

# FOCUS ON DELIVERY

BMO Global Metals & Mining Conference, 24 February 2020



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## Alternative Performance Measures

Throughout this presentation a range of financial and non-financial measures are used to assess our performance, including a number of financial measures that are not defined or specified under IFRS (International Financial Reporting Standards), which are termed ‘Alternative Performance Measures’ (APMs). Management uses these measures to monitor the Group’s financial performance alongside IFRS measures to improve the comparability of information between reporting periods and business units. These APMs should be considered in addition to, and not as a substitute for, or as superior to, measures of financial performance, financial position or cash flows reported in accordance with IFRS. APMs are not uniformly defined by all companies, including those in the Group’s industry. Accordingly, it may not be comparable with similarly titled measures and disclosures by other companies.

# 2019 RESULTS

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EBITDA<sup>1</sup>

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**\$10.0bn**

Underlying EPS<sup>3</sup>

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**\$2.75/sh**

Capital expenditure<sup>4</sup>

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**\$3.8bn**

Unit cost<sup>2</sup>

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 **6%**

Dividends

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**\$1.09/sh**

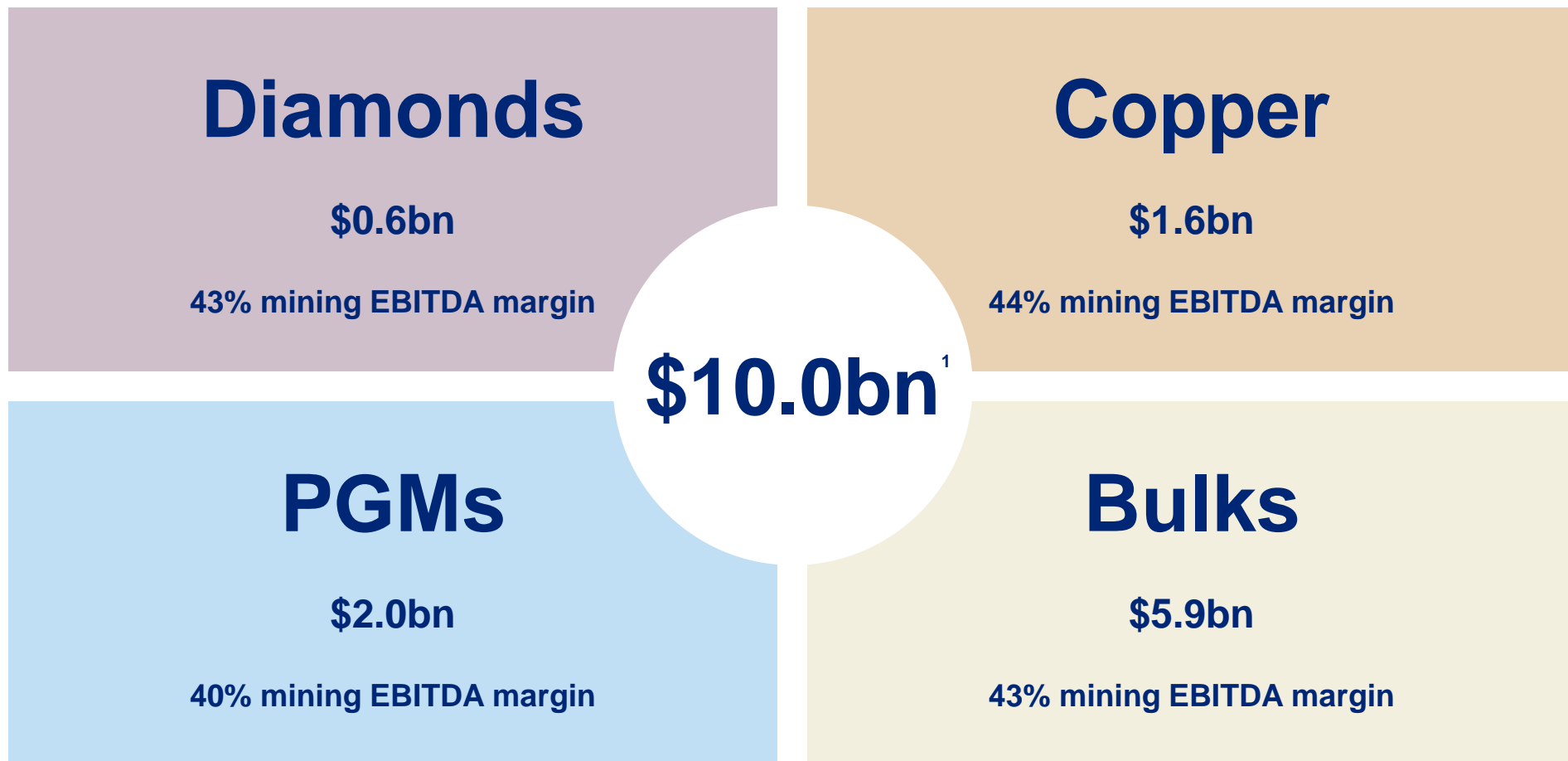
Net Debt: EBITDA

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**0.5x**

# EBITDA DRIVEN BY STRONG MARGINS

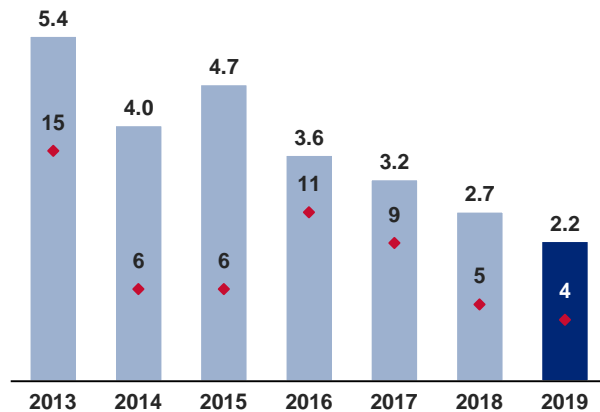
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# CONTINUED IMPROVEMENT

