S&P Global Ratings

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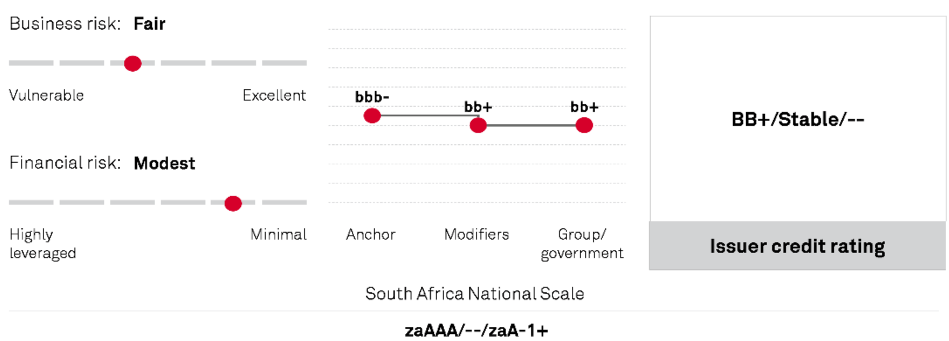
AngloGold Full Analysis

May 17, 2022

Ratings Score Snapshot



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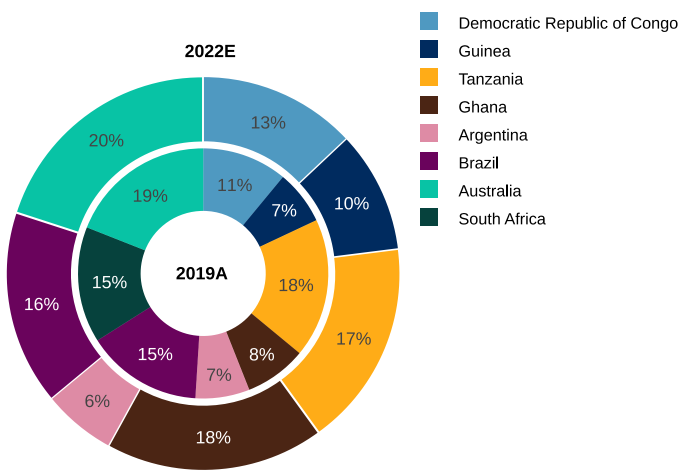
Credit Highlights

Overview

Key strengths	Key risks
The world's third-largest gold miner, with broad geographical and asset diversification.	Sensitivity of cash flow and credit measures to future gold-price declines.
An average mine life of more than 10 years and a solid exploration pipeline.	Relatively high operating costs, which may squeeze margins if gold prices decline more then we expect.
A clear financial policy targeting reported net debt to EBITDA around 1.0x throughout the cycle, and cash flow-linked dividends.	High capital expenditure (capex) and future cost inflation, including currency volatility, which could reduce profitability.
A history of disciplined liquidity, refinancing, and operational management.	A portfolio shift to higher-risk jurisdictions, which could increase exposure to adverse regulatory or legislative changes.

AngloGold Ashanti Ltd. is the third-largest gold producer globally, operating 10 mines on three continents. We expect AngloGold Ashanti to produce around 2.7 million ounces (Moz) of gold in 2022, rising to around 3 Moz in 2024, once the current phase of its asset redevelopment and renewal project is complete. Its mines are located in Australia, continental Africa, and Latin America, with the portfolio weighted toward mines operating in the upper half of the cost curve and in high-risk jurisdictions. Following disposal of the last of its South African assets in 2020, we estimate that in 2022, 60%-65% of production will come from countries that we consider high or very high risk, versus about 50% in 2019 (see chart 1). That said, in our view, the scale and diversification of the company's operations moderates the financial risks associated with unexpected disruptions to production.

Chart 1
Production Split By Country 2019A Versus 2022E



A--Average. E--Estimate. The inner circle represents 2019A and the outer circle 2022E.
Source: S&P Global Ratings.

The company has improved its balance sheet materially in recent years, and we expect it to maintain conservative credit measures over the next few years. We expect that AngloGold Ashanti's S&P Global Ratings-adjusted debt to EBITDA will remain below 1.5x and its funds from operations (FFO) to debt above 60%, supporting our assessment of modest financial risk. That said, lower free operating cash flow (FOCF) and higher operating costs than those of peers with similar leverage metrics will need to be counterbalanced by increased production, stable debt, and disciplined capital allocation to reduce volatility in the credit metrics in the longer term. AngloGold Ashanti has a conservative financial policy that includes a commitment to maintaining reported net debt to EBITDA below 1.0x throughout the cycle, and a dividend policy of 20% of FOCF before growth capex.

