

GlencoreXstrata



Fixed Income Investor Update

May 2013

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Group Highlights

Group Highlights

- Management team with strong track record of value creation based on ownership mentality
- Naturally defensive profile, and most diversified major by commodity and geography
- Strong near-term growth from brownfield projects and recent M&A activity
- Significant cash flow potential as major expansionary capex commitments cease from 2015
- Flexible balance sheet, targeting strong BBB/Baa capital structure
- Implementation of new cross guarantee structure, to be implemented shortly, will achieve broad pari passu rankings within the group's capital structure
- Competitively resilient EBIT performance, highlighting robustness of the marketing business (up 11%)
- Combined operating cash flow of \$10.3bn ⁽¹⁾
- Strong balance sheet and coverage ratios with close to \$9bn committed liquidity ⁽²⁾
 - FFO to Net debt at 35.1% (40.6% adjusted for Viterra acquisition)
 - Net Debt/EBITDA 2.27x (1.96x adjusted for Viterra acquisition)

Notes: (1) Funds from operations.
(2) Cash and committed undrawn credit facilities as at 31 December 2012 of Glencore stand-alone.



Merger Update

Merger update

- Clear leadership and reporting lines already in place
- Implementation of integration plans under way
- Material cost-based synergies identified, incremental to previously announced \$500m
- Commencement of industrial asset portfolio review
- Values and Code of Conduct for combined company established and being rolled out
- Joint Interim Management Statement and Q1 2013 production announced 13 May
- Investor update event planned for Q3 2013

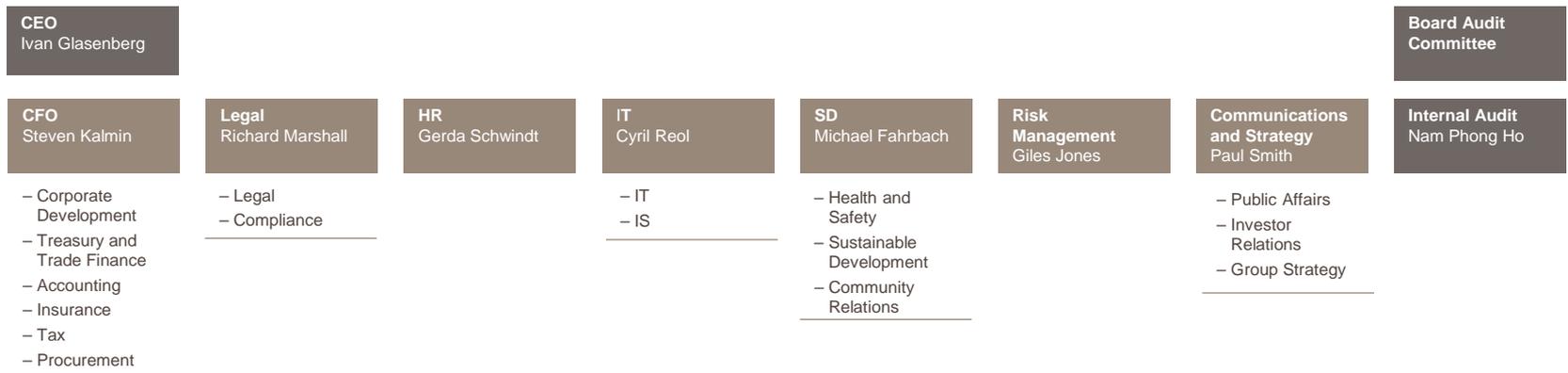
Clear leadership and reporting lines in place

Experienced management team with a proven track record of value creation

Our management structure



Our functions structure



Material synergies to be delivered

- **Previously announced \$500m synergies will be comfortably met**
 - \$450m marketing optimisation
 - \$50m cost
 - from Day 1, we will realise
 - product flow optimisation
 - transport and logistics savings
- **Streamlining management adds new dimension**
 - elimination of bureaucracy and duplication
 - enhanced flexibility and optionality
 - improved procurement strength
 - implementation of global best practices
- **Update in Q3 2013**

