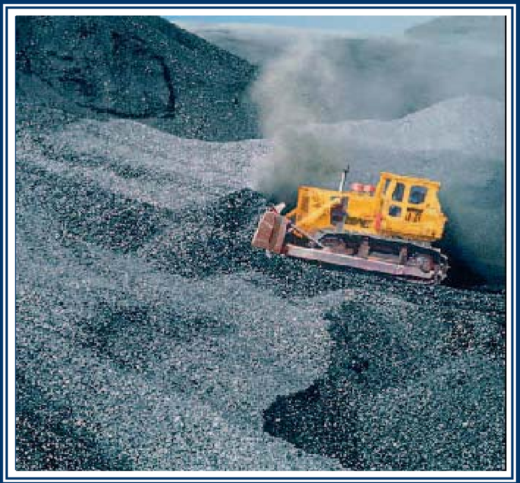
# GLENCORE

## Third Quarter Investor Update

## 12 November 2008



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# Disclaimer

All information set forth in this presentation, except historical and factual information, represents forward-looking statements. This includes all statements about the company's plans, beliefs, estimates and expectations. These statements are based on current estimates and projections, which involve certain risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements.

# Presenters

| | |
|---|---|
| **Ivan Glasenberg** | Chief Executive Officer |
| **Steven Kalmin** | Chief Financial Officer |

# Financial Highlights

- Third quarter Glencore net income (excluding gain on sale of investments) up 26% from $1.2 billion in 2007 to $1.5 billion in 2008
- Nine months Glencore net income (excluding gain on sale of investments) up 6% from $3.8 billion in 2007 to $4.0 billion in 2008

- Third quarter Funds from operations up 2% from $1.1 billion in 2007 to $1.2 billion in 2008
- Nine months Funds from operations up 4% from $3.4 billion in 2007 to $3.6 billion in 2008

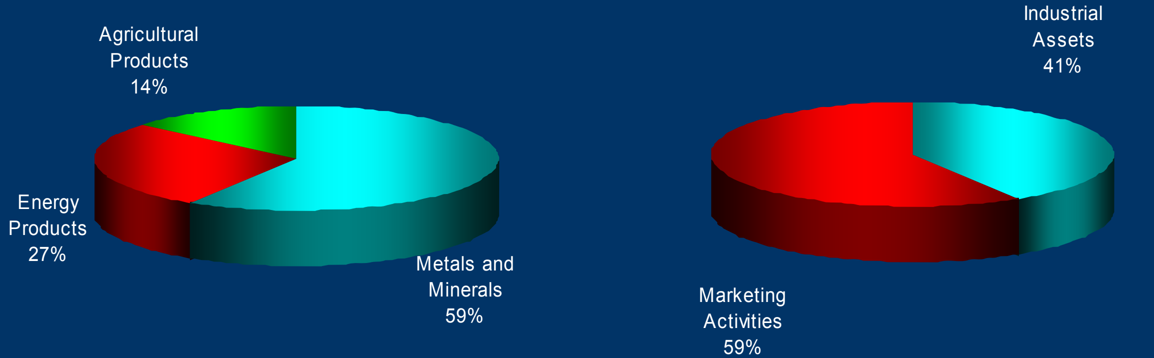
- Third quarter EBITDA stable at $1.9 billion for 2007 and 2008
- Nine months EBITDA stable at $5.7 billion for 2007 and 2008

September 30, 2008 compared to June 30, 2008

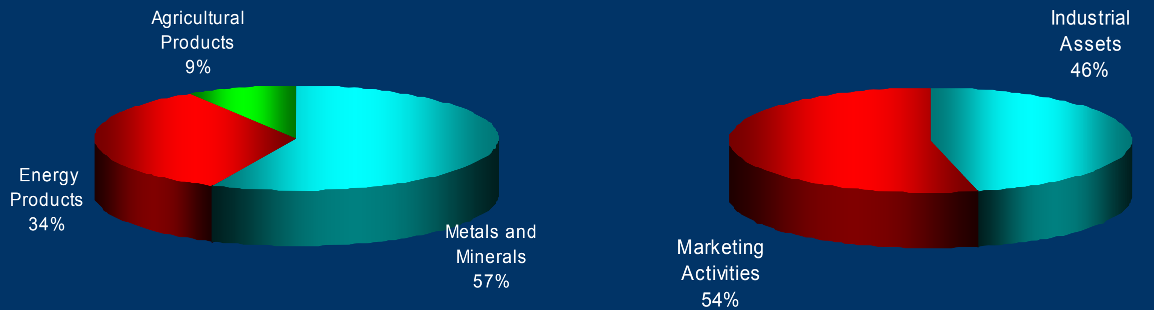
- Funds from operations to Net debt stable at 37%
- EBITDA to Net interest up from 8.2 to 8.9 times
- Glencore shareholders' funds up 6% from $17.8 billion to $18.8 billion

