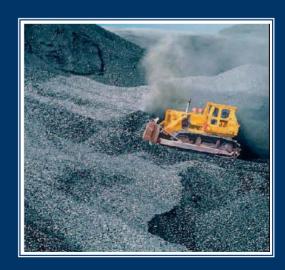
# GLENCORE Annual Results Presentation

## March 2008







## **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.

# **Glencore Overview**

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## **Financial Summary**

	Year ended	Year ended December 31,					
	2007 vs. 2006	2006 vs. 2005					
Revenues	\$142.3 bn (+22%)	\$116.5 bn (+28%)					
Operating income	\$7.0 bn (+22%)	\$5.7 bn (+115%)					
■ Glencore net income <sup>(1)</sup>	\$6.1 bn (+15%)	\$5.3 bn (+107%)					
Cash provided by operating activities before working capital changes	\$5.7 bn (+5%)	\$5.4 bn (+128%)					
■ Glencore shareholders' funds <sup>(2)</sup>	\$15.7 bn (+43%)	\$10.9 bn (+70%)					

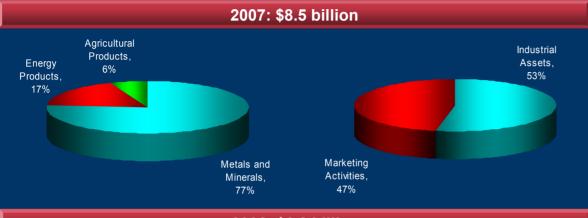
<sup>(1)</sup> In the Glencore financial statements, this represents Income before attribution less Minority interest Up 22% in 2007 and 68% in 2006, excluding the gain on sale of investments

<sup>(2)</sup> In the Glencore financial statements, this represents Total net assets attributable to profit participation shareholders, minority interest and equity holders less Minority interest

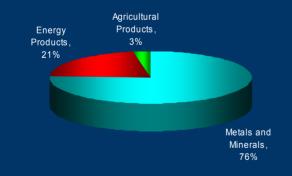
## **Glencore Overview**

### Segment results by business group





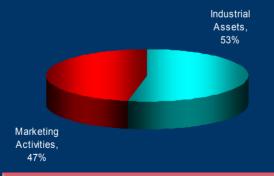
#### 2006: \$6.8 billion



**Metals and Minerals** 

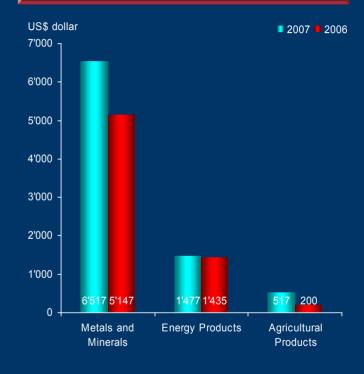
#### **Energy Products**

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



- Crude Oil / Oil Products
- Coal / Coke

#### 2007 vs. 2006: \$8.5 billion vs. \$ 6.8 billion



#### **Agricultural Products**

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



### **Key Performance Factors**

- Continuing rapid expansion and urbanization of Chinese and other emerging economies
- Increase in demand for industrial commodities
- Solid premiums for physical delivery
- Low inventories globally
- Ongoing supply disruptions and limited / delayed expansions
- High commodity prices; aided in part by the very weak US Dollar
- Continuing important contribution of our industrial assets portfolio

### **Key Recent Developments**



- Merged part of our aluminum/alumina asset portfolio with Rusal and Sual's aluminum/alumina assets in exchange for a 12% stake in the combined company in March 2007
- Acquired a 51% stake in the Cartagena Oil Refinery (Colombia) in April 2007
- Acquired a 13.9% stake in Nikanor (DRC Copper / Cobalt) which recently merged with Katanga Mining Ltd. Our stake in the enlarged company is 8.5%, rising to 12.7% if we choose to convert our Katanga loan into equity.
- Invested directly and indirectly in a number of new sea-going vessels (mainly oil); currently in the construction phase with expected deliveries between 2008 and 2011.

#### Organic expansion at existing industrial assets

- Kazzinc (zinc mine development and new copper smelter in Kazakhstan)
- Expansion of coal production and infrastructure in Colombia and South Africa
- Murrin Murrin Nickel (heap leach trials / demonstration plant currently in line with expectations)

#### Financing

- Issuance in February 2007 of GBP650 m 6.5% Bonds, maturing in 2019
- ➤ Increase of Revolving Credit Facility by \$1b to \$8.8b in May 2007; \$8.2b with a 3 year maturity
- Repurchased Exchangeable Bonds with a nominal value of \$293m during 2007. Currently bonds with a nominal value of \$106m (from initial issue of \$800m) are still outstanding
- > Entered into a new 1 year \$1.35b Xstrata secured bank loan in September 2007
- Partially replaced the previous \$2.0b asset backed receivables program with a committed 1 year EUR700m asset backed receivables program in December 2007; currently being increased to \$2.0b.



