

# 2007 Full Year Results

## 20 February 2008



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- **2007 Highlights** – Cynthia Carroll, CEO
- **Financial Results** – René Médori, FD
- **Outlook** – Cynthia Carroll, CEO
- **Question & Answer Session**

## ■ Record financial performance

- Increased operating profit, up 12% to \$8.9bn from core operations<sup>1</sup>
- Record operating profit on a total Group basis of \$10.1bn
- Underlying earnings up 5.3% at \$5.8bn
- Cost savings at \$380m
- EPS up 18% at \$4.40

## ■ Significant cash returned to investors

- Final dividend up 15% to 86 cents per share
- \$6.2bn buyback completed in 2007, \$4bn programme underway

## ■ Efficient balance sheet with room for growth

- Year-end gearing at 20% with target of 40% (~\$14bn net debt)

<sup>1</sup>For core operations: Base Metals, Platinum, Coal, Diamonds, Ferrous Metals, (Kumba Iron Ore, Scaw Metals, Samancor, Minas-Rio);

## ■ Considerable focus across the group

- 2 Safety Summits held in 2007
- Safety Risk Management Programme
- Anglo's safety leadership efforts being recognised as leading in the SA mining industry

## ■ More disciplined and consistent approach

- Leadership
- Responsibility of line managers
- Anglo Fatal Risk Standards have been defined and will be universally applied
- Safety performance is a pre-requisite to promotion

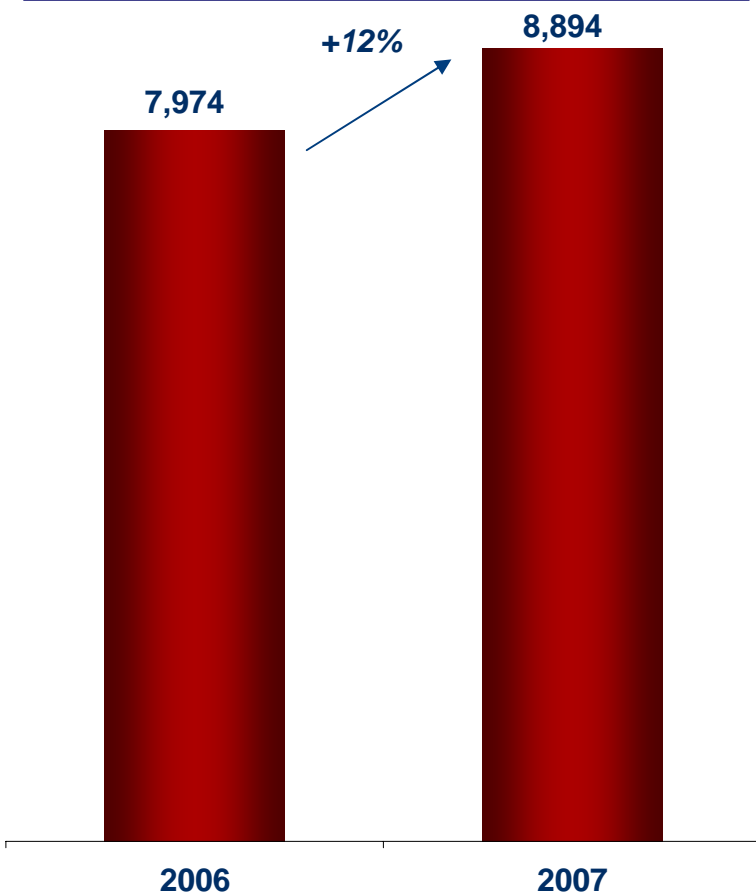
## ■ Progress is being made

- 2H07 results show improvements
  - A 20% improvement on 1H07 in terms of LTIFR
  - 11 fatalities in 2H vs. 29 in 1H
  - In 2007, 22 out of 103 reporting entities with more than 100 people operated without any LTIs throughout the year. Long periods without LTIs are being achieved.

