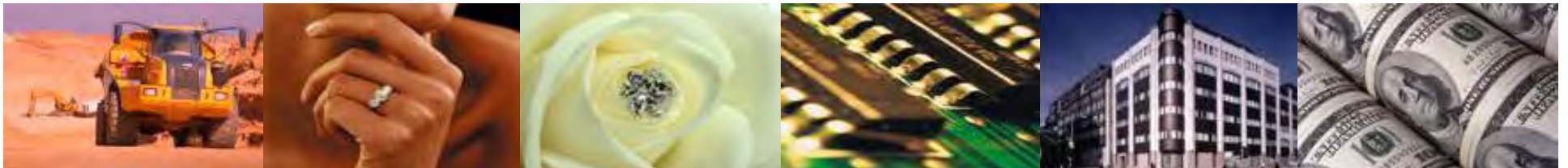


Presentation to Anglo American Analysts and Investment Banks

London, 29 September 2005

DE BEERS
A DIAMOND IS FOREVER

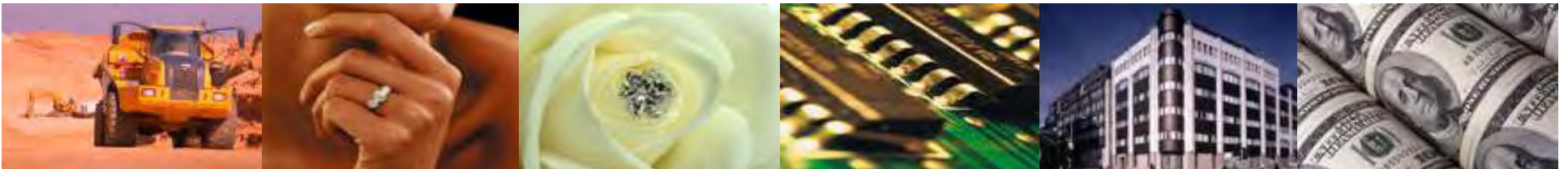




AGENDA

- Welcome and introduction Gary Ralfe
- Finance Update Paddy Kell
- De Beers Strategy 2005 to 2009 Gareth Penny
- Supply Side Opportunities Ed Dowling
- Demand Side - DTC Varda Shine
- Summary Gary Ralfe
- Q&A

Demonstration of Synthetics Detection Equipment





AGENDA

- **Welcome and introduction**
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Gary Ralfe

Paddy Kell

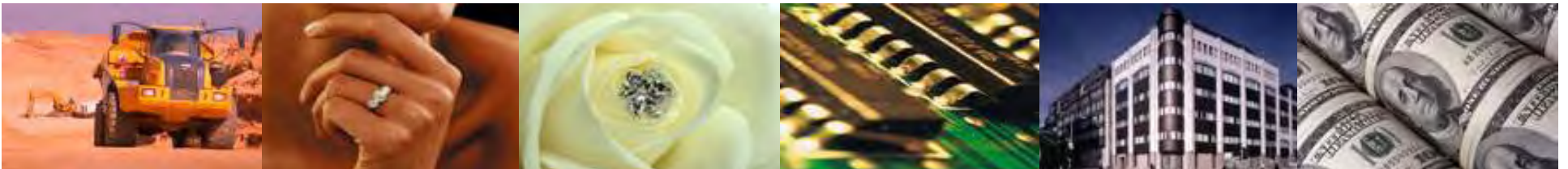
Gareth Penny

Ed Dowling

Varda Shine

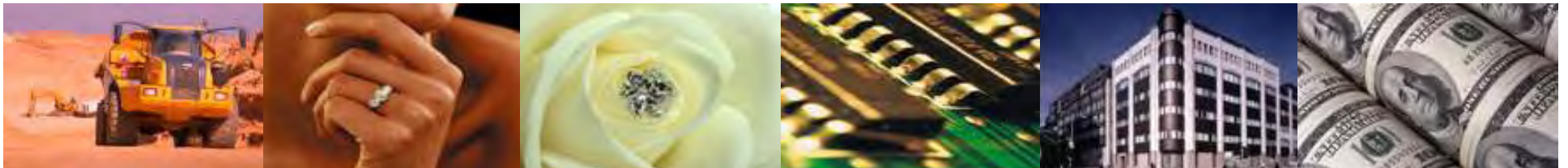
Gary Ralfe

Demonstration of Synthetics Detection Equipment

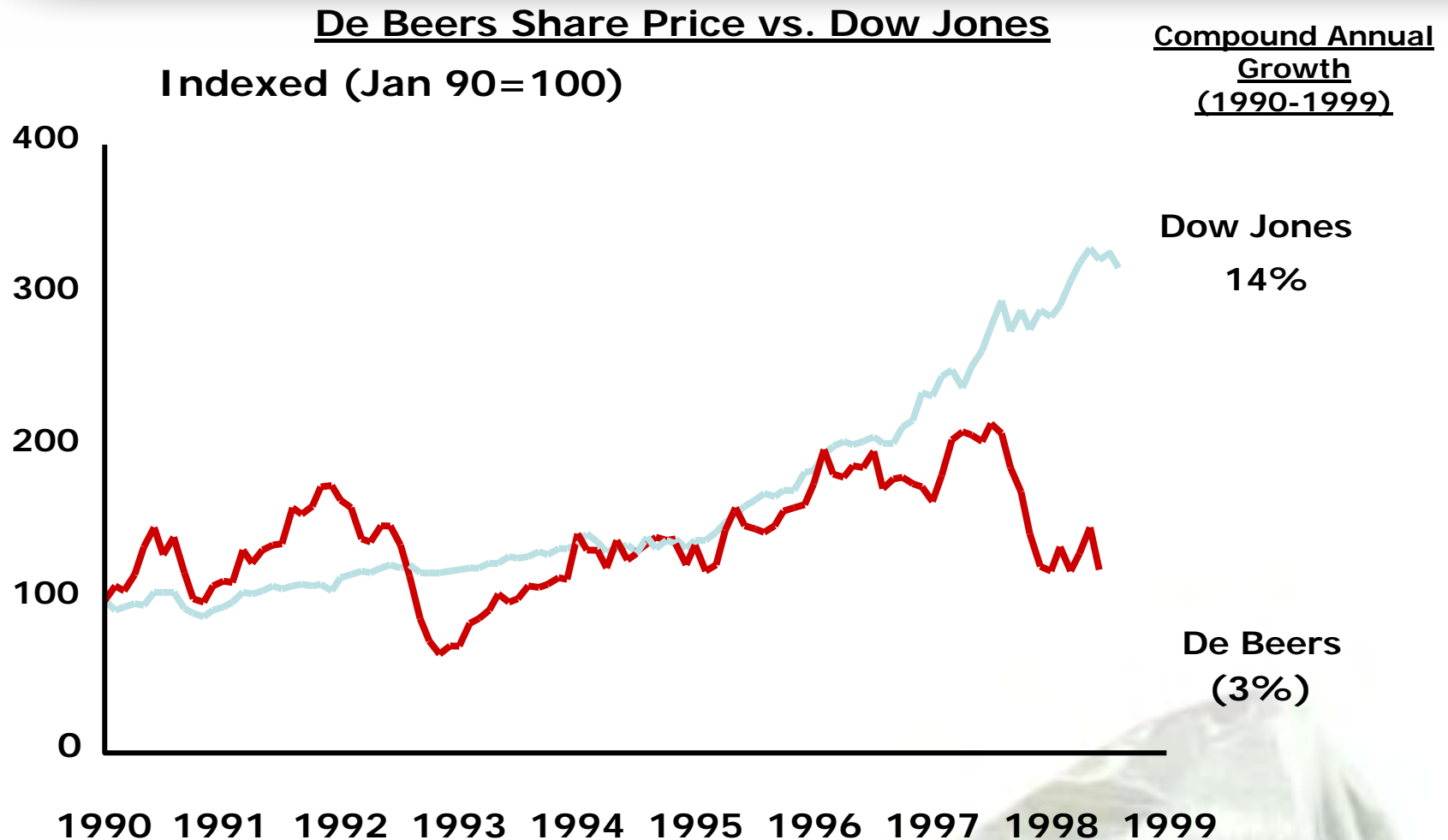


- Chapter 1 concludes (99-04)
- Highlights 2005

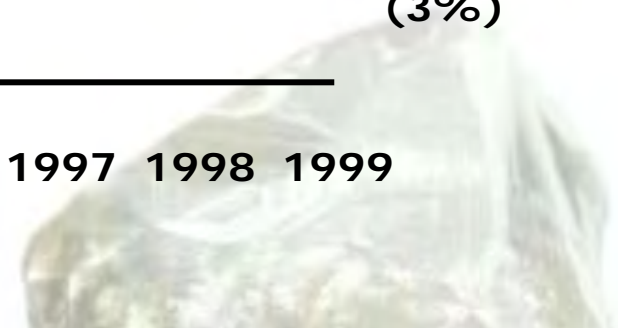
DE BEERS
A DIAMOND IS FOREVER



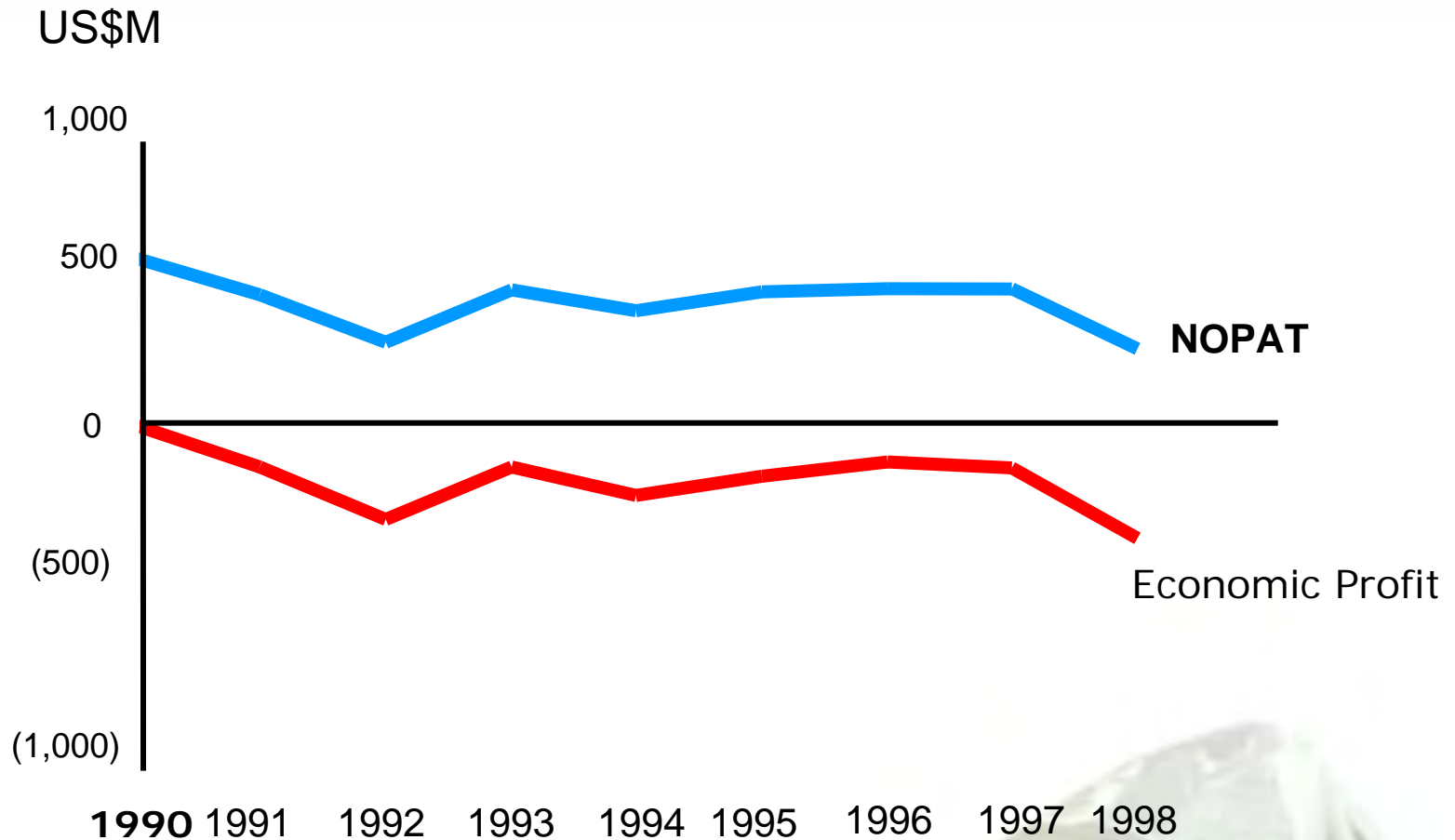
Chapter 1- De Beers share price performance was “pedestrian”



Source: Datastream

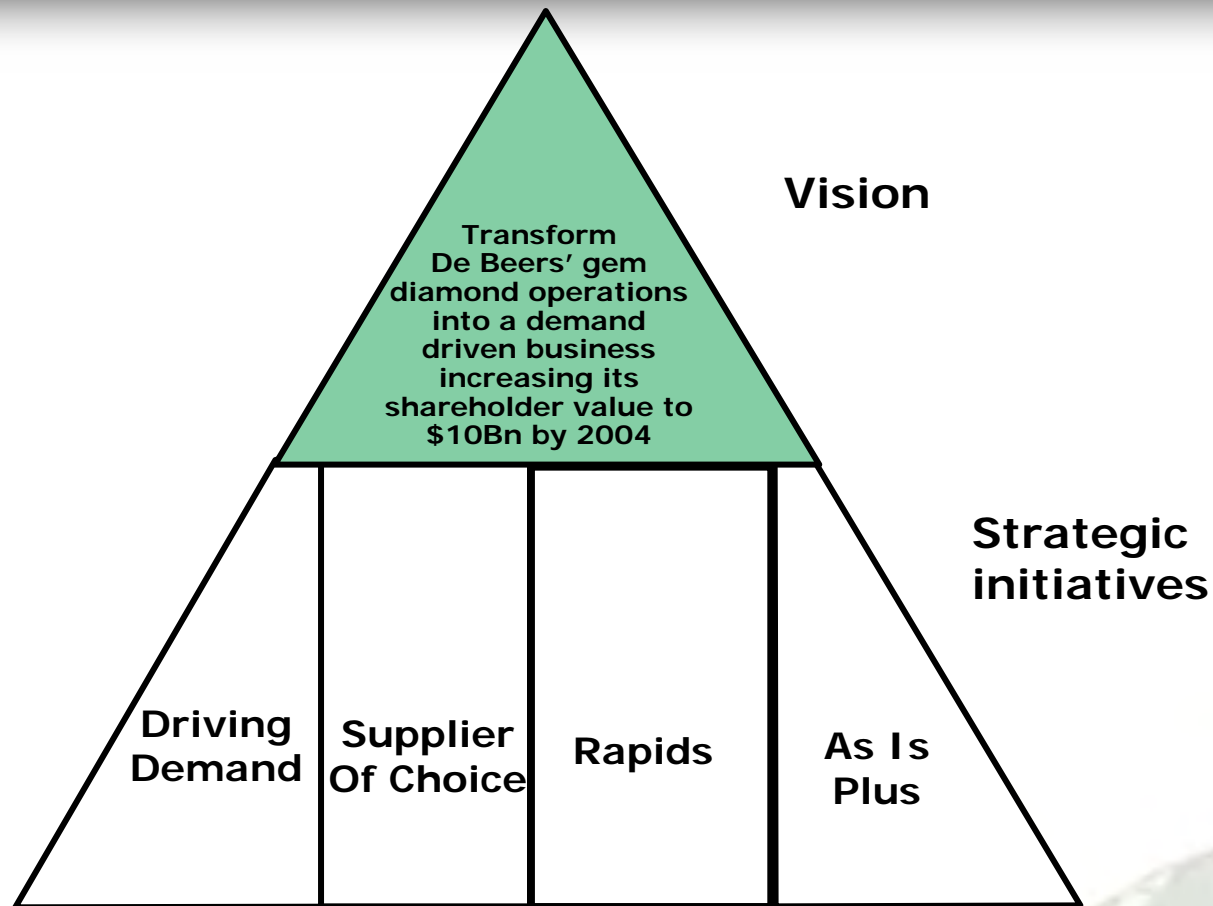


Chapter 1 - A company which had destroyed value over a decade

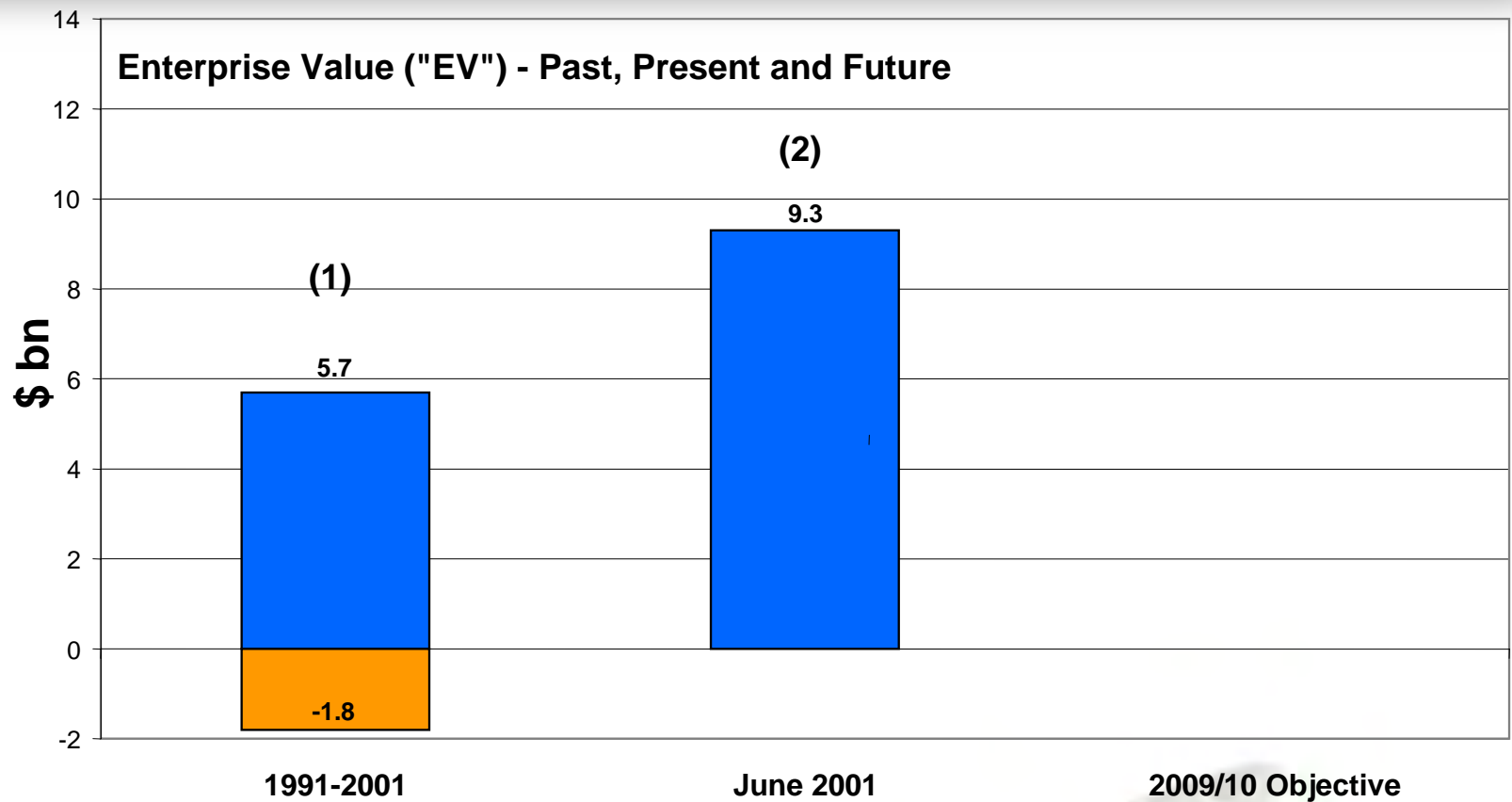


Source: De Beers Corporate Finance; Bain Analysis

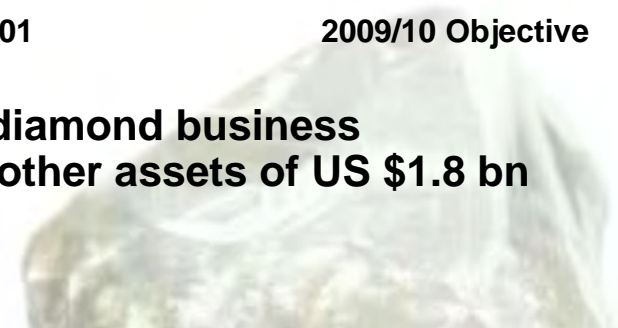
Chapter 1 - In 1999 we transformed from a supply control to a demand driven business