There are several exploration projects under way that could increase capex from 2023, but also increase scale and reduce country risk in the longer term. AngloGold Ashanti has several exploration projects in jurisdictions with lower country risk. Corvus in the U.S. and Quebradona and Gramalote in Colombia, if developed, could increase the company's scale and geographical diversity, while also reducing the average country risk of its operating portfolio. At the same time, the growth capex that the company may need for these greenfield projects could put pressure on FOCF and the credit metrics more broadly. These projects are not in our base case. We understand that the company intends to fund its growth capex using internally generated cash flow, and to match the pace of development with available funding. Business risk could improve if AngloGold Ashanti can balance its cash flow and cost optimization against possible higher capex for growth projects in order to maintain its credit metrics as gold prices normalize toward $1,400 per ounce (/oz).

Outlook

Our stable outlook reflects our expectation that AngloGold Ashanti will sustain adjusted debt to EBITDA comfortably below 1.5x and FFO to debt above 60%, on average, while maintaining positive FOCF and a strong liquidity profile. The outlook also reflects our expectation that the company will maintain its reserve base by delivering on new projects, while managing corporate development and country risk.

Downside scenario

We could downgrade AngloGold Ashanti if, over the next 24 months, we expect its adjusted debt to EBITDA to increase and remain above 1.5x or if its FFO to debt falls sustainably below 60%. Such a scenario could include a sustained deterioration in gold prices in tandem with material adverse foreign-exchange movements and/or a significant increase in capex that leads to weaker or more volatile earnings and cash flow than we anticipate in our base case. In addition, material operating disruptions or acquisitions that increase debt could put downward pressure on the ratings.

The ratings could also be constrained if the company becomes more materially exposed to operating jurisdictions that we consider to have high or very high country risk, as this could weigh on our assessment of business risk. Given AngloGold Ashanti's exposure to many developing and frontier markets in Africa and Latin America, country risk remains an important factor in our analysis, as does the effect that royalties, taxation, regulation, potential labor strikes, or other social issues may have on earnings and cash flow. Due to AngloGold Ashanti's diverse mining portfolio, our ratings on the company are not constrained by the sovereign ratings on the countries where it operates since no single jurisdiction contributes more than 25% to EBITDA. However, the ramp-up of the low-cost Obuasi mine is increasing the company's exposure to Ghana.

Upside scenario

We could raise the ratings if, over the next one-to-two years, AngloGold Ashanti can manage its elevated exposure to higher-risk jurisdictions and/or improve its operating efficiency relative to peers without weakening its credit measures.

Our Base-Case Scenario

Assumptions

- A gold price of $1,800/oz for the rest of 2022, $1,600/oz in 2023, and $1,400/oz in 2024 and beyond.
- Gold production and sales of about 2.7 Moz in 2022, rising to 3 Moz in 2024 once all phases of the Obuasi mine redevelopment are complete, and the benefits of brownfield developments at several mines in Australia and continental Africa are fully realized.
- Cash costs of about $970/oz in 2022, $984/oz in 2023, and $923/oz in 2024.
- Capex of about $1.1 billion in 2022, in line with company guidance, and $950 million-$1.1 billion thereafter.
- No material acquisitions beyond the $365 million Corvus deal completed in January 2022.
- Dividend payments of $50 million-$150 million over the next two years, in line with the stated dividend policy.

Key metrics

AngloGold Ashanti--Key Metrics*

Mil. $	2020a	2021a	2022e	2023f	2024f
Gold price (US$/oz)	1,768	1,796	1,800	1,600	1,400
Production	2,806	2,472	2,700	2,850	3,000
Revenue	4,427	4,029	4,330	4,080	3,800
EBITDA	2,215	1,559	2,050	1,420	1,560
EBITDA margin (%)	50%	39%	47%	35%	41%
Funds from operations (FFO)	1,633	1,088	1,790	1,290	1,470
Capital expenditure	702	1,028	1,100	1,050	950
Free operating cash flow (FOCF)	692	151	480	120	440
Debt	1,332	1,646	1,850	1,850	1,550
Debt to EBITDA (x)	0.6	1.1	0.9	1.3	1.0
FFO to debt (%)	123%	66%	97%	70%	95%
FOCF to debt (%)	52%	9%	26%	6%	28%

*All figures adjusted by S&P Global Ratings. a--Actual. e--Estimate. f--Forecast.

Company Description

Headquartered in South Africa, AngloGold Ashanti is the third-largest gold miner in the world measured by production. It generated about $3.9 billion in gold revenue in 2021. The company has operations--including 10 mines and four exploration projects--in six countries across continental Africa, Australasia, and the Americas. In 2020, AngloGold Ashanti exited its mines in South Africa, its historical home market.

AngloGold Ashanti had attributable gold ore reserves of almost 30 Moz and an attributable mineral resource of about 92 Moz on Dec. 31, 2021. This equates to an average mine life of about 11 years based on proven and probable reserves. In our view, the company will sustain relatively stable production in the long term, notably thanks to several current and medium-term expansion projects.

