

# PRELIMINARY RESULTS YEAR ENDED 31 DECEMBER 2014

13 February 2015



Copper, Los Bronces

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# AGENDA

Performance

Financials

Conclusions and looking forward

Appendix

# PERFORMANCE

Mark Cutifani



# FINANCIAL HIGHLIGHTS

*Despite commodity headwinds our operational improvement continues...*

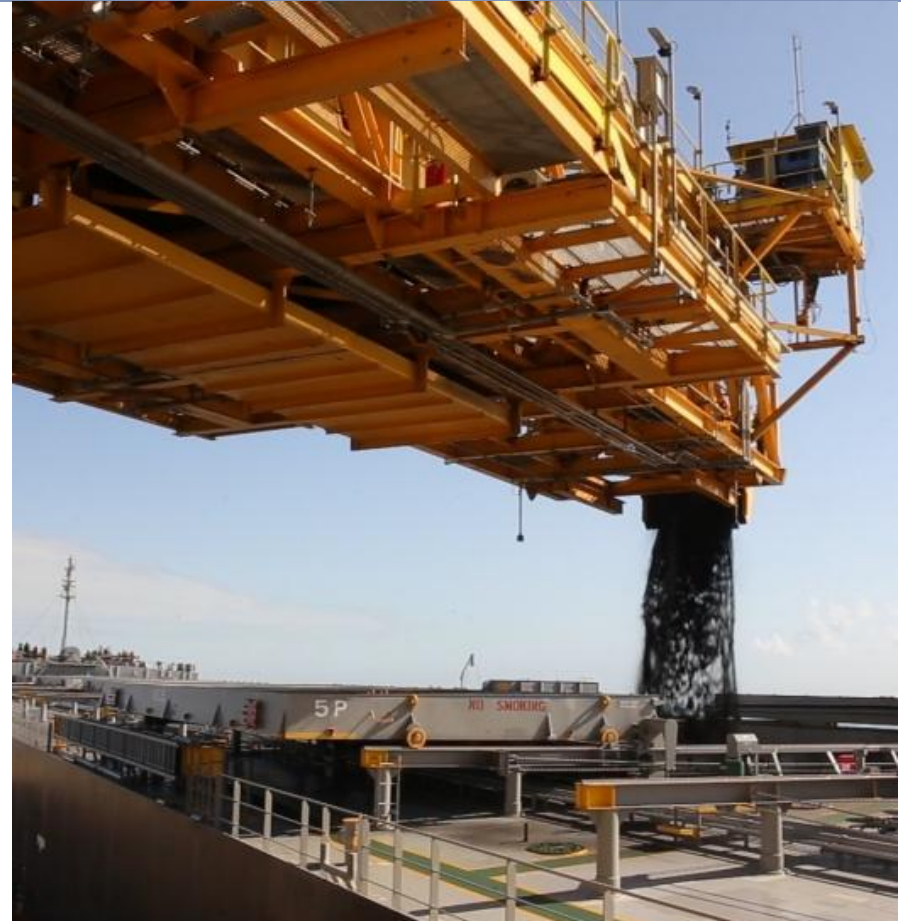
<b>Group underlying EBIT</b>	<b>\$4.9 bn</b> down 25%, impacted by lower prices and Platinum strike
<b>Underlying earnings</b>	<b>\$2.2 bn (EPS \$1.73)</b> down 17%
<b>Operating cash flow</b>	<b>\$6.1 bn</b> , continuing operational improvements underpin solid performance
<b>Attributable ROCE</b>	<b>8%</b> (pre impairments)
<b>Capital expenditure</b>	<b>\$6.0 bn</b> , due to efficiencies and project completions
<b>Dividend maintained</b>	<b>85 US cents per share</b> , reflects performance improvement momentum
<b>Net debt</b>	<b>\$12.9 bn with \$15.1 bn liquidity</b> , reflects operational and capital management

*...allowing us to confirm our commitment to the dividend and net debt targets.*

# DELIVERING ON COMMITMENTS

*We have delivered on our immediate restructuring milestones...*

- **Sishen exceeds 35Mt production target**
  - Waste on track for 2015 & 16 ore targets.
- **Minas-Rio**
  - FOOS delivered ahead of schedule and budget.
  - Final capex expected \$400m lower than forecast.
- **Platinum restructure**
  - Restructuring ahead of targets.
  - Divestment process underway.
- **Copper turnaround**
  - Los Bronces & Collahuasi operational stability and improvement underpins performance.
- **De Beers**
  - Integration and delivery of operational improvement
- **Nickel recovery on track**



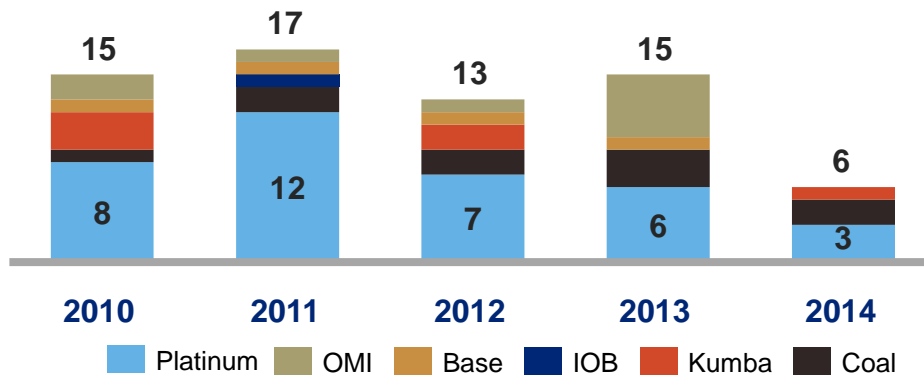
Minas-Rio

*...and we have stabilised operating performance across the business.*

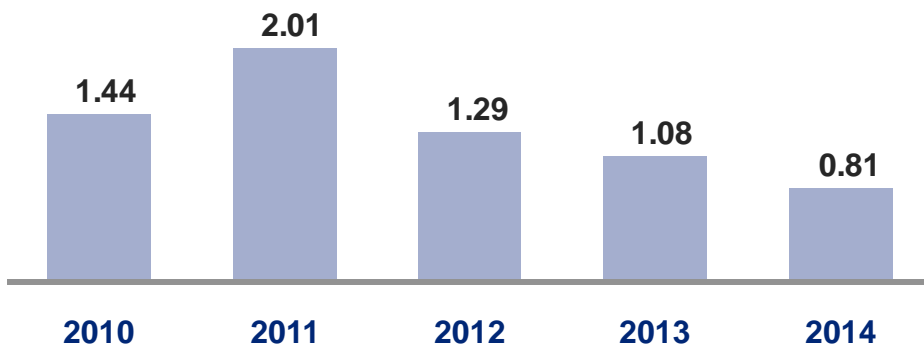
# OPERATING PERFORMANCE – SAFETY

*We have seen a significant reduction in fatalities and injuries...*

## Loss of life (by business)



## Total recordable case frequency rate (TRCFR)



## Performance Notes

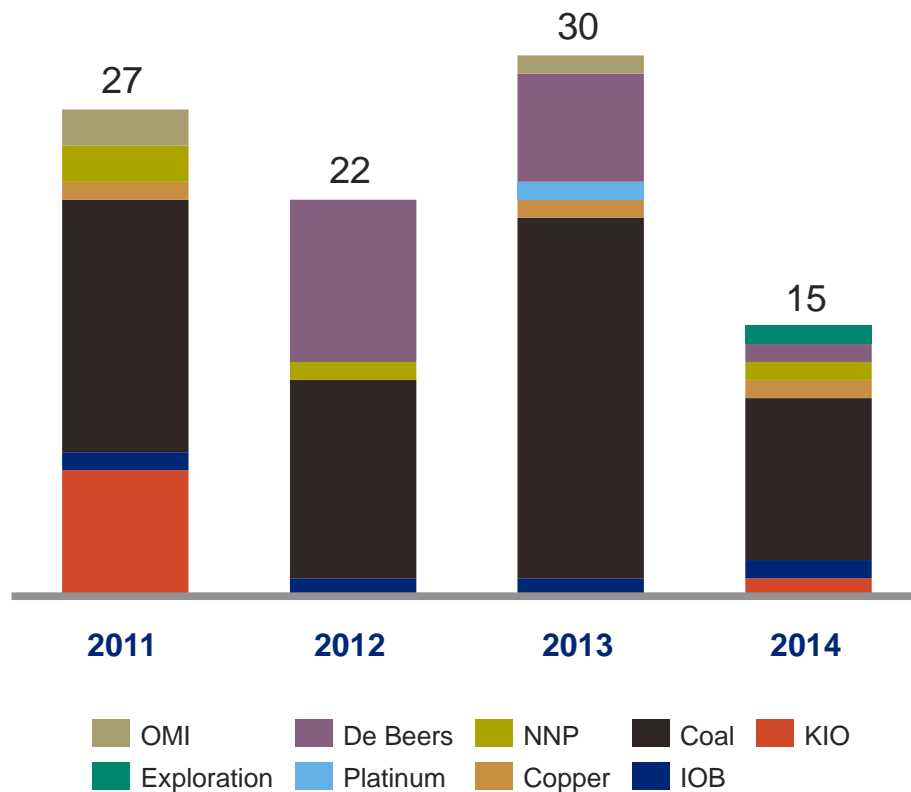
- We deeply regret the loss of six colleagues to incidents in Australia and South Africa.
- If we normalise for the Platinum strike improvement is still significant at ~ 50%.
- Focus on major hazards and associated controls has been key in our most significant single year improvement.
- Total injury frequency rate continues to decline reflecting focus on leadership, culture and employee involvement.
- Improvements have generally been achieved across the business.

*...with leadership focus and hazard management central to improvement.*

# OPERATING PERFORMANCE – ENVIRONMENTAL

*Major reduction in environmental emissions and spills reflects focus...*

## Environmental incidents (levels 3 to 5)



## Performance Notes

- Focus on hazards and management disciplines reflects alignment with safety approach.

## AA: Sustainable Work Practices

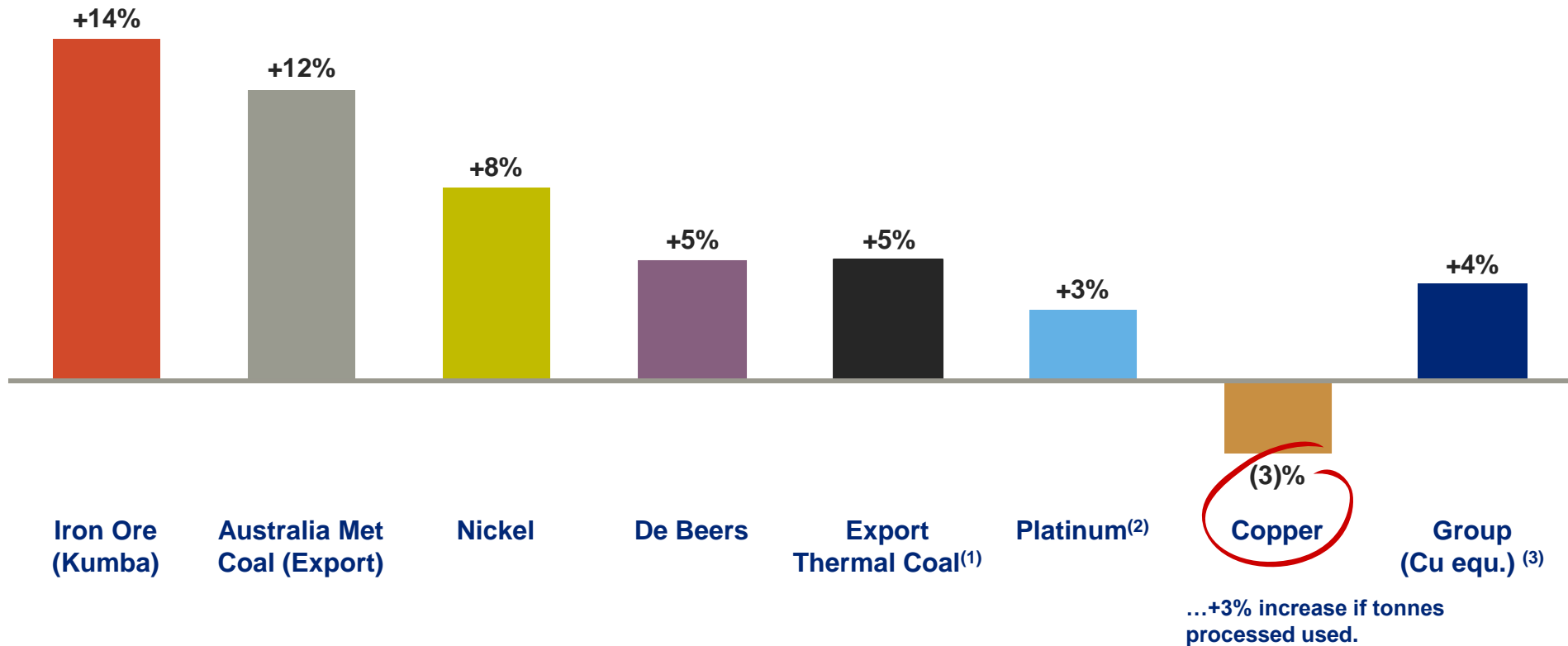
- One of only two mining companies to be awarded a Gold Class rating RobecoSAM Sustainability Index.
- Second in the Dow Jones Sustainability Index in 2014, scoring well above the industry average.
- Third in the industry on Environment Social Governance scoring 98 out of 100.
- First place in the Generali Corporate Social Responsibility index and mining and metals assessment.

