A STRATEGIC FRAMEWORK FOR AN INDUSTRY LEADER

PAUL ANDERSON

INTRODUCTION

Welcome.

I'm very pleased to be here with Brian Gilbertson today to introduce the main features of BHP Billiton's strategic framework.

In February 2000, I stood before the Melbourne chapter of the Institute at a luncheon very much like this one and provided details of the strategic direction BHP was intending to pursue. The Company you see today, in fact the very industry structure, is very much a product of the execution of that plan.

The circumstances for the Company in the year preceding that presentation were markedly different to those of today. It is no coincidence that we chose to use the phrase "Under Pressure" for the theme of the 1999 annual report. In 1999 the former BHP had delivered a 3.5% return on capital, a 4.2% return on shareholders' equity and a total profit of A$365 million. And this was before abnormal charges of A$2.78 billion!

Those of you who have followed BHP will be aware of the significant transformation of the company, as well as its role in leading a major transformation of the resources sector through the merger with Billiton.

In fact, it is worth reminding ourselves that BHP Billiton is less than 10 months old. Yet it is operating as a fully integrated and functioning global resources company, and making good progress in delivering shareholder value.

The evidence of our achievement and progress in the last nine months is impressive:

- We have established a new organisational and managerial structure – with a focus on operating excellence and customer service.

- Governance and capital discipline arrangements have been implemented and are operating.
- We have operated from day one with an integrated Health, Safety, Environment and Community Policy with supporting Management Standards.
- We reported record financial results; including the recent half year net income result of US$1.2 billion, despite extremely difficult market conditions.
- We have also progressed an impressive range of growth projects, whilst continuing to upgrade the quality of our portfolio.
- Finally, we have established a structure for the transition in the role of CEO from myself to Brian. Both Brian and I are confident that this will occur with little if any impact on the operational activities or direction of the Company.

All of these achievements indicate an efficiently functioning company and, despite the predictions of the prophets of doom when the merger was announced, one where there is a great degree of cultural alignment, goodwill and significant excitement about the potential of this new Group.

Today's presentation is designed to provide the investment community with the strategic parameters which will guide BHP Billiton's actions over the coming years. Brian and I have worked jointly on this framework and share a common vision of the future. However, it is only appropriate that Brian, as the incoming CEO, should present this framework, as he will be responsible for building on it and taking it to the next level.

The strategic framework Brian will outline is the natural extension of the rationale that led to the merger of BHP and Billiton. As such, it will contain what many of you have come to expect from us. It is based on a strong commitment to the creation of shareholder value while continuing to deliver on our responsibilities to our broader range of stakeholders.

Let me now turn the presentation over to Brian.

INDUSTRY CONSOLIDATION

It was but a year ago that Paul Anderson and I announced the intention to merge BHP and Billiton. Only three months later, that merger - one of the most complex transactions in our industry for many years - had become a reality. Today, the integration of the 2 companies is complete.

The BHP Billiton merger was, in many ways, the culmination of a process of consolidation that had been underway in the metals and mining industry for a decade. The consolidation drivers were numerous. Important among these was the generally poor investment performance of the single commodity corporations. (I say generally because I acknowledge the rare exceptions.) With only one outlet for their cash flows, “one-trick-ponies” tend to over-expand when the relevant commodity price is high, and then face cash starvation and capital write-offs when prices inevitably decline. This “boom-to-bust” pattern, typical of the resource industry of old, drove shareholders to distraction. A second factor was the escalating cost and complexity of implementing large resource projects - size being increasingly characteristic of the most efficient assets - and particularly so in relation to environmental and “sustainable development” pressures. A third driver was the desire of portfolio managers for large, liquid stocks, which permit major changes in portfolio weightings without significantly affecting the ruling share price. I am often told by the major investors that companies with market capitalisations of less then US$10 billion do not even show up on their investment “radar screens”. Finally, I think that the past few years have seen the emergence of a new generation of resource executives, driven to achieve shareholder value, rather than by emotional attachments to particular assets.

The extent of that consolidation has been remarkable. In 1990, the top 5 metals and mining companies accounted for less than 25% of the total equity value of the US$150 billion metals and mining industry. The then-largest company, BHP, had a market capitalisation of around US$9 billion. Today, the top 5 companies account for almost 50% of the resource equity value of $US250 billion, effectively a doubling for the top 5 over the decade. BHP Billiton is still the largest company, 4 times bigger than BHP in 1990, and as large as the top five aggregated in that earlier year. This slide illustrates well the emergence of the current market leaders, and the large gap that is forming between them and the rest. It also illustrates a more robust industry than 10 years ago, capable of sounder commercial decisions.

