

# PRELIMINARY RESULTS

AUGUST 2001

**Paul Anderson** - Chief Executive Officer & Managing Director

**Charles Goodyear** - Chief Development Officer &  
Chief Financial Officer



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# BHP Financial Results

	2001	2000
Net Profit (A\$m)	2,007	1,581
EPS (cents)	54.4	43.3
EBITDA interest cover	9.5x	6.5x
Gearing (%)	38.3	42.7
Return on equity (%)	18.2	15.3
Return on capital (%)	11.7	10.0

# BHP Achievements

- Record profits 2 years running
- Financial fundamentals improved
- Reinstated franking credits
- OneSteel spin-out
- QCT acquisition and subsequent equalisation of interests with Mitsubishi in Queensland
- New approach to metallurgical coal pricing
- Dia Met acquisition

# BHP Growth in Value – New Projects

- Escondida Phase IV
- North West Shelf – Train IV
- Ohanet
- San Juan Underground
- Tintaya Oxide
- Blackwater Mine
- Laminaria II
- Typhoon

# Billiton Achievements

- Record profit of US\$693 million excluding exceptional items
- Continued strategy of aggressive growth
  - Rio Algom
  - Worsley
  - CdeIC and CZN coal acquisitions
- Successful US\$850 million capital raising
- BioCOP technology

# Billiton Achievements

- Delivery of growth projects:
  - Mozal 1
  - Cerro Matoso
  - Antamina
  - Worsley expansion
- Cost efficiencies

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# BHP Billiton Group Financial Strength

	2001 US\$m	2000 US\$m
EBITDA pre exceptionals	5,299	4,775
Attributable profit pre exceptionals	2,189	1,743
Net debt / (net debt + net assets)	38.4%	34.2%
Debt to equity ratio	64.6%	55.2%
EBITDA interest cover	11.1x	9.1x
Capital & Investment expenditure	6,435	1,761

# Merger Process and Momentum

- 33 integration teams
- Post merger announcements
  - Mozal 2
  - Mt Arthur North
  - Dia Met acquisition completion
  - Queensland Coal equalisation
  - Columbus Stainless & NAMD transactions

# Strategic Direction

## Priorities

- Focus on returns on invested capital
- Leverage value from all of our resources
- Create a new industry business model
- Market and customer orientation

# Value Creation from all our Resources

- World class physical assets
- People - dynamic and entrepreneurial culture
- Global and regional customer relationships
- Intellectual capital and market knowledge
- Technology applications
- Financial expertise capabilities

# Organisational Structure



Corporate



Marketing

## CUSTOMER SECTOR GROUPS



CSGs

# Corporate Governance

## Investment Review Committee

- Responsible for capital review process for expenditures greater than US\$100m
- Chaired by Chief Financial Officer
- Function:
  - Risk identification and management
  - Review extent of value optimization
  - Agree project team composition
  - Commission independent risk assessments
  - Management of post implementation reviews
- Capital expenditure above US\$100m requires Board approval

# Corporate Governance

## Mergers & Acquisitions

- Activity above US\$100m requires IRC review and Board approval
- Corporate M&A provides overall co-ordination for M&A projects
- Customer sector groups have accountability for identifying acquisition opportunities
- Risk Management Committee (sub-committee of Executive Committee) will manage portfolio risk management, including any commodity, commercial, interest rate and input cost hedges

# Marketing Organisation

- Marketing co-located in two hubs – Singapore and The Hague

## Singapore – focus on Asian energy market

- Metallurgical and energy coal
- Oil & gas
- Carbon steel materials

## The Hague – centralised portfolio risk systems

- Aluminium
- Stainless steel materials
- Base metals
- Energy coal, Europe
- Logistics and freight planning

- Rationale – intelligence, organisational learning, 'one book' concept
- Marketing Directors – key members of CSG management teams
- Key roles – marketing, price risk, market development, market analysis, logistics, finance



# Marketing Opportunities

- Enhanced product offerings
- Insight into market dynamics
- Single risk management system
- Leverage logistics and freight capabilities

