

BHP Billiton

A Strategic Framework for an Industry Leader

Paul Anderson - CEO & Managing Director
Brian Gilbertson - Deputy CEO

Securities Institute of Australia

Sydney

April 2002



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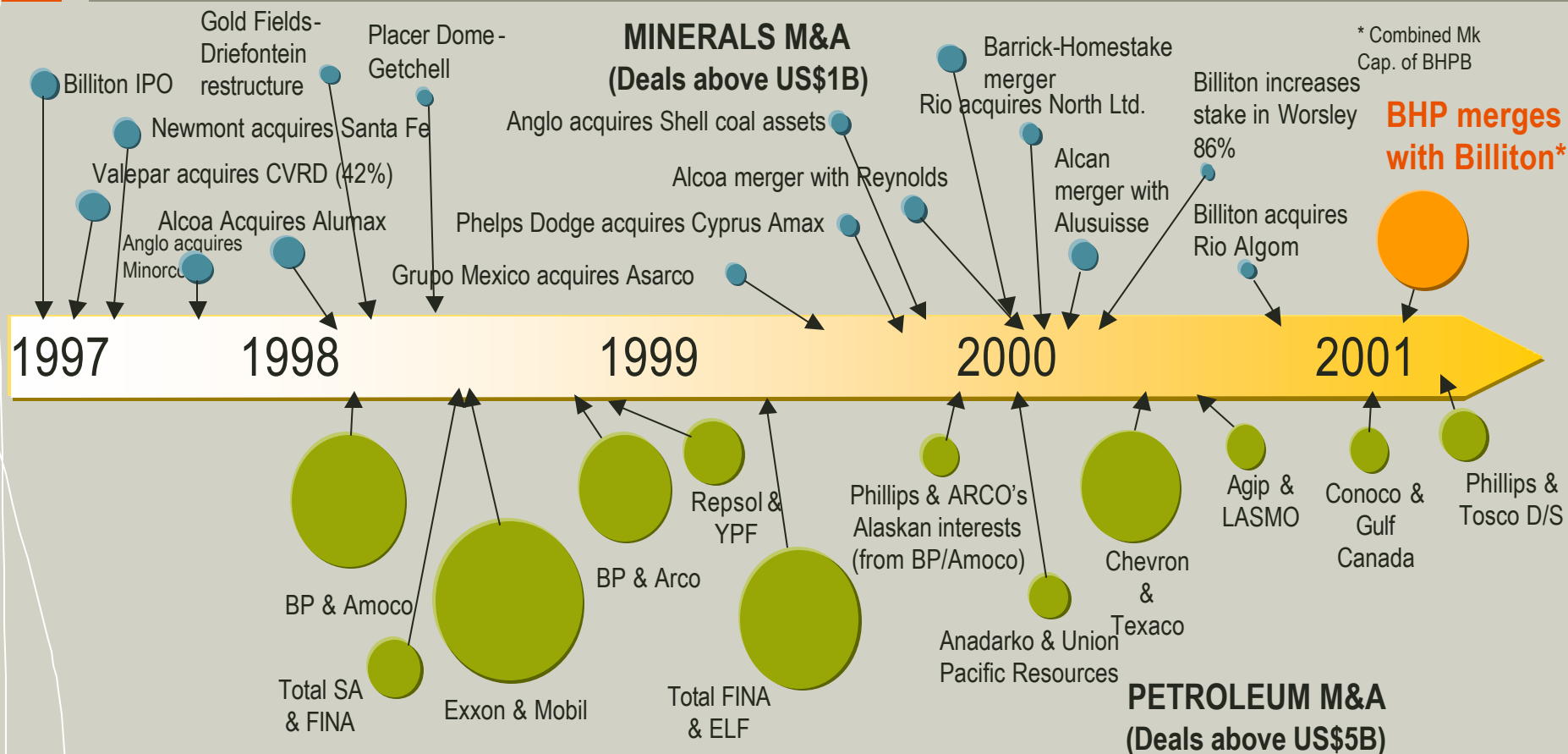
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Industry Consolidation



Deal Size
US\$30B

M&A Deals in 1997-2001:

Oil & Gas

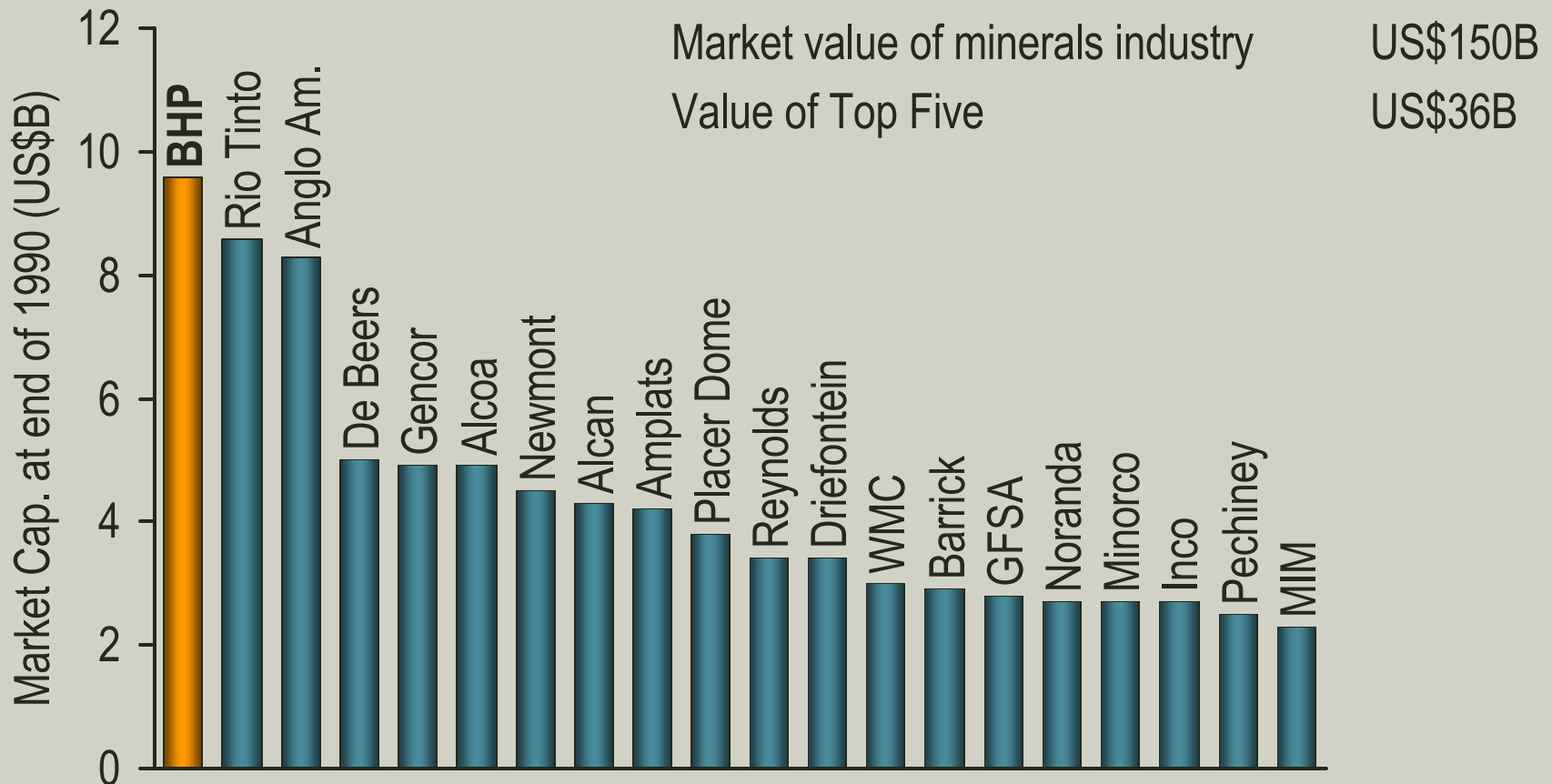
~US\$600 billion

Mining and Metals

~US\$100 billion

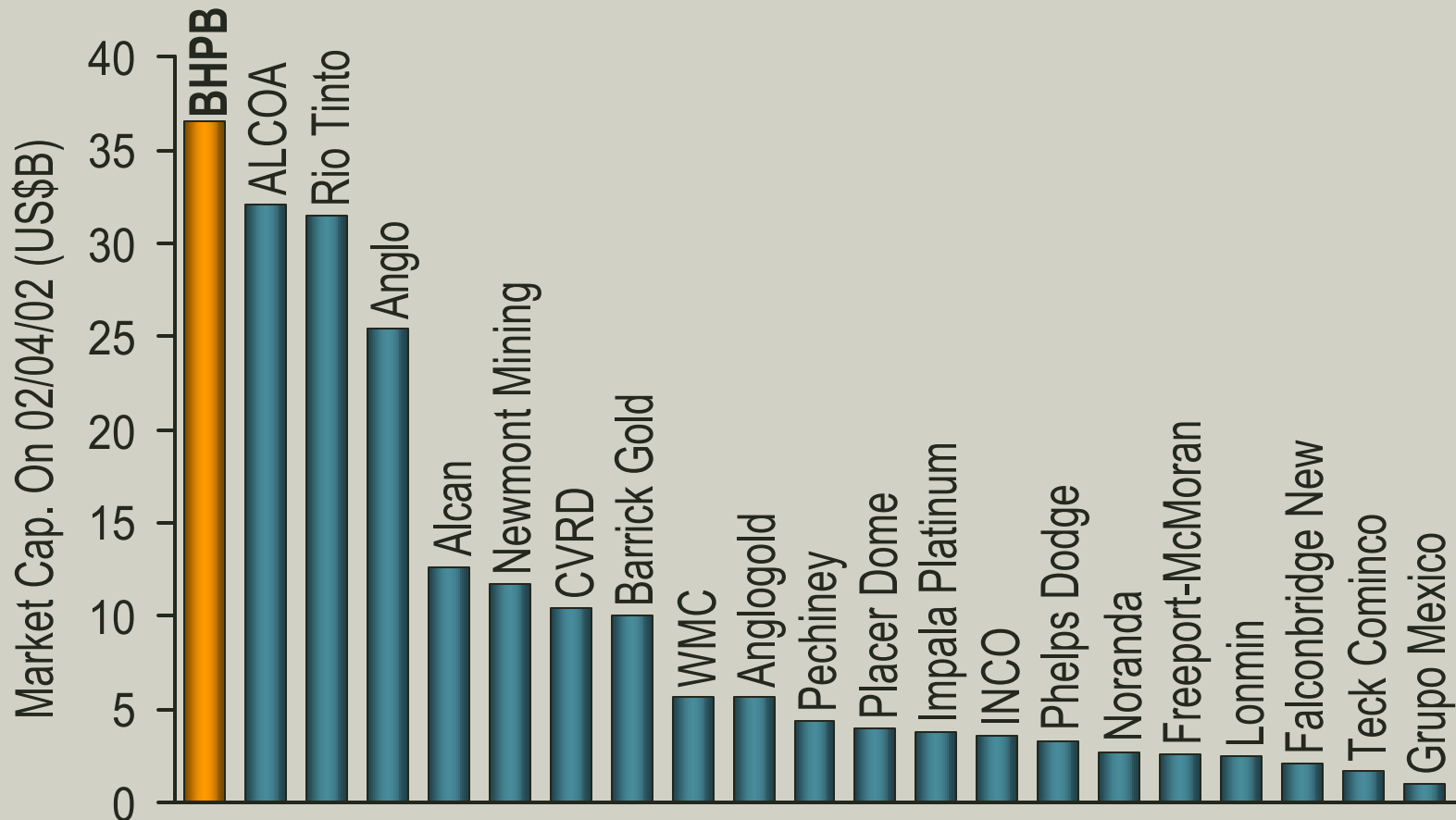
1990 – Industry Structure

In 1990 the top five companies accounted for less than 25% of total resource equity market value



