



BHP Billiton Limited  
171 Collins Street  
Melbourne Victoria 3000 Australia  
GPO BOX 86  
Melbourne Victoria 3001 Australia  
Tel +61 1300 55 47 57 Fax +61 3 9609 3015  
bhpbilliton.com

BHP Billiton Plc  
Neathouse Place  
London SW1V 1LH UK  
Tel +44 20 7802 4000  
Fax + 44 20 7802 4111  
bhpbilliton.com

8 March 2016

To: Australian Securities Exchange  
London Stock Exchange

cc: New York Stock Exchange  
JSE Limited

### GLOBAL IRON ORE AND STEEL FORECAST CONFERENCE

BHP Billiton Asset President, Western Australia Iron Ore, Edgar Basto, will present at the Global Iron Ore and Steel Forecast Conference, in Perth, Western Australia today.

A copy of the presentation is attached.

Further information on BHP Billiton can be found at [www.bhpbilliton.com](http://www.bhpbilliton.com).

A handwritten signature in black ink, appearing to read "R. Agnew".

**Rachel Agnew**  
Company Secretary

**BHP Billiton Limited ABN 49 004 028 077**  
Registered in Australia  
Registered Office: Level 18, 171 Collins Street Melbourne Victoria 3000

**BHP Billiton Plc Registration number 3196209**  
Registered in England and Wales  
Registered Office: Neathouse Place, London SW1V 1LH United Kingdom

**The BHP Billiton Group is headquartered in Australia**

## NEWS RELEASE

**Release Time** IMMEDIATE  
**Date** 8 March 2016  
**Release Number** 9/16

### **BUILDING ON PRODUCTIVITY LEADERSHIP AND A STRONG ASSET BASE**

BHP Billiton is meeting the challenges of the global iron ore market through a focus on productivity and a “relentless pursuit of the basics” in its Western Australia Iron Ore (WAIO) operations.

In a key note address at this year’s Global Iron Ore and Steel Forecast Conference, Asset President WAIO, Edgar Basto, spoke to the global market dynamics affecting one of Australia’s most important exports.

“Following a decade of strong growth driven by fixed assets investments, the Chinese economy is transitioning to a more consumer and services based model, with future growth likely to be inherently less steel intensive,” he said.

“The Chinese Government’s steel industry restructure plans will take time to implement but it’s important to note a reduction in excess capacity will mean improved sustainability of the industry and our customers are likely to benefit from any consolidation.”

Mr Basto reiterated that the mining industry would need to continue to meet the challenges of a lower price environment through productivity.

“Our structured approach to safely increasing the availability, utilisation and rate of our existing infrastructure will support continued productivity improvements at WAIO,” he said.

“We continue to increase our productivity in Port and Rail as we approach our targeted run rate of approximately 270 million tonnes per annum.

“This has been achieved through a range of measures such as the optimisation of our pit-to-port scheduling strategy and alignment of maintenance shutdowns across our mines, port and track.”

Mr Basto said BHP Billiton’s new Operating Model would also support safe delivery of further productivity gains from WAIO’s Tier 1 asset base in the Pilbara.

“Our productivity drive has supported an EBITDA margin of over 50 per cent at WAIO despite the iron ore price halving since 2012,” he said.

"Through the new Operating Model we will deliver faster replication of leading practices and improved technologies across all of BHP Billiton's global operations as well as a major reduction in the costs of our functions."

Mr Basto reinforced the Company’s commitment to Western Australia and its local communities.

“WAIO remains a strong supporter of the communities in which we operate, having committed A\$300 million over the past five years to health, education and Indigenous development programs and community infrastructure.

“We are proud of the contribution we have made, and continue to make in WA. Despite the challenging market conditions faced by the industry, BHP Billiton is unwavering in its commitment to the State and our local communities.”

