



APERTURE

INSIGHTFUL AND RELEVANT RESEARCH UPDATES

BHP FY 2026 Results

Share Price	R755
Date	02 September 2026

RESULTS SUMMARY

BHP delivered a strong full-year 2026 result, with revenue up 15% to US\$58.8 billion and EBITDA rising 27% to US\$32.9bn, equating to a 59% margin. The performance was driven by higher copper and iron ore prices, record iron ore production at WAIO, and approximately 2Mt of copper production for the second consecutive year. Underlying EPS increased 30% to 260 US cents per share, while net operating cash flow rose 17% to US\$21.8bn. The board declared a final dividend of 99 US cents per share, bringing the total FY26 dividend to 172 US cents per share, a 66% payout and around 20% ahead of consensus expectations.

Copper was the standout, contributing 54% of group EBITDA and delivering a record US\$18.2bn at a 70% EBITDA margin. Stronger prices and operational enhancements, including record throughput at Escondida, supported the result, despite total segment production falling slightly to 1.95 million tonnes (Mt) due to planned grade declines. Iron ore remains a core cash flow generator, with EBITDA of US\$14.5bn at a 61% margin, supported by record WAIO production of 265 million tonnes. WAIO also maintained its position as the world's lowest-cost major producer for the seventh consecutive year, with unit costs of US\$19.66 per tonne. Coal EBITDA rose 45% to US\$832 million, supported by improved operating performance.

The US\$4.3bn Antamina silver stream deal has strengthened the balance sheet while crystallising value from a non-core by-product and retaining full exposure to copper production. The deal also supports BHP's broader strategy of increasing its exposure to future-facing commodities, with copper at the centre of its growth strategy. With a clear pathway to exceed 305Mt of annual iron ore production by FY28 and a continued focus on maintaining its low-cost producer position, we believe BHP is well positioned to deliver long-term growth. At its current valuation of 8.5x forward EV/EBITDA, the company trades at a premium to diversified miners, reflecting its strong operating performance.

OUR LONG-TERM INVESTMENT VIEW

- BHP continues to sharpen its focus on long-term value creation through disciplined capital allocation, portfolio simplification, and a strong balance sheet. The group operates a more streamlined portfolio anchored in Tier-1, long-life, low-cost assets. Financial capacity remains robust, positioning BHP to fund organic growth projects and selectively pursue counter-cyclical opportunities
- While iron ore remains the dominant cash engine, the strategic centre of gravity has clearly shifted toward copper and future-facing commodities.
- Copper growth is central to BHP's ambition to materially increase copper production into the next decade. The portfolio is increasingly leveraged to structural themes including electrification, decarbonisation, and global infrastructure renewal, while still retaining strong exposure to China-linked steel demand via iron ore.
- This blend of near-term cash generation and long-duration growth optionality positions BHP to compound value across commodity cycles

UNPACKING THE FY 2026 RESULTS

High level numbers

- **Revenue** increased 15% to US\$58.8 billion, driven by a 29% surge in copper revenue and an 11% rise in coal revenue, alongside record iron ore production volumes. This performance was supported by higher realized prices for copper—averaging US\$13,508/t in the second half—and iron ore, which more than offset localized inflationary pressures

EBITDA rose 27% to US\$32.95 billion, with an

- **Copper:** Contributed **54% of group EBITDA** for the first time, delivering a record US\$18.19 billion at a 70% margin. Operational leverage was evident as production reached approximately 2 million tonnes for the second consecutive year, with significant unit cost reductions at **Escondida** (-10%) and **Copper South Australia** (-73%), the latter benefiting from substantial gold by-product revenue

underlying EBITDA margin of 59%, while underlying EPS increased 30% to 260 US cents per share

- **Net operating cash flow increased 17%** to US\$21.78 billion, benefiting from strong earnings and efficient working capital management.
- **Free cash flow** nearly doubled to US\$9.8 billion, with the copper segment alone contributing US\$6.9 billion of this total.
- Net debt fell 33% to US\$8.69 billion, moving below the company's US\$10–20 billion target range; the total FY26 dividend came in at 172 US cents per share (~66% payout ratio), which was approximately 20% ahead of consensus expectations
- BHP received US\$4.3 billion in cash from the completed silver stream deal at the Antamina mine with Wheaton Precious Metals, which helped reset the balance sheet and provided capital for the copper growth pipeline

Divisional performance

- **Iron Ore:** Remained a major cash generator with EBITDA of US\$14.53 billion and a 61% margin, supported by record **WAIO** production and shipments. WAIO maintained its position as the world's lowest-cost major producer for the seventh consecutive year, with C1 unit costs rising only 1% to US\$17.66/t. FY27 production guidance is set at **284–296 Mt** (100% basis), with a clear pathway to exceed 305 Mtpa by FY28.

- **Coal:** EBITDA rose 45% to US\$832 million as improved operating performance and higher prices offset previous normalizations. While the segment remains cash generative, it is strategically de-emphasized in favor of copper and potash, with **NSW Energy Coal** specifically managed for a transition toward closure

Looking ahead

BHP has lifted copper production guidance to approximately **2Mt** for the second consecutive year, reflecting stronger performance at **Escondida**, and **Copper South Australia**. **Iron ore guidance** for FY27 is set at **284–296 Mt** (100% basis), with a clear pathway to exceed 305 Mtpa by the end of FY28 while reducing costs by 10% to below US\$17.50/t. **Coal** is broadly tracking to plan.

The **Antamina-Wheaton silver stream deal** helps reset the balance sheet and provides capital for the copper growth pipeline while BHP retains its full exposure to Antamina's copper production. The deal reinforces the group's strategic shift towards copper, with more than half of growth capital now directed towards the commodity.

The bottom line

We remain positive on BHP's long-term outlook. The combination of growing copper exposure, low-cost iron ore production and disciplined capital allocation provides a strong platform for sustainable earnings and cash flow growth. Management continues to execute well against its long-term strategy. At its current valuation of 8.5x forward EV/EBITDA, the company trades at a premium to diversified miners, reflecting its strong operating performance.

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Old Mutual Wealth, Mutualpark, Jan Smuts Drive, Pinelands, 7405 | Tel: +27 (0)21 524 4678 | Email: privateclients@omwealth.co.za