

DELIVERING ON OUR POTENTIAL

Bank of America Merrill Lynch 2017 Global Metals, Mining & Steel Conference: May 2017



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Front cover images (clockwise from top left): Copper geologist; Minas-Rio (iron ore) primary crushing; Global Sightholder Sales (diamonds), Gaborone; Los Bronces (copper), mineral control; Iron ore stockpile at Saldanha; Forevermark bridal jewellery; pure platinum grain at the Precious Metals Refinery.

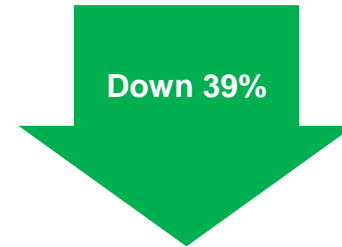
TODAY...A FUNDAMENTALLY DIFFERENT BUSINESS

A more efficient business...

Number of assets¹



Headcount²

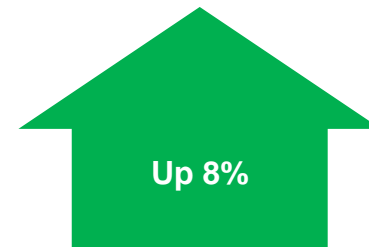


...an improved competitive position...

Unit costs²

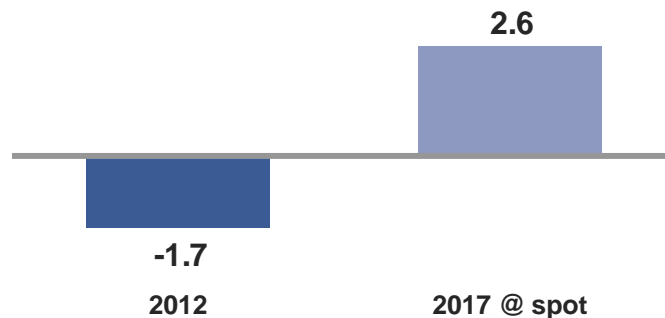


Production²

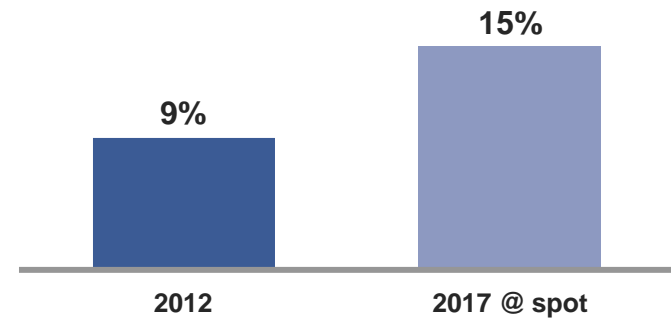


...generating more cash and higher returns.

Attributable free cash flow³ (\$bn)



Attributable ROCE³

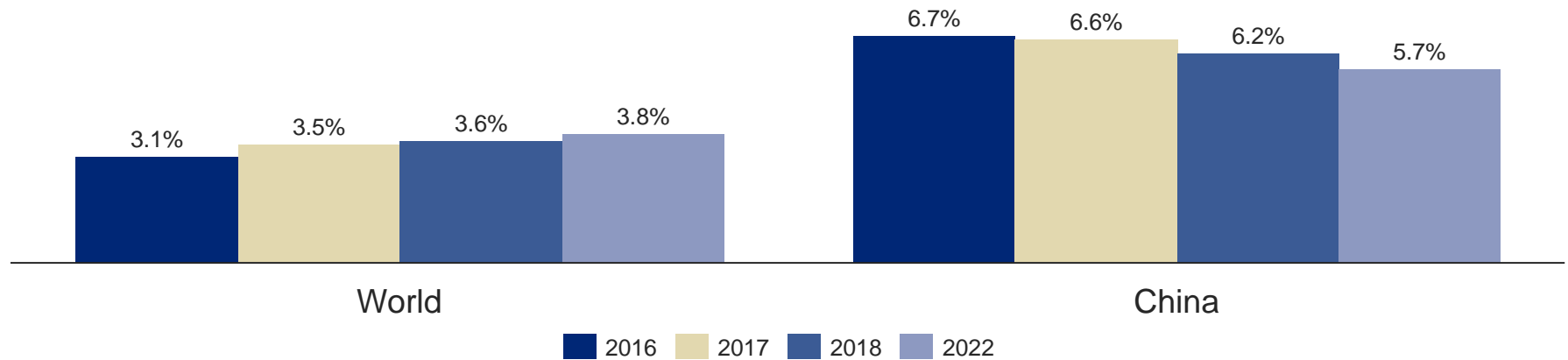


SETTING THE SCENE

Global growth outlook (real GDP)⁴

Improving growth rates driven by emerging markets

Declining growth but off a much higher base



- Demand outlook broadly positive – global growth averaging ~3.5% in the next five years.
- Late cycle commodities well positioned in the longer term.
- Increasing industry-wide supply side challenges, but bulks generally well supplied.
- Price volatility likely to remain.