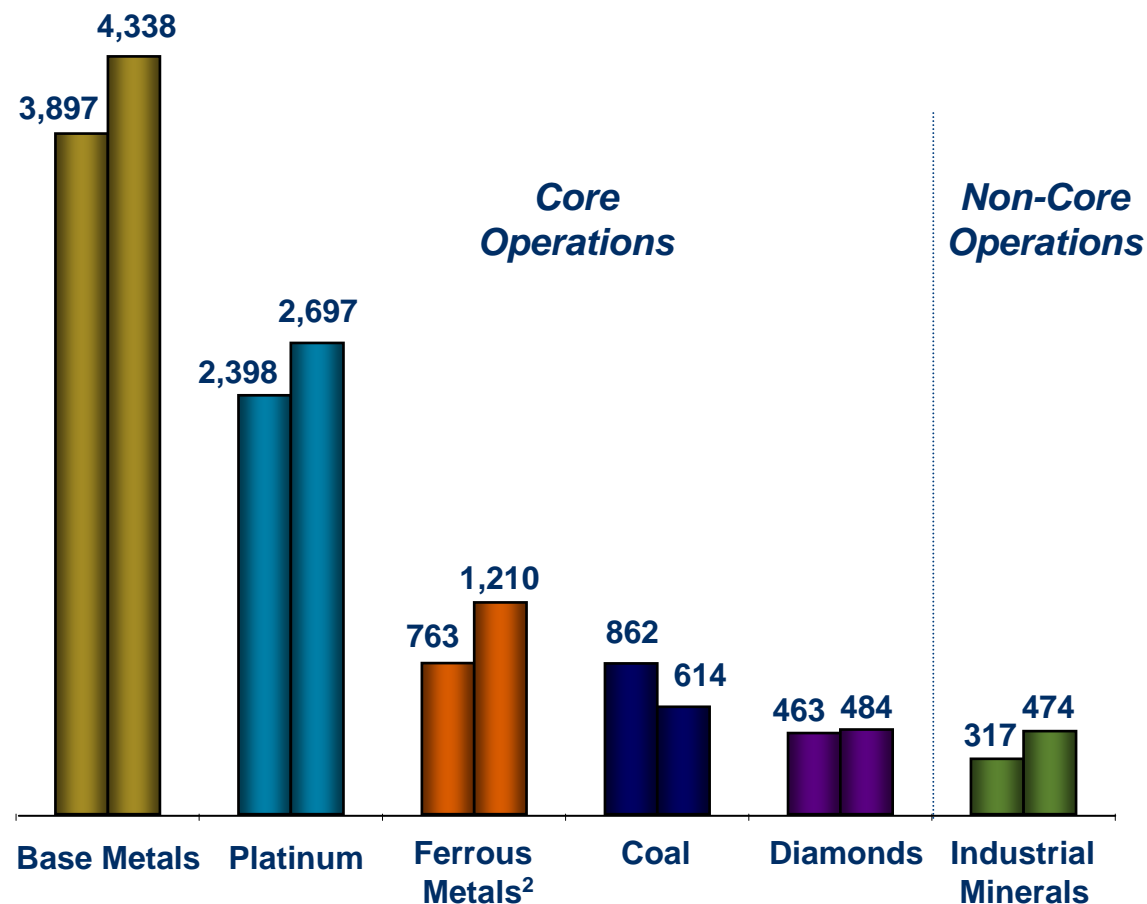
- **Completing portfolio repositioning**
- **Delivering organic growth in core business segments**
  - Commissioned: Dawson (coal), Sishen (iron ore)
  - In Progress:
    - Copper: Collahuasi, Los Bronces
    - Nickel: Barro Alto
    - Coal: Lake Lindsay, Cerrejón, Mafube, MAC West
    - Platinum: PPRust North, Amandelbult East Upper UG2
    - Diamonds: Snap Lake, Victor, Voorspoed
  - Approved:
    - Copper: Los Bronces, Collahuasi debottlenecking
    - Coal: Zondagsfontein
    - Platinum: Twickenham<sup>1</sup>
- **Creating major new growth options in core segments via acquisitions**
  - Copper: Michiquillay, Pebble
  - Coal: Foxleigh
  - Iron Ore: Minas-Rio

<sup>1</sup>Approved post 31/12/07

## Group Operating Profit from Core Operations<sup>1</sup> (\$m)



## Divisional Operating Profit (\$m)



<sup>1</sup> Core operations: Base Metals, Platinum, Ferrous Metals core businesses, Coal and De Beers; figures also include Corporate and Exploration Costs;

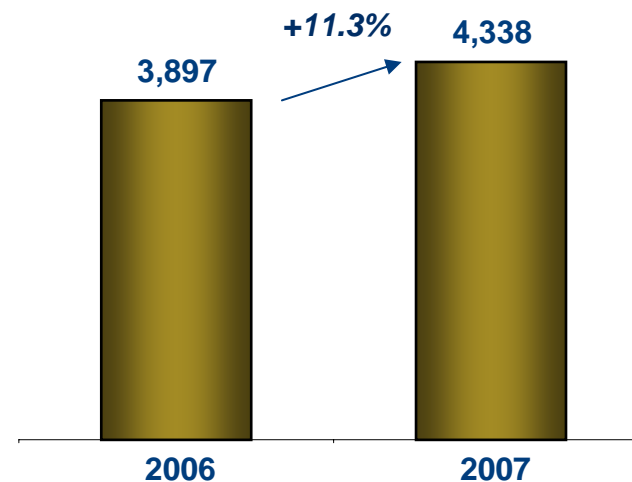
<sup>2</sup> Kumba Iron Ore, Scaw Metals, Samancor, Minas-Rio



- Record performance driven by the strong nickel price and production gains in copper & zinc
- Barro Alto nickel project (\$1.5bn) progressing on schedule
- Los Bronces expansion project (\$1.7bn) approved and commenced, increasing to an initial production level exceeding 400 ktpa
- Collahuasi debottlenecking project approved (\$64m), increasing production by 30 ktpa (100% basis) by 2009
- Exploration and exploitation concessions for Loma de Níquel in Venezuela under review
- Positive outlook for copper demand and prices in 2008



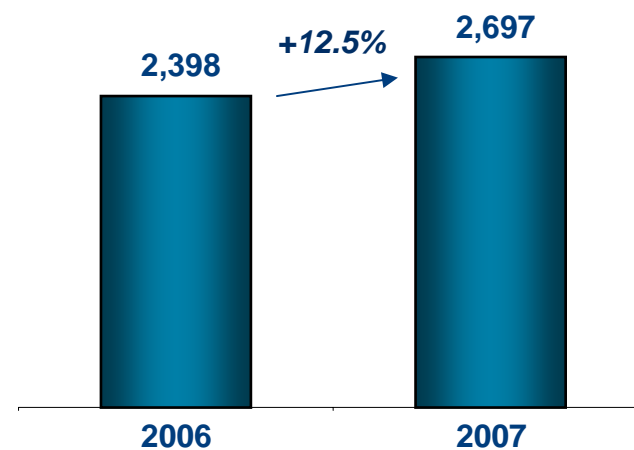
**Operating Profit (\$m)**



- Record profits despite decline in platinum volumes (-12%) from shortage of skilled labour and temporary shaft closures to improve safety
- Actions in 2007 have reset the business for future profitable growth
- Major BEE transactions announced
- PPRust North and Amandelbult East Upper UG2 expansion projects progressing
- Twickenham development project approved
- Working closely with South African government and Eskom to address power shortages

