

BHP Billiton Aluminium

Presentation to the Investment Community

November 2005



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Agenda

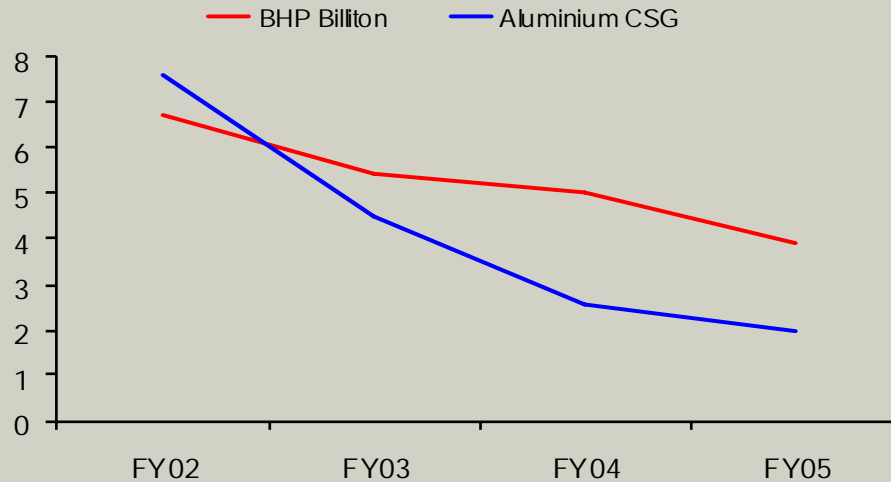
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Overview	Alex Vanselow	President Aluminium
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Technical	Ian Jacobson	VP Technical Aluminium
Finance	Vince Nicoletti	CFO Aluminium
Summary	Alex Vanselow	President Aluminium

Setting the Context

- Sustainable perspective
- Portfolio of quality operations and people
- Value growth
- Future options

