

# Interim Results – 31 December 2007

6 February 2008

Marius Kloppers Chief Executive Officer

Alex Vanselow Chief Financial Officer



**bhpbilliton**

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BHP Billiton results are reported under International Financial Reporting Standards (IFRS). References to Underlying EBIT and Underlying EBITDA exclude any exceptional items. A reconciliation to profit from operations is contained within the profit announcement. All references to dollars are to US dollars and references to EBIT are Underlying EBIT.

A photograph of an industrial facility, likely a steel mill, silhouetted against a bright sunset sky. The sun is low on the horizon, creating a strong glow and casting long shadows. The sky is filled with scattered, golden clouds. In the foreground, the dark silhouettes of large industrial structures, including a prominent crane-like structure on the left, are visible.

# Interim Results – 31 December 2007

Marius Kloppers

Chief Executive Officer



# Safety

- Injury rates – our 12 month rolling Total Recordable Injury Rate improved by 13 per cent to 6.4
- Our statistical measures are showing an improving trend
- However, improving statistics do not guarantee safety
- Tragically, we had ten fatalities in the past six months
- **Our focus remains on the elimination of fatalities and Zero Harm**

# Highlights – Half year ended December 2007

- **Strong operating and financial results**
- **Cost control focus** is yielding excellent results
- **Project delivery** – first production from seven new projects
- Healthy volume growth from new production expected in FY 2008
- A further four projects approved
- **Interim dividend increased 45% to 29 US cents per share**
- **Longer term fundamentals remain strong**





# Interim Results – 31 December 2007

Alex Vanselow Chief Financial Officer



# Financial highlights

Half year ended December (US\$m)	2007	2006	% Change
Revenue	25,539	22,113	+15
Underlying EBITDA	11,167	10,494	+6
Underlying EBIT	9,623	9,134	+5
Attributable profit (excluding exceptionals)	5,995	6,168	-3
Attributable profit	6,017	6,168	-2
Net operating cash flows	7,870	7,116	+11
EPS (excluding exceptionals) (US cents)	106.8	103.9	+3
Dividends per share (US cents)	29	20	+45

# Underlying EBIT by Customer Sector Group

Half year ended December (US\$m)	2007	2006	% Change
Petroleum	1,972	1,612	+22
Aluminium	680	840	-19
Base Metals (including Uranium)	3,367	2,889	+17
Diamonds & Specialty Products	72	78	-8
Stainless Steel Materials	799	1,427	-44
Iron Ore	1,673	1,404	+19
Manganese	431	105	+311
Metallurgical Coal	523	657	-20
Energy Coal	277	242	+15
Group & Unallocated Items <sup>(1)</sup>	(171)	(120)	
<b>BHP Billiton (Total)</b>	<b>9,623</b>	<b>9,134</b>	<b>+5</b>






# Underlying EBIT by Customer Sector Group

Half year ended December (US\$m)	2007	2006	% Change
Petroleum	1,972	1,612	+22.3




- Record half year EBIT
- Record half year production from global continuing operations
- Cash costs flat with comparative half
- Three major new projects on line in first half: Stybarrow, Atlantis and Genghis Khan
- Exploration – successful drilling of Thebe and acreage captured in Gulf of Mexico and Falklands



# Underlying EBIT by Customer Sector Group

Half year ended December (US\$m)	2007	2006	% Change
<b>Aluminium</b> <ul style="list-style-type: none"> <li>• Production at record levels</li> <li>• Softer prices for metals and cost impacted by weaker US\$</li> <li>• South African power situation will impact metal production</li> </ul>	680	840	-19.0
 <p>Mozal</p>			
<b>Base Metals</b> <ul style="list-style-type: none"> <li>• Record copper concentrate production</li> <li>• Contribution of 96,000 tonnes from new projects</li> <li>• Olympic Dam pre-feasibility study progressing well</li> </ul>	3,367	2,889	+16.5
 <p>Olympic Dam</p>			
<b>Stainless Steel Materials</b> <ul style="list-style-type: none"> <li>• Production and sales volumes improved second quarter</li> <li>• Ravensthorpe ramping up as expected</li> </ul>	799	1,427	-44.0
 <p>Nickel West</p>			

# Underlying EBIT by Customer Sector Group

Half year ended December (US\$m)	2007	2006	% Change
<b>Iron Ore</b> <ul style="list-style-type: none"> <li>Record Half Year EBIT</li> <li>Record production and shipments</li> <li>RGP3 commissioned and RGP4 on schedule</li> </ul>	1,673	1,404	+19.2
			 <p>Mount Newman</p>
<b>Manganese</b> <ul style="list-style-type: none"> <li>Record production and shipments</li> <li>Groote Eylandt expansion approved lifting capacity to 4.2mtpa of ore and concentrate</li> </ul>	431	105	+310.5
			 <p>TEMCO</p>
<b>Metallurgical Coal</b> <ul style="list-style-type: none"> <li>Record shipments benefiting from expanded Hay Point Terminal</li> <li>EBIT impacted by lower prices</li> <li>Severe flooding in Queensland will impact production</li> </ul>	523	657	-20.4
			 <p>BMA</p>

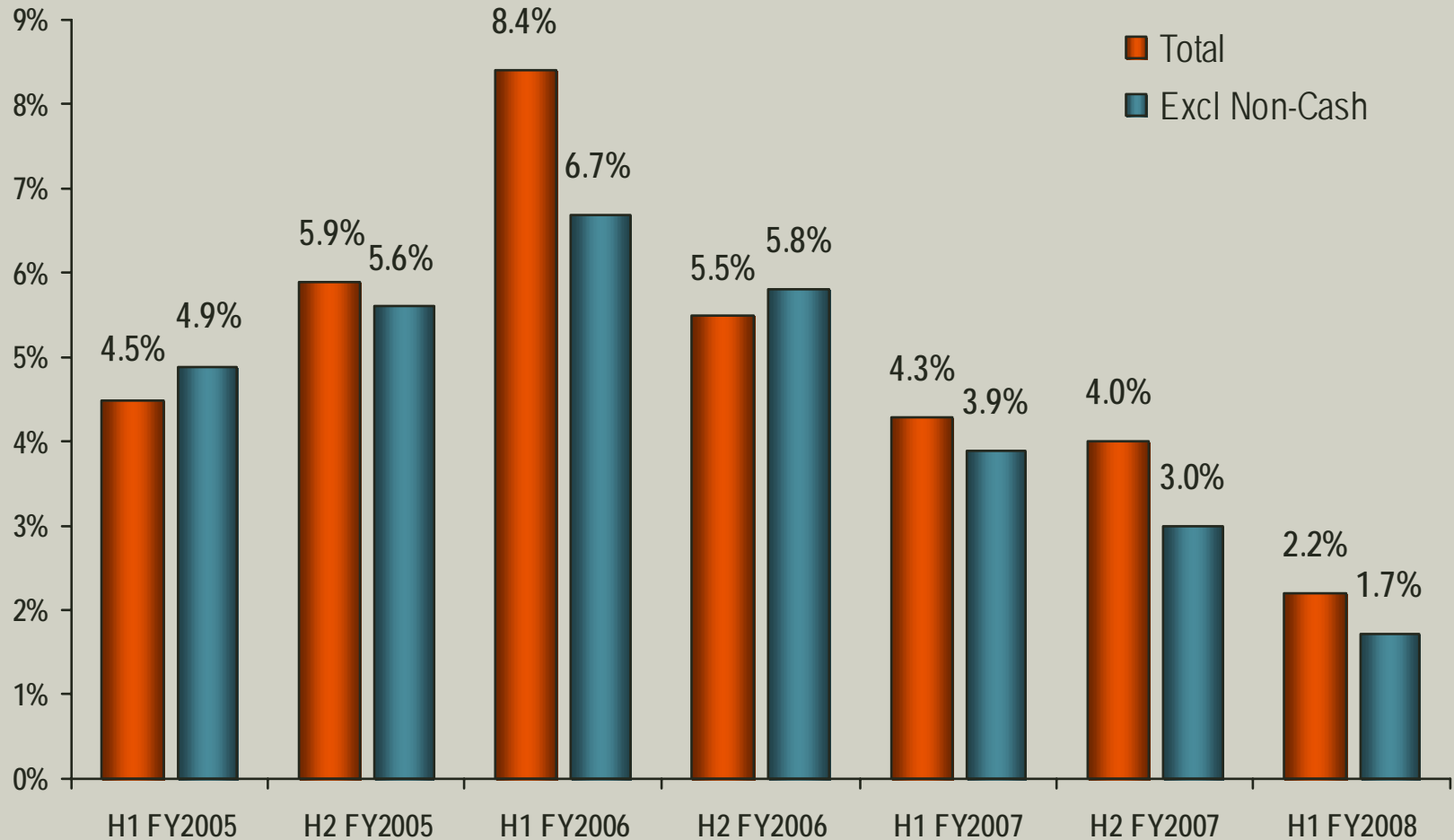
# Underlying EBIT by Customer Sector Group

Half year ended December (US\$m)	2007	2006	% Change
<b>Energy Coal</b> <ul style="list-style-type: none"> <li>Higher export prices driven by strong demand</li> <li>Record annual production at Hunter Valley and Cerrejon</li> <li>Approval of Klipspruit (+1.8mtpa export coal) and Newcastle third port</li> </ul>	277	242	+14.5
<b>Diamonds &amp; Specialty Products</b> <ul style="list-style-type: none"> <li>Koala Underground completed ahead of schedule and budget</li> <li>Increased exploration activity on diamond targets in Angola and potash opportunity in Canada</li> </ul>	72	78	-7.7



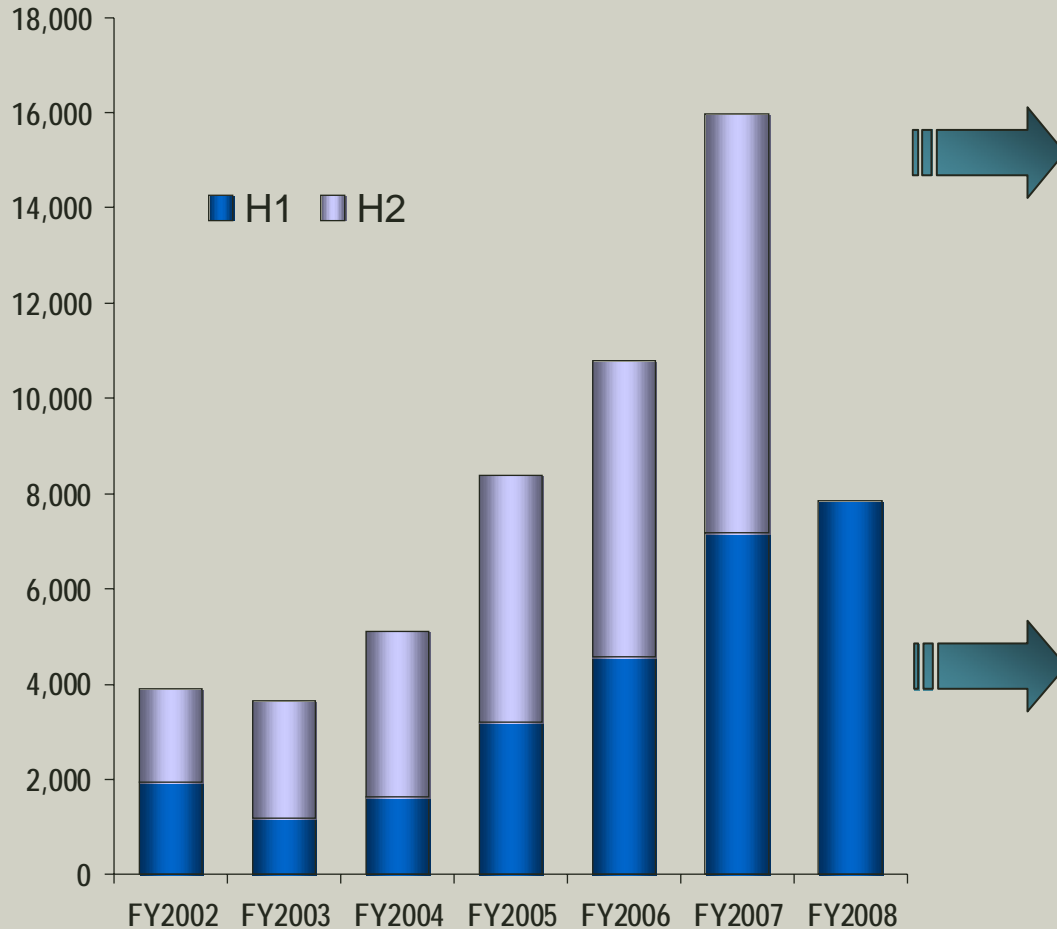
# Declining rate of cost increase

Operating cost increase relative to preceding half year

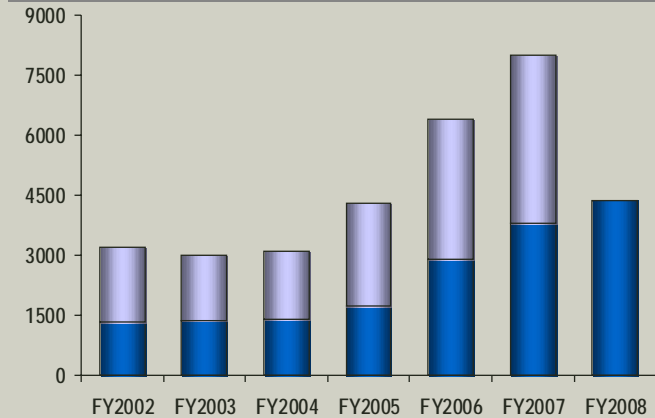


# Strong cash flow - delivering value to shareholders

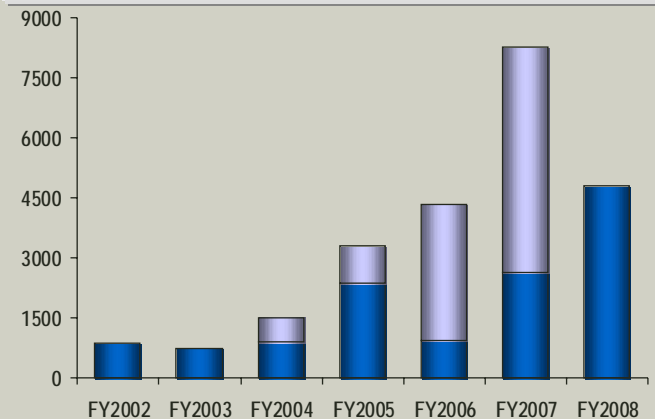
## Available Cash Flow (US\$m)



## Organic Growth<sup>1</sup> (US\$m)



## Return to Shareholders<sup>2</sup> (US\$m)




Interim Results

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(1) Capital and Exploration FY expenditures (exclude acquisitions).

