BHP

Financial results for the December 2024 half year

Investor and analyst briefing Q&A transcript – Session 1

18 February 2025

Introduction

MIKE HENRY, BHP

Good morning, good evening, everyone. Hopefully the presentation that we've just given has been helpful in understanding our position at the end of the first half. Key points: strong operational and financial performance with continued industry leading margins; a strong growth pipeline – I really hope that comes across, that's both in the short and the medium term; the quality and resilience of our portfolio and business relative to the competition; and encouraging signs in the external operating environment, albeit with a degree of volatility and uncertainty in the near term. But BHP is very well positioned for that.

With that, Vandita, who I have here with me, and I are happy to take questions, and Tristan Lovegrove is also joining us. Operator, I'm happy to take the first question.

Questions and answers

ROB STEIN, MACQUARIE

Thanks Mike, Vandita and team. First question, you've outlined a lot of detail on the copper growth program recently with the site visit to Escondida and with the Olympic Dam announcement today with the capex investment. Can you just give us a feel for directionally what the capital intensity for the two-stage smelter and associated projects that underpin that will be?

MIKE HENRY, BHP

Okay. Thanks for recognising the detail that we're progressively releasing to market. That's been a very deliberate effort as you say, starting with the Escondida site visit, more announced today obviously around the Group Chilean copper projects, Copper South Australia.

We're not yet ready to put forward a specific number, either absolute or capital intensity, for the Copper South Australia growth project for the SRE, but suffice to say that we are very happy with the progress we're making on developing attractive growth options, both in Australia, as well as in South America and, of course, we've got the Resolution project up in the US as well, with Rio, which is going to give us a lot of optionality. In the way our Capital Allocation Framework works, we'll be bringing a number of these projects forward and they will compete between themselves and with other opportunities in other parts of the portfolio, and the ones that deliver the best returns and value for shareholders over the long term will be the ones that we bring forward first.

ROB STEIN, MACQUARIE

Thanks, Mike. Another question, just on the net debt number. Without being finicky on a US$14 to US$15 billion number, can you just highlight some of the risks that you're catering for in your capital allocation, specifically the tropical cyclone that hit Port Headland the other day, and then talk about how you're thinking about earnings volatility in the second half and what that would mean to how you manage capital allocation into the end of the year? That would be helpful. Thank you.

MIKE HENRY, BHP

Sure. I'm going to ask Vandita to speak to the detail on this, but I'll just start by saying that this ability to cater for volatility is built both into our Capital Allocation Framework and specifically how we think about net debt ranges, but it's also fundamental for the strategy and the way that we think about how we build the portfolio, the commodities that we choose, their resilience under different scenarios and then ensuring that we've got assets that sit at the low end of the cost curve, so our margins are better protected that those of the competition in the face of volatility. All of that is core and gives us a better ability to cope with uncertainty in volatile times than would otherwise be the case.

Vandita, you might just want to talk a little bit about the construct that we have behind net debt ranges and Capital Allocation Framework and then how we're seeing the period ahead.

VANDITA PANT, BHP

Yes, sure. The construct of the Capital Allocation Framework, Rob, takes into account the volatility of our industry, which means that the prices can go up and down, and the way we look at net debt ranges are indeed to ensure that with volatility we are still very comfortable with the balance sheet strength. The resilience of the balance sheet is quite a key component of Capital Allocation Framework.

In the very short term that you are referring to, between now and the year-end et cetera, I would guide you to what we have published after the cyclone on maintaining our guidance, so there is no change to the guidance, where we are no longer at the upper half, but the team is working through that and very confident that we are able to manage all impacts on that.

In terms of the earning capacity and the volatility, the balance sheet is in great shape, so no concern at all. I would say in fact, if I may go on a little bit on net debt, is that we have given the range also on net debt in terms of leverage and gearing, and you can see that this is a super conservative balance sheet currently. I'm very comfortable with it. Net debt to EBITDA of 0.4x is – on an absolute basis, on a relative basis, on a last decade basis – one of the lowest. So very comfortable with the conservative balance sheet which allows us to withstand, if there were to be any uncertainty and volatility, but also allows for expansion in terms of growth as well as good shareholder returns.

