# Executing the Strategy and Providing for a Growth Economy

BMO Nesbitt Burns Natural Resources Conference

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Chief Minerals Executive

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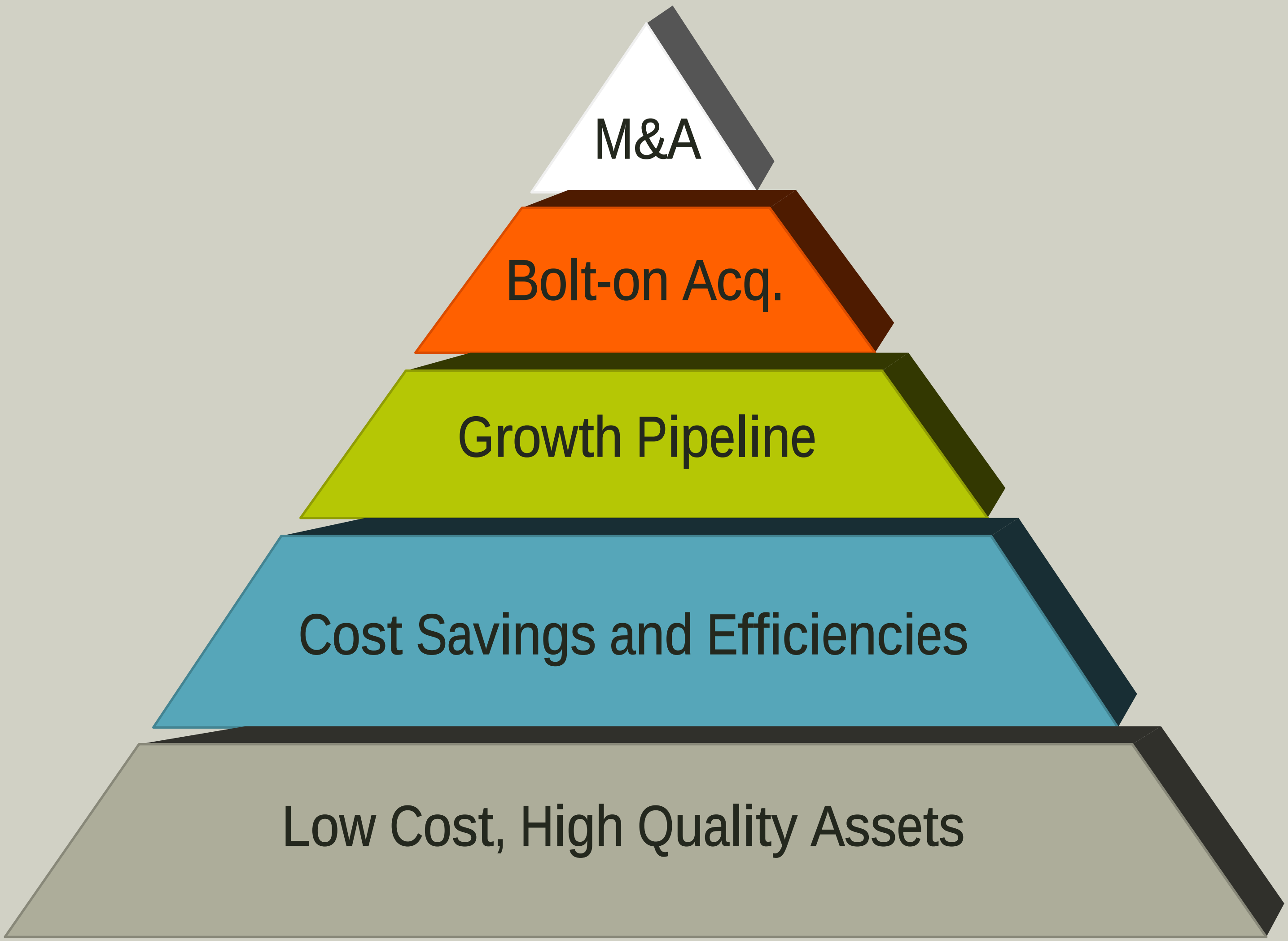
# Executing the Strategy – The BHP Billiton Strategic Focus



