BHP Billiton

The developing economies – long term sustainable growth

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Merrill Lynch Metals, Mining & Steel Conference

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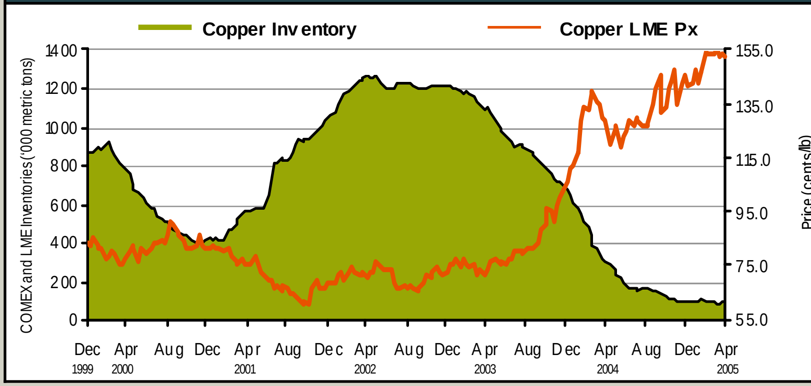
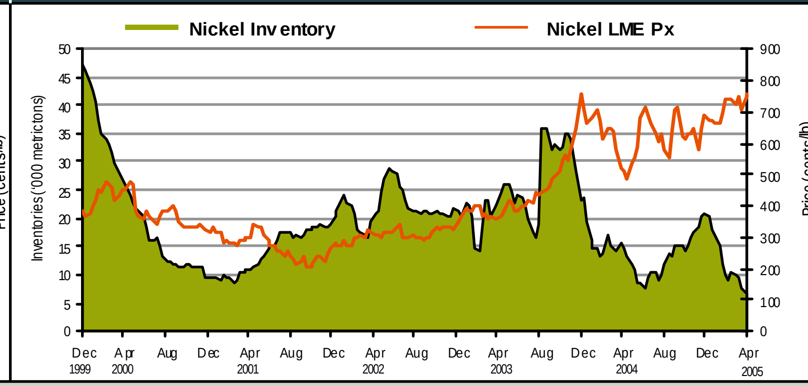
Despite recent falls, prices remain at historically high levels

Copper price & inventory trends



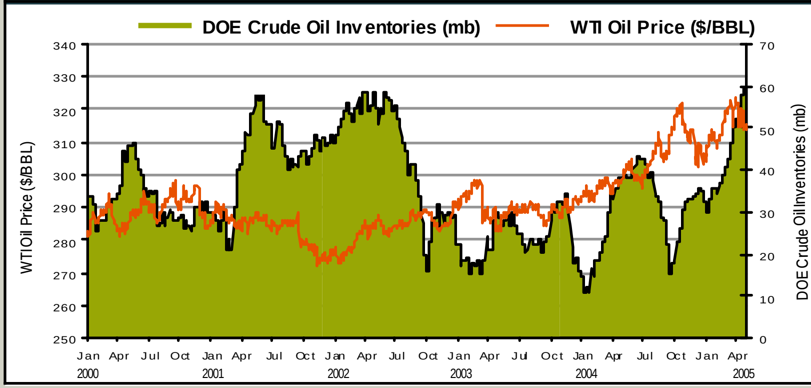
Source: Merrill Lynch

Nickel price & inventory trends



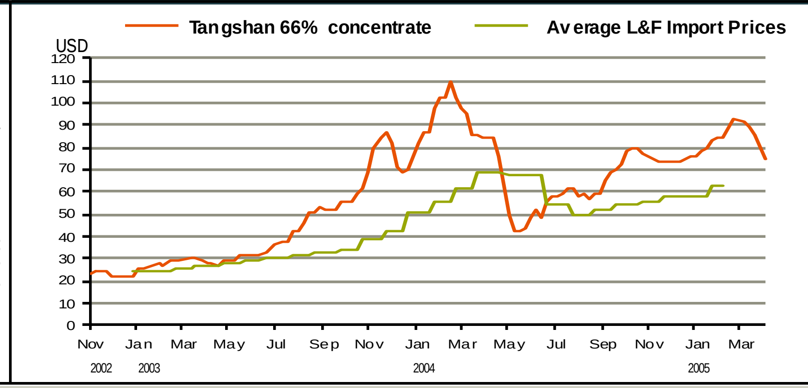
Source: Merrill Lynch

Oil price trends (WTI)



Source: US Department of Energy

Iron Ore – Chinese spot rates



Source: BHPB China Sales Team, China Customs, Xinhua News Agency, Chinica Maritime Co

