

# 2017 RESULTS

22 February 2018



*Kumba Iron Ore – Sishen mine*

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# 2017 RESULTS AGENDA

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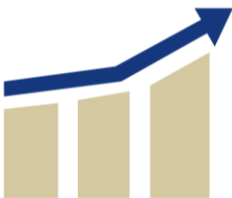
**Business performance**

*Mark Cutifani*



**Financial results**

*Stephen Pearce*



**Building on firm foundations**

*Mark Cutifani*

# BUSINESS PERFORMANCE

Mark Cutifani



*Copper – Los Bronces*

# 2017 – DELIVERING ON OUR COMMITMENTS

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## Strong operating performance

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Production volumes<sup>1</sup>

**↑5%**

Cost & volume improvements<sup>2</sup>

**\$1.1bn**

## Earnings and cash flow

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EBITDA<sup>3</sup>

**\$8.8bn**

Free cash flow<sup>4</sup>

**\$4.9bn**

## Margins and returns

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EBITDA margin<sup>5</sup>

**40%**

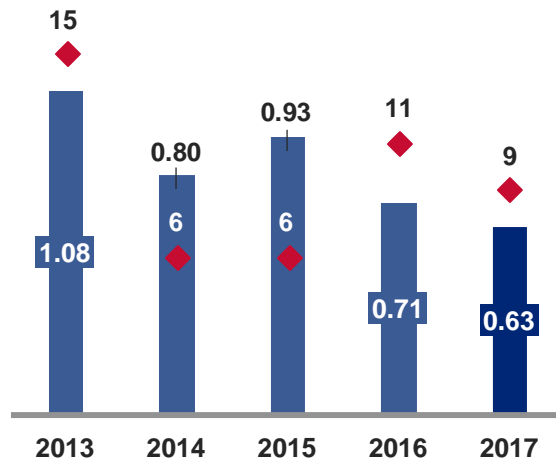
ROCE<sup>6</sup>

**19%**

# SAFETY, HEALTH & ENVIRONMENT

## Safety

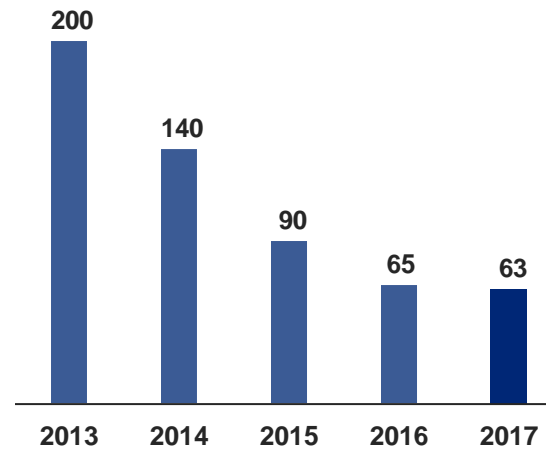
■ Group TRCFR<sup>7</sup> ◆ Fatalities



- 'Elimination of Fatalities' taskforce

## Health

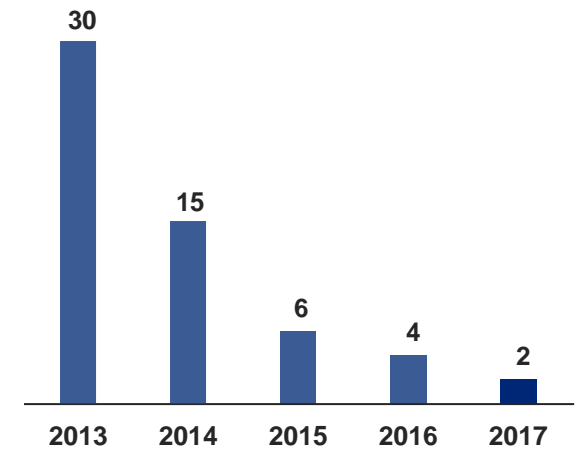
Occupational health – new cases



- Improved working environments

## Environment

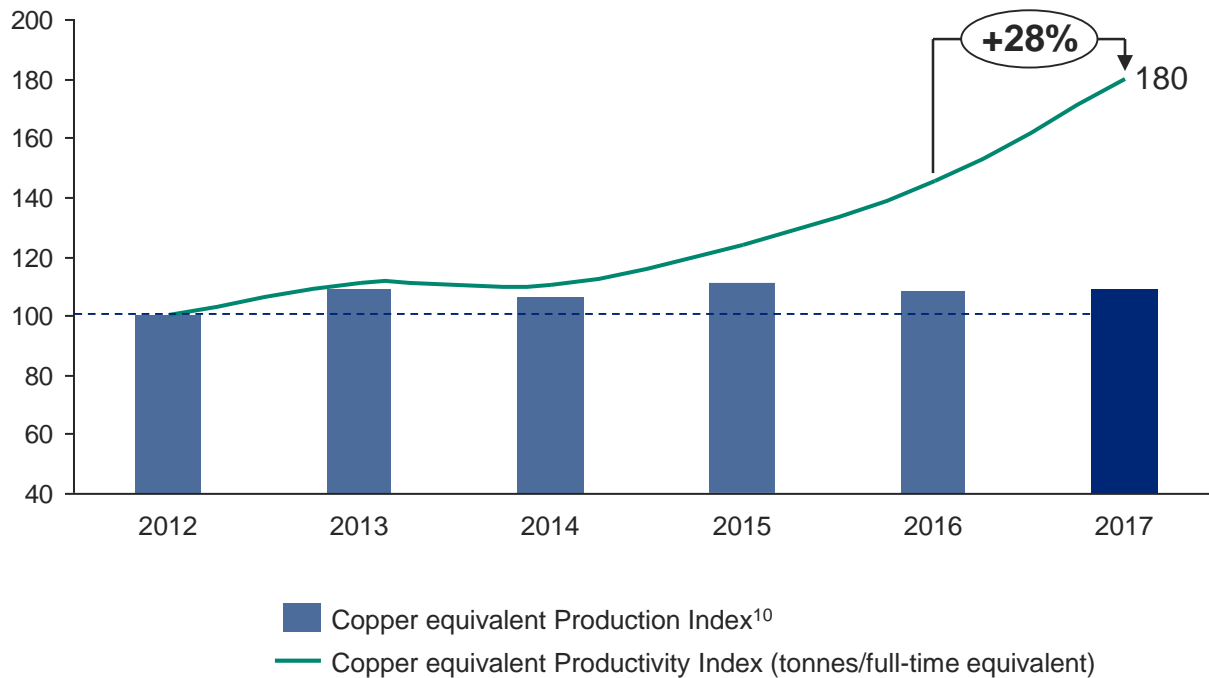
Major incidents<sup>8</sup>



- Improvements in planning and operating discipline

# PRODUCTIVITY IMPROVEMENT CONTINUES

## Copper equivalent production and productivity<sup>9,10</sup>



### Productivity<sup>9</sup>

↑ **80%**

### Unit costs<sup>10</sup>

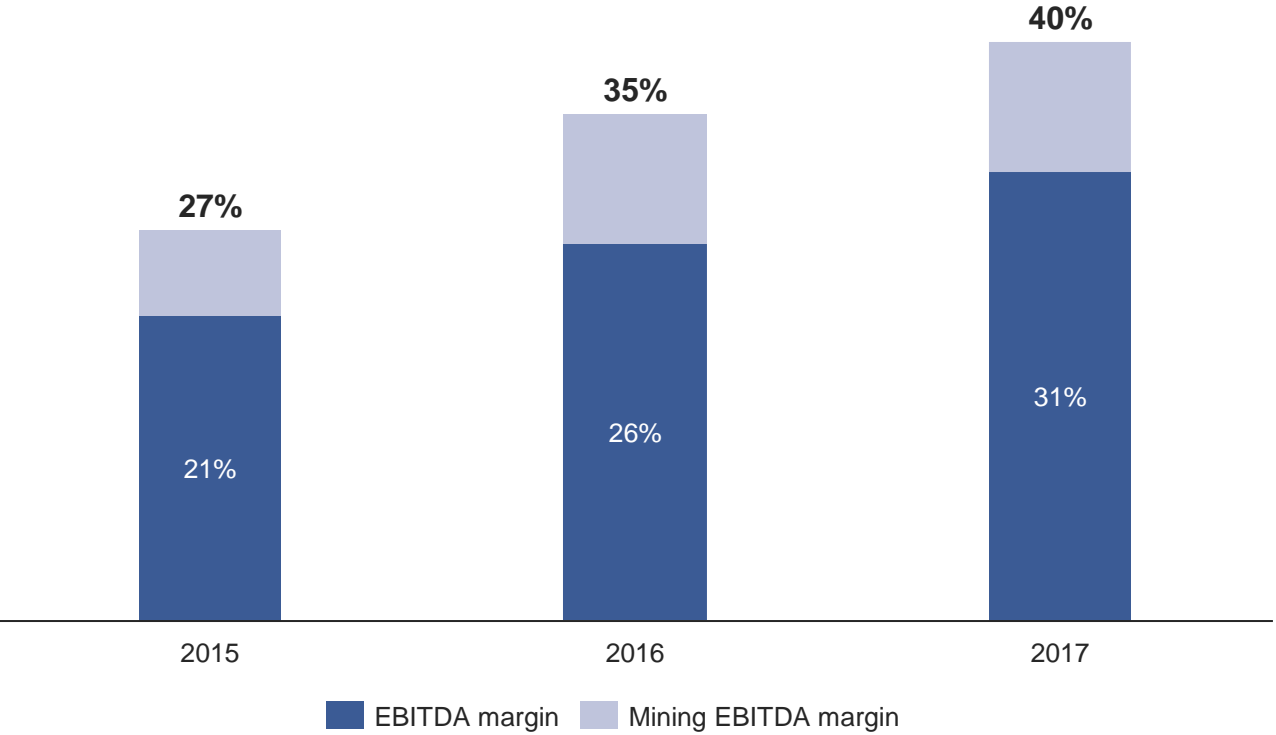
↓ **26%**

### Production volumes<sup>10</sup>

↑ **9%**

# ENHANCING OUR COMPETITIVE POSITION

## EBITDA margins<sup>5</sup>



## EBITDA margin<sup>5</sup>

**40%**

### Improvement driven by

- ✓ Productivity
- ✓ Cost efficiency
- ✓ Premium products
- ✓ Supportive macro environment

# FINANCIALS

Stephen Pearce



*Iron ore Brazil – Minas-Rio plant*

# 2017 – DELIVERING ON OUR COMMITMENTS

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## EBITDA

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**\$8.8bn**

up 45% vs 2016

## Underlying EPS<sup>12</sup>

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**\$2.57/sh**

Up 49% vs 2016

## Free cash flow<sup>4</sup>

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**\$4.9bn**

Up 93% vs 2016

## Capital expenditure<sup>11</sup>

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**\$2.2bn**

down \$0.3bn vs 2016

## Net debt

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**\$4.5bn**

down \$4bn vs 2016

## Total dividend

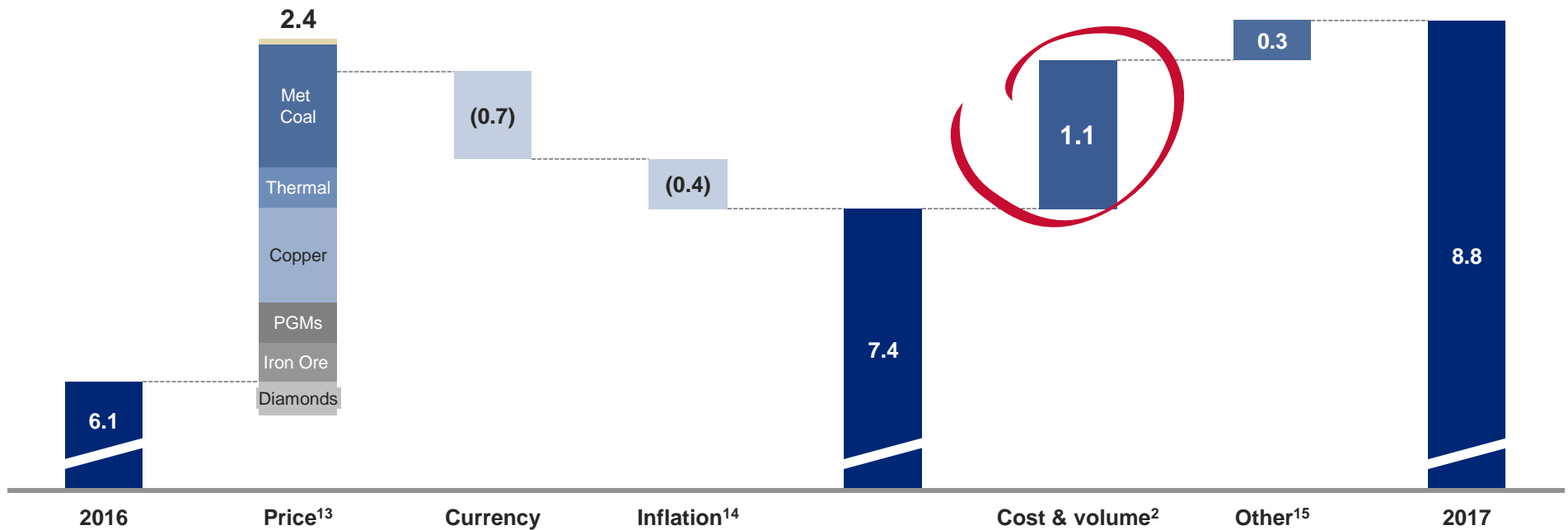
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**102c/sh**

