



# 2020 Full Year Results

February 2021



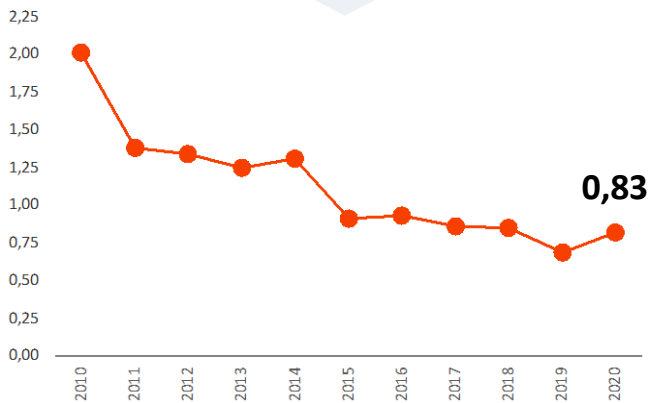
# SAFETY, FREQUENCY INCREASES AND SEVERITY REMAINS THE SAME

## FREQUENCY RATE

### Employees and Contractors

(Lost time injury / million hours worked)

Despite reducing lost time injuries by more than 11% compared to 2019, the 2020 frequency rate increased to 0.83



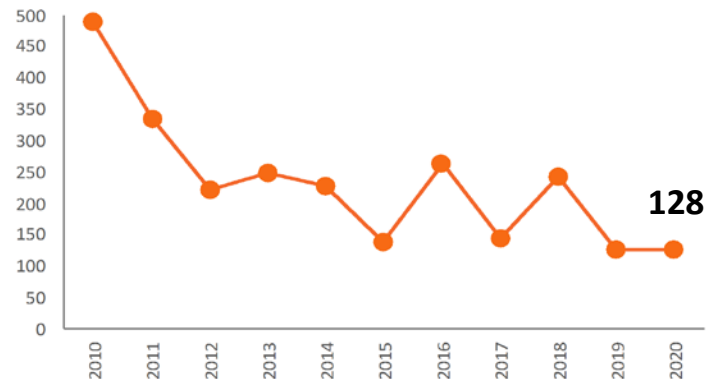
## SEVERITY RATE

### Employees and Contractors

(Days lost & days charged / Million hours worked)

Regrettably, in June 2020, a contractor was fatally injured at Ramiro Tomic Division.

This year Codelco equaled its lowest severity rate (128) in its history





2020 RESULTS

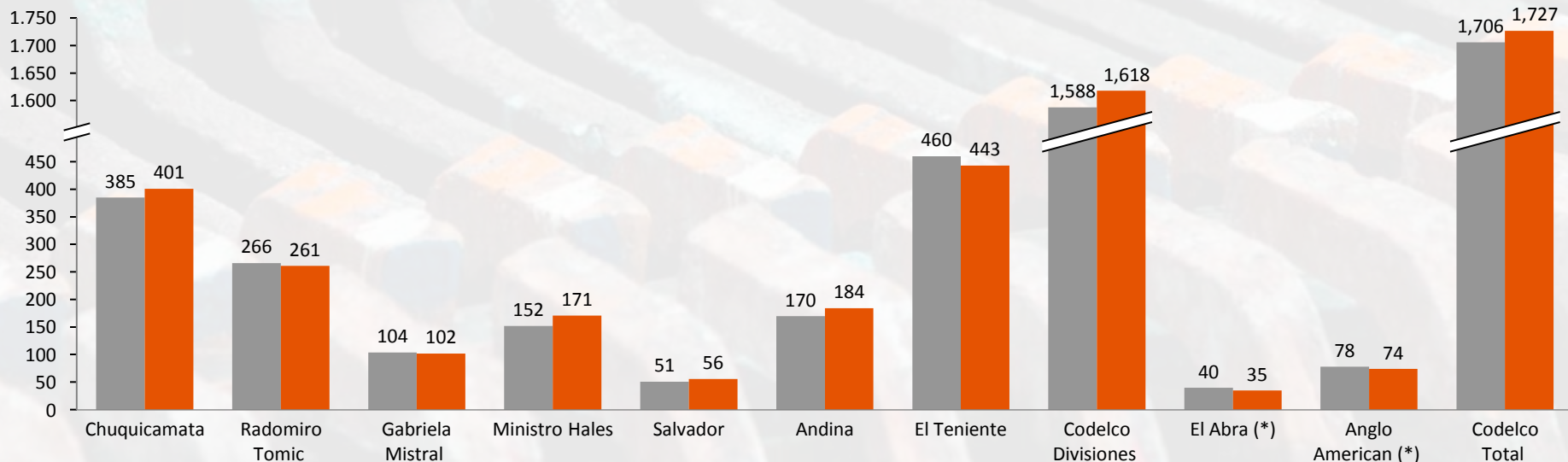




# WITH 1,618 KTONS, WE EXCEEDED BY 1.9%

## OUR 2019 PRODUCTION

Despite the health crisis, our own copper production increased by 30,000 year-over-year, thanks to improved operational continuity, increased processing at plants and higher ore grades



