



Anglo American 2022 half year results

Thursday 28 July 2022

Introductory Comments

Stuart Chambers

Chairman, Anglo American plc

Slide 2 – Introductory comments

Good morning everyone and a warm welcome to our 2022 half year results.

I'm delighted that we are here in person with some of you this morning, but also welcome to everyone joining us on the phone and webcast. Today I am also pleased to be joined by Duncan Wanblad, our Chief Executive, at his first results presentation since his appointment at our AGM, in April.

You will have seen our numbers go out a few hours ago...

And while this is our second best six monthly financial performance ever, I think internally we all believe we could have done better and there is room for improvement operationally in the second half. Duncan will expand on that shortly.

As we all know the macro environment is most certainly more challenging now than six months ago, but nonetheless the business is, we believe, set up well and the medium and longer-term outlook for mined products remains very favourable indeed.

It is very pleasing to have commissioned the Quellaveco copper project on time and budget and we now look forward with confidence to the ramp-up to full production levels.

The dividend announcement was in-line with our 40% pay-out policy and I trust in-line with expectations.

I won't go through the various Board changes – they are laid out on page 18 of the press release.

With that, I will hand you over to Duncan Wanblad, Chief Executive and Stephen Pearce, Finance Director, who will update you on the progress we have made across the group during the first half of 2022.

H1 2022 overview and look ahead

Duncan Wanblad

CEO, Anglo American plc

Slide 3 – Cautionary statement

Thank you Stuart.

Good morning ladies and gentlemen.

Welcome, good to see you and thank you for joining us this morning for this, my first Anglo American results presentation as Chief Executive.

I encourage you to read this slide carefully in your own time.

Slide 4 – H1 2022 results agenda

You will be familiar with how we structure these presentations.

I will give an overview of our first half performance.

Stephen will then step in and take you through the detail of the numbers.

And then I will talk about how we are positioning the business for the longer term.

Slide 5 – Focusing on our strategic priorities

They say that timing is everything, and it's been a busy 3 months since I took up the role given what is going on in the world.

For my part, I have invested a lot of time leading up to April and since engaging with our leaders and employees across Anglo American, and more broadly with customers, business partners, shareholders and many other stakeholders, and from that I have distilled what I see as my 4 near term strategic priorities – and these are Safety; Stability; Sustainability; and Growth.

Safety comes first – always – and we recognise that safety is also tied to stability. We have to ensure our operating platform is stable, with work being done in a planned way to keep our people safe and for the business to perform at the right level; from that foundation we can then build further performance improvement. So, our focus is on doing the right things at the right time.

It is clear that over the last two years we have had to adjust many of our operating routines, for the right reasons, during covid – and we have to re-adapt ourselves to what is probably a new normal. Those changes have affected our safety performance and we are addressing that. And they have also disrupted our Operating Model – likewise, we are very focused on reinforcing adherence to drive stability.

Following on from that, we are continuing to build out our sustainability ambitions – this includes delivering the projects that we have under way as part of our Sustainable Mining Plan – including renewable energy across our operations, biodiversity, water management, Social Way implementation; and putting greater definition to our pathways to operational carbon neutrality and then executing and delivering to that plan.

And lastly, growth: delivering our very strong pipeline of organic growth projects. On that front, it's great to have achieved a major milestone in the last couple of weeks with first copper concentrate coming through at Quellaveco. I will come back to Quellaveco a little later on.

Panning out for a moment, and despite plenty of uncertainty and volatility in the macro world around us, we remain very positive indeed about the medium to longer term outlook for the metals and minerals that we produce and we are well positioned to again grow the value of our business over the next several years.

Slide 6 – SHE performance – focused on a safe & healthy future

As I said, safety is top of mind as we strive towards zero harm for every one of our employees every day.

I am sad to report that we have had 1 fatality during the course of this year. I also hasten to add that we have increased the number of fatalities that we recorded for last year because of an incident at our PGM operations where a colleague tragically passed away this year from injuries that they sustained in that incident.

After many years of continuous improvement in injury rates, we plateaued through Covid and regrettably ticked up a bit again this first half. This is due to the operational changes for Covid that I mentioned a few minutes ago and we are very focused on reversing this trend.

More pleasingly, we have recorded zero new cases of occupational health issues in H1 – which is a first and we are determined to try and keep it there. We will continue to improve both work environments and controls.

Our hard work on planning and controls is also reflected in the lack of any level 3 or above environmental incidents. Again very pleasing and our aim is to maintain this performance and improve it further.

Slide 7 – Striving for a healthy environment & thriving communities

Looking at key components of our sustainability performance....

For both energy & GHG emissions, our H1 performance was mainly due to the lower production levels in steelmaking coal.

We continue to make progress on our longer term targets – and more to come on that later.

As far as the Social Way is concerned:

Very strong progress on the implementation of our Social Way 3.0 management system.

This is a much higher bar than any that has been set before in the industry, and we are making decent progress in the roll out. We measure our progress annually, so no H1 number for you, but the 49% implementation of the foundational requirements in 2021 already represents a higher overall level of performance than the 96% that we reported in 2019 against our old Social Way. The wedge on the right hand side shows you broadly what we expect for 2022.

And this Social Way programme underpins a number of our ambitious 2030 Sustainable Mining Plan targets – for instance, 5 jobs offsite for every onsite job, and top performing schools; thus demonstrating our commitment to partnering with our host communities and governments.

We are, I believe, and we want to continue to be, The partner of choice.

Slide 8 – Operating context in 2022

Looking at operating conditions for the first half – a number of external challenges held us back, particularly in Q1.