# Segment results(*) by business group

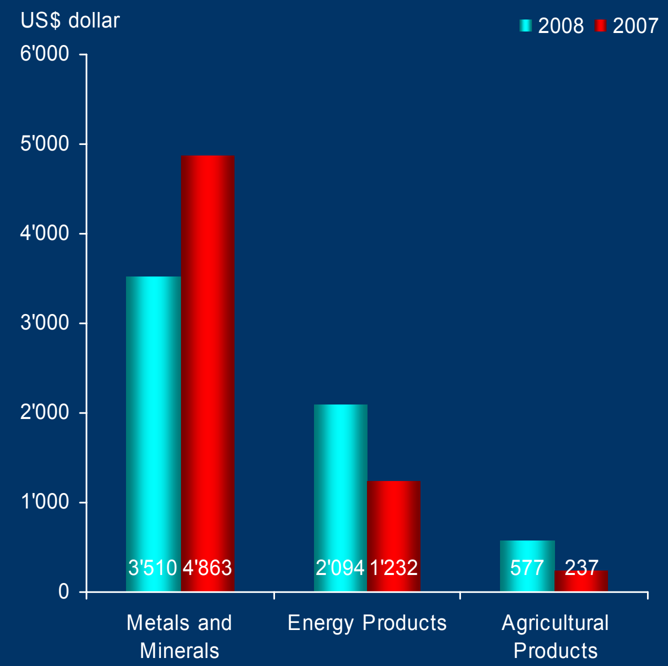
## Q3 2008: $2.0 billion




## 9 months 2008: $6.2 billion




## 9 months 2008 vs 2007: $6.2 bn vs. $6.3 bn




### Metals and Minerals

- Aluminium / Alumina
- Zinc / Copper / Lead
- Ferroalloys / Nickel / Cobalt

### Energy Products

- Crude Oil / Oil Products
- Coal / Coke

### Agricultural Products

- Wheat / Maize / Barley
- Edible Oils / Oil Seeds
- Sugar

(*) Segment result is composed of gross income, share of income from associates and dividend income

# Summarized Income and Cash Flow

| (US$ million) | 2008 3 Q | 2008 9 m | Year ended December 31, 2007 | Year ended December 31, 2006 | Year ended December 31, 2005 |
|---|---|---|---|---|---|
| **Statements of income** | | | | | |
| Revenues | 50'567 | 136'742 | 142'343 | 116'530 | 91'031 |
| Gross income | 1'495 | 4'587 | 6'275 | 5'851 | 2'878 |
| Selling and administrative expense | (290) | (900) | (1'185) | (1'050) | (783) |
| Share of income from associates | 472 | 1'372 | 1'892 | 927 | 571 |
| Dividend income | 80 | 222 | 344 | 4 | 0 |
| Income before interest, tax and other items | 1'757 | 5'281 | 7'326 | 5'732 | 2'666 |
| Interest expense - net | (178) | (641) | (1'142) | (696) | (456) |
| Income before other items and income taxes | 1'579 | 4'640 | 6'184 | 5'036 | 2'210 |
| Other items - net | 16 | (105) | 498 | 1'204 | 566 |
| Income taxes | (112) | (418) | (568) | (944) | (216) |
| Glencore net income | 1'483 | 4'117 | 6'114 | 5'296 | 2'560 |
| **Statements of cash flow** | | | | | |
| Cash provided by operating activities before working capital changes | 1'341 | 4'260 | 5'700 | 5'442 | 2'383 |
| Cash (used) in working capital changes | 1'256 | (1'432) | (2'793) | (2'832) | (1'842) |
| Interest and tax payments | (214) | (866) | (1'844) | (1'323) | (680) |
| Net cash provided / (used) by operating activities | 2'383 | 1'962 | 1'063 | 1'287 | (139) |
| Net cash provided / (used) by investing activities | (752) | (2'404) | (2'955) | (1'912) | (2'059) |
| Net cash provided / (used) by financing activities and cash movements | (1'631) | 442 | 1'892 | 625 | 2'198 |