(2) Dividends paid and share buy-backs.

(3) FY2005, FY2006, FY2007 and H1 FY2008 have been calculated on the basis of the IFRS. Prior periods have been calculated on the basis of UKGAAP.



# Interim Results – 31 December 2007

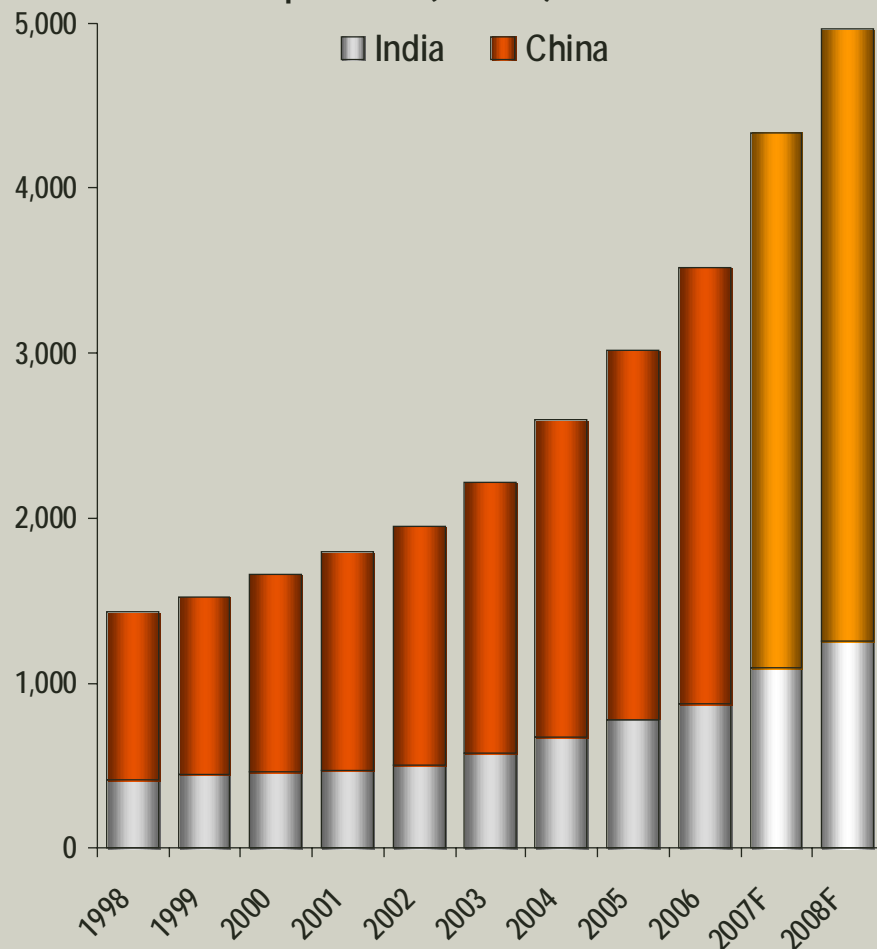
Marius Kloppers

Chief Executive Officer



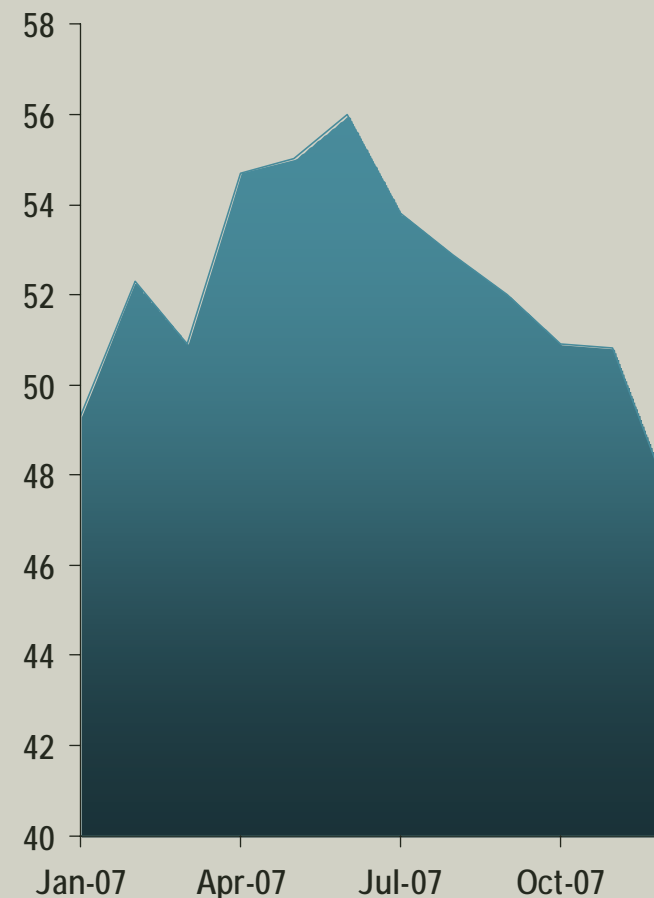
# Outlook – long term fundamentals strong, shorter term more fluid

## Gross domestic product (US\$bn)



Source: International Monetary Fund

## ISM purchasing manufacturers index

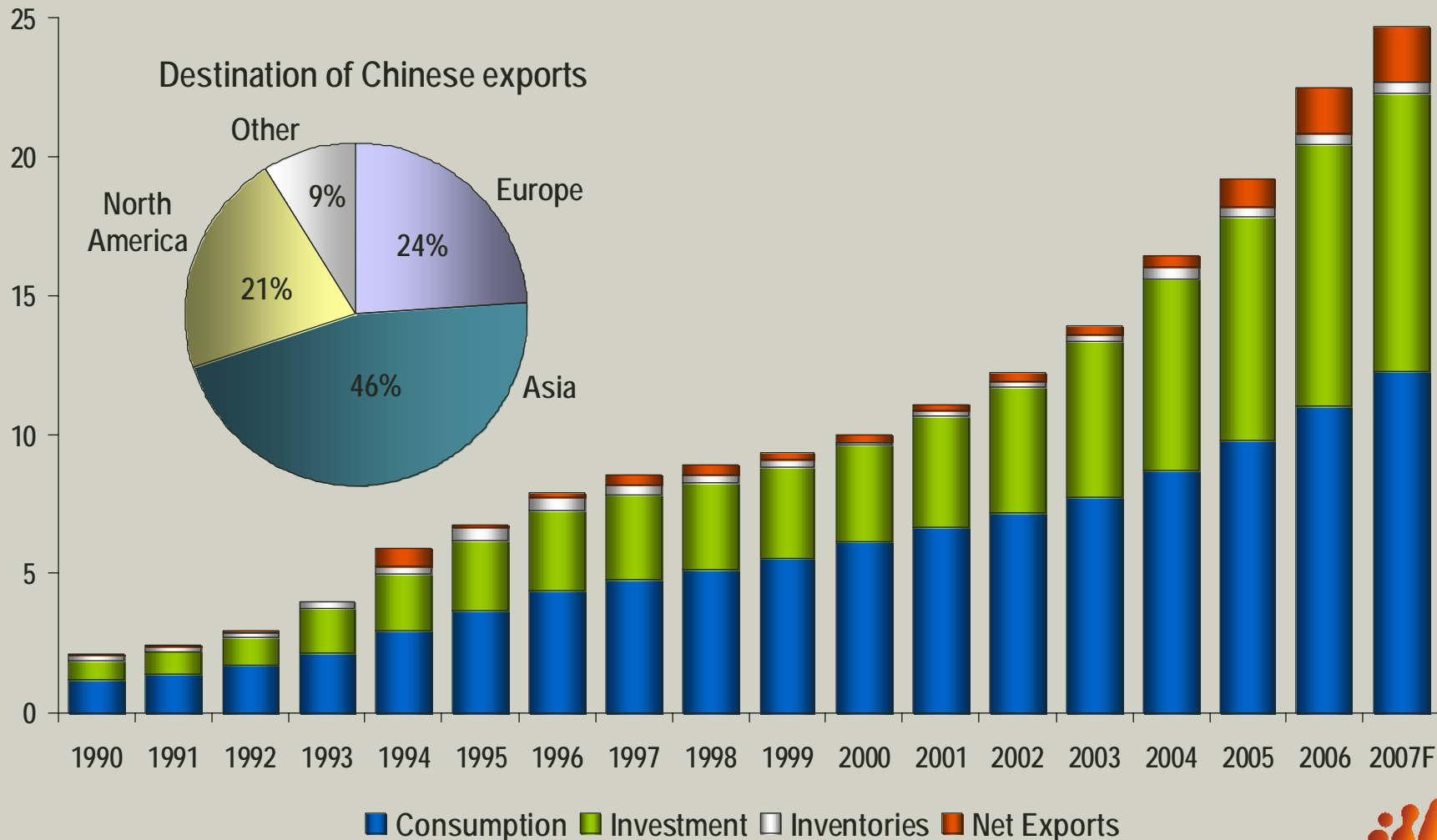


Source: Thomson Financial



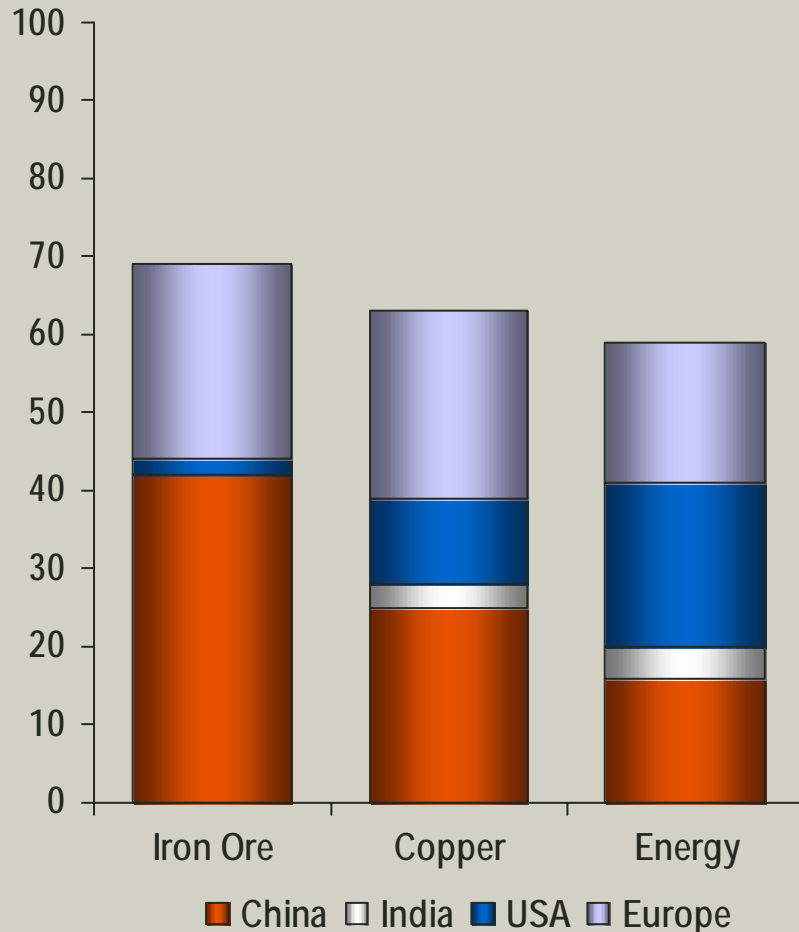
# China's growth driven by domestic demand... Asian export markets more important than the US

