

A group of four workers in full-body protective suits and respirators are gathered around a table, reviewing documents. They are wearing blue and orange safety gear. The background shows industrial equipment, including large blue pipes and structures.

PRESENTATION RESULTS 2019

OCTAVIO ARANEDA OSÉS – CHIEF EXECUTIVE OFFICER

March 2020



The background of the slide is a vibrant orange color, overlaid with numerous spherical particles that resemble coronaviruses. These particles are rendered in shades of yellow and orange, with a textured surface of small, protruding spikes. They are scattered across the frame, with some appearing larger and more detailed than others, creating a sense of depth and movement.

CONTINGENCY MEASURES FOR CORONAVIRUS

ACTION PLAN FOR CORONAVIRUS

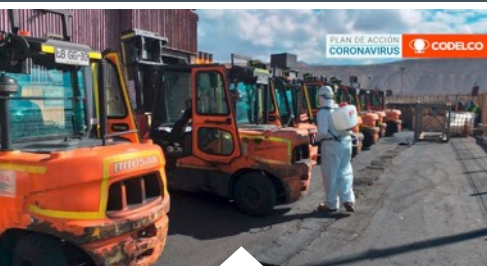


We have implemented **health and risk prevention** protocols and instructions to protect our workers.

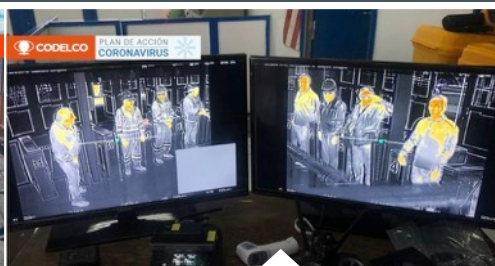


We have taken measures to ensure **operational continuity** and to preserve **the organization's financial health and resources**.

CORONAVIRUS MEASURES IMPLEMENTED BY CODELCO



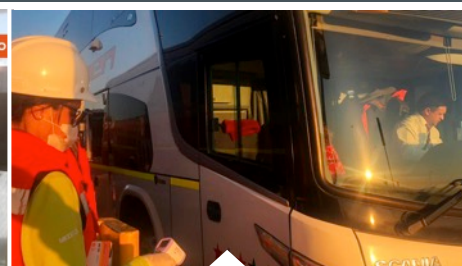
RADOMIRO TOMIC



CHUQUICAMATA



MINISTRO HALES



GABRIELA MISTRAL

- CODELCO's executive committee – with the support of the Department of Infectious Diseases at the Universidad Católica de Chile and in coordination with the country's health authorities – is holding daily meetings to address the crisis.
- We sent home all 65 years (or older) people and those classified as high-risk population.
- Remote working has been implemented wherever possible.
- We disinfect transport vehicles and shared spaces, such as changing rooms and cafeterias.
- In these areas we have also reduced occupant density to ensure personal distancing.
- Workers now begin their shifts in open air spaces, not in groups, and with a distance of at least one meter between persons.

CORONAVIRUS MEASURES IMPLEMENTED BY CODELCO

ANDINA



VENTANAS



SALVADOR



EL TENIENTE



- Site visits, in-person meetings and training sessions have been suspended.
- Body temperature is measured frequently.
- Our medical teams have been provided with equipment and materials need to ensure rapid response to any case of infection.
- We have reduced activity levels to minimize staff, including own employees and third-party workers.
- We communicate quickly all relevant information about the disease, including national news and the measures we are implementing.

A wide-angle photograph of an industrial site in a desert environment. In the foreground, a long, dark conveyor belt system runs across the frame, supported by a series of blue and orange metal structures. In the middle ground, a large, bright blue industrial building with a gabled roof stands prominently. To the right, there are various pieces of machinery, including a crane and other processing equipment. The background shows a vast, flat desert landscape under a cloudy sky, with some distant hills and a small cluster of buildings on the left.

Results 2019

HIGHLIGHTS

**Chuquicamata Underground,
first structural project completed**



**Other projects
progressing as planned**

Traspaso Andina

83% PROGRESS IN CONSTRUCTION
START OF OPERATIONS IN 2020





Development Project

El Teniente

ANDES NORTE, NEW MINE LEVEL,
TOTAL PROGRESS 56%

EARLY WORKS AT ANDESITA
(32%) AND DIAMANTE (22%)

Rajo Inca

PROGRESS IN EARLY ACTIVITIES: 83%
APPROVED BY ATACAMA
ENVIRONMENTAL ASSESSMENT
COMMISSION (FEBRUARY 2020)



WE HAD THE LOWEST ACCIDENT RATES IN OUR HISTORY

However, we regret a fatal accident of a worker in June at El Teniente, which motivated our focus on enhancing fatality control standards.

