BHP

Financial results for the half year ended 31 December 2026

Investor and analyst briefing Q&A transcript – Session 2

17 February 2026

Mike Henry, Chief Executive Officer, BHP

Good morning, everyone. Good evening, anybody joining from this time zone. I have Vandita and Mark in the room with me today.

What are the takeaways from today's results? It is a strong operating result. You will have seen this coming through in the OR previously, but group copper equivalent growth was up 2% for the year. At the same time, costs are down 5%, which, in real terms, is a 7% cost decline.

One of the points that we made in today's presentation is that we are the only major Pilbara producer to generate real cost decline since Covid. I hope that you can all read into that just how sharp our focus is on operational excellence and the enabling effect that we have to the BHP operating system.

It is really this confidence in our underlying operational performance, coupled with our positive outlook, that has enabled us to declare a substantially higher dividend this half, which is up over 40% to 73 US cents per share. Of course, in the mix, we also have the Western Australian Iron Ore power deal that we did with GIP at US$2 billion. Today, we have announced a silver streaming deal with Wheaton for $4.3 billion for our Antamina silver stream. You can see us continuing to sharpen up our approach to capital allocation and ensuring that we are hunting down every opportunity to generate maximum returns for the capital that we have deployed in the business.

Off the back of our strong operating performance in Escondida, today we announced an increase to copper guidance for 2027 by 100,000 tonnes. Combined with the increase in the 2026 guidance, that means that we have increased overall group copper guidance for 2026 and 2027 by 150,000 tonnes. This is at a time when many of our competitors are cutting, so it is a real differential and an advantage for us in a time of high copper prices.

You will have seen that, in the presentation, we are providing a lot more detail – and many of you have been asking for that – on our copper growth programme across the group. You have heard me say many times that, if all we did in the coming years was execute on our growth programme in copper and potash, that would already to be a great result for shareholders. Hopefully, you can see why we are so confident, given some of the detail that we have released today.

Our copper growth programme will see copper production increase 5% on a CAGR basis from 2027 to 2035. Based on the capex estimates that we are now providing, you can see that the capital intensities behind this growth are pretty attractive. In respect of Copper South Australia, we plan to say more, on a site visit later this year, which I hope that many of you can join.

Overall, the company is performing well operationally and financially. It is building on this track record that we have had in recent years and is continuing to execute well strategically. You can see the fruits of that labour now coming to the fore.

Questions and Answers

MATT GREENE, GOLDMAN SACHS
Good evening, Mike and Vandita. On Jimblebar, your realised pricing at the back end of the last half was ahead of one of your major peers, and the Pilbara production from Jimblebar was quite strong. Can you just comment on the sales? Are you blending this material and selling it to other Asian markets, or is a big chunk of this material still on your balance sheet?

MIKE HENRY, BHP
The overall takeaway from the results of the last half is that we are continuing to operate well. We are managing to move our product, so it was a strong half for us production wise. As you correctly point out, the realised prices that we had were pretty strong. That is not to take away from the fact that we are in tough negotiations with CMRG, as you would expect.

Specifically in respect of Jimblebar, we have seen some softness in demand; you have seen the reporting around that. We have been actively mitigating that by increasing our sales of other products. You will have heard previous commentary from us talking about the fact that we have many distribution channels and other levers available to us to deal with what is happening, so that should not be any surprise to you.

I am not going to go into the specifics as to exactly what we are doing, and I do not think that you would expect me to, given that this is a commercial negotiation, but I do hope that you can all take away confidence from the results that we are delivering, including in WAIO. We are doing a good job, both operationally and in terms of our marketing team, to continue to run that business well.

MATT GREENE, GOLDMAN SACHS
That is great, thanks, and I appreciate the context. Just on this $10 billion target of unlocking latent value in the portfolio, what is limiting you to that $10 billion? Is there scope for more and, if so, what is preventing you from lifting this target at this stage?

MIKE HENRY, BHP
I am going to ask Vandita to comment on this, but the $10 billion sum seemed like an ambitious number at the time. In short order, we have achieved over $6 billion. There are other opportunities across the group, but my view, and Vandita's, is to get to the $10 billion first, and then we can look at whether there is further to go.