MIKE HENRY, BHP

Now Rob, I'm feeling a little bit bad about potentially not getting across just how excited I am about the prospect in South Australia in my answer to your first question and, as the team here knows, the first week of January I came back from short leave and I went to Copper South Australia and spent some time with the team there. I was just reminded of the growth optionality that we've created in that business in the bringing together of the OZ Minerals assets and Olympic Dam. Multiple different levers that can be pulled, lots of synergies to be unlocked, some of it already captured, but much more to go and I came away quite encouraged by the progress that the team is making and just how evident the opportunity at hand is there for us at Olympic Dam.

Of course, we've also got options elsewhere, but I do want to make it clear, that that is a very positive opportunity there in Copper South Australia as well.

RAHUL ANAND, MORGAN STANLEY

Hi, good morning, Mike, Vandita, Tristan and team. Thanks for the call. I might start with my first question just as a bit of follow up to Rob's question, perhaps with a bit more detail. One for Vandita.

Vandita, you just talked about the balance sheet and your target net debt range and appreciate the chart on slide 13 as well, but if we look at the dividend today, you've basically paid out about 100% of your free cash flow and obviously indicating that you're going to get to the top end of that net debt range by the end of the year. We also have growth opportunities like Mike highlighted in terms of Vicuna and Resolution Copper coming up as further capex items to where you sit at the moment. So I guess, if you can maybe give me a bit more colour, in that situation where do we go? Is it time to switch perhaps to a free cash flow-based dividend or perhaps realign that target net debt range, or are you actually happy to give up some of these growth projects as capex rises and they come into the system? That's the first one. I come back with a second, thanks.

VANDITA PANT, BHP

Sure, happy to start there. So Rahul, I would say that very comfortable with the net debt range. I do not think of net debt range as a constraint on all the things that we want to do. For the right kind of projects, attractive projects, which meet and compete in our Capital Allocation Framework or in returning to shareholders good dividends. As you said, 50% of minimum dividends can be banked, then additional ones compete. All options compete for that excess cash. They relate to growth projects which compete with shareholder returns, additional dividends or buybacks, et cetera, or go on the balance sheet.

From the perspective of how we think of free cash flow, free cash flow is very important and we look at it from a capex perspective, but also the earning capacity for this business which continues to be very good. Our resilience of balance sheet is underpinned by the margin of our business, which is industry leading, as you know and more than 50% margin over the last 10 years with the next competitor being 10% points lower on margin. So that's the earning capacity of the business.

From the perspective of net debt, as I said, very conservative balance sheet. I'm comfortable going out of this net debt range for the right kind of opportunities, but equally, if we did have volatility and had a downturn, we have many, many levers to manage that: cost reduction, capex flex, capital recycling, et cetera. Hence, I do think that our Capital Allocation Framework allows for these choices to be made in the right way, knowing the resilience of balance sheet is very much supportive of both the right projects and growth, as well as of shareholder returns.

You talked about Vicuna, of course very pleased that that closed earlier in January. That capex of course is not in our guidance and we'll be looking to equity account that. However, all these options will compete with each other in terms of growth potential.

RAHUL ANAND, MORGAN STANLEY
Got it, that's very clear, thank you for that. Look, a second one perhaps for Mike. Mike you've talked about Copper SA and I guess I'll just wait for the capital intensity and updates around that. But if we just talk about your outlook for commodities in general that you outlined today and you've talked about global growth as well, I guess one theme that's currently being discussed is obviously the potential for supply side reforms 2.0 in China and last time we had the supply side reforms, iron ore went close to half, as opposed to where it was pre the announcement.

