bhpbilliton

Financial results
Half year ended 31 December 2016

Eastern Ridge

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Forward-looking statements

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Presentation of data

Unless specified otherwise: variance analysis relates to the relative performance of BHP Billiton and/or its operations during December 2016 half year compared with the December 2015 half year; on slide 17 the reference to recent years refers to the 2013 financial year onwards; references to Underlying EBITDA margin exclude third party trading activities; data from subsidiaries are shown on a 100 per cent basis and data from equity accounted investments and other operations is presented, with the exception of net operating assets, reflecting BHP Billiton’s share. Queensland Coal comprises the BHP Billiton Mitsubishi Alliance (BMA) asset, jointly operated with Mitsubishi, and the BHP Billiton Mitsui Coal (BMC) asset, operated by BHP Billiton. Numbers presented may not add up precisely to the totals provided due to rounding.

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Financial results

Half year ended 31 December 2016

Andrew Mackenzie Chief Executive Officer

Mt Arthur Coal

Interim FY17 scorecard

Strong cash generation drives debt reduction

Safety	**Despite improvements in a range of safety measures, tragically there was a fatality at Escondida** **9%[1] reduction in TRIF**
Volume	**One-off events and Onshore US deferrals offset underlying release of latent capacity** **Record WAIO volumes; Caval Ridge wash-plant throughput maximised during high prices**
Cost	**H1 FY17 productivity gains of US$1.2 billion** **Unit cash costs down at our major assets**
Financial results	**Underlying EBITDA of US$9.9 billion; Underlying EBITDA margin of 54%** **Attributable profit of US$3.2 billion**
Cash flow	**Net operating cash flow of US$7.7 billion demonstrates strong conversion of higher commodity prices into cash** **Free cash flow of US$5.8 billion from capital discipline and productivity**
Balance sheet	**Net debt of US$20.1 billion; gearing 24.3%** **'A' credit rating with S&P; outlook raised to stable**
Dividend	**Interim dividend of US$0.40 per share** **US$0.30 per share under minimum 50% payout ratio and additional US$532 million or US$0.10 per share**

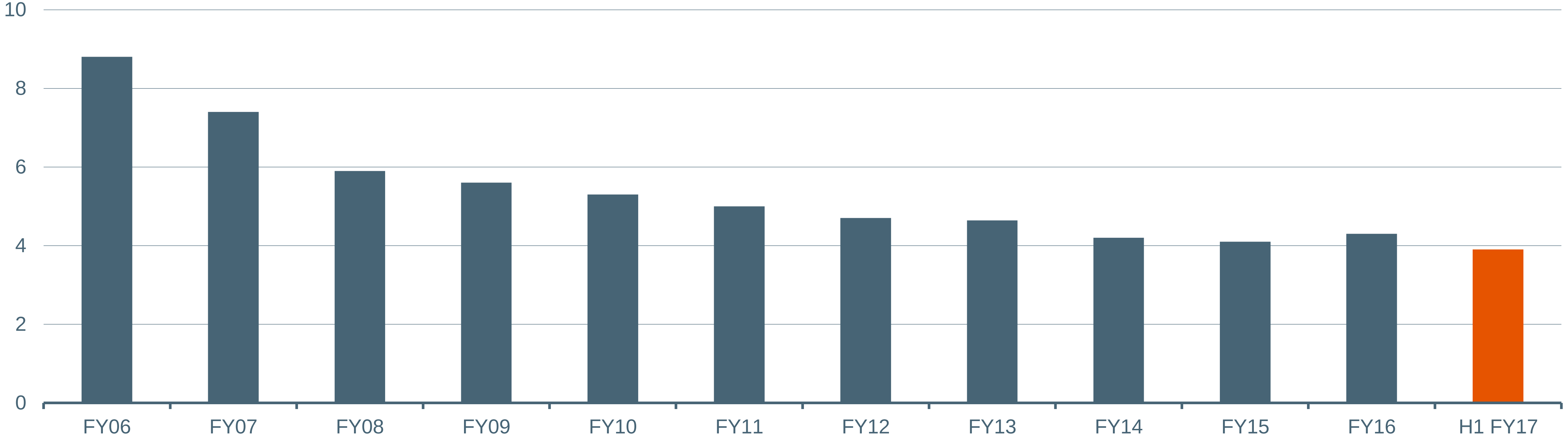
1. BHP Billiton operated assets, from FY16.

