

BHP Billiton



Graeme Hunt President, Aluminium

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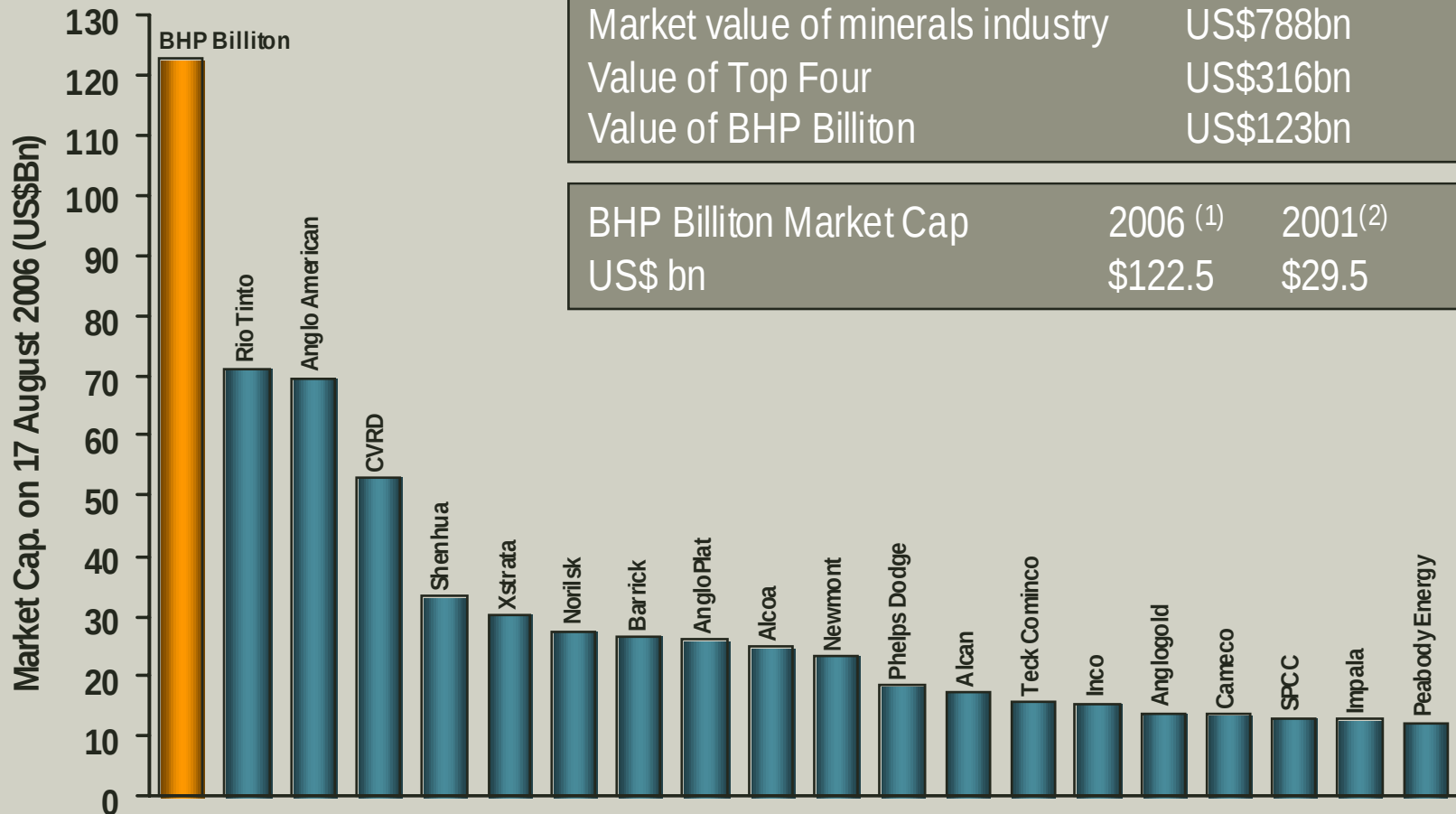


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The largest company in a consolidating sector



Source: Datastream and Bloomberg (data as at 17 August 2006)

1. Market Capitalisation on 17 August 2006

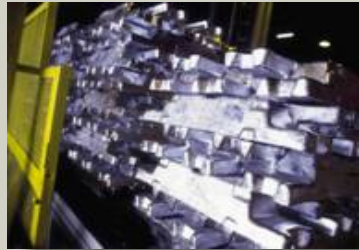
2. Market Capitalisation on 28 June 2001