## Safety

■ Group TRCFR<sup>13,14</sup> ◆ Fatalities

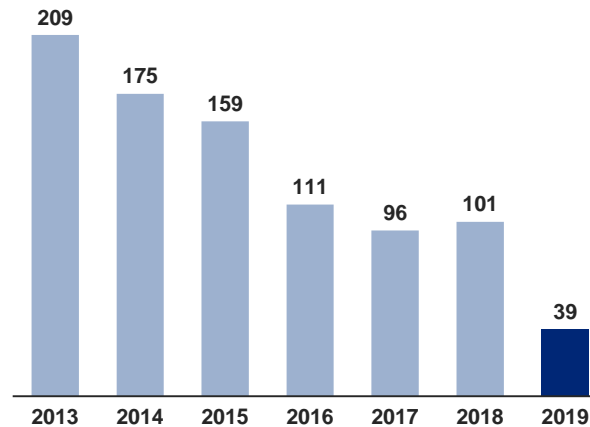


**Elimination of Fatalities Taskforce**  
...transformation continues.

**Best ever safety performance metrics**  
...but with more to do.

## Health

Occupational health – new cases<sup>13,15</sup>

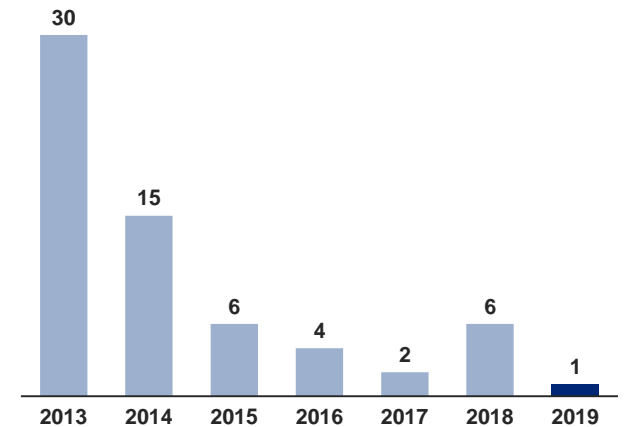


**Elimination of hazards at source**  
...the key focus for sustainable improvement.

**Best ever health results**  
...upgraded work environments & controls.

## Environment

Significant incidents<sup>13,16</sup>



**Upgraded planning and awareness**  
...supports control improvements.

**Environmental factors integrated in asset plans**  
...connects to more effective social engagement.