VANDITA PANT, BHP
Overall, as Mike said, it looks like an ambitious number, but we are at $6.3 billion already. The reality is that, as we talked about earlier, we have a big capital base of rich infrastructure assets, power assets and desal assets. We have existing assets, and there is potentially an opportunity to do something. Equally, as we go into our growth programme, there is infrastructure to be started afresh for those programmes, and that also lends itself to these kinds of structures.

What I should say, though, is that just because we are doing big numbers, you should not read into it that we will do any deal that gets us to these numbers. Our bar on these deals is very high. That includes no strategic and operational control loss. These are very important assets for our operations. We do not want to risk any of that. Equally, we need to be very sharp around additional value realisation. In both these deals, as you will have seen, there is additional value, rather than being on the margin. That would be our high bar for this, but, of course, for these silver streams today, it is a great result. We have done it for a non-core commodity for a production profile that we know well, and it is in the background of very strong silver prices and getting value that is almost the full value of our Antamina stake in the sense of valuation.

MYLES ALLSOP, UBS
Thanks. I just have a couple of questions. First, on Vicuña, this has all the ingredients to be a bit of a nightmare project, given elevation, greenfield, cross-border and so on. What measures does the joint venture (JV) have in place that give you comfort that you can manage the risk of that greenfield project?

MIKE HENRY, BHP
You are right; it is a greenfield project. It has technical challenges associated with it. Having said that, stage 1 was further advanced in its planning because it was the old Josemaria project that Lundin Mining had. Lundin is very experienced in bringing on projects in more challenging circumstances and has a lot of experience in Argentina, which helps to derisk. From a BHP perspective, in going into a new jurisdiction like Argentina and dealing with a different set of circumstances, we are very acknowledging of our own limitations or where we can benefit from the experience and capability of others. That is exactly how we see the partnership with the Lundins.

We are doing this in a staged fashion, so this is not a big bang project. It is stage 1, then stage 2 and stage 3. We will learn between the different stages, which goes to your point around derisking. Not surprisingly, stage 1 is at a lower elevation than stage 3 would be. It has less infrastructure than stages 2 and 3. All of that is about derisking things and about speeding things up as well.

MYLES ALLSOP, UBS
Just thinking about the proceeds going into the capital allocation framework, how should we think about returns to shareholders and the preference between dividends and buybacks at this juncture?

MIKE HENRY, BHP
We do not have a strong preference in terms of dividends versus buybacks. We consider it every six months. As we have said previously, if you are going to do buybacks, you want it to be material enough. We take into account shareholder sentiment, but it is a consideration each six months, and buybacks remain one of the possibilities in the future.

I would like shareholders to take away from this set of results that we had a strong, consistent underlying operational performance with good cost control. We had a constructive price environment. Against the back of that confidence, when coupled with the further cash ahead of us on the back of the Western Australia Iron Ore power deal, we have elected to pay a dividend that is above consensus, at 60% or 73 US cents. As we look to the full year, our expectation is that we will continue to be operating strongly, and you see that coming through in our guidance, which includes upgraded guidance in copper. Price dynamics remain healthy across the suite of commodities, and we will now have a further $4.3 billion coming in through the Wheaton silver streaming deal. You can see that we take into account the interests of our shareholders.

LIAM FITZPATRICK, DEUTSCHE BANK
Hi, Mike and Vandita. First, I will maybe ask the shareholder returns question in a slightly different way. When we think about the disposals and the $10 billion threshold, is that lower $10 billion a firm level? Should we assume that, for any move below that, cash will come back to shareholders? Would you be happy to go below that, just given the future capex?

I have a technical question on the debt. There will be an entry here in terms of deferred income from this streaming deal. Will that be included within or excluded from your net debt?

VANDITA PANT, BHP
I can confirm that there is no inclusion of the deal from a net debt perspective, and rating agencies will as well, so it is quite aligned.

MIKE HENRY, BHP
If I paraphrase the first part of the question, Vandita, 'Will we go below the bottom end of our net debt range, given that we have growth ahead of us, as we see this cash coming in?'

VANDITA PANT, BHP
No, because that target range was, as you know, priced on the upper end for what our resilient balance sheet should be, and the lower end because, otherwise, it starts to become suboptimal for the scale of our business. From my perspective, we have the ability to manage between the uses of cash, be it capital or shareholder return, through the range over a period of time.