So, one thing that came through in the last cycle that this happened was basically that the higher-grade iron ore products did perform better. So, I guess my question is, in terms of the levers you have available to pull, is it broadly just the cost base of the business that you continue to focus on? Or is there anything you can do, in terms of mine plans, to perhaps better your grade in a situation where the margins start to change and you start to see better realisations for the higher-grade iron ore side of things? That's my second, thanks.

MIKE HENRY, BHP
Okay, so we've made a lot of the industry-leading cost performance for five years running now, in part because we want that to be an indicator of the ultra-focus within BHP on operational excellence and you see that shining through, most evidently in iron ore, but also our other businesses. However, it hasn't been the only focus in iron ore. We were also clear when we laid out the strategy or the ambition to become the world's leading iron ore producer, a parallel ambition to improve the average quality of our product suite and that saw us choose the South Flank development over other options that were available to us at the time because South Flank was going to give us higher average Fe content and a higher proportion of lump, so a premium valued product.

Sure enough, the market scenarios we were forecasting or predicting at that point of time have unfolded or largely been realised or are in the process of being realised. So we've already taken steps to improve the average quality of our product suite. There are some things that we can do and continue to look at, like beneficiation in some instances, but there will be ultimate geological constraints on just how far you can push quality. We're comfortable that we've improved overall relative to where we were five to seven years ago. We have industry-leading margins and the fact that we're at the low-cost position globally and certainly the best placed within the Pilbara, leaves us very well positioned and with a strong business, even if we see short-term disruption in the market where we see iron ore prices come off more than people are currently expecting.

The final point I would make is there is a pretty significant bench of higher cost iron ore supply, so we're looking at, Vandita, probably about 180 million tonnes, between US$80 and US$100 a tonne, so it takes quite a bit to push through that, but like I said, we've got an iron ore business that's constructed for all scenarios and is going to be a very strong business into the future.

VANDITA PANT, BHP
Yes. If I may add, Mike, from a demand perspective, you talked about the supply side reforms, but plateauing of steel at 1 billion tonnes is something which has really come through, as we have been saying. We think this plateau will last. Last year was again 1 billion tonnes and hence supply-side reforms are targeted more at the small end of the steel mills with very high emissions, rather than rejigging of the full steel landscape at the higher end, which is where we play in terms of customers.

LYNDON FAGAN, J.P. MORGAN
Good morning, everyone. I guess I'll ask the Anglo question. Mike, it's been an overhang on the share price, there's a comment page 24 of the presentation that a control premium is not required. Should we be reading that as that you're not doing Anglo?

MIKE HENRY, BHP
Well look, Lyndon, I get why you're asking the question and I'm sure some others in the queue may have variants of the same question. So let me just get us all on the same page. As BHP, given our size, given our position in the market, of course from time to time we're going to look at opportunities, right? But in the current market, it's increasingly challenging to do large global M&A for value. And at the end of the day, that's what we're all about, is increasing BHP shareholder value. At the same time, as you can see on that slide, we've made very significant progress on growing and maturing the portfolio of attractive, organic projects in copper and of course also in potash. Vandita, myself, and the management team, we’re 100% focused on developing those and of course continuing to deliver on operational excellence in WAIO and BMA.

So look, let me say again, current focus is on our own organic growth, opportunities are advancing well, they're attractive, as you can see the capital intensities and returns on that slide and that's where we're currently spending our time and effort. There will continue to be market speculation about these things, but we've been pretty consistent in how we think about them. I don't want to comment on a specific opportunity, because as you know, we've got in the approach of not commenting on specific situations, so I'll leave it there once and for all.

LYNDON FAGAN, J.P. MORGAN
Okay, thanks for that. The other one I had is just specifically on Copper SA. I mean if we go back, we had an Olympic Dam open pit being dug, then we had the BFX going over 300 kilotonnes. Now we've got Olympic Dam expanding by, looks as though, a bit over 100 kilotonnes again. Can we dig into specifically your confidence on executing that by the early 2030s? I guess the two-stage smelting makes it a bit more flexible in terms of ore processing, et cetera, but we've had a few false starts at Olympic Dam, just wondering about that and also why you're not prepared to give us the Carrapateena Block Cave capex. Thanks.

