

# BHP Billiton – Resourcefully Growing



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# BHP Billiton – a global footprint

**Petroleum**



**Aluminium**



**Base Metals**



**Diamonds & Spec Prod**



**Stainless Steel Materials**



**Energy Coal**



**Metallurgical Coal**



**Manganese**

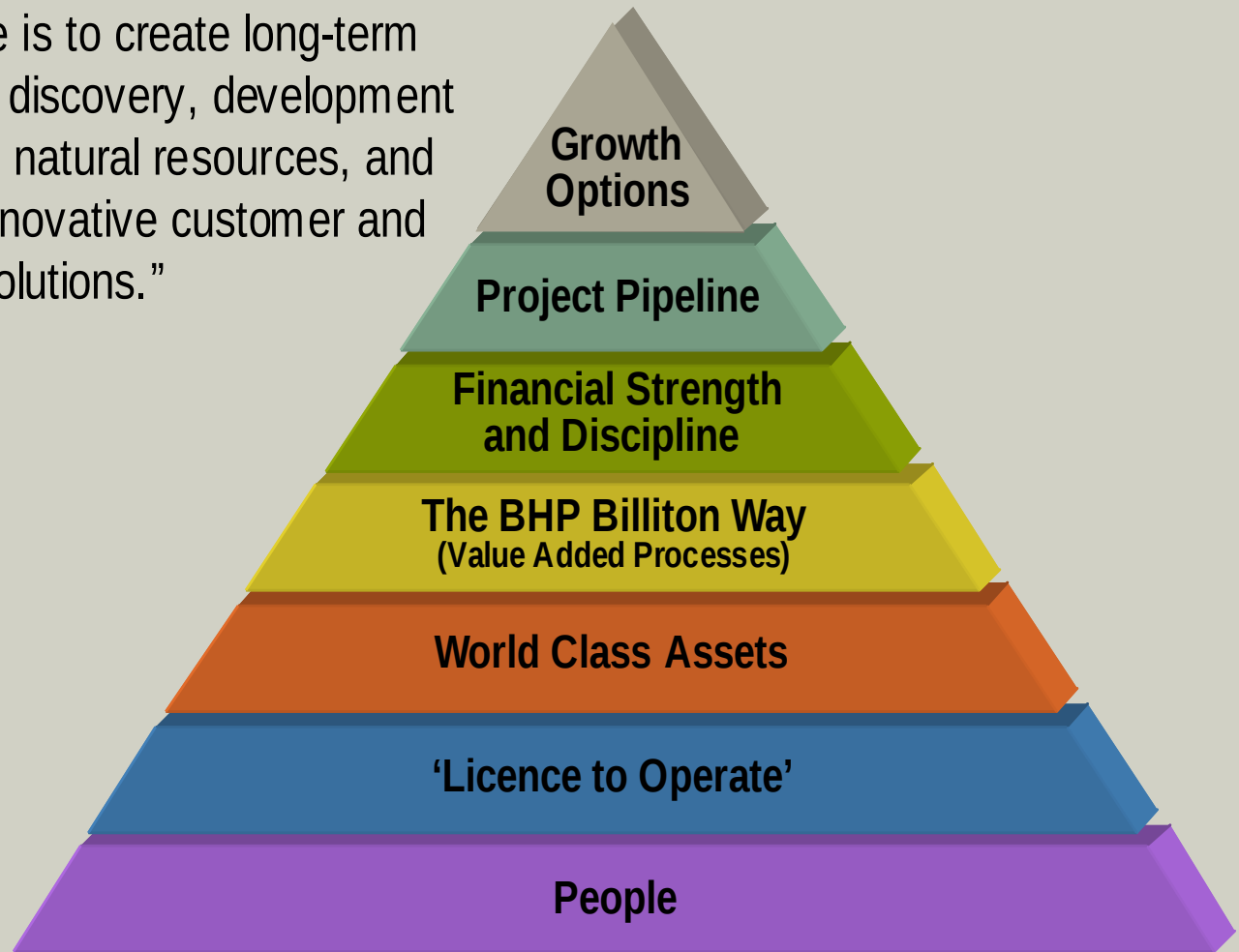