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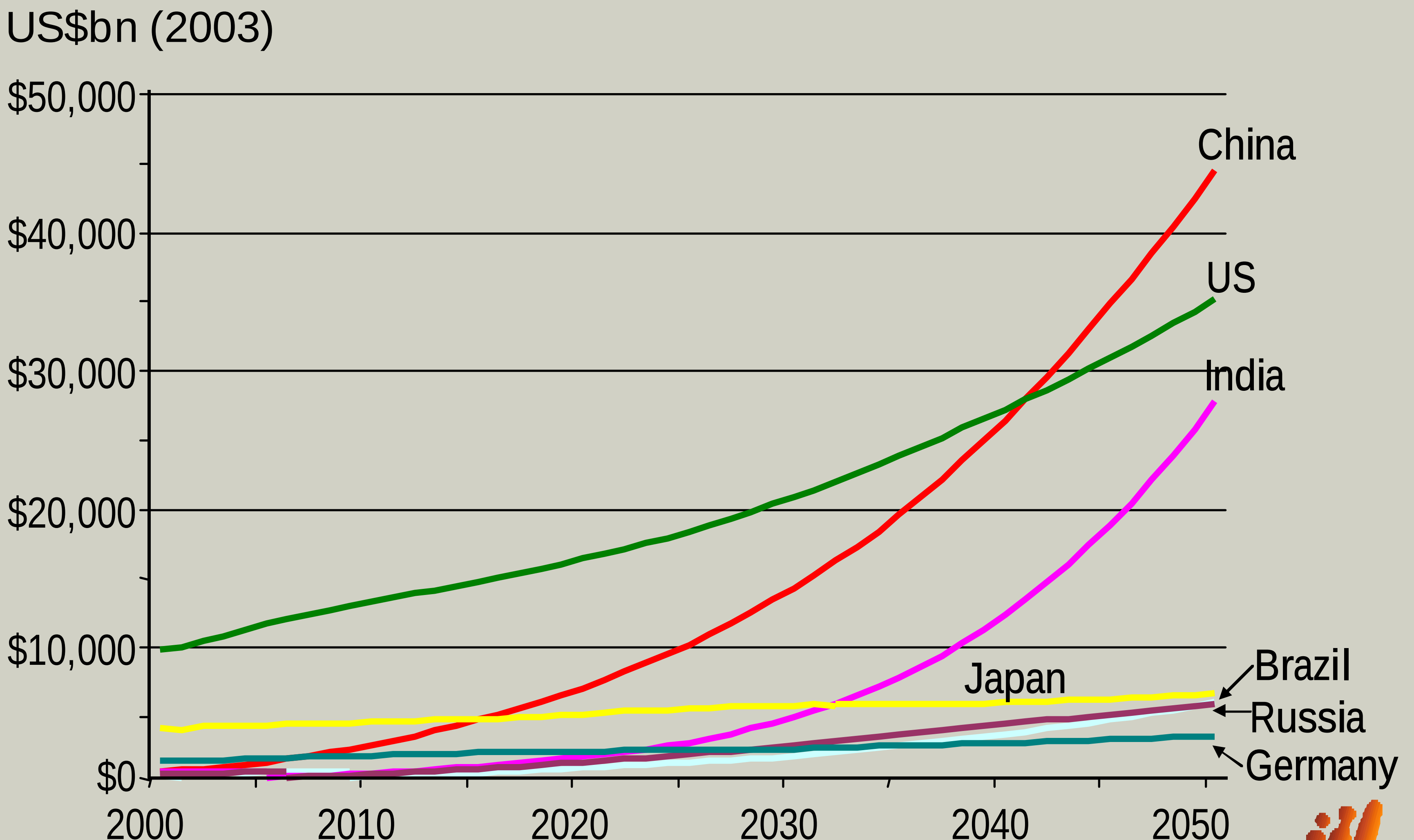
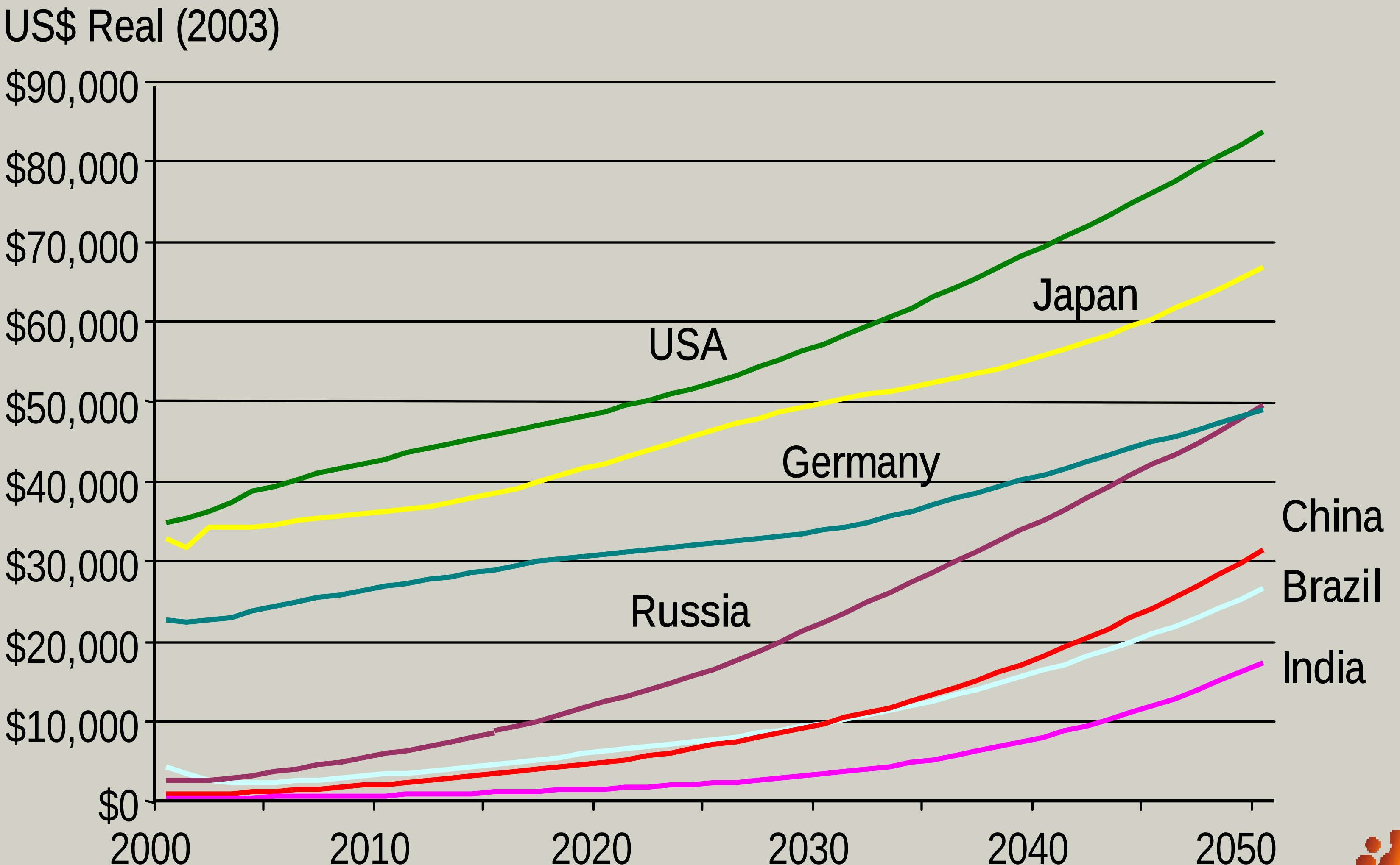
GDP – 2000 through 2050



