



# **Noble Group**

Interim Results 2007

14.08.07

Hands-on Supply Chain Management



## Financial Highlights – 1H 2007

- ▶ Revenues: **US\$10.1 billion** - up **64%**
- ▶ Gross profits: **US\$333 million** - record 6 months
- ▶ Net profits: **US\$100 million** - up **66%**
- ▶ Return on equity: **21%**
- ▶ Share price: up **56%**
- ▶ Balance sheet: sustained strength

# Financial Summary – 1H 2007

## ▶ Strong revenue growth continues

- Revenue up 64% to **US\$10.1 billion** (1H 2006: US\$6.1 billion)
- Volume tonnage up 36% up to **58.9 million tons**
- Energy still the largest segment: **47%** of Group revenues

## ▶ Gross profit hit record high

- Up 68% to **US\$333.3 million** (1H 2006:US\$198.4 million)
- Diversified contribution from all business segments
- Improved Group gross profit margin of **3.31%** (1H 2006: 3.23%)

## ▶ Improved net profits

- Group net profits of **US\$99.5 million**, up 66% (1H 2006: US\$60 million)
- Group net margin improved to **0.99%** (1H 2006 & FY 2006: 0.98%)
- Return on equity of **20.8%**

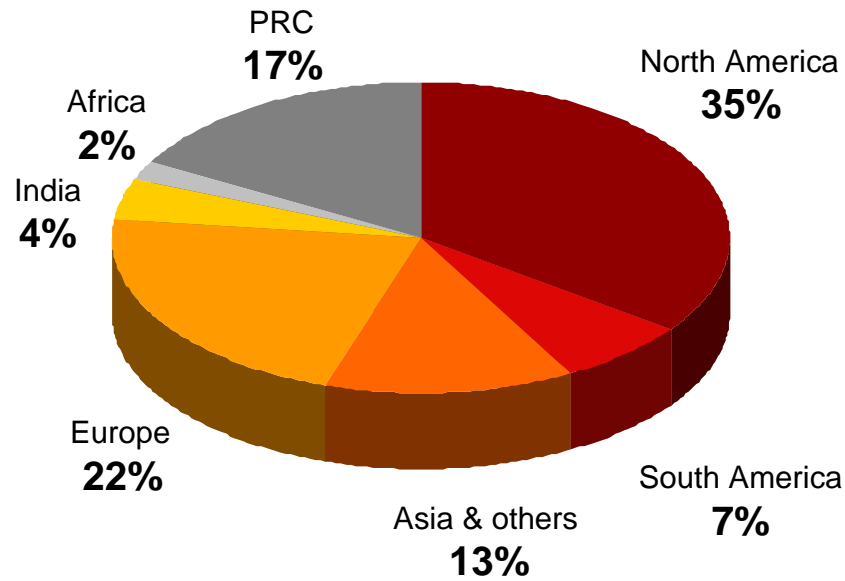
## ▶ Balance sheet strength continues with cash of **US\$536 million**, current ratio of 1.7xs and adjusted net financial debt/equity of 0.36xs

## Income Statement Highlights

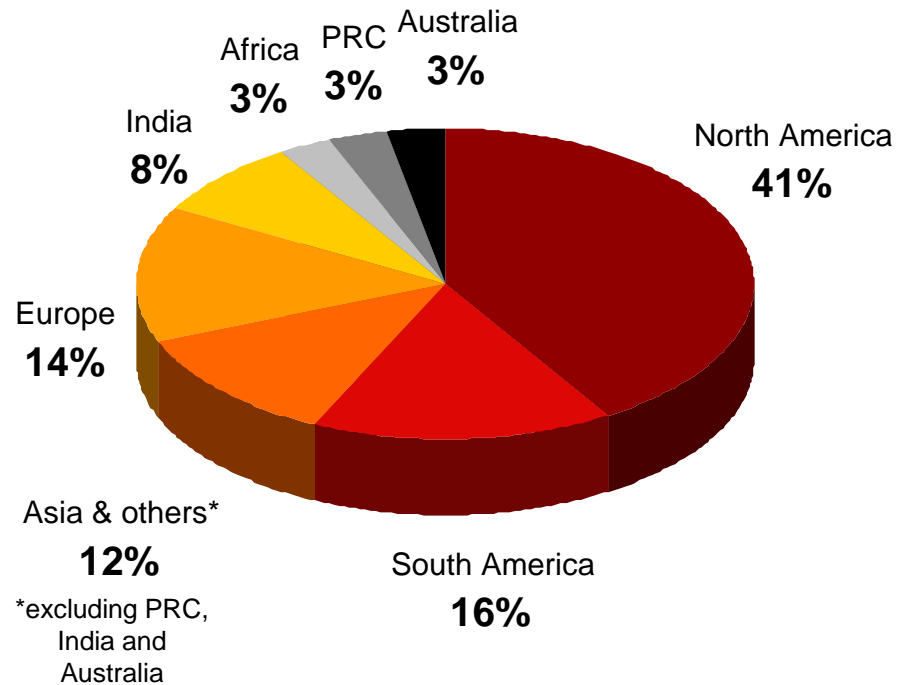
(in US million)	1H ended 30 June 2007	1H ended 30 June 2006
Revenue	10,060	6,145
Gross profit	333	198
Other income and gains	13	16
SG&A expenses	(160)	(98)
Finance costs	(67)	(32)
Income tax	(19)	(20)
<b>Noble net income</b>	<b>100</b>	<b>60</b>

