

Newman, Australia



# Preliminary Results

## 30 June 2010

**Marius Kloppers** Chief Executive Officer  
**Alex Vanselow** Chief Financial Officer  
**25 August 2010**



**bhpbilliton**  
resourcing the future

# Disclaimer

## Reliance on third party information

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## Forward looking statements

This document may contain, in addition to historical information, certain forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “expects”, “expected”, “scheduled”, “estimates”, “intends”, “anticipates”, or “believes”, or variations of such words and phrases or state that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved. Such forward-looking statements are subject to known and unknown risks, uncertainties and other factors that could cause actual results, performance or achievements of the Offeror and BHP Billiton to differ materially from any future results, performance or achievements expressed or implied by such forward-looking statements, including the risk that all conditions of the Offer will not be satisfied. Many of these risks and uncertainties relate to factors that are beyond BHP Billiton’s ability to control or estimate precisely, such as future market conditions, changes in regulatory environment and the behaviour of other market participants. For more detail on those risks, you should refer to the sections of our annual report on Form 20-F for the year ended 30 June 2009 entitled “Risk factors”, “Forward looking statements” and “Operating and financial review and prospects” filed with the U.S. Securities and Exchange Commission. BHP Billiton cannot give any assurance that such forward-looking statements will prove to have been correct. The reader is cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this document. BHP Billiton disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by applicable law.

## No offer of securities

Nothing in this release should be construed as either an offer to sell or a solicitation of an offer to buy or sell BHP Billiton securities in any jurisdiction.

## Non-GAAP financial information

BHP Billiton results are reported under International Financial Reporting Standards (IFRS). References to Underlying EBIT and EBITDA in BHP Billiton’s financial information exclude any exceptional items. A reconciliation between Underlying EBIT and Profit from Operations is contained within the profit announcement, available at BHP Billiton’s website [www.bhpbilliton.com](http://www.bhpbilliton.com).

## PotashCorp offer

The offer to purchase all of the issued and outstanding common shares of PotashCorp (the “Offer”) is being made by BHP Billiton Development 2 (Canada) Limited (the “Offeror”), an indirect wholly-owned subsidiary of BHP Billiton Plc. This document is for information purposes only and does not constitute or form part of any offer to purchase or any solicitation of any offer to sell PotashCorp’s common shares. The Offer (as the same may be varied or extended in accordance with applicable law) is being made exclusively by means of, and subject to the terms and conditions set out in, the offer and the circular, the letter of transmittal, the notice of guaranteed delivery and other related tender offer materials (the “Offer Materials”).

In connection with the Offer, the Offeror, BHP Billiton Limited and BHP Billiton Plc have filed with the Canadian securities regulatory authorities the Offer Materials and have filed with the U.S. Securities and Exchange Commission (the “SEC”) a Tender Offer Statement on Schedule TO (the “Schedule TO”), including the Offer Materials.

THE OFFER MATERIALS AND THE SCHEDULE TO, AS THEY MAY BE AMENDED FROM TIME TO TIME, CONTAIN IMPORTANT INFORMATION, INCLUDING THE TERMS AND CONDITIONS OF THE OFFER, THAT SHOULD BE READ CAREFULLY BEFORE ANY DECISION IS MADE WITH RESPECT TO THE OFFER. INVESTORS AND SECURITY HOLDERS MAY OBTAIN A FREE COPY OF THE OFFER MATERIALS AND OTHER DOCUMENTS FILED BY THE OFFEROR, BHP BILLITON LIMITED AND BHP BILLITON PLC WITH THE SEC AT THE WEBSITE MAINTAINED BY THE SEC AT [WWW.SEC.GOV](http://WWW.SEC.GOV) AND WITH THE CANADIAN SECURITIES REGULATORY AUTHORITIES AT [WWW.SEDAR.COM](http://WWW.SEDAR.COM). MATERIALS FILED WITH THE SEC OR THE CANADIAN SECURITIES REGULATORY AUTHORITIES MAY BE OBTAINED WITHOUT CHARGE AT BHP BILLITON’S WEBSITE, [WWW.BHPBILLITON.COM](http://WWW.BHPBILLITON.COM), OR BY CONTACTING THE INFORMATION AGENTS FOR THE OFFER, MACKENZIE PARTNERS, INC. AND KINGSDALE SHAREHOLDER SERVICES INC., BY PHONE AT 1-800-322-2885 AND 1-866-851-3215, RESPECTIVELY, OR BY EMAIL AT [potash@mackenziepartners.com](mailto:potash@mackenziepartners.com), AND [contactus@kingsdaleshareholder.com](mailto:contactus@kingsdaleshareholder.com), RESPECTIVELY.

While the Offer is being made to all holders of PotashCorp common shares, the Offer is not being made or directed to, nor will deposits of PotashCorp common shares be accepted from or on behalf of, holders of PotashCorp common shares in any jurisdiction in which the making or acceptance of the Offer would not be in compliance with the laws of such jurisdiction. However, the Offeror may, in its sole discretion, take such action as it may deem necessary to extend the Offer in any such jurisdiction.

Nothing contained herein shall be deemed to be a forecast, projection or estimate of the future financial performance of any member of the BHP Billiton Group, PotashCorp or the enlarged BHP Billiton Group following completion of the Offer unless otherwise stated.

Middelburg, South Africa



# Preliminary Results 30 June 2010

**Marius Kloppers** Chief Executive Officer



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- **Underlying EBITDA** of US\$24.5 billion, up 10%
- **Underlying EBIT** of US\$19.7 billion, up 8%
- **Attributable profit** (excluding exceptionals) of US\$12.5 billion, up 16%
- **Net operating cash flow** of US\$17.9 billion
- **Earnings per share** (excluding exceptionals) of 224.1 US cents
- **Final dividend** of 45 US cents per share
- Strong financial position – **Net gearing** at 6%

- **Safety**
  
- **Record production in key commodities**
  - Petroleum and Iron Ore
  
- **Five new projects commissioned**
  - RGP4, Alumar, Klipspruit, Newcastle Third Port, Pyrenees
  
- **Continued investment in organic growth**
  - US\$2.9 billion approved for projects and pre-commitments
  
