

1 BHP Billiton

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3 Preliminary Results Media Presentation

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5 Monday 20 August 2001

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7 Mr Paul Anderson

8 Mr Charles Goodyear

9 Mr Brian Gilbertson (via videolink from London)

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11 MR ANDERSON: Good afternoon and welcome to the second leg of
12 today's financial results presentation. As many of you
13 know, due to the time differential between here and
14 London, Brian Gilbertson was unable to join us at this
15 morning's presentation. We would have had to drag him
16 out of bed at 1.30 in the morning. He's now joining us
17 via video link from the UK, where he will be hosting a
18 detailed briefing in that city, and Chip and I will be
19 joining him by video link in about two hours' time.

20 Later this week Brian will be back in Australia
21 for the start of a three week road show that he and I,
22 and Chip, and a couple of others will be participating
23 in, so you'll probably get a chance to see him here on
24 your own turf later on in the week.

25 To begin with I would like to very quickly take
26 you through the main points on this morning's briefing,
27 and then I'll pass you over to Brian who will give you
28 an update on where we are in the integration and what we
29 see as some of the challenges going forward.

30 The headline of this morning's announcement is
31 that we had outstanding results for the 2001 financial

1 year. It was on a pre-exceptional basis BHP Billiton
2 generated EBITDA of US\$5.3 billion, and on the same
3 basis attributable profit of US\$2.2 billion, or an
4 increase of over 25 percent year over year.

5 Both sides of the BHP Billiton group delivered
6 record financial results and made significant progress
7 in delivering value and adding growth. So both BHP on a
8 stand alone basis, and Billiton on a stand alone basis had record
10 years.

11 We spent US\$6 billion on acquisitions and
12 projects between the two of us over last financial year,
13 and the full benefits of those expenditures are yet to
14 be realised by the shareholders, but they will be
15 realised in coming years.

16 As I step back from the detail I think three
17 things really strike me. First of all, this is an
18 awesome cash generating machine out here. Secondly it
19 has a really outstanding list of growth opportunities
20 going forward, and thirdly it has the financial capacity
21 to exploit those opportunities.

22 Going forward it's clear that the quality of our
23 asset portfolio and the breadth of diversification both
24 across commodities and countries is a key
25 differentiating feature of BHP Billiton, and it will
26 ensure our place at the head of the resources industry
27 in the future.

28 Since the announcement of the merger we've made
29 it a priority to maintain the momentum that we've
30 established to date. In the last six months we've
31 committed to the Mozal 2 aluminium smelter expansion, the

1 development of Mt Arthur North energy coal mine, we
2 completed the Dia Met acquisition, finalised the
3 equalisation of our Queensland Coal interest with
4 Mitsubishi, completed the Colombia stainless steel
5 divestment, and the North American Metals Distribution
6 transaction. We've also made significant progress in
7 the public listing of our steel company and set some key
8 objectives for that project to have it completed by the
9 end of this fiscal year.

10 Finally I know you'll all be interested in the
11 progress with regard to Ok Tedi. We're continuing
12 discussions with the other shareholders in OTML and have
13 made considerable progress there, and I think the write
14 down of our interest in Ok Tedi is probably the most
15 tangible sign that we're making substantial progress in
16 that area. I can't give details as to exactly where we
17 are in the process, because obviously there are other
18 parties involved, but I will say that we're quite
19 confident that we are making progress, that's why we
20 took the write down, and the write down does not affect
21 in any way the value that the other parties would
22 attribute to Ok Tedi themselves.

23 Now what I'd like to do is pass you over to
24 Brian Gilbertson and ask him to make some comments on
25 the merger integration progress, and then we'll throw it
26 open to questions.

27 MR GILBERTSON: Well good morning Paul, or good afternoon. I
28 know you've been up and going at this from 1.30 my
29 time. I thought of getting up and joining you at that
30 time, but my wife wouldn't let me. So this is my first
31 appearance on it.

1 Good morning ladies and gentlemen. Let me say
2 that it is two months since we approved our merger, and
3 in my judgment we have made absolutely astonishing
4 progress in giving effect to the integration of the two
5 teams.