Source: Goldman Sachs

GDP per Capita – 2000 through 2050



Source: Goldman Sachs

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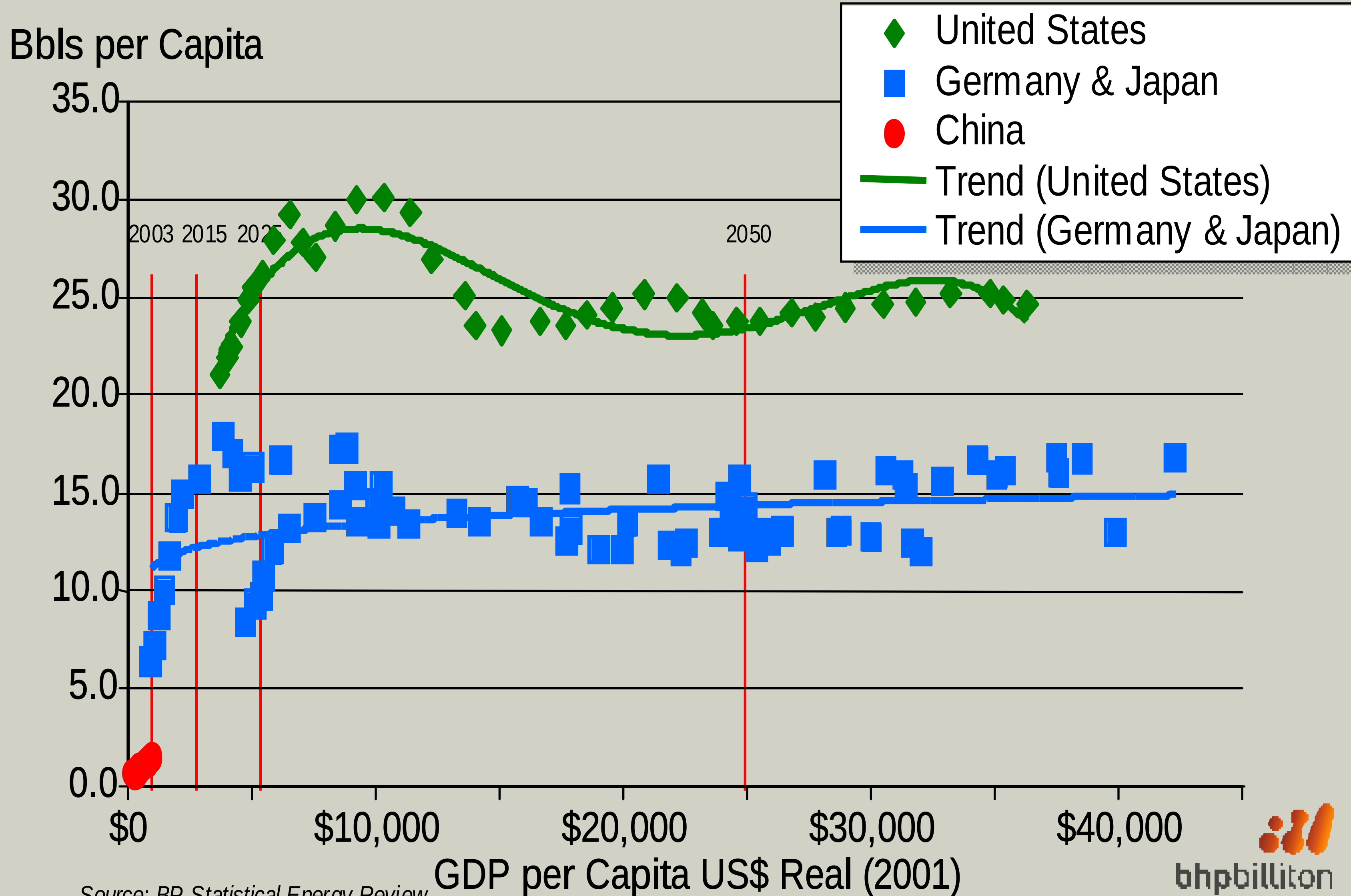
Intensity of Use - Oil



Source: BP Statistical Energy Review
Statistical yearbook of the Republic of China, 2002 et al

