
Altonorte, Copper, Chile

GLENCORE

Investor update

10 December 2015

Forward looking statements

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Goedgevonden, Coal, South Africa

Overview

Ivan Glasenberg – CEO

We are prepared for current and even lower prices

- **Free cash flow >$2bn at spot prices**
  - And will remain comfortably positive at materially lower price levels
  - 2016E spot price EBITDA c.$7.7bn[1]
  - 2016E industrial capex reduced to $3.8bn (from $5bn)[2]
  - 2016E resulting free cash flow of c.$2.3bn (before working capital, after cash net interest and tax of $1.5bn and marketing capex of $0.1bn)[3]

- **Current liquidity headroom has increased to >$14bn and will be further enhanced as the debt reduction plan measures are delivered**

- **Capital preservation/debt reduction measures now $13bn (from previous target $10.2bn) by end 2016**
  - $8.7bn already achieved/locked-in:
    - *equity placement of $2.5bn and 2016 cash distribution suspension of $2.4bn*
    - *additional net working capital reduction of c.$0.5bn*
    - *$1.5bn capex reduction*
    - *$1.1bn assets sales of $2bn (new overall target of c.$3-4bn)*
    - *c.$0.3bn reduction in LT loans and advances*
    - *$0.4bn of real cost savings target already met*

- **As a result, targeting net debt of $18-19bn by end 2016 (from previous target low $20s bn)**

- **We have accelerated our actions in the face of further price weakness since September**
  - We have flexibility to act further
  - We will review constantly and act as appropriate

Notes: (1) Based on industrial unit costs on slide 12 and associated volumes as footnoted on slide 12; mid-point of marketing EBIT guidance on slide 15 plus $200m of marketing D&A. Prices as of 9 December 2015. FX rates as per slide 12 footnote. (2) H1 2015 results target of $11 billion ($6bn in 2015; $5bn in 2016). (3) After cash taxes and interest of $1.5bn, industrial capex of $3.8bn and $0.1bn of marketing capex. Excludes working capital changes.

We are prepared for current and even lower prices

- **Industrial asset cash positioning significantly enhanced**
  - 2015E capex of $5.7bn; 2016E capex reduced to $3.8bn (from $6bn and $5bn respectively)[1]
  - Material cost savings
  - Production cuts reduce overall supply and cash outlay while preserving resources for an improved future margin environment

- **Marketing adjusted EBIT guidance of $2.4 to $2.7bn in 2016**
  - Majority of earnings underpinned by logistics activities/services that are less sensitive to prices
  - 2016E range adjusted to reflect lower working capital levels and reduced copper, zinc, lead and coal production
  - 2015E marketing adjusted EBIT of c.$2.5bn

Note: (1) H1 2015 results target of $11 billion.

Sustainability

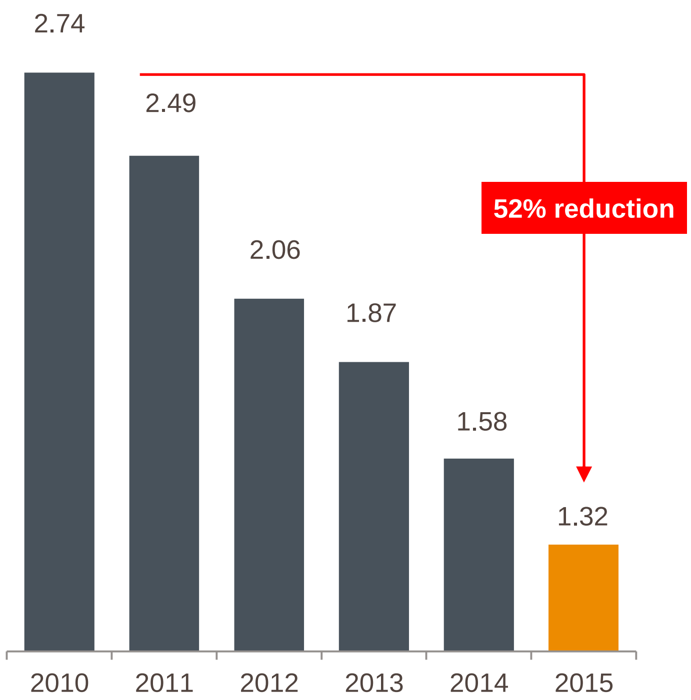
Safety

- Regrettably 10 fatalities from 7 incidents YTD
– *(16 fatalities in 2014 from 15 incidents)*
- LTIFR (1.32) & TRIFR (5.10) on track to achieve year end progressive targets
- 158,000 (88%) employees have completed "SafeWork" awareness
- Leading practice input at our "Focus Assets" delivering results

