

1H 2021 Financial Results

26 August 2021



POLYMETAL
INTERNATIONAL PLC

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1H 2021 – STRONG PERFORMANCE AND SHAREHOLDER RETURN

GE Production

714Koz

-1% y-o-y

Adjusted EBITDA

\$660m

+8% y-o-y

Underlying EPS

\$0.89

+14% y-o-y

AISC

\$1,019/oz

+16% y-o-y

YTD Dividend Yield*

6.1%

+71 bps y-o-y

1H 2021 DPS

\$0.45

+13% y-o-y

Notes:

* DPS declared for 1H 2021 (\$0.45) + Final 2020 DPS (\$0.89) divided by YTD average share price (\$21.9)

1H 2021 - PROGRESS

PROJECTS

- ▼ **POX-2:**
 - ▼ The large-sized equipment of oxygen station was installed
 - ▼ Equipment foundation construction at the POX building is being finalized
- ▼ **Nezhda:**
 - ▼ Mechanical completion of key equipment, including SAG and ball mills, was achieved. Cold commissioning of individual equipment items is in progress
 - ▼ The project is on track to produce first concentrate on November 1, 2021

ESG

- ▼ Climate targets announcement and disclosure of the climate change report
- ▼ New \$400m climate transition loans
- ▼ Upgrade of MSCI ESG rating from A to AA
- ▼ Inclusion in the S&P's Sustainability Yearbook 2021
- ▼ Polymetal achieved Prime status in ISS ESG Corporate Rating, the score improved from C+ to B-

CORPORATE GOVERNANCE

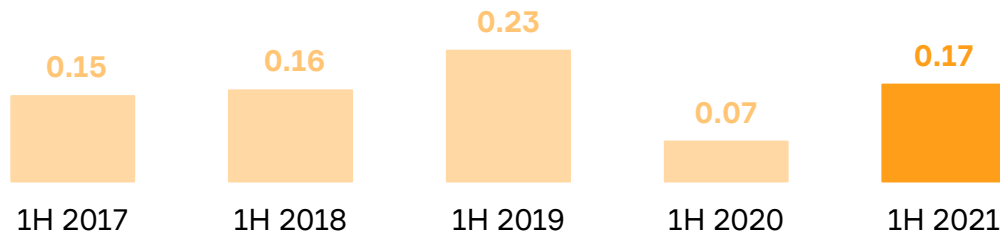
- ▼ 7 of 9 independent directors
- ▼ 1/3 of females on Board
- ▼ 1 director of South American heritage - in compliance with the Parker review
- ▼ Approval of Remuneration Report – 98%
- ▼ Full compliance with the UK Governance Code

COVID UPDATE

- ▼ As of the date of this announcement, there are 64 active cases of COVID-19 among Polymetal's workforce
- ▼ In July 2021, the Kubaka processing plant site (Omolon hub) suffered a significant COVID-19 outbreak. Management responded quickly to isolate the infected individuals and evacuated those who had symptoms or exhibited potentially risky pre-conditions with no impact on production. As of the date of this presentation, there are 41 active cases of COVID-19, mostly among construction and drilling contractors
- ▼ Other operations and projects continue undisrupted. All precautionary measures, including extensive testing and observatory periods, are maintained at all sites
- ▼ Voluntary vaccinations continue at the Group's sites and offices, with 30% of employees having received at least one vaccination across different mine sites

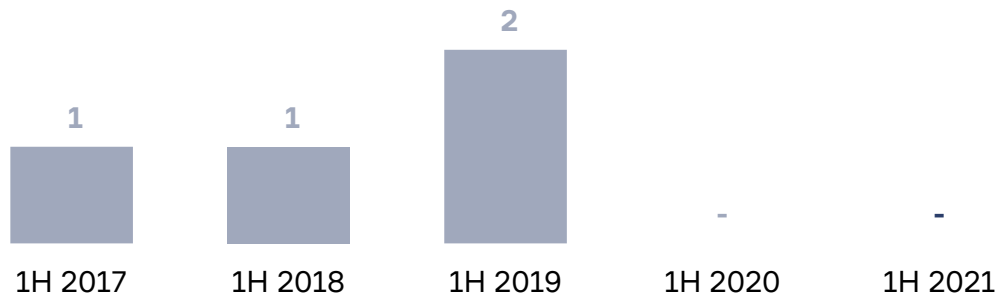
SAFETY

LTIFR



- 1H 2021 LTIFR increased to 0.17. There were ten lost-time injuries in total vs four cases during 1H 2020

FATALITIES



- There were no fatal accidents during 1H 2021 within Polymetal and the Company's contractors. Unfortunately, on July 18 a drilling contractor lost his life at the Voro operations

ESG LEADERSHIP

External recognition and disclosure commitments

RECOGNITION OF OUR EFFORTS TO DATE



- Member of **DJSI World and Russia** indices
- First and only company with majority of assets in the CIS



- 1st among 60 precious metals companies in ESG Rating
- 20.3 ESG Risk Rating (Medium Risk)

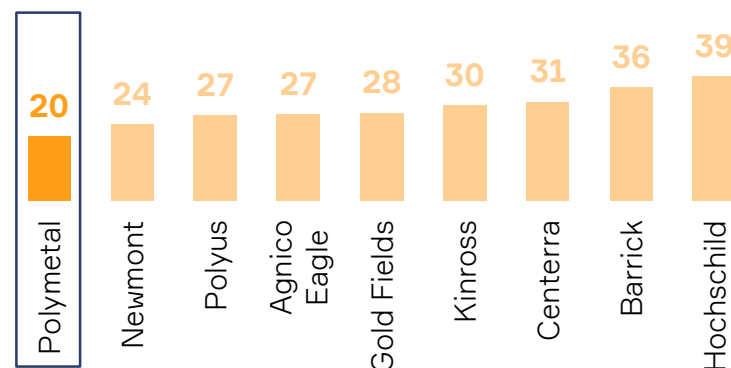


- ESG rating **AA**
- Member of **ESG Leaders** index



- Climate change score **B-** (improvement from D)

ESG RISK RATING PEER COMPARISON¹



EXTERNAL INITIATIVES

- UN Global Compact Signatory since 2009
- Disclosure under **GRI, SASB, TCFD**
- Signatory to **International Cyanide Management Code**
- Signatory to **Extractives Industry Transparency Initiative (EITI)** in Kazakhstan

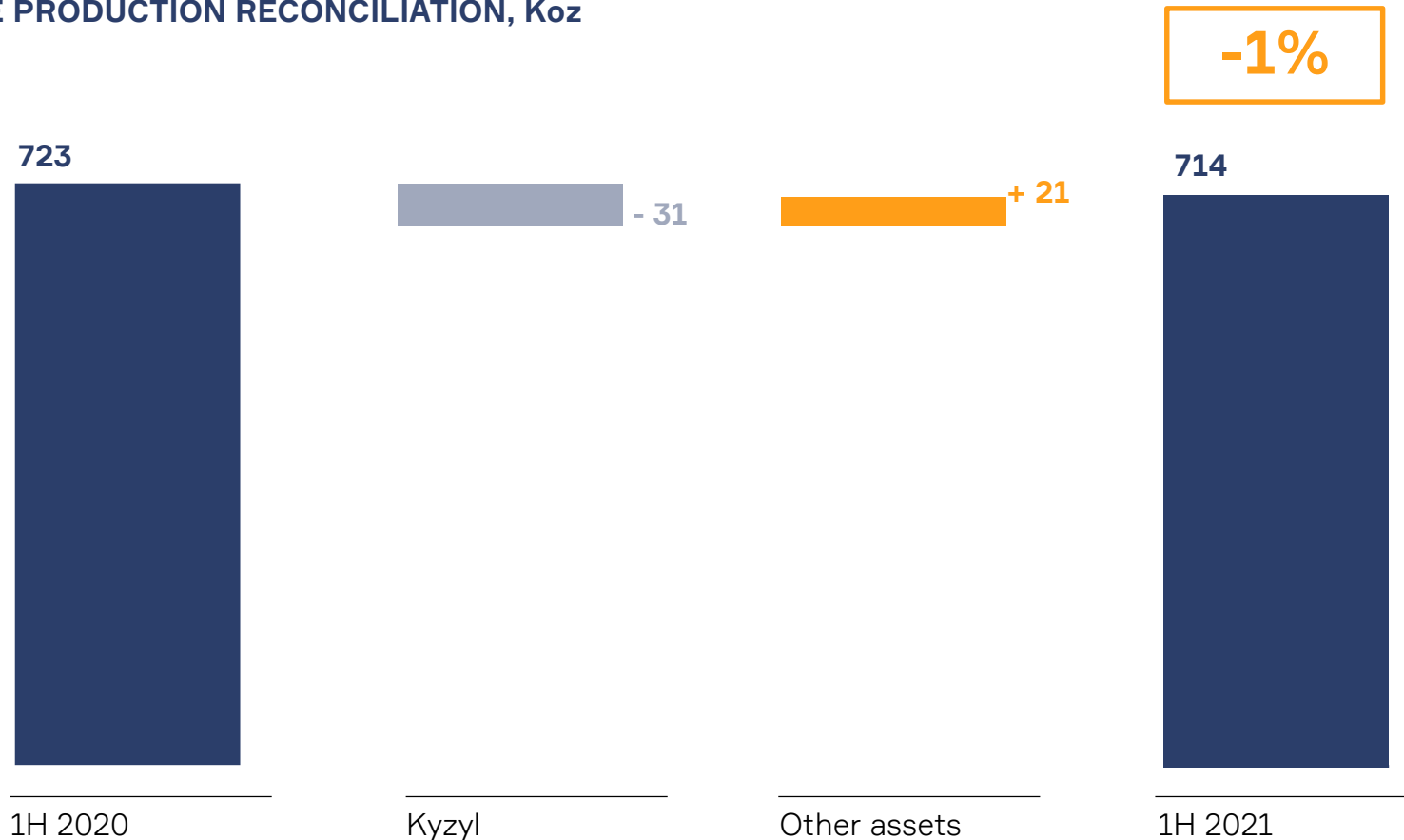
Notes:

1) Based on Sustainalytics data. Lower number is better

PRODUCTION

A marginal decrease attributable to grade-driven declines at Kyzyl and Albazino

GE PRODUCTION RECONCILIATION, Koz



FINANCIAL HIGHLIGHTS

Growth of key profitability metrics driven by higher prices offsetting cost pressure

	1H 2021	1H 2020	Change
Revenue, \$m	1,274	1,135	+12%
Adjusted EBITDA, \$m	660	610	+8%
Adjusted EBITDA margin	52%	54%	-2 p.p.
Total cash cost, \$/GE oz	712	638	+12%
All-in sustaining cash cost, \$/GE oz	1,019	880	+16%
Underlying net earnings, \$m	422	368	+15%
Underlying EPS, \$/share	0.89	0.78	+14%
Dividends proposed for 1H, \$/share	0.45	0.40	+13%
Net operating cash flow, \$m	358	294	+22%
Capital expenditure, \$m	375	242	+55%
Free cash flow (pre M&A), \$m	-27	54	NM
Net debt, \$m	1,827	1,351 ¹	+35%
Net debt/Adjusted LTM EBITDA, x	1.05	0.80	+32%

