

BHP Billiton Stainless Steel Materials

Presentation to the Investment Community

September 2005



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Introduction

Chris Pointon

President Stainless Steel Materials

September 2005



Overview of Today's Briefing

Introduction

Chris Pointon – President SSM

Markets

Steve Williams – Marketing Director SSM
Gautam Varma – Manager Market Development

Asset Delivery

Chris Pointon – President SSM

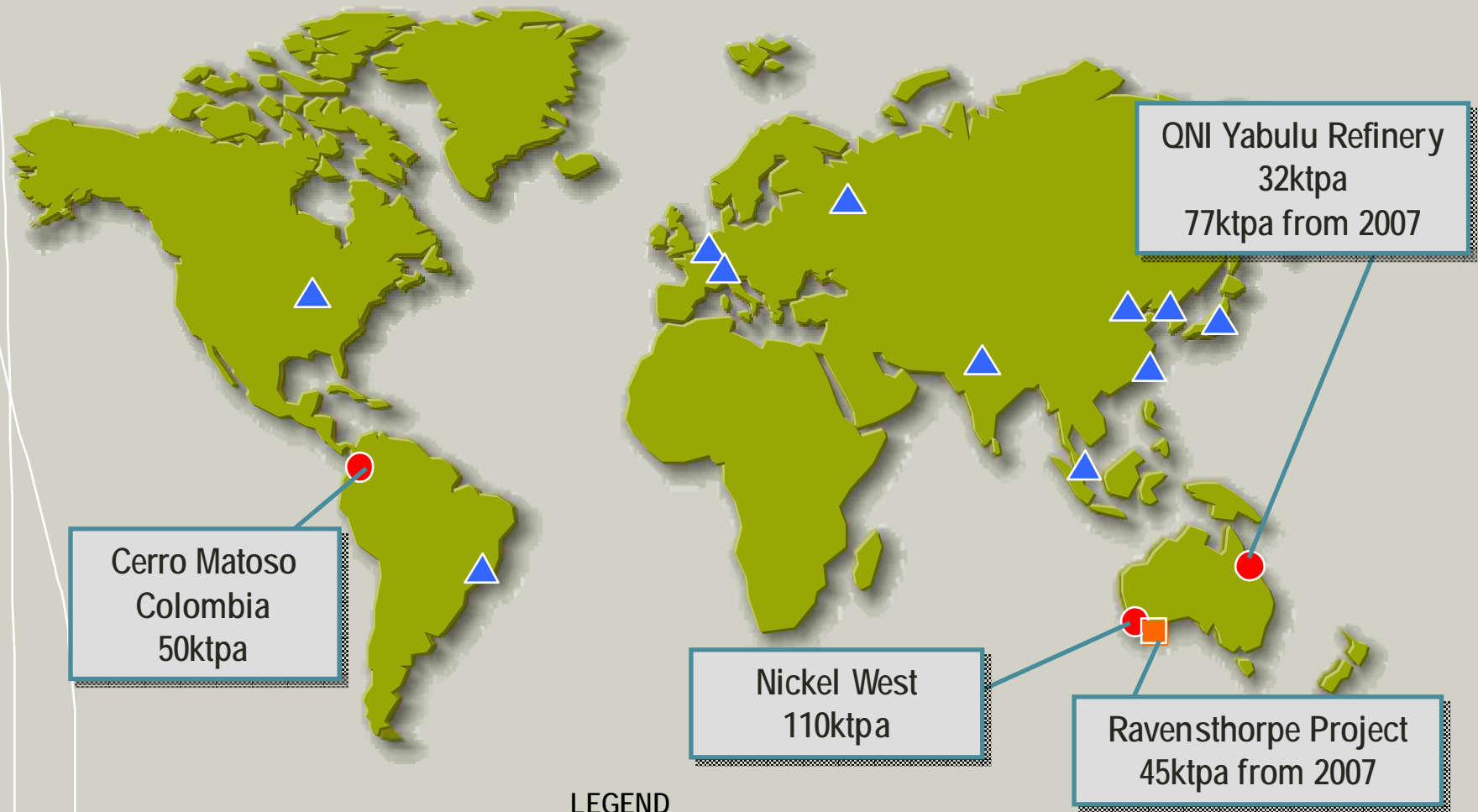
Financial Performance

Brendan Gill - Chief Financial Officer SSM

Future Challenges & Options

Chris Campbell – Chief Development Officer SSM

BHP Billiton Stainless Steel Materials is a major nickel producer, with a significant market presence



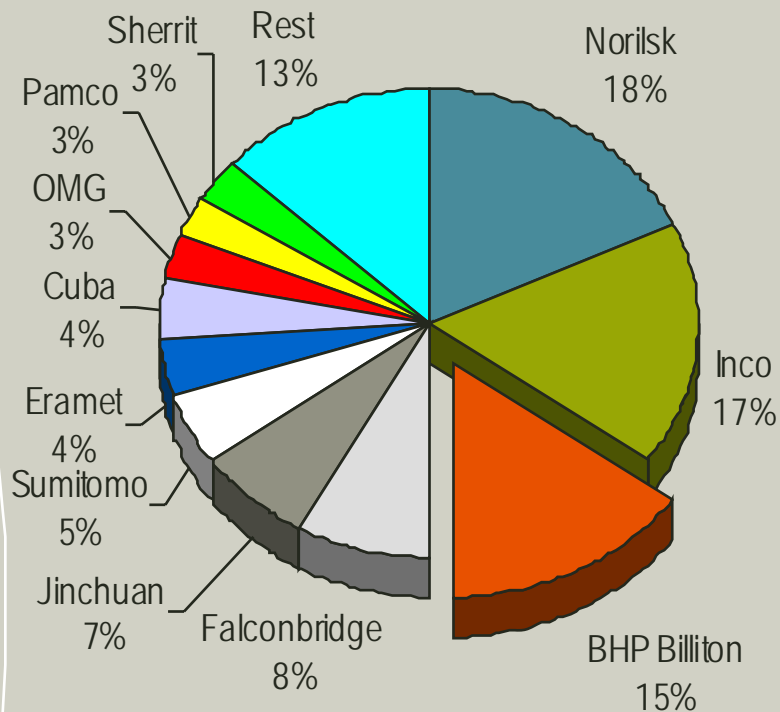
LEGEND

- Operation
- ▲ BHP Billiton Marketing

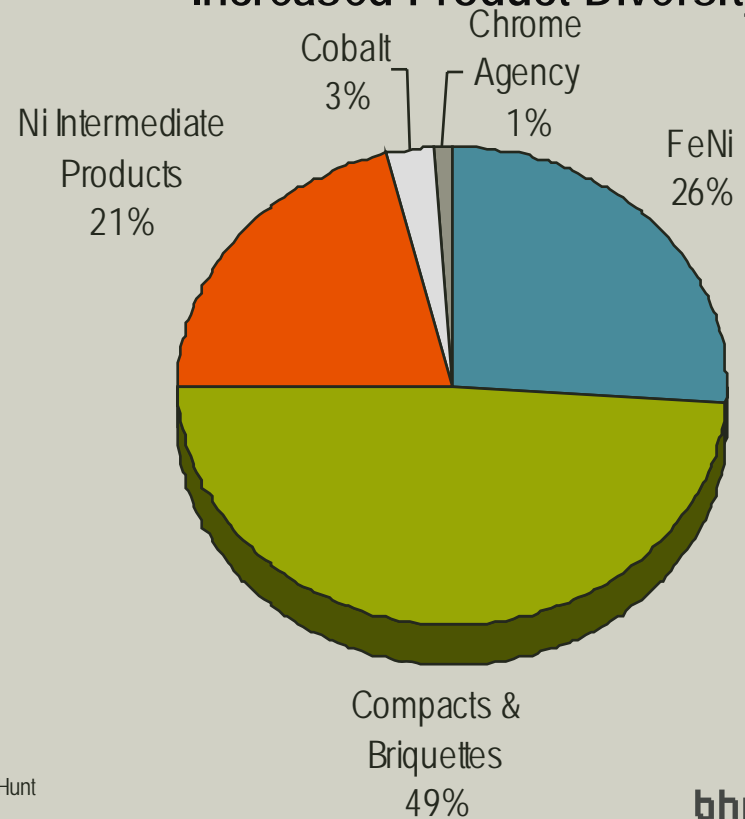
What is different with Nickel West?

- Improved production balance
- Increased production flexibility
- Lower business risk

Increased Market Presence



Increased Product Diversity



Nickel Market

Stephen Williams – Marketing Director SSM

Gautam Varma – Manager Market Development SSM



London, Toronto and Brisbane offices rationalised – marketing consolidated in the hubs of Singapore and The Hague



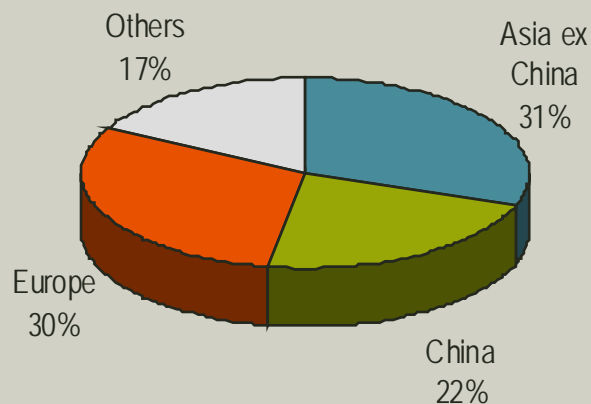
Continuing strategic focus on stainless steel customers

- Integrated Nickel West marketing into BHP Billiton customer-centric marketing organisation
- Broadened customer base and complemented our suite of product offerings with nickel intermediate and specialty products
- Distribution synergies coming into effect
 - Container weights
 - Continuing to build direct relationships
- Maintaining Chrome agency to remain the preferred supplier of raw materials to stainless steel customers

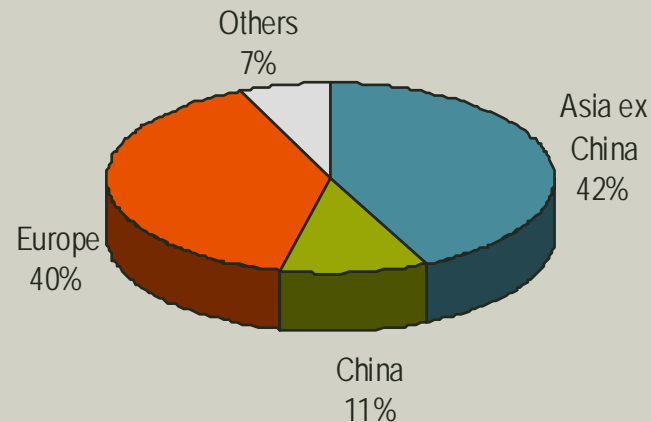


China now the most significant stainless steel market participant

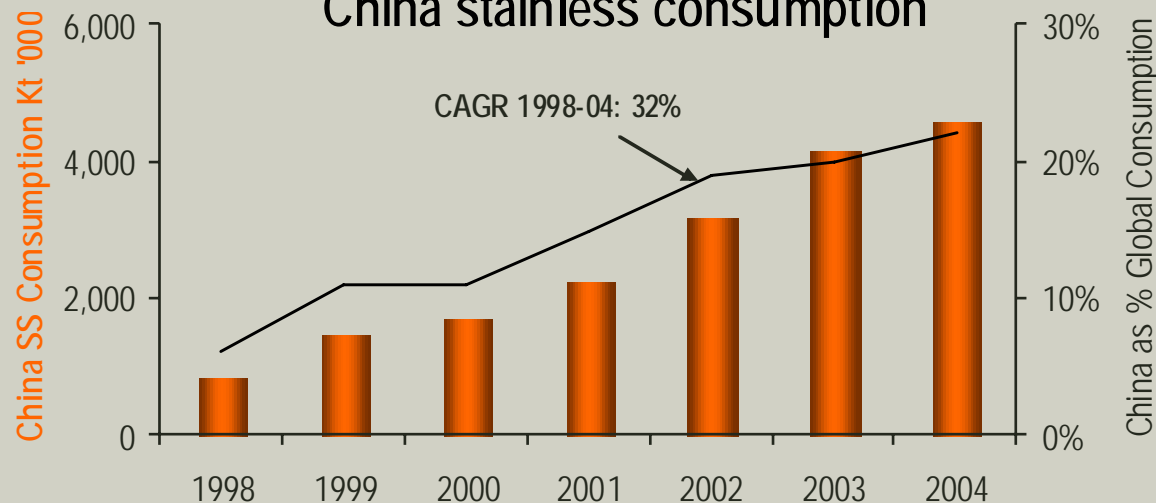
Stainless consumption (2004)



Stainless production (2004)

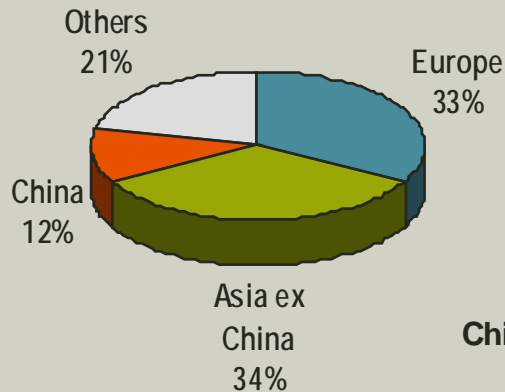


China stainless consumption

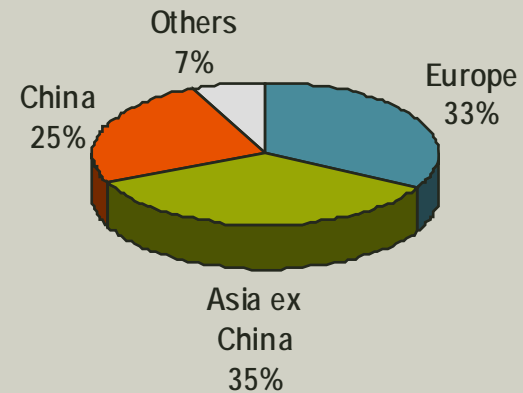


BHP Billiton nickel sales well aligned with the growth markets

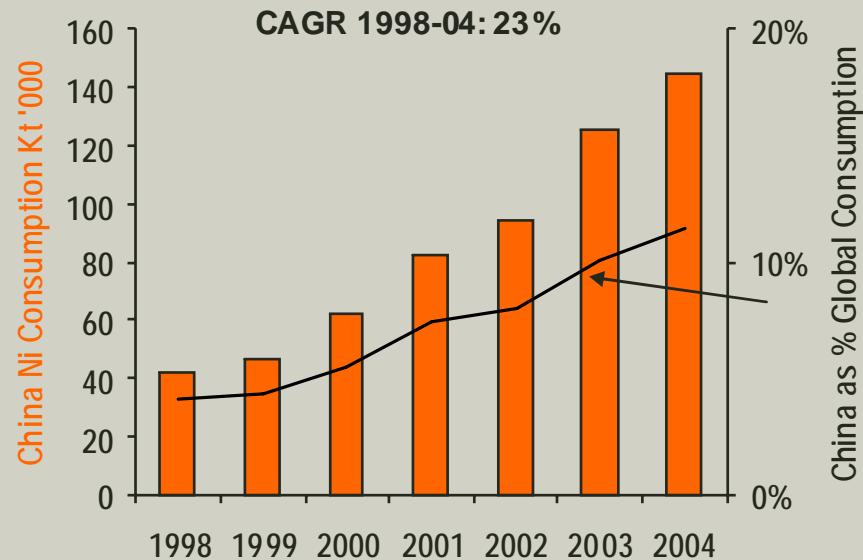
Global nickel consumption (2004)