Catastrophic hazard management

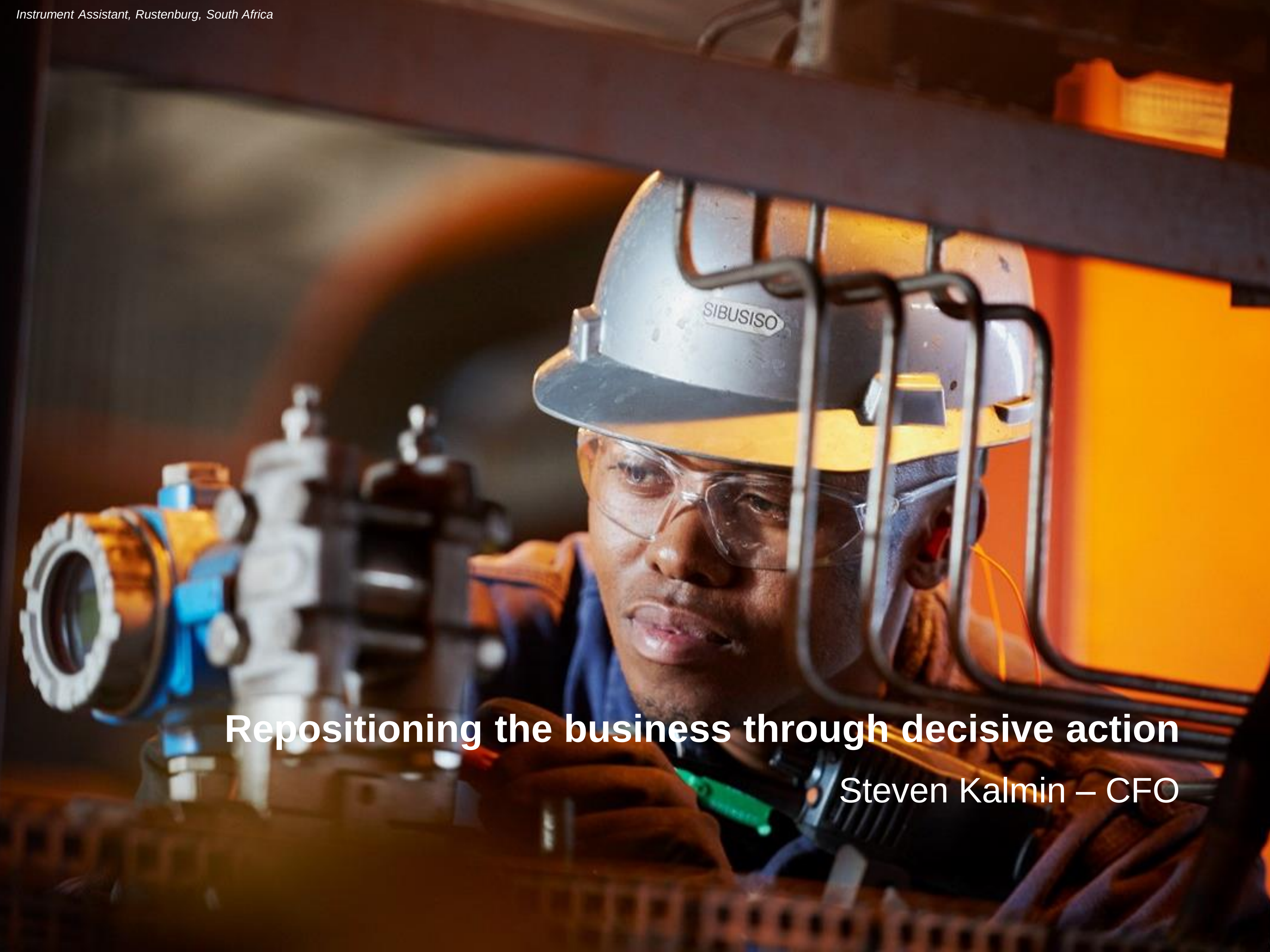
- HSEC internal assurance focuses on catastrophic hazard management
  - Adds an additional corporate assurance layer to local auditing, monitoring and inspections
- The approved HSEC assurance cycle includes:
  - A focus on catastrophic underground hazards (eg. ground control, fire, etc) and catastrophic environmental hazards (eg. tailings dams)
- Underlying criteria for the assessments aligned with international standards and industry initiatives (ICMM)