In the oil and gas sector - which is very important to BHP Billiton's present, and to its future - a similar consolidation process has been underway. The bottom half of this slide shows the emergence of 5 "super-majors". They have a combined market capitalisation of around US$900 billion, in a sector, excluding the national oil companies, that is valued at US$1400 billion.

This slide shows well the dominance of OPEC in the industry structure; here the top 6 (OPEC and the 5 supermajors) also account for approximately 50% of the industry production, a percentage similar to that of metals and mining.

At the evolutionary pinnacle of the metals and mining consolidation process stands BHP Billiton. The merger created not only the industry leader, but one unlike any other that our industry has seen. My colleagues and I believe that our company has unrivalled potential to bring shareholder value in the years ahead, so that it will have strong claim to being a core holding in major international portfolios. I shall spend the rest of my allotted time explaining the basis for those beliefs, and outlining the strategic framework that will buttress our corporate decisions.

Our strategic framework involves 3 concepts. First come the VALUE DRIVERS, which are the key features that distinguish us from our competitors. There are 6 of these. Next are the STRATEGIC IMPERATIVES. These are the things we have to get right if we are to realise our full potential. There are 8 of these. Finally we have 8 PERFORMANCE MEASURES, which are the statistics by which you should judge in years to come whether we are delivering on these promises to our shareholders. My talk to you today will be based on GROUP parameters, but these do of course cascade down into our individual businesses - occasionally dare I say, with even more challenging targets !

OUR VISION

Any discourse on corporate strategy must start with a VISION. The vision of BHP Billiton, shared by its executive team, is encapsulated in this slide. I highlight 3 words : The first is "SUPERIOR", implying the primacy of our shareholders' interests. The second is the word "PREMIER", with all its connotations of excellence. The final is the word "RELATED", which takes us far beyond the "dig-and-deliver" - blinkers of the traditional mining company. The achievement of this vision will release the value and realise the potential of this corporation.

The value and potential of our corporation rests on 6 inter-related pillars, the VALUE DRIVERS, which distinguish us from our competitors. I shall deal with each in turn.

VALUE DRIVER I - OUTSTANDING ASSETS

The assets that comprise the BHP Billiton collection are, individually, amongst the finest in the industry. Approximately three quarters of our asset base produces in the lower half of the cost-curve. About half produces in the bottom quartile. Included amongst our operations are Escondida; Worsley; Hillside and Mozal; the Pilbara iron ore mines; the BMA coal mines; and those of Ingwe. These are all assets that set standards of quality, low-cost, and long life for their respective commodity industries. Even some of our high-cost assets have remarkably attractive characteristics : For example, although Ekati's geographic location (only 200km south of the Arctic circle) makes it a costly operation, the excellent quality of its diamonds produce one of that industry's highest profit margins. Our Petroleum assets are similarly blessed, with great assets (eg the Bass Strait and the North West Shelf) providing us with one of the industry's highest levels of profit per barrel, and highest returns on capital.

But the value and potential of even such fine assets can be realised only if they are well operated. Excellence at the asset level is thus <u>the foundation</u> of our business, and if we fail to achieve this, then everything else that I say today will be tainted.

It is perhaps worth spending a minute first on our BUSINESS MODEL as it relates to the physical assets. Essentially we have collected the individual assets into Customer

Sector Groups ("CSG's"), based on natural customer-orientated groupings. (Thus the Carbon Steel CSG is responsible for our iron ore, metallurgical coal and manganese assets, all commodities needed by carbon steel manufacturers.) The President of a CSG - a very important person indeed ! - is given responsibility and held accountable for delivery of results to the EBIT level (our so-called "EBIT"-model). Cash flows generated by the CSG's "belong to" the Centre, and the CSG's must compete for capital to fund their projects. Subject only to compliance with Group norms and standards, and with strict capital disciplines, the CSG President has much autonomy in delivering his contracted EBIT results. Since each of the CSG's is a substantial business in its own right, often a leader in its industry, we have been able to attract gifted and experienced individuals into the President positions.