Chapter 1 - Diamond Business

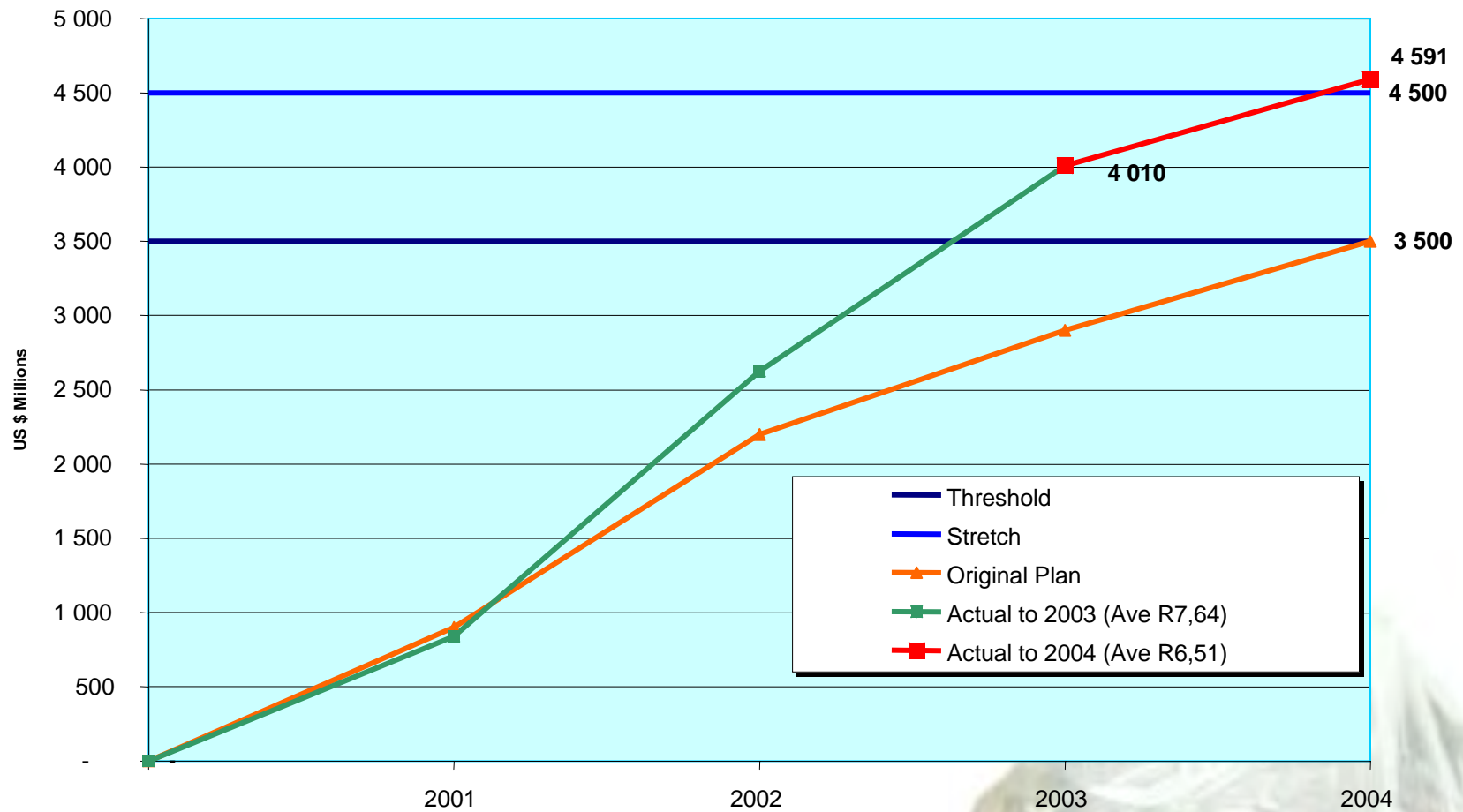


- (1) Implied see-through Market Value of diamond business
- (2) NPV at privatisation (TFR Model) + cash and other assets of US \$1.8 bn



Chapter 1 - Cash flow generation

CUMULATIVE THRESHOLD CASHFLOW
ACTUAL TO 31 DECEMBER 2004



Chapter 1 – Supply side summary

SLA	'History' Average CAGR (A)	99-04 (A)	Robot
Share of world production (by value)	0.4%	-0.2%	●
Share of world production (by carats)	1.2%	3.5%	●
DB carat production	2.5%	7.8%	●
DB tons treated	5.6%	7.2%	●
Mining revenue	4.1%	6.5%	●
Cost per ton	-8.5%	4.4%	●
Revenue per ton	-0.6%	-0.7%	●
Margin per ton	0.9%	-2.3%	●

Chapter 1 - Supply side summary ctd....

SLA	'History' Average CAGR (A)	99-04 (A)	Robot
Tons per Manhour	5.7%	2.0%	●
Profit per Manhour	6.6%	-0.4%	●



Chapter 1 – Demand side summary

	SLA	'History' Average CAGR (A)	99-04 (A)	Robot
Demand Growth	\$ PWP Consumer Demand Growth	1.5%	1.4%	●
	Real Rough Sales Growth	0.8%	-0.9%	●
	Real Rough Price Growth	0.3%	1.8%	●
	Market Share	-1.7%	-4.8%	●
Efficiency	DTC Marketing Spend	1.7%	0.2%	●
	Global Quality Marketing Spend	N/A	19%	●
	Rough Stock Levels	1%	-19%	●
	Pipeline Length - London	0%	-20%	●

Chapter 1 – Financial Summary

SLA	'History' Average CAGR (A)	99-04 (A)	Robot
Average Operating Cash Flow	621	1406	●
Average ROCE	6.9%	12.7%	●
Average EBITDA	835	1266	●



Chapter 1 Conclusions

- **Supply Side**

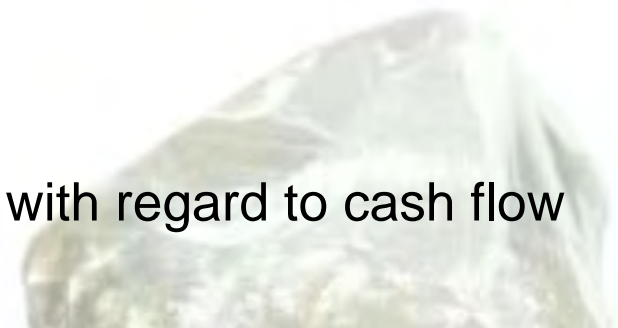
- Production growth has outperformed history
- Share of world production, by value, has been in decline
- Challenges remain in terms of efficiency and productivity

- **Demand Side**

- Significant improvements in pipeline efficiencies
- Significant stock reductions
- DTC market share in decline
- Price/sales growth still modest

- **Financials**

- Strong financial performance particularly with regard to cash flow



H1 2005 Highlights

- Strong rough market
- DTC adding value, driving demand
 - New client list
 - Value Added Services launched
- Angola exploration agreement
- Canada capital projects
- BEE
- Re-financing of DBsa



H1 2005 Challenges

- Diamond Amendment Bill
- Beneficiation in producer countries
- Internal transformation / new organisation
- Transformation in South African environment
- “Hot” labour environment in global mining
- Exchange rate
 - H1 2005 \$1:R6.17
 - H1 2004 \$1:R6.58
- Legal
 - Brussels
 - USA



Production Table

	H1 2005 Actual	H1 2004 Actual	H1 2005 2004	H1 2005 Budget	H1 2005
	(Million carats)	(Million carats)	Variance %	(Million carats)	Variance %
Debswana	15.28	12.05	26.8	14.82	3.1
Namdeb	0.95	0.96	(0.6)	0.96	(1.4)
DBCM	7.39	6.21	19.0	6.73	9.7
Williamson	0.10	0.12	(19.8)	0.12	(15.2)
GRAND TOTAL	23.72	19.34	22.6	22.64	4.8



DTC Sales

\$Billion	H1 2005	H1 2004	%
Sales	3.2	3.0	+7%

- 2 price increases of 3% this year
- Rough market strong
- Client selection – 11 new clients, Total of 93 DTC clients for a 2.5 year contract period
- Value Added Services launched in July 2005





AGENDA

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Gary Ralfe

Paddy Kell

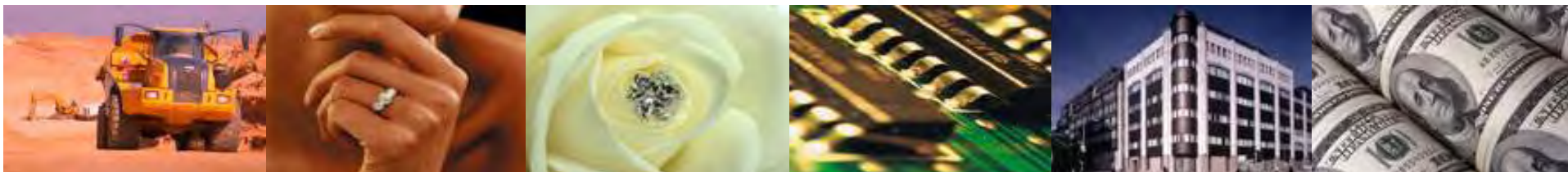
Gareth Penny

Ed Dowling

Varda Shine

Gary Ralfe

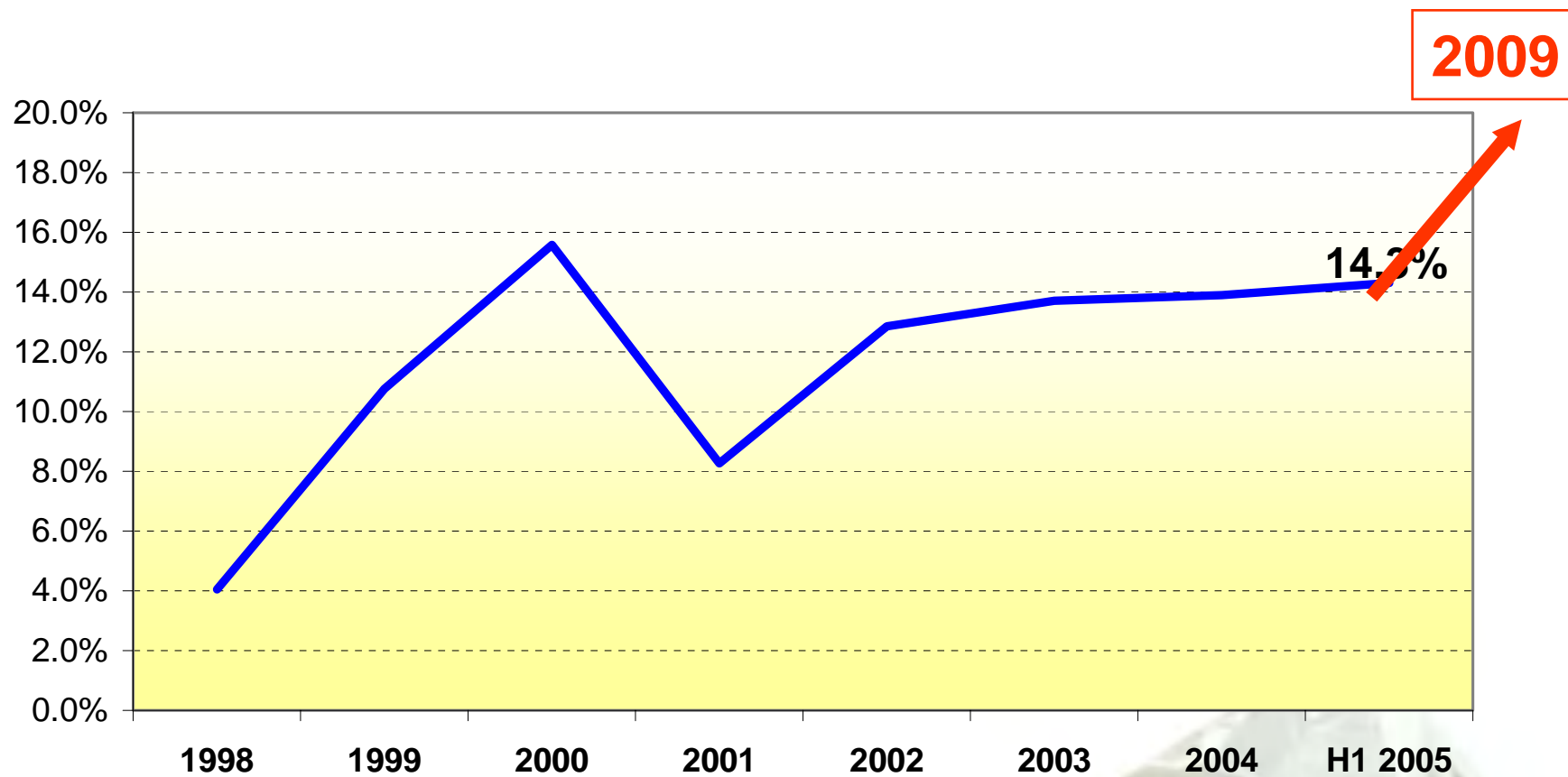
Demonstration of Synthetics Detection Equipment



Financial summary

		<u>H1 2005</u>	<u>H1 2004</u>
DTC published sales	+ 7%	\$3.2bn	\$3.0bn
Own earnings	- 8%	\$345m	\$373m
Headline earnings	- 21%	\$336m	\$424m
Operating cash flow		\$158m	\$871m
EBITDA	+1%	\$736m	\$728m
ROCE	↓	14.3%	19.0%
<i>R/\$ exchange rate</i>	-6%	6.17	6.58

ROCE



Based on headline earnings

Financial ratios

	2005 H1	Restated 2004 H1
Net diamond account margin	18%	20%
Tax rate	40%	35%
Net gearing*	28.7%	20.8%

** Defined as net interest bearing debt as a percentage of total capital employed*



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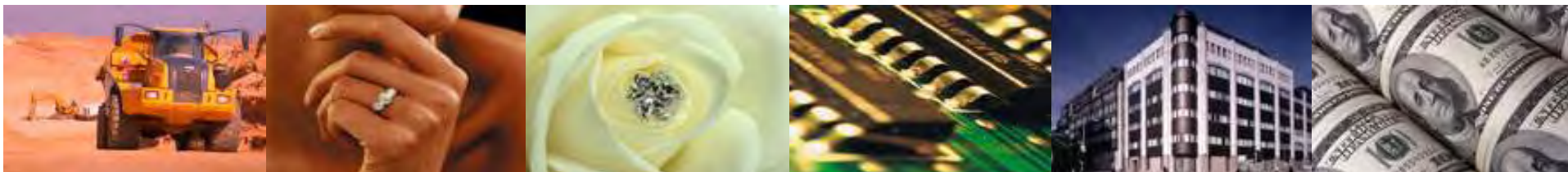
Gareth Penny

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Varda Shine

Gary Ralfe

Demonstration of Synthetics Detection Equipment



De Beers Strategy 2005 - 2009

Gareth Penny

MD Designate

De Beers Group

CHALLENGES

• SUPPLY SIDE

- Diamond Amendment Bill
- Beneficiation in producer countries
- Internal transformation / new organisation
- Transformation in South African environment
- “Hot” labour environment in global mining
- Exchange rate
- Legal

DEMAND SIDE

- Maintaining demand growth
- Cont. to be the Supplier of Choice
- Competition from luxury goods
- Synthetics response
- Building Value through the DTC
- Maintain Industry transformation
- Legal

•

De Beers Group has a plan

Drive Returns on Capital

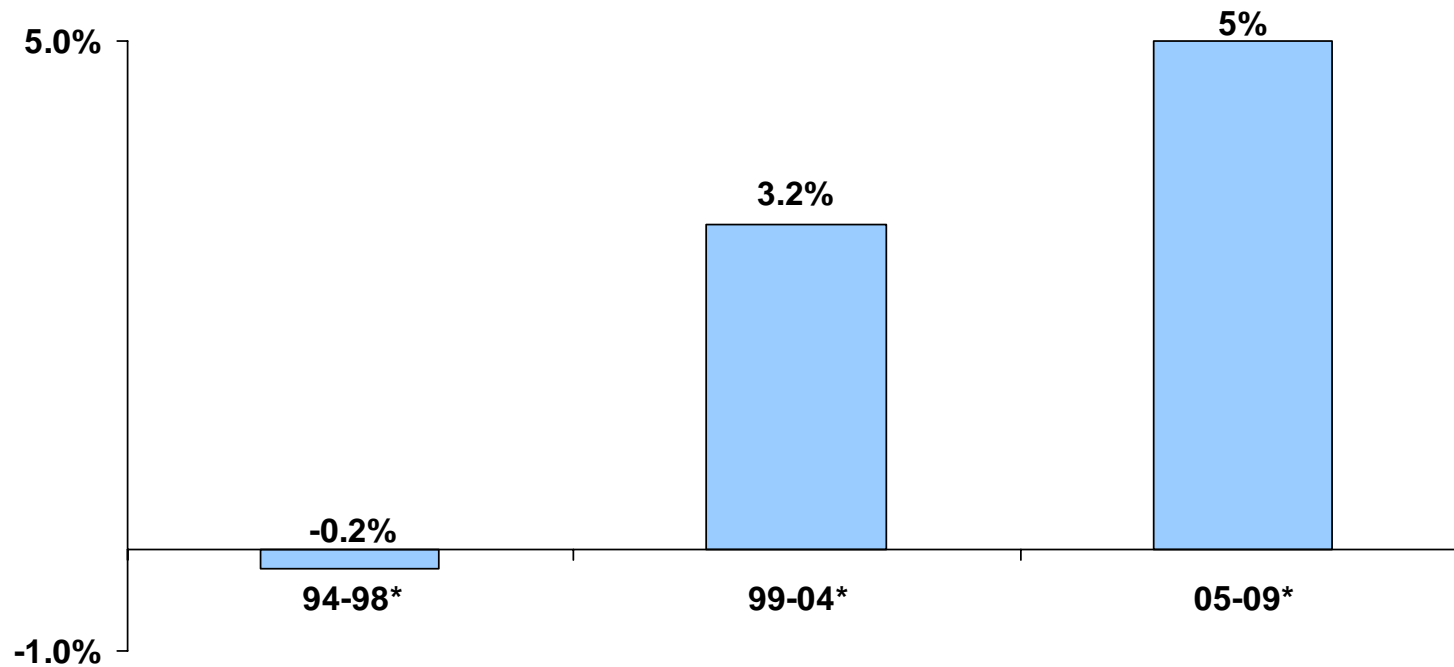
1. Demand growth
2. Profitable production growth
3. Value creation through the DTC
4. Cost efficiencies

