

New York



Shanghai



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Growth and evolution of commodities demand

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4 May 2011



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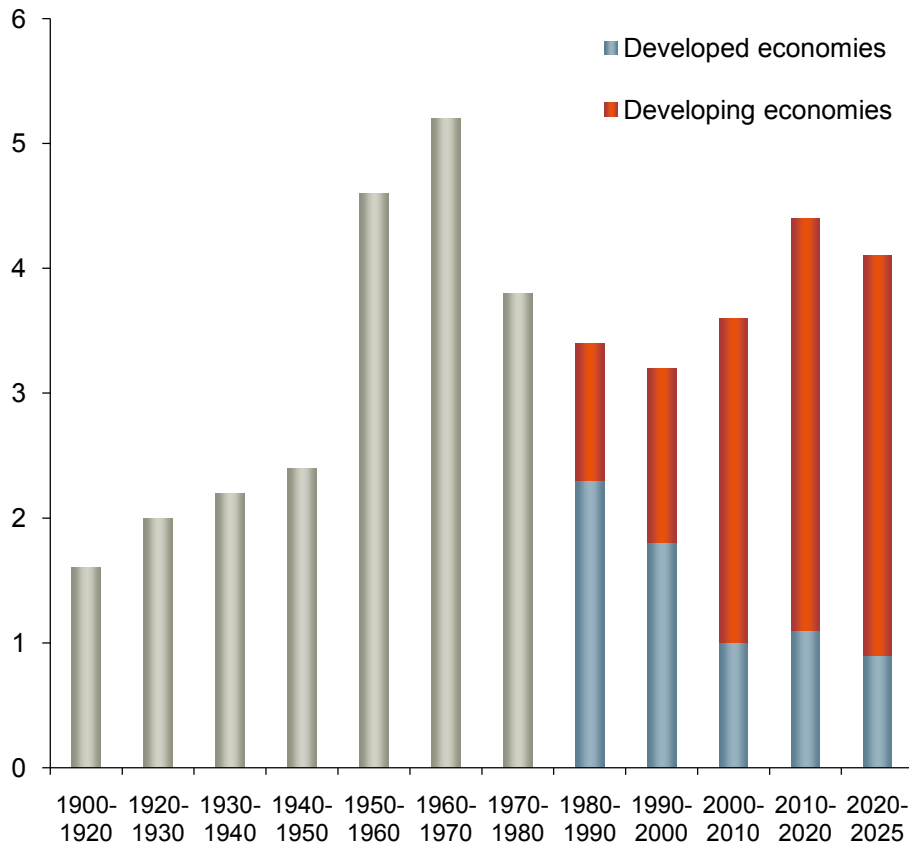
Non-GAAP Financial Information

BHP Billiton results are reported under International Financial Reporting Standards (IFRS). References to Underlying EBIT and EBITDA exclude any exceptional items. A reconciliation to statutory EBIT is contained within the profit announcement, available at our website www.bhpbilliton.com.

- **Beliefs behind commodity demand forecasts**
- Evolution of commodities demand
- Well positioned for diversified, tier 1 growth
- Concluding remarks

Above trend GDP growth forecast for the next decade despite softer OECD fundamentals

Global GDP growth rate
(% per annum)



GDP growth has two main drivers

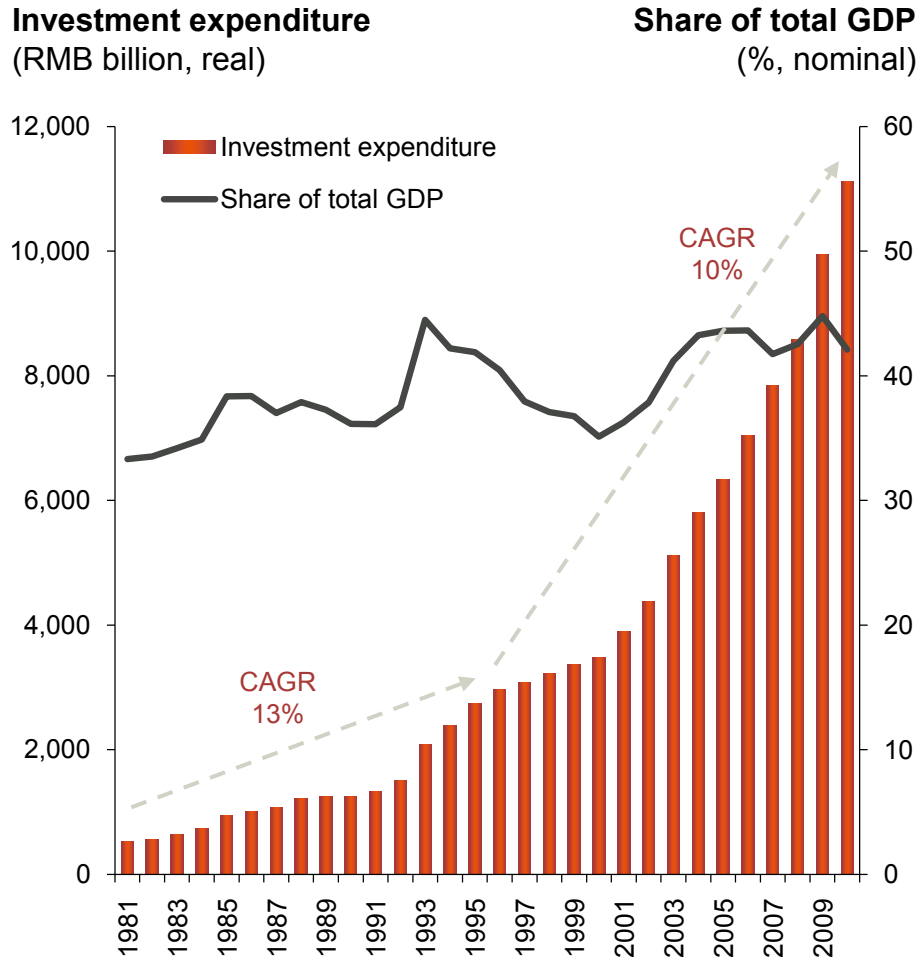
- **Demographic** factors including the size and age profile of a population and degree of urbanisation
- **Productivity** factors including education, infrastructure and the efficiency of capital allocation

China will become increasingly influential

- Despite the global financial crisis, global growth rates improved in the last decade
- Decelerating Chinese growth rates are expected to be offset by the larger size of the Chinese economy

Source: 1900 to 1980 – J. Bradford De Long (“Estimates of World GDP”, 1998); 1980 to 2010 – IMF World Economic Outlook Database; 2010 to 2025 Forecast – Global Insight.

The positive global outlook doesn't rely upon aggressive underlying assumptions for China...