*...and recognition of our responsibilities to communities...the work continues.*

# OPERATING PERFORMANCE – PRODUCTION

*Underlying performance improvements in all commodities...*

2014 versus 2013 (% change)



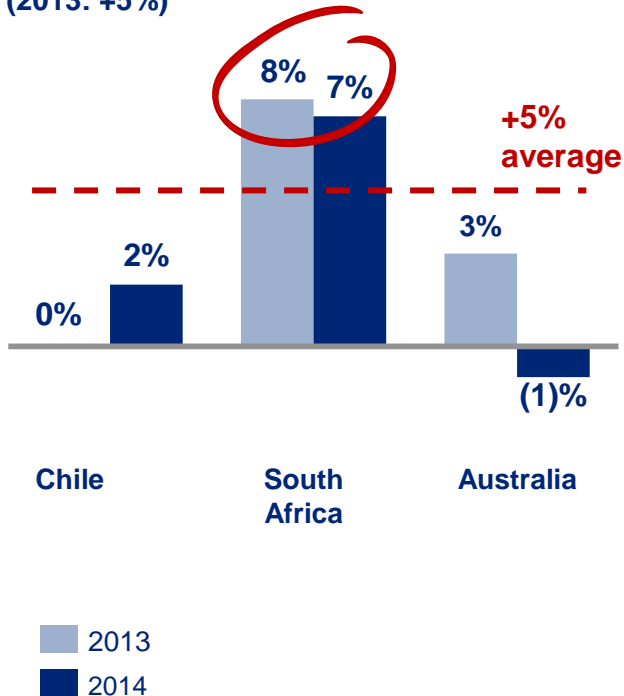
*...as we work on stability and improving the consistency of operations.*

# OPERATING PERFORMANCE – UNIT COSTS

*Productivity improvements and cost reductions across the business...*

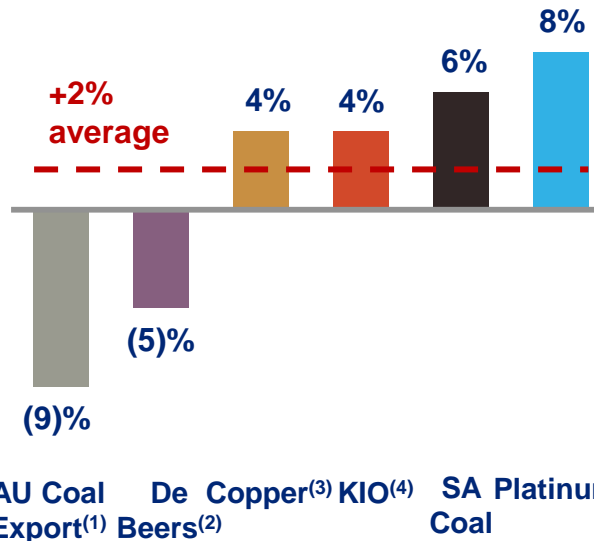
SA mining inflation remains high...

2014 Group: +5%  
(2013: +5%)



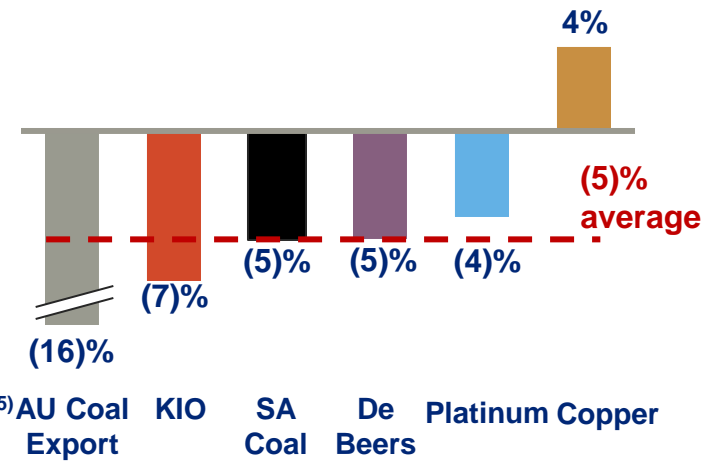
...driving SA unit cost increases...

2014 Group Cu equivalent:  
(local currency basis)



...with FX helping lower USD costs.

2014 Group Cu equivalent:  
(USD basis)



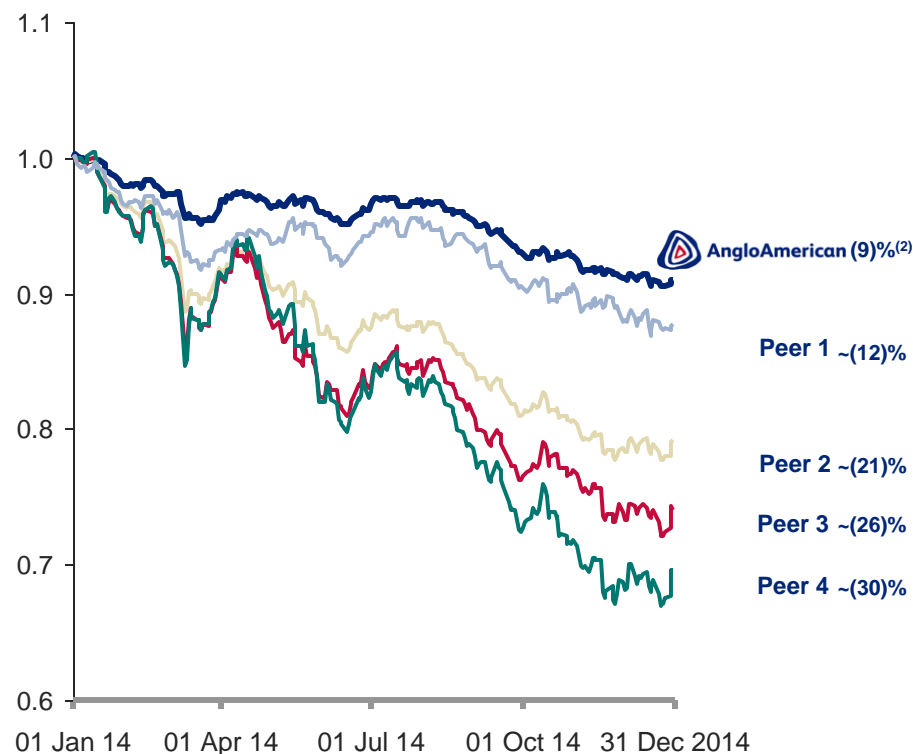
*...help offset cost inflation, grade declines and waste stripping pressures.*

# UNDERLYING EBIT – DIVERSITY MITIGATES PRICING

*Earnings impacted by lower commodity prices...*

\$m	2014		2013	Change
Iron Ore and Manganese	1,957	▼	3,119	(37)%
Coal	458	▼	587	(22)%
Copper	1,193	▼	1,739	(31)%
Nickel	21	▲	(44)	+148%
Niobium and Phosphates	124	▼	150	(17)%
Platinum	32	▼	464	(93)%
De Beers	1,363	▲	1,003	+36%
Corporate and Other	(215)	▲	(398)	+46%
<b>Underlying EBIT</b>	<b>4,933</b>		<b>6,620</b>	<b>(25)%</b>

Basket commodity price movements<sup>(1)</sup>



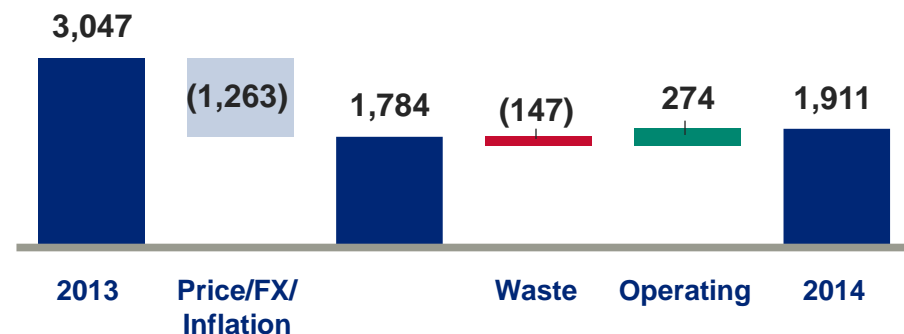
*...with De Beers and Nickel being the exceptions in the portfolio.*

# KUMBA

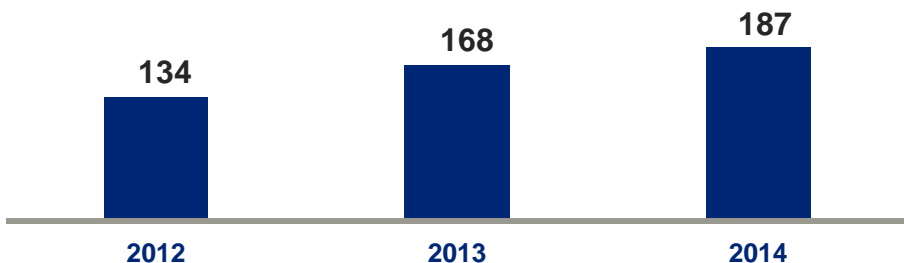
*Dramatically falling prices and higher waste stripping volumes...*

	Production	Realised price	FOB unit cost <sup>(1)</sup>	Underlying EBIT	Capex	ROCE	Sishen waste	Export sales
<b>2014</b>	48.2 Mt	\$91/t	\$34/t	\$1,911m	\$763m	60%	187 Mt	40.5 Mt
<b>vs. 2013</b>	+14%	(27)%	(7)%	(37)%	+16%	(39)pp	+12%	+4%

## Underlying EBIT (\$m)



## Sishen waste profile (Mt)



## Performance notes

- Increased export sales volumes as a result of Sishen turnaround and continuing outperformance at Kolomela.
- Costs impacted by increasing mining volumes, in line with the revised mine plan, partly offset by operating efficiencies.
- Finished product inventory rebuild.

## 2015 outlook and areas of focus

- 47-48 Mt overall production in 2015, with a target of 240-250Mt waste movement at Sishen.
- Operating model implementation across the remainder of the business to reposition the cost base.
- HO reductions ~50% complete, with remainder in Q1.

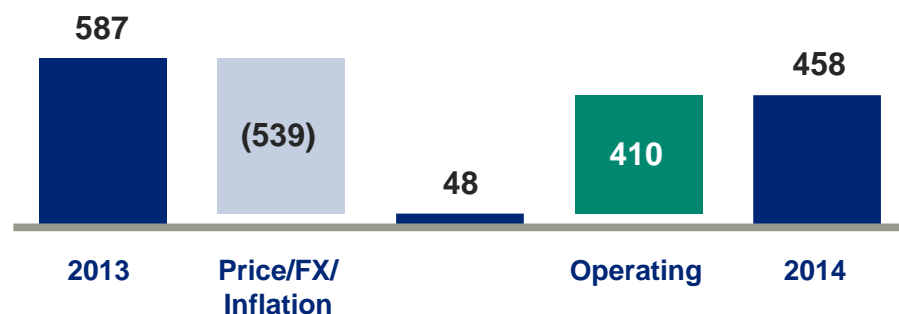
*...partially mitigated by Sishen turnaround and Kolomela performance.*

# COAL

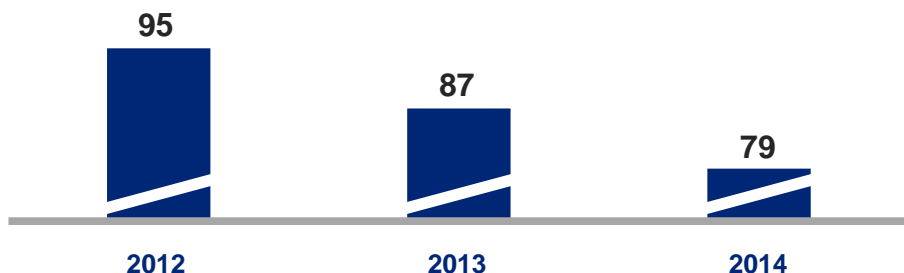
*Despite lower metallurgical and thermal coal pricing...*

	Export prod. met / thermal	FOB price met / thermal	Unit cost met / thermal <sup>(1)</sup>	Underlying EBIT	Capex	ROCE	SA UG – OEE <sup>(2)</sup> benchmark	Grasstree LW cutting hrs
<b>2014</b>	21Mt & 35Mt	\$111/t & \$69/t	\$71/t & \$45/t	\$458m	\$1,045m	7%	59%	92
<b>vs. 2013</b>	+12% & +1%	(21)% & (10)%	(16)% & (5)%	(22)%	(17)%	(1)pp	+6%	+33%

## Underlying EBIT (\$m)



## Australia FOB cash costs excl. royalty (A\$/t)



## Performance notes

- Record met coal production after Operating Model implementation in Australia and over 380 FTE reductions, driving 31% productivity improvement.
- Peace River Coal placed on care and maintenance.
- In SA productivity focus mitigated cost inflation.

