

Copper, Escondida, Chile



# BHP Billiton: Strength through Diversity

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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).

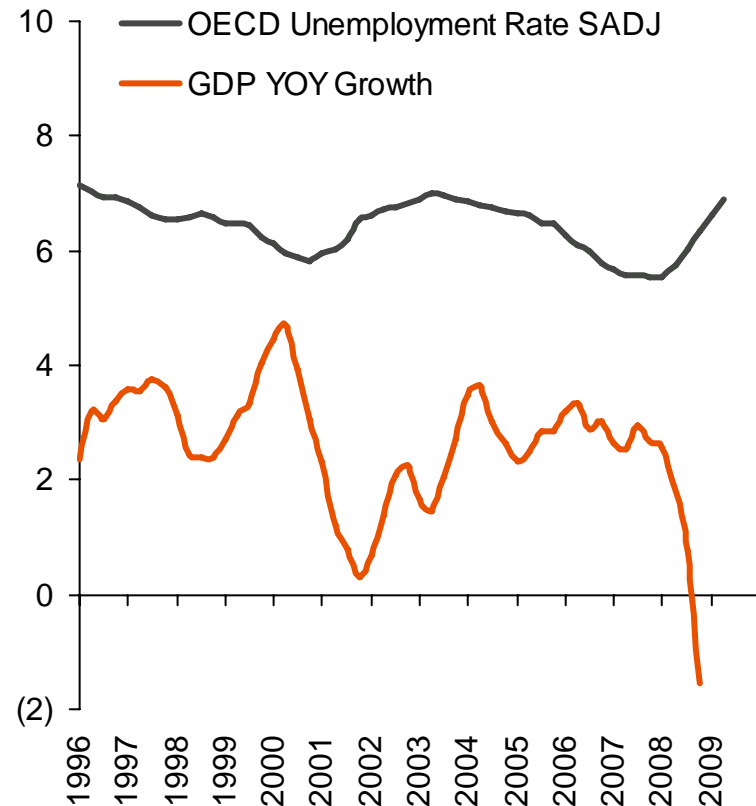
# Agenda

## Industry Outlook

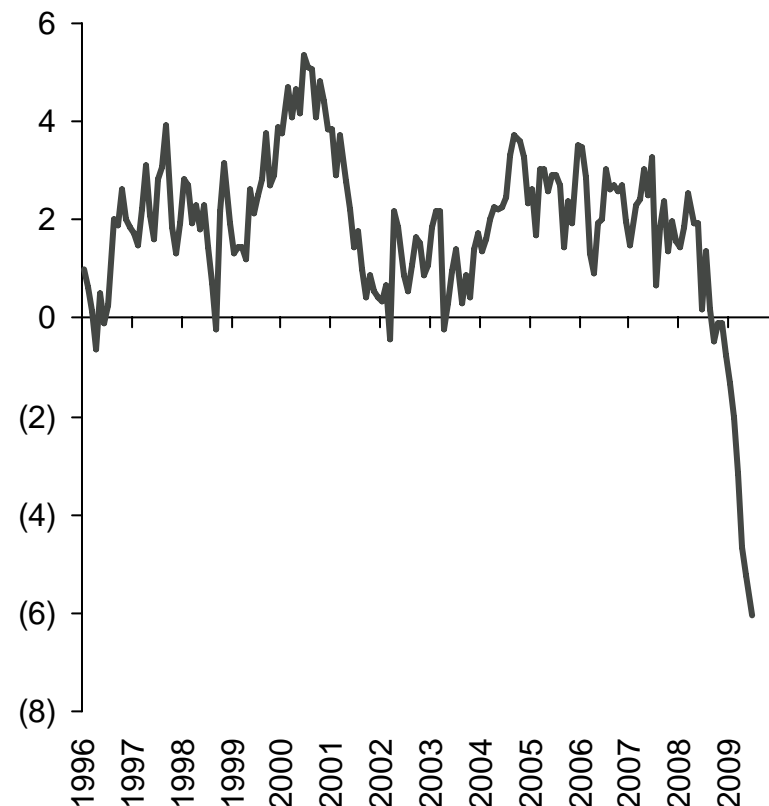
BHP Billiton is Well Positioned

