

BHP Billiton Carbon Steel Materials

June 2002



Introduction and Strategy

Bob Kirkby
President Carbon Steel Materials



Presenters

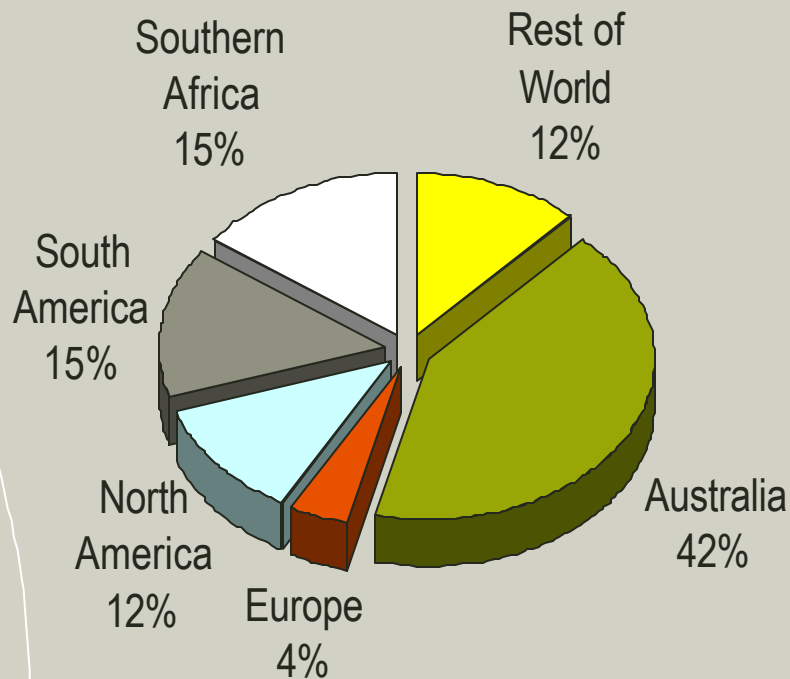
- Introduction and Strategy Bob Kirkby
- Marketing Andrew Offen
- WA Iron Ore & Boodarie Iron Graeme Hunt
- Queensland Coal Dave Murray
- Other Assets Bob Kirkby
- Conclusion Bob Kirkby

Question & Answer

- Louis Irvine Melbourne
- Stefano Giorgini Melbourne
- Wayne Isaacs Melbourne
- John Raubenheimer Melbourne

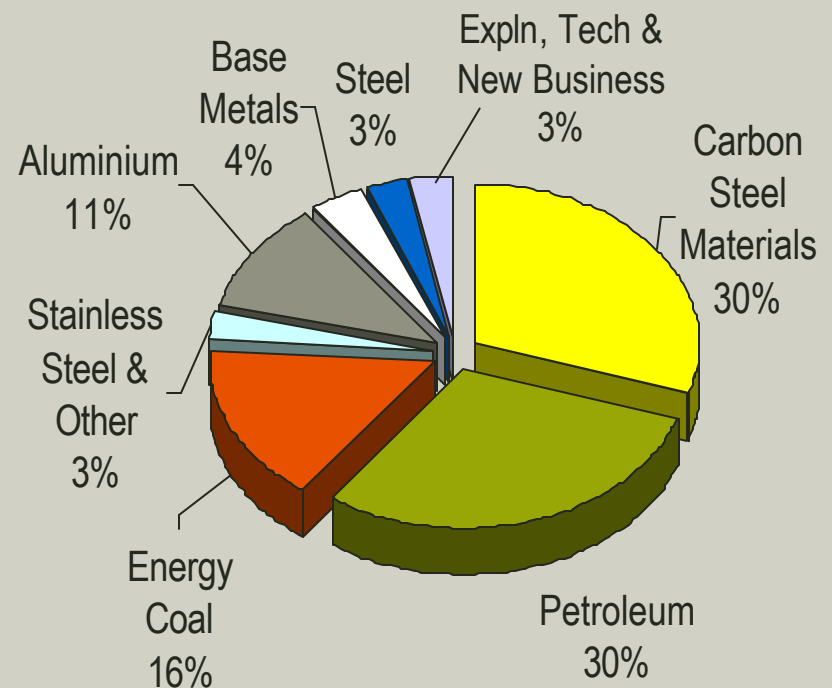
BHP Billiton – Diversification (9 months to March 2002)

Turnover - Geographic Origin



Total Turnover \$13.2bn

EBIT - CSG



Total CSG EBIT \$2.8bn*

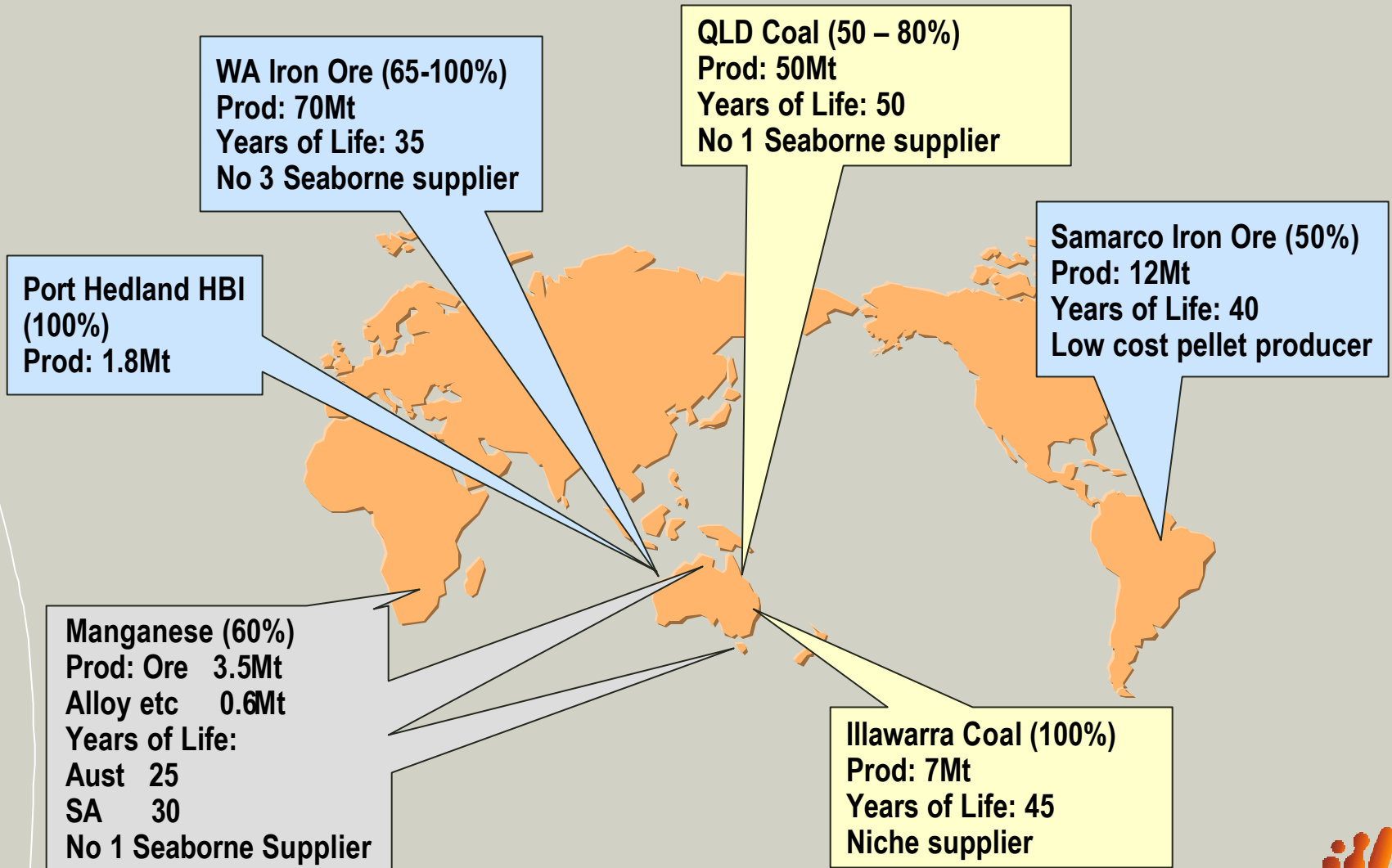
*EBIT contribution excludes group and unallocated items

BHP Billiton Context - CSM Key Attributes

- Significant, stable and attractive returns
 - Critical mass and cost competitive
 - Long life, high quality resources
 - World class infrastructure
 - Experienced and progressive teams

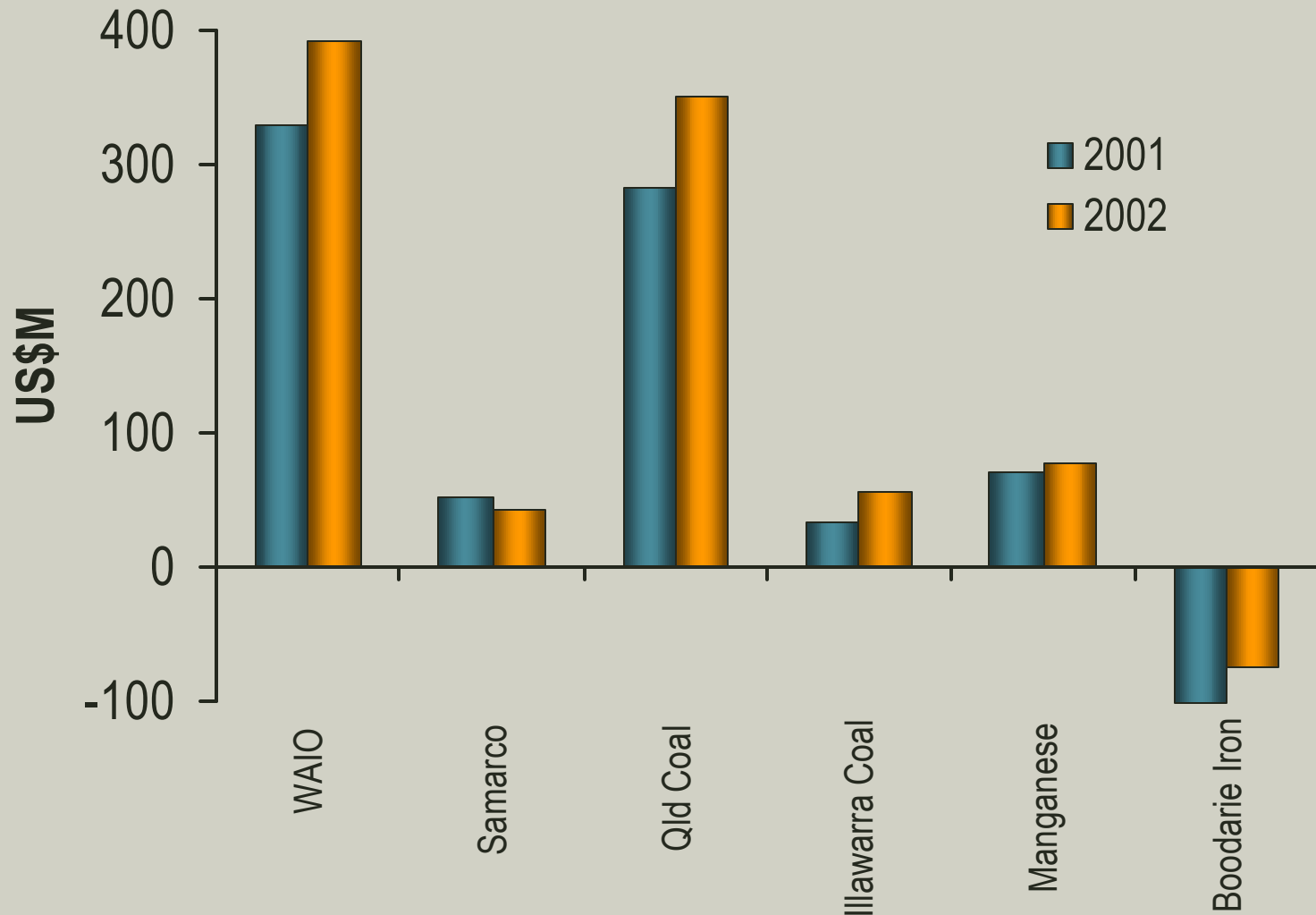
- Value adding growth opportunities

Carbon Steel Materials Assets



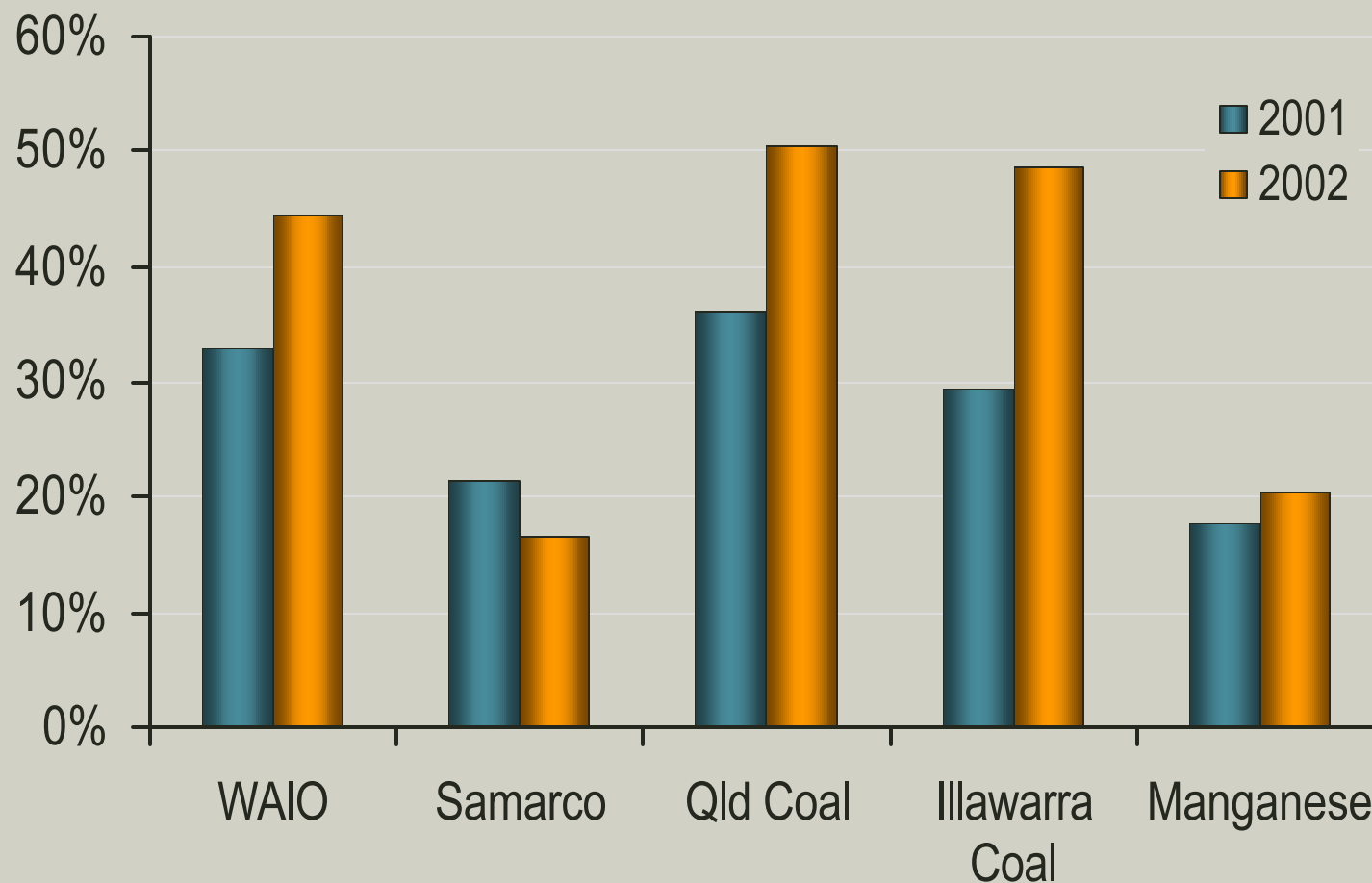
100% nominal production capacity

Asset Overview – EBIT Contribution to CSM Earnings (FYTD)



