

# ANNUAL GENERAL MEETING 2017

## MARK CUTIFANI – CHIEF EXECUTIVE

24 April 2017



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

# FULL YEAR RESULTS 2016 – OPERATING PERFORMANCE



# DELIVERING CHANGE, BUILDING RESILIENCE

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1

## Delivering on commitments

- **Free cash flow target exceeded**...\$2.6bn vs \$0.4bn.
- **Net debt at \$8.5bn**.....well below \$10bn target.

2

## Operational improvement

- **Operating model** driving productivity improvements.
- **EBITDA margin** up 5% points...despite lower prices.

3

## Balance sheet resilience

- **Investment grade rating**.....remains an objective.
- **Reinstatement of dividend** targeted for the end of 2017.

4

## Portfolio upgrading

- **Focus continues on high quality, long life assets**...to support more consistent returns.
- **Moranbah/Grosvenor & Nickel** retained...no further disposals planned for deleveraging.

# DELIVERING ON OUR COMMITMENTS

	Actual	Target	
EBITDA <sup>(1)</sup>	\$6.1bn	\$4.5bn <sup>(2)</sup>	✓
Cost & volume improvements	\$1.5bn	\$1.6bn	~
Capital expenditure <sup>(3)</sup>	\$2.5bn	<\$2.7bn	✓
Attributable free cash flow	\$2.6bn	\$0.4bn <sup>(2)</sup>	✓
Net debt	\$8.5bn	<\$10bn	✓
Net debt / EBITDA <sup>(1)</sup>	1.4x	<2.5x	✓

Note: Based on targets set in February 2016, adjusted for the \$0.3bn reclassification in July 2016 between cost and volume improvements and capex.

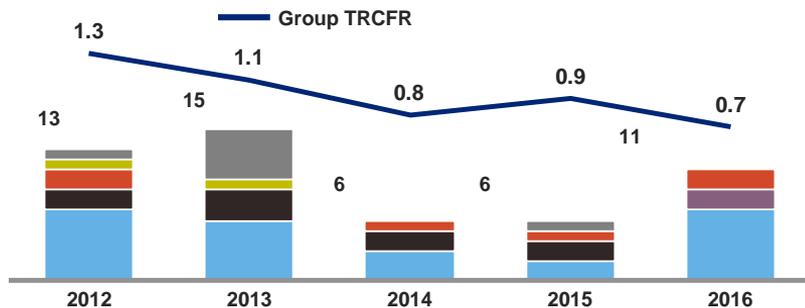
1. Underlying EBITDA.

2. Based on 10 February 2016 spot prices.

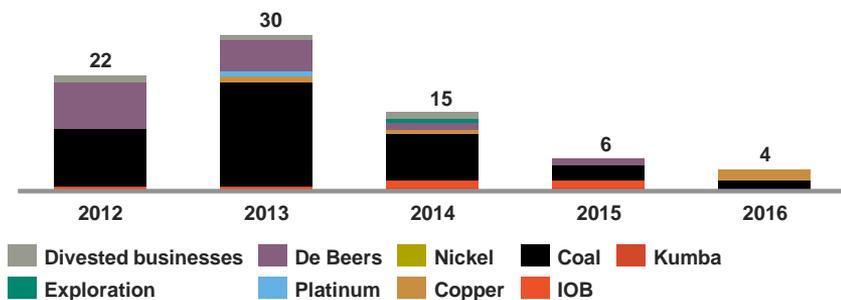
3. Excluding capitalised profits and losses.

# SAFETY & ENVIRONMENT

## Safety: Loss of life and TRCFR<sup>(1)</sup>



## Environmental incidents (levels 3 to 5)<sup>(2)</sup>



## Safety

- Fatal incidents extremely disappointing – focus on critical controls post restructuring.
- 24% improvement in total recordable injury rates is encouraging.
- Innovation programme supports ongoing broad-based safety improvement.