Structure driven by customer needs

Petroleum



Aluminium



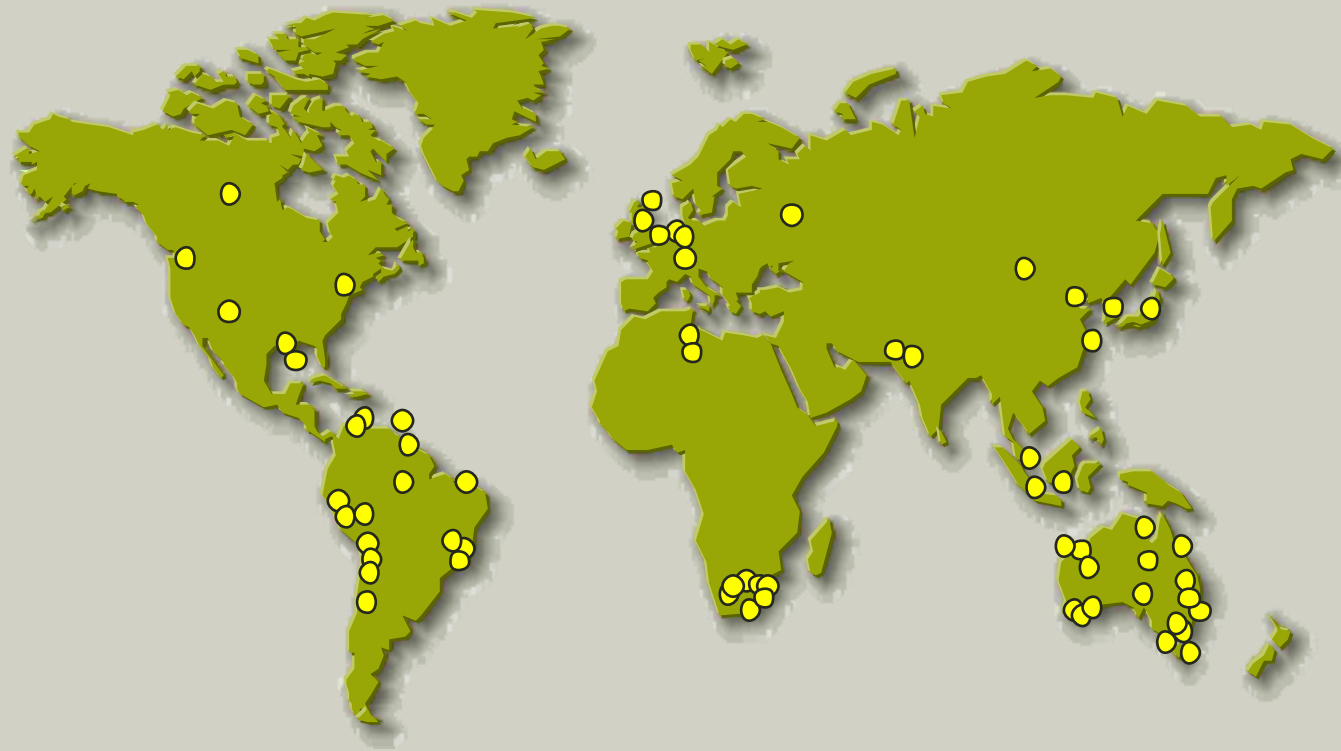
Base Metals



Carbon Steel Materials



Slide 4



Diamonds & Spec Prod



Energy Coal

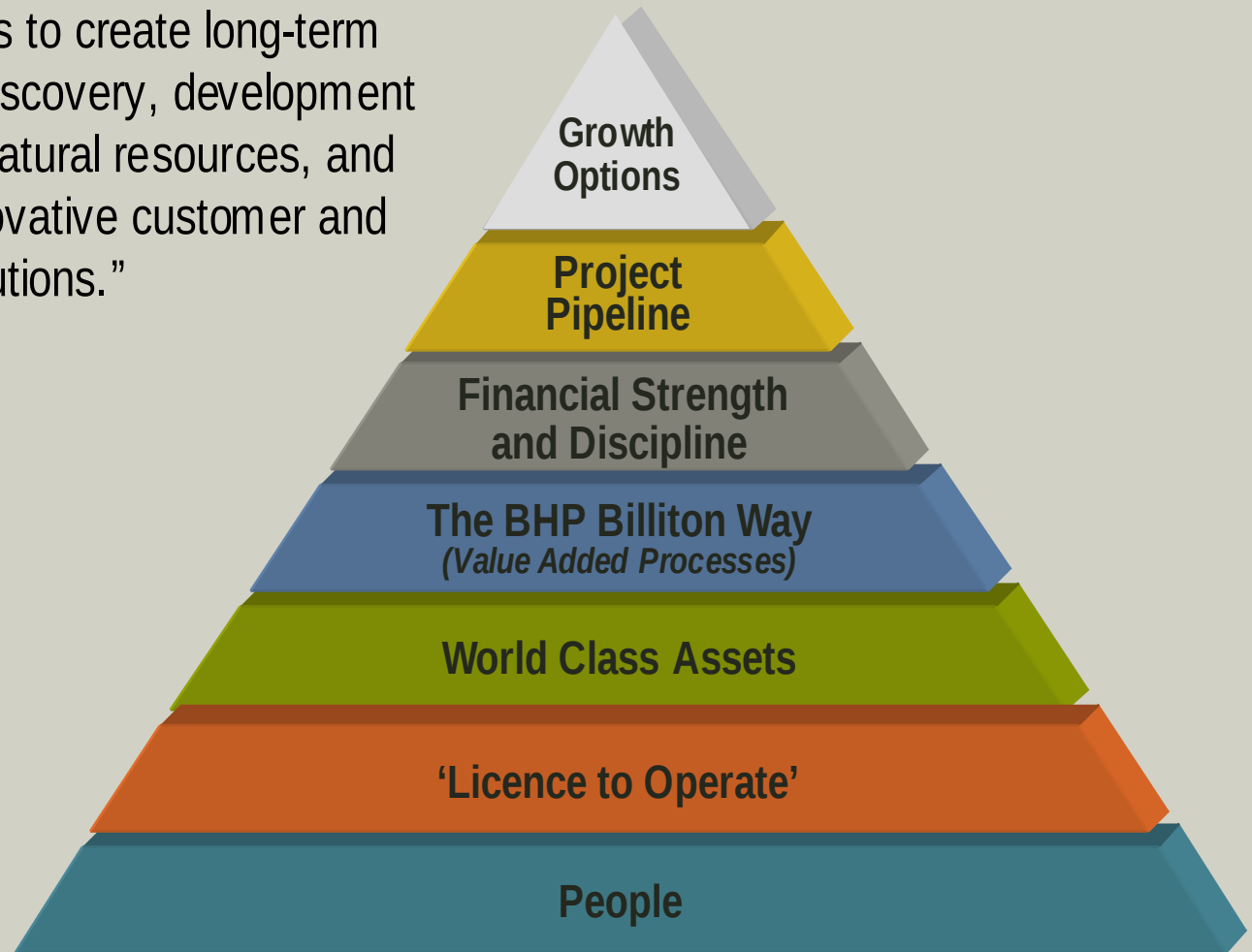


Stainless Steel Materials



Strategic drivers

“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.”



Highlights – 12 months ended June 2006

- **Record full year earnings**
 - Underlying EBITDA US\$18.1 billion ↑↑ 50%
 - Underlying EBIT US\$15.3 billion ↑↑ 54%
 - Attributable profit US\$10.2 billion ↑↑ 58%
 - Earnings per share 168.2 US cents ↑↑ 60%
- **Four major projects completed.** WMC integration complete
- **Underlying EBIT margin** ↑↑ to 44% and **ROCE** ↑↑ to 35%
- **Seven major projects approved.** Current pipeline 23 projects, US\$13.8 billion