40% of underlying earnings

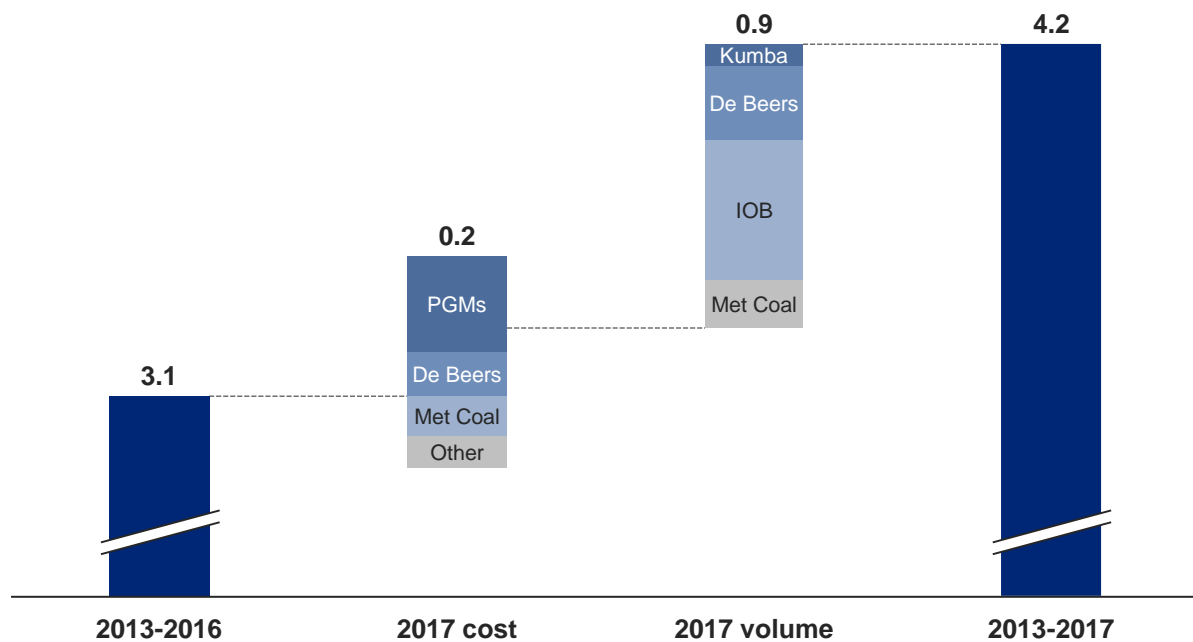
# SELF-HELP UNDERPINS STRONGER PRICE ENVIRONMENT

EBITDA variance: 2017 vs. 2016 (\$bn)



# DELIVERING FURTHER COST AND VOLUME IMPROVEMENT

## EBITDA cost & volume improvement delivered (\$bn)



Delivered in 2017

# \$1.1bn

cost & volume improvement

Delivered since 2013

# \$4.2bn

cost & volume improvement

# FURTHER \$3-4BN COST & VOLUME IMPROVEMENT TARGET

2018 target

**\$0.8bn**

To deliver \$5bn since 2013

## 2018 improvement examples

- Los Bronces and Collahuasi productivity
- Grosvenor and Moranbah productivity
- Khwezela recovery

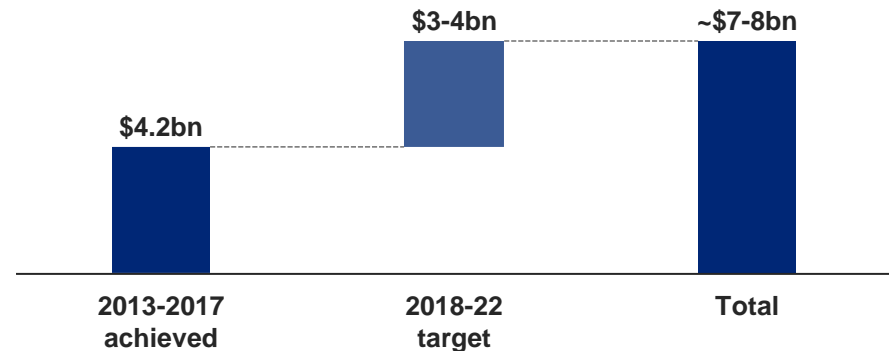
2018-2022 target

**\$3-4bn**

Two-thirds from further operational efficiencies and project delivery

One-third from technology and innovation

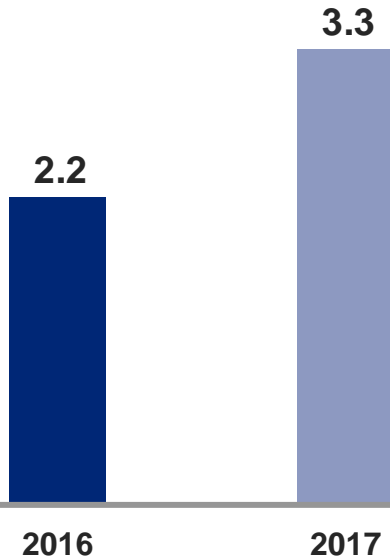
## Cost & volume improvement – 2013-2022



# STRONGER EARNINGS, CASH FLOW AND RETURNS

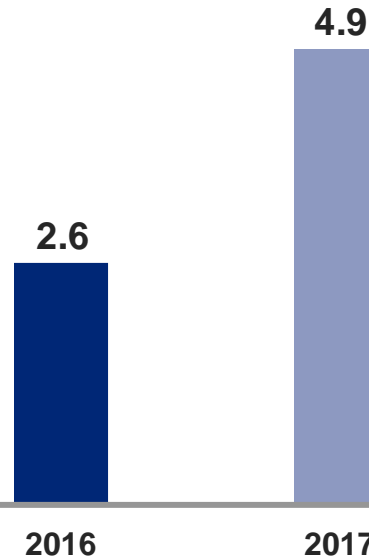
Underlying earnings (\$bn)

↑ 48%



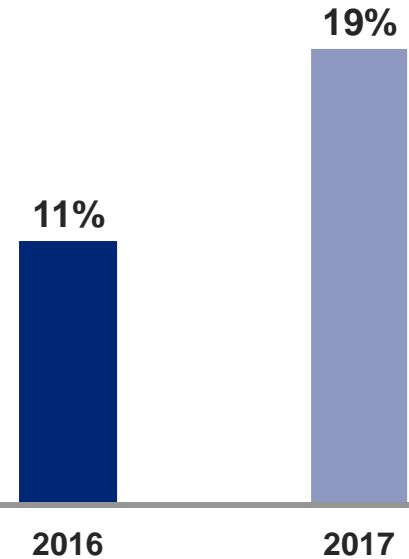
Free cash flow<sup>4</sup> (\$bn)

↑ 93%



Return on capital employed (%)

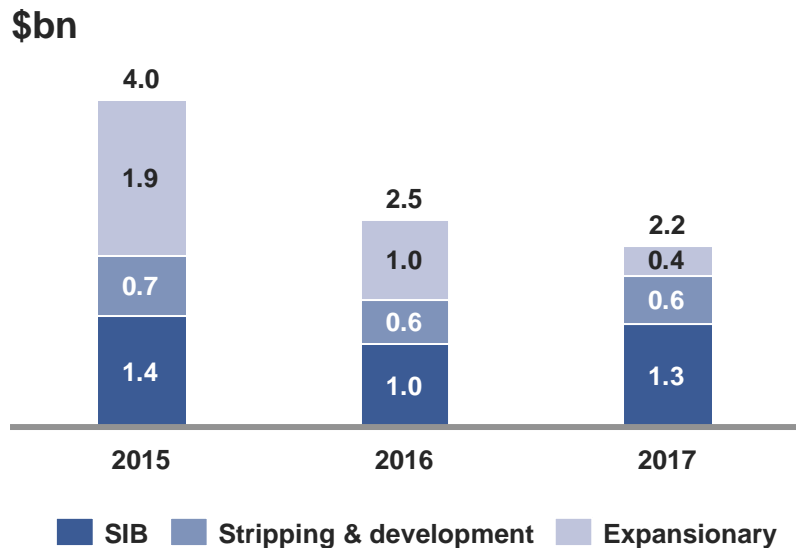
↑ 73%



# CONTINUED CAPEX DISCIPLINE

2017 capital expenditure<sup>11</sup>

**\$2.2bn**



2018 capex guidance<sup>16</sup>

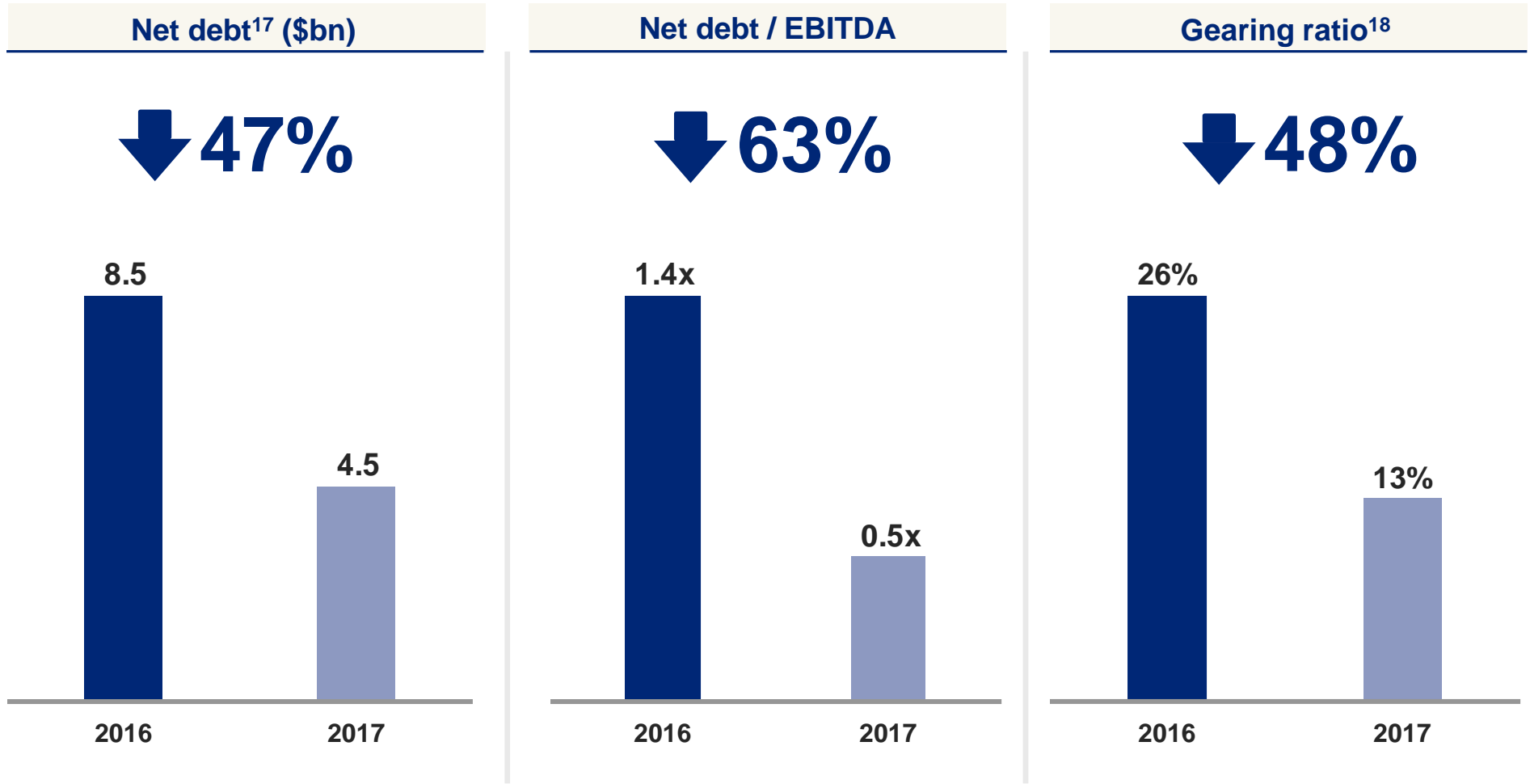
**\$2.6-2.8bn**

Longer term capex guidance<sup>16</sup>

**\$2.6-2.9bn pa**

Excludes unapproved growth projects

# A RESILIENT BALANCE SHEET



# DELIVERING RETURNS TO SHAREHOLDERS

Total 2017 dividend

## \$1.3bn

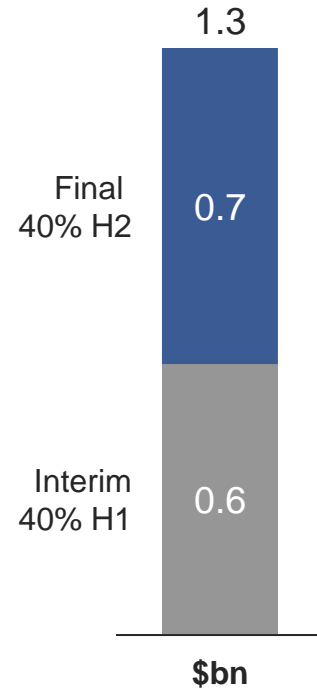
Interim and proposed final dividend

H2 final dividend

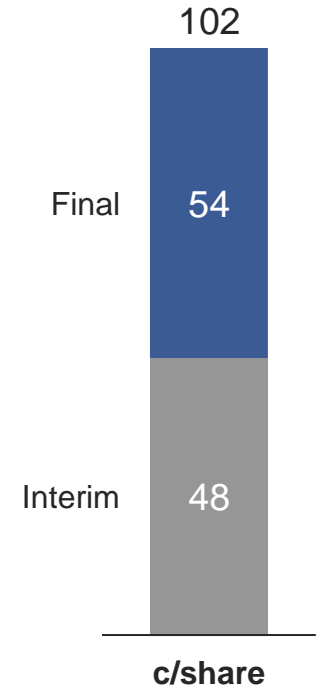
## 40%

of H2 underlying earnings – in line with policy

Payout (\$bn)  
(underlying earnings)