For the BHP Billiton executive team, and the CSG Presidents in particular, the concept of Excellence starts with Health, Safety, the Environment, and Community Relationships. Our HSE objectives lead to the first STRATEGIC IMPERATIVES, one of the 8 things we HAVE TO get right if we are to be really successful. That HSE imperative is encapsulated in the phrase "ZERO HARM". Regrettably, the Safety area remains one of our biggest challenges. In the course of the current financial year so far, 12 people have died while working for us, mainly in accidents on the road or involving heavy vehicles or equipment. We have just renewed our initiatives in this area, based on an 8 week survey undertaken for us by consultants from the DuPont organisation. These new initiatives will start at the asset level, will enhance safety awareness, enforce our safety standards, and integrate safety into every step in the production chain. If we are successful, the results will show in our first PERFORMANCE MEASURE, which is continuous progress towards our "ZERO HARM" objective. I should mention here for completeness that our commitment to the well-being of the communities in which we operate is reflected in the 1% of Profit before Tax (averaged over 3 years) which we target for appropriate programs.

The second STRATEGIC IMPERATIVE is Operating Excellence across our asset base. A key element in achieving such excellence is control of costs.

Both BHP and Billiton had good records of cost control, frequently reporting reductions of between 1% and 2% in a year. One of our most promising initiatives to continue that track record is a process that we have named *The BHP Billiton Way*. This seeks to identify "best practice", either within the Group or without, and then to implement and standardise such best practice throughout all of our operations globally. It is a process that relies substantially on intra-Group networks. Early initiatives in areas such as maintenance and procurement have yielded promising results. Based on our past cost-control experience, and on our judgements about *The BHP Billiton Way*, I have asked my colleagues on the Executive Committee to commit formally to cost reductions at a rate averaging 2% pa for the next 3 years. (The word averaging is important, for economies are frequently achieved through step changes in production practice, rather than through continuous small improvements.) Given the size of our cost base, this commitment will entail cutting our aggregated costs over the 3 financial years 2003 to 2005, by US$500 million. This becomes our second "PERFORMANCE MEASURE". I make the point that this US$500 million of savings will be in addition to the US$270 million of "synergies" that we estimated at the time of the merger.

Although I have focussed on cost control, there are other PERFORMANCE MEASURES that we are introducing at CSG level to encourage Operating Excellence at our businesses. These include, quite obviously, the EBIT of the CSG, and its Free Cash Flow ("FCF"). For these 2 measures we target improvements year-on-year, the EBIT measure being subject to adjustment for price and exchange rate movements, and the FCF measure subject to capital decisions. Another measure is the EBIT Shareholder Value Added ("ESVA"), in which the EBIT of a particular business is debited with a charge (determined at the WACC, pre-tax) for the capital invested in that business. This measure provides CSG Presidents with an additional tool, a self-discipline if you like, for judging new investments, acquisitions and disposals. If a proposal before them detracts from ESVA, they will reject it. Again, we target year-on-year improvement in ESVA. And finally we MEASURE the Return on Capital Employed, and then challenge our CSG Presidents to raise this to the upper end of the industry range. Success at the CSG level will of course feed through to the overall Group returns. Our internal forecasts show that we should be able to raise our Group return-on-capital to above 15% by FY2006. This becomes our third Group PERFORMANCE MEASURE.

VALUE DRIVER II - GROWTH FROM DEEP INVENTORY OF PROJECTS

One of the birthrights of BHP Billiton was a remarkable "pipeline" of growth projects, potentially involving capital expenditures of some US$10 billion over a 5 year period. Many of these are "brownfields" expansions, which usually show robust project economics. An updated version of the "balloon diagram" prepared at the time of the merger is shown in this chart.

About US$2 billion of the US$10 billion has been approved since the merger, on projects such as Mozal II in Mozambique, Mount Arthur North in the Hunter Valley, Mining Area C in Western Australia, and the Mad Dog development in the Gulf of Mexico. A breakdown of the project pipeline by CSG shows a good balance between the CSG's. Thus, for example, potential capital expenditures on Petroleum projects, at 35% - 40% of the total "pipeline", is similar to that CSG's current contribution to BHP Billiton's earnings.

If projects are to add rather than destroy value, they must be implemented professionally - preferably ahead of schedule and under budget ! - and of course, the original capital decision must be soundly based. These 2 skills constitute our 3rd STRATEGIC IMPERATIVE.