- **Final dividend** 18.5 US cents per share ↑↑ 28%, consistent with outlook and higher earnings and cash flow
- Capital Return of US\$3 billion. **Total US\$5 billion for FY2006**

Demand growth continues

- China

- GDP growth 10% for CY2006
- Major commodities consumption growth
- Government macro controls to remain

- India

- Growth led by service sector
- Growing processing industries
- BHP Billiton sales dominated by coking coal and Cu concs

- US

- Concerns on housing and inflation
- Export sector remains positive

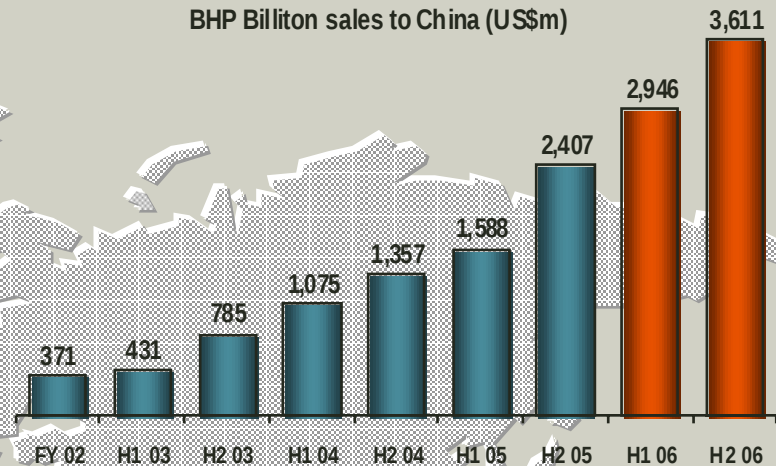
- Japan

- Domestic consumption increasing
- Government continues to promote growth

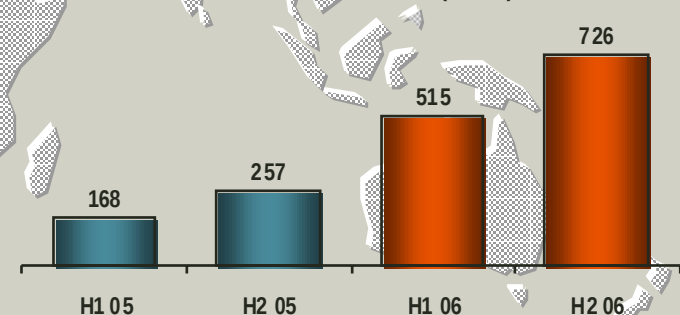
- Europe

- Recovering strongly
- Inflation concerns leading to monetary tightening

BHP Billiton sales to China (US\$m)



BHP Billiton sales to India (US\$m)