AngloGold Ashanti is listed on the Johannesburg, New York, and Australian stock exchanges, and had a market capitalization of about $7.2 billion as of May 13, 2022.

Peer Comparison

AngloGold Ashanti Ltd.--Peer Comparisons

	AngloGold Ashanti Ltd.	Gold Fields Ltd.	Yamana Gold Inc.	Kinross Gold Corp.	Newcrest Mining Ltd.
Foreign currency issuer credit rating	BB+/Stable/--	BBB-/Stable/A-3	BBB-/Stable/--	BBB-/Stable/--	BBB/Stable/--
Local currency issuer credit rating	BB+/Stable/--	BBB-/Stable/A-3	BBB-/Stable/--	BBB-/Stable/--	BBB/Stable/--
Period	Annual	Annual	Annual	Annual	Annual
Period ending	2021-12-31	2021-12-31	2021-12-31	2021-12-31	2021-06-30
Mil.	$	$	$	$	$
Revenue	4,029	4,195	1,815	3,729	4,576
EBITDA	1,559	2,238	944	1,365	2,247
Funds from operations (FFO)	1,088	1,686	746	918	1,907
Interest	139	112	135	134	109
Cash interest paid	155	103	47	144	107
Operating cash flow (OCF)	1,179	1,600	694	1,041	2,302
Capital expenditure	1,028	1,060	384	941	1,223
Free operating cash flow (FOCF)	151	540	311	100	1,079
Discretionary cash flow (DCF)	(89)	170	178	(151)	829
Cash and short-term investments	1,154	525	525	532	1,873
Gross available cash	1,024	525	525	532	1,873
Debt	1,646	1,204	799	1,923	685
Equity	4,061	4,130	5,203	6,650	10,124
EBITDA margin (%)	38.7	53.3	52.0	36.6	49.1
Return on capital (%)	21.1	28.3	8.2	6.2	15.5
EBITDA interest coverage (x)	11.2	20.1	7.0	10.2	20.6
FFO cash interest coverage (x)	8.0	17.3	16.8	7.4	18.8
Debt/EBITDA (x)	1.1	0.5	0.8	1.4	0.3
FFO/debt (%)	66.1	140.0	93.3	47.7	278.4
OCF/debt (%)	71.6	132.9	86.9	54.1	336.1
FOCF/debt (%)	9.2	44.9	38.9	5.2	157.5
DCF/debt (%)	(5.4)	14.1	22.3	(7.9)	121.0

AngloGold Ashanti Ltd.--Peer Comparisons

	AngloGold Ashanti Ltd.	Barrick Gold Corp.	Newmont Corp.
Foreign currency issuer credit rating	BB+/Stable/--	BBB+/Stable/A-2	BBB+/Stable/--

AngloGold Ashanti Ltd.--Peer Comparisons

Local currency issuer credit rating	BB+/Stable/--	BBB+/Stable/A-2	BBB+/Stable/--
Period	Annual	Annual	Annual
Period ending	2021-12-31	2021-12-31	2021-12-31
Mil.	$	$	$
Revenue	4,029	8,559	12,828
EBITDA	1,559	5,572	6,358
Funds from operations (FFO)	1,088	3,995	4,551
Interest	139	410	449
Cash interest paid	155	303	273
Operating cash flow (OCF)	1,179	2,810	4,460
Capital expenditure	1,028	1,819	1,822
Free operating cash flow (FOCF)	151	991	2,637
Discretionary cash flow (DCF)	(89)	(393)	155
Cash and short-term investments	1,154	5,280	5,074
Gross available cash	1,024	5,280	5,074
Debt	1,646	3,228	7,474
Equity	4,061	32,307	23,155
EBITDA margin (%)	38.7	65.1	49.6
Return on capital (%)	21.1	11.1	13.1
EBITDA interest coverage (x)	11.2	13.6	14.2
FFO cash interest coverage (x)	8.0	14.2	17.7
Debt/EBITDA (x)	1.1	0.6	1.2
FFO/debt (%)	66.1	123.8	60.9
OCF/debt (%)	71.6	87.0	59.7
FOCF/debt (%)	9.2	30.7	35.3
DCF/debt (%)	(5.4)	(12.2)	2.1

Business Risk

Our assessment of AngloGold Ashanti's business risk is supported by the company's relatively large scale and diversification, and its average mine life of over 10 years based on proven and probable reserves. Our assessment also takes into account the historical level and volatility of AngloGold Ashanti's profitability, as margins and returns on capital are highly sensitive to gold-price fluctuations. Over the past several years, EBITDA margins have shifted between the mid-30% and 50% areas in specific year-on-year periods. While AngloGold Ashanti's returns on capital are also volatile, these have averaged almost 19% in the past five years, higher than for most of its peers. Despite these supportive elements, we view the company's business risk profile at the weaker end of our fair assessment, due to its significant exposure to higher-risk jurisdictions, and its higher cost position relative to that of its closest peers. AngloGold Ashanti's closest peers have modestly lower unit costs and adjusted leverage, as well as lower jurisdictional risk, on average. We believe that the relative weakness of the company's portfolio, particularly in the context of the current and estimated credit measures, effectively limits rating upside potential, since business-profile strengthening will take time.

