# YEAR END FINANCIAL REPORT

for the year ended 31 December 2020

This page has been intentionally left blank.

25 February 2021

**Anglo American Preliminary Results 2020**

**Business resilience and robust demand deliver underlying EBITDA of $9.8 billion**

**Financial highlights**
Year ended 31 December 2020

- Generated underlying EBITDA* of $9.8 billion (2019: $10.0 billion)
- Profit attributable to equity shareholders of $2.1 billion (2019: $3.5 billion)
- Net debt* of $5.6 billion (0.6x underlying EBITDA), reflecting investment in growth, largely offset by H2 cash flow
- Final dividend of $0.72 per share, consistent with our 40% payout policy
- Investing in high quality growth, including Quellaveco (copper) and Woodsmith (low carbon fertiliser)
- Good progress towards exiting remaining thermal coal operations in South Africa
- Committed to 30% net GHG reduction by 2030 and carbon neutrality across operations by 2040

Mark Cutifani, Chief Executive of Anglo American, said:

“In 2020 we saw much of the world tested to its limits by Covid-19. I am immensely proud of how our team of more than 95,000 people across Anglo American pulled together to do what’s right for each other, for our many stakeholders across society and the business. We showed considerable speed and agility to help keep people and communities safe while supporting business continuity.

“Making sure every employee returns home safely at the end of each day drives our thinking and behaviours and it is with this mindset that we achieved our best ever safety performance. However, it remains our most pressing challenge that we still experience serious and fatal safety incidents. In 2020, and after eight fatality-free months at our managed operations, two people lost their lives at work, one in each of our PGMs and thermal coal businesses. While we have made such progress, we can never say we have had a good year unless we have zero fatal incidents.

“The resilience of our diversified business, following the operational disruptions of the first half and benefiting from strong metals prices in the latter months, generated underlying EBITDA of $9.8 billion, with an increased mining EBITDA margin of 43%. We are delivering strong cash returns, investing in value-adding growth and maintaining our strong balance sheet, resulting in a 17% ROCE and an attractive Total Shareholder Return of 16.2% for the year.

“Our balanced investment programme is driving material business improvement, while also delivering margin-enhancing and sector leading volume growth of 20-25% over the next three to five years, that includes first copper production from Quellaveco in 2022. Together with our P101 and technology work, we are on track to deliver our targeted $3-4 billion annual run-rate of incremental improvement by the end of 2022, also taking us towards our longer term target of a 45-50% mining EBITDA margin.

“Looking further out, we benefit from a sequence of high returning growth options, mainly in copper, PGMs, and now also crop nutrients. Our business is increasingly positioned to supply those products that are fundamental to enabling a low carbon economy and catering to global consumer demand trends. Combined with our integrated approach to technology and sustainability – also helping us reach carbon neutrality across our operations by 2040 – we are well positioned to meet the expectations of our full breadth of stakeholders.”

| **Year ended**<br>US$ million, unless otherwise stated | **2020** | 2019 | Change |
|---|---|---|---|
| Revenue | **30,902** | 29,870 | 3 % |
| Underlying EBITDA* | **9,802** | 10,006 | (2)% |
| Mining EBITDA margin* | **43 %** | 42 % | |
| Attributable free cash flow* | **1,209** | 2,287 | (47)% |
| Profit attributable to equity shareholders of the Company | **2,089** | 3,547 | (41)% |
| Basic underlying earnings per share* ($) | **2.53** | 2.75 | (8)% |
| Basic earnings per share ($) | **1.69** | 2.81 | (40)% |
| Final dividend per share ($) | **0.72** | 0.47 | 53 % |
| Group attributable ROCE* | **17 %** | 19 % | |

Terms with this symbol * are defined as Alternative Performance Measures (APMs). For more information on the APMs used by the Group, including definitions, please refer to page 78.

## SUSTAINABILITY PERFORMANCE

### *Key sustainability performance indicators*

Anglo American tracks its strategic progress using KPIs that are based on our seven pillars of value: safety & health, environment, socio-political, people, production, cost, and financial. In addition to the financial performance set out above, our 2020 performance for the first four pillars is set out below:

| Pillar of Value | Metric | 2020 | 2019 | Target | Target achieved |
|---|---|---|---|---|---|
| **Safety & Health** | Work-related fatal injuries | 2 | 4 | Zero | Not achieved |
| | Total recordable case frequency rate | 2.14 | 2.21 | Year-on-year reduction | Achieved |
| | New case of occupational disease | 30 | 39 | Year-on-year reduction | Achieved |
| **Environment** | Energy consumption (million GJ)[1] | 81 | 87 | 8% saving by 2020 | Achieved |
| | GHG emissions - Scope 1&2 (Mt $CO_2e$)[1] | 16.1 | 17.7 | 22% saving by 2020 | Achieved |
| | Water withdrawals (million $m^3$)[2] | 209 | n/a | 20% saving by 2020 | Not achieved |
| | Level 4-5 environmental incidents | 0 | 0 | Zero | Achieved |
| **Socio-political** | Social Way implementation (based on updated Social Way 3.0 for 2020[3]) | 80% / 23% | 96% | Full compliance with Social Way 3.0 by end 2022 | On track |
| | Local procurement spend ($bn)[4] | 10.0 | 9.1 | | |
| | Taxes borne ($m) | 2,843 | 3,035 | | |
| | Jobs supported by EDI | 137,777 | 132,082 | | |
| | Businesses supported by EDI | 66,625 | 65,548 | | |
| **People** | Women in senior management | 27% | 24% | 33% by 2023 | On track |
| | Women in the workforce | 23% | 21% | | |

(1) Energy and GHG savings are calculated relative to the 2016 projected business as usual consumption levels.
(2) Given the scale of the changes to the Group's water definitions, in 2020 the focus has been to restate the 2015 and 2020 water withdrawal data. In 2021, the restatement of the 2016-19 data will be completed. For this reason, water data is not included for 2019. Water target is relative to the 2015 baseline.
(3) In 2020, we launched a new integrated social performance management system (Social Way 3.0) which has raised performance expectations and has resulted in continued improvement in our social performance. Prior to 2020, our target was full compliance against our previous standard. As we implement the new standard, sites have been required to set milestone targets on the way to the requirement of full compliance by end 2022. Data for 2020 and 2019 are, therefore, not comparable. In 2020, 80% of our year-end roll-out milestone targets were met and 23% of the Social Way 3.0 requirements were fulfilled in the first year of the transition to the new standard. Sites are expected to have fully implemented the Social Way 3.0 by the end of 2022.
(4) Local procurement spend relates to spend within the country where an operation is located.

### *Safety*

While our safety performance has been completely transformed over the last seven years, we are not yet where we need to be. Our determination to achieve zero harm is our most pressing challenge. Making sure every employee returns home safely at the end of each day drives our thinking and behaviours across the business.

It is with this mindset that we have reduced fatal incidents by 87% since 2013. However, we still experience serious safety incidents – such as the gas ignition at Grosvenor in May in which five colleagues were seriously injured – as well as fatal incidents. In 2020, and after eight fatality-free months at our managed operations, two people lost their lives at work, one in each of our PGMs and thermal coal businesses in South Africa.

We are unconditional about safety and every loss of life is tragic. We will not rest until zero harm is achieved and sustained across our business. We have shown it can be done for long stretches of time and now we must make it permanent. Our focus on elimination of fatal incidents is also extended to our non-managed operations, where three losses of life in PGMs joint operations were reported.

In recognising material progress, the Elimination of Fatalities Taskforce that we launched in 2018 has been central to our improvement and is being stepped up in our quest for zero harm. In 2020, we recorded another important step with an all-time-low total recordable safety rate, being a 60% improvement since 2013.

### *Environment*

Our environmental performance continued to improve in 2020, with no Level 5 or 4 incidents. We did record one Level 3 environmental incident at PGMs' base metals refinery in South Africa in the first half of the year, relating to an overflow from a storage pond due to excessive rainfall. Appropriate short term corrective and remedial actions were completed and we are implementing further actions to prevent repeat incidents of this nature across the Group.

Our Sustainable Mining Plan includes commitments to be a leader in environmental stewardship. By 2030, we aim to: reduce GHG emissions (Scope 1 and 2 emissions) by 30% against a 2016 baseline; improve energy efficiency by 30%; achieve a 50% net reduction in freshwater abstraction; and deliver net-positive impacts in biodiversity wherever we operate. And by 2040, we are aiming to be carbon neutral across our operations (Scope 1 and 2 emissions), including by using 100% renewables in Chile by 2021 and Brazil by 2022.

### *WeCare – our global response to the pandemic*

Anglo American acted quickly at the onset of the pandemic to support the lives and livelihoods of our workforce and host communities through the health, social and economic effects of the Covid-19 pandemic – through our global "WeCare" response programme. Our mines and host communities, which are also often home to much of our workforce, operate as an ecosystem and both must be healthy to prosper. Across our operational footprint and in those communities that are local to our operations, our "WeCare" programme provides information and extensive practical support across four pillars of: physical health, mental health, living with dignity, and community response:

**Physical health** – education and behavioural change to support personal health and hygiene; health screening and testing; PPE and medical equipment and facilities; vaccination information programme.

**Mental health** – employee support programmes to assist with mental health management, including via our employee app and online events and other digital materials.

**Living with dignity** – direct employee and community support to combat gender-based and domestic violence; work with health authorities to identify abuse cases and referrals to support mechanisms.

**Community response** – wide-ranging livelihoods programme to support communities through the social and economic effects of the pandemic, including: public information campaigns aimed at health and hygiene; health screening and Covid-19 testing; support for health service provision; continuation of essential services (e.g. water, energy, accommodation); food package distribution; employee match-giving programme; support for SMEs and entrepreneurs; support for teachers and students; job training for post-pandemic employability; regional development planning to enhance local economic activity for the long term.

# Operational and financial review of Group results for the year ended 31 December 2020

## OPERATIONAL PERFORMANCE

Continued strong performances from our Minas-Rio iron ore operation in Brazil and the Collahuasi copper joint operation in Chile helped partly offset the impacts of Covid-19, leading to an overall decrease in production of 10%, on a copper equivalent basis. Covid-19 lockdowns across southern Africa in the first half of the year impacted production at PGMs, Kumba, De Beers and Thermal Coal. In response to the pandemic, comprehensive safeguarding measures were put in place at operations and in partnership with local communities across the business, enabling a return to more normal operating levels in the second half of the year. Production was also affected by operational issues at Metallurgical Coal and strike action at the Cerrejón thermal coal operation. Refined production of PGMs was impacted by an outage at the converter plant in the first half. Consequently, in the second half of the year, copper equivalent production improved by 13% compared with the first half, as lockdowns and restrictions eased and operations were able to sustain around 95% of normal capacity while maintaining Covid-19-related safeguarding measures.

De Beers' rough diamond production decreased by 18% to 25.1 million carats (2019: 30.8 million carats), in response to lower demand due to the pandemic and Covid-19 restrictions in southern Africa during the first half of the year. Diamond demand from the midstream (cutters and polishers of rough diamonds) was affected throughout the year by Covid-19 lockdowns, travel restrictions and retail store closures.

Copper production increased by 1% to 647,400 tonnes (2019: 638,000 tonnes), driven by an 11% increase in attributable production from Collahuasi to a record 276,900 tonnes (2019: 248,800 tonnes) on the back of strong plant performance, reflecting improvement projects implemented in 2019. At Los Bronces, production decreased by 3% to 324,700 tonnes (2019: 335,000 tonnes) due to planned lower grades.

PGMs' production (metal in concentrate) decreased by 14% to 3,808,900 ounces (2019: 4,440,900 ounces), due to Covid-19 restrictions, which reduced operating capacity for most of the second quarter, particularly at underground operations. PGM production was 35% higher in the second half of the year compared with the first, as the operations recovered well from the initial disruption caused by the pandemic. Refining performance had also returned to normal levels by the end of the year with the restart of the rebuilt converter plant (ACP).

At Kumba, iron ore production decreased by 13% to 37.0 Mt (2019: 42.4 Mt), owing to lower workforce levels and logistics constraints due to Covid-19 restrictions, as well as above average rainfall and operational issues at the Sishen crusher and Kolomela plant.

Minas-Rio production increased by 4% to 24.1 Mt (2019: 23.1 Mt), despite a planned one-month suspension for a pipeline inspection. This reflects a strong operational performance as the asset builds towards full capacity, with productivity initiatives supported by robust operational stability.

Metallurgical coal production decreased by 26% to 16.8 Mt (2019: 22.9 Mt), principally owing to the suspension of operations at Grosvenor following a gas ignition incident in May, and challenges at Moranbah North, where a fall of ground in the first quarter and geotechnical challenges towards the end of the year limited longwall progress. Open cut operations were scaled back at Dawson and Capcoal in response to reduced demand for lower quality metallurgical coal.

Thermal coal export production decreased by 22% to 20.6 Mt (2019: 26.4 Mt), primarily due to Covid-19 operational restrictions and a three-month industrial action at Cerrejón, which ended in the first week of December.

Nickel's production increased by 2% to 43,500 tonnes (2019: 42,600 tonnes) owing to improved operational stability, while manganese ore production was in line with the prior year at 3.5 Mt.

Group copper equivalent unit costs decreased by 2% in US dollar terms, despite lower production, due to weaker producer currencies and cost saving measures.

## FINANCIAL PERFORMANCE

Anglo American's profit attributable to equity shareholders decreased by 41% to $2.1 billion (2019: $3.5 billion). Underlying earnings were $3.1 billion (2019: $3.5 billion), while operating profit was $5.6 billion (2019: $6.2 billion).

## UNDERLYING EBITDA*

Despite the impact of the Covid-19 pandemic, as well as operational challenges, Group underlying EBITDA decreased by just 2% to $9.8 billion (2019: $10.0 billion). The Group Mining EBITDA margin* was higher than the prior year at 43% (2019: 42%), due to the increase in the price for the Group's basket of products, favourable exchange rates and cost saving initiatives. A reconciliation of 'Profit before net finance costs and tax', the closest equivalent IFRS measure to underlying EBITDA, is provided within note 3 to the Condensed financial statements.

*Underlying EBITDA* by segment*

| $ million | **2020** | 2019 |
|---|---|---|
| De Beers | **417** | 558 |
| Copper | **1,864** | 1,618 |
| PGMs | **2,555** | 2,000 |
| Iron Ore | **4,565** | 3,407 |
| Coal | **35** | 1,832 |
| Nickel and Manganese | **510** | 634 |
| Crop Nutrients | **1** | — |
| Corporate and other | **(145)** | (43) |
| **Total** | **9,802** | 10,006 |

*Underlying EBITDA* reconciliation for the year ended 31 December 2019 to year ended 31 December 2020*

The reconciliation of underlying EBITDA from $10.0 billion in the year ended 31 December 2019, to $9.8 billion in the year ended 31 December 2020, shows the controllable factors (e.g. cost and volume), as well as those outside of management control (e.g. price, foreign exchange, inflation and the impact of the pandemic), that drive the Group's performance.

| $ billion | |
|---|---|
| **2019 underlying EBITDA*** | **10.0** |
| Price | **2.2** |
| Foreign exchange | **0.9** |
| Inflation | **(0.4)** |
| Covid-19 volume impact | **(1.1)** |
| Net cost and volume | **(1.3)** |
| Other | **(0.5)** |
| **2020 underlying EBITDA*** | **9.8** |

***Price***

Average market prices for the Group's basket of products increased by 7% compared to 2019, which served to increase underlying EBITDA by $2.2 billion. The price achieved for the PGMs basket increased by 51%, largely due to rhodium and palladium, which increased by 179% and 46% respectively, while the realised price for iron ore and copper increased by 23% and 10%, respectively. These were partly offset by a 34% reduction in the weighted average realised price for metallurgical coal.

***Foreign exchange***

The favourable foreign exchange impact on underlying EBITDA of $0.9 billion was due to weaker local currencies in our countries of operation, principally the South African rand, Brazilian real and Chilean peso.

***Inflation***

The Group's weighted average CPI for 2020 was 2.9%, compared with 3.3% in 2019. This was principally influenced by a decrease in inflation in South Africa. The impact of inflation on costs reduced underlying EBITDA by $0.4 billion.

***Covid-19 volume impact***

The volume impact of Covid-19-related disruption to production, the supply chain and the impact of reduced diamond demand throughout the year decreased underlying EBITDA by $1.1 billion.

Operational disruptions as a result of the pandemic due to national lockdowns in South Africa and Botswana in the first half of the year, resulted in production levels decreasing to 60% of total capacity in April. The Group's operating assets recovered strongly, however, reaching approximately 90% of capacity by the end of June, and sustaining a consistent level of 95% of normal capacity throughout the second half of the year, while maintaining comprehensive safety measures to help safeguard the lives and livelihoods of our workforce and host communities.

The pandemic also had a major impact on the diamond industry, driving a 45% decrease in rough diamond sales volumes at De Beers in the first half of the year, followed by significant improvement in the second half, as lockdown restrictions eased in many countries, resulting in an overall 27% decrease in rough diamond sales volumes for the year.

***Net cost and volume***

The net impact of cost and volume was a $1.3 billion reduction in underlying EBITDA, as the benefit of cost saving initiatives at De Beers, Copper and Thermal Coal and higher volumes at Minas-Rio and Collahuasi were more than offset by operational issues at PGMs and Metallurgical Coal.

Refined production at PGMs was impacted by an outage at the ACP, which reduced refined production by 42% in the year. The rebuilt converter plant was put back into operation ahead of schedule on 24 November 2020.

Metallurgical coal operations were affected by an underground incident at Moranbah North, as well as at Grosvenor, where operations have been suspended since the beginning of May, with the mine currently expected to return to operation in the second half of 2021.

***Other***

The $0.5 billion decrease in underlying EBITDA was driven by lower earnings at Cerrejón due to lower prices and a three month strike, as well as Victor mine (De Beers) reaching the end of mine life in 2019. Also included are costs of $0.2 billion related to increased rehabilitation provisions across the Group due to lower discount rates, reflecting lower interest rates, principally at Copper.

## UNDERLYING EARNINGS*

Group underlying earnings decreased to $3.1 billion (2019: $3.5 billion), driven by an increase in net finance costs, as well as a 2% decrease in underlying EBITDA and a higher proportion of earnings attributable to non-controlling interests.

*Reconciliation from underlying EBITDA* to underlying earnings**

| $ million | **2020** | 2019 |
|---|---|---|
| Underlying EBITDA* | **9,802** | 10,006 |
| Depreciation and amortisation | **(2,752)** | (2,996) |
| Net finance costs and income tax expense | **(2,745)** | (2,469) |
| Non-controlling interests | **(1,170)** | (1,073) |
| **Underlying earnings*** | **3,135** | 3,468 |

### *Depreciation and amortisation*

Depreciation and amortisation decreased by 8% to $2.8 billion (2019: $3.0 billion), reflecting the effect of weaker local currencies and lower production at Metallurgical Coal as a result of the operational issues at Moranbah North and Grosvenor.

### *Net finance costs and income tax expense*

Net finance costs, before special items and remeasurements, were $0.8 billion (2019: $0.4 billion). The increase was principally driven by fair value losses on the revaluation of deferred consideration balances at PGMs relating to the Mototolo acquisition.

The underlying effective tax rate was 31.2% (2019: 30.8%). The underlying effective tax rate in 2020 was impacted by the relative levels of profits arising in the Group’s operating jurisdictions. In future periods, the underlying effective tax rate is expected to be in the range of 30% to 33%. The tax charge for the year, before special items and remeasurements, was $1.8 billion (2019: $1.8 billion).

### *Non-controlling interests*

The share of underlying earnings attributable to non-controlling interests of $1.2 billion (2019: $1.1 billion) principally relates to minority shareholdings in Kumba, PGMs and Copper.

## SPECIAL ITEMS AND REMEASUREMENTS

Special items and remeasurements are a net charge of $1.0 billion (2019: net gain of $0.1 billion) and include impairment charges of $0.6 billion at Nickel following a revision of the Group's medium and long term nickel price forecast and $0.1 billion at Coal, as well as deferred tax remeasurements of $0.4 billion, driven by the weaker Brazilian real.

Full details of the special items and remeasurements recorded are included in note 9 to the Condensed financial statements.

**NET DEBT***

| $ million | 2020 | 2019 |
|---|---|---|
| **Opening net debt* at 1 January** | **(4,626)** | (2,848) |
| Underlying EBITDA* from subsidiaries and joint operations | **9,284** | 9,139 |
| Working capital movements | **(1,534)** | (50) |
| Other cash flows from operations | **248** | 171 |
| **Cash flows from operations** | **7,998** | 9,260 |
| Capital repayments of lease obligations | **(195)** | (272) |
| Cash tax paid | **(1,606)** | (2,116) |
| Dividends from associates and joint ventures | **226** | 520 |
| Net interest[(1)] | **(358)** | (334) |
| Dividends paid to non-controlling interests | **(668)** | (894) |
| Sustaining capital expenditure[(2)] | **(2,675)** | (2,993) |
| **Sustaining attributable free cash flow*** | **2,722** | 3,171 |
| Growth capital expenditure and other[(2)] | **(1,513)** | (884) |
| **Attributable free cash flow*** | **1,209** | 2,287 |
| Dividends to Anglo American plc shareholders | **(904)** | (1,422) |
| Acquisitions | **(520)** | (13) |
| Disposals | **384** | 24 |
| Foreign exchange and fair value movements | **17** | (34) |
| Other net debt movements[(3)] | **(1,135)** | (2,620) |
| **Total movement in net debt*** | **(949)** | (1,778) |
| **Closing net debt* at 31 December** | **(5,575)** | (4,626) |

(1) Includes cash inflows of $29 million (2019: outflows of $124 million), relating to interest receipts (2019: interest payments) on derivatives hedging net debt, which are included in cash flows from derivatives related to financing activities.

(2) Included within sustaining capital expenditure is $51 million (2019: $11 million) of capitalised operating cash flows relating to life-extension projects. In addition to Growth capex, 'Growth capital expenditure and other' includes $12 million (2019: nil) of capitalised operating cash flows relating to growth projects and $63 million (2019: $37 million) of expenditure on non-current intangible assets.

(3) Includes Mitsubishi's share of Quellaveco capital expenditure of $526 million; debt recognised on the acquisition of Sirius Minerals Plc of $253 million; the purchase of shares under the buyback of $223 million; and the purchase of shares for other purposes (including for employee share schemes) of $162 million. 2019 includes the IFRS 16 *Leases* transition adjustment of $469 million; capital expenditure on the Quellaveco project funded from the 2018 syndication transaction of $515 million; Mitsubishi's subsequent share of Quellaveco capital expenditure of $329 million; the purchase of shares under the buyback of $777 million; and the purchase of shares for other purposes (including for employee share schemes) of $266 million.

Net debt (including related derivatives) of $5.6 billion has increased by $0.9 billion since 31 December 2019, led by inventory cash outflows of $1.6 billion following ACP repairs at PGMs affecting refining activity during the year, as well as the impact of Covid-19 on demand for diamonds, particularly during the first half. Both inventory increases are expected to be released during 2021 and 2022.

The Group generated strong sustaining attributable free cash inflows of $2.7 billion, principally used towards growth capital expenditure of $1.4 billion, dividends paid to Anglo American plc shareholders of $0.9 billion, the acquisition of Sirius Minerals Plc (including debt acquired) of $0.7 billion and completion of the share buyback programme announced in July 2019 of $0.2 billion. Net debt at 31 December 2020 represented gearing of 15% (2019: 13%), comprising cash and cash equivalents of $7.5 billion (2019: $6.3 billion) and gross debt (including related derivatives) of $13.1 billion (2019: $11.0 billion).

On 26 February 2020, South Africa's Minister of Finance announced in his Budget Speech that the country would shift from a policy of exchange controls to a risk-based capital flow management system, in line with international best practice and in order to facilitate cross-border financial transactions in support of trade and investment. This change aligns South Africa with the foreign direct investment criteria implemented by other OECD nations and removes the previous restrictions on the Group's ability to permanently remit cash earned from operating activities in South Africa, aligning the Group with other global companies that operate in South Africa.

Subsequently, on 24 February 2021, South Africa's Minister of Finance announced that from 1 March 2021, specific rules for companies with a primary listing offshore will be automatically aligned to current foreign direct investment rules. Separate disclosure of the Group's South African cash and debt balances will therefore no longer be relevant.

During 2021, the South African National Treasury and the Reserve Bank will continue to develop the legislative framework for the new capital flow management system announced in the 2020 Budget. This framework is expected to be substantively completed in 2021.

## CASH FLOW

### *Cash flows from operations*

Cash flows from operations decreased to $8.0 billion (2019: $9.3 billion), reflecting a build-up in working capital partially offset by an increase in underlying EBITDA from subsidiaries and joint operations.

Cash outflows on working capital were $1.5 billion (2019: outflows of $0.1 billion), led by $1.6 billion of cash outflows on inventories at PGMs and De Beers, as described on the previous page. Receivables increased by $1.0 billion, mainly owing to increased iron ore, base metals and PGMs prices, offset by payables increases of $1.1 billion, driven by an increase in a customer pre-payment and purchase of concentrate payables within PGMs, both reflecting increased metal prices.

### *Capital expenditure**

| $ million | **2020** | 2019 |
|---|---|---|
| Stay-in-business | 1,566 | 1,656 |
| Development and stripping | 769 | 976 |
| Life-extension projects | 296 | 358 |
| Proceeds from disposal of property, plant and equipment | (7) | (8) |
| **Sustaining capital** | **2,624** | 2,982 |
| Growth projects | 1,438 | 847 |
| **Total** | **4,062** | 3,829 |
| Capitalised operating cash flows | 63 | 11 |
| **Total capital expenditure** | **4,125** | 3,840 |

Capital expenditure increased to $4.1 billion for the year (2019: $3.8 billion), with rigorous capital discipline continuing to underpin the planning and execution of all projects.

Sustaining capital expenditure decreased to $2.6 billion (2019: $3.0 billion), driven by reduced stripping and development expenditure, principally at De Beers and Metallurgical Coal, completion of the life-extension investment at the Khwezela thermal coal mine in South Africa, favourable foreign exchange rates, and deferrals as a result of Covid-19-related restrictions.

Growth capital expenditure increased to $1.4 billion (2019: $0.8 billion), owing to increased expenditure at Quellaveco of $0.8 billion, net of Mitsubishi funding (capital expenditure on a 100% basis at Quellaveco was $1.3 billion), and at the Woodsmith polyhalite project (acquired in March 2020) of $0.3 billion.

### *Attributable free cash flow**

The Group's attributable free cash flow decreased to an inflow of $1.2 billion (2019: inflow of $2.3 billion) due to lower cash flows from operations of $8.0 billion (2019: $9.3 billion) and increased capital expenditure of $4.1 billion (2019: $3.8 billion), partially offset by lower tax payments of $1.6 billion (2019: $2.1 billion), principally at Metallurgical Coal.

### *Dividends*

In line with the Group's established dividend policy to pay out 40% of underlying earnings, the Board has proposed a dividend of $0.72 per share (2019: $0.47 per share), bringing the total dividends paid and proposed in respect of 2020 to $1.00 per share (2019: $1.09 per share).

### *Acquisition of Sirius Minerals*

On 17 March 2020, the Group completed the acquisition of Sirius Minerals Plc for a cash consideration of $0.5 billion. As part of the acquisition, the Group also acquired borrowing and lease liabilities, taking the total impact on net debt to $0.7 billion on the date of acquisition.

### *Disposals*

On 18 December 2020, the Group completed the sale of a 12% interest in the Grosvenor mine (Metallurgical Coal) for $0.2 billion, equalising the ownership across its integrated operations at Moranbah North and Grosvenor. During 2020, the Group received $0.2 billion of deferred consideration in respect of previous divestments by PGMs.

### *Share buyback*

In July 2019, the Board approved an additional return of $1 billion to shareholders via an on-market share buyback programme. This additional return recognised the resilience of our balance sheet, and our confidence in funding our portfolio of highly attractive near and medium term growth opportunities. Following the return of $0.8 billion to shareholders in 2019, the remaining $0.2 billion of the buyback programme was completed by March 2020. The programme was executed at a weighted average price of £18.96.

## BALANCE SHEET

Net assets increased by $1.4 billion to $32.8 billion (2019: $31.4 billion), reflecting the profit for the year, offset by dividend payments to Company shareholders and non-controlling interests.

## ATTRIBUTABLE ROCE*

Attributable ROCE decreased to 17% (2019: 19%). Attributable underlying EBIT was marginally lower at $5.3 billion (2019: $5.5 billion), reflecting the impact of Covid-19-related disruptions and operational issues at PGMs and Metallurgical Coal, largely offset by higher realised prices for many of the Group's products and favourable exchange rate movements. Average attributable capital employed increased to $30.5 billion (2019: $28.4 billion), primarily due to increased growth capital expenditure, largely at Quellaveco (Copper), working capital build and the acquisition of Sirius Minerals Plc.

## LIQUIDITY AND FUNDING

Group liquidity remains conservative at $17.5 billion (2019: $15.0 billion), comprising $7.5 billion of cash (2019: $6.3 billion) and $10.0 billion of undrawn committed facilities (2019: $8.7 billion).

In April 2020, the Group signed a new $2.0 billion revolving credit facility with an initial maturity date of April 2021. The Group has, at its sole discretion, two options to extend the facility for a further six months to October 2021 and April 2022.

