

GLENCORE

GLENCORE PLC

(Incorporated in Jersey under the Companies (Jersey) Law 1991)

(Registration number 107710)

JSE Share Code: GLN

LSE Share Code: GLEN

HKSE Share Code: 805HK

ISIN: JE00B4T3BW64

Baar, Switzerland

NEWS RELEASE

Baar, 6 August 2020

2020 Half-Year Report

Highlights

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

"Every aspect of life in 2020 has been impacted by the Covid-19 crisis. Our teams have adapted to these difficult conditions and we are pleased to announce an overall strong financial performance from our various businesses, reflecting the countercyclical earnings power from our large scale Marketing activities, combined with a cash generative industrial asset base, which quickly adapted to the changed environment.

Marketing delivered a half-yearly record Adjusted EBIT performance of \$2.0 billion, allowing us to raise full-year guidance to the top end of our long-term \$2.2-3.2 billion range. There were consistently good contributions across the board, however oil in particular was able to capitalise on the presence of exceptional market conditions during the half.

Our Industrial activities faced numerous challenges, but for the most part were able to continue operating relatively normally. Unit costs are broadly stable (pre by-product credits), while capex is under close control. In the current economic environment, difficult decisions and actions have been considered for moving certain assets into extended care and maintenance to rebalance markets with oversupply risk and preserve the resources for a better market environment. Impairments of \$3.2 billion (net of non-controlling interests and tax) were recognised.

The outlook remains uncertain in the short term. Notwithstanding our cash-generative business and secure liquidity positions, the Board has concluded that it would be inappropriate to make a distribution to shareholders in 2020, instead prioritising the acceleration of Net debt reduction to within our target range (<\$16 billion), currently expected to occur by the end of 2020.

Over the longer term, our diversified commodity portfolio, positions us well to play a key role in the next upward economic cycle, benefiting in particular from the commodities required for the transition to a low-carbon economy. We remain focussed on creating sustainable long-term value for all stakeholders."

US\$ million	H1 2020	H1 2019	Change %	2019
Key statement of income and cash flows highlights⁽¹⁾:				
Net (loss)/income attributable to equity holders	(2,600)	226	n.m.	(404)
Adjusted EBITDA ^(#)	4,833	5,582	(13)	11,601
Adjusted EBIT ^(#)	1,472	2,229	(34)	4,151
(Loss)/earnings per share (Basic) (US\$)	(0.20)	0.02	n.m.	(0.03)
Funds from operations (FFO) ^{(2)(#)}	3,686	3,516	5	7,865
Cash generated by operating activities before working capital changes	4,317	5,409	(20)	10,346
Net purchase and sale of property, plant and equipment ^{(2)(#)}	1,700	2,193	(22)	4,966

US\$ million	30.06.2020	31.12.2019	Change %
Key financial position highlights:			
Total assets	111,952	124,076	(10)
Net funding ^{(2)(3)(#)}	36,361	34,366	6
Net debt ^{(2)(3)(#)}	19,695	17,556	12
Ratios:			
FFO to Net debt ^{(2)(3)(4)(#)}	40.8%	44.8%	(9)
Net debt to Adjusted EBITDA ^{(3)(4)(#)}	1.81	1.51	20

1 Refer to basis of presentation on page 5.

2 Refer to page 9.

3 Includes \$938 million (2019: \$607 million) of Marketing related lease liabilities, excluding which, Net debt increased 11% period on period.

4 H1 2020 ratios based on last 12 months' FFO and Adjusted EBITDA, refer to APMs section for reconciliation.

Adjusted measures referred to as Alternative performance measures (APMs) which are not defined or specified under the requirements of International Financial Reporting Standards; refer to APMs section on page 69 for definition and reconciliations and to note 3 of the financial statements for reconciliation of Adjusted EBIT/EBITDA.

H1 Marketing Adjusted EBIT of \$2.0 billion; full year expectation revised to the top end of our long-term range

- Marketing Adjusted EBIT of \$2.0 billion (H1 2019: \$1.0 billion) reflected oil, in particular, benefiting from the volatile and structurally supportive marketing environment. Metals also contributed significantly, reflecting the relatively quick economic recovery in China
- Full year Adjusted EBIT guidance now expected at the top end of our long-term \$2.2-3.2 billion range

Industrial Adjusted EBITDA, a solid \$2.6 billion in a challenging operating environment

- Metals \$2.2 billion (down 16%) and Energy \$0.7 billion (down 65%). The majority of our assets operated relatively normally through the half-year, with the Energy assets disproportionately impacted by lower coal prices
- H1 unit costs were: Copper 109¢/lb, zinc 28¢/lb (64¢/lb ex-gold), nickel (ex Koniambo) 230¢/lb and thermal coal \$46/t
- Full year estimated unit costs: Copper 106¢/lb, zinc 5¢/lb (48¢/lb ex-gold), nickel (ex Koniambo) 257¢/lb and thermal coal \$46/t
- Current industrial metals' prices are substantially higher than H1 2020's averages; augurs well for an improved Metals' Industrial performance in H2
- H1 Industrial capex was \$1.8 billion (H1 2019: \$2.3 billion); full year expected around \$4.0 billion (previous range of \$4.0-4.5 billion)

Net loss attributable to equity holders of \$2.6 billion

- Net loss includes impairments attributable to equity holders of \$3.2 billion recognised during the period as a result of lower commodity prices related to the economic uncertainty arising from the Covid-19 pandemic (notably thermal coal, oil and zinc) and / or technical reassessments resulting in reduced life of mine or longer-term project realisation expectations
- Total comprehensive loss attributable to equity holders of \$4.2 billion (2019: income of \$0.4 billion) includes exchange losses on translation of foreign operations and negative mark-to-market movements on investments held at fair value

Net debt of \$19.7 billion (including \$0.9 billion of Marketing-related lease liabilities)

- Net debt to Adjusted EBITDA ratio of 1.81 times is within our <2x cap.
- Net debt currently above the upper end of our \$10-\$16 billion target range; given current healthy levels of operating cash flow before working capital changes, expect Net debt to be inside our target range by end of 2020 and down from the start of the year
- Available committed liquidity of \$10.2 billion at 30 June 2020 (31 December 2019: \$10.1 billion)

To view the full report please click

<https://www.glencore.com/dam/jcr:50ad1802-2213-43d8-8008-5fe84e3c65ed/GLEN-2020-Half-Year-Report.pdf>

and on the JSE on <https://senspdf.jse.co.za/documents/2020/JSE/ISSE/GLN/H1Rep2020.pdf>.

For further information please contact:

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Notes for Editors

Glencore is one of the world's largest global diversified natural resource companies and a major producer and marketer of more than 60 responsibly-sourced commodities that advance everyday life. The Group's operations comprise around 150 mining and metallurgical sites and oil production assets.

With a strong footprint in over 35 countries in both established and emerging regions for natural resources, Glencore's industrial activities are supported by a global network of more than 30 marketing offices.

Glencore's customers are industrial consumers, such as those in the automotive, steel, power generation, battery manufacturing and oil sectors. 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.

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For example, our future revenues from our assets, projects or mines will be based, in part, on the market price of the commodity products produced, which may vary significantly from current levels. These may materially affect the timing and feasibility of particular developments. Other factors include (without limitation) the ability to produce and transport products profitably, demand for our products, changes to the assumptions regarding the recoverable value of our tangible and intangible assets, the effect of foreign currency exchange rates on market prices and operating costs, and actions by governmental authorities, such as changes in taxation or regulation, and political uncertainty.

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