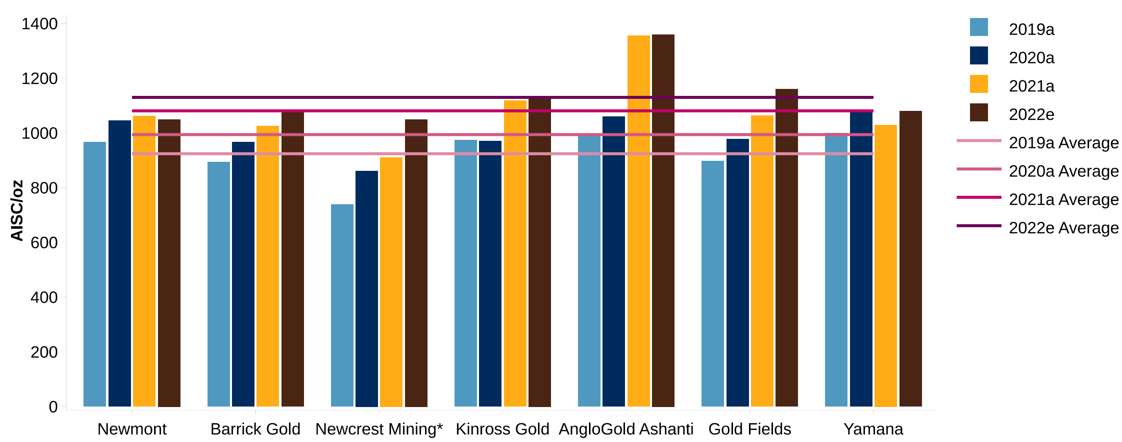
AngloGold Ashanti's solid geographical and mine-site diversification, with no one mine producing more than 20% of the total output in 2021, limits the company's reliance on a specific asset for cash flow and profitability. This somewhat mitigates the operating risks inherent in mining. Furthermore, the company's multi-year investment initiative aimed at increasing ore-reserve development and conversion through brownfield exploration in 2021 extended the average mine life by about two years to 11 years at an average cost of $68/oz. We also take positive note of a potential improvement in scale when the Obuasi mine in Ghana is fully operational.

AngloGold Ashanti's operations in Latin America and continental Africa represented about 80% of revenue and 87% of reported EBITDA in 2021. Rising exposure to higher-risk jurisdictions could introduce country risk or sovereign constraints if not offset by production from lower-risk countries following the development of the company's exploration projects in the U.S. and/or Colombia. While no single exposure is significant enough to constrain the ratings, the disposal of the South African operations, combined with the ramp-up of the Obuasi mine, could result in AngloGold Ashanti's exposure to Ghana constraining the ratings in the future, unless there are other changes in the next two-to-three years.

Our assessment of AngloGold Ashanti's business risk is also constrained by its relatively high cost position versus the industry average (see chart 2). Consequently, the company is more exposed to operating disruptions or sustained weakness in gold prices because its cash flow breakeven price is above the industry average.

Chart 2

Net All-In Sustaining Costs -- Peer Comparison



a--actual. e--Estimate. AISC/oz--All-in sustaining costs per ounce.*Year ending June 30.
Estimated data based on company disclosures (midpoint of guidance, if a range is provided).
Source: S&P Global Ratings.

The reasons for AngloGold Ashanti's higher cost base since 2019 are clear: the renewal of existing assets, which has extended the average mine life, and COVID-19-related costs, especially in Australia and Argentina. In addition, 2021 was affected by a production shortfall of 150 thousand ounces at the Obuasi mine following a safety-related closure, and lower ore grades at some mines under development. We see AngloGold Ashanti's unit cash costs averaging $967/oz for 2021-2022 versus $791/oz for rated peers over the same period. The company's 2021 cash costs were 24% higher than in 2019, compared to 12% higher for select rated peers over the same period. All-in-sustaining costs (AISC), which include capex and are a key driver of FOCF, are also elevated relative to industry averages.

We expect unit cash costs to rise for all gold miners in 2022 and possibly 2023, mainly due to higher energy and material costs and persistent COVID-19-related inefficiencies. The extent of cost pressures will differ based on companies' specific portfolios and strategies.

