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24 February 2015

To: Australian Securities Exchange  
New York Stock Exchange

### **INTERIM RESULTS PRESENTATION**

Attached are the presentation slides for a presentation that will be given by the Chief Executive Officer and Chief Financial Officer shortly.

The Webcast for this presentation can be accessed at:

<http://edge.media-server.com/m/p/esvjvhvn>

A handwritten signature in black ink, appearing to read 'R. Agnew', with a long horizontal flourish extending to the right.

**Rachel Agnew**  
Company Secretary

Port Hedland



# Interim results

## 2015 financial year

**Andrew Mackenzie** Chief Executive Officer  
**Peter Beaven** Chief Financial Officer  
24 February 2015



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## Forward-looking statements

This release contains forward-looking statements, including statements regarding: trends in commodity prices and currency exchange rates; demand for commodities; plans, strategies and objectives of management; closure or divestment of certain operations or facilities (including associated costs); anticipated production or construction commencement dates; capital costs and scheduling; operating costs and shortages of materials and skilled employees; anticipated productive lives of projects, mines and facilities; provisions and contingent liabilities; tax and regulatory developments.

Forward-looking statements can be identified by the use of terminology such as 'intend', 'aim', 'project', 'anticipate', 'estimate', 'plan', 'believe', 'expect', 'may', 'should', 'will', 'continue', 'annualised' or similar words. These statements discuss future expectations concerning the results of operations or financial condition, or provide other forward-looking statements.

These forward-looking statements are not guarantees or predictions of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are beyond our control, and which may cause actual results to differ materially from those expressed in the statements contained in this release. Readers are cautioned not to put undue reliance on forward-looking statements.

For example, our future revenues from our operations, projects or mines described in this release will be based, in part, upon the market price of the minerals, metals or petroleum produced, which may vary significantly from current levels. These variations, if materially adverse, may affect the timing or the feasibility of the development of a particular project, the expansion of certain facilities or mines, or the continuation of existing operations.

Other factors that may affect the actual construction or production commencement dates, costs or production output and anticipated lives of operations, mines or facilities include our ability to profitably produce and transport the minerals, petroleum and/or metals extracted to applicable markets; the impact of foreign currency exchange rates on the market prices of the minerals, petroleum or metals we produce; activities of government authorities in some of the countries where we are exploring or developing these projects, facilities or mines, including increases in taxes, changes in environmental and other regulations and political uncertainty; labour unrest; and other factors identified in the risk factors discussed in BHP Billiton's filings with the U.S. Securities and Exchange Commission (the "SEC") (including in Annual Reports on Form 20-F) which are available on the SEC's website at [www.sec.gov](http://www.sec.gov).

Except as required by applicable regulations or by law, the Group does not undertake any obligation to publicly update or review any forward-looking statements, whether as a result of new information or future events.

## Non-IFRS financial information

BHP Billiton results are reported under International Financial Reporting Standards (IFRS) including Underlying EBIT and Underlying EBITDA which are used to measure segment performance. This release may also include certain non-IFRS measures including Adjusted effective tax rate, Free cash flow, Net debt, Net operating assets, Underlying attributable profit, Underlying basic earnings per share, Underlying EBIT margin, Underlying EBITDA interest coverage, Underlying EBITDA margin, and Underlying return on capital. These measures are used internally by management to assess the performance of our business, make decisions on the allocation of our resources and assess operational management. Non-IFRS measures have not been subject to audit or review and should not be considered as an indication of or alternative to an IFRS measure of profitability, financial performance or liquidity.

## 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 or securities in the new company (if the demerger is implemented) in any jurisdiction, or be treated or relied upon as a recommendation or advice by BHP Billiton.

## Reliance on third-party information

The views expressed in this release contain information that has been derived from publicly available sources that have not been independently verified. No representation or warranty is made as to the accuracy, completeness or reliability of the information. This release should not be relied upon as a recommendation or forecast by BHP Billiton.





# Interim results

## 2015 financial year

**Andrew Mackenzie** Chief Executive Officer  
24 February 2015

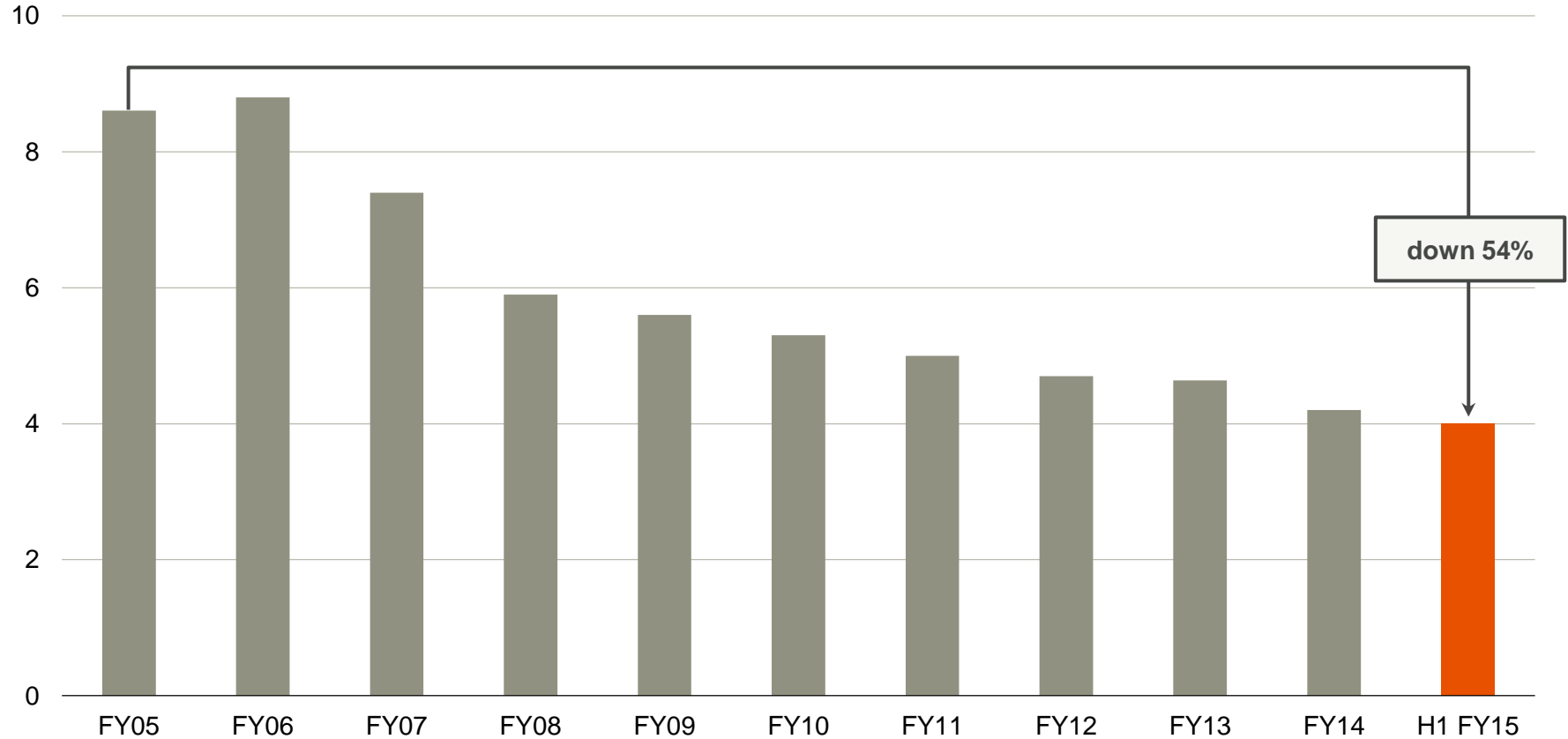


# Delivering on our commitments

- We continue to realise substantial productivity gains
- Our plans are flexible and we have reduced investment while preserving long-term value
- We have increased free cash flow to US\$4.1 billion despite weaker prices
- We have strengthened our balance sheet with net debt reduced to US\$24.9 billion
- We remain committed to our progressive base dividend
- The simplification of our portfolio is expected to unlock additional shareholder value
- The building blocks of our strategy are correct and our company is in great shape

# Safety is paramount

## Total Recordable Injury Frequency (TRIF) (number of recordable injuries per million hours worked)



# Robust financial results

- **Underlying EBITDA** of US\$14.5 billion, down 12%
- **Underlying attributable profit** of US\$5.4 billion, down 31%
- **Net operating cash flow** of US\$10.4 billion, down 12%
- **Capital and exploration expenditure**<sup>1</sup> of US\$6.4 billion, down 23%
- **Free cash flow** of US\$4.1 billion, up 21%
- **Underlying return on capital** of 11%
- **Interim dividend** up 5% to 62 US cents per share
- **Net debt** down to US\$24.9 billion

Note: Variance relates to the relative performance of BHP Billiton during H1 FY15 compared with H1 FY14.

1. BHP Billiton share; excludes capitalised deferred stripping and non-controlling interests; includes BHP Billiton proportionate share of equity accounted investments.



