# Aluminium Investor Presentation

Australia Analysts Site Visit

29 October 2008

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References in this presentation to "$" are to United States dollars unless otherwise specified.

# Presenter introduction

## Jon Dudas
President Aluminium CSG

- 24 years resources experience
- 17 years at BHP Billiton

## Julius Matthys
COO Worsley Alumina

- 26 years resources experience
- 26 years at BHP Billiton

## Markus Meurer
VP Marketing Alumina

- 21 years resources experience
- 7 years at BHP Billiton

## Warren McKenzie
E&G Project Director

- 35 years resources experience
- 1 year at BHP Billiton

# Presentation agenda

## Business overview

- Operating performance
- Significance to BHP Billiton portfolio
- Comparison to peers
- Key challenges for the industry

## Aluminium and alumina commodity outlook

- Global demand and China growth outlook
- Global supply outlook
- Cost curves
- Input costs

## Future growth options

## Key messages

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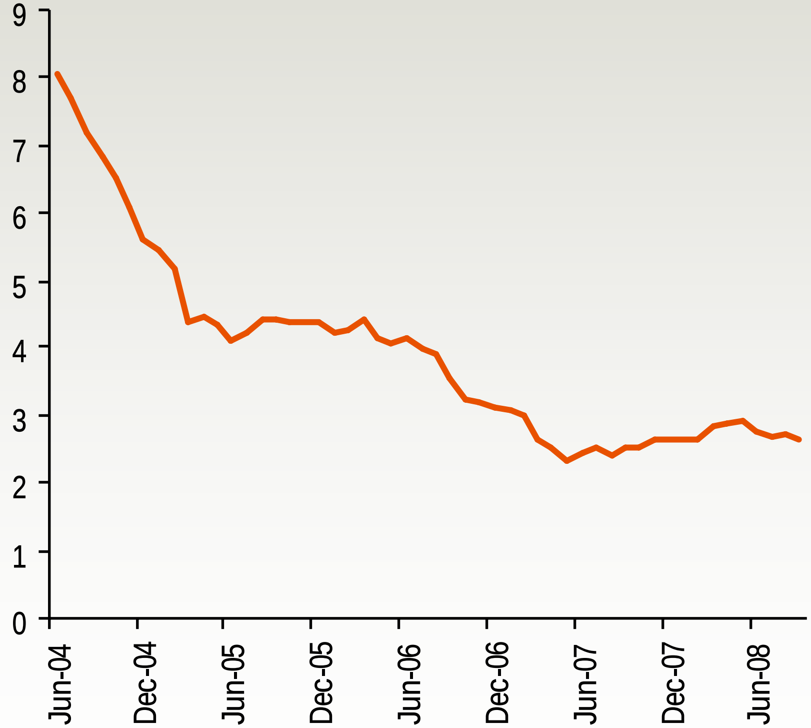
# Business overview: HSEC

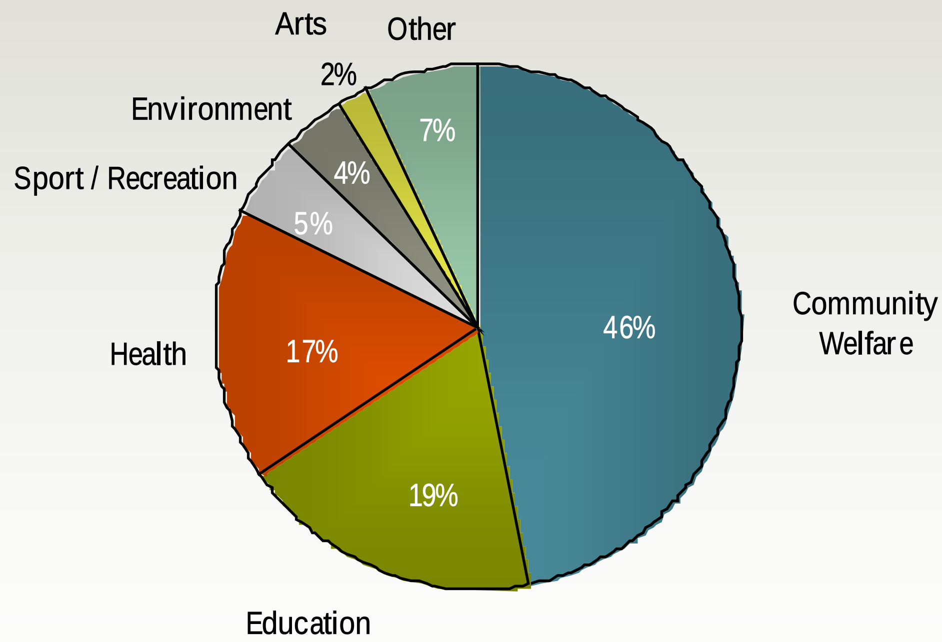
## Safety

TRIFR
(12 MMA)