LTIFR(1) 2010 to 2015 YTD



Note: (1) Lost time incidents (LTIs) are recorded when an employee or contractor is unable to work following an incident. In the past Glencore recorded LTIs which resulted in lost days from the next calendar day after the incident whilst Xstrata recorded LTIs which resulted in lost days from the next rostered day after the incident - therefore the combined LTI figure is not based on data of consistent definition (historically, prior to merger). From 2014 Glencore records LTIs when an incident results in lost days from the first rostered day absent after the day of the injury. The day of the injury is not included. LTIFR is the total number of LTIs recorded per million working hours. LTIs do not include Restricted Work Injuries (RWI) and fatalities (fatalities were included up to 2013). Historic data has been restated to exclude fatalities and to reflect data collection improvements.

Instrument Assistant, Rustenburg, South Africa



Repositioning the business through decisive action

Steven Kalmin – CFO

We are prepared for current and even lower prices

- **Free cash flow >$2bn at spot prices**
  - And will remain comfortably positive at materially lower price levels
  - 2016E spot price EBITDA c.$7.7bn[(1)]
  - 2016E industrial capex reduced to $3.8bn (from $5bn)
  - 2016E resulting in free cash flow of c.$2.3bn (before working capital, after cash net interest and tax of $1.5bn and marketing capex of $0.1bn)[(2)]

- **Current liquidity headroom has increased to >$14bn**
  - Comfortably covering the next 3 years' bond maturities
  - c.$500m of bonds (mainly 2016 and 2017 maturities) have been repurchased (intention to cancel subject to tax considerations)

- **In addition the following debt reduction measures will further enhance liquidity**
  - Remaining non-RMI working capital/LT loan reduction target of $1.5bn
  - Assets sales of $2-3bn
  - 2016E RMI reduction target >$1bn

- **As a result, targeting $13bn (from $10.2bn) in capital preservation/debt reduction measures to reduce net debt to $18-19bn by end 2016**
  - $8.7bn already achieved/locked-in
  - In progress: sale of minority stake in the Agriculture business, additional streaming transaction(s), potential copper asset sales, further industrial working capital release, etc

Notes: (1) Based on industrial unit costs on slide 12 and associated volumes as footnoted on slide 12; mid-point of marketing guidance on slide 15 plus $200m of marketing D&A. Prices as of 9 December 2015. FX rates as per slide 12 footnote. (2) After taxes and interest of $1.5bn, industrial capex of $3.8bn and $0.1bn of marketing capex. Excludes working capital changes.

We are prepared for current and lower prices

- **Industrial asset cash positioning significantly enhanced**
  - 2015E capex of $5.7bn; 2016E capex reduced to $3.8bn (from $6bn and $5bn respectively)[1]
  - Material cost savings achieved
  - Substantially lower unit cost profiles: Copper: $1.10/lb, Zinc: $0.33/lb, Nickel: $2.95/lb, Coal: $39/tonne
  - Production cuts reduce overall supply and cash outlay while preserving resources for an improved future margin environment

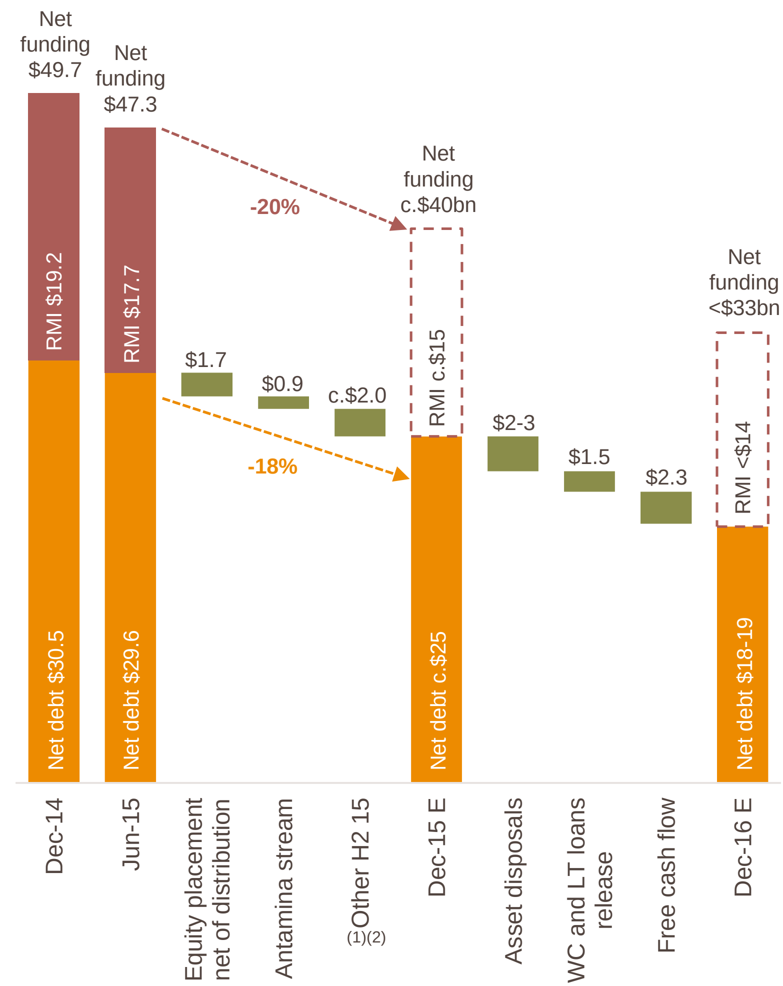
- **Marketing adjusted EBIT guidance of $2.4 to $2.7bn in 2016**
  - Majority of earnings underpinned by logistics activities/services that are less sensitive to prices
  - 2016E range adjusted to reflect lower working capital levels and reduced copper, zinc, lead and coal production
  - 2015E marketing adjusted EBIT of c.$2.5bn

