



ANTOFAGASTA PLC

# Antofagasta plc

## 2020 FY Results

Mauricio Ortiz  
Chief Financial Officer

16<sup>th</sup> March 2021

**Developing  
mining for a  
better future**



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# Agenda

**1** | **Overview**

**2** | **Financial review**

**3** | **Growth opportunities and investment case**





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# Overview

# 2020 highlights

## Strong EBITDA margin and balance sheet

### Safety

**Record year of safety performance**

No fatal accidents  
LTIFR<sup>1</sup>: 0.86

### Financial results

**EBITDA: \$2,739m**

EBITDA margin<sup>2</sup>: 53%

**EPS<sup>3</sup>: 54.7 c/share**

### Balance sheet and dividend

**Net debt of \$82m**

Net debt/EBITDA of 0.03x

Final dividend **48.5 c/share**

### Copper production

**733,900 tonnes**

In line with guidance

### Net cash cost

**\$1.14/lb**

Lower than guidance

### Growth projects

**Los Pelambres Expansion  
Zaldívar Chloride Leach  
Esperanza Sur pit**

- 1 Lost Time Injury Frequency Rate. The number of accidents with lost time during the year per million hours worked
- 2 EBITDA Margin calculated as EBITDA/Revenue. If Associates and JVs revenue is included EBITDA margin was 50.4%
- 3 Earnings per share from continuing operations and before exceptional items



# COVID-19 response and recovery

## Focus on protecting our people and local communities

### COVID-19 situation in Chile

- Some local lockdowns still in place
- Health system has responded well
- High levels of testing and tracking
- Successful vaccination campaign with more than 25% of population vaccinated
- Highest rate of vaccination in the world<sup>1</sup>

### Impact on operations

- All sites have kept operating throughout the pandemic
- Limited impact on production and supply chain
- Mine development and maintenance resumed as operations have adjusted to the new working conditions
- Growth projects restarted, integrating new COVID-19 health protocols into the revised project execution plans

### Antofagasta's response

- Focus on protecting our people and local communities
- Dedicated air and road transport for shift changes
- Remote working
- Launched a \$6 million community fund to:
  - Provide medical equipment and supplies, and financial support to local suppliers
  - Sanitise public spaces



<sup>1</sup> Source: Ourworldindata.org. 7-day moving average per 100 people. 13 March 2021

## Short-term emission and water usage targets



### Water efficiency and transition to sea water

- Centinela and Antucoya use raw sea water
- Currently building a 400 l/s desalination plant at Los Pelambres and expanding it to 800 l/s by 2025
- At Los Pelambres, 85% of water used is recirculated, increasing to over 95% of recirculated and desalinated water once 800 l/s plant is completed
- 43% of mining division's water consumption is sea water



### Transition to renewable energy

- Negotiated renewable energy supply contracts, taking advantage of the lower price of renewable energy
- Mining operations on 100% renewables during 2022
- Zaldívar started using 100% renewable power in July 2020
- Target emission reduction of 300,000 tonnes CO<sub>2</sub>e by 2022<sup>1</sup>



### Approved Climate Change Strategy

- 5 Pillars, including energy and water transitions
- Committed to disclosure under TCFD. Full disclosure in 2022
- Applied for The Copper Mark assurance
- Reviewing current climate change targets and metrics

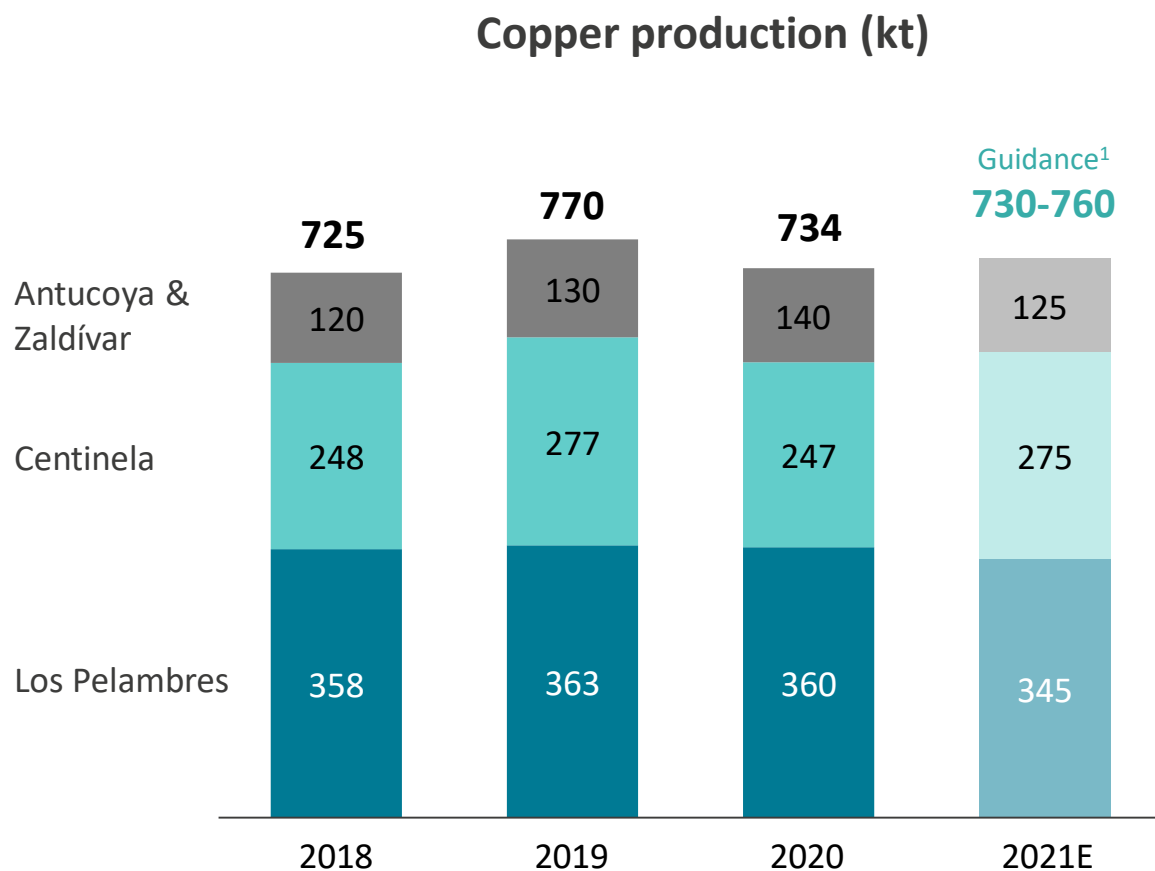


### Social development

- Shared development, not just mitigating impacts
- Relationship initiatives: 'Somos Choapa' and 'Diálogos para el Desarrollo'
- Prioritising local suppliers and employment
- Regional development
- Antofagasta Region public-private Mining Cluster

1 Reduce CO<sub>2</sub> emissions (Scope 1 and 2) from 2018 to 2022

# 2021 guidance



## Copper production

- Guidance 730-760,000t
- Higher production as ore grades increase at Centinela Concentrates