# Customer Sector Groups

Aluminium

Base  
Metals

Carbon  
Steel  
Materials

Stainless  
Steel  
Materials

Energy  
Coal

Petroleum

# Customer Sector Groups

## Grouping of assets aligned to customer segments

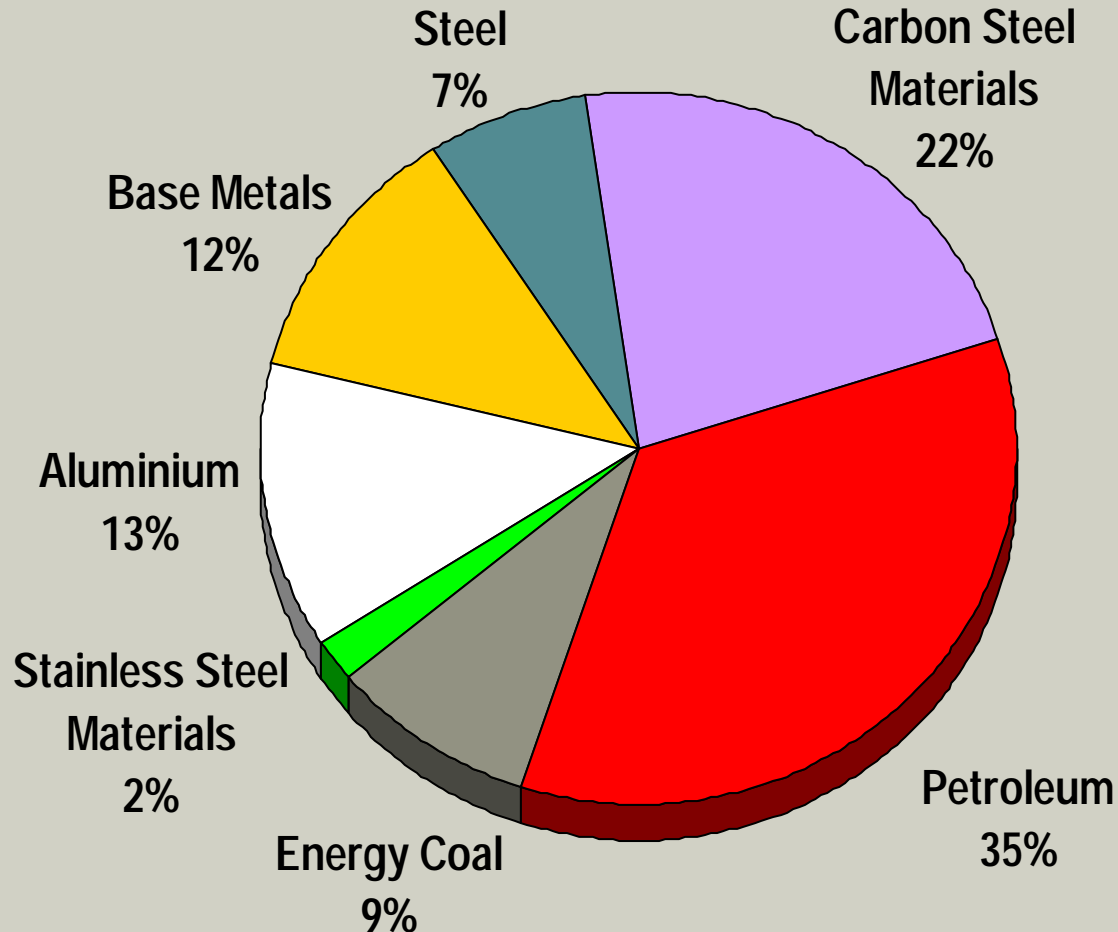
- Fully accountable for profit at EBIT level
- Responsible for margin performance and production
- Discretion to grow business from brownfield and greenfield opportunities (up to US\$50m) without ExCo or IRC approval
- Role in identifying consolidating acquisitions
- Responsible for implementing agreed marketing plans (Marketing Director located within centralised marketing function)

# Cultural Integration

- BHP Billiton Charter – value imperatives defined
- Cultural integration started prior to merger
- Mix of BHP/Billiton personnel to senior roles
- Senior management alignment with key performance measures and behaviours
- BHP Billiton Way – common language, common way of doing things and a powerful cultural integration tool