Note: (1) 2015 H1 results target of $11 billion.

Targeting capital preservation/debt reduction measures to reduce net debt to $18-19bn by end 2016

- **We have come a long way – post merger and from peak**
  - Targeting Net funding and Net debt of $40bn and $25bn respectively by end 2015 and <$33bn and $18-19bn by end of 2016
- **Material progress on delivery of our capital preservation/debt reduction measures, now raised to $13bn from $10.2bn**
  - Net debt targeted to be $18-19bn by end of 2016
  - Remaining asset sales programme allows us to confidently increase this category target to $3-4bn (from $2bn)
- **We remain focused on preserving our investment grade rating**
- **Scope and commitment to do more if required**

Debt bridge ($bn)



Notes: (1) Refer to announcement "Corporate update and Third Quarter 2015 Production Report" (4 November 2015). (2) Refer to announcement "Update on Glencore's plans to reduce net debt and adapt the business to the current commodity landscape" (7 September 2015).

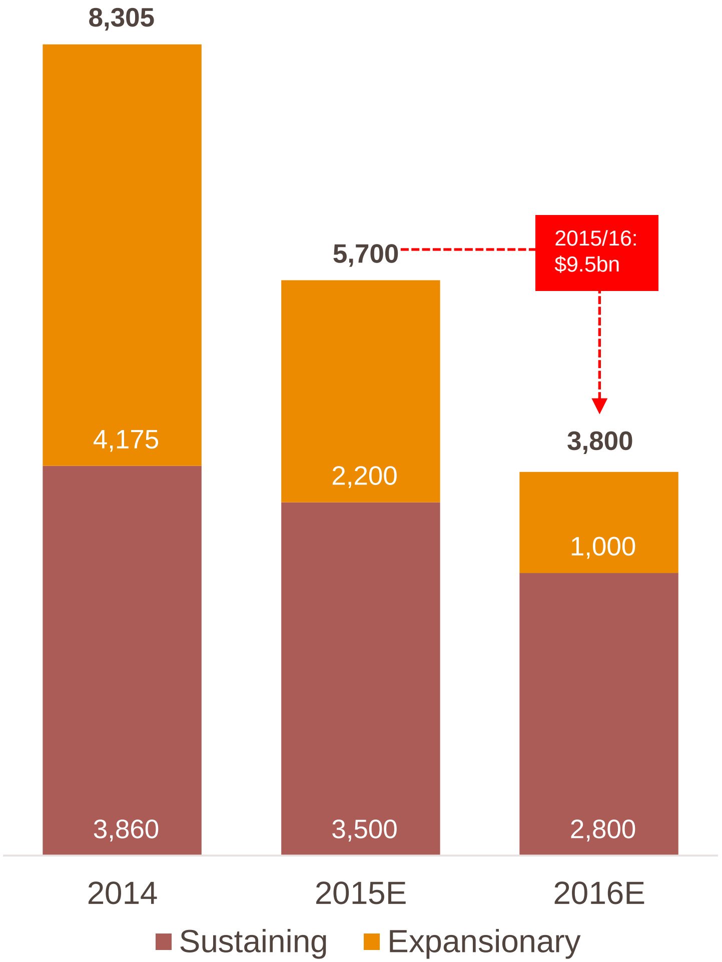
Capex has been further reduced

- **2015E+2016E industrial capex reduced to $9.5bn**
  - Down $1.5bn[2] from $11bn announced at H1 2015 results