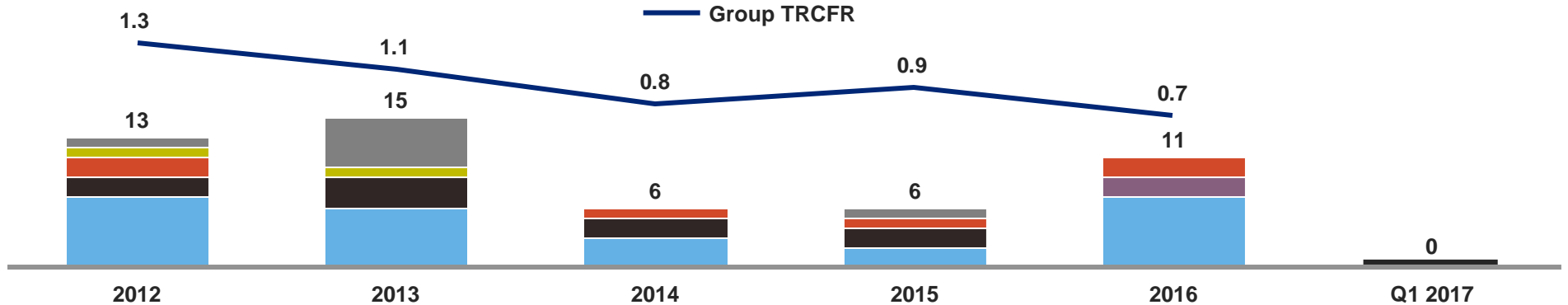
DELIVERING ON COMMITMENTS



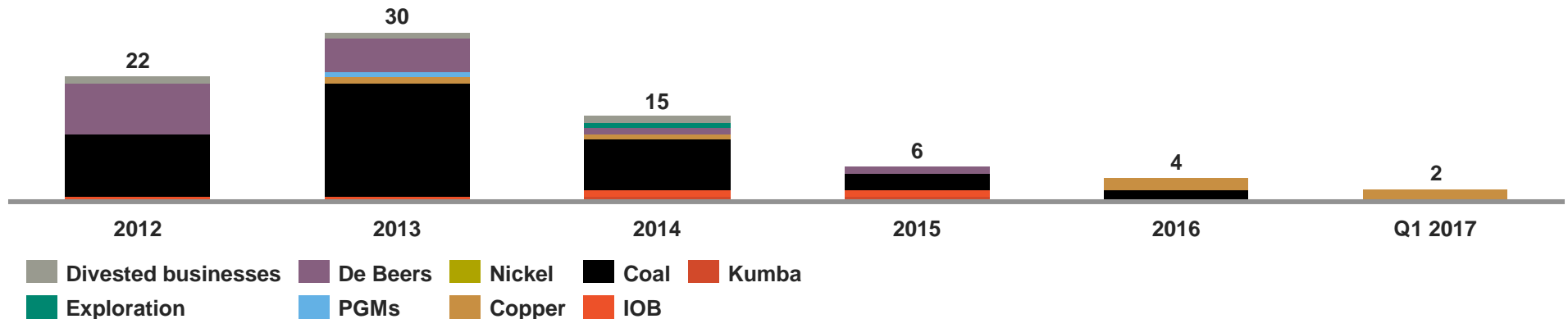
Conveyor at Sishen iron ore mine

SAFETY & ENVIRONMENT

Loss of life and TRCFR⁵ – committed to achieving zero harm

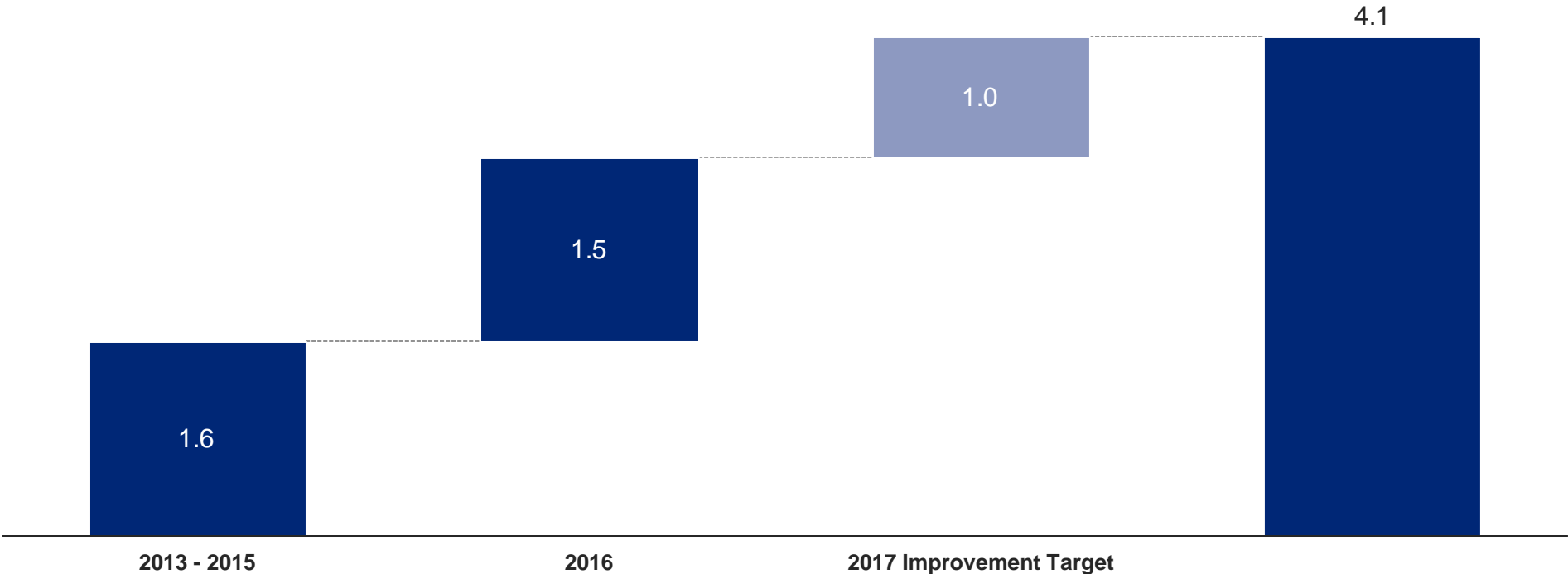


Environmental incidents⁶ – improving trend reflects better planning



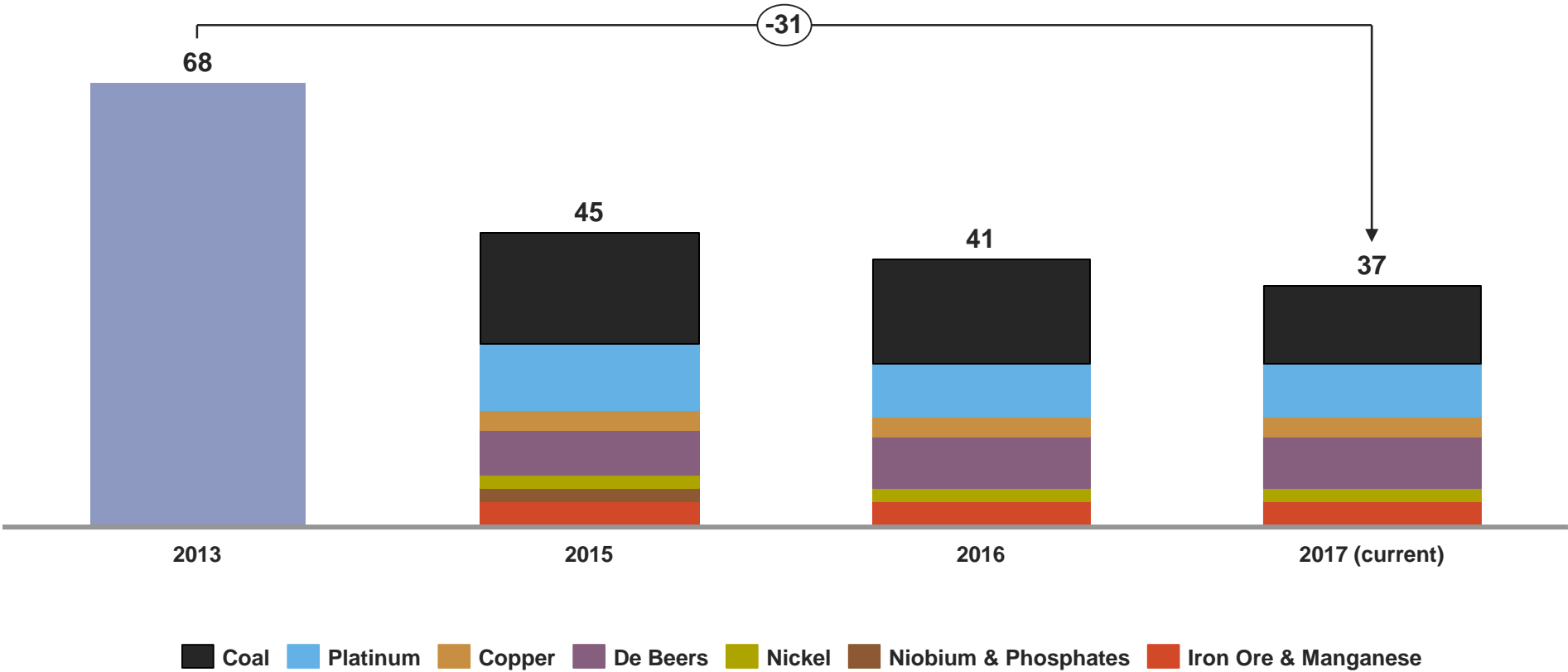
MORE RESILIENT – DELIVERED THROUGH SELF-HELP