SSM nickel sales by region (FY 05-06)



Chinese refined nickel consumption



Chinese stainless consumption and intensity of use – broadly, three pillars of demand

2004 (4.6 Mt)



Industrial usage
35%



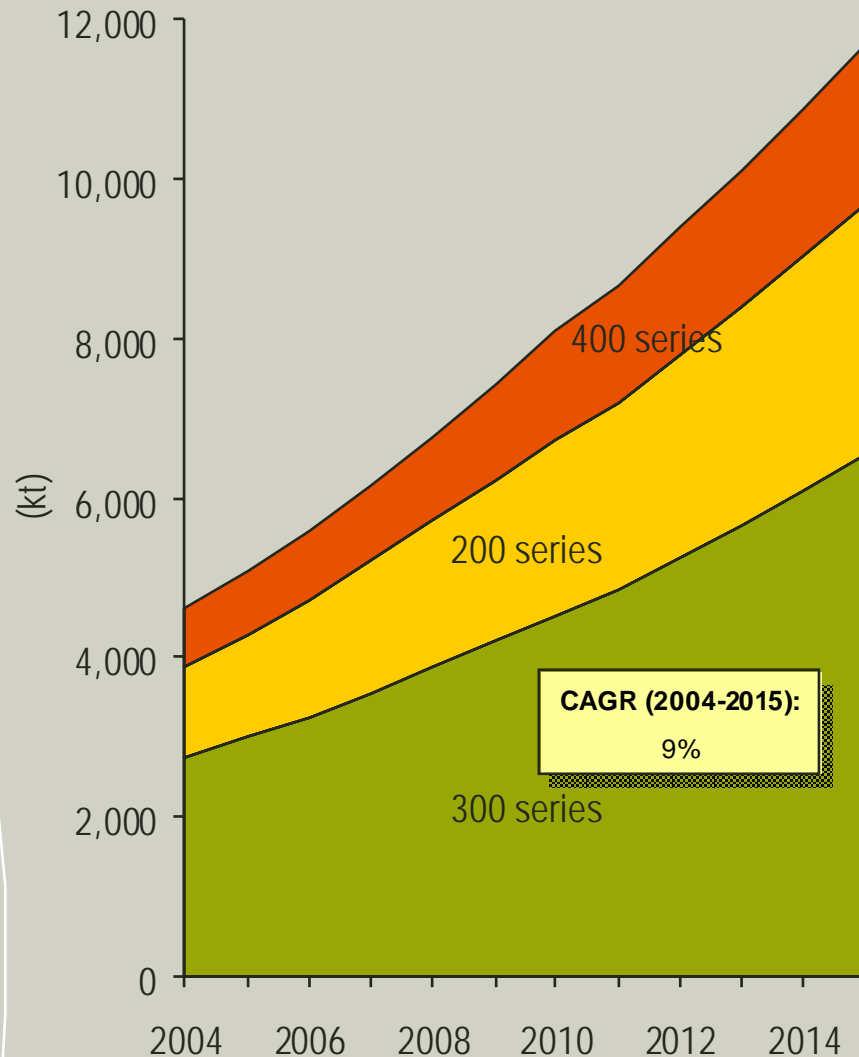
Consumer durables
34%



Construction
24%

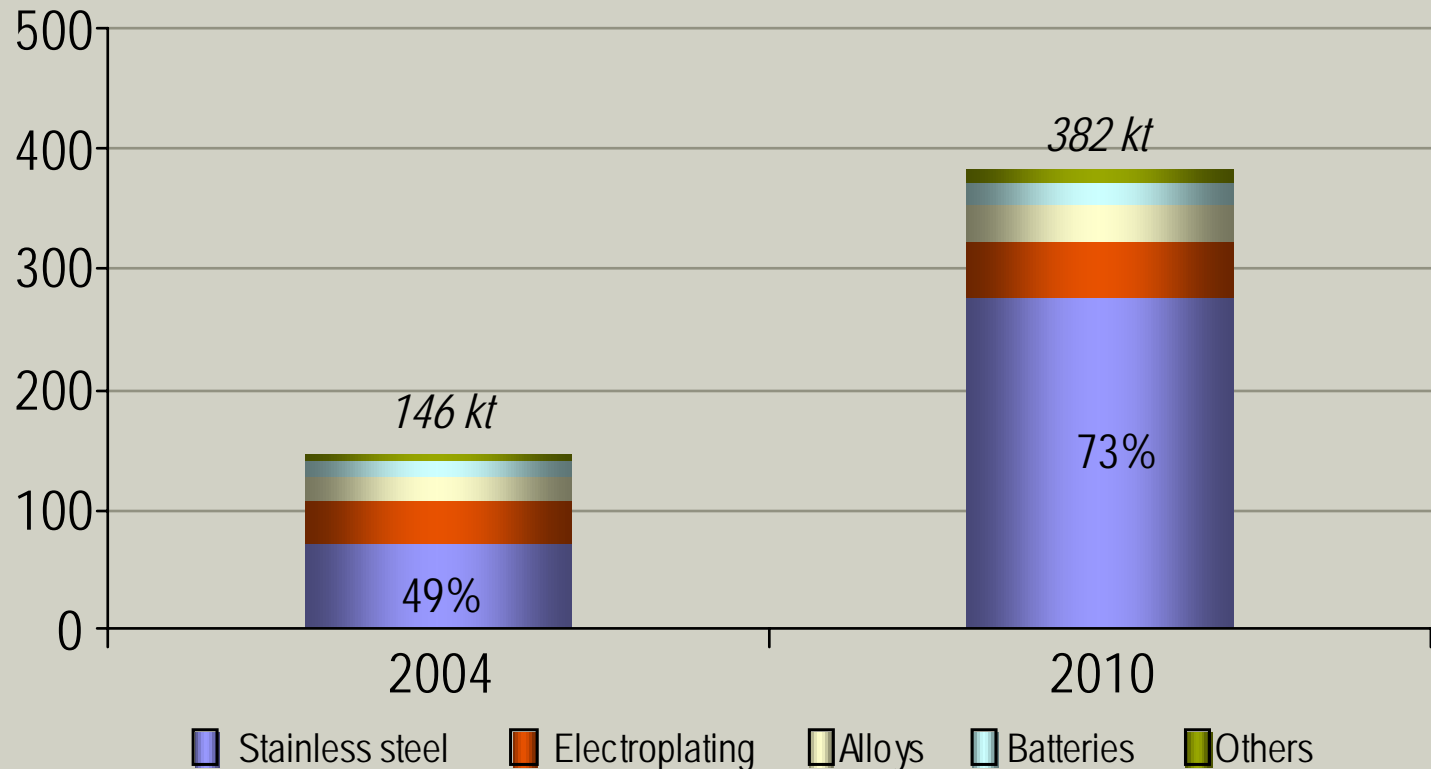
- **Industrial usage:** Chemicals, petrochemicals, pharmaceuticals, food & beverage, pulp & paper, refining, power
 - Substitution from 300 series limited by application
- **Consumer durables:** Flatware, holloware, white goods
 - Estimated 74% of stainless consumed in this sector is exported
- **Construction:** Kitchen & bathroom fittings, decoration, elevator & escalator, city landscape
 - Key growth driver is urbanisation; expected to increase from 38% in 2004 to 65% in 2025
 - Substitution to 200 series has already taken place with over 60% stainless consumed in this sector in 2004 believed to be 200 series
- Overall, 70% of stainless steel consumption is for domestic market

SSM has developed a sound understanding of this market & is engaging key players, many of whom are already customers



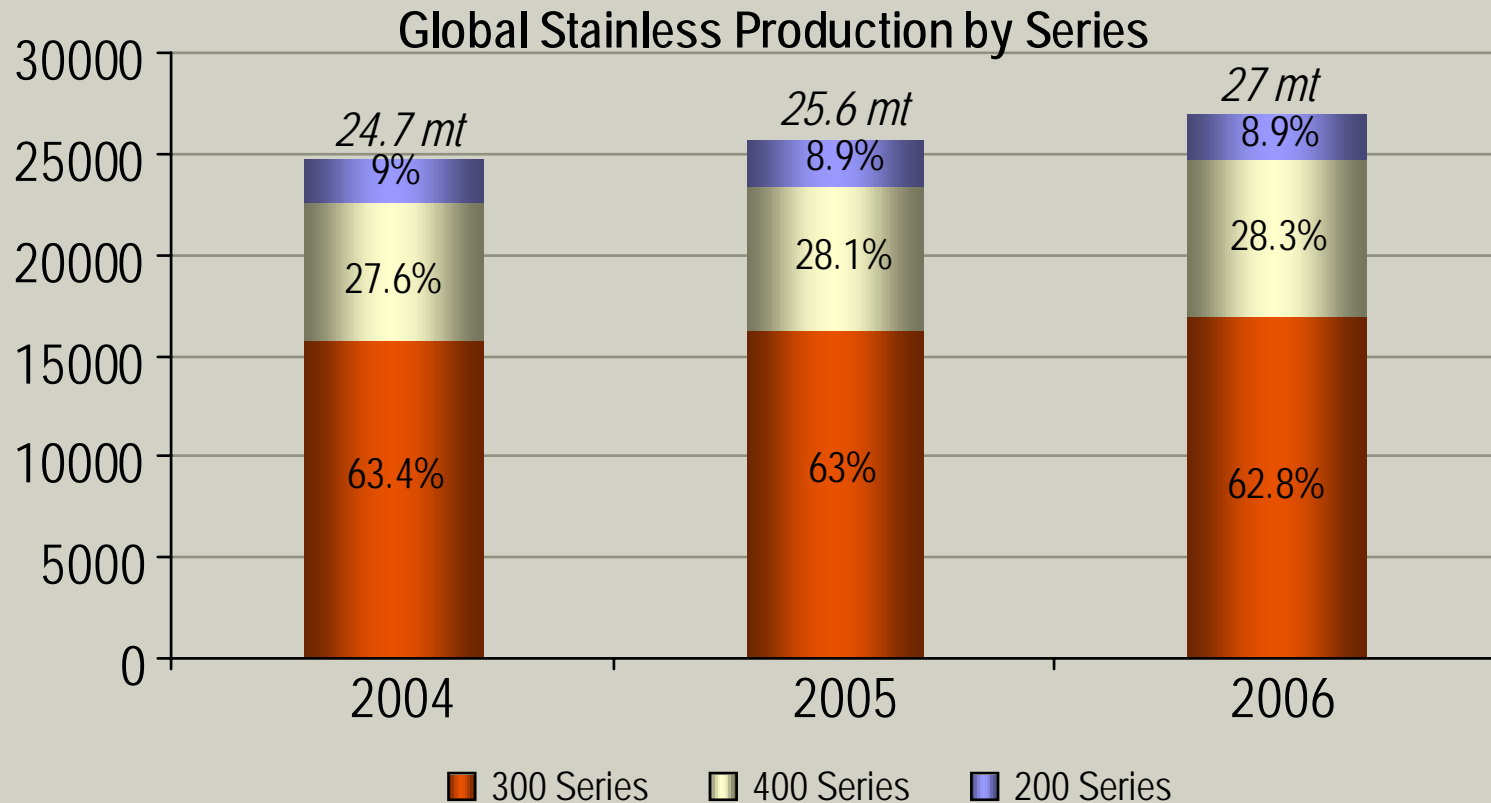
- A healthy 9% annual growth expected over the next 10 years
- Grade substitution has already taken place – no significant grade re-distribution expected
- Stainless growth sectors:
 - Consumer durables 7.5%
 - Construction 9%
 - Industrial usage 10%
 - Transportation 17%

China's total refined nickel consumption is expected to continue growing strongly on the back of stainless growth



- CAGR of 17% expected from 2004 to 2010
- Driving force will be growing stainless production

