

BHP

BMO Global Metals & Mining Conference 25 February 2019

Western Australia Iron Ore



Disclaimer

Forward-looking statements

This presentation contains forward-looking statements, including statements regarding: trends in commodity prices and currency exchange rates; demand for commodities; plans, strategies and objectives of management; closure or divestment of certain operations or facilities (including associated costs); anticipated production or construction commencement dates; capital costs and scheduling; operating costs and shortages of materials and skilled employees; anticipated productive lives of projects, mines and facilities; provisions and contingent liabilities; tax and regulatory developments.

Forward-looking statements can be identified by the use of terminology including, but not limited to, 'intend', 'aim', 'project', 'anticipate', 'estimate', 'plan', 'believe', 'expect', 'may', 'should', 'will', 'continue', 'annualised' or similar words. These statements discuss future expectations concerning the results of operations or financial condition, or provide other forward-looking statements.

These forward-looking statements are not guarantees or predictions of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are beyond our control, and which may cause actual results to differ materially from those expressed in the statements contained in this presentation. Readers are cautioned not to put undue reliance on forward-looking statements.

For example, future revenues from our operations, projects or mines described in this presentation will be based, in part, upon the market price of the minerals, metals or petroleum produced, which may vary significantly from current levels. These variations, if materially adverse, may affect the timing or the feasibility of the development of a particular project, the expansion of certain facilities or mines, or the continuation of existing operations.

Other factors that may affect the actual construction or production commencement dates, costs or production output and anticipated lives of operations, mines or facilities include our ability to profitably produce and transport the minerals, petroleum and/or metals extracted to applicable markets; the impact of foreign currency exchange rates on the market prices of the minerals, petroleum or metals we produce; activities of government authorities in some of the countries where we are exploring or developing these projects, facilities or mines, including increases in taxes, changes in environmental and other regulations and political uncertainty; labour unrest; and other factors identified in the risk factors discussed in BHP's filings with the US Securities and Exchange Commission (the 'SEC') (including in Annual Reports on Form 20-F) which are available on the SEC's website at www.sec.gov.

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Past performance cannot be relied on as a guide to future performance.

Presentation of data

Unless specified otherwise: variance analysis relates to the relative performance of BHP and/or its operations during the December 2018 half year compared with the December 2017 half year; operations includes operated assets and non-operated assets; total operations refers to the combination of continuing and discontinued operations; continuing operations refers to data presented excluding the impacts of South32 from the 2014 financial year onwards, and Onshore US from the 2017 financial year onwards; copper equivalent production based on 2018 financial year average realised prices; references to Underlying EBITDA margin exclude third party trading activities; data from subsidiaries are shown on a 100 per cent basis and data from equity accounted investments and other operations is presented, with the exception of net operating assets, reflecting BHP's share; medium term refers to our five year plan. Queensland Coal comprises the BHP Billiton Mitsubishi Alliance (BMA) asset, jointly operated with Mitsubishi, and the BHP Billiton Mitsui Coal (BMC) asset, operated by BHP. Numbers presented may not add up precisely to the totals provided due to rounding. All footnote content contained on slide 15.

Alternative performance measures

We use various alternative performance measures to reflect our underlying performance. For further information please refer to alternative performance measures set out on pages 58 to 67 of the BHP Results for the half year ended 31 December 2018.

No offer of securities

Nothing in this presentation should be construed as either an offer or a solicitation of an offer to buy or sell BHP securities in any jurisdiction, or be treated or relied upon as a recommendation or advice by BHP.

Reliance on third party information

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BHP and its subsidiaries

In this presentation, the terms 'BHP', 'Group', 'BHP Group', 'we', 'us', 'our' and 'ourselves' are used to refer to BHP Group Limited, BHP Group Plc and, except where the context otherwise requires, their respective subsidiaries set out in note 13 'Related undertaking of the Group' in section 5.2 of BHP's Annual Report on Form 20-F. Notwithstanding that this presentation may include production, financial and other information from non-operated assets, non-operated assets are not included in the BHP Group and, as a result, statements regarding our operations, assets and values apply only to our operated assets unless otherwise stated.

