

Global Iron Ore & Steel Forecast

Our culture to drive value in the Pilbara

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29 March 2017



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Key themes

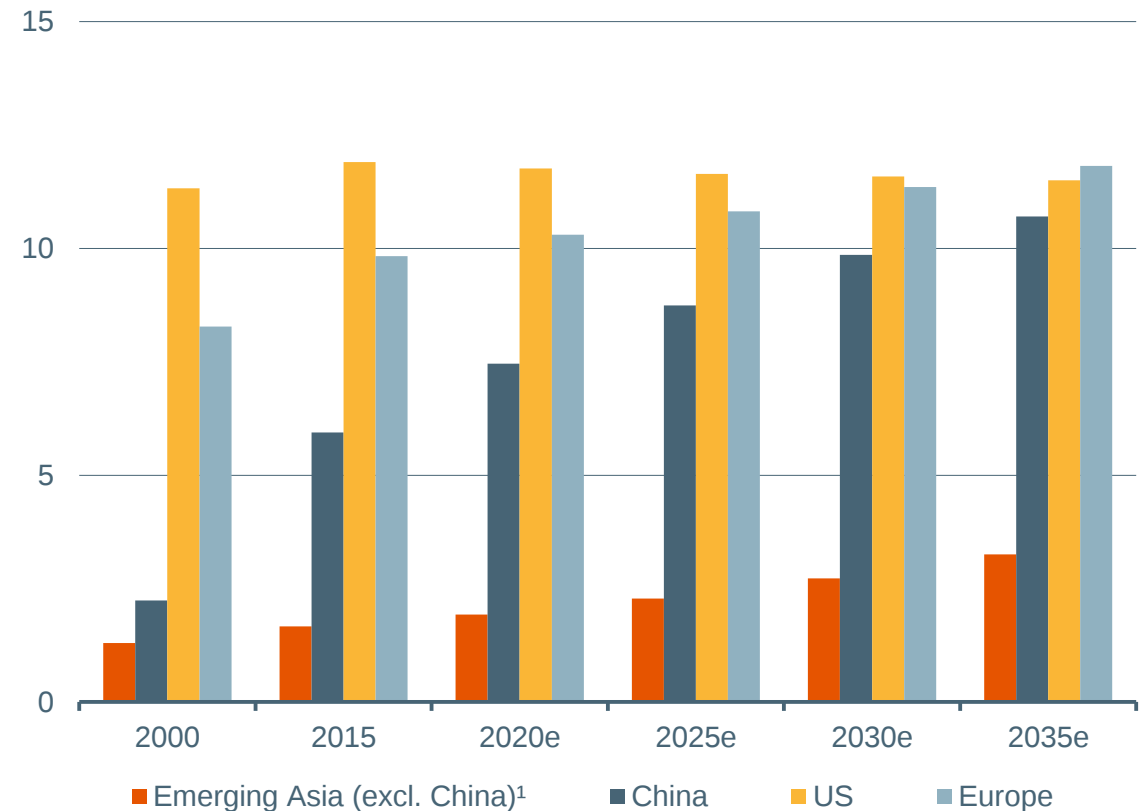
- The health and safety of our people and the communities in which we operate always come first
- China and Emerging Asia expected to support steel demand growth
- Our tier 1 assets and focus on productivity support strong and sustainable returns
- South Flank is our preferred option to sustain volumes
- 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)



