

Tony Trahar:

“Thank you Chairman. Good morning ladies and gentlemen.

Although the year finished on a more optimistic note, 2003 was, for the most part, defined by its fragility. Exchange rates played a key role with the Rand strengthening more than any other major currency against the US Dollar for the second year running. Since our production costs are denominated in domestic currency and our sales in US Dollars, and previous currency weakness had resulted in a surge in domestic inflation, this applied an almost unprecedented squeeze to the earnings of our South African and Australian operations.

Against this background, I am pleased to report that in 2003 Anglo American achieved headline earnings of \$1.694 billion - and earnings per share of 120 cents - down 4%. The recommended final dividend of 39 cents, if approved, will bring our total for the year to 54 cents per share - an increase of 6% which reflects the Board's confidence in the improving outlook for our business.

Turnover increased by 22% to \$25 billion. 2003 was another year of strong cash flow, with cash generation (EBITDA) virtually unchanged at \$4.785 billion. During 2003 we achieved cost savings of \$335 million - compared with a target of \$200 million as part of our continuing drive to improve efficiency and returns. In 2004 we are targeting further savings in excess of \$250 million.

Strategy

Our strategy is to achieve steady growth for shareholders across the cycle by investing in acquisitions at prices capable of creating value and by developing attractive greenfield and brownfield projects.

Since we established our primary listing in London we have sought to:

- Dispose of non-core or under performing assets;
- Strengthen our asset base; and to
- Achieve better geographical balance in our portfolio.

In pursuit of this strategy since 1999 we have acquired some \$12 billion of new core assets and realised \$8 billion from sales of non-core assets. In recent months we have disposed of the remainder of our stake in First Rand and, at the end of March, sold our 20% stake in Goldfields for \$1.16 billion. We achieved a \$480 million profit on this disposal.

Strategically, the most important development of 2003 was our acquisition of a controlling stake - currently standing at around two-thirds - of the world's fifth largest iron ore producer Kumba Resources. This marked the realisation of our long-standing objective of securing a substantial presence in the iron ore market with a base for further expansion in due course.

Other significant acquisitions in 2003 include purchases in continental Europe and China for our Industrial Minerals business unit and assets in Europe, Mexico and China for Anglo Paper and Packaging. We also increased our holdings in Anglo Platinum and AngloGold.

Recently, we have announced the acquisition of the outstanding 30% minority stake in Frantschach - a major element in our European packaging portfolio.

The largest Group transaction announced in 2003 was the proposed merger between AngloGold and Ashanti Goldfields. This merger has now received all outstanding shareholder approvals, including the full support of the Government of Ghana. Completion of the transaction next month will allow initial evaluation of the Obuasi Deeps project to commence.

We apply demanding standards to any acquisition proposal and have been prepared to walk away if we felt that the price would not allow an acceptable return to be made for our shareholders. The EBITDA cash flow returns on our key acquisitions of Minera Sur Andes (formerly known as Disputada) in Chile, Cerrejon Coal in Colombia, Shell Coal in Australia, Syktyvkar in Russia and Tarmac in the UK range between 16% and 23%. The Minera Sur Andes purchase, made from Exxon at the end of 2002, has been particularly satisfactory since the projected synergies have been exceeded; the operations have been earnings accretive in their first year; significant additional reserves of copper ore have been identified; and the recent surge in the copper price is resulting in substantial cash generation.

Black Economic Empowerment

In South Africa the Minerals and Petroleum Resources Development Act is expected to be promulgated in early May. The five year period during which old order mining rights must be converted to new order rights will then commence. Anglo's mining operations are working closely with the South African Government to ensure that the transition proceeds smoothly. We are confident that we are making satisfactory progress towards meeting the various requirements of the Mining Charter in such areas as ownership and control, employment equity, procurement, social investment and so on.

A second draft of the Royalty Bill is expected to be made available by the South African Treasury later this year for consultation before proceeding to the Parliamentary stage. Recent comments from senior officials appear to indicate that the South African Government is considering lower royalty rates than contemplated in the first draft Bill, albeit still to be levied on a turnover, rather than a profit, basis and with implementation only in 2009. We intend to continue to engage government on this issue and the announced overview of the South African mining tax regime.

Organic Growth

During 2003 we successfully commissioned a number of projects including the Skorpion zinc mine in Namibia and the Ruzomberok paper mill expansion in Slovakia. We continue to have one of the strongest growth project pipelines in the natural resource sector, involving investment of some \$6 billion with expansions planned across all of our business units.

