

Company Update Report

Anglo American Plc

Basic Materials

Analyst thesis

Our recommendation is based on:

- Copper-leveraged portfolio into electrification: Anglo American's increasing focus on copper and premium iron ore, supported by the proposed merger with Teck Resources, positions it as a key beneficiary of structurally higher copper demand driven by grid investment, renewables, electric vehicles (EVs), and data centres.
- Structural copper deficit supports pricing: Industry analysis suggests global copper demand could grow by 40%–60% over the next two decades, with a sizeable supply gap set to emerge due to permitting delays, grade decline, and underinvestment constraining new projects. This dynamic underpins a supportive long-term price deck for tier-one producers such as Anglo.
- Portfolio simplification driving quality: Excluding De Beers and other non-core assets, representing lower quality and lower margin businesses, Anglo's core copper and premium iron ore businesses delivered strong margins in FY25, reinforcing a higher-return, lower-volatility earnings base.
- De Beers is a clear drag: De Beers' loss-making performance and impairment in FY25 weighed on group returns. Management's plan to separate or divest the underperforming diamonds business serves as a visible value-unlock catalyst, enabling investors to re-rate Anglo based on its core copper and iron ore franchise.

As at: 20 March 2026

Ticker	AGL-ZA
Share price	R649
Intrinsic value	R762
Upside/(Downside)	17%
Recommendation	Buy

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Key highlights

In this report, we review the latest FY25 results for the year ended 31 December 2025.

Financial results at a glance:

- Group revenue from continuing operations increased by 5% to \$18.5 billion in FY25 (FY24: \$17.7 billion), driven by higher realised copper and premium iron ore prices, partly offset by lower copper volumes.
- Underlying EBITDA from continuing operations edged up by 1.5% to \$6.4 billion (FY24: \$6.3 billion), as favourable price benefits and \$0.6 billion of cost savings offset lower De Beers earnings, and reduced Chile's copper sales.
- Copper and premium iron ore delivered higher underlying EBITDA on stronger realised prices and cost discipline. Manganese and crop nutrients improved off a low base, while De Beers' EBITDA declined by \$0.5 billion amid challenging rough diamond trading conditions.
- Underlying earnings from continuing operations declined by 34% to \$0.9 billion (FY24: \$1.3 billion), and the Group reported a total loss attributable to equity shareholders of \$3.7 billion (FY24: \$3.1 billion loss), largely due to a \$2.3 billion pre-tax impairment relating to De Beers.
- Cash flows from operations were steady at \$7.0 billion (FY24: \$6.9 billion), while capital expenditure on continuing operations declined to \$3.3 billion (FY24: \$3.9 billion).
- Net debt including related derivatives reduced to \$8.6 billion at year-end 2025 (FY24: \$10.6 billion), lowering gearing to 26% and a net debt to EBITDA ratio of 1.3x. (FY24: 1.7x).
- The total dividend for the year is \$0.23 per share, a decline of 64% from \$0.64 per share declared for FY24.

Management's guidance:

Management positions FY26 as a transition year as it exits steelmaking coal, and nickel, while separating De Beers to refocus on copper, premium iron ore, and crop nutrients. Copper production is guided at 700–760 kt (FY25: 695 kt) and premium iron ore at 55–59 Mt in 2026 (FY25: 60.8 Mt), with unit costs expected to rise modestly due to FX and cost mix. Capex for the simplified portfolio is set at about \$3.1 billion in FY26, 7% lower than \$3.3 billion for FY25, tapering to \$2.9 billion in FY27 and \$2.6 billion in 2028.

Sector outlook

The outlook for key mining commodities is broadly constructive, supported by electrification, decarbonisation, and long-term food security trends. Copper demand is expected to benefit from investment in power grids, renewables, and EVs despite cyclical price volatility. Premium iron ore remains supported by steelmakers' preference for higher-grade feed to improve efficiency and reduce emissions, while crop nutrients are supported by rising food demand, finite arable land, and growing focus on soil health.

