



Country GB	Market capitalization (bn) GBP 30,9	Perf. since reco. (%)
Sector Basic Resources	Free float 91,6%	Anglo American plc -6,6
Factset AAL-GB	Closing price GBP 22,75	Sector 4,4
ISIN GB00B1XZS820	ESG Risk score* 22,7 Medium risk	

Profile

Anglo American is a diversified mining company currently undergoing major change. In 2021, its exposure was spread across iron ore (33% of 2019 EBITDA), platinum group metals (34%), copper (19%), diamonds (5%), nickel and manganese (3%) and coal (5%). The exposure to copper and platinum group metals (PGMs) is set to increase in the medium term, buoyed by growth projects. The company owns 85% of De Beers and 79.4% of Anglo American Platinum Ltd.

Strengths/opportunities

- Highest medium-term growth in the sector, with significant opportunities in copper.
- Repositioning in metals benefiting from energy transition.
- Strong balance sheet, with a 2021 gearing ratio of 14%.

Weaknesses/threats

- Highly sensitive to variations in commodity prices and fluctuations in Chinese demand.
- Geographical exposure: majority of assets in Africa (42% – South Africa/Botswana) and South America (41% – Chile/Brazil).
- Project execution risk.

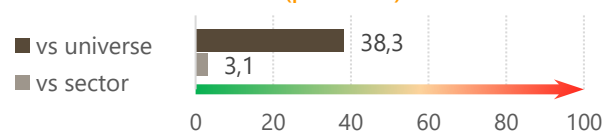
Investment case

- Anglo American pursues its transformation, driven by investments in growth projects. Its exposure is shifting towards raw materials benefiting from the energy transition and consumption, which will account for 65% of production (vs. 55% currently). Its positioning will be strengthened in copper, a key component of low-carbon solutions, with the ramp-up of Quellaveco (Peru). The platinum group will remain a major player. While we are cautious on palladium (more exposed to the automotive market - 75%), platinum should be more resilient (supply deficit expected from 2023). This metal will be penalized by the shift in the automotive market towards electric vehicles (41% of demand), but will benefit from supply constraints and sustained demand from the glassmaking sector (expansion in China) and from the development of green hydrogen, which could account for 1/3 of demand by 2030 (source: WPIC).
- Lower production targets, with an expected increase of 11% by 2024 (vs. over 20% previously), operational problems (maintenance work, lower ore grade, less favorable development conditions for the Woodsmith project), weak demand and macro-economic uncertainties have led to the share's recent decline. However, the potential for operational improvements and a pipeline of unapproved projects, offering organic growth potential of 25% by 2032, will enable performance to improve in the medium term.

Valuation

Valuation is the most attractive in the sector, with NTM EV/EBITDA and P/BV each showing a 30% discount to peers. FCF yield and dividend yield are 7% and 5% respectively in 2023.

ESG risk vs. universe & sector (percentile)*



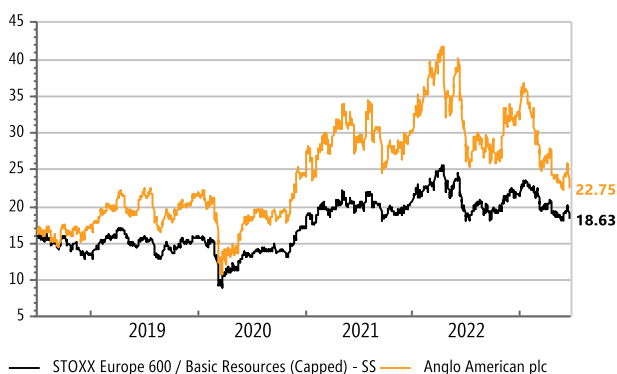
USD	12/2022	2023e	2024e
Sales revenue (mio)	35 127	34 830	34 970
Sales growth	-15,5%	-0,8%	0,4%
EBIT adjusted (mio)	11 474	9 578	9 438
% of sales	32,7%	27,5%	27,0%
Net income (mio)	6 036	4 431	4 286
Net income growth	-32,4%	-26,6%	-3,3%
FCF/Sales	7,7%	6,6%	6,1%
Net debt/Ebitda	0,5x	0,5x	0,5x
Dividend yield	7,3%	5,1%	5,0%
VE/EBITDA	3,1x	3,5x	3,5x
P/BV	1,2x	1,2x	1,1x

Factset estimates

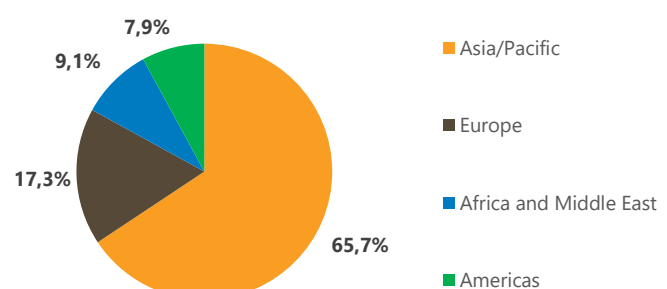
ESG - risks and key points

- Anglo American's ESG risk is medium. A strong performance on corporate governance and management of ESG issues. However, the company has in the past been involved in a number of controversies.
- Anglo is exposed to environmental risks and regulatory requirements (controlling pollution, processing of tailings and waste, etc.). 75% of its assets are located in regions with water shortages.
- Local community consultation and engagement are prerequisites for continued operations.

5-year performance vs sector



Sales breakdown - 12/2022



Glossary

Satellite

From 2015, B&Cie separates its investment recommendations into Core Holdings (higher organic growth potential, high free cash flow, ROCE in excess of the cost of capital and balance sheet efficiency throughout the cycle) and Satellite Recommendations, which do not meet the above criteria but are likely to outperform in the short-to-medium term.

ESG Risk Score

At B&Cie, we take particular care to ensure that the companies in which we recommend investing are sustainable. Accordingly, our selection process takes account of risks relating to environmental, social and governance (ESG) issues. This approach is underpinned by research from Sustainalytics, the global leader in ESG and corporate governance analysis, whose methodology aims to identify major controversies and risks and assess a company's ESG risks relative to both its sector and the investment universe as a whole. The corresponding score is expressed as a percentile: the lower the overall risk score, the lower the risk within the investment universe.

b-Digital, b-Transition & b-Well

Over and above the conventional geographical and sectoral approaches to asset management, at B&Cie we believe the world of tomorrow is being shaped by structural trends. We have identified three main megatrends: ongoing digital globalisation of the economy; economic transition, particularly in the energy sector; and the quest for wellness. We believe selecting and investing in companies that play an active role in these transformations should lead to more resilient portfolios that generate higher long-term returns. Our investment recommendations in the digital globalisation space are labelled "b-Digital", those in the economic transition space "b-Transition" and those in the wellness space "b-Well". A given recommendation may fall under more than one theme, in which case it will carry the relevant matching labels.

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