BHP's investment proposition

We have the assets, options, capability and discipline to grow long-term shareholder value and returns

Maximise cash flow

Low-cost producer
efficiency, technology, culture

Volume growth
productivity, project delivery

Constructive outlook
for our commodities,
solid demand, disciplined supply

Capital discipline

US\$10-15 bn net debt
range to be maintained

<US\$8 bn capex
per annum to FY20

Organic opportunities
rich option set across commodities
and time periods

Value and returns

ROCE to ~20%
by FY22 (at FY17 prices)

Optimised portfolio
post Onshore US divestment

Shareholder returns
>US\$25 bn returned

Note: Disciplined supply: reflects lower levels of investment across the industry. ROCE: based on Global Metals, Mining and Steel Conference presentation on 15 May 2018. Shareholder returns: includes dividends determined since 1 January 2016 and Onshore US proceeds.

Sustainability is one of our core values

We will continue our work to improve safety at our operations

Safety

- Tragically, we had one fatality at Saraji (December 2018)
- TRIF at operated assets of 4.3 per million hours worked, down 2%

25% ↓

high potential injury frequency rate¹

Health

- Occupational health exposures reduction projects progressing
- Mental Health Framework focused on culture, capacity to support, prevention and recovery

12% ↓

potential exposures above OEL²

Environment

- BHP the only resources company to receive A rating in CDP's assessment of climate disclosure and performance
- Release of inaugural water report
- Escondida desalination plant continues to ramp up as part of long term strategy to reduce reliance on freshwater

Samarco

- Committed to social and environmental rehabilitation
- Key milestones achieved in each of the three relocation programs
- Turbidity levels of impacted river areas returned to historical levels
- Restart important but must be safe, economically viable and community supported

Note: Presented on a total operations basis.

Dams and tailings management

Increased rigour of our assessment and management of tailings storage facilities since the failure of the Fundão dam at Samarco

Facilities

115 tailings storage facilities across all sites ³	20 active tailings storage facilities across all sites ³
13 active upstream construction dams (all in Australia) ⁴	34 inactive upstream construction dams across all sites ³

Safety

External annual dam safety inspections	93% of >400 dam risk review actions completed ⁵
Emergency response plans in place ⁶	New technology advancing for monitoring and dewatering

Governance

Centralised dam function within our Resource Engineering Centre of Excellence	Canadian Dam Association guidance applied in Dam Safety Reviews
External Engineers of Record appointed for all dams	Tailings Stewardship Board being rolled-out across all operations ⁷

We will review and apply lessons of the Brumandinho failure as they emerge

We welcome a common, international and independent body to oversee integrity of construction and operation of all dams across the industry

We support calls for greater transparency in disclosure to inform better stewardship of tailings storage facilities

H1 FY19 financial scorecard

Returns to shareholders of ~US\$13 billion over the last six months

Profitability

US\$ **10.5 bn**

Underlying EBITDA and 52% margin

diversified contribution
across the portfolio

Free cash flow

US\$ **3.6 bn**

free cash flow

>US\$10 bn including
Onshore US proceeds

Net debt

US\$ **9.9 bn**

net debt

down US\$1 bn since June 2018

Dividend

55 US cps

payout ratio of 75 %

additional 102 US cps special
dividend paid in January 2019

Share buy-back

US\$ **5.2 bn**

off-market buy-back

of BHP Group Limited shares
successfully completed

ROCE

15%

ROCE

down from 17% in H1 FY18; impacted by
production outages and higher taxes

Note: EBITDA, EBITDA margin, Free cash flow (except as noted), ROCE presented on a continuing operations basis. Other metrics presented on a total operations basis.