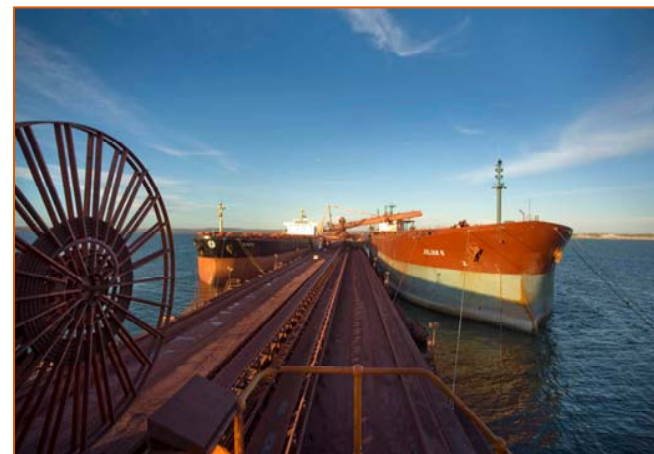


**Operating Profit (\$m)**

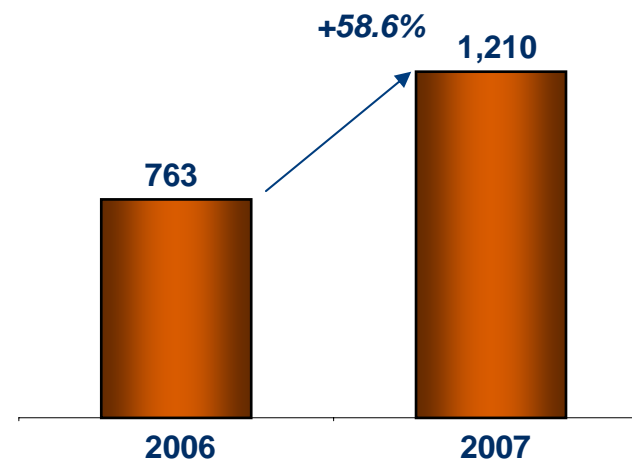




- Record performance due to higher iron ore prices and volumes. Iron ore contribution up 48% to \$834m
- Sishen expansion project (+13 mtpa) started production Q4 2007
- Major investments for near-term growth:
  - Acquired 49% of Minas-Rio project in July for \$1.15bn; in discussions to increase stake to 100%, plus acquire 70% of Amapá mine
- Tight market expected to keep pricing high in near term
- High growth in demand and attractive returns make seaborne iron ore a priority growth platform



**Operating Profit (\$m)**

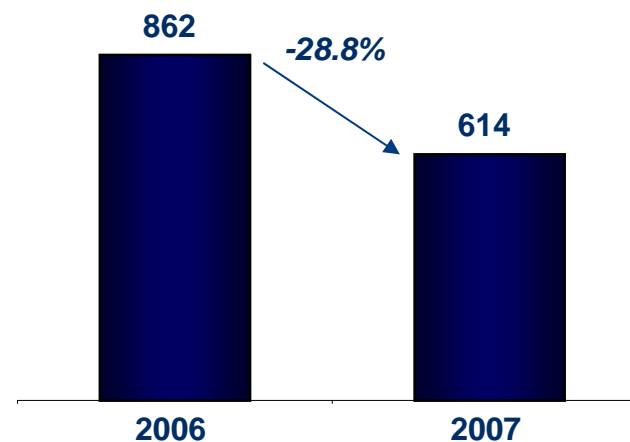


*Core businesses only: Kumba Iron Ore, Scaw Metals, Samancor, Minas-Rio*

- Operating profit lower versus prior year due to stronger AUD, lower Australian coking coal prices and logistical challenges
- Countermeasures implemented to improve 2008 performance in Australia
- Mafube and Lake Lindsay ramping up to full production in 2008; \$505m Zondagsfontein project approved to serve SA domestic and export markets
- Acquisition of 70% share of Foxleigh PCI coal mine for \$620m announced
- Pricing to remain strong in export markets



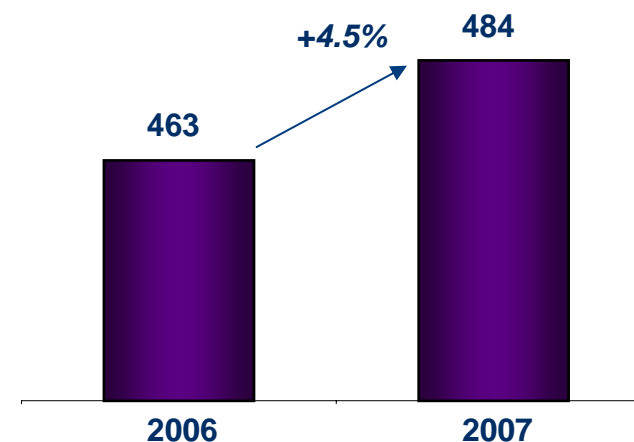
**Operating Profit (\$m)**



- Operating profit increase of 4.5% due to modest rise in diamond prices
- Impairment of Canadian assets of \$965m (100%) made due to increase in Canadian dollar, fuel, labour and capital costs
- Snap Lake commenced production in October 2007 with full production expected in 2008
- Victor project progressing with start-up scheduled by mid 2008
- Mixed outlook for diamond demand in 2008; strong growth anticipated beyond 2008 driven by emerging markets