Further information on BHP Billiton can be found at: **[bhpbilliton.com](http://bhpbilliton.com)**

## Media Relations

### Australia and Asia

Emily Perry  
Tel : +61 3 9609 2800 Mobile +61 477 325 803  
Email : [Emily.Perry@bhpbilliton.com](mailto:Emily.Perry@bhpbilliton.com)

Eleanor Colonico  
Tel: +61 3 9609 2360 Mobile +61 407 064 748  
Email: [Eleanor.Colonico@bhpbilliton.com](mailto:Eleanor.Colonico@bhpbilliton.com)

Paul Hitchins  
Tel: +61 3 9609 2592 Mobile +61 419 315 001  
Email: [Paul.Hitchins@bhpbilliton.com](mailto:Paul.Hitchins@bhpbilliton.com)

### United Kingdom and South Africa

Ruban Yogarajah  
Tel: +44 207 802 4033 Mobile +44 7827 082 022  
Email: [Ruban.Yogarajah@bhpbilliton.com](mailto:Ruban.Yogarajah@bhpbilliton.com)

Jennifer White  
Tel : +44 207 802 7462 Mobile +44 7827 253 764  
Email: [Jennifer.White@bhpbilliton.com](mailto:Jennifer.White@bhpbilliton.com)

### North America

Jaryl Strong  
Tel: +1 713 499 5548 Mobile: +1 281 222 6627  
Email: [Jaryl.Strong@bhpbilliton.com](mailto:Jaryl.Strong@bhpbilliton.com)

BHP Billiton Limited ABN 49 004 028 077  
Registered in Australia  
Registered Office: Level 18, 171 Collins Street  
Melbourne Victoria 3000 Australia  
Tel +61 1300 55 4757 Fax +61 3 9609 3015

## Investor Relations

### Australia and Asia

Tara Dines  
Tel: +61 3 9609 2222 Mobile: +61 499 249 005  
Email: [Tara.Dines@bhpbilliton.com](mailto:Tara.Dines@bhpbilliton.com)

Andrew Gunn  
Tel: +61 3 9609 3575 Mobile: +61 402 087 354  
Email: [Andrew.Gunn@bhpbilliton.com](mailto:Andrew.Gunn@bhpbilliton.com)

### United Kingdom and South Africa

Jonathan Price  
Tel: +44 20 7802 4131 Mobile: +44 7990 527 726  
Email: [Jonathan.H.Price@bhpbilliton.com](mailto:Jonathan.H.Price@bhpbilliton.com)

### Americas

James Wear  
Tel: +1 212 310 1421 Mobile: +1 347 882 3011  
Email: [James.Wear@bhpbilliton.com](mailto:James.Wear@bhpbilliton.com)

Joseph Suarez  
Tel: +1 212 310 1422 Mobile: +1 646 400 3803  
Email: [Joseph.Suarez@bhpbilliton.com](mailto:Joseph.Suarez@bhpbilliton.com)

BHP Billiton Plc Registration number 3196209  
Registered in England and Wales  
Registered Office: Neathouse Place  
London SW1V 1LH United Kingdom  
Tel +44 20 7802 4000 Fax +44 20 7802 4111

Members of the BHP Billiton Group which is  
headquartered in Australia



Follow us on social media



# Safe. Productive. Efficient.

## Global Iron Ore & Steel Forecast Conference

Edgar Basto

Asset President Western Australia Iron Ore

8 March 2016



# Disclaimer

## Forward-looking statements

This presentation contains forward-looking statements, including statements regarding: trends in commodity prices and currency exchange rates; demand for commodities; plans, strategies and objectives of management; closure or divestment of certain operations or facilities (including associated costs); anticipated production or construction commencement dates; capital costs and scheduling; operating costs and shortages of materials and skilled employees; anticipated productive lives of projects, mines and facilities; provisions and contingent liabilities; tax and regulatory developments.

Forward-looking statements can be identified by the use of terminology such as 'intend', 'aim', 'project', 'anticipate', 'estimate', 'plan', 'believe', 'expect', 'may', 'should', 'will', 'continue', 'annualised' or similar words. These statements discuss future expectations concerning the results of operations or financial condition, or provide other forward-looking statements.

