

Korea Zinc

CLSA Investors' Forum

September 2024



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Disclaimer

The financial information in this presentation are consolidated earnings results based on K-IFRS.

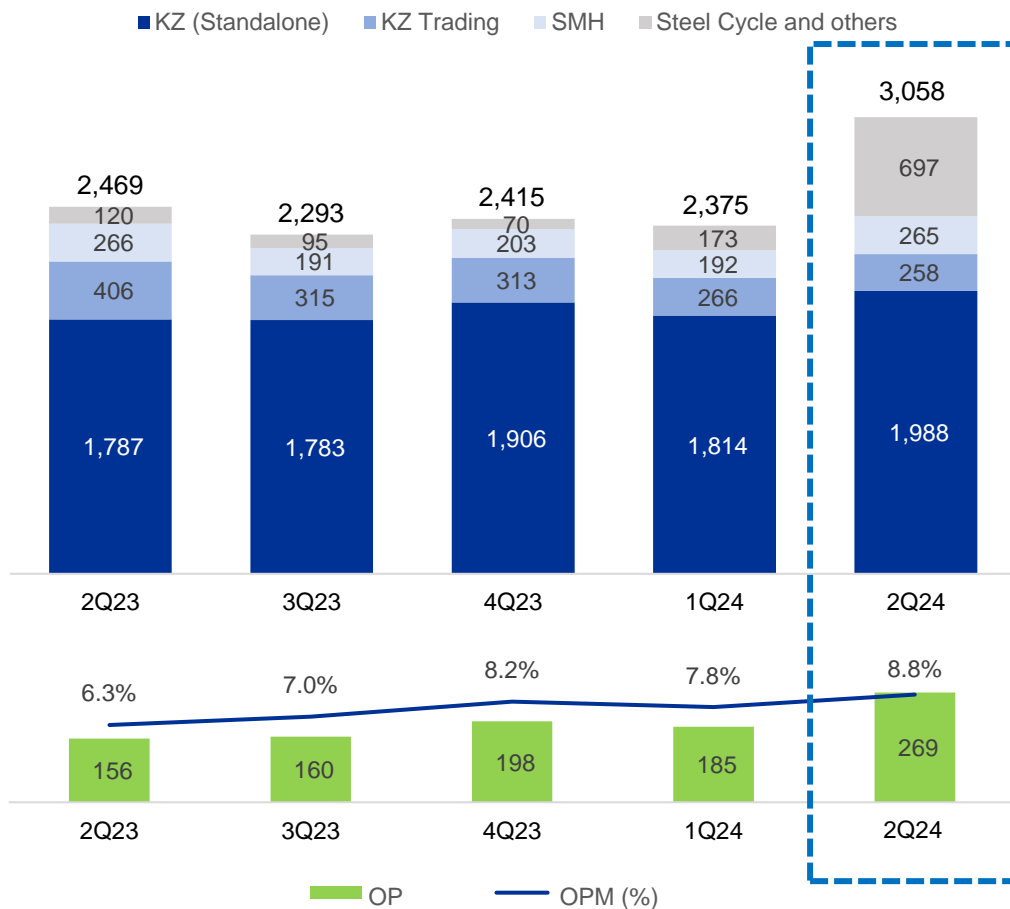
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2Q24 Business Results (Consolidated)

Sales by Business

(KRW bn)



Quarterly Results

(KRW bn)

	2Q23	3Q23	4Q23	1Q24	2Q24	QoQ	YoY
Sales	2,469	2,293	2,415	2,375	3,058	+683	+589
Gross Profit	224	227	297	266	362	+96	+138
GPM	9.1%	9.9%	12.3%	11.2%	11.8%	+0.6%p	+2.7%p
Operating Profit	156	160	198	185	269	+84	+113
OPM	6.3%	7.0%	8.2%	7.8%	8.8%	+1.0%p	+2.5%p
EBITDA	251	189	296	227	318	+91	+67
Pre-Tax Profit	170	111	252	153	251	+98	+81
Net Profit	124	78	193	112	175	+63	+51

2Q24 Business Results (Consolidated)

Balance Sheet

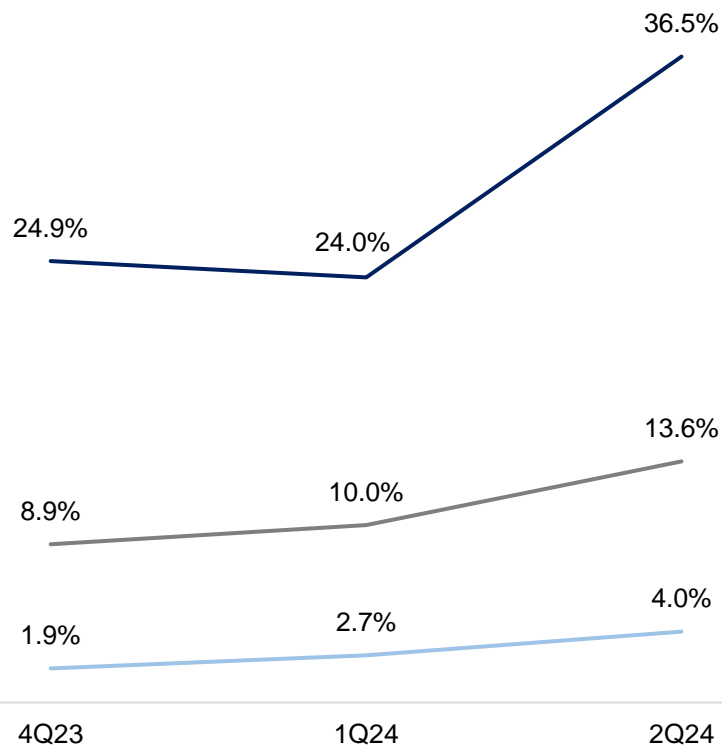
(KRW bn)

	4Q23	1Q24	2Q24	QoQ
Asset	12,046	11,967	13,321	+1,354
Current Assets	5,572	5,445	6,127	+682
Cash and Equivalents	677	711	938	+228
Short-term Investments*	1,396	1,565	1,190	-375
Non-current Assets	6,474	6,522	7,194	+672
PP&E	3,869	3,927	4,534	+607
Liabilities	2,404	2,317	3,562	+1,245
Debt	862	968	1,329	+361
Net Debt	186	257	391	+134
Shareholder's Equity	9,642	9,650	9,759	+109

* Including Short-term Financial Instruments

Financial Ratios

— Liabilities/Equity — Debt/Equity — Net Debt/Equity*



* Excluding Short-term Investments

Results & Outlook by Business

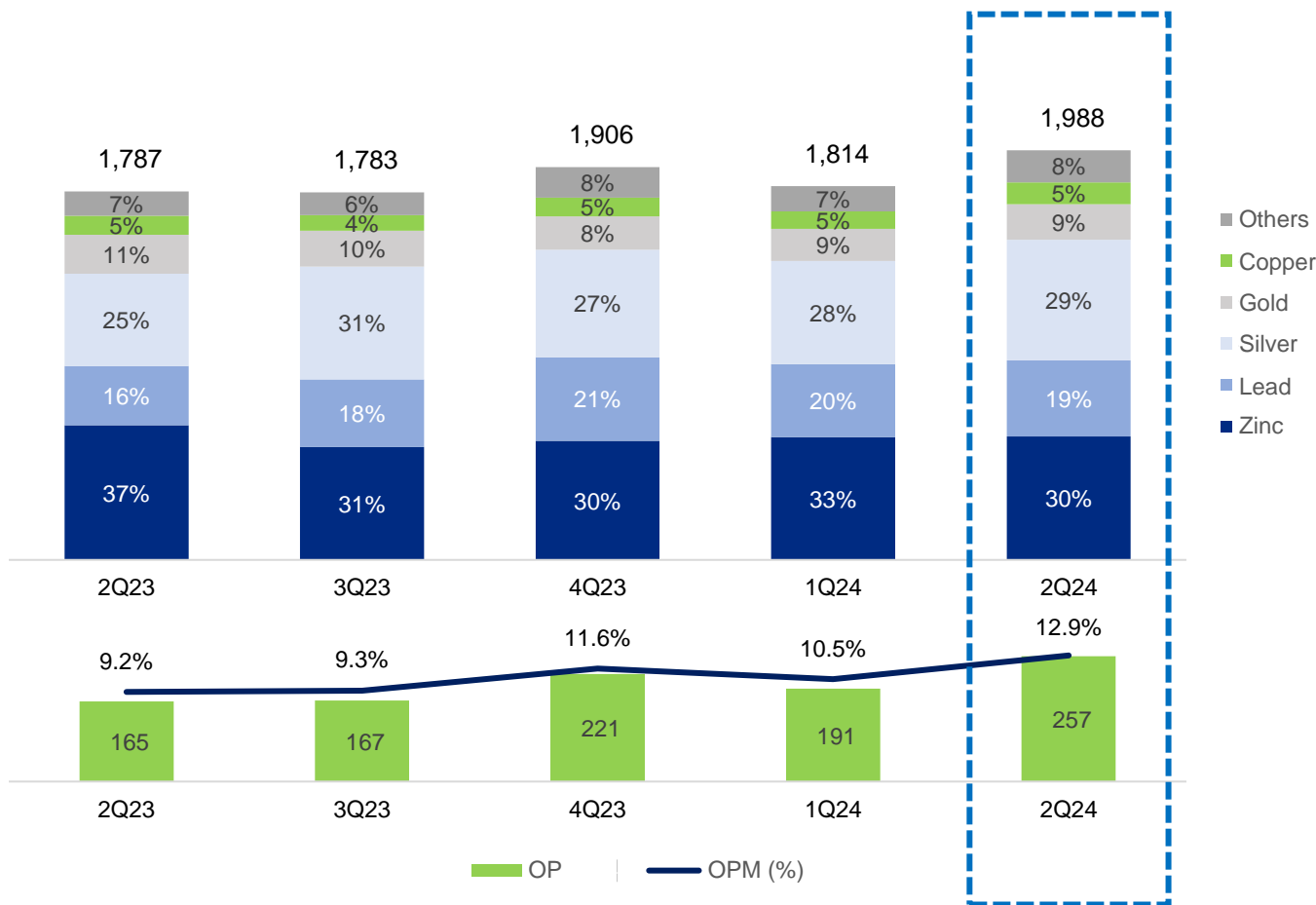
Korea Zinc
(Standalone)

