

Olympic Dam, Australia



# Barclays Capital 5th Annual Commodities Investor Conference

Alex Vanselow  
March 2009



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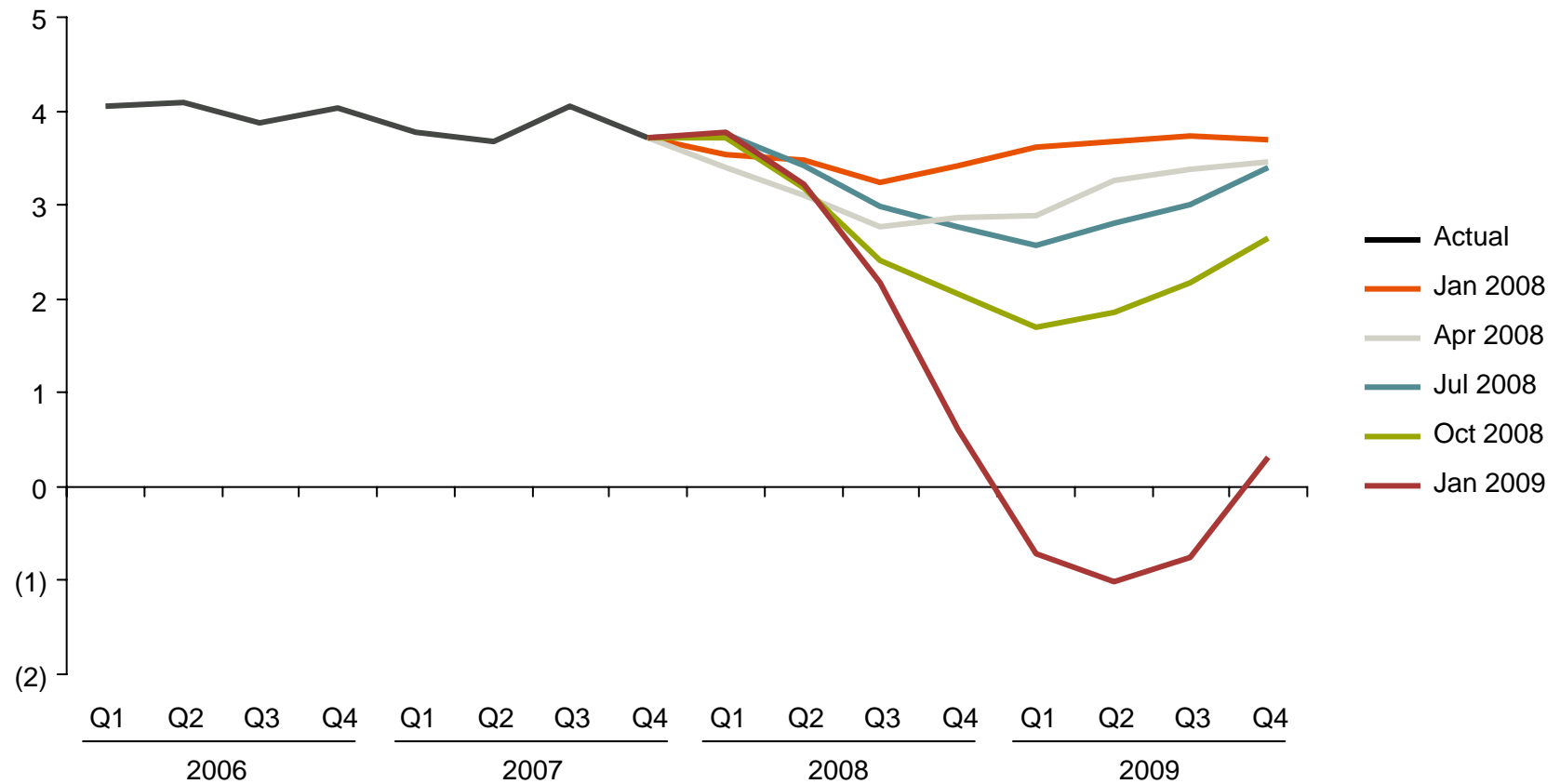
## Non-GAAP Financial Information

BHP Billiton results are reported under International Financial Reporting Standards (IFRS). References to Underlying EBIT and EBITDA exclude net finance costs and taxation for jointly controlled entities, and exceptional items. A reconciliation to statutory EBIT is contained within the profit announcement, available at our website [www.bhpbilliton.com](http://www.bhpbilliton.com).

- Markets for our Commodities
- Cycle Duration
- Long-term Outlook
- Industry Impact

# Growth Forecasts Continue to be Revised Downwards

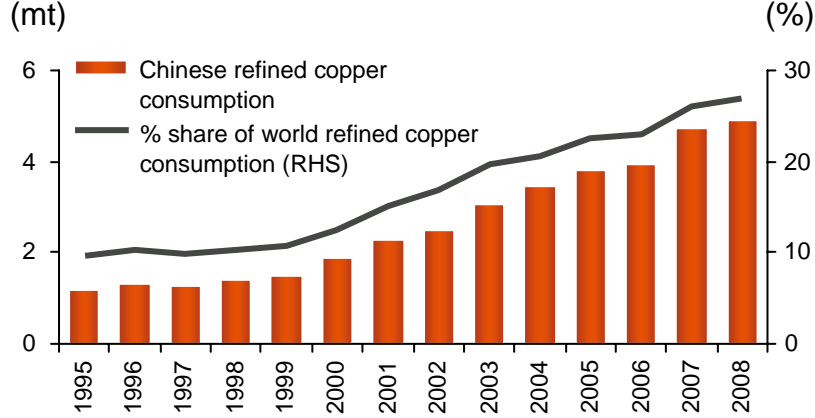
YOY Real GDP Growth (%)