Safety is paramount

The health and safety of our people and communities always comes first

- Tragically, there was a fatality at Escondida during the period
- Total Recordable Injury Frequency (TRIF) of 3.9 is down 9%[1]

TRIF performance at operated sites
(Number of recordable injuries per million hours worked[2])



1. BHP Billiton operated assets, from FY16.
2. FY06 to FY14 presented on a total operations basis.

Progress at Samarco

Committed to social and environmental rehabilitation

Avenida Beira Rio – Barra Longa

Rehabilitation
- Renova Foundation fully functional
- Rehabilitation and compensation programs making good progress
- Resettlements, land purchases underway
- Dam stabilised, containment dykes in place
- River bank remediation on track

Legal developments
- Constructive Preliminary Agreement with Federal Prosecutors
- Technical advisors appointed to review remediation program
- Bottom-up, community-focused, cost-based approach
- Criminal cases ongoing

Mine restart
- Restart important but must be safe and economically viable
- Require state and federal approvals and community support
- Negotiations for use of Vale's Timbopeba pit underway
- Debtholder negotiations

Financial results

Half year ended 31 December 2016

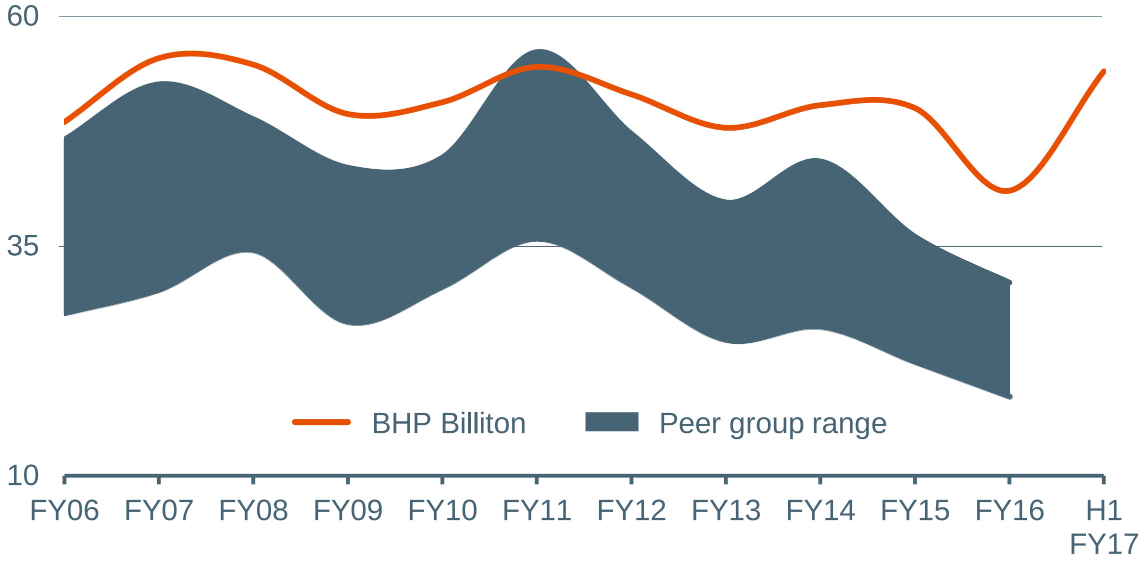
Peter Beaven Chief Financial Officer

Strong financial performance

Diversified portfolio and simplified structure underpins superior margins

- Underlying EBITDA of US$9.9 billion, up 65%
- Underlying EBIT of US$6.0 billion, up US$4.6 billion
- Attributable profit of US$3.2 billion
  - adjusted effective tax rate[1] of 34.7% or 44.5% including royalties
- Underlying return on capital of 9.2%
- US$0.40 per share dividend determined for H1 FY17
  - US$0.30 under minimum 50% payout ratio
  - US$0.10 additional amount

Leading margins through the cycle
(Underlying EBITDA margin[2], %)



Iron Ore	42% of Group[3]
118 Mt	▲ 4%
Cost[4]: US$15.05/t	▼ 1%
EBITDA[4]: US$4.1 bn	▲ 52%
EBITDA[4] margin: 60%	

Petroleum	20% of Group[3]
106 MMboe	▼ 15%
Conventional cost: US$8.42/boe	▼ 10%
EBITDA: US$2.0 bn	▼ 10%
EBITDA margin: 61%	