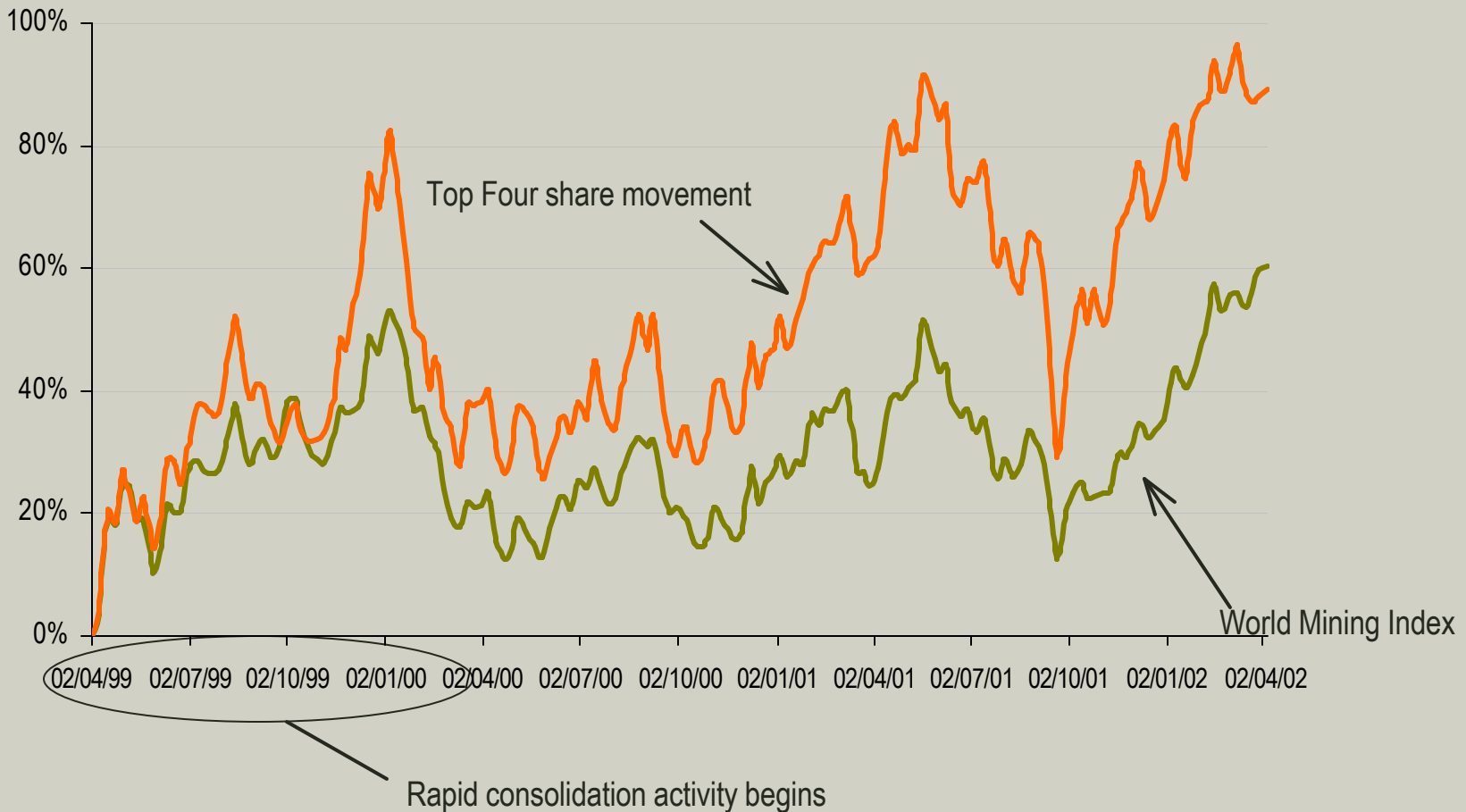
2002 – Industry Structure

Top five companies account for almost 50% of resource equity market value – double their share of 10 years ago.



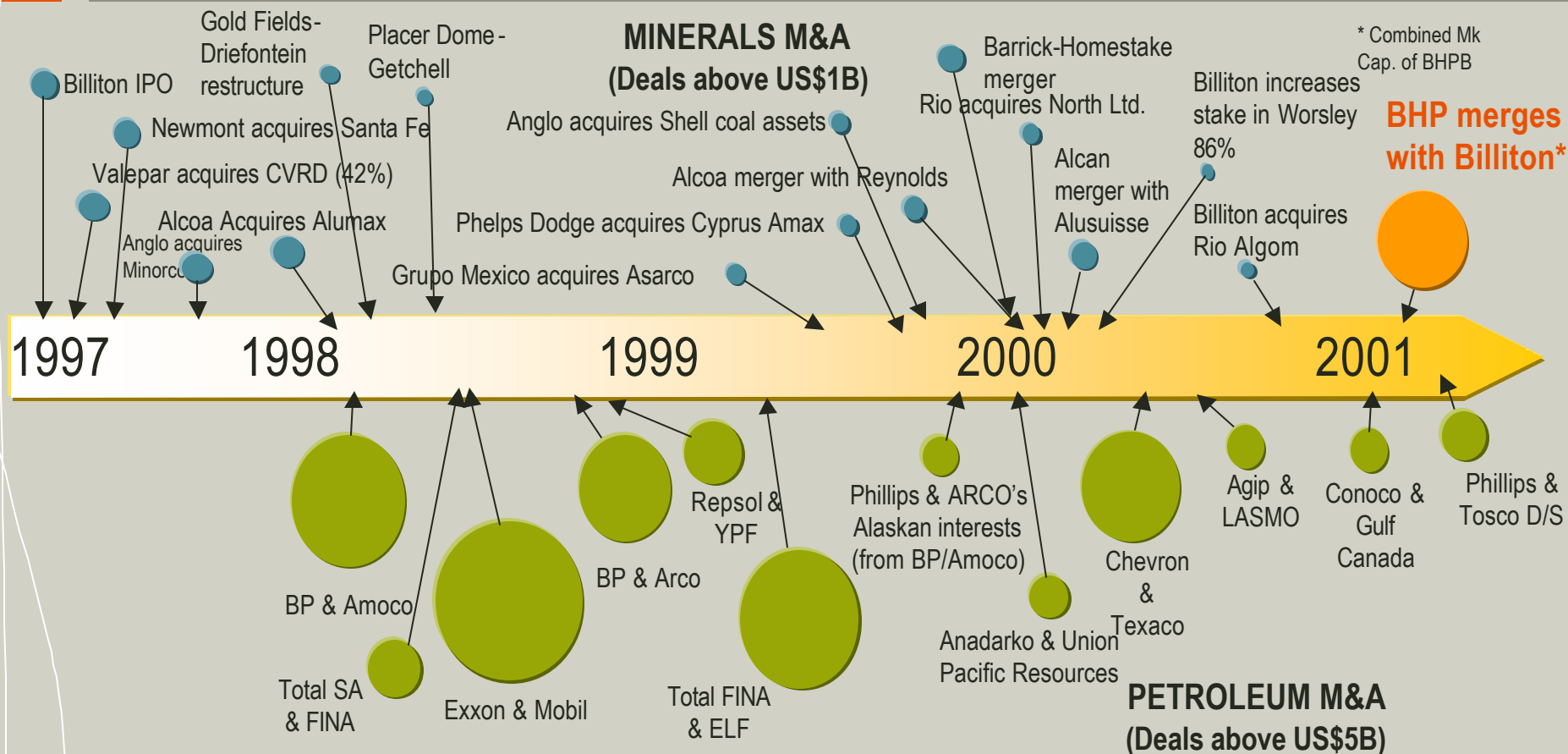
3 Year Mining Industry Return Analysis

Consolidation driving better share growth return for Top Four



Source: Datastream

Industry Consolidation



Deal Size
US\$30B

M&A Deals in 1997-2001:

