Anglo American
Accelerating value delivery

Tuesday 14 May 2024

Refer to cautionary statement and quantified financial benefits statement in presentation slides: https://www.angloamerican.com/~/media/Files/A/Anglo-American-Group-v5/PLC/investors/reports/anglo-american-accelerating-value-delivery-presentation.pdf.

Accelerating value delivery

Duncan Wanblad, Chief Executive

Slide 1: Accelerating value delivery

Good morning and many thanks for joining us on what I believe is a really significant day in the future of Anglo American. I'm Duncan Wanblad, the Chief Executive of Anglo American and I'm joined by John Heasley, our Finance Director.

There are two things that are very clear to me - the first is the enormous inherent value in this company - in its assets, its capabilities, its networks and its people across the world.

It's also clear that to unlock the true potential of this company we need profound change. Consistent with our purpose we need to re-imagine Anglo American.

Therefore, today I'm setting out the detail of a comprehensive change agenda.

The new Anglo American will be truly fit for the future and our shareholders can enjoy the full benefit of every step we take:

- value realisation from portfolio change
- value delivery from a step change in efficiency and operational excellence
- value transparency with two high quality businesses in copper and iron ore, in addition to Woodsmith - all of which have game-changing growth potential.

Slide 2: Cautionary statement

Slide 3: Cautionary statement (continued)

Slide 4: Accelerating the delivery of our strategy

Today is the culmination of many months of work on our strategic priorities of operational excellence, portfolio simplification and growth that we talked to in some detail back in February.

Operational excellence has been our priority and we have reset many of the mine plans across the business and we are now seeing a noticeable improvement in safety and performance stability.

We have also seen the benefits of our changes to organisational design which removed areas of role overlap and unnecessary layers, enhancing agility and accountability. The effectiveness of that initiative gives us real confidence in the benefits of a more transformational approach and our ability to deliver it. A more focused business will create even more accountability and greater performance transparency while still being able to leverage the benefits of the technical excellence, innovation and industry leading sustainability performance that we have built in recent years.

In that context, as we went through the asset review process we concluded that the right approach is to execute a radical change agenda. I will come back to talk through the design principles of the new portfolio but the conclusion is that we will focus on seven high quality assets in three commodities – copper, premium iron ore and crop nutrients. Steelmaking Coal, Anglo American Platinum and De Beers will be divested or otherwise separated from the group in the right structure to maximise value.

All of the businesses have outstanding growth potential and will be well placed to deliver into structurally attractive demand growth trends – notably, energy transition, the rise in living standards and food security.

Slide 5: A compelling value proposition for our shareholders

This re-imagination of Anglo American has been very thoughtful about how each area of the business is best able to thrive for the next generation. The new business has a really powerful investment case.

The Anglo American value proposition has always been asset-led and that will continue to be the case. The new portfolio is much more focused - three commodities, five production assets and two great greenfield opportunities housed in a simpler structure. The main focus of the group will be its world class copper portfolio alongside a premium quality iron ore business and the long term potential of Woodsmith. That combination of commodity mix, asset quality and growth potential makes this one of the most attractive ways for investors globally to have exposure to future-enabling products.

In addition to the proven production base, the new Anglo American will be a rare thing – a major mining company that has embedded, value-accretive growth potential in every commodity vertical. We have already talked to our growth pathway in copper which has a defined pathway to reach a million tonnes per annum. In addition, through the combination of Minas-Rio with the adjacent Serpentina deposit we now have the potential to double production of high value DRI-grade iron ore at Minas-Rio and optimise the use of our combined infrastructure. We will also continue to hold Woodsmith, which we will progress to feasibility study as we continue to explore partnering options.

One of the persistent concerns about Anglo American in the past has been the variance in financial performance, but with an EBITDA margin that is almost 50% higher under the new portfolio there will be a transformation in resilience. That can give investors confidence in sustainable returns alongside firm foundations to deliver the growth potential of the Group.

This change, however, isn't simply about shifting the same pieces into a different configuration. Instead, by simplifying the business there is real economic value creation. We have confidence in delivering a $1.7 billion reduction in our costs in the future in conjunction with these portfolio changes. I also believe that the step change in accountability and performance transparency will be really important in delivering against our first strategic priority – operational excellence.

