

FY 2018 Financial Results

11 March 2019



POLYMETAL
INTERNATIONAL PLC

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2018 – CONTINUED DELIVERY, COMPETITIVE RETURNS TO SHAREHOLDERS

GE Production

1,562 Koz

+9%

Adjusted EBITDA

\$780m

+5%

Underlying EPS

\$1.00

+14%

AISC

\$861/oz

-4%

2018 Dividend Yield

5%

+1%

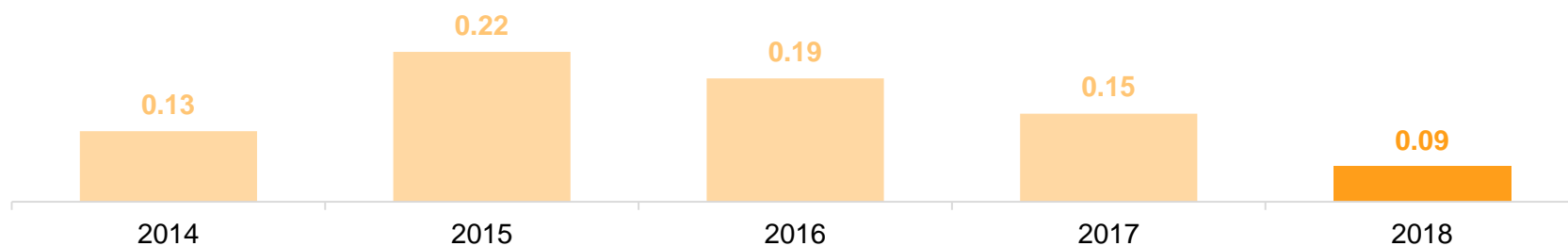
2018 DPS

\$0.48

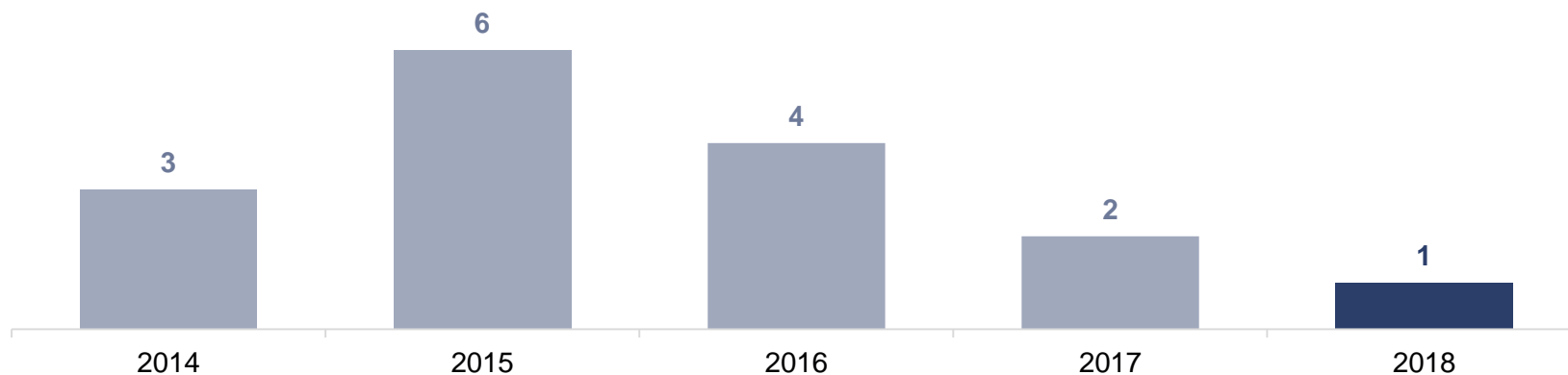
+9%

2018 – SAFETY

LTIFR



FATALITIES



ESG LEADERSHIP

RECOGNITION OF OUR EFFORTS TO DATE



▼ **First and only** Russian member



- ▼ Leader in M&M
- ▼ **1st** among 47 mining companies
- ▼ **100** percentile
- ▼ **First** sustainability-linked loan in CIS



▼ ESG rating BBB



FTSE4Good

- ▼ **5/5** in Corporate Governance
- ▼ **5/5** for Anti-Corruption
- ▼ **5/5** in Risk Management & Labor Standards
- ▼ **94th** Percentile
- ▼ **4.4/5.0** total ESG score

10,551 EMPLOYEES

MAJOR ENVIRONMENTAL INCIDENTS
0

COMMUNITY INVESTMENTS **\$ 10_m**

FEMALE QUALIFIED PERSONNEL
40%

STAFF TURNOVER
5.8%

2018 – EXCELLENT EXPLORATION RESULTS

Ore Reserves

+ 3.2 Moz

+15% y-o-y

Mineral Resources

+ 8.1 Moz

+44% y-o-y

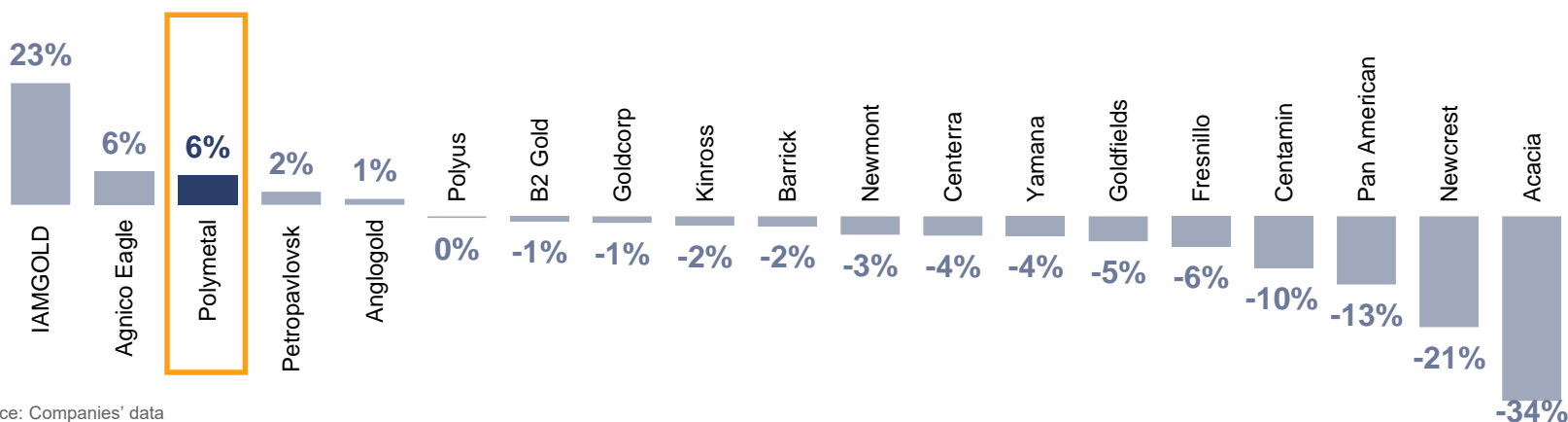
Exploration drilling

350 km

GE Reserves per share

+6%

2018 RESERVE PER SHARE, y-o-y change



Source: Companies' data

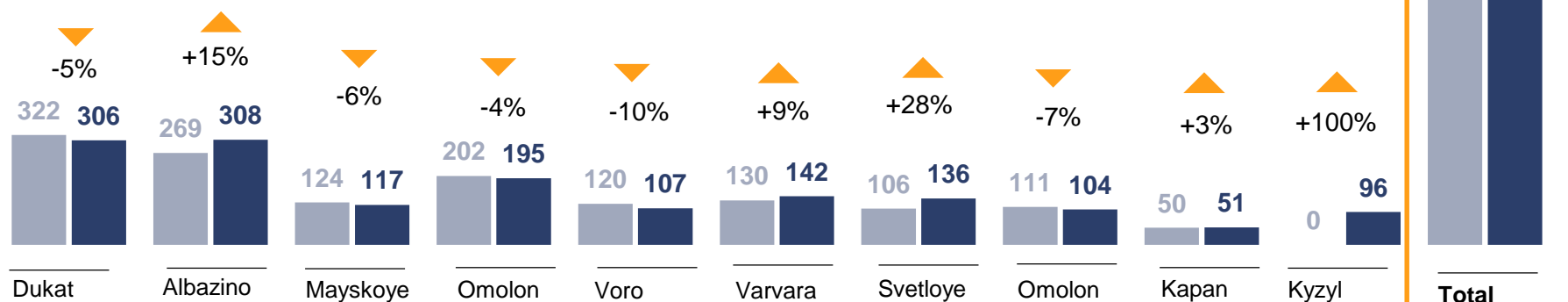
2018 – PRODUCTION

Exceeding our guidance for seventh year in a row

- Record gold equivalent production of 1,562 Koz, +9% y-o-y and above the original guidance of 1,500 Koz
- Strong performance driven by the successful ramp-up at Kyzyl and excellent operational results at Albazino/Amursk and Svetloye

