

# Executing the Strategy and Providing for a Growth Economy

BMO Nesbitt Burns Natural Resources Conference  
1 March 2004



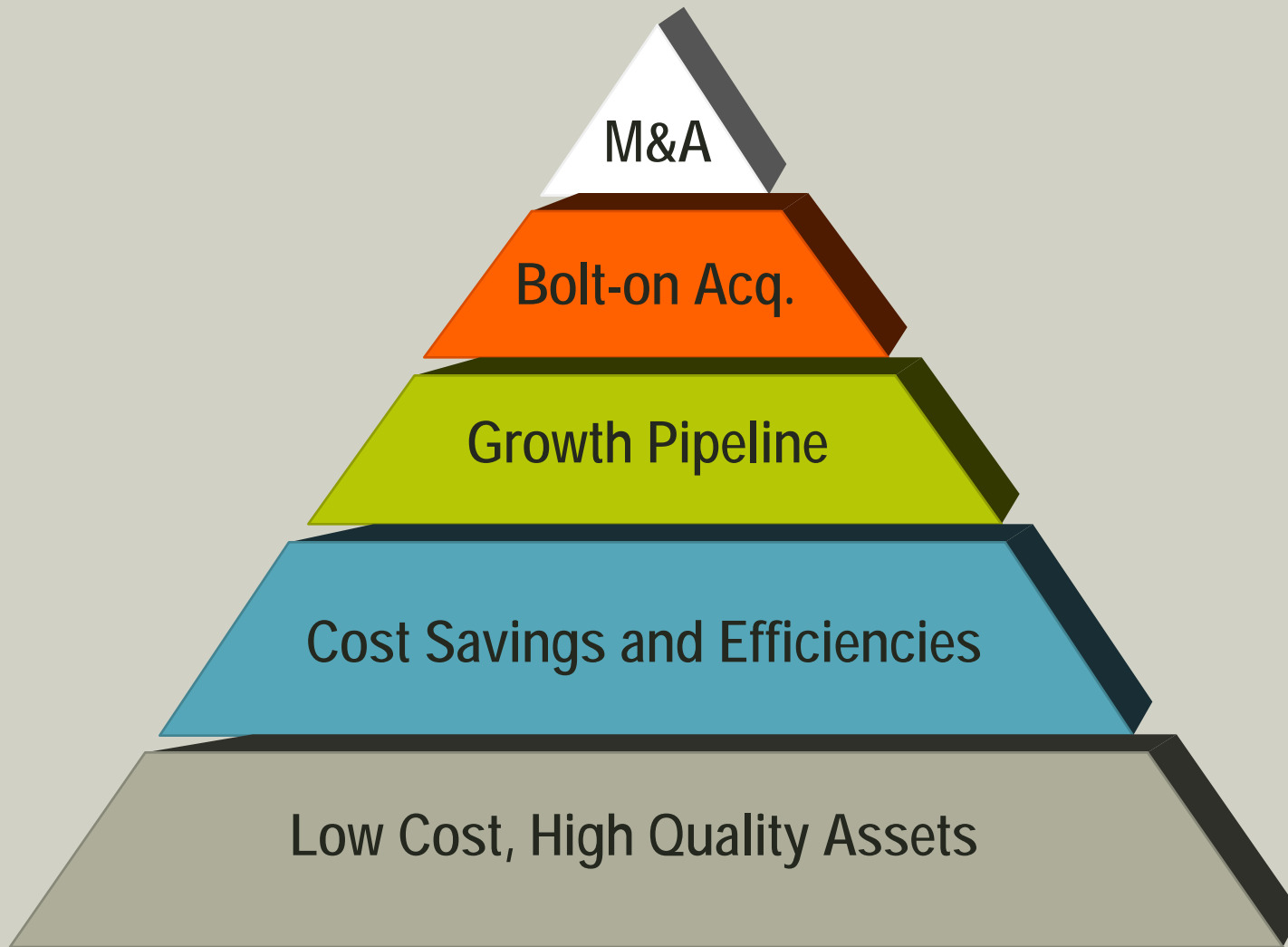
Mike Salamon

Executive Director,  
Chief Minerals Executive

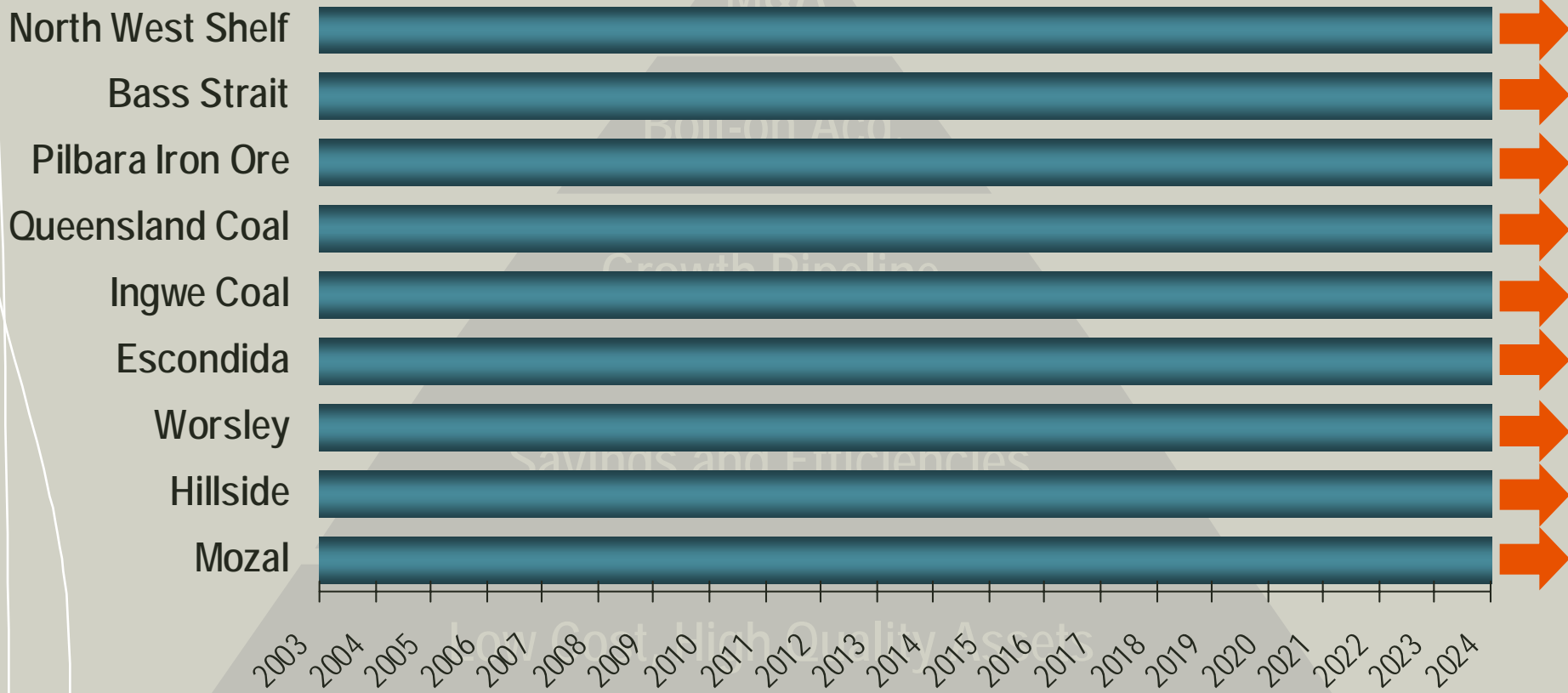


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# Executing the Strategy – The BHP Billiton Strategic Focus



# Long Life, World Class Assets



# Cost Savings and Efficiencies On Track

\$285M achieved to 31 Dec 2002 – 6 months ahead of schedule

Merger synergies target of \$270M

\$370M achieved to 31 December 2003

Further target \$500M  
(2% real p.a. FY03 – FY05)