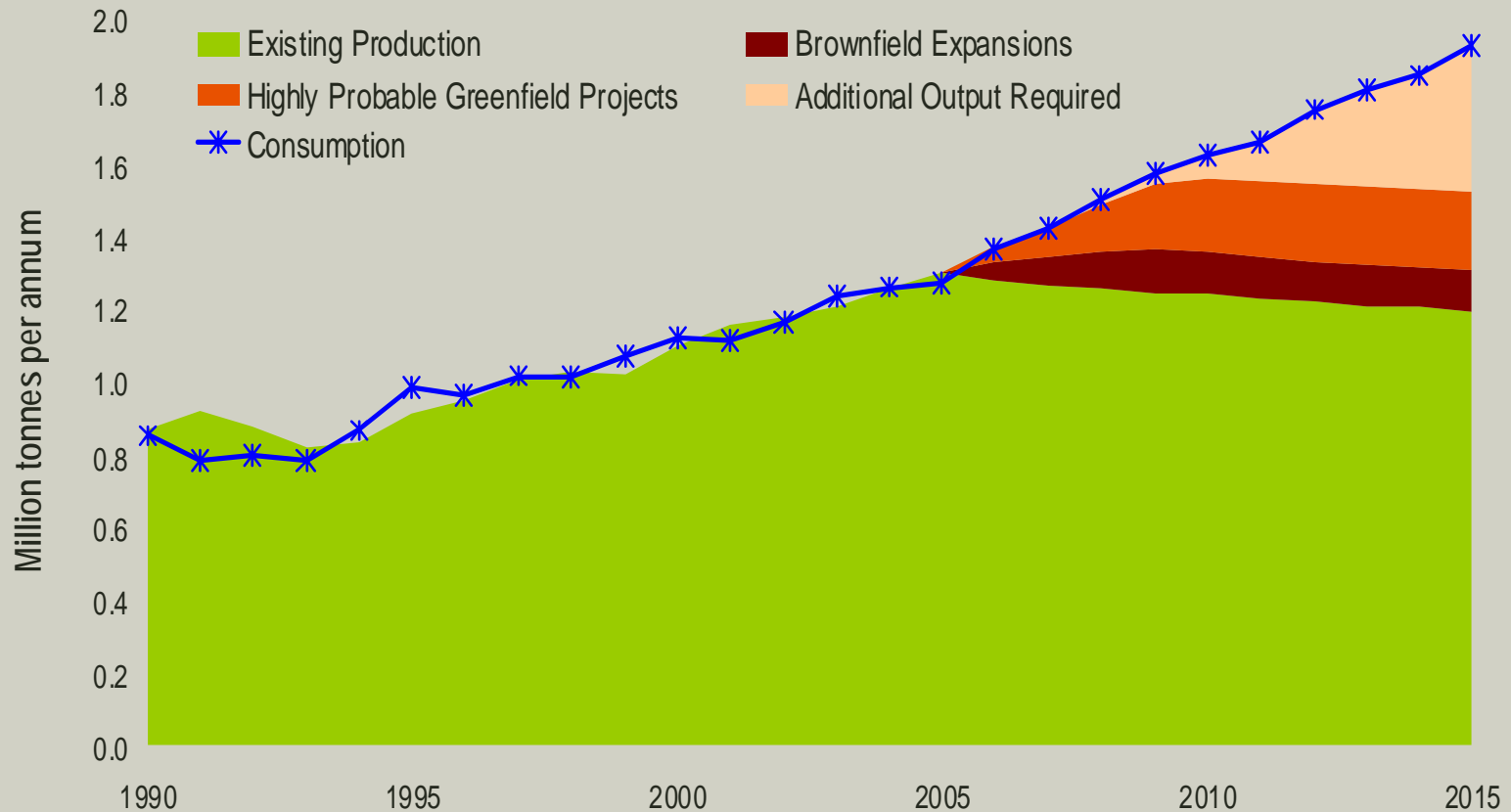
.. And the supply shortfall will be resolved by substitution in the short-term



- Share of 200 series has stabilised at around 9% of global production
- But, ferritics continue to gain share

Nickel supply situation remains tight

World consumption and production of primary nickel, 1990-2015



Source: CRU

Existing Asset Delivery

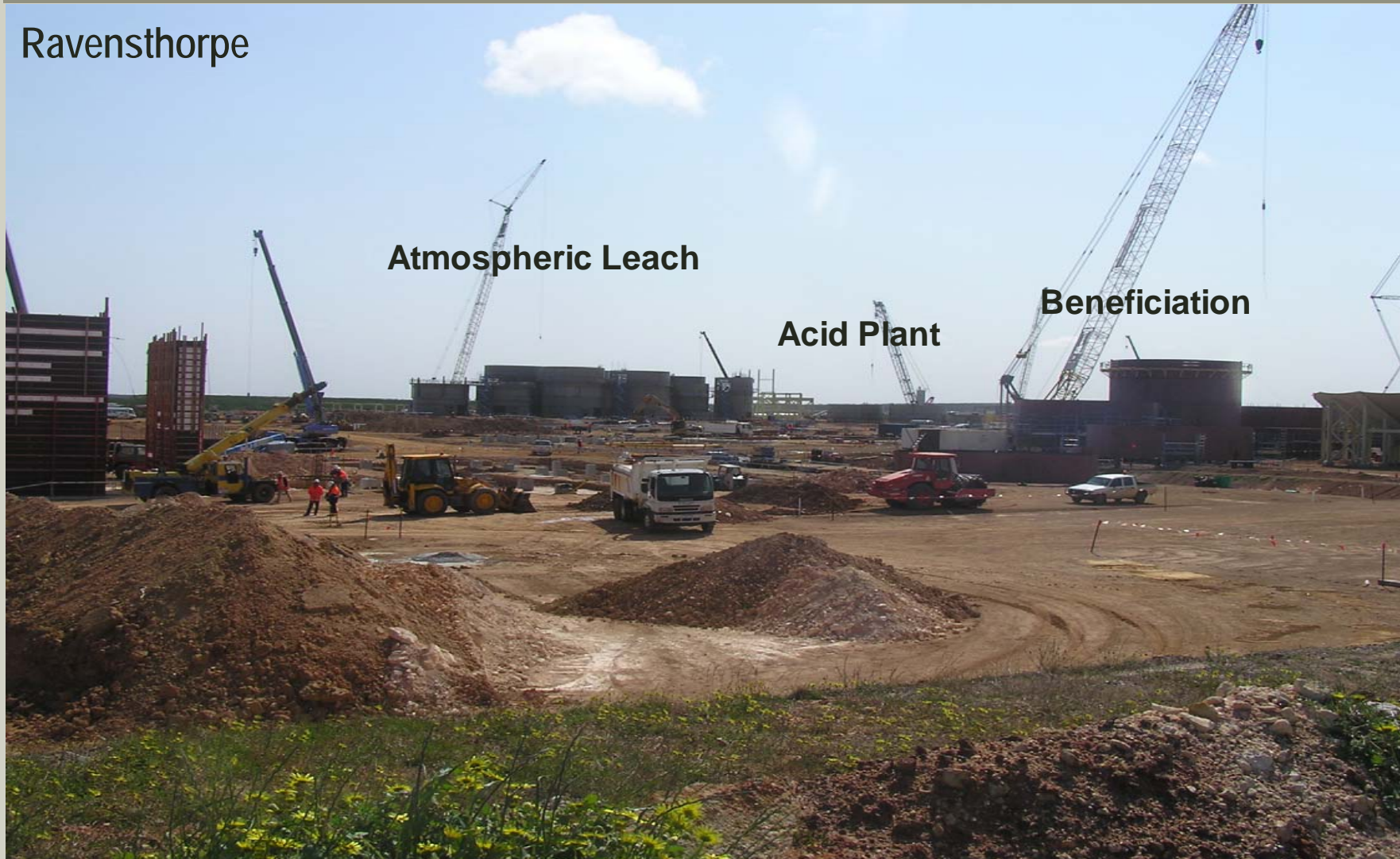
Chris Pointon

President Stainless Steel Materials



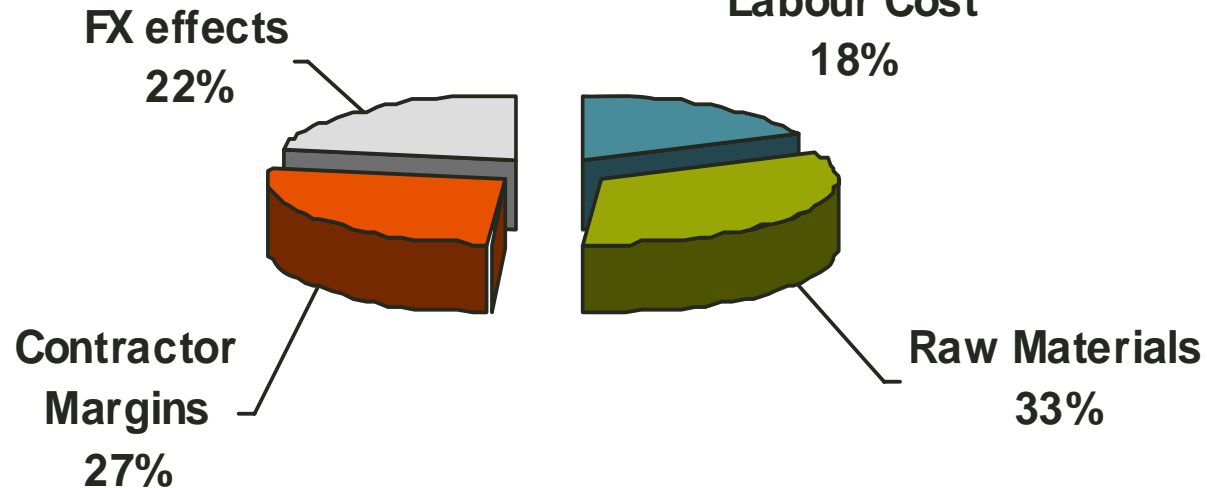
Yabulu – Ravensthorpe Project Review

Ravensthorpe



Cost escalation has been driven by increases in external effects, particularly in the WA market

Overall Yabulu - Ravensthorpe Project Cost Growth since Mar04 Commitment : 28%



The projects remain on schedule

Progress to end August 2005

Ravensthorpe

35% complete

Yabulu Expansion

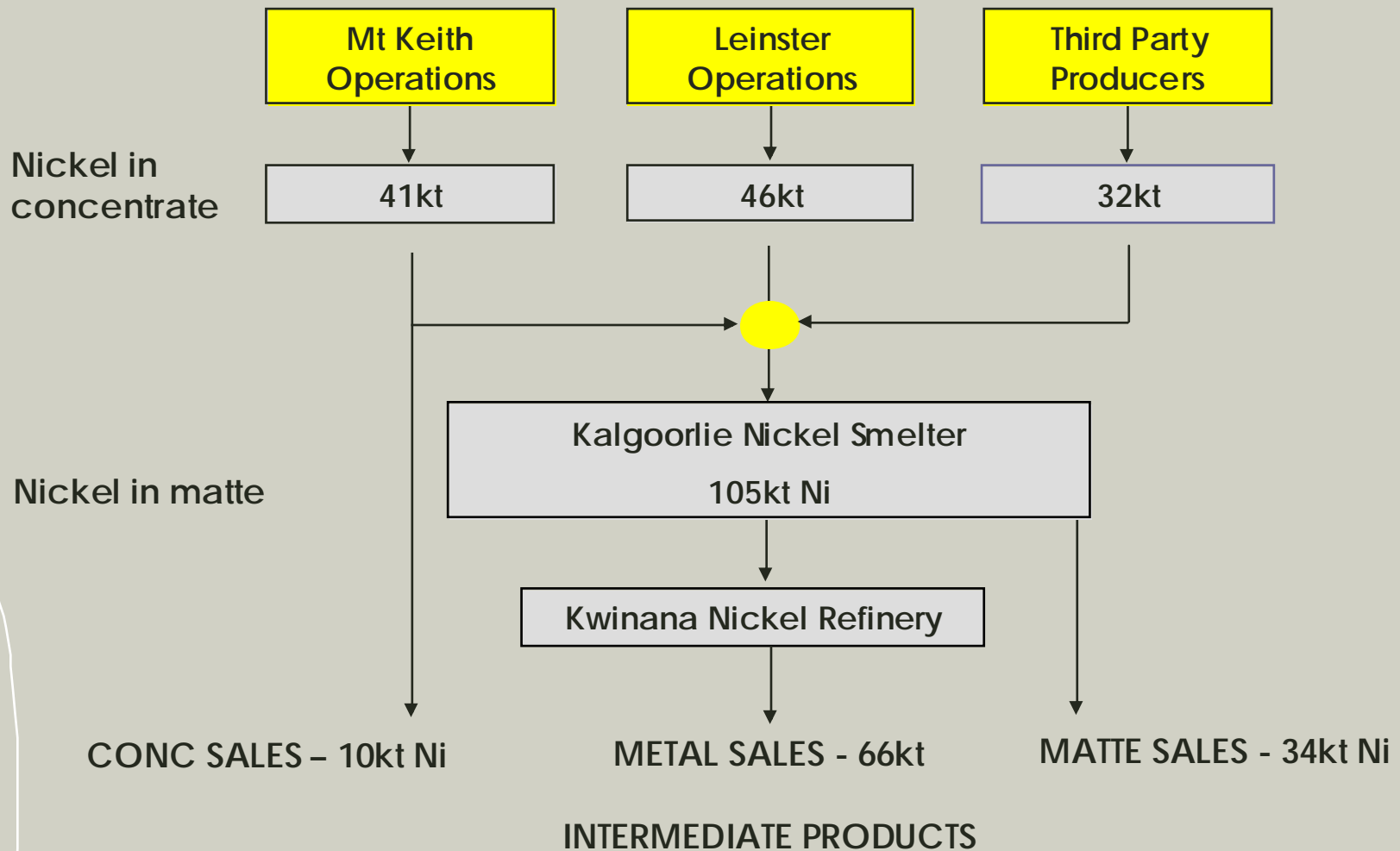
18% complete

| | March 2004 Approval | Sept 2005 Review |
|---|--------------------------------|-----------------------------|
| <u>Capital Expenditure (US\$M)</u> | | |
| Ravensthorpe | 1,050 | 1,340 |
| Yabulu Expansion | 350 | 460 |
| Total | 1,400 | 1,800 |
| <u>Milestones</u> | | |
| First MHP Shipment | Q2 2007 | Q2 2007 |
| First Metal Production | Q3 2007 | Q3 2007 |
| Full Metal Production | H2 2008 | H2 2008 |

