

ANTOFAGASTA  PLC

---

# 2002 Results Presentation

11 March 2003

# Antofagasta plc

---

## **Important notice**

Statements in this presentation include "forward-looking statements" that express expectations of future events or results. All statements based on future expectations rather than on historical facts are forward-looking statements that involve a number of risks and uncertainties, and the company cannot give assurance that such statements will prove to be correct.

# Highlights

## Year 2002

- **Another strong operational performance**
  - Copper production : 460,700 tonnes (2001: 445,000 tonnes)
  - Cash cost : 38.9 c/lb average (2001: 38.8 c/lb)
- **Los Pelambres:** record low cash cost - under 35 c/lb
- **El Tesoro:** 12% above design capacity in first full year of production
- **Michilla:** plan to extend mine life underway
- **Exploration:** joint venture with CVRD to explore in Peru

# Financial highlights

## Year 2002

	<u>2002</u>	<u>2001</u>	
	<u>c/lb</u>	<u>c/lb</u>	
LME copper price	70.7	71.6	(- 1%)
Realised copper price	71.6	66.7	+ 7%
	<u>US\$m</u>	<u>US\$m</u>	
Revenues	863.1	769.5	+ 12%
EBITDA	349.7	283.1	+ 24%
Net income	96.8	62.1	+ 56%
ROCE	9.1%	6.6%	+ 38%

# Financial highlights

## Year 2002

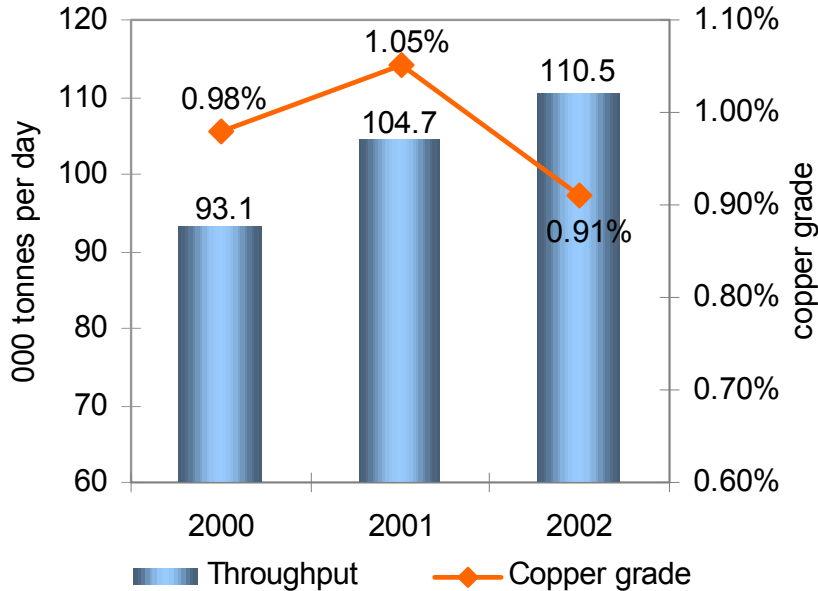
	<u>2002</u>	<u>2001</u>	
	<u>cents</u>	<u>cents</u>	
<b>EPS</b>	<b>49.0</b>	<b>31.4</b>	+ 56.1%
<b>Dividends:</b>			
Interim	10.0	7.25	
Final	18.0	14.75	
<b>Ordinary</b>	<b>28.0</b>	<b>22.00</b>	+ 27.3%
Special	-	10.00	
<b>Total</b>	<b>28.0</b>	<b>32.00</b>	

Group

# 2002 Overview and Update

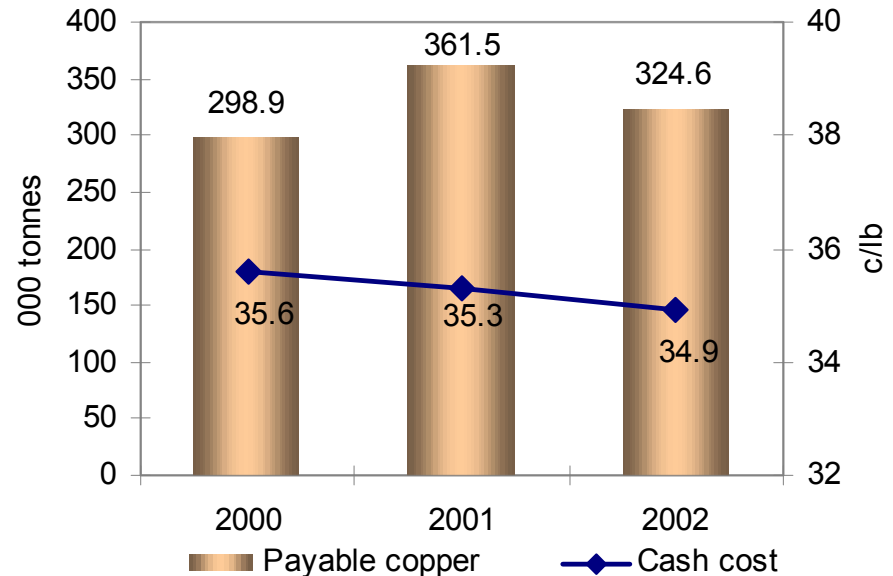
## Year 2002 update

**Plant throughput and copper grade**



- Continuing optimisation with throughput in 2002 up 19% since first year
- Plant upgrade to be completed in 2003 H2

**Copper production and cash cost**



- Cash costs remain among the lowest in the copper industry
- Molybdenum production increased 13% to 7.8 k tonnes in 2002

## Year 2002 update

### Financial performance

- EBITDA of US\$ 256.2m (7% above 2001)