Composition of Chinese GDP  
(RMB trillions)

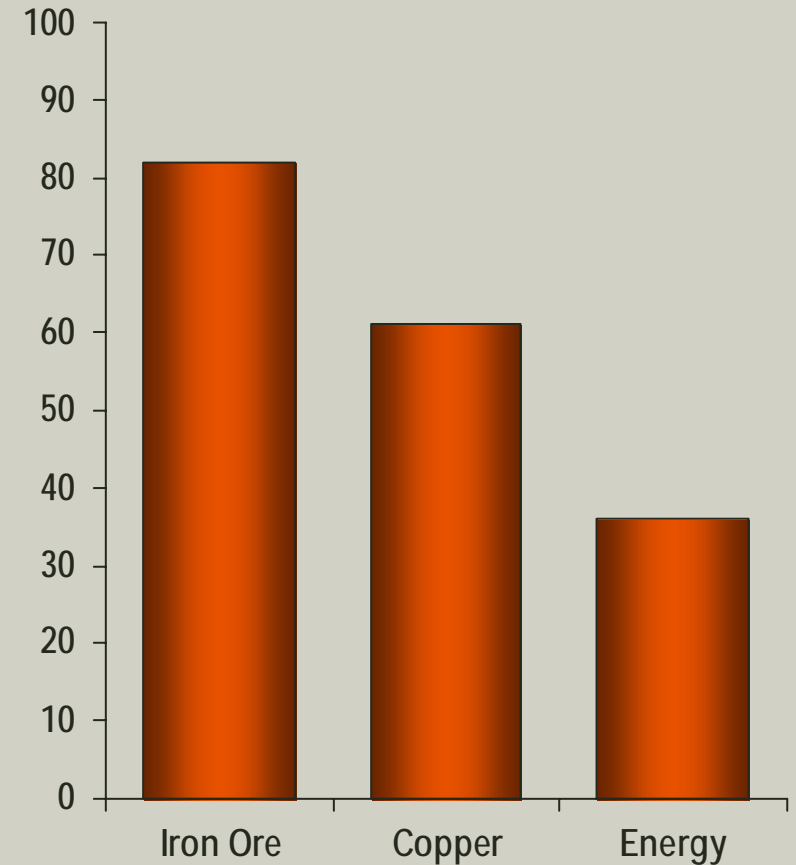


# Can Chinese consumption growth offset the shorter term slow down in the US?

Share of Consumption  
(2007, %)



China Share of Incremental Demand  
(1997-2007, %)



# Long term demand remains intact...

## Beijing 2008



## Tokyo



## Beijing 2050



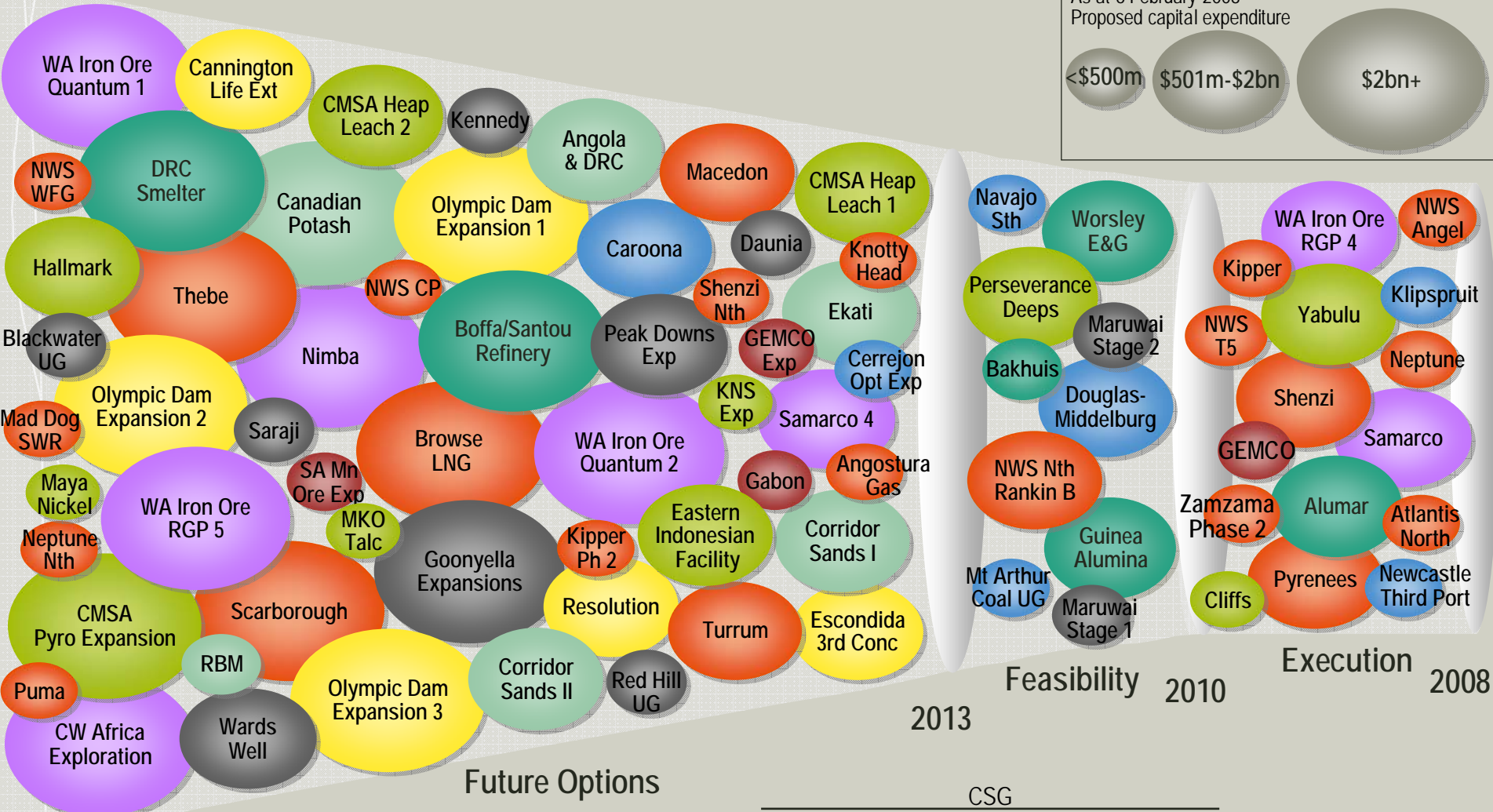
## Paris



# Future growth from high quality opportunities

As at 6 February 2008  
Proposed capital expenditure

<\$500m    \$501m-\$2bn    \$2bn+



Future Options

Feasibility 2010

Execution 2008

2013

- CSG
- Petroleum
  - D&SP
  - Manganese
  - Aluminium
  - SSM
  - Met Coal
  - Base Metals
  - Iron Ore
  - Energy Coal

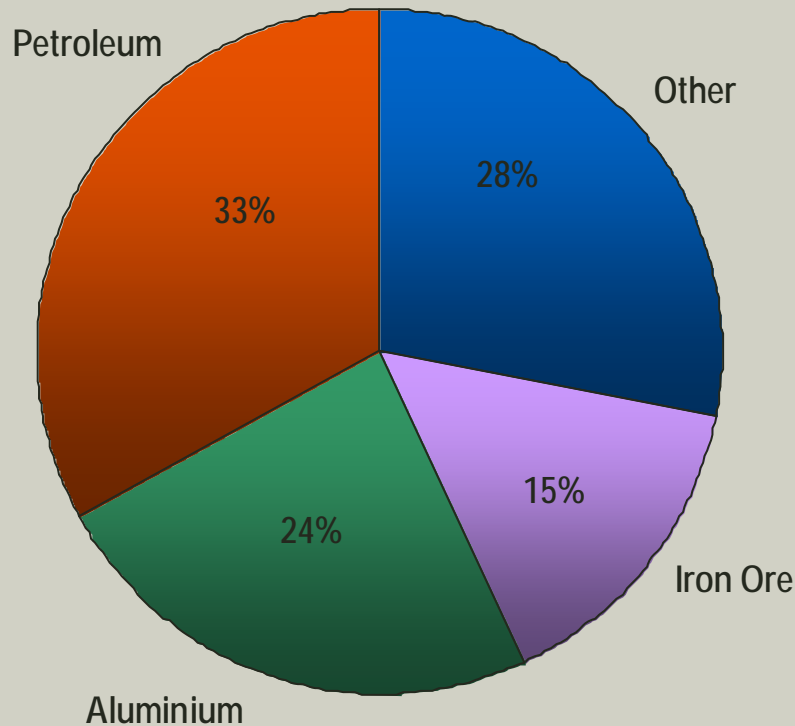
# A track record of project delivery – progress in FY 2008

- **First production**
  - Ravensthorpe, RGP3, Pinto Valley, Koala Underground, Genghis Khan, Atlantis South, Stybarrow
- **Progressed to execution**
  - Newcastle Third Port, GEMCO, Kipper, Klipspruit
- **12 new projects added to future options**

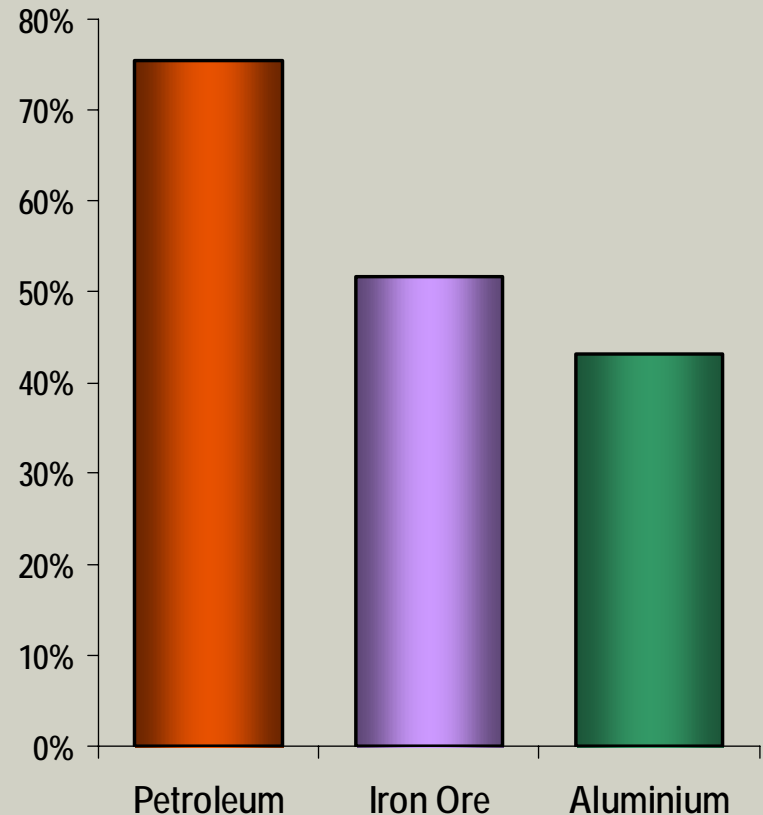


# Development spend in high margin businesses

Development pipeline capex  
(Total US\$16.1bn)