These forward-looking statements are not guarantees or predictions of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are beyond our control, and which may cause actual results to differ materially from those expressed in the statements contained in this presentation. Readers are cautioned not to put undue reliance on forward-looking statements.

For example, future revenues from our operations, projects or mines described in this presentation will be based, in part, upon the market price of the minerals, metals or petroleum produced, which may vary significantly from current levels. These variations, if materially adverse, may affect the timing or the feasibility of the development of a particular project, the expansion of certain facilities or mines, or the continuation of existing operations.

Other factors that may affect the actual construction or production commencement dates, costs or production output and anticipated lives of operations, mines or facilities include our ability to profitably produce and transport the minerals, petroleum and/or metals extracted to applicable markets; the impact of foreign currency exchange rates on the market prices of the minerals, petroleum or metals we produce; activities of government authorities in some of the countries where we are exploring or developing these projects, facilities or mines, including increases in taxes, changes in environmental and other regulations and political uncertainty; labour unrest; and other factors identified in the risk factors discussed in BHP Billiton's filings with the US Securities and Exchange Commission (the "SEC") (including in Annual Reports on Form 20-F) which are available on the SEC's website at [www.sec.gov](http://www.sec.gov).

Except as required by applicable regulations or by law, the Group does not undertake any obligation to publicly update or review any forward-looking statements, whether as a result of new information or future events.

Past performance cannot be relied on as a guide to future performance.

## Non-IFRS financial information

BHP Billiton results are reported under International Financial Reporting Standards (IFRS) including Underlying EBIT and Underlying EBITDA which are used to measure segment performance. This release may also include certain non-IFRS measures including Adjusted effective tax rate, Free cash flow, Gearing ratio, Net debt, Net operating assets, Underlying attributable profit, Underlying basic (loss)/earnings per share, Underlying EBIT margin and Underlying EBITDA margin. These measures are used internally by management to assess the performance of our business, make decisions on the allocation of our resources and assess operational management. Non-IFRS measures have not been subject to audit or review and should not be considered as an indication of or alternative to an IFRS measure of profitability, financial performance or liquidity.

## No offer of securities

Nothing in this presentation should be construed as either an offer to sell or a solicitation of an offer to buy or sell BHP Billiton securities in any jurisdiction, or be treated or relied upon as a recommendation or advice by BHP Billiton.

## Reliance on third party information

The views expressed in this presentation contain information that has been derived from publicly available sources that have not been independently verified. No representation or warranty is made as to the accuracy, completeness or reliability of the information. This presentation should not be relied upon as a recommendation or forecast by BHP Billiton.

**“We are in this for the long term and will continue to work with Vale and the people of Samarco to make sure there is a strong future for the region.”**

**Andrew Mackenzie, BHP Billiton CEO**

# Key themes

- The health and safety of our people and the communities in which we operate always come first
- China's steel demand growth slowing as the country transitions to the next phase of development
- The cost curve will continue to flatten in the medium-term as low-cost supply exceeds demand growth
- Our Tier 1 assets support high-margin operations and will continue to deliver strong returns
- BHP Billiton's simplified operating model will expedite significant savings