# Outstanding Commodity Diversification

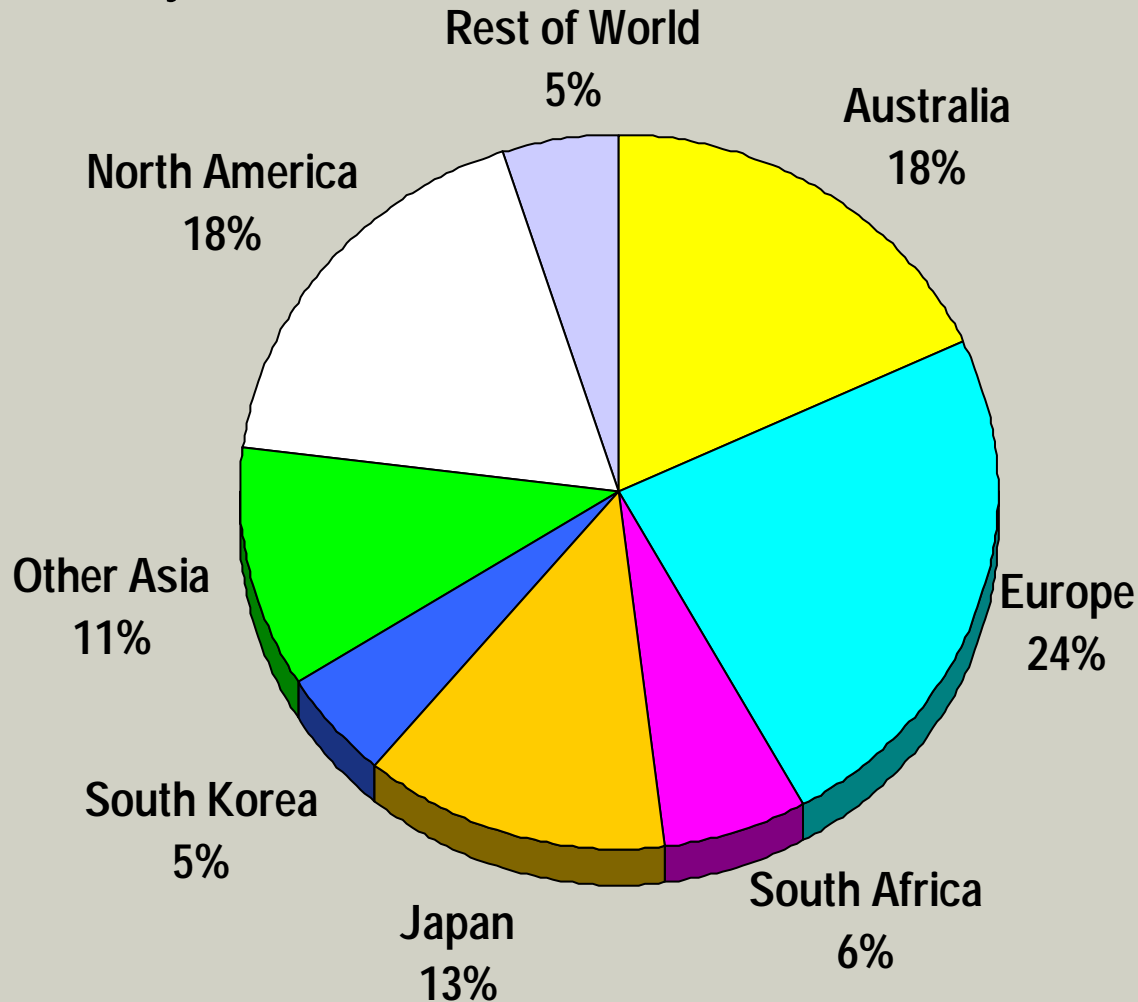
EBIT by Customer Sector Group year ended 30 June 2001



EBIT contribution excludes exceptional items

# Global Supplier of Resources

Sales by destination year ended 30 June 2001



# Diversification Strengths

- Exchange traded commodities
  - aluminium, nickel, copper
- Negotiated commodities
  - metallurgical coal, energy coal, iron ore, manganese
- Titanium minerals & diamonds
- Petroleum
- Resilience through the cycle

# Role of Petroleum

- High quality portfolio
- 35% of Group EBIT
- Commodity & growth diversification
- Strong growth options
- Key to broader energy capability



# Portfolio Review

- Reviewed all assets in portfolio using common criteria
  - Competitiveness of asset (financial measures)
  - Stage of value cycle
  - Scale of influence in sector
  - Strategic fit and/or value
  - Risk profile

# Portfolio Review – Category of Assets

- Core assets
- Non-core assets being actively worked out of portfolio
- Majority of remaining assets fulfill minimum performance criteria but not 'trophy' assets
  - Candidates for divestiture, re-financing subject to realising sufficient value

# Growth Portfolio

- Impressive portfolio of growth opportunities
- Options reviewed according to following considerations:
  - optimising development opportunities
  - funding
  - project management
  - portfolio risk

# Growth Pipeline

## New or Incremental Production Captured in Financial Year 2001

Project	Commodity	New / Incremental Production <sup>(1)</sup>
Mozal I (Mozambique) – 47%	Aluminium	120,000 tpa
Worsley (Australia) – 56%	Alumina	1.5 Mtpa
Cerro Matoso (Colombia) – 100%	Nickel	25,000 tpa
Cerro Colorado (Chile) – 100%	Copper	236,000 tpa
Alumbrera (Argentina) – 25%	Copper	
Highland Valley (Canada) – 34%	Copper	
Antamina (Peru) – 34%	Copper Zinc	103,000 tpa Cu 40,000 tpa Zn
CZN, CdC (Colombia) – 17% / 33%	Energy Coal	4 Mtpa
Zamzama (Pakistan) – 47.5%	Gas	9 bcf
Genesis (US) – 4.95%	Oil	1.1 MMbbl

