BHP

Financial results for the year ended 30 June 2026

Investor and analyst briefing Q&A transcript – Session 2

18 August 2026

Questions and answers

LIAM FITZPATRICK, DEUTSCHE BANK
Good morning, Brandon and Vandita. I have two questions. First, on your copper projects and the three big ones that could be approved over the next 18 months or so, we have seen the capex guidance compared to the start of this year creep higher. I know that there have been some scope changes, but how firm would you regard the capex numbers that you have given us today? Where do you see the potential escalation risks, whether that be inflation or scope changes and so on?

Second, on the coking coal division, are you open-minded in terms of where this sits in the portfolio – core or non-core – or whether this is firmly part of your long-term plans?

BRANDON CRAIG, BHP
Thank you, Liam. First, when we think about the project estimates, we naturally look at the project benchmarks very closely and then assess how our own projects start to shape up relative to those benchmarks. What is fundamentally important is that, when we build out the estimates for the project, we progressively fine-tune the estimate in terms of what its potential range looks like. That range narrows as the project matures, so it is entirely natural that you would see some slight movement in what we expect those numbers to be.

At a headline level, when you look across the projects, our view is that they benchmark very well. If you have a look at the Escondida project, for example, while I will not share definitive numbers, that is shaping up to benchmark very competitively against what else is in the industry. You can see the work that is underway. Copper South Australia also benchmarks really well, particularly for the mine and concentrator growth components of that project. The work on the bottom-up estimate for Vicuña continues to mature. That is being almost finalised as we speak, and we will get better line of sight of what that estimate looks like. Across the board, the projects are shaping up very attractively, but I will hand over to Vandita to make a couple of comments on that.

VANDITA PANT, BHP
I have just one clarifying point. We have changed our FX guidance on capex from what was, for example, in our Australian projects, 65 cents to now 70 cents. Hence, the Copper South Australia number, if that is what you are referring to, is purely a function of that FX move, with no inflation and no change in scope. As Brandon said, the optimisation on Escondida having an impact sharpened the concentrator capacity from 45 million tonnes that we were thinking of earlier to 50 million tonnes. Off the back of that, there will be some capital change, but capital intensity remains broadly the same. I just wanted to point out that, apples to apples, there is no change in Copper South Australia. Our capex guidance has moved from 65 cents to 70 cents in the medium term, which is almost $1.5 billion of impact across the medium term.

BRANDON CRAIG, BHP
Liam, on your question on where metallurgical coal fits, the way that we think about that is that there is a very finite number of very attractive metallurgical coal basins in the world. The Bowen basin is one of them, and we arguably have the best position in the Bowen basin. Then you have a look at the steel industry buildout in India, and that is growing at quite a reasonable rate.

You can project that number forward into what that means in 2035 to 2050. The long-term demand for met coal is going to be quite attractive. Having a preeminent position in the Bowen basin, in a market that is shaping up really well, our view is that the best years of met coal are potentially still ahead of it, and we want to stay in this commodity. From that perspective, we do not have any plans to separate met coal from the business at the moment.

VANDITA PANT, BHP
As our medium-term guidance shows, just from the current capital base, with productivity and with the performance improvements, we have another 13% of production volume to increase, having increased production by 10-odd percent in the last two years. The same goes for unit costs. With such a focus on productivity, which is within our control, and stabilisation of the business, unit cost medium-term guidance is $120 per tonne. You will have noted that, in terms of FY26 to FY27 guidance, BMA's unit cost guidance is lower by a percentage. If you make apples to apples on FX, that is a reduction of around 4-5%.

MYLES ALLSOP, UBS
Thanks for organising this call. Just following up on that met coal question, where do you think you can get BMA returns to? Taking into account the volume normalisation and unit costs below $120, can it achieve a 20-plus percent return on capital? We are starting off from a very low base. You said on the earlier call that it needs to earn its right to remain within the BHP portfolio. Around that, do you see any prospect of the Queensland royalties changing over the whole of the Olympics over the next few years? I have another question, but maybe that one first.