Sustainable

5. Producer partnerships
6. Synthetics response
7. Organisation effectiveness

DRIVE RETURNS ON CAPITAL

DEMAND GROWTH

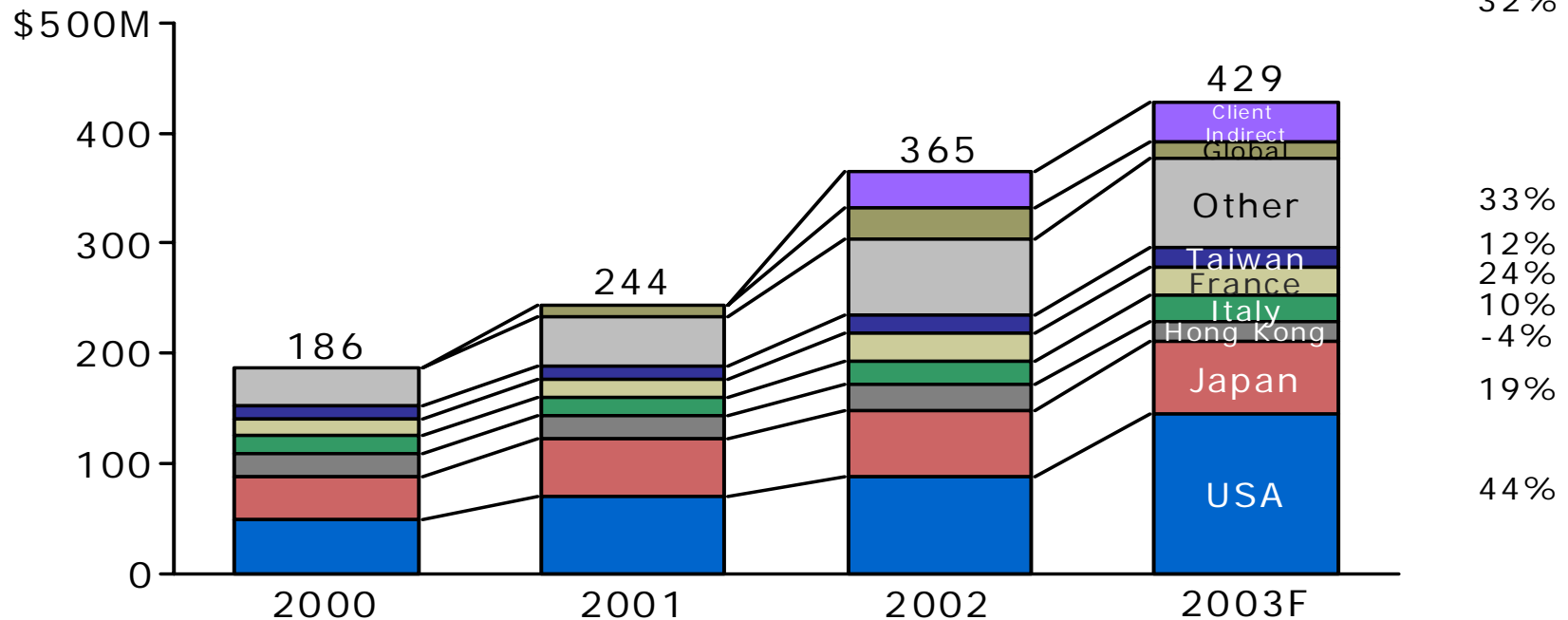


DRIVE RETURNS ON CAPITAL

DEMAND GROWTH

We need to maintain the growth in quality trade marketing spend

Quality trade marketing investment, 00-03



DRIVE RETURNS ON CAPITAL

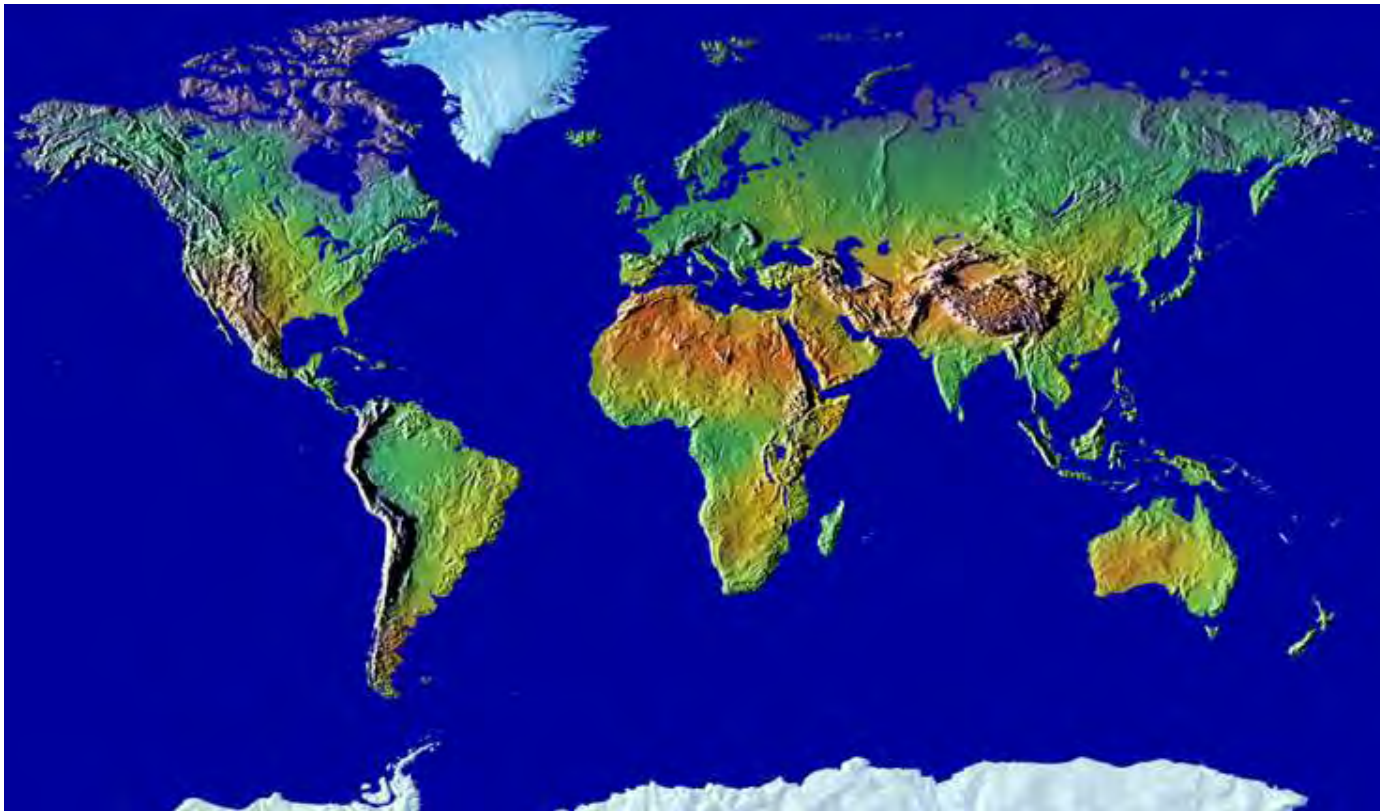
PROFITABLE PRODUCTION GROWTH



DRIVE RETURNS ON CAPITAL

PROFITABLE PRODUCTION GROWTH

Opportunities lie in four main areas (Angola, Russia, DRC and India)



DRIVE RETURNS ON CAPITAL

PROFITABLE PRODUCTION GROWTH

- GME Business Unit:
 - Portfolio development – enabling focus on the high value prospective areas and projects
 - ANDD – aim to halve the time taken from targeting to delivery of new mines
 - GME restructuring - to enable focus on core functions of supply delivery
- Operational excellence
 - Asset Efficiency improvement
 - A new safety BHAG

DRIVE RETURNS ON CAPITAL

VALUE CREATION THROUGH THE DTC



Value Added Services

What Value Added Services Offers

Care Services

- ◆ Supply planning tools
 - Continuity of Supply
 - ITO
 - Consistency
 - Extranet services
 - SoC Integrity (3rd party verification)
 - Key Account Mgt services
- ◆ Business sustainability
 - Consumer Demand
 - Consumer Confidence
 - BPP leadership

Growth Services

- ◆ Tools for Growth
 - Local market knowledge
 - Generic marketing material
 - Branding toolkits
 - Business Excellence Seminar
- ◆ Sightholder Signature
 - Sightholder IP
- ◆ Business Development
 - Business Initiative process
 - Business Initiative Guidance

DRIVE RETURNS ON CAPITAL

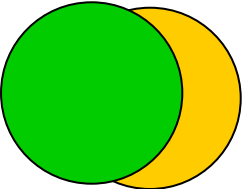
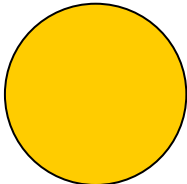
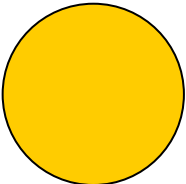
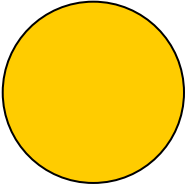
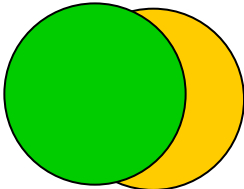
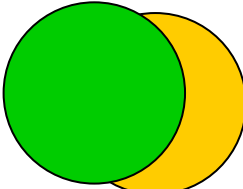
COST EFFICIENCIES

In all operations and business units



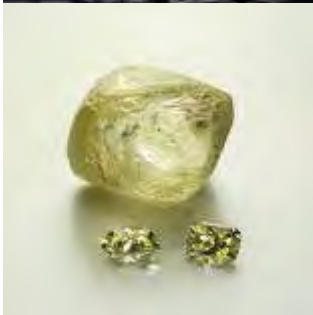
SUSTAINABLE

PRODUCER COUNTRIES

Botswana 	South Africa 	Namibia 
Russia 	Canada 	Tanzania 

SUSTAINABLE

SYNTHETICS RESPONSE



SUSTAINABLE

ORGANISATION EFFECTIVENESS

- **Developing Group Purpose, Vision & Values**
- **Group structure**
- **Talent Management**
- **New appointments and Succession Planning**

De Beers Group has a plan

Drive Returns on Capital

1. Demand growth
2. Profitable production growth
3. Value creation through the DTC
4. Cost efficiencies

Sustainable

5. Producer partnerships
6. Synthetics response
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DE BEERS CHAPTER 2 TARGETS

Group stretch targets for 2009:

EBITDA	\$2bn
--------	--------------

ROCE	20%
------	------------

Group Enterprise Value	\$12bn
------------------------	---------------



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Gary Ralfe

Paddy Kell

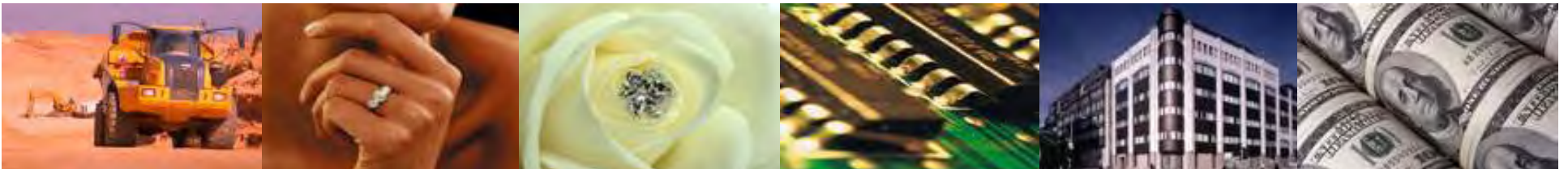
Gareth Penny

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Varda Shine

Gary Ralfe

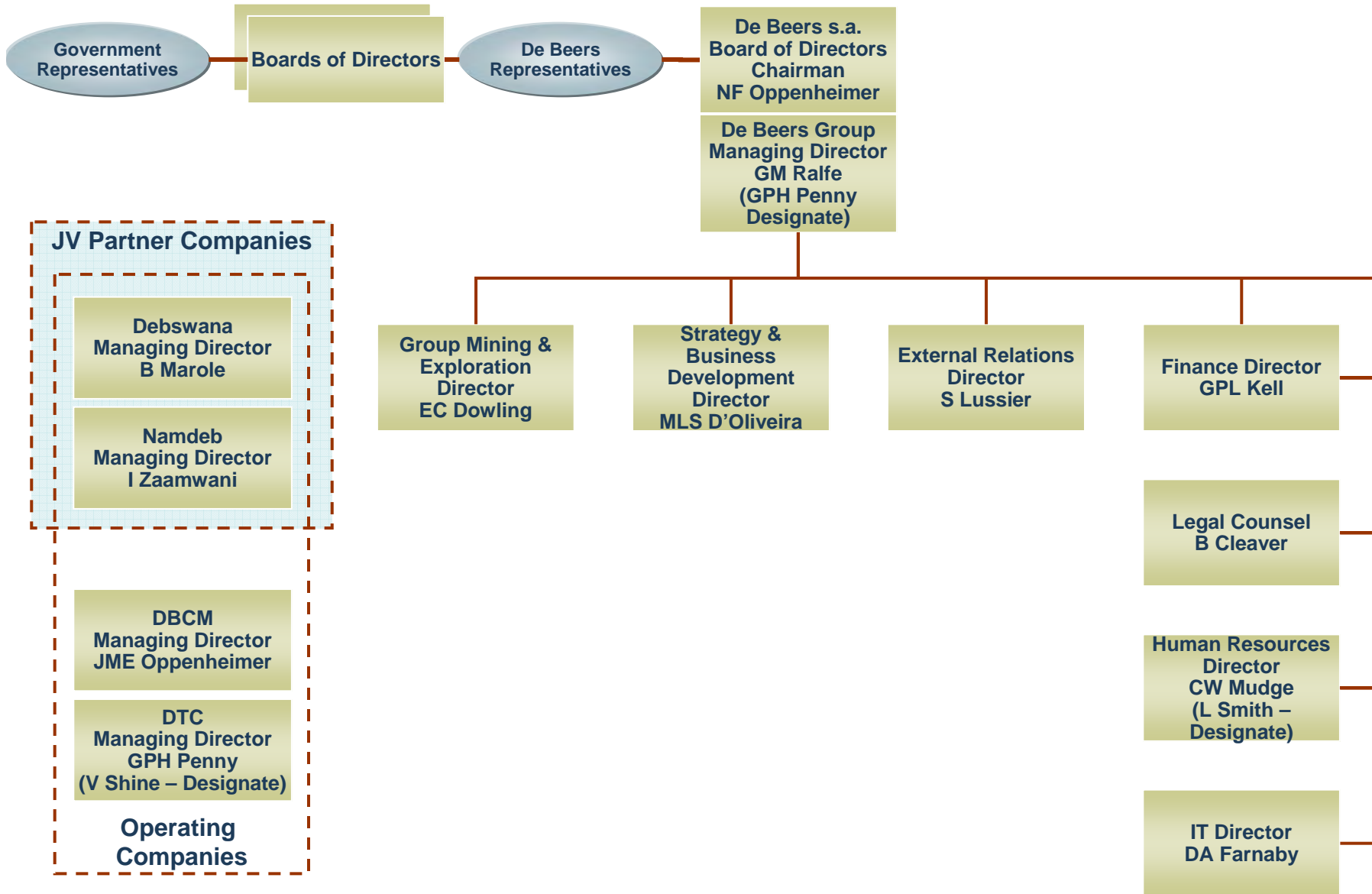
Demonstration of Synthetics Detection Equipment





Dr EC Dowling
**Group Mining and
Exploration Director**

De Beers Group organisation chart

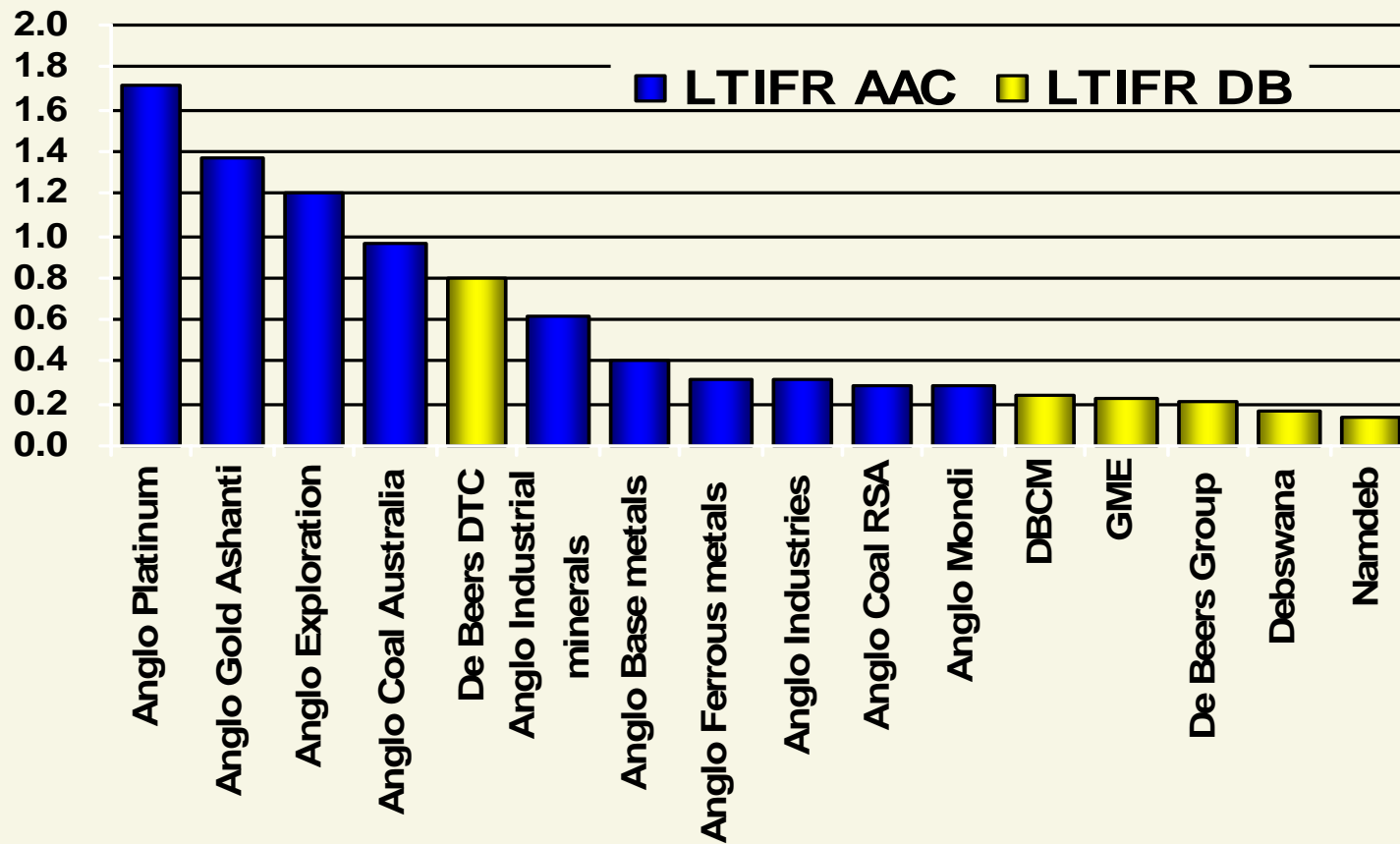


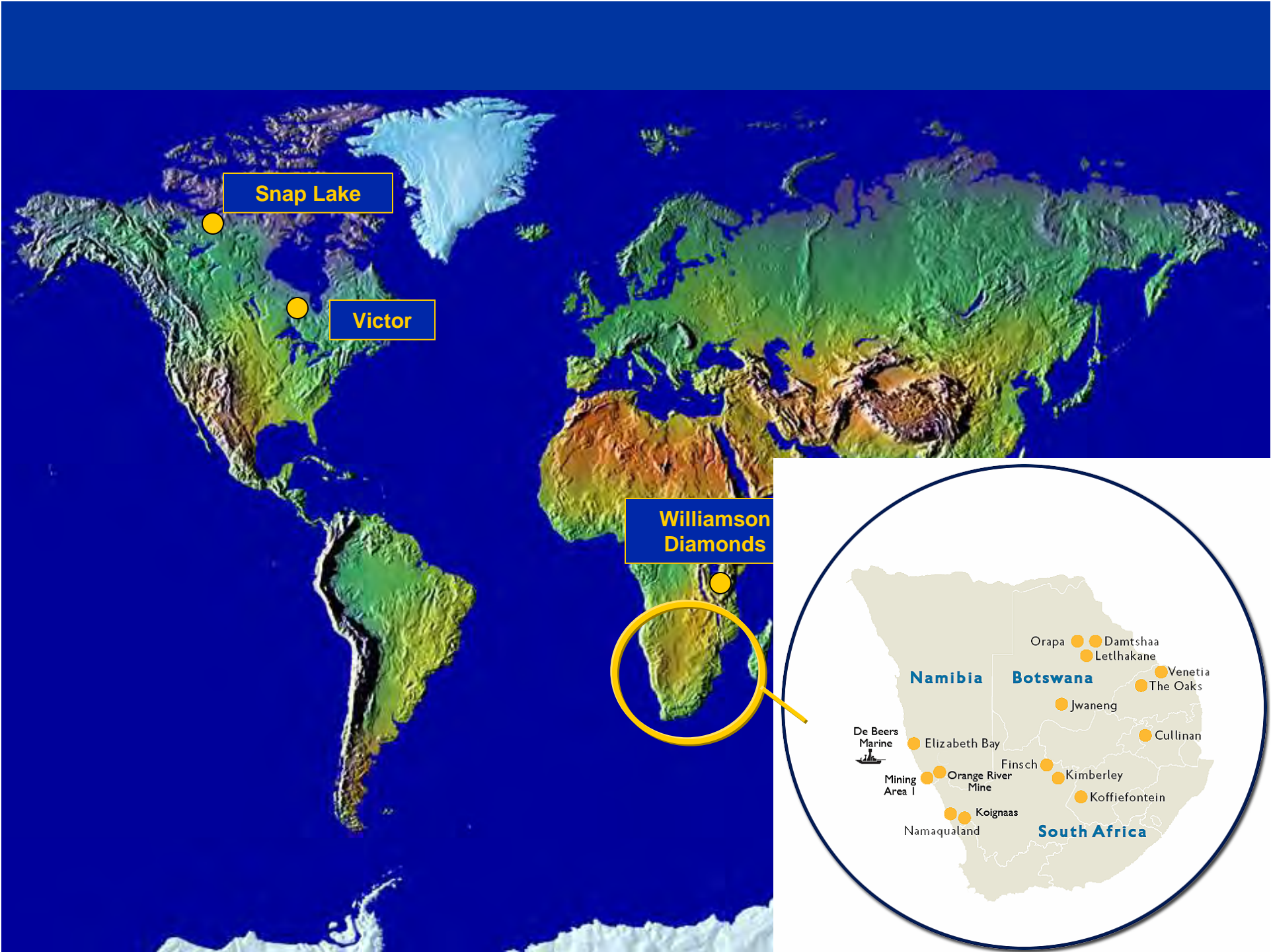
GME Purpose

Develop and execute a supply strategy which delivers increasing value to De Beers Group and Partners forever