Cost and volume EBITDA improvement (\$bn)



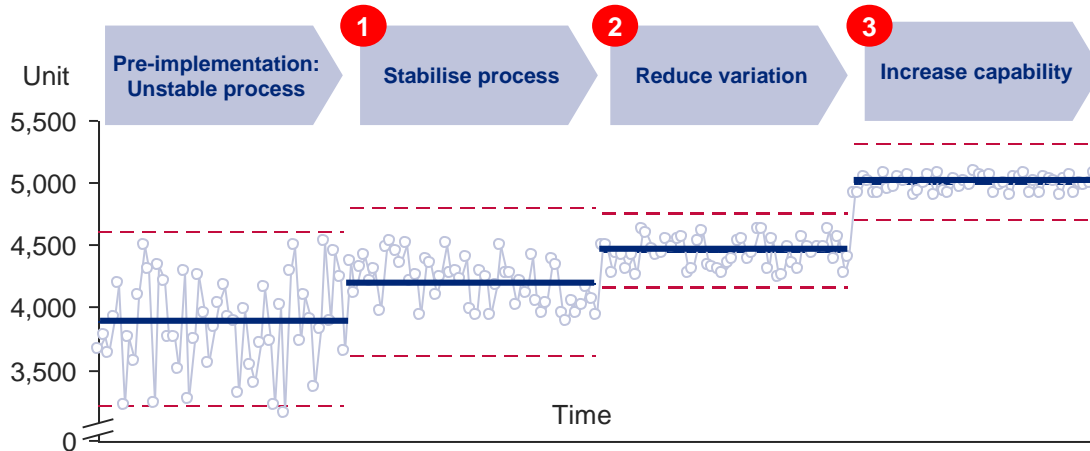
PORTFOLIO STREAMLINED – FOCUS ON QUALITY

Number of assets⁷

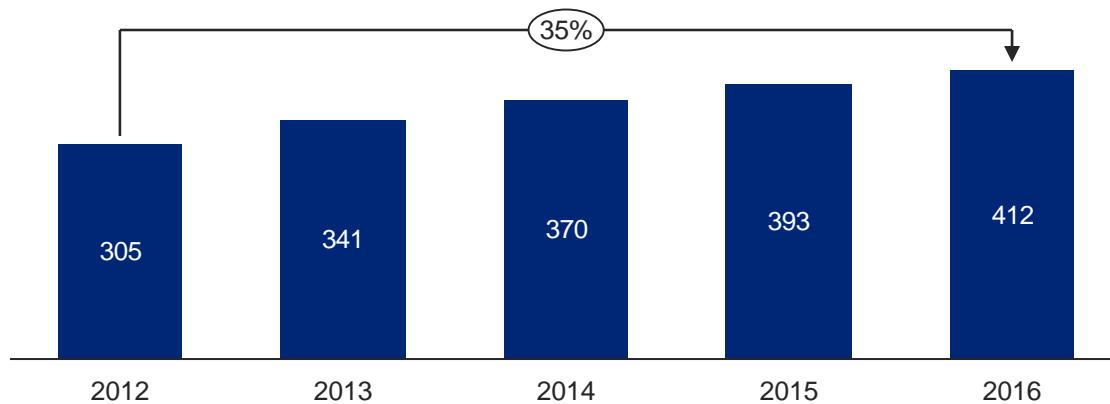


OPERATING MODEL – DRIVING EFFICIENCIES

Operating model in theory...



Operating model in practice... Mogalakwena production (koz)



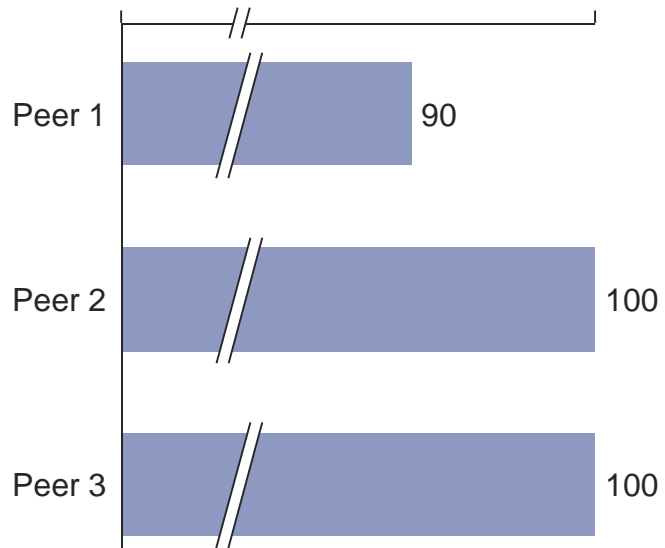
Productivity Delivered...No Capex...