BRANDON CRAIG, BHP
Thank you, Myles. Just reflecting on the comments that I made earlier, if you have a genuinely tier 1 resource position and a market that continues to shape up constructively, that does point to improved returns in the future. More to the point of your question, our ability to get cost out of BMA is a focus that we have at the moment. We think that the combination of the operating system and some work on optimising the mine design and approach at BMA, together with technology and automation, can go a long way in improving productivity at BMA. If the market shapes up the way we expect, together with the work that we have underway to drive improved underlying performance at BMA, that combination should see us delivering much stronger returns. That is the work that we are currently focused on.

In terms of the Queensland royalties, we will continue to try and work with the government in Queensland to address the royalties. We are not necessarily expecting the royalties to go back to where they used to be historically, but we do believe there is a royalty regime for Queensland that would be better for the long-term economic performance of Queensland, and better for the long-term economic performance of Australia. If we can get those settings right, there should be a situation where all parties can achieve mutually beneficial outcomes. We just need to continue to do the work to try and get those settings in place in Queensland.

MYLES ALLSOP, UBS
Okay, but there is no prospect of that happening imminently, I presume you are suggesting.

BRANDON CRAIG, BHP
Sorry, Myles, I was just going to close that out. It is very difficult for me to be on this call and speculate when we would be able to achieve that. My view is we will continue to advocate. We would like to see this happen sooner rather than later, but it is not feasible for me to promise when and how it is going to come about.

MYLES ALLSOP, UBS
That is fair enough. Taking a step back, this is your first results call. Obviously, the handover has been very professional and well organised. It feels like business as usual continuation, but I am sure you have the things you want to change within BHP. Can you give us a stronger sense as to how BHP is going to evolve during your tenure over the next three to four years, and what the real opportunities you see are? Is it just delivering this growth now, or are there other factors you are going to really surprise the market with?

BRANDON CRAIG, BHP
I will summarise, because there is quite a bit to that question. Let me break it down into a couple of components quickly. I do actually want to start with safety. Being in the mining industry, that is fundamentally important. I think we have an opportunity to continue to simplify how we set the controls for safety. I think we have a significant opportunity to push harder on technology to improve safety outcomes. When you have a look at the performance of this business from the early 2000s to where we are now, so over the last 25 years, we have had a 10-times improvement in our underlying fatality performance. What that means is this next decade of working to eradicate fatalities completely is going to take pretty significant work. I definitely want to be working on that.

The next key area is how we can really accelerate the productivity agenda. We have put in place the operating system. We continue to mature the operating system. I want to lift the velocity and cadence with which we drive improvement across the business, including where and how we deploy technology. When I talk technology, I talk broad-based. It is process automation, it is artificial intelligence, it is next-generation planning tools, and it is how we optimise our enterprise processes in BHP. How we apply technology to all that is a huge opportunity for us and potentially provides the opportunity to really push out the productivity frontier for BHP in a way that can continue to take material costs out of the business.

The third comes down to growth. There are a couple of dimensions here. One is that we have a very strong resource position in the core pillar commodities. We have to deliver the organic growth. We started this call with those questions around our confidence and being able to deliver for the numbers we are sharing. What is important is that we strengthen the project delivery organisation to really give us the confidence we are going to bring that about. However, on the back of this growth, we also need to replenish the resource base of the company. We have to do a lot of work on exploration, early-stage options, and building out potential resources for the future. That is why you will see we split each of the regions and focuses. We have dedicated leadership in South America, in North America and in Australia. We want to do a lot more work with ventures, partnerships, adjacent opportunities and exploration. We need to focus on that to build out the resource base for beyond 2035, and critical relationships across government, industry, competitors and so on is a core part of that. Hopefully, those three themes give you a bit of a feel for the way we are thinking about the business. There is more than that I will not go into at this stage, but hopefully that gives you a good read on where we are going.