(1)Per annum estimate

# Growth Pipeline

## Projects sanctioned in Financial Year 2001

Project	Commodity	Share of Capex US\$m	New / Incremental Production (net)	1st Production
Mozal II (Mozambique) – 47%	Aluminium	405	120,000 tpa	FY04
Escondida Phase IV (Chile) – 57.5%	Copper	600	230,000 tpa <sup>(1)</sup>	FY03
Tintaya Oxide (Peru) – 100%	Copper	138	34,000 tpa	FY02
San Juan Underground (US) – 100%	Energy Coal	148	6.5 mtpa	FY02
Mt Arthur North (Aust) <sup>(2)</sup> - 100%	Energy Coal	411	12.1 mtpa	FY03-06
Blackwater Mine (Qld) – 50%	Met Coal	32	2.5 mtpa	FY03
North West Shelf Train IV (Aust) – 16.67%	LNG	260	700,000 tpa	FY04
Laminaria Phase II (Aust) – 32.6%	Oil	23	21,000 bpd	FY02
Echo/Yodel (Aust) – 16.67%	Gas/Liquids	18	5,000 bpd	FY02
Ohanet (Algeria) – 45%	Oil/Liquids	430	58,000 bpd <sup>(3)</sup>	FY04
ROD Oil Field (Algeria) <sup>(4)</sup> – 45%	Oil	190	80,000 bpd <sup>(3)</sup>	FY03
Typhoon Oil Field (US) <sup>(4)</sup> – 50%	Oil	190	20,000 bpd <sup>(3)</sup> 30MMscfd	FY02
TOTAL		Ca 2,900		

