



Investor update

Friday 8 December 2023

Refer to cautionary statement in presentation slides.

Investor update

Duncan Wanblad, Chief Executive

Slide 1: Welcome

Welcome and good morning ladies and gentlemen. Thank you for joining us today.

Slide 2: Cautionary statement

Slide 3: Agenda

This morning's agenda will follow our usual flow, but with a new face. I would like to introduce John Heasley who started with us this time last week, taking over from Stephen Pearce.

I will talk to the steps we are taking to enhance margins and cash generation, to drive significant cost reductions, and make our business more resilient.

John will then take us through some of the guidance numbers.

And then I will cover the longer-term outlook and our outstanding growth opportunities that we have in the portfolio and in the right products for the major demand trends we see.

Slide 4: Committed to delivering safe operations

Our commitment to ensuring our workforce return home safely every day is unwavering and is always our utmost priority. We have made significant progress in improving our injury rates this year but, with three fatalities, we know we have so much more to do.

Safety and operational performance go hand in hand. As we re-focus on getting the basics right, adhering to the Operating Model and driving accountability of our leaders to spend more time in the field to deliver operational stability, I expect those levers should support continued improvement in our safety performance. Across all of our operations, our workforce is a single team regardless of whether they are employees or contractors. Everyone is accountable for working safely in line with our performance standards, without exception.

2023 performance

Duncan Wanblad, Chief Executive

Slide 5: 2023 performance

Slide 6: Attractive growth enhancing our quality portfolio

We have a high-quality portfolio that combines a fantastic suite of assets with our deep bench of capabilities and leading positions in certain products. All underpinned by a robust capital allocation model and a pipeline of organic growth options. The long-term outlook for our products has arguably never looked better.

A lot has changed in the last 18 months though and different circumstances require different approaches. We are alive to the challenges we face near-term.

Slide 7: Deliberate & decisive actions to enhance returns

We have experienced a period of high and prolonged inflationary pressure that continues to impact costs across the industry. We are taking measures to ensure the business is set up to be resilient over the longer term and as we work through some temporary operational headwinds. Diamonds and PGMs are closer to the end consumer than earlier cycle products – and therefore more directly and immediately impacted by changes in discretionary spending. This is true in a slow down and, as history has shown, equally the case in an up-turn. We are working towards positioning our assets squarely in the first half of their respective cost curves, while continuing to look through the cycles and focus on those longer-term demand themes.

Slide 8: 2023 operating performance

In 2023, we expect to land broadly within our existing guidance ranges. Our focus has been on operational delivery and we did achieve a stronger second half, as expected.

In **Copper** – delighted that **Quellaveco** has now ramped up to full capacity. Unit costs are a little higher than expected as we will land towards the lower end of our planned production range. Having successfully delivered the project, being able to ramp up a new asset, in a new country, and transition to the operational phase so smoothly is testament to the capabilities we have within this company. At the **copper assets in Chile** and at **Nickel**, ore grades, as expected, were lower. The world class Collahuasi operation had another sterling year. To note – our sales volume is running a little behind our production.

Performance at **PGMs** has been solid, both within the mines and at the processing assets. The team has expertly navigated load curtailment with minimal impact. And from what we can see, Eskom has had a better performance in H2, although we will continue to carefully monitor the outlook into the first half of 2024.

De Beers operationally has also been solid this year – but has faced significant pressure downstream in this second half. Consumer spending on luxury goods has eased in the current macro environment, while China has been much slower to recover post covid than

expected. With the most recent Sight of ~\$80m, De Beers has been loss-making in the second half of this year with expected sales volumes of around 25 million carats. We believe the fundamentals for diamonds are strong and we are positioning ourselves to supply into that demand bounce.

In **Iron Ore – Minas-Rio** has really been the star performer this year. On track for top-end of the guidance and we've seen some performance records along the way. **Kumba** similarly has been performing well operationally – but unfortunately the logistics just haven't been there. We have been lowering volumes to reduce costs in the last few weeks to manage the on-mine stockpiles; as a result, we will deliver to the lower end of our production range, but will clear close to 2 million tonnes of stockpiled product.