## **Income Statement Highlights**

	Ye	Year ended December 31.					
(in US\$ million)	2007	2006	2005	2004			
Revenues	142'343	116'530	91'031	71'957			
Gross income	6'275	5'851	2'878	2'585			
Selling and administrative expense	(1'185)	(1'050)	(783)	(700)			
Share of income from associates	1'892	927	571	439			
Dividend income	344	4	0	0			
Income before financing, other items and taxes	7'326	5'732	2'666	2'324			
Interest expense - net	(1'142)	(696)	(456)	(329)			
Foreign exchange adjustments	21	22	(7)	(15)			
Income before other items and income taxes	6'205	5'058	2'203	1'980			
Other items - net	477	1'182	573	453			
Income taxes	(568)	(944)	(216)	(225)			
Glencore net income <sup>(1)</sup>	6'114	5'296	2'560	2'208			

<sup>(1)</sup> In the Glencore financial statements, this represents Income before attribution less Minority interest



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## Cash Flow Statement Highlights

	Year ended December 31,				
(in US\$ million)	2007	2006	2005	2004	
Income before income taxes & attribution Adjustments to derive operating cash	6'993 (1'293)	6'703 (1'261)	2'843 (460)	2'538 (465)	
Cash provided by operating activities before working capital changes	5'700	5'442	2'383	2'073	
Cash provided / (used) in working capital changes <sup>(1)</sup> Interest and tax payments	(2'793) (1'844)	(2'832) (1'323)	(1'842) (680)	(1'834) (413)	
Net cash provided / (used) by operating activities	1'063	1'287	(139)	(174)	
Net cash provided / (used) by investing activities	(2'955)	(1'912)	(2'059)	(1'405)	
Net cash provided / (used) by financing activities	1'754	1'075	2'324	1'704	
Increase / (decrease) in cash and cash equivalents	(138)	450	126	125	

<sup>(1) 2007</sup> includes \$700m of outflows related to performance of an onerous short term supply contract with newly formed United Company Rusal (\$70m in 2008); this was concluded to achieve our target % ownership in UCR at the time and the nature of such outflow is more akin to acquisition consideration (investment activities).

### **Balance Sheet - Assets**



#### Year ended December 31,

(in US\$ million)	2007	2006	2005	2004
Property, plant and equipment	5'742	5'316	3'664	2'503
Investments	15'433	10'504	2'916	1'514
Long term advances and loans	1'730	1'117	846	936
Equity swap	0	0	0	1'328
Deferred taxes	168_	190_	188_	104
Long term assets	23'073	17'127	7'614	6'385
Inventories	12'212	9'975	8'984	6'599
Accounts receivable	23'673	18'821	12'862	11'263
Equity swap	0	0	2'318	0
Cash (1)	997	1'145	603	403
Current assets	36'882	29'941	24'767	18'265
Total assets	59'955	47'068	32'381	24'650