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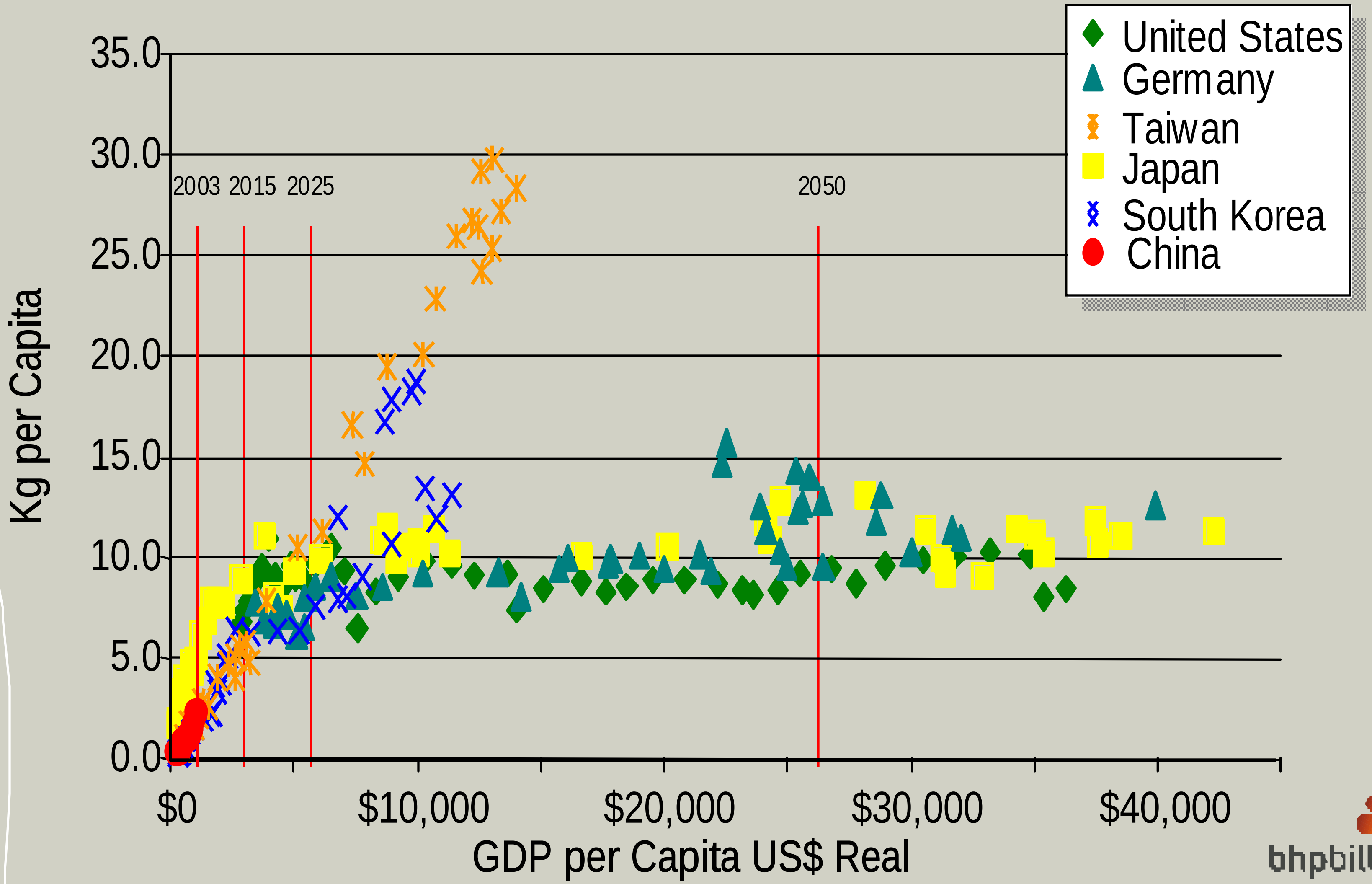
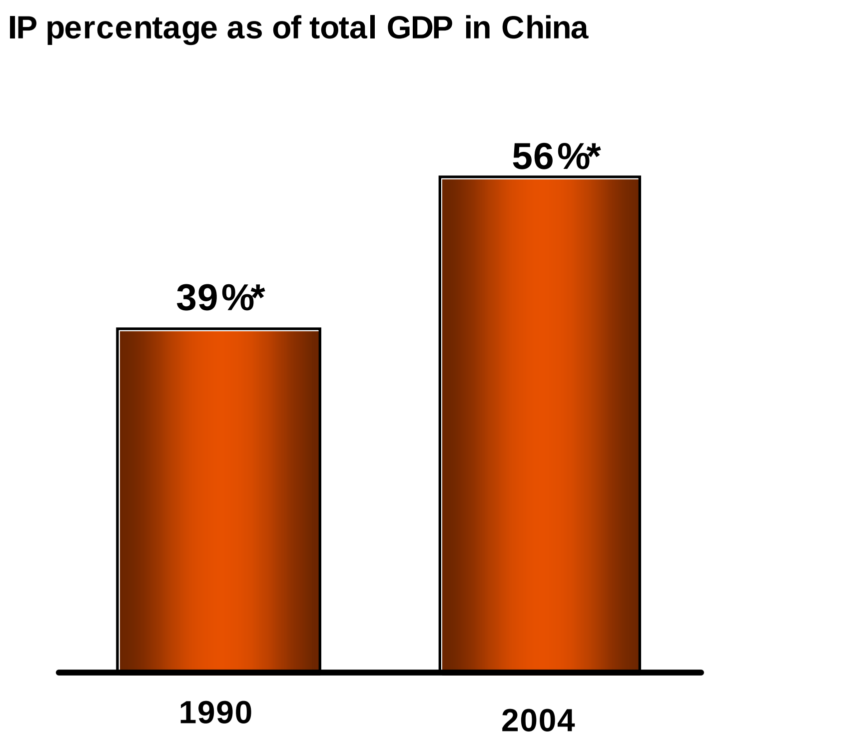
Intensity of Use - Copper