(\*) Production includes Codelco's stake in: El Abra 49%, Anglo American Sur 20%

2019 2020

# SIGNIFICANTLY REDUCED OUR C1 CASH COST BY NEARLY 9%

## REDUCED C1 COSTS

Mainly attributable to:

- **Increased production** (grade and processing)
- **Improved operational continuity of plants**
- Higher by-product sales
- Positive impact of **macroeconomic variables** (US dollar, input prices).

## INCREASED C3 COSTS

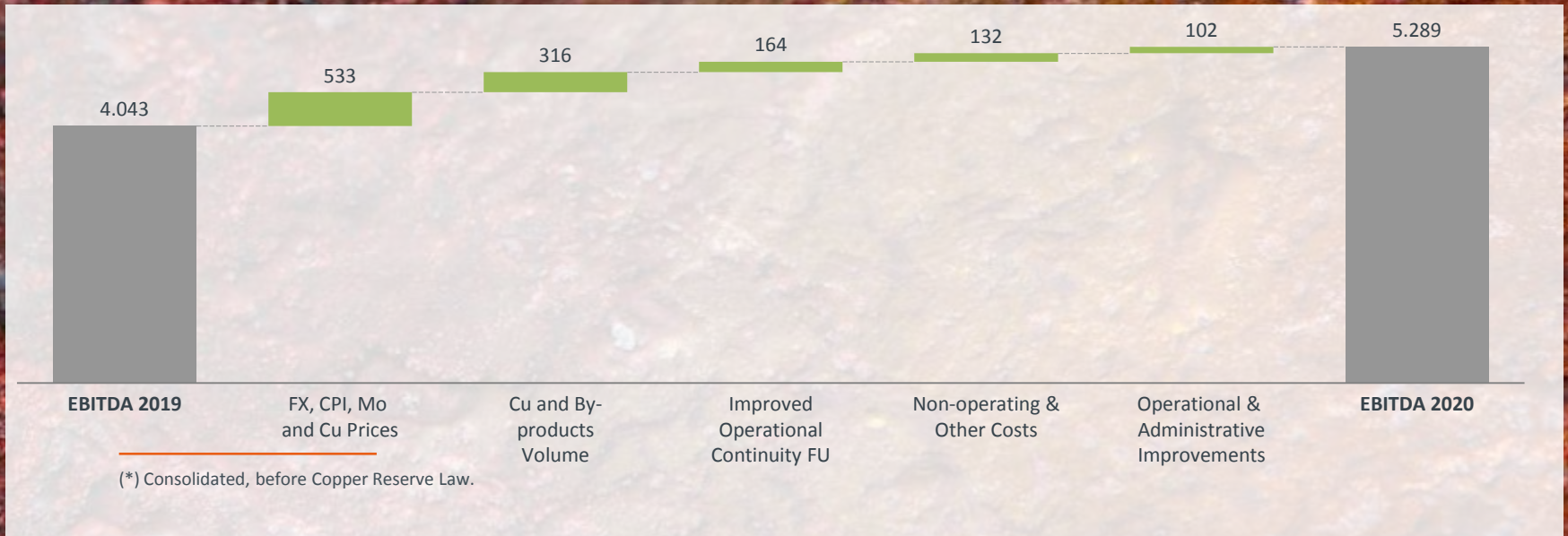
Mainly attributable to:

- **Higher interest expense** (lower interest capitalization and bond repurchases)
- Higher **depreciation and amortization.**