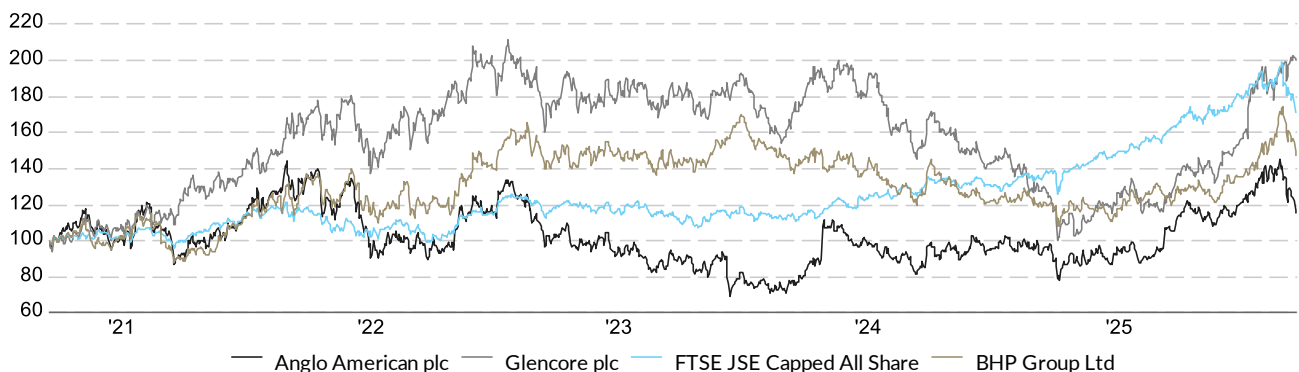


Table 1: Qualitative summary

Factor	Rating	Description
Growth	★★★★☆	Expected three-year revenue CAGR is 5.1%, and expected three-year EPS CAGR is 118%. EPS growth is expected to be supported by the disposal or separation of non-core operations, including De Beers Group, which should streamline the portfolio and sharpen focus on higher-return commodities such as copper, premium iron ore, and crop nutrients.
Valuation	★★★★☆	The share price is trading at a 17% discount to the IV. Current NTM P:E of 23x is trading at a 92% premium to the five-year average NTM P:E of 12x.
Dividend	★★★★☆	LTM dividend yield 0.8%. NTM dividend yield 1.4%.
Issuance	★★★★☆	Shares issued have increased by 4% over the past five years.
Catalyst		Portfolio simplification, cost optimisation, and exposure to future-facing commodities create multiple growth opportunities for Anglo American. Ongoing exits from coal, nickel and De Beers Group are expected to streamline the portfolio and focus capital on higher-return businesses. Delivery of guided copper and premium iron ore volumes provides near-term operational upside, while disciplined capex and cost control support medium-term margin expansion. Exposure to crop nutrients and other growth-oriented commodities positions the company to benefit from structural trends in electrification, decarbonisation and global food demand.
Quality of earnings	★★★★☆	Five-year average ROE 5.7%. Five-year average net profit margin 2%. Five of the past 10 years had positive earnings growth. Financial performance is highly sensitive to the underlying commodity price and FX movements, a factor beyond management's control.
Moat	★★★★☆	Resources and asset quality: AGL owns large, long-life, high-grade deposits across copper and premium iron ore, along with the Woodsmith polyhalite project. These resources provide exposure to scarce, future-facing commodities that are difficult to replace at scale and support sustained production over decades. Operational and technical expertise: Decades of experience operating deep, complex mines, processing plants and logistics networks across multiple continents give AGL proprietary know-how, productivity advantages and scalable operational capabilities that are difficult for new entrants to replicate. Infrastructure and market access: AGL's control of rail, port, power, and water infrastructure, combined with long-standing relationships with global industrial customers, secures efficient market access and enables premium pricing relative to smaller, less integrated competitors.
Management and governance	★★★★☆	Duncan Wanblad has served as chief executive officer of Anglo American Plc since April 2022, having previously held several senior roles across the group, including director of strategy and business development and CEO of its base metals and minerals businesses.
Balance sheet	★★★★☆	Debt to equity 64.2%. Debt levels have decreased from FY24 but remain higher than the past 5-year average. Debt to assets 27.6%.
Risks		Commodity price and demand risk: Earnings and cash flow remain highly sensitive to copper, iron ore, fertiliser and diamond prices; a weaker macro backdrop, slower Chinese growth or delays in energy transition investment could pressure realised prices and project economics. Portfolio simplification and M&A risk: Ongoing exits from coal, nickel and De Beers, together with the integration and value delivery from the Teck Resources combination, carry execution, timing, and regulatory risks. Political and country risk: Significant assets in emerging markets are exposed to policy uncertainty, fiscal changes, infrastructure reliability (power, rail and ports) and social unrest, which can impair operations and long-term investment plans. Regulation: The mining industry is highly regulated, with ongoing legal and compliance risks, including environmental standards, labour laws and potential litigation related to safety, emissions, or mining rights.