None of these will surprise you, but in aggregate they have some effect.

We have been working through these and I'm glad to see improvement in Q2 and still further momentum into Q3. So, we expect a stronger 2nd half of the year.

As I mentioned, we are getting better at learning to operate as Covid becomes endemic. Rainfall is a regular feature of the first half of the year but the extremes we saw outpaced all reasonable forecasting; we hope to be through that now for the second half, albeit conversely hoping for more rain and snow in Chile (decent amount of precipitation there in recent weeks).

Supply chains and inflation – I won't dwell on, you know the story, but these are a feature for the time being and we are working hard to mitigate, with weaker producer currencies helping out on the unit costs.

Again, looking beyond the current challenges, we see a very positive demand outlook – more of that later.

Slide 9 – H1 2022 summary

Stephen will take you through the detailed numbers but, as a summary, EBITDA of \$8.7bn and an EBITDA margin of 52% is testament to the quality and diversification of our portfolio. \$8.7 billion is our second highest EBITDA for a half year, so a good outcome, but could have been better.

Production was lower in the first half compared to the same period last year. We did see an improvement during the second quarter and expect this momentum to carry on through the second half.

Unit costs were impacted by the combination of the lower volumes and cost inflation.

As I said earlier, safe and stable operations are our number 1 and 2 key priorities in the near term. We are absolutely focused on those.

Slide 10 – H1 2022 – operating performance

Stepping through each of our businesses in turn:

De Beers performed strongly:

- Demand recovery was very strong, especially in the US and we increased production to reflect that. Rough prices are up 17% since the start of the year and 45% from the lows of Covid. We are of course keeping a close eye on the macros and the impact that may have on demand for polished.
- Russia-Ukraine war has accelerated consumer focus on provenance and traceability – no doubt about that. Our proprietary Tracr™ blockchain programme offers a clear solution to that particular matter and you will have seen that we have put Tracr™ on steroids, so that we can provide source assurance for our diamonds of ~0.3 Ct polished equivalent and upwards. This is a clear differentiator for us.

At Copper – great work from the team in mitigating the expected lower ore grades and water constraints, with production tracking in line with our plans for this first half.

- Decent amounts of snow have been falling in the Andes around Los Bronces, which is great news and should help alleviate some of the severe drought conditions affecting the area.
- We have also had some encouraging early results from the dry stack tailings technology at the El Soldado test plant – with up to 85% water release.
- The Los Bronces licence rejection was disappointing – but we remain confident that we will get a pragmatic solution through the process that will be beneficial to all stakeholders in the country.
- Nickel continues to perform well.

At PGMs:

- Great results at Unki and Mototolo, but offset by wet weather impacting Mogalakwena in Q1. We are in the process of building greater operational stability back into the open pit.
- Processing performance has also been good, but at a more normalized operating rate, after the inventory catch-up from the ACP last year.
- I would also like to commend the team for a successful labour negotiation, a good outcome for all and agreed with no impact on production – furthermore we have a 5-year contract, rather than 3-year industry norm.

So good performances in diamonds, base metals and PGMs.

Things a little more difficult in Bulks:

- Both iron ore businesses were significantly impacted by wet weather.
- We had a blasting misfire incident at Kolomela that has taken us the best part of three months to work through. We obviously had to do that in the safest way and we absolutely did that without any compromise.

- In steelmaking coal, we are pleased that we now have all 3 longwalls operating for the first time since early 2020. The priority remains on a safe ramp-up. There is a learning curve in terms of operating these longwalls under these new conditions – such as the gas and strata management – much of which we are the authors of – and we are now in a process of getting up to the control limits associated with that new regime and then optimising within that. We are expecting a significantly better H2.

With that I'll hand over to Stephen now to take us through the numbers.

The numbers

Stephen Pearce

Finance Director, Anglo American plc

Slide 12 – H1 2022 financial results

I like to start the numbers section with the key themes I want you to take away.

1. Operational performance. As Duncan has already touched on – our continued focus remains on operational performance. Slightly more challenging through this first half with weather, supply chains and Covid-related impacts but we know what we need to deliver on in the second half
2. Returns to shareholders – our 40% through-the-cycle dividend is maintained.
3. We have a strong balance sheet and are investing for the future, both in terms of value driven growth and positioning the portfolio for the longer term demand themes

So turning to the first half performance:

EBITDA of \$8.7bn. A good result. Underpinned by robust pricing – particularly through the first quarter.

That translates into an EPS of \$3.11.

The operational recovery in the second half should mitigate some of the unit cost pressures.

We finished the half with net debt of \$4.9bn.

Slide 13 – Robust EBITDA supported by strong pricing

Looking at the contribution by the different businesses:

- Diamonds - a strong operational performance and noting we increased guidance last week. A good cost performance as well. Translating into \$0.9bn of EBITDA for the half.
- Strong margins. 53% for mining and a very healthy 12% trading margin.
- The global macro-economic outlook is something we will monitor closely.
- In Copper, we were always expecting a tougher year with lower grades and the water challenge at Los Bronces. The team have done a good job.
- We have had some significant snowfall and rain in the last few weeks, which is encouraging.
- Volumes should tick up in the second half.
- Feeling inflation across LATAM although the weaker peso helping a little.
- Moving from too little water, to too much water at PGMs! Heavy rainfall impacted Mogalakwena in Q1.
- Good basket price helping drive that strong 55% margin.

In bulks:

- Wet weather impacted iron ore, both in South Africa and Brazil. Minas-Rio through May and June has posted some strong numbers, so encouraging momentum as we start the second half.
- And in steelmaking coal, as Duncan touched on – these assets are effectively in ramp-up mode. Our focus for now remains safety and stability. We will settle into a rhythm through the second half. Once we get that drumbeat, the financials will follow.

