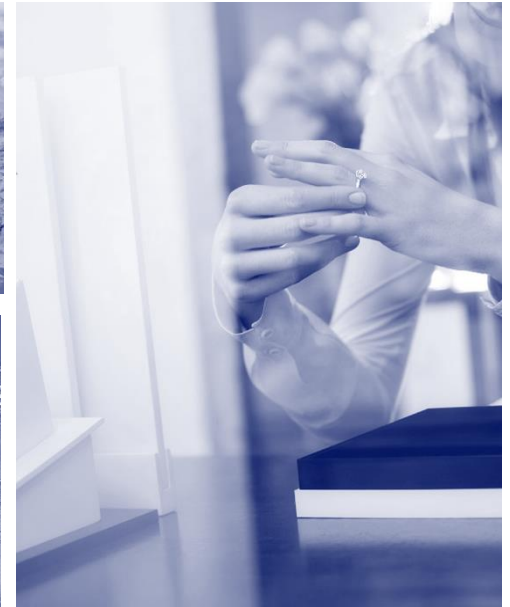


# THE NEW ANGLO AMERICAN

Bank of America Merrill Lynch 2016 Global Metals, Mining & Steel Conference: 10 May 2016



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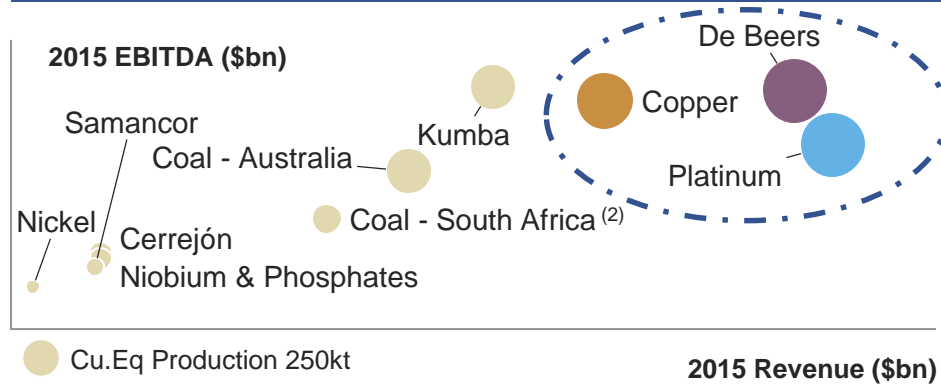
# THE NEW ANGLO AMERICAN

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- **CORE PORTFOLIO** - De Beers, PGMs and Copper.
- **NON-CORE PORTFOLIO** - managed for cash or disposal.
- **FREE cash flow POSITIVE IN 2016.**
- **NET DEBT target < \$10bn** by end 2016.
- **CAPITAL DISCIPLINE** as cash flow improves in 2017 and beyond.

# OUR CORE PORTFOLIO

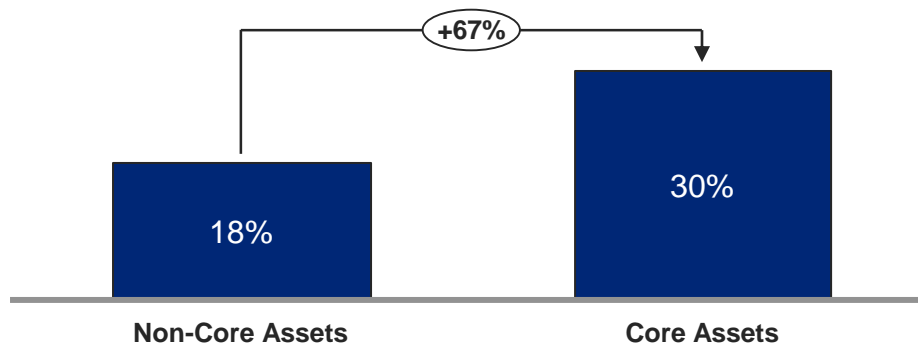
## 2015 EBITDA vs. Revenue (\$bn)<sup>(1)</sup>



## QUALITY ASSETS

- Long-life, low-cost and scalable.
- Sustainably free cash flow positive.