Source: FactSet

Graph 1: Five-year price (Indexed to 100)



Source: FactSet

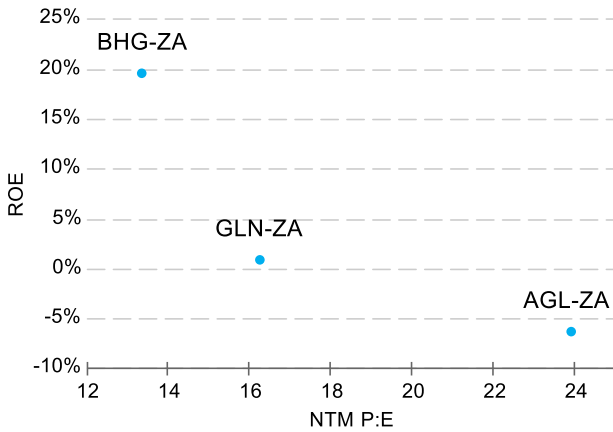


Table 2: Price performance versus benchmark and peers

Period	YTD	MTD	3M	6M	1Y	2Y	3Y	5Y	10Y
AGL-ZA	-5.3%	-18.8%	-1.0%	9.1%	19.2%	49.9%	11.5%	15.2%	444.7%
GLN-ZA	27.4%	1.4%	32.3%	58.9%	57.6%	16.3%	13.2%	99.9%	227.2%
BHG-ZA	8.9%	-15.3%	11.4%	22.6%	23.2%	3.5%	1.9%	47.2%	234.4%
JSE All Share	-4.8%	-13.4%	-4.9%	4.7%	23.4%	52.2%	48.1%	70.6%	105.6%

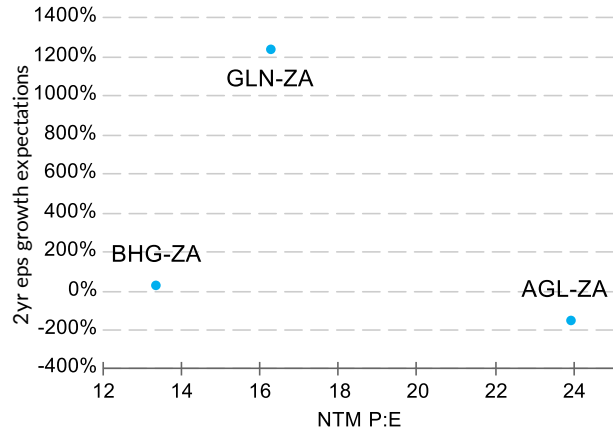
Source: FactSet

Graph 2: P:E vs 2Y average ROE



Source: FactSet

Graph 3: P:E vs EPS 2Y CAGR forecast



Source: FactSet

Valuation

The valuation of Anglo American is derived using a sum-of-the-parts (SOTP) approach, with each business segment valued according to its characteristics, using a combination of net asset values and a range of market-derived multiples based on comparable companies.

Three scenarios - bear, base and bull - are considered, with probability weightings applied to capture potential change in the enterprise value that is affected by project delivery, commodity pricing, as well as downside from cyclical volatility and execution risk.

Table 3: Valuation summary

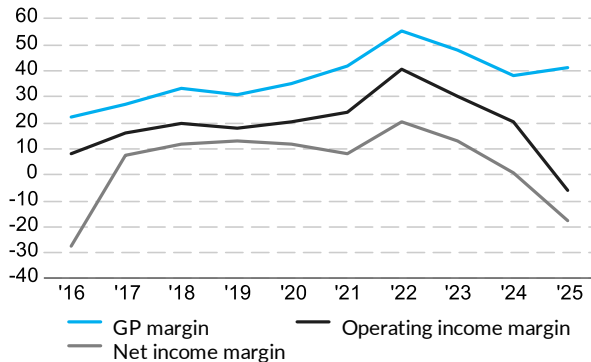
Valuation Probabilities			
	Bear	Base	Bull
Enterprise value change	-20%	0%	20%
Probability	15%	60%	25%
Implied share price	R594	R748	R899
Weighted intrinsic value	R762		
Upside/(Downside)	17%		