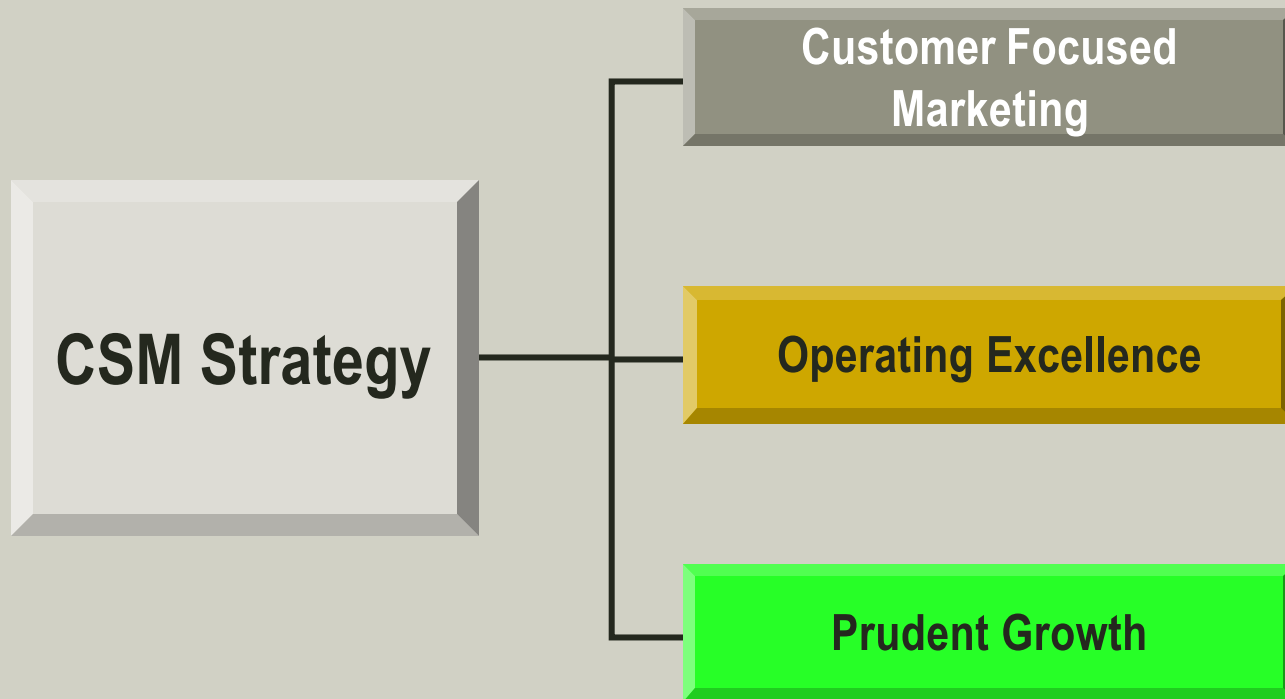
EBIT ROC – Asset Contribution

(Based on 2001/2002 reported EBIT – 9 months to March)



(Note: 10 month weighted average net operating assets)

CSM Strategy - Focus 2002/5



Marketing

Andrew Offen

Marketing Director Carbon Steel Materials



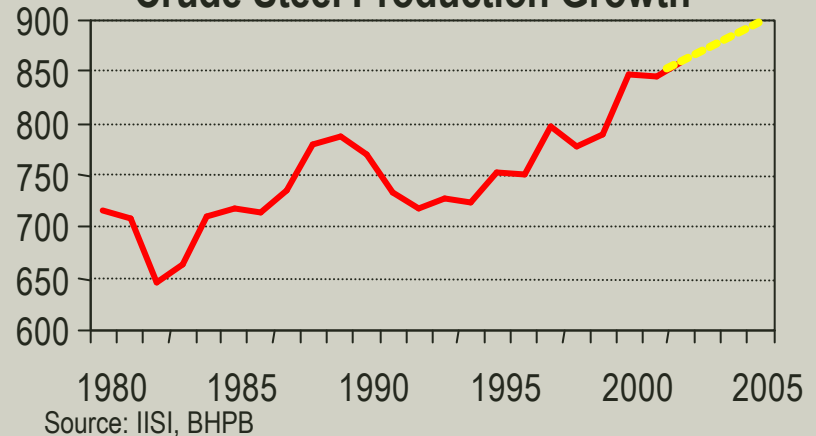
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CSM - Background Environment

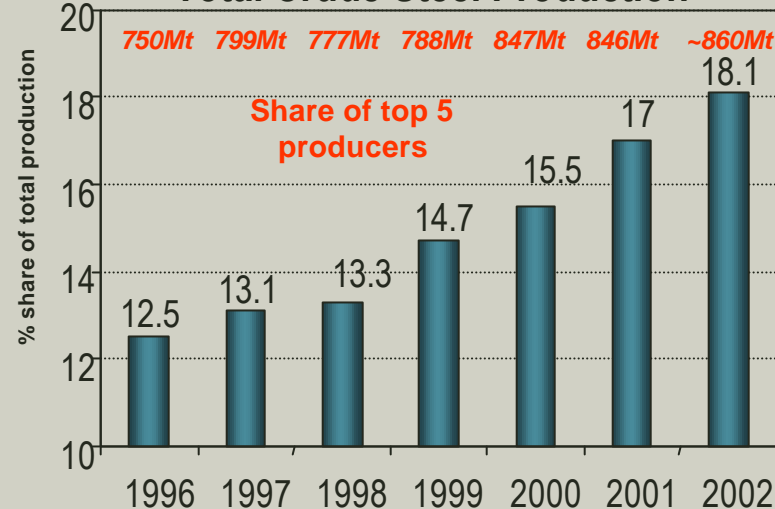
Steel Industry

- Steel industry continues long term growth - continued steel demand pull @ >2%pa; based on GDP/IP growth
- No major substitution of other materials, plastics, light metals
- BF/BOF remains major steelmaking route:
 - BOF share sustained around 61%
 - EAF growth only in selected regions US
- Continued customer consolidation & rationalisation, emerging mega steel company(ies), Arcelor, (Europe) JFE (Japan)
- Intense cost pressures – ongoing tension between highly profitable suppliers & unprofitable customers

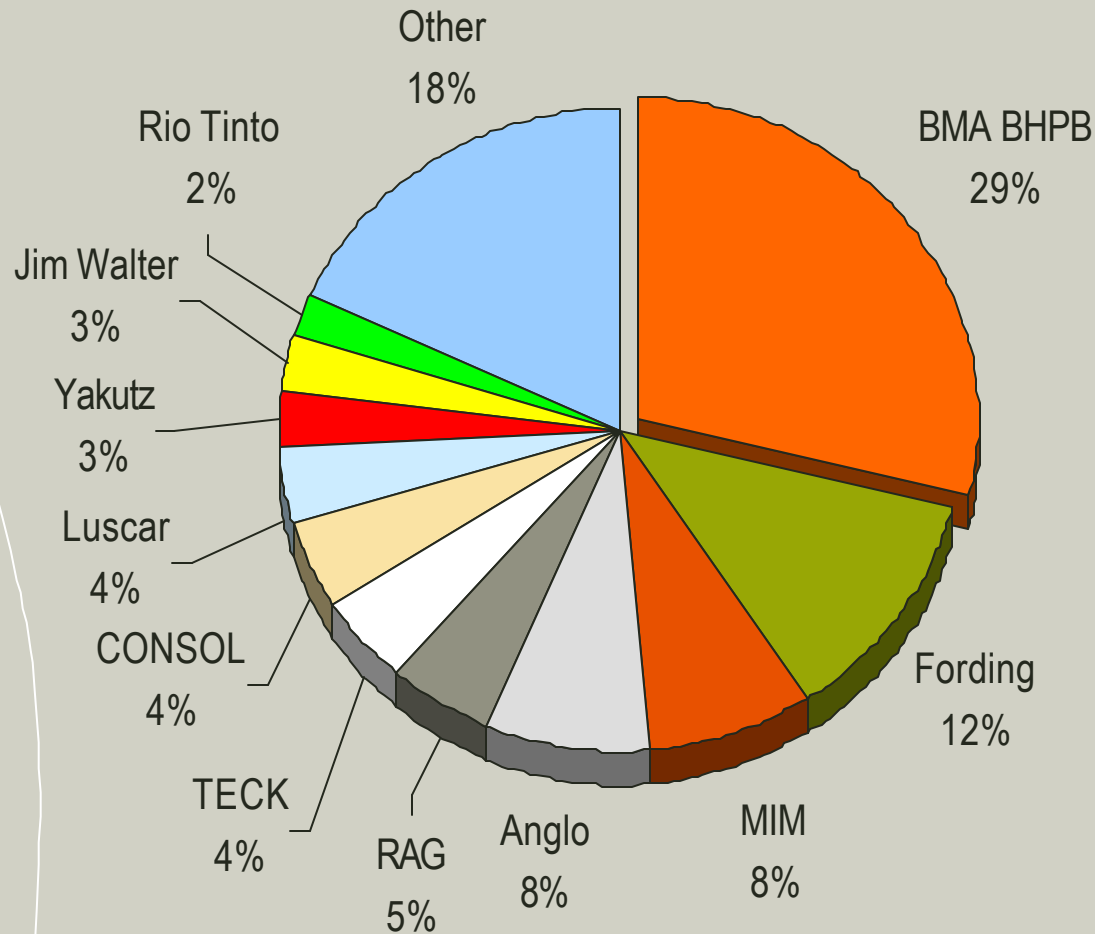
Crude Steel Production Growth



Total Crude Steel Production



Market Structure - Met Coal



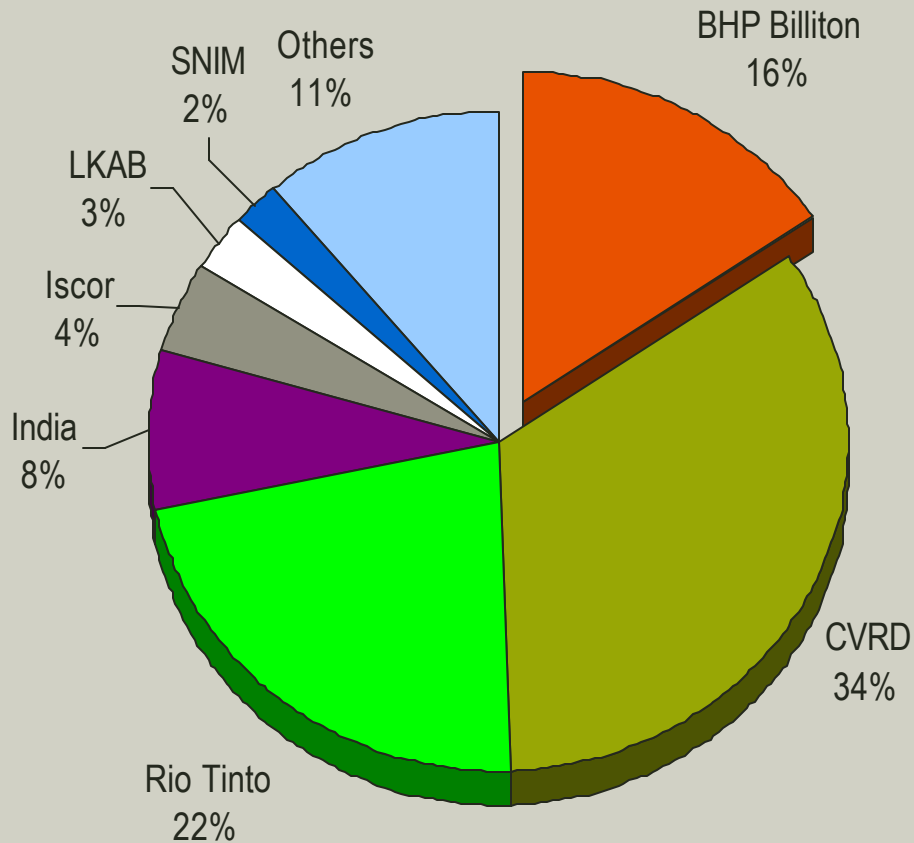
The top 10 seaborne producers of met coal account for 79% of the total market.

Total HCC exports : 125Mt

Note: some of these producers also export significant volumes of weak met coal:

- Rio Tinto 9.4 Mt p.a.
- BMA-BHPB 7.7 Mt p.a.
- Fording 2.5 Mt p.a.
- Anglo 1.5 Mt p.a.

Market Structure – Iron Ore



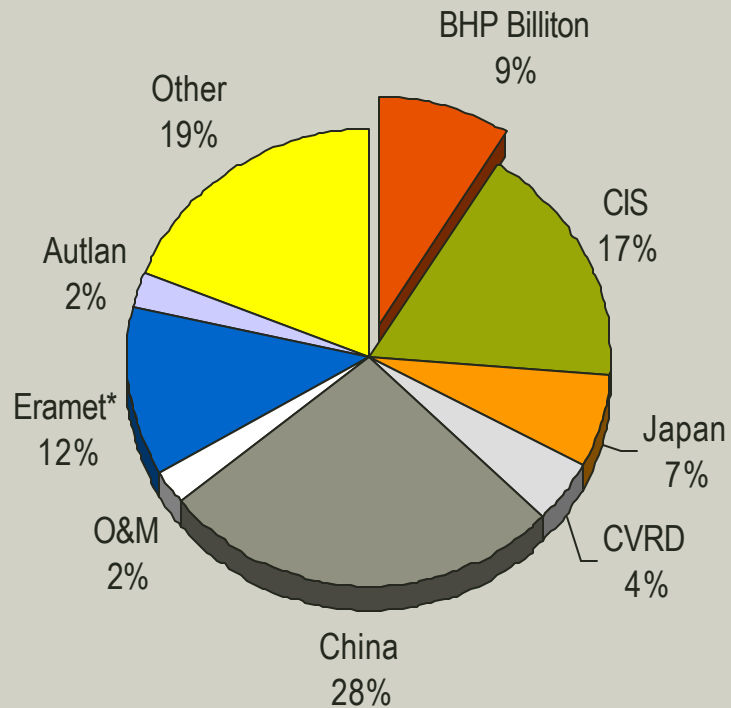
Top 3 exporters account for 72% of the total market

Total IO exports 453Mtpa

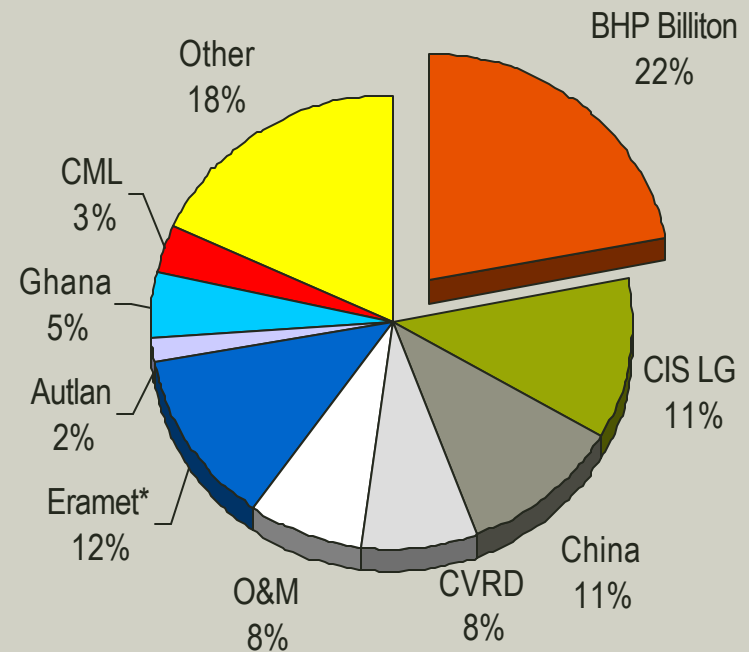
Seaborne iron ore market divided into Atlantic, dominated by CVRD and Pacific dominated by Australian suppliers, BHPB and Rio Tinto