AMOS FLETCHER, BARCLAYS
Good morning, Brandon and Vandita. I have a couple of questions. The first one was to ask on the disposal side. Can you talk about particular areas of the business that you are interested in for further disposals, and when you are looking to tie up the incremental $3.5 billion of proceeds? The second question was relating to the potential for coordination between Spence and Sierra Gorda. Could you just talk through the benefits and potential from that combination? Thank you.

BRANDON CRAIG, BHP
Thank you, Amos. I will talk to the Sierra Gorda question, and then I will hand over to Vandita, and she can talk you through some of the capital recycling work that we have been undertaking. On Sierra Gorda, I am sure you appreciate both Spence and Sierra Gorda are adjacent operations. These are some examples of where the synergies lie. Sierra Gorda has substantial stockpiles of oxide material that can be processed through Spence infrastructure and facilities, and latent capacity. At the same time, Sierra Gorda, for example, potentially has surplus tailings capacity, which would allow Spence to be able to send tailings from Spence to Sierra Gorda, and defer capital investment in the Spence project. There are potential synergies across the supply of energy and water.

When you unpack it, and you put these operations side by side, you can see that there is this complementarity that materialises, that both businesses working together can produce more value than each of them working on their own. That even extends into the environmental opportunities that we have in the business. There are some towns nearby. We need to manage all those relationships with the community and so on, and the more we do that collectively the stronger we are.

There are potentially quite sizeable synergies in that type of tie-up, and that is why we are trying to pursue it. When you look beyond just Sierra Gorda and Spence, and you look across the portfolio, often you can see that when we have operations side by side with some of our competitors we have got to look very carefully for where the synergies exist and then work to try and monetise it over time. That is a good example, again, of how you can translate relationships and relationship capital into value, and it again speaks to the thesis of why we are trying to structure the regions and the relationships the way we are. Let me hand over to Vandita, who can talk to you about the capital and infrastructure work.

VANDITA PANT, BHP
As you know, Amos, we have unlocked almost $6.5 billion, with the WAIO transaction completing today as well, in last nine months. The $3.5 billion is something we think we can do, but I will not put a timeframe on it. In a way, I will guide to the kind of principles we have for what is needed to unlock that. One, the principle will always be to not lose any control, strategic or operational, for any of these assets that we look to monetise or unlock value from. Secondly, it is important that it is worth doing, and it is a scale transaction. As you have seen, both are transactions of that scale. Then, of course, they have real commercial value. In both transactions, the commercial value is very clear, with the streaming $4.3 billion commercial value, which had no inherent value attached to the Antamina stake, and WAIO, which you should think of at 16 or 17x EBITDA commercials, which gives us a sense of the value unlocked.

I would say, 'Think of the infrastructure that we have.' We do have byproducts, and I want to say that silver streaming was a unique case, because it was undervalued. It is a non-core byproduct for us in silver. The timing was such that we knew that we could unlock a lot of value. We consider gold and uranium as strategic core byproducts, and we like those as byproducts. It is not something that we will do for those commodities. Watch this space. There is no immediate timeline on that, but we are very confident of meeting that $3.5 billion over a period of time.

JASON FAIRCLOUGH, BANK OF AMERICA
Hi, folks. Thanks for having the second call for us in London. We really appreciate it. I know it has been a long day for you. The first one is a simple question. On the working relationship with Lundin, do you feel like the Lundins are helping you to make better decisions faster?

BRANDON CRAIG, BHP
That is a great question. The way I characterise what it is like to work with the Lundin organisation is that they are more agile than BHP and can move faster than BHP, but BHP is possibly more rigorous in how it looks at projects, estimates and similar. The combination works really well. Their speed and agility is making us move more quickly, and I think our technical rigour is also strengthening the project and how the technical components of the project come together. We have spoken previously about the complementarity between the two parties in this relationship, and how we are stronger together. I think Vicuña is a good example of this actually coming together.