## Cash costs

- Cash costs before by-products of \$1.65/lb
- Net cash costs of \$1.25/lb
- CCP<sup>2</sup> target savings of \$100 million

## Capital expenditure

- \$1.6bn as the rate of expenditure on our growth projects accelerates

<sup>1</sup> Includes each operation at mid-point of guidance range and Zaldívar on a 50% basis

<sup>2</sup> Cost and Competitiveness Programme



# Copper market

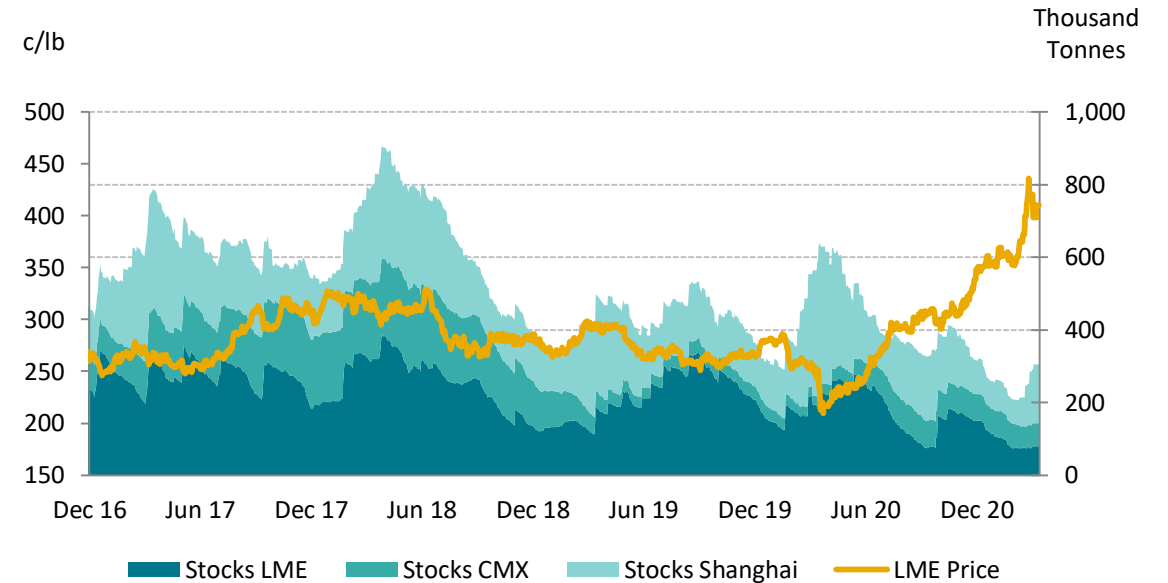
## Short term

- Synchronised global government stimulus through monetary and fiscal incentives, led initially by China
- Cyclical recovery following pandemic's impact on supply & demand
- Record net long financial positions fuelling volatility
- Supply deficit expected in 2021
- Scrap supply affected by COVID-19
- Exchange stockpiles low

## Longer term

- Structural acceleration from decarbonisation of transport and energy sectors
- Urbanisation
- Few material growth projects
- Grades continue to decline
- No meaningful discoveries

## Copper price and exchange stocks



### Urbanisation



### Renewable energy



### Electromobility







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# Financial review



# 2020 financial highlights

## Strong EBITDA margin and balance sheet

### Revenue

**\$5,129m**

3.3% higher than in 2019

### Net cash cost

**\$1.14/lb**

6.6% lower than in 2019

**\$197m**

Savings from CCP<sup>1</sup>

### EBITDA

**EBITDA: \$2,739m**

12% higher than last year

**EBITDA margin<sup>2</sup>: 53%**

Increased from 49% in 2019

### Underlying earnings per share<sup>3</sup>

**54.7 c/share**

7.5% higher than in 2019

### Financial position

**Net debt of \$82m**

Net debt/EBITDA of 0.03x

### Dividends per share

Final dividend **48.5** c/share

Total dividend for the year to 54.7 c/share, equal to 100% of underlying earnings per share

1 Cost and Competitiveness Programme

2 EBITDA margin calculated as EBITDA/Group revenue. If Associates and JVs revenue is included EBITDA margin was 50.4%

3 Earnings per share from continuous operations and before exceptional items



# Operational performance

## Guidance achieved: 733,900 tonnes at \$1.14/lb



Los Pelambres

**Cu production**  
**359,600 t**  
**Net cash costs**  
**\$0.81/lb**

- Costs down by 11%
- Stable and reliable operation
- Tight cost control, productivity improvements continued



Centinela

**Cu production**  
**246,800 t**  
**Net cash costs**  
**\$1.27/lb**

- Costs down by 1% despite lower copper and gold grades
- Centinela Cathodes operating above design capacity



Antucoya

**Cu production**  
**79,300 t**  
**Cash costs**  
**\$1.82/lb**

- Costs down by 16%
- Copper production 10% higher than 2019 on optimisation of mine and plant operations



Zaldívar

**Cu production<sup>1</sup>**  
**48,200 t**  
**Cash costs**  
**\$1.80/lb**

- Costs up by 3%
- Lower recoveries
- Focusing on optimising mine and plant operations



Transport

**Tonnage transported**  
**6,444 kt**

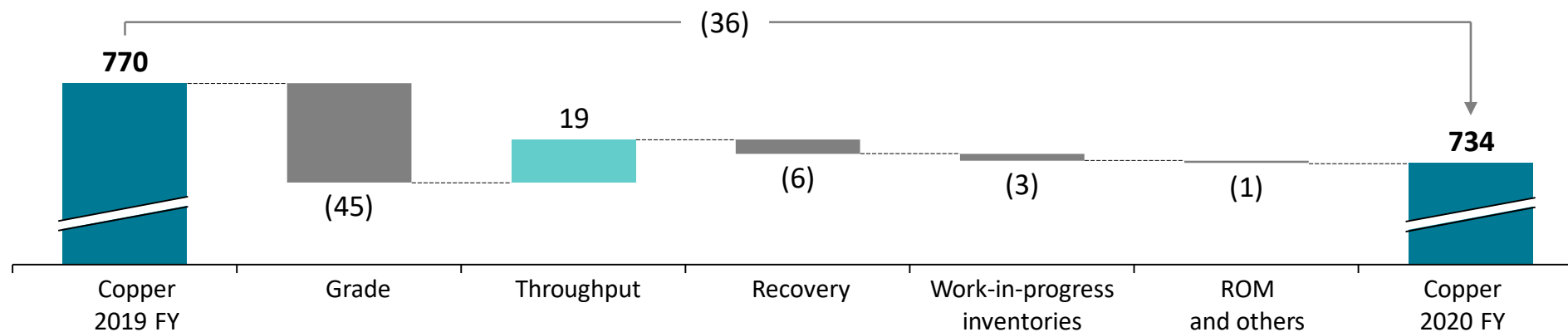
- Increased haulage capacity and efficiency
- First deliveries under new contracts