Sustainability

CIFR 12MMA



Safety

- ☐ Felt leadership
- ☐ Behavioural Based Safety

Community

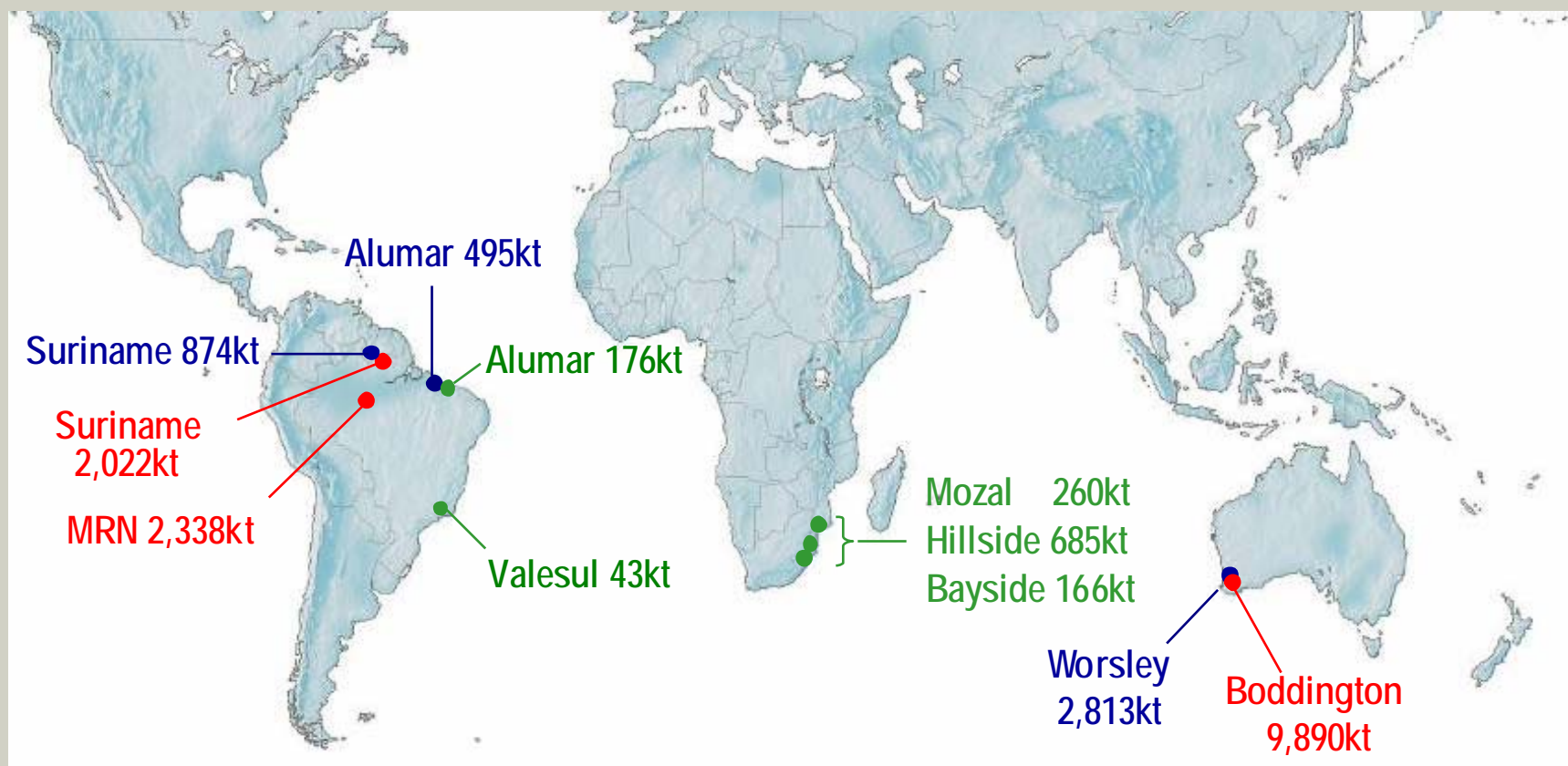
Health



Environment

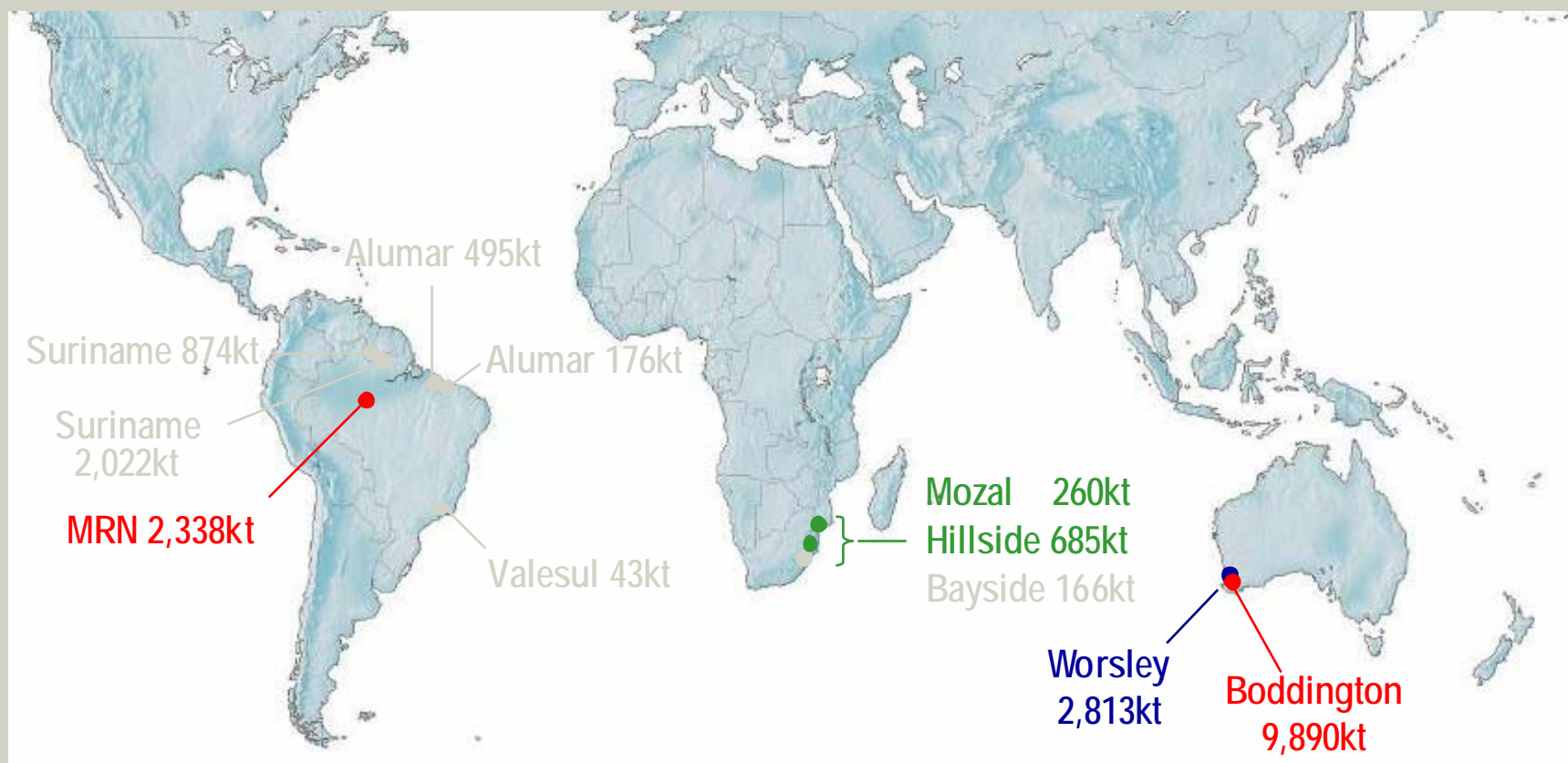


Aluminium CSG FY05 Equity Production



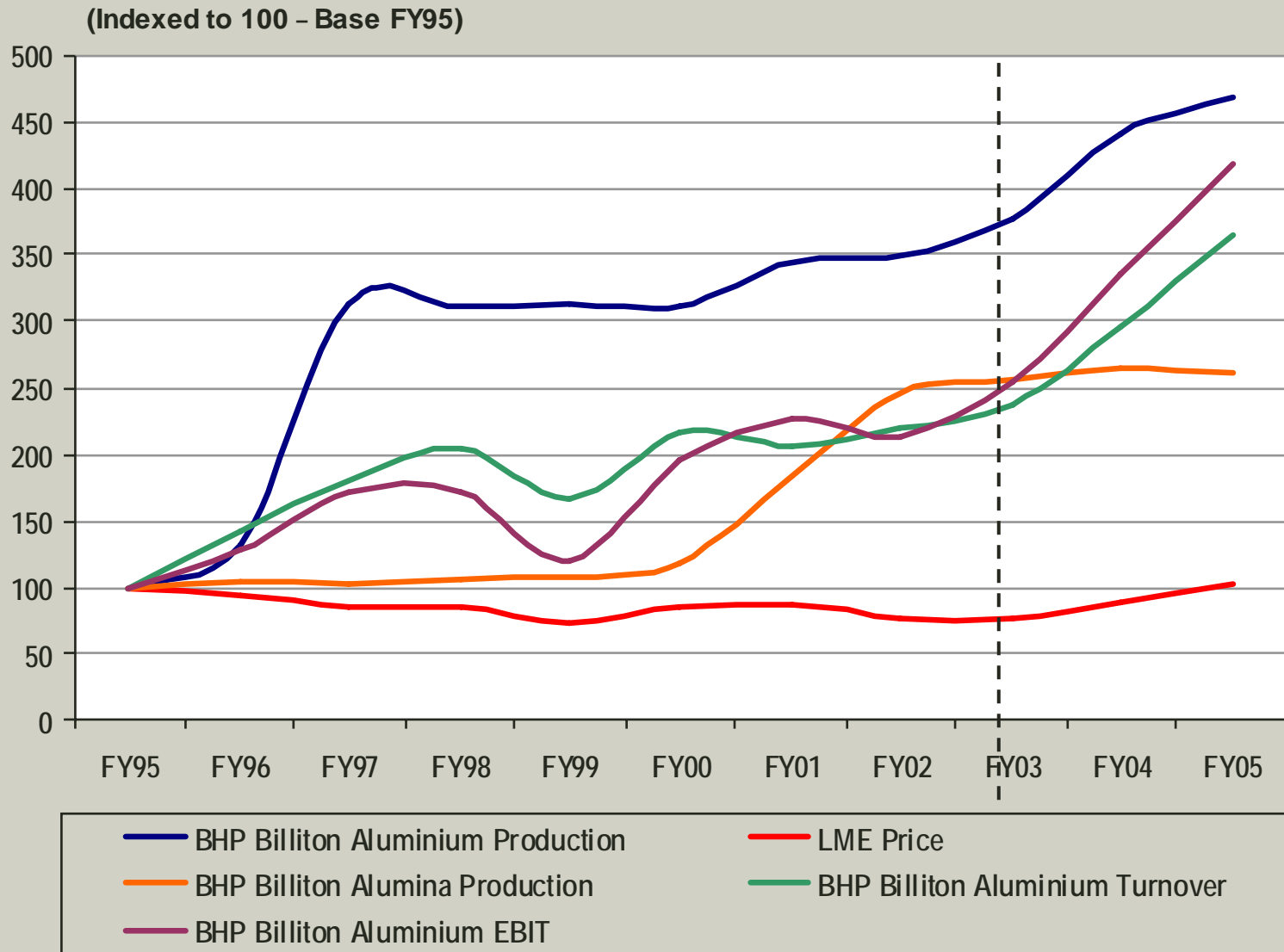
● Bauxite Mines ● Refineries ● Smelters

Setting Production Records in FY05



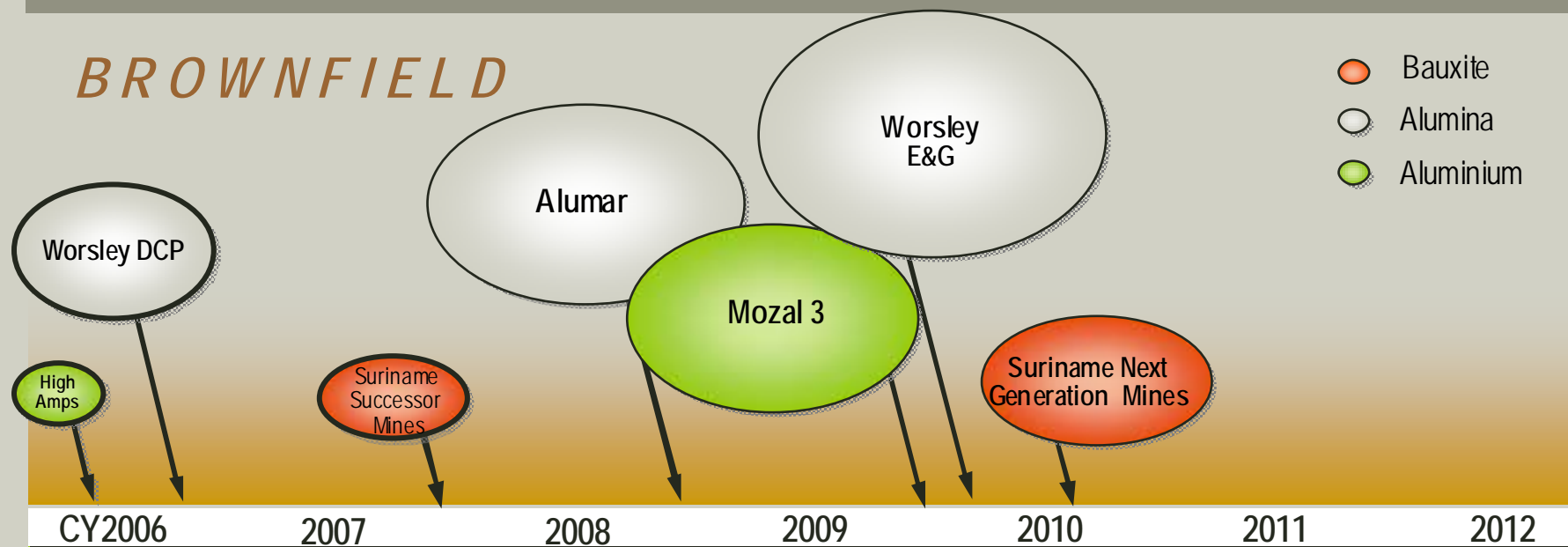
● Bauxite Mines ● Refineries ● Smelters

Delivering Value



Aluminium Growth Projects

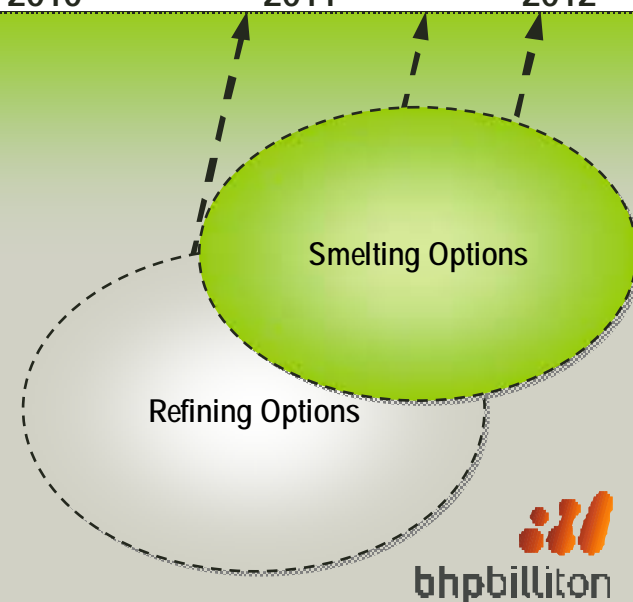
BROWNFIELD



Size of bubble indicates capital expenditure; bold border signifies sanctioned project

\$US
100M

GREENFIELD



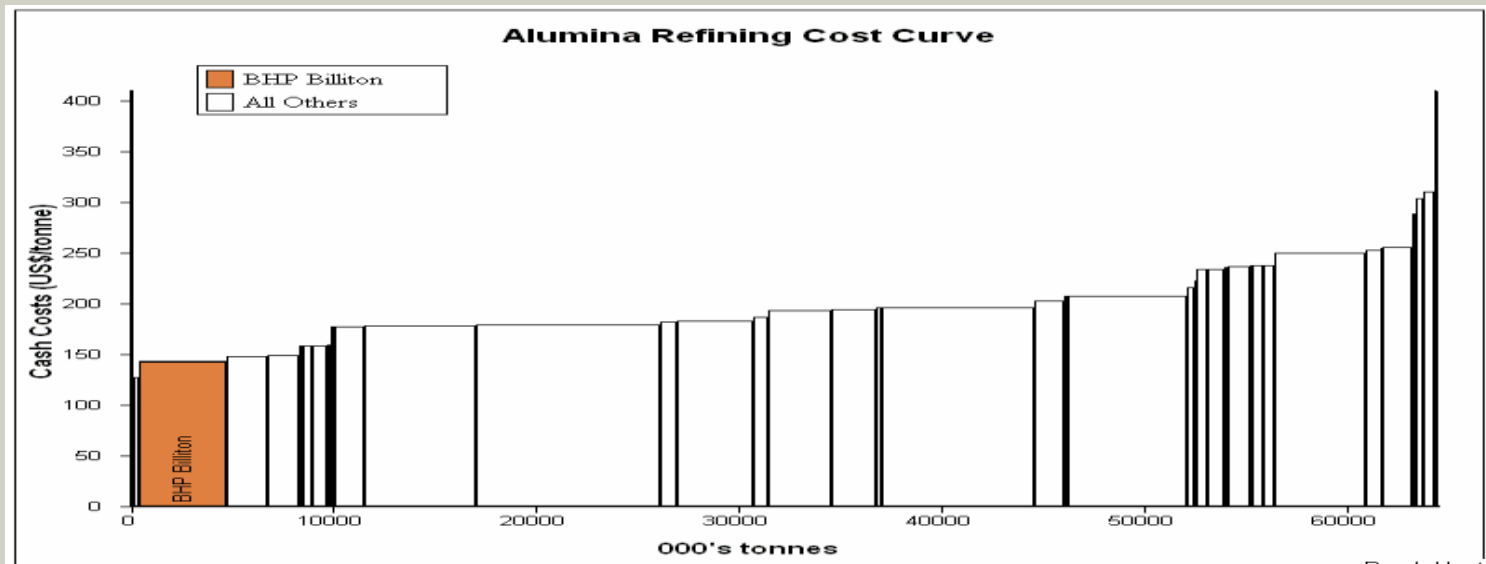
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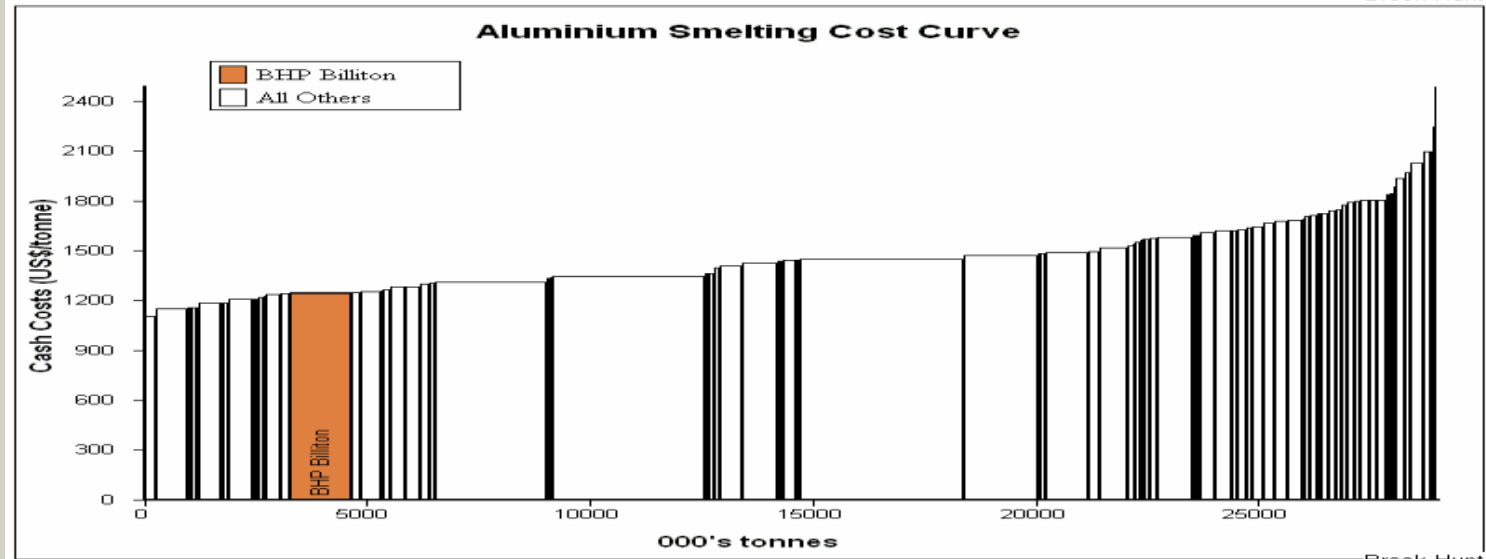
Key Messages

- “Upstream and low-cost” strategy maintained
- Strong demand fundamentals; supply-side issues
- Disciplined investment in growth

2005 Alumina and Aluminium Cash Cost Curves



—Brook Hunt



—Brook Hunt

The China-Driven Demand Opportunity

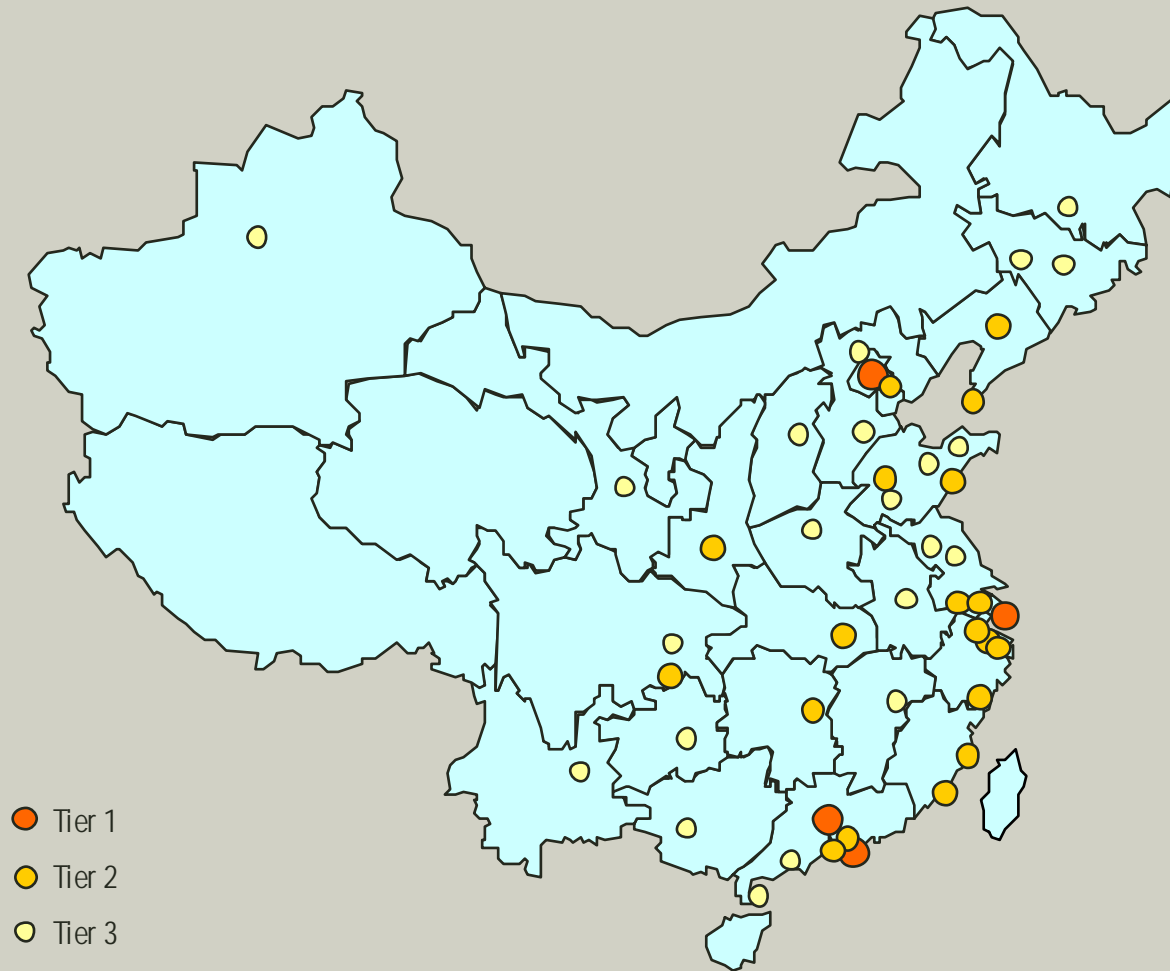


Global primary aluminium consumption



Today 45 Tier 1-3 cities provide China's growth impetus...

China's tiered city structure* – 2003



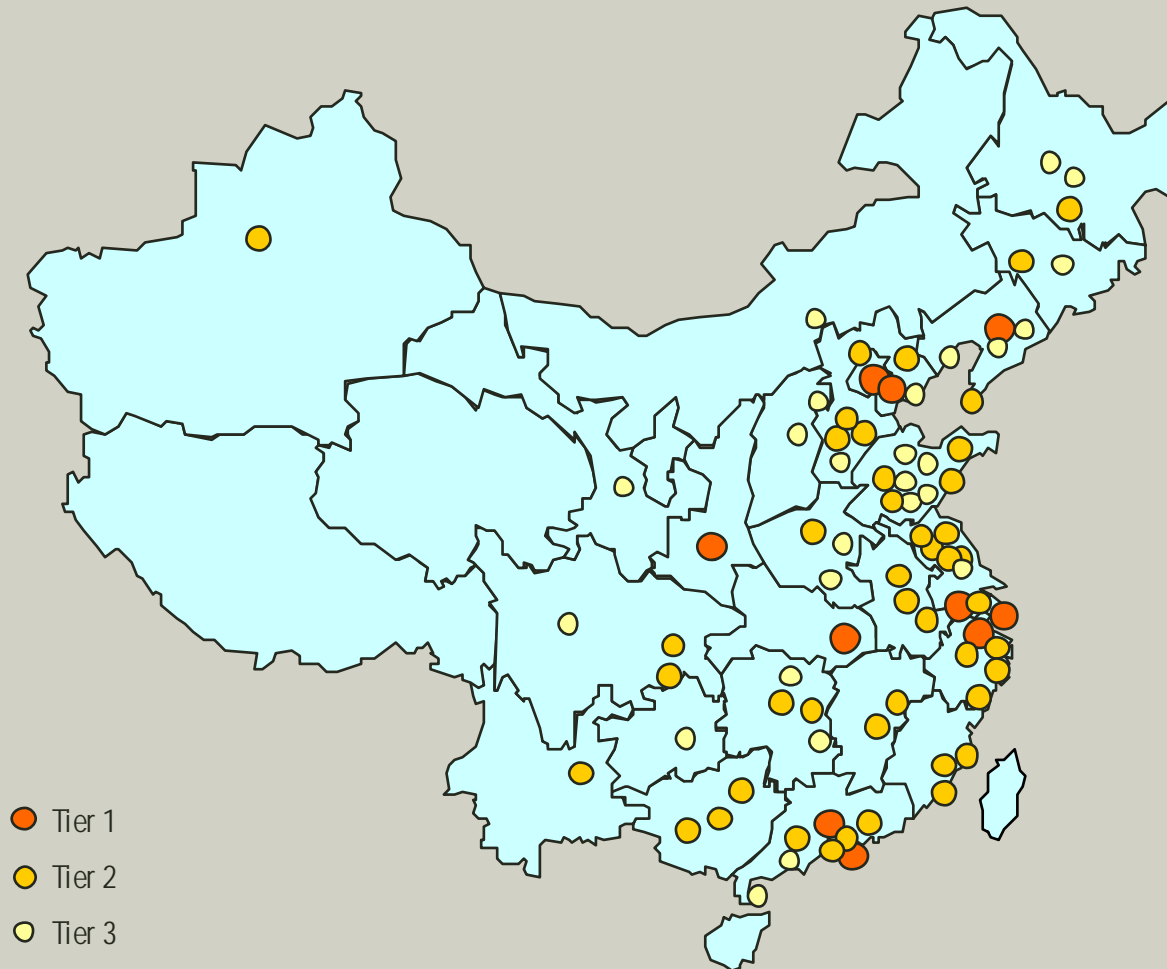
Today, China has 45 tier 1-3 cities, mainly in coastal provinces

* Tier 1 city defined as registered population >4.5 m and GDP/capita >US\$3,000, Tier 2 city defined as either registered population >4.5 m or GDP/capita >US\$3,000, Tier 3 city defined as registered population 1.5-4.5 m and GDP/capita US\$1,500-US\$3,000

Source: WEFA-WMM; China macro model; McKinsey analysis

... by 2010 ... 86 tier 1-3 cities ...