Urbanisation rates

- In the first half of this decade 20 million people per year will move into cities
- However, the rate of urbanisation will slow

Construction

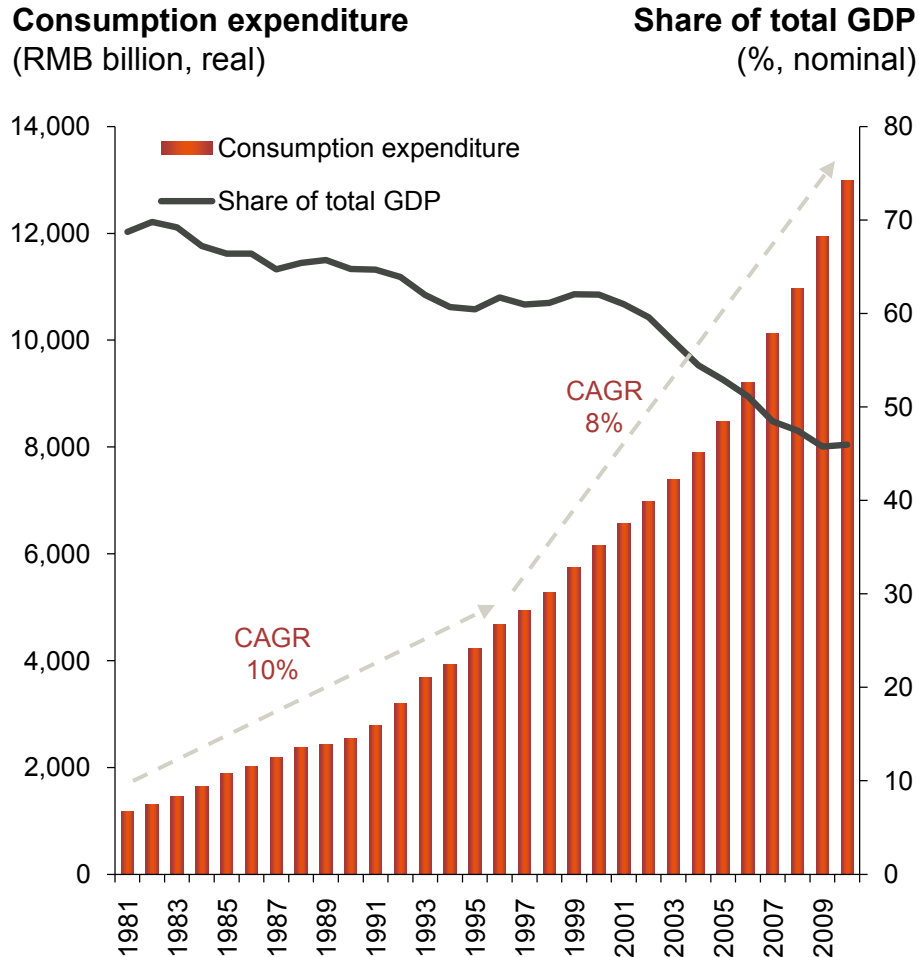
- The rate of growth in construction will decelerate in the next decade
- By 2025 the rate of addition of new urban floor space will fall by half

Infrastructure

- New city clusters will develop requiring new transportation and energy infrastructure
- Development of the Western Provinces will be resource intensive

Source: Global Insight.

...nor unrealistic assumptions for Chinese consumption growth



Consumption has grown at a rapid rate

- Consumption has been growing rapidly although less than overall GDP growth
- Incomes will be driven by labour productivity
- Rising incomes will support consumption of goods and services

With the transition in the economy, GDP targets can be met with slowing investment

- In the last decade, investment growth (~12%) has outpaced consumption growth (~8%) with resultant overall GDP growth of ~10%

Source: Global Insight.

China has and will continue to enact policy to deliver a sustainable growth model



Great Hall of the People, Beijing

Policy is focused on sustainability

- Income and wealth distribution to place higher priority on individuals
- Increasing domestic demand focus

Policy to further support consumption

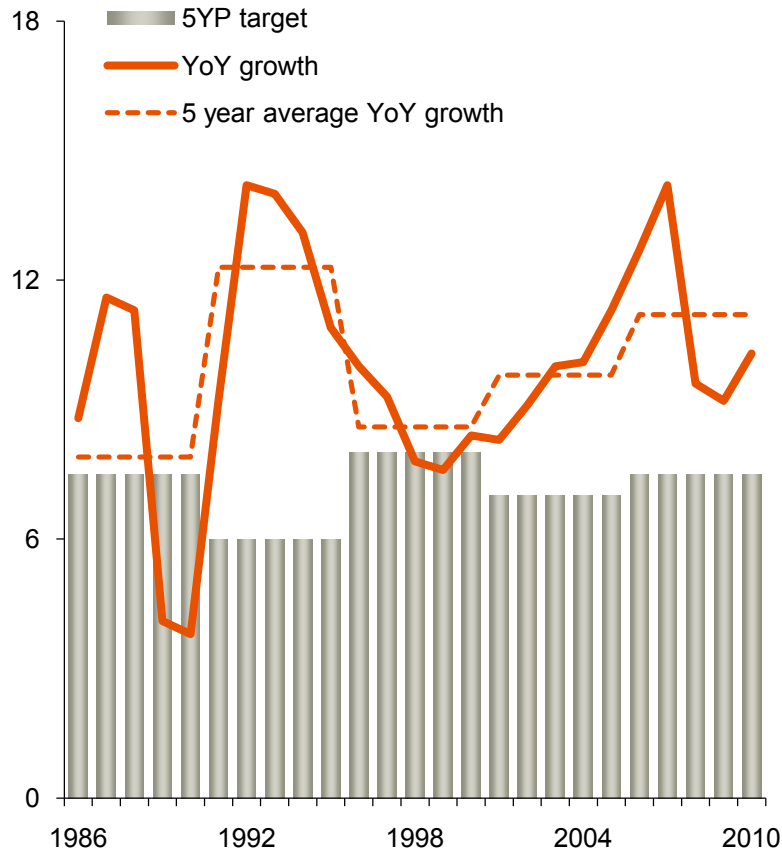
- Improvements in welfare, education and health reducing the need for precautionary savings
- Provision of 36 million new social housing units
- Shift in tax structures to promote consumption