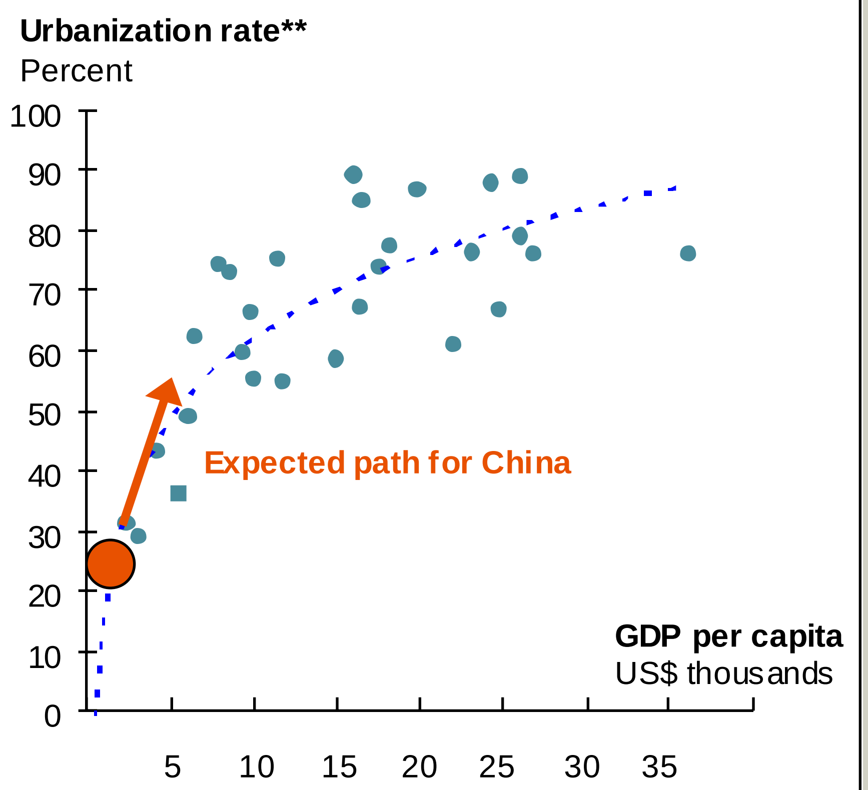


China - resource intensive growth

Industrial production is a key driver of the Chinese economy



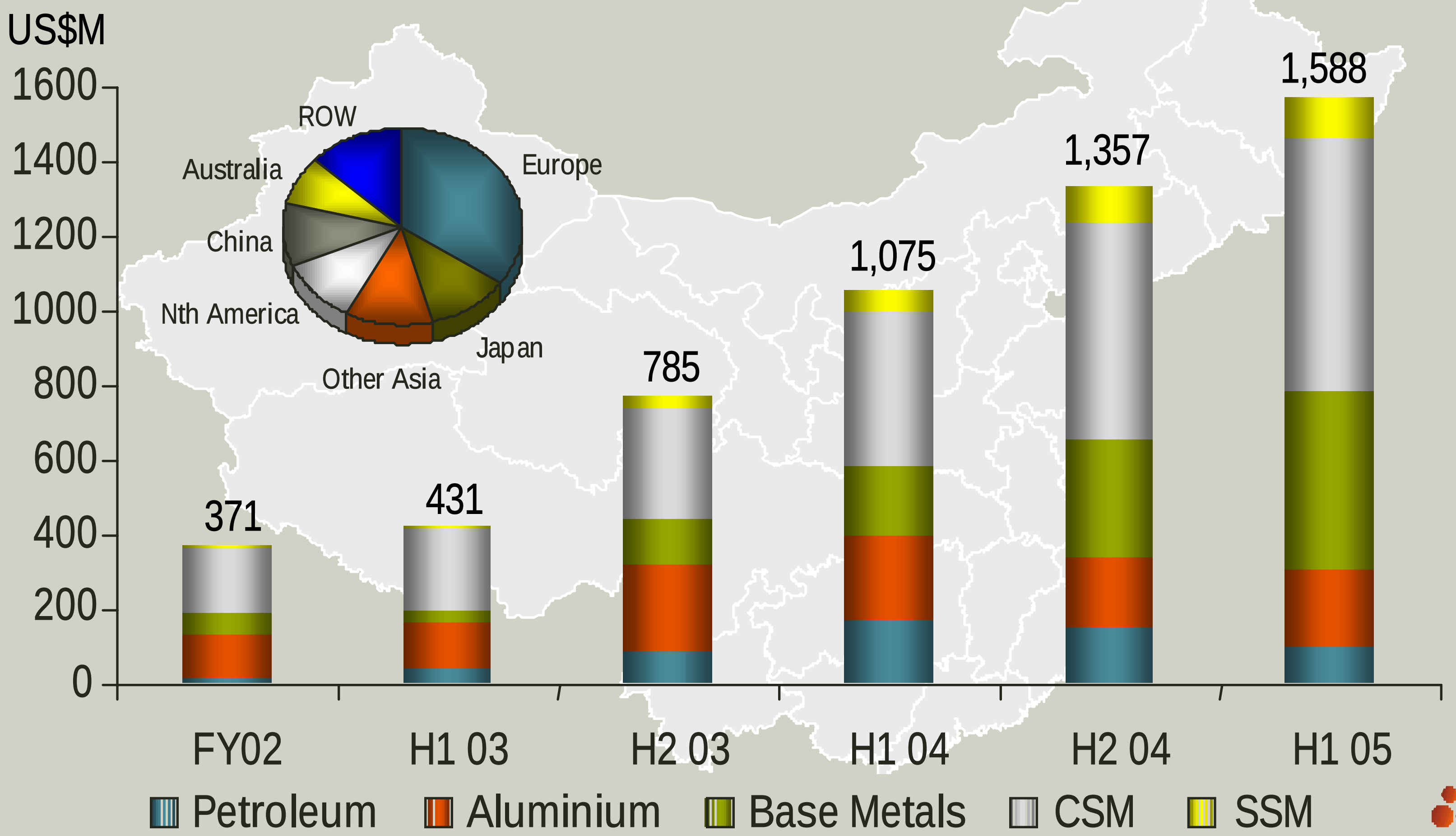
Urbanization process (and growth in GDP per capita) is expected to continue fast tracking



* Exact contribution might be lower due to underreporting of services using current statistical method
** Defined as percentage of urban population. Dots on the graph represent benchmark countries
Source: United Nation Statistics; China Statistical Yearbook, 2003; Global Insight; WEFA; McKinsey analysis

