

## NEWS RELEASE

24 April 2014

### **Anglo American plc Annual General Meeting – Address to shareholders**

Anglo American plc held its Annual General Meeting for shareholders in London on Thursday 24 April.

Mark Cutifani, Chief Executive, made the following remarks:

Thank you very much, chairman. Ladies and gentlemen, again it's a great privilege to be here with you today.

My intention today is just to do a brief overview of our 2013 results and to also share with you some progress we've been making on projects across the Group, and then reflect briefly on the 2014 first quarter production performance that we published this morning.

I think it's important to get to questions as part of the meeting, but we thought that this may be a little more enlightening and provide you with more of an insight into where we've come from and how we're travelling.

First, on our 2013 performance, you will see from our results, 2009 through 2013 was a very strong period for commodity prices. Obviously, in the last couple of years we've seen prices pull back. The good news is that, despite having some continuing challenges on the price side, we actually saw a 6% improvement in operating profit for the year. And if you look at our second-half performance against 2012, it was a strong performance and, from our point of view, an encouraging trend that we hope will be taken through to the first half of this year. Certainly, our production numbers in the first quarter of 2014 are very encouraging.

Our underlying earnings per share reflect the operating earnings results, and again we're driven particularly by the fourth quarter improvement. On dividends, we've maintained our total dividend at 85 cents per share.

We are encouraged by what's been achieved by the Driving Value programme, which focuses on delivering a 15% return on attributable capital employed, and is certainly an important milestone that each one of us in the business is focused on delivering.

As we look at the business and how we've performed, it's always the most important thing for us to focus on safety, health and the environment. From a safety perspective, the most disappointing and tragic thing was the loss of 15 colleagues. We also have one colleague who has been reported lost as a consequence of an incident in Brazil with our Amapá operation. So for us, it again has been a tough year, and our focus is firmly on making sure that we turn that performance around and do our best to make sure that our workplaces are as safe as they can be. Certainly, the first quarter in 2014 has been encouraging, and we've improved significantly over the last 10 years, but we've still got a long way to go. On lost time injury frequency rates, we've made significant improvements. So I think the basic trends are right, but there's still more to be done across the organisation and in particular in managing those hazards that we see in the business.

On the environmental front we've actually seen a significant reduction in the last three quarters on incidents or spills, and in terms of consumption of water, energy and CO2 emissions, we've seen some encouraging trends. I can assure you, on behalf of the management team, that

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we're very focused on continuing to improve our environmental performance and are targeting a leading position in our industry.

In terms of 2014, just a brief reflection on what we posted this morning. The good news is – for the first time – we recorded a fatality-free quarter. Tragically, we did lose colleagues to accidents on public roads, and that in itself will be subject to some work that we're doing as a task team to help governments improve safety around our operations. And that obviously includes the movement of our people to and from work. We've also seen a very significant 49% improvement in lost time injury frequency rates. If we adjust for the fewer hours worked in the higher frequency rate operations in Platinum, it's around a 30% improvement. So it's still very significant, and we're very proud of that improvement. The key for us now is to maintain and continue to improve off that base.

On productivity... Iron ore, Met Coal, Copper and Nickel all reported very strong results against last year. The balance of the operations is equal to where we were last year, and the only operation that was behind last year's performance was Platinum, which was subject to a strike, as most people would be aware.

In iron ore, the main areas that we're working on at Sishen in South Africa are the reconfiguration and the redesign of the operation to improve both productivity and the absolute number of tonnes that we mine from the operation. Our target this year is 35 million tonnes. The good news is we delivered on the first quarter target to achieve that number. Still a lot of work to be done, but good progress is being made.

At Minas-Rio, our new project in Brazil, we remain on track, on both schedule and costs, and so, from our point of view, very encouraging progress. We've held that target now for 18 months. We've already commissioned parts of the project and the tailings dam, power line and pipeline are now finished. So the major structures are being completed and are nearing completion, so we're very confident that we'll hit our target dates in the last quarter of this year.

In Met Coal, we've seen significant improvements in production tonnages from our underground longwall operations as we implement the operations model that was developed within the Met Coal business. The new project, the Grosvenor longwall in Australia, is expected to be on line in 2016. And, with the improvements that we've seen within our existing operations, we're very excited by what we see as the potential of that operation and the progress that's been made right across the Met Coal business.