- **Regulatory review of WA Iron Ore Production Joint Venture ongoing**



Pyrenees, Australia



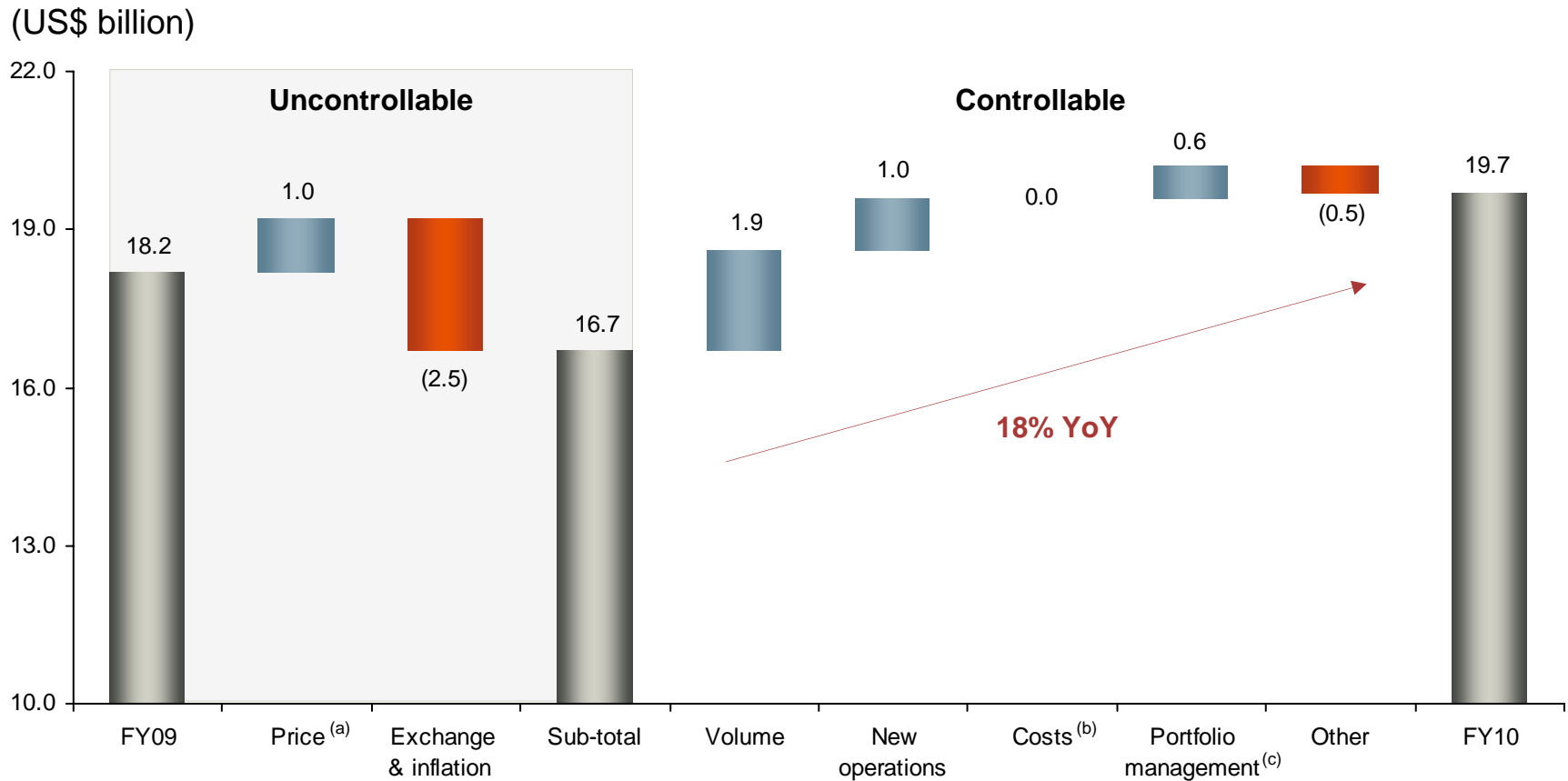
# Preliminary Results 30 June 2010

Alex Vanselow Chief Financial Officer



# Underlying EBIT analysis

## Year ended June 2010 vs June 2009



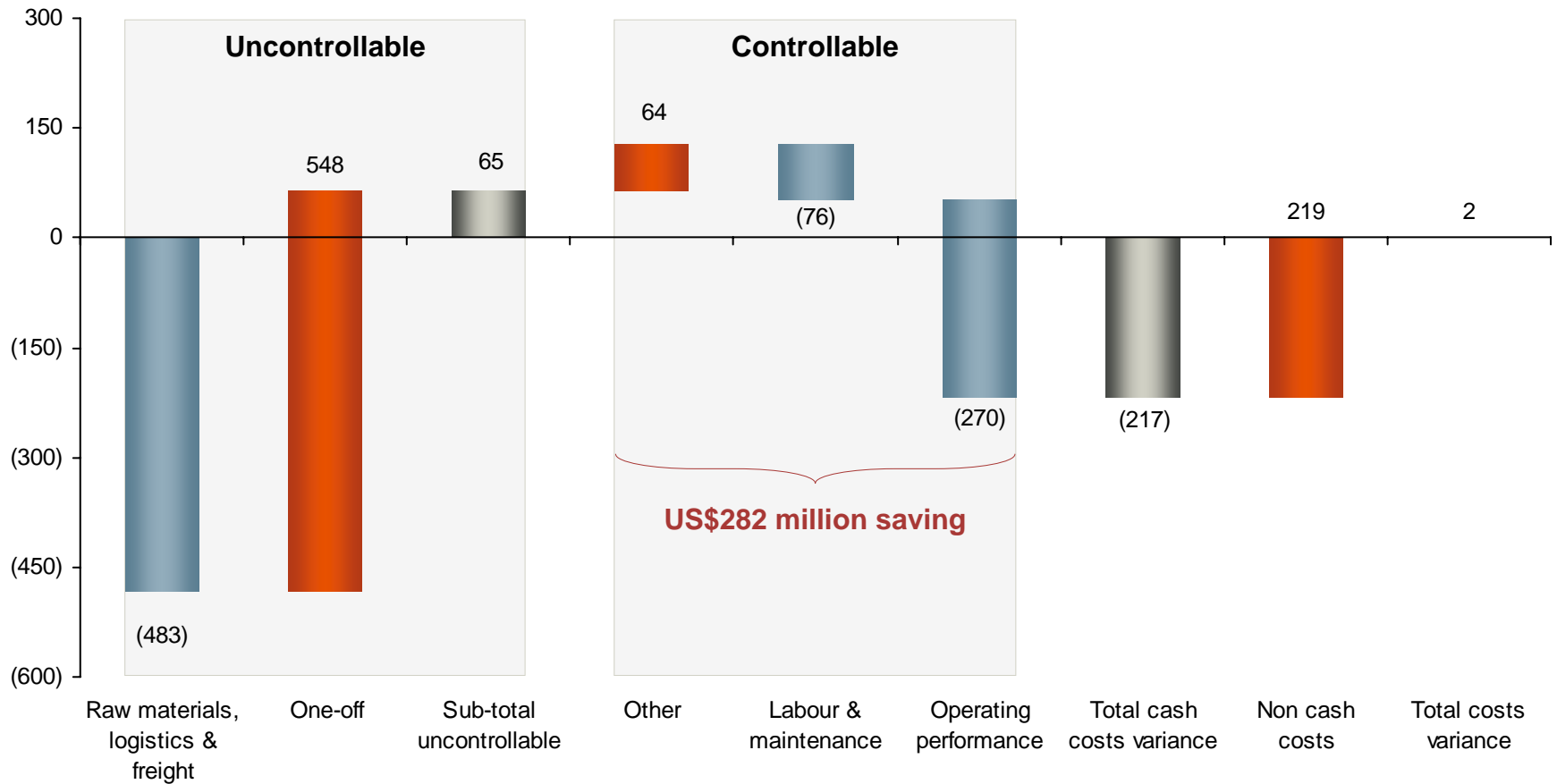
(a) Including the positive impact of price-linked costs.

(b) Excluding the impact of inflation, foreign exchange and price-linked costs, includes one-off items.

(c) Including the impact of asset sales and ceased and sold operations.

# Successfully managing our costs

**Cost variance<sup>(a)</sup>**  
(FY10, US\$ million)

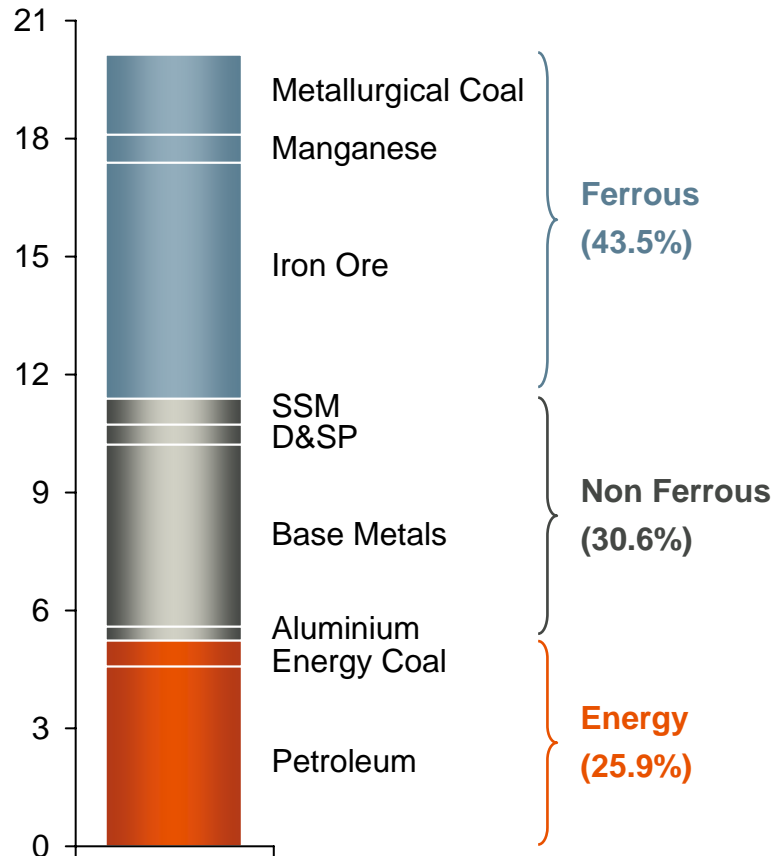


(a) Excluding the impact of inflation, foreign exchange and price-linked costs.

