

Managing MNCs in China

JP Morgan China Conference 2007

Clinton Dines
President BHP Billiton China
Beijing - April 25, 2007

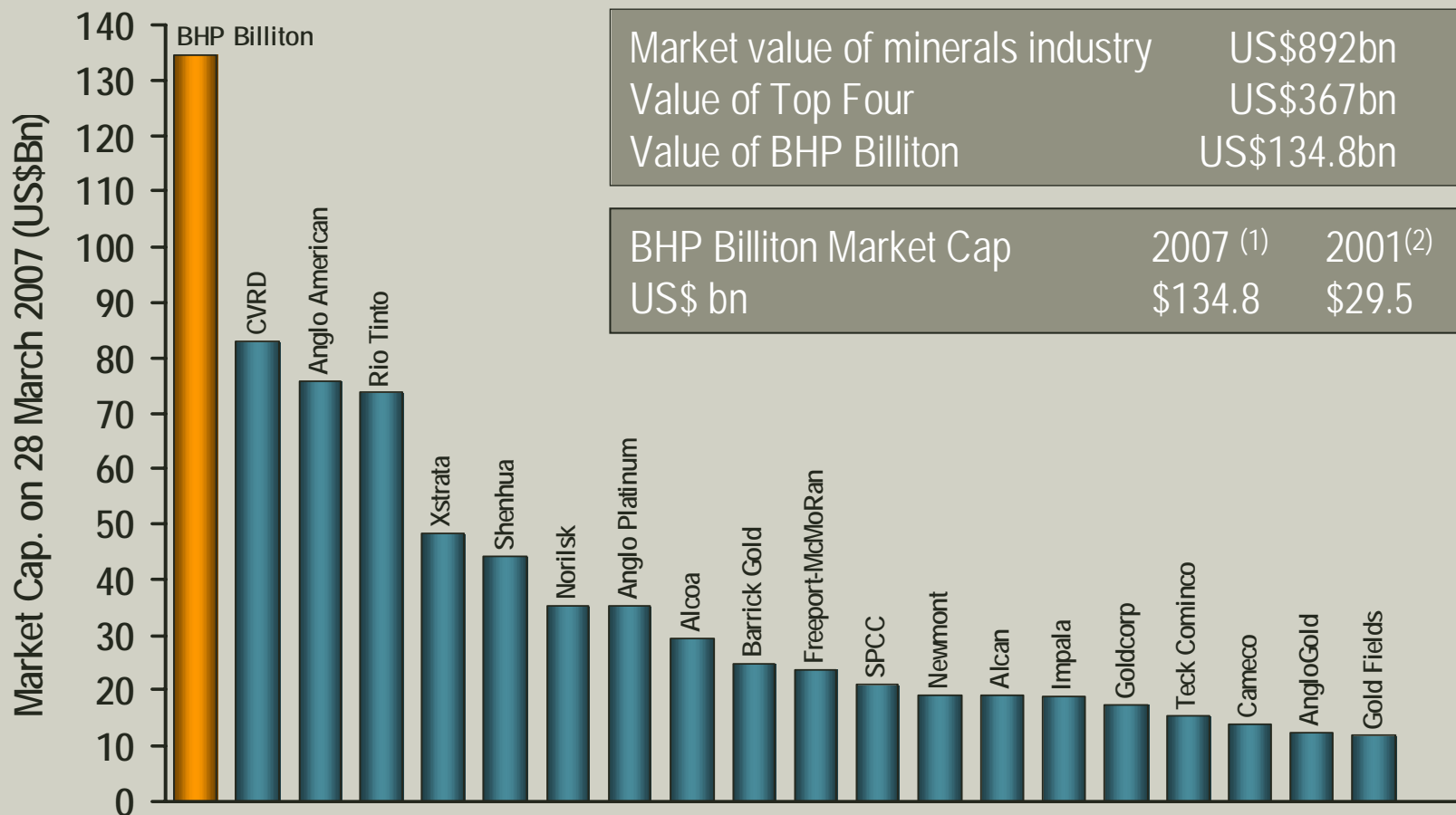


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The largest company in a consolidating sector



