

BHP

**BHP investor &
analyst Q&A
teleconference –
Session 2**

Transcript

20 August 2019

ANDREW MACKENZIE, BHP

Hello everyone and thank you for joining us – by us I mean Peter Beaven, along with me – to discuss BHP's results for the 2019 financial year. I am also joined in the room by Tristan Lovegrove, who is our new Group Investor Relations Officer. Some of you I think know him already from his previous jobs, but many of you will get the opportunity to meet him again in the next few weeks.

In the 2019 financial year we are reporting on today we delivered record cash returns to shareholders. The Board declared a final dividend of 78 cents per share. That is approximately \$4 billion in total and that is on top of the \$17 billion we returned to shareholders this year. Both higher prices and a solid underlying performance contributed to an EBITDA of \$23 billion at a margin of 53% and, of course, that flowed through to strong operating cash flows, which after disciplined investment we converted into a free cash flow of \$10 billion. Over the year our return on capital employed, excluding shale, was 18%.

Operationally, strong results in petroleum and iron ore were offset by lower contributions from copper and coal. Taking a longer-term view, over the past five years BHP's volumes are up 10% and our costs are down by over 20% across our major assets. In the same period, our iron ore business in Western Australia has increased its production by 20% and reduced costs by 50%. That makes us now the lowest cost iron ore producer in the world.

We achieved these results very much through the hard work and ingenuity of our people, so their health, safety and wellbeing is and always will remain our highest priority. To this end, it was tragic that last December our colleague, Allan Houston, died at BMA Saraji Mine in Queensland. We had a lengthy and thorough investigation, but we simply could not determine the direct cause of the incident. Nonetheless, we have identified several ideas that are worthy of improvement and, of course, we have redoubled our commitment to safety.

We enter the 2020 financial year with a positive outlook for our business. We have a simplified portfolio, all world-class assets, and a strong balance sheet. We have six major projects on track and on budget to expand our business and they are spread across iron ore, copper, oil and potash. We have exploration licences in some of the world's top basins for oil and copper. We have already made some discoveries and we have some options for future development sitting alongside them as well.

We have an even greater focus than ever on the capability of our workforce, its culture to make it fully empowered and getting access to the technology and the ways of working that can further transform our business. The kinds of improvements that are coming to fruition this year are certainly far from done. Probably the better part is yet to come. I am confident this is going to deliver value and returns for shareholders for decades in the future. I think I will leave it there and open the line for questions. Who is first?

Questions and answers

ALAIN GABRIEL, MORGAN STANLEY: Good morning. There are two questions from my side. Firstly, on the net debt target, clearly you have increased it by \$1 billion at the bottom and the upper end of the range. The increase is less than the impact of IFRS 16. How should we interpret that increase and why have you become more conservative on your net debt aspirations? That is one. Two, on the capex budget for 2021, yesterday you touched on it on the call. Can I push you a little bit more on the growth spending there? How much of that growth in 2021 is on Jansen and are you spending any money there on the Olympic Dam expansion? Thank you.

ANDREW MACKENZIE: Look, these are financial questions. Peter might want to have a go at both of them, but I think I could very simply say about the lower range of our net debt target post-IFRS 16 at \$12 billion that is true that we have made it about \$1 billion lower than it would have been if we had simply just added the impact of IFRS 16, the leases and the various derivatives and contracts coming, if you like, into the net debt number. There are two reasons for that. The additions under IFRS are more volatile when they are mark-to-market, so we do want to give ourselves a bit of flexibility given that volatility. It is also true that the short-term outlook, given everything that is going on in the world, which can be broadly put under the rejection of globalisation and free trade that has already affected to some extent the oil price and certainly the copper price, does give us some cause for concern and that is why we have made this change to our medium-term targeting. Peter can talk a little bit more in detail, if you like, about the capital budget and how much of Jansen and Olympic Dam are in the FY 2021.

PETER BEAVEN: As you know, we have spending of \$200 million or so on Jansen. We have included an amount in FY 2021. We will have to wait and see where we get to on the approval and so on, so it is part of the possibilities. That is the same with Olympic Dam, where I guess it is a provisional amount that is included for BFX, but, again, as you well know, it has not gone to FID. If we get there, then we would spend that money. If we did not, then we will not.