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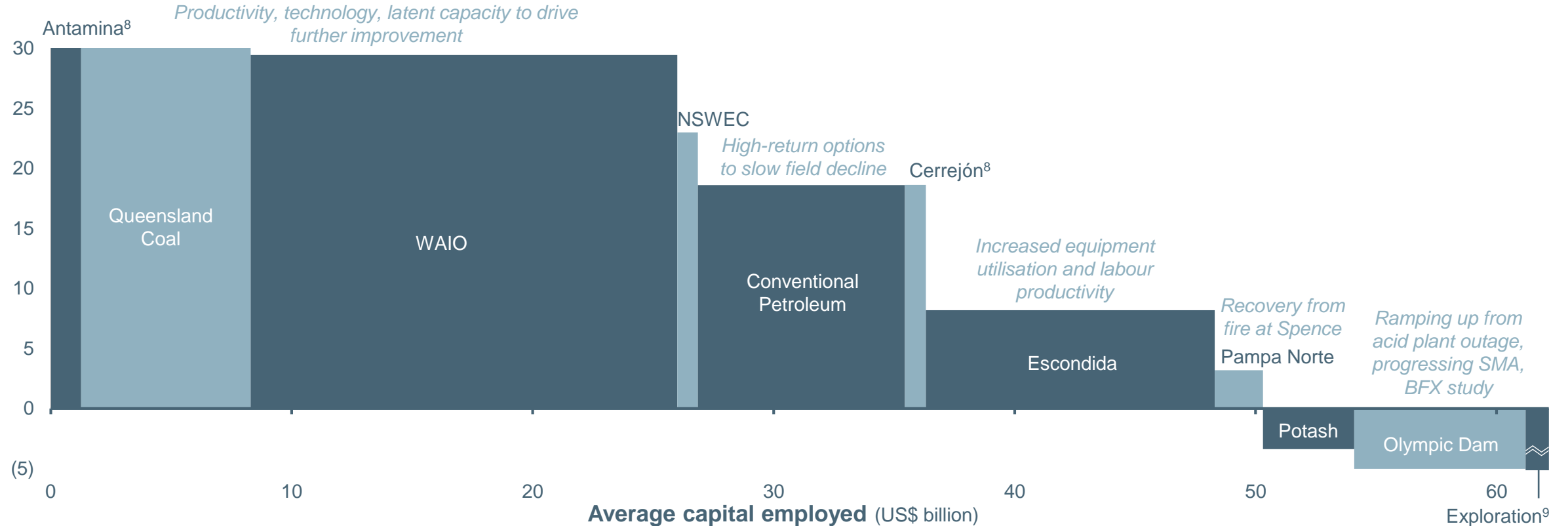
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Return on Capital Employed

H1 FY19 ROCE 15%; tailored plans to improve ROCE at every asset

ROCE by asset

(%)



ROCE to ~20% by FY22 (at FY17 prices)