Source: Bloomberg (data as at 28 March 2007)

1. Market Capitalisation on 28 March 2007

2. Market Capitalisation on 28 June 2001

Structure driven by customer needs

Petroleum



Aluminium



Base Metals



Diamonds & Spec Prod



Stainless Steel Materials



Energy Coal



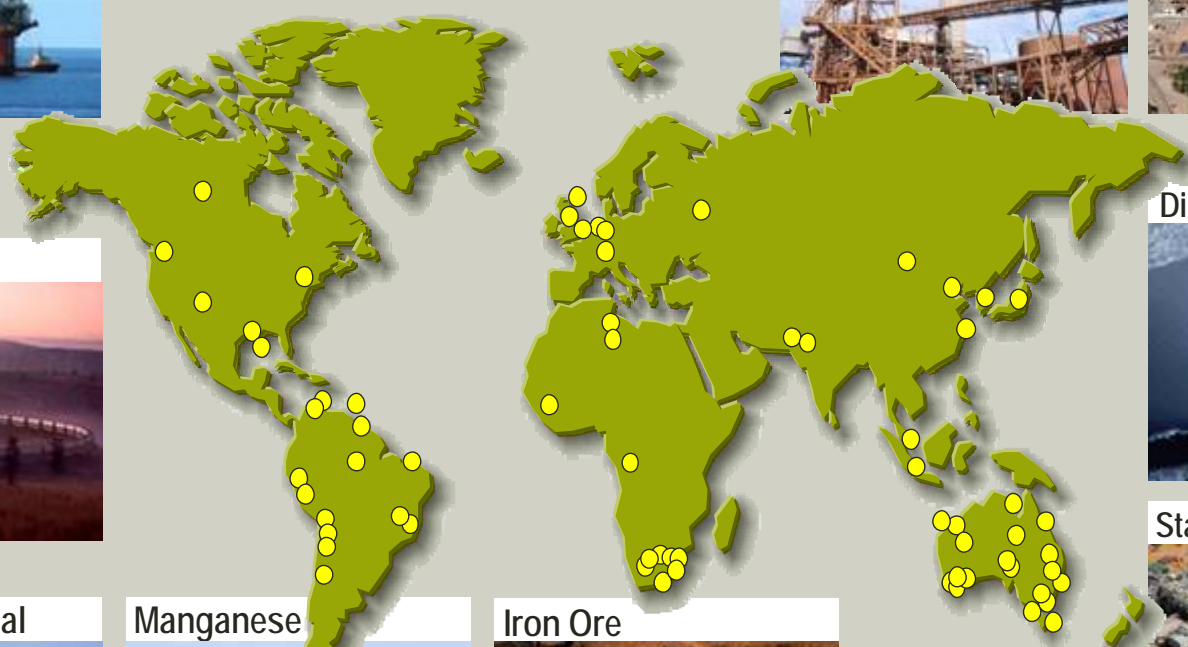
Metallurgical Coal



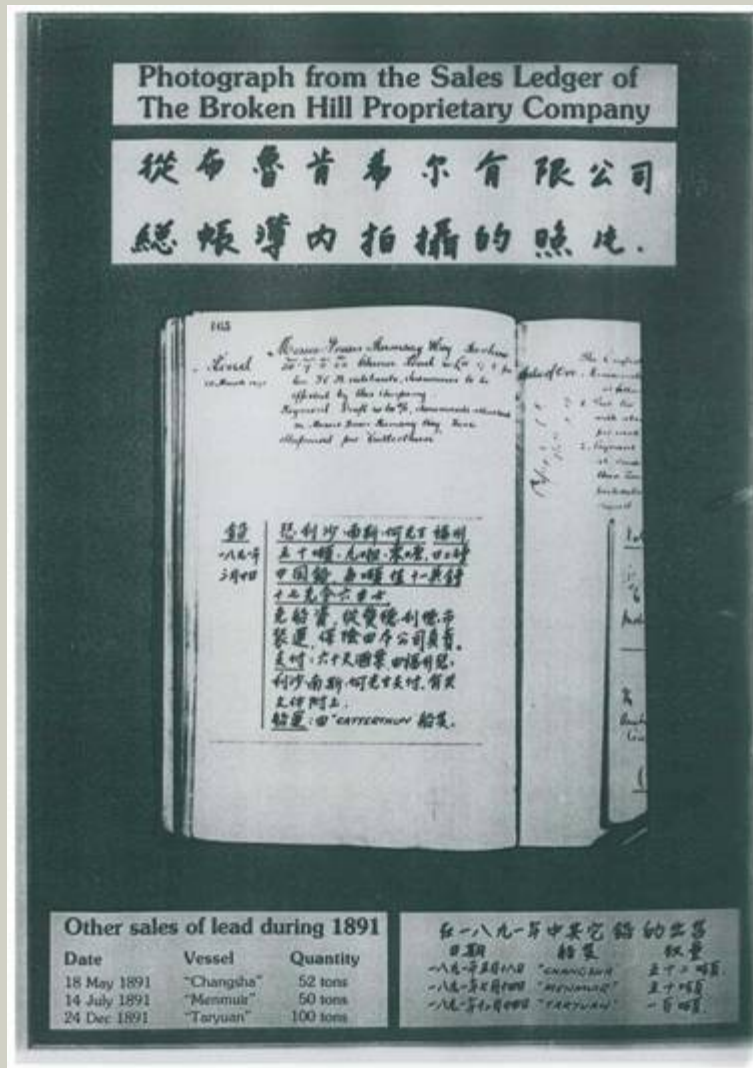
Manganese



Iron Ore



Early days in China



BHP's relationship with China began in 1888 with the visit of a Board Director.

Our first business transaction with China was recorded in 1891 when BHP exported 50 tons of lead to Fuzhou.

