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VALUE INVESTORS

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At the date of presentation, Magallanes, through the different investment vehicles managed and / or advised, holds a 0,19% stake in the share capital of Anglo American.

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1. ABOUT US

- **Equity Long-Only** asset management company, founded in December 2014
- **Independent:** created and controlled by its founding partners
- **Co-investment** with our clients: >20% of AUM internally-owned
- **Family business culture** in the asset management company, in the portfolio and in our investors
- **AUM ≈ €2.9 BN**
- Specialized in one single strategy: **European equity** with a **Value Investing** philosophy, via the following vehicles:
 - European Equity 85%
 - Iberian Equity 10%
 - Microcaps 5%

Aiming to preserve and increase capital in the long-run

2. ANGLO AMERICAN AT A GLANCE



- **Global diversified mining company with South African roots**
- **Copper, PGMs, Iron Ore, Met Coal, Diamonds, Nickel & Manganese and crop nutrients project**
- **Best-in-class assets**
- **BHP recent offers → Anglo new value delivery proposal**
- **All in all, a *Western movie***

2. ANGLO AMERICAN & BHP OFFERS

BHP Makes \$39 Billion Anglo Approach to Create Mining Giant

- All-share deal would create the world's top copper producer
- Demand for the metal soaring amid the global energy transition

BHP Offer Values Anglo American at \$39 Billion Source: Bloomberg

By [Thomas Biesheuvel](#), [Dinesh Nair](#), and [Crystal Tse](#)

25 de abril de 2024 at 8:48 CEST

Updated on 25 de abril de 2024 at 14:09 CEST

BHP says Anglo American rejected \$42.7-billion revised proposal

PUBLISHED: MON, 13 MAY 2024 14:16:04 GMT

BHP

Exchange release

22 May 2024

Increased and Final Offer Ratio for Anglo American plc

BHP walks away from \$49 billion pursuit of mining rival Anglo

By Clara Denina, Felix Njini and Melanie Burton

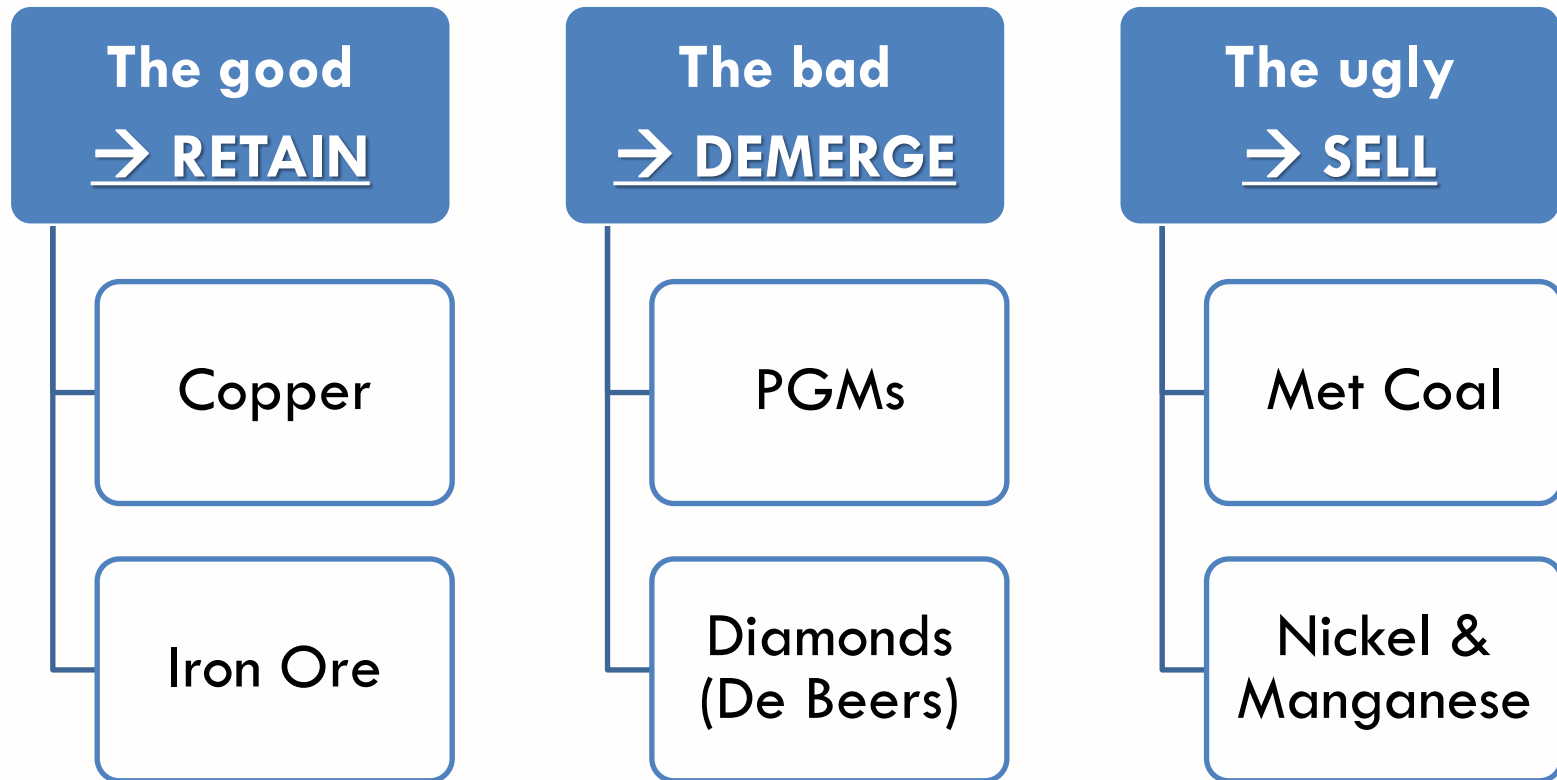
May 29, 2024 10:08 PM GMT+2 · Updated 4 months ago