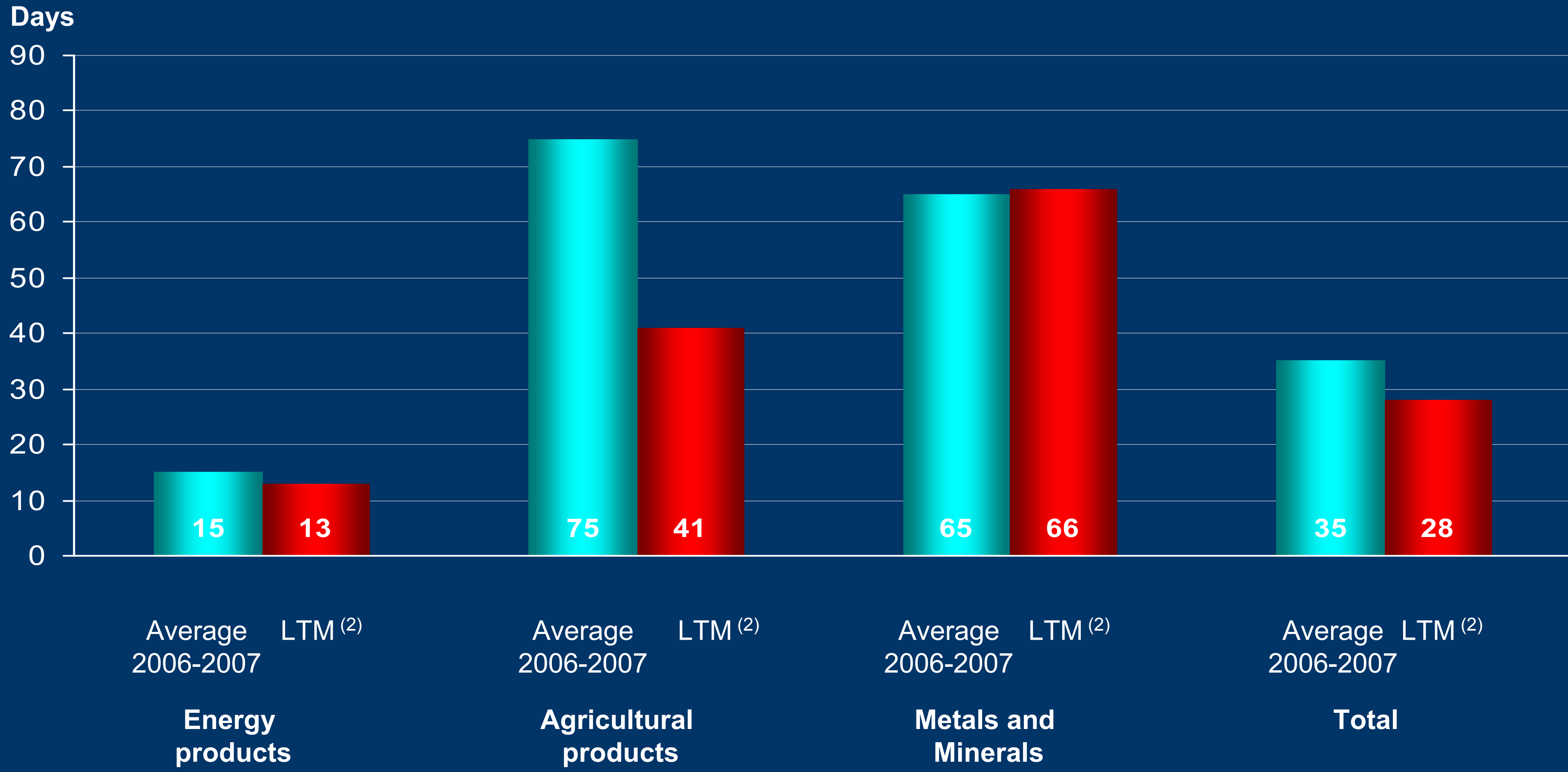
# Summarized Balance Sheet

| (US$ million) | 2008 Sep 30 | 2008 Jun 30 | Year ended December 31, 2007 | Year ended December 31, 2006 | Year ended December 31, 2005 |
|---|---|---|---|---|---|
| **Assets** | | | | | |
| Long term assets | 27'632 | 25'564 | 23'073 | 17'127 | 7'614 |
| Current assets | 43'517 | 52'787 | 36'882 | 29'941 | 24'767 |
| Total assets | 71'149 | 78'351 | 59'955 | 47'068 | 32'381 |
| **Liabilities and shareholders' funds** | | | | | |
| Retained earnings and HPPS | 5'142 | 4'902 | 4'267 | 2'717 | 1'084 |
| PPS | 13'696 | 12'919 | 11'404 | 8'210 | 5'358 |
| Total Glencore shareholders' funds | 18'838 | 17'821 | 15'671 | 10'927 | 6'442 |
| Long term debt | 14'804 | 11'894 | 10'023 | 7'578 | 4'344 |
| Other long term liabilities and minority interest | 2'227 | 2'466 | 2'794 | 3'381 | 1'713 |
| Total non current liabilities | 17'031 | 14'360 | 12'817 | 10'959 | 6'057 |
| Short term debt and current portion of long term debt | 6'951 (1) | 12'168 | 10'382 | 9'177 | 7'950 |
| Accounts payable | 28'329 | 34'002 | 21'085 | 16'005 | 11'932 |
| Total current liabilities | 35'280 | 46'170 | 31'467 | 25'182 | 19'882 |
| Total liabilities and equity | 71'149 | 78'351 | 59'955 | 47'068 | 32'381 |
| Net debt | 12'146 | 11'830 | 10'433 | 8'715 | 5'314 |

