

BHP Group PLC

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BHP Billiton looks to lift production as China growth remains key driver

Global mining giant BHP Billiton (LON:BLT) expects to lift production over the next two years but said a slowdown in China was dragging on growth.

The group, which operates in 26 countries, held its AGM in Perth on Thursday and chief executive Andrew Mackenzie drew attention to the firm's 2013 results in August, which showed record production in a number of commodities and US\$2.7 billion of annual cost savings.

"Our focus on productivity is extracting more value from existing operations," he told the meeting.

"Over the next two years, we expect to increase production by eight per cent per year, on a copper equivalent basis, and deliver additional productivity-led cost savings.

"We are increasing our focus on our 'four pillars': iron ore; petroleum; copper; and coal, and we continue to operate our aluminium, manganese and nickel businesses as efficiently as possible."

He said the group's strong operating performance this year was underlined by a 13th consecutive year of record production at the Western Australia iron ore operations and a 28% increase in production at the Escondida copper mine in Chile.

The firm says conditions remain challenging in Europe, but in Asia sees overall growth.

However, in China, which accounts for around 30% of group revenue, the weaker trade and manufacturing activity due to the global slowdown has weighed, it said.

However, the future looks brighter, pointed out chairman Jac Nasser.

"We expect the Chinese economy to grow at over 7% next year.

"China and other emerging economies will be the major drivers of global economic growth in the long term, which could deliver up to a 75% increase in demand for some commodities over the next 15 years."

Nasser added: "Only a few countries in the world are well placed to supply this increased demand for commodities, and Australia is one of them.

"Therefore, we believe your company remains well positioned to contribute to the prosperity of the regions where we operate, including Australia."

Nasser notes that in the last two decades, more than 650 million people have been lifted out of poverty in China alone

Price: 2319

Market Cap: £117.22 billion

1 Year Share Price Graph



Share Information

Code: BHP

Listing: LSE

52 week High Low
2383.5 939.8

Sector: Mining

Website: www.bhp.com

Company Synopsis:

BHP Group PLC Billiton is a global leader in the resources industry. Formed from a merger between BHP and Billiton, the company is a leader in the extraction and sales of most natural resources, and is particularly strong in Iron Ore, Coking and Thermal Coal, Copper, Zinc, Oil & Gas, Diamonds and most materials key to the production of steel.

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and it is expected that another 250mln will move to the cities over the next 15 years.

BHP is the only company to offer a broad-based exposure to steel making, metals, energy and food, the chief executive told the meeting, and he made particular reference to the fertiliser potash, demand for which he expects to grow by 2-3% a year by 2030.

This growth, he said, will be driven by a rising population and greater economic prosperity, which will change the patterns of food consumption, requiring higher yields from increasingly-constrained arable land.

The firm said it has an average annual investment in potash of US\$800 mln, which it expects to continue.

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