Oil & Gas

~US\$600 billion

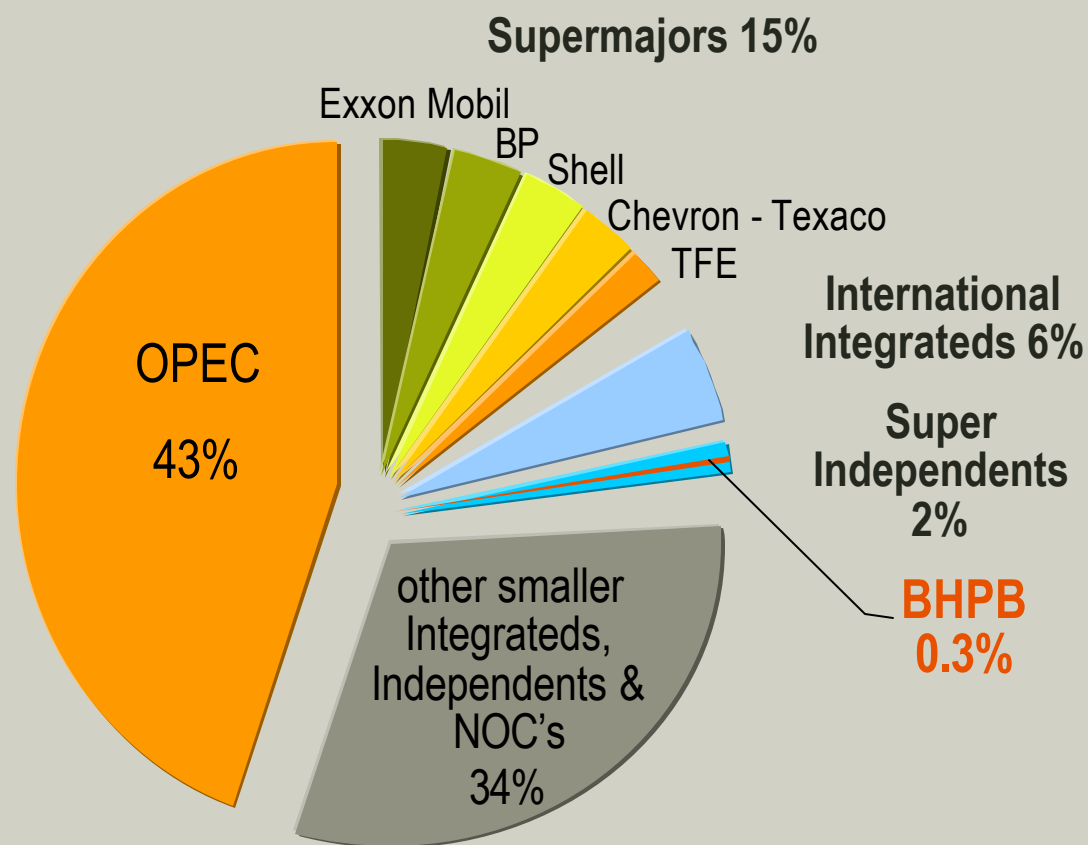
Mining and Metals

~US\$100 billion

Oil and Gas: “less” consolidated but OPEC is vital

Oil and gas sector has a market value of about US\$1,400 billion, excluding the national oil companies.

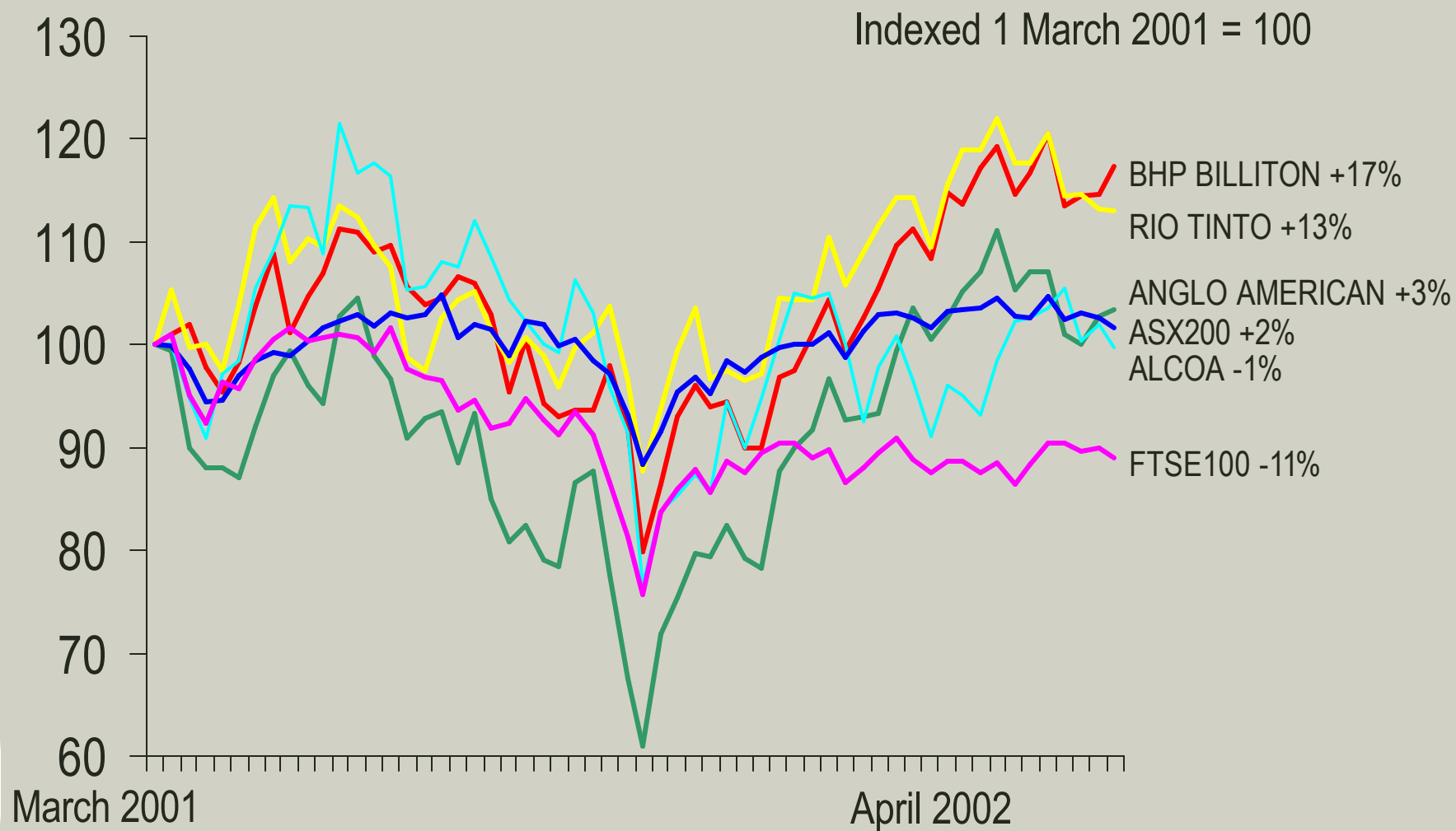
The five “super-majors” account for just over US\$900 billion in market cap.



2000 crude oil production
68 million bbls/day

Source: BHPB Petroleum

Share price has outperformed peers and the markets since the merger announcement in March 2001



BHP Billiton Strategic Framework

**VALUE
DRIVERS**

**STRATEGIC
IMPERATIVES**

**PERFORMANCE
MEASURES**

Our vision...

We seek to earn **SUPERIOR** returns for our
shareholders as the world's **PREMIER**
supplier of natural resources and **RELATED**
products and services