At **Steelmaking coal**, our focus has continued to be on safe and stable operations. However, consistency and predictability have proved elusive in challenging ground conditions, particularly at Moranbah. We will likely land somewhere around the 16Mt mark for this year. That has had an impact on unit costs – and we are now expecting costs to be around \$115/t for the year. Of course, with prices north of \$300/t, we are still generating some good margins and this is despite the excessive Queensland royalties.

And finally – **Woodsmith**. We have made significant progress this year and we were delighted to host some of you at the visit a few months ago. We will be within touching distance of 27km on the tunnel. And we achieved the world record on a single TBM! Sinking activities in the deep shafts continue to progress well – 680m on the service shaft and 385m on the production shaft.

Unlocking value

Duncan Wanblad, Chief Executive

Slide 9: Unlocking value

Slide 10: Unlocking significant value from a streamlined & resilient business

We pre-emptively took action in the first half of the year to reduce our business support costs by \$0.5 billion by mid-2024. That work is on track and well advanced. We are improving organisational effectiveness through a simpler, leaner, more streamlined organisation that has fewer layers and clear accountabilities.

We are also taking measures to increase business resilience across the board. Within each of our businesses, we are pulling the necessary levers to enhance our financial performance near and medium-term, while protecting value over the longer term. That translates into significant opex reductions of a further \$0.5bn in 2024.

And our final lever is in the capital we deploy. We have reduced capex by \$1.8 billion over the guidance period.

Let me now give you a bit more colour on what we are doing within each of the businesses.

Slide 11: Copper: decisive action to improve returns

Firstly - copper. As you hopefully know, we have a truly world class copper portfolio, including Collahuasi, and it has very significant growth potential within it.

Los Bronces, though, is a perfect example of the challenges facing the mining industry. It is 156 years old, and as a result is facing cost pressure from depth and grades. With a reserve life of 34 years and plenty of resources to extend that, it is still an incredible ore body accounting for more than 2% of the world's known copper resources. However, the ore in the current mining area is very hard, impacting throughput and costs. It will be at least another two years before we can open up other areas of the mine so that we can blend this ore with higher grade softer ores and maintain production levels. Mine development has also been delayed in the last few years due to both covid-related and permitting delays.

While we work through those challenges in the pit, we are placing the older of the two processing plants on care and maintenance to reduce our operating costs and capex, which will help drive value. As a result of our actions, unit costs will be 15% lower. We will continue to invest in critical projects to enable a swift re-opening of the plant at the right time.

Los Bronces remains an incredible ore body and it is important to recognise the merits of having a permitted operation in an established copper jurisdiction. To that end, we will continue to progress the studies for Los Bronces Underground.

At **Quellaveco**, we have adjusted the mine plan based on the latest geotechnical assessments of a known fault. Safety must come first – always. But the consequence is that we have rephased ~75kt of copper production into 2027. This new plan actually anticipates slightly **higher** overall volumes than previously forecast over the next five years, reflecting further optimisation of the mine sequence. Given the current copper market outlook, we may well also achieve higher real terms prices for those volumes.

Slide 12: Iron ore: aligning to logistics

As you know, we are well positioned in high-grade **iron ore**, producing premium quality products. However, Transnet's logistics performance is currently limiting our ability to rail our mined volumes at **Kumba** – and we are now stock-bound. Had that been delivered to port, we would have made significantly more EBITDA. That unsold ore is also a significant blow to the South African fiscus. While the government now recognises the severity of the situation, it will take time for conditions to improve and a longer-term solution to be implemented. As a result, we are focusing on ensuring a balanced value chain through the reconfiguration of the business, including a revised mine plan and structural cost reduction to protect our margin.

Minas-Rio has delivered operationally this year. We will now focus on operational stability and optimisation to maximise cash flows. In 2025, we are dovetailing some additional maintenance work with the pipeline inspection.