**Iron Ore**

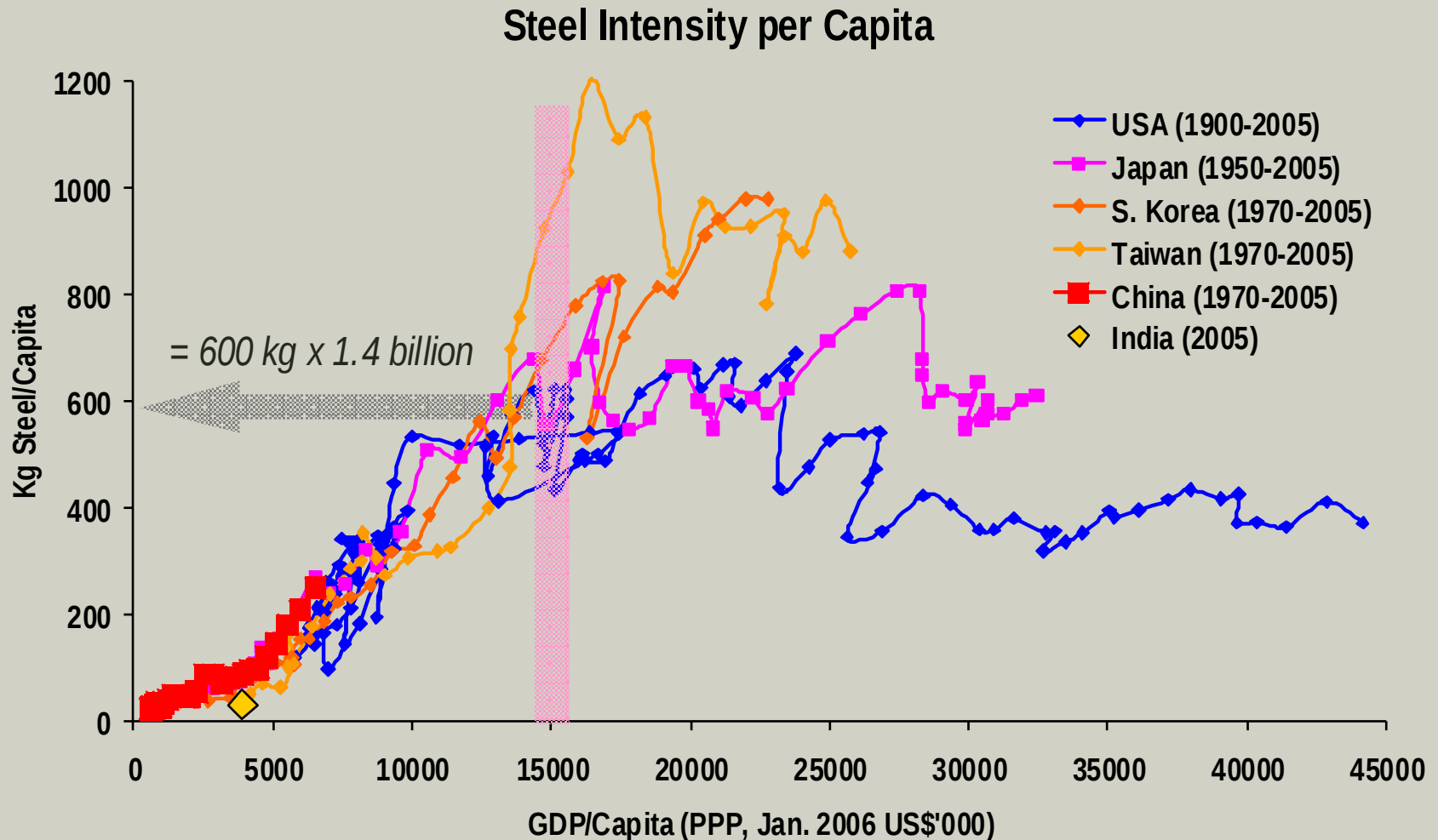


# Strategic Framework

“Our core purpose is to create long-term value through the discovery, development and conversion of natural resources, and the provision of innovative customer and market-focused solutions.”