Source: Global Insight (World)

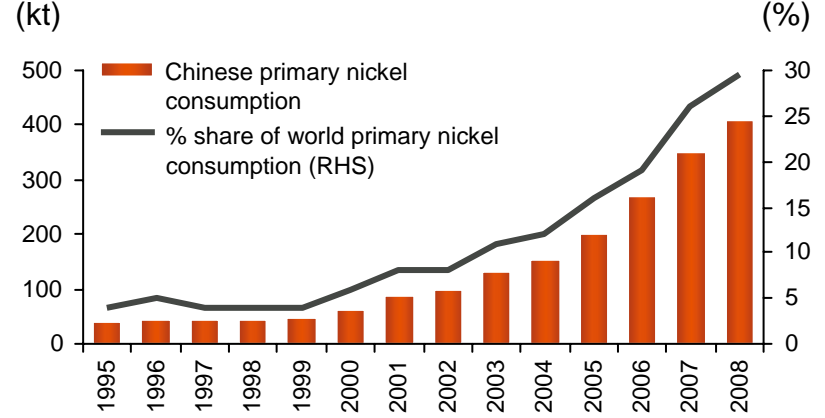
# China Consumed ~30% of Commodities in 2008

## Copper



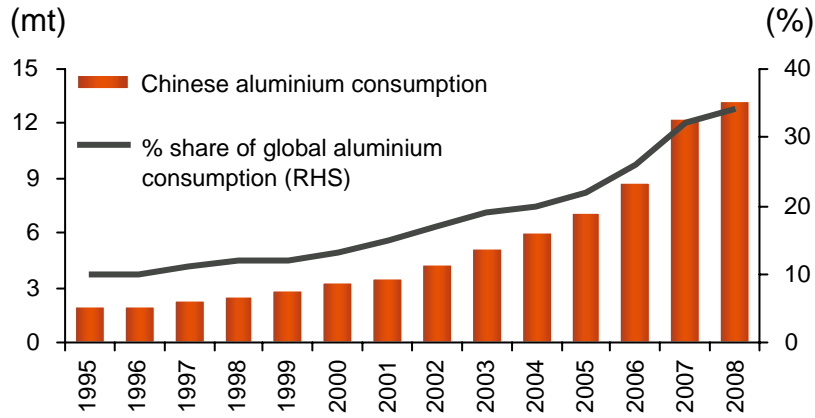
Data: CRU

## Nickel



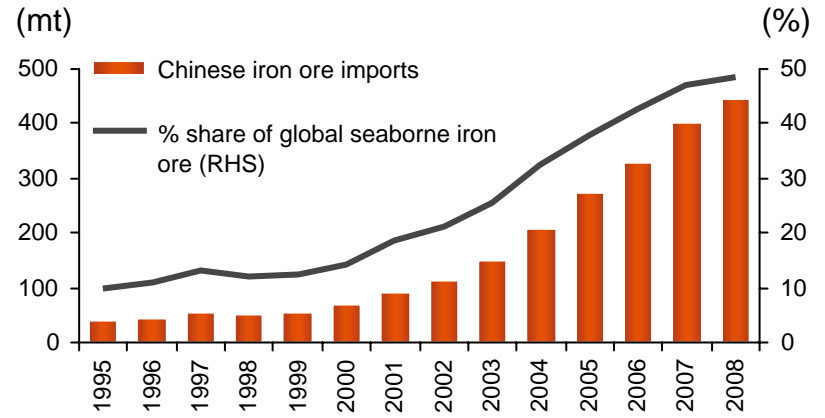