The economic mix and structure will shift

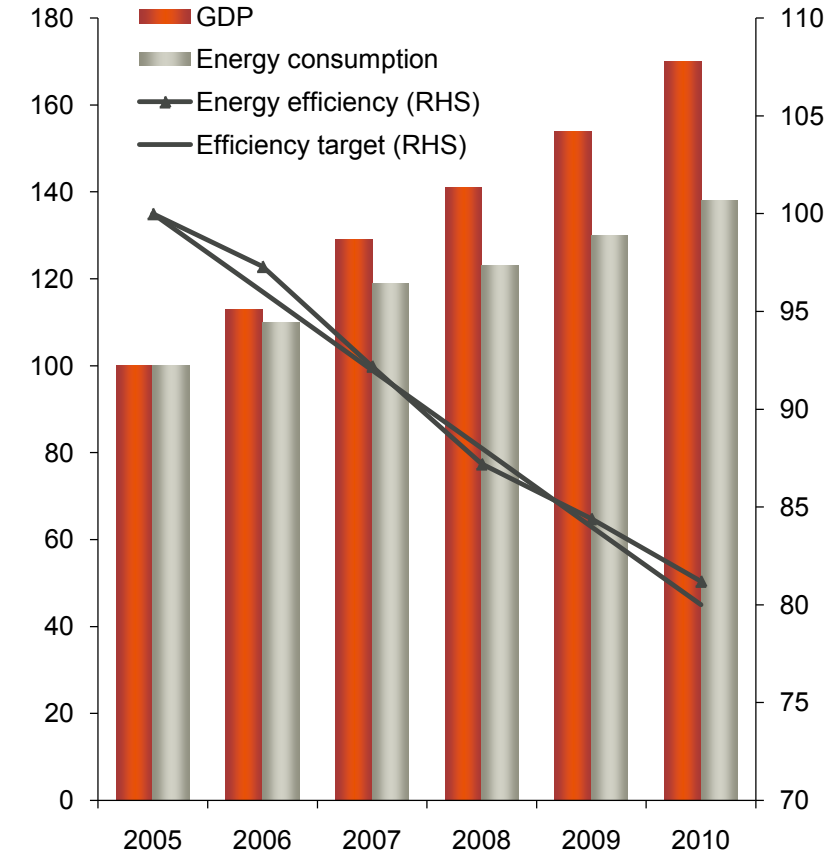
- New development will take place in the west and the interior of China
- More funding will be placed into research and development, and into higher value industries

Importantly, China has a track record of delivering

GDP growth target versus actual growth (%)



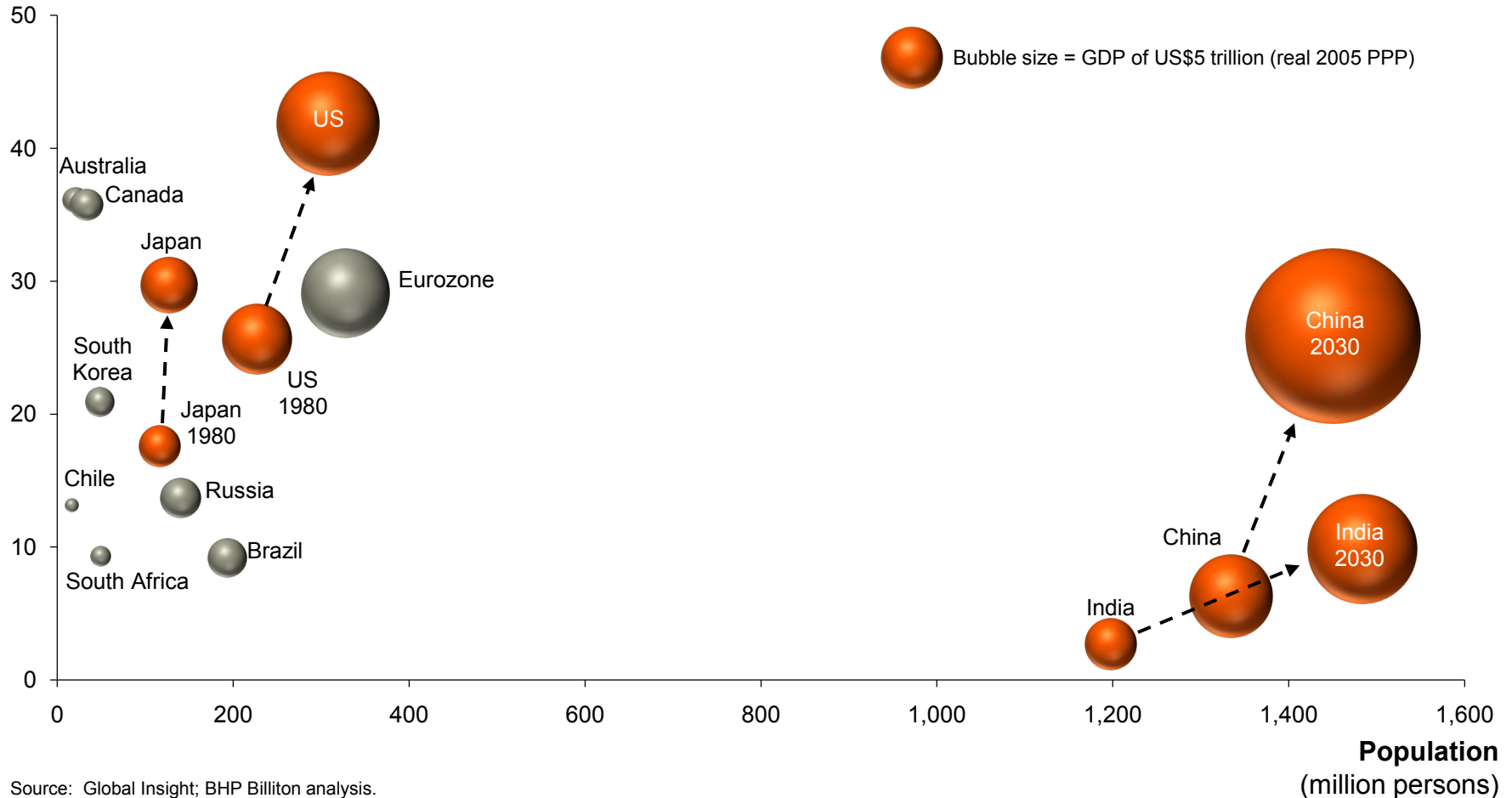
GDP growth versus energy consumption
Index (2005 = 100)



Source: China National Bureau of Statistics.

Chinese GDP is set to grow substantially to 2030

World GDP per capita¹
(US\$'000, real 2005 PPP)