# A Significant Change in Macroeconomic Conditions

### OECD Unemployment and GDP Growth (%)



### OECD Retail Trade (YOY % Change, Volumes)

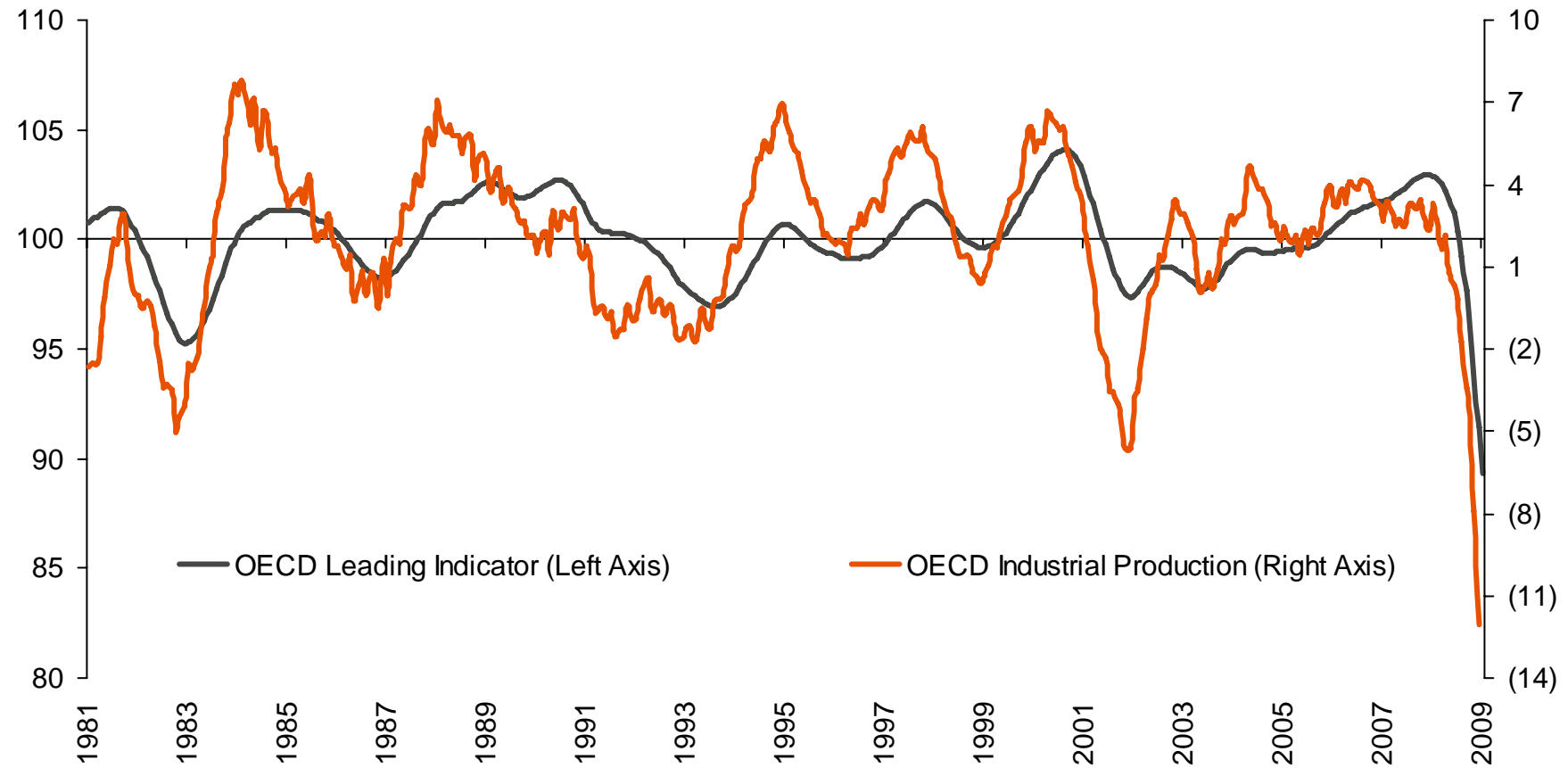


Source: OECD.

# OECD Economies Remain Weak

OECD Leading Indicator  
(CLI)

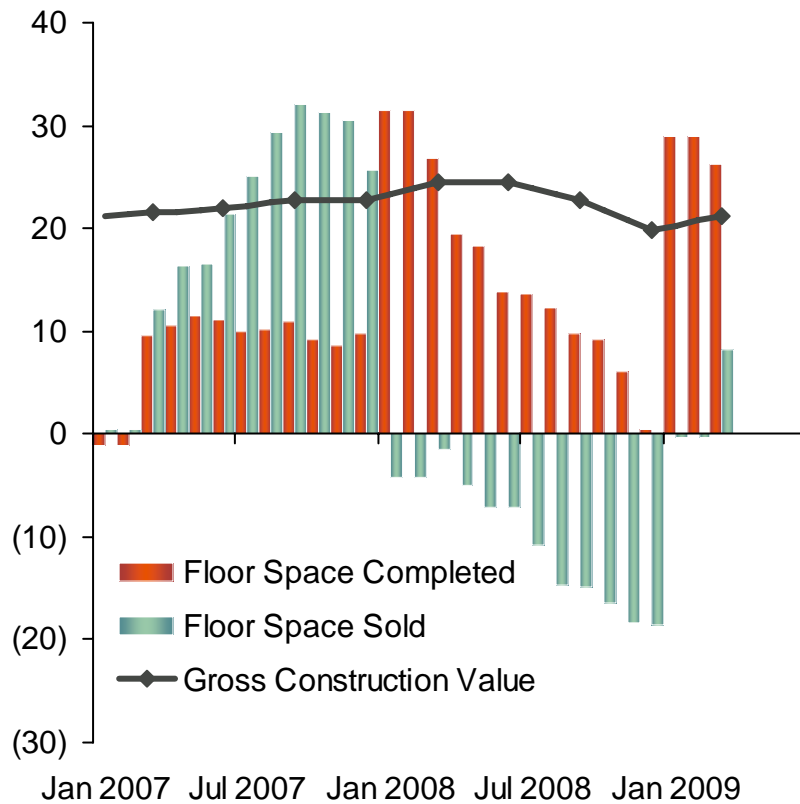
OECD Industrial Production  
(% Change YOY)



Source: OECD.

