2021 Interim Results Announcement

Thursday, 29 July 2021

Overview

Mark Cutifani

Chief Executive

[Mark Cutifani] Slide 1 - Welcome

Good morning, everyone, and good afternoon to those a little further afield. Thank you for joining myself and Stephen Pearce today.

[Mark Cutifani] Slide 2 – Cautionary Statement

Please read carefully but in your own time.

[Mark Cutifani] Slide 3 - Agenda

Our order of play is consistent with our established routine. I will touch on performance and highlight a few key points. Stephen will then run through the numbers to provide the detailed insights and to reinforce our focus on capital discipline, which is reflected through our returns to shareholders and our capital spending priorities. To close, I will take you through how we are positioning the business for the future and as you have seen from our thermal coal announcements in the half, lots happening on this front.

[Mark Cutifani] Slide 4 – Record first half earnings and ROCE

On results, a record half for us - our highest ever EBITDA in a reporting half, somewhere in the 70% range. The result was delivered despite us running at around 95% of full production capacity. COVID remains a factor and is being carefully managed with our people and across all our jurisdictions. We were also impacted by our current Met Coal constraints, although Moranbah was producing again at the end of the half and development work has restarted at Grosvenor.

Our growing EBITDA margin of 61% tells much of the earnings story, a function of both solid costs and improving product prices. Our focus on quality and delivering value-in-use credit in our product pricing is also part of the difference we are making in those margins.

Return on capital employed was 49% - and if we adjust the capital base for the Quellaveco and Woodsmith projects that impact the denominator – we were at a very pleasing 56%.

Of course, with higher commodity prices has come higher costs – unit costs were up 15% – largely a function of stronger FX. Excluding the FX impact, unit costs were up 6%, reflecting our 5% productivity pause through COVID protocols and some higher input costs as commodity prices have some negative consequences. Stephen will give you a bit more colour in his discussion.

But all-in-all a very encouraging result, reflected in our additional shareholder returns of $2billion, on top of the base dividend of $2.1 billion. That reflects a 77% pay-out, just short of the 80% and from our point of view, if you add in Thungela, the returns look very good.

[Mark Cutifani] Slide 5 - SHE performance – focus on continuing improvement

On safety, health and environment we continue to focus on our improvement journey. Looking at safety first - we have had no fatalities in the first half of this year. I am pleased with the progress, which reflects the great work of the Elimination of Fatalities Taskforce that we put in place a few years ago. Our injury frequency rates reflect an immediate preoccupation with matters associated with COVID – as you would expect. However, we are working with our teams, to make sure we keep ourselves close to the detail in planning and executing safe work.

Health cases, ongoing improvements in controls and our focus on eliminating hazards at source are having a positive impact. On the environment – no incidents in the first half. Again, a good result and reflects the work we have done to improve our planning and operating disciplines across the business. But we need to sustain this performance and that requires constant focus, to ensure we are doing the right things, the right way, all the time.

[Mark Cutifani] Slide 6 - Driving a healthy environment & thriving communities

Looking at our broader ESG performance, we continue to make good progress on the critical targets that underpin our Sustainable Mining Plan. We are targeting an absolute reduction of 30% in both energy and GHG emissions by 2030 (and that is from the 2016 levels)., The recovery from COVID has been patchy and require improved operating stability to drive total energy efficiencies.

We have also made pleasing progress towards decarbonising our operations, both on the energy efficiency work and by switching power sources, particularly in South America - from traditional fossil fuels to renewables. As of next year, with the agreement done in Peru on Quellaveco, and recent changes we have made in Brazil and Chile, we will be 100% green mains supply electricity across South America from next year. We also plan to generate hydrogen from electrolysis at our mine sites across the globe, using renewable energy sources. The move to eliminate diesel in our operations starts with these changes and if we are able to get our truck fleets done by 2030, that in of itself would be a ~15% reduction in our operational greenhouse gas emissions.

As you know, last year, we designed our new Social Way 3.0 programme - that is our package of social standards and practices. We are working to fully transition to this new set of standards and processes by the end of 2022, implementing this new higher bar and industry benchmark for community engagement and social performance is very important to us. Our new Social Way package helps underpin our ambitious 2030 target of 5 jobs offsite for every job onsite, demonstrating our commitment to partnering with our host communities and governments.

[Mark Cutifani] Slide 7 - 'WeCare': COVID and the third wave

Throughout the COVID-19 pandemic, our WeCare programme has enabled us to mount a responsible, holistic and coordinated effort to protect people - both in the business and in our host communities, while also making sure we secure and maintain the integrity of our operations. In many ways, the pandemic has proven even more challenging this year than last, particularly in those countries where vaccination levels remain low. We continue to follow a well-planned and managed approach to controlling the spread of the coronavirus and mitigating impacts

A comprehensive suite of robust operating protocols and controls remain in place in our operations and certainly I would expect those controls to remain in place for the balance of the year. The investment we have made in our own testing laboratories helps us rapidly identify new sources of infection and take action to limit the spread. And again, that has been very much appreciated in our local communities, and at the national level. In a few countries that we operate, we represent the most significant privately-run testing programme in those countries. That has certainly been appreciated.

We are firmly committed to vaccination and to supporting governments in rolling out national vaccination programmes. We have already got a programme in South Africa is supported by the government.

[Mark Cutifani] Slide 8 - Substantial contributions benefit all stakeholders

In terms of contributions and benefits to all stakeholders, I am also very pleased to announce today that we will be making a $100 million special endowment to the Anglo American Foundation, providing further support to long term health, education, livelihoods and environmental projects that contribute to our sustainable mining targets across the globe, which, as you know, are aligned with the UN Sustainable Development Goals. The funding will go to a broad range of projects, spanning climate change initiatives, health infrastructure, childhood nutrition, clean water and sanitation, early childhood development, as just a few examples.

This investment in the future builds on the comprehensive contribution that we make to our stakeholders that totalled over $25 billion in 2020. It is not just a shareholder story, it is about the good we do on a much broader basis. Having worked in this industry for longer than I care to remember, I am deeply proud of the contribution that both Anglo American, and the mining industry more broadly, makes to the countries and communities in which we operate. We make a real difference to the lives of local people, acting as catalysts for positive change. I do not think many industries can demonstrate such a positive contribution to the countries where they generate their profits as we can in mining.