Angostura



# Interim results 2015 financial year

**Peter Beaven** Chief Financial Officer  
24 February 2015

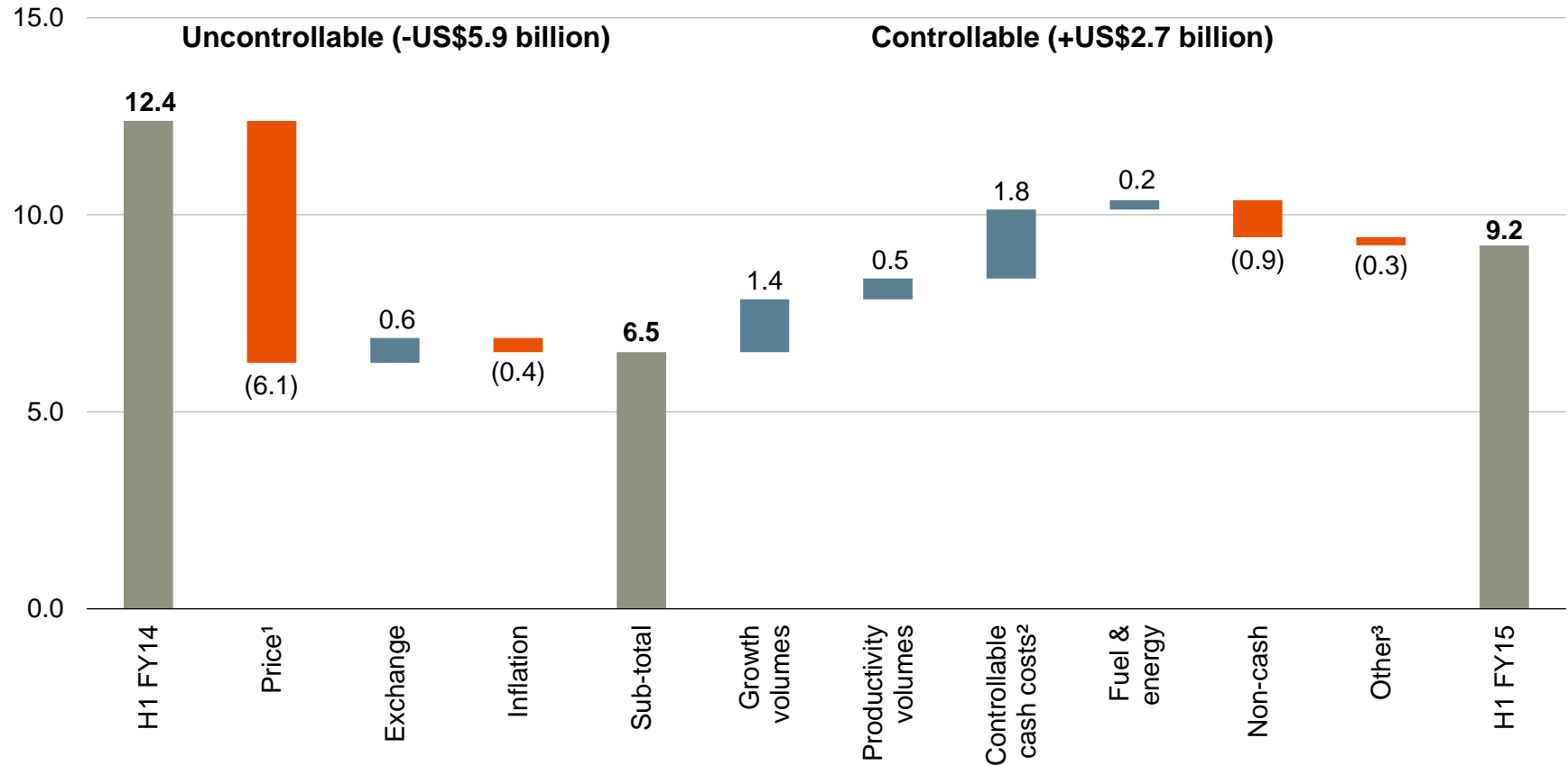


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# Focusing on the factors we control

## Underlying EBIT variance (US\$ billion)



1. Net of price-linked costs.

2. Controllable cash costs comprises operating cash costs and exploration and business development expense.

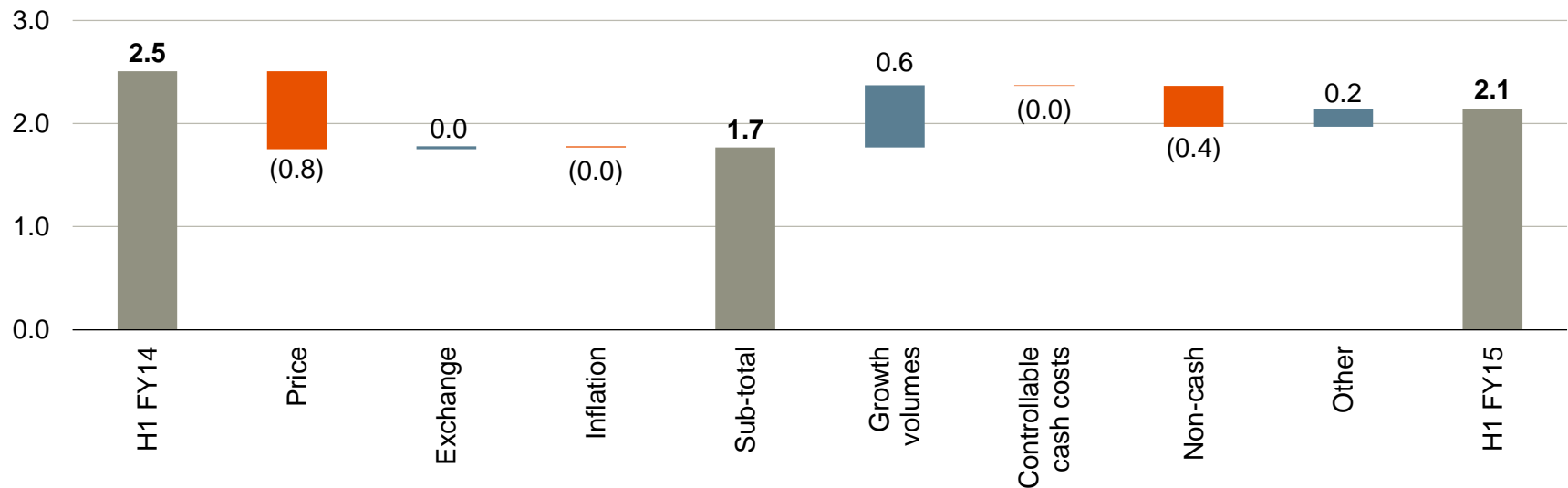
3. Other includes ceased and sold operations, asset sales and other items.

# Petroleum & Potash: continuing to increase operating productivity

- Production increased by 9% to a record 131 MMboe supported by a 71% increase in Onshore US liquids volumes, although this was offset by lower average realised petroleum prices
- Significant improvements in Onshore US productivity underpinned an 8% decline in unit cash costs<sup>1</sup> to US\$11.15 per barrel of oil equivalent
- The rise in non-cash costs reflects impairment charges associated with the divestment of conventional petroleum assets in North Louisiana and unconventional gas assets in the Pecos field in the Permian

## Underlying EBIT variance

(US\$ billion)

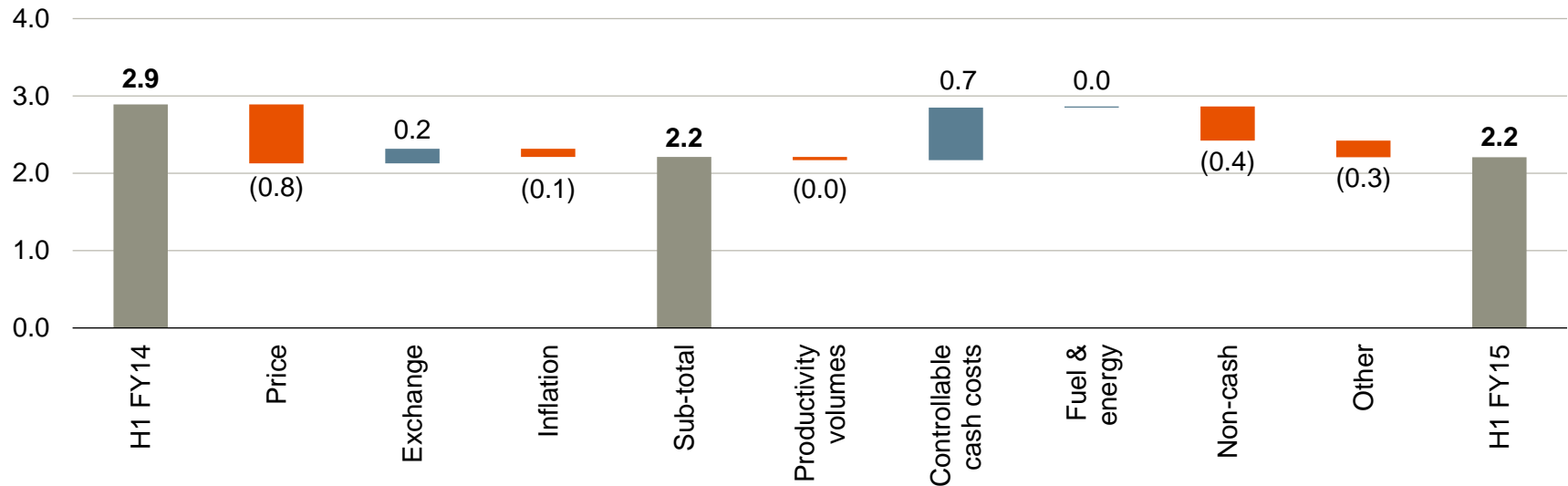


1. Excludes freight.

# Copper: improving cost efficiency mitigates price pressure

- Weaker base metal prices, including an 11% decline in the average realised price of copper, significantly affected profitability
- A 13% reduction in Escondida unit cash costs<sup>1</sup> to US\$1.06 per pound was achieved in H1 FY15
- Higher non-cash charges reflected a lower capitalisation rate for deferred stripping

## Underlying EBIT variance (US\$ billion)



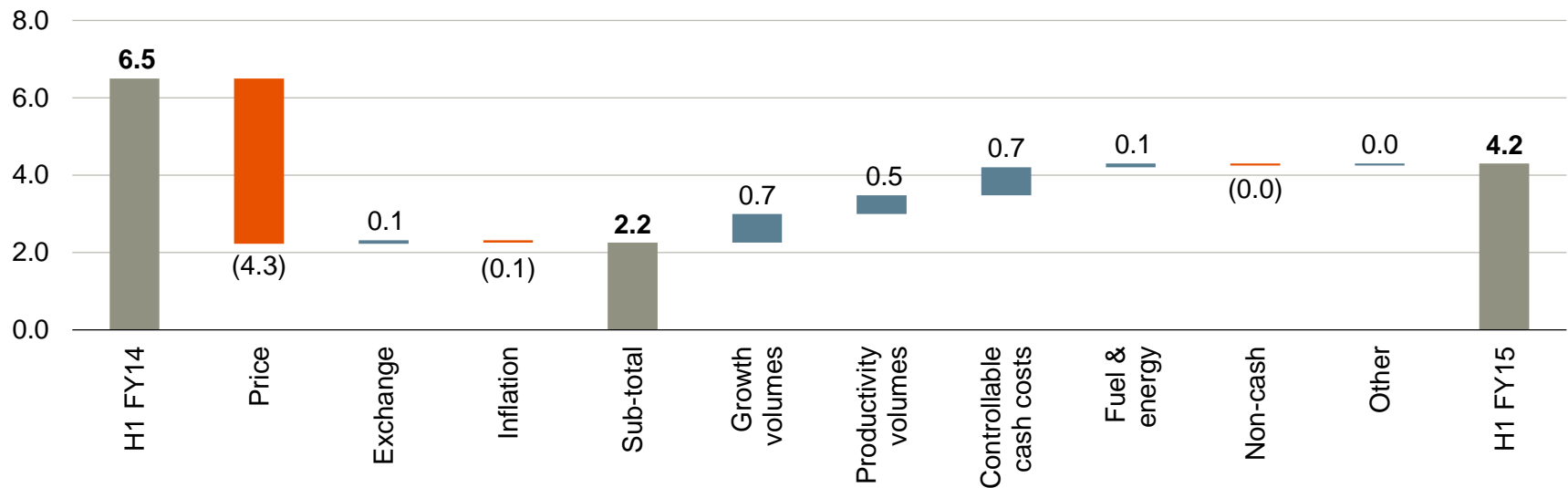
1. Excludes freight, treatment and refinement charges; adjusted to exclude intercompany sales and purchases.