## Environment

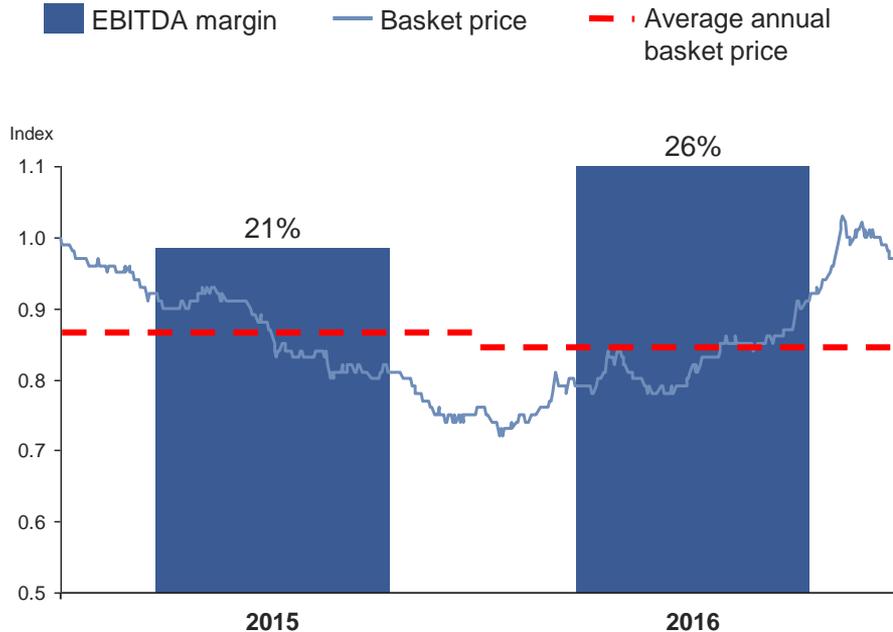
- Incident reductions reflect better planning and associated attention to detail.
- Water management remains a key challenge and opportunity across most jurisdictions.
- Energy, GHG and water reduction targets on track.

1. Total Recordable Cases Frequency Rate.

2. 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.

# MARGINS IMPROVING 5% POINTS DESPITE LOWER PRICES

## Indexed prices (1 Jan 2015 = 1)<sup>(1)</sup> and EBITDA margins



## Margin focus

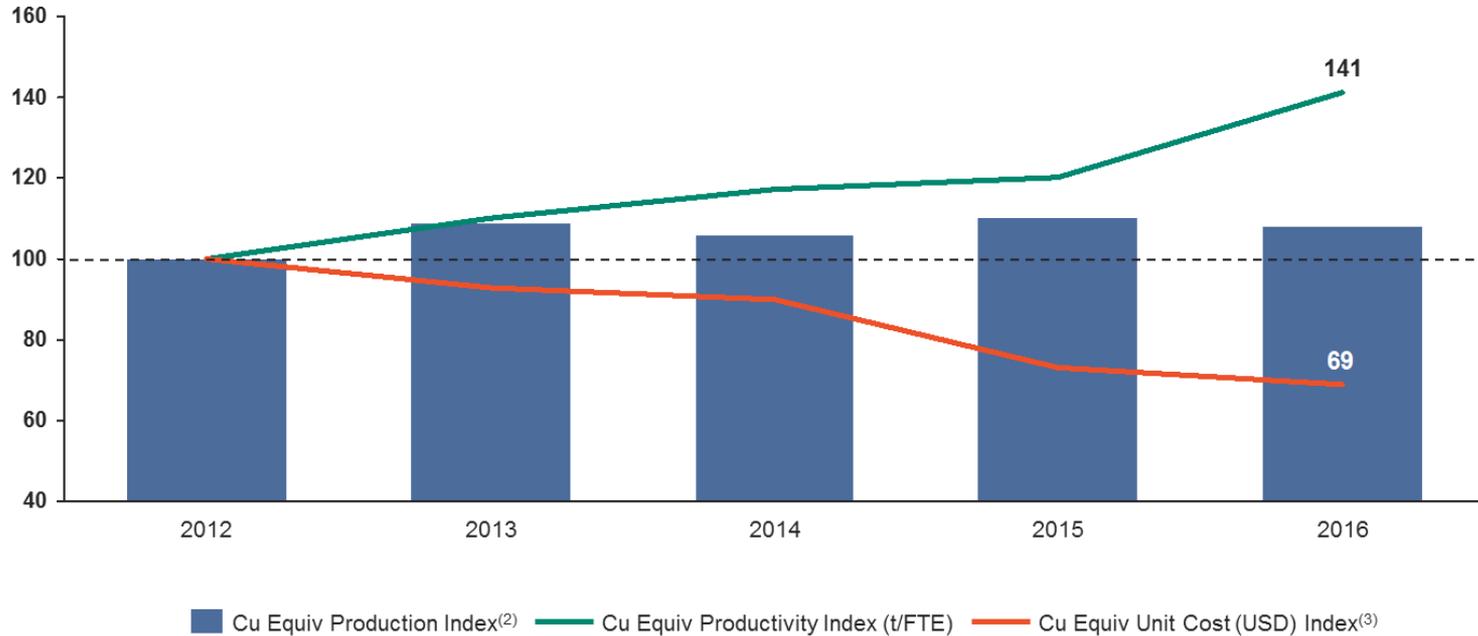
- EBITDA and free cash flow improved through:
  - ✓ Portfolio upgrading.
  - ✓ Improved productivity and costs.
  - ✓ Lower indirect costs.
- Marketing activities contributing to higher realised prices and margins.
- Prices on average 3% lower in 2016 than 2015.

