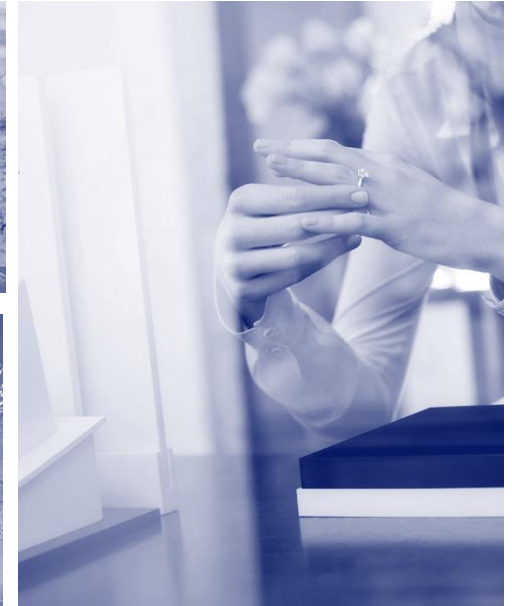


# THE NEW ANGLO AMERICAN

BMO 25<sup>th</sup> Global Metals & Mining Conference  
29 February 2016



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# THE NEW ANGLO AMERICAN

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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** at spot prices and FX...

- 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...

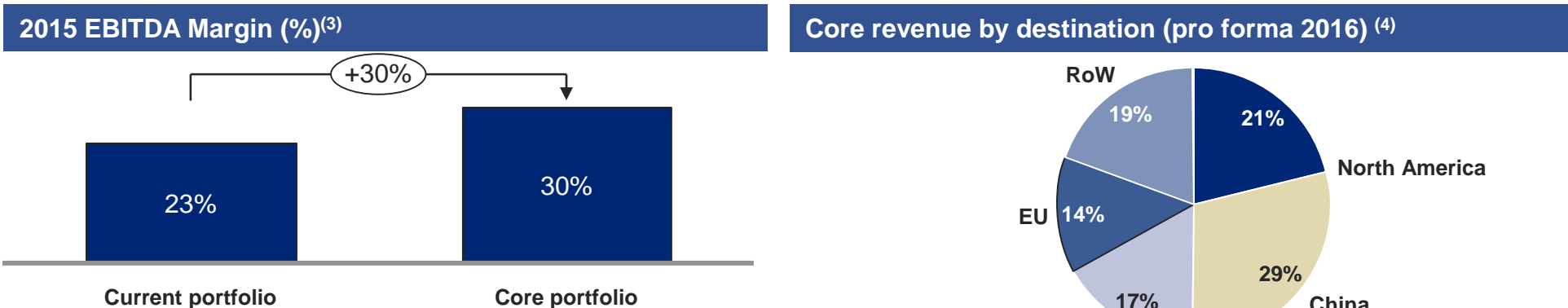
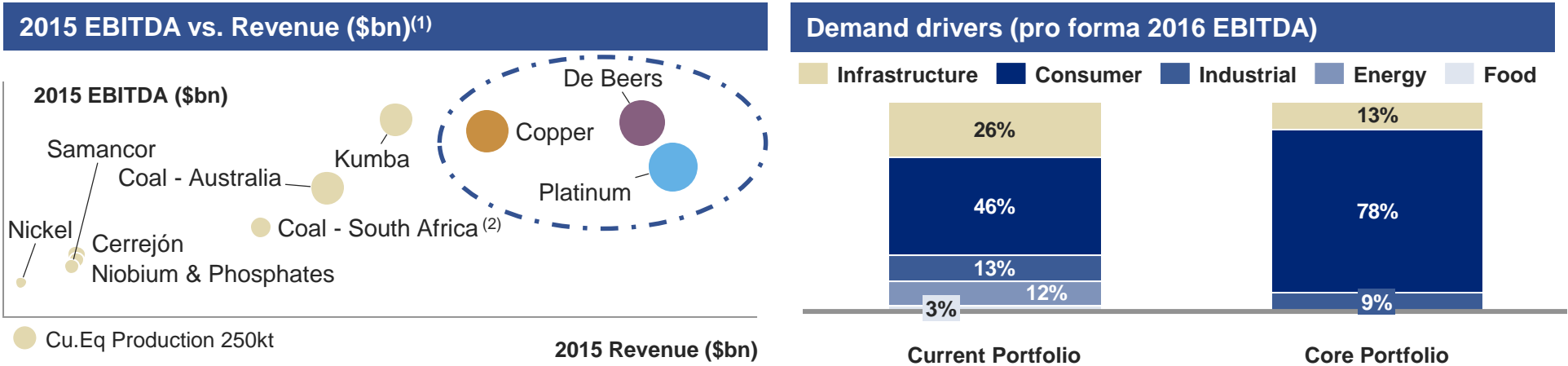
- Targeting **\$3-\$4bn in disposal proceeds** in 2016.
- **Tier 1** assets will attract value.

## **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.

# OUR CORE BUSINESS

Relative earnings contributions driven by scale and quality...