Overall, a decent set of numbers in the circumstances – and we are very focused on delivering those operational improvements as we close out the year.

Slide 14 – Solid H1 impacted by macros and operational factors

Looking quickly at the drivers of that EBITDA result

While prices were robust for most of the first half – and in many cases remained above long-term averages – they were down on the record prices that we saw in the first half of 2021. That H1 2021 result of \$12.1bn was our highest ever for a half, (a reminder that we had some assistance with the run down of PGM inventories following the ACP coming back on line), and the \$8.7bn we have delivered this half is now the second highest.

Clearly some work to do on the operational side of things but pleased with the result all things considered.

Slide 15 – Inflationary headwinds driven by strong prices

First half unit costs up 18%.

Breaking that down:

Volumes represented 12% of that impact - would expect to see that improve as volumes recover in the second half.

General CPI across our geographic footprint added 7%, with a further 6% impact from above CPI-inflation on input costs. Specifically, we saw the impact for fuel, steel and labour costs. Part of the inflation environment has been driven by higher commodity prices, which have benefitted our revenue line. And of course we have seen weaker producer country FX rates (particularly in South Africa and Chile) to partially relieve the overall impact of inflation.

We quantified the impact of inflation in April with our first quarter production numbers, as it became clear to us that the global economic outlook had somewhat deteriorated since year-end. So pleasing that we have been able to hold that guidance largely unchanged. With the step-up in H2 volumes, we are aiming to reduce that 18% unit cost increase.

Slide 16 – Re-iterating full year capex guidance

Turning to the balance sheet...

Capex was 2.6 billion for the half. Up on last year reflecting rollover in spend due to covid and an expected tick up in sustaining spend. Seeing some of the usual seasonality in spend as we traditionally tend to be second half weighted across the year. We also have some significant spend in H2 including the Polokwane smelter rebuild in PGMs, SIB and development will increase in Steelmaking Coal as production ramps-up, and we will also see higher spend for the Collahuasi desal which was slightly delayed by the permitting process.

No change to full year capex guidance.

Slide 17 – Robust cash generation and resilient balance sheet

We started the year with the balance sheet in good shape, allowing us to announce a special dividend at the full year results that we paid in May and in February we also wrapped up the tail end of the buyback announced this time last year.

A small increase in net debt this half to \$4.9bn, largely driven by a working capital build of \$1bn – this is mainly in inventory - PGMs, De Beers and Copper, with the POC in PGMs reflecting higher prices.

Balance sheet remains strong and flexible to support our programme of disciplined investment in growth.

And finally - very pleased that we announced a \$100 million 10-year loan agreement with the IFC in the half. This is linked to the delivery of sustainability goals that are integral to our Sustainable Mining Plan – in South Africa, getting our host communities' schools within the top 30% of state schools nationally and creating or supporting 3 offsite jobs for every onsite job by 2025. This was IFC's first such loan in the mining sector and a first in the mining sector globally that focuses exclusively on social development indicators. Great work by the Treasury and Sustainability teams in getting that done.

Slide 18 – Transparent taxes & royalties in host countries

We pride ourselves on the contribution that we make to our host countries and continue to make a significant contribution, amounting to \$3.5 billion for the half. With Quellaveco ramping up, that number will, subject to pricing, increase through the second half and into 2023.

A range of factors are influencing government tax policy right now. Budgetary pressure in some cases, and politics in others, are driving governments to raise more tax from sectors that have seen increased profits in recent years, such as mining. In many cases, both of these factors are at play, regardless of the economic and societal contributions made by those sectors throughout the pandemic and over the long term.

In the first half, Queensland dramatically increased their royalty rates. As a result, the government take is forecast to increase from around 48% to around 59% in 2023 at current prices. This has a significant impact on the competitiveness of Queensland as a destination for long-term investments, especially as the change was introduced without any consultation with the industry.

The Chilean royalty outlook remains uncertain while that passes through the various approval stages – although we have a tax stability agreement there until the end of 2023. As you would expect we are actively engaging with the full range of stakeholders, ensuring that they recognise the full economic value that we bring, which amounted to more than \$12 billion in Chile over the last 5 years.

Mining is a long-term industry requiring long term capital investment and commitment. Investment decisions are made taking into consideration existing social, political and legal frameworks. When changes to these frameworks are considered, we support a transparent debate based on the facts in order to make sure that the economic engine of mining is not damaged and is nurtured for the long-term benefit of the country.

Slide 19 – Balanced capital allocation framework

I like to recap our performance against our capital allocation framework.

Cash generation of \$2.4bn after funding sustaining capital.

The 40% dividend payout of underlying earnings – amounts to \$1.5bn declared for the first half. Annualised this would give a dividend yield of ~7.5%.

We then allocated \$0.8bn to growth capital.

We remain committed to capital discipline. A strong and flexible balance sheet is paramount in order that we remain resilient to the external environment and retain optionality for growth.

Slide 20 – Our balanced offering: ongoing capital discipline as we invest in growth

So - a strong balance sheet – with 0.3x leverage at the end of the first half.

We offer an attractive through the cycle dividend pay-out of 40%, while also delivering meaningful growth over the next decade, with 90% of our growth capital allocated to future-enabling products.

And the quality of our growth pipeline means those projects also add incremental margin providing the Group with a greater than 45% EBITDA margin, using long term consensus commodity prices.

Quellaveco is a great example of quality low cost volumes and the benefit of being able to make these commitments through the cycle.

With that – Duncan, back to you.

