

News Release

27 July 2021

KUMBA'S PERFORMANCE CREATES ENDURING VALUE FOR ALL STAKEHOLDERS

Themba Mkhwanazi, Chief Executive of Kumba said, "In the first half, we have marked five years of fatality-free production, while providing comprehensive WeCare Covid-19 support. In these challenging times, we continue to prioritise the safety, health and livelihoods of our colleagues and communities.

Kumba is working with the rest of Anglo American's South African businesses, to address both the immediate and medium-term impact of the recent social unrest, building on our WeCare programme."

"We are partnering with government, organised business and civil society to ensure the most efficient and impactful contribution. Building on our WeCare programme, this contribution will be directed to groups across civil society to aid their immediate relief efforts and to provide direct support to all our staff and contractors while working with NGOs to support mine-communities. Together with Anglo American we are making a long-term commitment to help rebuild and reset South Africa and its economy.

"With global demand for many metals and minerals driving prices and industry profits higher, mining is contributing significantly to the government fiscus, and ensuring that more resources are available to help our fellow South Africans get back on their feet. Kumba is playing its part in South Africa's economic recovery at a national level by contributing R9.2 billion in income tax and mineral royalties in the first half of the year. At a regional level, we are helping our host communities economically and socially by employing 85% of our workforce and procuring R1.7 billion of goods and services locally.

"Amidst these challenges, Kumba has achieved five years without a fatal incident, a significant accomplishment for the Company and the South African mining industry, demonstrating our unwavering commitment to safe, responsible production through strict onsite safety protocols. Through our robust and comprehensive WeCare programme we have invested R100 million to support our colleagues and communities through the second year of the pandemic. Working with the National Department of Health and Anglo American, Kumba has started to roll-out its government licensed vaccination programme at our Sishen and Kolomela mine clinics, serving first our workforce and ultimately their families and communities when we are able to do so.

"We are pleased with our strong operational and financial performance. Despite weather related and logistical challenges, Kumba's operational resilience and capability resulted in production volumes increasing by 12% to 20.4 Mt, surpassing production in the first half of the past two years, while increasing sales by 3% to 19.5 Mt.

"From a financial perspective, Kumba delivered earnings before interest, taxation, depreciation and amortization (EBITDA) of R44.4 billion, underpinned by higher realized iron ore prices and a focus on cost containment. Our ability to maximise returns from our strategy of producing and marketing high-quality products continues to ensure that we achieve a premium well above benchmark. Attributable free cashflow improved to R31.5 billion. This supports the Board's decision to declare an interim dividend of R72.70 per share and represents a payout ratio of 100% of headline earnings.

"Strategies to extend the life-of-mine and deliver quality products continue to bear fruit. The last remaining residents of Dingleton were safely relocated to Siyathemba, allowing for unconstrained mining of the Sishen mine pit. The Ultra-high-dense-media-separation project,

approved in February 2021, will further extend Sishen's life-of-mine to 2039 and enhance product quality. At Kolomela, the new Kapstevél South open pit operation is mining ahead of plan and activities to advance our exploration programme in the Northern Cape continue. As the global drive towards decarbonisation gathers pace, our high-quality products, which enable cleaner, greener steelmaking, provide a sustained competitive edge.

"Kumba's first half performance reflects operational resilience and benefit our value over volume realisation strategy. We are maximising the value of our products and positioning our business for the future, to the benefit of all our stakeholders."

KEY FEATURES

CONTINUING TO DELIVER SHAREHOLDER VALUE

- Attributable **free cash flow** of **R31.5 billion**
- ROCE of **225%**
- Interim **cash dividend** of **R72.70** per share

SAFETY AND SUSTAINABILITY IS INTEGRAL TO OUR BUSINESS

- **Over 5 years** of **fatal-free** production
- **R51 billion** of shared value created in **H1 2021**
- **R12 million** in additional **WeCare** Covid-19 community support
- Zero occupational diseases
- **Over six years** without any level 3-5 environmental incidents

MAXIMISING RETURNS AND POSITIONING FOR THE FUTURE

- Average realised **FOB export price** of **US\$216/wmt**, 32% above benchmark
- Robust **EBITDA** margin of **70%**
- Closing **net cash** of **R40.7 billion**
- Cost **savings** of **R370 million**

The full Interim Results are available on our website [here](#)

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Notes to editors:

Kumba Iron Ore Limited, a member of the Anglo American plc group, is a leading value-adding supplier of high quality iron ore to the global steel industry. Kumba produces iron ore in South Africa at Sishen and Kolomela mines in the Northern Cape Province. Kumba exports iron ore to customers in a range of geographical locations around the globe including China, Japan, Korea and a number of countries in Europe and the Middle East.

www.angloamericankumba.com

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, with a broad range of future development options, provides many of the future-enabling metals and minerals for a cleaner, greener, more sustainable world and that meet the fast growing every day demands of billions of consumers. With our people at the heart of our business, we use innovative practices and the latest technologies to discover new resources and to mine, process, move and market our products to our customers – safely and sustainably.

As a responsible producer of diamonds (through De Beers), copper, platinum group metals, premium quality iron ore and metallurgical coal for steelmaking, and nickel – with crop nutrients in development – we are committed to being carbon neutral across our operations by 2040. More broadly, our Sustainable Mining Plan commits us to a series of stretching goals to ensure we work towards a healthy environment, creating thriving communities and building trust as a corporate leader. We work together with our business partners and diverse stakeholders to unlock enduring 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.

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Forward-looking statements:

This announcement includes forward-looking statements. All statements other than statements of historical facts included in this announcement, 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), 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.

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