## 2015 EBITDA Margin (%)<sup>(3)</sup>



## MARGINS

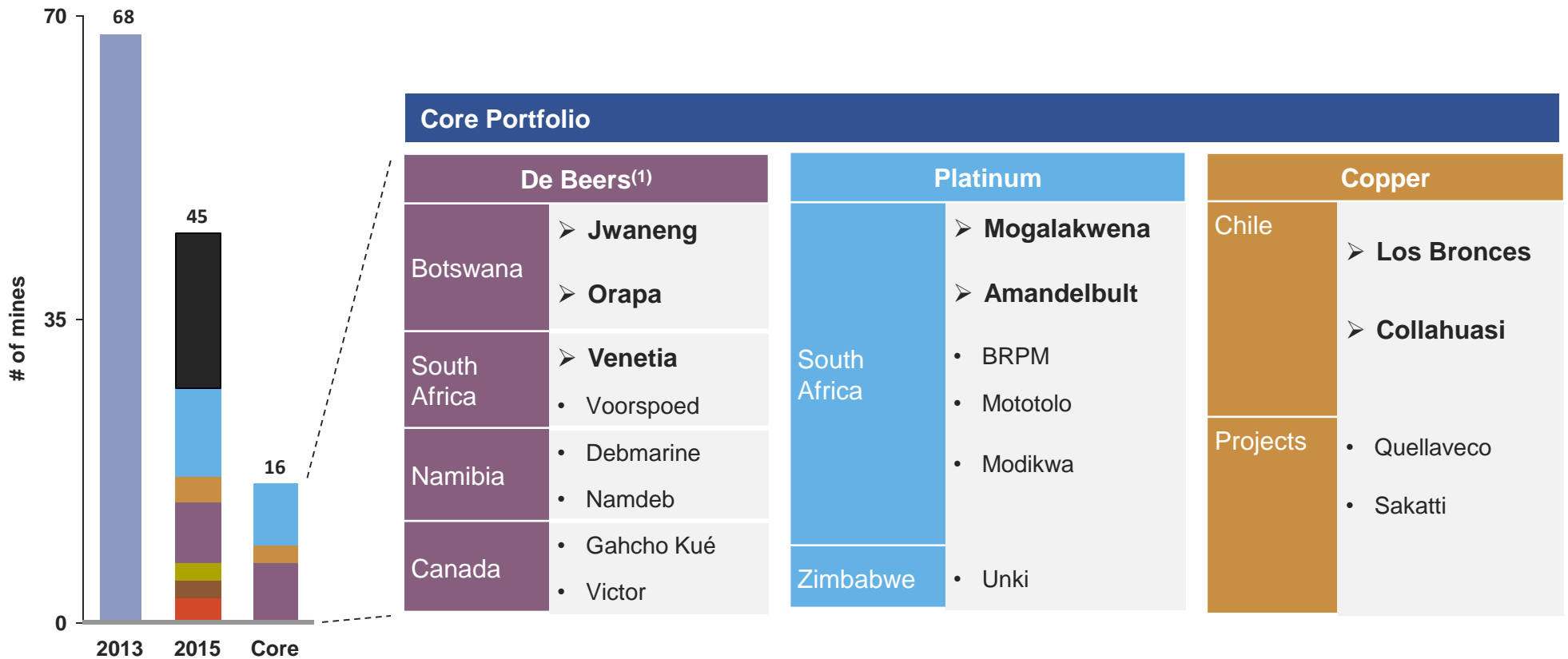
- Step change in EBITDA margin for core.
- Supports more and consistent improved returns.

(1) Barro Alto, BVFR and Minas-Rio were commissioning and therefore capitalised during 2015

(2) Cu equivalent production shown for export thermal coal only.

(3) Pro forma based on actual 2015 results. Excludes impact of non-equity owned diamond sales at De Beers and purchase of concentrate in platinum.