JASON FAIRCLOUGH, BANK OF AMERICA
Thanks, Brandon. I wanted to just follow up a little bit on a couple of the projects you have talked about in your deck. I am looking at Escondida, and then I am looking at Vicuña Phase One. These are round numbers, and caveman maths here. Escondida looks like it will cost about $6 billion for a 50 million tonne per year concentrator. We are looking at about $120 per tonne of ore processed. If we then look at Vicuña Phase 1, you are talking $8 billion for a 64 million tonne plant, so that ends up being about $125 per tonne processed. Tell me where I am wrong here, but it feels like either Escondida is costing way too much or the Vicuña Phase 1 number is way too low. What am I missing there?

BRANDON CRAIG, BHP
I think it is a different level of maturity with the various estimates you are looking at. The Vicuña numbers were obviously based on the Preliminary Engineering Assessment that was published in February. From memory, those are the only public numbers that are out there. For Escondida, the estimate is very mature. It has been scrubbed. We have run it through our minimum viable solution architecture. We are pretty confident on the Escondida number. The Vicuña number continues to be worked through; it is not finalised yet. I do not want to speculate on what that number is going to be. In the coming months, we will probably have finished that work, and then we will be able to share something more with the market when it becomes available.

MATT GREENE, GOLDMAN SACHS
Good morning, both. Thanks for your time. I have a question for each of you, but perhaps I can start with you, Brandon. One of the first things you did after being elected CEO was to reach an agreement with the China Mineral Resources Group (CMRG). We are now seeing a number of your peers facing similar discussions and clearly the ask from China is becoming quite significant. As an industry, and as BHP, how do you think miners can reduce value leakage in future iron ore agreements? Has your experience in the last year changed your thinking in how these negotiations should be approached going forward?

BRANDON CRAIG, BHP
What I would point to is our realised price this year was 3% higher than the year prior, which shows you some of the underlying complexity of how these markets ultimately function. It is certainly not unusual for a negotiation on this basis to be a pretty hard negotiation. Where we landed with this negotiation obviously is iron ore sold against the traded index, which we continue to see as efficient. There is an absolute large majority that is US dollar based and so on. From that perspective, we are still pricing iron ore transparently. It is liquid. We are pretty comfortable with that. We will get back into negotiations within the next 12 months. Again, these are annual negotiations. I expect we will have to negotiate very hard again, but I do point to the ultimate price realisation we achieved as a proxy for how the market addresses this in totality.

MATT GREENE, GOLDMAN SACHS
That is great. Thanks, Brandon. Vandita, on this capital unlock and recycling in WAIO and Antamina streaming, it feels like BHP is ahead of the pack in how you are looking at these components in your portfolio. As you look ahead at elevated growth across the copper business, should investors think about this capital recycling becoming a recurring funding lever for BHP rather than being opportunistic? I am particularly thinking about this as a way of protecting shareholder returns and balance sheet flexibility through price volatility and potential risks around project cost inflation and delays.

VANDITA PANT, BHP
Yes, it is a fair question. The way I would like to think about this is, if there are undervalued capital assets, like we thought silver in Antamina was, with a very high bar on how we will consider it, we will absolutely look at it. This is about unlocking value.

However, our main, core business, and its ability to generate cash through the cycle, with a lot of resilience and significant cash flow, is the main game. I just want to point that one out. You are absolutely right: this is a trilemma that we are always solving for. First, I hope you can see from our track record that a strong balance sheet is something that we protect. We have a pristine balance sheet now. Secondly, high-quality growth is something that we can fund. In fact, copper growth, as I mentioned, is entirely self funding, and we have a lot of it. We will have 5% per year copper growth between now and the mid 2030s. Thirdly, as this half shows, we are not only able but very pleased to reward shareholders with attractive shareholder returns.

