



A Diamond is Forever

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Mining Indaba - February 2009

Extraordinary



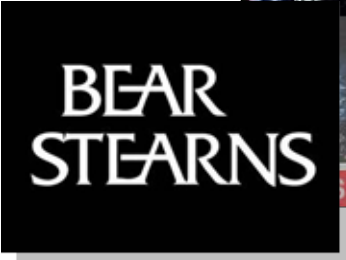
Times ♦ Action ♦ Product

Extraordinary



Times ♦ Action ♦ Product

Extraordinary Times



MISSING PERSONS

What happened to consumer confidence?



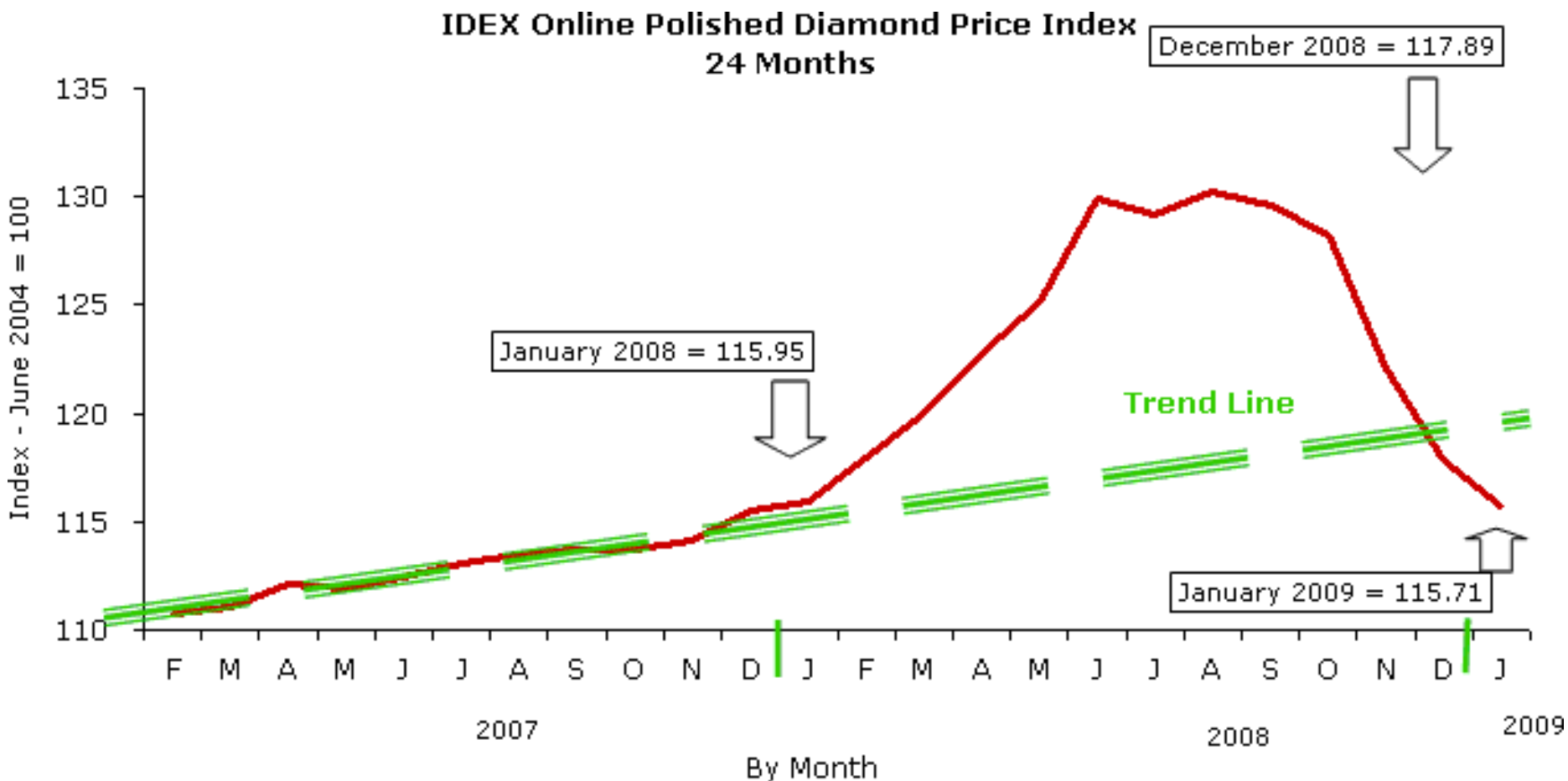
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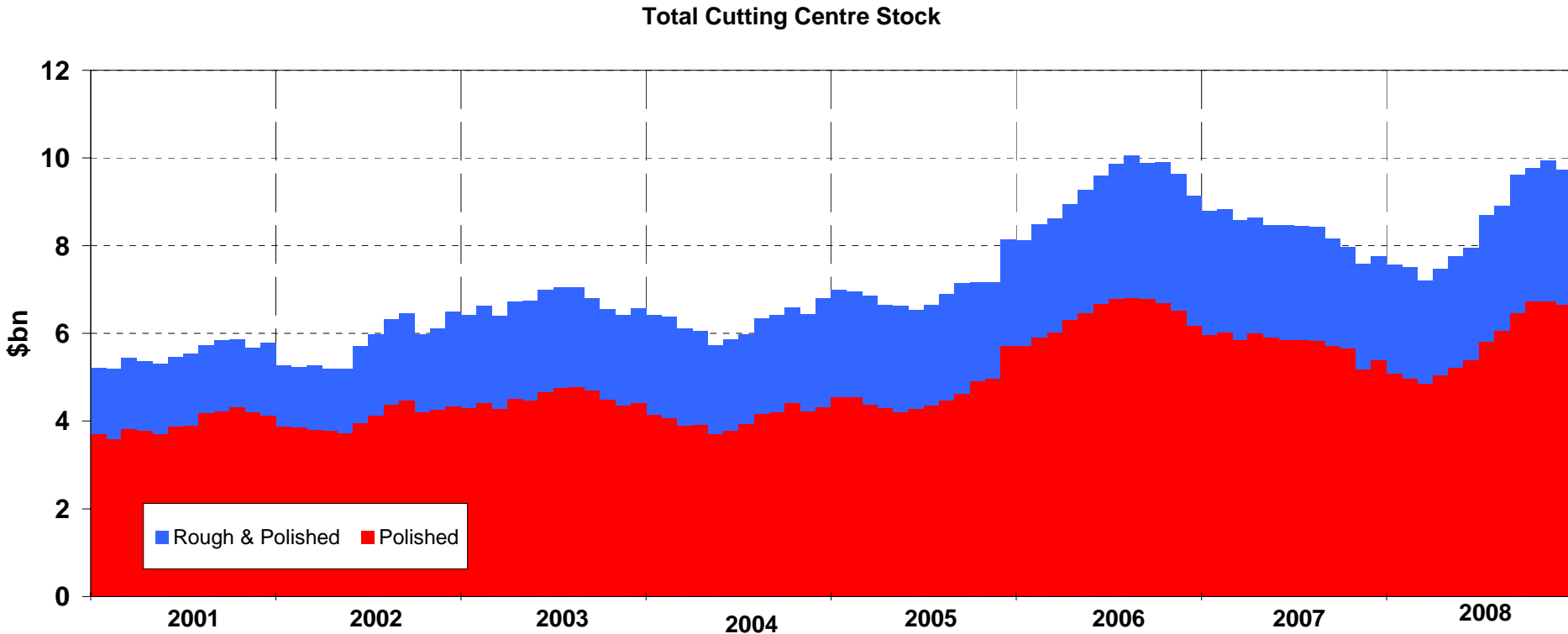
ZALES
THE DIAMOND STORE®



