

BHP Group PLC

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BHP to make up its mind on \$17bn potash project by February 2021

BHP Group PLC (LON:BHP) has announced that it will make a final investment decision on its delayed US\$17bn Jansen potash project in Canada by February 2021.

Jansen, located approximately 140km east of Saskatoon, is expected to produce four tonnes a year of the potassium-rich fertiliser.

In its operational report from September, the Anglo-Australian mining giant said it has approved US\$345mln in additional funds to lay the groundwork for the first stage of the project, with financed engineering works, preparation of underground infrastructure, finalisation of the port solution, and further de-risking of the project.

BHP has already sunk US\$2.7bn into Jansen, making it the miner's largest development in years.

Elsewhere, the global minerals group posted that third-quarter copper production rose 5% on last year to 430kt thanks to ongoing improvements in maintenance.

However, this was offset by lower output of key products including iron ore, metallurgical coal, and petroleum, which sank as much as 11% due to Tropical Storm Barry in the Gulf of Mexico and natural field decline across its portfolio.

The hurricane meant the quarterly decline was faster than analysts' gloomy predictions, with BofA Merrill Lynch having forecast only a 7% decline in petroleum in the next year.

At the end of the September 2019 quarter, BHP had six major projects under development in petroleum, copper, iron ore and potash, with a combined budget of US\$11.4 billion over the life of the projects.

Chief executive Andrew Mackenzie called it a "solid start" to the 2020 financial year through and said that despite the "expected impacts of planned maintenance and natural field decline in petroleum", guidance for the year remained unchanged.

Fuelling the future

Analysts at RBC reckon that BHP is "set to turn the corner" in petroleum with projects such as the further phases at the Atlantis and Mad Dog fields in Mexico, as well as the recently-approved Ruby project in Trinidad and Tobago all in the pipeline for the next three years, which will "help to offset the c.4-6% portfolio decline rate in the coming years".

The Canadian bank added: "Although energy is coming under increased criticism from an ESG perspective (environmental, social, and governance factors), an improving production profile in a major division should help to differentiate the equity story vs. peers."

Price: 1717.6

Market Cap: £86.86 billion

1 Year Share Price Graph



Share Information

Code: BHP

Listing: LSE

52 week High 2064.5
Low 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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RBC called it a "generally inline quarter", rating the global miner 'Sector Perform'.

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