During 2020, the Group issued $3.0 billion of bond debt. In April 2020, the Group issued $750 million of 5.375% Senior Notes due 2025 and $750 million of 5.625% Senior Notes due 2030. In September 2020, the Group issued $1.0 billion of 2.625% Senior Notes due 2030 and $500 million 3.950% Senior Notes due 2050, which were used to fund a liability management exercise to redeem $0.5 billion of bonds maturing in 2021 and $1.0 billion of bonds maturing in 2022. In March 2020, as part of the acquisition of Sirius Minerals Plc, the Group recognised borrowings and lease liabilities of Sirius Minerals Plc with a fair value of $0.3 billion. In July 2020, the Sirius Minerals Finance Limited 8.5% 2023 convertible bond was fully redeemed at a cash cost of $138 million. The bond issuance and the liability management exercises increased the weighted average maturity on the Group's bonds to 6.3 years (2019: 4.5 years).

On 24 April 2020, Moody's Investors Service affirmed the Group's Baa2 rating and updated the outlook from stable to negative. Moody's Investors Service re-affirmed this rating on 24 November 2020. During 2020, Standard and Poor's reaffirmed the Group's BBB rating with a stable outlook.

## PORTFOLIO UPGRADE

Anglo American continues to grow and evolve its portfolio of competitive, world class assets towards those products that are fundamental to enabling a low carbon economy and that cater to global consumer demand trends. Aligned to this strategy, in 2020, the Group commenced, or completed, a number of transactions.

In the first half of 2020, we completed the acquisition of Sirius Minerals Plc which has been developing a major new polyhalite project in the UK. Anglo American is continuing to develop what is known as the Woodsmith project in the north east of England to access the world's largest known deposit of polyhalite, a natural mineral fertiliser product containing potassium, sulphur, magnesium and calcium – four of the six nutrients that every plant needs to grow. The mine is being constructed approximately five kilometres south of Whitby and the entire operation is designed to be sympathetic to its natural surroundings. Ore will be extracted via two 1.6 kilometre deep mine shafts and transported to the port at Teesside on a conveyor belt in a 37 kilometre underground tunnel, thereby minimising impact on the surface above. The ore will then be granulated at a materials handling facility to produce a fertiliser product – known as POLY4 – that will be exported to a network of customers in overseas markets from our dedicated port facilities. The Woodsmith project, part of our Crop Nutrients business which also incorporates the further development of the global market for POLY4, will be a world class supplier of premium quality fertiliser certified for organic use and with a low carbon footprint, expected to help meet ever-growing demand for food. The integration of the project into Anglo American is ongoing, with a technical review expected to be completed by mid-2021.

In May 2020, we confirmed our plans to work towards an exit from our remaining thermal coal operations in South Africa, with a demerger being our likely preferred exit option, with a primary listing on the Johannesburg Stock Exchange for the demerged business. We are making good progress to prepare the operations as a standalone business. We will continue to consider other exit options as we engage with stakeholders as part of our commitment to a responsible transition.

In December 2020, we completed the transaction to provide for the equalisation of ownership across our integrated metallurgical coal operations at Moranbah North and Grosvenor in Australia, through the sale of a 12% interest in Grosvenor mine to the minority joint venture participants in Moranbah North. The Grosvenor mine uses Moranbah North's coal processing infrastructure, where numerous debottlenecking, expansion and product blending options offer considerable cost, productivity and margin benefits for the integrated operation that produces high quality metallurgical coal well-suited to the transition to more sustainable steelmaking.

These transactions complement Anglo American's portfolio upgrade programme which includes a sequence of value-adding greenfield, brownfield and technology projects that are expected to contribute to 20% production growth by 2023, and 25% by 2025, both relative to 2018 production levels.

**Growth Projects** (metrics presented on a 100% basis unless otherwise indicated)

| Operation | Scope | Capex $bn | Remaining Capex $bn | First production | Progress |
|---|---|---|---|---|---|
| **Copper** | | | | | |
| Quellaveco | New copper mine in Moquegua, Peru producing 300ktpa (100% basis, 180ktpa our share) over the first 10 years in Q1 cost curve position. | 2.7 - 2.8 (Anglo American 60% share) | 1.4 - 1.5 (Anglo American 60% share) | 2022 | Construction began in 2018. Strong progress continues, with the project currently tracking against its original schedule, despite the impact of Covid-19 related disruptions, as execution was ahead of schedule prior to the pandemic with all applicable milestones achieved. Refer to page 21 for a full update on progress and 2021 priorities and refer to the Technology table below for Coarse Particle Recovery at Quellaveco. |
| Collahuasi | Phase 1 expansion of the existing plant infrastructure to ~50ktpa (44% basis).<br><br>Potential works include: fifth ball mill, upgraded tailings distribution system, additional primary crushing facilities pebble plant, flotation cells and water supply.<br><br>Further phase expansions are also in early stage study to increase production by up to an additional 100ktpa (44% basis). | Studies ongoing | Not yet approved | 2023/4 | Remains subject to Board approval. As part of the routine environmental approval (EIA) cycle a nominal expansion of throughput to 210ktpd has been submitted as part of this application. EIA approval is expected in 2021. In parallel to this, feasibility study work is ongoing to determine the optimum configuration. |
| **Diamonds** | | | | | |
| Marine Namibia | New mining vessel, adding 0.5 Mctpa of some of the highest value diamonds in the portfolio. | c. 0.2 | 0.1 | 2022 | Construction began in 2019 and is progressing to schedule with the vessel platform expected in Cape Town in Q3 2021 for the fitting of the mining and plant equipment. |

| | | | | | |
|---|---|---|---|---|---|
| **Crop Nutrients** | | | | | |
| Woodsmith | New polyhalite (natural mineral fertiliser) mine being developed in Yorkshire, UK. Expected to produce up to 10Mtpa of POLY4 – a premium quality, low carbon fertiliser certified for organic use. | Subject to development timeline review | Subject to development timeline review | Subject to development timeline review | Despite the impacts of Covid-19, the planned works for 2020, amounting to $0.3bn, were delivered safely and on schedule. c.$0.5bn to be spent in 2021 while a project review is ongoing to optimise development timeline and design and due to complete mid-2021. Refer to page 32 for a full update on progress and 2021 priorities. |
| **Iron Ore** | | | | | |
| Sishen | Implementation of Ultra High Dense Media Separation ("UHDMS") technology at Kumba's Sishen operation will enable an increase in premium product production and the beneficiation of lower grade materials by reducing the current cut-off grade of <48% Fe to <40% Fe. In addition, the project contributes an additional 3-4 years to Sishen's life of mine to 2039. | 0.2 | 0.2 | 2023 | Project execution approved in Feb 2021. |
| **PGMs** | | | | | |
| Mogalakwena | Evaluating various options to expand PGM production of the mine by 0.3 - 0.6moz, through technology development and deployment and the optimal mine plan to deliver feed to the concentrators. | 0.8 - 1.4 (Studies ongoing) | Not yet approved | 2024 | Remains subject to Board approval expected late 2021. Studies are ongoing to potentially construct a new concentrator, incorporating latest technology, including bulk ore sorting, coarse particle recovery, and precise particle classification to improve throughput and recovery. |
| **Metallurgical Coal** | | | | | |
| Moranbah-Grosvenor | Expansion of the processing facilities to increase production of high quality metallurgical coal by 4-6Mtpa (our 88% share). | 0.3 - 0.4 (Anglo American 88% share) | Not yet approved | 2024 | Project approval expected in 2022. |

**Life Extension Projects** (metrics presented on a 100% basis unless otherwise indicated)

| Operation | Scope | Capex $bn | Remaining spend $bn | First production | Progress |
|---|---|---|---|---|---|
| **Diamonds** | | | | | |
| Venetia | 5 Mctpa underground replacement for the existing open pit. The project is expected to add an estimated 95 million carats and extend the life of the mine to 2045. | 2.1 | 1.3 | 2023 | Open-pit mining at Venetia is planned to run until 2023 with the transition to underground mining starting in 2022. |
| Jwaneng | 9 Mctpa replacement (100% basis) for cuts 7 and 8. The Cut-9 expansion of Jwaneng will extend the life of the mine to 2036 and is expected to yield approximately 51 million carats of rough diamonds. | 0.3 (Anglo American 19.2% share) | 0.3 (Anglo American 19.2% share) | 2027 | Project progressing on schedule. |
| **Metallurgical Coal** | | | | | |
| Aquila | 3.5 Mtpa (70% basis), 6 year extension of Capcoal's underground operations with Grasstree approaching end of life. Aquila will be a longwall operation leveraging the existing Grasstree infrastructure and producing high quality hard coking coal. The project will extend the life of the Capcoal underground operations to 2028. | 0.2 (Anglo American 70% share) | 0.1 (Anglo American 70% share) | 2022 | Development work began in September 2019 and first longwall production is expected in early 2022. |
| **Iron Ore** | | | | | |
| Kolomela | 4 Mtpa high grade iron ore replacement project. The development of a new pit, Kapstevel South, and associated infrastructure at Kolomela to help sustain output of c.13Mtpa and extend the remaining life of mine to 2032. | 0.4 | 0.4 | 2024 | Approved in July 2020. Pit establishment and waste stripping will commence in 2021, with first ore expected in 2024. |
| **PGMs** | | | | | |
| Mototolo/Der Brochen | Development of infrastructure to access the Der Brochen ore body, replacing declining production from Mototolo, and extending the life of mine by more than 30 years. | 0.2 (studies ongoing) | Not yet approved | 2024 | Project approval expected in 2021. |

**Technology Projects**[1]

The Group is spending $0.2-$0.5bn per annum on technology programmes over the next three years to support the FutureSmart Mining programme (metrics presented on a 100% basis unless otherwise indicated):

| Initiative | Scope | Progress |
|---|---|---|
| **Nickel, Copper and PGMs** | | |
| Bulk ore sorting | Deliver improved feed grade to plants through early rejection of waste at key assets. | -Full scale testing underway at El Soldado (Copper).<br><br>-Testing complete at Mogalakwena (PGMs). Commissioning of full scale North Concentrator unit in Q1 2021 (~70% of feed).<br><br>-Testing complete at Barro Alto (Nickel). $40m capex to scale up to 100% throughput through 2021-22.<br><br>-Initial installation & testing at Los Bronces (Copper) during Q1 2021. $10m capex for initial deployment up to ~60% of throughput. Phase 2 study work underway. |
| **Copper, PGMs & Iron Ore** | | |
| Coarse particle recovery (CPR) | Innovative flotation process allows material to be crushed to a larger particle size, rejecting coarse gangue and allowing water to release from coarser ore particles, improving energy efficiencies and water savings. | - Full scale demo plant installed at El Soldado (Copper) with ramp up to full capacity expected by mid 2021.<br><br>- Full scale system under construction at Mogalakwena North concentrator (PGMs). Commissioning expected Q4 2021.<br><br>- In February 2021 CPR was approved at Quellaveco (Copper) that will re-treat coarse particles from flotation tailings, improving recoveries by ~3% on average over life of mine. Commissioning of the new plant is expected in 2022.<br><br>-Feasibility work continues at Los Bronces (Copper) & Minas-Rio (Iron Ore). |
| **PGMs** | | |
| Smart Power Hydrogen Trucks | Developing the world's first hydrogen powered mining truck to decarbonise high power transport, using renewable energy. | Engineering under way with first trial at Mogalakwena (PGMs) in 2021, with 40 truck roll-out starting 2024, powered by a 75Mw solar plant on site. Targetting roll out at 7 sites by 2030. |
| **Copper** | | |
| Hydraulic dry stack | Engineering of geotechnically stable tailings facilities that dry out in weeks, facilitating up to 85% water recovery. | El Soldado (Copper) unit under construction, due to complete in Q3 2021. |

(1) Technology projects are included within Growth capex.

## THE BOARD

Changes during 2020 to the composition of the Board are set out below.

On 1 January 2020, Nonkululeko Nyembezi joined the Board as a non-executive director.

Following the conclusion of the Annual General Meeting on 5 May 2020, Dr Mphu Ramatlapeng stepped down from the Board as a non-executive director after almost seven years.

On 31 December 2020, Jim Rutherford stepped down from the Board as a non-executive director after seven years.

As announced on 10 December 2020, Hilary Maxson will join the Board as a non-executive director and member of the Audit Committee with effect from 1 June 2021.

As announced on 16 February 2021, Elisabeth Brinton will join the Board as a non-executive director with effect from 1 March 2021.

The names of the directors at the date of this report and the skills and experience our Board members contribute to the long term sustainable success of Anglo American are set out on the Group's website:

www.angloamerican.com/about-us/leadership-team/board

## PRINCIPAL RISKS AND UNCERTAINTIES

Anglo American is exposed to a variety of risks and uncertainties which may have a financial, operational or reputational impact on the Group, and which may also have an impact on the achievement of social, economic and environmental objectives.

The principal risks and uncertainties facing the Group relate to the following:

- Catastrophic risks
- Product prices
- Cyber security
- Safety
- Climate change
- Operational stability
- Pandemic
- Political and regulatory
- Corruption
- Water
- Future demand

The Group is exposed to changes in the economic environment, as with any other business. Details of any key risks and uncertainties specific to the period are covered in the Operations review section.

The principal risks and uncertainties facing the Group at the 2020 year end are set out in detail in the strategic report section of the Integrated Annual Report 2020 on the Group's website www.angloamerican.com.

## DE BEERS

**Financial and operational metrics[1]**

| | Production volume | Sales volume | Price | Unit cost* | Group revenue* | Underlying EBITDA* | EBITDA margin*[6] | Underlying EBIT* | Capex* | ROCE* |
|---|---|---|---|---|---|---|---|---|---|---|
| | ’000 cts | ’000 cts[2] | $/ct[3] | $/ct[4] | $m[5] | $m | | $m | $m | |
| **De Beers** | **25,102** | **21,380** | **133** | **57** | **3,378** | **417** | **54 %** | **0** | **381** | **0 %** |
| *Prior year* | *30,776* | *29,186* | *137* | *63* | *4,605* | *558* | *43 %* | *168* | *567* | *2 %* |
| **Botswana** | **16,559** | **—** | **124** | **35** | **—** | **225** | **—** | **178** | **66** | **—** |
| *Prior year* | *23,254* | — | *139* | *29* | — | *385* | — | *325* | *88* | — |
| **Namibia** | **1,448** | **—** | **492** | **272** | **—** | **113** | **—** | **82** | **77** | **—** |
| *Prior year* | *1,700* | — | *534* | *303* | — | *121* | — | *86* | *55* | — |
| **South Africa** | **3,771** | **—** | **99** | **53** | **—** | **165** | **—** | **16** | **147** | **—** |
| *Prior year* | *1,922* | — | *108* | *73* | — | *57* | — | *28* | *275* | — |
| **Canada** | **3,324** | **—** | **58** | **36** | **—** | **92** | **—** | **40** | **31** | **—** |
| *Prior year* | *3,900* | — | *119* | *44* | — | *138* | — | *66* | *31* | — |
| **Trading** | **—** | **—** | **—** | **—** | **—** | **80** | **3 %** | **74** | **3** | **—** |
| *Prior year* | — | — | — | — | — | *133* | *3 %* | *126* | *4* | — |
| **Other[7]** | **—** | **—** | **—** | **—** | **—** | **(258)** | **—** | **(390)** | **57** | **—** |
| *Prior year* | — | — | — | — | — | *(276)* | — | *(463)* | *114* | — |

(1) Prepared on a consolidated accounting basis, except for production, which is stated on a 100% basis except for the Gahcho Kué joint operation in Canada, which is on an attributable 51% basis.
(2) Total sales volumes on a 100% basis were 22.7 million carats (2019: 30.9 million carats). Total sales volumes (100%) include De Beers Group’s joint arrangement partners’ 50% proportionate share of sales to entities outside De Beers Group from Diamond Trading Company Botswana and Namibia Diamond Trading Company.
(3) Pricing for the mining business units is based on 100% selling value post-aggregation of goods. Realised price includes the price impact of the sale of non-equity product and, as a result, is not directly comparable to the unit cost.
(4) Unit cost is based on consolidated production and operating costs, excluding depreciation and operating special items, divided by carats recovered.
(5) Includes rough diamond sales of $2.8 billion (2019: $4.0 billion).
(6) Total De Beers EBITDA margin shows mining EBITDA margin on an equity basis, which excludes the impact of non-mining activities, third-party sales, purchases, trading downstream and corporate.
(7) Other includes Element Six, downstream, acquisition accounting adjustments and corporate.

### Markets

The diamond industry started 2020 positively after a strong US holiday season at the end of 2019, with robust demand for rough diamonds. The onset of the Covid-19 pandemic, and measures taken by governments in response, had a profound impact on global diamond supply and demand. Much of the industry was temporarily unable to operate, with up to 90% of jewellery stores closed at the peak of lockdowns, first in China, then in Europe and the US.

Reduced demand from jewellery retailers due to store closures, combined with the closure of diamond cutting and polishing factories in India from April to June, led to a substantial reduction in rough diamond purchases in the first six months. In response, De Beers reduced production and offered significantly increased flexibility to customers.

The gradual easing of restrictions across the globe led to improved trading conditions and an increase in demand throughout the supply chain in the second half of the year. Consumer demand for diamond jewellery improved in key markets, particularly in China, which continued its strong recovery, while demand in the US has also been encouraging. The recovery in consumer demand supported polished price growth in the second half and a rebuild in inventory levels in advance of the year end holiday season.

### Financial and operational overview

As a result of the difficult market conditions, lockdowns in India and associated flexibility offered to customers, total revenue decreased by 27% to $3.4 billion (2019: $4.6 billion) with rough diamond sales falling by 30% to $2.8 billion (2019: $4.0 billion). Rough diamond sales volumes decreased by 27% to 21.4 million carats (2019: 29.2 million carats). The average realised price decreased by 3% to $133/ct (2019: $137/ct), with a 10% decline in the average rough index largely offset by an increased proportion of higher value rough sold in 2020, driven by midstream demand and inventory mix.

Underlying EBITDA decreased by 25% to $417 million (2019: $558 million) owing to the impact of the lower sales volumes and the lower rough price index reducing margins in both the mining and trading business, particularly in the first half of the year. Despite the reduction in production volumes, unit costs decreased by 10% to $57/ct (2019: $63/ct) owing to cost saving measures and favourable exchange rates that have resulted in a higher mining margin of 54% (2019: 43%).

De Beers' capital expenditure decreased by 33% to $381 million (2019: $567 million) due to the deferral of stay-in-business projects into future years without compromising safety or operational integrity. This decrease was also driven by favourable exchange rates. Although there were Covid-19-related disruptions at De Beers' expansion projects, execution of Venetia Underground and Jwaneng Cut-9 continued to progress, and the new AMV3 vessel for Namibia (the largest diamond recovery vessel ever built) remains on track for commissioning in 2022. The construction of the laboratory-grown diamond facility in Oregon for Lightbox Jewelry was completed in 2020 and will ramp up during 2021.

**Operational performance**

***Mining and manufacturing***

Rough diamond production decreased by 18% to 25.1 million carats (2019: 30.8 million carats) in response to lower demand due to the pandemic and the Covid–19-related shutdowns in southern Africa during the first half of the year.

In Botswana, production decreased by 29% to 16.6 million carats (2019: 23.3 million carats), with volumes at Jwaneng reduced by 40% to 7.5 million carats (2019: 12.5 million carats), while production at Orapa decreased by 16% to 9.0 million carats (2019: 10.8 million carats). This was largely due to a nationwide lockdown from 2 April to 18 May, and the planned treatment of lower grade material at both Jwaneng and Orapa, following their restart, as a production response to lower demand. Both mines substantially reconfigured their mining operations to preserve costs in light of the lower levels of production, thereby preserving the mining margin.

In Namibia, production decreased by 15% to 1.4 million carats (2019: 1.7 million carats), primarily due to the suspension of marine mining during part of the third quarter in response to lower demand. Production at the land operation decreased by 21%, principally as a result of the Covid-19-related shutdown.

In South Africa, production increased to 3.8 million carats (2019: 1.9 million carats) as the reductions experienced in the first half due to the national shutdown were more than offset by an expected increase in grade as the ore from the last cut of the open pit is processed as the mine transitions to underground operations.

In Canada, production decreased by 15% to 3.3 million carats (2019: 3.9 million carats) principally reflecting Victor reaching the end of its life in the first half of 2019. Gahcho Kué production decreased by 4% to 3.3 million carats (2019: 3.5 million carats) as a result of the implementation of Covid-19 workforce protection measures.

**Brands and consumer markets**

Covid-19 significantly impacted De Beers' brand sales in 2020, with large-scale store closures in Asia in the first quarter, followed by western markets in the second quarter and beyond. However, both De Beers Jewellers and Forevermark™ saw a strong recovery in sales as restrictions eased and stores reopened.

Online sales continued to show strong growth, reflecting De Beers' investments in e-commerce and increasing consumer willingness to purchase diamond jewellery through these channels.

As part of the longer term strategy, De Beers announced 12 goals that are part of the company's 'Building Forever' framework, a sustainability approach, aligned with the Anglo American Sustainable Mining Plan, that is focused on maximising the positive impact of diamonds on their journey from discovery to retail. The aim is to achieve a shared vision for a better future focusing on De Beers' pillars of leading ethical practices across the industry, partnering for thriving communities, protecting the natural world and accelerating equal opportunity.

**Operational and market outlook**

Recent consumer demand trends have been positive in key markets and industry inventories are in a healthier position, providing the potential for a continued recovery in rough diamond demand during 2021, subject to the ongoing impact of Covid-19. Consumer desirability for natural diamonds is set to remain high over the medium to long term despite the economic impact of the pandemic and increasing supply of lab-grown diamonds.

In the longer term, the impact of Covid-19 has accelerated the transformation that was already underway across the industry and which is expected to continue at pace. This includes more efficient inventory management, increased online purchasing, and a growing consumer desire for products with demonstrable ethical and sustainability credentials, including an enhanced appreciation for the natural world. The long term outlook for the sector remains positive as De Beers continues to focus on its business transformation to support the continued growth of its own business and the wider diamond value chain.

For 2021, production guidance is 32–34 million carats, subject to trading conditions, the extent of further Covid-19-related disruptions and ongoing operational challenges. The higher production is driven by an expected increase in ore and improved grade performance at both Jwaneng and Venetia. Unit cost guidance is c. $55/ct, reflecting the increase in production volumes and the benefits of the restructuring undertaken in 2020.

## COPPER

**Financial and operational metrics**

| | Production volume | Sales volume | Price | Unit cost* | Group revenue* | Underlying EBITDA* | Mining EBITDA margin*(2) | Underlying EBIT* | Capex* | ROCE* |
|---|---|---|---|---|---|---|---|---|---|---|
| | kt | kt(1) | c/lb(2) | c/lb(3) | $m(4) | $m | | $m | $m | |
| **Copper** | **647** | **648** | **299** | **113** | **7,176** | **1,864** | **45 %** | **1,227** | **1,443** | **19 %** |
| *Prior year* | *638* | *644* | *273* | *126* | *5,840* | *1,618* | *44 %* | *960* | *1,078* | *16 %* |
| **Los Bronces(5)** | **325** | **325** | **—** | **149** | **2,013** | **639** | **32 %** | **294** | **272** | **—** |
| *Prior year* | *335* | *336* | — | *135* | *1,872* | *745* | *40 %* | *378* | *239* | — |
| **Collahuasi(6)** | **277** | **278** | **—** | **62** | **1,767** | **1,308** | **74 %** | **1,083** | **313** | **—** |
| *Prior year* | *249* | *254* | — | *100* | *1,414* | *916* | *65 %* | *691* | *275* | — |
| **Quellaveco(7)** | **—** | **—** | **—** | **—** | **—** | **—** | **—** | **—** | **788** | **—** |
| *Prior year* | — | — | — | — | — | — | — | — | *494* | — |
| **Other operations(8)** | **46** | **45** | **—** | **—** | **3,396** | **(83)** | **9 %** | **(150)** | **70** | **—** |
| *Prior year* | *54* | *54* | — | — | *2,554* | *(43)* | *7 %* | *(109)* | *70* | — |

(1) Excludes 453 kt third-party sales (2019: 349 kt).
(2) Price represents realised price, Mining EBITDA margin excludes impact of third-party sales.
(3) C1 unit cost includes by-product credits.
(4) Group revenue is shown after deduction of treatment and refining charges (TC/RCs).
(5) Figures on a 100% basis (Group's share: 50.1%).
(6) 44% share of Collahuasi production, sales and financials.
(7) Figures on a 100% basis (Group's share: 60%), except capex which represents the Group's share after deducting direct funding from non-controlling interests. 2020 capex on a 100% basis was $1,314 million, of which the Group's 60% share is $788 million. 2019 capex on a 100% basis was $1,338 million, of which $515 million was funded by cash from the Mitsubishi syndication transaction in 2018. Of the remaining $823 million, the Group and Mitsubishi funded their respective 60% and 40% shares via shareholder loans.
(8) Other operations includes El Soldado and Chagres (figures on a 100% basis, Group's share: 50.1%), third-party sales and purchases, projects and corporate costs.

### Financial and operational overview

Underlying EBITDA increased by 15% to $1,864 million (2019: $1,618 million) driven by a 10% increase in the average realised copper price and record low unit costs of 113c/lb (2019: 126 c/lb).

Production increased to 647,400 tonnes (2019: 638,000 tonnes), with record production at Collahuasi and a strong operational performance at Los Bronces offsetting the headwinds related to Covid-19 restrictions and expected lower water availability. Unit costs decreased by 10%, reflecting the weaker Chilean peso, higher by-product credits, cost savings and increased production, partly offset by actions taken to mitigate the impact of Covid-19-related restrictions on production and inflation.

Capital expenditure increased by 34% to $1,443 million (2019: $1,078 million), principally driven by expenditure at Quellaveco (see 'Quellaveco update'). Other capital expenditure reflects higher deferred stripping and the routine replacement of, and higher spend on, key infrastructure and technology projects, including the construction of a coarse particle recovery demonstration plant at El Soldado. This was partly offset by the deferral of non-critical projects into 2021 as a result of Covid-19-related constraints, and favourable movements in the Chilean peso.

### Markets

| | **2020** | 2019 |
|---|---|---|
| Average market price (c/lb) | **280** | 272 |
| Average realised price (c/lb) | **299** | 273 |

The differences between the market price and realised price are largely a function of the timing of sales across the year and provisional pricing adjustments, with 140,599 tonnes of copper provisionally priced at 352 c/lb (2019: 111,213 tonnes provisionally priced at 273 c/lb).

The average LME copper price in 2020 increased by 3% compared with 2019. The Covid-19 pandemic had the greatest impact on global demand, temporarily depressing consumption as restrictions hampered economic activity in the first half of the year. A sharp recovery took place in China and, elsewhere, measures to restart activity took place to mitigate the effects of the pandemic. Despite trade tensions between the US and China, optimism over vaccine programmes further bolstered sentiment. Constraints in mine supply have also contributed to a positive outlook on fundamentals, as has copper's role in the push to achieve carbon neutrality, greater energy efficiency and improved living standards, allowing the metal to reach price highs last seen in 2013.

**Operational performance**

Production increased marginally to 647,400 tonnes (2019: 638,000 tonnes).

At Los Bronces, production decreased by 3% to 324,700 tonnes (2019: 335,000 tonnes) due to expected lower water availability and planned lower grades (0.81% vs. 0.83%), partly offset by strong operational performance. C1 unit costs increased by 10% to 149 c/lb (2019: 135 c/lb), reflecting the lower production volumes and the drawdown on stockpiles due to Covid-19-related restrictions and inflation, partly mitigated by cost-saving initiatives and the impact of the weaker Chilean peso.

At Collahuasi, Anglo American's attributable share of copper production increased by 11% to 276,900 tonnes (2019: 248,800 tonnes). This was a record production performance for the operation, driven by strong plant performance, reflecting the plant improvement projects implemented during 2019, as well as planned higher grades (1.24% vs.1.19%). C1 unit costs decreased by 38% to 62 c/lb (2019: 100 c/lb), another record, reflecting the solid production performance, higher by-product credits and the weaker Chilean peso, partly offset by inflation.

Production at El Soldado decreased by 15% to 45,800 tonnes (2019: 54,200 tonnes) due to planned lower grades (0.84% vs. 0.93%) and water restrictions. C1 unit costs were flat at 204 c/lb (2019: 205 c/lb), with the lower production volumes fully offset by the weaker Chilean peso and cost-saving initiatives.

**Operational outlook**

Production guidance for 2021 is 640,000–680,000 tonnes, subject to water availability and the extent of further Covid-19-related disruption.

C1 unit cost guidance for 2021 is c. 120 c/lb, reflecting an expected strengthening of the Chilean peso, inflation and ongoing impacts from Covid-19 mitigation activities.

**Quellaveco update**

Strong progress continues, with the project currently tracking against its original schedule, despite the impact of Covid-19, with execution having been well ahead of schedule prior to the pandemic, and all applicable milestones achieved.

Following the onset of the pandemic, on 17 March, Quellaveco withdrew the majority of the project's 10,000-strong workforce from site after the Peruvian government announced the start of a national lockdown. Following subsequent extensions of the lockdown, non-critical works were suspended for three months in support of continuing efforts to control the spread of Covid-19.

Remobilisation of the construction workforce began in July following approval by the Peruvian authorities and is largely complete, with construction activities gradually restarted across all project sites. Significant progress has been made at the processing plant, where the shells for the first SAG and ball mills are installed, installation of the electric motors is under way, and all 46 flotation cells have been assembled. The majority of materials and equipment are now in-country and the first of three rope shovels has been assembled, along with eight mining trucks.

Despite the Covid-19-related slowdown, first production is still expected in 2022, in part due to the excellent progress achieved prior to the national lockdown, and based on optimised construction and commissioning plans. Key activities in 2021 include the start of pre-stripping, which will see the first greenfield use of automated hauling technology in Peru; progressing construction of the primary crusher and ore transport conveyor tunnel to the plant; completion of the 95 km freshwater pipeline that will deliver water from the water source area to the Quellaveco site; completing installation of the shells and motors for both milling lines; and completion of the tailings starter dam.