# Iron Ore: unit cash costs approaching US\$20 per tonne

- WAIO production increased by 15% to a record 124 Mt<sup>1</sup> as the ramp-up of Jimblebar continued and we improved the availability, utilisation and rate of our integrated supply chain
- The average realised price of iron ore decreased by 38% to US\$70 per wet metric tonne (FOB) in H1 FY15 significantly impacting profitability
- Following a 29% decline in unit cash costs<sup>2</sup> in H1 FY15 to US\$20.35 per tonne, WAIO is well placed to achieve its target of below US\$20 per tonne<sup>3</sup>

## Underlying EBIT variance

(US\$ billion)



1. 100% basis.

2. Excludes freight and royalties; wet metric tonne basis.

3. Based on real 2014 terms and an exchange rate of AUD/USD 0.91.

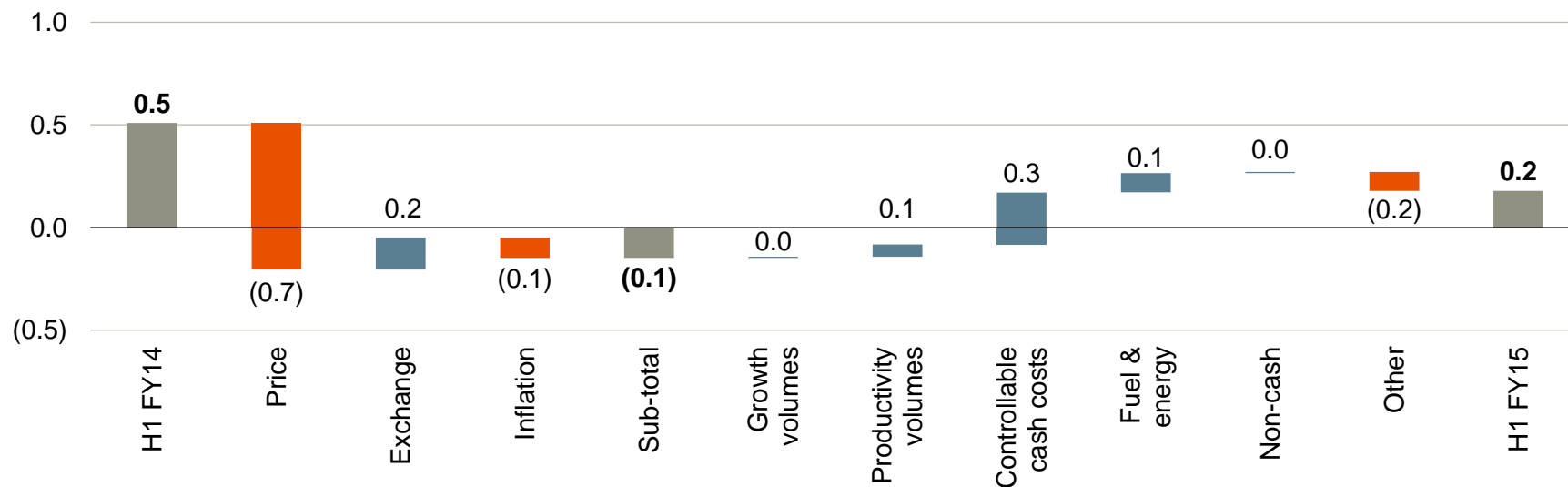


# Coal: systematically reducing our costs

- Metallurgical coal production increased by 21% to 26 Mt as Queensland Coal and Illawarra Coal both achieved record production
- Average realised prices declined by approximately 20% for our coal products significantly impacting profitability
- Increased equipment and wash-plant utilisation rates and a continued focus on labour, contractor and maintenance costs supported a 15% reduction in Queensland Coal unit cash costs<sup>1</sup> to US\$70.75 per tonne

## Underlying EBIT variance

(US\$ billion)



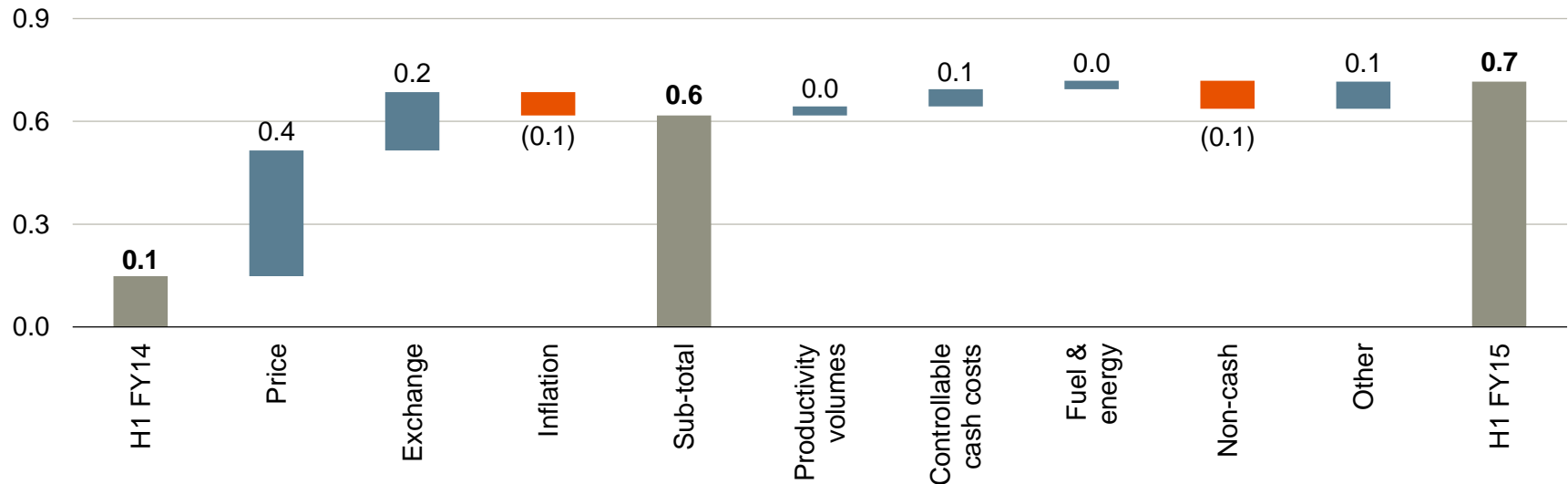
1. Excludes freight and royalties.

# Aluminium, Manganese & Nickel: higher prices boosting profitability

- Record manganese ore and alumina production was underpinned by strong performances at both Hotazel and the Alumar refinery
- Higher average realised prices for alumina, aluminium and nickel delivered a significant increase in profitability
- A reduction in controllable cash costs reflected a continued focus on labour and contractor productivity

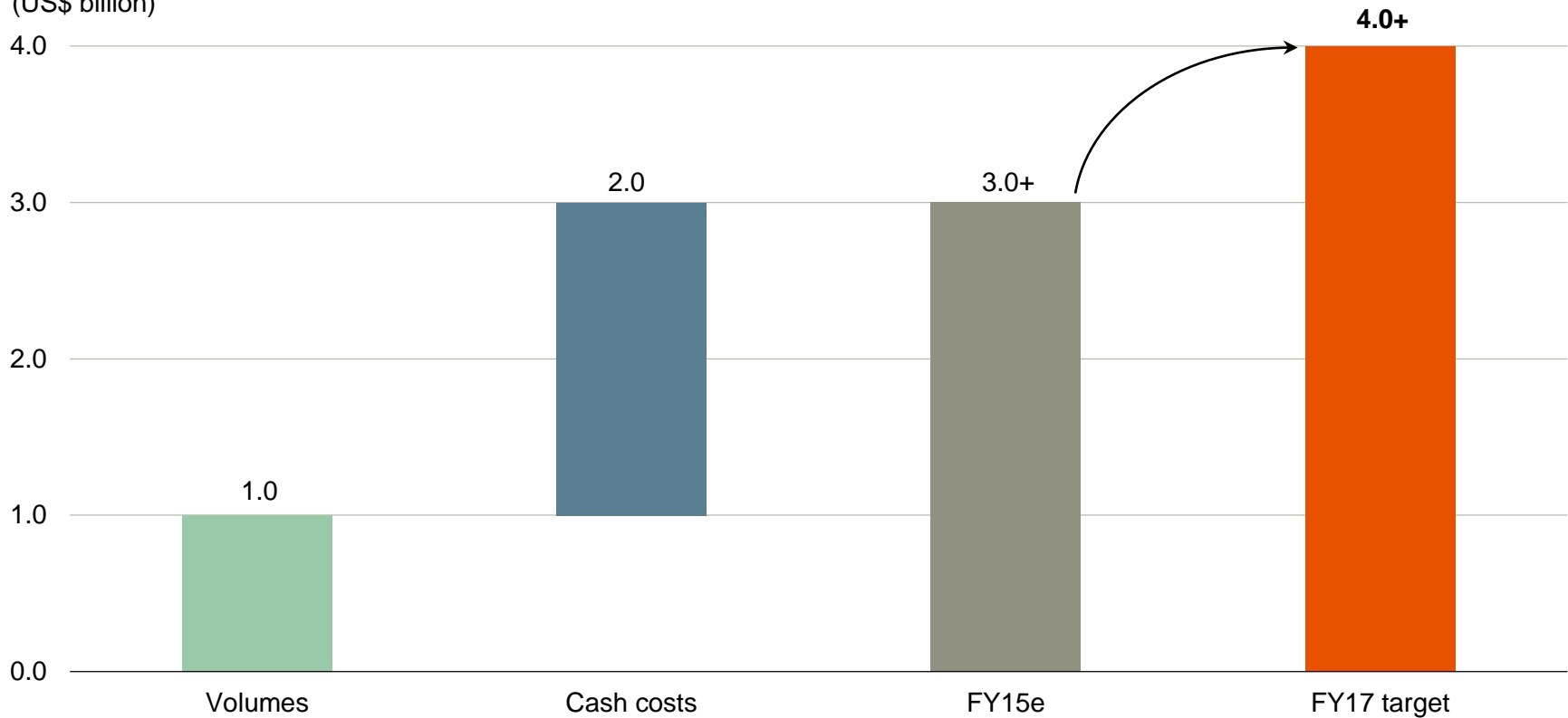
## Underlying EBIT variance

(US\$ billion)



