

Research Recommendation: **BUY - Anglo American (AAL)**

Fundamentals	2008	2009	2010E	2011E
Revenues (\$m)	26,311	20,585	17,882	19,992
Pre Tax Profit (\$m)	8,571	4,029	4,830	6,483
EPS (\$)	4.36	2.14	2.35	3.29
P/E Ratio (x)	5.4	19.2	11.4	8.1
PEG (x)	1.3	n/a	0.2	0.2
Dividend (p)	0.44	n/a	23.0	59.0
Yield (%)	1.9	0.0	0.9	2.2

Stock	AAL
Ticker	AAL.L
Market	FTSE 100
12M High	2,962p
12M Low	1,058p
Market Cap.	£35,650m
Shares out	1,316m
Beta	1.48

Background

Global mining and natural resources, interests in platinum, gold, diamonds, coal, base metals, ferrous metals, and industrial minerals. Operations in Africa, EU, The Americas, Australia, and Asia.

Technical Commentary

Shares rising nicely in upward channel. Likely to trade up and down in channel, but to retain upward bias. Support from 50-day moving average (blue). Momentum neutral but potential to rise. RSI in mid-ground but rising.

Fundamental Commentary

We believe investment case for miners remains positive into 2010 with growth in emerging markets, infrastructure investment and US & EU restocking still potential drivers.

Broker Comments

(12 Mar) RBS nudges AAL target to 2950p. Revised pricing means positive impact on EPS forecasts. Maintains Hold

(8 Mar) Exane BNP ups target to 2800p. FY09 broadly in-line, despite platinum disappointing. Cost cuts good. Neutral

(2 Mar) Ambrian raises target to 3000p. Results better, helped by copper. Hold.

Graph: 1 year (daily)



Graph: 3-month (hourly)



Risks

Copper mines in Chile, exposed to earthquakes. Market concerned monetary policy tightening in China could put brakes on global recovery. Mining stocks tend to be volatile. AAL shares make up 2.6% of FTSE100.

ENTRY PRICE 2,705p

STOP LOSS 2,516p
(-7.0%)

Bull Points Strong upward trend. Potential for dividend restatement. Global demand recovery. Positive broker comments. Support from 50-day moving average.

Bear Points Volatile sector. Hostage to macro-economic news (China, central bank rates, Chile). Share of FTSE100.