KZ Trading

Sun Metals
Corporation

Subsidiaries'
Earnings Trend

Sales by Product (KRW bn)



2Q Results

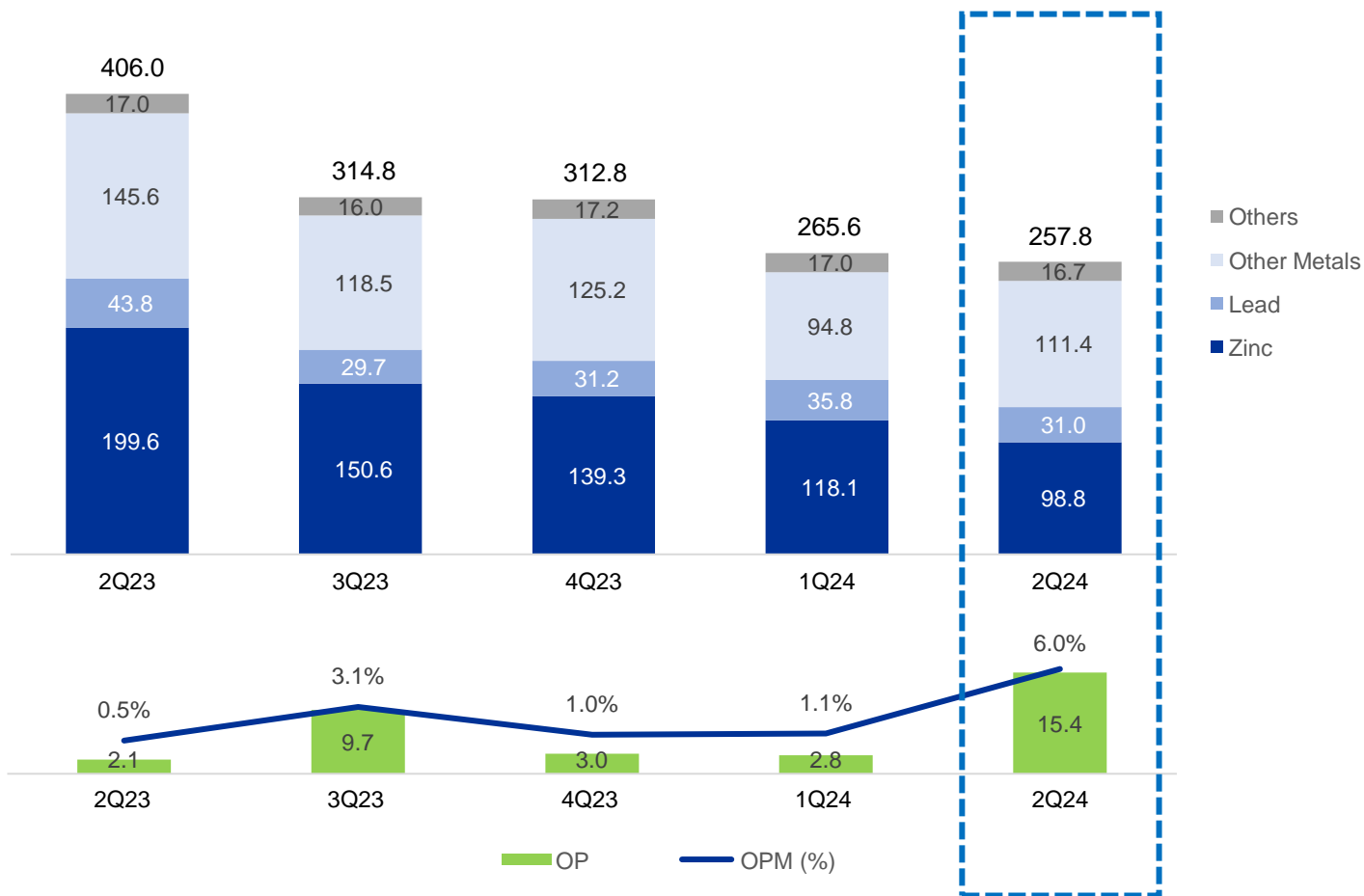
- Rise in base/precious metal prices and strong USD translated into higher sales revenue and improved profitability
- Zinc sales volume slightly decreased due to delays in concentrates shipment and maintenance shutdown
- Increase in copper sales positively contributed to profitability



3Q Outlook

- On-going cost reduction efficiency gain, facilities optimization will further improve profitability
- Production/sales volume is expected to rise thanks to high seasonality

Sales by Product (KRW bn)



2Q Results

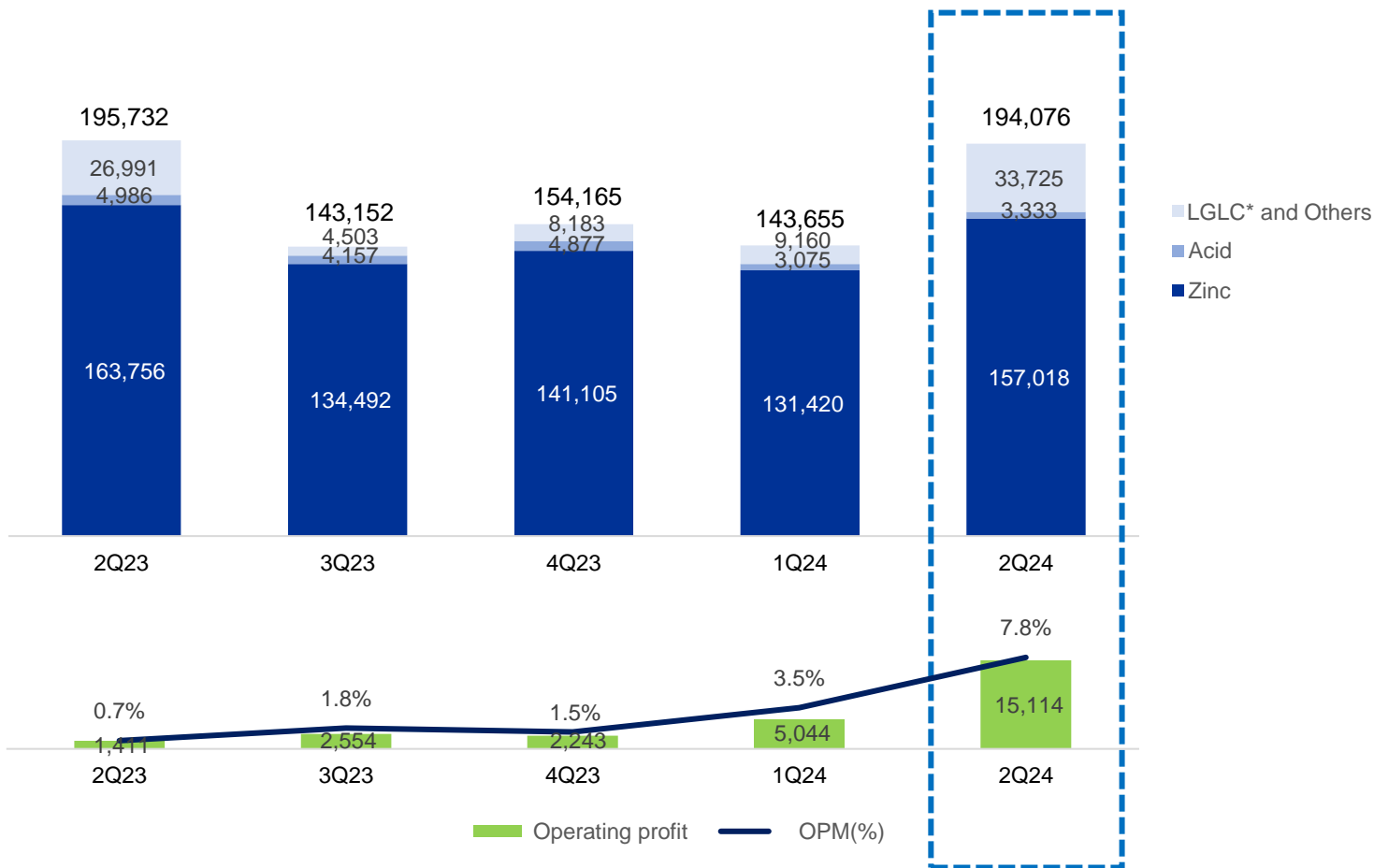
- Sales revenue declined due to adjustments in low-margin contracts
- Rise in metal prices and strong USD positively contributed to improved profits



3Q Outlook

- Profitability-focused strategy will be maintained in a high interest rate environment

Sales by Product (USD '000)



2Q Results

- Stabilizing production and rise in metal prices led to higher sales revenue and profits
- Operating profit was boosted by rise in zinc prices and recovery rate as SMC fully ramped up Ferric Oxide Plant