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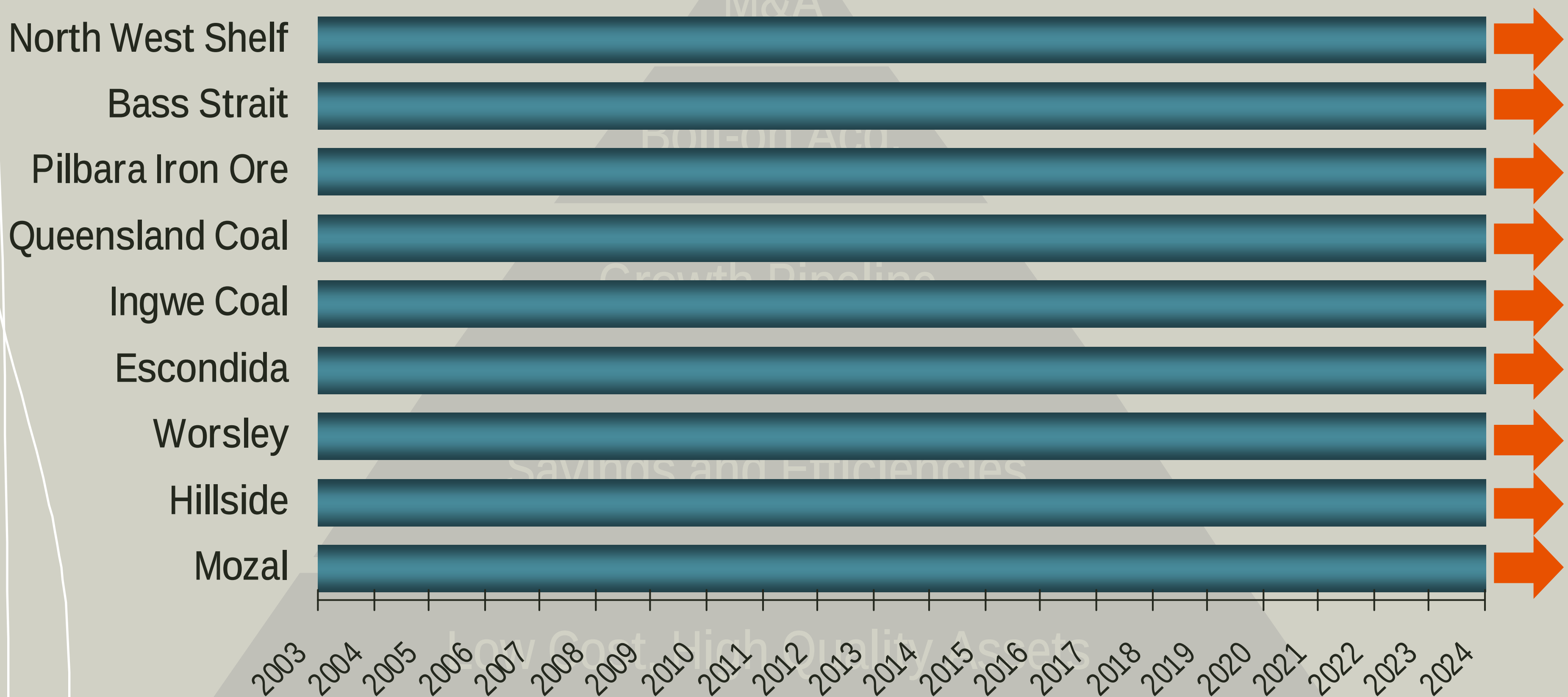
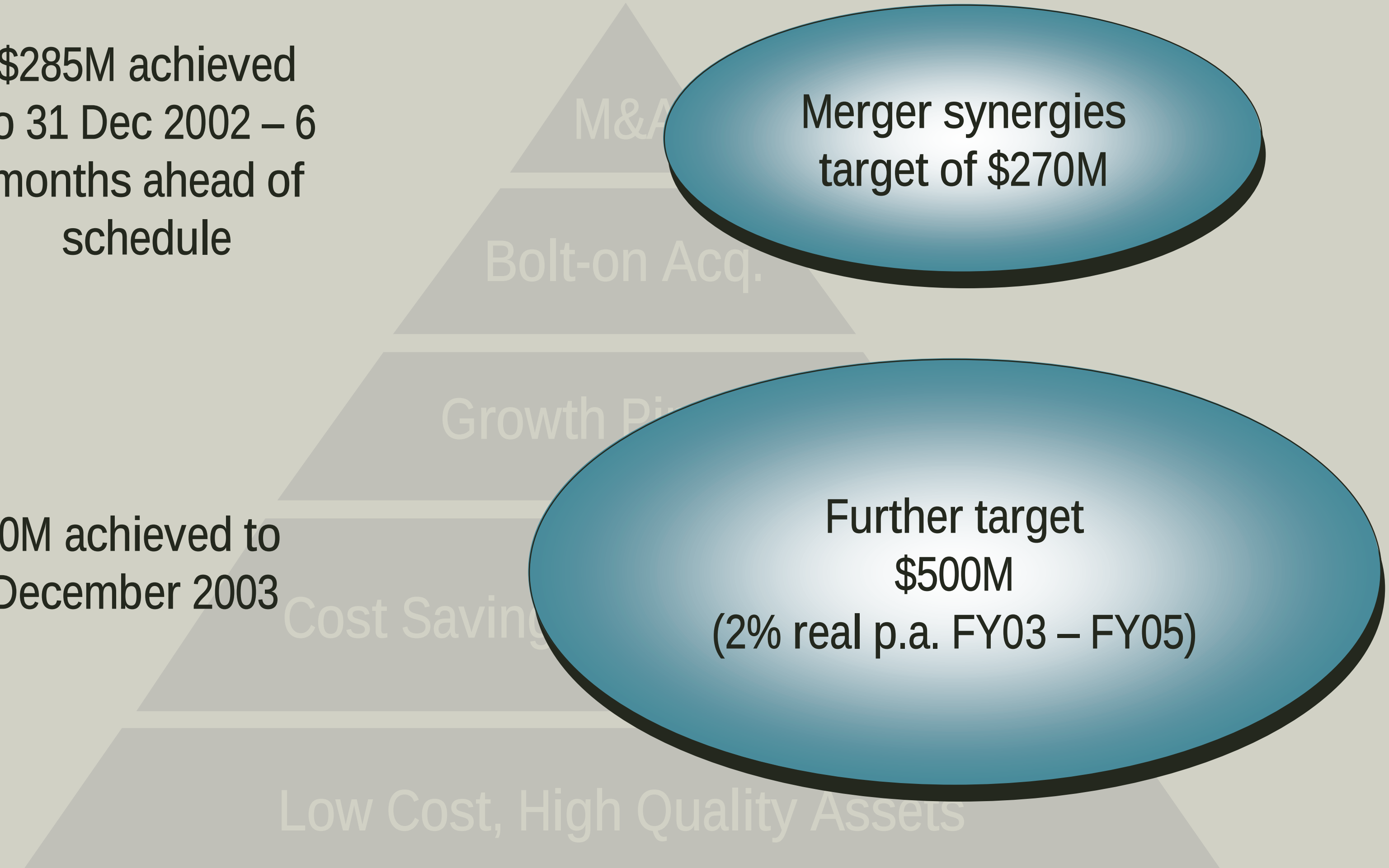
# Long Life, World Class Assets