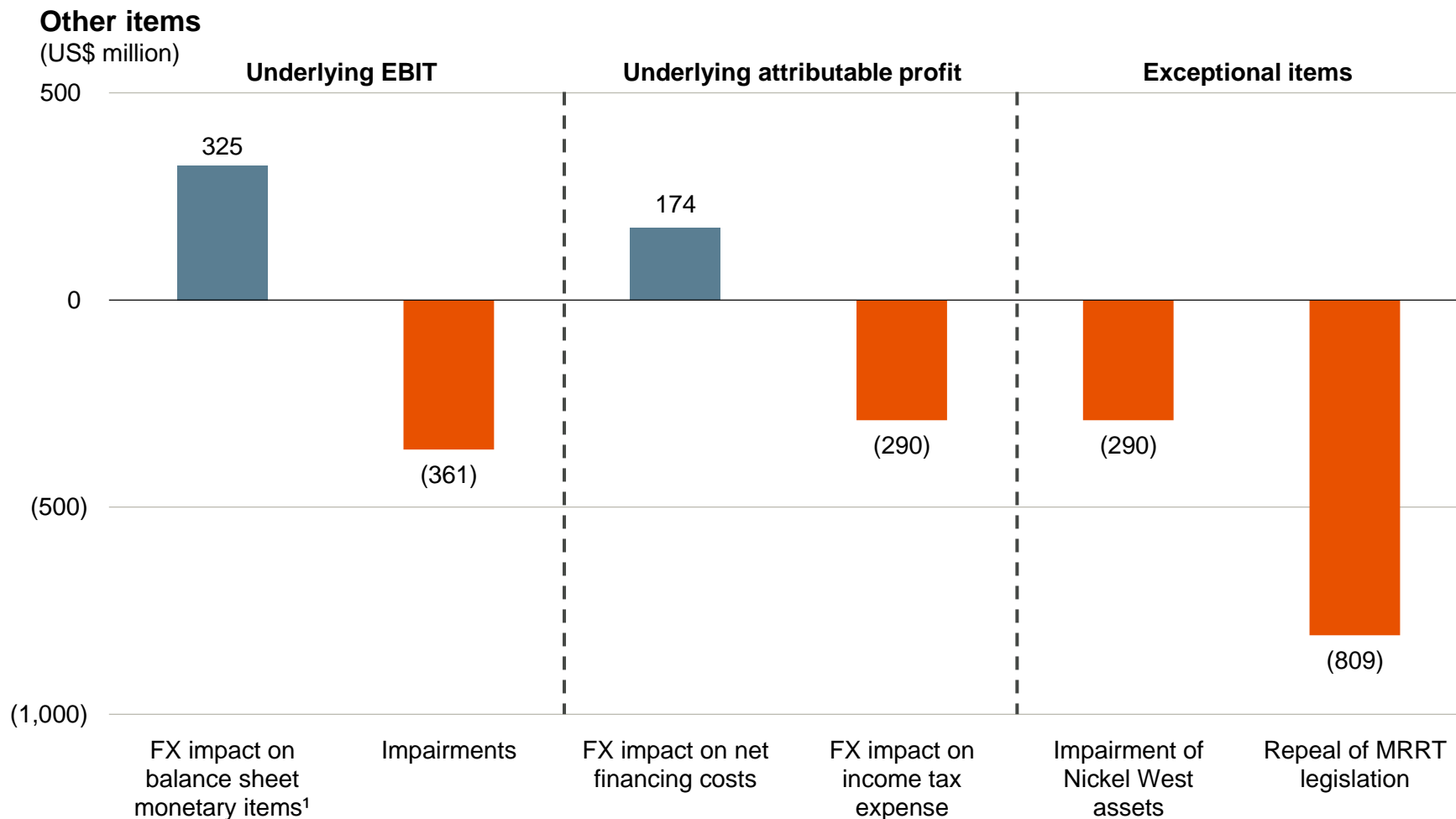
# We are making great progress against our US\$4.0 billion productivity target

## Productivity-led volume and cost efficiencies<sup>1</sup> (US\$ billion)



1. Represents planned annualised volume and cash cost productivity gains to be delivered from our core assets only, relative to our FY14 baseline.

# Other items affecting profitability



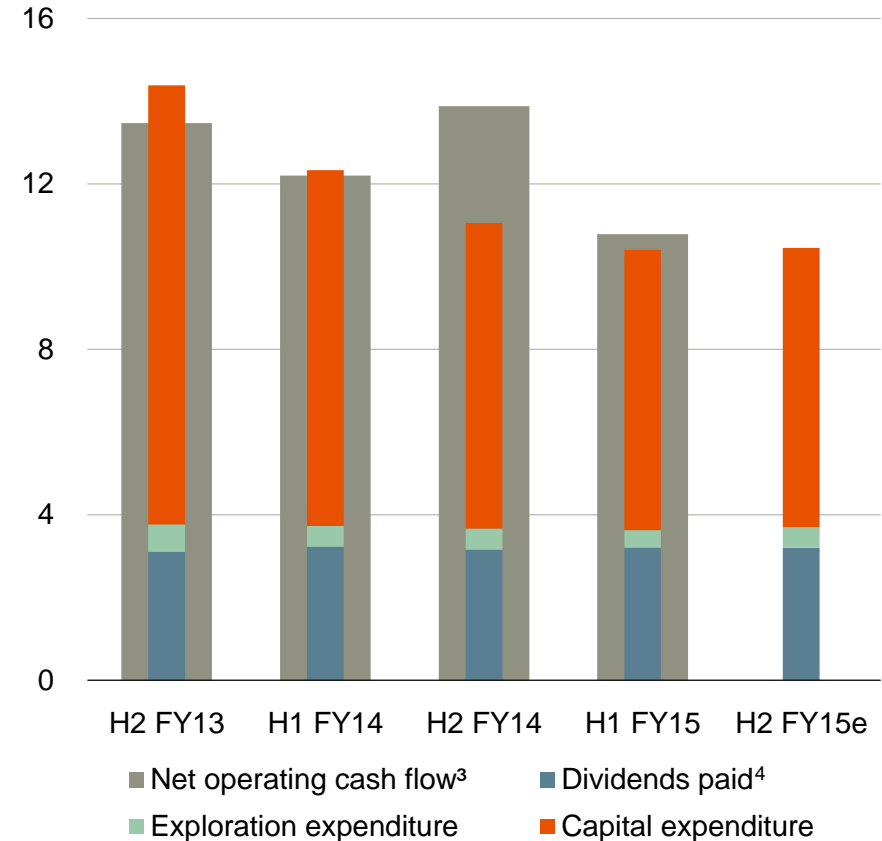
1. Period end foreign exchange (FX) related restatement of monetary items in the balance sheet; increased Underlying EBIT by US\$220 million in H1 FY15 relative to H1 FY14.



# Maximising our free cash flow by improving productivity and reducing investment

- We started preparing for a lower price environment many years ago
  - approaching US\$10 billion<sup>1</sup> of annualised productivity-led gains
  - capital and exploration expenditure reduced by almost 40%<sup>2</sup>
- Generated free cash flow of US\$4.1 billion in H1 FY15, despite weaker commodity prices
- Increased our interim dividend by 5.1% to 62 US cents per share, for a payout ratio of 62%
- We are confident that we can maintain our progressive dividend policy and do not plan to rebase our dividend following the proposed demerger, implying a higher payout ratio

**Sources and uses of funds**  
(US\$ billion)

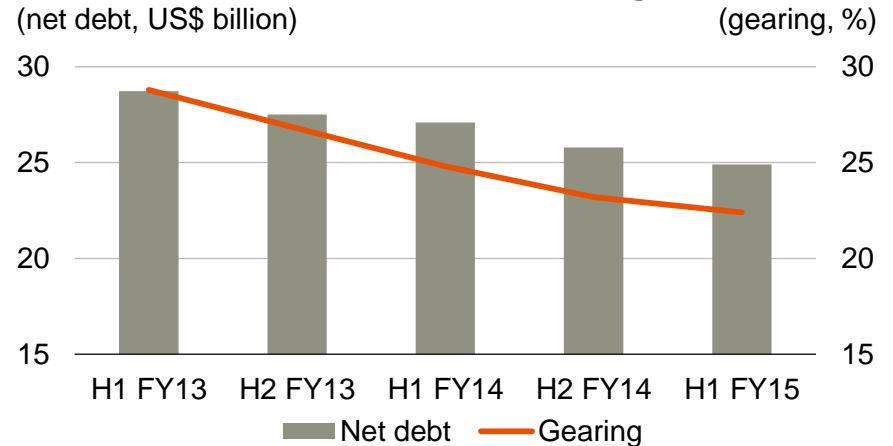


1. Represents annualised volume and cash cost productivity gains relative to FY12.  
 2. Represents the reduction in BHP Billiton's share of capital and exploration expenditure relative to FY12.  
 3. Net operating cash flow above excludes exploration expenditure expensed.  
 4. H2 FY15e dividends paid represents dividend determined on 24 February 2015.