<sup>(1)</sup> Including cash equivalents and marketable securities

## Balance Sheet – Liabilities / Equity



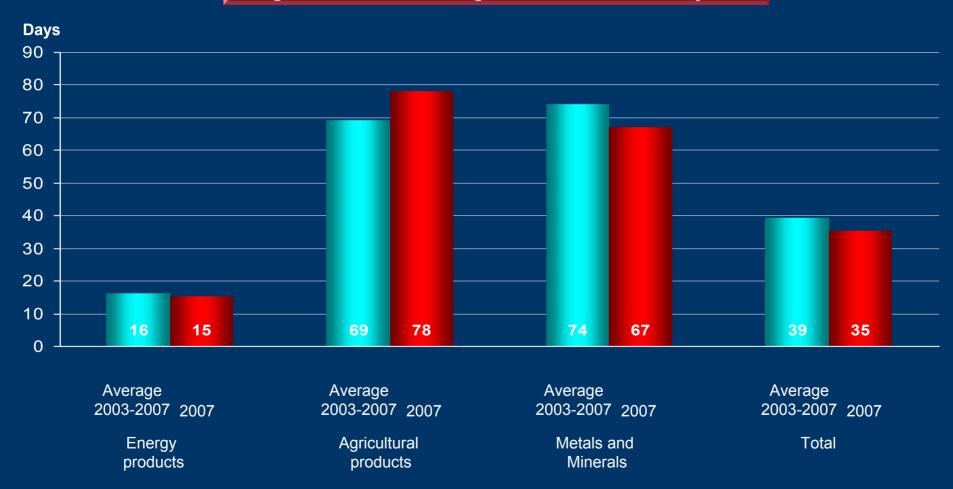
	Year ended December 31,					
(in US\$ million)	2007	2006	2005	2004		
Share capital, reserves and retained earnings	2'947	2'127	1'084	772		
Hybrid profit participation shareholders	1'320	590	0	0		
Ordinary profit participation shareholders	11'404	8'210	5'358	3'875		
Total Glencore shareholders' funds <sup>(1)</sup>	15'671	10'927	6'442	4'647		
Minority interest	900	746	355	330		
Long term debt	10'023	7'578	4'344	3'859		
Other long term liabilities	1'894	<u>2'635</u>	1'358	880		
Long term liabilities / minority interest	12'817	10'959	6'057	5'069		
Short term debt and current portion of long term debt	10'382	9'177	7'950	5'615		
Accounts payable and income tax payable	21'085	16'005	11'932	9'319		
Current liabilities	31'467	25'182	19'882	14'934		
Total liabilities and Shareholders' Funds	59'955	47'068	32'381	24'650		

<sup>(1)</sup> In the Glencore financial statements, this represents Total net assets attributable to profit participation shareholders, minority interest and equity holders less Minority interest

# **Quality and Liquidity of Current Assets**



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



<sup>(1)</sup> Sum of inventories and accounts receivable days on hand less accounts payable days on hand

# Capital Structure

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- > Glencore is fully owned by management and key employees through Glencore Holding AG and Glencore L.T.E. AG (LTE)
- > Only active Glencore employees are permitted to become shareholders (Employee Shareholder)



## Surplus Value



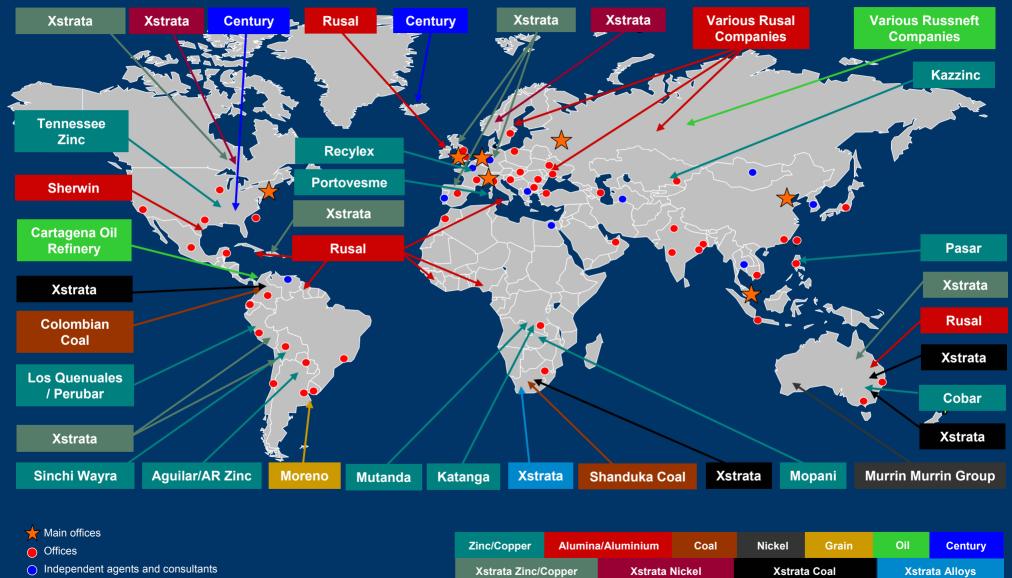
Current Total Surplus Value over Book: US\$35.9 bn (US\$20.2 bn relating to listed investments)



- Valuation of non-listed Investments is based on discounted cash flows with discount rates ranging from 8% to 14%. Using a discount rate of 8% for all non-listed assets would increase the surplus value to US\$38.8 bn
- Price assumptions are based on a combination of forward price curves in the short term and reasonable long term average prices thereafter
- Listed Investments are valued at market prices as of 6 March 2008