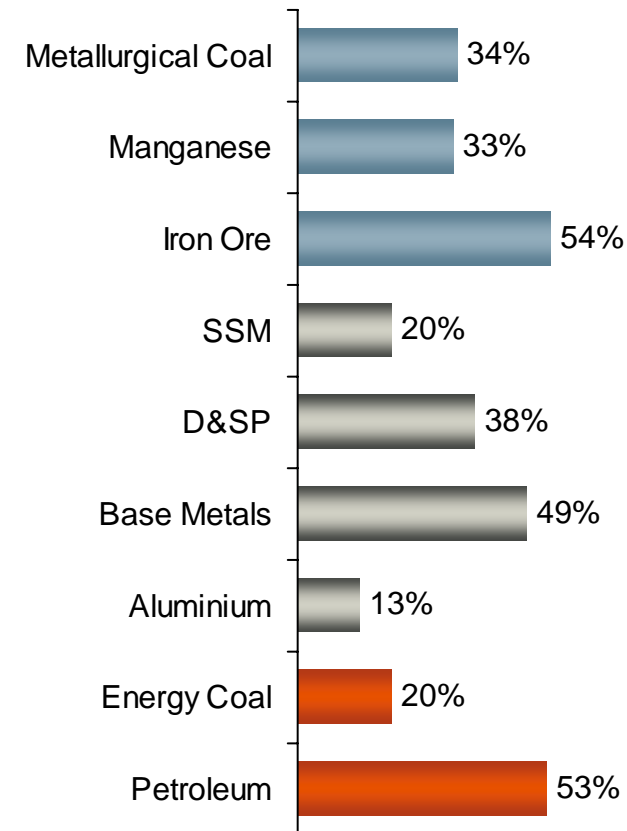


# A uniquely diversified portfolio

**Underlying EBIT<sup>(a)</sup>**  
(FY10, US\$ billion)



**Underlying EBIT margin<sup>(a)</sup>**  
(FY10, %)

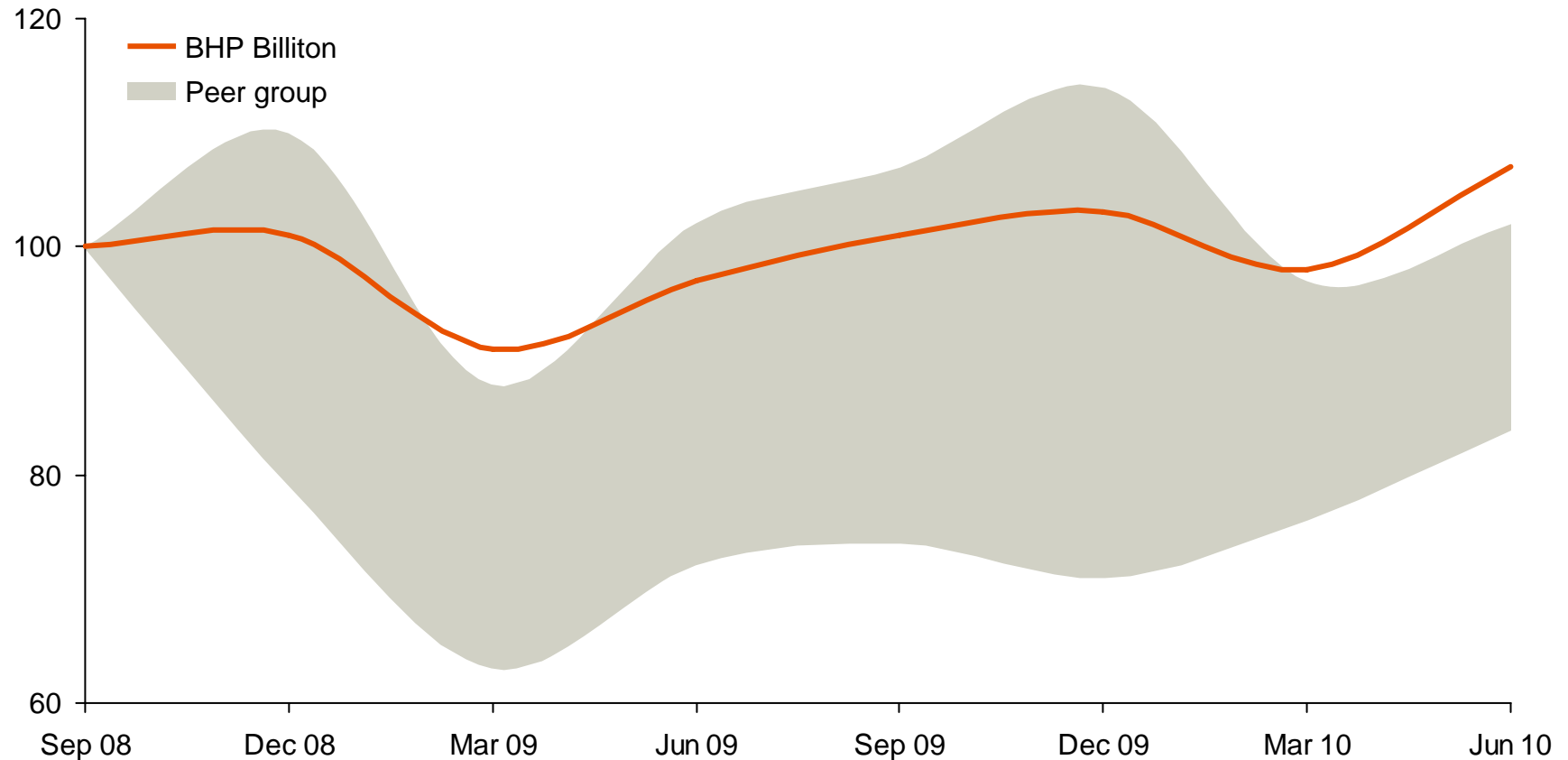


(a) Excludes third party trading.

# Successful execution of a well defined and simple strategy

## Diversified peer production comparison – June 2010

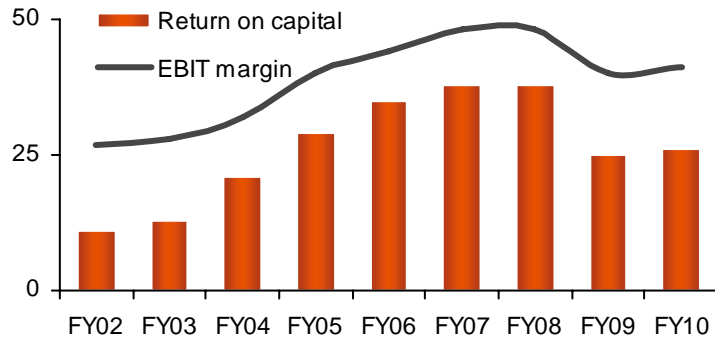
(Copper equivalent units<sup>(a)</sup> – Indexed to 100, for the quarter ended September 2008)



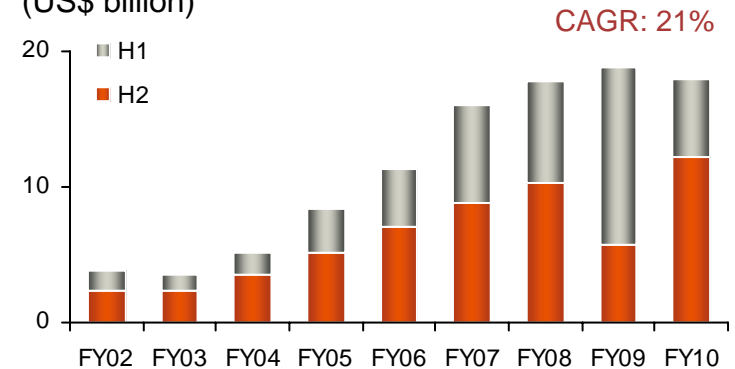
(a) Copper equivalent units based on 30 June 2010 spot prices where available.

# A strong balance sheet creates opportunities

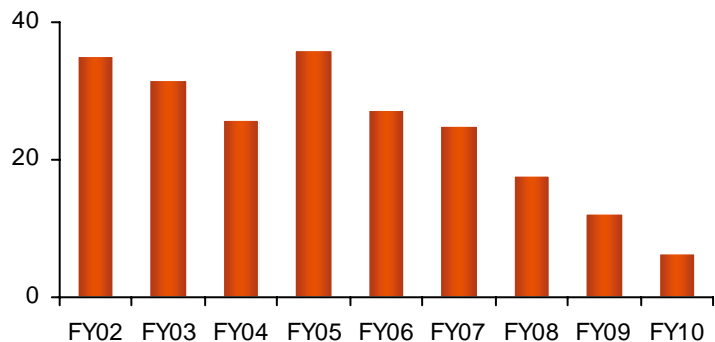
## 1 Return on capital and EBIT margin (US\$ billion)



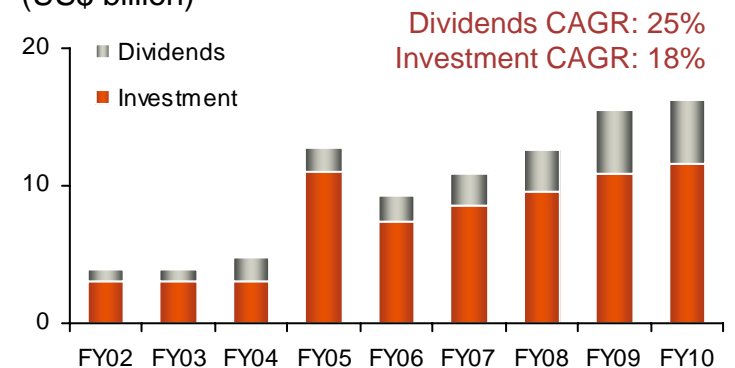
## 2 Net operating cash flow (US\$ billion)



## 3 Balance sheet Net gearing (%)



## 4 Investment<sup>(a)</sup> and cash dividends (US\$ billion)



All periods exclude third party trading and exceptional items.  
Calculated on the basis of UKGAAP for periods prior to FY05.

(a) Investment includes capital and exploration expenditure and acquisitions.

# Preserving our financial flexibility

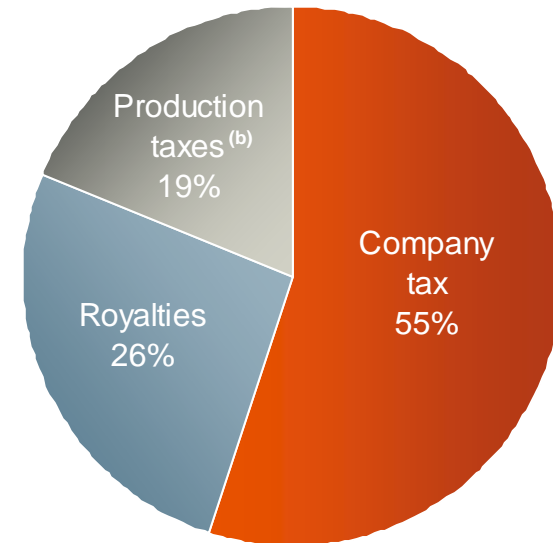
- Committed facility of US\$45 billion
- BHP Billiton remains committed to maintaining a solid A credit rating
- Commitment to a progressive dividend policy
- Preserves financial flexibility

Tranche	A Term Facility	B Term Facility	B Revolving Facility	C Revolving Facility
Amount	US\$25bn	US\$10bn	US\$5bn	US\$5bn
Tenor	1 + 1 year	3 year	3 year	4 year
Repayment	Bullet	Bullet	Bullet	Bullet
Initial margin (bps) p.a.	70	110	110	130

# The largest corporate taxpayer in Australia

- BHP Billiton is the largest corporate taxpayer in Australia
- Continues a pattern of paying significant taxes in Australia
  - A\$5.5 billion paid in FY10
  - A\$29 billion paid since FY04
- Total tax payments as a % of profits of Australian operations<sup>(a)</sup>:
  - in FY10 was 46%
  - in relation to FY04 – FY10 was 42%

**Composition of Australian taxes paid  
FY04 – FY10**



(a) BHP Billiton's share of total tax payments (i.e. company tax, royalties and production taxes) as a percentage of BHP Billiton's share of the accounting profit from continuing Australian operations.

(b) Production taxes include PRRT and excise paid on certain Australian Petroleum operations.