Data: CRU, Macquarie Research

## Aluminium



Data: Brook Hunt

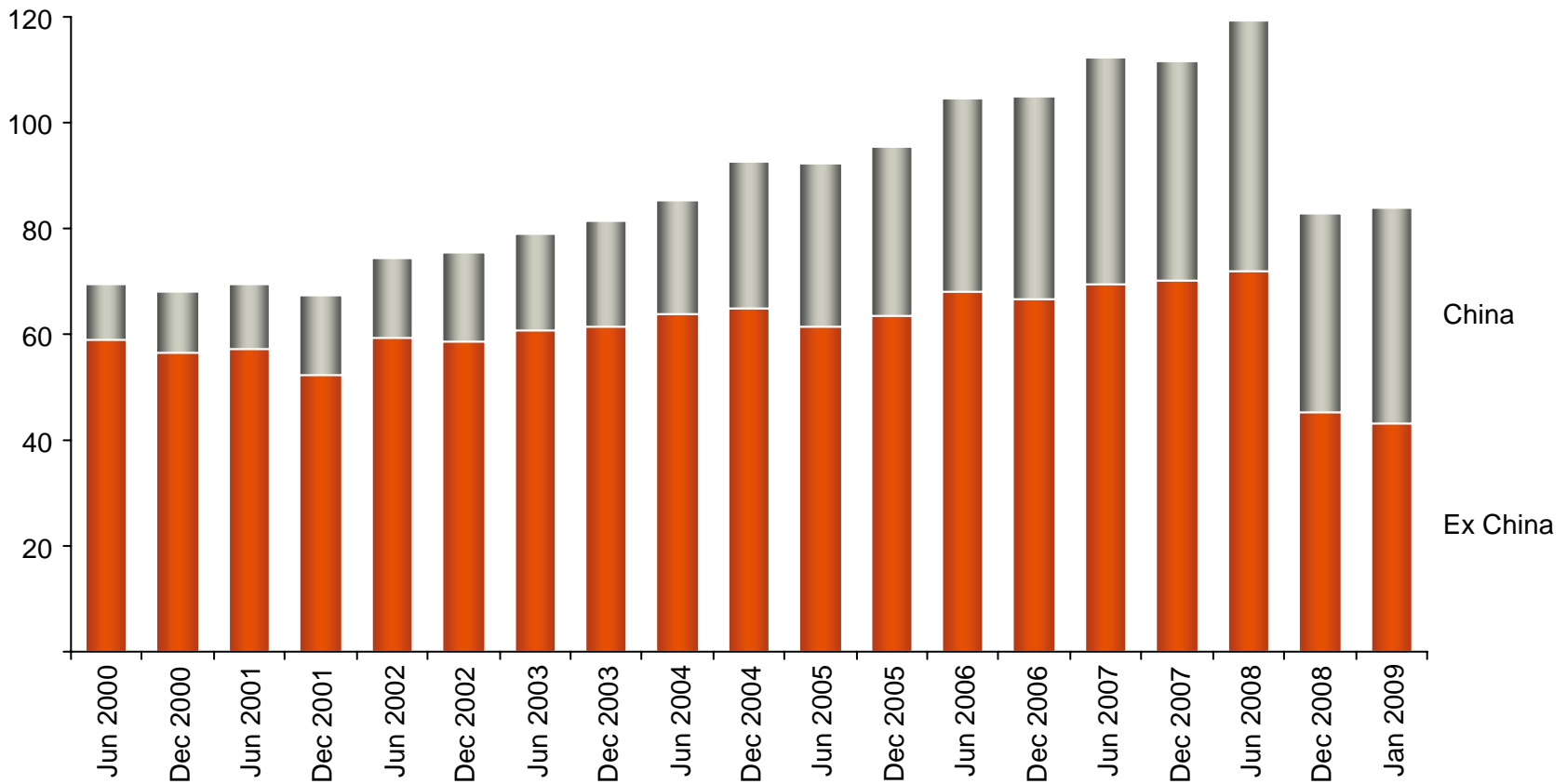
## Iron Ore



Data: IISI, CRU, Tex Report, China Customs

# Absolute OECD Demand is Important

## Monthly Crude Steel Production (mt)

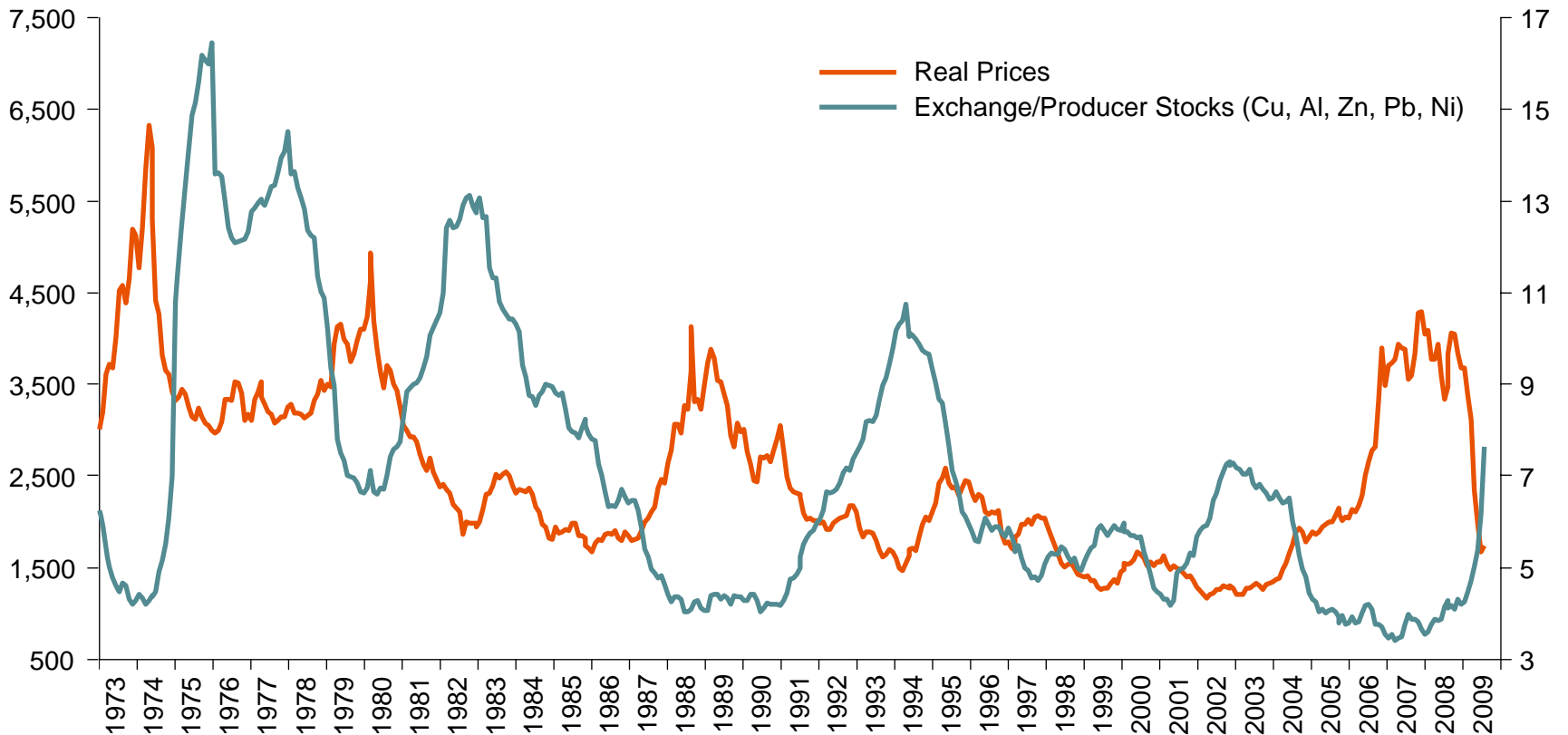