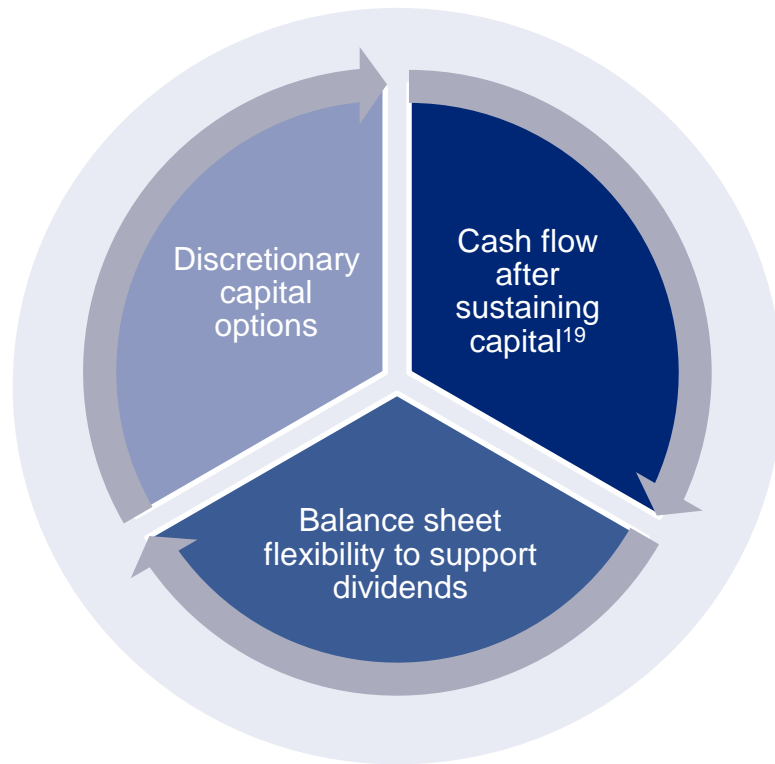


Payout (c/share)



# STRONG CASH FLOW TRANSFORMING BALANCE SHEET

## Capital allocation framework



### Discretionary capital options

Portfolio upgrade

Future project options

Additional shareholder returns

5.3

- Free cash flow of \$4.9bn
- Add back \$0.3bn 'discretionary capital' spend

(5.0)

- Reduced net debt by \$4.0bn
- Paid interim dividend of \$0.6bn
- Other adjustments
- *Final dividend declared to be paid: \$0.7bn.*

(0.3)

- Discretionary capital including exploration/evaluation
- Portfolio upgrading

# BUILDING ON FIRM FOUNDATIONS

Mark Cutifani



*Met Coal – Grosvenor first shear*

# A FUNDAMENTALLY DIFFERENT BUSINESS

## MORE EFFICIENT

Number of assets<sup>20</sup>

↓ 47%

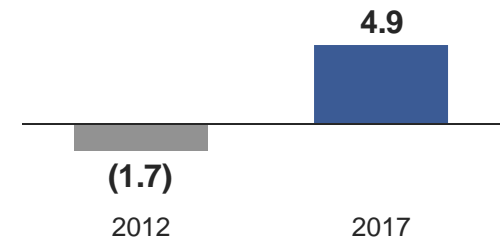
## MORE COMPETITIVE

Unit costs<sup>21</sup>

↓ 26%

## BETTER RETURNS

Free cash flow<sup>4</sup> (\$bn)



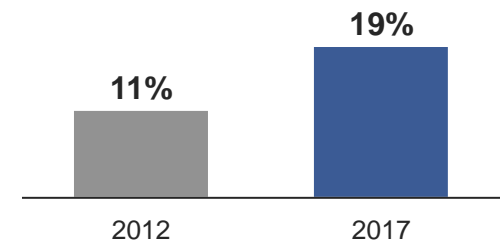
Production<sup>21</sup>

↑ 9%

EBITDA margin<sup>22</sup>

↑ 33%

ROCE<sup>6</sup>



# PORTFOLIO UPGRADING CONTINUED IN 2017

## Gahcho Kué



Delivered on time & under budget

## Grosvenor



First longwall complete

## Minas-Rio



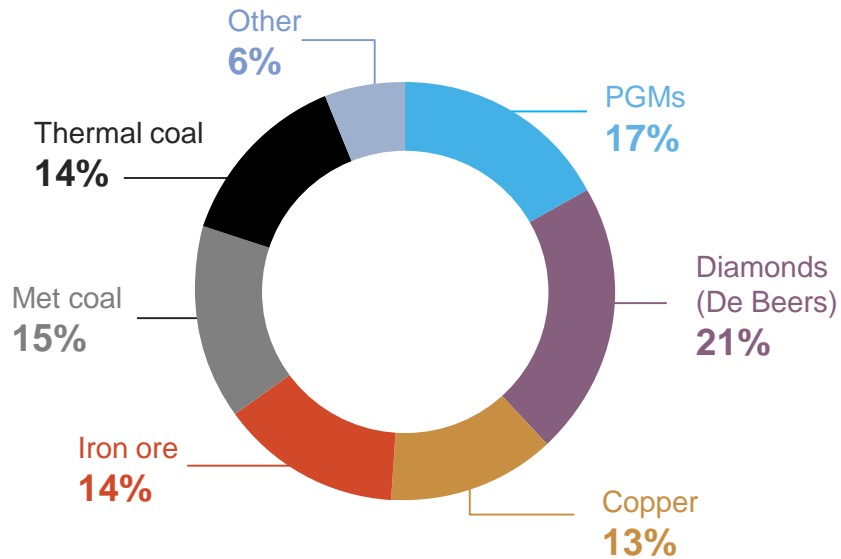
Stage 3 installation licence awarded  
on 26 Jan 2018

## 2017/18 disposals and closures ensure effective capital deployment

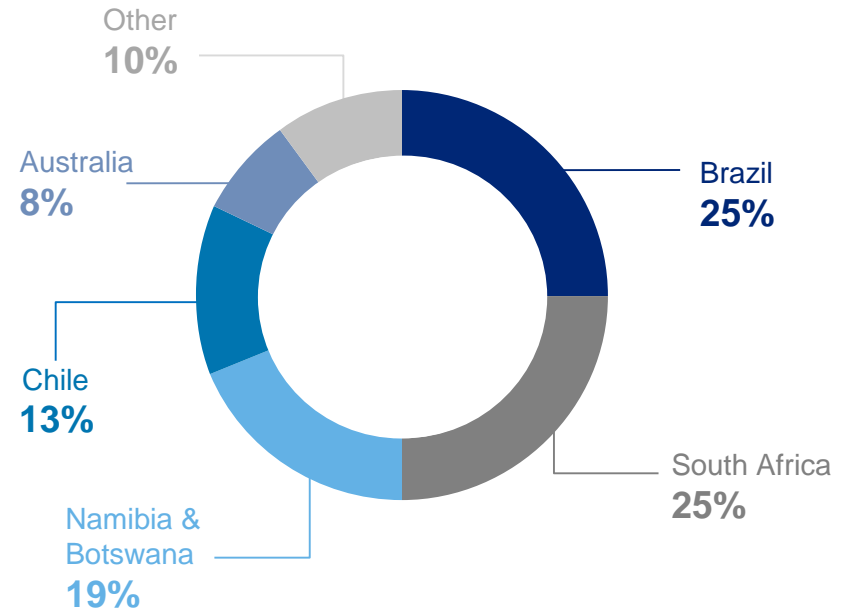
- **Union, Platinum**, sale completed
- **Pandora, Platinum**, sale completed
- **Dartbrook, Met Coal**, sale completed
- **SA domestic, Thermal coal**, close to completion
- **Drayton, Met Coal**, sale announced
- **New Largo, SA Domestic Thermal coal**, sale announced
- **Voorspoed, De Beers**, sale process underway
- **Elizabeth Bay (Namibia Land), De Beers**, sale process underway
- **Bokoni, Platinum**, care & maintenance

# PORTFOLIO UNIQUELY DIFFERENTIATED

Revenue by product<sup>23</sup>



Capital employed by geography<sup>23</sup>



Asset focused strategy

Quality asset diversification

Balanced geographic exposure

# SOUTH AFRICA – A HIGH RETURNS BUSINESS



EBITDA margin<sup>5</sup>

**35%**

Free cash flow<sup>4</sup>

**\$2.3bn**

Return on capital employed<sup>6</sup>

**23%**

# DISCIPLINED CAPITAL ALLOCATION



Platinum – Mogalakwena

# PORTFOLIO – ASSET QUALITY FOCUS

	<b>Longer term positioning</b>	<b>Quality asset focus</b>
<b>Copper</b>	Exceptional resource endowment Long life, low cost assets	High quality growth opportunities Los Bronces, Collahuasi & Quellaveco
<b>Diamonds (De Beers)</b>	Industry leader with diversification Focus on market growth & development	Capacity to respond to demand Botswana, Marine Namibia
<b>PGMs</b>	Repositioned portfolio Low cost industry leader	Mogalakwena opportunities Amandelbult optimisation
<b>Bulks</b>	High quality, low cost assets Focus on cash margins & returns	Minas-Rio ramp-up & Kumba enhancements Moranbah Grosvenor de-bottlenecking

Discretionary Capital  
is asset focused

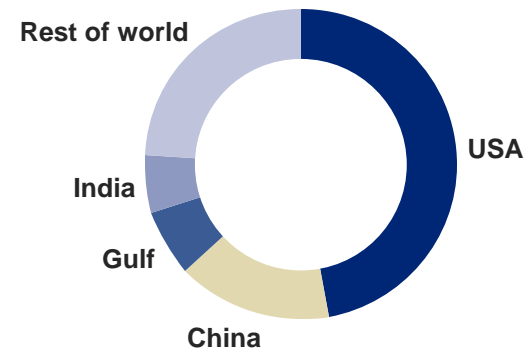
# CAPITAL ALLOCATION IN DIAMONDS TO BE DEMAND LED

## Millennials: the largest source of market demand

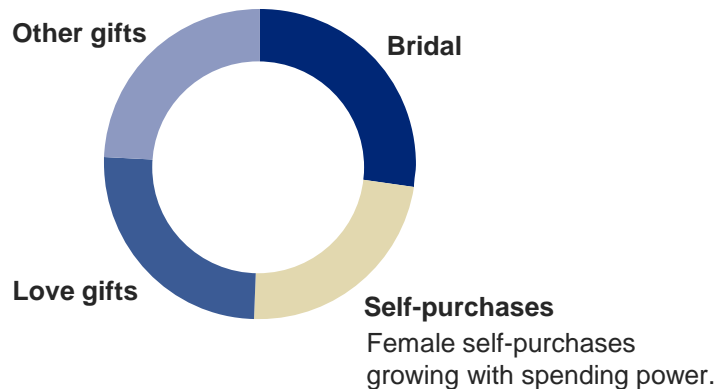
**45%**

Millennials' market share in key markets<sup>24</sup>

## Consumer demand



## Diversified customer base

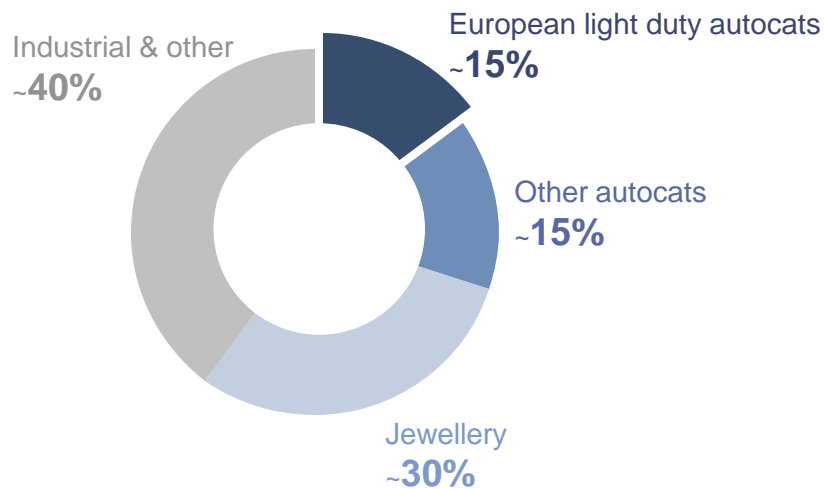


## Areas of focus

- **Marketing:** Increasing spend to support demand
- **Synthetics:** consumers prefer diamonds; synthetics are small relative to polished diamond market