Slide 13: Steelmaking coal: safe & stable production

At **Steelmaking coal** – as is the case everywhere, safety must come first. The gas, depth and strata issues represent complex geotechnical challenges. While our mining experience has resulted in improvements in procedures and risk management, we are still some way off

where we had hoped to be at this stage. Our priority needs to be delivering safe and stable production and we are now focused on reconfiguring our cost structures for the near and medium term. Operational improvements, debottlenecking and automation represent opportunities to raise the productive capacity of these assets towards 20Mt – and we are working to define those pathways.

We have also made a significant improvement in our Scope 1 and 2 emissions – of which methane is the largest component. So far we are capturing ~60% of the methane, and our confidence in addressing the balance has significantly progressed. We have also secured 100% renewable electricity starting in January 2025.

Slide 14: PGMs: driving resilience during market weakness

PGMs have been acutely in focus, with the sharply lower trajectory of prices – albeit from the unsustainably high levels we saw last year. The basket price is now firmly into the cost curve, with sector returns at the lowest point seen in the last 30 years. It remains to be seen how long these prices persist and its effect on a number of producers. We are ensuring that our operations are resilient and that we secure Mogalakwena’s highly attractive value proposition for the long term.

The team is working hard to identify and implement further cost reduction initiatives to sustainably deliver all-in-sustaining cost at a touch over \$1,000/PGM oz.

There are also a number of purchase of concentrate agreements that are coming to the end of their contracts, and these changes are reflected in our revised production numbers.

We are focused on enhancing returns through lower capex and near-term asset optimisation work. As a result, we will not be progressing work on the option for the third concentrator at Mogalakwena, nor the expansion opportunities at both Amandelbult and Mototolo.

At Mogalakwena, we have an exceptional ore body as well as the largest PGMs processing capacity in southern Africa – that gives us significant optionality and flexibility in the future. As we work on the underground opportunity, we have one of the largest drilling campaigns in Africa under way and results so far have exceeded our expectations – giving us confidence in the long-term development of that resource, at the right time.

Slide 15: World class PGM assets well positioned for market recovery

Our value over volume approach will enhance the competitiveness of our world-class PGM assets under a range of price scenarios. Our business is positioned in the first half of the margin curve, which means we have significant flexibility within the portfolio.

Current prices seem to reflect the aggressive consensus view on the rapidity of decline of the internal combustion engine. Recently, we have been seeing a roll-back and dilution of many of the measures favouring rapid BEV adoption, hearing more commentary on the difficulty of hitting BEV targets, and more awareness of the need for ICEs to play a role for longer. This plays into our long-held belief that hybrids will play an absolutely critical transition step to cleaner transport systems. And hybrids require similar levels of PGMs to internal combustion engines.

Furthermore, we are also seeing how current market challenges are affecting the supply side. Projects that were previously being discussed are being shelved, deferred and delayed because they are uneconomic at current prices.

And longer term, we are seeing hydrogen accelerate faster than many were forecasting, which supports the outlook for platinum and iridium in particular. Finally with significant activity in the market development space, we remain confident that these young metals with their unique properties will find metallurgical and catalytic uses in clean technology, as well as a host of other industrial applications.

Slide 16: Building sustainable value at De Beers

At De Beers, we are taking a different approach as the business has performed very well operationally. What's gone against us is the market. Demand and prices for diamonds have fallen as global GDP growth has fallen. But all cycles end and we believe that the current weakness is temporary. Indeed, we are working closely with our partners to ensure we can supply to that demand increase as it comes. Already, there are some signs that the market is beginning to turn.

Nonetheless, we are focused on streamlining De Beers, reducing the annual overheads by \$100 million in a sustainable manner.

We have also reduced capex for next year, with our investment focused on the highest value opportunities we see in southern Africa from existing assets as well as on the exploration front. We will focus our efforts on the ramp-up of Venetia underground in South Africa and we are planning to move forward with the first phase of Jwaneng underground in Botswana.

