

# BHP Billiton

Chris Lynch – Chief Financial Officer

Merrill Lynch Australasia Investment Conference

New York

30 September 2002



**bhpbilliton**

Key investment theme

**Stability**

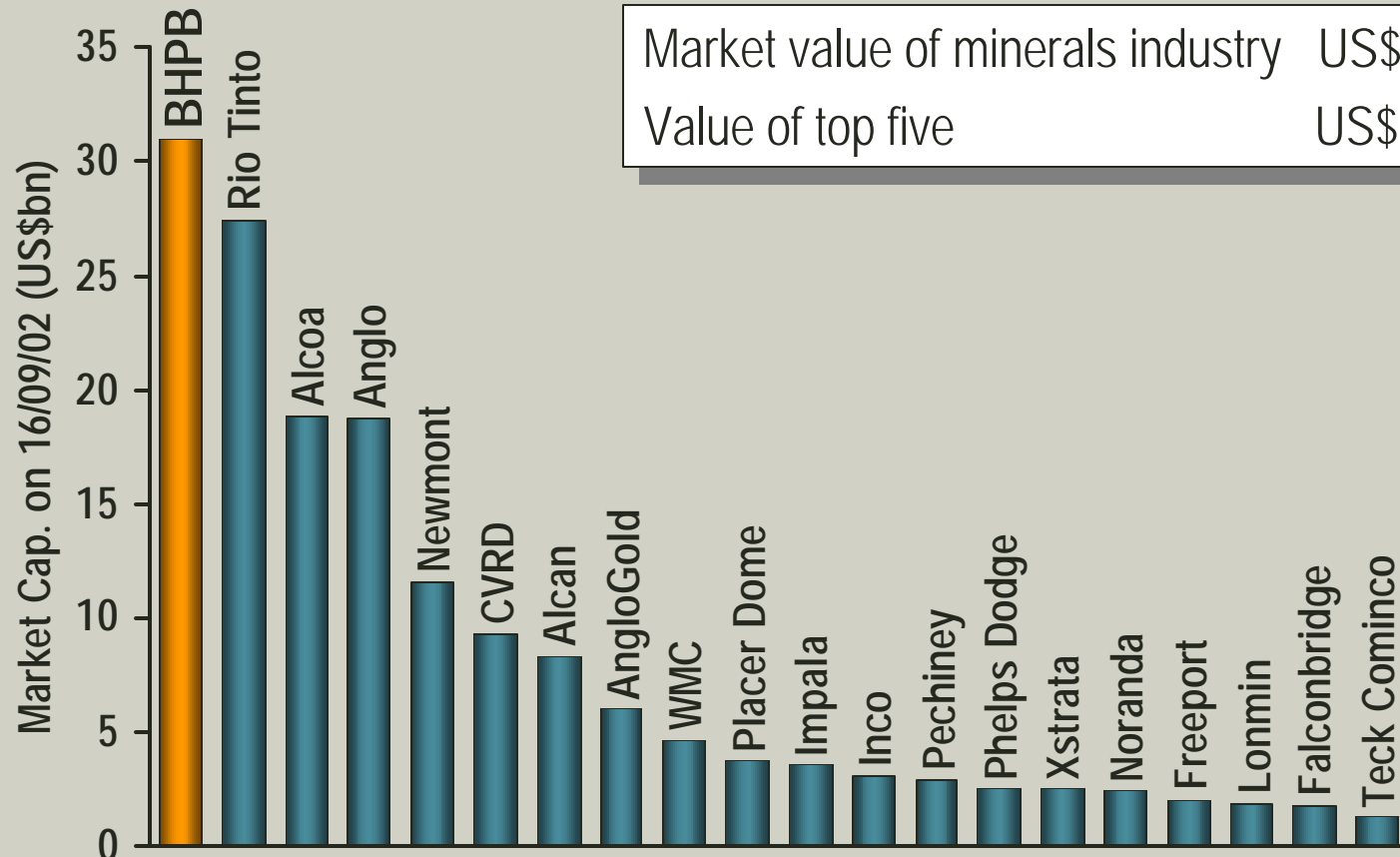
**Growth**

**Value**

**We seek to earn superior returns for our shareholder as the world's premier supplier of natural resources and related products and services**

# The largest company in a consolidating sector

Top five companies account for around 50% of resource equity market value – double their share of 10 years ago