Source: World Steel

# Inventories are Rising Rapidly

**Base Metal Stocks and Real Prices**  
(LMEX Price Index)

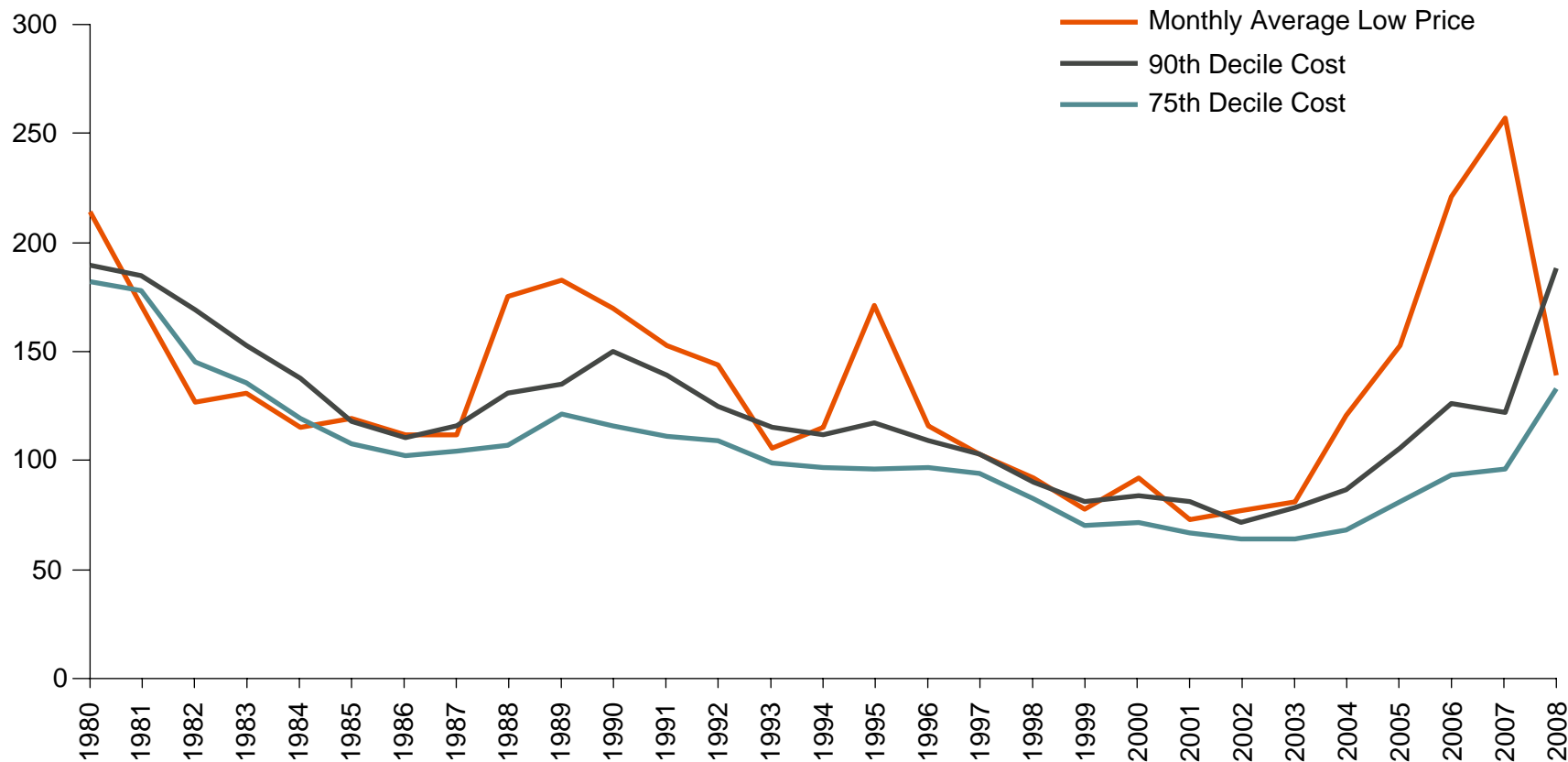
**Exchange/Producer Stocks**  
(Weeks of Demand)