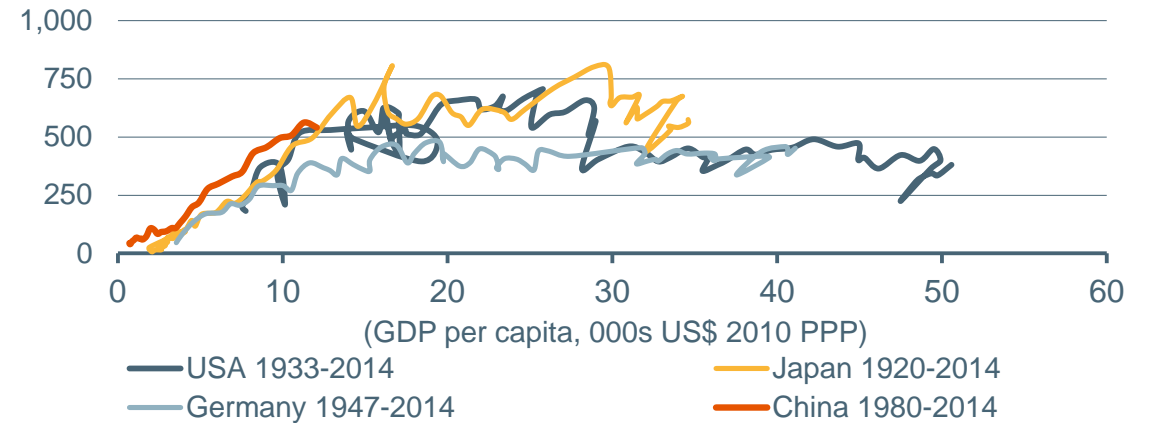


# Short-term market outlook remains challenging

- Steel demand growth in China will remain weak in the short term
  - current cyclical downturn primarily driven by an oversupplied property market
  - Chinese steel demand becoming more variable as the country transitions to the next stage of development
- Supply structure to evolve as committed growth comes to market and high cost producers are displaced
  - high-cost private Chinese mines have responded to the sharp price reduction
  - additional low-cost seaborne supply continues to ramp up

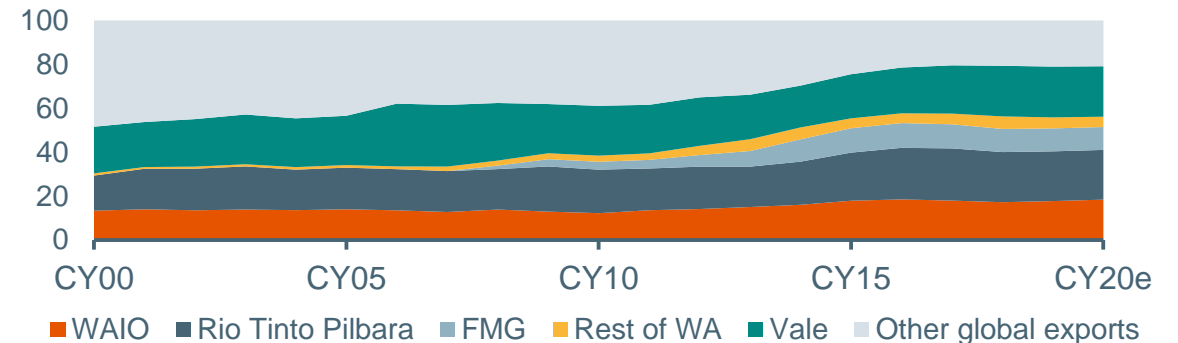
## Steel intensity per capita

(kg crude steel per capita, per annum)



## Iron ore export share<sup>1</sup>

(%)



Source: World Steel Association, Wood Mackenzie 2015, BHP Billiton.

