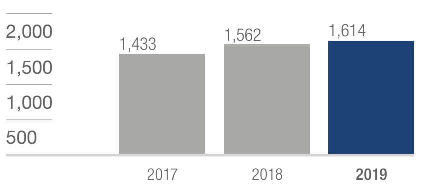
Key performance indicators

Link to strategy:

Robust performance
Securing the future
KPI linked to executive remuneration
Delivering growth
Governance and sustainability

Operating

GOLD EQUIVALENT PRODUCTION +3%
(Koz)



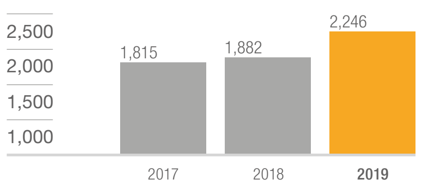
Annual target for gold equivalent (GE) production is an indicator to the market of our confidence in delivering stable and reliable growth.

In 2019, annual GE production of 1,614 Koz, an increase of 3% over 2018, exceeded the original guidance for the eighth year in a row.

Relevance to strategy

Financial

REVENUE +19%
($m)

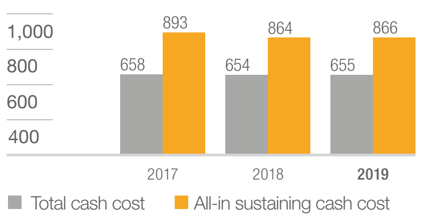


Top-line indicator, heavily dependent on commodity prices but also driven by the delivery of production volumes.

In 2019, revenue increased by 19% year-on-year to $2,246 million on the back of higher volumes and metal prices. Gold and silver sales were broadly in line with production volume trends and further supported by the release of working capital.

Relevance to strategy

TOTAL CASH COST[1] +0%
ALL-IN SUSTAINING CASH COST[1] +0%
($/GE oz)

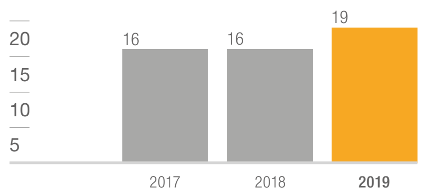


High-grade, full capacity utilisation and continued operational improvement, as well as foreign exchange rates and oil price are the key drivers behind total cash cost (TCC) per ounce.

TCC was flat at $655/GE oz. AISC amounted to $866/GE oz and remained broadly unchanged. The robust results at Kyzyl had a positive impact on costs, offsetting the impact of domestic inflation and planned GE grade decline at mature operations.

Relevance to strategy

UNDERLYING RETURN ON EQUITY[1] +3%
(ROE) (%)

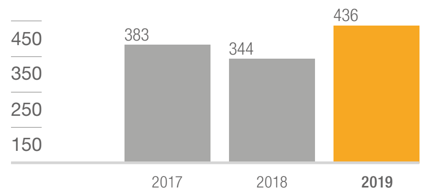


Return on equity (ROE) is one of the most important metrics for evaluating a company's profitability and measures the efficiency with which a company generates income using the funds that shareholders have invested.

In 2019, ROE (based on underlying net earnings and average equity adjusted for translation reserve) was 19% (2018:16%), and remains one of the highest in the sector.

Relevance to strategy

CAPITAL EXPENDITURE +27%
($m)



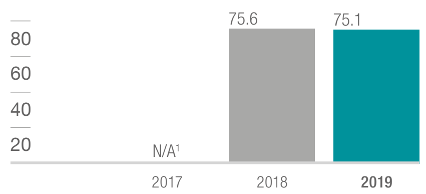
Our rigorous approach to all investment decisions ensures tight controls on capital expenditure, boosting the return on capital invested for shareholders and the sustainable development of the business.

Capital expenditure was $436 million, up 27% compared with 2018 and above the initial guidance of $380 million, due to accelerated pre-stripping and construction at Nezhda.

Relevance to strategy

Sustainability

GHG INTENSITY[3] -1%
(TONNES PER KT OF ORE PROCESSED)

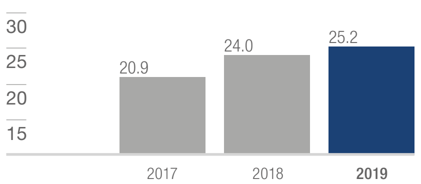


Reducing GHG emissions: we are taking steps to build a truly sustainable economy by measuring and disclosing our environmental impact.