Market Structure – Mn Ore and Alloy

Alloy Market



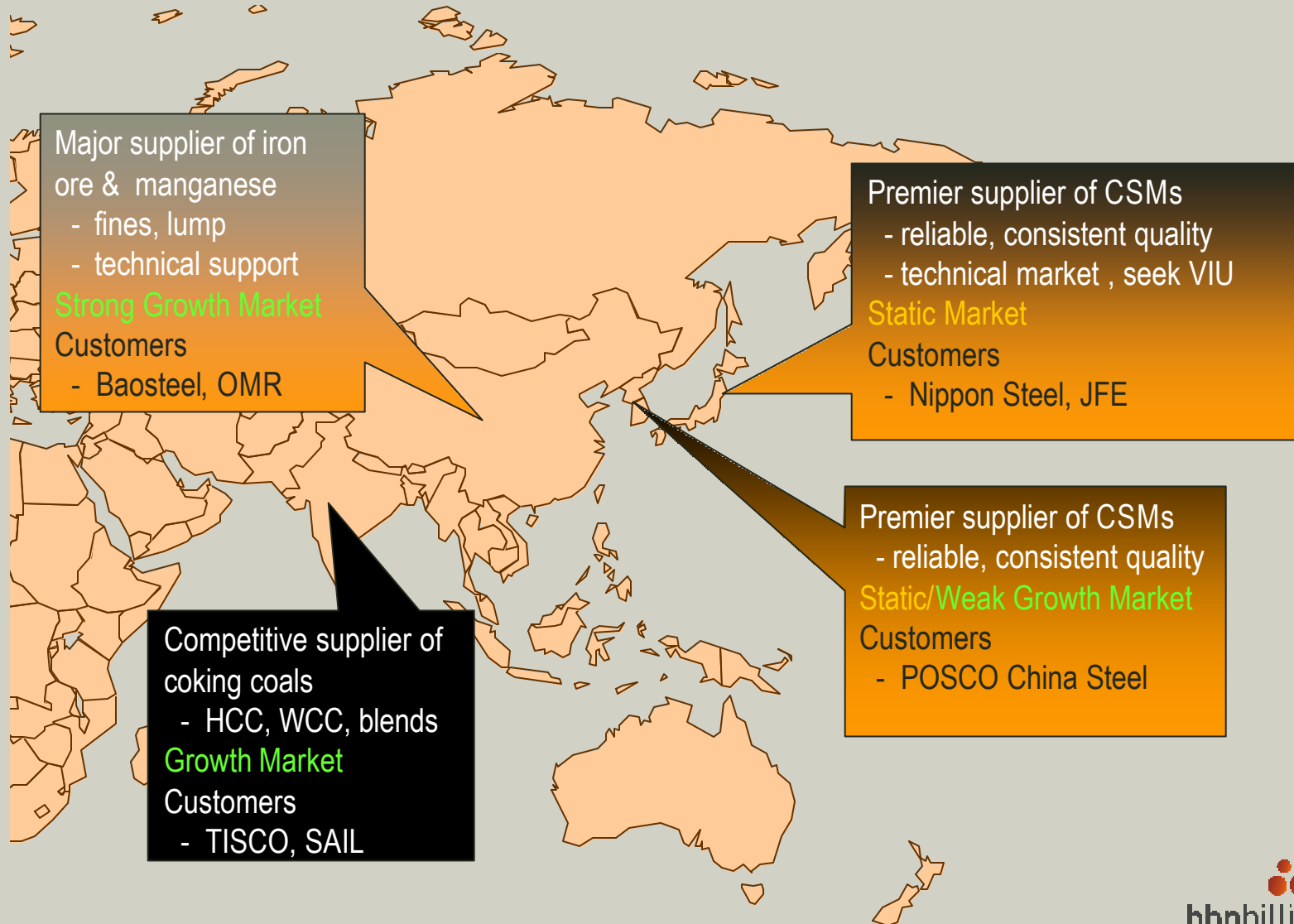
Mn Ore Market



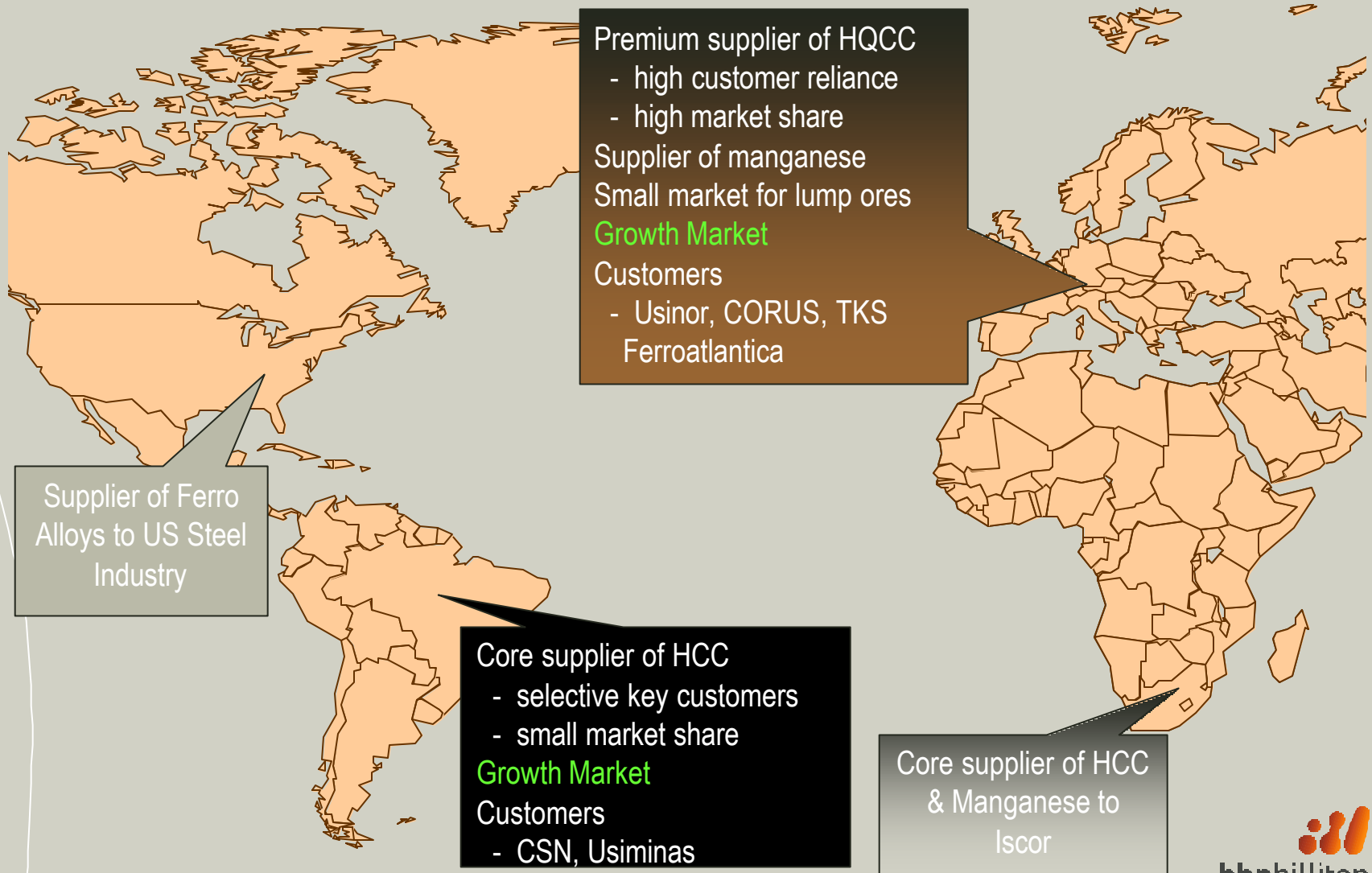
*Includes China JV's

Source: BHPB

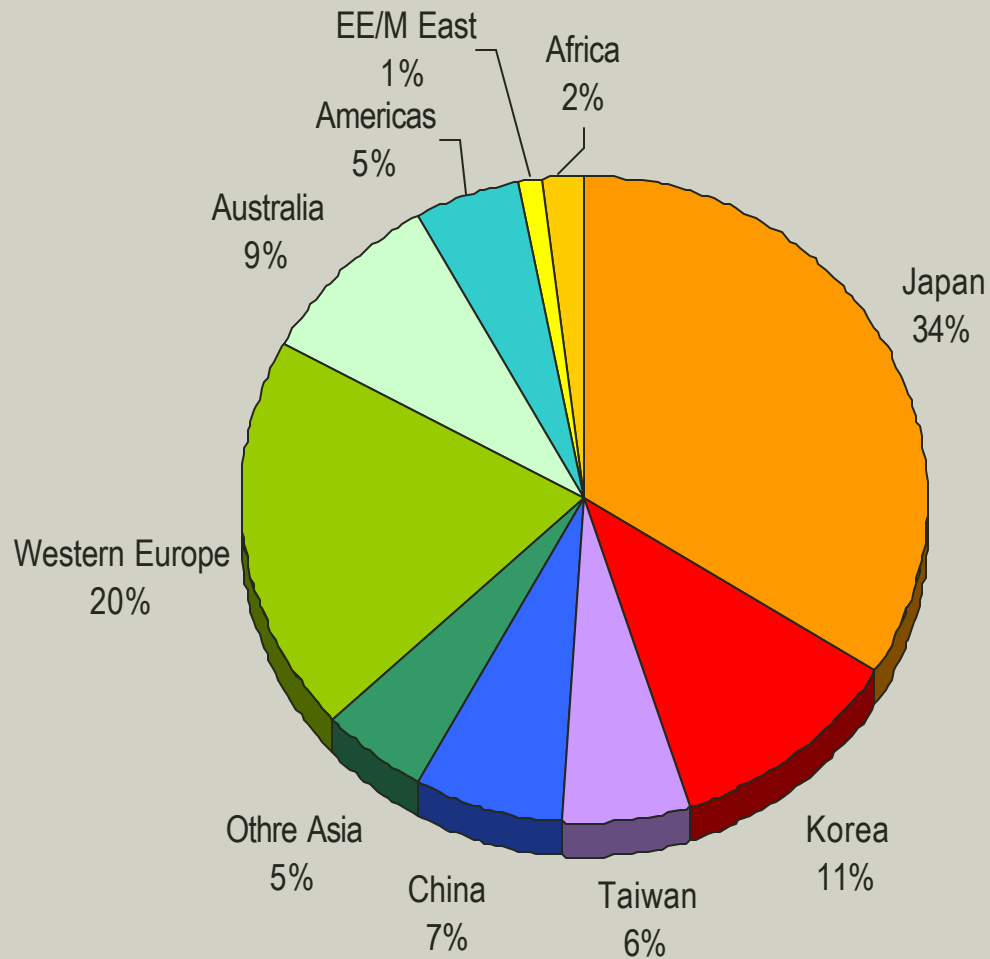
CSM Market Position - Asia



CSM Market Position – Atlantic



CSM Revenue by Region



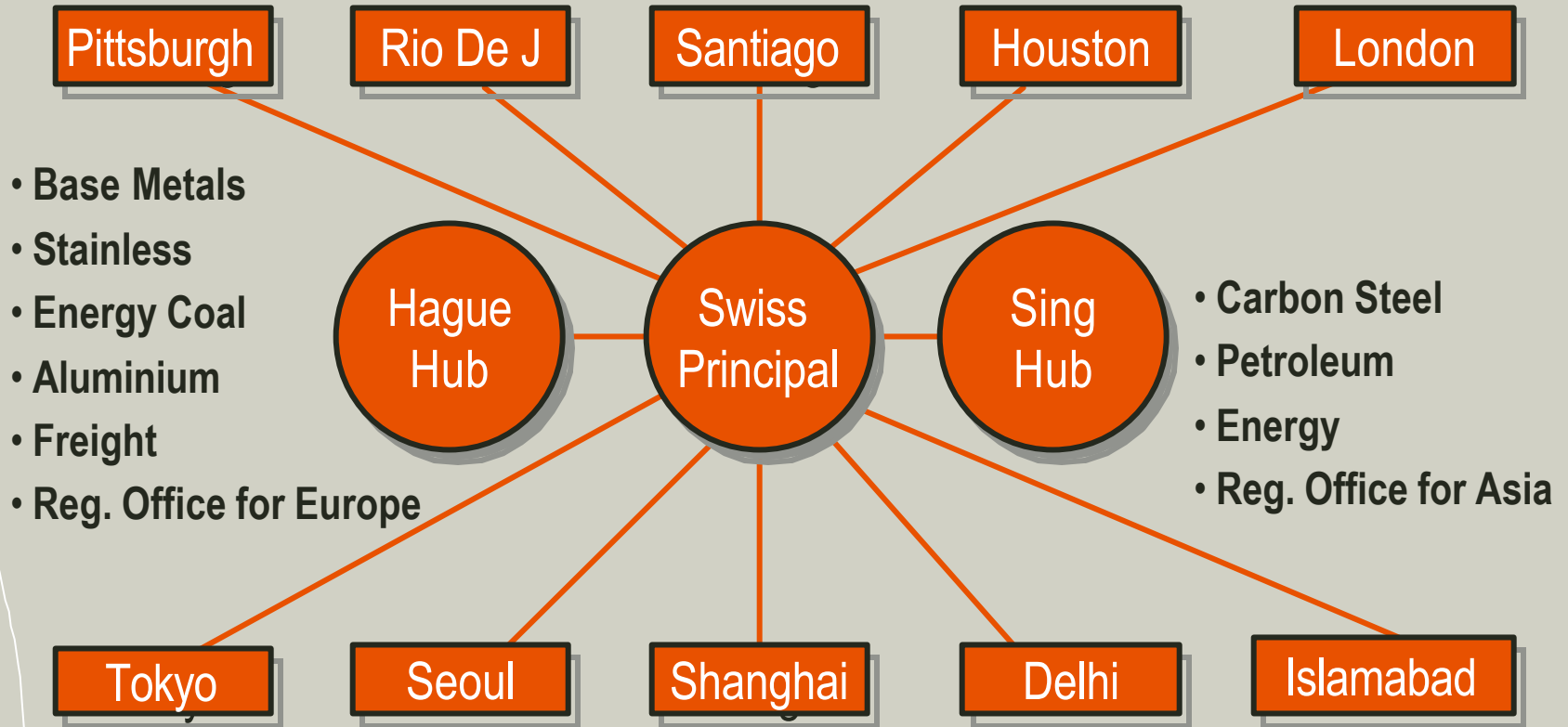
What is our goal?

- To maximize long term margins
- To protect our market position
- To achieve sustainable market share growth

How are we going to achieve that goal?

- Improving our customer focus and pushing to the position of the pre-eminent supplier of raw materials to the steel industry
- Optimising our customer & geographic mix, product portfolio and pricing levels to maximize value
- Improving our industry structure
- Capturing the synergies inherent in our CSM business grouping
- Enhancing our merchanting/commercial skills and the systems required to implement them

The Marketing Model



Underlying Principles

- Common Customer Groupings
- Centralised “one book” Model

The CSM Competitive Advantage

- Stronger customer relationships – value propositions
- Improved capability to position in the market and maximize margins
- Improved opportunities to package products/services
- Improved information capture, sharing & analysis
- Experience and understanding of concentrated international markets

The CSM Competitive Advantage (cont'd)

- Use of technical support to capture value → v.i.u., product differentiation, new markets
- Global spread of operations and offices
- Minimal use of intermediaries
- Dedicated logistics solutions and freight trading

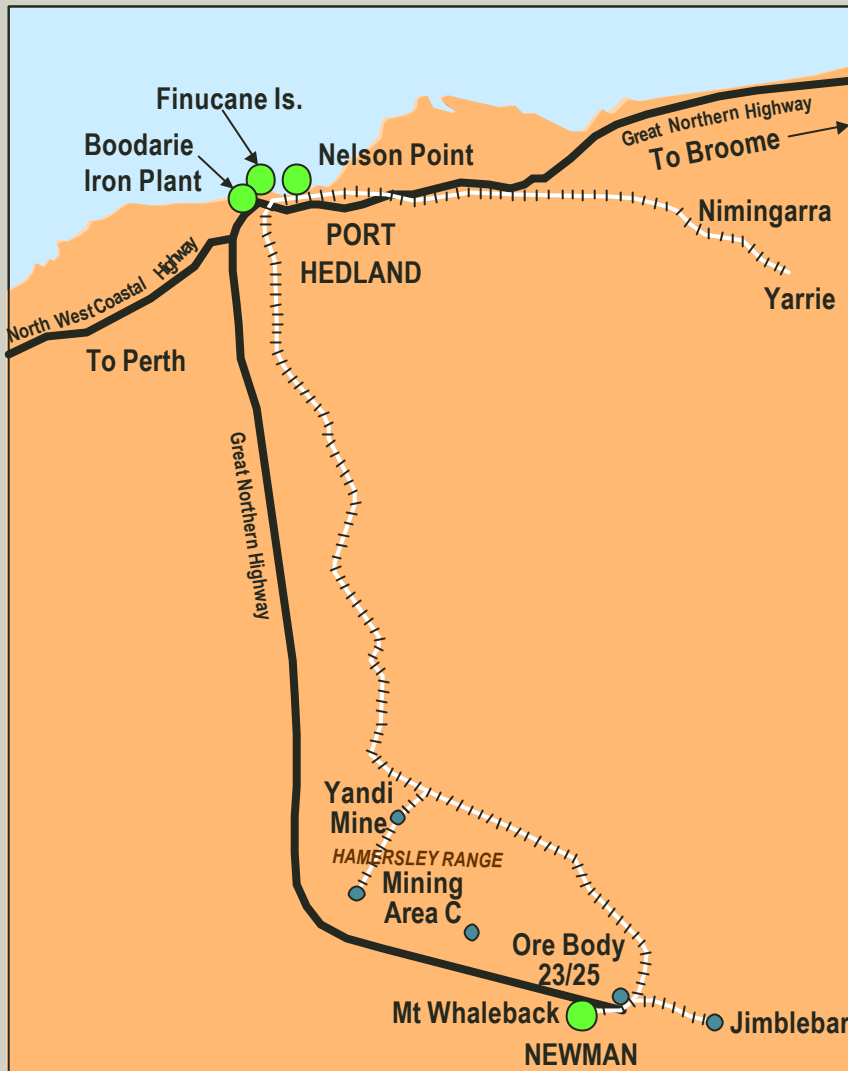
West Australian Iron Ore

Graeme Hunt

President WA Iron Ore & Boodarie Iron



BHP Billiton – WA Iron Ore Business



WA Iron Ore – Key Statistics



- Mt Whaleback – shipped 900Mt of high quality Brockman ore since 1969
- Yandi Fines – high VIU (value-in-use) sees growing market demand – shipped + 200Mt since 1992
- Yandi Lump – high quality pisolite lump product – shipped 2.5Mt since 2000