Material incremental cost-based synergies identified

- **Duplication above industrial operations**
 - closure of Xstrata corporate headquarters in Zug and London
 - rationalising the Group's global Business Unit office network and reduction of management layers
- **Single head office in Baar, Switzerland with shared regional centres including Sydney, Johannesburg, Toronto, Stamford and Singapore**
 - reduced headcount as well as lower property costs
 - greater efficiency and effectiveness of support functions
- **Improvements to procurement processes**
 - greater responsibility and focus on ensuring value for money
 - increased centralisation and coordination of purchasing
- **Optimisation of our financial structure**
 - reduced cost of financing
- **Reinforce culture and benefits of knowledge-sharing**
 - improved operational efficiencies

Roadmap for integration

- **What we have done**

- finalised detailed planning where possible and practical
- CEO and integration team have visited Xstrata's major assets and met with key operational personnel
- each division prepared business plans with clear actions, responsibilities and timelines
- developed a clear focus for business continuity, synergy implementation, project and capex review
- established steering committee to oversee merger implementation

- **Going forward**

- focus on successful roll-out of integration plans
- achieve synergy targets
- conclude industrial asset portfolio review
- comprehensive update in Q3 2013



Glencore Xstrata Overview

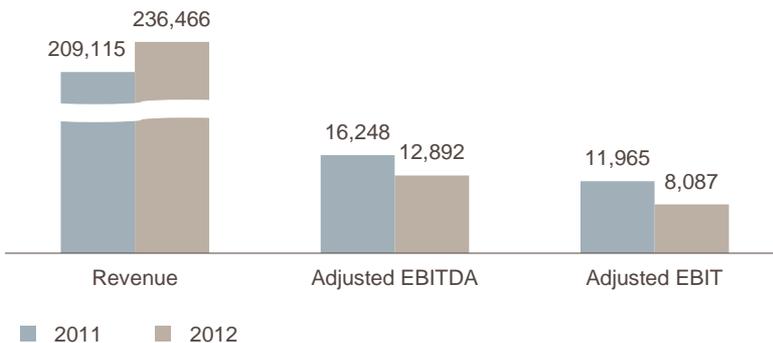
Glencore Xstrata

At a glance

- a leading integrated producer and marketer of commodities, with worldwide activities in the production, refinement, processing, third party procurement, storage and transport of those products
- more than 90 offices in over 50 countries; operations comprise over 150 mining and metallurgical sites, oil production assets, farms and agricultural facilities. We employ approximately 190,000 people, including contractors
- listed on London and Hong Kong Stock Exchanges, with a market capitalisation of \$71 bn⁽¹⁾
- current rating BBB (stable) / Baa2 (stable)

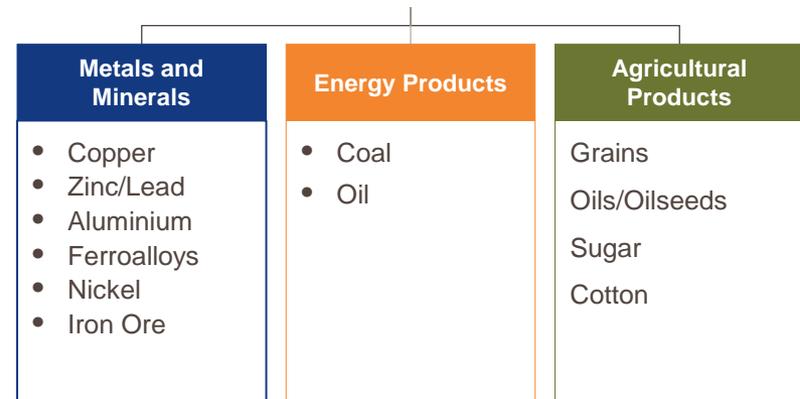
Key financials (pro forma)

(US\$ m)



Notes: (1) As of 6 May 2013.