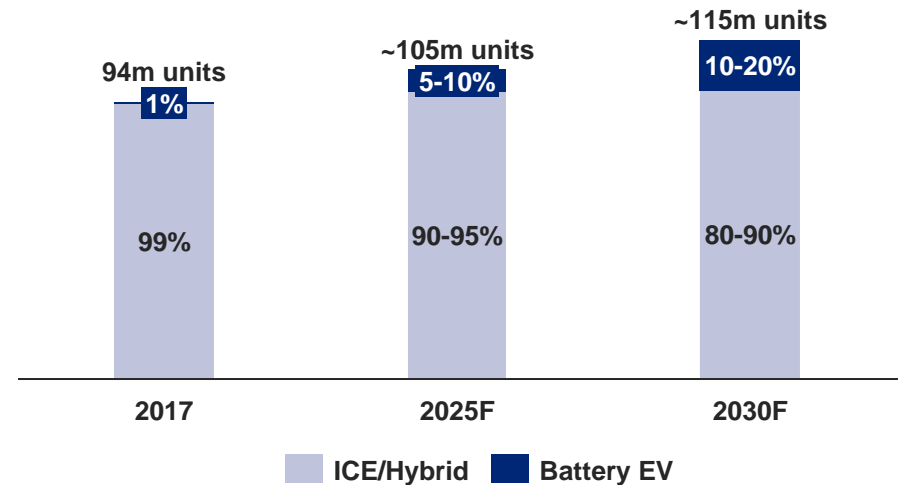
# PGMs AND ELECTRIFICATION OF THE DRIVETRAIN

## European diesel only ~15% of platinum demand<sup>25</sup>



- Switch from diesel to petrol/hybrids supports PGM demand
- HDV growth & emissions legislation supporting demand
- Marketing opportunities in jewellery to drive demand

## The ICE/hybrid market to is set to grow<sup>26</sup>



- Loadings on hybrids are similar to ICE vehicles
- While BEV penetration will continue – only real downside risk is likely beyond 2030
- Upside from Fuel Cell EVs in the longer term

# ASSET FOCUSED PGM STRATEGY

## The world's leading PGM business

### Mogalakwena

**54%**

2017 margin<sup>27</sup>

### Amandelbult

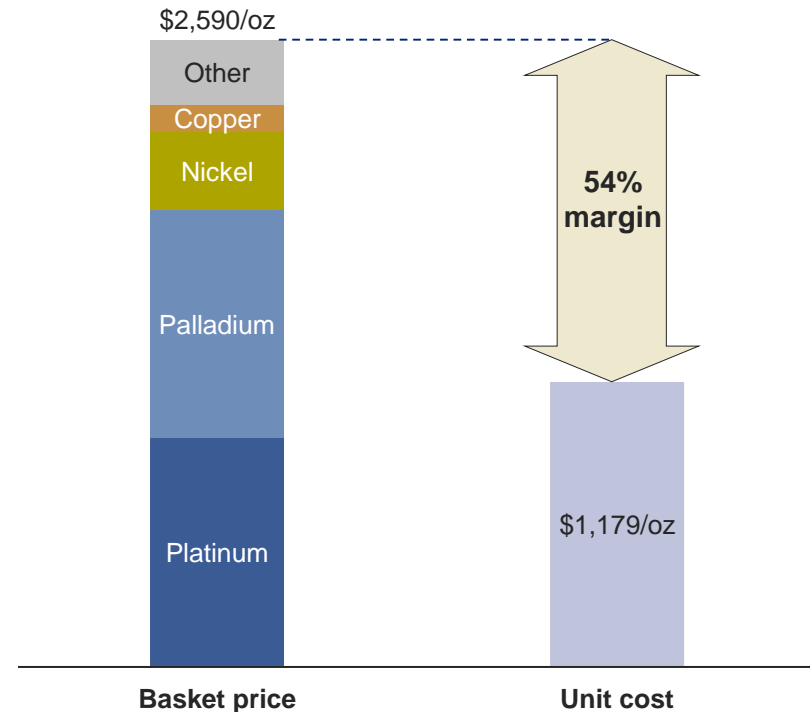
- Targeting **25%** further cost reductions through modernisation, safety and productivity

### Processing

Third party purchased concentrate delivering a **stable ~9% margin**

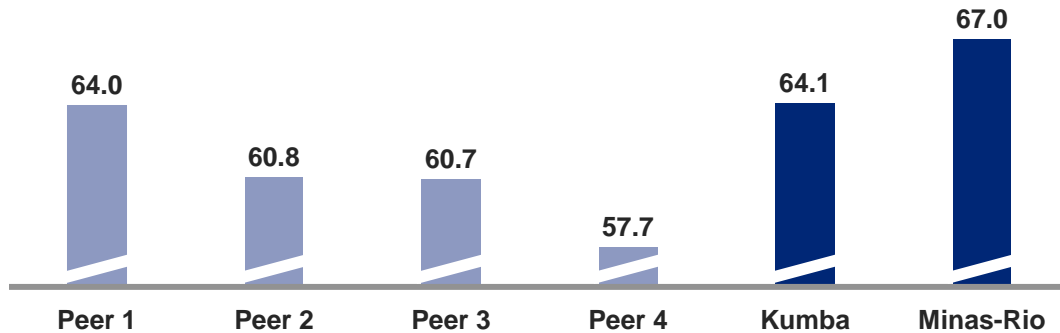
## Mogalakwena – A world class asset

### Diverse revenue mix and high margins

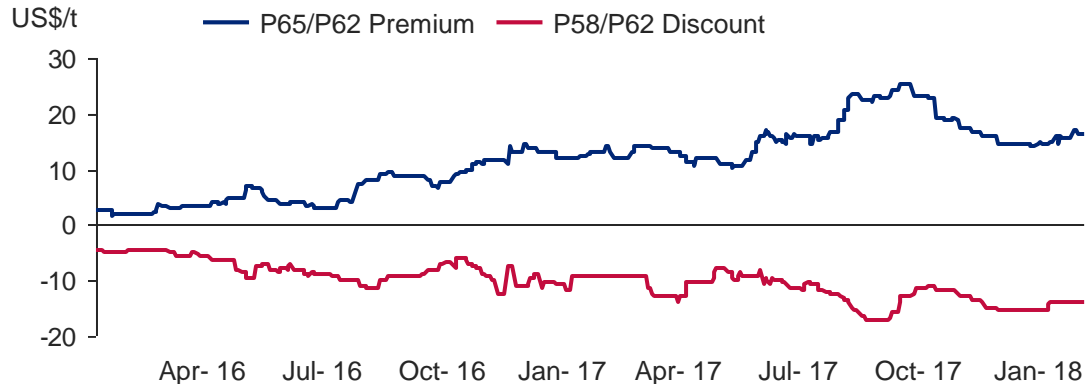


# POSITIONED FOR STEEL INDUSTRY STRUCTURAL CHANGES

## 2017 average Fe content (%) – peer comparison



## Widening iron ore quality spreads



## Focus on premium products

Kumba production

# 64%Fe

of which two thirds is lump

Minas-Rio production

# 67%Fe

Pellet feed products

Metallurgical coal production

# 86%

is premium HCC

# HIGH QUALITY BROWNFIELD GROWTH OPTIONALITY

## Near term low cost growth potential

Moranbah Grosvenor (Met Coal)

**>40% IRR**

~25% increase in plant capacity

Capital of ~\$200m



Marine Namibia vessel (De Beers)

**<3yrs payback**

~0.5Mct per annum production

Capital of ~\$200m (Anglo share)



## Longer term asset optionality

Copper

Los Bronces underground

Copper

Collahuasi

De Beers

Jwaneng & Orapa

PGMs

Mogalakwena

Met Coal

Moranbah South

# QUELLAVECO – A WORLD CLASS COPPER RESOURCE

## Ore Reserves<sup>28</sup>

**~1.3bnt**

Reserve grade of 0.58%TCu<sup>29</sup>

## Additional Mineral Resources<sup>28</sup>

**~1.5bnt**

At a grade of 0.35%TCu<sup>29</sup>

Significant additional endowment

## Low cost

**~\$1.10/lb**

C1 cash cost first 10 years

## Copper Eq production

**~300kt**

Average first 10 years

## Long life

**~30 years**

## De-risked

- Community and government support
- Key permits in place
- De-risked through early works



# REALISING ASSET POTENTIAL



Copper - Collahuasi

# DRIVING CONTINUOUS IMPROVEMENT AND INNOVATION

## Operating Model Roll-out

**~80%**

Complete or in progress

2017 delivery

- >35% improvement at Sishen Drill and Blast section
- 13% production uplift at Mogalakwena



*Kumba Iron Ore - Sishen mine drill rigs*



*MN220 Reef Miner: Remote controlled disc cutting machine designed for mining narrow reefs of hard rock*

## Targeted innovation savings

**>30%**

reduction in costs & capex

- Modern mining equipment
- Energy, water usage efficiencies & higher recoveries
- Unlocking endowments in water-stressed areas

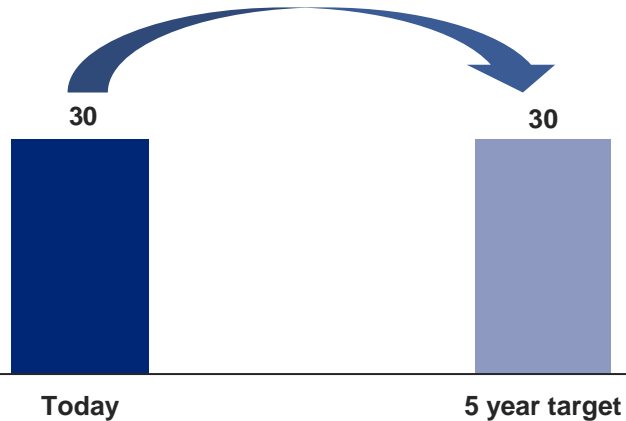
# REALISING OUR FULL POTENTIAL

## A unique endowment

2017 average life of mine

# 30 years

Life of mine average (years)



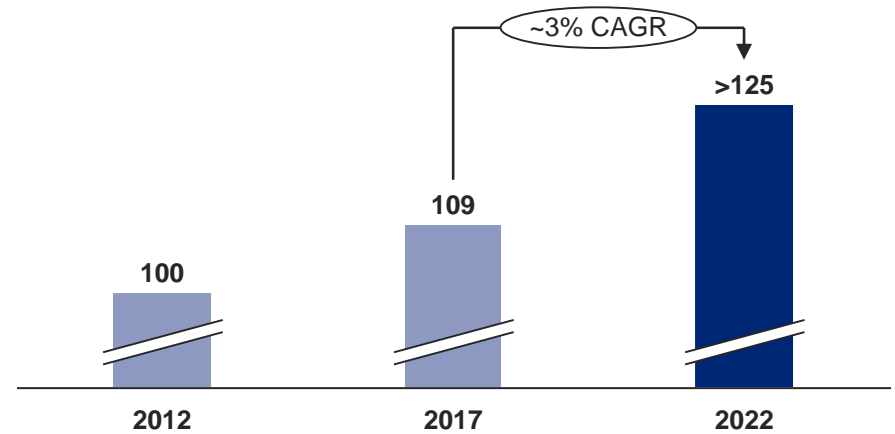
## Growth optionality

Production growth potential

# ~3%

2018-22 CAGR

Copper Eq production growth index



# OUR INVESTMENT PROPOSITION

## Assets

Focus on quality

Diversified portfolio

Low cost growth



## Capabilities

Operating Model

Innovation leader

Marketing quality products



## Returns

Strong balance sheet

Capital discipline

Dividend payout ratio



***“World class assets & leading capabilities to deliver a world class business”***

# APPENDIX



  
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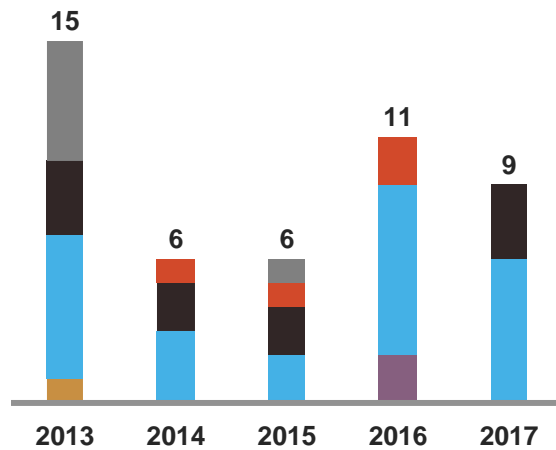
# FOOTNOTES