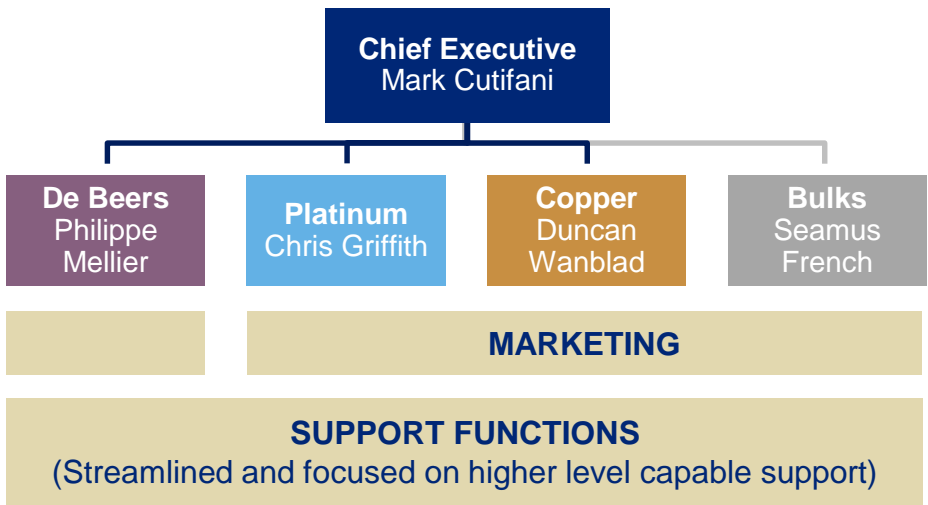
(1) Barro Alto, BVFR and Minas-Rio were commissioning and therefore capitalised during 2015  
 (2) Cu equivalent production shown for Export thermal coal only.  
 (3) Pro forma based on actual 2015 results. Excludes impact of non-equity owned diamond sales at De Beers and platinum ounces.  
 (4) End-user, not Anglo American customers

...with greater exposure to consumer end markets.

# CORE BUSINESS PROFILE - PEOPLE

*Focus on fewer, but larger, more productive assets...*

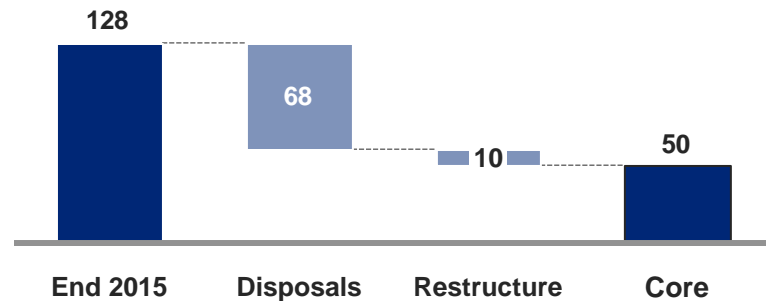
## Organisational structure



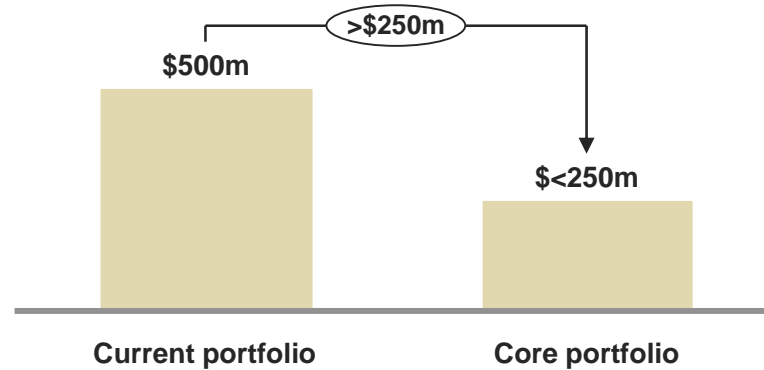
- Bulks managed for cash or disposal.
- Focus on technical and operating efficiencies.
- Overheads and support functions streamlined.

(1) Excluding associates' and joint ventures' employees  
 (2) Includes direct and indirect headcount.  
 (3) London and Johannesburg, before recharges to Business Units

