

GlencoreXstrata



Global Metals, Mining & Steel Conference 2013

14 May 2013

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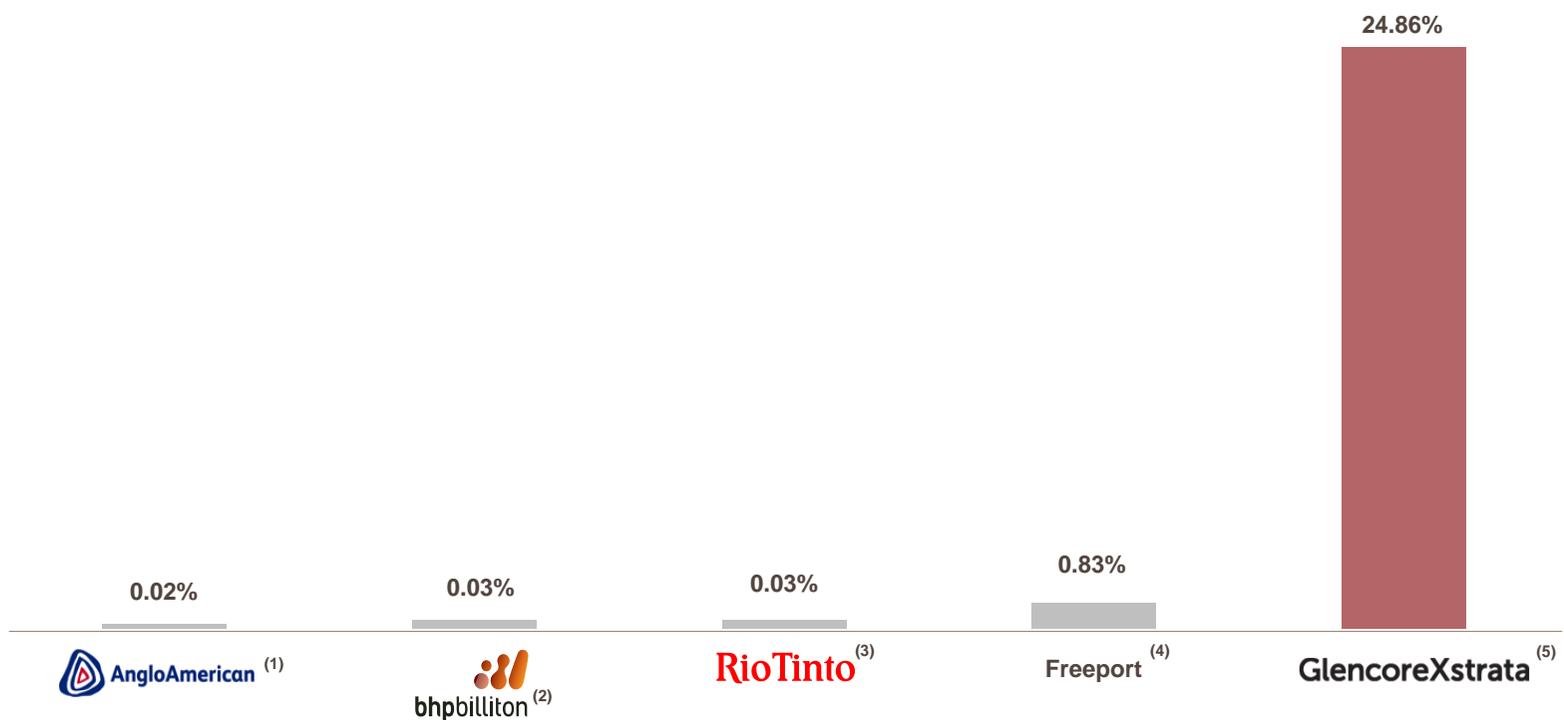
The enlarged Glencore Xstrata

Glencore Xstrata

- Management team with strong track record of value creation based on ownership mentality
- Strong near-term growth from brownfield projects and recent M&A activity
- Naturally defensive profile, and most diversified major by commodity and geography
- Capital-efficient business model with rigorous capital allocation
- Significant cash flow potential as major expansionary capex commitments cease from 2015
- Flexible balance sheet, targeting strong BBB/Baa capital structure
- Commitment to return surplus capital to shareholders
- Continued commitment to solid corporate governance and sustainability