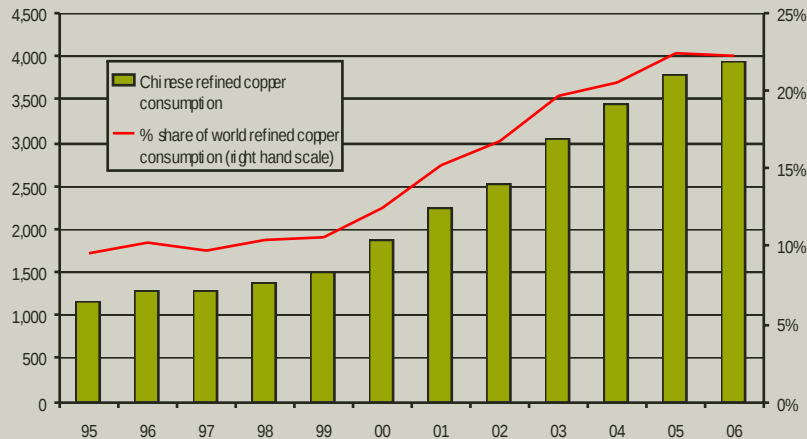
# Steel demand could rise from 350Mt in 2005 to more than 800Mt/y by 2015...



Source: World Bank, OECD (GDP at Purchasing Power Parity); IISI

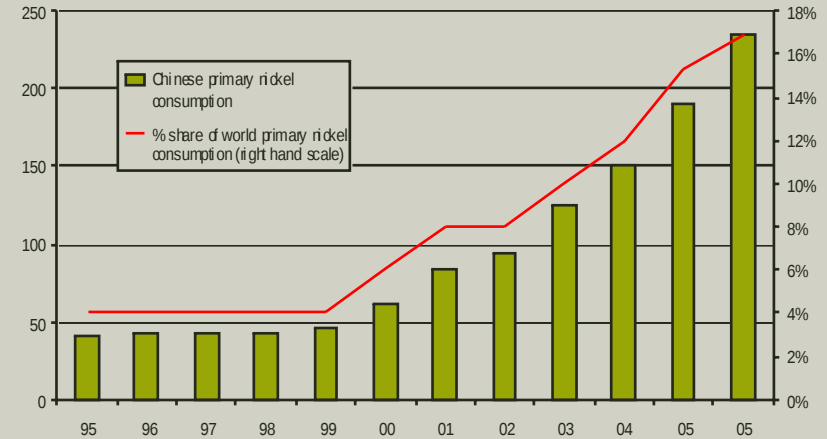
# Chinese copper, nickel, aluminium and iron ore demand and its % share of world demand

