



# Interim results

## Half year ended 31 December 2012

**Marius Kloppers** Chief Executive Officer  
**Graham Kerr** Chief Financial Officer  
20 February 2013



## Forward-looking statements

This presentation includes forward-looking statements within the meaning of the U.S. Private Securities Litigation Reform Act of 1995 regarding future events, conditions, circumstances and the future financial performance of BHP Billiton, including for capital expenditures, production volumes, project capacity, and schedules for expected production. Often, but not always, forward-looking statements can be identified by the use of the words such as “plans”, “expects”, “expected”, “scheduled”, “estimates”, “intends”, “anticipates”, “believes” or variations of such words and phrases or state that certain actions, events, conditions, circumstances or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved. These forward-looking statements are not guarantees or predictions of future performance, and involve known and unknown risks, uncertainties and other factors, many of which are beyond our control, and which may cause actual results to differ materially from those expressed in the statements contained in this presentation. For more detail on those risks, you should refer to the sections of our annual report on Form 20-F for the year ended 30 June 2012 entitled “Risk factors”, “Forward looking statements” and “Operating and financial review and prospects” filed with the U.S. Securities and Exchange Commission. All estimates and projections in this presentation are illustrative only. Our actual results may be materially affected by changes in economic or other circumstances which cannot be foreseen. Nothing in this presentation is, or should be relied on as, a promise or representation either as to future results or events or as to the reasonableness of any assumption or view expressly or impliedly contained herein.

## Non-IFRS financial information

BHP Billiton results are reported under International Financial Reporting Standards (IFRS) including Underlying EBIT and Underlying EBITDA which are used to measure segment performance. This presentation also includes certain non-IFRS measures including Attributable profit excluding exceptional items, Underlying EBITDA interest coverage, Underlying effective tax rate, Underlying EBIT margin, Underlying EBITDA margin and Underlying return on capital. These measures are used internally by management to assess the performance of our business, make decisions on the allocation of our resources and assess operational management. Non-IFRS measures have not been subject to audit or review.

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# Interim results

## Half year ended 31 December 2012

**Marius Kloppers** Chief Executive Officer  
20 February 2013



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# Key themes

- We are delivering on our commitments
- Strong and predictable operating performance
- Controllable cash costs reduced by US\$1.9 billion on an annualised basis
- Major projects are on schedule and budget
- Ongoing divestment program continues to create substantial value
- We remain confident in the outlook for our business

# Solid results despite weaker prices

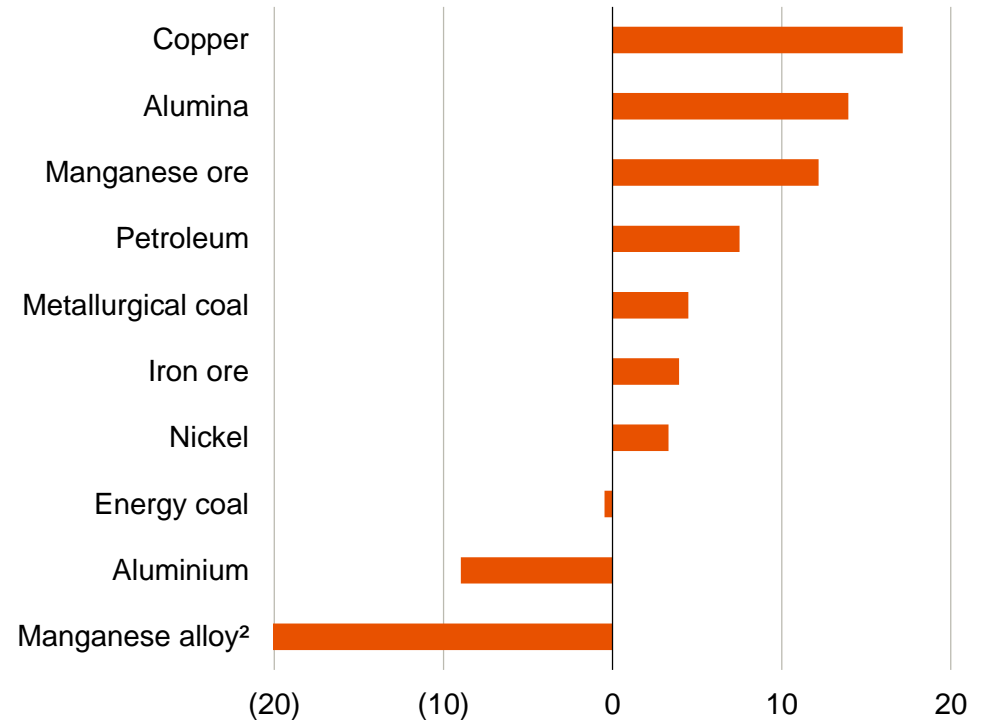
- **Total Recordable Injury Frequency** improved to 4.6 per million hours worked
- **Underlying EBITDA** of US\$13.2 billion, down 29%
- **Underlying EBIT** of US\$9.8 billion, down 38%
- **Attributable profit (excluding exceptional items)** of US\$5.7 billion, down 43%
- **Attributable profit** of US\$4.2 billion included exceptional items of US\$1.4 billion
- **Net operating cash flows** of US\$6.4 billion, down 48%
- **Interim dividend** of 57 US cents per share, up 4%

Note: Variance relates to the relative performance of BHP Billiton during H1 FY13 compared with H1 FY12; TRIF variance relative to FY12.

# Strong and consistent performance

- Production records achieved across five operations
- Unchanged guidance for our major, high margin businesses
- Copper equivalent production<sup>1</sup> on track to grow at a CAGR of 10% to end FY14
- Decisive action taken to arrest cost inflation will support margins and returns
- We continue to deliver on the factors that we can control – safety, volume and costs

## Strong growth in our high margin businesses (sales volumes, % change, H1 FY13 versus H1 FY12)



1. Copper equivalent production based on FY12 average prices.

2. Manganese alloy sales volumes variance truncated relative to actual decline of 26%.





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**Graham Kerr** Chief Financial Officer  
20 February 2013