- Steps 1 and 2 act to 'stabilise' a process and 'reduce variation'.
- Step 3 further improves performance 'capability' – i.e. debottlenecking.
- Mogalakwena increased production by 35% without expansion capital.
- Further roll-out of the operating model driving further productivity uplifts.

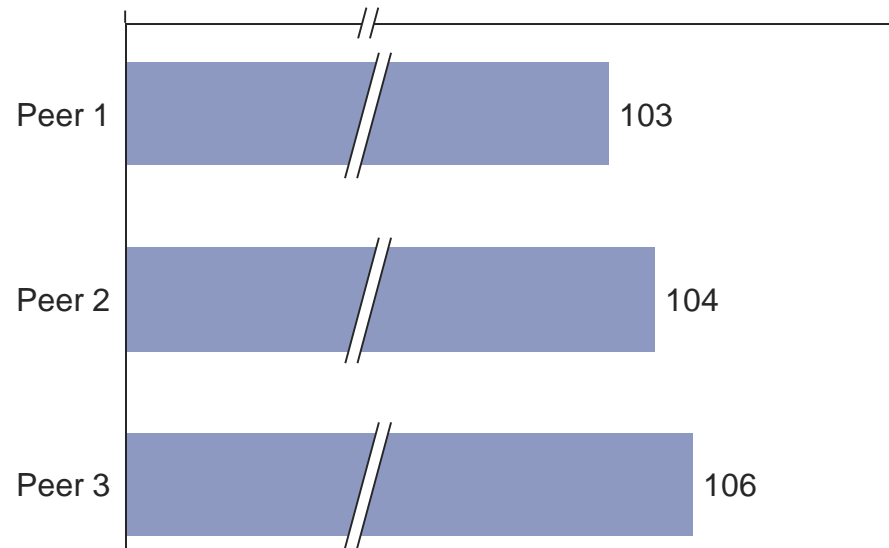
MARKETING MODEL HELPING DRIVE HIGHER MARGINS

Iron ore fines FOB price comparison - (index)