Market value of minerals industry	US\$235 bn
Value of top five	US\$110 bn

# A global footprint

**Petroleum**



**Aluminium**



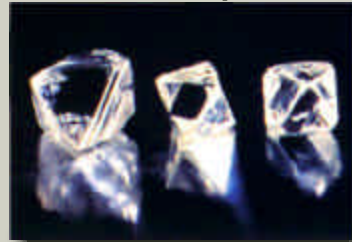
**Base Metals**



**Carbon Steel Materials**



**Diamonds & Spec Prod**



**Energy Coal**

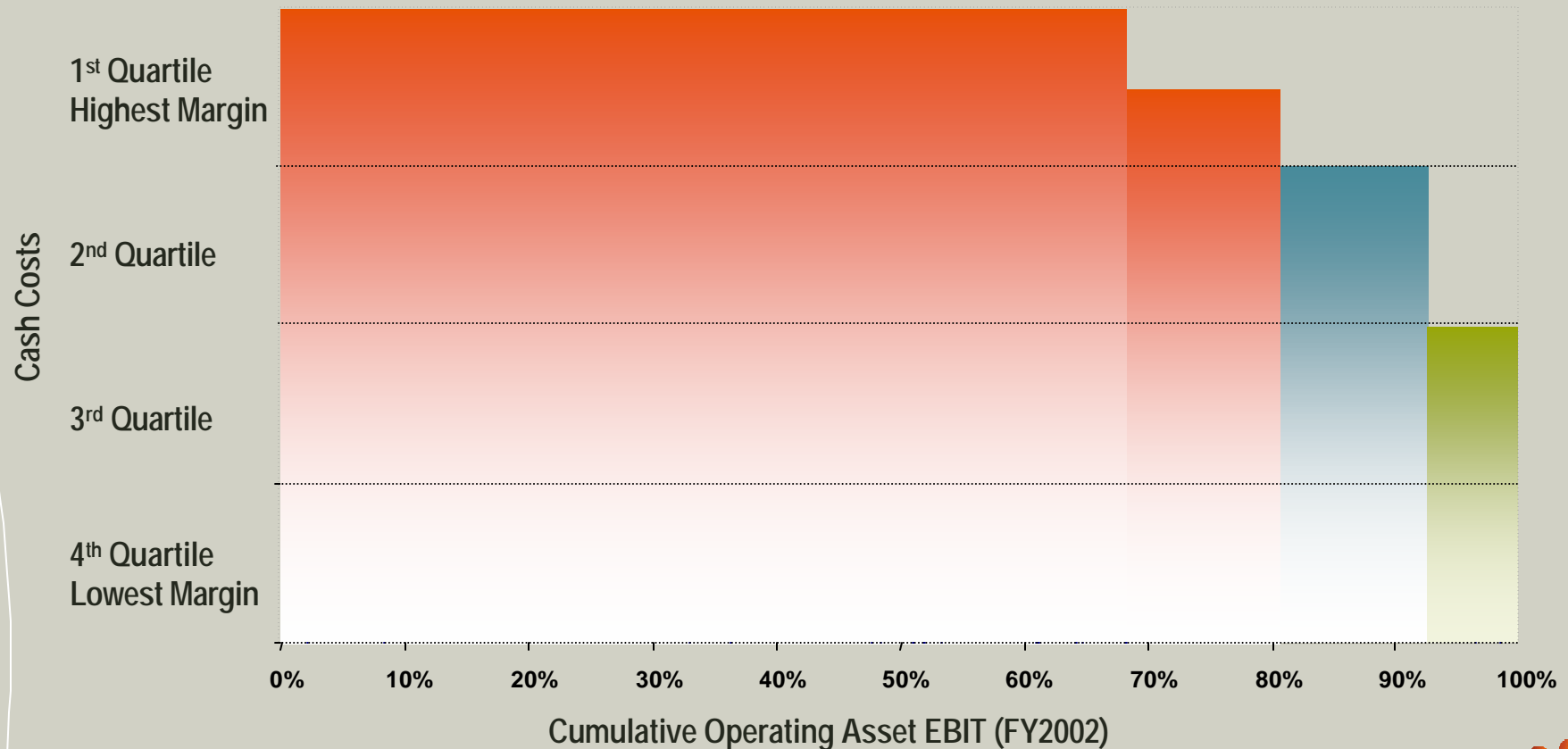


**Stainless Steel Materials**

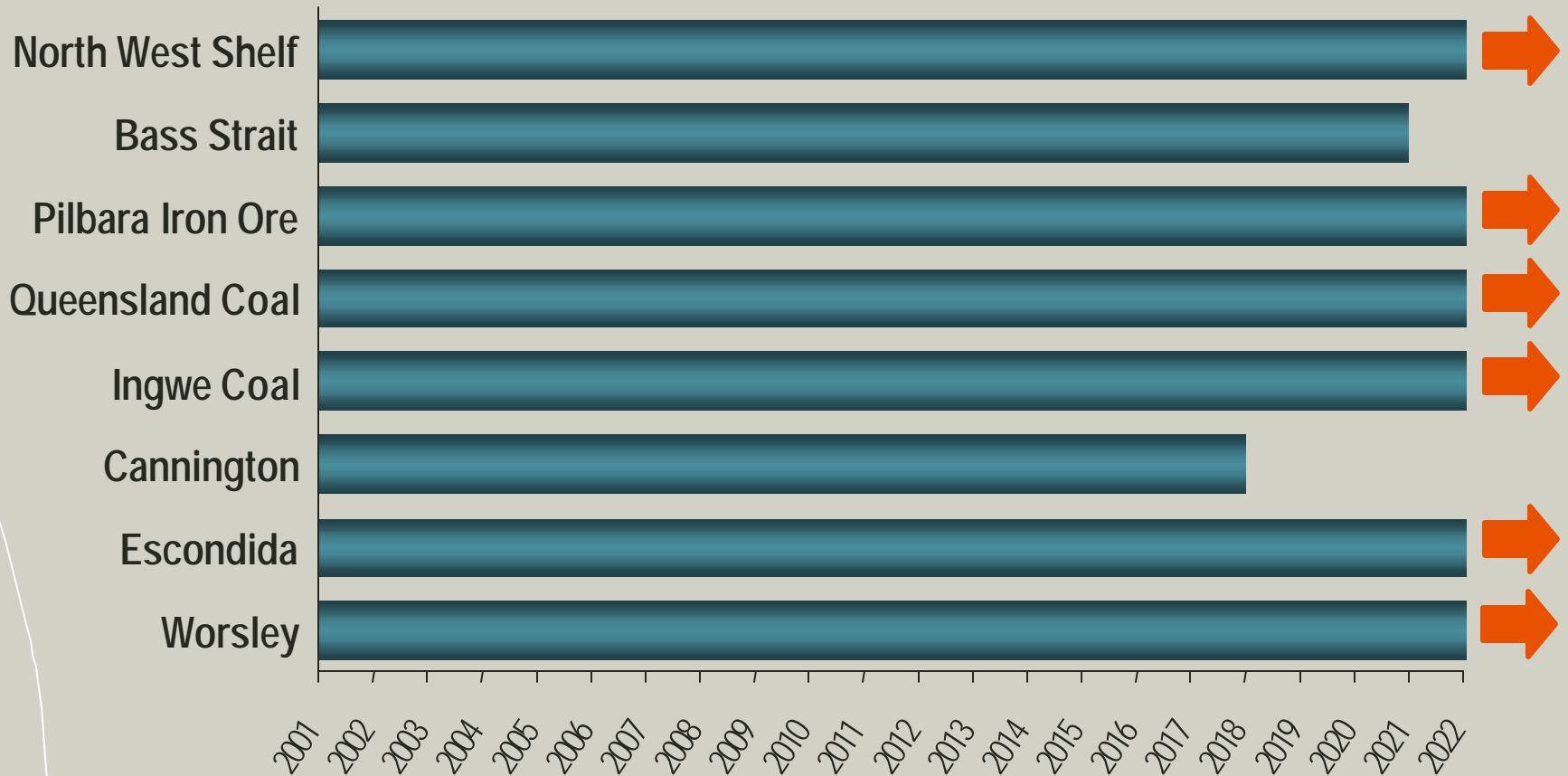


# Low cost, high margin asset base

c.80% of operating asset EBIT comes from first quartile cash operating margin assets