(1) Short term debt as reported includes $925m short term revolving credit facility extendable at Glencore's option by 1 year, $1'300m drawn under the 3 year revolving credit facility and $580m under the secured inventory financing extended until December 2009 (refer slide 9)

# Quality and Liquidity of Current Assets

**Length of the net trading assets conversion cycle (1)**



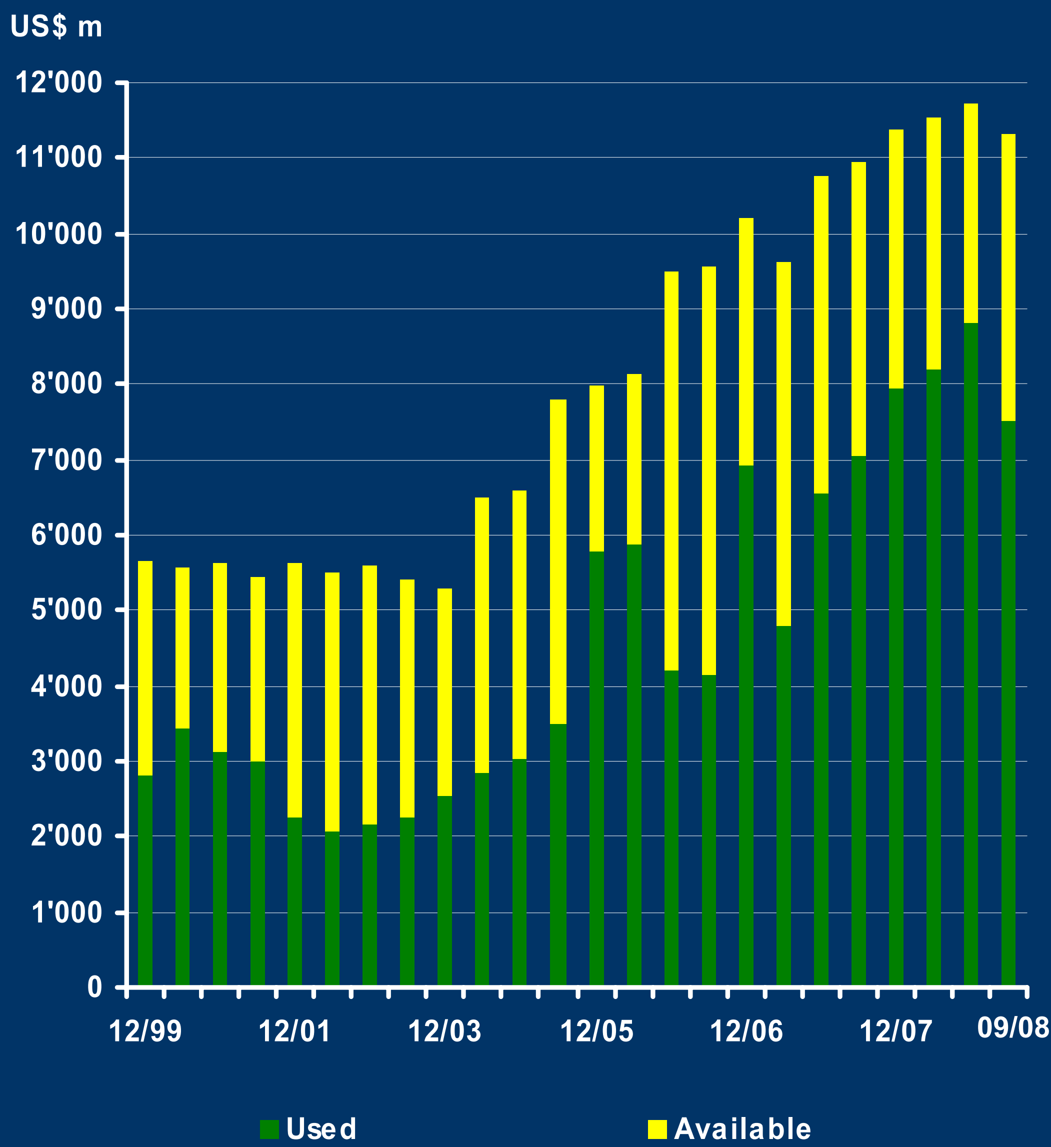

(1) Sum of inventories and accounts receivable days on hand less accounts payable days on hand
(2) LTM: last 12 months as of 30 September 2008