De Beers Group safety

LTIFR compared with Anglo American (2nd quarter 2005)





Snap Lake

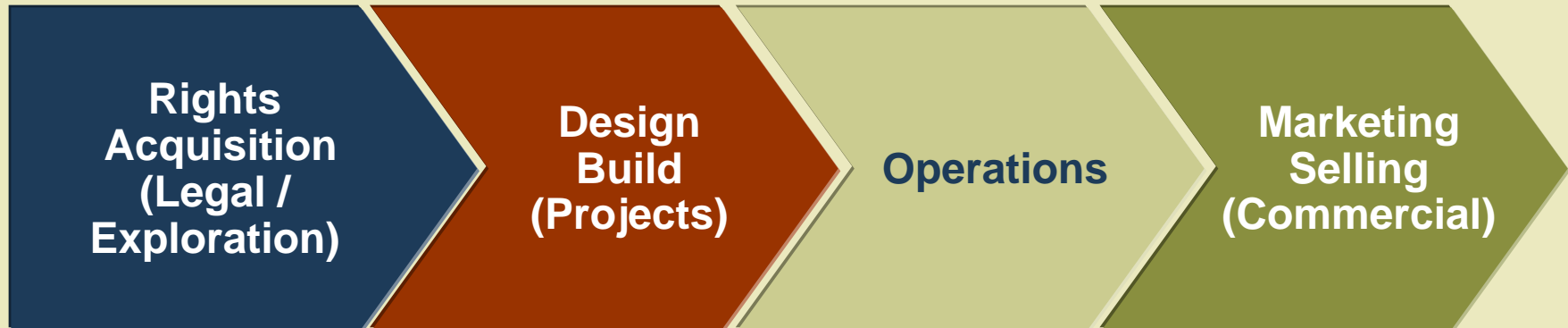
Victor

Williamson
Diamonds



GME Focus Areas

Business Value Chain

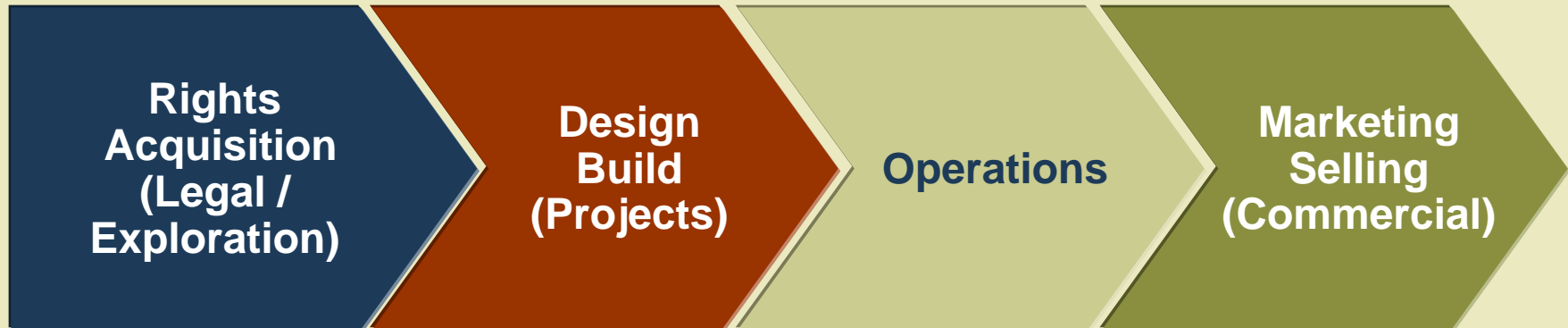


Supporting Functions



GME Focus Areas

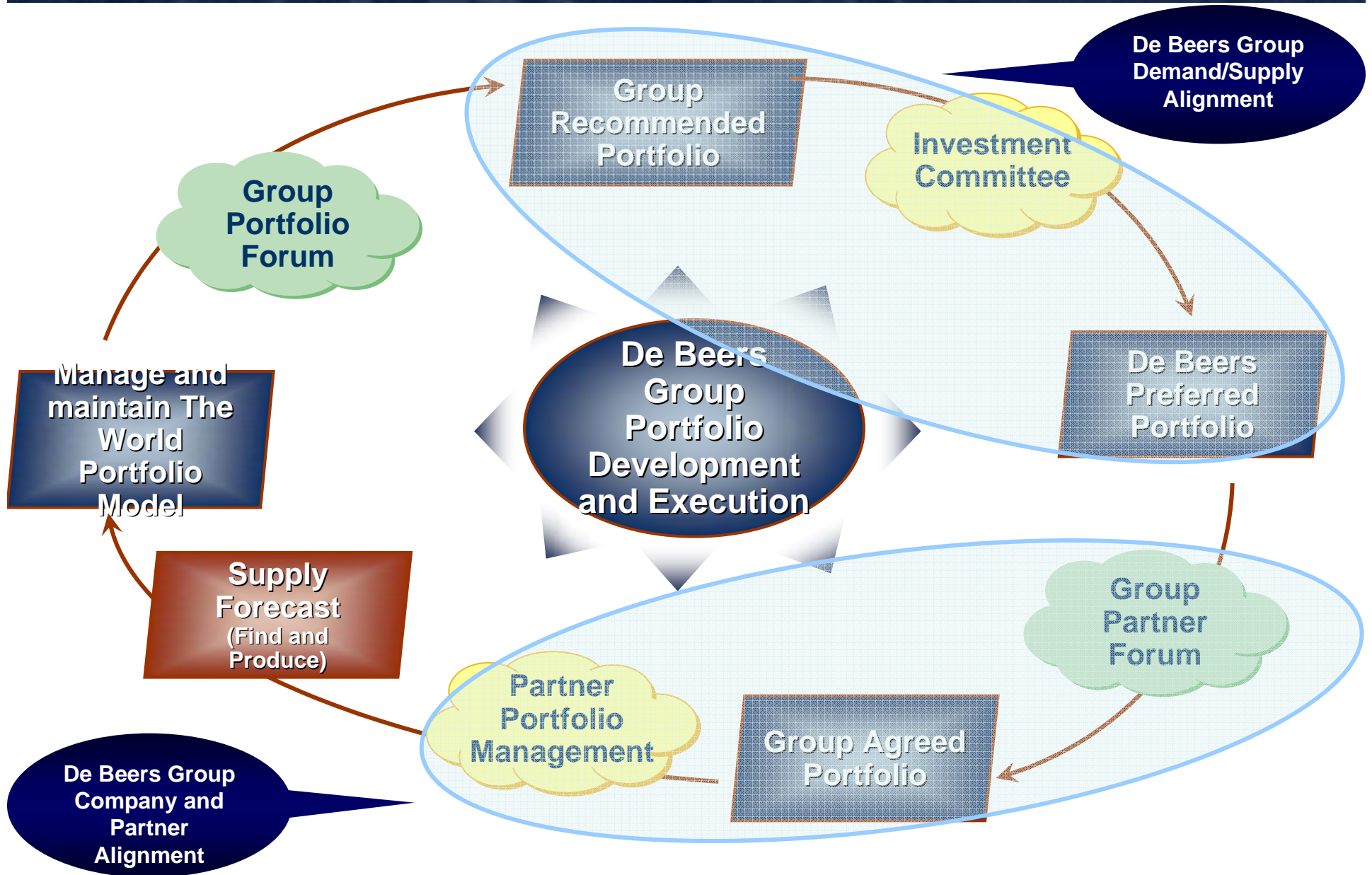
Business Value Chain



Supporting Functions

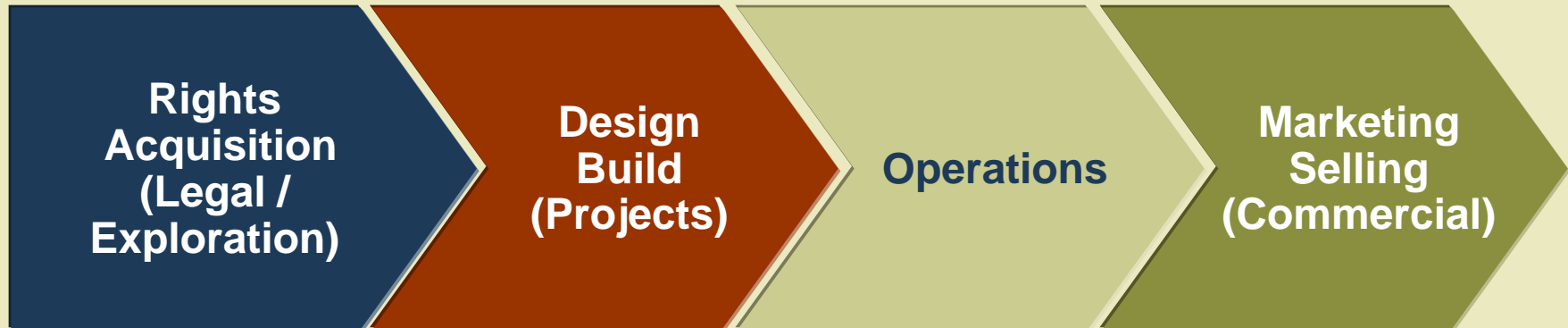


Group Portfolio Development – where to focus efforts



GME Focus Areas

Business Value Chain



Supporting Functions



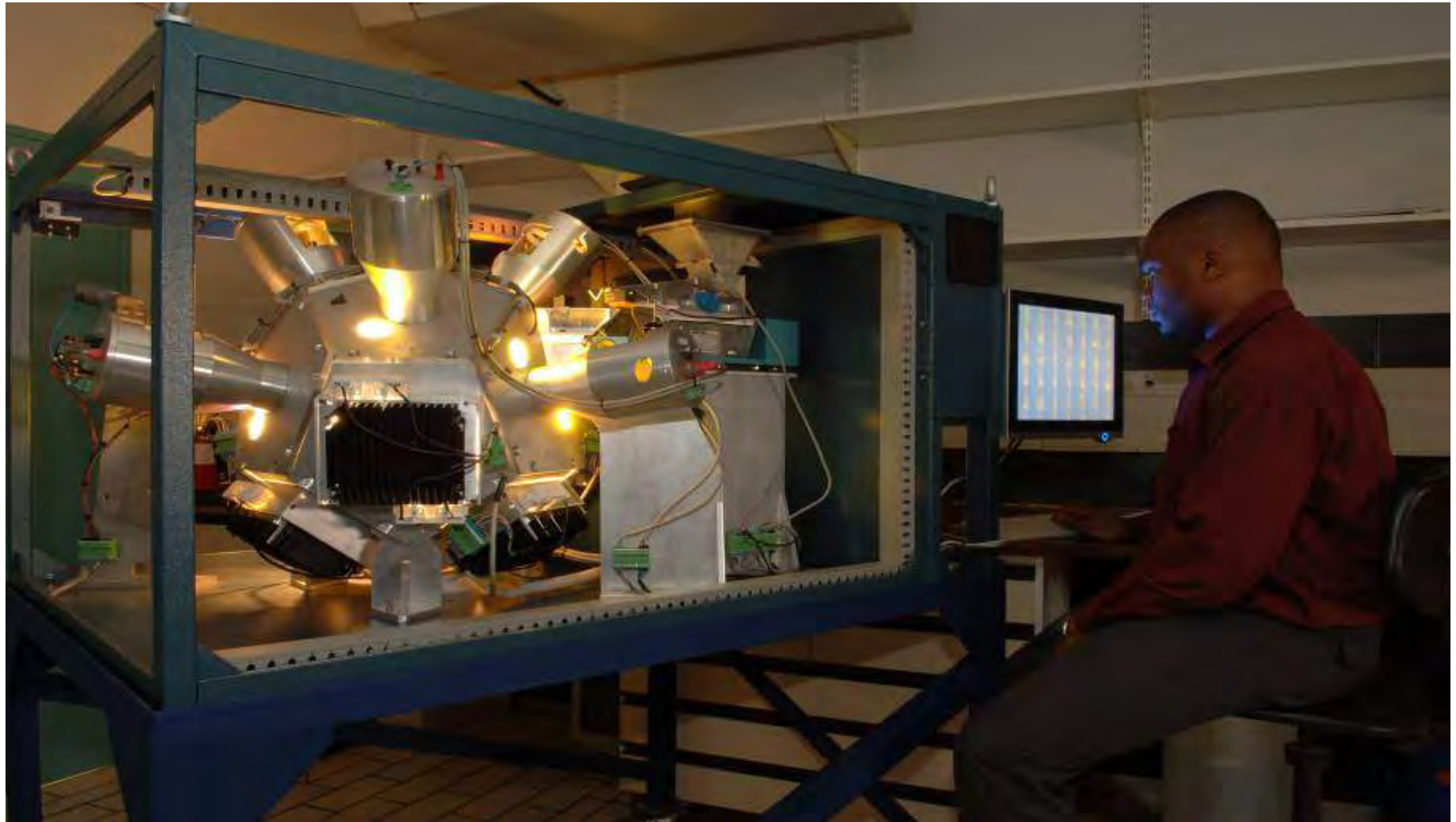


**diamond recovery process technology
for more value from ore**

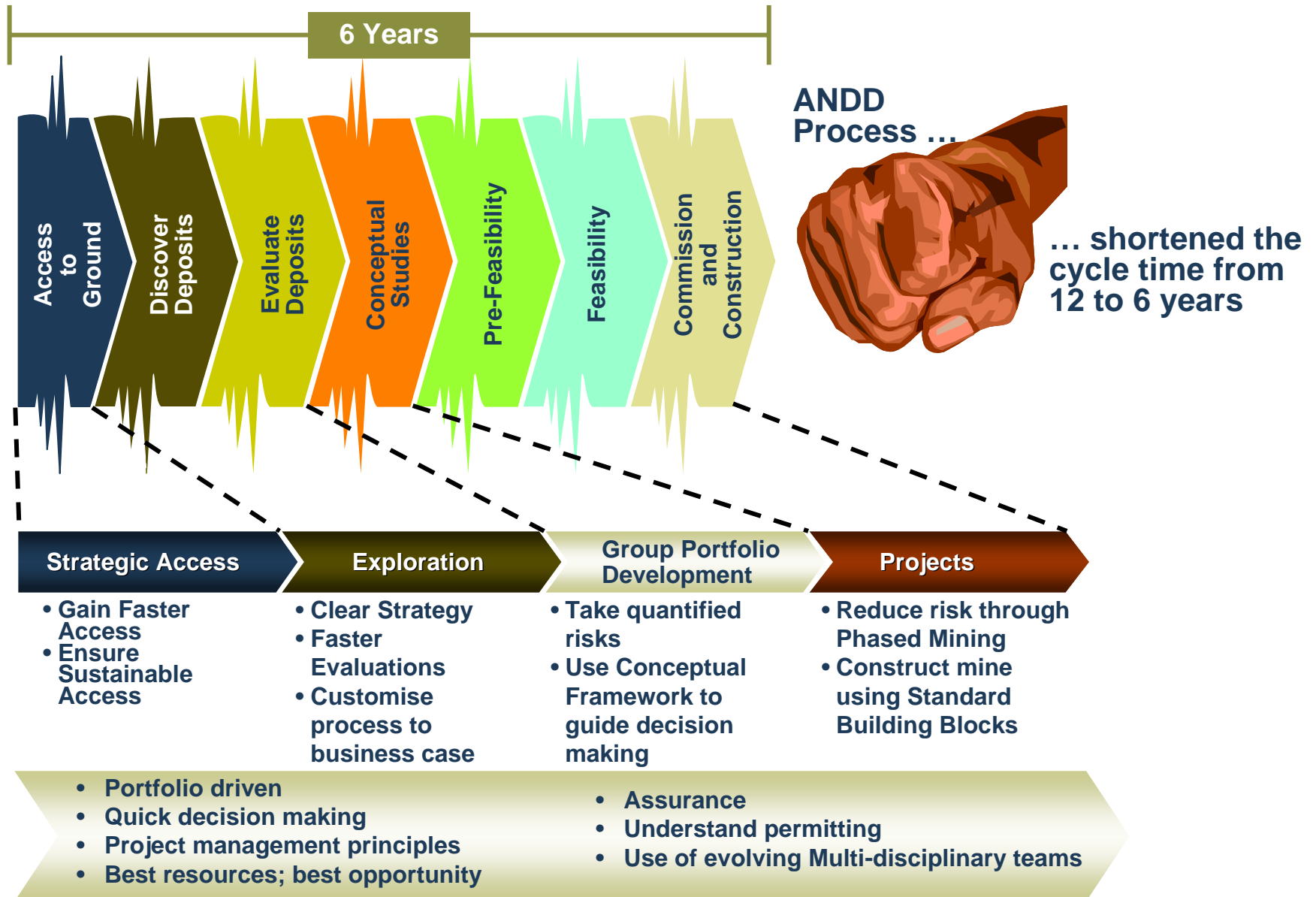
Raven : Final production stage by laser sorting, shown here at Namdeb