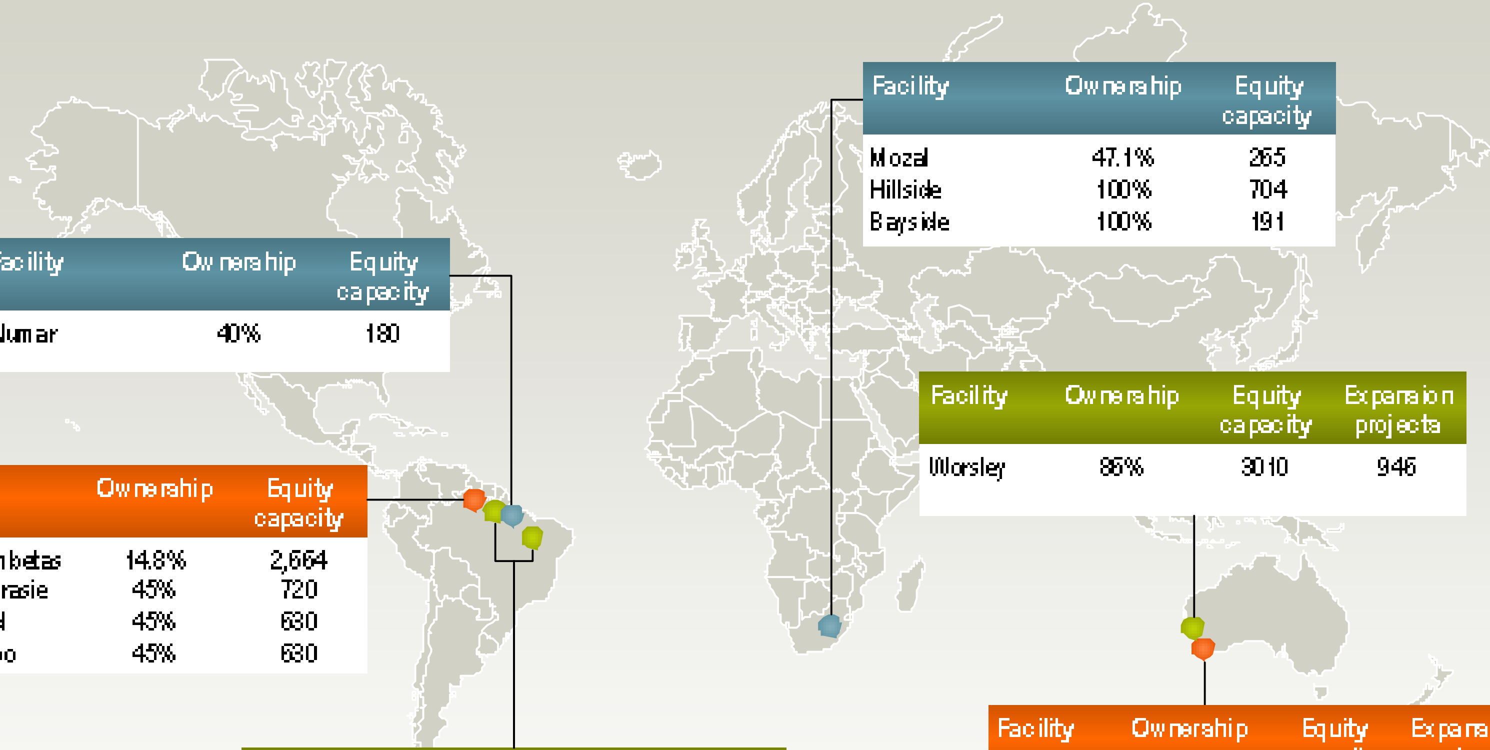

## Community

Community Expenditure
(US$m)




FY08 Community Expenditure amounted to US$ 12.6 m (BHP Billiton Share).

# Business overview: current assets



| Facility | Ownership | Equity capacity |
|---|---|---|
| Alumar | 40% | 180 |

| Facility | Ownership | Equity capacity |
|---|---|---|
| MRN Trombetas | 14.8% | 2,664 |
| Kaaimangrasie | 45% | 720 |
| Klaverblad | 45% | 630 |
| Coermotibo | 45% | 630 |

| Facility | Ownership | Equity capacity | Expansion projects |
|---|---|---|---|
| Alumar | 36% | 540 | 720 |
| Paranam | 45% | 990 | |

| Facility | Ownership | Equity capacity |
|---|---|---|
| Mozal | 47.1% | 265 |
| Hillside | 100% | 704 |
| Bayside | 100% | 191 |

| Facility | Ownership | Equity capacity | Expansion projects |
|---|---|---|---|
| Worsley | 86% | 3010 | 946 |

| Facility | Ownership | Equity capacity | Expansion projects |
|---|---|---|---|
| Boddington | 86% | 11,180 | 3,514 |

Legend – Equity Capacity (ktpa)

| | | |
|---|---|---|
| Smelters | 1,340 | |
| Refineries | 4,540 | |
| Mines | 15,824 | |

Source: BHP Billiton.

Bayside reduced capacity ~50%.



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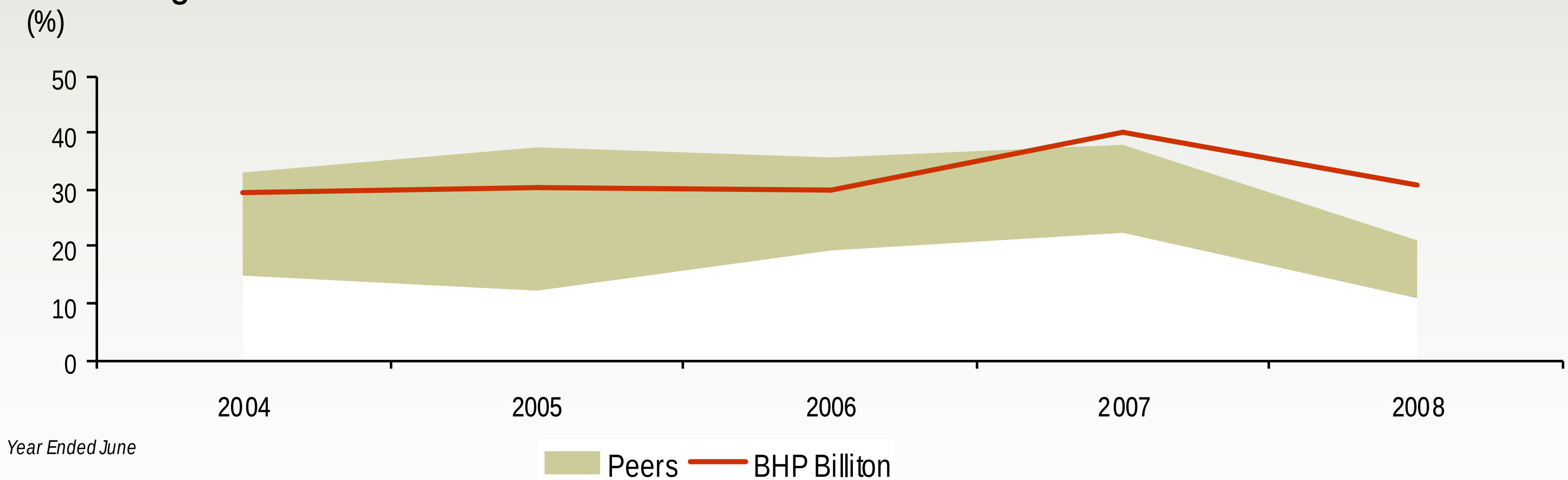
# Business overview: operating performance

| Year ended June (US$m) | 2008 | 2007 | % Change |
|---|---|---|---|
| Aluminium EBIT | 1,465 | 1,856 | -21.1 |

- Record alumina production
- South African power situation will continue to impact metal production
- Worsley E&G approved

## EBIT Margin




Source: BHP Billiton and companies' annual and half year reports

Excludes Third Party Trading
* Peers include AWAC, Chalco and the aluminium segments Rio Tinto, Vale and the upstream segments of Alcoa and Alcan (until June 2007).