- **Significant 2016 sustaining and expansionary capex cuts reflect:**
  - Slower spend profile/deferral of expansionary projects including:
  – *African copper, Zhairem, certain coal projects*
  - Lower sustaining capex consistent with production/mine plan changes:
  – *Copper: Mopani/Katanga/Alumbrera*
  – *Lead/Zinc: George Fisher/McArthur River/Lady Loretta/Iscaycruz/Kazzinc*
  – *Coal: Australia/South Africa reductions*
  - Better supplier pricing environment
  - FX support from the stronger US dollar

- **Post-2016 capex dependent on price**
  - Sustainable group capex of $2.8bn at current production levels

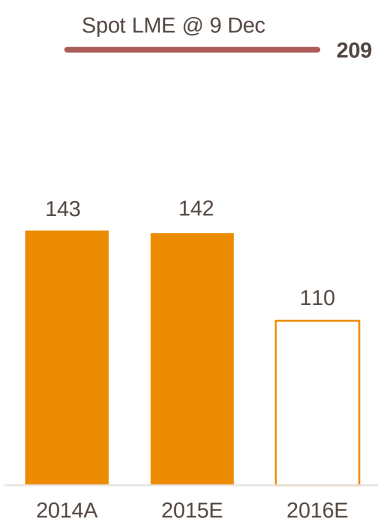
Industrial capex[1] ($M)



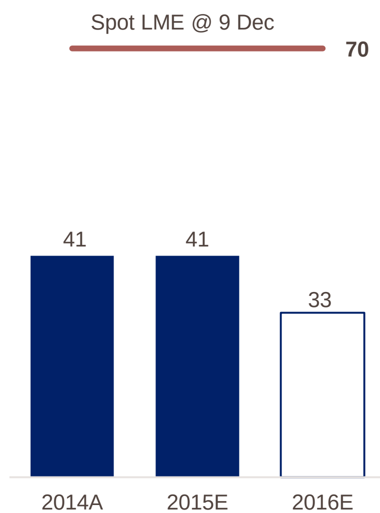
Notes: (1) Total industrial capex including JV capex and capitalised interest, excluding Marketing capex. 2014 excludes Las Bambas. (2) August 2015 target of $11bn for 2015E/2016E.

Enhanced cost positions

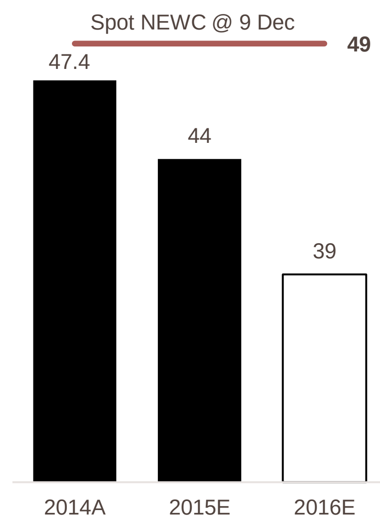
Copper costs (c/lb)[(1)]



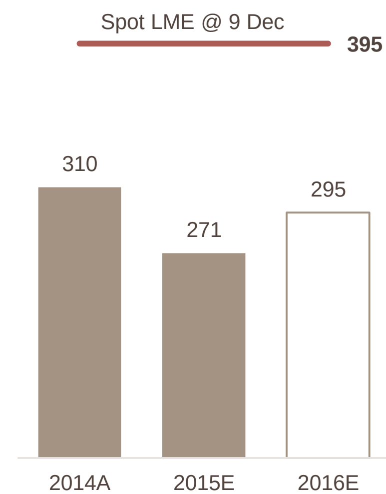
Zinc costs (c/lb)[(2)]



Coal cost ($/t)[(3)]



Nickel costs (c/lb)[(4)]



2016E Cu mine costs (c/lb)[(1)]	
Mutanda	118
Collahuasi	120
Antamina	58
Alumbrera	158
Lomas Bayas	137
Antapaccay	83
Nth Queensland	127
Cobar	127
Weighted average	110

- Extensive industrial asset reviews over H2 2015 focused of further cost efficiency / cost reduction delivery
- In addition to currency and lower fuel price benefits, significant broad based cost reductions achieved via improved terms in key supplier contracts, head count reductions, suspension of some loss-making production (although some profitable production also cut) and continued focus on labour and equipment productivity