# REDUCED PORTFOLIO COMPLEXITY



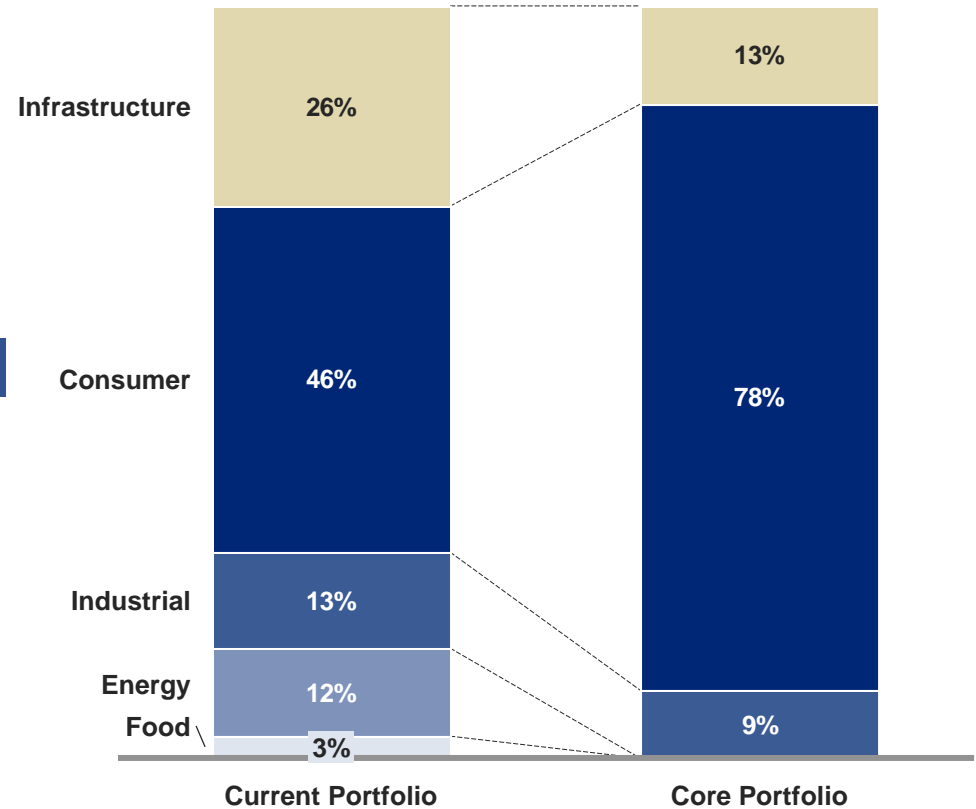
(1) Excludes Element 6 – De Beers' industrial diamonds division

# BALANCED PORTFOLIO EXPOSURE

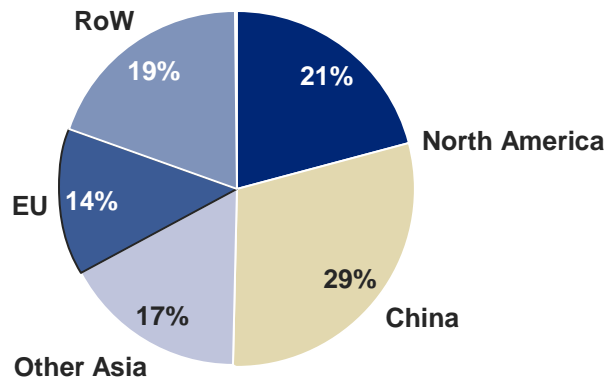
Core EBITDA by commodity (pro forma 2016)<sup>(1)</sup>



EBITDA by demand driver (pro forma 2016)



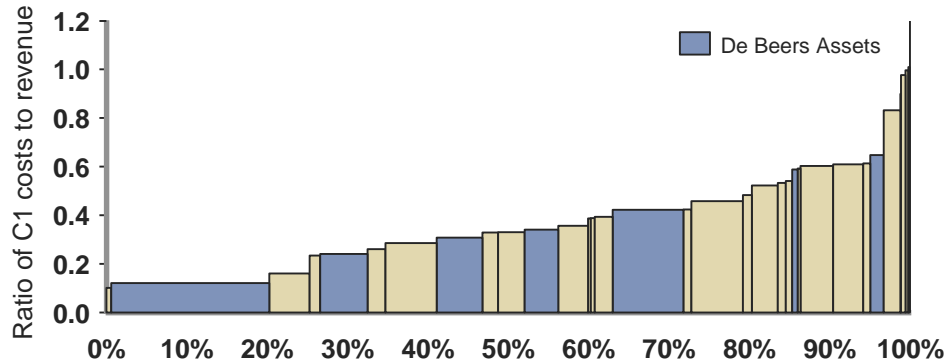
Core revenue by destination (pro forma 2016)<sup>(2)</sup>



(1) Pro forma EBITDA using spot prices and FX as at 10<sup>th</sup> February 2016  
 (2) End-user, not Anglo American customers