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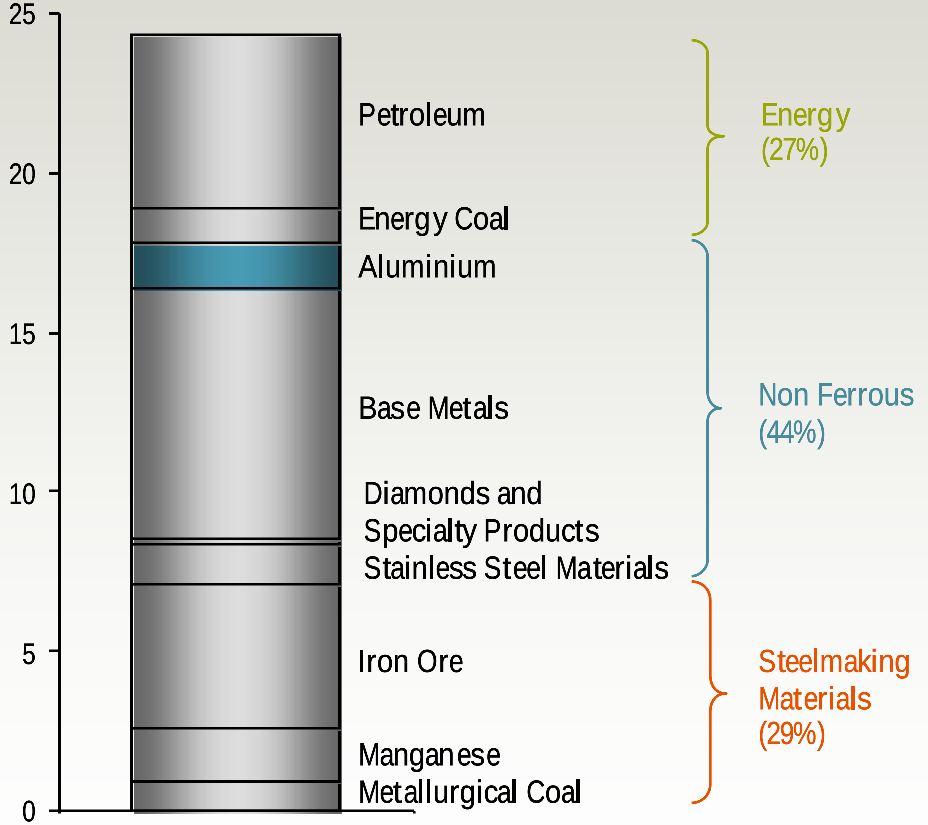
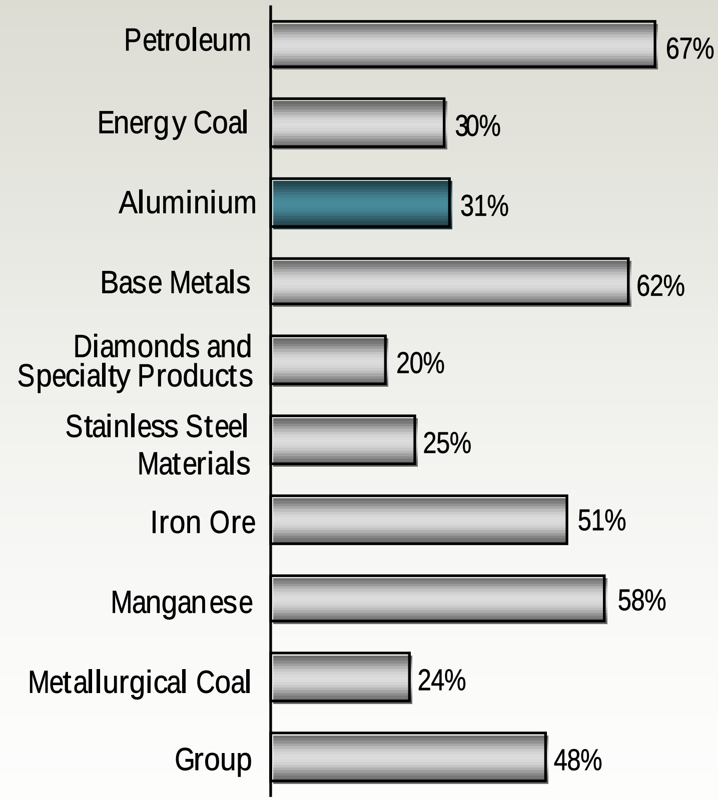
# Business overview : contribution to group

## (Our portfolio is diversified and balanced across high margin commodities)

### Underlying EBIT
(FY2008, US$bn)




### Underlying EBIT Margin[a]
(FY2008)




(a) EBIT Margin excludes third party trading activities.



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# Business overview: key challenges

- Raw material price pressures
- Global power supply
- Bringing on new capacity
- Quality of Chinese bauxite

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## Future growth options

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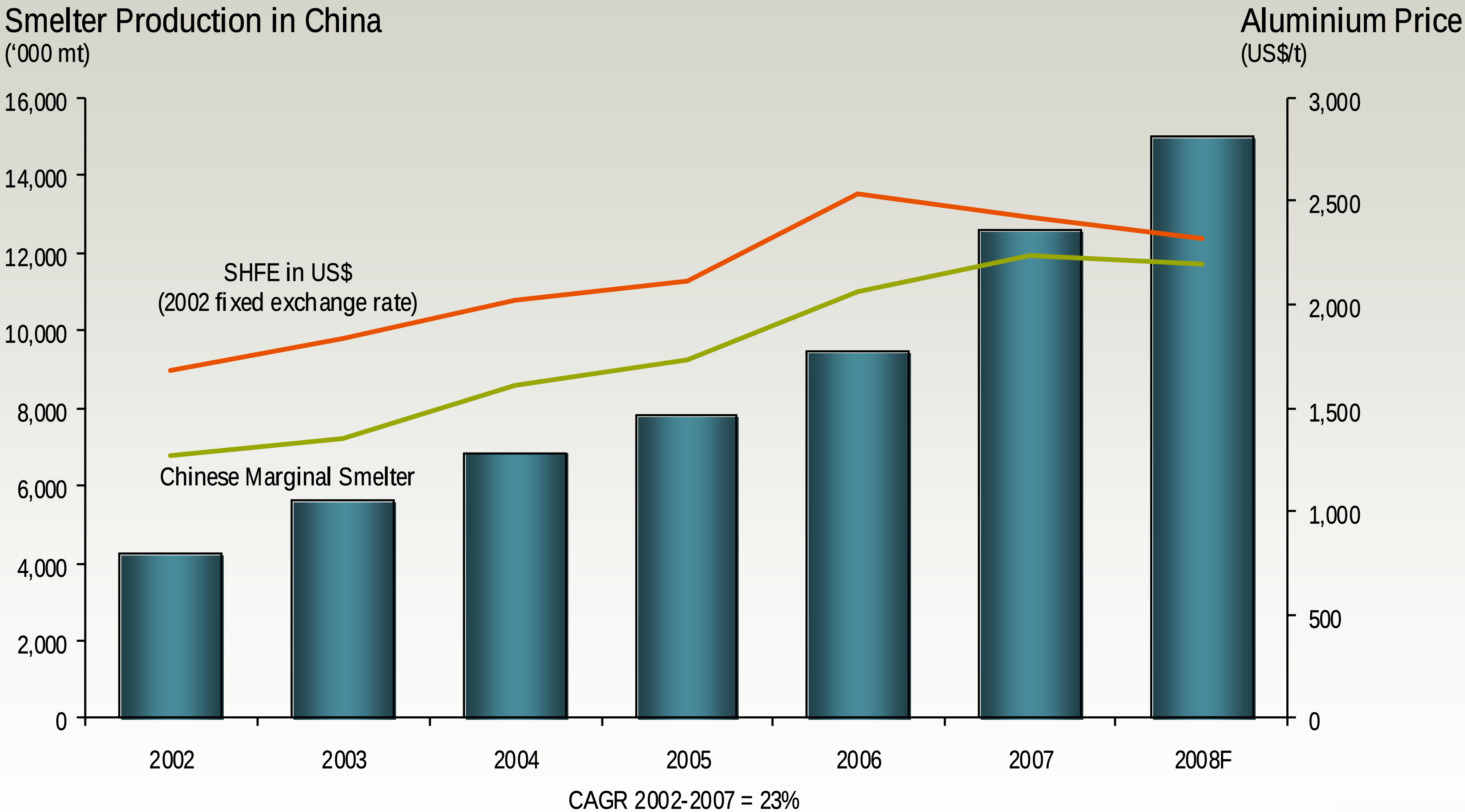
# Aluminium and alumina commodity outlook