6 I think probably the most significant achievement
7 has been the implementation of new and innovative
8 thinking as to how we go about creating real value
9 across our businesses. And let me make the point that
10 it's setting out to create value is what has led to the
11 structure that we have developed for the organisation;
12 it is not the other way around. In this sense I
13 actually think that we have a competitive advantage over
14 others, because you know in any organisation certain
15 practices develop over the years. What we have had here
16 is the opportunity of bringing the best minds from both
17 sides to focus on how we do things, how we structure
18 ourselves, and so in a sense we're starting with a clean
19 slate.

20 Now, we have decided to structure our businesses
21 not around the assets or commodities, but actually
22 around the natural customer grouping. We call these the
23 Customer Sector Groups, and they are to be supported by
24 an integrated marketing organisation. And in this way
25 we expect to leverage the market knowledge that comes
26 from being a global supplier of multiple commodities.

27 Now I think this is a pretty dramatic departure
28 from the typical asset based approach to resource
29 marketing, and so I think we can utilise our knowledge
30 of markets and of customers to identify market
31 opportunities across all of our commodities, to look at

1 complete offerings to customers, to develop new
2 approaches to servicing our customers, and so to seize
3 new opportunities that we have in the emerging new
4 markets.

5 Now, we have decided also to establish twin
6 marketing hubs, one in The Hague and the other in
7 Singapore. The Hague hub of course is already
8 functioning, and we hope that the Singapore hub will be
9 operating by the end of November. So if looking towards
10 the future, our integration priorities will be focused
11 on capturing not only the maximum synergy benefits from
12 the individual businesses, but more importantly the
13 synergy opportunities created specifically through the
14 merger.

15 So you know of course that this merger has
16 delivered a distinctive new combination of assets with,
17 if I can use the phrase, a global footprint across
18 nearly every resource commodity of consequence, across
19 the key mining and the metal producing regions of the
20 world, and of course across the key customers for those
21 products.

22 And we are also committed to delivering growth in
23 value as part of the integration process. All of the
24 growth options of the BHP Billiton portfolio have been
25 reviewed by the new management to look at optimising
26 those development opportunities, and at the implications
27 for funding, for project management, and for portfolio
28 risk.

29 And I repeat myself here by saying that I think
30 the cultural integration between the former BHP and the
31 former Billiton has really been quite remarkable. The

1 two companies have different but mainly complementary
2 styles, and the great challenge for us was to capture
3 the respective strengths of both organisations, and it
4 is my judgment that remarkable progress has been made
5 and that we are now today a single integrated
6 organisation.

7 And then let me conclude Paul by just saying that
8 we are now, as you well know, in the process of
9 developing a strategic framework which will strengthen
10 and round off our position as a new global player in the
11 resource sector, as we set out to unlock the value in
12 our businesses in an intensive and innovative manner for
13 the future.

14 Back to you, Paul.

15 MR ANDERSON: Okay, well thank you Brian. I hope this gives
16 you just a flavour of the type of progress that we've
17 made in terms of integrating the two organisations going
18 forward. I feel we have great momentum here, the
19 integration's coming faster and smoother than we expected
20 it to, and at this point in time I and the rest of the
21 management team and the Board are absolutely convinced
22 that this merger's going to create more than the sum of
23 the parts.

24 Now what we'd really like to do, since you
25 haven't had the chance to ask questions of Brian, and
26 also we have Chip Goodyear here for the really hard
27 questions, we'd like to throw it open for any questions
28 anyone in the group may have, and also as I understand
29 there are a number of people that are listening in on
30 the telephone, and we'll take questions from the phone
31 as well. But let's start with people here in the room,

1 if someone has a question.

2 QUESTION: Can you explain more of what is meant by the
3 strategic framework? What will that encompass?

4 MR ANDERSON: Well we talked quite a bit about it this morning,
5 but the basic strategic framework is starting with some
6 general principles of, you know, what are we trying to
7 accomplish, which is basically to increase the returns
8 of the business, to leverage our assets beyond where we
9 are right now, to use intellectual property and not just
10 the physical assets themselves, and to really get out to
11 our customers, to fill in the void between the mine
12 mouth and our customers.