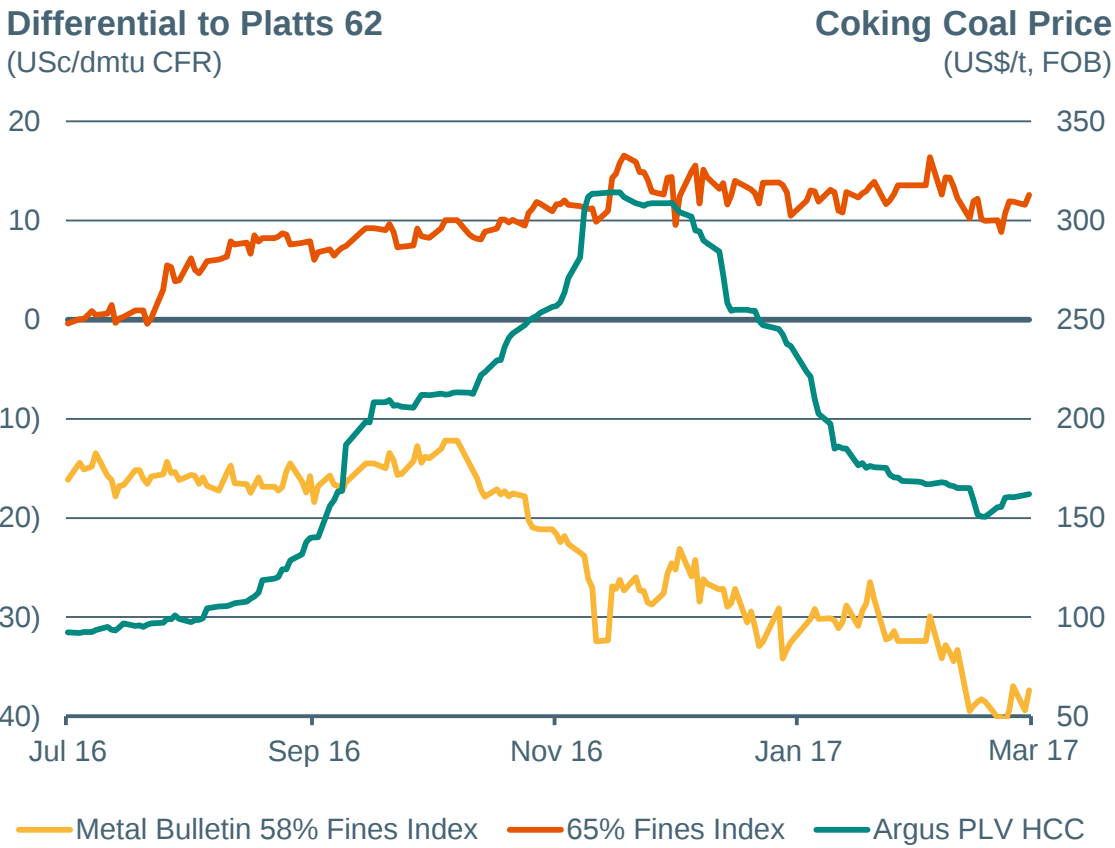
Source: World Steel Association; BHP Billiton analysis.

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

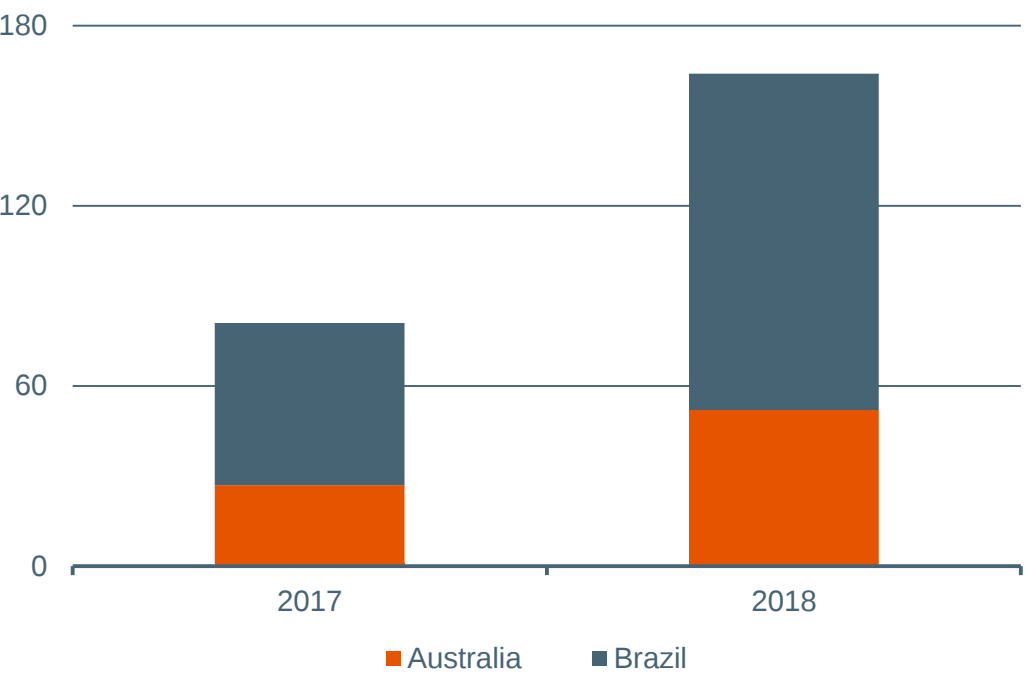
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Seaborne suppliers continue to add low cost, high quality tonnes