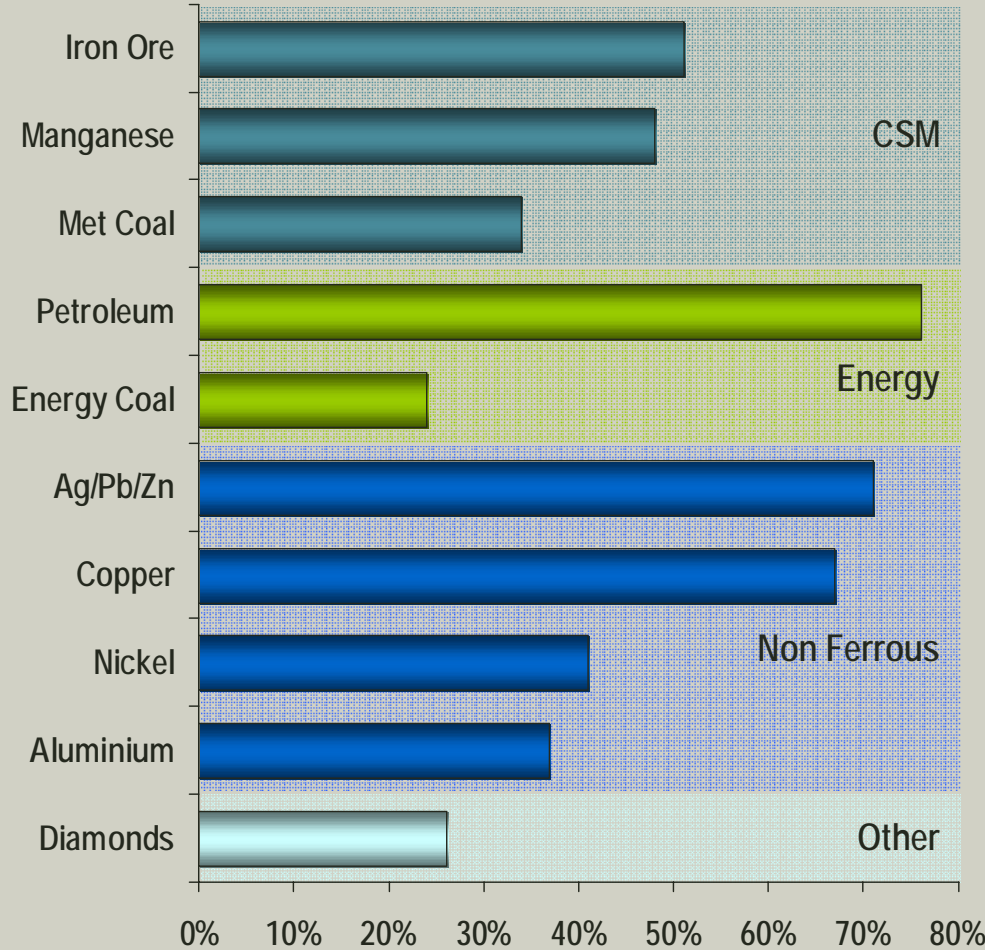
EBITDA margins  
(12 months to December 2007)



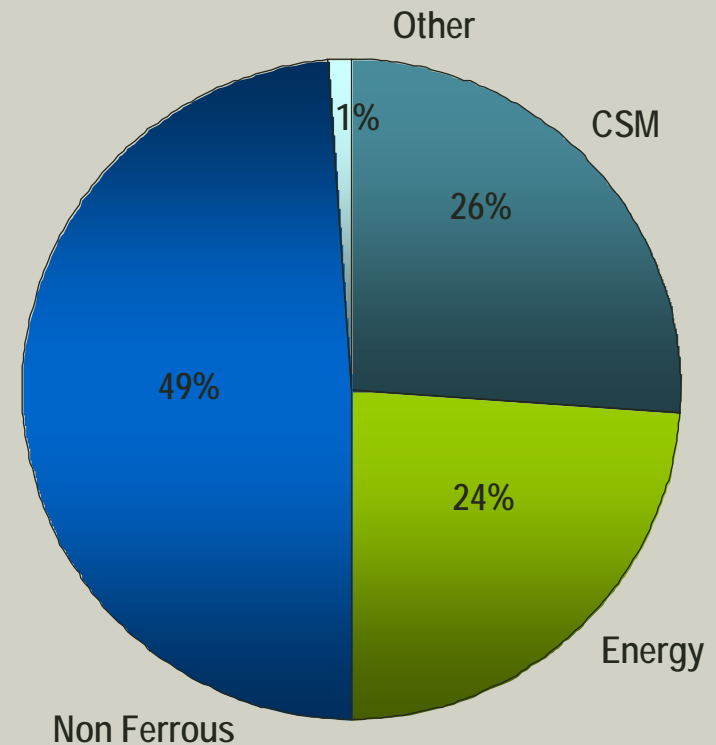
Note: Represents pipeline projects in execution, feasibility does not include pre-feasibility projects.  
EBITDA margins for business in 12 months to 31 December 2007 not for individual projects.  
EBITDA margin excluded third party trading.  
Source: BHP Billiton estimates.

# A unique balance across high margin CSM, non ferrous and energy commodities

EBITDA margin H1 FY 2008



EBITDA H1 FY 2008  
(Total = US\$11.4bn)



# Broad exposure to carbon steel sector demand

## Iron Ore is an important part of the mix

- Geographic proximity to the growing Asian market
- Record H1 production and shipments
- Plans underway to expand WAIO to 300mtpa by 2015

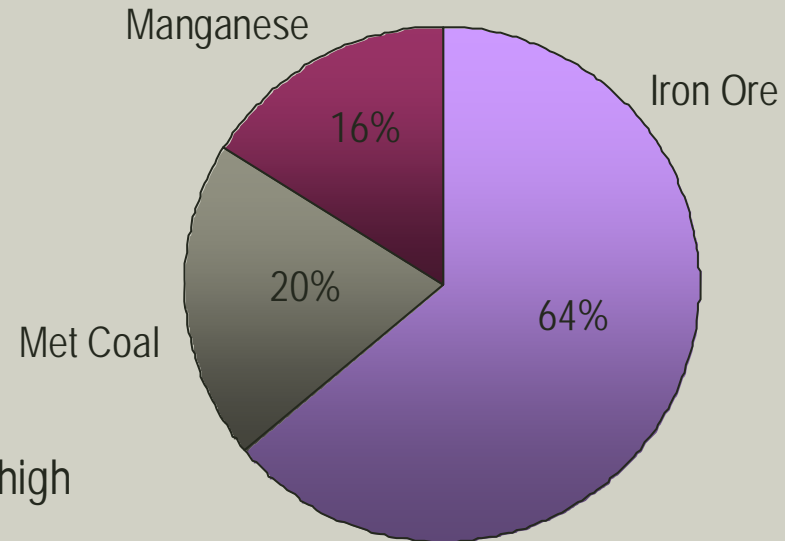
## But so is Metallurgical coal

- Leading position in the seaborne market
- 100% BMA owned Hay Point limits impact of infrastructure constraints
- Significant growth options

## And Manganese is a significant contributor

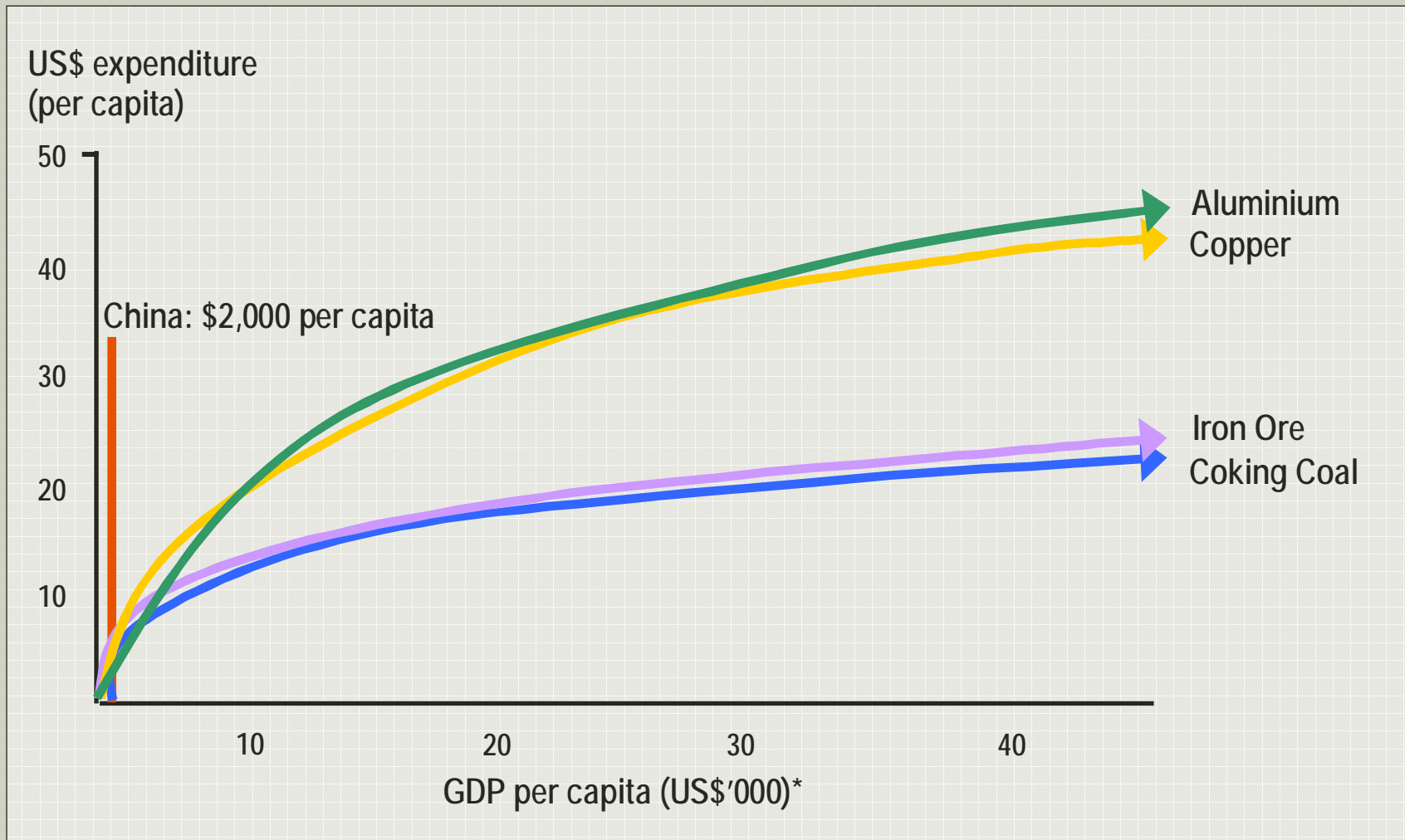
- Largest supplier of seaborne manganese ore from high quality resource base
- Manganese ore and alloy assets operating at record production levels in a strong demand environment

Total Carbon Steel Sector H1 FY 2008  
EBIT  
(Total = US\$2.6bn)