Solid global economic growth to continue
Long term outlook remains intact

Industry cost and capacity pressures



tyre preservation programmes

← **ongoing** →



truck capacity increased – longer lead times

← **9 months**

18 months →



rig availability constraints

← **ongoing** →

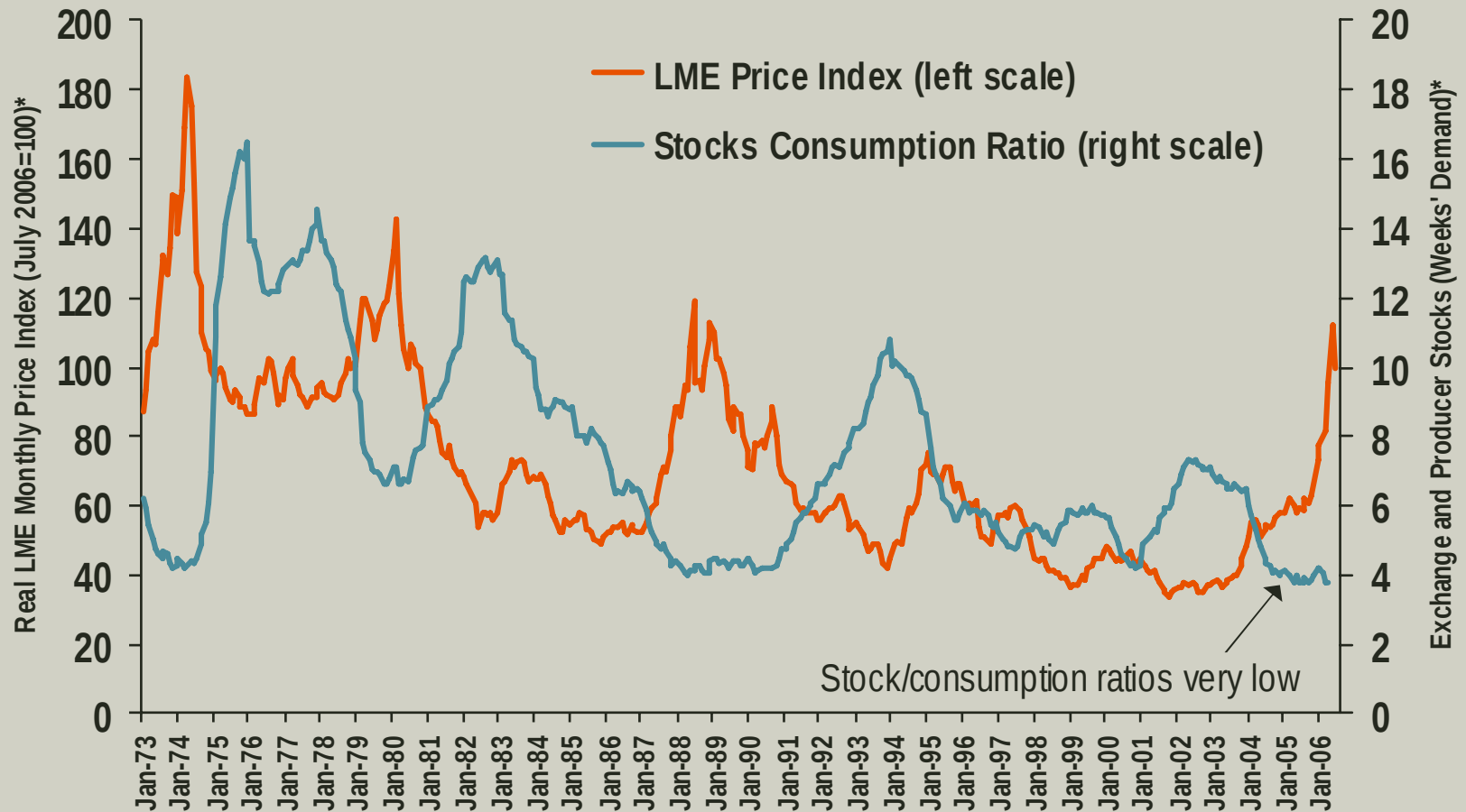


shortage of experienced people – focus on training

← **ongoing** →

Inventory levels at historic lows Real LME metal prices at similar levels to late 1980s' boom