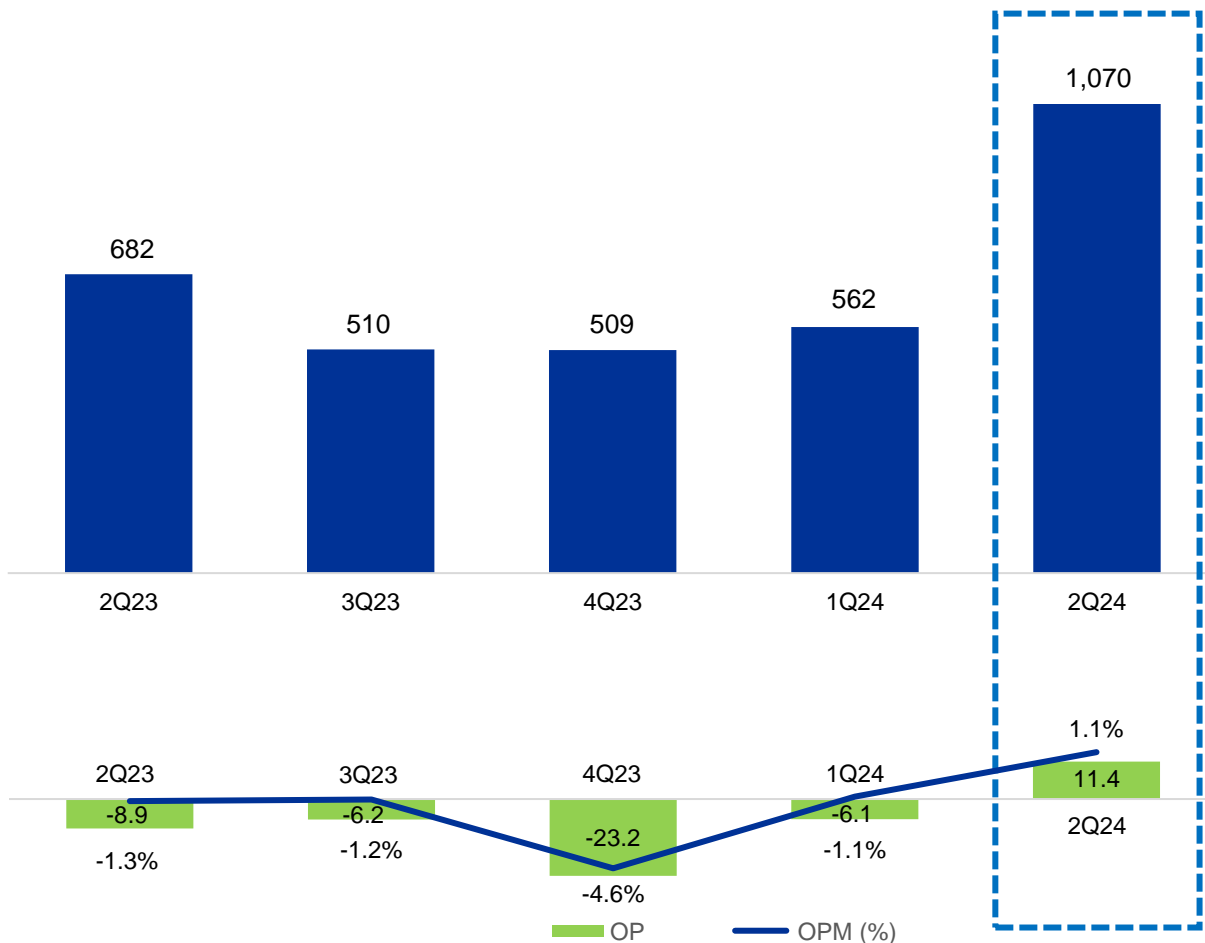


3Q Outlook

- Higher recovery rate and production volume are expected to sequentially improve SMC's profits

* Low Grade Lead Concentrate

Sales Trend (KRW bn)



2Q Results

- Quarterly sales revenue exceeded 1tn KRW as Kataman Metals became a consolidated subsidiary in 2Q24
- Operating profit turned positive as SMC and Steel Cycle improved profitability



3Q Outlook

- Earnings contribution from subsidiaries is expected to grow sequentially as turnaround momentum continues

Troika Drive Update

Copper Expansion Plan

Kataman Metals (Acquisition)

Techno Rescue (Acquisition)

ROBOne (Acquisition)

MacIntyre Wind Farm (Investment)

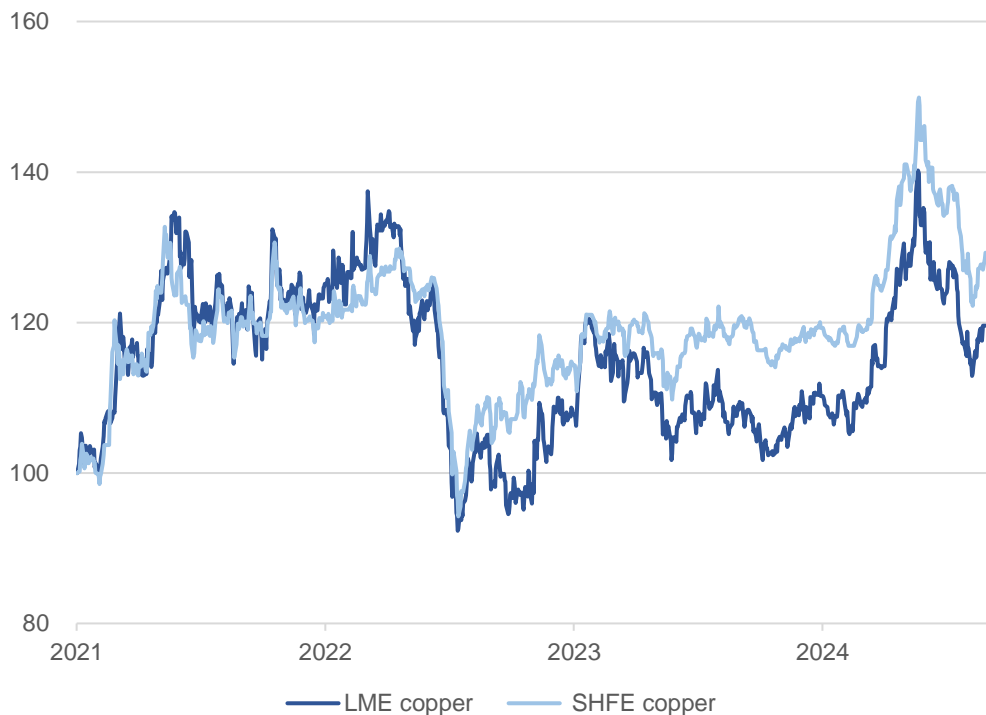
10-year Plan



Copper Market Snapshot

Copper price (LME/SHFE)

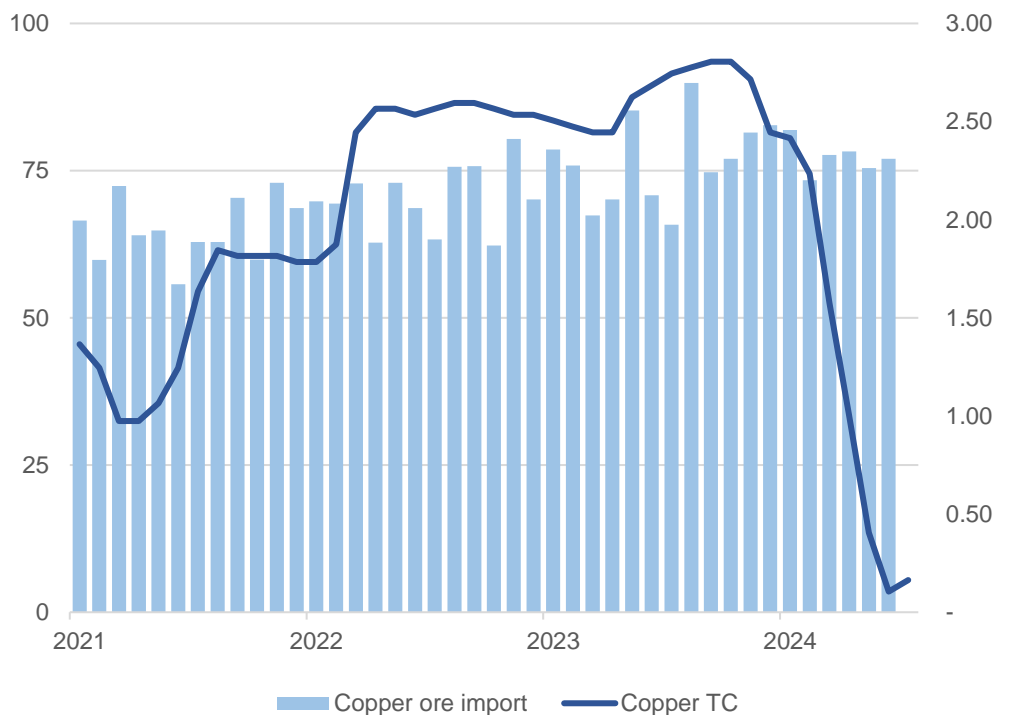
Indexed (Jan 2021 = 100)