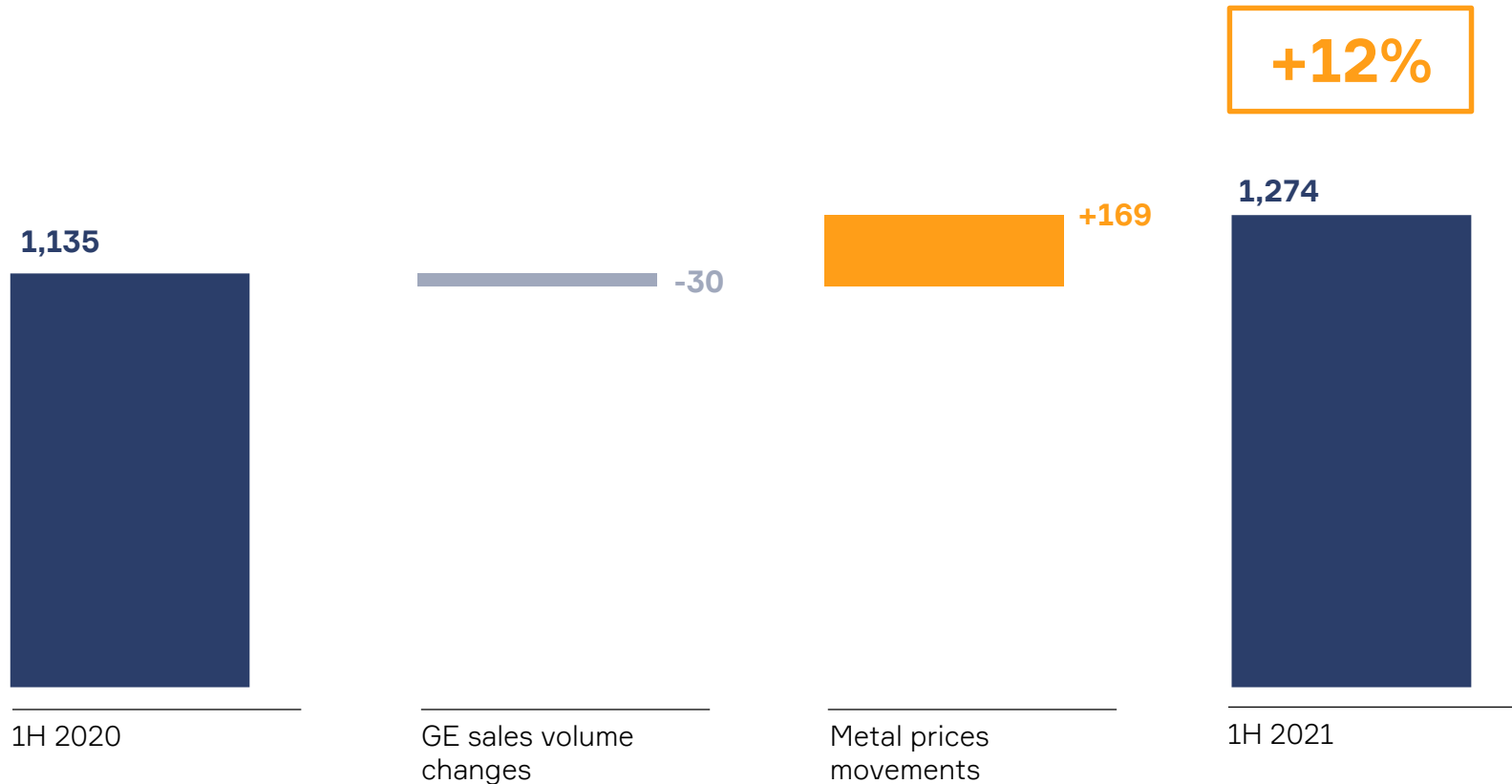
Notes:

1) As at 31/12/2020

REVENUE

An increase on the back of higher metal prices

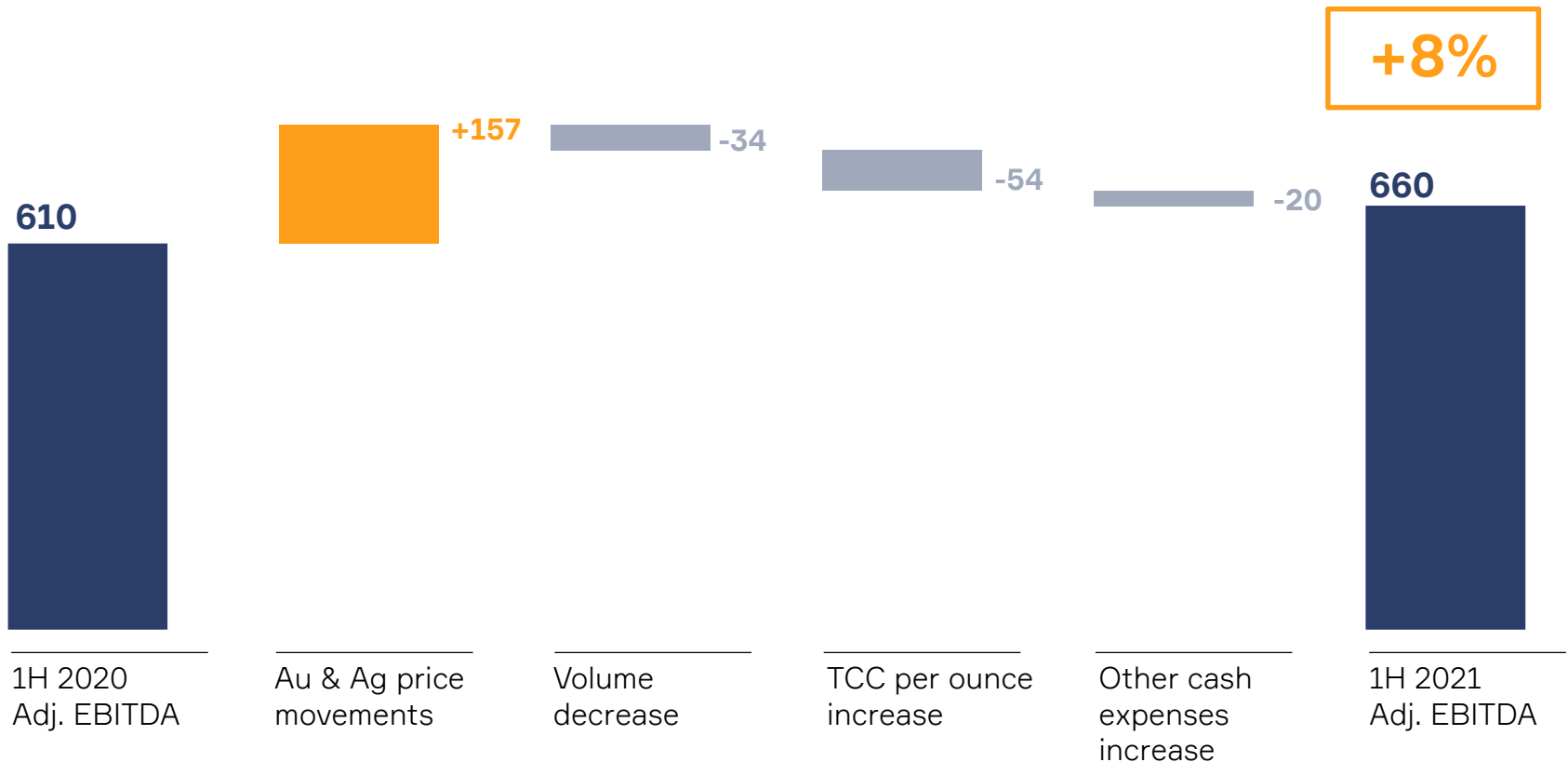
REVENUE RECONCILIATION, \$m



EBITDA

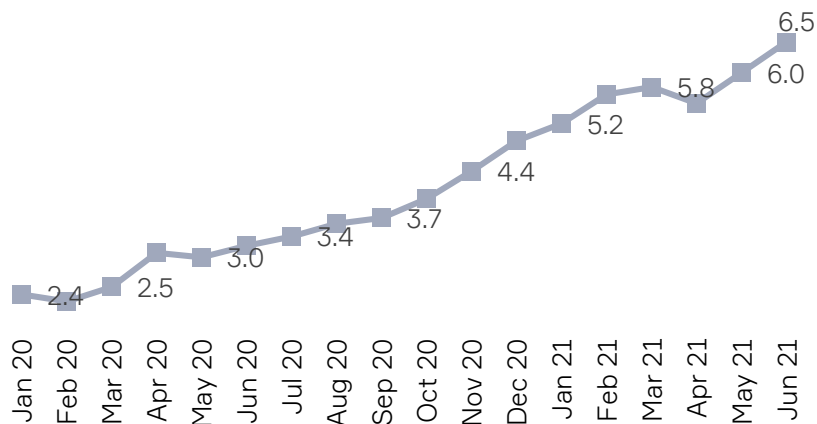
Higher prices offset cost increase

EBITDA RECONCILIATION, \$m

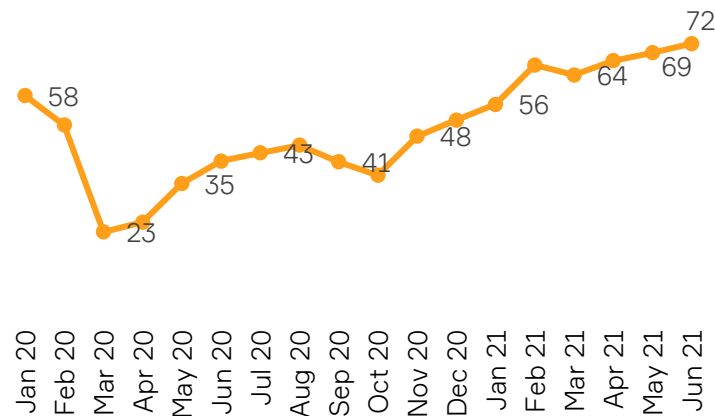


COSTS UNDER MACRO PRESSURE

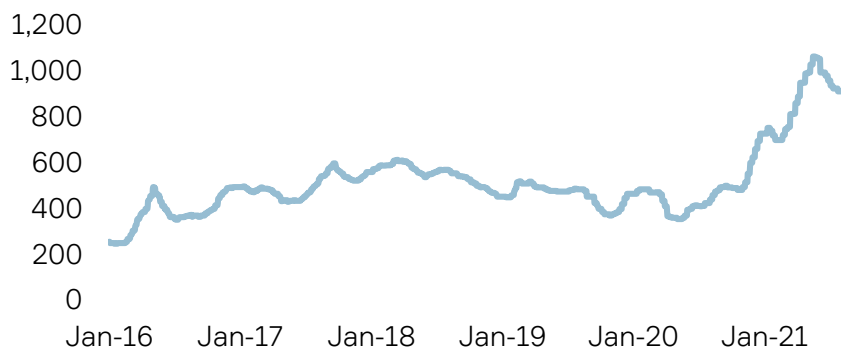
CPI IN RUSSIA, annual growth rate (%)