Enabling the future - sustainably

Duncan Wanblad

CEO, Anglo American plc

Slide 22 – Our diversified portfolio is suited to future demand trends

Thanks Stephen.

In this section I will talk through the two other priorities I set out at the beginning – progressing towards our sustainability targets and delivery of our organic growth pipeline.

Slide 23 – A carbon neutral world requires metals and minerals

As I've said, notwithstanding the near term economic uncertainty, we remain extremely confident in the medium to longer term demand outlook for mined metals and minerals, and for our business.

As you know, but many across society don't seem to appreciate, decarbonisation of our energy and transport systems will be highly metals and minerals intensive – the oft quoted example of a battery electric vehicles requiring 3 to 4 times as much copper compared to an internal combustion engine vehicle.

What really doesn't seem to be appreciated is that the pace of transition that is required to rapidly scale-up, as well as helping to keep new technology costs low and competitive, is not currently reflected in the way the world is thinking about either supply or the pricing of these metals.

Again a simple example – we estimate that another ~17Mt of copper will be required by 2040 solely for energy transition in key sectors – that equates to around 60 new, uncommitted copper mines the size of Quellaveco. So if you think about how long it takes to develop a project, then that's some going if the world has any chance of meeting a 2 degree, let alone a 1.5 degree, target.

We know that substitution, thrifting, scrap etc will all play an important part, but the lion's share of this supply is going to have to come from primary sourced material. And that supply is challenged:

From a geological point of view: mines are getting deeper, they are becoming lower grade, ore is harder, it is more complex therefore to process and, as we can see, the new supply is coming from more and more remote locations...Add to that, water scarcity...our responsibility to reduce our carbon footprint...to make sure we live up to our promises with host communities...the length of time it takes to get new operations permitted, and even existing operations re-permitted...all in a world where there is increasing fiscal uncertainty and political instability.

Projects that used to take around 10 years from drill hole discovery to first production are now taking in the order of 20 years. So that puts us at the outer edge of the 2040 to 2050 timeframe to get to 1.5 degree as a world.

Slide 24 – Metals & minerals must be produced sustainably

And as I said at the beginning, my third priority is delivering on our sustainability ambitions. It is third ranked by time, not importance.

We have to look at this through the lens of the mining industry being absolutely part of the solution. Mining is an enabler of this transition to carbon neutrality. Because we are an enabler, that behoves us even more to do what we do responsibly and sustainably – that is beyond question.

In our case, we launched our Sustainable Mining Plan in 2018, incorporating a series of really ambitious goals and targets and putting them at the heart of how we operate and the decisions we make – big and small. These are not only ambitious in terms of carbon reduction, but also in terms of water usage, biodiversity, our engagement with and effectiveness of creating enduring value for local communities and other stakeholders.

An integrated and holistic approach is absolutely fundamental to being successful in this space, in my view.

Targeting carbon neutrality for our operations by 2040 is ambitious, yes; as is reaching a 50% reduction in Scope 3 also by 2040. We believe, though, that we could reduce our Scope 3 emissions by 80% if other sectors, particularly the steel sector, was on the same sort of pathway as we are aiming to be.

The point is that this is not something we can do on our own but need to do in partnership with others, in terms of enabling our own goals and ambitions in this space but also ensuring that others that either supply us or take our materials are equally incentivised to move at the pace that we are moving. Not new, but important for us all to remember and advocate for.

Slide 25 – nuGen™ Zero emission haulage solution

Mining's challenges – whether they are operational, environmental or social – we believe create the perfect platform for innovation – and therefore opportunity.

FutureSmart Mining™ has absolutely galvanised us in terms of developing innovative mining methods and technologies, which make our operations not only safer in the first instance, but help us overcome those challenges I spoke about earlier in terms of water availability, lower ore grades and increasing energy requirements; in terms of reducing our overall environmental footprint; and in reducing capital intensity and operating costs.

nuGen™ is our most recent success story of our innovation programme.

In May we launched our nuGen™ Zero Emission Haulage solution – a 2MW hydrogen-powered ultra-class mine haul truck - a 220 tonne truck designed to operate fully laden capable of carrying 290 tonnes of ore in real mine conditions.

This is part of an end-to-end process that incorporates associated green hydrogen production and refuelling infrastructure.

It is a world first and at least 2 years ahead of anything else in this space.

The key benefits for us would be:

- Saving 3,000 litres of diesel per truck each day
- Which would eliminate 50-70% of scope 1 and 2 emissions at our open pit mines
- And as an example, replacing the entire diesel fleet at Mogalakwena is the equivalent of taking 80,000 cars off the road

The proof of concept is now being further tested at Mogalakwena with rollout of first commercial units possible in 2025.

We have also recently announced that we are bringing together nuGen™ with First Mode – our engineering technology partner on nuGen™ – in a new combined business to accelerate the development and commercialisation of this technology, including beyond mining. This will also allow strategic third parties to co-invest, helping drive scale and supporting broader decarbonisation objectives that will benefit from the potential of this clean technology. It also means that we don't need to just use our balance sheet to fund this game-changing technology.

Assuming we progress as planned, we will replace our global fleet (which is currently ~400 diesel trucks) with hydrogen ones over the next decade.

Slide 26 – Catalysing South Africa's grid decarbonisation through renewables ecosystem

Now, while technology is really exciting and something the whole sector is looking at, where I believe we are different in our approach is in how we ensure we play our greater role within society.

In March, we announced a ground-breaking partnership with EDF Renewables to develop a regional renewable energy ecosystem in South Africa to provide 100% of our energy requirements through renewables: that is 3-5 gigawatts of new energy capacity.