GE PRODUCTION, KOZ

2018
2017



2018 – FINANCIAL HIGHLIGHTS

Strong growth of all profitability metrics

	2018	2017	Change
Revenue, \$m	1,882	1,815	+4%
Adjusted EBITDA, \$m	780	745	+5%
Adjusted EBITDA margin	41%	41%	-7bps
Total cash cost, \$/GE oz	649	658	-1%
All-in sustaining cash cost, \$/GE oz	861	893	-4%
Underlying net earnings, \$m	447	376	+19%
Underlying EPS, \$/share	1.00	0.88	+14%
Dividends proposed for the FY, \$/share	0.48	0.44	+9%
Net operating cash flow, \$m	513	533	-4%
Capital expenditure, \$m	344	383	-10%
Free cash flow (ex M&A), \$m	176	143	+23%
Net debt/Adjusted EBITDA	1.95	1.91	+2%
Net debt, \$m	1,520	1,420	+7%

2018 – REVENUES

Strong revenues driven by growing sales volumes

- Revenues of \$1,882m, up 4% y-o-y driven mainly by GE sales growth of 5%
- The average realised gold price remained relatively flat over 2017 at \$1,226/oz, while silver was down 8% at \$15.7/oz as larger silver sales volumes were recorded in 2H when the silver market prices were lower

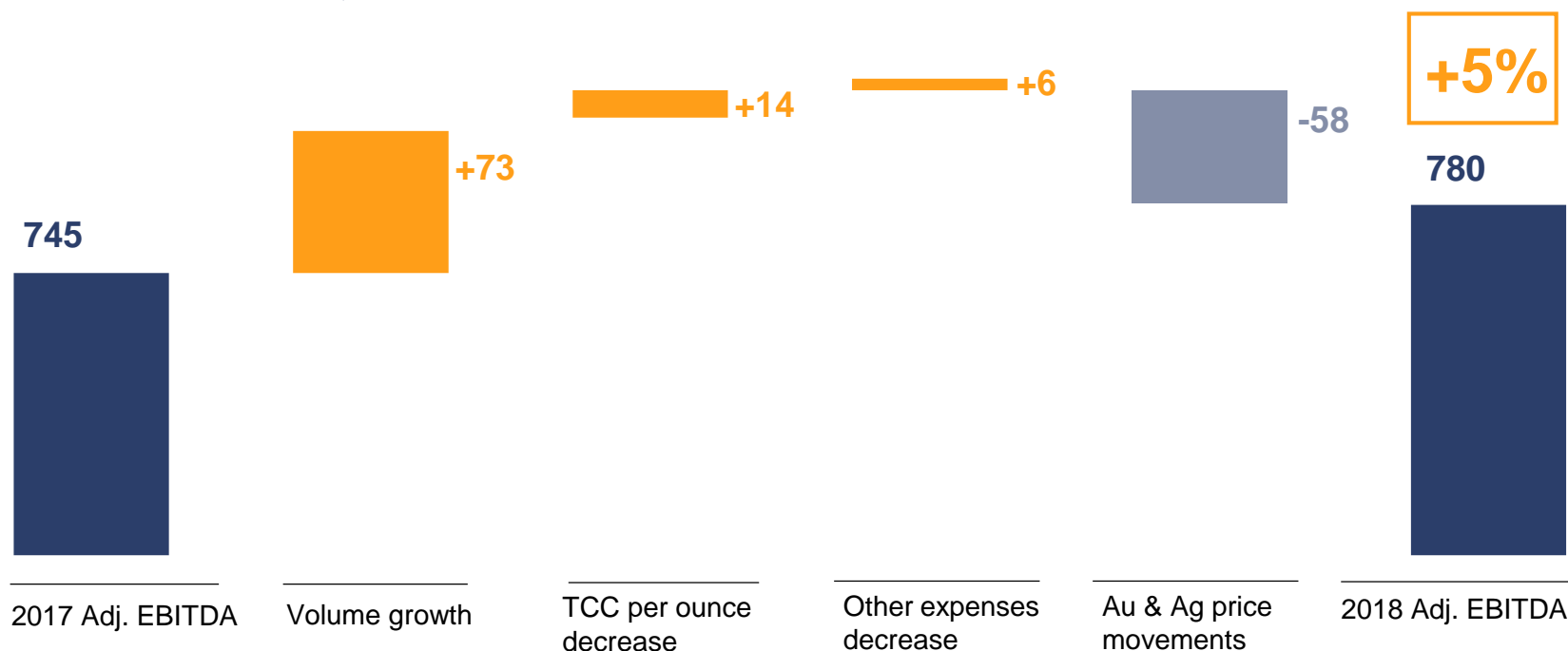
	2018	2017	Change	Volume variance, \$m	Price variance, \$m
Gold revenue, \$m	1,468	1,359	+8%	134	-25
Sales volumes, Koz	1,198	1,099	+10%		
Average realised price, \$/oz	1,226	1,247	-2%		
Share of revenues	78%	75%	-		
Silver revenue, \$m	380	426	-11%	-13	-6
Sales volumes, Moz	25.7	26.5	-3%		
Average realised price, \$/oz	14.8	16.1	-8%		
Share of revenues	20%	23%	-		
Other metals revenue, \$m	34	30	+13%		
Share of revenues	2%	2%	-		
Total GE sold, Koz	1,535	1,456	+5%		
Total revenue, \$m	1,882	1,815	+4%	99	-32

2018 – EBITDA

Driven by higher production volumes and better than expected cost performance

- Adjusted EBITDA was \$780m, 5% higher year-on-year, with an Adjusted EBITDA margin of 41%
- Strong increase in EBITDA at Mayskoye, Albazino/Amursk, Svetloye, Varvara and Kyzyl on the back of a robust operating performance but was down at Omolon and Dukat due to lower GE sales

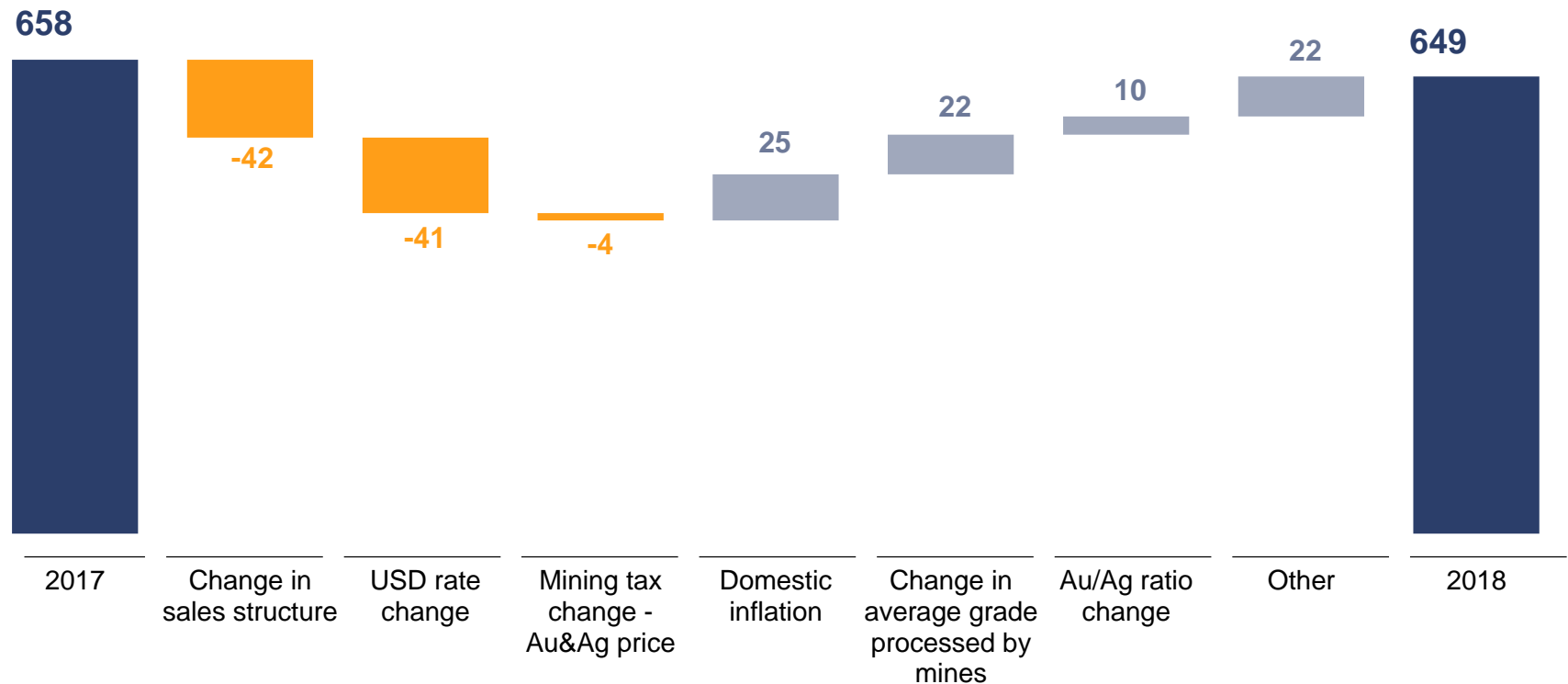
EBITDA reconciliation, \$m



2018 – TOTAL CASH COSTS

**Below the guidance
of \$650-700/oz**

- ▼ TCC down 1% y-o-y mainly due to a weaker rouble and strong operating results
 - ▼ 7% depreciation of the Russian Rouble (offsetting 4% domestic CPI)
 - ▼ Significant cost improvement at Mayskoye as it processed oxide ore through the combined float-leach circuit
 - ▼ Above-plan contributions from Kyzyl and lower costs at Svetloye on the back of higher ore stacking volumes