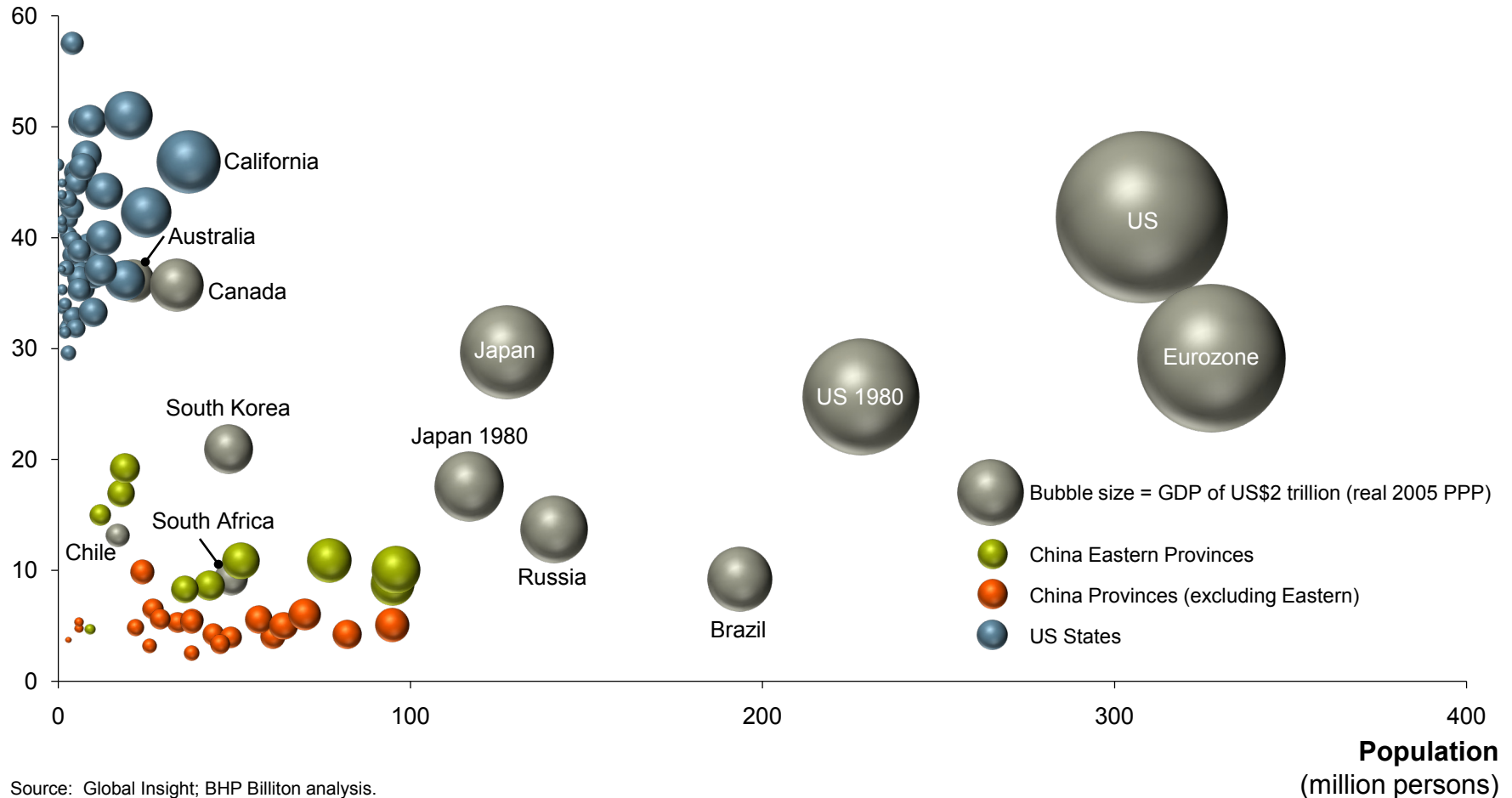


Source: Global Insight; BHP Billiton analysis.

1. All figures for 2009 unless mentioned otherwise.

Demographics still vary significantly across China

World GDP per capita¹
(US\$'000, real 2005 PPP)

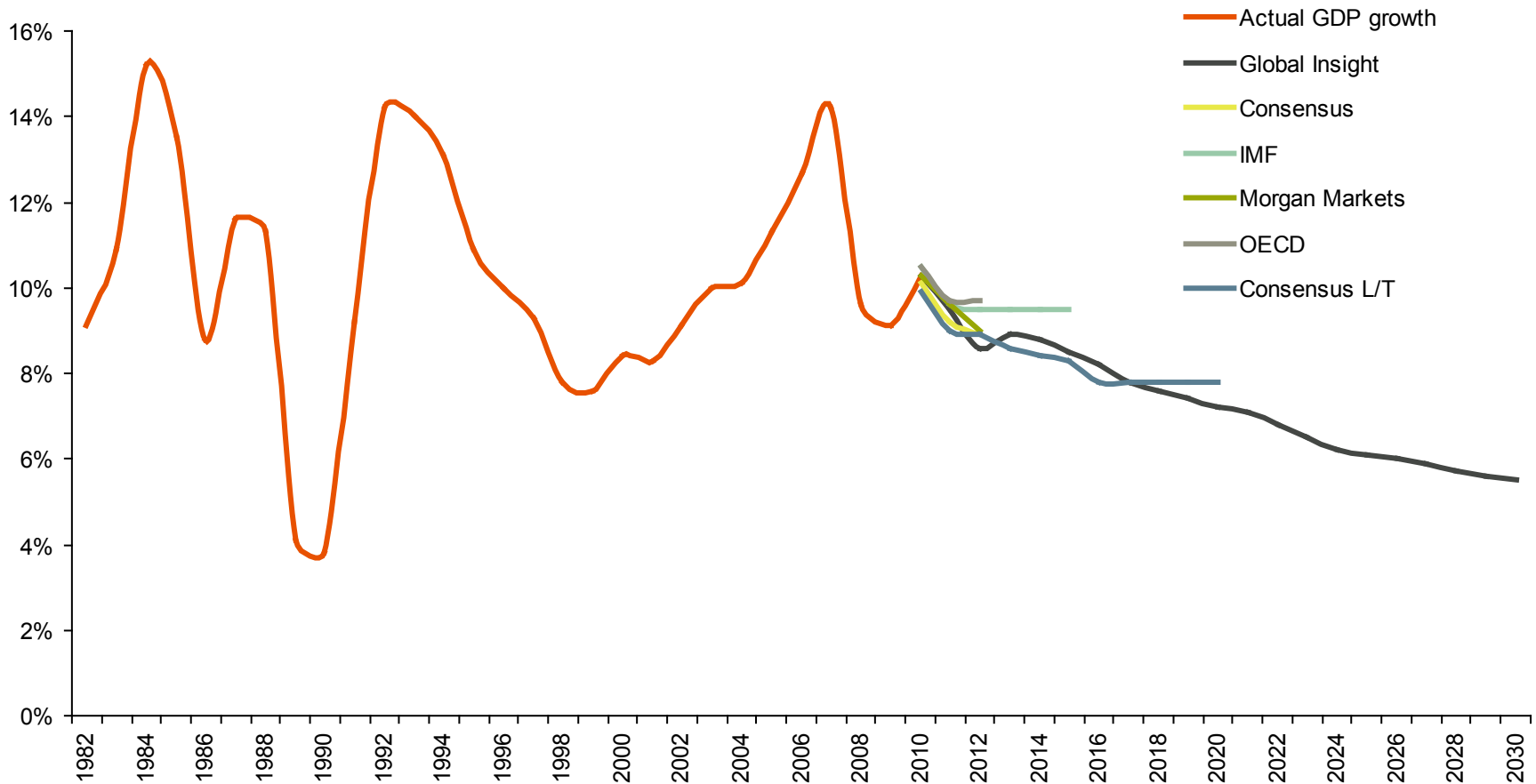


Source: Global Insight; BHP Billiton analysis.