## 2015 outlook and areas of focus

- Targeting Met 20-21Mt and Export thermal 28-30Mt in 2015.
- Complete operating model roll-out (including SA) and resolve equipment design issues at Moranbah.

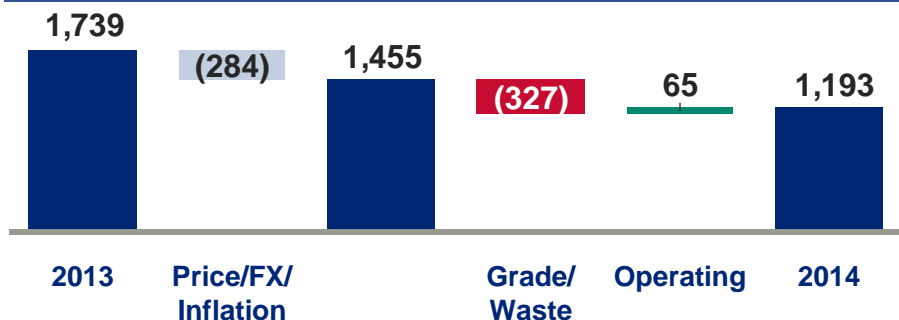
*...productivity and cost improvements have substantially mitigated earnings impact.*

# COPPER

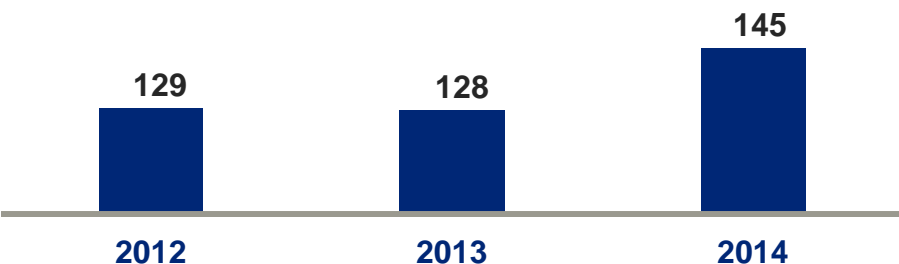
*Improved plant throughput performance and benefit of currency weakness...*

	Production	Realised price	C1 unit cost	Underlying EBIT	Capex	ROCE	Material mined	Sales
<b>2014</b>	748 kt	300c/lb	169c/lb	\$1,193m	\$728m	18%	373 Mt	755 kt
<b>vs. 2013</b>	(4)%	(8)%	+4%	(31)%	(24)%	(7)pp	+3%	(2)%

## Underlying EBIT (\$m)



## Los Bronces material mined (Mt)



## Performance notes

- Production impacted by lower grades, (5)% lower at Los Bronces (LB) and (34)% lower at El Soldado, partly offset by record throughput at LB.
- Cost increases reflect record mine waste at LB and Collahuasi, increased haulage distances at LB and higher TC/RCs.

## 2015 outlook and areas of focus

- 720-750kt production – H1 water scarcity risk.
- Focus is on portfolio optimisation and operating model roll-out at LB.

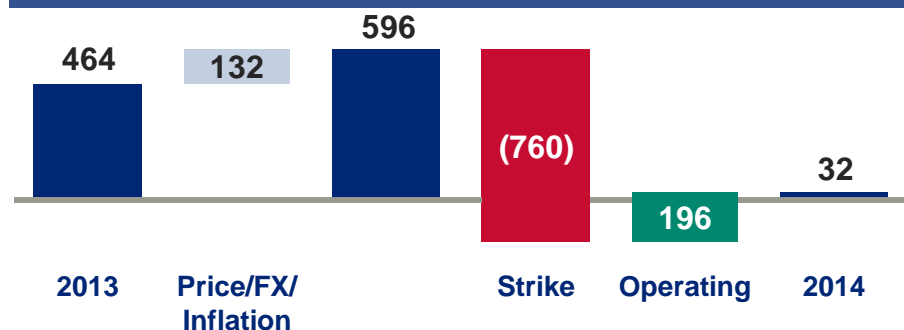
*...offset by lower copper price, falling grades and additional waste movement.*

# PLATINUM

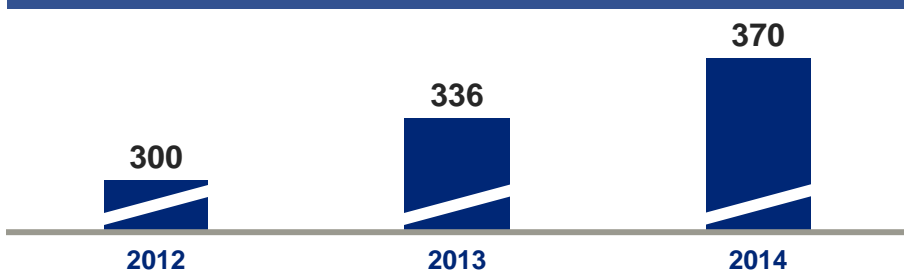
*Earnings impacted by five month strike and cost inflation...*

	Equ. ref. production	Realised Basket price	Unit cost	Underlying EBIT	Capex	ROCE	Pt sales	Headcount <sup>(1)</sup>
<b>2014</b>	1,842 koz	\$2,428/oz	\$2,112/oz	\$32m	\$576m	0%	2,115 k/oz	42,100
<b>vs. 2013</b>	(21)%	+3%	+20%	(93)%	(4)%	(5)pp	(9)%	(12)%

## Underlying EBIT (\$m)



## Mogalakwena equivalent refined production (koz)



## Performance notes

- Lower production: 5 month strike, partly offset by Mogalakwena and JV performance improvement.
- Revenue levels supported by inventory drawdown and higher sales of base and minor PGMs.
- Ensured all contractual sales obligations to customers were met.

## 2015 outlook and areas of focus

- ~2.3 to 2.4 M platinum ounces in 2015.
- Focus is on repositioning the portfolio and continued optimisation.

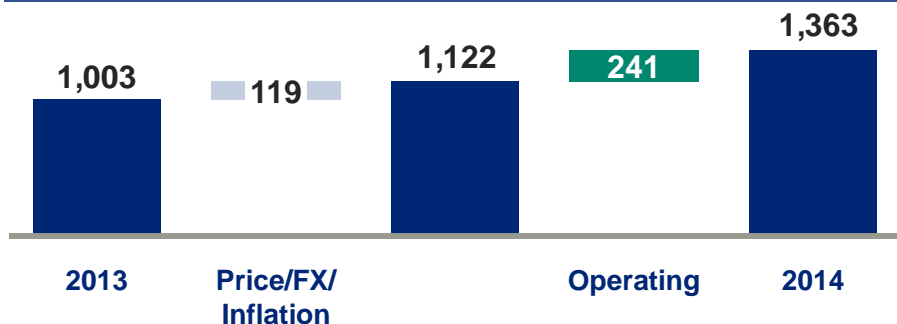
*...while Mogalakwena shows its rising potential.*

# DE BEERS

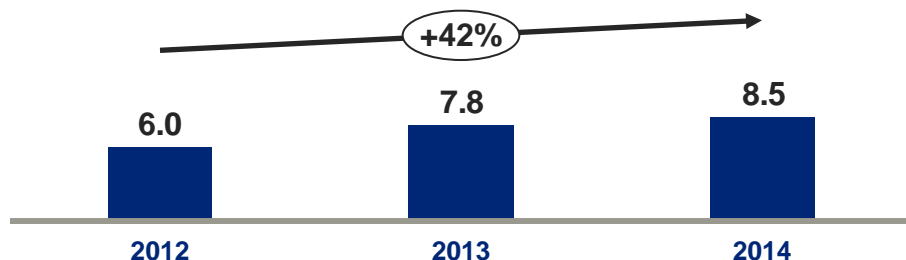
## Strong sales and operating performance...

	Production <sup>(1)</sup>	Realised price	Unit cost	Underlying EBIT	Capex	ROCE	Sales (Cons.) <sup>(1)</sup>	Index price
<b>2014</b>	32.6Mct	\$198/ct	\$68/ct	\$1,363m	\$689m	15%	32.7Mct	+7%
<b>vs. 2013</b>	+5%	0%	(5)%	+36%	+45%	+4pp	+12%	

### Underlying EBIT (\$m)



### Jwaneng tonnes treated (million)



### Performance notes

- Sales volumes up due to midstream restocking and third party supply issues.
- Strong sales enabled by improved production at Debswana, partly offset by Snap Lake.
- Performance continued to improve at Jwaneng and Orapa, with both delivering higher output and lower costs.

### 2015 outlook and areas of focus

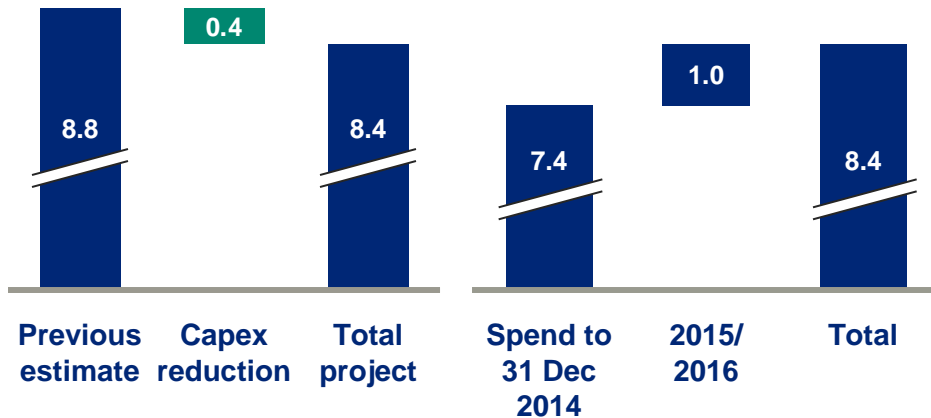
- Production guidance in the range of 32-34Mct maintained.
- Focus on progressing key capital projects.
- Price eased in Q4 2014 and start of 2015.

...position the business for ongoing improvement.

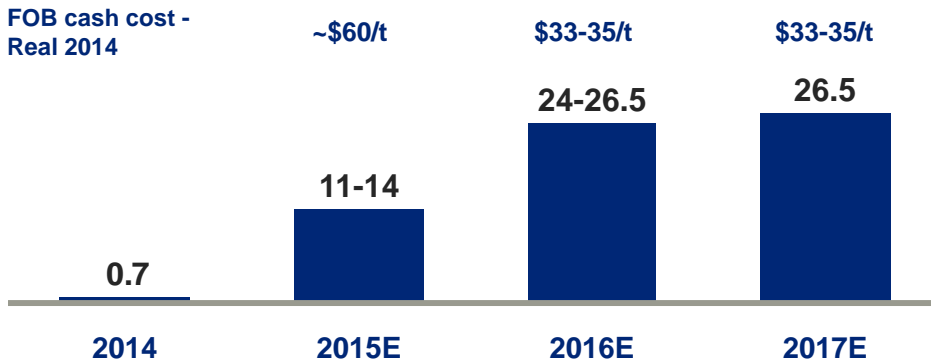
# MINAS-RIO

*Successfully shipped first ore on 25 October 2014...*

## Delivered project at \$8.4 billion capex



## Product ramp-up (Mt - wet basis) and FOB cash cost



## Performance notes

- Iron ore production volume of 0.7 Mt (wet basis) in 2014.
- Three shipments made in 2014, representing sales volumes of 0.2 Mt pellet feed.
- \$7.4bn total capex to end of 2014 and \$1.0bn additional to spend 2015/2016.
- Solid operational performance since FOOS.

## 2015 outlook and areas of focus

- Focus to deliver ramp-up to design capacity during Q2 2016.
- Licensing process to continue in line with Brazilian requirements.