I think our recent project experience has been sound, with large successful projects like Mozal, Typhoon and Antamina providing much confidence regarding project implementation. But delivering a *mega-project* is a complex process, and so over time there are likely to be hiccups. For example, at the end of February this year, we had 15 projects underway, involving a capital investment of nearly US$3.9 billion. Twelve were running to plan, but 3 were getting extra attention to recover slippages. Notwithstanding such occasional hiccups, I am confident that our skills base and project management processes will preclude serious implementation failures.

Regarding the investment decision - the starting point of success - we have institutionalised rigorous capital approval processes which are detailed in our handout. In essence, each investment decision involving more than $US100 million requires an Independent Peer Review (independent of the project promoters); it requires sign off by an Investment Review Committee; and it uses a price forecast which is centrally- (not promoter-) determined. Ultimately such projects require the formal approval by both the Executive Committee and the Board. I might add for your interest that internal reviews in recent months have caused us to walk away from at least 2 projects previously judged promising, well before they had completed our full evaluation process.

VALUE DRIVER III - CUSTOMER-CENTRIC MARKETING

Great assets and good growth prospects have value only if they meet customers needs. In the resource industry, marketing has traditionally been done on a fragmented basis, often using intermediaries in the marketing chain. This approach conceals the aggregated real needs of the customer, and provides little incentive to develop leading commercial practices and systems. To set us apart from this traditional practice, and from our peers, we have implemented a customer-centric marketing approach.

This approach starts with the grouping of commodity businesses into CSG's, which I have already discussed. The next feature is coordinated marketing, based around twin "hubs" in The Hague and in Singapore. These hubs seek to professionalise and extend the services and products that we have traditionally offered our customers, to lower the costs of delivering those products and services (eg by aggregating shipping volumes across CSG's to achieve bulk discounts), and to meet customers' total needs, inter alia by making integrated product offerings, sourced from own and third party production. Ideally, we will combine with our traditional physical product handling ability, the flexibility and trading skills of a merchant, and the risk management judgments of a financial institution. Among the consequences of this approach have been the standardisation of marketing systems (common SAP-based execution and risk management systems), independent audit review and control regimes, and the recruitment of skilled and experienced professional staff (for example to man our shipping desk). Thus we will better serve the needs of our customers, while developing a better understanding of market conditions, to the overall benefit of our commercial decisions.

A good and early illustration of this approach is to be found in the Marra Mamba iron ore supply agreement that we signed last week with POSCO, one of the world's most important steelmakers. Under this agreement, POSCO will purchase a minimum of 3

Mtpa of this ore for 15 years and will maintain a long-term strategic alliance with BHP Billiton for the supply of other iron ore products. Also, very importantly, the substantial technical expertise of POSCO will be a key element in realising the full value of the Mining Area C resource. So here we have a transaction where we win, the customer wins, and our competitors - present and potential - have a tougher road ahead. All in all, a triple win for our marketing strategy !

VALUE DRIVER IV - THE PORTFOLIO EFFECT

Many of you may be surprised that this key VALUE DRIVER appears only in fourth place. Let me assure you that this ranking arises from the flow of my story, rather than from its real significance. At the start of this talk, I referred to the “one-trick-ponies” with their “boom-to-bust” financials. The fundamental factor which changes that paradigm is the portfolio effect. This expert audience will need little briefing on how diversification helps to reduce the risk of a portfolio. But I record that one of the principal merits that Paul and I saw in the BHP Billiton merger was the relatively small degree of overlap in our assets. In consequence, BHP Billiton has outstanding diversification - by geography, by commodity, by market, and even by shareholder base.

The risk reduction inherent in this diversification was recognised almost immediately after the merger announcement, with Standard & Poor’s rating BHP Billiton’s credit at A (with positive watch), up from the BHP stand-alone rating of A minus, Billiton itself having been unrated.

The risk mitigation inherent in BHP Billiton’s diversification can of course be quantified. The Cash Flow @ Risk (“CF@R”) Model developed by my colleagues for this purpose is, I believe, easily the most advanced available anywhere, and it has revolutionised the way in which investors are able to make judgments about resource companies. Applying that model pre-merger, the ratio of CF@R to Cash Flow was 25% for BHP, 26% for Billiton. Post merger, the ratio for the BHP Billiton Group dropped to 19%, thanks to the co-variances between the various elements that contribute to Group cash flows. The significance of this for shareholders is illustrated in this slide. It shows that the Group (as currently constituted) is most likely to generate cash flows around a mean EBITDA of US$5 billion. In “bad” years, thanks to the Group’s diversification, EBITDA is unlikely to fall by more than US$1 billion (at the 95% confidence level, ie. in only 1 year out of 20). Such is our confidence in our portfolio model that we have told our board that the CF@R to Cash Flow ratio will not exceed 25%.