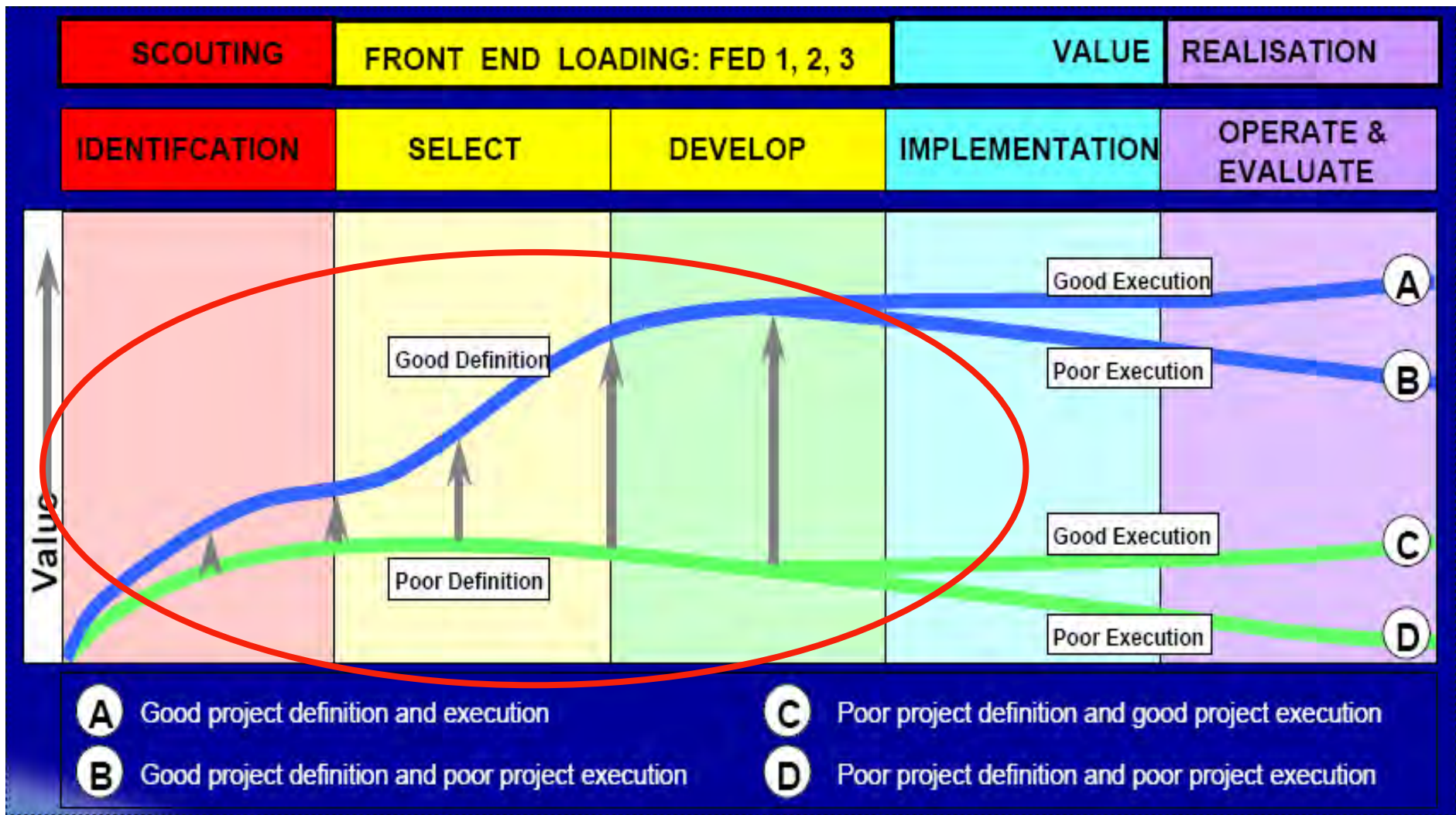
Vision Size Frequency Distribution - on-line imaging for process control and supply pipeline informatio



Accelerated New Diamond Delivery (ANDD) – shortening the time from Targeting



Front end loading in projects – to ensure successful execution



Projects

Orapa



Venetia



Finsch
Plant



Finsch
Underground

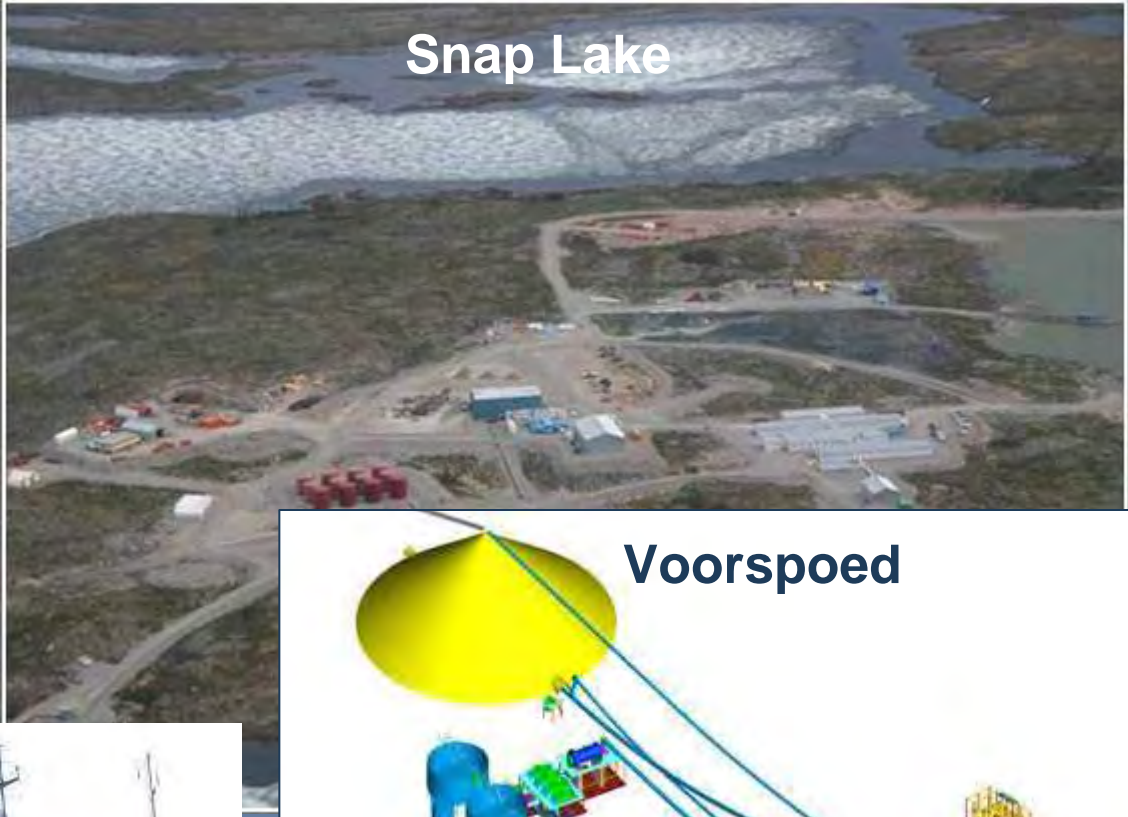


Projects

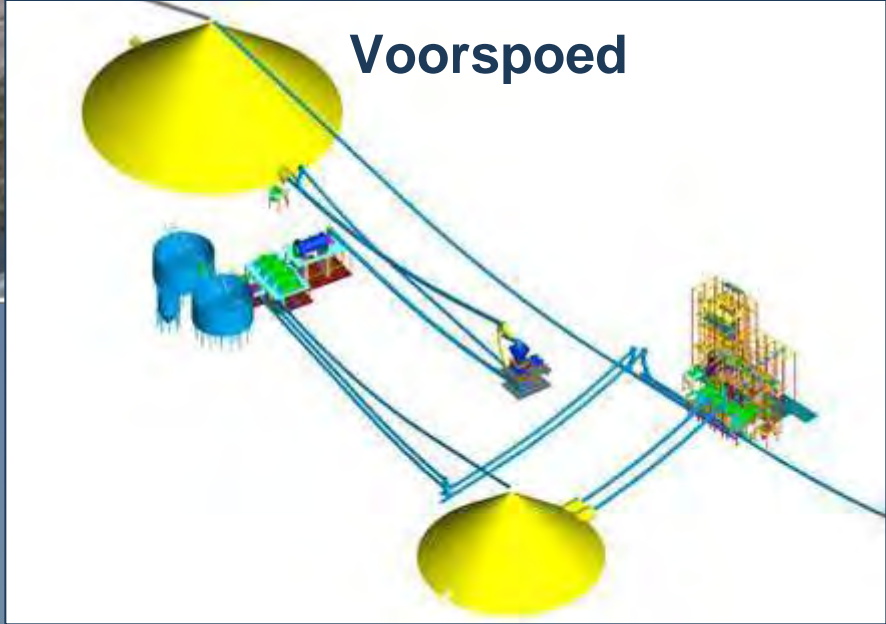
Victor



Snap Lake



Voorspoed

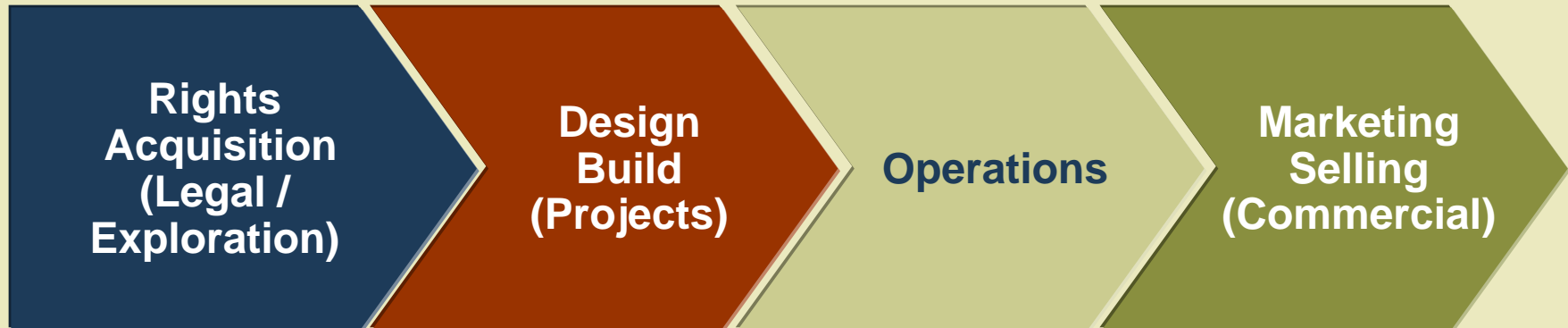


SASA – Dock Express



GME Focus Areas

Business Value Chain



Supporting Functions



Land Operations



De Beers Marine Operations



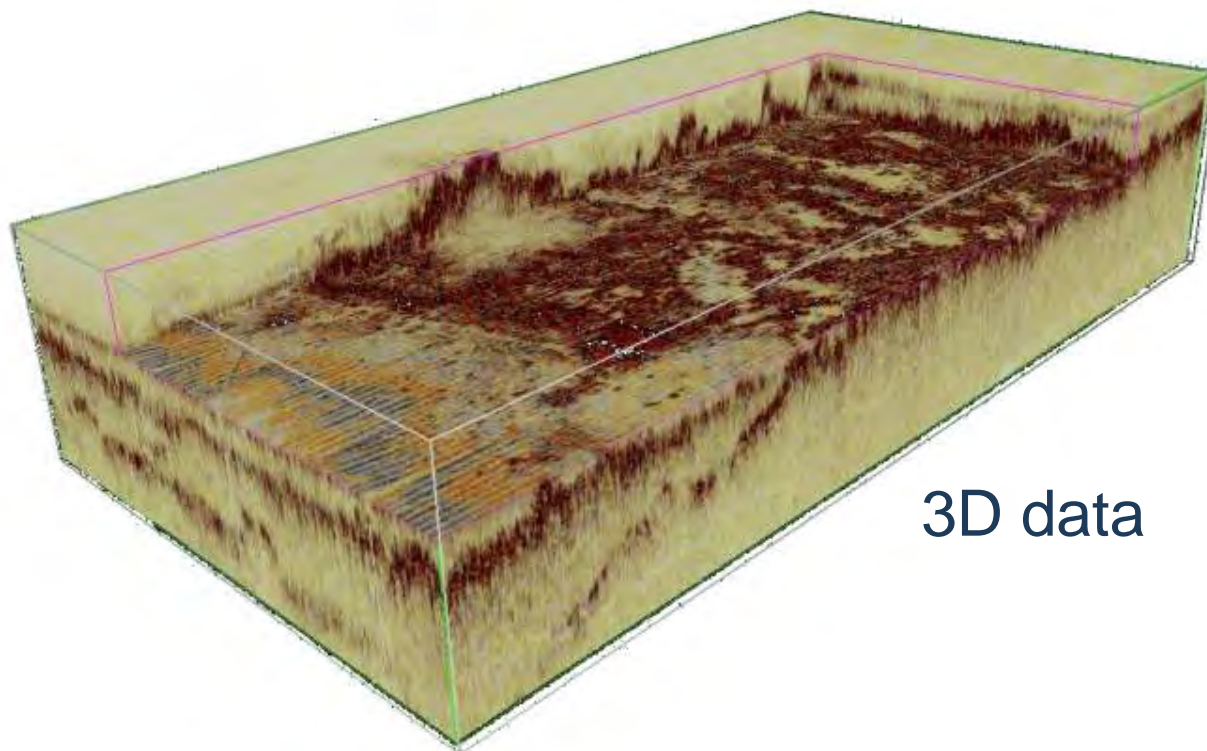
Seabed visualisation



Cor
Jago/A

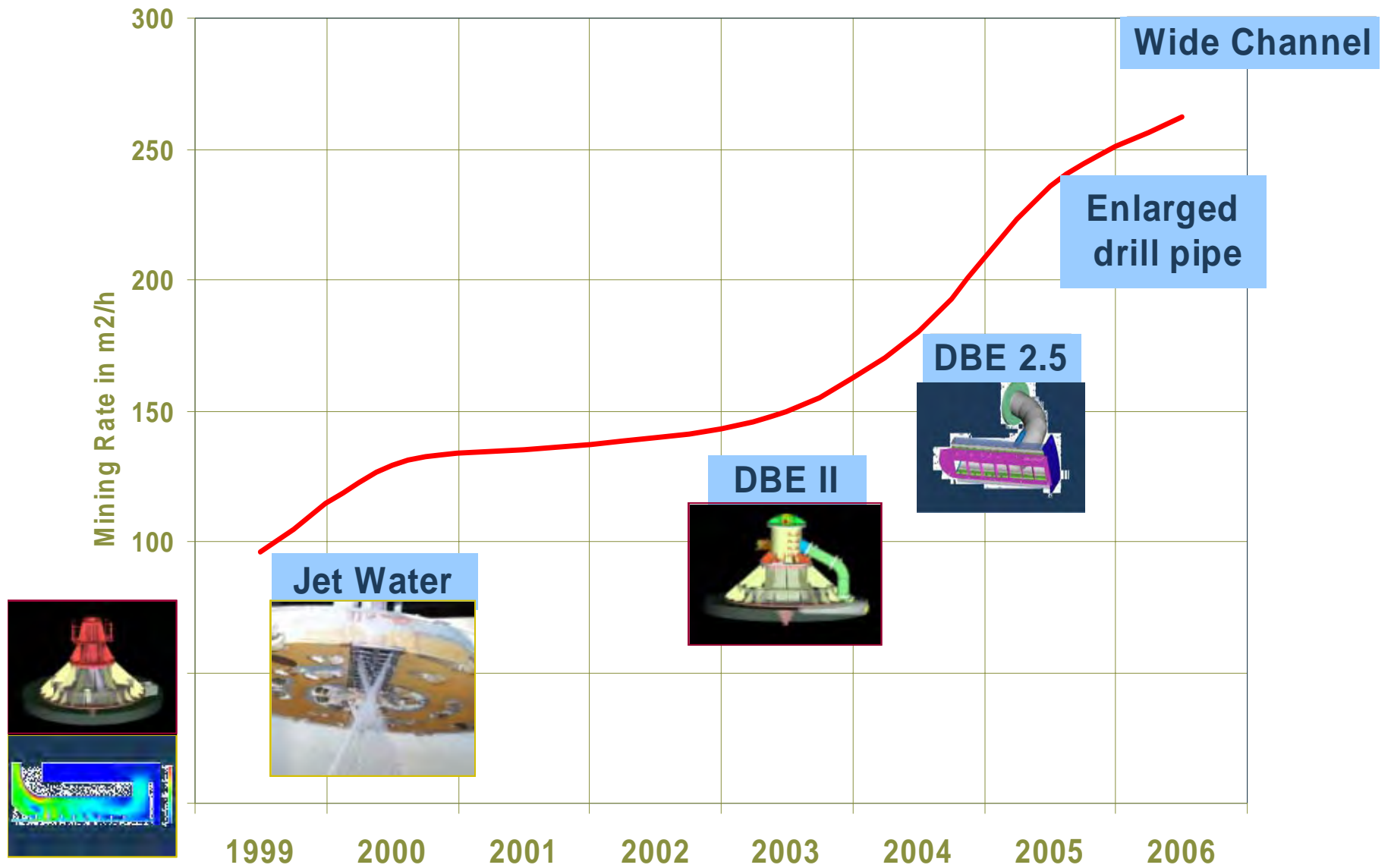


3D "wing"

