

# GLENCORE

**Glencore plc**  
**Baar, Switzerland**  
**1 March, 2016**

## Preliminary Results 2015

To view the full report, please click here:

[http://www.glencore.com/assets/investors/doc/reports\\_and\\_results/2015/GLEN-2015-Preliminary-Results.pdf](http://www.glencore.com/assets/investors/doc/reports_and_results/2015/GLEN-2015-Preliminary-Results.pdf)

### Highlights

US\$ million	2015	2014	Change %
<b>Key statement of income and cash flows highlights<sup>1</sup>:</b>			
Adjusted EBITDA <sup>2</sup>	<b>8,694</b>	12,764	(32)
Adjusted EBIT <sup>2</sup>	<b>2,172</b>	6,706	(68)
Net income attributable to equity holders pre-significant items <sup>3</sup>	<b>1,342</b>	4,285	(69)
Earnings per share (pre-significant items) (Basic) (US\$)	<b>0.10</b>	0.33	(69)
Net (loss)/income attributable to equity holders	<b>(4,964)</b>	2,308	n.m.
Funds from operations (FFO) <sup>4,5</sup>	<b>6,615</b>	10,169	(35)
Capital expenditure (excluding Las Bambas of \$961 million in 2014)	<b>5,957</b>	8,566	(30)

US\$ million	31.12.2015	31.12.2014	Change %
<b>Key financial position highlights:</b>			
Total assets	<b>128,485</b>	152,205	(16)
Current capital employed (CCE) <sup>5</sup>	<b>12,443</b>	21,277	(42)
Net funding <sup>4</sup>	<b>41,245</b>	49,758	(17)
Net debt <sup>4</sup>	<b>25,889</b>	30,532	(15)
<b>Ratios:</b>			
FFO to Net debt <sup>4</sup>	<b>25.6%</b>	33.3%	(23)
Net debt to Adjusted EBITDA	<b>2.98x</b>	2.39x	25
Adjusted EBITDA to net interest	<b>6.24x</b>	8.68x	(28)

1 Refer to basis of preparation on page 4 of the Preliminary Results 2015 report.

2 Refer to note 2 of the financial statements for definition and reconciliation of Adjusted EBIT/EBITDA of the Preliminary Results 2015 report.

3 Refer to significant items table on page 5 of the Preliminary Results 2015 report.

4 Refer to page 7 of the Preliminary Results 2015 report.

5 Refer to glossary for definition of the Preliminary Results 2015 report.

- Adjusted EBITDA of \$8.7 billion, down 32% on 2014, due to substantially weaker commodity prices, partially offset by cost efficiencies and favourable producer country currencies:
  - Marketing EBITDA down 11% to \$2.7 billion, reflecting the high 2014 agricultural base and challenging metals' marketing conditions in H1 2015 (as noted in our 2015 Half-Year Report), offset by a robust performance from oil marketing.
  - Industrial EBITDA down 38% to \$6.0 billion, reflecting lower prices in all key commodities and decisive action to reduce supply and associated capital expenditures / operating costs within our coal, zinc, copper and oil assets. These steps are aimed at preserving resource value for the longer term.
- 2015 industrial capital expenditure of \$5.7 billion, in line with previous guidance. 2016 industrial capital expenditure has been cut a further \$300 million to \$3.5 billion.
- Delivered significant real unit cost reductions in 2015. Targeting to capture a further \$400 million of savings during 2016.
- Rapid delivery of our capital preservation/debt reduction measures, including:
  - Asset sales of \$1.6 billion to date, including \$1.4 billion from precious metals' streaming transactions.

- Opex, capex and working capital reduction targets, have been met.
- Remaining asset sales processes are proceeding well:
  - Expect to reach agreement on the sale of a minority stake in the Agricultural Products business in Q2 2016;
  - Bids for the potential disposals of Cobar and/or Lomas Bayas are also expected to be finalised during Q2 2016; and
  - Consideration of further monetisation of remaining precious metals' production base and certain infrastructure/logistics assets.
- We are confident of achieving \$4-5 billion of asset disposals during the remainder of 2016.
- Net funding at year end decreased by \$8.5 billion to \$41.2 billion, aided by \$6.6 billion of working capital release, including \$5.4 billion of inventories, while Net debt declined to \$25.9 billion.
- Our Net funding and Net debt targets for the end of 2016 are \$32-33 billion and \$17-18 billion respectively.
- We are targeting Net funding of <\$30 billion and Net debt of c.\$15 billion by the end of 2017.
- Our balance sheet remains strong and flexible, supported by record committed available liquidity of \$15.2 billion at year end.
  - Refinanced the one year tranche of our Revolving Credit Facility in February 2016 via signing in \$7.7 billion of commitments from 37 banks; will now broaden the facility via launch of general syndication to some 30 additional banks in Q2 2016.
- Recent rating actions by Moody's and Standard & Poor's maintain our Investment Grade ratings with stable outlook (Baa3/BBB-).
- Recorded net exceptional charges attributable to Glencore equity holders (after non-controlling interests) of \$5.8 billion primarily related to impairments, restructuring costs and net losses on disposals of operations, including \$1.3 billion already recognised in H1 2015 (see reconciliation table in the glossary). These mainly relate to lower prices impacting our oil operations and Koniambo nickel asset (compounded by technical issues) and the recognition of a loss on cessation of control of Optimum Coal.
- 2016 guidance:
  - Production is detailed on page 124 of the Preliminary Results 2015 report
  - Marketing EBIT guidance unchanged at \$2.4-2.7 billion

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

"Our rigorous focus on debt reduction, supply discipline and cost efficiencies enabled Glencore to record a robust performance in difficult market conditions. Our diversified portfolio, based around a core of Tier 1 assets, combined with our highly resilient marketing business, underpins our ability to continue to be comfortably cash generative at current and even lower commodity prices."

## Preliminary Results 2015 presentation

Glencore is hosting a live webcast starting at 8.00 am UK. The presentation slides are available for download on 1 March 2016 at 7 am UK time from our website.

### Webcast

The webcast is accessible at: <http://edge.media-server.com/m/p/9dqugrts>

### Dial in

Participants to dial in 5-10 minutes prior to the start time using the number / Conference ID listed below:

Local - United Kingdom: +44(0)20 3427 1903  
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 Free phone - USA: 1877 280 1254  
 Local - Australia: +61(0)2 9253 5963  
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Password: **1464999**

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[www.glencore.com](http://www.glencore.com)

 [www.youtube.com/glencorevideos](http://www.youtube.com/glencorevideos)

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 around 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 160,000 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.