**Operating Profit (\$m)**



- **Record financial performance driven by robust pricing and production gains**
- **‘One Anglo’ approach taking hold**
- **Organic development projects being expedited**
- **New growth options created**
- **Strong cash flow and balance sheet to support future, value-enhancing investments**



# Financial Results

## René Médori

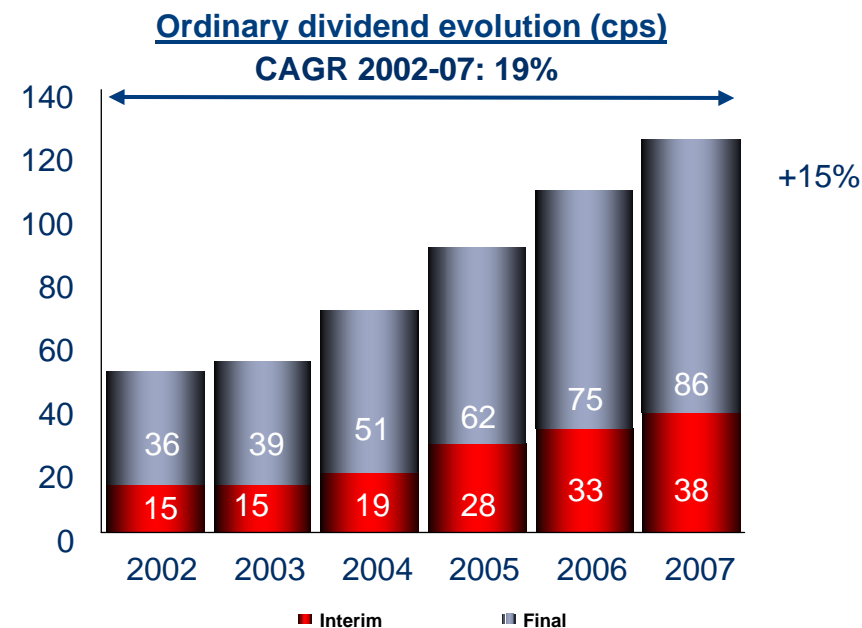
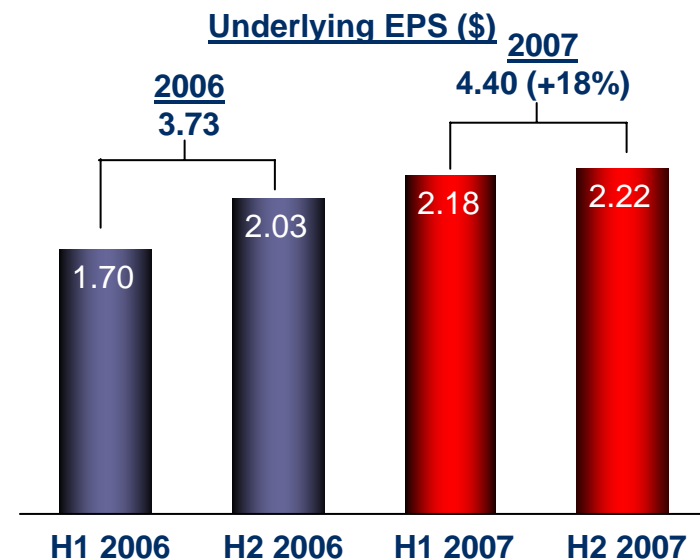


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\$bn	2007	2006	change
Operating profit – core operations <sup>1</sup>	8.9	8.0	+12%
Operating profit – total Group basis	10.1	9.8	+3%
Effective tax rate (%)	31.8	32.7	
Underlying earnings	5.8	5.5	+5%
Capex	4.1	3.7	
EBITDA	12.1	12.2	
ROCE (%)	37.8	32.4	
Net debt	5.2	3.3	