# DE BEERS – BEST ASSETS IN ATTRACTIVE COMMODITY

## Diamond mining industry margin curve

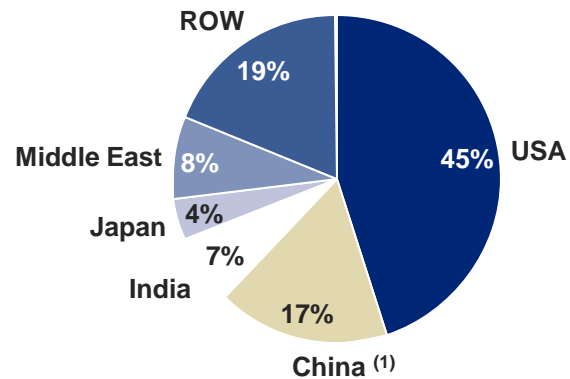


Source: De Beers (projected 2020 cost curve)

## UPSTREAM LEADERSHIP

- Best-in-class mining assets – large, long-life, scalable and low cost.
- Strong government partnerships – Botswana and Namibia.
- Attractive longer term supply/demand fundamentals.

## Global polished diamond demand (2015)



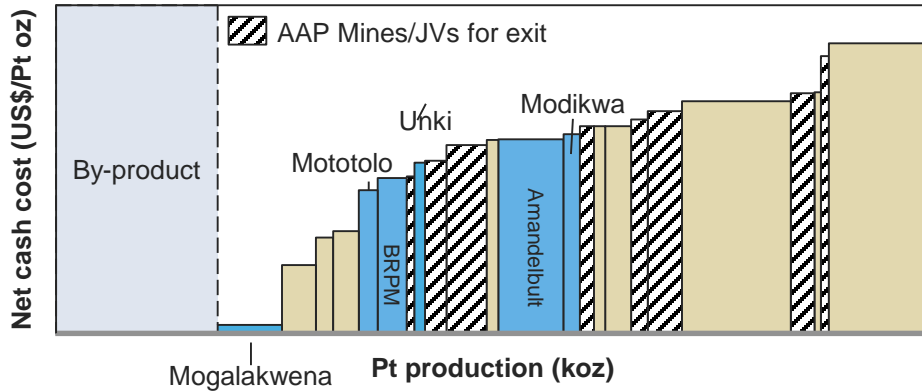
(1) China includes Hong Kong/Macau

## MID AND DOWNSTREAM POSITION

- Responsive to mid and downstream market conditions.
- Proven market capability and established presence.
- Strong brand recognition and associated premium for unique product range.

# PLATINUM – BEST PLATINUM PORTFOLIO

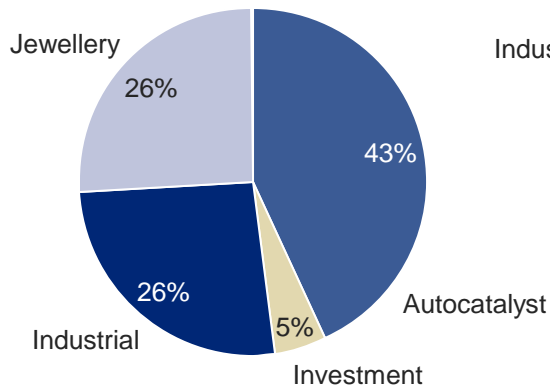
Platinum net cash cost curve – 2015<sup>(1)</sup>



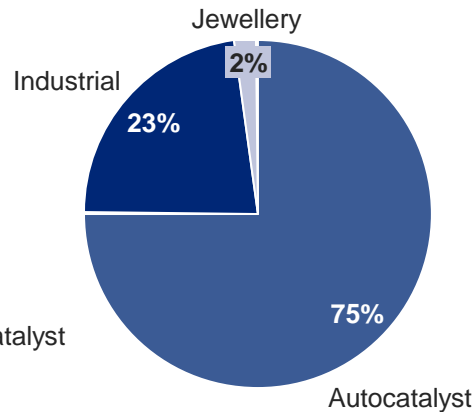
## PLATINUM LEADERSHIP

- The **Tier 1** portfolio of assets.
- Mogalakwena lowest-cost primary producer.
- Scalable production base with long life.
- Focus on capital discipline & productivity.