Graph 4: NTM P:E relative to benchmark



Source: FactSet

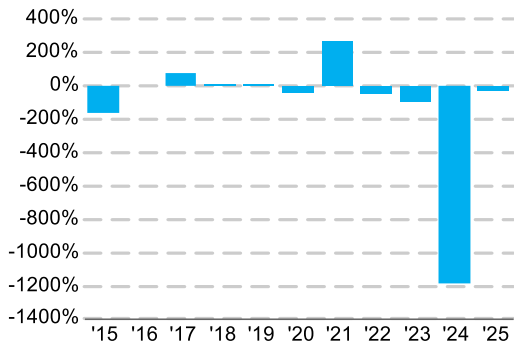
Graph 5: Profit margins (%)



Source: FactSet

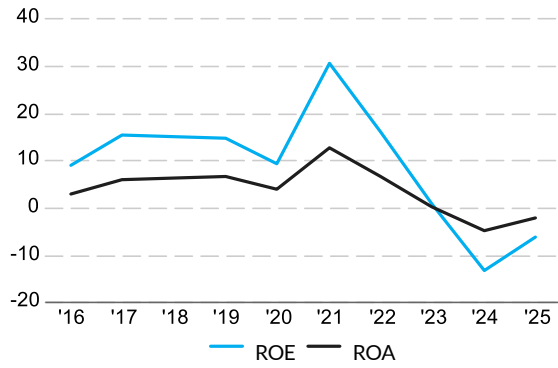


Graph 6: 10Y EPS year-on-year change



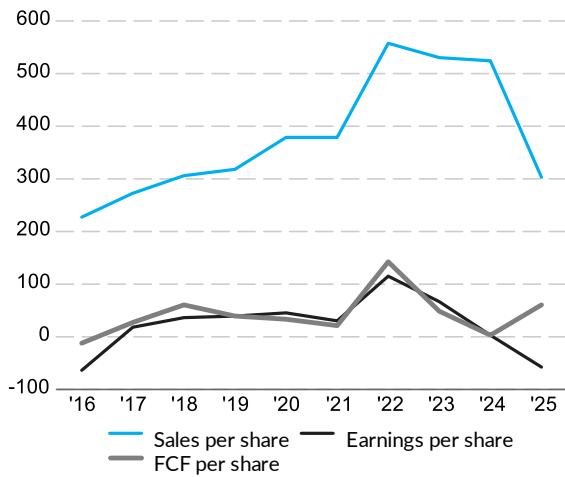
Source: FactSet

Graph 7: ROE and ROA (%)



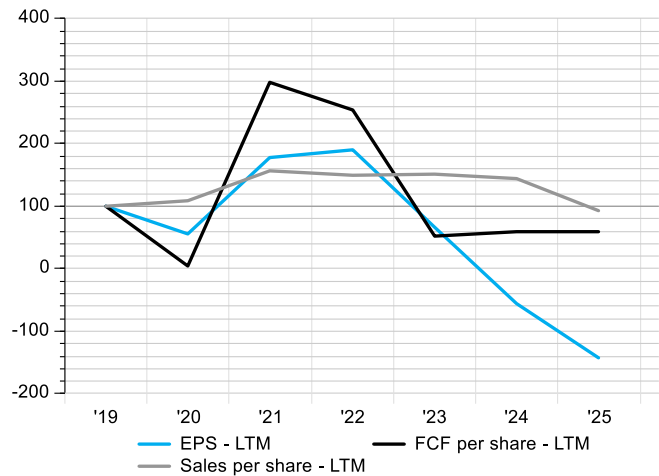
Source: FactSet

Graph 8: Sales, earnings, and FCF per share (ZAR)