[Mark Cutifani] Slide 9 - Operational performance - recovery continues

Looking across our key business sectors:

At De Beers, we saw good sales in the first half - a big move against last year. Consumer demand for polished product continues to recover, driving a strong pull for our product, and this is despite the devasting COVID wave in India on sight 4. Longer term fundamentals for diamonds remain strong. Our restructuring work is ongoing and will help us to capture even more value in the future as we reduce the time from mine to finger, increase our own jewellery offerings and do more to capture the full value of the De Beers brand. Whilst we talk about the big contributions from iron ore, copper, PGMs, and other parts of the business, it is important to remember that De Beers is in recovery mode and so in the second half, and into next year, we think it will continue to improve its contribution to the business.

Copper has continued to deliver a consistent operating and cost performance. The near-term water management initiatives we put in place at Los Bronces are delivering results and we are continuing to work on the longer-term solutions to reduce our water footprint across the country. In this price environment, you may see many different stakeholders, including governments, looking for a bigger share of the pie. We need to remember that our contribution to Chile, Peru and other countries is significant and will become more significant. We have been involved in a lot of programmes and dialogues with both government and stakeholders in both countries and those conversations have been very positive - helping people understand the contributions we are making. We think that will help shape some of those debates, particularly in both Chile and Peru, where we think the conversation is becoming quite sensible.

PGMs, a solid mining performance despite the impact of COVID protocols on the underground operations. The ACP is running very well, 18% above plan in the first six months, reflecting both a higher operating rate and some of the technical changes we made in the last refurbishment. We are also seeing much better maintenance availability. So again, a reflection of the due care and attention that Natascha and the team are putting into the unit. The B unit maintenance is on track to be wrapped up in H2. Strong pricing is supporting record margins and cash generation – despite the impact of higher US dollar costs.

In Bulks, we have generated record iron ore margins during the first half, reflecting the quality of iron ore that we produce from both Kumba and Minas Rio with our H1 realised iron ore price at $210/t FOB. Operationally, there was some unplanned maintenance at Minas-Rio but the team there are working to safely recover most of those volumes in H2. At Kumba, the team managed the impact of the much-needed rain in the first quarter very well and continue to work closely with Transnet on the rail.

In Met Coal, Moranbah restarted at the beginning of June – we will take things carefully there as we are still in a tough set of geological conditions. At Grosvenor, work restarted underground in April and the inquiry released its findings in May – numerous learnings for both ourselves and the wider Queensland coal mining industry. We are working through those as we prepare to restart the operation towards the end of the year

[Mark Cutifani] Slide 10: Leading competitive position

Over the last few years, as we restructured Anglo, the big headline was 50% less assets; and excluding COVID, we are producing more today out of half the assets than we were back seven or eight years ago with unit costs around 25% lower in nominal terms over that period – and if we exclude thermal coal, we have 60% fewer assets today.

The longer-term improvement approach has been driven by portfolio restructuring, our technical reconfiguration, the Operating Model and P101, which is about focusing and improving on industry benchmarks for shovels, trucks, right across the board.

So today, we are, per the chart, operating at about the 28th percentile on average across the portfolio – an improvement from the 49th percentile a few years back. If you then compare that to our top four peers, they operate somewhere between 33% and 46%. This is based on the inverse margin curve, which takes into account product quality and looks at a breakeven cost in each of our commodities. So our focus on both cost improvement and price improvement for the quality of the products that we produce, delivers that margin, which is the breakeven position.

One example, Kumba, was operating top end third quartile, almost in the fourth quartile. We have taken almost 50% out of the cost – shovel productivities are up 40%, truck productivity load factors are up 10-15%. So that's moved us to the left. But our focus on going from ~62.5% quality product to ~64.5% quality products, along with the introduction of the new technologies, has kicked our price realisations up at the same time. And the Marketing team is selectively selling to those steel producers that pay for quality.

Putting all those factors together, Kumba is now a first quartile producer and Minas-Rio is at the front of the curve. It shows that it is not simply about cost. It is about cost, it is about quality, and getting value in the marketing - a three-dimensional strategy that is driving margins and driving returns.

The Numbers

Stephen Pearce

Finance Director

[Stephen Pearce] Slide 12 - H1 2021 financial results

Turning to the first half numbers, EBITDA at $12.1 billion; a great result. That has driven a record EPS of $4.30 per share for the half. That translated into $1.71 per share base dividend at the 40% pay-out ratio.

Clearly, the balance sheet strengthened further through the first half off the back of the very strong cash flows with net debt at 0.1x EBITDA – allowing us to announce an additional $2 billion of returns, taking the total returns to $3.31 per share.

This nicely demonstrates the three key themes that I would like you to take away from today's presentation - capital discipline, balance between growth and returns, and continued focus on operating performance.

We are seeing some upward pressure on costs, as you expect in this price environment, largely from strengthening producer currencies and commodity input costs - up 6% on an FX neutral basis and I will talk through costs in some more detail shortly.

[Stephen Pearce] Slide 13: Strong margins drive record EBITDA

Looking across the different BUs; a great recovery in diamonds, demand for polished product is strong. Coupled with limited supply, has led to great demand in our sector. The mid-stream had largely destocked and prices have also increased 14% in the six-month period. COVID still remains a risk to cutting and polishing and we are managing the COVID impact on our operations closely. Also, at Venetia, as we transition from open pit to the underground operations, we will see some variability in grade which will also provide variability in reported costs over the next few periods.

Copper, continuing good operating performance, a great control of costs from the team.

PGMs, a strong refining performance during the first half with the ACP running well; that looks set to continue through the second half. Price is very strong - with the minor metals now not so minor anymore. $3.4 billion revenue from rhodium in the half, and over $400 million from iridium and ruthenium combined. Healthy margins at 70% despite the higher US dollar unit costs.

Turning to Bulks, iron ore firstly - 70% margin, strong pricing from our higher quality products from Minas-Rio and Kumba suit modern demand themes in the steel industry as operators look to improve the environmental performance of their operations and that has flown through to premia as customers are increasingly recognising and valuing these quality and environmental benefits. Another challenging period for Met Coal but with operations at Moranbah now ramping back up and Grosvenor scheduled to restart later in the second half, they are now set to capitalise on an improving price environment.

Overall, a strong set of numbers - with room to improve in the second half and as we move into 2022.

[Stephen Pearce] Slide 14: Strong pricing & operational recovery drive earnings

Looking quickly at the drivers of that EBITDA result, price clearly a big factor but also very pleasing to see the year-on-year recovery of volumes from the initial COVID period. More work to do and just to note that COVID has impacted our ability to execute on some works and the timing of driving operational improvements through to that cost and volume bucket.