The uplift in the quality of our assets and the expansions achieved since 1999 have led to significant volume growth - of 40% for diamonds; 17% for platinum; 67% for copper; 57% for nickel; 40% for coal; 152% for aggregates; 166% for uncoated woodfree paper; 158% for packaging; and 346% for industrial sacks. These volume expansions, together with a number of significant acquisitions, are in line with our stated strategy of maintaining a balanced allocation of resources in precious metals, diamonds, base and ferrous metals, industrial minerals and paper and packaging.

China

Last month I visited our operations in Australia and China. Whereas in Australia we now have well over \$2 billion invested, mainly in profitable coal and gold operations, China is a relatively new area of investment interest. We have established a number of small operations and have a representative office in Beijing. Including both direct and indirect sales, we sell over \$800 million worth of goods into the Chinese market. China has been having a major impact on commodity markets. Indeed, some commentators have suggested that Chinese - and possibly Indian - demand may be set to exert a long-term structural uplift on commodity markets because of the material intensity of this stage of their growth. On this analysis, the real decline in commodity prices experienced over the last 30 years might be reversed. Time will tell.

What is apparent, is that China is fast becoming a key - and increasingly integrated - player in the world economy. I was struck, ladies and gentlemen, not only by the speed and sophistication of China's development but also by the evident desire to learn from international companies in areas like safety and sustainable development. I hope at future events to be able to brief you on our efforts to ensure that Anglo American is an active participant in the opportunities presented by the Chinese economy.

Corporate Responsibility

In his introduction, our Chairman highlighted the central importance of corporate responsibility issues to our industry and I am pleased to report that we have recently produced our 2004 Report to Society which reflects the many important initiatives underway around the world in terms of the Group's high level of commitment to sustainable development.

2003 saw some progress in our determined programme to improve safety with a further improvement in our Lost Time Injury Frequency Rate, although disappointingly our level of fatalities was only slightly lower than in the previous year. Improving safety is an important element in determining the remuneration of senior managers and further improvements remain an over-riding priority.

In August 2002, we announced our intention to make anti-retroviral treatment available to our HIV positive employees who are at the stage of infection where ART is most effective. We now have some 1,300 employees on ART, as well as having a further 3,300 HIV positive employees on wellness programmes. We welcome the South African Government's decision to provide ART and, where possible, we will seek to support the public health infrastructure in rolling-out its ambitious treatment programme. We are working in partnership with the ngo loveLife, the Nelson Mandela Foundation, the Henry J Kaiser Foundation and the Global Fund on HIV to create a network of adolescent friendly clinics. We are also in discussion with the donor community and voluntary organisations about the most effective means of extending access to treatment to dependents, contractors and local communities neighbouring our operations. The AIDS pandemic is an inescapable dimension of doing business in developing countries, particularly in Africa. We are seeking to manage its impacts and to use our capacities and influence to help stabilise the societies in which we operate.

We recognise that, especially in developing countries, we have a significant impact upon the physical and social environment of the places in which we typically work. We recognise that the scale of our potential impacts carries with it a special duty of care.

That is why we require each of our significant operations to have in place a Community Engagement Plan. These are based upon an analysis of each operation's local social, economic and environmental impacts, how contentious issues are to be managed, how complaints are to be handled and how the effectiveness of social investment projects can be maximised. We hope to enrich the quality of these plans through use of our new Socio-Economic Assessment Toolbox. An extensive training programme is now underway to build capacity in this critical area of risk management.

Outlook

In conclusion, ladies and gentlemen, let me say a few words about the outlook for 2004.

The macroeconomic outlook in the United States and Asia provides an encouraging platform for the remainder of the year, although the sustainability of the global upswing against a background of significant macroeconomic imbalances and exchange rate volatility remains uncertain. Anglo American offers investors a unique mix of geographic and product diversity which has shown an ability to absorb some of the volatility generally associated with single product companies.

In US Dollar terms commodity prices are strong and demand for our precious and base metals and minerals continues at a high level, although the results of our South African operations in particular continue to be affected by the strength of the South African currency. In Europe, demand in the paper and packaging sector is steady but prices are somewhat muted while some of our industrial minerals businesses are experiencing increased price impacts from market competition.

Overall, we believe the company remains well positioned for profitable growth in 2004.

Thank you."