



# Global Iron Ore & Steel Forecast

## Our culture to drive value in the Pilbara

Edgar Basto  
Asset President Western Australia Iron Ore  
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# Key themes

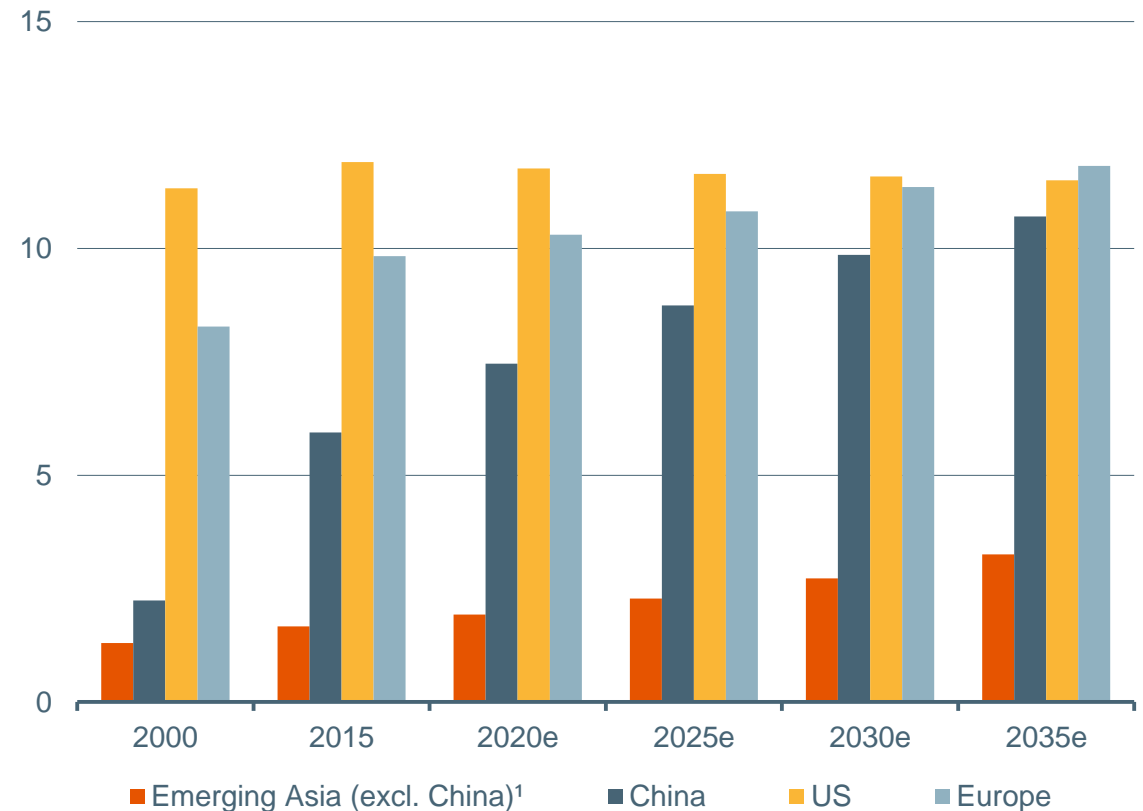
- The health and safety of our people and the communities in which we operate always come first
- China and Emerging Asia expected to support steel demand growth
- Our tier 1 assets and focus on productivity support strong and sustainable returns
- South Flank is our preferred option to sustain volumes
- The new organisational structure facilitates continuous improvement at all levels
- Inclusion and diversity are core to our success
- Partnering with our local communities to create shared value

# China and Emerging Asia expected to support steel demand growth

## Gap to close in emerging market steel stock

- China's accumulated steel stock per capita still lags developed economies
- Chinese steel demand is expected to grow despite a moderation in the growth rate
- India and South East Asian economies have strong growth potential
- Geopolitical uncertainty and protectionism inhibit international trade and investment

Accumulated stock of steel per capita (t)