Long term fundamentals are strong and we have access to the world's best diamond assets. These include our renewed mining licences in Botswana where we are progressing, as planned, towards a full agreement with the Government early next year.

We are also renewing our efforts in the downstream. The return of the iconic 'A diamond is forever' campaign has proved highly successful – you can see some of those ads on the slide. We are committed to further strengthening demand for natural diamonds. The launch of our "Origin" story will differentiate our natural, traceable diamond offering, and highlight how the journey of our diamonds makes an extraordinary contribution to the producer countries.

Slide 17: Woodsmith: world class asset & future-enabling product

Woodsmith is the next multi-billion dollar greenfield project in the pipeline. It is a textbook example of a high quality, tier 1 asset in a low-risk jurisdiction. It is large-scale, expandable, long-life and with structural advantages that position it in the lowest quartile of the cost curve. It has the potential to generate significant cash flows for many decades. You want those sort of assets at the heart of any portfolio.

For that reason, we are focused on setting it up right from the outset. It will be a truly modern and sustainable min, with a minimal impact on the surface - it will be hard to tell that there is even a mine there!

POLY4 plays perfectly into global demand themes. Food security for 10 billion people, and delivering that sustainably is a key challenge for the agricultural industry. POLY4 is the crop nutrition solution the industry needs. It can increase crop yields by around 3-5%, it will have a significantly lower carbon footprint than conventional products because it's a natural product, with no chemical processing required, which means it is also suitable for organic use. The nutrients are not new - but having them in a single product is. Plus, POLY4 can deliver significant additional benefits to a farmer, beyond the pure nutrient value. There is enormous potential from POLY4, even if we just capture a slice of the significant upside that we see.

John - over to you.

Guidance: 2023-26

John Heasley, Finance Director

Slide 18: Guidance: 2023-26

Thank you Duncan and good morning everyone.

It is great to be here and I look forward to meeting many of you personally over the coming months.

My decision to join Anglo American was predicated on a number of things - firstly my deep rooted personal belief in the criticality of the mining industry to the world's development and energy transition; secondly a great culture with a focus on doing the right thing for the long term; and thirdly a fantastic set of assets - global leading positions in Diamonds and PGMs, high quality iron ore and phenomenal copper assets with great growth potential.

Now, while it is only day 8 of the job - I am pleased to say that my experience thus far has been hugely confirmatory. It has also been timely given that I have had the opportunity to participate in detailed budget review meetings with each of our businesses. I have been especially encouraged by the unwavering desire of my board and executive colleagues to do all that we can to maximise performance and returns from our existing assets to fund our future growth options. As a Scottish Finance Director that is music to my ears!

Slide 19: 2023 full year guidance

Moving on to the numbers Duncan has stepped you through the operational performance for 2023. That translates into expected production up about 3% on last year, with unit costs up around 5% reflecting higher CPI as well as the impact of lower grades, harder ores and deeper pits. You will see in the appendices some more detail by business if required.

On capex we expect to come in under our full year capex guidance at around \$5.8bn following general tightening of spend across the board.

Our ETR at around 39% is slightly higher than the range previously indicated and reflects the impact of profit mix – higher contributions from South America and lower contributions from southern Africa, particularly De Beers. I would like to remind everyone that a lot of other producers, particularly in Australia for example, pay more of that economic rent in royalties that sit in operating costs rather than the tax line. On an “all-in-basis” we aren’t too dissimilar from our peers.

Working capital has continued to build through the second half of the year and this will be a particular focus of mine. Inventories are higher than we would like – especially in De Beers and Kumba given market demand and transportation issues, respectively. That said, the key driver of the circa \$1.5bn anticipated increase in working capital is payables, with the lion’s share being in PGMs given the impact of lower prices on the valuation of POC payables and the customer prepayment.

Finally – and of course subject to Board discussion and approval in the new year - we would expect the dividend payout to be in line with our well established policy at 40%.