Total project capital expenditure is expected to be $5.3–5.5 billion (100% basis), subject to the extent of any further Covid-19-related disruption, of which the Group's 60% share is approximately $2.7–2.8 billion. Capital expenditure guidance (100% basis) for 2021 is approximately $1.3–1.6 billion, of which the Group's 60% share is approximately $0.8–1.0 billion. Quellaveco expects to deliver around 300,000 tonnes per annum of copper equivalent production (100% basis) on average in the first 10 years of operation.

In February 2021, the Group approved the construction of a coarse particle recovery (CPR) plant at Quellaveco. This breakthrough technology will initially allow retreatment of coarse particles from flotation tailings to improve recoveries by c. 3% on average over the life of the mine. This investment will also enable future throughput expansion which will bring a reduction in energy and water consumption per unit of production. The CPR project will incur additional capital expenditure on a 100% basis of approximately $130 million, of which the Group will fund its 60% share. Commissioning of the new plant is expected in 2022.

## PLATINUM GROUP METALS

**Financial and operational metrics**

| | Production volume PGMs | Sales volume PGMs | Basket price | Unit cost* | Group revenue* | Underlying EBITDA* | Mining EBITDA margin*[5] | Underlying EBIT* | Capex* | ROCE* |
|---|---|---|---|---|---|---|---|---|---|---|
| | koz[1] | koz[2] | $/PGM oz[3] | $/PGM oz[4] | $m | $m | | $m | $m | |
| **PGMs** | **3,809** | **2,869** | **2,035** | **713** | **8,465** | **2,555** | **51 %** | **2,270** | **571** | **48 %** |
| *Prior year* | *4,441* | *4,634* | *1,347* | *703* | *6,866* | *2,000* | *40 %* | *1,672* | *569* | *38 %* |
| **Mogalakwena** | **1,182** | **839** | **2,065** | **530** | **1,720** | **1,059** | **62 %** | **944** | **273** | **—** |
| *Prior year* | *1,215* | *1,222* | *1,459* | *566* | *1,789* | *995* | *56 %* | *863* | *264* | — |
| **Amandelbult** | **608** | **501** | **2,228** | **1,031** | **1,108** | **474** | **43 %** | **429** | **56** | **—** |
| *Prior year* | *893* | *866* | *1,387* | *876* | *1,206* | *355* | *29 %* | *298* | *84* | — |
| **Other operations[6]** | **759** | **576** | **2,083** | **757** | **1,295** | **562** | **43 %** | **461** | **242** | **—** |
| *Prior year* | *903* | *915* | *1,336* | *731* | *1,202* | *329* | *27 %* | *216* | *221* | — |
| **Processing and trading[7]** | **1,260** | **953** | **—** | **—** | **4,342** | **460** | **11 %** | **436** | **—** | **—** |
| *Prior year* | *1,430* | *1,631* | — | — | *2,669* | *321* | *12 %* | *295* | — | — |

(1) Production reflects own-mined production and purchase of metal in concentrate. PGMs includes 5E metals and gold.
(2) Sales volumes exclude the sale of refined metal purchased from third parties and toll material. PGMs includes 5E metals and gold.
(3) Average US$ realised basket price. Excludes the impact of the sale of refined metal purchased from third parties.
(4) Total cash operating costs (includes on-mine, smelting and refining costs only) per own mined PGM ounce of production.
(5) The total PGMs mining EBITDA margin excludes the impact of the sale of refined metal purchased from third parties, purchase of concentrate and tolling.
(6) Includes Unki, Mototolo and PGMs' share of joint operations. Other operations margin includes unallocated market development, care and maintenance, and corporate costs.
(7) Purchase of concentrate from joint operations, associates and third parties for processing into refined metals, tolling and trading activities.

### Financial and operational overview

Underlying EBITDA increased by 28% to $2,555 million (2019: $2,000 million), as a result of a 51% increase in the dollar basket price, driven primarily by stronger prices for palladium and rhodium, which more than offset the impact on sales volumes of outages at the Anglo Converter Plant (ACP) and Covid-19-related restrictions. Unit costs were broadly flat at $713/PGM ounce (2019: $703/PGM ounce), as the benefits of the weaker South African rand and underlying operational improvements were offset by the lower volumes.

Capital expenditure was in line with the prior year at $571 million (2019: $569 million) as additional expenditure incurred on the ACP Phase A rebuild offset the benefit of the weaker South African rand.

### Markets

| | **2020** | 2019 |
|---|---|---|
| Average platinum market price ($/oz) | **885** | 864 |
| Average palladium market price ($/oz) | **2,197** | 1,539 |
| Average rhodium market price ($/oz) | **11,220** | 3,914 |
| US$ realised basket price ($/PGM oz) | **2,035** | 1,347 |

PGM prices started the year strongly before Covid-19 impacted demand; however, prices soon recovered as PGM supply also faltered. Further gains came in the second half as the global automotive sector experienced a rapid recovery as Covid-19-related restrictions were eased. The average realised basket price increased by 51% in dollar terms compared with 2019. The average dollar platinum market price increased by 2%, supported by robust industrial demand, despite continuing declines in diesel automotive demand. Palladium and rhodium were significantly stronger, increasing by 43% and 187%, respectively, driven by the trend of increased loadings in autocatalysts due to tighter emissions standards, particularly in Europe and China.

**Operational performance**

Total PGM production decreased by 14% to 3,808,900 ounces, mainly due to the shutdown of operations in response to the Covid-19 pandemic during the second quarter and their subsequent ramp-up, as well as the closure of some mining areas at Amandelbult mine that had reached the end of their life. By the end of December, production levels at all assets had returned to normal.

***Own-mined production***

PGM production from own-managed mines (Mogalakwena, Amandelbult, Unki and Mototolo and equity share of joint operations) decreased by 15% to 2,549,000 ounces (2019: 3,011,300 ounces) due to lower production at all operations as a result of the Covid-19 shutdowns, as well as the end of life of some mining areas at Amandelbult.

Mogalakwena PGM production decreased by 3% to 1,181,600 ounces (2019: 1,215,000 ounces), largely driven by reduced operating capacity in the second quarter due to the impact of Covid-19.

Amandelbult PGM production decreased by 32% to 608,100 ounces (2019: 893,300 ounces), largely due to the impact of Covid-19 which reduced capacity during the second and third quarter in particular, as well as the infrastructure closures in December 2019 at Tumela Upper section and surface production reaching its end of life.

Production from other operations decreased by 16% to 759,300 ounces (2019: 903,000 ounces), driven by lower production at joint operations.

***Purchase of concentrate***

Purchase of concentrate, excluding tolling, decreased by 12% to 1,259,900 ounces of PGMs, reflecting the lower production from joint operations.

***Refined production and sales volumes***

Refined PGM production (excluding toll-treated metal from Sibanye-Stillwater) decreased by 42% to 2,713,000 ounces (2019: 4,650,000 ounces) following shutdowns of the ACP during the year. The ACP Phase A unit was closed for a rebuild following an explosion within the converter in February, with the ACP Phase B unit being returned to operation from maintenance during May. The ACP Phase B unit was subject to additional inspections and controls, which led to intermittent stoppages during the remainder of the year until it was pre-emptively closed on 5 November to ensure a continued safe operating environment. The rebuild of the ACP Phase A unit was successfully completed ahead of schedule on 24 November 2020, with first converter matte dispatched to the Base Metal Refinery for further processing on 7 December. The ACP Phase B unit is now undergoing its planned full rebuild, scheduled to be completed in the second half of 2021.

The ACP stoppages during 2020 resulted in an increase of work-in-progress inventory of 1.0 million ounces, which is expected to be drawn down over 2021 and 2022.

PGM sales volumes decreased by 38% to 2,868,500 ounces (2019: 4,633,700 ounces), due to the lower refined production, although refined inventory from minor metals was drawn down to supplement sales.

**Operational outlook**

PGM metal in concentrate production guidance for 2021 is 4.2–4.6 million ounces, with own-mined output accounting for c. 65%. Refined PGM production guidance for 2021 is 4.6–5.0 million ounces, supported by a drawdown in work-in-progress inventory levels in the year. Both are subject to the extent of further Covid-19-related disruption. Unit costs in 2021 are expected to be c. $700/PGM ounce, reflecting the recovery in volumes.

## IRON ORE

**Financial and operational metrics**

| | Production volume | Sales volume | Price | Unit cost* | Group revenue* | Underlying EBITDA* | Mining EBITDA margin* | Underlying EBIT* | Capex* | ROCE* |
|---|---|---|---|---|---|---|---|---|---|---|
| | Mt[1] | Mt[1] | $/t[2] | $/t[3] | $m | $m[4] | | $m[4] | $m | |
| **Iron Ore** | **61.1** | **63.6** | **112** | **27** | **7,954** | **4,565** | **58 %** | **4,091** | **517** | **41 %** |
| *Prior year* | *65.5* | *64.9* | *91* | *29* | *6,758* | *3,407* | *50 %* | *2,952* | *594* | *31 %* |
| **Kumba Iron Ore**[5] | **37.0** | **39.8** | **115** | **31** | **4,880** | **2,702** | **55 %** | **2,386** | **354** | **84 %** |
| *Prior year* | *42.4* | *42.0* | *97* | *33* | *4,445* | *2,243* | *50 %* | *1,918* | *389* | *70 %* |
| **Iron Ore Brazil (Minas-Rio)** | **24.1** | **23.8** | **107** | **21** | **3,074** | **1,863** | **62 %** | **1,705** | **163** | **30 %** |
| *Prior year* | *23.1* | *22.9* | *79* | *21* | *2,313* | *1,164* | *50 %* | *1,034* | *205* | *20 %* |

(1) Minas-Rio production and sales volumes are reported as wet metric tonnes. Product is shipped with c.9% moisture. Total iron ore is the sum of Kumba (dry basis) and Minas-Rio (wet basis).
(2) Prices for Kumba Iron Ore are the average realised export basket price (FOB Saldanha). Prices for Minas-Rio are the average realised export basket price (FOB Açu) (wet basis). Prices for total iron ore are a blended average.
(3) Unit costs for Kumba Iron Ore are on an FOB (dry) basis. Unit costs for Minas-Rio are on an FOB (wet) basis. Unit costs for total iron ore are a blended average.
(4) Kumba Iron Ore segment includes $80 million projects and corporate costs (2019: $66 million). Iron Ore Brazil segment includes $63 million projects and corporate costs (2019: $55 million).
(5) Sales volumes, stock and realised price for FY 2020 differ to Kumba's stand-alone reported results due to sales to other Group companies.

### Financial and operational overview

***Kumba***

Underlying EBITDA increased by 20% to $2,702 million (2019: $2,243 million), driven by a higher average realised iron ore price of $115/tonne (2019: $97/tonne) and a 6% decrease in unit costs to $31/tonne (2019: $33/tonne), largely reflecting the weaker South African rand, partly offset by lower sales volumes.

Sales volumes decreased by 5% to 39.8 Mt (2019: 42.0 Mt), principally reflecting an 84% decrease in domestic sales, lower production volumes that were impacted by Covid-19-related disruptions, and extended annual maintenance on a ship loader.

Capital expenditure decreased by 9% to $354 million (2019: $389 million), reflecting the weaker South African rand.

***Minas-Rio***

Underlying EBITDA increased by 60% to $1,863 million (2019: $1,164 million), reflecting higher average realised prices, the impact of the weaker Brazilian real, higher volumes and the continued focus on cost control. Unit costs of $21/tonne were in line with the prior year, as additional pipeline inspection costs were offset by the impact of the weaker Brazilian real and higher volumes.

Capital expenditure was lower than the prior year at $163 million (2019: $205 million), driven primarily by the weaker Brazilian real, partly offset by spend on P101 initiatives and a routine tailings dam raise.

### Markets

| | **2020** | 2019 |
|---|---|---|
| Average market price (IODEX 62% Fe CFR China – $/tonne) | **109** | 93 |
| Average market price (MB 66% Fe Concentrate CFR – $/tonne) | **120** | 104 |
| Average realised price (Kumba export – $/tonne) (FOB Saldanha) | **115** | 97 |
| Average realised price (Minas-Rio – $/tonne) (FOB wet basis) | **107** | 79 |

Kumba's FOB realised price of $115/dry metric tonne was 18% higher than the equivalent IODEX 62% Fe FOB Saldanha market price, principally reflecting the higher iron content at 64.3% and relatively high proportion (approximately 69%) of lump in the product portfolio (which helps steel mills reduce emissions). There was also a $6/tonne timing benefit (2019: $1/tonne) principally related to the pricing of our products on the date of delivery.

Minas-Rio's pellet feed product is also higher grade (higher iron content of 67% and lower impurities) than the reference product used for the IODEX 62% Fe CFR China index. The Metal Bulletin (MB) 66 index, therefore, is used when referring to Minas-Rio product. Adjusting for moisture, the Minas-Rio realised price of $107/wet metric tonne (2019: $79/wet metric tonne) was 14% higher than the average MB 66 FOB Açu index, reflecting the higher iron content as well as an $9/tonne timing benefit (2019: $1/tonne) related to the pricing of our products on the date of delivery.

**Operational performance**

***Kumba***

Production decreased by 13% to 37.0 Mt (2019: 42.4 Mt), principally due to the impact of Covid-19 and logistical capacity constraints. Sishen's production decreased by 13% to 25.4 Mt (2019: 29.2 Mt) and Kolomela's decreased by 12% to 11.7 Mt (2019: 13.2 Mt).

***Minas-Rio***

Production increased by 4% to 24.1 Mt (2019: 23.1 Mt), driven by a strong operational performance and the impact of P101 productivity initiatives, despite a one-month planned stoppage to carry out routine internal scanning of the pipeline. Production was not affected by the Covid-19 pandemic, owing to the successful measures put in place to safeguard the workforce and our host communities.

**Operational outlook**

***Kumba***

Kumba's production guidance for 2021 is 40–41 Mt, subject to the extent of further Covid-19-related disruption.

Unit costs for 2021 are expected to increase to c.$34/tonne, with the benefit of higher volumes more than offset by stronger local currency and cost inflation.

***Minas-Rio***

Production guidance for 2021 is 24–26 Mt, supported by P101 productivity initiatives, subject to the extent of further Covid-19-related disruptions.

Unit cost guidance is c. $22/tonne, as the benefit of higher volumes is largely offset by routine maintenance and infrastructure improvements.

## COAL

#### Financial and operational metrics

| | Production volume | Sales volume | Price | Unit cost* | Group revenue* | Underlying EBITDA* | Mining EBITDA margin*[(6)] | Underlying EBIT* | Capex* | ROCE* |
|---|---|---|---|---|---|---|---|---|---|---|
| | Mt[(1)] | Mt[(2)] | $/t[(3)] | $/t[(4)] | $m | $m[(5)] | | $m[(5)] | $m | |
| **Coal** | **—** | **—** | **—** | **—** | **3,798** | **35** | **0 %** | **(632)** | **867** | **(16)%** |
| *Prior year* | — | — | — | — | *6,137* | *1,832* | *33 %* | *1,010* | *934* | *26 %* |
| **Metallurgical Coal** | **16.8** | **16.9** | **109** | **86** | **1,909** | **50** | **3 %** | **(468)** | **683** | **(15)%** |
| *Prior year* | *22.9* | *22.4* | *165* | *63* | *3,756* | *1,707* | *45 %* | *1,079* | *670* | *39 %* |
| **Thermal Coal – South Africa** | **16.5** | **16.6** | **57** | **38** | **1,680** | **(15)** | **(6)%** | **(81)** | **184** | **(21)%** |
| *Prior year* | *17.8* | *18.1* | *61* | *45* | *1,887* | *(5)* | *(3)%* | *(94)* | *264* | *(19)%* |
| **Thermal Coal – Colombia[(7)]** | **4.1** | **4.5** | **46** | **39** | **209** | **0** | **0 %** | **(83)** | **—** | **(21)%** |
| *Prior year* | *8.6* | *8.8* | *56* | *33* | *494* | *130* | *26 %* | *25* | — | *4 %* |

(1) Production volumes are saleable tonnes. South African production volumes include export primary production, secondary production sold into export markets, production sold domestically at export parity pricing and excludes other domestic production of 14.0 Mt (2019: 10.0 Mt). Metallurgical Coal production volumes exclude thermal coal production of 2.0 Mt (2019: 1.4 Mt).

(2) South African sales volumes include export primary production, secondary production sold into export markets and production sold domestically at export parity pricing and exclude domestic sales of 12.4 Mt (2019: 9.8 Mt) and non-equity traded sales of 9.4 Mt (2019: 10.9 Mt). Metallurgical Coal sales volumes exclude thermal coal sales of 2.3 Mt (2019: 1.8 Mt).

(3) Metallurgical Coal realised price is the weighted average hard coking coal and PCI sales price achieved at managed operations. Thermal Coal – South Africa realised price is the weighted average export thermal coal price achieved. Excludes third-party sales from locations other than Richards Bay.

(4) FOB cost per saleable tonne, excluding royalties and study costs. Thermal Coal – South Africa unit cost is for the trade operations.

(5) Metallurgical Coal segment includes $74 million projects and corporate costs (2019: $69 million). Thermal Coal – South Africa segment includes $42 million projects and corporate costs (2019: $59 million).

(6) Excludes impact of third-party sales.

(7) Represents the Group's attributable share from its 33.3% interest in Cerrejón.

### Financial and operational overview

#### *Metallurgical Coal*

Underlying EBITDA decreased by 97% to $50 million (2019: $1,707 million), driven by a 34% reduction in the weighted average realised price for metallurgical coal, a 25% decrease in sales volumes and the associated 37% increase in unit costs to $86/tonne (2019: $63/tonne). The volume and cost performances were principally impacted by two underground operational incidents at Moranbah North and Grosvenor, as well as a longwall move at Grosvenor.

Capital expenditure was marginally higher due to increased activity at the Aquila life-extension project, largely offset by a decrease in development work at Grosvenor owing to the suspension of all underground activities since the gas ignition incident in early May.

#### *Thermal Coal – South Africa*

Underlying EBITDA was a $15 million loss (2019: $5 million loss), driven by a 7% decrease in the realised export thermal coal price and lower export sales volumes of 16.6 Mt (2019: 18.1 Mt) owing to the impact of the Covid-19 restrictions on operations and logistics infrastructure. Unit costs benefited from the weaker South African rand at $38/tonne (2019: $45/tonne) with productivity improvements and cost savings also contributing to offset the effects of inflation and lower production volumes.

Capital expenditure decreased by 30% to $184 million (2019: $264 million), principally driven by the weaker South African rand and the completion of the Navigation life-extension at Khwezela, and the rescheduling of other projects into 2021 due to the impact of Covid-19.

#### *Thermal Coal – Colombia*

The decrease in underlying EBITDA reflects the 48% reduction in sales volumes principally as a result of Covid-19-related restrictions on production and the three-month strike, as well as an 18% decrease in average realised price. Unit costs increased by 18% to $39/tonne (2019: $33/tonne) due to the lower production volumes.

Revenue for thermal coal includes amounts realised from the sale of volumes purchased from third parties (non-equity traded sales) that were not mined by the Group. Excluding these volumes, revenue from the mining of thermal coal (including Thermal coal business volumes from South Africa, Colombia and the Metallurgical Coal business) for the year was $1,384 million, or 4% of the Group's revenue (2019: $1,783 million, 6%).

**Markets**

***Metallurgical coal***

| | **2020** | 2019 |
|---|---|---|
| Average benchmark price - hard coking coal ($/tonne)(1) | **124** | 177 |
| Average benchmark price - PCI ($/tonne)(1) | **78** | 110 |
| Average realised price - hard coking coal ($/tonne)(2) | **112** | 171 |
| Average realised price - PCI ($/tonne)(2) | **84** | 110 |

(1) Represents average spot prices.
(2) Realised price is the sales price achieved at managed operations.

Average realised prices differ from the average market price owing to differences in material grade and timing of contracts. Hard coking coal price realisation decreased to 90% of benchmark in 2020 (2019: 97%), as sales consisted of a lower proportion of premium quality hard coking coal from Moranbah North and Grosvenor.

Market prices decreased in the first half of 2020 as Covid-19-related lockdowns impacted demand. Despite a brief recovery in the third quarter, prices decreased again towards the end of the year due to China's unofficial import restrictions on Australian coal.

***Thermal coal***

| | **2020** | 2019 |
|---|---|---|
| Average market price ($/tonne, FOB South Africa) | **65** | 72 |
| Average market price ($/tonne, FOB Colombia) | **48** | 54 |
| Average realised price ($/tonne, FOB South Africa)(1) | **57** | 61 |
| Average realised price ($/tonne, FOB Colombia) | **46** | 56 |

(1) Realised price is the weighted average export thermal coal price achieved. Excludes third-party sales from locations other than Richards Bay.

The average realised price for export thermal coal differs from the average market price owing principally to quality discounts relative to the industry benchmark and timing differences.

South Africa export thermal coal average realised prices were 7% lower as the Covid-19 demand-driven declines during the first half were only partly offset by a strong recovery in the second half as Covid-19 restrictions eased in India and China. In the second half of 2020, imports to India, a key market for South African coal, returned to the levels experienced in the same period in 2019. A shortage of thermal coal in China led to accelerated customs clearance at Chinese ports in December 2020, providing a boost to seaborne demand.

The Colombia realised price difference decreased year-on-year, broadly in line with the lower market price.

**Operational performance**

***Metallurgical Coal***

Production decreased by 26% to 16.8 Mt (2019: 22.9 Mt), principally due to the suspension of operations at Grosvenor, the fall of ground during the first quarter at Moranbah North and subsequent geotechnical challenges, and the impact of a longwall move at Grosvenor. Open cut operations were scaled back at Dawson and Capcoal in response to reduced demand for lower quality metallurgical coal.

At Grosvenor, operations have been suspended since the beginning of May following the gas ignition incident underground. Anglo American is continuing to respond to the incident, including through investing in the acceleration of technology and sealing off part of the affected longwall panel to prepare the mine for restart. The incident resulted in a $100 million write-down relating to lost equipment and longwall assets in that area. Grosvenor is currently expected to return to operation in the second half of 2021.

***Thermal Coal – South Africa***

Export production decreased by 7% to 16.5 Mt (2019: 17.8 Mt), mainly due to the impact of Covid-19 operational restrictions and mine sections reaching their end of life at Goedehoop.

***Thermal Coal – Colombia***

Anglo American's attributable production from its 33.3% ownership of Cerrejón decreased by 52% to 4.1 Mt (2019: 8.6 Mt) owing to the impact of Covid-19-related restrictions on production in the first half and the effect of the strike in the second half.

**Operational outlook**

***Metallurgical coal***

Export metallurgical coal production guidance for 2021 is 18–20 Mt, but is expected to be at the lower end of the range following a suspension of operations at Moranbah North in response to elevated gas levels on 20 February 2021, subject to the timing of a safe restart at Moranbah North, as well as the extent of further Covid-19-related disruption. Unit cost guidance is c. $75/tonne; a reduction of 13% from 2020, reflecting increased volumes following the restart of the Grosvenor longwall, expected in the second half of 2021. The guidance reflects the sale of a 12% interest in the Grosvenor mine, which was completed on 18 December 2020, equalising the ownership across its integrated operations at Moranbah North and Grosvenor.

***Export thermal coal***

Production guidance in 2021 for export thermal coal is unchanged at c. 24 Mt (Export South Africa c. 16 Mt; Colombia c. 8 Mt – attributable share), subject to the extent of further Covid-19-related disruption.

## NICKEL AND MANGANESE

**Financial and operational metrics**

| | Production volume[(1)] | Sales volume[(1)] | Price | Unit cost* | Group revenue* | Underlying EBITDA* | Mining EBITDA margin* | Underlying EBIT* | Capex* | ROCE* |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | c/lb[(2)] | c/lb[(3)] | $m | $m[(4)] | | $m[(4)] | $m | |
| **Nickel and Manganese** | **—** | **—** | **—** | **—** | **1,269** | **510** | **40 %** | **324** | **33** | **17 %** |
| *Prior year* | — | — | — | — | *1,498* | *634* | *42 %* | *477* | *42* | *20 %* |
| **Nickel** | **43,500** | **43,000** | **563** | **334** | **572** | **206** | **36 %** | **79** | **33** | **5 %** |
| *Prior year* | *42,600* | *41,700* | *624* | *380* | *572* | *191* | *33 %* | *89* | *42* | *4 %* |
| **Manganese[(5)]** | **3.6** | **3.6** | **—** | **—** | **697** | **304** | **44 %** | **245** | **—** | **82 %** |
| *Prior year* | *3.7* | *3.7* | — | — | *926* | *443* | *48 %* | *388* | — | *109 %* |

(1) Nickel production and sales are tonnes (t). Manganese production and sales are million tonnes (Mt).
(2) Realised price.
(3) C1 unit cost.
(4) Nickel segment includes $14 million projects and corporate costs (2019: $12 million).
(5) Production, sales and financials include ore and alloy.

### Financial and operational overview

***Nickel***

Underlying EBITDA increased by 8% to $206 million (2019: $191 million), benefiting from improved operational stability and favourable foreign exchange movements, partly offset by the lower realised nickel price. Capital expenditure decreased by 21% to $33 million (2019: $42 million), driven mainly by favourable foreign exchange movements.

Within special items and remeasurements an impairment of $589 million was recognised at Barro Alto reflecting a revision of the Group's medium and long term price forecasts.

***Manganese (Samancor)***

Underlying EBITDA decreased by 31% to $304 million (2019: $443 million), mainly owing to the lower manganese ore price and a 2% decrease in manganese ore sales due to Covid-19-related production constraints, mainly in South Africa.

### Markets

***Nickel***

| | **2020** | 2019 |
|---|---|---|
| Average market price (c/lb) | **625** | 632 |
| Average realised price (c/lb) | **563** | 624 |

Ferronickel is traded based on discounts or premiums to the LME nickel price, depending on market conditions, supplier products and consumer preferences. Differences between market prices and realised prices are largely due to variances between the LME and the ferronickel price.

The average LME nickel price of 625 c/lb was 1% lower than the prior year as the impact of Covid-19 on demand in the first half was offset by the subsequent easing of restrictions, notably in China. Nickel consumption in batteries (electric vehicles and energy storage) was particularly robust, reflecting demand for metals supporting the transition to a lower carbon economy. However, the realised price decreased by 10%, principally owing to the increased ferronickel discount, driven by the higher LME nickel price at the end of 2019.

### *Manganese*

The average benchmark price for manganese ore (Metal Bulletin 44% manganese ore CIF China) was $4.67/dmtu, a decrease of 16% (2019: $5.58/dmtu). In the first half of 2020, Covid-19-related mining operation shutdowns in South Africa led to tighter supply and higher manganese ore prices. In the second half of 2020, manganese ore prices eased as South African supply volumes returned to close to pre-Covid-19 levels.

## Operational performance

### *Nickel*

Nickel output increased by 2% to 43,500 tonnes (2019: 42,600 tonnes), reflecting continuing operating stability and the effect of a 40-day planned stoppage at Barro Alto in 2019.

### *Manganese*

Attributable manganese ore production was in line with the prior year at 3.5 Mt as the impact of the Covid-19 lockdowns in South Africa in the first half of the year was largely offset by an increase in Australian ore production on the back of improved mining and concentrator performance.

## Operational outlook

### *Nickel*

Production guidance for 2021 is 42,000–44,000 tonnes, subject to the extent of further Covid-19-related disruption.

C1 unit cost guidance for 2021 is 360 c/lb, driven mainly by higher input prices.

## CROP NUTRIENTS

**Financial and operational metrics**

| | Production volume | Sales volume | Price | Unit cost | Group revenue* | Underlying EBITDA* | Mining EBITDA margin* | Underlying EBIT* | Capex* | ROCE* |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | c/lb | c/lb | $m | $m | | $m | $m | |
| **Crop Nutrients** | **n/a** | **n/a** | **n/a** | **n/a** | **107** | **1** | **n/a** | **1** | **292** | **n/a** |
| *Prior year* | — | — | — | — | — | — | — | — | — | — |
| **Woodsmith project** | **n/a** | **n/a** | **n/a** | **n/a** | **n/a** | **n/a** | **n/a** | **n/a** | **292** | **n/a** |
| *Prior year* | — | — | — | — | — | — | — | — | — | — |
| **Other[1]** | **n/a** | **n/a** | **n/a** | **n/a** | **107** | **7** | **n/a** | **7** | **—** | **n/a** |
| *Prior year* | — | — | — | — | — | — | — | — | — | — |

(1) Other comprises a 30% interest in Cibra, a fertiliser distributor based in Brazil.

### Crop Nutrients

Anglo American is developing the Woodsmith project in the north east of England to access the world's largest known deposit of polyhalite, a natural mineral fertiliser product containing potassium, sulphur, magnesium and calcium – four of the six nutrients that every plant needs to grow.

The Woodsmith mine is being constructed approximately three km south of Whitby, where polyhalite ore will be extracted via two 1.6 km deep mine shafts and transported to the port at Teesside on an underground conveyor belt system in a 37 km tunnel, thereby minimising impact on the surface above. It will then be granulated at a materials handling facility to produce a fertiliser product – known as POLY4 – that will be exported to a network of customers overseas from our dedicated port.