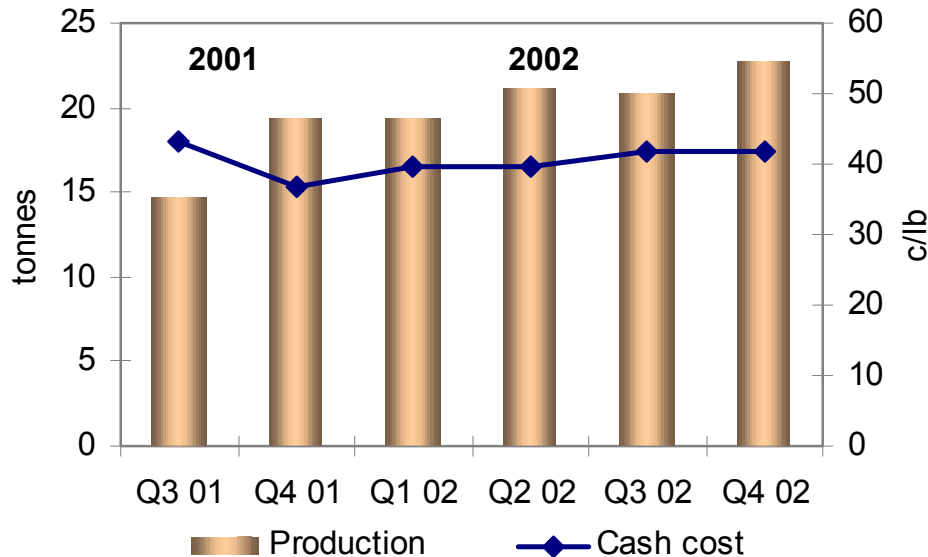
	<u>2002</u>	<u>2001</u>
Sales volume (000 tonnes)	318.2	360.9
Realised price (c/lb)	71.2	65.8
LME price (c/lb)	70.7	71.6

- Project debt reduced by US\$ 87.3m to US\$ 704m
  - Total repayments of US\$ 242m since start-up
- US\$ 87.3m distributed to shareholders
  - Total distributions of US\$ 239.5m since start-up

## El Tesoro

## Year 2002 update

Cathode production and cash cost



- Production and cash cost targets achieved in first full year
  - 84,300 tonnes at 40.8 c/lb
- Plant operating 12% above design capacity

- Copper recoveries on track at 74.4% in 2002
- LME certification for grade A cathodes began in May
  - First positive result in February 2003
- Four-year employment agreement with workforce

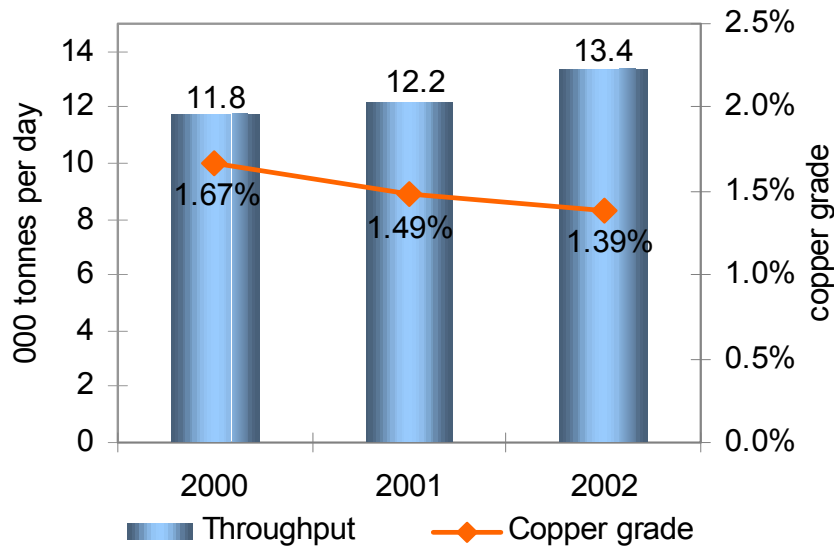
**Year 2002 update****Financial highlights**

- EBITDA of US\$ 58.9m
- Cash distributions to shareholders of US\$ 24.4m in January and US\$ 21m in September
- Improved refinancing agreements signed in 2002
  - Bank senior debt US\$ 184.7m
  - Power line leasing US\$ 15.7m
- Principal repayments of US\$ 12.3m each in August 2002 and February 2003 (bank senior debt reduced to US\$ 172.4m)

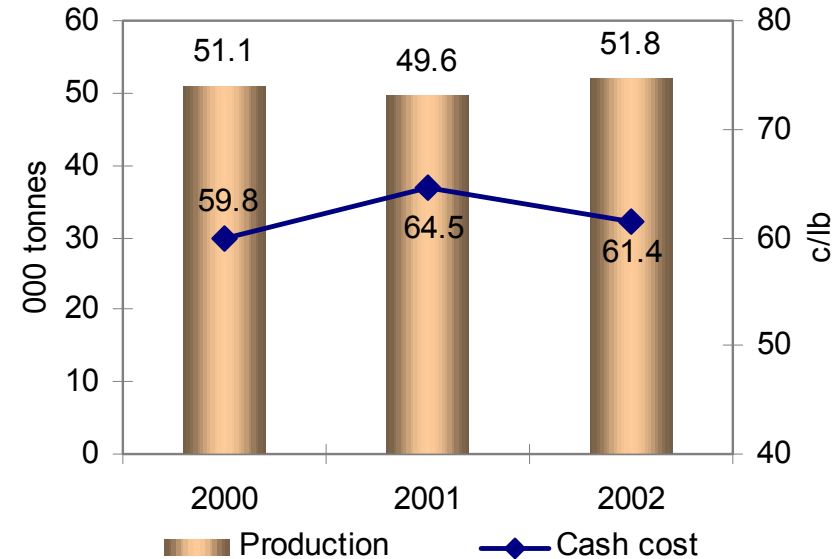
# Michilla

## Year 2002 update

Plant throughput and copper grade



Cathode production and cash cost



- Plant throughput increased to compensate for lower ore grades
- Cathode production increased to 51,800 tonnes with cash cost target achieved ( 61 c/lb )
- Copper recoveries from the underground sulphide ores boosted from 75% to 82% using the Cuprochlor process

# Michilla

## Year 2002 update

### Financial highlights

- EBITDA of US\$ 13.6m (2001: US\$ 4.3m)
- Cash distribution to shareholders of US\$ 8.1m
- Low debt level of US\$ 2m maintained

# Rail and road transport

---

## Year 2002 update

- 6% growth in rail tonnages to 4.1 million tons
- Additional volumes from El Tesoro and Zaldívar mines
- 49% growth in sales at road subsidiary
- Total revenues of US\$ 70.4 million \*