China's tiered city structure* – 2010



Today, China has 45 tier 1-3 cities, mainly in coastal provinces

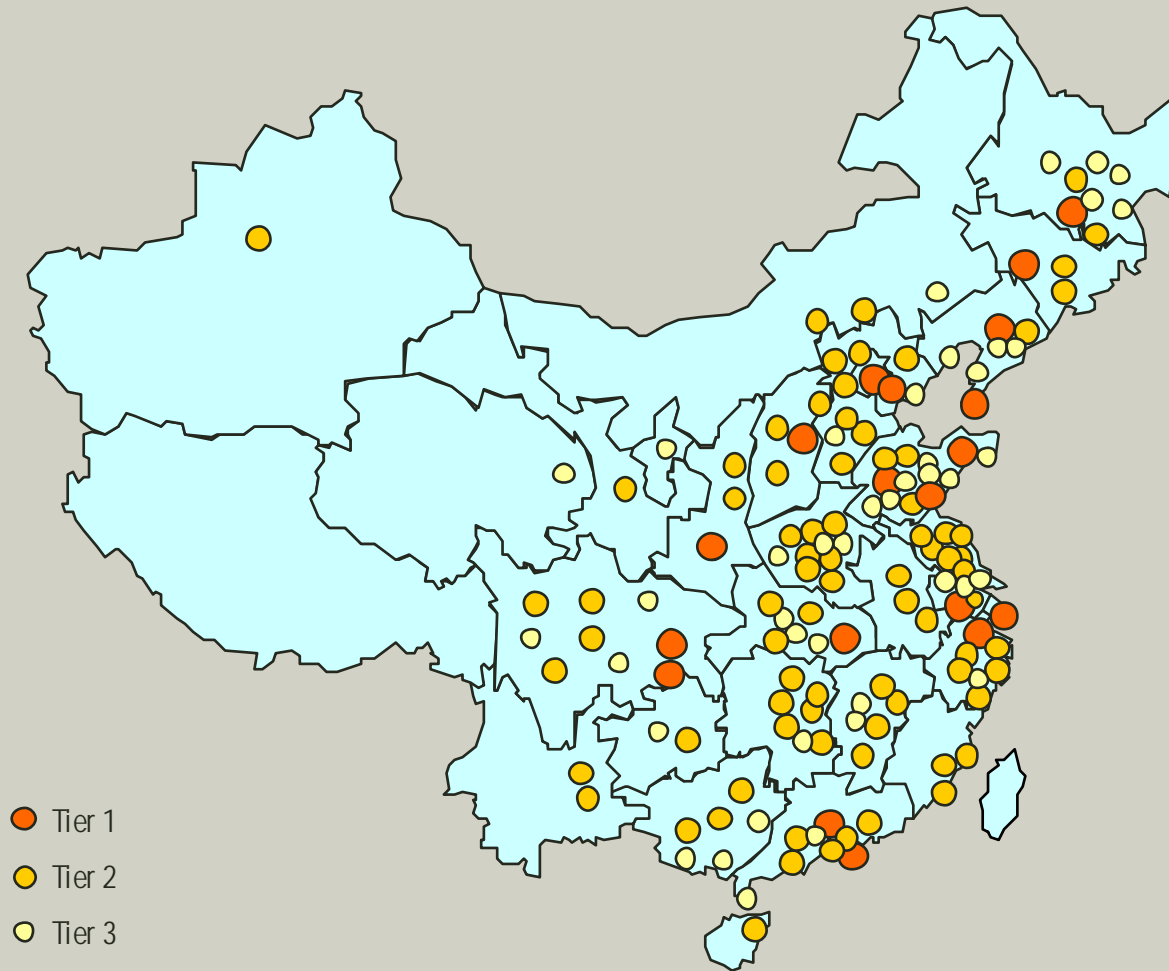
By 2010, Tier 1-3 cities will have grown to 86 in number, still largely driven by coastal provinces

* Tier 1 city defined as registered population >4.7 m and GDP/capita >US\$3,800, tier 2 city defined as either registered population >4.7 m or GDP/capita >US\$3,800, tier 3 city defined as registered population 1.6-4.7 m and GDP/capita US\$1,900-US\$3,800

Source: WEFA-WMM; China macro model; McKinsey analysis

... and by 2025 ... 147 tier 1-3 cities

China's tiered city structure* – 2025



Today, China has 45 tier 1-3 cities, mainly in coastal provinces

By 2010, Tier 1-3 cities will have grown to 86 in number, still largely driven by coastal provinces

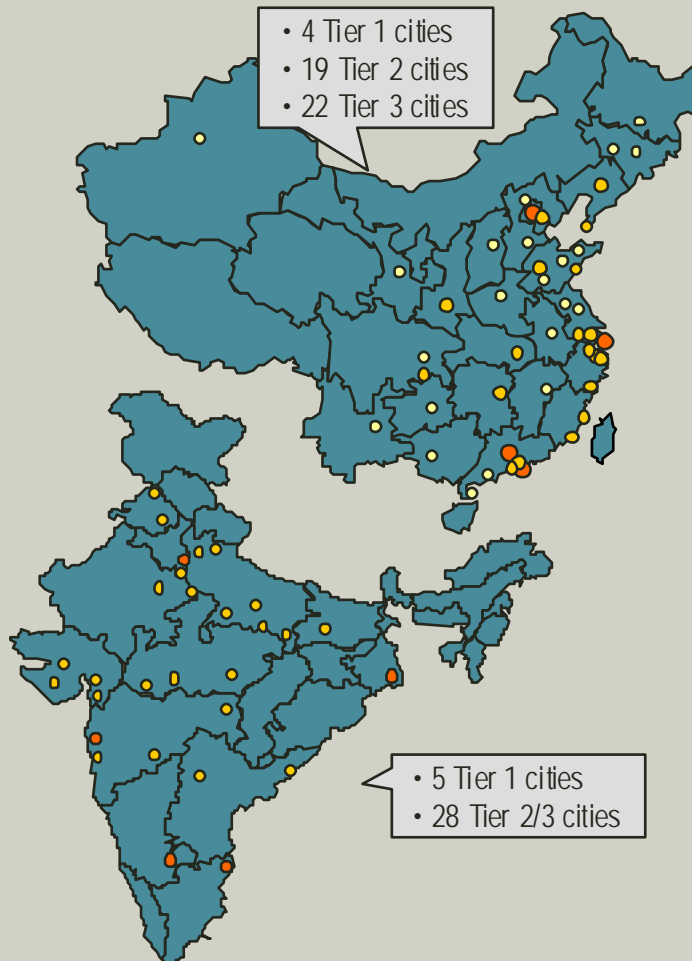
By 2025, there will be 147 Tier 1-3 cities as urbanization in interior provinces occurs

* Tier 1 city defined as registered population >5.1 m and GDP/capita >US\$5,900, tier 2 city defined as either registered population >5.1 m or GDP/capita >US\$5,900, tier 3 city defined as registered population 1.7-5.1 m and GDP/capita US\$3,000-US\$5,900

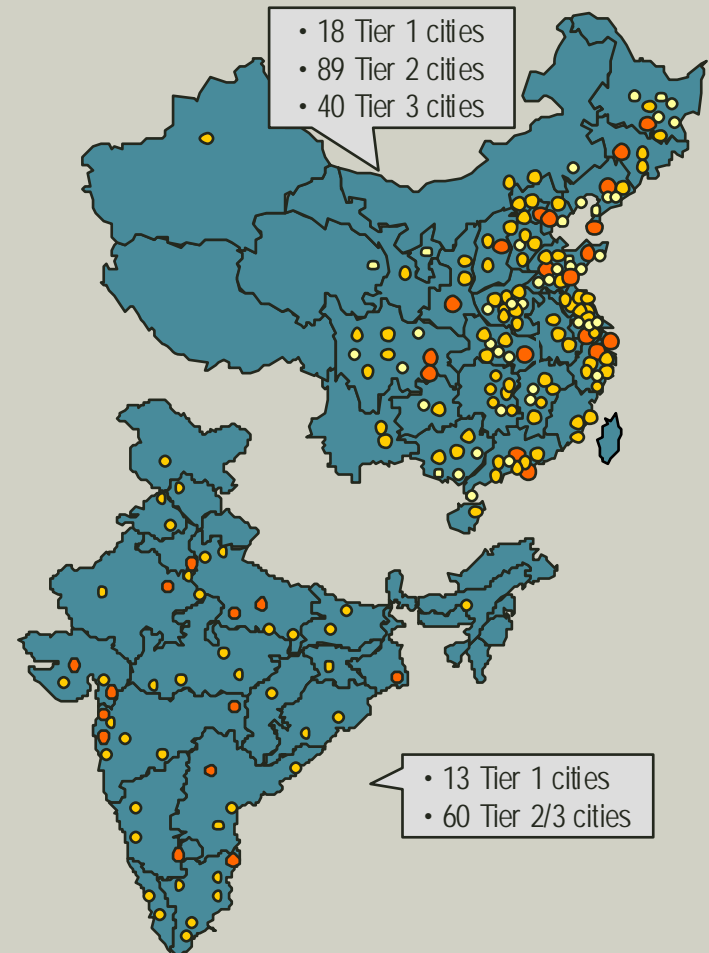
Source: WEFA-WMM; China macro model; McKinsey analysis

Urbanisation – A Common Theme

Tier 1-3 cities in CHINA and INDIA – 2003



Tier 1-3 cities in CHINA and INDIA – 2025

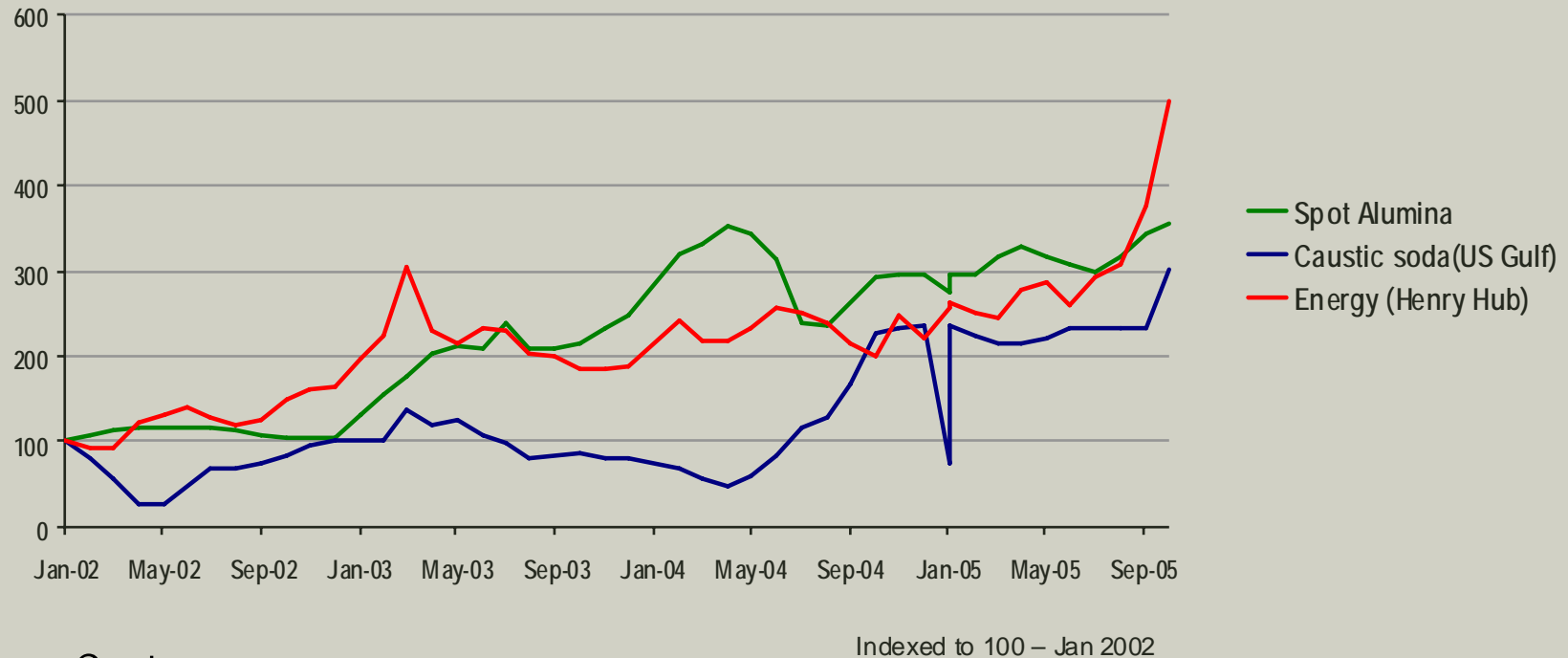


● Tier 1
● Tier 2
● Tier 3

* Tier 1 city defined as registered population >5.1 m and GDP/capita >US\$5,900, tier 2 city defined as either registered population >5.1 m or GDP/capita >US\$5,900, tier 3 city defined as registered population 1.7-5.1 m and GDP/capita US\$3,000-US\$5,900

