BHP Billiton

A different type of resources company
Investment Proposition

**Stability**

**Growth**

**Value**
A global footprint

- Petroleum
- Aluminium
- Base Metals
- Carbon Steel Materials
- Energy Coal
- Stainless Steel Materials
- Diamonds & Spec Prod
Why are we different?

- Quality of Assets
- Petroleum
- Marketing
- Growth Opportunities
- Innovation
Quality of assets

- Large
- Low cost
- Long life

WA Iron Ore, Australia
Petroleum – A good business in its own right

“Top quartile performance: Returns, profit margins and finding and development costs.”
Merrill Lynch, July 2002

“BHP Billiton has an upstream ROCE of 29% v. an industry average of 17%”
PFC Energy, November 2002

“On a three year basis our profit margin is $6.94/boe, thus maintaining our consistent top quartile performance”
BHP Billiton (based on SEC reported data)
Petroleum – A good business in its own right

“Only 5 companies create value on a 15% discount rate scenario...”

“The top 5 companies for absolute value creation are: Shell, BP, ExxonMobil, BG and BHP Billiton.”

“It does seem that a focused exploration strategy... leads to a higher return on exploration investment. BP and BHP Billiton, ranked 1st and 2nd for their return on exploration expenditure.”

“BHP Billiton ranks 1st amongst its peer group (and 2nd overall) with a rate of return on its exploration expenditure of just over 15% nominal... this is an excellent performance.”

Source: Wood Mackenzie “Value Creation through Exploration” multi client study, Feb 2003
Petroleum within BHP Billiton

Value through petroleum
Growth opportunities not available elsewhere
Natural hedge
Diversification
Attractive partner
Marketing

Product penetration

Total value

Planning

Quality customers
Growth - organic

Brownfield

Greenfield

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

$US 200m

bhpbilliton
Growth – external opportunities

External growth focus

- Critical mass required
- Opportunity to restructure industry
- Asset fit
Growth – external opportunities

Transaction opportunities

- Focus on value
- Availability of synergies
- Innovative approach
  - Asset swaps
  - JVs
Growth – external opportunities

Constraints to growth?

• Myth or reality?
Innovation

**Falcon™**

- Innovative Technology
- Resulted from a 10 year, $30m development project between BHP Billiton and the holder of AGG technology patents
- Commenced flying in 1999
- Applications
  - Diamonds
  - Base Metals
  - Coal
  - Oil & Gas
- Innovative structuring
  - Junior partners bear costs of flying
  - BHP Billiton has back in rights
Innovation

Bio leaching

• Recovery of material not accessible or processible from traditional smelting and refining
• Building plant at Chuquimata, in a 50/50 JV with Codelco
• Impact on conventional extraction techniques
Technical marketing

- Product ‘value in use’ differs widely

Response:

- Technical marketing inside our customers’ steel mills
- Operate one of only 3 test coke ovens in the world (Newcastle, NSW)
- Share proprietary furnace performance model with customers
Conclusion

Why Are We Different?

- World class assets
- Value and growth from Petroleum
- Customer centric marketing
- Wider growth opportunities
- Innovation
Conclusion

- Low Cost, High Quality Assets
- Cost Savings
- Growth Pipeline
- Bolt-on Acq.
- M&A
Conclusion

Stability

Growth

Value
Conclusion