---

\* Represents third party revenues, stated after eliminating sales to Antofagasta's mining division of US\$ 4.9m

## Other investments

### Year 2002 update

#### Quiñenco S.A. (33.6%)

- Industrial and financial group, listed in Santiago and New York (LQ)
- Market value of Antofagasta's investment US\$ 174m at 31 Dec
- US\$ 3.2m dividend received in 2002

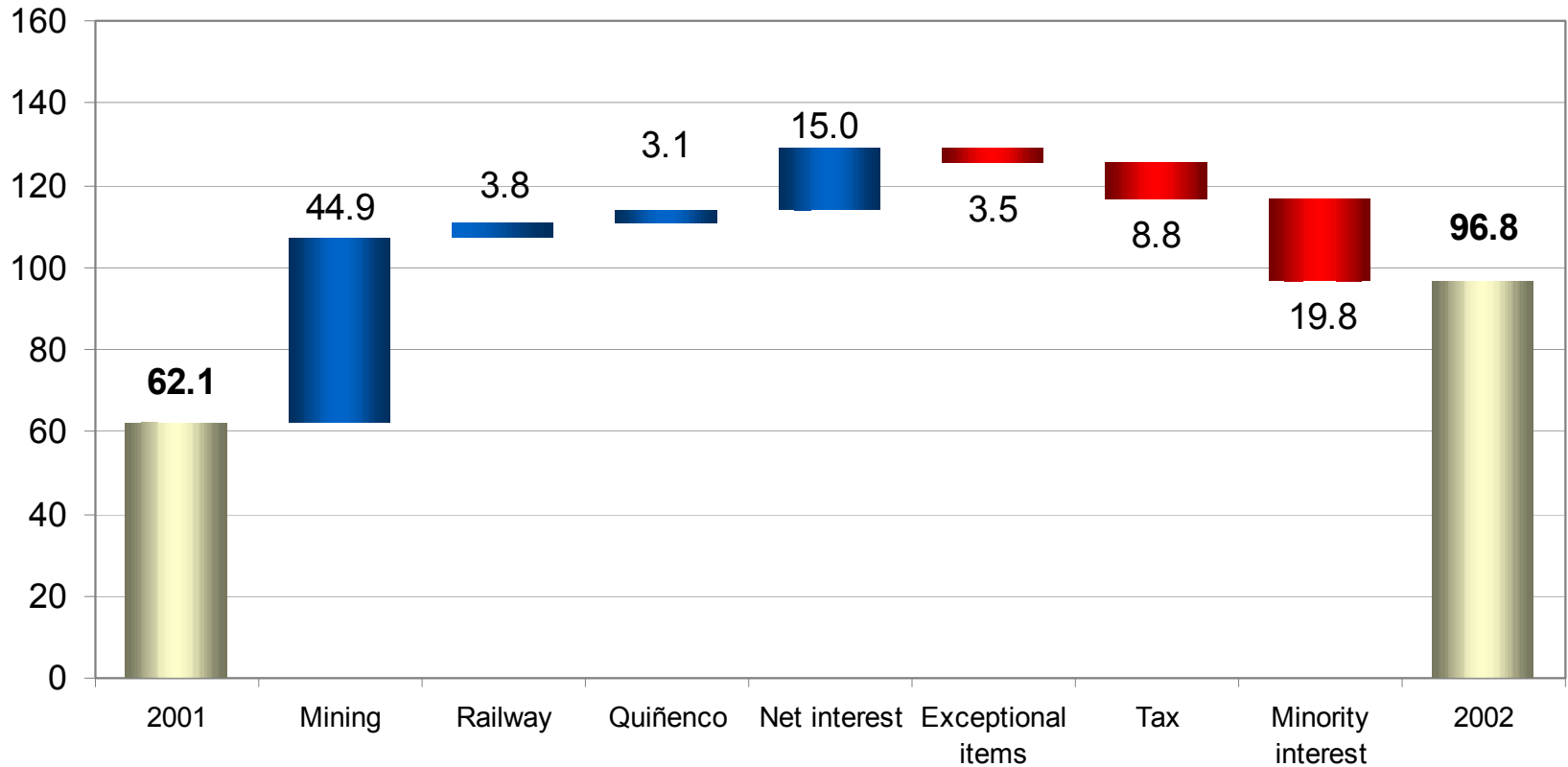
Financial

**analysis**

# Financial analysis

## Profit after tax and minorities - Variances 2002 vs 2001

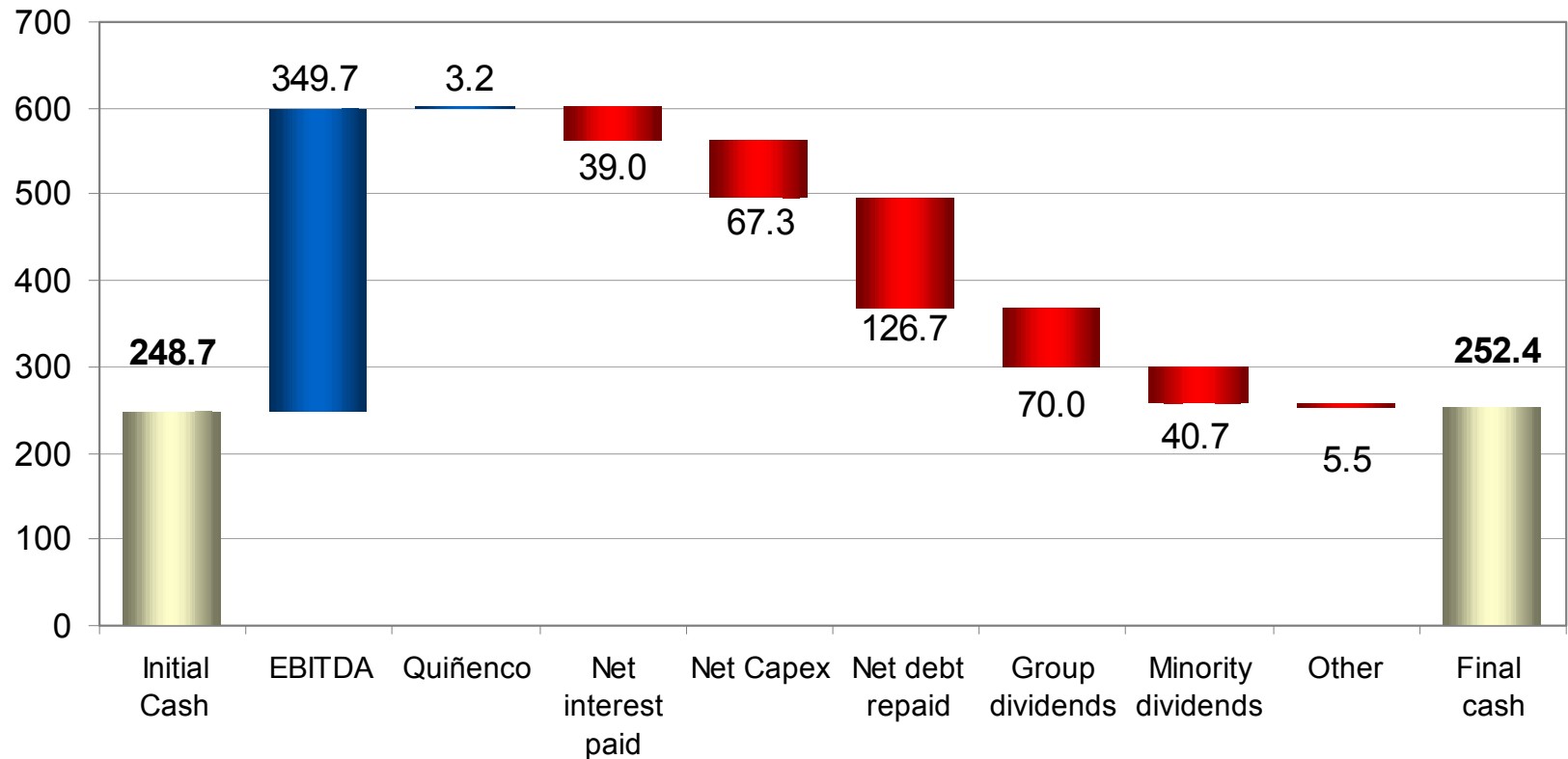