**Group throughput increased by 4%**

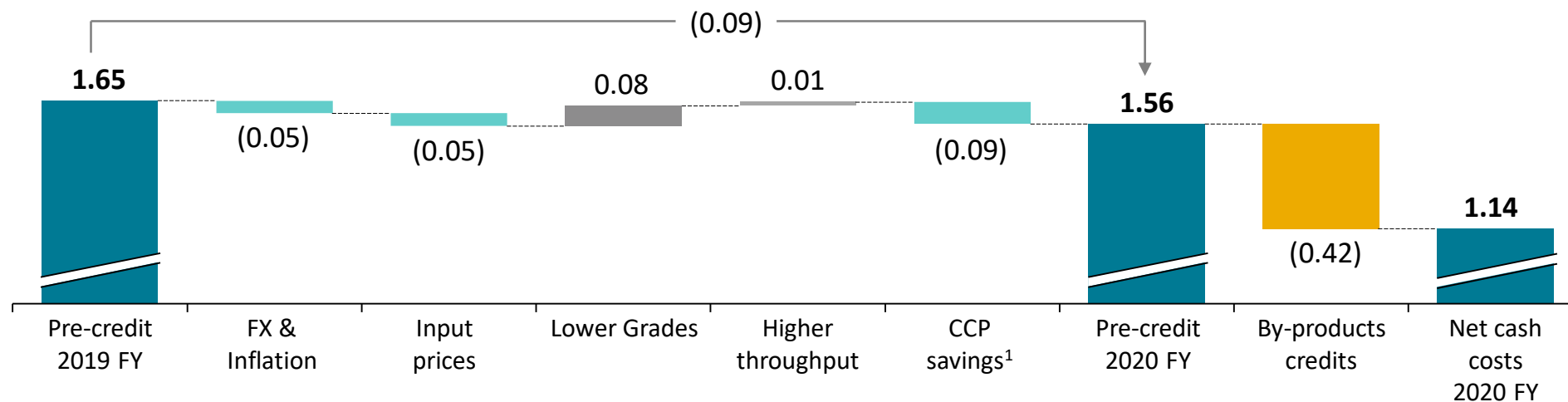
<sup>1</sup> Group's 50% share

# Production and cash costs

Copper  
Production  
kt



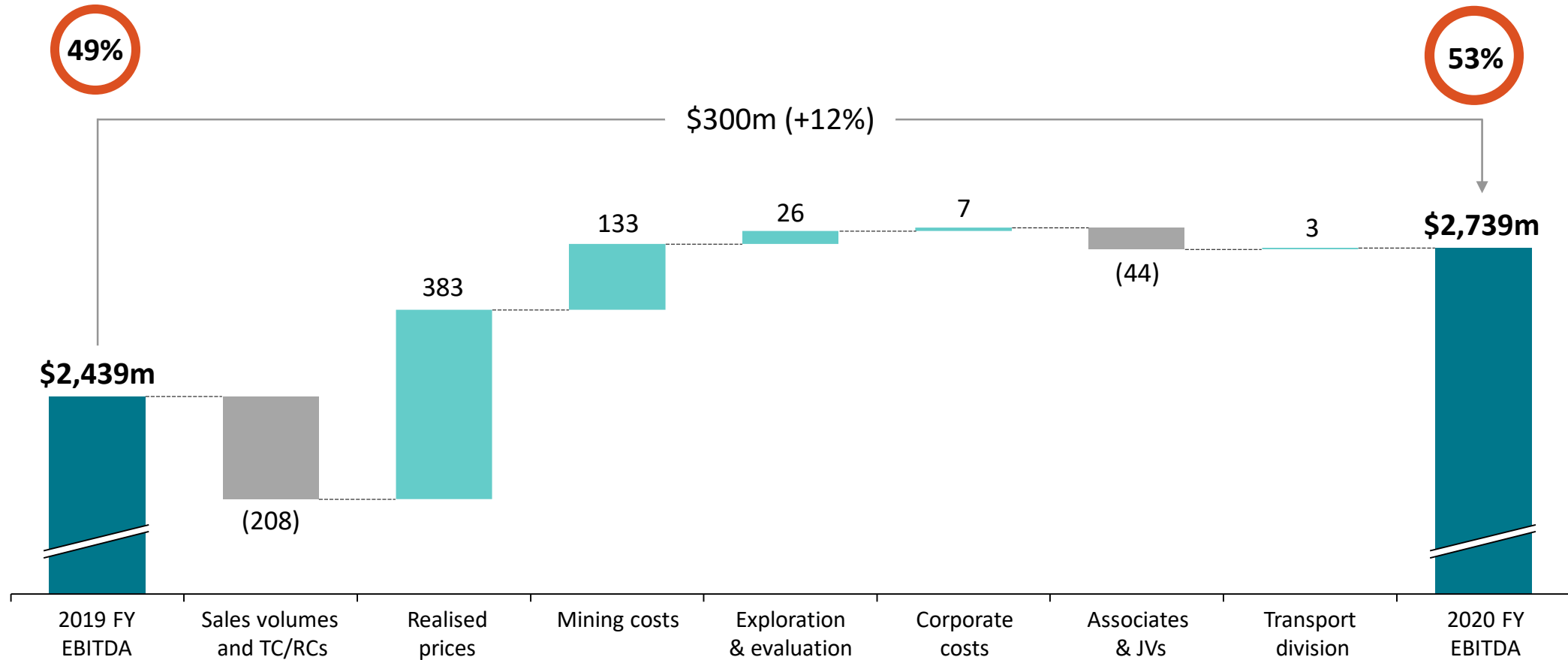
Cash costs  
by  
cost type  
\$/lb



# EBITDA

## EBITDA<sup>1</sup> and margin<sup>2</sup> 2019 FY versus 2020 FY

\$ million and %



1 Results of continuing operations only and includes EBITDA from Associates and JVs

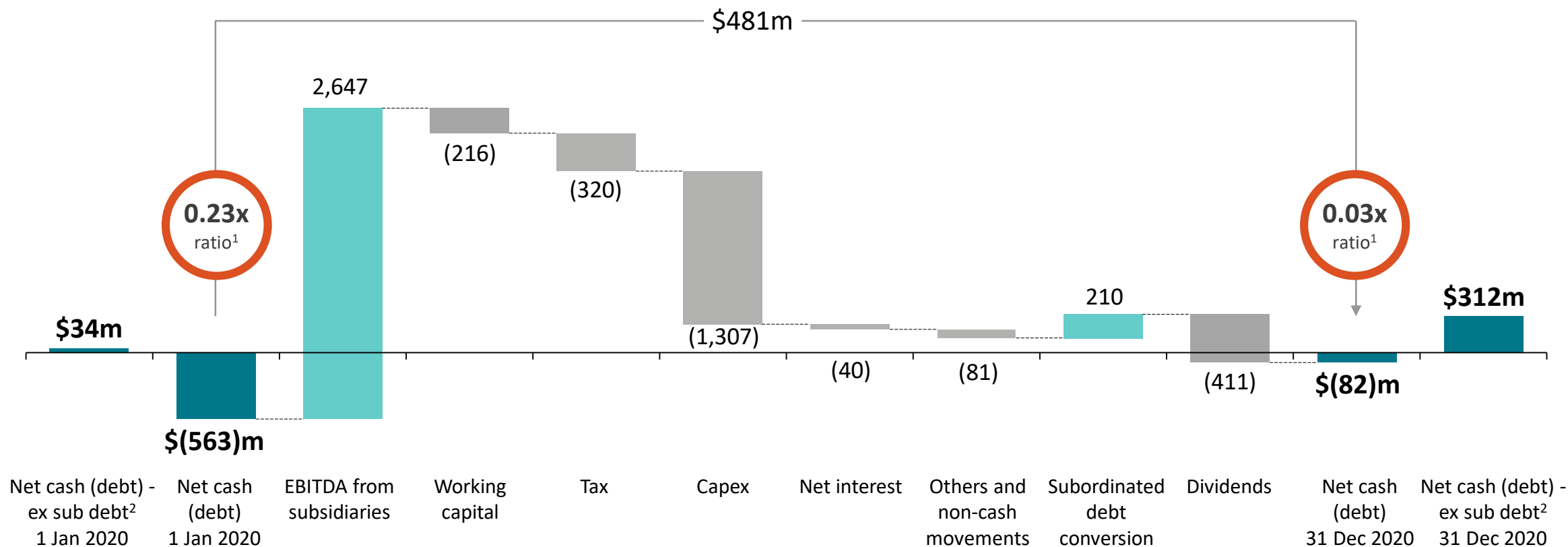
2 Calculated as EBITDA/Group revenue. If Associates and JVs' revenue is included the EBITDA margin was 50.4% in 2020 and 45.3% in 2019