Escondida, Chile



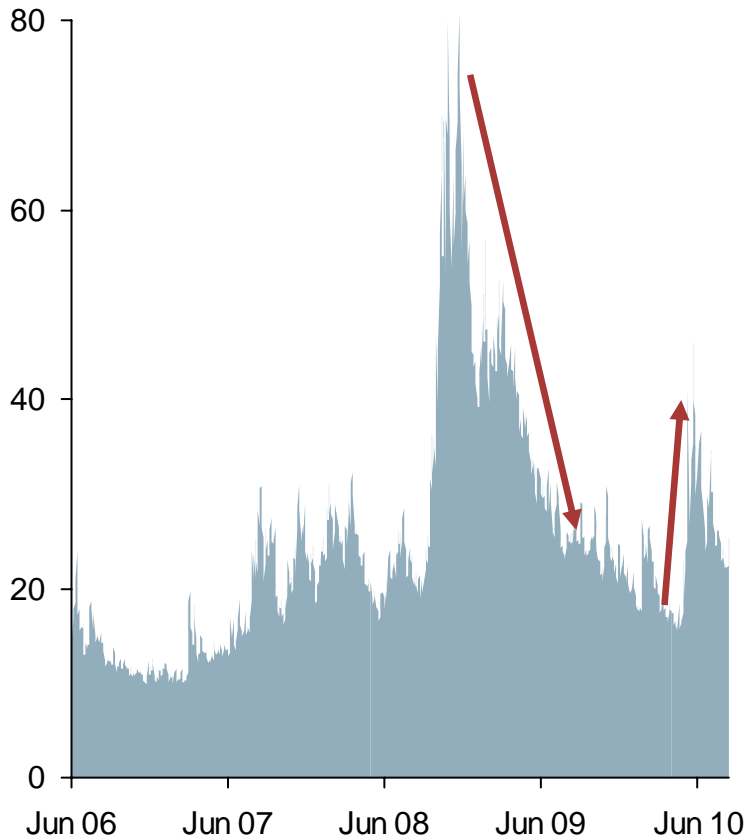
# Preliminary Results 30 June 2010

**Marius Kloppers** Chief Executive Officer



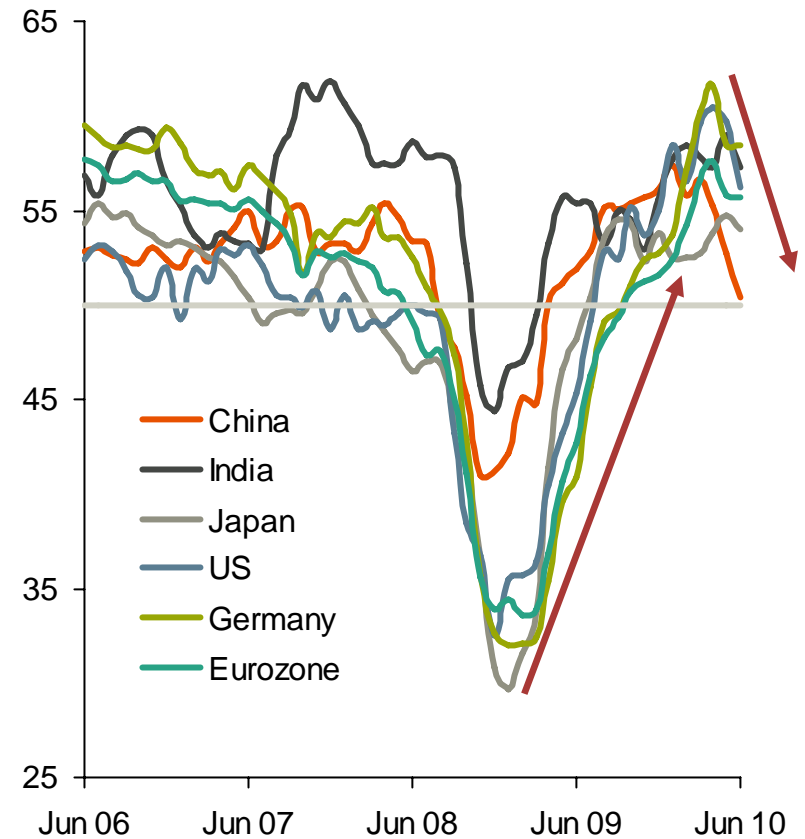
# Market volatility continues

**VIX index S&P 500**  
(Daily %)



Source: S&P 500.

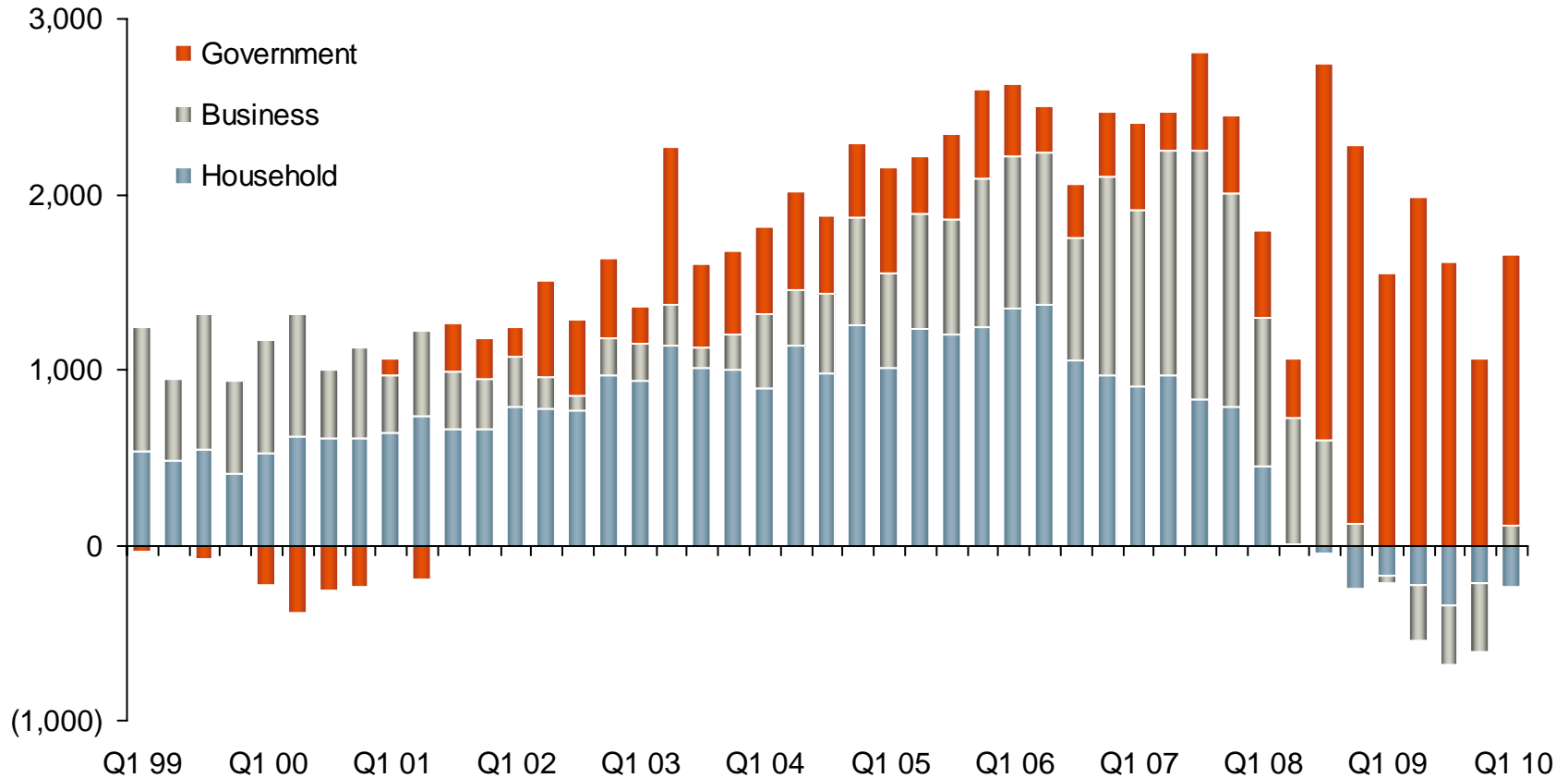
**PMI**  
(%)



Source: Purchasing Managers Index from individual country publications and MARKIT Economics.

# OECD debt levels remain a fundamental issue

## US borrowing flows by sector (annualised) (US\$ billion)

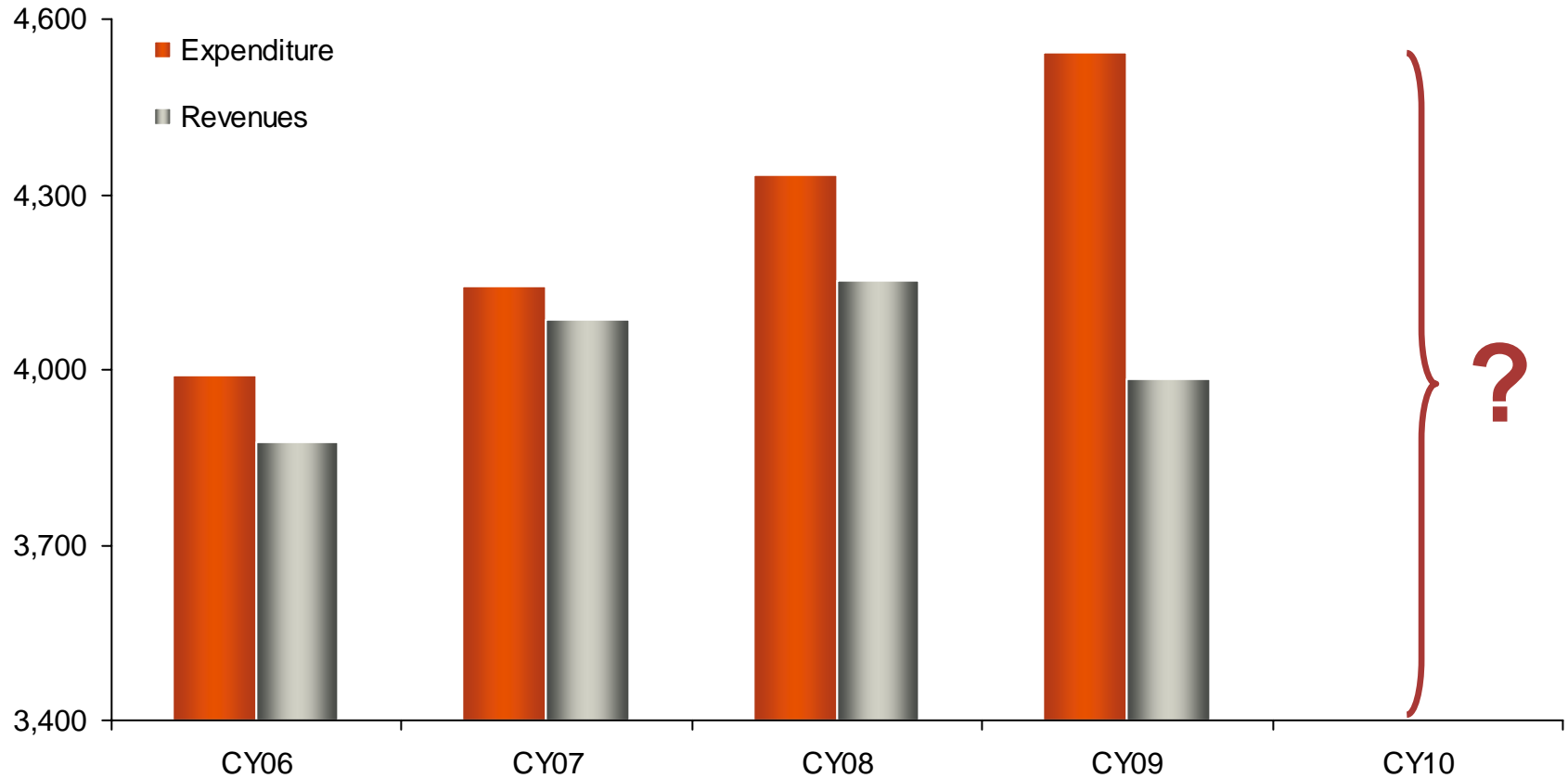


Annualised borrowing calculated from the quarterly change in debt outstanding.  
Source: US Federal Reserve Flow of Funds.