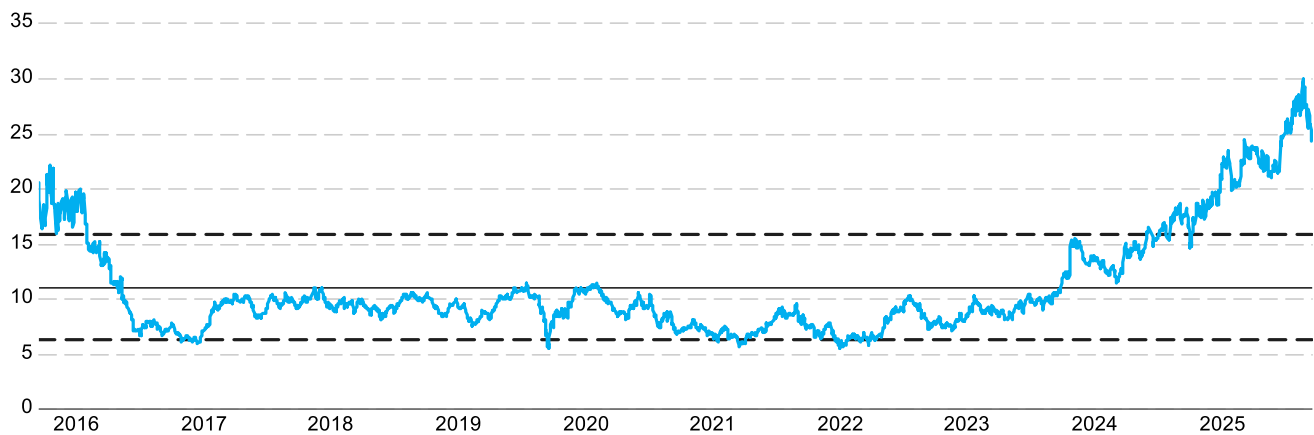
Source: FactSet

Graph 9: Sales, earnings, and FCF per share indexed



Source: FactSet

Graph 10: NTM P:E



Source: FactSet



Table 4: Financials and ratios

Income statement (RMn)	Dec 21	Dec 22	Dec 23	Dec 24	Dec 25	1Y Growth	3Y CAGR	5Y CAGR
Revenue	614 496	575 199	566 029	326 476	331 265	1%	-17%	-5%
Cost of sales	275 752	300 020	348 395	191 460	202 856	6%	-12%	-4%
Gross income	338 744	275 179	217 634	135 016	128 409	-5%	-22%	-6%
EBIT	249 588	172 345	115 344	-18 827	65 420	447%	-28%	-8%
EBITDA	290 690	213 741	166 286	21 284	107 782	406%	-20%	-6%
Net income	173 033	98 642	24 815	-54 556	-12 584	77%	-104%	-104%
EPS (ZAR)	116,3	69.1	4.9	-55.7	-65.3	-17%	-125%	-125%
Balance sheet (RMn)	Dec 21	Dec 22	Dec 23	Dec 24	Dec 25	1Y Growth	3Y CAGR	5Y CAGR
Total assets	1 053 121	1 146 930	1 216 923	1 224 021	927 821	-24%	-7%	0%
Total shareholders' equity	554 929	578 918	578 196	538 418	399 619	-26%	-12%	-4%
Total liabilities	498 191	568 012	638 728	685 604	528 202	-23%	-2%	4%
Ratios	Dec 21	Dec 22	Dec 23	Dec 24	Dec 25	5Y Avg		
Net debt/EBITDA	0.21	0.47	1.19	8.87	1.39	2.42		
Interest coverage	31.4	13.8	4.5	-0.9	3.0	10.4		
Debt/assets	19%	21%	25%	28%	28%	24%		

Source: FactSet

Table 5: Standard finance and investment abbreviations

Abbreviation	Definition
AGL-ZA	Anglo American Plc
BHG-ZA	BHP Group Ltd
CAGR	Compounded annual growth rate
DCF	Discounted Cash Flow
EBIT	Earnings before interest and tax
EBITDA	Earnings before interest, tax, depreciation, and amortisation
EPS	Earnings per share
FCF	Free cash flow
FY	Financial year
GLN-ZA	Glencore Plc
LTM	Last twelve months (also known as trailing)
M	Month
MTD	Month to date
NTM	Next twelve months (also known as forward)
P:E	Price to earnings
ROA	Return on assets
ROE	Return on equity
YoY	Year on year
YTD	Year to date
ZAR or R	South African Rand



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