Total of \$655M achieved since the merger against target of US\$770M

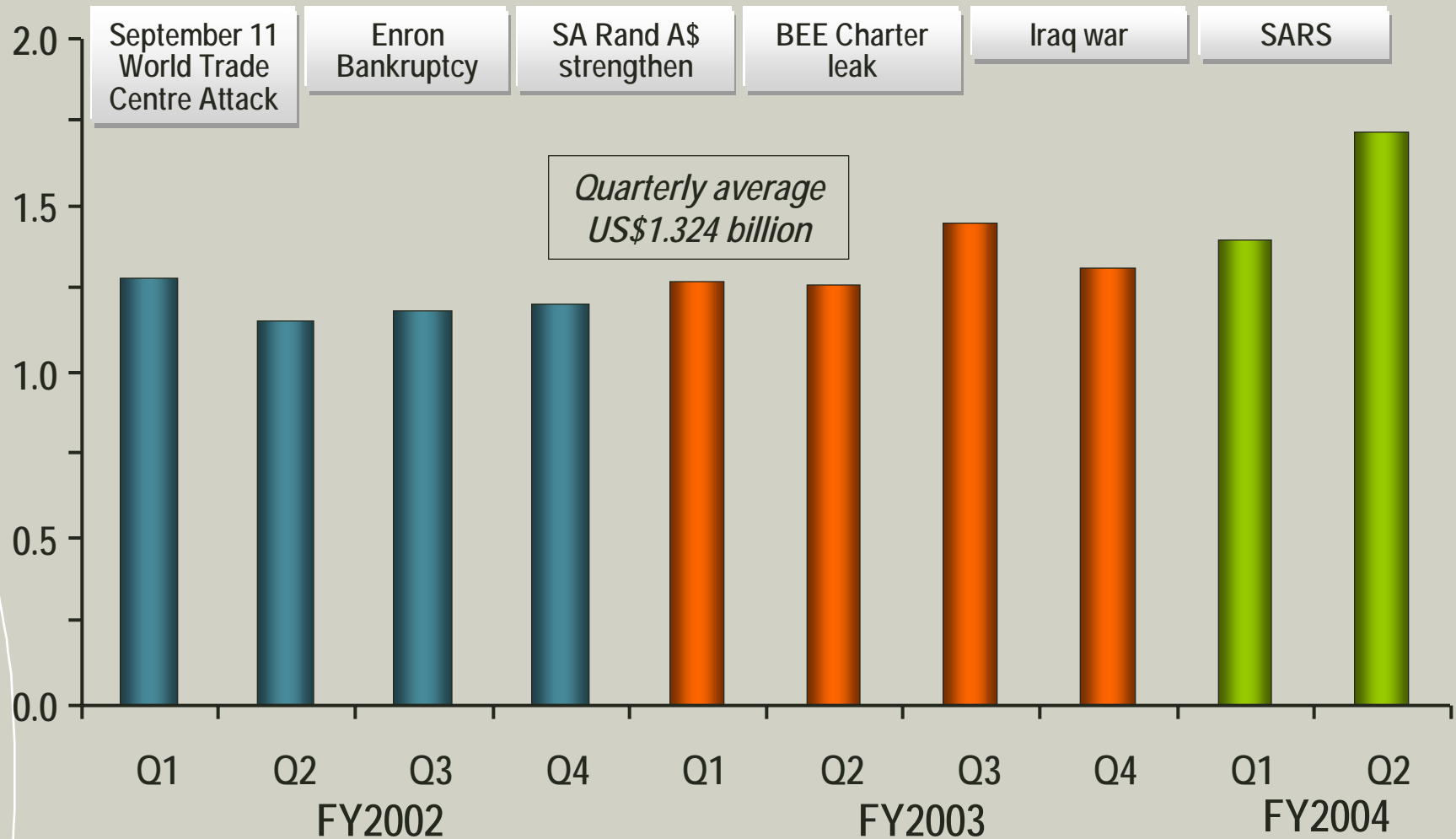
# EBIT by Customer Sector Group

## Half year ended 31 December

(US\$M)	2003	2002	% Change
Petroleum	602	660	-9
Aluminium	307	266	+15
Base Metals	333	83	+301
Carbon Steel Materials	505	506	
Diamonds & Spec Products	174	173	+1
Energy Coal	85	124	-32
Stainless Steel Materials	193	61	+216
Exploration & Technology	21	(23)	
Group & unallocated items	(67)	(96)	+30
Legacy hedging	30	(95)	
<b>BHP Billiton</b>	<b><u>2,183</u></b>	<b><u>1,659</u></b>	<b><u>+32</u></b>