Finally, I am very confident that we have a clear pathway to deliver – we have the recent track record in delivering organisational change and we have delivered many portfolio changes over the years. Indeed, I previously spent a few years spending most of my time creating value for Anglo American by restructuring the non-core portfolio.

More importantly as we move forward, we stand as one of the only major mining companies that have successfully delivered a tier 1 greenfield copper mine on time and on budget. We have leading sustainability credentials and well-established networks and longstanding reputation as a responsible mining company across the regions that are likely to see most of the major development opportunities for the next generation.

Therefore, this really is an exciting, next generation mining company. We will have a strategic flexibility open to few others in the industry.

Slide 6: Clear design principles to define future portfolio

So, how did we get here?

As we've been going through the asset review process and thinking about portfolio simplification and improvement initiatives we have approached it with three clear design principles.

First and foremost, asset quality remains paramount. The focus is on the best assets, and we consider these in the context of the markets in which they operate.

Secondly, we need to make sure that the portfolio as a whole has a strong industrial logic, so that each asset and portfolio can deliver the full value potential. There are three key elements to that. Firstly, we need the organisational capabilities, particularly when it comes to technical and sustainability. Secondly, we need to think about efficiency and there's a balance here, too small and it risks compromising the ability to have the capabilities but as you get larger and more complex it can compromise costs, accountability and agility. Finally, capital allocation priorities need to be clear, with balance sheet capacity and cash flow to fund investment and returns. It is on the basis of these three elements that we define clear portfolio roles for each asset and manage them accordingly.

If the first two elements can create the ideal portfolio on paper, the focus is on how you deliver that end state and how that translates to shareholder value. There are three components to that assessment – firstly, will the assets' potential get full value recognition from the market; secondly, what's the cost and risk of getting from status quo to that end state and do those costs justify the change; and finally, how does this set us up for future strategic flexibility.

It's a combination of these three principles that have led to the decisions we are announcing today which deliver well against all of those criteria.

Firstly, without exception these are high quality assets that produce products with the most attractive long term fundamentals.

Secondly, the portfolio has a scale, coherence and quality to deliver its full potential. To translate that into practical terms, we will have the team that built Quellaveco able to continue to deliver the future growth potential of Sakatti and Minas-Rio and Woodsmith and we will have the balance sheet to make them a reality. In a much simpler portfolio, we will make the most of the opportunity for real value creation in simplifying the organisation, while retaining critical capabilities required to deliver future growth in a responsible and sustainable way. The $0.8 billion of cost outs that we are announcing today gives you a sense of the economic reality but this is not about what we are cutting, this is about what we are creating – we are creating a more dynamic, less bureaucratic organisation with a really exciting future. That is the message that I would want all of our stakeholders to take away from this.

Finally, the portfolio has the key characteristics to enable much better shareholder value recognition – it's simple yet it retains scale, it's well focused yet has a good balance of diversification across countries and assets; the underlying commodity exposure is uniformly attractive and the new Anglo American should have significantly enhanced strategic flexibility going forward. There will be costs incurred but we are confident that the enhanced value delivery significantly outweighs those costs. By implementing these changes ourselves, we can make sure that they are implemented in the right way and at the right time to maximise shareholder value. On the whole, we believe that shareholder value is maximised by getting to the end state as quickly as we can, but, to be very clear, we are not a forced seller of any asset here so in every decision we will safeguard shareholder value.

The strategic and commercial logic for the changes we are making is clear but I would also like to clarify what this is not - and this is not a vote of no confidence in the businesses that will be exiting. This is not a comment on the quality of those business but a recognition that the best way for them to thrive is through alternative ownership.

Slide 7: Unlocking value from Anglo American Platinum

In particular, I would like to pro-actively address the question as to why we decided to separate Anglo American Platinum. As we look at the three design principles Anglo Plats delivers strongly on the first two, it has great assets with the ability to deliver value through the cycle and could definitely play an accretive role in the Anglo American portfolio, particularly with the outstanding potential of an asset like Mogalakwena. The PGM industry can generate high returns over time but particularly for those with the best assets, especially for leading producers such as Anglo Plats. In summary, there is undoubtedly a very strong upside potential, both asset and market-driven, for Anglo American Platinum.

However, it became increasingly clear that if we have Anglo American Platinum in the portfolio going forward we risk not getting the full value of either element of the portfolio fully reflected by the market. That, in turn, will undermine the ability of both Anglo American and Anglo American Platinum to achieve their full potential.