## Total headcount ('000s) <sup>(1)(2)</sup>



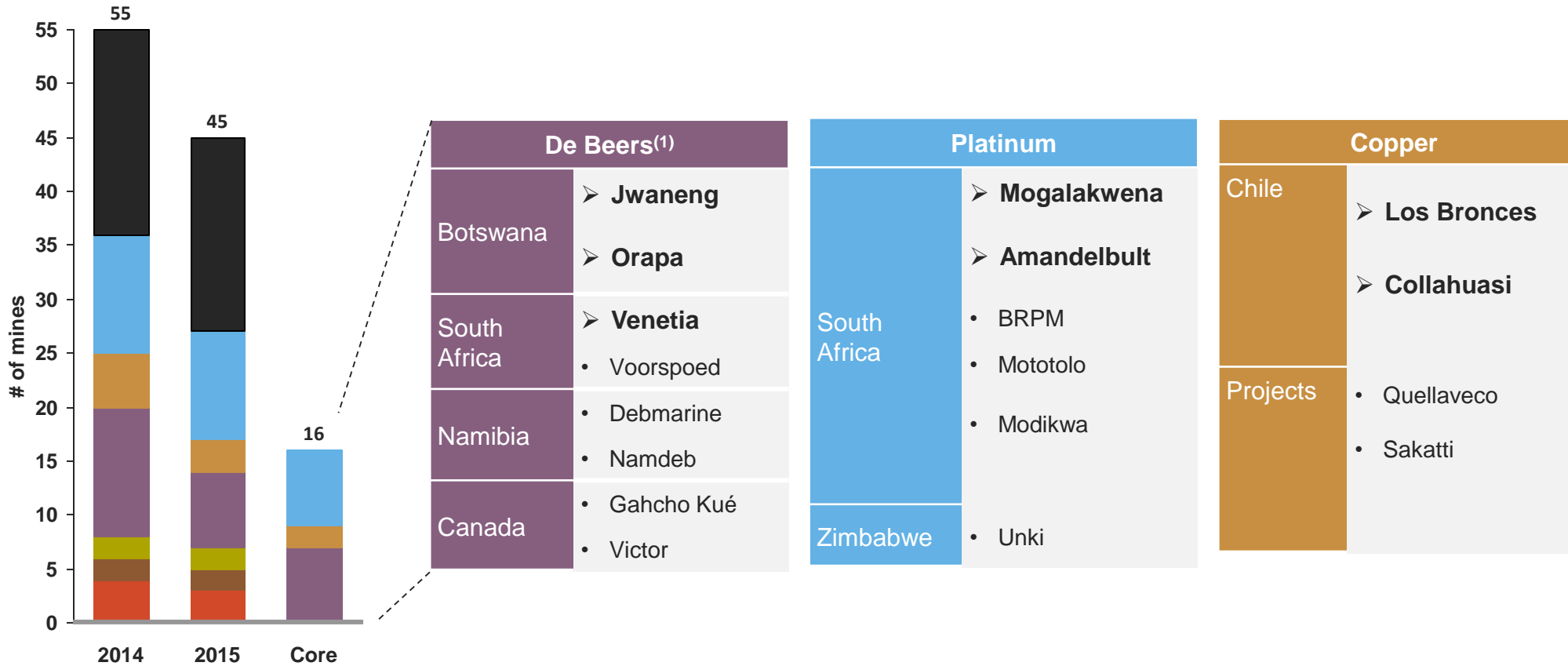
## Central and global support costs (\$m) <sup>(3)</sup>



*...delivers significantly lower headcount and overhead costs.*

# REDUCED COMPLEXITY

*Large, long life, scalable resource and low cost operations...*



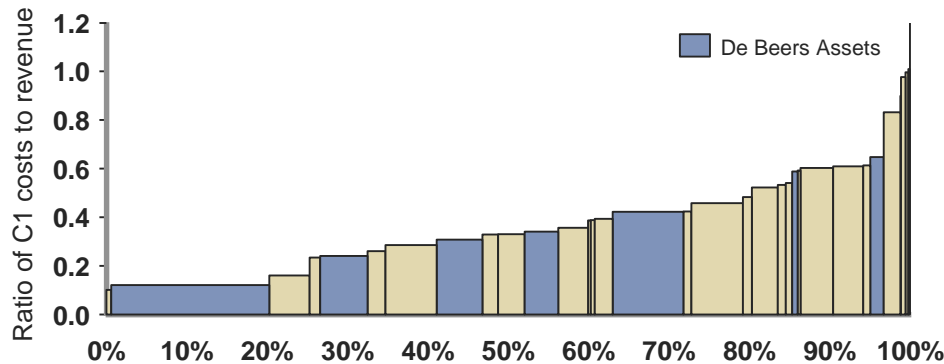
(1) Excludes Element 6 – De Beers' industrial diamonds division

*...in a streamlined and more focused portfolio.*

# DE BEERS

## Industry leadership across the pipeline...

### Diamond mining industry margin curve



Source: De Beers (projected 2020 cost curve)

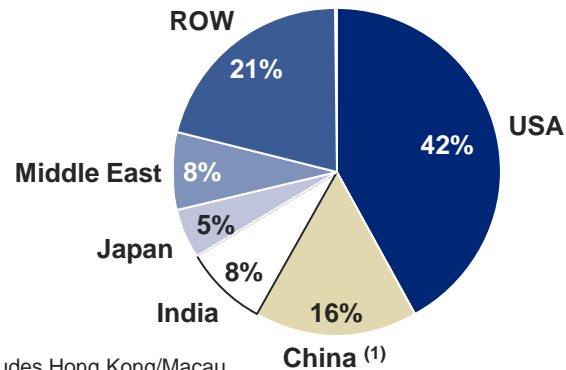
### UPSTREAM LEADERSHIP

- Best-in-class mining assets – large, long life with scalable production and low cost.
- Strong government partnerships – Botswana and Namibia.
- Ability to respond proactively to conditions in both the mid and downstream markets.