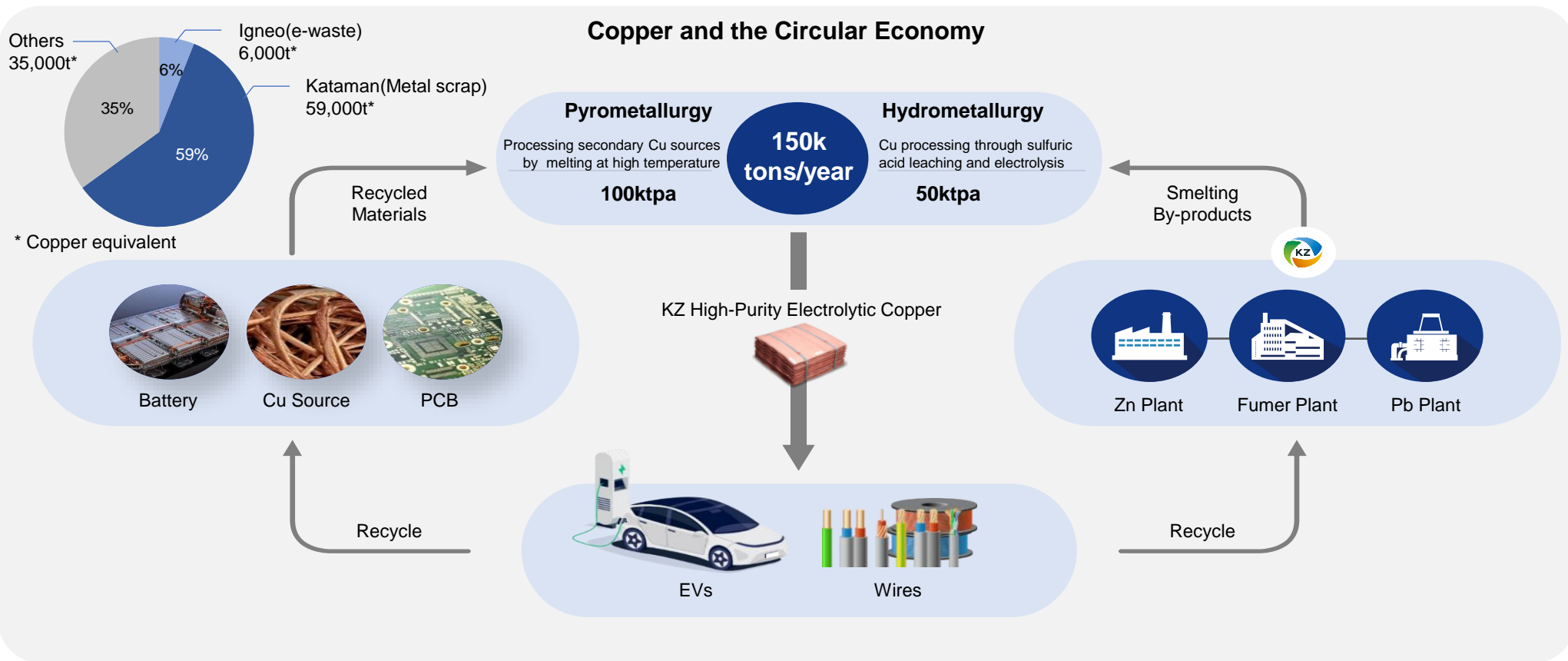
China copper TC & copper ore imports

\$/metric ton

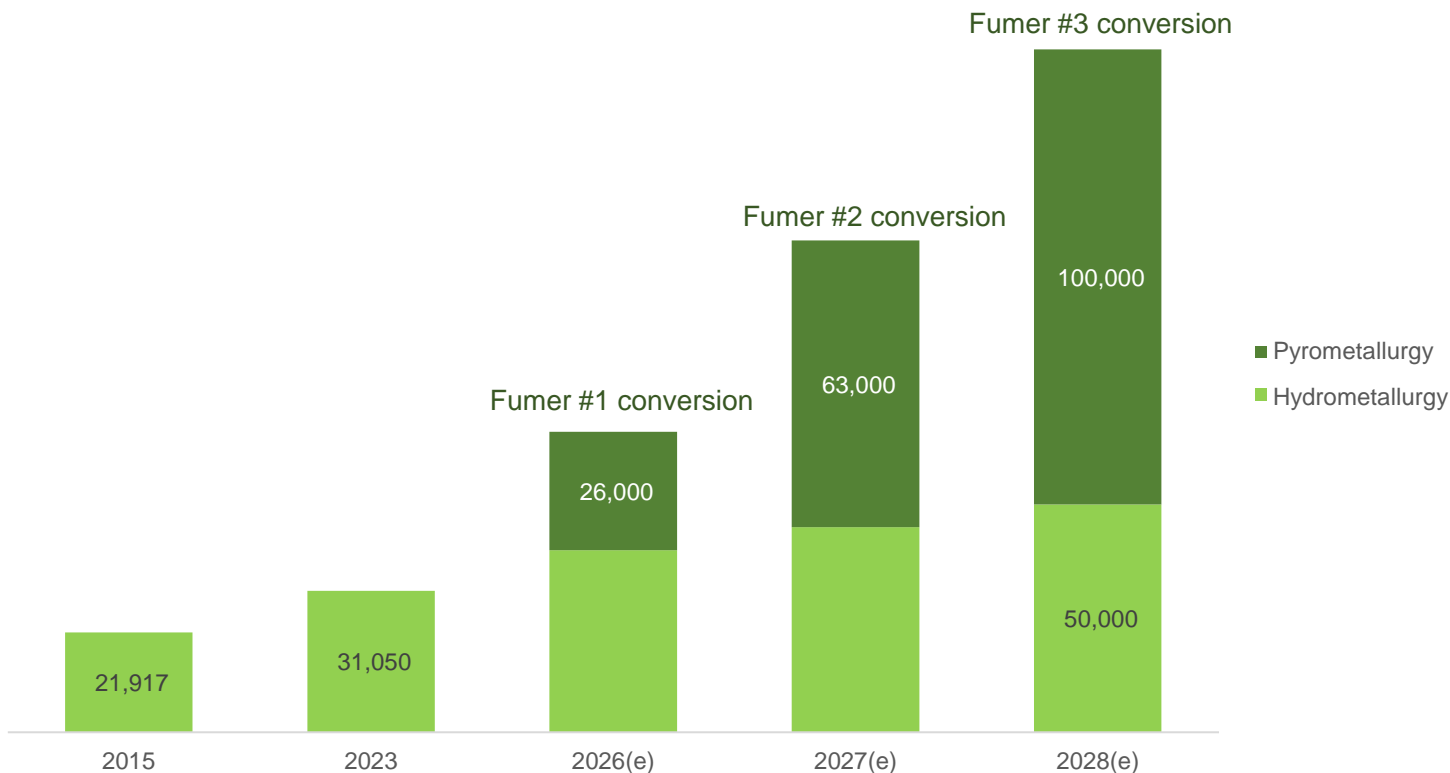
Million metric tons



Improving the Competitiveness in the Global Copper Landscape through Expansion and Recycling



Cu Smelter Conversion Plan



- Expanding hydrometallurgy capacity to 50,000tons through optimization of production facilities
- Converting 3 of 8 Fumers into Cu smelter to expand pyrometallurgy capacity to 100,000tons
 - Fumer #1 conversion : 2026.01 (+26kt)
 - Fumer #2 conversion : 2027.03 (+37kt)
 - Fumer #3 conversion : 2028.01 (+37kt)
- Secondary copper sources (PCB, Metal Scrap, etc.) to be secured through Igneo and Kataman Metals
- Revenue growth effect : KRW 1.3tn* (2023 basis) (Copper revenue basis)

* Based on 1Q24 Copper LME price

Acquisition Details

- Founded: 1993
- Headquarter: St. Louis (9 global offices across North America, South America, Europe, and Asia)
- Specializes in trading over 300kt per annum of Copper, Aluminum, and Iron based scrap metals globally (Over 30 years of trading experiences and know-how)
- With distinguished competitiveness in only trading scrap metals, generated stable profits (16 consecutive operating profit since 2007)
- Incorporated as 100% subsidiary of PedalPoint
- Acquisition Price: \$55m (including \$10m earn-out payment)

Purpose & Expected Synergies

- Securing a stable supply of raw materials to support KZ's copper expansion
 - Approximately 300ktpa of copper-containing raw materials are required for KZ's copper smelter (Pyrometallurgy) by 2028
- Completing a sustainable recycling value chain aided by Kataman's supplier network and market intelligence
 - An extensive supplier network of over 300 raw materials suppliers, including steel makers, recyclers, and smelters
- Internalizing a specialized scrap-metal trading company to establish copper circular economy
- Expediting the turnaround of PedalPoint

Acquisition Details

- Founded: 2006
- Headquarter: Denver, Colorado (Currently operates in 2 ITAD* in Colorado and Maryland)
- Specializes in ITAD business, directly procuring e-waste from major e-waste producers such as enterprises and data centers
- Recycling Volume: 2,820,000 lbs/year
- Acquisition Method: Purchase of shares (100%)
- Acquisition Price: \$8.98m (including \$2.5m earn-out payment)

* IT Asset Disposition

Purpose & Expected Synergies

- Securing a larger and more stable source of e-waste to increase feedstock volume and thus, improving efficiency by integrating e-waste recycling with ITAD business
- Establishing a stable, long-term relationship with IT enterprises and data centers by internalizing ITAD capabilities to ensure data security along with complete transparency
 - Data wiping and serialization
 - Robust reporting system, which allows clients to track their assets' location and status at any time
 - Providing on-site services such as data destruction and server decommissioning, with insured and bonded technicians
- Adding 2 additional sites to the current 4 hubs of PedalPoint, providing more operational flexibility and a comprehensive footprint in the US

Acquisition Details

- Founded: 2020
- Headquarter: Busan, Korea
- Specializes in production of AI integrated collaborative robots and automation systems for industrial uses
 - Collaborative Robot
 - Robot automation system
 - Waste sorting system
- Acquisition Method: Purchase of shares (60%)
- Acquisition Price: KRW 15bn

Purpose & Expected Synergies

- Internalizing robotics capabilities for the automation of Onsan Refinery while enhancing operational efficiency for recycling as well as secondary battery materials business
- Developing a potential business opportunity leveraging up-coming Onsan Refinery's automation project; turn-key automation and robot project
- Improving the productivity of PedalPoint using ROBOne's sorting robots
 - Planning to install the sorting robots in four hubs (Atlanta, Chicago, Las Vegas, San Antonio)