# Debt Repayment Profile as of September 30

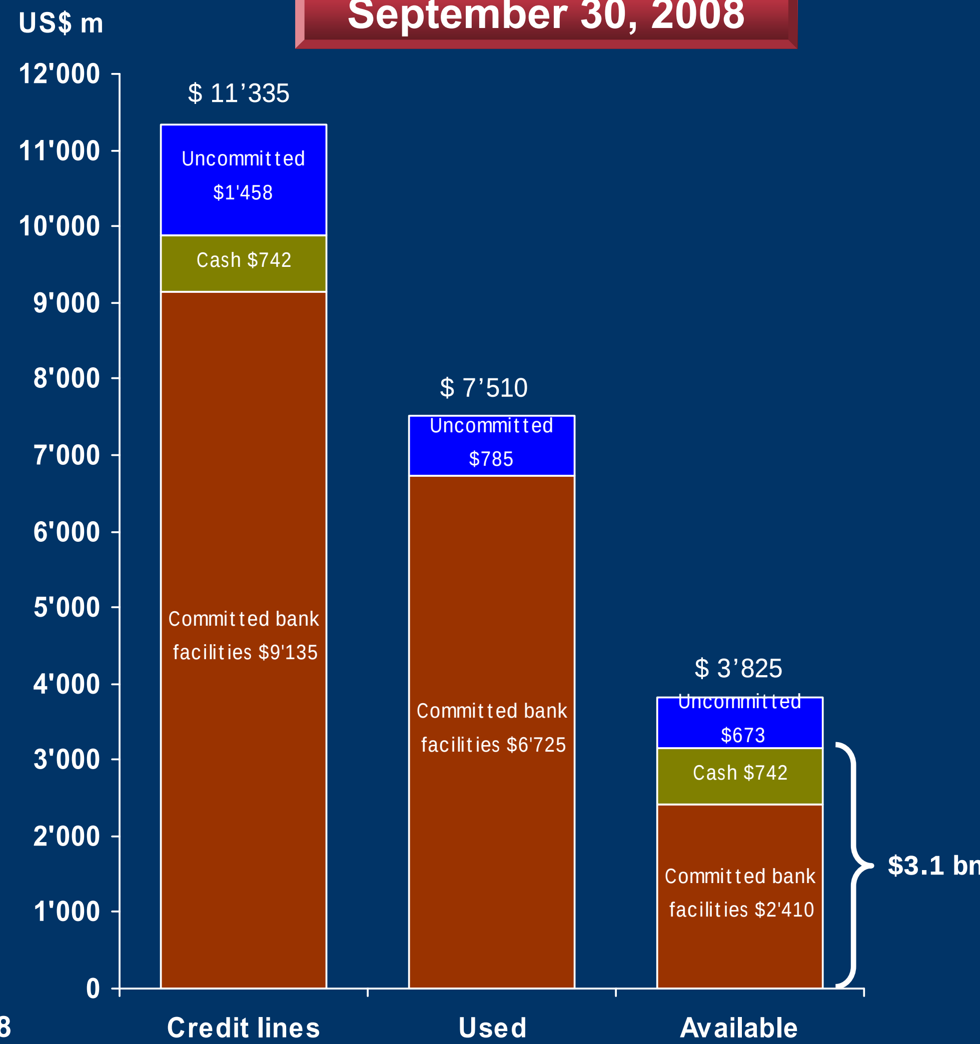
| (US$ million) | 30 Sep 09 | 30 Sep 10 | 30 Sep 11 | > 30 Sep 11 | Total |
|---|---|---|---|---|---|
| Committed syndicated revolving credit facilities ($ 9'135m) | | 925 | 5'800 | | **6'725** |
| Unsecured uncommitted bilateral bank credit facilities ($ 1'458m) | 785 | | | | **785** |
| Other financings (at subsidiaries level) | 677 | 51 | 40 | 152 | **920** |
| 144A Notes (2014) | | | | 943 | **943** |
| Eurobonds (2011, 2013, 2015) | | | 844 | 2'250 | **3'094** |
| Sterling Bond (2019) | | | | 1'138 | **1'138** |
| Perpetual Notes | | | | 700 | **700** |
| **Total senior unsecured** | **1'462** | **976** | **6'684** | **5'183** | **14'305** |
| Xstrata secured bank loans | | 1'350 | 1'500 | | **2'850**(1) |
| Bilateral committed secured inventory financing facility | | 580 | | | **580** |
| Committed asset backed (receivables) commercial paper program | 2'000 | | | | **2'000** |
| **Total senior secured** | **2'000** | **1'930** | **1'500** | **0** | **5'430** |
| **TOTAL SENIOR** | **3'462** | **2'906** | **8'184** | **5'183** | **19'735** |
| Purchase of profit participation certificates (subordinated) | 684 | 591 | 464 | 281 | **2'020** |
| **Total senior and subordinated** | **4'146** | **3'497** | **8'648** | **5'464** | **21'755** |