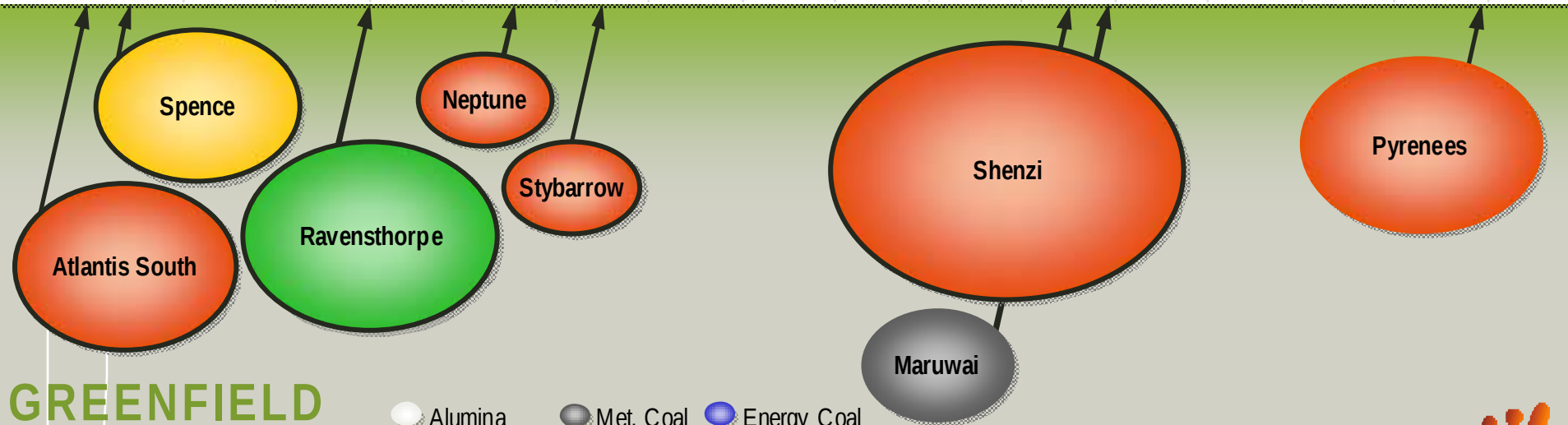
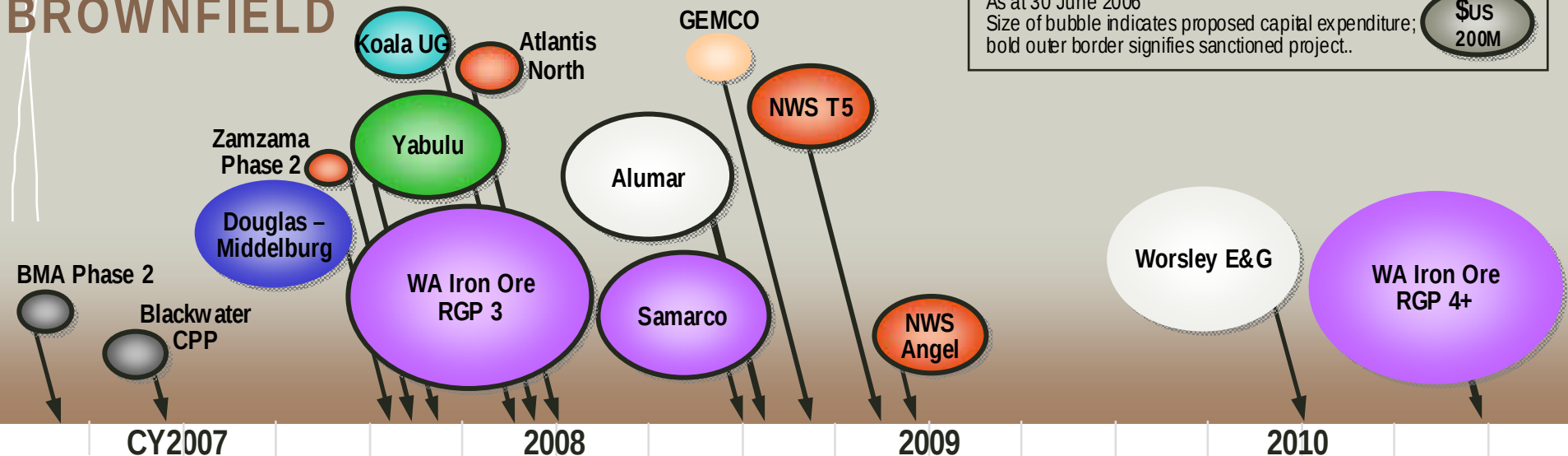
Monthly LME Metal Prices and Stocks



Source: Macquarie, BHP Billiton. * LME prices