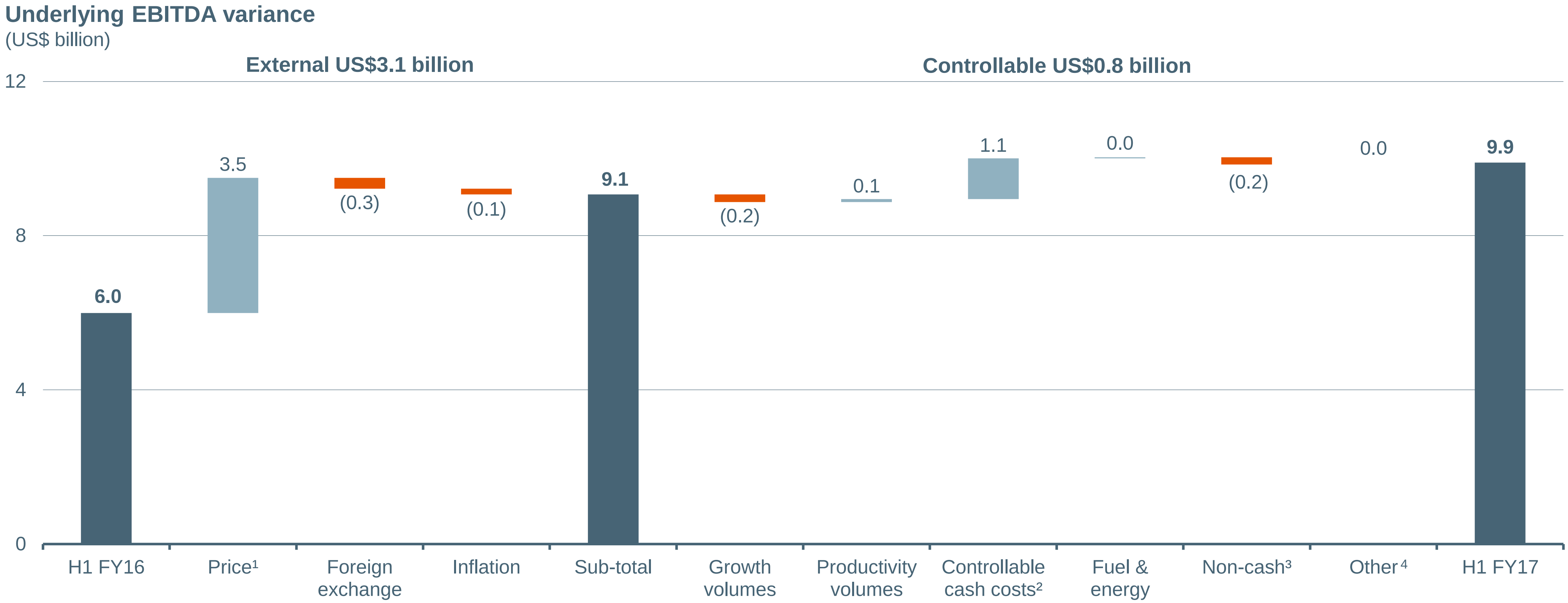
Metallurgical Coal	18% of Group[3]
21 Mt	▲ 1%
Cost[4]: US$56.43/t	▼ 4%
EBITDA[4]: US$1.8 bn	▲ US$1.7 bn
EBITDA[4] margin: 54%	

Copper	18% of Group[3]
712 kt	▼ 7%
Cost[5]: US$1.09/lb	▼ 24%
EBITDA: US$1.7 bn	▲ 110%
EBITDA margin: 46%	

1. Excludes the influence of exchange rate movements and exceptional items.
2. BHP Billiton data for FY06 to FY14 presented on a total operations basis. Peer group comprises Anglo American, Rio Tinto and Vale.
3. Percentage contribution to Group Underlying EBITDA.
4. Unit cost, EBITDA and EBITDA margins refer to Western Australia Iron Ore and Queensland Coal.
5. Operated copper assets (Escondida, Pampa Norte and Olympic Dam).

Group EBITDA waterfall

Rise in EBITDA driven by commodity prices and productivity



1. Net of price-linked costs.
2. Includes a benefit related to the increase in estimated recoverable copper contained in the Escondida sulphide leach pad and favourable inventory movements.
3. Non-cash includes net deferred stripping costs.
4. Other includes ceased and sold operations, asset sales, one-off items and other items (including profit/loss from equity accounted investments).

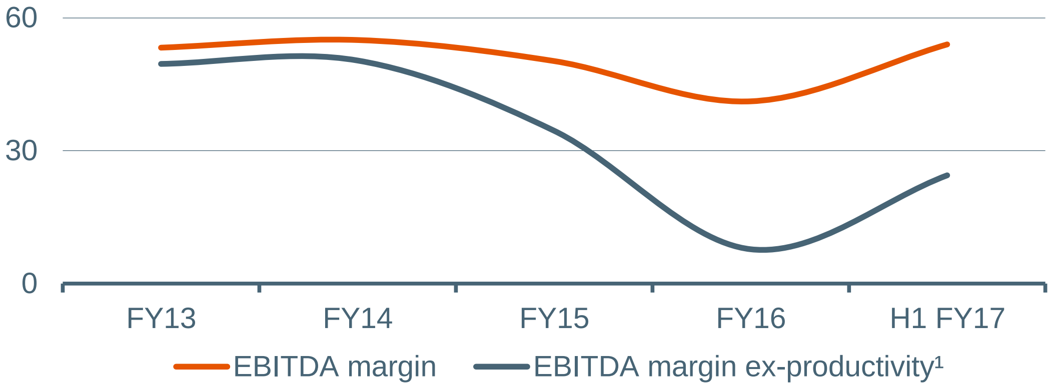
Productivity lifts margins

Over US$11 billion of productivity gains delivered over past four years

- **Underlying EBITDA margin of 54%**
  - without productivity gains, margin would have been <30%[1]
- **Costs down at our major assets in H1 FY17**
- **Revised unit cost guidance reflects stronger AUD**
  - WAIO raised to <US$15/t
  - Queensland Coal raised to US$54/t
  - Conventional petroleum and Escondida[2] remain unchanged