Sales into China are increasing

Sales into China currently 10.2% of total company revenues, up from 6.9% in FY03



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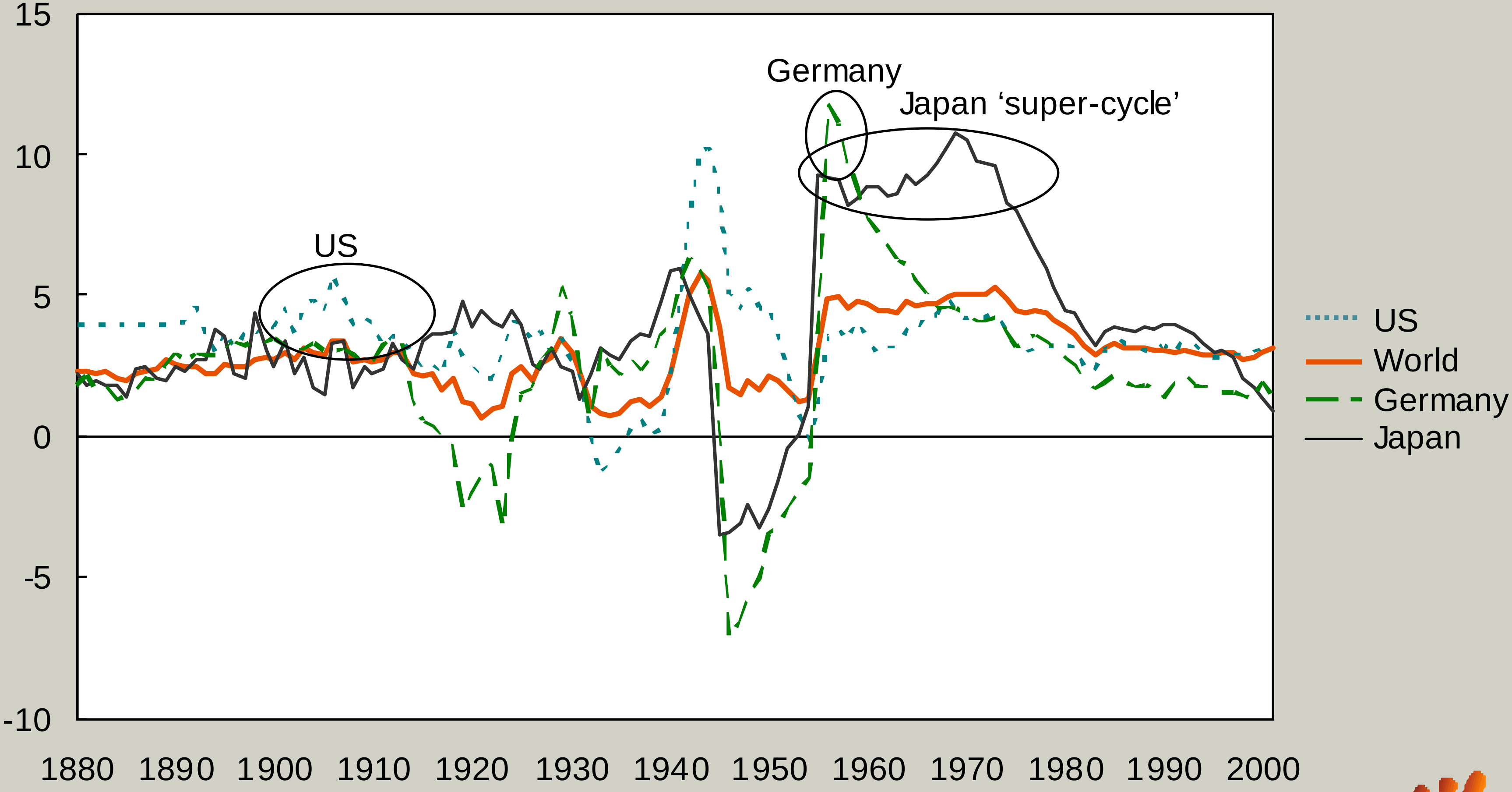
Industrialisation and sustained economic growth

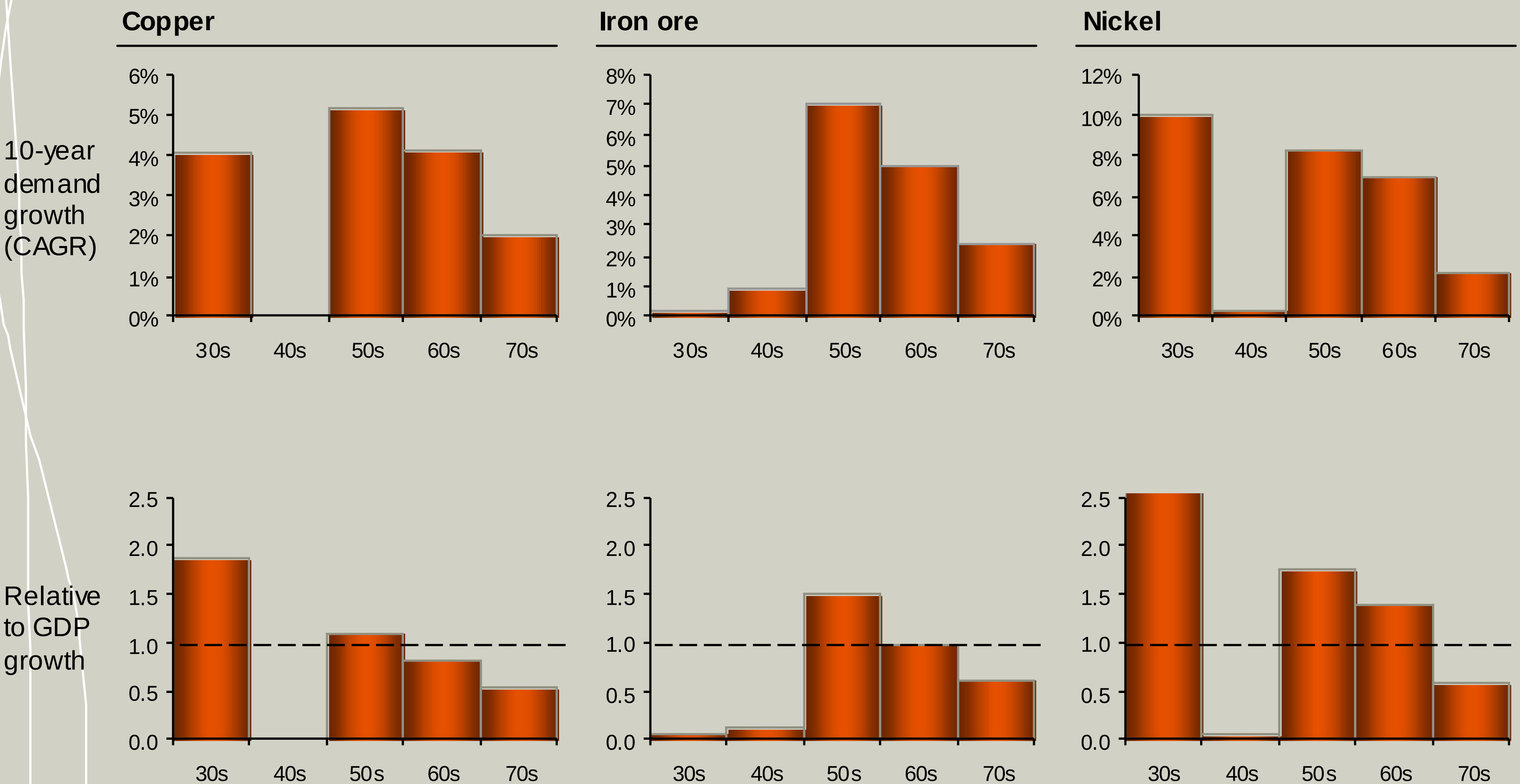
Real GDP growth (%), 10 year historical moving average for US, Germany, Japan and World*