***Woodsmith project***

Following the completion of the acquisition of Sirius Minerals Plc on 17 March 2020, integration activities have progressed well and the development of the project continues, with total capital expenditure of $292 million incurred by Anglo American during 2020. By the end of December, the excavation of the conveyor tunnel had reached almost 12 kilometres and continues to progress well. At the mine head, the first shaft-boring machine has been assembled within the service shaft and is being commissioned, while good progress is also being made on the production shaft. The impact of Covid-19 on the project's development has been limited to date due to the successful implementation of appropriate health measures.

Following the acquisition, Anglo American initiated a detailed technical review of the project's development plan with the objectives of optimising the project and aligning it with Anglo American's technical and other standards. This review is nearing completion and confirms the high quality of the overall project design and development approach. Ahead of the scheduled mid-2021 Board update, in which we will present final capital and schedule estimates, we are refining two aspects of the project that we had allowed for in our investment case: we will likely bring forward the investment in additional ventilation to increase early production flexibility, and we are working through the detailed scheduling of the two shaft installations.

Total capital expenditure in 2021 is expected to be $0.5 billion, $0.2 billion higher than originally planned at the completion of the takeover. This investment reflects the good progress made in 2020 and the focus on certain critical-path items in 2021, including the continuation of the conveyor tunnel and site preparation for the processing facility, in addition to the ongoing shaft sinking programme.

***Market development – POLY4***

Supply agreements with a global customer base are in place, including with a number of well-established counterparties such as Archer Daniels Midland Company, BayWa AG, Cibra, IFFCO, Wilmar Group and Muntajat. Many of these agreements have price levels benchmarked against the market prices of the underlying key nutrients within POLY4 and have been set up on a take-or-pay basis. In total, these offtake arrangements accommodate production in excess of 10 Mtpa.

The ongoing focus of the market development activities is now around developing and implementing detailed sales and marketing strategies for each region and supporting customers with their own market development activities in order to further promote POLY4 to the end-users of the product. At the end of December, full scale farm trials, with more than 200 commercial partners around the world, were testing POLY4 as part of the commercial demonstration programme that is a key part of the product marketing strategy.

## CORPORATE AND OTHER

**Financial metrics**

| | Group revenue* | Underlying EBITDA* | Underlying EBIT* | Capex* |
|---|---|---|---|---|
| | $m | $m | $m | $m |
| **Segment** | **191** | **(145)** | **(231)** | **21** |
| *Prior year* | *121* | *(43)* | *(229)* | *56* |
| **Exploration** | **n/a** | **(101)** | **(102)** | **—** |
| *Prior year* | *n/a* | *(126)* | *(128)* | *1* |
| **Corporate activities and unallocated costs** | **191** | **(44)** | **(129)** | **21** |
| *Prior year* | *121* | *83* | *(101)* | *55* |

### Financial overview

Corporate and other reported an underlying EBITDA loss of $145 million (2019: $43 million). Revenue increased to $191 million (2019: $121 million), predominantly due to a ramp-up of third-party shipping activity.

### *Exploration*

Exploration's underlying EBITDA loss decreased to $101 million (2019: $126 million), reflecting decreased exploration activities across most product groups, due to the impact of Covid-19-related restrictions.

### *Corporate activities and unallocated costs*

Underlying EBITDA decreased to a $44 million loss (2019: $83 million gain), driven primarily by a reduction in profits on third-party shipping and transaction costs related to the acquisition of Sirius Minerals Plc.

## GUIDANCE SUMMARY

All guidance set out below is unchanged versus that previously disclosed.

### Production and unit costs

| | Unit costs 2021F | Production volumes | | | |
|---|---|---|---|---|---|
| | | Units | 2021F | 2022F | 2023F |
| Diamonds[1] | ~$55/ct | Mct | 32-34 | 30-33 | 30-33 |
| Copper[2] | ~120c/lb | Kt | 640-680 | 680-790 | 890-1,000 |
| PGMs[3] | ~$700/PGM oz | Moz | 4.2-4.6 | 4.2-4.6 | 4.2-4.6 |
| Platinum | | Moz | 1.9-2.1 | 1.9-2.1 | 1.9-2.1 |
| Palladium | | Moz | 1.4-1.5 | 1.4-1.5 | 1.4-1.5 |
| Other | | Moz | 0.9-1.0 | 0.9-1.0 | 0.9-1.0 |
| Iron ore[4] | Kumba: ~$34/t<br>Minas-Rio: ~$22/t | Mt | 64-67 | 65-68 | 66-69 |
| Metallurgical coal[5] | ~$75/t | Mt | 18-20 | 22-24 | 23-25 |
| Thermal coal[6] | ~$40/t | Mt | ~24 | ~24 | ~24 |
| Nickel[7] | ~360/lb | kt | 42-44 | 42-44 | 47-49 |

Note: Unit costs exclude royalties, depreciation and include direct support costs only. FX rates for 2021 costs: ~16 ZAR:USD, ~1.4 AUD:USD, ~5.3 BRL:USD, ~760 CLP:USD. Production volumes are subject to the extent of further Covid-19 related disruption.

1. Unit cost is based on De Beers' share of production. Production on a 100% basis except for the Gahcho Kué joint operation, which is on an attributable 51% basis, subject to trading conditions and ongoing operational challenges. Reduction in volumes in 2022 as Venetia continues transition to underground operations.
2. Copper business unit only. On a contained-metal basis.
3. Unit cost is per own mined 5E + gold PGMs metal in concentrate ounce. Production is 5E + gold produced metal in concentrate ounces. Includes own mined production (~65%) and purchased concentrate volumes (~35%). See 2020 results presentation for refined production.
4. Total iron ore is the sum of Kumba (dry basis) and Minas-Rio (wet basis, as product is shipped with ~9 per cent moisture). Kumba volumes are subject to rail and port performance.
5. Volumes excludes thermal coal production in Australia. 2021 production is expected to be at the lower end of the range following a suspension of operations at Moranbah North in response to elevated gas levels on 20 February 2021, subject to the timing of a safe restart at Moranbah North. Increase in 2022 from 2021 due to the expected restart of Grosvenor in H2 2021.
6. Unit cost is for the South Africa trade mines only, with benefit of higher volumes in 2021 offset by unfavourable foreign exchange. Volumes include South Africa export production (including volumes sold domestically at export parity pricing) and Colombia production.
7. Nickel business unit only. 2023 volumes dependent on bulk ore sorting technology and briquetting.

### Capital expenditure[1]

| | 2021F | 2022F | 2023F |
|---|---|---|---|
| Growth | $2.0-2.5bn<br>Includes ~$0.5bn Woodsmith capex | $1.5-2.0bn | $1.5-2.0bn |
| Sustaining | ~$3.7bn<br>Reflects ~$3.0bn baseline plus ~$0.7bn lifex projects | ~$4.2bn<br>Reflects ~$3.0bn baseline plus ~$0.9bn lifex projects and ~$0.3bn Collahuasi desalination plant | ~$4.1bn<br>Reflects ~$3.0bn baseline plus ~$0.8bn lifex projects and ~$0.3bn Collahuasi desalination plant |
| **Total** | **$5.7-6.2bn** | **$5.7-6.2bn** | **$5.6-6.1bn** |

1. Cash expenditure on property, plant and equipment including related derivatives, net of proceeds from disposal of property, plant and equipment and includes direct funding for capital expenditure from non-controlling interests and reimbursement of capital expenditure. Shown excluding capitalised operating cash flows. Consequently, for Quellaveco, reflects attributable share of capex, see pages 21-22. Guidance includes unapproved projects and is, therefore, subject to progress of growth project studies and Woodsmith is excluded after 2021 pending completion of technical review. Refer to the FY20 results presentation slides 44 to 49 for further detail on the breakdown of the capex guidance at project level.

Further details on Anglo American's high quality growth and life extension projects, including details of the associated volumes benefit, are disclosed on pages 12-15.

Long-term sustaining capex is expected to be ~$3.0 billion per annum, excluding life extension projects.

### Other guidance

- **2021 depreciation:** $3.2-3.4 billion
- **2021 effective tax rate:** 30-32%
- **Long term effective tax rate:** 30-33%
- **Dividend pay-out ratio:** 40%
- **Net debt:EBITDA:** <1.5x at the bottom of the cycle

For further information, please contact:


**Media**

**UK**
James Wyatt-Tilby
james.wyatt-tilby@angloamerican.com

Marcelo Esquivel
marcelo.esquivel@angloamerican.com

Katie Ryall
katie.ryall@angloamerican.com

**South Africa**
Sibusiso Tshabalala
sibusiso.tshabalala@angloamerican.com

Nomonde Ndwalaza
nomonde.ndwalaza@angloamerican.com

**Investors**

**UK**
Paul Galloway
paul.galloway@angloamerican.com

Robert Greenberg
robert.greenberg@angloamerican.com

Emma Waterworth
emma.waterworth@angloamerican.com


Notes to editors:
Anglo American is a leading global mining company and our products are the essential ingredients in almost every aspect of modern life. Our portfolio of world-class competitive operations, development projects and undeveloped resources, provides many of the metals and minerals that enable a cleaner, greener, more sustainable world and that meet the fast growing consumer-driven demands of developed and maturing economies. With our people at the heart of our business, we use innovative practices and the latest technologies to mine, process, move and market our products to our customers – and to discover new resources – safely and sustainably.

As a responsible producer of diamonds (through De Beers), copper, platinum group metals, the steelmaking ingredients of iron ore and metallurgical coal, and nickel – with crop nutrients in development and thermal coal operations planned for divestment – we are committed to being carbon neutral across our operations by 2040. We work together with our business partners and diverse stakeholders to unlock sustainable value from precious natural resources for the benefit of the communities and countries in which we operate, for society as a whole, and for our shareholders. Anglo American is re-imagining mining to improve people's lives.

www.angloamerican.com

Webcast of presentation:
A live webcast of the results presentation, starting at 9.00am UK time on 25 February 2021, can be accessed through the Anglo American website at www.angloamerican.com

Note: Throughout this results announcement, '$' denotes United States dollars and 'cents' refers to United States cents. Tonnes are metric tons, 'Mt' denotes million tonnes and 'kt' denotes thousand tonnes, unless otherwise stated.

**Group terminology**
In this document, references to “Anglo American”, the “Anglo American Group”, the “Group”, “we”, “us”, and “our” are to refer to either Anglo American plc and its subsidiaries and/or those who work for them generally, or where it is not necessary to refer to a particular entity, entities or persons. The use of those generic terms herein is for convenience only, and is in no way indicative of how the Anglo American Group or any entity within it is structured, managed or controlled. Anglo American subsidiaries, and their management, are responsible for their own day-to-day operations, including but not limited to securing and maintaining all relevant licences and permits, operational adaptation and implementation of Group policies, management, training and any applicable local grievance mechanisms. Anglo American produces Group-wide policies and procedures to ensure best uniform practices and standardisation across the Anglo American Group but is not responsible for the day to day implementation of such policies. Such policies and procedures constitute prescribed minimum standards only. Group operating subsidiaries are responsible for adapting those policies and procedures to reflect local conditions where appropriate, and for implementation, oversight and monitoring within their specific businesses

**Forward-looking statements and third-party information:**
This document includes forward-looking statements. All statements other than statements of historical facts included in this document, including, without limitation, those regarding Anglo American’s financial position, business, acquisition and divestment strategy, dividend policy, plans and objectives of management for future operations (including development plans and objectives relating to Anglo American’s products, production forecasts and Ore Reserves and Mineral Resource estimates) and environmental, social and corporate governance goals and aspirations, are forward-looking statements. By their nature, such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Anglo American, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Such forward-looking statements are based on numerous assumptions regarding Anglo American’s present and future business strategies and the environment in which Anglo American will operate in the future. Important factors that could cause Anglo American’s actual results, performance or achievements to differ materially from those in the forward-looking statements include, among others, levels of actual production during any period, levels of global demand and commodity market prices, mineral resource exploration and development capabilities, recovery rates and other operational capabilities, safety, health or environmental incidents, the effects of global pandemics and outbreaks of infectious diseases, the outcome of litigation or regulatory proceedings, the availability of mining and processing equipment, the ability to produce and transport products profitably, the availability of transportation infrastructure, the impact of foreign currency exchange rates on market prices and operating costs, the availability of sufficient credit, the effects of inflation, political uncertainty and economic conditions in relevant areas of the world, the actions of competitors, activities by courts, regulators and governmental authorities such as in relation to permitting or forcing closure of mines and ceasing of operations or maintenance of Anglo American’s assets and changes in taxation or safety, health, environmental or other types of regulation in the countries where Anglo American operates, conflicts over land and resource ownership rights and such other risk factors identified in the section of this document titled ‘Managing Risk Effectively’. Forward-looking statements should, therefore, be construed in light of such risk factors and undue reliance should not be placed on forward-looking statements.

These forward-looking statements speak only as of the date of this document. Anglo American expressly disclaims any obligation or undertaking (except as required by applicable law, the City Code on Takeovers and Mergers, the UK Listing Rules, the Disclosure and Transparency Rules of the Financial Conduct Authority, the Listings Requirements of the securities exchange of the JSE Limited in South Africa, the SIX Swiss Exchange, the Botswana Stock Exchange and the Namibian Stock Exchange and any other applicable regulations) to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in Anglo American’s expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based. Nothing in this document should be interpreted to mean that future earnings per share of Anglo American will necessarily match or exceed its historical published earnings per share.

Certain statistical and other information about Anglo American included in this document is sourced from publicly available third-party sources. As such, it has not been independently verified and presents the views of those third parties, though these may not necessarily correspond to the views held by Anglo American and Anglo American expressly disclaims any responsibility for, or liability in respect of, such information.

Anglo American plc
20 Carlton House Terrace London SW1Y 5AN United Kingdom
Registered office as above. Incorporated in England and Wales under the Companies Act 1985.
Registered Number: 3564138 Legal Entity Identifier: 549300S9XF92D1X8ME43

The Company has a primary listing on the Main Market of the London Stock Exchange and secondary listings on the Johannesburg Stock Exchange, the Botswana Stock Exchange, the Namibia Stock Exchange and the SIX Swiss Exchange.

This page has been intentionally left blank.

# CONDENSED FINANCIAL STATEMENTS

for the year ended 31 December 2020

## CONTENTS

## Consolidated income statement
**for the year ended 31 December 2020**

| US$ million | Note | **2020** Before special items and remeasure-ments | **2020** Special items and remeasure-ments (note 9) | **2020** Total | 2019 Before special items and remeasure-ments | 2019 Special items and remeasure-ments (note 9) | 2019 Total |
|---|---|---|---|---|---|---|---|
| **Revenue** | 3 | **30,902** | **—** | **30,902** | 29,870 | — | 29,870 |
| Operating costs | | **(24,215)** | **(1,056)** | **(25,271)** | (23,543) | (151) | (23,694) |
| **Operating profit** | 3 | **6,687** | **(1,056)** | **5,631** | 6,327 | (151) | 6,176 |
| Non-operating special items | 9 | **—** | **513** | **513** | — | 7 | 7 |
| Net income from associates and joint ventures | 3 12 | **180** | **(77)** | **103** | 389 | — | 389 |
| **Profit before net finance costs and tax** | | **6,867** | **(620)** | **6,247** | 6,716 | (144) | 6,572 |
| Investment income | | **115** | **—** | **115** | 268 | — | 268 |
| Interest expense | | **(556)** | **(31)** | **(587)** | (666) | (3) | (669) |
| Other net financing (losses)/gains | | **(334)** | **23** | **(311)** | (22) | (3) | (25) |
| Net finance costs | 5 | **(775)** | **(8)** | **(783)** | (420) | (6) | (426) |
| **Profit before tax** | | **6,092** | **(628)** | **5,464** | 6,296 | (150) | 6,146 |
| Income tax expense | 6 | **(1,790)** | **(346)** | **(2,136)** | (1,760) | 196 | (1,564) |
| **Profit for the financial year** | | **4,302** | **(974)** | **3,328** | 4,536 | 46 | 4,582 |
| **Attributable to:** | | | | | | | |
| Non-controlling interests | | **1,167** | **72** | **1,239** | 1,068 | (33) | 1,035 |
| **Equity shareholders of the Company** | | **3,135** | **(1,046)** | **2,089** | 3,468 | 79 | 3,547 |
| | | | | | | | |
| **Earnings per share (US$)** | | | | | | | |
| Basic | 4 | **2.53** | **(0.84)** | **1.69** | 2.75 | 0.06 | 2.81 |
| Diluted | 4 | **2.50** | **(0.83)** | **1.67** | 2.70 | 0.06 | 2.76 |

## Consolidated statement of comprehensive income
**for the year ended 31 December 2020**

| US$ million | 2020 | 2019 |
|---|---|---|
| **Profit for the financial year** | **3,328** | 4,582 |
| Items that will not be reclassified to the income statement (net of tax) | | |
| Remeasurement of net retirement benefit obligation | **1** | (128) |
| Net revaluation gain on equity investments | **62** | 18 |
| Share of associates' and joint ventures' other comprehensive income | **—** | 55 |
| Items that have been or may subsequently be reclassified to the income statement (net of tax) | | |
| Net exchange differences: | | |
| Net (loss)/gain (including associates and joint ventures) | **(92)** | 192 |
| Cumulative loss/(gain) transferred to the income statement on disposal of foreign operations | **4** | (7) |
| **Other comprehensive (loss)/income for the financial year (net of tax)** | **(25)** | 130 |
| **Total comprehensive income for the financial year (net of tax)** | **3,303** | 4,712 |
| **Attributable to:** | | |
| Non-controlling interests | **1,204** | 1,122 |
| **Equity shareholders of the Company** | **2,099** | 3,590 |

## Consolidated balance sheet
**as at 31 December 2020**

| US$ million | Note | 2020 | 2019[1] |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Intangible assets | | **3,103** | 3,086 |
| Property, plant and equipment | | **36,419** | 34,201 |
| Environmental rehabilitation trusts | | **301** | 301 |
| Investments in associates and joint ventures | | **1,258** | 1,333 |
| Financial asset investments | | **371** | 434 |
| Inventories[1] | | **599** | 643 |
| Trade and other receivables | | **987** | 676 |
| Deferred tax assets | | **639** | 1,057 |
| Derivative financial assets | | **637** | 347 |
| Pension asset surplus and other non-current assets | | **725** | 642 |
| **Total non-current assets** | | **45,039** | 42,720 |
| **Current assets** | | | |
| Inventories[1] | | **5,970** | 4,319 |
| Trade and other receivables | | **3,886** | 2,386 |
| Current tax assets | | **13** | 130 |
| Derivative financial assets | | **105** | 86 |
| Cash and cash equivalents | 13 | **7,521** | 6,345 |
| **Total current assets** | | **17,495** | 13,266 |
| Assets classified as held for sale | 17 | **—** | 166 |
| **Total assets** | | **62,534** | 56,152 |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Trade and other payables | | **(6,692)** | (5,373) |
| Short term borrowings | 13 14 | **(1,194)** | (990) |
| Provisions for liabilities and charges | | **(595)** | (516) |
| Current tax liabilities | | **(383)** | (194) |
| Derivative financial liabilities | | **(214)** | (155) |
| **Total current liabilities** | | **(9,078)** | (7,228) |
| **Non-current liabilities** | | | |
| Trade and other payables | | **(321)** | (126) |
| Medium and long term borrowings | 13 14 | **(12,317)** | (9,744) |
| Royalty liability | 18 | **(340)** | — |
| Retirement benefit obligations | | **(643)** | (651) |
| Deferred tax liabilities | | **(3,804)** | (3,922) |
| Derivative financial liabilities | | **(192)** | (522) |
| Provisions for liabilities and charges | | **(3,073)** | (2,557) |
| **Total non-current liabilities** | | **(20,690)** | (17,522) |
| Liabilities directly associated with assets classified as held for sale | 17 | **—** | (17) |
| **Total liabilities** | | **(29,768)** | (24,767) |
| **Net assets** | | **32,766** | 31,385 |
| **EQUITY** | | | |
| Called-up share capital | | **749** | 753 |
| Share premium account | | **4,358** | 4,358 |
| Own shares | | **(6,107)** | (6,195) |
| Other reserves | | **(10,368)** | (10,395) |
| Retained earnings | | **37,192** | 36,274 |
| **Equity attributable to equity shareholders of the Company** | | **25,824** | 24,795 |
| Non-controlling interests | | **6,942** | 6,590 |
| **Total equity** | | **32,766** | 31,385 |

[1] In 2019, inventories expected to be processed in a period greater than 12 months from the balance sheet date were included within current inventories but due to a change in accounting policy have been reclassified. See note 2.

The Condensed financial statements of Anglo American plc, registered number 03564138, were approved by the Board of directors on 24 February 2021 and signed on its behalf by:

**Mark Cutifani**
Chief Executive

**Stephen Pearce**
Finance Director

## Consolidated cash flow statement

**for the year ended 31 December 2020**

| US$ million | Note | 2020 | 2019 |
|---|---|---|---|
| **Cash flows from operating activities** | | | |
| Profit before tax | | **5,464** | 6,146 |
| Net finance costs including financing special items and remeasurements | | **783** | 426 |
| Net income from associates and joint ventures | | **(103)** | (389) |
| Non-operating special items | 9 | **(513)** | (7) |
| **Operating profit** | | **5,631** | 6,176 |
| Operating special items and remeasurements | 9 | **1,056** | 151 |
| Cash element of special items | | **(107)** | (109) |
| Depreciation and amortisation | | **2,597** | 2,812 |
| Share-based payment charges | | **166** | 163 |
| Increase in provisions and net retirement benefit obligations | | **126** | 22 |
| Increase in inventories | | **(1,560)** | (434) |
| Increase in operating receivables | | **(1,035)** | (170) |
| Increase in operating payables | | **1,061** | 554 |
| Other adjustments | | **63** | 95 |
| **Cash flows from operations** | | **7,998** | 9,260 |
| Dividends from associates and joint ventures | 12 | **226** | 520 |
| Income tax paid | | **(1,606)** | (2,116) |
| **Net cash inflows from operating activities** | | **6,618** | 7,664 |
| **Cash flows from investing activities** | | | |
| Expenditure on property, plant and equipment | 11 | **(4,647)** | (4,744) |
| Cash flows used in derivatives related to capital expenditure | 11 | **(11)** | (9) |
| Proceeds from disposal of property, plant and equipment | 11 | **7** | 8 |
| Investments in associates and joint ventures | | **(14)** | (36) |
| Expenditure on intangible assets[(1)] | | **(63)** | (37) |
| Net redemption/(issuance) of financial asset investments held at amortised cost | | **67** | (50) |
| Interest received and other investment income | | **84** | 205 |
| Net cash outflow on acquisitions | 18 | **(520)** | (13) |
| Net cash inflow on disposals | 18 | **384** | 24 |
| Other investing activities | | **(27)** | (64) |
| **Net cash used in investing activities** | | **(4,740)** | (4,716) |
| **Cash flows from financing activities** | | | |
| Interest paid | | **(471)** | (415) |
| Cash flows used in derivatives related to financing activities | 13 | **(20)** | (152) |
| Dividends paid to Company shareholders | 7 | **(904)** | (1,422) |
| Dividends paid to non-controlling interests | | **(668)** | (894) |
| Proceeds from issuance of bonds | | **2,966** | 958 |
| Proceeds from other borrowings | | **2,121** | 708 |
| Capital repayment of lease obligations | | **(195)** | (272) |
| Repayments of bonds and borrowings | | **(3,160)** | (581) |
| Purchase of shares by Group companies | | **(385)** | (1,043) |
| Other financing activities | | **—** | (3) |
| **Net cash used in financing activities** | | **(716)** | (3,116) |
| **Net increase/(decrease) in cash and cash equivalents** | | **1,162** | (168) |
| **Cash and cash equivalents at start of year** | 13 | **6,335** | 6,548 |
| Cash movements in the year | | **1,162** | (168) |
| Effects of changes in foreign exchange rates | | **11** | (45) |
| **Cash and cash equivalents at end of year** | 13 | **7,508** | 6,335 |

(1) Expenditure on intangible assets was previously included in Other investing activities.

## Consolidated statement of changes in equity

**for the year ended 31 December 2020**

| US$ million | Total share capital[1] | Own shares[2] | Retained earnings | Cumulative translation adjustment reserve | Other reserves[3] | Total equity attributable to equity shareholders of the Company | Non-controlling interests | Total equity |
|---|---|---|---|---|---|---|---|---|
| At 1 January 2019 | 5,130 | (6,315) | 35,222 | (11,056) | 537 | 23,518 | 6,222 | 29,740 |
| Total comprehensive income | — | — | 3,431 | 91 | 68 | 3,590 | 1,122 | 4,712 |
| Dividends | — | — | (1,422) | — | — | (1,422) | (759) | (2,181) |
| Equity settled share-based payment schemes | — | 120 | (237) | — | (2) | (119) | 3 | (116) |
| Shares cancelled during the year | (19) | — | — | — | 19 | — | — | — |
| Share buyback | — | — | (777) | — | — | (777) | — | (777) |
| Other | — | — | 57 | — | (52) | 5 | 2 | 7 |
| At 31 December 2019 | **5,111** | **(6,195)** | **36,274** | **(10,965)** | **570** | **24,795** | **6,590** | **31,385** |
| Total comprehensive income/(loss) | **—** | **—** | **2,089** | **(39)** | **49** | **2,099** | **1,204** | **3,303** |
| Dividends | **—** | **—** | **(904)** | **—** | **—** | **(904)** | **(810)** | **(1,714)** |
| Equity settled share-based payment schemes | **—** | **89** | **(95)** | **—** | **21** | **15** | **1** | **16** |
| Shares cancelled during the year | **(4)** | **—** | **—** | **—** | **4** | **—** | **—** | **—** |
| Share buyback | **—** | **—** | **(223)** | **—** | **—** | **(223)** | **—** | **(223)** |
| Change in ownership | **—** | **—** | **44** | **—** | **—** | **44** | **(58)** | **(14)** |
| Other | **—** | **(1)** | **7** | **—** | **(8)** | **(2)** | **15** | **13** |
| **At 31 December 2020** | **5,107** | **(6,107)** | **37,192** | **(11,004)** | **636** | **25,824** | **6,942** | **32,766** |

(1) Includes share capital and share premium.
(2) Own shares comprise shares of Anglo American plc held by the Company (treasury shares), its subsidiaries and employee benefit trusts.
(3) Includes the share-based payment reserve, financial asset revaluation reserve, capital redemption reserve, legal reserve and other reserves.

## Notes to the Condensed financial statements

## 1. BASIS OF PREPARATION

### Basis of Preparation

The Condensed financial statements for the year ended 31 December 2020 do not constitute statutory accounts as defined in section 435 (1) and (2) of the Companies Act 2006. Statutory accounts for the year ended 31 December 2019 have been delivered to the Registrar of Companies and those for 2020 will be delivered following the Company's Annual General Meeting convened for 13 May 2021. The auditors have reported on these accounts; their reports were unqualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis of matter and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

Whilst the preliminary announcement (the Condensed financial statements) has been prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006, International Financial Reporting Standards (IFRS) adopted pursuant to Regulation (EC) No 1606/2002 as it applies in the European Union and IFRS Interpretations Committee (IFRS IC) interpretations adopted for use by the European Union, with those parts of the Companies Act 2006 applicable to companies reporting under IFRS and with the requirements of the Financial Conduct Authority's Listing Rules, these Condensed financial statements do not contain sufficient information to comply with IFRS. The Group will publish full financial statements that comply with IFRS in March 2021.

### Going concern

The financial position of the Group, its cash flows, liquidity position and borrowing facilities are set out in the Financial review of Group results for the year ended 31 December 2020 on pages 4 to 11. The Group's net debt (including related hedges) at 31 December 2020 was $5.6 billion (2019: $4.6 billion) representing a gearing level of 15% (2019: 13%). The Group's liquidity position (defined as cash and undrawn committed facilities) of $17.5 billion at 31 December 2020 remains strong. Further analysis of net debt is set out in note 13 and details of borrowings and facilities are set out in note 14.

The directors have considered the Group's cash flow forecasts for the period to the end of March 2022 under base and downside scenarios, with consideration given to the uncertainty of the impact of the Covid-19 pandemic on both the wider macroeconomic environment, including demand for the Group's products and realised prices, and the Group's operations, including production levels. In all of the scenarios modelled, the Group maintains sufficient liquidity throughout the period of assessment without the use of mitigating actions.

The Board is satisfied that the Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group will be able to operate within the level of its current facilities for the period assessed. For this reason the Group continues to adopt the going concern basis in preparing its financial statements.

### Alternative Performance Measures

When assessing and discussing the Group's reported financial performance, financial position and cash flows, management makes reference to Alternative Performance Measures (APMs) of historical or future financial performance, financial position or cash flows that are not defined or specified under IFRS. APMs should be considered in addition to, and not as a substitute for or as superior to, measures of financial performance, financial position or cash flows reported in accordance with IFRS. Further information on APMs is provided on page 78 of these Condensed financial statements.

## 2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies applied are materially consistent with those adopted and disclosed in the Group financial statements for the year ended 31 December 2019 with the exception of the change in the Group's inventory policy referred to below. A number of new accounting pronouncements, principally minor amendments to existing standards, also became effective on 1 January 2020 and have been adopted by the Group. The adoption of these new accounting pronouncements has not had a significant impact on the accounting policies, methods of computation or presentation applied by the Group.

The Group has not early adopted any other amendment, standard or interpretation that has been issued but is not yet effective. It is expected that where applicable, these standards and amendments will be adopted on each respective effective date.

**Inventory accounting policy**

The Group has amended its inventory accounting policy to present inventories not expected to be processed in the next 12 months within non-current assets. As a result, ore stockpiles that are included within work in progress totalling $643 million at 31 December 2019 have been reclassified to non-current assets.