Sales ledger of The Broken Hill Proprietary Company, 1891

BHP Billiton in China

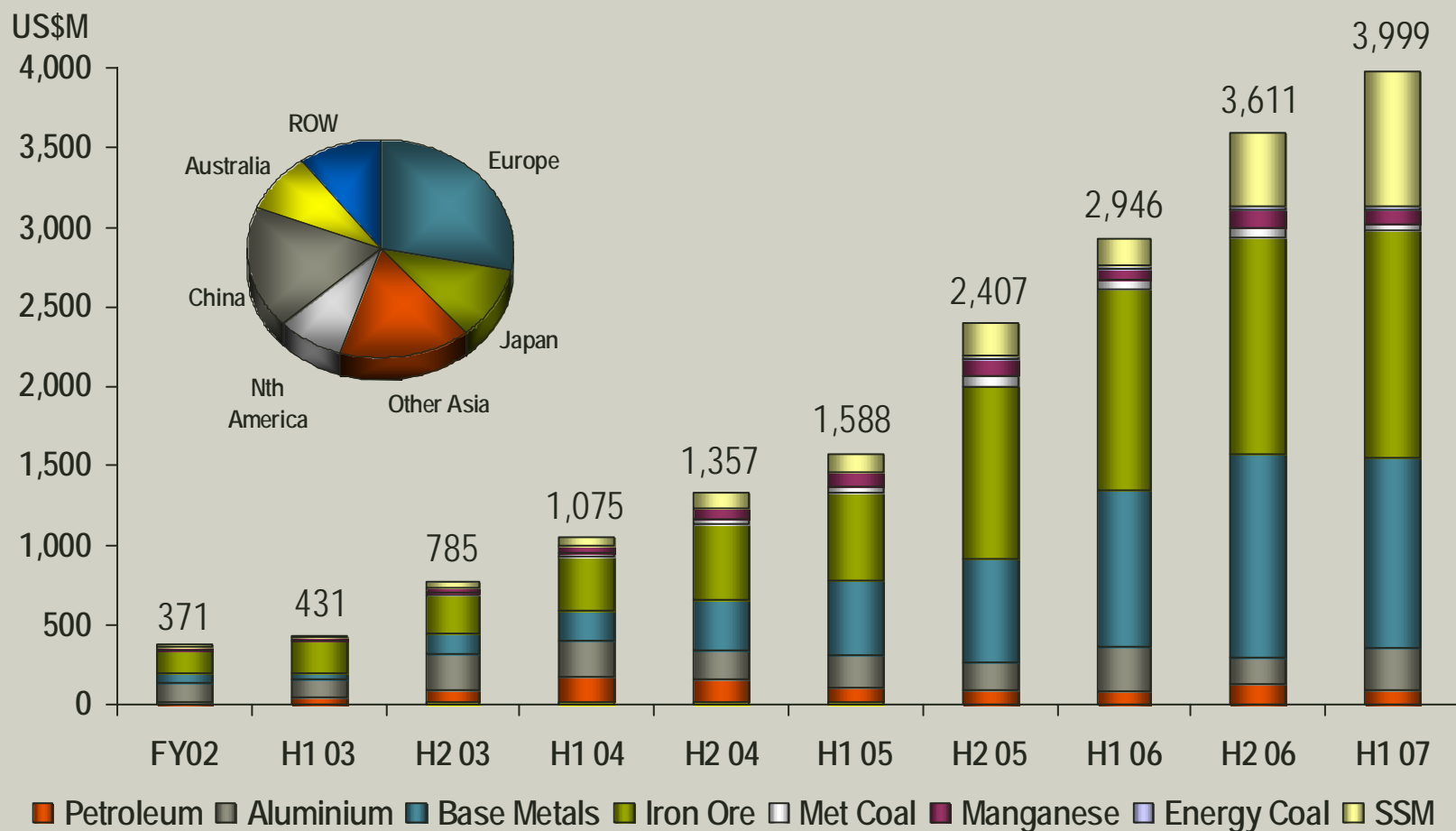
- First sale to China in 1891
- BHP Billiton China - Headquartered in Shanghai and with an office in Beijing
- Core functions in China are Sales/Marketing, Distribution, Exploration, Market Research & Analysis, Technical R&D, Business Development and Corporate Affairs.
- More than 80 staff, 90%+ are Chinese nationals
- Part of the North West Shelf LNG joint venture with CNOOC
- Wheelarra Joint Venture – our mining joint venture with four of China's leading steel mills for the Wheelarra Iron Ore Project in Western Australia
- Strategic Technical Cooperation Agreement with Baosteel – aims to optimise the iron and steelmaking process

BHP Billiton in China continued.....