Anglo American chief says not 'inevitable' buyer will emerge after group slims down

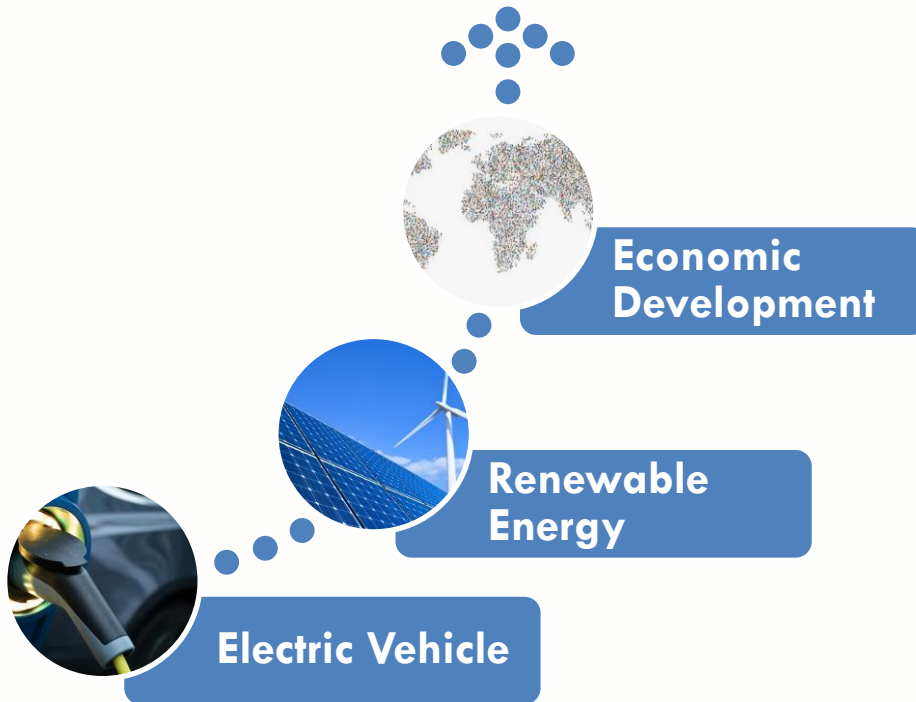
Wanblad plays down prospects of new bid after failed BHP takeover attempt