If you look at our slide on attributable free cash flow for BHP over the next five years, after investing in the full capex guidance that we have given you, on an attributable basis, even at consensus prices that free cash flow is $35 billion. Of course, spot is much higher than that so that free cash flow becomes $50 billion. That is $2 per share per annum. From the perspective of the resilience of the core business and cash generating ability, we are very comfortable even in a downturn. Over the next five years, it gives us $15 billion of free cash flow after all the investments around capex. I would say that is the main bit, but, equally, the $3.5 billion is something that we will do. Of course, there may be an opportunity to do more. Even on Vicuña, for example, there is a lot of infrastructure to be done not now but in Phase 3. Once you get really sophisticated at it, as we are, these are the kinds of levers that you can use for the right kind of capital optimisation.

PATRICK MANN, INVESTEC
Good morning, Brandon and Vandita. Thanks for this call. I have a follow up for Vandita on the balance sheet. To your point, you are sitting below your net debt target of $10 billion to $20 billion. Your copper growth is self funded at the current levels and you have the $2 billion coming in from the power arrangement in Australia as well as the potential for another $3.5 billion. How do you think about managing your balance sheet when you are very strongly cash flow-generative but you are also in a period of elevated capex? Are you happy to stay a little bit under that $10 billion to $20 billion range in the current situation? Do you mechanically top it up to make sure you are always at that bottom level? That is my first question.

VANDITA PANT, BHP
The way we think about that $10 billion to $20 billion – as you know, we did change that net debt range – as relating to where we need to spend, because then you can convince yourself of almost anything, but what the capacity of the business is so that we are very comfortable that we can carry that debt. The range of $10 billion to $20 billion comes from there. We are still very comfortable being at either the high or low end of that range.

Our view is not to go lower for the sake of it. This is a decision that we take both in terms of where we deploy our capital for good return, and, equally, as I have said earlier, every six months when we look at where the excess cash can be deployed after paying 50% dividend and investing in growth. The decision then gets made also based on the outlook. I am very comfortable with the range that we have set. The range is a guardrail to have the right discipline, both on the lower end and the higher end.

PATRICK MANN, INVESTEC
Thanks very much. As a follow up on Escondida, I see that you have approved $500 million on pre commitment funding and submitted the DIA. Can you remind us how tight these timeframes are in terms of the final investment decision and getting everything in place that allows you to make that decision? Is there any risk of slippage of the timing due to regulatory approvals or anything like that? Could you just remind us of that?

BRANDON CRAIG, BHP
I am happy to cover this one. On the pre commitment, the $500 million is BHP's share. For the whole of Escondida, it is $800 million. I think you should take that as our confidence in this project. We want to secure very long lead items. There is a lot of demand for building out new facilities in copper at the moment. We want to make sure we are running ahead of that curve. All these long lead items will allow us to bring in our projects on time, but they will also de risk the projects from having accidental delays because we cannot secure critical equipment. From that perspective, we should feel pretty positive about that.

On your question about the DIA, we take great care and we have an excellent team that does these permit applications. Our track record at the moment would suggest that we are not going to have any issues. We have put pretty conversative timelines on getting the DIAs approved. In the most recent 12 to 18 months, every DIA that we have submitted has come in materially earlier than we expected. I am not seeing any particular risk in this area. I do not expect permitting to be an issue for the new concentrator. The long lead items will be secured now that we have approved the initial funding, which should then keep this project on path.

BEN DAVIS, RBC CAPITAL MARKETS
Thanks for the call, guys. I will ask this question in a slightly different way. The payout ratio has clearly had plenty of help from the streaming deal this time around. Looking forward to the next $3.5 billion, given that your net debt is already below that $10 billion mark, should that fall through more at 100%? If anything, you could look at the underlying payout as being slightly light, with that streaming deal. I am not saying that is not the right thing to do, but should we see it more coming through on those remaining disposals?

VANDITA PANT, BHP
I will push back on the idea that this is a 'light' dividend from the streaming deal, Ben. Let me not react more than that on that one.

In terms of the payout ratio, I hope you can see from our track record that we have put our Capital Allocation Framework into action. That is what you have seen this year, over the previous two or three years and in the confidence and discipline that we have shown for the more than 10 years that the Capital Allocation Framework has been in place.