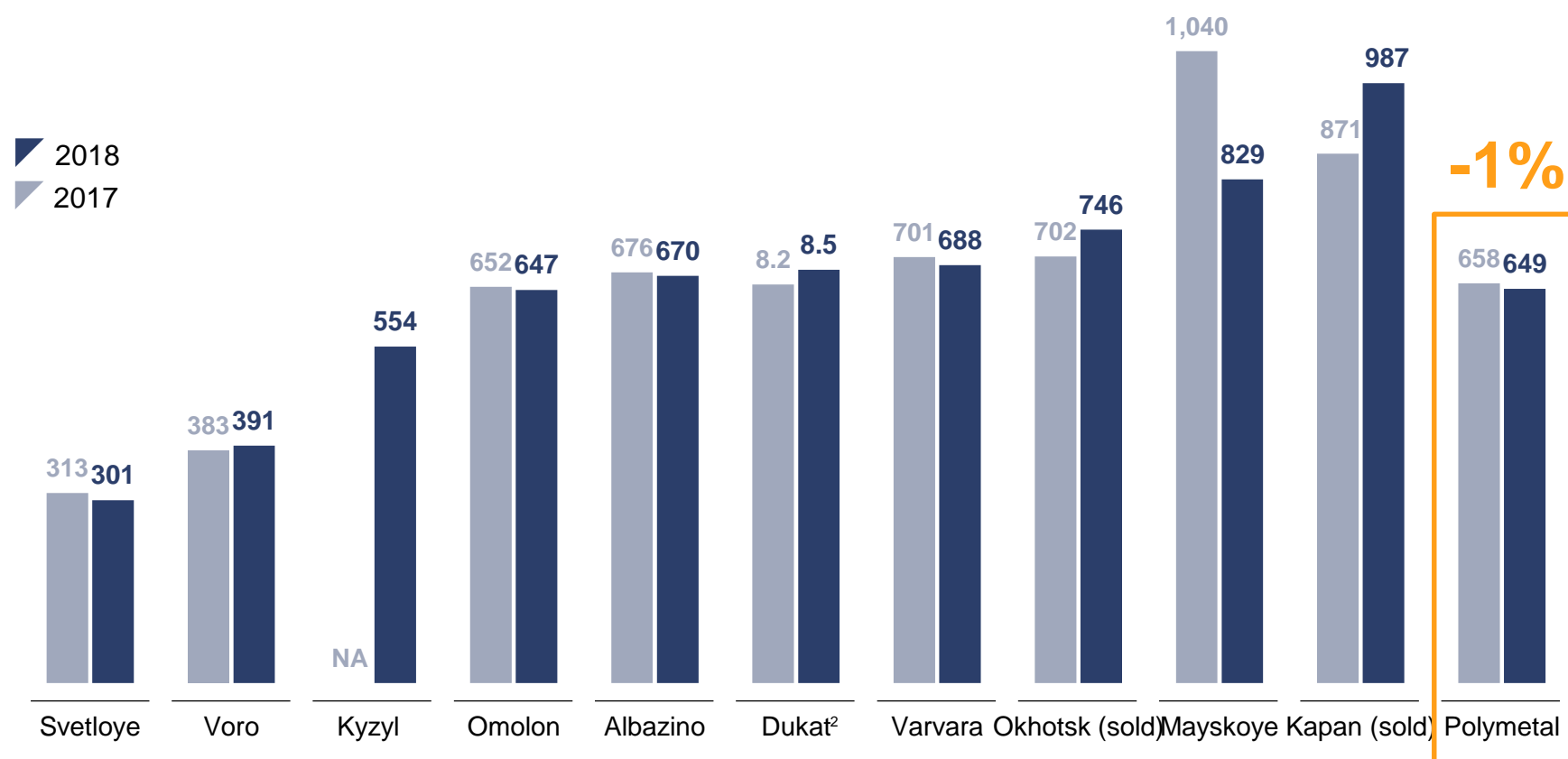


TOTAL CASH COST DYNAMICS BY MINE

2017-2018

TOTAL CASH COST, \$/oz of GE

\$ 1,226/oz – average realised gold price in FY 2018



Notes:

1) 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

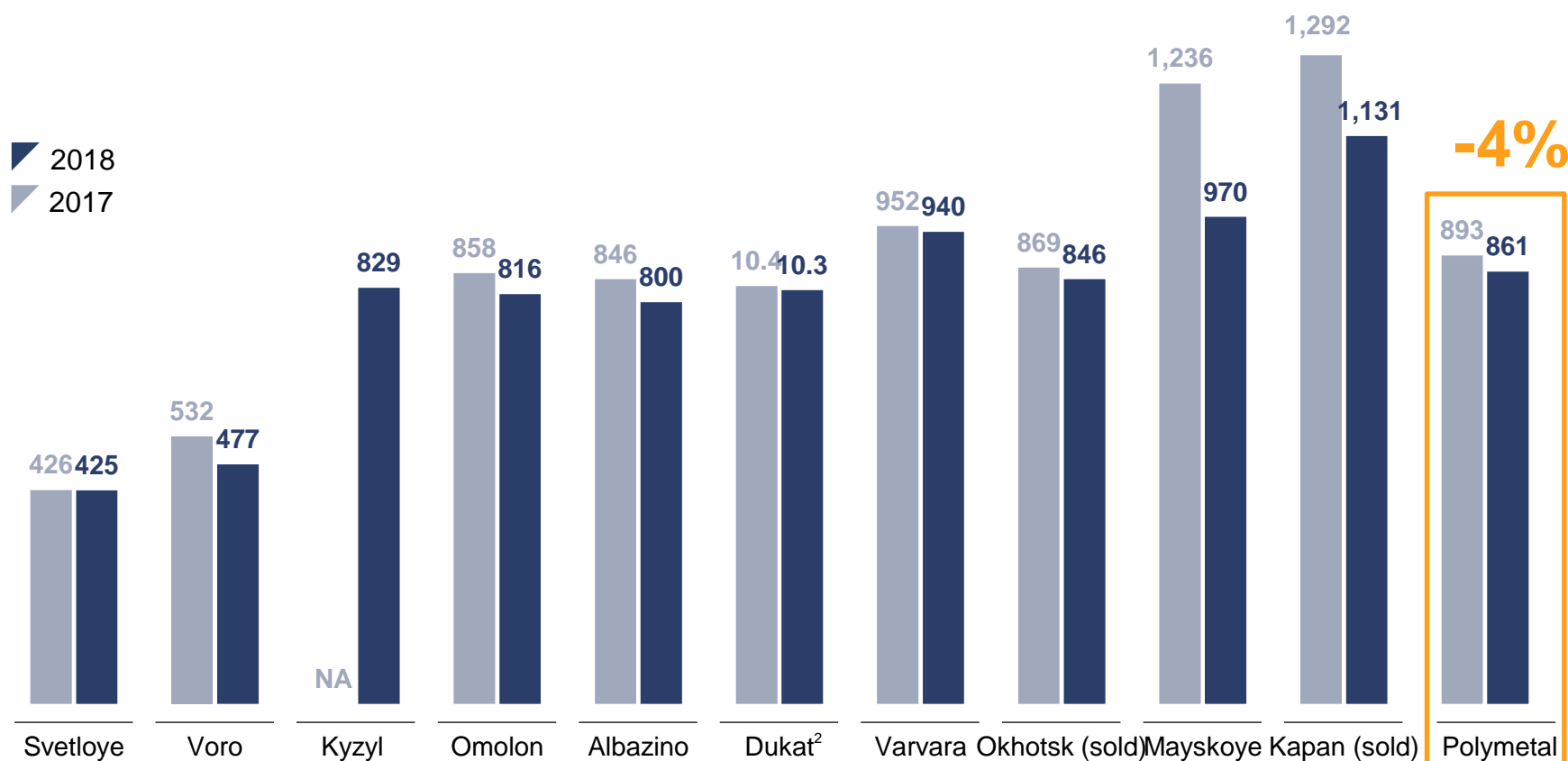
2) Silver equivalent based on average realised prices.