'000 tonnes



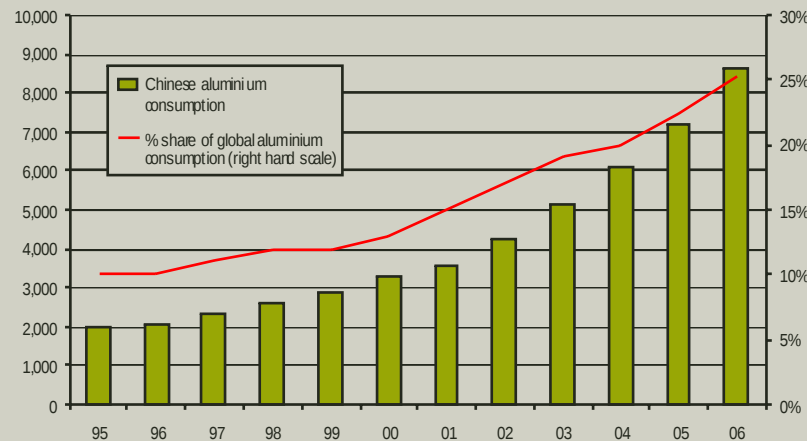
Data: BHP Billiton

'000 tonnes



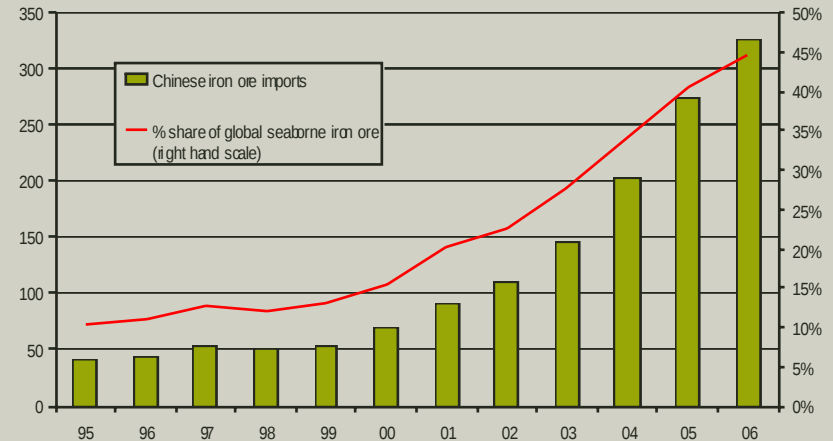
Data: INSG, CRU

'000 tonnes



Data: Brook Hunt, CRU

million tonnes

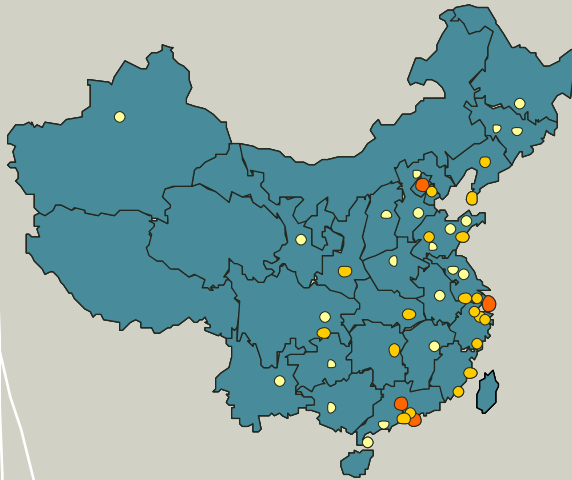


Data: ISI, China Customs, CRU, Tex, Clarksons & BHP Billiton