2007



2016

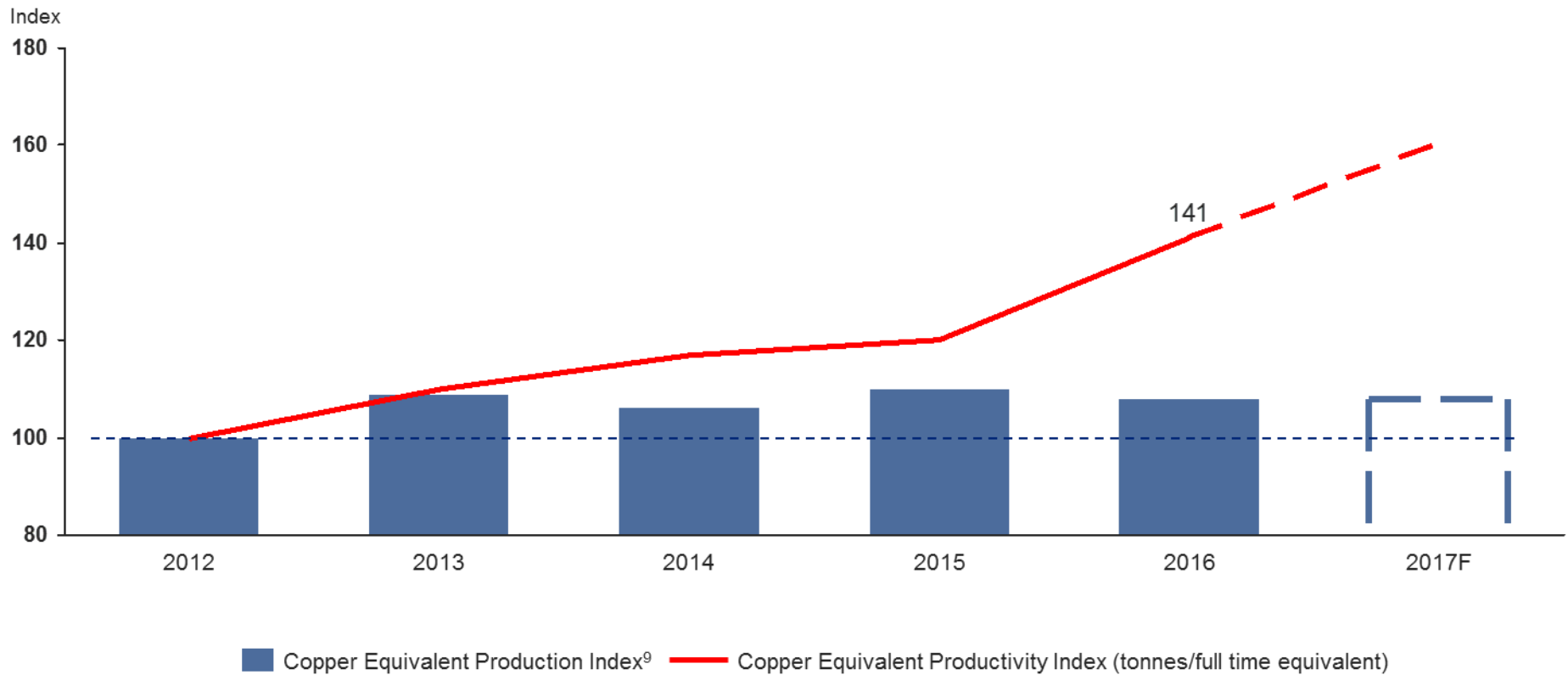


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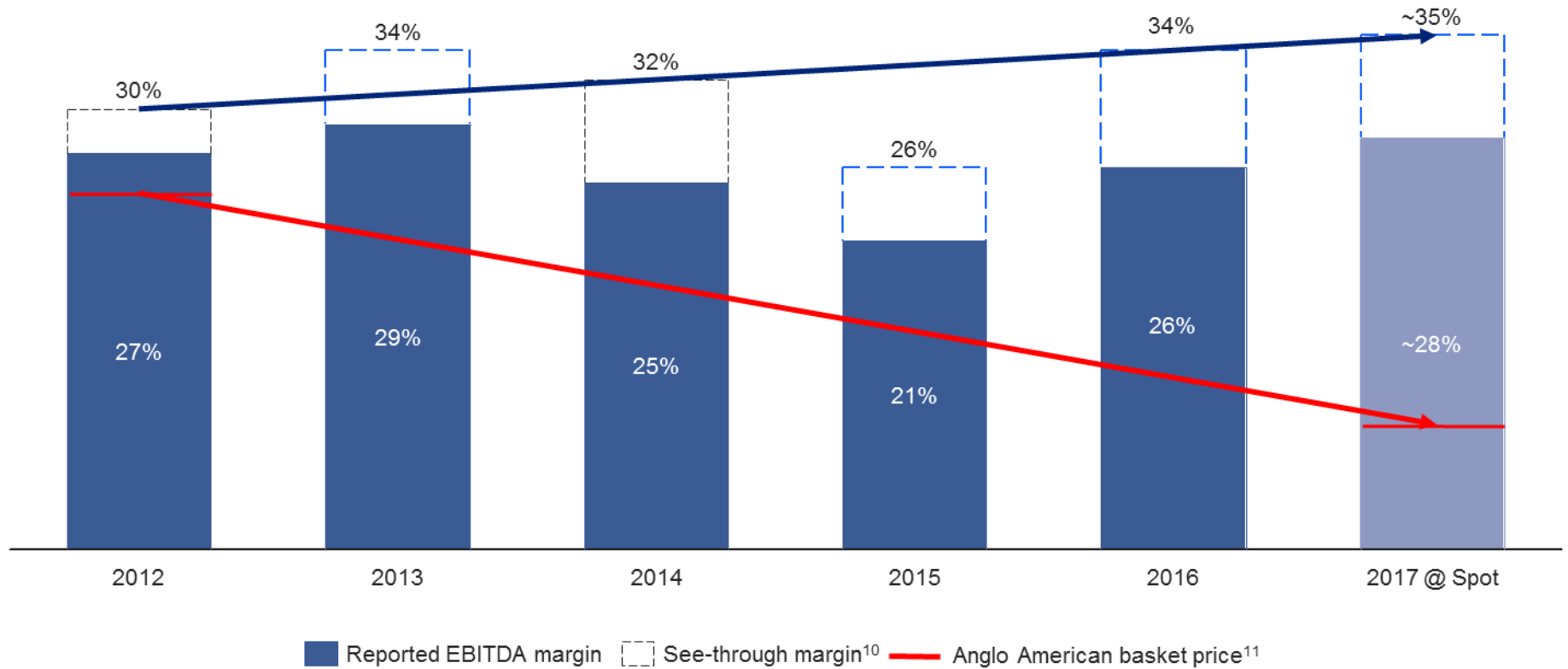
PRODUCTIVITY – IMPROVING, WITH MORE TO COME

Copper Equivalent production and productivity⁸



DRIVING HIGHER MARGINS...

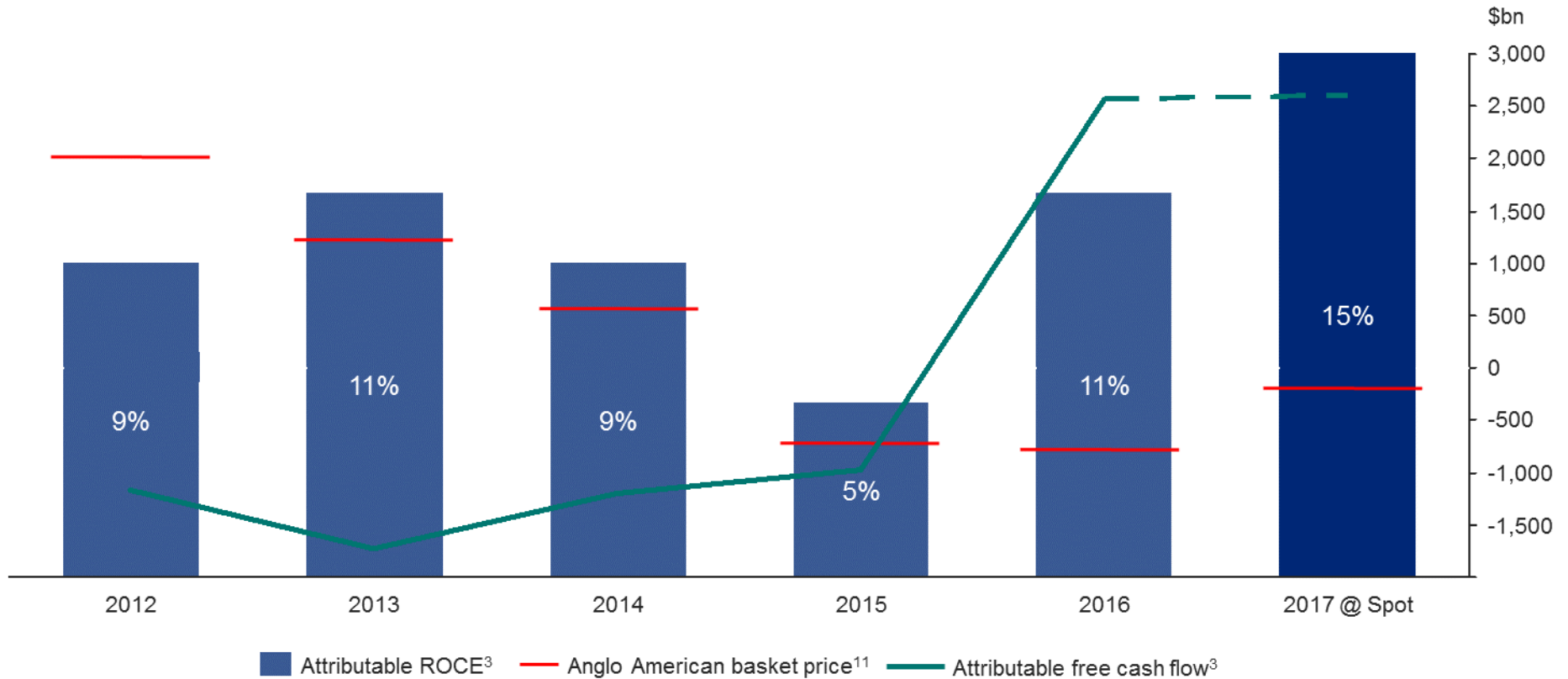
EBITDA margin (%)