# Balance sheet

## Net cash / (debt) and Net debt/EBITDA ratio

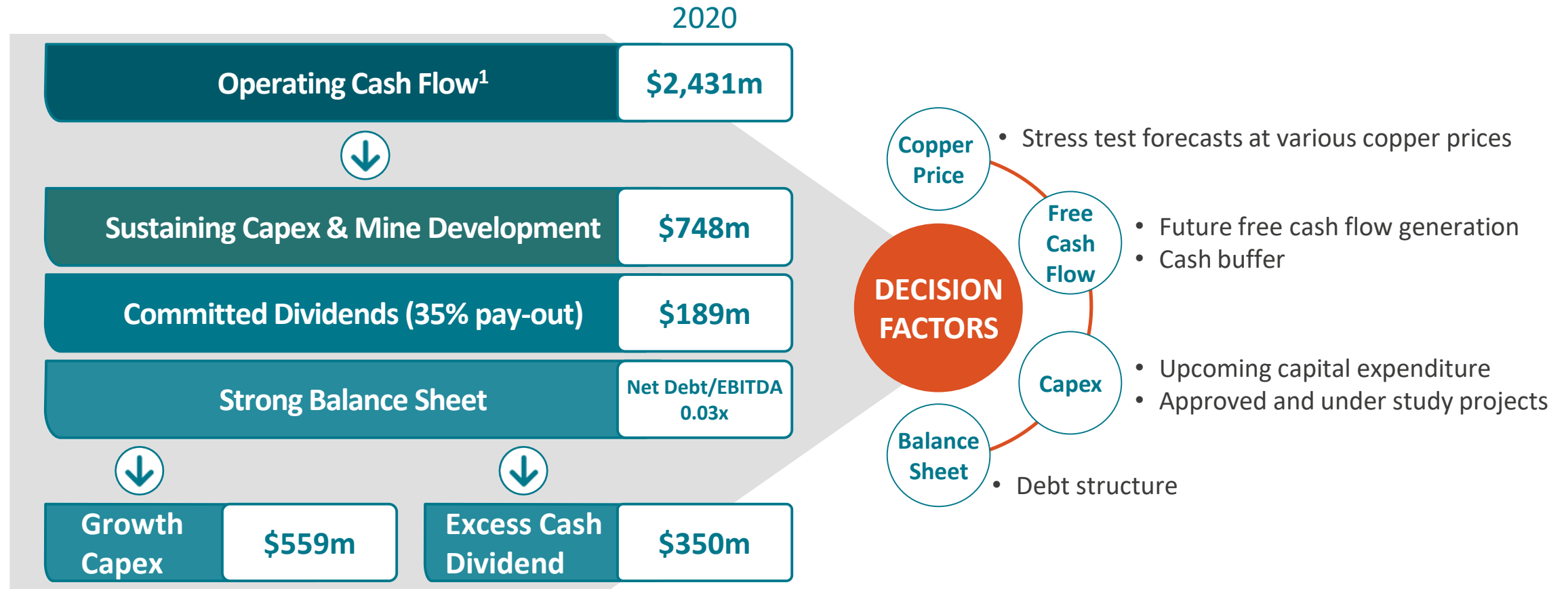
\$ million and times



1 Net debt/EBITDA ratio

2 Subordinated debt: \$394 million end 2020, \$598 million end 2019

# Capital allocation drives decision making

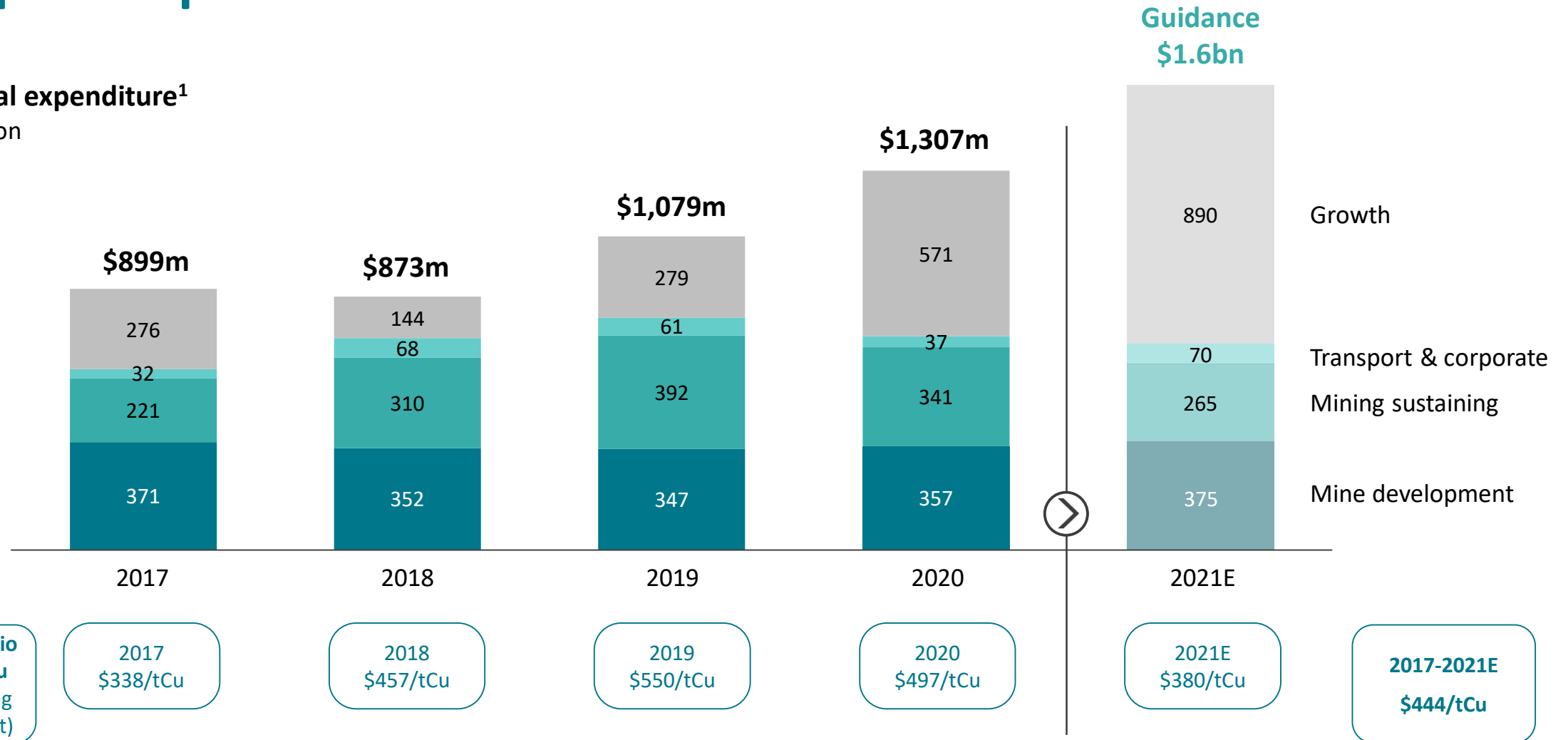


2020 total dividend 100% of underlying net earnings

1 Operating cash flow before income tax paid

# Capital expenditure

Capital expenditure<sup>1</sup>  
\$ million



**Sustaining ratio**  
**\$400-450/tCu**  
(5 year moving average target)

1 Figures are based on cash flow and exclude Zaldívar. Attributable Zaldívar capital expenditure was \$51m in 2017, \$52m in 2018, \$45m in 2019 and \$74 in 2020





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# Growth opportunities and investment case



# Growth opportunities



**Organic Growth**

**Other Growth**

**LOS PELAMBRES EXPANSION - PHASE 1** (in construction)  
 Cu +60 ktpa | Capex \$1.7 bn<sup>1</sup> (including desalination plant)

**PHASE 2** (in FS stage)  
 Cu +35 ktpa | Capex \$0.5 bn<sup>2</sup>  
 15 year LOM extension

**ESPERANZA SUR PIT** (in construction)  
 Cu +10-15 ktpa | Capex \$0.17bn<sup>3</sup>

**CENTINELA 2<sup>ND</sup> CONCENTRATOR** (in FS stage)  
 Cu eq +180 ktpa | Capex \$2.7 bn<sup>4</sup>

**ZALDÍVAR CHLORIDE LEACH**  
 (in construction)  
 Cu +10-15 ktpa | Capex \$0.19 bn<sup>5</sup>

**EXPLORATION FOCUSING ON THE AMERICAS**

**TWIN METALS** (in FS stage)  
 Cu Eq +65 ktpa<sup>6</sup>

1 Revised January 2021  
 2 2014 Prefeasibility study  
 3 2018 Feasibility study  
 4 2015 Prefeasibility study  
 5 100% basis  
 6 2018 Prefeasibility study

# Los Pelambres Expansion - Phase I

## 60,000 tonnes<sup>1</sup> of additional copper

- Optimise throughput within the limits of the existing operating, environmental and water extraction permits
- Increasing plant capacity from 175ktpd to 190ktpd
- Annual copper production will increase by an average of 60,000 tonnes<sup>1</sup> per year over 15 years
- Project 45% complete<sup>2</sup>, end 2020

## Project update – January 2021

- Change of scope – enabling capex for future increase in desalination plant capacity from 400 l/s to 800 l/s to optimise capital expenditure
- Capital cost of \$1.7 billion includes costs related to COVID-19 and change in scope to enable future expansion of desalination plant
- Project completion expected in H2 2022



1 Compared to production without the project. Averaging 40,000tpa in years 1-4 and 70,000tpa in years 5 to 15

2 Engineering, procurement and construction