Platinum end use



Palladium end use<sup>(2)</sup>



## BROAD BASED DEMAND

- End use dominated by consumer sectors.
- Benefit from increased emissions control legislation.
- Diversified industrial demand.

(1) Pd, Rh, Au, Cu and Ni revenues netted off operating costs + SIB capital

(2) Excludes Pd outflow from investment of 663koz



# COPPER – HIGHLY COMPETITIVE POSITION WITH GROWTH

## Top 10 Producing Mines (2015 Cu kt)

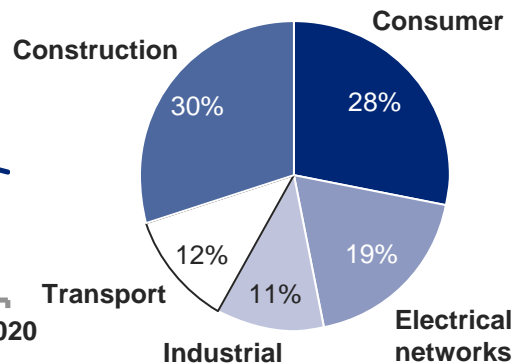
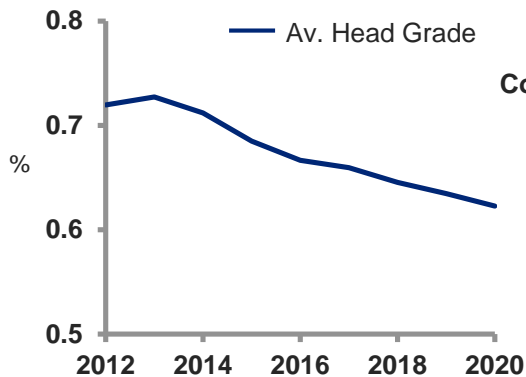


## WORLD CLASS ASSETS

- Attractive combination of scale, life and cost positions.
- Extensive high-quality resources underpin organic growth opportunities.
- Long-term growth options in Quellaveco.

## Declining global ore grade

## Copper demand



## ATTRACTIVE MARKET FUNDAMENTALS

- Market to be in structural deficit in medium term.
- Industry capacity at “stretch” and continues to disappoint on the downside.
- Maintain our capital discipline to support cash flow and returns.

# ASSET QUALITY – UNDERPINS LONG TERM RETURN POTENTIAL

## De Beers

Production capacity of at least 35m carats



Gahcho Kué - ~4.2m carats (100%)

## Platinum

Focus on high margin Mogalakwena



Mogalakwena – expansion >600koz

## Copper

Long-term potential to double production



Quellaveco project



Venetia underground project



Amandelbult - restructuring to lower cost



Collahuasi - further potential



Life extension options in Botswana



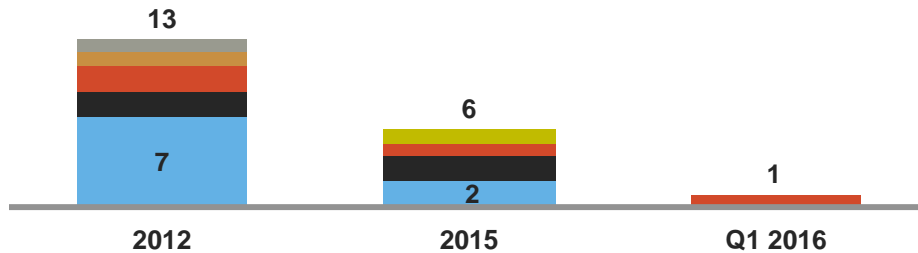
Der Brochen and Unki – future options



Los Bronces district – further potential

# PERFORMANCE IMPROVEMENT TO DATE

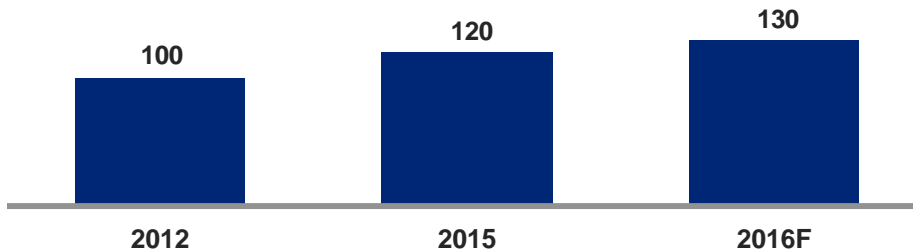
## Safety - Fatalities



## SAFETY – improved 60% to 2015

- Fatal incident rates lower than top 5 companies ...first time in 99 years.