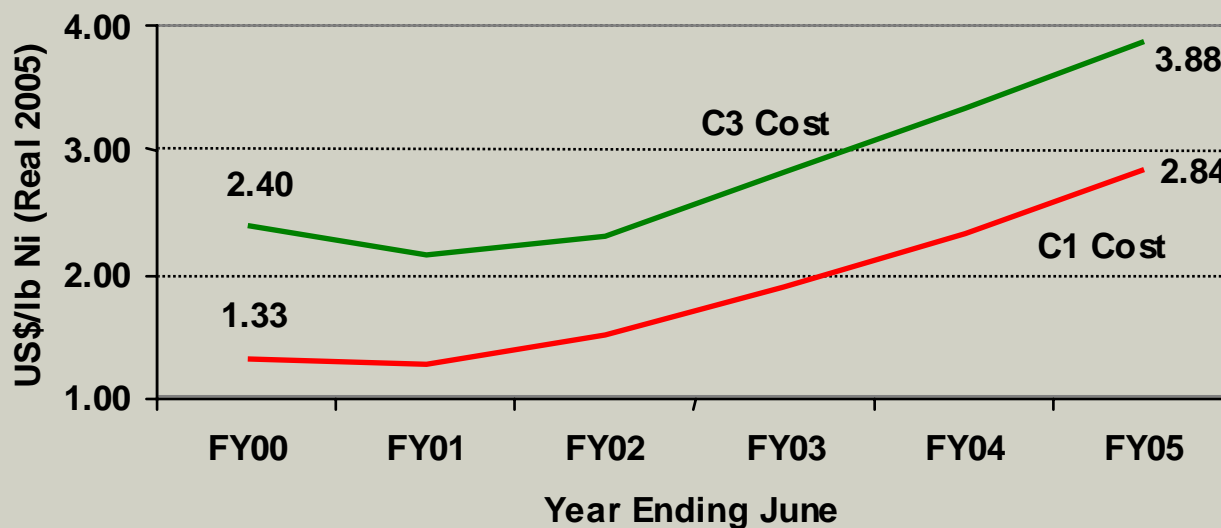
Nickel West



Nickel West Overall Flow Sheet FY2005



Nickel West is cost competitive



Key Variances (\$/lb) 2000-05

| | |
|------------------|-------------|
| MKO OB Removal | 0.11 |
| LNO Ore Costs | 0.11 |
| Third Party Feed | 0.60 |
| Mtce and Labour | 0.15 |
| <u>FX</u> | <u>0.53</u> |
| Total | 1.50 |

Critical Issues :

- Delivery of Key Projects
- Smelter strategic priority
- Treatment of high Mg & talc ores

Source: BHP Billiton using pre acquisition data

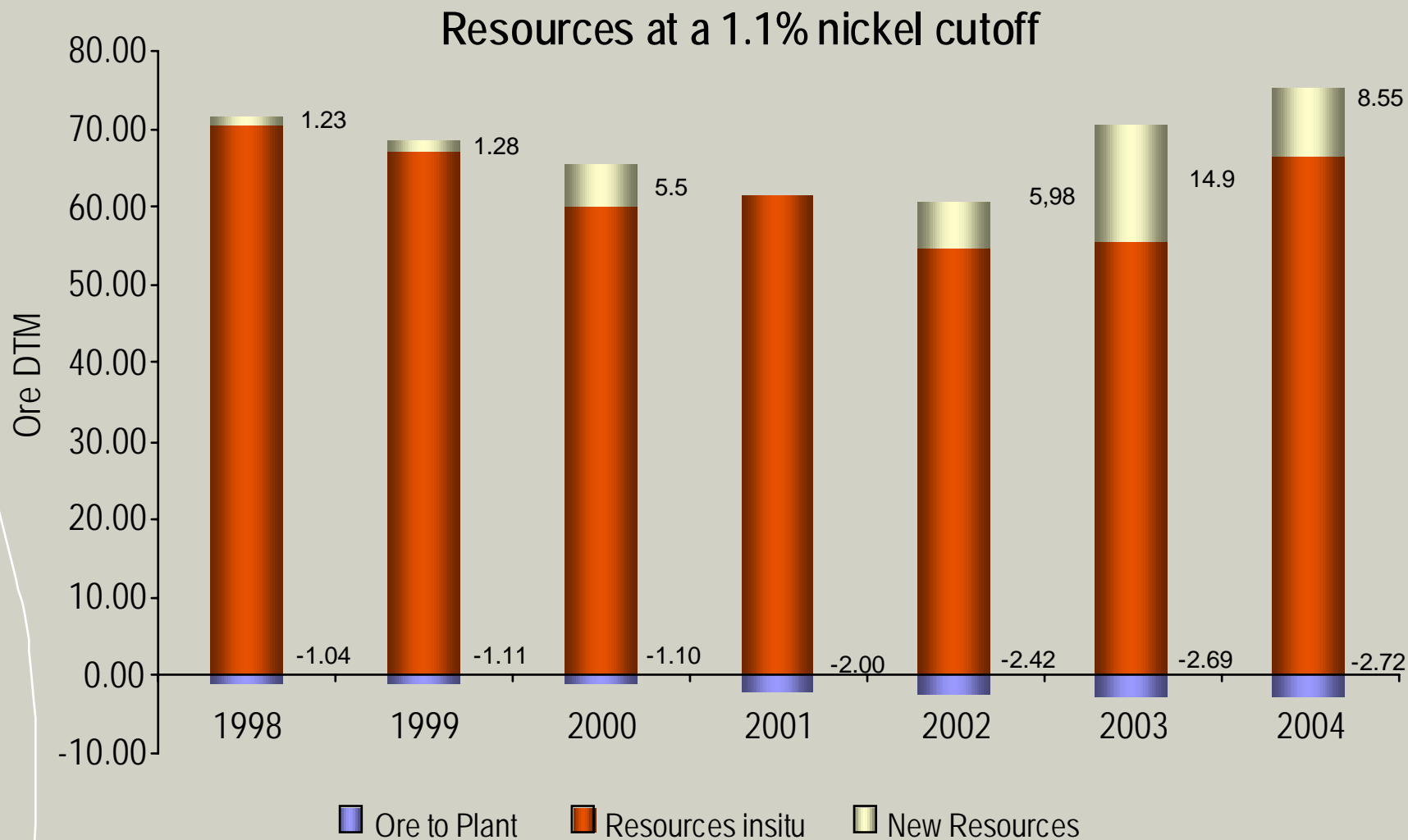
Nickel West key activities at each strategy horizon



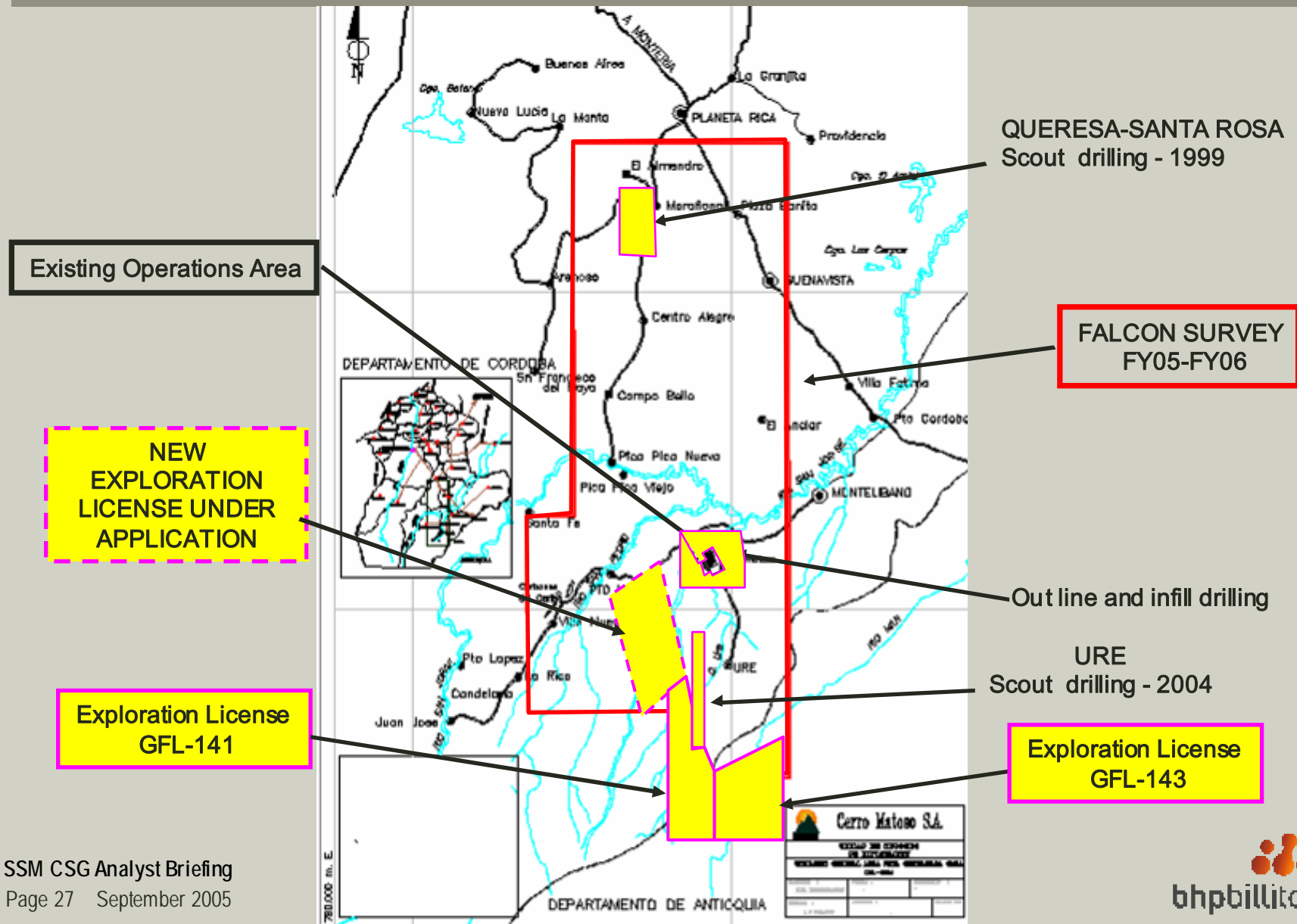
Cerro Matoso SA



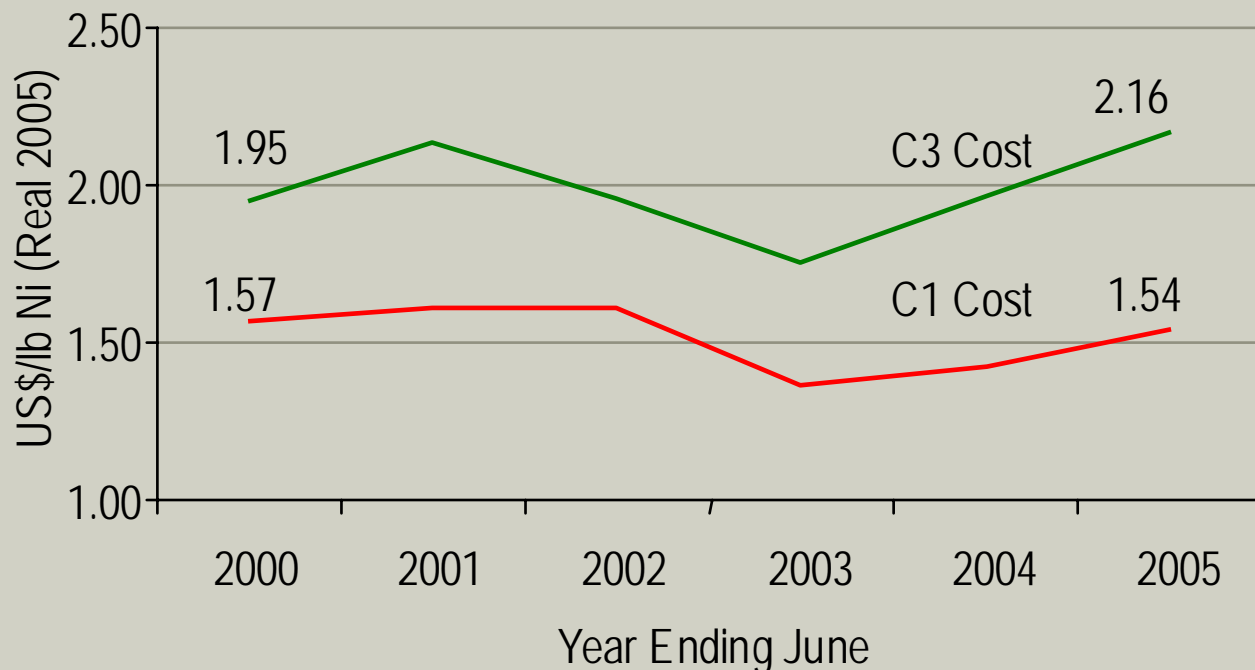
Cerro Matoso– successful exploration maintains the reserves base



Exploration for additional reserves



Cerro Matoso is the lowest cost major nickel producer, with a premium product. Operating improvements are continuing to be won



Key Variances (\$/lb) 2000-05

| | |
|--------------|-------------|
| Energy | 0.08 |
| FX | (0.01) |
| Total | 0.07 |
| Royalties | 0.16 |
| Depreciation | 0.06 |
| Total | 0.22 |

Highlights

- Jan 2001 : Line II Commissioned
- 2003 : Line II ramp up completed
- 2004/2005 : Ore upgrading & OE programme
- 2005 Intensive use of Business Excellence to mitigate grade decline