- A comprehensive and active posture of business research in macro-economic and sectoral industry analysis
- Technology Group engaged in resources-related research and development with Chinese partners, including a Strategic partnership with China Academy of Sciences
- Exploration Group active in reconnaissance and grassroots exploration
- A well-developed suite of Community programs supporting a variety of partners in social and sustainability initiatives
- Supplying iron ore, coking coal, copper concentrates, copper cathode, nickel, alumina, aluminium, energy coal, LNG, manganese ore, zinc concentrates, oil, etc. into China

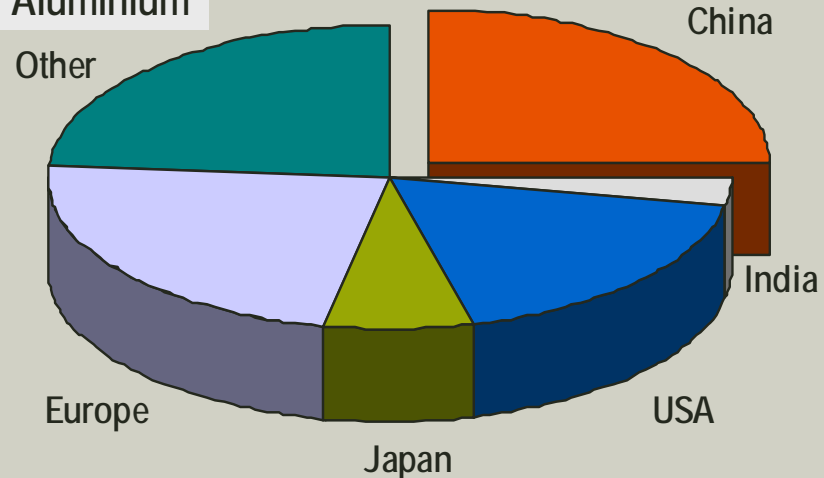
China

- Sales into China increasing but overall diversification remains strong
- Half year ended 31 December 2006, 18.1% of total company revenues