13 And as such we need to start with a strategic
14 framework that says we're going to be the absolutely
15 best operators of assets in the world. We have to get
16 our operating excellence up to absolute number one class
17 standards for everything else, but then we have to go
18 beyond that in terms of the organisation and in terms of
19 the market place and in terms of our customers.

20 And Brian, you were talking about the Customer
21 Sector Groups and also the marketing organisation, you
22 might want to make a few comments about what you see in
23 terms of energy and some of the marketing initiatives.

24 I would say, don't expect a full strategic plan
25 for at least six months, because you know, six weeks
26 into a merger you don't have that all fleshed out.

27 Brian?

28 MR GILBERTSON: Yes, thank you Paul. Perhaps - I mean the way
29 to emphasise the customer sector group and its
30 significance is to point out - I think a good example is
31 perhaps the Carbon Steel group where, as you know, we

1 have together the iron ore, the metallurgical coal, and
2 manganese. Now these are input materials that go
3 into the making of carbon steel.

4 In a single commodity structured organisation you
5 would have a situation where the marketing executives of
6 those different businesses would call in an
7 uncoordinated, unplanned manner on the customers. What
8 we are able to do under this Customer Sector Group
9 structure is to look at the overall needs of the
10 customer, make judgments about the economic prospects of
11 this particular business, and then in an integrated way,
12 for example among those three commodities that I have
13 mentioned, plan how best we might service the needs of
14 the customers. And in the same way we have done that
15 also in the Stainless Steel group and indeed in the
16 others.

17 Now energy is something that I suspect we are not
18 quite ready yet to talk in great detail about, but we
19 have an unique competitive position here relative to
20 others in the industry in having the petroleum arm of
21 the old BHP, and the energy coal of the old Billiton.
22 Now these are essentially products that have a high
23 energy content, and in this sense our group is actually
24 is both long and short at the same time in energy.

25 And so just the illustration that I've used in
26 the past is that the growth of the old Billiton's
27 aluminium business was very rapid and very strong,
28 principally because it managed to be long in the power
29 availability in Southern Africa. Now if you look at
30 BHP Billiton, we actually are long in power
31 internationally, and I think that just gives us a

1 substantial competitive benefit when you look at an
2 industry that typically in the past has been energy
3 short. So I mean, those are some of the areas.

4 The other point to emphasise here is the
5 marketing structure that we've created. I have already
6 referred to the hubs in The Hague and Singapore. I
7 mean, what we have tried to achieve in this integrated
8 marketing structure is the optimum balance between an
9 overall planning, common customer service processing,
10 common invoicing, common contracting processes, with, at
11 the same time, the initiative, the motivation, the
12 incentives that operating in an EBIT mode brings to the
13 heads of the Customer Sector Groups.

14 And so the marketing executives that are located
15 in the hubs will in a sense have two masters; the first
16 master being the Customer Sector Groups to whom the
17 heads of those are responsible for delivering
18 profits, but at the same time they are responsible to
19 the head of the marketing arrangement who has a global
20 view across all of the customers. And in this way I
21 think we bring huge strength to our marketing arm. And
22 I think that will be very good for us in the future.

23 MR ANDERSON: And as I said, I think, you know, it's really
24 premature to have a fully fleshed out strategy. We will
25 be looking by the end of the third fiscal quarter of
26 this year unveiling a much more detailed strategy, and
27 again resetting some of the financial objectives that we
28 set in early 2000.

29
30 QUESTION: Ben Potter from the Financial Review.

31 Mr Gilbertson, can you comment on how the division of

1 responsibilities between yourself and Paul Anderson is
2 working out.

3 And also describe to us in a bit more detail how
4 you talked about the cultural fit working very well. I
5 wonder if you could give us a bit more detail about
6 the - is it veering towards the Billiton management
7 driven style or, you know, to what extent it's been
8 tempered by the traditional board, the strong board
9 model of BHP and so on, and how you see that evolving.