# Cost Savings and Efficiencies On Track

$285M achieved to 31 Dec 2002 – 6 months ahead of schedule

$370M achieved to 31 December 2003




Total of $655M achieved since the merger against target of US$770M



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# EBIT by Customer Sector Group
# Half year ended 31 December

| (US$M) | 2003 | 2002 | % Change |
|---|---|---|---|
| Petroleum | 602 | 660 | -9 |
| Aluminium | 307 | 266 | +15 |
| Base Metals | 333 | 83 | +301 |
| Carbon Steel Materials | 505 | 506 | |
| Diamonds & Spec Products | 174 | 173 | +1 |
| Energy Coal | 85 | 124 | -32 |
| Stainless Steel Materials | 193 | 61 | +216 |
| Exploration & Technology | 21 | (23) | |
| Group & unallocated items | (67) | (96) | +30 |
| Legacy hedging | 30 | (95) | |
| BHP Billiton | 2,183 | 1,659 | +32 |



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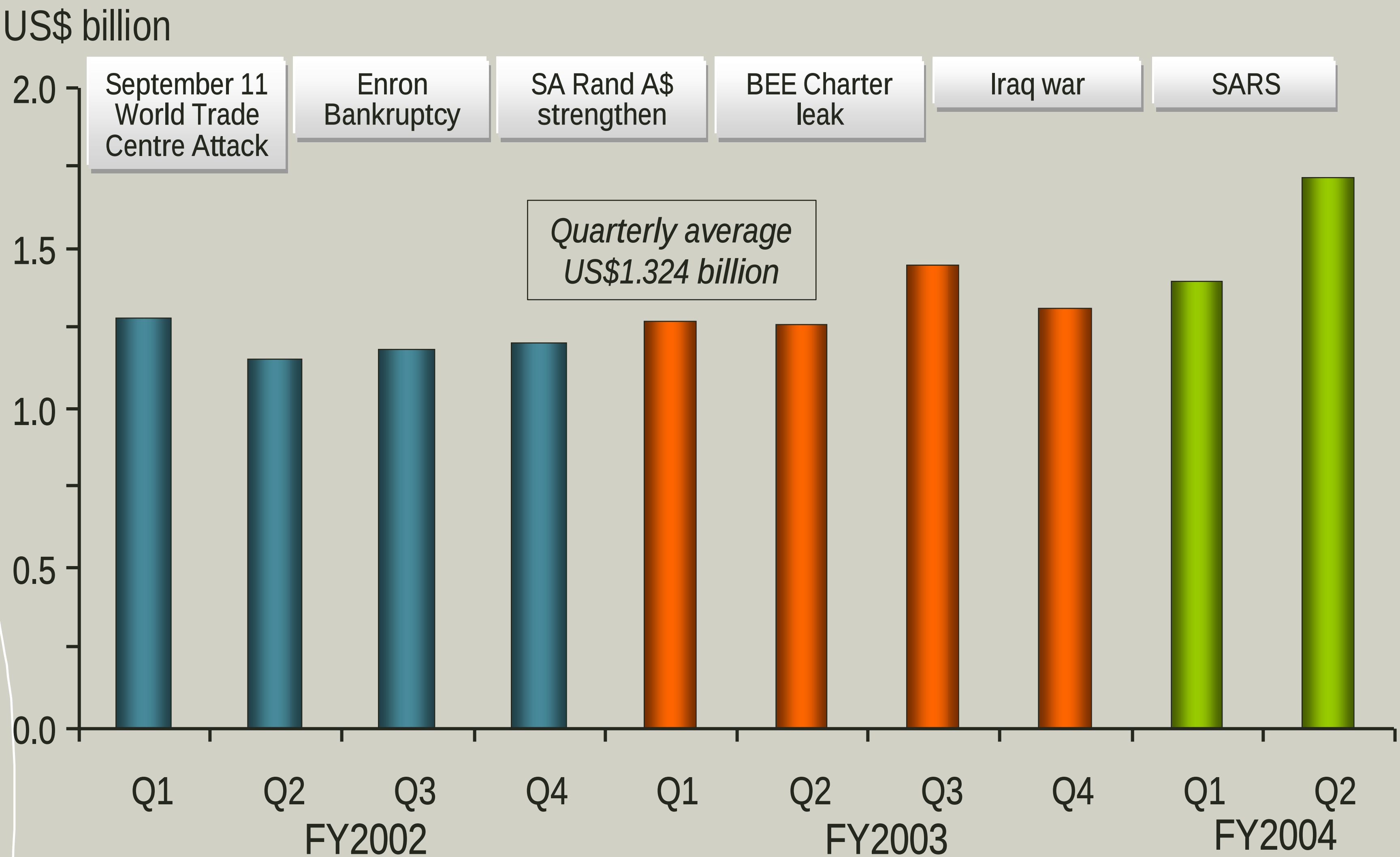
# Steady increases in EBITDA[1]




(1) Excluding exceptional items.