Notes: Unit costs based on the following FX rate assumptions vs USD: AUD 0.72, ZAR 13, CAD 1.30, CLP 675, COP 2950, PEN 3.2, KZT 280. (1) 2016 copper unit cost calculated on forecast production of 1.24Mt (excludes c.150kt of copper produced as by-product by other divisions (zinc and nickel)). Costs include a credit for custom metallurgical EBITDA. Costs include TC/RC and freight. (2) 2016 zinc unit cost calculated on forecast production of 1.03Mt (excludes c.65kt of zinc produced as by-product by other divisions) adjusted for 85% payability, resulting in payable production of 876kt. Zinc cost includes benefit of Kazzinc averaging as well as a credit to account for custom metallurgical EBITDA. (3) NEWC adjusted for portfolio mix. Margin can be applied across the full forecast production of 130mt. (4) 2016 nickel unit cost calculated on forecast production of 100kt, which excludes Koniambo.

Production has been cut to minimise cash outlay, preserve resources and reduce supply

- **Previously announced production changes have been fully implemented:**
  - Copper: Katanga mining/processing suspended; only Mopani shaft development progressing
  - Zinc/lead: Lady Loretta/Iscaycruz suspended, George Fisher/McArthur River/Kazzinc now operating at reduced rates
  - Coal: 20Mt managed production cuts effective in 2015

2016 production guidance		Range
Copper	kt	1,390 ± 25
Zinc	kt	1,095 ± 25
Lead	kt	285 ± 10
Nickel	kt	116 ± 4
Ferrochrome	kt	1600 ± 25
Coal	mt	130 ± 3
Oil – entitlement	kbbl	9,600 ± 300

- **2016 production – key changes[1]:**
  - Copper: production changes at Mopani and Katanga minimise cash outlay and reduce 2016 output by 320-370kt from original guidance
  - Zinc: production changes at Lady Loretta, George Fisher, Iscaycruz and Kazzinc preserve resources and reduce 2016 output by 500-550kt from original guidance
  - Lead: production changes similarly reduce 2016 output by 150-175kt from original plans
  - Nickel: higher Canadian smelter production lifts 2016E production by up to 25kt over 2015E but remains below original guidance of 150-160kt due to ramp-up issues at Koniambo
  - Coal: production changes from Optimum and Australian coal assets reduce 2016 output by 22-27Mt from original guidance
  - Oil: reduced spend in Chad lowers planned 2016 production by more than 10Mbbl from original guidance

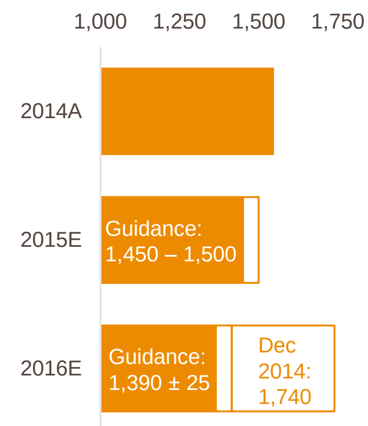
- **Post-2016 production volumes will be dependent on price**
  - Further cuts and deferrals if prices fall further

Note: (1) Compared to Investor Day presentation – 10 December 2014.

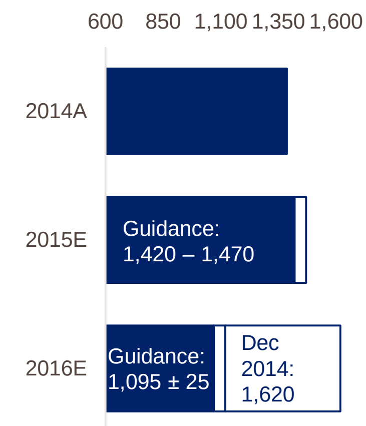
Key commodities production guidance

December 2014 figures from Investor Day 2014 guidance

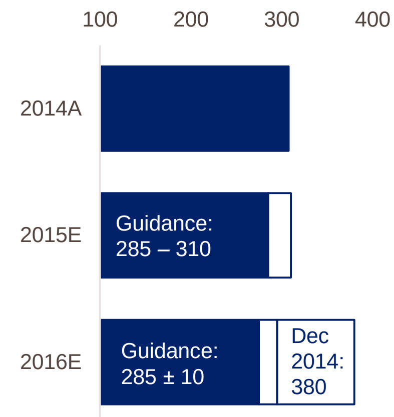
Copper (kt)