*...focus is now on a safe ramp-up to 24-26.5Mt in 2016.*

# KEY PROJECTS IN EXECUTION OR RAMPING TO CAPACITY

*Major projects are approaching completion...*



**Met Coal - Grosvenor (100% ownership)**

- Project remains on target for first longwall production in late 2016
- Infrastructure options being evaluated to capture value from complex



**Niobium - Boa Vista Fresh Rock (100% ownership)**

- Delivered first production in November 2014
- Expected to reach 6.8kt nameplate capacity in 2017



**Export Thermal Coal - Cerrejon P40 (33% ownership)**

- Completed in the year; increasing infrastructure capacity for exports
- Capacity in place, but ramp-up constrained due to market conditions



**Diamonds - Gahcho Kué (51% ownership)**

- Commenced construction following receipt of permits
- Expected to deliver ~52 Mcts (100%) over 13 years from H2 2016

*...our capital allocation model ensures discipline.*

# FINANCIALS

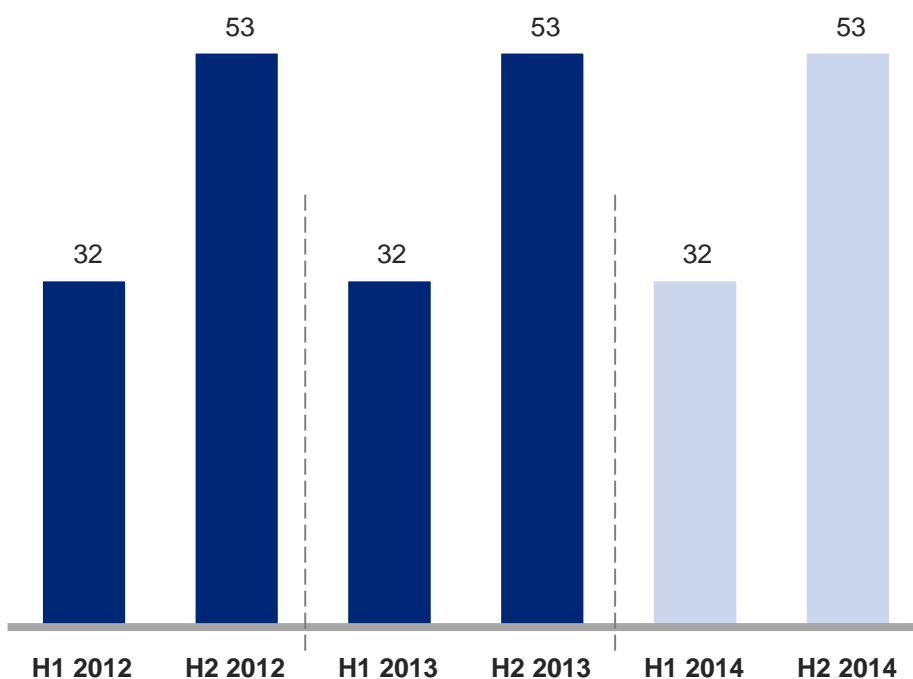
René Medori



# 2014 RESULTS

*Despite weaker pricing environment...*

## Dividends per share (cents/share)



## Key financials

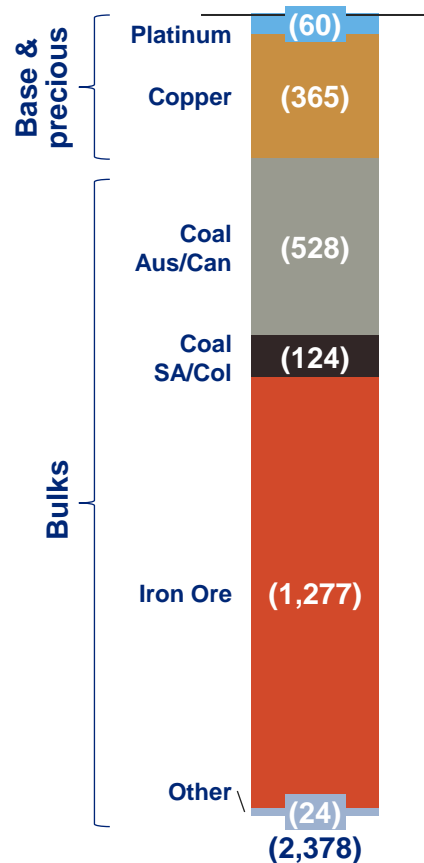
\$bn	2014	2013	Change
Underlying EBITDA	7.8	9.5	(18)%
Underlying EBIT	4.9	6.6	(25)%
Effective tax rate	29.8%	32.0%	
Underlying earnings	2.2	2.7	(17)%
Earning per share	1.73	2.09	(17)%
Capital expenditure	6.0	6.1	(1)%
Net debt	12.9	10.7	+21%
Attributable ROCE <sup>(1)</sup>	8%	11%	

*...dividend maintained and balance sheet protected.*

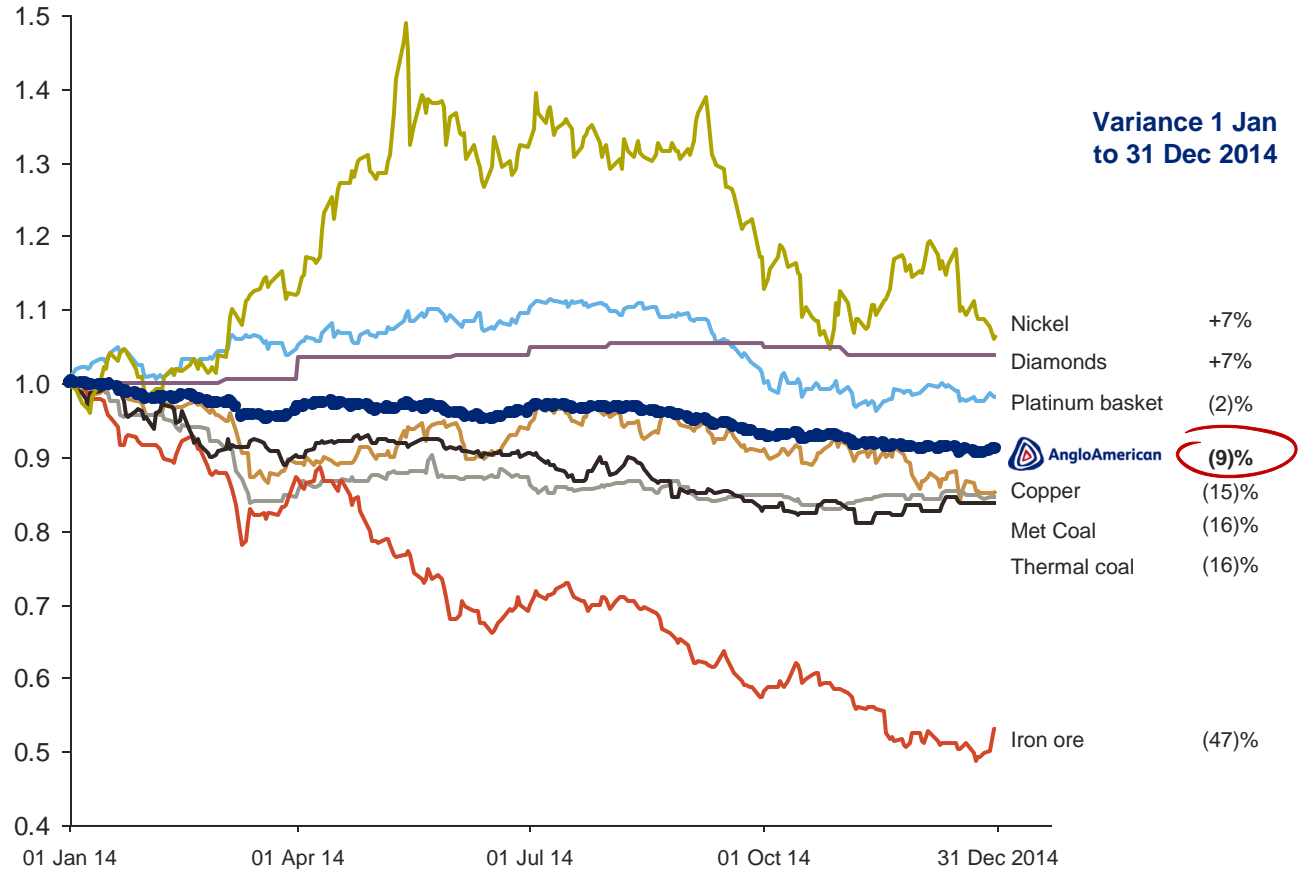
# PRICE VARIANCE

*Whilst our diversified portfolio has provided an element of protection...*

2014 vs. 2013 EBIT variance (\$m)



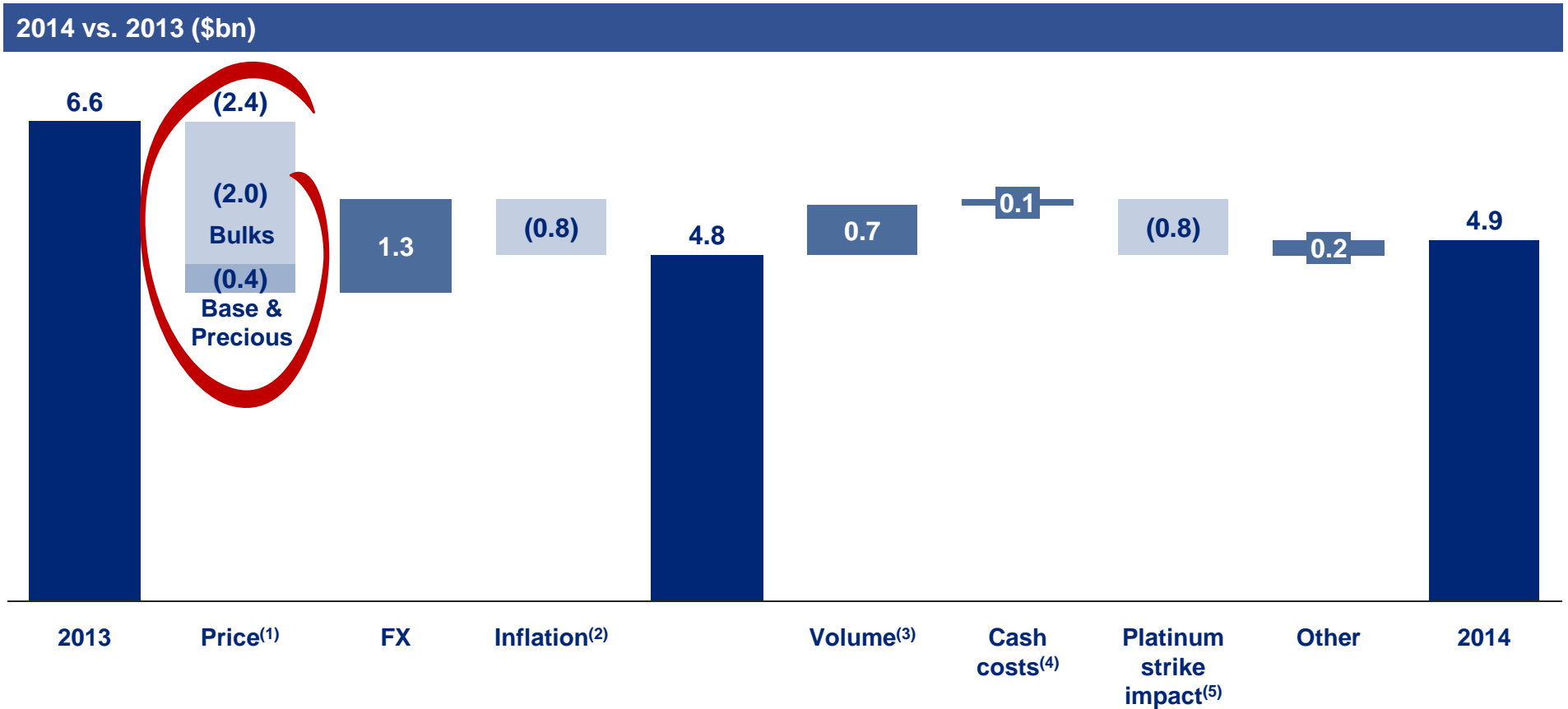
Indexed commodity prices (1 Jan 2014 = 1)



*...significantly lower bulks prices have had a major impact on earnings.*

# 2014 EBIT VARIANCE

*Improved operational performance...*



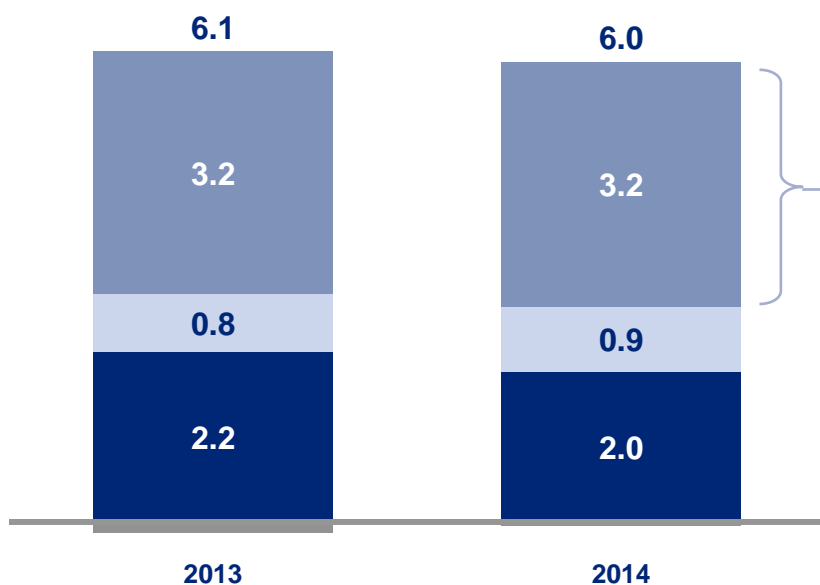
*...offset by weaker prices and platinum strike.*

