

BHP

BMO Metals, Mining & Critical Minerals Conference

CEO speech

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Mike Henry, CEO

Slide 1: BHP at BMO Global Metals, Mining & Critical Minerals Conference

Good morning, all. Thank you to BMO for hosting this conference. I am looking forward to connecting with many of you over the next couple of days.

Today I am going to provide you with a brief update on BHP's recent half year results, and on how we are tracking against our broader strategy.

It was pleasing last week to be able to announce another solid set of financial and operational results. This performance underlines the inherent strength of our business.

I will walk you through the performance highlights shortly, but before I do that, I must acknowledge that it really isn't possible for any of us to feel proud of these results when one of our contractors lost their life while on the job at our Saraji operation in Australia just last month.

Notwithstanding an overall trend of improvement on a number of safety metrics and some pockets of very encouraging excellence across the company, it is imperative that everyone makes it home at the end of shift, everywhere, always. Our operational and financial outcomes need to be delivered consistently safely. Safety is the priority.

We are taking specific action and redoubling our efforts to reinforce our safety culture and controls.

Slide 2: Disclaimer

Slide 3: H1 FY24 performance

Turning to the broader results, last half, copper production was up by seven per cent... we maintained our strong momentum at Western Australia Iron Ore... and we remain on track to meet our original full year production and unit cost guidance at all bar one of our assets.

We made significant progress in shaping our portfolio and in strengthening our pipeline of value-adding growth, in line with our strategy. This includes:

- The successful integration of Copper South Australia six months ahead of schedule;
- The sanctioning of the Jansen Stage 2 potash project in Canada, for US\$4.9 billion; and
- The agreement to divest the Blackwater and Daunia mines for up to US\$4.1 billion, completing the consolidation of our metallurgical coal portfolio into only the highest quality premium metallurgical coals, increasingly needed by steelmakers to boost efficiencies and reduce their carbon intensity.

We did of course also announce two exceptional items. One relating to Western Australia Nickel and the other to Samarco.

On the back of our strong underlying results, and reflective of our confidence in the future, we declared an interim dividend of 72 US cents per share, a payout ratio of 56 per cent.

Slide 4: Portfolio positively leveraged to megatrends

As everyone in this room knows, our industry is an industry where success requires one to be able to plan for the multi-decade future, while at the same time remaining cognisant of the nearer term dynamics that can impact returns.

BHP's historical success has been supported by our ability to walk and chew gum at the same time and through our strategy of ensuring that our business is set up to be resilient at all points in the cycle.

So how do we currently see things.

In the near-term, we expect economic conditions to be moderately more favourable this calendar year than last, with commodity demand more evenly distributed around the world.

Lower inflation, and eventually lower interest rates in the developed world, will add positive momentum to manufacturing sectors in the US and Europe.

We expect India's strong growth to continue, with healthy investment in steel-intensive sectors such as infrastructure and housing.

Our near-term outlook for China remains cautious, and conditional on how quickly and effectively pro-growth policies impact the broader Chinese economy.

Longer-term, the global trends playing out around us underpin strong demand for the commodities we produce.

A population approaching 10 billion by 2050, that is increasingly urbanised, and seeks a higher standard of living, inevitably increases the world's demand for metals and minerals.

The energy transition will only augment that demand.

At BHP, we have the world's largest copper endowment, and we are a leading producer of both iron ore and high-quality metallurgical coal. And we are on track to be a globally significant potash supplier by the end of this decade.

The future is complex for mining companies. There are significant challenges to bringing on new supply – grade decline headwinds, a lack of economically viable discoveries, permitting challenges, and local stakeholder opposition. Cost differentiation between companies is expected to be even more pronounced than it is today.

BHP has an embedded advantage due to our experience as an incumbent, large scale producer at some of the world's largest and highest quality assets.

Our robust balance sheet and proven operational excellence positions us to perform strongly in any environment, creating value for our shareholders, stakeholders and all those that depend on the timely, reliable supply of the metals and minerals we produce.

Slide 5: Growing value over multiple time horizons

Our strategy has seen us focus our portfolio on assets in attractive commodities, that are long-life, low-cost, and with options to expand.

Our experience has been that the larger the ore body, the greater the opportunity for value growth.

I would be remiss in not calling out that our largest opportunity to grow value, by far, remains increasing productivity at our existing assets. We are doing this through how we embrace technology and innovation and through how we embed and enable a culture of continuous improvement through the BHP Operating System.

Our projects in execution at Jansen and Western Australia Iron Ore are tracking well.

WAIO is an incredible asset, and combined with our strong operational performance, BHP is stretching its lead as the world's lowest cost producer of iron ore.