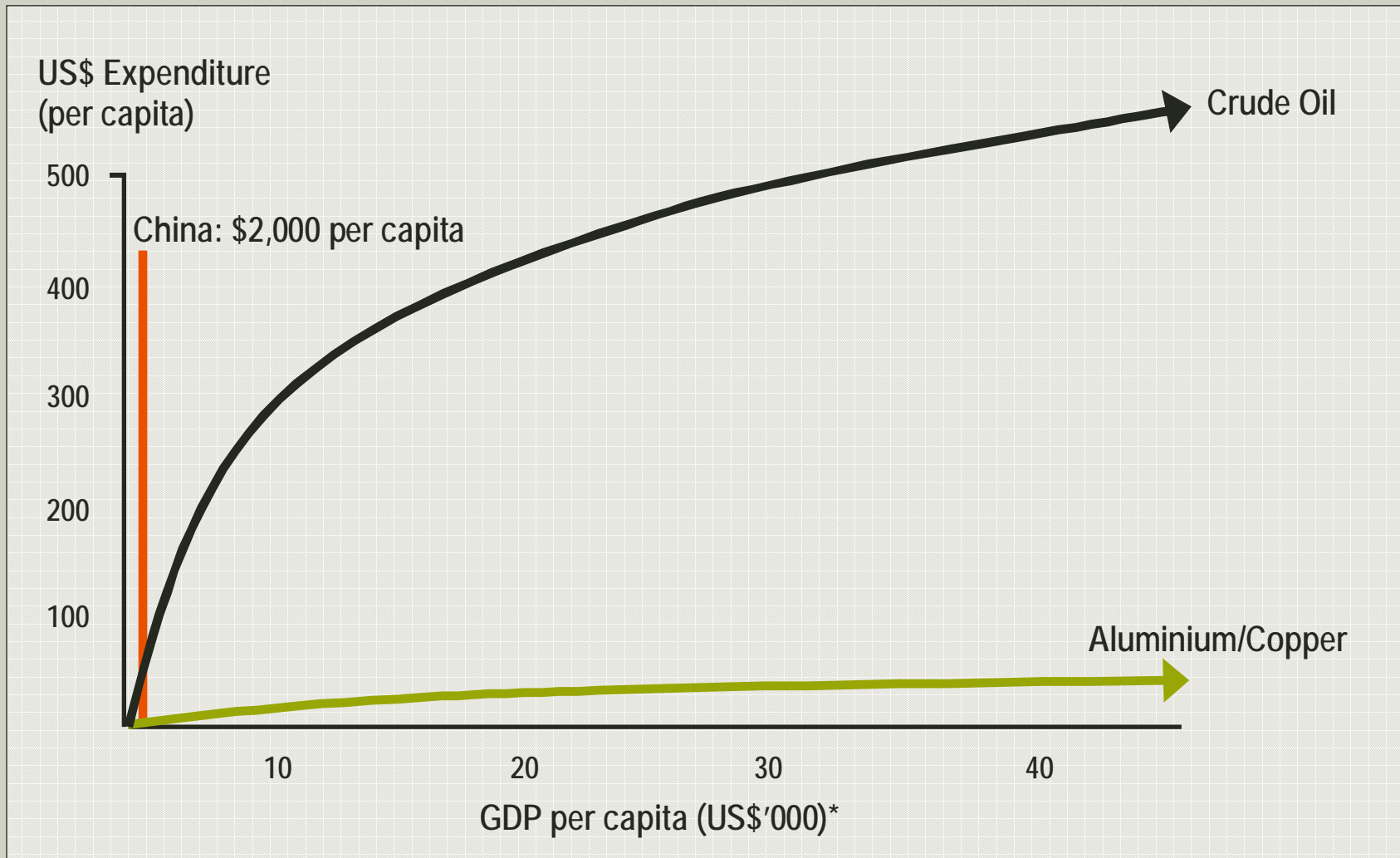




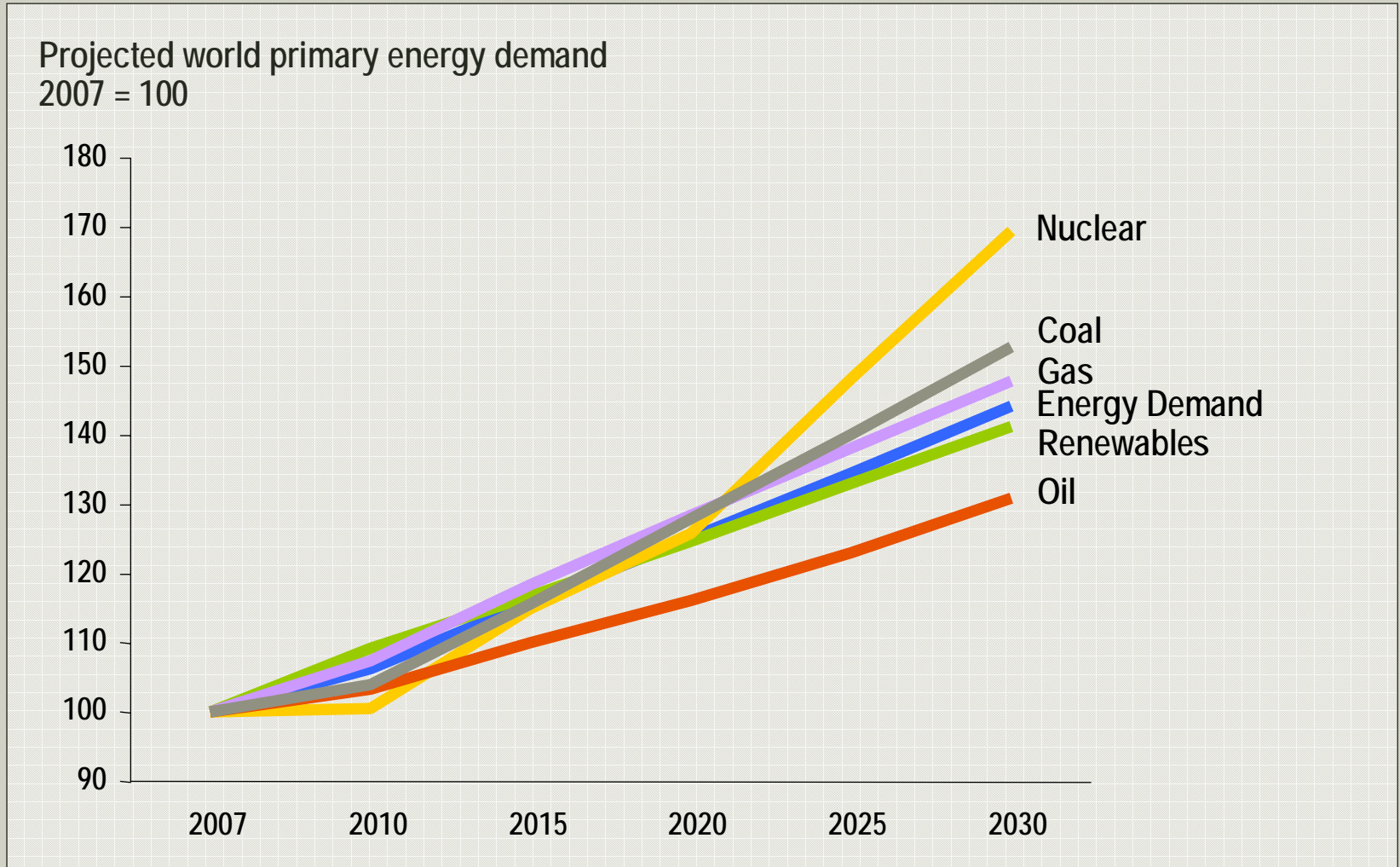
# Developing world metals demand to show significant growth



But, the dollar value of oil intensity per capita is 10 times that of non ferrous metals



# Well positioned to meet energy demand regardless of fuel mix



# Summary

- Continued excellent operating and financial results
- Unique portfolio balance provides stability
- Project pipeline and global footprint to support future growth
- Longer term outlook for global growth remains robust





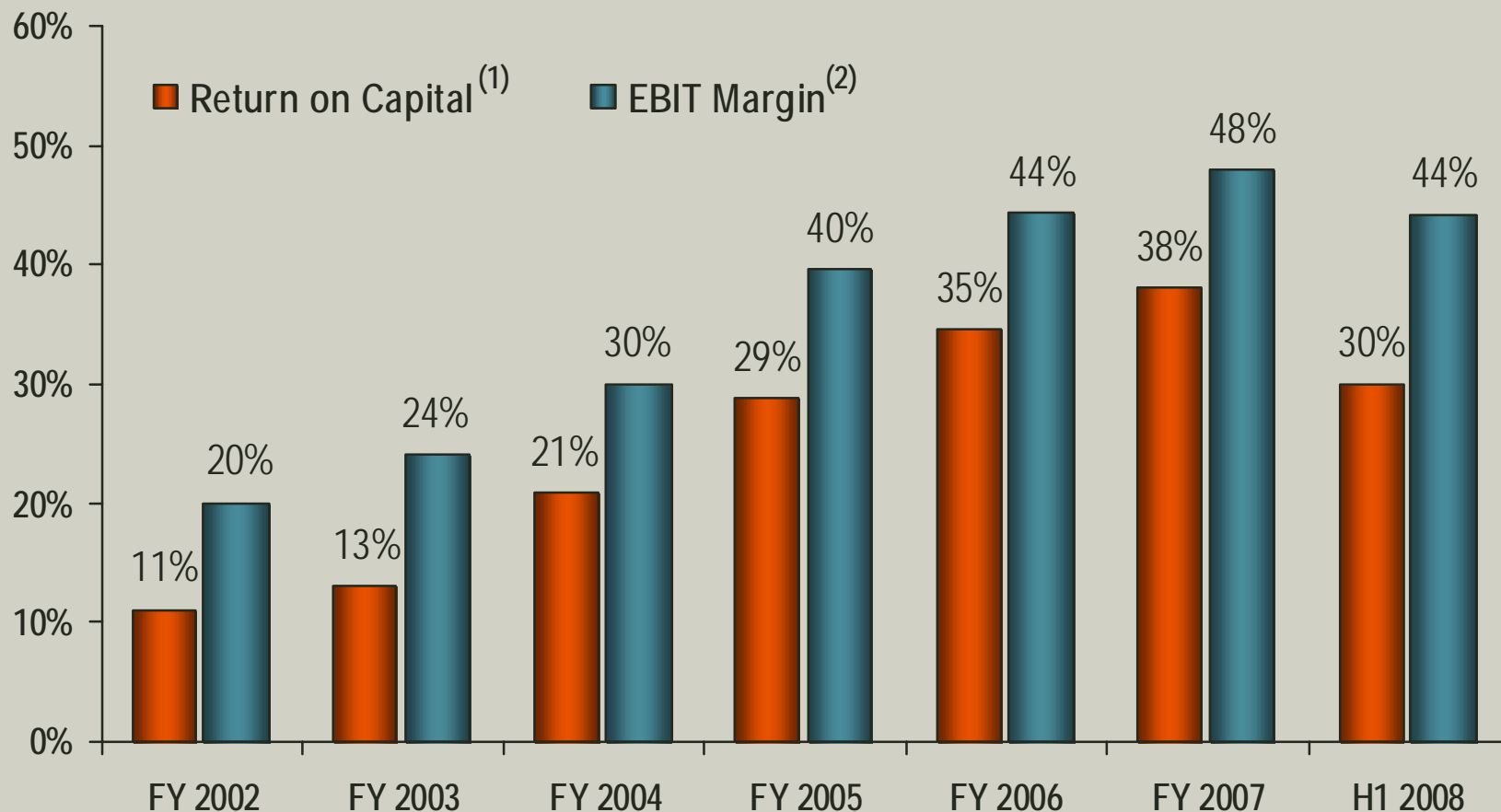
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# Appendix



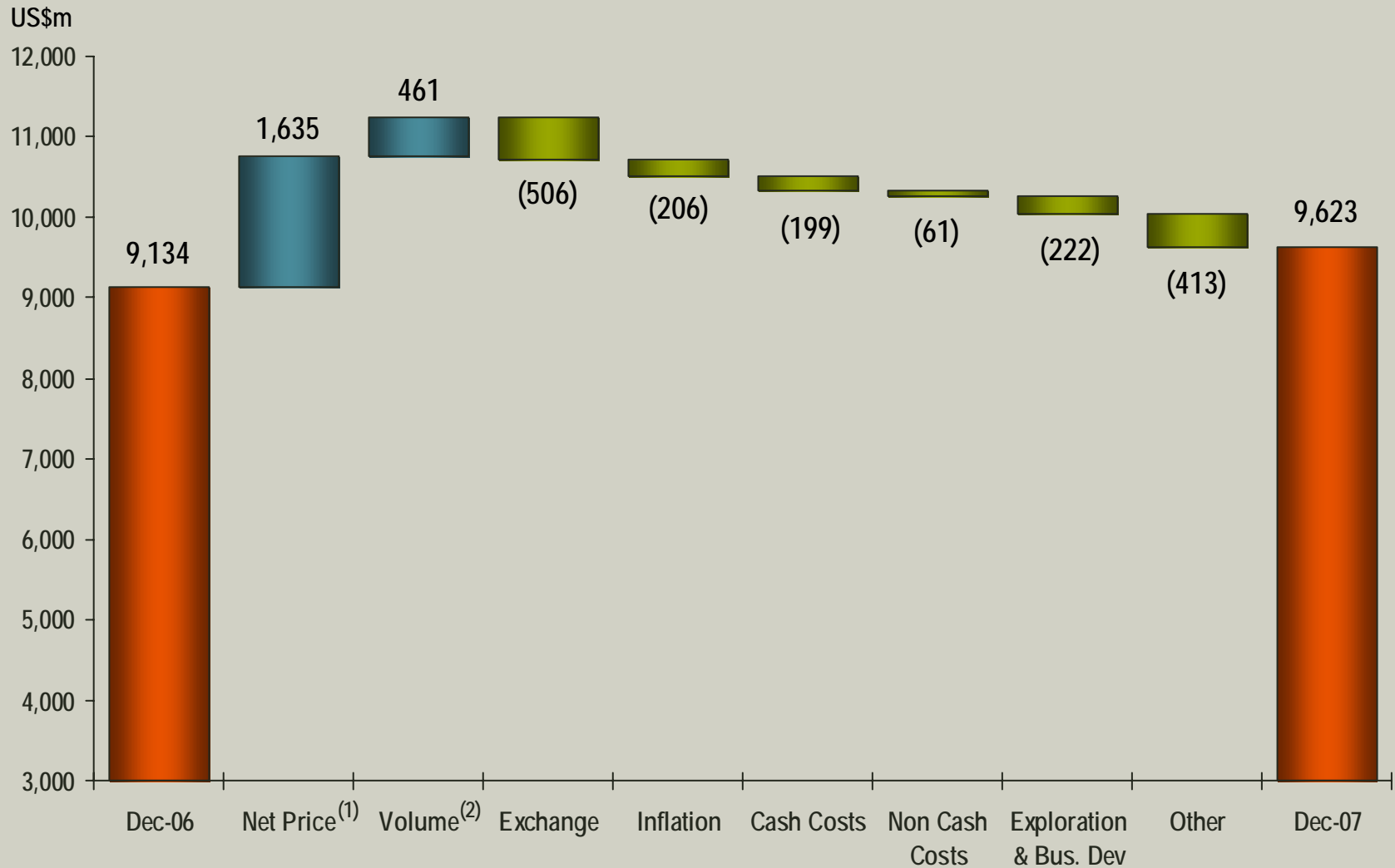
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# Return on capital and margins