Without the PGMs business, the portfolio and structure of Anglo American are much simpler, the portfolio has great balance across geographies and importantly there is less complexity in capital allocation going forward. Anglo American Platinum standalone can set its own priorities to deliver its full potential and through the separation Anglo American shareholders will be able to participate in that. In short, the PGM business is a great business and we still have full confidence in its future, but from a market's perspective it's worth more apart from Anglo American.

I should also be very clear we believe that value delivery in the separation of Anglo Plats is much better delivered by Anglo American rather than as part of the BHP takeover proposal. The Anglo American team has separated a number of other businesses including the demergers of Mondi and Thungela. These were complex but delivered successfully over time. If, however, we try to execute the takeover at the same time as two demergers it's a step change in risk and associated value implications. It involves trying to get all the approvals on an inter-conditional basis at the same time. Any regulatory process comes with risk and if structured as proposed by BHP the risk falls disproportionately to Anglo American shareholders.

There's a follow on question about why we decided to keep Kumba.

The key point to come back to is that portfolio decisions are not just a question of asset quality it's also how the portfolio dynamics work as a whole. That's looking at having appropriate balance, capabilities and financial capacity to deliver the strategy in a portfolio where the market will attribute full value to the component parts.

The key concern is that with both Anglo Platinum and Kumba in the structure there are two extra listed entities that together create complexity and raise concerns about the balance in the portfolio. However, to be clear, these are both great assets in a jurisdiction that we continue to have high confidence operating in. Therefore, it makes no sense to remove both. In terms of fit with the existing business given our commitment to premium iron ore and the synergies across that business there's a clear logic to keeping Kumba.

Slide 8: A simplified portfolio daylights value of world class assets in future-enabling products

What jumps off the page at you in the new Anglo American is just how simple it will be – copper and premium quality iron ore with the growth potential of Woodsmith.

In terms of the portfolio design principles that I've covered just now these emphatically tick the boxes in terms of high quality assets and exposure to attractive demand trends and I'll unpack the next layer of the investment case later in the presentation.

Slide 9: Material improvement in metrics while maintaining diversification

Although the portfolio will be much simpler, it retains great balance whether looked at through a commodity, asset or geographical diversification lens with no greater than 30% exposure to any single country or asset.

There will also be greater financial resilience in the step change in margin, which creates confidence in much improved through the cycle performance which will be enhanced by the lower costs that we have discussed.

The Group will also have the scale required to ensure efficient cost of capital, effective supply chain and ability to sustain its technical capabilities and bring the investment in innovation to account.

Slide 10: Anglo American shareholders to capture full value from portfolio changes

As I said it is our intention to move to the portfolio end state as soon as we can, while safeguarding shareholder value. Practically speaking I believe that this will be substantively achieved by the end of 2025.

The principles of all these portfolio changes is to put them in the right hands to deliver the best value outcome over time – all stakeholders benefit from that. I would reiterate that we retain confidence in all these assets and it's a shame that we don't have the time today to talk in more detail about some of the strengths of our great businesses such as Steelmaking Coal.

However, today's priority is the pathway forward, so to give you some more clarity on our intentions across the business…

Firstly, on Steelmaking Coal the intention is to divest the business. The proceeds would be used to reset the balance sheet.

In the Nickel business urgent action is already being taken to limit the impact of short term market pressure on cash flow and, in parallel, we are exploring care and maintenance and potential divestment options.

I have already talked about the rationale for our decision on Anglo American Platinum and we intend to implement that strategic separation in a way that both optimises value for Anglo American and Anglo Plats shareholders. We will also work to ensure that the separation is implemented in a responsible way, with due regard for ensuring Anglo American Platinum's ongoing positive stakeholder impact. The intention is for separation to enable Anglo American shareholders to gain direct participation in strong PGM fundamentals and Anglo American Platinum's leading competitive and market positions and set up the business for long term success in the interest of all its stakeholders.

For De Beers, having made significant progress towards finalising the sales agreement with the Government of the Republic of Botswana, Anglo American is now exploring the full range of options to separate the business in order to set it up for success in unlocking full value from its new Origins strategy, its world-class assets and its iconic brand. This will give both Anglo American and De Beers a new level of strategic flexibility to maximise value for both company's shareholders.