# Centinela's Esperanza Sur pit

## 10-15,000 tonnes of additional copper

- Will improve Centinela's flexibility to supply its concentrator
- Over the initial years, the higher grade material from the pit will increase copper production by 10–15,000tpa
- Once pre-stripping is completed, autonomous trucks operated by Centinela will mine the deposit
- 1.4 billion tonnes of reserves with a grade of 0.4% copper, 0.13 g/t of gold and 0.012% of molybdenum
- Project completion planned for H1 2022
- \$175 million capital cost unchanged



# Zaldívar Chloride Leach

## 10-15,000 tonnes of additional copper

- Increase copper recoveries by approximately 10 percentage points
- Upgrade SX plant, new reagents facilities and additional washing ponds
- Project completion planned for H1 2022
- \$190 million capital cost unchanged





# Transformational innovation - key to strategy



Integrated Remote Operations Centre (IROC) in the city of Antofagasta for Centinela



Introduction of autonomous trucks at Centinela's new Esperanza Sur pit

## Strategic Initiatives

- Primary sulphides leach (Cuprochlor-T®) industrial scale testing underway
- Low cost bulk material movement technologies
- Thickened tailings and real time monitoring

## Online Collaboration Platform

- Open online collaboration platform
- Over 20 efficiency and cost reduction initiatives in execution

## Real Time Information Management & Analytics

- Accelerating implementation of Centinela's Remote Operations Centre in the city of Antofagasta
- Use of data analytics for operations and business optimisation
- Digital transformation of operation and maintenance processes, and key support functions

## Automation & Robotics

- Autonomous production drilling at Los Pelambres
- Autonomous trucks at Esperanza Sur pit, Centinela in pre-commissioning
- Maintenance execution robots



# Our priorities for 2021 and beyond



-  Continuing our record of zero fatalities and protecting employees and communities from COVID-19
-  Embed climate change and sustainability strategy across all decision making and update climate change targets
-  Maintaining operating resilience and flexibility
-  Continuous productivity improvements to optimise margins
-  Advancing our growth projects and innovation portfolio
-  Returns to shareholders

# Investment case

## Responsible copper producer

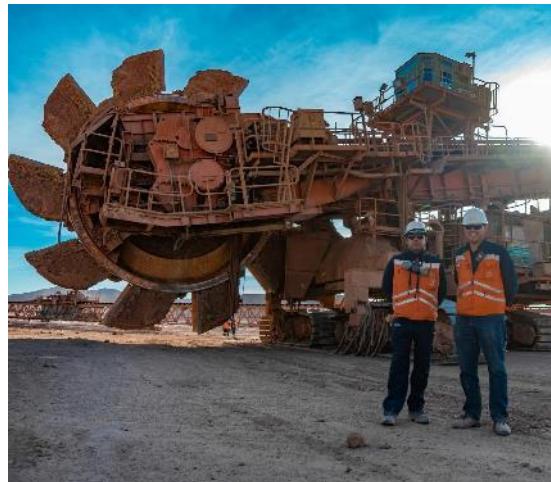
### Sustainability

- Zero fatalities culture
- Safety and health model
- Environment stewardship
- Community relations and shared development
- Culture and labour relations
- Robust governance