[Stephen Pearce] Slide 15: Cyclical inflationary headwinds driven by strong prices

If we look at our unit costs up 6% on an FX neutral basis. Foreign exchange was the single largest driver at 9% as producer currencies strengthened, so combined, up 15% over the same period last year. General CPI across the geographies that we work in was up 3% but let's keep this in perspective – this CPI pressure translated into a $200 million impact on our EBITDA in the first half compared to almost 8 billion benefit from higher prices.

Given the strong price environment we have enjoyed through the first half, it is no surprise that we are starting to see higher input costs from steels (driven by met coal and iron ore) and copper. We have also seen some input increases through diesels and reagents. COVID resulted in significant disruption not only for our industry, but also various supply chains, which feeds into our costs. This pressure has also fed into higher maintenance costs which have added another 2% but I expect less of the maintenance headwind in the second half given that we have front loaded some of the work through the year.

As a reminder, this is on a unit cost basis, impacted by volumes and I would like to think that as we continue through the second half and then into 2022, that we will recover some of those volumes and that should feed into this outcome.

Looking ahead to the second half, we have given you new full year guidance in the appendix in today's presentation, but on the basis that spot prices continue where they are, which is obviously great for revenue, then we would expect producer currencies to remain strong and provide some element of headwind, hopefully modify as we bring volumes back through 2022.

[Stephen Pearce] Slide 16 - Lower capex impacted by COVID

Capex for the half was $2.2 billion. COVID has had some impact on ability to execute some of the non-critical works during the first half, so we have slightly underspent compared to our expectation and as we prioritised key maintenance works. We expect to catch up a reasonable proportion of that in H2 but probably not all. We will see some of the same headwinds that we are seeing from the strong FX as well as the inflationary themes that I touched on earlier in terms of inputs such as steel, oil-related products and copper are likely to materialise in second half. The underspend translates to about a $200 million reduction in our full year guidance range – now $5.5 to 6 billion dollars.

[Stephen Pearce] Slide 17 - Strong cash generation drives robust balance sheet

The half clearly saw some incredibly strong cash generation; reflects the operational recovery as well as very strong pricing. This has driven down our net debt by $3.6 billion for the half year period and that is a big impact from the high realised prices. That pricing impact, in terms of working capital, has hidden some of the great work we have done as we have reduced and refined the PGMs work-in-progress stocks that we had built up at the end of last year. We also worked down our diamonds inventory reflecting that strong demand. What you see is some of the positive price impact feed into receivables and our purchase concentrate inventory in the PGMs business. The balance sheet is in excellent shape to support our programme of capital investment in growth and it has allowed us to make those greater returns to shareholders.

[Stephen Pearce] Slide 18 - Healthy dividend pay-out with additional returns

We are therefore really pleased to announce the additional $2 billion of returns to shareholders for the half, in addition to that base dividend that has naturally increased to $2.1 billion, so $4.1 billion in total. Just a reminder that we also distributed the Thungela shares during the half, which I think as of this morning, were trading around £2, which equates to another 20p from that 10:1 ratio in terms of distributions to shareholders.

As you know, I am a fan of balance, so that return is structured as a $1 billion special dividend and a $1 billion buyback. That is a 77% pay-out for the first half and reaffirms our commitment to capital discipline and returning excess cash to shareholders, as we said we would do. $10.3 billion now returned to shareholders since 2017.

The 40% pay-out ratio remains in place - we really do believe that is an appropriate pay-out ratio for a company like ourselves through the cycle, particularly when we offer that combination of high margin growth, as well as attractive returns.

[Stephen Pearce] Slide 19 - Transparent tax paid in host countries builds trust

This has been a record half for us and our shareholders – but also for other stakeholders as Mark touched on earlier.

In this half, our activities resulted in $3.1 billion of royalties and taxes collected for our host governments - 2.5 times higher than the prior period.

Now, it is not often you hear a CFO say this but I am incredibly proud of that large tax number and broader contribution. We pay our taxes where the profits arise, that is, in our host communities – and when prices rise, so of course do our tax payments and royalty contributions – it is a win-win and a sure sign that the tax systems are working as they should in relation to our activities. I expect that we will continue to make significant payments in country through the second half.

I expect of higher profits again in the second half, that we would continue to make significant tax payments through that period. Now, depending on the country, the timing of those cash tax payments across different jurisdictions may vary based on tax instalment regimes, profitability, level of past investment losses, et cetera. But overall, I expect our tax payments to increase year on year quite significantly. If we looked at Brazil, just as a quick example, clearly the contribution in the current period does not reflect the multi-billion dollars of investment we have made over the last few years in Minas-Rio. But now that we have utilised a lot of the tax losses etc in that country, I would expect we will have used all those through the second half and our tax payment should rise significantly before year end.

Clearly this is an important topic in many of these jurisdictions that we work, but we are having constructive conversations across the board, and I think people do really appreciate that broader economic contribution that we make.

[Stephen Pearce] Slide 20 - Balanced capital allocation framework

As you know, every period, I like to recap our performance against our capital allocation model using this scorecard. Cash generation of $6.2 billion after funding our sustaining capital. This continues to drive our pay-out ratio based dividend, with a total of $2.1 billion declared for the first half of the year.

As ever, it is about the balance we offer as we invest for both near term growth while returning excess cash to shareholders. We allocated $0.8 billion to growth capital during the first half with an additional $2 billion in returns declared – demonstrating our commitment to capital discipline.

[Stephen Pearce] Slide 21 - Improvement initiatives delayed to 2023 by COVID

As I have mentioned, COVID continues to have some impact from an operational perspective and that extends to our self-help improvement initiatives and our technology roll-out which have been hampered a little over the last 12 months or so. We are very clear that all production must be safe and responsible – that is non-negotiable.

So, while we remain absolutely committed to our $3-4 billion improvement target, the delivery has now been delayed by a year to 2023. It is worth noting that I would then expect that target to increase as we will then benefit from a full year of operation from Quellaveco in 2023. We will update that guidance at the December investor update. Those big ticket items you can see on the slide remain our focus in delivering sustainable improvement.

[Stephen Pearce] Slide 22 - Value-adding, future-enabling growth

Our growth projects remain broadly on track, with more than 90% of our growth capex allocated to the future-enabling products within our portfolio – those metals and minerals essential for decarbonising the planet and meeting global consumer demand trends.

In the near-term, Quellaveco remains on track for next year, delivering at least a 10% uplift in copper equivalent volumes. We also have several smaller, quick-returning projects coming onstream in the next 2-3 years, including the diamond vessel in Namibia delivering some of the highest value carats, the Sishen UHDMS technology project delivering more of that premium iron ore product, debottlenecking potential at Minas-Rio and incremental expansion in Copper at Collahuasi.