AISC DYNAMICS BY MINE

2017-2018

Below the guidance
of \$875-925/oz

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



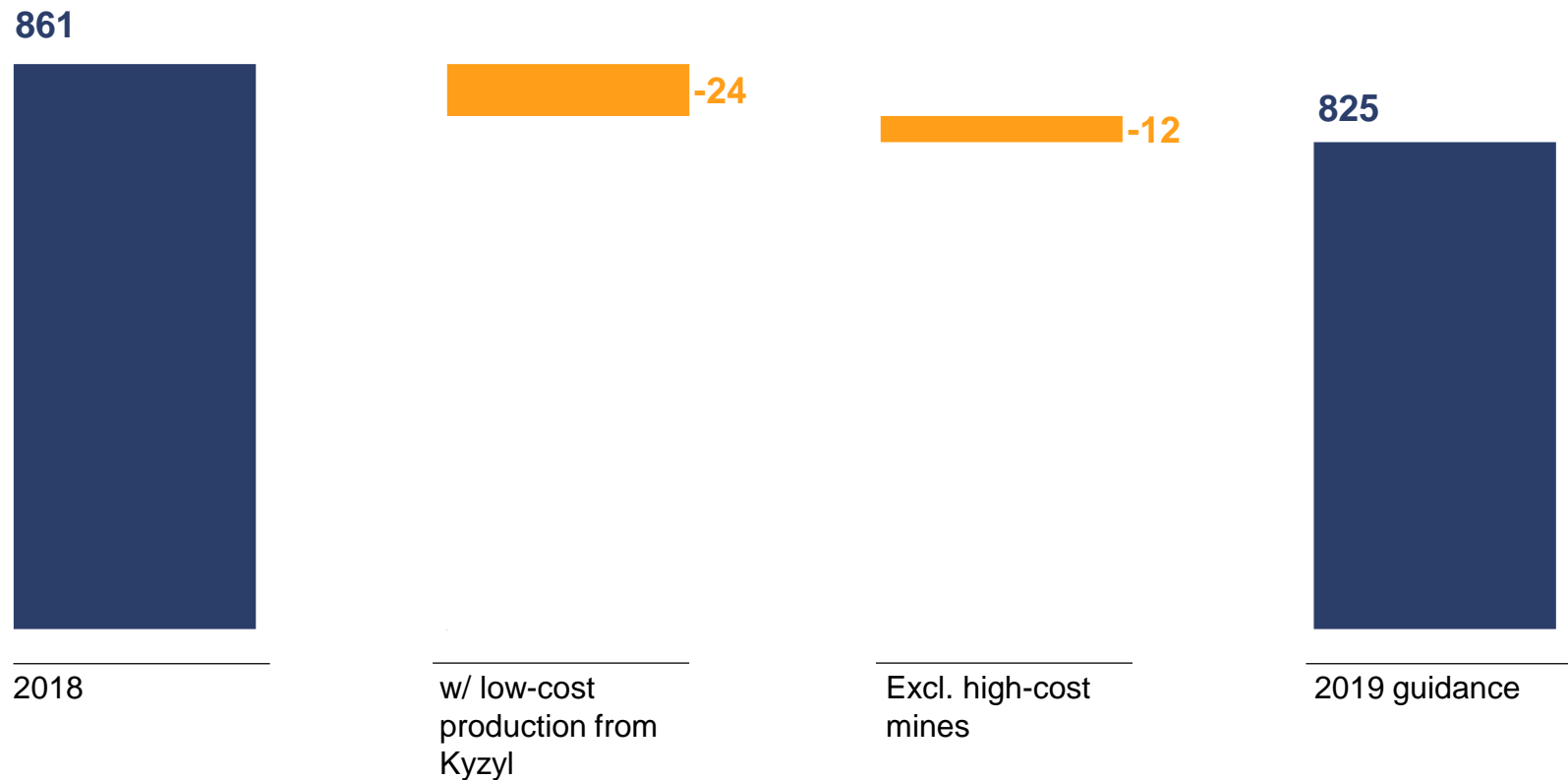
Notes:

1) Co-product AISC: TCC + head office 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 average realised prices.

COST DYNAMICS

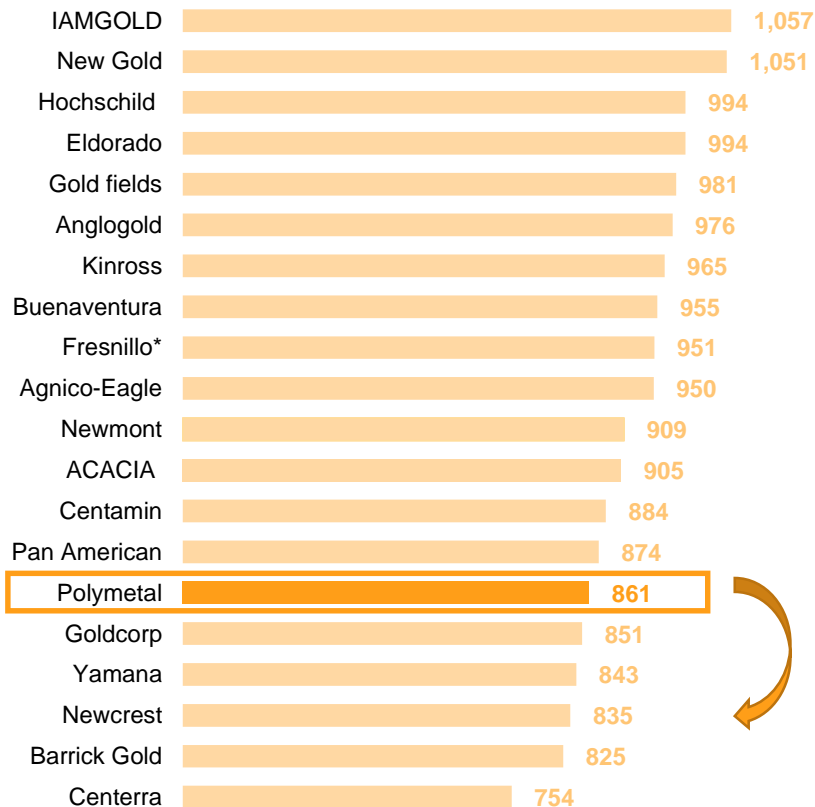
PRO FORMA AISC IMPROVEMENT, \$/oz



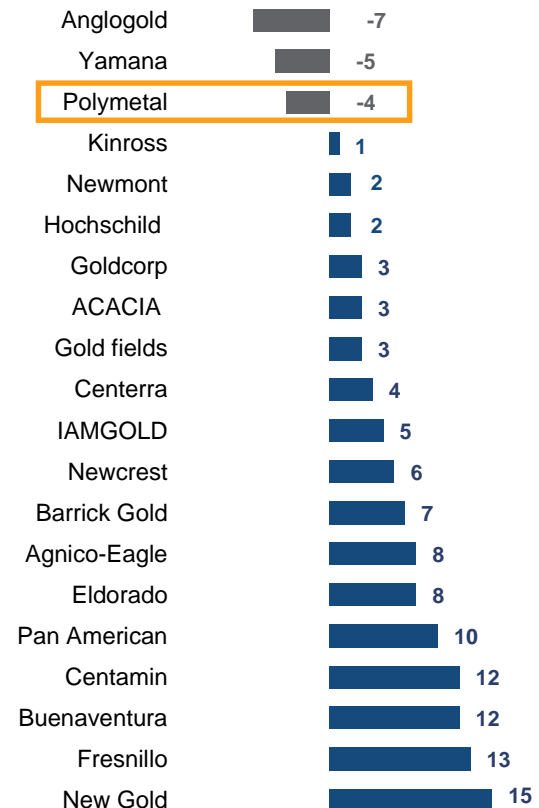
KYZYL IS EXPECTED TO DRIVE DOWN COSTS

To the lower end of the cash cost curve

2018 ALL-IN SUSTAINING CASH COSTS, \$/oz



YEAR-ON-YEAR CHANGE IN AISC, %



Source: Companies' data. Centamin and Eldorado reported on by product basis. Hochschild: AISC based on Ag/Au ratio of 80