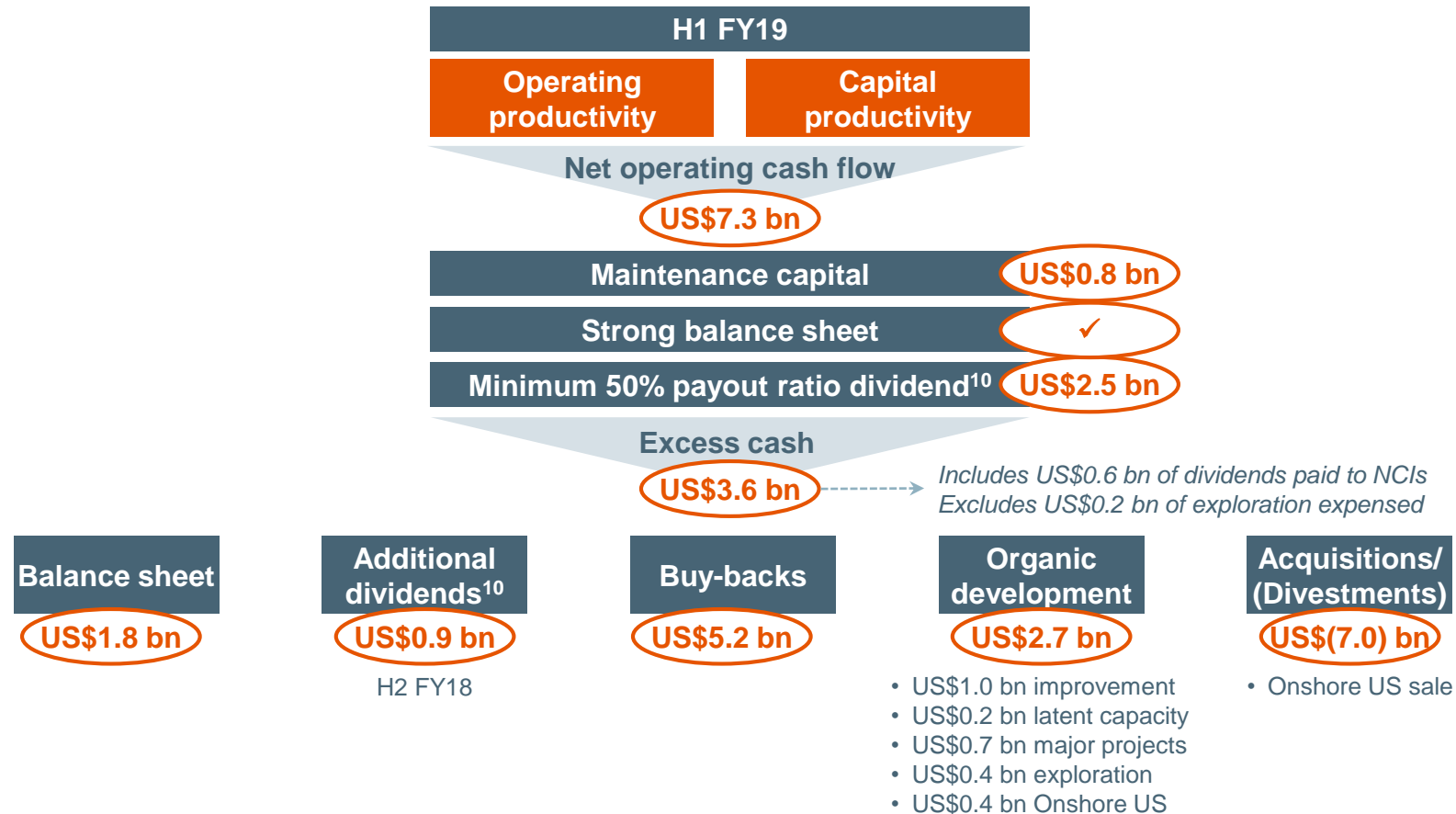
Note: Presented on a continuing operations basis.

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Capital allocation

Disciplined adherence to our Capital Allocation Framework



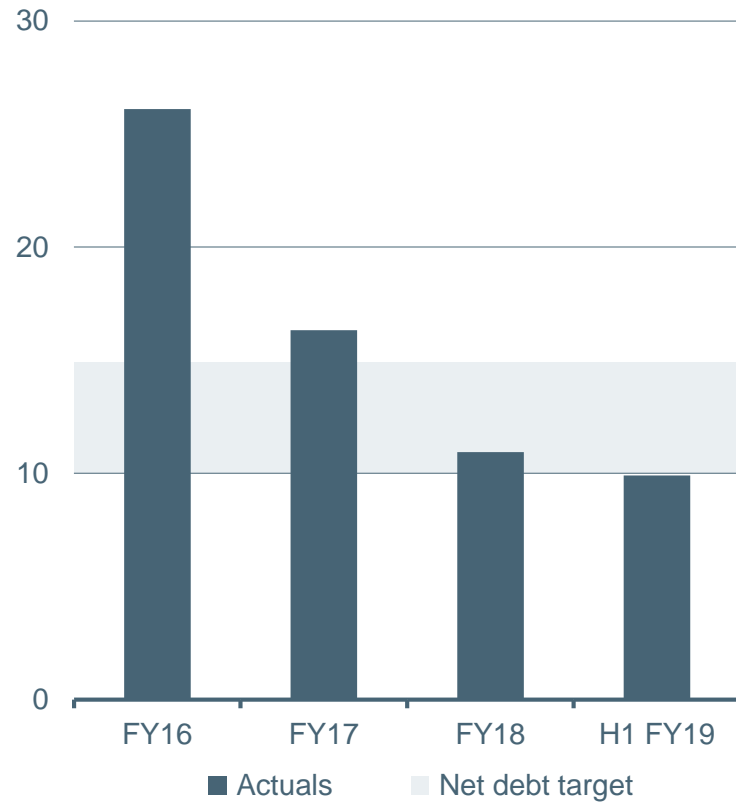
Note: Presented on a total operations basis. Excess cash excludes exploration expense of US\$0.2 bn which is classified as organic development in accordance with the Capital Allocation Framework and after dividends paid to NCIs¹¹. Onshore US proceeds of US\$7.0 billion received in H1 FY19 with the remaining US\$3.5 billion to be received by April 2019 (less customary completion adjustments).