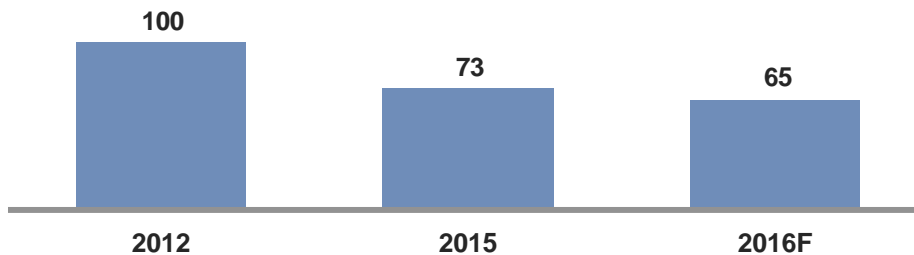
## Production per employee: Cu equivalent (Index 2012= 100)



## PRODUCTIVITY – up 30% since 2012

- Operating model supports improved planning and execution of core work.

## Unit Costs: Cu equivalent (Index 2012= 100)

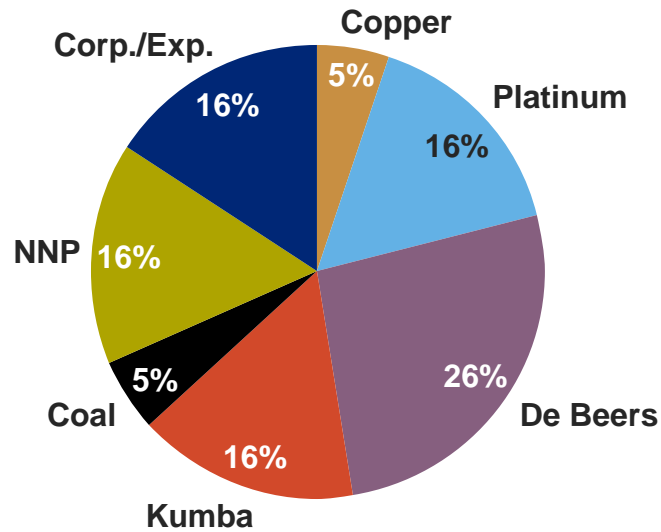


## UNIT COSTS – down 35% since 2012

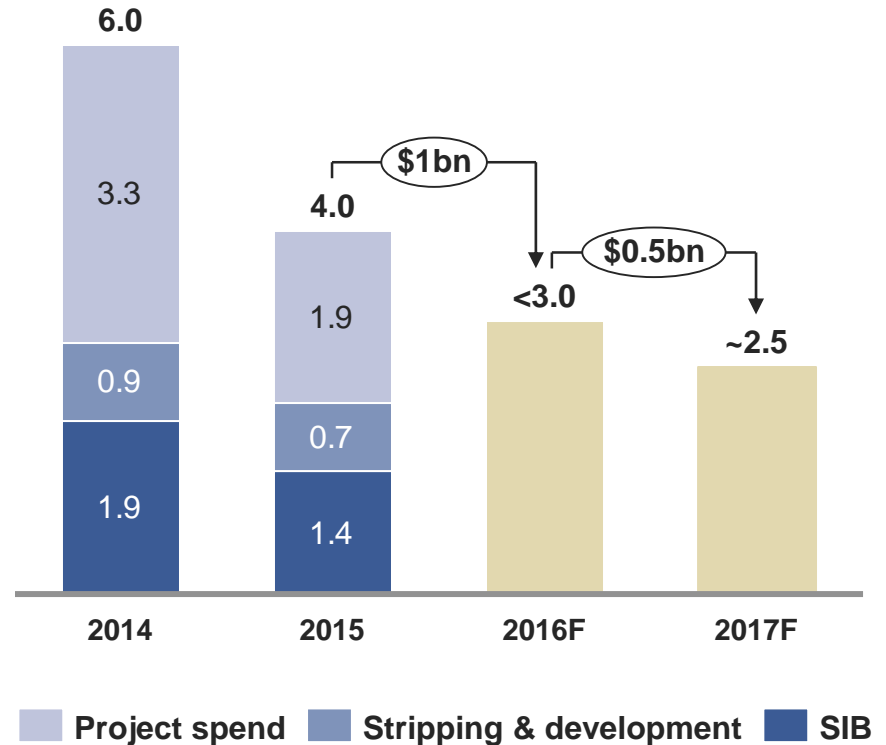
- Driven by productivity and efficiency programs.