	2020	2019	VAR (%)
CASH COSTS (C1)	129.4	141.6	-8.6%
CATHODE NET COSTS (C3)	229.8	224.1	+2.5%

# EBITDA\* WAS USD 5,289 MILLION (+31%), AND A 37% MARGIN

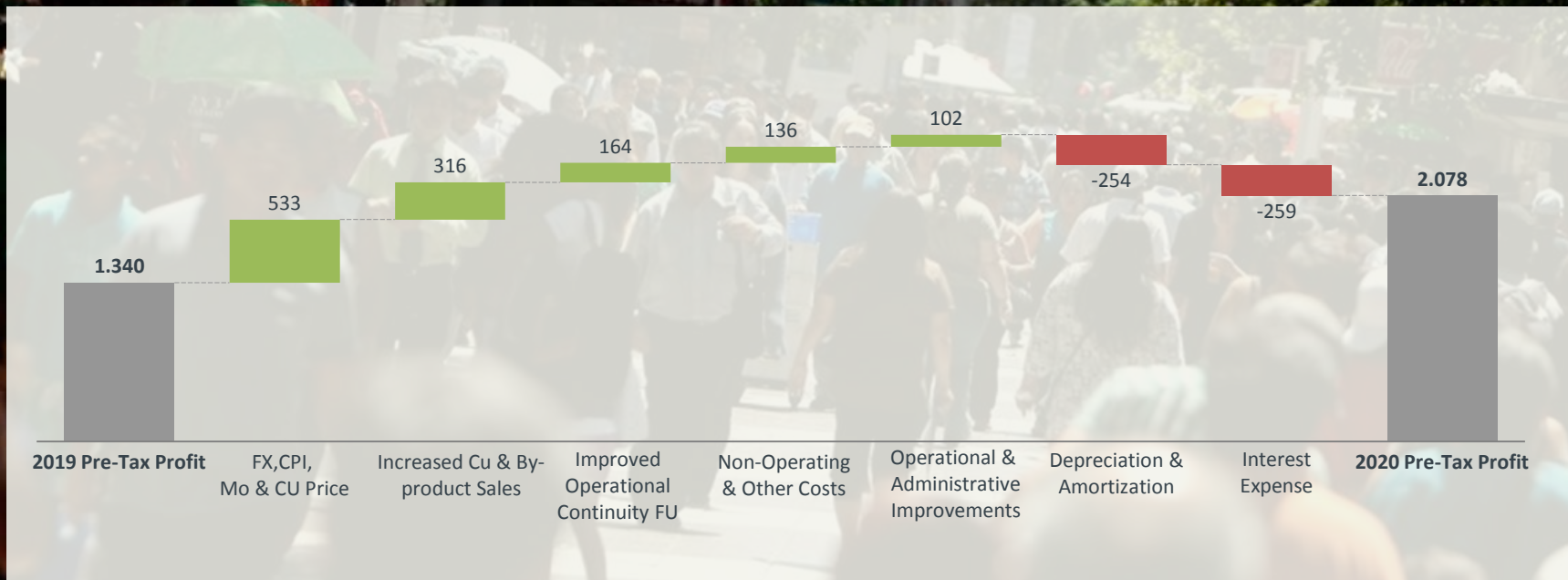
- EBITDA is USD 1,246 million higher than in 2019; 57% (USD 713 million) of this variance is due to administrative and operational improvements : increased production and sales, operational continuity and lower costs.
- The remaining variance (43%) is thanks to the positive effect of macroeconomic variables and input prices.
- While the 37% margin is up 16% year-over-year (from 32%).





# USD 2,078 MILLION PRE-TAX PROFITS + 55% over 2019

- USD 738 million more in pre-tax profits than the previous year.
- Good management contributed 57% of pre-tax profits for the period attributable to: increased production and sales, improved operational continuity of plants in the midst of the pandemic and reduced costs.
- This offset higher interest expense, depreciation and amortization.



# STRUCTURAL PROJECTS TO GUARANTEE THE FUTURE

Progress and Key Events as of December 2020

## PROJECTS UNDER CONSTRUCTION

### Chuquicamata Underground Mine

**Overall Progress: 99.6 %**

- In 2020, Project continuity work was authorized: “Continuity Infrastructure Phase I” and “Mine Work Development”.
- Areas affected by ground instability were isolated and controlled. We are developing recovery solutions.

### Andina Transfer System

**Overall Progress: 93.0 %**

- Project is on schedule.
- Electromechanical assembly is 82% complete, after completing connections to regenerative conveyor belt in December 2020.
- We are developing operational readiness activities for Andina Division, which are 71% complete.

### Teniente Project Portfolio

**Overall Progress: 65.3 %**

- We increased level of activity and progress in the last quarter, in line with the return plan.

#### Andes Norte NNM

- Expected to increase level of activity to return to pre-pandemic progress levels.

#### Diamante

- Project early works are 55% complete. We started project execution phase.

#### Andesita

- Project early works are 65% complete. We started project execution phase.

Note: Progress percentage equals physical progress as of December 2020



# STRUCTURAL PROJECTS TO GUARANTEE THE FUTURE

Progress and Key Events as of December 2020

## PROJECTS UNDER STUDY

### Salvador Rajo Inca Mine

- We reached an agreement with the State Defense Council, approved by the Antofagasta Environmental Court.
- The Board authorized investment project.

### Radomiro Tomic Development

- We are incorporating technological alternatives into the feasibility study for the Sulfide Phase II project.

### Futuro Andina Development

- In the context of the Development and Business Plan (PND) scenario review, the division development strategy is also under review.

### North District Desalination Plant

- We continue working for project startup to be in 2024.

