



APERTURE

INSIGHTFUL AND RELEVANT RESEARCH UPDATES

Anglo American HY 2026 Results

Share Price	R838
Date	03 August 2026

RESULTS SUMMARY

Anglo American delivered a strong set of interim results, benefiting from higher copper prices and the ongoing simplification of its portfolio. Revenue rose 11% to US\$9.93bn, while underlying EBITDA was up 35% to US\$4bn, driven by favourable copper price benefits and continued cost savings.

Copper and iron ore remain the group's core businesses, with copper generating US\$2.9bn in EBITDA at a 60% margin, contributing 73% of group EBITDA. Copper production was broadly flat at 344kt, while iron ore output fell 2% to 31.4Mt. During the period, Anglo advanced its proposed merger with Teck, which is on track for completion between September 2026 and March 2027. The group also agreed to sell its steelmaking coal business for up to US\$3.875bn, while its nickel business and De Beers remain classified as held for sale as the portfolio shifts towards critical minerals.

Operating cash flow rose to US\$3.52bn, supported by lower capital expenditure of US\$1.5bn, reducing the net debt-to-EBITDA ratio to 1.0x. The interim dividend was increased to US\$0.23 per share from US\$0.07 a year earlier. Management lowered full-year copper unit cost guidance, with production expected to benefit from higher ore grades at Quellaveco and Collahuasi in the second half of the year.

Looking beyond 2026, the expected completion of the Teck merger and the associated US\$4.5bn special dividend provide a strong catalyst for shareholder returns. Combined with Anglo American's increasing exposure to copper and other critical minerals, we remain confident in the company's long-term investment outlook.

OUR LONG-TERM INVESTMENT VIEW

- Anglo American is undergoing a strategic transformation to become a higher-margin, more focused mining company, emphasising copper, premium iron ore and crop nutrients. The company is simplified its portfolio through the divestment of steelmaking coal and nickel, and the completed demerger of Anglo-American Platinum (Valterra). These moves were designed to improve balance sheet flexibility, and concentrate on commodities with strong long-term demand drivers, particularly copper, which is essential for the global energy transition.
- From a financial perspective, Anglo American's strong cost discipline and focus on cash conversion have ensured the balance sheet remains stable, and that the business operationally is very efficient. Further deleveraging of the balance sheet will take place as sales are completed and proceeds realised. The company continues to invest in long-term growth projects, including expansions at Quellaveco (Peru), Collahuasi (Chile), and Minas-Rio (Brazil), which will drive future production growth and higher returns.
- Anglo American presents an attractive investment case for those with a long-term view on commodities essential for industrial growth and decarbonisation. The company's copper and premium iron ore businesses are well-positioned to benefit from infrastructure investments, particularly in China, the US, and Europe. The outlook for 2027 and beyond is underpinned by the expected completion of the Teck merger which is expected to grow copper volumes by 25-50% over the next five years by optimising key assets & creating the QB-Collahuasi JV.

UNPACKING THE HY 2026 RESULTS

High-level numbers

- Total **revenue** rose 11% to **US\$9.93bn** in H1 2026. This growth was primarily fuelled by a 22% increase in the average basket price, led by significantly higher copper prices, which offset lower realized prices for iron ore and a slight 2% decline in iron ore production.
- **Iron Ore** production fell 2% to 31.4Mt, with Kumba declining 3% (17.7Mt) due to planned maintenance and Minas-Rio holding stable at 12.9Mt despite lower ore grades. Underlying EBITDA for the segment dropped 16% to US\$1.17bn, with margins contracting to 35% due

- **Underlying EBITDA jumped** 35% to US\$4.0bn, driven by US\$1.2bn in favourable copper price benefits and the realization of cost-savings from the cost savings programme. These gains successfully mitigated headwinds from higher fuel-related input costs and unfavourable foreign exchange movements in the South African rand and Brazilian real.
- **Net debt** improved to **US\$8.2bn** as of June 30, 2026 (from US\$8.6bn at year-end 2025), supported by robust cash flow generation. This brings the net debt-to-EBITDA ratio to 1.0x, well within the company's target of remaining below 1.5x at the bottom of the cycle.
- **Unit costs** for the core copper business saw significant improvements, with H1 2026 costs falling to 136c/lb (H1 2025: 155c/lb) due to strong by-product credits and cost control. Management significantly lowered full-year 2026 copper unit cost guidance to c.145c/lb. However, premium iron ore unit costs rose to US\$41/t, impacted by inflation and unfavourable currency movements.
- **Operating cash flow** rose to **US\$3.52bn** (H1 2025: US\$3.27bn), contributing to an improved attributable free cash flow of US\$0.8bn. Cash generation was aided by lower capital expenditure of US\$1.5bn.
- The interim **dividend was US\$0.23/share** (H1 2025: US\$0.07/share), in line with the group's 40% payout policy and reflecting stronger earnings and cash generation.

Operational Performance

- **Copper** production remained stable at 344kt during H1 2026, as increased throughput at Los Bronces offset lower anticipated grades at Quellaveco and low-grade stockpile processing at Collahuasi. The division generated a 60% EBITDA margin, delivering US\$2.94bn in underlying EBITDA. Performance is expected to be second half weighted as Quellaveco grades lift and Collahuasi transitions to higher-grade run-of-mine ore in Q4 2026.

to lower realized prices and freight headwinds. Unit costs for premium iron ore rose to US\$41/t, impacted by inflation and unfavourable currency movements.

- **Other:** The **Steelmaking Coal** business classified as held for sale following a May 2026 agreement to sell the assets for up to US\$3.875bn. The **Nickel** business is also held for sale following a US\$500M deal with MMG, currently awaiting antitrust approval. **De Beers** recorded a narrowed EBITDA loss of US\$113M; a formal sale process for the diamond business is now advancing.

Looking ahead

Anglo American enters the second half of 2026 focused on completing its proposed merger with Teck, which is on track to close between September 2026 and March 2027. Upon completion, the company intends to return around US\$4.5bn to shareholders through a special dividend.

The company is trading on a forward EV/EBITDA multiple of 7x, which is lower than copper peers. We remain confident in Anglo's long-term investment outlook.

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