# Key themes

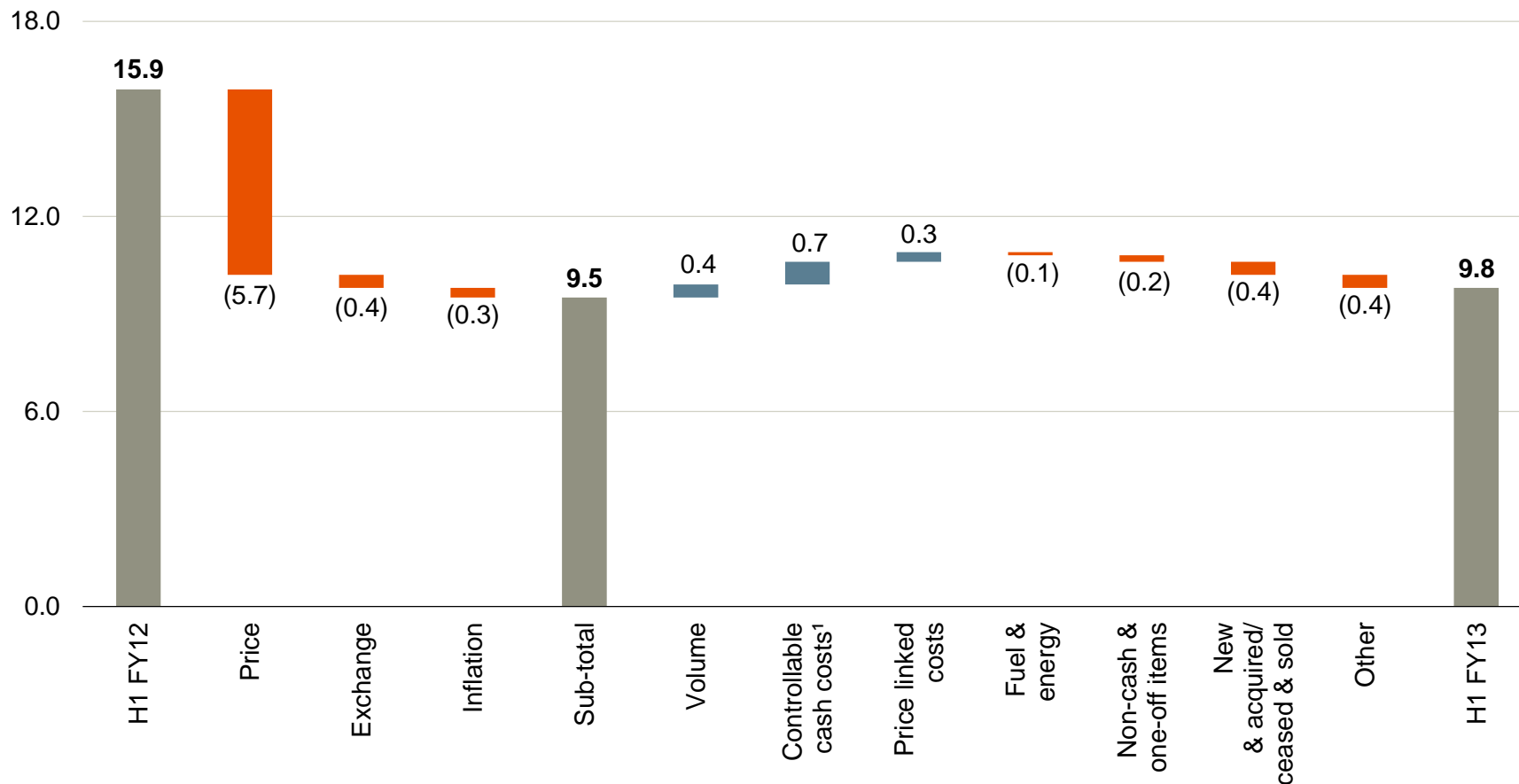
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# Underlying EBIT analysis

## EBIT variance

(H1 FY13 versus H1 FY12, US\$ billion)

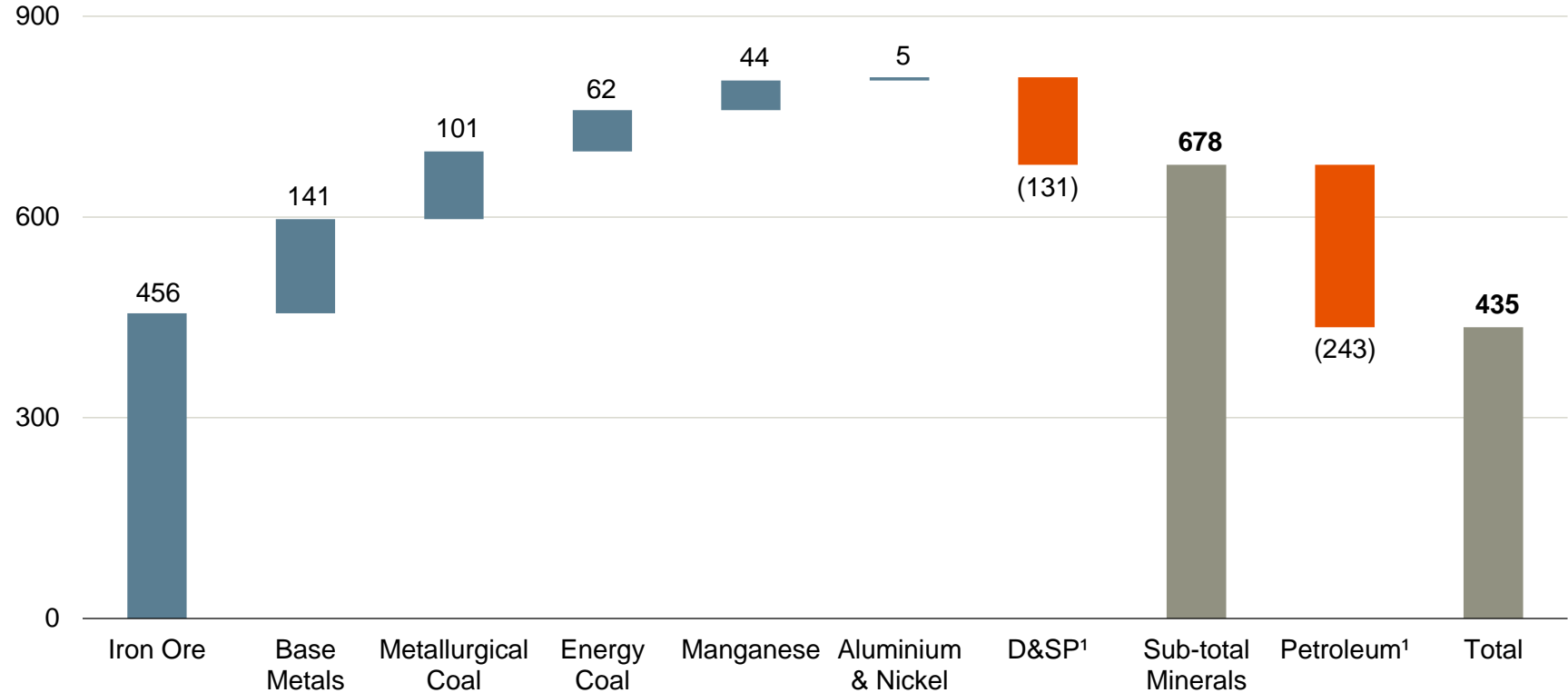


1. Controllable cash costs comprise operating, overhead and volume related efficiencies, and exploration and business development activity; excludes non-cash and one-off items, price linked costs and fuel and energy.

# Delivering strong growth in our high margin businesses

## Volume variance

(H1 FY13 versus H1 FY12, US\$ million)