Value Drivers - What distinguishes us from the rest

I. Outstanding Assets

II. Growth From Deep Inventory of Projects

III. Customer-Centric Marketing

IV. The Portfolio Effect

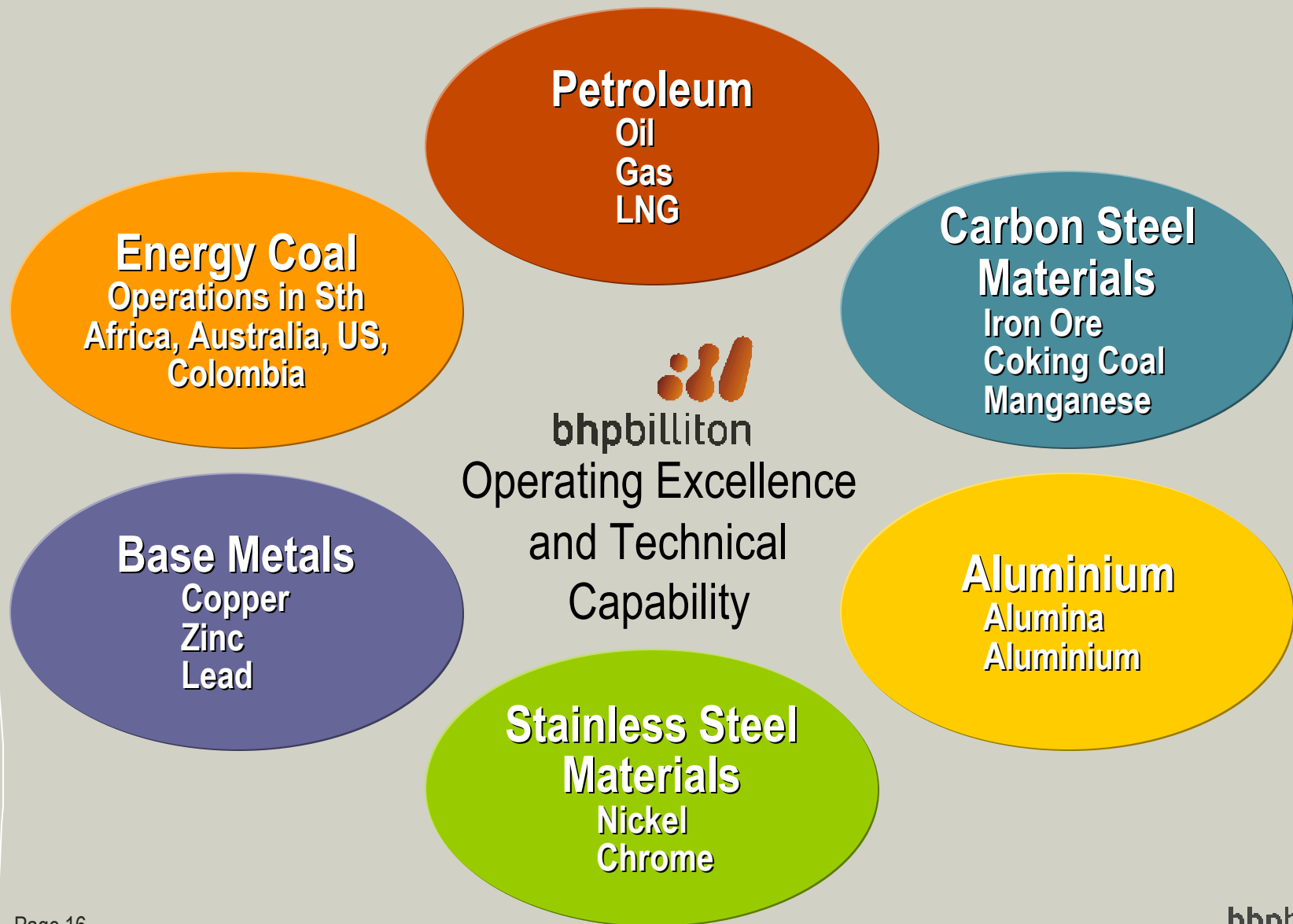
V. The Petroleum CSG

VI. Innovation

Value Driver - I

I. Outstanding Assets

The Customer Sector Groups



I. Outstanding Assets

Strategic Imperatives

(What we have to get right)

1. "Zero harm"
2. Operating excellence

Performance Measures

(How the market should judge us)

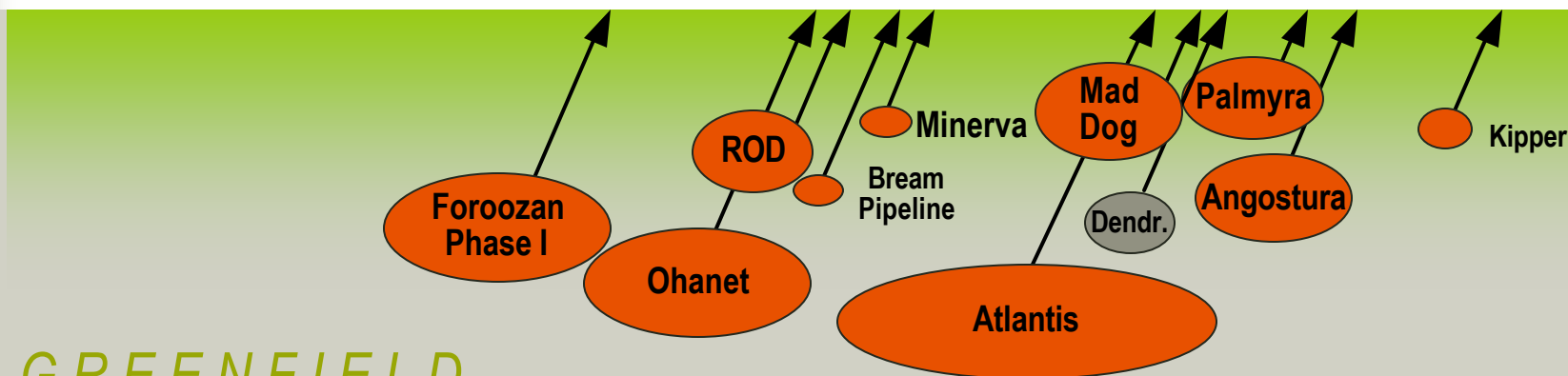
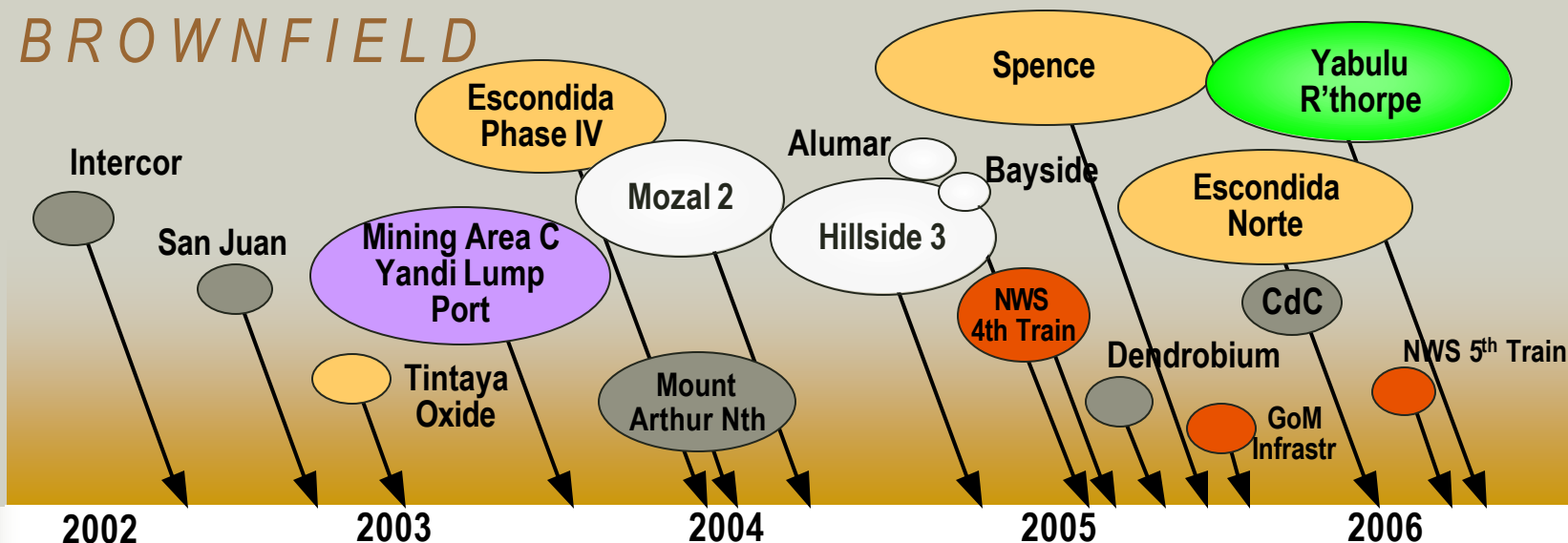
1. Improving HSEC statistics.
Community – 1% of pre tax profits.
2. Cut operating costs by 2% p.a. on average for 3 years.
(US\$500M FY03-05)