# Urbanisation in China is expected to lead to strong city development

## China's tiered city structure:

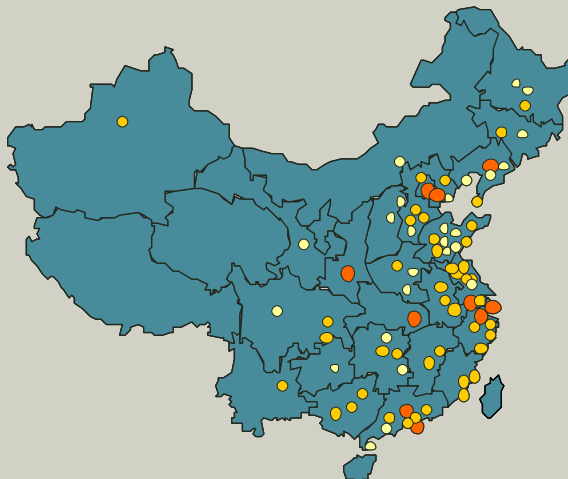
Today: 45 tier 1-3 cities



Total Urban Population (millions):  
532

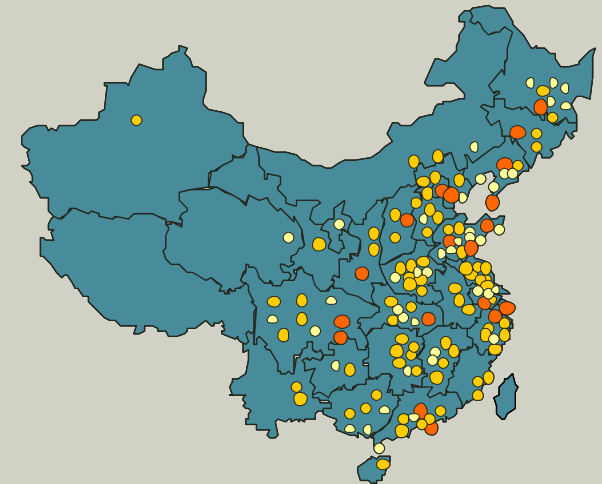
- Tier 1
- Tier 2
- Tier 3

2010: 86 tier 1-3 cities