# Spending cuts are likely to impact growth

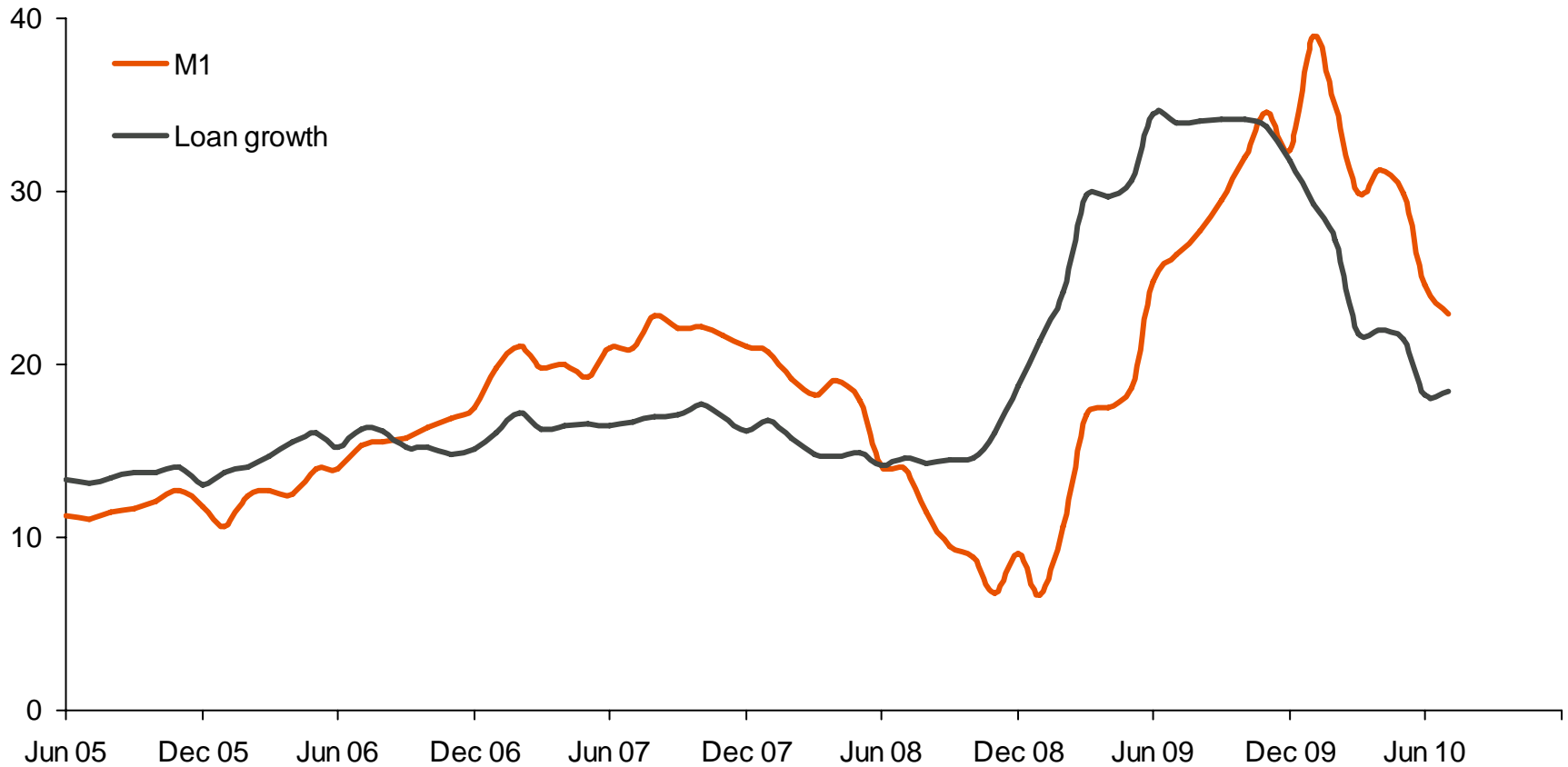
## Eurozone (Area 16) government expenditure/revenue (€ billion, quarterly data annualised)



Source: eurostat.

# China is also slowing its economy near term

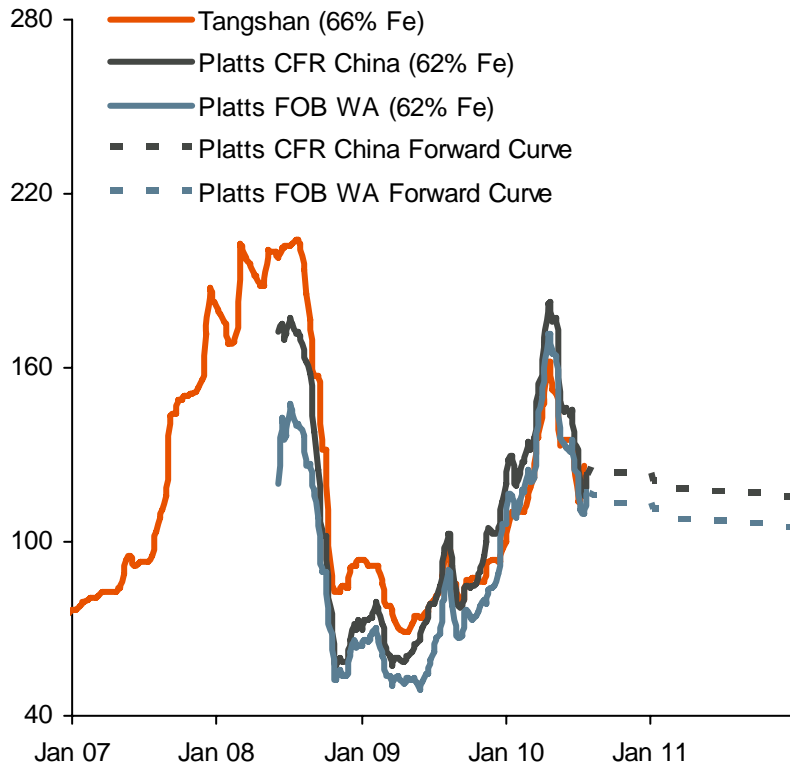
**Money supply (M1) and credit growth  
(YoY %)**



Source: CEIC.

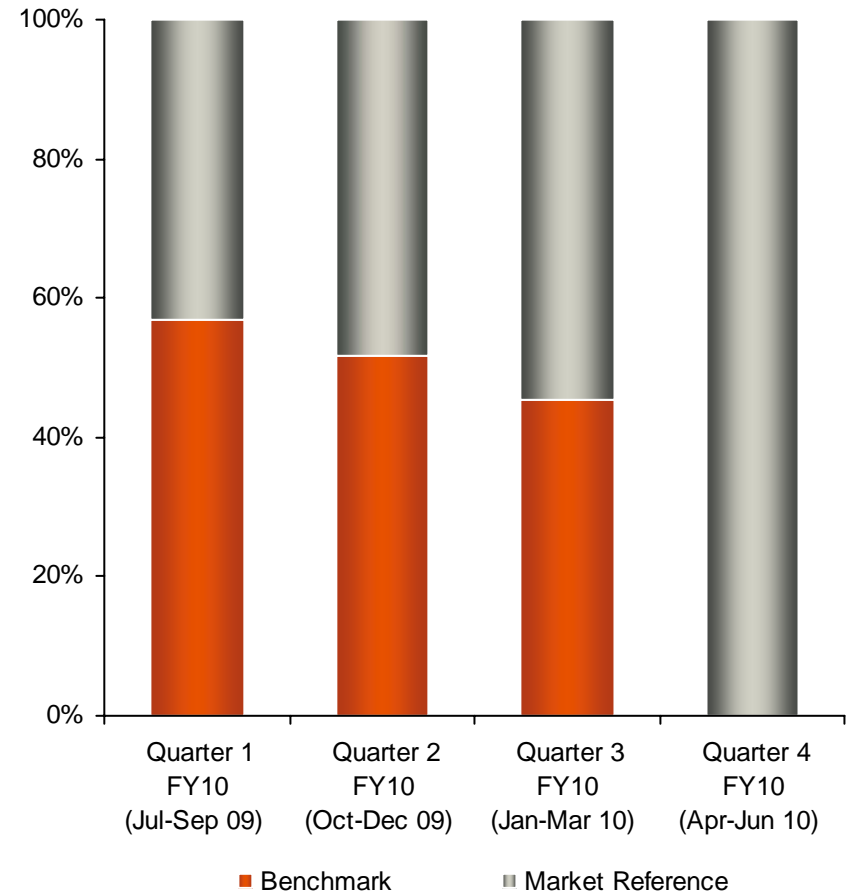
# Significant progress towards market pricing in key bulk commodities

**China spot iron ore price**  
(US\$/dmt)



Source: Platts, Bloomberg, Steelhome, BHP Billiton analysis.