ANDREW MACKENZIE: I think, though, it is worth saying, if I may, that both projects, but particularly Jansen, if you look at the full project, it is quite back-end loaded compared to, say, investing in an oil development or even the more steady spend of something like a South Flank. Even with that, then we would not in any one year, if the project was to go ahead, be spending more than \$1 billion and that would only be for a few years at that. I think the same would hold with BFX, which of course is a much lower cost and it would not be anything like that.

PETER BEAVEN: Together they would be comfortably less than \$500 million.

ANDREW MACKENZIE: In 2021.

PETER BEAVEN: In 2021.

JASON FAIRCLOUGH, BAML: Good morning, gents. Hi Andrew. Thanks for the call. There are two quick ones from me. First, Andrew, there is a great headline on Bloomberg, which is: 'BHP CEO says top miner can still profit in any global downturn'. I am just wondering: is this how you see it? Are we going into global downturn and what are the signs you are looking at? Then the second question is just on Samarco. You have taken another charge here related to the accelerated decommissioning of the dam. I am just wondering: is this it or could there be more to come? I am trying to get a feel for how much of an open-ended liability we have here.

ANDREW MACKENZIE: I do not write the headlines. I did not mean to maintain for any second that a downturn would not result in a decrease in profitability. Obviously, how that shows up will depend on what the impacts are. First off, of course, we do have a good portfolio and the portfolio at the moment to some extent is working, in that we are making probably above average margins in iron ore or have been or to maybe a lesser extent in met coal. Probably it would be the other way around for oil, gas and copper. It will depend on what causes and triggers the downturn whether and how that portfolio might rebalance and to what extent it might smooth things. If there was an oil price shock, clearly we would benefit from higher oil prices, but maybe lower margins in some of our other businesses.

A general downturn, of course, would bring things down and we would have to respond, as we could I think quite effectively now, Jason. We have low debt pre-IFRS 16 and 15% gearing. We have a much more flexible dividend policy now. We are continuing to save money, cut costs and become more efficient. In many ways, the way we are phasing our projects and the discretion we are giving, you got an indication of in the answer on Jansen and the OD, we have a lot of ways in which we can change our uses of cash and to protect shareholder returns, but I repeat, we do not expect to be immune and to sail through these things. This is a volatile industry, as you know, and there can be quite big swings. There already have been, even just in the start of this financial year, in the revenue line, not all of which can be dealt with by heroics on lower lines.

As to whether we see a downturn as a possibility, of course we do, and that is covered a little bit in the answer to the question of having a slightly lower number for the bottom part of the range on the net debt target. The trade tensions around the world, the resistance that is out there to the good things we can look for from capitalism and from globalisation, the existence of many politicians in many countries where the votes are for more protectionism, more nationalism and less globalisation and the interference in global supply chains, which we of course fully support, and threats to the independence of central banks. These are all things that we think are good for the creation of wealth and the creation of GDP that ultimately drive the overall growth for our business.

It is good that we are ready and a lot better ready than the last time. We can weather a lot of storms probably better than many companies in the sector, and I think the sector itself through having been quite disciplined will actually be able to weather a general downturn better than other sectors, but we are not fully downturn-proof. I have gone on too much.

What was your second question again? Samarco. Peter probably should handle that, but the bigger provision is not just for the dam and having to bring forward the decommissioning of the Germano dam, which was the dam that sat behind the Fundao Dam, as a result of new regulations post-Brumadinho. It also is that we have much better line of sight now as to what we think the likely full compensation that will need to be paid to people who have been affected in terms of their living standards or their livelihoods by the dam break. The most seriously affected have already been paid and, of course, we have invested considerably and with great success in the resettlement of people. The larger towns are now being rebuilt. We have all the permits and I have pictures in my file in front of me of new houses emerging. In my last visit the river was looking pretty clean and healthy, but it is this compensation side of

things that we still have to work away from us. It is not an open liability. We feel we have constrained it quite well. We will not let it run away from us, if we can put it like that, but I cannot guarantee that this is the end. Do you have anything to add, Peter?

PETER BEAVEN: No.

SYLVAIN BRUNET, BNP PARIBAS: Good morning, good afternoon, gentlemen. There are two questions on costs for me. First, a few months ago there were some reports of labour cost pressures in Australia. I was wondering in the outlook you were talking to if you had noticed these pressures receding by now. The second question relates to costs as well and productivity maybe to give us a feel of how KPIs at all levels in the group are tied up with cost objectives. My last question, again, is related to some press comments in July on BHP's stance on coal. I am wondering if the company is now taking a more active step towards reducing its exposure to thermal coal in particular. Thank you.