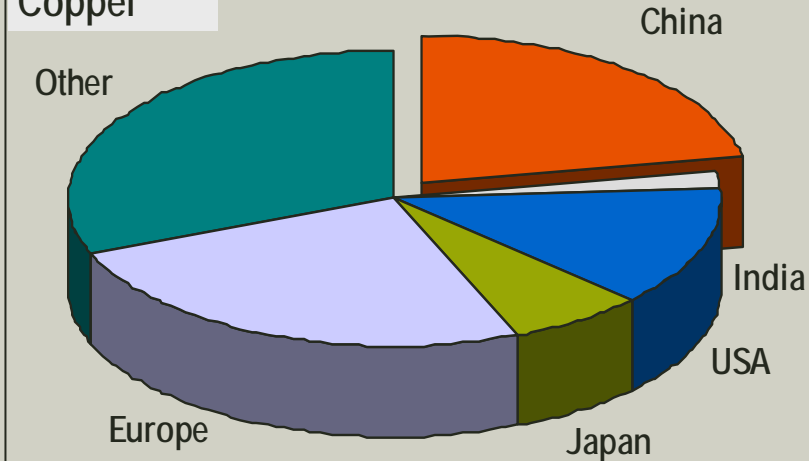


Global commodity consumption

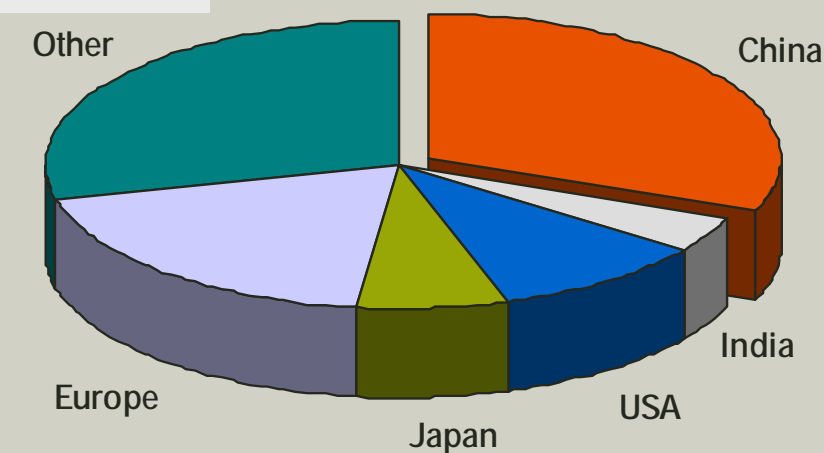
Aluminium



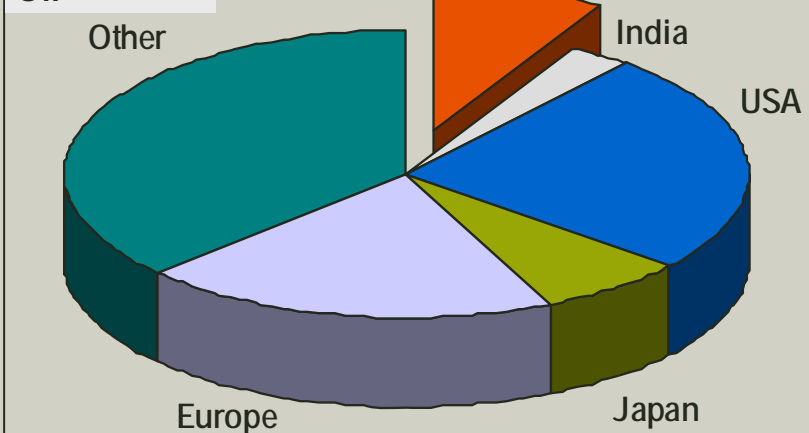