Severity
rate: **0.70**

Frequency
index: **128**

WE ATTAINED
**ENVIRONMENTAL
STANDARDS AT ALL
OF OUR
SMELTER UNITS**

**97.4% As -
96.4% Sulfur**
(CODELCO average,
higher than the
percentage
required by law, 95%)

PRODUCTION

2018

1,677,554
Tons of fine copper



2019

1,588,229
Tons of fine copper

THE -5.3% VARIATION COMPARED
TO 2018 IS DUE TO:

- Climate event in Northern District.
- Strike at Chuquicamata
- Operational problems in first half of year.

COSTS

C1

C1 COST IMPACT:

- Lower production due to climate event in Northern District, strike at Chuquicamata, and operational issues.

COMPENSATED BY:

- Implementation of a meaningful savings plan with lower service expenses, renegotiation of critical contracts, low-cost suppliers, and enhanced stock information systems.

2019



141.6 c/lb

+1.8%

2018

139.1 c/lb

COSTS

C3

ALTHOUGH C1 INCREASED, THE NET
CATHODE COST (C3) DROPPED, MAINLY DUE TO:

- Reduction in non-operational expenses (impairments, provisions, etc.).
- Sale of our equity stake in GNL Mejillones (focus on core business).



224.1 c/lb

-2.8%

2018

230.5 c/lb

IN THE LATTER TWO
QUARTERS **WE OVERCAME**
THE DIFFICULTIES WE HAD
FACED EARLIER.



WE ACHIEVED A
**24% PRODUCTION
INCREASE,**
COMPARED TO 1H19

710 Kt 1H19



878 Kt 2H19

WE **REDUCED COSTS** FROM 1H19

Direct
costs (C1) **-1%**

Net cathode
cost (C3) **-19%**

IN THE LAST TWO QUARTERS **WE TRIPLED OUR PRE-TAX EARNINGS** COMPARED TO 1H19



Pre – tax earnings

TOTAL

WERE AFFECTED BY:

- Lower copper price.
- Reduced production due to climate event in Northern District, strike at Chuquicamata, and operational issues.
- These factors **were partially offset by management initiatives.**



2019

US\$ 1.34 BILLION

-17%

2018

US\$ 1.6 BILLION

Results after extraordinary accounting adjustments.

EBITDA

2018

**US\$ 4.69
BILLION**

Results before penalties and impairment.



2019

**US\$ 4.04
BILLION**

Margin 32%

DECLINE DUE TO:

- Copper price.
- Reduced production due to operational issues, strike at Chuquicamata, and climate event in Northern District.

DEBT RATIO

Net financial debt/EBITDA

2018

3.01x

2019

4.06x

THE +35% VARIATION SINCE
2018 IS DUE TO:

- Reduction in EBITDA (-14%) due to drop in price and lower sales volume
- Debt increase due to IFRS16, which includes lease contracts as financial debt
- Additional long-term financing (US\$ 2 billion with 10 and 30 years maturities) that strengthened our cash position on the balance sheet. This now provides us with a very robust liquidity position.

2019 MANAGEMENT SUMMARY



US\$ 1.34 billion in pre- tax earnings.

1,588,229 tons of fine copper (produced by CODELCO)

141.6 c/lb C1 costs, 1.8% higher than 2018

224.1 c/lb C3 costs, 2.8% lower than the previous year

US\$ 4.04 billion in EBITDA, with a margin of 32%.

OTHER KEY FACTS

Strong support
from our owner:
Capital injection
of **US\$ 3.09 billion**,
between 2015 and 2019.



Repeal of the
Copper Reserve Law:
New framework brings
**progressive reduction in
tax on sales** by CODELCO,
to reach zero in 2032.



LOOKING TO THE FUTURE: WE LAUNCHED THE STRATEGIC PLAN FOR CODELCO'S TRANSFORMATION



Increase in pre- tax earnings
US\$ 1 BILLION

Per year, starting in 2021



Savings on 2019-2028 investments
US\$ 8 BILLION

Equivalent to 20% of the
Capex plan

PRINCIPAL ADVANCES IN TRANSFORMATION



**EXCELLENCE
IN OPERATIONS**



**EXCELLENCE
IN PROJECTS**



**CONVERSION OF
RESOURCES INTO RESERVES**



Our commitment

SECOND QUARTILE OF COSTS
BETTER PROJECTS
MORE RESOURCES TRANSFERRED TO CHILE

We have taken all available measures to protect our people from coronavirus. But the crisis will also hit us as a company. This is why, now more than ever, we need commitment from everyone. Increasing operational continuity and our productivity, while cutting costs, are urgent and necessary tasks for CODELCO's future.



**We are transforming today
for Chile's future**