# FOCUS ON DELIVERY

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**Effectiveness**

**Efficiency**

**Sustainability**

**Margins drive Cash Flow**

**\$3.4bn FCF<sup>5</sup>**

**Capital Discipline**

**19% ROCE<sup>6</sup>**

**Quality Assets**

**ESG & balance sheet**



# OUR TRANSFORMATION JOURNEY

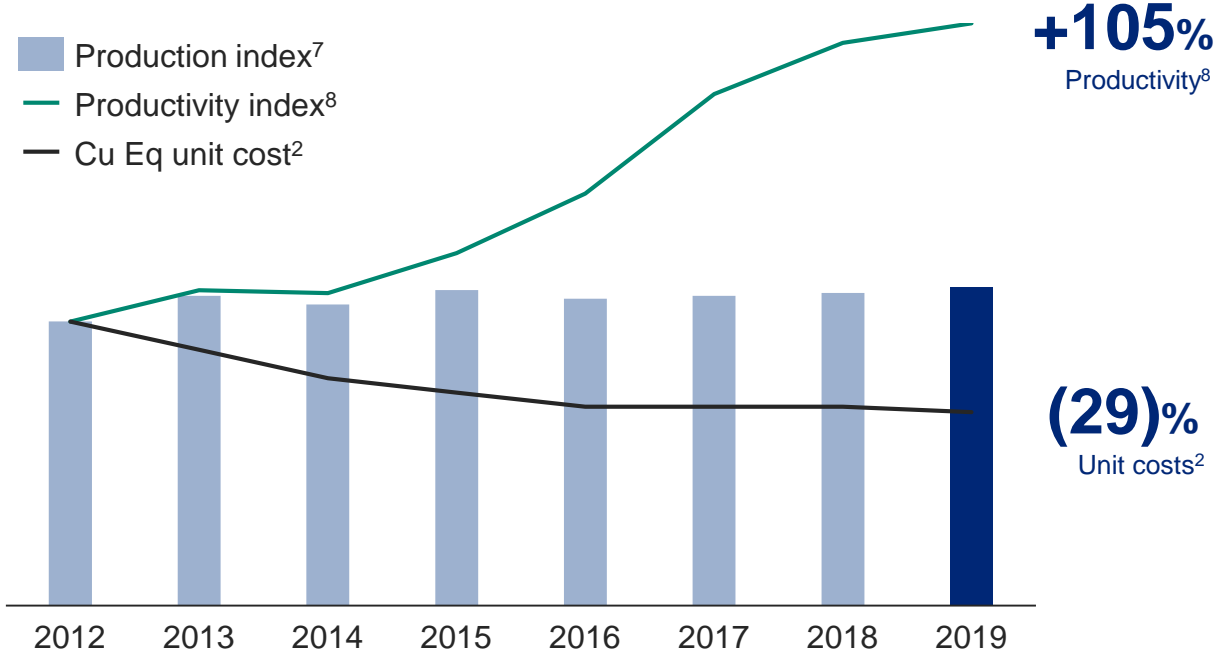


**Real Mining. Real People. Real Difference.**

# A TRANSFORMED BUSINESS...

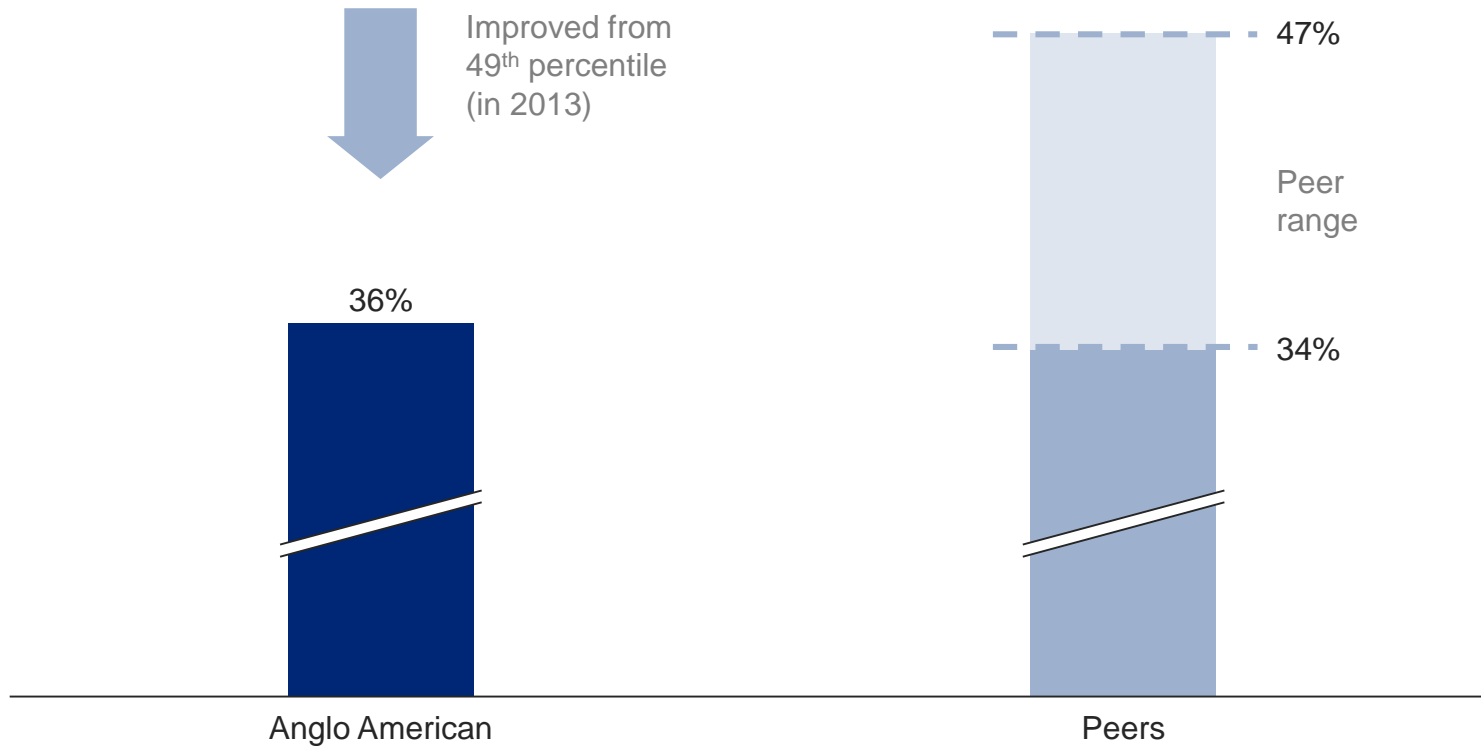
Portfolio restructuring

Operating model and technical improvements



# ...WITH AN IMPROVED COMPETITIVE POSITION

Average quality adjusted cost curve position<sup>9</sup>



# DELIVERING MARGIN IMPROVEMENT

Mining EBITDA margin<sup>10</sup>