# Our balance sheet is strong

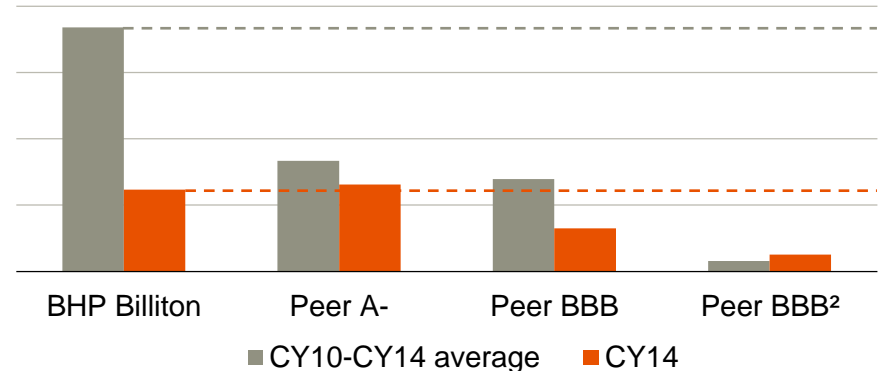
- The Group remains committed to a strong balance sheet and a solid A credit rating
  - in January 2015, Standard & Poor's reaffirmed our A+ credit rating
- Net debt reduced by US\$0.8 billion over the period to US\$24.9 billion, for a gearing ratio of 22.4%
  - redeemed all outstanding Petrohawk bonds with a total principal value of US\$1.8 billion

## Our balance sheet continues to strengthen



## Our solid A credit rating<sup>1</sup>

(cash from operations to net debt, %)



1. Peer group includes Rio Tinto, Anglo American and Glencore. Source: Bloomberg; BHP Billiton analysis.

2. CY14 represents H1 CY14 annualised.



# Interim results 2015 financial year

**Andrew Mackenzie** Chief Executive Officer  
24 February 2015



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# Emerging economies will drive long-term commodities demand growth

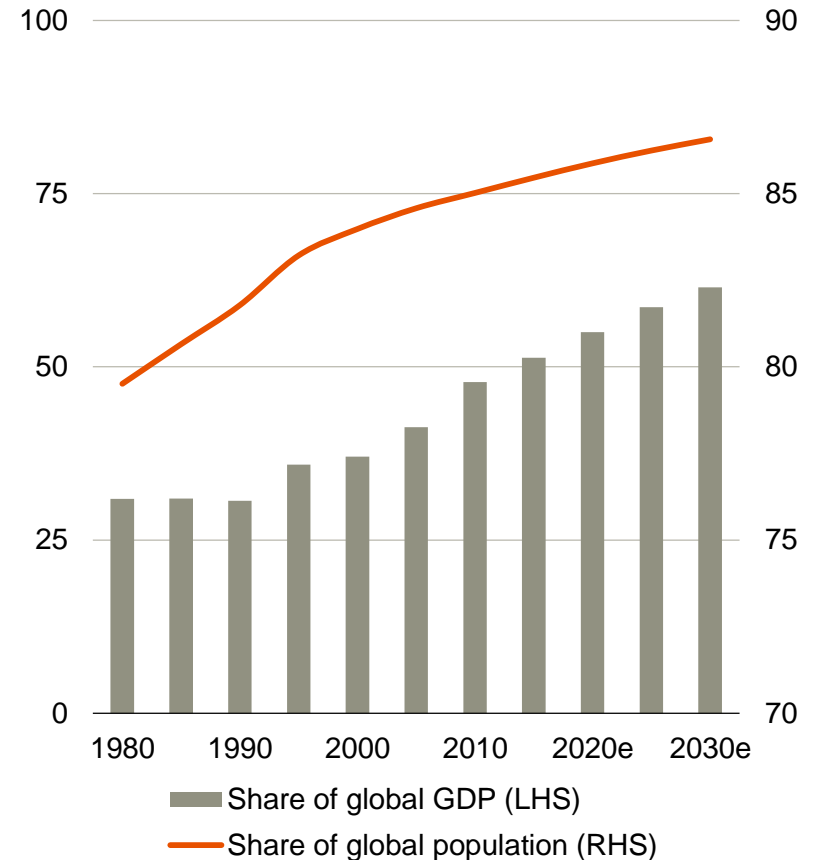
## Short-term drivers

- Global growth is expected to increase in CY15
  - consumption-led recovery in the US
  - monetary easing in a number of countries
  - lower oil prices
- China's economy remains healthy, albeit with slowing growth rates as it shifts from investment-led to consumption-led growth

## Long-term outlook

- Continued momentum in emerging economies will drive long-term growth
  - large and growing population base
  - rapidly rising income on the back of urbanisation and industrialisation

## Emerging economies will underpin global growth (emerging economies share, %)





# Iron ore: the cost curve will continue to flatten, leading to more stable pricing

## Short-term drivers

- Iron ore prices are likely to remain subdued over the short to medium term as low-cost supply continues to rise
- Higher-cost supply, particularly in China, is being curtailed in response to declining prices

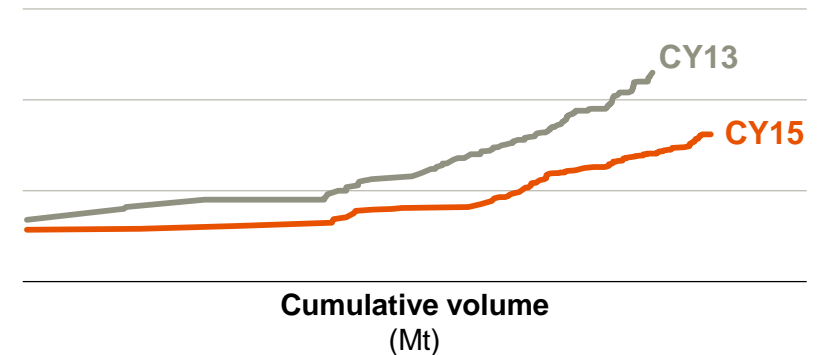
## Long-term outlook

- The cost curve will continue to flatten as growth in low-cost seaborne supply outpaces demand, leading to more stable pricing
- We expect China's crude steel production to peak at 1 to 1.1 billion tonnes in the mid-2020s and plateau through to 2030
- After 2030, growth in the availability of steel scrap will cause global demand for iron ore to decline



### Iron ore cost curve is flattening

(CIF China equivalent basis, US\$/t, nominal)



Source: Platts; Mysteel; Global Insight; Worldsteel; BHP Billiton analysis. Cost curve from Macquarie Bank, February 2015.

1. Private mines only; excludes SOEs. Source: SMM.

# Coal: a scarcity of high-quality resources supports longer-term demand

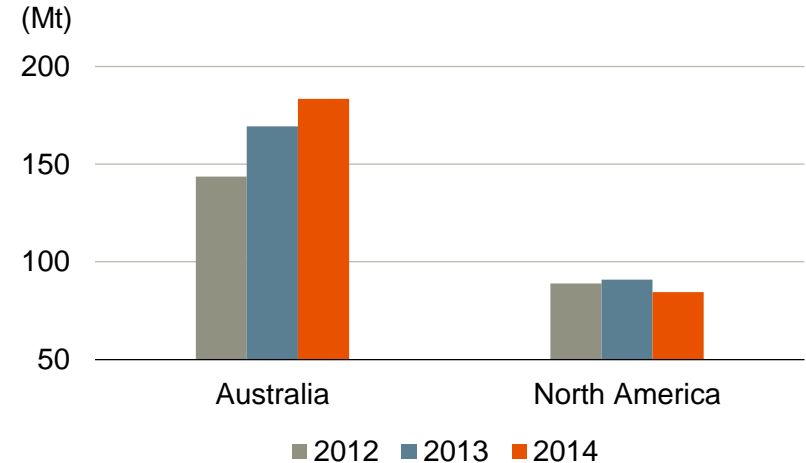
## Short-term drivers

- Australian supplier costs have benefited from currency depreciation and lower freight rates
- Metallurgical coal pricing is expected to remain stable as Australian supply growth slows and North American supply declines

## Long-term outlook

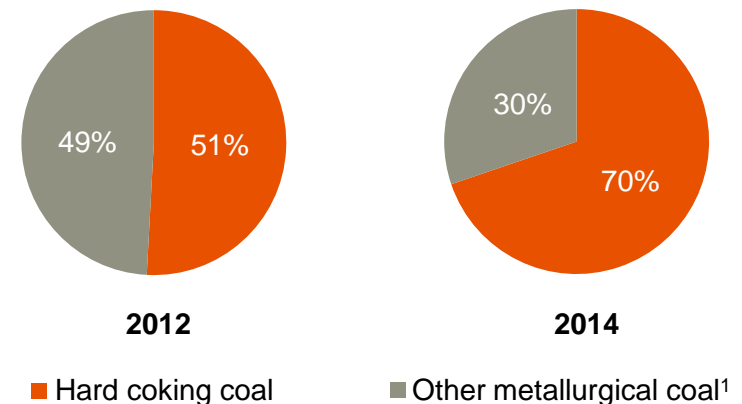
- China's scarcity of high-quality metallurgical coal will underpin long-term demand for BHP Billiton's products
- Long-run Indian steel production growth is expected to support demand as China's pig iron production peaks in the mid-2020s

## Seaborne metallurgical coal exports



## Rising Chinese imports of hard coking coal

(Chinese metallurgical coal imports from Australia)



Source: GTIS trade statistics.