### High quality assets

- Strong and growing production
- Large resource base
- Low cost and long-life assets
- Four mines in two “world-class” districts in Chile



### Operating efficiency

- Constant focus on unit costs
- Continuous productivity improvement
- Cost and Competitiveness Programme
- Innovation for long term gains



### Financial position

- Strong balance sheet
- Healthy cash flows
- Disciplined capital allocation and shareholder returns







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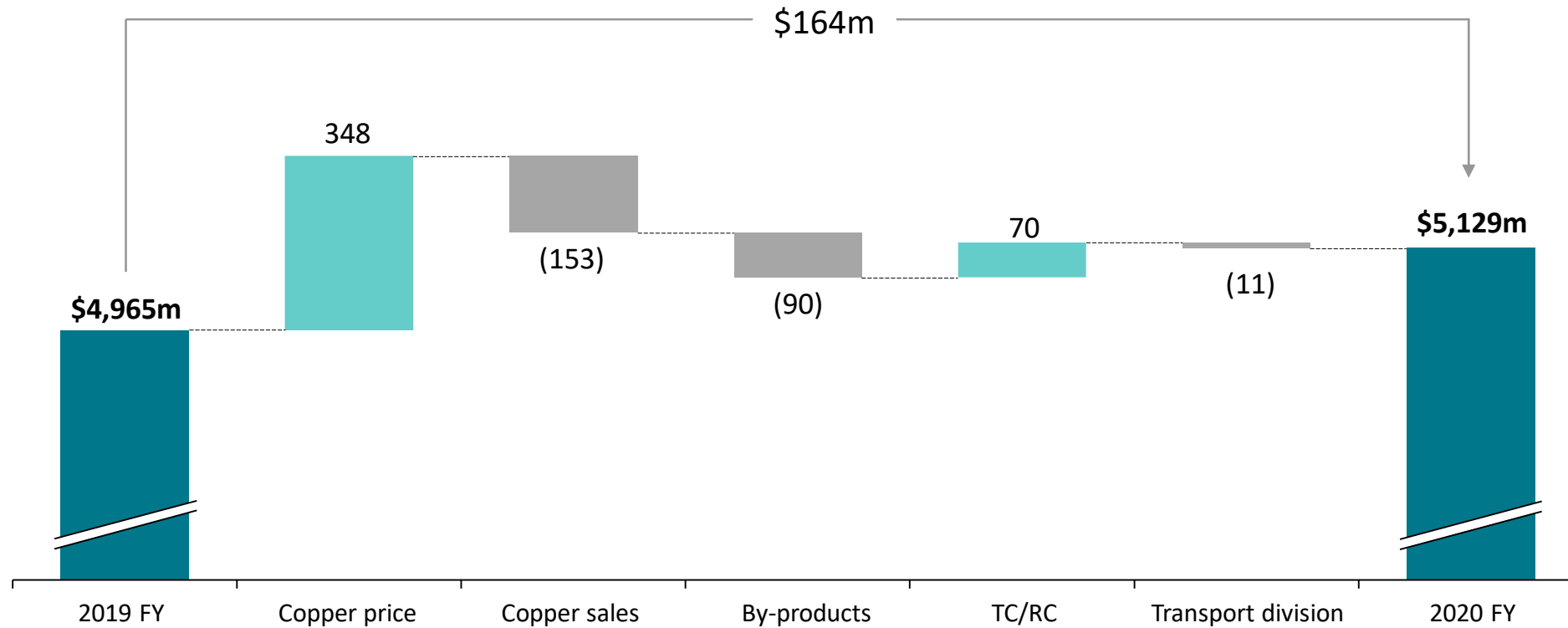
# Appendix