# WITH MORE IMPROVEMENT TARGETED

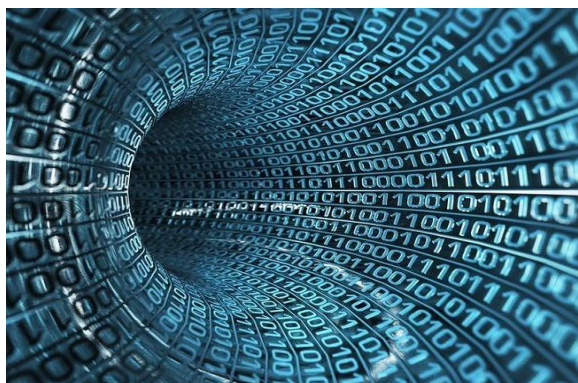


## Operating Model and P101

Met Coal longwalls

Minas-Rio

Target: ~\$1.5bn  
Achieved: \$0.5bn<sup>11</sup>



## Technology and Digitalisation

Bulk ore sorting

Coarse particle recovery

Target: up to ~\$1.0bn  
2021-2022



## Project Delivery

Quellaveco (Copper)

Moranbah-Grosvenor (Met Coal)

Target: up to ~\$1.5bn  
2021-2022

# DISCIPLINED GROWTH

Mark Cutifani



# PROJECTS ON TIME AND BUDGET

## Quellaveco (Copper)



2020 capex (100%)

**~\$1.5bn to ~\$1.7bn**

Our share<sup>4</sup>: ~\$0.9bn to ~\$1.0bn

Plant earthworks complete, concrete progressing well, first steel and equipment installed