Critical Issues

- Security

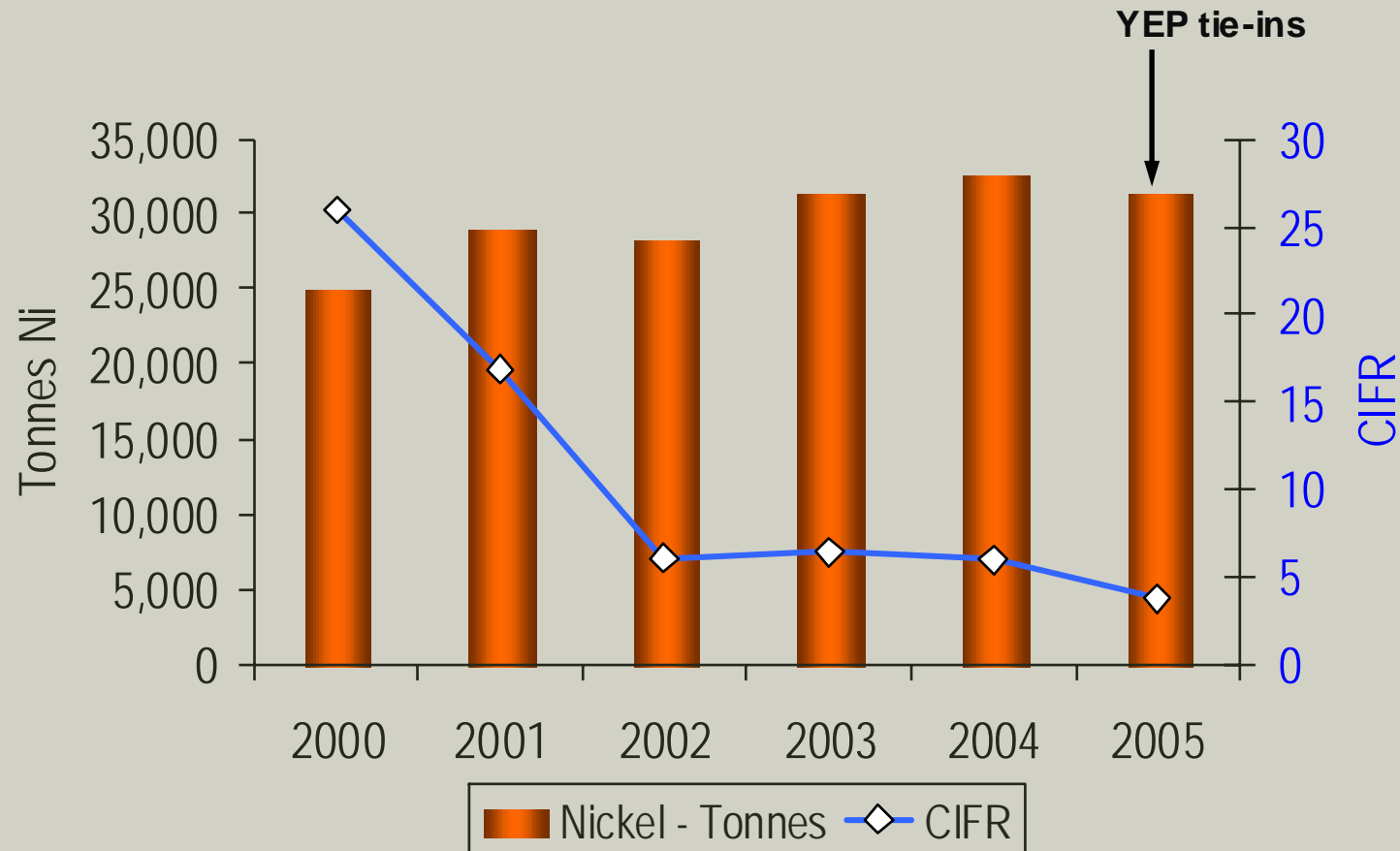
Strategy

- Continuous Improvement
- Replace reserves to extend operating life beyond 2024
- Intensify exploration activity

QNI Yabulu Refinery

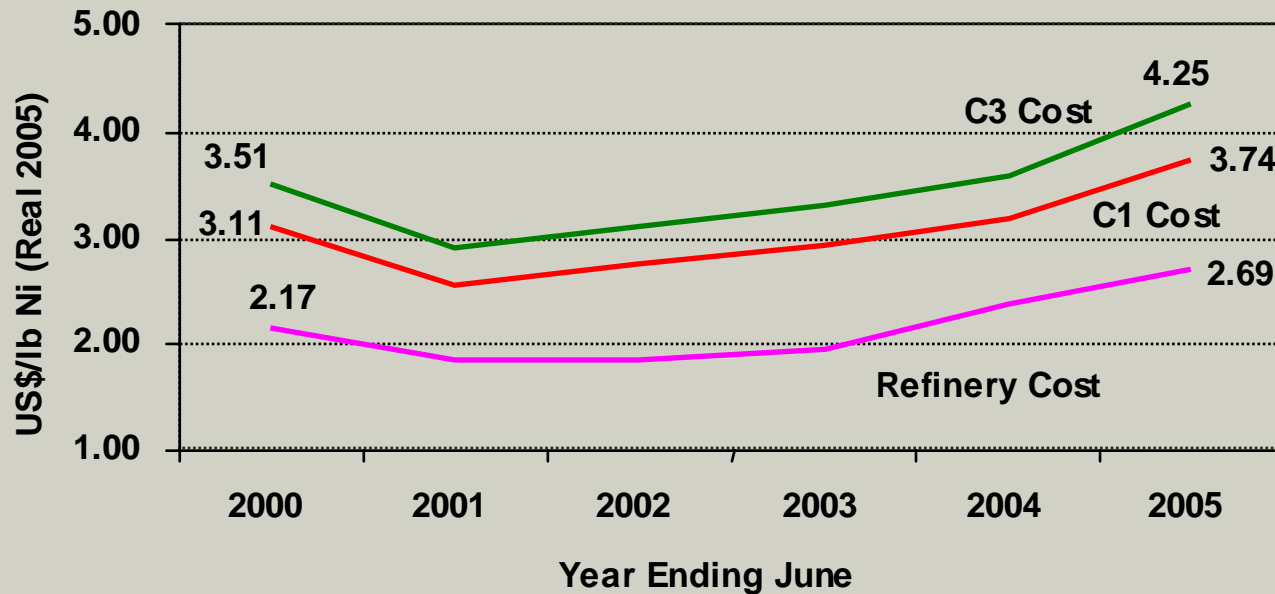


Yabulu - improved safety and production performance – success of OE programme



Source : BHP Billiton

Yabulu cost improvements despite impact of higher nickel price-linked ore and oil costs



Variances (\$/lb) 2000-05

| | |
|---------------------|--------|
| Ore Supply | |
| Nickel Price | 0.22 |
| Cobalt Price | (0.16) |
| Net | 0.06 |
| Oil price | |
| Oil price | 0.20 |
| FX | 0.24 |
| Total | 0.50 |
| Depreciation | |
| Depreciation | 0.03 |
| FX | 0.08 |
| Total | 0.11 |

Achievements

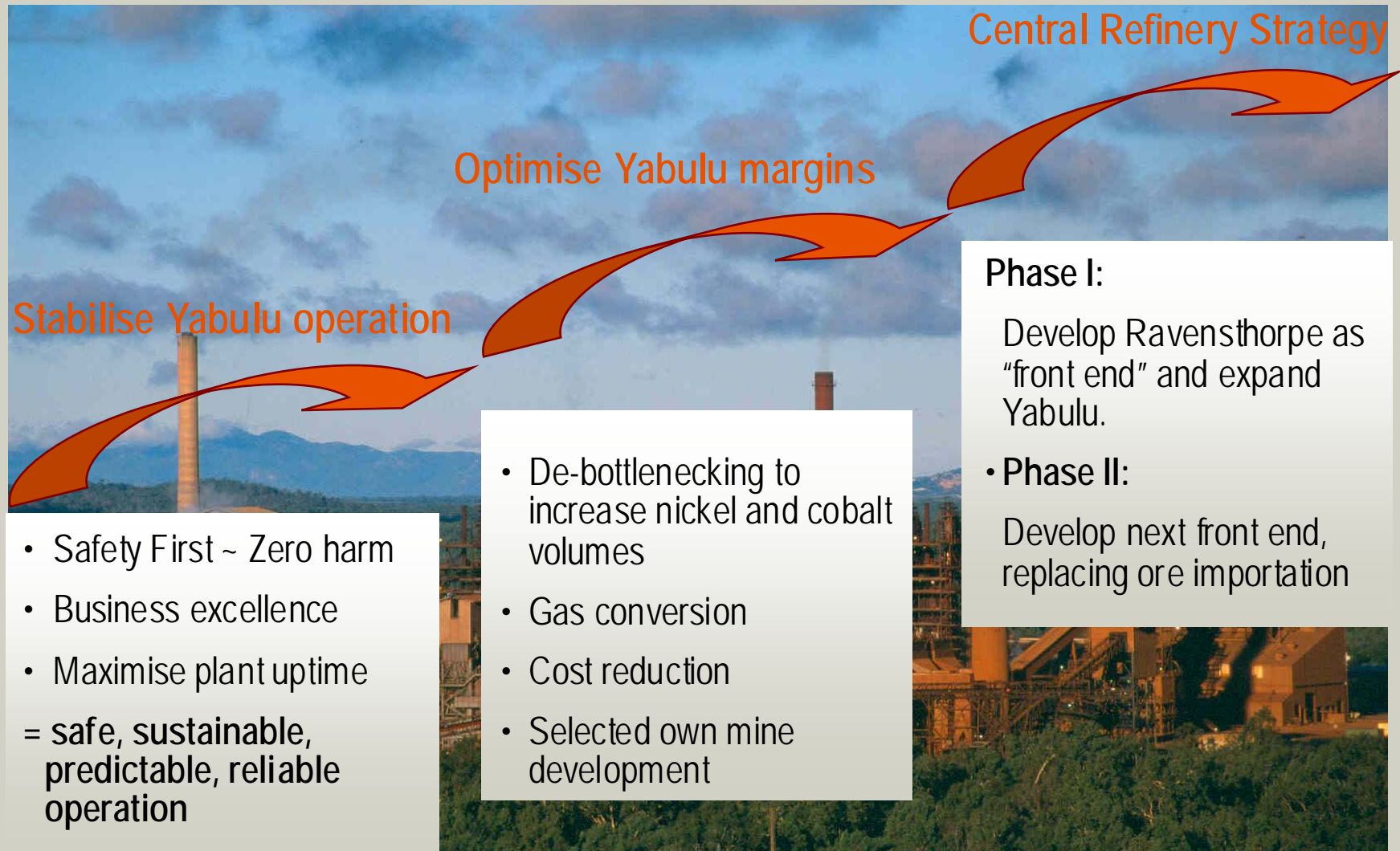
- 2000's : Production stabilisation, cost reduction and debottlenecking
- 2005 : Gas conversion in progress

Critical Issues

- Maintenance cost improvement
- Reducing dependence on imported oil
- Yabulu expansion implementation & integration

Source : BHP Billiton

Our objective is for Yabulu to become the leading nickel & cobalt refinery in Australasia



