funding



## Next steps

- Maintain **active management** of debt maturity profile
- Keep **diversifying sources of funding** by accessing new markets and investors

(1) As of December 31, 2020 (includes bank debt and bonds)

# We designed a transformation plan that unlocks the value of our reserves



Annual Opex Savings

**\$ 1 billion**

on an ongoing basis starting in 2021



Capex Savings 2019-2028

**\$ 8 billion**

equivalent to 20% of 10-year Capex plan

The plan targets to position **Codelco in the second quartile** of the global cash cost curve **and optimize the development of our structural projects**

# Summary



1. **Covid-19 action plan continues to be effective** by strengthening our employees health and maintaining operational continuity
2. **We maintained our production and cost-reduction targets** despite difficulties in 2020 because of the pandemic
3. **Improved financial results in 2020** reflect our resiliency during the crisis
4. **In 2021, we are well positioned** for similar levels of production and to achieve additional cost-reduction targets
5. **Structural projects continue progressing as planned**, with Salvador Rajo Inca in development phase since Jan-2021
6. **Our sustainable development commitments** show the relevance of ESG in our strategy and operations

# Contact information



## Corporate Address:

1270 Huerfanos St.  
P.O. Box 150 – D  
Santiago, Chile  
Phone: (56-2) 2690 3000

## Investor Contact:

Alejandro Sanhueza  
Head of Finance  
Phone: (56-2) 2690 3248  
[alejandro.sanhueza@codelco.cl](mailto:alejandro.sanhueza@codelco.cl)

Pablo Lubbert  
Investor Relations  
Phone: (56-2) 2690 3938  
[pablo.lubbert@codelco.cl](mailto:pablo.lubbert@codelco.cl)



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