(1) Average over 5 years

(2) Announced in July 2001

(3) Gross figure – actual entitlement depends on PSC terms and oil price

(4) Both sanctioned in 2000

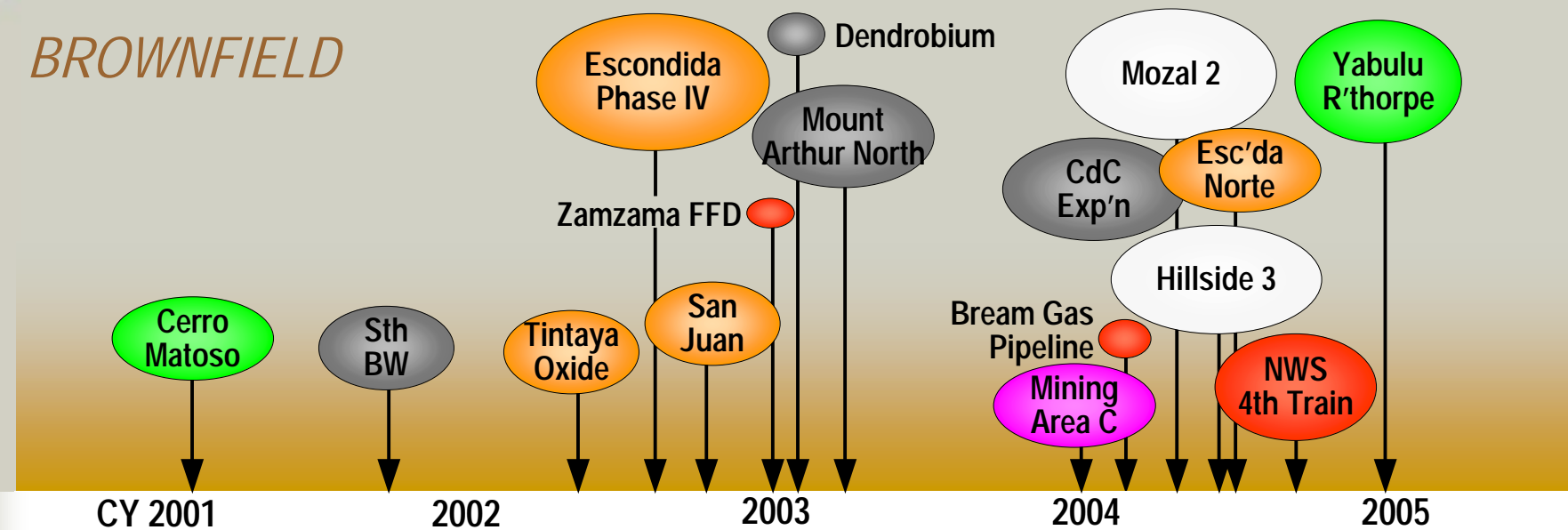
# Growth Pipeline

## Projects expected to be sanctioned in Financial Year 2002

Project	Commodity	Share of Description / Production	1 <sup>st</sup> Production
Hillside III (South Africa) – 100%	Aluminium	130,000 tpa additional capacity	FY04
Carbones del Cerrejon (Colombia)	Energy coal	Expansion of capacity from 3 mtpa to 9-10 mtpa	FY05
Mining Area C (Australia) – 85%	Iron Ore	15 Mtpa new production	FY04
Zamzama full field (Pakistan) – 36.5%	Gas	Full field gas development - 120 MMsfd	FY02
Dendrobium Underground (Australia) – 100%	Met coal	Production replacement	FY04
Mad Dog (US) – 23.9%	Oil	Oil development, GoM	FY04
Atlantis (US) – 44%	Oil	Oil development, GoM	FY05
Minerva (Australia) – 90%	Gas	Gas field development supplying Sth Aust	FY04

# Well Balanced Project Pipeline

## BROWNFIELD



## GREENFIELD

Note:  
Size of bubble indicates  
proposed capital expenditure



- Coal
- Aluminium
- Copper
- Nickel
- Iron Ore
- Oil and Gas



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# Chip Goodyear

## Chief Development Officer & Chief Financial Officer

# Financial Reporting for the BHP Billiton Group

- Combined accounts using merger accounting principles
- US dollar currency
- Financial statements are prepared in accordance with UK GAAP
- Stand alone preliminary reports for BHP Billiton Ltd Group and BHP Billiton Plc Group

# Results Highlights

(US\$m)	2001	2000	% Change
Turnover*	19,079	18,402	+3.7
EBITDA	4,211	4,016	+4.9
Excluding exceptionals	5,299	4,775	+11.0
EBIT	2,539	2,267	+12.0
Excluding exceptionals	3,627	3,027	+19.8
Profit before tax	2,063	1,778	+16.0
Attributable profit	1,529	1,506	+1.5
Excluding exceptionals	2,189	1,743	+25.6
EPS (cents)	25.7	26.3	-2.3
Excluding exceptionals	36.8	30.4	+21.1

\*Including share of joint ventures and associates

# Significant Features

- Higher prices for petroleum products, iron ore and coal
- Higher volumes for most major mineral commodities
- Acquisitions (Rio Algom, Worsley) and new operations (Moza) contributed to earnings
- Lower A\$/US\$ and Rand/US\$ exchange rates
- Exceptional items impacted attributable profit unfavourably by US\$660 million

# Exceptional Items

Pre-tax and equity minority interests	US\$m
HBI Venezuela write-off	(520)
Ok Tedi write-off	(430)
Columbus Joint Venture write down	(114)
Merger costs	(92)
Restructuring costs and provisions	(64)
Executive share awards	(37)
Lake Mines write down	(26)
Equalisation of interests in Queensland Coal	128
Sale of Mozal II expansion rights	61
<b>Total</b>	<b>(1,094)</b>

# EBIT by Customer Sector Group

(US\$m)	2001	2000	% Change
Aluminium	523	438	+19 %
Base Metals	485	478	+2 %
Carbon Steel Materials	894	538	+66 %
Stainless Steel Materials	79	205	-62 %
Energy Coal	382	137	+179 %
Petroleum	1,407	1,061	+33 %
Steel	270	402	-33 %
Exploration, Technology & New Business	6	12	
Other	120	125	
Group items	(539)	(369)	
BHP Billiton Group	<u>3,627</u>	<u>3,027</u>	+12 %

Excluding exceptional items

# Aluminium

	2001	2000
Turnover (US\$m)	2,971	2,357
EBIT excluding exceptionals (US\$m)	523	438
EBIT including exceptionals (US\$m)	576	438
Attributable production ('000t)		
– Alumina	2,938	1,878
– Aluminium	984	883
Average LME cash aluminium price (US\$/t)	1,539	1,516

# Aluminium – Key Points

- EBIT includes contribution from the additional 56% of Worsley
- Mozal reached full production in December 2000 and contributed US\$25m EBIT for the year
- EBIT includes US\$61m from sale of Mozal II expansion rights and US\$14m from Gove break fee
- Pot relining program at Hillside increased costs by US\$26m
- Higher LME linked costs contributed to a 3% rise in Aluminium unit cash costs
- Alumina unit cash costs were 9% lower in 2001
- Alumina production up 56%, Aluminium up 11%