2. ANGLO AMERICAN ANSWER: THE GOOD, THE BAD AND THE UGLY

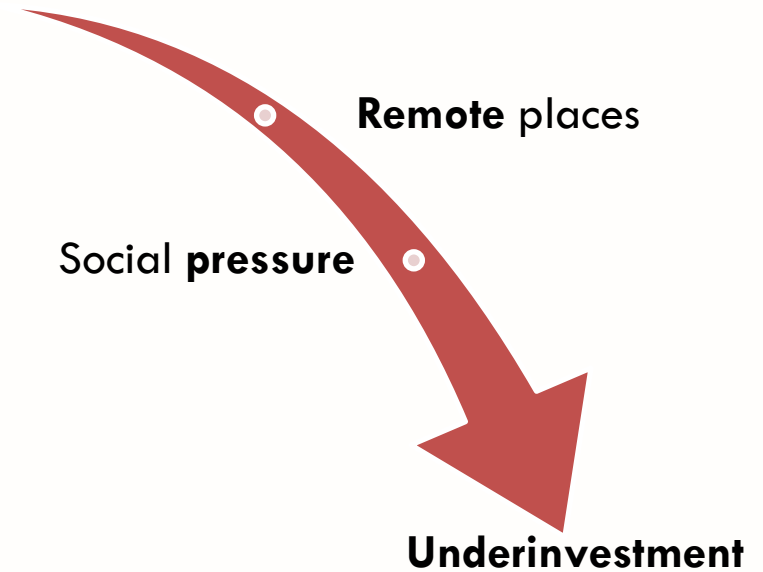


3.1. THE GOOD: COPPER DEMAND AND SUPPLY

DEMAND IS NOT AN ISSUE, BUT SUPPLY SECURITY AND AVAILABILITY



Declining ore grades





3.1. THE GOOD: COPPER ASSETS OF ANGLO AMERICAN



Best jurisdictions



Lowest cash cost mines



Long Life Of Mine



**Reality + Growth
(organic & inorganic)**

3.1. THE GOOD: IRON ORE BASICS

COMMON COMMODITY = HOW CHEAP YOU EXTRACT AND MOVE IT

5% of Earth crust

**98% used in
steelmaking**

**20x more iron
used than all
other metals
together**

**China ~75% of
seaborne demand**

**Australia & Brazil
>80% of
seaborne supply**



3.1. THE GOOD: IRON ORE ASSETS OF ANGLO AMERICAN

Kumba

- Listed in **South Africa**
- **69.7%** owned
- Production **36mtn**
- Two **open-pit** mines
- **High grade** + lump ore
- **Low-cost** production
- Logistics constraints
(**Transnet**)
- Market cap **7.5bn\$**

Minas-Rio

- 5th largest mine in **Brazil**
- **100%** owned
- Production **25mtn**
- Tier-one **open-pit** mine
- Higher grade **~67% Fe**
- Recent **deal** → 60mtn
- Pipeline maintenance +
harder rock
- EV **>5bn\$**



3.2. THE ~~BAD~~ CONTROVERSIAL: PLATINUM GROUP METALS BASICS

PGMs SUPPLY IS CONCENTRATED AND LIMITED → LOOK AT DEMAND

South Africa 95% of reserves & 58% of primary supply

Platinum, Palladium, Rhodium, Ruthenium, Iridium & Osmium

Very scarce 2-6g per tonne ored (vs 5kg copper)

>70% demand in auto catalytic converters

Silver linings:

- ICE ban delay
- Fuel cell tech
- Supply reductions



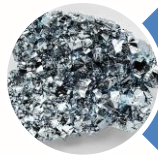
3.2. THE CONTROVERSIAL: ANGLO AMERICAN PLATINUM (AMPLATS)



Listed in **South Africa** (*mkt cap*
10bn\$) **>73% owned**



World's leading producer



**46% Platinum, 34% Palladium,
20% Other PGMs**



Integrated portfolio



Low cash cost producer



3.2. THE ~~BAD~~ CONTROVERSIAL: DIAMONDS BASICS

DE BEERS SLOGAN: “A *DIAMOND IS FOREVER*”