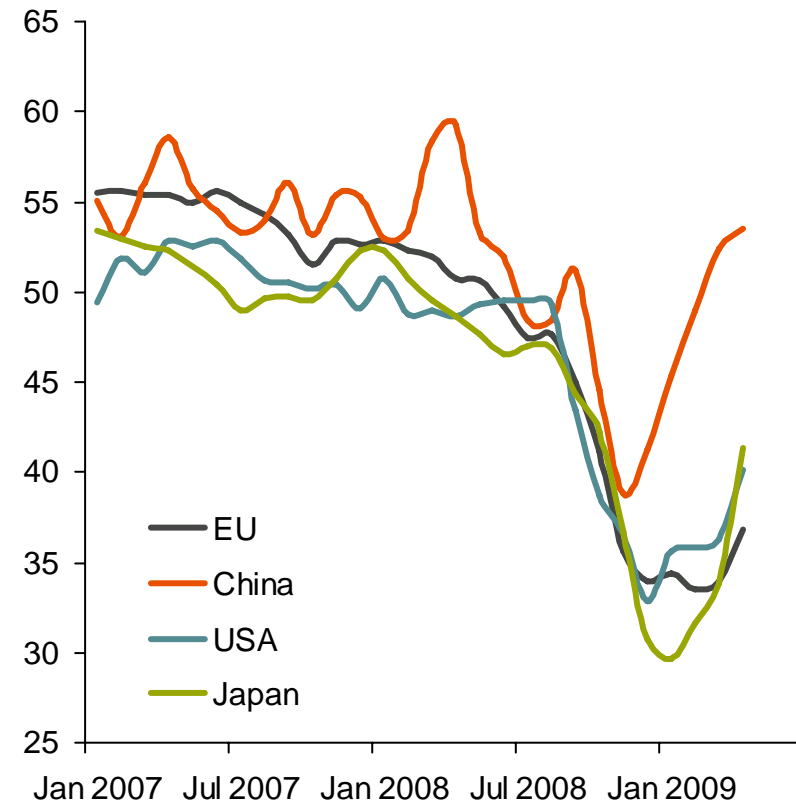
# Some Signs of Life in China

**Construction and Real Estate Sectors**  
(% Change YOY)



Source: CEIC.

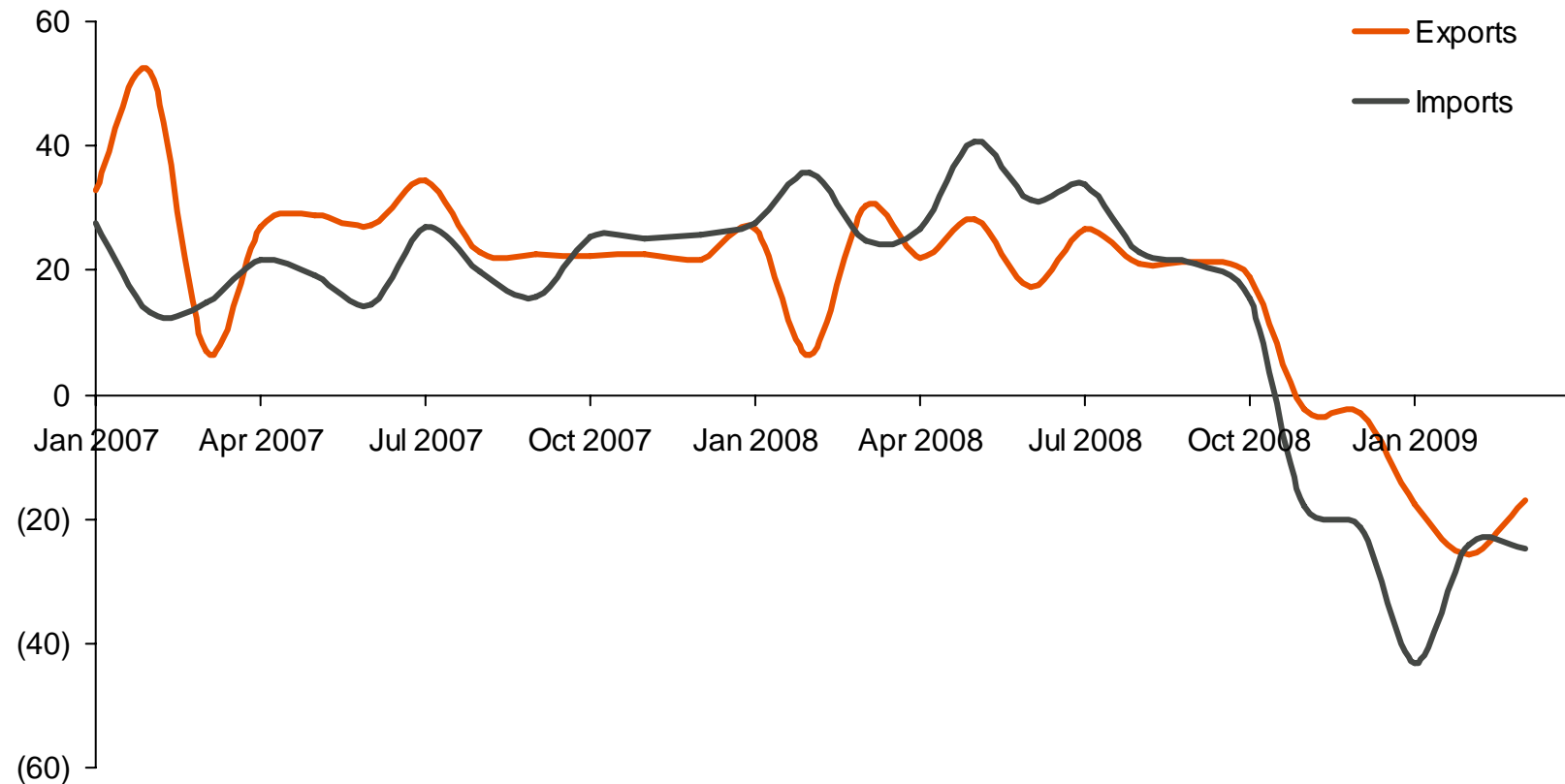
**Purchasing Managers Indices**  
(PMIs)



Source: CEIC (China PMI), Markit (EU, Japan PMIs), Institute for Supply Management (US PMI).