* G7 used as proxy for world up to 1950

Source: OECD up to 2000

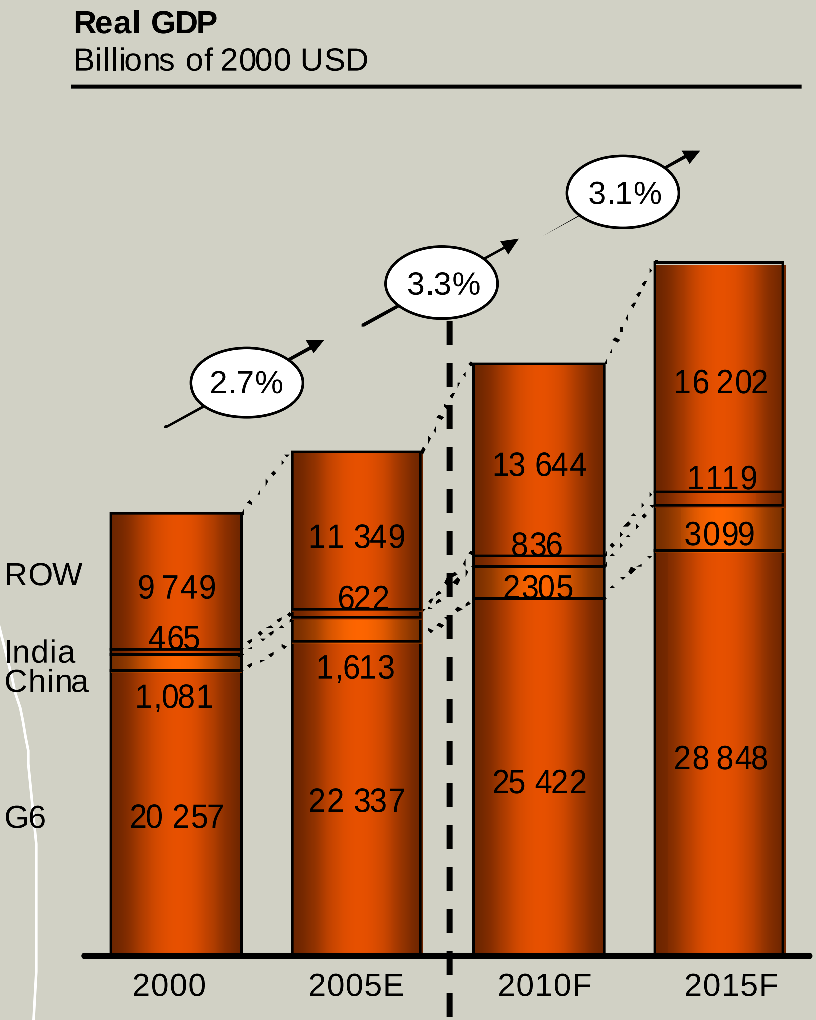
Demand for raw materials - the 1950s and 60s