1. All figures for 2009 unless mentioned otherwise.

Slowing growth in China simply reflects the natural progression of the economy

Chinese GDP growth (%)

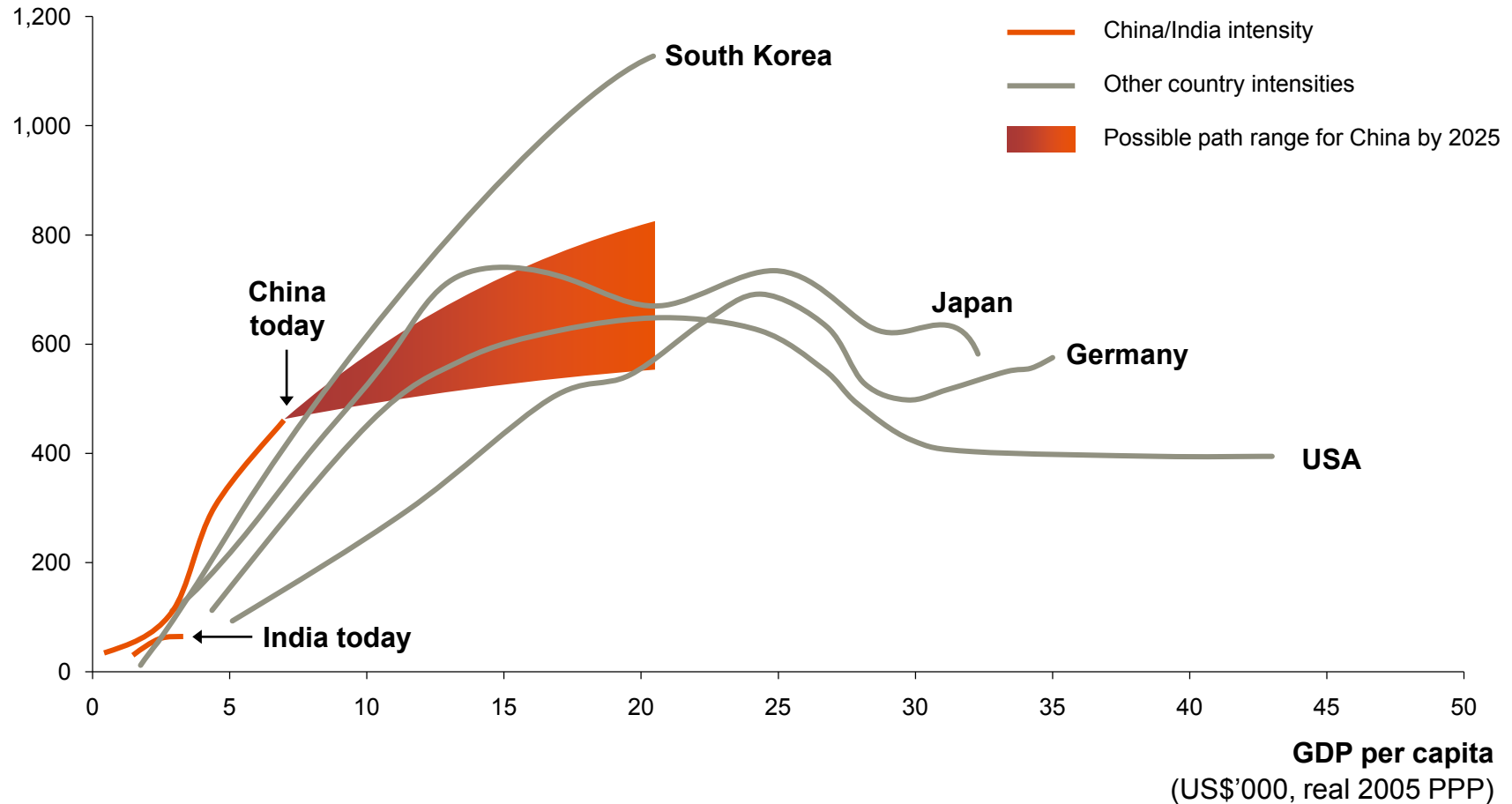


Source: Global Insight; IMF; Morgan Markets; OECD.

- Beliefs behind commodity demand forecasts
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Economic development is characterised by strong, early phase steel demand growth

Industrial development & steel consumption¹
(kg per capita)

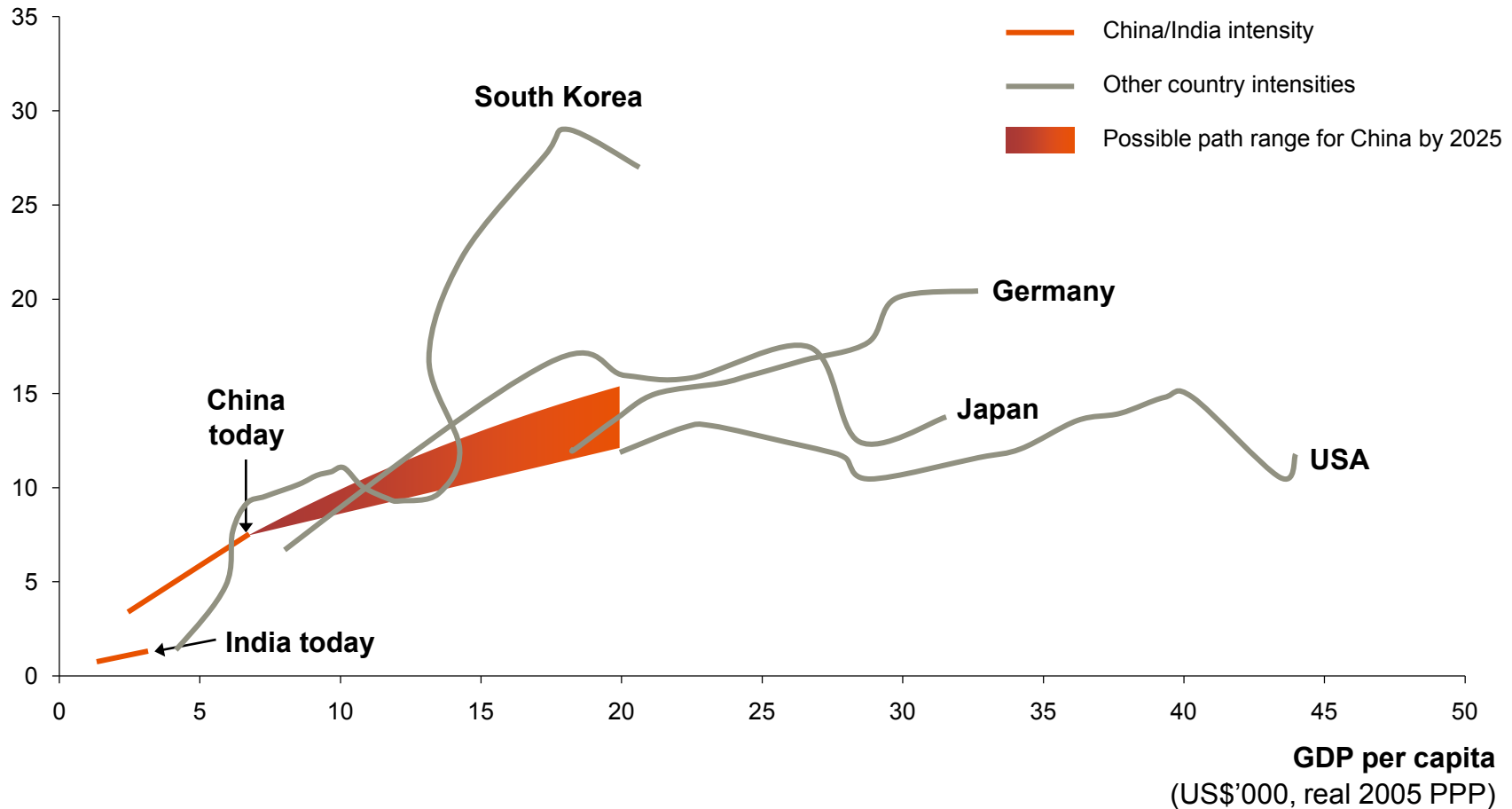


Source: CISA; worldsteel; Global Insight; JBS; BHP Billiton analysis.