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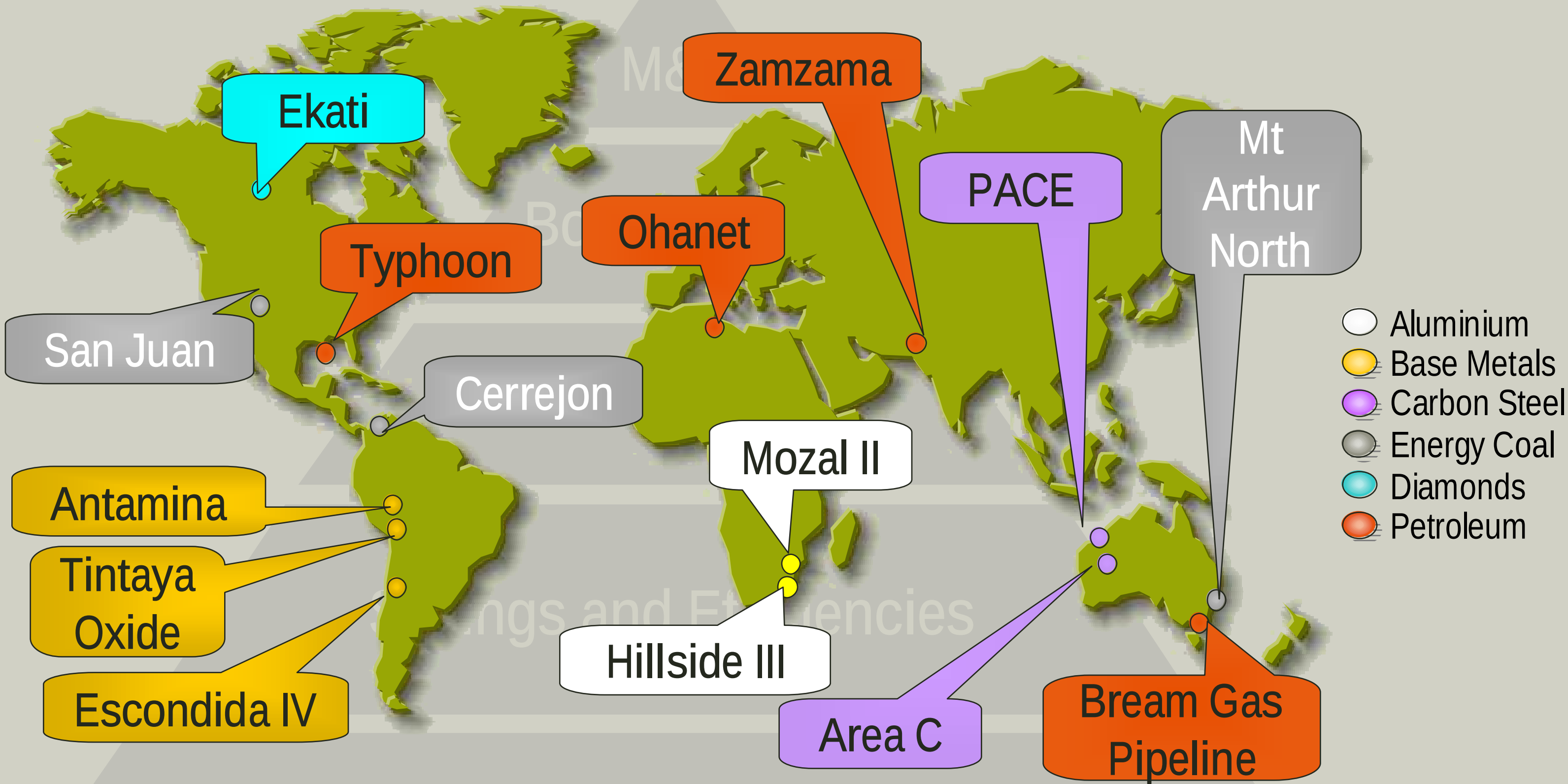
# Growth Projects Delivered Since July 2001




15 projects, US$3.8 billion of capital expenditures
Delivered on time and on budget



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# Executing the Strategy

- Implemented the strategy post-merger in 2001
  - Flat global demand for commodities at best
  - Commodity prices declining in real terms
  - Near to intermediate term economic forecast was meek
- Focus on low-cost, high-quality asset base
  - Reduced costs
  - De-bottlenecked operations
  - Unlocked cash generative potential of assets
- Re-invested for the future
  - Spent approximately US$3 billion per year on growth projects
  - Delivered 15 projects since July 2001
- Positioned to supply the increased global demand for commodities