Striking the right balance to maximise value and returns

US\$16 billion reduction in net debt; ~US\$20 billion reinvested; US\$25 billion returned to shareholders¹²

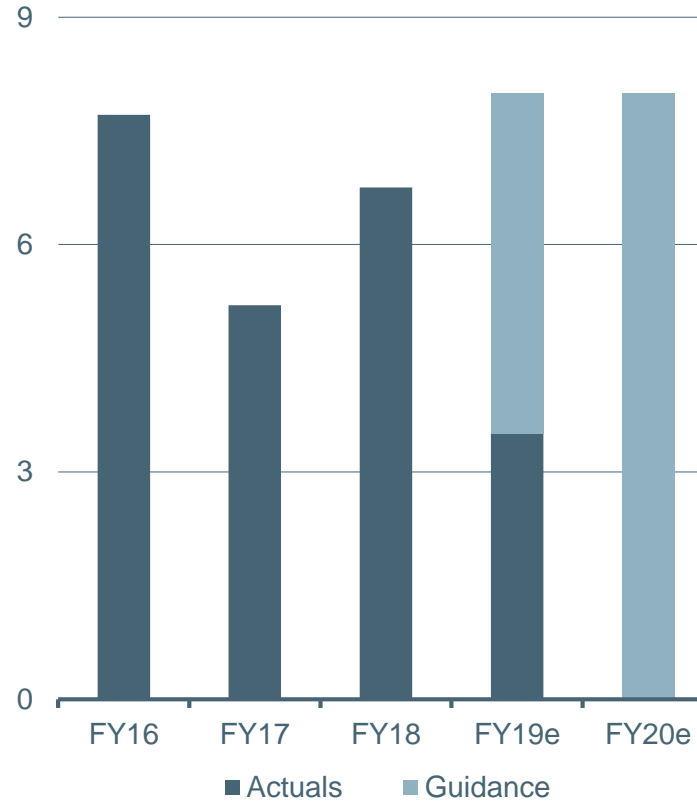
Net debt slightly below target range

(Net debt, US\$ billion)