Again a hugely ambitious piece of work. And not in our own gift to deliver alone. But a great example of the difference we think we can make by leveraging our capabilities and convening power to try to solve some major blockages.

What we are hoping to pull-off is:

- Construction of on-site solar plants and off-site wind farms – which would help us to reduce our Scope 2 emissions and provide the foundation for green hydrogen production – which would power our haul trucks and other kit
- while also helping support the energy requirements of the whole country, improve the resilience of the local grid and drive the wider decarbonisation of the economy, which is today powered by thermal coal.

And this is more than just about energy – this could unlock a wide range of new economic opportunities for countries such as South Africa.

That is what mining companies of the future should be doing and I want us at the forefront. Big ambition.

Slide 27 – Quellaveco copper project: started up on time & budget

And to my fourth priority of delivering of our growth:

I am very pleased indeed that 2 weeks ago we delivered first concentrate at our Quellaveco copper project in Peru

Commissioning of many parts of the process had been ongoing for two months or more, but concentrate is what was needed.

This project is on time and on budget. \$5.5bn and within 4 years – despite a global pandemic. I think that is an absolutely amazing feat by Tom McCulley and the team.

This is a truly modern mine with many of our FutureSmart Mining™ technologies in play, such as Advance Process Control, Value Based Ore Control, it has elements of Digital Mine, Digital Twins, an integrated operations centre, and utilises the full effects of our most modern data analytics processes for process optimisation and by the way, the fleet is fully automated – a first in Peru.

Slide 28 – Quellaveco: ramping up over next 12 months

We are now in the process of commissioning that first processing line.

The processing plant will take around 12 months to fully ramp-up from this point, following the construction of the second line expected to complete in Q3 this year.

And now that we are in the commissioning process we are working to convert our installation licences to operating licences – which is an absolutely normal process in most South American countries. You are provided an installation licence which, based on what you have then installed and how you have proven it to work against the original plan, will be converted into an operating licence. And we expect to receive that operating licence in Q3 of this year.

At that point shipments of concentrate to customers will begin.

Slide 29 – Quellaveco: a world-class asset

To get us to this point, a lot of work went into the project upfront to make sure it was sufficiently de-risked from an execution standpoint.

We approved the project in July 2018 – after completing 4 feasibilities studies and with a significant amount of the detailed engineering work under our belt – 50% overall and up to 80% in the more complex areas, which significantly de-risked the project. That is a level of engineering that we elect to do, prior to pulling the trigger on projects like this.

We took our time on the social issues and made sure that we listened and then did what was asked. The Dialogue Table process was a gamechanger, it focused on the social mandate for the project – with the key ask being around fresh water – we have been able to co-create a solution that provides a higher quality of water with a 365-day supply rather than the seasonal supply that was available prior to the project.

The mine will produce 300ktpa over the first 10 years at a competitive cost.

It is a long life asset with a minimum of a 36 year life and it has considerable optionality beyond that – we have already extended the life by 6 years since project approval.

We feel we have been successful with Quellaveco. It is the template we would like to take forward to other projects, such as Woodsmith. We have the same person, Tom McCulley, who ran Quellaveco now running Woodsmith. We will finish the Woodsmith project review, get more of the detailed engineering done and get the shaft sinking under way and then come back to you next year with more details.

Slide 30 – Diversified, world class assets with value-enhancing growth

Stepping back and looking at our portfolio today and the growth that's coming:

We have strong positions throughout our diversified portfolio that play into the demand trends of decarbonisation and a growing consumer population:

- De Beers is the largest diamond producer by value – with considerable sustainability ambitions reflecting the ever-increasing expectations of consumers;
- We have a high quality copper business with great organic growth optionality that should keep us at 1Mtpa;
- We are the leading producer of platinum group metals, which are critical to continuing to improve air quality around the world;
- And finally, within our bulks business, we supply the premium ingredients the steel sector increasingly needs to bring down its emissions.

Our focus is on maintaining this strong portfolio:

- The most effective use of capital is through expansions of existing assets;
- That is then supplemented with attractive high value greenfield options;
- As well as continued investment in, and focus on, Discovery.

This is the foundation of our organic margin-enhancing volume growth potential of around 30% over the next decade, more than a third of which comes from Quellaveco.

Slide 31 – Q&A

In summary then – the world we are living in is changing and we are well positioned to deliver. We have set this business up to be resilient, disciplined and opportunistic. We have the assets and the capabilities to deliver sustainable returns.

Right now, our feet are firmly on the ground for the tough macro outlook in the near term.

I want us ready to come out the other side even stronger and to deliver the metals and minerals the world urgently needs in the cleanest and most socially responsible way possible.

With that, we are very happy to take your questions.

Q&A

Ian Rossouw [Barclays]: On the steelmaking coal business. You had ambitions to get to 30 million tonnes and push longwall hours to 100. Does Covid impact these new limits and that ambition you had previously?

On Woodsmith, you will want to complete the detailed review much further, and that the shaft sinking hasn't started yet, which is different from previous plans. How does that delay the original timelines we had on the project?

Duncan Wanblad: On steelmaking coal, our ambition is still to get those longwalls to 120 hours a week. What's going to happen is that it's going to plateau off a little bit, as we get these new operating conditions bedded in, such as the new criteria around gas and strata control. That means that we have to stop a little bit more often, and our uptime isn't as high as it was before. We have to then collect and release the gas. We will get to a point where that becomes a routine piece of work, and we will be able to optimise it. We absolutely have not given up on our ambition to get those longwalls 120 hours. But probably another year or two, before we could get there while we bed in this new regime.