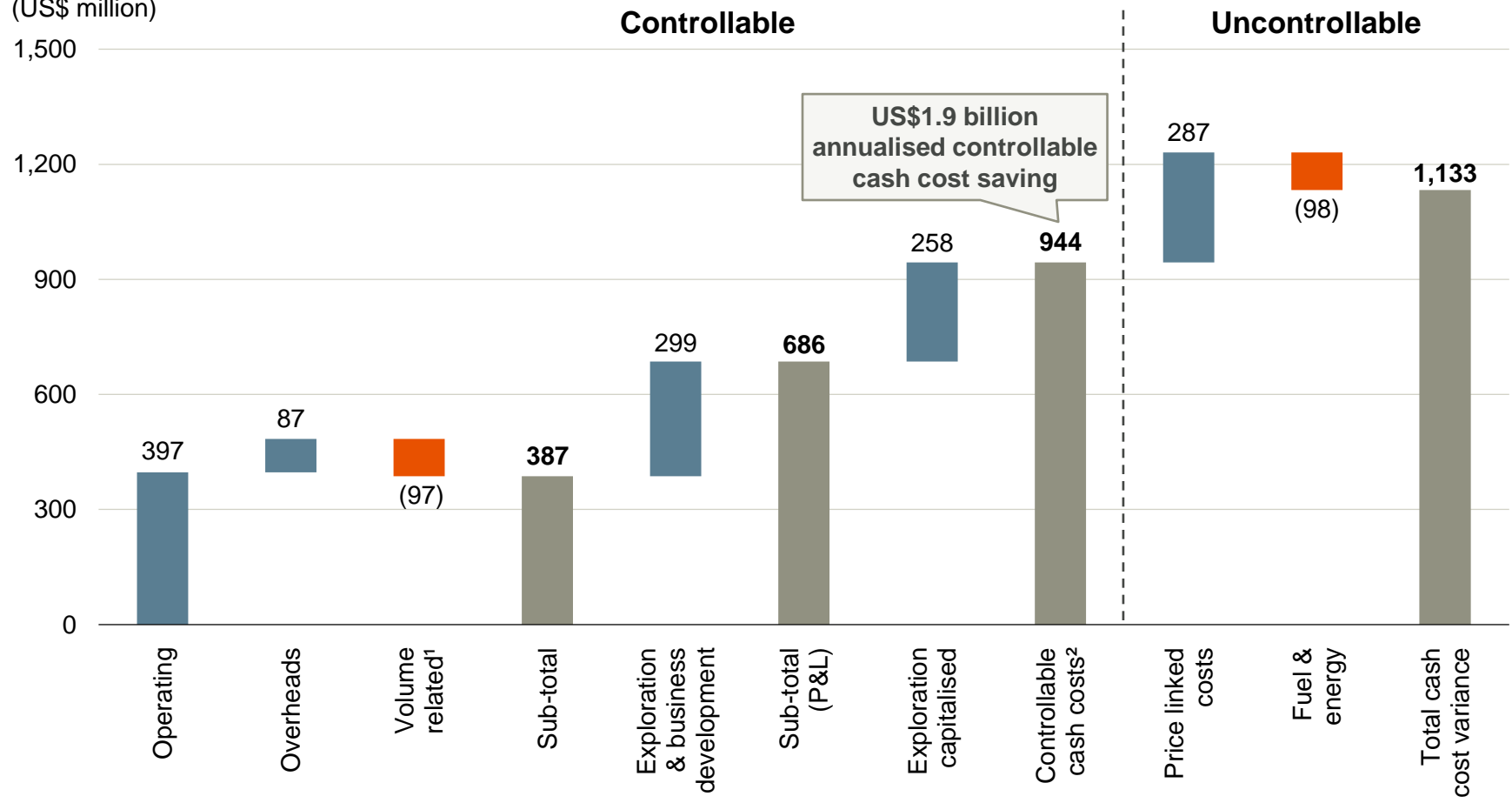


1. Excludes new and acquired/ceased and sold operations.

Note: Volume variance calculated on Underlying EBIT using previous period margin.

# Controllable cash costs reduced by US\$1.9 billion on an annualised basis

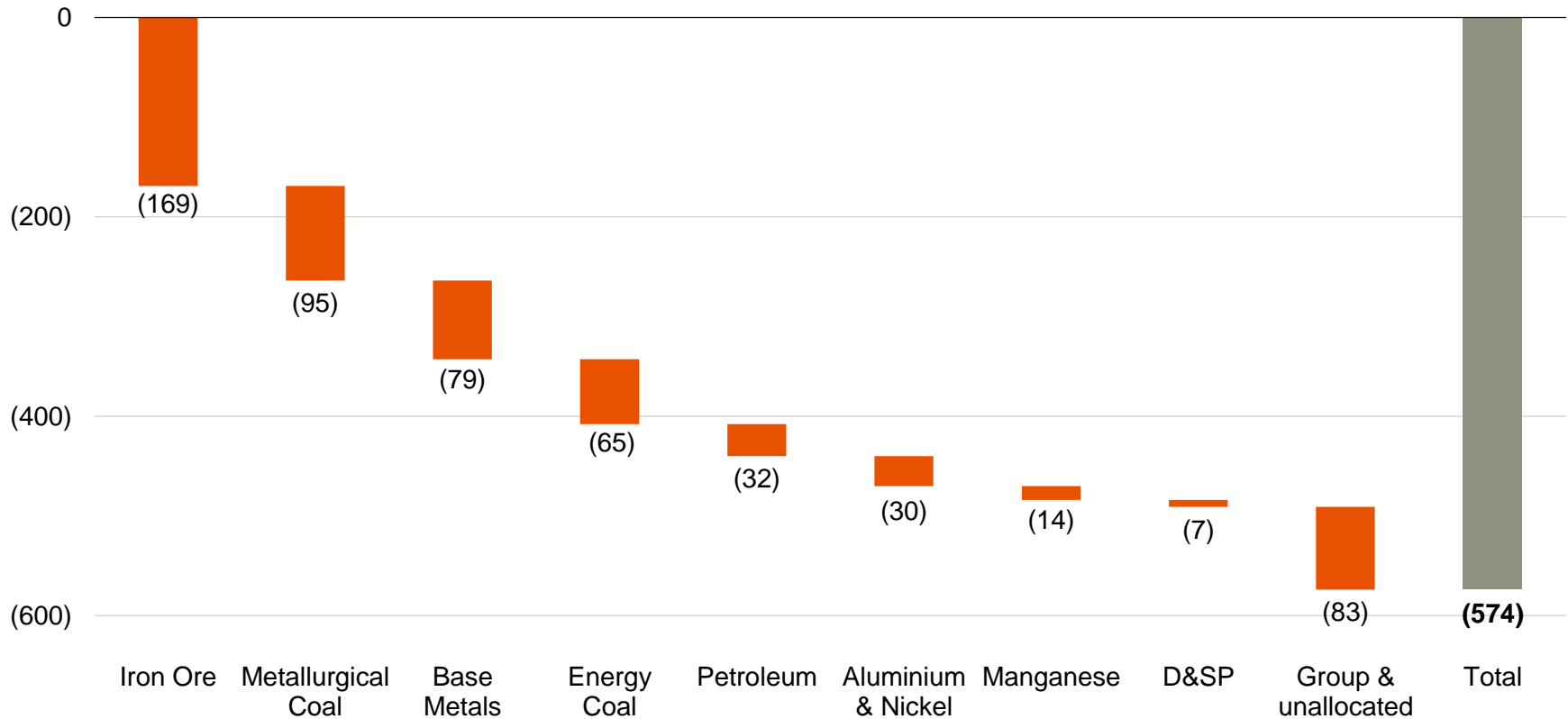
## Cash cost savings (US\$ million)



1. Volume related efficiencies were offset by increased costs at WAIO that were incurred prior to the full ramp-up of expanded capacity.  
 2. Controllable cash costs exclude non-cash and one-off items.