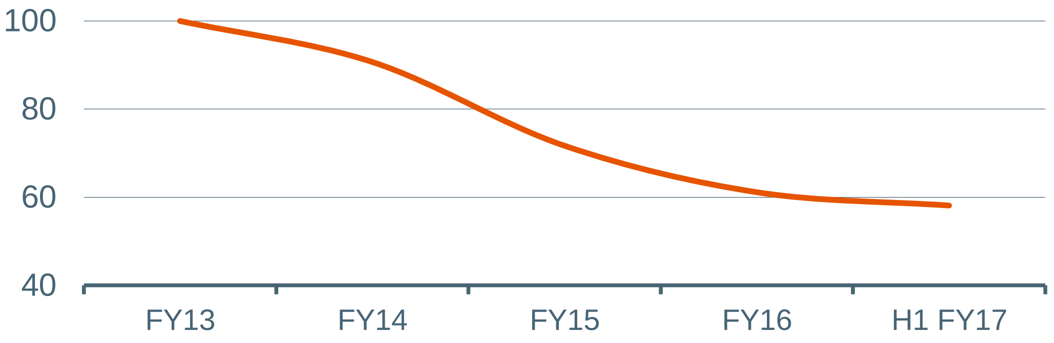
Margins supported by our productivity agenda

(Underlying EBITDA margin, %)



Sustainably lower unit costs

(Index, FY13=100, operating cost per copper equivalent tonne[3])



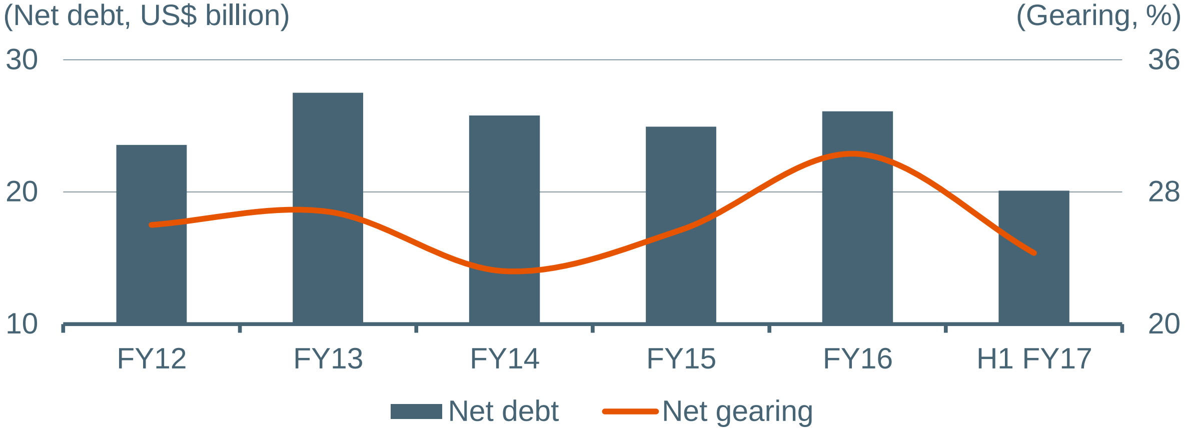
1. Illustrative representation based on reported Revenue and Underlying EBITDA in each period less cumulative productivity gains since FY12.
2. Excluding impact of industrial action.
3. Presented on a continuing operations basis excluding royalties; BHP Billiton's share of volumes from equity accounted investments; copper equivalent volumes calculated using FY16 realised prices.