Source: Thermal Coal – globalCOAL; Diamonds – De Beers Rough Price Index, Platinum, Copper & Nickel – London Metal Exchange; Met Coal – Platts Steel markets daily; Iron Ore – Platts 62% CFR China has been used in this instance as a generic industry benchmark.

1. Price line is equivalent to weighted average daily revenue for 2016 sales volumes. Basket price excludes Samancor, Niobium, Phosphates, Corporate and OMI.

# PRODUCTIVITY IMPROVEMENTS ONGOING

Copper-equivalent production, unit cost and productivity<sup>(1)</sup>



1. Includes benefits of portfolio upgrading.

2. Cu Equiv (Copper-equivalent) is calculated using long-term consensus parameters. Excludes domestic / cost-plus production. Production shown on a reported basis.

3. Unit cost includes only AA's equity share of De Beers and Platinum. Excludes equity accounted assets and assets not in commercial production. Calculated using long-term consensus prices.

# Q1 2017 PERFORMANCE



# DELIVERING CHANGE, BUILDING RESILIENCE



# BUILDING A RESILIENT BUSINESS

De Beers		Platinum		Copper		Bulks and Other Minerals	
Botswana	<ul style="list-style-type: none"> <li>➤ Jwaneng</li> <li>➤ Orapa</li> </ul>	South Africa	<ul style="list-style-type: none"> <li>➤ Mogalakwena</li> <li>➤ Amandelbult</li> </ul>	Chile	<ul style="list-style-type: none"> <li>➤ Los Bronces</li> <li>➤ Collahuasi</li> </ul>	Iron ore and manganese	<ul style="list-style-type: none"> <li>➤ Sishen</li> <li>➤ Kolomela</li> <li>➤ Minas-Rio</li> <li>• Samancor</li> </ul>
South Africa	<ul style="list-style-type: none"> <li>➤ Venetia</li> <li>• Voorspoed</li> </ul>		<ul style="list-style-type: none"> <li>• BRPM</li> <li>• Mototolo</li> <li>• Modikwa</li> </ul>		Projects		<ul style="list-style-type: none"> <li>➤ Quellaveco</li> <li>• Sakatti</li> </ul>
Namibia	<ul style="list-style-type: none"> <li>➤ Debmarine</li> <li>• Namdeb</li> </ul>		Zimbabwe	<ul style="list-style-type: none"> <li>• Unki</li> </ul>		Nickel	<ul style="list-style-type: none"> <li>➤ Barro Alto</li> </ul>
Canada	<ul style="list-style-type: none"> <li>➤ Gahcho Kué</li> <li>• Victor</li> </ul>						

## Portfolio priorities

- **Highest quality assets** that will drive returns through the cycle and contribute meaningfully to free cash flow and dividends.
- Scalable assets that provide **operational leverage and future potential**.
- **Diversification maintained** across quality asset mix...**exploring all options for our bulk assets in South Africa**.
- **Established global leadership** positions underpinned by asset quality...developing positions with focus on quality.
- **Rightsizing of overhead structures** enabled by portfolio restructuring...retaining key skills leveraging quality asset potential.

Note: Assets listed do not form an exhaustive list of Anglo American's mining operations.

# DELIVERING CHANGE, BUILDING RESILIENCE

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## Operational improvement

- **Creating a high quality, long life asset portfolio.**
- **Operating model** to help drive margins.
- **Focused on cash flow generation.**

## Balance sheet discipline

- **Disciplined capital management.**
- **Reinstatement of dividend** targeted for the end of 2017.
- **Conservative debt ratios** through the cycle.

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