1. Other metallurgical coal includes weak coking and PCI coals.

# Copper: positive fundamentals despite short-term price weakness

## Short-term drivers

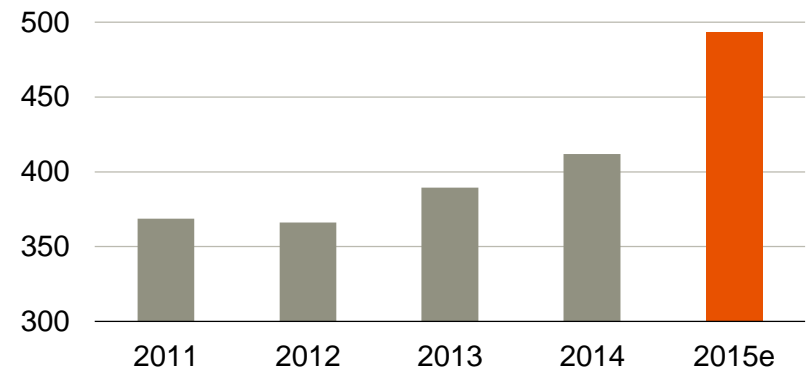
- Prices trended lower as strong supply growth was compounded by concerns over China's short-term demand
- Chinese power infrastructure investment and US housing construction will be key drivers of consumption growth in CY15

## Long-term outlook

- Demand remains compelling as emerging economies transition to consumption-led growth
- Supply will become increasingly challenged due to declining ore grades at existing mines and a lack of quality development options
- Structural deficit expected to emerge later this decade supporting higher long-run prices

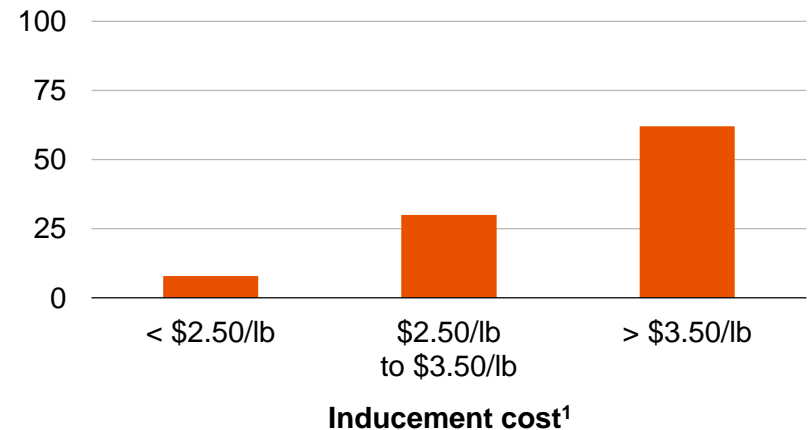
## Chinese grid investment is increasing

(RMB billion)



## New supply will cost more to develop

(% of potential new supply available to meet long-term demand)



Source: BHP Billiton analysis.

1. Estimated price required to cover capital and operating costs, and return on investment.

# Petroleum: oversupply will clear, requiring higher prices to meet growing demand

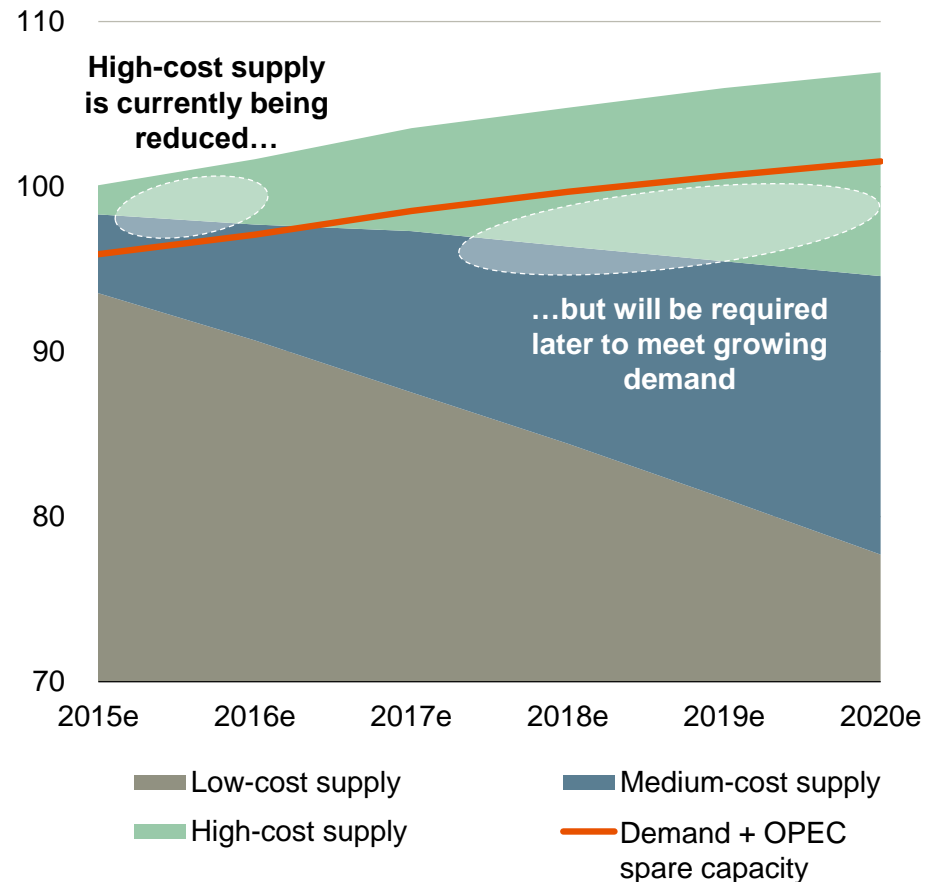
## Short-term drivers

- Crude oil prices declined due to growing US supply, a lower demand outlook and OPEC's decision to maintain production levels
- While oversupply is expected to persist through CY15, the supply response required to rebalance the market is under way

## Long-term outlook

- Long-term demand for liquids remains positive, largely driven by growth in the transportation sector
- Higher prices will be required to induce the new supply needed to offset natural field decline and meet growing demand

## Low-cost liquids supply is declining rapidly (MMboe/d)

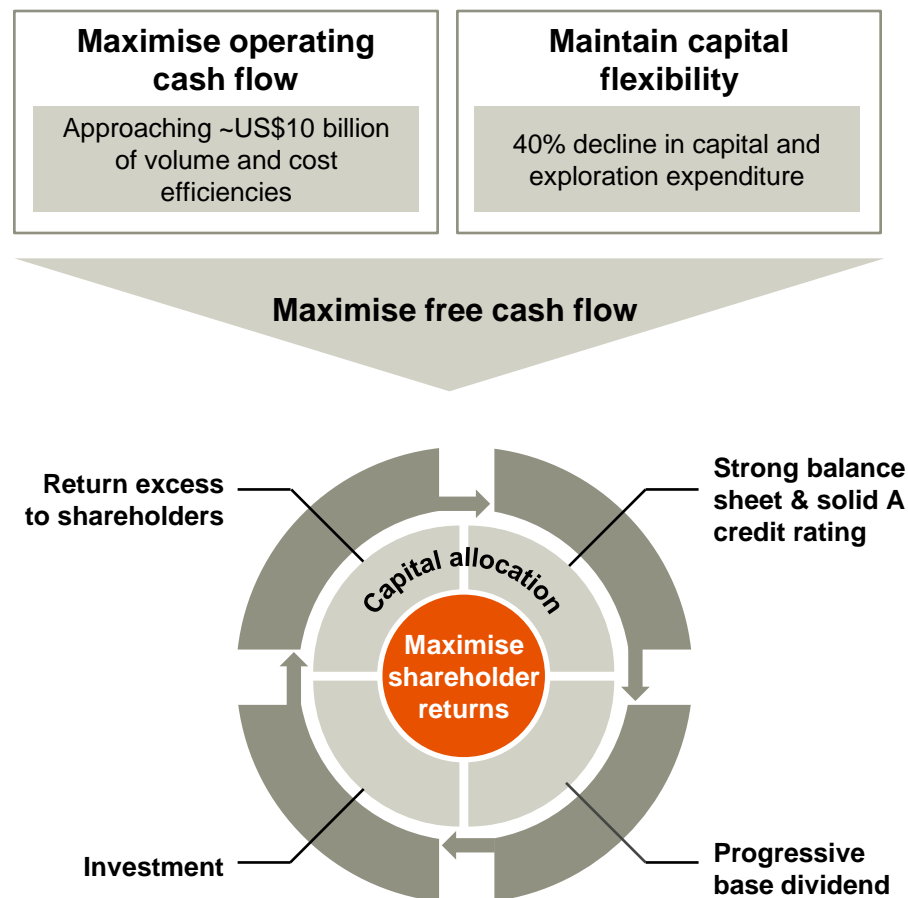


Source: EIA Annual Energy Outlook; Wood Mackenzie; BHP Billiton analysis.



# Unrivalled flexibility to adapt to market volatility

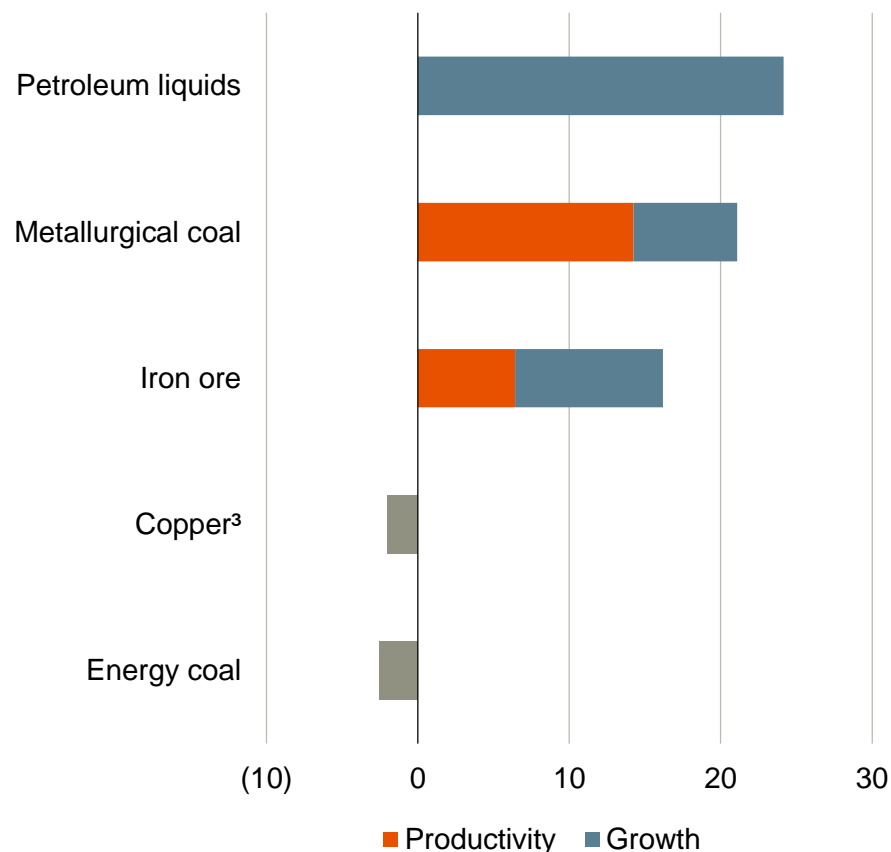
- Our proven strategy has delivered superior returns throughout the cycle
- Our capital allocation framework remains unchanged
- We anticipated changing market conditions and exercised our levers early to maximise free cash flow
  - embedded substantial productivity gains by realising the full potential of our installed capacity and reducing costs
  - closed high-cost operations
  - demonstrated capital expenditure flexibility by improving capital efficiency and deferring expenditure for value