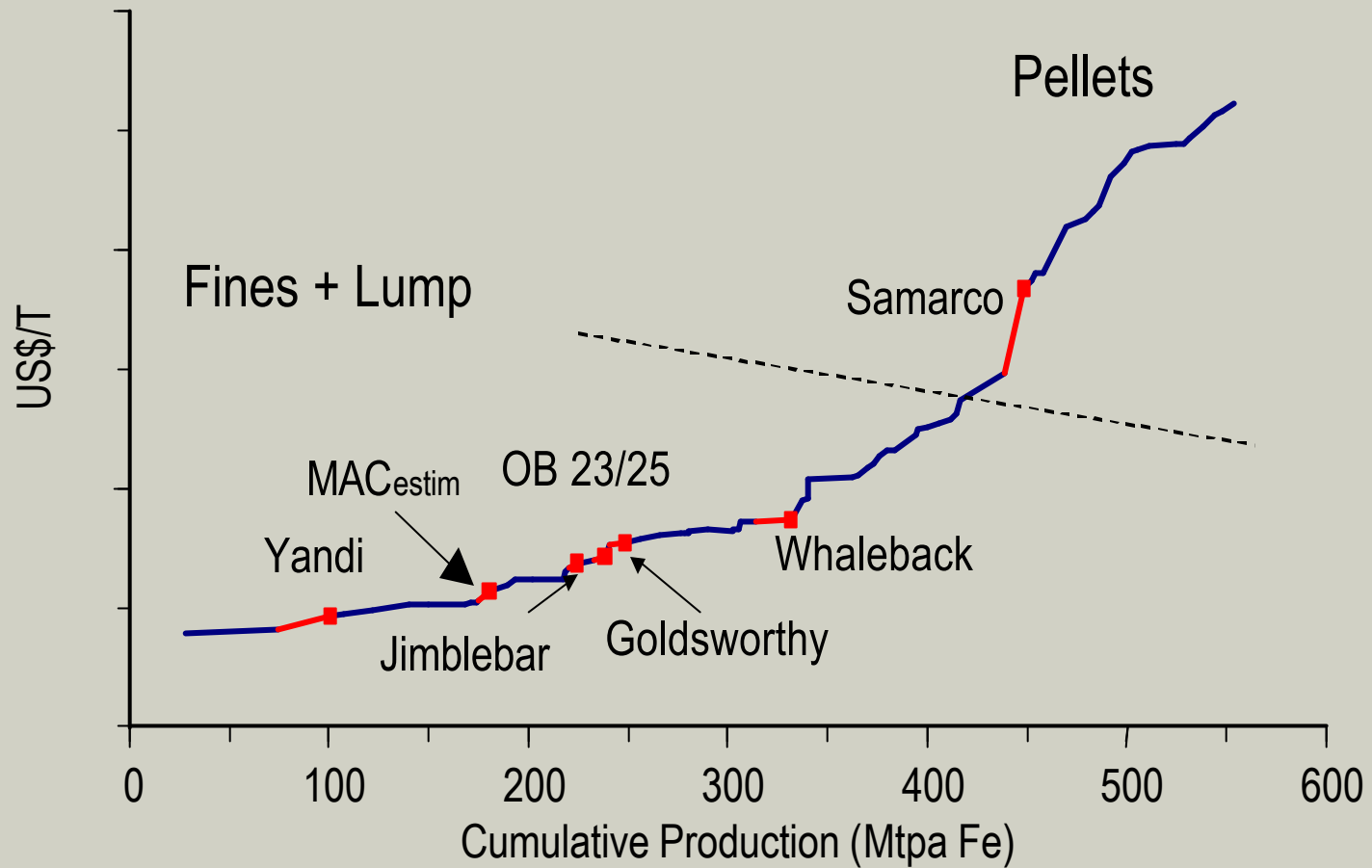
Future Resources

- 1400Mt of low Phos Brockman resources still available in Newman area
- 1320Mt Pisolite and 1885Mt Marra Mamba ore types
- 1755Mt high Phos Brockman ore – if market emerges

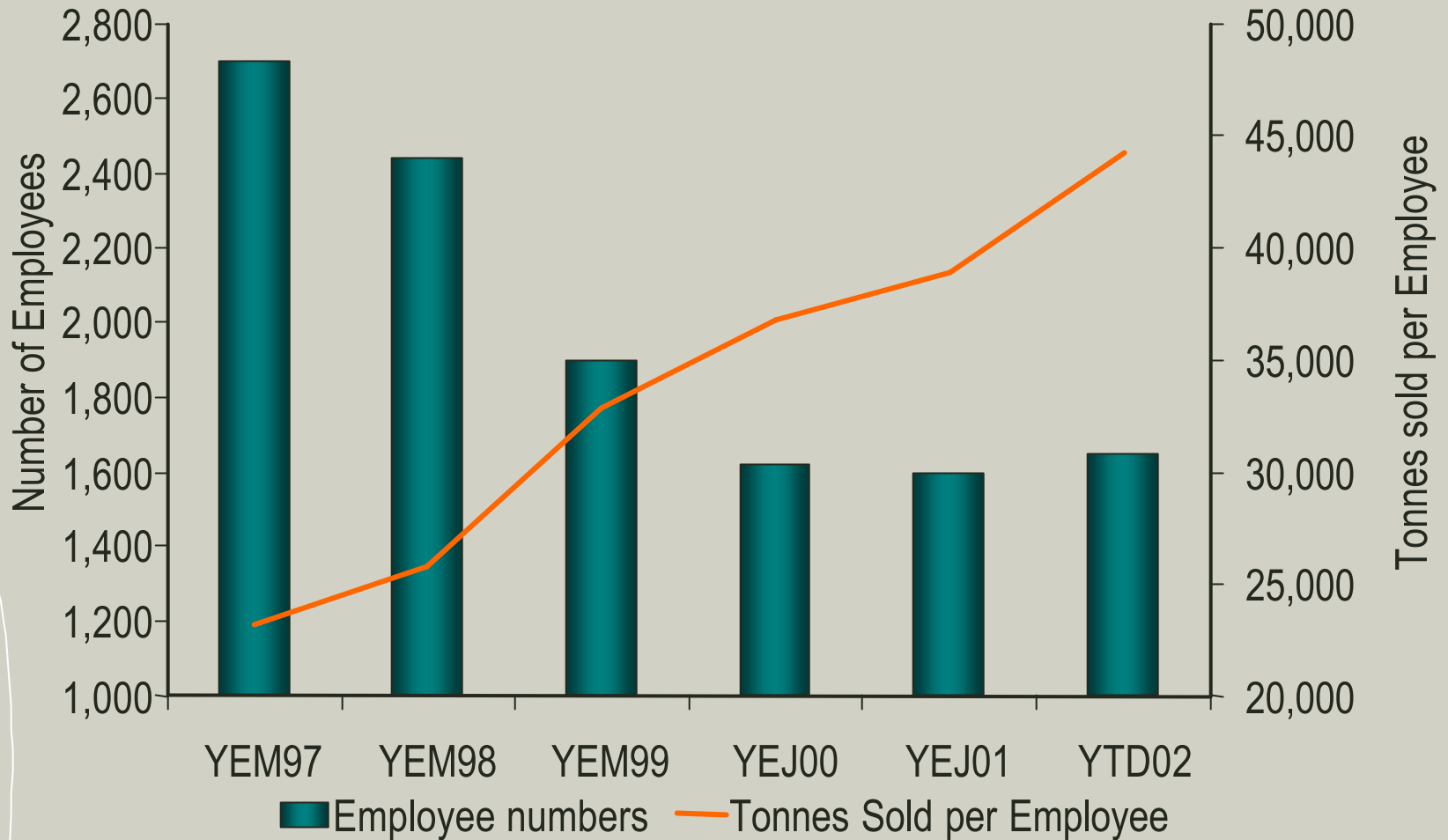
Key Infrastructure

- 5 mines, 400km railway, 2 stockyards, 3 berths, 1,700 employees

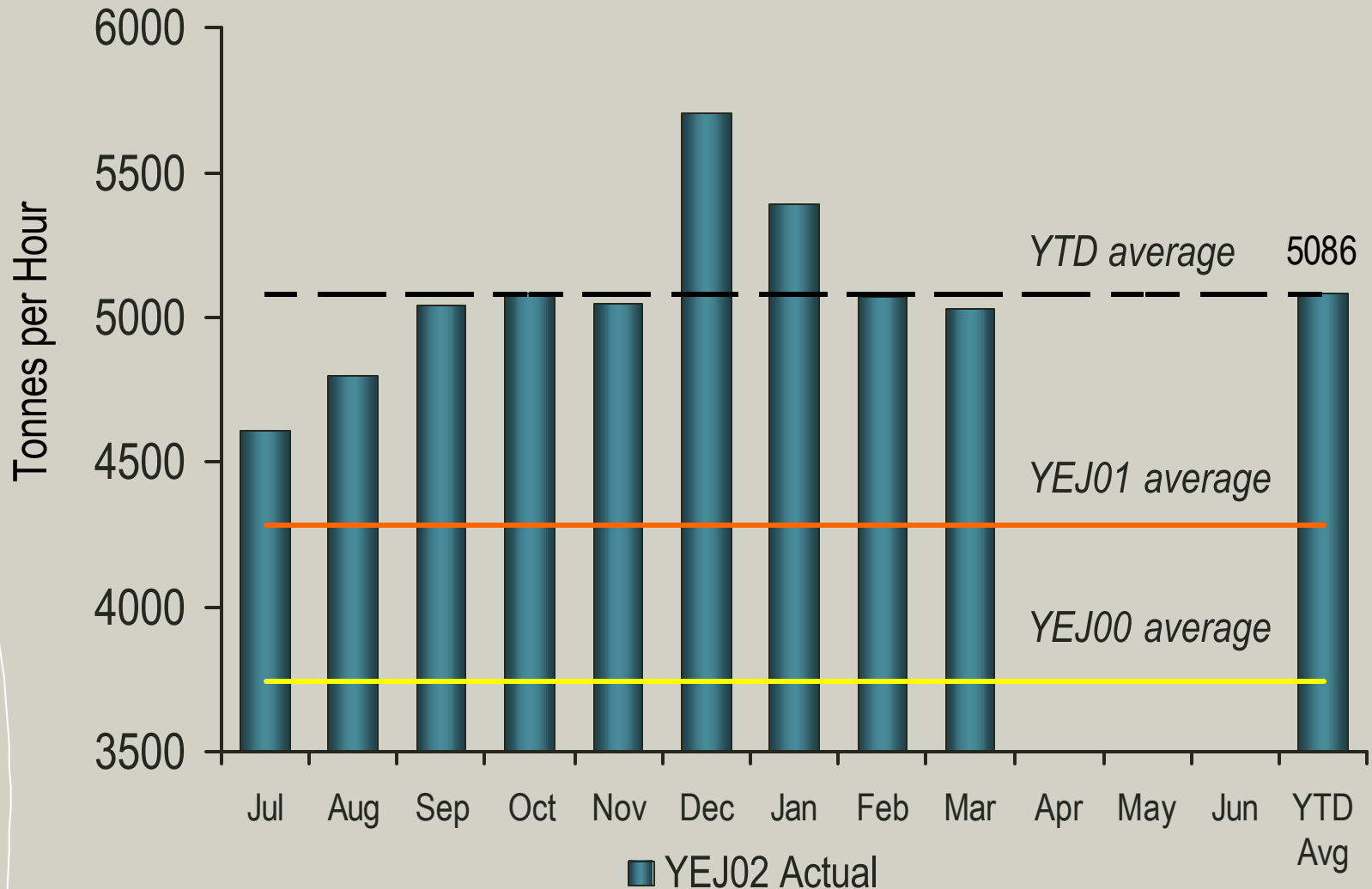
Seaborne Iron Ore FOB Cost Curve



WAIO Improved Productivity



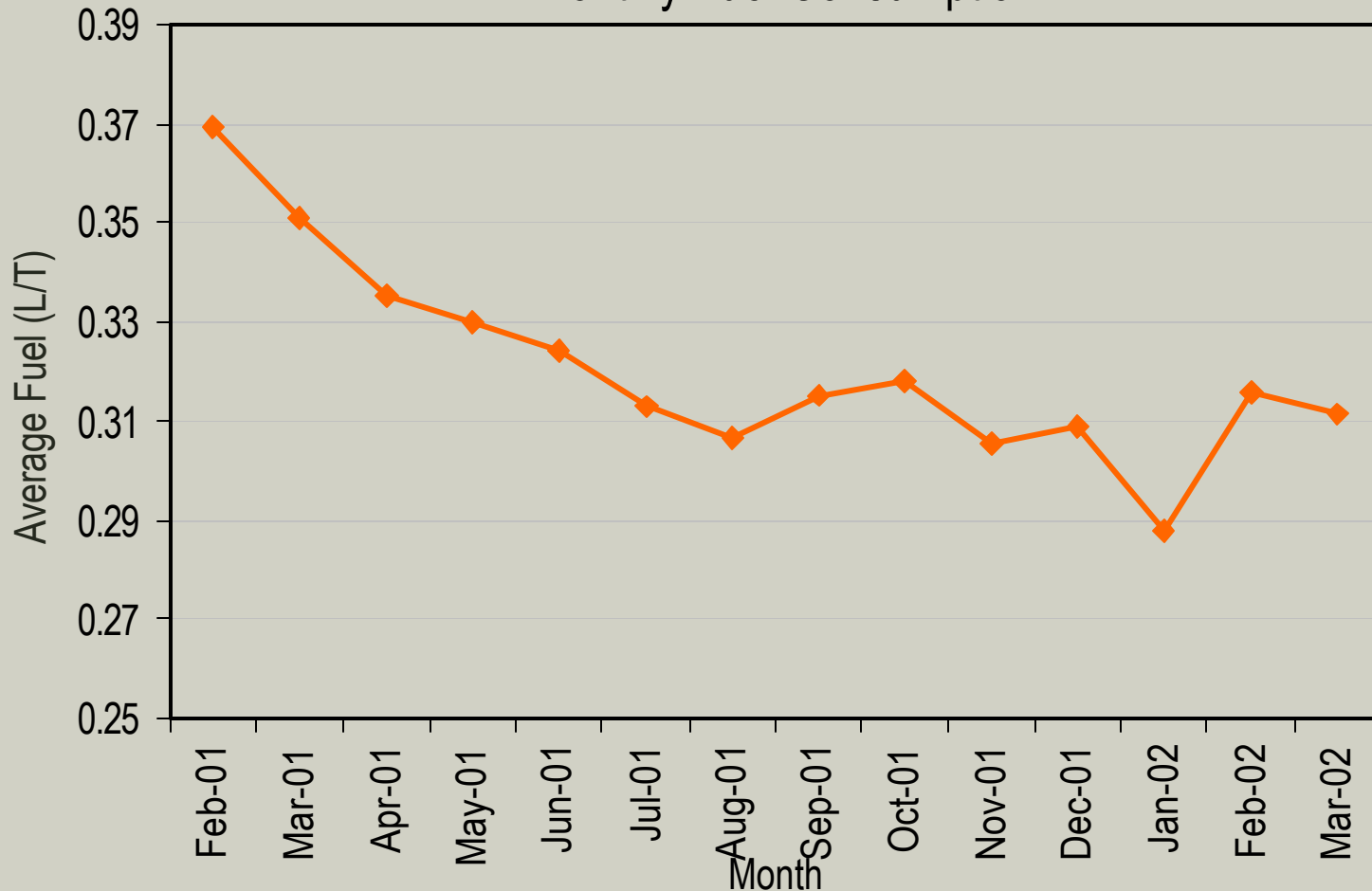
Success from Operating Excellence - Gross Loading Rate (Nelson Point)




Success from Operating Excellence – Loco Fuel Consumption



Monthly Fuel Consumption



Adopting New Technology – World's Longest Train

An aerial photograph showing a long, dark train stretching across a vast, arid, reddish-brown desert landscape. The train is composed of many individual railcars, and the tracks curve gently through the terrain. The sky is clear and blue in the distance.