1. Copper equivalent production is normalised for the disposals of Kimberley, Niobium & Phosphates, Foxleigh and Callide, and to reflect Snap Lake being placed on care and maintenance, and the closure of Drayton. De Beers production on 100% basis except the Gahcho Kué joint venture which is on an attributable 51% basis; Copper production from the Copper business unit; Copper production shown on a contained metal basis; Platinum production reflects own mine production and purchases of metal in concentrate; Iron ore total based on the sum of Minas-Rio (wet basis) and Kumba (dry basis); Export thermal coal includes export primary production from South Africa and Colombia, and excludes secondary South African production that may be sold into either the export or domestic markets; Nickel production from the Nickel business unit.
2. EBITDA variance. Volume variance calculated as increase/(decrease) in sales volumes multiplied by prior period EBITDA margin. For assets in the first 12 months following commercial production all EBITDA is included in the volume variance, as there is no prior period comparative. Cash costs include inventory movements.
3. All metrics in presentation shown on an underlying basis.
4. 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.
5. The margin represents the Group's underlying EBITDA margin for the mining business. It excludes the impact of Platinum purchases of concentrate, third party purchases made by De Beers, third party marketing activities, the South African domestic thermal coal business and reflects Debswana accounting treatment as a 50/50 joint venture.
6. 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.
7. Total Recordable Cases Frequency Rate.
8. 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.
9. 2012-2017. Includes benefits of portfolio upgrading.
10. 2012-2017. Copper equivalent is calculated using long-term consensus parameters. Excludes domestic / cost-plus production. Production shown on a reported basis. 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.
11. 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. Shown excluding capitalised operating cash flows.
12. Underlying earnings is profit/(loss) attributable to equity shareholders of the Company, before special items and remeasurements, and is therefore presented after net finance costs, income tax expense and non-controlling interests.
13. Price variance calculated as increase/(decrease) in price multiplied by current period sales volume. For diamonds, the negative variance reflects a change in mix to lower value goods, with the price index up 3%.
14. Inflation variance calculated using CPI on prior period cash operating costs that have been impacted directly by inflation.
15. Includes associates and prior period results of disposals.
16. Guidance based on current portfolio. Includes all categories of capex, but excludes unapproved expansionary projects.
17. Net debt excludes the own credit risk fair value adjustment on derivatives.
18. Net debt / (net assets + net debt).
19. 'Cash flow after sustaining capital' comprises attributable free cash flow of \$4.9bn, excluding discretionary capex and exploration / evaluation expenditure of \$0.3bn. 'Balance sheet flexibility to support dividends' comprises reduction in net debt of \$4.0bn and \$0.4bn of other items, including translation differences, employee share scheme purchases and accrued interest. 'Discretionary capital options' comprises discretionary capex and exploration / evaluation expenditure of \$0.3bn.
20. 2013 to 2017. Includes impact of announced disposals and assets closed or placed on care and maintenance.
21. 2012 to 2017.
22. Represents the Group's underlying EBITDA margin. Refer to footnote 5. Movement is from 2012 to 2017.
23. Attributable basis. Revenue by product based on business unit.
24. Source: The Diamond Insight Report 2016. Based on total jewellery spend in the top 4 markets of the USA, China, Japan and India.
25. Source: Johnson Matthey.
26. 2017: LMC automotive. 2025 and 2030 reflect Anglo American view.
27. EBITDA margin of 48%.
28. Estimate as at 31 December 2016. For a breakdown of the classification categories please refer to the Ore Reserves and Mineral Resources Report 2016.
29. Total Copper

# SAFETY, HEALTH & ENVIRONMENT

## Safety

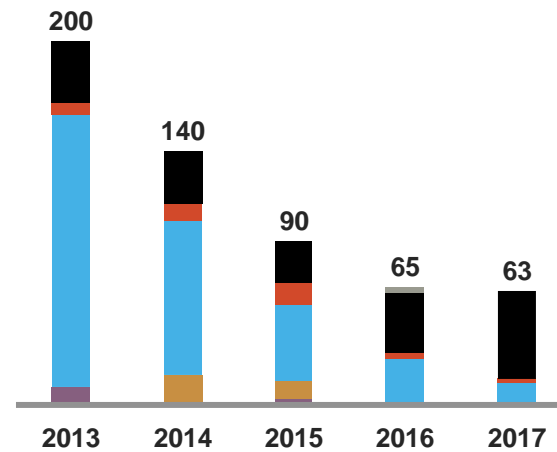
Fatalities



- 'Elimination of Fatalities' taskforce

## Health

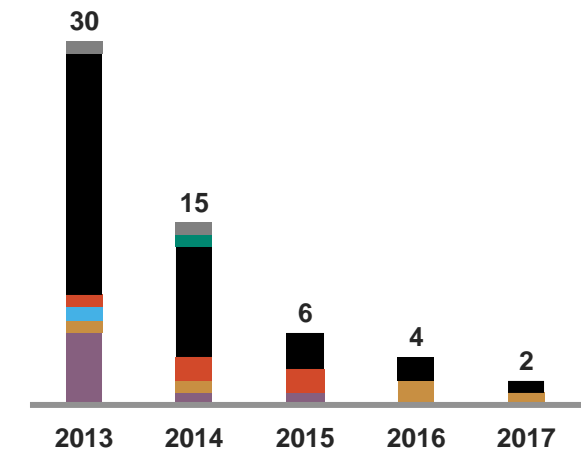
Occupational health – new cases



- Improved working environments

## Environment

Major incidents



- Improvements in planning and operating discipline

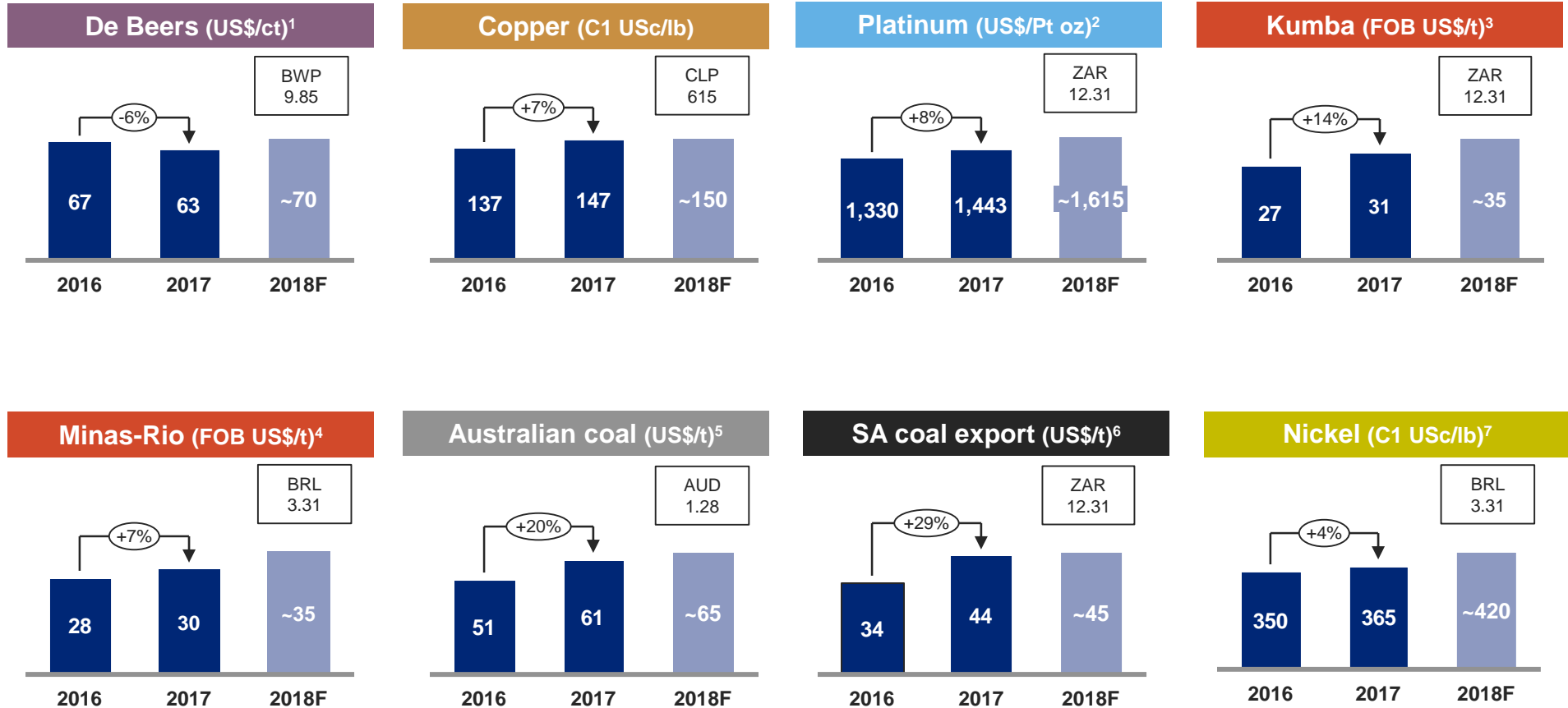
Divested businesses
  Exploration
  Coal
  Iron ore
  PGMs
  Base
  De Beers

# PRODUCTION OUTLOOK

	Units	2016	2017	2018F	2019F	2020F
<b>Diamonds<sup>1</sup></b>	Mct	27.3	33.5	34-36	~32	~32
<b>Copper<sup>2</sup></b>	Kt	577	579	630-660 <sup>3</sup> <i>(Previously 630-680)</i>	600-660 <i>(Previously 590-650)</i>	600-660
<b>Platinum<sup>4</sup></b>	Moz	2.4	2.4	2.3-2.4 <i>(Previously 2.5)</i>	~2.0 <sup>5</sup> <i>(Previously 2.1)</i>	~2.0 <sup>5</sup>
<b>Palladium<sup>4</sup></b>	Moz	1.5	1.6	1.5-1.6	1.3-1.4 <sup>5</sup>	1.3-1.4 <sup>5</sup>
<b>Iron ore (Kumba)<sup>6</sup></b>	Mt	41	45	44-45 <i>(Previously 40-42)</i>	44-45 <i>(Previously 40-42)</i>	44-45
<b>Iron ore (Minas-Rio)<sup>7</sup></b>	Mt	16	17	13-15 <i>(Previously 15-18)</i>	20-24 <i>(Previously 22-26.5)</i>	24-26.5
<b>Metallurgical coal<sup>8</sup></b>	Mt	19	20	20-22	21-23 <i>(Previously 20-22)</i>	21-23
<b>Thermal coal<sup>9</sup></b>	Mt	30	29	29-31	29-31	29-31
<b>Nickel</b>	Kt	45	44	42-44 <sup>10</sup> <i>(Previously ~45)</i>	42-44 <sup>10</sup> <i>(Previously ~45)</i>	~45

1. On a 100% basis except for the Gahcho Kué joint venture, which is on an attributable 51% basis. Production is subject to trading conditions. Reduction in 2019 volumes due to declining open pit production at Venetia and Victor end-of-mine-life.
2. Copper business unit only. On a contained-metal basis.
3. Increase in 2018 reflects expected temporary grade increase.
4. Produced ounces. Includes production from joint operations, associates and third parties.
5. Decline from 2018 due to Rustenburg POC, which will be processed based on a tolling arrangement from 1 January 2019 and therefore is excluded from production guidance.
6. Dry basis. Increase from prior guidance reflects improved operating performance.
7. Wet basis. Reduction from prior guidance due to licensing delays. Current guidance assumes receipt of the Provisional Operational Authorisation ('APO') before November 2018. Production will be negatively impacted if the licence is not received by this time.
8. Excludes the sale of Foxleigh which completed in August 2016. Excludes thermal coal production.
9. Export South Africa and Colombia production.
10. Reduction from prior guidance due to additional plant maintenance requirements.

# UNIT COST PERFORMANCE BY BUSINESS UNIT



Note: Unit cost guidance for 2018 based on spot exchange rates at 31 December 2017. Unit costs exclude royalties, depreciation and include direct support costs only.

- De Beers unit cost is based on De Beers' share of production. The increase in 2018 is primarily due to FX rates and higher ratio of waste costs at Jwaneng expensed rather than capitalised.
- The increase in 2018 is due to FX and the impact of the run-of-mine stock adjustment in 2017 (~\$0.1bn).
- The increase in 2018 is due to FX.
- Minas-Rio unit cost is on a wet basis. The increase in 2018 is due to lower volumes as a result of licensing delays.
- Coal Australia FOB/t unit cost excludes Callide, royalties and study costs; normalised for Foxleigh and Drayton. The increase in 2018 is due to higher stripping costs at Dawson and Capocal.
- Coal SA FOB/t unit cost comprises SA Trade only, excludes royalties.
- The increase in 2018 is due to maintenance and higher energy costs.