Strong cash flow and balance sheet

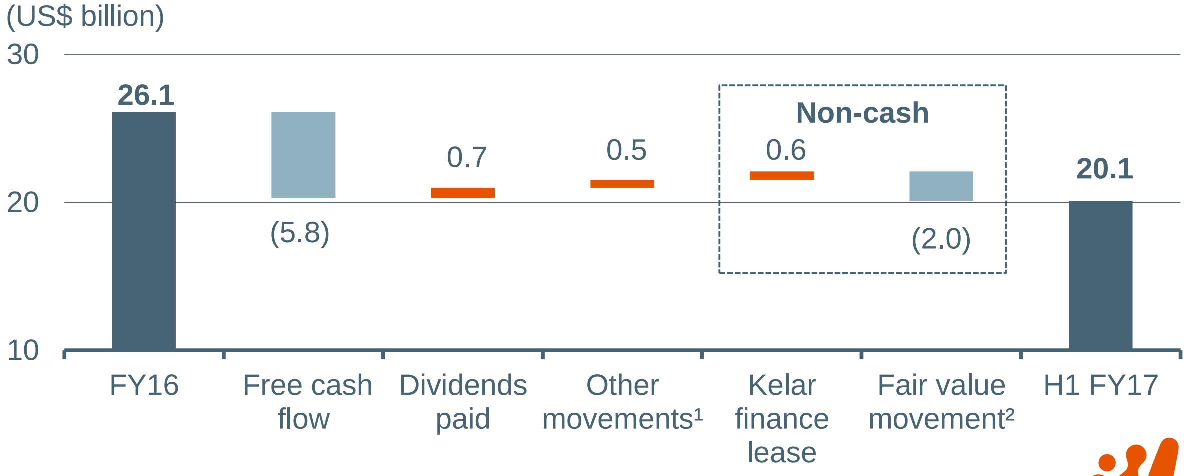
Simpler portfolio delivers substantial conversion of higher prices into cash flow

- **Net operating cash flow of US$7.7 billion**
  - despite US$1.3 billion working capital increase reflecting stock build ahead of LCE commissioning and higher prices
- **Free cash flow of US$5.8 billion**
  - capital and exploration expenditure of US$2.7 billion
  - Onshore US free cash flow positive
- **Balance sheet is strong**
  - net debt of US$20.1 billion
  - gearing of 24.3%
  - average maturity of 8.5 years with low refinancing risk
  - 'A' credit rating raised to stable outlook