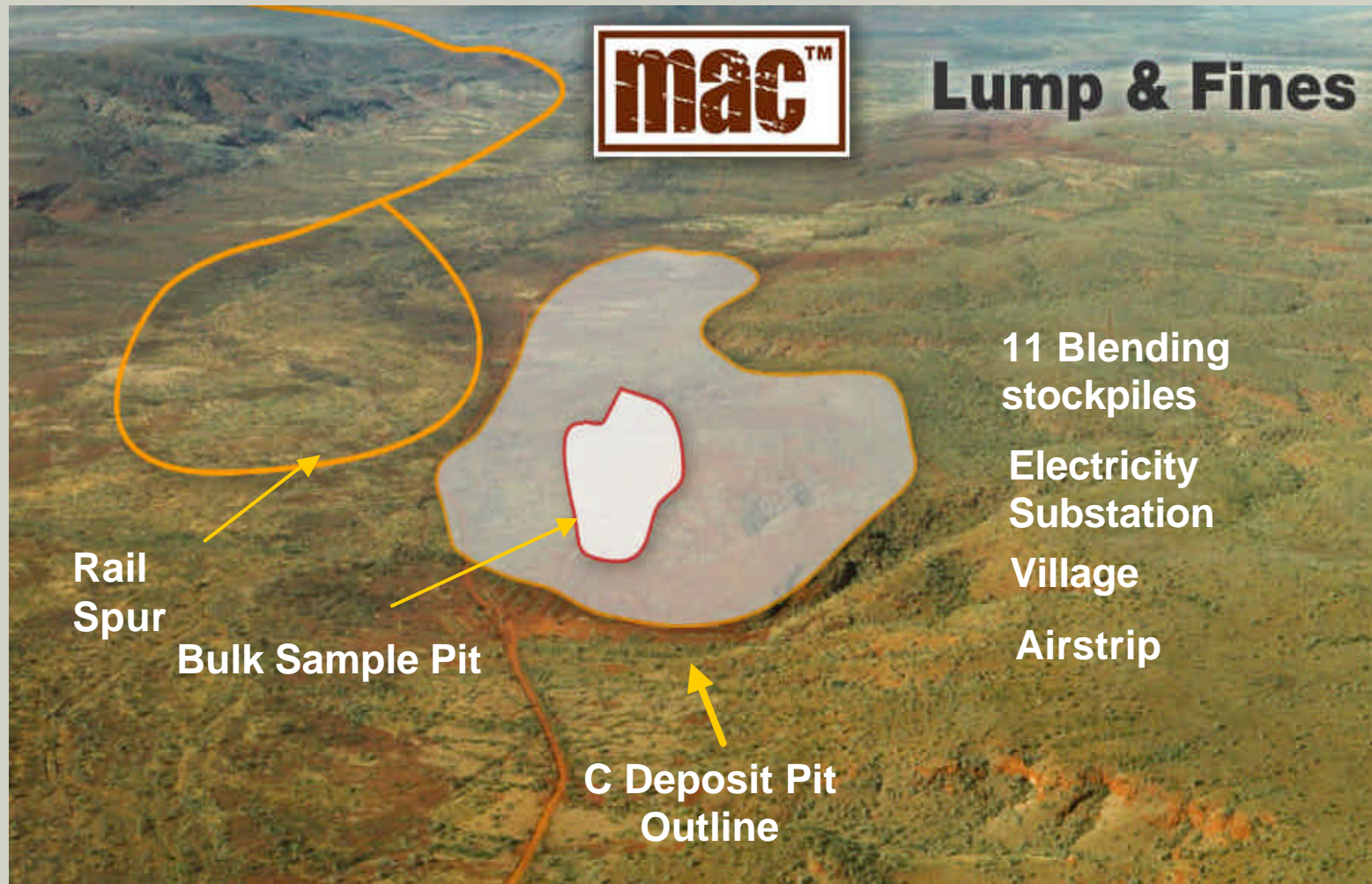
• Total Length	7.353 kilometres
• Gross mass	99,732.1 Tonnes
• Total Mass (exc. Locomotives)	98,164.5 Tonnes
• Nett mass of Ore	82,262.5 Wet Tonnes
• Total distance travelled	276 kilometres
• Total running time	10 hours 4 minutes

Future Growth Strategy



- Incremental expansion of Newman and Yandi mines
- Develop new, high Value-in-Use products to provide steelmakers with competitive advantage:
 - Yandi Lump
 - MAC™ Lump and Fines
- Products & Capacity Expansion (PACE) – Expanding rail and port capacity to meet market growth

Mining Area C



Mining Area C

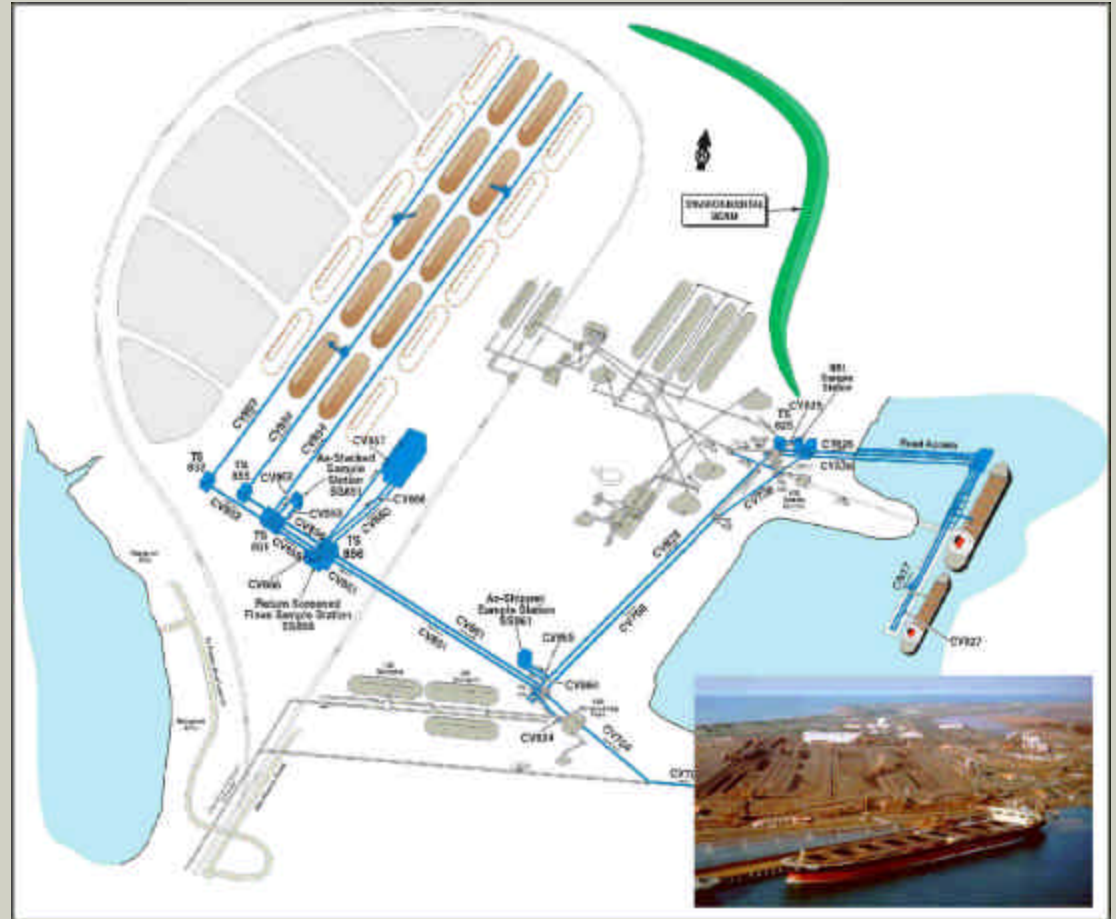


- More than 800 million tonnes of iron ore in seven separate deposits
- US\$213M (100%) capital expenditure (mine, processing & rail spur)
- 740,000 tonne bulk sample April 2002
- Bulk sample product railed and processed
- First shipment scheduled to POSCO
- Production target – late 2003
- Capacity to 15Mtpa
- Ramp up in line with market demand
- POSMAC JV

Products & Capacity Expansion Project (PACE) Western Stockyard Works

Stage 1

- US\$351M (100%) capital expenditure (port, mainline, environment)
- Upgrade under harbour tunnel to 10,000tph
- New berth approach jetty and conveyors
- Extend existing berth north and upgrade conveyor
- New 10,000tph shiploader
- New Western Stockyard 1.65Mt and Lump Re-screening Plant
- Water and power supplies upgraded
- Environmental berm
- Foundation for long term optimisation



Boodarie Iron – The Way Forward



BMA – Queensland Coal

Dave Murray

Chief Executive Officer BHP Billiton Mitsubishi Alliance (BMA)