1. All iron ore products including lump, fines, pellet feed and pellets. BHP Billiton and Vale data excludes Samarco.

Edgar Basto, Asset President Western Australia Iron Ore

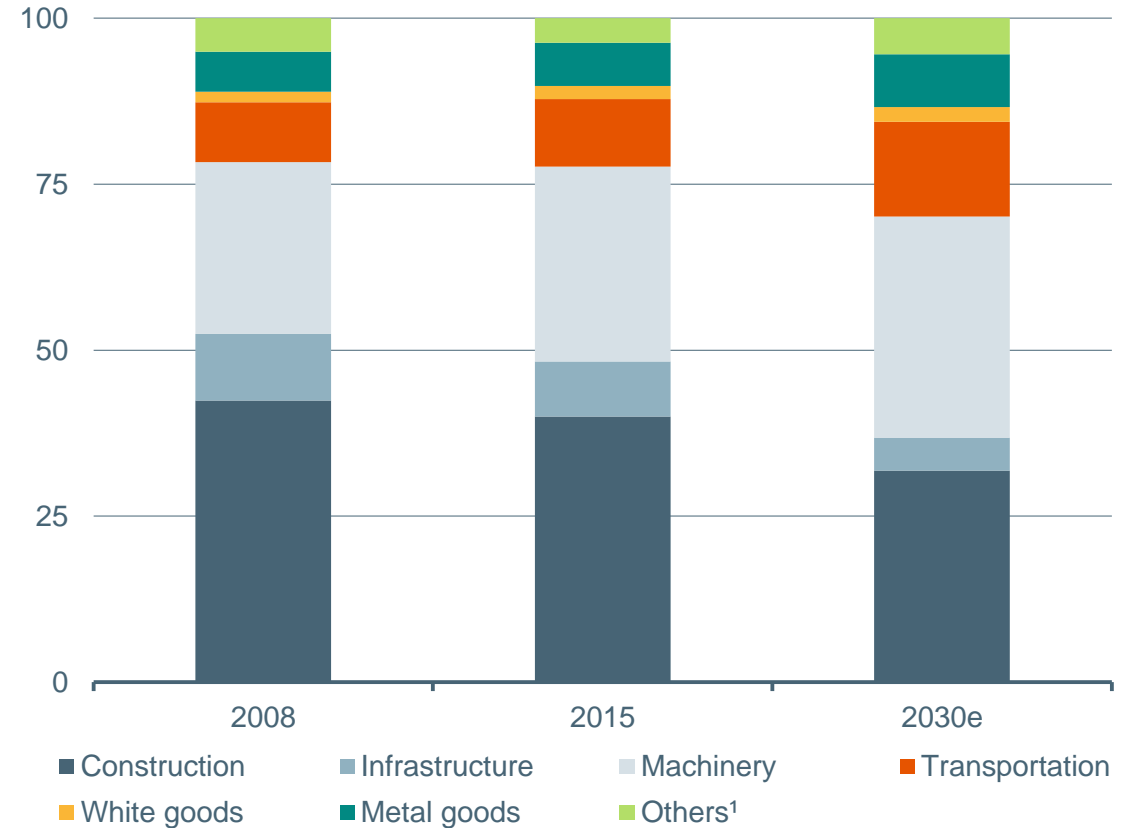
8 March 2016

Slide 5

# Prolonged period of market rebalancing

- The cost curve will continue to flatten in the medium term as low-cost supply exceeds demand growth
  - the marginal cost of supply continues to decline
- Iron ore contestable demand will peak inline with China's steel production and increased scrap availability
  - manufacturing sectors (i.e. machinery and transportation) will support long-term Chinese steel demand
  - we expect China's crude steel production to peak between 935-985 Mt in the mid 2020s

Manufacturing-led growth in Chinese steel demand (%)



Source: World Steel Association, CEIC, BHP Billiton analysis.

1. Others includes steel inventory changes by mills and traders, and steel demand from non-identified end user sectors.

Edgar Basto, Asset President Western Australia Iron Ore

8 March 2016

Slide 6

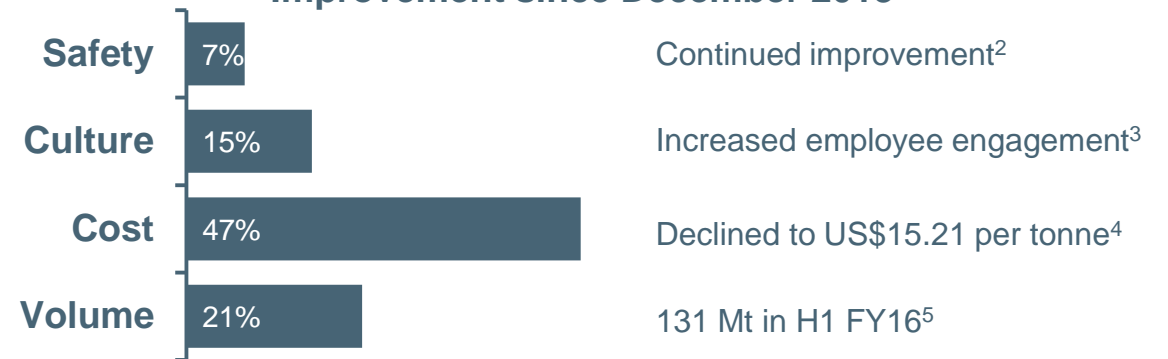
# Safe and sustainable operations above all else

