

# GLENCORE

## NEWS RELEASE

Baar, 5 August 2021

# 2021 Half-Year Report

## Highlights

Glencore's Chief Executive Officer, Gary Nagle, commented:

"I am pleased to report strong progress and group performance over the first half of 2021. Our Industrial assets recorded a much improved safety performance, our strengthened climate commitments are amongst the most ambitious in the sector, group half-year Adjusted EBITDA of \$8.7 billion was a record, Net debt targets were achieved early and shareholder returns have been topped up.

"Following Covid-19's severe global impacts in early 2020, the subsequent economic recovery has seen prices of most of our commodities surging to multi-year highs amid accelerating demand and lingering supply constraints. Fiscal and monetary stimulus, successful vaccine roll-outs and increasing momentum in relation to decarbonisation of energy systems should continue to underpin sector sentiment going forward.

"Our marketing business excelled in this environment, recording Adjusted EBIT of \$1.8 billion. In contrast to the outsized oil earnings that dominated last year's record first-half results, strong trading performances were delivered by all key commodity teams during this year. In the Industrial business, Adjusted EBITDA of \$6.6 billion was up 152%, benefiting from strong metals prices and expanded mining margins. While our coal business was impacted by relatively weak pricing and lower volumes earlier in the year, we anticipate a significantly improved finish to 2021, buoyed by the strong recovery in both thermal and coking coal prices from Q2.

"Against such first-half backdrop, cash generation was strong, with FFO almost doubling to \$7.3 billion, and Net debt of \$10.6 billion correspondingly moving to the lower end of our target range. Accordingly, and aided by the robust cash flow currently being generated within the business, I am pleased to announce additional shareholder returns, comprising a c.\$0.5 billion special cash distribution (\$0.04/share) for payment in September and a \$650 million share buyback to be completed by the release of our full year results next year. This overall top-up lifts planned 2021 shareholder returns to c.\$2.8 billion.

"The strength of Glencore's enviable portfolio today reflects Ivan's persistent pursuit of value creation and his vision in unlocking the enhanced benefits and synergies from combining a large diversified suite of Industrial assets with related Marketing activities. Our company is ideally positioned in terms of commodity mix and business model and I look forward to working with all our stakeholders to realise our ambition of meeting the expected resource needs of the future, while creating sustainable long-term value."

| US\$ million  | H1 2021 | H1 2020 | Change % | 2020    |
|---|---------|---------|----------|---------|
| <b>Key statement of income and cash flows highlights<sup>1</sup>:</b> |         |         |          |         |
| Revenue   | 93,805  | 70,961  | 32       | 142,338 |
| Adjusted EBITDA <sup>2</sup>  | 8,654   | 4,833   | 79       | 11,560  |
| Adjusted EBIT <sup>3</sup>  | 5,305   | 1,472   | 260      | 4,416   |
| Net income/(loss) attributable to equity holders                      | 1,277   | (2,600) | n.m.     | (1,903) |
| Earnings/(loss) per share (Basic) (US\$)                              | 0.10    | (0.20)  | n.m.     | (0.14)  |
| Funds from operations (FFO) <sup>2b</sup>                             | 7,310   | 3,686   | 98       | 8,325   |
| Cash generated by operating activities before working capital changes | 7,181   | 4,317   | 66       | 8,568   |
| Net purchase and sale of property, plant and equipment <sup>2b</sup>  | 1,767   | 1,700   | 4        | 3,921   |

| US\$ million                                | 30.06.2021 | 31.12.2020 | Change % |
|---|------------|------------|----------|
| <b>Key financial position highlights:</b>   |            |            |          |
| Total assets                                | 122,419    | 118,000    | 4        |
| Net funding <sup>2,3b</sup>                 | 31,854     | 35,428     | (10)     |
| Net debt <sup>2,3b</sup>                    | 10,624     | 15,844     | (33)     |
| <b>Ratios:</b>                              |            |            |          |
| FFO to Net debt <sup>2,3,4b</sup>           | 112.5%     | 52.5%      | 114      |
| Net debt to Adjusted EBITDA <sup>3,4b</sup> | 0.69       | 1.37       | (50)     |

1 Refer to basis of presentation on page 4.

2 Refer to page 8.

3 Includes \$1,005 million (2020: \$652 million) of Marketing related lease liabilities.

4 H1 2021 ratios based on last 12 months' FFO and Adjusted EBITDA, refer to APMs section for reconciliation.

<sup>b</sup> 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 64 for definitions and reconciliations and to note 3 of the financial statements for reconciliation of Adjusted EBIT/EBITDA.

## HIGHLIGHTS

continued

### HIGHER COMMODITY PRICES DRIVE SIX MONTH ADJUSTED EBITDA TO \$8.7 BILLION

- Industrial Adjusted EBITDA of \$6.6 billion (H1 2020: \$2.6 billion) reflects a significantly improved Adjusted EBITDA mining margin of 38% (H1 2020: 22%)
- Strong Marketing Adjusted EBIT performance of \$1.8 billion, albeit down \$220 million (11%) on H1 2020, reflecting the exceptional oil trading conditions in the prior period. All key commodity departments materially contributed
- Full year Marketing Adjusted EBIT expected at the top end of our long-term \$2.2-3.2 billion p.a. range

### INDUSTRIAL UNIT COSTS IN LINE WITH EXPECTATIONS

- H1 unit costs were: Copper 85¢/lb, zinc 18¢/lb (18¢/lb ex-gold), nickel (ex Koniambo) 254¢/lb and thermal coal \$54/t
- Full year estimated unit costs: Copper 80¢/lb, zinc 13¢/lb (28¢/lb ex-gold), nickel (ex Koniambo) 277¢/lb and thermal coal \$55/t (all including by-product credits as appropriate)
- H1 Industrial capex was \$1.8 billion (H1 2020: \$1.8 billion); full year expected around \$5.0 billion

### NET INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF \$1.3 BILLION

- Stated after the required accounting recycling to the statement of income of Mopani's non-controlling interests upon its disposal and a non-cash impairment of Koniambo (\$625 million)

### NET DEBT OF \$10.6 BILLION (INCLUDING \$1.0 BILLION OF MARKETING-RELATED LEASE LIABILITIES)

- Towards the low end of our \$10-16 billion target range; well below our current c.1x Net debt/ Adjusted EBITDA target
- Continued healthy cashflow generation expected for balance of 2021, basis current performance and prices
- Available committed liquidity of \$9.3 billion at 30 June 2021
- Announced today an additional cash distribution of c. \$530 million (\$0.04/share) and a \$650 million share buyback
- Brings total shareholder returns for 2021 to \$2.8 billion, being the 12¢/share base distribution announced in February and the above "top-up" elements

To view the full report please click <https://www.glencore.com/dam/jcr:40ca2cbb-3bef-4564-8395-45db79f00c59/GLEN-2021-Half-Year-Report.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 135,000 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. Our ambition is to be a net zero total emissions company by 2050.

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