Slide 20: Adapting volumes in a dynamic environment

Looking now at production for the next three years, you have heard from Duncan that we are very focused on maximising the margins and cash generation from our operations. Against this backdrop, we have taken some difficult but necessary decisions to reconfigure some of the operations in order to capture more value from recovery. This translates into production being lower next year most significantly in Copper with the older and smaller Los Bronces plant moving into care and maintenance and the re-phasing at Quellaveco due to the known fault.

Our volume guidance is down 7% in the next two years before rising 4% in 2026. These reconfigurations enable significant cost reductions and will ultimately support higher margins and returns.

Slide 21: Lower unit costs more than offset cost inflation

Those cost reductions from our reconfigurations are evident on this slide. Early action to improve resilience and margins is expected to deliver a 2% reduction in unit costs next year and broadly maintain those over the following two years. With CPI across our geographies at about 5%, you can see the favourable impact of our actions is significant.

In copper, PGMs and iron ore, we are delivering significant year-on-year cost reductions – and should see a resultant improvement in our cost curve positions. We are rigorously implementing these measures to ensure they are comprehensively embedded into our operational footprint, allowing us to sustain this performance.

At De Beers, the transition of Venetia to underground operations adversely impacts the unit costs of our managed operations. While we are proposing to change the ramp up in light of prevailing market conditions and to optimise capital spend, we expect unit costs to return to current levels from 2026 as volumes pick up.

The Steelmaking Coal business is more levered to fixed costs given the nature of longwall mining and, more generally, we are seeing Queensland slip down the rankings of competitiveness as a mining jurisdiction, due to the additional royalty regimes implemented last year. While we have managed to broadly offset the key inflationary pressures, we are still working very hard to find opportunities to lower that cost base. If we can deliver any upside on our production, that represents our greatest margin lever for this business.

Slide 22: Significant capex savings of ~\$1.8bn

Finally from me, our cost discipline also extends to capex. We have identified opportunities to reduce capex by \$1.8bn from now to 2026. That's \$0.2bn in 2023, \$0.8bn in 2024 and a further \$0.4bn in 2025. 2026 capex guidance is now set at \$5.3bn, which is \$0.4bn lower than our previous budget. These figures now include Woodsmith as we guided earlier in the year to a spend of around \$1bn pa.

Safety and asset integrity spend is untouched in these updated numbers – those are sacrosanct. The savings reflect the refocus of investment - two such examples are to pursue only the underground at Mogalakwena in PGMs, and the technical review of the UHDMS project at Kumba. We will pull similar levers across the balance of the portfolio as required.

Until we reach the FNTF decision on Woodsmith, expected in early 2025, current governance processes will continue with ongoing spend remaining subject to annual Board approval. As we have said, we will consider potential partnership opportunities for this business at the right time, with the right partners and of course for value.

In summary we have updated our numbers with a focus on reducing costs, enhancing margins and driving cash generation – I am confident that these are the right decisions for both the near and long term.

Thank you and I will now hand back to Duncan.

High quality portfolio funding attractive growth

Duncan Wanblad, Chief Executive

Slide 23: High quality portfolio funding attractive growth

Thanks John. Turning now to the longer term outlook....

Slide 24: Unique portfolio of high quality assets that together drive long term value

We have a highly differentiated investment proposition underpinned by our high-quality portfolio, with long-mine lives and diversified across many critical metals and minerals that are essential for both ongoing global economic development and the transition to cleaner

energy. This is supported by a strong marketing capability that maximises the value of the products that we deliver to our customers.

Our diversified portfolio works as a whole – each of the businesses has a clear role – delivering a balance between cash generation and the funding and execution of our well-sequenced set of growth options – with the current focus on copper and crop nutrients – that together are set-up strongly to deliver enhanced value.