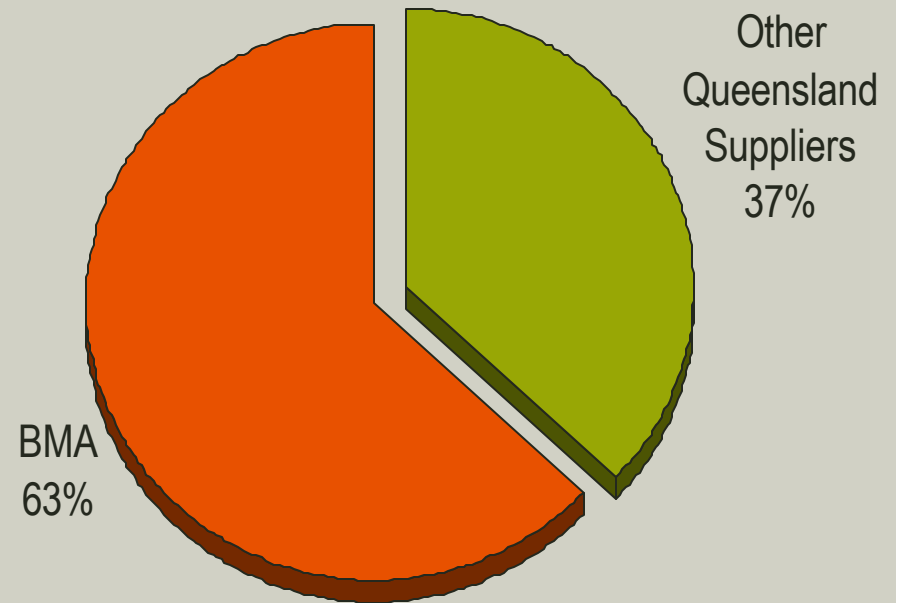


BMA – Queensland Coal

Location of Assets

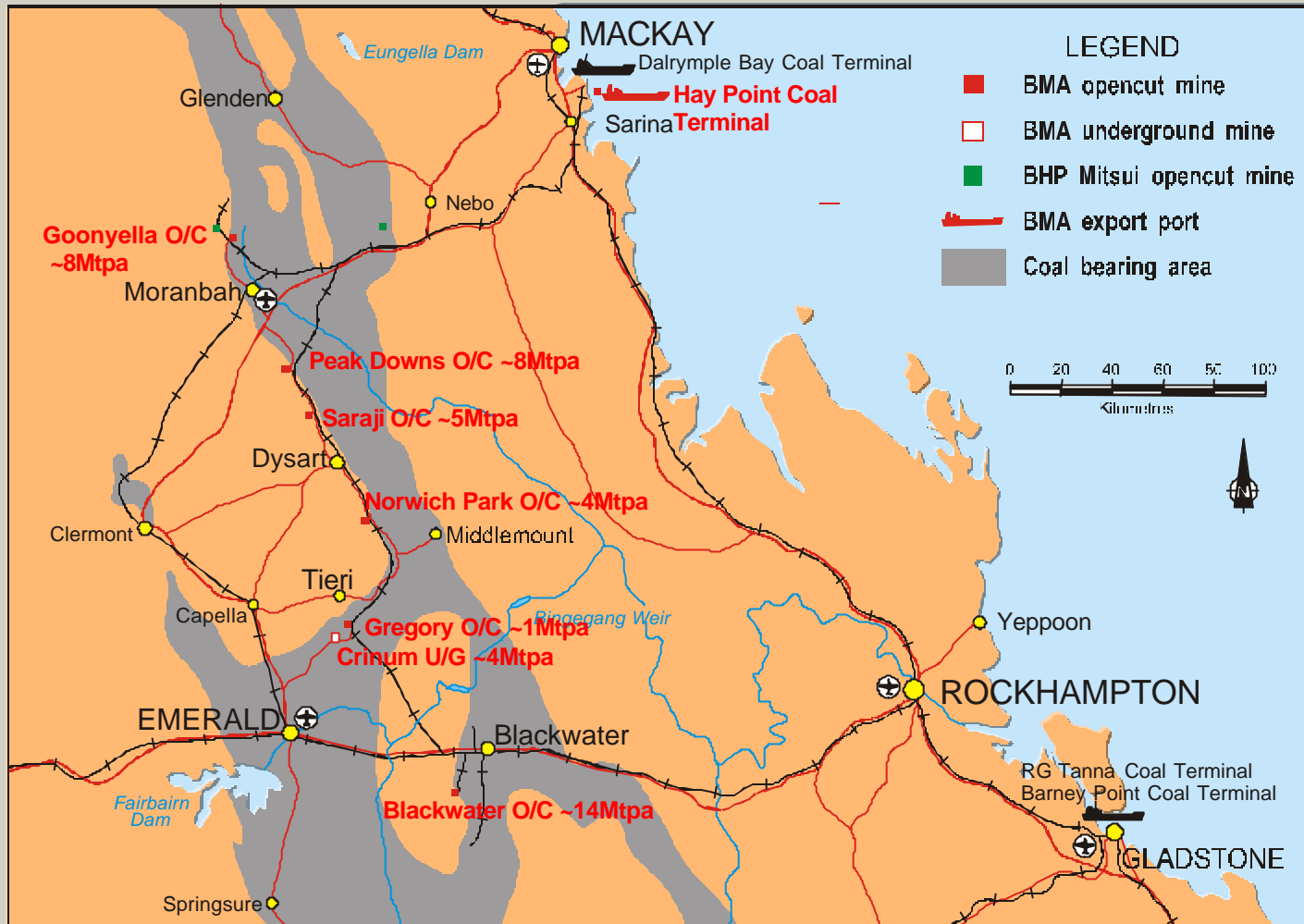


Queensland Hard Coking Coal Exports

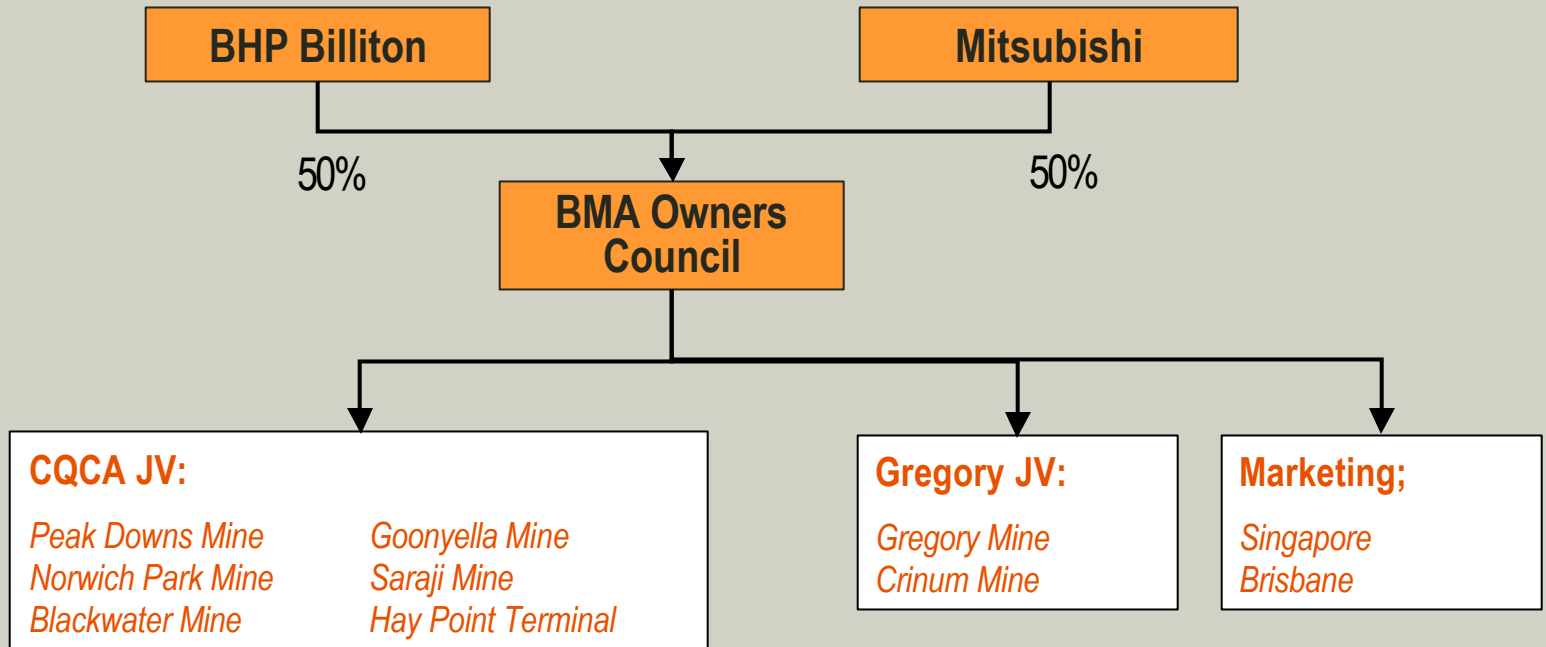


Source: BHPB

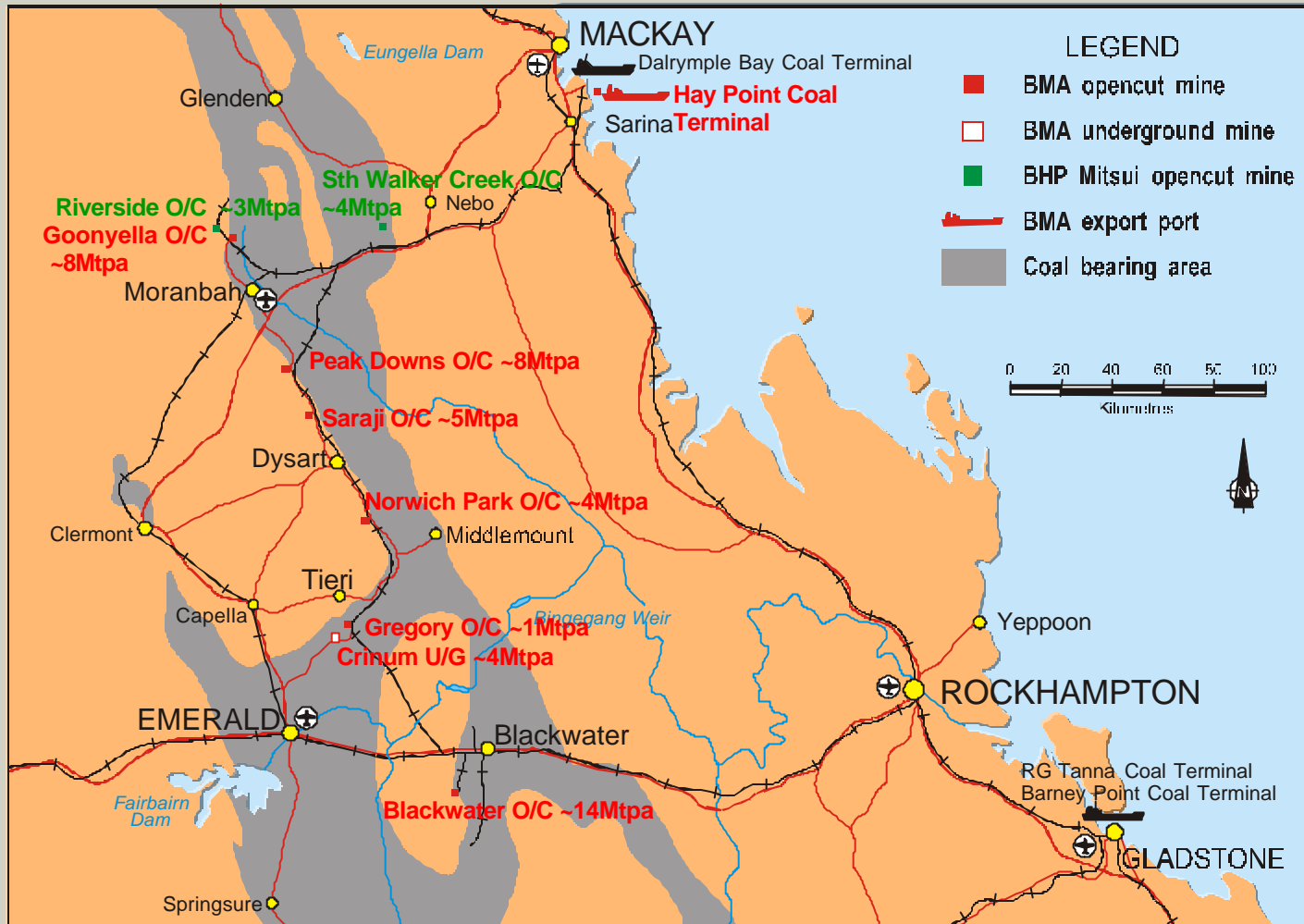
BMA - Queensland Coal Operations



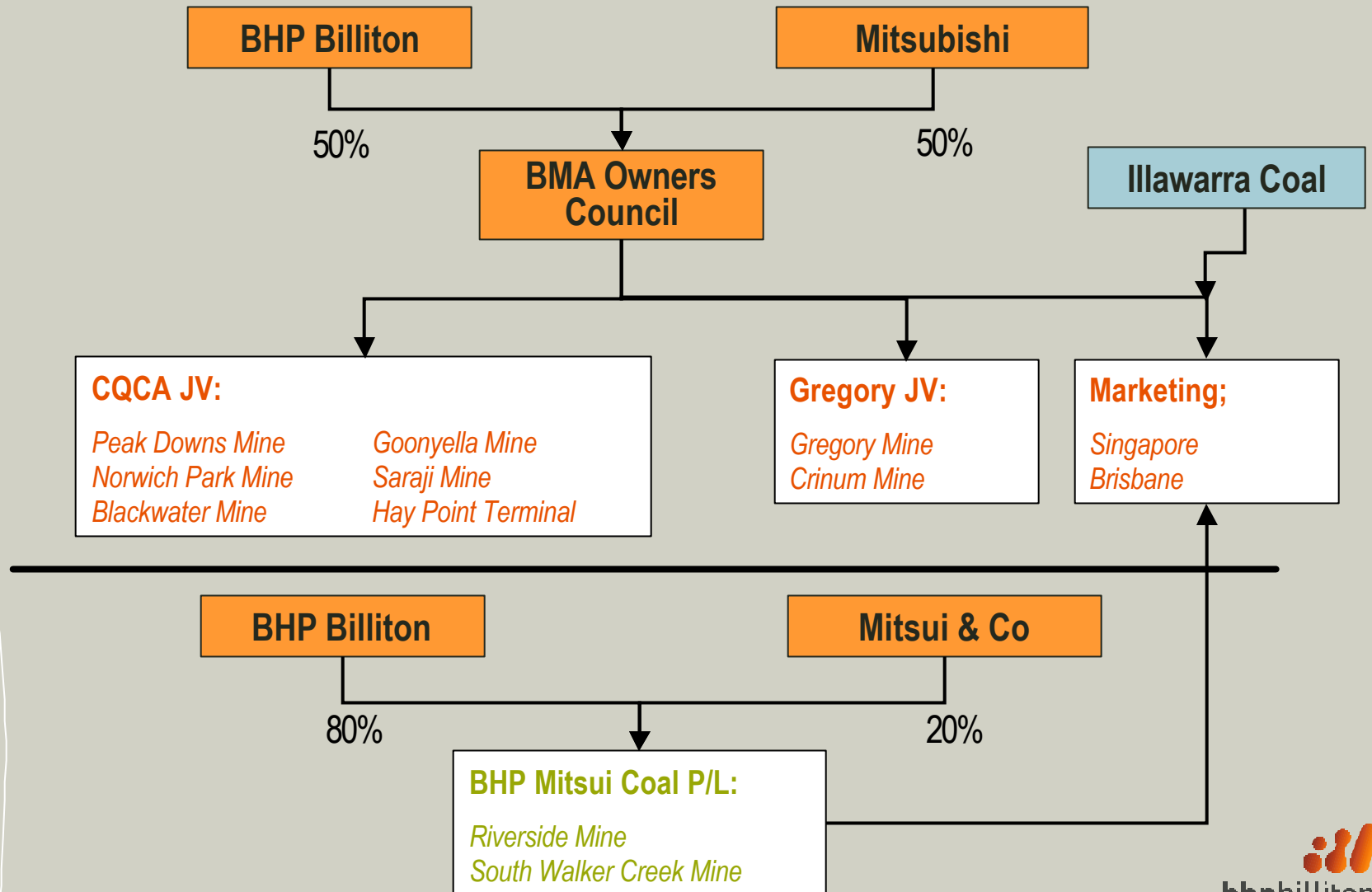
BMA Business Structure



BHPB-Mitsui Business



Queensland Coal Business Structure



BMA Business – Key Statistics

- Annual Sales (100% terms)** **YEM90** **(FY02 – Projected)**

– HCC	25.7Mt	35.2Mt
– WCC	3.1Mt	9.5Mt
– Thermal	1.2Mt	5.3Mt
– Total	30.0Mt	50.0Mt

- Employees** **8,629** **3,012**

- Marketable Reserves**

– Operating	Undeveloped
– 1,860Mt	151Mt



- Equipment**

Draglines



33

Electric Shovels



8

Haul Trucks



75

Coal Haulers



52

Dozers



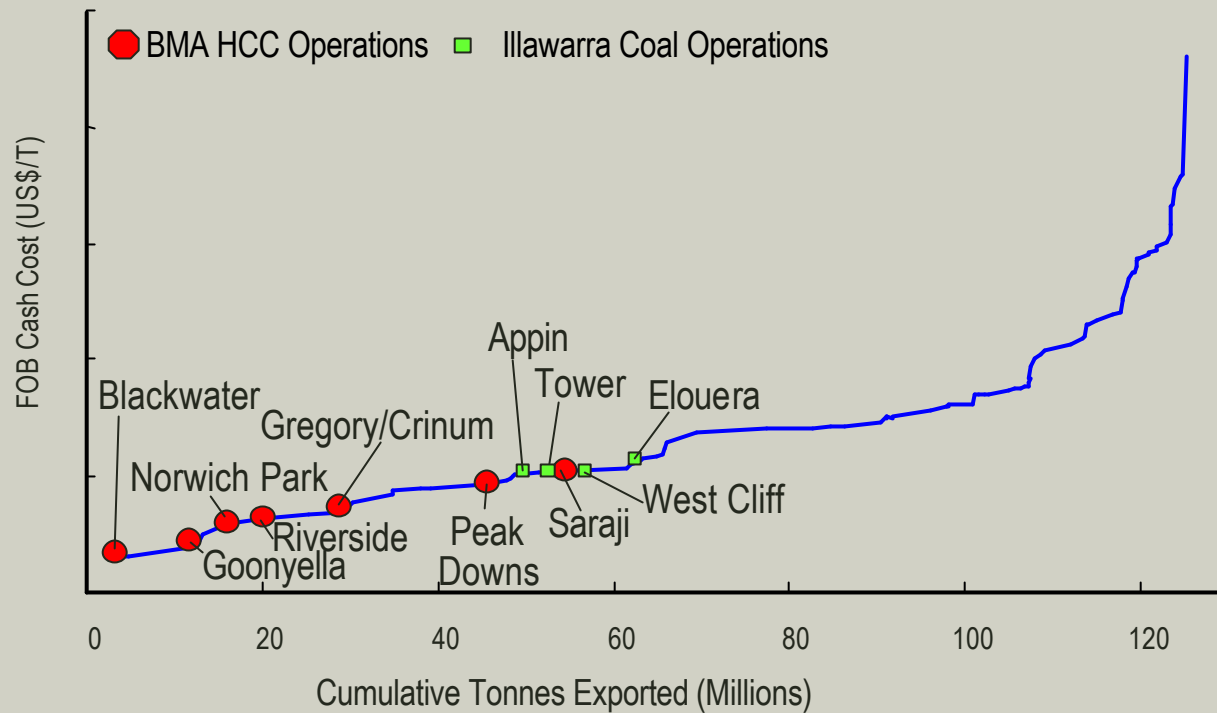
101

Other Mobile Equipment



147

Productivity Improvement



Source: BHPB, Barlow Jonker, Hill & Associates

Adopting New Technology - Universal Dragline (UDD)

- 32 Draglines
 - ~70% of total material movement
- Current Dragline Movement
 - 330 Million BCM's pa
 - ~ 700 Million tonnes pa
- Projected 20% productivity improvement
- Potential Improvement
 - Equivalent to 6 additional draglines
- **Equivalent to new 10Mtpa mine at 1/3 capital cost**



STEP CHANGE IN PRODUCTIVITY



Success from Operating Excellence

YEJ01 – 4 completed projects

(Increased plant yield, drill improvement [2 projects], dragline rope life projects)

	Actual	Annualised
Savings	US\$0.57M	US\$0.87M
Revenue Increase	US\$1.08M	US\$4.34M

FY02 – 11 completed projects,

(Overburden drills, coal blasting, pre-strip improvement, automated stacker, dump station, increased ship loading, train loading [5] projects)

	Actual	Annualised
Savings/Revenue Increase	US\$1.24M	US\$2.68M

FY02 – 31 active projects,

(Train loadout and rail rebate optimisation ~US\$3.25M pa)

	Projected
Savings/Revenue Increase	US\$8.75M

Full Time Coaches

6

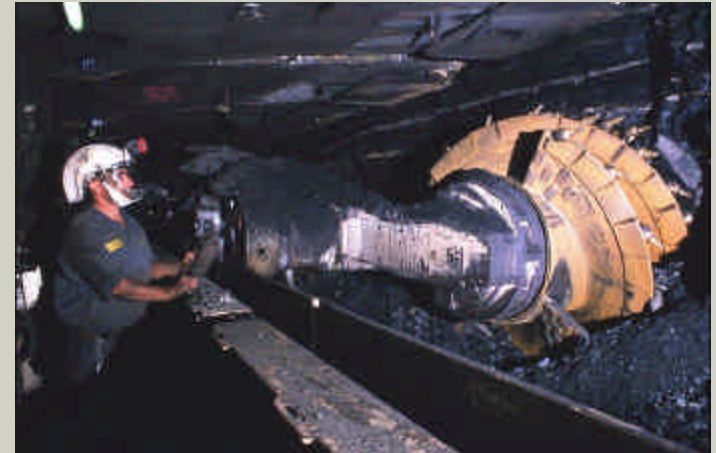
Part Time Coaches

13

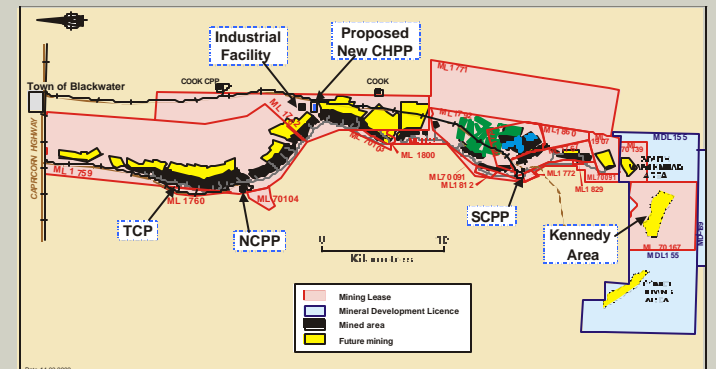
Total Actual Savings/Revenue Increases = US\$9.9M

Future Growth Projects

- Goonyella Underground
 - Development of low-capital, low-risk punch longwall in GMS
 - Equipment ex:Kenmare (3,000 tph)
 - Flexible production – “Coal on Tap”
 - Gain experience in north Bowen Basin longwall mining



- Comet
 - New Central Coal Processing Plant
 - Expand production developing Kennedy area or additional tonnages for existing pits