BRENT OIL, \$



RUSSIA STEEL PRICE, \$/t



— HRC FOB Black Sea

OTHER CONSTRUCTION MATERIALS/WORKS Y-O-Y INFLATION AT POLYMETAL

Concrete works **+40%**

Laying of pipeline **+28%**

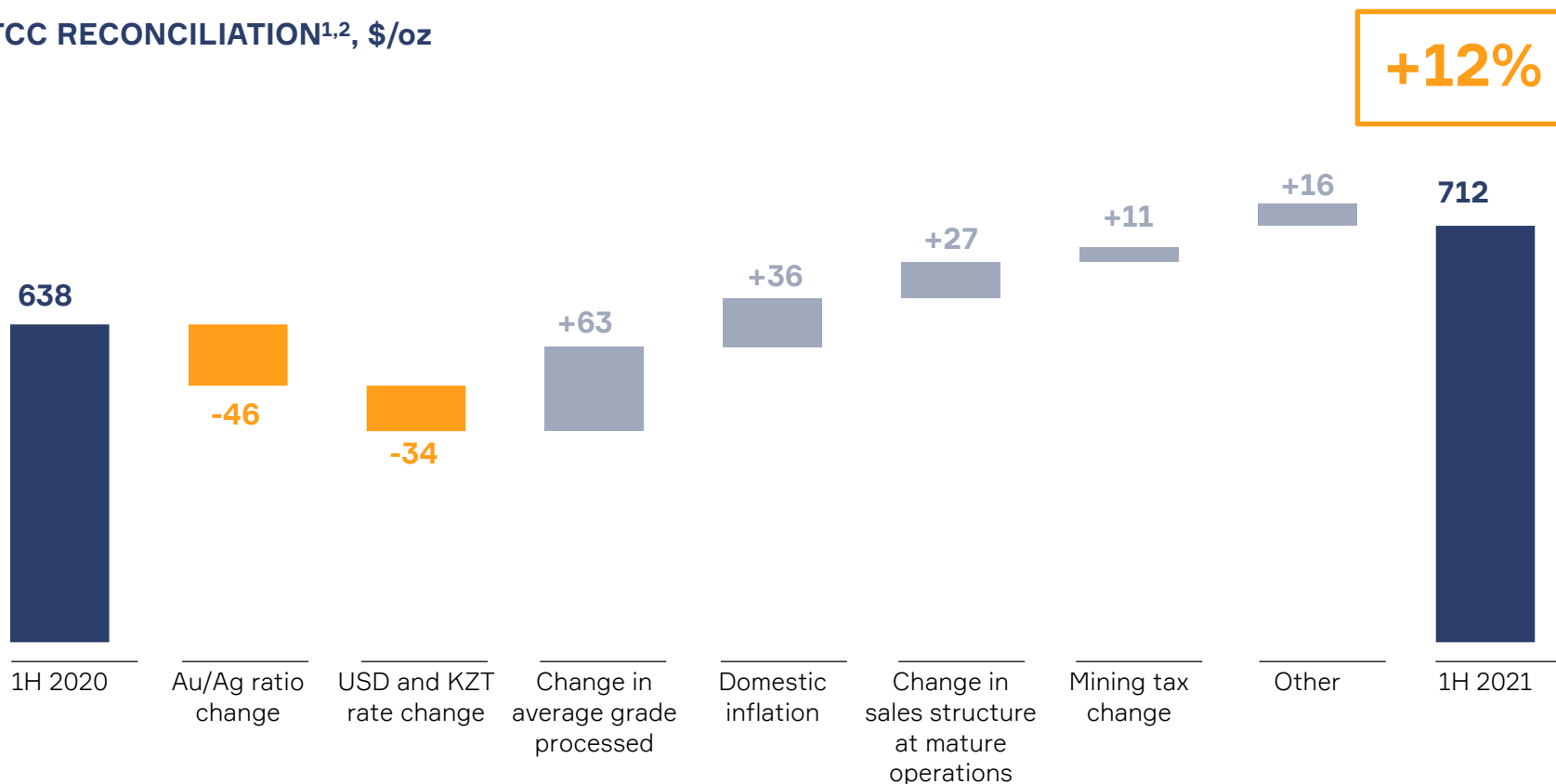
Electrical materials **+111%**

TOTAL CASH COSTS

Within the guidance range

- TCC was within the Company's guidance of US\$ 700-750/GE oz, and up 12% y-o-y due to above-CPI inflation in the mining industry and full-period impact of COVID-related costs, as well as planned decline in grades processed at Kyzyl and Albazino

TCC RECONCILIATION^{1,2}, \$/oz

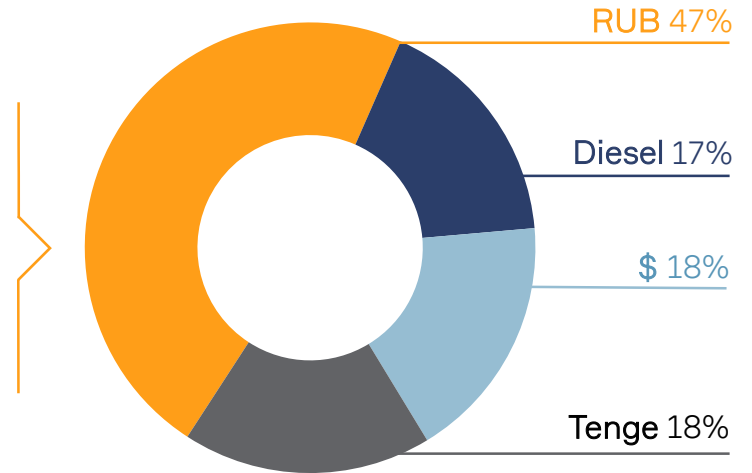
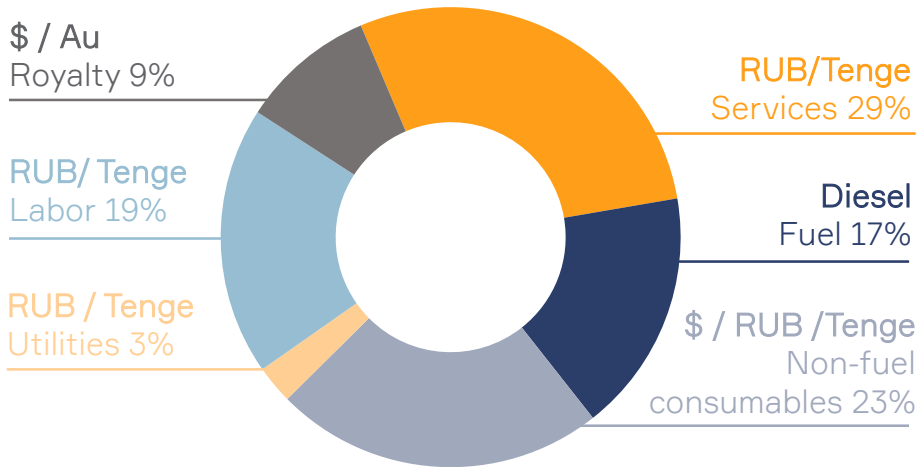


Notes:

- Co-product total cash cost: cost of sales + on-mine part of SG&A – depreciation and amortization. GE (gold equivalent) based on actual realized gold, silver and copper prices
- COVID-related costs are included in TCC

CASH COST STRUCTURE

2021E CASH COST STRUCTURE, \$/oz



SENSITIVITY TO RUB/USD, GOLD PRICE AND MET*

	A 1 RUB/USD movement in domestic currency	A \$100/oz movement in gold price	A 1% increase in MET**
Effect on TCC	\$7-9 per oz	~\$5 per oz	+ \$16 per oz
Effect on EBITDA	\$14-18m	~\$150m	- \$26m
Effect on FCF	\$17-21m	~\$130m	- \$21m
Effect on DPS	~\$0.02 per share	~\$0.12	- \$0.04