## Marine Namibia (Diamonds)



2020 capex<sup>4</sup>

**~\$0.1bn**

High value diamonds

Construction under way

## Aquila (Met Coal)



2020 capex<sup>4</sup>

**~\$0.1bn**

High quality met coal

Construction under way

# SIRIUS MINERALS: A COMPELLING FIT AND OPPORTUNITY

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## Clear Strategic Fit

### Potential Tier 1 asset

Long life, low cost, scaleable, minimal processing

### Leveraging our capabilities

Operating excellence, technology & global marketing expertise

## Competitive Product

### Multi-nutrient, low-chloride

POLY4 contains established nutrients, suited to population growth

### Low cost to market

Dedicated infrastructure, favourable geography

## Well Progressed Project

### Attractive returns

\$1.1bn invested, key permits in place, potential for >50% EBITDA margins

### Sustainable

Low carbon, chemical-free, certified for organic use

# BALANCED & DISCIPLINED CAPITAL ALLOCATION

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Attractive growth

**~20-25%**

Cu Eq production – by 2023<sup>7</sup>

Strong margin

**~45-50%**

Mining EBITDA margin<sup>10</sup>

Resilient balance sheet

**<1.5x**

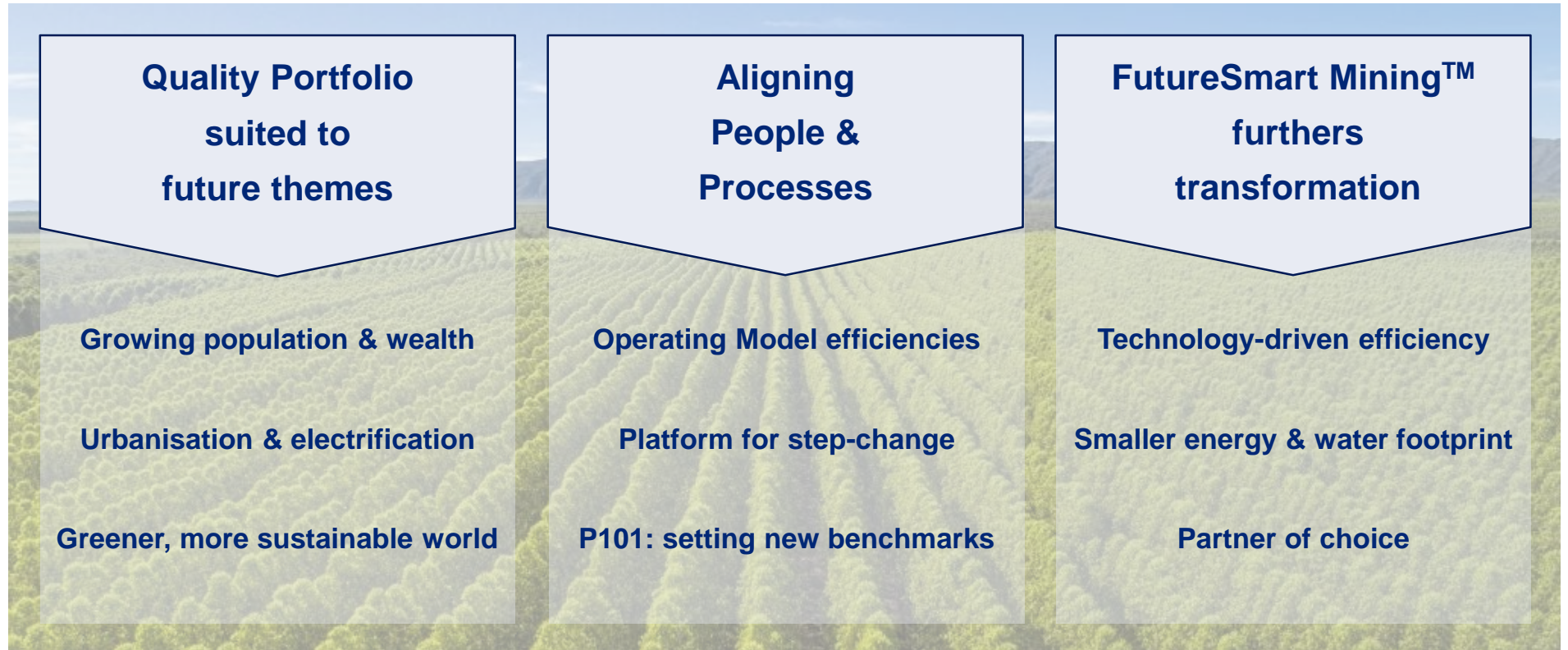
Bottom of the cycle net debt:EBITDA

# POSITIONED FOR THE FUTURE

Mark Cutifani



# POSITIONING OURSELVES FOR THE FUTURE



# FUTURESMART™ DRIVING OUR SUSTAINABLE APPROACH

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Energy

**30%**

Greenhouse Gases

**30%**

Water

**50%**

targeted reductions by 2030<sup>12</sup>

# ASSET QUALITY DRIVEN PORTFOLIO

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**Diamonds**

World leader



**Copper**

World class growth



**PGMs**

World leader



**Bulks**

High quality niche

# INVESTMENT PROPOSITION

**Competitive**

**Differentiated**

**Sustainable**

**Assets**

**Capabilities**

**Returns**

*“Leading capabilities actively improving a competitive, world-class asset base to drive sustainable, attractive returns”*

# Q&A



**Copper: renewables-driven electrification**



**PGMs: air quality & lower emissions**



**Diamonds: aspiration & growing prosperity**



**Quality bulks: modern infrastructure development**

**...ARE PRODUCTS THAT IMPROVE PEOPLE'S LIVES**

# FOOTNOTES

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All metrics in presentation shown on an underlying basis.

1. Underlying EBITDA is operating profit before special items and remeasurements adjusted to include the Group's attributable share of associates' and joint ventures' operating profit and exclude depreciation and amortisation. On slide 4, corporate and other contribution to the Group EBITDA presented is not shown.
2. Copper equivalent unit costs are shown on nominal terms and calculated as the total USD cost base divided by copper equivalent production.