Investment Details

- Location: Queensland Australia, 200km south-west of Brisbane
- Area: 36,000 ha
- Generation Capacity
 - 923.4MW (5.7MW turbine x 162) (Ark Energy 277MW)
 - 1st Year Generation: 2,951GWh (Ark Energy 885GWh)
- EPC Progress
 - Progress Rate: 81.6% (as of July 2024)
 - Commercial Operation Target: Q3 2025
- 10-year PPA agreement with Telstra and SMC
 - Telstra: 40% of generated power to be supplied (323GWh/year)
 - SMC: 30% of generated power to be supplied (242GWh/year)
- Project Progress
 - '21.02 Joint development UJV signed (AEC secured 30% stake)
 - '22.03 Project commencement
 - '24.02 Grid connection agreement
 - '24.04 FID (AEC acquiring 30% stake @ A\$423.5m)

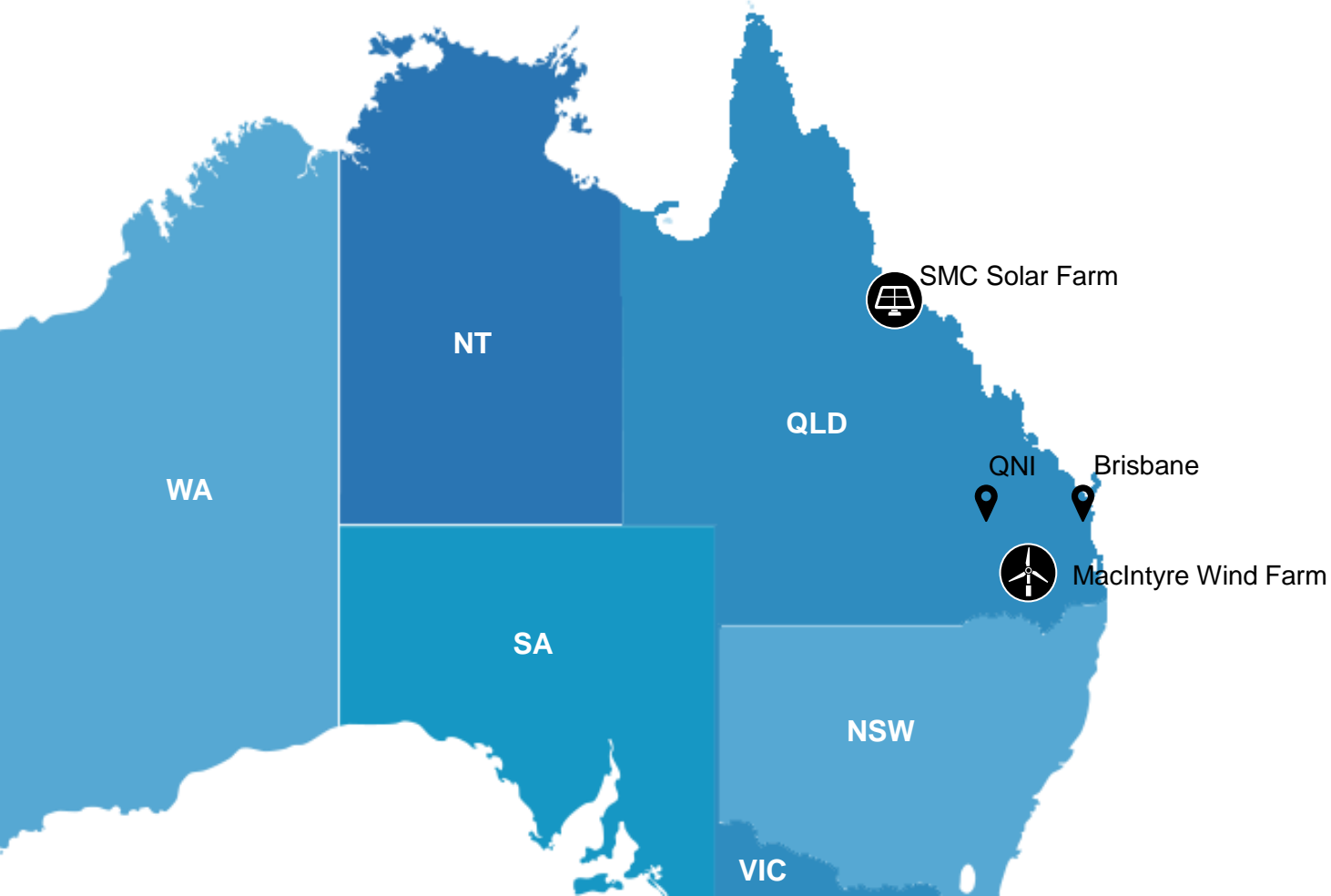
Purpose & Expected Synergies

- Accelerating renewable-IPP business model
- Securing stable supply of large-scale clean power with economic viability ('23 average power price : A\$106/MWh*)
- Achieving SMC's RE100 goal through MWF (SMC is expected to reach RE54 based on 2023 power consumption)
- Building competitive advantage through the production of Green Zinc
- Price Premium** will likely further contribute given heady rush to decarbonize steel and smelting industry

* AEMO & Powerlink power purchase price

** Green Steel premium expected to be set at 5%~24% of sales price based on European Parliament's published report in 2021

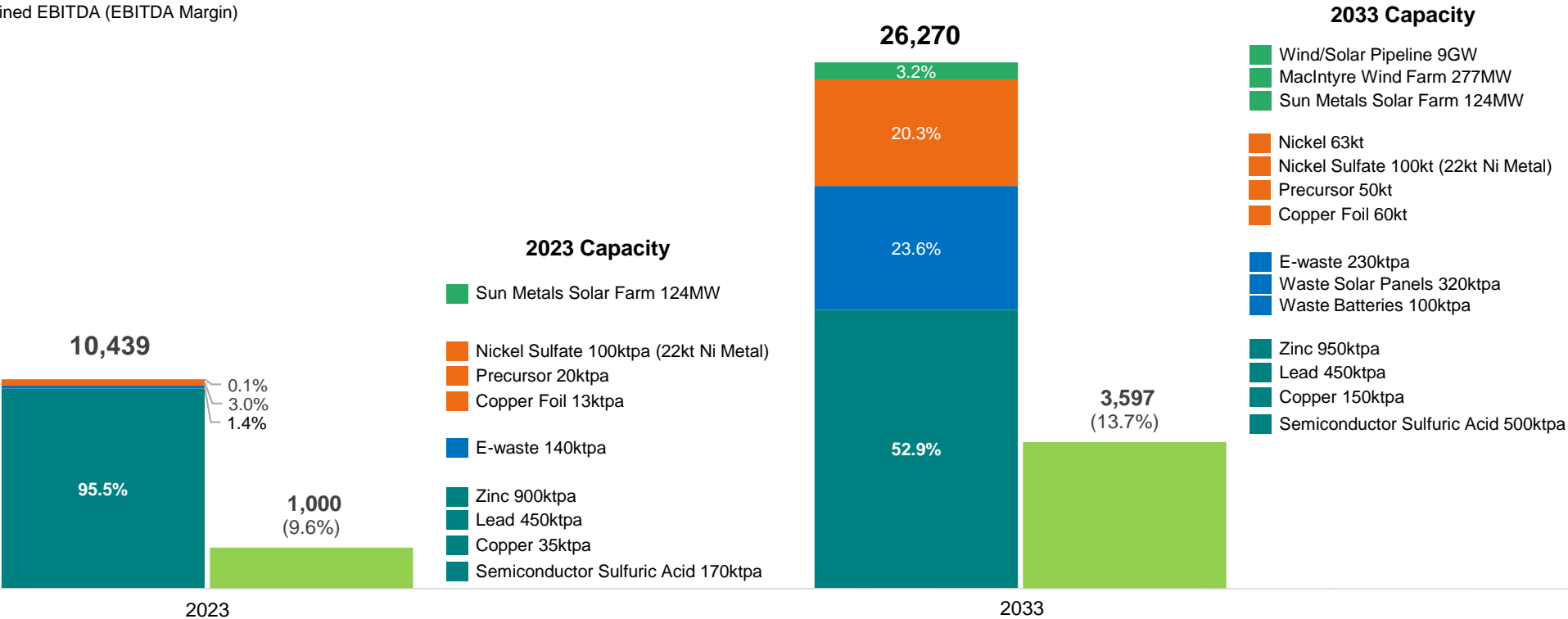
MacIntyre Wind Farm Location



- Strategically located near significant demand centers in Queensland, and close to QNI (Queensland-NSW interconnector), which facilitates the transmission of electricity from QLD to NSW
- Connection to the advanced transmission system in QLD (330kV) to minimize the risk of energy loss to thermal grid curtailment
- Expected to have strong wind profiles during mornings and evenings, resulting in generating more power during higher-price periods

Earnings Forecast (KRW bn)

Smelting Resource Recycling Secondary Battery Materials Renewables & Hydrogen
Combined EBITDA (EBITDA Margin)



Revenue: Simple sum of revenue before the elimination of intercompany sales
Smelting(Korea Zinc, Sun Metals Corporation, KZ Trading), Resource Recycling (PedalPoint, Steel Cycle Corporation), Secondary Battery Materials (KEMCO, KZAM, Korea Precursor Company), Renewables (Ark Energy)
All figures are based on real values
Figures related to the conversion of renewable energy into hydrogen are not included.