- Continued focus on culture of safety
  - managing and controlling fatal risks
  - eliminating serious injuries across our business
- Simple approach to productivity enables continuous safe and sustainable improvement
  - understanding the key value and cost drivers
  - using benchmarks and knowledge sharing to identify the gaps
  - executing the required changes safely and sustainably
- Productivity improvements reinforce key processes in place are delivering
  - >2,000 of our people own >5,500 ideas that have generated A\$4.3 billion in productivity gains<sup>1</sup> since FY13

## WA Iron Ore Team



### Improvement since December 2013



**A\$4.3 billion in productivity gains<sup>1</sup>**

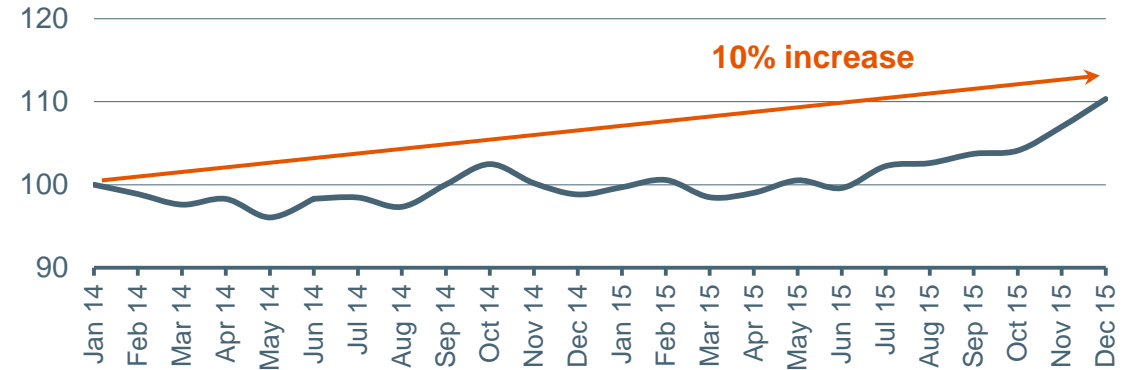
1. Represents FY14, FY15 and H1 FY16 productivity-led volume and controllable cash cost efficiencies (100% basis).  
 2. Total Recordable Injury Frequency: H1 FY14 vs H1 FY16.  
 3. Employee Engagement Perception Survey results: May 2014 vs October 2015.  
 4. FOB unit cost excluding freight and royalties: H1 FY14 vs H1 FY16.  
 5. Saleable ore production (100% basis): H1 FY14 vs H1 FY16.

# Relentless pursuit of the basics

- Equipment productivity is driving further volume growth
  - better coordination of major plant shuts
  - improved shutdown practices
  - extended and optimised wear life of major components
- The value of the marginal tonne remains high
- 245 to 270 Mtpa with no fixed plant investment
  - further supply chain optimisation
  - improved port inflow scheduling to maximise car dumper utilisation
- Ramp up of additional capacity at Jimblebar and further efficiency across the integrated supply chain will deliver an increase in system capacity to 290 Mtpa over time

