BHP Billiton: Taking the Next Step

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Agenda

- Industry outlook
- BHP Billiton – creating a scaleable organisation
- Concluding remarks
China is the major driver of commodity demand

China’s share of global demand by commodity (%)

<table>
<thead>
<tr>
<th>Commodity</th>
<th>2002</th>
<th>2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Met Coal (Global)</td>
<td>39</td>
<td>63</td>
</tr>
<tr>
<td>Iron Ore (Global)</td>
<td>26</td>
<td>56</td>
</tr>
<tr>
<td>Mn Alloy</td>
<td>24</td>
<td>49</td>
</tr>
<tr>
<td>Thermal Coal (Global)</td>
<td>34</td>
<td>42</td>
</tr>
<tr>
<td>Aluminium</td>
<td>16</td>
<td>39</td>
</tr>
<tr>
<td>Copper</td>
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<td>36</td>
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<tr>
<td>Nickel</td>
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<td>35</td>
</tr>
<tr>
<td>Potash</td>
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<td>17</td>
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<tr>
<td>Oil</td>
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<td>9</td>
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<tr>
<td>Natural Gas</td>
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<td>3</td>
</tr>
</tbody>
</table>

Source: BHP Billiton analysis, import/export statistics, WMBS.
China near term outlook

Trade flows picking up (% YoY sa)

- Export
- Import

Robust rebound of industry output (%)

% YoY YTD
- Light industry
- Heavy industry

Source: CEIC.
Global near term risks remain

Unemployment rates

(\%)

USA
EU
Japan

Source: Government Employment Statistics.

US borrowing flows by Sector (annualised)

(US$bn)

Q4 99
Q4 00
Q4 01
Q4 02
Q4 03
Q4 04
Q4 05
Q4 06
Q4 07
Q4 08
Q4 09

Government
Business
Household

Source: US Federal Reserve Flow of Funds.
Annualised Borrowing calculated from the quarterly change in debt outstanding.
BHP Billiton – a premier global company

Total Shareholder Return \(^{(a)}\)
(Index, 2 Jan 2002 = 100)

- BHP Billiton Ltd
- S&P/ASX 200
- FTSE 100
- S&P 500

Top 100 (based on 500 companies) \(^{(b)}\)
(2002 v 2009)

- EBIT
- RoA
- EBIT Margin
- Market Cap

\(^{(a)}\) TSR is measured using the return index in US$ of BHP Billiton Ltd and the corresponding indices.

\(^{(b)}\) Data set is based on the top 500 global companies for sales/turnover in 2002. This is consistent with the methodology used by Fortune to compile its annual rankings. For many non U.S companies which do not have calendar year ends, such as Japanese companies, which all have 31 March year end, data will be presented on an inconsistent basis. No adjustments are made to reflect different accounting practices in different countries, which can lead to some major anomalies.

Source: Bloomberg.
The strength of our strategy – more predictable cash flows deliver progressive investment and returns

**Net Operating Cash Flow (US$bn)**

- FY02
- FY03
- FY04
- FY05
- FY06
- FY07
- FY08
- FY09

CAGR: 25%

**Investments and Dividends (US$bn)**

- Organic Growth (CAGR: 20%)
- Cash Dividends Paid (CAGR: 25%)

Calculated on the basis of UKGAAP for periods prior to FY05.
FY10F Cash Dividends includes dividend paid on 23 March 2010.
Cash flow reflects proportional consolidation of joint ventures for FY07 and future periods.
A focus on Tier 1 assets

Pilbara Region, Australia

Potash, Canada

The above diagrams are schematic and for illustration purposes only. Selected mineralisation areas have been indicatively labelled.
Creating a scaleable organisation

Project Development Hubs

- Houston
- Vancouver
- Santiago
- Perth

- Aluminium
- Base Metals
- Diamonds & Specialty Products
- Energy Coal
- Iron Ore
- Manganese
- Metallurgical Coal
- Petroleum
- Stainless Steel Materials
- Uranium/OD
- Offices
The true value of a scaleable organisation

Conveyor belt of Western Australia Iron Ore projects (mtpa)

- Completed
- Construction
- Planning

2004 Installed Capacity

RPG1: +10
RPG2: +8
RPG3: +20
RPG4: +26
RPG5: +50
RPG6: +35
Studies (a): 350

Opportunities in Potash (mtpa)

- Maximum Future Options
- Minimum Future Options
- Planning

Jansen Phase 1: +2
Jansen Phase 2: +2
Jansen Phase 3: +4
Studies: (a)

(a) Configuration of projects prior to the proposed new Australian mining tax. All projects remain under review following the release of the proposed new Australian mining tax and will remain under review until they are approved for execution. All references to capacity are on 100% basis.
Getting market prices for our products

Iron Ore prices (US$/t)

- Newman Annual
- Australia FOB netback

1. Long term price <$20/t
2. China growth tightens the market
3. Emerging spot price shows Newman not achieving market prices
4. Spot and annual prices diverge
5. Annual price systematically fails to reflect market again
6. Customer failures to perform on contracts
7. Price negotiations inconclusive
8. Market agrees to price long term contracts on market based pricing

Newman price based on 62.9% Fe, Australian FOB netback based on historical public indexes normalised to 62% Fe.
BHP Billiton – another step in the journey

- A well constructed portfolio of Tier 1 assets
- Robust long term demand for our products
- Creating a scalable organisation that remains:
  - Simple
  - Accountable
  - Effective

Hay Point Coal Terminal, Australia