# Revenue

Revenue 2019 FY versus 2020 FY<sup>1</sup>  
\$ million

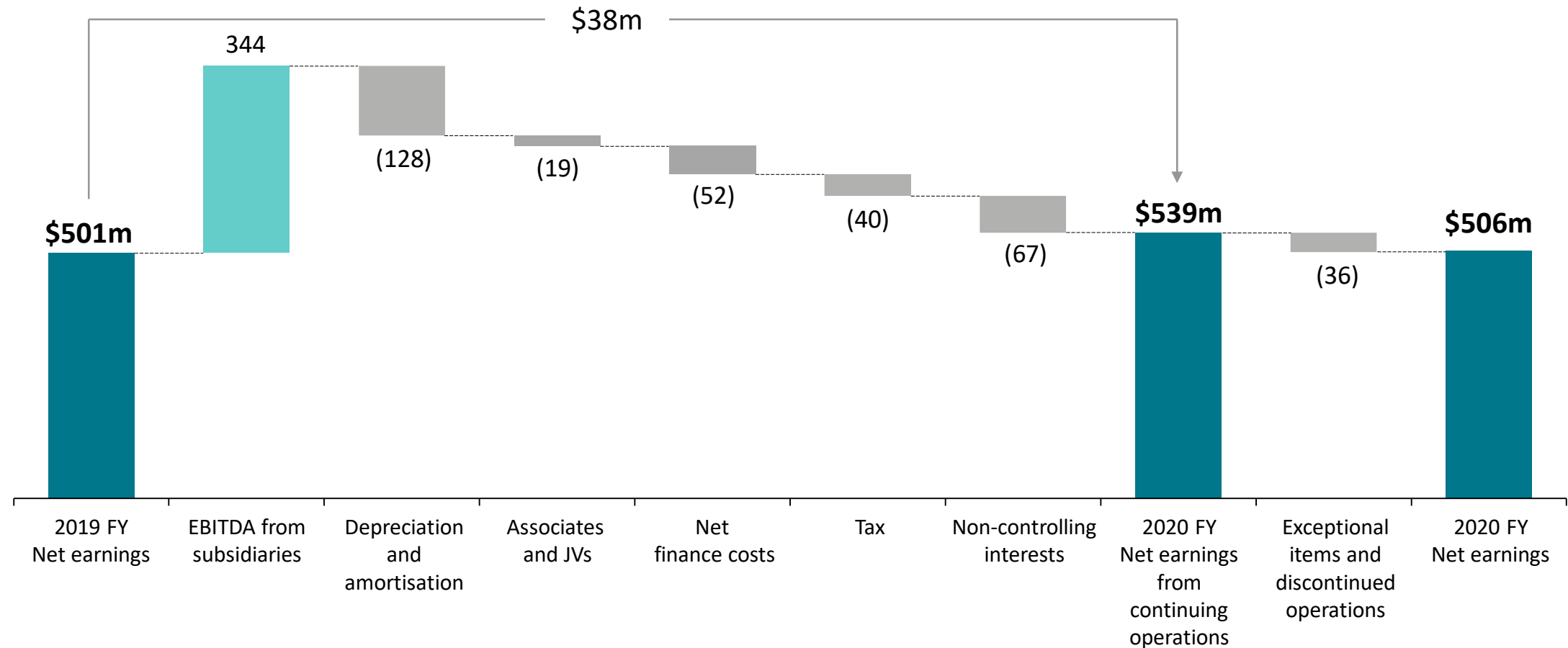


1 Excludes Zaldívar (JV)

# Net earnings

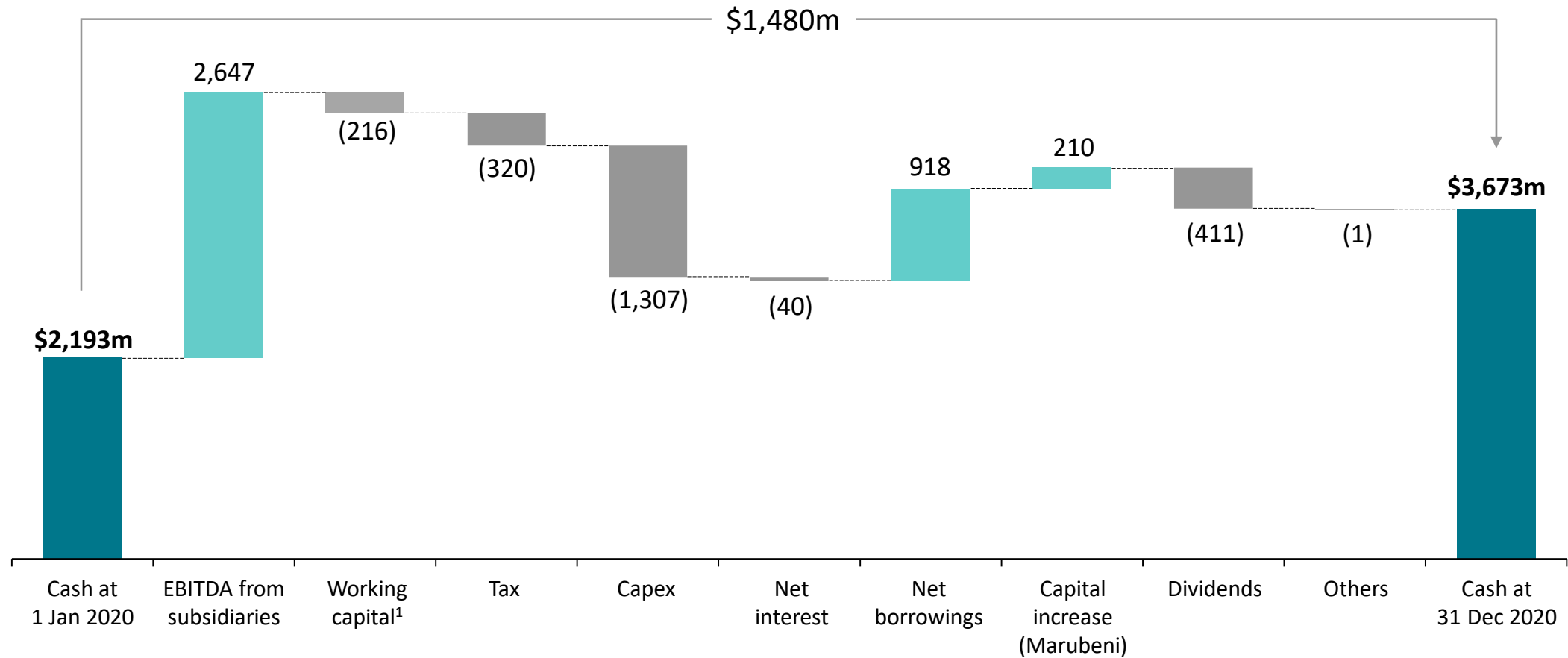
## Net earnings 2019 FY versus 2020 FY

\$ million



# Cash flow

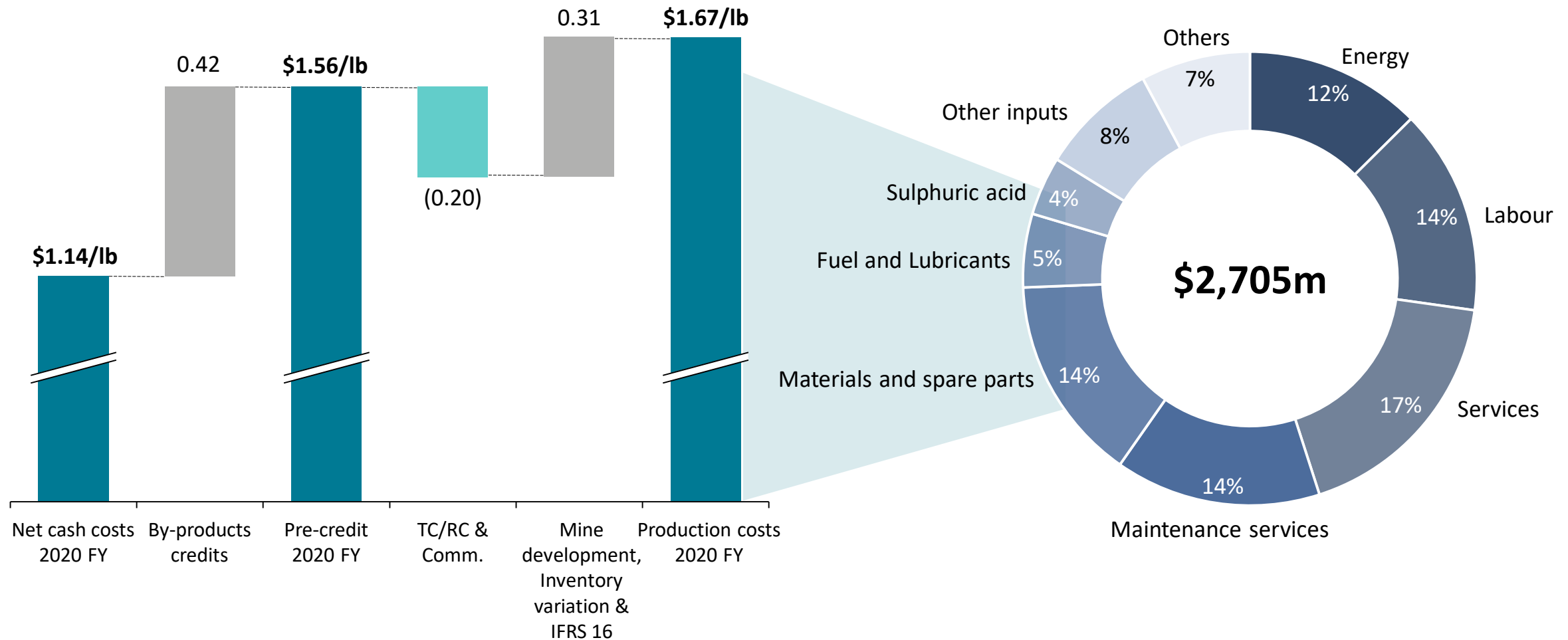
**Cash flow in 2020 FY<sup>1</sup>**  
\$ million



<sup>1</sup> Excludes Zaldívar (JV)