Slide 11: Proven capabilities to deliver sustainable value & growth

Over time, Anglo American has built competencies to operate successfully in complex geographies and become a recognised leader in sustainability in mining. We remain absolutely committed to our sustainability ambition as we believe it is a pre-requisite for sustainable value creation, both in terms of accessing and developing new mining resources and operating the assets. This is why sustainability is fully embedded into our strategy, from day-to-day operational decisions to portfolio choices.

Given our history and heritage, we are particularly differentiated from sector peers on social performance and socio-economic development. We have been on a journey from a historic philanthropic or operational footprint role to becoming a catalyst for broader regional development in both developing and developed markets.

Our success in developing Quellaveco, the progress at Woodsmith and Sakatti and successful permitting of the Los Bronces Integrated Project are examples of our ability to deploy our sustainability competence, technical skills and reputation to unlock growth, at the time when many world-class resources, in particular in copper, remain stranded because of community and environmental constraints.

I have no doubt that the mining industry – and the world in general – is a better place for having Anglo American in it as a leader driving forward the sustainability agenda. We have demonstrated how it is possible to create genuine alignment between sustainability and profitability; thus, harnessing the power of the market to drive change. This is something that will always be at the very heart of the Anglo American way of doing business.

Copper

Slide 13: A leading global copper business

When I talked about the inherent value of the portfolio not being reflected in the market value, one of the areas that is most often referenced is the value of our copper business.

There's no doubt it's an outstanding business – well proven, world class assets; brownfield and greenfield growth to exploit outstanding endowments and it's hard to argue against the assertion that the value hasn't been fully reflected in our share price.

In a much simpler portfolio, we will now have that value transparency going forward and there will also be the capabilities and the cash flow to support our growth ambitions in the copper portfolio.

Slide 14: A proven portfolio with well-defined growth potential

Very few mining companies are lucky enough to have exposure to even one of the world's great copper deposits…at Anglo American we have three of them.

That's three of the most important sources of arguably the most important metal for the most important industrial transition of our generation, namely the decarbonisation of the global economy.

Whatever path that decarbonisation takes, whichever technology emerges as the champion, in whatever application you care to mention, the one certainty is that it will be enabled by copper.

These assets have outstanding geological potential with brownfield opportunities to exploit that potential as well as additional growth from our greenfield Sakatti project. There is no question we have the resources but importantly we also have the capabilities to deliver their full potential.

One of the highlights of my career was being part of the team that built Quellaveco. We needed to rethink how mining companies should behave in order to have the license to develop assets in sensitive sociopolitical and natural environments. It was that re-imagination of the development process that enabled us to build Quellaveco during Covid and to do so on time and on budget for the benefit of all our stakeholders.

Slide 15: Three world-class mines in South America

The term "tier 1" gets thrown around a lot in our industry, but it is undoubtedly the case for each of our mines.

When trying to get a sense of the quality of these three assets, it is worth remembering that the average copper mine produces ~37kt of copper a year and the average reserves of a mine are just over 600kt, not the millions of tonnes that you see here.

I am fortunate to have worked for my entire life in the mining industry, across commodities and geographies and I believe that this is some of the most attractive mining real estate on the planet. I'm not surprised that it's sought after by others!

Slide 16: Quellaveco: Highly prospective copper near-asset Exploration Targets[1,2,3] enabling multi-decade production growth

I have touched on the point about geological potential and quality, but what does that really mean? Well it means something like what we have at Quellaveco.

At Quellaveco we are just beginning to understand the full potential of this asset with new drilling planned to start this year. We have declared reserves which are just a tiny fraction of what we know to exist at the mine. As you can see from the slide, this orebody is open at depth, providing an Exploration Target of between 5 to 11Bt at 0.4-0.6% Copper. Or put another way, it has Ore Reserves of 8Mt of copper, additional Mineral Resources of 8Mt and a further Exploration Target upside of 59Mt of copper. Los Bronces has even greater potential - with more drilling at that asset also planned over the coming decade.

These are extraordinary numbers, staggering. But it is this that creates the optionality and growth potential that I am so excited about and which underpins the value of deposits like these.

The truly great copper mines, the genuinely "tier 1" deposits all share one thing in common, which is the ability to continually replenish themselves and to produce not just for decade but centuries…it is Tier 1 deposits like Quellaveco, Los Bronces and Collahuasi that are the only real annuities in the economy.