10 MR GILBERTSON: Well I mean the relationship between Paul and
11 myself, I mean, I think I was asked that question when
12 we announced the merger, and of course I said then that
13 Paul was the Chief Executive so if he said to me jump, I
14 mean, my question was how high I have to jump. And I
15 have to say to you that we've actually all been so busy
16 that I don't think anyone has actually had the
17 opportunity to get concerned about this area at all.

18 I don't think - Paul, I mean you correct me if
19 I've got this wrong, but I don't think there has been
20 any area of disagreement between us in the way that the
21 key decisions that have been made by us as we've come
22 forward, except once when you wanted cheese and ham
23 sandwiches, and I think I wanted a cheese sandwich. But
24 beyond that all the key calls I think we have been
25 absolutely of one mind.

26 Going forward, I wouldn't say that the culture of
27 any one of the two arms of the two original companies
28 predominates in any way. As I tried to say in my
29 introductory comment, we have had an unique opportunity
30 here, very rarely available in corporate development, to
31 sit down with a clean sheet of paper and to say, how

1 should we design this organisation? Now, we drew the
2 teams from both sides, led by Brad Mills from the old
3 BHP side, and Mike Salamon from the Billiton side, and
4 they had small groups of the best and the brightest
5 drawn from the two sides. And they re-thought this
6 company, its structure, its staffing, from first
7 principles. Now, if you can do that, and you do that in
8 a positive sense rather than in a negative sense, that
9 is a very great benefit.

10 And so the only other question that you ask
11 yourself then is, well, are there great cultural
12 differences, you know, where fundamentally the
13 Australian based group, or the BHP based group, or the
14 Billiton group, London based, and so on, whether they're
15 culturally very different. And in fact, I mean right at
16 the start I had - I think the first time after we
17 announced the merger, I had a small group of the key
18 minerals people meet with me. And you know, I mean, I
19 guess in our industry maybe it's a homogenising effect
20 of our industry, but people think about our businesses
21 in the same way. I mean, they recognise the emphasis on
22 cost, they recognise the need to get a good return on
23 assets, and I think they approach those challenges in
24 very similar ways.

25 So, I can, I can rattle on about this at great
26 length, but I mean, I can summarise by saying to you
27 that my judgment is that this integration process has
28 gone very very smoothly, and I mean, I pay tribute to
29 those who are on the integration teams because I think
30 they've done a great job. And I repeat what I said
31 earlier; we are now, in my judgment, a single

1 organisational team.

2 QUESTION: Paul, Steve Lettes from the ABC. I was just
3 wondering how, in terms of the break up in terms of the
4 earnings between what BHP contributed and what Billiton
5 contributed, what was the percentage break up, and how
6 does that stack up with the merger ratio?

7 MR ANDERSON: That's almost impossible to give an answer to,
8 because you've got BHP results figures on Australian
9 GAAP and Australian dollars, and you've got Billiton in
10 US dollars, UK GAAP, and if you try to put the two
11 together and sort out who contributed what, I think
12 you'll go crazy. I would say it's basically in line
13 with the merger ratio.

14 Chip, would you like to comment on that?

15 MR GOODYEAR: No, that's the right answer. We haven't even
16 looked at it.

17 MR ANDERSON: I would say we've got a few accountants that are,
18 you know, just glad we got the numbers together, let
19 alone trying to add up who brought what to the party.

20
21 QUESTION: Paul, Sean Smith from the Herald Sun. On Ok Tedi,
22 two questions, will you be out of that project this
23 financial year?

24 And second, is there a concern within the group
25 that this could drag on for quite some time yet, given
26 that while you would prefer a clean exit no doubt, there
27 are certainly some environmental groups, and perhaps
28 even two one or two legal firms in Melbourne alone who
29 would probably prefer to make it a little bit costly for
30 you?

31 MR ANDERSON: Obviously there are three parties involved here

1 in terms of the exit from Ok Tedi, but certainly our
2 goal is to be out this fiscal year, there's no question
3 about it. I can't promise you that we will do that,
4 because obviously we're not totally in control of the
5 situation, but I would say that the PNG government and
6 (inaudible) are very much supportive of an exit on a
7 basis that I think we'll be compatible with everybody's
8 needs.