Source: Macquarie  
(a) LME prices and stocks of Cu, Al, Zn, Pb, Ni

# Relationship Between Prices and C1 Costs

**Copper Prices and Average C1 Costs<sup>(a)</sup>**  
(US¢/lb)

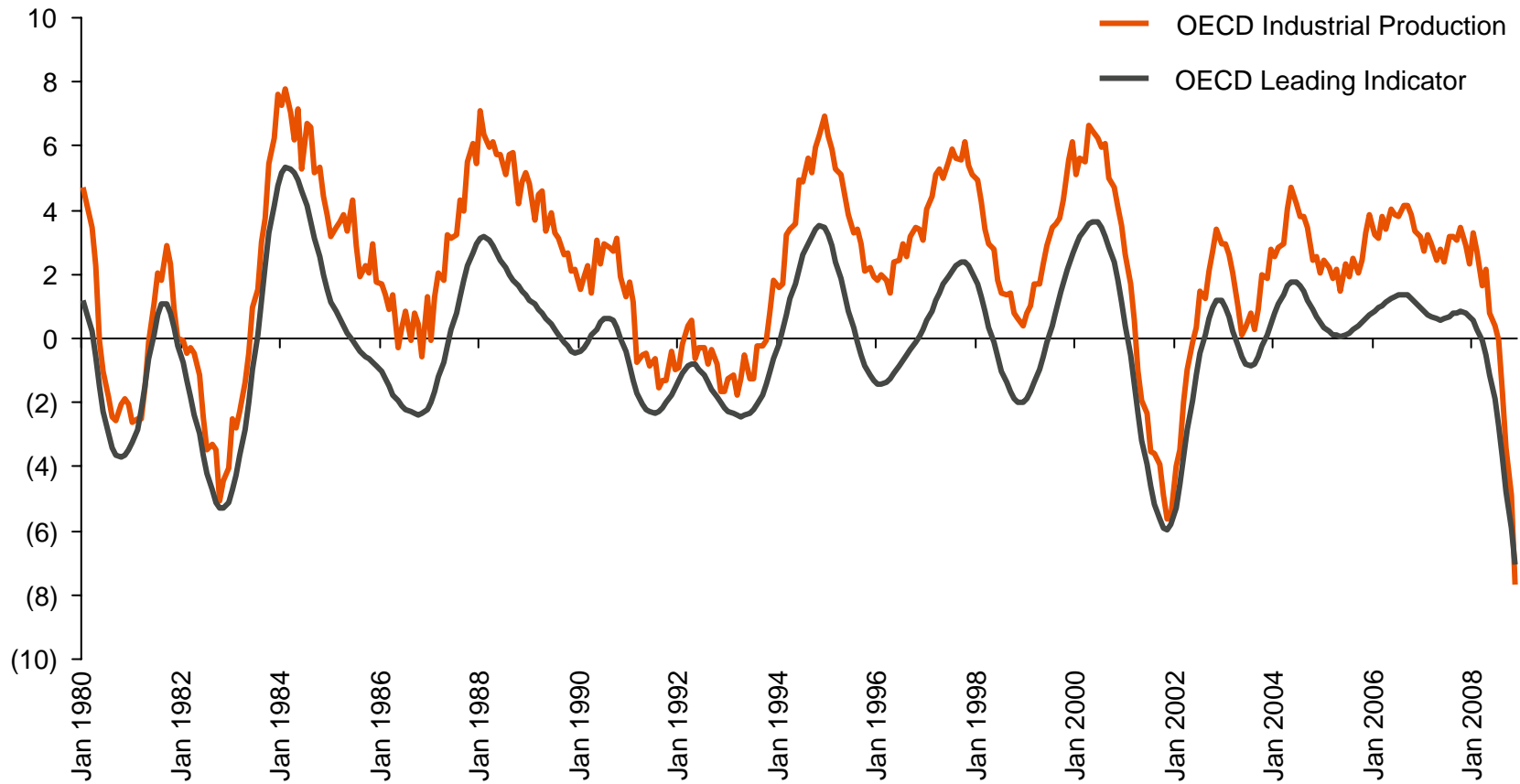


(a) C1 composite cost in 2007\$. Estimated 2008 C1 cost.  
Data: LME, Brook Hunt



# Timing for Recovery is Uncertain

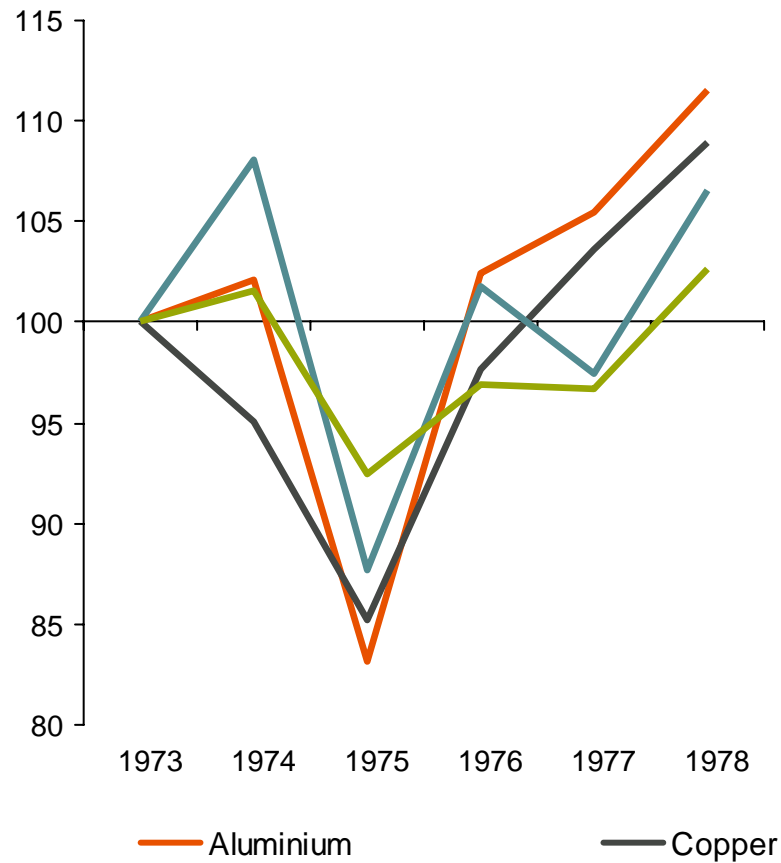
**Industrial Production and Leading Indicators (6 Months Forward)**  
(% Change YOY)