GlencoreXstrata



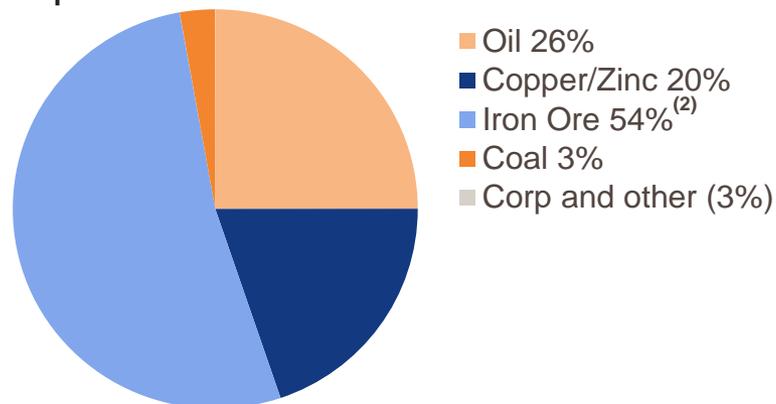
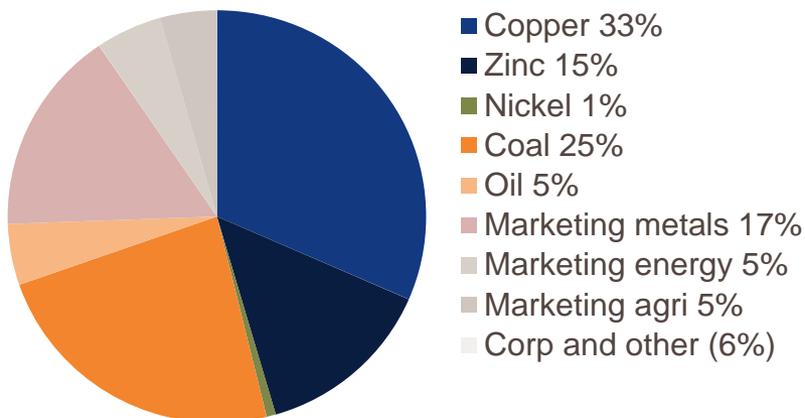
Key competitive strengths

- scale and commodity diversity
- unique business model, fully-integrated along the supply chain to capture value in an evolving competitive landscape
- ability to respond to changing industry dynamics
- core competence in commodity marketing, logistics, risk management and financing
- leading industrial asset portfolio of diversified operations with strong growth prospects
- diversified position across multiple commodities, suppliers and customers
- world-class management team, entrepreneurial culture and track record of value creation
- resilient financial performance and marketing

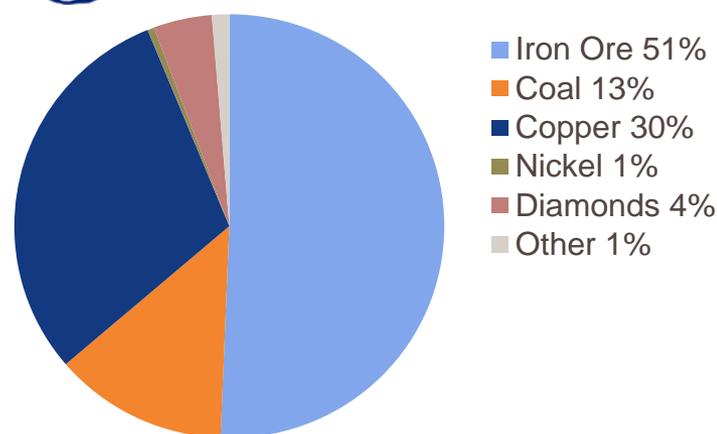
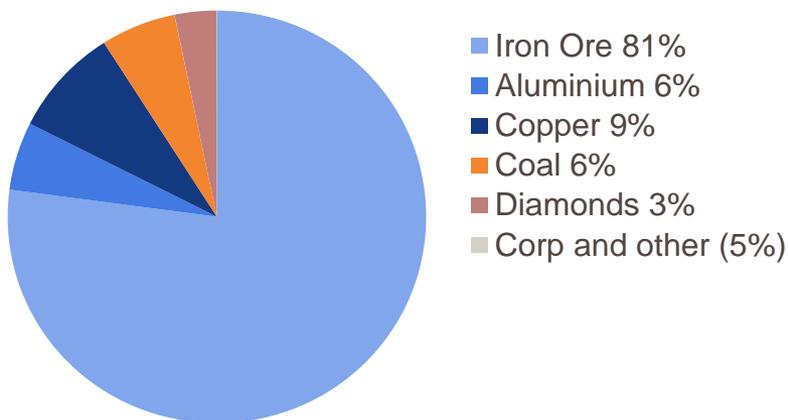
Most diversified major by commodity

(By 2012 EBIT)