Total Urban Population (millions):  
658

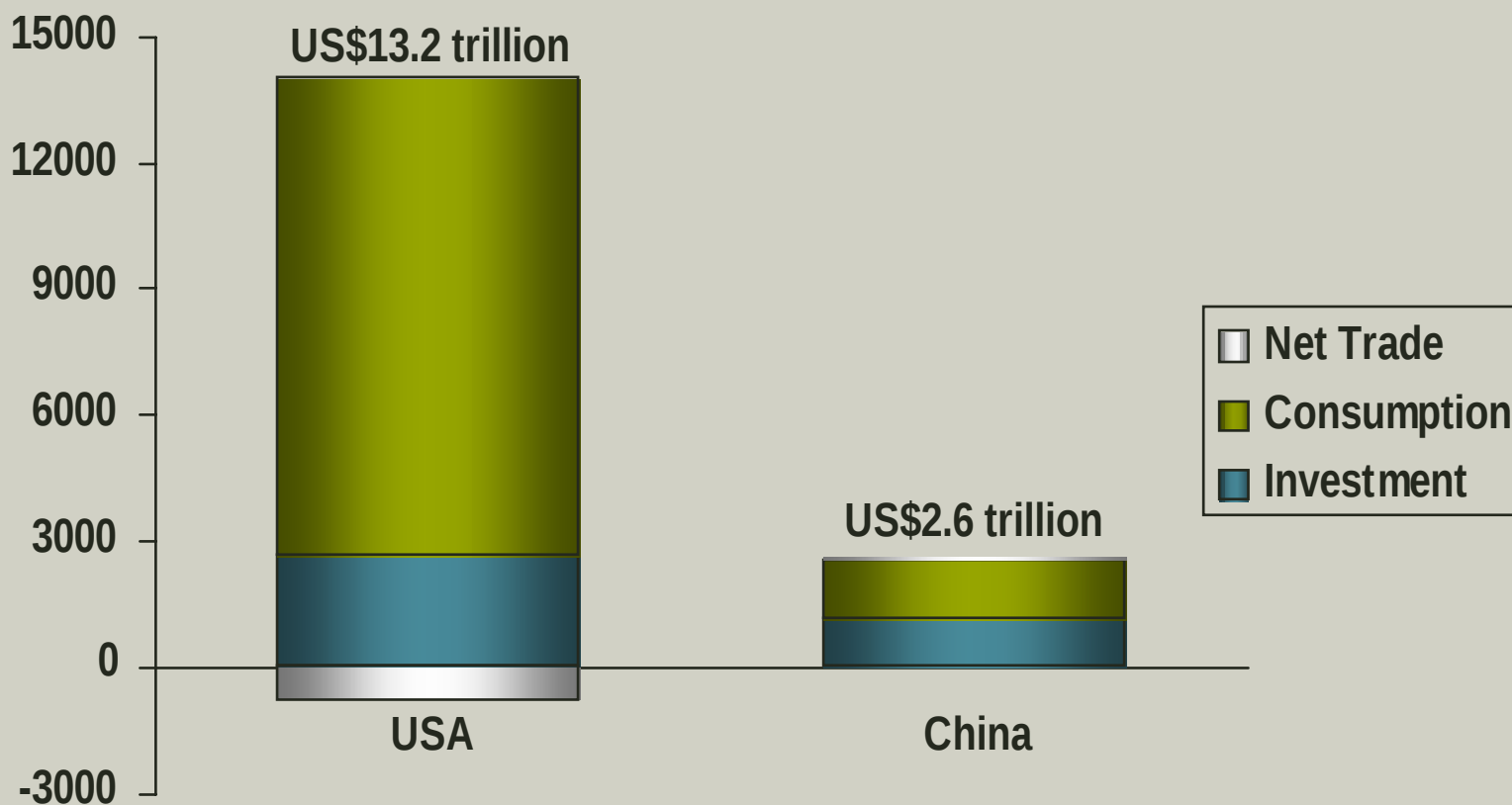
2020: 147 tier 1-3 cities



Total Urban Population (millions):  
970

# The US economy is five times larger than China's...

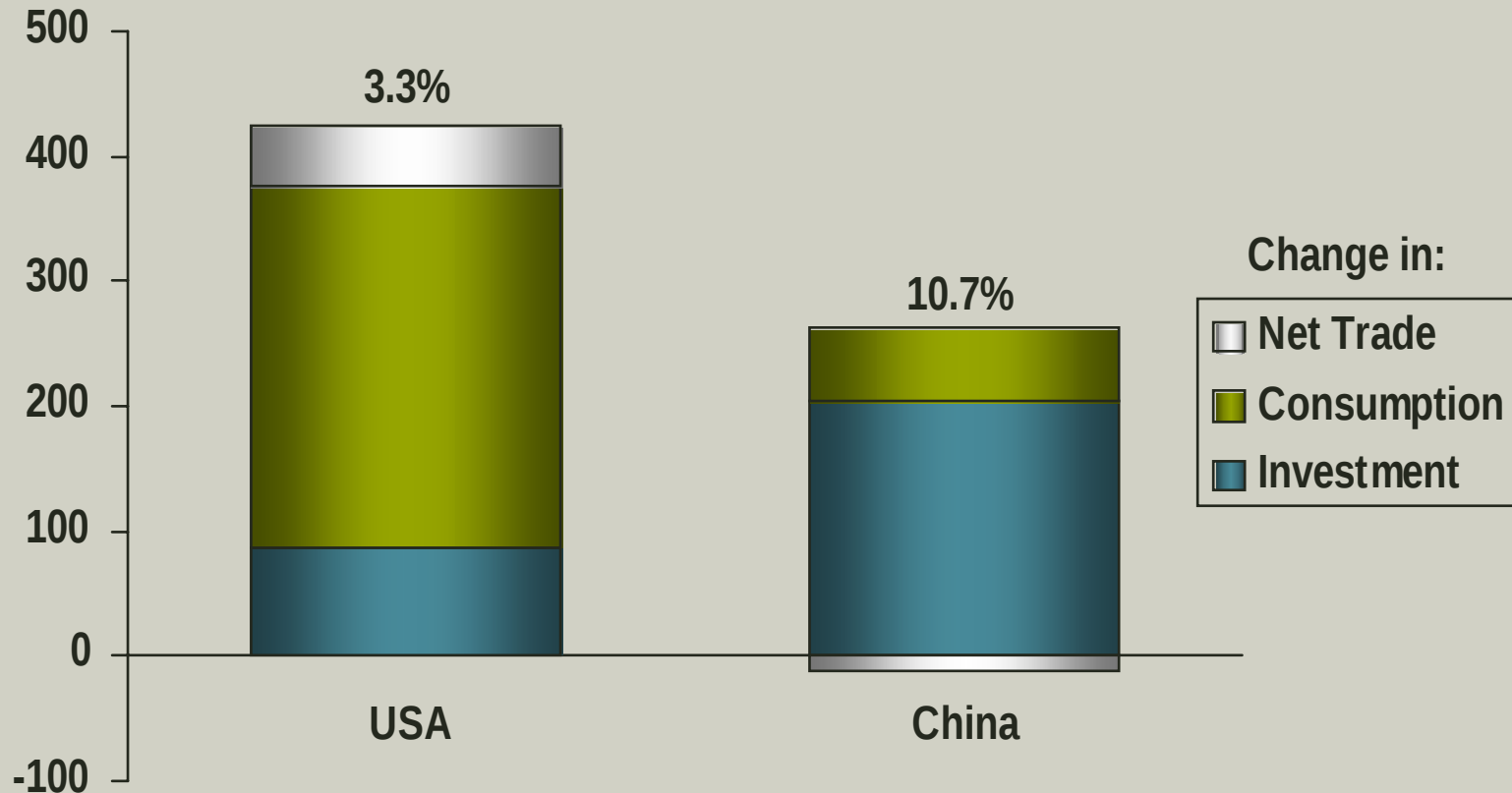
## Structure of 2006 Nominal GDP in US\$ Billions