## Key China Messages

- China has a significant influence on the Aluminium market
  - Aluminium is required to supply the intensive urbanisation of China
  - A question of self sufficiency of aluminium supply
  - Is power a constraining factor?
  - Domestic aluminium supply is positioned high on the cost curve

- Short on quality bauxite and thus alumina
  - Domestic alumina additions are positioned high on the cost curve

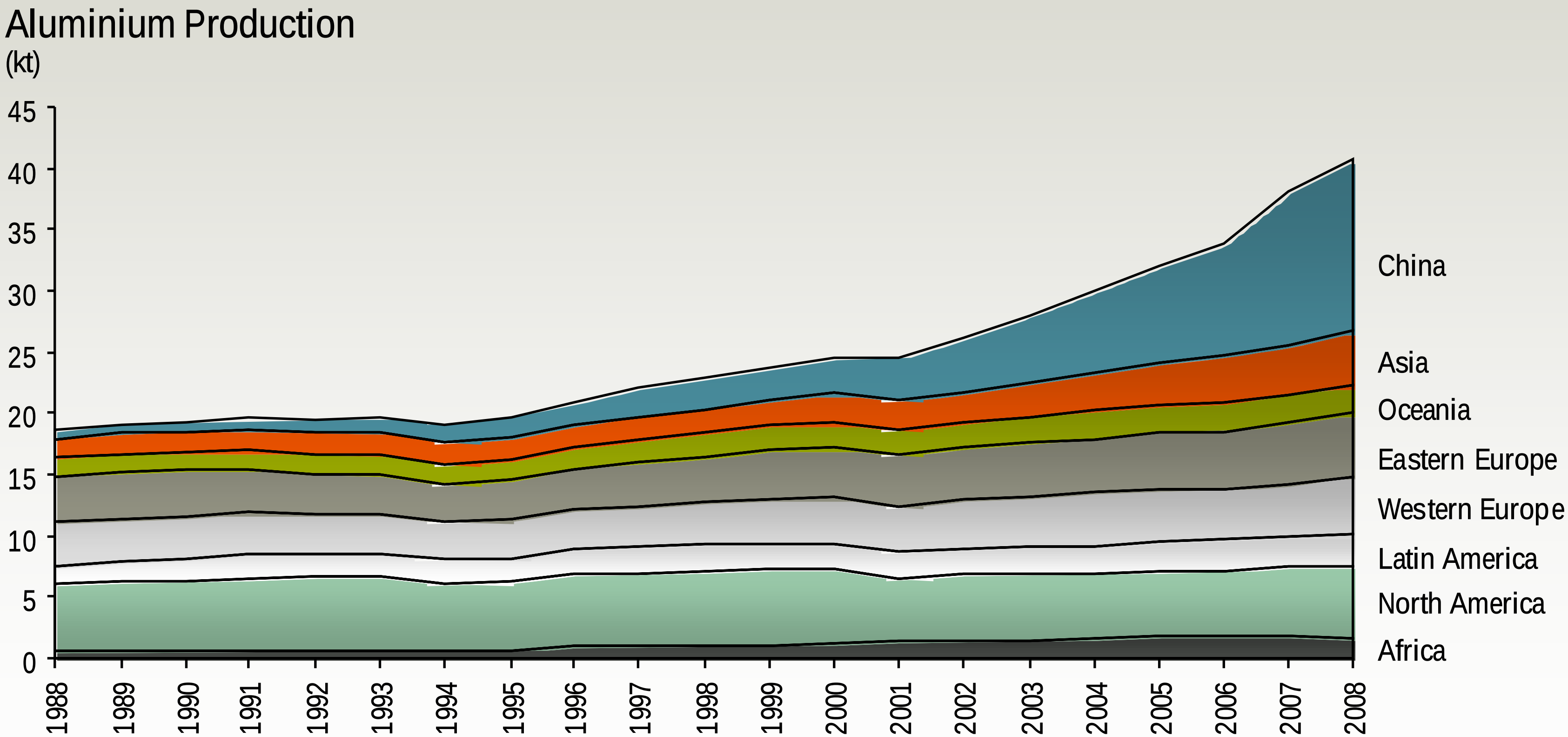
# China production capacity can respond rapidly to pricing opportunities




Source: Brook Hunt data.