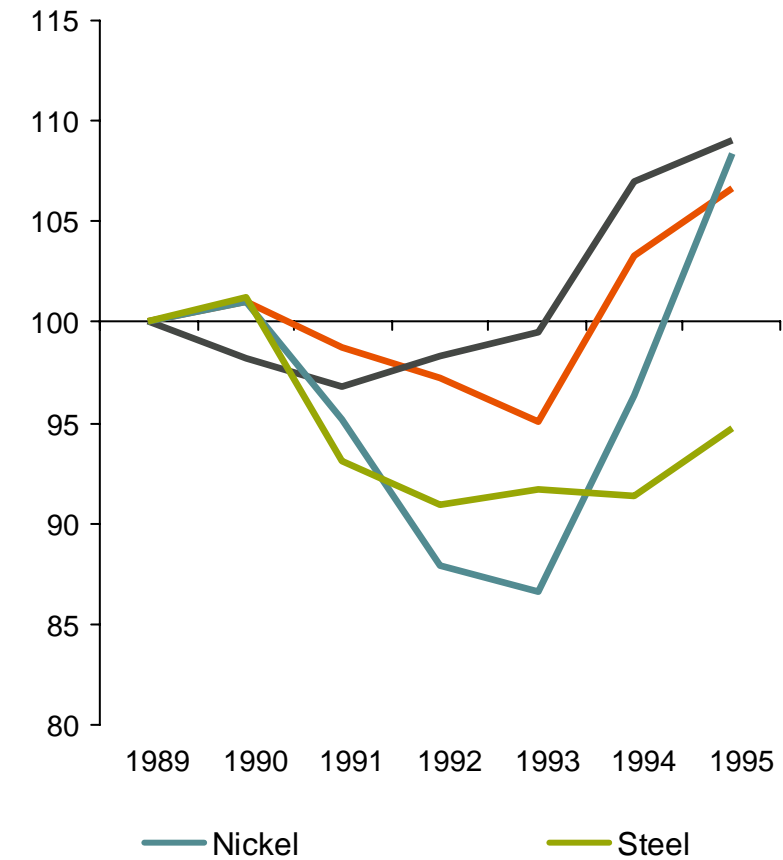
Source: OECD (via Datastream)

# Commodities Consumption Unlikely to Recover in the Short Term

**Index of World Consumption**  
(1973 = 100)



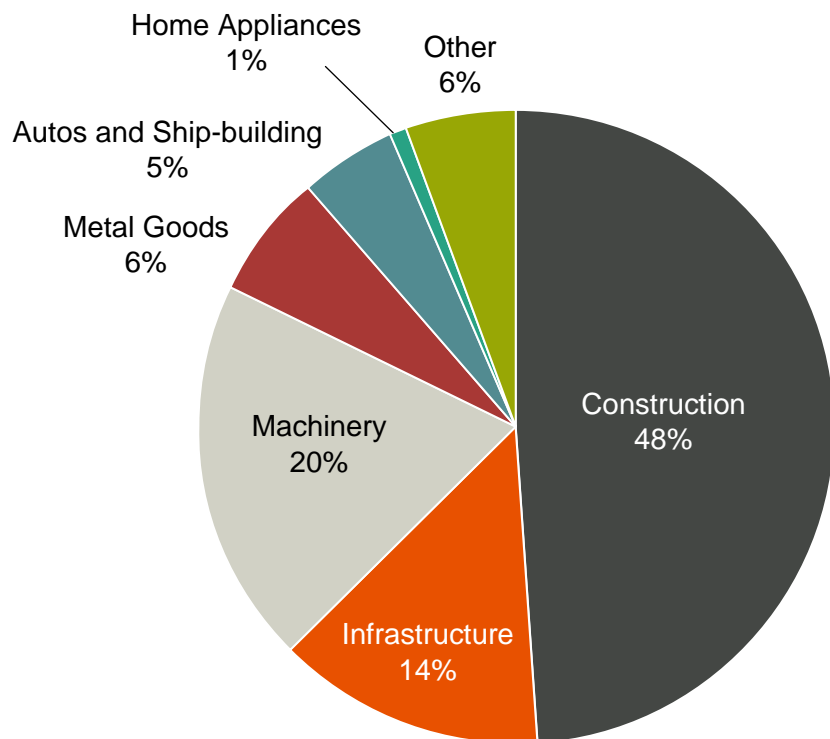
**Index of World Consumption**  
(1989 = 100)