9 QUESTION: Sandra O'Malley from AAP. This morning you talked
10 about there would be infinite ways to grow the petroleum
11 business. How far exactly - I mean, it contributes
12 35 percent of earnings now. How big would you be
13 prepared to let it go, and do you see a role for
14 Woodside in the petroleum unit at all?

15 MR ANDERSON: I'm not sure we've ever sat down and said, how
16 big are we willing to let petroleum go? I assume if
17 it's profitable and if it's giving a great return and
18 creating shareholder value, it can go a long ways before
19 we're going to say that, boy, it's gotten too big. So I
20 wouldn't want to put a limit on it. I would just say I
21 would leave it to the opportunities available and to the
22 value that's created going forward.

23 In terms of Woodside, I'm sure you've heard the
24 comments that Woodside has made that we have had
25 discussions between ourselves and Woodside. I would say
26 you've got three parties there that are going to have to
27 be happy if there's going to be any kind of a
28 transaction. Clearly Shell, Woodside, and BHP Billiton
29 are all going to have to be comfortable that their
30 shareholders benefitted from a transaction. And
31 when you have three groups, that's never very easy. So

1 it remains to be seen whether or not there's some sort
2 of a deal there or not.

4 QUESTION: Have you had talks with Shell yet on the subject?

5 MR ANDERSON: We've obviously had talks - all the parties have
6 talked to each other in one form or fashion.

9 QUESTION: (Mr Woolf from ABC Radio.) Thanks very much. I
10 might just ask a couple, if I might. Firstly Paul, if I
11 could ask one of you and two of Brian quickly.

12 Obviously diversification is king according to
13 what you've been quoted as saying today. I'm wondering
14 further down the track how you might be looking to
15 diversify further, and wondering if gold is anything
16 that you've ever run a slide ruler over.

17 And perhaps for Brian, if I could ask two quick
18 questions, just an update on how things are going with
19 the Ravensthorpe nickel project, and you talked also
20 about assessing projects within the conglomerate, and I'm
21 wondering what your impressions are of the HBI project
22 in Port Headland?

23 MR ANDERSON: I'll give you a quick answer to gold, and I'll
24 ask Brian to make a comment on that because he's been
25 involved in gold in the past.

26 I think gold is a commodity that operates
27 somewhat differently than other commodities out there,
28 and it's not - at least in terms of its valuation by the
29 market place, and it's not one that is particularly
30 attractive in the portfolio that BHP Billiton's trying
31 to build. Obviously if we run into gold discovery we're

1 not going to cover it up, but I wouldn't go looking for
2 it.

3 Brian, you might have a thought on that.

4 MR GILBERTSON: I think I agree with that, Paul. I mean, for
5 gold to be a major contributor to our business, I
6 suspect you'd need some pretty large gold production.
7 And that tends to come from deep level mining, which I
8 guess we as a group are not too enthusiastic about. But
9 I mean, if we were to come across, you know, a shallow,
10 easily mined deposit, you know, we certainly wouldn't
11 walk away from it. It would be one way to create
12 value.

13 On the Ravensthorpe, I really don't have too much
14 to add beyond the point that the project study is
15 underway. If it is successful in its end outcome, we
16 think it will be important in the overall running of the
17 business and the operating cost structure going forward,
18 but we simply have to get through that process and we're
19 not there yet.

20 On the HBI plant, I have indeed made a visit out
21 there and had a very positive visit. There's a
22 committed team of executives who are - and they had to
23 face a daunting set of problems and a daunting set of
24 issues. They committed to doing that. I think they
25 made good progress.

26 Of course they have been set particular targets
27 which need to be achieved within the next few months,
28 and they are required to report back to the board, I
29 think it's at the meeting next - not the next one but
30 the one after that. And I mean, at that time a decision
31 will be made as to whether the results give sufficient

1 confidence to go forward with the project or otherwise.

2 MR ANDERSON: Do we have another telephone question?

3 QUESTION: (Ms Counsel from Sydney Morning Herald.) Sorry,
4 this is just more or less a follow on question about
5 HBI. Is it right to assume then that you've set a
6 deadline of the next six months to make a firm decision
7 on whether you close HBI?