# World class assets with long reserve lives

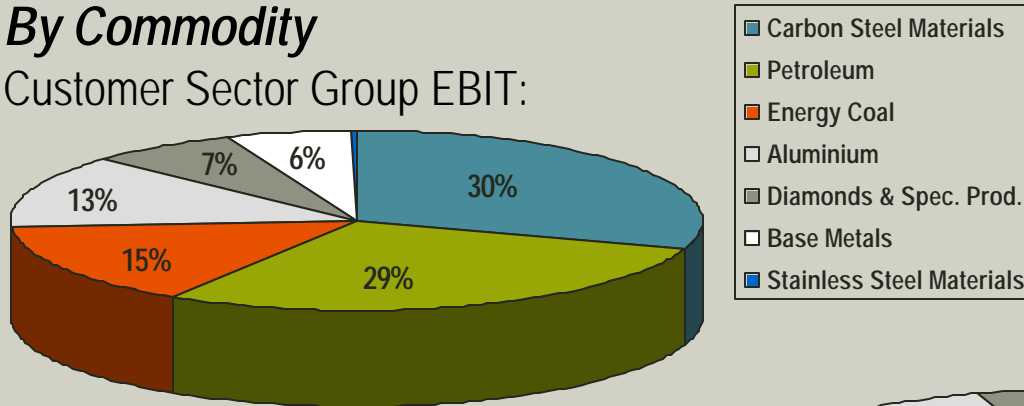


EBIT from the above assets represents 64% of EBIT in FY2002

# Outstanding diversification – stable cash flows

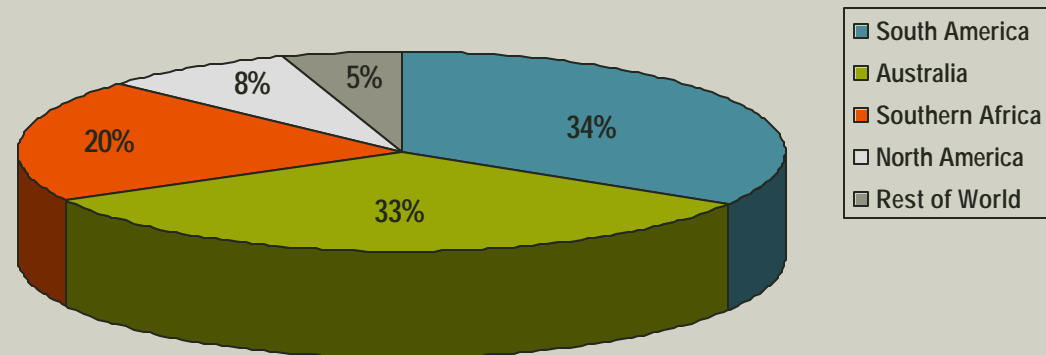
## By Commodity

Customer Sector Group EBIT:



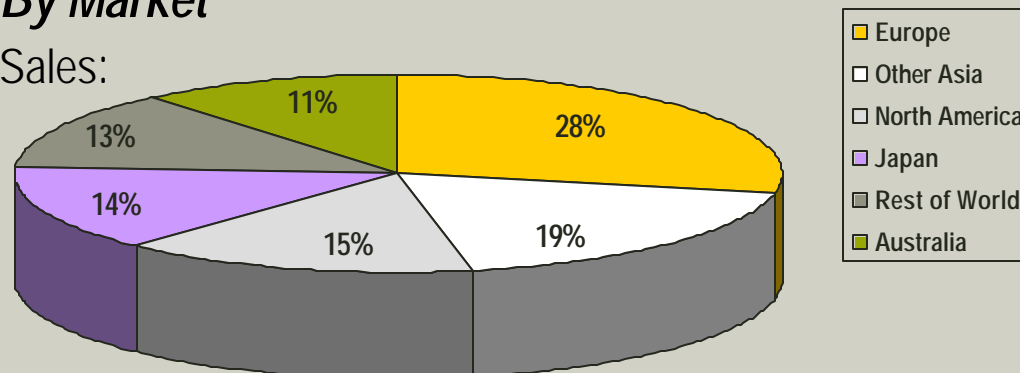
## By Geography

Net Operating Assets:



## By Market

Sales:

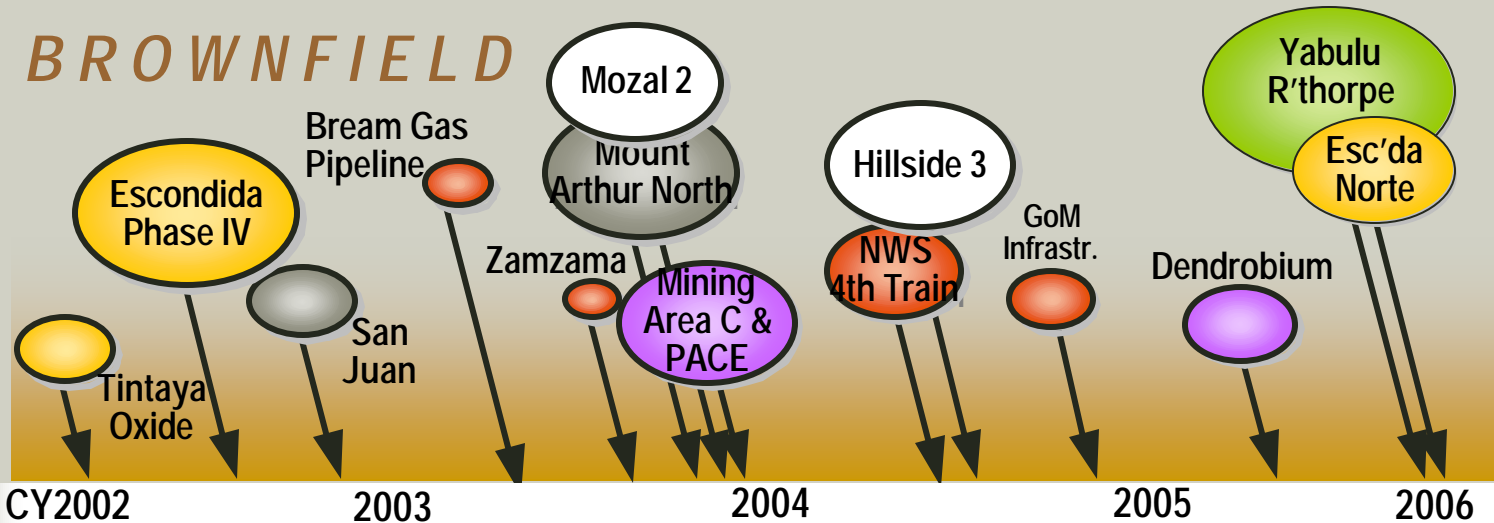


Data for FY2002 (continuing operations)



# Deep inventory of projects

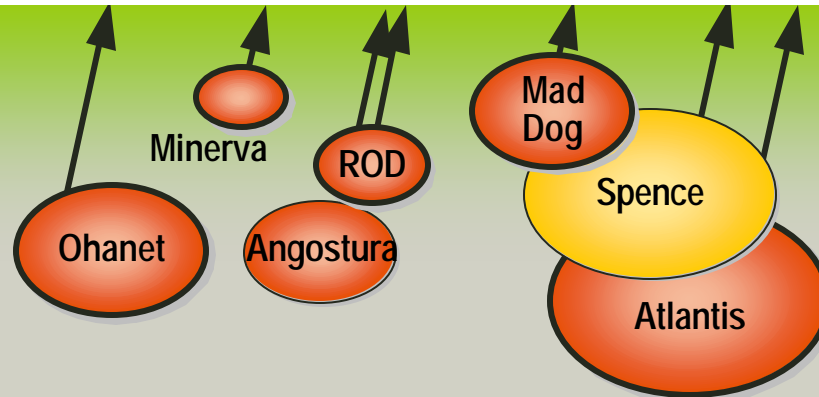
## BROWNFIELD



## GREENFIELD

Size of bubble indicates proposed capital expenditure; bold outer border signifies sanctioned project