# Underlying EBIT analysis

## Half year ended Dec 2007 vs Dec 2006

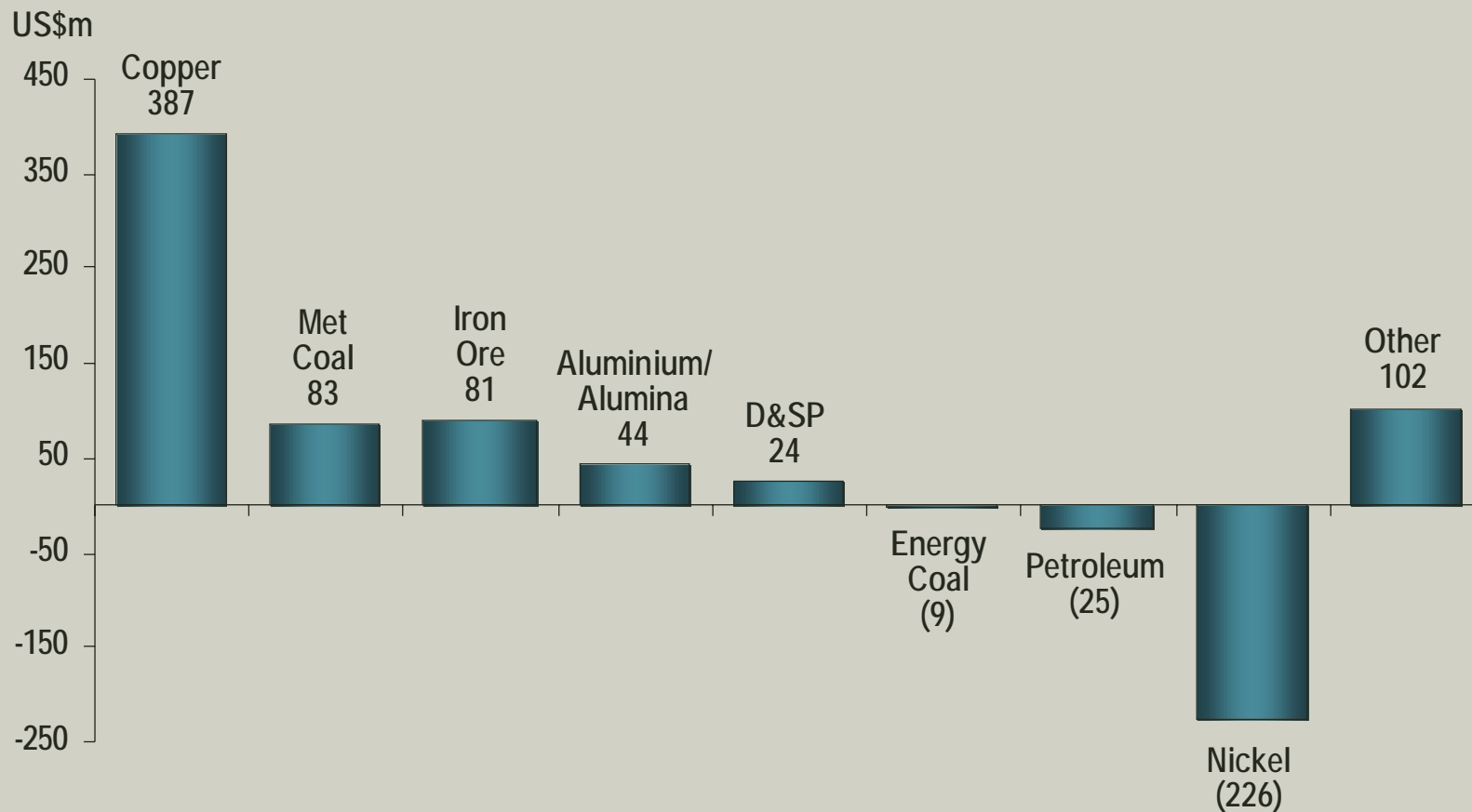




# Impact of major volume changes

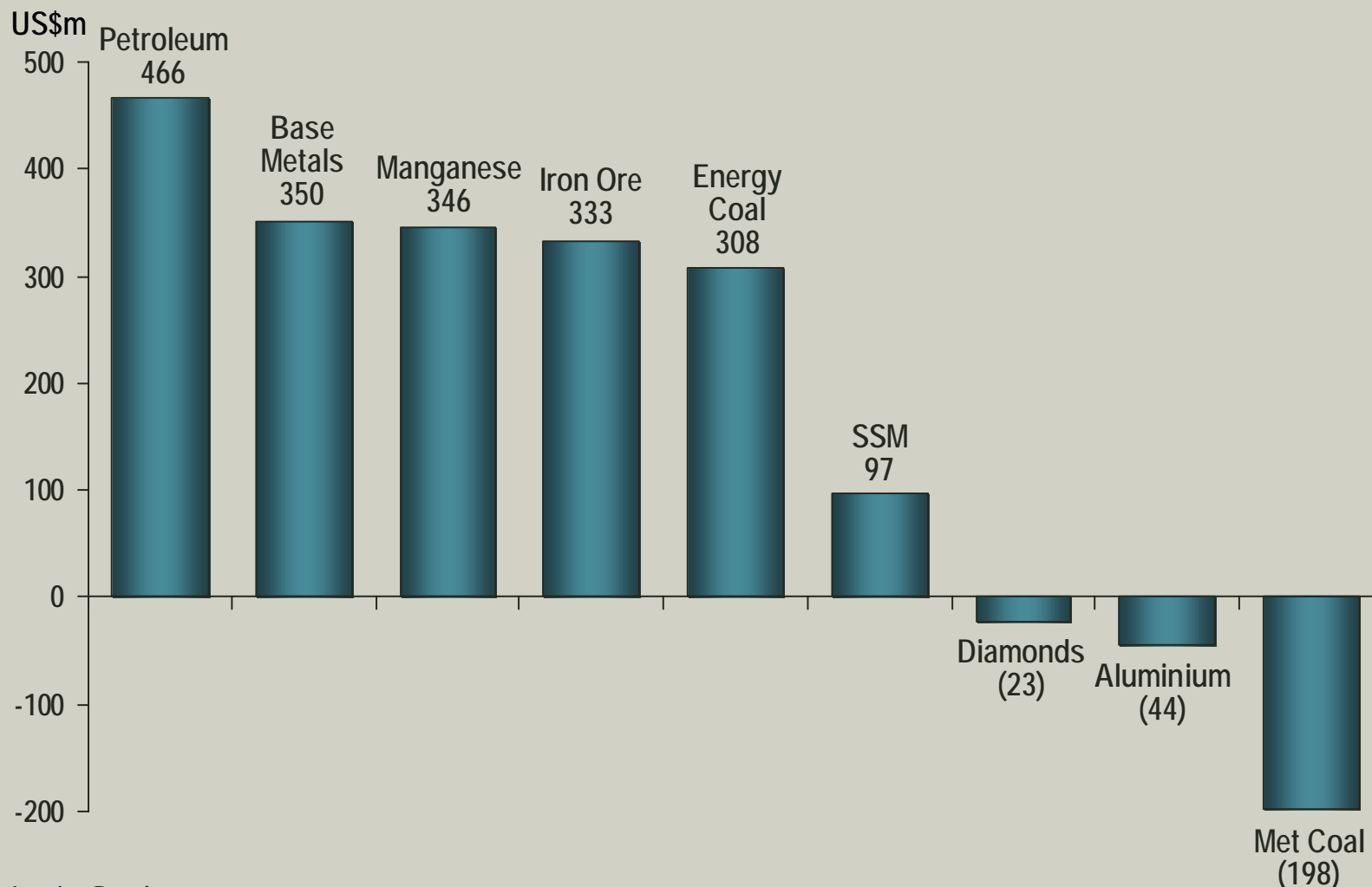
## Half year ended Dec 2007 vs Dec 2006

Total volume<sup>(1)</sup> variance US\$461 million



# Impact of major commodity price Half year ended Dec 2007 vs Dec 2006

Total price variance US\$1,635 million<sup>(1)</sup>



# Cash flow

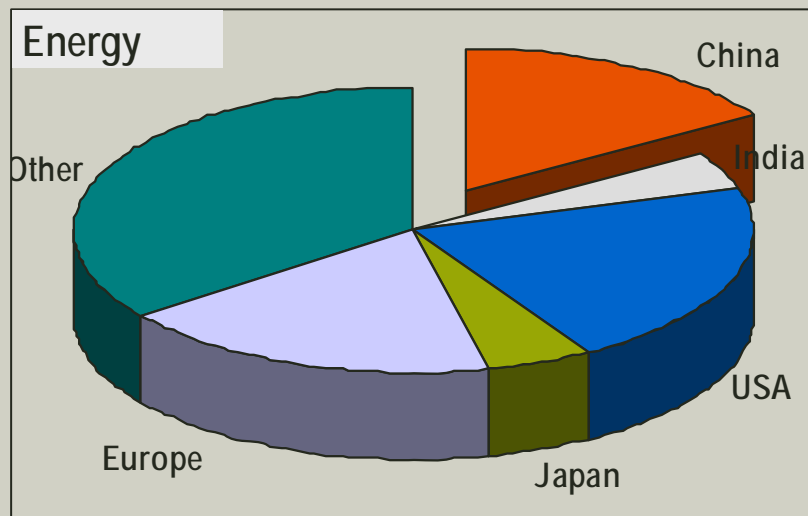
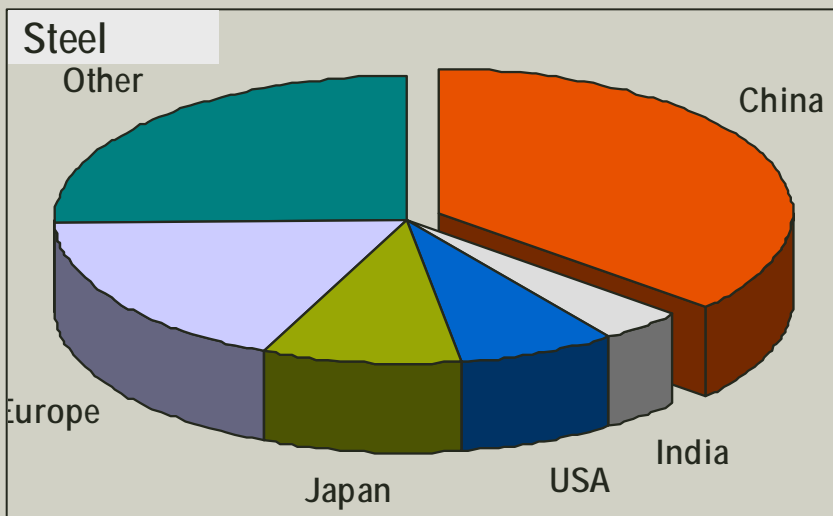
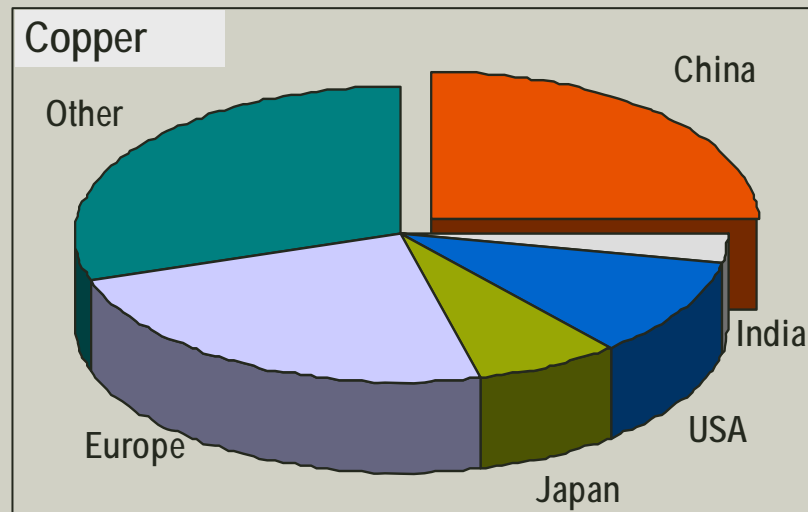
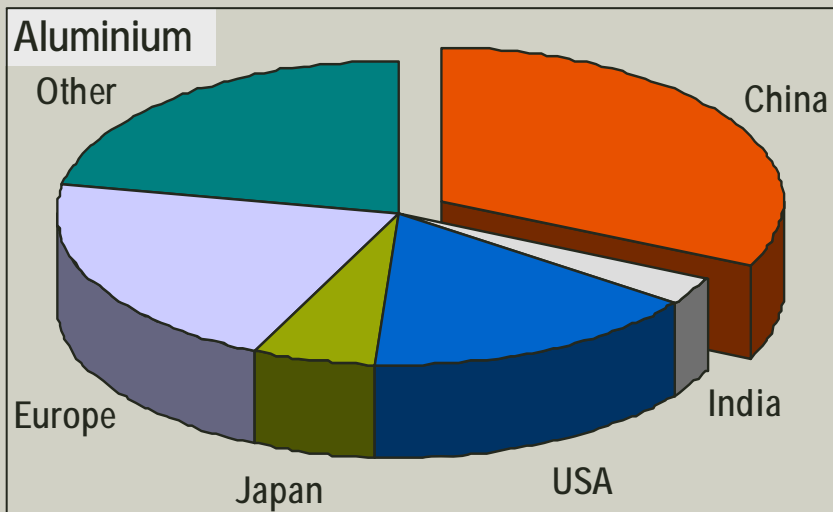
Half year ended December (US\$m)	2007	2006
Operating cash flow and dividends <sup>(1)</sup>	11,600	10,188
Net interest paid	(313)	(231)
Tax paid <sup>(2)</sup>	(3,417)	(2,841)
<b>Net operating cash flow</b>	<b>7,870</b>	<b>7,116</b>
Capital expenditure	(3,753)	(3,466)
Exploration expenditure	(598)	(312)
Purchases of investments	(153)	(31)
Proceeds from sale of fixed assets & investments	134	298
<b>Net cash flow before dividends and funding</b>	<b>3,500</b>	<b>3,605</b>
Dividends paid <sup>(3)</sup>	(1,571)	(1,122)
<b>Net cash flow before funding &amp; buy-backs</b>	<b>1,929</b>	<b>2,483</b>

(1) Operating cash flow includes dividends received.