and stocks of Al, Cu, Zn, Pb, Ni

Deep inventory of growth projects

BROWNFIELD

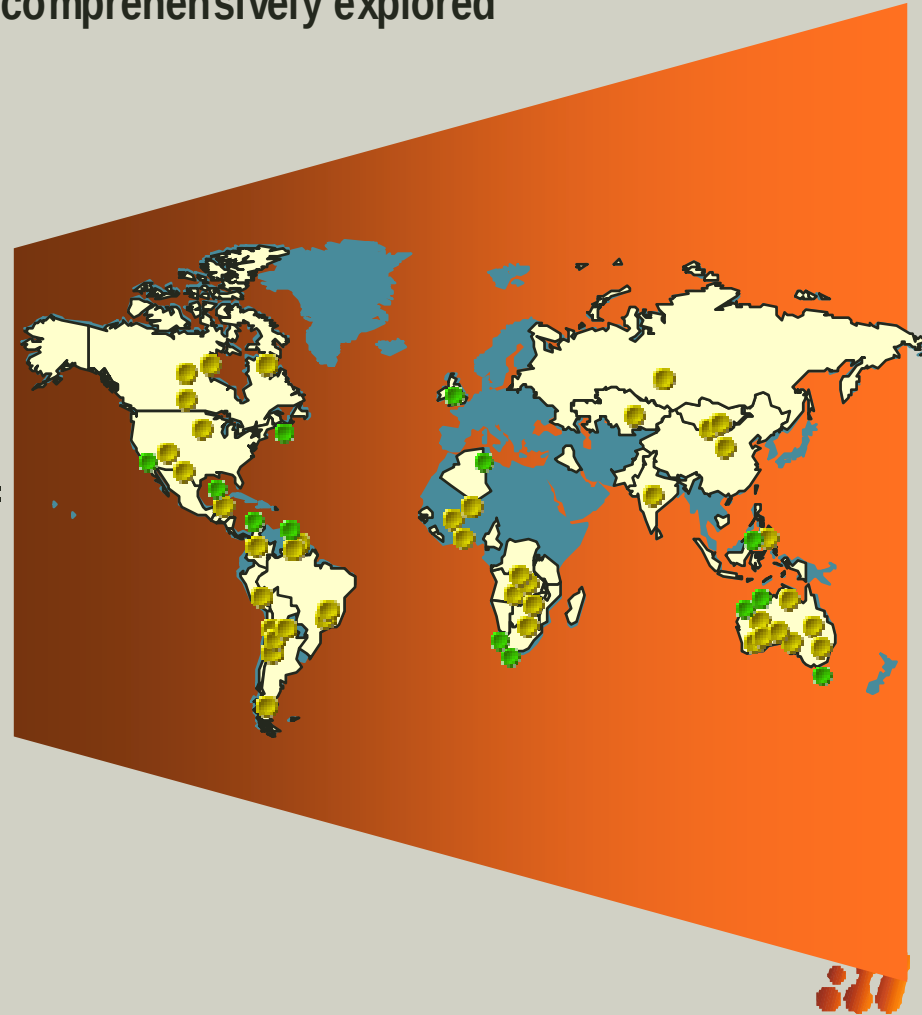
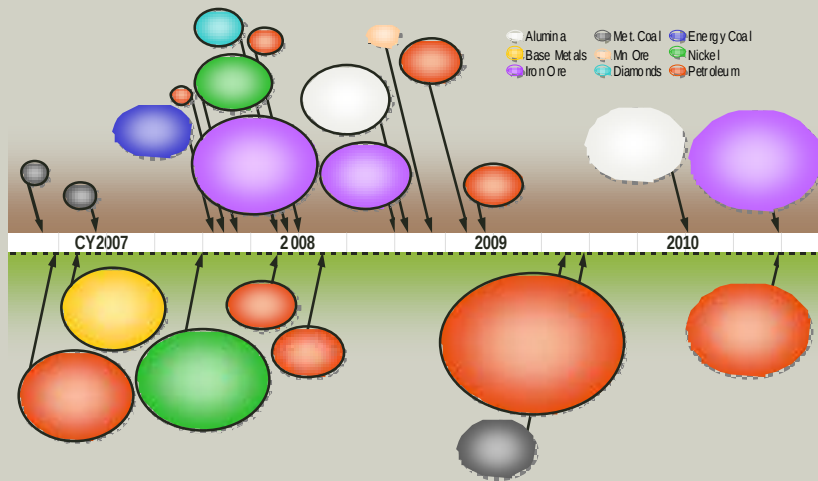