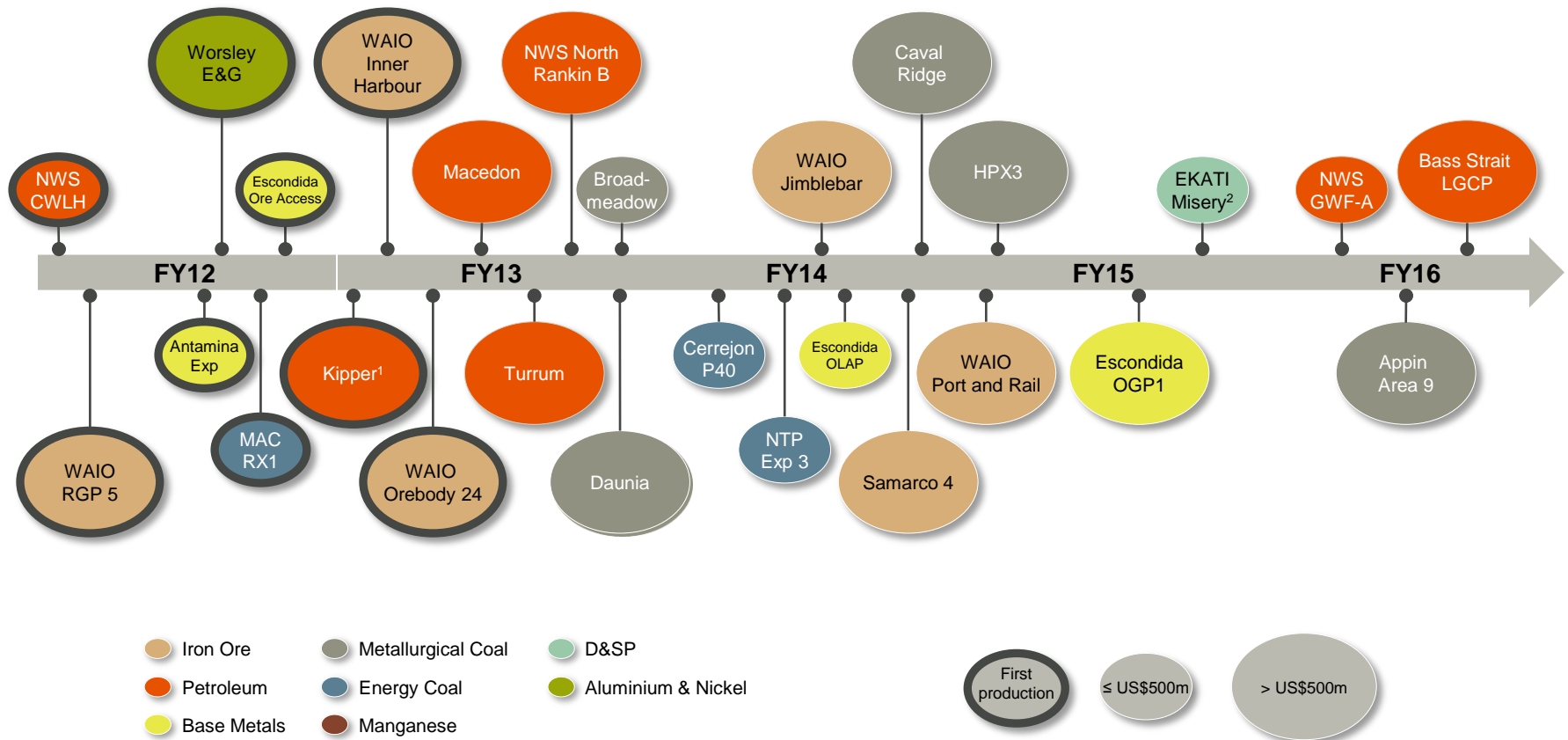
# A weaker US dollar has 'hidden' implications for profitability

## Foreign exchange gain/(loss) on balance sheet monetary items (US\$ million)



Note: Difference in exchange variance calculated on Underlying EBIT; excludes exchange impact on net costs.

# Our projects remain on schedule and budget



1. Facilities ready for first production pending resolution of mercury content.

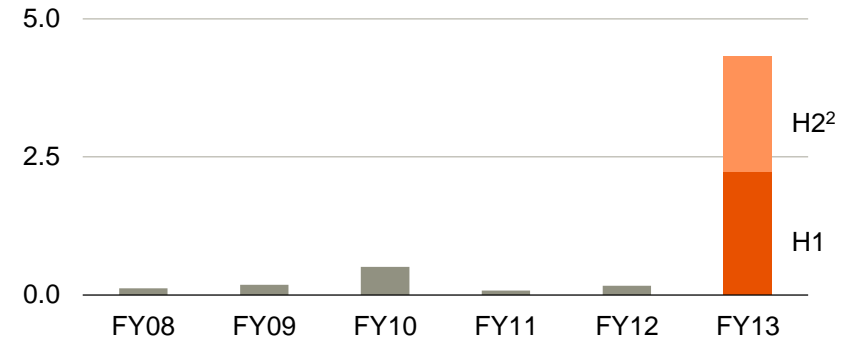
2. The sale of the diamonds business was announced on 13 November 2012. The transaction is subject to regulatory approval and completion is expected in H1 CY13.



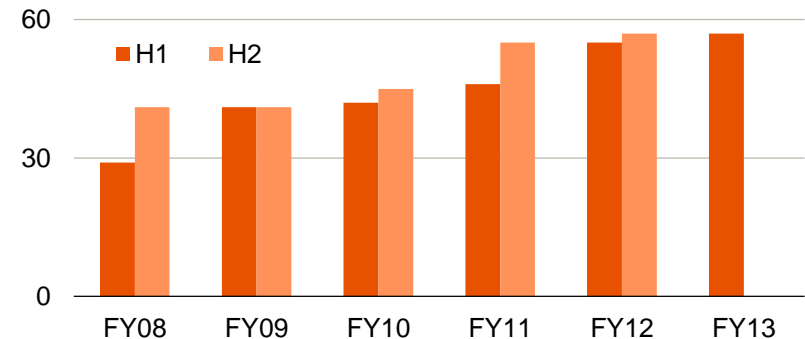
# Ongoing divestment program continues to create substantial value

- Good progress on our strategic commitment to simplify the portfolio
- Asset sales totalling US\$4.3 billion either announced or completed during the period
  - sold the Yeelirrie uranium deposit and our interest in Richards Bay Minerals
  - announced the sale of our diamonds business and our interests in Browse
- Divestments priced at a premium to ascribed market value with minimal impact to earnings
- Our capital structure remains within the parameters defined by our solid A credit rating

**Significant increase in prospective divestment proceeds<sup>1</sup>**  
(US\$ billion)



**Continued growth of the progressive dividend**  
(US cents per share)



1. Includes proceeds from sale or partial sale of subsidiaries, operations and jointly controlled entities, net of their cash; and proceeds from sale of property, plant and equipment.  
2. Projected proceeds from announced transactions which are yet to be completed.