# **Unique Global Infrastructure**





## Zinc Production



	% owned	Country of operation	Year Acq.	2007 Production	Facility Description
ZINC CONCEN	TRATES				
Los Quenuales	97%	Peru	1995/96	375'000 MT	Operates the Iscaycruz and Yauliyacu mines, which produce zinc, lead and silver concentrate. Yauliyacu also consists of a concentrator plant.
Perubar	85%	Peru	1987	28'000 MT	Operates the Rosaura mine which produces zinc and lead concentrate.
Sinchi Wayra	100%	Bolivia	2005	218'000 MT	Operator of 5 mines in the Oruro and Potosi region of Bolivia which produces zinc and lead concentrate.
■ Tennessee Zinc	100%	USA	2006	29'000 MT	Owns and operates 3 underground zinc mines and a zinc concentrator in East Tennessee, USA.
ZINC METAL					
Aguilar/AR Zinc	100%	Argentina	2005	43'000 MT	Operates the Aguilar mine located in north west Argentina. Its lead concentrate is treated in the Palpala smelter whereas the zinc concentrate is treated at the AR smelter.
Kazzinc	76%	Kazakhstan	1997	295'000 MT	Fully integrated zinc producer with considerable copper, precious metal and lead credits. It operates 5 mines, 2 zinc smelters, 1 lead smelter as well as precious metal plants and a variety of auxiliary units.
Portovesme	100%	Italy	1999	102'000 MT	Located on the island of Sardinia, Portovesme is a metallurgical integrated smelting complex incorporating both primary and secondary smelting activities.

## **Copper Production**





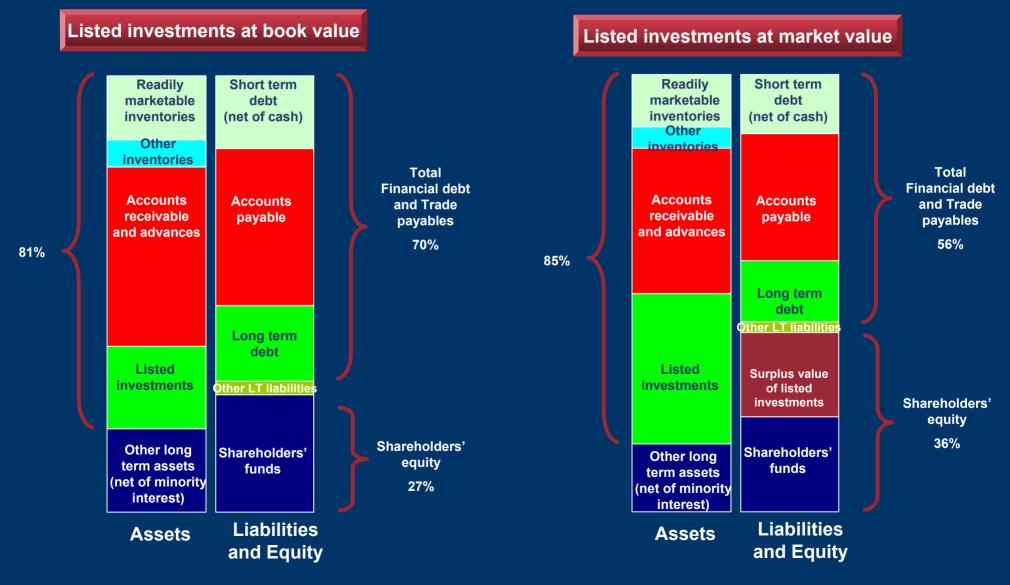
## Alumina/Coal/Nickel Production



	%	Country	Year Acq.	2007 Production	Facility Description
ALUMINA  Sherwin Alumina	100%	United States	2007	1'550'000 MT	Sherwin Alumina is an alumina refinary located in Corpus Christi, Texas.
C O A L  Colombian Coal Group	100%	Colombia	1995-2007	7'500 KMT	The Colombian Coal Group consists of various companies owning mines, railway and port facilities, of which Prodeco (owning the Calenturitas mine and the port of Prodeco) and La Jagua are in expansion phases.
■ Shanduka Coal  NICKEL	70%	South Africa	2006	5'800 KMT	Shanduka Coal owns 100% of the Graspan and Wakefield mines, located near Middleburg, South Africa. Coal is sold both to the domestic market and exported through the Richards Bay Coal Terminal.
Murrin Murrin JV	72%	Australia	1996	28'000 MT	Murrin Murrin is a nickel/cobalt mining and refining project in Western Australia. It is held through an unincorporated joint venture between Minara Resources Ltd (60%) and a subsidiary of Glencore. Glencore owns 51% of Minara Resources Ltd.