We've been mining at Los Bronces for 135 years and there is significant potential for many, many decades to come.

1. Further detail including the Competent Persons Statement is available at: https://www.angloamerican.com/~/media/Files/A/Anglo-American-Group-v5/PLC/investors/reports/quellaveco-depth-extension-exploration-target-report.pdf
2. Exploration Target ranges are exclusive of Mineral Resources and Ore Reserves quoted as of 31 December 2023.
3. Exploration Target estimated ranges based on Anglo American's Endowment Modelling Framework combining existing drilling, mapping and other methods including geophysical data.

Slide 17: Anglo American has both valuable copper growth options & capabilities needed to deliver them

The value of these Tier 1 mines is all the more significant when you think of it in an industry context.

Over recent decades there has been a continuous step up in capital intensity to bring new copper production online. In addition to inflationary pressure and supply chain disruption there are structural elements underpinning this increase, in particular longer permitting processes and higher regulatory standards. If anything, these challenges are continuing to increase.

Therefore, as demand for copper increases the cost of the new supply almost inevitably must increase in the face of these structural trends. That is likely to lead to a significant increase in the value of long term producing assets like Quellaveco, Los Bronces and Collahuasi.

Furthermore, the cost of bringing the brownfield expansions online from our assets should be significantly lower than those for new greenfield projects, and so the growth potential of brownfield expansions in our assets will also be more value accretive.

It's also important to note that one of the key constraints to growth in copper is not capital, geology or technology – it's sustainability. The top 20 undeveloped copper resources today remain sterilised because of sustainability-related constraints, in particular communities and water, which, as we have seen in Quellaveco, are often interlinked. Therefore there should be increasing value not only for our assets, but also our capabilities.

Slide 18: Pathway to >1Mtpa of copper production: well-sequenced growth options supporting multi-decade production

So what is our plan? While we are fully aware of the future potential of our world-class assets, we are very much grounded in the day-to-day reality of actually delivering this potential.

In the near term that means achieving our mine plans and I have already spoken about what we are doing about that at some length in February and I'm pleased to see those plans starting to work well.

In parallel, we are absolutely focused on how we deliver the growth. We have a well sequenced, self-funded pathway to over 1Mtpa of copper output. We also remain open to exploring the potential for synergies from adjacencies at both Los Bronces and Collahuasi.

This growth will take time and it has to be done in the right way…this is what I learnt from the mistakes that were made in developing Minas-Rio and how we benefitted from these learnings at Quellaveco. And now, in the new Anglo American, we have the correct, simplified organisational structure that will ensure that we are laser focused on the delivery of this growth.

Premium iron ore

Slide 20: A premium iron ore opportunity

While copper quite rightly gets the majority of the attention in the market at the moment, the fundamentals for premium iron ore are also very strong.

With 7% of global CO2 emissions come from the production of steel, the pressure on the steel industry to decarbonise is extremely high. Many leading steelmakers have already set ambitious decarbonisation targets and are investing in multiple technology pathways to both decarbonise the existing capacity and develop new carbon neutral green steel capacity. Premium quality iron ore is essential to decarbonise the production of steel. Very high grade iron ore, such as that which is produced at Minas-Rio is suitable for the production of steel via the DRI process, which can be carbon neutral. Having an option to expand the production of DRI-grade iron ore was one of the reasons behind our recent acquisition of Serpentina deposit. Our Kumba operations produce primarily high quality lump, with some high grade sinter fines. This is an important mix of products which will most likely be preferred by traditional blast furnaces on their own journey to carbon neutrality over the next couple of decades.

Slide 21: Strong DRI-grade iron ore market fundamentals

Most external commentators anticipate the demand for lower quality iron ore used in traditional blast furnaces to decline. By contrast, the demand for the highest quality DRI-grade iron ore, such as the product from Minas-Rio, will be many multiples of that as the global steel industry decarbonises.

We already see a premium for this quality of material in the market and the willingness of steel makers and their end-customers to pay for this will only increase over time. The supply of premium iron ore is <u>far</u> more constrained than it is for lower quality blast furnace iron ore. And even in a world where the benchmark price of iron ore were to decline, we would expect to see that compensated for by a commensurate expansion in the high grade premium as these two product segments become increasingly bifurcated. This is already the case with other carbon intensive materials such as aluminium.