I would not say that the payout ratio has shifted because of what we have done. The payout ratio has a minimal floor of 50%. That is our payout ratio. Every six months, based on cash generation and growth investment, we will do that into shareholder returns as needed. We have returned $115 billion to shareholders over the last 10 years, and we are happy to do so this time as well. I will not get pushed on moving the payout ratio because that would go against the grain of our through the cycle promise to our shareholders of 50% with an additional possibility based on cash generation.

BEN DAVIS, RBC CAPITAL MARKETS
That is fair enough. Another good chart in the deck was the project delivery track record. I am just curious. Certainly, over the past 10 years there have been some tricky bits, but at least we were not going through a big capex cycle, potentially. How do you think that graph is going to look over the next 10 years? Do you think BHP or even the sector can maintain that around 50% or will we be drifting back to the bottom left hand corner, like we were in 2012?

BRANDON CRAIG, BHP
It is not for me to speculate on others. Our firm intention, as BHP, is to deliver every single project on schedule and on budget with no exceptions. That is what we are working towards, and that is what we intend to deliver. On the assumption that that is what we deliver, that will push us more to the top right than the bottom left. We have teams working very hard on our project delivery capability, putting our operating system across projects, looking very closely at all of our standards across the board to make sure we can strengthen our delivery capability to achieve that.

TIM CLARK, SBG SECURITIES
Thank you for taking the call so late in the evening. I have a couple of questions. The first one is on Olympic Dam. It has obviously gone through various phases to unlock the opportunity and growth, including the recent acquisition. It is interesting to see the introduction of the 10 million tonne block cave to the longer term. Could you speak through your thinking and how that has changed on Olympic Dam's longer term growth and that introduction of the block cave? That is certainly something new to me.

BRANDON CRAIG, BHP
The way for you to think about Olympic Dam is that the technology that we had installed had a specific copper sulphur ratio that forces a certain type of minerology to flow through the smelter, which ultimately then requires selective mining underground, which therefore impacts negatively on your productivity and your throughput and ultimately your unit cost and performance.

Block caving is a mass material movement method. You cannot do block caving without modifying the smelter, so you have to modify the smelter to a two stage smelter. A two stage smelter allows you to deconstrain the copper sulphur ratio and then enables a more blended ore position to come out of the mines, which therefore enables a block cave development, and block caving naturally is significantly cheaper than open stoping or more selective mining techniques. You get a big lift in productivity by putting in place a block cave. You get a big lift in performance because you deconstrain the copper sulphur ratio. The combination of that lifts throughput and lowers costs across the Olympic Dam complex. That is what enables the increase in throughput, the improved unit cost performance and ultimately the competitiveness of these investments.

TIM CLARK, SBG SECURITIES
Thanks, Brandon. That is really interesting. My second question is just on adjacencies. You mentioned that one of your key focus areas was resource development, exploration and adjacencies. Are the biggest prizes Sierra Gorda with Spence, and then in the Pilbara with Rio, or are there other adjacencies on your radar that you will try to break into slowly?

BRANDON CRAIG, BHP

The ones we are focusing on at the moment are Yandi in iron ore and Sierra Gorda. There clearly will be others. Any operations that are adjacent to each other should be tested to understand what synergies exist, but at this stage we are really focused on those two. Following that, we will see what else is possible.

I will also call your attention to our previous legacy assets. In San Manuel, we had a resource that was part of our closed sites, and we have managed to do a deal with Faraday to join up that business with the resource position we have, which has enabled us to effectively produce a new business that we are going to have a 30% share of. That is another fantastic example of what is possible.

Being a little bit more creative on this front to liberate value is so exciting. I will continue to speak about the importance of relationships and relationship capital. When you have strong relationships within the industry, you can really turn that into opportunity, and all of these examples that we are talking about is exactly that playing out. We will continue to seek out what else is out there and what else is possible, and hopefully we find a number of more attractive options in the future as well.

Thank you, all, for joining us on the call today. Again, these are a great set of results for BHP this year. We are very happy with the performance, and we look forward to meeting with all of you soon.