GlencoreXstrata



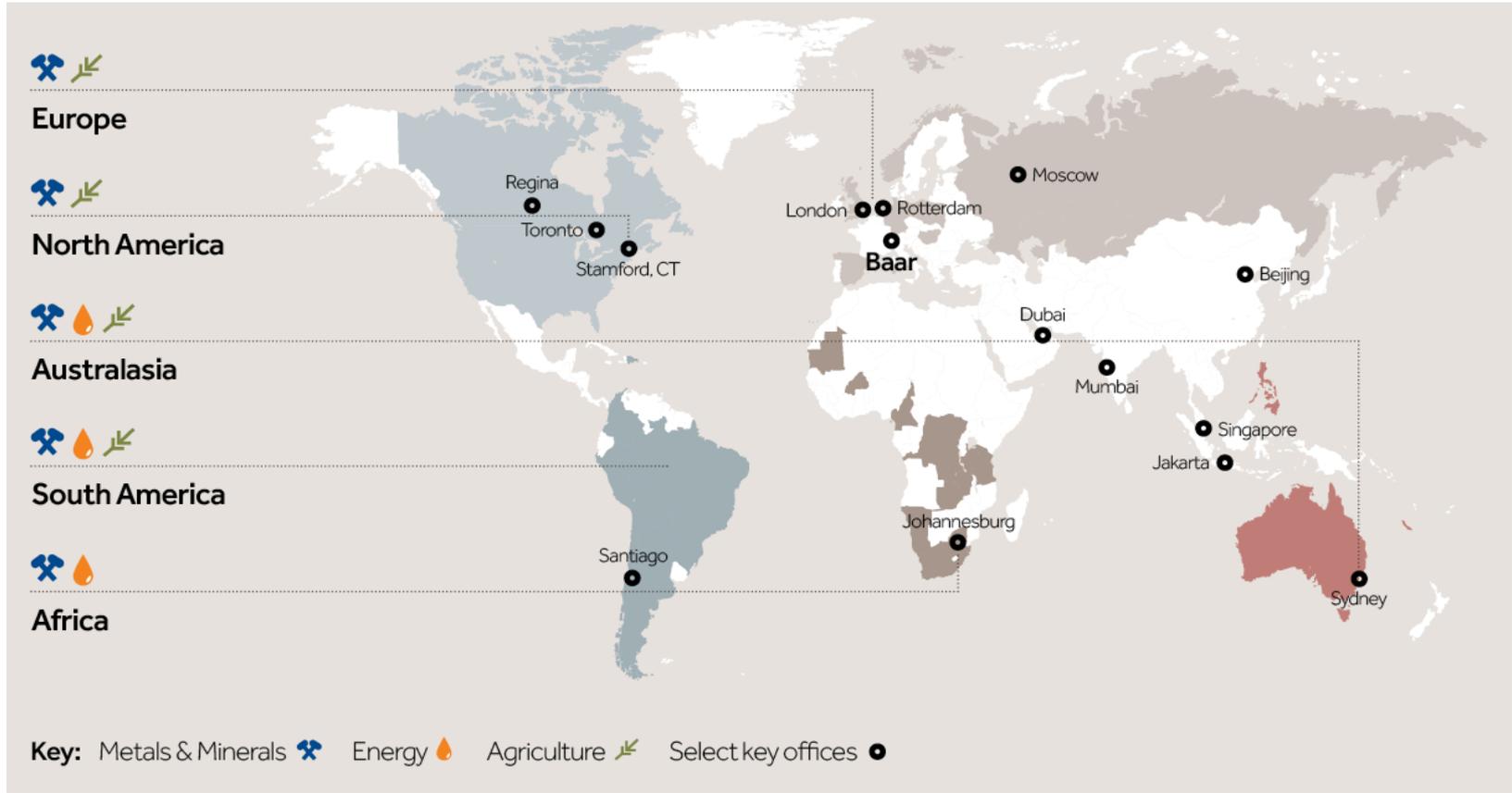
RioTinto



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