Financial Performance

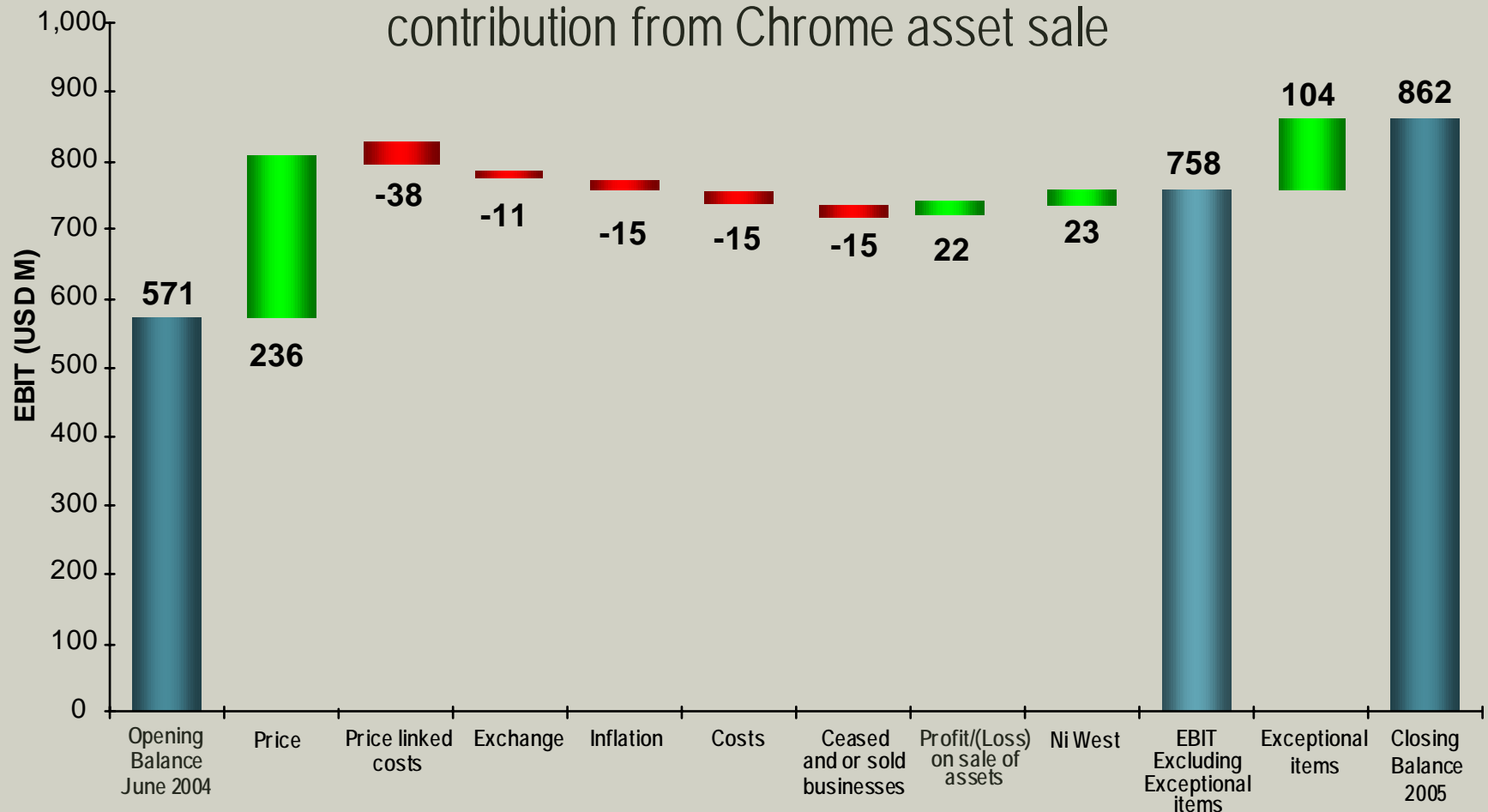
Brendan Gill

Chief Financial Officer – Stainless Steel Materials



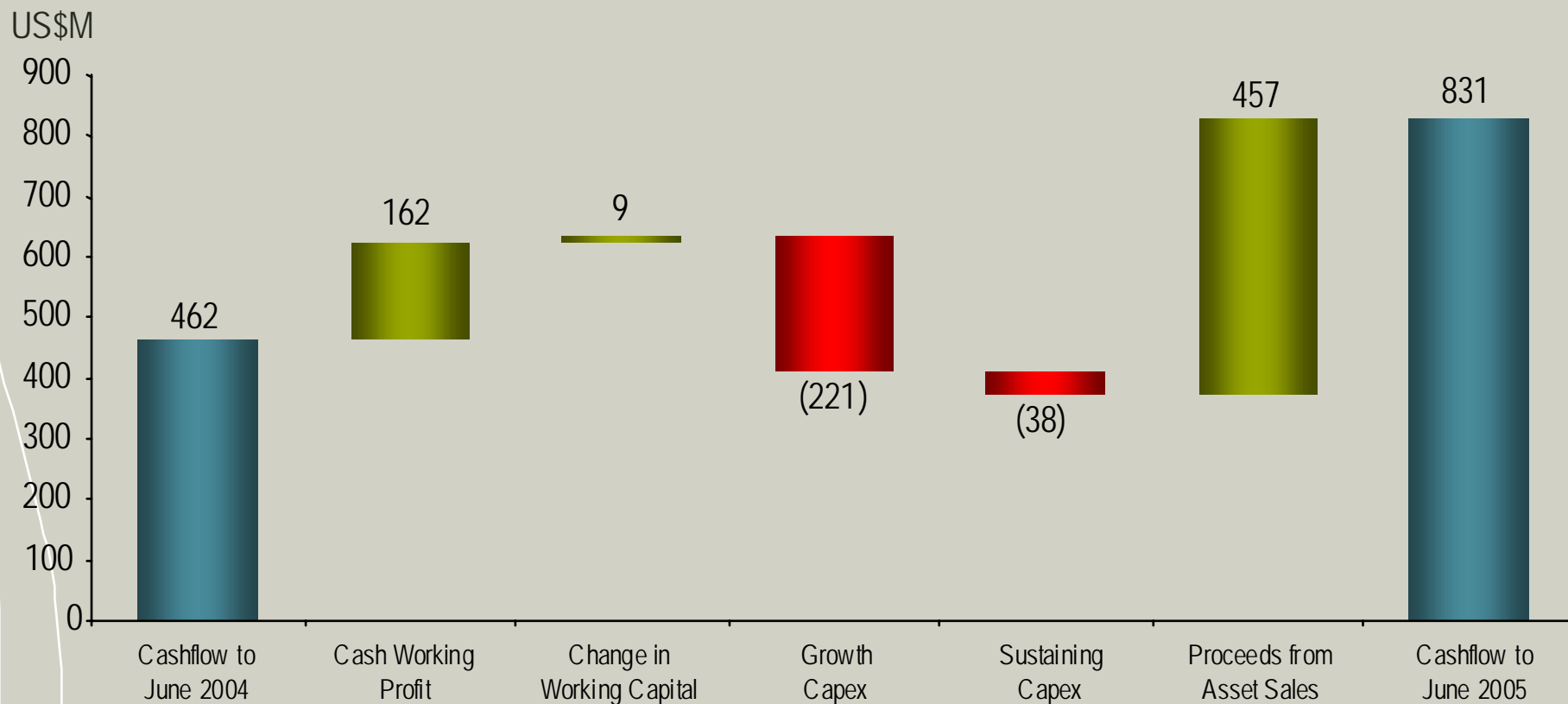
Improved EBIT

Influence of price, FX and inflation and a significant contribution from Chrome asset sale

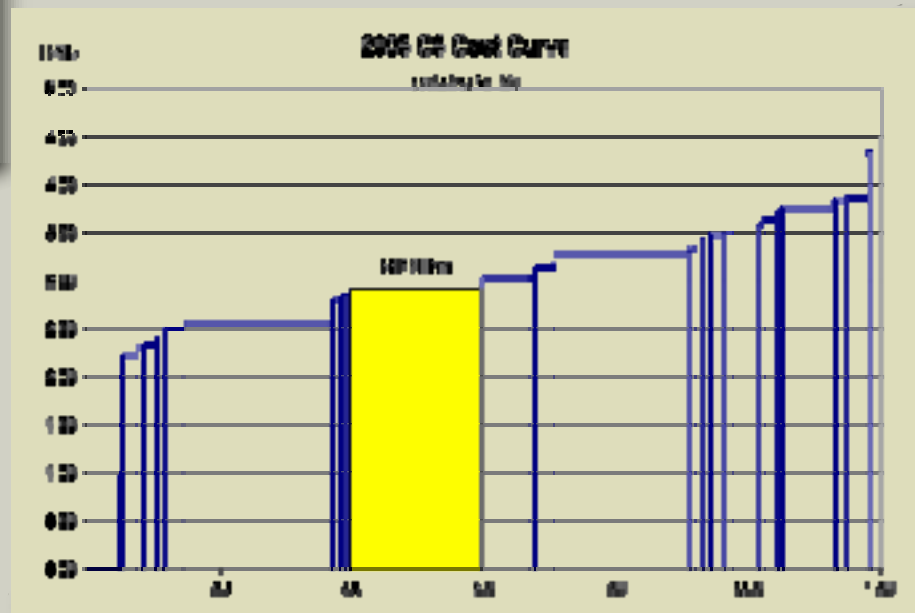
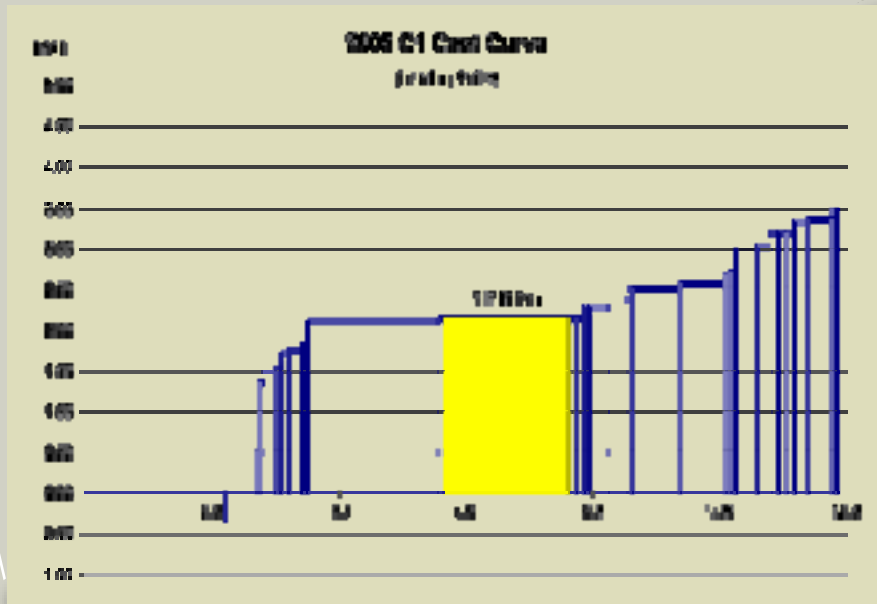


Cashflow variance FY05 versus FY04 (excluding Nickel West)

Positive free cash flow contribution to the Group



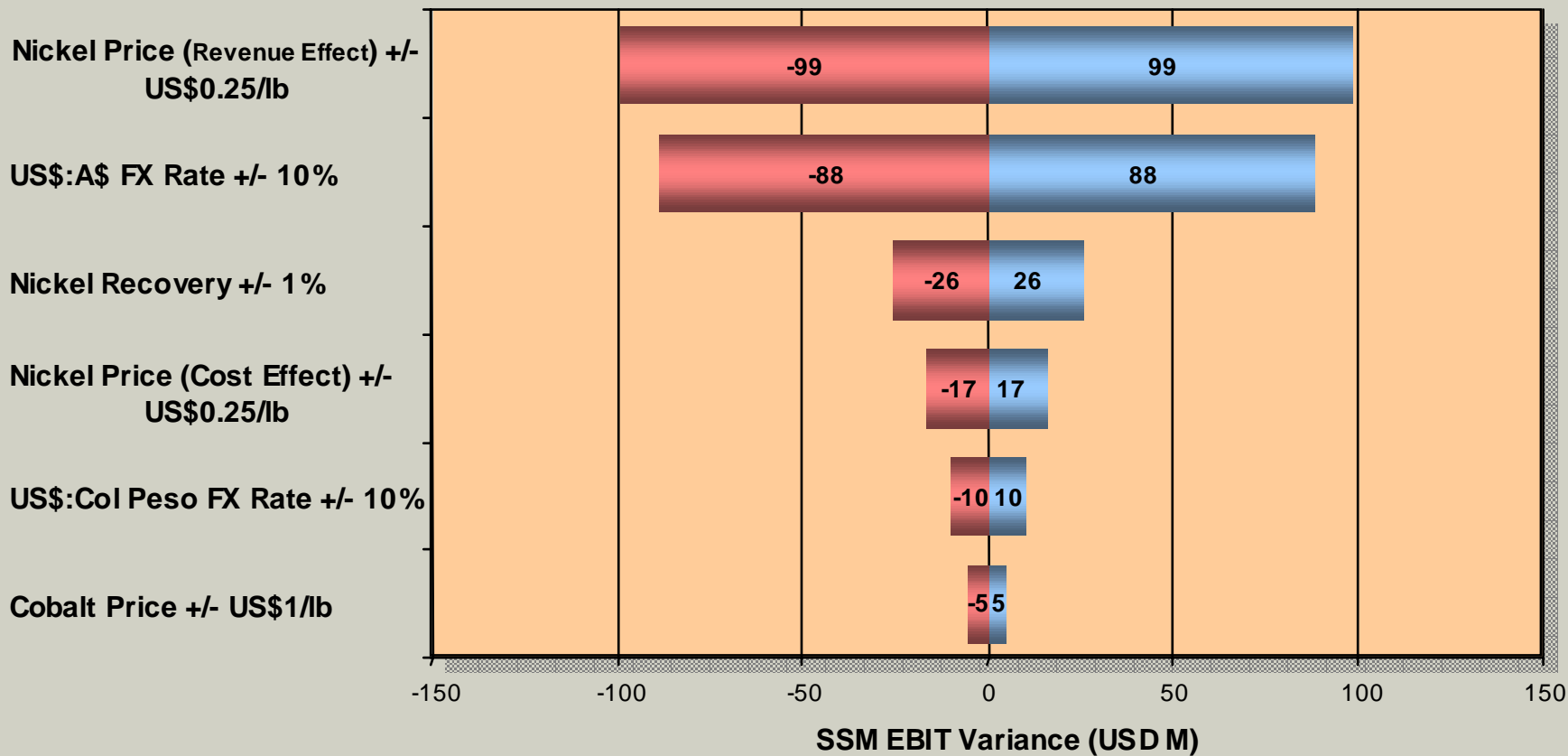
BHP Billiton nickel is cost competitive on both a marginal and full cost basis



Source : Brook Hunt, including Norilsk

2004 Brook Hunt data flexed on 2005 Year-to-August Prices & Costs

Earnings Sensitivities



Secure Platform Now in Place to Deliver Future Growth

Chris Campbell

Chief Development Officer – Stainless Steel Materials



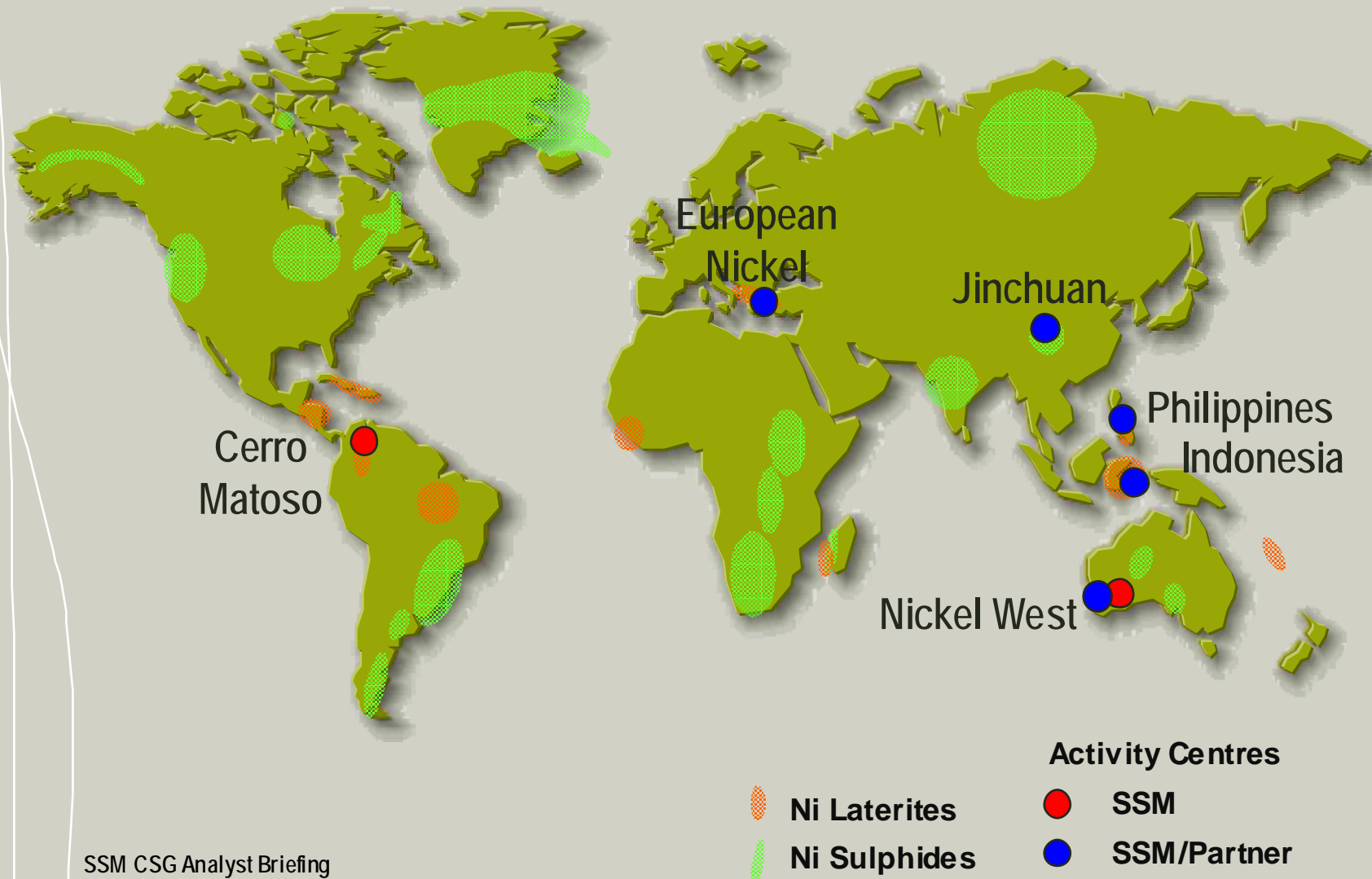
Improved capability and optionality for growth, with ability to extract value from all nickel resources globally