1. Steel consumption on a crude steel equivalent basis.

Copper demand intensity follows a similar path, with a longer plateau

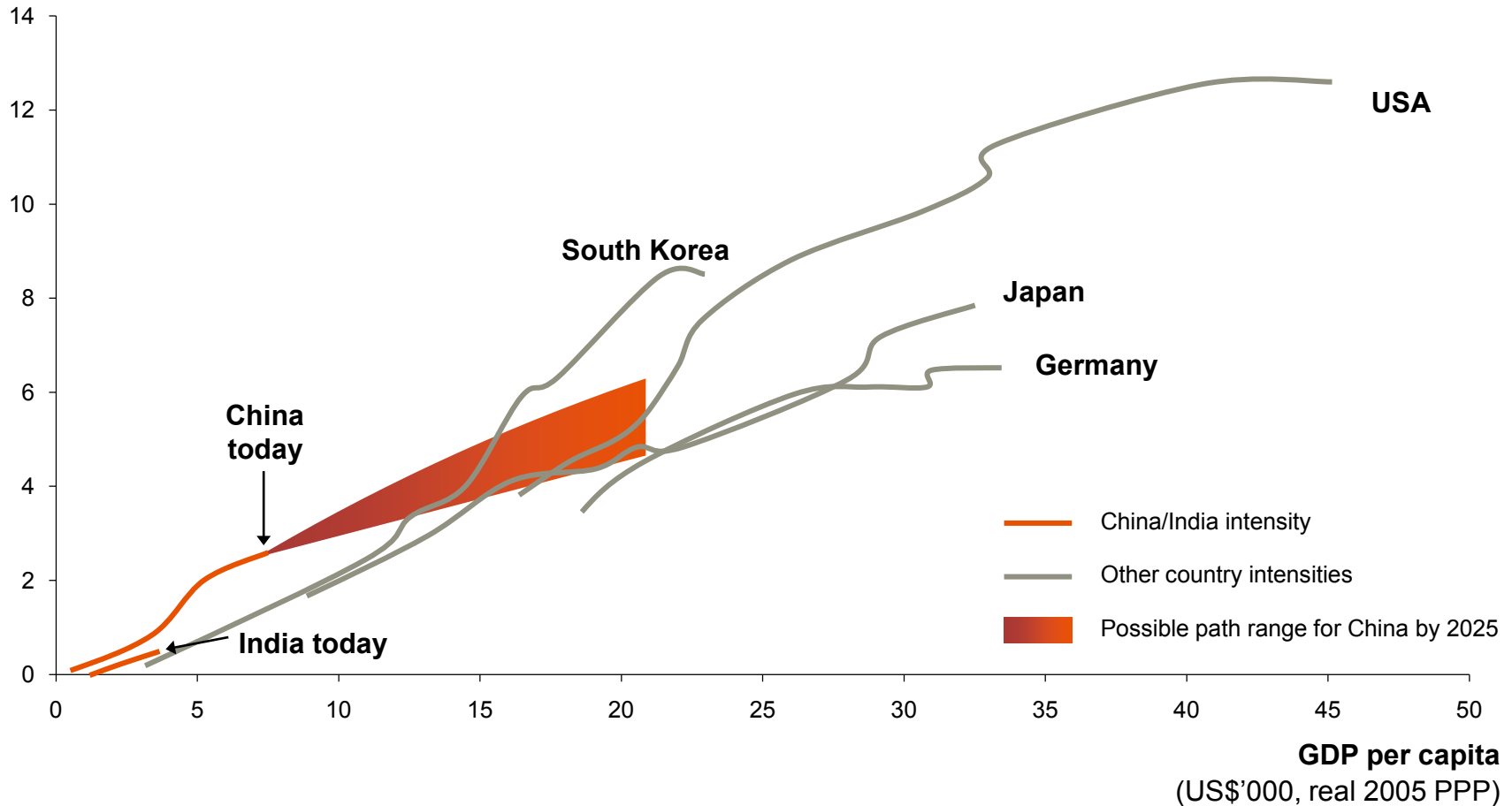
Semis copper consumption (kg per capita)



Source: World Bank (GDP and population); Brook Hunt; CRU; IISI; Global Insight; BHP Billiton analysis.

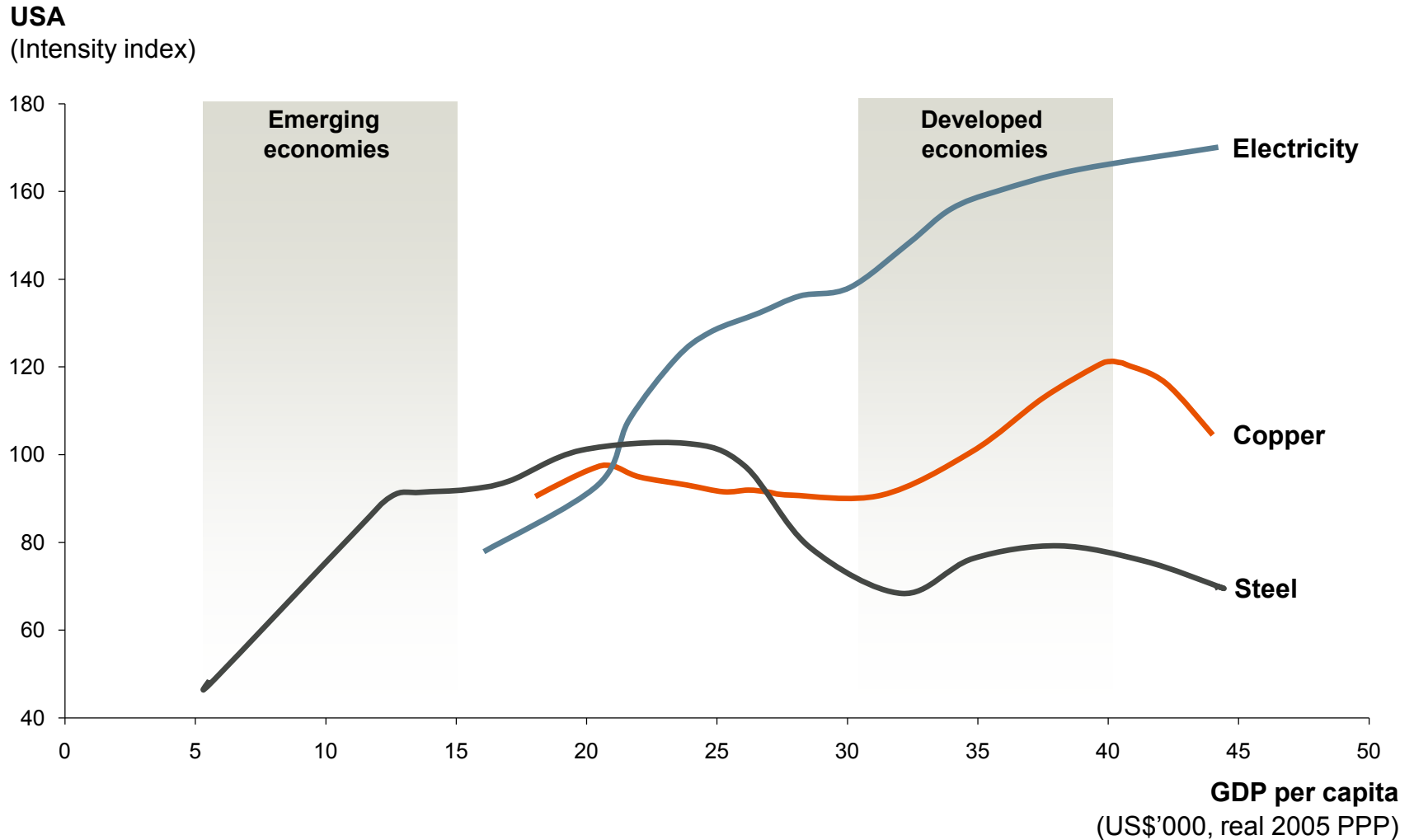
Electricity consumption continues to grow as economies mature