GREENFIELD



Longer term options will keep the pipeline replenished

Our exploration footprint spans traditional resource producing regions as well as many countries currently less comprehensively explored



Priorities for cash align with value creation

Value accretive projects

FY06:

- 7 major projects approved (US\$5.1bn)
- 23 projects in current pipeline (US\$13.8bn)

Since July 2001:

- 30 projects plus 2 bolt on acquisitions (US\$7.7bn)
- WMC acquisition (US\$7.2bn)
- 38% average volume growth

Capital structure

FY06:

- Underlying gearing 27.3%
- Underlying EBITDA interest cover 44.3x

Since July 2001:

- Moody's A3 to A1
- S&P A- to A+

Return to shareholders

FY06:

- US\$5bn share buy back programme
- Full year dividend of 36cps, 29% increase on FY05

Since July 2001:

- US\$12.5bn returned to shareholders
- Additional US\$3.0bn announced today
- 29% CAGR dividend increase

Delivering value to shareholders

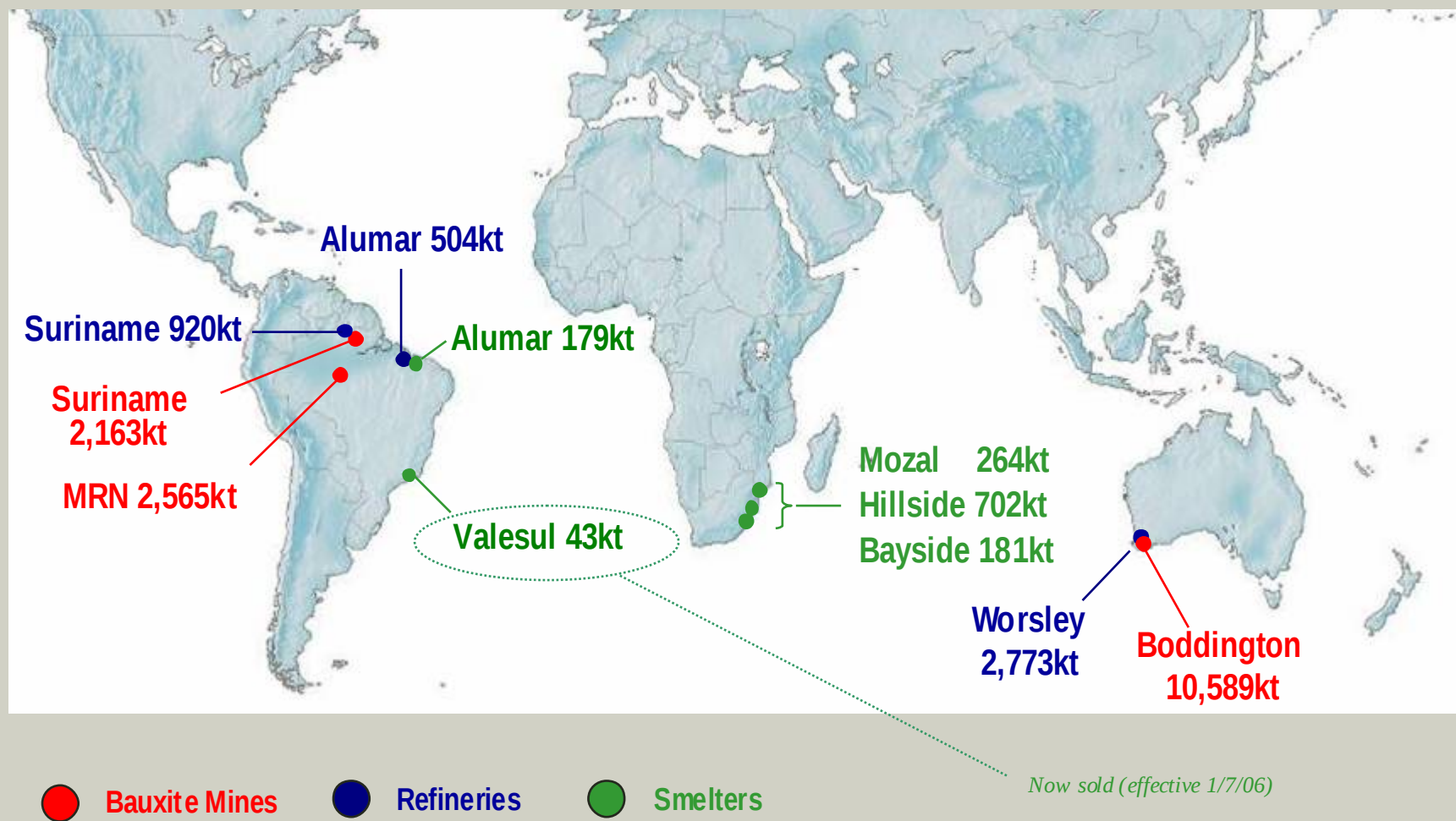
BHP Billiton



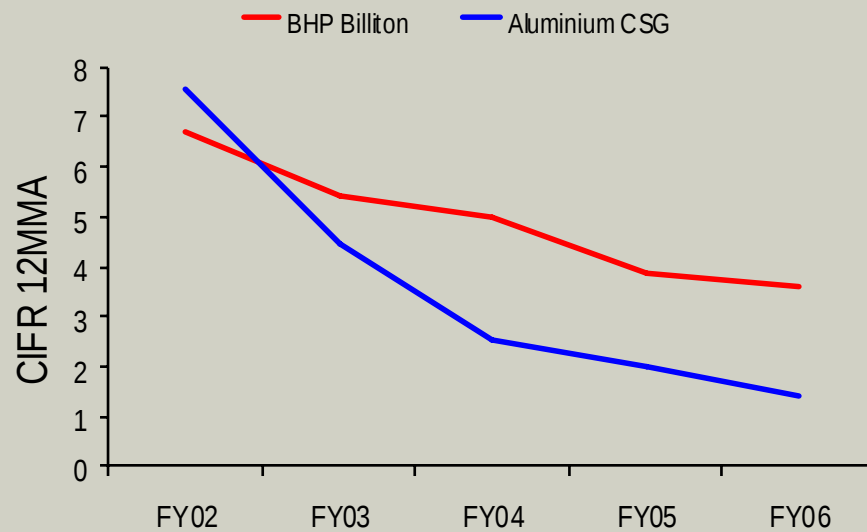
Aluminium CSG Update



Aluminium CSG FY06 Equity Production



Sustainability



Safety

- ☐ Felt leadership
- ☐ Behavioural Based Safety

Community

Health



Environment



Aluminium CSG – FY06 Results

Year ended June (US\$M)	2006	2005	% Change
Aluminium	1,191	959	+24
• Fourth consecutive aluminium production record. • Worsley expansion and new ship loading berth both commissioned. • Alumar refinery expansion approved. • Worsley Efficiency & Growth project delayed. • Sale of 45.5% interest in Valesul smelter completed in early July 2006.			