US\$m



# Financial analysis

## Cash flow 2002

US\$m

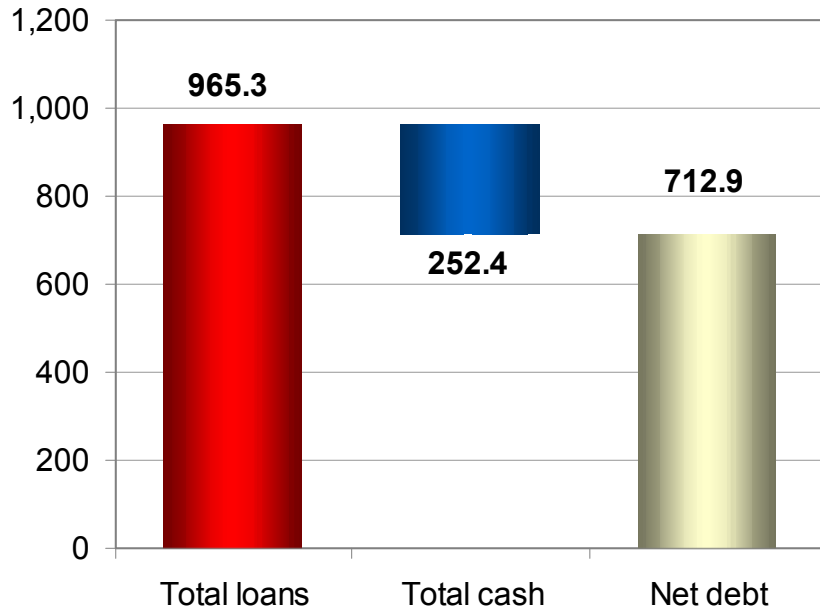


# Financial analysis

## Group net debt

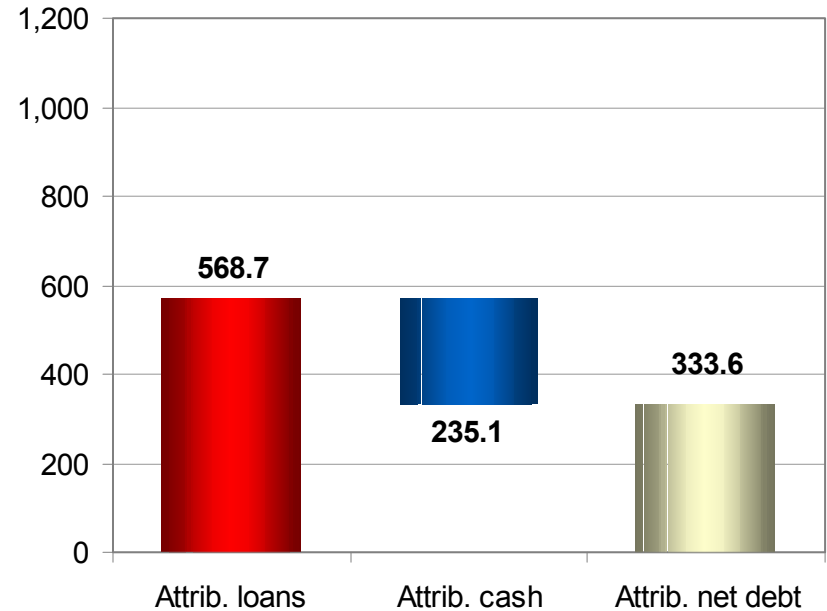
### Consolidated net debt

US\$m



### Attributable net debt

US\$m



$$\frac{\text{Net Debt}}{\text{Equity + Minority Interests}} = \frac{\text{Dec 02}}{\text{Dec 01}} = \frac{0.56}{0.66}$$

$$\frac{\text{Attrib Net Debt}}{\text{Equity}} = \frac{\text{Dec 02}}{\text{Dec 01}} = \frac{0.35}{0.43}$$