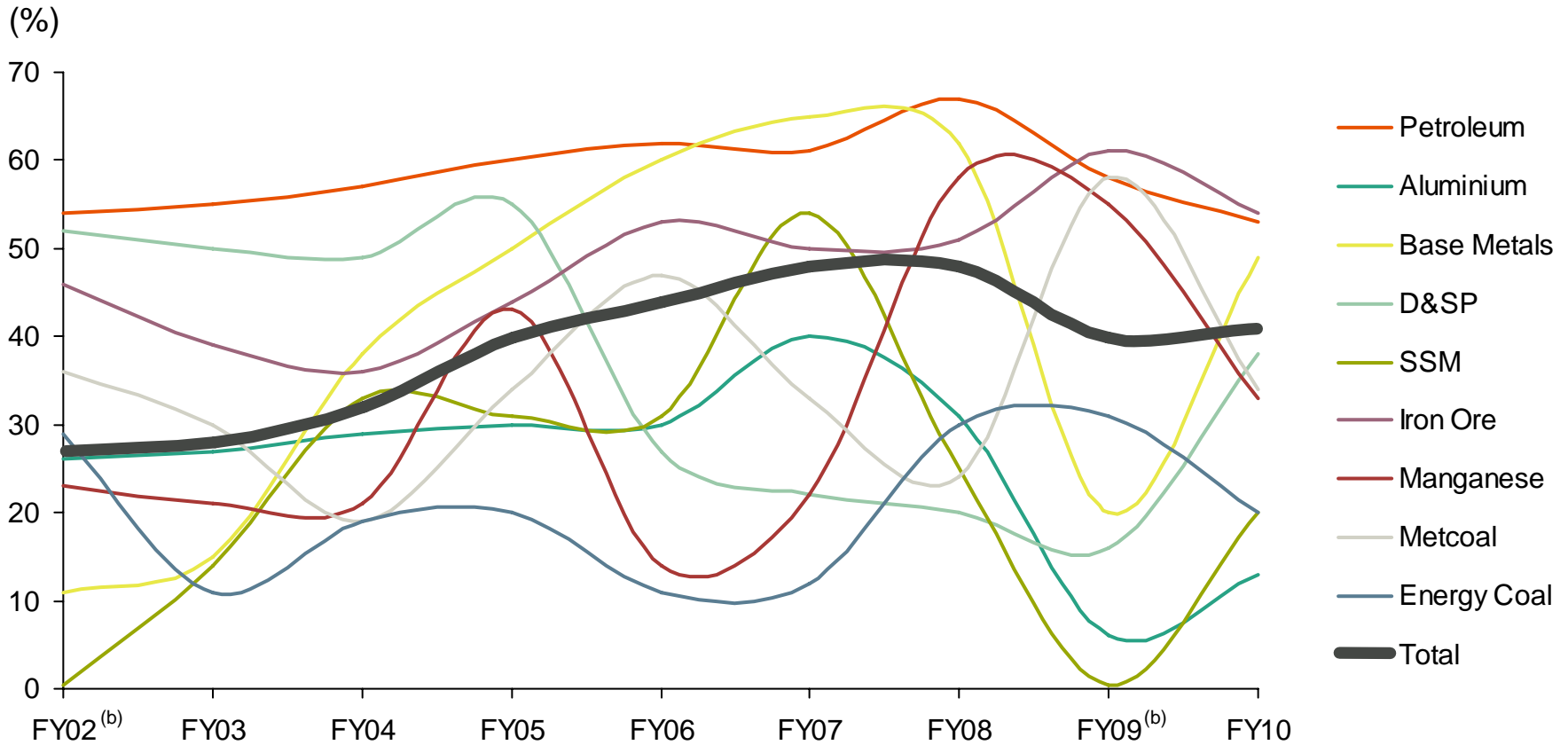
**Breakdown of FY10 iron ore sales**  
(Volume as a % of total)



Source: BHP Billiton iron ore sales analysis.

# Diversification delivers healthy margins despite significant volatility

## EBIT margin<sup>(a)</sup>

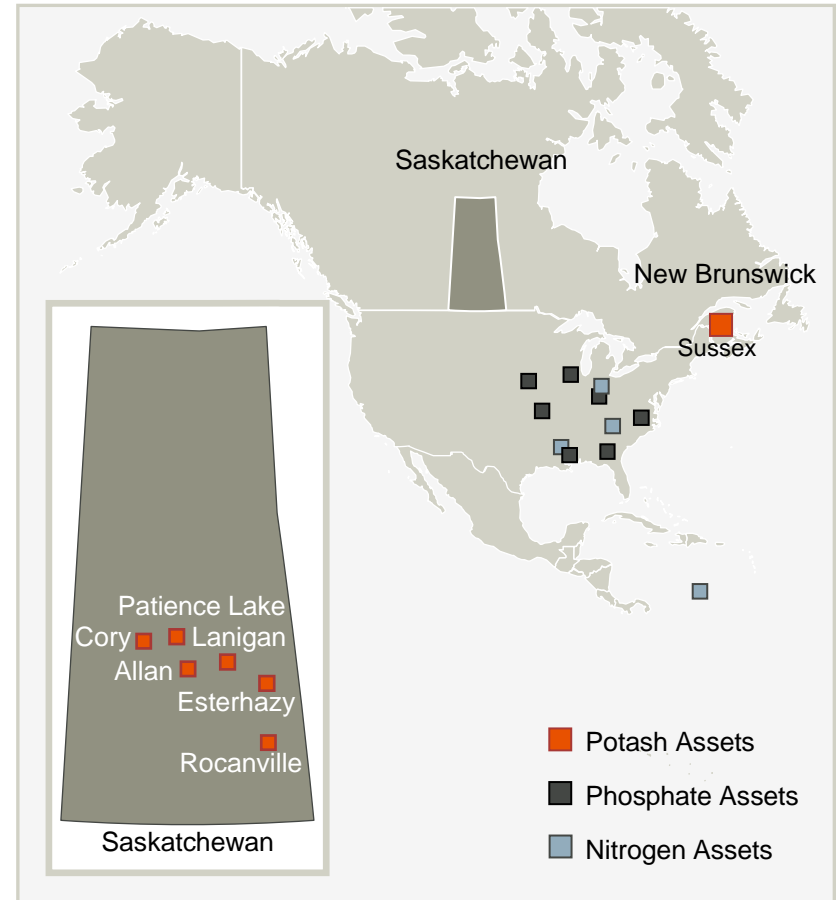


(a) Calculated on the basis of UKGAAP for periods prior to FY05, except for the exclusion of PRRT from Petroleum and BHP Billiton Group results for all periods. All periods exclude third party trading activities.

(b) Negative margins are not shown as the y-axis is set at zero. SSM had a negative EBIT margin in FY02 and FY09.

# A compelling offer for a Tier 1 business

- Accelerates our entry into fertilisers
- Potash is an attractive commodity
- PotashCorp has Tier 1 assets
- Further diversifies the portfolio
- Fully funded offer which preserves financial flexibility
- We remain committed to a solid A credit rating

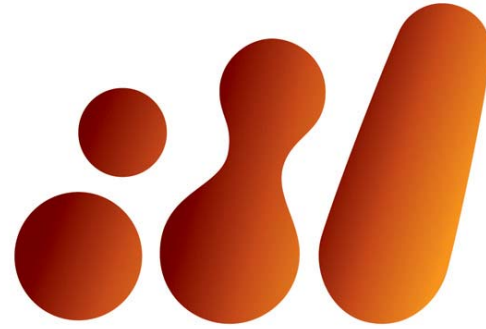


# We are well positioned

- The baseline strategy is unchanged
- We have delivered another strong set of results
- Our unique portfolio positions us to deliver superior margins and returns
- The acquisition of PotashCorp is consistent with our strategy



Port Hedland, Australia



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# Appendix



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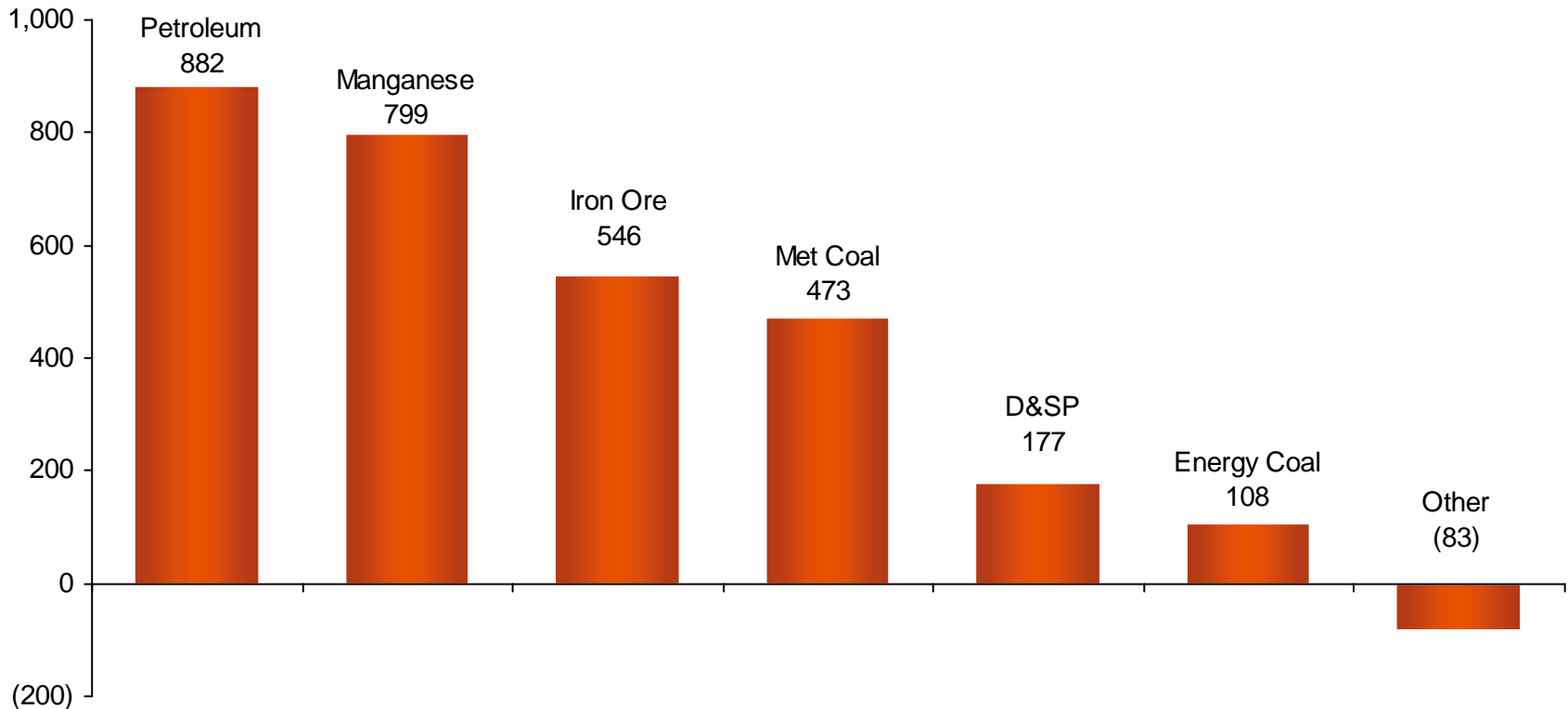
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# Impact of major volume changes Year ended June 2010 vs June 2009

Total Volume Variance<sup>(a)</sup> – US\$2,902 million

(US\$ million)