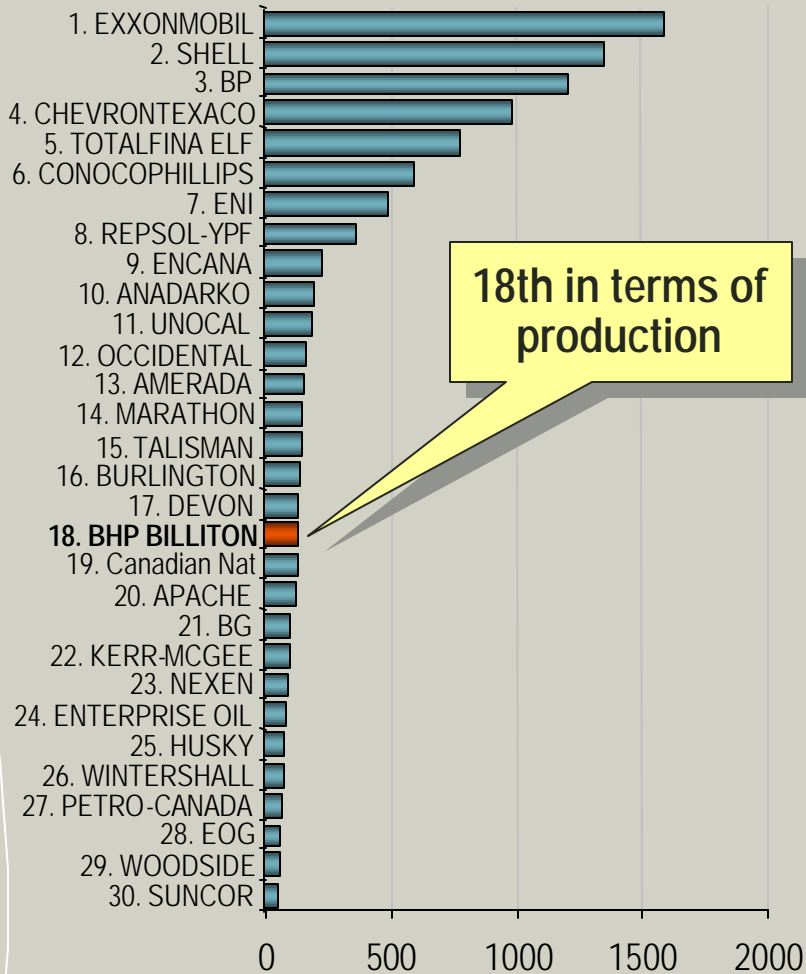
**\$US 200m**



Expenditure measured against alternative uses for capital - project pipeline is value enhancing

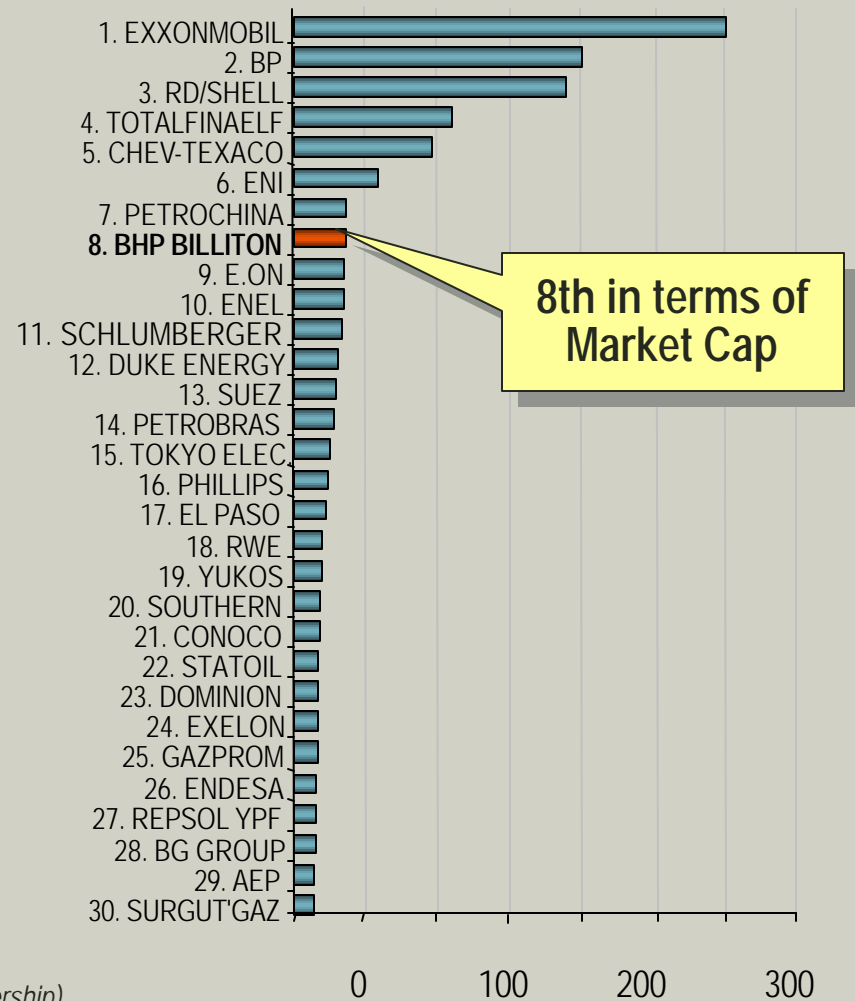
# Petroleum - room for growth

## Annual Production (MMboe)



18th in terms of production

## Oil & Gas and Energy - Market Value (US\$M)



8th in terms of Market Cap

Source: Evaluate Energy (excludes companies with significant state ownership)

BHP Billiton based on FY 2002 data (others primarily CY 2001)