* Annualized

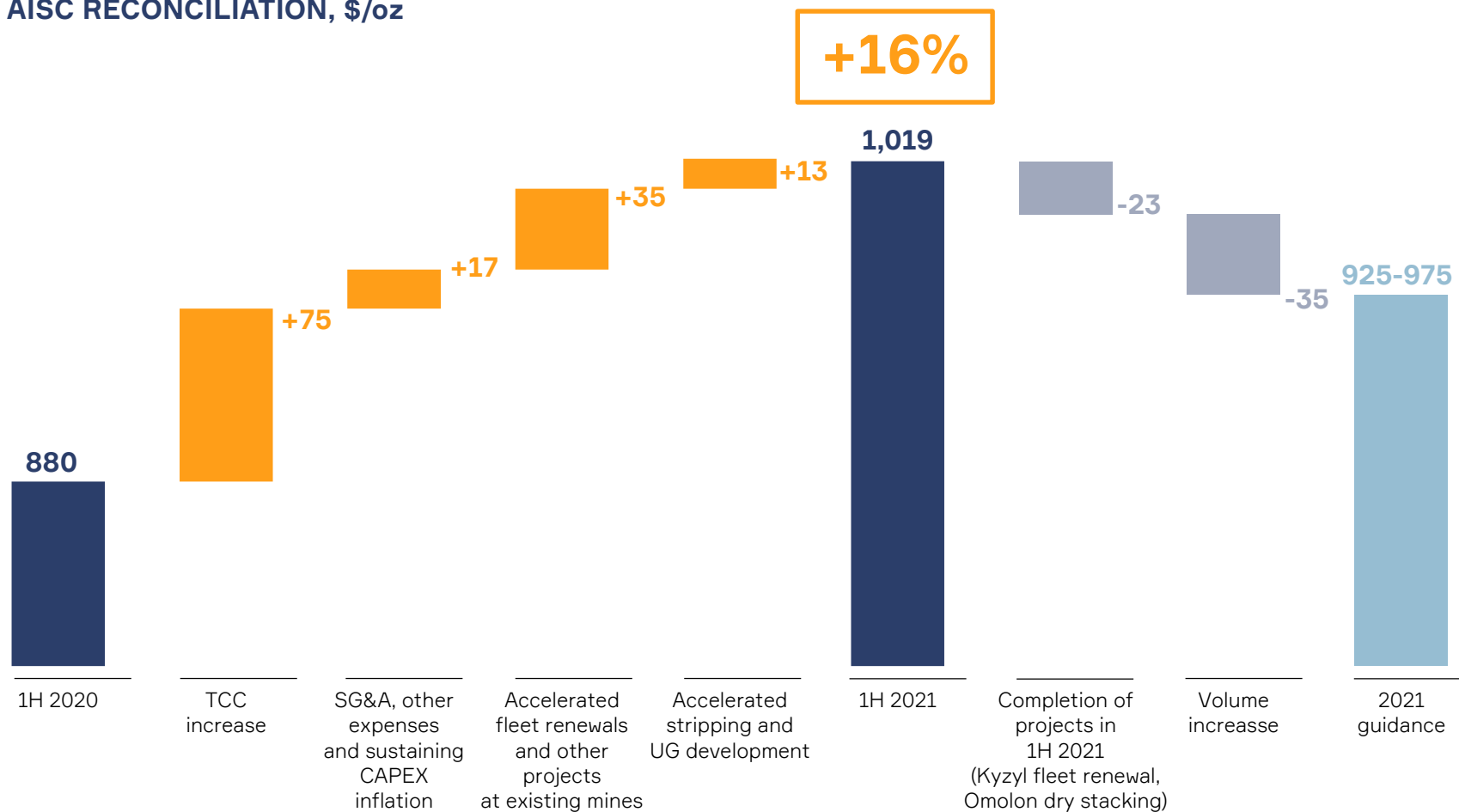
** MET – Mineral Extraction Tax

At the 1H 2021 average realized price

ALL-IN SUSTAINING CASH COSTS

Guidance reiterated

AISC RECONCILIATION, \$/oz

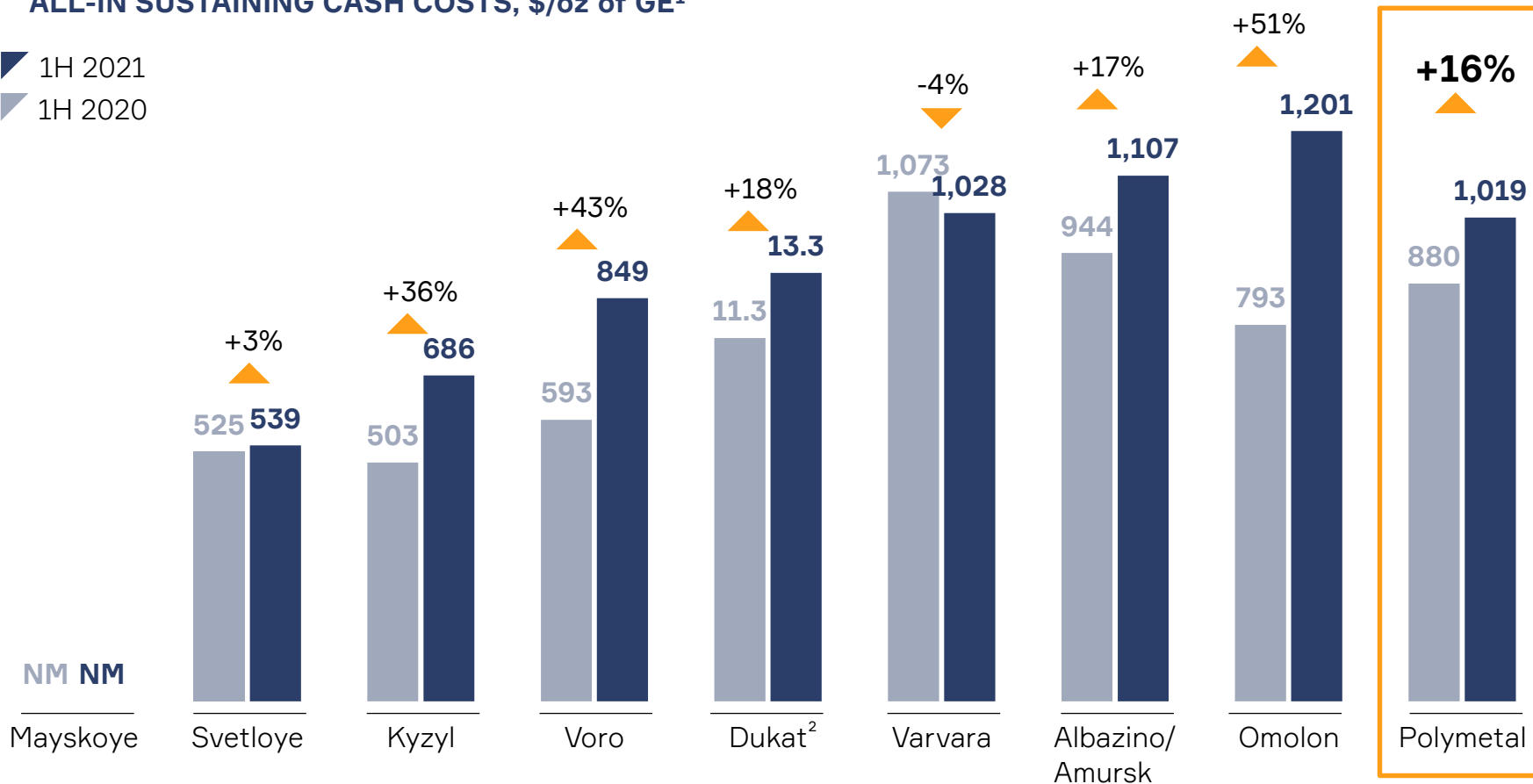


AISC DYNAMICS BY MINE

- AISC grew by 16% y-o-y, reflecting investments at Omolon (power complex, filtration building and mining fleet renewals) and Kyzyl (mining fleet), as well as accelerated stripping at Voro (Pesherny and Saum deposits) and Omolon (Burgali deposit). AISC are expected to decline in the second half of the year on the back of seasonally higher production and sales to meet the full year guidance of US\$ 925-975/GE oz

ALL-IN SUSTAINING CASH COSTS, \$/oz of GE¹

- 1H 2021
- 1H 2020



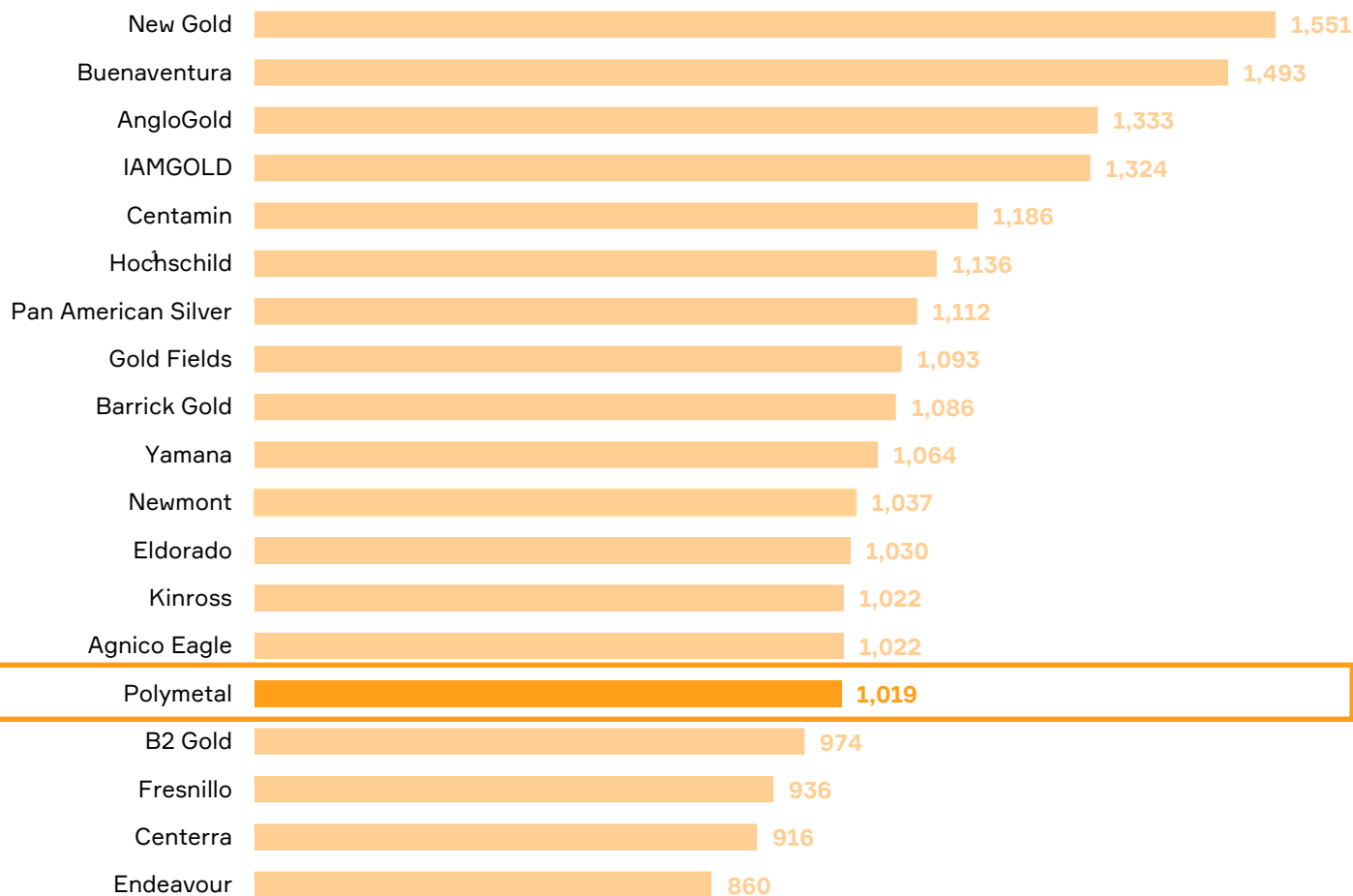
Notes:

1) Co-product AISC: TCC + corporate level SG&A + other expense + current period capex for operating mines. GE (gold equivalent) based on actual realized gold, silver and copper prices