Net debt and gearing



Movements in net debt

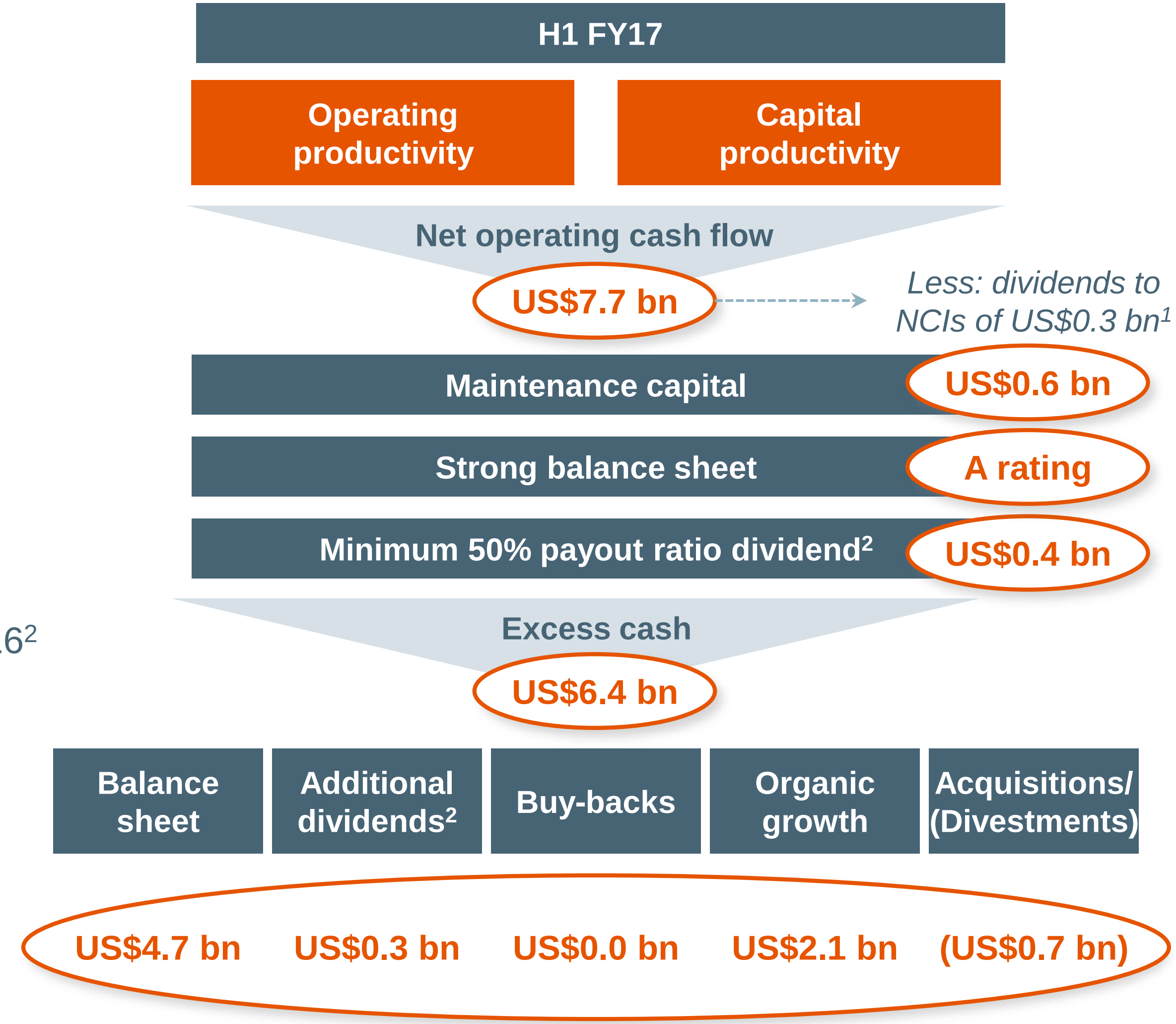


1. Other movements include dividend paid to non-controlling interest, purchase of shares by Employee Share Ownership Plan Trusts, and other items.
2. Non-cash movement includes foreign exchange variance due to the revaluation of local currency denominated debt to USD and mark-to-market interest rate on bonds.

Disciplined capital allocation

With heightened uncertainty and elevated prices, we have a bias for debt reduction

- **Maintenance: US$0.6 billion including deferred stripping**
  - US$1.4 billion guidance for FY17 under revised definition of maintenance capital
- **Excess cash of US$6.4 billion[1] allocated during the period**
  - **Cash to balance sheet:** US$4.7 billion
  - **Organic growth:** US$2.1 billion
    - major projects tracking to plan (Escondida Water Supply, NWS Greater Western Flank-B and Jansen)
    - additional rigs in Onshore US
    - successful Trion bid and positive exploration results
  - **Additional dividends:** US$0.3 billion determined for H2 FY16[2]
  - **Further simplification of the portfolio:** US$0.7 billion of proceeds received



1. Dividends paid to non-controlling interests of US$300 million.
2. Related to final dividend determined by the Board for FY16 and paid in September 2016.

Financial results
Half year ended 31 December 2016

Andrew Mackenzie Chief Executive Officer

Near-term uncertainty, attractive long-term fundamentals

Copper and oil remain our preferred long-term growth commodities

Short-term		Medium-term		Long-term	
Political uncertainty	Modest economic growth	New supply	Steeper cost curves	Growth in population, wealth	Urbanisation and new demand centres
Price volatility	Petroleum market rebalances	Sustainable productivity	Asian growth	Decarbonisation	Technology

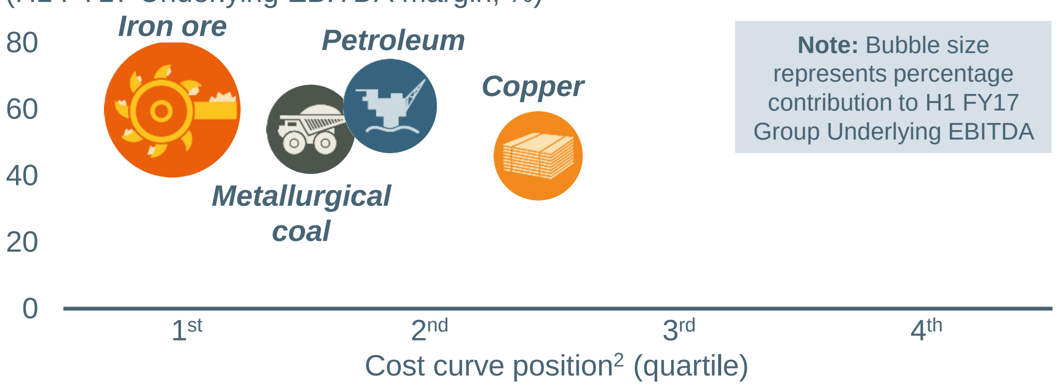
Well placed for anticipated conditions

Our diversified portfolio, strong balance sheet and competitive growth options position us well

- Simple portfolio of tier 1 assets, diversified across our preferred commodities
  - cost curve positions enhanced with over US$11 billion of annualised productivity gains delivered in the past four years
- Strong balance sheet insulates operations and investment capacity from cyclical swings
  - US$6 billion reduction in net debt over six months
- Rich opportunity-set of investment options across the near, medium and long term
  - >40% reduction in capital intensity[1] of growth options since FY12
  - will only be executed at the right time and in accordance with the capital allocation framework