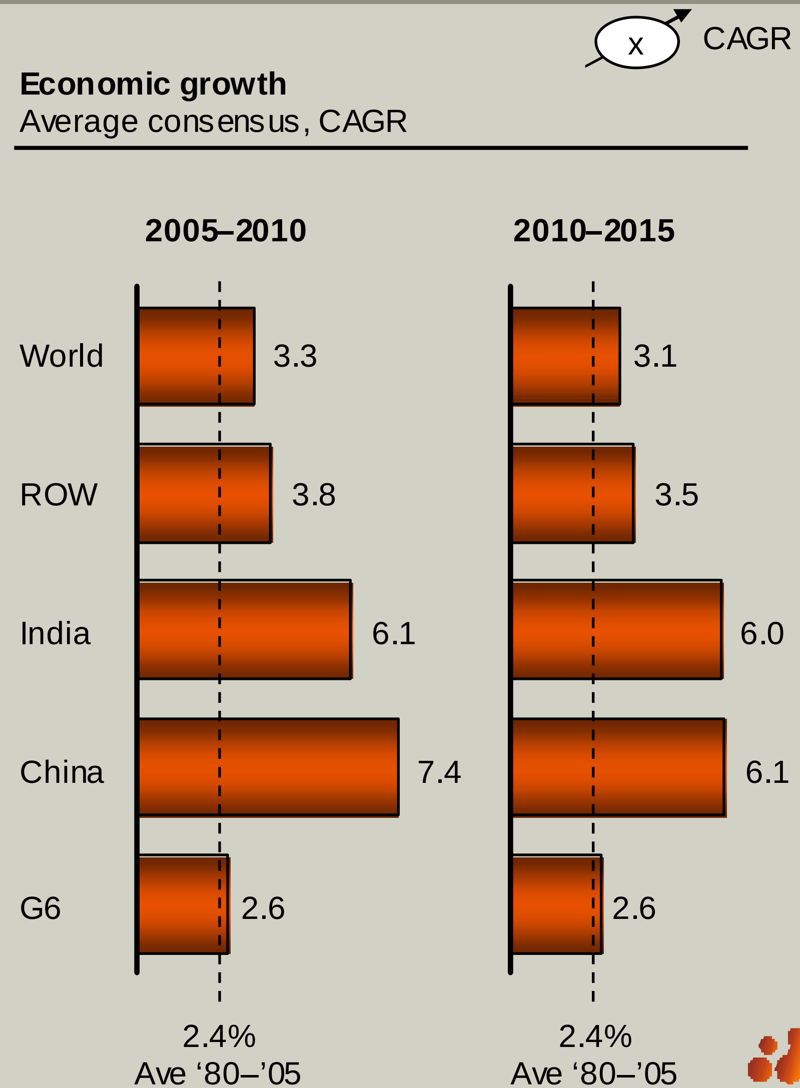


Source: Maddison, USGS

China: 6 key sustainable macro drivers

But it's not just China…





Source: Global Insight Jan 2005; Goldman Sachs "Path to 2050" for forecasts on India and China

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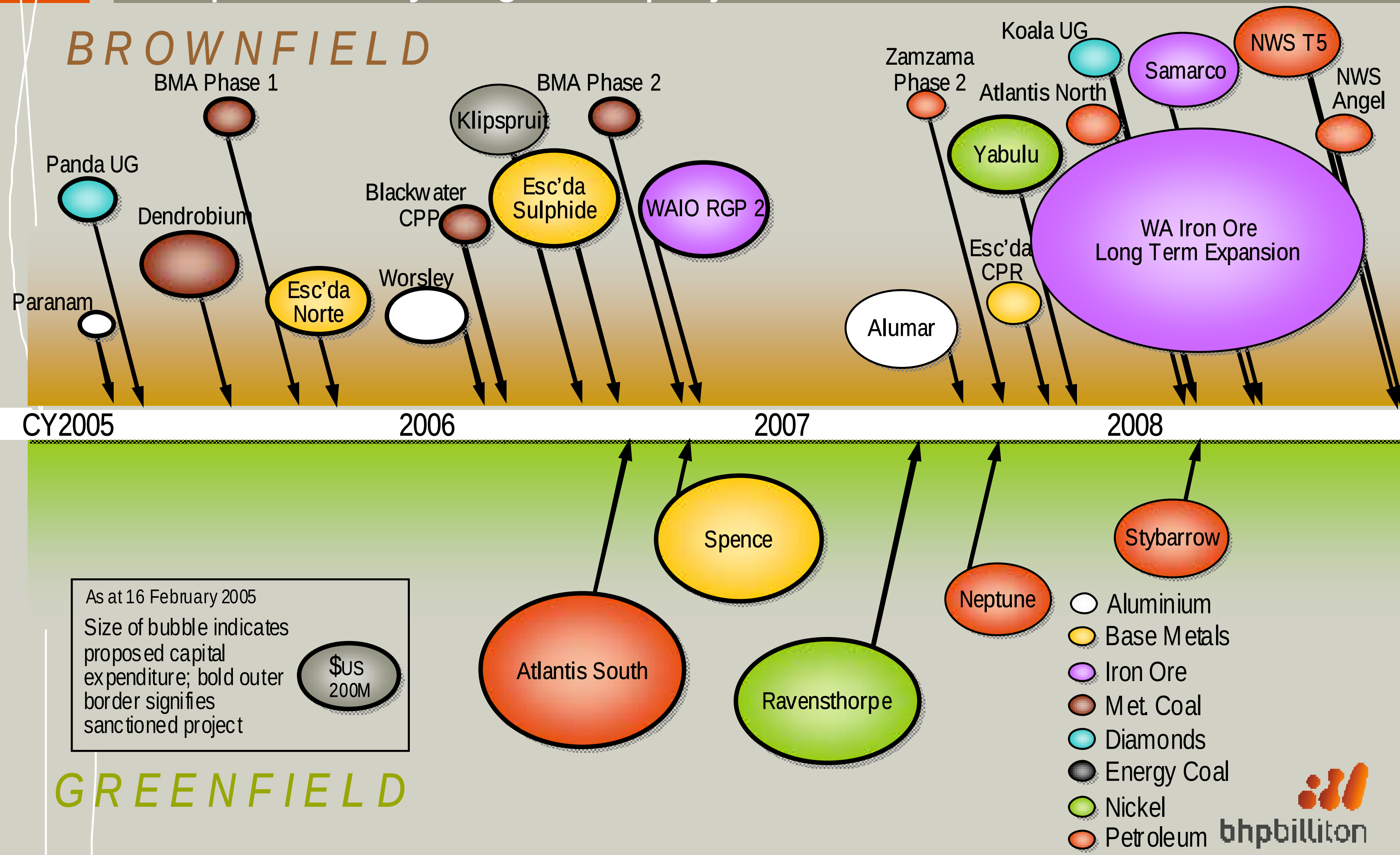
Deep inventory of growth projects



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Conclusions

- Long term growth rates and resource intensity are the critical factors in decision making
- Developing economies are growing more rapidly than the OECD nations and are at a raw-materials intensive stage of development
- Industrialisation and urbanisation are the key to China's economic growth
- Comparisons can be drawn with past experiences, most recently Japan in the 1950's-1970's
- Long term demand outlook for China remains positive…
- … but it's not just China - other emerging economies are following suit
- Like every other economy, developing economies will suffer "bumps and bruises"
- Focusing on low cost operations, efficiencies, project execution and option generation will be the key to long term value creation

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