A little further out, at Mogalakwena, we are looking at the best configuration, size of expansion and technologies to integrate into the project – the studies should have been largely completed by the end of the year and we will decide on the way forward in H1 next year. In Met Coal, the near-term focus is obviously on looking to safely restart and stabilise operations at the longwalls, we will then re-look at the low capex, high margin expansion option we have there

Overall, we are obviously seeing some impact of COVID across projects and so the specific timings may need some minor adjustment – we will update you, as usual, on the latest view in December.

[Stephen Pearce] Slide 23 - Balanced, disciplined and sustainable approach

So last slide from me to wrap up. A familiar message - it is all about balance. Competitive returns to shareholders, with over $10 billion returns since 2017. We offer attractive, high margin, near term growth in future enabling products. We do remain confident of achieving that 45-50% mining margin across the cycle but importantly, we are really delivering on the integrity and sustainability of the business to make the world a better place.

Positioned for a Sustainable Future

Mark Cutifani

Chief Executive

[Mark Cutifani] Slide 24 - Driving towards a sustainable future

[Mark Cutifani] Slide 25 - Two of the key differentiators in the business that we have already spoken to are:

1. The relative improvement we have made to our operating costs, which is an ongoing journey and still lots more to do and lots more potential; and
2. The marketing work we have done in understanding and driving for higher realised prices, even against established benchmarks in the industry – and that is helping with our margin.

The third differentiator is our portfolio. The balanced investment programme that Stephen talked about is coupled with our move out of thermal coal and into crop nutrients. With that we have positioned our portfolio increasingly towards future-enabling products that play well into key demand themes.

The change over the last few years in our portfolio is helping us shape a very different future for our company, relative to our competitors, and is one that I do not think we have yet been given full appreciation for in the market. The world needs the metals and minerals we produce to enable the transition to a low carbon economy and to meet other global consumer demand trends. Our growing copper production is key to electrification. Our PGMs are essential for decarbonising mobility today, and we think will play a key role in the hydrogen solution for the longer term. While our high quality iron ore relative to others' is essential to enable the delivery of the cleaner steel necessary for building the low carbon infrastructure that supports the energy and carbon transition.

The balance of our mix is in met coal, where we produce predominantly premium hard coking coal. And while the world needs steel to deliver on our decarbonisation targets, met coal in the short-term and high-quality met coal, in particular, is absolutely critical to produce steel to enable that decarbonisation. In the long-term, the move to hydrogen and other technologies will see met coal reduce in the mix. By 2040, which is about the life of our resources in the ground, we think matches with the transition that we have to go through, and that our premium, hard coking coal is important as part of that transition.

[Mark Cutifani] Slide 26 - Ahead of schedule on thermal coal exit

Touching some more on those portfolio changes. We are very pleased with the progress on thermal coal, we said we would be out of thermal coal within two to three years, and we have delivered well ahead of schedule - but importantly, in a responsible way. As you know, we completed the demerger of the South African operations at the start of June, maintaining the public scrutiny and accountability by listing the business.

We have also ensured that we do the right thing by all stakeholders in setting that business up for success with the initial funding we provided, as well as our transitional support being key to that responsible transition. It has been a good outcome all round; we would prefer to put our capital to work in those future-enabling commodities as Stephen outlined, and there were clear dis-synergies between the thermal coal business and the rest of the portfolio.

Building on that success, we were very pleased to announce the sale of our one third interest in Cerrejón to Glencore. Assuming we secure regulatory approvals, we expect to complete in the first half of 2022; however, economically, we will have been out from the 31 December 2020.

[Mark Cutifani] Slide 27 - Positioning towards future-enabling products

So looking at the future-enabling changes to our portfolio.

On Quellaveco, construction remains on schedule and on budget. The second wave of COVID in Peru meant that they got off to a slightly slower start in 2021 so we expect capex to be towards the lower end of the $0.8-1 billion range for 2021. That means some of the works will shift into 2022. But Tom and the guys have been very careful in the way they have scheduled the critical path activities, so we have maintained our resources on those critical path activities as a priority. And so we are still on track for that mid-2022 commissioning date.

There has been good progress on the infrastructure projects. Big milestones were completion of the construction of the Vizcachas dam – that is the water infrastructure. That is important from both a project point of view and a community point of view, because it is an important source of water for the community as it gives them water for 365 days a year agricultural activities, which is a really important commitment to the community.

Tito and the team are already starting to focus on the ramp up of the mining operations. And as you can see, they have also got a flair for the colourful. For those that do not know what those colours represent, they are the colours of Peru and Moquegua. So, despite times being tough, it is always good to see the team celebrate a milestone or from our point of view. Really pleased with the progress and the guys have done a great job in what has been fairly difficult circumstances.

[Mark Cutifani] Slide 28 - Positioning towards future-enabling products

Turning to Woodsmith, our greenfield crop nutrients programme in the UK. The technical review of Woodsmith has made some significant progress. We are working through the findings to finalise the design, schedule and budget. The review has further emphasised the high quality nature of the resource, the work that we are doing in the markets, and we are now in full commercial trials of the products. We have proven that the product can deliver and does deliver material benefits to the crops. We have n about 550 commercial trials in progress or complete. That is about building the customer base for long-term use of the product.

The review has further emphasised the quality and the different type of product we are producing. Because of the resource, it is basically a run-of-mine material that you pop on a ship, able to go anywhere in the world. It is a first quartile product in terms of costs. Very low carbon footprint and the right physical configuration.

As we said in February, as we work towards bringing everything up to standard, we do see some challenges in the timing of the shafts. We are working through those challenges and our intention is to make sure that we finish the detail, which we will do by the end of this year. We then programme out the shaft to make sure we manage the costs in a very tight envelope and so by February next year, we will give you then the full plan and the projected timing based on that detail. As we have said following the lessons learned over a long period of time and projects – you must get the strategy right, the detail in the planning right and then the execution will follow in an efficient and cost-effective way. We won't change that model and that formula for any project.

I would like to make one final point about the nature of the product: it is not potash; it is a multi-nutrient, low chloride fertiliser certified for organic use. It has a carbon footprint 85% lower than conventional products. If you do not understand that conversation, please contact us; we will explain to you why this is very different. It is bottom quartile cost, it can literally travel anywhere in the world and it is a unique product – which our future customers are starting to see in the crop trials that we are going through.

[Mark Cutifani] Slide 29 - FutureSmart Mining™...and a healthy environment

In terms of the metals and minerals we are producing, another differentiating point that really comes through in our FutureSmart Mining™ programme, and the way we have linked that to our sustainability work and the focus on creating a healthy environment. While the metals and minerals we produce are critical to decarbonising our planet, we are under no illusions: improvement must be delivered sustainably, and our technical innovation programme must connect with all of those objectives across the business.