2) Silver equivalent based on 1H 2021 average realised prices

AISC – POLYMETAL VS GLOBAL PEERS

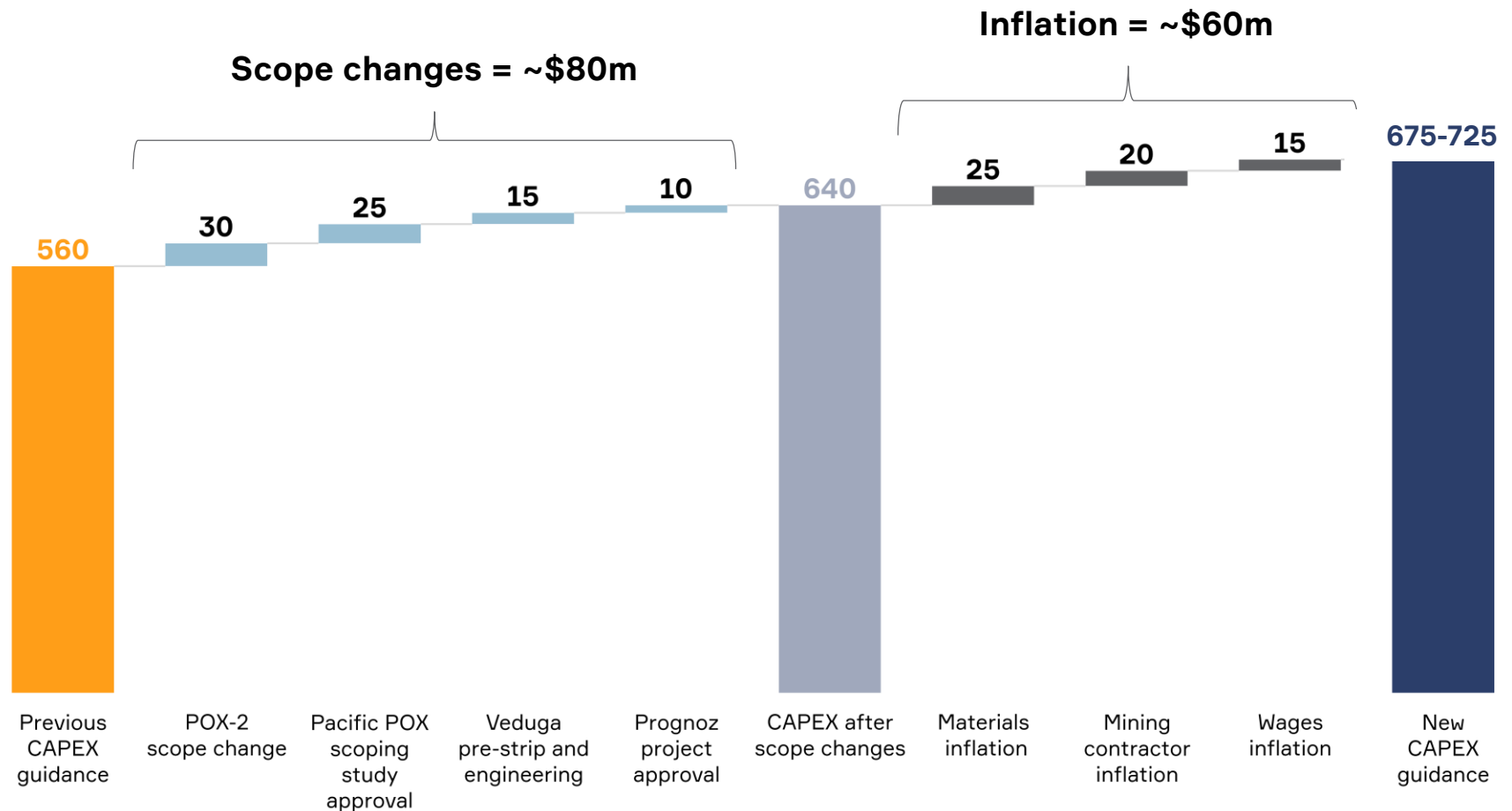
1H 2021 ALL-IN SUSTAINING CASH COSTS, \$/GE oz



2021 CAPEX GUIDANCE UPDATE

Raised to \$675-725m

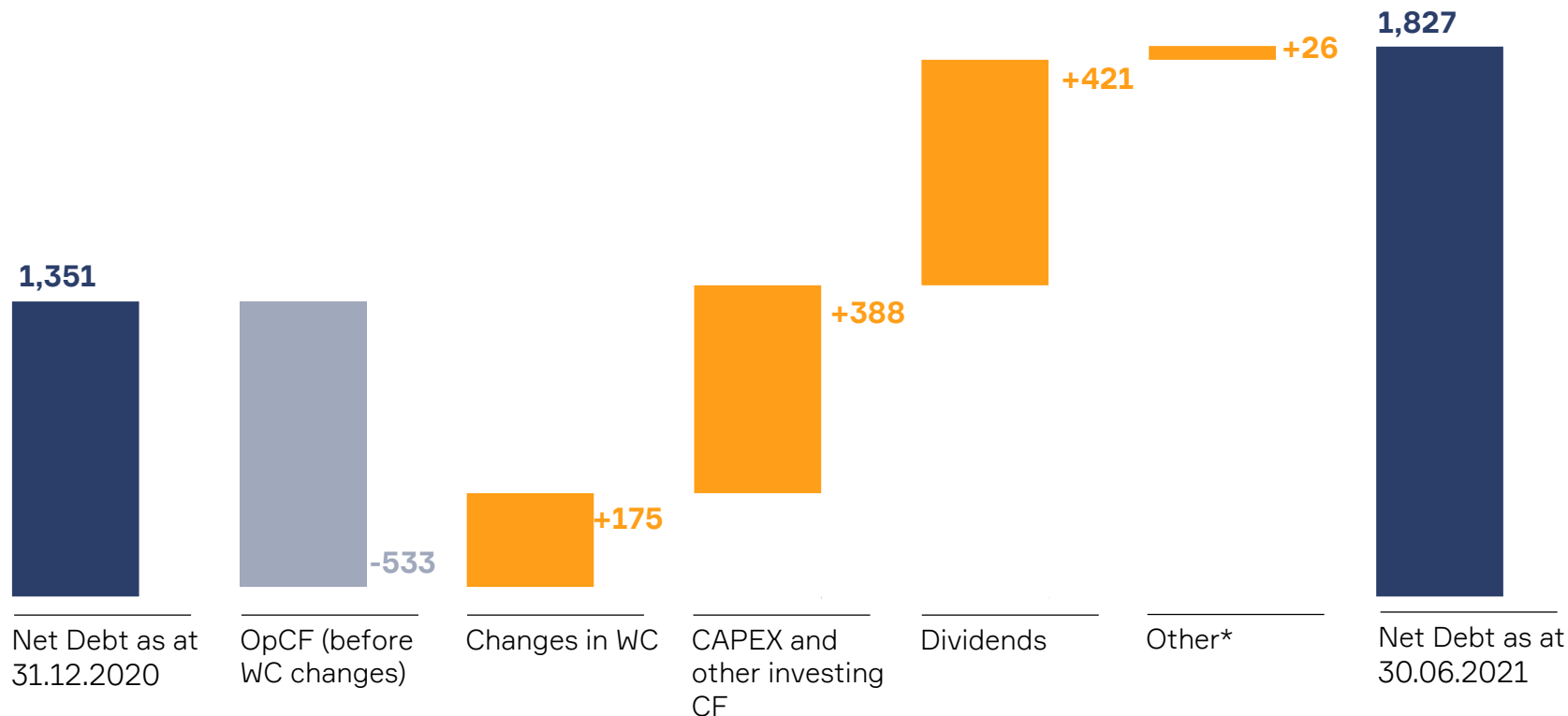
2021 CAPEX: previous vs new guidance reconciliation, \$m



NET DEBT

An increase due to accelerated CAPEX and working capital build-up

NET DEBT RECONCILIATION, \$m



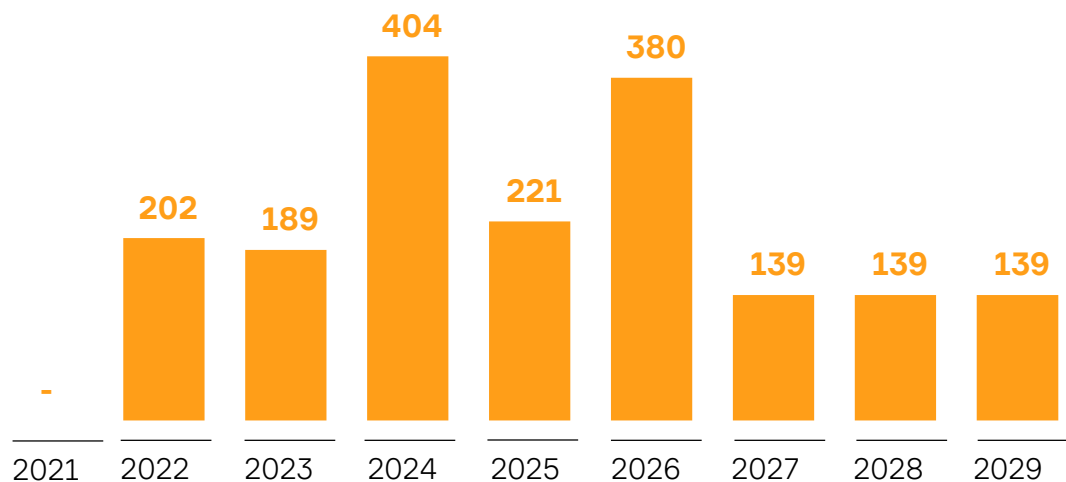
* Including \$18m of royalties, \$5m of FOREX and other

BALANCE SHEET

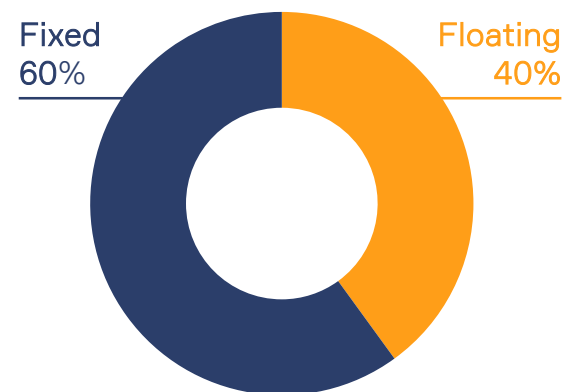
Net Debt/EBITDA at 1.05x

- ▼ Net debt of **\$1.83bn** as of 1 July 2021
- ▼ **Net Debt/EBITDA** stood at 1.05x. The Company expects **2021 Net Debt/EBITDA to be below 1x**
- ▼ Total **green and sustainability-linked loan** portfolio reached **\$680m** or **40% of the total outstanding debt** after Polymetal raised \$400m of climate transition loans from Raiffeisenbank and UniCredit in H1
- ▼ **Historical low cost of debt at 2.7%**, a decrease over 3.6% rate a year earlier supported by lower benchmark interest rates and our ability to negotiate competitive margins given the solid financial position of the Company