(1) Since reduced to $1.9bn

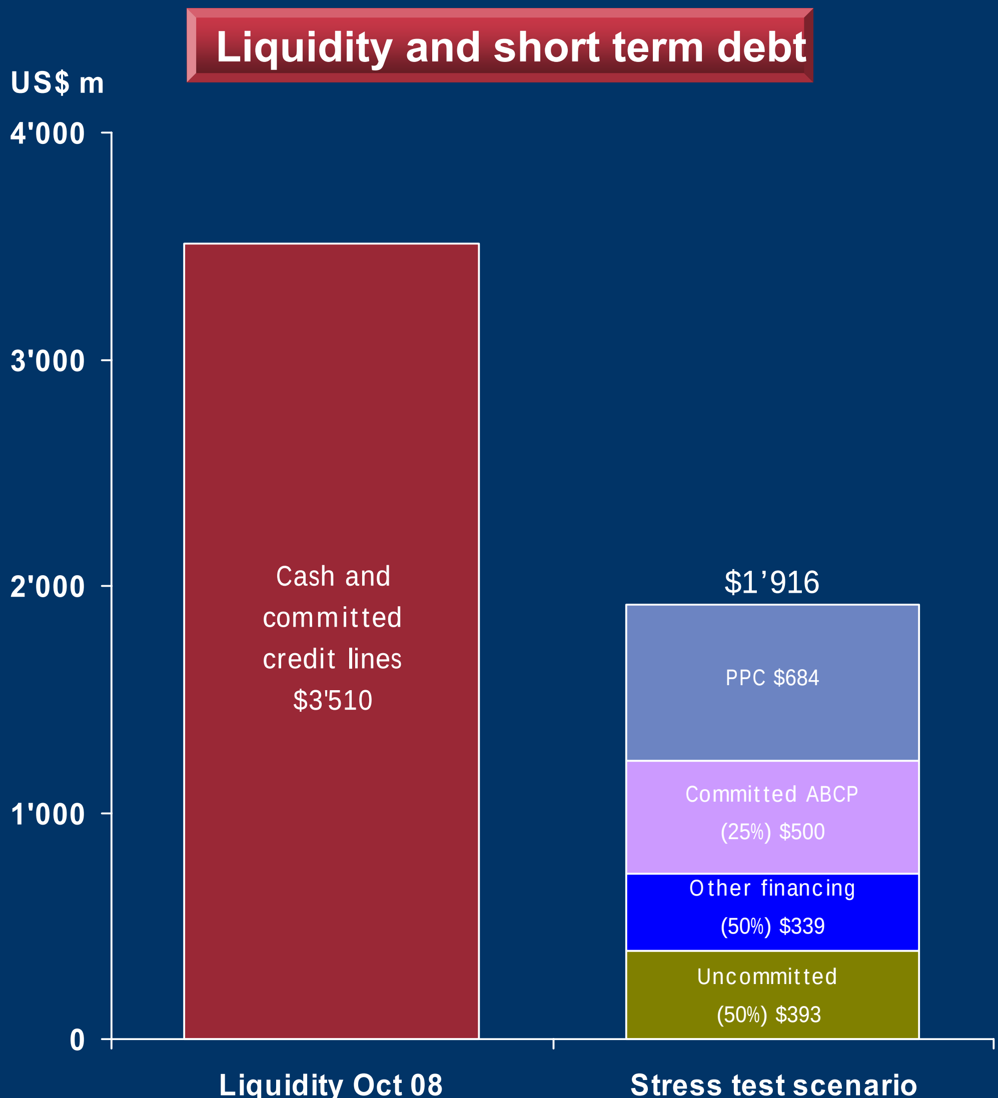
# Liquidity – Availability / Usage of Credit Lines




September 30, 2008



# Liquidity in place to comfortably cover debt maturities in the next 12 months




- Applied stress test scenario for next 12 months assuming 25% loss of receivables funding and 50% reduction of uncommitted and other financings
- Release of net working capital in Q4 in line with lower commodities prices
- Option to redraw $500m under committed Xstrata secured bank loan facilities (note that further $450m repaid in November with redraw option - $1.9bn now outstanding, while preserving $3bn committed liquidity availability, excluding abovementioned redraw commitments)
- At current prices, positive free cash flow generation (after Capex) expected from both marketing and industrial activities in 2009

# Interest and Debt Coverage Ratios

| | 2008 | | Year ended December 31, | | |
|---|---|---|---|---|---|
| | Sep 30 | Jun 30 | 2007 | 2006 | 2005 |
| **Times Interest Earned** (EBITDA [1] / Net interest expense) | 8.9 | 8.2 | 6.8 | 8.7 | 6.5 |
| **Total debt to EBITDA** | 2.8 | 3.1 | 2.6 | 2.8 | 4.2 |
| **Net debt [2] to EBITDA** | 1.6 | 1.5 | 1.3 | 1.4 | 1.8 |
| **FFO [3] in % of Total debt** | 20.7 | 18.6 | 21.4 | 25.0 | 15.0 |
| **FFO in % of Net debt** | 37.1 | 37.9 | 41.8 | 48.0 | 34.4 |
| **CCE [4] coverage of Total debt** | 1.3 | 1.3 | 1.3 | 1.4 | 1.1 |