Electricity consumption
(MWh per capita)



Source: Global Insight; IEA; BHP Billiton analysis.

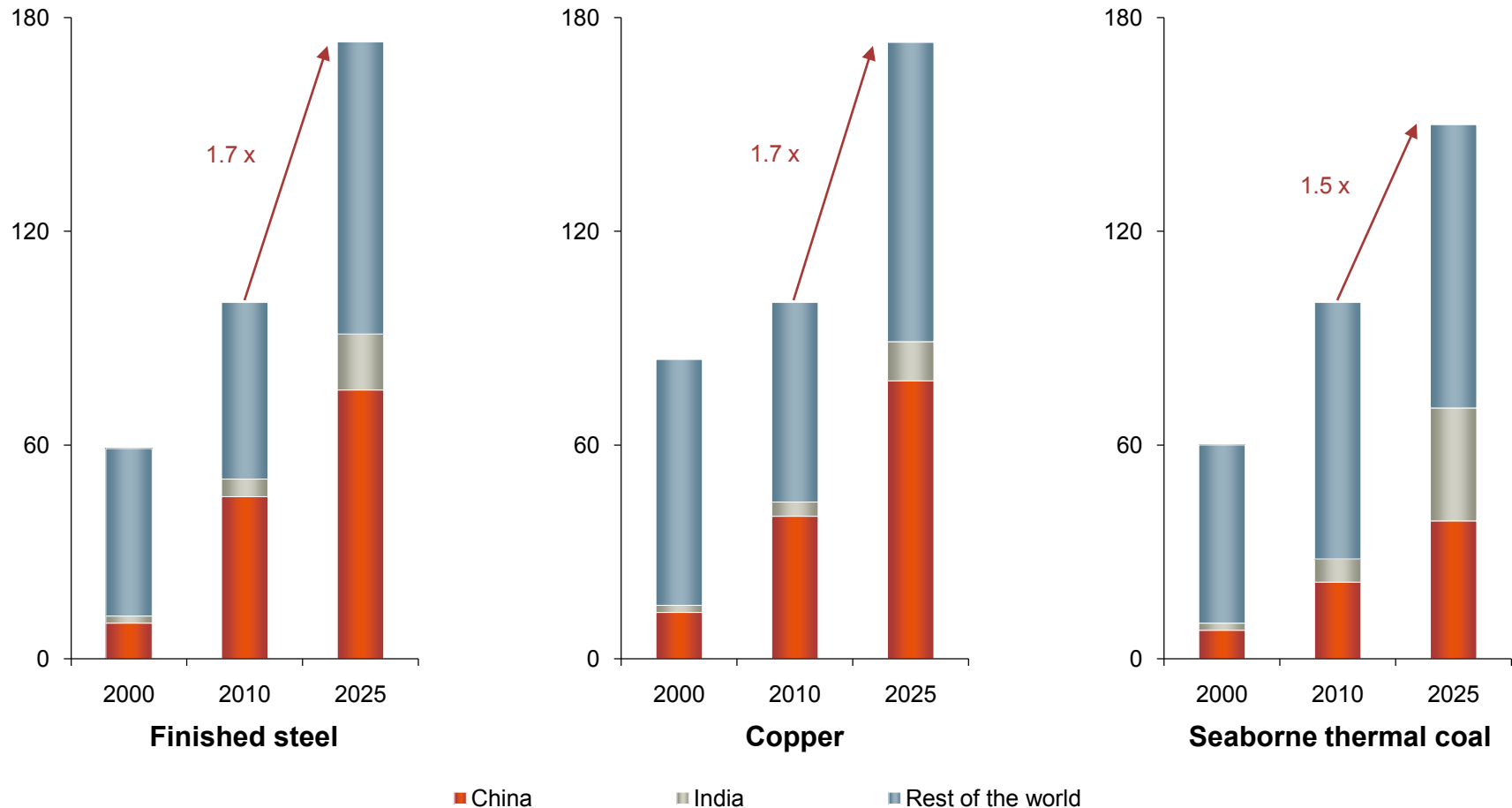
Commodity intensity trends evolve with economic development



Source: World Bank; Brook Hunt; CRU; IISI; Global Insight; CISA; worldsteel; JBS; IEA; BHP Billiton analysis.

Global commodity demand well supported by emerging market growth

Global commodity demand forecasts
Index (CY10 = 100)

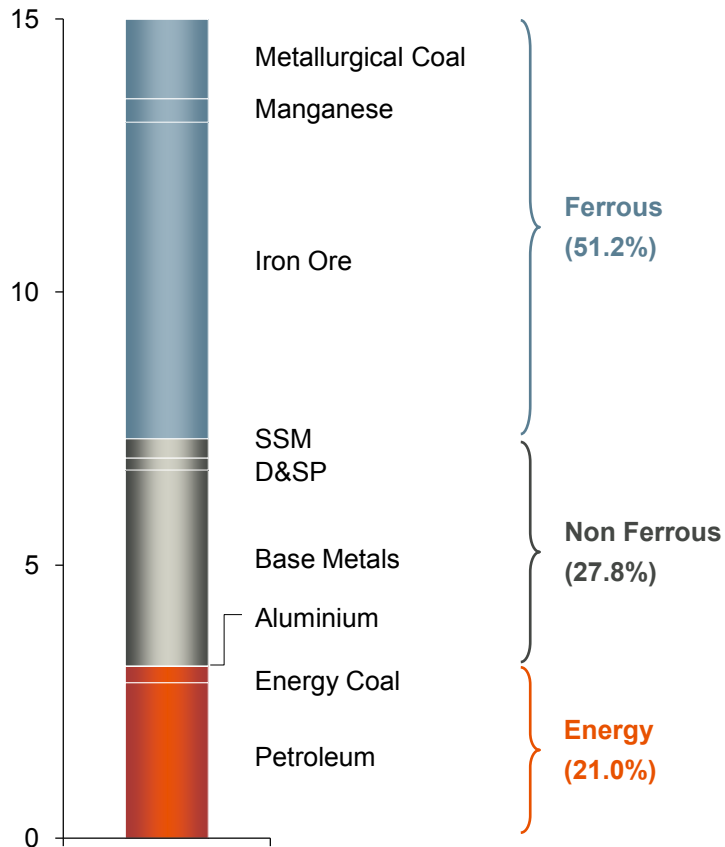


Source: Brook Hunt; IEA; CRU; BHP Billiton analysis.