Note: Progress percentage equals physical progress made as of December 2020



# MANAGEMENT SUMMARY



# MANAGEMENT 2020

The positive results for the period were thanks to the **operational continuity** achieved, despite the health crisis



**1,618,000**  
TONS

of own copper,  
**1.9% higher**  
**production** than in  
January-December  
2019



**C1 COSTS**  
**129.4 c/lb.**

**-8.6% compared**  
to previous year



**C3 COSTS**  
**229.8 c/lb.**

**2.5% higher**  
than for the same  
period in 2019



**USD 5,289**  
MILLION

**37% EBITDA**  
**margin**



**USD 2,078**  
MILLION

**Pre-tax profits,**  
**55% higher**  
compared to  
previous year



# WE ACHIEVED NEARLY 90% OF OUR TARGET

## OF USD 400 million in Opex savings

We challenged ourselves to exceed by USD 400 million\* 2018 pre-tax profits, through a transformation plan for our processes and how we operate, in addition to a deep cultural change. Despite the health crisis, we completed 87% of this goal.



**USD 123 million  
from production**

Attributable to more processing, as a result of improved plant continuity.



**USD 225 million  
from productivity**

Attributable to management, contract optimization, etc.



**USD 348 million  
pre-tax profit \***

More than in 2018 (equal to 87% of USD 400 million target).  
Attributable to transformation strategic plan.

\*Currency of 2018.

# Challenges 2021 |

## PRODUCTION

- Maintain **upward trend (+1%)** of increasing divisional production with a goal of 1,645 kt of refined copper
- Continue to increase **processing rate** at concentrator and hydrometallurgical plants
- Increase **extracted material** in open-pit and underground mines (+1%)
- Significantly increase **smelting**

## TRANSFORMATION STRATEGY

- Achieve **target of an additional USD 1 billion pre-tax profit in 2021** (over 2018 base )
- Advance in the **US\$ 8 billion capex savings goal** accumulated by 2028
- Maintain and ensure workplace **health** for our employees and maintain **operational continuity**







ANNEX





# INCOME STATEMENT JANUARY – DECEMBER 2020 / 2019

## (USD MILLIONS)

	2020	2019	VAR
OWN COPPER SALES REVENUE	11,777	10,403	1,374
OWN COPPER COST OF SALES	-8,618	-8,418	-200
<b>GROS PROFIT IN COPPER SALES</b>	<b>3,159</b>	<b>1,985</b>	<b>1,174</b>
<b>GROSS PROFIT IN BY-PRODUCT AND OTHER SALES</b>	<b>449</b>	<b>448</b>	<b>-39</b>
<b>GROSS PROFIT</b>	<b>3,608</b>	<b>2,473</b>	<b>1,135</b>
NON-OPERATING INCOME	-1,516	-1,130	-387
<b>PRE-TAX PROFIT</b>	<b>2,092</b>	<b>1,343</b>	<b>748</b>
RELATED PARTY TAX EXPENSE	0	5	-5
MINORITY INTEREST	-14	-8	-6
<b>CODELCO PRE-TAX PROFIT</b>	<b>2,078</b>	<b>1,340</b>	<b>738</b>

# INCOME STATEMENT JANUARY – DECEMBER 2020 / 2019

## (USD MILLIONS)

	2020	2019	VAR
OWN COPPER SALES REVENUE	11,777	10,403	1,374
OWN COPPER COST OF SALES	-8,618	-8,418	-200
<b>GROSS PROFIT IN COPPER SALES</b>	<b>3,159</b>	<b>1,985</b>	<b>1,174</b>
<b>GROSS PROFIT IN BY-PRODUCT AND OTHER SALES</b>	<b>449</b>	<b>448</b>	<b>-39</b>
<b>GROSS PROFIT</b>	<b>3,608</b>	<b>2,473</b>	<b>1,135</b>
<b>CODELCO NET PROFIT</b>	<b>251</b>	<b>7</b>	<b>244</b>

# PRE-TAX PROFIT DISTRIBUTION JANUARY – DECEMBER 2020 / 2019

## (USD MILLIONS)

	2020	2019	VAR
RESERVE LAW 13.196 TAX	1,048	936	112
INCOME TAX	650	320	330
SPECIFIC MINING TAX	137	77	60
PROFIT	243	7	236
<b>TOTAL PRE-TAX PROFIT</b>	<b>2,078</b>	<b>1,340</b>	<b>738</b>
<b>COMPARABLE PROFIT(*)</b>	<b>1,339</b>	<b>825</b>	<b>514</b>

(\*) Calculated applying private sector tax regime



REVIEW THE RESULTS  
OF THE COMPANY OWNED BY ALL CHILEANS AT  
[WWW.CODELCO.COM](http://WWW.CODELCO.COM)