ANDREW MACKENZIE: Okay. What was the first question? Labour pressures, that is right. There are labour cost pressures around and they are most keenly felt in Queensland, to a lesser extent in iron ore and not really seriously in any other part of our operations elsewhere in the world. The bigger problem that we have is that because labour is more in short supply we have higher turnover. People do not turn up for shifts, particularly people who work as contractors.

We have addressed this via our operations services model, where we are actually steadily converting a lot of our more permanently contracted workforce and some not so permanent to our own contracting organisation for the whole of Australia. We pay contract rates, but we also offer BHP terms, in terms of sick pay, holiday pay and a lot more training for them to build mastery, because it is worthwhile doing that if they stay in our employment. This has been hugely successful. We have had great uptake of high quality people. We have slashed the turnover, so that means that people's safety culture builds as culture and productivity build. We will come to that in a moment. Already we see halving of safety rates and a 20% reduction in costs or, if you like, a 25% increase in productivity. I think we are meeting this head-on and, otherwise, inflationary pressures, other than the ups and downs of things like fuel costs and so on, are manageable. We believe our transformation programmes are designed both to quench inflation, of which there is some, and go one better, so we can continue, how we have, guiding to falling unit costs as we go forward.

We have unit cost targets increasingly, or functional cost targets, which are held at my level with the Board. They are then cascaded all the way through to the frontline and broken down. On the pure costs side of things, we took around about \$1.5 billion of costs out of our functional costs. Those are the things that it takes for things like legal, HR, external affairs, supply, marketing, technology and lots of other small functions. They were around about \$3 billion in 2014. We cut them to about \$1.5 billion through the simplification that came with South32 and the divestments and through taking a global view of excellence across all of our functions. We hit a bit of an asymptote and we launched a new phrase called 'world-class functions'. There is rigorous benchmarking down to the level of a sub-function. This requires major reengineering and indeed the introduction in some cases of new systems and moving things to lower cost countries. Those plans have now all been built and are now being delivered. \$200 million is in the \$1.5 billion I talked about, but there is another \$500 million to come mainly this year and next, which will take us from a starting point of \$3 billion to about \$1 billion. They are cascaded all the way through.

Then beyond that, we have people who have targets to input many of the new ways of working that will ultimately result in us being able to extend to other parts of our business, which is more to do with maybe our variable cost base, if I could put it that way. Clearly, in order to hit lower levels of unit costs in things like iron ore, coal and copper you have to break all that down within KPIs to the performance of a concentrator, the performance of a strip programme and the costs. You have cutting across all of that a whole bunch of things to do, for example, with maintenance and to do with supply, which is about things happening on time and maintenance costs being lower. The result is the higher reliability and more truckers resulting. That is how it is all broken down, but, again, I can assure you it goes all the way to the frontline.

We set quite stretched targets and we do not always hit those stretch targets, but we do not mind that in some senses. We see huge possibilities there. We commit ourselves to get there. We normally aim our overall guidance to the market, but underlying the targets are much stretchier and if the stretch targets are not hit, in general, we reduce remuneration. Although we have had a very strong year operationally when we look at our competitors, compared to the targets we set ourselves we have slightly underperformed, so bonuses are pretty low this year right the way across the piece. You can be assured as shareholders or you can assure your readers as shareholders that we do not hold on to extra dollars that we have by meeting our stretch targets to pay ourselves. We pass it all the way through to the shareholder or, of course, through our capital allocation framework and reinvest it wisely.

What Peter and I signalled around BAML and our strategy was that we do not expect to invest any more in our energy coal businesses and that is for pure commercial reasons or financial reasons. We do think this is a business whose demand will be under pressure, partly because of the transition towards cleaner air and to confront the challenge of global warming, but this is a resource that compared to some of our other commodities is in relatively high abundance, so we see squeezed margins in the future. We have made a lot of money recently. We are sitting at the bottom of the cost curve. We do not expect our mines at Cerrejon and Mount Arthur are likely to close any time soon. In fact, we think they will probably be around for quite a few decades to come and probably maybe not as profitable as some of our other operations in other commodities, but certainly decent. Returns of late have been typically around 30%. We are not investing, so the denominator is wasting a little bit as well. Only 3% of revenue at the moment is coming from coal. Given we will be investing in other commodities, it will reduce its share of the portfolio. We will examine other options and when we have more to say we will say it.