Financial Risk

We estimate AngloGold Ashanti's adjusted debt to EBITDA at below 1.5x and FFO to debt above 60% on a sustained basis. However, our estimates are subject to several key assumptions that could change and materially affect AngloGold Ashanti's credit measures. We forecast a steady decline in our average gold-price assumption over the next few years--from $1,800/oz in 2022, to $1,600/oz in 2023 and $1,400/oz in 2024 and beyond. Despite this, we cannot rule out a steeper or faster decline than we expect due to the inherent volatility in gold prices. Although it is not our base-case scenario, further operational disruptions could affect the company's cash flow, especially at lower gold prices, given its position at the high end of the AISC curve. Notably, our expectation for AngloGold Ashanti's credit measures is supported by the company's conservative financial policy.

Our assessment of AngloGold Ashanti's financial risk is moderated by lower FOCF than for peers rated 'BBB-' and above. We forecast five-year weighted-average adjusted FOCF to debt of 22% for AngloGold Ashanti versus 38% on average for peers rated investment grade. In part, the company's lower average FOCF reflects the shutdown of the Obuasi mine. Management is also undertaking several initiatives to allow the business to generate cash flow at lower gold prices. If these initiatives start to bear fruit, they could enhance the company's margins and cash flows. For example, the company has instituted a new operating model that includes a more streamlined management structure, and its "Full Asset Potential" review, which is well underway, looks at optimizing mine efficiencies. We also expect costs to moderate from the end of 2023 as the current phase of the asset redevelopment and renewal project concludes.

We also note the potential for additional growth capex from 2023--which we do not include in our base case--if the company decides to go ahead with the development of its exploration assets. The company has signaled its intention to scale its growth capex to its internally generated funds over time. In our view, it will need to balance its cash flow and cost optimization against possible higher capex for growth projects in order to maintain its credit metrics as gold prices normalize toward $1,400/oz from 2023. This also depends on the success of growth projects at the Obuasi, Geita, and Tropicana mines in supporting stable production and offering future cost benefits.

Debt maturities

AngloGold Ashanti has no material debt maturities until 2028. Its $1.4 billion multi-currency RCF is due for renewal in 2023, but we understand that the renegotiation of this facility is already well underway. Based on past actions, the company typically refinances or renews long term debt and facilities at least 12-18 months in advance.

AngloGold Ashanti Ltd.--Financial Summary

Period ending	Dec-31-2016	Dec-31-2017	Dec-31-2018	Dec-31-2019	Dec-31-2020	Dec-31-2021
Reporting period	2016a	2017a	2018a	2019a	2020a	2021a
Display currency (mil.)	$	$	$	$	$	$
Revenues	4,192	3,394	3,336	3,525	4,427	4,029
EBITDA	1,398	1,246	1,253	1,295	2,215	1,559
Funds from operations (FFO)	1,070	942	946	931	1,633	1,088
Interest expense	191	179	184	176	168	139
Cash interest paid	175	144	141	143	151	155
Operating cash flow (OCF)	1,051	822	796	829	1,394	1,179
Capital expenditure	711	675	575	703	702	1,028
Free operating cash flow (FOCF)	340	147	221	126	692	151
Discretionary cash flow (DCF)	325	89	182	83	645	(89)

AngloGold Ashanti Ltd.--Financial Summary

Cash and short-term investments	215	212	335	466	1,330	1,154
Gross available cash	215	212	335	466	1,330	1,024
Debt	2,583	2,607	2,311	2,382	1,332	1,646
Common equity	2,754	2,704	2,694	2,676	3,740	4,061
Adjusted ratios						
EBITDA margin (%)	33.3	36.7	37.5	36.7	50.0	38.7
Return on capital (%)	10.1	9.6	12.5	15.7	35.3	21.1
EBITDA interest coverage (x)	7.3	7.0	6.8	7.4	13.2	11.2
FFO cash interest coverage (x)	7.1	7.6	7.7	7.5	11.8	8.0
Debt/EBITDA (x)	1.8	2.1	1.8	1.8	0.6	1.1
FFO/debt (%)	41.4	36.1	40.9	39.1	122.6	66.1
OCF/debt (%)	40.7	31.5	34.4	34.8	104.6	71.6
FOCF/debt (%)	13.2	5.7	9.6	5.3	51.9	9.2
DCF/debt (%)	12.6	3.4	7.9	3.5	48.4	(5.4)

Reconciliation Of AngloGold Ashanti Ltd. Reported Amounts With S&P Global Adjusted Amounts (Mil. $)

	Debt	Shareholder equity	Revenue	EBITDA	Operating income	Interest expense	S&PGR adjusted EBITDA	Operating cash flow	Dividends	Capital expenditure
Financial year	Dec-31-2021									
Company reported amounts	1,909	4,009	4,029	1,276	810	110	1,559	1,268	240	1,028
Cash taxes paid	-	-	-	-	-	-	(316)	-	-	-
Cash interest paid	-	-	-	-	-	-	(155)	-	-	-
Lease liabilities	185	-	-	-	-	-	-	-	-	-
Postretirement benefit obligations/ deferred compensation	55	-	-	6	6	6	-	-	-	-
Accessible cash and liquid investments	(1,024)	-	-	-	-	-	-	-	-	-
Capitalized interest	-	-	-	-	-	14	-	-	-	-
Share-based compensation expense	-	-	-	22	-	-	-	-	-	-