# Royalties, taxes and exceptional items

- US\$6.1 billion paid in the form of federal taxes, state taxes and production royalties
- Underlying effective tax rate, including royalty related taxation, was 38%
- We have voluntarily donated 1% (US\$1 billion) of our pre-tax profit to community programs since FY08
- MRRT and carbon tax in effect from 1 July 2012
- Exceptional items totalling US\$1.4 billion reduced Attributable profit to US\$4.2 billion





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## Half year ended 31 December 2012

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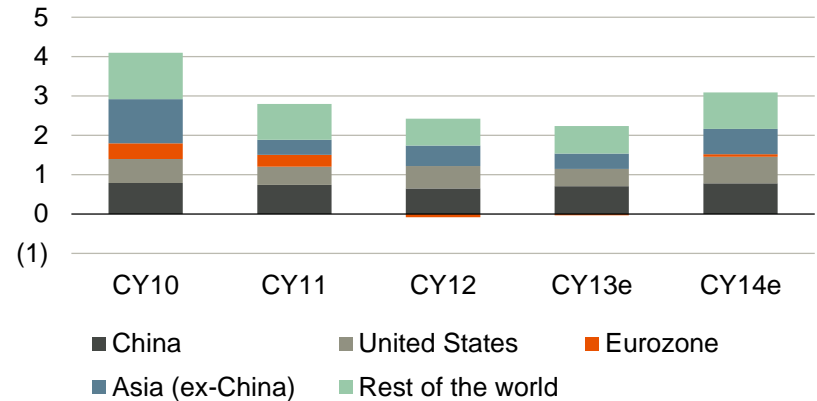
# Key themes

- We are delivering on our commitments
- Strong and predictable operating performance
- Controllable cash costs reduced by US\$1.9 billion on an annualised basis
- Major projects are on schedule and budget
- Ongoing divestment program continues to create substantial value
- We remain confident in the outlook for our business

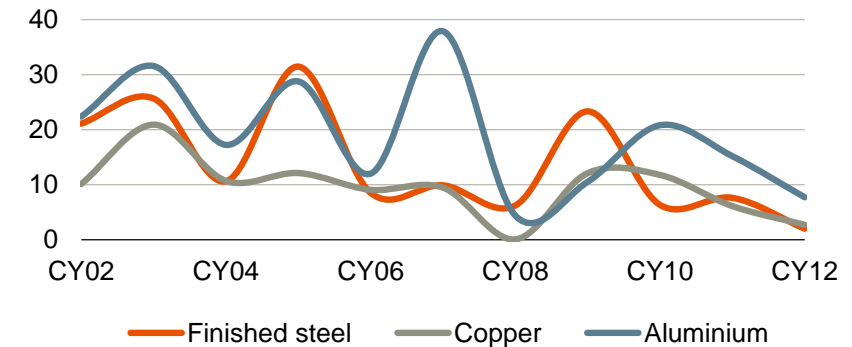
# Global growth is strengthening, Chinese commodities demand is moderating

- The global economy looks set to benefit from a period of improving economic growth
- China will remain the primary driver of commodities demand and its cyclical recovery is in place
- Rebalancing of the Chinese economy suggests resource intensity will consolidate at a fraction of GDP
- Demand growth rates for many of our core products within China are expected to remain in the range of 2% to 4% per annum

**Contribution to global GDP growth**  
(% YoY)



**Chinese commodity consumption growth rates**  
(% YoY)



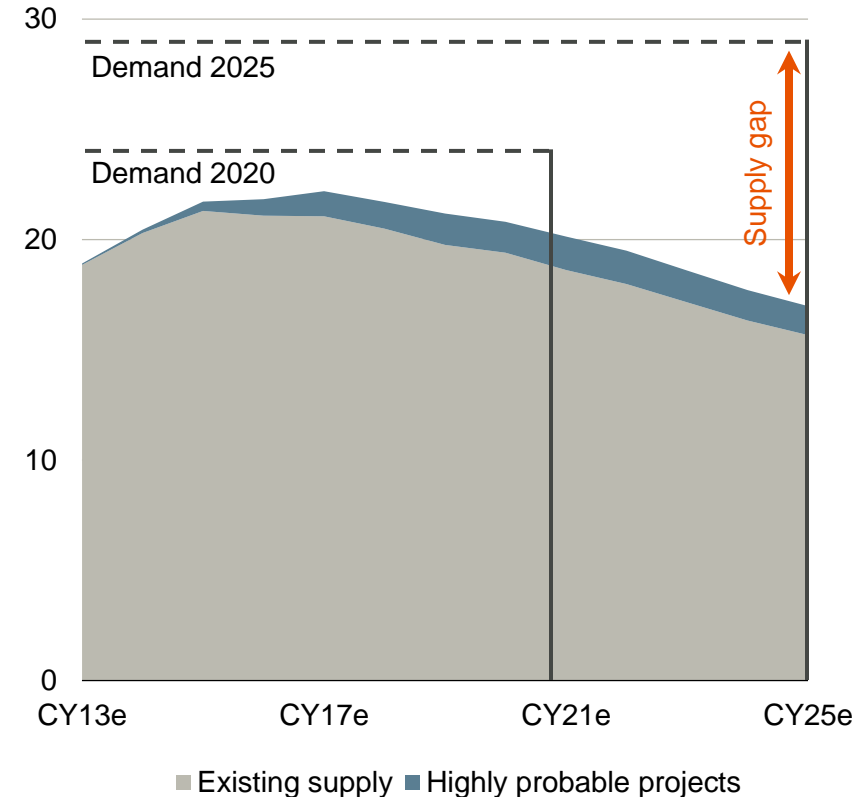
Note: Real growth rates weighted for share of world GDP; 2005 US\$ (market exchange rates).  
Source: Global Insight.



# Copper long term fundamentals remain compelling

- Robust supply growth is expected to result in a more balanced market in the near term
- Longer term outlook continues to be underpinned by structural challenges on the supply side
- There is a scarcity of advanced, high quality development opportunities, while grades are declining at existing operations
- On average, 1 million tonnes of new supply is required each year to keep pace with demand
- Prices will need to remain high enough to induce development of lower grade, higher cost supply

## Large supply deficit in the longer term (primary copper, million tonnes)



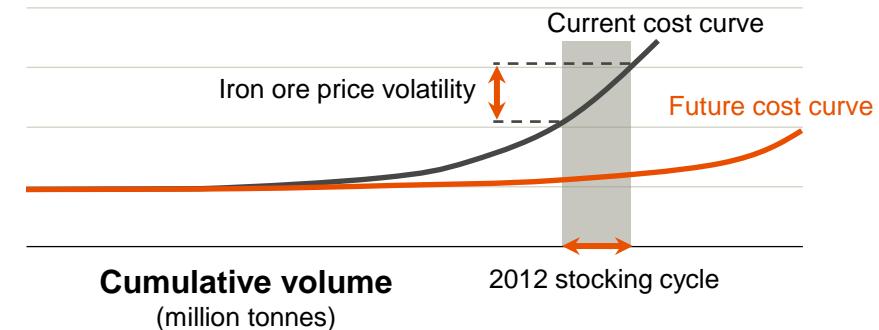
Source: Wood Mackenzie, Q4 CY12 update.

# Iron ore prices will remain volatile in the short term

- Over the last decade, Chinese demand for seaborne iron ore overwhelmed the capacity of the low cost supply basins
- Prices responded to induce high cost supply, which led to a steepening of the cost curve
- With the addition of low cost supply, customer inventory cycles now significantly impact the market price
- Substantially more low cost supply is either planned or in construction
- This will ultimately lead to a flattening of the cost curve and prices will mean revert

## Schematic iron ore cost curve

(US\$/t, CIF China)

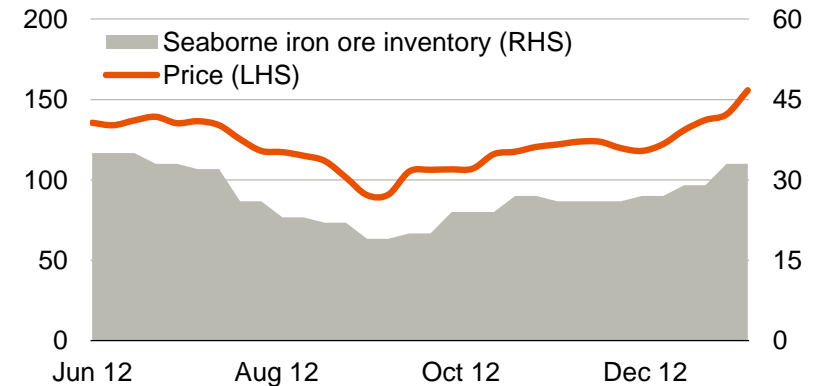


## Iron ore spot prices

(US\$/t, 62% Fe, CIF China)