These leading capabilities are also the key to delivering our sustainable mining plan and carbon neutral operations by 2040. Importantly, these targets are backed by solid plans and work programmes that would deliver long term sustainability while also driving productivity and cost improvements. One can go hand in hand with the other if you have got the technologies right and you are executing the key sequences to ensure that you make this a net business performance improvement, as well as being a cleaner, healthier set of operations.

I believe we will be in a position for our sustainability update event in October to announce our Scope 3 targets that will then demonstrate to people how we believe we can travel over the next ten to 20 years, making a net positive impact across the globe, and certainly demonstrate that mining can be one of the key drivers of a clean future for the world.

[Mark Cutifani] Slide 30 - Technical innovation unlocks value & sustainability benefits

Consistent with that theme, and pointing to that another are of differentiation in in the business - our technical innovation programme is holistic in its scope and approach. It is about changing the way mining is undertaken given where we have come from over the last 100 or so years.

Tony's team are looking at a broad range of integrated technical and digital solutions that will reduce our energy and carbon footprints. Our water consumption will also materially drop as will our physical footprints; that is, production intensity will improve, which means your capital intensity drops as well, with the added benefit that whilst being key to decarbonising, it makes sense from an economic perspective. I think that is critical and, again, it is a differentiator in terms of how we have put these programmes together to drive business performance.

We have talked a lot about these technical innovations, with Tony updating you most recently in May; that's worth checking out. His team spoke a lot about the VOXEL™ platform; that is really exciting and is industry leading. It helps us tie up all the key moving parts.

We were ahead of the curve in building our technical function when many in the industry were cutting theirs. And even when we went through 2015 and 2016 and it was tough times, we felt that this commitment would be a game changer, and so it is turning out to be. It certainly underpins both our business improvement initiatives and our commitment to decarbonisation - reducing our environmental footprint.

[Mark Cutifani] Slide 31 - Hydrogen truck will progressed

Here is a very simple example of the innovation that we are driving across the business: the first 300 tonne hydrogen truck is being constructed as we speak. This is the early peak of where we are today - I know many of you have been very interested in the progress we are making with the truck. The components are currently going through bench trials ahead of delivery to Mogalakwena in October. The hydrogen production plant should start commissioning in November. We will then conduct extensive field testing through 2022-23. It should reduce operational emissions by about 15% once fully installed.

We are also finalising conversations to get the build of the 100 megawatt solar plant under way, which is expected to reduce our operational emissions in the PGMs business by a further 25%. This is an important step, as it is also part of the coordination and connection work we are doing in South Africa, as we look at helping them build their grids in a very different way. As you would be aware, the South African government recently approved the construction of up to 100 megawatt power plants to be operated by private players. We will be one of the first to move into that space.

[Mark Cutifani] Slide 32 - Continuing the evolution of our customer offering

So how does this all come together? We are working on growing the portfolio in the right products, while ensuring that we deliver those products in the most sustainable way from both an ESG and operational performance standpoint. And as Stephen talked to, our capital allocation has been balanced in terms of improvements and growth for the future, while making sure that our shareholders share in those returns as we continue to improve performance.

We believe we need to continue on our trajectory from being a focused mining company i.e. digging holes – to the metals and minerals company we are today; that is we are focused on customers, margins and making sure that we are getting the right value for the products that we are selling. Our transition to be a materials solution provider takes into account where we think the world is going and how we believe we can shape our business to continue building new profit pools and improve returns for the long-term.

So we are not simply about costs - we are about value, we are about sustainable delivery of value for all of our stakeholders, because with that approach, we believe we will get support to continue developing and growing.

[Mark Cutifani] Slide 33 - Purpose – 're-imagining mining to improve people's lives'

In summary, we believe that delivery of sustainable returns to all stakeholders is an imperative that will define the long-term success of our business. We are well positioned to deliver on these key imperatives. We are differentiated - with a combination of technical, marketing and sustainability capabilities, that have been developed as competitive advantages in our rapidly changing external environment.

Coupling these capabilities with our world class assets, strong balance sheet, and our ongoing improvement journey underpinned by our people, who are very proud of what they are delivering, we believe sets us up for the future, so we should continue to improve.

We have been clear in terms of what we are focused on doing – delivering better than 10% free cash flow return through the cycle is the key to both investing in future opportunities, delivery of returns to shareholders, and making sure we continue to build and grow the business. And by focusing on our returns on capital, the ROCE number makes sure that we are not blowing returns by over-capitalising the assets. That natural tension between the two is critical. It is about delivery of long-term value for us and ensuring that value and growth is sustainable through our Seven Pillars of Value that start with safety and health, through to social performance, right the way through to making sure our balance sheet is flexible, so we can be countercyclical. It is all about getting these parameters and these targets right. For us, this is what we come to work thinking about each and every day. And these are where the debates are focused in making sure we have got the position right for the future.

Q&A

Alain Gabriel (Morgan Stanley): Mark, you have had a perfect scorecard in the first half, and you have surprised positively by quite a margin on capital returns. Is this as good as it gets? And do you see scope for further improvements in your underlying business, putting commodity prices and FX aside? And which assets would that improvement come from?

Mark Cutifani: Firstly, the share buyback, tells you that we do not think this is as good as it gets. We have been investing in the business and we have been improving, but we are the first to say that we are nowhere near to where we want to be. The second half, we obviously have to work through COVID and we are only operating at about 95% capacity. We would like to get that to 100% as we go into 2022, but I think it will still be with us for the next six months.

In terms of commodities, I think iron ore might soften a little bit. But the fundamentals are still very good and the fact that we have got quality, certainly makes me think we are in the right place in the market. PGMs, the world is still short palladium; rhodium has already tracked back a bit in my view, so I do not think it will go too far. Copper, I think the underlying demand fundamentals are strong, we do not think that will fall back. Diamonds is in recovery mode, that is improving. And in met coal, we have still got more to do and improve, and whilst we will not see much of Grosvenor this year, we see continuous improvements in Moranbah. And then Grosvenor adding to that means that through the balance of this year and into next year, lots of things to be positive about, and we have got Quellaveco.

From our point of view, we do not think this is as good as we can be, we have still got a long way to go. Pricing, there is more of an open debate, but the breadth of our portfolio, the depth, the cost position, I think we are set to take advantage of that. And we are growing, and not many others in this industry can say they are growing with the quality that we are growing with and those positions will also improve our relative cost position.