Copper



Steel*



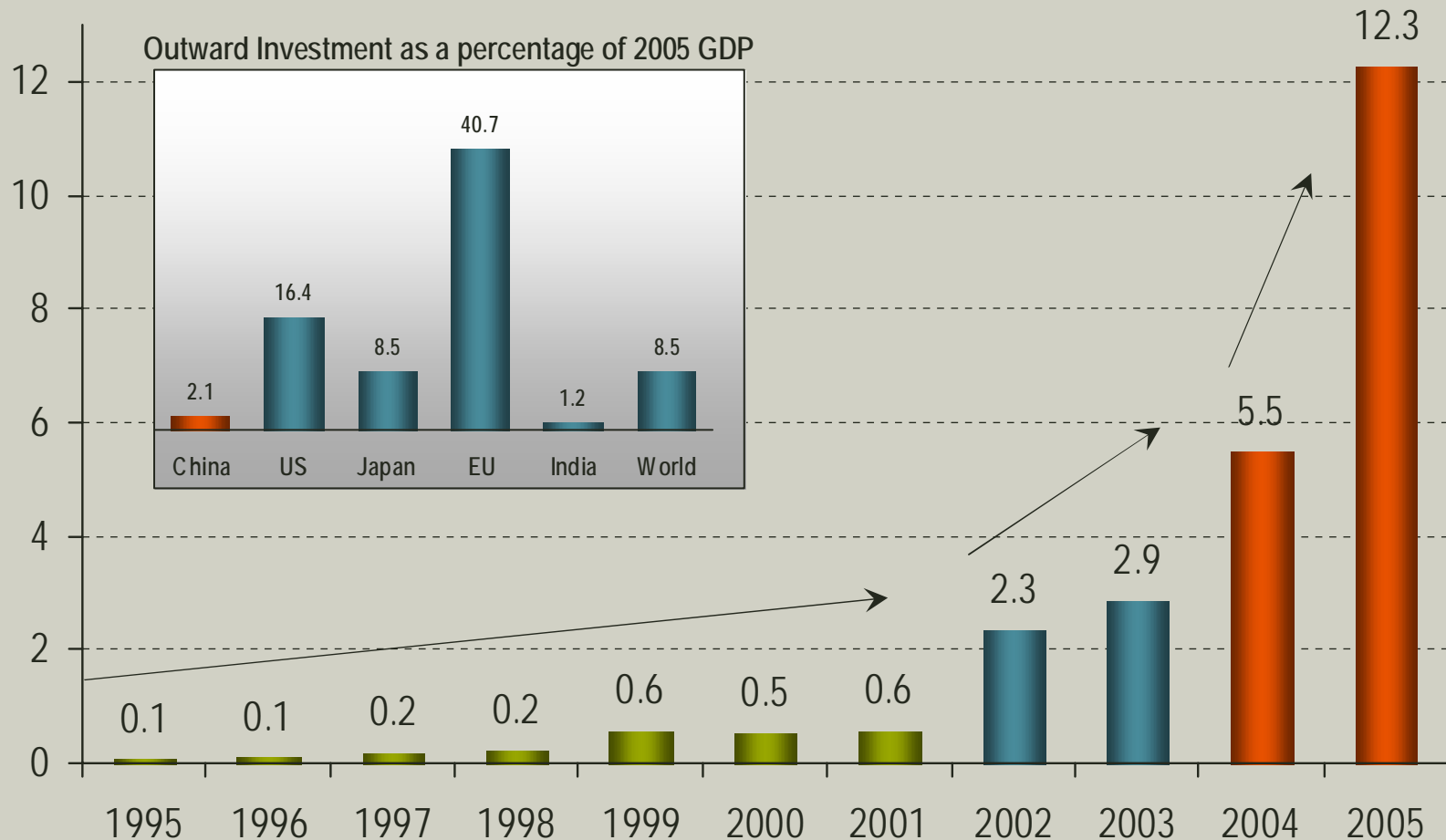
Oil*



China's raw material and energy needs are prompting increased levels of overseas investment