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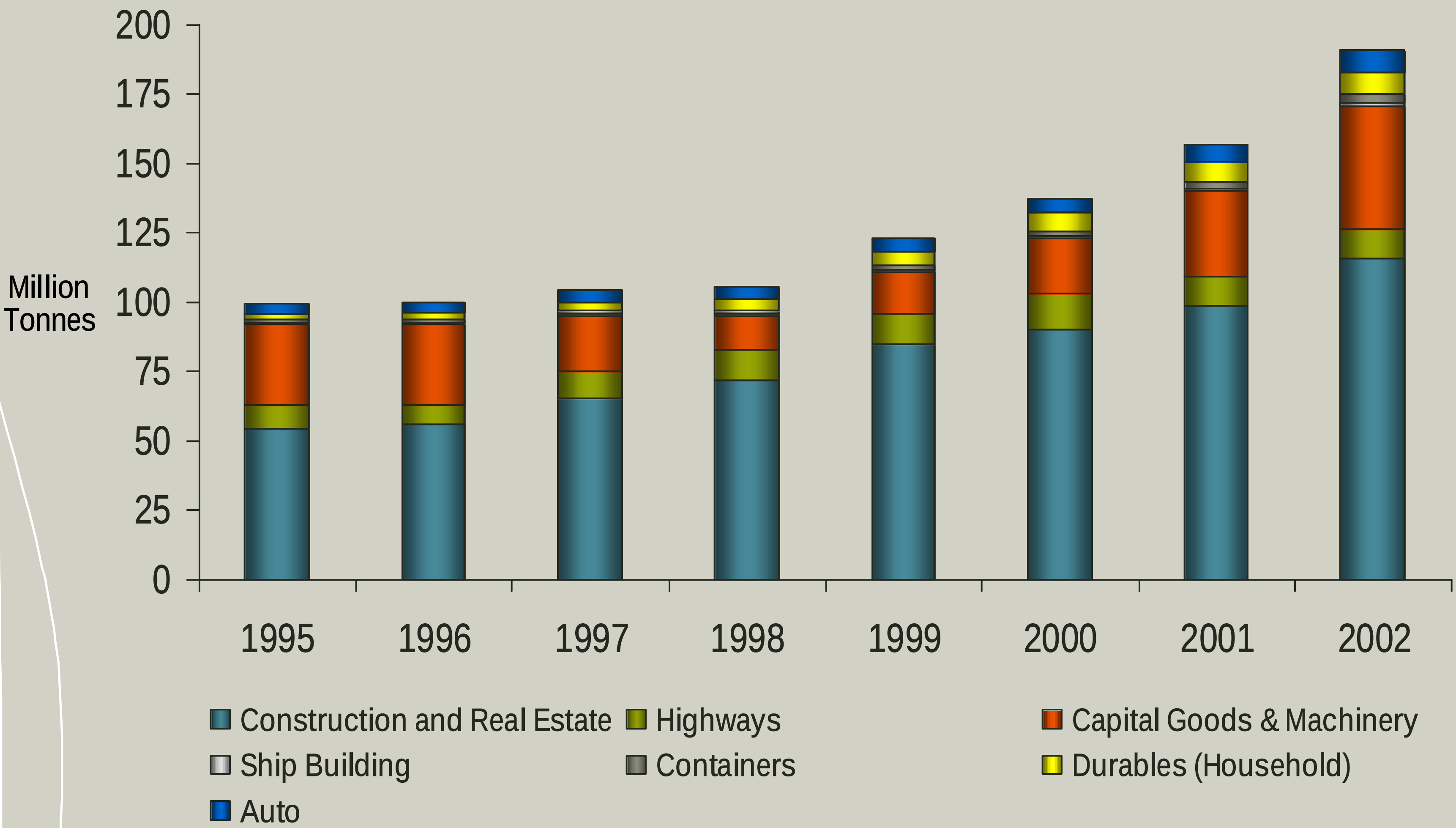
# Providing For a Growth Economy

# China – Steel Consumption By Sectors



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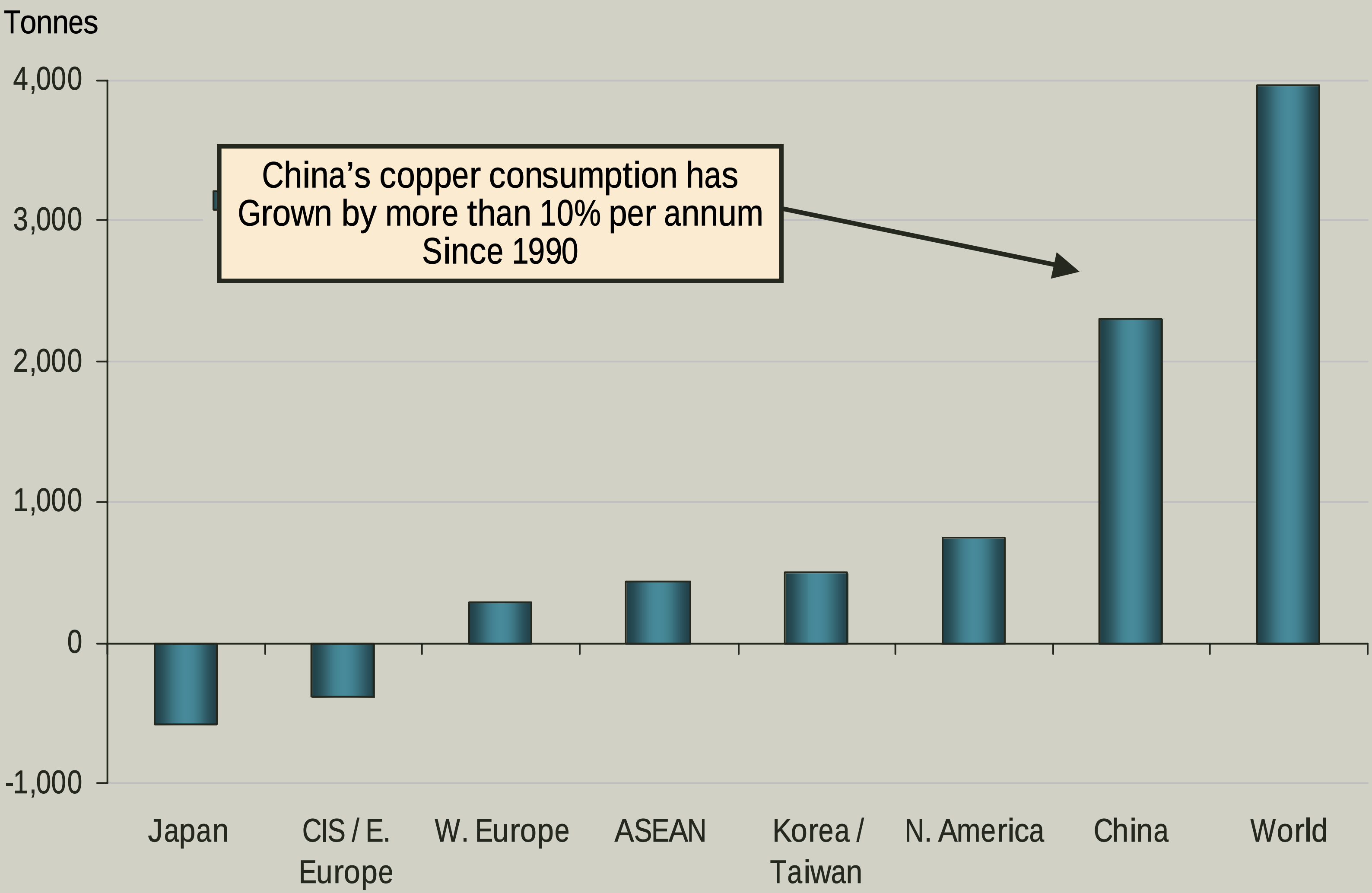
# China's Copper Demand Growth from 1990 to 2002