Alain Gabriel: Second question, your cash taxes were quite a bit below your P&L tax, and you have underspend on CAPEX in the first half. One, should we expect Anglo to catch up in tax payments during the second half? And two, with CAPEX deferrals and rising inflation, is it fair to assume that there is some upside risks to your CAPEX forecast for 2022 and 2023 that you provided on slide 40?

Stephen Pearce: On cash tax, it is just a question of timing and some of the instalments are more second half weighted, so depending on prices, I expect in the second half you will see Brazil catch up and have more cash tax payable. I am expecting the normal fluctuations that you would see through an annual cycle and our cash tax payments will increase in the second half.

On the second part of that question, we have got that broadly well captured and we will keep that monitored as we go through the planning process through the balance of this year and give you updated guidance in December. It is a balance between the currency, the costs, and our ability to execute when we are a little bit constrained by our COVID workplace safety practices. I think those things will balance out fairly well through 2022 and 2023.

Jack O'Brien (Goldman Sachs): Your improvement on the cost curve stands out for me today, particularly as we think about sustainable margins going forward. My question is as you look ahead, which divisions do you see the greatest scope for improvement from here? And how do you see that coming about?

Mark Cutifani: If you look at the business, De Beers has more potential for improvement on its operating costs; it has had a really bumpy ride in the last 12 months, with COVID and a major restructuring to reduce its costs. But I think De Beers will be in good shape and continue to improve particularly as we go into 2022.

The copper business team have done a good job. Quellaveco project is coming along and is on track for next year, with an estimated 300,000 tonnes of copper at around $1 a pound, and we will probably commission up quickly based on the new mine plan. So that will make a real contribution in the copper side.

At Kumba, Tim and the team have still got some more work and improvements to make. Minas has been a bit in and out, although they're 20% under the original feasibility costs. I think getting more stability and a little bit more volume will help them on the operating costs. And we have got Tony and the team's full technology programme, where we are just starting to put out some of those new technologies in the business, so over the next two years, those impacts are at least in the 5-10% range, which might help us balance off some of the input pressures. Any other comments, Stephen?

Stephen Pearce: In PGMs, with the modernisation of Amandelbult and the work on Mogalakwena, Natasha and Craig have set some pretty challenging cost targets that they are going to get after, so I think that could flow through as well. And on the technology and innovation, we are very confident that those benefits are emerging in the business, and although, they might be slightly delayed, from where we had originally envisaged, they should start to come through strongly through 2022 and 2023 in particular.

Jack O'Brien: Clearly your balance sheet is in a great position as it stands, prospects for free cash flow looking good and you have discussed a number of growth projects in the near term, but slightly beyond that, given those organic opportunities you have, and also your policy on shareholder distributions, should we be thinking that inorganic or M&A expansion is unlikely?

Stephen Pearce: You are right, we have got a great balance sheet and fantastic growth opportunities in our portfolio, which is a brilliant combination to have as a starting point. As know, Duncan and the team cast their eyes across the industry, and most things look fairly fully priced at this point in time and that is why we were so pleased to bring the Woodsmith project on when we did, and that provides another portfolio transition, as part of the strategy, but also growth strategy on top of delivering Quellaveco and the copper opportunities we have.

We don't need to rush to do anything outside of the fantastic opportunities we already own. I think we can keep this balance, the capital discipline, the allocation into growth, and deliver fantastic returns for shareholders in the near and medium term. It is a great starting point.

Mark Cutifani: I think the fact that we saw a share buyback as being appropriate tells you what we think of the value in the business in terms of what we've created. But the really important point is we've got growth through 2030 and if we see a value opportunity, as we did with Sirius, then we are not scared to go out and make the call. Over time, people will start to see this is a very different business to where we've come from and in terms of where we are relative to our competitors.

Jason Fairclough (Bank of America): On Quellaveco, how should we think about the ramp up? Maybe it is gradual in terms of ore going through the mill; but on the other hand, you have probably put people in place to make sure that it comes up quickly. And I am guessing that you are going to have some nice high grade ore to put through in the early days. Is it possible we see over 200,000 tonnes of copper out of Quellaveco in 2022?

Mark Cutifani: We are currently scheduled to start the commissioning around mid-22 with the first line. The second line will come in probably about three months later. The ramp to full production, we expect will take 12 months from first copper, and by mid-23, we would be at the 300,000 tonne rate.

Stephen Pearce: The guidance we have given is 100-150kt in 2022. I am very comfortable with that as I balance out both the great work the team are doing, but also the COVID challenges that the country in the project is having to deal with. If we can do it to the top end, that will be an absolutely brilliant outcome.

You are right that we do get into good ore pretty soon and the course particle recovery system will help. But my gut would, again, say that is probably more into early 2023 than end 2022.

Mark Cutifani: We will keep you updated on progress. Mindful that with COVID you can lose a couple of months very quickly if you get another run. So we are being a bit cautious for the right reasons.

Jason Fairclough: On Woodsmith - it is a big fertiliser project, it is not formally Board approved. You are spending quite significantly on preparatory works with a final decision to be taken later. We have seen this movie before with another big mining company in Canada and it has not played well. Is the ending of your movie going to be different?

Mark Cutifani: The start of the movie is a little different. We purchased Sirius at a price that reflected the invested works in the ground. And that is quite unique for an acquisition in this industry these days. The resource is better than we thought, the mining methods, we think, are appropriate. We have said that we would bring a bit of capital forward on the ventilation shaft to give us more flexibility. We have gone fully continuous miners – so an automated operation as opposed to some drill and blast - so we made technical changes, which means you change a few parameters.

The main issue of the two shafts: now, we have got the first SBR (shaft-boring roadheader) and that will actually start operating during the course of August. That is the critical path work, that will tell us what the shafts will look like, which will then inform our investments going forward. But even if we take an envelope of good and bad, it is still overwhelmingly a positive, strong project. We bought Sirius to build and take forward, that has not changed from anything we have seen. In our due diligence, we picked up the shafts as the issue and that remains the case. When we come to you at the end of the year, I expect we will be telling you what the execution strategy is – and ultimately, the only debate will be the date of acceleration. It is important to make sure it is right and done well before we go forward. But I believe we will be going forward with this project.

Liam Fitzpatrick (Deutsche Bank): The business is clearly a very strong shape but we can all see there are still challenges from COVID, tax changes in LatAm, and so on. When I think back to what you were telling us at the December investor update, you were targeting three or four projects to be approved or accelerated from the back end of this year. Has the experience of the last 6-12 months led you to take a more conservative and phased approach when you are thinking about those projects? And linked to that, is there a ceiling in terms of how much capex this group can handle? Is it around $6-7 billion? And then Mark, you previously suggested that you aim to remain CEO until Quellaveco is delivered next year. Does that timing still hold or has COVID pushed things out?