(1) EBITDA equals income before interest, tax and other items plus depreciation

(2) Total debt less cash, marketable securities, readily marketable inventories and the adjustment relating to hedged non US$ denominated debt

(3) Funds From Operations (FFO) equals cash provided by operating activities before working capital changes plus dividends received, less tax payments and net interest payments

(4) CCE equals Current Capital Employed plus carrying value of listed investments

# Credit Ratings

| Moody's (Baa2) | Standard & Poor's (BBB) |
| --- | --- |

- Ratings are of strategic importance in raising cost efficient funding and accessing a broad investor base
- Commitment to maintain investment grade ratings
- S&P reaffirmed BBB (stable outlook) on October 14, 2008
- Moody's confirmed Baa2 (stable outlook) on September 25, 2008
- No rating triggers
- Key ratio targets for current rating

| | | |
| --- | --- | --- |
| ➢ S&P | FFO / Adjusted Net Debt | >20-25% (in Jun 28%) |
| ➢ Moody's | RCF / Adjusted Net Debt | >20% (in Dec ~30%) |

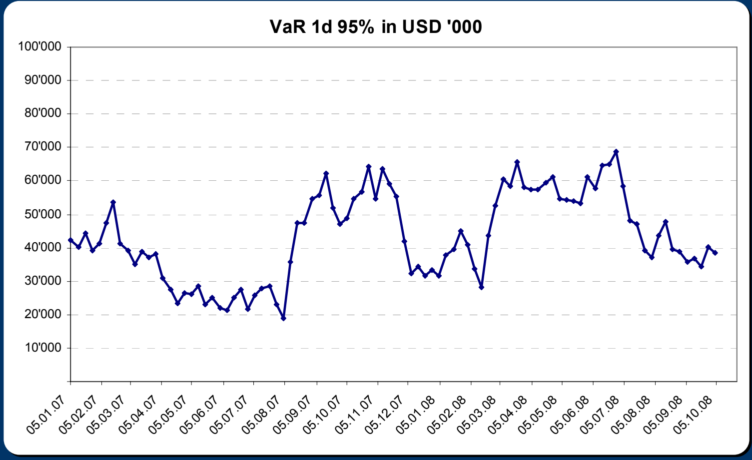
# Key Liquidity and Debt Highlights

- New $3bn liquidity target: raised from previous $2bn
- Net working capital release has taken place in Q3 and continued into Q4
- Glencore has sufficient liquidity to comfortably cover debt maturities in the next 12 months
- Strong bank support from a broad and long established banking group - >60 banks in our committed facilities and established relationships with ~100 financial institutions
- Bank covenants: significant headroom, no MAC clause and no rating triggers
- Strict credit risk policy: bank confirmed LC / insurance or open account for a limited group of highly rated / strong credit profile counterparties; for hedging activities, either exchange cleared or daily collateralization of OTC trades / exposure with very low each way credit thresholds
- LCs fully available to us in support of our sourcing activities
- Shareholders claims are subordinated to all bondholders / lenders / creditors
- Xstrata secured loans reduced to $1.9bn from $2.85bn

# Risk Management

## Market Risk

- Limited unhedged exposure to commodity prices in marketing business
  - 1 day, 95% VaR limit of $100m
  - average YTD $48m ($38m at 30 Sep 08)
  - ~90% of inventory contractually sold or hedged
- Mostly linear exposures
- Regular stress testing




## Credit Risk

- Very credit risk averse
- Rigorous and continuous counterparty analysis
- Diversified customer base, with largest customer representing 3.3% of year-to-date revenues
- Top 5 customers are all multinational integrated oil groups
- Extensive use of credit enhancement instruments such as letters of credit, bank guarantees, credit insurance, collateral arrangements and clearing agents
- Commodity hedging activities: either exchange settled or fully collateralized OTC based on very low each way credit thresholds