MIKE HENRY, BHP
So I think part of your question you've answered in the first part of your question, Lyndon, in that I, as you can imagine, still have some scar tissue from previous instances where we've come to market with our thinking, with projects that looked attractive at the time, only then to have to back away from them and I remember the times of BFX where it looked very positive but ultimately for technical reasons around the mine-ability of the plan that we had, we ended up pulling back from it. So, I don't want to get too far ahead of ourselves.

Having said that, circumstances are fundamentally different now, right, in that in previous attempts it was one resource, one set of infrastructure. Way more optionality in the business now between Olympic Dam, Carrapateena, Prominent Hill, Oak Dam and synergies to be unlocked. So, let's not underestimate the synergy contribution to the economics of an expansion of the broader complex, because as we bring the Carrapateena and Prominent Hill ore through an expanded set of infrastructure and move to two-stage smelting at Olympic Dam, that's going to unlock that further value from lower transport distances, from removal of uranium penalties and so on. So, I'm more optimistic. The plans are looking positive at this point in time. But I also don't want to get unnecessarily ahead of ourselves. We will come out, as we've done in Chile, at an appropriate time when we've got a higher level of confidence with more specifics.

PAUL YOUNG, GOLDMAN SACHS

Thanks. Good morning, Mike and Vandita. Vandita, thanks for stepping through all the balance sheet and your thinking there – you made it pretty clear not to switch to a leveraged ratio. But just to clarify, I guess, on the forward spend, potentially you have US$30 billion of copper growth capex, if you look at the US$10 billion to US$15 billion in Chile and possibly in US$10 billion in SA Copper, in my view, then you might have US$5 billion in Argentina and you might have possibly US$5 billion at Resolution. And once you start these projects, it's pretty hard to stop them, right, they're long-dated projects. So just to clarity that really if you do get to the point where you're approving all those projects, that you're prepared to pull other levers to bring the net debt down to protect the single-A balance sheet?

VANDITA PANT, BHP

So, a lot of assumptions there, Paul. Let me unpack it a little bit. So firstly, you're right, what a great problem to have, as we keep reminding ourselves, with such a suite of projects. Not just projects, but attractive projects, and at really mature levels now coming to and different levels of course in our portfolio. So, it's a good problem to have.

Secondly, in terms of your view on whether the projects can be started and stopped, this is not a binary decision. Our Capital Allocation Framework guides us for capital prioritisation that we do, in which projects compete with each other at different stages. And it could also mean that there is a different flexing and sequencing of these projects. Even flexibility within the project, not everything within the project is on a critical path and we can choose to be very nuanced, led by technical teams and project teams on which part of the project needs to be on the path so the dollars keep going there while the others are deferred or sequenced. So, there is more optionality there than only a yes or a no.

Thirdly, I would say this is not a kind of view where US$11 billion that we're guiding to in the medium term is hard and fast, and something which is a target that we are trying to fill. This is a medium-term guidance where the projects will compete, there could be an average of a bit higher, a bit lower of capex, but it's not as if we have a target for projects to go in there, they will have to be attractive to make do with that.

Just coming to your point on A rating. I have said even in 2016, when ratings were very important, that we look at our own parameters of resilience and strength of balance sheet. I think this is really important because balance sheet has to be an enabler for the business. So for me, the yardstick is not really the credit rating aspect of it, but do we have the strength of the balance sheet which can, in a cyclical industry, give us confidence that we can withstand volatility, fund our growth and have attractive shareholder returns. And I think our overall balance sheet is at that level, Paul.