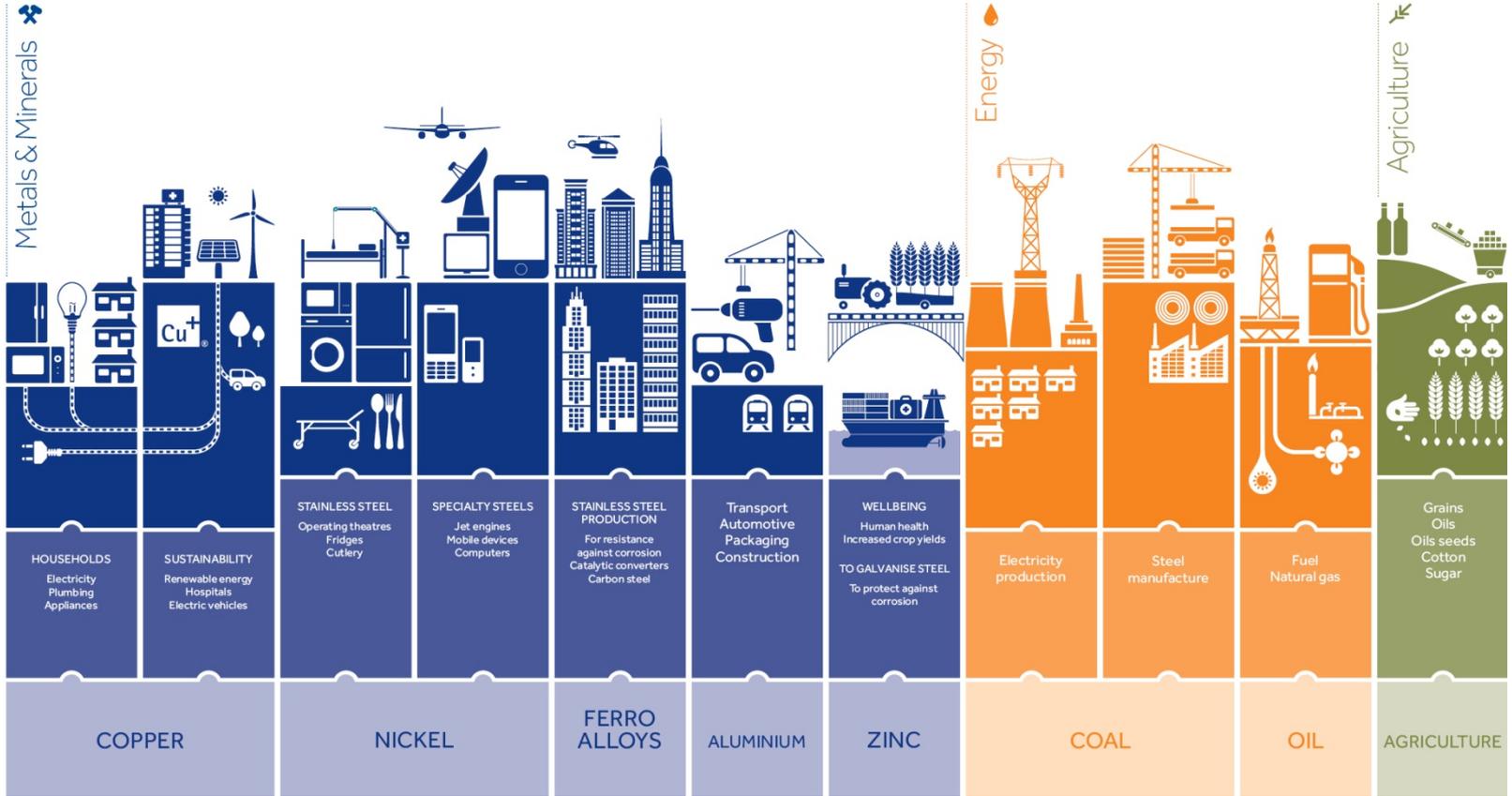
Where we operate

More than 90 offices in over 50 countries, over 150 industrial sites and facilities