# China has been self-sufficient in smelting

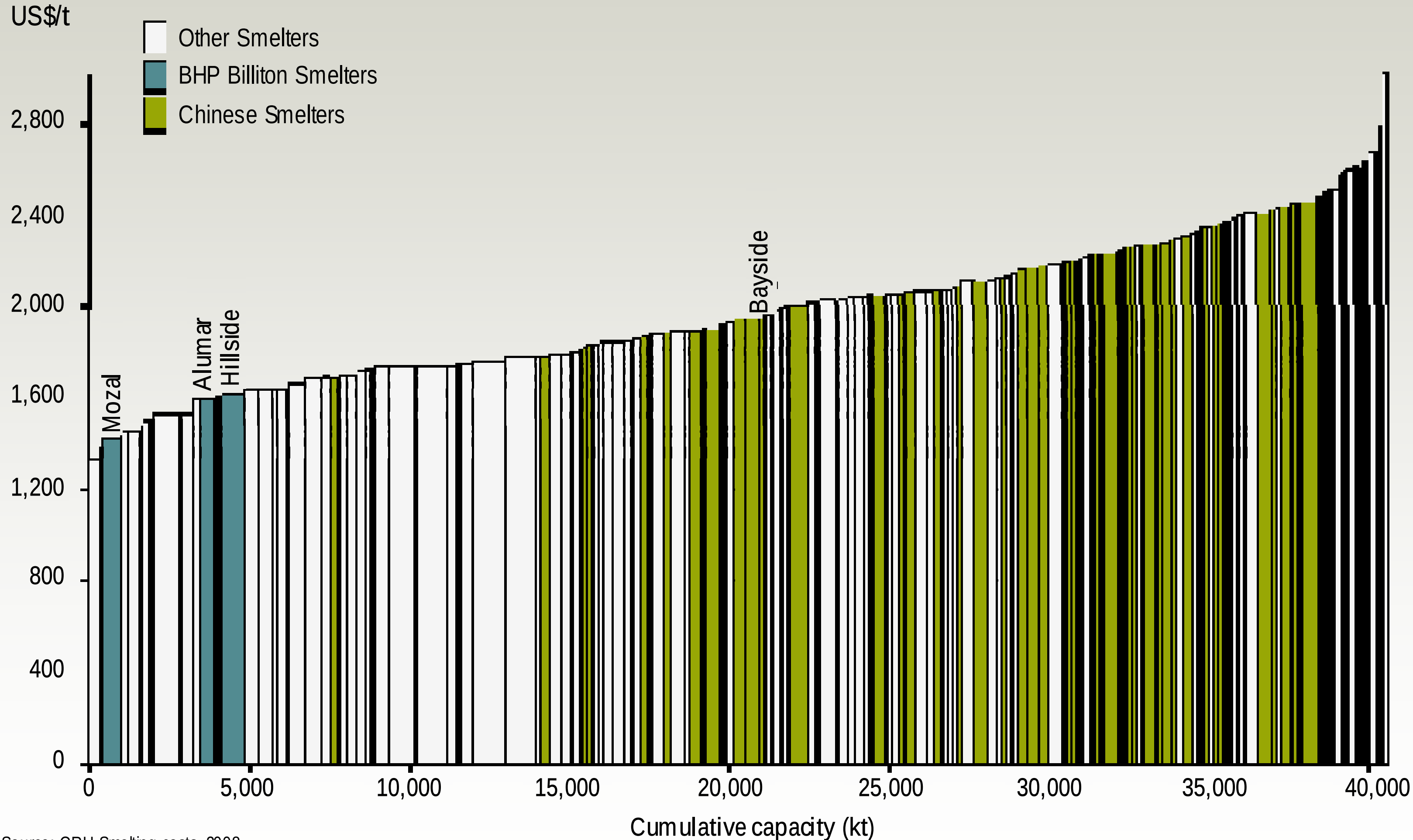
Chinese Aluminium supply is up 650% driven by low capital construction costs and strong domestic demand




Source: Brook Hunt.

# Chinese Aluminium capacity additions at the top end of cost curve

Chinese Aluminium capacity additions come at the top end of the cost curve

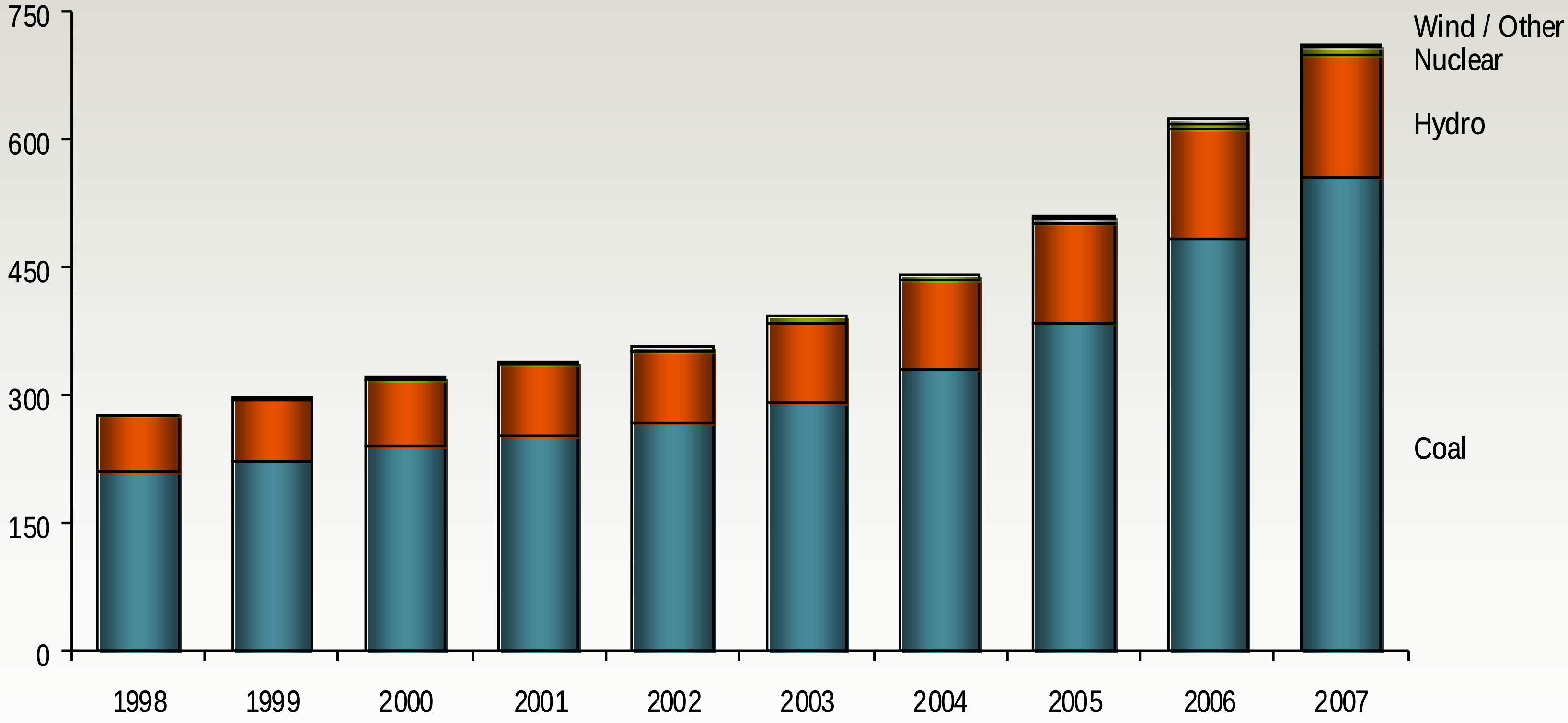



Source: CRU Smelting costs, 2008

# China has a track record of bringing on new power capacity

## Ability to bring on new power capacity on time as planned

Sources of Chinese power
(GW)




Source: CEC.



