

Anglo American outlines financial plans, eyes long-term demand growth

By [Lindsey Schutters](#)

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Anglo American has provided an official update on its 2023 performance and outlined its financial plans for the next three years. CEO Duncan Wanblad expressed optimism about the future of mined products and highlighted the company's focus on safety, operational discipline, and capital allocation.



An Anglo American employee at the Kumba Iron Ore mine. Anglo signed an MOU with Swedish H2 Green Steel in April to use products from Kumba.

In response to ongoing economic and geopolitical volatility, Anglo American took early action in 2023 to bolster business resilience. This included a reduction in business support costs by \$0.5bn by mid-2024, with an additional \$0.5bn in annual cost efficiencies identified across global businesses expected to be delivered in 2024.

These cost cutting measures confirm earlier reports.

Operational improvements are underway, including reconfiguring assets to adjust production profiles in response to market conditions and constraints. This includes reducing production at Kumba due to prolonged logistics constraints, focusing on higher margin own-production through PGMs processing facilities, and consolidating to one plant at the Los Bronces copper operation in Chile.



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These initiatives are expected to result in lower unit costs in 2024, despite high inflation, and \$1.8bn lower capital expenditure from 2023 to 2026.

Wanblad emphasised that Anglo American's investment proposition is differentiated by the high quality and diversification of its portfolio.

"Anglo American's differentiated investment proposition is underpinned by the high quality and diversification of our portfolio, which includes a number of unmatched resources and industry leading positions," he said in the media statement.

"Each of our businesses has a dynamic role within the overall portfolio, at different times delivering cash returns and supporting through-the-cycle investment – in copper and crop nutrients in particular – positioning us well to supply into structural long term demand growth."

Guidance outlook

In 2023, Anglo American saw a production increase of approximately 3%, driven by the ramp-up of Quellaveco copper and solid iron ore production. This was offset by ore grades in Chile and lower PGMs and diamonds production.

Unit costs rose by around 5% due to CPI and mining inflation, with some production impacts. The effective tax rate was around 39% due to a change in profit mix to higher tax jurisdictions. Capital expenditure was approximately \$5.8 billion, a reduction of around \$0.2bn, due to prioritisation. The year-end working capital build was around \$1.5bn, subject to pricing.

Production is expected to decrease by around 4% in 2024 as production is rescheduled to enhance value and reduce unit costs. Unit costs are expected to decrease by around 2% as cost discipline more than offsets inflation. Capital expenditure is projected to be around \$5.7bn, a reduction of around \$0.8bn, and includes Woodsmith.

A further 3% decrease is projected for 2025 due to production changes to enhance value and reduce unit costs, and scheduled maintenance. Capital expenditure for this period is projected to be around \$5.7bn, a reduction of around \$0.4bn, and includes Woodsmith.

“ Looking ahead, the fundamental supply and demand picture for many metals and minerals is ever more attractive. ”

In 2026, production is expected to increase by around 4%, benefiting from higher volumes in copper, iron ore, steelmaking coal and diamonds. Capital expenditure is projected to be around \$5.3 billion, including Woodsmith.

"Looking ahead, the fundamental supply and demand picture for many metals and minerals is ever more attractive. Many of the world's major economies are focusing their resources on meeting global decarbonisation timelines and, as the global population grows, continues to urbanise and demands higher living standards, we expect unprecedented demand for responsibly produced raw materials," Wanblad concluded.

"We are improving our resilience and ensuring we are set up to grow the value of our business into the major demand trends, drawing on the bench of well sequenced margin-enhancing project options within Anglo American."

ABOUT LINDSEY SCHUTTERS

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