APPENDIX

Holding Structure

Shareholder Return Policy

Historical Sales Volume

Metal Prices & FX

Zinc TC & Earnings

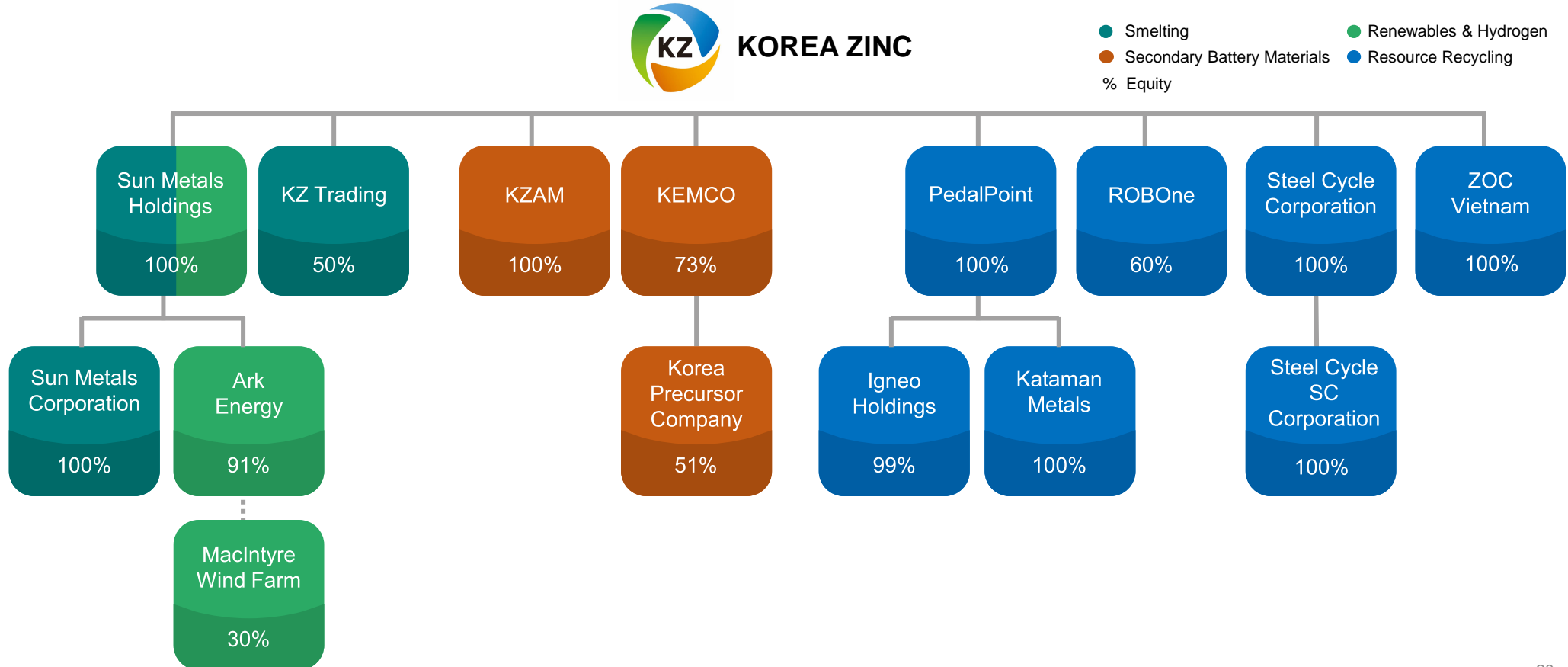
Sales Volume by Metal

Sales Revenue by Metal

Financials

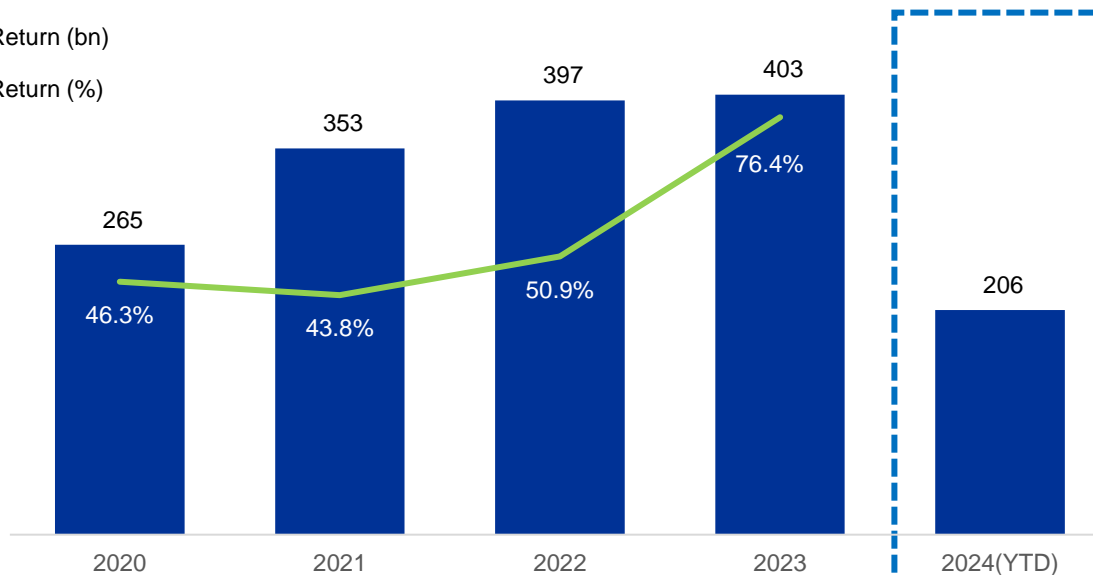


Korea Zinc and its Subsidiaries



Historical Shareholder Return

■ Total Shareholder Return (bn)
■ Total Shareholder Return (%)



Shareholder Return (KRW)	2020	2021	2022	2023	2024(YTD)
Interim (a)	-	-	-	10,000	10,000
Year-end (b)	15,000	20,000	20,000	5,000	TBD
Annual Dividend (a+b)	15,000	20,000	20,000	15,000	TBD
Cancellation of Shares (bn)	-	-	-	100	TBD
Total Shareholder Return (bn)	265	353	397	403	206
Total Shareholder Return (%) (Consolidated basis)	46.3%	43.8%	50.9%	76.4%	-



Shareholder Return Highlights

- Payout ratio will be maintained at least 30% or higher (vs standalone basis) in '23~'25
- FY24 Interim Dividend
 - DPS : KRW 10,000
 - Total Shareholder Return : 71.4% (2024 1H)