# China Trade Performance Still Unclear

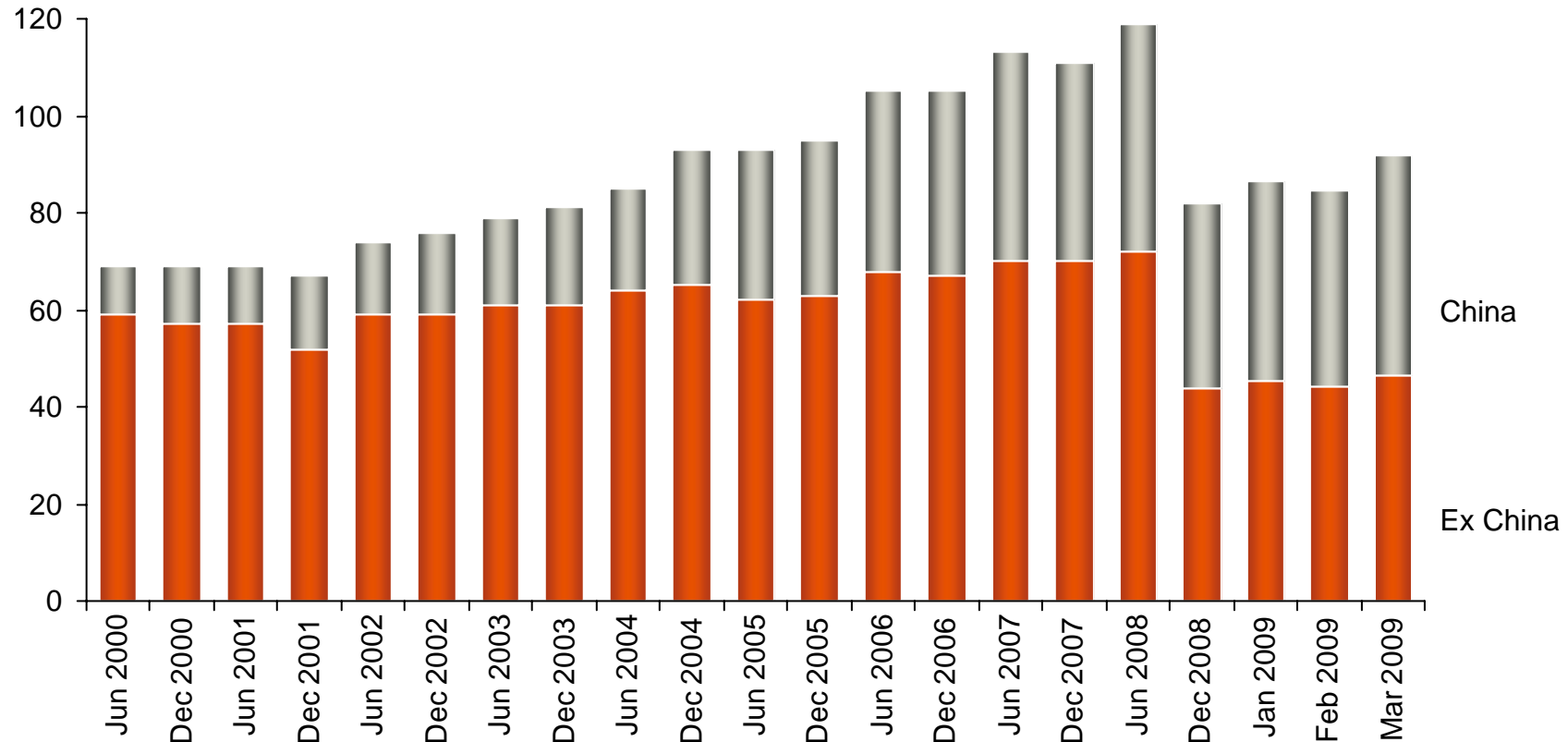
**Trade Performance in China**  
(% Change YOY)



Source: CEIC.

# When Can We Expect a Recovery?

Monthly Crude Steel Production  
(mt)



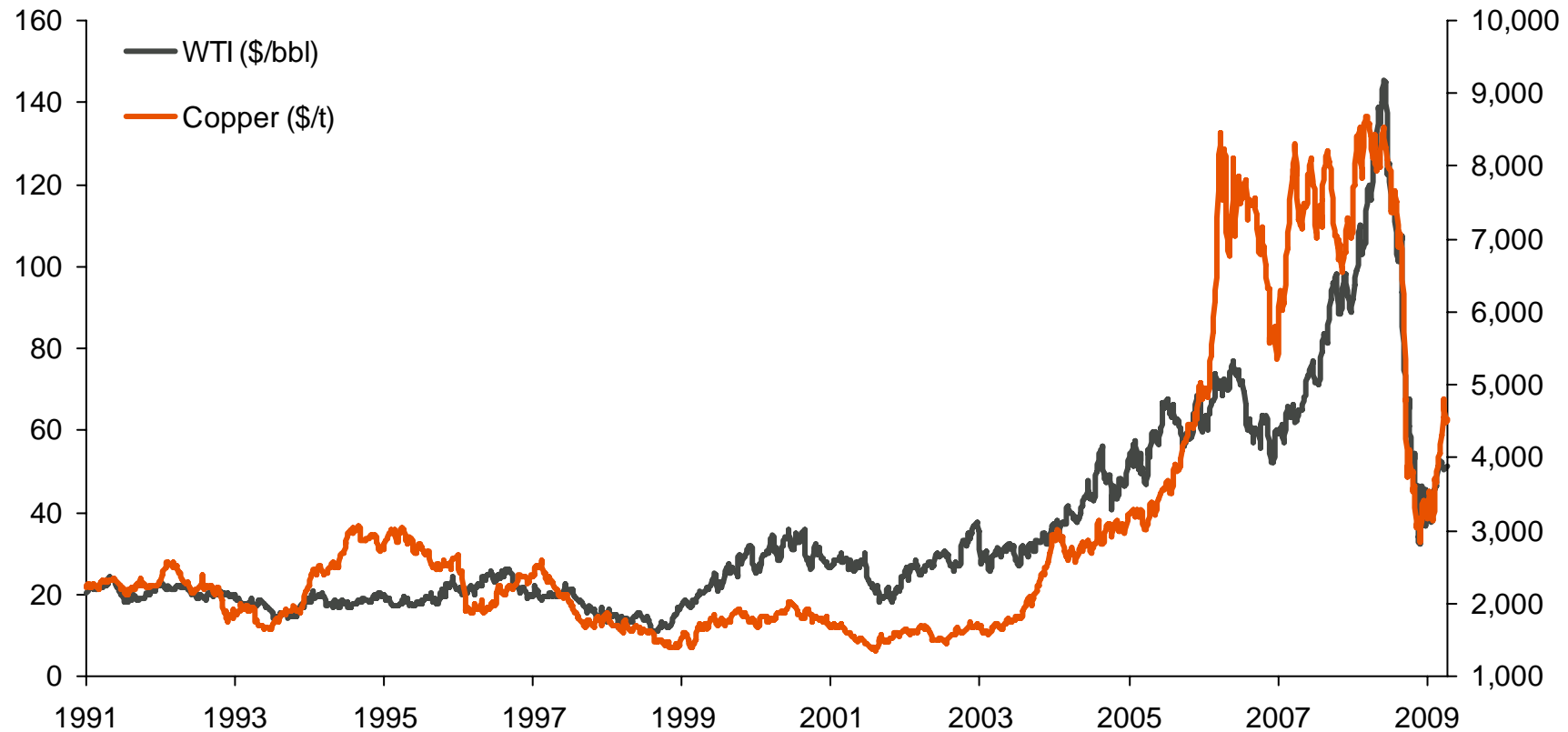
Source: World Steel Association.