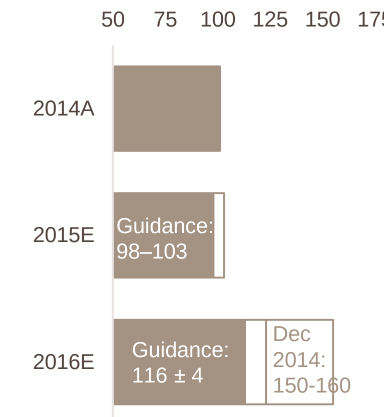
Zinc (kt)



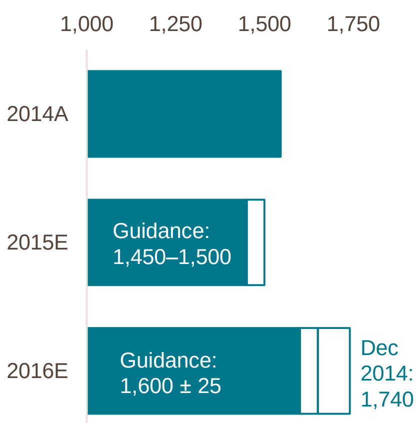
Lead (kt)



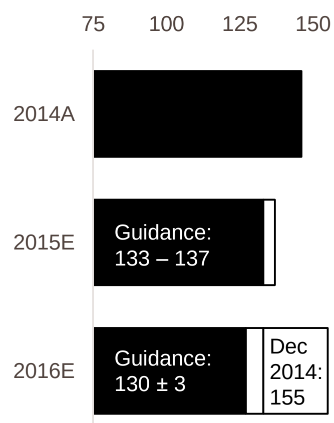
Nickel (kt)



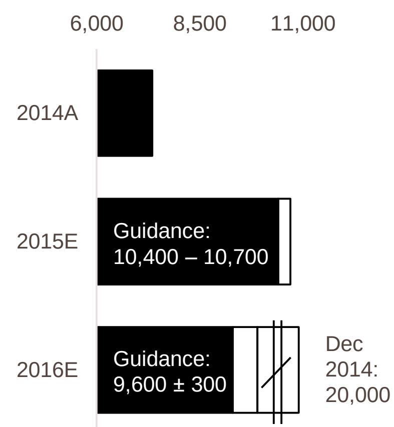
Ferrochrome (kt)



Coal (Mt)



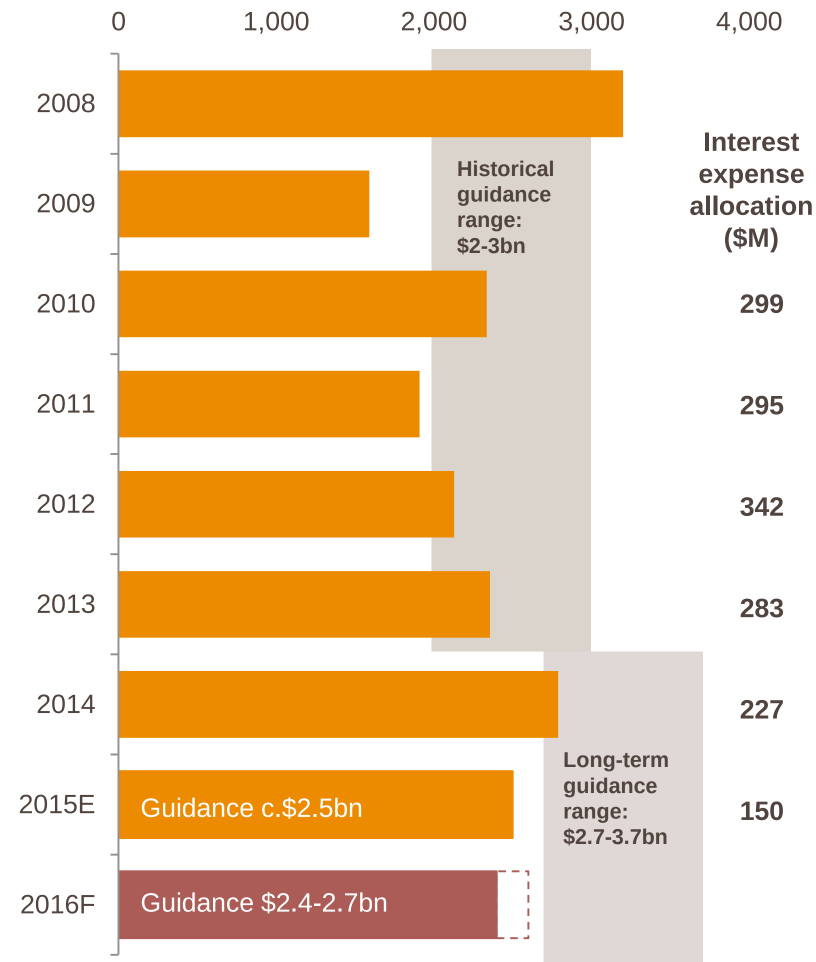
Oil (kbbl)