PAUL YOUNG, GOLDMAN SACHS

Yes, okay, that's very clear, thank you. The second question, just on the result itself, I'd just point out really good cost performance from the copper assets in particular with Chile tracking at the bottom end of the range, SA looks like the middle of the range and looks as though you had some good tailwinds from by-product credits, FX and I think treatment charges as well. I just wanted to ask you a question, Vandita, about the controllable costs impact of I think negative 300 in the half, which is a couple of things there, labour-related costs in Chile and inventory movements. How many of those won't repeat in the June half, do you think?

VANDITA PANT, BHP

Yes, some of those are very specific, Paul. As you know, we had a strike incident. The team did a fantastic job of making sure that the impacts of those were mitigated as you can see in our production numbers coming through. But that did include one-off payments which are given post the resolution of the negotiation of labour. Equally, we did have a bit more kit in there to manage through the disruption which happened from the strike action as well as the earlier geotechnical PL1 issue that we had talked about. So, some of those are very one-off related things and you're absolutely right to call out, I think what is shining through in these numbers across our assets has been the cost performance, as in unit costs are down 3.9%, around 4%, when our average headwind on inflation has been on the other side of 3.7%. Even without the FX benefit, which actually admittedly was only in Chile and not even in Australia, our unit costs are down 3%, so it's a fantastic performance by the team.

TRISTAN LOVEGROVE, BHP
Paul, about half of that 300 was associated with the bonus payments for the unions at Escondida. So it's sort of around US$0.05 to US$0.06 cents on a per-pound basis.

KAAN PEKER, RBC
Mike, Vandita and Tristan, first one's on Copper SA, Prominent Hill, just how extensive is the additional ground support? Is it more localised and how confident are you that additional capex won't be required to increase capacity at Prominent Hill. And, does that impact the timeline of the smelter and refinery expansion phase 1 project? Thanks.

MIKE HENRY, BHP
Okay, so I'll turn to you, Vandita, to answer some of the detail on this, but as to the back half of your question about whether it impacts on the smelter refining project, the answer is no. Look, taken in its totality, of course we're seeing an increase at Prominent Hill against the backdrop of overall project execution. I think we've got some stats in the presentation on this of BHP being very strong and certainly better than others in the sector.

In this case, we ran into need for some extra ground support, a few other issues in terms of the underlying assumptions, so we've seen an increase, but as you can imagine, when teams bring this sort of thing forward in BHP, it gets a lot of very rigorous consideration – both directly in the team leading the project, but also through an independent review. Now we're comfortable that the updated parameters are a more accurate reflection of what we've experienced. We have the large majority of the contracts already locked in supporting the project, and are comfortable with the estimate that's been drawn here.

Vandita, would you like to add anything?

VANDITA PANT, BHP
Yes, you've covered it well, Mike. In terms of the triggers for the increase relating to the sink rate differences in assumptions which were earlier there and I'll remind you that we had taken the view of costs from the IER, which were already higher than the OZ capital. You're right, we have had higher ground support for seismic reasons and inflation in the contracts. Contracts, as Mike mentioned, 90% of those are awarded. So, a higher level of certainty. Good in terms of contingency and schedule and in terms of cost has been baked in. We think this new cost estimate of 910-odd, we are confident in that.

KAAN PEKER, RBC
Sure. Thank you. The second one is on realised price for WAIO. It's been marginally weak versus my expectations for a few quarters. Just trying to understand what's driving that. Is it simply a lag to index pricing? Or is there a value in use or a degradation of some of the quality of Newman, Jimblebar or MAC? Thanks.

MIKE HENRY, BHP
It's multiple factors. Obviously, there's been a bit of a QP difference there in terms of pricing, but at the end of the day, that's more of a timing issue than anything else. We have had a period of higher-quality variability, and that's been driven by a few factors. One is moving through the hardcap at South Flank – so in the initial development there, the first period of production. Mining some product that's harder to mine, higher variability in quality than what we'll see on a sustaining basis, but we're moving through that. Of course, as we're winding down at Yandi, as we're reaching the end of life there, and winding down at Newman as we develop alternative or new projects to sustain production there, it's just been a period of transition, both from existing mines to new mines, as well as the development of South Flank. All of that's getting a lot of focus, being brought back in line. I know it's a little bit more apparent in terms the lower prices or lower relative prices this period, because we've been outperforming for a number of periods now, but it is something that we expect to bring progressively back in line.