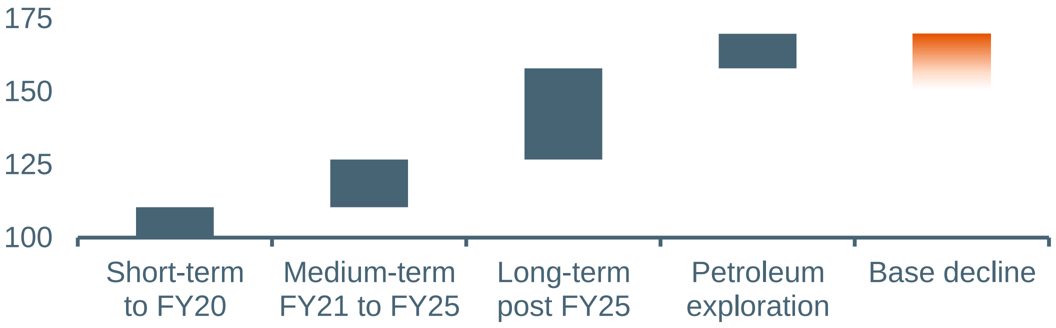
Tier 1 portfolio

(H1 FY17 Underlying EBITDA margin, %)



We have growth options across time periods and commodities

(Index, FY17e=100, copper equivalent volumes)



Source: AME; Wood Mackenzie; BHP Billiton analysis.

1. Capital intensity is calculated as the aggregate growth capital expenditure divided by the incremental copper equivalent tonnes.
2. Based on weighted average equity share of production using quality-adjusted operating cost curves versus contestable demand in the markets in which our assets operate; metallurgical coal excludes Blackwater mine.

Progress on our roadmap

We have made significant progress across a broad suite of opportunities to grow value and returns

Productivity	**On track for full-year productivity guidance of US$1.8 billion (excluding impact of Escondida industrial action)** **The benefits of our simplified portfolio and new operating model will drive further gains**
Latent capacity	**Spence Recovery Optimisation completed; accessing high-grade ore from the Olympic Dam Southern Mining Area** **Los Colorados Extension ramp-up in late FY17; Caval Ridge Southern Circuit approval expected in FY17**
Onshore US	**Well productivity improved; positive Eagle Ford well trials; Permian acreage swaps; non-core acreage sales** **Haynesville hedging program expanded; further rigs dependent on market conditions**
Growth portfolio	**Mad Dog 2 approved; Spence Growth Option to Board in CY17; Olympic Dam BFX advanced; successful Trion bid** **Long term: positive Olympic Dam 450 leach trials; Jansen in feasibility; Scarborough momentum with new JV**
Exploration	**Wildling well accelerated as follow-up to Caicos discovery; assessing commerciality of LeClerc discovery** **Added over 100 exploration leases in US Gulf of Mexico over the last 12 months**
Technology	**3 sub-functions: Research and Development; Project Delivery and Operational Technology** **Current initiatives: Remote operations; equipment automation; decision automation; mass mining methods; chemical extraction; precision mining**

Emerging stronger from the downturn

We have responded to the challenges of recent years…

- Progress on our roadmap of value creation and improved returns
- Demerger and US$7 billion of divestments
- Over US$11 billion of productivity improvements
- Latent capacity released
- Added to Onshore US well inventory and conventional resource
- 40% reduction in capital intensity of growth options
- Enhanced capital allocation framework
- Balance sheet strengthened
- Dividend policy improves financial flexibility
- Simplified operating model

…and have the right foundations in place to substantially grow shareholder value

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Appendix

BHP Billiton guidance

Group	FY17e	FY18e	
Capital and exploration expenditure (US$bn)	5.6	6.3	Cash basis.
Including:			
Maintenance	1.4		Includes non-discretionary capital expenditure to maintain asset integrity, reduce risks, and meet compliance requirements. Also includes deferred development and production stripping of US$394m for FY17.
Exploration	1.0	0.9	Includes: US$820m Petroleum and US$60m Copper exploration program planned for FY17.

Petroleum	FY17e	
Total petroleum production (MMboe)	200 - 210	
Onshore US		
Capital expenditure (US$bn)	0.6	Development activity tailored to market conditions.
Production (MMboe)	77 - 83	We continue to balance near-term cash flow performance and long-term value maximisation.
Conventional Petroleum		
Capital expenditure (US$bn)	0.8	Focused on life extension projects at Bass Strait and North West Shelf.
Production (MMboe)	123 - 127	Planned maintenance at Atlantis, divestment of our Pakistan gas business and natural field decline.
Unit cost (US$/barrel)	10	Excludes inventory movements, embedded derivatives movements, freight, third party product purchases and exploration expense.
Exploration (US$bn)	0.8	Focused on Mexico, the Gulf of Mexico, the Caribbean and Western Australia’s Northern Beagle Basin.