# Have Commodity Prices Bottomed?

**Oil Prices**  
(\$/bbl, June 1991 to April 2009)

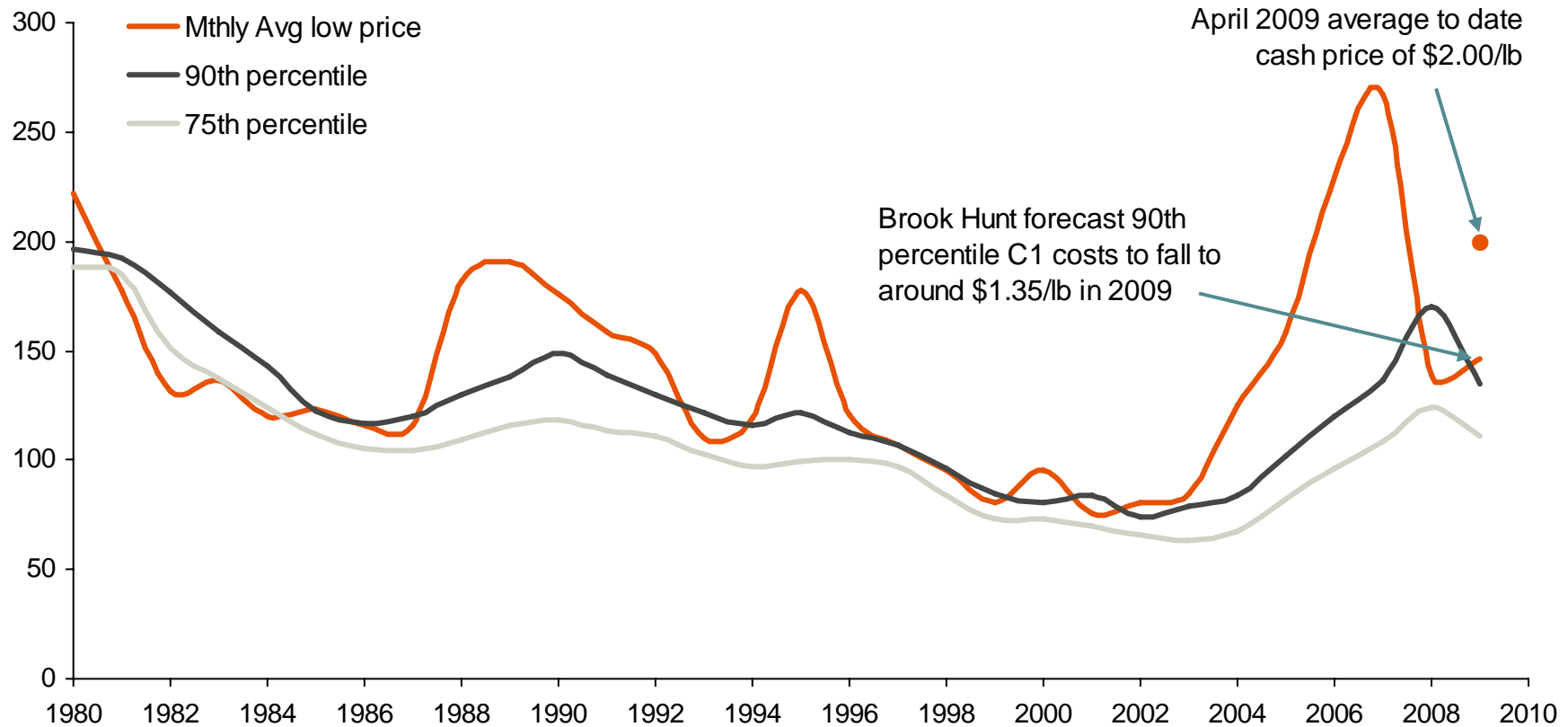
**Copper Prices**  
(\$/t, June 1991 to April 2009)



Source: Bloomberg.

# Relationship Between Prices and Production Costs

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



(a) C1 Normal cost in 2008 US¢. Estimated 2009 C1 cost for 90<sup>th</sup> percentile and 75<sup>th</sup> percentile.  
Source: LME, Brook Hunt.