Slide 22: Anglo American has focused exposure to premium iron ore

The new Anglo American portfolio has a focused premium iron ore business and we can further leverage this position to increase margin and growth upside from our assets. We expect higher quality ores to be more sought after by steelmakers compared to traditional blast furnace lower grade materials. Our Minas-Rio DRI grade material will support the growth of green steel production, while our high grade lump from Kumba will enable more carbon efficient transitional steelmaking processes. Moreover, the recent acquisition of Serpentina provides an opportunity to double the production of high value DRI material.

Importantly, our iron ore operations primarily serve customers in the US, Europe and Middle East where the pace of decarbonisation is expected to be the most rapid.

Both copper and premium iron ore share a clear commodity logic, they are the two most important means by which the mining industry can help the world achieve its decarbonisation and economic development objectives. Needless to say, we believe that the value that these businesses will generate will be proportionate to the importance of that goal.

Woodsmith

Slide 24: Tier 1 asset positioned for the future

We’ve talked at length in the past about how Woodsmith could be a game changer for the Group.

As I have said previously Woodsmith is practically a textbook example of a high quality, tier 1 asset in a low-risk jurisdiction.

The scale of the orebody gives it potential to be a multi-generational mine. It has structural advantages in both the quality of the orebody and its proximity to logistics. This means that is has the potential be a very low-cost mine with low SIB capex requirements that could deliver strong cashflow for many, many decades.

Woodsmith plays perfectly into key demand themes such as food security. Meeting the needs of a growing global population, sustainably, is a key challenge for the agricultural industry. POLY4, the polyhalite product that Woodsmith produces, can increase crop yields by around 3-5% while improving soil health. It will also have a significantly lower carbon footprint than conventional products. That's because POLY4 is a natural product, with no chemical processing required, which means it is also suitable for organic use.

The nutrients are not new – but having them in a single product is. Plus, POLY4 can deliver significant additional benefits to a farmer, beyond the pure nutrient value. There is enormous potential, even if we just capture a slice of the significant upside of the value-in-use premium for this product.

On that basis we are keen to retain the potential of Woodsmith in our portfolio but we need to make sure that we are really disciplined about how we allocate capital to it.

Slide 25: Setting Woodsmith up for success

So what is the future of Woodsmith?

We will continue to work towards the completion of the feasibility study in the first half of 2025 because that’s the essential building block for our partnering process that we have already initiated.

As we move towards the conclusion of our portfolio transformation process we will then be able to review the balance sheet, the project outlook and the partnering options in order to reach a decision on how to take it forward.

In the meantime, we will slow the investment and we now expect that to be reduced to $0.2billion in 2025.

In short, we continue to believe in the world-class asset and resource potential of Woodsmith as a pillar of our future portfolio, but the timing of the development spending will be adjusted to align with our portfolio transformation and strengthened balance sheet.

Financials

John Heasley, Finance Director

Slide 27: Higher margin business with strong cash conversion

This slide sets out the 2023 results of the to be retained businesses on a pro-forma basis including $0.8 billion of cost savings associated with the benefit of a simpler corporate structure.

While Anglo American will clearly be a smaller business than today, its focus means it will be higher quality. That is clearly shown here in margin, cash generation and return on capital.

EBITDA margins at 46% are 15 percentage points higher than our business today, operating cash conversion (being the percentage of operating profit that converts to cash) increases from 54% to 78% and return on capital increases from 16% to 25%. I'm sure you will agree that this clearly spotlights the quality of the new Anglo American.

Slide 28: Strong improvement in 5 year historical average performance

Of course we operate in cyclical markets and so it would be inappropriate to look at one year in isolation. You can see here the historical 5 year average performance of the current business versus the new business on a pro forma basis. The message is consistent with 2023 – higher margins, lower working capital, higher cash conversion and higher return on capital.

This performance is supported by $0.8 billion of incremental cost savings, a significantly lower capex profile and more stable working capital. I'll now unpack each of those in a bit more detail.

Slide 29: Total cost savings $1.7bn; $0.8bn incremental to previous commitment

As you will recall, during 2023 we announced $1bn of cost savings comprising $0.5bn of corporate savings and $0.5bn related to our operational excellence programmes. I said at the time that I would be disappointed if we didn't do better than that.

The $0.5bn of corporate savings has been fully executed and the operational excellence programmes are progressing well following significant consultation programmes in a number of countries.

