

Anglo American Strategic and Financial Analysis

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Executive Summary

Anglo American plc is one of the world's major diversified mining groups. Founded in South Africa in 1917 and now headquartered in London, the company has historically operated across copper, iron ore, diamonds, platinum-group metals, nickel, manganese, and steelmaking coal. However, Anglo American is currently undergoing one of the most important transformations in its history. Its emerging strategy focuses on copper, premium iron ore, and crop nutrients, while several non-core businesses are being sold, separated, or demerged.

The company's recent performance presents a mixed picture. Its continuing operations generated revenue of approximately \$18.5 billion and underlying earnings before interest, tax, depreciation, and amortisation, or EBITDA, of \$6.4 billion in 2025. Cost reductions, improved cash conversion, and strong margins in copper and premium iron ore demonstrate the quality of its primary assets. At the same time, Anglo American reported a \$3.7 billion loss attributable to shareholders, partly because of a major impairment associated with De Beers. Net debt remained substantial at \$8.6 billion, although it declined from \$10.6 billion in 2024 (Anglo American plc, 2026a).

Anglo American's long-term prospects depend heavily on whether management can complete the company's restructuring, control debt, execute major mining projects, and benefit from rising global demand for copper. The proposed merger with Teck Resources could create a much more copper-focused mining group, but the transaction also introduces regulatory, integration, and execution risks.

Overall, Anglo American possesses valuable assets and considerable growth opportunities. Nevertheless, it remains exposed to commodity-price volatility, operational disruptions, environmental pressures, and the challenges of restructuring a complex global organisation.

Company Background

Anglo American is a multinational mining company with operations and projects across southern Africa, South America, Australia, Europe, and other regions. The company is listed on both the London Stock Exchange and the Johannesburg Stock Exchange. Although its historical identity has been associated with a broad range of minerals, its future portfolio is becoming more concentrated.

The company now describes its core business as the responsible production of copper, premium iron

ore, and crop nutrients. Copper is needed for electrical grids, renewable-energy systems, electric vehicles, data centres, construction, and general industrial development. Premium iron ore supports steel production, while crop nutrients are intended to improve agricultural productivity and food security.

Anglo American is separating or selling its steelmaking-coal, nickel, and diamond interests as part of this portfolio simplification (Anglo American plc, n.d.). This shift is more than a routine asset-disposal programme. It represents a significant change in Anglo American's corporate identity.

Instead of operating as a highly diversified mining conglomerate, the company is attempting to become a more focused producer of commodities associated with electrification, infrastructure development, and agriculture. A more concentrated portfolio may allow management to direct capital toward its strongest assets. However, it could also increase the company's exposure to adverse movements in copper and iron-ore prices.

Financial Performance

Anglo American's 2025 results show that its main operating businesses remained profitable, even though impairments and weaker performance in businesses marked for separation weighed heavily on reported earnings.

Table 1

Anglo American's Selected Financial Indicators

Indicator	2025	2024	Change
Revenue from continuing operations	\$18.55 billion	\$17.75 billion	5% increase
Underlying EBITDA	\$6.42 billion	\$6.32 billion	2% increase
Underlying EBITDA margin	33%	34%	1 percentage-point decrease
Attributable free cash flow	\$790 million	Negative \$209 million	Significant improvement
Net debt	\$8.6 billion	\$10.6 billion	\$2.0 billion decrease

Indicator	2025	2024	Change
Loss attributable to shareholders	\$3.74 billion	\$3.07 billion	Loss increased
Total dividend per share	\$0.23	\$0.64	64% decrease

Note. Figures are based on Anglo American's results for the year ended December 31, 2025. Some measures, including underlying EBITDA and attributable free cash flow, are alternative performance measures used by management (Anglo American plc, 2026a).

Revenue increased by 5%, while underlying EBITDA rose by 2%. This suggests that the underlying operations grew, but profitability did not increase at the same rate as revenue. The reduction in the EBITDA margin from 34% to 33% also indicates that cost pressures and changes in the company's product mix affected overall returns.

Nevertheless, the copper and premium iron-ore businesses remained highly profitable. Anglo American reported EBITDA margins of 49% in copper and 43% in premium iron ore. The group also achieved approximately \$1.8 billion in annualised cost savings by the end of 2025. These results provide evidence that the core portfolio contains high-quality assets capable of generating substantial operating cash flow (Anglo American plc, 2026a).

The main concern is the difference between operating performance and the final result attributable to shareholders. Anglo American recorded a loss of approximately \$3.7 billion, including a \$2.3 billion pre-tax impairment related to De Beers.