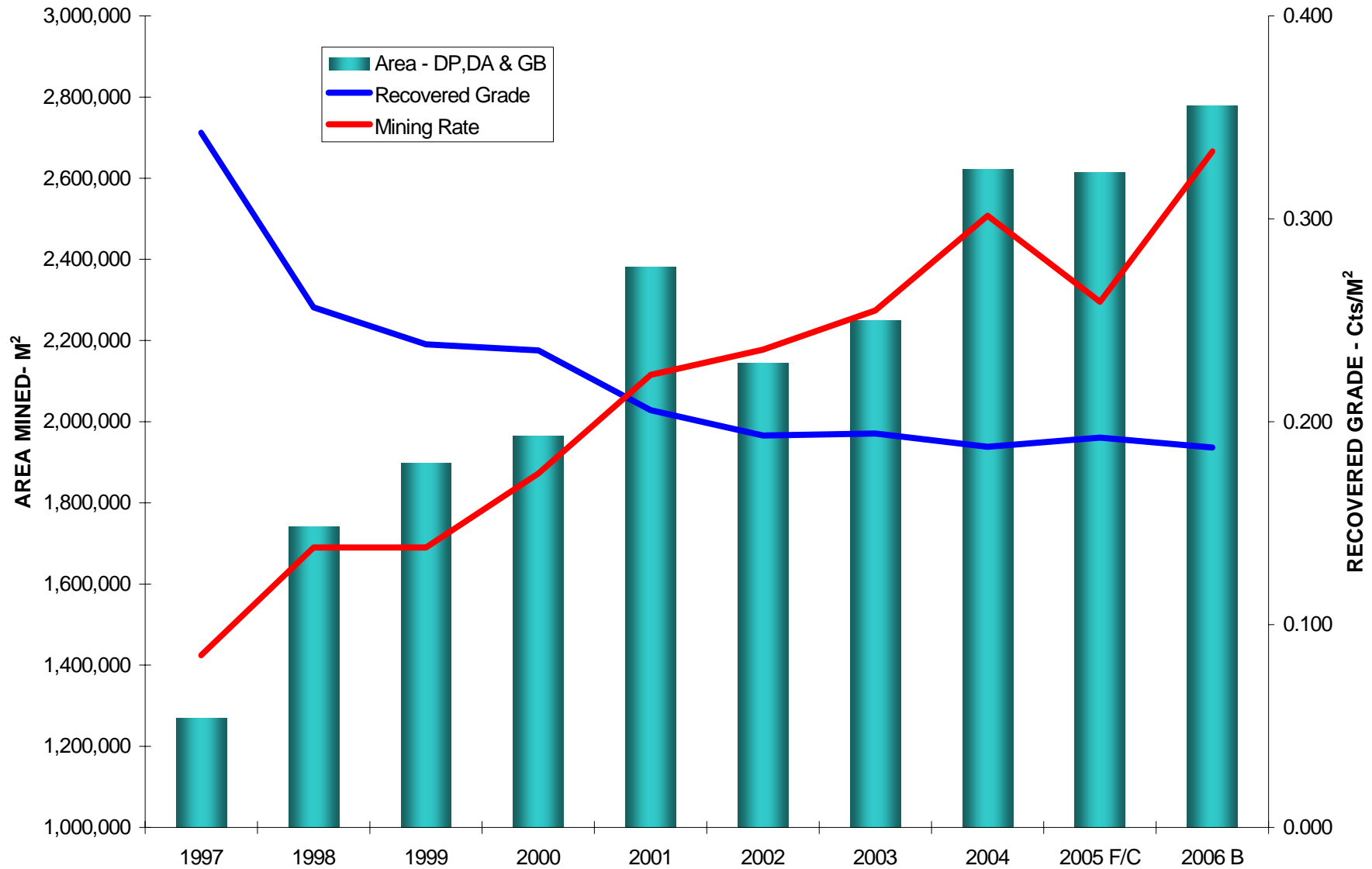


3D data

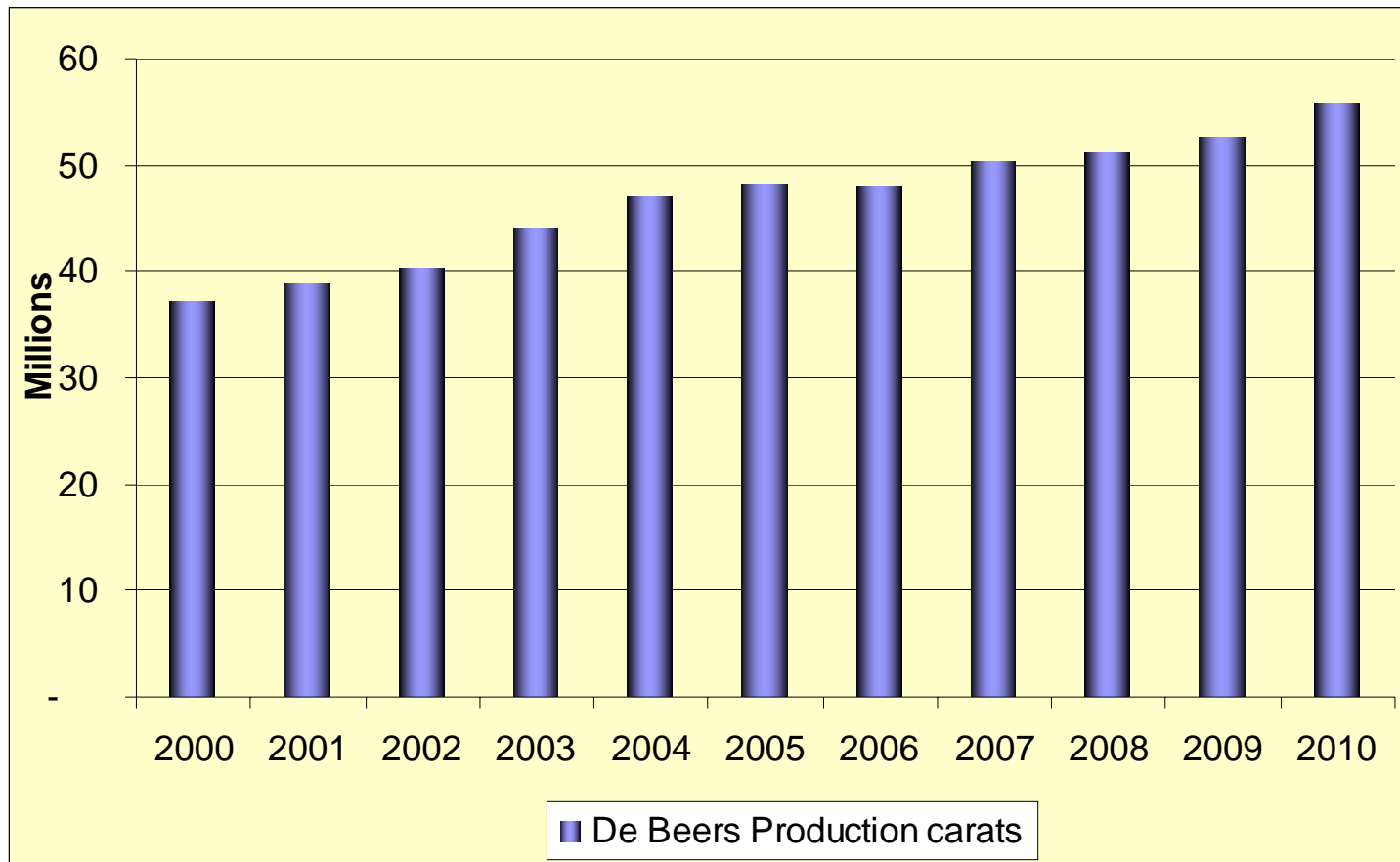
De Beers Marine Namibia rate improvement history



De Beers Marine Namibia productivity improvement (Utilisation & Rate)



De Beers Production carats



Conclusion

These processes, systems and technologies will assist to significantly increase the De Beers Group's productive capacity



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Demonstration of Synthetics Detection Equipment





De Beers Sales and Marketing

Varda Shine

MD Designate

Diamond Trading Company

DE BEERS
A DIAMOND IS FOREVER

De Beers' Sales and Marketing Plan



**Driving
demand**

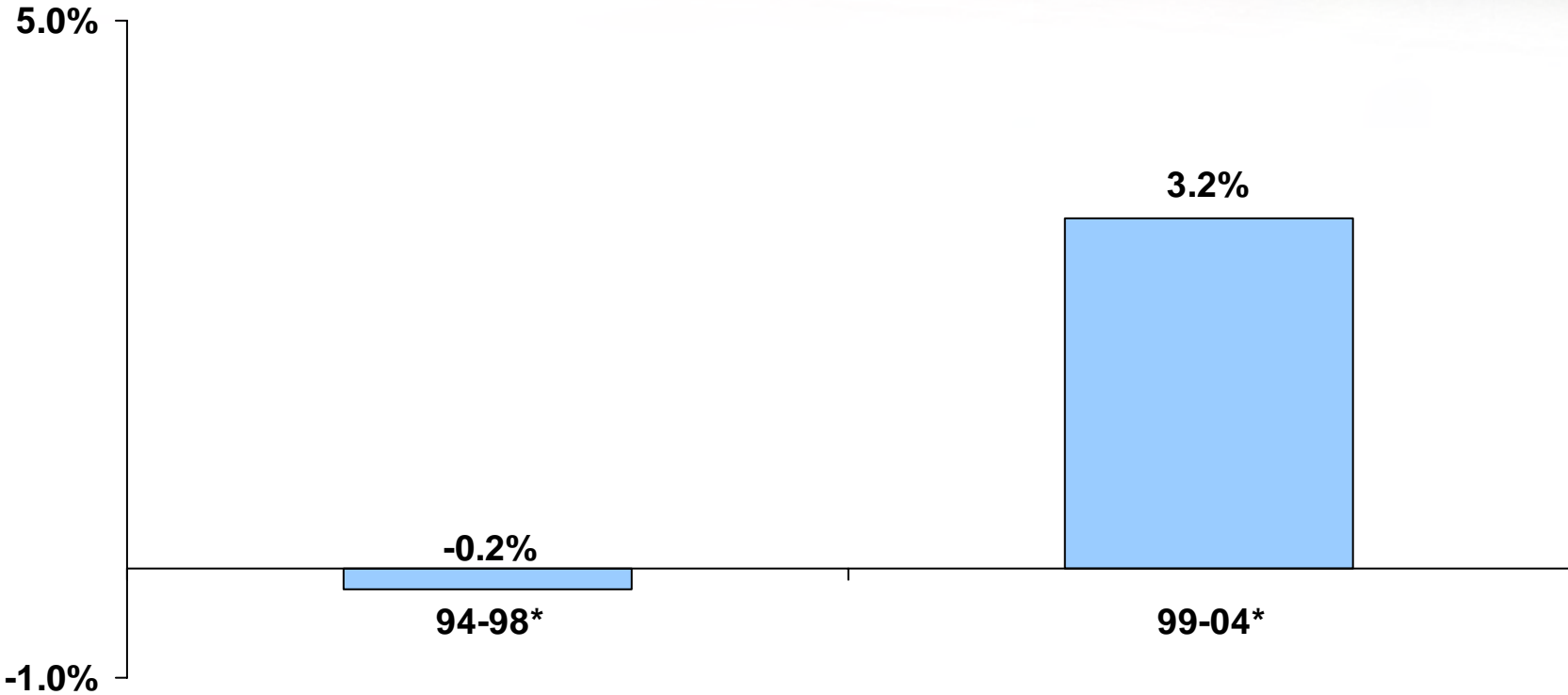
**Supplier of
Choice**

**Consumer
Confidence**

**Effective
Organisation**

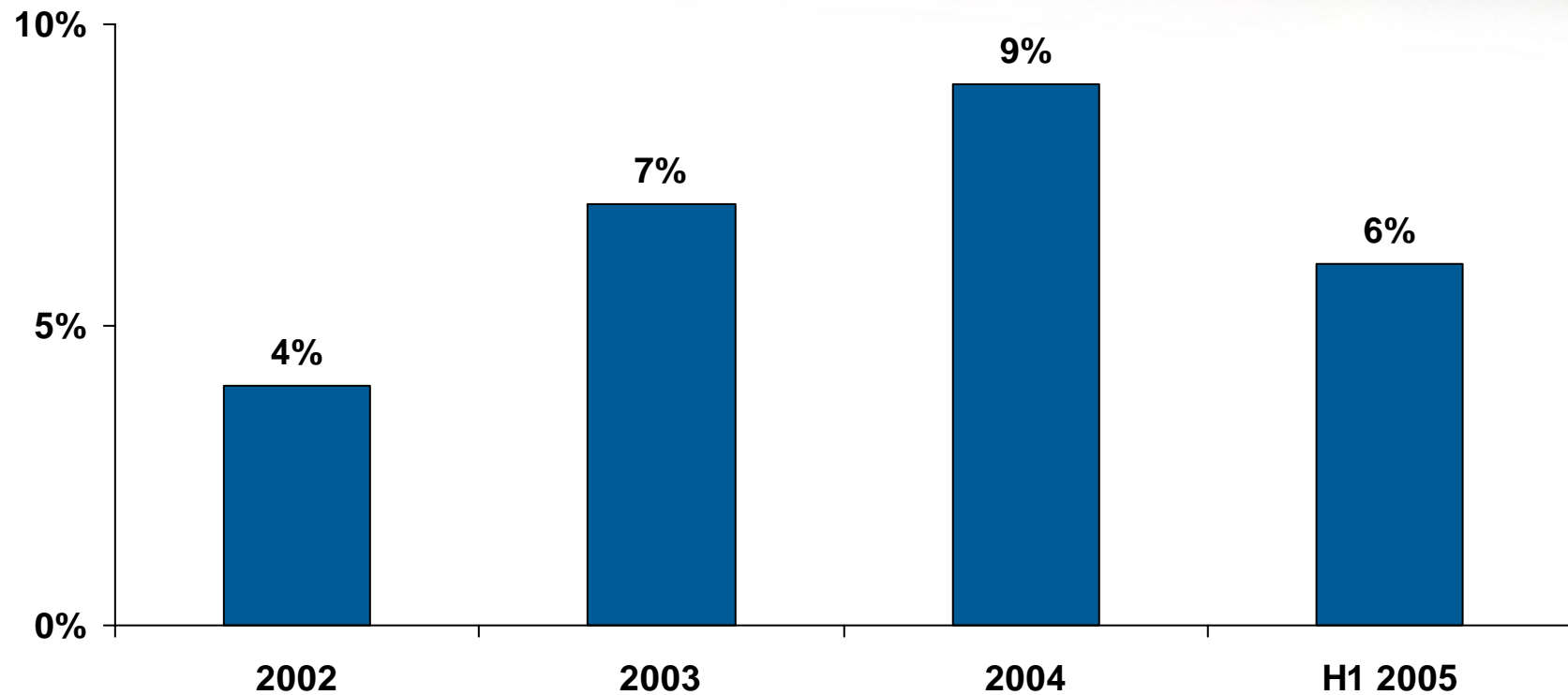
DE BEERS
A DIAMOND IS FOREVER

Driving Demand US\$ Retail Value

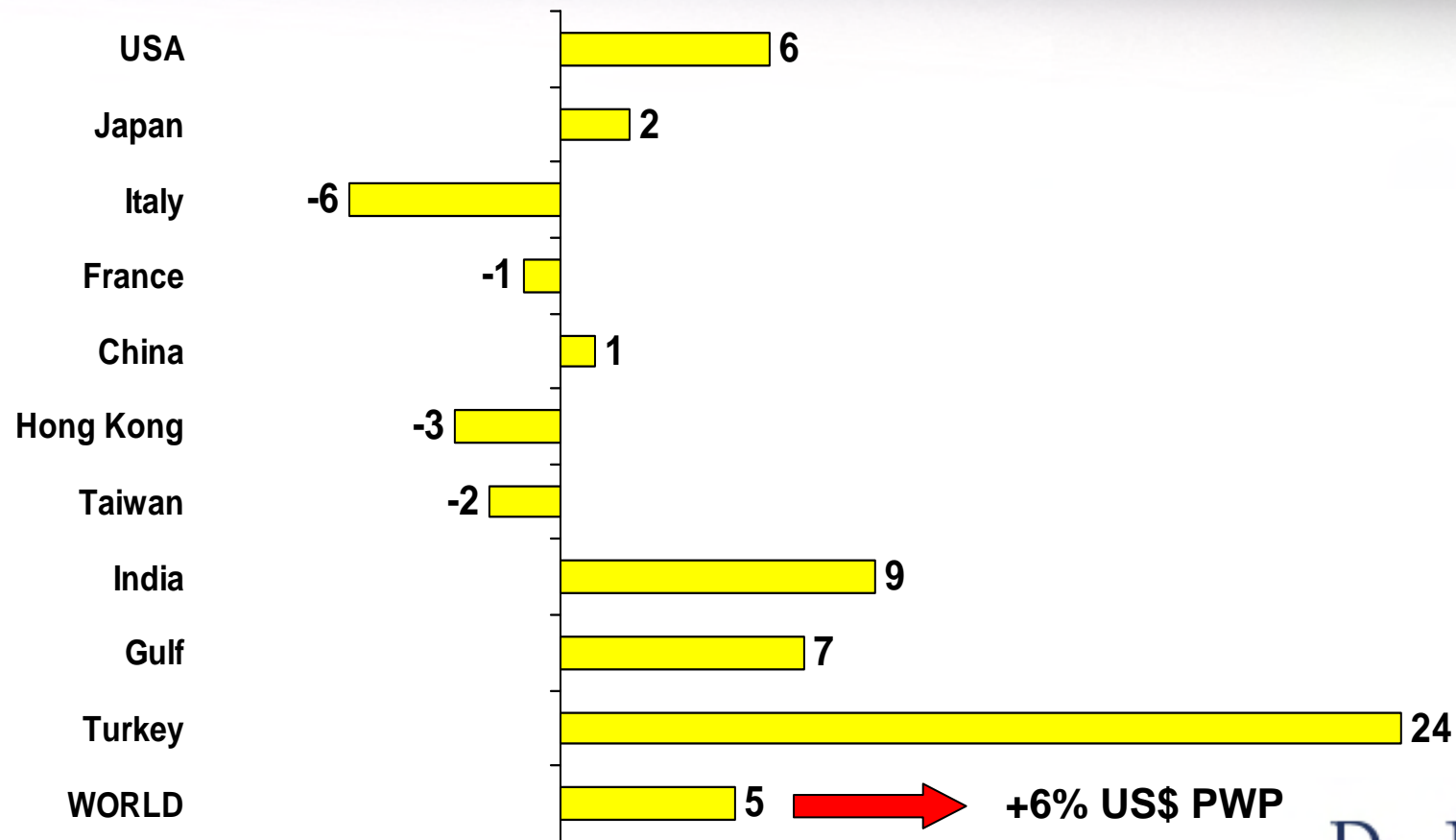


*Earlier year for each period is the base year for the CAGR

The rate of growth in World diamond jewellery sales is steady (% growth US\$ PWP)



Estimated H1 2005 sales of DJ +5% in LC and +6% in US\$ PWP



2005 Initiatives



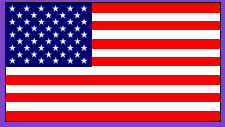
USA

Japan

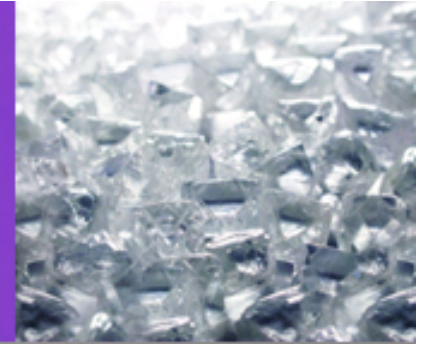
India

China

DE BEERS
A DIAMOND IS FOREVER

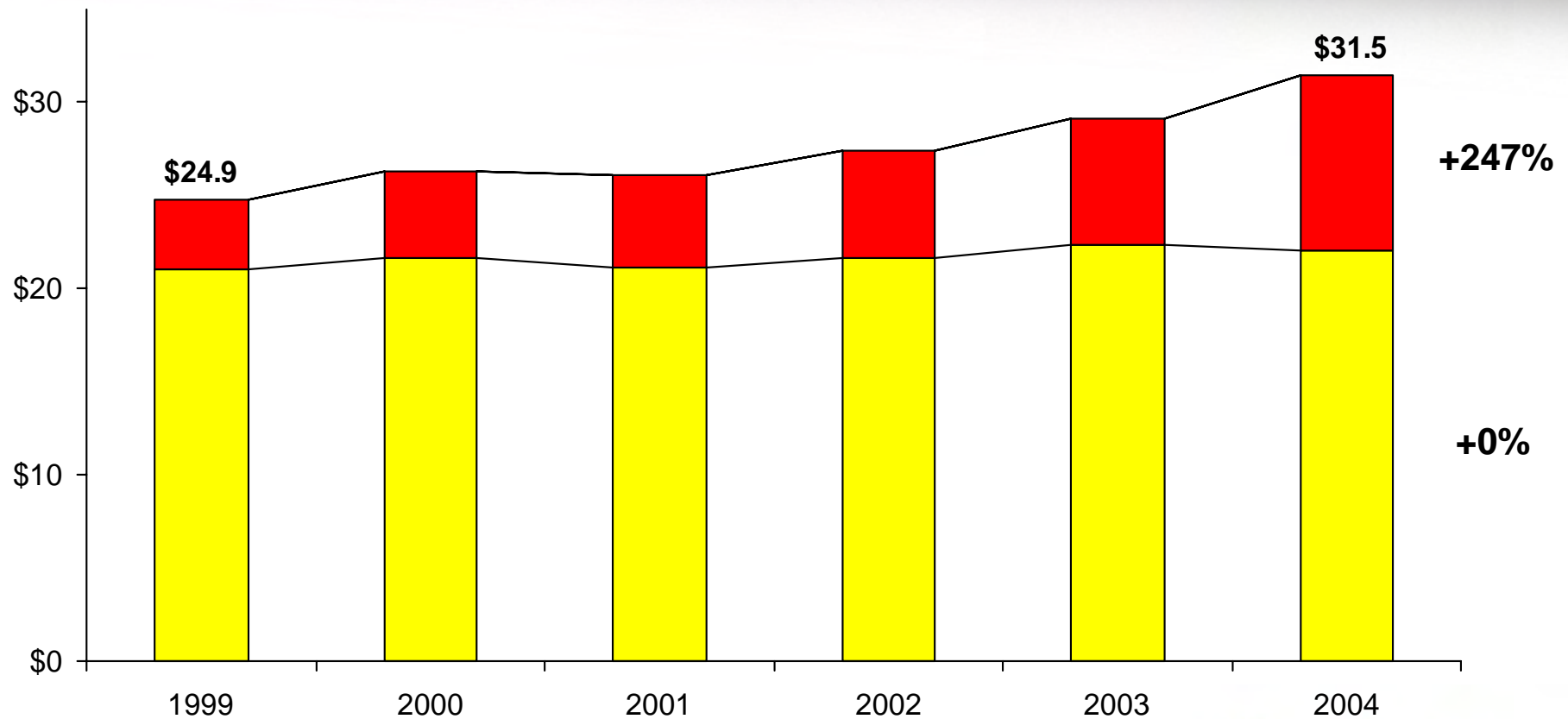


All diamond jewellery growth coming from De Beers programmes



(\$ Billions)