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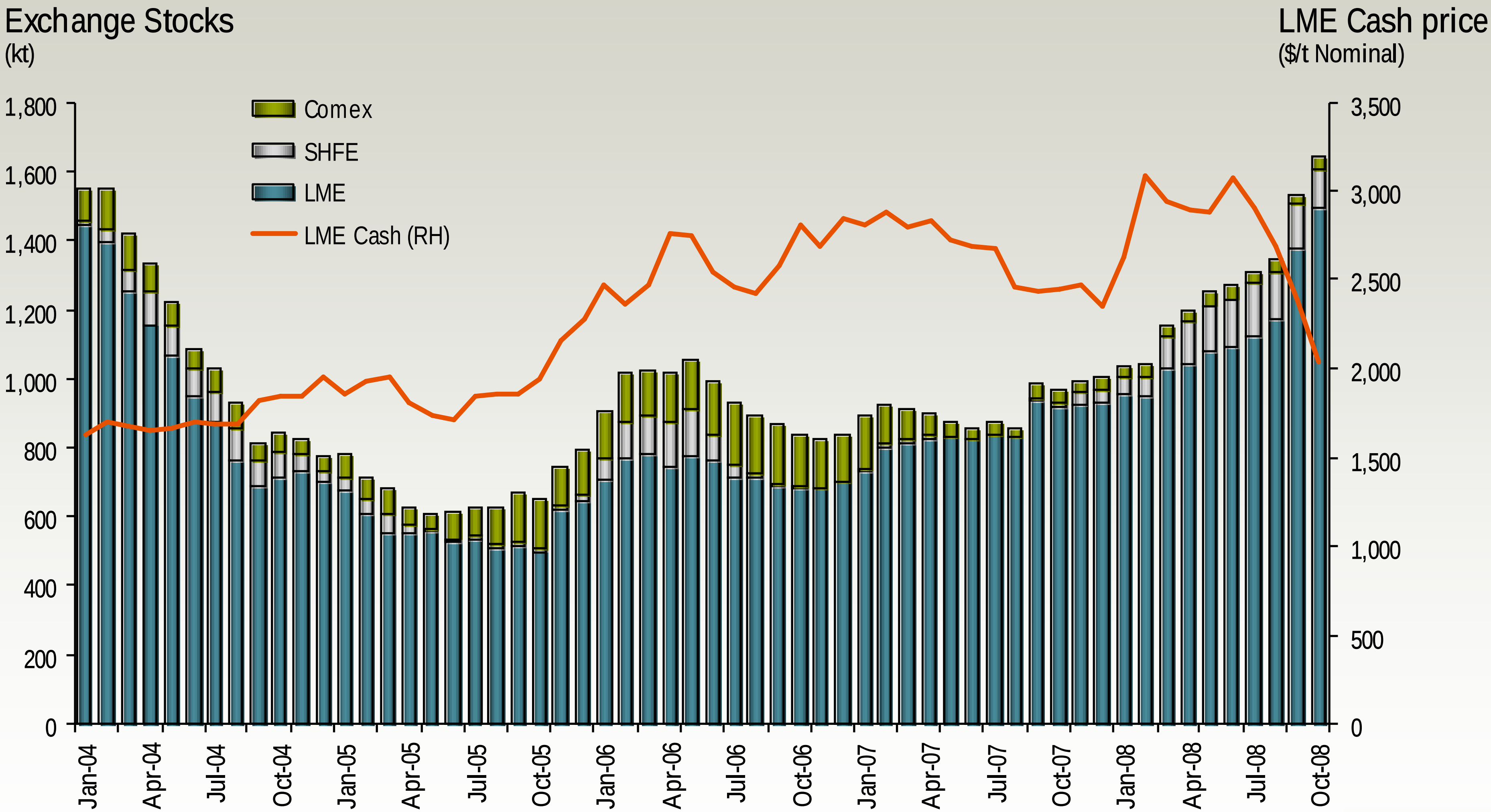
# Aluminium stocks




Source: LME, SHFE and Comex.