Glencore Xstrata management are owners not caretakers of assets

Management holdings in Glencore Xstrata vs. Peers



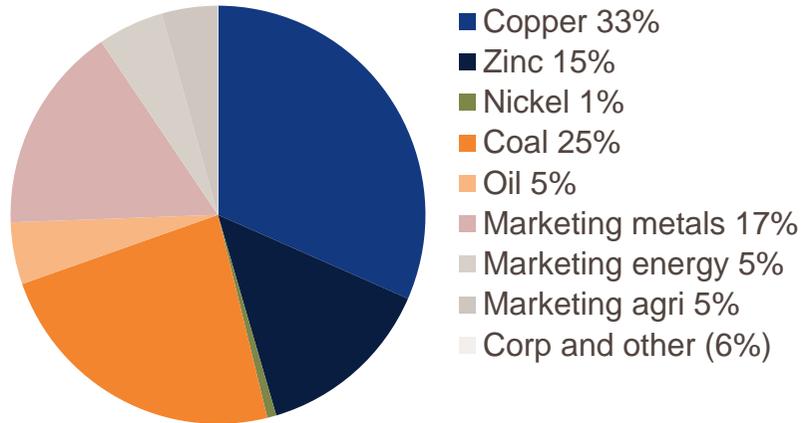
Notes: (1) Disclosed shareholdings of board of directors
(2) Disclosed holding of board of directors and group management committee
(3) Disclosed holding of board of directors and executive management
(4) Disclosed holding of board of directors and executive management

(5) Disclosed holding of board of directors and executive management
Total employees and management holding 35.7%

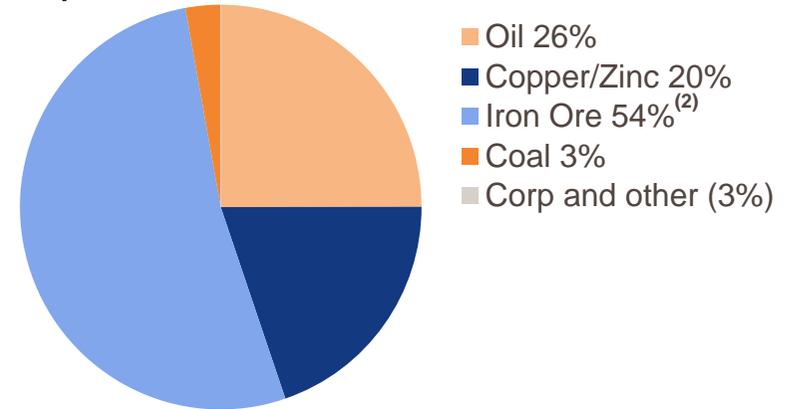
Most diversified major by commodity

(By 2012 EBIT)

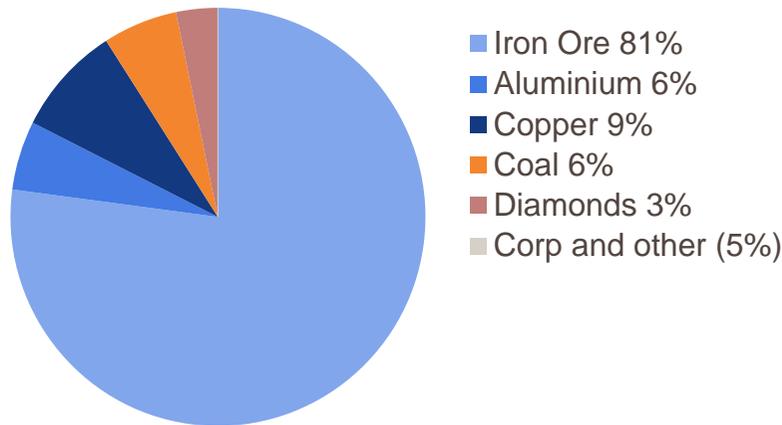
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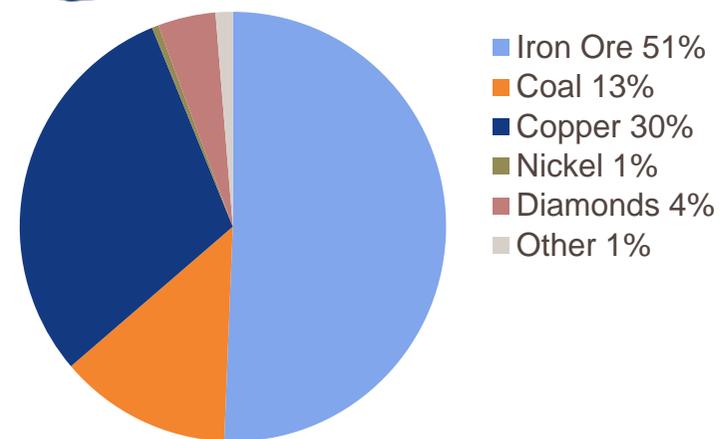
bhpbilliton