# Group Revenue by Region

Revenue on a Discharge Port Basis



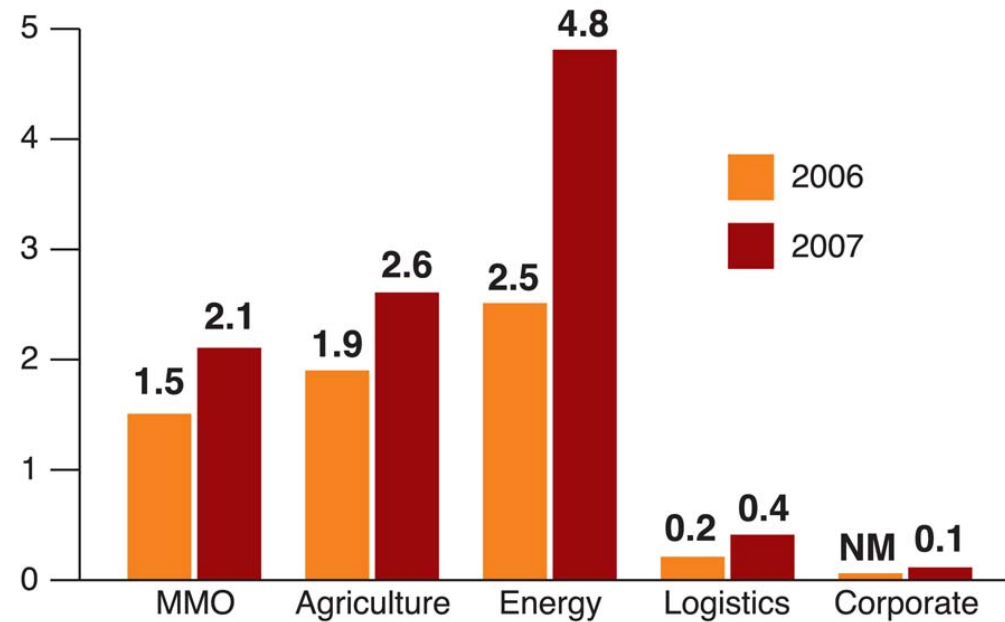
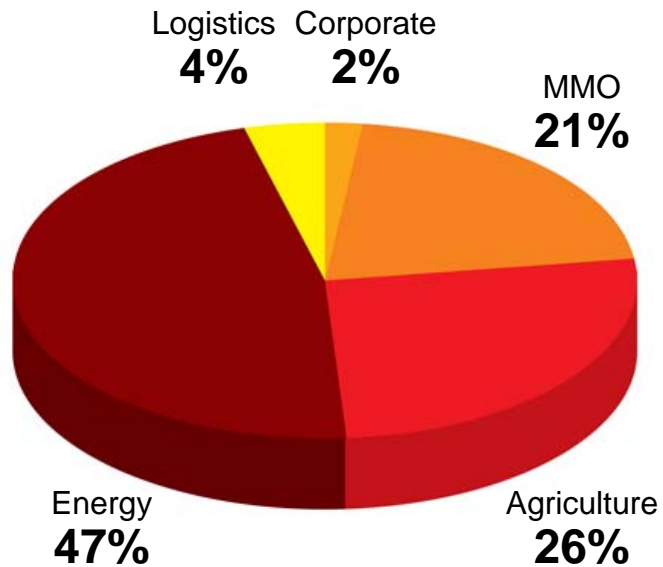
Revenue on a Load Port Basis