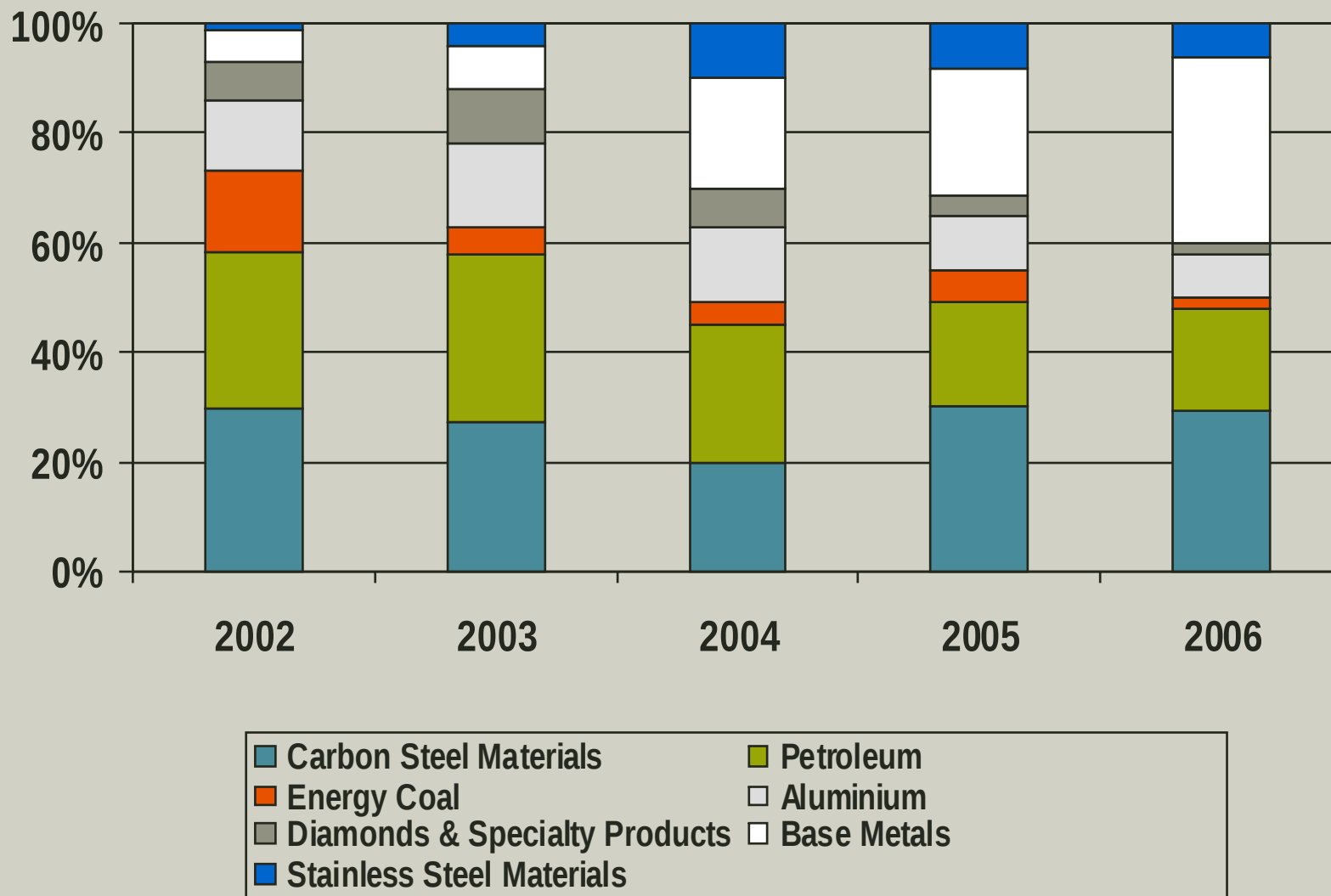
- Alumina portfolio stretched but FY05 issues much improved
- Cost trajectory – a major focus
- Sustainable, predictable, continuous improvement the challenge in FY07

Overview – Consistent Records Achieved

Aluminium CSG Performance Summary

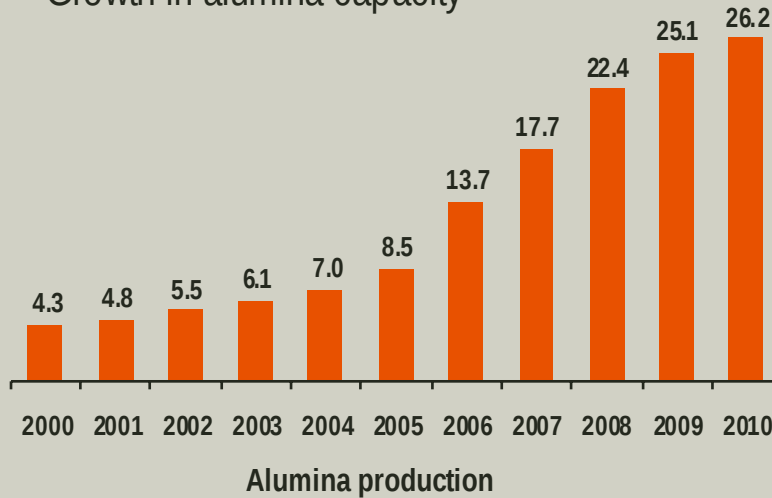
Description	UOM	FY02	FY03	FY04	FY05	FY06
EBIT ROC	%	10%	12%	15%	17%	20%
EBIT Margin	%	26%	28%	30%	28%	33%
ROCE	%	7%	8%	14%	15%	18%
EBIT	US\$bn	0.5	0.6	0.8	1.0	1.2

Diversification: 2002 - 2006



China's Industry Consolidating & Increasing Self Reliance

- Growth in alumina capacity



- Rent shift from alumina to metal
- Decreasing alumina import dependency
- Rising bauxite dependency?



China's Refineries – Capital and Operating Costs

- Why are the Chinese refineries being built?
 - Induced by substantially higher alumina prices
 - Capital cost advantage like smelting?
- Some refineries with relatively high Opex?
 - Imported bauxite and energy costs
 - Not offset by labour advantage
- What will future capacity & production levels be?
 - Ongoing imported bauxite availability?
 - Imported bauxite price?

Summary

- **The Aluminium CSG remains a key part of the BHP Billiton portfolio and is one of the top aluminium companies in the world**
- **Record** full year results
- **Margins** continue to expand
- **Benchmark** safety performance in the minerals portfolio and committed to sustainability and zero harm
- The China factor continues to be a major influence
- BHP Billiton Aluminium objectives for FY07
 - Zero Harm
 - To deliver another record year
 - To increase the focus on cost containment and predictable operations
 - To search for value growth opportunities



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