## FINANCIAL PERFORMANCE

**Profit attributable to equity shareholders for the year ended 31 December 2020 is $2,089 million (2019: $3,547 million). Underlying earnings for the year ended 31 December 2020 is $3,135 million (2019: $3,468 million). Underlying earnings decreased by 10%.**

The following disclosures provide further information about the drivers of the Group's financial performance in the year. This includes analysis of the respective contribution of the Group's reportable segments along with information about its operating cost base, net finance costs and tax. In addition, disclosure on earnings per share and the dividend is provided.

## 3. FINANCIAL PERFORMANCE BY SEGMENT

### Overview

The Group's operating segments are aligned to those business units that are evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Operating segments with similar economic characteristics are aggregated into reportable segments.

On 17 March 2020 the Group acquired a 100% interest in Sirius Minerals Plc, and since that date it has been accounted for as a subsidiary of the Group and reported as the Crop Nutrients segment. As a result of the acquisition the Group has gained control of the Woodsmith project, located in North Yorkshire, UK. For details of this acquisition, see note 18.

Shipping revenue related to shipments of the Group's products is shown within the relevant operating segment. Revenue from other shipping arrangements is presented within the 'Corporate and other' segment, which also includes unallocated corporate costs and exploration costs.

The disclosures in this note include certain Alternative Performance Measures (APMs). For more information on the APMs used by the Group, including definitions, please refer to page 78.

### Segment results

| | | | | | | | 2020 |
|---|---|---|---|---|---|---|---|
| US$ million | Group revenue | Underlying EBITDA | Depreciation and amortisation | Underlying EBIT | Net finance costs and income tax expense | Non-controlling interests | Underlying earnings |
| De Beers | **3,378** | **417** | **(417)** | **—** | **(127)** | **25** | **(102)** |
| Copper | **7,176** | **1,864** | **(637)** | **1,227** | **(548)** | **(72)** | **607** |
| Platinum Group Metals | **8,465** | **2,555** | **(285)** | **2,270** | **(914)** | **(288)** | **1,068** |
| Iron Ore | **7,954** | **4,565** | **(474)** | **4,091** | **(774)** | **(843)** | **2,474** |
| Coal | **3,798** | **35** | **(667)** | **(632)** | **74** | **4** | **(554)** |
| Nickel and Manganese | **1,269** | **510** | **(186)** | **324** | **(122)** | **(3)** | **199** |
| Crop Nutrients[1] | **107** | **1** | **—** | **1** | **(12)** | **—** | **(11)** |
| Corporate and other | **191** | **(145)** | **(86)** | **(231)** | **(322)** | **7** | **(546)** |
| | **32,338** | **9,802** | **(2,752)** | **7,050** | **(2,745)** [2] | **(1,170)** | **3,135** |
| Less: associates and joint ventures | **(1,436)** | **(518)** | **155** | **(363)** | **180** | **3** | **(180)** |
| **Subsidiaries and joint operations** | **30,902** | **9,284** | **(2,597)** | **6,687** | **(2,565)** | **(1,167)** | **2,955** |
| **Reconciliation:** | | | | | | | |
| Net income from associates and joint ventures | | | | **103** | | | **103** |
| Special items and remeasurements | | | | **(543)** | | | **(969)** |
| **Profit before net finance costs and tax** | | | | **6,247** | | | |
| **Profit attributable to equity shareholders of the Company** | | | | | | | **2,089** |

See next page for footnotes.

| US$ million | Group revenue | Underlying EBITDA | Depreciation and amortisation | Underlying EBIT | Net finance costs and income tax expense | Non-controlling interests | Underlying earnings |
|---|---|---|---|---|---|---|---|
| | | | | | | | 2019 |
| De Beers | 4,605 | 558 | (390) | 168 | (119) | (4) | 45 |
| Copper | 5,840 | 1,618 | (658) | 960 | (334) | (117) | 509 |
| Platinum Group Metals | 6,866 | 2,000 | (328) | 1,672 | (541) | (259) | 872 |
| Iron Ore | 6,758 | 3,407 | (455) | 2,952 | (622) | (695) | 1,635 |
| Coal | 6,137 | 1,832 | (822) | 1,010 | (347) | (1) | 662 |
| Nickel and Manganese | 1,498 | 634 | (157) | 477 | (171) | (5) | 301 |
| Corporate and other | 121 | (43) | (186) | (229) | (335) | 8 | (556) |
| | 31,825 | 10,006 | (2,996) | 7,010 | (2,469) [2] | (1,073) | 3,468 |
| Less: associates and joint ventures | (1,955) | (867) | 184 | (683) | 289 | 5 | (389) |
| **Subsidiaries and joint operations** | 29,870 | 9,139 | (2,812) | 6,327 | (2,180) | (1,068) | 3,079 |
| **Reconciliation:** | | | | | | | |
| Net income from associates and joint ventures | | | | 389 | | | 389 |
| Special items and remeasurements | | | | (144) | | | 79 |
| **Profit before net finance costs and tax** | | | | 6,572 | | | |
| **Profit attributable to equity shareholders of the Company** | | | | | | | 3,547 |

[1] Group revenue in respect of Crop Nutrients relates to revenue from its 30% interest in the associate, The Cibra Group, a fertiliser distributor based in Brazil.
[2] Comprises net finance costs of $797 million (2019: $451 million) and income tax expense of $1,948 million (2019: $2,018 million).

The segment results are stated after elimination of inter-segment interest and dividends and include an allocation of corporate costs.

### Further information

#### *Group revenue by product*

Segments predominantly derive revenue as follows – De Beers: rough and polished diamonds; Copper: copper; Platinum Group Metals: platinum group metals and nickel; Iron Ore: iron ore; Coal: metallurgical coal and thermal coal; Nickel and Manganese: nickel, manganese ore and alloys. Other revenue includes shipping revenue which predominantly relates to the Iron Ore, Platinum Group Metals and Copper segments. The revenue analysis below includes the Group's share of revenue in equity accounted associates and joint ventures. See note12.

| | | | **2020** | | | 2019 |
|---|---|---|---|---|---|---|
| US$ million | **Revenue from contracts with customers** | **Revenue from other sources** | **Group Revenue** | Revenue from contracts with customers | Revenue from other sources | Group Revenue |
| Diamonds | **3,371** | **7** | **3,378** | 4,597 | 8 | 4,605 |
| Copper | **6,510** | **255** | **6,765** | 5,558 | 11 | 5,569 |
| Platinum | **1,439** | **—** | **1,439** | 1,944 | — | 1,944 |
| Palladium | **3,512** | **—** | **3,512** | 2,707 | — | 2,707 |
| Rhodium | **2,683** | **—** | **2,683** | 1,215 | — | 1,215 |
| Iron ore | **6,845** | **338** | **7,183** | 5,646 | 263 | 5,909 |
| Metallurgical coal | **1,496** | **281** | **1,777** | 3,202 | 423 | 3,625 |
| Thermal coal | **1,765** | **246** | **2,011** | 2,033 | 470 | 2,503 |
| Nickel | **813** | **—** | **813** | 921 | 6 | 927 |
| Manganese ore and alloys | **—** | **697** | **697** | — | 926 | 926 |
| Other | **1,872** | **208** | **2,080** | 1,812 | 83 | 1,895 |
| | **30,306** | **2,032** | **32,338** | 29,635 | 2,190 | 31,825 |

Revenue from contracts with customers includes amounts earned from the sale of volumes purchased from third parties (non-equity traded sales) that were not mined by the Group.

Revenue from other sources includes net gains of $596 million on derivative financial instruments, which principally relate to sales contracts and provisionally priced receivables, which are reported within total revenue from subsidiaries and joint operations (2019: net gains of $235 million) and $1,436 million of revenue from associates and joint ventures (2019: $1,955 million).

Excluding non-equity traded sales volumes, revenue from the mining of thermal coal (including thermal coal volumes from South Africa, Colombia and the Metallurgical Coal business) for the year ended 31 December 2020 was $1,384 million, or 4% of Group Revenue (2019: $1,783 million, 6%). Thermal coal underlying EBITDA for the year ended 31 December 2020, excluding non-equity traded sales, was a loss of $87 million (2019: profit of $95 million).

***Group revenue by destination***

The Group’s geographical analysis of segment revenue is allocated based on the customer’s port of destination. Where the port of destination is not known, revenue is allocated based on the customer’s country of domicile.

| | **2020** | | 2019 | |
|---|---|---|---|---|
| | **US$ million** | **%** | US$ million | % |
| China | **12,596** | **39 %** | 9,470 | 30 % |
| India | **2,012** | **6 %** | 2,898 | 9 % |
| Japan | **4,076** | **13 %** | 3,114 | 10 % |
| Other Asia | **4,808** | **15 %** | 6,055 | 19 % |
| South Africa | **627** | **2 %** | 807 | 3 % |
| Other Africa | **899** | **3 %** | 1,220 | 4 % |
| Brazil | **462** | **1 %** | 437 | 1 % |
| Chile | **507** | **2 %** | 574 | 2 % |
| Other South America | **21** | **—** | 71 | — |
| North America | **850** | **3 %** | 786 | 2 % |
| Australia | **8** | **—** | 229 | 1 % |
| United Kingdom[1] | **2,064** | **6 %** | 2,379 | 7 % |
| Other Europe | **3,408** | **10 %** | 3,785 | 12 % |
| | **32,338** | **100 %** | 31,825 | 100 % |

[1] United Kingdom is Anglo American plc's country of domicile.

## 4. EARNINGS PER SHARE

### Overview

The disclosures in this note include certain Alternative Performance Measures (APMs). For more information on the APMs used by the Group, including definitions, please refer to page 78.

| US$ | 2020 | 2019 |
|---|---|---|
| **Earnings per share** | | |
| Basic | **1.69** | 2.81 |
| Diluted | **1.67** | 2.76 |
| **Underlying earnings per share** | | |
| Basic | **2.53** | 2.75 |
| Diluted | **2.50** | 2.70 |
| **Headline earnings per share** | | |
| Basic | **2.47** | 2.74 |
| Diluted | **2.44** | 2.69 |

### Further information

The calculation of basic and diluted earnings per share is based on the following data:

| | Profit attributable to equity shareholders of the Company | | Underlying earnings | | Headline earnings | |
|---|---|---|---|---|---|---|
| | **2020** | 2019 | **2020** | 2019 | **2020** | 2019 |
| **Earnings (US$ million)** | | | | | | |
| Basic and diluted earnings | **2,089** | 3,547 | **3,135** | 3,468 | **3,056** | 3,459 |
| **Weighted average number of shares (million)** | | | | | | |
| Basic number of ordinary shares outstanding | **1,239** | 1,263 | **1,239** | 1,263 | **1,239** | 1,263 |
| Effect of dilutive potential ordinary shares | **14** | 21 | **14** | 21 | **14** | 21 |
| Diluted number of ordinary shares outstanding | **1,253** | 1,284 | **1,253** | 1,284 | **1,253** | 1,284 |

The weighted average number of ordinary shares in issue is the weighted number of shares in issue throughout the year, and excludes shares held by employee benefit trusts and Anglo American plc shares held by Group companies. The weighted average number of shares has decreased since 2019, principally due to the share buyback announced in 2019, which concluded in March 2020. The diluted number of ordinary shares outstanding, including share options and awards, is calculated on the assumption of conversion of all potentially dilutive ordinary shares. In the year ended 31 December 2020 there were 198,161 (2019: 57,399) share options that were potentially dilutive but not included in the calculation of diluted earnings because they were anti-dilutive.

Headline earnings, a Johannesburg Stock Exchange defined performance measure, is reconciled from profit attributable to equity shareholders of the Company as follows:

| US$ million | 2020 | 2019 |
|---|---|---|
| **Profit attributable to equity shareholders of the Company** | **2,089** | 3,547 |
| Special items and remeasurements | **1,046** | (79) |
| **Underlying earnings for the financial year** | **3,135** | 3,468 |
| Operating special items – restructuring | **(40)** | — |
| Other operating special items | **—** | (63) |
| Operating remeasurements | **(71)** | (100) |
| Non-operating special items – charges relating to BEE transactions | **—** | (11) |
| Non-operating special items – remeasurement of deferred consideration | **348** | 41 |
| Financing special items and remeasurements | **(8)** | (9) |
| Tax special items and remeasurements | **(344)** | 109 |
| Other reconciling items | **36** | 24 |
| **Headline earnings for the financial year** | **3,056** | 3,459 |

The reconciling items above are shown net of tax and non-controlling interests.

Other reconciling items principally relate to adjustments to former operations and disposals of property, plant and equipment and investments (2019: relate to adjustments to former operations and disposals of property, plant and equipment and investments).

## 5. NET FINANCE COSTS

| US$ million | 2020 | 2019 |
|---|---|---|
| **Investment income** | | |
| Interest income from cash and cash equivalents | **56** | 188 |
| Interest income from associates and joint ventures | **10** | 21 |
| Other interest income | **34** | 35 |
| Net interest income on defined benefit arrangements | **15** | 26 |
| | **115** | 270 |
| Less: Interest income capitalised | **—** | (2) |
| **Investment income** | **115** | 268 |
| **Interest expense** | | |
| Interest and other finance expense | **(593)** | (603) |
| Net interest cost on defined benefit arrangements | **(40)** | (45) |
| Unwinding of discount relating to provisions and other liabilities | **(93)** | (92) |
| | **(726)** | (740) |
| Less: Interest expense capitalised | **170** | 74 |
| **Interest expense before special items and remeasurements** | **(556)** | (666) |
| Financing special items | **(31)** | (3) |
| **Interest expense** | **(587)** | (669) |
| **Other net financing (losses)/gains** | | |
| Net foreign exchange (losses)/gains | **(75)** | 30 |
| Other net fair value losses | **(259)** | (52) |
| **Other net financing losses before special items and remeasurements** | **(334)** | (22) |
| Financing remeasurements | **23** | (3) |
| **Other net financing losses** | **(311)** | (25) |
| **Net finance costs** | **(783)** | (426) |

### Further information

The interest expense incurred on lease liabilities recognised within Interest and other finance expense for the year ended 31 December 2020 is $32 million (2019: $32 million).

Interest income recognised at amortised cost is $58 million (2019: $106 million) and interest expense recognised at amortised cost is $383 million (2019: $452 million).

Included in other net fair value losses is $257 million (2019: $52 million) in respect of fair value losses on the revaluation of deferred consideration balances relating to the Mototolo acquisition.

## 6. INCOME TAX EXPENSE

### Overview

| | 2020 | | |
|---|---|---|---|
| | Profit before tax US$ million | Tax charge US$ million | Effective tax rate |
| **Calculation of effective tax rate (statutory basis)** | **5,464** | **(2,136)** | **39.1 %** |
| Adjusted for: | | | |
| Special items and remeasurements | **628** | **346** | |
| Associates' and joint ventures' tax and non-controlling interests | **161** | **(158)** | |
| **Calculation of underlying effective tax rate** | **6,253** | **(1,948)** | **31.2 %** |

The underlying effective tax rate was 31.2% for the year ended 31 December 2020. This is higher than underlying effective tax rate of 30.8% for the year ended 31 December 2019. The underlying effective tax rate in 2020 was mainly impacted by the relative level of profits arising in the Group's operating jurisdictions.

The disclosures in this note include certain Alternative Performance Measures (APMs). For more information on the APMs used by the Group, including definitions, please refer to page 78.

### a) Analysis of charge for the year

| US$ million | 2020 | 2019 |
|---|---|---|
| United Kingdom corporation tax | **61** | 67 |
| South Africa tax | **1,249** | 879 |
| Other overseas tax | **572** | 712 |
| Prior year adjustments | **(28)** | (90) |
| **Current tax** | **1,854** | 1,568 |
| **Deferred tax** | **(64)** | 192 |
| **Income tax expense before special items and remeasurements** | **1,790** | 1,760 |
| Special items and remeasurements tax | **346** | (196) |
| **Income tax expense** | **2,136** | 1,564 |

Current tax includes royalties which meet the definition of income tax and are in addition to royalties recorded in operating costs.

### b) Factors affecting tax charge for the year

The reconciling items between the statutory corporation tax rate and the income tax expense are:

| US$ million | 2020 | 2019 |
|---|---|---|
| **Profit before tax** | **5,464** | 6,146 |
| Less: Net income from associates and joint ventures | **(103)** | (389) |
| **Profit before tax (excluding associates and joint ventures)** | **5,361** | 5,757 |
| Tax calculated at United Kingdom corporation tax rate of 19% (2019: 19%) | **1,019** | 1,094 |
| **Tax effects of:** | | |
| **Items non-deductible/taxable for tax purposes** | **35** | 218 |
| **Temporary difference adjustments** | **1** | (169) |
| Functional currency remeasurements (note 9) | **418** | (155) |
| Special items and other remeasurements | **33** | (12) |
| **Special items and remeasurements** | **451** | (167) |
| **Other adjustments** | | |
| Dividend withholding taxes | **187** | 142 |
| Effect of differences between local and United Kingdom tax rates | **458** | 533 |
| Prior year adjustments to current tax | **(28)** | (90) |
| Other adjustments | **13** | 3 |
| **Income tax expense** | **2,136** | 1,564 |

The special items and remeasurements reconciling charge of $451 million (2019: credit of $167 million) relates to the net tax impact of total special items and remeasurements before tax calculated at the United Kingdom corporation tax rate less the associated tax recorded against these items and tax special items and remeasurements.

Included within dividend withholding taxes for the year ended 31 December 2020 is a charge of $45 million (2019: credit of $14 million) due to a reassessment of future dividend distributions.

Associates' and joint ventures' tax included within Net income from associates and joint ventures for the year ended 31 December 2020 is a charge of $156 million (2019:$258 million). Excluding special items and remeasurements, this becomes a charge of $158 million (2019:$258 million).

## 7. DIVIDENDS

| | 2020 | 2019 |
|---|---|---|
| Proposed final ordinary dividend per share (US cents) | **72** | 47 |
| Proposed final ordinary dividend (US$ million) | **899** | 588 |

These financial statements do not reflect the proposed final ordinary dividend as it is still subject to shareholder approval.

Dividends paid during the year are as follows:

| US$ million | 2020 | 2019 |
|---|---|---|
| **Final ordinary dividend for 2019** – 47 US cents per ordinary share (2018: 51 US cents per ordinary share) | **557** | 657 |
| **Interim ordinary dividend for 2020** – 28 US cents per ordinary share (2019: 62 US cents per ordinary share) | **347** | 765 |
| | **904** | 1,422 |

As at the dividend record date, there are forecasted to be 1,248,370,165 (2019: 1,251,638,579) dividend bearing shares in issue.

## SIGNIFICANT ITEMS

During 2020, the significant accounting matters addressed by management included:

- the assessment of impairment and impairment reversal indicators
- the estimation of cash flow projections for impairment testing and assessment of the recoverability of deferred tax assets.

## 8. SIGNIFICANT ACCOUNTING MATTERS

In the course of preparing financial statements, management necessarily makes judgements and estimates that can have a significant impact on the financial statements. The critical judgements and key sources of estimation uncertainty that affect the results for the year ended 31 December 2020 are set out below. In addition to these items, further detail on other significant judgements and estimates determined by management is provided, where applicable, in the relevant note to the financial statements.

**Covid-19**

The Group has considered the impact of Covid-19 on each of its significant accounting judgements and estimates. The Group's principal source of estimation uncertainty continues to be in relation to assumptions used for the assessment of impairment and impairment reversal of assets where indicators of impairment or impairment reversal are identified. No further significant estimates have been identified as a result of Covid-19, although the pandemic has increased the level of uncertainty inherent in all future cash flow forecasts.

The price and foreign exchange rate assumptions used to forecast future cash flows for impairment assessment purposes have been made with reference to both the short term observable impact of Covid-19 and the forecast medium and longer term impact on the world economy and commodity prices.

**Impairment and impairment reversals of assets**

***i) Critical accounting judgements***

The Group assesses at each reporting date whether there are any indicators that its assets and cash generating units (CGUs) may be impaired. Operating and economic assumptions which could affect the valuation of assets using discounted cash flows, including those that could be impacted by the Group's current and emerging principal risks such as climate change, are updated regularly as part of the Group's planning and forecasting processes. Judgement is therefore required to determine whether the updates represent significant changes in the service potential of an asset or CGU, and are therefore indicators of impairment or impairment reversal. The judgement also takes into account the Group's long term economic forecasts, market consensus and sensitivity analysis of the discounted cash flow models used to value the Group's assets.

Assets (other than goodwill) that have been previously impaired must be assessed for indicators of both impairment and impairment reversal. Such assets are generally carried on the balance sheet at a value close to their recoverable amount at the last assessment. Therefore in principle any change to operational plans or assumptions or economic parameters could result in further impairment or impairment reversal if an indicator is identified. Significant operating assets that the Group has previously impaired include Minas-Rio (Iron Ore); Dawson, Khwezela and Goedehoop (Coal); Barro Alto and Samancor (Nickel and Manganese) and El Soldado (Copper). These assets have a combined carrying value of $6.4 billion within property, plant and equipment as at 31 December 2020, of which the most significant individual asset is Minas-Rio, which has a carrying value of $5.2 billion and cumulative impairment eligible for future reversal of $4.1 billion. The Group has also previously impaired its investment in Cerrejón. This asset has a carrying value of $0.4 billion and is accounted for as an investment in associate.

***ii) Cash flow projections for impairment testing***

Expected future cash flows used in discounted cash flow models are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including Ore Reserves and Mineral Resources, together with economic factors such as commodity prices, exchange rates, discount rates and estimates of production costs and future capital expenditure. Where discounted cash flow models based on management's assumptions are used, the resulting fair value measurements are considered to be at level 3 in the fair value hierarchy, as defined in IFRS 13 *Fair Value Measurement*, as they depend to a significant extent on unobservable valuation inputs.

Cash flow projections are based on financial budgets and Life of Mine Plans or, for non-mine assets, an equivalent appropriate long term forecast, incorporating key assumptions as detailed below:

– Ore Reserves and Mineral Resources
  Ore Reserves and, where considered appropriate, Mineral Resources are incorporated in projected cash flows, based on Ore Reserves and Mineral Resources statements and exploration and evaluation work undertaken by appropriately qualified persons. Mineral Resources are included where management has a high degree of confidence in their economic extraction, despite additional evaluation still being required prior to meeting the required confidence to convert to Ore Reserves.

– Commodity and product prices
  Commodity and product prices are based on latest internal forecasts, benchmarked with external sources of information such as the range of available analyst forecasts and for the short term, spot prices. In estimating the forecast cash flows, management also takes into account the expected realised price from existing contractual arrangements.

– Foreign exchange rates
  Foreign exchange rates are based on latest internal forecasts, benchmarked with external sources of information for relevant countries of operation or directly from external forecasts. Long term foreign exchange rates are kept constant on a real basis.

– Discount rates
  Cash flow projections used in fair value less costs of disposal impairment models are discounted based on real post-tax discount rates, assessed annually. Adjustments to the rates are made for any risks that are not reflected in the underlying cash flows, including the risk profile of the individual asset and country risk. A real discount rate of 7.0% has been used in the majority of the Group's fair value less costs of disposal models which are prepared in US dollars (2019: 7.0% used in all valuation models). A real discount rate of 9.5% has been used for South African thermal coal assets (for which the valuation model has been prepared in South African rand) to reflect specific risk factors including country risk, climate change risks and other asset specific risks.

– Operating costs, capital expenditure and other operating factors
  Operating costs and capital expenditure are based on financial budgets covering a five-year period. Cash flow projections beyond five years are based on Life of Mine Plans or non-mine production plans, as applicable, and internal management forecasts. Cost assumptions incorporate management experience and expectations, as well as the nature and location of the operation and the risks associated therewith (for example, the grade of Ore Reserves varying significantly over time and unforeseen operational issues). Underlying input cost assumptions are consistent with related output price assumptions. Other operating factors, such as the timelines of granting licences and permits are based on management's best estimate of the outcome of uncertain future events at the balance sheet date. For further information refer to the unaudited Ore Reserves and Mineral Resources Report 2020. Where an asset has potential for future development through capital investment, to which a market participant would attribute value, and the costs and economic benefits can be estimated reliably, this development is included in the recoverable amount (with appropriate risk adjustments).

– Climate change
  Climate change may have a number of impacts for the Group including the risks and opportunities relating to the demand for the Group's commodities as a result of the transition to a low carbon economy and physical risks caused by climate change. For managed operations, the Group has incorporated carbon pricing, where material, in its projected cash flows. Short term carbon prices are incorporated based on currently enacted legislation, and where applicable longer term carbon prices are based on latest internal views, formed with reference to external forecasts. Separate carbon prices are used for developed and developing economies. Carbon costs are based on a carbon price per tonne/$CO_2$e, multiplied by estimated Scope 1 and 2 emissions. The cost and benefit of achieving the Group's emissions reduction strategy is included when the Group has a high degree of confidence that a project will achieve a reduction, which typically aligns with the related capital project being internally approved. The Group's commodity price and other key assumptions represent management's best estimate and do not reflect a specific climate-related scenario.

***iii) Key sources of estimation uncertainty***

For assets where indicators of impairment or impairment reversal are identified, the Group performs impairment reviews to assess the recoverable amount of its operating assets principally with reference to fair value less costs of disposal, assessed using discounted cash flow models. Mining operations are large, complex assets requiring significant technical and financial resources to operate. Their value may be sensitive to a range of characteristics unique to each asset. Management applies judgement in determining the assumptions that are considered to be reasonable and consistent with those that would be applied by market participants. All assumptions are made from the perspective of a hypothetical informed market participant (as required by IFRS 13 *Fair Value Measurement*). As a result, these assumptions may differ from the Group's own internal forecasts.

***De Beers goodwill***

The valuation of De Beers has been assessed as at 31 December 2020 and the recoverable amount was considered to exceed the carrying value by $1.2 billion. The valuation, based on discounted cash flows, is sensitive to input assumptions particularly in relation to the foreign exchange assumption for producer currencies against the US dollar (affecting the cost of production in US dollar terms) and the future price growth for diamonds.

The foreign exchange assumptions in respect of the producer currency rates against the USD are sourced from an external provider. In the short term to medium term we assume the southern African producer currencies exchange rates are broadly flat compared to FY20 actual rates. Thereafter the rates are assumed to depreciate by the inflation differential between producer economies and the US.

The two primary factors impacting price growth are expected consumer demand growth and changes in global supply.

Expected consumer demand growth (in USD terms) is driven predominantly by:

– local currency GDP growth expectations in the primary markets in which diamonds are sold

– foreign exchange movements against the US dollar in the end consumer markets and the desirability of diamonds.

Desirability includes all aspects of buying behaviour such as competition for share of wallet from other luxury products including experiential holidays, hardline and softline goods, new technology and other products such as labgrown diamonds.

Based on external forecasts the Group is anticipating a protracted 'U' shaped recovery from the Covid-19 pandemic which assumes that consumer demand recovers to the level seen in 2018 by the end of 2022, although the Group has prepared for a more prolonged recovery. Following the steep recovery forecast in 2021 the medium term real GDP growth assumption in US dollar terms is 4.2% which is sourced from an external provider and is weighted by the key markets in which we operate including the US, China, India, Japan, Gulf Region and Eurozone. Over the long term consumer demand is expected to grow at least in line with inflation.

The external foreign exchange forecast is of annual US dollar depreciation of 1.5% against the Chinese renminbi, 0.7% against the Indian rupee, 0.8% against the Japanese yen and 1.6% against the euro for the medium term compared to FY20 actual average rates.

The consumer demand forecast has assumed a growth in the short term market penetration of labgrown diamonds which is then forecast to revert back to a stable share of the market by 2025 as the product becomes distinguished as a separate category. Otherwise, changes in total global supply are driven primarily by the output anticipated from new projects and assumes a continued supply contraction over the long term.

The valuation remains sensitive to consumer demand growth which could result in both upside and downside risk. For example, a reduction in the weighted GDP growth rates, a strengthening of the US dollar against other consumer country currencies or an increase in substitution by labgrown diamonds would suppress consumer demand growth. These factors have a range of possible impacts that may not occur independently of each other.

A range of alternative scenarios have been considered in determining whether there is a reasonably possible change in the forecast for foreign exchange rates in producer countries in conjunction with a reasonably possible change in consumer demand growth, which would result in the recoverable amount equating to the carrying amount.

A 5% strengthening of the producer currencies against our assumed US dollar forecast in conjunction with a 0.3 percentage point underperformance in our mid to long term consumer demand growth expectation would result in the recoverable amount equating to the carrying amount. This reduction in the consumer demand growth might be brought about through either a 15% one off appreciation of the US dollar against consumer countries' currencies or a reduction in long term real GDP growth assumptions by 0.3 percentage points with other valuation assumptions remaining the same.

During the global pandemic we have seen more marginal producers pause production and they are only likely to resume production if there is a stronger recovery in demand than we forecast. Our assessment is that no reasonably possible change in global supply with other assumptions remaining the same, would result in the recoverable amount equating to the carrying amount.

***Barro Alto***

Barro Alto (Nickel and Manganese) was previously impaired by $0.8 billion in 2013. Following a revision to the Group's medium and long term nickel price forecast, the recoverable amount has been reassessed and an impairment of $589 million recorded against the carrying value of property, plant and equipment ($589 million after tax) to bring the carrying value in line with the recoverable amount of $0.8 billion.

The valuation, based on discounted cash flows, is sensitive to changes in input assumptions, particularly in relation to future nickel prices. The forecast realised price is calculated using the forecast LME nickel price as reference, with adjustments to reflect the specific nature of the product. In addition to the base case valuation, alternative scenarios have been considered to assess the impact of changes in key assumptions. The model uses prices that fall within the analyst range throughout the model. The nickel price in the model falls within the lowest quartile of the analyst price range of $5.6/lb to $6.4/lb in the period 2023-2025 (LME nickel, 2020 real basis). The long term price used after this period is consistent with the analyst mean. If the model assumptions were changed by $0.5/lb in each year with all other valuation assumptions remaining the same, this would change the valuation by $0.3 billion.