BHP Billiton guidance (continued)

Copper	FY17e	
Total copper production (Mt)	1.62	Guidance for Escondida at 1.07 Mt. Pampa Norte production is expected to increase. Guidance for Olympic Dam at 160 kt - 170 kt. Guidance for Antamina production at 130 kt and zinc at 90 kt. Excludes impact of Escondida industrial action.
Escondida		
Production (Mt, 100% basis)	1.07	Enabled by the commissioning of the Escondida Water Supply project. Excludes impact of industrial action.
Unit cash costs (US$/lb)	1.00	Excludes freight and treatment and refining charges; net of by-product credits; based on an exchange rate of USD/CLP 663. Excludes impact of industrial action.

Iron Ore	FY17e	
Total iron ore production (Mt)	228 - 237	Excludes production from Samarco.
Western Australia Iron Ore		
Production (Mt, 100% basis)	265 - 275	
Unit cash costs (US$/t)	<15	Excludes freight and royalties; based on an exchange rate of AUD/USD 0.75. Includes additional rail maintenance costs.

Coal	FY17e	
Total metallurgical coal production (Mt)	44	
Total energy coal production (Mt)	30	The divestment of Navajo Coal to Navajo Transitional Energy Company was completed on 29 July 2016.
Queensland Coal		
Production (Mt)	44	
Unit cash costs (US$/t)	54	Excludes freight and royalties; based on an exchange rate of AUD/USD 0.75.
NSW Energy Coal		
Production (Mt)	19	
Unit cash costs (US$/t)	40	Excludes freight and royalties; based on an exchange rate of AUD/USD 0.75.

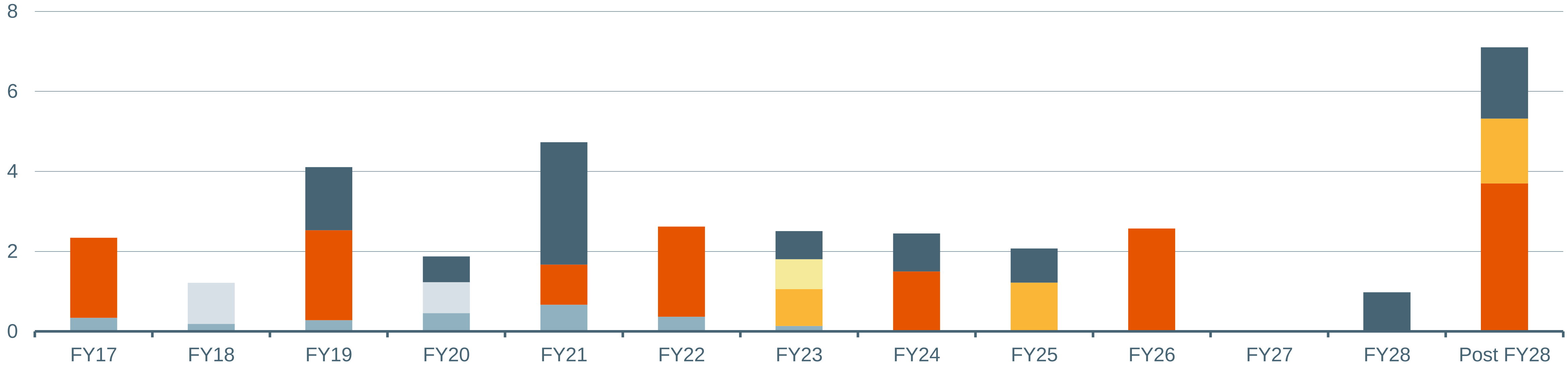
Key Underlying EBITDA sensitivities

Approximate impact[1] on FY17 Underlying EBITDA of changes of:	US$ million
US$1/t on iron ore price[2]	217
US$1/bbl on oil price[3]	79
US¢10/MMbtu on US gas price	26
US$1/t on metallurgical coal price	42
US¢1/lb on copper price[2,4]	34
US$1/t on energy coal price[2]	18
US¢1/lb on nickel price	2
AUD (US¢1/A$) operations[5]	78

1. Assumes total volume exposed to price; determined on the basis of BHP Billiton's existing portfolio.
2. Excludes impact of equity accounted investments.
3. Excludes impact of change in input costs across the Group.
4. Excludes impact of Escondida industrial action.
5. Based on average exchange rate for the period.

Debt maturity profile

Debt balances[1]
(US$ billion[2])



	US$ Bonds[3]	Euro Bonds[3]	Sterling Bonds[3]	A$ Bonds	C$ Bonds	Subsidiaries
% of portfolio	44%	31%	11%	5%	2%	7%
	Capital markets 93%					Asset financing 7%

1. All debt balances are represented in notional US$ values and based on financial years; as at 31 December 2016, prior to bond buy backs in H2 FY17.
2. Subsidiary debt is presented in accordance with IFRS 10 and IFRS 11.
3. Includes hybrid bonds (19% of portfolio: 9% in US$, 7% in Euro, 3% in Sterling).