Slide 25: Attractive growth options in copper & crop nutrients - well sequenced by permitting timelines

The attractive growth options we have are well-sequenced over the next 10 years from a cash generation and capital allocation perspective. As you know, permitting timelines are a natural brake on bringing on new supply. The 5th ball mill at Collahuasi is now up and running, with some debottlenecking options there to follow. Permits are expected for the 4th line at Collahuasi in 2027. Once the studies have been completed, it will then follow peak spend at Woodsmith. Permitting is then expected for Sakatti in 2029, with the underground expansion at Los Bronces potentially delivering incremental annual production of 100-150ktpa.

Sakatti is the greenfield option in Finland with a relatively low capital cost. It is a high grade, polymetallic ore body containing copper, battery-grade nickel, platinum, gold, and some cobalt. Whilst it is relatively small, it could deliver at least 100ktpa copper equivalent, over a mine life that could extend to a couple of decades or so. And the by-products would give us a negative cash cost position. Our unique project execution capabilities should allow us to unlock the value of this ore body.

Los Bronces underground could deliver over 10Mt of copper equivalent over 100 years, with copper head grades of over 1.5%. While studies are ongoing, significant work has already progressed on optimising the capital spend and we could deliver those volumes at a competitive capital intensity.

At Quellaveco, we are progressing the studies of expansion options that could help to sustain production after we are through the initial high-grade area. We intentionally oversized elements of the plant to cater for increased throughput rates. We are studying further expansion potential such as a possible 3rd ball mill. Beyond the existing site, there is also additional regional potential that our Discovery team are progressing – including the adjacent Mamut area, around 10 kilometres away.

Slide 26: Unwavering commitment to responsible & sustainable mining

While we are taking firm action to respond to near term pressure, our commitment to responsible and sustainable mining is unwavering. We will continue to apply our value-focused approach to delivering on our sustainability ambitions. We have made good progress with the first wave of Envusa renewable energy projects in southern Africa this year. We will secure more than enough renewable energy for our own needs, decoupling ourselves from the double-digit cost escalation in the electricity contracts today, and providing greater grid stability to support broader economic development in the region. Envusa makes good

business sense – it's strongly NPV positive – while also being the right solution for us, for our decarbonisation goals, and for South Africa.

We seek out opportunities in challenges. These capabilities are a key enabler for our growth pathway - from the delivery of Quellaveco through to the permitting milestones we have achieved this year at Los Bronces and Sakatti, as well as the renewal of our longstanding partnership with Botswana. Understanding our social licence to operate is at the heart of our approach. We have a clear track record of delivering on our promises – communities and host governments can see that and value that. We have been operating in our current jurisdictions for decades – learning, evolving and refining our approach. We aim to be the development partner that countries choose to work with.

Slide 27: Global mega-trends underpin long term outlook

To conclude....

The outlook for metals and minerals has never looked stronger – underpinned by these three mega demand trends that you've heard me talk about before.

While much of the conversation around our industry seems to be focused on decarbonisation, lest we forget that poverty, remains the number one most urgent daily challenge for much of the world's population. Uplifting global living standards amid a growing global population requires an unprecedented level of economic development. For example, giving everyone in the developing world a living standard equivalent to just half that enjoyed in the developed world today would require us to mine an additional 70 billion tonnes of iron ore and an additional billion tonnes of copper. Those numbers are extraordinary, to put that in context, that would represent approximately the same amount of iron ore that has been extracted over the entire course of human history and 1.3 times the amount of copper that has ever been mined. And we must remember that we are discovering new applications for the materials that we produce all the time. Similarly, to feed the global population over the next thirty years will require the use of more man-made fertilisers than have been consumed in total over the last 100 years.

Our portfolio, with its diversification of high-quality, long-life assets is well positioned to deliver into these three trends. We are taking deliberate, decisive & necessary performance interventions in this challenging & dynamic near-term environment to improve our resilience, capture value & ensure we are set up to deliver for the long term. These measures, together with our technical capabilities and our approach to sustainability, position our assets to deliver significant and enduring value for decades to come.

Slide 28: To ask a question

And now – we are very happy to take your questions. As well as John and I, we also have Ruben, Themba, Al and Matt Daley with us here today.

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