Improved EBIT and FCF.
EBIT SVA.
3. Return on Capital >15% by FY2006

II. Growth From Deep Inventory of Projects

A deep inventory of growth projects

BROWNFIELD



GREENFIELD

Note:
Size of bubble indicates
approx. capital expenditure

\$US
250m

Coal

Aluminium

Copper

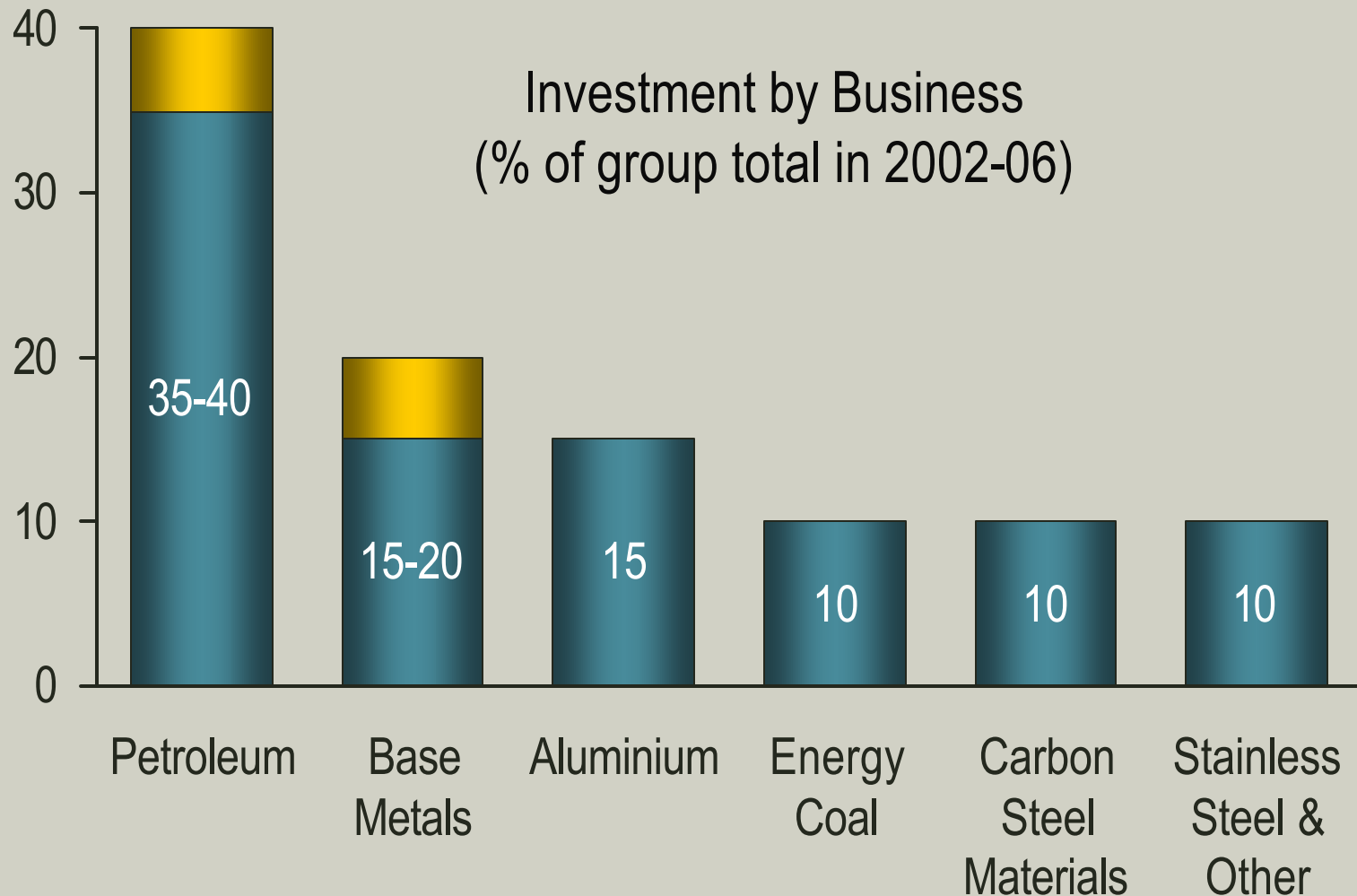
Nickel

Iron Ore

Oil and Gas

Pursuit of high value growth

...US\$10 billion in growth projects



* Indicative data only

II. Growth From Deep Inventory of Projects

Strategic Imperatives

(What we have to get right)

- 3. Investment judgement.
Project management skills.

Performance Measures

(How the market should judge us)

- 4. Decide/implement projects (potential US\$10B by FY2006)

