

## NEWS RELEASE

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### **Anglo American plc Annual General Meeting – Address to shareholders**

Anglo American plc held its Annual General Meeting for shareholders in London today. Sir John Parker, Chairman, made the following remarks:

#### **Sir John Parker, Chairman, Anglo American plc:**

In 2014, the mining industry had to weather a particularly difficult year as macro-economic conditions in general worsened. In China, growth came in slightly under target at 7.4% – and it could slow further to around 7% in 2015 – while economic recovery faltered in the Eurozone and Japan, as well as in major developing countries such as Brazil and South Africa. The major exceptions were the United States, which strengthened through the year though appears to have lost a little momentum early in 2015, and India where economic conditions have improved significantly since Narendra Modi's election win.

In the face of a deteriorating economic outlook, exacerbated by the over-supply of a number of mined commodities, many spot prices continued to decline. Iron ore – the major earnings driver or a very important component of most of the world's biggest mining companies – experienced a year-on-year decline of just under a half, with a further drop of almost 30% so far in 2015. Again, however, in respect of our own Group, there was an exception in the gloom as De Beers increased underlying EBIT by 36% in a growing diamond jewellery market. It is gratifying that the \$5.1 billion acquisition of the Oppenheimer family's 40% stake in De Beers in 2012 is indeed delivering good returns.

Despite the economic headwinds and intense pricing pressures, Anglo American delivered an underlying EBIT of \$4.9 billion (2013: \$6.6 billion) and underlying earnings of \$2.2 billion (2013: \$2.7 billion). Our balance sheet remains sound, as was reflected in the ratings agencies recently maintaining Anglo American's credit rating. Moreover, the heavy capital commitments such as Minas-Rio are now largely behind us, and we expect net debt to peak this year, and then gradually to come down – on the back of a reducing capex programme, along with disposals such as our interest in Lafarge Tarmac – to a sustainable level of our target of \$10-\$12 billion.

Importantly, we are recommending a maintained total dividend of 85 cents per share for the year (including a final dividend of 53 cents) – and it is our expectation that with our planned further cost reductions the dividend should be funded out of free cash flow from 2016 onwards.

Turning to our operations... Minas-Rio for so long has understandably been the focus of shareholder scrutiny; so I'm pleased to be able to report that in October Paulo Castellari and his team were able to bring the project to first ore on ship stage within the revised schedule that we as a board agreed in late 2012, and within the revised budget. Minas-Rio is an impressive achievement, and it is now ramping up as planned, having exceeded its first million tonnes of iron ore production.

Indeed, across the Group, we recorded a significant improvement in operating performance across all our business units. Under Mark Cutifani and our technical director Tony O'Neill, and the refreshed technical team, we have stabilised things at the operational level and are now making substantial progress in delivering performance improvements at our Copper business in Chile and our Sishen iron ore mine in South Africa, in tackling the operational challenges involved in the reconfiguration of our Platinum business, and in improving productivity at our Coal operations.

#### **Anglo American plc**

20 Carlton House Terrace London SW1Y 5AN United Kingdom

Tel: +44 (0)20 7968 8888 Fax: +44 (0)20 7968 8500

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Beyond our focus on operational fundamentals – doing the basic things better – we want to be recognised once again as a leader in developing and deploying new technologies. In certain areas we need to close some gaps between our peers and ourselves, while in others we see opportunities to pull away. As an engineer myself, I have no doubt that we will do so, while embracing such technologies inevitably heralds a mining industry that will not only be more capital-intensive and productive, but will also be a safer and more sustainable one.

On the safety front, 2014 was a notable year for Anglo American. Mark will say more, but as your chairman it is encouraging to report that the number of people who lost their life on company business, even after taking into account the platinum strike, reduced significantly, while the downward trend in serious injuries has continued. The fact that we are still incurring deaths and injuries, however, and have done so into 2015, means there must be no let-up in our endeavours to achieve the goal of zero harm.

Turning to your Board... Many of you know how keen I have always been to continually refresh the Board so that it brings a broad range of relevant experience and skills to the table. Speaking as your chairman, I believe the Board you see here today is a strong, dynamic and diverse one which gives its full support to Mark and his Executive – but also one that, rightly, is a place where robust debate is encouraged, and respected. I want to thank them all for their enormous contributions to our deliberations.

In particular, I should like to mention the chairmen of our board committees, who put in such amounts of extra work

- Sir Philip Hampton, our senior independent director, who diligently chairs our Remuneration Committee;
- Jack Thompson, who brings extensive mining experience as chairman of the Sustainability Committee; and
- Byron Grote for the important perspectives he has brought as chair of the Audit Committee.

I wish to express my sincere thanks, too, to all the people – full-time employees and contractors – who have worked hard for Anglo American over the past year, and on whom we are counting for what may well be an even tougher year ahead. The feeling that everyone is ‘buying in’ to our reinvigorated management’s team turnaround strategy is a palpable one.

Anglo American has an outstanding resource base, and a uniquely diversified range of products attuned to different stages of the commodities cycle. These fundamentals, allied to disciplined capital allocation and the leadership of Mark Cutifani, our experienced chief executive, in driving operational improvement are helping us to move quickly in turning around the business in order to meet the next, inevitable, upturn in the cycle, and the growing demand for the products that we mine over the long term.

Thank you very much.