Source: Global Insight. GDP at 2006 market exchange rates

# China's contribution is strong in terms of incremental growth in GDP...stimulated by raw materials-intensive Fixed Investment

Change in GDP in US\$ Billions in 2006



Source: Global Insight. GDP at 2006 market exchange rates

# A high growth consumption scenario

(MM t except MMbd oil)

|                  |                 | 2002* | 2006 | 2015 | 2025  | 2050  |
|------------------|-----------------|-------|------|------|-------|-------|
| <b>Aluminium</b> | BRICs           | 6.1   | 11.6 | 47.9 | 67.7  | 136.0 |
|                  | % of 2006 world | 24%   | 34%  | 140% | 198%  | 398%  |
| <b>Copper</b>    | BRICs           | 3.5   | 5.4  | 18.6 | 23.6  | 37.2  |
|                  | % of 2006 world | 23%   | 30%  | 105% | 133%  | 210%  |
| <b>Nickel</b>    | BRICs           | 0.18  | 0.34 | 1.21 | 1.81  | 4.14  |
|                  | % of 2006 world | 15%   | 25%  | 88%  | 132%  | 301%  |
| <b>Oil</b>       | BRICs           | 8.4   | 13.5 | 99.4 | 111.8 | 132.6 |
|                  | % of 2006 world | 11%   | 16%  | 121% | 136%  | 161%  |