Total Market Growth 1999-2004



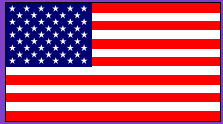
Diamond Jewellery



De Beers Programmes

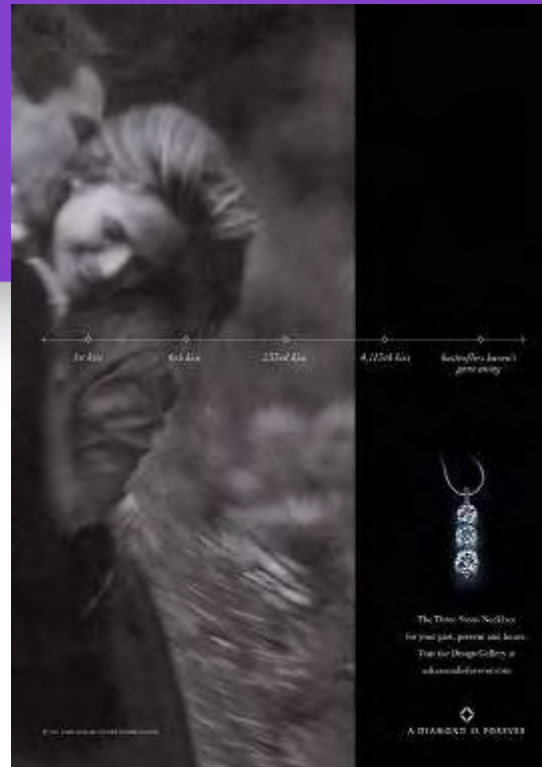


DE BEERS
A DIAMOND IS FOREVER



Anniversary

Diamond Right Hand Ring



Past, Present, Future



Christmas



DE BEERS
A DIAMOND IS FOREVER

2005 Initiatives



USA

Japan

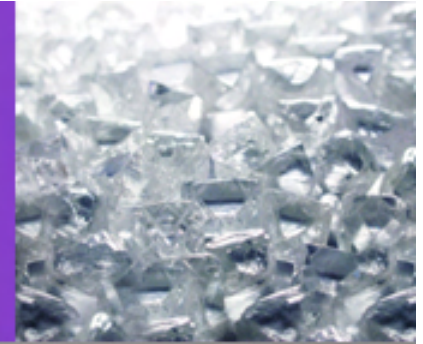
India

China

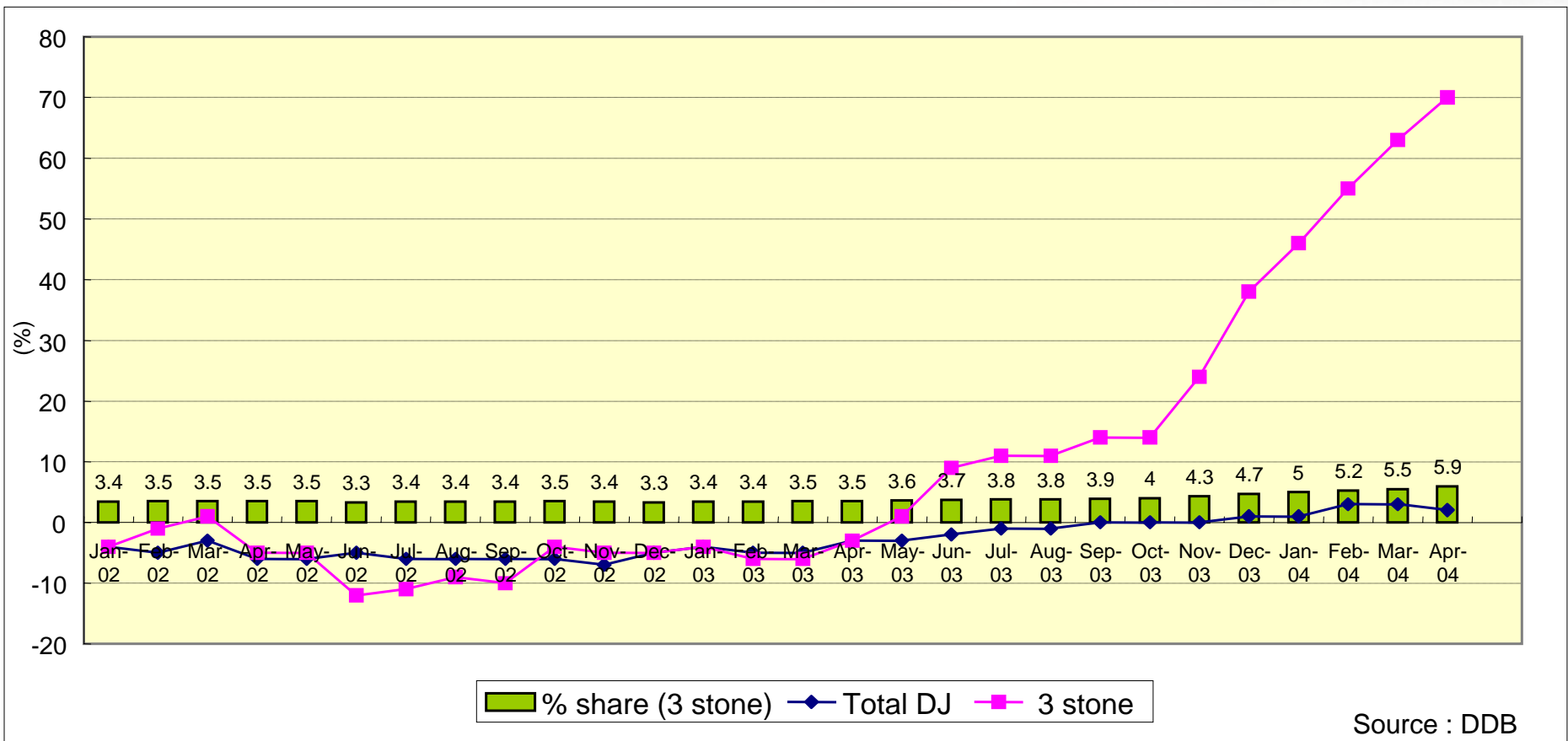
DE BEERS
A DIAMOND IS FOREVER



3-stone Diamond Jewellery growing rapidly



Value Share and Growth Trend (12mmt)



Source : DDB






Innovative marketing to stimulate demand


Headline:

“It’s a huge hit – we’re very sorry”

☆ TRILOGY
3-STONE DIAMOND

大ヒットして、
ごめんなさい。

「私の過去、現在、未来が輝く」というコンセプトをもった、トリロジー3ストーンダイヤモンドが多くの女性に支持されて、 驚異的セールスを記録。一部のデザイン  が売切れて入手が困難になり、たいへん  ご迷惑をおかけしましたことをお詫びします。でも、もう大丈夫です。トリロジーがふたたびデザインも豊富に揃いました。もうすぐXmas。ことし一年、がんばったあなたへ。トリロジー3ストーンダイヤモンドの輝きがふさわしい。

ダイヤモンドは永遠の輝き  DTC

トリロジーはこれからもあなただけ、
デザインも豊富にそろえています。

池田 Beu 5000 JASAKI SOPHIA VERITE BROADWAY NOTTINGHAM LONDON

2005 Initiatives



USA

Japan

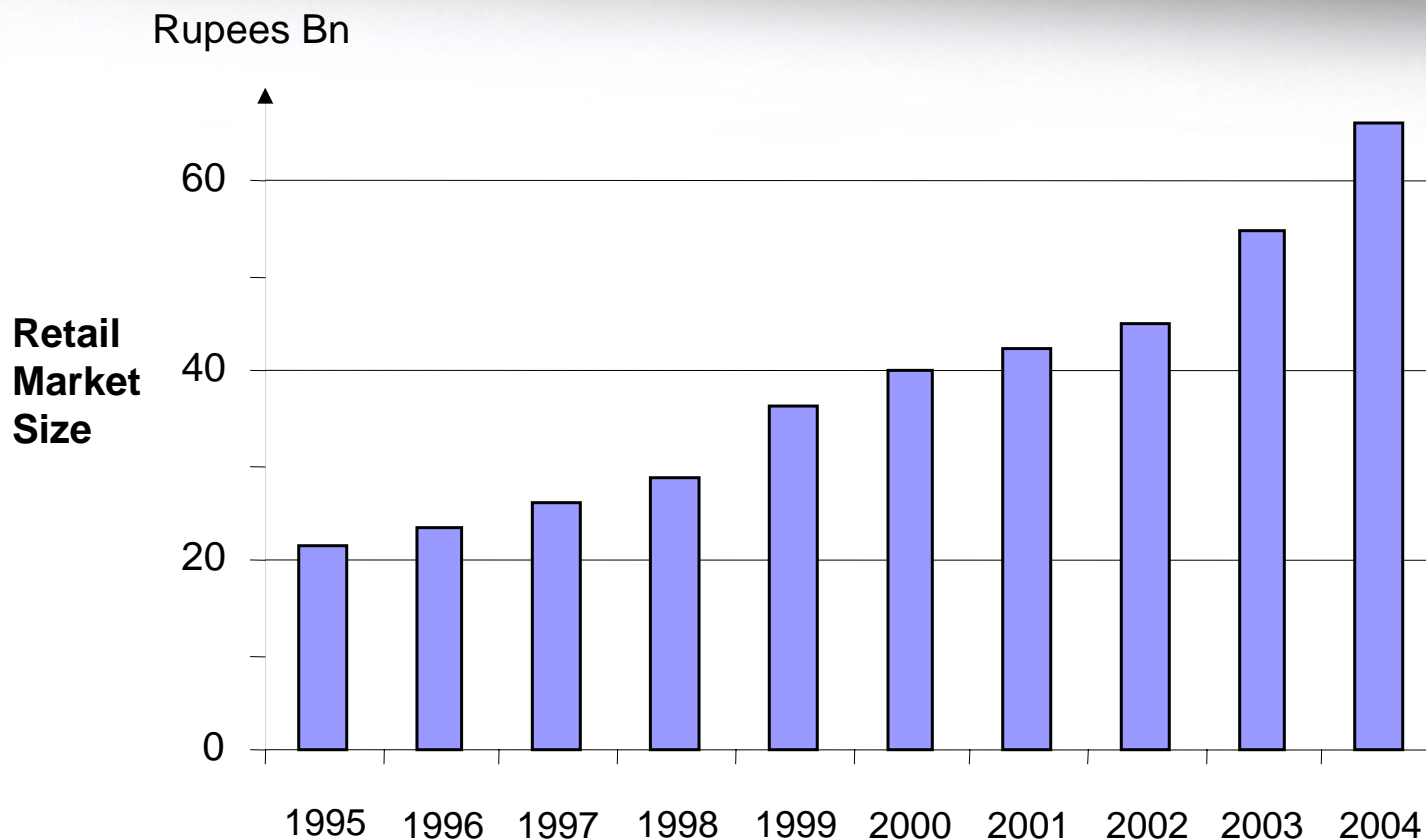
India

China

DE BEERS
A DIAMOND IS FOREVER



Strong retail growth driven by De Beers



Total 2004 DJ
Retail Market:
Rs67.2Bn

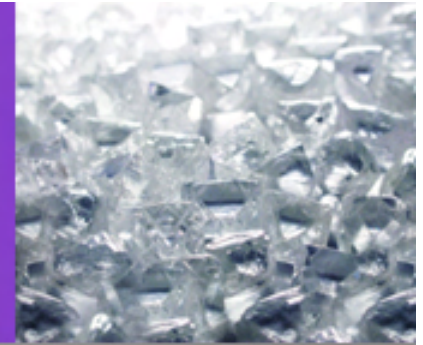
PWP for 2004:
\$961m

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
Retail Growth		8%	12%	10%	26%	10%	6%	6%	21%	21%

DE BEERS
A DIAMOND IS FOREVER



Nakshatra: the No 1 jewellery brand in India



NAKSHATRA
DIAMOND JEWELLERY

Utsav

THE BRIGHTEST CIRCLE OF LIGHT

May 25 - June 30

A heavenly array of clusters that has never been revealed before.

Do not let even a minute slip away. Step in and see the exquisite celestial shapes that best lights up your heart from the latest collection. The first view has an added sparkle: the first buyers of Nakshatra Diamond Jewellery worth over Rs. 30,000 will take home a free designer Nakshatra outfit.

www.nakshatradiamonds.com

A De Beers Group of Companies

DE BEERS
A DIAMOND IS FOREVER

2005 Initiatives

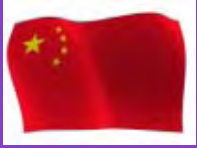


USA

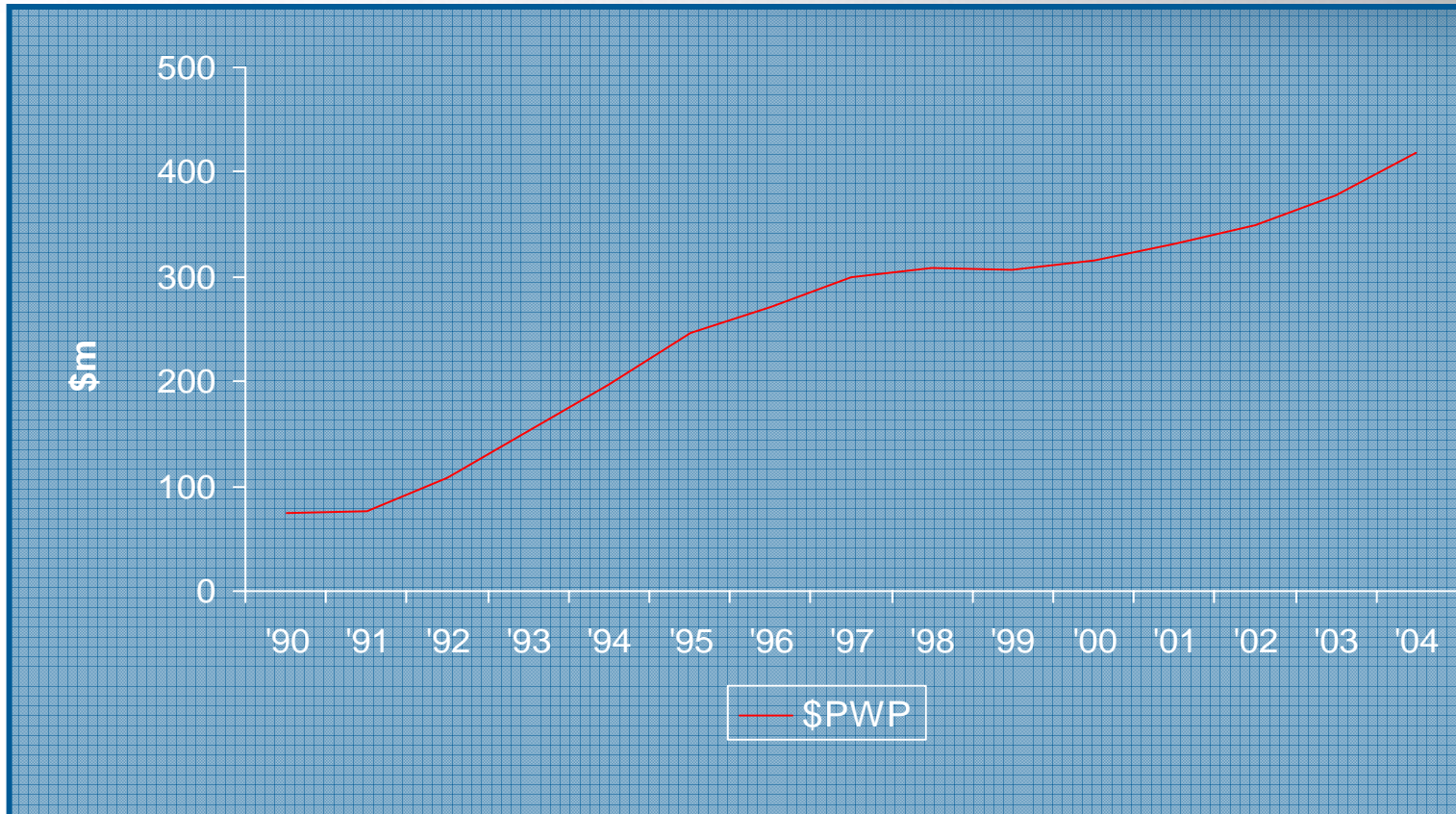
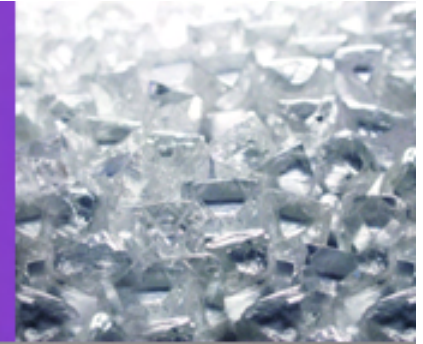
Japan

India

China



Strong retail growth driven by De Beers



\$m PWP	'90	'91	'92	'93	'94	'95	'96	'97	'98	'99	'00	'01	'02	'03	'04
Trend %		1	42	42	29	25	10	11	13	-1	3	5	6	8	11

DE BEERS
A DIAMOND IS FOREVER



The Diamond wedding ring: a cultural imperative in the big cities

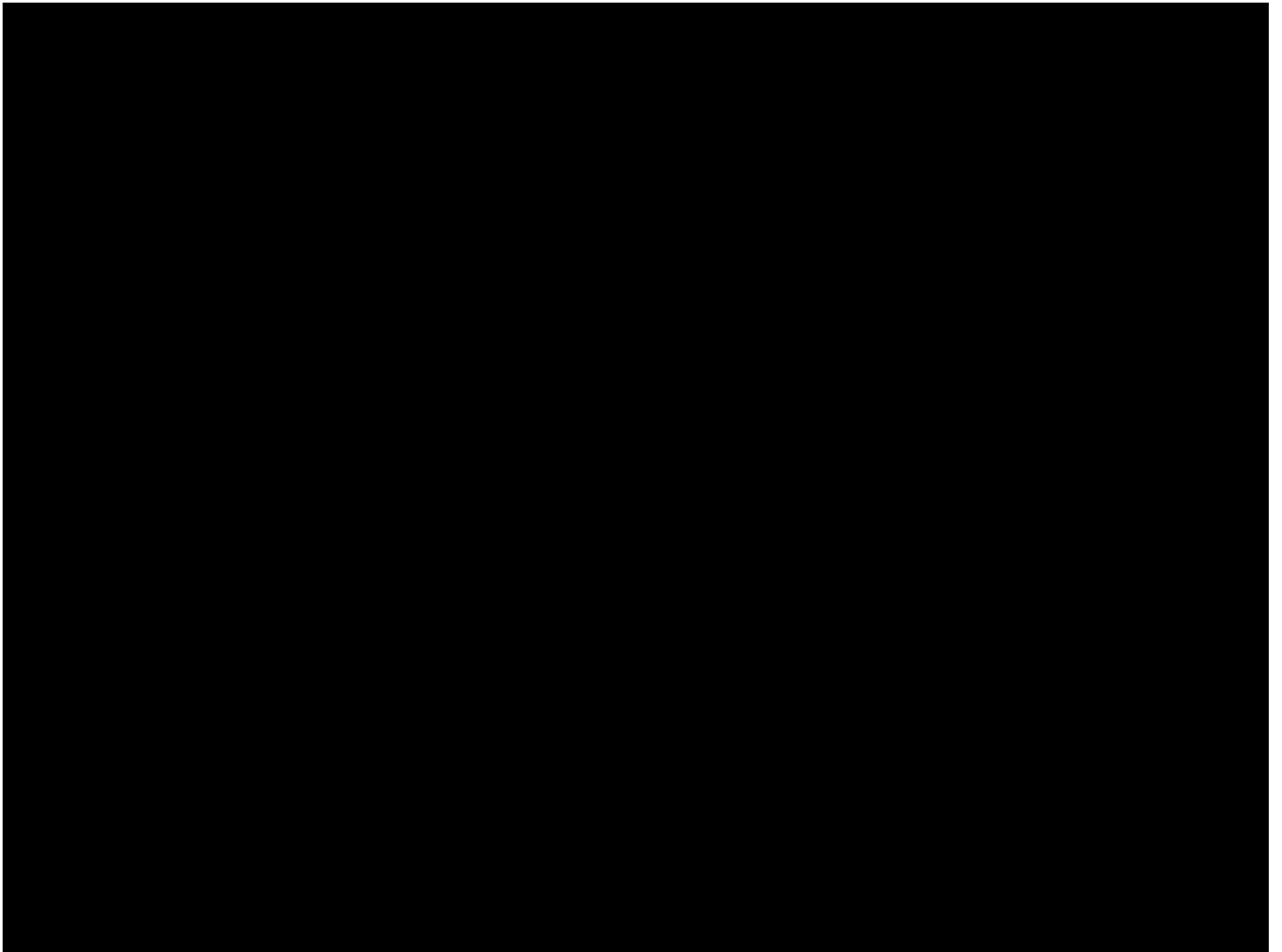


- China: the diamond jewellery market of the future
- 11% growth in 2004 vs 2003, the first double digit increase
- 8 out of 10 brides in Shanghai receives a diamond for her wedding
- 51% Acquisition rate in urban China