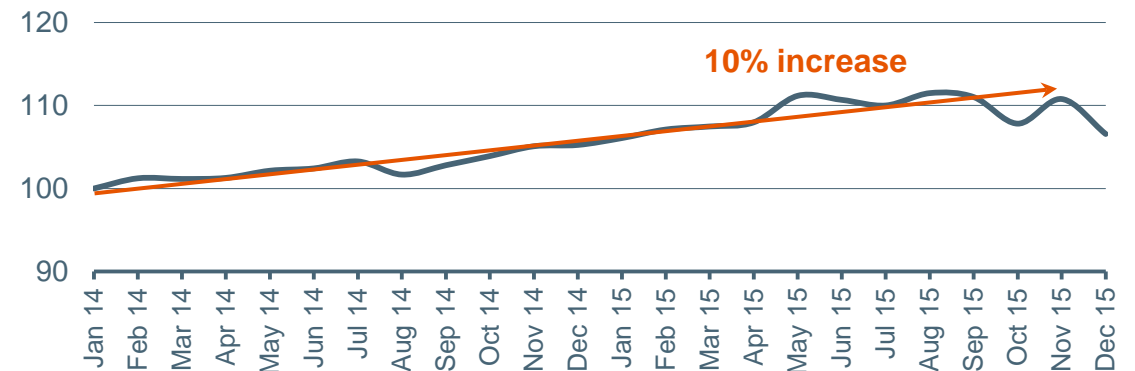
## MAC OHP2 availability<sup>1</sup>

(index, January 2014 = 100)



## Total car dumper net rate

(index, January 2014 = 100)

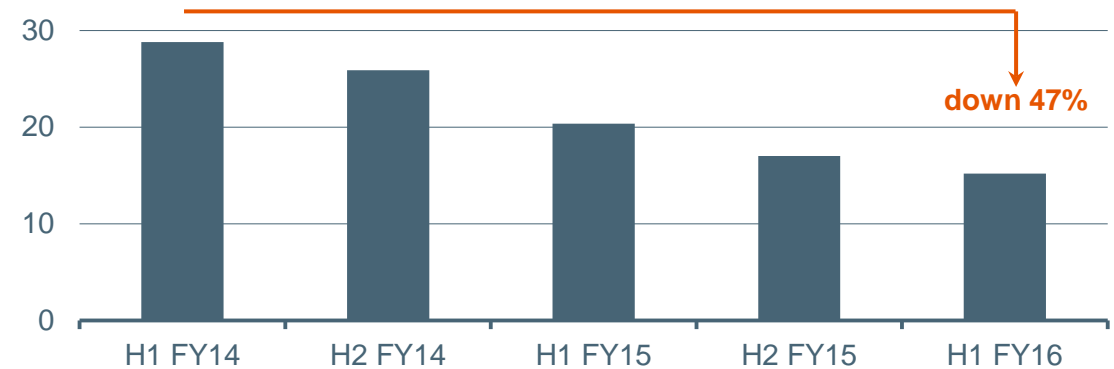


1. Six month moving average.

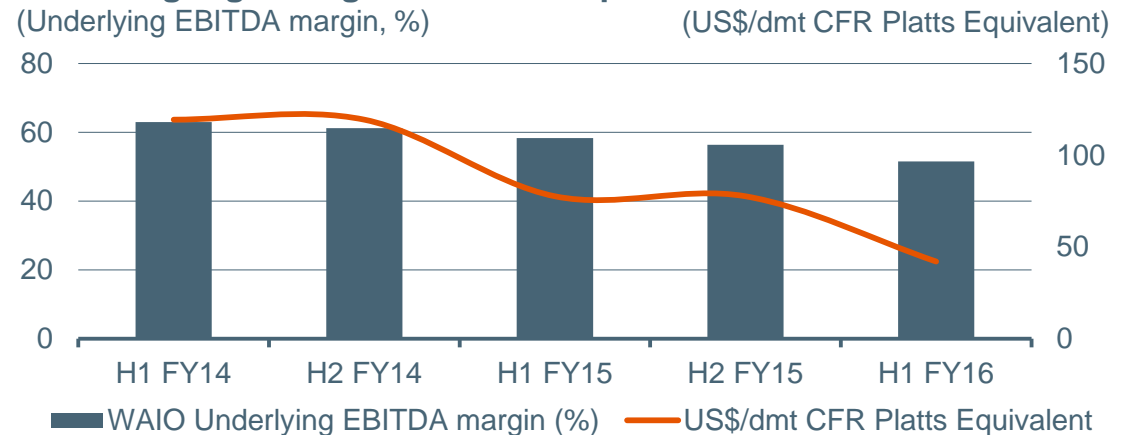
# Continuing to deliver exceptional performance