AA basket price: 2012 = 100; 2017 spot = 78

...DRIVES CASH FLOW AND RETURNS

Attributable ROCE and free cash flow



AA basket price: 2012 = 100; 2017 spot = 78

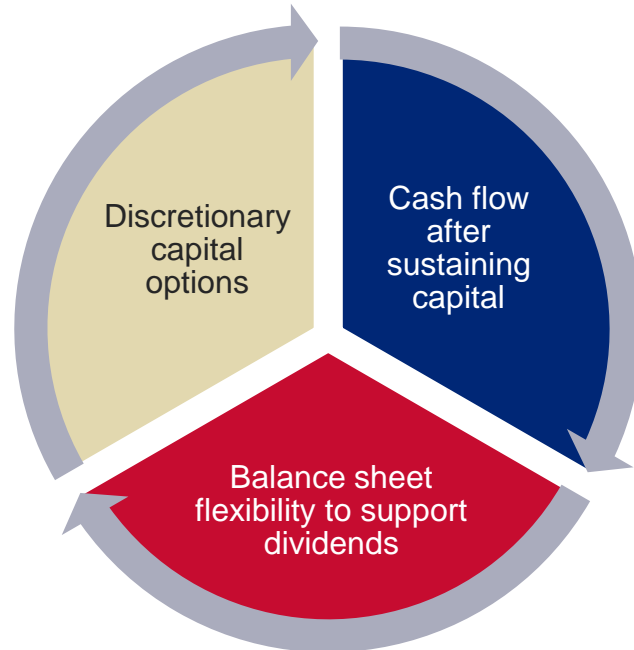
DISCIPLINED CAPITAL ALLOCATION



Conveyor at Sishen iron ore mine

DISCIPLINED CAPITAL ALLOCATION

Capital Allocation framework



Discretionary capital options

Portfolio upgrade

Future project options

Additional shareholder returns

Targets and priorities

Restoring balance sheet flexibility...

- Target Net Debt/EBITDA <1x at spot prices.
- Enable counter-cyclical investing.

Reinstatement of dividend a priority...

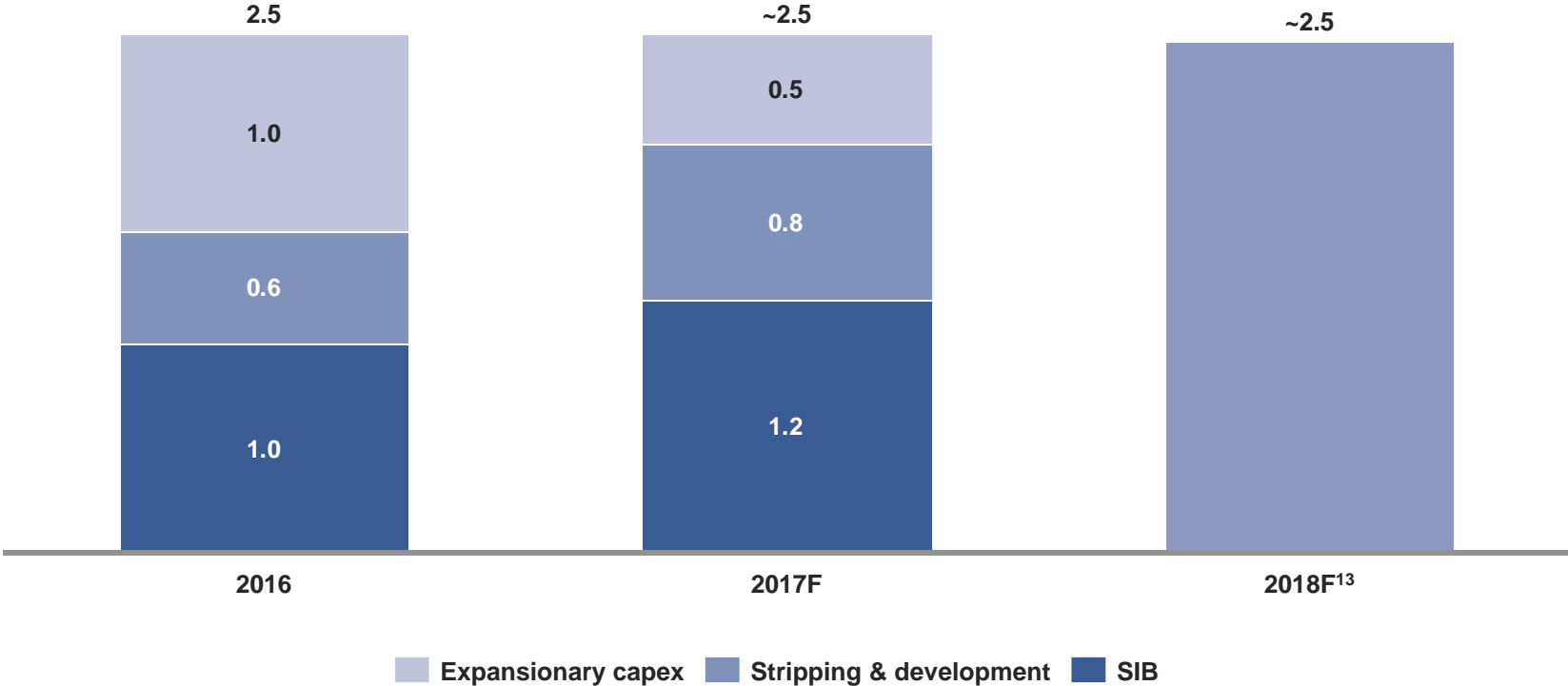
- Based on payout ratio and targeted for the end of 2017.

Strict value criteria on all capital options...

- Focus on low capex/quick payback.
- Risk sharing on larger scale opportunities.

CAPITAL IN CONTROL – FEWER ASSETS, MORE EFFICIENT

Capital expenditure (\$bn)¹²



EXPANSION POTENTIAL WITHOUT UNDUE RISK

	Longer-term positioning	Capital allocation considerations
Copper	<ul style="list-style-type: none"> ➤ Exceptional resource endowment. ➤ Focus on long life, low cost assets. 	<ul style="list-style-type: none"> ➤ Attractive commodity fundamentals. ➤ High quality growth opportunities.
De Beers	<ul style="list-style-type: none"> ➤ Industry leader with diversification. ➤ Focus on market growth. 	<ul style="list-style-type: none"> ➤ Supply constrained in long term. ➤ Latent capacity to respond to market.
PGMs	<ul style="list-style-type: none"> ➤ Repositioned portfolio. ➤ Further potential at Mogalakwena. 	<ul style="list-style-type: none"> ➤ Long term demand outlook uncertain. ➤ Focus on value over volume.
Iron ore	<ul style="list-style-type: none"> ➤ High quality niche producer. 	<ul style="list-style-type: none"> ➤ Market well supplied. ➤ Capital spent – harvest for cash.
Coal	<ul style="list-style-type: none"> ➤ Long life low cost assets. 	<ul style="list-style-type: none"> ➤ Market well supplied. ➤ Capital spent – harvest for cash.