RioTinto



AngloAmerican⁽¹⁾



Notes: (1) Excludes negative contribution of corporate activities and unallocated costs
 (2) Includes other commodities

Capital-efficient business model

- **Application of Glencore's capital-efficient business model**
 - Glencore Xstrata run by owners for the benefit of all shareholders
 - maintain flexible but efficient balance sheet – strong BBB/Baa
- **Marketing remains highly capital efficient**
 - low capex and equity requirements
- **Strong track record of capital efficiency in industrial assets**
 - value-based, often contrarian and opportunistic approach to investments
 - lower risk brownfield and bolt-on M&A
 - divisions will remain responsible for sourcing investments
- **Centralised capital allocation process to ensure discipline**
- **Comprehensive assessment of value, based on returns and risks**
 - focus continues to be on RoE and cash flow
 - trading and industrial assets access separate pools of capital
 - focus on high returns, forecastability and appropriate risk-return trade-off
- **Immediate priority will be the optimisation of the combined asset portfolio**
- **Excess capital to be returned to shareholders**

How does Glencore find the best investment opportunities?

- **Trusted relationships with over 7,000 suppliers and customers**
 - existing supply and credit relationships
 - Glencore often first call for any investment opportunities
- **Marketing activities and relationships provides unique insight**
 - market view enables decisive decision making
 - product, asset quality and operational matters evident to Glencore
 - proven ability to spot and deliver on optionality around assets
 - examples include: Colombian, Australian and South African coal, African copper belt, Kazzinc
- **Decades of experience at sourcing and integrating deals**
 - unlike some peers, there is, deliberately, little or no rotation of senior personnel between divisions
- **No pressure to grow for strategic reasons**
 - managers are owners
 - assets built upon opportunistic deals
 - divisions have multiple existing options to grow efficiently without M&A

Strong cash flow potential

- **Material growth anticipated for 2013-2015**
 - commissioning of existing organic growth projects
 - full earnings from recent acquisitions deliver returns, e.g. Viterra and Optimum
 - full run-rate synergies from merger
- **Capex expected to decline materially from 2015**
 - Xstrata capex commitments for 2013 and 2014 come to an end
 - total expected capex guidance of \$13bn/\$9bn/\$7bn 2013/2014/2015
 - *of which Las Bambas is \$3bn in 2013/2014 (as per October 2012 update)*
 - potential divestment of Las Bambas at minimum of actual costs incurred
 - optimisation of project pipeline and capex commitments; brownfield opportunities prioritised
 - sustaining capex should settle in \$4-5bn range

Excess capital will be returned to shareholders

- **Management are uniquely aligned with shareholders**
 - Glencore returned \$8bn to shareholders in 1992-2011 while private
- **Marginal preference for dividends as return mechanism**
 - no reduction of trading liquidity
 - tax efficient from company perspective
 - tax free for Swiss resident shareholders
- **Normal dividends to be supplemented by special returns**
 - reflecting the cyclical nature of our business
- **Buy-backs will also be considered**
 - immediate impact and zero execution risk
 - useful benchmark for new investments

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Q&A