



BHP Group: The Global Mining Heavyweight in our LTP

As announced and thoroughly explained in yesterday's main issue, we are selling the shares of Anglo American in the LTP today and investing the released capital into shares of BHP. The failed acquisition attempt by BHP and Anglo American's management's announcement to split the company have created uncertainty. Confidence in the management has been shaken.

About BHP

BHP is particularly active in the business areas of iron ore, metallurgical coal, copper, and nickel, and is also advancing its entry into the potash sector. In terms of net revenue, the iron ore sector was the largest segment of the company in the fiscal year 2023 (ending June 2023), accounting for 47.3 percent, followed by copper (29.8 percent) and coal (20.4 percent).

The Roadmap for the Future

The mining giant envisions its future in core business areas essential for achieving the energy transition, such as copper. In addition to its own exploration efforts, this will be pursued through acquisitions, as demonstrated by the at least temporarily failed attempt to acquire Anglo American. Interestingly, the fertilizer sector has also been identified as a future option. The goal is to enable more efficient and sustainable agriculture with potash, which is used in fertilizers.

However, the company's focus is not on creating an ever-expanding and opaque conglomerate but on simpler and more efficient structures that can reflect current megatrends. It is no coincidence that the sale of Anglo American's Rand activities was a condition for the acquisition. Although the acquisition did not materialize, which is disappointing for BHP, it is somewhat positive from a shareholder's perspective. BHP was not willing to purchase Anglo American at any cost, thus avoiding excessive financial risks. Particularly in the copper sector, which was to be

strengthened by the Anglo acquisition, BHP already feels well-positioned. According to BHP, it possesses the world's largest copper resources and is capable of generating a consistent cash flow throughout the entire production cycle. For the period beyond 2030, BHP has a copper pipeline with various options in Chile and Australia, as well as additional leverage, including acquisitions of smaller competitors. The strength of the company is also evident in its operational cash flow, which has exceeded USD 15 billion in most years since 2010. This not only enables future investments but also secures its dividend-paying capability.

Important Note

We are only using the released capital from the sell of Anglo American to purchase BHP shares. The monthly rate for June will be invested in Investor AB in two weeks.

Sell-Order Anglo American

ISIN	GB00B1XZS820
Transaction	Sell
Exchange	LSE / US-OTC
Quantity	30
Current Price	23.68 GBP / \$29.65
Sell-Limit	23.00 GBP/ \$29

Buy-Order BHP Group

ISIN	AU000000BHP4
Transaction	Buy
Exchange	NYSE / LSE
Quantity	15 / 30
Current Price	\$58.34 / 22.82GBP
Buy-Limit	\$59 / 23.40GBP

BHP Group

BHP Group in USD (10 years)



BHP Group <https://www.bhp.com/investors>

ISIN	AU000000BHP4
Current Price	\$58.34
Market Capitalization	\$144.81
Profit Growth 2024e to 2026e	+71.8%
Dividend 2025e	\$1.52
Dividend Yield 2025e	5.2 %
Earnings Per Share 2025e	\$2.67
P/E Ratio 2025e	10.9

Our conclusion: With BHP Group, we are bringing the global leader in the mining industry into our LTP. Although the commodity business is also highly cyclical for BHP, weak business years can occur depending on the state of the global economy. However, the stock is not as volatile as Anglo American's and is therefore well-suited for a long-term investment.