We fully recognise that climate change will require us to be more carbon neutral. Polymetal aims to continuously improve energy efficiency at our mines and engage with business partners to enhance GHG transparency. In 2019, GHG intensity (scope 1 and scope 2) decreased by 1%.

Relevance to strategy

ORE RESERVES +5%
(Moz)

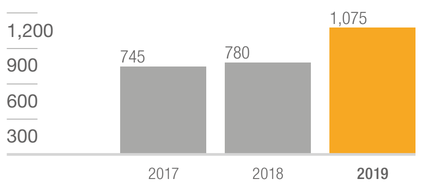


Extending mine life through near-mine exploration and new discoveries from greenfield exploration both contribute to the Company's long-term growth prospects.

In 2019, the Company increased its ore reserves by 5% to 25.2 Moz of GE driven by successful exploration results with the subsequent re-evaluation at Kyzyl, Veduga, Kutyn and initial evaluation at Primorskoye.

Relevance to strategy

ADJUSTED EBITDA[1] +38%
($m)

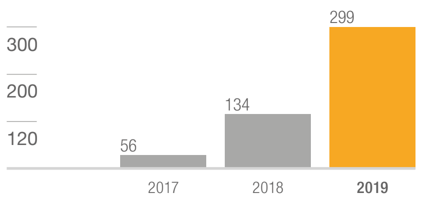


Adjusted EBITDA provides an indicator of our ability to generate operating cash flows from the current business.

Adjusted EBITDA was $1,075 million, up 38% compared with 2018, on the back of higher production volumes, higher commodity prices and stable costs. The Adjusted EBITDA margin was at 48% (2018: 41.4%).

Relevance to strategy

FREE CASH FLOW POST-M&A[1] +122%
($m)

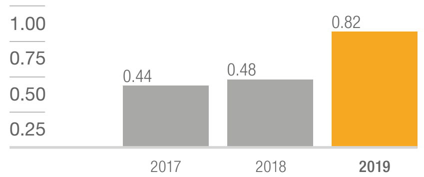


A key indicator in any business; generating a healthy free cash flow enables us to provide significant cash returns for shareholders.

The Company continued to generate significant free cash flow that amounted to $299 million after asset disposal and acquisition, supported by a net cash operating inflow of $696 million.

Relevance to strategy

DIVIDENDS DECLARED FOR THE YEAR +71%
($/SHARE)

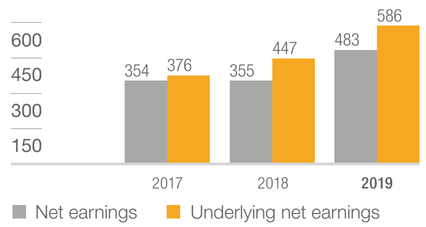


Our aim is to deliver meaningful dividends to our shareholders at all stages of both the commodity cycle and our investment cycle.

In 2019, dividends of $385 million ($0.82 per share) were declared, including a special dividend of $94 million ($0.20 per ordinary share announced in January 2020).

Relevance to strategy

NET EARNINGS[2] +36%
UNDERLYING NET EARNINGS[1] +31%
($m)

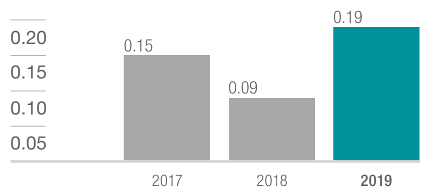


Underlying net income is a comprehensive benchmark of our core profitability, excluding foreign exchange gains/losses, impairments and one-off non-recurring items.

Underlying net earnings increased by 31% to $586 million on the back of higher operating profit.

Relevance to strategy

LOST TIME INJURY FREQUENCY RATE +111%
(LTIFR)



An improvement in the health and safety of employees at our operations is a key priority with a goal of zero fatalities.

Sadly, the Company did not reach its zero-fatalities target in 2019: safety performance deteriorated both in terms of frequency of lost-time injuries and the number of fatalities. LTIFR in 2019 amounted to 0.19 (2018: 0.09).

Relevance to strategy

1 Defined in the Alternative performance measures section on page 206–207.
2 Profit for the financial period.
3 Excluding Kapan and Okhotsk operations. As the new methodology has been applied since 2019 for more precise disclosure of emissions, data for 2018 has been restated accordingly for comparative purposes and includes continuing operations only.