Market Values as at August 2002

# Cost savings – margin and bottom line growth

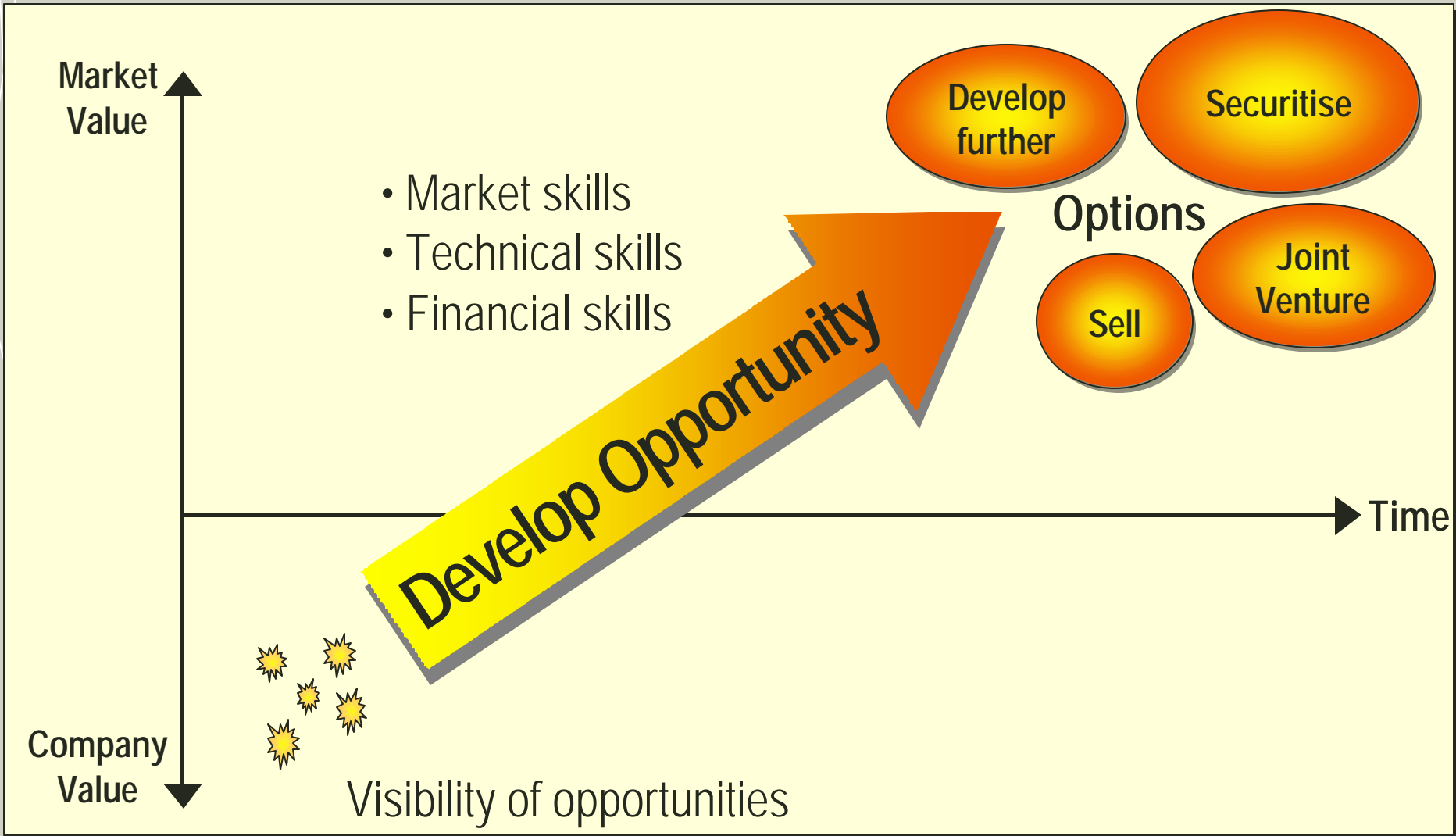
\$220m achieved  
in FY02

**Merger synergies  
\$270m**

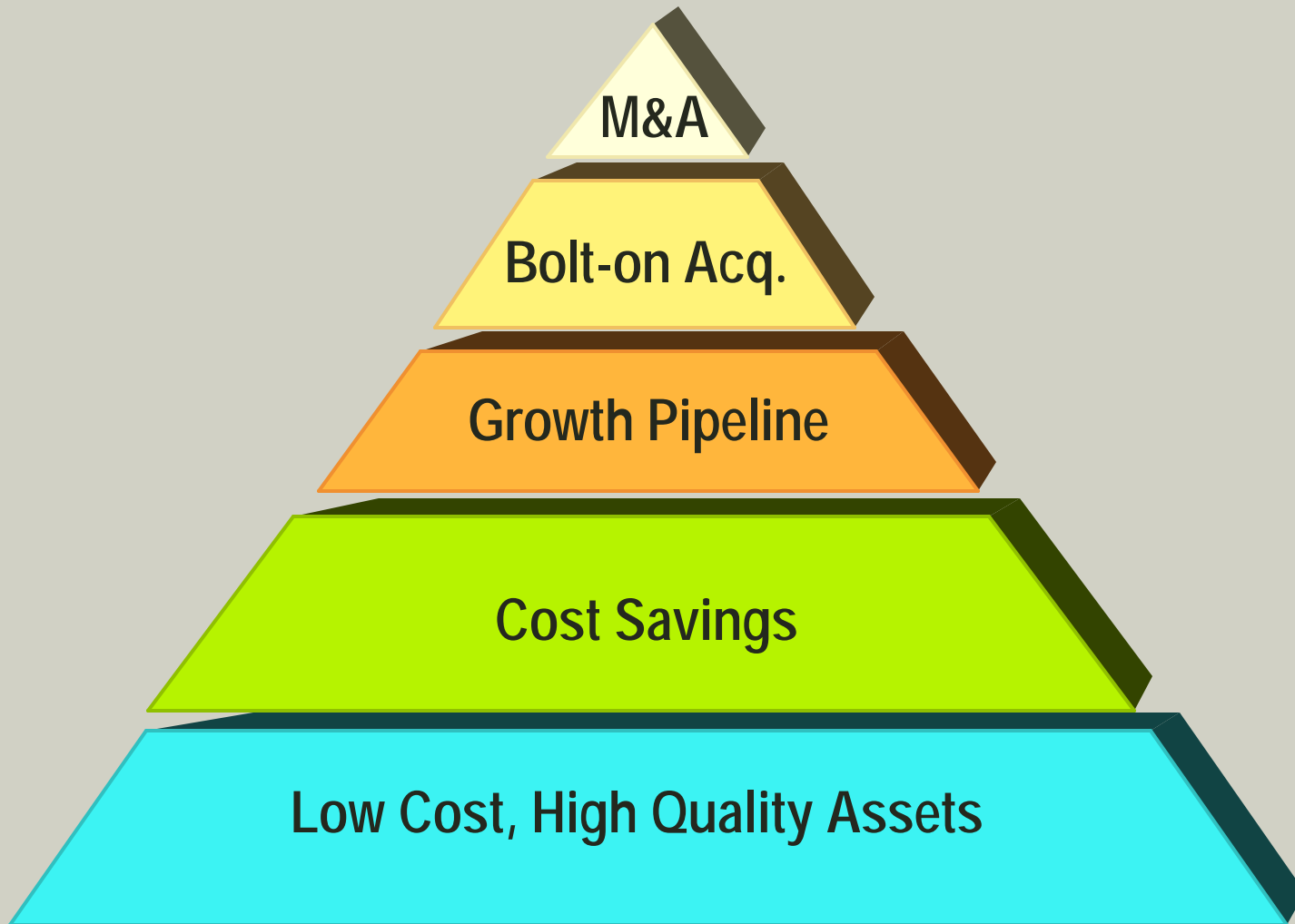
2% real p.a.  
FY03 - FY05

**Further target  
\$500m**

# Developing internal growth options



# Pyramid of opportunity



# Value Drivers - What distinguishes us from the rest

**I. Stability from Outstanding Assets**

**II. Stability from the Portfolio Effect**

**III. Stability and Growth from Customer-Centric Marketing**

**IV. Growth from Deep Inventory of Projects**

**V. Growth from Petroleum**

**VI. Growth through Innovation**

## Strong financial commitments

- Return on Capital > 15% by 2006
- Maintain a strong single A credit rating
- Minimum EBITDA to interest cover of 8x over the cycle
- Maintain net gearing of 35-40%
- Project pipeline funded from internal cash flows
- Merger benefits of \$270 million by end FY 2003
- Cost savings total of \$500 million by end FY 2005

**We seek to earn superior returns for our shareholder as the world's premier supplier of natural resources and related products and services**

**We can do more than this...**

**We aspire to be one of the world's premier companies**





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