# DRIVERS TO POSITIVE FREE CASH FLOW IN 2016 & BEYOND

2016 \$1.9bn improvement – split by BU (%)



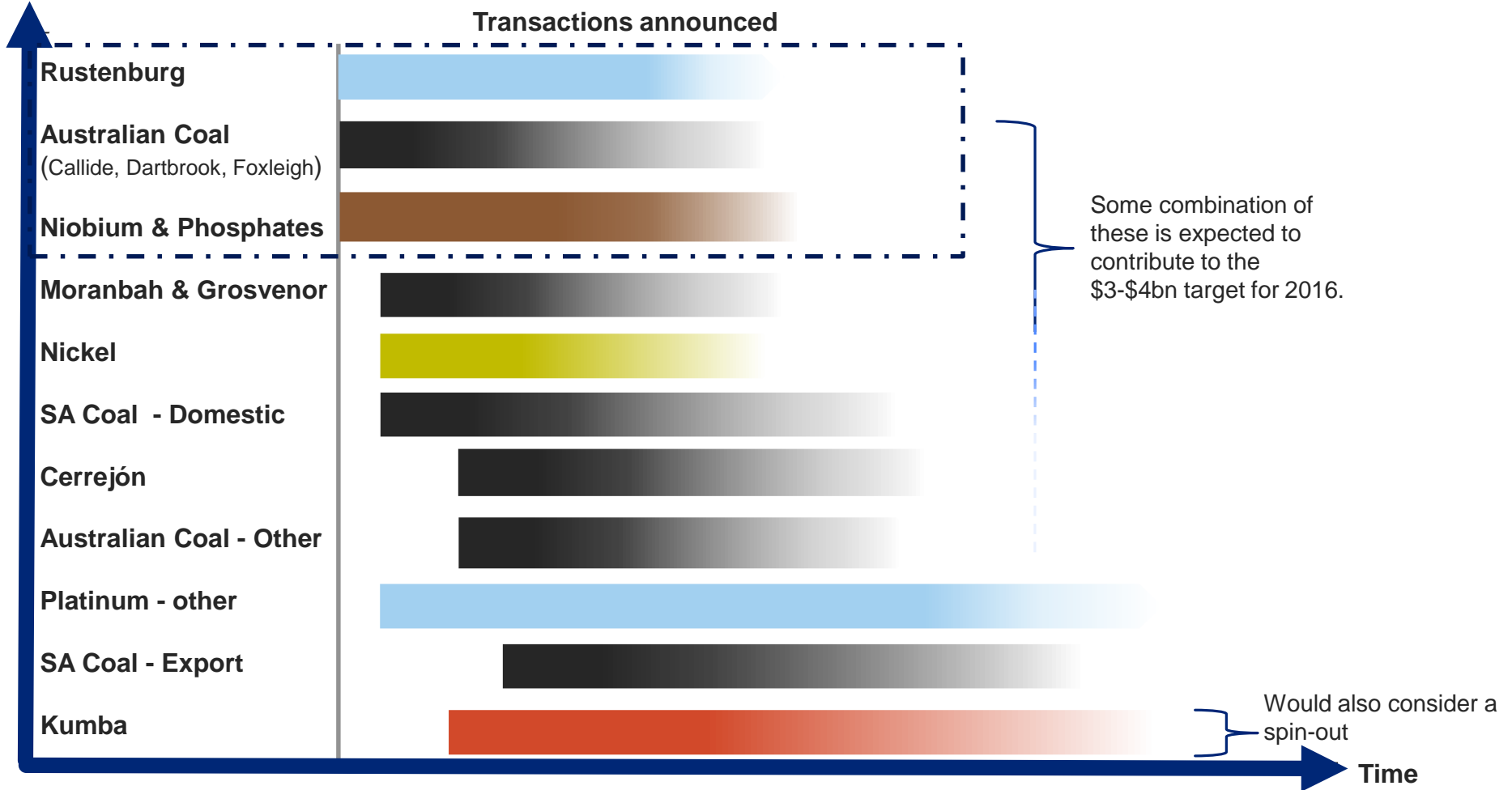
Lower Capital expenditure (\$bn)<sup>(1)</sup>