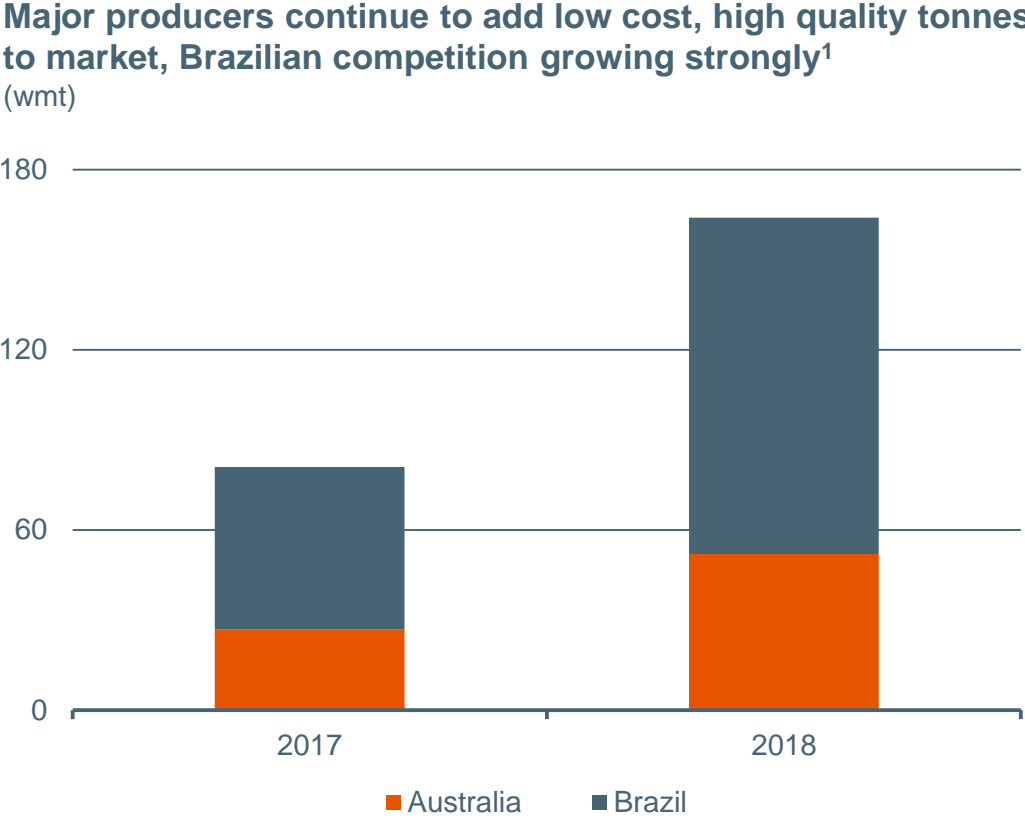
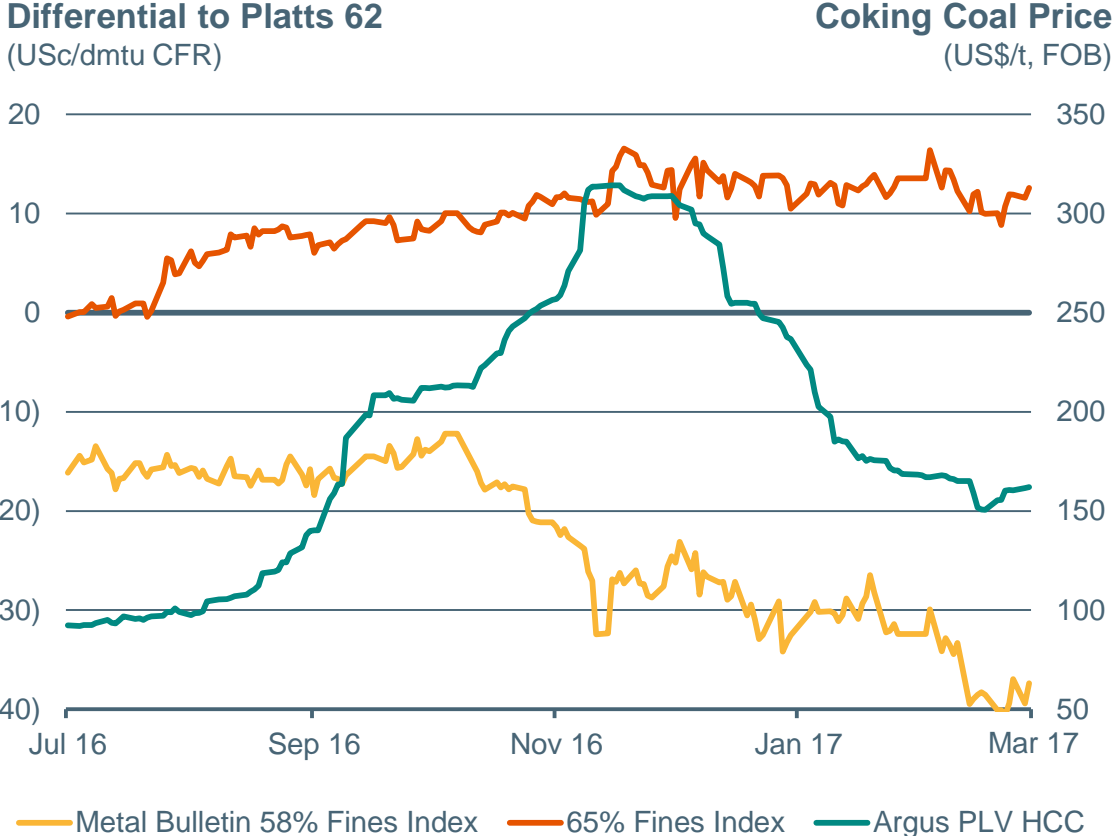
Source: World Steel Association; BHP Billiton analysis.