Demand: population,
wealth and
engagements growth

**Any important
discovery since
1990s**

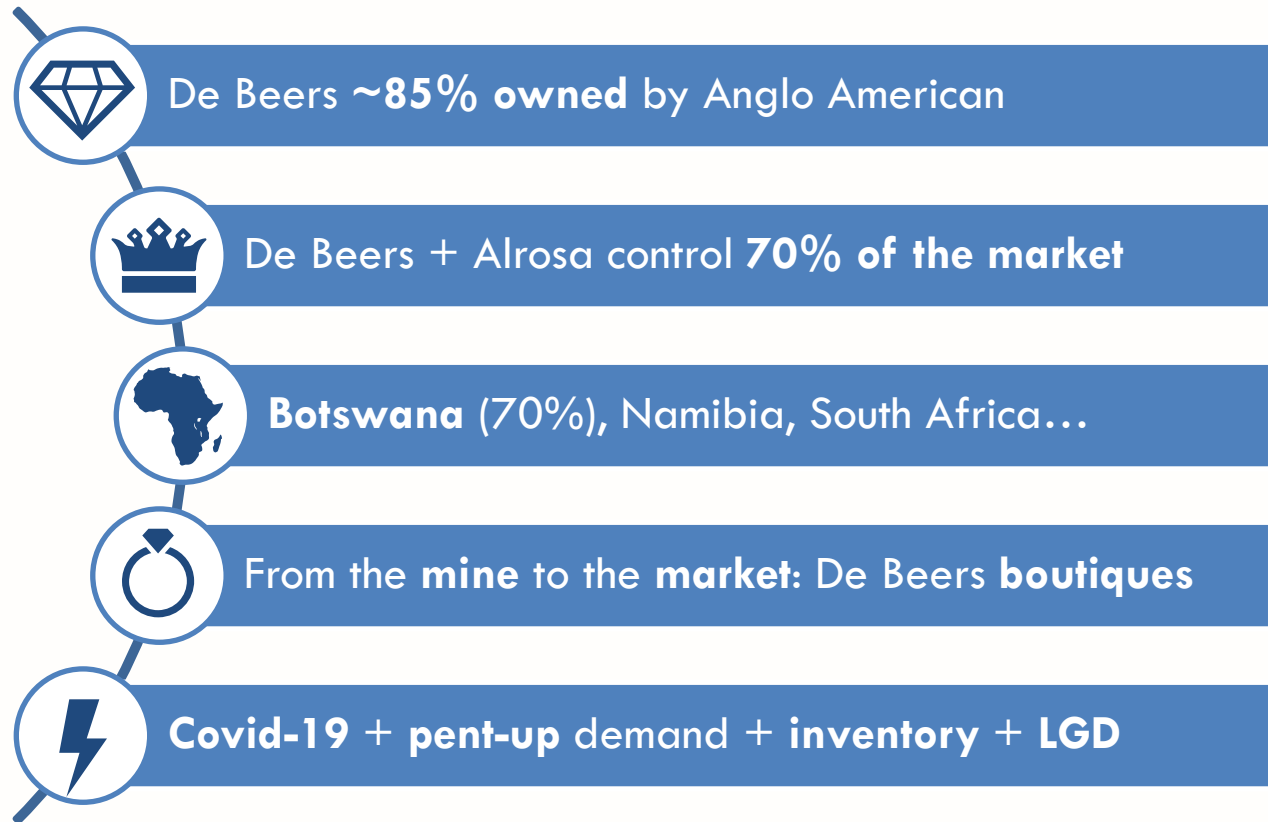
**Lab Grown
Diamonds (LGD)**

**Luxury = heritage +
story to tell**

Natural diamonds in
a **perfect &
temporary storm**



3.2. THE CONTROVERSIAL: DIAMONDS → DE BEERS



3.3. THE UGLY: MET COAL BASICS

NOBODY WANTS “COAL”, BUT EVERYBODY NEEDS THIS KIND OF COAL

**Thermal vs
Coking/Met coal**

**Key input in
steelmaking**

Supply disruptions,
bad **weather**, **tax**
hikes...

Demand is more
“**evenly**” spread
than iron ore

Australia ~50%
of seaborne
supply

3.3. THE UGLY: MET COAL ASSETS OF ANGLO AMERICAN

3rd largest supplier in seaborne met coal

Grosvenor mine fire in June 2024

Production reduction to 1.6mtn

Thungela (thermal coal) demerge in 2021

Recent transactions **3.5-4.5x EV/EBITDA**
or **300-500\$/tn**

3.3. THE UGLY: NICKEL & MANGANESE BASICS AND ASSETS

NICKEL FROM UNDERSUPPLY TO OVERSUPPLY

Indonesia ~50%
of nickel **supply**

Anglo **impaired** its
nickel operations

Residual
manganese
exposure

Samancor JV
(40% AAL & 60%
South32)

Bonus unknown
track coming ...