ACTUAL MATURITY PROFILE¹, \$m



INTEREST RATE BREAKDOWN²



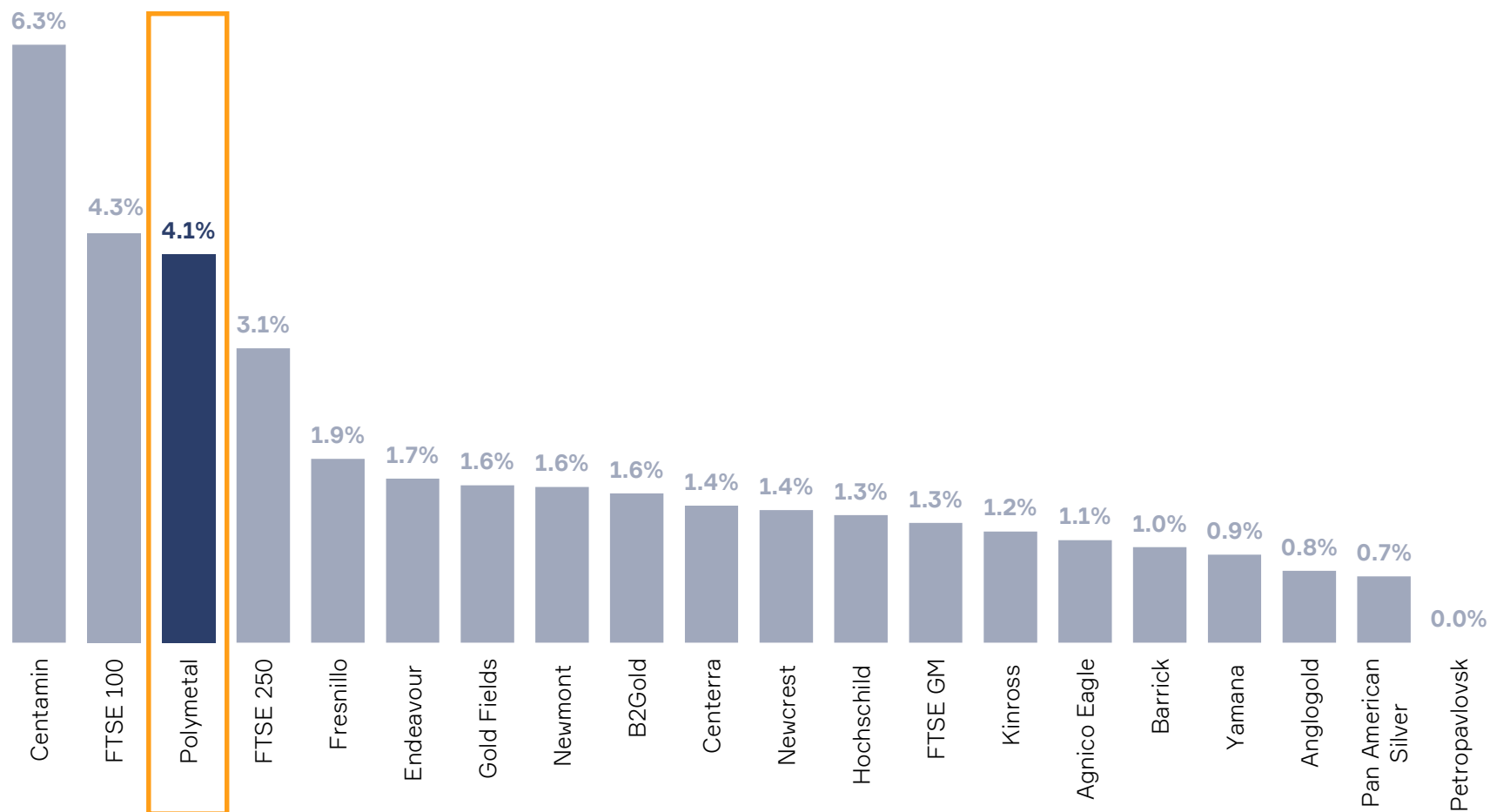
Notes:

1) Net of cash

2) Excluding short-term (up to 6 months) loans

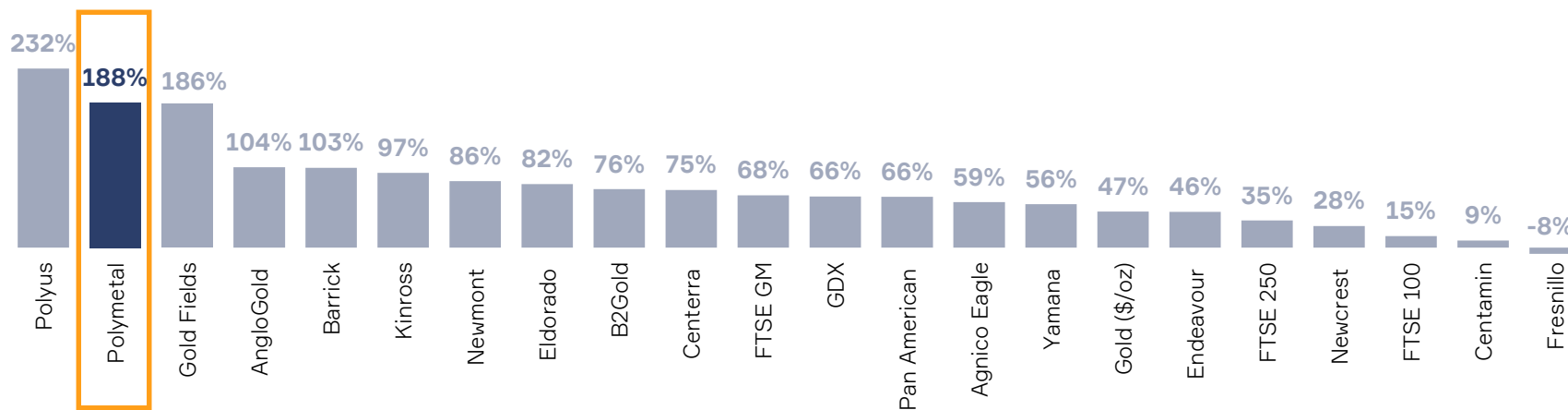
SECTOR-LEADING DIVIDEND YIELD

DY: 5-YEAR AVERAGE, %

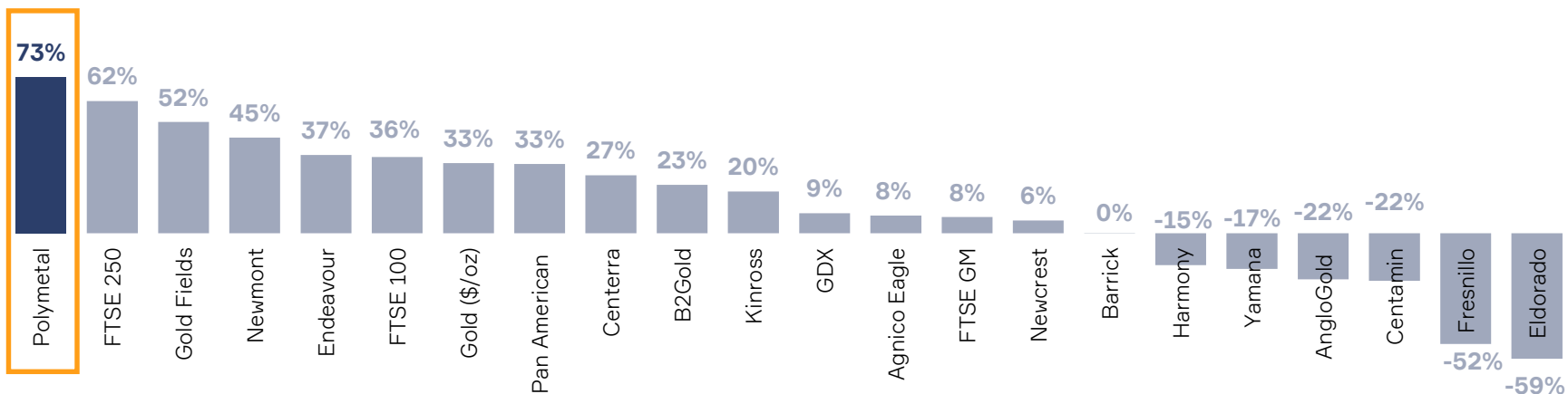


SECTOR-LEADING RETURN

TSR: 3Y AVERAGE



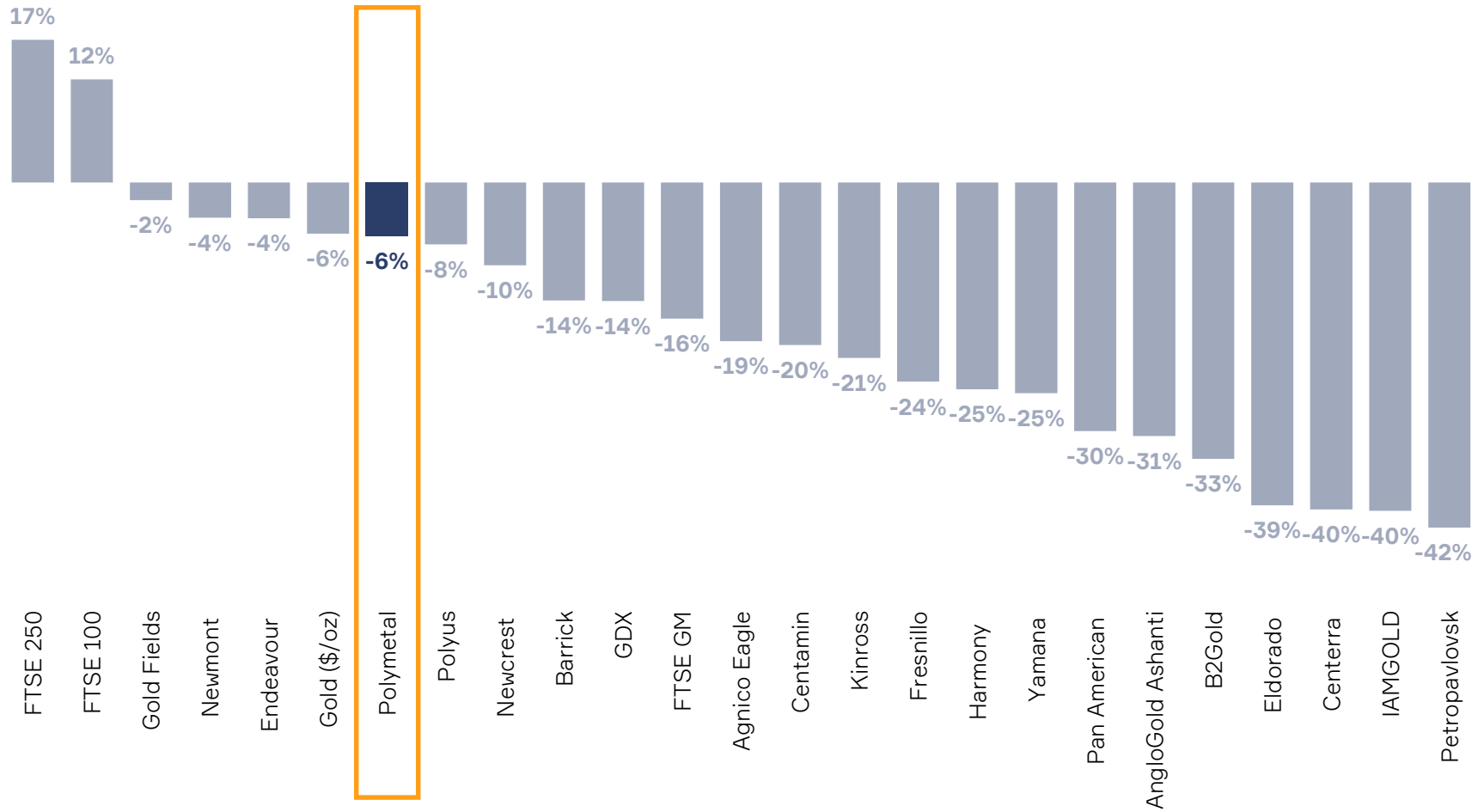
TSR: 5-YEAR AVERAGE



Source: RBC, Bloomberg

YTD RETURN

TSR, YTD



Source: RBC, Bloomberg

2021 GUIDANCE

	1H 2021 Actual	2021 Guidance	2021 Outlook
Production, Koz of GE	714	1,500	<i>On track</i>
TCC, \$/oz of GE	712	700-750	<i>On track</i>
AISC, \$/oz of GE	1,019	925-975	<i>On track</i>
Capital expenditure, \$m	375	560	675-725
Free cash flow (pre M&A)	-27	Significant positive FCF	<i>On track</i>
Dividend	\$0.45 /share	50% of NI – of 100% of FCF	
Net Debt/ Adjusted EBITDA	1.05x	Below 1x*	<i>On track</i>