### MID AND DOWNSTREAM POSITION

- Attractive longer term supply/demand fundamentals.
- Proven marketing ability and deep consumer insights.
- Strong brand recognition and premium on products.
- Broad exposure to consumer markets.
- Element 6 – leading industrial diamonds business.

### Global polished diamond demand (2014)



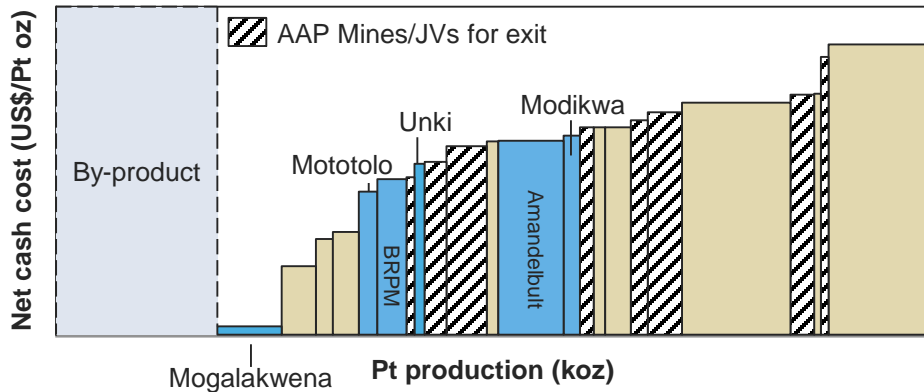
(1) China includes Hong Kong/Macau

...and we will continue to improve costs and margins as the market recovers.

# PLATINUM

*We are the leading PGM company and moving further down the cost curve...*

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



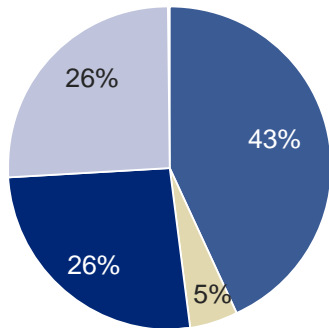
## PLATINUM LEADERSHIP

- The **Tier 1** portfolio of platinum assets.
- Mogalakwena lowest cost dedicated producer.
- Scalable production base with long life.

## BROAD BASED DEMAND

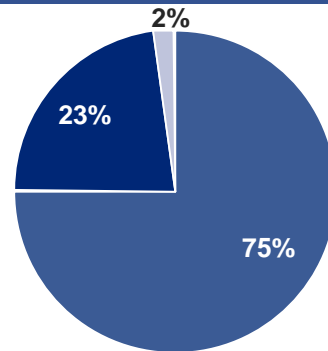
- End use dominated by consumer sectors.
- Benefit from increased emissions control legislation.
- Largest in Chinese bridal jewellery market.
- Industrial demand diversified across chemicals, glass and electronics.

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



Autocatalyst Investment Industrial Jewellery

Palladium end use <sup>(2)(3)</sup>



1. Pd, Rh, Au, Cu and Ni revenues netted off operating costs + SIB capital
2. Source: Anglo American Platinum
3. Excludes Pd outflow from investment of 663koz

*...with a renewed focus on capital discipline, productivity and costs.*



# COPPER

*Highly competitive position in copper...*

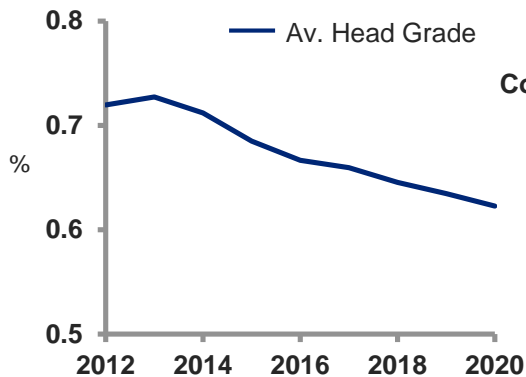
## Top 10 Producing Mines (2015 Cu kt)



## WORLD CLASS ASSETS

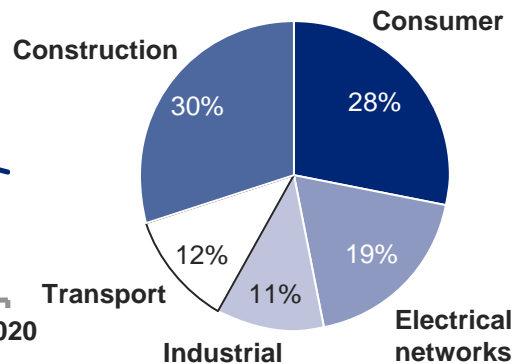
- Attractive combination of scale, life and cost positions.
- Extensive high-quality resources underpin substantial brownfield growth opportunities.
- Long-term growth options in Quellaveco.
- Sakatti, high grade, polymetallic resource.

