GLENCORE

Baar, Switzerland
19 August 2015

2015 Half-Year Report

Highlights

US$ million	H1 2015	H1 2014	Change %	2014
Key statement of income and cash flows highlights[1]:				
Adjusted EBITDA[2]	**4,611**	6,464	(29)	12,764
Adjusted EBIT[2]	**1,412**	3,624	(61)	6,706
Net income attributable to equity holders pre-significant items[3]	**882**	2,010	(56)	4,285
Earnings per share (pre-significant items) (Basic) (US$)	**0.07**	0.15	(53)	0.33
Net (loss)/income attributable to equity holders	**(676)**	1,720	(139)	2,308
Funds from operations (FFO)[4,5]	**3,487**	4,909	(29)	10,169
Capital expenditure (excluding Las Bambas of $798 million in H1 2014 and $961 million in full year 2014 respectively)	**3,189**	4,027	(21)	8,566

US$ million	30.06.2015	31.12.2014	Change %
Key financial position highlights:			
Total assets	**148,074**	152,205	(3)
Current capital employed (CCE)[5]	**17,163**	21,277	(19)
Net debt	**29,550**	30,532	(3)
Ratios:			
FFO to Net debt[4,6]	**29.6%**	33.3%	(11)
Net debt to Adjusted EBITDA[6]	**2.71x**	2.39x	13
Adjusted EBITDA to net interest[6]	**8.01x**	8.68x	(8)
Adjusted current ratio[5]	**1.14x**	1.23x	(7)

1 Refer to basis of preparation on page 5.
2 Refer to note 3 of the interim financial statements for definition and reconciliation of Adjusted EBIT/EBITDA.
3 Refer to significant items table on page 6.
4 Refer to page 8.
5 Refer to glossary for definition.
6 H1 2015 ratio based on last 12 months' FFO and Adjusted EBITDA.

- Adjusted EBITDA of $4.6 billion, down 29% compared to H1 2014 owing to substantially weaker commodity prices:
  - Marketing Adjusted EBITDA down 27% to $1.2 billion and Adjusted EBIT down 29% to $1.1 billion, with tough metals' trading conditions, particularly aluminium and nickel affected by the collapse in physical premiums and subdued levels of global stainless steel production. We expect better second half contributions from metals and agriculture to underpin full year Marketing EBIT guidance of $2.5-$2.6 billion.
  - Industrial Adjusted EBITDA down 29% to $3.4 billion, due to the substantially weaker net commodity price / exchange rate environment. Despite the weaker price environment, Metals and minerals' Adjusted EBITDA mining margin was still a healthy 24% compared to 30% in 2014 and Energy Adjusted EBITDA margin was 28% compared to 29%, reflecting the quality of our asset portfolio.
- H1 2015 production included:
  - Period-on-period growth from African copper, albeit overall copper production was down 3% to 730,900 tonnes reflecting anticipated grade changes at Alumbrera and Antamina and planned maintenance activities at Collahuasi.
  - Zinc production up 12% to 730,300 tonnes, mainly due to the ramp-up of the expansion projects in Australia.
  - Coal production down 4% to 68.7 million tonnes, primarily due to the market driven decision to cut production.

- The sharp decline in oil prices in late 2014, which continued into 2015, led to significant amendments to the work programme at our assets in Chad, including changes to capex and production profiles and the number of drilling rigs in operation. As a result, the carrying value of these fields/blocks has been impaired by $792 million.
- Unfortunately, Optimum Coal has commenced business rescue proceedings given the continued and unsustainable financial hardship as a result of its agreement with Eskom. The directors of Optimum are of the view that if the supply agreement with Eskom can be renegotiated, there is a reasonable prospect of rescuing Optimum.
- FFO was $3.5 billion, down 29% compared to H1 2014 as a result of the weaker price environment noted above.
- Net debt decreased by $982 million to $29.6 billion, reflecting a 21% reduction in net capital expenditure (excluding Las Bambas) and a release of non-RMI working capital of $3.2 billion, due naturally to lower commodity prices and some additional proactive working capital management to ensure a more efficient balance sheet.
- Strong and flexible balance sheet, with $10.5 billion of committed available liquidity at period end.
- Capital management:
    - During the period, $240 million of own shares were acquired under the previously announced $1.0 billion share buyback programme, completing this initiative.
    - In June, the distribution of the investment in Lonmin plc was completed.
    - The Board has declared an interim distribution of $6 cents per share, consistent with the 2014 interim distribution, reflecting our confidence in the prospects and strength of our underlying operations, commodities mix and sustainable cashflow profile.
- Ongoing portfolio management reflects:
    - August completion of the sales of Glencore's interest in the Tampakan copper project, the Falcondo nickel operations and the Sipilou nickel project, for total proceeds of approximately $290 million.
- Full year production guidance is provided in the Appendix on page 82.
- The target industrial capex ceiling for full year 2015 is now $6 billion, compared to the range of $6.5-6.8 billion previously communicated. We currently anticipate that industrial capex for 2016 will be no more than $5.0 billion.

Glencore's Chief Executive Officer, Ivan Glasenberg, commented:

"Against a challenging backdrop for many of our commodities, we have taken a range of pre-emptive actions in respect of our balance sheet, operations and capital spending/recycling in order to preserve our current credit rating and sustain our track record on equity distributions.
Our core industrial assets remain well positioned on their respective cost curves. We remain by far the most diversified commodity producer and marketer and are well positioned to benefit from any improvement in pricing when it finally and inevitably materialises. Our principal objective remains to grow our free cash flow per share and return any excess capital in the most sustainable and efficient manner."

To view the full report please click here:
http://www.glencore.com/assets/investors/doc/reports_and_results/2015/GLEN-Half-Year-Report-2015.pdf

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Glencore is one of the world’s largest global diversified natural resource companies and a major producer and marketer of more than 90 commodities. The Group's operations comprise of over 150 mining and metallurgical sites, oil production assets and agricultural facilities.

With a strong footprint in both established and emerging regions for natural resources, Glencore's industrial and marketing activities are supported by a global network of more than 90 offices located in over 50 countries.

Glencore's customers are industrial consumers, such as those in the automotive, steel, power generation, oil and food processing. We also provide financing, logistics and other services to producers and consumers of commodities. Glencore's companies employ around 181,000 people, including contractors.

Glencore is proud to be a member of the Voluntary Principles on Security and Human Rights and the International Council on Mining and Metals. We are an active participant in the Extractive Industries Transparency Initiative.