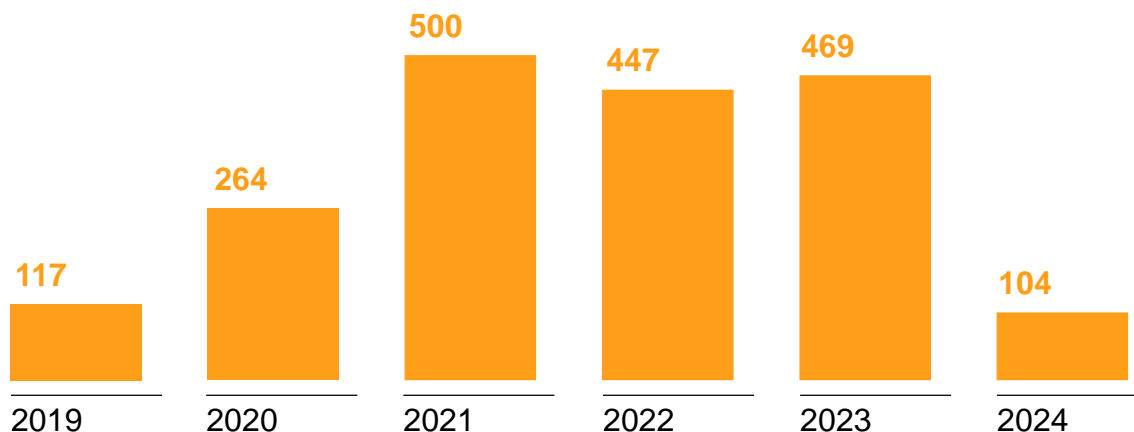
* BMO data

BALANCE SHEET

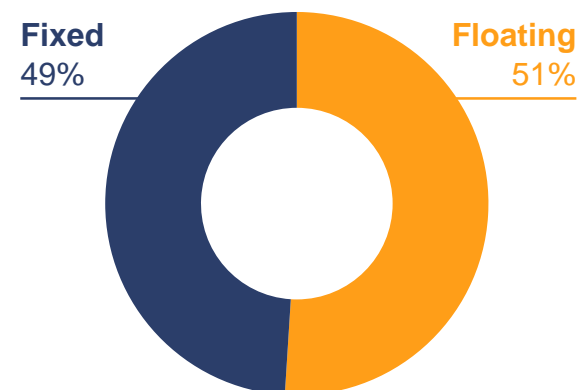
Ample liquidity and a comfortable maturity profile

- ▼ Net debt of **\$1.5 bn as of 31 Dec**
- ▼ Strong cash position of **\$379m**
- ▼ **Low cost of debt at 4.2%** with 100% of loans on bilateral basis and denominated in US dollars
- ▼ Net Debt/Adjusted EBITDA of 1.95x as at year end well below hard ceiling of 3.25x (banks) and 2.5x (regular dividends)
- ▼ Robust liquidity profile: **\$1.3 bn** of undrawn credit facilities

MATURITY PROFILE, \$m

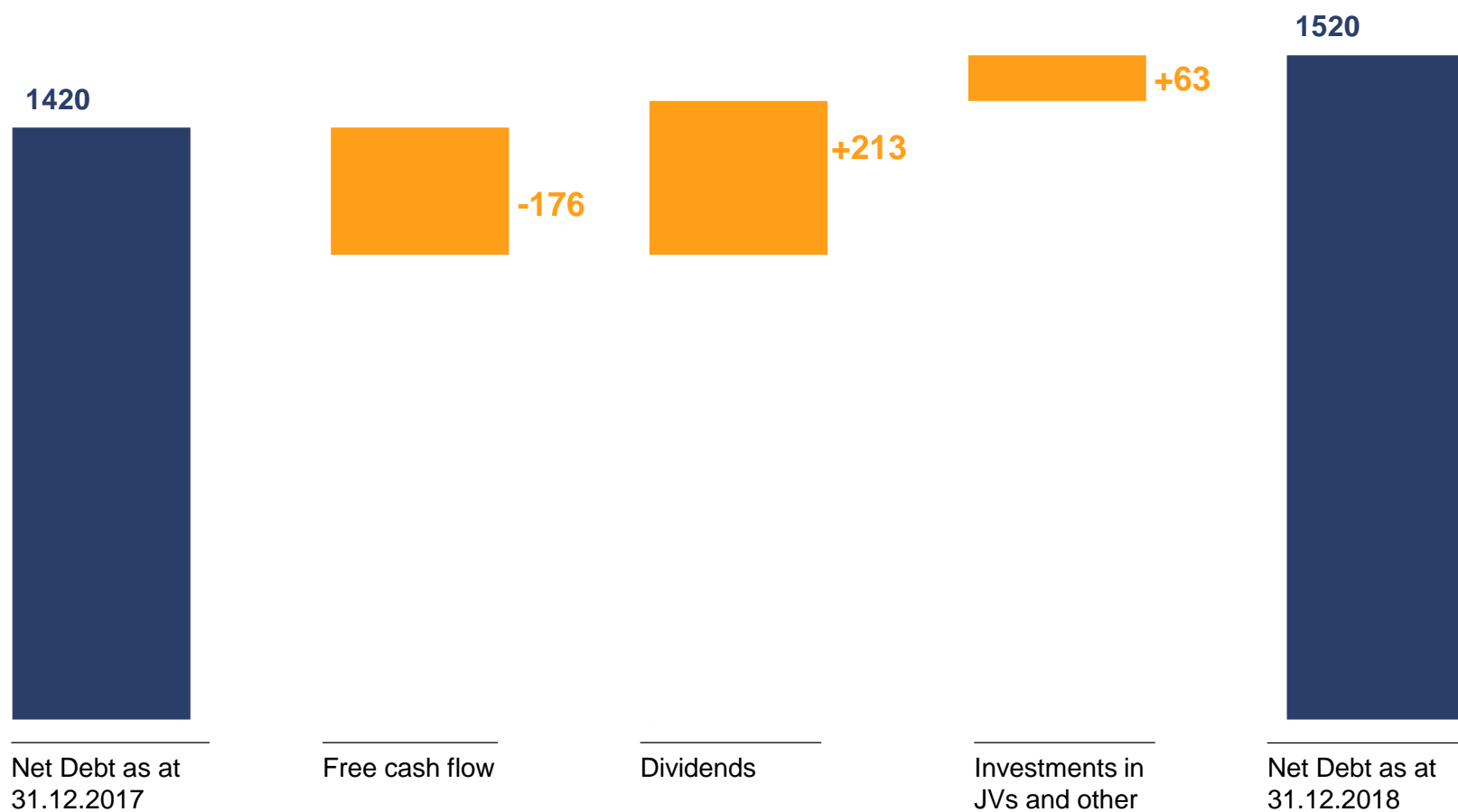


INTEREST RATE BREAKDOWN
(long-term loans only)



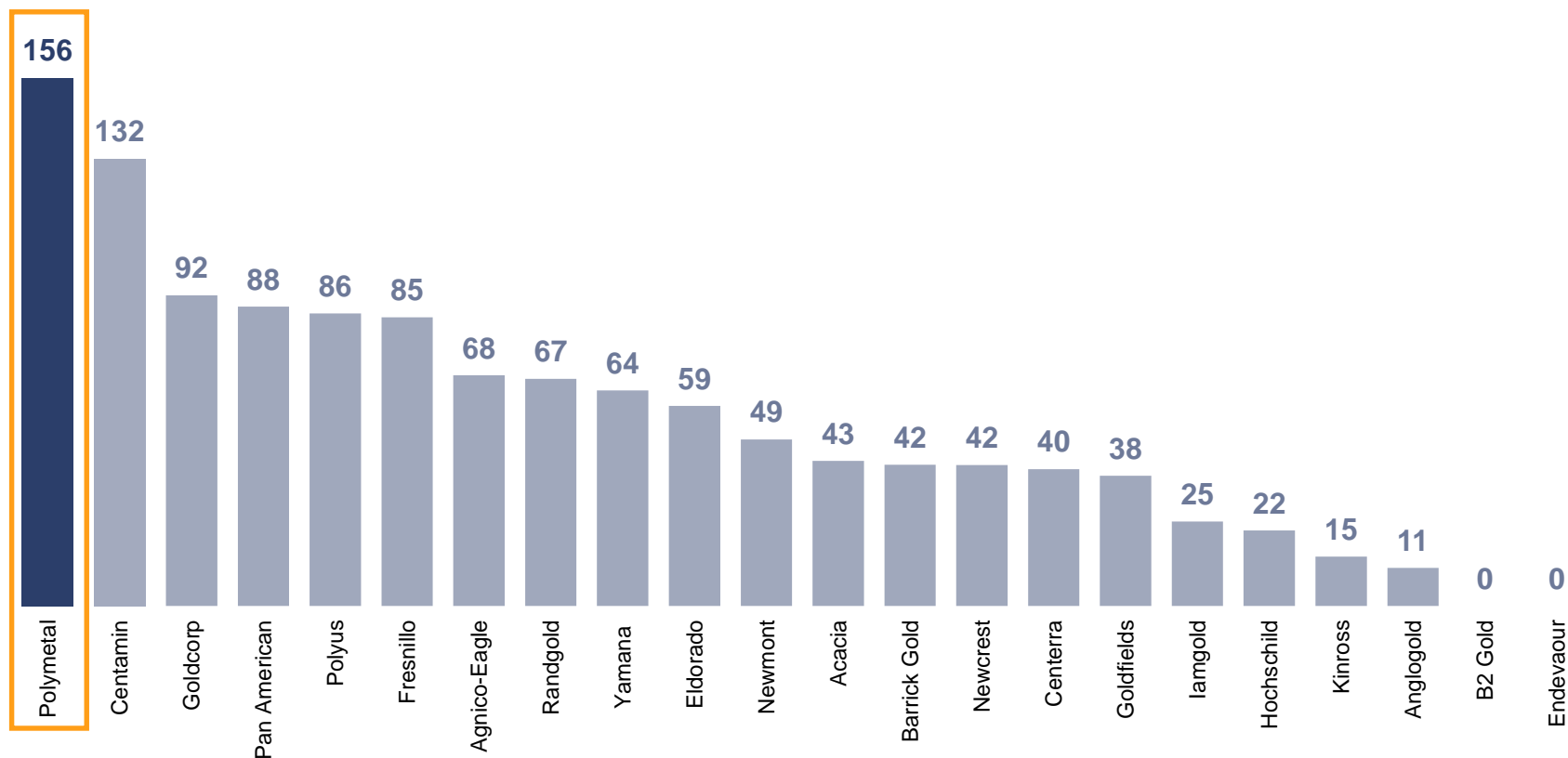
CAPITAL ALLOCATION

- ▼ The Company has maintained strict financial discipline, evidenced in consistent cost performance and rigorous capital allocation, enabling it to reward shareholders with significant dividends