## Steel mill inventory

(days of inventory)

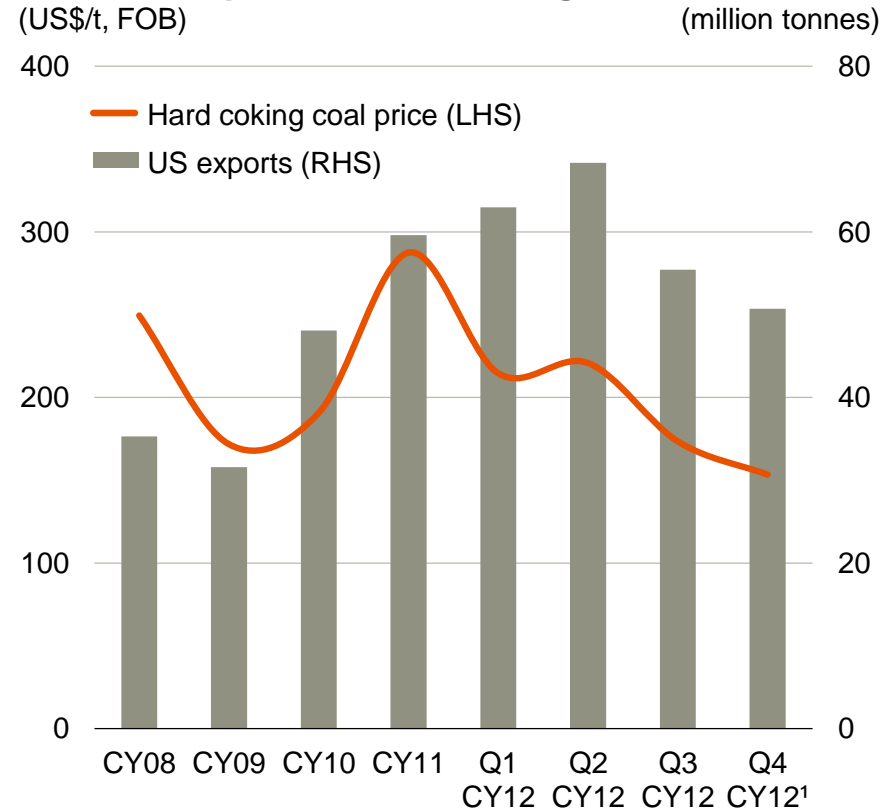


Source: BHP Billiton analysis; Platts; Mysteel survey of 55 small steel mills.

# Metallurgical coal prices to remain range bound

- Supply behaviour is important given the low demand growth rates of traditional markets
- The sharp price increase in CY11 induced a substantial supply response from high cost US producers
- As a result, the market rebalanced and prices mean reverted
- The market is currently well supported by the cost of high quality Australian supply
- Any sustained increase in price will draw US supply back into the market
- In the absence of a major supply disruption, the price of metallurgical coal will be range bound

## Seaborne exports of US metallurgical coal



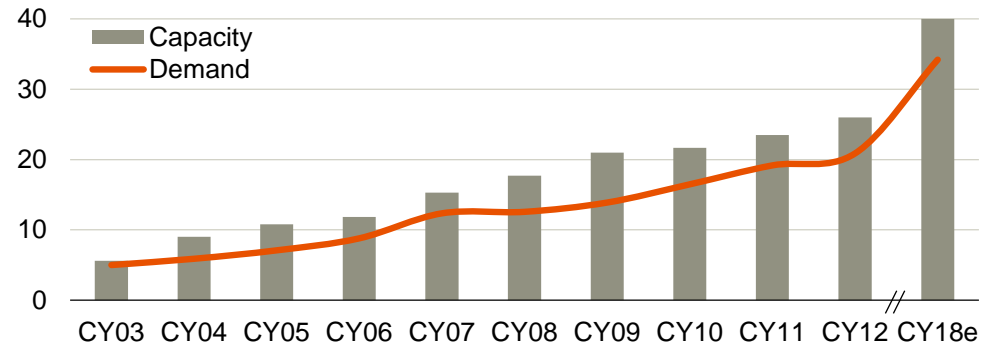
Source: Platts; Global Trade Information Services; IHS McCloskey.

1. 2012 quarterly data annualised.

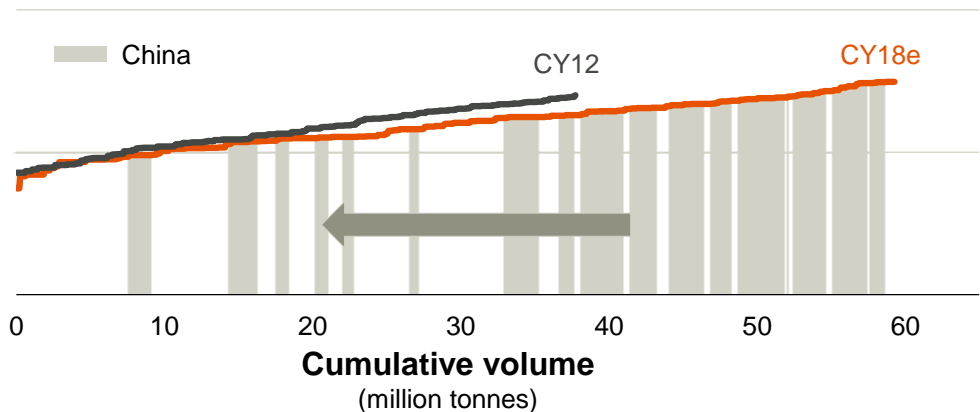
# Aluminium to remain in over capacity

- Long term fundamentals for copper and aluminium present a stark contrast
- Aluminium is expected to remain in over capacity
- Chinese aluminium producers continue to expand aggressively
- Captive low cost power in the Western Provinces has enabled Chinese capacity to shift down the cost curve
- The cost curve will further flatten and the price is expected to remain below the marginal cash cost of production