Reconciliation Of AngloGold Ashanti Ltd. Reported Amounts With S&P Global Adjusted Amounts (Mil. $)

	Debt	Shareholder equity	Revenue	EBITDA	Operating income	Interest expense	S&PGR adjusted EBITDA	Operating cash flow	Dividends	Capital expenditure
Dividends from equity investments	-	-	-	231	-	-	-	-	-	-
Asset-retirement obligations	485	-	-	-	-	9	-	-	-	-
Nonoperating income (expense)	-	-	-	-	307	-	-	-	-	-
Reclassification of interest and dividend cash flows	-	-	-	-	-	-	-	(89)	-	-
Noncontrolling/ minority interest	-	52	-	-	-	-	-	-	-	-
Debt: other	36	-	-	-	-	-	-	-	-	-
EBITDA: other	-	-	-	24	24	-	-	-	-	-
D&A: Impairment charges/ (reversals)	-	-	-	-	(11)	-	-	-	-	-
Total adjustments	(263)	52	-	283	326	29	(471)	(89)	-	-
S&P Global Ratings adjusted	**Debt**	**Equity**	**Revenue**	**EBITDA**	**EBIT**	**Interest expense**	**Funds from Operations**	**Operating cash flow**	**Dividends**	**Capital expenditure**
	1,646	4,061	4,029	1,559	1,136	139	1,088	1,179	240	1,028

Liquidity

We view AngloGold Ashanti's liquidity as strong. We estimate that the ratio of sources to uses of liquidity exceeds 1.5x for the 12 months from March 31, 2022, and 1.0x for the subsequent 12-month period. We consider the company to have well-established bank relationships, a generally high standing in the credit markets, and prudent risk management.

Principal liquidity sources

- Cash and cash equivalents of about $1.1 billion.
- Undrawn bank lines of about $1.4 billion.
- Our estimate of annual cash FFO of about $1.36 billion.

Principal liquidity uses

- Debt maturities of $36 million in the remainder of 2022 and none in 2023.
- Working capital outflows of $132 million in 2022 and neutral working capital on average thereafter.
- Capex of about $1.05 billion-$1.1 billion in 2022-2023.
- Dividend payments of $50 million-$150 million over the next two years, in line with the stated dividend policy.

Covenant Analysis

Compliance expectations

AngloGold Ashanti has comfortable headroom under the financial covenant linked to the revolving credit facility. The covenant stipulates maximum net debt to adjusted EBITDA of 3.5x. This metric was less than 1.0x on Dec. 31, 2021. The facility also makes provisions for the company to have a leverage ratio of more than 3.5x but less than 4.5x, subject to certain conditions, for one measurement period not exceeding six months during the tenor of the facility. We estimate significant headroom (over 50%) throughout our two-year forecast period.

Environmental, Social, And Governance

ESG Credit Indicators

E-1	E-2	**E-3**	E-4	E-5	S-1	S-2	S-3	**S-4**	S-5	G-1	**G-2**	G-3	G-4	G-5
- Waste and pollution					- Health and safety - Social capital - Human capital					- N/A				

N/A--Not applicable. ESG credit indicators provide additional disclosure and transparency at the entity level and reflect S&P Global Ratings' opinion of the influence that environmental, social, and governance factors have on our credit rating analysis. They are not a sustainability rating or an S&P Global Ratings ESG Evaluation. The extent of the influence of these factors is reflected on an alphanumerical 1 -5 scale where 1 = positive, 2 = neutral, 3 = moderately negative, 4 = negative, and 5 = very negative. For more information, see our commentary "ESG Credit Indicator Definitions And Applications, " published Oct. 13, 2021.

Social factors are a negative consideration in our credit rating analysis of AngloGold Ashanti. Generally, social factors in developing economies remain a sensitive issue, one that we will continue to monitor. AngloGold Ashanti has divested its South African assets but, as with the regional peers we rate, increased underlying social tensions and inequalities translate into weaker business and investment conditions. In addition, exposure to emerging and frontier markets with weak social standards (leading to strikes and posing other challenges) affects operating efficiency. Environmental factors are a moderately negative consideration for AngloGold Ashanti, as for its global mining peers. Mining operations entail energy-intensive processes, generating greenhouse gas emissions and waste products.