# Business Segments Overview - Revenue

Revenue 1H 2007: US\$10.1 billion

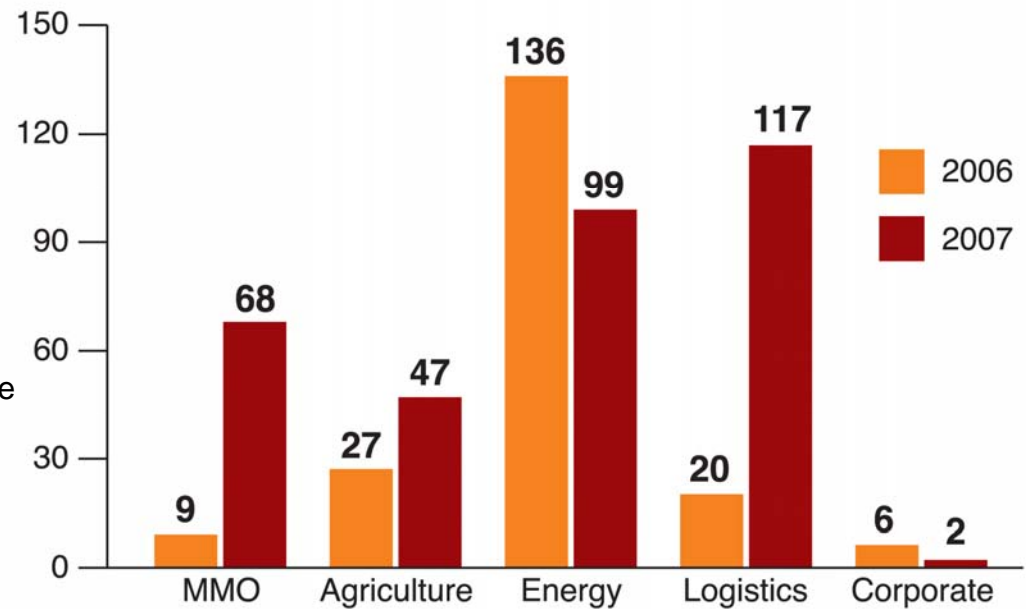
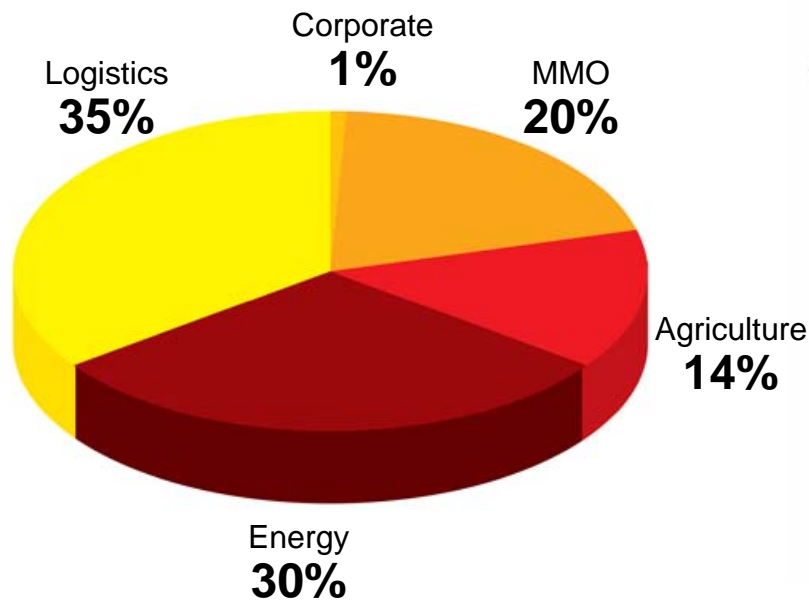
Revenue 1H 2007 vs. 1H 2006:  
US\$10.1 billion vs. US\$6.1 billion