Major producers continue to add low cost, high quality tonnes to market, Brazilian competition growing strongly¹
(wmt)



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

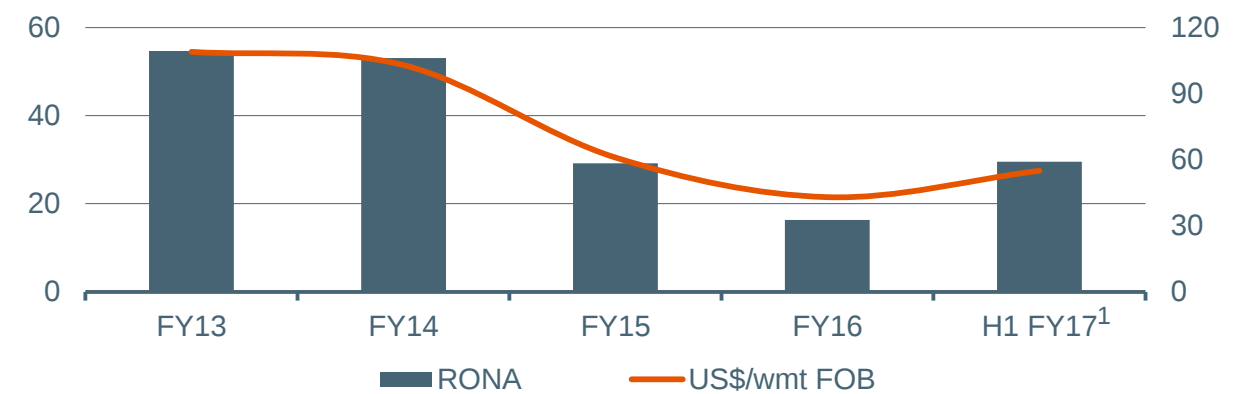
Strong performance through the cycle

- Record H1 FY17 production of 136 Mt
- Reduced our unit cost² to US\$15.05/wmt FOB
- We have further opportunities to lower unit cost

Strong recovery in returns

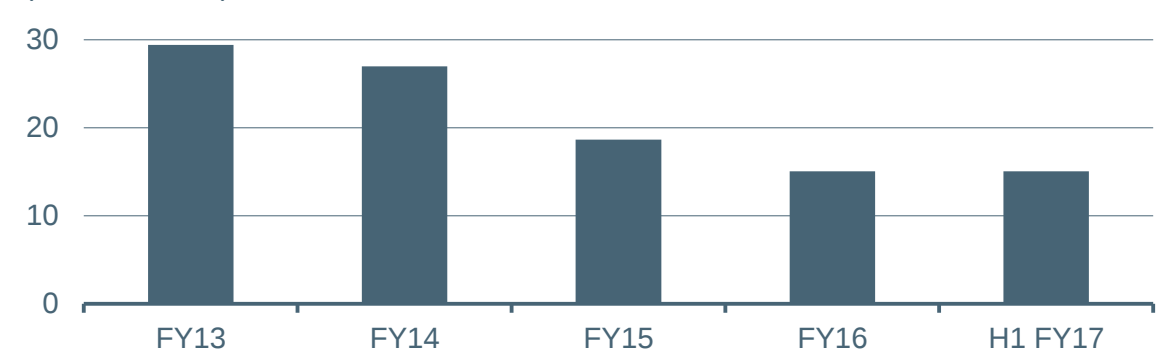
(Return on Net Operating Assets, %)

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



Disciplined and sustainable cost² reduction

(US\$/wmt FOB)