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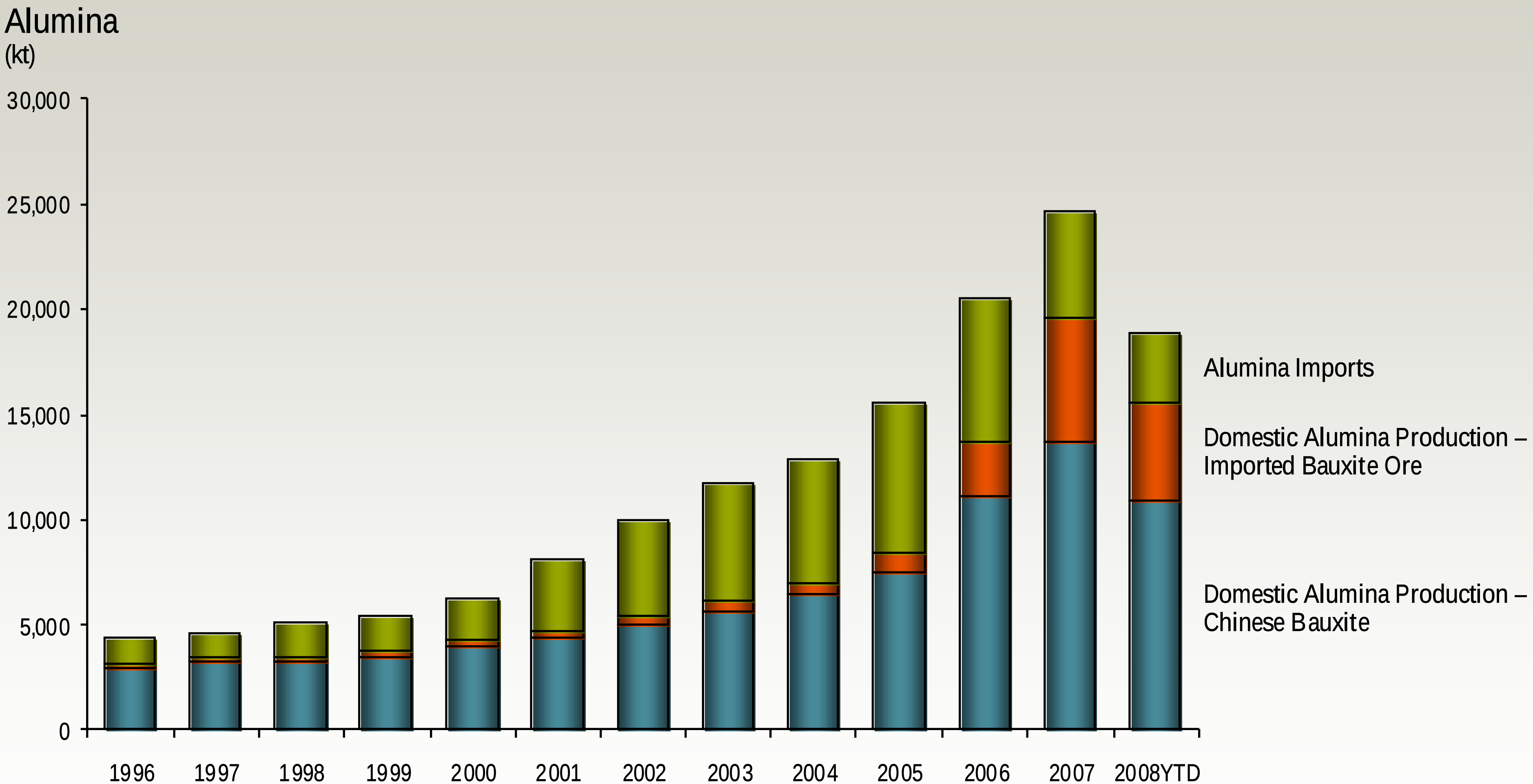
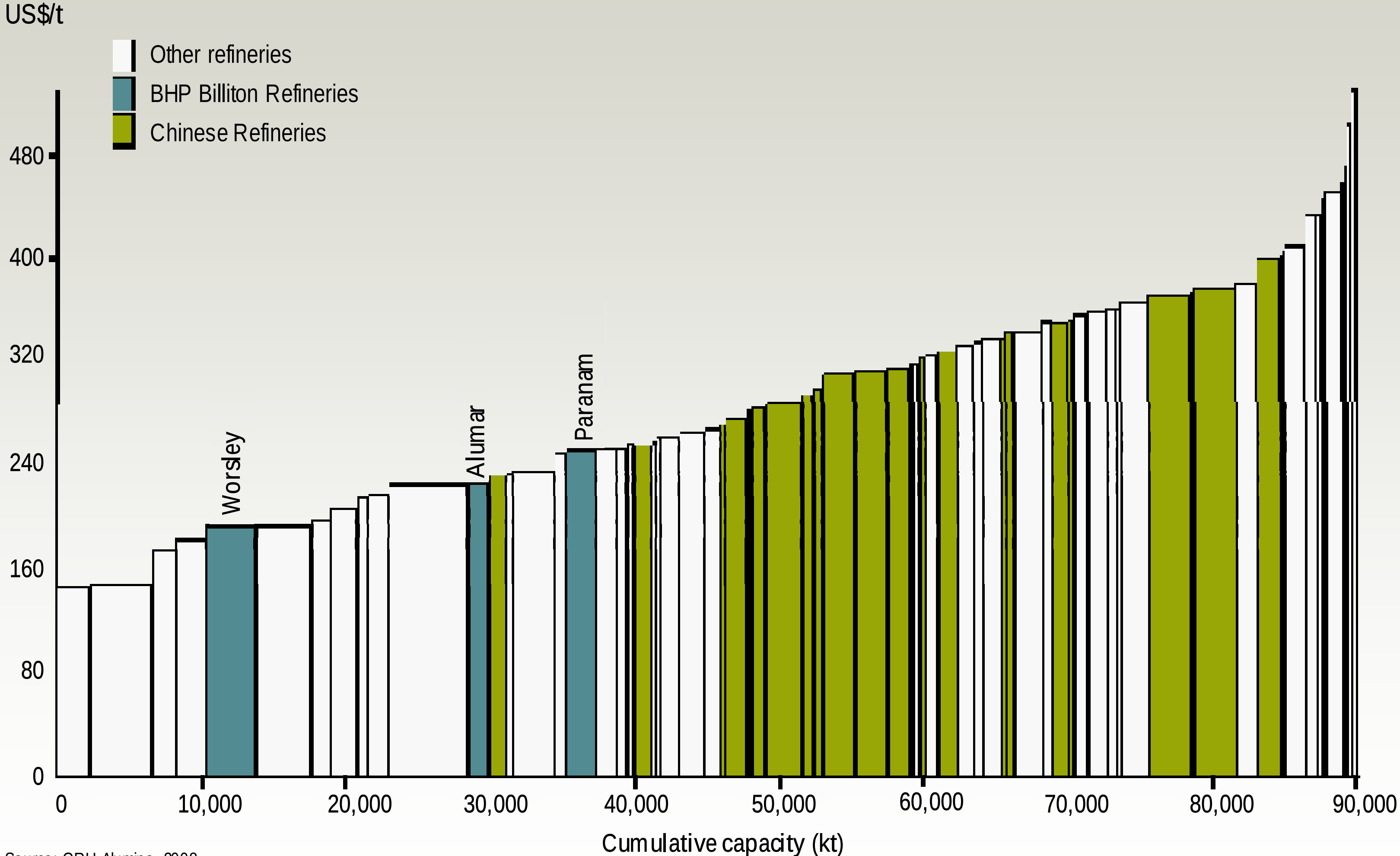
# Chinese demand for imported Alumina and Bauxite




Source: BHP Billiton Internal Analysis, Chinese customs data, CNIA.