# Business Segments Overview - Gross Profit

Gross profit 1H 2007: US\$333 million

Gross profit 1H 2007 vs. 1H 2006:  
US\$333 million vs. US\$198 million



# Agriculture Segment Highlights – 1H 2007

## Key developments

- ▶ Acquired sugar cane crushing plant / alcohol facility in Brazil for US\$161 million - plan to double production to 4 million tons pa
- ▶ New fertilizer JV leverages client relationships to create new profit opportunity
- ▶ Acquired fourth PRC soybean crushing facility =10% PRC market share
- ▶ New cotton division - leverages client relationship/in-house synergies
- ▶ Investments in warehouse operations strengthens pipeline strategy

## Financial highlights

- |   |  |
|---|--|
| ▶ <u>Revenues</u> : up <b>39%</b> to <b>US\$2.6 billion</b>     | ▶ <u>Volume tonnage</u> : up <b>25%</b> to <b>7.1 mil tons</b>         |
| ▶ <u>Gross profits</u> : up <b>70%</b> to <b>US\$47 million</b> | ▶ <u>Coffee tonnage</u> : up <b>34%</b> / <u>Cocoa</u> : up <b>47%</b> |
| ▶ <u>GPM</u> : improved to <b>1.8%</b> from 1.5%                | ▶ <u>Grain</u> : revenues up <b>43%</b> / GP doubled                   |

# Energy Segment Highlights – 1H 2007

## Key developments

- ▶ Strong growth in clean fuels operations - Largest division by revenue
- ▶ Continued expansion of ethanol business - New Brazilian trading arm
- ▶ Australian coal production increase through Donaldson's 3rd mining license
- ▶ Acquisition of 2nd coal operation in Indonesia = Country's 4th largest exporter
- ▶ Market leadership position in carbon credit business

## Financial highlights

- |   |  |
|---|--|
| ▶ <u>Revenues</u> : up <b>90.7%</b> to <b>US\$4.7 billion</b>                   | ▶ <u>GPM</u> : lower at 2.1% due to reduced margins in clean fuels (high reprocessing costs, lower ethanol margins) and coal and coke (record rainfall/high production cost) |
| ▶ <u>Gross profits</u> : down to <b>US\$99.2 million</b> from US\$135.7 million |  |

# MMO Segment Highlights – 1H 2007

## Key developments

- ▶ Strong PRC steel demand boosting iron ore sales
- ▶ Resumed alumina/aluminum activities lifted tonnage volumes in Europe
- ▶ Incremental revenues through broader steel product menu
- ▶ Strategic 30% investment in Brazilian iron ore mine - 4 billion metric tons iron ore reserves
- ▶ Exclusive marketing agreement with VSMPO-AVISMA
- ▶ Supporting Territory Resources bid for Consolidated Minerals

## Financial highlights

- |  |   |
|--|---|
| ▶ <u>Revenues</u> : up <b>40%</b> to <b>US\$2.1 billion</b>  | ▶ <u>Volume tonnage</u> : up <b>13%</b> to <b>9.6 million tons</b>                      |
| ▶ <u>Gross profits</u> : <b>US\$68 million</b> (from US\$9 million) <u>GPM</u> : rose to <b>3.2%</b> | ▶ <u>Alumina / aluminum and iron ore divisions</u> : strong performance - up <b>50%</b> |

# Logistics Segment Highlights – 1H 2007

## Key developments

- ▶ Restructuring of freight operations into single desk creates integrated approach and improved support across all commodities
- ▶ Increased tonnage volumes creates improved logistic efficiency
- ▶ Fleet Management increases vessels under management to 172 vessels
- ▶ Acquired three new vessels

## Financial highlights

- |   |  |
|---|--|
| ▶ <u>Revenues</u> : up <b>100%</b> to <b>US\$434 million</b>                | ▶ <u>GPM</u> : <b>27.1%</b> margin in line with historical performance |
| ▶ <u>Gross profits</u> : up to <b>US\$117.4 million</b> from US\$20 million | ▶ <u>Division tonnage</u> : up <b>19%</b> to <b>20 mil tons</b>        |

## Balance Sheet – Assets

(in US\$ million)	30 June 2007	31 Dec 2006 (restated)	30 June 2006 (restated)
Property, plant and equipment	437	230	130
Mine properties	63	47	25
Long term investments	175	143	115
Other non-current assets	<u>163</u>	<u>58</u>	<u>32</u>
<b>Non-current assets</b>	<b><u>838</u></b>	<b><u>478</u></b>	<b><u>302</u></b>
Cash and cash equivalents	536	599	712
Trade receivables	883	808	658
Prepayments, deposits and other receivables	1,478	871	660
Contracts in progress	68	23	11
Inventories	<u>1,312</u>	<u>1,032</u>	<u>743</u>
<b>Current assets</b>	<b><u>4,277</u></b>	<b><u>3,333</u></b>	<b><u>2,784</u></b>
<b>Total assets</b>	<b><u>5,115</u></b>	<b><u>3,811</u></b>	<b><u>3,086</u></b>