US\$ Billion

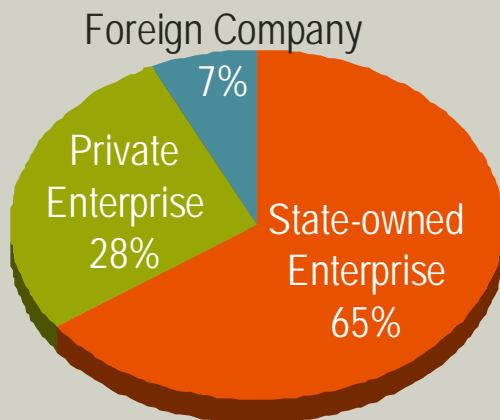
China's outward investment 1995-2005



Note: Outward investment refers to non-financial institution investment and excludes funds going to Hong Kong and Macau.

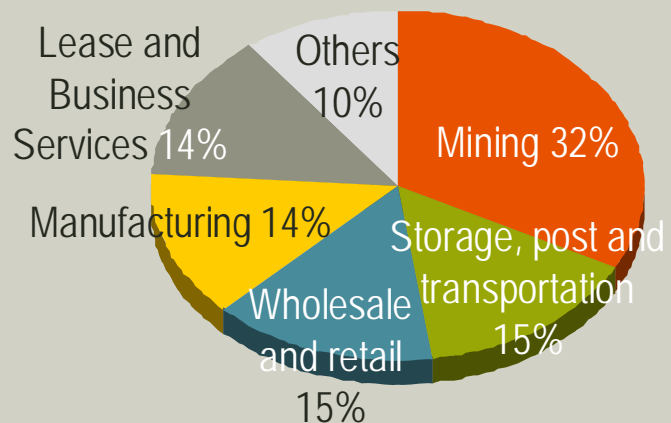
State-owned enterprises were the major investors* and mining was the major investment destination