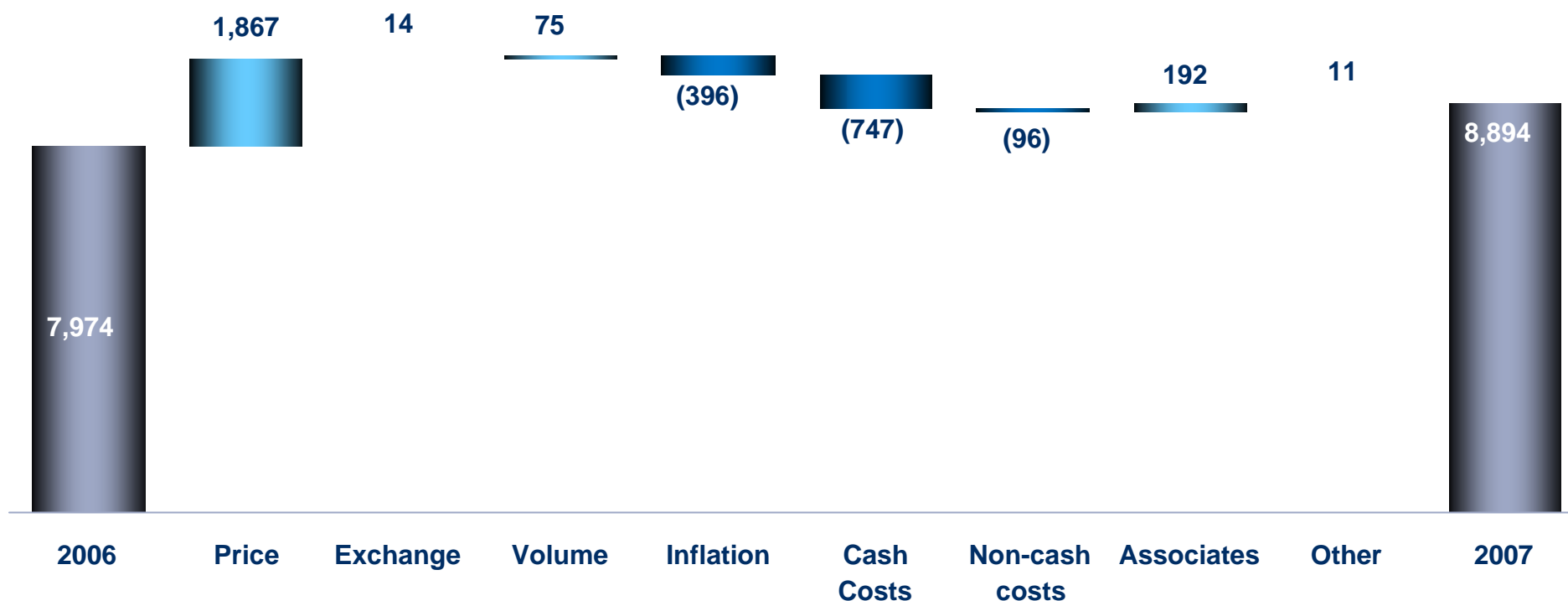
<sup>1</sup>Core operations: Base Metals, Platinum, Coal, Diamonds, Ferrous Metals, (Kumba Iron Ore, Scaw Metals, Samancor, Minas-Rio)

Results shown before special items and remeasurements and include share of associates. Underlying earnings are stated after minority interests.



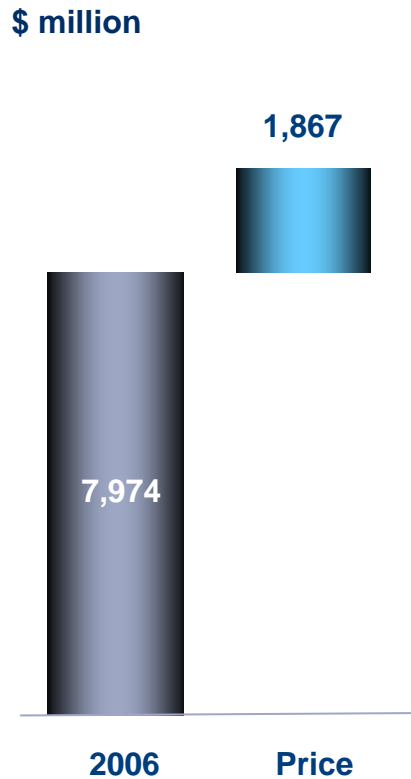


\$ million

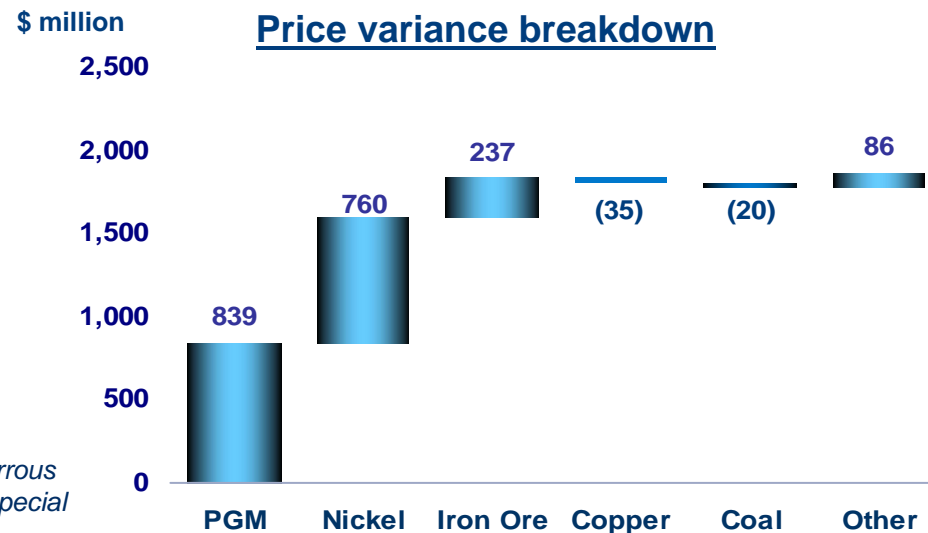
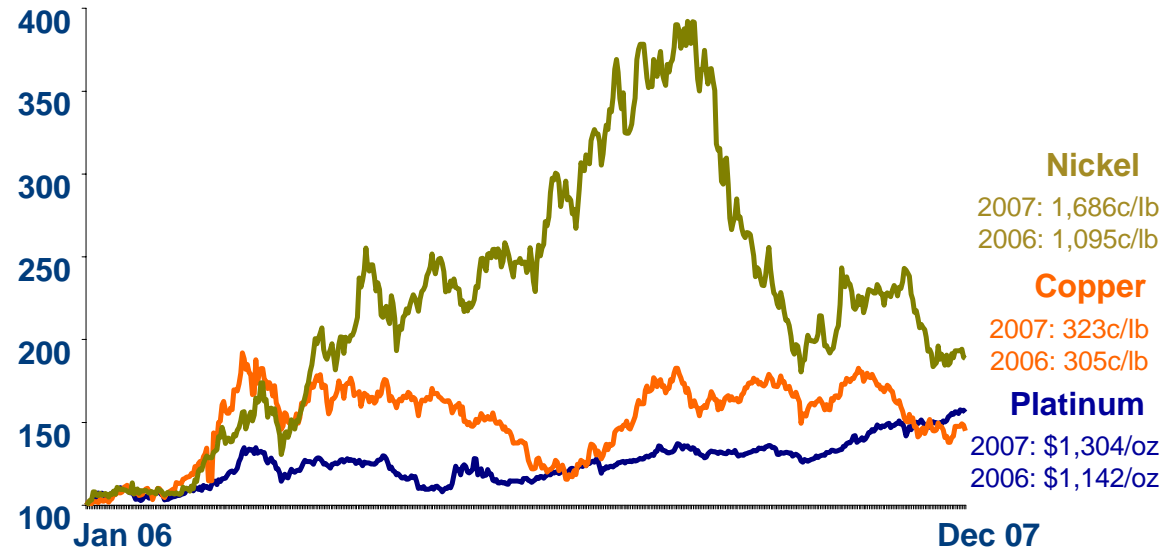