MYLES ALLSOP, UBS: I have three questions. First of all, on petroleum exploration you are saying that you expect material production in the mid-2020s. What does that mean in terms of FID for some of these projects, like Wildling, Trion and Trinidad? Should we expect progress over the next 12 months to meet that mid-2020 ramp up? Secondly on Queensland coal, looking at your medium-term cost guidance there is a big step down. How achievable is that? Is that only achievable if it delivers the normalised volumes or are there other factors? What proportion of that \$15 per tonne can be delivered without a big step up in volume? Then lastly, you have paid out a record dividend and you have delivered a strong balance sheet. What is your top priority now, Andrew, before retiring?

ANDREW MACKENZIE: Okay. Peter will deal with the third question. I will handle the first two. Geraldine Slattery will be going round investors in November and she will be laying out our strategy for our whole petroleum company going forward. She will definitely address some of the emerging development plans for our major gas discovery in northern Trinidad and Tobago. For Trion, we announced today that that is coming in a bit bigger and a bit oilier than we expected, which is good news, and Wildling as well. You will have seen that we have sold Samurai, which was the well that we participated in, which is to the north of Wildling. That gave us a better idea of what kind of production we should get out of Wildling and what a tieback would make. She will be able to talk to you on all of these going forward, but it is going well and when you combine that with the projects underway at Mad Dog 2, Atlantis 3 and now Ruby this is going to reverse the decline in our oil and gas production in the next few years. It is going to start climbing again, which is a good outcome, but of course one that was fully-supported by our decisions in the capital allocation framework.

Just as an aside, I meant to say earlier that the discipline we have on KPIs that Sylvain asked about pertained very much to the separation of shale. We have taken a business where effectively we have removed about two thirds of its operating footprint, but we have managed to remove it almost without any trailing overheads. We have a smaller business now, but one that because of the exploration discoveries has probably gone a long way already to replacing some of the volumes that we sold with the shale business. That is a very good news story.

On Queensland coal, it is a bit of both, Myles. There is a bit of inflation there, which we spoke about earlier. Taking round numbers, there is \$10 a tonne inflation and we have \$20 a tonne going in the opposite direction. About half of that is from just simply volume dilution. I cannot remember how you described that, but it is with the additional stripping we have been doing and the greater amount of coal that will be available to mine. That is going to obviously help dilute some of the fixed costs and that will give us \$10 a tonne back. Then the remaining \$10 is just through all the productivity we are thinking about. About half of that from memory comes from just improving cycle times, which is better mine plans, higher truck hours and then a range of a number of small initiatives, which in round numbers are another 5 to get you plus 10 and minus 20.

In stretch targets [inaudible] we can possibly do a bit better than that. We have quite aggressive targets there. We took a slight turn for the worse in having to entertain a lot more stripping, some of which was not fully foreseen, but I think we have a better view of what the mine plans look like in the future and we are adding in to that now. I should say that some of the productivity things come from automation and we did mention in our talk in our morning, your last night that we are almost there in getting full approvals to fully automate the truck fleet at Goonyella. We have one or two others lined up as well. We just have to line up partners and suppliers before we can tell you the details. Peter will talk to you about the capital management piece.

PETER BEAVEN: No, actually, I think Myles asked you what your priority was. I am happy to answer on your behalf and I am sure I can hazard a guess. Hopefully after all these years we will more or less answer the same thing.

ANDREW MACKENZIE: I am not sure I will take that risk. Clearly, I have a few things that are very important to me, but I do think that just making all aspects of the transformation programme stick is critical. This is worth potentially tens of billions of dollars of value to us. It is about 70% of the value uplift. The other 30% comes from growth. I am very confident in our plans to reduce functional costs and I am equally confident in some of the pushes we have in really getting this step up empowered culture to the frontline. Where I am perhaps a bit more thoughtful is just the

right way to pull through technology to make sure we do not just do technology for technology's sake and that includes automation, and invest in those which have the highest returns and is part of our capital allocation framework. At the backend of that, we are now seeing the availability of enormous amounts of extra data.

When we put in our backbone as a company of a single ERP we thought we were capturing roughly about 80% of the data in the company and putting it on a common system. Now with the data we are getting from trucks, from engines, from people and from tyres we are probably only capturing about 20% of the data. How we really use that data in a world of increased sensors and in a world of increased artificial intelligence and, indeed, how we do white collar automation I think is another big prize that is waiting to make another step down in costs or increase in efficiency. Making sure that all hangs together is important to me. You have heard how we are part of the global response to climate change is something that has given me a fair bit to do as well. The projects and the growth are all good. I am happy with that and they are coming through, but just because I have given you my top priority does not mean they do not get a fair bit of my attention. They do.