# GROUP CAPITAL EXPENDITURE

*Continued focus on reduction in committed spend and optimisation of SIB capex...*

## Capital expenditure (\$bn)

- Expansionary<sup>(1)</sup>
- Development & stripping
- Stay in Business (SIB)
- Proceeds from disposal of property, plant and equipment



## Expansionary capital expenditure (\$bn)

(\$bn)	2013	2014
Minas-Rio	1.9	1.9
Grosvenor	0.5	0.5
Platinum projects	0.2	0.2
Others	0.6	0.6
<b>Total</b>	<b>3.2</b>	<b>3.2</b>

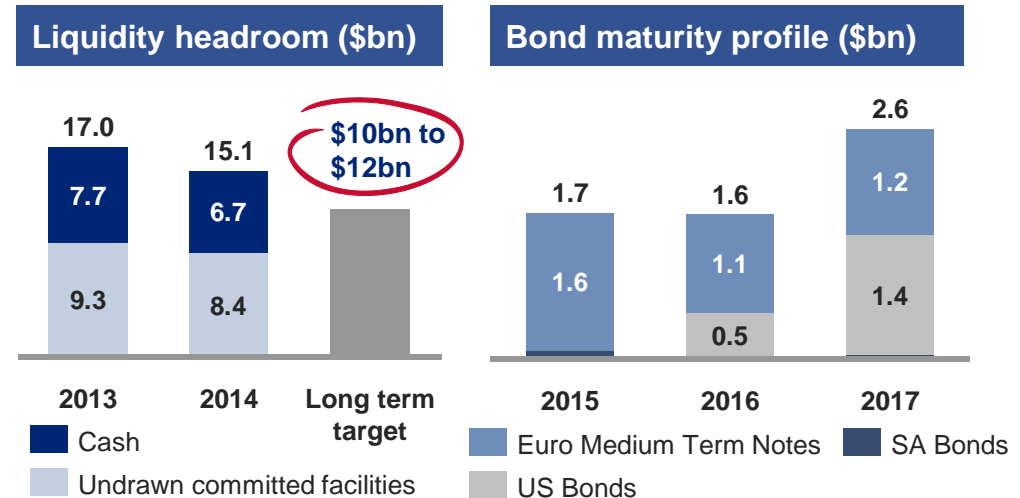
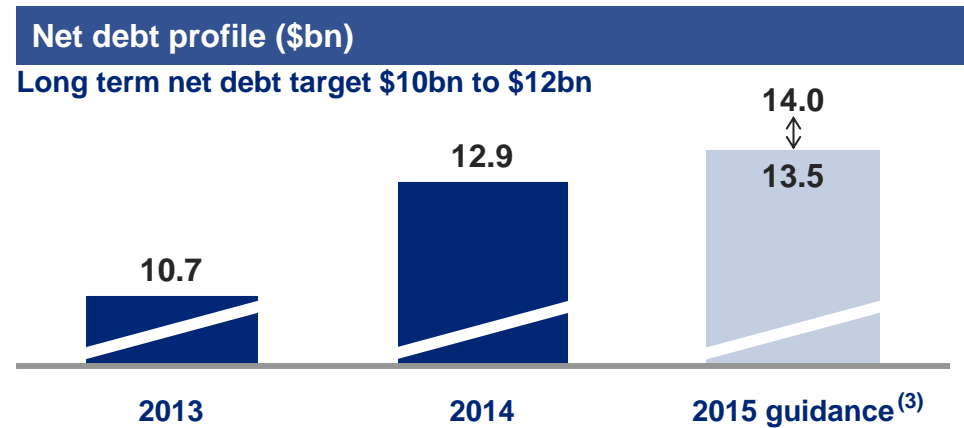
Guidance (\$bn) <sup>(2)</sup>	2015
Capital expenditure	~5.2
<i>(Previous guidance)</i>	<i>5.2 - 5.5</i>

*...will contribute to increased capital flexibility post-2015.*

# NET DEBT PROFILE

*Lower prices are impacting our net debt position...*

Net debt (\$bn)	
Opening net debt – 1 January 2014	10.7
Cash flow from operations	(6.9)
Capital expenditure <sup>(1)</sup>	6.0
Cash tax paid	1.3
Net interest <sup>(2)</sup>	0.5
Dividends paid to non-controlling interests	0.8
AA plc dividend to shareholders	1.1
Dividends from associates, joint ventures and financial asset investments	(0.5)
Other	(0.1)
<b>Closing net debt – 31 December 2014</b>	<b>12.9</b>



*...but we are taking steps to offset these headwinds.*

# PROGRESSING ON OUR DIVESTMENT PROGRAMME

*It's our strategic intent to focus the portfolio...*

- **Lafarge Tarmac 2015 sale on track (£885m)**
  - Conditional on Holcim/Lafarge merger.
  - Lafarge and Holcim to sell assets, including Lafarge Tarmac<sup>(1)</sup> to CRH.
- **Platinum**
  - Union: shortlisted parties commenced due diligence in January.
  - Rustenburg: progressing with listing preparation. In parallel interested parties are undertaking due diligence.
- **Copper**
  - Mantos Blancos/Mantoverde – sale process to commence in H1 2015.
  - El Soldado/Chagres – in consultation with key stakeholders.
- **SA domestic coal**
  - Reviewing options to reconfigure SA domestic business with stakeholder engagement in Q1 2015.
- **Australia coal assets**
  - Dawson, Foxleigh, Callide, Dartbrook for sale.
  - Sale processes to commence in H1 2015.



*...and proceeds will provide us with balance sheet flexibility.*

# CONCLUSION & LOOKING FORWARD

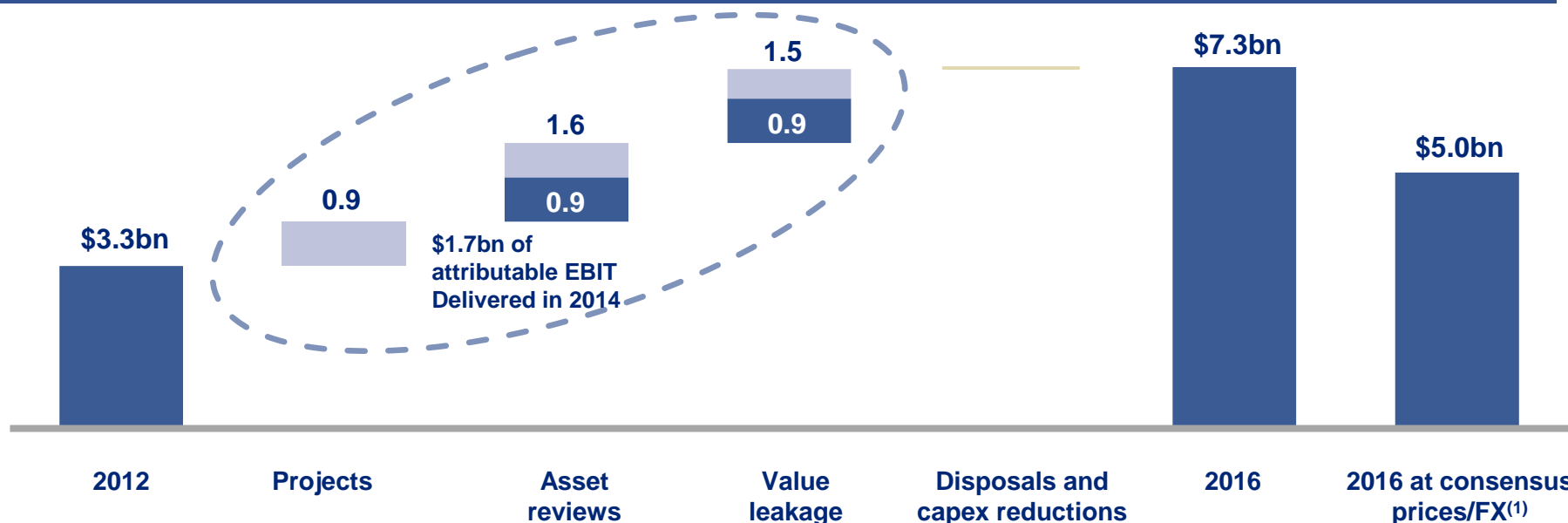
Mark Cutifani



# DRIVING VALUE – \$1.7BN RUN RATE SAVINGS ACHIEVED

*We are rebuilding our portfolio and our performance engine...*

Attributable EBIT \$bn @ 30 June 2013 prices and FX



	2012	Projects	Asset reviews	Value leakage	Disposals and capex reductions	2016	2016 at consensus prices/FX <sup>(1)</sup>
Attributable capital employed	\$35bn		+15		(4)	\$45bn	\$42bn
Attributable ROCE	9%		+6%		+1%	16%	12%

■ Delivered in 2014 ■ Identified not delivered

*...with \$1.7bn of \$4bn target already delivered by end 2014.*

# DRIVING VALUE – PROJECTS...\$0.9BN AT 30 JUNE 2013 PRICES

*We have established control of our major projects...*

Project	2014 delivered	2016 estimate	Comment
Minas-Rio	-	\$800m	<ul style="list-style-type: none"> <li>Commissioned 2 months early</li> <li>Forecast capex \$400m below revised budget</li> </ul>
Boa Vista Fresh Rock	-	\$15m	<ul style="list-style-type: none"> <li>Represents net impact as oxide reaches end of life</li> <li>Commissioned on track</li> </ul>
Barro-Alto	-	\$100m	<ul style="list-style-type: none"> <li>No. 2 Furnace rebuild on track</li> </ul>
Grosvenor (previously not included)	-	-	<ul style="list-style-type: none"> <li>Commercial production expected early 2017, ~\$100m EBIT contribution thereafter</li> <li>Schedule on track; Budget on track – nominal contribution likely</li> </ul>
Cerrejón P40	-	-	<ul style="list-style-type: none"> <li>Schedule impacted by licensing delays</li> <li>Mine design change to deliver target</li> </ul>
<b>Total</b>	-	<b>\$915m</b>	<b>Impact of current spot price/FX ~ \$500m lower on '16 est.</b>

*...and we are tracking delivery against our 2013 target schedules and budgets.*

# DRIVING VALUE – ASSET REVIEW...\$1.6BN AT 30 JUNE 2013 PRICES

*We are already seeing the benefits of our operational improvement initiatives...*

Business Unit	Operation	2014 delivered	2016 estimate	Comment
<b>Coal Australia</b>	Moranbah/Grasstree – UG	\$400m	\$550m	<ul style="list-style-type: none"> <li>e.g. 2014: 49% increase in production vs. 2012</li> <li>Improved equipment effectiveness</li> </ul>
	Capcoal/Dawson - OP		\$50m	
<b>Coal SA</b>	All operations	\$50m	\$50m	<ul style="list-style-type: none"> <li>Improved Continuous Miner, Dragline/Dozer effectiveness</li> </ul>
<b>Copper</b>	Los Bronces throughput	\$200m	\$200m	<ul style="list-style-type: none"> <li>e.g. 2014 a 13% increase in throughput vs. 2012</li> </ul>
	Collahuasi throughput	\$200m	\$300m	<ul style="list-style-type: none"> <li>e.g. 2014 a 5% increase in throughput vs. 2012</li> </ul>
	Grade at various mines	\$100m	\$(100)m	<ul style="list-style-type: none"> <li>Significant worsening in grades to 2016</li> </ul>
	Costs at all operations	\$(250)m	\$(350)m	<ul style="list-style-type: none"> <li>Higher TC/RCs, depreciation and waste increases</li> </ul>
<b>De Beers</b>	Throughput	\$120m	\$150m	<ul style="list-style-type: none"> <li>Mine and process improvements</li> </ul>
<b>Kumba</b>	Kolomela production	\$100m	\$100m	<ul style="list-style-type: none"> <li>e.g. 2014 a 36% increase production vs. 2012</li> </ul>
	Sishen production	\$100m	\$200m	<ul style="list-style-type: none"> <li>e.g. 2014 a 5% increase production vs. 2012</li> </ul>
	Sishen waste	\$(150)m	\$(150)m	<ul style="list-style-type: none"> <li>Increased waste due to mine geology</li> </ul>
<b>Various</b>	Various	-	\$600m	<ul style="list-style-type: none"> <li>Kolomela - Production increasing to 13mtpa</li> <li>Coal Aus - Further productivity improvements</li> <li>Copper - Incremental volume through mine/plant uptime</li> <li>De Beers - throughput increases</li> </ul>
	<b>Benefits</b>	<b>\$870m</b>	<b>\$1,600m</b>	<b>Impact of current spot price/FX ~ \$700m lower on '16 est.</b>