We are progressing our plans to grow capacity to more than 305 million tonnes per annum in the medium term, at a low capital intensity. Longer-term, we're looking at options to grow production to 330 million tonnes per annum, and our studies are on track for completion in 2025.

As I mentioned, we recently sanctioned further potash growth at Jansen, and we're advancing multiple options to grow our copper production in Chile and South Australia.

Let me provide you with some detail on those.

Slide 6: Portfolio diversification from an attractive commodity

Last October, we announced the sanction of Stage 2 of our Jansen potash project.

Construction of Stage 1 continues to track on time and on budget. First production is forecast for late calendar year 2026. Stage 2 will nearly double our production capacity, creating the world's largest potash mine.

We believe the long-term fundamentals for potash are very strong.

Our modern approach to mining and processing will deliver industry leading efficiencies and better returns for BHP's shareholders. Jansen will enter the market towards the bottom end of the global cost curve.

Jansen is designed to be sustainable. It is expected to have around 50 per cent lower operational greenhouse gas emissions intensity, and to use up to 60 per cent less fresh water, than the average potash mine in Saskatchewan.

We have seen strong market interest in Jansen potash and our marketing team has secured sufficient MOUs with buyers around the world to more than cover sales as the mine ramps up.

As our population grows and needs more and better food, potash will be key to making limited arable land more productive and to doing so sustainably.

This is a world-class asset with an attractive demand outlook. It is well positioned to create value for many decades to come.

Slide 7: Copper SA: consolidating a significant resource base

We have similar expectations for Copper South Australia, which combines Olympic Dam, Carrapateena, Prominent Hill and the Oak Dam exploration project.

We have already delivered synergies of more than US\$50 million of EBITDA per year through integration – six months ahead of schedule.

We are now focused on building from that great start to deliver even more value.

Copper South Australia is already one of the world's largest copper resources, with significant by-products including uranium, gold and silver.

It is noteworthy that we've had further recent exploration success.

Recent drilling of 'OD Deeps', below the known Olympic Dam orebody, shows attractive mineralisation – above 1 per cent copper grade, with some areas above 2 per cent. This will support both longevity and scale of any potential Olympic Dam expansion.

We have plans to grow value on multiple fronts in Copper South Australia. We are pursuing growth in copper cathode production there to over 500 thousand tonnes per year.

We continue our work on assessing investment in a two-stage smelter at Olympic Dam, which would be more than double its current capacity.

We expect to make a decision on this in 2026 or 2027.

We see a bright future for this newly integrated basin.

Slide 8: Chilean copper options advancing

In Chile, we continue to define the path forward for Escondida and we will have something more definitive to say about our options and choices later this year.

Current infrastructure and the natural grade decline, will see a dip in production starting in a few years' time. This is the single largest copper resource in the world, and we are assessing alternatives for how to at least offset this decline in the longer run.

We want to realise more of the significant untapped potential at Escondida. It is important that we select the approach that creates the most value.

We're assessing concentrator options, including a potential replacement of the Los Colorados concentrator, as well as the potential for expansions at Laguna Seca 1 and 2.

In parallel, we are also trialling a number of leaching technologies, which might enable us to make use of latent capacity, to use less water and energy, and to reduce the need for tailings dam capacity. Escondida is already one of the world's most responsible copper producers through its use of renewable power and desalinated water.

Slide 9: BMA: a leading premium met coal producer globally

When it comes to coal, our focus has been on streamlining our portfolio into one that delivers consistently even stronger margins.

Higher-quality metallurgical coals are increasingly preferred by our steelmaking customers to reduce their greenhouse gas emissions intensity through lifting the productivity of their blast furnaces.

We expect this dynamic to be increasingly reflected in the price of coal. Over the past five years, the average price discount for hard coking coal, relative to premium hard coking coal – the kind we have now focused on - was 12 per cent.

We have proactively upgraded our coal portfolio to concentrate on these higher-quality coals. We announced the final step in this process in October last year with our agreement to divest the Blackwater and Daunia mines from our BMA joint venture.

Once completed, over 85 per cent of our metallurgical coal products will be premium hard coking coal – versus around half when we began this journey.

BMA is a leading global producer of these coals, and our customer base is growing. Over 40 per cent of our met coal goes to India today, and the Indian government is targeting to more than double steel production capacity by 2030.

Factoring in that BMA owns its own port, which is located a relatively short distance from its mines... its ability to blend coals... and its proximity to customer markets... we are well-positioned over the long term.

Slide 10: Investment proposition

BHP continues to deliver strong and consistent performance, and attractive returns.

We have a strong, diverse portfolio of some of the world's largest assets and resources in attractive commodities.

Our pipeline of projects and options, and the way we execute them, position us well to benefit from the global megatrends that will shape our world for the coming decades.

Thank you for the opportunity to speak with you today.