# Agenda

## Industry Outlook

## **BHP Billiton is Well Positioned**

# An Unchanged Strategy

- Large, low-cost, long-life assets
- Export oriented
- Upstream focussed
- Diversified by commodity, customer and geography
- Deep inventory of growth options
- Ethics, safety, environmental practice and community engagement
- Employer of choice and a preferred partner



# A Balanced Portfolio

## Steel Making Materials

- Iron Ore
- Metallurgical Coal
- Manganese

## Non-Ferrous Products

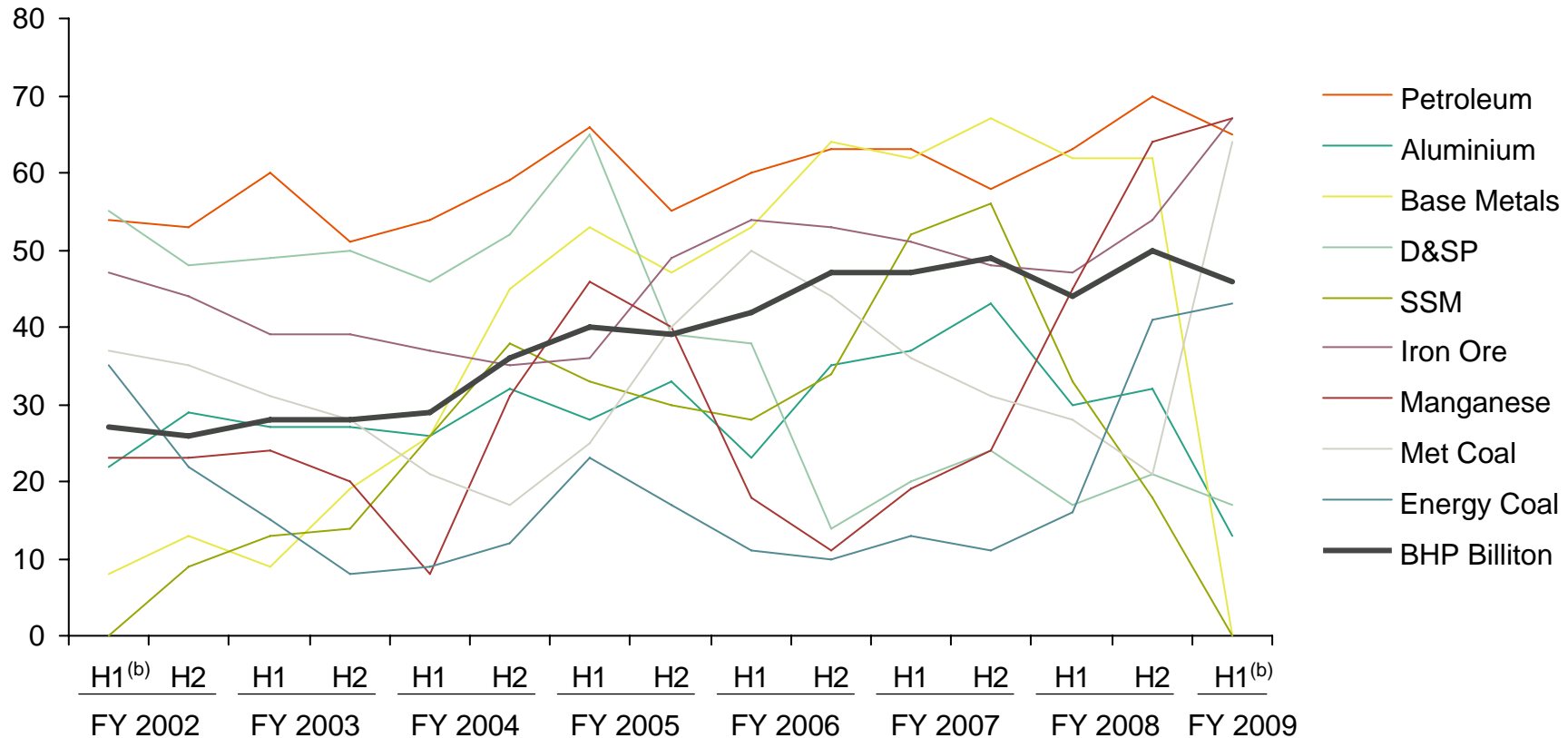
- Copper
- Aluminium
- Nickel
- Diamonds