*...with more than half our 2016 target already delivered.*

# DRIVING VALUE – VALUE LEAKAGE...\$1.5BN AT 30 JUNE 2013 PRICES

*We are restructuring our overhead and support cost base...*

Value leakage	2014 delivered	2016 estimate	Comment
<b>Project expenditure</b>	\$330m	\$300m	<ul style="list-style-type: none"> <li>• Low value projects stopped (Pebble etc.)</li> <li>• Other projects rescheduled or prioritised</li> </ul>
<b>Supply chain</b>	\$20m	\$100m	<ul style="list-style-type: none"> <li>• Strategic contracts (Joy, Caterpillar, Komatsu)</li> <li>• Rebuilding global/regional contracts</li> </ul>
<b>Marketing</b>	\$320m	\$400m	<ul style="list-style-type: none"> <li>• Delivered prices +3% above reference price</li> <li>• Combined impact from Platinum, Copper, Kumba and Coal</li> </ul>
<b>Overheads</b>	\$200m	\$500m	<ul style="list-style-type: none"> <li>• Platinum/Coal targets delivered</li> <li>• Corporate/Kumba/Base Metals in process</li> </ul>
<b>Other</b>	-	\$200m	<ul style="list-style-type: none"> <li>• Marketing - additional sales benefits above \$400m target</li> <li>• Overhead - reductions arising from portfolio reconfigurations only partially factored into previous programmes</li> </ul>
<b>Total</b>	<b>\$870m</b>	<b>\$1,500m</b>	<b>Impact of current spot price/FX ~ Negligible</b>

*...and we are tracking on each of our key change programmes.*

# KEY RISKS

*We are managing the business in difficult times...*



Zibulo colliery

## KEY RISKS

- **Asset disposal...current price environment**
  - Operating strategy developed for each asset
  - Sale for value
  - Continue to refine portfolio
- **Water in Chile/Brazil...5th year of droughts**
  - Alternate sources identified
  - Additional contingencies in place
  - Residual risk remains
- **Power in South Africa...peak system loadings**
  - Platinum smelters have excess installed capacity
  - Coal scheduling has some flexibility
  - Kumba load management has flexibility
- **Mining licences...global trend**
  - Development Partner Framework Model
  - Environmental compliance performance focus
  - Licence processes challenging

*...and our focus remains on managing key risks to minimise potential disruption.*

# 2015 DELIVERABLES

*A clear set of deliverables...*

## **Minas-Rio**

- Ramp up to ~80% capacity by year end.

## **Portfolio**

- Lafarge Tarmac completion targeted for 2015.
- Other assets in process.

## **Roll-out of ‘Operating model’ to priority assets**

- Sishen (remaining areas), Kolomela, Mogalakwena, Los Bronces and Minas-Rio.

## **South Africa cost restructuring**

- Kumba.....restructuring the cost base.
- Platinum.....restructuring shafts and rightsizing.
- Thermal Coal.....operating model roll-out.



*...as our transformation continues to build momentum.*

# APPENDIX

# PRODUCTION OUTLOOK<sup>(1)</sup>

	2013	2014	2015	2016	2017
<b>Copper</b> <sup>(2)</sup>	775Kt	748kt	720-750kt	720-750kt	710-740kt
<b>Nickel</b> <sup>(3)</sup>	34kt	37kt	20-25kt	40-45kt	42-45kt
<b>Iron ore (Kumba)</b> <sup>(4)</sup>	42Mt	48Mt	47-48Mt	49-51Mt Previously 48-50 Mt	49-51Mt Previously 48-50 Mt
<b>Iron ore (Minas-Rio)</b> <sup>(5)</sup>	-	0.7Mt	11-14Mt	24-26.5Mt	26.5Mt
<b>Metallurgical coal</b>	19Mt	21Mt	20-21Mt	21-22Mt	24-25Mt
<b>Thermal coal</b> <sup>(6)</sup>	28Mt	29Mt	28-30Mt	28-30Mt	28-30Mt
<b>Platinum</b> <sup>(7)</sup>	2.3Moz	1.8Moz	2.3-2.4Moz	2.4-2.5Moz <sup>(8)</sup>	2.5-2.6Moz <sup>(8)</sup>
<b>Diamonds</b>	31.2Mct	32.6Mct	32-34Mct	-	-

(1) All numbers are stated before impact of potential disposals

(2) Copper business unit only

(3) Nickel business unit excluding Loma de Níquel in 2012

(4) Excluding Thabazimbi

(5) Minas-Rio 2016 guidance is dependent on the 18 to 20 month ramp-up schedule

(6) Export South Africa and Colombia

(7) Equivalent refined production

(8) Reflects additional production from JVs and third parties

# RECONCILIATION OF TOTAL CAPITAL EMPLOYED TO AVERAGE ATTRIBUTABLE CAPITAL EMPLOYED

\$bn	31 Dec 2014	31 Dec 2013 <sup>(1)</sup>	31 Dec 2012 <sup>(1)</sup>
Net assets	32	37	44
Less: financial asset investments	(1)	(2)	(2)
Add: net debt	13	11	9
Less: De Beers fair value adjustment on 45% pre-existing stake <sup>(2)</sup>	(1)	(1)	(2)
<b>Total capital employed</b>	<b>43</b>	<b>45</b>	<b>48</b>
Less: 2013 impairments deducted from capital employed <sup>(3)</sup>	-	-	(1)
Add: 2013 impairments where no benefit taken for attributable ROCE purposes <sup>(4)</sup>	1	1	-
Add: 2014 impairments where no benefit taken for attributable ROCE purposes <sup>(5)</sup>	4	-	-
<b>Total capital employed</b>	<b>47</b>	<b>46</b>	<b>46</b>
Less: non-controlling interest capital employed	(6)	(6)	(7)
<b>Closing attributable capital employed</b>	<b>41</b>	<b>40</b>	<b>40</b>
<b>Average attributable capital employed</b>	<b>40</b>	<b>40</b>	<b>38</b>

\$bn	2014	2013 <sup>(1)</sup>	2012 <sup>(1)</sup>
Underlying EBIT	4.9	6.6	6.3
NCI EBIT	(1.5)	(2.3)	(2.2)
Attributable EBIT – pre-corporate cost allocations/recharges	3.4	4.3	4.1
<b>Attributable EBIT – post-corporate cost allocations/recharges</b>	<b>3.4</b>	<b>4.4</b>	<b>4.1</b>

(1) Historical numbers corrected for rounding and BU attributable percentages

(2) Removal of the accounting fair value uplift on the Group's existing 45% holding in De Beers following acquisition of control on 16 August 2012.

(3) 2013 impairments and disposals announced before 10 December 2013 (post-tax) deducted from capital employed: Barro Alto furnace (\$0.2bn), Platinum portfolio review (\$0.3bn), Michiquillay (\$0.3bn), Isibonelo and Kleinkopje (\$0.2bn), loss on disposal of Amapa (\$0.2bn) and exit from Pebble (\$0.3bn)

(4) 2013 impairments (post tax) not removed from capital employed: Barro Alto (\$0.5bn) and Foxleigh (\$0.2bn)

(5) 2014 impairments (post tax) not removed from capital employed: Minas Rio (\$3.5bn) and Coal (\$0.3bn)

# ATTRIBUTABLE ROCE

Business units	2014			2013		
	Attributable EBIT <sup>(1)</sup> (\$bn)	Average attributable capital employed (\$bn)	Attributable ROCE (%)	Attributable EBIT <sup>(1)</sup> (\$bn)	Average attributable capital employed <sup>(2)</sup> (\$bn)	Attributable ROCE <sup>(2)</sup> (%)
Kumba	1.0	1.6	60%	1.6	1.6	99%
IOB	(0.1)	8.4	(1)%	(0.1)	6.5	(1)%
Manganese	0.2	0.8	22%	0.2	0.9	23%
Coal	<b>0.4</b>	<b>6.2</b>	<b>7%</b>	<b>0.6</b>	<b>6.9</b>	<b>8%</b>
- Aust/Canada	(0.1)	4.2	(1)%	0.0	4.6	1%
- South Africa	0.3	1.1	30%	0.3	1.2	27%
- Colombia	0.1	1.0	15%	0.2	1.0	20%
Copper	0.8	4.8	18%	1.2	4.5	25%
Nickel	0.0	2.3	1%	(0.0)	2.2	(2)%
Niobium and Phosphates	0.1	0.8	16%	0.1	0.6	24%
Platinum	0.0	6.1	0%	0.3	6.8	5%
De Beers	1.1	7.7	15%	0.9	8.1	11%
<b>Total Group<sup>(3)</sup></b>	<b>3.4</b>	<b>40.4</b>	<b>8%</b>	<b>4.4</b>	<b>39.7</b>	<b>11%</b>

(1) Stated after corporate cost allocations and recharges

(2) Historical numbers corrected for rounding and Business Unit attributable percentages

(3) Includes the Corporate and other segment

# EARNINGS SENSITIVITIES<sup>(1)</sup>

Sensitivities analysis			Impact of change (\$m)
Commodity / Currency	Movement	Average	EBIT
Iron Ore (62% CFR China)	\$10/t	97	370
Hard Coking Coal (FOB Australia)	\$10/t	125	121
PCI	\$10/t	92	76
Thermal Coal (FOB South Africa)	\$10/t	72	188
Thermal Coal (FOB Australia)	\$10/t	71	55
Copper (LME) <sup>(2)</sup>	10c/lb	311	150
Nickel (LME) <sup>(3)</sup>	10c/lb	765	7
Platinum	\$100/oz	1,385	160
Palladium	\$100/oz	803	96
Rhodium	\$100/oz	1,173	15
South African Rand <sup>(4)</sup>	ZAR / USD 0.10	10.85	71
Australian Dollar <sup>(4)</sup>	AUD / USD 0.01	1.11	17
Brazilian Real <sup>(4)</sup>	BRL / USD 0.10	2.35	18
Chilean Peso <sup>(4)</sup>	CLP / USD 10.0	571	17
Pound Sterling <sup>(4)</sup>	GBP / USD 0.10	0.61	11
Canadian Dollar <sup>(4)</sup>	CAD / USD 0.01	1.10	7
Oil price <sup>(5)</sup>	\$10 / bbl	99	98

(1) Reflects change in actual results for FY14 (including the impact on associates & JVs, unless noted otherwise)

(2) Includes copper from both the Copper and Platinum Business Units

(3) Includes nickel from both the Nickel and Platinum Business Units

(4) Impact based on average exchange rate for the period

(5) Excludes the impact on associates & JVs

# AVERAGE MARKET PRICES

	2014	2013	Change
Iron ore (62% Fe CFR) <sup>(1)</sup> - \$/t	97	135	(28)%
Thermal coal (FOB South Africa) - \$/t	72	80	(10)%
Thermal coal (FOB Australia) - \$/t	71	84	(15)%
HCC (FOB Australia average quarterly benchmark) - \$/t	125	159	(21)%
Copper (LME) - cents/lb	311	332	(6)%
Nickel (LME) - cents/lb	765	680	+13%
Platinum - \$/oz	1,385	1,487	(7)%
Platinum basket (realised) - \$/oz	2,428	2,360	+3%
Palladium - \$/oz	803	725	+11%
Rhodium - \$/oz	1,173	1,067	+10%

(1) Different products are priced against a number of different indices in the market. IODEX 62% has been used in this instance as a generic industry benchmark against which to compare average realised prices.

# CAPITAL EXPENDITURE<sup>(1)</sup>

\$m	2014	2013	Change
Kumba Iron Ore	763	655	+16%
Iron Ore Brazil	1,922	1,863	+3%
Coal	1,005	1,263	(20)%
Copper	728	959	(24)%
Nickel	14	(28)	n/a-
Niobium and Phosphates	239	236	+1%
Platinum	576	601	(4)%
De Beers	689	476	+45%
Corporate and other	42	50	(16)%
<b>Total capital expenditure</b>	<b>6,018</b>	<b>6,075</b>	<b>(1)%</b>

(1) Shown net of cashflows from derivatives, direct funding received from non-controlling interests, and proceeds from disposals of property, plant and equipment.