1. Emerging Asia includes India and countries in South Asia and North Asia, excluding China, Japan and South Korea.

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# Seaborne suppliers continue to add low cost, high quality tonnes



Source: Wood Mackenzie and publicly reported information.  
1. Results presented on a cumulative basis.

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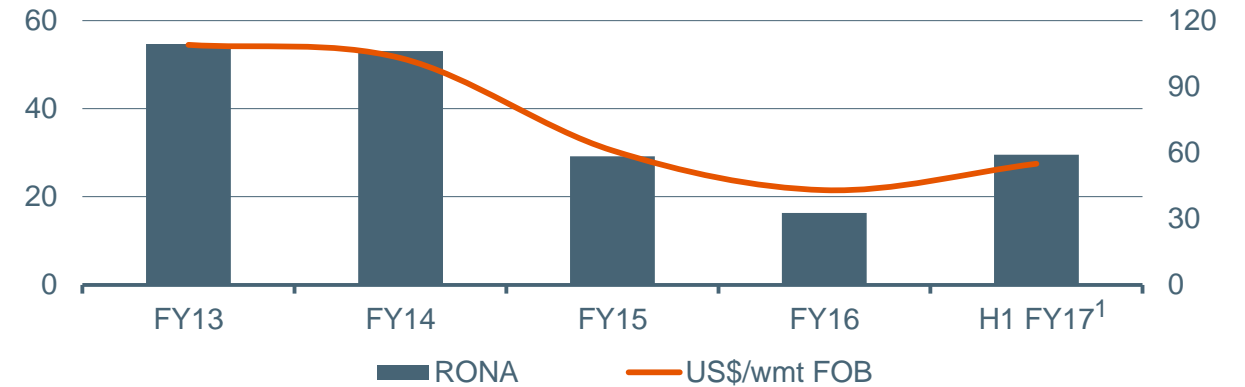
# Strong performance through the cycle

- Record H1 FY17 production of 136 Mt
- Reduced our unit cost<sup>2</sup> to US\$15.05/wmt FOB
- We have further opportunities to lower unit cost