- Our resource position enables sustained delivery of a high-quality, low-cost product over the long-term
- WAIO delivered strong results in H1 FY16, despite significantly weaker prices
  - FOB unit cost of US\$15.21 per tonne<sup>1</sup>
  - Underlying EBITDA margin of 52%
  - US\$1.8 billion of Underlying EBIT
  - Underlying EBIT margin of 34%
- Sustained margins throughout the low-price environment
  - committed to maximising returns from our already installed infrastructure
  - average sustaining capital expenditure anticipated to remain at US\$4/t
  - further cost reduction to keep us at the left hand side of the cost curve

**FOB unit cost comparison**  
(US\$/wmt<sup>1</sup>)



**Delivering high margin even at low prices**

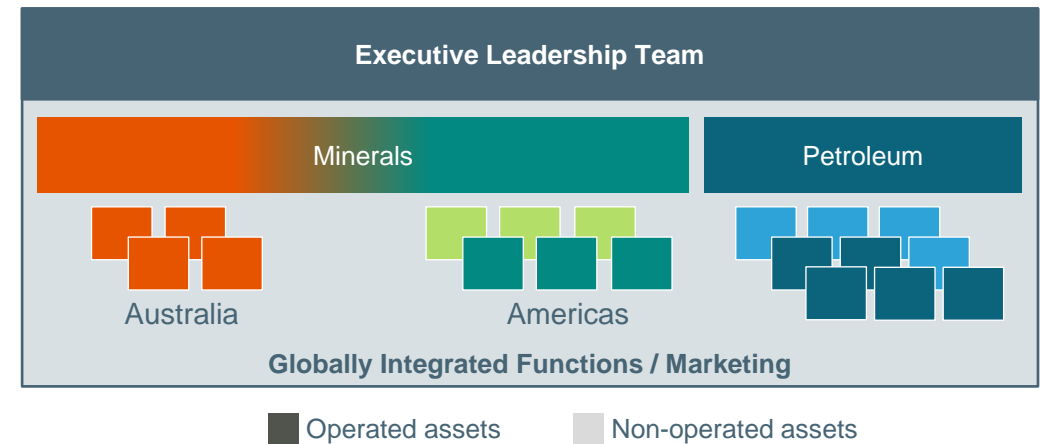


1. Excluding freight and royalties.

# Productivity will be expedited under our simplified organisational structure

- BHP Billiton will have two regional units; Minerals Australia and Minerals Americas; and Petroleum as a third unit
  - Western Australia Iron Ore will form part of Minerals Australia
- Our new organisational structure is the next step to further de-layer, streamline and simplify
  - assets freed to focus on safety, volume and cost
  - enabled by globally integrated functional activities
  - global centres of excellence for projects and maintenance will be established
- Our strategy for Western Australia Iron Ore remains unchanged

## Simplified organisation structure<sup>1</sup>



1. Samarco and Jansen currently report into Dean Dalla Valle, Chief Commercial Officer.

# Key themes

- The health and safety of our people and the communities in which we operate always come first
- China's steel demand growth slowing as the country transitions to the next phase of development
- The cost curve will continue to flatten in the medium-term as low-cost supply exceeds demand growth
- Our Tier 1 assets support high-margin operations and will continue to deliver strong returns
- BHP Billiton's simplified operating model will expedite significant savings



**bhpbilliton**