III. Customer-Centric Marketing

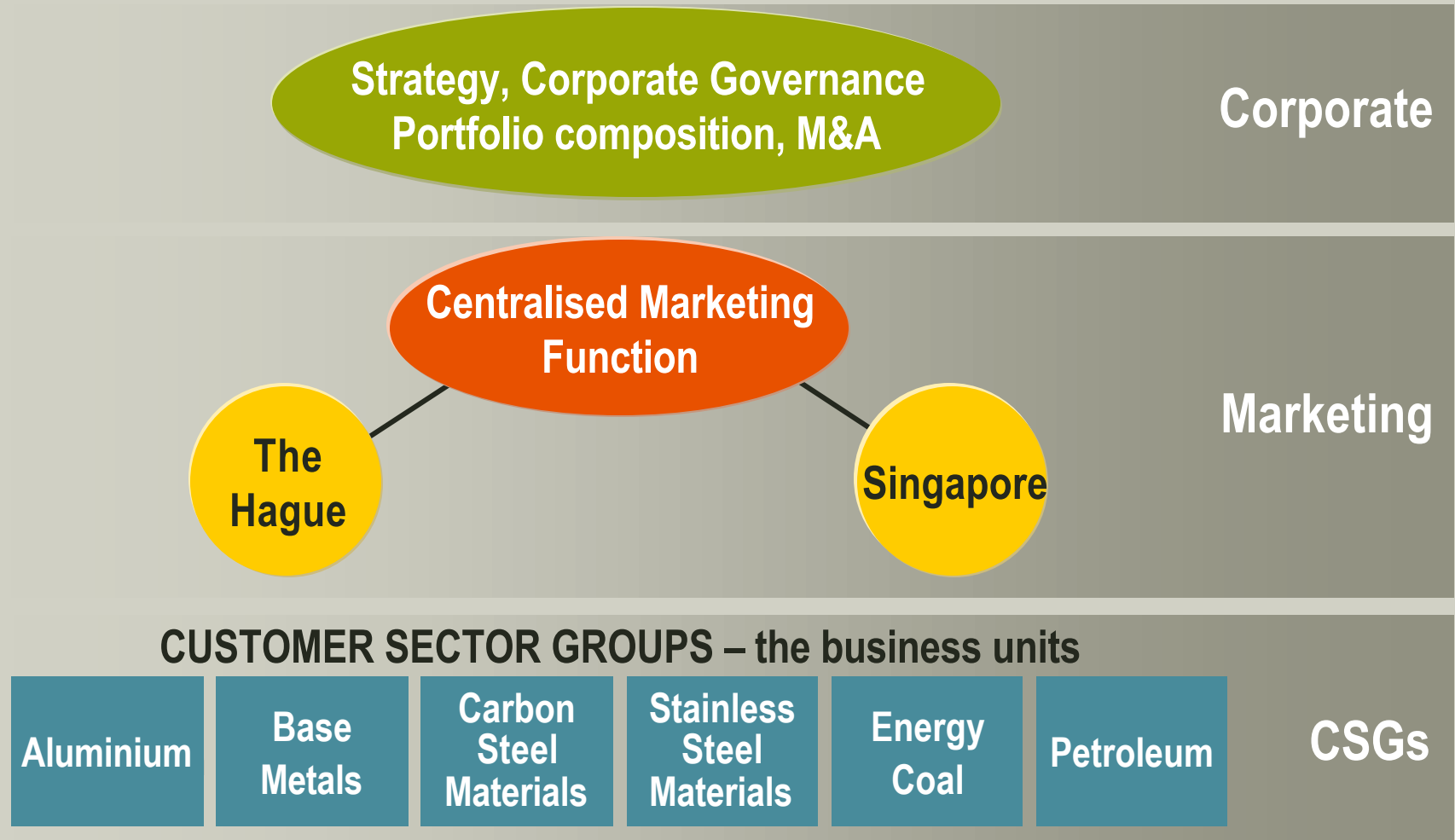
Strategic Imperatives (What we have to get right)

4. Serving customers best

Performance Measures (How the market should judge us)

5. Preferred supplier status.
Global marketing and trading.

Marketing – a key component of the organisational structure



IV. The Portfolio Effect

Outstanding Diversification

By Commodity

Customer Sector Group EBIT:

Petroleum	35%
Carbon Steel Materials	22%
Aluminium	13%
Base Metals	12%
Energy Coal	9%
Steel	7%
Stainless Steel Materials	2%

By Geography

Net Operating Assets:

Australia	37%
South America	35%
Southern Africa	20%
Europe	3%
Rest of World	5%

By Shareholder

Holding:

Australia	37%
UK & Europe	30%
North America	17%
S. Africa	8%
Asia	6%
Other	2%

By Market

Sales:

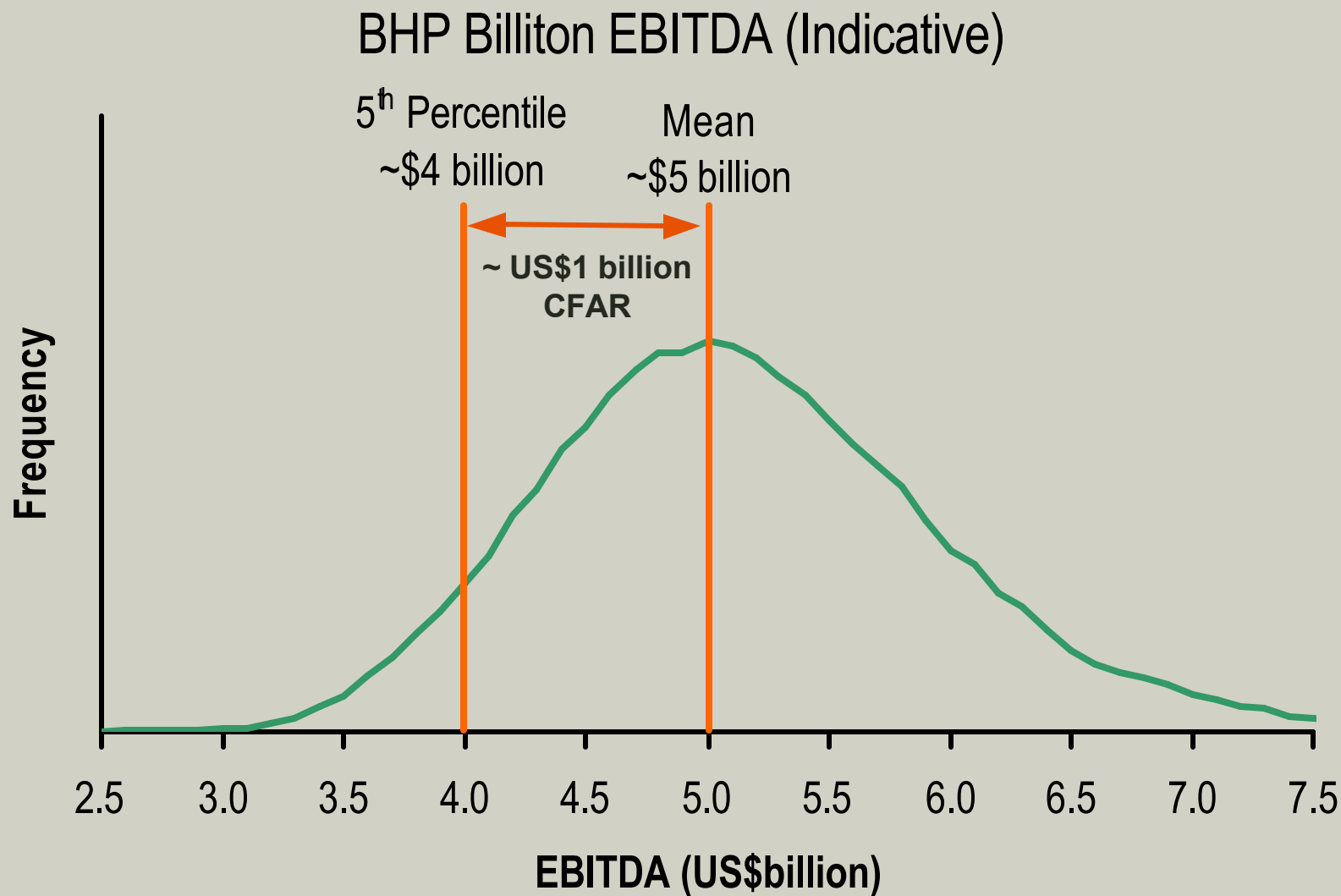
Asia/Oceania	47%
Europe	24%
North America	18%
Rest of World	11%

Data for FY2001 or at 30 June 2001

Shareholder data for 31 December 2001

Sales data includes Steel

Cash Flow at Risk



IV. The Portfolio Effect

Strategic Imperatives (What we have to get right)

- 5. Portfolio management
- 6. Funding and capital management

Performance Measures (How the market should judge us)

- 5. Credit rating of 'A' or better.
Positive Cash Flow each year.
EBITDA/Interest coverage > 8x.
(gearing 35% -40%)