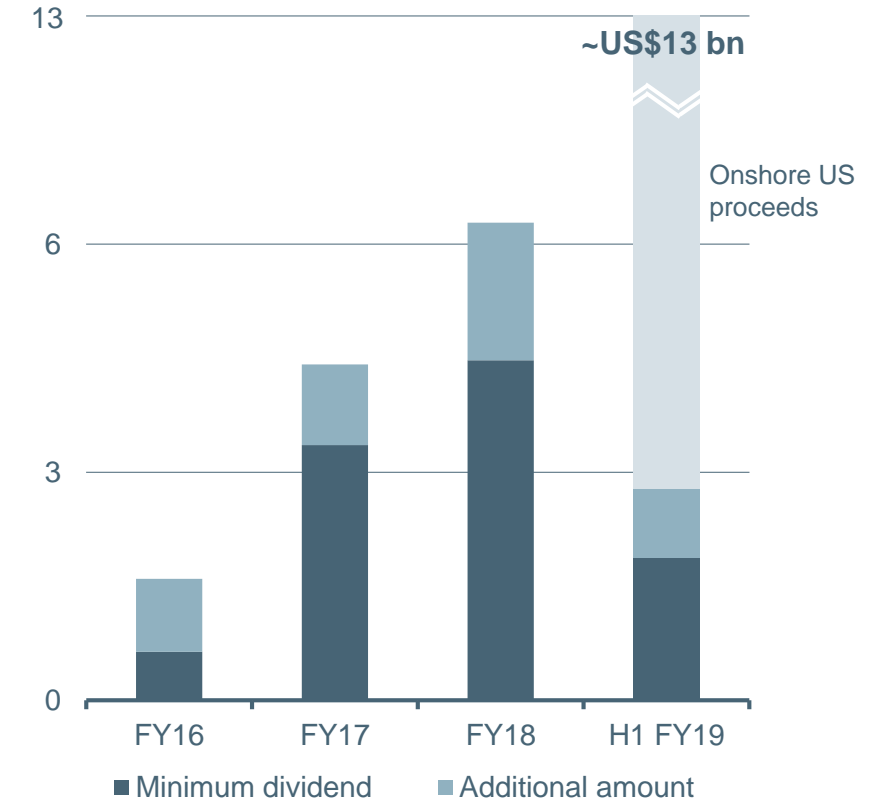
Disciplined investment

(Capital and exploration expenditure, US\$ billion)



Increased returns to shareholders

(Dividends determined and share buy-backs, US\$ billion)



Note: Presented on a total operations basis.

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Market outlook

Near-term uncertainty, attractive long-term fundamentals

Short term

Medium term

Long term

Policy uncertainty	Growth moderating	New supply	Steeper cost curves	Growth in population, wealth	New demand centres and themes
Sentiment mixed	Prudently cautious	Sustainable productivity	Emerging Asia	Decarbonisation and electrification	Technology

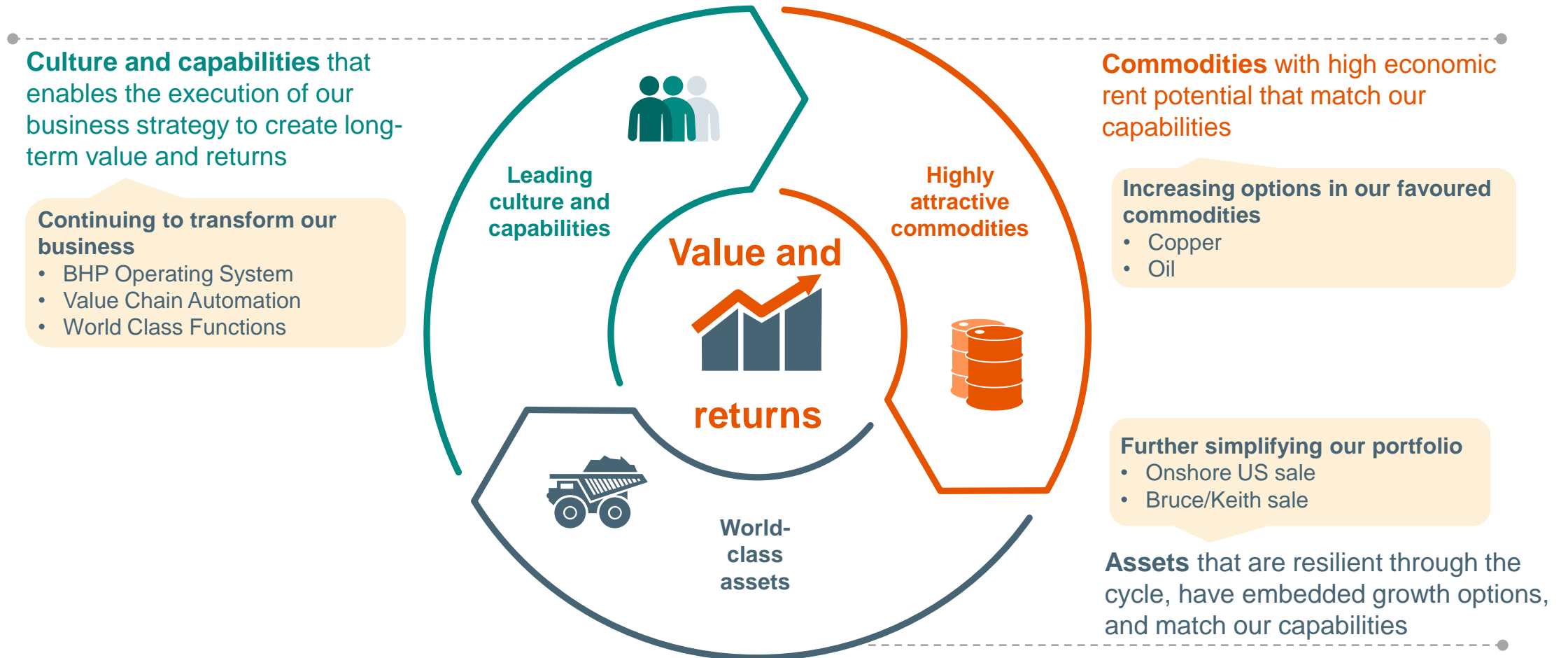
Note: Further information on BHP's economic and commodity outlook can be found at www.bhp.com/prospects.