**Chinese primary aluminium capacity and demand**  
(million tonnes)

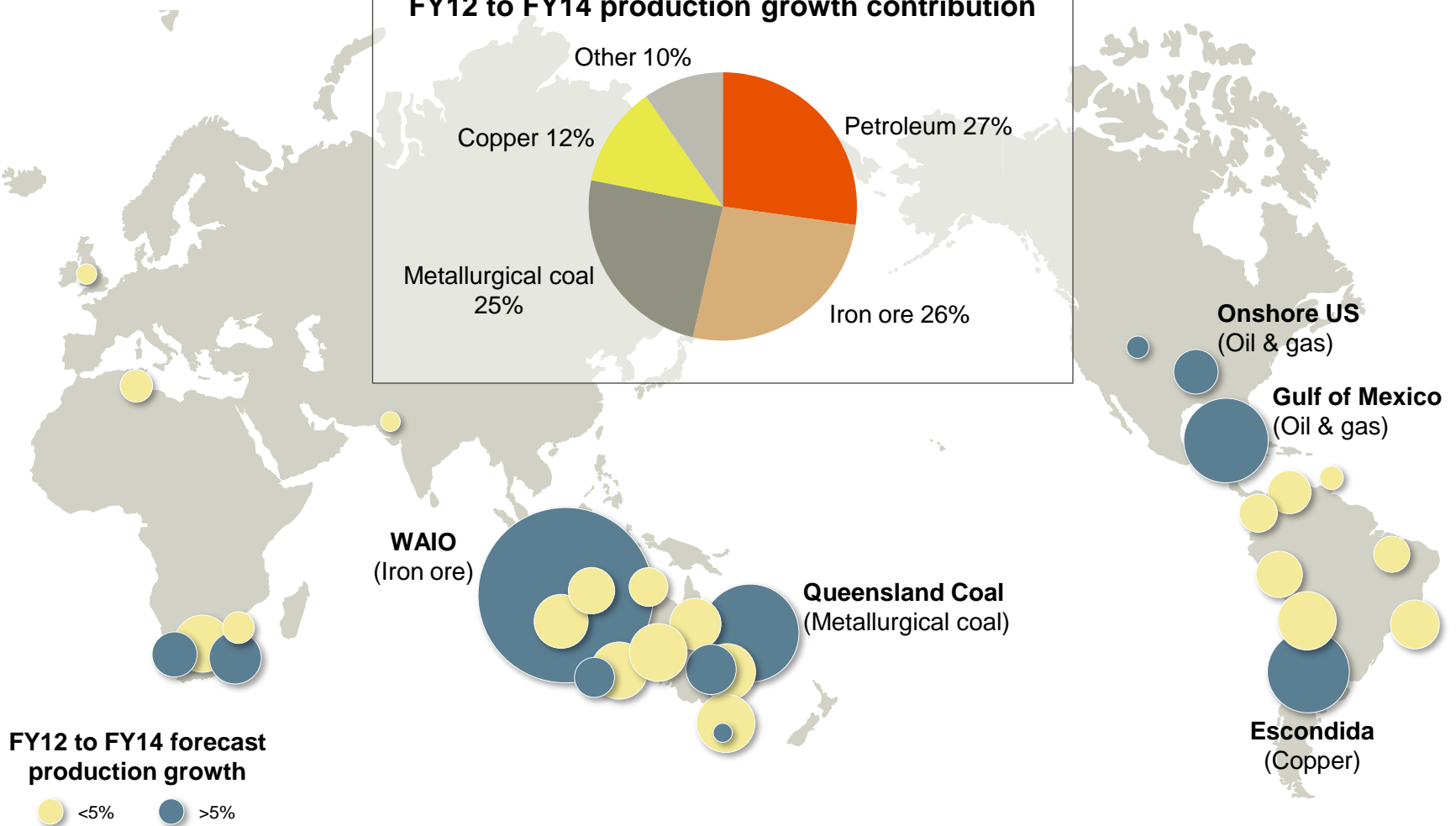
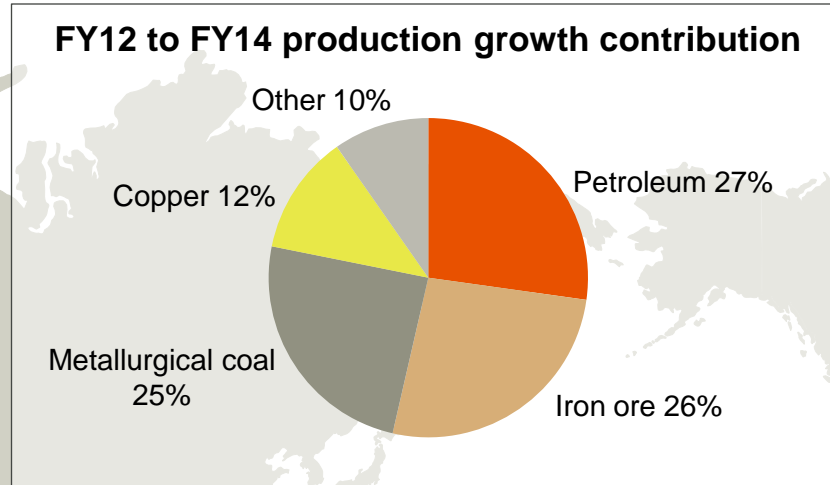


**Cash cost curve for primary aluminium**  
(US\$/t, nominal)



Source: Wood Mackenzie, Q4 CY12, cost curve reflects the 90th percentile of production.

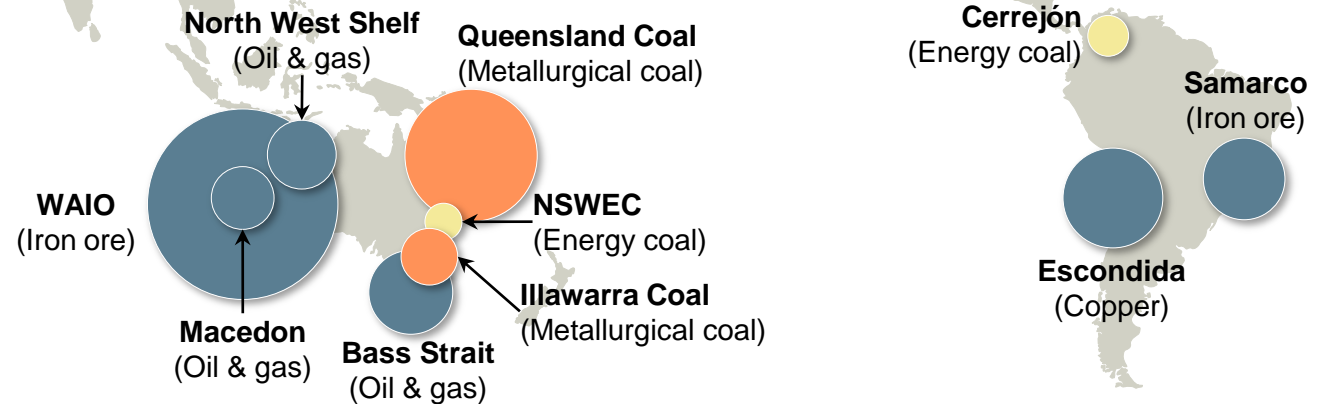
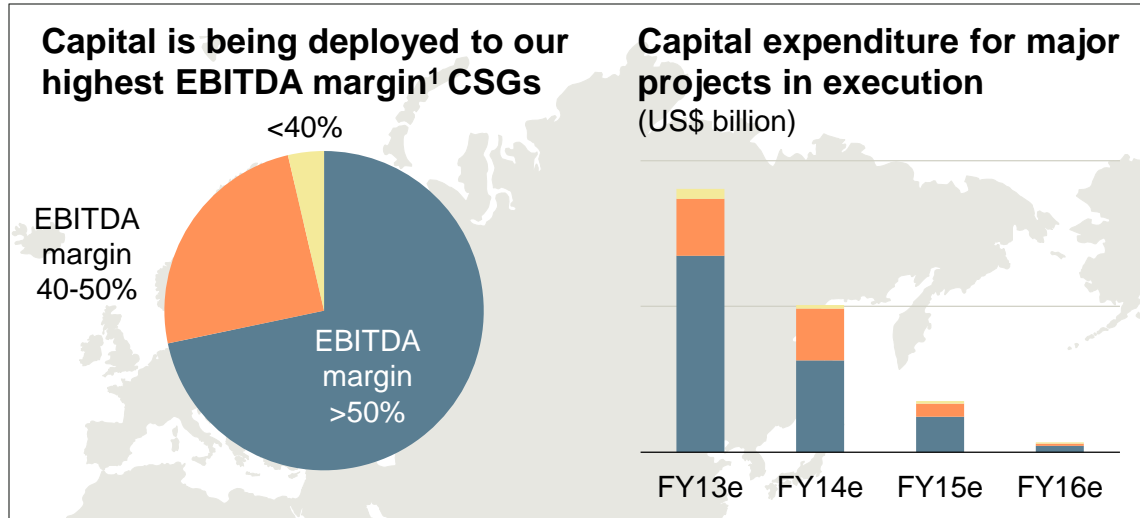
# Strong momentum underpinned by growth in our major basins



Note: Bubble size represents FY12 copper equivalent production from continuing operations; excludes diamonds.