INVESTMENT PROPOSITION



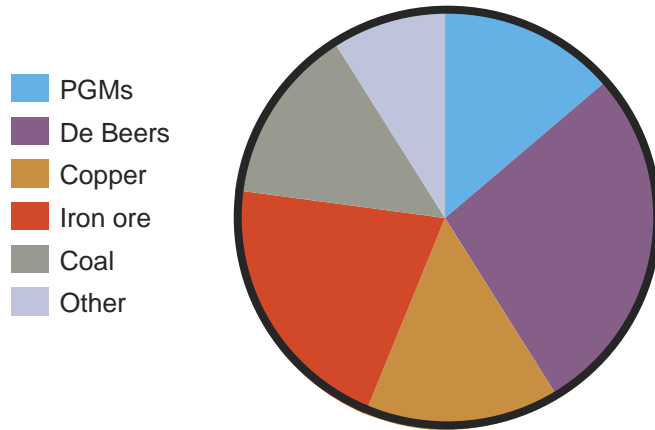
Conveyors at Sishen iron ore mine

THE ANGLO AMERICAN INVESTMENT PROPOSITION

Assets	Capabilities	Returns
<ul style="list-style-type: none">• <i>High quality assets.</i>• <i>Portfolio upgrading.</i>• <i>Diversified.</i>• <i>Low cost growth potential.</i>	<ul style="list-style-type: none">• <i>Operating model.</i>• <i>Innovation.</i>• <i>Marketing.</i>• <i>Sustainability.</i>	<ul style="list-style-type: none">• <i>Balance sheet strength.</i>• <i>Dividends a priority.</i>• <i>Strict investment criteria.</i>• <i>Syndication on major projects.</i>

A DIFFERENTIATED PORTFOLIO

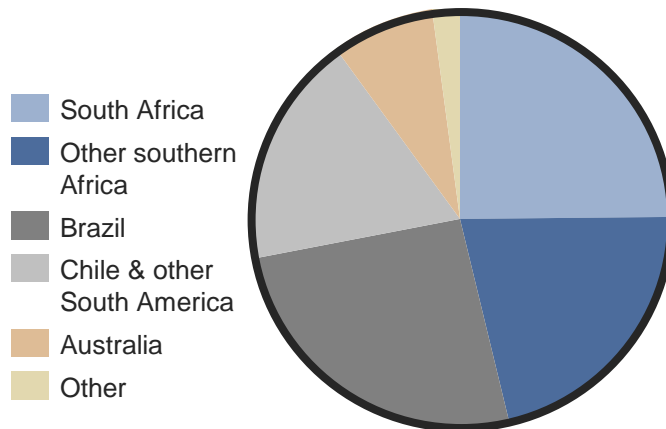
Capital employed by product¹⁴



A truly diversified business

➤ Broad cross-cycle product exposure.

Capital employed by geography¹⁴



➤ Rebalancing geographic diversification – South Africa ~25% of capital employed.

WHY ANGLO AMERICAN?

Assets

- Market-leading positions.
- Uniquely diversified with high quality asset base.

Capabilities

- Rebuilding operating capabilities.
- Innovation leadership supporting improvements.

Returns

- Attractive low cost expansion options.
- Balance sheet supports “Returns on...and...of Capital”.

APPENDIX

THE ANGLO AMERICAN INVESTMENT PROPOSITION

Assets

- **High quality assets** – provide earnings protection through the cycle.
- **Portfolio upgrading** – ongoing refinement for cash flow and returns.
- **Diversified** – by commodity and cycle stage. Looking to rebalance geography.
- **Low cost growth potential** – Copper, De Beers, Platinum, Iron Ore and Met Coal.

Capabilities

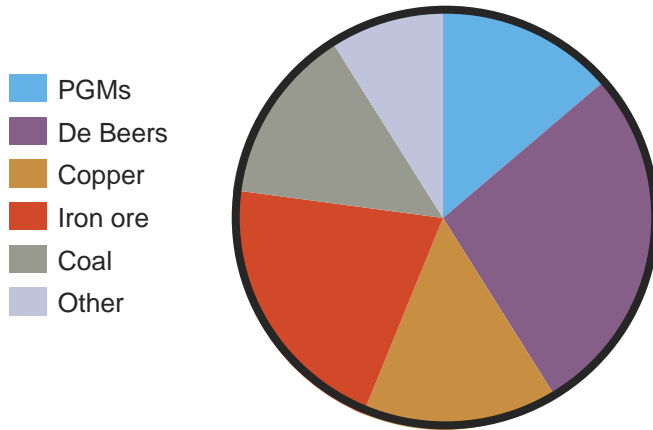
- **Operating model** – to establish best in class operating credentials.
- **Innovation** – ‘Industry Leader’ in driving productivity through technology.
- **Marketing our products** – Drive demand growth and maximise product value.
- **Sustainability** – Most experience and success in developing geographies.

Returns

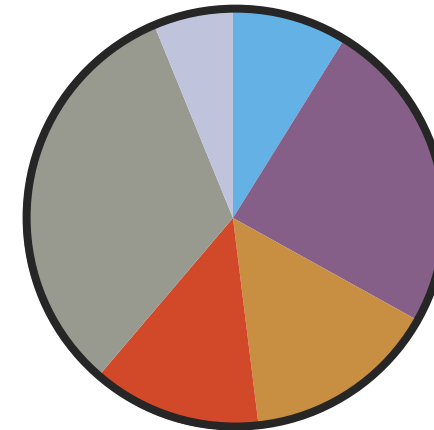
- **Balance sheet strength** – flexibility to invest through the cycle.
- **Dividends a priority** – payout ratio to provide discipline at top of cycle and flexibility at the bottom.
- **Strict investment criteria** – Capital allocation discipline.
- **Syndication on major projects** – Risk management.

