Executing the Strategy and
Providing for a Growth Economy

BMO Nesbitt Burns Natural Resources Conference
1 March 2004
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Executive Director,
Chief Minerals Executive
Executing the Strategy – The BHP Billiton Strategic Focus

- M&A
- Bolt-on Acq.
- Growth Pipeline
- Cost Savings and Efficiencies
- Low Cost, High Quality Assets
Long Life, World Class Assets

- North West Shelf
- Bass Strait
- Pilbara Iron Ore
- Queensland Coal
- Ingwe Coal
- Escondida
- Worsley
- Hillside
- Mozal

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

<table>
<thead>
<tr>
<th>(US$M)</th>
<th>2003</th>
<th>2002</th>
<th>% Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Petroleum</td>
<td>602</td>
<td>660</td>
<td>-9</td>
</tr>
<tr>
<td>Aluminium</td>
<td>307</td>
<td>266</td>
<td>+15</td>
</tr>
<tr>
<td>Base Metals</td>
<td>333</td>
<td>83</td>
<td>+301</td>
</tr>
<tr>
<td>Carbon Steel Materials</td>
<td>505</td>
<td>506</td>
<td></td>
</tr>
<tr>
<td>Diamonds &amp; Spec Products</td>
<td>174</td>
<td>173</td>
<td>+1</td>
</tr>
<tr>
<td>Energy Coal</td>
<td>85</td>
<td>124</td>
<td>-32</td>
</tr>
<tr>
<td>Stainless Steel Materials</td>
<td>193</td>
<td>61</td>
<td>+216</td>
</tr>
<tr>
<td>Exploration &amp; Technology</td>
<td>21</td>
<td>(23)</td>
<td></td>
</tr>
<tr>
<td>Group &amp; unallocated items</td>
<td>(67)</td>
<td>(96)</td>
<td>+30</td>
</tr>
<tr>
<td>Legacy hedging</td>
<td>30</td>
<td>(95)</td>
<td></td>
</tr>
<tr>
<td><strong>BHP Billiton</strong></td>
<td>2,183</td>
<td>1,659</td>
<td>+32</td>
</tr>
</tbody>
</table>
Steady increases in EBITDA\(^{(1)}\)

<table>
<thead>
<tr>
<th>Event</th>
<th>FY2002</th>
<th>FY2003</th>
<th>FY2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>September 11 World Trade Centre Attack</td>
<td>Q1: 1.324</td>
<td>Q2: 1.324</td>
<td>Q3: 1.324</td>
</tr>
<tr>
<td>Enron Bankruptcy</td>
<td>Q4: 1.324</td>
<td>Q1: 1.324</td>
<td>Q2: 1.324</td>
</tr>
<tr>
<td>SA Rand A$ strengthen</td>
<td>Q3: 1.324</td>
<td>Q4: 1.324</td>
<td>Q1: 1.324</td>
</tr>
<tr>
<td>BEE Charter leak</td>
<td>Q2: 1.324</td>
<td>Q3: 1.324</td>
<td>Q4: 1.324</td>
</tr>
<tr>
<td>Iraq war</td>
<td>Q1: 1.324</td>
<td>Q2: 1.324</td>
<td>Q3: 1.324</td>
</tr>
<tr>
<td>SARS</td>
<td>Q4: 1.324</td>
<td>Q1: 1.324</td>
<td>Q2: 1.324</td>
</tr>
</tbody>
</table>

\(^{(1)}\) Excluding exceptional items.
Growth Projects Delivered Since July 2001

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
China – Steel Consumption By Sectors

Million Tonnes

- Construction and Real Estate
- Highways
- Ship Building
- Capital Goods & Machinery
- Containers
- Durables (Household)
- Auto

China’s copper consumption has grown by more than 10% per annum since 1990.
Chinese Aluminium Production vs. Alumina Imports

![Aluminium Production](chart1)

![Alumina Imports](chart2)
US GDP is back on Track

Annual GDP Growth Rate of 3.1% for 2003
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**

- Cerrejon
- WAIO RGP
- WAIO Acc’d Exp’n
- GoM Infrastr.
- NWS 4th Train
- Broadmeadow
- Panda UG
- Blackwater CPP
- Esc’da Sulphide
- Worsley
- Escondida CPR

**GREENFIELD**

- Minerva
- Angostura
- Mad Dog
- ROD
- Spence
- Atlantis
- WA Iron Ore Long Term Expansion

As at 19 February 2004

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

As at 19 February 2004

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

- Aluminium
- Base Metals
- Carbon Steel
- Energy Coal
- Nickel
- Petroleum
- Diamonds

$US

200M
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