MIKE HENRY, BHP
Just like we said, we can go outside the range on the upper end but come back within a short period. I guess technically we could do it on the lower end of the range as well, but, as Vandita says, we do not foresee that at this point in time.

LIAM FITZPATRICK, DEUTSCHE BANK
That is clear. If I could just do one quick follow-up on the projects and the capex, you have given a lot of detail on the copper projects. Does the $10 billion medium-term capex target still hold given that we could have three big copper projects being approved?

MIKE HENRY, BHP
It still holds, but an important point to note here is that Vicuña capital is not included in that number because it is an equity-accounted JV. At the same time, we are accounting for 100% of the Escondida capex, and so if you net those two factors out and think about things on an attributable capex basis, they balance out between the two, and the $10 billion holds.

JASON FAIRCLOUGH, BANK OF AMERICA
Good evening, Mike and Vandita. First, on the streaming deal, it looks like a fantastic outcome. On our numbers, it is negative IRR for Wheaton on reserves. How do you think about streaming deals in the rest of the business? Is this one and done, or how open-minded are you here?

MIKE HENRY, BHP
We will take every single opportunity, but, as Vandita spoke to this earlier, there is a very specific set of circumstances in respect of this deal, in that it was silver, smaller commodity price, and non-core. It was at Antamina, where our risk of giving away upside is lower, because we have a very clear mine plan going forward. It is about life extensions, and that has been incorporated into the Wheaton deal.

If we started looking at gold streams, for example, out of Copper South Australia or out of Vicuña, the risk is that we end up entering into the deal but later come to regret it because there is more upside on the production front that we can currently see today, so I would not say that you are going to see a lot more of these deals coming through.

JASON FAIRCLOUGH, BANK OF AMERICA
Thanks, Mike. My second question is on M&A. You made a somewhat short-lived follow-up approach to Anglo in November last year, so I am just wondering if there is an evolution in your thoughts on potential M&A, given some of the other live situations in the space?

MIKE HENRY, BHP
Our position on M&A really has remained unchanged, and that is, as we have been saying for years now, we have such a great story internally between getting more out of the assets every day that we currently run, and executing the growth that we have ahead of us now in both copper and potash, that, if that is all we do for the next 10 years, that is a great story for shareholders. You can see that coming through the slide that we have in the pack that looks at free cash flow generation post-investment and growth under different scenarios.

Having said that, we are BHP. We have the capacity to pursue other opportunities where we believe that there is incremental value to be created for BHP shareholders, but we are very disciplined, and it is only going to be in the commodities we like, assets that are aligned with BHP's strategy of large, long-life, low-cost assets, with expansion potential. We have to see the opportunity to create or capture differentiated value to BHP's ownership. As you can imagine, that is not a big opportunity set, so our day in, day out focus is on running the base business ever better and executing the growth that we have ahead of us.

ALEXANDER PEARCE, BMO
My first question is around Jansen. Given the reshuffling of stage 1 and 2 timing and capex, as you recently updated us with, can you confirm if the updated stage 1 capex includes any demobilisation costs within the two stages?

MIKE HENRY, BHP
It would include all costs. We have yet to come to market with stage 2 costs, so that will come through in the middle of the year. All costs, including the cost of slowing up on Jansen stage 1, are included.

ALEXANDER PEARCE, BMO
That is great, thanks. Just on Vicuña, when you are thinking about the overall capex, you have mentioned that you have carved out some of the later-stage infrastructure items, including desal. Do you have any rough numbers that go along with that when you have worked out the approximate operating costs within the study? Secondly, have you had any early-stage interest or discussions in terms of taking that on by other partners?

VANDITA PANT, BHP
On infrastructure, we have not given any details on that yet. As you can see, that is aligned with stage 3, so it is quite a way forward. In fact, for stage 3 capex, as you can appreciate, there is more optimisation to be done as well, so these are early days. In terms of infrastructure per se, there is nothing specific, but there is a lot of interest in assets of these kinds in our industry. At the right time, we will look at that and sharpen the economics as we go along. It is important to say that we are very excited about Vicuña, but look at stage 1 and the $7-8 billion that we have given as a higher confidence level number. Of course, the rest of the capex plan is yet to be optimised, given the timing of it.