On Woodsmith, I don't have a lot more to say than what I said in the presentation. This is an incredible project. We bought this because we were deeply compelled by the ore body, as well as our ability to leverage our technology and our operating management capabilities into it.

On top of that, we think that the product is perfectly placed for the world that we're trying to service. Given what's going on in the Ukraine at the moment, I think the market is even better. We have all the marketing and market development capabilities to deliver that.

It is really important to configure this project right. This project is going to be around for at least 50 years, and we want to be sure that we get it right in every single way. As part of that detailed engineering, like we did for Quellaveco, you gather the detailed information - otherwise, you are just populating your models with a whole lot of guesses. Part of that is around the shaft sinking, which we have started, and we are well through the tunnel. We need more data and that's what we're busy collecting. When that's all done, we'll finalise the configuration of the project, we'll work out the most effective way to allocate capital to it, and then we'll bring it back and let you know where we are.

Bob Brackett [Bernstein]: To what degree would you use the current cycle to be strategic, particularly around M&A?

Duncan Wanblad: Our approach to this doesn't change. We set the business up to be resilient and survive through bottom of cycles. Therefore, when we designed our capital allocation process, it was designed with balance in mind. We will always look very carefully at the opportunities that we have organically, as well as inorganically, and then decide where best or how best to allocate capital to those opportunities.

In times where margins are squeezed, because prices are coming down and costs are going up, all that it does is affect the timing of how you're thinking about these things, rather than the particular philosophy of what you're doing. We've set ourselves up really well to be able to do this. We cleaned up the portfolio and every single one of our assets is washing their own face. Our balance sheet is strong. We know what

we've got internally and that's a really differentiated and healthy pipeline - that still remains our focus today.

Sylvain Brunet [Exane BNP Paribas]: What can Kumba do to try and make the train line more reliable?

Duncan Wanblad: It is concerning in terms of the quality of service that that we are getting from Transnet for our iron ore business. That said, Mpumi and the team are doing an incredible job of working with Transnet. We try and solve problems together with our partners and our service providers. And there's a lot of work now going in, to not only help them with particular areas of maintenance, maintainability, operating models etc., but also working out with others, as part of a user group, how best to think about the operation of that line.

We are thinking about partnerships at very senior levels, that's very early days at the moment, but very much an engaged process between the teams at Kumba and Transnet, with a lot of senior political support for what we're doing.

Sylvain Brunet [Exane BNP Paribas]: The fatality referred to at Amplats was at an independently managed operation, is there an opportunity to review across the portfolio taking over these non-managed operations?

Duncan Wanblad: The fatality that I mentioned was at Moranbah in our Australian business. We did have another fatality in Modikwa which is an independently managed joint venture.

We always look at the corporate structure, and what we bring is a real influence in terms of management and operating capability. We would like to be sure that those businesses are managed in a way that we find completely acceptable. We are not abrogating our accountability, in terms of the input that we have, and the role that we play in ensuring that those operations are as safe, and are as productive as ours.

If I had a clean sheet of paper, I might come up with a different answer, but we've got what we've got and I am happy that the focus that we're able to leverage into those operations is appropriate for the ownership that we've got.

Sylvain Brunet [Exane BNP Paribas]: The situation in Ukraine and Russia is opening new opportunities for potash. Have you received expressions of interest from India for polyhalite that that would be trying to diversify away from Russia and Belarus?

Duncan Wanblad: I think potash is a really interesting space to be in at this particular point in time. We are not in potash and I think it's very important that we draw the distinction between polyhalite and potash, but there is clearly a recognition that the world could very well be tight fertilisers for a long time. There is quite a lot of interest, India is one of those parties that is interested, but I can't say more than that.

Richard Hatch [Berenberg]: Can you talk to us about Moranbah-Grosvenor ramp up? How we should think about that over the next two-three years. In 2024, the guidance is 24-26 million tonnes for steelmaking coal, can this be increased further?

Duncan Wanblad: On Moranbah-Grosvenor, the guidance that we've given is appropriate to what we know and understand in that business today. What we want to do now is get to a stable basis before we really start pushing that business. We have an aspiration to build that business to the full productive capacity of the installed kit but it has to be able to be done safely. This will only be done if we are completely convinced that this is going to be the case under the new strata and gas control regime. We are not going to push it. In our current guidance, we are convinced that we will do it safely. We will find ways to optimise that over time, but I need to give the team time to get it up and understand what this

operating regime looks like and get comfortable in doing it, then we can work out where the bottlenecks are and start relieving those.

Richard Hatch [Berenberg]: In Chile with permitting, what are you thinking that you're going to have to do differently to try and make more progress?

Duncan Wanblad: Permitting in Chile is an issue that is larger than just Anglo American. There have been eight major permits turned down under the new regime recently.

As with any country that we operate in, we require a relatively stable environment both fiscally and politically for us to be able to allocate meaningful capital. There is a lot that needs to happen in Chile for that to be true again. We don't comment on these things publicly without having had the hard conversations with all the parties internally first. We are in a conversation with them, we are very respectful of the processes. The turning down of the Los Bronces permit was fundamentally a function of the fact that the process itself ran out of time to evaluate the data we had already provided - although we were asked for that data quite late. The determination said, we haven't had time to evaluate this data but the next step of the process will give that opportunity. We are convinced that the work we are doing on that project, doesn't not only have no negative impact on the environment, but actually improves it. We are quietly confident that we will get through that, but there's a lot of things going on in Chile which will take some time to settle down.

Myles Allsop [UBS]: With Queensland coal, will you do the de-bottlenecking project now that this new royalty has been implemented?