Stephen Pearce: I do not think that there is any link to timing in terms of either COVID or capital capacity at the moment; it is about bringing the projects through in the right time with the right discipline.

A couple of the obvious ones are things like Moranbah-Grosvenor; that has been impacted by the operational aspects that are well known and we will get those mines back up and running at their capacity first and we will then reassess impact on the wash plant. If we hit that capacity quite quickly, I imagine that wash plant expansion may make perfect sense. The planning work for that project is progressing and we will put it in the cupboard while we see how we go before making a decision.

Another example is the Mogalakwena expansion. Again, it is about doing the right work and making sure we have got the right technology matched with the right size and scale for mining, for processing etc. That work is ongoing and should complete by the end of the year.

Woodsmith, I think Mark has covered well. Those three projects are the main moving parts and there is then Collahuasi and various other things that we have captured in the capital guidance that we have given of ~$5-7 million when you combine the growth projects with the sustaining spend. We probably would not want to spend too much more than ~$6-7 billion a year. But our capacity to do so, potentially increases as we keep improving our cash flow and our operations and progressively bring projects like Quellaveco on.

Mark Cutifani: We have an underlying approach of one major project at a time and we are set up to do that in a very efficient way. The smaller projects, two or three smaller projects each year, quite within our capacity to handle physically and from a balance sheet point of view in terms of the way we have sequenced those moves. Something like Mogalakwena – we do not want to put too much material in the market, so we are very sensitive to pricing. Making sure that we do not bring on too much at any one time is also an important responsibility. There is no point undermining the value we create by getting that wrong.

Liam Fitzpatrick (Deutsche Bank): Mark, you previously suggested that you aim to remain CEO until Quellaveco is delivered next year. Does that timing still hold or has COVID pushed things out?

Mark Cutifani: I have made a commitment to the Board that I would see Quellaveco through, and I would continue to serve at their pleasure. That has not changed. As all organisations do and should do, we have tried to make sure that the board has got internal options – and that is part of my job. I think we have done that. The Board will make the decision when it is appropriate and we will let you know when that decision is being made, if it is going to be made in the near term.

Tim Clark (SBG Securities): My question is on the diamond market, which has been very strong. We have had good price momentum and good discipline across the midstream. I noted that the trading margin of 11% is strong. Is that just a timing difference where you were working away inventories and does that mean that some of that momentum is a one-off in the first half? I noted, Mark, your comment that you thought that there was still a steady improvement second half and into next year to come.

My second question is on the buyback versus special; you have noted that you still see value. Was it an easy decision? Is it just a balance decision between buybacks versus specials?

Mark Cutifani: Firstly, on the margin in De Beers, it was a timing issue. We are usually around c.7%, and that is what I would expect us to trade back into. Bruce and the team have done a lot of good work with customers, and he is trying to improve that margin. But at the moment that 11% reflects products coming back into the market, different customers wanting different things, good quality products that we are able to put our hands on. So it is a combination of things that have popped it up to the 11% but that would be hard to maintain in a steadier market. We would like to see it to continue but that will probably track back a little bit.

Stephen Pearce: In a period where you have seen increasing prices from the start of the half, through the half, and at the end of the half, it is probably just subtly flattered a little bit by those circumstances, a bit like having copper invoices open at the end of the year, and you get your price true up in time.

On the buyback versus special, a couple of factors we take into account. Shareholder preference is clearly one of them and we recognise that there are different views in the market with different shareholders, perhaps particularly across regions. Again, we try to strike a balance. If you look at the $4.1bn, $3.1bn of that is dividend and $1bn is buyback. And in terms of value, we believe what we are delivering, we believe in the journey ahead of us, and we believe in the value that we can deliver.

Mark Cutifani: When we talk about Anglo American and the discount that we see against some competitors, when we look at our relative cost position across our commodities, when we look at the diversified portfolio and the strength of contributions across a number of commodities, when you look at the work we have done on marketing and improving our margins and our recognition of value in use, when you look at the technology strategy, and where Tony and the team are helping us drive that will continue on cost improvement and also with our growth opportunities. We do not think a discount is justified.

We have come to an agreement with the South African government on the deregulation of foreign exchange controls for us. So we have a single balance sheet. When we look at the future and growth, we think we are differentiated and that the market is not fully realising that value and it is our job to try and help people see what we see. I think the share buyback is a strong message in terms of what we think about our business and our commitment to continuing to improve.

Tim Clark (SBG Securities): The nominal net debt after the payment of the dividend is near $6 billion. Should we be thinking of a range of that sort and a bit above maybe given the cash tax payable upcoming? Is that a level in the current portfolio you are relatively comfortable with?

Stephen Pearce: Clearly we would be comfortable with that in terms of a pro forma. Obviously, since 30th June, the cash inflow have continued at a strong pace, given where pricing and sales have been. But just to be clear, of that $2 billion net debt, $900 million of that is finance leases, and $1.1 billion of that is the Mitsubishi loan associated with Quellaveco. So the true net cash/ net debt position, if you are taking out accounting type adjustments is zero. We think we have a pretty healthy start to the period in terms of supporting those extra payments.

Tyler Broda (RBC): You mentioned in the presentation about how the conversation is changing a bit in Chile. Can we have your thoughts on how you see things playing out in Chile, and perhaps Peru? Then a second question on costs for Stephen; the FX has been a big headwind, especially the Rand, but from a fundamental inflation perspective, how much are you seeing sticky inflation, i.e., labour being ahead of CPI, suppliers being more forceful in their negotiation?

Mark Cutifani: On the Chile conversation, we led an interaction with the senate committee for the industry. And the reason we led it is because of our technology work, our hydrogen work there. Chile's looking to develop its technology economy and looking to be a clean economy, obviously off the back of copper. They see our progress and our lead in that space as being an important point.

The points we made were about mining in country, we pay tax in the country, unlike many other sectors that have been subject to a lot of debate. I think that point was really well acknowledged. The second point is that with the improvement in earnings that we are generating, more tax flows will be coming. So that will continue to improve the fiscals.

South Africa just made an announcement earlier this morning, that the tax take in the first quarter was the best they have seen in 3-4 years. And it is the mining industry that has made a difference. So our messaging on what contributions we make in those countries – and when we take into account wages, and all the other contributions, is unlike any other industry. That's the messaging we delivered last week. And it was a really constructive interaction.

if I was betting I would say Chile is now in a sensible place in terms of its conversations. I think there will be no doubt pressure still on some type of adjustment, given the constitutional debates. But I am now a lot more comfortable that it is a sensible conversation that we do have from time to time in these moments.