## Balance Sheet – Liabilities / Equity

(in US\$ million)	30 June 2007	31 Dec 2006 (restated)	30 June 2006 (restated)
Trade and other payables	1,794	1,202	881
Bank debts	574	560	516
Other current liabilities	<u>94</u>	<u>58</u>	<u>57</u>
<b>Current liabilities</b>	<b><u>2,462</u></b>	<b><u>1,820</u></b>	<b><u>1,454</u></b>
Long term bank debts	471	220	15
Convertible bonds	233	109	108
Senior notes	683	682	681
Deferred tax liabilities	<u>43</u>	<u>17</u>	<u>13</u>
<b>Non-current assets</b>	<b><u>1,430</u></b>	<b><u>1,028</u></b>	<b><u>817</u></b>
Shareholders' equity	1,219	957	810
Minority interests	<u>4</u>	<u>6</u>	<u>5</u>
<b>Total liabilities and equity</b>	<b><u>5,115</u></b>	<b><u>3,811</u></b>	<b><u>3,086</u></b>

## Current Financing Mix

(in US\$ million)	30 June 2007	31 Dec 2006	30 June 2006
Bank facilities	726	632	301
Syndicated revolving credit	319	148	230
US\$250M Convertible bonds	233	–	–
US\$200M Convertible bonds	–	109	108
US\$700M Senior notes	<u>683</u>	<u>682</u>	<u>681</u>
<b>Total debt outstanding</b>	<b><u>1,961</u></b>	<b><u>1,571</u></b>	<b><u>1,320</u></b>

## Debt Leverage

(in US\$ million)	30 June 2007	31 Dec 2006	30 June 2006
Total debt	1,961	1,571	1,320
Less: cash	<u>536</u>	<u>599</u>	<u>712</u>
Net financial debt	1,425	972	608
Less: readily marketable inventories	<u>992</u>	<u>881</u>	<u>607</u>
<b>Net adjusted financial debt</b>	<b>433</b>	<b>91</b>	<b>1</b>
Equity	1,219	957	810
<b>Net adjusted financial debt/equity</b>	<b>0.36</b>	<b>0.10</b>	<b>NM</b>

## Credit Metrics

(in xs)	1H ended 30 June 2007	1H ended 30 June 2006
EBITDA (in US\$ billion)	198	119
EBITDA/Net interest expense	3.21	5.20
EBIT/Net interest expense	3.03	4.90
Total debt to EBITDA	4.96	5.54
Net debt to EBITDA	3.61	2.55
Total debt to Book Capitalisation	0.62	0.62
Net debt to Book Capitalisation	0.45	0.29
FFO to total debt	0.21	0.17
FFO to net debt	0.29	0.36
Net debt/equity	1.17	0.75

# Cash Flow Highlights

(in US\$ million)

	1H ended 30 June 2007	1H ended 30 June 2006 (restated)
<b>Operating profit before working capital changes</b>	<b>203</b>	<b>110</b>
Increase in working capital	<u>(351)</u>	<u>(283)</u>
Cash used in operations	(148)	(173)
Net interest/taxes paid	<u>(77)</u>	<u>(38)</u>
<b>Net cash used in operating activities</b>	<b>(225)</b>	<b>(211)</b>
<b>Net cash used in investing activities</b>	<b>(244)</b>	<b>(58)</b>
Net cash provided by financing activities	<u>405</u>	<u>216</u>
<b>Decrease in cash</b>	<b>(64)</b>	<b>(53)</b>

# Capital Spending and Investments

Noble's investment spending in 1H 2007 reflected a selective, diversified strategy. Focus on supply chain integration, resource assets with low production costs and bolt-on acquisition/investments. CAPEX in cash payments in 1H 2007 includes:

- ▶ **US\$18 million** in mine resource expansion
- ▶ **US\$37 million** in corporate investments
- ▶ **US\$95 million** in sugar plant
- ▶ **US\$31 million** in crushing plants
- ▶ **US\$35 million** in vessels
- ▶ **US\$14 million** in other plant and equipment



managing the global supply chain