Looking at Coal, we are in the process of consolidating our two coal operations and we are looking to learn from the good work that's already been done in Met Coal to continue to improve Thermal Coal's productivity and unit operating costs. The next 12 months will be a very exciting period and certainly one of dynamic change right through the whole Coal business.

In Base Metals and Minerals, again we've had a strong quarter in copper. While we expect to see some pressure on head grades during the course of this year with increased and improved mining at Collahuasi, they've continued to do well on grades and accessing high-grade ore. Los Bronces will probably see a bit of an ore grade drop towards the second half of this year. But, overall, still a very good result, and as a consequence, we've upgraded our guidance for full-year production.

In Nickel, at Barro Alto we've seen a 40% improvement since mid-2013 in the performance of the operation. We're now on track to start rebuilding the first of two furnaces that will be rebuilt over the next two-and-a-half years. For us, it's been very important progress, but we're now set to do the next level of improvement to get the operations to full capacity. At the same time, we've also taken more than a dollar per pound of nickel out of our operating costs, and so the performance in the Nickel business has been very significantly improved – and, when

considered against current improvements in the nickel price, the prognosis for the business compared to where we were a few months back has taken a turn for the better.

In Niobium and Phosphates, again, a very solid quarter off the last two quarters which were also solid. I'm very happy to see the progress in the performance of the team, and they've been hitting all of their milestones and key targets.

In precious metals, obviously it's been a tough 12 weeks for us in Platinum, with strikes in our Rustenburg operations. We are continuing to produce about 60% of our production across the platinum portfolio – but for us it is very important to see if we can resolve the strike on appropriate terms for the long-term health of the business. Our most important issue at the moment is working and supporting the business leaders in Platinum to come out with a good result and, at the same time, a result that works for everybody, including employees and our long-term stakeholders.

At our Diamonds business, in our first fully consolidated year, they have been doing a great job and making great improvements during the course of the year. De Beers' 2014 first quarter production was again another step up, and certainly an impressive set of results when one considers the improvements over the last three quarters.

So we're very happy to see the progress across the business and, in our view, this is positioning us well to drive towards the delivery of our Driving Value target, which is the 15% attributable return on capital employed. As you can see from the chart, we see the delivery in three parts. In 2012, we saw about a 9% return. With the new projects, including Minas-Rio, Grosvenor, the commissioning of our Fresh Rock project in Niobium and Phosphate, we would deliver around \$0.9 billion operating profit improvement in the year. So we're due to hit the 15% ROCE number in 2016. On operational improvement targets of \$1.2 billion, we have made steady progress and we will report mid-year on how far we've gone in the delivery across the operations; but you're certainly seeing some improvements on the production numbers. And on the \$1.3 billion of operating profit uplift targeted from the Driving Value programme, which looks at our costs and our overheads and commercial initiatives, again we are making good progress.

And so, at this stage of the year, we're very happy with the progress we've made on resetting the business for success and continuous improvement over the next couple of years.

Finally, we have looked at the business and we're currently working on the next phase of our strategy work, obviously with the executive and with the Board. And, in thinking about how we measure success, we've defined seven key pillars for us, in terms of what value looks like, and that reflects the effectiveness of the things we're doing – and whether we are we delivering value. Efficiency - are we using your resources effectively and are we actually delivering returns that are sustainable?

So, safety and health is an absolutely critical issue for us. If we're hurting people, then we haven't got the business model right; so we're constantly looking to improve our position. On the environment, we're making sure that we're a good partner to our communities. Making sure from a socio-political perspective that we're a true partner with the communities in which we operate.

And we are also making sure that we have employees who are motivated and willing to give their best because we support them and help them achieve their personal objectives, as well as ensuring that we're all making a contribution to the business.

On production, it's not so much about size for size's sake, it's about making sure that we've got the basics right to deliver a return. Ensuring that we're competitive on our costs and, finally, making sure that all of that work equates to and converts into a return that delivers a true return to you as shareholders. So with that, ladies and gentlemen, I'll leave.

Finally, the word 'value' has been one that's been probably used too much across our industry and others. It's about making sure that we're able to deliver you dividends and capital appreciation in the share price, and certainly that's where we're focused... on making sure that our activities are focused on delivering that value to you.

Thank you.