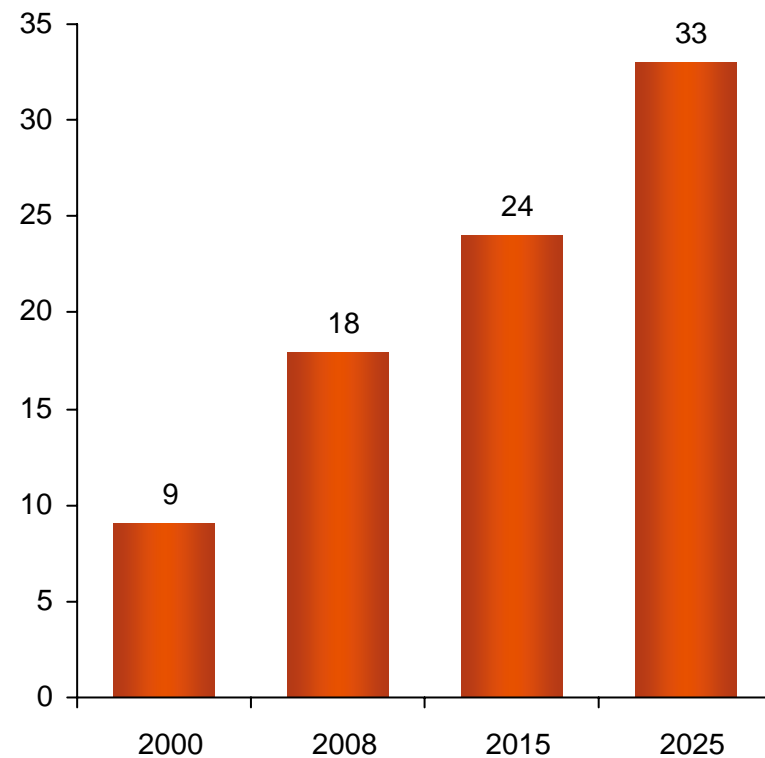
Source: Brook Hunt, WorldSteel, INSG, US National Bureau of Economic Research

# Long-term Outlook for China

## Steel Use by Sector (2008)



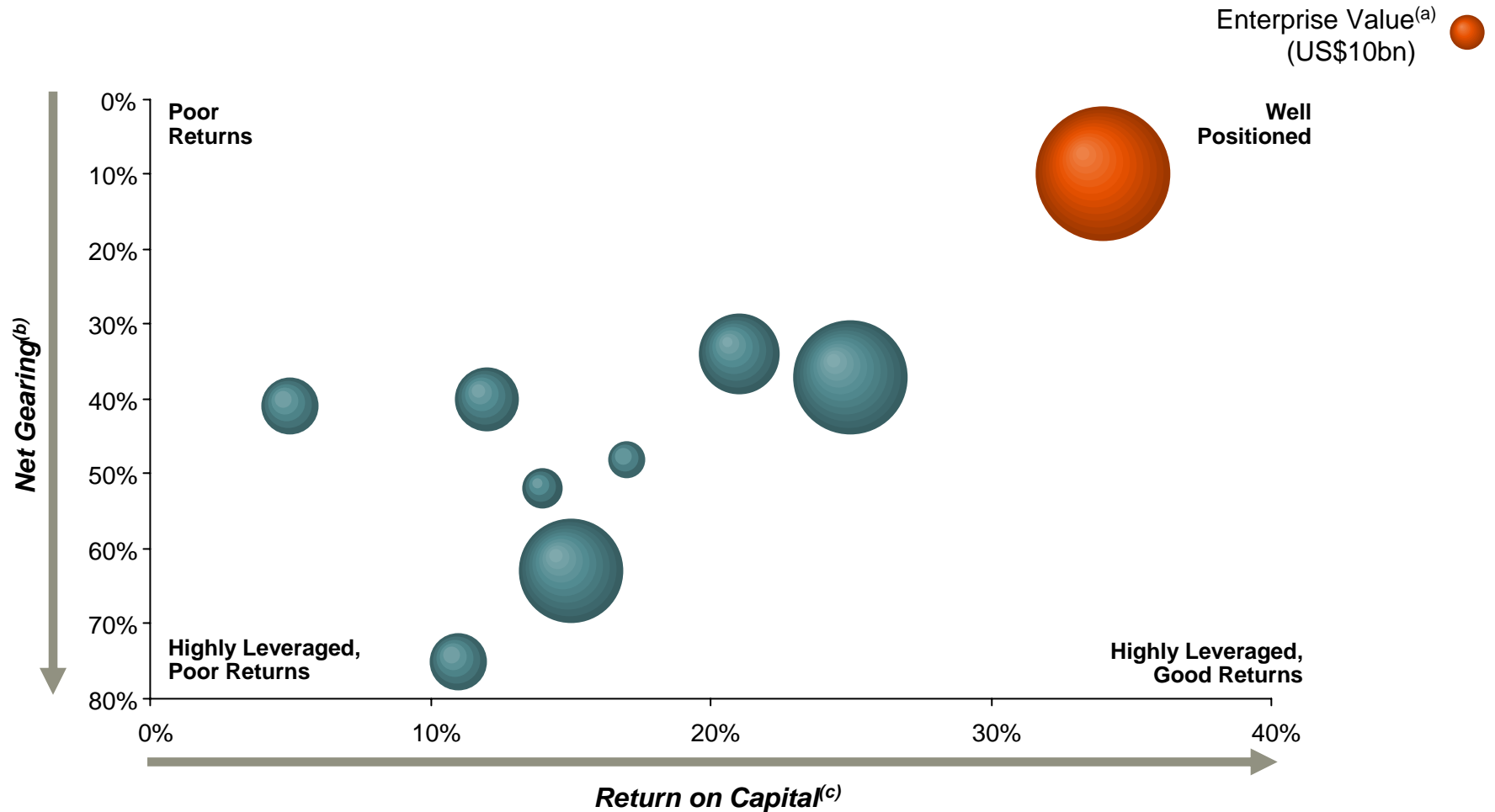
## China's Urban Residential Floor Space (Billions of Square Metres)