Source: WEFA-WMM; China macro model, McKinsey analysis

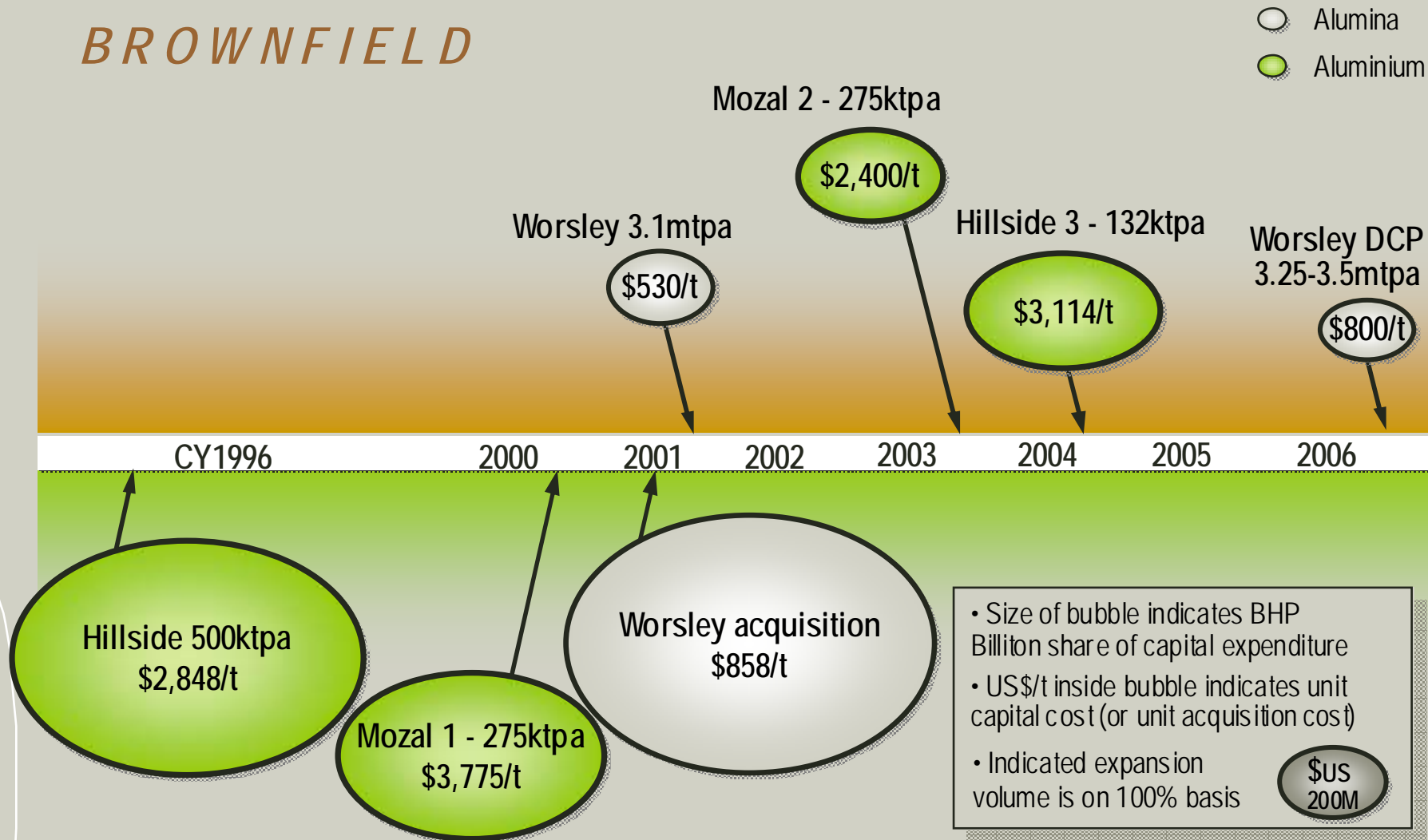
Aluminium Industry – Supply-side challenges



- Cost pressures
- European and US smelter closures
- Chinese capacity
- Project delays
- Challenging geographies

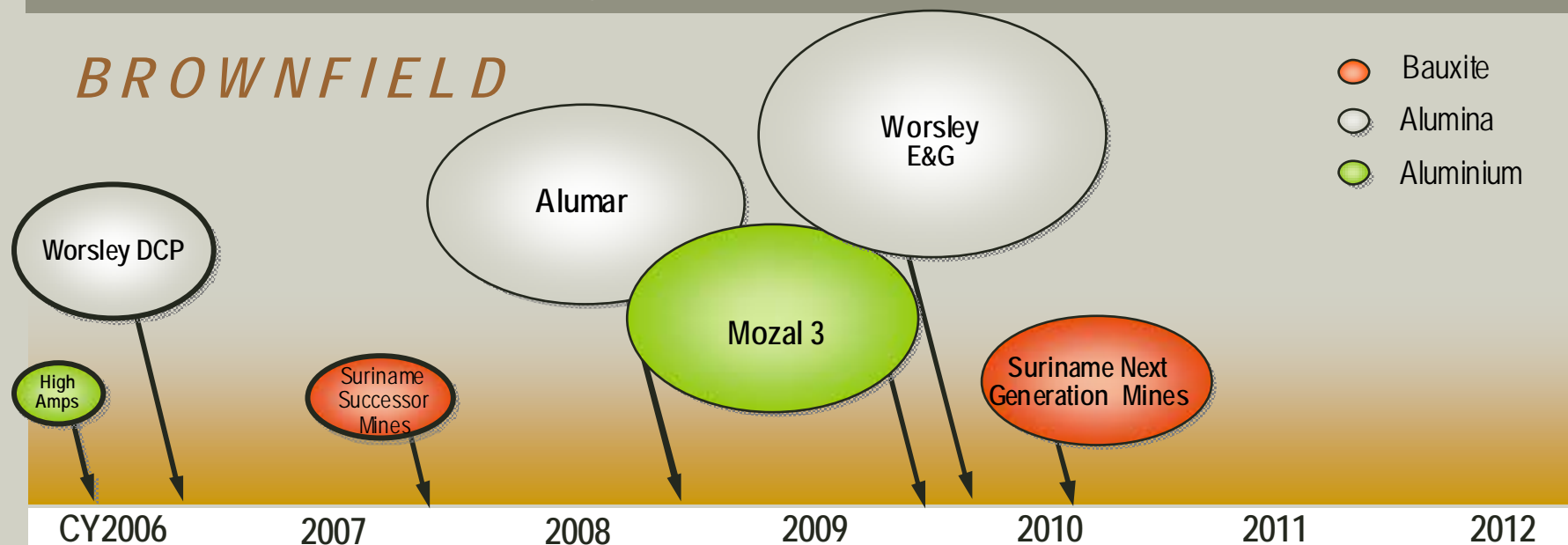
Investing in Tier 1 Assets for Value

BROWNFIELD



Aluminium Growth Projects

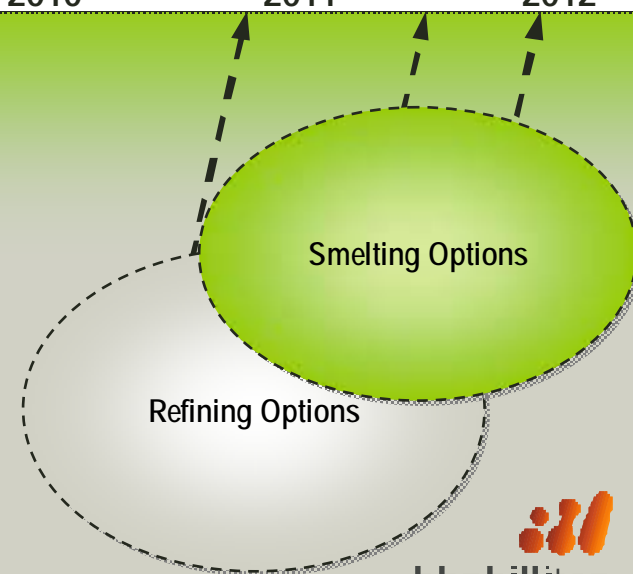
BROWNFIELD



Size of bubble indicates capital expenditure; bold border signifies sanctioned project

\$US
100M

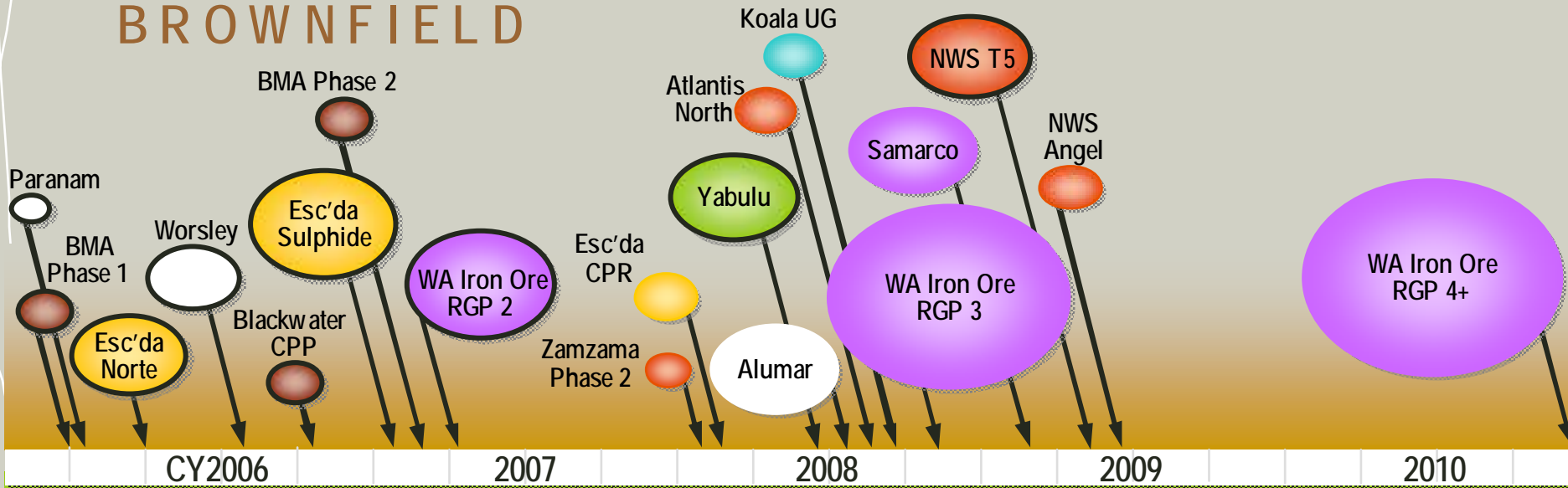
GREENFIELD



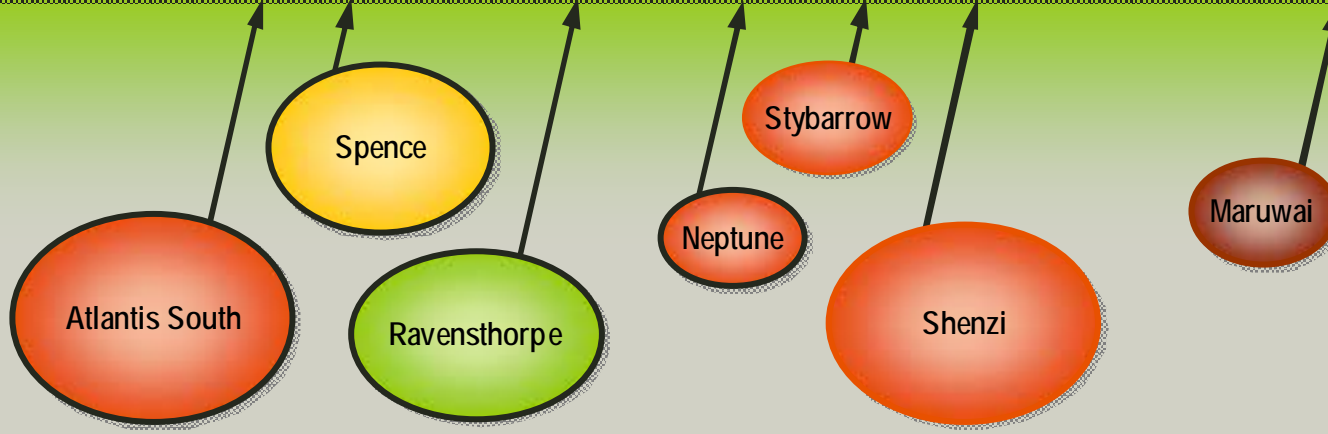
bhpbilliton

Deep Inventory of Growth Projects

BROWNFIELD



GREENFIELD



- Alumina
- Base Metals
- Iron Ore
- Met. Coal
- Diamonds
- Nickel
- Petroleum

As at 24 August 2005

Size of bubble indicates proposed capital expenditure;
bold outer border signifies sanctioned project

\$US
200M

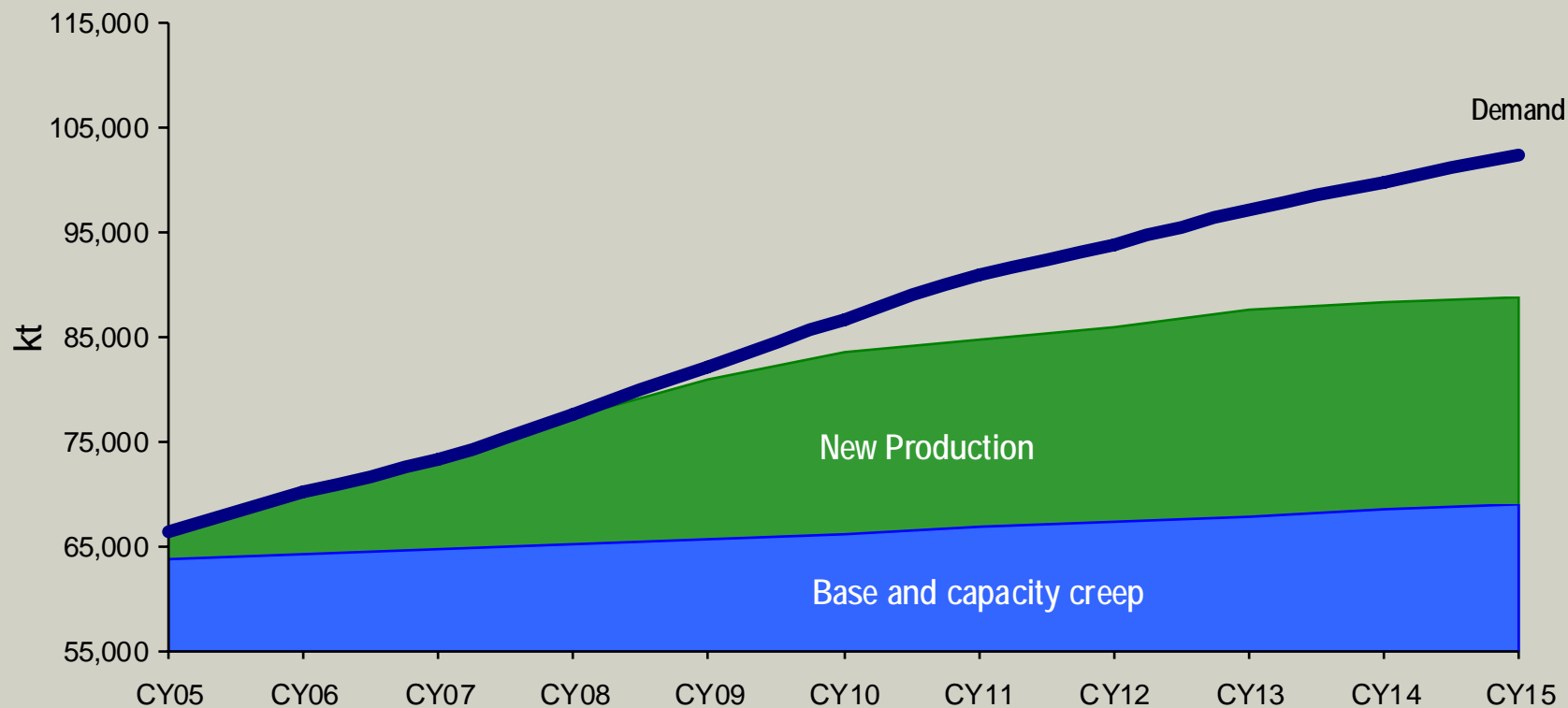
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Finance	V Nicoletti	CFO Aluminium
Summary	Alex Vanselow	President Aluminium