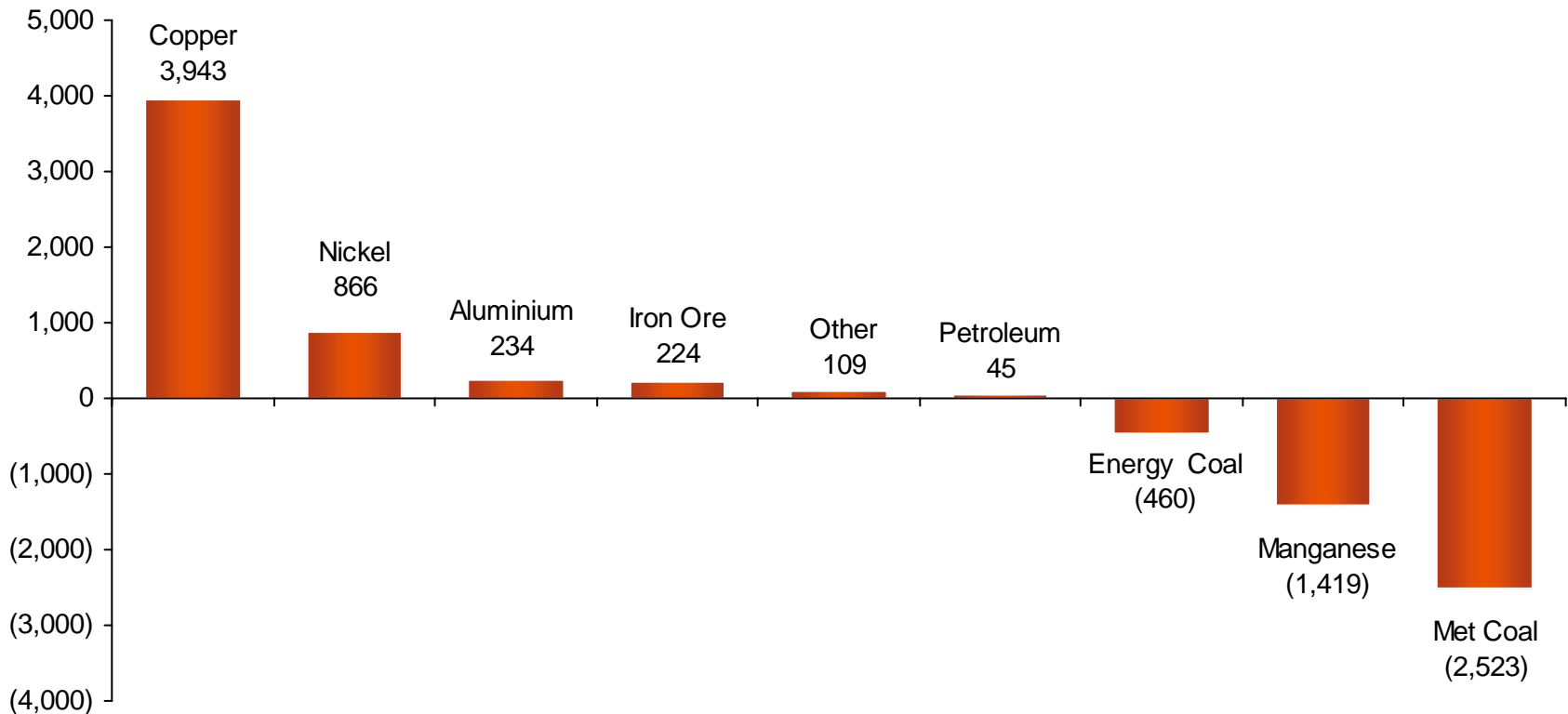


(a) Volume variances calculated using previous year margin and includes new operations.

# Impact of major commodity price movements Year ended June 2010 vs June 2009

Total Price Variance<sup>(a)</sup> – US\$1,019 million

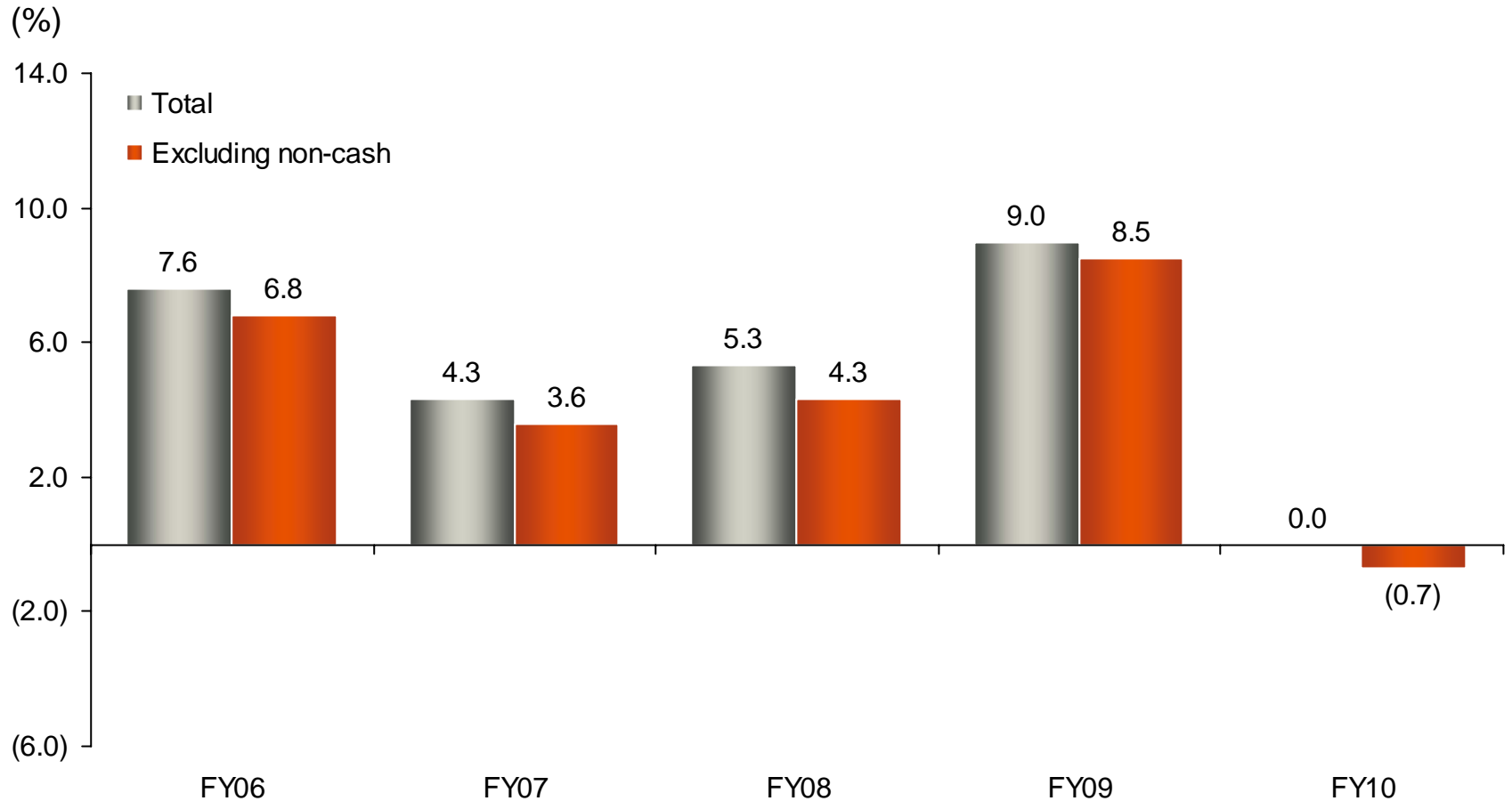
(US\$ million)



(a) Including the positive impact of price-linked costs.

# Rate of cost decrease

## Operating cost movement relative to preceding year<sup>(a)</sup>



(a) Excluding the impact of inflation, foreign exchange, price-linked costs and third party trading.

# Summary of key FX components in tax expense/(income)

Restatement of	June 2010	June 2009
	Expense / (Income)	Expense / (Income)
	US\$ million	US\$ million
Current Tax Payable	266	(885)
Deferred Tax Balances on Fixed Assets	(396)	1,566
Deferred Tax Balances on US\$ Debt	289	(156)
Deferred Tax Balances on Timing Differences	(27)	(131)
Other Items	(26)	50
<b>Total</b>	<b>106</b>	<b>444</b>

# Cash flow

Year Ended 30 June (US\$ million)	2010	2009
Operating Cash Flow and Dividends	23,296	25,212
Net Interest Paid	(421)	(314)
Tax Paid <sup>(a)</sup>	(5,507)	(6,035)
Tax Refunded	552	-
<b>Net Operating Cash Flow</b>	<b>17,920</b>	<b>18,863</b>
Capital Expenditure	(9,323)	(9,492)
Exploration Expenditure	(1,333)	(1,243)
Purchases of Investments and Other Assets	(901)	(593)
Proceeds from Sale of Fixed Assets & Investments	542	277
<b>Net Cash Flow Before Dividends and Funding</b>	<b>6,905</b>	<b>7,812</b>
Dividends Paid <sup>(b)</sup>	(4,895)	(4,969)
<b>Net Cash Flow Before Funding &amp; Buy-backs</b>	<b>2,010</b>	<b>2,843</b>

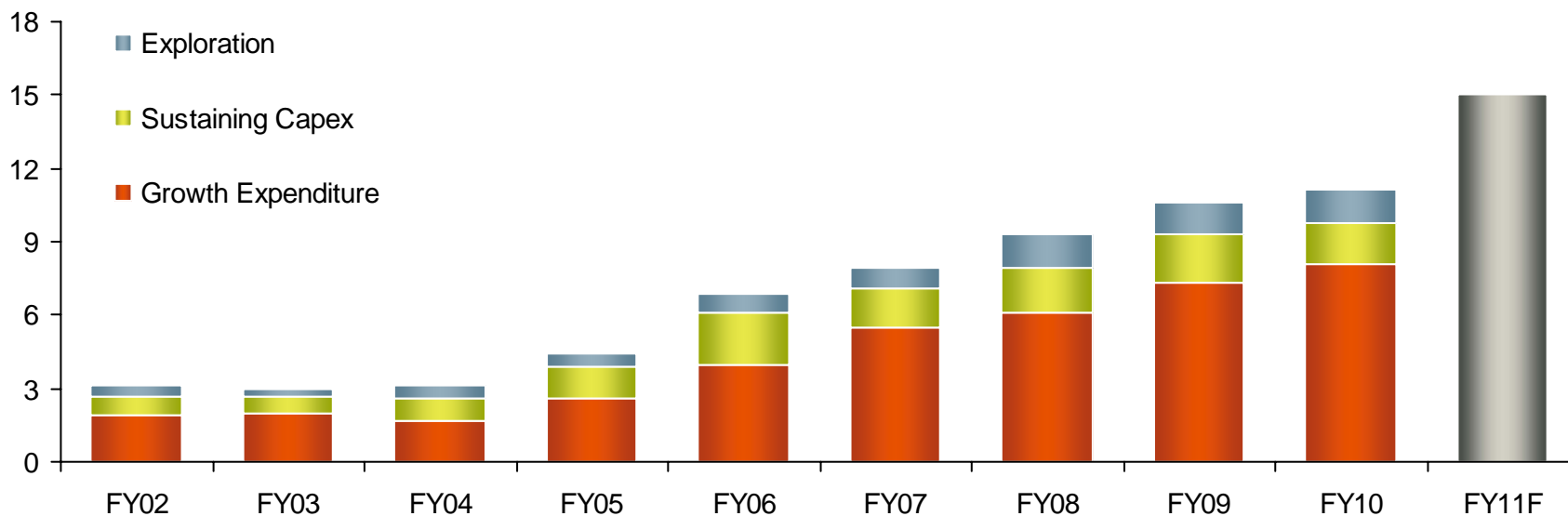
(a) Includes royalty related taxes paid.