# PRICE AND FX ASSUMPTIONS FOR ROCE TARGET

Commodity and currency	30 June 2013	31 December 2014 <sup>(1)</sup>
Iron Ore 62% Fe CFR <sup>(2)</sup>	\$116/t	\$72/t
Thermal FOB South Africa	\$74/t	\$66/t
Thermal FOB Australia	\$78/t	\$65/t
HCC FOB Australia	\$145/t <sup>(3)</sup>	\$119/t
Copper	306c/lb	288c/lb
Nickel	619c/lb	677c/lb
Platinum	\$1,317/oz	\$1,210/oz
Palladium	\$643/oz	\$798/oz
Rhodium	\$1,000/oz	\$1,245/oz
ZAR/USD	Rand 9.97	Rand 11.57
BRL/USD	Real 2.22	Real 2.66
AUD/USD	A\$1.09	A\$1.22
CLP/USD	Peso 507	Peso 607

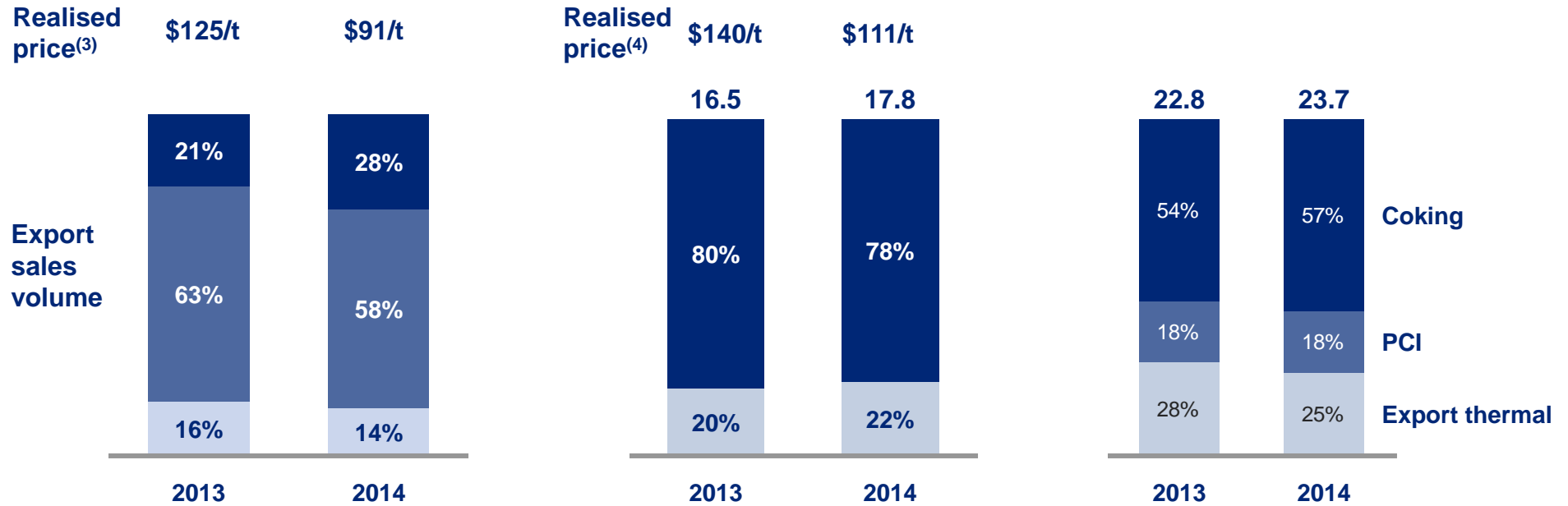
(1) Year end spot rates

(2) Different products are priced against a number of different indices in the market. IODEX 62% has been used in this instance as a generic industry benchmark against which to compare average realised prices.

(3) Q3 2013 benchmark. Previously stated \$172/t represented Q2 2013 benchmark

# PRICE VARIANCE – BULKS

Iron ore sales<sup>(1)</sup> (Mt)      Metallurgical coal sales<sup>(2)</sup> (Mt) Higher-margin mix



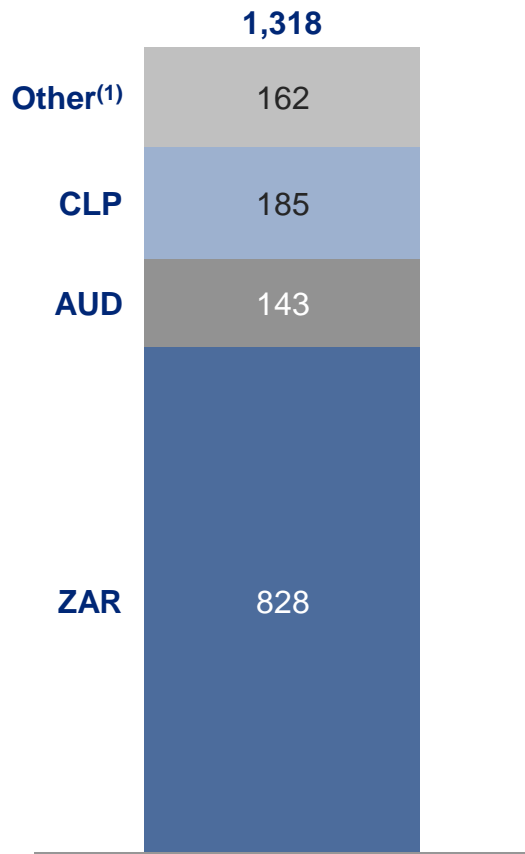
Index / spot  
 Contract  
 QAMOM<sup>(5)</sup>

Quarterly benchmark  
 Monthly Benchmark and Spot

(1) Kumba Iron Ore  
 (2) Excludes Jellinbah (an associate)  
 (3) Kumba's realised export basket price.  
 (4) Realised price for metallurgical coal (hard coking coal and pulverised coal injection)  
 (5) QAMOM is a pricing mechanism based on average quarter in arrears minus one month.

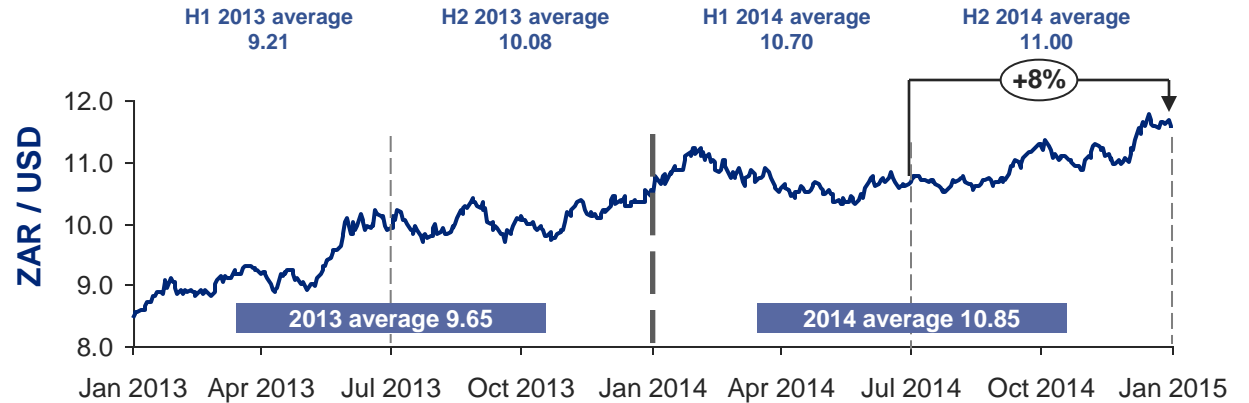
# EXCHANGE VARIANCE

2014 vs. 2013 (\$m)

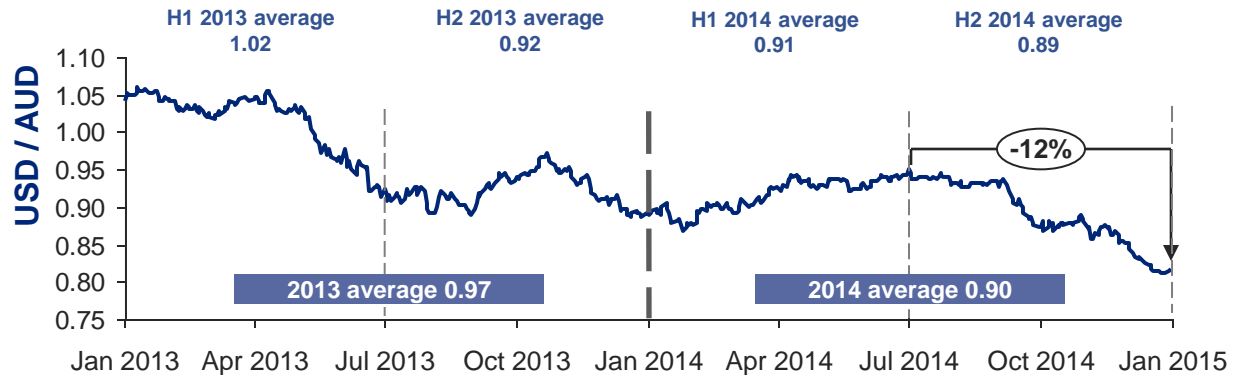


(1) Includes BRL, CAD, BWP, GBP and EUR

Rand weekend 12% compared to 2013



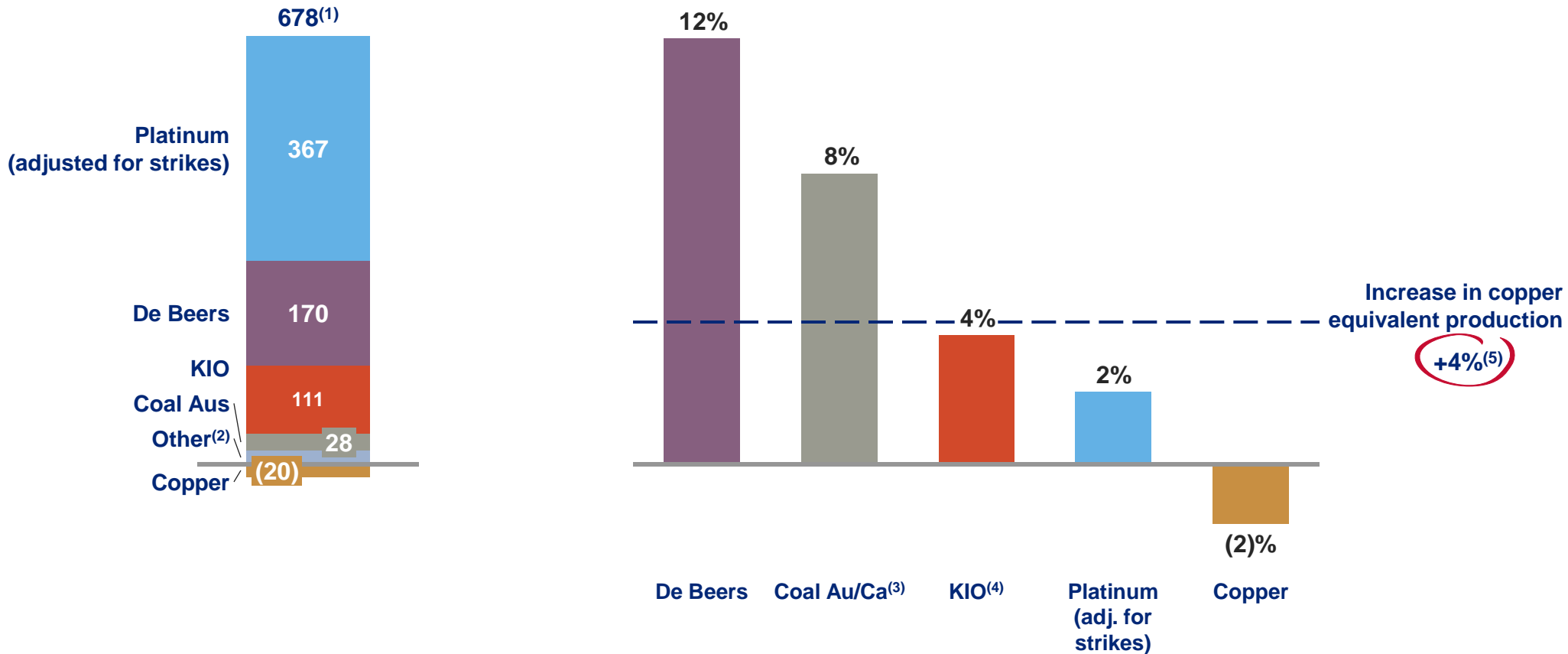
AUD 7% against the USD in 2014



# SALES VOLUME VARIANCE

2014 vs. 2013 (\$m)

Sales volume performance (% change vs. 2013)



(1) Total Business Unit variance (excludes Barro Alto, for which revenues and operating costs are capitalised as it has not reached commercial production)

(2) Primarily comprises Coal South Africa, Nickel (Codemin only), Niobium and Phosphates

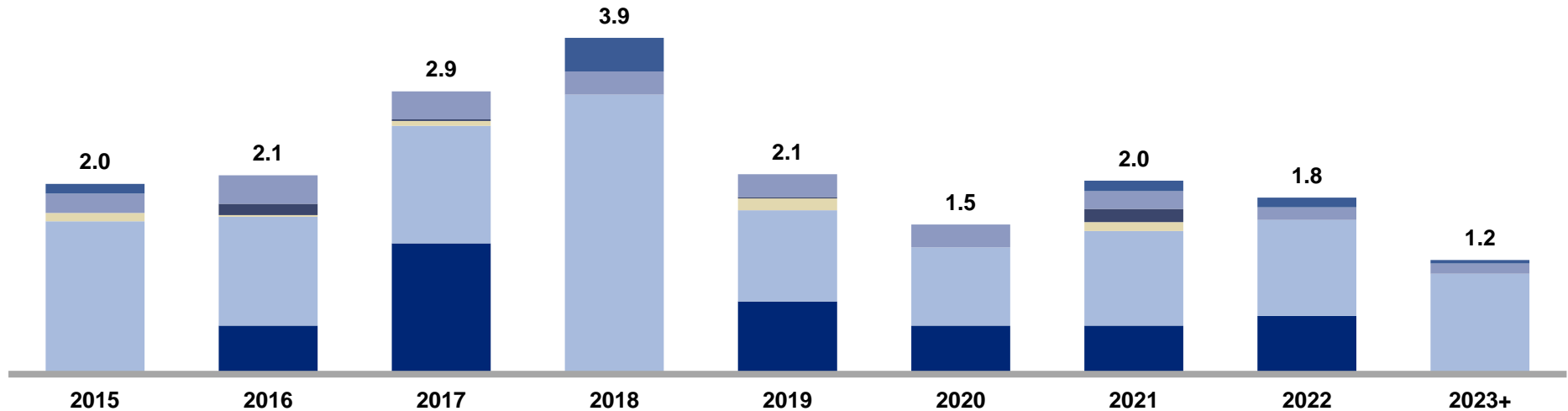
(3) Export metallurgical coal sales, excluding Jellinbah (an associate)