# Base Metals

	2001	2000
Turnover (US\$m)	2,231	2,374
EBIT excluding exceptionals (US\$m)	485	478
EBIT including exceptionals (US\$m)	47	478
Attributable production		
– Copper concentrate (contained Cu '000t)	813.7	735.9
– Copper cathode ('000t)	207.1	111.6
– Lead ('000t)	216.9	206.9
– Zinc ('000t)	140.2	127.0
– Gold ('000oz)	766.6	589.1
– Silver (moz)	33.7	32.3
Average LME cash copper price (USc/lb)	81	79

# Base Metals – Key Points

- Write-off of Ok Tedi impacted EBIT by US\$430m
- Excluding OK Tedi write-off, EBIT was in line with 2000
- Rio Algom acquisition completed in October 2000
- Average LME cash copper price was 3% higher than 2000, offset by lower gold, silver and zinc
- Total copper production up 20%
- Mechanical completion of Antamina in May 2001, more than two months ahead of schedule

# Carbon Steel Materials

	2001	2000
Turnover (US\$m)	3,369	2,842
EBIT excluding exceptionals (US\$m)	894	538
EBIT including exceptionals (US\$m)	836	(157)
Attributable production (mt)		
– Iron ore	65.9	59.8
– Metallurgical coal	37.1	30.6
– Manganese ores	3.8	3.6
– Manganese alloys	0.6	0.7
– HBI	1.0	0.6

# Carbon Steel Materials – Key Points

- EBIT impacted by the write-off of HBI Venezuela US\$180m offset by a profit of US\$128m from the sale of interests in Queensland coal
- Record Western Australia iron ore sales volumes, up 13%
- 2000 EBIT included write-off of HBI WA of US\$695m
- Acquisition of QCT Resources in November 2000 added 5.2mt to coal production; remaining Queensland production was up 4%
- Higher iron ore and metallurgical coal prices
- Higher volumes and prices for manganese

# Stainless Steel Materials

	2001	2000
Turnover (US\$m)	838	977
EBIT excluding exceptionals (US\$m)	79	205
EBIT including exceptionals (US\$m)	74	205
Attributable production ('000t)		
– Nickel	60.8	54.1
– Chrome ores	3,158	3,726
– Chrome alloys	908	1,055
Average LME cash nickel price (US\$/lb)	3.28	3.75

# Stainless Steel Materials – Key Points

- Lower nickel prices (down 12%) and cobalt by-product (down 22%)
- Lower ferrochrome prices
- Nickel production up 12% to 61kt
- Lower unit costs at Cerro Matoso and Yabulu
- Cerro Matoso Line II produced its first ferronickel in January 2001, three months ahead of schedule and 15% under budget
- Yabulu refinery rehabilitation program resulted in output at record levels

# Energy Coal

	2001	2000
Turnover (US\$m)	1,982	1,597
EBIT excluding exceptionals (US\$m)	382	137
EBIT including exceptionals (US\$m)	348	137
Attributable production (mt)		
– South Africa	61.3	66.3
– USA	14.9	14.5
– Australia	5.3	5.1
– Indonesia	8.5	8.0
– Colombia	2.8	-
Total	92.9	93.9

2001 production does not add due to rounding

# Energy Coal – Key Points

- Higher export energy coal prices
- Cost savings and efficiencies
- Acquisition of interests in Colombian coal assets CdeIC (33.3%) and CZN (16.7%) in September and November 2000 respectively added 2.8mt to attributable production
- Total energy coal production of 92.9mt, in line with 2000.
- South African production was lower due to the sale of two mines and restructuring at Koornfontein.



# Petroleum

	2001	2000
Turnover (US\$m)	3,361	2,971
EBIT excluding exceptionals (US\$m)	1,407	1,061
EBIT including exceptionals (US\$m)	1,407	1,142
Attributable production		
– Crude oil and condensate (mmbbl)	79.1	79.8
– Natural gas (bcf)	261.8	238.6
– LPG ('000t)	673.6	681.7
Average realised oil price (US\$/bbl)	28.04	22.86

# Petroleum – Key Points

- Higher realised oil prices, up 23%
- Higher natural gas, liquefied natural gas (LNG) and liquefied petroleum gas (LPG) prices
- Higher oil volumes from Laminaria
- Lower oil volumes from Bass Strait reflecting natural field decline
- Higher exploration reflecting activity in focus areas – Gulf of Mexico, Algeria and Latin America

# Steel

	2001	2000
Turnover (US\$m)	3,760	5,393
EBIT excluding exceptionals (US\$m)	270	402
EBIT including exceptionals (US\$m)	248	249
Attributable production ('000t)		
– Raw steel	5,432	5,461
– Marketable steel products	5,316	4,883