(2) Includes royalty related taxes paid.

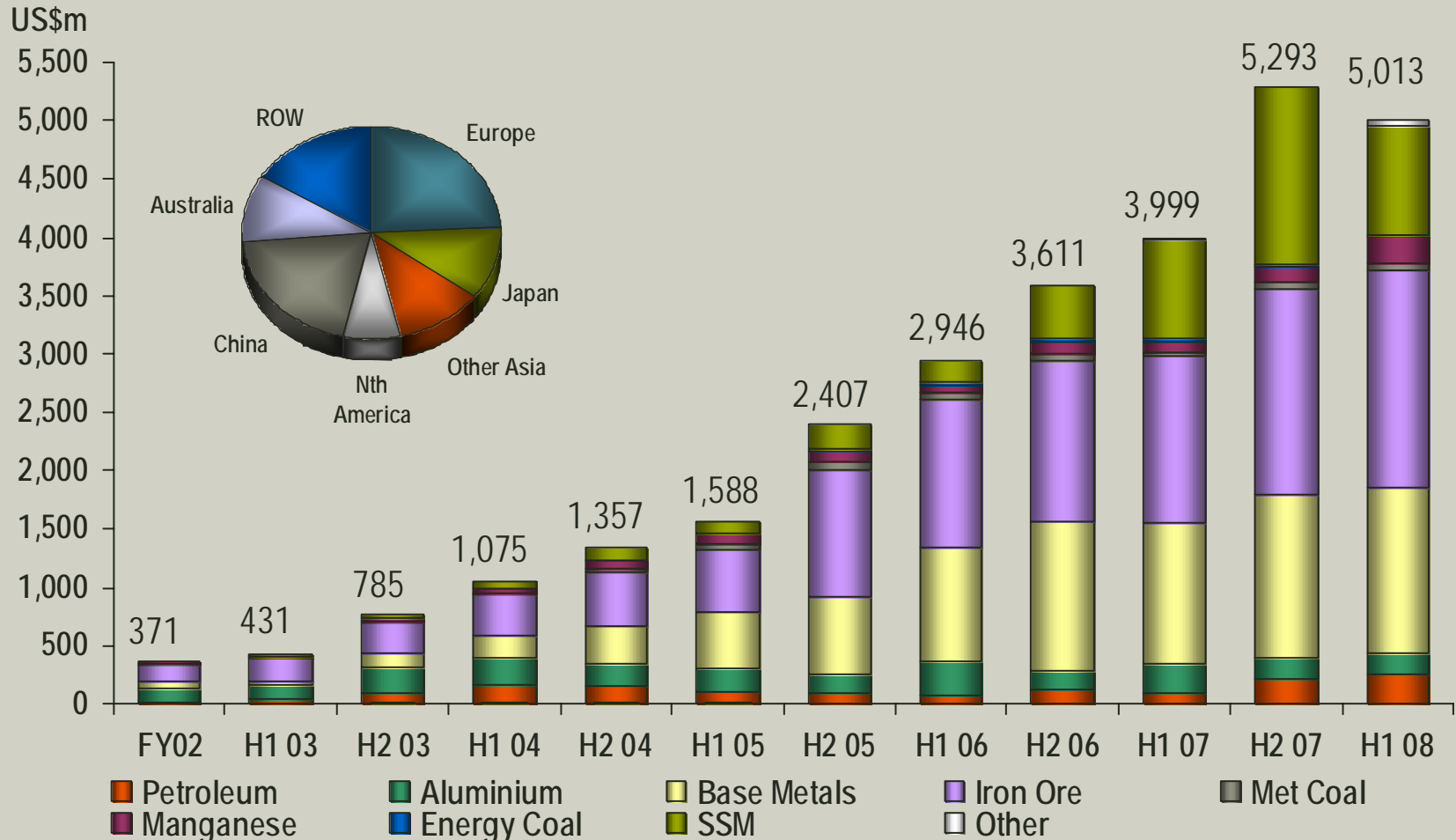
(3) Includes dividends paid to minority interests.

# Global commodity and energy consumption – China is the world's largest consumer of key raw materials

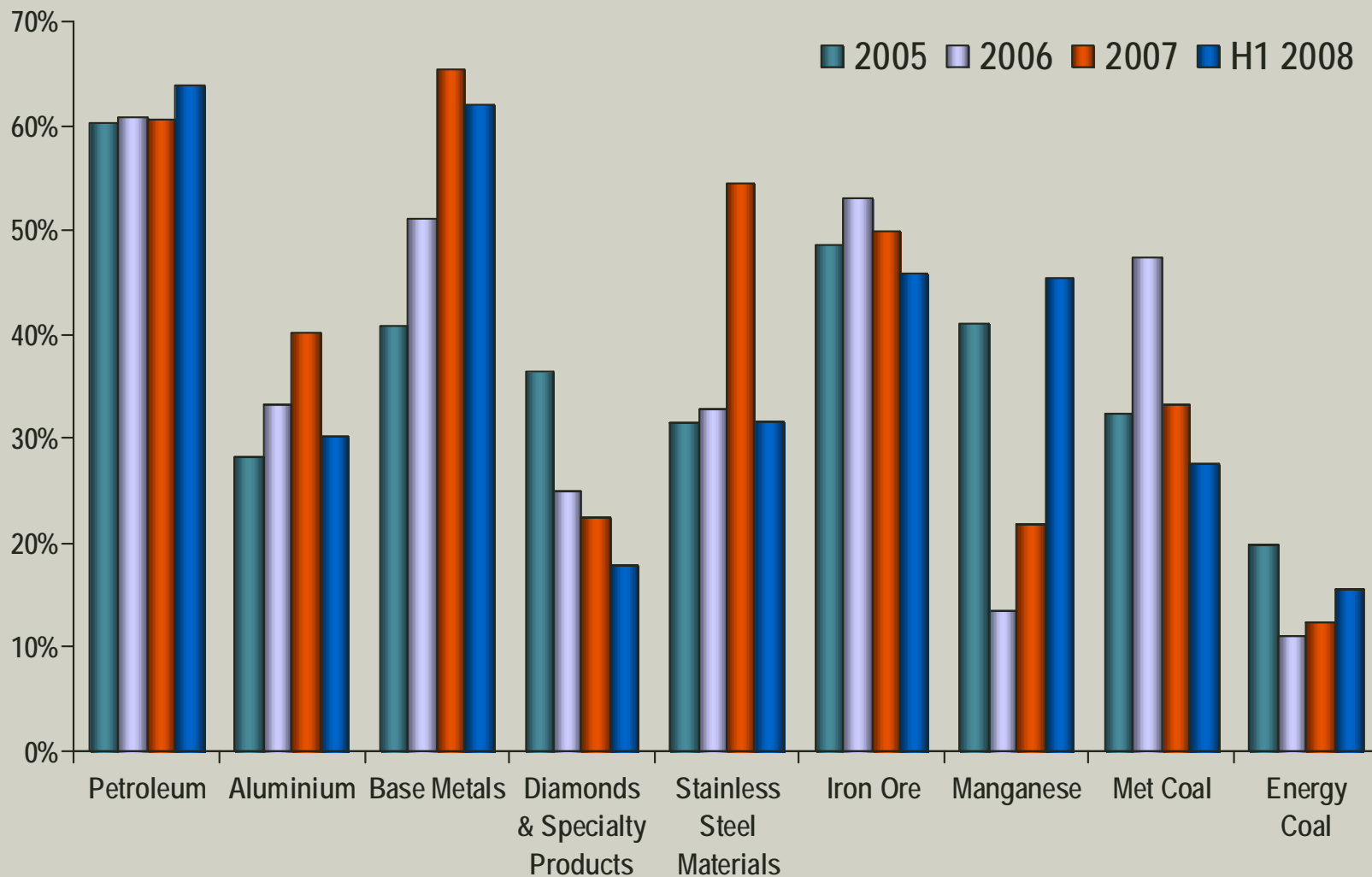


# China

- Diversification remains for sales into China
- Currently 20% of total company revenues



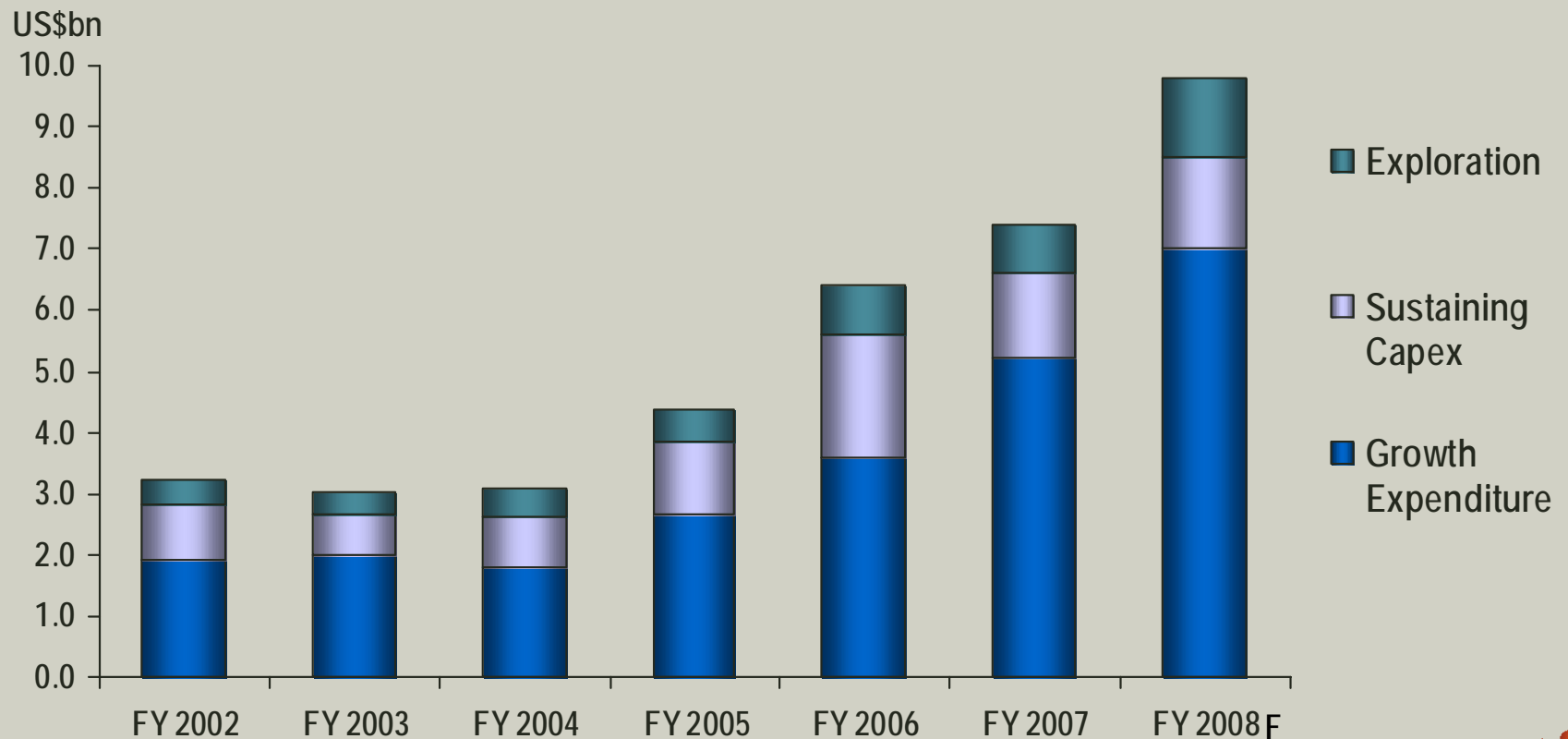
# EBIT margin<sup>(1)</sup> by Customer Sector Group