## Strong recovery in returns

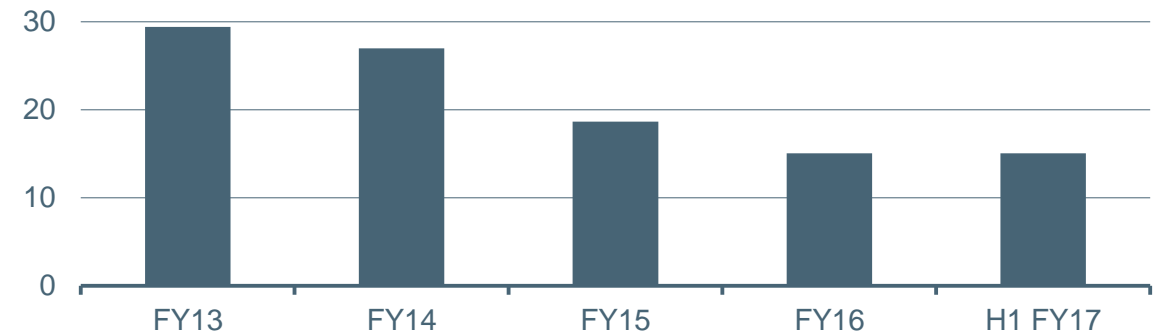
(Return on Net Operating Assets, %)

(Average realised FOB Price, US\$/wmt)



## Disciplined and sustainable cost<sup>2</sup> reduction

(US\$/wmt FOB)



1. Based on WAIO H1 FY17 Underlying EBIT annualised, including third party products.

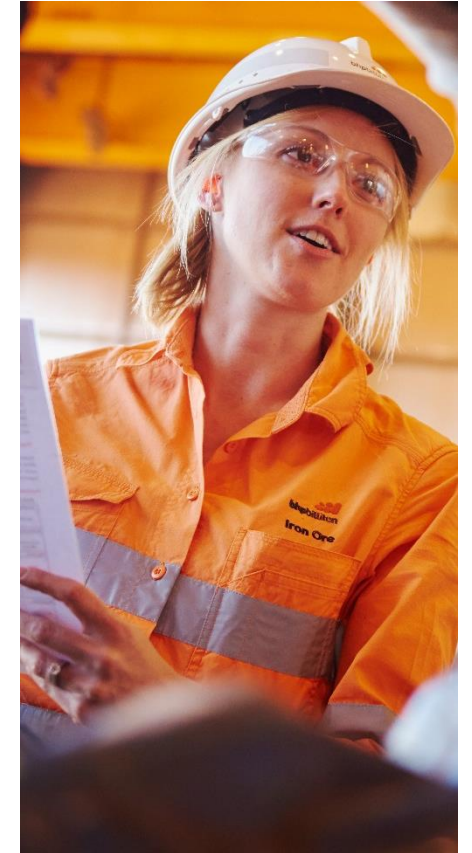
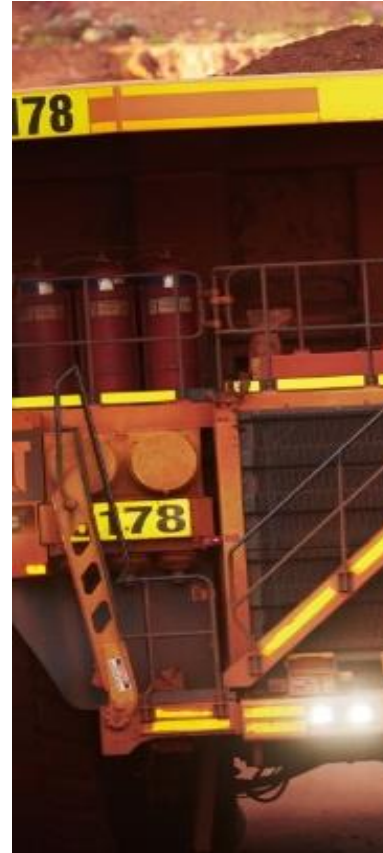
2. FOB unit cash cost excluding freight and royalties.

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# Three years of continuous improvement has delivered strong results

- 11% improvement in TRIF
- >5,000 improvement initiatives
- 26% increase in production
- 48% reduction in cost<sup>1</sup>



Note: H1 FY14 to H1 FY17 comparison.