A DIFFERENTIATED PORTFOLIO

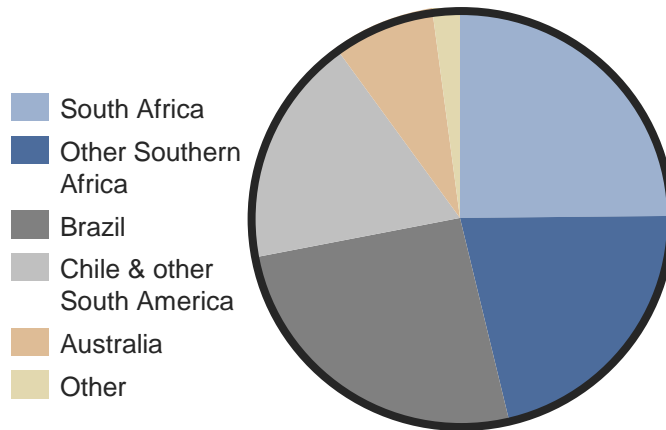
Capital employed by product¹⁴



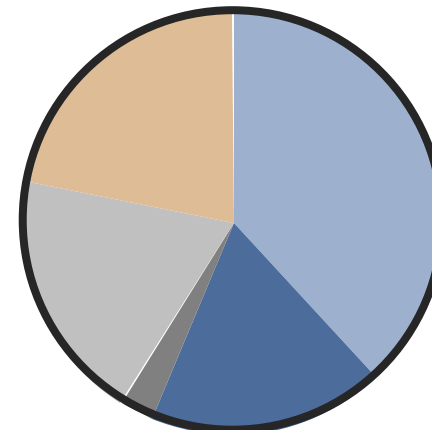
EBITDA by product¹⁴



Capital employed by geography¹⁴



EBITDA by geography¹⁴



FINANCIAL GUIDANCE – KEY METRICS

Financial metrics and net debt

2017F
\$bn

EBITDA cost and volume improvement

1.0

Capex¹²

~2.5

Attributable free cash flow (based on average 2016 realised prices)

~2.0

Net debt (based on average 2016 realised prices)

<7.0

Balance sheet target – using long term consensus prices

Net debt to EBITDA

1.0 to 1.5x

PRODUCTION OUTLOOK¹⁵

	Units	2015	2016	2017F	2018F	2019F
Diamonds¹⁶	Mct	29	27	31-33		
Platinum¹⁷	Moz	2.3	2.4	2.35-2.40	~2.5	~2.1 ¹⁸
Copper¹⁹	Kt	709	577	570-600	630-680 ²⁰	590-650
Metallurgical coal²¹	Mt	21	21	19-21	20-22	20-22
Thermal coal²²	Mt	28	29	29-31	29-31	29-31
Iron ore (Kumba)²³	Mt	43	41	40-42	40-42	40-42
Iron ore (Minas-Rio)²³	Mt	9	16	16-18	15-18	22-26.5
Nickel	Kt	30	45	~43-45	~45	~45

SPOT PRICES

Commodity / Currency	Units	Spot price at 28 April
Iron Ore (62% CFR China)	\$/t	67
Hard Coking Coal (FOB Australia)	\$/t	188
Thermal Coal (FOB South Africa)	\$/t	74
Copper ⁽²⁾	c/lb	258
Nickel ⁽³⁾	c/lb	430
Platinum	\$/oz	946
Palladium	\$/oz	824
Rhodium	\$/oz	1,010
South African Rand	ZAR/USD	13.37
Australian Dollar	USD/AUD	0.75
Brazilian Real	BRL/USD	3.18
Chilean Peso	CLP/USD	667
Oil price	\$/bbl	51

FOOTNOTES

- (1) 2013 to 2016.
- (2) 2012 to 2016.
- (3) Attributable free cash flow is defined as net cash inflows from operating activities net of total capital expenditure, net interest paid and dividends paid to minorities. Attributable ROCE is defined as attributable underlying EBIT divided by average attributable capital employed. It excludes the portion of the return and capital employed attributable to non-controlling interests in operations where Anglo American has control but does not hold 100% of the equity.
- (4) Source: International Monetary Fund (www.imf.org).
- (5) Total Recordable Cases Frequency Rate.
- (6) Reflects level 3-5 incidents. Environmental incidents are classified in terms of a 5-level severity rating. Incidents with medium, high and major impacts, as defined by standard internal definitions, are reported as level 3-5 incidents.
- (7) Includes assets closed or placed on care and maintenance. Includes sale of Union announced in February 2017 and Eskom-tied thermal coal operations announced in April 2017.
- (8) Includes benefits of portfolio upgrading.
- (9) Copper equivalent is calculated using long-term consensus parameters. Excludes domestic / cost-plus production. Production shown on a reported basis.
- (10) Adjustments made to remove impact of Platinum purchases of concentrate, third party purchases made by De Beers and to reflect Debswana accounting treatment as a 50/50 joint venture.
- (11) Basket price excludes Samancor, Niobium, Phosphates, Corporate and OMI.
- (12) Capex defined as cash expenditure on property, plant and equipment including related derivatives, net of proceeds from disposal of property, plant and equipment and includes direct funding for capital expenditure from non-controlling interests. Excludes capitalised operating cash flows.
- (13) Includes all categories of capex, but excludes unapproved expansionary projects.
- (14) 2016. Attributable basis.
- (15) All numbers are stated before impact of potential disposals.
- (16) Includes 100% of volumes from JOs with the exception of Gahcho Kué, which is on an attributable 51% basis. Production beyond 2017 subject to trading conditions.
- (17) Produced ounces. Includes production from JOs and third parties.
- (18) Decline from 2018 due to Rustenburg POC, which will be processed based on a tolling arrangement from 1 November 2018 and therefore is excluded from production guidance.
- (19) Copper business unit only. On a contained-metal basis. Reflects impact of Anglo American Norte disposal and closure of Collahuasi oxides (combined 40kt impact in 2015 and 120ktpa thereafter). 2017-2019 guidance includes production for El Soldado of 50-60kt in each year.
- (20) Increase from 2017 reflects expected temporary grade increase.
- (21) Reflects the impact of the sale of Foxleigh, completed on 29 August 2016 (2016 impact of ~0.7Mt and ~2Mt thereafter).
- (22) Export South Africa and Colombia.
- (23) Kumba excluding Thabazimbi. Kumba on a dry basis and Minas-Rio on a wet basis.