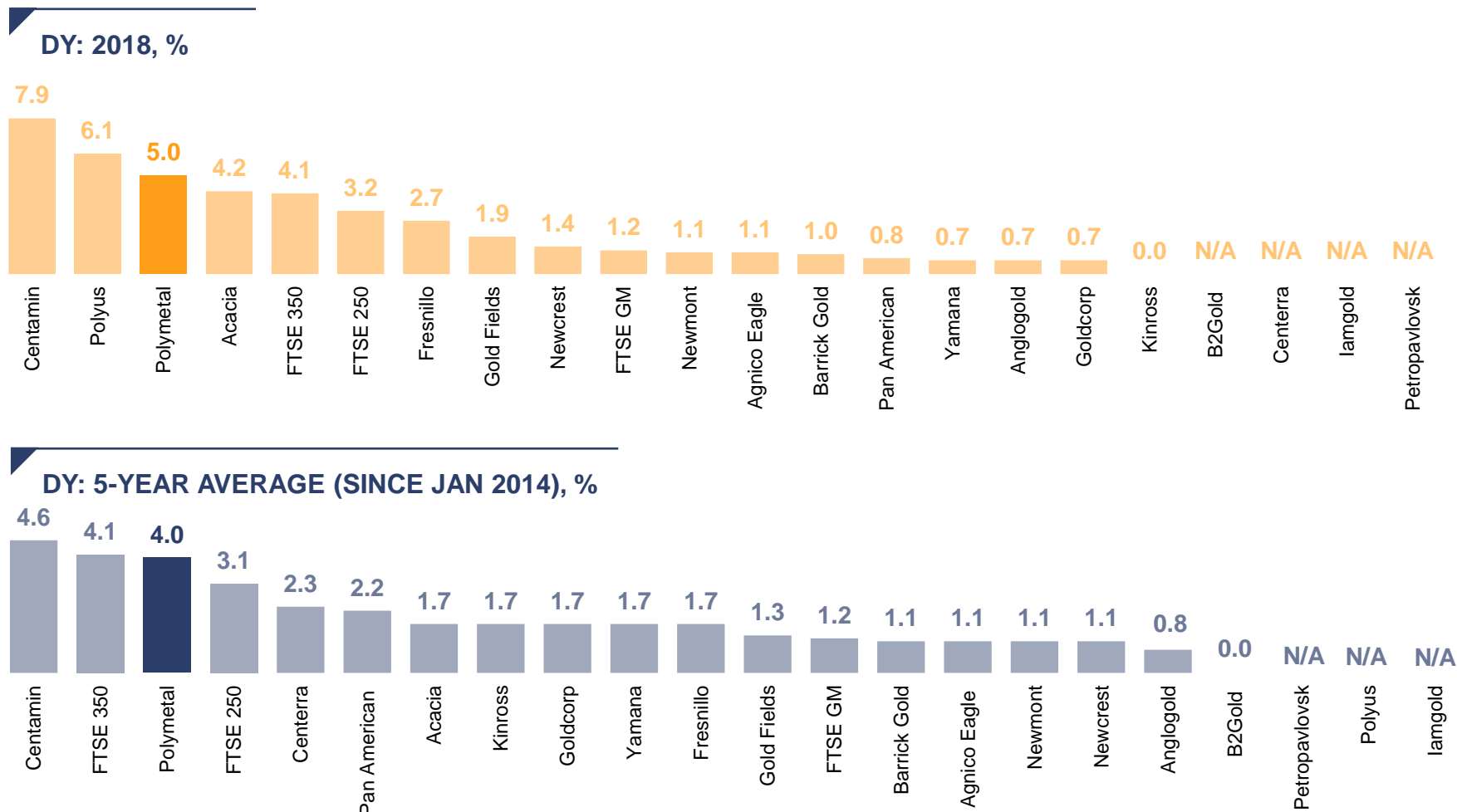
TRANSLATING PRODUCTION INTO DIVIDENDS

DIVIDENDS PER GOLD EQUIVALENT PRODUCED IN 2012-2018, \$/oz



SECTOR-LEADING SHAREHOLDER RETURNS

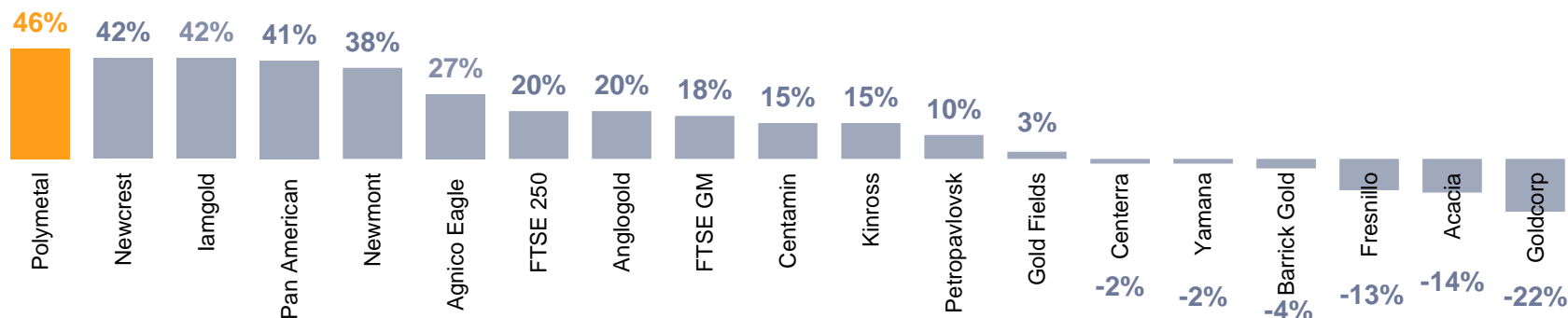
Dividend yield



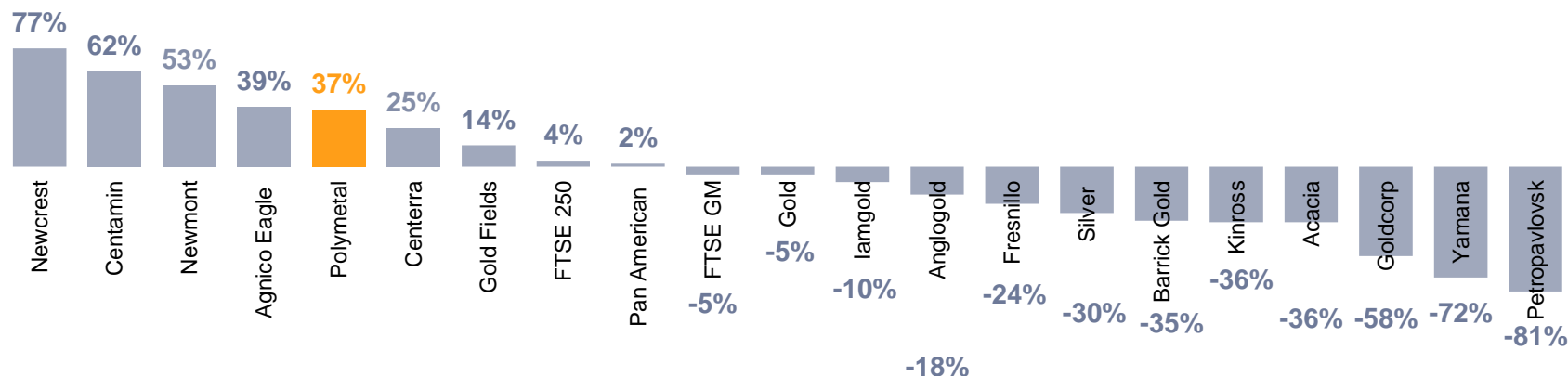
SECTOR-LEADING SHAREHOLDER RETURNS

3-year and 5-year TSR

3-YEAR TSR, %



5-YEAR TSR, %



SIMPLE STRATEGIC OBJECTIVES AND CLEAR EXECUTION PRIORITIES

SCOPE OF ACTIVITY	CAPITAL ALLOCATION PRINCIPLES	DESIRED OUTCOME
<ul style="list-style-type: none">▼ Russia and FSU▼ Focus on gold, silver and possibly other base metals▼ Medium-sized high-grade deposits▼ Vertical integration▼ ESG best practice	<ul style="list-style-type: none">▼ Regular dividend is shareholder's right, comes before growth spending▼ Target Net Debt/EBITDA of less than 1.5x▼ CAPEX hurdle rate - 12% real unlevered	<ul style="list-style-type: none">▼ Significant sustainable dividend▼ Meaningful growth▼ Stable licence to operate▼ Robust balance sheet▼ Reduction of environmental footprint