<sup>1</sup> Stated for core operations: Base Metals, Platinum, Coal, Diamonds, Ferrous Metals (Kumba Iron Ore, Scaw Metals, Samancor, Minas-Rio), before special items and remeasurements and including share of associates

# Operating profit<sup>1</sup> variances: Price

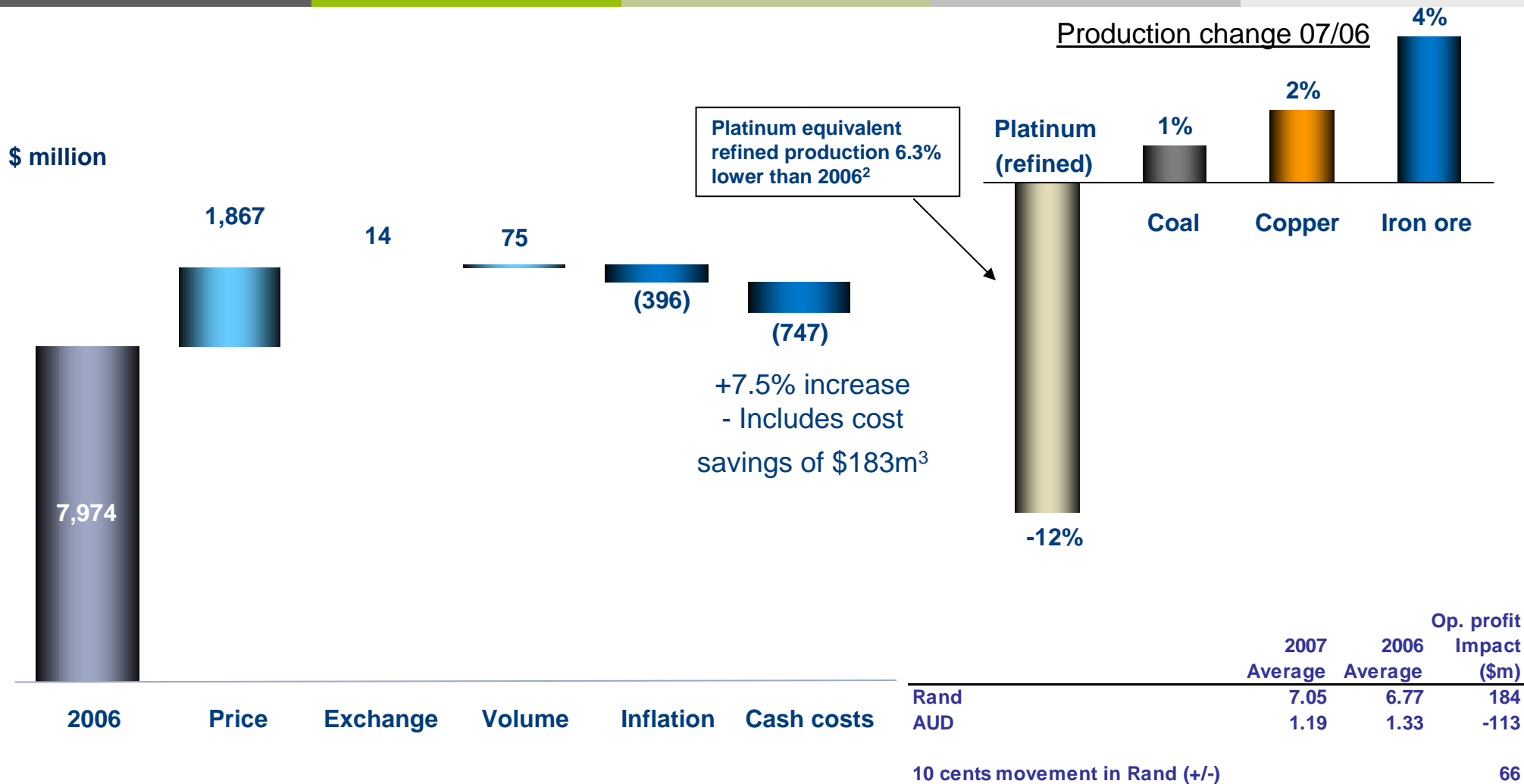


Commodity price performance (indexed)



<sup>1</sup>Stated for core operations: Base Metals, Platinum, Coal, Diamonds, Ferrous Metals, (Kumba Iron Ore, Scaw Metals, Samancor, Minas-Rio), before special items and remeasurements and including share of associates.