# EARNINGS SENSITIVITIES – 2017

Sensitivity Analysis – 2017 <sup>1</sup>			Impact of 10% change in price / FX
Commodity / Currency	31 December spot	Average realised	EBITDA (\$m)
Copper <sup>2</sup> (c/lb)	325	290	352
Platinum (\$/oz)	925	947	157
Palladium (\$/oz)	1,057	876	96
Rhodium (\$/oz)	1,700	1,094	17
Iron Ore (\$/t)	74	71	389
Hard Coking Coal (\$/t)	262	187	252
Thermal Coal (SA) (\$/t)	95	76	141
Nickel <sup>3</sup> (c/lb)	556	476	31
Oil price	67	54	46
South African rand	12.31	13.31	519
Australian dollar	1.28	1.30	183
Brazilian real	3.31	3.19	70
Chilean peso	615	649	64

1. Reflects change on actual results for 2017.

2. Includes copper from both the Copper business and Platinum Business Unit.

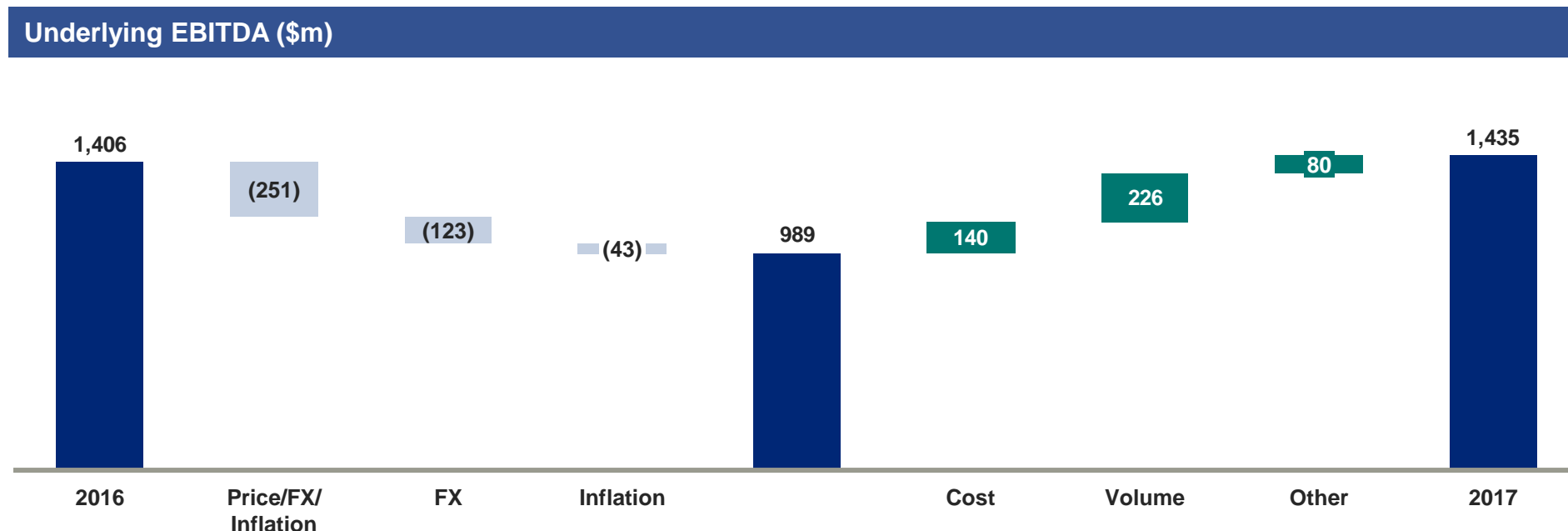
3. Includes nickel from both the Nickel business and Platinum Business Unit.

# PORTFOLIO OVERVIEW – SIMPLIFIED

De Beers		Copper		PGMs	
Botswana	Debswana	Chile	Los Bronces	South Africa	Mogalakwena
South Africa	DBCM		Collahuasi		Amandelbult
Namibia	Namdeb		Other operations		Processing
Canada	Canada	Peru	Quellaveco		Other operations
Trading	GSS				
Iron ore		Coal		Nickel & Manganese	
South Africa	Kumba	Australia	Metallurgical	Brazil	Barro Alto (Nickel)
Brazil	Minas-Rio	South Africa	Thermal export	Australia / South Africa	Samancor (Manganese)
		Colombia	Cerrejón		

# DE BEERS – STRONG SALES AND COST PERFORMANCE

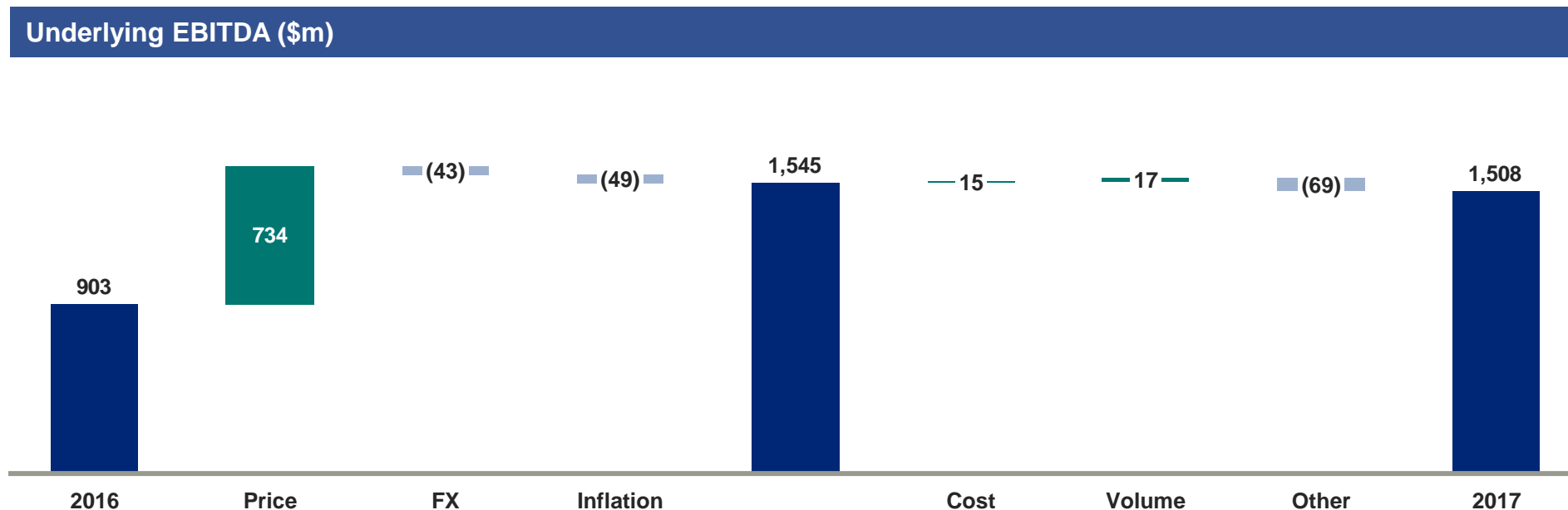
	Production <sup>1</sup>	Average price index	Realised price	Unit cost <sup>2</sup>	Underlying EBITDA	EBITDA margin	Capex <sup>3</sup>	Sales (Cons.)
<b>2017</b>	33.5Mct	122	\$162/ct	\$63/ct	\$1,435m	25%	\$273m	32.5Mct <sup>4</sup>
<b>vs. 2016</b>	↑22%	↑3%	↓13%	↓6%	↑2%	↑2pp	↓48%	↑8%



1. Shown on a 100% basis except for the Gahcho Kué joint venture, which is on an attributable 51% basis.
2. De Beers unit costs are based on consolidated production and operating costs, excluding depreciation and special items, divided by carats recovered.
3. Stated net of capitalised operating cash flows.
4. Sales of 35.1Mct on a 100% basis (10% increase).

# COPPER – PRICES BOOST EBITDA PERFORMANCE

	Production	Realised price	C1 unit cost	Underlying EBITDA	EBITDA margin <sup>(1)</sup>	Capex	Sales
<b>2017</b>	579kt	290c/lb	147c/lb	\$1,508m	41%	\$665m	580kt
<b>vs. 2016</b>	0%	↑29%	↑7%	↑67%	↑10pp	↑18%	0%

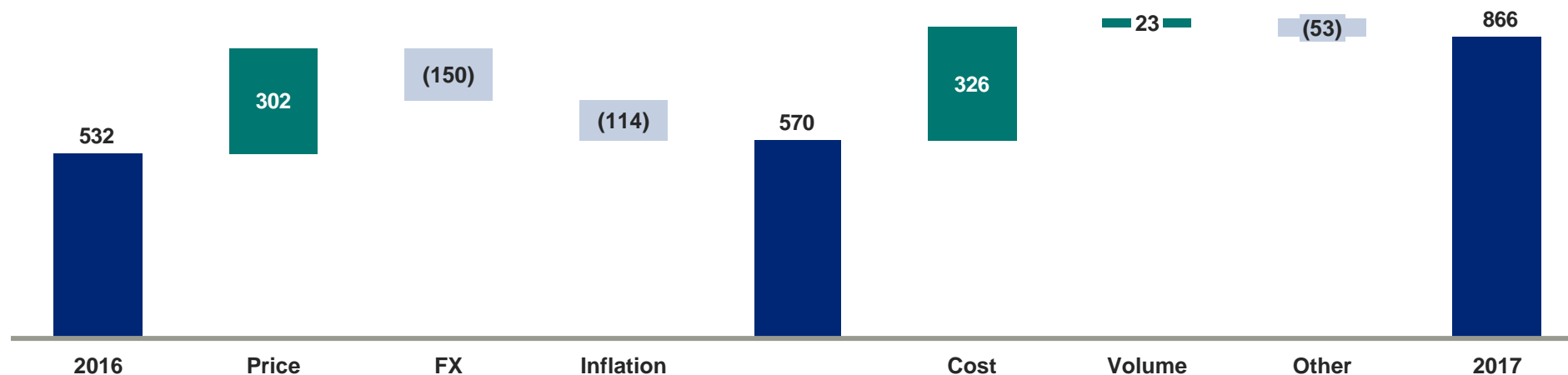


1. Excludes impact of third-party sales.

# PGMs – SELF-HELP & PGM PRICES DRIVE IMPROVEMENT

	Production <sup>1</sup>	Realised Basket price <sup>2</sup>	Unit cost <sup>2,3</sup>	Underlying EBITDA	EBITDA margin	Capex	Pt sales	Headcount
<b>2017</b>	2,397 koz	\$1,966/oz	\$1,443/oz	\$866m	17%	\$355m	2,505 koz	28,700
<b>vs. 2016</b>	↑1%	↑12%	↑8%	↑63%	↑5pp	↑13%	↑4%	↑2%

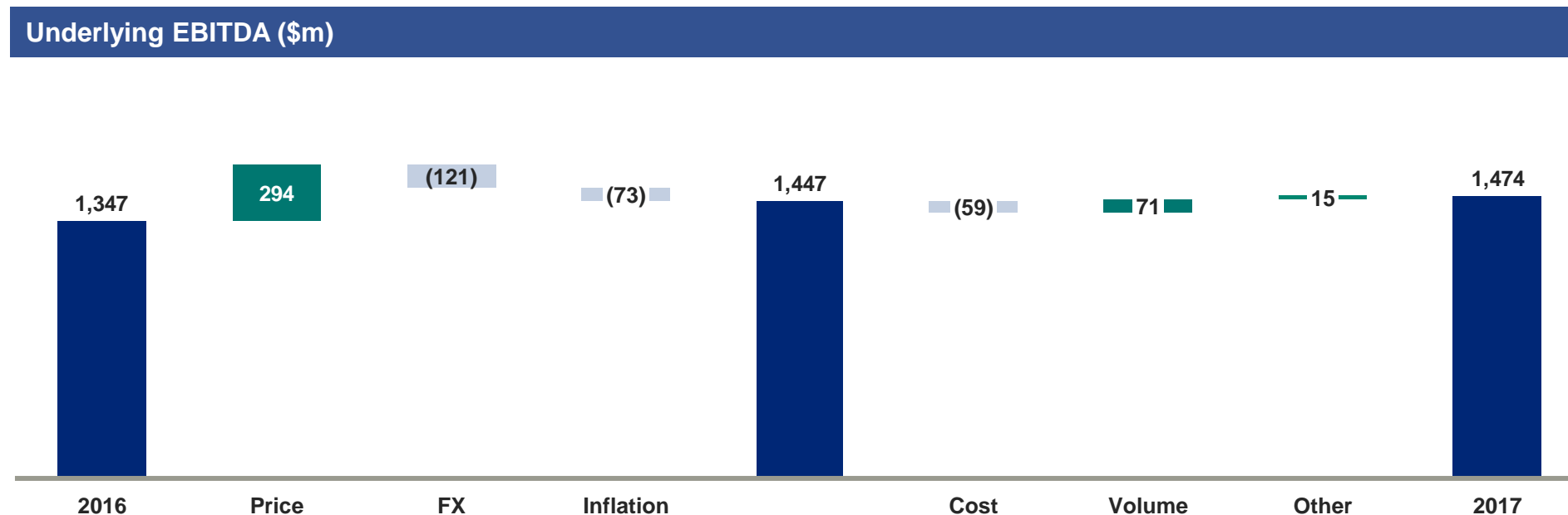
## Underlying EBITDA (\$m)



1. Total platinum production is on a metal in concentrate basis.
2. Metrics stated per platinum ounce.
3. Platinum unit cost is on a produced metal in concentrate basis.