This stability of cash flow generation is a major Group strength, enabling us to consistently meet dividend expectations, and to fund our growth initiatives on the basis of merit, without concerns about short-term cash flow disruptions that might inhibit more risky firms. Stability also provides balance sheet strength, enabling the Group to target a good credit rating, to optimise its gearing ratio and debt maturity profile, and so to minimise its cost of debt.

It follows from this that the supervision of the Group CSG-asset portfolio is one of our core tasks. Our decisions to sell down our interest in the Columbus stainless steel plant, to exit the Arutmin coal deposit, and to exit Ok Tedi, were driven by the desire to improve the portfolio, to reduce its volatility, to stabilise its cash flows, and to eliminate problem areas. Even the spin out of our high-quality BHP Steel business (on schedule for 1 July 2002) will leave a portfolio better matched to our desired structure. Similar computations and judgements will be made each time a major investment, acquisition, or divestment is evaluated. I must pay particular tribute here to Paul Anderson who, as Chief Executive, has dealt decisively with a raft of problem assets to restore the quality of the overall portfolio. I think there is today now only one issue that remains, namely our HBI plant in Western Australia. As we announced recently, the HBI plant has struck a fairly serious snag, which has halted production and led to the declaration of force majeure. I hope our investigations into the causes will soon progress sufficiently to enable a sensible decision to be made.

Our sixth STRATEGIC IMPERATIVE flows from these various diversification insights, and that is our funding and capital management process. The associated PERFORMANCE MEASURE, is a credit rating of "A" or better, and this in turn requires :

- Positive cash flow before dividends and funding in every year

- An average EBITDA to interest cover ratio greater than 8 times over the economic cycle, which in turn implies a gearing ratio (net debt to total assets) in the 35% to 40% range.

Of course, where investment opportunities for value creation do not exist, and balance sheet targets have been achieved, excess funds will be returned to shareholders.

VALUE DRIVER V - PETROLEUM

I come now to Petroleum. This is the 5th VALUE DRIVER, and this is the one which provides the "break-out" from the peer-group into which we have traditionally been cast. This is what makes us unique, and what should keep us unique, for any competitor would be hard pressed to replicate the quality of our Petroleum business. Through sound judgment and good fortune, the Group has assembled outstanding oil and gas assets, a portfolio which any of the supermajors would be pleased to count amongst their own. These range from mature, cash generating operations in the Bass Strait and the North West Shelf, through to the major new investment opportunities in the deep waters of the Gulf of Mexico position - and - thanks to recent discoveries - in shallow waters off the coast of Trinidad. We think also we have particular advantages over the supermajors in developing niche opportunities in countries such as Algeria and Pakistan. Reflecting our quality, the PFC (The Petroleum Finance Company) survey has ranked BHP Billiton's profit per barrel in the top three in the industry for the last three years.

Our oil and gas assets provide an important element of diversification in the overall Group portfolio. They also offer the internal growth opportunities reflected in the "balloon chart" that I presented earlier. Indeed, growth might be more easily achieved and sustained in our Petroleum CSG than in the Minerals CSG's. Our traditional competitors, already large in particular commodity areas (as indeed are some of our own CSG's) will increasingly find M&A growth hindered by Competition legislation. Although our CSG's can still grow today through acquisition, competition issues must ultimately impose a "limits-to-growth" ceiling. But for us, Petroleum removes that ceiling for, as this chart shows, BHP Billiton is still a small fish in the Petroleum ocean.

VALUE DRIVER VI - INNOVATION

Most of what I have said so far has to do with the skilful management of our existing assets and opportunities base. But in a competitive market place, long-term success requires more. If we are to outperform our rivals, if the children of this audience are still to be enthusiastic investors in BHP Billiton, then current management should today be seeking value "outside the box", by identifying and exploiting opportunities outside of the existing asset base. Indeed, the merger that created BHP Billiton arose from exactly such lateral thinking, delivering a transaction which redefined the metals and mining industry as it then existed. The skills that led to the merger remain well-established within BHP Billiton, and now that the integration process has been completed, can again be encouraged ! This is an area where competitive pressures abound, so perhaps I should signal only 2 areas where future opportunities may lie.