Peru, Harmala's first speech post-election, was much more balanced than we have seen. Our interactions with him have been pretty positive. He recognised, understands, that Quellaveco represents 1% of the country's GDP. He made a specific point of saying in the speech that it is not his intention to impact growth and the important drivers of the economy, which was good. He did talk about having a chat to the industry about stability agreements. We have a 15-year stability agreement. But again I think it was far more conciliatory and balanced than we have previously seen.

I think we are getting to a more sensible set of conversations that may impact to some degree, but I do not think it will be crazy stuff that we saw maybe even three months ago.

Stephen Pearce: Just a reminder that the UK have done it, but they just do it in a red briefcase on the doorsteps of Downing Street, and the US have done it and they do it passing through Parliament. So it is not just something that is focused on emerging economies; all economies are thinking about how they are balancing their books. My encouragement is always let us do it as simply as possible with established tax regimes and rules and calculation methodology on as broad a base as possible. And I think that sets everyone up for a more sustainable certain future.

On inflation, remember the impact of revenue and strong prices that we have had, versus perhaps currency and commodity input costs, clearly far weighted towards the $8 billion we had in terms of positive revenue impact.

On sticky inflation, we are not seeing anything untoward at this point; a lot of our employment agreements for our major operations, are part-way through their current timeframe. We have a number of them rolling into 2022 or 2023 at the earliest across our operations.

In the current period, it has been hard to react to the inflation inputs. Supply chains have been disrupted. You had to pay and source what you can, particularly if there was disruption and you were concerned about securing material. It has been harder to react in terms of volumes. While we say we are operating around that 95% level, that is as a result of seriously hard work across the operations - for example, to get us up from an otherwise 85% level by the great work that teams have done to minimise the impact in the operation. It has been a bit hard to respond beyond that, to close that gap on a unit cost basis. Remember, these are unit costs we are talking about which are impacted by volume.

I would come back to the TNS and technology and innovation initiatives; our ability, particularly through the first quarter of the year, in some of the Southern Hemisphere, where you had COVID, and rain and summer holidays, it was hard to get the momentum through that first quarter. I think we are back on track now, through a lot of those automation process control, some of the bulk orders, et cetera, those projects are now progressing quite well. So it has just been a bit hard to respond in as quick a period as you would like, remembering we were not seeing it at the end of last year when we reported in February.

It has emerged, some of it currency, some of it cost; we will respond in time appropriately. We have always set ourselves improvement targets well above that expected inflation, for exactly this reason: that we need to drive improvements in the underlying business.

Mark Cutifani: Our first wave of cost improvement was portfolio, operating model – which is really the industrial models – technology, and it is incremental work that Tony and the team focused on with the operators. And, obviously, the general improvements that we have made across the board, the technical reconfiguration of Sishen, all those sorts of things.

The second phase, that we are lining up to roll through the next three or four years is the capital investments in growth in quality projects that all have better margins. So that 45-50% margin we talked about is based on those lower cost operations coming in and making a positive cost and margin contribution.

And the technology where bulk ore sorting, coarse particle flotation, over the next two to three years start to impact the operations as well. So there is real forward momentum, but it is a flat spot, and then 2023/2024, you will see a real push again, down from where we have been, which is very similar to what we saw in 2015/16/17 in my view. I think we are doing a lot of work to balance and try and negate those impacts, but in this environment, you will have those input pressures. But that is for us to manage.

Ian Rossouw (Barclays): From a dividend perspective, if you see continued strong cash generation in the second half, should we expect a similar return? If your net debt ends up at $2 billion? And second question, you have delivered quite a strong message on operational excellence and safety, but it was quite disappointing reading the Queensland Board of Inquiry reports and conclusions. What do you think went wrong in the business? And how confident are you that there aren't any other similar issues in other parts of the portfolio?

Stephen Pearce: We are building a good track record of complying with our capital allocation model. Our undertaking to the shareholders is that every six months we will always work our way around that circle, in terms of capital discipline, the allocation, the commitment to a strong balance sheet, and then if appropriate, additional returns; and we will consider what we have in front of us in terms of delivery. Remembering my golden rule is we earn it first and we pay it out second. I don't expect that to change.

Mark Cutifani: On your second question, from our point of view, no one sits comfortably when you have had that type of incident. You have got to really be introspective and try and understand the issues. I think the management of gas, and how we set the longwalls up needs to be adjusted from an industry perspective too, as there have been a number of gas ignitions in the field. We are making sure that we have got the right expertise in solving some of those problems, and we've learned lessons on this as well.

I think there are quite a few things for the industry too, but again, we have used it right across the board, to try and take ourselves to another level on the safety front. It is a journey, we recognise that we are not where we want to be and we are the first to put up a hand and say there is still more work to be done. On the recommendation, we do not agree with some of the points, because we could not give evidence, and that will be covered in the formal evidence that is provided. But if you have an incident, you have got to learn from that, and we are certainly doing that.

Myles Allsop (UBS): Thinking about the simplification of the group, you have done a huge amount with the portfolio over the last five years. But it is still a complex portfolio, with several minorities and you mentioned earlier trading at a discount to peers. Would you consider taking action to take the next level of simplification? Take out some of the minorities or split out De Beers, if you are not getting fair value recognition for diamonds consumers?

Mark Cutifani: Simplification for simplification's sake does not do anything for us in terms of delivering returns. We have done a fair bit; I think people have recognised that, but it is still on our agenda. I think there is a lot more potential in De Beers, Bruce and the team did a fantastic job managing last year and we ended up with small negative cash flow, which was all about investing to make sure we had the product for this first sight. This demonstrates how De Beers can take the long view because they've got us backing them. And if we're generating the cash flow, I think ultimately the value will come through the share price.

Secondly, on minorities, we always look at those sorts of opportunities. But it has to be done the right way. It has to be done at the right time.

Stephen Pearce: Some of our complexities are a little more visible because some of our minorities are in listed vehicles. But a lot of mining groups have joint venture partners, as do oil and gas companies. We are not that different in that respect, except that we have listed reference price for two of the high cash performing businesses at the moment.

Mark Cutifani: An example, is the foreign exchange controls in South Africa which are gone. Patience in unwinding that complexity is the way we have thought about this, and we will keep working on this and keep demonstrating that there is a real value story that we think people have not fully got yet.

Paul Galloway: Thank you very much everyone for your time this morning. If you have got any further questions, then please come back to the Investor Relations team. All the very best, go safely.

[END OF TRANSCRIPT]