Issue Ratings--Recovery Analysis

Key analytical factors

- The issue rating on the senior unsecured debt is 'BB+' and the recovery rating is '3'. Although the recovery prospects are above 70%, we cap the recovery rating at '3' to reflect the unsecured nature of the notes.
- The recovery rating is supported by the robust valuation of AngloGold Ashanti, and constrained by the unsecured nature of the debt and substantial pari passu-ranking debt.
- In our hypothetical default scenario, we assume a payment default in 2027, triggered by intensified competition, slowing demand for gold, and gold-price volatility that leads to a decline in revenue and margins.
- We value AngloGold Ashanti as a going concern, reflecting our view of the company's strong market position and large and diversified asset base.
- The recovery rating is based on a distressed enterprise value multiple of 5.0x, which is unchanged from our previous review. Emergence EBITDA represents a 60.8% decline from reference EBITDA of $1,636 million.
- The hypothetical default year is 2027, in line with the issuer credit rating of 'BB+'.

Simulated default assumptions

- Year of default: 2027
- Jurisdiction: South Africa

Simplified waterfall

- Emergence EBITDA: $640.4 million (capex represents 6% of the three-year average of sales and the cyclicality adjustment is 15%, in line with the specific industry sub-segment. We also make an operational adjustment of 50% to reflect additional capex needs well above 6% of sales).
- Multiple: 5.0x
- Gross recovery value: $3.2 billion
- Priority liabilities (administrative costs and priority claims): $346 million
- Total collateral value available to repay debt: $2.9 billion
- Unsecured debt claims: $3.2 billion [1]
- Recovery prospects: 50%-70% (rounded estimate: 65%) [2]
- Recovery rating: 3

[1] All debt amounts include six months of prepetition interest.

[2] Although the recovery prospects exceed 70%, we cap the recovery rating at ‘3' due to the unsecured nature of the notes.

Rating Component Scores

Foreign currency issuer credit rating	BB+/Stable/--
Local currency issuer credit rating	**BB+/Stable/--**
Business risk	**Fair**
Country risk	Moderately High
Industry risk	Moderately High
Competitive position	Fair
Financial risk	**Modest**
Cash flow/leverage	Modest
Anchor	**bbb-**
Diversification/portfolio effect	Neutral (no impact)
Capital structure	Neutral (no impact)
Financial policy	Neutral (no impact)
Liquidity	Strong (no impact)
Management and governance	Satisfactory (no impact)
Comparable rating analysis	Negative (-1 notch)
Stand-alone credit profile	**bb+**

Related Criteria

- General Criteria: Environmental, Social, And Governance Principles In Credit Ratings, Oct. 10, 2021

- General Criteria: Group Rating Methodology, July 1, 2019
- Criteria | Corporates | General: Corporate Methodology: Ratios And Adjustments, April 1, 2019
- General Criteria: Methodology For National And Regional Scale Credit Ratings, June 25, 2018
- Criteria | Corporates | General: Recovery Rating Criteria For Speculative-Grade Corporate Issuers, Dec. 7, 2016
- Criteria | Corporates | Recovery: Methodology: Jurisdiction Ranking Assessments, Jan. 20, 2016
- Criteria | Corporates | General: Methodology And Assumptions: Liquidity Descriptors For Global Corporate Issuers, Dec. 16, 2014
- Criteria | Corporates | General: Corporate Methodology, Nov. 19, 2013
- General Criteria: Methodology: Industry Risk, Nov. 19, 2013
- General Criteria: Country Risk Assessment Methodology And Assumptions, Nov. 19, 2013
- General Criteria: Methodology: Management And Governance Credit Factors For Corporate Entities, Nov. 13, 2012
- General Criteria: Principles Of Credit Ratings, Feb. 16, 2011

Related Research

- Metal Price Assumptions: Shortages Worsen And Prices Spike As Conflict Roils Metals Trading, March 17, 2022
- ESG Credit Indicator Report Card: Metals And Mining, Nov. 30, 2021

Regulatory Disclosures

Regulatory disclosures applicable to the most recent credit rating action can be found at "AngloGold Ashanti Outlook Revised To Stable From Positive; Rating Affirmed At 'BB+'," published April 25, 2022, on RatingsDirect.

Glossary

- Anchor: The starting point for assigning an issuer a long-term rating, based on its business risk profile assessment and its financial risk profile assessment.
- Business risk profile: This measure comprises the risk and return potential for a company in the market in which it participates (its industry risk), the country risks within those markets, the competitive climate, the company's competitive advantages and disadvantages (its competitive position).
- Comparable rating analysis: This involves taking a holistic review of a company's stand-alone credit risk profile (SACP), because each of the subfactors that ultimately generate the SACP can be at the upper or lower end, or at the midpoint, of such a range. It may also touch upon the overall comparative assessment of an issuer in relation to its peers across industry and jurisdiction and may capture some factors not (fully) covered, such as a short operating track record, entities in transition, unusual structures, or contingent risk exposures.
- Competitive advantage: The strategic positioning and attractiveness to customers of the company's products or services, and the fragility or sustainability of its business model.
- Competitive position: Our assessment of a company's: competitive advantage; operating efficiency; scale, scope, and diversity; and profitability.
- Corporate Industry and Country Risk Assessment (CICRA): Derived by combining an issuer's country risk assessment and industry risk assessment.
- Country risk: This measures a country's influence on the overall credit risks for a rated company with regards to a country's economic, institutional and governance effectiveness, financial system, and payment culture/rule of law risks.
- CreditWatch: This highlights the potential direction of a short- or long-term rating over the short term, typically less than three months. Ratings may be placed on CreditWatch where, in our view, an event or a deviation from an expected trend has occurred or is expected and additional information is necessary to determine the rating impact.