The Company is on track on all the guided metrics except for CAPEX which is expected to be higher given the continuing strong macroeconomic pressures, materials and wages inflation, as well as scope changes approved by the Board, including costs of the feasibility study for POX-3 and acceleration of Veduga and Prognoz projects

Assumptions	1H 2021 Actual	2021 Guidance	Current
Gold, \$/oz	1,793	1,500	1,805
Silver, \$/oz	26.5	20	23.7
RUB/USD rate	74	70	74
Oil	65	60	71

Note: the guidance remains contingent on the RUB/USD exchange rate and Brent oil price

* At spot

2021 – KEY MILESTONES AND NEWS FLOW

Corporate

30 September ▼ Semi-annual dividend pay-out

17 November ▼ CMD

Projects

Q4 ▼ Nezhda start-up and first production
▼ Veduga investment decision

APPENDIX



LATEST DECISIONS ON DEVELOPMENT PROJECTS

- ▼ BoD approved accelerated development of the open-pit mine at **Prognoz** with ore processing at the Nezhda concentrator. First payable concentrate production is expected in Q3 2023. Initial CAPEX is estimated at \$85m
- ▼ The Company initiated **POX-3** scoping study, costs for 2021 are estimated at \$25m. Early spending will allow us to prepare for the active project development stage and save time on preparing materials for the project approval time on preparing materials for the project approval
- ▼ Additional up to \$30m spending on pre-stripping and engineering in 2021 at **Veduga**

PROGNOZ FAST TRACK DEVELOPMENT

Project highlights

▼ Processing	Processing at the Nezhda concentrator (winter road transportation)
▼ Annual throughput	250 Ktpa
▼ Start of stripping/mining	2H 2022 / 1H 2023
▼ LOM	20 years of open pit
▼ LOM Payable AgEq	120 Moz
▼ LOM average Ag grade	~600 g/t
▼ Average annual payable AgEq (2023-2041)	6.5 Moz
▼ Average AISC (2023-2041)	\$13.8 per oz
▼ Initial CAPEX	\$105m incl. \$20m in 2021 for engineering and mine preparation and \$85m construction CAPEX in 2022-2024
▼ NPV/IRR*	\$154m / 35%

* At 10% WACC, \$20/oz Ag

PROGNOZ PROS AND CONS

Processing facilities on site vs Nezhda processing

	Processing facility on site	Nezhda processing
Initial CAPEX	\$268m	\$85m
Average AISC	\$12.5/oz	\$13.8/oz
IRR (@\$20/oz)	24%	35%
AgEq, cut-off grade change	PFS (COG=125 g/t) 620 g/t, 157 Moz	UPD (COG=240 g/t) 700 g/t, 131 Moz
Carbon footprint	<ul style="list-style-type: none"> ▼ Solar power plant (will generate up to 30% of total site's electricity consumption) 600 kg CO₂e/oz of GE ▼ Diesel for electricity generation and heating ▼ Diesel, petrol for transport and machinery 	<ul style="list-style-type: none"> ▼ Grid power supply 490 kg CO₂e/oz of GE (20% lower GHG intensity) ▼ Diesel, petrol for transport and machinery
Start	Start of processing 3Q 2026	Start of stripping 3Q 2022 Start of processing 1Q 2023
Risks	Complicated logistic conditions; Rapid dynamics of building materials and equipment prices	High level of ore transportation costs; Tight construction schedule

Processing of Prognoz ore at Nezhda is economically and environmentally beneficial to all stakeholders

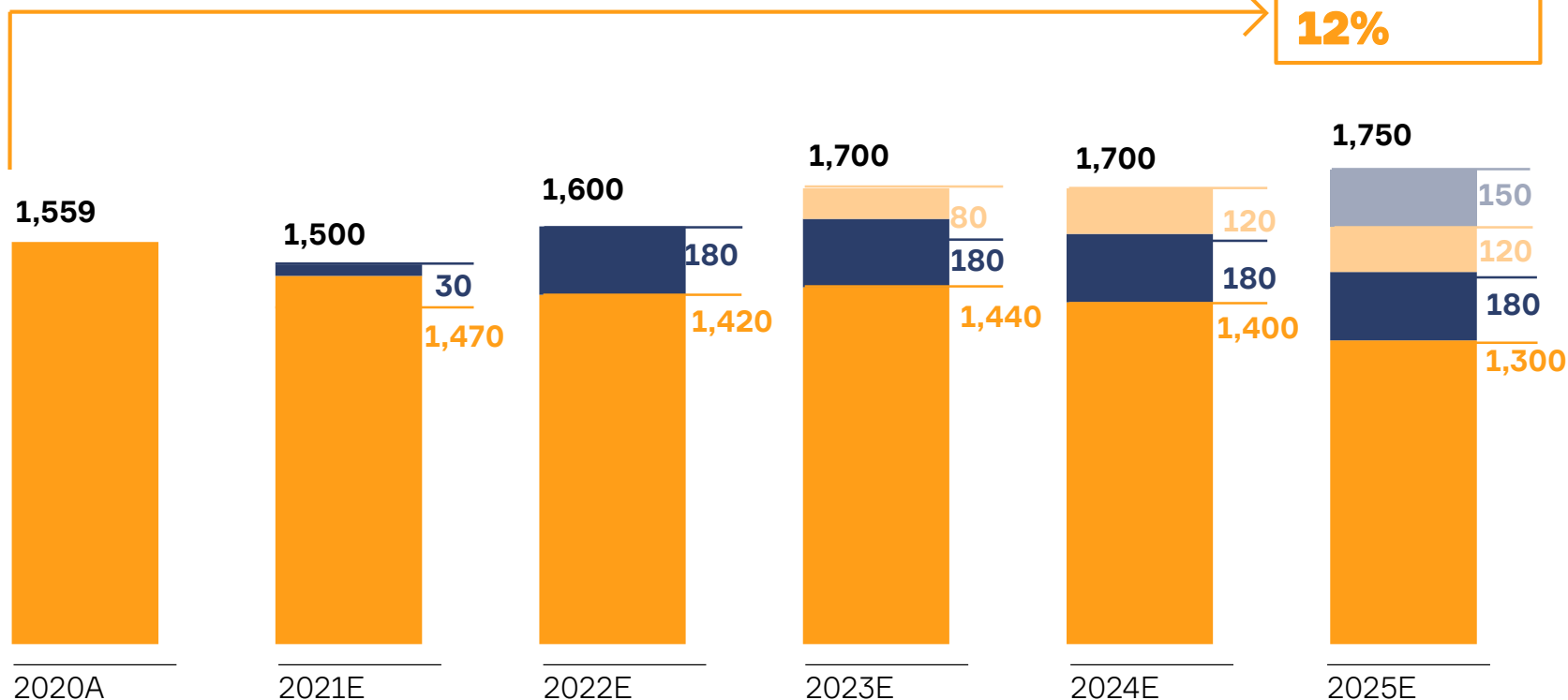
PRODUCTION OUTLOOK

2021-2025

GOLD PRODUCTION, GE Koz¹

■ Stay-in-business
 ■ POX-2²
■ Nezhda
 ■ Prognoz
 ■ Veduga³

PRODUCTION
UPSIDE:
12%



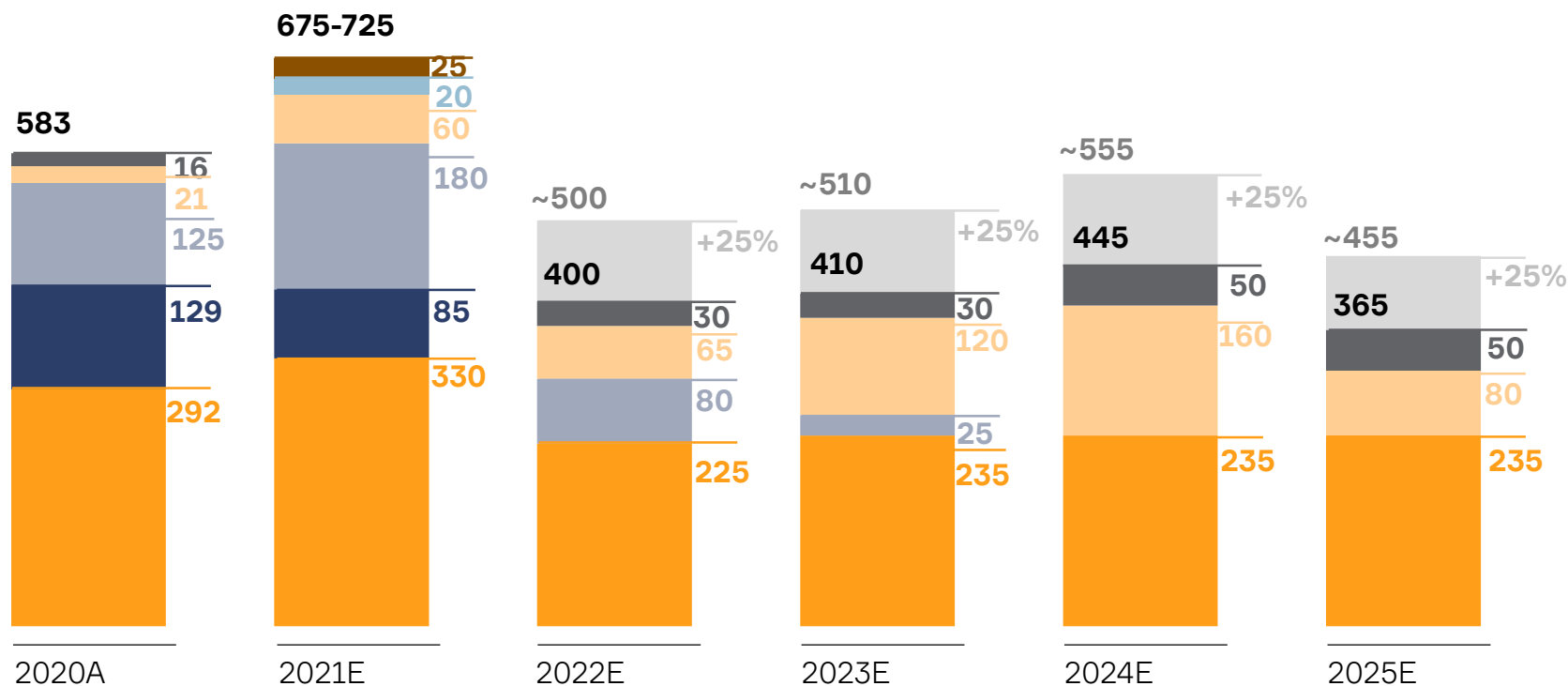
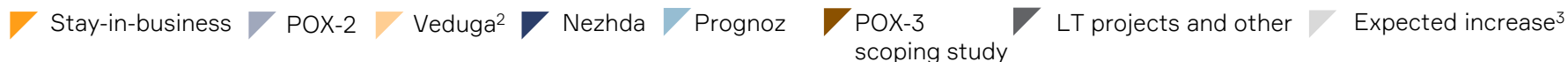
Notes:

- 1) Gold equivalent (GE) including gold and silver at 120:1 Ag oz/Au oz conversion ratio
- 2) Effect from recoveries increase and 3rd party concentrate processing
- 3) Subject to Board approval in 2021

CAPEX OUTLOOK

2021-2025

CAPEX¹, \$m



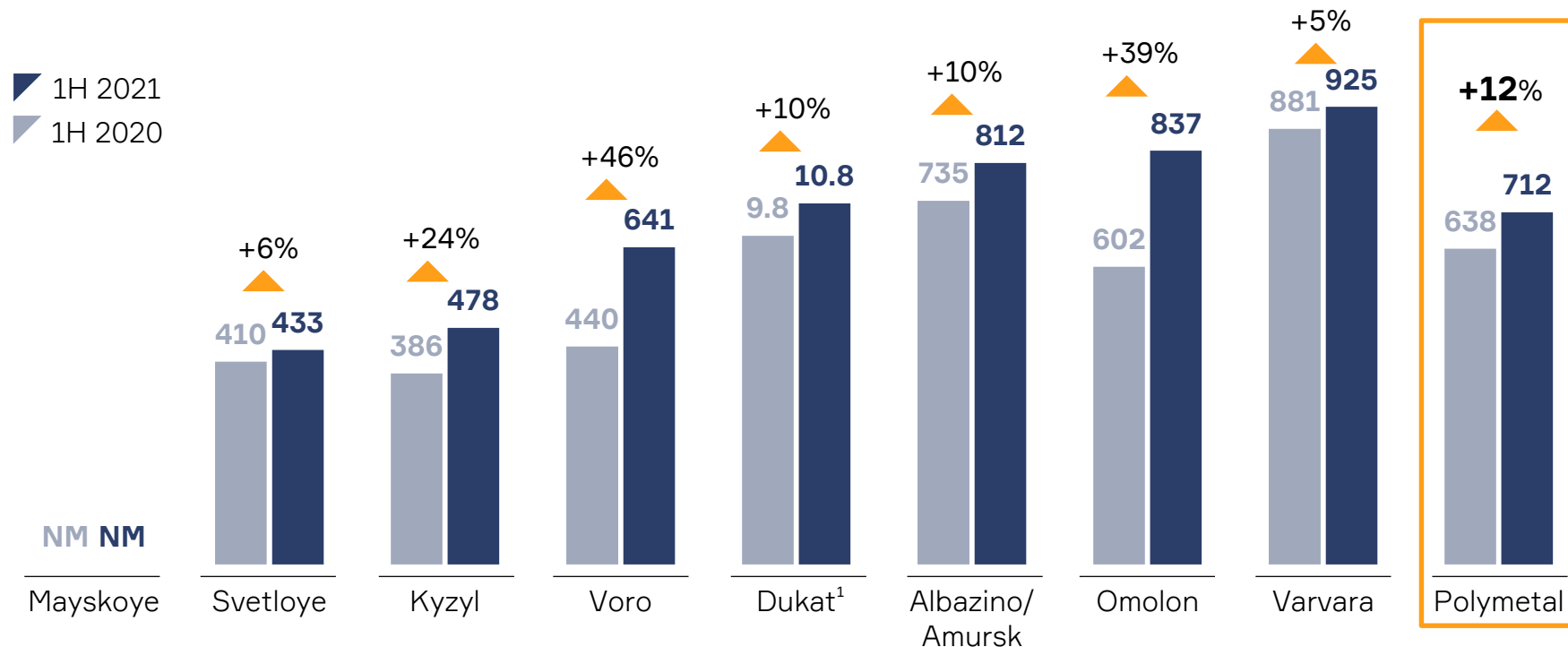
Notes:

- 1) The guidance for 2022-2025 will be updated during the Company's capital markets day in November
- 2) Subject to Board approval in 2021
- 3) Will be later allocated among outlined categories

TCC DYNAMICS BY MINE

TOTAL CASH COST, \$/oz of GE

\$1,793/oz – average realised gold price in 1H 2021

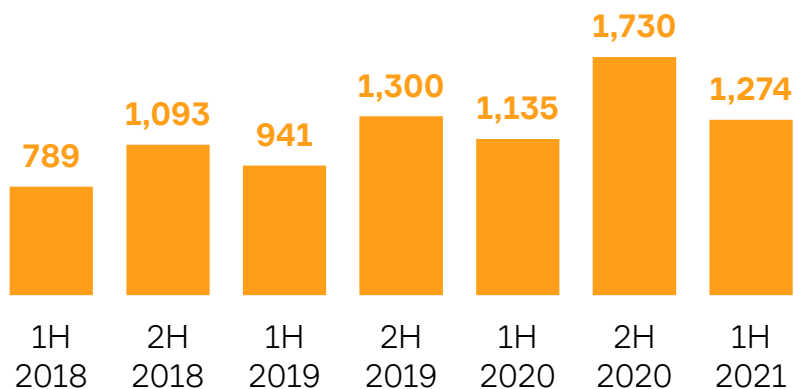


Notes:

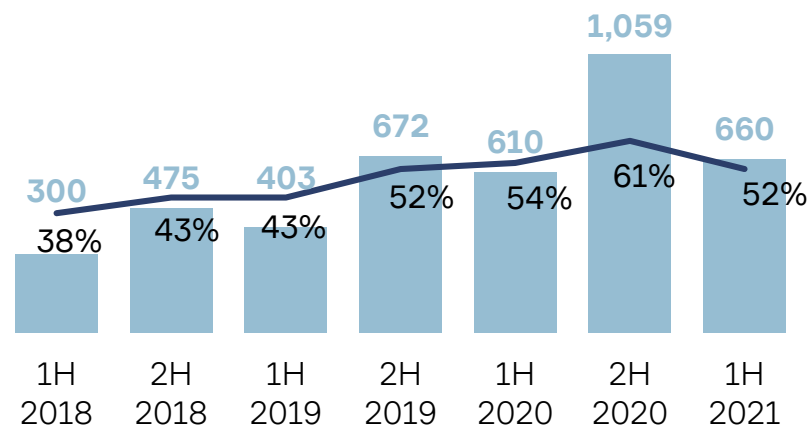
1) Silver equivalent based on average realised prices 1H 2021

SEASONALITY OF OUR BUSINESS

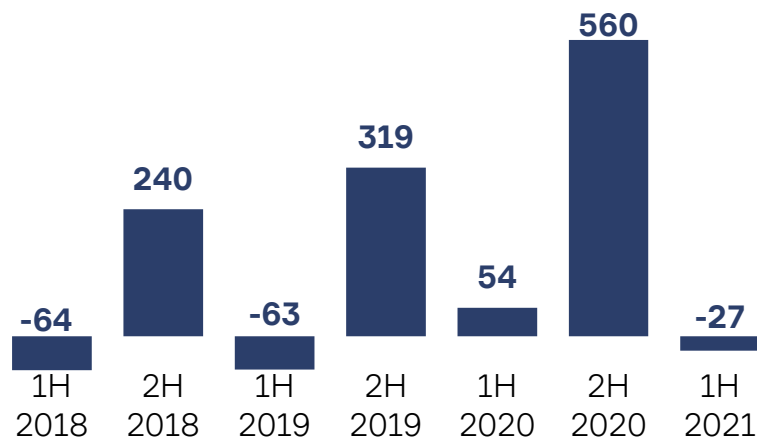
REVENUE, \$m



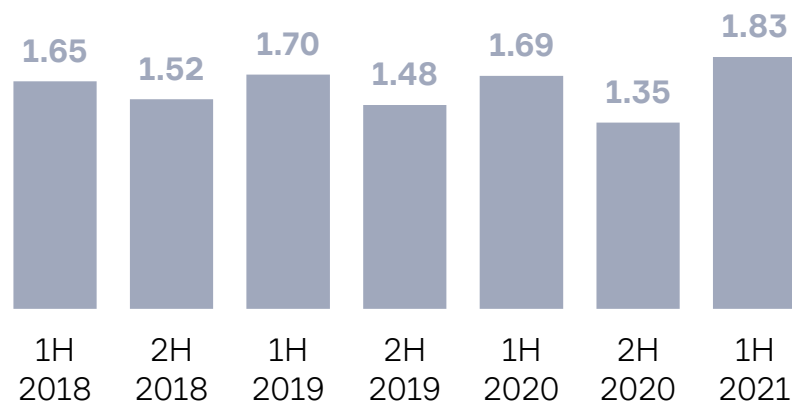
ADJUSTED EBITDA AND MARGIN, \$m



FCF, \$m



NET DEBT, \$bn



1H 2021 – PRODUCTION BY MINE

PRODUCTION BY MINE, GE Koz¹

Mine	1H 2021	1H 2020	Change
Kyzyl	182	213	-14%
Albazino	123	140	-12%
Varvara	110	84	+31%
Dukat	98	104	-5%
Omolon	96	88	+10%
Svetloye	53	52	+2%
Voro	40	42	-5%
Mayskoye	10	1	NM
TOTAL	714	723	-1%

Notes:

1) Based on 120/1 Au/Ag ratio