GLENCORE

NEWS RELEASE
Baar, 4 August 2022

2022 Half-Year Report

Highlights

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

"Notwithstanding what has clearly been a very complex environment for our markets, our operations, and the world in general, we are pleased to report an exceptional financial performance for Glencore over the period.

"Global macroeconomic and geopolitical events during the half created extraordinary energy market dislocation, volatility, risk, and supply disruption, resulting in record pricing for many coal and gas benchmarks and physical premia, underpinning a $10.3 billion increase (119%) in Group Adjusted EBITDA to $18.9 billion. Marketing Adjusted EBIT more than doubled to $3.7 billion, with energy products the standout, while Industrial Adjusted EBITDA increased $8.4 billion to $15.0 billion period-on-period.

"Allied to the record EBITDA, our net working capital significantly increased during the period, with some $5 billion invested into Marketing, primarily Energy, in line with the materially higher oil, gas and coal prices, and their elevated volatilities. Despite this build, significant cash was generated, which reduced Net debt to $2.3 billion, allowing for today's announcement of $4.5 billion of "top-up" shareholder returns, comprising a $1.45 billion special distribution ($0.11 per share) alongside a new $3.0 billion buyback program (c.$0.23 per share). Today's additional returns lift total 2022 shareholder returns to c.$8.5 billion.

"Looking ahead, tightening financial conditions and a deteriorating macroeconomic environment present some uncertainty for commodity markets through the second half of the year. However, with few short-term solutions to rebalance global energy markets, coal and LNG prices look set to remain elevated during this period, particularly given the current challenge of securing sufficient and reliable energy supply for the Northern hemisphere winter ahead.

"For metals, the outlook is more complex, balancing supply risks, amid labour, water and energy shortages, supply chain disruptions, growing sovereign risk uncertainty and rising costs, against likely weakening end-use markets ex-China. There are some recent signs of China recovering from its Q2 trough, which could help to offset potentially weaker conditions in other key consuming markets.

"The combined strength of our diversified business model across metals and energy industrial and marketing positions has proved itself adept in all market conditions, which should allow us to both successfully navigate the shorter-term challenges that may arise, as well as meet the resource needs of the future. I would like to thank all our employees for their efforts and tremendous contribution during these turbulent times and as always, we remain focused on creating sustainable long-term value for all our stakeholders."

US$ million	**H1 2022**	H1 2021	Change %	2021
Key statement of income and cash flows highlights[1]:				
Revenue	134,435	93,805	43	203,751
Adjusted EBITDA◊	18,918	8,654	119	21,323
Adjusted EBIT◊	15,415	5,305	191	14,495
Income for the period attributable to equity holders	12,085	1,277	846	4,974
Earnings per share (Basic) (US$)	0.92	0.10	820	0.38
Funds from operations (FFO)[2◊]	15,425	7,310	111	17,057
Cash generated by operating activities before working capital changes, interest and tax	18,290	7,181	155	16,725

US$ million	**30.06.2022**	31.12.2021	Change %
Key financial position highlights:			
Total assets	139,955	127,510	10
Total equity	44,451	36,917	20
Net funding[2,3◊]	27,987	30,837	(9)
Net debt[2,3◊]	2,308	6,042	(62)
Ratios:			
FFO to Net debt[2,3,4◊]	1090.6%	282.3%	286
Net debt to Adjusted EBITDA[3,4◊]	0.07	0.28	(75)

1 Refer to basis of presentation on page 6.
2 Refer to page 10.
3 Includes $585 million (2021: $857 million) of Marketing related lease liabilities.
4 H1 2022 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 67 for definitions and reconciliations and to note 3 of the financial statements for reconciliation of Adjusted EBIT/EBITDA.

ENERGY MARKET VOLATILITY AND HIGH PRICES DRIVE RECORD FIRST HALF EARNINGS

- Elevated energy market dislocation, volatility, risk and supply disruption, led to record prices for many coal and gas benchmarks and physical premia, underpinning a $10.3 billion increase in Group Adjusted EBITDA to $18.9 billion
- Industrial Adjusted EBITDA increased $8.4 billion to $15.0 billion period-on-period, benefitting primarily from record coal prices, augmented by the incremental 66.7% contribution from Cerrejón, acquired in January 2022
- Marketing Adjusted EBIT more than doubled to $3.7 billion, with energy products performing exceptionally well amid the complex, volatile and elevated market risk backdrop, characterised by extreme dislocations and price movements
- We currently expect more normal Marketing conditions to prevail in the second half of the year

INDUSTRIAL UNIT COSTS HIGHER, PRIMARILY DUE TO THE BROAD INFLATIONARY ENVIRONMENT AND LOWER BY-PRODUCT CREDITS

- H1 unit costs were: Copper 54¢/lb, zinc 9¢/lb (48¢/lb ex-gold), nickel (ex Koniambo) 370¢/lb and thermal coal $75.4/t
- Full year estimated unit costs: Copper 93¢/lb, zinc 29¢/lb (63¢/lb ex-gold), nickel (ex Koniambo) 359¢/lb and thermal coal $79.4/t (all including updated by-product credits, as appropriate)
- H1 Industrial capex was $2.0 billion (H1 2021: $1.8 billion); full year guidance unchanged at $5.4 billion

INCOME FOR THE PERIOD ATTRIBUTABLE TO EQUITY HOLDERS OF $12.1 BILLION

- Including a $1.5 billion gain on acquiring the remaining 66.67% interest in Cerrejón and disposal of Ernest Henry

STRONG BALANCE SHEET

- Allied to the record EBITDA, our net working capital significantly increased during the period, with some $5 billion invested into Marketing, primarily Energy, in line with the materially higher oil, gas and coal prices, and their elevated volatilities
- Despite the working capital build, significant cash was generated during the half, which reduced Net funding and Net debt to $28.0 billion and $2.3 billion respectively from prior period levels of $30.8 billion and $6.0 billion.
- Period-end Net debt of $2.3 billion allows for "top-up" returns under our shareholder returns framework, where Net debt is managed around a $10 billion cap, with sustainable deleveraging below the cap periodically returned to shareholders
- Announced today "top-up" shareholder returns of $4.5 billion, comprising a $1.45 billion special distribution ($0.11/share) and a $3.0 billion share buyback (c.$0.23 per share)
- Total shareholder returns for 2022 of c.$8.5 billion, including the $3.4 billion base distribution and $0.6 billion buyback announced in February 2022
- Spot illustrative free cash flow generation of c.$18 billion from Adjusted EBITDA of c.$32.3 billion.

To view the full report please click https://www.glencore.com/dam/jcr:507b9273-f06c-4362-970c-3a1c8be272d6/GLEN-2022-Half-Year-Report.pdf

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Please refer to the end of this document for disclaimers including on forward-looking statements.

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. Through a network of assets, customers and suppliers that spans the globe, we produce, process, recycle, source, market and distribute the commodities that enable decarbonisation while meeting the energy needs of today.

Glencore companies employ around 135,000 people, including contractors. With a strong footprint in over 35 countries in both established and emerging regions for natural resources, our marketing and industrial activities are supported by a global network of more than 40 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 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.

Glencore recognises our responsibility to contribute to the global effort to achieve the goals of the Paris Agreement. Our ambition is to be a net zero total emissions company by 2050. In August 2021, we increased our medium-term emission reduction target to a 50% reduction by 2035 on 2019 levels and introduced a new short-term target of a 15% reduction by 2026 on 2019 levels.

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