Anglo American investor day

Anglo American is today hosting a presentation for investors and analysts which will provide a detailed update on its operational turnaround and the next phase of transformation to position the business to outperform, by realising its full potential and delivering enhanced and sustainable returns to shareholders.

Delivered on all commitments

- Production performance improved in every business across diversified portfolio (6% increase on Cu Eq. basis)(1)
- 71% of priority assets now performing above plan (vs. 21% in 2012)
- Minas-Rio project delivered: $400 million below revised budget and ramping up to 26.5Mtpa
- Sishen turnaround on track to restore production to 37Mt by 2016
- Copper turnaround on track, more than offsetting declining grades and ore hardness
- Platinum portfolio structure defined and process aligned with stakeholders
- Coal Australia unit costs down 21%, with longwall productivity up >120%
- 2014 production guidance increased further(2) for iron ore, met coal, thermal coal, copper and nickel, to enhance margins

Positioning the business to outperform

- $4 billion of incremental EBIT underpinning ROCE objectives scoped and on track, with significant further potential
- On track for 15% ROCE in 2016 at June 2013 prices(3), reflecting scale of operational turnaround; 12% ROCE at current consensus prices for 2016
- Capex guidance reduced(4) by $500-800 million in 2014 and $800-1,000 million in 2015
- Asset divestments identified and sales processes largely under way
- Net debt expected to peak in 2015 at $13.5-14 billion (post the Lafarge Tarmac disposal)
- Dividend expected to be funded from cashflow from 2016
- Technical capabilities restored to implement, and leverage from, stable operating model
- 2017 portfolio targets c.80% productivity improvement from c.35% fewer people, through growth and portfolio restructuring

Stability, capability, potential

Mark Cutifani, Chief Executive of Anglo American, said: "We have delivered on our major commitments to shareholders, delivering Minas-Rio, defining our future platinum business and resetting the performance of our operations. We have successfully turned around a number of our priority operations this year, principally in our Copper, Kumba Iron Ore and Coal businesses. We have delivered higher and more consistent volumes with an unwavering focus on increased stability, productivity, margins and returns. Our mining operations are the engine of our business and there is more improvement ahead, as we continue to build the capability to achieve a higher standard of performance. We are adapting and delivering."
“The Minas-Rio team delivered First Ore On Ship on schedule in October, successfully navigating the potential bottlenecks of the final development and licensing phases, while bringing the project in $400 million below the revised budget. We are clear about the asset’s potential and the differentiated nature of its high quality product and we are ramping up to 26.5 Mtpa over the next 18-20 months to an expected steady state operating cost of $33-35 per wet metric tonne.

“A platform of operational excellence is fundamental to delivering the potential of this business. However, there are also a number of additional structural and cultural changes that will underpin the next phase of transformation. We must be disciplined with our deployment of physical and financial resources to focus on those assets that will provide us with the greatest returns and potential upside. We have identified, through our review process, a number of assets that are likely to deliver greater value under different ownership, enabling us to concentrate our resources on our most attractive priority assets. A number of sales processes are under way, however our value hurdles will need to be met prior to divestment.

“We are committed to maintaining a robust capital structure which balances long term business value growth with sustainable capital returns to shareholders. Anglo American is fortunate to have a world class resource endowment, including a number of attractive, predominately brownfield options, for organic growth. We will continue to allocate capital to our most value accretive options and pursue a syndication approach for major greenfield developments, in line with managing individual risk exposures and achieving our long term net debt target of $10-12 billion. We have also reduced our capital expenditure guidance by $500-800 million in 2014 and by up to $1 billion in 2015 to $5.2-5.5 billion. We will see a significant reduction in committed capex post 2015, leading to greater capital flexibility, as our projects in execution are completed and contribute to an expected 5-7% annual copper equivalent production growth rate between 2014 and 2017.

“Our revised operating model is delivering strong results and we are building on those foundations to complete the next phase of the transformation process in line with the strategic objectives for 2015 to be outlined today. Our focus on ROCE drives the right behaviours within the business and we are moving all the levers within our control to deliver the $4 billion of additional EBIT required for us to meet 15% ROCE in 2016, based on the mid-2013 commodity price deck. Current market consensus prices for 2016 lead us to a 12% ROCE in 2016 and we are intensifying our efforts to identify the implied additional $2 billion of EBIT necessary to increase ROCE to 15%. We are transforming this business, we have a clear direction and we are creating a different future for Anglo American.”

The presentation, which is available on the Anglo American website, will begin at 1.30pm (UK time) and can be viewed via live webcast: www.angloamerican.com/investors

The following members of Anglo American’s management team will present:

Mark Cutifani Chief Executive
Réné Médori Finance Director
Tony O’Neill Group Director – Technical & Sustainability
Chris Griffith CEO Platinum
Duncan Wanblad CEO Base Metals & Minerals
Paulo Castellari CEO Iron Ore Brazil
Seamus French CEO Coal
Norman Mbazima CEO Kumba Iron Ore
Peter Whitcutt Group Director – Strategy, Business Development & Marketing
The presentation is expected to finish at 4.30pm (UK time).

**Notes:**

(1) 9 months to 30 September 2014  
(2) Versus guidance provided in the Q3 2014 Production Report  
(3) Based on commodity prices and exchange rates at 30 June 2013  
(4) Versus guidance provided in the Interim Results for the six months ended 30 June 2014

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**Notes to editors:**  
Anglo American is a global and diversified mining business that provides the raw materials essential for economic development and modern life. Our people are at the heart of our business. It is our people who use the latest technologies to find new resources, plan and build our mines and who mine, process and move and market our products – from bulk commodities and base metals to precious metals and diamonds (through De Beers) – to our customers around the world. Our diversified portfolio of products spans the economic development cycle and, as a responsible miner, we are the custodians of precious resources. We work together with our key partners and stakeholders to unlock the long-term value that those resources represent for our shareholders, but also for the communities and countries in which we operate – creating sustainable value and making a real difference. Our mining operations, growth projects and exploration and marketing activities extend across southern Africa, South America, Australia, North America, Asia and Europe.

[www.angloamerican.com](http://www.angloamerican.com)