Polished prices – 24 months



Cutting centre stock



- Cutting centre rough and polished stocks peaked at \$9.9bn in November 2008
- Following poor retail sales at Christmas, significant returns of unsold goods to cutting centres are expected in Q1 2009

Total Cutting Centre Debt



- Bank debt peaked at \$13.9bn in September, and fell to \$12.6bn in December 2008
- The industry's borrowing base is continuing to shrink, and further falls in bank lending are therefore expected

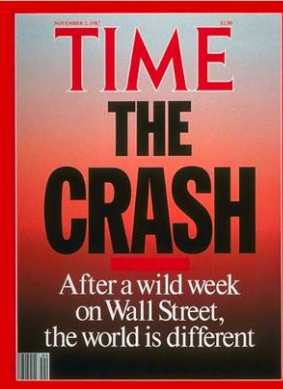
Diamond Trading Conditions

- **Reduced consumer demand**
- **Low liquidity at all levels**
- **Industry debt**
- **High inventory levels**



De Beers has seen extraordinary times before

DE BEERS
A DIAMOND IS FOREVER



Extraordinary



Times ♦ Action ♦ Product

Positioned to weather the storm

- Reshaped mining portfolio
- Focused on profitable production growth
- Reduced overheads and improved efficiencies
- Improved diamond sales and distribution systems
- New strategies to drive consumer demand



Bold action

- Reduce production in line with client demand
 - Significant reductions across mining portfolio
- Reduce mine operating costs
- Delay or stop non-essential capital expenditure
- Significantly reduce off-mine costs
 - exploration
 - corporate