Source: BHP Billiton estimates

Source: McKinsey & Co; BHP Billiton estimates

# Industry Balance Sheet Conditions



(a) Enterprise value is calculated as sum of Market value (as at 31 December 2008), book value of minority interest, preferred stock, net debt, net pension obligations less book value of long term investment and excess cash (defined as cash over 2% of sales)

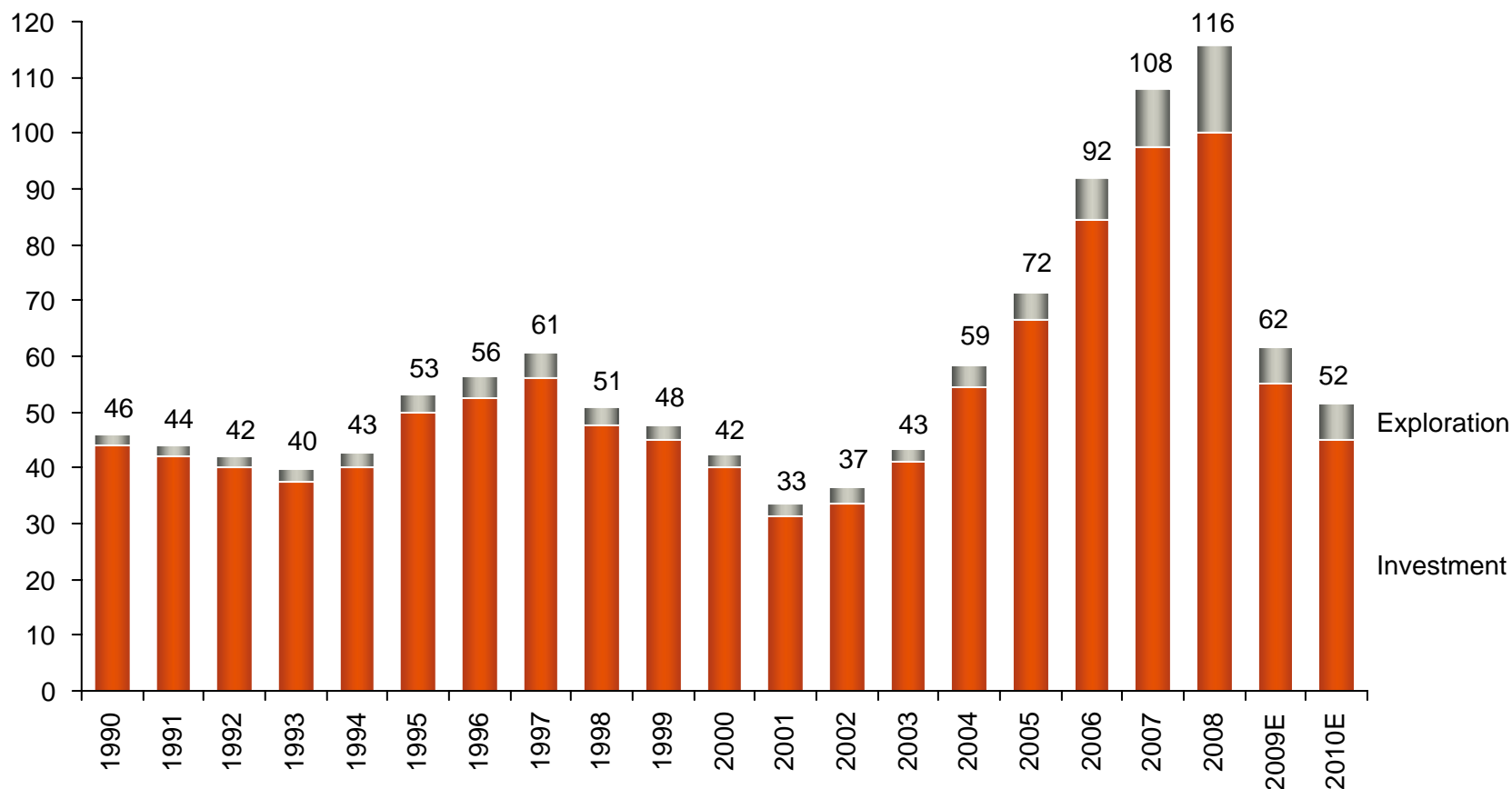
(b) As at 31 December 2008

(c) Based on full calendar year ended 31 December 2008 results

Source: Company annual reports and announcements, BHP Billiton analysis

# Future Supply will be Impacted

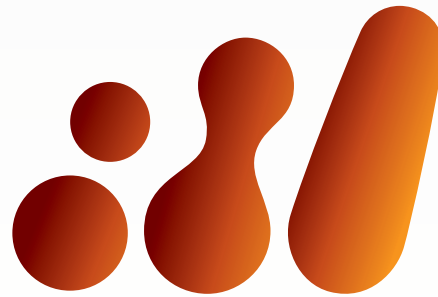
## Capital Expenditure for the Global Mining Industry (US\$bn)



Source: McKinsey Mining Database; RMG

# Conclusions

- Weak markets persist
- Downside risk remains
- Long-term emerging markets growth is intact
- Supply side constraints will determine prices in the longer term



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