## Declining global ore grade



Source: Wood Mackenzie, Anglo American analysis.

## Copper demand



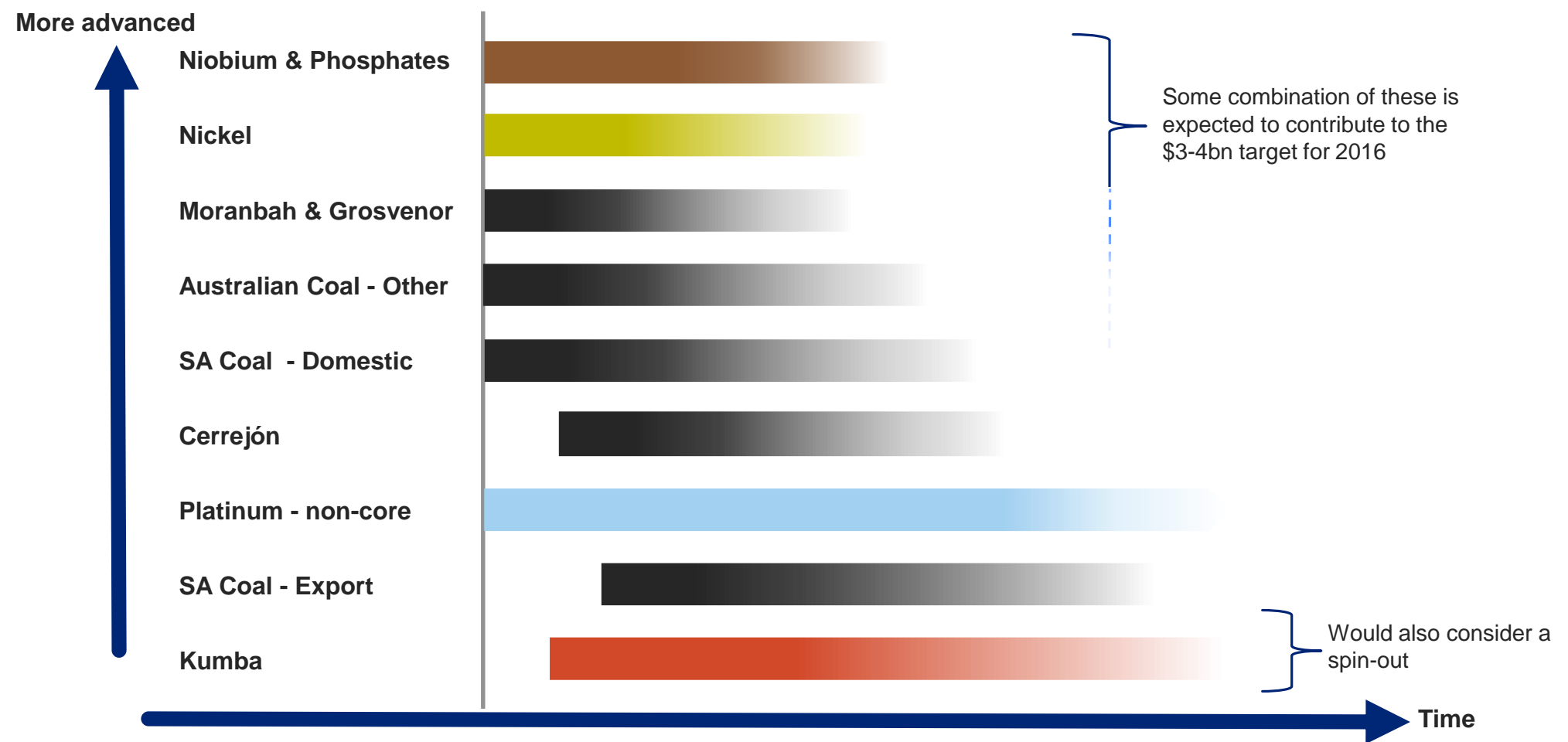
## ATTRACTIVE MARKET FUNDAMENTALS

- Copper market forecast to be in structural deficit in medium term.
- Industry capacity is at “stretch” and continues to disappoint on the downside.
- We will maintain our capital discipline to support cash flow and returns.

*...that will continue to enhance as we improve and build off our resource positions.*

# THE DISPOSAL PROCESSES

Targeting disposals of \$3-4bn for value by end of 2016...