3.4. THE ~~UGLY~~ GOOD UNKNOWN: POLYHALITE PROJECT



Woodsmith is the world's largest known deposit of **POLY4**



From hope to disappointment or viceversa?



CAPEX delay till 2027
First production by 2030



1/Feasibility studies 2/Strong balance sheet 3/Syndication

4. THE “RENEWED” ANGLO AMERICAN

<p>Copper</p> <p>Quellaveco Los Bronces Collahuasi Sakatti</p>	<p>Premium iron ore</p> <p>Minas-Rio Kumba Serpentina</p>	<p>Crop nutrients</p> <p>Woodsmith</p>
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- ✓
Portfolio & structure transformation

3 products **>50%** copper¹ **100%** future-enabling
- ✓
Outstanding organic growth

>1 Mtpa Copper potential² **~2x** Minas-Rio production potential³
- ✓
High quality financial profile

31%⁴ ➔ **46%**⁴ EBITDA margin
- ✓
Efficiency & accountability step change

\$1.7 bn lower costs⁵
- ✓
Clear pathway to deliver

Proven sustainability leadership & project delivery



4. THE “RENEWED” ANGLO AMERICAN: THREE PILLARS



Reasonable net debt
position 1x
ND/EBITDA



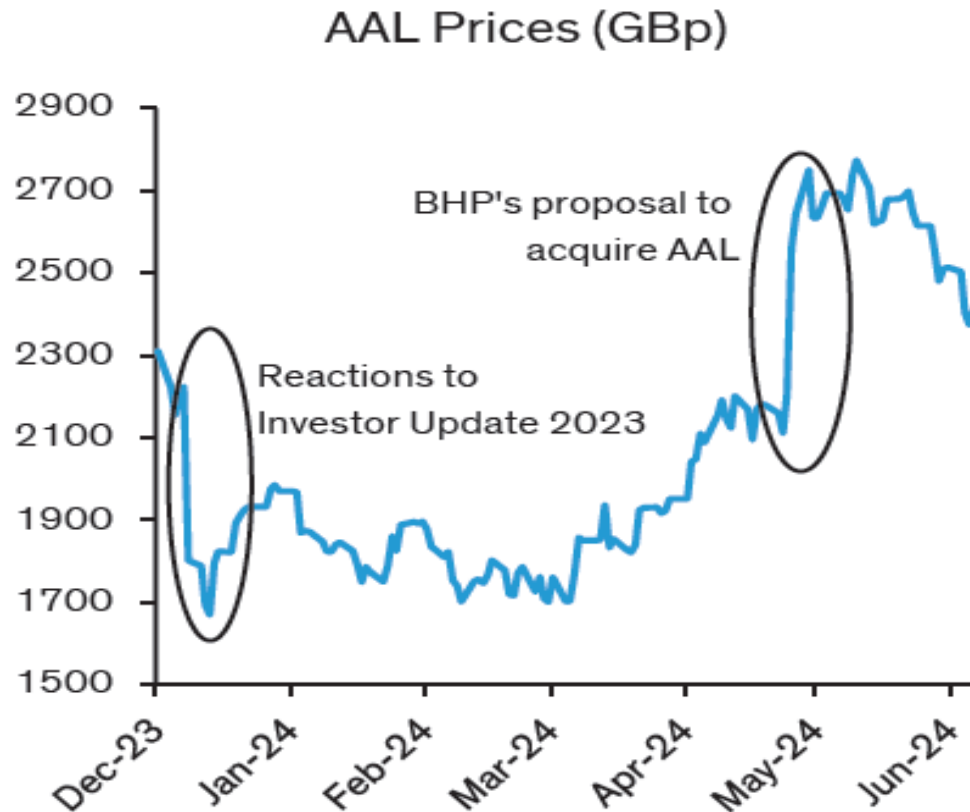
World-class assets
w/operational upside



**Value recognition in
progress**



5. ANGLO AMERICAN: RECENT SHARE PRICE PERFORMANCE

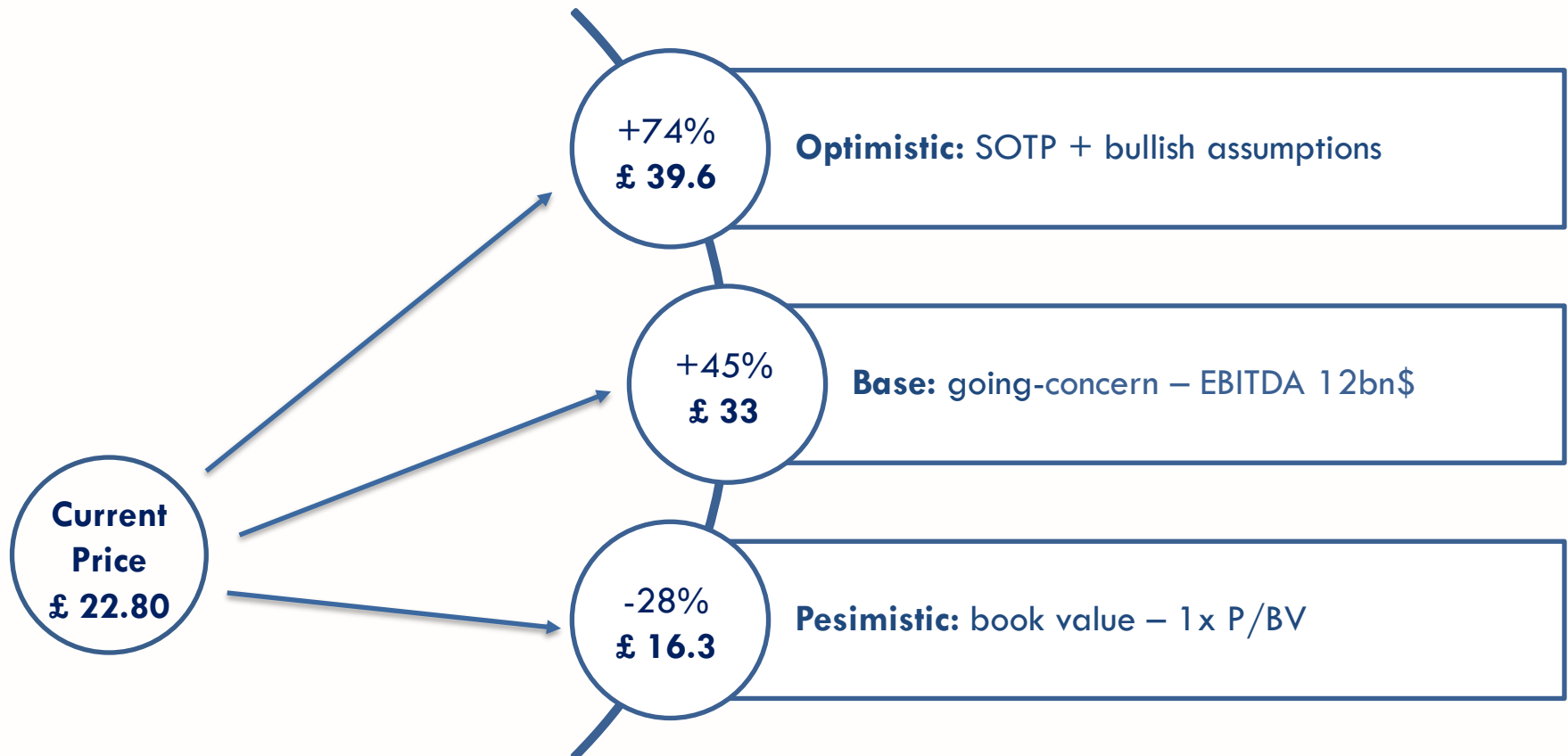


As of 07 June close

Source: Bloomberg, Bernstein analysis



5. ANGLO AMERICAN: VALUATION



6. FINAL REMARKS: WHAT TO LOOK FOR IN MINING COMPANIES



LEGAL STABILITY



PRODUCER VS JUNIOR



ASSET QUALITY



GOOD BALANCE SHEET



CHEAP VALUATION





6. A BOOK, SERIES AND PHRASE



“The hardest thing to learn in life is which bridge to cross and which to burn”.- Bertrand Russell

MAGALLANES



VALUE INVESTORS

Signatory of
 Principles for
Responsible
Investment

THANK YOU