# KUMBA IRON ORE – PRODUCTION INCREASED BY 8%

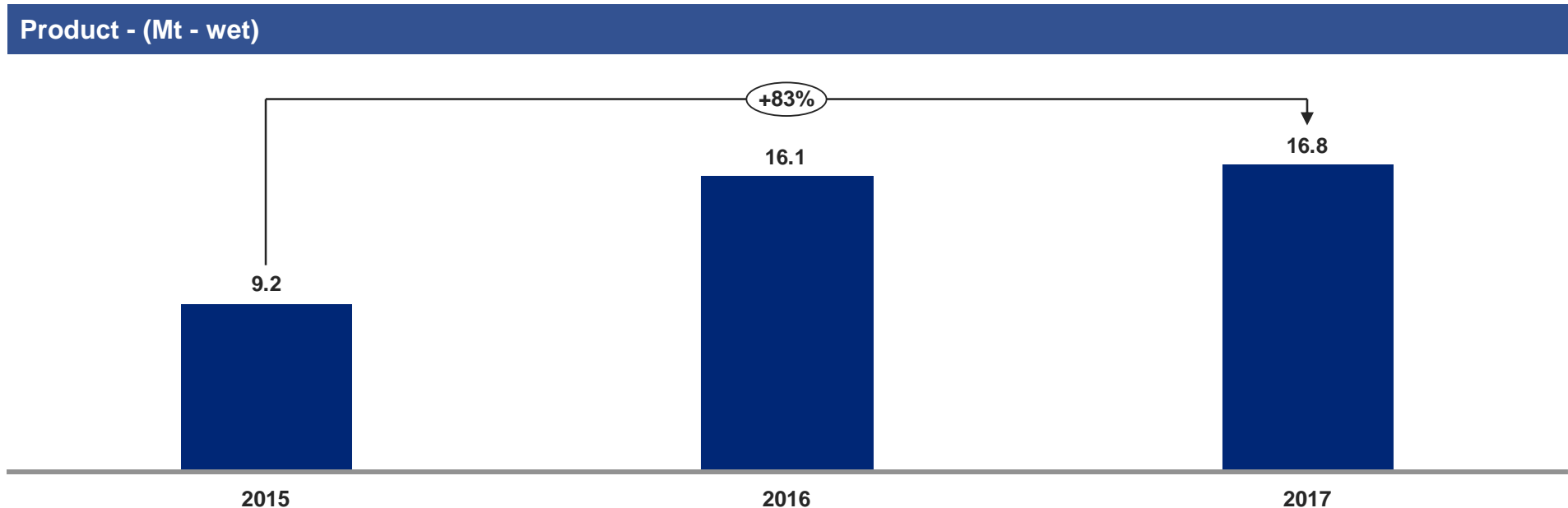
	Production	Realised price (FOB) <sup>1</sup>	Unit cost (FOB)	Gross cash margin (\$/t)	Underlying EBITDA	EBITDA margin	Capex
<b>2017</b>	45.0Mt	\$71/t	\$31/t	\$40/t	\$1,474m	42%	\$229m
<b>vs. 2016</b>	↑8%	↑11%	↑15%	↑8%	↑9%	↓6pp	↑43%



1. Break-even price of \$40/t in 2017 (2016: \$29/t) (62% CFR dry basis).

# IOB (MINAS-RIO) – RAMP-UP CONTINUES

	Production	Realised price (FOB) <sup>1</sup>	Unit cost (FOB)	Gross cash margin (\$/t)	Underlying EBITDA	EBITDA margin	Capex <sup>2</sup>	Sales
<b>2017</b>	16.8Mt (wet)	\$65/wmt	\$30/wmt	\$35/t	\$435m	31%	\$23m	16.5Mt
<b>vs. 2016</b>	↑4%	↑20%	↑7%	↑35%	nm	nm	↓79%	↑2%

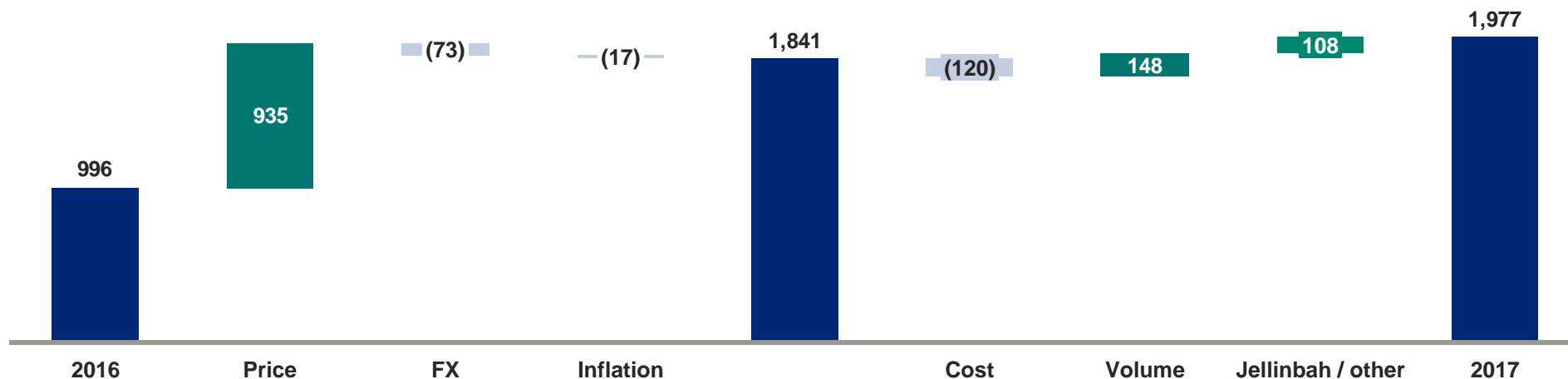


1. Break-even price of \$45/t in 2017 (62% CFR dry basis).
2. Stated net of capitalised operating cash inflows.

# METALLURGICAL COAL – FOCUSED PORTFOLIO

	Metallurgical production <sup>1</sup>	FOB realised price <sup>2</sup>	Unit cost <sup>3</sup>	Underlying EBITDA	EBITDA margin	Capex
<b>2017</b>	19.7Mt	\$185/t	\$61/t	\$1,977m	54%	\$416m
<b>vs. 2016</b>	↑1%	↑65%	↑20%	↑98%	↑15pp	↓20%

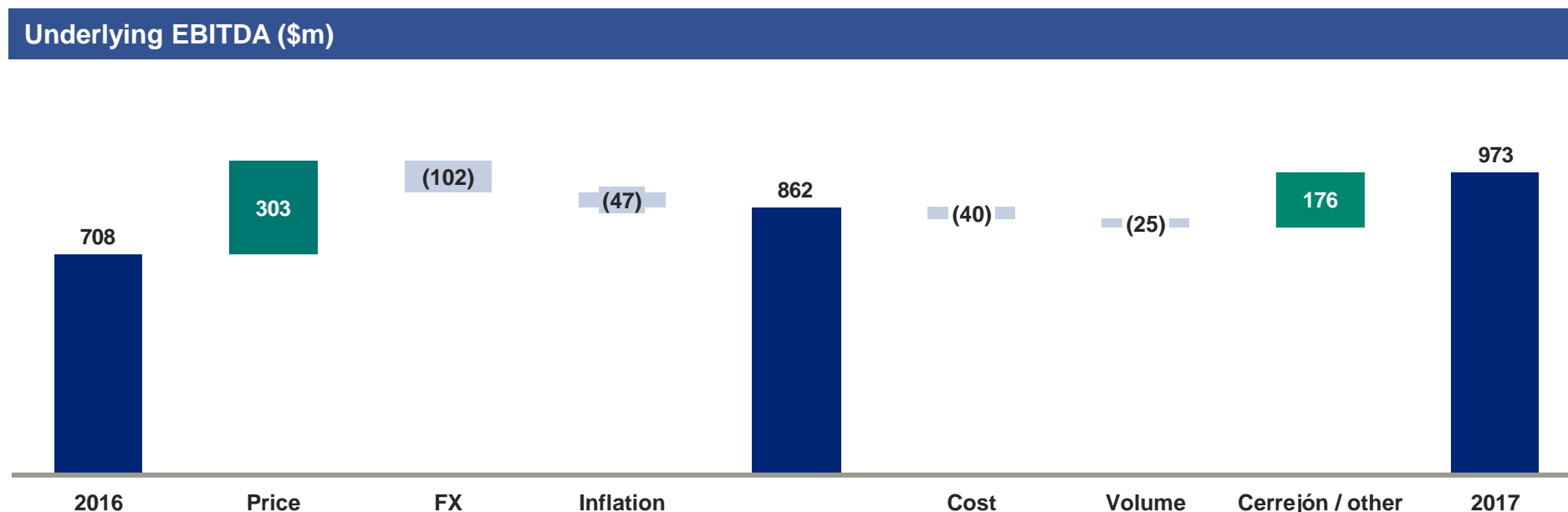
## Underlying EBITDA (\$m)



1. Excludes the sale of Foxleigh, which completed August 2016. Excludes thermal.
2. Realised Australian metallurgical export. Includes HCC and PCI, excludes thermal.
3. FOB unit cost excluding royalties, study costs and Callide.

# THERMAL COAL – SA AND COLOMBIA – STEADY PERFORMANCE

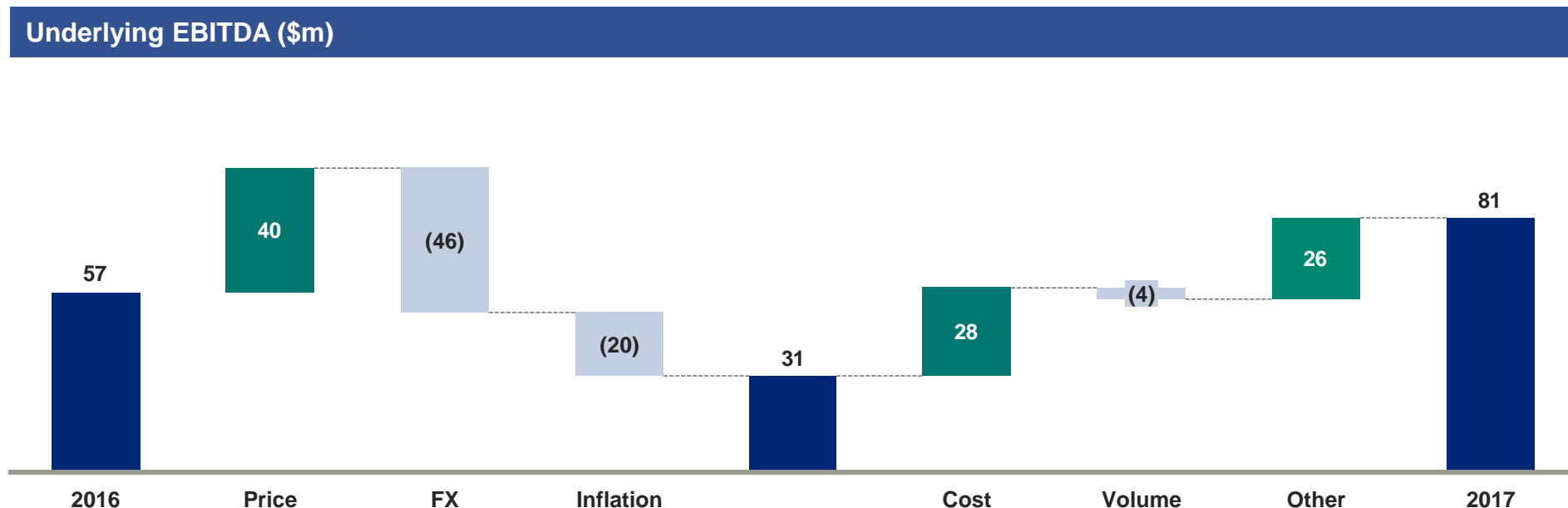
	Export prod. SA / Col	FOB price <sup>1</sup> SA / Col	Unit cost <sup>2</sup> SA / Col	Underlying EBITDA SA / Col	EBITDA margin SA / Col	SA Capex
<b>2017</b>	18.6Mt / 10.6Mt	\$76/t / \$75/t	\$44/t / \$31/t	\$588m / \$385m	32% / 49%	\$152m
<b>vs. 2016</b>	↓3% / ↓1%	↑27% / ↑34%	↑29% / ↑11%	↑24% / ↑64%	↓1pp / ↑10pp	↑69%



1. Realised South Africa and Colombia thermal export.
2. FOB unit cost excluding royalties. SA unit cost is for the export operations.