(b) Includes dividends paid to minority interests.

# Capital and Exploration Expenditure

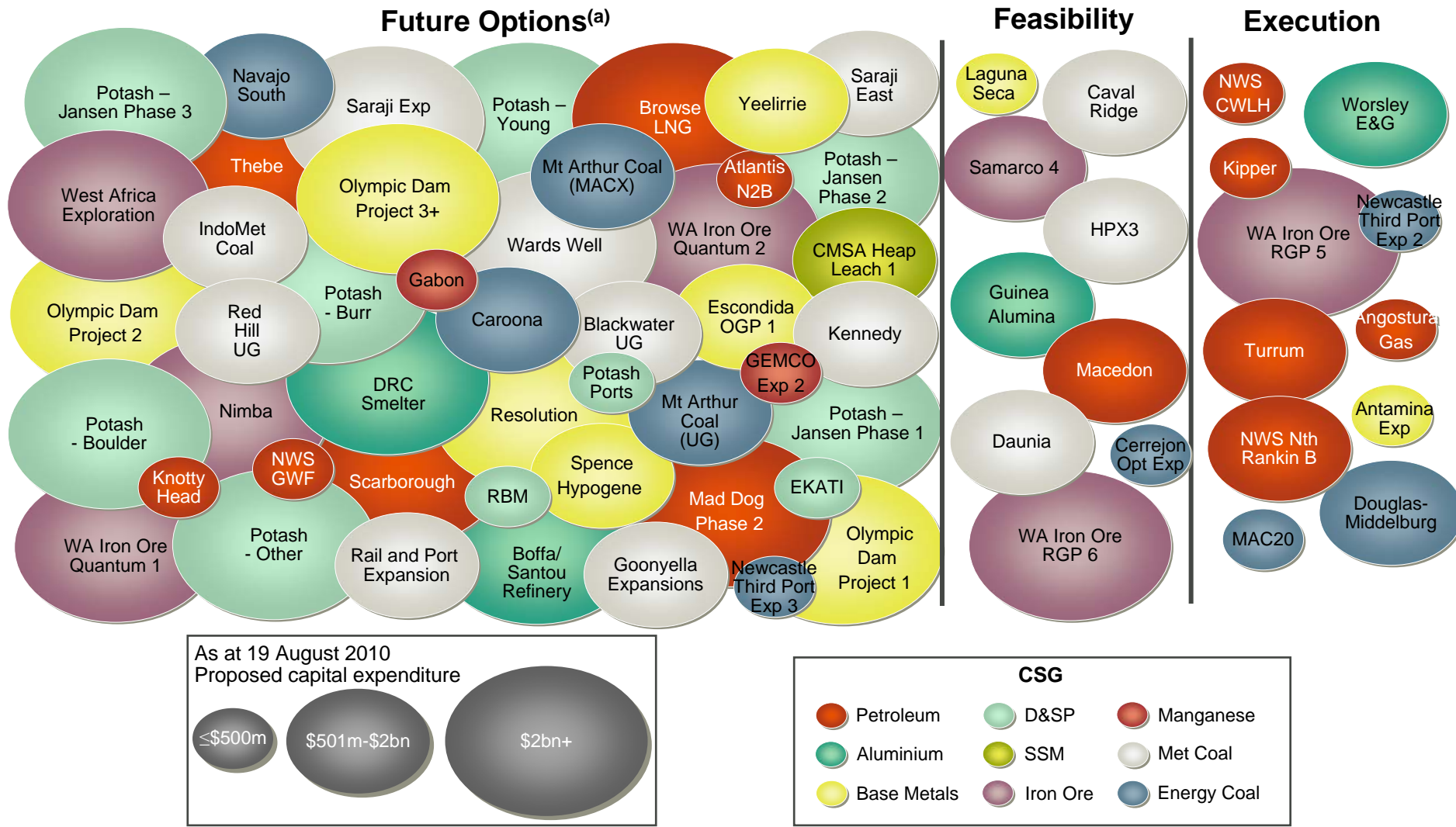
US\$ billion	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11F
Growth	1.9	2.0	1.7	2.6	4.0	5.5	6.1	7.3	8.1	
Sustaining and Other	0.8	0.7	0.9	1.3	2.1	1.6	1.8	2.0	1.7	
Exploration	0.4	0.3	0.5	0.5	0.8	0.8	1.4	1.3	1.3	
<b>Total</b>	<b>3.1</b>	<b>3.0</b>	<b>3.1</b>	<b>4.4</b>	<b>6.9</b>	<b>7.9</b>	<b>9.3</b>	<b>10.6</b>	<b>11.1</b>	<b>15.0</b>

(US\$ billion)



Calculated on the basis of UKGAAP for periods prior to FY05.

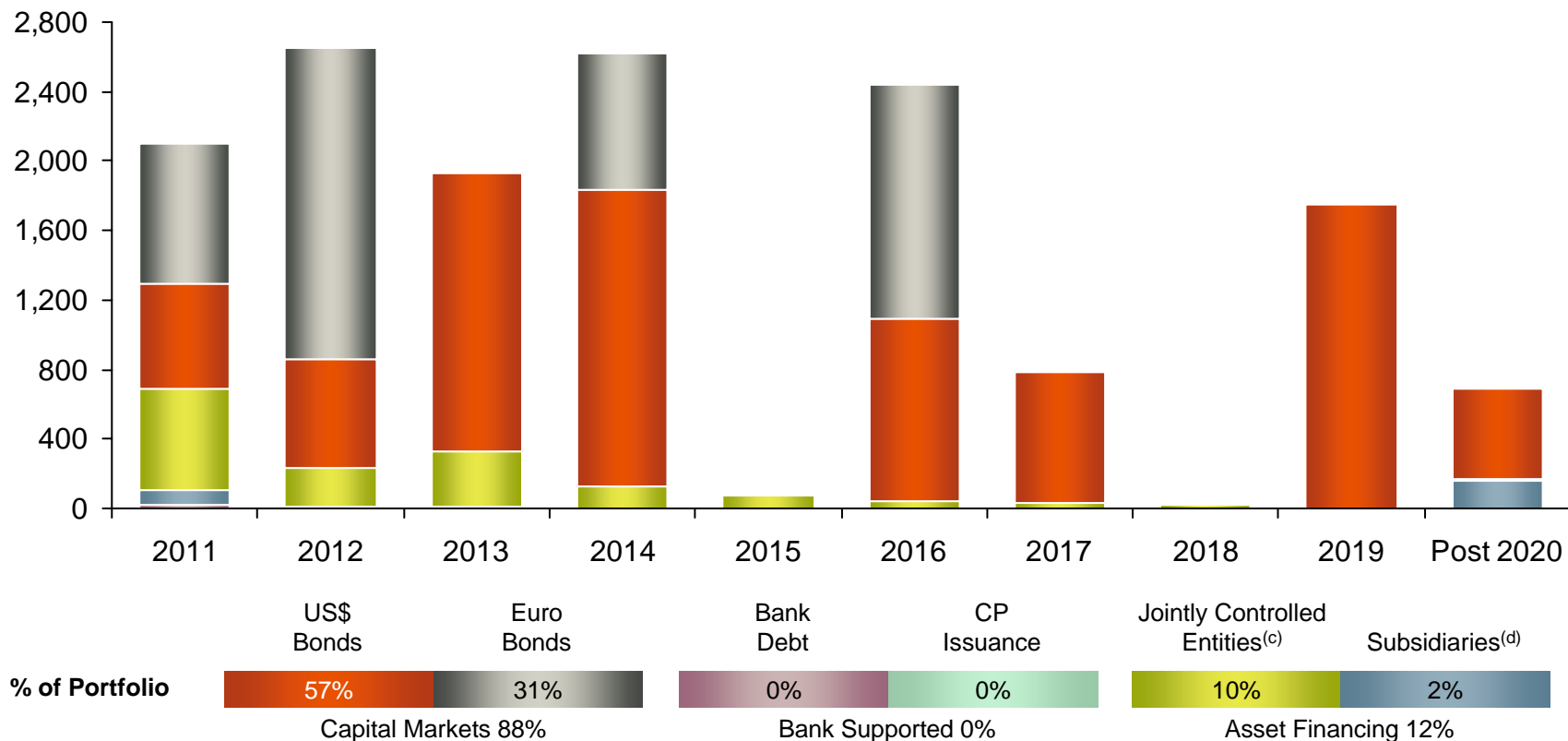
# Maintenance of a deep, diversified inventory of growth options



(a) Placement of Future Options not indicative of project schedule.

# Maturity profile analysis

## Debt Balances<sup>(a)</sup> (US\$ million<sup>(b)</sup>)



(a) Based on debt balances as at 30 June 2010.

(b) All debt balances are shown in US\$ million and based on financial years.

(c) Jointly Controlled Entity ('JCE') debt represents BHP Billiton share of the total JCE debt excluding debt provided by BHP Billiton.

(d) Subsidiary debt represents BHP Billiton share of subsidiary debt based on BHP Billiton effective interest.



# Key net profit sensitivities

Approximate impact <sup>(a)</sup> on FY11 net profit after tax of changes of	US\$ million
US\$1/t on iron ore price	85
US\$1/bbl on oil price	40
US\$1/t on metallurgical coal price	20
US¢1/lb on aluminium price	20
US¢1/lb on copper price	20
US\$1/t on energy coal price	20
US¢1/lb on nickel price	2
AUD (US¢1/A\$) operations <sup>(b)</sup>	95
RAND (0.2 Rand/US\$) operations <sup>(b)</sup>	35

(a) Assumes total volumes exposed to price.

(b) Impact based on average exchange rate for the period.