2019 GUIDANCE

- ▼ Further improvement in costs - first year of Kyzyl production at full design capacity
- ▼ Higher FCF yield - above 5%
- ▼ Stable and meaningful income to shareholders
- ▼ Reduced leverage

	2018 Actual	2019 Guidance
Production, Koz of GE	1562	1550
TCC, \$/oz of GE	649	Down to 600-650
AISC, \$/oz of GE	861	Down to 800-850
Capital expenditure, \$m	395*	377
Free cash flow	176	Growth
Regular dividend	\$0.48/share	50% of underlying net income
Net Debt/ Adjusted EBITDA	1.95	Down

Assumptions	2018 Actual	2019 Budget
Gold, \$/oz	1271	1200
Silver, \$/oz	15.7	15.0
RUR/USD rate	63	65
Oil	68	70

Notes:

*With the addition of loans that were extended to Nezhda and Prognoz before consolidation of these assets

STRONG GROWTH PROFILE

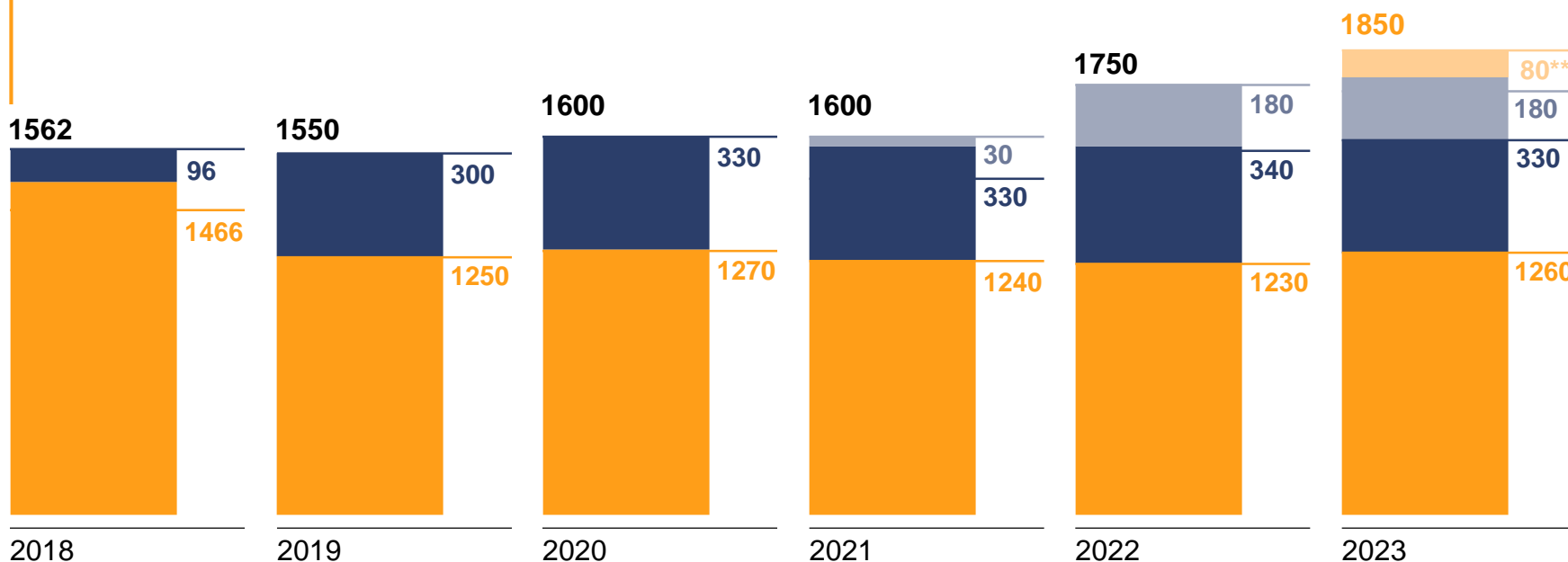
2018-2023

GOLD PRODUCTION, GE Koz¹



PRODUCTION
UPSIDE:

18%



Notes:

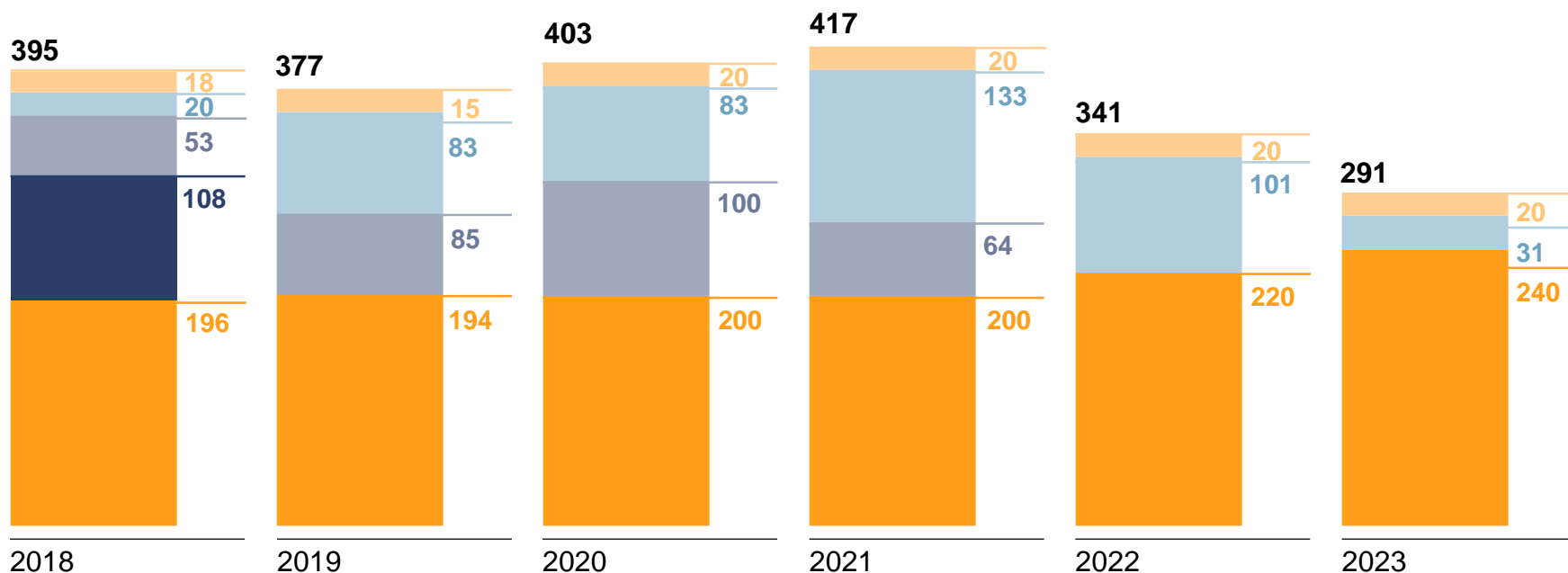
1) Gold equivalent (GE) at 80:1 Ag oz/Au oz and 1:5 Cu mt/Au oz conversion ratios

* Excludes Okhotsk (sold in December 2019) and Kapan (sold in January 2019) starting from 2019

** Includes recovery improvement and long-term 3rd party contracts

CAPITAL EXPENDITURE

CAPEX, \$m



Notes: With the addition of loans that were extended to Nezhda and Prognoz before consolidation of these assets

1) Prognoz, Viksha, greenfield exploration

BOARD SUCCESSION PROGRAM

- Initiated in June 2017 to ensure progressive renewal of the Board in line with international best practice in corporate governance
- 2018 – 3 NEW INEDs
 - Ollie Oliveira - Senior Independent Non-Executive Director tasked to lead the Company's Chair succession.
 - Tracey Kerr and Giacomo Baizini - Independent Non-Executive Directors.

2019 – 1 NEW INED

- Ian Cockerill - Independent Non-Executive Director** with effect from 23 April 2019. Mr Cockerill will be nominated to succeed Bobby Godsell, who has served as Chair of the Board since 2011.
- Bobby Godsell and Jonathan Best will not be offering themselves for re-election at the upcoming AGM.
- Following Mr Best's retirement from the board, Giacomo Baizini will be appointed as Chair of the Audit and Risk committee.