Duncan Wanblad: To the extent that the economics of the project are materially prejudiced by this regime it does change the way we think about the implementation of those sorts of projects. We've also just spoken about the rate at which we are producing, so the bottleneck probably isn't as close as it was a couple of years ago which will play into the decision that we're making. The decision is not an automatic go, no go sort of thing. It has to be right for us, under all conditions. We have to do it at the right time and now, might not be the time for that.

Myles Allsop [UBS]: In diamonds, are you seeing any softening in demand given the macro conditions? Are you seeing a premium to De Beers pricing over ALROSA pricing, and is that decoupling starting to happen now?

Duncan Wanblad: We have the opposite of what you suggest during the first half of this year. As the market got stronger, margins got better. Whether that is directly related to Russia/Ukraine, is very hard for us to say at this point in time but we do know that the market is valuing products that they can provenance and De Beers has a great solution for that in Tracr™.

Myles Allsop [UBS]: What does the latest proposal on royalties in Chile lift the effective tax rate to and is the industry engaging the Chilean government?

Stephen Pearce: Chilean tax has three primary components: potentially a revenue-based royalty, a corporate tax and a mining tax. In rough numbers, it would take the statutory rate up from around 40% to potentially about 46-56%. So possibly a 10-15% increase in effective tax rate, from what we can gather from the proposal before the Senate as there is still some uncertainty around it.

It's a significant increase and naturally would play into our thinking both because of the change, and then because of the absolute amounts, as to how we would look to invest capital in the country and project. It's the same for any country. Stability in those things is important. We do have a stability agreement in Chile,

until the end of 2023. So, it wouldn't impact us immediately but it would probably take that long to be implemented completely through the statutory processes.

We are engaging with the parties to make sure that they truly understand the facts around how much the mining industry contributes both directly in tax and contributions, but also more broadly through the community. What we've done in Quellaveco is a good example of what we'd like to do in Chile, in terms of automated fleet and, hydrogen fuelled fleet in the future. They will require investments and certainty is needed to commit that amount of capital.

Duncan Wanblad: The only thing to emphasise is that we are still talking, and the industry is still talking and they do have a voice.

Patrick Mann [Bank of America]: It seems quite a measured, conservative growth approach if I compare that to your outlook for future copper demand, should you not be more aggressive or more focused on growth, especially in copper, in that environment? If we do see these periods where the macro environment is so challenging, and the copper price comes off and asset prices come off, is that not an opportunity (if you really believe in this fundamental structural copper deficit), to be hoovering up the assets that you can?

Duncan Wanblad: The demand is going to be there but not a reasonable level of quality projects. That does not infer in any way that we should run around hoovering up poor quality assets. In terms of our growth outlook - is it conservative or is it disciplined? I think it's disciplined. We've got this strong pipeline and all of those projects service demand, but it's about whether those projects can be well executed, and whether they are going to be sustainable in the long run. They also have to survive a multiplicity of cycles that are potentially yet to come. It's not so much about being conservative, it's about doing it, right.

Therefore, even though we have this full pipeline of projects, when they weren't ready to go, we returned money to the market. When they are ready to go, and they are going to be right, we are going to deliver them in a way that we know is going to work for us, and work for you, and the society at large, then we'll pull the trigger.

That goes for other opportunities that exist in the marketplace today. We look everywhere and, we're very privileged to have this pipeline that is a differentiator for us. It's not the only thing we rely on, and to the extent that we find the right thing in the right place, and we can leverage our capabilities on it, and we know that we can deliver it sustainably at the right point and the cost curve in the long run, we would look at that opportunistically. This isn't the time to lose discipline.

Stephen Pearce: Also, the reality of, getting projects permitted and through the process, is challenging and it takes time. It's often difficult to suddenly click your fingers and bring a project forward two years, because these things take longer than people appreciate, to bring through the completeness of a project readiness, whether that be engineering, funding, sustainable, mining aspects, and permitting and community issues.

Danielle Chigumira [Credit Suisse]: On slide 24, you have got methane emissions flat until 2026, in the period that you are expecting to grow volumes in met coal, as per the current medium term guidance, and the VAM project doesn't come on until 2027. So if you meet that medium term guidance, what would stop methane emissions actually growing rather than staying flat?

Duncan Wanblad: The vent air methane project is getting traction and we have got the technologies that will work there. What we are trying to do is make sure that we can connect all those technologies together in such a way that they will be safe to operate. We can collect the gas, but the work on

controlling and venting of the gas is what we are looking at now. That emissions reduction profile on the slide will rely on us being able to capture methane in the way that we expect.

Stephen Pearce: We capture a lot of the main gas from the main seams already and that is used in power generation projects on site. The vent air methane is about the very, very minor levels of methane that are almost impossible to capture from the air. That's why when we expand production from the main gas source we can capture, but the vent air methane will only reduce once we implement the technology.

Danielle Chigumira [Credit Suisse]: When we think about the projects inside the Anglo fence on renewables e.g. the hydrogen trucks, the green hydrogen production, the renewable electricity you need for that - what kind of capex should we be thinking about?

Duncan Wanblad: Generally, the major, capital intensive programmes are the ones that we are looking to do in partnership, and not use all of our own balance sheet. The smaller programmes, the 65, 100 megawatt-type projects, as we get to the definition of those we will announce them, but they are not meaningfully material to the capital that we've already announced. There isn't anything to plan and plug into your models at this point in time from that perspective, because we're still developing the go-to market plan on the very large capital portions of this for both the trucks and the energy solutions.

