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ANGLO AMERICAN REJECTS FURTHER BHP PROPOSAL

[ANGLO AMERICAN PLC](#)

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22 May 2024

Anglo American rejects further BHP proposal and extends PUSU deadline to 29 May 2024

On 20 May 2024, the Board of Anglo American (the "Board") received a third unsolicited, non-binding and highly conditional takeover proposal from BHP Group Limited ("BHP") (the "Latest Proposal").

Under the terms of the Latest Proposal, for each Anglo American share owned, Anglo American's shareholders would receive:

- 0.8860 BHP shares; and
- Ordinary shares in each of Anglo American Platinum Limited and of Kumba Iron Ore Limited (distributed by Anglo American to its shareholders in direct proportion to Anglo American's shareholders' effective interest in Anglo American Platinum Limited and Kumba Iron Ore Limited).

The terms of the Latest Proposal represent a total value, based on undisturbed share prices as at market close on 23 April 2024, of approximately £29.34 per Anglo American share. On the basis of the 30-day and 90-day volume weighted average share prices up to and including 23 April 2024, the terms of the Latest Proposal would value Anglo American at £29.91 and £29.67 per Anglo American share, respectively.

The Latest Proposal includes the same highly complex structure as the proposals previously rejected on 26 April 2024 and 13 May 2024. This involves an all-share offer for Anglo American by BHP, with a requirement for Anglo American to complete two separate demergers of its entire shareholdings in Anglo American Platinum Limited and Kumba Iron Ore Limited to Anglo American's shareholders. The all-share offer and required demergers would be inter-conditional.

The Board and its advisers have engaged with BHP and its advisers on multiple occasions with a particular focus on the proposed structure and associated risks. The Board continues to believe that there are serious concerns with the structure given that it is likely to result in material completion risk and value impact that disproportionately falls on Anglo American's shareholders.

The requirement to pursue two contemporaneous demergers of publicly listed companies alongside a takeover and the inter-conditional nature of the three transactions is unprecedented, and as a result of a takeover would result in additional material approvals and conditions, particularly in South Africa. BHP's Latest Proposal is therefore in clear contrast to Anglo American's simpler standalone plan to accelerate value delivery announced on 14 May 2024 and its proposal to demerge Anglo American Platinum Limited - a single demerger that Anglo American has a proven track record in delivering.

The complex process proposed by BHP is likely to take 18 months or more to complete and carries significant execution and completion risks relating to both value and time. The key elements of Anglo American's standalone plan to accelerate value delivery are expected to be substantively complete by that stage. The approvals required in relation to BHP's Latest Proposal will also likely result in conditions being imposed that disproportionately impact Anglo American Platinum Limited and Kumba Iron Ore Limited and, therefore, Anglo American's shareholders.

In addition, the Board has also considered detailed feedback from its extensive engagement with Anglo American's shareholders and stakeholders since the release of Anglo American's accelerated plans for delivery of its standalone strategy on 14 May 2024, continuing its engagement with its shareholders since the approach from BHP became public on 24 April 2024.

The Board is confident in Anglo American's standalone future prospects and believes that Anglo American has set out a clear pathway to deliver the acceleration of its strategy detailed on 14 May 2024, that is expected to unlock significant and undiluted value for Anglo American's shareholders.

Taking the above considerations into account, the Board of Anglo American has unanimously rejected the Latest Proposal.

In order to allow for further engagement with BHP on the mitigation of risks and value impact on Anglo American's shareholders that are inherent in its Latest Proposal, Anglo American announces that, in accordance with Rule 2.6(c) of the Code, the Board has requested, and the Panel on Takeovers and Mergers (the "Panel") has consented to, an extension to the date by which BHP is required either to announce a firm intention to make an offer for Anglo American in accordance with Rule 2.7 of the Code or to announce that it does not intend to make an offer, in which case the announcement will be treated as a statement to which Rule 2.8 of the Code applies. Such announcement must now be made by not later than 5.00 p.m. on 29 May 2024. This deadline will only be extended with the consent of the Panel in accordance with Rule 2.6(c) of the Code.

Stuart Chambers, Chairman of Anglo American, commented:

"The Board is confident in Anglo American's standalone future prospects and believes that Anglo American has set out a clear pathway and timeframe to deliver the acceleration of its strategy to unlock significant and undiluted value for Anglo American's shareholders. The Board considered BHP's Latest Proposal carefully, concluded it does not meet expectations of value delivered to Anglo American's shareholders, and has unanimously rejected it. In particular, it does not address the Board's concerns about the structure, which results in significant complexity, execution risks, an extended timeline to completion and consequently has the potential for material value leakage to be disproportionately suffered by Anglo American's shareholders. Multiple engagements with the BHP team have not yet been able to resolve the concerns on these issues.

"However, the Board is willing to continue to engage with BHP and its advisers on this topic and has therefore requested a one week extension to the PUSU deadline which has been consented to by the Panel."

There can be no certainty that any firm offer will be made and, save as set out in BHP's announcement dated 13 May 2024 (and subject to the reservations set out therein), there can be no certainty as to the terms on which an offer may be made.

This announcement is being made without the agreement or approval of BHP.
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Sources and Bases

1. The total value of the Latest Proposal is based on share prices of BHP, Anglo American Platinum Limited and Kumba Iron Ore Limited as at market close on 23 April 2024, and GBP/AUD and GBP/ZAR exchange rates of 1.9190 and 23.7971, respectively as at 23 April 2024.
2. Volume weighted average prices are derived from Bloomberg.
3. The number of fully diluted Anglo American shares assumed excludes "Own Shares" as defined in Anglo American's 2023 annual report.

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Details of the offeree and offeror companies in respect of whose relevant securities Opening Position Disclosures and Dealing Disclosures must be made can be found in the Disclosure Table on the Takeover Panel's website at www.thetakeoverpanel.org.uk, including details of the number of relevant securities in issue, when the offer period commenced and when any offeror was first identified. You should contact the Panel's Market Surveillance Unit on +44 (0) 20 7638 0129 if you are in any doubt as to whether you are required to make an Opening Position Disclosure or a Dealing Disclosure.

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