# Steady increases in EBITDA<sup>(1)</sup>

US\$ billion



# Growth Projects Delivered Since July 2001



Low Cost, High Quality Assets

**15 projects, US\$3.8 billion of capital expenditures  
Delivered on time and on budget**



# Executing the Strategy

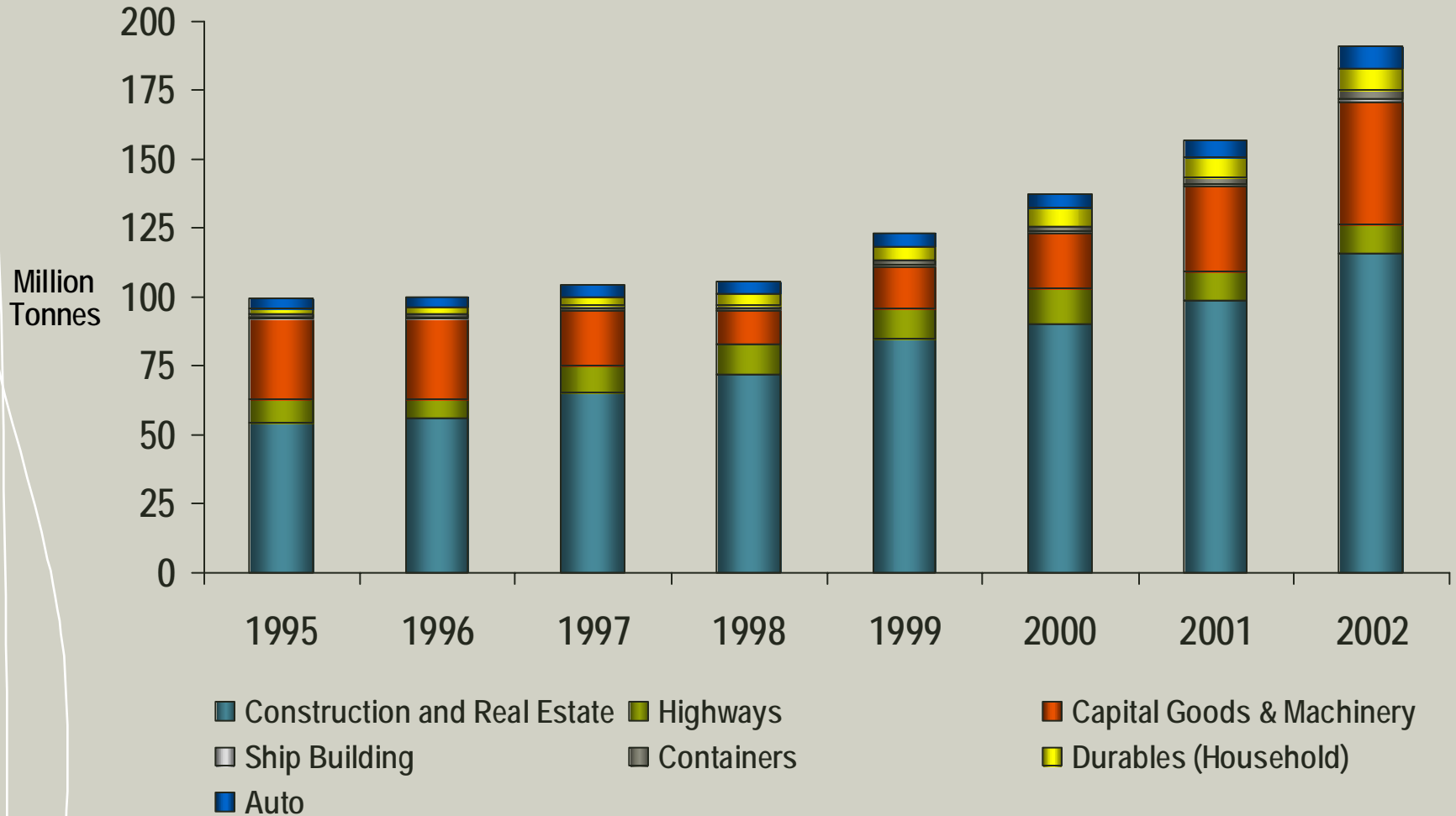
- Implemented the strategy post-merger in 2001
  - Flat global demand for commodities at best
  - Commodity prices declining in real terms
  - Near to intermediate term economic forecast was meek
- Focus on low-cost, high-quality asset base
  - Reduced costs
  - De-bottlenecked operations
  - Unlocked cash generative potential of assets
- Re-invested for the future
  - Spent approximately US\$3 billion per year on growth projects
  - Delivered 15 projects since July 2001
- Positioned to supply the increased global demand for commodities