# Operating profit<sup>1</sup> variances: FX, Volume and Cost

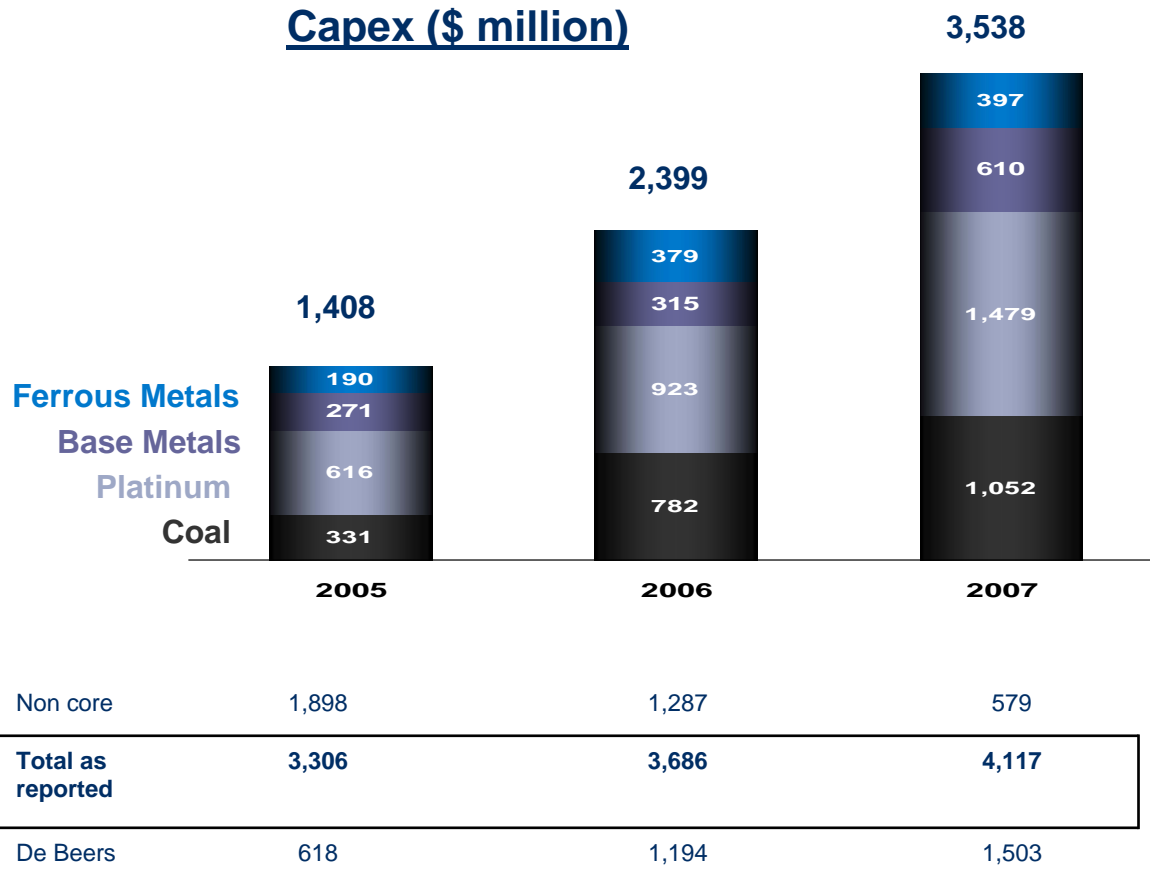


<sup>1</sup> Stated for core operations: Base Metals, Platinum, Coal, Diamonds, Ferrous Metals, (Kumba Iron Ore, Scaw Metals, Samancor, Minas-Rio), before special items and remeasurements and including share of associates.

<sup>2</sup> Platinum equivalent refined production is mined ounces converted to expected refined ounces.

<sup>3</sup> \$280m cost savings achieved on a continuing basis.

## Capex (\$ million)



	\$bn	Gearing
<b>Opening net debt 1 January 2007</b>	<b>3.3</b>	<b>12.9%</b>
Operating cashflows	(9.8)	
Capital Expenditure	4.1	
Cash tax paid	2.9	
Asset disposals	(5.2)	
Acquisitions	1.9	
Ordinary dividend paid	2.3	
Share buyback	6.2	
Other	(0.5)	
<b>Closing net debt 31 December 2007</b>	<b>5.2</b>	<b>20.0%</b>

### Post 31 December - Net Debt Impacts

- Potential acquisition of a controlling interest in MMX Minas Rio and Amapá (\$5.5bn)
- Announced acquisition of 70% Foxleigh (\$0.6bn)

# Outlook

## Cynthia Carroll



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- 1. Uplifting the existing, unique portfolio**
- 2. Expediting projects for significant near and medium term growth**
- 3. Creating new growth options through targeted acquisitions**





# 1. Uplifting the Existing Unique Portfolio

## *Realising the Benefits of “One Anglo”*

### ■ Procurement and Shared Services initial savings of \$1bn targeted

- Appointed new head of Procurement
- Setting up three shared service centres: South Africa, Australia and Latin America
- Restructuring finance sub-functions into group-led compliance structures
- Moving IT infrastructure to Group from BUs