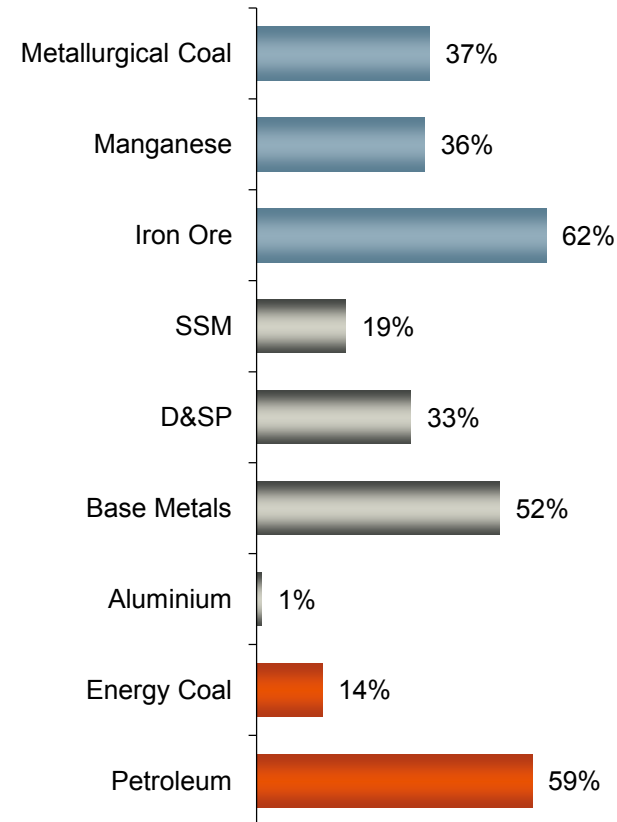
- Beliefs behind commodity demand forecasts
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BHP Billiton is well positioned for early and late stage economic development

Underlying EBIT
(H1 FY11, US\$ billion)



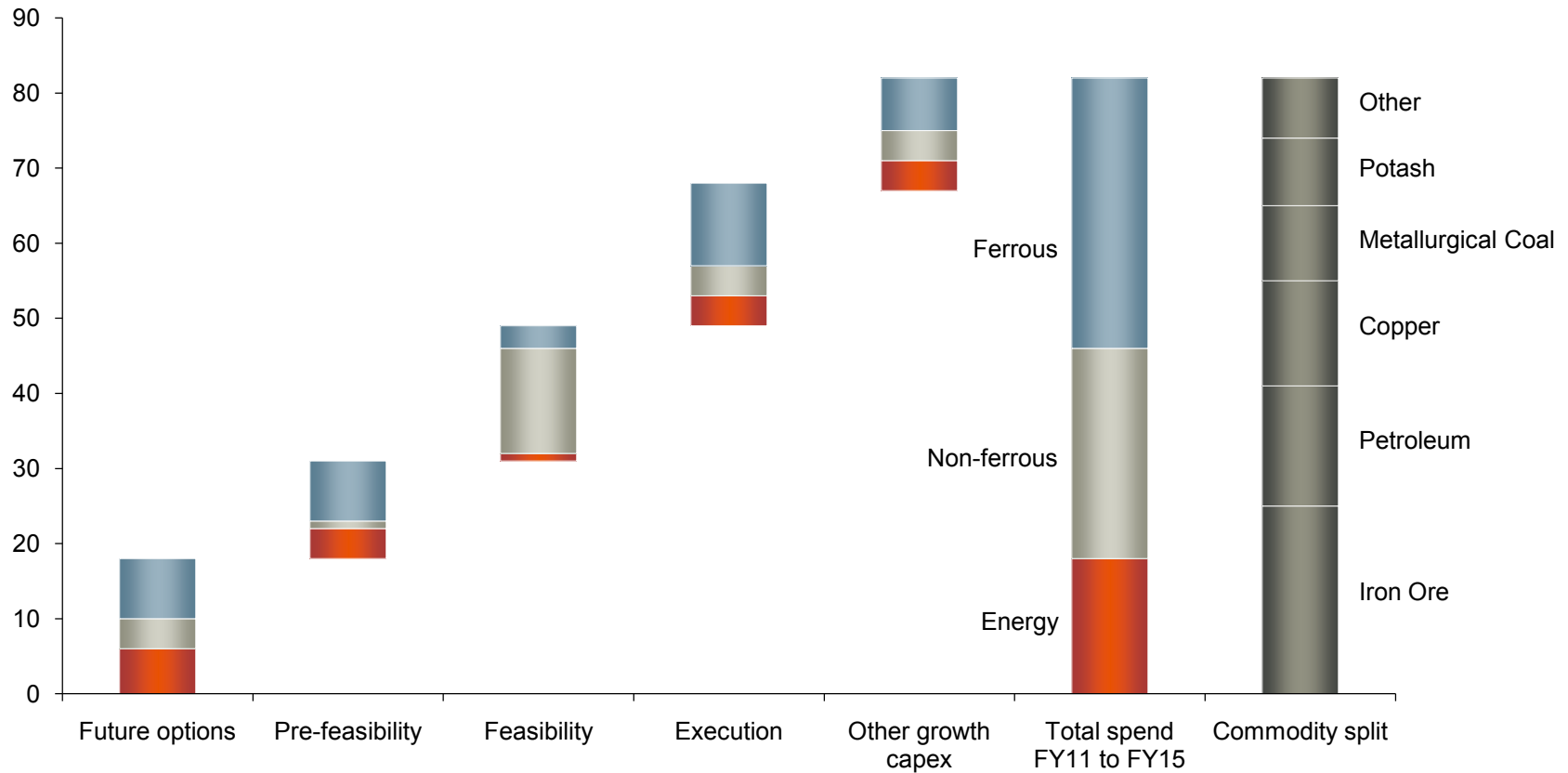
Underlying EBIT margin¹
(H1 FY11, %)



1. Excludes third party trading.

Significant investment underpins our tier 1 growth strategy

Strong pipeline of investment (US\$ billion)



Note: Excluding sustaining capital and exploration expenditure and future investment associated with the acquisition of the Fayetteville Shale.

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Concluding remarks

- Strong global GDP growth to continue
- Increasing impact of emerging economies on global growth
- China growth assumptions are realistic
- Relative commodity demand intensities to evolve over time
- BHP Billiton is well positioned to meet the growth opportunity as well as the evolution in demand intensities



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