

## BHP BILLITON LIMITED (BHP)

21 AUGUST 2018

RESULTS	Full Year 2018	Full Year 2017	CHANGE
Revenue *Cont Operation (US\$m)	43,638	36,135	+21%
Revenue consensus (US\$m)	45,395		
Total Revenue (\$m)	45,809	38,285	+20%
Underlying EBITDA (US\$m)	23,183	19,350	+20%
Net Debt (US\$m)	10,934	16,321	-33%
Total Underlying Attrib Profit (US\$m)	8,933	6,732	+33%
Final Dividend (US\$)	0.63	0.43	+46.5%

### BHP Billiton (BHP) slight miss on profit but returns beat with more to come

- Diversified miner, BHP Billiton Limited (BHP)** recorded a 33% lift in underlying profit for the full financial year, slightly below market expectations of a 36% lift to US\$9.18 billion. The result was boosted by an 8% lift in volumes and higher commodity prices, despite pressure on copper prices in the last few months. BHP's net profit fell 37% hit by exceptional items totalling US\$5.2 billion; including a previously reported US \$2.8 billion book value write-down of BHP's US onshore energy and assets as well as the ongoing costs of the Samarco dam failure in Brazil.
- The company continues to reshape its portfolio since the demerger of South32, with US\$18 billion of divestments over the last few years. Today BHP did not give any more plans to return funds to shareholders after the completion of the US\$10.8 billion deal last month to sell U.S. shale assets to BP. BHP's earnings (EBITDA) margin is now 55% helped by strong cost management and higher prices. BHP's Iron Ore division now only accounts for 39% of the group's EBITDA, down from 44% in FY17. BHP reported a record 289 million tonnes of ore produced per annum in the fourth quarter. Costs fell over the year from US\$14.60 a tonne to US\$14.26, a fall of 2%. BHP confirmed it expects total iron ore production of 241 – 250 million tonnes despite heavy maintenance schedules across the supply chain.
- Copper performed well over the year with record production at Spence and Escondida ore milled. Copper EBITDA margin reached 54% up from 49%. Coal hit record metallurgical coal production despite geotech issues over the year. Costs over the period lifted for metallurgical coal and the extensive maintenance program that is planned for the first half of the 2019 financial year is expected to keep coal volumes over FY19 broadly flat. Petroleum earnings margin reached 62%, up from 49% as BHP's conventional assets produced solid outcomes.
- BHP said capital and exploration expenditure guidance is unchanged at below US\$8 billion per annum in FY19 and FY20 while net debt is expected to remain at the lower end of US\$10-15 billion target. Management said it expects solid demand for commodities despite the slight pull back in growth in China. BHP said it will pay a final dividend of US\$0.63, above market expectations, on 25 September 2018.

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