V. The Petroleum CSG

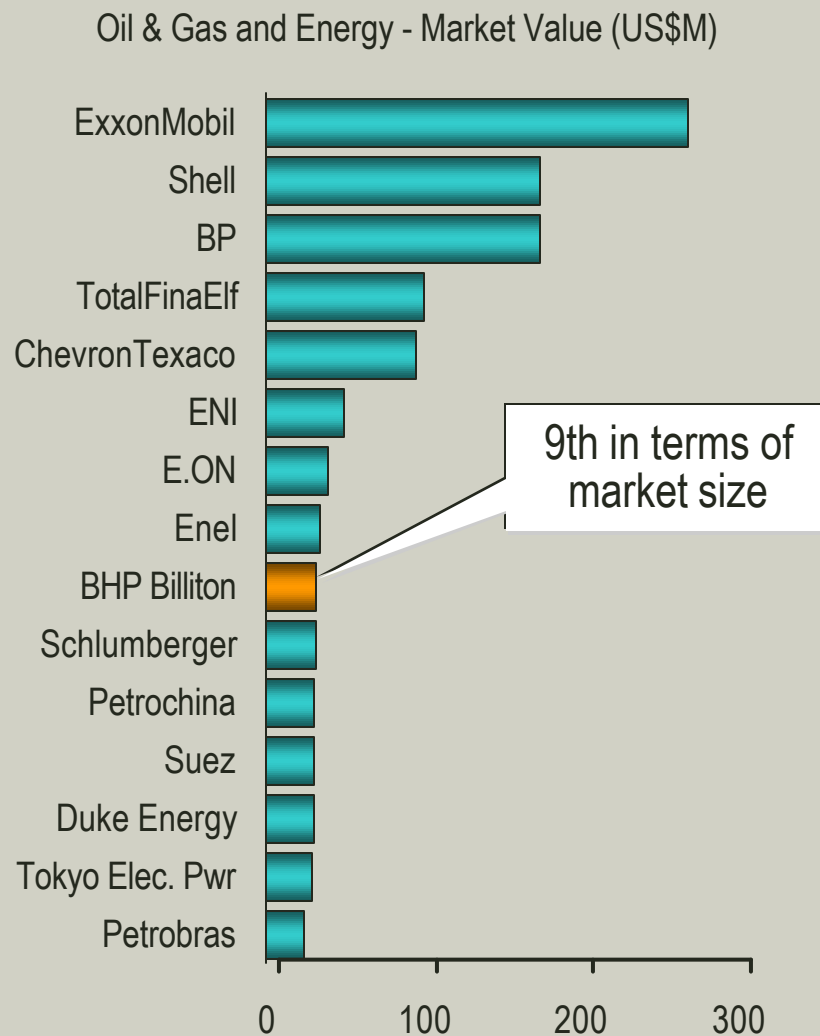
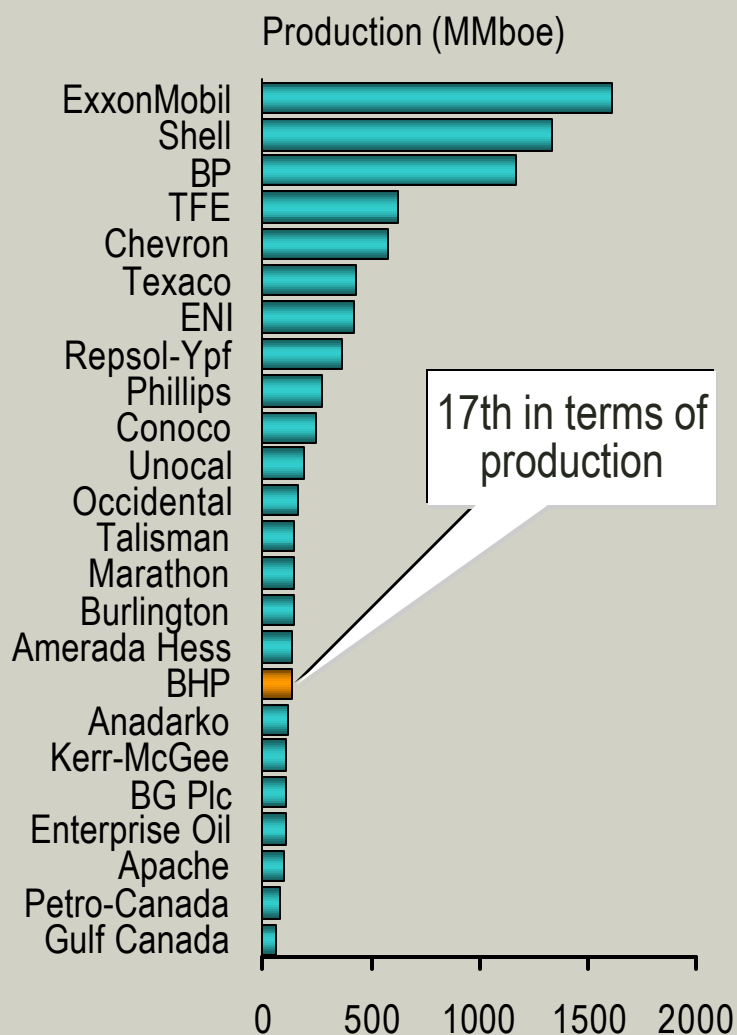
Strategic Imperatives (What we have to get right)

7. Value adding growth

Performance Measures (How the market should judge us)

7. Low discovery costs.
Growing reserves and production.

Petroleum's Industry Ranking



Source: BHPB Petroleum. Excludes state-owned national oil companies

VI. Innovation

Strategic Imperatives (What we have to get right)

- 8. Creative thinking.
- Commercial judgement.
- Transaction execution.

Performance Measures (How the market should judge us)

- 8. New initiative's as opportunities arise

Our vision...

We seek to earn superior returns for our shareholder as the world's premier supplier of natural resources and related products and services

We can do more than this...

We aspire to be one of the world's premier companies

VALUE DRIVERS (What distinguishes us from others)	STRATEGIC IMPERATIVES (What we have to get right)	PERFORMANCE MEASURES (How the market should judge us)
I Outstanding Assets	1. “Zero harm”. 2. Operating excellence.	1. Improving HSEC statistics. Community – 1% of pre tax profits. 2. Cut operating costs by 2% p.a. on average for 3 yrs. (US\$500M FY03-05) Improved EBIT and FCF. EBIT SVA. 3. Return on Capital >15% by FY2006
II Growth From Deep Inventory of Projects	3. Investment judgement. Project management skills.	4. Decide/implement projects (potential US\$10B by FY2006)
III Customer-centric Marketing	4. Serving customers best.	5. Preferred supplier status. Global marketing and trading.
IV The Portfolio Effect	5. Portfolio management. 6. Funding and capital management.	6. Credit rating of ‘A’ or better. Positive Cash Flow each year. EBITDA/Interest coverage > 8x (gearing 35% -40%)
V The Petroleum CSG	7. Value adding growth.	7. Low discovery costs. Growing reserves and production.
VI Innovation	8. Creative thinking. Commercial judgement. Transaction execution.	8. New initiative's as opportunities arise