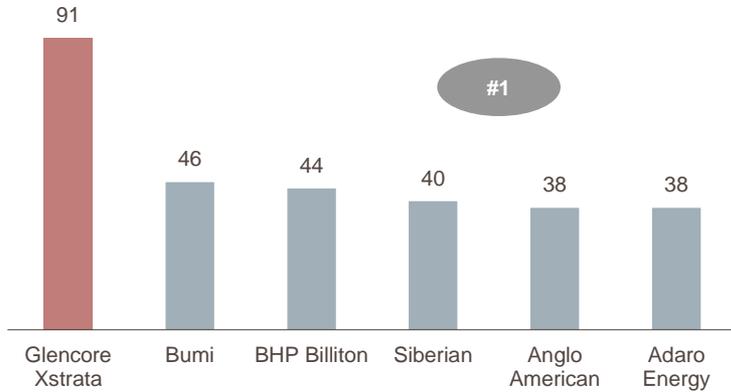
Our products in society

Over 90 commodities produced and / or marketed

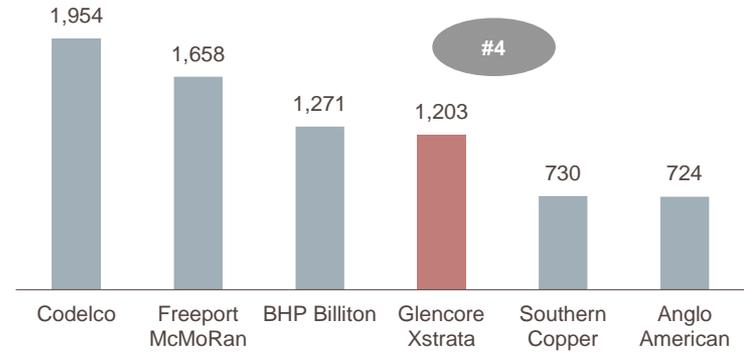


Industry leading production volumes

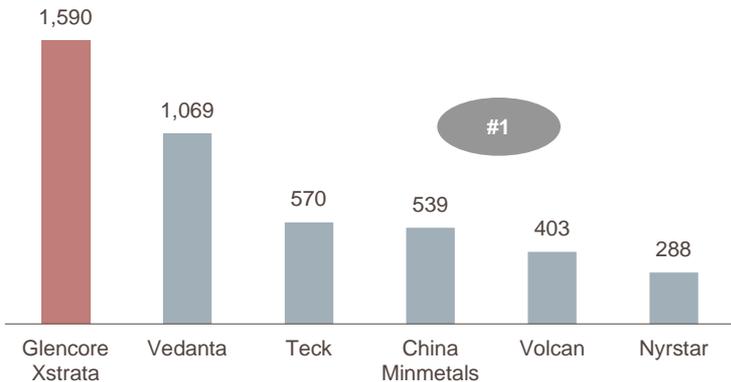
Export thermal coal production (m MT)



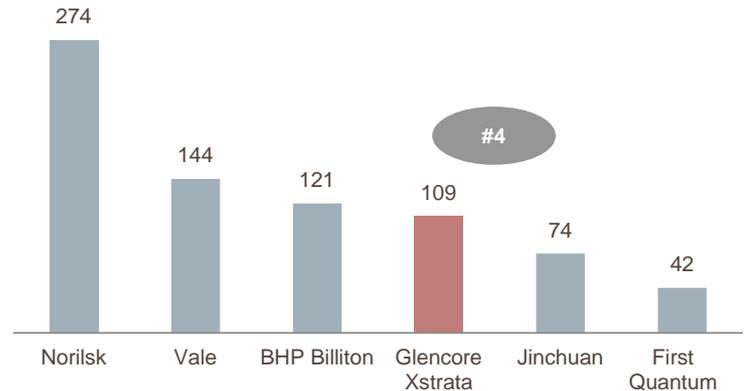
Mined copper production (k MT)



Mined zinc production (k MT)



Mined nickel production (k MT)



Source: AME Group reports; December 2012, Glencore Production Report for the 12 months ended 31 December 2012.

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

Principal balance sheet objective remains maintenance of strong BBB/Baa

3

- **Committed to maintaining an efficient and flexible balance sheet**
 - strong BBB/Baa provides the optimal balance amongst RoE, cost of debt, access to capital and risk profile
 - excess capital available for investment or return to shareholders
- **Implied debt coverage threshold metrics (proforma basis), 12-24 months trailing and prospective of**
 - FFO/Net debt > 25%; and
 - Net debt/EBITDA < 3x
- **New cross guarantee structure, to be implemented shortly, will achieve broad *pari passu* rankings within the group's capital structure**
 - new guarantors: Glencore Xstrata plc (previously Glencore International plc), Glencore International AG and Xstrata (Schweiz) AG
- **Maintain minimum liquidity headroom of \$3bn, comprising available committed undrawn credit facilities**
 - Glencore standalone liquidity headroom was approximately \$9bn as of 31 December 2012

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, secondary to the commitment to strong BBB/Baa**

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
- **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
- **Potential investments will also reflect the following**
 - focus on retaining diversification by geography and commodity
 - avoidance of too many high risk and high capital cost projects
 - brownfield project focus for faster payback and more reliable development process
 - avoidance of projects which have material and protracted negative cash flows
 - carefully consider implications of investments on demand/supply balances