Key Messages

- Demand and Supply fundamentals are attractive
- Alumina market to remain tight for 2006
- Falling Chinese Aluminium exports support Asian premiums
- Third party product activity is delivering benefits

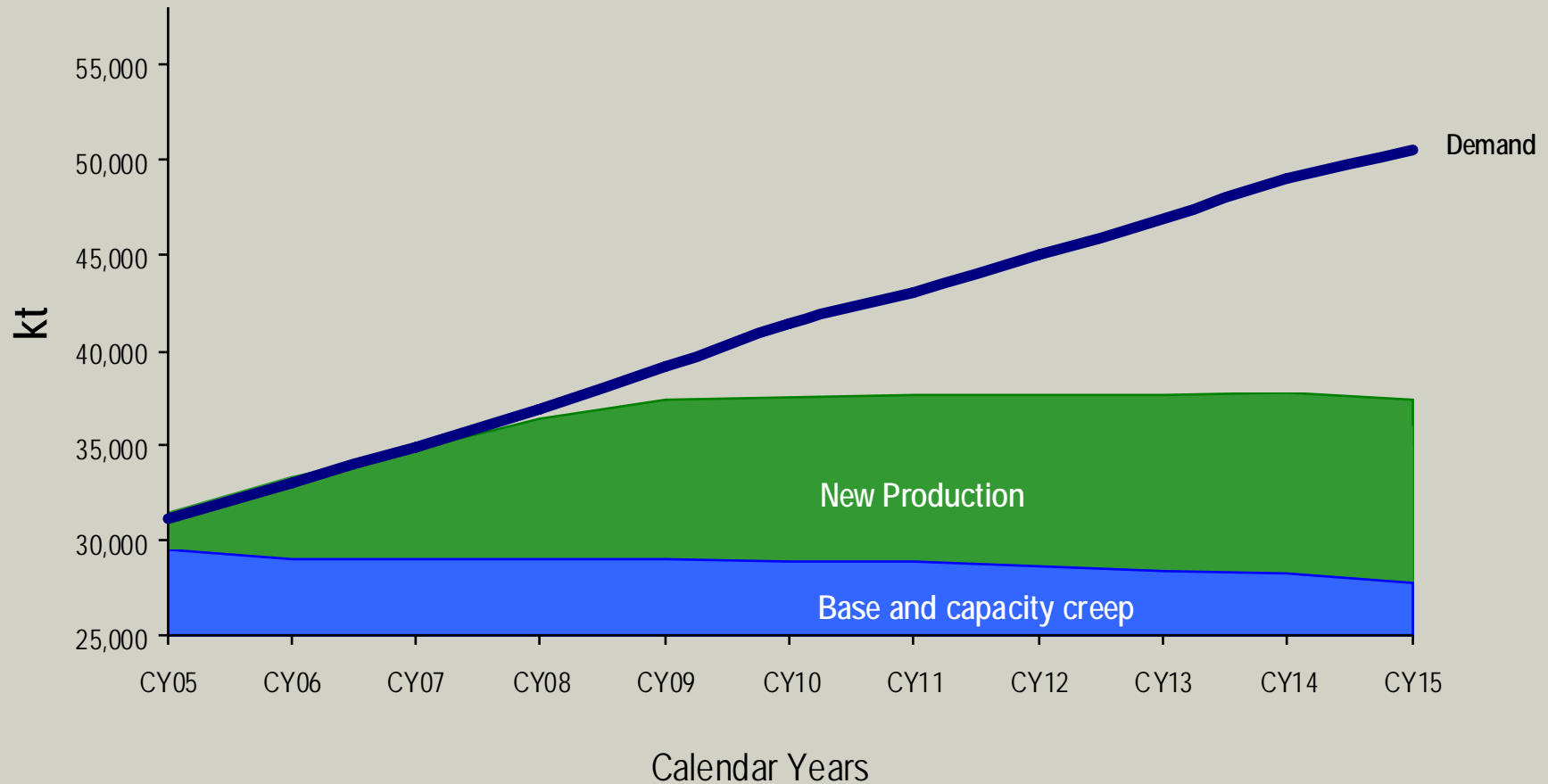
Alumina Demand and Supply Outlook



Alumina - Market Update

- What we see “on the ground”
 - Strong Chinese demand continues and alumina stocks decline
 - Spot Prices being supported by supply constraints
 - Favourable market for sellers
- Alumina Price
 - Benchmark Australian spot prices > \$550/tonne FOB.
 - Prolonged tightness will influence contract negotiations

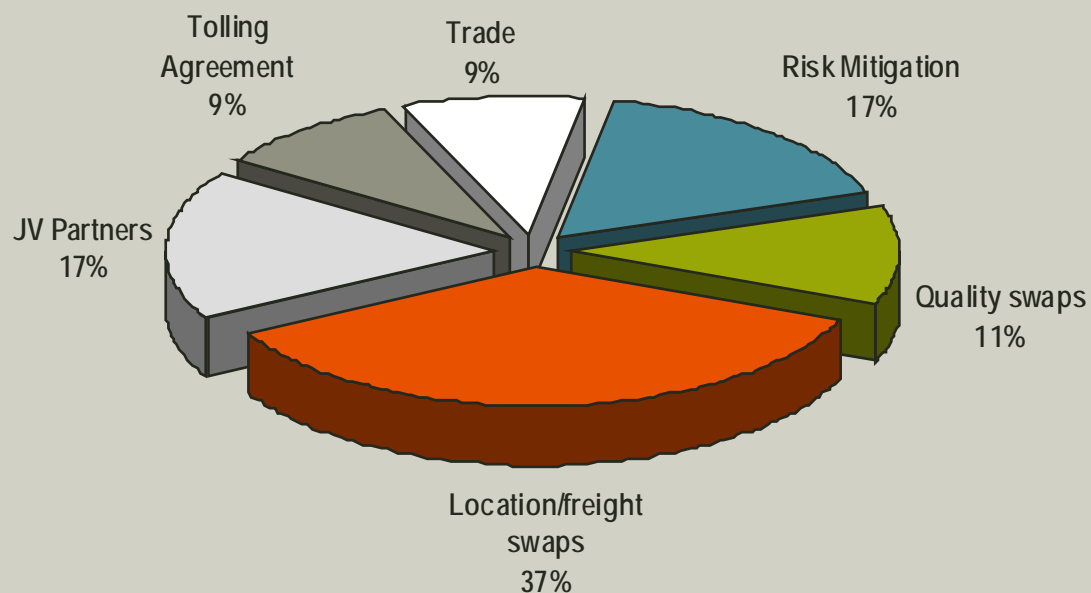
Aluminium Demand and Supply Outlook



Aluminium - Market Update

- What we see “on the ground”
 - Lower level of LME stocks
 - Slowing primary metal exports from China
 - The need for restocking apparent in some markets – Europe.
 - Potential smelting closures in Europe and the US
- Aluminium Price
 - Chinese aluminium consumption continues to show double digit growth rates

Third Party Products – \$2,057m Revenue in FY05



Benefits

- Margin optimization
- Operational risk mitigation
- Market intelligence
- Customer service
- \$21m EBIT in FY05

- Low risk: All within trading mandates; no large speculative positions

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Key Messages

- Consecutive production records
- Benchmark AP30 performance
- Delivery of growth projects

Worsley



- Consecutive records in production
 - 3.271mt (100% basis, FY05)
- Business Improvement
 - Advanced Process Management
 - Applied technology
 - Bunbury Port
 - OPEX focus
- Delivering growth
 - DCP expansion to 3.5mtpa in development phase
 - E&G expansion to 4.3mtpa in feasibility phase

South America



- Consecutive records in production
 - MRN 16,409mt (100% basis, FY05)
- Alumar refinery
 - Expansion to 3.5m tpa (100% basis)
- Suriname
 - Optimize performance
 - Successor mines
 - Next Generation mines
- Portfolio management
 - Valesul

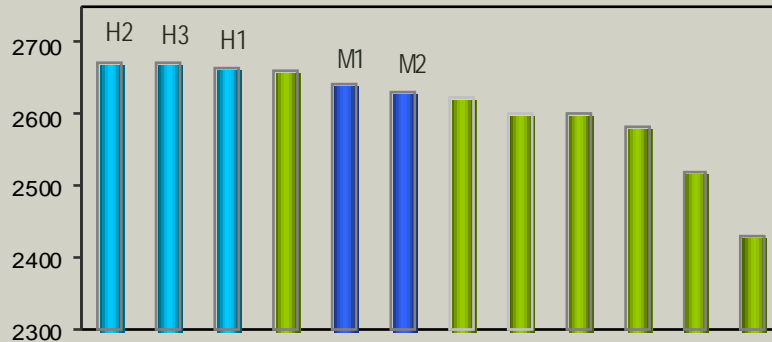
Southern Africa



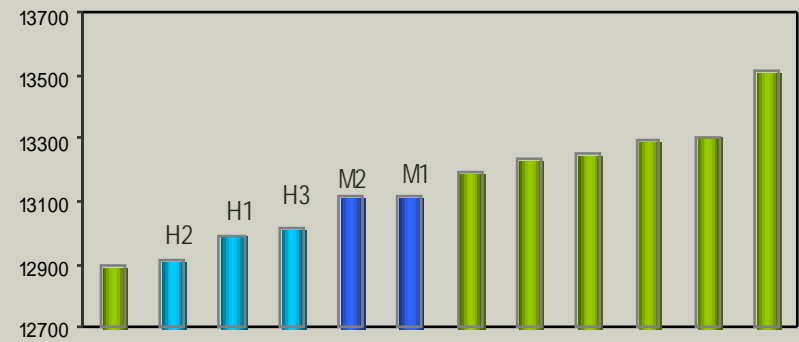
- Consecutive records in production
 - Hillside 685kt (FY05)
 - Mozal 551kt (100% basis, FY05)
- Benchmark AP30 performance
- Business improvement
 - All employees
- Bayside Potline A
 - Fully operational
- Capacity creep

BHP Billiton Smelters – Benchmark Performance

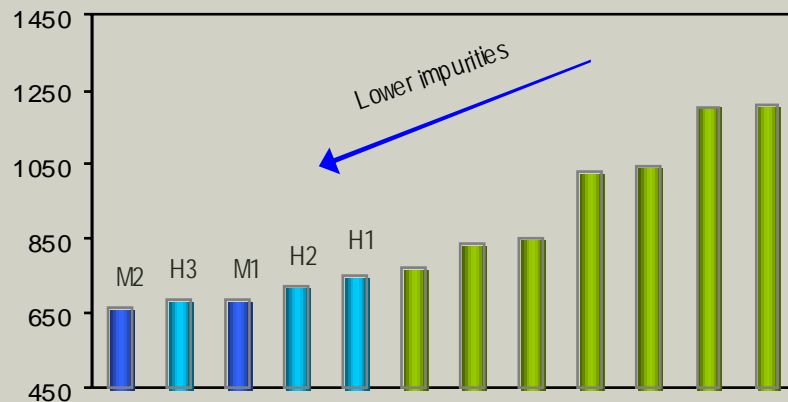
PRODUCTION : Prod / pot/ day (kg)



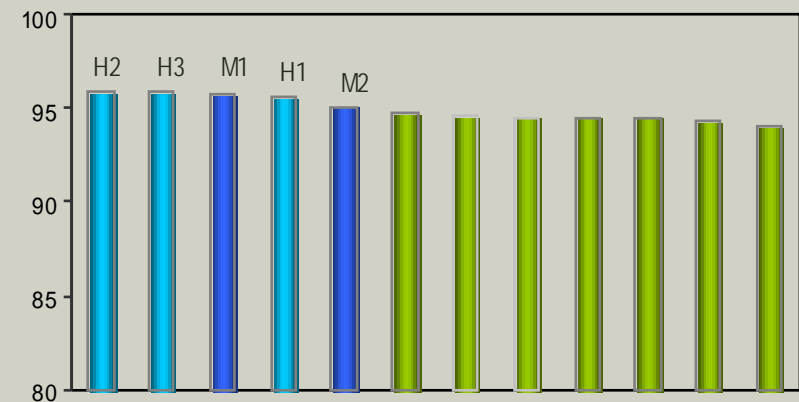
COST : Energy Consumption (KWhr/ton)



QUALITY : Iron Content (ppm Fe)



COST : Current Efficiency (CE%)



Data presented as 6 month averages, from Mar 2005 – Aug 2005

Hillside Mozal

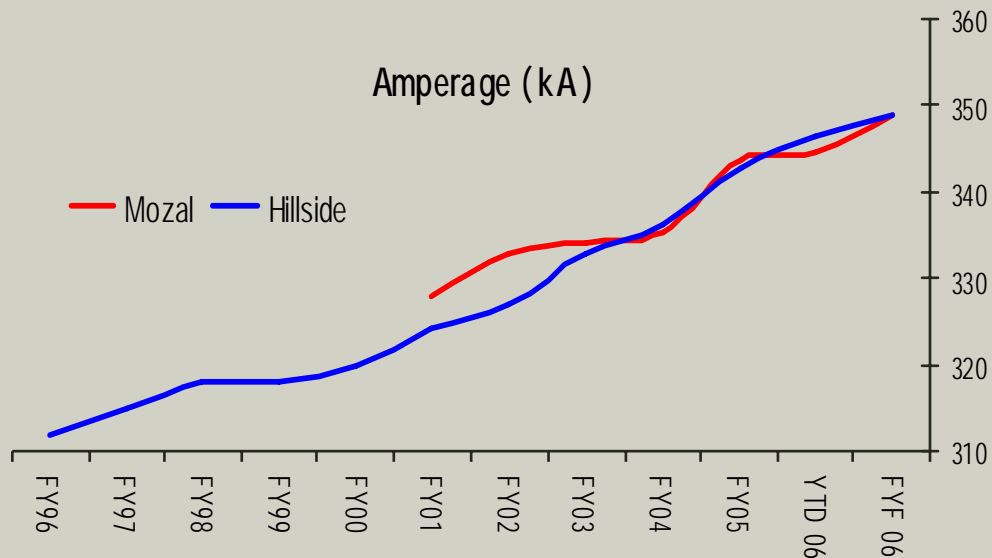
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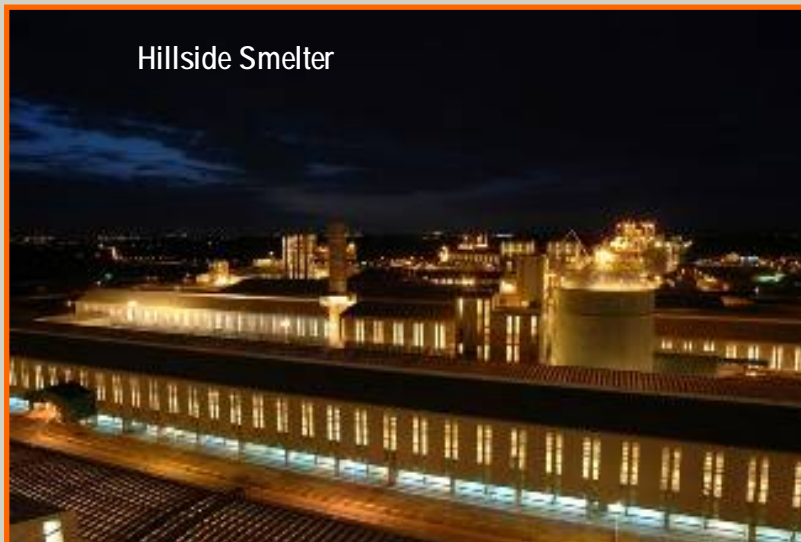
Key Messages