# 2020 FY production cost breakdown



# Production and metals prices

## Group production

|                             | 2017         | 2018         | 2019         | 2020         | 2021E <sup>1</sup> |
|-----------------------------|--------------|--------------|--------------|--------------|--------------------|
| <b>Copper ('000 tonnes)</b> |              |              |              |              |                    |
| Los Pelambres               | 343.8        | 357.8        | 363.4        | 359.6        | 340-350            |
| Centinela Concentrates      | 163.9        | 155.5        | 195.5        | 153.5        | 270-280            |
| Centinela Cathodes          | 64.5         | 92.5         | 81.1         | 93.3         |                    |
| Antucoya                    | 80.5         | 72.2         | 71.9         | 79.3         | 75-80              |
| Zaldívar <sup>2</sup>       | 51.7         | 47.3         | 58.1         | 48.2         | 45-50              |
| <b>Group total</b>          | <b>704.3</b> | <b>725.3</b> | <b>770.0</b> | <b>733.9</b> | <b>730-760</b>     |

|                           | 2017         | 2018         | 2019         | 2020         | 2021E <sup>1</sup> |
|---------------------------|--------------|--------------|--------------|--------------|--------------------|
| <b>Gold ('000 ounces)</b> |              |              |              |              |                    |
| Los Pelambres             | 55.4         | 63.2         | 59.7         | 60.3         | 50-60              |
| Centinela                 | 157.0        | 146.9        | 222.6        | 143.7        | 190-200            |
| <b>Group total</b>        | <b>212.4</b> | <b>210.1</b> | <b>282.3</b> | <b>204.1</b> | <b>240-260</b>     |

|                                 | 2017        | 2018        | 2019        | 2020        | 2021E <sup>1</sup> |
|---------------------------------|-------------|-------------|-------------|-------------|--------------------|
| <b>Molybdenum ('000 tonnes)</b> |             |             |             |             |                    |
| Los Pelambres                   | 10.5        | 13.3        | 11.2        | 10.9        | 8.0-9.0            |
| Centinela                       | -           | 0.3         | 0.4         | 1.7         | 1.5-2.0            |
| <b>Group total</b>              | <b>10.5</b> | <b>13.6</b> | <b>11.6</b> | <b>12.6</b> | <b>9.5-11.0</b>    |

## Metal prices

|                       | 2017 | 2018 | 2019 | 2020 |
|-----------------------|------|------|------|------|
| <b>Copper (\$/lb)</b> |      |      |      |      |
| Realised              | 3.00 | 2.81 | 2.75 | 2.98 |
| LME                   | 2.80 | 2.96 | 2.72 | 2.80 |

|                     | 2017  | 2018  | 2019  | 2020  |
|---------------------|-------|-------|-------|-------|
| <b>Gold (\$/oz)</b> |       |       |       |       |
| Realised            | 1,280 | 1,256 | 1,416 | 1,797 |
| Market              | 1,258 | 1,270 | 1,393 | 1,770 |

|                           | 2017 | 2018 | 2019 | 2020 |
|---------------------------|------|------|------|------|
| <b>Molybdenum (\$/lb)</b> |      |      |      |      |
| Realised                  | 8.7  | 12.4 | 10.8 | 8.8  |
| Market                    | 8.2  | 11.9 | 11.4 | 8.7  |

1 Guidance January 2021

2 Attributable share

# Unit cash costs

## Group cash costs

|  | 2017        | 2018        | 2019        | 2020        | 2021E <sup>1</sup> |
|--|-------------|-------------|-------------|-------------|--------------------|
| <b>Group cash costs (\$/lb)</b>                      |             |             |             |             |                    |
| Los Pelambres  | 1.44        | 1.52        | 1.40        | 1.27        | 1.45               |
| Centinela  | 1.81        | 1.89        | 1.83        | 1.85        | 1.75               |
| Antucoya   | 1.68        | 1.99        | 2.17        | 1.82        | 1.80               |
| Zaldívar <sup>2</sup>                                | 1.62        | 1.94        | 1.75        | 1.80        | 1.75               |
| <b>Cash costs before by-products credits (\$/lb)</b> | <b>1.60</b> | <b>1.72</b> | <b>1.65</b> | <b>1.56</b> | <b>1.65</b>        |
| By-products credits (\$/lb)                          | (0.35)      | (0.43)      | (0.43)      | (0.42)      | (0.40)             |
| <b>Net cash costs (\$/lb)</b>                        | <b>1.25</b> | <b>1.29</b> | <b>1.22</b> | <b>1.14</b> | <b>1.25</b>        |

|   | 2017        | 2018        | 2019        | 2020        | 2021E <sup>1</sup> |
|---|-------------|-------------|-------------|-------------|--------------------|
| <b>Los Pelambres cash costs (\$/lb)</b>       |             |             |             |             |                    |
| Cash costs before by-products credits (\$/lb) | 1.44        | 1.52        | 1.40        | 1.27        | 1.45               |
| By-products credits (\$/lb)                   | (0.42)      | (0.61)      | (0.49)      | (0.46)      | (0.40)             |
| <b>Net cash costs (\$/lb)</b>                 | <b>1.02</b> | <b>0.91</b> | <b>0.91</b> | <b>0.81</b> | <b>1.05</b>        |

|   | 2017        | 2018        | 2019        | 2020        | 2021E <sup>1</sup> |
|---|-------------|-------------|-------------|-------------|--------------------|
| <b>Centinela cash costs (\$/lb)</b>           |             |             |             |             |                    |
| Cash costs before by-products credits (\$/lb) | 1.81        | 1.89        | 1.83        | 1.85        | 1.75               |
| By-products credits (\$/lb)                   | (0.45)      | (0.38)      | (0.57)      | (0.58)      | (0.60)             |
| <b>Net cash costs (\$/lb)</b>                 | <b>1.36</b> | <b>1.51</b> | <b>1.26</b> | <b>1.27</b> | <b>1.15</b>        |

<sup>1</sup> Guidance January 2021. Assumptions: CLP/USD 780, gold \$1,700/oz, molybdenum \$8.5/lb.

<sup>2</sup> Attributable share



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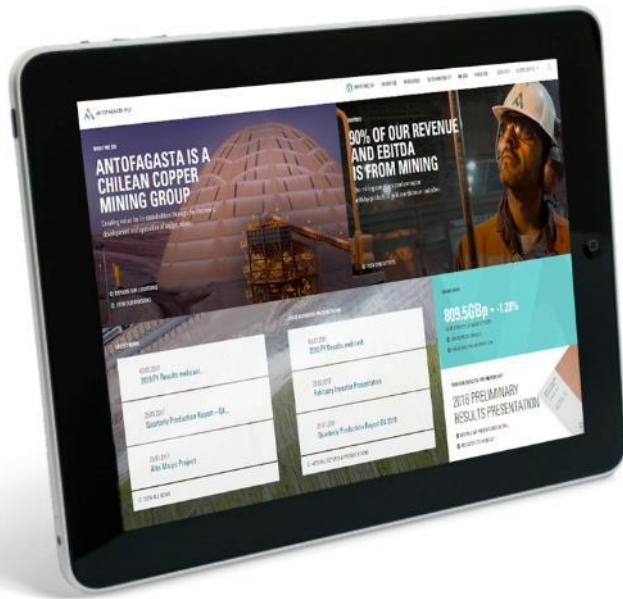
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