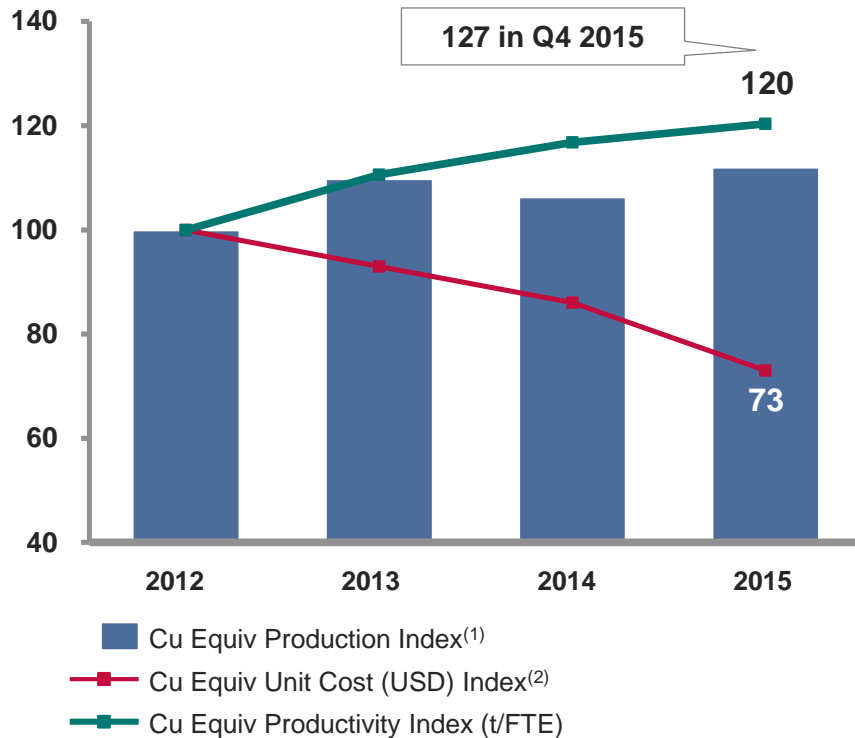


...and further disposals possible in the medium term and beyond.

# UNIT COSTS – SUPPORTED BY PRODUCTIVITY IMPROVEMENTS

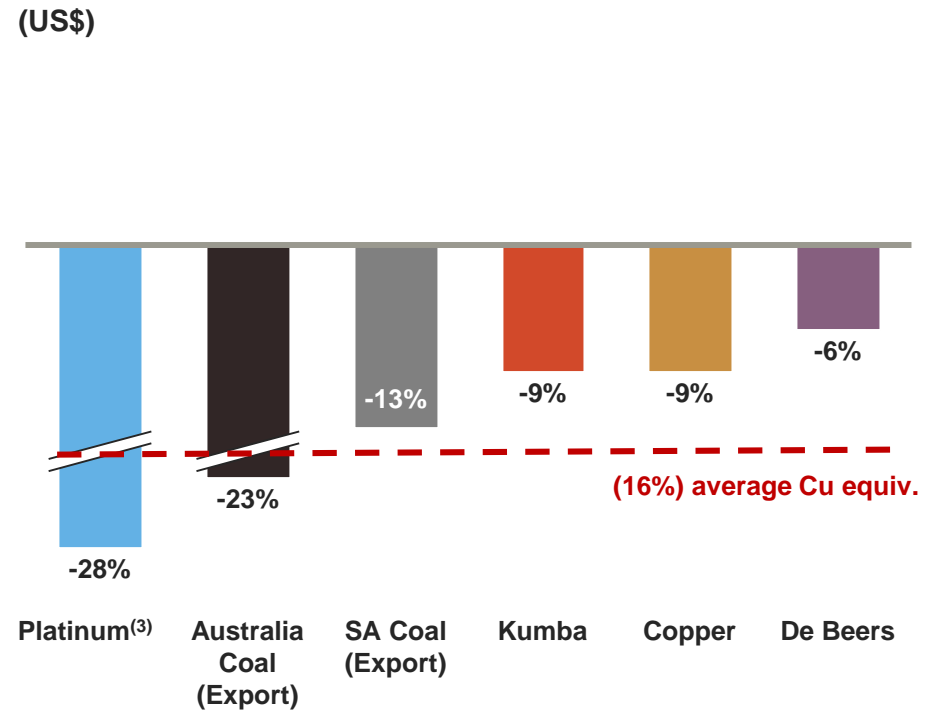
*Significant productivity improvements support cost reductions...*

**Cu Equivalent production, unit cost & productivity**



(1) Calculated using long-term consensus parameters. Excludes domestic / cost-plus production. Pro forma production shown adjusted for Anglo American Norte  
 (2) Unit cost includes only AA's equity share of De Beers and Platinum. Excludes associates and assets not in commercial production. Calculated using long-term consensus prices.