IAN COCKERILL, INED

- Blackrock World Mining Trust, Chair, since 2016
- Ivanhoe Mines Ltd, Lead Independent Director, since 2011
- Ex-President and CEO of Goldfields
- Ex-CEO of AngloCoal
- Bachelor of Science in Geology and a Master of Science in Mining-Mineral Production Management

Following all changes: 1 new Chair, 4 INEDs and 3 non-INEDs

2019 – KEY MILESTONES AND NEWS FLOW

Corporate

23 May	▼ AGM
24 May	▼ Final dividend pay-out , CMD in London
August	▼ Interim dividend announcement
Q3	▼ Financing updates (refinancing of short-term debt)

Projects

Q2	▼ POX-2 - start of detailed engineering and construction ▼ Updated OR and MR estimates at Veduga
Q3	▼ First ore mined at Nezhda ▼ Updated MR estimate at Viksha
Q4	▼ Full revaluation of OR and MR at Kyzyl based on actual operating statistics and exploration results

Appendix



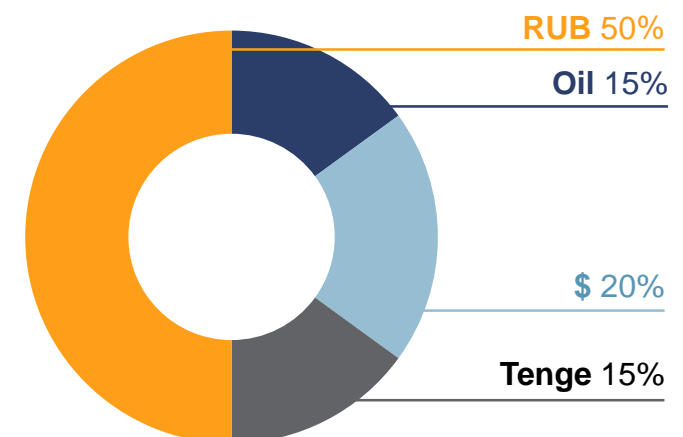
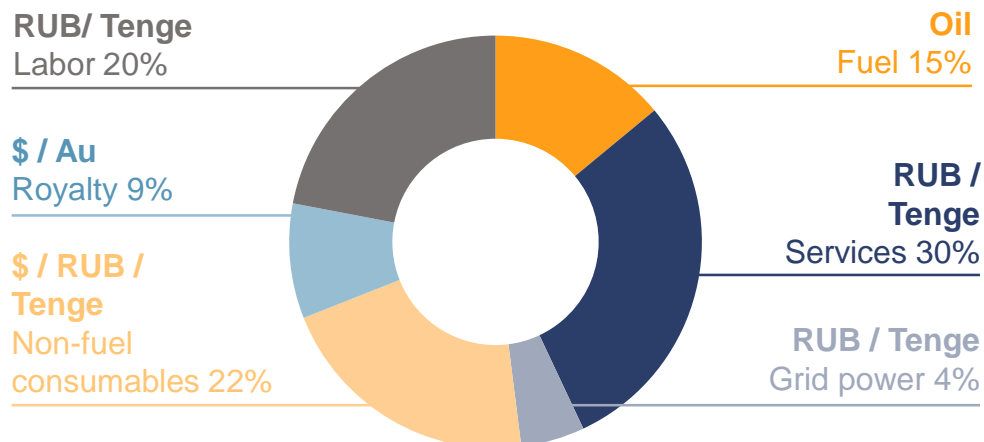
SENSITIVITY TO RUB/USD EXCHANGE RATE AND OIL PRICE

- Over 2018, the Russian Rouble depreciated 17% y-o-y from 57.6 RUB/USD to 69.8 RUB/USD as at 31 December 2018
- Average rate in 2018 was 62.9 RUB/USD
- Actual rate - 65.6 RUB/USD

A 1 RUB movement in domestic currency will have:

- \$5-6/oz effect on TCC
- \$8-10m impact on EBITDA
- \$10-11m effect on FCF (assuming 60% of capex is in foreign currencies)

2019 CASH COST STRUCTURE, \$/oz



PORTFOLIO REVIEW UPDATE

Shrinking the footprint

Asset	TCC	Value, \$m
50% in Dolinnoye	Sold in Q2 2018	17
Kapan	Sold in January 2019	55
Svetlobor	Sold in Q4 2018	6
Okhotsk	Sold in Q4 2018	30

Asset	TCC	Value, \$m
Lichkvaz	Under 6-month RoFR from buyer of Kapan Sale expected in Q4 2019	~10
74% in Veduga	Ownership streamlined, sale process to re-commence in Q1 2019	~100
Maminskoye	Non-core, options evaluated	Uncertain
Kutyn	Non-core, options evaluated	Uncertain

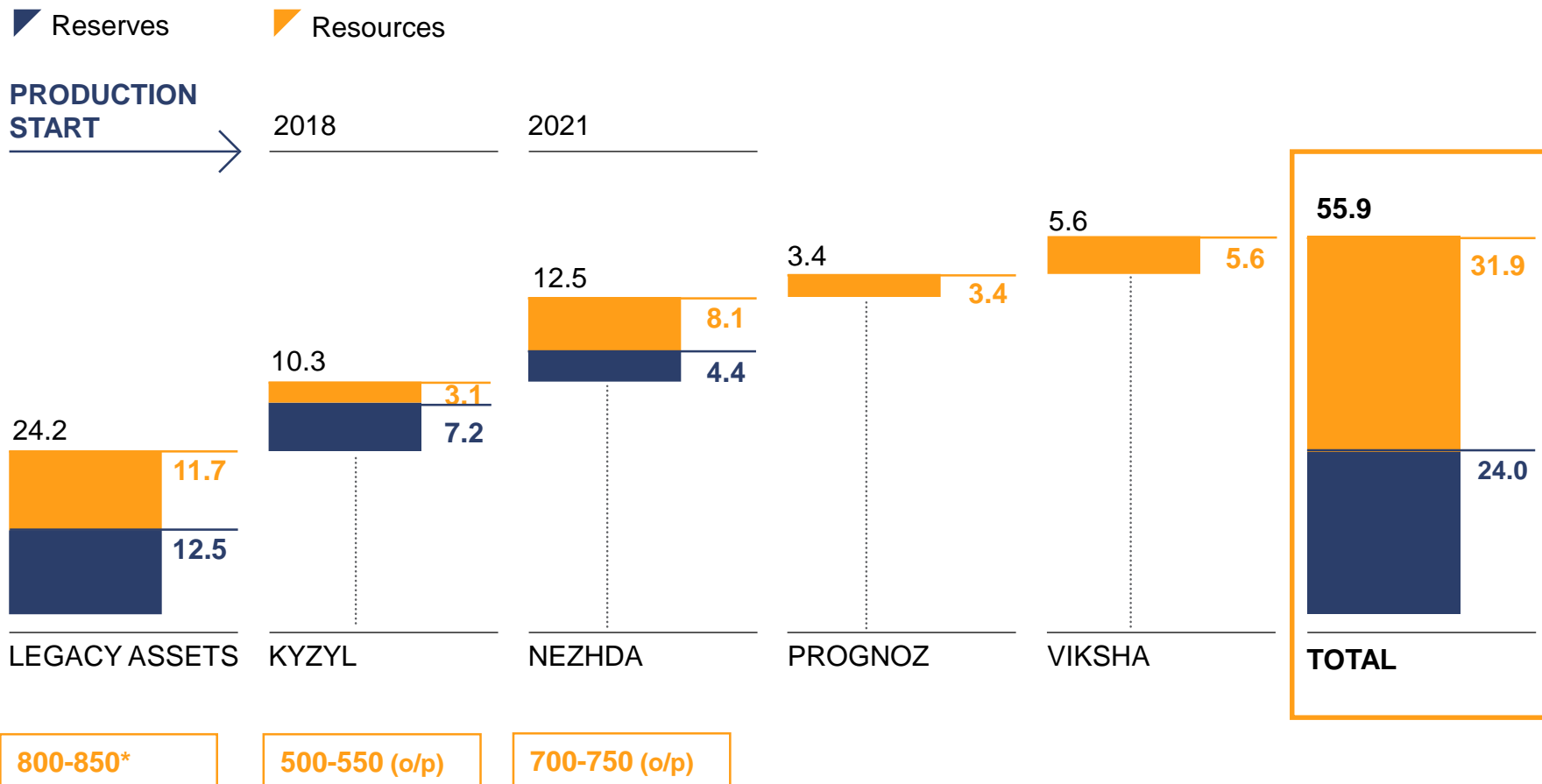
\$108_m PROCEEDS

AMBITIOUSLY
TARGETING DEALS
FOR ANOTHER

\$150+_m
BY 2020

2018 – RESERVES & RESOURCES

Center of gravity shifting to new high grade and lower cost assets



Notes:

Reserve and resource statement (JORC 2012) as at 01.01.2019. Gold and silver price assumptions of \$ 1,200/oz and \$ 16/oz respectively. *2019 guidance