Source: Goldman Sachs, CRU, AME, UN, BP et al

Intensity of Use trends are estimated based on Domestic Economies Trend

CIS is used as a proxy for Russia

\* 2002 figures shown as a percentage of 2002 world demand

# What are the implications of this?

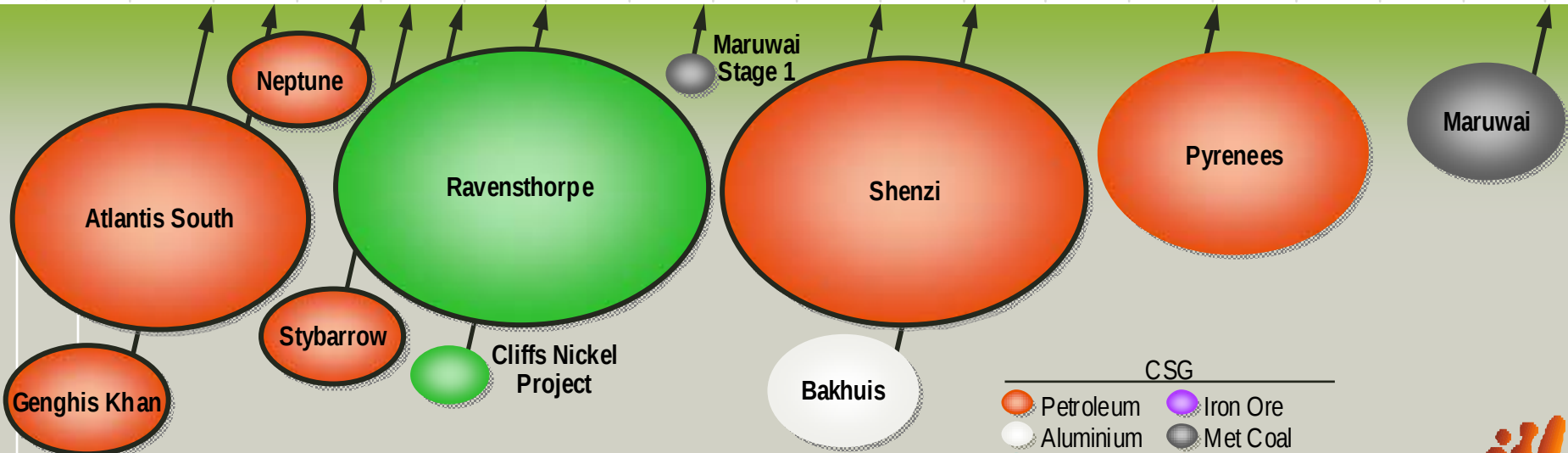
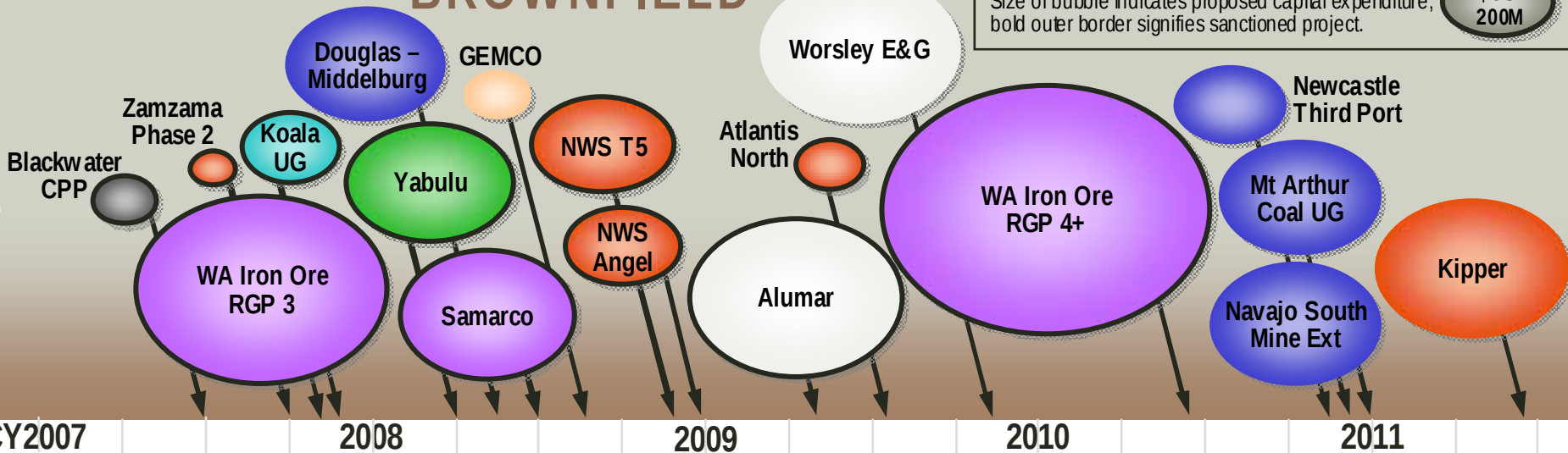
- The US is not the only driver of global demand
- Underlying demand remains strong driven by developing economies and solid growth in the OECD
- The world could consume more copper, aluminium, steel etc in the next 25 years than it has done throughout history
- A relatively modest 3% growth in demand suggests over 500,000t of copper and over 1 million tonnes of aluminium required annually
- Where will this new supply come from? Supply continues to be constrained – where are the new big projects?

# Deep inventory of growth projects

## BROWNFIELD

As at 30 April 2007  
Size of bubble indicates proposed capital expenditure;  
bold outer border signifies sanctioned project.

\$US  
200M



CSG

- Petroleum
- Aluminium
- Diamonds
- SSM
- Iron Ore
- Met Coal
- Manganese
- Energy Coal

## BHP Billiton: growth from SANCTIONED projects

|                  | Sanctioned projects –<br>BHP Billiton share of<br>production | %<br>of current production |
|------------------|--------------------------------------------------------------|----------------------------|
| <b>Iron Ore</b>  | <b>46.3mt</b>                                                | <b>48%</b>                 |
| <b>Nickel</b>    | <b>50kt</b>                                                  | <b>29%</b>                 |
| <b>Copper</b>    | <b>304kt</b>                                                 | <b>24%</b>                 |
| <b>Alumina</b>   | <b>720kt</b>                                                 | <b>17%</b>                 |
| <b>Petroleum</b> | <b>68mmboe</b>                                               | <b>59%</b>                 |

# Implications for BHP Billiton

- We need new supply – fears of substitution are real; it is not healthy for an industry to remain in a prolonged period of under supply
- Don't underestimate the benefits of Tier 1 assets and organic growth
- Companies with the best operations will continue to produce the best margins in these times of high prices and will still produce healthy margins in the inevitable downturns
- Optionality is critical
- We will continue to deliver on our organic growth pipeline, view M&A opportunistically and return surplus cash to shareholders



bhpbilliton