- Using technology to create sustainable value
- Technical programs focused on key business drivers
- Business improvement creating culture of excellence

Technical Excellence in Aluminium



- High Amperage
 - Increases metal production
 - Improves capital efficiency
- Raw materials
 - Ensure long term competitiveness
- Environmental performance
 - Consistent improvement
- Technology
 - Continuous availability and improvement



Technical Excellence in Alumina

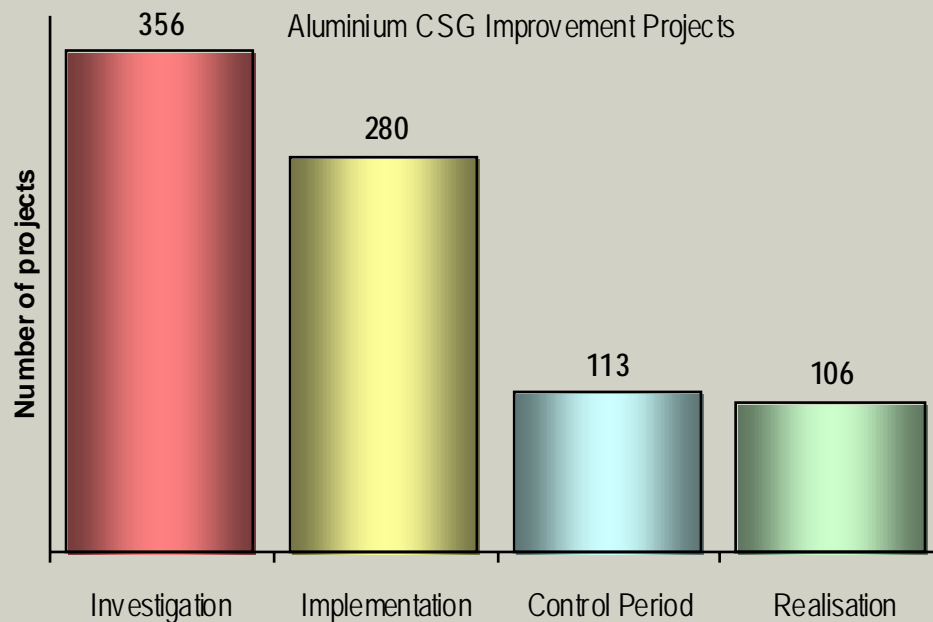


- Bauxite transport
 - Competitive transportation
 - Increase resource options
- Bauxite upgrading
 - Improve potential resource value
 - Reduce processing costs
- In-plant applications
 - Increase efficiency
 - Improve quality
 - Support projects

Business Improvement



- Measurable benefits
- All employees contributing
- Business Excellence programme
- Technology teams



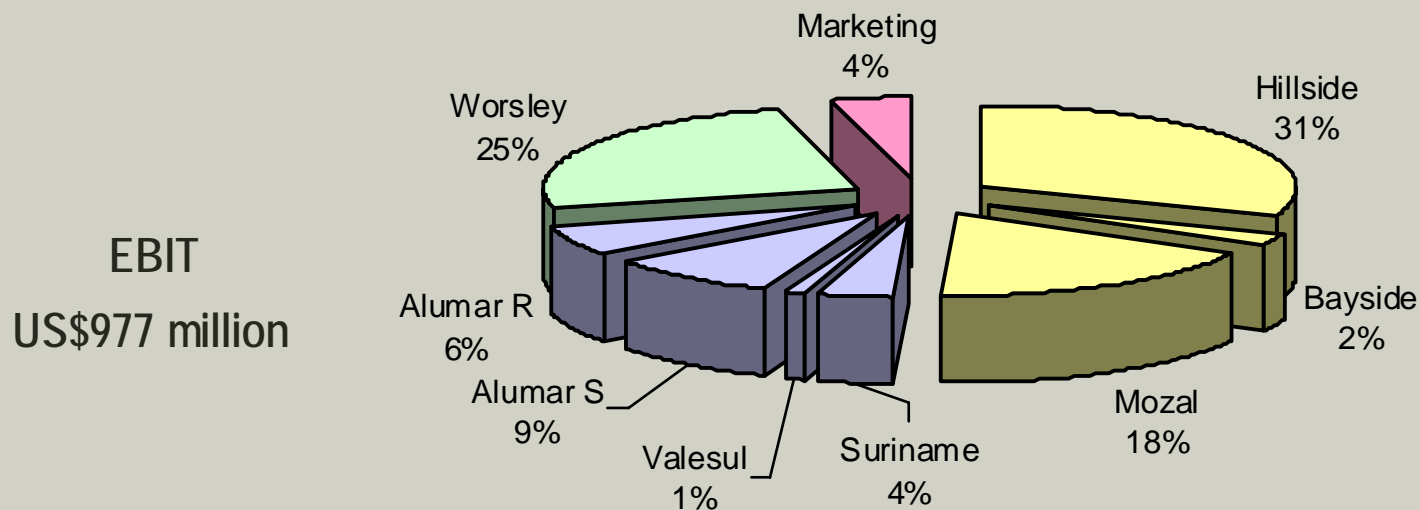
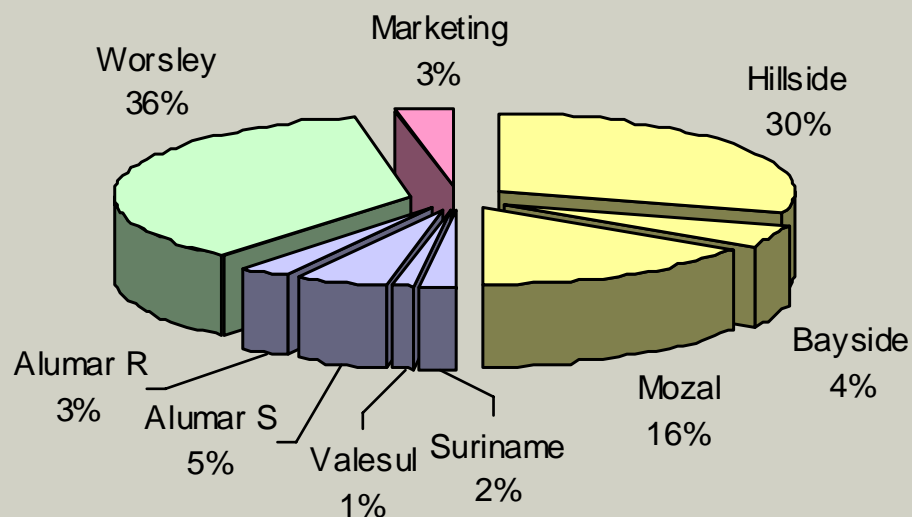
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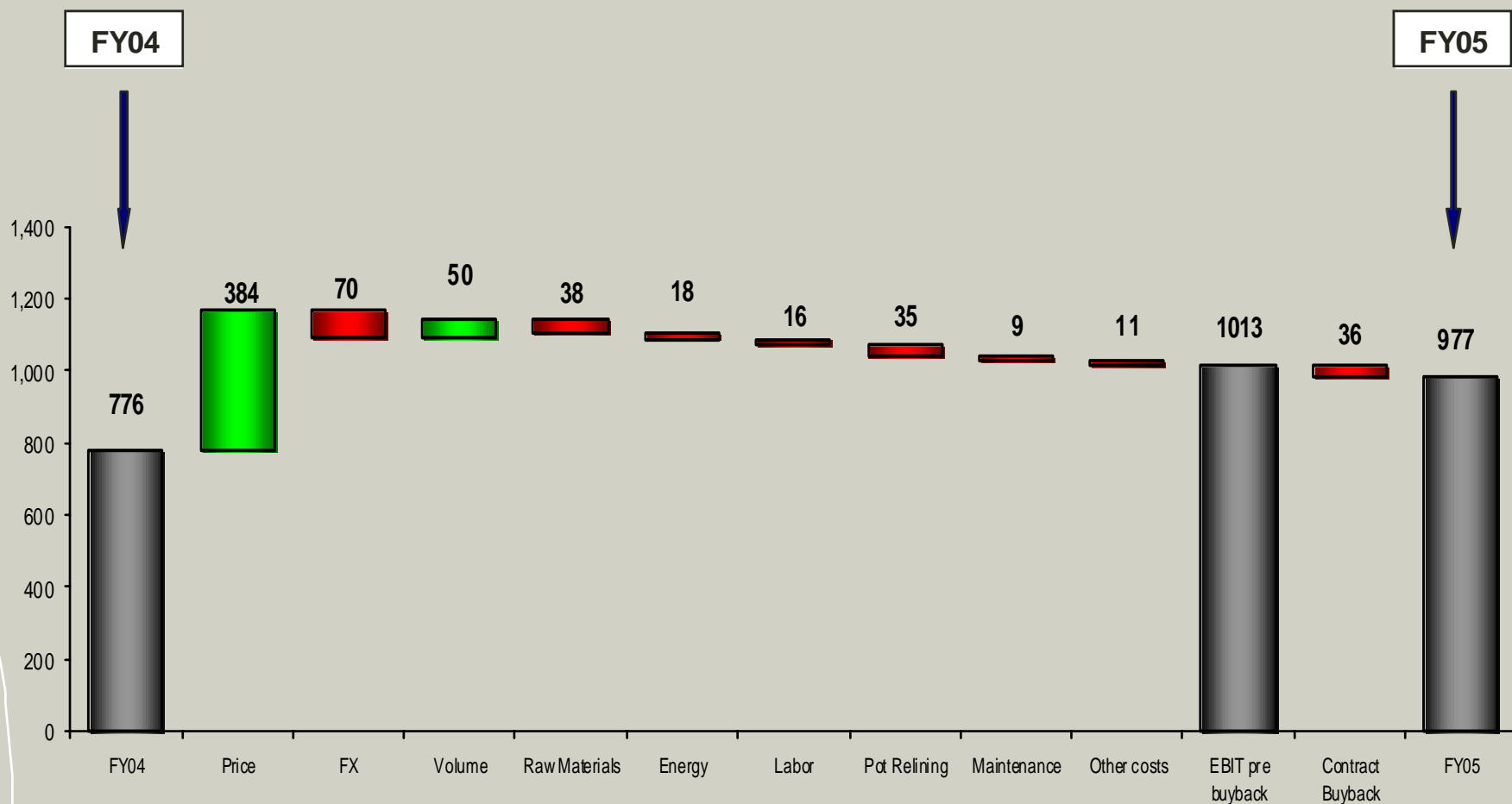
Key Messages

- Financial discipline in operations and growth
- Margins maintained in challenging environment
- Maintaining growth and improving ROC trajectory

Net Operating Assets and EBIT at 30 June 2005

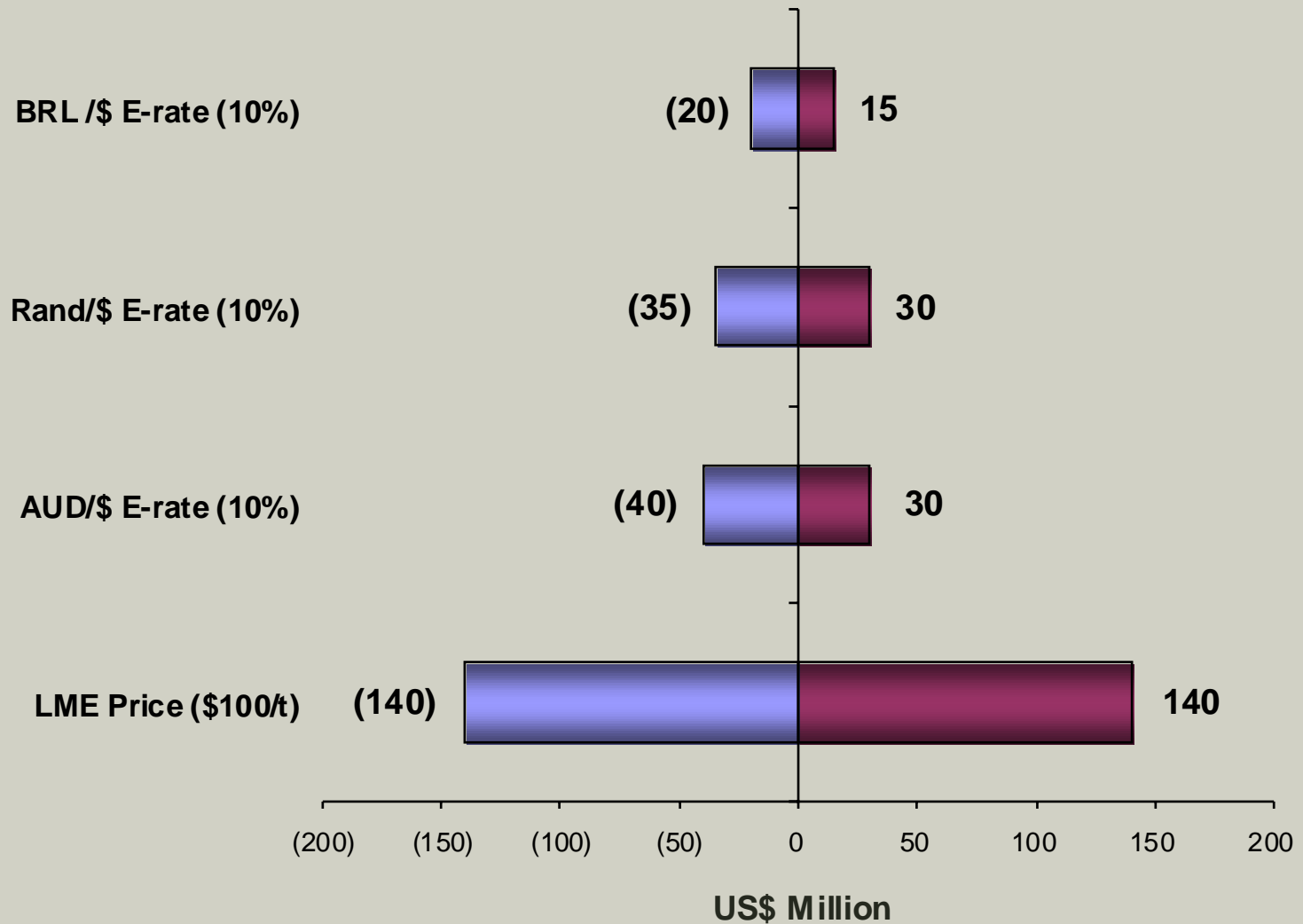


EBIT Variance Analysis (US\$M)