The model uses a forecast for the average Brazilian real to US dollar nominal exchange rate which falls within the analyst range of 3.2 BRL/$ to 5.8 BRL/$. A 10% appreciation of the Brazilian real compared to the valuation assumptions across the forecasted period would decrease the valuation by $0.3 billion.

***Moranbah-Grosvenor***

Moranbah North and Grosvenor (Coal) are adjacent longwall metallurgical coal operations in Queensland, Australia, sharing infrastructure and processing facilities. The two operations are assessed for impairment as a single CGU. The recoverable amount, based on a discounted cash flow model, supports the carrying value of $2.7 billion.

The valuation is sensitive to changes in input assumptions, particularly in relation to future metallurgical coal prices and foreign exchange rates. The model uses forecast metallurgical coal prices that fall within the analyst range throughout the model. The long term price in the model from 2026 onwards falls within the top quartile of the analyst price range of $150/tonne to $160/tonne (hard coking coal 2020 real basis). The model uses a forecast for the average Australian dollar to US dollar nominal exchange rate which falls within the analyst range of 0.67 AUD/$ to 0.94 AUD/$.

In addition to the base case valuation, alternative scenarios have been considered to assess the impact of changes in key assumptions, principally price and foreign exchange forecasts, including the potential impact of the transition towards a low carbon economy on the metallurgical coal price in the long term in the event that alternative steelmaking technologies prove viable at scale. If the model assumptions were reduced by $10/tonne from 2026 onwards with all other valuation assumptions remaining the same, this would result in an impairment of $0.3 billion. A 10% appreciation of the Australian dollar compared to the valuation assumptions across the forecasted period would result in an impairment of $0.8 billion.

***Cerrejón***

The Group has a 33% interest in Cerrejón, an exporter of Colombian thermal coal, which is accounted for as an investment in an associate. The Group's investment was previously impaired by $0.3 billion in 2019. The valuation, based on discounted cash flows, is sensitive to changes in input assumptions, particularly in relation to future Colombian thermal coal prices. The forecast realised price is calculated using API4 FOB Richards Bay as reference, with adjustments to reflect the quality and location of the product.

Following the approval of a new Life of Mine Plan, the recoverable amount of the investment was reassessed during the year. This valuation, based on a discounted cash flow model, supported the carrying value of $0.4 billion. In addition to the base case valuation, alternative scenarios were considered to assess the impact of changes in key assumptions. The most significant input to the valuation was the short to medium term price for thermal coal used to calculate the forecast realised price. The model used prices linked to thermal coal prices that fell within the analyst range throughout the model. The thermal coal price in the model fell within the top quartile of the analyst range from 2026 onwards, of $80/tonne to $82/tonne API4 FOB Richards Bay reference basis, 2020 real terms. If the model assumptions were changed by $5/tonne in each year with all other valuation assumptions remaining the same, this would change the valuation by $0.2 billion.

***South African thermal coal***

The Group's South African thermal coal mines have been reviewed for impairment and impairment reversal on an individual basis as each mine represents a separate cash generating unit. Impairment triggers were identified for the Goedehoop, Khwezela, Butsanani and Isibonelo cash generating units. Impairments totalling $149 million ($119 million after tax and non-controlling interests) were recorded against these cash generating units to bring the carrying value of the assets into line with the recoverable amount. These impairments have been allocated principally against property, plant and equipment. The valuation of each of these assets is not considered to be a significant accounting matter as no reasonably possible change in assumptions would materially change the carrying value.

**Recognition of deferred tax assets**

In accordance with the requirements of IAS 12 *Income Taxes*, the Group reassesses the recognition and recoverability of deferred tax assets at the end of each reporting period. This assessment is performed for each jurisdiction based upon the application of tax law, the likelihood of taxable profits arising in future periods and the likelihood that tax assets will be utilised. In determining the likelihood of future taxable profits, the Group considers the financial forecasts and the associated risks from operational and financial uncertainties. The assessment of the recoverability of deferred tax assets is therefore subject to the same significant judgements and assumptions as are relevant to the Group's impairment testing; notably commodity prices and foreign exchange rates.

A net deferred tax asset of $380 million (2019: $664 million) is recognised in Brazil in relation to the Minas-Rio iron ore mine. This net deferred tax asset represents the full recognition. Current forecasts expect carried forward losses to be fully utilised over the next 5 to 10 years. The current period increase in deferred tax asset recognition is offset by a greater increase in deferred tax liabilities arising on functional currency movements. The recovery of the deferred tax assets has been assessed based on current profit projections and the utilisation of all temporary differences has been modelled over the remaining life of the mine. Appropriate assessment is given to the weighting of long-term forecasts which by their nature are less reliable than short-term profit projections. Where deferred tax assets are only partially recognised, the judgemental nature of the weighting of profit forecasts could affect the amount of deferred tax recognised. As Minas-Rio is fully recognising all deferred tax attributes in 2020 there is no associated sensitivity to this weighting.

A 10% movement of the year end Brazilian real foreign currency rate compared to the assumption used in the model would move the net recognised deferred tax asset by $0.1 billion.

## 9. SPECIAL ITEMS AND REMEASUREMENTS

### Overview

| US$ million | Before tax 2020 | Tax 2020 | Non-controlling interests 2020 | Net 2020 | Net 2019 |
|---|---|---|---|---|---|
| Impairments and impairment reversals | **(808)** | **11** | **27** | **(770)** | 131 |
| Restructuring costs | **(50)** | **3** | **7** | **(40)** | — |
| Other operating special items | **(142)** | **30** | **—** | **(112)** | (63) |
| Operating remeasurements | **(56)** | **1** | **(16)** | **(71)** | (100) |
| **Operating special items and remeasurements** | **(1,056)** | **45** | **18** | **(993)** | (32) |
| Disposals of businesses and investments | **(22)** | **7** | **—** | **(15)** | (27) |
| Adjustments relating to business combinations | **9** | **—** | **(3)** | **6** | 23 |
| Adjustments relating to former operations | **532** | **(56)** | **(85)** | **391** | 26 |
| Charges relating to BEE transactions | **—** | **—** | **—** | **—** | (11) |
| Other non-operating special items | **(6)** | **—** | **—** | **(6)** | — |
| **Non-operating special items** | **513** | **(49)** | **(88)** | **376** | 11 |
| **Financing special items and remeasurements** | **(8)** | **—** | **—** | **(8)** | (9) |
| **Tax special items and remeasurements** | **—** | **(342)** | **(2)** | **(344)** | 109 |
| **Total** | **(551)** | **(346)** | **(72)** | **(969)** | 79 |
| Associates' and joint ventures' special items and remeasurements | | | | **(77)** | — |
| **Total special items and remeasurements** | | | | **(1,046)** | 79 |

### Special items and remeasurement

Special items are those items of financial performance that, due to their size and nature, the Group believes should be separately disclosed on the face of the income statement. Remeasurements are items that are excluded from underlying earnings in order to reverse timing differences in the recognition of gains and losses in the income statement in relation to transactions that, whilst economically linked, are subject to different accounting measurement or recognition criteria. Refer to note 8 of the Group's 2020 Integrated Annual Report for further details on classification of special items.

Special items and remeasurements, along with related tax and non-controlling interests, are excluded from underlying earnings, which is an Alternative Performance Measure (APM). For more information on the APMs used by the Group, including definitions, please refer to page 78.

### Operating special items

***Impairments and impairment reversals***

Net impairments and impairment reversals of $808 million ($770 million after tax and non-controlling interests) for the year ended 31 December 2020 principally comprise the impairment charges to operations at Barro Alto (Nickel and Manganese) of $589 million ($589 million after tax and non-controlling interests) and South African thermal coal (Coal) of $149 million ($119 million after tax and non-controlling interests).

Further information on significant accounting matters relating to impairments and impairment reversals is provided in note 8.

*2019*

Net impairments and impairment reversals of $131 million after tax and non-controlling interests for the year ended 31 December 2019 principally comprised the impairment reversals of Minas-Rio (Iron Ore) of $1,033 million and impairment charges of South African thermal coal (Coal) of $585 million, Cerrejón (Coal) of $334 million, and Corporate assets (Corporate and other) of $30 million.

***Restructuring costs***

Restructuring costs of $50 million ($40 million after tax and non-controlling interests) for the year ended 31 December 2020 principally consist of restructuring programmes of $30 million ($22 million after tax and non-controlling interests) in De Beers.

*2019*

There were no restructuring costs recorded in the year ended 31 December 2019.

***Other operating special items***

The loss of $142 million ($112 million after tax) principally relates to a $100 million ($70 million after tax) write-off of lost equipment and longwall assets assessed to have no future economic benefit following the incident at Grosvenor (Coal) and $42 million ($42 million after tax) write-off of other redundant assets.

*2019*

The loss of $63 million after tax and non-controlling interests principally related to the cost to the Group of terminating a long term power supply contract in Copper.

**Operating remeasurements**

Operating remeasurements reflect a net loss of $56 million ($71 million after tax and non-controlling interests) which principally relates to a $70 million depreciation and amortisation charge arising due to the fair value uplift on the Group's pre-existing 45% shareholding in De Beers, which was required on acquisition of a controlling stake.

*2019*

Operating remeasurements reflected a net loss of $100 million after tax and non-controlling interests which principally related to a $103 million depreciation and amortisation charge arising due to the fair value uplift on the Group's pre-existing 45% shareholding in De Beers, which was required on acquisition of a controlling stake.

**Non-operating special items**

***Disposals of businesses and investments***

On 18 December 2020, the Group completed the equalisation of ownership across its integrated metallurgical coal operations at Moranbah North and Grosvenor in Australia (Coal) and a loss of $22 million ($15 million after tax) was recognised.

*2019*

On 27 November 2019, the Group announced the equalisation of ownership across its integrated metallurgical coal operations at Moranbah North and Grosvenor in Australia (Coal). On entering into an agreement for the sale of a 12% interest in the Grosvenor mine to the same consortium partners for cash proceeds of $141 million, an impairment charge of $59 million ($41 million after tax) was recorded to bring the carrying amount of the related net assets into line with its fair value less costs to sell based on the fair value of the sales consideration.

***Adjustments relating to business combinations***

The $9 million gain during the year ended 31 December 2020 relates to adjustments in respect of business combinations in prior years.

*2019*

The $23 million gain during the year ended 31 December 2019 related to adjustments in respect of business combinations in prior years.

***Adjustments relating to former operations***

The net gain of $532 million ($391 million after tax and non-controlling interests) principally relates to contingent consideration adjustments in respect of disposals of the Group's interests in Rustenburg and Union (Platinum Group Metals) completed in 2016 and 2018 respectively.

*2019*

The net gain of $26 million after tax and non-controlling interests related to adjustments in respect of disposals completed in prior years.

***Charges relating to BEE transactions***

There were no charges relating to BEE transactions recorded in the year ended 31 December 2020.

*2019*

In 2019 the net loss of $11 million after tax and non-controlling interests related to a modification charge under IFRS 2 *Share-based Payments* following the refinancing of Ponahalo Investments (Pty) Ltd.

**Financing special items and remeasurements**

Financing special items and remeasurements principally comprise a net fair value loss of $31 million in respect of bond buybacks completed in the year, offset by net gains on derivatives hedging net debt and fair value and currency movements on the related borrowings of $23 million (2019: loss of $6 million).

**Tax associated with special items and remeasurements**

Tax associated with special items and remeasurements includes a tax remeasurement charge of $418 million principally arising on Brazilian deferred tax and a tax on special items credit of $72 million (2019: tax remeasurements charge of $406 million and credit of $602 million principally arising on Brazilian deferred tax).

Of the total tax charge of $346 million (2019: credit of $196 million), there is a net current tax credit of $32 million (2019: credit of $56 million) and a net deferred tax charge of $378 million (2019: credit of $140 million).

**Associates' and joint ventures' special items and remeasurements**

Associates' and joint ventures' special items and remeasurements of $77 million in the year ended 31 December 2020 principally relate to a $72 million charge in relation to impairment charges and restructuring costs in Manganese.

*2019*

There were no associates' and joint ventures' special items and remeasurements recorded in the year ended 31 December 2019.

## CAPITAL BASE

**We have a value-focused approach to capital allocation with clear prioritisation: maintain asset integrity; pay dividends to our shareholders while ensuring a strong balance sheet. Discretionary capital is then allocated based on a balanced approach.**

Value-disciplined capital allocation throughout the cycle is critical to protecting and enhancing our shareholders' capital, given the long term and capital intensive nature of our business.

The Group uses attributable return on capital employed (ROCE) to monitor how efficiently assets are generating profit on invested capital for the equity shareholders of the Company. Attributable ROCE is an Alternative Performance Measure (APM). For more information on the APMs used by the Group, including definitions, please refer to page 78.

| | Attributable ROCE % | |
|---|---|---|
| | **2020** | 2019 |
| De Beers | **—** | 2 |
| Copper | **19** | 16 |
| Platinum Group Metals | **48** | 38 |
| Iron Ore | **41** | 31 |
| Coal | **(16)** | 26 |
| Nickel and Manganese | **17** | 20 |
| Crop Nutrients | **n/a** | n/a |
| Corporate and other | **n/a** | n/a |
| | **17** | 19 |

Attributable ROCE decreased to 17% in the year ended 31 December 2020 (2019: 19%). Average attributable capital employed has increased to $30.5 billion (2019: $28.4 billion), primarily due to increased growth capital expenditure, largely at Quellaveco (Copper), working capital build and the acquisition of Sirius Minerals Plc.

## 10. CAPITAL BY SEGMENT

The disclosures in this note include certain Alternative Performance Measures (APMs). For more information on the APMs used by the Group, including definitions, please refer to page 78.

### Capital employed by segment

Capital employed is the principal measure of segment assets and liabilities reported to the Group Management Committee. Capital employed is defined as net assets excluding net debt and financial asset investments.

| | Capital employed | |
|---|---|---|
| US$ million | **2020** | 2019 |
| De Beers | **8,967** | 8,800 |
| Copper | **9,128** | 8,238 |
| Platinum Group Metals | **4,967** | 4,045 |
| Iron Ore | **8,472** | 8,363 |
| Coal | **3,967** | 3,787 |
| Nickel and Manganese | **1,395** | 2,305 |
| Crop Nutrients | **988** | — |
| Corporate and other | **86** | 38 |
| **Capital employed** | **37,970** | 35,576 |
| **Reconciliation to the Consolidated balance sheet:** | | |
| Net debt | **(5,575)** | (4,626) |
| Debit valuation adjustment attributable to derivatives hedging net debt | **—** | 1 |
| Financial asset investments | **371** | 434 |
| **Net assets** | **32,766** | 31,385 |

## Non-current assets by location

| US$ million | Intangible assets, Property, plant and equipment | | Total non-current assets | |
|---|---|---|---|---|
| | **2020** | 2019 | **2020** | 2019[1] |
| South Africa | **10,271** | 10,265 | **10,744** | 10,789 |
| Botswana | **3,829** | 3,996 | **3,829** | 3,996 |
| Other Africa | **1,071** | 1,075 | **1,078** | 1,096 |
| Brazil | **6,018** | 6,699 | **6,516** | 7,076 |
| Chile | **6,402** | 6,323 | **6,552** | 6,514 |
| Peru | **4,712** | 3,428 | **4,997** | 3,687 |
| Other South America | **1** | 1 | **367** | 447 |
| North America | **649** | 634 | **649** | 634 |
| Australia and Asia | **3,807** | 3,364 | **4,171** | 3,783 |
| United Kingdom[2] | **2,656** | 1,424 | **2,799** | 1,560 |
| Other Europe | **106** | 78 | **110** | 79 |
| **Non-current assets by location** | **39,522** | 37,287 | **41,812** | 39,661 |
| Unallocated assets | | | **3,227** | 3,059 |
| **Total non-current assets** | | | **45,039** | 42,720 |

[1] 2019 amounts have been restated to reclassify Environmental rehabilitation trusts of $301 million from South Africa to unallocated assets and to reflect the change in policy in respect of inventories. See note 2.
[2] United Kingdom is Anglo American plc's country of domicile.

Total non-current assets by location primarily comprise Intangible assets, Property, plant and equipment and Investments in associates and joint ventures.

## 11. CAPITAL EXPENDITURE

The disclosures in this note include certain Alternative Performance Measures (APMs). For more information on the APMs used by the Group, including definitions, please refer to page 78.

### Capital expenditure by segment

| US$ million | 2020 | 2019 |
|---|---|---|
| De Beers | **381** | 567 |
| Copper | **1,443** | 1,078 |
| Platinum Group Metals | **571** | 569 |
| Iron Ore | **517** | 594 |
| Coal | **867** | 934 |
| Nickel and Manganese | **33** | 42 |
| Crop Nutrients | **292** | — |
| Corporate and other | **21** | 56 |
| **Capital expenditure** | **4,125** | 3,840 |
| **Reconciliation to the Consolidated cash flow statement:** | | |
| Cash flows from derivatives related to capital expenditure | **(11)** | (9) |
| Proceeds from disposal of property, plant and equipment | **7** | 8 |
| Direct funding for capital expenditure received from non-controlling interests | **526** | 844 |
| Reimbursement of capital expenditure | **—** | 61 |
| **Expenditure on property, plant and equipment** | **4,647** | 4,744 |

Direct funding for capital expenditure received from non-controlling interests represents capital expenditure relating to the Quellaveco project funded by Mitsubishi. Mitsubishi has continued to provide direct funding for its 40% share of capital expenditure via draw-downs against a committed shareholder facility which are recorded as borrowings on the Group's Consolidated balance sheet.

### Capital expenditure by category

| US$ million | 2020 | 2019 |
|---|---|---|
| Growth projects | **1,438** | 847 |
| Life-extension projects | **296** | 358 |
| Stay-in-business | **1,566** | 1,656 |
| Development and stripping | **769** | 976 |
| Proceeds from disposal of property, plant and equipment | **(7)** | (8) |
| Capitalised operating cash flows | **63** | 11 |
| | **4,125** | 3,840 |

Growth projects and life-extension projects capital expenditure includes the cash flows from derivatives related to capital expenditure and is net of direct funding for capital expenditure received from non-controlling interests. Stay-in-business capital expenditure is net of reimbursement of capital expenditure.

## 12. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

### Overview

Investments in associates and joint ventures represent businesses the Group does not control, but instead exercises significant influence or joint control. These include (within the respective business units) the associates Cerrejón and Jellinbah (coal production in Coal segment) and the joint ventures Ferroport (port operations in Iron Ore segment) and Samancor (manganese mining and smelting in Nickel and Manganese segment). The Group's other investments in associates and joint ventures arise primarily in the Platinum Group Metals segment and Crop Nutrients segment.

The disclosures in this note include certain Alternative Performance Measures (APMs). For more information on the APMs used by the Group, including definitions, please refer to page 78.

### Income statement

| US$ million | 2020 | 2019 |
|---|---|---|
| Revenue | **1,436** | 1,955 |
| Operating costs (before special items and remeasurements) | **(1,073)** | (1,272) |
| **Associates' and joint ventures' underlying EBIT** | **363** | 683 |
| Net finance costs | **(22)** | (31) |
| Income tax expense | **(158)** | (258) |
| Non-controlling interests | **(3)** | (5) |
| **Net income from associates and joint ventures (before special items and remeasurements)** | **180** | 389 |
| Special items and remeasurements | **(79)** | — |
| Special items and remeasurements tax | **2** | — |
| **Net income from associates and joint ventures** | **103** | 389 |

### Further information

The Group's share of the results of the associates and joint ventures is as follows:

| | | | | | **2020** |
|---|---|---|---|---|---|
| US$ million | **Revenue** | **Underlying EBITDA** | **Underlying EBIT** | **Share of net income** | **Dividends received** |
| Samancor | **697** | **304** | **245** | **39** | **163** |
| Cerrejón | **209** | **—** | **(83)** | **(75)** | **11** |
| Jellinbah | **303** | **93** | **80** | **56** | **49** |
| Ferroport | **114** | **95** | **94** | **64** | **—** |
| Other | **113** | **26** | **27** | **19** | **3** |
| | **1,436** | **518** | **363** | **103** | **226** |

| | | | | | 2019 |
|---|---|---|---|---|---|
| US$ million | Revenue | Underlying EBITDA | Underlying EBIT | Share of net income | Dividends received |
| Samancor | 926 | 443 | 388 | 200 | 300 |
| Cerrejón | 494 | 130 | 25 | 9 | 66 |
| Jellinbah | 438 | 206 | 193 | 135 | 139 |
| Ferroport | 90 | 73 | 66 | 34 | — |
| Other | 7 | 15 | 11 | 11 | 15 |
| | 1,955 | 867 | 683 | 389 | 520 |

| | Aggregate investment | |
|---|---|---|
| US$ million | **2020** | 2019 |
| Samancor | **230** | 357 |
| Cerrejón | **400** | 487 |
| Jellinbah | **271** | 240 |
| Ferroport | **229** | 152 |
| Other | **128** | 97 |
| | **1,258** | 1,333 |

## NET DEBT AND FINANCIAL RISK MANAGEMENT

**Net debt increased from $4.6 billion to $5.6 billion during the year, driven by an inventory build following repairs to the Anglo Converter Plant at Platinum Group Metals as well as the impact of Covid-19 on demand for diamonds. Gearing has increased from 13% at 31 December 2019 to 15% at 31 December 2020.**

| US$ million | 2020 | 2019 |
|---|---|---|
| Net assets | **32,766** | 31,385 |
| **Net debt including related derivatives (note 13)** | **5,575** | 4,626 |
| Total capital | **38,341** | 36,011 |
| **Gearing** | **15%** | 13% |

Net debt is calculated as total borrowings less cash and cash equivalents (including derivatives that provide an economic hedge of net debt but excluding the impact of the debit valuation adjustment on these derivatives). Total capital is calculated as 'Net assets' (as shown in the Consolidated balance sheet) excluding net debt.

## 13. NET DEBT

### Overview

The disclosures in this note include certain Alternative Performance Measures (APMs). For more information on the APMs used by the Group, including definitions, please refer to page 78.

### *Movement in net debt*

| US$ million | Cash and cash equivalents | Short term borrowings | Medium and long term borrowings | Net debt excluding derivatives | Derivatives hedging net debt | Net debt including derivatives |
|---|---|---|---|---|---|---|
| At 1 January 2019 | 6,548 | (729) | (8,692) | (2,873) | (444) | (3,317) |
| Cash flow[1] | (168) | 998 | (1,396) | (566) | 152 | (414) |
| Interest accrued on borrowings | — | (424) | (29) | (453) | — | (453) |
| Reclassifications | — | (593) | 593 | — | — | — |
| Movement in fair value | — | (3) | (231) | (234) | 53 | (181) |
| Other movements | — | (222) | (62) | (284) | — | (284) |
| Currency movements | (45) | (5) | 73 | 23 | — | 23 |
| At 31 December 2019 | **6,335** | **(978)** | **(9,744)** | **(4,387)** | **(239)** | **(4,626)** |
| Acquired through business combinations | **—** | **(5)** | **(253)** | **(258)** | **—** | **(258)** |
| Cash flow | **1,162** | **1,487** | **(2,748)** | **(99)** | **20** | **(79)** |
| Interest accrued on borrowings | **—** | **(493)** | **(58)** | **(551)** | **—** | **(551)** |
| Reclassifications | **—** | **(1,055)** | **1,055** | **—** | **—** | **—** |
| Movement in fair value | **—** | **3** | **(197)** | **(194)** | **634** | **440** |
| Other movements | **—** | **(66)** | **(41)** | **(107)** | **—** | **(107)** |
| Currency movements | **11** | **(74)** | **(331)** | **(394)** | **—** | **(394)** |
| **At 31 December 2020** | **7,508** | **(1,181)** | **(12,317)** | **(5,990)** | **415** | **(5,575)** |

[1] Cash flow includes $415 million interest paid previously presented on a net basis against $453 million of interest accrued within Other movements.

Other movements include $227 million relating to leases entered into in the year ended 31 December 2020 (2019: $306 million).

## Further information

### *Reconciliation to the Consolidated balance sheet*

| US$ million | Cash and cash equivalents 2020 | Cash and cash equivalents 2019 | Short term borrowings 2020 | Short term borrowings 2019 | Medium and long term borrowings 2020 | Medium and long term borrowings 2019 |
|---|---|---|---|---|---|---|
| Balance sheet | **7,521** | 6,345 | **(1,194)** | (990) | **(12,317)** | (9,744) |
| Balance sheet – disposal groups | **—** | 2 | **—** | — | **—** | — |
| Bank overdrafts | **(13)** | (12) | **13** | 12 | **—** | — |
| **Net cash/(debt) classifications** | **7,508** | 6,335 | **(1,181)** | (978) | **(12,317)** | (9,744) |

### *South Africa net cash*

The Group operates in South Africa where the existence of exchange controls may restrict the use of certain cash balances. The Group therefore monitors the cash and debt associated with these operations separately. These restrictions are not expected to have a material effect on the Group's ability to meet its ongoing obligations. On an owned basis cash and cash equivalents in South Africa is $5,658 million (2019: $5,001 million) and net cash is $4,407 million (2019: $4,282 million).

As part of the Group cash pooling arrangement, cash and cash equivalents that are legally owned by South African companies are managed outside of South Africa. Below is a breakdown of net debt managed in South Africa:

| US$ million | 2020 | 2019 |
|---|---|---|
| Cash and cash equivalents | **367** | 389 |
| Short term borrowings | **(173)** | (42) |
| Medium and long term borrowings | **(1,079)** | (678) |
| **Net debt excluding derivatives** | **(885)** | (331) |
| Derivatives hedging net debt | **1** | 1 |
| **Net debt including derivatives** | **(884)** | (330) |

On 26 February 2020, South Africa's Minister of Finance announced in his Budget Speech that the country would shift from a policy of exchange controls to a risk-based capital flow management system in line with international best practice and in order to facilitate cross-border financial transactions, in support of trade and investment. This change aligns South Africa with the foreign direct investment criteria implemented by other OECD nations and removes the previous restrictions on the Group's ability to permanently remit cash earned from operating activities in South Africa, aligning the Group with other global companies that operate in South Africa.

Subsequently, on 24 February 2021, South Africa's Minister of Finance announced that from 1 March 2021, specific rules for companies with a primary listing offshore will be automatically aligned to current foreign direct investment rules. Separate disclosure of the Group's South African cash and debt balances will therefore no longer be relevant.

During 2021, the South African National Treasury and the Reserve Bank will continue to develop the legislative framework for the new capital flow management system announced in the 2020 Budget. This framework is expected to be substantively completed in 2021.

### Other

The debit valuation adjustments of nil (2019: $1 million) reduce the valuation of derivative liabilities hedging net debt reflecting the impact of the Group's own credit risk. These adjustments are excluded from the Group's definition of net debt.

Cash and cash equivalents includes $357 million (2019: $338 million) which is restricted. This primarily relates to cash which is required to cover initial margin on trading exchanges and cash which is held in joint operations where the timing of dividends is jointly controlled by the joint operators.

## 14. BORROWINGS

### Overview

The Group borrows mostly in the capital markets through bonds issued in the US markets, under the Euro Medium Term Note (EMTN) programme and the South African Domestic Medium Term Note (DMTN) programme. The Group uses interest rate and cross currency swaps to ensure that the majority of the Group's borrowings are floating rate US dollar denominated.

In April 2020, the Group issued $750 million 5.375% Senior Notes due 2025 and $750 million 5.625% Senior Notes due 2030 as part of the Group's routine financing. In September 2020, the Group issued $1,000 million 2.625% Senior Notes due 2030 and $500 million 3.950% Senior Notes due 2050, which were used to fund a liability management exercise to redeem $0.5 billion of bonds maturing in 2021 and $1.0 billion of bonds maturing in 2022 as part of the funding objective to reduce near term debt maturities and increase the average maturity of the Group's bond portfolio.

At 31 December 2020, the following bonds were retained as fixed rate exposures; $750 million 5.375% due April 2025, $750 million 5.635% due April 2030, $500 million 3.95% due September 2050 and $99 million 5% due May 2027. All other bonds at 31 December 2020, and all bonds at 31 December 2019 were swapped to floating rate exposures.

### Further information

| | | | **2020** | | | 2019 |
|---|---|---|---|---|---|---|
| US$ million | **Short term borrowings** | **Medium and long term borrowings** | **Total borrowings** | Short term borrowings | Medium and long term borrowings | Total borrowings |
| **Secured** | | | | | | |
| Bank loans and overdrafts | **25** | **33** | **58** | 26 | 15 | 41 |
| Leases | **179** | **364** | **543** | 209 | 345 | 554 |
| Other loans | **—** | **—** | **—** | 12 | 108 | 120 |
| | **204** | **397** | **601** | 247 | 468 | 715 |
| **Unsecured** | | | | | | |
| Bank loans and overdrafts | **252** | **553** | **805** | 131 | 93 | 224 |
| Bonds | **563** | **10,400** | **10,963** | 475 | 8,748 | 9,223 |
| Mitsubishi facility | **—** | **967** | **967** | — | 435 | 435 |
| Interest payable and other loans | **175** | **—** | **175** | 137 | — | 137 |
| | **990** | **11,920** | **12,910** | 743 | 9,276 | 10,019 |
| **Total borrowings** | **1,194** | **12,317** | **13,511** | 990 | 9,744 | 10,734 |

### *Undrawn committed borrowing facilities*

The Group had the following undrawn committed borrowing facilities at 31 December:

| US$ million | **2020** | 2019 |
|---|---|---|
| **Expiry date** | | |
| Within one year | **2,228** | 228 |
| Greater than one year, less than two years | **615** | 394 |
| Greater than two years, less than three years | **1,453** | 1,121 |
| Greater than three years, less than four years | **916** | 1,538 |
| Greater than four years, less than five years | **4,718** | 5,385 |
| Greater than five years | **47** | — |
| | **9,977** | 8,666 |

On 10 February 2020, the Group extended the maturity of $4.3 billion of its revolving credit facility by one year to March 2025 and $0.2 billion of its revolving credit facility by two years to March 2025. The Group also extended the maturity of a $0.2 billion bilateral facility by one year to March 2025.