New Campaign: Eternal Girl

DE BEERS
A DIAMOND IS FOREVER



De Beers' Sales and Marketing Plan



**Driving
demand**

**Supplier of
Choice**

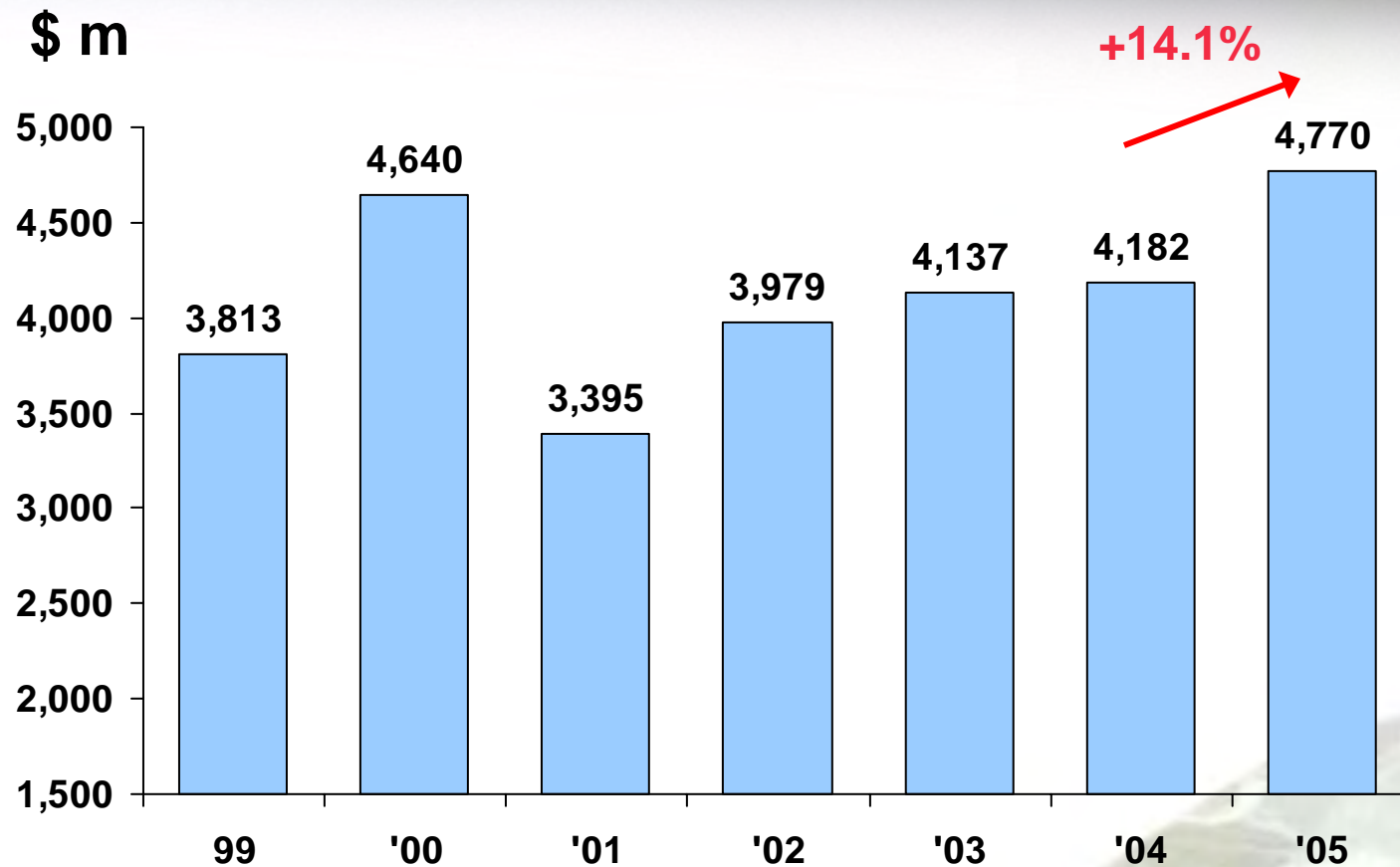
**Consumer
Confidence**

**Effective
Organisation**

DE BEERS
A DIAMOND IS FOREVER

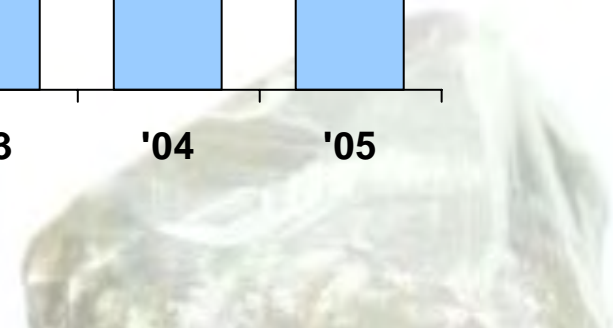
De Beers' Sales

Sights 1-7 comparison 99-05



Source: DTC Sales Planning

Note : Excludes sales to the Polished Division



Supplier of Choice



- Second client selection 2005 – 2008 = 93 clients (from 14 to 19 in S.A. 60 % BEE compliant)
- An initiative to provide a commercial platform for producer country beneficiation
- Growth in efficient distribution and effective marketing continues to transform the industry with the application of Supplier of Choice mechanisms.

Assessment



Finance

Distribution

**Market
Position**

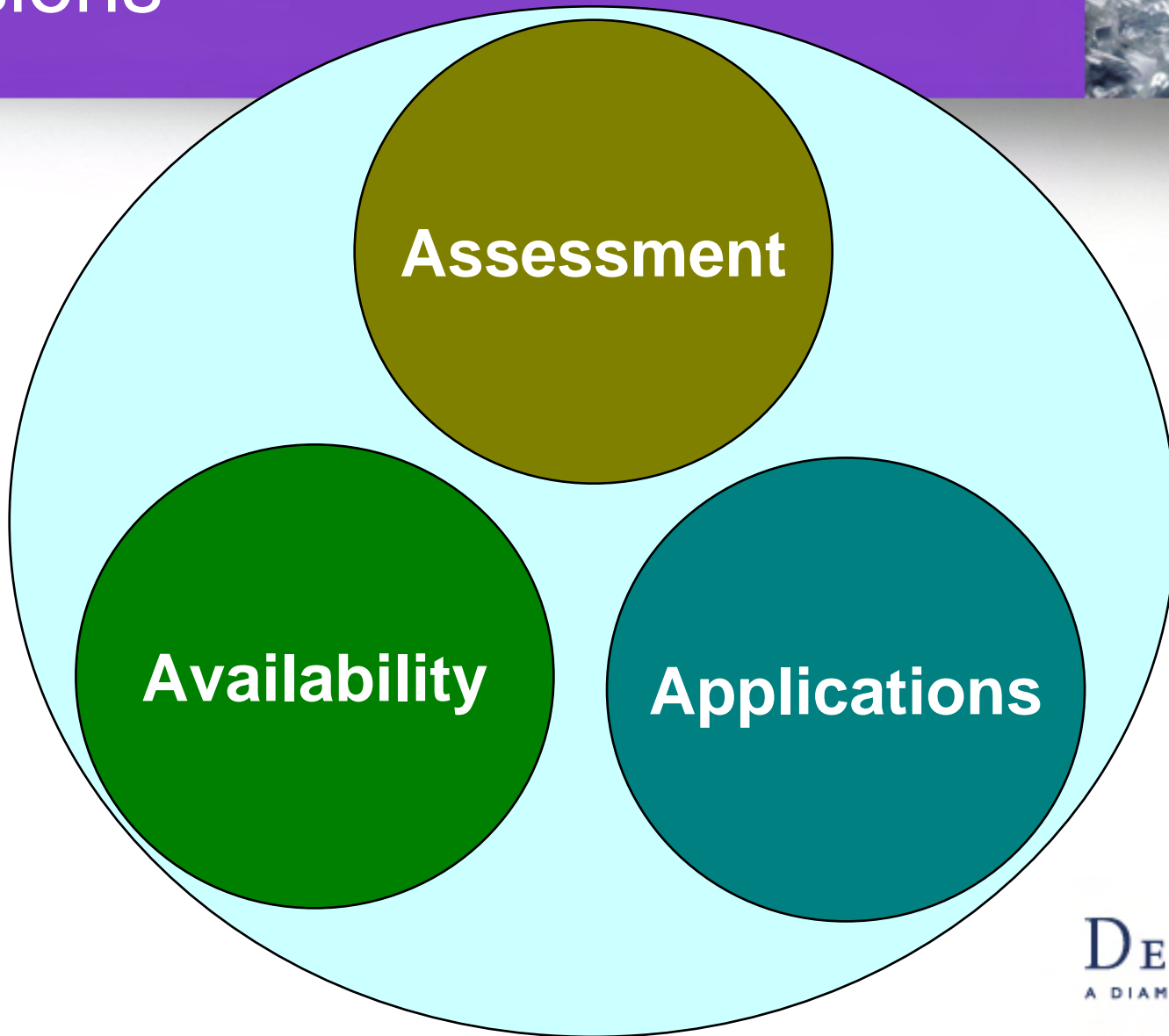
Marketing

Manufacture

**Best
Practice
Principles**

Modelling systems determine applicants' relative performance against the Sightholder Criteria

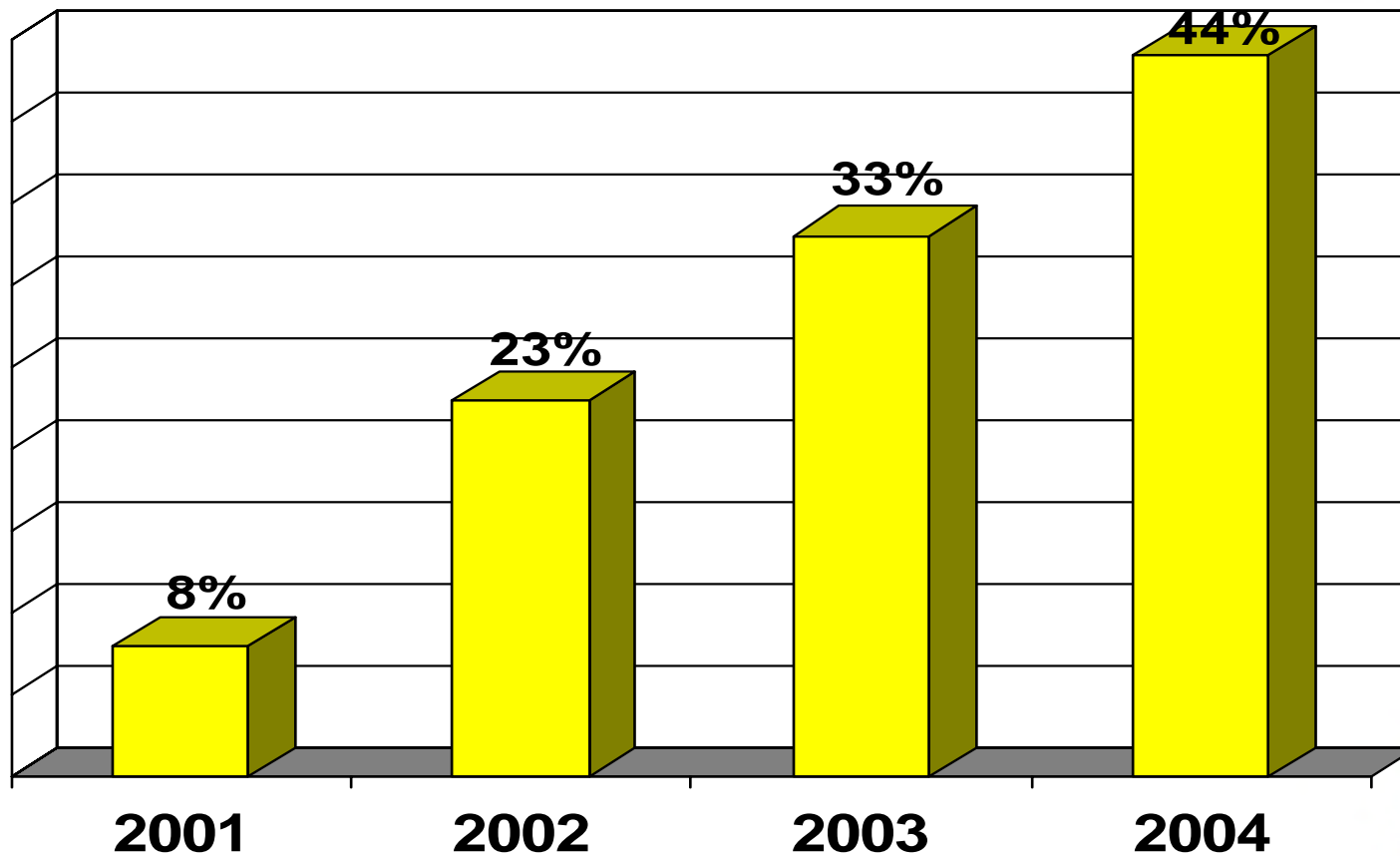
Three factors drive all SoC decisions



Client Marketing Focus



Goods in Efficient Channels



Driving Value for Sightholders



21st CENTURY PARTNERSHIP FOR GROWTH

YOUR GUIDE TO VALUE ADDED SERVICES 2005



A DIAMOND IS FOREVER

VAS CALENDAR

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De Beers' Sales and Marketing Plan



**Driving
demand**

**Supplier of
Choice**

**Consumer
Confidence**

**Effective
Organisation**

DE BEERS
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Area of focus: Consumer Confidence



Potential issues affecting our industry -

- Conflict diamonds
- Money-laundering
- Social impact
- Environmental impact
- Synthetics
- Treatments



Current workstreams

- **Research & Planning** – to be fully aware of awareness and attitudes
- **Forevermark** – to proactively mark genuine natural, ethical diamonds
- **Natural Marketing** – to win the hearts and minds of consumers
- **Trade Education** – to win the hearts and minds of the downstream trade

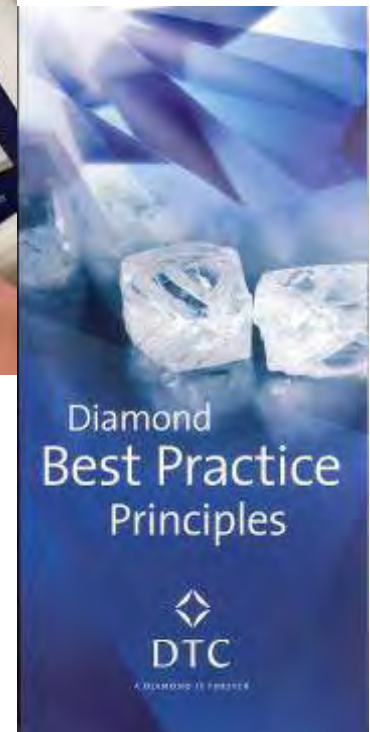


DE BEERS
A DIAMOND IS FOREVER

Current workstreams



- **Disclosure** – to ensure all synthetics are fully disclosed
- **Detection** – to rapidly identify any genuine diamond
- **Patents** – to have legal protection in place for our technologies
- **Best Practice Principles** – to proactively manage corporate risk



De Beers' Sales and Marketing Plan



**Driving
demand**

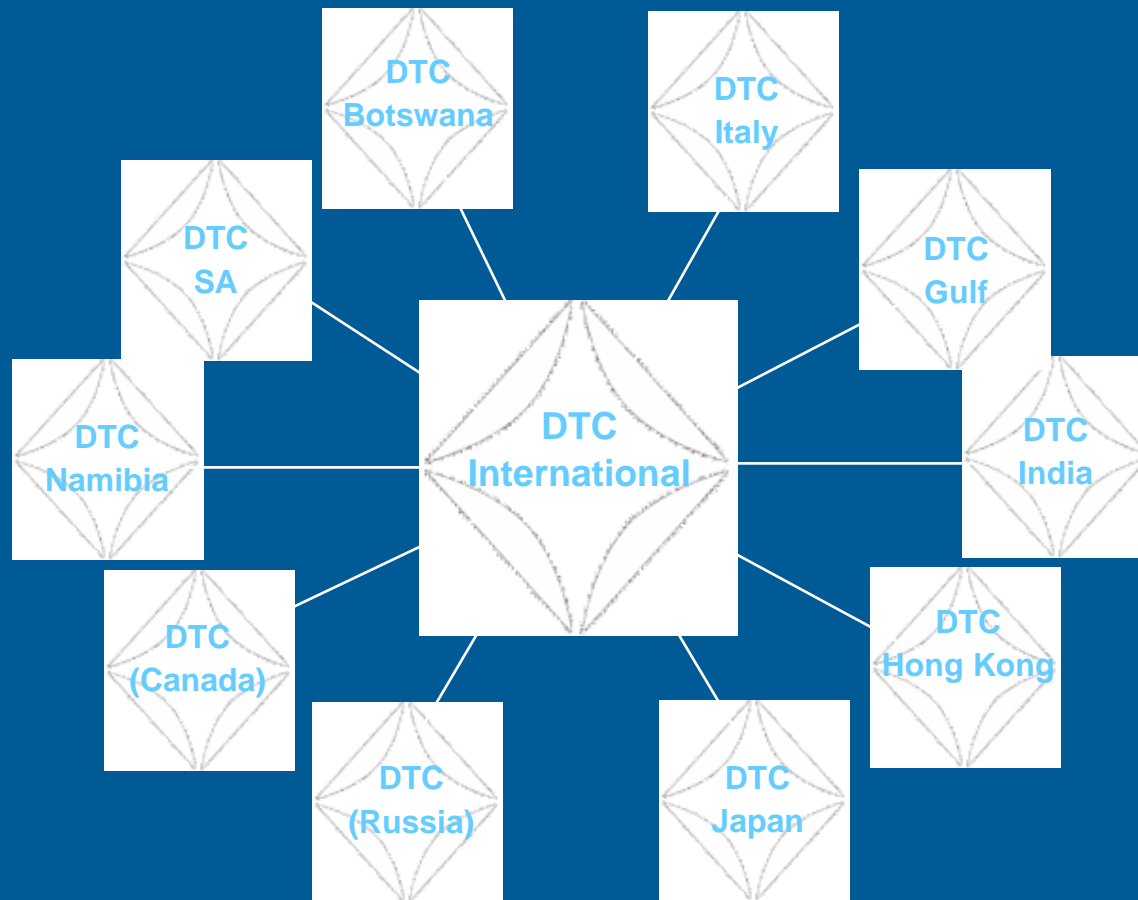
**Supplier of
Choice**

**Consumer
Confidence**

**Effective
Organisation**

DE BEERS
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Organisational Effectiveness





AGENDA

- Welcome and introduction
- Finance Update
- De Beers Strategy 2005 to 2009
- Supply Side Opportunities
- Demand Side - DTC
- **Summary**
- Q&A

Gary Ralfe

Paddy Kell

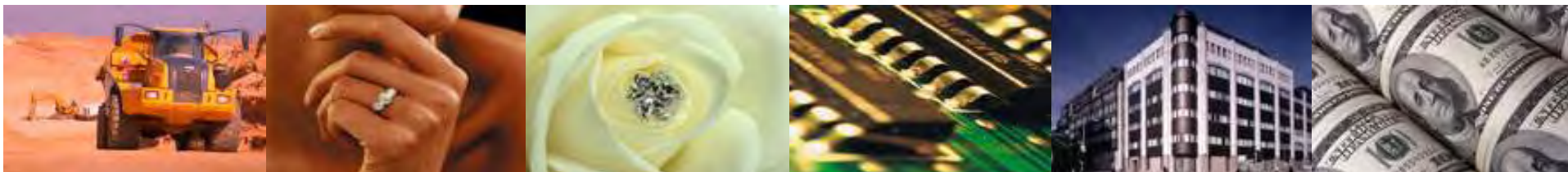
Gareth Penny

Ed Dowling

Varda Shine

Gary Ralfe

Demonstration of Synthetics Detection Equipment



Chapter 2...

- DTC – adding value, driving demand
- Mining & Exploration – profitable production growth
- Promotion of natural diamonds
- Partnerships
- Organisation Effectiveness
- Purpose, Vision & Values
- Succession





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Demonstration of Synthetics Detection Equipment