(4) Total Kumba sales

(5) Increase in production in copper equivalent terms, adjusted for the impact of the strike at Anglo American Platinum (532koz platinum plus associated by- and co-products)

# DEBT MATURITY PROFILE AT 31 DECEMBER 2014

Debt repayments (\$bn) at 31 December 2014



	Euro Bonds	US\$ Bonds	A\$ Bonds	Other Bonds	Corporate bank debt	BNDES Financing	Other subs. bank debt	De Beers
% of portfolio	59%	22%	3%	2%	0%	10%	3%	1%
	Capital markets 86%				Bank 14%			

- US bonds
- Euro bonds
- Other bonds
- Corporate bank debt
- De Beers
- Subsidiary financing other
- BNDES financing

# DE BEERS: KEY FINANCIAL METRICS

US\$bn	H1 2014	H2 2014	FY 2014	H1 2013	H2 2013	FY 2013
<b>Revenue<sup>(1)</sup></b>	<b>3.8</b>	<b>3.2</b>	<b>7.0</b>	<b>3.3</b>	<b>3.0</b>	<b>6.3</b>
Rough diamond sales	3.5	3.0	6.5	3.0	2.8	5.8
Element Six and other	0.3	0.2	0.5	0.3	0.2	0.5
Production costs	(0.7)	(0.6)	(1.3)	(0.6)	(0.6)	(1.2)
Purchases of diamonds	(1.9)	(1.6)	(3.5)	(1.7)	(1.4)	(3.1)
Depreciation and amortisation <sup>(2)</sup>	(0.2)	(0.2)	(0.4)	(0.2)	(0.2)	(0.4)
Marketing, overheads and other	(0.2)	(0.2)	(0.4)	(0.2)	(0.4)	(0.6)
<b>Underlying EBIT profit</b>	<b>0.8</b>	<b>0.6</b>	<b>1.4</b>	<b>0.6</b>	<b>0.4</b>	<b>1.0</b>
Underlying EBIT profit – mining	0.6	0.5	1.1	0.5	0.4	0.9
Underlying EBIT profit – trading	0.3	0.3	0.6	0.2	0.1	0.3
Underlying EBIT profit – other <sup>(3)</sup>	(0.1)	(0.2)	(0.3)	(0.1)	(0.1)	(0.2)
Operating profit margin on sales %	20%	18%	19%	18%	15%	16%
<b>EBITDA</b>	<b>1.0</b>	<b>0.8</b>	<b>1.8</b>	<b>0.8</b>	<b>0.7</b>	<b>1.5</b>
EBITDA margin on sales %	26%	25%	26%	24%	23%	24%
<b>Underlying earnings</b>	<b>0.5</b>	<b>0.4</b>	<b>0.9</b>	<b>0.3</b>	<b>0.2</b>	<b>0.5</b>
<b>Free cash flow</b>	<b>0.4</b>	<b>0.3</b>	<b>0.7</b>	<b>0.3</b>	<b>0.3</b>	<b>0.6</b>
<b>Attributable return on capital employed<sup>(4)</sup></b>			<b>15%</b>			<b>11%</b>

(1) Excludes revenue from equity accounted joint ventures and associates.

(2) Includes Anglo American Purchase Price Allocation depreciation and amortisation (PPA) (FY 2014 - \$150m; FY 2013 - \$148m).

(3) Includes E6, downstream, PPA and other.

(4) ROCE is stated after the impact of Anglo American acquisition accounting (PPA – Purchase Price Allocation).

# DE BEERS: SUPPLEMENTARY DATA BY KEY MINE (1 OF 2)

		H1 2014	H2 2014	FY 2014	H1 2013	H2 2013	FY 2013
Debswana (50%/19.2% economic interest)	<b>Jwaneng</b>						
	Waste mined (Mt)	58.5	56.7	115.2	45.9	58.0	103.9
	Ore mined (Mt)	5.0	5.6	10.6	3.5	4.6	8.1
	Material treated (Mt)	3.9	4.6	8.5	3.4	4.4	7.8
	Grade (cpht) <sup>(2)</sup>	124	142	134	151	120	134
	Carats recovered (Mct) <sup>(3)</sup>	4.9	6.4	11.3	5.2	5.2	10.4
	Average price (US\$/ct) <sup>(4)</sup>	249	249	249	223	234	228
	<b>Orapa Regime</b>						
	Waste mined (Mt)	7.1	7.7	14.8	7.6	9.9	17.5
	Ore mined (Mt)	9.3	8.9	18.2	8.1	7.3	15.4
	Material treated (Mt)	7.5	7.6	15.1	6.8	6.5	13.3
	Grade (cpht) <sup>2</sup>	95	77	86	84	102	92
Carats recovered (Mct) <sup>(3)</sup>	7.1	5.8	12.9	5.7	6.6	12.3	
Average price (US\$/ct) <sup>(4)</sup>	110	118	113	102	113	107	
Namdeb Holdings (50%)	<b>Namdeb (Land)</b>						
	Waste mined (Mt)	19.1	17.2	36.3	18.5	14.8	33.3
	Ore mined (Mt)	5.4	4.4	9.8	4.8	5.0	9.8
	Material treated (Mt)	6.1	4.8	10.9	5.6	5.4	11.0
	Grade (cpht) <sup>2</sup>	6	6	6	5	6	6
	Carats recovered (Mct) <sup>(3)</sup>	0.3	0.3	0.6	0.3	0.3	0.6
	Average price (US\$/ct) <sup>(4)</sup>	571	519	544	553	533	543
	<b>Debmarine Namibia</b>						
	Sq metres mined (million)	5.6	5.7	11.3	4.9	5.8	10.7
	Grade (cpm <sup>2</sup> ) <sup>(2)</sup>	0.11	0.11	0.11	0.11	0.10	0.11
Carats recovered (Mct) <sup>(3)</sup>	0.6	0.7	1.3	0.6	0.6	1.2	
Average price (US\$/ct) <sup>(4)</sup>	586	612	599	584	578	581	

# DE BEERS: SUPPLEMENTARY DATA BY KEY MINE (2 OF 2)

		H1 2014	H2 2014	FY 2014	H1 2013	H2 2013	FY 2013
DBCM (74%)	<b>Venetia</b>						
	Waste mined (Mt)	21.7	19.9	41.6	17.4	12.4	29.8
	Ore mined (Mt)	2.7	3.2	5.9	1.4	3.5	4.9
	Material treated (Mt)	2.9	2.6	5.5	2.7	2.8	5.5
	Grade (cpht) <sup>(2)</sup>	47	70	58	33	82	58
	Carats recovered (Mct) <sup>(3)</sup>	1.4	1.8	3.2	0.9	2.3	3.2
	Average price (US\$/ct) <sup>(4)</sup>	156	178	165	194	174	187
De Beers Canada (100%)	<b>Snap Lake</b>						
	Waste mined (Mt)	0.1	0.0	0.1	0.1	0.1	0.2
	Ore mined (Mt)	0.5	0.5	1.0	0.5	0.6	1.1
	Material treated (Mt)	0.5	0.5	1.0	0.5	0.6	1.1
	Grade (cpht) <sup>(2)</sup>	120	110	115	119	111	115
	Carats recovered (Mct) <sup>(3)</sup>	0.6	0.6	1.2	0.6	0.7	1.3
	Average price (US\$/ct) <sup>(4)</sup>	186	178	182	197	176	186
De Beers Canada (100%)	<b>Victor</b>						
	Waste mined (Mt)	3.5	4.0	7.5	3.0	4.3	7.3
	Ore mined (Mt)	1.3	1.6	2.9	1.4	1.5	2.9
	Material treated (Mt)	1.4	1.6	3.0	1.4	1.6	3.0
	Grade (cpht) <sup>(2)</sup>	24	18	21	22	23	22
	Carats recovered (Mct) <sup>(3)</sup>	0.3	0.3	0.6	0.3	0.4	0.7
	Average price (US\$/ct) <sup>(4)</sup>	559	583	571	588	524	560

(1) Orapa Regime includes Orapa, Letlhakane and Damtshaa mines

(2) cpht is carats per hundred tonnes; cpm<sup>2</sup> is carats per square metre mined

(3) Mct is million carats

(4) Based on 100% of Standard Selling Value of carats sold

# ROCE AND ATTRIBUTABLE ROCE – DEFINITION

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**Return on capital employed (ROCE)** is a ratio that measures the efficiency and profitability of a company's capital investments. It displays how effectively assets are generating profit for the size of invested capital.

**ROCE** is calculated as underlying EBIT divided by capital employed.

**Adjusted ROCE** calculation is underlying EBIT divided by adjusted capital employed. Adjusted capital employed is net assets excluding net debt and financial asset investments, adjusted for remeasurements of a previously held equity interest as a result of business combinations and impairments incurred in the current year and reported since 10 December 2013. Earnings and return impacts from such impairments (due to reduced depreciation or amortisation expense) are not taken into account.

**Attributable ROCE** is the return on the adjusted capital employed attributable to equity shareholders of Anglo American, and therefore excludes the portion of underlying EBIT and capital employed attributable to non-controlling interests in operations where Anglo American has control but does not hold 100% of the equity. Joint ventures, joint operations and associates are included in their proportionate interest and in line with appropriate accounting treatment.

# FOOTNOTES

## Slide 9

- (1) Includes RSA trade and Cerrejón
- (2) Only including mines unaffected by the strike. Including strike affected mines: 2014 vs prior year: (21)%
- (3) Production on 100% basis and adjusted for Platinum strikes (+532koz)

## Slide 10

- (1) AUS FOB/t cash cost in local currency; Coal SA comprises SA Trade only
- (2) USD Total cost per carat recovered
- (3) USD C0 c/lb cash cost
- (4) FOB/t cash cost in local currency; includes Sishen and Kolomela
- (5) 8% based on unit cost of R18,494 which is normalised for strikes - adjusting ounces and costs of the affected mines to exclude the strike impact for total Anglo American Platinum. Platinum actual unit cost increase vs. prior year (including strike impact) of 34% (R22,917)

## Slide 11

- (1) Commodities covering more than 90% of revenue flexed for peers
- (2) Price line is equivalent to weighted average daily revenue to FY 2014 sales volumes. Anglo American includes Diamonds and FY sales volumes, Anglo American excluding Diamonds is (13)%

## Slide 12

- (1) Weighted average (Sishen and Kolomela)

## Slide 13

- (1) Unit costs shown relate to Australia Export mines and Coal SA Trade mines only
- (2) OEE is a productivity measurement that compares performance against the benchmark of overall equipment efficiency

## Slide 15

- (1) Headcount relates to own mines only (mines and concentrators)

## Slide 16

- (1) Production shown on 100% basis, whilst sales shown on a consolidated basis

## Slide 20

- (1) Excludes non-controlling interest share of capital employed and operating profit, and De Beers fair value uplift on original 45% shareholding. See appendix for further detail around the calculation of attributable ROCE

## Slide 22

- (1) Price variance calculated as increase/(decrease) in price multiplied by current period sales volume and includes positive impact of marketing initiatives embedded as part of Driving Value
- (2) Inflation variance calculated using CPI on prior period cash operating costs that have been impacted directly by inflation
- (3) Volume variance calculated as increase/(decrease) in sales volumes multiplied by prior period profit margin and includes impact of asset review benefits net of headwinds
- (4) Includes inventory movements and cost reduction initiatives embedded as part of Driving Value programme
- (5) Incremental costs resulting from Platinum strike and forgone sales

## Slide 23

- (1) Capital expenditure relating to feasibility studies, project construction and includes profit and losses on pre-commercial production. The expansionary category includes the cash flows from derivatives related to capital expenditure and is net of direct funding for capital expenditure received from non-controlling interests. 2013 has been restated
- (2) Capex excludes operating profits and losses capitalised

## Slide 24

- (1) Capital expenditure is defined as cash expenditure on property, plant and equipment including related derivatives, and is now presented net of proceeds from disposal of property, plant and equipment and includes direct funding for capital expenditure from non-controlling interests in order to match more closely the way in which it is managed
- (2) Net interest includes the impact of derivatives hedging net debt
- (3) Net debt guidance for 2015 assumes Tarmac disposal

## Slide 25

- (1) With the exception of the Cauldon cement plant

## Slide 27

- (1) Bloomberg consensus at end of January 2015