**EBITDA Interest Coverage 2002: 8.67x**

Outlook

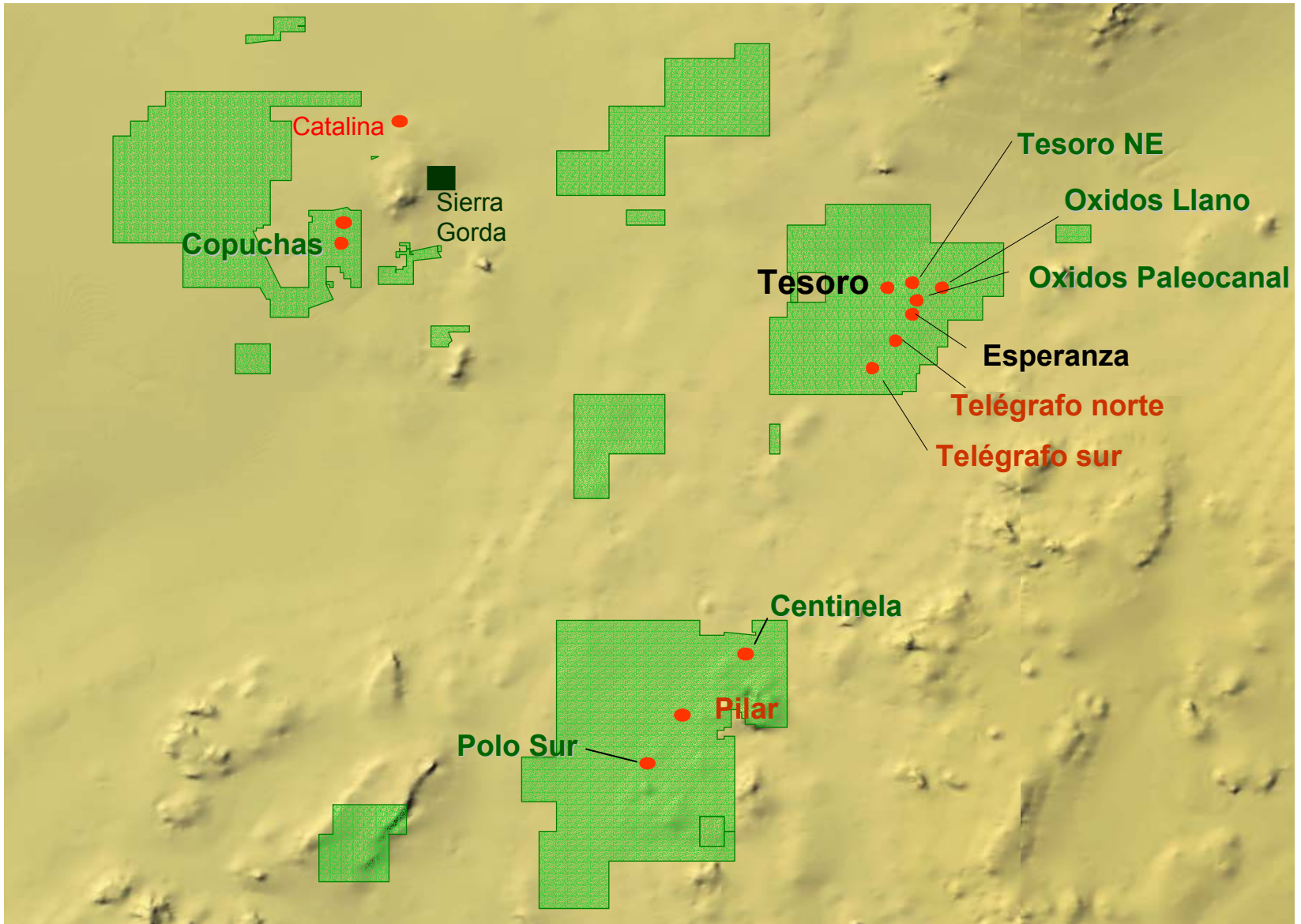
**for 2003**

## Exploration projects

### Chile 2003

- Exploration program will be concentrated in Sierra Gorda district  
(around El Tesoro mine)
- US\$ 4m budget
- Targets
  - Sulphide ores to complement the Esperanza project
  - Oxide and leachable sulphide ores

# Exploration targets - Chile



## Exploration projects

### Peru 2003

#### Joint Venture with CVRD

- 50-50 joint venture called Cordillera de las Minas
- Target 60,000 sq kms target area near Cuzco in Southern Peru
- Exploration started in August 2002
- US\$ 6.7m budget over 3 years (US\$ 0.5m spent in 2002)

# Outlook and targets

---

## for 2003

### Los Pelambres

- Copper production of 325,000 tonnes (payable)
- Moly production of 7,500 tonnes
- Cash costs around 37 c/lb
- Plant upgrade:
  - Average ore throughput above 115 ktpd (2002: 110 ktpd)
  - Permanent pebble crusher installed by Q4, further boosting processing levels
- Finalise and submit environmental studies for a potential expansion to 175 ktpd

# Outlook and targets

---

## for 2003

### El Tesoro

- Maintain copper production of 85,000 tonnes at 41 c/lb cash cost

### Michilla

- Production target 54,000 tonnes at 64.5 c/lb cash cost
- Development work on new reserves in underground mine
- Development plan to extend mine life beyond 2007
- Increase recovery of sulphide ores from 80% in 2002 to 90% by the end of 2003 through the Cuprochlor process

### Rail and road transport

- 5% increase in rail tonnages

## Group outlook - summary

---

### key targets for 2003

- Focus on operational performance at mines
- Maintain steady growth at railway and transport business
- Explore high potential areas in Chile and Peru
- Take next steps for potential expansion at Los Pelambres

# Additional information

## Handout

## Group operations

---

### Overview

#### **Copper mining**

Los Pelambres (60%) : 325,000 tpy in concentrates

El Tesoro (61%) : 85,000 tpy of cathodes

Michilla (74%) : 52,000 tpy of cathodes

Exploration programmes in Chile and Peru

---

#### **Transport**

Chile (FCAB-100%) and Bolivia (FCA-50%)

4.1 million tons in 2002

---

#### **Other investments**

Quiñenco S.A. (33.6%)