The decline in the total dividend from \$0.64 to \$0.23 per share also demonstrates that investors experienced a significant reduction in immediate income, despite improvements in several operating measures. Therefore, the company's financial position cannot be assessed only through revenue and EBITDA. Debt, impairments, cash flow, capital expenditure, and shareholder returns must also be considered.

Anglo American's Major Strengths

High-Quality Copper and Iron-Ore Assets

One of Anglo American's greatest strengths is the quality of its copper and premium iron-ore operations. These businesses generated strong margins in 2025 and form the financial foundation of the simplified group.

Copper production reached approximately 170,400 tonnes during the first quarter of 2026, representing a 1% increase compared with the same period in 2025. Premium iron-ore production was 15.2 million tonnes, only 2% lower than the corresponding period.

The company maintained its 2026 production guidance of 700,000 to 760,000 tonnes of copper and 55 million to 59 million tonnes of premium iron ore (Anglo American plc, 2026b).

The performance is important because mining companies cannot rely only on rising commodity prices. They must also operate mines consistently, control costs, maintain equipment, secure water and energy supplies, and manage transportation systems.

In its first-quarter production update, Chief Executive Duncan Wanblad stated, “We’ve delivered a strong start to the year” (Anglo American plc, 2026b, p. 1). The results from Los Bronces, Collahuasi, Quellaveco, Kumba, and Minas-Rio generally supported that assessment.

High-quality mines usually have advantages such as long reserve lives, efficient infrastructure, competitive production costs, and access to commercially valuable grades of ore. Such characteristics can help a mining company remain profitable during periods of weaker commodity prices.

Exposure to Long-Term Copper Demand

Anglo American’s increasing focus on copper gives the company access to one of the strongest long-term demand themes in the mining industry. Copper is essential for electricity transmission because of its conductivity, durability, and wide industrial application.

It is used in electric vehicles, renewable-energy installations, industrial equipment, data centres, buildings, telecommunications, and power networks. The expansion of artificial intelligence infrastructure may also increase electricity consumption and investment in power-generation and transmission systems.

The International Energy Agency projected that global copper demand could increase by approximately 30% by 2040 under stated government policies. More importantly, the existing mine-development pipeline may be insufficient to satisfy future consumption.

The agency has warned that the copper market could face a supply deficit of around 30% by 2035 if announced projects fail to expand sufficiently (International Energy Agency, 2025).

This potential shortage strengthens the strategic argument for Anglo American’s copper assets. Large copper mines are difficult, expensive, and time-consuming to develop. Declining ore grades, permitting delays, infrastructure limitations, water shortages, and community concerns often restrict new supply.

Companies that already control large and operational copper resources may therefore possess an

advantage over businesses attempting to enter the market. Anglo American's established copper operations place the company in a potentially favourable position if global supply remains constrained.

However, long-term demand projections should not be confused with guaranteed short-term profits. Copper prices may still decline because of recessions, changes in Chinese industrial activity, exchange-rate movements, or temporary increases in supply.

Cost Reduction and Improved Cash Flow

The company's delivery of \$1.8 billion in run-rate cost savings is another significant strength. Cost control is particularly important in mining because companies cannot directly determine the market prices of the products they sell.

When copper or iron-ore prices decline, operational efficiency becomes one of the few ways management can protect profit margins. Reducing unnecessary expenditure, simplifying corporate structures, improving mine productivity, and using equipment more efficiently can strengthen financial resilience.

Anglo American also reported cash conversion of 107% for continuing operations and attributable free cash flow of \$790 million in 2025, compared with negative free cash flow in 2024. These figures show that accounting profits were increasingly converted into cash that could be used for debt reduction, investment, or shareholder distributions (Anglo American plc, 2026a).

Net debt declined by \$2 billion during the year, helped by proceeds from the sale of Anglo American's remaining Valterra Platinum shareholding. Further disposals could reduce leverage, although this will depend on sale prices, transaction timing, and the capital needed for the company's remaining projects.

Improved cash flow is encouraging because a mining company can report strong earnings while still experiencing financial pressure if too much cash is absorbed by capital expenditure, working capital, interest costs, or project delays.

Portfolio Simplification

Anglo American's historical diversification provided some protection against weakness in individual commodity markets, but it also created organisational complexity. Different minerals have different customers, production processes, regulatory requirements, market cycles, and capital needs.

A more focused portfolio could therefore improve decision-making and make the company easier for shareholders to evaluate. It may also reduce corporate overhead and allow management to concentrate on the assets with the strongest long-term potential.