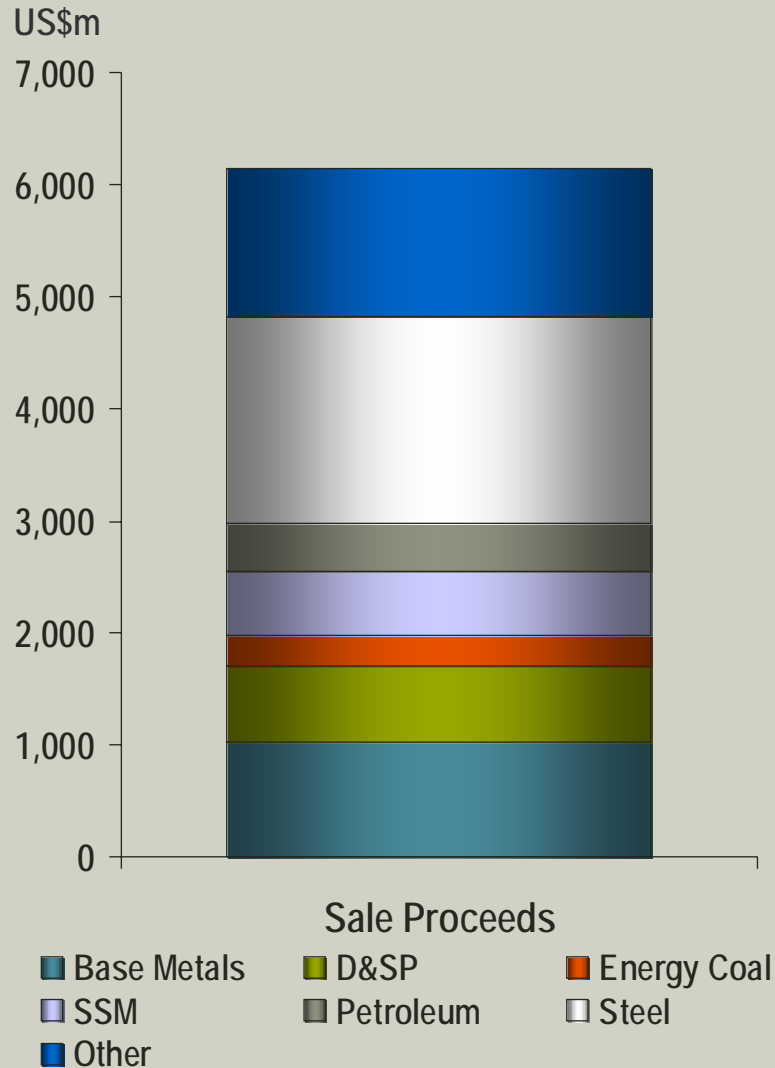
# Capital & exploration expenditure

US\$ Billion	2002	2003	2004	2005	2006	2007	2008F
Growth	1.9	2.0	1.8	2.6	4.2	5.2	7.1
Sustaining & Other	0.9	0.7	0.8	1.2	1.4	1.4	1.5
Exploration <sup>(1)</sup>	0.4	0.3	0.5	0.5	0.8	0.8	1.3
<b>Total</b>	<b>3.2</b>	<b>3.0</b>	<b>3.1</b>	<b>4.3</b>	<b>6.4</b>	<b>7.4</b>	<b>9.9</b>

(1) 2008 Forecast includes US\$600m for Petroleum



# Portfolio management – US\$6.1bn of disposals



Proceeds from sale of assets	US\$m
Dec 2007	139
FY 2007	444
FY 2006	934
FY 2005	1,035
FY 2004	277
FY 2003 <sup>(1)</sup>	2,472
FY 2002	845
<b>Total proceeds</b>	<b>6,146</b>

(1) Includes BHP Steel demerger and BHP Steel loans (net of cash disposed and costs)



# Key net profit sensitivities

Approximate impact <sup>(1)</sup> on FY 2008 net profit after tax of changes of:	(US\$m)
US\$1/t on iron ore price	60
US\$1/bbl on oil price	30
US\$1/t on metallurgical coal price	25
USc1/lb on aluminium price	25
USc1/lb on copper price	25
US\$1/t on energy coal price	25
USc1/lb on nickel price	2
AUD (USc1/A\$) Operations <sup>(2)</sup>	65
RAND (0.2 Rand/US\$) Operations <sup>(2)</sup>	35

# Sanctioned development projects (US\$9.6bn)

Minerals Projects	Commodity	Share of Approved Capex US\$m	Initial Production Target Date	Production Capacity (100%)	Progress
Alumar Refinery Expansion (Brazil) – 36%	Alumina	725	Q2 CY09	2 million tpa	On time and budget.
Western Australia Iron Ore RGP 4 (Australia) – 86.2%	Iron Ore	1,850	H1 CY10	Increase system capacity to 155 million tpa	On time and budget.
Samarco Third Pellet Plant (Brazil) – 50%	Iron Ore	590	H1 CY08	7.6 million tpa	On time and budget.
GEMCO (Australia) – 60 %	Mn Ore	110	H1 CY09	Additional 1 million tpa manganese concentrate	Sanctioned
Klipspruit – 100%	Energy Coal	450	H2 CY09	Incremental 1.8 million tpa export coal Incremental 2.1 million tpa domestic	Sanctioned
Newcastle Third Port (Australia) – 35.5%	Energy Coal	390	End CY10	Third coal berth capable of handling an estimated 30 million tpa	Sanctioned

## Sanctioned development projects (US\$9.6bn) cont.

Minerals Projects (cont'd)	Commodity	Share of Approved Capex US\$m	Initial Production Target Date	Production Capacity (100%)	Progress
Yabulu (Australia) – 100%	Nickel	556	Q1 CY08	45,000 tpa nickel	On revised schedule and budget
Cliffs (Australia) – 100%	Nickel	139	H1 CY08	360,000 tpa nickel ore	On time and budget.

Petroleum Projects	Commodity	Share of Approved Capex US\$m	Initial Production Target Date	Production Capacity (100%)	Progress
Zamzama Phase 2 (Pakistan) – 38.5%	Gas	46	H1 CY08	150 million cubic feet gas per day	On revised schedule and budget
Neptune (US) – 35%	Oil/Gas	405	Q1 CY08	50,000 barrels and 50 million cubic feet gas per day	On time and budget.
North West Shelf 5th Train (Australia) – 16.67%	LNG	350	Late CY08	LNG processing capacity 4.2 million tpa	On time and budget.

## Sanctioned development projects (US\$9.6bn) cont.

Petroleum Projects (cont'd)	Commodity	Share of Approved Capex US\$m	Initial Production Target Date	Production Capacity (100%)	Progress
North West Shelf Angel (Australia) – 16.67%	Oil/Gas	200	End CY08	800 million cubic feet gas per day and 50,000 bpd condensate	On time and budget.
Shenzi (US) – 44%	Oil/gas	1,940	Mid CY09	100,000 barrels and 50 million cubic feet of gas per day	On time and budget.
Atlantis North (US) – 44%	Oil/Gas	100	H2 CY09	Tie-back to Atlantis South	On time and budget.
Pyrenees (Australia) – 71.43%	Oil/Gas	1,200	H1 CY10	96,000 barrels of oil and 60 million cubic feet gas per day	On time and budget.
Kipper (Australia) – 32.5%-50%	Oil/Gas	500	CY11	10,000 bpd condensate and processing capacity of 80 million cubic feet gas per day	Sanctioned

## Development projects in feasibility (US\$6.5bn)

Minerals Projects (US\$4.7bn)	Commodity	Estimated Share of Capex* US\$m	Forecast Initial Production*	Project Capacity (100%)*
Worsley Efficiency and Growth (Australia) – 86%	Alumina	1,750	End CY10	1.1 million tpa
Guinea Alumina Project (Guinea) – 33.3%	Alumina	1,000	H2 CY11	3.2 million tpa
Bakhuis (Suriname) – 45%	Bauxite	320	H2 CY09	6.9 million tpa bauxite
Maruwai Stage 1 (Indonesia) – 100%	Met Coal	50	End CY08	1 million tpa clean coal
Maruwai (Indonesia) – 100%	Met Coal	405	H2 CY10	5 million tpa clean coal
Douglas-Middelburg Optimisation (South Africa) – 84%	Energy Coal	1,000	H1 CY08	Optimisation of existing reserve base

## Development projects in feasibility (US\$6.5bn) cont.

Minerals Projects (US\$4.7bn)	Commodity	Estimated Share of Capex* US\$m	Forecast Initial Production*	Project Capacity (100%)*
Mt Arthur Coal UG (Australia) – 100%	Energy Coal	475	End CY10	7 million tpa saleable coal
Navajo South Mine Extension (USA) – 100%	Energy Coal	480	End CY10	5.7 million tpa saleable coal
Perseverance Deeps (Australia) – 100%	Nickel	500	H2 CY13	Maintain Nickel West system capacity

Petroleum Projects (US\$600m)	Commodity	Estimated Share of Capex* US\$m	Forecast Initial Production*	Project Capacity (100%)*
NWS North Rankin B – 16.67%	LNG	600	H2 CY12	LNG processing capacity 2.5 million tpa

# Development projects commissioned since July 2001

Project	Our Share of Capex		Initial Production Date	
	Budget US\$m	Actual US\$m	Budget	Actual
Antamina (Peru) – 33.75%	775	752	Q2 CY01	Q2 CY01
Typhoon (US) – 50%	128	114	Q3 CY01	Q3 CY01
Tintaya Oxide (Peru) – 99.9%	138	120	Q2 CY02	Q2 CY02
Escondida Phase IV (Chile) – 57.5%	600	543	Q3 CY02	Q3 CY02
San Juan Underground (US) – 100%	146	143	Q3 CY02	Q3 CY02
Bream Gas Pipeline (Australia) – 50%	50	34	Q2 CY03	Q4 CY02
Mozal 2 (Mozambique) – 47.1%	405	311	Q4 CY03	Q2 CY03
Zamzama (Pakistan) – 38.5%	40	40	Q3 CY03	Q2 CY03
Area C (Australia) – 85%	181	171	Q4 CY03	Q3 CY03
Mt Arthur North (Australia) – 100%	411	380	Q4 CY03	Q4 CY03
Hillside 3 (South Africa) – 100%	449	411	Q2 CY04	Q4 CY03
Ohanet (Algeria) – 45%	464	464	Q4 CY03	Q4 CY03
Cerrejon Zona Norte (Colombia) – 33.3%	50	33	Q1 CY04	Q1 CY04
Products & Capacity Expansion (Australia) – 85%	299	266	Q2 CY04	Q1 CY04

# Development projects commissioned since July 2001

Project	Our Share of Capex		Initial Production Date	
	Budget US\$m	Actual US\$m	Budget	Actual
WA Iron Ore Accelerated Expansion (Australia) – 85%	83	80	Q2 CY04	Q2 CY04
NWS Train 4 (Australia) – 16.7%	247	252	Mid CY04	Mid CY04
ROD (Algeria) – 36%	192	192	Q4 CY04	Q4 CY04
GoM Pipelines Infrastructure (US) – 22/25%	132	132	Q4 CY04	Q4 CY04
Western Australia Iron Ore RGP (Australia) – 85%	95	101	Q4 CY04	Q4 CY04
Mad Dog (US) – 23.9%	368	370	End CY04	Jan 2005
Minerva (Australia) – 90%	150	157	Q4 CY04	Jan 2005
Angostura (Trinidad) – 45%	327	337	End CY04	Jan 2005
Panda Underground (Canada) – 80%	146	139	Early CY05	April 2005
Dendrobium (Australia) – 100%	200	200	Mid CY05	April 2005
BMA Phase 1 (Including Broadmeadow) (Australia) – 50%	90	100	Mid CY05	Mid CY05
Escondida Norte (Chile) – 57.5%	230	251	Q4 CY05	Oct 2005
Paranam Refinery Expansion (Suriname) – 45%	29	33	Q3 CY05	Q4 CY05
Worsley Development Capital Project (Australia) – 86%	165	188	Q1 CY06	Q2 CY06



# Development projects commissioned since July 2001

Project	Our Share of Capex		Initial Production Date	
	Budget US\$m	Actual US\$m	Budget	Actual
Escondida Sulphide Leach (Chile) – 57.5%	500	566	H2 CY06	Q2 CY06
Western Australia Iron Ore RGP2 (Australia) – 85%	489	501	H2 CY06	Q2 CY06
Spence (Chile) – 100%	990	1,100	Q4 CY06	Q4 CY06
BMA Phase 2 (Australia) – 50%	88	88 <sup>(1)</sup>	H2 CY06	Q4 CY06
Blackwater Coal Preparation (Australia) – 50%	100	140 <sup>(1)</sup>	Mid CY07	H1 CY07
Genghis Khan (US) – 44%	365	365 <sup>(1)</sup>	H2 CY07	H2 CY07
Atlantis South (US) – 44%	1,630	1,630 <sup>(1)</sup>	H2 CY07	H2 CY07
Stybarrow (Australia)- 50%	380	380 <sup>(1)</sup>	Q2 CY08	Q2 CY08
Koala Underground (Canada) – 80%	200	176	End CY07	End CY07
Ravensthorpe (Australia) – 100%	2,200	2,079 <sup>(1)</sup>	Q1 CY08	Q4 CY07
Pinto Valley (USA) – 100%	140	144 <sup>(1)</sup>	Q4 CY07	Q4 CY07
Western Australia Iron Ore RGP3 (Australia) – 86.2%	1,300	1,300 <sup>(1)</sup>	Q4 CY07	Q4 CY07