# Providing For a Growth Economy

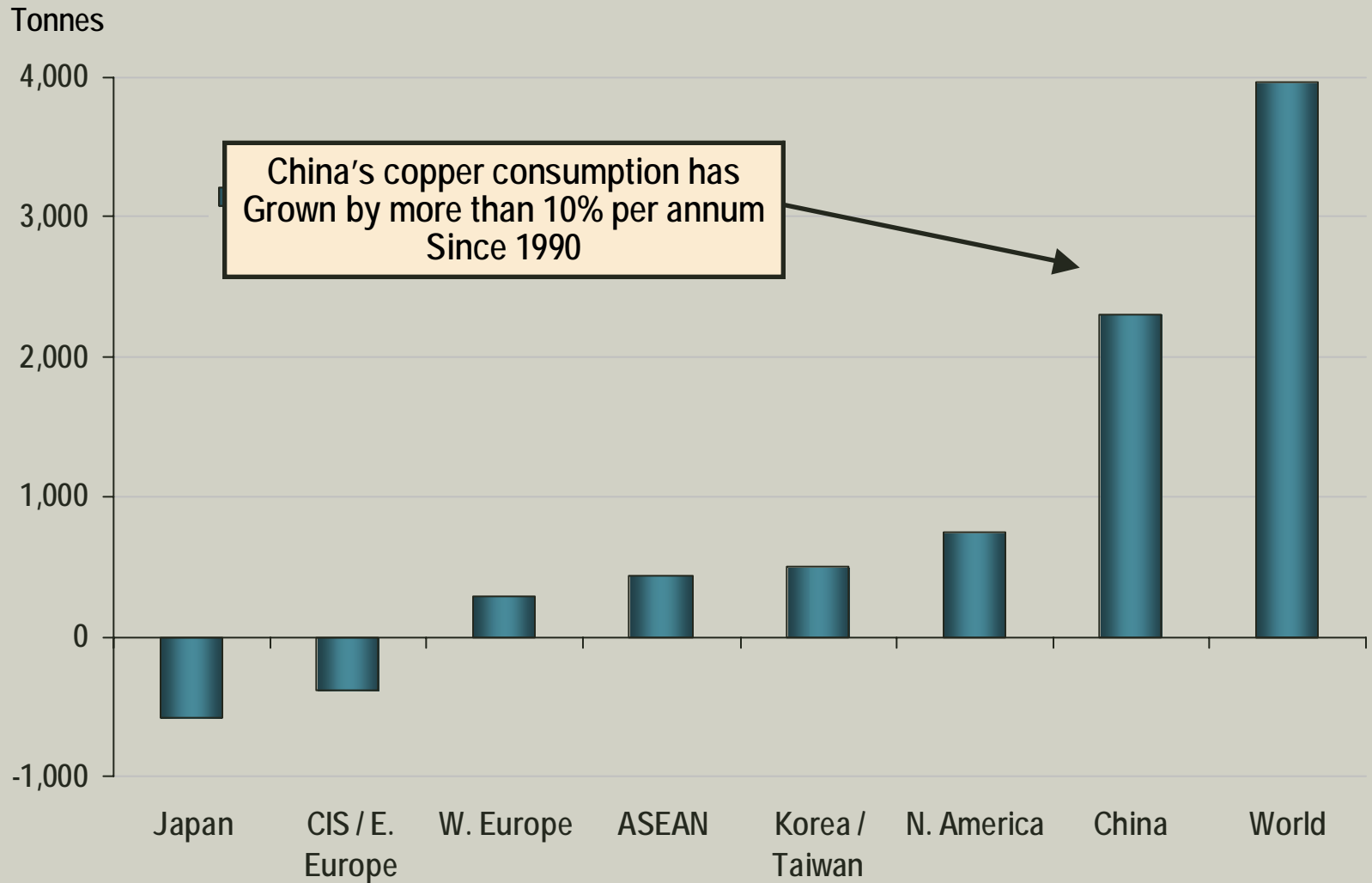


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# China – Steel Consumption By Sectors