Continued strong cash generation in Marketing

- **Despite significantly lower commodity prices over 2015, Marketing EBIT guidance remains a healthy c.$2.5bn**
  - Underpinned by continued strength in oil and stronger H2 contributions from Agriculture and Metals
  - Relative high ROE by historical standards, given the low interest rate environment and reduced marketing capital employed
  - Marketing earnings are generated from the handling, blending, distribution and optimisation of physical commodities, augmented by arbitrage opportunities – all of which are less sensitive to flat price movements
- **2016 EBIT guidance range reduced to $2.4 to $2.7bn consistent with lower working capital levels and reduced own-source copper, zinc, lead and coal production volumes**
- **Marketing remains a unique, low-risk defensive earnings driver**
  - Working capital's correlation with commodity prices ensures cash flow is insulated in periods of lower prices

Marketing EBIT ($M)

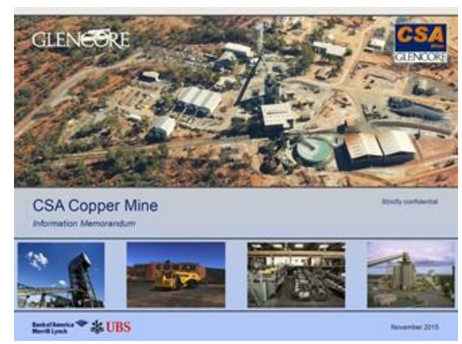


Asset sales update

- **Precious metals streaming**
  - Streaming transaction with Silver Wheaton completed in early December 2015
  - Additional streaming deals are advancing for agreement by end of 2015

- **Glencore agriculture**
  - Broad spectrum of interested parties including industry participants, financial investors, private equity, pension funds and sovereign wealth funds
  - Indicative bids by mid-December
  - Targeting signing and announcement in H1 2016

- **Cobar and Lomas Bayas copper mines**
  - Process launched in mid-October in response to significant unsolicited interest
  - Extensive interest from Australian, Asian and South American strategic and financial investors
  - Targeting initial bids by mid-December with completion in H1 2016



Capital preservation/debt reduction scorecard

	Target[1]	Additional measures	Achieved / locked-in	In progress
Equity placement	$2.5bn		$2.5bn	
2016E distribution suspension	$2.4bn		$2.4bn	
Working capital reduction	$1.5bn		$0.5bn	~$0.5bn non-RMI reduction in H2 15, on top of H1 15 release of $3.2bn. Balance expected to be reached by mid 2016, with scope to do more as required. Note that RMI expected to reduce by >$2bn in H2 15, with an additional >$1bn target for 2016
Asset sales	$2.0bn	+$1 to $2bn =$3 to $4bn	$1.1bn Streaming plus other	Additional streaming deals are advancing for agreement by end of 2015. Sales processes for minority stake sale in the Agriculture business and potential copper asset sales underway
LT loans and advances	$0.5-0.8bn		$0.3bn	~$0.3bn reduction in H2 2015, with balance of $0.5bn target expected to be achieved in 2016
Real cost reductions		$0.4bn	$0.4bn	Target set at H1 2015 results presentation for delivery within 12 months. Savings in excess of this target have been achieved/locked-in
Capex reduction	$0.5-1.0bn	+$0.5bn =$1.5bn	$1.5bn reduction over 2015/16	
Total	$10.2bn	Up to $13.1bn	$8.7bn	

Note: (1) Refer to announcement "Update on Glencore's plans to reduce net debt and adapt the business to the current commodity landscape" (7 September 2015).

iMpunzi Complex, Coal, South Africa

Concluding remarks

Ivan Glasenberg – CEO

Concluding remarks

- **Rapid delivery of capital preservation/debt reduction measures**
  - Debt reduction plan ahead of schedule; $8.7bn achieved to-date
  - Additional measures to bring net debt down to $18-19bn by end of 2016
  - We have flexibility to act further

- **Free cash flow positive at current spot prices of >$2bn per annum**
  - We continue to review our opex and capex
  - Prepared for further divestments as required
  - Continued focus on working capital management
  - Will adjust production levels further, as appropriate, in response to market conditions


Raglan, Nickel, Canada
Q&A