**2015 vs 2014 Unit cost variance (US\$)**



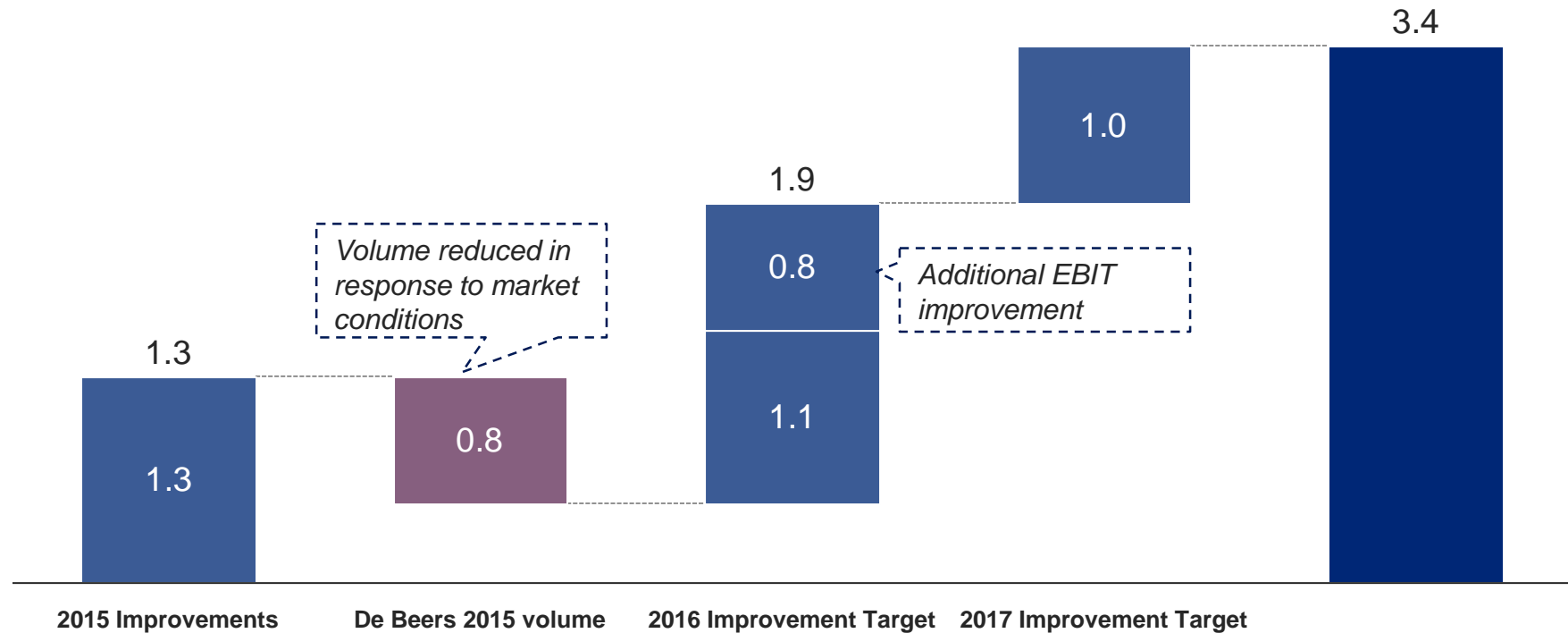
(3) (10)% if adjusted for 2014 Platinum strike

*...with the forecast productivity improvements accelerating in 2016 and 2017.*

# EBIT IMPROVEMENT IN 2015 AND BEYOND

*We are now targeting \$1.9bn of EBIT improvement in 2016...*

Incremental EBIT improvement (\$bn)