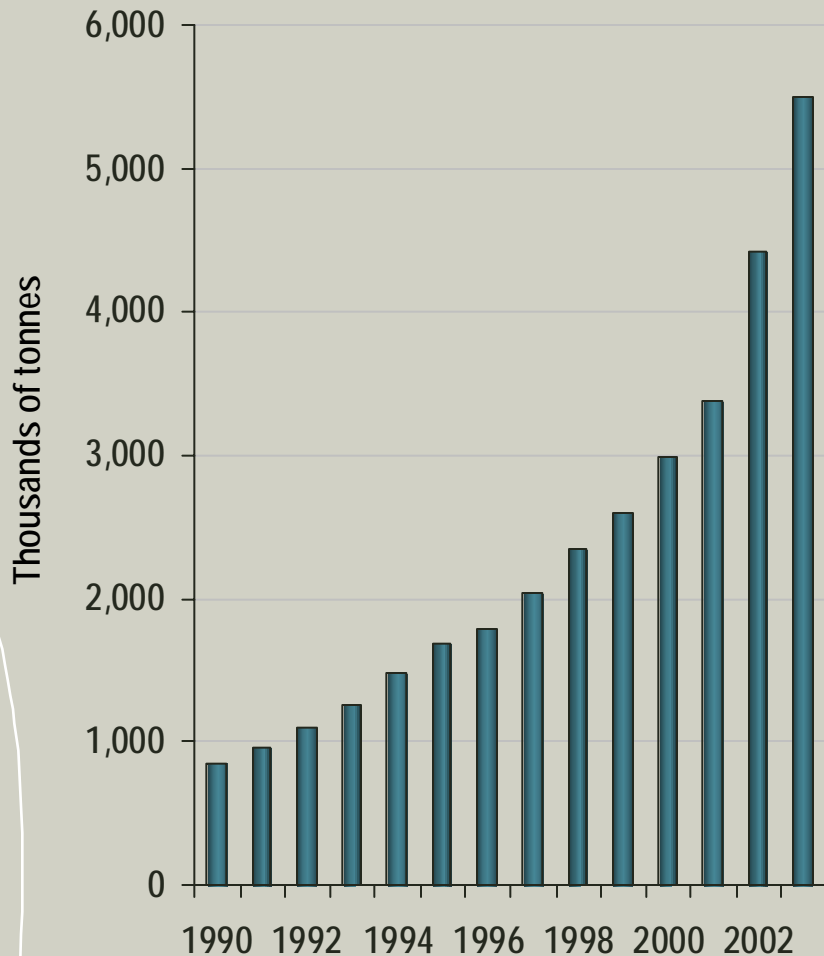


# China's Copper Demand Growth from 1990 to 2002

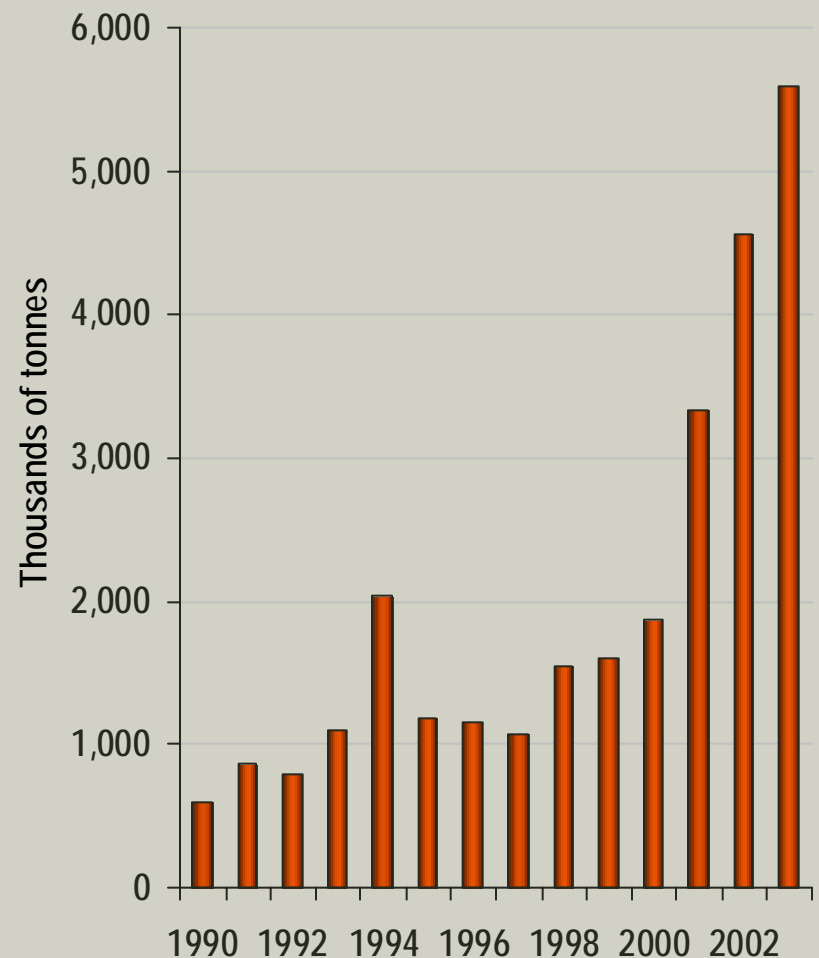


# Chinese Aluminium Production vs. Alumina Imports

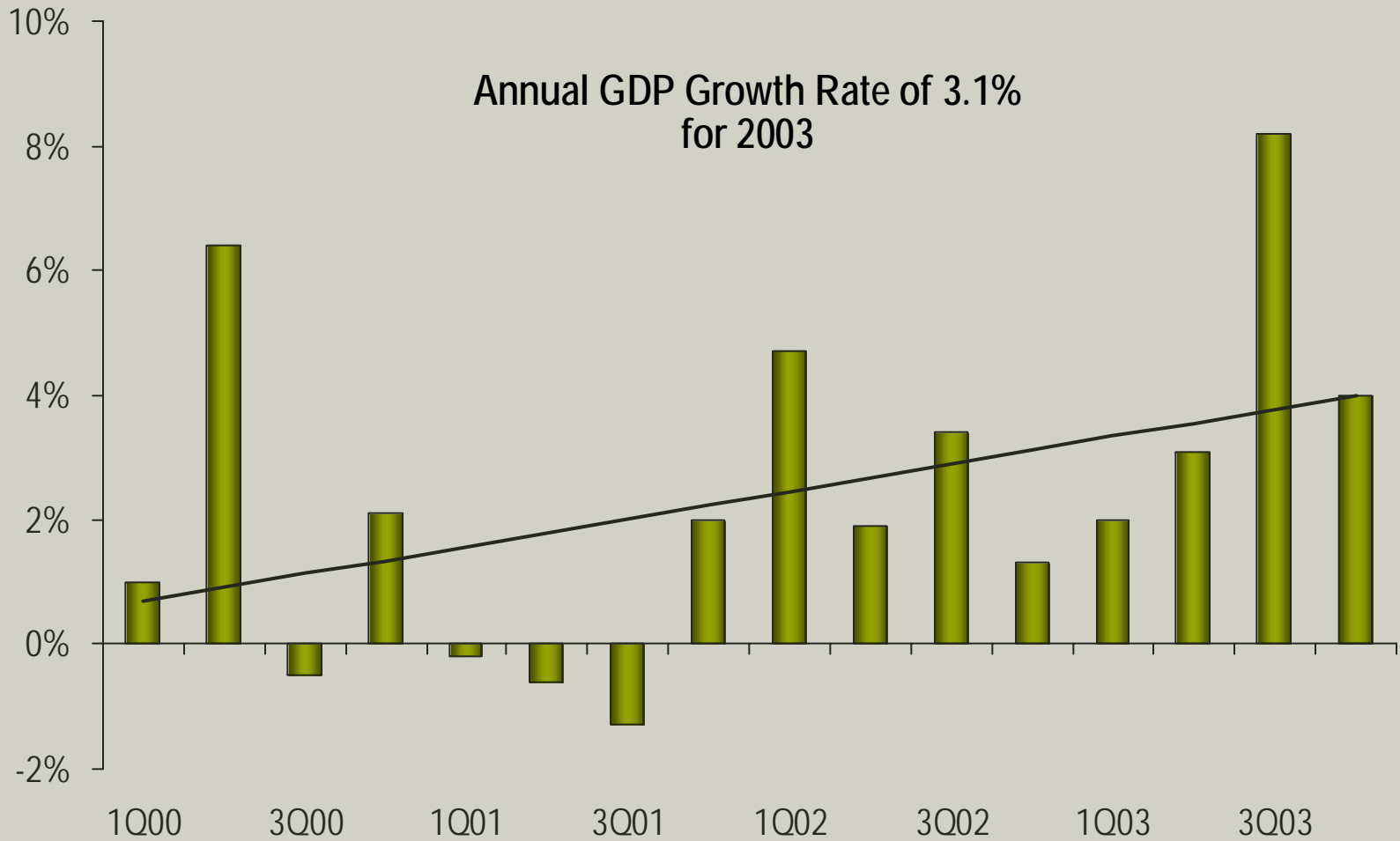
## Aluminium Production



## Alumina Imports



# US GDP is back on Track



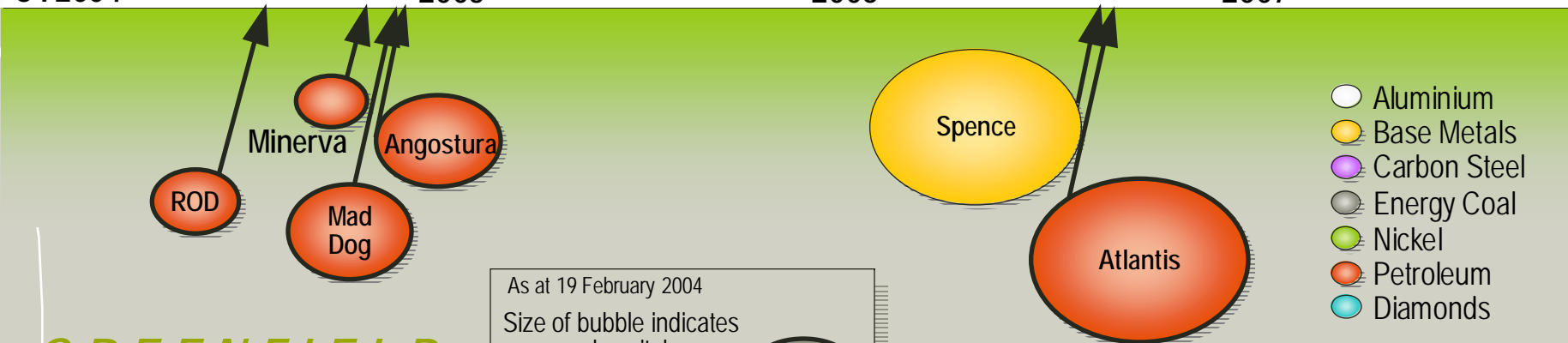
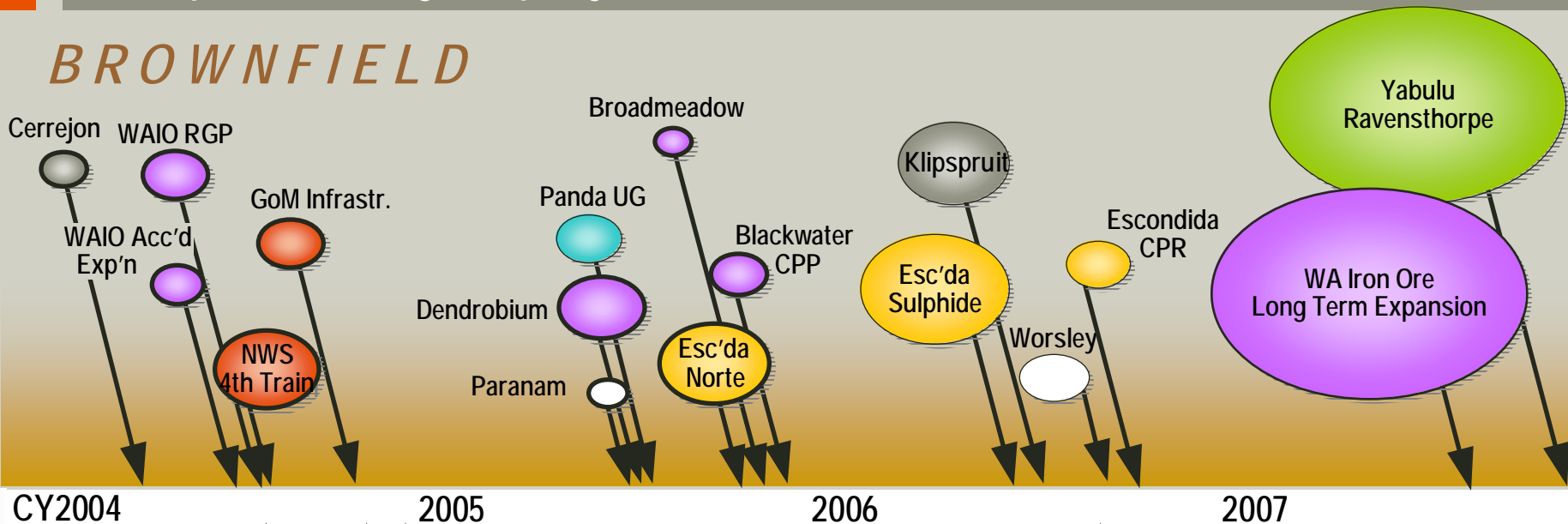
# Global Growth Translates to Opportunity for BHP Billiton

- China
  - Currently 10% of company revenues, up from 5% a year ago
  - Will have 'ups and downs' but underlying fundamentals of growth are sound
  - **Increasing demand for more raw materials**
- North America
  - Rising manufacturing orders and output
  - Robust expectations for future production
  - **Demonstrating growing appetite for raw materials**

How is BHP Billiton going to feed this global demand for resources...

# Deep inventory of projects

## BROWNFIELD



As at 19 February 2004  
 Size of bubble indicates proposed capital expenditure; bold outer border signifies sanctioned project  
 \$US 200M

## GREENFIELD



# Consistent execution of the business strategy

- Maximising the performance of operating assets
  - Safety
  - EBIT margins excluding third party product activities grown to 27%
  - Annualised return on capital of 15.4%
- Continued savings and efficiencies
- Reinvestment in growth projects
  - 9 major projects currently in development; 7 in feasibility stage
  - Plus smaller scale, capital efficient expansions based on existing infrastructure

Enables us to meet the challenge of increasing demand from China

**AND**

Positions us to benefit from recovering global economies



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