3. Underlying EPS is underlying earnings divided by shares in issue. Underlying earnings is profit attributable to equity shareholders of the Company, before special items and remeasurements (therefore presented after net finance costs, income tax expense and non-controlling interests).
4. 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 and reimbursement of capital expenditure. Shown excluding capitalised operating cash flows. Consequently, for Quellaveco, reflects attributable share of capex, net of syndication proceeds.
5. 'Cash flow after sustaining capital' comprises attributable free cash flow excluding discretionary capex and exploration / evaluation expenditure. Attributable free cash flow is defined as net cash inflows from operating activities net of capital expenditure, net interest paid, dividends paid to minorities and capital repayment of lease obligations.
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 the Group has control but does not hold 100% of the equity.
7. Copper equivalent production is calculated using long-term consensus parameters. Excludes domestic / cost-plus production. Includes assets sold, closed or placed on care and maintenance.
8. Productivity is calculated as copper equivalent production divided by the average direct headcount from consolidated mining operations.
9. Estimate based on data available at H1 2019. Source: Wood Mackenzie; AAP; De Beers; CRU. Includes non-AA mined commodities (e.g., zinc, bauxite). Excludes non-mining activities (e.g. petroleum, alumina/aluminium processing, marketing). Incorporates 2014 data for diamonds.
10. Margin represents the Group's underlying EBITDA margin for the mining business. It excludes the impact of non-mining activities (eg PGMs purchases of concentrate, sale of non-equity product by De Beers, 3rd-party trading activities performed by Marketing) & at Group level reflects Debswana accounting treatment as a 50/50 JV.
11. Cost plus volume. Volume: increase/(decrease) in sales volumes multiplied by prior period EBITDA margin (ie flat unit costs, before CPI). For assets with no prior period comparative (eg in ramp up) all EBITDA is included in the volume variance. Excludes De Beers' volume variance which is included in diamonds midstream market. Cost: change in total USD costs, again, before CPI inflation. 2019 cost and volume relating to recovery of Minas-Rio to 2017 levels are excluded and shown separately.
12. Targets vs 2016 business as usual baseline, Water target vs 2015.
13. Data relates to subsidiaries and joint operations over which Anglo American has management control. Since 2018 data for fatalITRCFR and environmental metrics excludes results from De Beers' joint venture operations in Namibia and Botswana. Prior years' data includes 100% of De Beers' joint venture operations in Namibia and Botswana.
14. Total Recordable Cases Frequency Rate per million hours.
15. New cases of occupational disease.
16. 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.