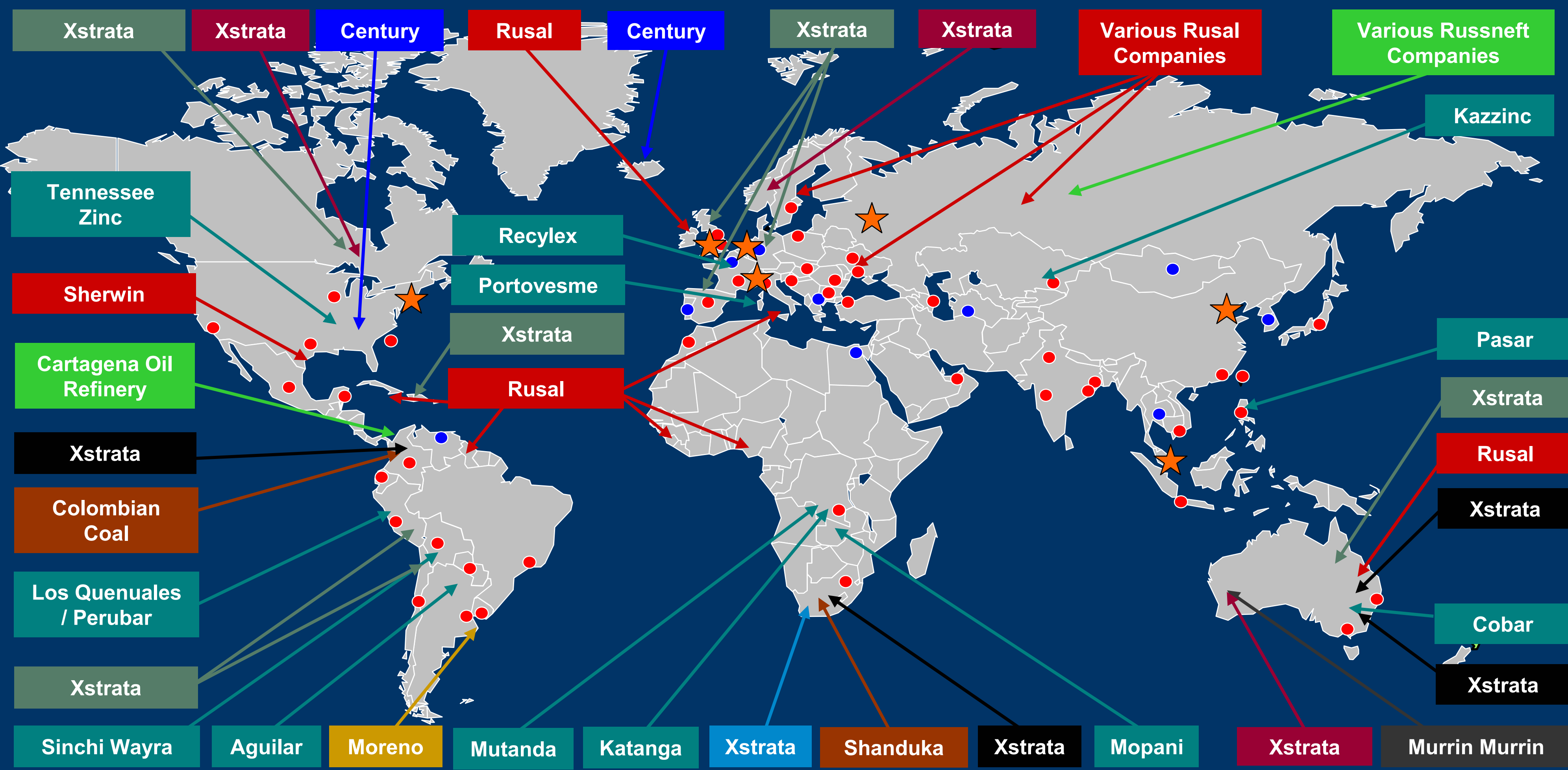
## FX Risk

- 90%+ transactions denominated in U.S. Dollars
- All non-U.S. Dollar transactions fully hedged

# Industrial Operations

- Good geographic and commodity diversification
- Weaker earnings from metals operations partially offset by stronger contributions from thermal coal operations in Colombia and South Africa. Coal expected to deliver increased earnings in 2009 on the back of expansion programs initiated in recent years
- Stronger US Dollar and lower energy / materials costs are providing some degree of positive margin offset in the current lower commodity price environment
- 2008 capital expenditure was always expected to be a peak year for Glencore, reducing significantly thereafter - 2009 likely to be circa $1bn
- Consistent with general industry practice, a current detailed review of all operations is being conducted with special focus on the appropriateness of capital expenditure / growth projects and operational improvements / cost reductions
- Emerging market operations primarily in countries with sound sovereign financial profiles
- No M2M accounting policy

# Unique Global Infrastructure




Main offices

Offices

Independent agents and consultants

| Zinc/Copper | Alumina/Aluminium | Coal | Nickel | Grain | Oil | Century |
|---|---|---|---|---|---|---|
| Xstrata Zinc/Copper | Xstrata Nickel | Xstrata Coal | Xstrata Alloys | | | |

# Outlook 2009

- Despite anticipated weaknesses, primarily in the metals industrial business unit due to lower prices, Glencore's highly diversified and unique business model is expected to provide healthy overall profit contribution:
  - broad commodity diversification (energy, metals and agriculture)
  - global geographical diversification
  - combination of physical marketing and industrial activities

- Disciplined focus on liquidity management and maintenance of strong debt coverage ratios

- Prudent approach to the deployment of new capital / approval of projects / investments

- Evaluation of possible disposal opportunities

- Current numerous project delays and production curtailments to sow the seeds of commodity prices moving significantly higher once global growth / demand recovers


GLENCORE