# Continuing strong operational performance

- Group production<sup>1</sup> increased by 9% in H1 FY15 or 12% from the core portfolio
  - petroleum liquids production increased by 24% to 62 MMboe underpinned by a 71% increase in Onshore US liquids
  - record Western Australia Iron Ore (WAIO) production of 124 Mt<sup>2</sup>
  - record metallurgical coal production of 26 Mt
  - copper production decreased by 2%<sup>3</sup> due to lower grades at Antamina
- We are successfully completing our major development projects
  - Escondida Oxide Leach Area Project completed in H1 FY15
  - BMA Hay Point Stage Three Expansion project loaded first coal in January 2015

## Production growth from our key commodities (production volumes, % change, H1 FY15 versus H1 FY14)



1. Copper equivalent production based on FY13 average realised product prices.

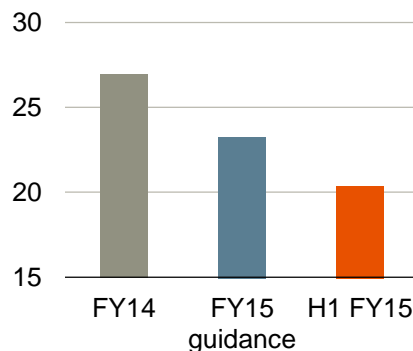
2. 100% basis.

3. Excludes Pinto Valley which was sold during FY14.

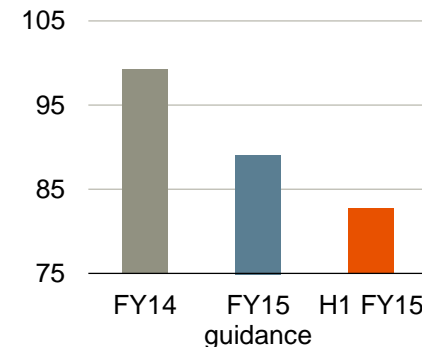
# We are reducing costs faster than anticipated

- We are leading the industry in the pursuit of sustainable productivity gains
  - unit cost improvements realised at our major basins, ahead of plan
- We expect to deliver over US\$4.0 billion of improvements by the end of FY17
  - at least US\$3.0 billion by the end of FY15
- This performance will continue but inevitably gets harder
  - the proposed demerger will create a simpler, more focused portfolio that will allow further streamlining of our organisational design and implementation of best practice

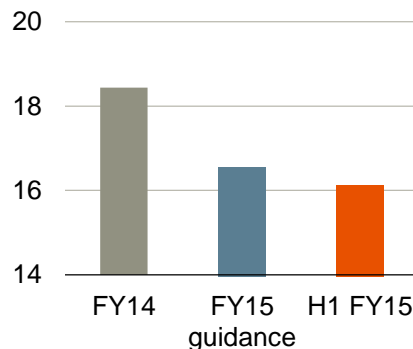
**Western Australia Iron Ore**  
(unit cash costs, US\$/t<sup>1</sup>)



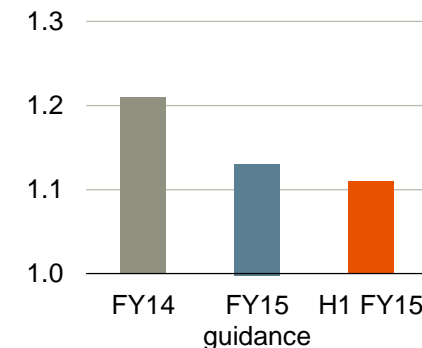
**Queensland Coal**  
(unit cash costs, US\$/t<sup>2</sup>)



**Onshore US**  
(unit cash costs, US\$/boe<sup>3</sup>)



**Escondida**  
(unit cash costs, US\$/lb<sup>4</sup>)



1. Excludes freight and royalties. FY15 guidance is based on an exchange rate of AUD/USD 0.91.

2. Includes freight and royalties. FY15 guidance is based on an exchange rate of AUD/USD 0.91.

3. Includes freight.

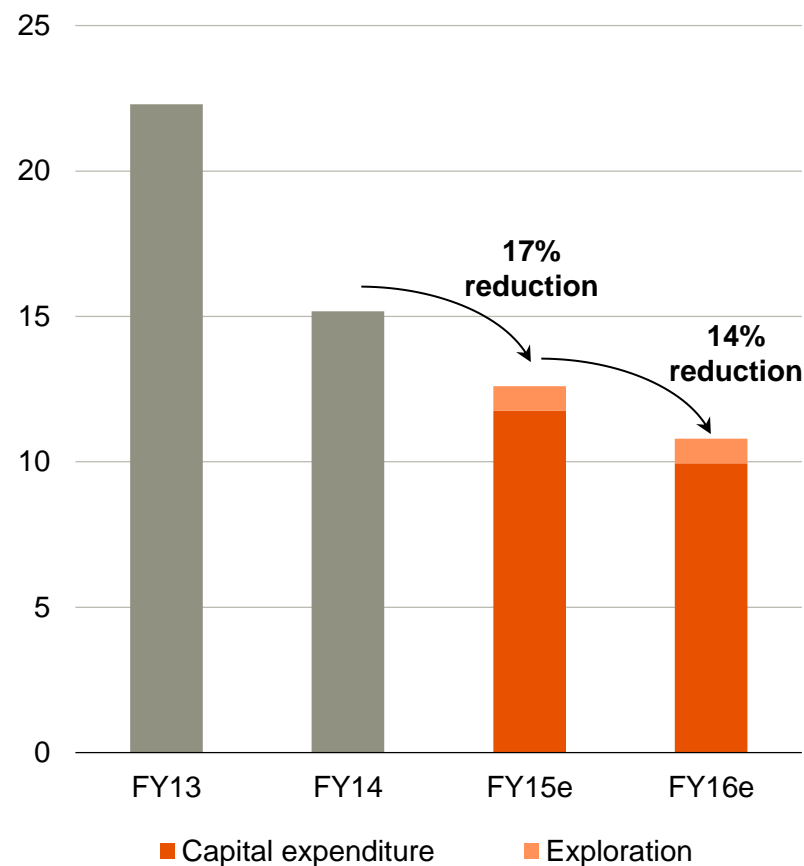
4. Includes freight; excludes treatment and refining charges. FY15 guidance is based on an exchange rate of USD/CLP 568.

# We have substantial investment flexibility

- We continue to selectively invest in our high-returning growth options
  - average rate of return<sup>1</sup> remains greater than 20%
- Our level of investment<sup>2</sup> is expected to decline to US\$12.6 billion in FY15 and to US\$10.8 billion in FY16
- Includes Onshore US drilling and development expenditure of US\$3.4 billion in FY15 and US\$2.2 billion in FY16
  - preserves high-value resource for development when prices recover
  - we continue to see significant reductions in the capital cost of well development
- We have a value-focused approach to developing our tier-one resource base and the flexibility to adjust our plans, if needed

## Lowering our rate of investment

(capital and exploration expenditure<sup>2</sup>, US\$ billion)



1. Ungeared, post-tax, nominal rate of return for our future investments; valuation date 1 January 2015.

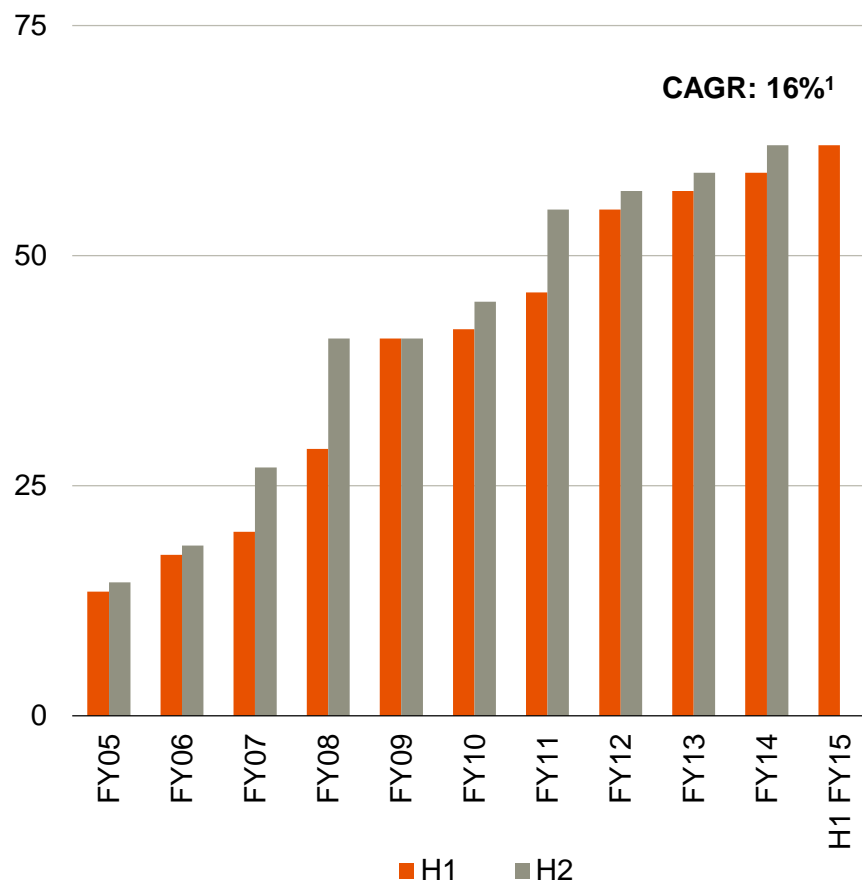
2. Represents the share of capital and exploration expenditure attributable to BHP Billiton shareholders on a cash basis. Includes BHP Billiton proportionate share of equity accounted investments; excludes capitalised deferred stripping and non-controlling interests. Exploration expenditure has been reduced to US\$0.9 billion in FY15 and FY16.