# NICKEL – STEADY PRODUCTION PERFORMANCE

	Production <sup>1</sup>	Realised price	C1 unit cost <sup>2</sup>	Underlying EBITDA	EBITDA margin	Capex	Sales <sup>1</sup>
<b>2017</b>	43.8kt	476c/lb	365c/lb	\$81m	18%	\$28m	43.0kt
<b>vs. 2016</b>	↓2%	↑10%	↑4%	↑42%	↑5pp	↓54%	↓4%



1. Nickel BU only.
2. Codemin and Barro Alto.



# CONCENTRATE THE MINE™

Precisely targeting the metal and mineral with less waste, water and energy

FutureSmart™ mining

## CHALLENGE

Precision mining with minimal energy, water and capital intensity

## APPROACH

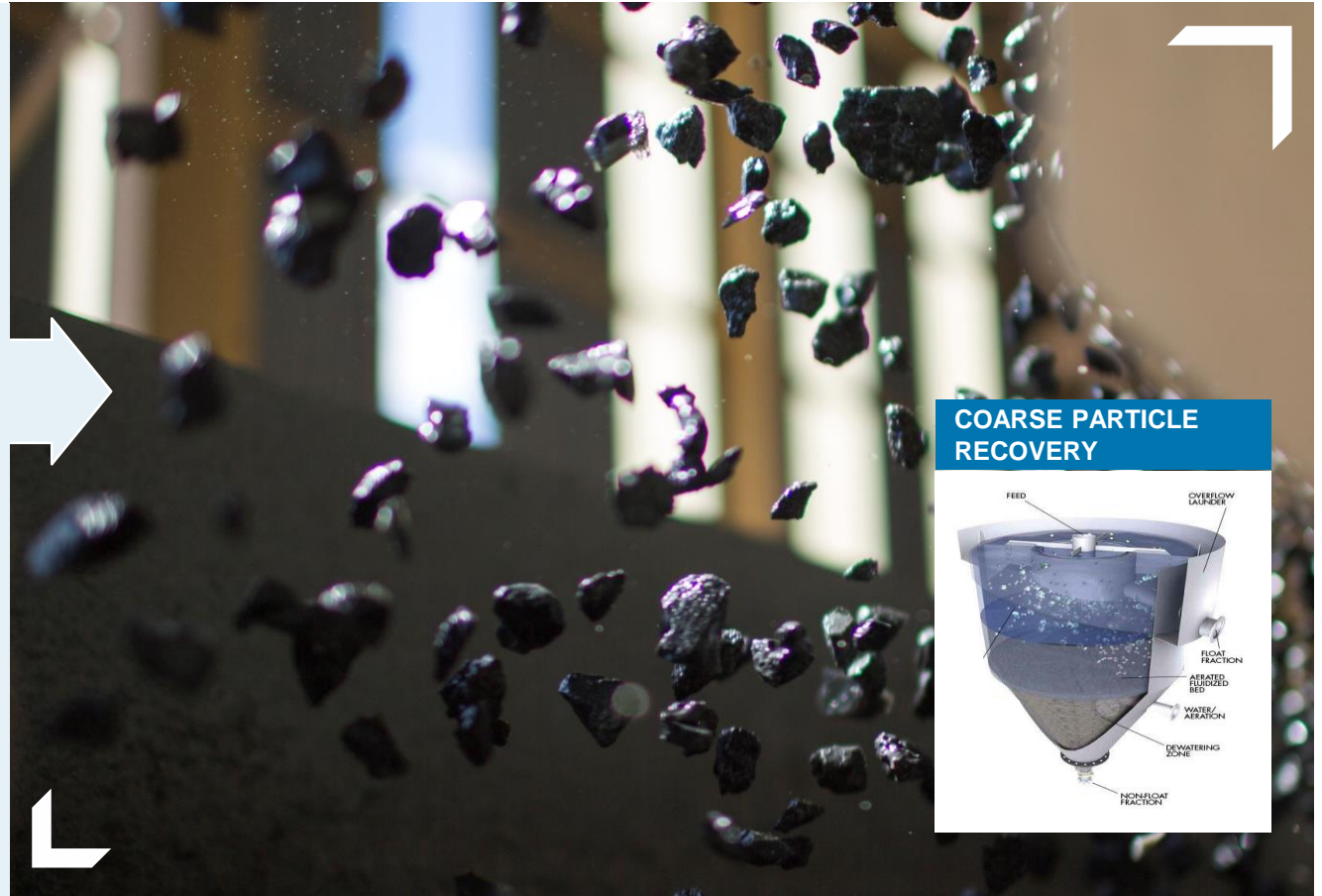
Concentrate the mine™ concept:

1. Coarse particle recovery
2. Bulk Sorting
3. Grade Engineering™
4. Precision Classification

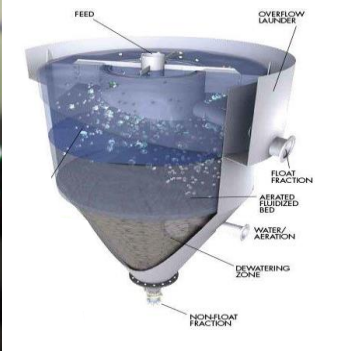
## VALUE

Across most commodities:

1. >30% reduction in OPEX/CAPEX
2. >30% reduction in energy intensity
3. >30% reduction in water intensity



## COARSE PARTICLE RECOVERY



## CHALLENGE

Around 75% of our current portfolio is located in high-water-risk regions

## APPROACH

Coarse particle recovery

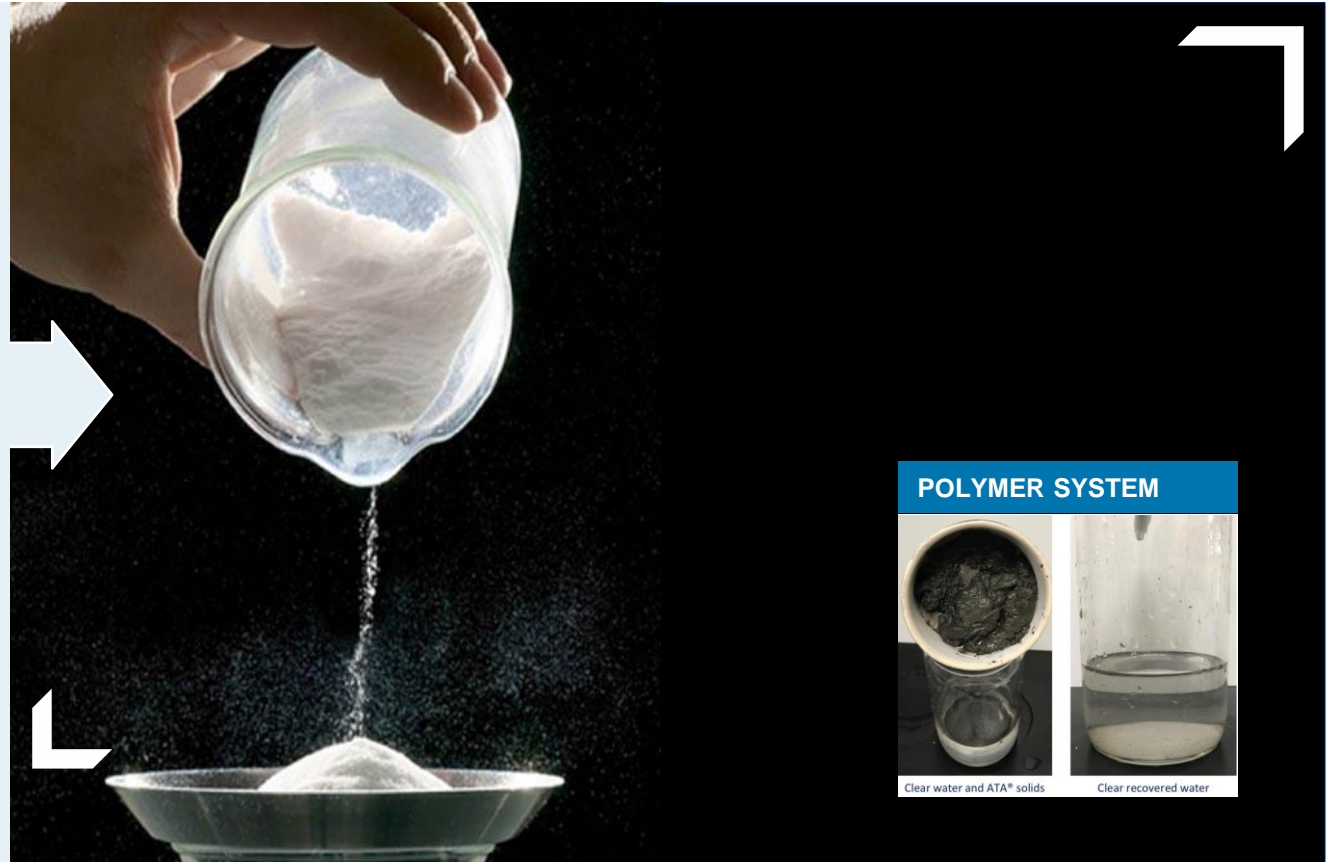
- Pilot complete at Los Bronces, next unit at El Soldado
- Applicability in Platinum

Dry tailings disposal focus is on a dual polymer system

- Pilot plant expected at Debswana in 2018
- Accelerated testing at other sites

## VALUE

>\$1.5 bn: Reducing water intensity & removing expansion constraints



## CHALLENGE

Predict and shape operational outcomes

## APPROACH

- Predictive maintenance using digital twins – 5 sites
- Increased use of AI in exploration and geosciences
- Pervasive fibre-optic sensors – real time insights into the process and facilitation of APC

## VALUE

- Increased equipment utilisation
- Improved ore characterisation and processing benefits
- >\$75-150M /yr from advance process control delivering a 0.5-1% recovery improvement





# MODERN MINE

Continuous, hard rock mining for safer, more economic mines

FutureSmart™ mining

## Underground testing is nearing completion at our platinum mines

1. **The Rapid Mine Development System (RMDS)** Safely excavates low-profile tunnels with rapid access to ore
2. **Continuous Haulage System (CHS)** A remote controlled system to transfer bulk material from the RMDS to the fixed conveyors
3. **MN220 Reef Miner** Remote controlled disc cutting machine designed for mining narrow reefs of hard rock
4. **Slot Borer** Platinum reef drilling system for drilling narrow vein hard rock ore body of just 1-1.5m

### VALUE

Continuous, hard rock mining for safer, more economic underground mines





# MODERN MINE

Continuous, hard rock mining for safer, more economic mines

## CHALLENGE

Predict and shape operational outcomes

## APPROACH

- Modernise – Electro-hydraulic drills, gel explosives, no scraper-winches
- Mechanise – Remote operated ultra-low-profile equipment
- Continuous cutting – Hard rock cutting machines
- Swarm robotics – Small self-organising intelligent machines

## VALUE

- Safer and more efficient working environment
- Transition pathway in existing operations



# MARKETING – MAXIMISING VALUE OF OUR ENDOWMENT

---

EBITDA

**\$0.3bn**

- An integrated marketing function
- Leveraging our products, our people and our infrastructure

Value chain optimisation

**\$0.1bn**

- Shipping optimisation
- Product blending

Marketing excellence

**\$0.1bn**

- Producing what the market wants
- Focus on high quality products

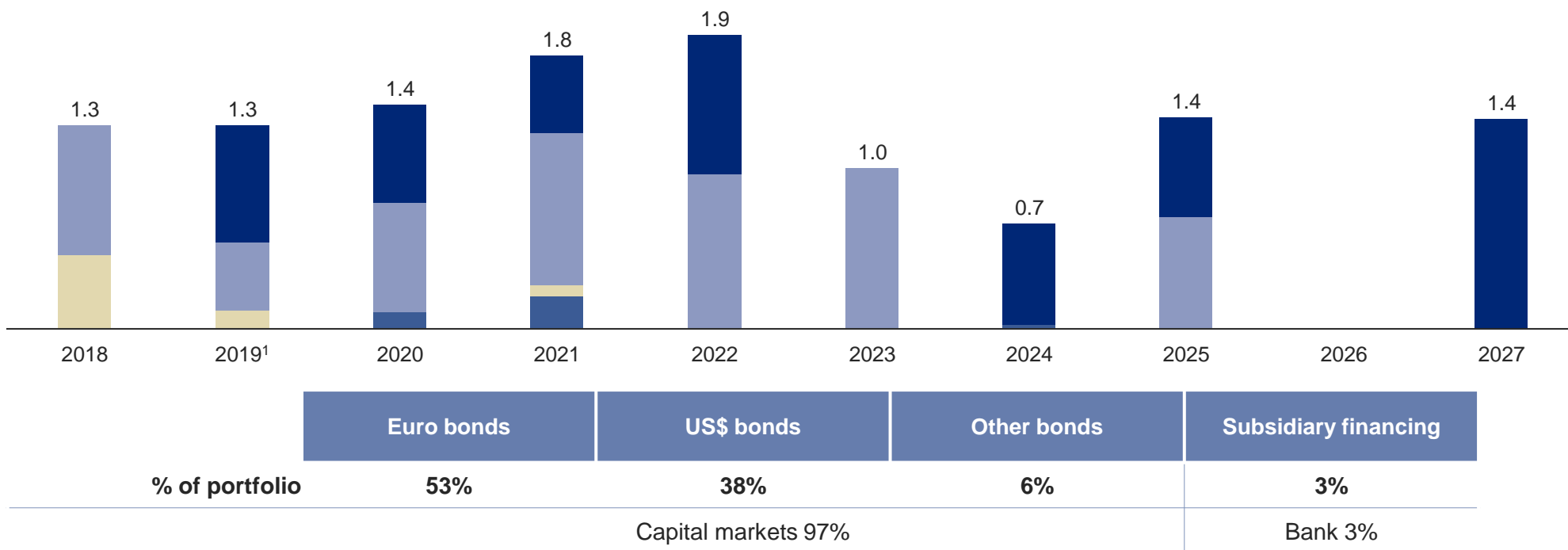
Third party marketing and trading

**\$0.1bn**

- Leveraging and optimising our equity product
- Physical arbitrage opportunities

# DEBT MATURITY PROFILE AT 31 DECEMBER 2017

## Debt repayments (\$bn) at 31 December 2017



- US bonds
- Euro bonds
- Other bonds (e.g. AUD, ZAR)
- Subsidiary financing

1. On 7 February 2018, Anglo American gave notice that it will redeem all of its outstanding \$750m 9.375% US bond due April 2019 on 9 March 2018.