PAUL MCTAGGART, CITIGROUP
Morning. I just wanted to get a sense of how you see the Vicuna assets developing, because the Josemaria project as Lundin envisaged, was going to be smaller, using aquifer water, and I probably understand that BHP probably would want to use desal. So, I know you say you want to stage it. Is there desal from others that you can access initially to get Josemaria up and running? How should we think about the development of those two projects over time? Thank you.

MIKE HENRY, BHP
Paul, I'll start by saying that there is going to be more information progressively communicated to market over the course of this half, including the resource as well as some of the development milestones that we see. Exactly how we would go about development is still of course a work in process between ourselves and Lundin Mining, having just closed on the transaction. It's fair to say that a long-term, large-scale development of Vicuna, will require desal at some point in time, and we'll look at various options in and around that. I wouldn't really want to comment on what the initial development will look like. That's still a subject for further study.

VANDITA PANT, BHP
Just to clarify, in first half, Paul, you can expect us to come out with the timelines for the technical studies, as well as update on the oxide resources and new sulphide resource as well.

GLYN LAWCOCK, BARRENJOEY
Good morning, Mike, Vandita. I just want to drill down a little bit on Vicuna. You've opened the can of worms with slide 24 saying it's cheaper to build than buy. I'm just curious – I know you're going to give us more details on Vicuna, but do you really think that, with the acquisition cost included for Filo and Josemaria, plus the development cost at that altitude, this will actually be cheaper than the US$50,000 per tonne? Surely, you will have done the numbers to think about it, adding the two together.

MIKE HENRY, BHP
We're obviously not ready to release numbers yet, but the fact that we've pursued the project in the first instance is a testament to how attractive we see the very large-scale deposit there and the opportunity it presents for long-term growth in copper production. I wouldn't want to call out this point in time what the capital intensity will be, but we see it as having potential to be a top 10 global copper producer and in an attractive district. We have to keep in mind as well that capital intensity is one driver of project economics. Things like your other input costs, tax rates and so on and so forth are another driver of competitiveness, and the Argentinian Government, who we are very pleased to be working with, has been very focused on how they can go about attracting capital to the country.

GLYN LAWCOCK, BARRENJOEY
Okay. So, you can't say whether you think it will be below the US$50,000 then, that your peers are trading at?

MIKE HENRY, BHP
Yes, don't want to give it a specific number or to say that at this point in time.

GLYN LAWCOCK, BARRENJOEY
That's all right. I just want to go back to something that Vandita said about the balance sheet. Credit rating's not the yard stick. We want a balance sheet that withstands volatility and delivers attractive returns. If I look at the payout ratio, you're at the bottom. I look at the market forecast, the dividends at 50% payout. You're going to be delivering less than a 4% yield now on your current share price. That's well down on what we've been used to in the last few years. Is there a view to internally thinking about alternate to debt? It's living at the top of the net debt range but only paying out 50%. Is there thoughts to do something else so that we can get the returns up for shareholders while we build through?

VANDITA PANT, BHP
Yes. Glyn, as you can imagine, we look at everything, from operational productivity, which is the big game here for us, being such a big company, anything that we save on our operations comes all the way to the bottom line. But also, capital productivity. So, the way we design projects, the way we look at modularisation now, a lot of time, effort and sharpness going into that as well. Besides these two things, which are of course, from a capital and operational productivity perspective, very keen to continue to look at other options. These may be recycling options. What's the best way to lighten the things? So, expect us to be commercially savvy, very prudent and for value, do the things that you would expect us to do to pull all the levers. I would leave you there.