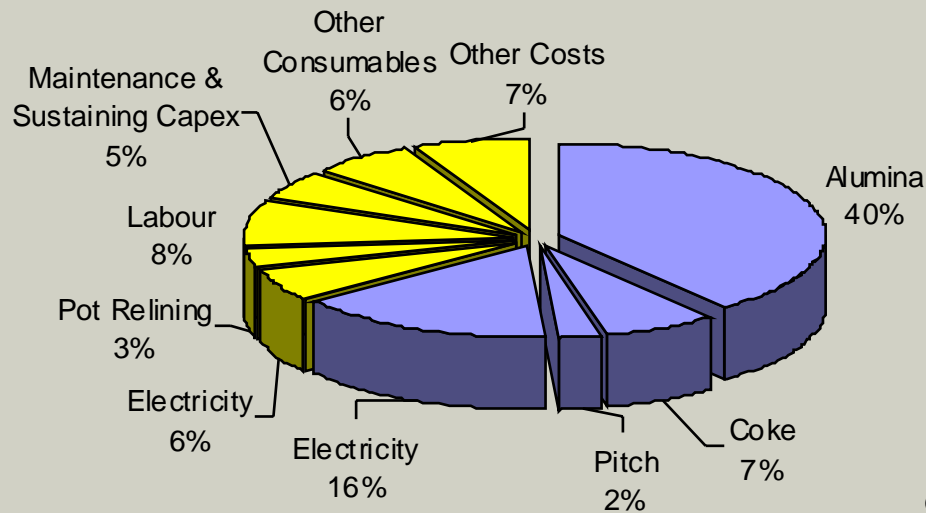


Price increase net of LME linked costs

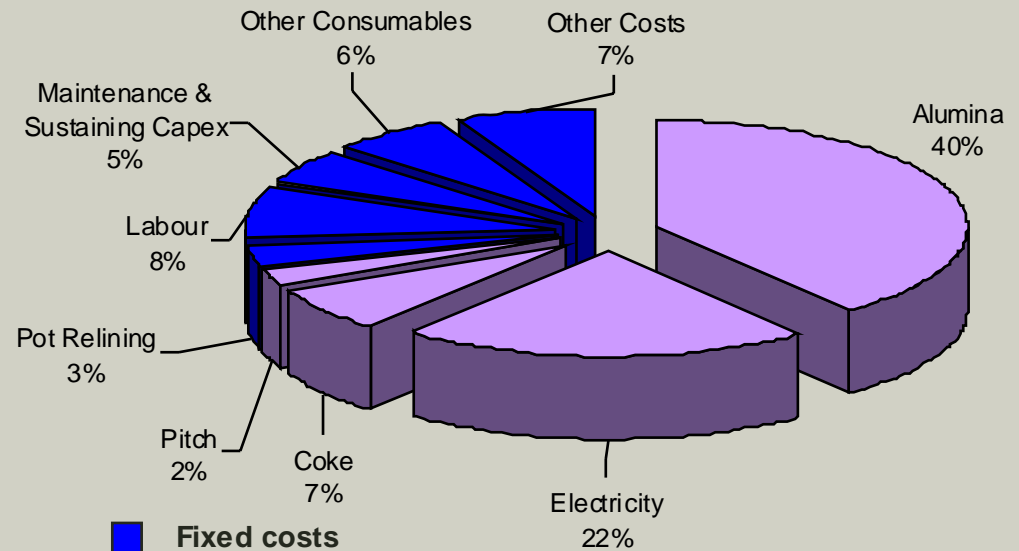
FY06 EBIT Sensitivities



FY05 Metal Cash Costs

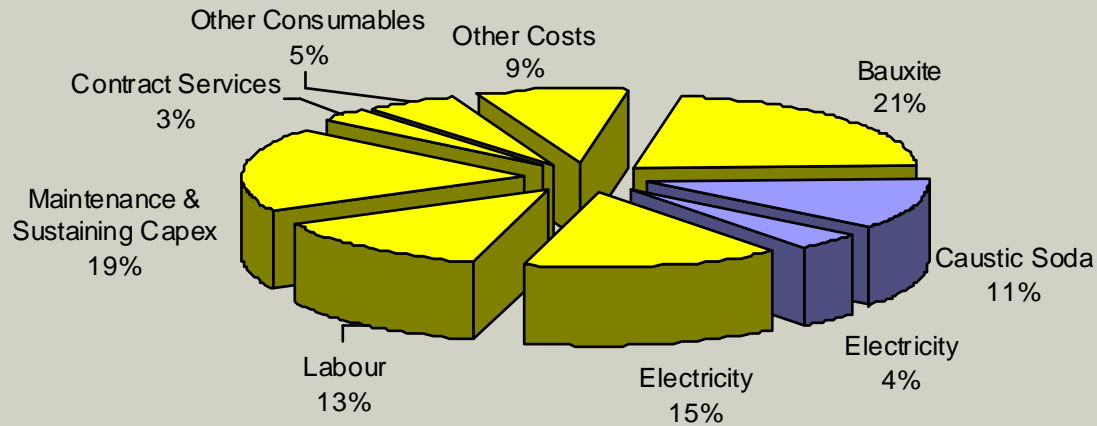


■ **US\$ based costs**
■ **Local currency based costs**



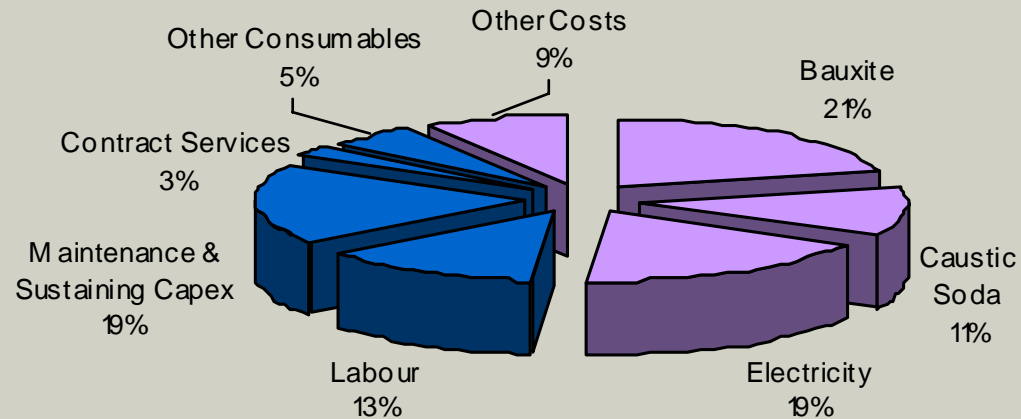
■ **Fixed costs**
■ **Variable costs**

FY05 Alumina Cash Costs



■ US\$ based costs

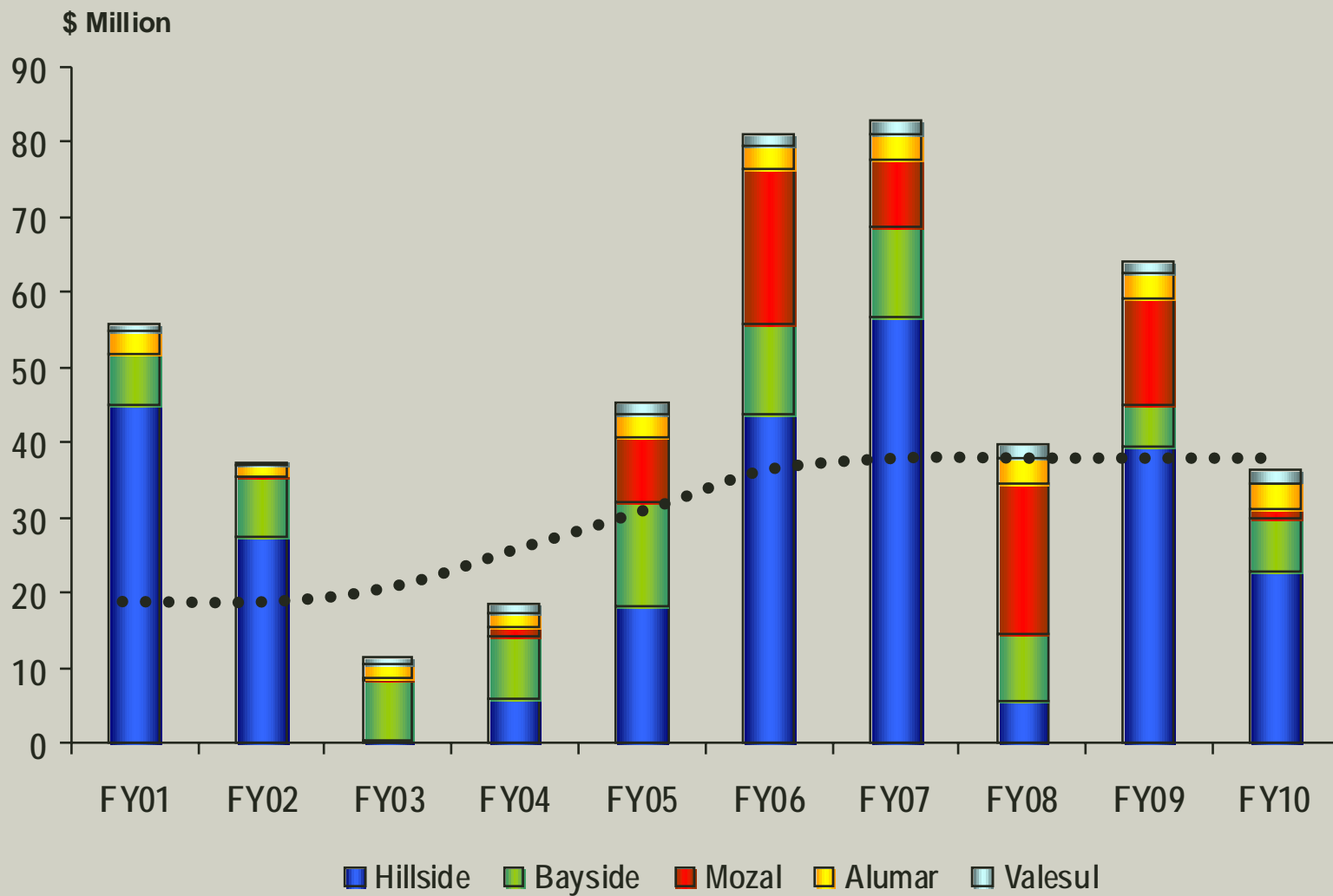
■ Local currency based costs



■ Fixed costs

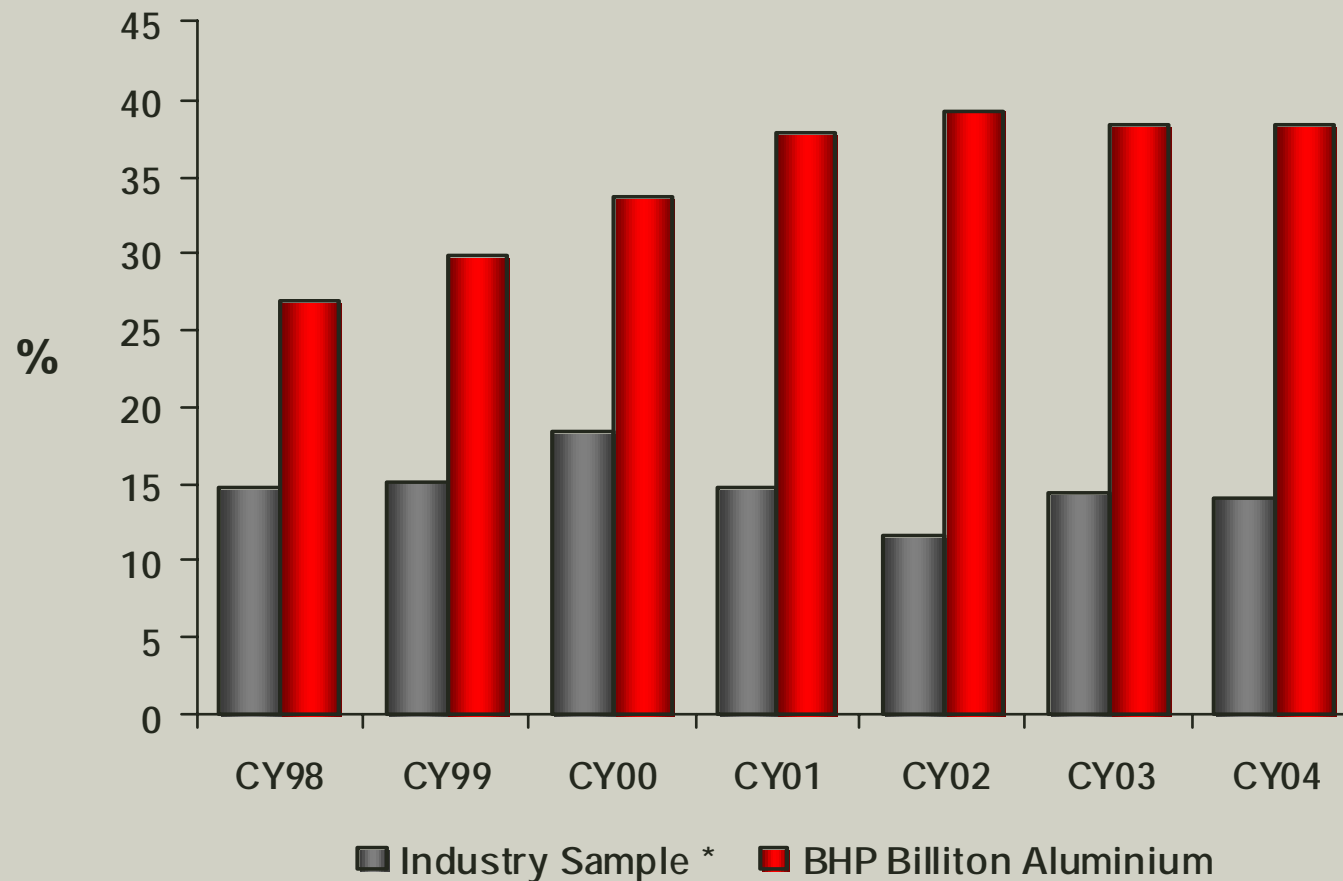
■ Variable costs

Pot Relining



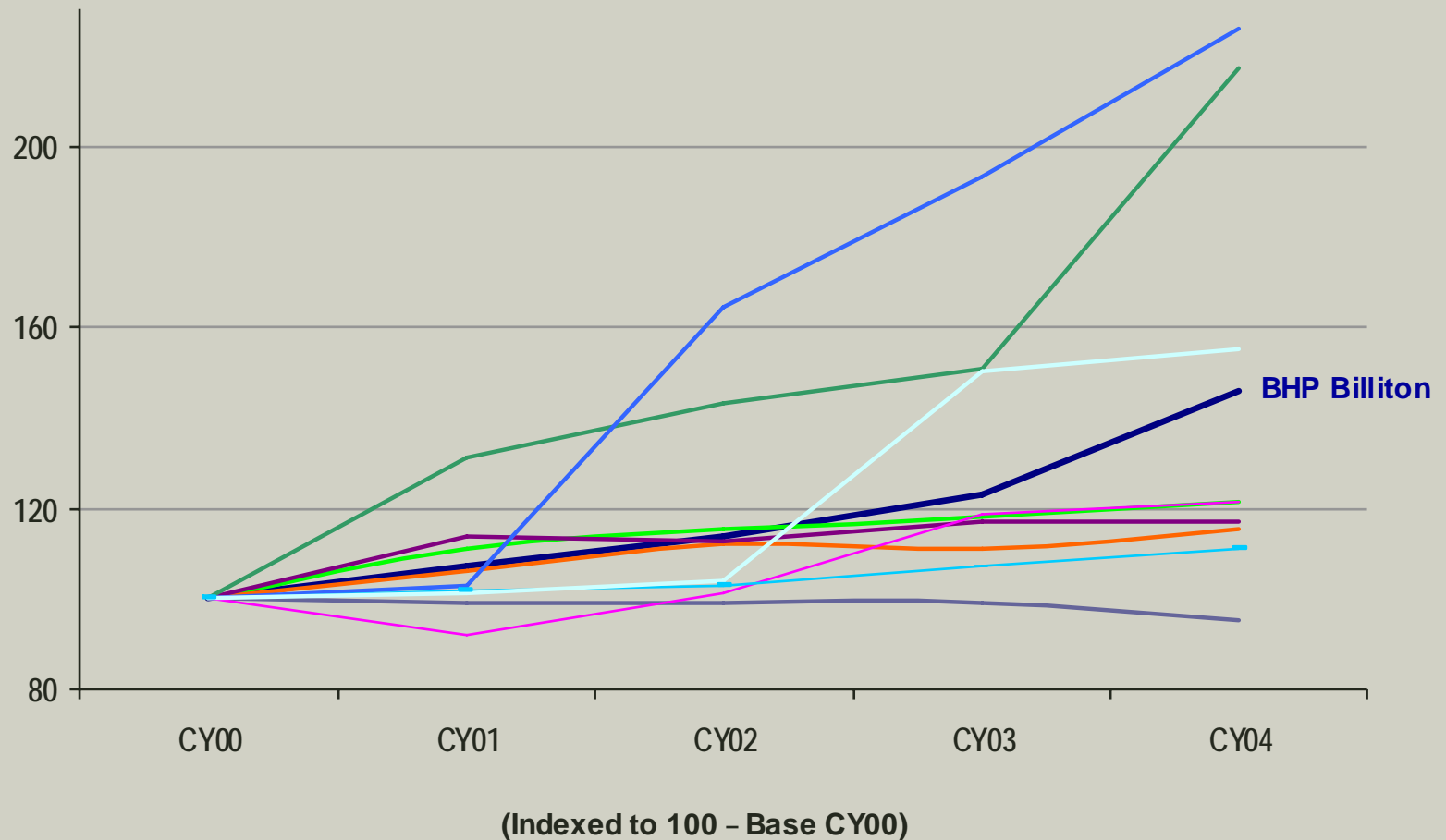
..... Average annual cost

EBITDA Margins



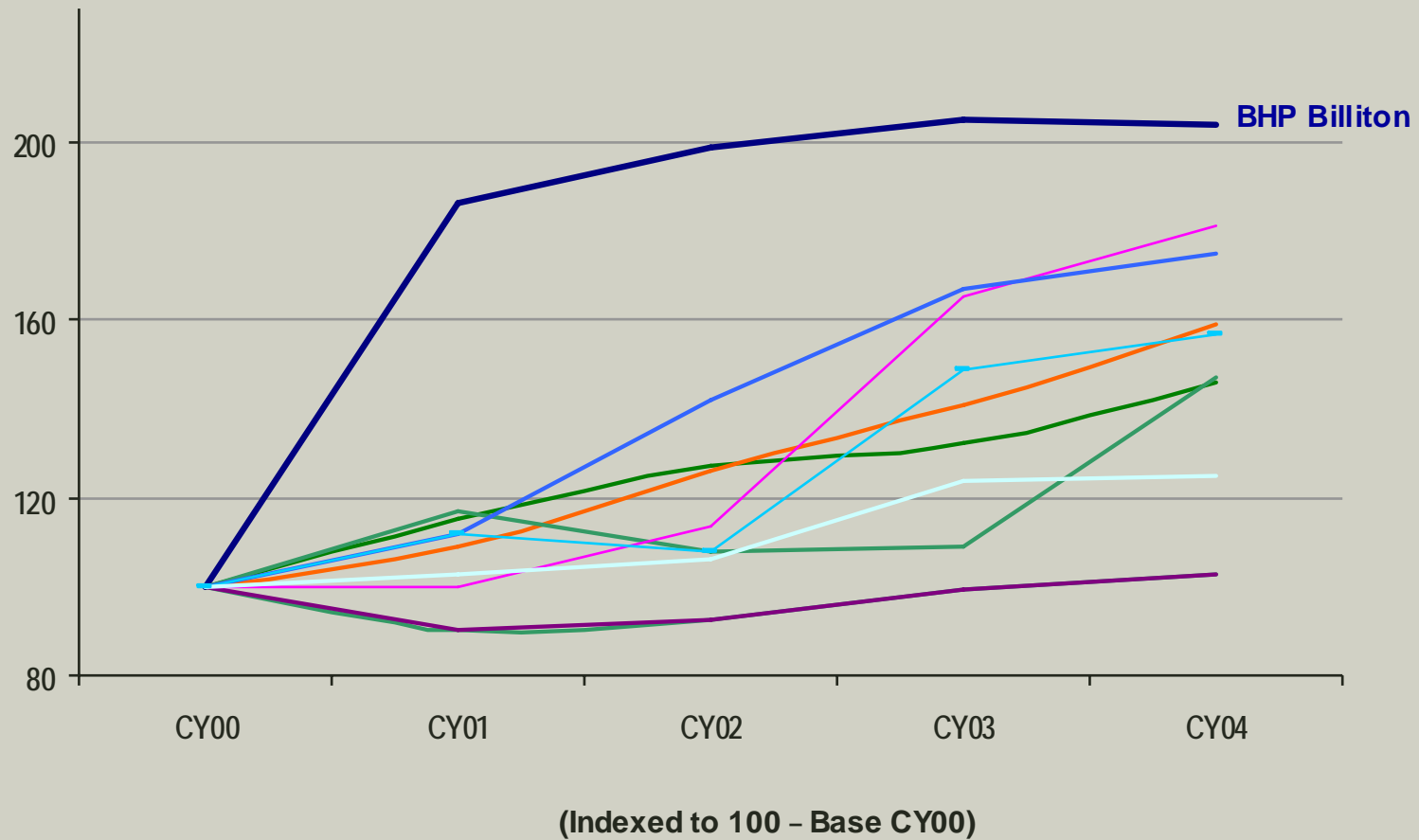
* Industry sample comprises Alcoa, Alcan, Norsk Hydro Aluminium, Rio Tinto Aluminium, Chalco, Century, Pechiney (to 2002), Kaiser (to 2002) and Reynolds (to 2000)