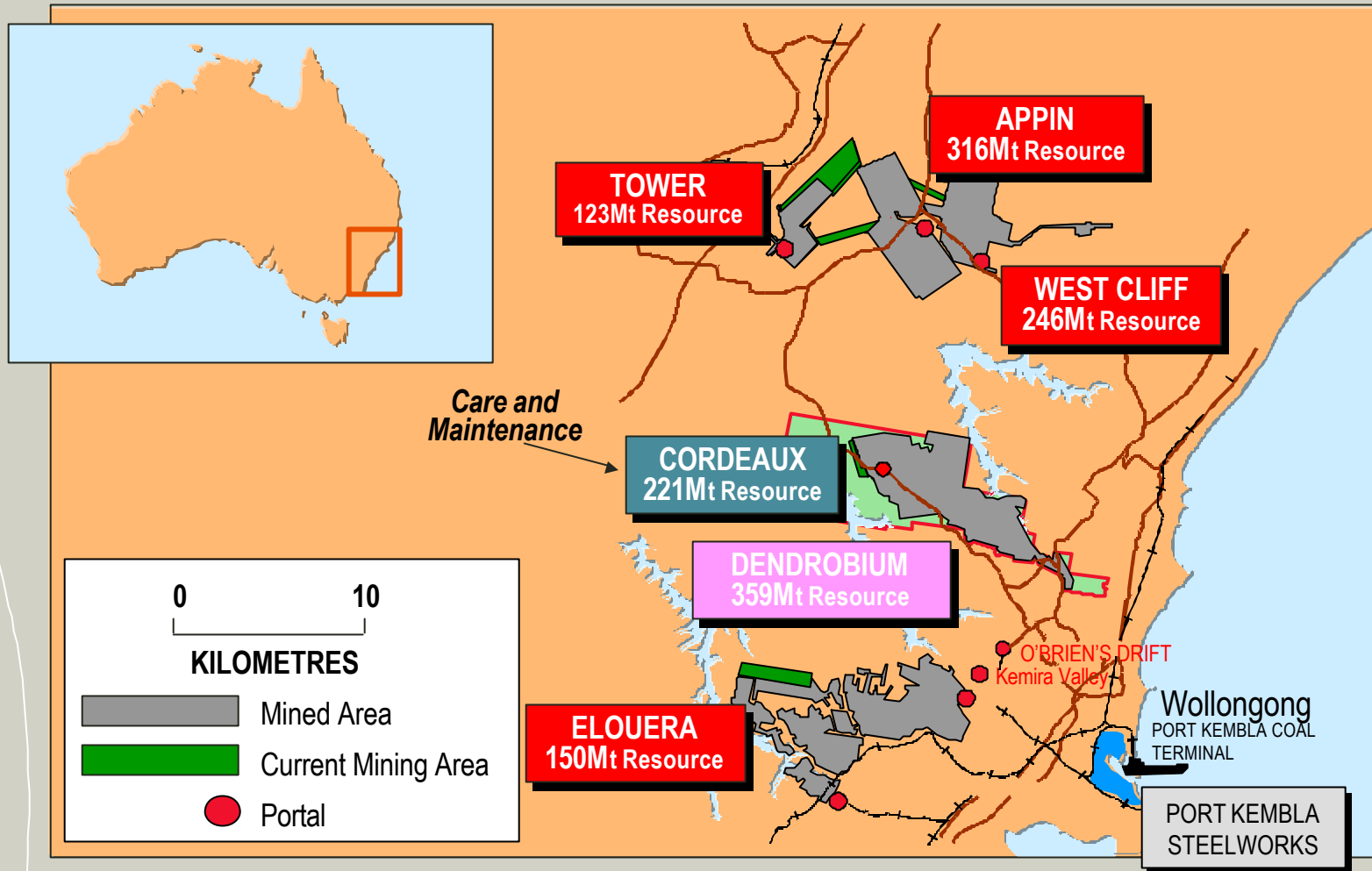


Illawarra Coal

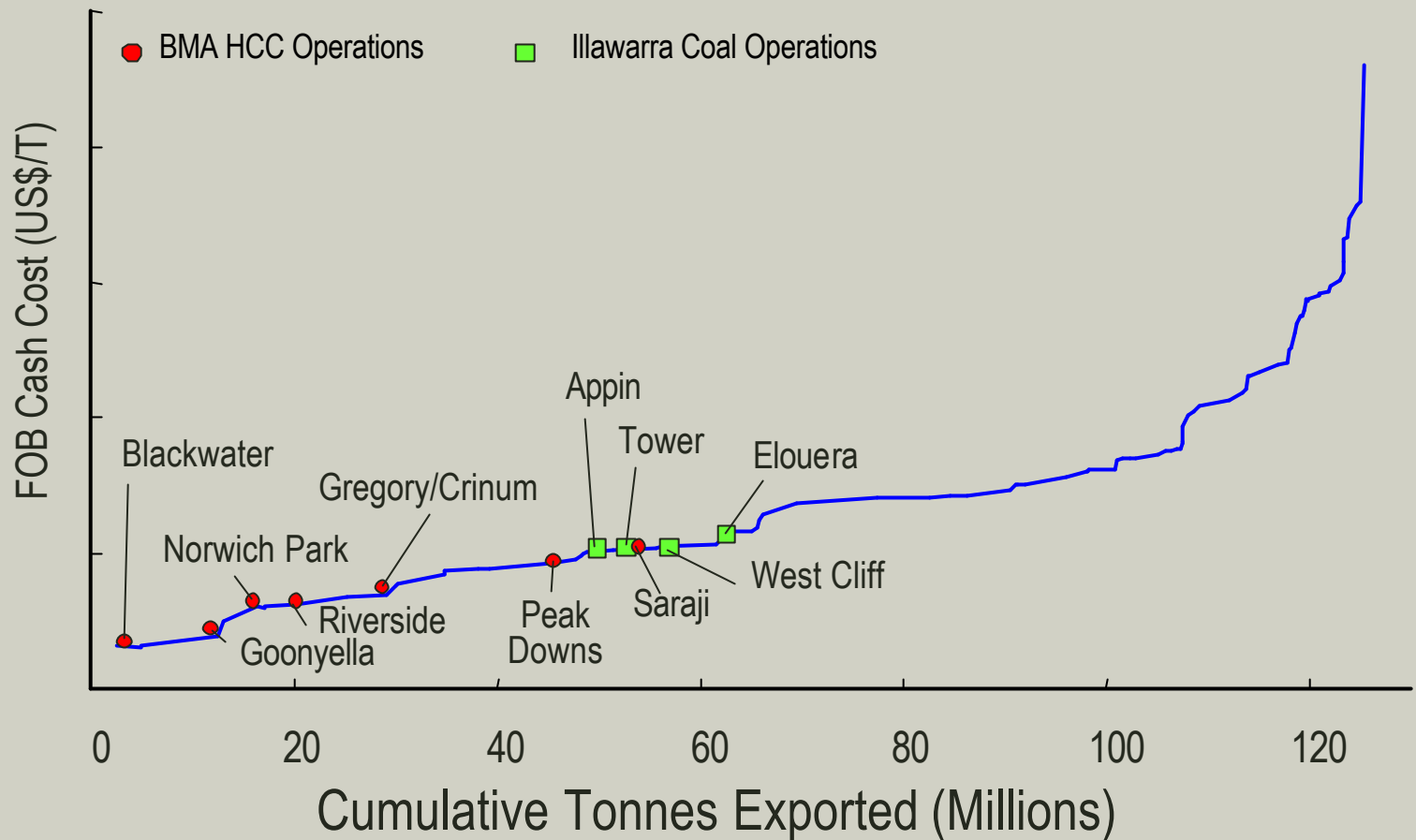


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BHP Billiton - Illawarra Coal Operations

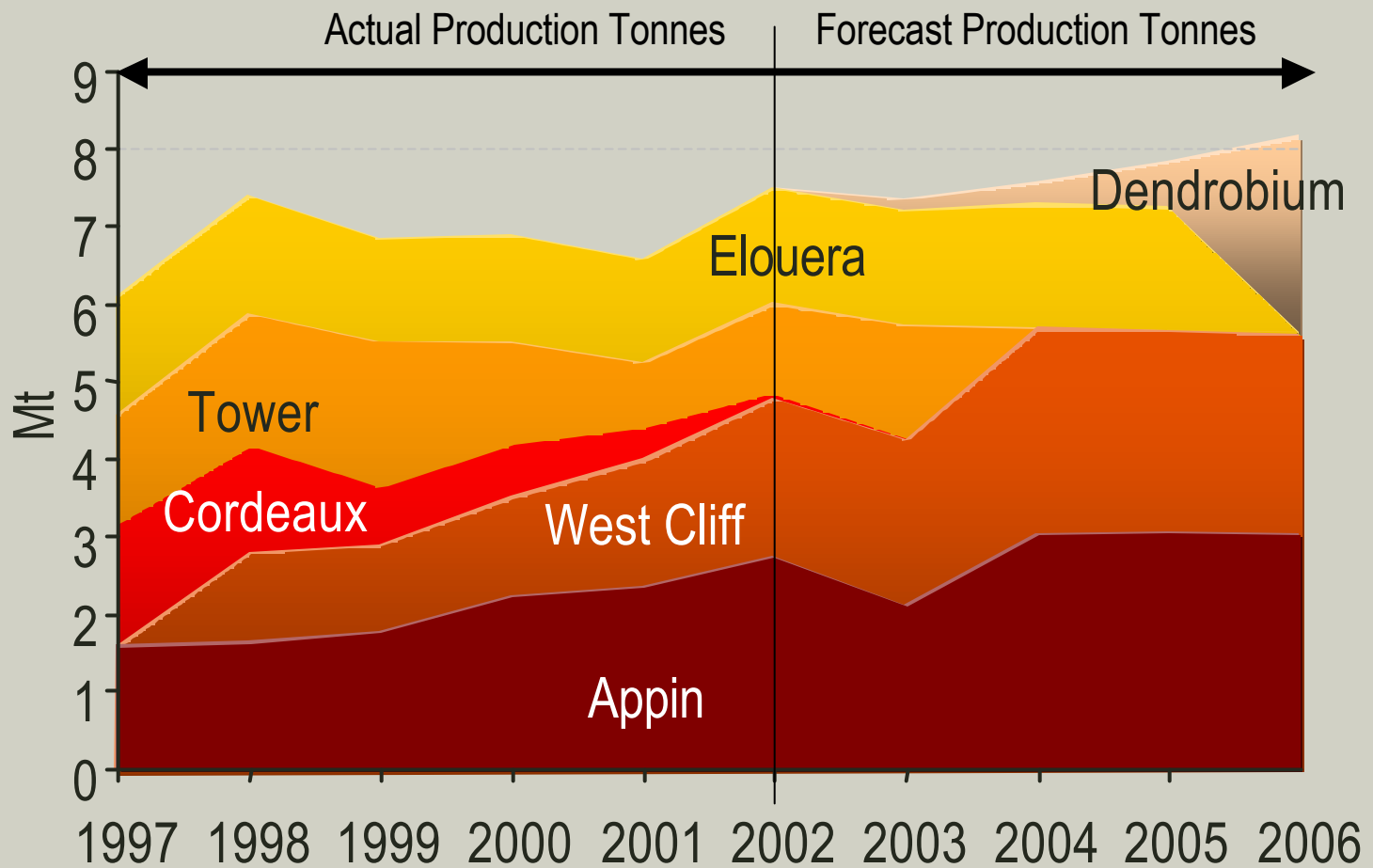


Export Hard Coking Coal FOB Cost Curve



Source: BHPB, Barlow Jonker, Hill & Associates

Illawarra Coal – Optimisation of Operations



Future Growth Strategies

- Rationalisation and Consolidation of Operations
 - Appin-West Cliff 'hub'
 - New longwall equipment at West Cliff
- Dendrobium Development

Underpinned by:

- 30 Year Coal Supply Contract with BHP Steel
 - 30 year contract valued in excess of US\$4 Billion

Manganese

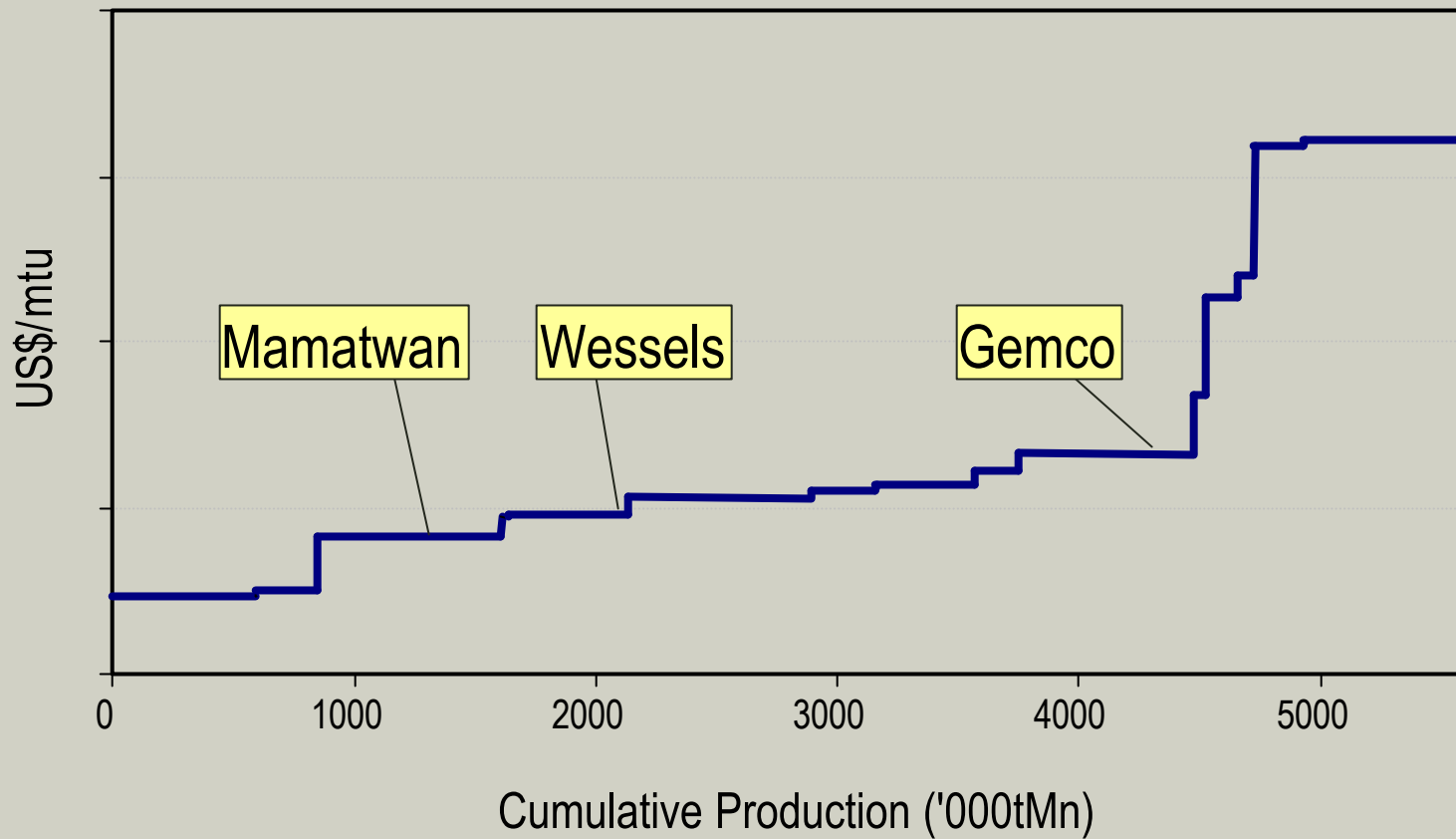


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BHP Billiton Manganese Operating Units