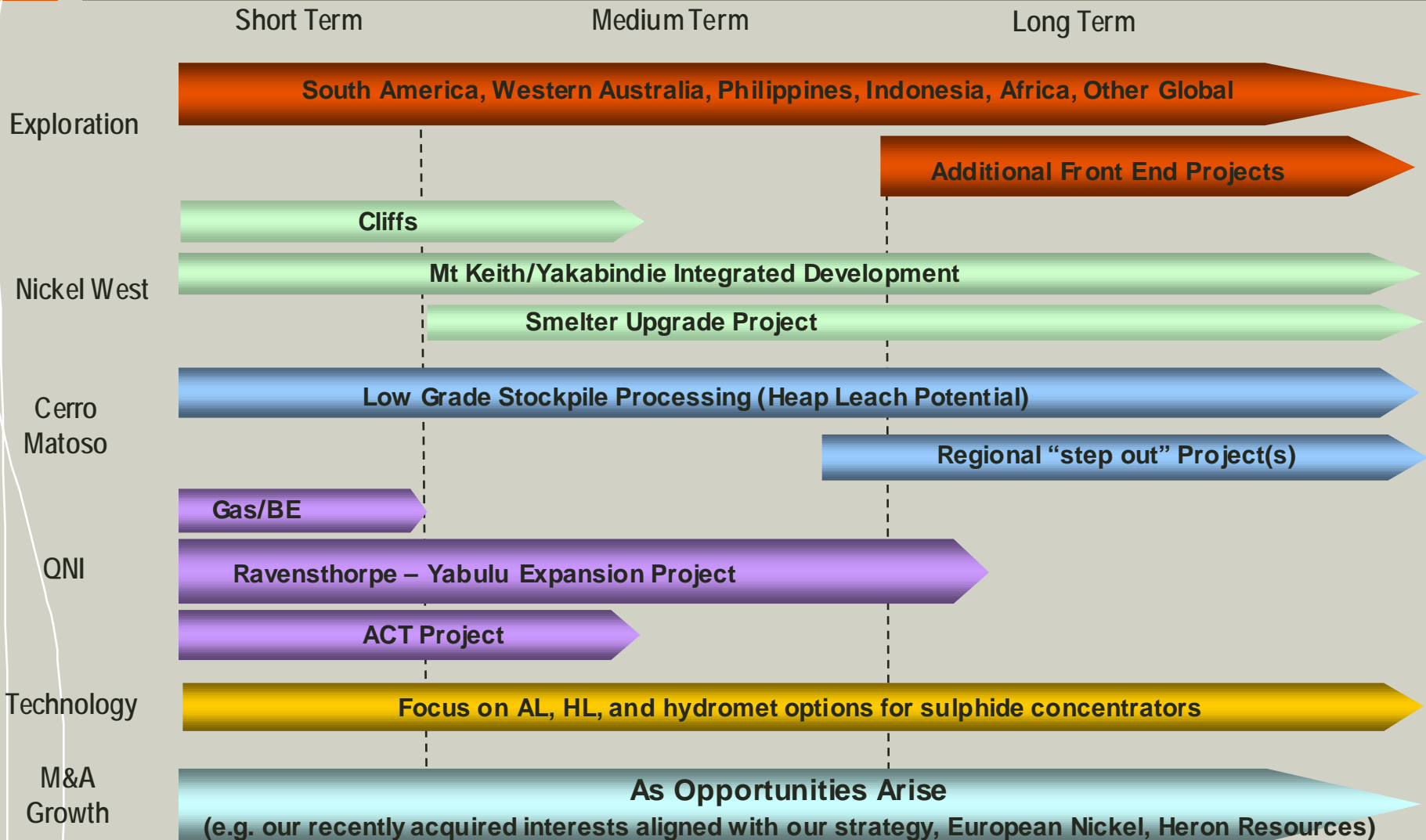
Nickel West – keep smelter full, increase nickel output, add value through optimization of existing Capital Base.

- **Develop existing equity projects in line with optimization of asset base**
 - Cliffs, Yakabindie/Mt Keith optimization, Perseverance Deeps.
- **Work with partners in our backyard to leverage our position.**
 - Good record of nickel discovery and conversion in WA
 - Leverage Nickel West's significant geological experience & knowledge base
 - Work with local WA partners via our technologies and & experience.
- **Develop our position in intermediate products**
 - Focus on optimum feed of nickel units to smelter; equity and 3rd party.

Increased global exploration footprint for all nickel types



The Way Forward – optimize existing assets, whilst strengthening our position to continue to grow in the future.



SSM well positioned for the future

- **Nickel remains fundamentally an attractive industry**
 - Solid growth to continue underpinned by China
 - Supply constrained in medium-to-long term
- **BHP Billiton now a stronger nickel industry player**
 - Top 3 in size, competitive operating costs, good product portfolio
 - Broad operational, technical, commercial and project delivery skills
 - Capability to extract value from any nickel deposit globally
 - Developing position in nickel intermediate products
- **Robust capability to secure nickel positions for the future**