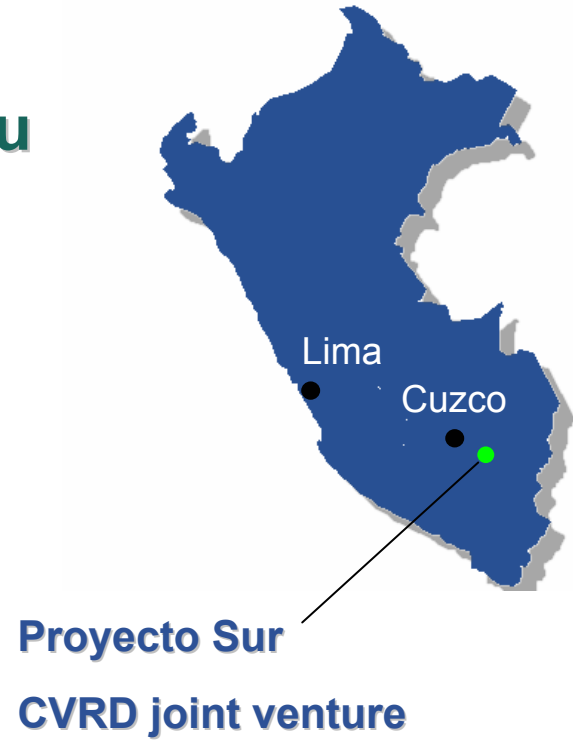
# Group operations

## Overview

### Northern Chile

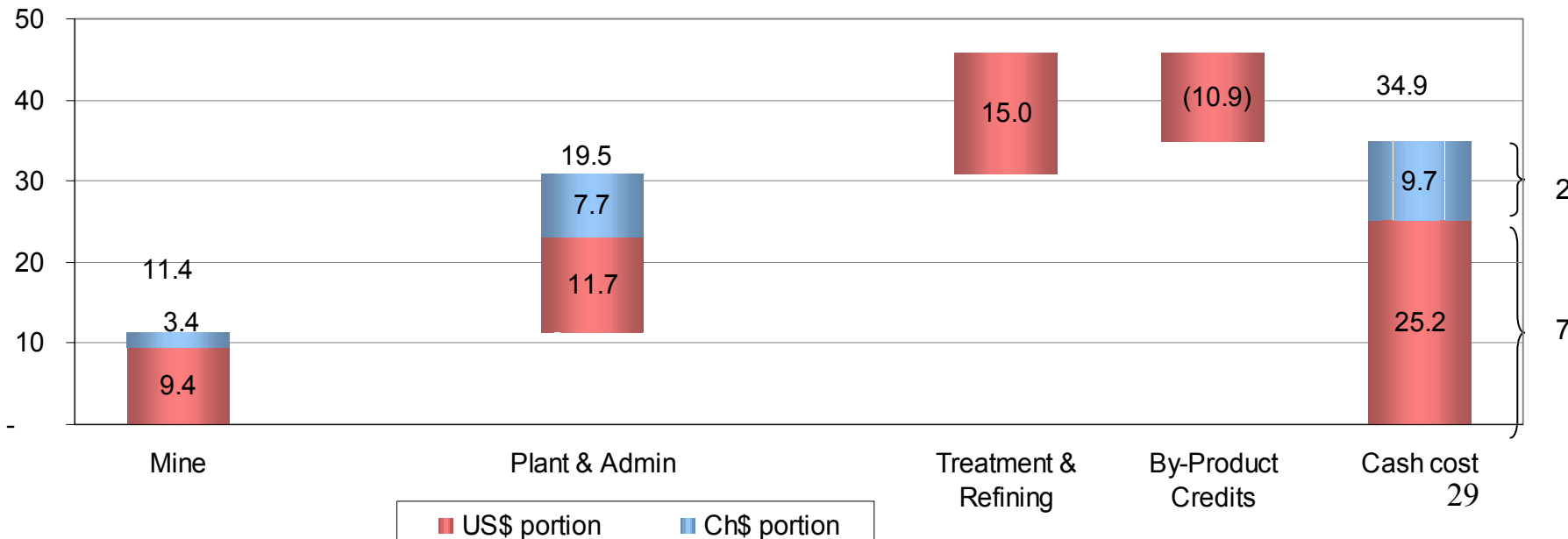
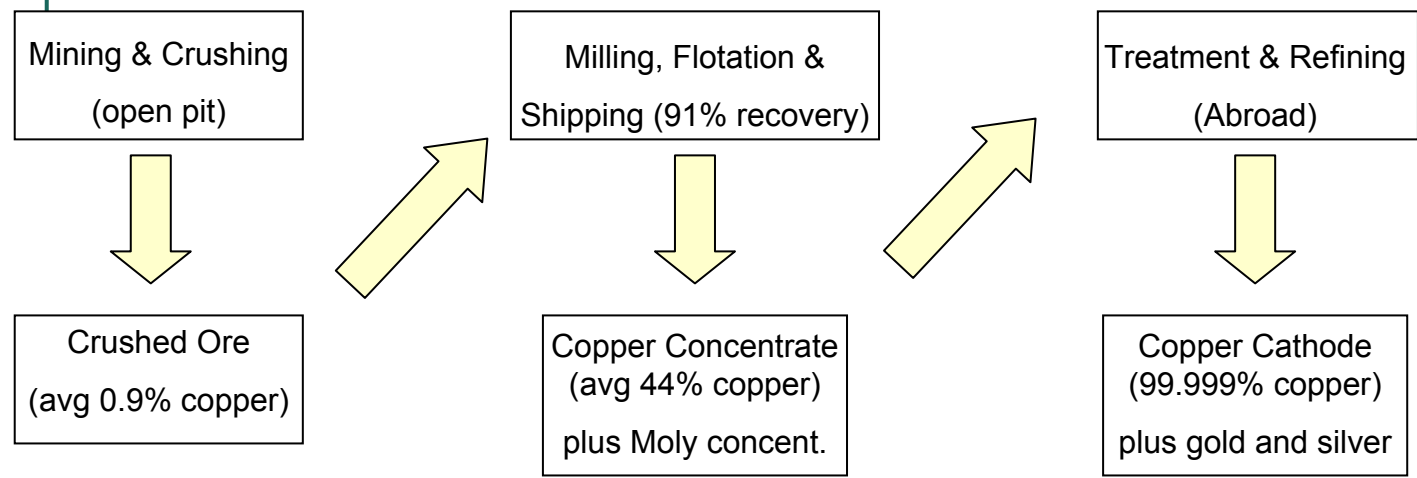