Historical Sales Volume

Holding
Structure

Shareholder
Return Policy

Historical
Sales Volume

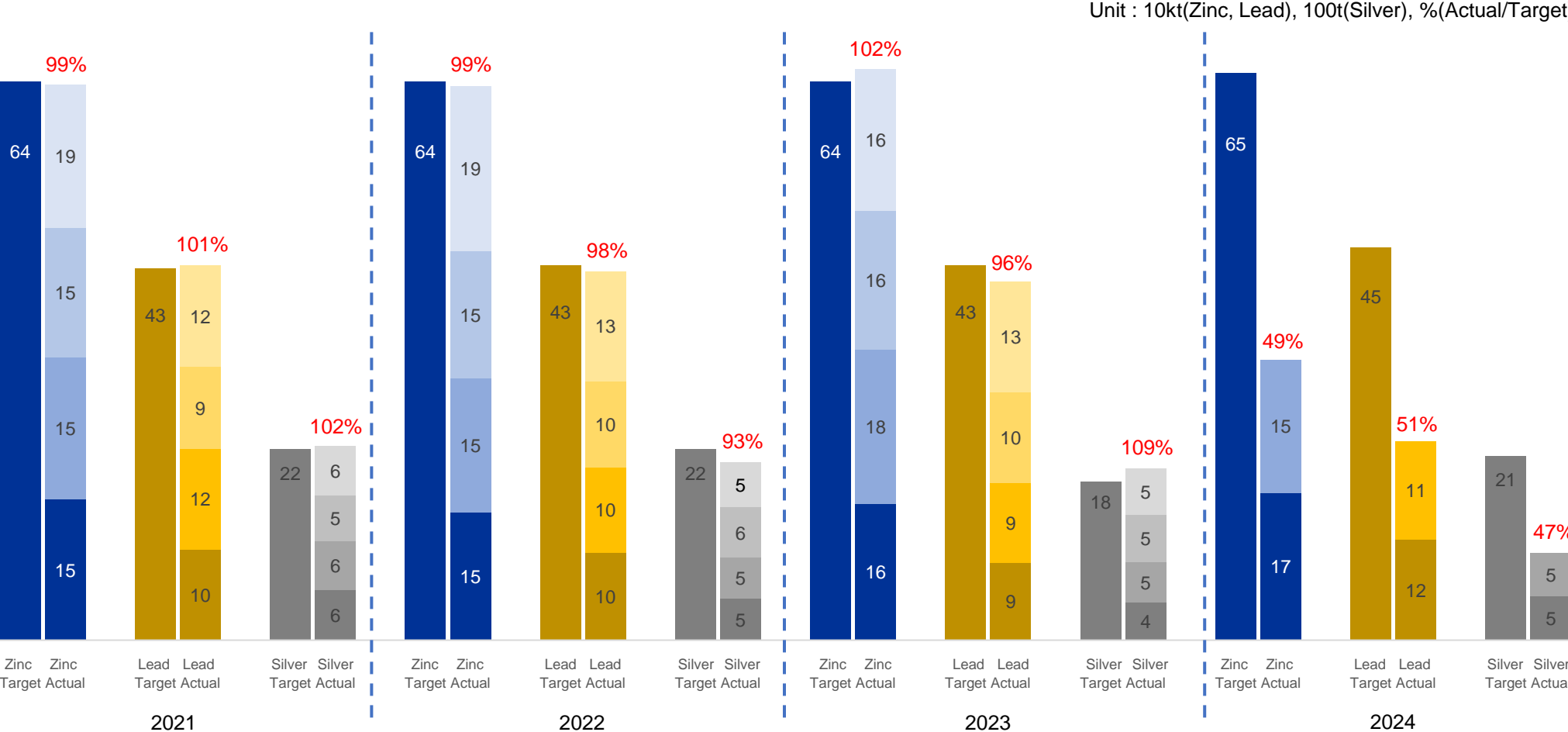
Metal Prices
& FX

Zinc TC
& Earnings

Sales Volume
by Metal

Sales Revenue
by Metal

Financials



Metal Prices & FX

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Metal Prices
& FX

Zinc TC
& Earnings

Sales Volume
by Metal

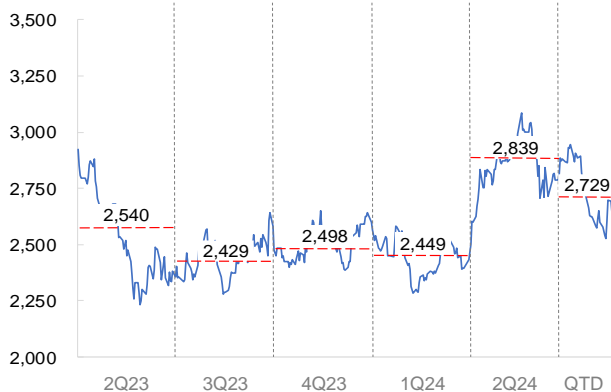
Sales Revenue
by Metal

Financials

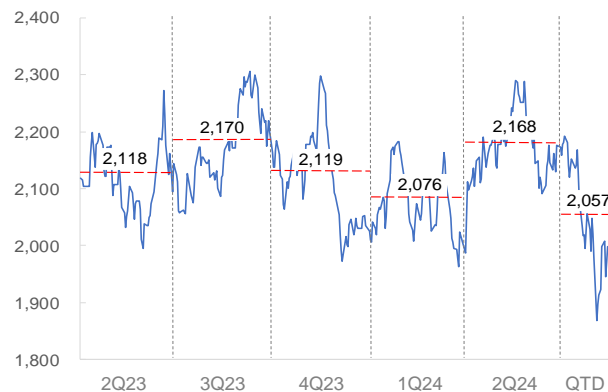
USD/KRW (Avg.)



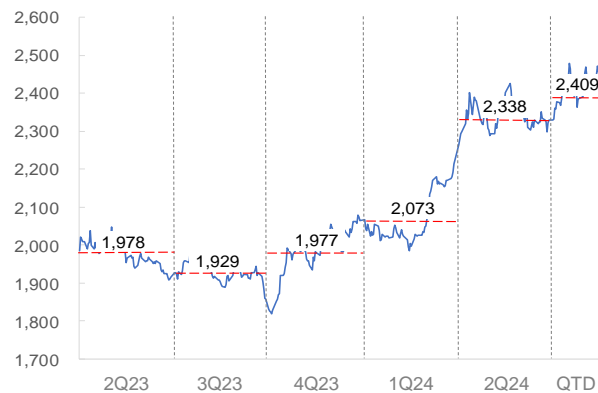
Zinc (USD/MT)



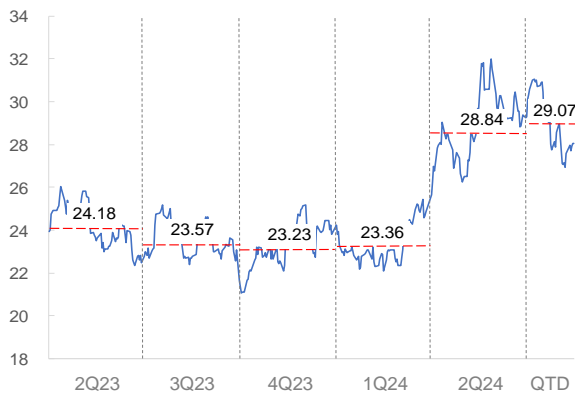
Lead (USD/MT)



Gold (USD/oz)



Silver (USD/oz)

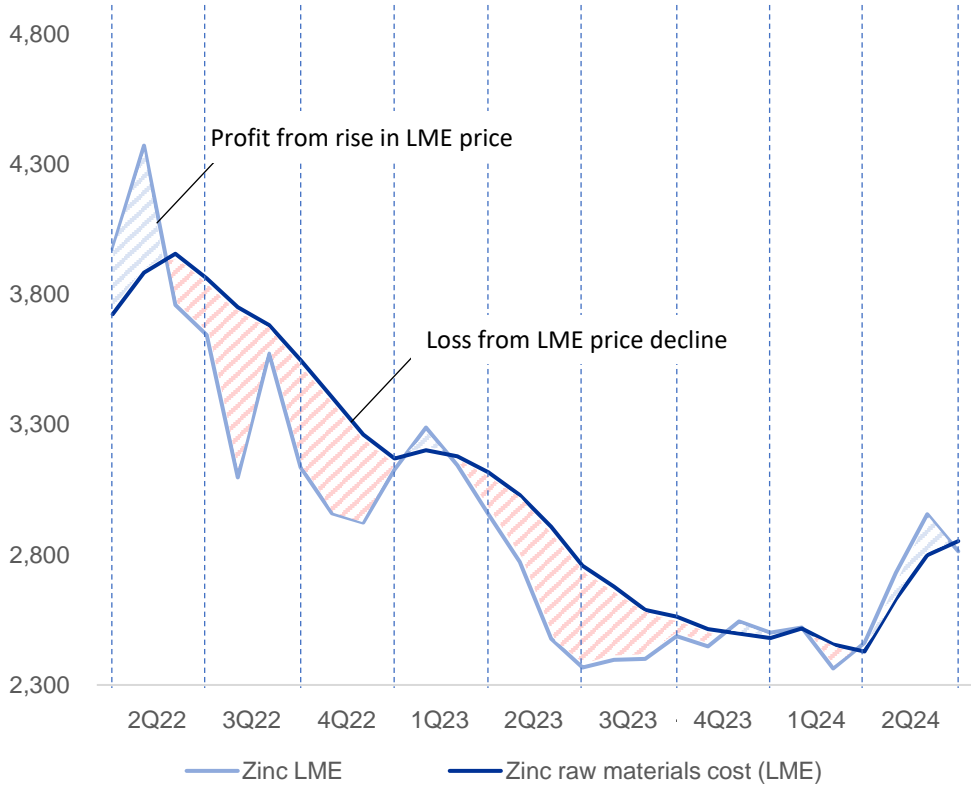


Copper (USD/MT)

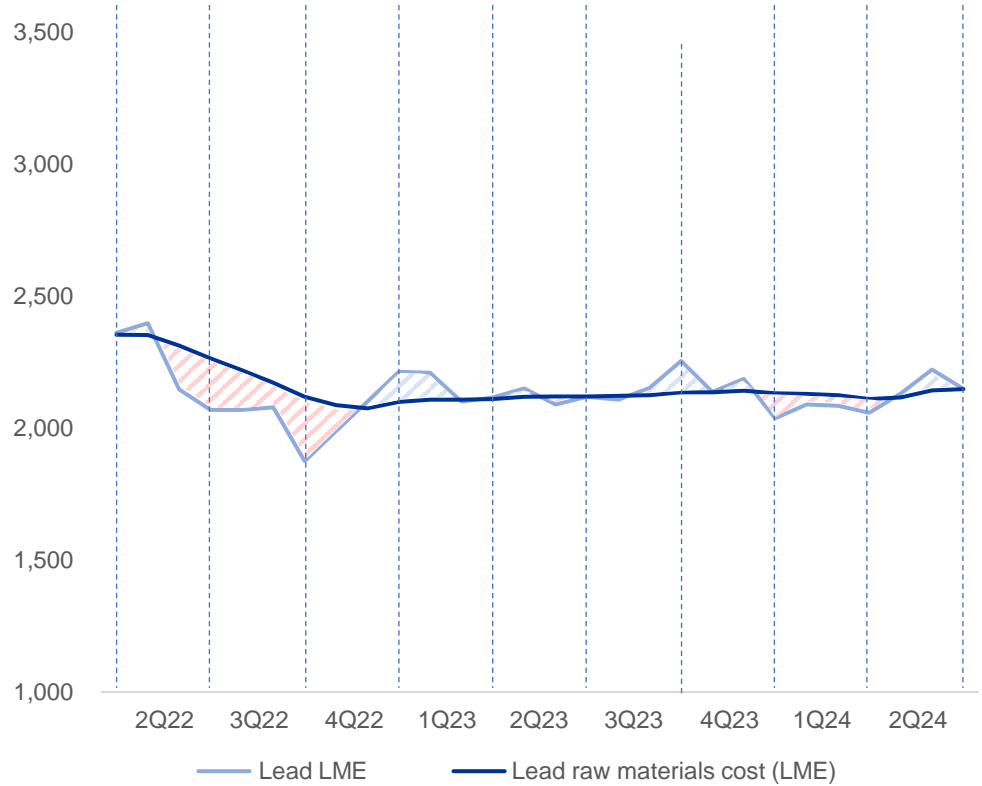


LME Price & Raw Materials Cost Trend (USD/t)