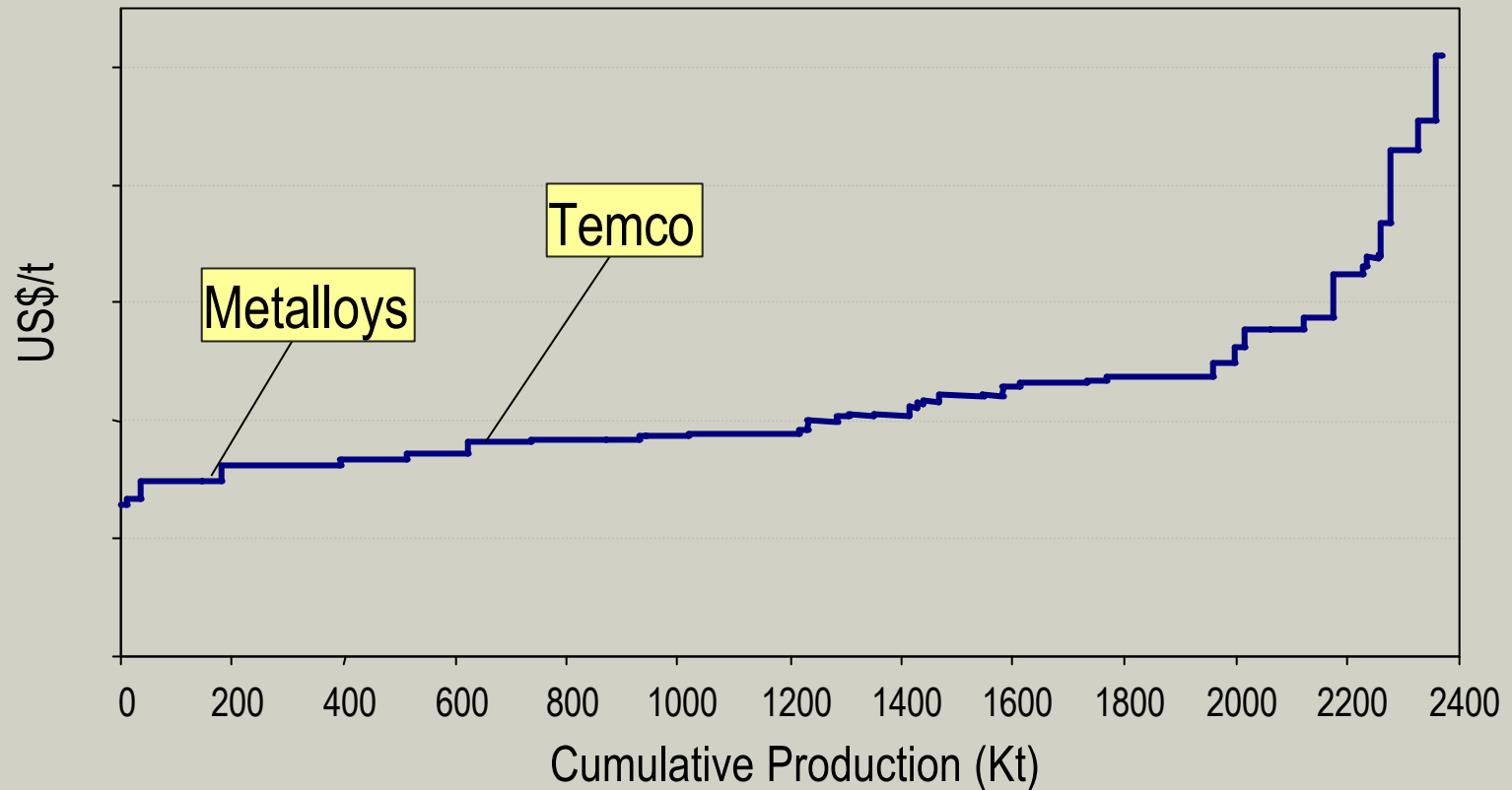


Manganese Ore FOB Cost Curve



Source: BHPB

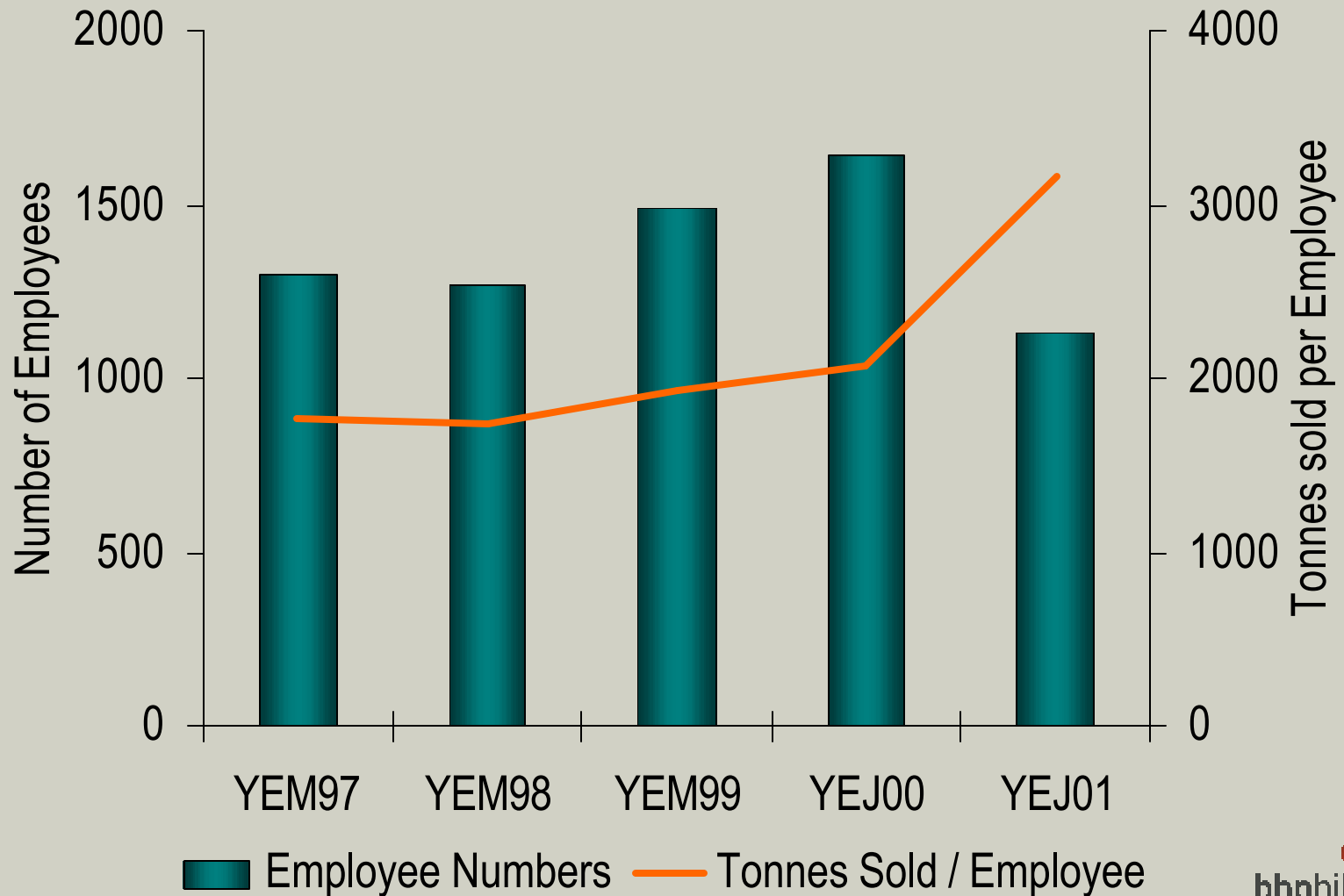
Manganese Ferro Alloy –HCFeMn Cash Cost Curve (78% Mn equivalent)



Note: Represents approximately 70% of current market

Source: BHPB

Manganese - Improved Productivity



Samarco Iron Ore

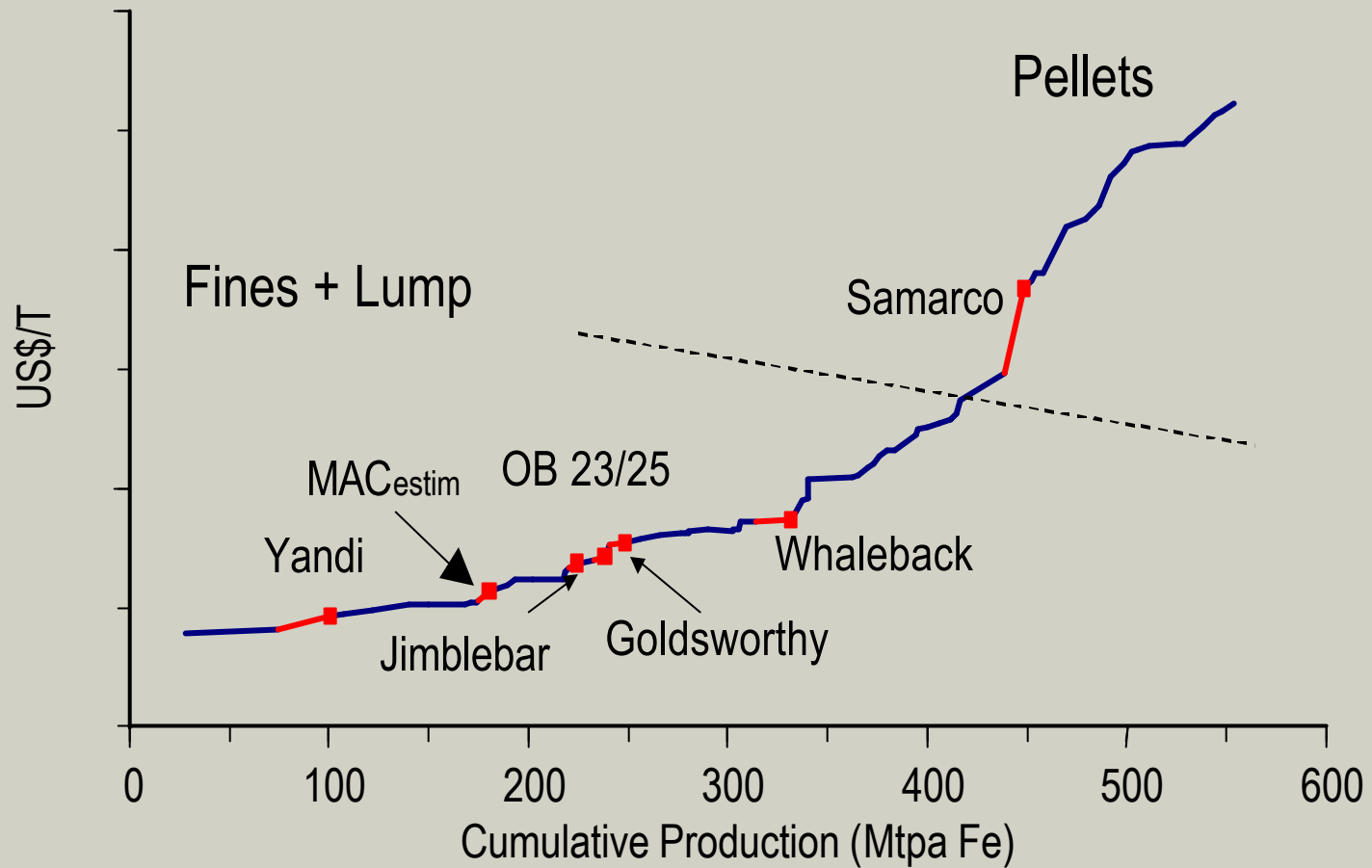


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Samarco Iron Ore Operations



Seaborne Iron Ore FOB Cost Curve

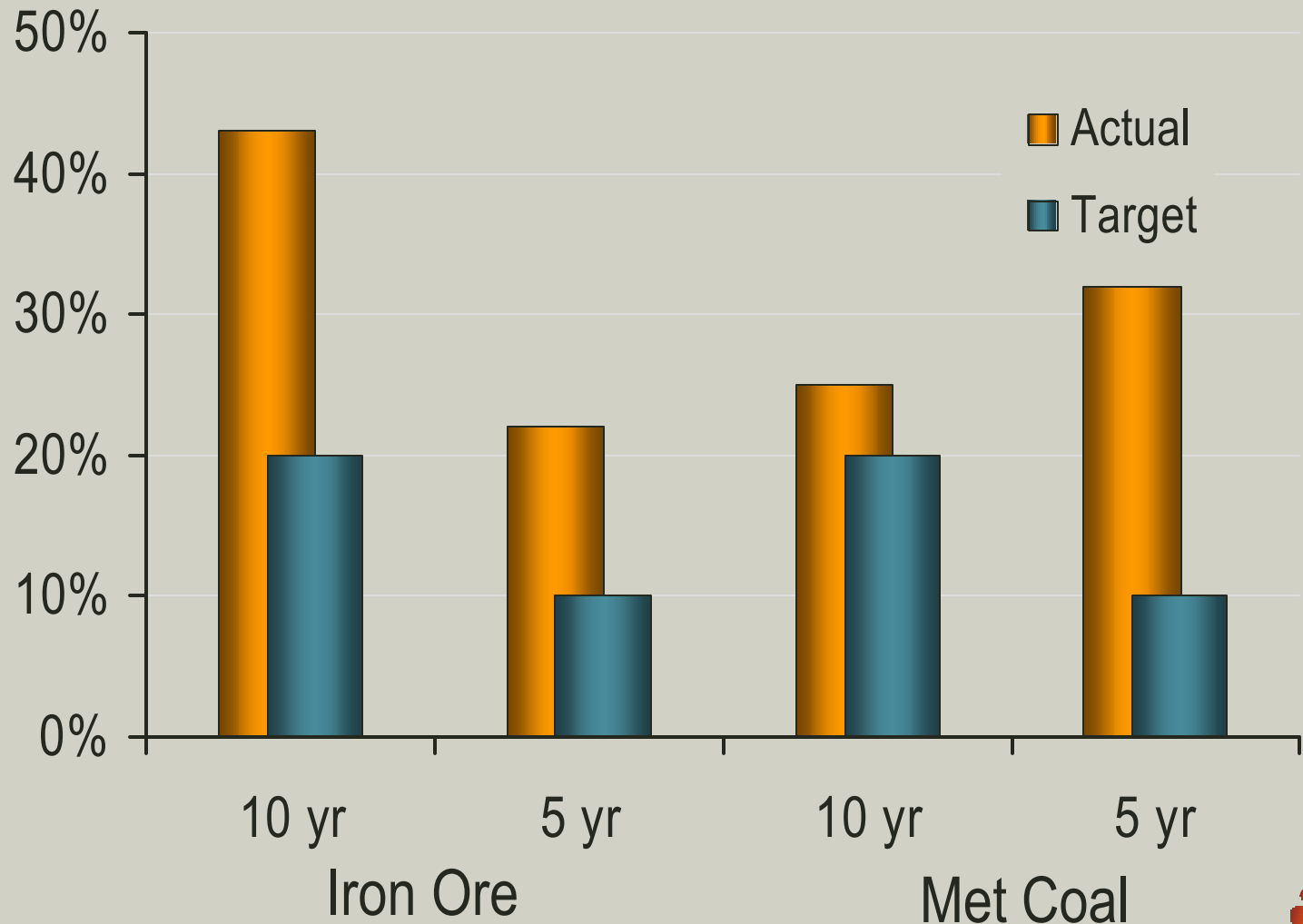


Conclusion



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Cost Savings 1993 – 2002 (FYTD) – Actual vs 2% Real Target



Sensitivities – FX Impact on CSM EBIT

Australian Dollar (US¢1 / A\$)

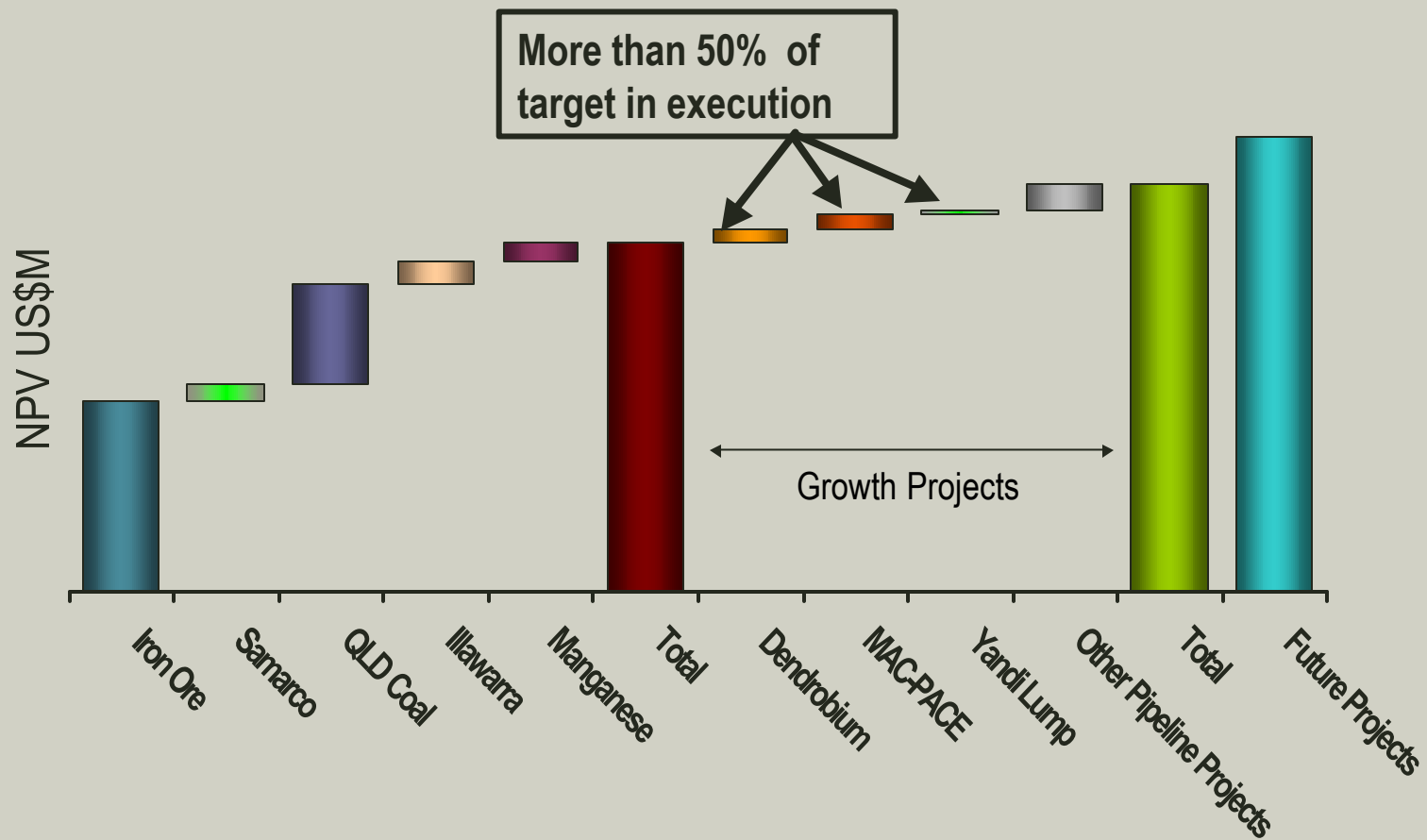
- WA iron Ore US\$10.0M
- Queensland Coal US\$16.5M
- Illawarra Coal US\$3.0M
- Manganese US\$2.0M

South African Rand (10¢ Rand / US\$)

- Manganese US\$1.0M

CSM – Prudently Grow Business Value

Plan to grow Business Value by US\$1 billion plus by 2005.



BACKUP SLIDES

Carbon Steel Materials Financial Results (FYTD comparison)

Nine Months to March 2002

	Turnover	EBITDA	Depn & Amort	EBIT	Capex
WAIO	791	442	50	392	51
Samarco	121	43		43	
Total Iron Ore	912	485	50	435	51
Queensland	917	393	42	351	72
Illawarra	215	66	11	55	11
Total Met Coal	1132	459	53	406	83
Manganese	345	101	24	77	12
Boodarie Iron	122	(75)		(75)	23
Divisional Adjust	(36)	(12)		(12)	
3rd party products	17				
Total	2492	958	127	831	169

Nine Months to March 2001

	Turnover	EBITDA	Depn & Amort	EBIT	Capex
WAIO	793	387	58	329	18
Samarco	177	52		52	
Total Iron Ore	970	439	58	381	18
Queensland	837	331	49	282	242
Illawarra	182	46	14	32	6
Total Met Coal	1019	377	63	314	248
Manganese	390	89	19	70	17
Boodarie Iron	51	(101)		(101)	25
Divisional Adjust	(22)	(1)		(1)	
3rd party products	29				
Total	2437	803	140	663	308