8 MR ANDERSON: I wouldn't say we've set a deadline, but we've
9 certainly set a review date, and the real question is,
10 you know, how firm are the indications that that review
11 date is going to - if it's, you know, clearly a
12 commercial operation, no problem. If it's clearly not
13 going to be commercial, no problem. If it's border
14 line, I wouldn't want to say that we're going to have a
15 specific date where there'll be a go/no go.

16 QUESTION: But certainly in the scheme of things it's not a
17 major project, considering what you've brought together
18 with the two companies, but I would have thought you
19 wouldn't be keen to have it lingering.

20 MR ANDERSON: Well there's no question in my mind. If we
21 determine it's not commercial, we won't hesitate to take
22 action at that point in time. You know, I think our
23 track record would say that we don't let things linger
24 beyond the point that we're convinced that they don't
25 have a future.

27 QUESTION: Stewart Oldfield at the Financial Review here.
28 Mr Anderson, can I just ask you about the petroleum
29 business following on from the comments about your
30 (inaudible) for that division's prospects. Would you
31 rule out holding your interest in the petroleum business

1 through a remote publicly listed entity?

2 MR ANDERSON: I guess the question is do you mean having a
3 minority interest out there that would be publicly
4 listed? I don't see any problem with that if we can do
5 it in a way that we can still get the synergy value of
6 having petroleum in the energy portfolio. And I think
7 it has to do with under what conditions, what percent
8 would be held publicly, etcetera, so you know, you have
9 to have something specific to look at. But a public
10 component wouldn't be out of the question.

11 QUESTION: Can I also ask you just about comparisons with some
12 of your other resource companies. Do you see as a
13 benefit of BHP Billiton that you have a lower percentage
14 of commodities that are LME traded?

15 MR ANDERSON: I think that's a definite advantage of
16 BHP Billiton. If you look at our mix of commodities out
17 there, less than 30 percent of our commodities are LME
18 traded. And those are the commodities which in a slow
19 down period, like we have right now, are impacted by price
20 immediately, because there isn't an underlying contract
21 structure to, you know, to maintain prices, there's no
22 momentum, and prices respond very quickly to economic
23 conditions. So you know, for us less than 30 percent of
24 our portfolio is going to be impacted immediately
25 through LME movements.

26 Petroleum, as I said, marches to a more or less
27 political drummer, it has its own cycle, and that's
28 about 35 percent of our mix, and the rest of our mix is
29 primarily contracted. For instance in the case of iron
30 ore, in the case of coking coal and thermal coal, we
31 have contracts in place that run until the 1st of April

1 of next year, and then almost - well in all cases those
2 contract prices are higher than we were last year.

3 QUESTION: Finally, can you just comment briefly on the outlook
4 for the LME traded commodities? Is it bleak?

5 MR ANDERSON: I don't know if I'd call it bleak, but I'd say
6 it's nothing to write home about. If the current
7 economic conditions continue for the next twelve months,
8 and I wouldn't be surprise if we do have a difficult
9 twelve months ahead, then I don't think you're going to
10 get enough of a pick up in demand to give a boost in
11 prices. I think we've got less inventories out there
12 than we've had in previous down turns, so I don't think
13 it will be nearly as difficult as other cycles have
14 been, but I don't see a pick up in prices in the next
15 twelve months.

16 Brian would you like to comment on that? You're
17 actually closer to that than I am.

18 MR GILBERTSON: No, I think you've covered that, Paul. I mean,
19 I concur with those views. I mean, you know, across our
20 businesses there are different - the current marketing
21 position is actually quite different. And in those
22 commodities that supply the stainless steel industry,
23 copper is well-known, there the prices are very low and
24 the volumes are under pressure. But as you have pointed
25 out, the other side is that the bulk commodities which
26 are fixed on a different pricing basis, and the
27 petroleum side of the business, those are supported by
28 the longer term pricing arrangements.