Zinc

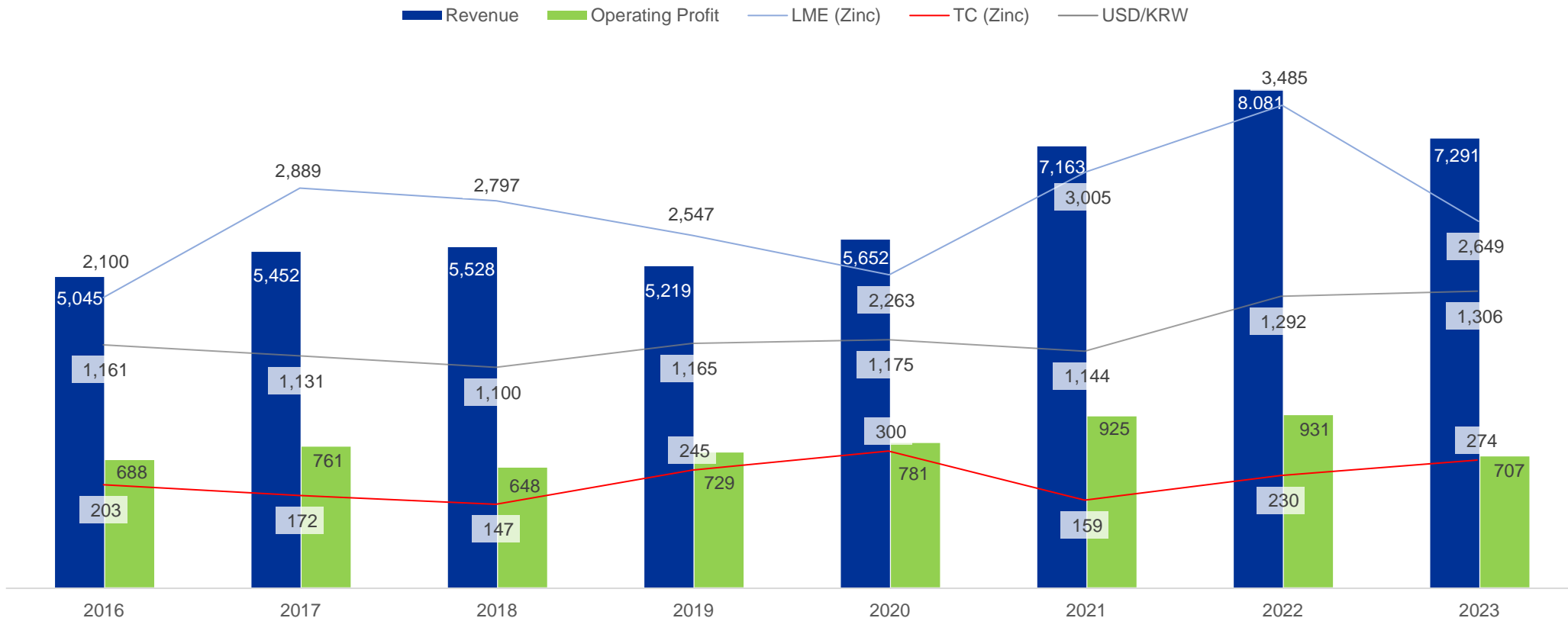


Lead



Benchmark TC, FX & OP (Standalone)

(bn KRW, USD/t)



Source: Bloomberg, Metal Bulletin
TC (Zinc) : Asian Benchmark T/C

Sales Volume by Metal

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Sales Volume

Metal Prices
& FX

Zinc TC
& Earnings

Sales Volume
by Metal

Sales Revenue
by Metal

Financials

KZ (Standalone)

		2Q23	3Q23	4Q23	1Q24	2Q24	QoQ	YoY
Zinc(MT)	Domestic	49,199	55,278	49,188	60,305	59,526	-1.3%	21.0%
	Export	127,329	104,096	112,683	108,616	92,904	-14.5%	-27.0%
	Total	176,528	159,374	161,871	168,921	152,430	-9.8%	-13.7%
Lead(MT)	Domestic	28,622	29,664	32,425	34,392	34,926	1.6%	22.0%
	Export	62,332	74,740	94,030	80,901	77,574	-4.1%	24.5%
	Total	90,954	104,404	126,455	115,293	112,500	-2.4%	23.7%
Silver(KG)	Domestic	7,217	7,202	8,095	6,460	6,974	8.0%	-3.4%
	Export	445,769	538,748	523,881	494,395	489,617	-1.0%	9.8%
	Total	452,986	545,950	531,976	500,855	496,591	-0.9%	9.6%
Gold(KG)	Domestic	1,320	1,795	1,582	1,753	1,667	-4.9%	26.3%
	Export	925	350	350	-	-	-	-100.0%
	Total	2,245	2,145	1,932	1,753	1,667	-4.9%	-25.7%
Copper(MT)	Domestic	6,362	5,503	6,853	6,382	6,702	5.0%	5.3%
	Export	1,862	1,377	1,601	1,147	1,272	10.9%	-31.7%
	Total	8,224	6,880	8,454	7,529	7,974	5.9%	-3.0%

Sales Revenue by Metal

Holding
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& FX

Zinc TC
& Earnings

Sales Volume
by Metal

Sales Revenue
by Metal

Financials

KZ (Standalone)

(bW)		2Q23	3Q23	4Q23	1Q24	2Q24	QoQ	YoY
Zinc	Domestic	193	190	179	216	234	8.6%	21.2%
	Export	460	357	398	381	365	-4.1%	-20.7%
	Total	653	548	578	596	599	0.5%	-8.3%
Lead	Domestic	89	92	105	105	115	8.6%	28.7%
	Export	199	236	301	248	254	2.3%	28.0%
	Total	288	328	406	354	369	4.2%	28.2%
Silver	Domestic	7	7	8	6	9	32.8%	14.9%
	Export	441	540	514	495	577	16.6%	30.9%
	Total	448	548	522	501	586	16.8%	30.6%
Gold	Domestic	110	146	132	155	172	11.2%	56.3%
	Export	78	28	29	-	-	-	-100.0%
	Total	188	175	161	155	172	11.2%	-8.6%
Copper	Domestic	71	61	74	72	90	25.2%	26.1%
	Export	21	15	18	13	17	32.6%	-17.4%
	Total	92	76	92	85	107	26.3%	16.3%
Others	-	118	110	148	123	155	26.8%	31.7%

Korea Zinc (Consolidated)

PL (bn KRW)	2Q23	3Q23	4Q23	1Q24	2Q24	QoQ	YoY
Sales	2,469	2,293	2,415	2,375	3,058	28.7%	23.8%
Operating Profit	156	160	198	185	269	45.6%	72.6%
OPM(%)	6.3%	7.0%	8.2%	7.8%	8.8%	1.0%p	2.5%p
EBITDA	251	189	296	227	318	40.3%	26.5%
Net Profit	124	78	193	112	175	56.1%	41.3%

Korea Zinc (Standalone)

PL (bn KRW)	2Q23	3Q23	4Q23	1Q24	2Q24	QoQ	YoY
Sales	1,787	1,783	1,906	1,814	1,988	9.6%	11.2%
Operating Profit	165	167	221	191	257	35.0%	56.3%
OPM(%)	9.2%	9.3%	11.6%	10.5%	12.9%	2.4%p	3.7%p
EBITDA	239	187	305	216	303	40.7%	27.2%
Net Profit	142	101	198	140	198	41.6%	40.0%

BS (bn KRW)	2Q23	3Q23	4Q23	1Q24	2Q24	QoQ	YoY
Assets	9,626	10,121	10,178	10,146	10,843	6.9%	12.6%
Current Assets	3,957	4,484	4,224	4,147	4,457	7.5%	12.6%
Cash and Financial instruments	1,844	2,334	2,097	2,312	2,037	-11.9%	10.5%
Inventories	2,106	2,144	2,121	1,830	2,414	31.9%	14.6%
Non-current Assets	5,670	5,637	5,954	5,999	6,387	6.5%	12.6%
Liabilities	1,303	1,439	1,387	1,377	1,994	44.8%	53.1%
Current Liabilities	1,273	1,410	1,355	1,346	1,964	46.0%	54.3%
Non-current Liabilities	30	29	32	32	30	-4.4%	2.5%
Shareholder's Equity	8,324	8,682	8,791	8,769	8,849	0.9%	6.3%

KZ Trading

PL (bn KRW)	2Q23	3Q23	4Q23	1Q24	2Q24	QoQ	YoY
Sales	406.0	314.8	312.8	265.6	257.8	-3.0%	-36.5%
Operating Profit	2.1	9.7	3.0	2.8	15.4	449.4%	621.2%
OPM(%)	0.5%	3.1%	1.0%	1.1%	6.0%	4.9%p	5.5%p
Net Profit	7.5	2.3	5.3	6.3	0.3	-95.2%	-96.0%

Sun Metals Corporation

PL ('000 USD)	2Q23	3Q23	4Q23	1Q24	2Q24	QoQ	YoY
Sales	195,732	143,152	154,165	143,655	194,076	35.1%	-0.8%
Operating Profit	1,411	2,554	2,243	5,044	15,114	199.6%	971.2%
OPM(%)	0.7%	1.8%	1.5%	3.5%	7.8%	4.3%p	7.1%p
Net Profit	-6,562	645	4,673	2,438	10,251	320.5%	256.2%

Operation	2Q23	3Q23	4Q23	1Q24	2Q24	QoQ	YoY
Zinc Production (MT)	49,906	49,431	56,749	49,982	58,618	17.3%	17.5%
Zinc Sales (MT)	64,400	52,865	54,145	50,790	56,176	10.6%	-12.8%
LGLC Sales (MT)	40,637	18,928	21,021	15,290	31,627	106.8%	-22.2%

Steel Cycle Corporation

PL (bn KRW)	2Q23	3Q23	4Q23	1Q24	2Q24	QoQ	YoY
Sales	16.1	19.7	14.4	17.0	26.3	54.6%	62.7%
Operating Profit	-5.1	-5.7	-5.2	-1.2	1.3	208.3%	125.6%
OPM(%)	-31.7%	-29.2%	-36.3%	-7.1%	5.0%	12.1%p	36.6%p
Net Profit	-0.9	-5.4	-13.2	-0.6	1.8	393.1%	290.8%



World's Leading
Green Energy and Material Provider

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