Stephen Pearce: We've often spoken about encouraging you to think about some of these initiatives, and particularly some of the technology for existing operations, not so much as a cost, because a lot of them are actually NPV positive. For example, some of the bulk ore sorting and the water technology are great for the environment, but also great for our business. They quickly become business as usual.

But on the bigger projects, perception, whether it is cost or value, changes quite quickly, and can change quite meaningfully over time. nuGen™ is an absolute classic example. Yes, it will cost us to transform our fleet, but we will try to time that with the normal truck fleet change outs, and compared to where diesel prices etc may go to, it'll be close to breakeven for the majority of the operations.

But now that we have combined it with First Mode, priority will be for our fleet first, but then it has the opportunity to provide that same service to others, and that could be a substantial business in its own right. The South African renewables is the same thing. That is strongly NPV positive from day one, because we are replacing high-cost Eskom type inputs but it also could become a valuable business in its own right, as an energy provider across the broader southern Africa region. We will probably pursue a lot of these opportunities through partnerships, so that we can navigate our way through, bring other people and capital to the table, while potentially creating long-term, value-driving businesses in their own right.

Alain Gabriel [Morgan Stanley]: On Quellaveco, your guidance of 100,000-150,000 tonnes implies ramp up to full capacity within two to three months - what makes you confident that this ambitious target is achievable, in the context of many of your peers who take up to six months to start up new projects? What should be pencilled in for sales volumes given that you are unlikely to sell your entire production for the year?

Duncan Wanblad: We are still reasonably confident on our guidance for Quellaveco that we provided you for the rest of the year. We have been commissioning it for quite a long time. The fact that we made first concentrate, probably belies the fact that there were two or three months before that, where we had gone through an extensive commissioning process.

In terms of the way the plant is performing, Tom was telling me yesterday that we are absolutely confident of its ability to perform against the guidance. The timing in terms of getting the concentrate to market, will

be really closely related to the date that we get the installation license converted to an operating license, and the logistics of the port towards the end of the year.

At this point in time, our estimates are that it will be early on in this quarter, that we will get those licenses converted, and then shipping will start.

Alain Gabriel [Morgan Stanley]: You continue to stand by your \$6.1-6.6 billion capex range for the year, although your South African subsidiaries have trimmed their budgets, and in the local currencies as well. Does this mean that the underlying inflation in the rest of the business is much higher than you expected, or should we prepare ourselves for an undershoot in spending?

Stephen Pearce: It will vary a little bit across the businesses, and while we may have some subtle decreases in those, we will have increases in some of the other ones, such as the steelmaking coal business that I referred to earlier. Last year, we had a 43% first half, 57% second half capital split. This year, it would imply if we hit the range, 41/59. So, just a couple of percentage points, different from what we had last year in terms of split of spend. And given a couple of the larger projects that we know will kick in and accelerate through the second half, it gives us the confidence in terms of that range.

Dominic O'Kane [JP Morgan]: You've gone through a period of quite significant working capital increases and now with Quellaveco on stream, is it reasonable to assume as we look forward over the next 6-12 months that we should see a fairly chunky working capital release?

You mentioned the hydrogen truck programme to potentially replace the Anglo fleet, have you got any modelling on what the PGM loading requirement for that type of programme is, so we can sort of have some thoughts on implications for wider platinum demand?

Duncan Wanblad: The working capital increases that Stephen discussed in his section of the presentation earlier are predominantly in copper, diamonds and PGMs. Quite a lot of that was in the purchase of concentrate in our PGM business.

Stephen Pearce: We will have a subtle build in H2 because Quellaveco is coming on stream. So, if I had to estimate, \$300 million or so build in Quellaveco working capital through the second half, and then it should hit a steady state as we start to flow that out through our revenue generation towards the end of this year and early next.

Duncan Wanblad: On hydrogen trucks, there are a couple of places in the system that need PGMs. The first is in the electrolyzers and then the second is into the fuel cells. The resulting demand dynamics are not particularly material, but not insignificant (200-300koz perhaps). These technologies open up many other opportunities in terms of the use of PGMs, but not necessarily a major demand for those metals directly.

Liam Fitzpatrick [Deutsche Bank]: On Woodsmith, how worried should we be about a material overrun given inflation? And can you at this stage give a range to that?

Linked to that, in terms of your comments on scope changes and getting it right, were you limited in how much due diligence you were able to do before signing the deal? And what has been the big change, following your ownership?

And then on coking coal, you're guiding mathematically to unit costs in H2, I think back to levels that we last saw in 2019, despite all of the inflation that we've seen since then. Is that realistic and can you give some colour on what's going to drive that over and above the volumes?

Duncan Wanblad: On Woodsmith, not a lot more to say in terms of what I said earlier. Of course, the inflation on capex is going to be a thing that we're going to have to consider in terms of the overarching costs of the project, the length of time the project takes, the period that we estimate this inflation to survive in, whether any of that inflation is structurally embedded or not. These are the kinds of things that we would always consider when we look at a major project.

In terms of your diligence question, we were really happy with the diligence that we were able to do, given that it was a public offering that was made for that business. And we haven't found out anything that we didn't know about, in terms of the acquisition of that project. This is about designing the project and setting it up in a way that we are comfortable with. It's not the Sirius project that we're executing, it's an Anglo American project. And that's the work that we're doing at the moment,

Stephen Pearce: A lot of the equipment, such as the tunnel borer for the tunnel from port to mine, or from the shaft sinking, is on site. The spend is about people, time, and engineering. Hopefully, when we get towards other spend, we are perhaps in a different inflationary environment.

Stephen Pearce: On coking coal unit costs, without a doubt, volume is the major driver that will bring that cost down, as well as currency benefitting it.