MIKE HENRY, BHP
Glyn, I just want to add one thing, to pick up on what Vandita said around operational productivity. I know often times, and rightly so, because we make a lot of the growth projects, but there is still – notwithstanding all the progress that we've made, still a big opportunity available to us in terms of improving underlying operational productivity, be it on cost – and you see some of that coming through in our medium-term cost guidance – as well as the volumes that will be unlocked through progressively creating an even more stable business and getting more throughput out of existing infrastructure.

All of that will contribute to these resilient, high levels of operational cash flows to fund some of these growth projects. I know that, from a market perspective, the fact that we're at a 50% payout ratio this period, and everything that we're making of the growth opportunity ahead of us, gets attention. But the way I would paint it is, we've been through a period where we had a dearth of opportunities to grow long-term value for shareholders. We didn't have a lot of growth projects internally.

We've done a great job of building out that growth optionality, and that then allows the Capital Allocation Framework to work in the way that it was intended, to ensure that we're protecting attractive returns to shareholders on a cash basis, while at the same time investing in those projects that are going to create and sustain long-term shareholder returns. We'll flex that balance based on the quality of the projects that we see coming through, as well as by way of available cash flow, given the external operating environment.

BADEN MOORE, CLSA
Morning, everyone. I was just thinking about shareholder returns and capital flex on projects and the global context of the market now. Do you think now's the time to be reviewing your decarbonisation sequencing within your spend rates? I note you deferred some of your capex on Jansen at the end of last year. Second question would be, just wondering how that US$15 billion net debt target is likely to change once Jansen 1 is up and running? Thank you.

MIKE HENRY, BHP
Thank you for that, Baden. One of the things that we've been very clear on internally and in the way that we've spoken about it to the market previously is that decarb capital within BHP competes for capital. It comes higher up the stack in terms of the waterfall of how we deploy capital, but it still has to compete for capital. We seek to ensure that there's positive returns coming from the decarb capital being deployed into the business. Nothing changes on that front, and we're on track to meeting our 30% reduction in operational emissions by 2030.

We've been also clear that that capital amount, the US$4 billion that we've spoken about in deploying, is partly dependent upon the progress that equipment manufacturers make on designing and developing and commercialising the equipment that will be required for us to spend upon in order to progress decarbonisation beyond the 2030 period. We're watching that very closely, but if that were to stay on track, then the returns that we would see on some of that decarb capital would see us continue to progress.

But if in the face of what we're seeing globally some of the equipment manufacturers were to slow up that development, or just the technical nature of it saw us slowing a bit, then there'd be a need for us to take that into account. Now, you asked about net debt range and what that looks like post the Jansen Stage 1 development. We are on the cusp of Jansen Stage 1 production now. Back end of next calendar year. That's going to be a very attractive long-term project.

Cash flow – we expect it's going to be cash flow positive at all points in the cycle. It will become a net contributor to the balance sheet and to our ability to fund further growth projects. Vandita has spoken about us moving towards the high end of the range on net debt. Certainly comfortable with that. But of course, as we start bringing on some of these growth projects, it's going to give us the ability to manage net debt back down to whatever level, given market circumstances at the time, that we see as being appropriate. That applies to Jansen Stage 1 but also some of the other growth opportunities that lie ahead.

Okay. Operator, if there's no more questions, I just want to say thank you to everybody for joining the call today. I hope you can see that this is yet another period of very reliable underlying operational performance, real focus on operational excellence, underpinned by the BHP Operating System and some of the ways that we've structured ourselves, including our consolidated approach to procurement. And, very importantly and excitingly, you can see that we're making progress on building out the pipeline of attractive growth options in attractive commodities, and specifically copper and potash.

So, solid underlying business in WAIO, world beating in terms of its cost position and generating healthier margins than the competition. Very high-quality coking coal business, and now with the increase in contribution from copper, and both copper projects and potash projects remaining on track. So, bang in line with the strategy that we've laid out, and I hope that you take away a lot of confidence from the results we've turned in this half. Thank you.