

De Beers Interim Results 2008

'Delivering on the Vision'



Presentation Agenda

➤ **Chairman's Comments**

Nicky Oppenheimer

➤ **2008 H1 Financial Results**

Stuart Brown

➤ **Operating Review & Outlook**

Gareth Penny





Chairman's Comments

Nicky Oppenheimer, Chairman, De Beers Group



Chairman's Comments

| (US\$) | 2008 H1 | 2007 H1 |
|---------------------------|---------|---------|
| Total Sales | 3,74bn | 3,40bn |
| Underlying earnings | 350m | 324m |
| Capital – Expansion | 230m | 554m |
| Net interest bearing debt | 4,10bn | 3,32bn |
| EBITDA | 831m | 632m |
| Dividends | 165m | 39m |



Chairman's Comments

Delivering on the Vision...

- Sales growth
- Projects become mines
- Beneficiation in action





Financial Review

Stuart Brown, Finance Director, De Beers Group



Income Statement

| US\$ | 2008 H1 | 2007 H1 | Variance |
|--|---------|---------|----------|
| Total sales | 3,74bn | 3,40bn | +10% |
| Gross profit | 773m | 663m | +17% |
| Gross profit margin | 21% | 19% | +2% |
| Trade investment income and other income | 299m | 280m | +7% |
| EBITDA | 831 | 632m | +31% |
| Underlying earnings | 350m | 324m | +8% |
| Operating costs | 410m | 426m | +4% |



Balance Sheet

| US\$ | June 2008 | December 2007 | Variance |
|---------------------------|-----------|---------------|----------|
| Fixed assets | 3,75bn | 3,89bn | (0,14bn) |
| Net interest bearing debt | 4,10bn | 4,06bn | 0,04bn |
| Gearing | 49.4% | 48.4% | +1.0% |



Cash Flow

| US\$ | 2008 H1 | 2007 H1 | Variance |
|--|---------|---------|----------|
| Cash available from operating activities | 455m | 522m | (67m) |
| Cash utilised in investing activities | 357m | 743m | (386m) |
| Fixed Assets: Stay in business | 97m | 164m | (67m) |
| Expansion | 230m | 554m | (324m) |
| Investments | 30m | 25m | +5m |





Operating Review

Gareth Penny, Managing Director, De Beers Group



Highlights

- Exceeding targets
- From projects to mines
- Maintaining production levels
- Demand opportunities



Production

| | H1 2008 Production (Carats '000) | H1 2007 Production (Carats '000) |
|--------------|---|---|
| DBCM | 6,374 | 7,567 |
| Namdeb | 998 | 1,184 |
| Debswana | 16,171 | 16,407 |
| Canada | 616 | - |
| TOTAL | 24,226 | 25,556 |



Mining

Exploration

New Mines

Demand

Sales & Distribution

Companies

Up to Diamonds



Exploration

Focusing on priority targets

Moving rapidly from early to advance stage exploration

- Angola
- DRC
- Botswana
- Canada

Early stage exploration

- India
- South Africa
- Namibia
- Russia



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New Mines

From Projects to Mines

- **Snap Lake**
24.6m carats over 20 years
- **Victor**
6.2m carats over 12 years
- **Voorspoed, South Africa**
8.3m carats over 13 years



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Projects

Developing tomorrow's mines

- Verkhotina, Russia
- AK06, Botswana
- Gahcho Kué, Canada



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Demand

- DTC Sales up 10% for H1 2008 at US\$3.3 billion
- Strong growth in emerging markets in wake of US crisis
- Forevermark launch in the Far East



Sales & Distribution

Transformation of DTC International

- World's most effective diamond distributor
- 78 Sightholders

Delivering on beneficiation strategy

- DTC Botswana
- Namibia DTC
- DTC South Africa
- De Beers Canada



Associated Companies

Further Growth Prospects

DBDJ

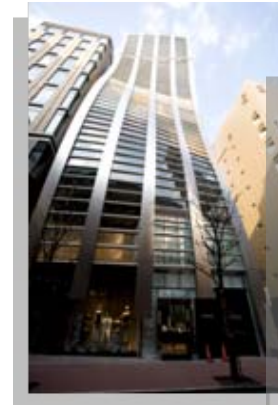
- Good H1 performance
- Sales up high double digit figures
- 11 new stores opened bringing the total to 32
- Further store expansion plans for H2

E6

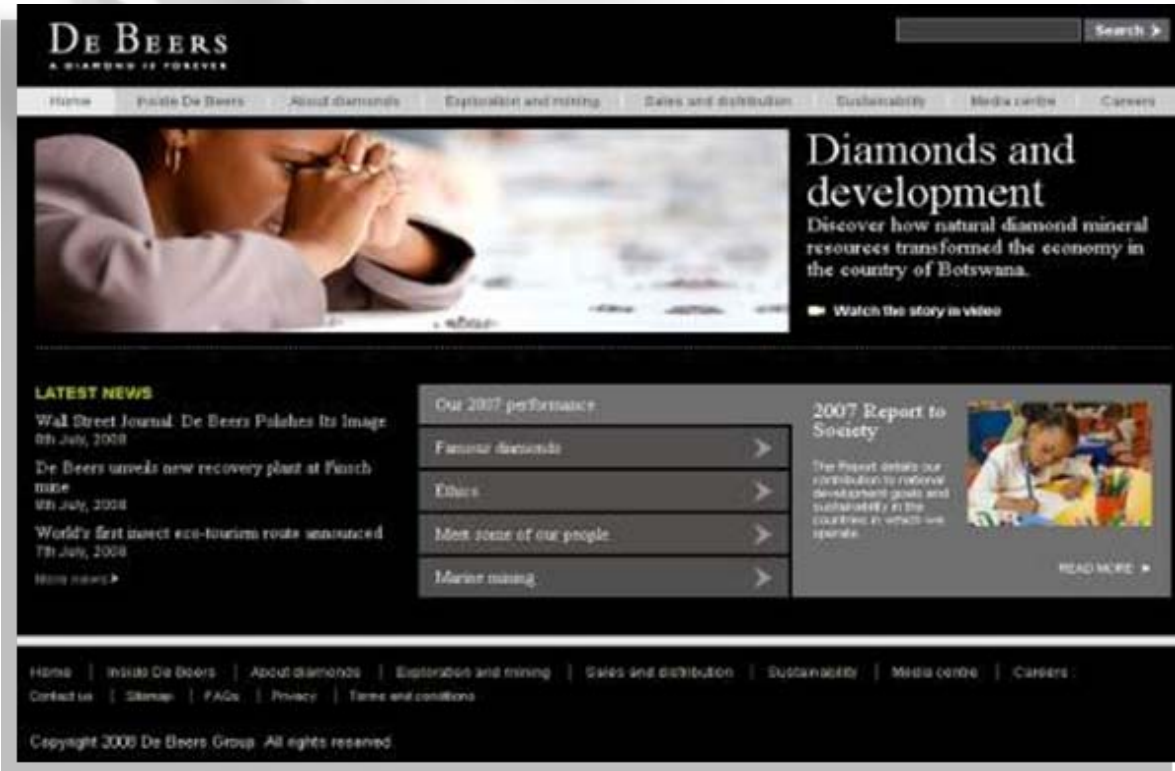
- Strong growth during H1
- Sales up by 45% on last year
- The integration of Barat Carbide progressing according to plan



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Living Up To Diamonds



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Focus in H2

- ◆ Outlook
- ◆ Focus on cost management
- ◆ Christmas marketing drive





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