Core steel production only

# Steel – Key Points

- Improved operating performance from the Asian businesses
- Lower international steel prices
- Lower volumes of coated products to the Australian market reflecting lower building activity

# Balance Sheet Strength

	2001	2000
Attributable net assets (equity) (US\$m)	11,340	11,036
Net debt (US\$m)	7,321	6,092
Net debt / equity	64.6%	55.2%
Net debt / (net debt + net assets)	38.4%	34.2%
EBITDA interest cover		
• excluding exceptionals	11.1x	9.1x
• including exceptionals	8.8x	7.7x

# Issues for First Quarter FY02

- Dia Met acquisition increases Group share in Ekati diamond production to approximately 80% effective 1 July
- Commencement of production from Typhoon oilfield in the Gulf of Mexico
- Power usage restrictions in Brazil are expected to impact aluminium production
- Accelerated planned maintenance shutdowns at nickel operations
- Petroleum prices

- No profit will be recognised for Ok Tedi except to the extent that dividends are received
- Ferrochrome business
- Base metal prices
- Exchange rates
- Commence implementation of new financing plan

# Capital & Investment Expenditure Update

(US\$m)	2001	2002F
Project expenditure	900	1,800
Sustaining capital	800	800
Exploration expenditure	300	300
Investment expenditure	<u>4,800</u>	<u>          </u>
Total	6,800	2,900



# BHP Billiton Ltd Group Financial Results

(A\$m, Aus GAAP)	2001	2000	% Change
Sales Revenue	20,698	19,872	+4%
EBITDA	5,530	4,404	+26%
EBIT	3,128	2,264	+38%
Profit before tax	2,575	1,600	+61%
Net Profit	2,007	1,581	+27%
EPS (cents)	54.4	43.3	+26%

# BHP Billiton Ltd Group Significant Features

- Charges relating to HBI Venezuela (A\$811m after tax) and Ok Tedi (A\$286m after tax), partly offset by benefits due to changes in accounting policies (A\$320m after tax)
- Excluding above items:

EBITDA    A\$6,676 million

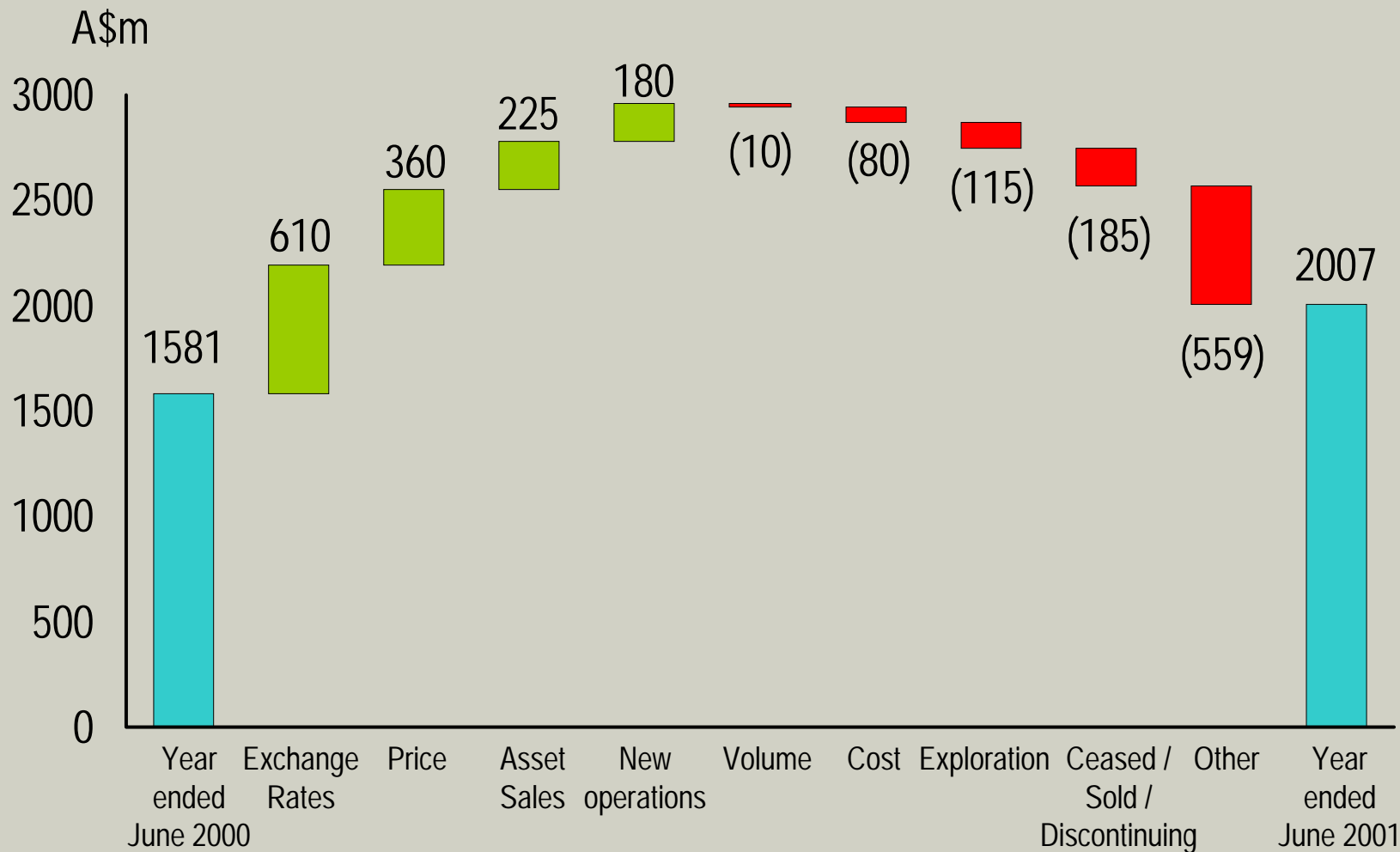
EBIT        A\$4,531 million

Net profit    A\$2,784 million

# BHP Billiton Ltd Group Net Profit

(A\$m, Aus GAAP)	2001	2000	% Change
Minerals	624	436	+43 %
Petroleum	1,916	1,286	+49 %
Steel	323	283	+14 %
Services		94	
Group items (incl. interest)	(1,354)	(550)	
Outside equity	498	32	
Net profit	2,007	1,581	+27 %
Return on capital	11.7%	10.0%	
Return on equity	18.2%	15.3%	
Gearing	38.3%	42.7%	

# BHP Billiton Ltd Group 2001 vs 2000



# WA HBI Performance Update

(A\$ Nominal)	FY01 (Q3)	FY01 (Q4)	FY01 (H2)	FY01 (H2)
	Actual	Actual	Actual	Target
Production Volume (kT)	177	276	452	606
Ave Campaign Length (days)	109	133	115	91
Ave Train Throughput (T/h)	42	58.4	50.2	60.6
Ave Train Turnaround (days)	-	93	93	49
Cash Flow* (after tax)	(54)	(45)	(99)	(172)
Capital Expenditure**	11.5	11.8	23.3	52

\* Cash Flow = Operating cashflow - capital – tax

\*\* Capital expenditure was charged to profit

# BHP Billiton Plc Group Pro Forma Highlights

- Turnover up 32% to US\$7,333 million
- Operating profit up 18% to US\$992 million
- Attributable profit excluding exceptional items up 22% to US\$693 million
- Cash flow from operating activities 35% higher at US\$1,346 million
- EPS excluding exceptional items up 13% to US\$0.31

# BHP Billiton Plc Group Pro Forma Financial Results

(US\$m)	2001	2000	% Change
Turnover	7,333	5,550	+32%
Operating Profit	992	843	+18%
Excluding exceptionals	1,120	843	+33%
Attributable Profit	565	566	-
Excluding exceptionals	693	566	+22%
EPS (cents)	25.1	27.3	-8%
Excluding exceptionals	30.7	27.3	+12%

# BHP Billiton Plc Group Pro Forma Operating Profit by Business Segment

(US\$m)	2001	2000	% Change
Aluminium	511	431	+19%
Base Metals	66	27	+144%
Coal	257	52	+394%
Nickel	81	140	-42%
Steel and Ferroalloys	83	148	-44%
Titanium Minerals	162	155	+5%
Metals Distribution	23	-	
New Business & Technology	(40)	(52)	
Central Items	<u>(23)</u>	<u>(58)</u>	
Operating Profit	1,120	843	+33%

Excluding exceptional items  
Including Group share of joint ventures and associates



# BHP Billiton Plc Group Pro Forma 2001 vs. 2000

	(US\$m)
2000 operating profit	843
Weakening of currencies relative to US\$	236
Acquisitions and disposals	120
Efficiency gains at production units	76
Sales prices	77
Sales volumes	27
Reorganisation costs	(10)
Other items (incl trading and central items)	(10)
Costs linked to commodity sales prices	(59)
Inflation impact on costs	<u>(180)</u>
2001 operating profit	1,120

Excluding exceptional items

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