# Chinese alumina supply at the top end of the cost curve

## CRU Alumina cost curve, 2008




Source: CRU Alumina, 2008

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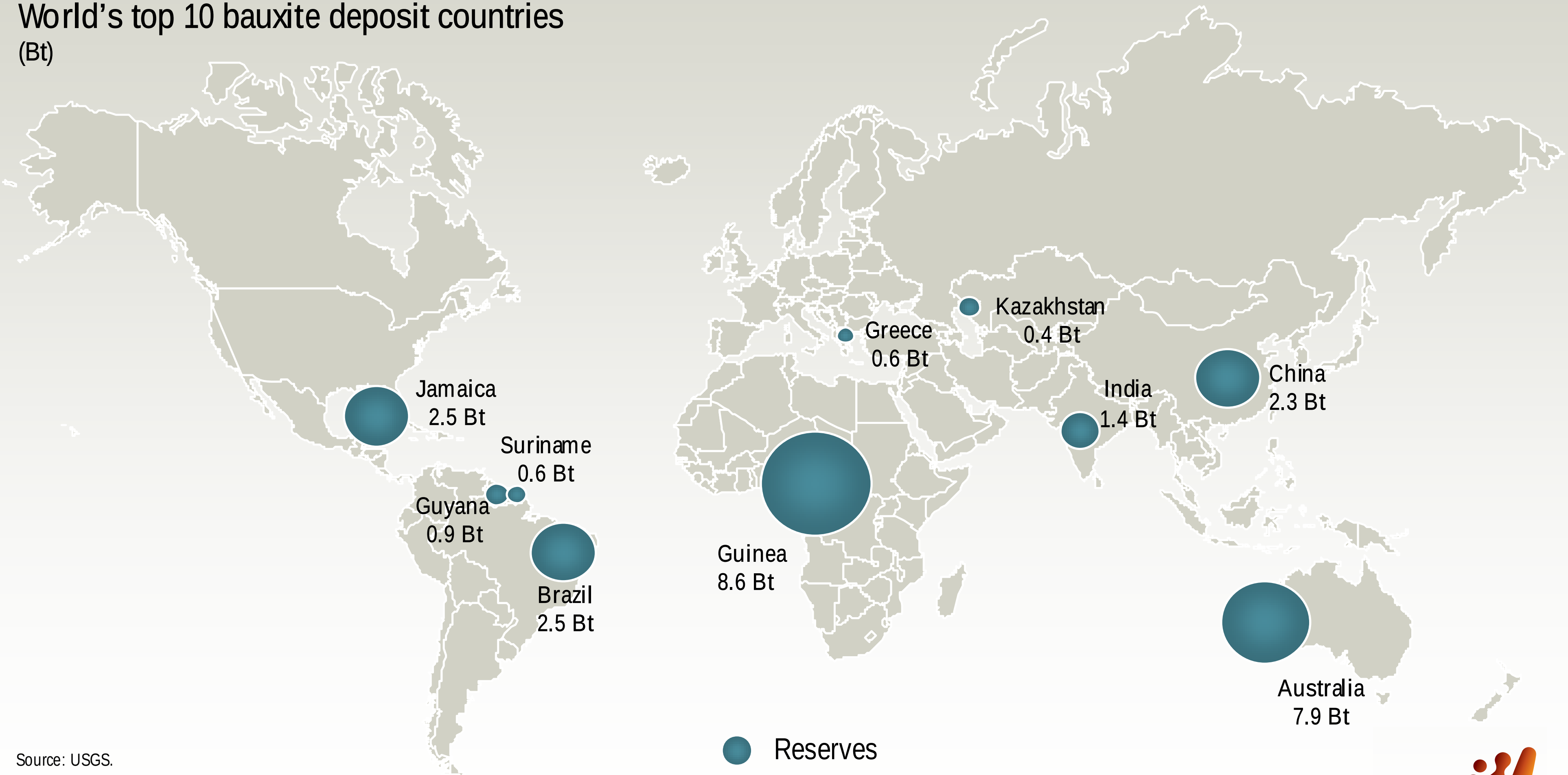
# Most attractive bauxite deposits

## Most attractive bauxite deposits are in Guinea

World's top 10 bauxite deposit countries
(Bt)

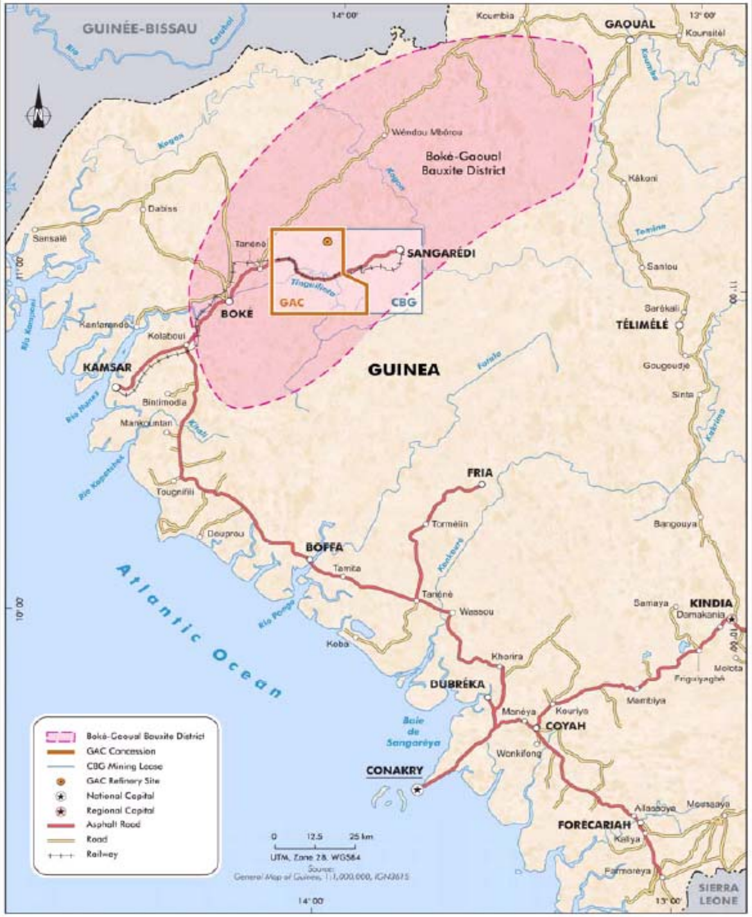



Source: USGS.

# Guinea project

## Guinea

- Long life, world class bauxite resource with embedded options
- Strong government support
- Currently finalising feasibility study
- Greenfield projects are more challenging in new geographies



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- Global supply outlook (The key constraints)
- Cost curves
- Input costs

## Growth profile and capital projects

## Key messages

# Key messages

- China's focus is on self-sufficiency in aluminium
- China's growing requirement to import alumina or bauxite to meet domestic metal demands
- Our growth options and project pipeline are aligned to this view (to feed the emerging seaborne bauxite/alumina market)
- We have a track record of delivering these projects on time and on budget
- Our strategy of having world class long life, low cost assets enables us to maintain a strong EBIT and EBIT margin performance in relation to our peers
- Commitment to safety, the community and the environment