Source: BME, CRU



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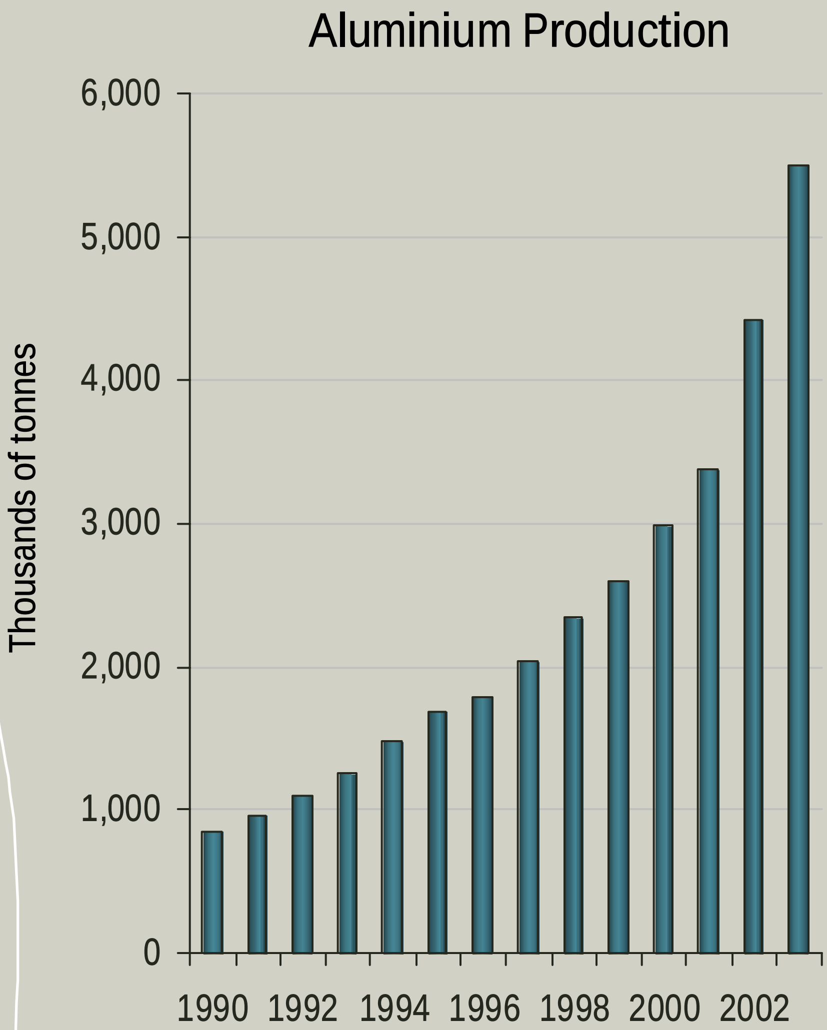