- **Cooperative and supportive action with all stakeholders**
- **Innovative approach to production reduction**
 - Focus on maintenance and waste stripping
 - Extended production holidays
 - Reviewed arrangements with contractor companies and staff
 - Revision of shift configuration to lowest cost / highest efficiency format suited to the 2009 market conditions
 - Several hundred vacancies have been eliminated
 - Redeployment of staff to partner companies where possible
 - Secondment to government programmes to support local government technical needs and infrastructure development
- **Continued delivery of our socio-economic commitments**
 - Social and labour plans
 - HIV/AIDS commitments
 - SME development
 - De Beers Fund's CSI commitments

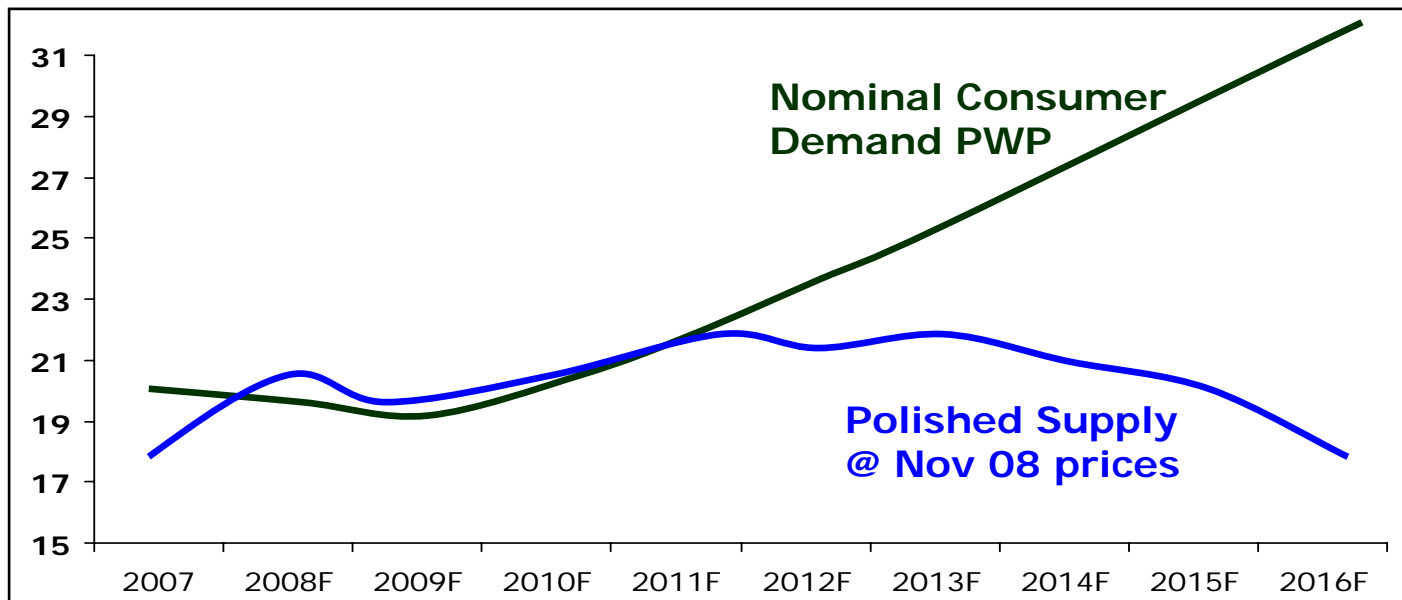
Extraordinary



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Supply / Demand gap in long-term

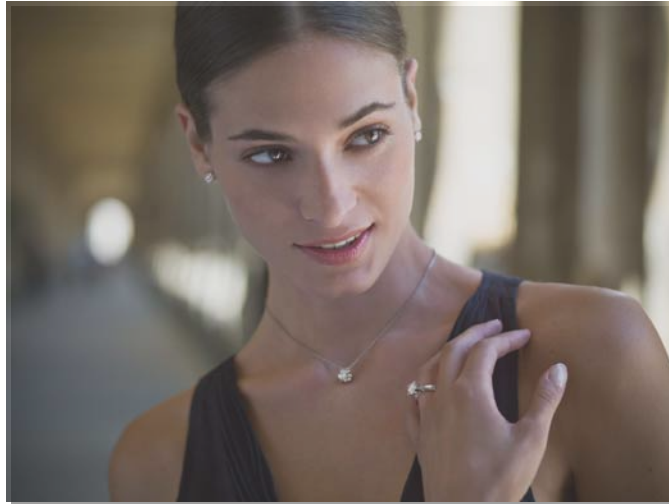
- Growing demand from BRIC's
- US historically rebounds strongly from recession
- Demand likely to exceed supply through much of the next decade



Source: De Beers UK Ltd estimates. Note: Supply figure excludes existing polished stock in pipeline

Consumers still want diamonds

Research shows women want “fewer, but better things”



Couples still get engaged and married



WOMEN

	1 st choice	2 nd choice
HONG KONG		
CHINA		
GULF		
JAPAN		
USA		
KSA		
TAIWAN		
INDIA		
FRANCE		
TURKEY		
ITALY		

Diamonds are Different

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