### Peru



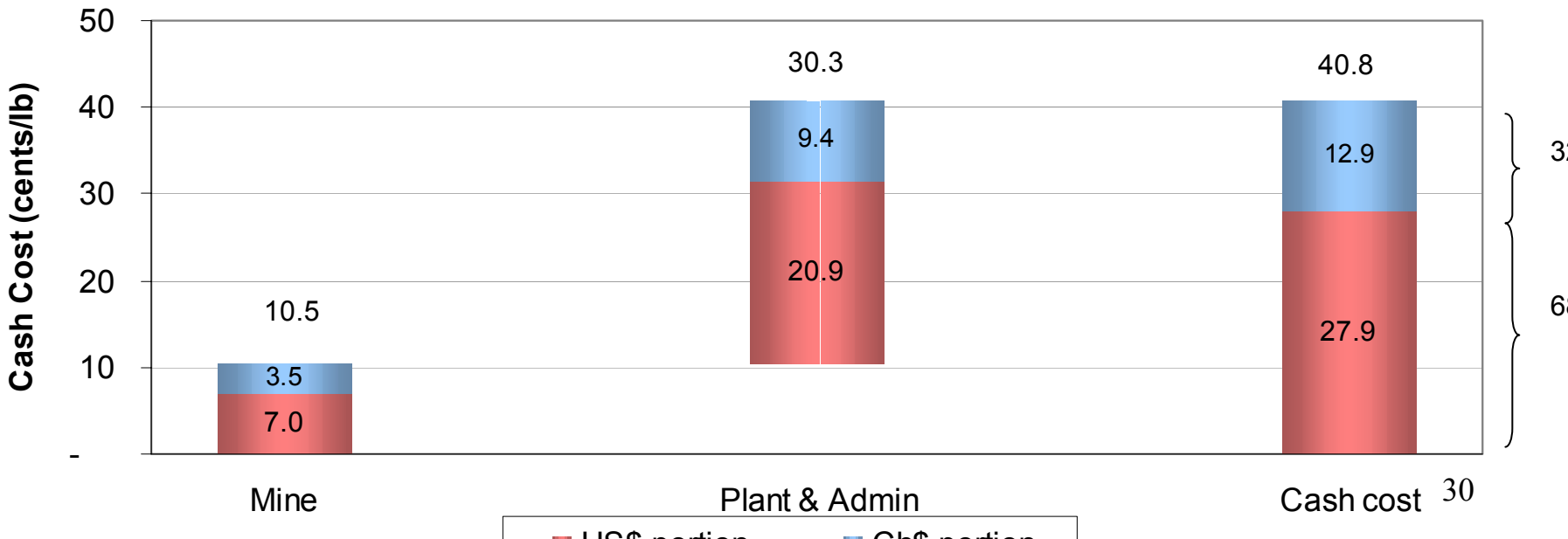
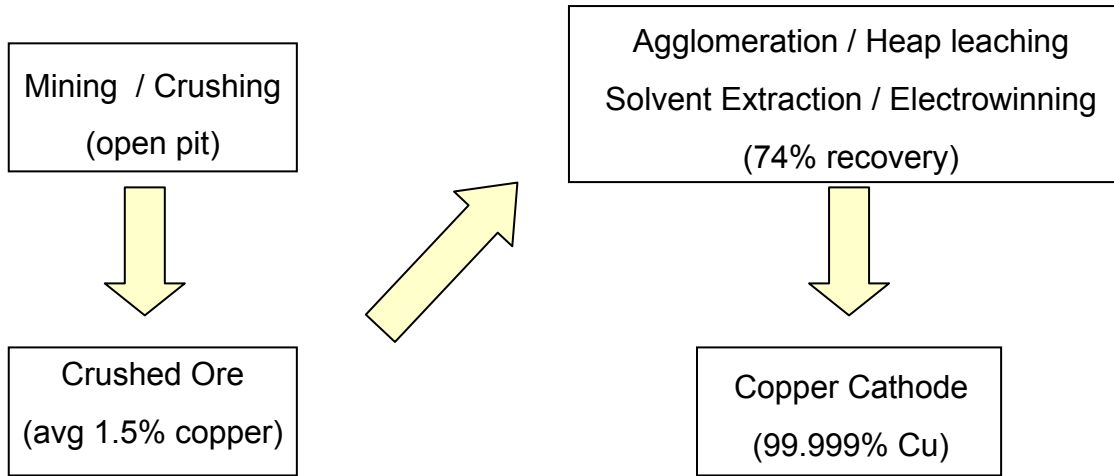
# Process & Costs: Los Pelambres

