



Xstrata plc Interim Results 2007

Key Financial Results

\$m	Statutory Six months to 30.06.07	Pro forma Six months to 30.06.06	% Change	Statutory Six months to 30.06.06	% Change on statutory figures
Revenue*	14,232	11,894	20	5,178	175
EBITDA*	5,687	4,656	22	2,263	151
EBIT*	4,671	3,684	27	1,947	140
Attributable profit	3,002	2,043	47	1,133	165
Earnings per share (basic)	\$3.13	\$2.23	40	\$1.60	96
Cash generated from operations	6,109	1,958**	212	1,958	212
Net debt to net debt plus equity	31%	47%	34	11%	176
Net assets	22,420	18,459	21	13,084	71
Net assets per share	\$23.17	\$19.72	17	\$18.68	24
Dividends declared and paid	30.0¢	22.4¢***†	34	22.4¢	34
Dividends proposed	16.0¢	11.6¢***†	38	11.6¢	38

* Excludes discontinued operations
** Based on statutory financial statements
† Adjusted for prior year rights issue impact

Highlights

- Successful integration of three major acquisitions by the end of 2006 added \$3.1 billion to first half EBIT of \$4.7 billion
- Attributable profit up by 47% (over pro-forma results for the first half of 2006) to \$3 billion, boosted by higher prices for nearly all of Xstrata's commodities
- Operational efficiencies and improved productivity delivered real cost savings of \$71 million despite continued cost pressures
- Free cash flow of \$3.4 billion reduced net debt to \$10 billion with gearing falling to 31% at the end of June
- Exceptional suite of greenfield and brownfield organic growth projects with projected capital requirement of \$28 billion, of which \$4.5 billion is already approved
- Strategic business review at Collahuasi copper operation has identified the potential to increase production to one million tonnes per annum in two stages
- Global demand for commodities remains very strong, led by China and increasingly India, while supply constraints remain evident across the industry



Mick Davis, Xstrata CEO, commented:

“Xstrata’s record financial performance in the first half of 2007 clearly demonstrates the immediate and significant earnings accretion achieved through the three major acquisitions completed in 2006. The acquired operations provided exposure to nickel, at a time when average prices rose to over \$40,000 per tonne, enabled Xstrata to capture additional benefit from stronger thermal coal, copper and zinc prices and contributed \$3.1 billion of earnings before interest and tax (EBIT) to first half earnings of \$4.7 billion. Attributable profit rose to \$3 billion, 47% higher than the pro forma result in the first half of 2006 (which includes acquired operations from 1 January 2006). Consequently, earnings per share rose to \$3.13.

Xstrata’s commitment to growth remains at the heart of our strategy to create value. The focus over the past few years on acquisition-led growth has delivered significant value to shareholders, while materially enhancing the quality, scale and diversity of the Group’s portfolio.

This is especially apparent in the number and quality of internal growth projects within the Group, a potential \$28 billion investment pipeline comprising low-cost, high return brownfield opportunities in every commodity business together with 15 major greenfield growth projects. These projects are of critical value in the current environment where – as we believe – the growth in demand for metals and energy appears underpinned for years to come by the huge socio-economic development under way in the major economies of China and India.

The rapidly-growing economies of south-east Asia are also playing an increasingly important role, as countries including Vietnam, Indonesia and Cambodia industrialise and benefit from foreign investment switching out of China to lower cost territories in the region. Demand from these developing Asian economies, the growing economies of the Middle East and the continued robust economic progress in Europe will more than offset slowing demand from the US, where lower housing starts and tighter credit are likely to impact consumption of key commodities, including copper and zinc.

The operational issues that impacted negatively on volumes in the first half are now behind us and notwithstanding the ongoing weakness of the US dollar and the recent retrace of the nickel price, the outlook for the second half of the year is positive. Higher sales volumes in our copper, nickel and coal businesses, the benefits from continuing efficiency programmes, the progressive ramp up of zinc concentrate production at Mount Isa and McArthur River and the ongoing realisation of synergy benefits will all underpin a second half operational performance that we expect to be stronger than the first half. Against the backdrop of enduring strength in the commodity markets, Xstrata’s current operational performance and enhanced platform of growth options position the Group to create considerable further value from this point.”

Two copies of the interim report have been submitted to the Financial Services Authority and will shortly be available for inspection at the Document Viewing Facility which is situated at:



The Financial Services Authority, 25 The North Colonnade, Canary Wharf, London E14 5HS

Contacts

Claire Divver

Tel: +44 20 7968 2871

Mob: +44 7785 964340

Email: cdivver@xstrata.com

Michael Oke

Aura Financial

Tel: +44 20 7321 0033

Mobile: +44 7834 368299

Pam Bell

Tel: +44 20 7968 2822

Mob: +44 7799 626715

Email: pbell@xstrata.com

Andy Mills

Aura Financial

Tel: +44 20 7321 0034

Mobile: +44 7841 748911