1. FOB unit cash cost excluding freight and royalties.

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# Further strengthening our position

## Improving operations to support further productivity

- Renewal of rail infrastructure will decrease cycle times, six months ahead of schedule
- Real time schedule optimisation across the supply chain
- Debottlenecking and minor capital supports 290 Mtpa by the end of FY19

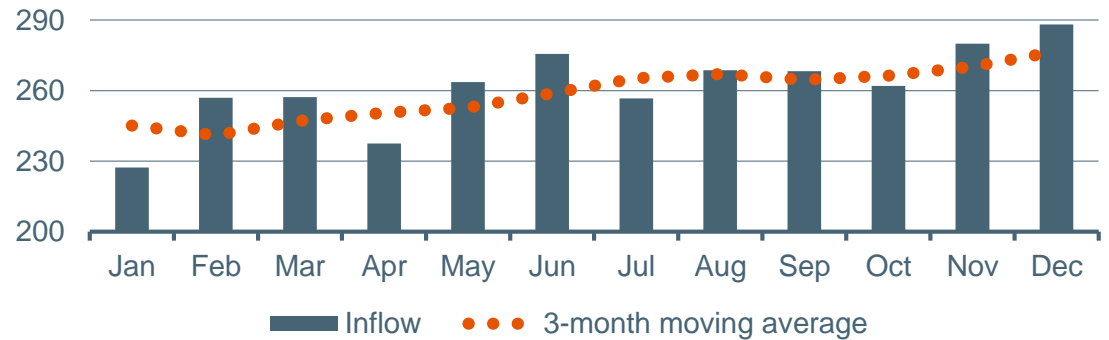
## South Flank sustaining volumes

- Unlocking resources within reach of the existing Mining Area C hub, using installed capacity as much as possible
- High quality and low strip ratio
- Low capital intensity

Note: South Flank remains subject to Board approval

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Port Hedland inflow  
(Annualised Mtpa by month)

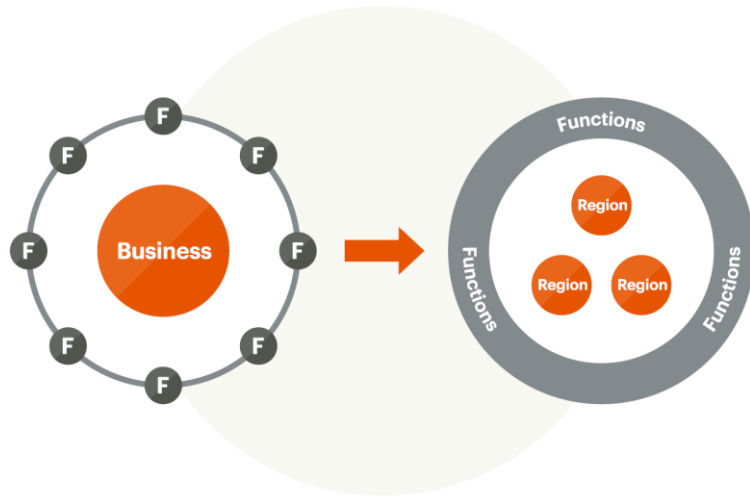


South Flank Deposit ■ Mining Area C Deposit ■





# New structure unlocks global sharing and learning



## Caterpillar 793F improvement outcomes

- 20% engine life improvement
- 50% front suspension life improvement
- 20% final drive life improvement
- Servicing to **improve reliability**

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### Example: Maintenance Centre of Excellence

- World leading performance
- Value through total equipment strategies

# Inclusion and diversity are central to our success

## Why?



### Safety

- **19% to 68% less injuries**
- More likely to follow safe work practices and raise unsafe conditions



### Culture

- **Confident to speak up**
- Rate BHP Billiton, their job and leader more favourably



### Productivity

- Production forecast accuracy is 7% to 15% higher
- **10% higher adherence to planned maintenance work**

# Western Australia Iron Ore contributing to the broader community and economy



Payments to government<sup>1</sup>  
**TOTAL**  
**\$2.5 billion**

# 80%

Goods and services sourced locally<sup>2</sup>

## \$1.2 billion

in wages paid to our workforce of around

## 16,000



## 600 WA businesses

Supplying to our operations



## \$255 million

in contributions to our host communities



## 100,000

retail shareholders in Western Australia sharing in the success of our business



Note: FY16 results, all AUD unless otherwise stated.

1. Include taxes and royalties.

2. WAIO operational expenditure with vendors based in Western Australia

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