In April 2020, the Group signed a new $2.0 billion revolving credit facility with an initial maturity date of April 2021. The Group has, at its sole discretion, two options to extend the facility for a further six months to October 2021 and April 2022.

Undrawn committed borrowing facilities expiring within one year include undrawn South African rand facilities equivalent to $0.1 billion (2019: $0.2 billion) in respect of facilities with a 364 day maturity which roll automatically on a daily basis, unless notice is served.

## UNRECOGNISED ITEMS AND UNCERTAIN EVENTS

## 15. EVENTS OCCURRING AFTER END OF YEAR

On 24 February 2021, South Africa's Minister of Finance announced that from 1 March 2021, specific rules for companies with a primary listing offshore will be automatically aligned to current foreign direct investment rules (see note 13). With the exception of this change and the proposed final dividend for 2020, there have been no other reportable events since 31 December 2020.

## 16. CONTINGENT ASSETS AND LIABILITIES

The Group is subject to various claims which arise in the ordinary course of business. Additionally, the Group has provided indemnities against certain liabilities as part of agreements for the sale or other disposal of business operations. Having taken appropriate legal advice, the Group believes that a material liability arising from the indemnities provided is remote.

The Group is required to provide guarantees in several jurisdictions in respect of environmental restoration and decommissioning obligations. The Group has provided for the estimated cost of these activities.

**Contingent assets**

*Metallurgical Coal*

In 2014, the Metallurgical Coal business was granted an arbitration award of $107 million against MMTC Limited in respect of a contractual dispute. The award has since been challenged in the Indian courts, during which time interest has continued to accrue. On 17 December 2020 the Indian Supreme Court found in favour of the Metallurgical Coal business. Following the hearing of a Review Petition, the Indian Supreme Court has determined that it will consider the question of interest payable on the award. The precise value and timing of receipt of such finding remains uncertain and hence no receivable has been recognised on the Consolidated balance sheet as at 31 December 2020.

**Contingent liabilities**

*Anglo American South Africa Proprietary Limited (AASA)*

In October 2020, an application was filed in the Gauteng Local Division (Johannesburg) of the High Court in South Africa to seek the certification of two classes of claimants in a legal action against Anglo American South Africa Proprietary Limited (AASA), a wholly owned subsidiary of Anglo American plc.

The legal action relates to lead contamination in the vicinity of a former lead mine in Kabwe, Zambia, which is alleged to have resulted from the operation of the mine, specifically between 1925 and 1974. AASA held a shareholding in the company that operated the mine during this period while other entities within the Anglo American Group at the time, and on occasion AASA, provided services to the mine during the period.

The mine was then nationalised and continued to operate for 20 years until its closure in 1994.

The claim fails to take into account the existence of a number of parties that had roles in the ownership and operation of the mine between the inception of the mine and 1994, and in the post-closure management of the mine site during the 27 years which have passed since its closure in 1994. The industrial processing of metals continues at and around the mine site to this day, as does significant informal mining activity.

The central allegation in the case is that lead emissions from operational and waste management activities undertaken at the mine in the period from 1925 to 1974 have made a material contribution to lead-related health impacts experienced by members of the local community, giving rise to alleged actionable claims against AASA.

The application seeks to certify two classes of claimants, the first consisting of children from the Kabwe District and the second of women of child-bearing age from the Kabwe District. The claimants' lawyers allege that members of each class have suffered actionable injury as a result of exposure to lead. The application proposes that the first stage of the claim (where common issues will be decided) should proceed on an 'opt-out' basis (meaning anyone who meets the criteria for one of the classes is automatically included as a claimant unless they opt-out) while the second stage (where claimants will need to prove their individual claims) should proceed on an 'opt-in' basis (where individuals will need to actively 'opt-in' to become a claimant). There are 13 individuals representing the two classes and at the time of the application there were said to be 1,071 individuals who have signed up to bring individual claims as part of the second opt-in stage, in the event that the classes are certified and the claim proceeds beyond the first stage. The application contends that it is likely that a substantial number of additional potential claimants would seek to join the claim at the second stage. The claimants' lawyers have estimated that the two classes of claimants, as they are currently defined, could ultimately comprise approximately 142,000 individuals.

The claimants are seeking compensation for alleged personal injury and the costs of remediation, however no indication of the amount of damages being sought (either on a per claimant or total basis) has been provided in the application.

AASA has noted its intention to oppose the class certification application, and will defend itself against the allegations made. It is currently investigating the detailed allegations and is due to file its response to the application in April 2021. The class certification hearing is likely to take place in the last quarter of 2021, alternatively in the first half of 2022.

This litigation is subject to significant uncertainty, and it is not currently possible to make a reasonable estimate of the outcome, quantum or timing of any potential future determination, and therefore no provision has been recognised.

*De Beers*

Guarantees provided in respect of environmental restoration and decommissioning obligations involve judgements in terms of the outcome of future events. In one of the territories in which De Beers operates, conditions exist,or are proposed, with respect to backfilling pits on closure. A formal appeal has been lodged to remove the existing backfilling condition and no provision has been raised on the basis that it is not probable that this condition will be enforced. Should the appeal not be successful the estimated cost of backfilling is $274 million.

## 17. ASSETS AND LIABILITIES HELD FOR SALE

There were no assets classified as held for sale as at 31 December 2020.

*2019*

At 31 December 2019, assets of $166 million and associated liabilities of $17 million were classified as held for sale in relation to the disposal of 12% of the Group's interest in the Grosvenor mine. The disposal completed on 18 December 2020 (refer to note 18).

## 18. ACQUISITIONS AND DISPOSALS

### Acquisitions

*Sirius Minerals Plc acquisition*

On 17 March 2020 the Group acquired a 100% interest in Sirius Minerals Plc (Crop Nutrients) for cash consideration of $496 million (£405 million).

As a result of the acquisition the Group has acquired control of the Woodsmith project, which once developed will mine the world's largest known source of high grade polyhalite (a premium multi-nutrient fertiliser).

The acquisition has been accounted for as a business combination using the acquisition method of accounting with an effective date of 17 March 2020, being the date the Group gained control of Sirius Minerals Plc.

Details of the purchase consideration, final fair values of identifiable assets and liabilities of Sirius Minerals Plc as at the date of acquisition were:

| US$ million | **17.03.20** |
|---|---|
| **Consideration** | |
| Fair value of consideration transferred | 496 |
| Less: net cash acquired with the subsidiary | (35) |
| **Total consideration** | **461** |
| | |
| **Assets** | |
| Property, plant and equipment (including mineral properties and projects) | 974 |
| Intangible assets | 21 |
| Investments in associates and joint ventures | 20 |
| Trade and other receivables | 56 |
| **Total assets** | **1,071** |
| | |
| **Liabilities** | |
| Provisions for liabilities and charges | (5) |
| Royalty liability | (310) |
| Borrowings | (253) |
| Trade and other payables | (42) |
| **Total liabilities** | **(610)** |
| | |
| Net assets acquired | 461 |
| **Net attributable assets** | **461** |

***Acquisition-related costs***

Acquisition-related costs of $19 million are included in operating costs in the Consolidated income statement.

### *Revenue and profit contribution*

From the acquisition date, the Woodsmith project has contributed no revenue and a $65 million loss to the Group for the period from 17 March 2020 to 31 December 2020. For details of the segment results, see note 3, where the Woodsmith project is reported as the Crop Nutrients segment.

### *Royalty liability*

Under financing arrangements prior to the Group's acquisition of the Woodsmith project, Hancock British Holdings Limited (Hancock) paid $250 million in return for future royalty payments amounting to 5% of gross revenues from the project on the first 13 million tonnes of product sold in each calendar year and a further 1% of gross revenues on sales in excess of 13 million tonnes.

The liability to make these future payments was recognised at its fair value when the Group acquired the Woodsmith project, as required by IFRS 3 *Business Combinations*, and is subsequently measured under amortised cost. An interest expense is recorded in each period which reflects the interest rate used to calculate the fair value of the liability at acquisition.

Future royalty payments will vary based on the actual revenues achieved by the Woodsmith project. This uncertainty over future cash flows represents an embedded derivative. This derivative is measured at fair value and presented within derivative financial assets or derivative financial liabilities as appropriate. The fair value of the embedded derivative is valued as the discounted present value of all differences in expected royalty payments between the expectation prevailing on the acquisition date and the latest period end date. At 31 December 2020 the embedded derivative had nil value as there was no difference between the latest expectation of royalty payments due and the expectation that prevailed at the acquisition date.

*Other acquisitions*

Other cash paid in respect of acquisitions principally relates to the payment of deferred consideration in respect of the acquisition of control of the Mototolo mine (Platinum Group Metals) which took place in 2018.

*2019*

During 2019 the Group made a cash payment of $13 million in relation to the acquisition of control of the Mototolo mine (Platinum Group Metals).

### Disposals

In the year ended 31 December 2020, the Group received net cash of $384 million on disposals which principally relates to the settlement of deferred consideration balances at Platinum Group Metals of $224 million and the sale of 12% of the Group's interest in the Grosvenor mine (Coal) for $154 million as part of the equalisation of ownership across its integrated Australian metallurgical coal operations at Moranbah North and Grosvenor, resulting in a loss of $22 million which was recognised as a non-operating special item. Refer to note 9.

*2019*

In 2019 the Group received net cash of $24 million on disposals which principally relate to Platinum Group Metals.

## Summary by operation

This section includes certain Alternative Performance Measures (APMs). For more information on the APMs used by the Group, including definitions, please refer to page 78.

Marketing activities are allocated to the underlying operation to which they relate.

| | | | | | | | | 2020 |
|---|---|---|---|---|---|---|---|---|
| US$ million (unless otherwise stated) | Sales volume | Realised price | Unit cost | Group revenue[1] | Underlying EBITDA | Underlying EBIT | Underlying earnings | Capital expenditure |
| | ’000 cts | $/ct | $/ct | | | | | |
| **De Beers** | **21,380** [2] | **133** [3] | **57** [4] | **3,378** [5] | **417** | **—** | **(102)** | **381** |
| Mining | | | | | | | | |
| Botswana | **n/a** | **124** [3] | **35** [4] | **n/a** | **225** | **178** | **n/a** | **66** |
| Namibia | **n/a** | **492** [3] | **272** [4] | **n/a** | **113** | **82** | **n/a** | **77** |
| South Africa | **n/a** | **99** [3] | **53** [4] | **n/a** | **165** | **16** | **n/a** | **147** |
| Canada | **n/a** | **58** [3] | **36** [4] | **n/a** | **92** | **40** | **n/a** | **31** |
| Trading | **n/a** | **n/a** | **n/a** | **n/a** | **80** | **74** | **n/a** | **3** |
| Other[6] | **n/a** | **n/a** | **n/a** | **n/a** | **(258)** | **(390)** | **n/a** | **57** |
| | kt | c/lb | c/lb | | | | | |
| **Copper** | **648** [7] | **299** [8] | **113** [9] | **7,176** | **1,864** | **1,227** | **607** | **1,443** |
| Los Bronces[10] | **325** | **n/a** | **149** [9] | **2,013** | **639** | **294** | **n/a** | **272** |
| Collahuasi[11] | **278** | **n/a** | **62** [9] | **1,767** | **1,308** | **1,083** | **735** | **313** |
| Quellaveco[12] | **n/a** | **n/a** | **n/a** | **n/a** | **n/a** | **n/a** | **n/a** | **788** |
| Other[13] | **45** | **n/a** | **n/a** | **3,396** | **(83)** | **(150)** | **n/a** | **70** |
| | koz | $/PGM oz | $/PGM oz | | | | | |
| **Platinum Group Metals** | **2,869** [14] | **2,035** [15] | **713** [16] | **8,465** | **2,555** | **2,270** | **1,068** | **571** |
| Mogalakwena | **839** [14] | **2,065** [15] | **530** [16] | **1,720** | **1,059** | **944** | **n/a** | **273** |
| Amandelbult | **501** [14] | **2,228** [15] | **1,031** [16] | **1,108** | **474** | **429** | **n/a** | **56** |
| Processing and trading[17] | **953** [14] | **n/a** | **n/a** | **4,342** | **460** | **436** | **n/a** | **—** |
| Other[18] | **576** | **2,083** | **757** | **1,295** | **562** | **461** | **n/a** | **242** |
| | Mt | $/t | $/t | | | | | |
| **Iron Ore[19]** | **63.6** | **112** | **27** | **7,954** | **4,565** | **4,091** | **2,474** | **517** |
| Kumba Iron Ore[20] | **39.8** [19] | **115** [19] | **31** [21] | **4,880** | **2,702** [22] | **2,386** [22] | **850** [22] | **354** |
| Iron Ore Brazil (Minas-Rio) | **23.8** [19] | **107** [19] | **21** [21] | **3,074** | **1,863** [22] | **1,705** [22] | **1,624** [22] | **163** |
| | Mt | $/t | $/t | | | | | |
| **Coal** | **n/a** | **n/a** | **n/a** | **3,798** | **35** | **(632)** | **(554)** | **867** |
| Metallurgical Coal | **16.9** [23] | **109** [24] | **86** [25] | **1,909** | **50** [26] | **(468)** [26] | **(362)** [26] | **683** |
| Thermal Coal – South Africa | **16.6** [23] | **57** [24] | **38** [25] | **1,680** | **(15)** [26] | **(81)** [26] | **(112)** [26] | **184** |
| Thermal Coal – Colombia[27] | **4.5** | **46** | **39** | **209** | **—** | **(83)** | **(80)** | **—** |
| **Nickel and Manganese** | **n/a** | **n/a** | **n/a** | **1,269** | **510** | **324** | **199** | **33** |
| Nickel | **43,000 t** | **563 c/lb** | **334 c/lb** [28] | **572** | **206** [29] | **79** [29] | **77** [29] | **33** |
| Manganese (Samancor)[30] | **3.6 Mt** | **n/a** | **n/a** | **697** | **304** | **245** | **122** | **—** |
| **Crop Nutrients** | **n/a** | **n/a** | **n/a** | **107** | **1** | **1** | **(11)** | **292** |
| Woodsmith | **n/a** | **n/a** | **n/a** | **n/a** | **n/a** | **n/a** | **n/a** | **292** |
| Other[31] | **n/a** | **n/a** | **n/a** | **107** | **7** | **7** | **7** | **—** |
| **Corporate and other** | **n/a** | **n/a** | **n/a** | **191** | **(145)** | **(231)** | **(546)** | **21** |
| Exploration | **n/a** | **n/a** | **n/a** | **n/a** | **(101)** | **(102)** | **(89)** | **—** |
| Corporate activities and unallocated costs | **n/a** | **n/a** | **n/a** | **191** | **(44)** | **(129)** | **(457)** | **21** |
| | **n/a** | **n/a** | **n/a** | **32,338** | **9,802** | **7,050** | **3,135** | **4,125** |

See page 76 for footnotes.

2019

| US$ million (unless otherwise stated) | Sales volume | Realised price | Unit cost | Group revenue[1] | Underlying EBITDA | Underlying EBIT | Underlying earnings | Capital expenditure |
|---|---|---|---|---|---|---|---|---|
| | '000 cts | $/ct | $/ct | | | | | |
| **De Beers** | 29,186 [2] | 137 [3] | 63 [4] | 4,605 [5] | 558 | 168 | 45 | 567 |
| Mining | | | | | | | | |
| Botswana | n/a | 139 [3] | 29 [4] | n/a | 385 | 325 | n/a | 88 |
| Namibia | n/a | 534 [3] | 303 [4] | n/a | 121 | 86 | n/a | 55 |
| South Africa | n/a | 108 [3] | 73 [4] | n/a | 57 | 28 | n/a | 275 |
| Canada | n/a | 119 [3] | 44 [4] | n/a | 138 | 66 | n/a | 31 |
| Trading | n/a | n/a | n/a | n/a | 133 | 126 | n/a | 4 |
| Other[6] | n/a | n/a | n/a | n/a | (276) | (463) | n/a | 114 |
| | kt | c/lb | c/lb | | | | | |
| **Copper** | 644 [7] | 273 [8] | 126 [9] | 5,840 | 1,618 | 960 | 509 | 1,078 |
| Los Bronces[10] | 336 | n/a | 135 [9] | 1,872 | 745 | 378 | n/a | 239 |
| Collahuasi[11] | 254 | n/a | 100 [9] | 1,414 | 916 | 691 | 486 | 275 |
| Quellaveco[12] | n/a | n/a | n/a | n/a | n/a | n/a | n/a | 494 |
| Other[13] | 54 | n/a | n/a | 2,554 | (43) | (109) | n/a | 70 |
| | koz | $/PGM oz | $/PGM oz | | | | | |
| **Platinum Group Metals** | 4,634 [14] | 1,347 [15] | 703 [16] | 6,866 | 2,000 | 1,672 | 872 | 569 |
| Mogalakwena | 1,222 [14] | 1,459 [15] | 566 [16] | 1,789 | 995 | 863 | n/a | 264 |
| Amandelbult | 866 [14] | 1,387 [15] | 876 [16] | 1,206 | 355 | 298 | n/a | 84 |
| Processing and trading[17] | 1,631 [14] | n/a | n/a | 2,669 | 321 | 295 | n/a | — |
| Other[18] | 915 | 1,336 | 731 | 1,202 | 329 | 216 | n/a | 221 |
| | Mt | $/t | $/t | | | | | |
| **Iron Ore[19]** | 64.9 | 91 | 29 [21] | 6,758 | 3,407 | 2,952 | 1,635 | 594 |
| Kumba Iron Ore[20] | 42.0 [19] | 97 [19] | 33 [21] | 4,445 | 2,243 [22] | 1,918 [22] | 663 [22] | 389 |
| Iron Ore Brazil (Minas-Rio) | 22.9 [19] | 79 [19] | 21 [21] | 2,313 | 1,164 [22] | 1,034 [22] | 972 [22] | 205 |
| | Mt | $/t | $/t | | | | | |
| **Coal** | n/a | n/a | n/a | 6,137 | 1,832 | 1,010 | 662 | 934 |
| Metallurgical Coal | 22.4 [23] | 165 [24] | 63 [25] | 3,756 | 1,707 [26] | 1,079 [26] | 734 [26] | 670 |
| Thermal Coal – South Africa | 18.1 [23] | 61 [24] | 45 [25] | 1,887 | (5) [26] | (94) [26] | (81) [26] | 264 |
| Thermal Coal – Colombia[27] | 8.8 | 56 | 33 | 494 | 130 | 25 | 9 | — |
| | | | | | | | | |
| **Nickel and Manganese** | n/a | n/a | n/a | 1,498 | 634 | 477 | 301 | 42 |
| Nickel | 41,700 t | 624 c/lb | 380 c/lb [28] | 572 | 191 [29] | 89 [29] | 99 [29] | 42 |
| Manganese (Samancor)[30] | 3.7 Mt | n/a | n/a | 926 | 443 | 388 | 202 | — |
| | | | | | | | | |
| **Corporate and other** | n/a | n/a | n/a | 121 | (43) | (229) | (556) | 56 |
| Exploration | n/a | n/a | n/a | n/a | (126) | (128) | (115) | 1 |
| Corporate activities and unallocated costs | n/a | n/a | n/a | 121 | 83 | (101) | (441) | 55 |
| | n/a | n/a | n/a | 31,825 | 10,006 | 7,010 | 3,468 | 3,840 |

See page 76 for footnotes.

(1) Group revenue is shown after deduction of treatment and refining charges (TC/RCs).
(2) Total sales volumes on a 100% basis were 22.7 million carats (2019: 30.9 million carats). Total sales volumes (100%) include De Beers Group's joint arrangement partners' 50% proportionate share of sales to entities outside De Beers Group from Diamond Trading Company Botswana and Namibia Diamond Trading Company.
(3) Pricing for the mining business units is based on 100% selling value post-aggregation of goods. Realised price includes the price impact of the sale of non-equity product and, as a result, is not directly comparable to the unit cost.
(4) Unit cost is based on consolidated production and operating costs, excluding depreciation and operating special items, divided by carats recovered.
(5) Includes rough diamond sales of $2.8 billion (2019: $4.0 billion).
(6) Other includes Element Six, downstream, acquisition accounting adjustments and corporate.
(7) Excludes 453 kt third-party sales (2019: 349kt).
(8) Price represents realised price.
(9) C1 unit cost includes by-product credits.
(10) Figures on a 100% basis (Group's share: 50.1%).
(11) 44% share of Collahuasi sales and financials.
(12) Figures on a 100% basis (Group's share: 60%), except capex which represents the Group's share after deducting direct funding from non-controlling interests. 2020 capex on a 100% basis was $1,314 million, of which the Group's 60% share is $788 million. 2019 capex on a 100% basis was $1,338 million, of which $515 million was funded by cash from the Mitsubishi syndication transaction in 2018. Of the remaining $823 million, the Group and Mitsubishi funded their respective 60% and 40% shares via shareholder loans.
(13) Other operations includes El Soldado and Chagres (figures on a 100% basis, Group's share: 50.1%), third-party sales and purchases, projects and corporate costs.
(14) Sales volumes exclude the sale of refined metal purchased from third parties and toll material. PGMs include 5E metals and gold.
(15) Average US$ realised basket price. Excludes the impact of the sale of refined metal purchased from third parties.
(16) Total cash operating costs (includes on-mine, smelting and refining costs only) per own mined PGM ounce of production.
(17) Purchase of concentrate from joint operations, associates and third parties for processing into refined metals, tolling and trading activities.
(18) Includes Unki, Mototolo and PGMs' share of joint operations.
(19) Minas-Rio sales volumes are reported as wet metric tonnes. Product is shipped with c.9% moisture. Total iron ore is the sum of Kumba (dry basis) and Minas-Rio (wet basis). Prices for Kumba Iron Ore are the average realised export basket price (FOB Saldanha). Prices for Minas-Rio are the average realised export basket price (FOB Açu) (wet basis). Prices for total iron ore are a blended average.
(20) Sales volumes and realised price differ to Kumba's stand-alone reported results due to sales to other Group companies.
(21) Unit costs for Kumba Iron Ore are on an FOB (dry) basis. Unit costs for Minas-Rio are on an FOB (wet) basis. Unit costs for total iron ore are a blended average.
(22) Kumba Iron Ore segment includes $80 million projects and corporate costs (2019:$66 million). Iron Ore Brazil segment includes $63 million projects and corporate costs (2019: $55 million).
(23) South African sales volumes include export primary production, secondary production sold into export markets and production sold domestically at export parity pricing and exclude domestic sales of 12.4 Mt (2019: 9.8 Mt) and non-equity traded sales of 9.4 Mt (2019: 10.9 Mt). Metallurgical Coal sales volumes exclude thermal coal sales of 2.3 Mt (2019: 1.8 Mt).
(24) Metallurgical Coal realised price is the weighted average hard coking coal and PCI sales price achieved at managed operations. Thermal Coal – South Africa realised price is the weighted average export thermal coal price achieved. Excludes third-party sales from locations other than Richards Bay.
(25) FOB cost per saleable tonne, excluding royalties and study costs. Thermal Coal – South Africa unit cost is for the trade operations.
(26) Metallurgical Coal segment includes $74 million projects and corporate costs (2019: $69 million). Thermal Coal – South Africa segment includes $42 million projects and corporate costs (2019: $59 million).
(27) Represents the Group's attributable share from its 33.3% interest in Cerrejón.
(28) C1 unit cost.
(29) Nickel segment includes $14 million projects and corporate costs (2019: $12 million).
(30) Sales and financials include ore and alloy.
(31) Other comprises a 30% interest in Cibra, a fertiliser distributor based in Brazil.

## Key financial data

This section includes certain Alternative Performance Measures (APMs). For more information on the APMs used by the Group, including definitions, please refer to page 78.

| US$ million (unless otherwise stated) | **2020** | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 | 2012 restated[(1)] | 2011 |
|---|---|---|---|---|---|---|---|---|---|---|
| **Income statement** | | | | | | | | | | |
| Group revenue | **32,338** | 31,825 | 30,196 | 28,650 | 23,142 | 23,003 | 30,988 | 33,063 | 32,785 | 36,548 |
| Underlying EBIT | **7,050** | 7,010 | 6,377 | 6,247 | 3,766 | 2,223 | 4,933 | 6,620 | 6,253 | 11,095 |
| Underlying EBITDA | **9,802** | 10,006 | 9,161 | 8,823 | 6,075 | 4,854 | 7,832 | 9,520 | 8,860 | 13,348 |
| Revenue | **30,902** | 29,870 | 27,610 | 26,243 | 21,378 | 20,455 | 27,073 | 29,342 | 28,680 | 30,580 |
| Net finance costs (before special items and remeasurements) | **(775)** | (420) | (380) | (473) | (209) | (458) | (256) | (276) | (299) | (20) |
| Profit/(loss) before tax | **5,464** | 6,146 | 6,189 | 5,505 | 2,624 | (5,454) | (259) | 1,700 | (171) | 10,782 |
| Profit/(loss) for the financial year | **3,328** | 4,582 | 4,373 | 4,059 | 1,926 | (5,842) | (1,524) | 426 | (564) | 7,922 |
| Non-controlling interests | **(1,239)** | (1,035) | (824) | (893) | (332) | 218 | (989) | (1,387) | (906) | (1,753) |
| Profit/(loss) attributable to equity shareholders of the Company | **2,089** | 3,547 | 3,549 | 3,166 | 1,594 | (5,624) | (2,513) | (961) | (1,470) | 6,169 |
| Underlying earnings | **3,135** | 3,468 | 3,237 | 3,272 | 2,210 | 827 | 2,217 | 2,673 | 2,860 | 6,120 |
| **Balance sheet measures** | | | | | | | | | | |
| Capital employed | **37,970** | 35,576 | 32,269 | 32,813 | 31,904 | 32,842 | 43,782 | 46,551 | 49,757 | 41,667 |
| Net assets | **32,766** | 31,385 | 29,832 | 28,882 | 24,325 | 21,342 | 32,177 | 37,364 | 43,738 | 43,189 |
| Non-controlling interests | **(6,942)** | (6,590) | (6,234) | (5,910) | (5,309) | (4,773) | (5,760) | (5,693) | (6,127) | (4,097) |
| Equity attributable to equity shareholders of the | **25,824** | 24,795 | 23,598 | 22,972 | 19,016 | 16,569 | 26,417 | 31,671 | 37,611 | 39,092 |
| **Cash flow measures** | | | | | | | | | | |
| Cash flows from operations | **7,998** | 9,260 | 7,782 | 8,375 | 5,838 | 4,240 | 6,949 | 7,729 | 7,370 | 11,498 |
| Capital expenditure | **(4,125)** | (3,840) | (2,818) | (2,150) | (2,387) | (4,177) | (6,018) | (6,075) | (5,947) | (5,672) |
| Net debt | **(5,575)** | (4,626) | (2,848) | (4,501) | (8,487) | (12,901) | (12,871) | (10,652) | (8,510) | (1,374) |
| **Metrics and ratios** | | | | | | | | | | |
| Underlying earnings per share (US$) | **2.53** | 2.75 | 2.55 | 2.57 | 1.72 | 0.64 | 1.73 | 2.09 | 2.28 | 5.06 |
| Earnings per share (US$) | **1.69** | 2.81 | 2.80 | 2.48 | 1.24 | (4.36) | (1.96) | (0.75) | (1.17) | 5.10 |
| Ordinary dividend per share (US cents) | **100** | 109 | 100 | 102 | — | 32 | 85 | 85 | 85 | 74 |
| Ordinary dividend cover (based on underlying earnings per share) | **2.5** | 2.5 | 2.6 | 2.5 | — | 2.0 | 2.0 | 2.5 | 2.7 | 6.8 |
| Underlying EBIT margin | **21.8 %** | 22.0 % | 21.1 % | 21.8 % | 16.3 % | 9.7 % | 15.9 % | 20.0 % | 19.1 % | 30.4 % |
| Underlying EBIT interest cover[(2)] | **11.2** | 18.0 | 19.9 | 16.5 | 16.7 | 10.1 | 30.1 | 35.8 | 36.8 | n/a |
| Underlying effective tax rate | **31.2 %** | 30.8 % | 31.3 % | 29.7 % | 24.6 % | 31.0 % | 29.8 % | 32.0 % | 29.0 % | 28.3 % |
| Gearing (net debt to total capital)[(3)] | **15.0 %** | 13.0 % | 9.0 % | 13.0 % | 26.0 % | 38.0 % | 29.0 % | 22.0 % | 16.0 % | 3.0 % |

(1) Certain balances relating to 2012 were restated to reflect the adoption of new accounting pronouncements. See note 2 of the 2013 Consolidated financial statements for details.

(2) Underlying EBIT interest cover is underlying EBIT divided by net finance costs, excluding net foreign exchange gains and losses, unwinding of discount relating to provisions and other liabilities, financing special items and remeasurements, and including the Group's attributable share of associates' and joint ventures' net finance costs, which in 2011 resulted in a net finance income and therefore the ratio is not applicable.