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Our strategic framework

Leveraging our values, capabilities and resources to meet the evolving needs of markets



We expect to deliver on our plans in FY19

Maximise cash flow

Cu Eq volumes

broadly flat in FY19, weighted to H2

>US\$9 bn

free cash flow at spot prices

Unit cost

guidance maintained,
with strong operational
performance expected in H2

Capital discipline

Net debt

to remain at lower end of target
range¹³

<US\$8 bn

capex

Increasing optionality

continued development of latent
capacity and major projects,
increased exploration portfolio

Value and returns

20% ROCE

at spot prices

Minimum 50%

of underlying earnings as dividends

US\$10.4 bn

of Onshore US proceeds returned

Note: Spot prices as of 12 February 2019.

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Footnotes

1. Slide 4: High potential injury frequency rate: injury events where there was the potential for a fatality.
2. Slide 4: Occupational Exposure Limits (OELs): as compared to Q4 FY18 reported exposures and discounting the protection afforded by respiratory protective equipment.
3. Slide 5: All sites include operated, closed, and non-operated sites (excluding the Bullmoose closed site non-operated joint venture). The number of tailings storage facilities is calculated based on the definition used by the Responsible Dam Engineers at our sites. We keep this definition under review. BHP's tailings storage facilities are located at seven operated sites in Australia and Chile; there are a further seven closed sites throughout North America, and four non-operated joint ventures in North America and South America.
4. Slide 5: The 13 operational upstream tailings storage facilities are located at the following operated sites: one at Mt Whaleback (Western Australia), two at Olympic Dam (South Australia), two at Goonyella and one at Blackwater (Queensland), and seven at Nickel West (Western Australia). The number of tailings storage facilities is calculated based on the definition used by the Responsible Dam Engineers at our sites. We keep this definition under review.
5. Slide 5: Dam Risk Reviews were completed for active, inactive and closed tailings storage facilities across our business. The reviews identified no significant deficiencies to the stability or management of our tailings storage facilities. Improvement recommendations have been implemented with a minor number of actions remaining in progress, such as administrative actions and long lead items regarding closure and climate change. None of these actions are overdue. Dam Safety Reviews were then completed at significant tailings storage facilities following the guidelines recommended by the Canadian Dam Association.
6. Slide 5: Emergency response plans are in place for all significant tailings storage facilities.
7. Slide 5: The establishment of independent Tailings Stewardship Boards to undertake reviews for all active and many inactive and closed tailings dams including design, construction, operation and closure is underway to provide independent third party input. A trial of the stewardship program has been completed at our Olympic Dam asset in South Australia.
8. Slide 7: Antamina and Cerrejón: equity accounted investments; average capital employed represents BHP's equity interest.
9. Slide 7: Conventional Petroleum exploration: ROCE truncated for illustrative purposes.
10. Slide 8: Dividend: related to final dividend determined by the Board for FY18 and paid in September 2018.
11. Slide 8: NCI: dividends paid to non-controlling interests of US\$623 million predominantly relate to Escondida.
12. Slide 9: Shareholder returns: includes special dividend paid on 30 January 2019.
13. Slide 12,13: Adoption of IFRS16 Leases is first effective for the Group from 1 July 2019 and potential impact is currently under review.

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