Aluminium Production



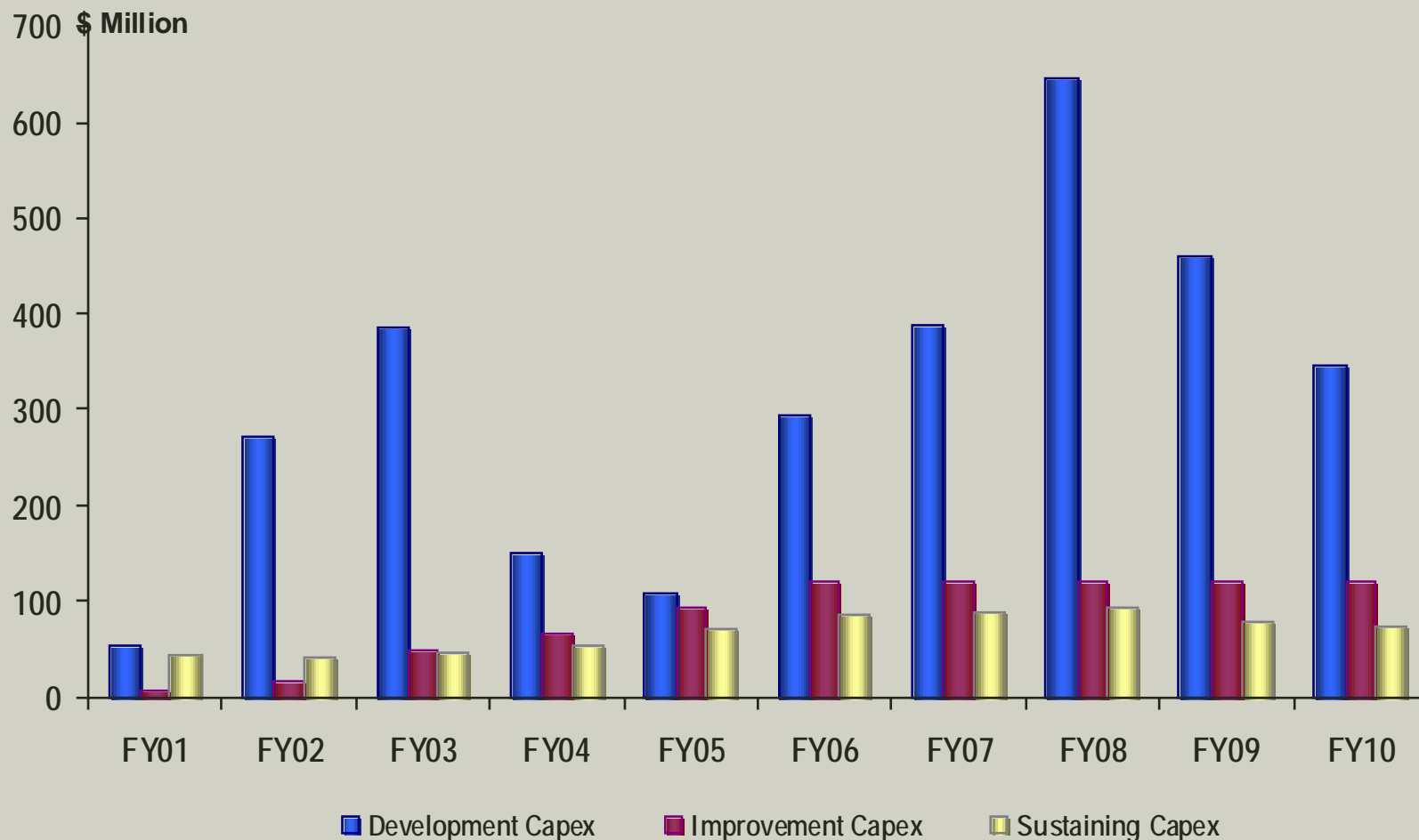
Sample of companies include: Rio Tinto Aluminium, Chalco, Alcoa, AWAC, Alcan, CVRD, Norsk Hydro, Rusal, Sual

Alumina Production



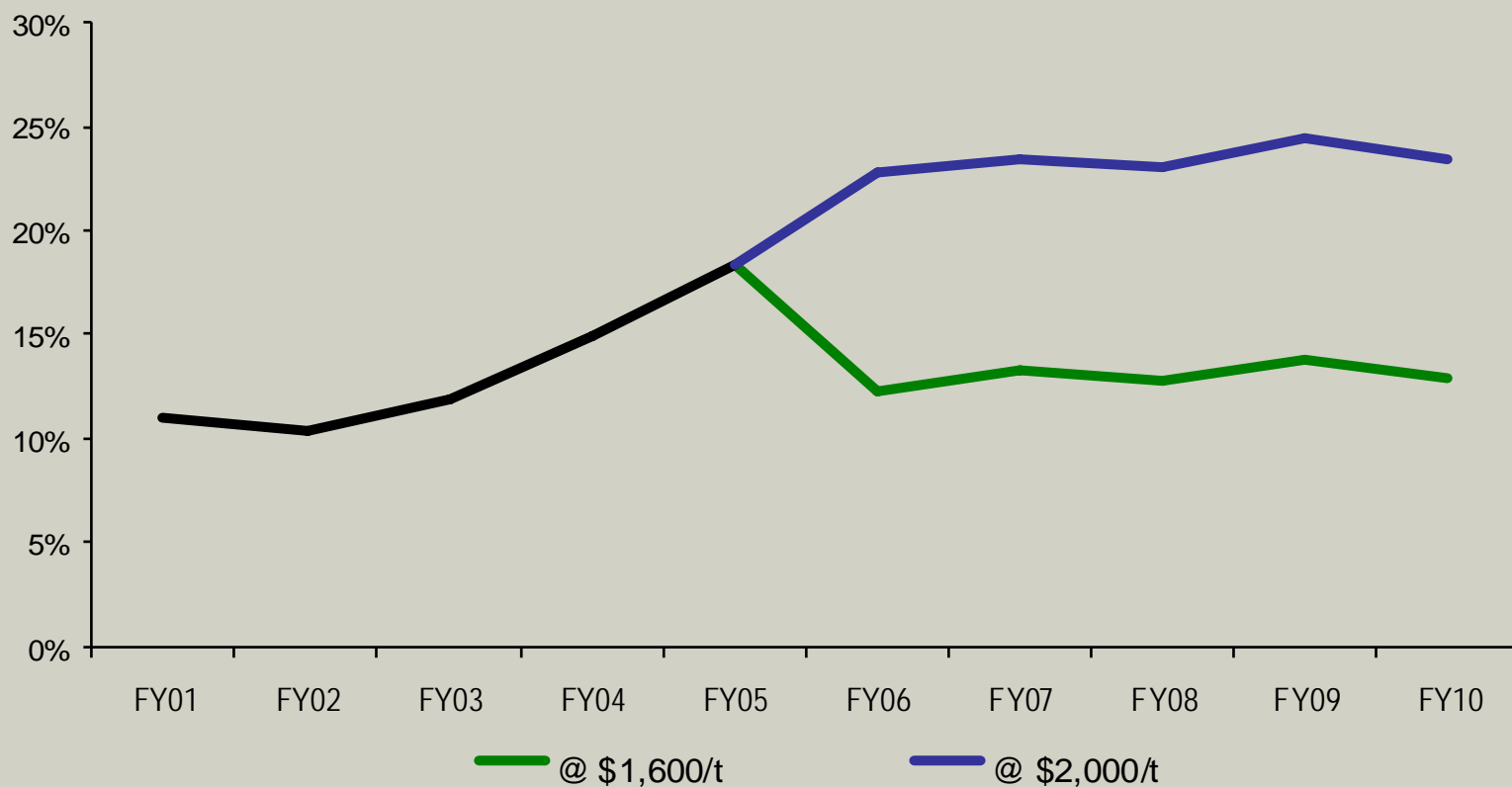
Sample of companies include: Rio Tinto Aluminium, Chalco, Alcoa, AWAC, Alcan, CVRD, Norsk Hydro, Rusal, Sual

Capital Expenditure



FY01 excludes the acquisition of 56% of Worsley for \$1.5bn. Development capital expenditure includes unapproved brownfield projects at Worsley, Alumar Refinery, Suriname Mine and Mozal.

EBIT ROC – Actual Results and Future Scenarios



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- Portfolio of quality operations and people
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