## Energy Products

- Petroleum
- LNG
- Energy Coal
- Uranium

# Strength through Diversity

## EBIT Margin<sup>(a)</sup> (%)

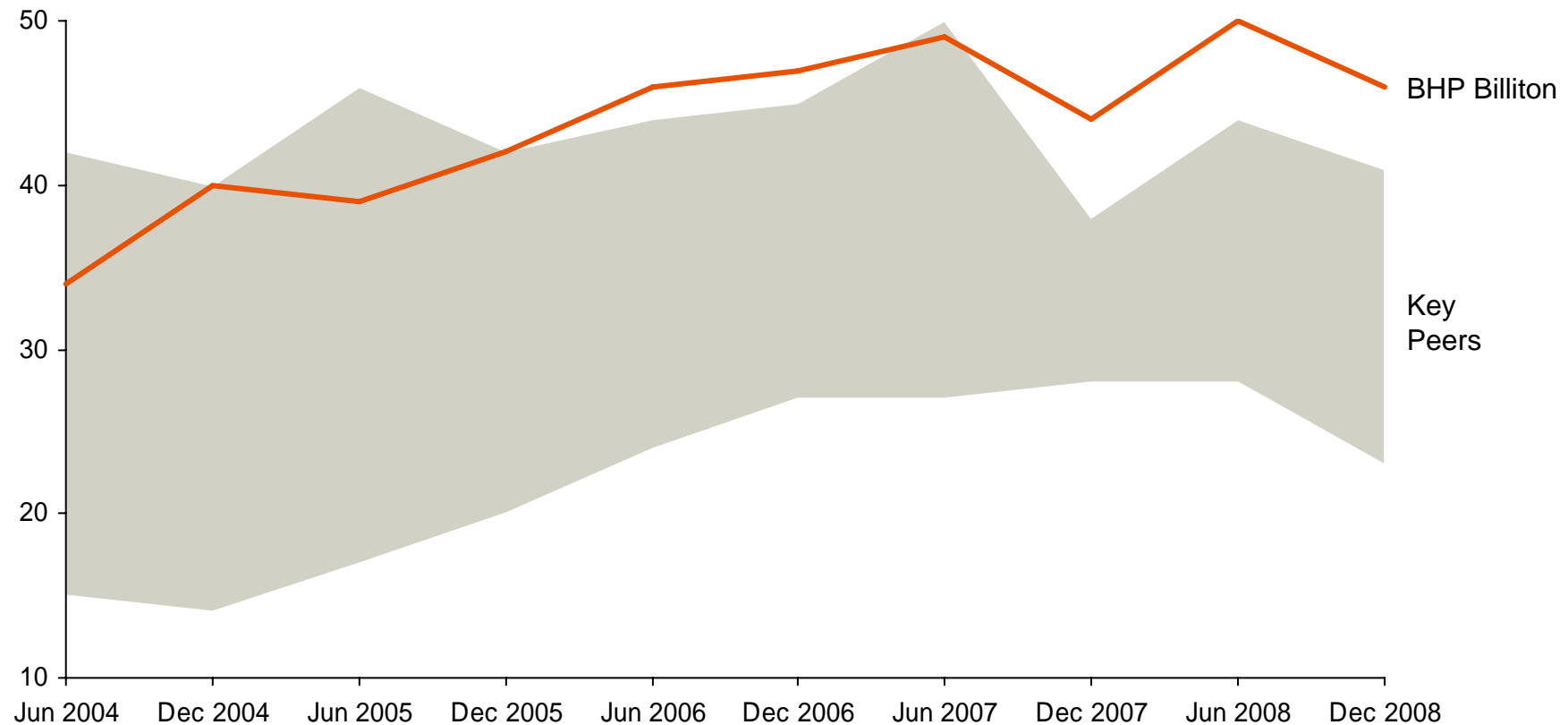


(a) FY2002 to FY2005 are calculated under UKGAAP, except for the exclusion of PRT from Petroleum's and BHP Billiton Group's results for all periods. Subsequent periods are calculated under IFRS. All periods exclude third party trading activities. The Exploration and Technology business has been included in BHP Billiton Group's results from FY2002 to FY2005 and excluded from Diamonds and Speciality Products.

(b) Negative margins are not shown as the y-axis is set at zero. SSM had a negative EBIT margin in H1 FY2002 and both Base Metals and SSM had negative EBIT margins in H1 FY2009.

# Low Operational Leverage

## EBIT Margin (%)



Source: Company interim and annual reports of BHP Billiton and its key peers. EBIT excludes exceptional items, third party trading and discontinued trading, as applicable.

# Financially Strong

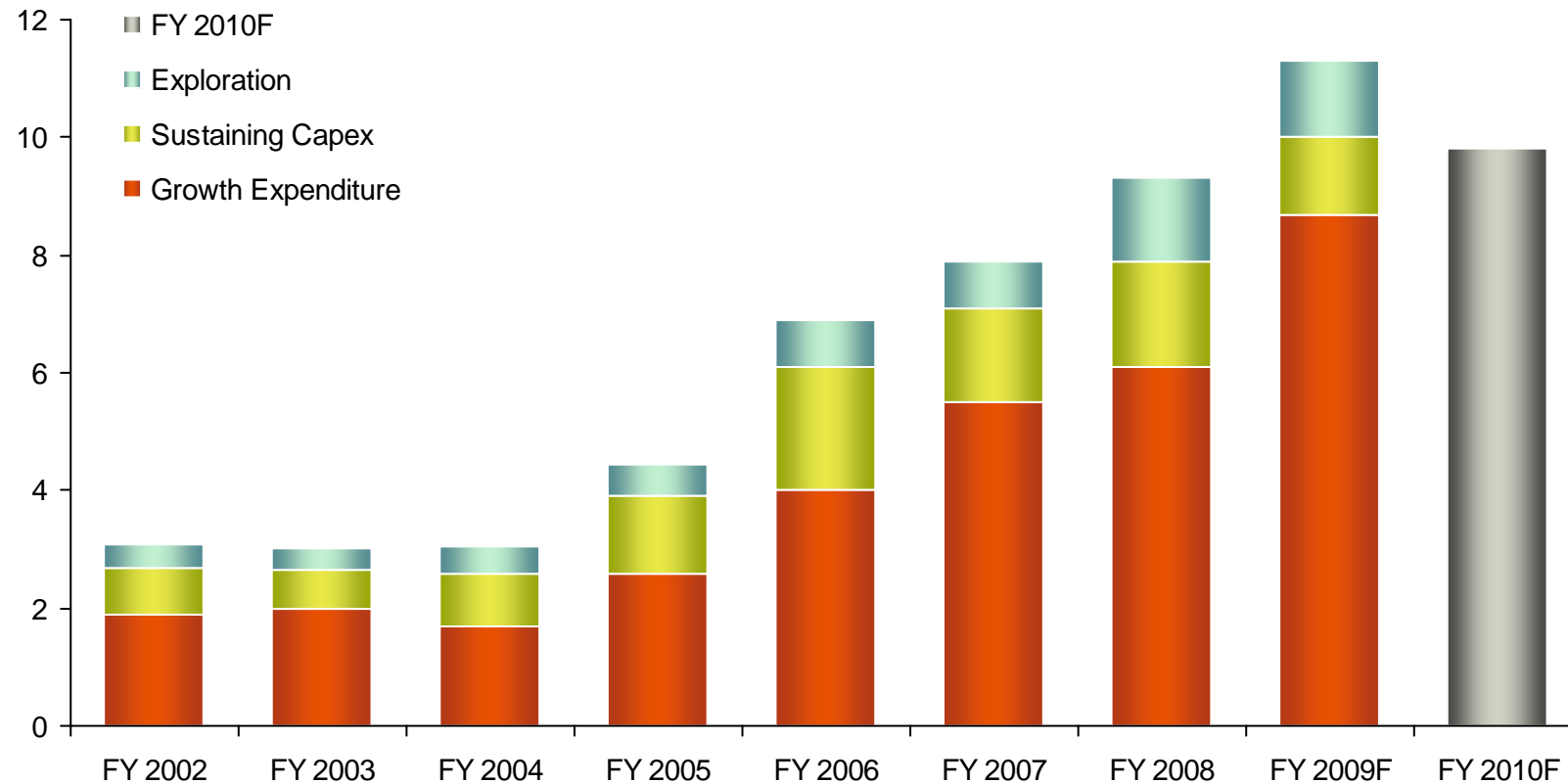
- Strong balance sheet
  - Current gearing ratio of 9.5%
  - EBITDA/Interest cover of 87 times
- Strong credit rating
  - Committed to a solid “A” credit rating
  - S&P A+
  - Moody’s A1
- Strong cash position
  - \$13.1 billion net cash flows in 1H FY2009
  - Significant funding capacity, including cash, bond issues and revolver facility