2004 China's outward investment
by ownership



More support from government
and financial institutes to SOEs

2004 China's outward investment
by industry



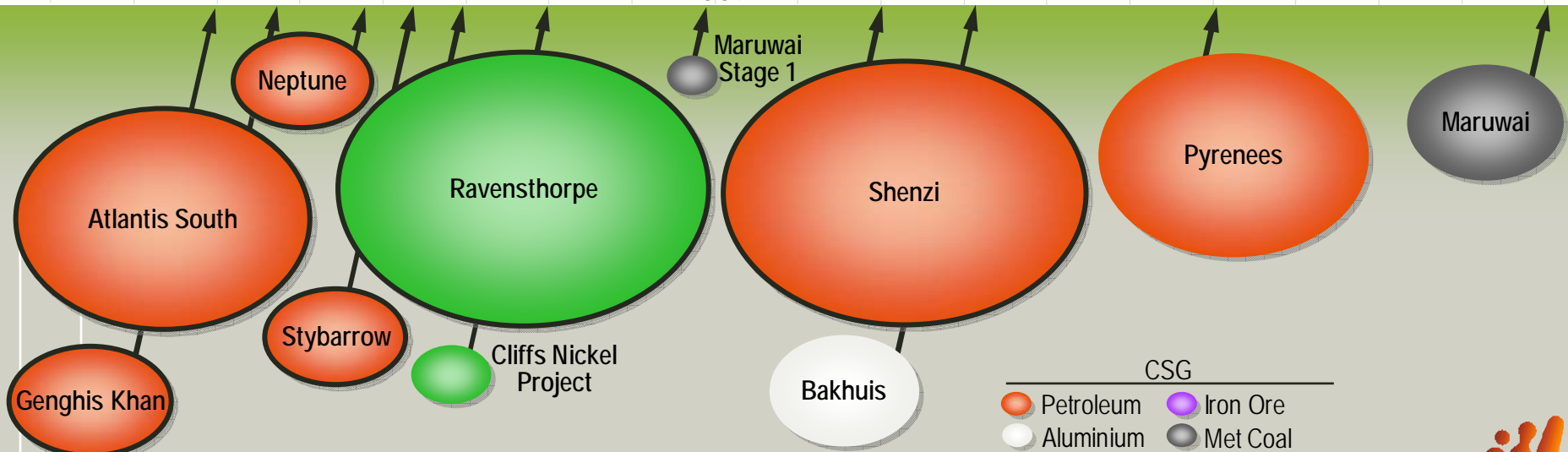
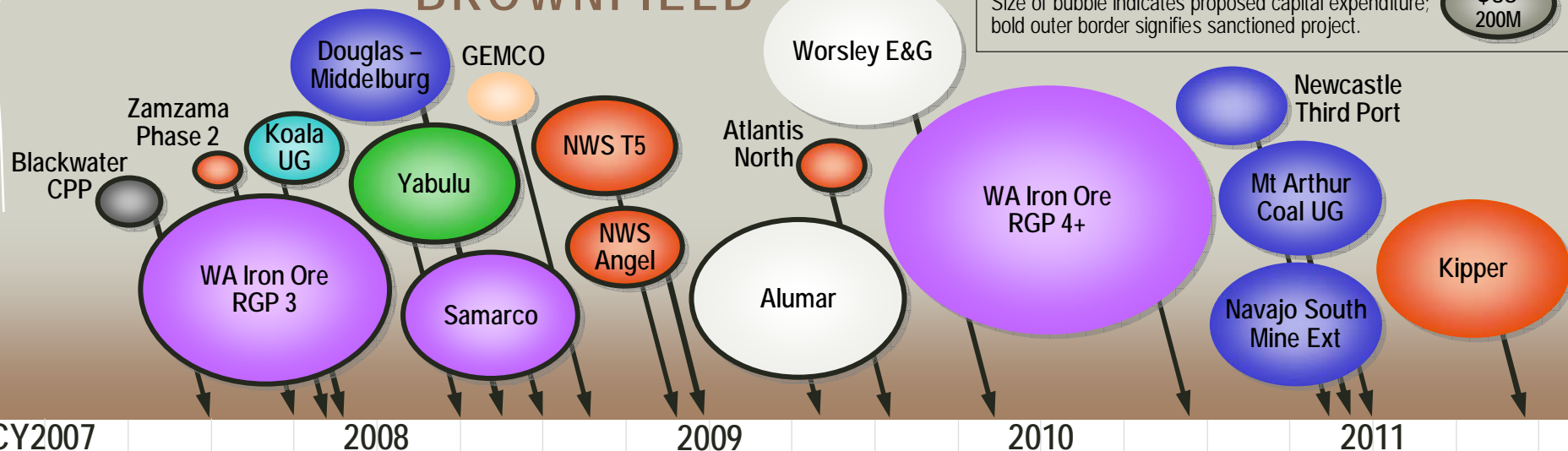
*There are many more private firms
in terms of numbers of firms

Deep inventory of growth projects

BROWNFIELD

As at 31 December 2006
Size of bubble indicates proposed capital expenditure;
bold outer border signifies sanctioned project.

\$US
200M



GREENFIELD

- CSG
- Petroleum
 - Aluminium
 - Diamonds
 - SSM
 - Iron Ore
 - Met Coal
 - Manganese
 - Energy Coal

BHP Billiton's strategic management challenges in China

- Understanding supply and demand dynamics
- Matching supply to demand, now and in the future
- Managing relationships with customers
- Managing image and reputation with key stakeholders
- Understanding China's strategic challenges
- Understanding long term policy directions and imperatives

BHP Billiton's tactical management challenges in China

- People and skills
- Institutional knowledge and information sharing
- Capturing synergies
- Maximizing value from our relationship with China
- Managing relationships
- Living our Charter Values – Safety, Community initiatives, Olympic Sponsorship, Respect, etc.

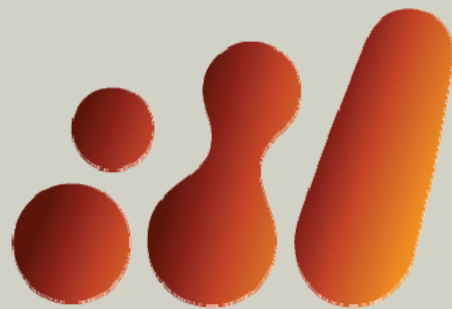
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Beijing 2008

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