The first is ENERGY, possibly the largest and fastest growing market in today's energy-hungry world. BHP Billiton is in a unique position to contemplate at least a limited entry into this market, which, if successful, might ultimately see Energy join Minerals and Petroleum as a major future business arena.

In its traditional Minerals business, BHP Billiton is energy short, needing power to run its smelters, furnaces, trains and draglines. The Group is for example the largest consumer of electricity on the African continent. But at the same time, the Petroleum arm of BHP Billiton - and indeed the Corporation overall - is energy long, thanks to our oil and gas assets, and to our production of energy coal. We are thus positioned as both buyers and sellers. Effective exploitation of the space in between should, we think, enable us to develop value-adding opportunities : to offer more comprehensive product packages to customers; to deliver different products as relative prices change; and to achieve beneficial trading positions on the basis of our physical liquidity.

These ideas are still in embryo stage, but we have dedicated a small team of our "best and brightest", within a cross-CSG structure, to try to develop these further.

The team is linked closely to our customer-centric marketing hubs, giving us the opportunity to innovatively combine own products (from various sectors), energy (own and third party), products and services from third parties (for example logistics) and our own skills (risk management and other) into total solutions for our customers. I think this will prove a space worth watching.

A second source of future opportunities is being explored by an internal group that we have named BCAP. This group has established access to internal and external networks related to BHP Billiton activities, seeking to identify material non-traditional growth options. Thus we have authorised a fund of US$40 million to "seed-invest" in areas such as alternative energy, new materials technology, and industrial bio-technology. BCAP will also explore the possibility of realising value from BHP Billiton's large base of intellectual property and patents. It is too early for me to judge when and the extent to which the promise of these ideas will be realised, but I can say that there is a great deal of confidence and enthusiasm amongst the talented and entrepreneurial group of people to whom we have assigned these challenges.

I should probably go no further than those two areas, as my rivals may be listening attentively. Suffice it to record my belief that entrepreneurial people, encouraged to shed the blinkers of the everyday, are likely to generate an opportunity stream which the future industry leaders would be wise to trawl.

THE VISION STATEMENT REVISITED

Half an hour ago, I started this discussion of the BHP Billiton Strategic Framework with a statement of our Vision. I shall therefore now conclude by venturing to stretch that vision : Given the unique VALUE DRIVERS of this great corporation, and given that we achieve broad success in our STRATEGIC IMPERATIVES, I believe we can indeed aspire to being ONE OF THE WORLD'S PREMIER COMPANIES.

THE BHP BILLITON STRATEGIC FRAMEWORK

VALUE DRIVERS **(What distinguishes us from others)**	**STRATEGIC IMPERATIVES** **(What we have to get right)**	**PERFORMANCE MEASURES** **(How the market should judge us)**
I OUTSTANDING ASSETS	1. "ZERO HARM" 2. OPERATING EXCELLENCE	1. • IMPROVING HSE STATISTICS • Community - 1% of PBT 2. • CUT OPERATING COSTS, AVE 2% PA OVER 3 YEARS, THUS $500M IN FY's 2003 to 2005 3. RETURN ON CAPITAL ABOVE 15% BY FY2006
II GROWTH FROM DEEP INVENTORY OF PROJECTS	3. PROJECT EVALUATION AND EXECUTION	4. DECIDE / IMPLEMENT PROJECTS (POTENTIAL $10B BY FY2006)
III CUSTOMER-CENTRIC MARKETING	4. SERVING CUSTOMERS BEST	5. • PREFERRED SUPPLIER STATUS • GLOBAL MARKETING AND TRADING
IV THE PORTFOLIO EFFECT	5. PORTFOLIO MANAGEMENT 6. FUNDING & CAPITAL MANAGEMENT	6. CREDIT RATING OF "A" OR BETTER • POSITIVE CASH FLOW EACH YEAR • AVE EBITDA / INTEREST > 8x; thus gearing 35% - 40%
V PETROLEUM	7. VALUE ADDING GROWTH	7. • DISCOVERY COSTS IN LOWEST QUARTILE • GROWING RESERVES AND PRODUCTION
VI INNOVATION	8. • CREATIVE THINKING • COMMERCIAL JUDGEMENT • TRANSACTION EXECUTION	8. Depends on outcome