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## Interest and Debt Coverage Ratios

		Year ended December 31,				
	2007	2006	2005	2004		
■ Times Interest Earned (EBITDA <sup>(1)</sup> / Net interest expense)	6.80	8.70	6.46	7.60		
■ Total debt to EBITDA	2.63	2.77	4.17	3.79		
Net debt <sup>(2)</sup> to EBITDA	1.34	1.44	1.81	1.72		
FFO <sup>(3)</sup> in % of Total debt	21.4	25.0	15.0	19.4		
FFO in % of Net debt	41.9	48.0	34.4	42.8		
CCE <sup>(4)</sup> coverage of Total debt	1.31	1.38	1.13	1.04		

<sup>(1)</sup> EBITDA equals operating income plus depreciation and amortization

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

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

<sup>(4)</sup> CCE equals Current Capital Employed plus carrying value of listed investments

# **Financing**

## Access to Liquidity



	December 31,				
(in US\$ million)	2007	2006	2005	2004	
Unsecured uncommitted	1'439	1'079	921	1'000	
364 day committed (2008) <sup>(1)</sup>	565	1'645	2'310	4'570	
■ 3 year committed (2010) <sup>(1)</sup>	8'210	6'130	4'415	770	
Asset backed (receivables and inventories) programs (2)	1'699	1'892	2'015	1'800	
Other committed facilities	500	550	0	0	
Xstrata secured bank loans	2'700	1'350	0	0	
■ US Private Placements (2007 - 2021)	0	461	659	769	
Exchangeable bond (2010) <sup>(3)</sup>	106	400	800	800	
144A Senior Notes (2014)	950	950	950	950	
■ Eurobond (€600 million, 2011) <sup>(4)</sup>	739	739	739	739	
■ Eurobond (€850 million, 2013) <sup>(4)</sup>	1'078	1'078	0	0	
Perpetual non-call 5 bond	700	700	0	0	
Sterling bond (GBP 650 million, 2019) (4)	1'266	0	0	0	

<sup>(1)</sup> As part of the renewal in 2007, the combined facilities were increased from US\$7.775 bn to US\$8.775 bn

<sup>(2)</sup> Represents amount drawn. Available and unused amount in 2007 was US\$ 325m and in 2006 US\$ 608m.

<sup>(3)</sup> Net of repurchases

<sup>(4)</sup> Shown at the Dollar amount hedged at issuance

# Liquidity – Availability / Usage of Credit Lines





# **Credit Ratings**

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- Ratings are of strategic importance in raising cost efficient long term debt
- Commitment to maintain investment grade ratings
- Regular dialogue with the rating agencies to maintain and hopefully improve our rating from current levels: Baa3 (stable) / BBB- (positive)
- No ratings triggers in syndicated revolving credit facilities, CP and EMTN programmes, public bonds



#### Moody's (Baa3)

Moody's Investors Service

"Moody's Baa3 rating for Glencore's senior unsecured bonds reflects the size and diversity of Glencore's global commodity trading business supported by its mining and processing assets, the significant value extracted from the company's knowledge of global physical commodity flows through long-established relationships with key producers, customers and freight providers, in addition to a rising number of long-term marketing contracts securing access to resources" August 8, 2007



#### **Standard & Poor's (BBB-)**

 "The ratings on Switzerland-based, employeeowned company Glencore International AG reflect its diversified earnings base, provided by its industrial activities (mainly metals mining and some oil production assets); and its very sizeable long-established physical commodities trading operations, resulting in satisfactory risk profile."
 December 4, 2007

## Outlook 2008



- All business segments are expected to perform well
- Continued healthy industrial demand and supply tightness
- Optimistic outlook for Group performance
- Continuing strong performance of industrial assets
- Selective evaluation of investment and disposal opportunities

## Conclusion

### **Key Credit Strengths**

- Major participant in the global flow of natural resources, providing valueadded services such as logistics, marketing, purchasing and financing to long-standing producers and consumers
- One of the world's largest physical suppliers for the majority of our core commodities with significant barriers to entry
- Substantial and diversified industrial asset portfolio (in mining, smelting, refining and processing) which complements sourcing and marketing operations
- Conservative risk management
- Consistently profitable (34 years) with a strong and liquid balance sheet
- Commitment to investment grade credit ratings
- Experienced management team with 100% employee ownership