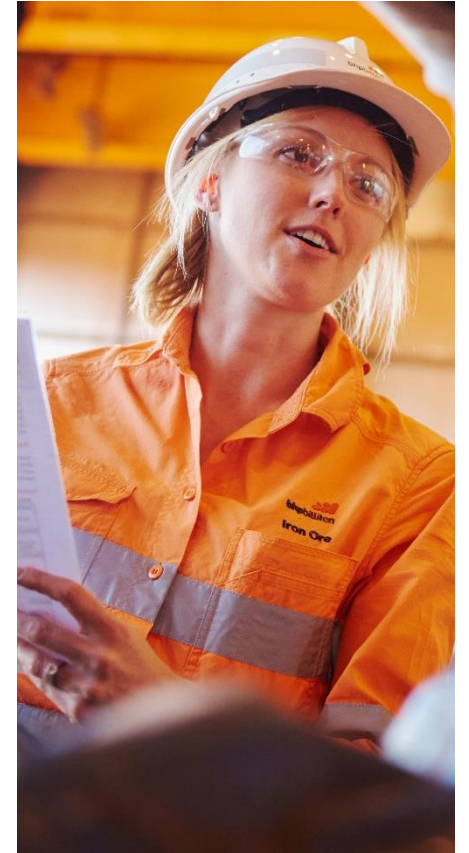
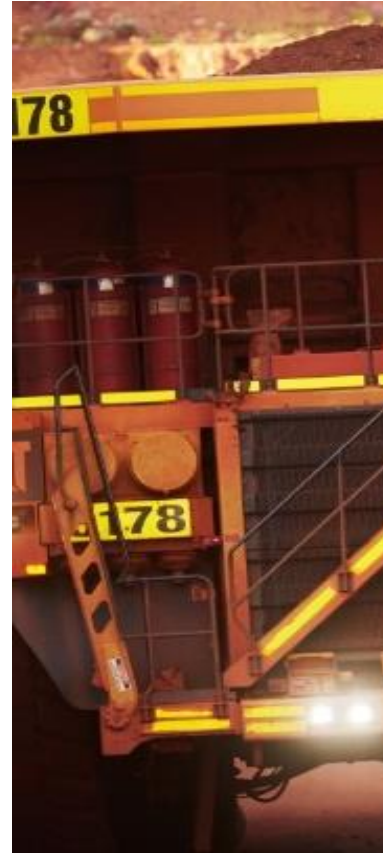


1. Based on WAIO H1 FY17 Underlying EBIT annualised, including third party products.

2. FOB unit cash cost excluding freight and royalties.

Three years of continuous improvement has delivered strong results

- **11%** improvement in TRIF
- **>5,000** improvement initiatives
- **26%** increase in production
- **48%** reduction in cost¹



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

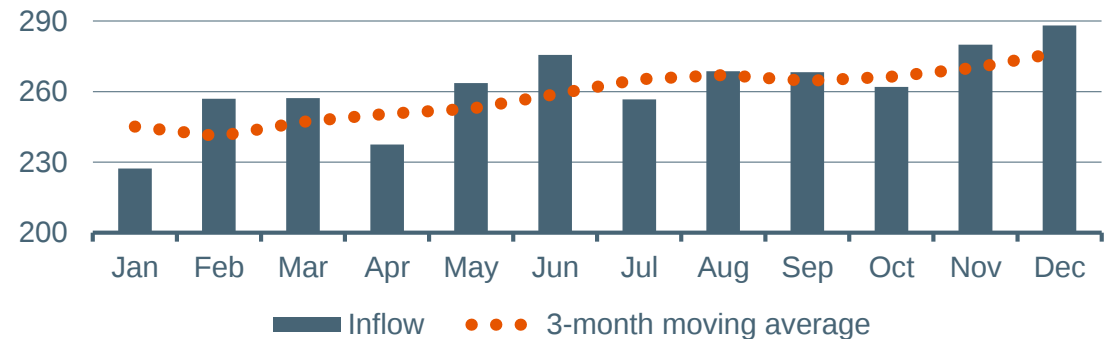
South Flank sustaining volumes

- 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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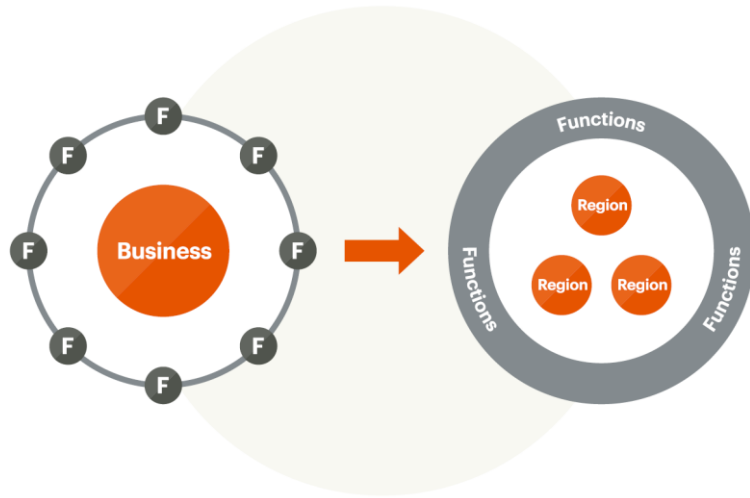
Port Hedland inflow
(Annualised Mtpa by month)



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**

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
government¹
TOTAL
\$2.5 billion

80% Goods and services
sourced locally²

**\$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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