Glencore Xstrata Pro Forma Financials

Key financial highlights (pro forma)

US\$ m ⁽¹⁾	2012	2011	% change
Revenue	236,466	209,115	13%
Adjusted EBITDA ^{(2) (4)}	12,892	16,248	(21%)
Adjusted EBIT ^{(3) (4)}	8,087	11,965	(32%)
Net income attributable to equity holders pre significant items	5,538	7,968	(30%)
Net income attributable to equity holders	2,264		
Funds from operations (FFO) ⁽⁵⁾	10,268		
Net Debt	29,230		
FFO to Net Debt	35.1%		
Net Debt to Adjusted EBITDA	2.27x		

- Notes: (1) The key financial highlights have been presented including the joint ventures Cerrejón, Antamina and Collahuasi on a proportional consolidation basis, to provide a greater understanding of the underlying results of the Group.
(2) Adjusted EBITDA is revenue less cost of goods sold, less selling and administrative expenses, plus share of income from associates and joint controlled entities, plus dividend income, plus depreciation and amortisation.
(3) Adjusted EBIT is Adjusted EBITDA less depreciation and amortisation.
(4) Pre significant items.
(5) FFO is Operating cash flow before working capital changes less net interest paid, less tax paid, plus dividends received from associates.

Robust balance sheet (pro forma) ⁽¹⁾

US\$ ⁽²⁾	2012
Total assets	169.0bn
Gross Debt	52.6bn
Net Funding	47.9bn
Net Debt	29.2bn
FFO to Net Debt	35.1%
Net Debt to Adjusted EBITDA	2.27x
Adjusted EBITDA to net interest	10.82x

- Maintain minimum liquidity headroom of \$3 bn, comprising available committed undrawn credit facilities
 - Glencore standalone liquidity headroom was approximately \$9bn as of 31 December 2012
- Strong cashflow coverage ratios:
 - FFO to Net Debt at 35.1%
 - Net Debt to Adjusted EBITDA at 2.27x
- Principal balance sheet objective remains maintenance of strong BBB/Baa
 - provides the optimal balance amongst RoE, cost of debt, access to capital and risk profile
- Implied debt coverage threshold metrics (proforma basis), 12-24 months trailing and prospective of
 - FFO/Net Debt > 25%; and
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Notes: (1) All definitions as per Annual Report 2012.

(2) The key financial highlights have been presented including the joint ventures Cerrejón, Antamina and Collahuasi on a proportional consolidation basis, to provide a greater understanding of the underlying results of the Group.

Concluding remarks and outlook

Marketing

- Robust performance in 2012
- Future performance expected to be driven by organic growth in industrial assets and integration of Viterra and Xstrata

Industrial

- Tight cost control and diversification mitigated commodity price weakness and led to an overall competitively stronger performance relative to peers
- Significant production ramp-up expected from Koniambo, E&P, African copper belt, Antapaccay, Prodeco, etc
- Review of combined Glencore Xstrata industrial asset portfolio is under way

Overall

- On-going focus on cost control to defend operating margins
- See healthy long-term outlook for Glencore Xstrata's commodities based on the continuing growth within emerging market economies and sustained levels of consumption within developed markets
- Robust balance sheet with high levels of committed liquidity
- Acquisition of Viterra transforms the agricultural business into a global operation
- Comprehensive market update in Q3 2013

Appendix

Our values

• Entrepreneurialism

- Our approach fosters the highest level of professionalism, personal ownership and entrepreneurial spirit in all our employees while never compromising on the safety and well-being of our people. This is important to our success and the superior returns we aim to achieve for all our stakeholders

• Simplicity

- We aim to achieve our key deliverables as a path to industry-leading returns, while maintaining a clear focus on excellence, quality, sustainability and continuous improvement in everything we do

• Safety

- Our first priority in the workplace is to protect the health and well-being of all our workers. We take a proactive approach to health and safety; our goal is continuous improvement in preventing occupational disease and injuries

• Responsibility

- We recognise that our work can have an impact on our society and the environment. We care profoundly about our performance in compliance, environmental protection, human rights and health and safety

• Openness

- We value relationships and communication based on integrity, co-operation, transparency and mutual benefit, with our people, our customers, our suppliers, governments and society in general