The significant simplification of the Group on a go forward basis allows us the opportunity to completely reset the organisation design to ensure that we emerge with the most efficient and agile mining company, while retaining the great strengths of Anglo American including our sustainability, community and technology expertise.

This new simplified and efficient business will in total cost $1.7bn per annum less than the business historically did, including an incremental $0.8 billion of annual savings over those previously announced.

Of the $1bn savings previously announced, $100m relates to businesses now being divested or demerged (which we are still committed to and on track to deliver), leaving $0.9bn in the retained group as depicted in the white bars on this chart. The additional $0.8 billion mainly relates to corporate overheads and initiatives as the business is reset. Given we are currently in an offer period these additional savings have been disclosed as a Quantified Financial Benefits Statement, with KPMG acting as the Reporting Accountant. The savings are expected to be delivered on a run rate basis from the end of 2025, subject to the timing of divestments.

Slide 30: Significantly lower capex profile

As noted earlier, the new business on a pro forma basis is highly cash generative. You can see here that more than half of the previously guided capex for the next three years relates to the divested or demerged businesses, with capital efficiency in the retained businesses therefore set to improve. The only change to the headline Group capex guidance today is simply the re-phasing on Woodsmith.

As Duncan mentioned, FID for Woodsmith will be dependent on us having completed our portfolio changes and the associated strengthening of the balance sheet as well as syndication. We will continue to invest appropriately over the next 12 months to finalise the feasibility study before minimising spend until these self-imposed conditions are completed.

Slide 31: Significantly lower & more stable working capital profile

Moving on to working capital, you can clearly see here that the retained business requires much less working capital and is also more stable over time. In absolute terms inventories will be around $5bn lower which in itself is a big contributor to improved return on capital.

Slide 32: Committed to a strong balance sheet

Looking now at the balance sheet, we continue to target Net debt to EBITDA of <1.5x at bottom of cycle and be committed to an investment grade credit rating while continuing with a 40% dividend payout. It is envisaged that any proceeds from business divestments would be used to repay debt.

The higher margin operations and lower capital intensity are key drivers of higher ROCE and cash conversion. This gives us confidence that our balance sheet metrics can be well managed while also being able to fund the exciting growth opportunities described by Duncan at the right time.

Slide 33: Pathway to execute while limiting value leakage with thoughtful stakeholder engagement

Finally, there is of course much work required in re-shaping the group. We will execute the divestments in the right way to minimise value leakage and therefore maximise value for our shareholders.

This will include respectful engagement with all stakeholders and optimising the tax impact of any transactions.

Thank you and I will now hand back to Duncan.

Wrap-up

Duncan Wanblad, Chief Executive

So to conclude, this re-imagination of Anglo American sets up the business to thrive for the next generation – strong throughout the cycle.

The combination of commodity mix, asset quality and growth potential makes this one of the most attractive ways for investors globally to have exposure to future-enabling products.

Anglo American shareholders stand to benefit from every step in the transformation process:

- value realisation from portfolio change
- value delivery from a step change in efficiency
- value transparency with two high quality businesses in copper and iron ore in addition to Woodsmith - all of which have game changing growth potential.

This really is an exciting, next generation mining company with a strategic flexibility open to few others in the industry.

Slide 35: Why the New Anglo American is a better deal

We are focused on our future, which we believe is genuinely exciting.

We don’t see the BHP transaction as being in the best interests of shareholders because it simply doesn't reflect the value of the strategy that we've laid out today.

The structure BHP has proposed is highly complex and generates risk that will be borne disproportionately by Anglo American shareholders.

By contrast I have presented a vision of the future that allows Anglo American shareholders, rather than BHP's, to get the full upside.

Slide 36: New Anglo American delivers

So in conclusion, we won't belabour the point. We set out months ago to reshape our company in order to unlock shareholder value. We have done this by reshaping the company to focus on the best assets, deliver a portfolio that allows for these assets to reach their full potential and create a company where shareholder value is fully recognised through the portfolio. The actions that we have announced today, will deliver all of this.

We will minimise the value leakage from the portfolio changes and this should be more than offset by gains from streamlining our cost base. We will continue to ensure that this company is being run directly and aligned with our core purpose and we will continue to leverage our unique capabilities and our DNA to deliver even more growth and value for our shareholders and our wider stakeholders.

And now – we are very happy to take your questions.

END