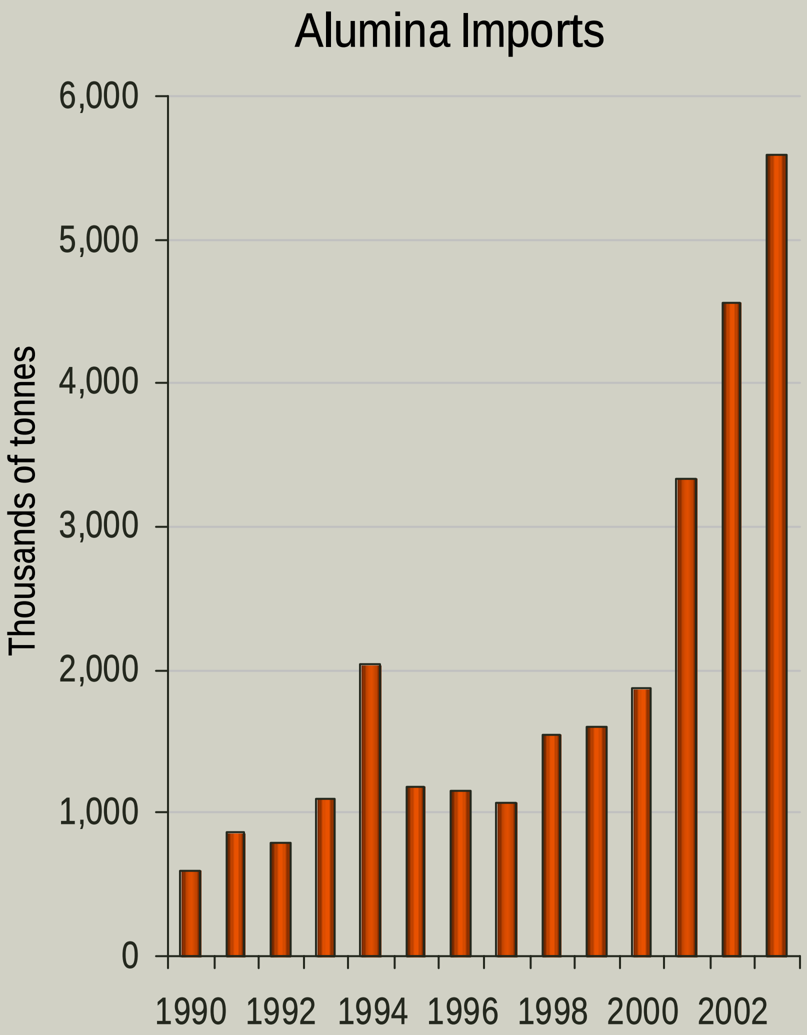
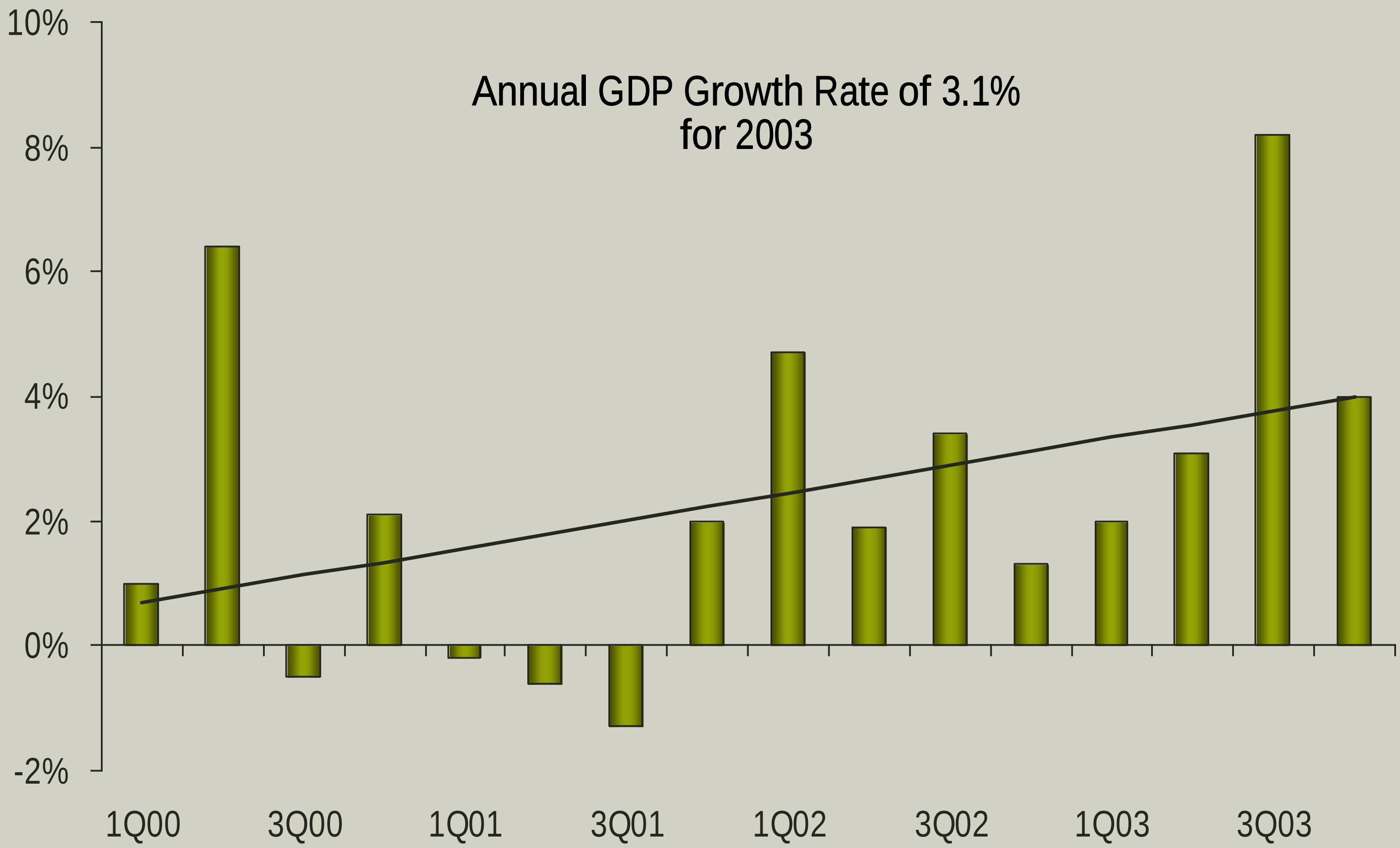
# Chinese Aluminium Production vs. Alumina Imports