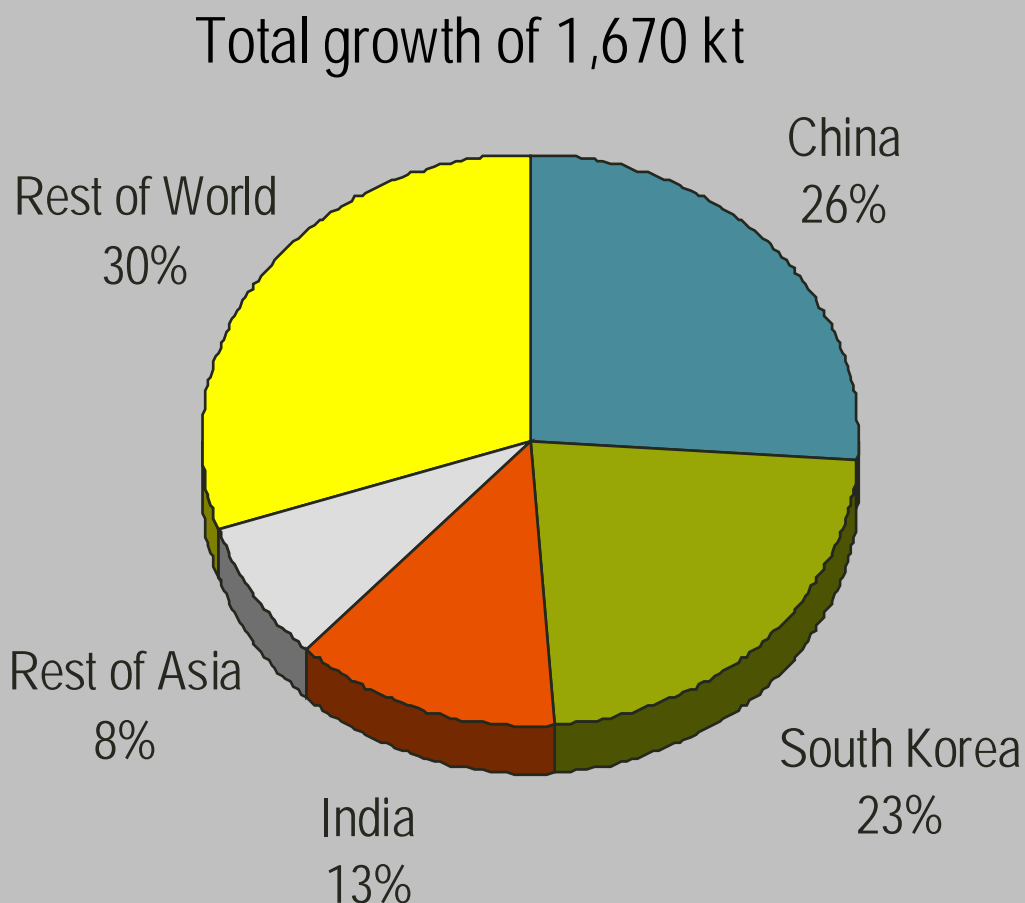
bhpbilliton

Appendix



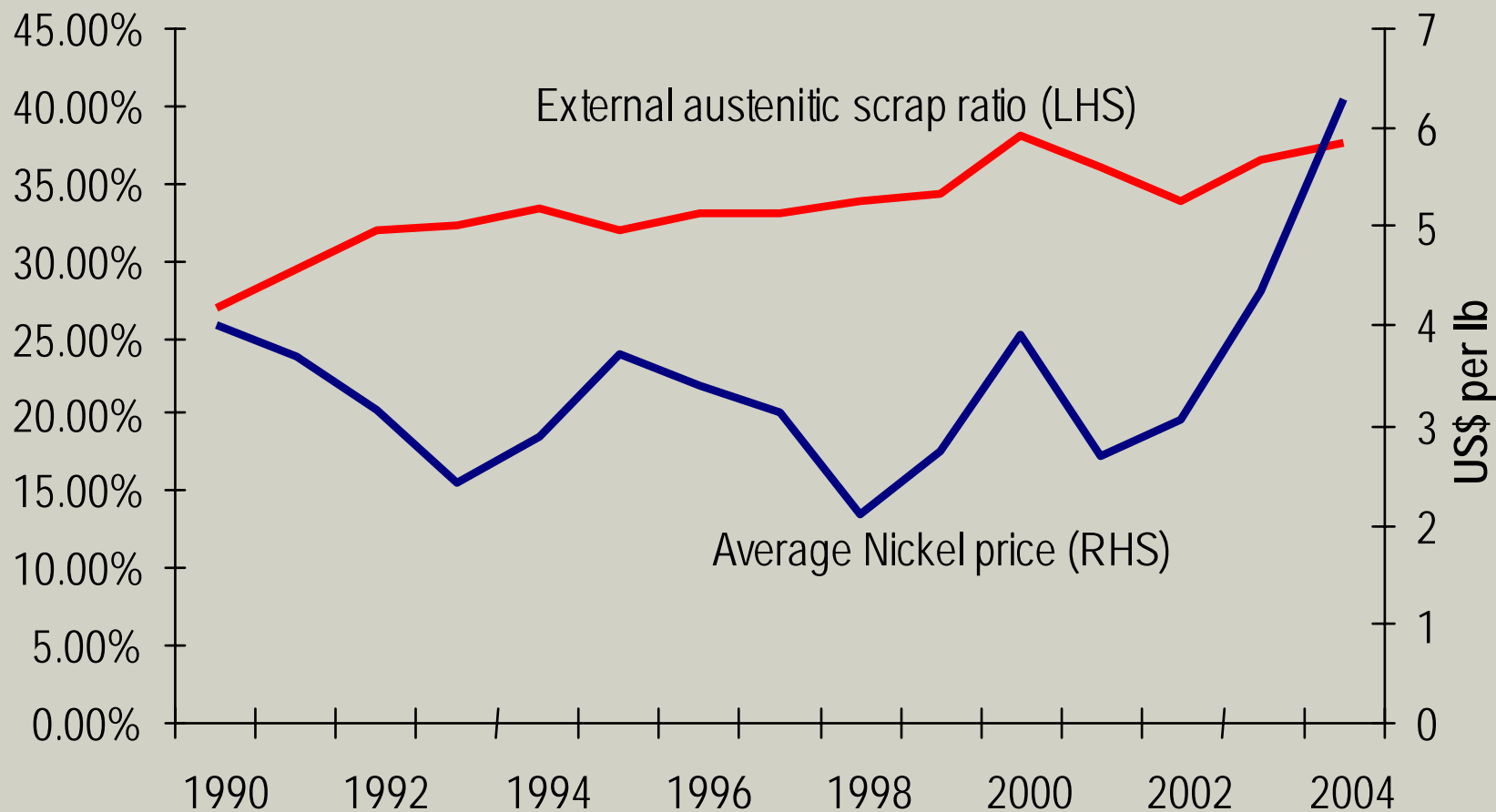
bhpbilliton

70% of global Stainless Steel melting growth in 2004 took place in Asia

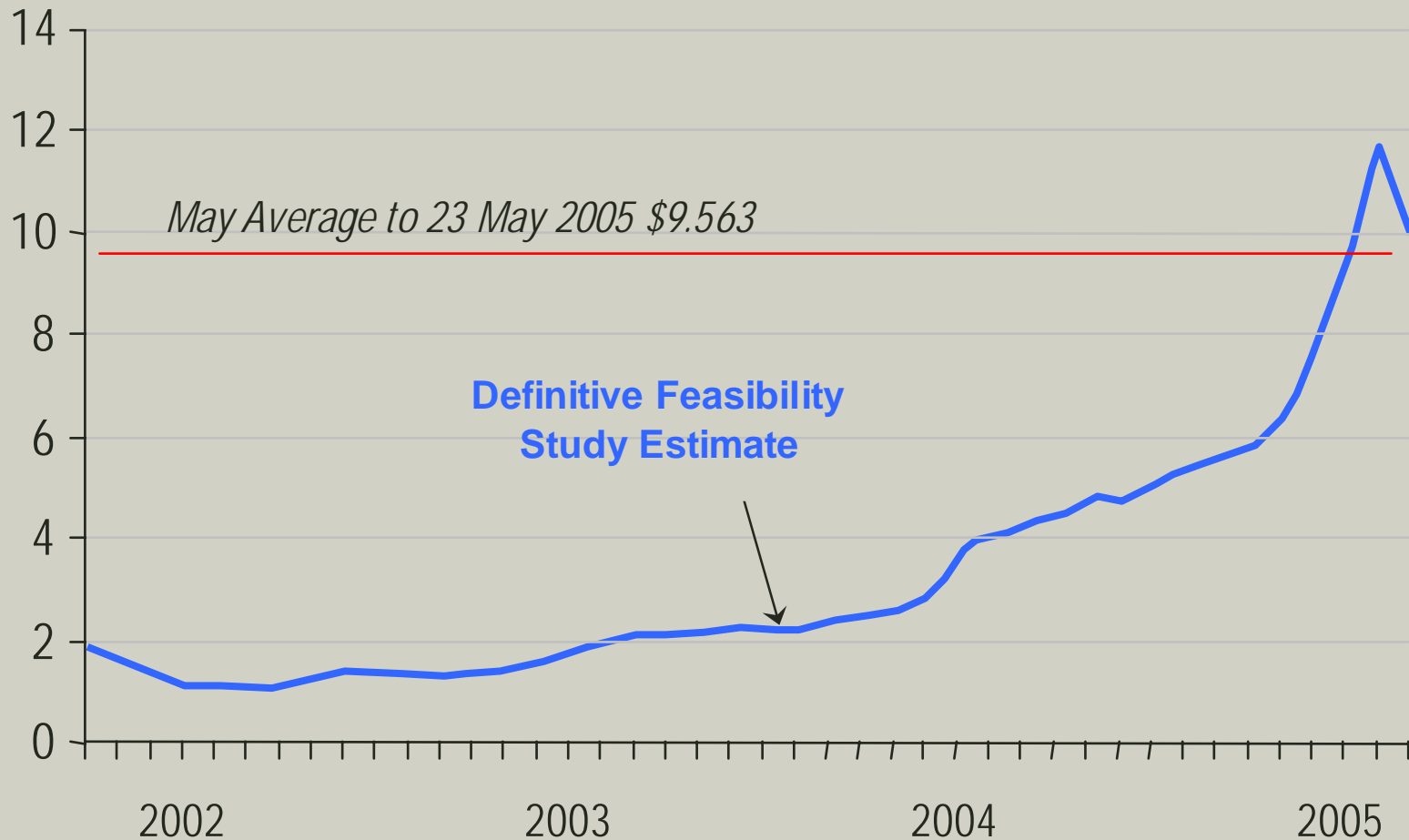


- In 2005, the growth will be further skewed towards China

The scrap market will not be a major source of new nickel units

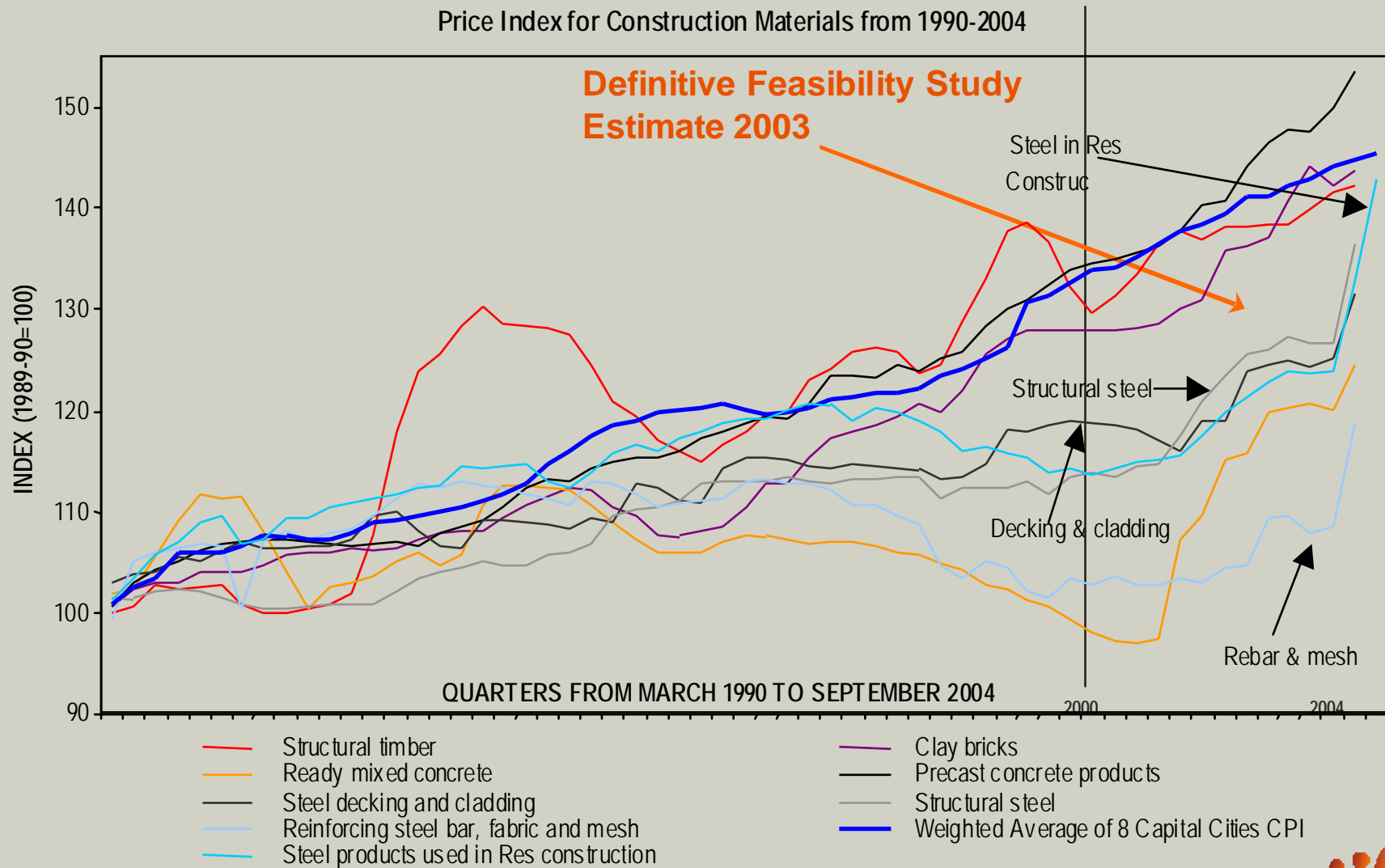


Monthly Average 6-4 Bulk Weldable Ti Scrap Specialty Processor (Dealer) USA SPOT (US\$/lb)

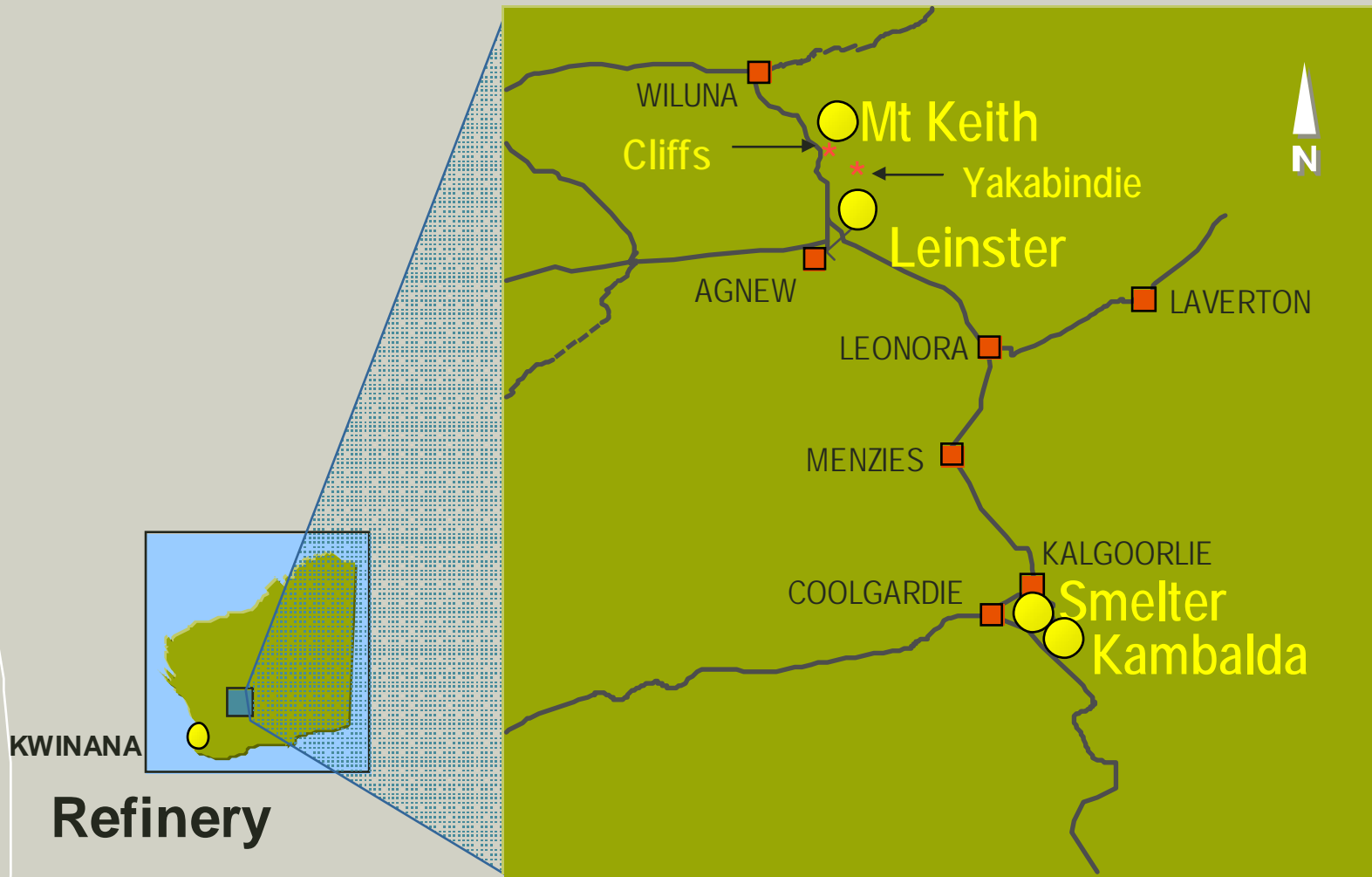


Source: MetalPrices.com

Key construction commodity prices have risen significantly in past 18 months

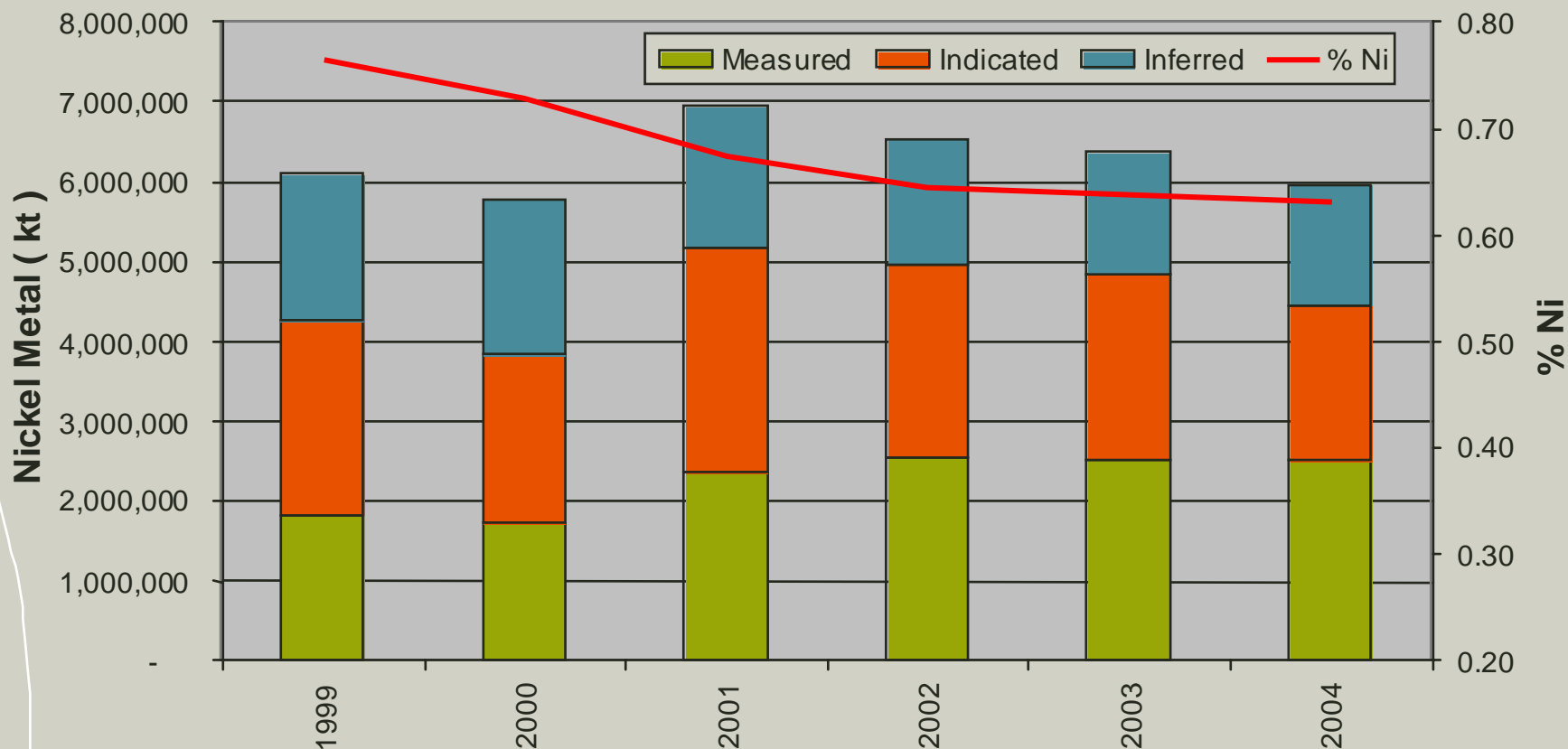


Nickel West



Nickel West resource base remains strong

Nickel West Historical Resources



Source: WMC Annual Reports

SSM's improving financial performance

| US\$M | FY05 | FY04 | FY03 |
|--------------------------|------|------|------|
| Turnover | 2132 | 1753 | 1106 |
| EBIT | | | |
| CMSA | 513 | 363 | 167 |
| Yabulu | 156 | 134 | 24 |
| Nickel West | 23 | | |
| Samancor | 102 | 117 | 8 |
| Profit from Operations | 794 | 614 | 199 |
| Development | -16 | -9 | -10 |
| Corporate | -10 | -11 | -7 |
| Fair Value Amortisation | -22 | -22 | -22 |
| Other | 12 | -1 | -11 |
| EBIT before Exceptionals | 758 | 571 | 150 |