The demerger of the majority of Valterra Platinum was completed in May 2025, and the remaining 19.9% interest was later sold for approximately \$2.5 billion. The company has also been progressing plans to dispose of its nickel and steelmaking-coal businesses and separate De Beers (Anglo American plc, 2026c).

If management completes these transactions successfully, Anglo American should become less complicated and more directly exposed to copper and premium iron ore. However, portfolio simplification will create value only if the company receives reasonable prices for disposed assets and avoids excessive separation costs.

There is also a risk that buyers may attempt to negotiate lower prices when they know that Anglo American is under pressure to complete its restructuring. Management must therefore balance speed with value preservation.

Valuable Growth Options

The agreement between Anglo American and Chilean state-owned company Codelco concerning the Los Bronces and Andina mines illustrates the value hidden within existing assets.

The joint mine plan is expected to unlock approximately 2.7 million tonnes of additional copper over 21 years. The companies estimate that it could produce an average of 120,000 additional tonnes annually, divided between the partners, while creating at least \$5 billion in shared pre-tax value with relatively limited new capital expenditure (Anglo American plc, 2026d).

This opportunity is attractive because it may generate more production from an existing mining district rather than requiring the development of an entirely new operation. Brownfield expansion can be less risky than constructing a mine in a new location because some infrastructure, technical knowledge, and workforce capacity are already available.

Nevertheless, environmental approvals, water availability, technical coordination, and local stakeholder relationships remain important. The project's estimated value will depend on actual production, copper prices, costs, and the successful coordination of two neighbouring mining operations.

Anglo American's Major Weaknesses

High Debt and Capital Requirements

Although net debt declined in 2025, the remaining \$8.6 billion is still substantial. Mining is highly capital intensive, and Anglo American must fund mine development, equipment replacement, safety improvements, environmental management, and long-term closure obligations.

The company's Woodsmith crop-nutrients project also requires careful financial management. Large development projects frequently face cost increases, schedule changes, engineering problems, and technical complications.

Anglo American must therefore balance investment in future growth against debt reduction and shareholder returns. Spending too little could damage the company's production capacity, while spending too much could increase financial pressure.

A concentrated portfolio may make this balancing process harder. If copper or iron-ore prices fall at the same time that capital expenditure rises, the company's financial flexibility could be reduced.

Debt also creates interest obligations that must be paid regardless of market conditions. While Anglo American's assets are capable of generating significant cash, a severe commodity downturn could make its debt burden more difficult to manage.

Reported Losses and Impairments

The \$3.7 billion loss attributable to shareholders weakens the argument that operational improvements alone are sufficient. The De Beers impairment shows how quickly the value of a major business can decline when demand conditions deteriorate.

Diamond markets have faced weak demand, inventory problems, competition from laboratory-grown diamonds, and uncertainty in important consumer markets. Although Anglo American intends to separate De Beers, it must first preserve the business's cash flow and obtain an acceptable transaction value.

A rushed sale during difficult market conditions could destroy value. On the other hand, retaining De Beers for too long could continue to consume management attention and capital.

The impairment also raises a broader issue. Mining assets are often valued using assumptions about future commodity prices, production levels, operating costs, exchange rates, and discount rates. When those assumptions change, reported asset values can fall sharply.

Investors should therefore distinguish between cash losses and non-cash impairments while recognising that both may reveal genuine deterioration in a business's economic prospects.

Reduced Dividend

The original company analysis claimed that Anglo American did not pay dividends. That statement is incorrect. The company does pay dividends, but its distribution declined considerably in 2025.

The total dividend of \$0.23 per share was consistent with Anglo American's policy of distributing 40%

of underlying earnings. However, it was 64% lower than the previous year.

Therefore, Anglo American may not provide stable income for investors who depend on predictable dividends. Its payout will change with earnings, commodity prices, impairments, debt levels, and capital requirements (Anglo American plc, 2026a).

A variable dividend policy can protect the company during difficult periods because it prevents management from borrowing excessively to maintain an unsustainable payment. However, it also creates uncertainty for income-focused shareholders.

Dependence on Cyclical Markets

Anglo American's financial performance is heavily influenced by global commodity markets. Mining companies may improve operational efficiency, but they cannot fully protect themselves from falling market prices.

A decline in Chinese construction, global manufacturing, or infrastructure spending could weaken demand for copper and iron ore. This means that Anglo American's earnings may remain volatile even after its restructuring is completed.

The company's increasing focus on fewer commodities could strengthen management discipline but reduce diversification. If copper and iron ore experience weakness at the same time, the simplified group may have fewer alternative sources of profit.