(1) Capex defined as cash expenditure on property, plant and equipment including related derivatives, net of proceeds from disposal of property, plant and equipment and includes direct funding for capital expenditure from non-controlling interests. Excludes capitalised losses

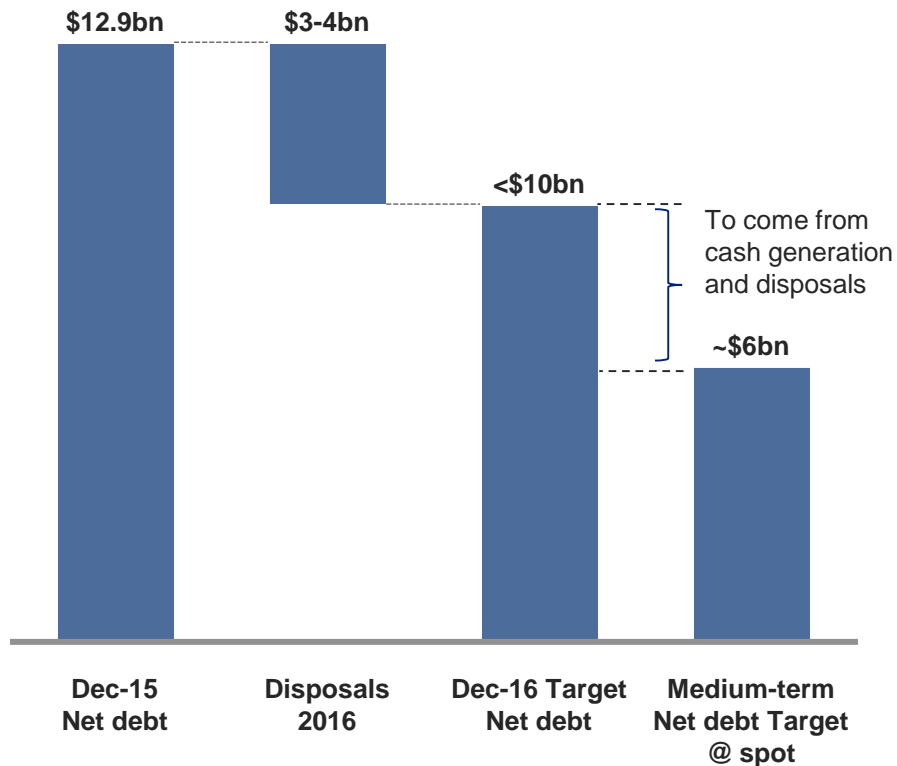
# TARGETING \$3-4BN OF DISPOSALS IN 2016

More advanced



# TARGETING NET DEBT OF BELOW \$10BN BY END 2016

## Target Net Debt Evolution



## DEBT IMPERATIVES

- Medium-term target - solid investment grade rating.
  - <2.5 x EBITDA at net debt.
- End 2016 net debt target of <\$10bn.

## 2016 DELIVERABLES

- De Beers sales recovery.
- \$1.9bn EBIT improvement.
- Asset disposals of \$3-4bn.

# DRIVING CHANGE...DEFINING OUR FUTURE

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## **CORE PORTFOLIO** of De Beers, PGMs and Copper...

- **Global leadership** in diamonds and platinum and a high quality copper business.
- **World class** suite of assets.

## **FREE cash flow POSITIVE IN 2016...**

- Planned **\$1.9bn** of cost and business improvements vs 2015.
- Forecast **\$4.8bn** Group EBITDA at spot.

## **NON-CORE PORTFOLIO** of Bulks and other minerals managed for cash or disposal...

- Targeting **\$3-\$4bn in disposal proceeds** in 2016.
- **Tier 1** assets will attract value

## **NET DEBT target < \$10bn by end 2016...**

- Targeting **Net debt/EBITDA ratio of less than 2.5x**.
- Medium term net debt target ~\$6bn achieved through cash flow and further disposals.



**AngloAmerican**