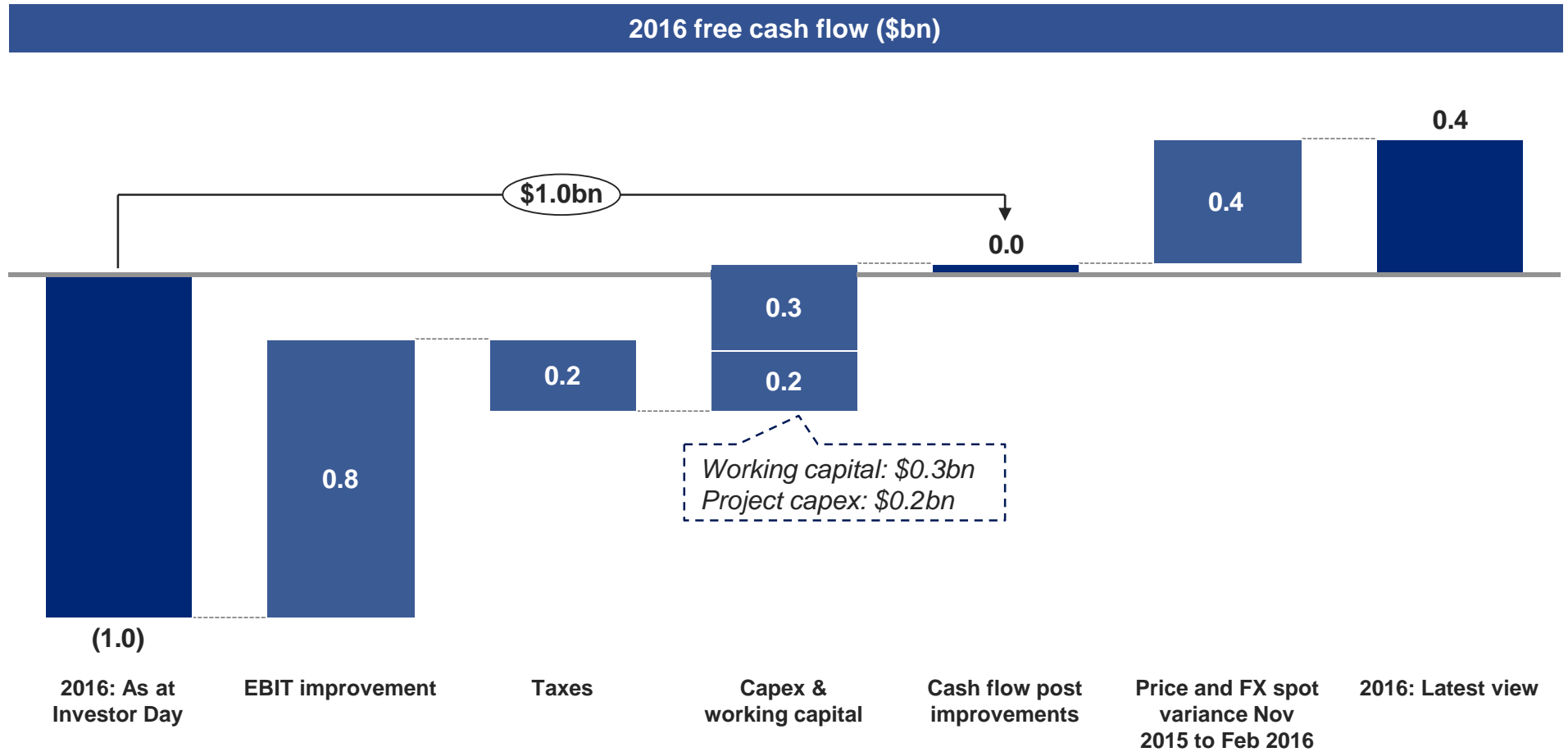


Note: any apparent differences are due to rounding to nearest \$0.1bn.

*...and maintain our 2017 target of \$1bn in improvements.*

# INCREMENTAL CASH FLOW IMPROVEMENT IN 2016

*\$1bn additional cash flow identified...*



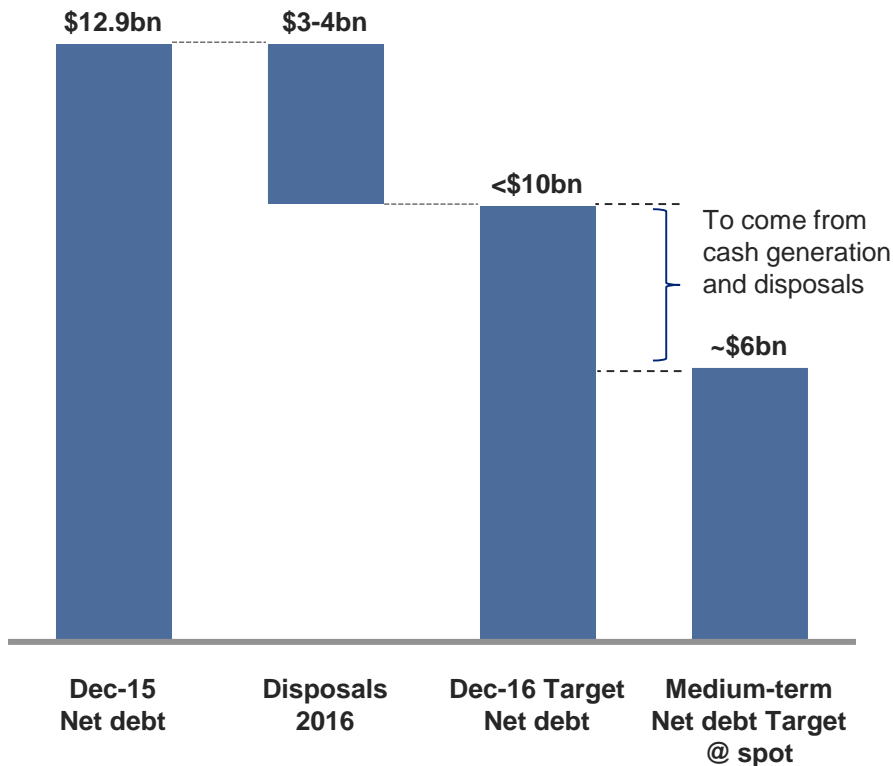
Note: differences are due to rounding to nearest \$0.1bn.

*...and at spot we expect to be cash flow positive in 2016.*

# NET DEBT TARGET

Targeting net debt of below \$10bn by end 2016...

## Target net debt evolution



## Net Debt Considerations

- Medium-term target - solid investment grade rating.
  - ~\$6bn net debt @ spot for core portfolio.
- End 2016 net debt target of <\$10bn.
- Bond buy-back program.

## Credit Rating Considerations

- Limited impact from credit rating downgrade.
- No financial covenants on the core \$5.0bn RCF and no margin increase.
- No margin step up on the issued bonds.

...and in the medium term net debt of ~\$6bn for Core

# DRIVING CHANGE...DEFINING OUR FUTURE

---

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# QUESTIONS