# US GDP is back on Track



# Global Growth Translates to Opportunity for BHP Billiton

- China
  - Currently 10% of company revenues, up from 5% a year ago
  - Will have ‘ups and downs’ but underlying fundamentals of growth are sound
  - Increasing demand for more raw materials
- North America
  - Rising manufacturing orders and output
  - Robust expectations for future production
  - Demonstrating growing appetite for raw materials

How is BHP Billiton going to feed this global demand for resources...



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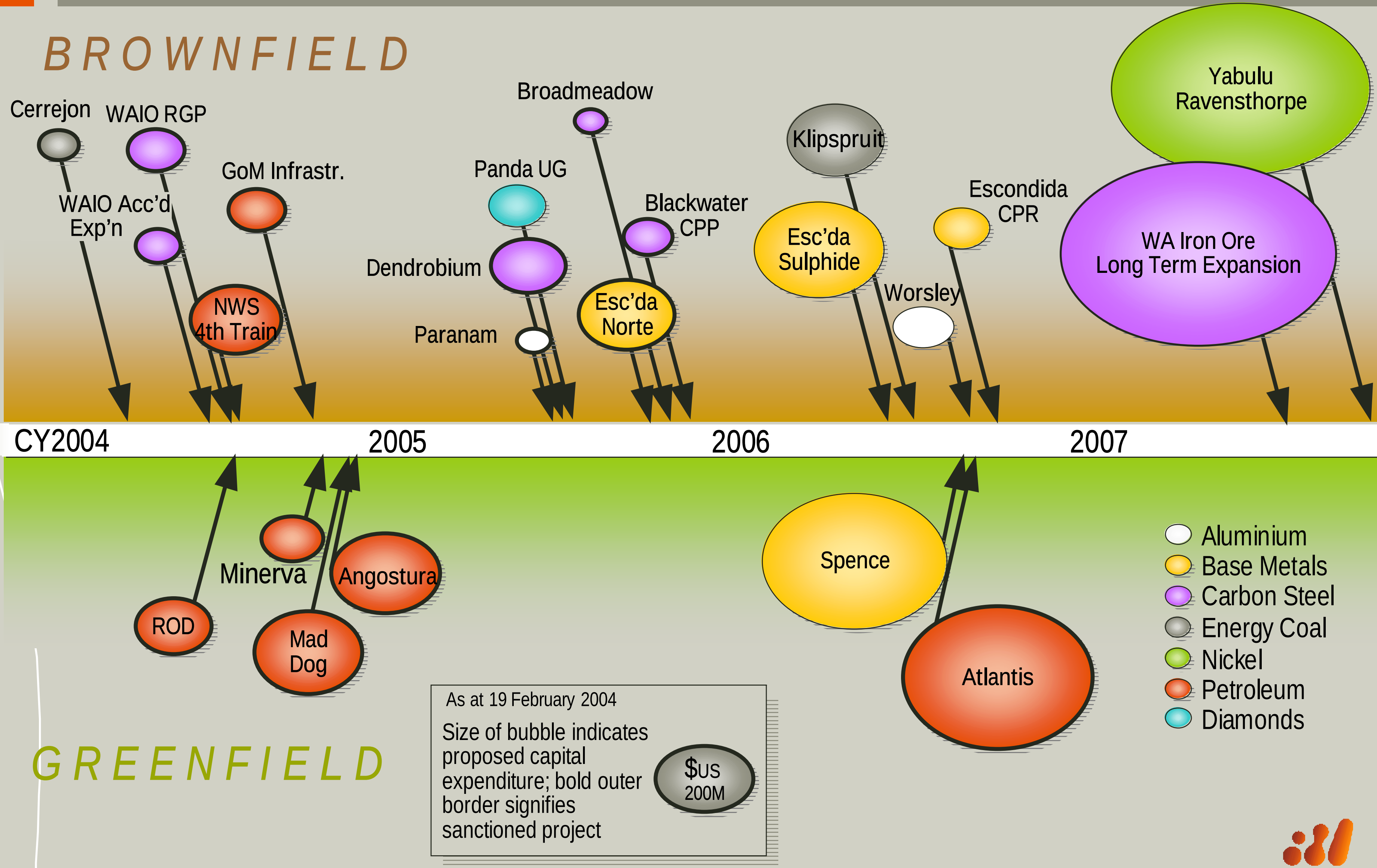
# Deep inventory of projects



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# Consistent execution of the business strategy

- Maximising the performance of operating assets
  - Safety
  - EBIT margins excluding third party product activities grown to 27%
  - Annualised return on capital of 15.4%
- Continued savings and efficiencies
- Reinvestment in growth projects
  - 9 major projects currently in development; 7 in feasibility stage
  - Plus smaller scale, capital efficient expansions based on existing infrastructure

Enables us to meet the challenge of increasing demand from China

AND

Positions us to benefit from recovering global economies



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