(3) Net debt to total capital is calculated as net debt divided by total capital (being 'Net assets' as shown in the Consolidated balance sheet excluding net debt).

**Alternative performance measures**

**Introduction**

When assessing and discussing the Group's reported financial performance, financial position and cash flows, management makes reference to Alternative Performance Measures (APMs) of historical or future financial performance, financial position or cash flows that are not defined or specified under International Financial Reporting Standards (IFRS).

The APMs used by the Group fall into two categories:

– Financial APMs: These financial measures are usually derived from the financial statements, prepared in accordance with IFRS. Certain financial measures cannot be directly derived from the financial statements as they contain additional information, such as financial information from earlier periods or profit estimates or projections. The accounting policies applied when calculating APMs are, where relevant and unless otherwise stated, substantially the same as those disclosed in the Group's Consolidated financial statements for the year ended 31 December 2019.

– Non-financial APMs: These measures incorporate certain non-financial information that management believes is useful when assessing the performance of the Group.

APMs are not uniformly defined by all companies, including those in the Group's industry. Accordingly, the APMs used by the Group may not be comparable with similarly titled measures and disclosures made by other companies.

APMs should be considered in addition to, and not as a substitute for or as superior to, measures of financial performance, financial position or cash flows reported in accordance with IFRS.

**Purpose**

The Group uses APMs to improve the comparability of information between reporting periods and business units, either by adjusting for uncontrollable factors or special items which impact upon IFRS measures or, by aggregating measures, to aid the user of the Annual Report in understanding the activity taking place across the Group's portfolio.

Their use is driven by characteristics particularly visible in the mining sector:

1. Earnings volatility: The Group mines and markets commodities and precious metals and minerals. The sector is characterised by significant volatility in earnings driven by movements in macro-economic factors, primarily price and foreign exchange. This volatility is outside the control of management and can mask underlying changes in performance. As such, when comparing year-on-year performance, management excludes certain items (such as those classed as 'special items') to aid comparability and then quantifies and isolates uncontrollable factors in order to improve understanding of the controllable portion of variances.

2. Nature of investment: Investments in the sector typically occur over several years and are large, requiring significant funding before generating cash. These investments are often made with partners and the nature of the Group's ownership interest affects how the financial results of these operations are reflected in the Group's results e.g. whether full consolidation (subsidiaries), consolidation of the Group's attributable assets and liabilities (joint operations) or equity accounted (associates and joint ventures). Attributable metrics are therefore presented to help demonstrate the financial performance and returns available to the Group, for investment and financing activities, excluding the effect of different accounting treatments for different ownership interests.

3. Portfolio complexity: The Group operates in a number of different, but complementary commodities, precious metals and minerals. The cost, value of and return from each saleable unit (e.g. tonne, pound, carat, ounce) can differ materially between each business. This makes understanding both the overall portfolio performance, and the relative performance of its constituent parts on a like-for-like basis, more challenging. The Group therefore uses composite APMs to provide a consistent metric to assess performance at the portfolio level.

Consequently, APMs are used by the Board and management for planning and reporting. A subset is also used by management in setting director and management remuneration, such as attributable free cash flow prior to growth capital expenditure. The measures are also used in discussions with the investment analyst community and credit rating agencies.

## Financial APMs

| Group APM | Closest equivalent IFRS measure | Adjustments to reconcile to primary statements | Rationale for adjustments |
|---|---|---|---|
| **Income statement** | | | |
| Group revenue | Revenue | – Revenue from associates and joint ventures | – Exclude the effect of different basis of consolidation to aid comparability |
| Underlying EBIT | Profit/(loss) before net finance income/(costs) and tax | – Operating and non-operating special items and remeasurements<br>– Underlying EBIT from associates and joint ventures | – Exclude the impact of certain items due to their size and nature to aid comparability<br>– Exclude the effect of different basis of consolidation to aid comparability |
| Underlying EBITDA | Profit/(loss) before net finance income/(costs) and tax | – Operating and non-operating special items and remeasurements<br>– Depreciation and amortisation<br>– Underlying EBITDA from associates and joint ventures | – Exclude the impact of certain items due to their size and nature to aid comparability<br>– Exclude the effect of different basis of consolidation to aid comparability |
| Underlying earnings | Profit/(loss) for the financial year attributable to equity shareholders of the Company | – Special items and remeasurements | – Exclude the impact of certain items due to their size and nature to aid comparability |
| Underlying effective tax rate | Income tax expense | – Tax related to special items and remeasurements<br>– The Group's share of associates' and joint ventures' profit before tax, before special items and remeasurements, and tax expense, before special items and remeasurements | – Exclude the impact of certain items due to their size and nature to aid comparability<br>– Exclude the effect of different basis of consolidation to aid comparability |
| Basic underlying earnings per share | Earnings per share | – Special items and remeasurements | – Exclude the impact of certain items due to their size and nature to aid comparability |
| Mining EBITDA margin | Operating profit margin, defined by IFRS | – Revenue from associates and joint ventures<br>– Operating and non-operating special items and remeasurements<br>– Underlying EBIT from associates and joint ventures<br>– Adjustment to Debswana to reflect as a 50/50 joint operation<br>– Exclusion of third-party sales, purchases and trading activity | – Exclude non-mining revenue and EBITDA to show a margin for mining operations only which provides a relevant comparison to peers |
| **Balance sheet** | | | |
| Net debt | Borrowings less cash and related hedges | – Debit valuation adjustment<br>– Borrowings do not include the royalty liability (note 18) on the basis that obligations to make cash payments against this liability only arise when the Woodsmith project generates revenues, and that otherwise the Group is not currently contractually liable to make any payments under this arrangement (other than in the event of the Woodsmith project's insolvency). | – Exclude the impact of accounting adjustments from the net debt obligation of the Group |
| Attributable ROCE | No direct equivalent | – Non-controlling interests' share of capital employed and underlying EBIT<br>– Average of opening and closing attributable capital employed | – Exclude the effect of different basis of consolidation to aid comparability |
| **Cash flow** | | | |
| Capital expenditure (capex) | Expenditure on property, plant and equipment | – Cash flows from derivatives related to capital expenditure<br>– Proceeds from disposal of property, plant and equipment<br>– Direct funding for capital expenditure from non-controlling interests<br>– Reimbursement of capital expenditure | – To reflect the net attributable cost of capital expenditure taking into account economic hedges |
| Attributable free cash flow | Cash flows from operations | – Capital expenditure<br>– Cash tax paid<br>– Dividends from associates, joint ventures and financial asset investments<br>– Net interest paid<br>– Dividends to non-controlling interests<br>– Capital repayment of lease obligations<br>– Expenditure on non-current intangible assets (excluding goodwill) | – To measure the amount of cash available to finance returns to shareholders or growth after servicing debt, providing a return to minority shareholders and meeting existing capex commitments |
| Sustaining attributable free cash flow | Cash flows from operations | – Cash tax paid<br>– Dividends from associates, joint ventures and financial asset investments<br>– Net interest paid<br>– Dividends to non-controlling interests<br>– Capital repayment of lease obligations<br>– Sustaining capital expenditure<br>– Capitalised operating cash flows relating to life extension projects | – To measure the amount of cash available to finance returns to shareholders or growth after servicing debt, providing a return to minority shareholders and meeting the capex commitments needed to sustain the current production base of existing assets. Sustaining attributable free cashflow is also used as an incentive measure in executives' remuneration and is proposed to be used in LTIP 20. It is calculated as attributable free cash flow prior to growth capex and expenditure on non-current intangible assets (excluding goodwill) |

### *Group revenue*

Group revenue includes the Group's attributable share of associates' and joint ventures' revenue. A reconciliation to 'Revenue', the closest equivalent IFRS measure to Group revenue, is provided within note 3 to the Condensed financial statements.

### *Underlying EBIT*

Underlying EBIT is 'Operating profit/(loss)' presented before special items and remeasurements[(1)] and includes the Group's attributable share of associates' and joint ventures' underlying EBIT. Underlying EBIT of associates and joint ventures is the Group's attributable share of associates' and joint ventures' revenue less operating costs before special items and remeasurements[(1)] of associates and joint ventures.

A reconciliation to 'Profit/(loss) before net finance income/(costs) and tax', the closest equivalent IFRS measure to underlying EBIT, is provided within note 3 to the Condensed financial statements.

### *Underlying EBITDA*

Underlying EBITDA is underlying EBIT before depreciation and amortisation and includes the Group's attributable share of associates' and joint ventures' underlying EBIT before depreciation and amortisation.

A reconciliation to 'Profit/(loss) before net finance income/(costs) and tax', the closest equivalent IFRS measure to underlying EBITDA, is provided within note 3 to the Condensed financial statements.

### *Underlying earnings*

Underlying earnings is 'Profit/(loss) for the financial year attributable to equity shareholders of the Company' before special items and remeasurements[(1)] and is therefore presented after net finance costs, income tax expense and non-controlling interests.

A reconciliation to 'Profit/(loss) for the financial year attributable to equity shareholders of the Company', the closest equivalent IFRS measure to underlying earnings, is provided within note 3 to the Condensed financial statements.

### *Underlying effective tax rate*

The underlying effective tax rate equates to the income tax expense, before special items and remeasurements[(1)] and including the Group's share of associates' and joint ventures' tax before special items and remeasurements[(1)], divided by profit before tax before special items and remeasurements[(1)] and including the Group's share of associates' and joint ventures' profit before tax before special items and remeasurements[(1)].

A reconciliation to 'Income tax expense', the closest equivalent IFRS measure to underlying effective tax rate, is provided within note 6 to the Condensed financial statements.

### *Underlying earnings per share*

Basic and diluted underlying earnings per share are calculated as underlying earnings divided by the basic or diluted shares in issue. The calculation of underlying earnings per share is disclosed within note 4 to the Condensed financial statements.

### *Mining EBITDA margin*

The mining EBITDA margin is derived from the Group's underlying EBITDA as a percentage of Group revenue, adjusted to exclude certain items to better reflect the performance of the Group's mining business. The mining EBITDA margin reflects Debswana accounting treatment as a 50/50 joint operation, excludes third-party sales, purchases and trading and excludes Platinum Group Metals' purchase of concentrate.

[(1)] Special items and remeasurements are defined in note 9 to the Condensed financial statements.

| US$ million (unless otherwise stated) | **2020** | 2019 |
|---|---|---|
| Underlying EBITDA | **9,802** | 10,006 |
| Group revenue | **32,338** | 31,825 |
| Margin | **30 %** | 31 % |
| | | |
| Adjustments for: | | |
| Debswana adjustment to reflect as a 50/50 joint operation | **2 %** | 2 % |
| Exclude third-party purchases, trading activity and processing[1] | **11 %** | 9 % |
| Mining EBITDA margin | **43 %** | 42 % |

[1] Third-party purchases, trading activity and processing consists of Platinum Group Metals' purchase of concentrate, third-party sales and purchases and the impact of third-party trading activity.

***Net debt***

Net debt is calculated as total borrowings less cash and cash equivalents (including derivatives that provide an economic hedge of net debt, see note 13, but excluding the impact of the debit valuation adjustment on these derivatives, explained in note 13). A reconciliation to the Consolidated balance sheet is provided within note 13 to the Condensed financial statements.

***Capital expenditure (capex)***

Capital expenditure is defined as cash expenditure on property, plant and equipment, including related derivatives, and is presented net of proceeds from disposal of property, plant and equipment and includes direct funding for capital expenditure from non-controlling interests and reimbursement of capital expenditure in order to match more closely the way in which it is managed. A reconciliation to 'Expenditure on property, plant and equipment', the closest equivalent IFRS measure to capital expenditure, is provided within note 11 to the Condensed financial statements.

Operating cash flows generated by operations that have not yet reached commercial production are also included in capital expenditure. However, capital expenditure is also periodically shown on an underlying basis i.e. before inclusion of capitalised operating cash flows. Where this occurs, the measure is footnoted as such.

***Sustaining capital***

Sustaining capital is calculated as capital expenditure excluding capitalised operating cash flows and growth projects. Expenditure on growth projects in 2020 principally related to Quellaveco and the Woodsmith polyhalite project acquired in March 2020, and construction of another diamond mining vessel (2019: Quellaveco and the greenfield synthetic diamond plant in Oregon (De Beers)). The Group uses sustaining capital as a measure to provide additional information to understand the capital needed to sustain the current production base of existing assets.

***Attributable return on capital employed (ROCE)***

ROCE is a ratio that measures the efficiency and profitability of a company's capital investments. Attributable ROCE displays how effectively assets are generating profit on invested capital for the equity shareholders of the Company. It is calculated as attributable underlying EBIT divided by average attributable capital employed.

Attributable underlying EBIT excludes the underlying EBIT of non-controlling interests.

Capital employed is defined as net assets excluding net debt and financial asset investments. Attributable capital employed excludes capital employed of non-controlling interests. Average attributable capital employed is calculated by adding the opening and closing attributable capital employed for the relevant period and dividing by two.

Attributable ROCE is also used as an incentive measure in executives' remuneration and is predicated upon the achievement of ROCE targets in the final year of a three year performance period.

A reconciliation to 'Profit/(loss) before net finance income/(costs) and tax', the closest equivalent IFRS measure to underlying EBIT, is provided within note 3 to the Condensed financial statements. A reconciliation to 'Net assets', the closest equivalent IFRS measure to capital employed, is provided within note 10 to the Condensed financial statements. The table below reconciles underlying EBIT and capital employed to attributable underlying EBIT and average attributable capital employed by segment.

| | Attributable ROCE % | |
|---|---|---|
| | **2020** | 2019 |
| De Beers | **—** | 2 |
| Copper | **19** | 16 |
| Platinum Group Metals | **48** | 38 |
| Iron Ore | **41** | 31 |
| Coal | **(16)** | 26 |
| Nickel and Manganese | **17** | 20 |
| Crop Nutrients | **n/a** | n/a |
| Corporate and other | **n/a** | n/a |
| | **17** | 19 |

| | | | | | | | | **2020** |
|---|---|---|---|---|---|---|---|---|
| US$ million | **Underlying EBIT** | **Less: Non-controlling interests' share of underlying EBIT** | **Attributable underlying EBIT** | **Opening attributable capital employed** | **Closing capital employed** | **Less: Non-controlling interests' share of closing capital employed** | **Closing attributable capital employed** | **Average attributable capital employed** |
| De Beers | **—** | **12** | **12** | **7,566** | **8,967** | **(1,255)** | **7,712** | **7,639** |
| Copper | **1,227** | **(148)** | **1,079** | **5,400** | **9,128** | **(3,231)** | **5,897** | **5,649** |
| Platinum Group Metals | **2,270** | **(454)** | **1,816** | **3,405** | **4,967** | **(776)** | **4,191** | **3,798** |
| Iron Ore | **4,091** | **(1,158)** | **2,933** | **7,161** | **8,472** | **(1,275)** | **7,197** | **7,179** |
| Coal | **(632)** | **1** | **(631)** | **3,721** | **3,967** | **36** | **4,003** | **3,862** |
| Nickel and Manganese | **324** | **(3)** | **321** | **2,305** | **1,395** | **—** | **1,395** | **1,850** |
| Crop Nutrients | **1** | **—** | **1** | **—** | **988** | **—** | **988** | **494** |
| Corporate and other | **(231)** | **7** | **(224)** | **38** | **86** | **—** | **86** | **62** |
| | **7,050** | **(1,743)** | **5,307** | **29,596** | **37,970** | **(6,501)** | **31,469** | **30,533** |

| | | | | | | | | 2019 |
|---|---|---|---|---|---|---|---|---|
| US$ million | Underlying EBIT | Less: Non-controlling interests' share of underlying EBIT | Attributable underlying EBIT | Opening attributable capital employed | Closing capital employed | Less: Non-controlling interests' share of closing capital employed | Closing attributable capital employed | Average attributable capital employed |
| De Beers | 168 | (26) | 142 | 7,164 | 8,800 | (1,234) | 7,566 | 7,365 |
| Copper | 960 | (203) | 757 | 4,334 | 8,238 | (2,838) | 5,400 | 4,867 |
| Platinum Group Metals | 1,672 | (371) | 1,301 | 3,416 | 4,045 | (640) | 3,405 | 3,411 |
| Iron Ore | 2,952 | (933) | 2,019 | 5,799 | 8,363 | (1,202) | 7,161 | 6,480 |
| Coal | 1,010 | (2) | 1,008 | 4,066 | 3,787 | (66) | 3,721 | 3,894 |
| Nickel and Manganese | 477 | (6) | 471 | 2,390 | 2,305 | — | 2,305 | 2,348 |
| Corporate and other | (229) | 10 | (219) | (51) | 38 | — | 38 | (8) |
| | 7,010 | (1,531) | 5,479 | 27,118 | 35,576 | (5,980) | 29,596 | 28,357 |

***Attributable free cash flow***

Attributable free cash flow is calculated as 'Cash flows from operations' plus dividends received from associates, joint ventures and financial asset investments, less capital expenditure, less expenditure on non-current intangible assets (excluding goodwill), less tax cash payments excluding tax payments relating to disposals, less net interest paid including interest on derivatives hedging net debt, less dividends paid to non-controlling interests.

A reconciliation of 'Cash flows from operations', the closest equivalent IFRS measure, is provided on page 8.

### ***Sustaining attributable free cashflow***

Sustaining attributable free cash flow is used to measure the amount of cash available to finance returns to shareholders or growth after servicing debt, providing a return to minority shareholders and meeting the capex commitments needed to sustain the current production base of existing assets. Sustaining attributable free cash flow is also used as an incentive measure in executives' remuneration and is proposed to be used in LTIP 20. It is calculated as attributable free cash flow prior to growth capex and expenditure on non-current intangible assets (excluding goodwill). A reconciliation of 'Cash flows from operations', the closest equivalent IFRS measure, is provided on page 8. Growth capital expenditure in 2020 principally related to Quellaveco, Woodsmith, and construction of another diamond mining vessel (2019: Quellaveco and construction of a greenfield synthetic diamond plant (De Beers)).

## Non-financial APMs

Some of our measures are not reconciled to IFRS either because they include non-financial information, because there is no meaningful IFRS comparison or the purpose of the measure is not typically covered by IFRS.

| Group APM | Category | Purpose |
|---|---|---|
| Copper equivalent production | Portfolio complexity | Communicate production/revenue generation movements in a single comparable measure removing the impact of price |
| Unit cost | Earnings volatility | Express cost of producing one unit of saleable product |
| Copper equivalent unit cost | Portfolio complexity | Communicate the cost of production per unit in a single comparable measure for the portfolio |
| Productivity | Portfolio complexity | Highlight efficiency in generating revenue per employee |
| Volume and cash cost improvements | Earnings volatility | Quantify year-on-year underlying EBITDA improvement removing the impact of major uncontrollable factors |

### ***Copper equivalent production***

Copper equivalent production, expressed as copper equivalent tonnes, shows changes in underlying production volume. It is calculated by expressing each commodity's volume as revenue, subsequently converting the revenue into copper equivalent units by dividing by the copper price (per tonne). Long term forecast prices (and foreign exchange rates where appropriate) are used, in order that period-on-period comparisons exclude any impact for movements in price.

When calculating copper equivalent production, domestic thermal coal sales are excluded, as are sales from non-mining activities. Volume from projects in pre-commercial production are included.

### ***Unit cost***

Unit cost is the direct cash cost including direct cash support costs incurred in producing one unit of saleable production. Unit cost relates to equity production only.

For bulk products (iron ore, coal), unit costs shown are FOB i.e. cost on board at port. For base metals (copper, nickel), they are shown at C1 i.e. after inclusion of by-product credits and logistics costs. For PGMs and diamonds, unit costs include all direct expensed cash costs incurred i.e. excluding, among other things, market development activity, corporate overhead etc. Platinum Group Metals unit costs exclude by-product credits. Royalties are excluded from all unit cost calculations.

### ***Copper equivalent unit cost***

Copper equivalent unit cost is the cost incurred to produce one tonne of copper equivalent. Only the cost incurred in mined output from subsidiaries and joint operations is included, representing direct costs in the Consolidated income statement controllable by the Group. Costs and volumes from associates and joint ventures are excluded, as are those from operations that are not yet in commercial production, that deliver domestic production, and those associated with third party volume purchases of diamonds and PGMs concentrate.

When calculating copper equivalent unit cost, unit costs for each commodity are multiplied by relevant production, combined and then divided by the total copper equivalent production, to get a copper equivalent unit cost i.e. the cost of mining one tonne of copper equivalent. The metric is in US dollars and, where appropriate, long term foreign exchange rates are used to convert from local currency to US dollars.

### *Productivity*

The Group's productivity measure calculates the copper equivalent production generated per employee. It is a measure that represents how well headcount is driving revenue. It is calculated by dividing copper equivalent production by the average direct headcount from consolidated mining operations in a given year.

### *Volume and cash cost improvements*

The Group uses an underlying EBITDA waterfall to understand its year-on-year underlying EBITDA performance. The waterfall isolates the impact of uncontrollable factors in order that the real year-on-year improvement in performance can be seen by the user.

Three variables are normalised, in the results of subsidiaries and joint operations, for:

– Price: The movement in price between comparative periods is removed by multiplying current year sales volume by the movement in realised price for each product group.

– Foreign exchange: The year-on-year movement in exchange is removed from the current year non-US dollar cost base i.e. costs are restated at prior year foreign exchange rates. The non-US dollar cash cost base excludes costs which are price linked (e.g. purchase of concentrate from third party PGMs providers, third party diamond purchases).

– Inflation: CPI is removed from cash costs, restating these costs at the pricing level of the base year.

The remaining variances in the underlying EBITDA waterfall are in real US dollar terms for the base year i.e. for a waterfall comparing 2020 with 2019, the sales volume and cash cost variances exclude the impact of price, foreign exchange and CPI and are hence in real 2019 terms. This allows the user of the waterfall to understand the underlying real movement in sales volumes and cash costs on a consistent basis.

## Exchange rates and commodity prices

| US$ exchange rates | 2020 | 2019 |
|---|---|---|
| **Year end spot rates** | | |
| South African rand | **14.69** | 14.03 |
| Brazilian real | **5.19** | 4.02 |
| Sterling | **0.73** | 0.76 |
| Australian dollar | **1.30** | 1.43 |
| Euro | **0.81** | 0.89 |
| Chilean peso | **712** | 752 |
| Botswana pula | **10.80** | 10.60 |
| Peruvian sol | **3.62** | 3.32 |
| **Average rates for the year** | | |
| South African rand | **16.46** | 14.45 |
| Brazilian real | **5.16** | 3.95 |
| Sterling | **0.78** | 0.78 |
| Australian dollar | **1.45** | 1.44 |
| Euro | **0.88** | 0.89 |
| Chilean peso | **792** | 703 |
| Botswana pula | **11.42** | 10.77 |
| Peruvian sol | **3.50** | 3.34 |

| Commodity prices | | 2020 | 2019 |
|---|---|---|---|
| **Year end spot prices** | | | |
| Copper[1] | US cents/lb | **351** | 279 |
| Platinum[2] | US$/oz | **1,075** | 971 |
| Palladium[2] | US$/oz | **2,370** | 1,920 |
| Rhodium[3] | US$/oz | **17,000** | 6,050 |
| Iron ore (62% Fe CFR)[4] | US$/tonne | **159** | 92 |
| Iron ore (66% Fe Concentrate CFR)[5] | US$/tonne | **177** | 106 |
| Hard coking coal (FOB Australia)[4] | US$/tonne | **103** | 140 |
| PCI (FOB Australia)[4] | US$/tonne | **92** | 87 |
| Thermal coal (FOB South Africa)[6] | US$/tonne | **91** | 87 |
| Thermal coal (FOB Australia)[7] | US$/tonne | **84** | 66 |
| Thermal coal (FOB Colombia)[6] | US$/tonne | **60** | 47 |
| Nickel[1] | US cents/lb | **750** | 635 |
| Manganese ore (44% CIF China)[5] | US$/dmtu | **4.27** | 4.20 |
| **Average market prices for the year** | | | |
| Copper[1] | US cents/lb | **280** | 272 |
| Platinum[2] | US$/oz | **885** | 864 |
| Palladium[2] | US$/oz | **2,197** | 1,539 |
| Rhodium[3] | US$/oz | **11,220** | 3,914 |
| Iron ore (62% Fe CFR)[4] | US$/tonne | **109** | 93 |
| Iron ore (66% Fe Concentrate CFR)[5] | US$/tonne | **120** | 104 |
| Hard coking coal (FOB Australia)[4] | US$/tonne | **124** | 177 |
| PCI (FOB Australia)[4] | US$/tonne | **78** | 110 |
| Thermal coal (FOB South Africa)[6] | US$/tonne | **65** | 72 |
| Thermal coal (FOB Australia)[7] | US$/tonne | **60** | 78 |
| Thermal coal (FOB Colombia)[6] | US$/tonne | **48** | 54 |
| Nickel[1] | US cents/lb | **625** | 632 |
| Manganese ore (44% CIF China)[5] | US$/dmtu | **4.67** | 5.58 |

(1) Source: London Metal Exchange (LME).
(2) Source: London Platinum and Palladium Market (LPPM).
(3) Source: Johnson Matthey/Comdaq.
(4) Source: Platts.
(5) Source: Metal Bulletin.
(6) Source: Argus/McCloskey.
(7) Source: globalCOAL.

# ANGLO AMERICAN plc

*(Incorporated in England and Wales – Registered number 03564138)*
(the Company)

## Notice of Dividend

(Dividend No. 38)

Notice is hereby given that a final dividend on the Company's ordinary share capital in respect of the year to 31 December 2020 will be paid as follows:

| | |
|---|---|
| Amount (United States currency) (note 1) | 72 cents per ordinary share |
| Amount (South African currency) (note 2) | 1050.55200 cents per ordinary share |
| Last day to effect removal of shares between the United Kingdom (UK) and South African (SA) registers | Monday, 15 March 2021 |
| Last day to trade on the JSE Limited (JSE) to qualify for dividend | Tuesday, 16 March 2021 |
| Ex-dividend on the JSE from the commencement of trading (note 3) | Wednesday, 17 March 2021 |
| Ex-dividend on the London Stock Exchange from the commencement of trading | Thursday, 18 March 2021 |
| Record date (applicable to both the UK principal register and SA branch register) | Friday, 19 March 2021 |
| Movement of shares between the UK and SA registers permissible from | Tuesday, 23 March 2021 |
| Last day for receipt of DRIP mandate forms by Central Securities Depository Participants (CSDPs) (notes 4, 5 and 6) | Tuesday, 13 April 2021 |
| Last day for receipt of DRIP mandate forms by the South African Transfer Secretaries (notes 4, 5 and 6) | Thursday, 15 April 2021 |
| Last day for receipt of Dividend Reinvestment Plan (DRIP) mandate forms by the UK Registrars (notes 4, 5 and 6) | Thursday, 15 April 2021 |
| Last day for receipt of US$:£/€ currency elections by the UK Registrars (note 1) | Thursday, 15 April 2021 |
| Currency conversion US$:£/€ rates announced on (note 7) | Thursday, 22 April 2021 |
| Payment date of dividend | Friday, 7 May 2021 |

Notes

1. Shareholders on the UK register of members with an address in the UK will be paid in Sterling and those with an address in a country in the European Union which has adopted the Euro will be paid in Euros. Such shareholders may, however, elect to be paid their dividends in US dollars provided the UK Registrars receive such election by Thursday, 15 April 2021. Shareholders with an address elsewhere will be paid in US dollars except those registered on the South African branch register who will be paid in South African rand.
2. Dividend Tax will be withheld from the amount of the gross dividend of 1050.55200 cents per ordinary share paid to South African shareholders at the rate of 20% unless a shareholder qualifies for exemption. After the Dividend Tax has been withheld, the net dividend will be 840.44160 cents per ordinary share. Anglo American plc had a total of 1,363,118,080 ordinary shares in issue as at 24 February 2021. In South Africa the dividend will be distributed by Anglo American South Africa Proprietary Limited, a South African company with tax registration number 9030010608, or one of its South African subsidiaries, in accordance with the Company's dividend access share arrangements. The dividend in South African rand is based on an exchange rate of US$1:R14.59100 taken on Wednesday, 24 February 2021, being the currency conversion date.
3. Dematerialisation and rematerialisation of registered share certificates in South Africa will not be effected by CSDPs during the period from the JSE ex-dividend date to the record date (both days inclusive).
4. Those shareholders who already participate in the DRIP need not complete a DRIP mandate form for each dividend as such forms provide an ongoing authority to participate in the DRIP until cancelled in writing. Shareholders who wish to participate in the DRIP should obtain a mandate form from the UK Registrars, the South African Transfer Secretaries or, in the case of those who hold their shares through the STRATE system, their CSDP.
5. In terms of the DRIP, and subject to the purchase of shares in the open market, share certificates/CREST notifications are expected to be mailed and CSDP investor accounts credited/updated on or around Friday, 21 May 2021. CREST accounts will be credited on Wednesday, 12 May 2021.
6. Copies of the terms and conditions of the DRIP are available from the UK Registrars or the South African Transfer Secretaries.
7. The US$:£/€ conversion rates will be determined by the actual rates achieved by Anglo American buying forward contracts for those currencies, during the two days preceding the announcement of the conversion rates, for delivery on the dividend payment date.

**Registered office**
20 Carlton House Terrace
London
SW1Y 5AN
United Kingdom

**UK Registrars**
Equiniti
Aspect House
Spencer Road
Lancing
West Sussex
BN99 6DA
United Kingdom

**South African Transfer Secretaries**
Computershare Investor Services (Pty) Limited
Rosebank Towers, 15 Biermann Avenue
Rosebank, 2196, South Africa
Private Bag X9000
Saxonwold, 2132
South Africa