- Creditworthiness: Ability and willingness of a company to meet its debt and debt-like obligations; measured by assessing the level current and future resources relative to the size and timing of its commitments.
- Diversification/portfolio effect: Applicable to conglomerates. An assessment of the extent to which an entity's multiple core business lines are correlated and whether each contributes a material source of earnings and cash flow.
- Earnings: Proxy for profit or surplus yielded by an entity after production and overhead costs have been accounted for in a given period.
- EBITDA margin: This is EBITDA as a fraction of revenues.
- EBITDA: This is earnings before interest, tax, depreciation, and amortization.
- Economies of scale: This is the cost advantage that arises with increased size or output of a product.
- Efficiency gains: Cost improvements.
- ESG credit factors: Those environmental, social, and governance (ESG) factors that can materially influence the creditworthiness of a rated entity or issue and for which we have sufficient visibility and certainty to include in our credit rating analysis. These credit factors can have a negative or positive impact on creditworthiness, depending on whether they represent a risk or an opportunity.
- ESG credit indicator: An ESG credit indicator is an alphanumeric representation of the qualitive assessment of ESG factors' impact on creditworthiness produced as part of the ratings process. Our ESG credit indicators provide additional disclosure by reflecting our opinion of how material the influence of ESG factors is on the various analytical components in our rating analysis through an alphanumerical 1-5 scale. ESG credit indicators are applied after the ratings have been determined.
- Financial headroom: Measure of deviation tolerated in financial metrics without moving outside or above a predesignated band or limit typically found in loan covenants (as in a debt-to-EBITDA multiple that places a constraint on leverage) or set for the respective rating level. Significant headroom would allow for larger deviations.
- Financial risk profile: This measure comprises our assessment of a company's cash flow/leverage analysis. It also takes into account the relationship of the cash flows the organization can achieve given its business risk profile. The measure is before assessing other financial drivers such as capital structure, financial policy, or liquidity.
- Free operating cash flow: Cash flow from operations minus capital expenditure.
- Funds from operations: EBITDA minus interest expense minus current tax.
- Group rating methodology: The assessment of the likelihood of extraordinary group support (or conversely, negative group intervention) that is factored into the rating on an entity that is a member of a group.
- Industry risk: This addresses the major factors that affect the risks that companies face in their respective industries.
- Issue credit rating: This is a forward-looking opinion about the creditworthiness of an obligor with respect to a specific class of financial obligations or a specific financial program.
- Issuer credit rating: This is a forward-looking opinion of an obligor's overall creditworthiness.
- Leverage: The level of a company's debt in relation to its earnings before interest, tax, depreciation, and amortization.
- Liquidity: This is the assessment of a company's monetary flows, assessed over a 12 to 24 month period. It also assesses the risk and potential consequences of a company's breach of covenant test, typically tied to declines in EBITDA.
- Management and governance: This addresses how management's strategic competence, organizational effectiveness, risk management, and governance practices shape the issuer's competitiveness in the marketplace, the strength of its financial risk management, and the robustness of its governance.
- Operating efficiency: The quality and flexibility of the company's asset base and its cost management and structure.
- Outlook: This is the assessment of the potential direction of a long-term issuer rating over the short to intermediate term (typically six months to two years).
- Rating above the sovereign assessment: Our assessment of whether an entity can be rated above the sovereign rating on a jurisdiction it has a material exposure to.

Ratings Detail (as of May 17, 2022)*

AngloGold Ashanti Ltd.

Ratings Detail (as of May 17, 2022)*

Issuer Credit Rating		BB+/Stable/--
South Africa National Scale		zaAAA/--/zaA-1+
Issuer Credit Ratings History		
25-Apr-2022		BB+/Stable/--
02-Nov-2020		BB+/Positive/--
25-Apr-2016		BB+/Stable/--
02-Jul-2018	*South Africa National Scale*	zaAAA/--/zaA-1+
09-Aug-2017		zaAA/--/zaA-1+
25-Apr-2016		zaA/--/zaA-1

*Unless otherwise noted, all ratings in this report are global scale ratings. S&P Global Ratings credit ratings on the global scale are comparable across countries. S&P Global Ratings credit ratings on a national scale are relative to obligors or obligations within that specific country. Issue and debt ratings could include debt guaranteed by another entity, and rated debt that an entity guarantees.