Opportunities

The Proposed Teck Merger

The planned merger between Anglo American and Teck Resources could fundamentally strengthen the company's position in copper. Management expects the combined group, provisionally called Anglo Teck, to provide shareholders with more than 70% exposure to copper.

The transaction had received shareholder approval and several regulatory approvals by early 2026. In April 2026, Anglo American stated that completion was expected between September 2026 and March 2027, with Chinese antitrust approval identified as the remaining major regulatory milestone at that time (Anglo American plc, 2026b).

The merger could create operational scale, a larger project pipeline, broader geographical diversification within copper, and opportunities to reduce overlapping costs.

The combination could also improve the company's ability to compete for capital and talent. A larger copper-focused group may attract investors seeking exposure to electrification and energy-transition

minerals.

However, these benefits are not automatic. Integrating corporate systems, management teams, operational cultures, and capital-allocation processes is difficult. Large mergers may fail to produce expected synergies because of conflicting priorities, underestimated costs, or cultural differences.

The merger should therefore be viewed as both a major opportunity and a meaningful execution risk.

Stronger Copper Prices

Commodity markets may support Anglo American's restructuring. The World Bank reported that base-metal prices were expected to remain strong in 2026 because of supply pressures and demand for metals such as copper.

However, it also expected iron-ore prices to remain comparatively weak because of ample supply and softer demand conditions, particularly in China (World Bank, 2026).

This uneven outlook highlights the value of Anglo American's copper exposure. Strong copper prices could improve margins, cash flow, and project economics.

Higher prices may also increase the value of undeveloped resources and make expansion projects more attractive. Nevertheless, the company cannot assume that recent prices will continue indefinitely. Commodity markets frequently experience sharp and unexpected reversals.

Crop Nutrients and Food Security

The Woodsmith project gives Anglo American potential access to the crop-nutrients market through polyhalite, a naturally occurring mineral used in fertiliser products.

Long-term population growth, soil degradation, and the need to increase agricultural productivity could support demand for effective crop nutrients. Farmers are under increasing pressure to improve yields while reducing the environmental consequences of intensive agriculture.

Woodsmith may therefore provide Anglo American with exposure to a market that is different from traditional metals and mining. This could introduce some diversification into the simplified portfolio.

Still, the commercial success of Woodsmith will depend on construction costs, product acceptance, farmer demand, distribution partnerships, and the price of competing fertilisers. It is therefore a promising but uncertain opportunity rather than a guaranteed source of future earnings.

Growing Demand for Responsible Mining

Governments, manufacturers, and consumers are increasingly concerned about how minerals are produced. Companies that can demonstrate responsible water use, strong labour standards, lower emissions, and meaningful community engagement may gain an advantage.

Anglo American could use its sustainability programmes to strengthen relationships with governments, customers, employees, and local communities. Responsible practices may also improve access to finance and reduce the probability of project delays.

However, sustainability claims must be supported by measurable outcomes. Investors and communities are increasingly sceptical of broad environmental promises that are not accompanied by transparent evidence.

Threats and External Risks

Commodity-Price Volatility

Anglo American sells products whose prices are largely determined by global markets. Copper prices are influenced by economic growth, construction, manufacturing, energy investment, inventory levels, currency movements, and speculative activity.

Iron-ore demand is strongly connected to steel production and the Chinese property and infrastructure sectors. A global slowdown could reduce prices even when long-term demand remains attractive.

This creates a common mining-industry problem. A company may have high-quality reserves and a convincing long-term strategy but still suffer weak earnings during a cyclical downturn.

Commodity-price volatility can also affect the value of assets that Anglo American plans to sell. If market conditions weaken, potential buyers may offer lower prices or delay transactions.

Operational and Infrastructure Risks

Mining operations face geological uncertainty, equipment failure, severe weather, water shortages, energy disruptions, transport bottlenecks, and safety incidents.

Anglo American's 2026 production guidance noted that Chilean copper output depended partly on water availability, while Kumba's performance remained exposed to third-party rail and port capacity (Anglo American plc, 2026b).

These risks cannot be removed completely. They can only be managed through maintenance, investment, planning, insurance, safety systems, and relationships with governments and infrastructure providers.

A disruption at a major mine can have a material effect on group production and cash flow. This is especially important as Anglo American becomes more dependent on a smaller number of core operations.

Environmental and Social Pressures

Mining can generate employment, exports, government revenue, infrastructure, and essential materials. It can also disturb land, consume water, create waste, affect biodiversity, and produce conflict with local or Indigenous communities.