29 But overall I think one should also bear in mind
30 that the operations themselves are very robust. Almost
31 all of them are at the low part of the cost curve, so

1 they tend to be strongly cash generative, even at times
2 when many competitors would be under a great deal of
3 pressure.

4 So overall I think the market position is - does
5 not fill one with great optimism right now, but we are
6 supported by this balance of commodities with our
7 portfolio, and by the fact that we have very robust
8 businesses. And I think that gives us a resilience
9 which is important.

10 MR ANDERSON: We have time for just one more question, so who's
11 got that last burning question here?

12 QUESTION: This is I suppose back on the cultural issues,
13 you've got a charter and you've got the BHP Billiton
14 way, and I don't know what else, but are you in danger
15 of drowning in paper and management speak as a result of
16 the process you've been through in the last six months?
17 And what does - I think I've seen a charter, but can you
18 explain what the BHP Billiton way is, or is supposed to
19 be?

20 MR ANDERSON: Well Brian, you're responsible for the BHP
21 Billiton way, so maybe you'd like to answer that.

22 MR GILBERTSON: Well let me deal with the first one first,
23 which is whether one is drowning in paper. I mean, I
24 think that you should accept that when you put together
25 two very large organisations, there is a considerable
26 amount of paper that gets generated. And indeed there's
27 also an even greater amount of e-mails that get
28 generated. But as you make the key decisions and you
29 put the structures in place and you put the executives
30 in place, I mean, it tapers off from what might appear
31 like confusion and chaos at the outset, to a very

1 structured and clear direction for the different
2 operations. And I think we're pretty much moving into
3 those areas now.

4 The BHP Billiton way I think is something that
5 you're going to see unfolding over the next couple of
6 presentations in the year or so ahead. I mean, we
7 recognise that if you look across at the various
8 businesses of the group, there are ways to lever
9 synergies out of businesses by putting in outstanding
10 practice at the operating level, and pinning down
11 targets for the kind of returns that we want to earn on
12 the invested capital. And instead of each head of the
13 operation going off and doing it his way as, I mean,
14 might have been the way, I guess, if I can use the
15 example, I mean, I think the old Billiton had very much
16 what we used to call silos, and the silos had become -
17 were not benefitting from an overall view.

18 Now in bringing this together we are able to
19 bring the common processes, the common decision making
20 structures into the running of the operations. And so
21 if you're able on one operation to achieve benefits by
22 doing things in a particular way, we have systems and
23 processes in place to lever that benefit into the other
24 businesses as well. And so by having this operational
25 excellence across the businesses, we will extract the
26 maximum value.

27 And it's not just in the operating areas, but
28 also in the marketing area, where I referred earlier to
29 the fact that you have common invoicing, common debt
30 collection processes, and so on. Rather than each one
31 operating its own independent operation, and so not

1 benefitting from the strength of the overall
2 organisation.

3 MR ANDERSON: All right, with that we're out of time.

4 QUESTION: Can I just ask one question, just one more question.

5 MR ANDERSON: If it's burning.

6 QUESTION: If it's burning? It is burning. Andrew Trounson
7 from the Dow Jones News Wires. Given that aluminium
8 prices could be depressed for the next twelve months
9 possibly, and that iron ore and coking coal price
10 outlook could be flat, especially with Japanese steel
11 demand likely to tail off at some point, and also oil
12 prices expected by some to be - to have already peaked,
13 how confident are you that you can actually beat the
14 profit you've just announced this year?

15 MR ANDERSON: Well we don't want to forecast. I guess I will
16 say that I would be very disappointed if we couldn't
17 beat the profit that we just announced this year. You
18 have to look at the fact that we're bringing on
19 production, for instance Mozal we will have a full
20 year's production where we had a half a year's
21 production. Antamina's cranking up, Typhoon's
22 starting. So you know, you have a look at a number of
23 things beyond just prices out there, and I think in a
24 flat pricing environment we'd be very comfortable that
25 we could still create value during that period of time.

26 So you know, again I don't want to make a
27 forecast, but you know, I will tell you that I
28 personally will be disappointed if we can't beat the
29 results.

30 With that, thank you very much for coming, we
31 appreciate you taking the time.