### ■ Rolled out a common and consistent Asset Optimisation Strategy (AOS) approach across all businesses

- Head of Asset Optimisation appointed
- Update to be provided mid year

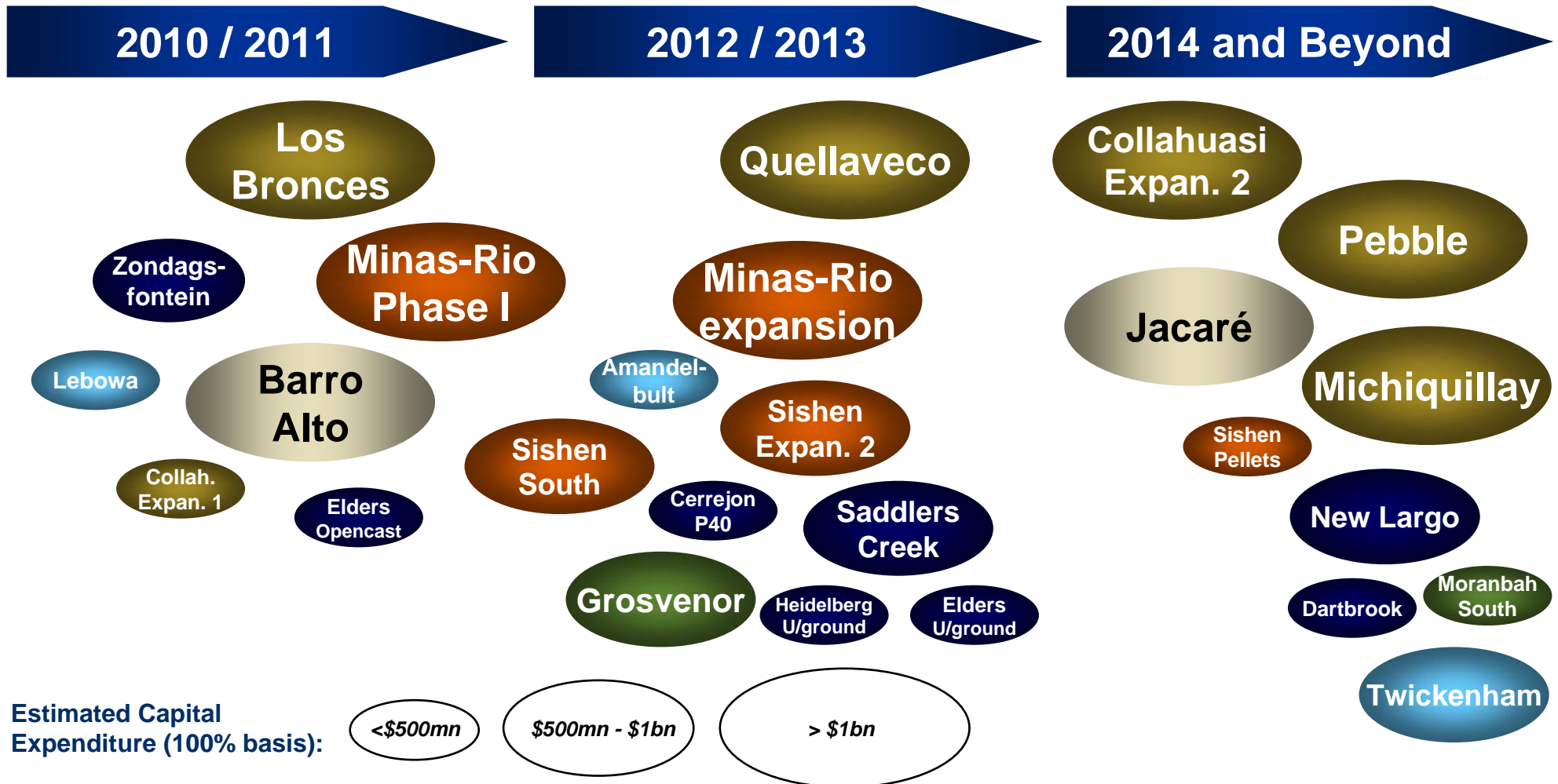
Projects / Initiatives	2008/9/10 Production*	Increase from 2007
 <ul style="list-style-type: none"> <li>• Collahuasi highgrading</li> <li>• Collahuasi debottlenecking</li> </ul>	22 ktpa 13.2 ktpa	} +5%
 <ul style="list-style-type: none"> <li>• Sishen Expansion Project</li> </ul>	13 mtpa	+54% <sup>1</sup>
 <ul style="list-style-type: none"> <li>• Dawson and Lake Lindsay</li> <li>• Mafube, Cerrejón, Mac West and Zondagsfontein</li> </ul>	5.6 mtpa 13.0 mtpa	+48% <sup>2</sup> +13% <sup>3</sup> +18% <sup>4</sup>
 <ul style="list-style-type: none"> <li>• PPRust North expansion</li> </ul>	230 kozpa	+9%
 <ul style="list-style-type: none"> <li>• Snap Lake, Victor and Voorspoed</li> </ul>	2.9m carats pa	

\*Attributable basis except for diamonds (which is on a 100% basis)

(1) seaborne iron ore; (2) export coking, semi-soft and thermal coal; (3) export thermal coal; (4) domestic thermal coal

# 3. Creating New Growth Options

*Over \$40bn Pipeline, Doubled from Last Year*



\*Selected future approved and unapproved projects

- 1. Uplifting the existing, unique portfolio**
- 2. Expediting projects for significant near and medium term growth**
- 3. Creating new growth options through targeted acquisitions**





# Questions and Answers



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