all numbers refer to year 2002



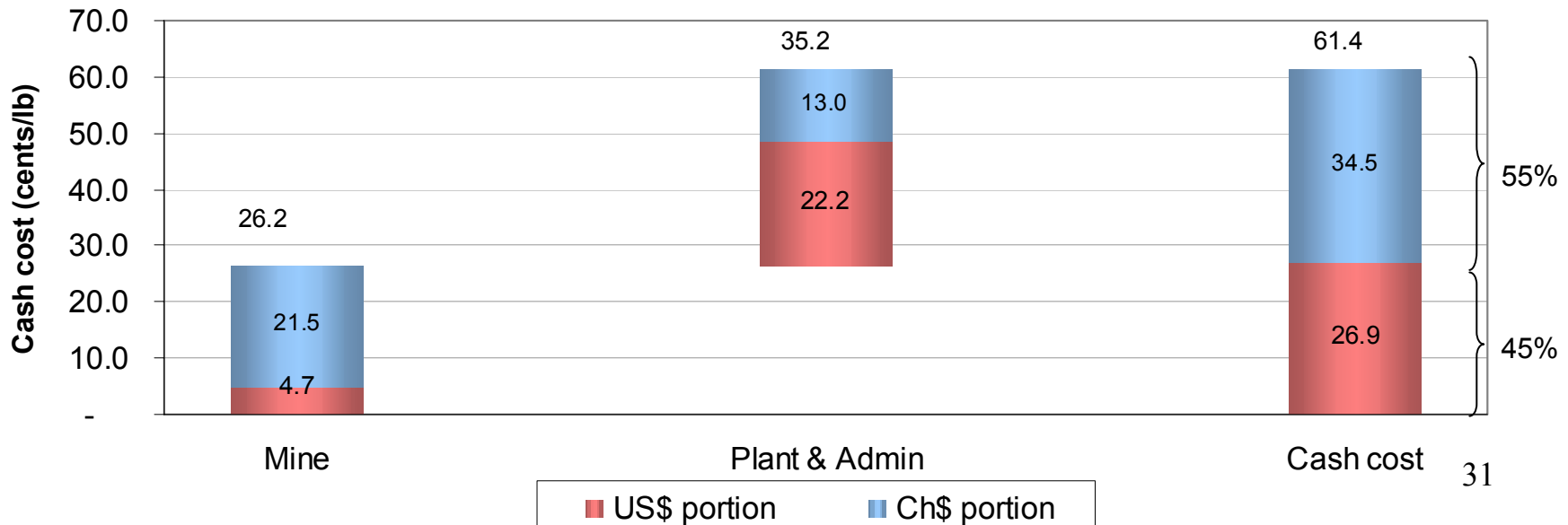
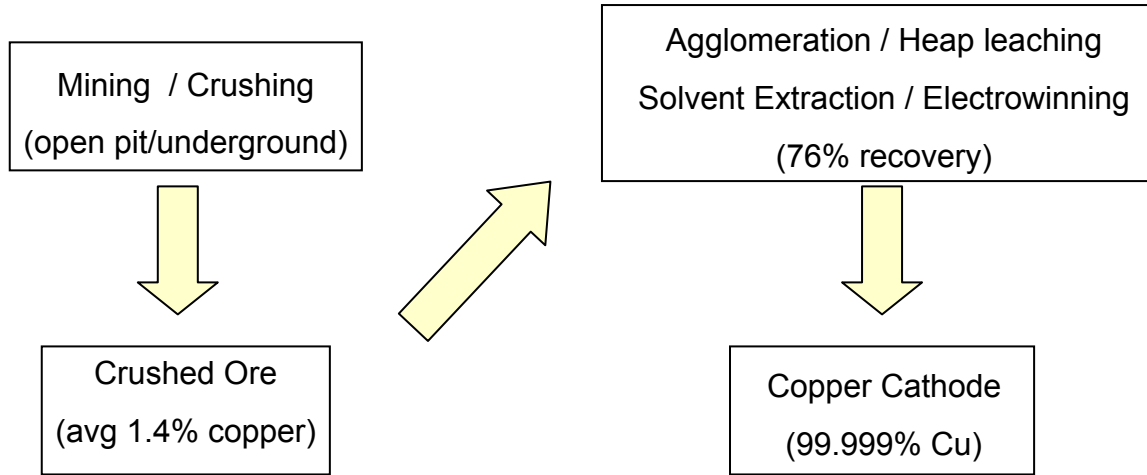
# Process & Costs: El Tesoro

all numbers refer to year 2002



# Process & Costs: Michilla

all numbers refer to year 2002

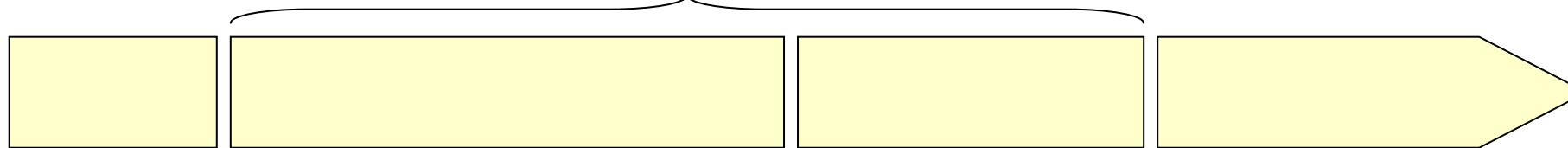


# Provisional pricing mechanism

## applicable to Los Pelambres

4-month period

(from shipping to final settlement)



**Shipping day**

**31 Dec**

**Final settlement**

-Provisional invoice

-Mark to market

- Final price

-Price = Shipping month average

(only if price is lower)

- Balance is paid

-90% of provisional invoice is paid on arrival

### Example 1: Price is going up (Q= 10,000 ton)

P = 1,500 US\$/ton

P = 1,750 US\$/ton

P = 2,000 US\$/ton

Provisional invoice = 15 mUS\$

Mark to market = 15 mUS\$

Final settlement = 20 mUS\$

Results adj. = 5 mUS\$

### Example 2: Price is going down (Q= 10,000 ton)

P = 2,000 US\$/ton

P = 1,750 US\$/ton

P = 1,500 US\$/ton

Provisional invoice = 20 mUS\$

Mark to market = 17,5 mUS\$

Final settlement = 15 mUS\$

Results adj = - 2,5 mUS\$

Results adj = - 2,5 mUS\$

# Antofagasta

## contacts

London  
(Antofagasta plc)

**Philip Adeane** Managing Director

**Hussein Barma** Chief Financial Officer

Tel: +44 20 7382 7862

Fax: +44 20 7628 3773

E-mail: [nwakefield@antofagasta.co.uk](mailto:nwakefield@antofagasta.co.uk)  
[hbarma@antofagasta.co.uk](mailto:hbarma@antofagasta.co.uk)

Santiago de Chile  
(Antofagasta Minerals S.A.)

**Jean-Paul Luksic** Chief Executive Officer

**Alejandro Rivera** Chief Financial Officer

**Sebastian Gil** Head of Investor Relations

Tel: +562 377 5068 Jean-Paul Luksic

Tel: +562 377 5145 Alejandro Rivera/  
Sebastian Gil

Fax: +562 377 5345

E-mail: [mmunoz@aminerals.cl](mailto:mmunoz@aminerals.cl)  
[arivera@aminerals.cl](mailto:arivera@aminerals.cl)  
[sgil@aminerals.cl](mailto:sgil@aminerals.cl)