Anglo American 2022 half year results

Thursday 24 February 2022

Introductory Comments

Stuart Chambers

Chairman, Anglo American plc

Slide 2 – Introductory comments

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

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

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

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

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

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

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

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

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

H1 2022 overview and look ahead

Duncan Wanblad

CEO, Anglo American plc

Slide 3 – Cautionary statement

Thank you Stuart.

Good morning ladies and gentlemen.

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

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

Slide 4 – H1 2022 results agenda

You will be familiar with how we structure these presentations.

I will give an overview of our first half performance.

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

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

Slide 5 – Focusing on our strategic priorities

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

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

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

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

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

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

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

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

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

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

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

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

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

Slide 7 – Striving for a healthy environment & thriving communities

Looking at key components of our sustainability performance….

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

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

As far as the Social Way is concerned:

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

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

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

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

Slide 8 – Operating context in 2022

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

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

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

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

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

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

Slide 9 – H1 2022 summary

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

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

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

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

Slide 10 – H1 2022 – operating performance

Stepping through each of our businesses in turn:

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

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

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

So good performances in diamonds, base metals and PGMs.

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

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

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

The numbers

Stephen Pearce

Finance Director, Anglo American plc

Slide 12 – H1 2022 financial results

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

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

So turning to the first half performance:

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

That translates into an EPS of $3.11.

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

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

Slide 13 – Robust EBITDA supported by strong pricing

Looking at the contribution by the different businesses:

- Diamonds - a strong operational performance and noting we increased guidance last week. A good cost performance as well. Translating into $0.9bn of EBITDA for the half.
- Strong margins. 53% for mining and a very healthy 12% trading margin.
- The global macro-economic outlook is something we will monitor closely.

- In Copper, we were always expecting a tougher year with lower grades and the water challenge at Los Bronces. The team have done a good job.
- We have had some significant snowfall and rain in the last few weeks, which is encouraging.
- Volumes should tick up in the second half.
- Feeling inflation across LATAM although the weaker peso helping a little.

- Moving from too little water, to too much water at PGMs! Heavy rainfall impacted Mogalakwena in Q1.
- Good basket price helping drive that strong 55% margin.

In bulks:

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

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

Slide 14 – Solid H1 impacted by macros and operational factors

Looking quickly at the drivers of that EBITDA result

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

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

Slide 15 – Inflationary headwinds driven by strong prices

First half unit costs up 18%.

Breaking that down:

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

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

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

Slide 16 – Re-iterating full year capex guidance

Turning to the balance sheet…

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

No change to full year capex guidance.

Slide 17 – Robust cash generation and resilient balance sheet

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

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

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

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

Slide 18 – Transparent taxes & royalties in host countries

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

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

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

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

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

Slide 19 – Balanced capital allocation framework

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

Cash generation of $2.4bn after funding sustaining capital.

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

We then allocated $0.8bn to growth capital.

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

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

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

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

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

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

With that – Duncan, back to you.

Enabling the future - sustainably

Duncan Wanblad

CEO, Anglo American plc

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

Thanks Stephen.

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

Slide 23 – A carbon neutral world requires metals and minerals

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

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

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

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

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

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

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

Slide 24 – Metals & minerals must be produced sustainably

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

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

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

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

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

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

Slide 25 – nuGenTM Zero emission haulage solution

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

And to my fourth priority of delivering of our growth:

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

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

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

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

Slide 28 – Quellaveco: ramping up over next 12 months

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

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

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

At that point shipments of concentrate to customers will begin.

Slide 29 – Quellaveco: a world-class asset

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

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

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

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

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

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

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

Stepping back and looking at our portfolio today and the growth that's coming:
We have strong positions throughout our diversified portfolio that play into the demand trends of decarbonisation and a growing consumer population:

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

Our focus is on maintaining this strong portfolio:

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

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

Slide 31 – Q&A

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

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

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

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