IAN ROSSOUW, BARCLAYS: Hi guys. I have two questions. The first one is just on your dividend policy. I am just curious if you think the pay-out ratio is still an appropriate one. The sector seems to have lost quite a decent chunk of the income investors to the integrated oil producers as they have maintained their progressive dividend policies. I am just wondering if you maybe can share your thoughts on a progressive dividend policy now that the business is much more robust than it was three or four years ago, when you abandoned that policy.

ANDREW MACKENZIE: You had a second question. You said two.

IAN ROSSOUW: Yes, the second one is again to you, Andrew, just on your comments previously, including the conference call overnight. You believe the business can basically grow over time at single-digit billion capex figures within the capital allocation framework. I was curious or I just wanted to push you on that. Are you implying, then, that you can basically not go above \$9 billion even if you improve BFX and Jansen over the medium term?

ANDREW MACKENZIE: Okay, let me have a rest, and then Peter can talk to you about dividend policy, and then I will come and talk to you about capex.

PETER BEAVEN: Sure, I think we did not think about the dividend policy as some sort of reaction to what was going on at the time. We strongly believe it is a more appropriate dividend policy for companies such as ourselves. At the top end, as you know, the payout ratio will ensure there is a healthy payout. At the bottom end, of course, it allows the dividend to flex along with the cycle. We have had quite a few years of experience in deploying it through ups and downs, and I think it has been entirely appropriate.

Most importantly, when you think about your capital allocation framework and you think about your balance sheet and your dividend policy, do those in fact support the overarching strategy of the company to grow value and, with that, returns and of course cash returns to shareholders? So those are why we have the settings on our balance sheet; those are why we have the settings on our dividend policy. Ultimately, those are appropriate and they underpin the overarching strategy. We are perfectly comfortable with how it is performing.

ANDREW MACKENZIE: I think it is horses for courses. I will take your word for it that some investors want more of a guaranteed dividend through thick and thin. Maybe they get that with some of our competitors in the oil and gas sector, but I have also met those selfsame investors – or maybe not those ones – who have commended our capital allocation framework and bemoaned the fact the oil and gas industry has not adopted what we do.

Maybe there has been a little bit of sorting, but we have had a lot of praise and congratulation for our capital allocation framework, its rigour and its transparency. It definitely gives me, as we were talking earlier about possible downturns, a sense that we are much more built to have some protection in the downside, but, better than that, to have the ability to do things in the downturn which are best done counter-cyclically and be on our best behaviour and therefore be a more disciplined spender at higher points in the cycle. I think the sector has become more disciplined, which is why, even though we might be facing a bit of a downturn, the impact of that is perhaps more reassuring than it might once have been, particularly for us.

On the capex, it is pretty much what I said. We do a lot of forward modelling, over five years and 20 years. We know what works for the company. We have become much more efficient in the way we use capital. That is only going to improve as we take the success we have had in the reliability of our large projects and move them into the smaller projects, as we get better and better at really sifting and sorting those projects, as we get better and better at execution by delaying and studying longer rather than rushing to avoid some destruction – because of the time value of money, which is often actually less valuable than the time value of delay – and as we get better at thinking things through and doing the right level of de-risking.

Now, that does not mean it is going to be flat, because there are lumps. There are lumps to our capital projects. It is going to oscillate around something which, on average, I think, for a while, is going to be single-digit billions. We

are going to be able to grow the company. Typically, some of that growth comes from making things more efficient; it does not always show up as more volume. But volume is a partial surrogate, and it normally shows up over a long period. But, averaged out, it is, again, a bit lumpy, in the order of 2-3% copper-equivalent growth per annum.

Look, I mean, Jansen and OD fit into that. These are not enormous projects. As I say, we originally said that, when we get going, Jansen is going to cost in round numbers about \$5 billion –but it will be spread out over at least as many years, and probably in any one year you wouldn't anticipate spending more than \$1 billion. BFX, particularly if we do not go into a materials-handling facility, we just use a decline and we do not re-commission a shaft, is going to be much smaller than that, I would think. Therefore, they will fit very well in the envelope of single-digit billions in our capital budget, and in our planning they do so. Some of the things I have talked about include short, medium and long-term things where we do both of those projects.