The International Council on Mining and Metals argues that responsible mining requires environmental stewardship, ethical governance, meaningful engagement, and respect for the rights and interests of Indigenous Peoples (International Council on Mining and Metals, 2024).

Companies that fail to meet these expectations may face protests, project delays, litigation, reputational damage, or the loss of their social licence to operate.

Anglo American has established sustainability strategies and environmental goals, but its commitments must be judged against measurable results.

The company reported its lowest-ever injury-frequency rate in 2025, yet two employees died in workplace accidents during the year. This demonstrates that improved statistics do not eliminate the human consequences of operational failure (Anglo American plc, 2026a).

Regulatory and Political Risk

Anglo American operates in several jurisdictions with different tax systems, mining laws, labour regulations, and political environments. Governments may change royalties, environmental requirements, export controls, or ownership rules.

Regulatory approvals can also delay projects and corporate transactions. The proposed merger with Teck Resources, for example, depends on approval from multiple authorities.

Political instability, policy changes, and disputes over the distribution of mining revenues could affect project economics. Anglo American must therefore maintain strong relationships with national governments, regional authorities, employees, and communities.

Merger Integration Risk

Even if the proposed Teck merger receives all necessary approvals, combining the two companies may be difficult.

Management must integrate reporting systems, operational policies, organisational structures, and corporate cultures. It must also decide which projects should receive priority when capital is limited.

Expected savings may take longer to achieve than anticipated. Integration costs may also be higher than originally estimated.

If management becomes too focused on the merger, existing operations could receive less attention. Therefore, the transaction's success will depend not only on regulatory approval but also on disciplined execution after completion.

SWOT Summary

Strengths		Weaknesses	
High-quality copper and premium iron-ore assets		Considerable net debt	
Strong margins in core businesses		Large reported losses and impairments	
Improved cash flow and cost savings		Reduced and variable dividend	
Valuable existing mineral resources		High capital requirements	
Exposure to long-term copper demand		Dependence on complex restructuring	
Opportunities		Threats	
Growth in global copper consumption		Commodity-price volatility	
Proposed merger with Teck Resources		Regulatory and merger-integration risk	
Los Bronces-Andina joint mine plan		Water, rail, port, and energy constraints	

Opportunities	Threats
Development of crop nutrients	Environmental and community opposition
Proceeds from non-core asset sales	Safety incidents and operational disruption

Overall Evaluation

Anglo American is neither a uniformly strong company nor a fundamentally weak one. It is a valuable mining group passing through an unusually complicated transition.

Its copper and premium iron-ore businesses are profitable, internationally significant, and supported by strong long-term demand drivers. Management has reduced costs, improved free cash flow, and lowered net debt.

The Los Bronces-Andina agreement and the proposed Teck merger could further strengthen the company's position in copper. The company also possesses potentially valuable growth options through the Woodsmith crop-nutrients project.

However, Anglo American still faces important weaknesses. Reported losses remain large, debt is significant, the dividend has declined, and several major disposals are unfinished.

The future group will also be more dependent on copper and iron ore, reducing some of the diversification that previously protected Anglo American against weakness in individual markets.

The success of the strategy will ultimately depend on execution. Management must complete disposals without accepting poor prices, integrate Teck successfully if the merger closes, maintain operational discipline, control project spending, protect employees, and build trust with local communities.

Rising copper demand can support the strategy, but favourable market conditions cannot compensate indefinitely for poor capital allocation or operational failures.

Investors and analysts should therefore avoid relying excessively on short-term share-price movements or technical resistance levels. Long-term value will depend more on production costs, mine quality, reserve life, cash generation, debt management, and the successful completion of corporate restructuring.

Conclusion

Anglo American has a strong collection of mineral assets and a credible opportunity to emerge as a more focused and efficient mining company. Its copper operations, premium iron-ore businesses, cost-saving programme, and growth projects provide a solid strategic foundation.

The move toward commodities associated with electrification, infrastructure, and food production also aligns the company with major long-term economic trends.

At the same time, the company's financial results reveal genuine vulnerabilities. Debt, impairments, reduced dividends, commodity cycles, regulatory processes, and environmental responsibilities cannot be overlooked.

Anglo American should therefore be assessed as a company with high-quality core assets and significant future potential, but also with substantial execution and market risks.

The most reasonable conclusion is that Anglo American's prospects are improving, although its transformation is not yet complete.

Its long-term value will depend less on short-term stock-price resistance levels and more on the quality of its mines, its ability to generate cash, the success of its portfolio restructuring, and the discipline with which it manages future growth.

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