DOMINIC O'KANE, JP MORGAN
I have two questions. On Vicuña and the capex spend, the capex numbers are obviously equity accounted. Should we assume that your proportional share of net debt will not be included within your $10-20 billion net debt range? Will it be essentially off the balance sheet?

MIKE HENRY, BHP
That is right, Dominic. The point that I made earlier was that, in the same vein, we account for everything associated with Escondida, notwithstanding the fact that a good proportion of that is carried by others.

DOMINIC O'KANE, JP MORGAN
Excellent. I then have a follow-up question. As you advance in your understanding of the project and its scope with Lundin, could you just maybe give us a sense of how BHP is considering the management of that JV, i.e., in the sense of risk mitigation and experiences that you have learned on projects like Jansen, where you have had cost overruns and some more challenging events? Could you give us a sense of how you are approaching the management of that JV?

MIKE HENRY, BHP
This is truly a partnership where we have all of BHP's experiences, positive and negative, and our capability being brought to bear, with exactly the same thing and a very positive attitude from the Lundins, so we get the best of both worlds. They have a lot of project experience, including in some tougher jurisdictions, and they have a very strong track record of executing most projects on time and on budget, like we have, so we are able to combine the learnings from both into this. We are getting the best people on the ground to execute this project, both by way of JV management, as well as in terms of the actual project management.

VANDITA PANT, BHP
The planning is advanced. Engineering work is continuing as you would expect in terms of its maturity, but EPCM contractors and local contractors are already in the tent, providing both their expertise and capability to the project. As Mike said, the JV itself has good people who have been contributing from both ends, with deep project knowledge, as well as BHP and Lundins, and then EPCM contractors and local contractors already working through, as the JV continues to mature its engineering and other design factors for stage 1.

MATT GREENE, GOLDMAN SACHS
Vandita, you commented on infrastructure and not wanting to cede control, which I think has been the narrative for a long time, but in the Pilbara power deal, I think it is quite interesting to look at the way you have structured that around a synthetic-type PPA in which you do not change any of your control. It is obviously set for a limited time. Do structures like that allow you to re-explore similar structures around some of your core infrastructure that perhaps have been off the cards in the past?

VANDITA PANT, BHP
I will not throw things in and out at this stage, Matt. What I would say is that, even before we come to very core assets, there are many infrastructure-related assets available there that have an asset class of their own in infrastructure now. Power is one of those; water is one of those; desal is another one of those. There is a plethora of assets. We want to choose the assets that have the best chance of unlocking value, and with that certainty that you and I mentioned, which is around no loss of strategic or operational control, but the list is such that we will choose the right ones. They have to be at the right value.

MYLES ALLSOP, UBS
I have a couple of follow-up questions. First of all, on Escondida, you have done a great job in terms of improving that medium-term profile. Are we done, or do you think there is potential to see another lift to that medium-term profile?

MIKE HENRY, BHP
We are never done, Myles. The team is constantly hunting for more opportunities. With an uplift of the size that we have seen between initially filling that dip and then the upgrade to guidance, even as optimistic as Vandita and I are, I would not want to back us to continue with that, but we will continue to optimise. It can be on the cost front, the production front or the capex front. This is a day in, day out effort. The safe thing to assume is that this is a poor time for Escondida, but we apply these same capabilities into Spence, for example. Spence is like Escondida in terms of the maturity of the BHP operating system application there, and then it is about taking some of the learnings out of Escondida, such as the use of reagents and so on to improve recoveries. We are encouraging the Spence team to accelerate on that front as well.

MYLES ALLSOP, UBS
There are a few articles on Samarco and a bit of noise. I think they have changed the lawyers there. Could you give us a quick update on the UK class action and what we should expect? Is it fully provided or is there a further liability on the other side?

MIKE HENRY, BHP
We have provided it as best we can estimate at this point in time. We did that after having lost the substantial part of the liability trial. We went back to the same judge and sought appeal there; that was declined. However, there were some important decisions made there, including the removal of those who have provided waivers having received compensation in Brazil, so that will result in roughly 30% or 40% coming out of the UK claim. We have taken that up to the court of appeal. Overall, there are still a number of stages of trial to go through here. Samarco has been doing everything you would expect Samarco to be doing locally to ensure people receive appropriate compensation for what was a tragedy. Importantly, there was a large and very complex agreement reached with Brazilian stakeholders and signed off by the Brazilian government.