IAN ROSSOUW: Okay, that is very clear. Thank you.

ANDREW MACKENZIE: Good.

CHRISTIAN GEORGES, SOCIÉTÉ GÉNÉRALE: Thank you, good morning. I have two questions. Nickel West – I think that the performance this year was possibly again slightly below your expectations. Would you expect this to be improving gradually? How would you place this in the current context of rumoured reduction of Indonesian nickel exports and the easy outlook for the nickel price now? It is a lot more supportive. Does that perhaps justify an acceleration of investment in Nickel West?

Secondly, what are your thoughts about what seems to be a renewed interest in West African assets in Guinea and so on? Is it coming closer to becoming a future source of low-cost iron ore?

ANDREW MACKENZIE: Yes, we are a little bit disappointed with the nickel performance. It is not through the best efforts of our team, but they have had one or two operational hiccups, which do not get quite the same coverage as when something happens in iron ore or copper. Yes, until recently, to the second part of your question, they have been dealing with lower prices than they might have expected, but they have picked up in anticipation of a quicker renewal of the export of unprocessed laterites from Indonesia.

Of course, why we are holding these assets is because we are anticipating that, as we get closer to the lift-off of electric vehicles, there will be demand for high-purity nickel that has to be made from sulphides, not laterites, or at least that is what it looks like today. Therefore, you will get a different kind of margin for that kind of nickel product. That is not going to happen for probably another 8-10 years on our forecast. So we are building slowly for that, and therefore it is an exciting option to hold. The return to fashionability of nickel sulphides means that we are doing more brownfield exploration, with some success. Over time, of course, we will invest in developing those discoveries in maintaining our supply of nickel and probably building its production significantly above its current level, which is about 90,000 tonnes, from memory.

Yes, so it is all there. As with everything, it has to pass through our capital allocation framework and it will have to compete against the BFXs, the Jansens – and the other way around – and all of those development projects that Myles asked me about. But, certainly, at these prices, it will do a lot better this year, particularly if they can continue on their cost journey and avoid one or two of the incidents that took it into cash-negative territory in the year just closed.

I do not have a lot to say on West African iron ore. It has been there or thereabouts for a long time. Clearly, if Africa urbanises, it would probably be sensible for it to be developed, and it would certainly provide a competitive supply of iron ore, particularly into the Atlantic market, particularly against Brazilian iron ore, not that these markets are not connected between the Pacific and the Atlantic. They are well and truly. We have always said that either West African iron ore or the cooling of the steel industry in China and more recycling in China not immediately replaced by similar growth in India is likely to flatten the iron ore cost curve and take us into price territories where it would be a much less attractive business than it is today, which is why we create the options we have in potash, nickel, copper and oil and gas.

PETER BEAVEN: Just on nickel, we were profitable at the EBIT line. and yes we spent some capital. That was really just on Yakabindie, B11 and Venus.

ANDREW MACKENZIE: Arguably that is us getting ready for future growth, yes.

PETER BEAVEN: That is exactly right. It is necessary good capital.

ANDREW MACKENZIE: Yes, that is a fair point. There are no further questions. I do not think there are. The guy who could not come through has not come back. Thanks, everyone.

To recap the 2019 financial year, I would say the disciplined execution of our plans has delivered strong performance, strong cash flows and record returns, to repeat myself, to shareholders. We will absolutely carry this momentum into the current financial year, but we do expect copper volume growth of 2%. This is despite a 7% decline in petroleum volumes largely due to field decline, which the team have done an amazing job at arresting this year. Maybe they can do that again this year, but pressure is declining and we have not yet invested enough to replace that quickly. That comes, as I said, in a few years' time. We will invest less than 8 billion in our quality set of options, and we will further increase our capital employed, calculated at current spot prices, to 9%.

If you had gone a few weeks back, it would have been higher than that, which attests to the volatility and some of the near-term uncertainty we are facing, but we are given comfort from our strong balance sheet, our flexible dividend policy – even if it has some detractors – and our solid and hopefully improving operational performance, bolstered by many of our transformation programmes. We expect, therefore, for it to improve further and for our unit costs to more than quench inflation. Of course, that additional cash, along with everything else that I have spoken about, will position us well to weather any future uncertainty, deliver strong returns and grow value through the cycle for decades to come. Thank you for listening.