# Able to Invest for Tomorrow

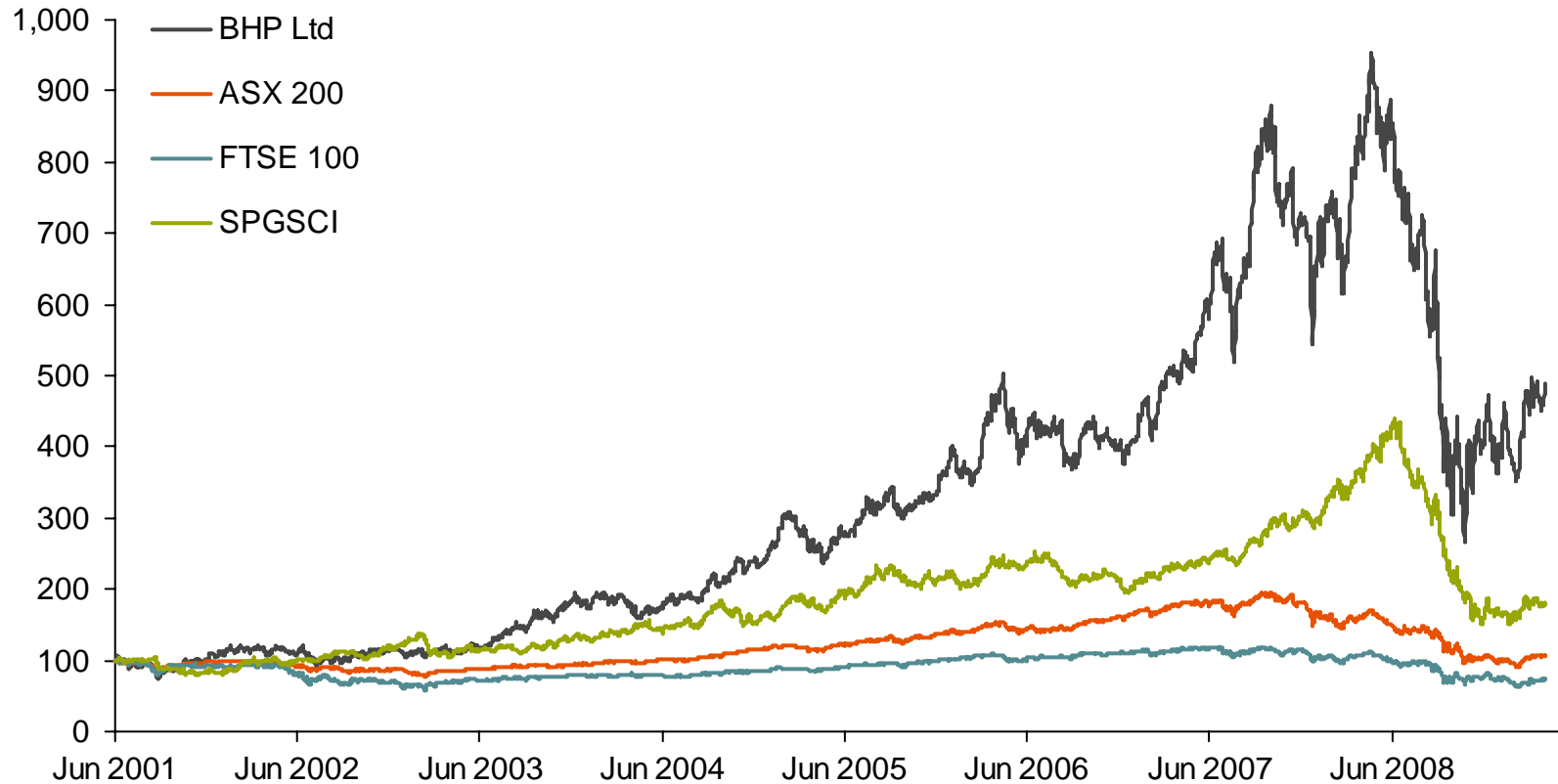
## Capital and Exploration Expenditure (US\$bn)



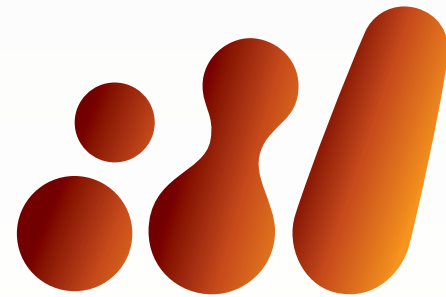
Note: FY2005 to FY2008 have been calculated on the basis of IFRS. Prior periods have been calculated on the basis of UKGAAP.

# In Order to Consistently Deliver Value to Shareholders...

## Relative Share Price Performance (US\$)



Source: Bloomberg.



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