# Our progressive base dividend is fundamental

- Our strong balance sheet and solid A credit rating are fundamental enablers of our strategy
- We have increased our interim dividend by 5.1% to 62 US cents per share, for a payout ratio of 62%
- We remain committed to at least maintain or steadily increase our base dividend in every reporting period
  - we do not plan to rebase the dividend post the demerger of South32, implying a higher payout

## We aim to maintain or grow the base dividend every period

(dividends determined, US cents per share)

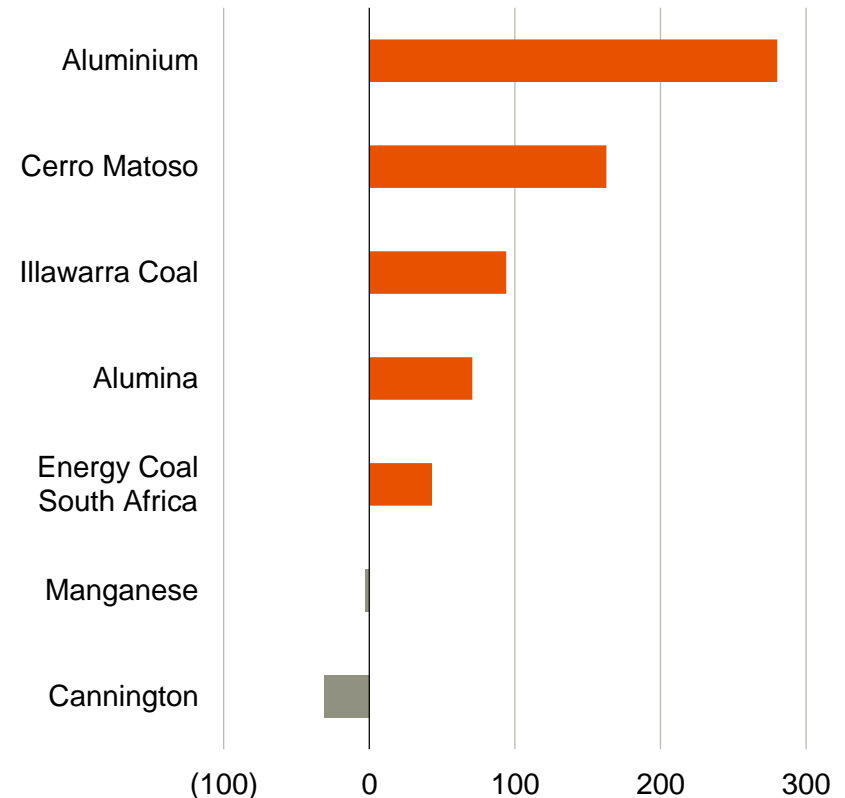


1. Refers to the compound annual growth rate (CAGR) over the period H1 FY05 to H1 FY15.

# Our proposed demerger is progressing to plan

- South32 assets are performing well with record manganese ore and alumina production and strong underlying financial performance
- It is intended that South32 would
  - list on the Australian Securities Exchange (ASX)
  - have an inward secondary listing on the Johannesburg Stock Exchange (JSE)
  - pursue a Standard listing on the main board of the London Stock Exchange (LSE)
  - have an over-the-counter American Depositary Share (ADS) program
- We will seek final Board approval to put the proposal to shareholders
  - we expect to release all shareholder documentation in mid-March 2015
  - we expect to hold a shareholder vote in early May 2015

## A strong performance from the South32 assets (Underlying EBITDA, % change, H1 FY15 versus H1 FY14)



# Our uniquely simple and high-quality portfolio

- A simplified portfolio supports our aim to continue to deliver superior returns throughout the cycle
- With a simpler portfolio, we intend to streamline our organisational design by further simplifying our management structure, aggregating functional support and increasing utilisation of shared service centres
- Our core portfolio comprises large-scale, high-quality mineral ore bodies and energy resources with common characteristics and a smaller geographical spread
  - leadership positions on industry cost curves
  - located in lower risk jurisdictions
  - high-quality investment options ensuring maximum optionality through the cycle

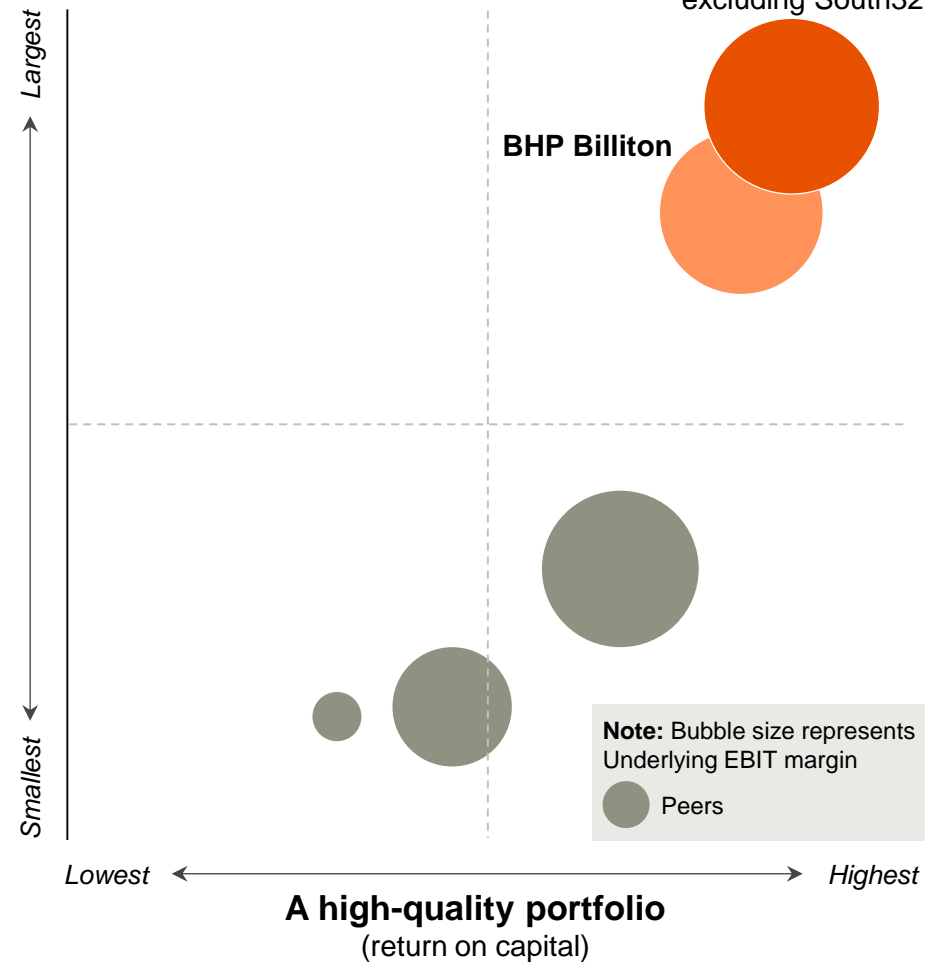
Source: Company reports; BHP Billiton analysis.

1. Production and financial metrics based on FY14; employee numbers based on FY14 for BHP Billiton and CY13 for peers.

Peer group includes Rio Tinto, Anglo American and Glencore.

## A simplified portfolio<sup>1</sup>

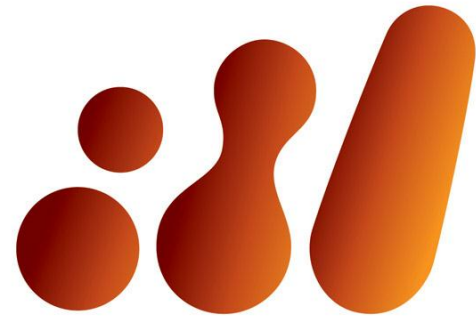
(copper equivalent production per employee)





# Delivering on our commitments

- We continue to realise substantial productivity gains
- Our plans are flexible and we have reduced investment while preserving long-term value
- We have increased free cash flow to US\$4.1 billion despite weaker prices
- We have strengthened our balance sheet with net debt reduced to US\$24.9 billion
- We remain committed to our progressive base dividend
- The simplification of our portfolio is expected to unlock additional shareholder value
- The building blocks of our strategy are correct and our company is in great shape



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# Appendix



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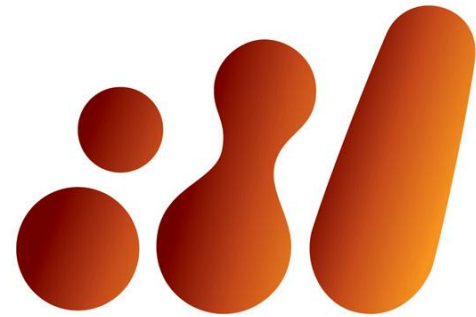
# Key net profit sensitivities

Approximate impact <sup>1</sup> on FY15 net profit after tax of changes of	US\$ million
US\$1/t on iron ore price	140
US\$1/bbl on oil price <sup>2</sup>	50
US¢1/lb on copper price	30
US\$1/t on metallurgical coal price	30
US¢10/MMbtu on US gas price	25
US¢1/lb on aluminium price	25
US\$1/t on energy coal price	20
US¢1/lb on nickel price	2
AUD (US¢1/A\$) operations <sup>3</sup>	100
RAND (0.2 Rand/US\$) operations <sup>3</sup>	25

1. Assumes total volume exposed to price; determined on the basis of BHP Billiton's existing portfolio.

2. Impact does not include change in input costs across the group.

3. Impact based on average exchange rate for the period.



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