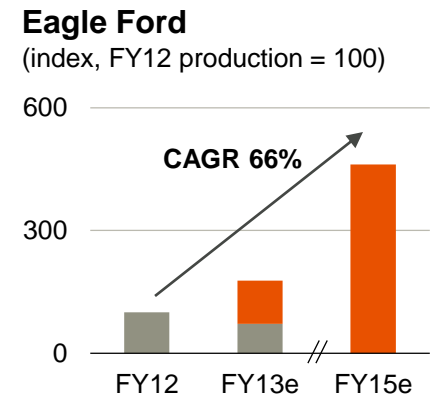
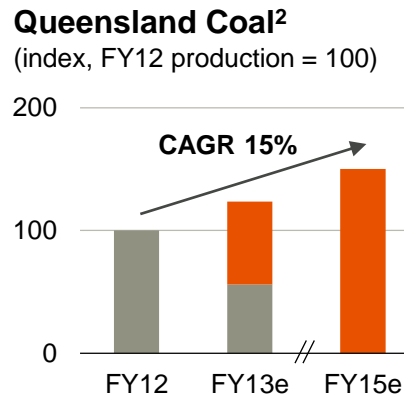
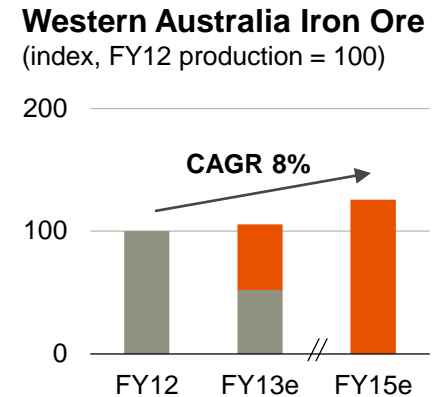
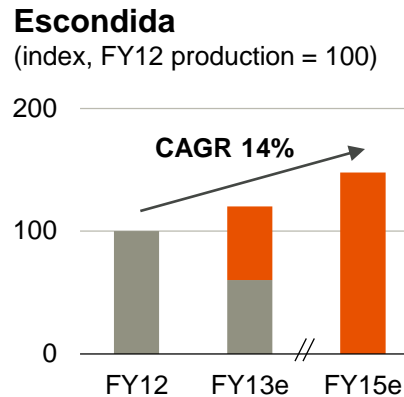
# Allocating capital in a disciplined manner to maximise returns



1. Major project capital allocation based on average CSG Underlying EBITDA margin over the last five financial years; excludes diamonds.  
 Note: Bubble size represents capital expenditure for major projects in execution and forecast FY13 Onshore US drilling and development expenditure.

# Strong growth at a lower unit cost

- WAIO run rate of +220 mtpa<sup>1</sup> is anticipated before end FY15
- Escondida copper production of over 1.3 mt<sup>1</sup> is forecast in FY15
- Queensland Coal projects in execution will increase capacity to 66 mtpa<sup>1</sup> by end CY14
- Eagle Ford production to increase to over 200 Mboe/day in FY15



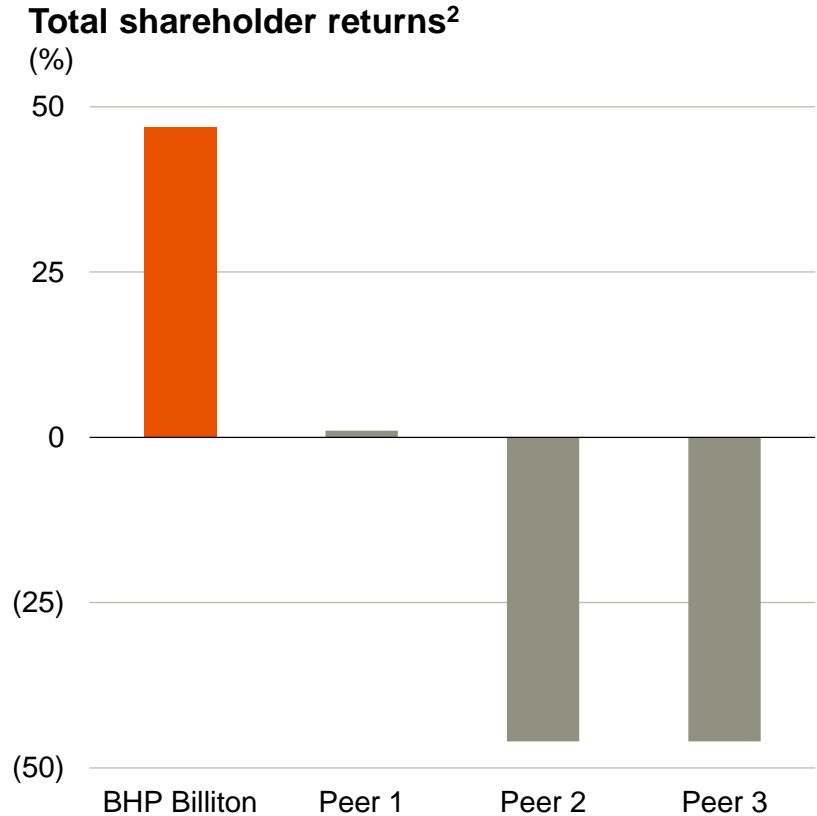
1. 100% basis.

2. FY15 estimated capacity excludes Norwich Park and Gregory nominal capacity.

Source: BHP Billiton analysis.

# Positioned to sustain superior shareholder returns

- Consistent execution of our proven strategy has delivered sector leading results
- Total shareholder return of 47% since FY08
- We have returned US\$56.9 billion<sup>1</sup> to shareholders since FY03
- We remain confident in the outlook for our company given our low cost, high quality, diversified portfolio and our tangible cost reduction program

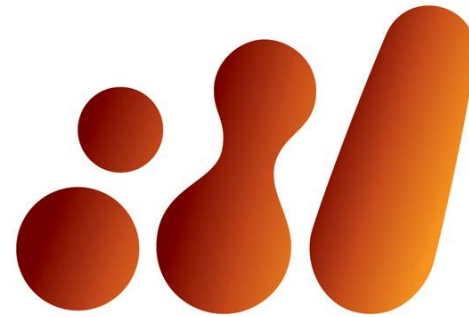


1. Includes buy-backs and dividends. Calculated over the period from FY03 to H1 FY13 inclusive.

2. Peer group based on LSE constituents: Rio Tinto, Anglo American and Xstrata. TSR assumptions include: US dollar terms; calculated over the period from FY08 to H1 FY13 inclusive. Source: Datastream; BHP Billiton analysis.

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# Appendix

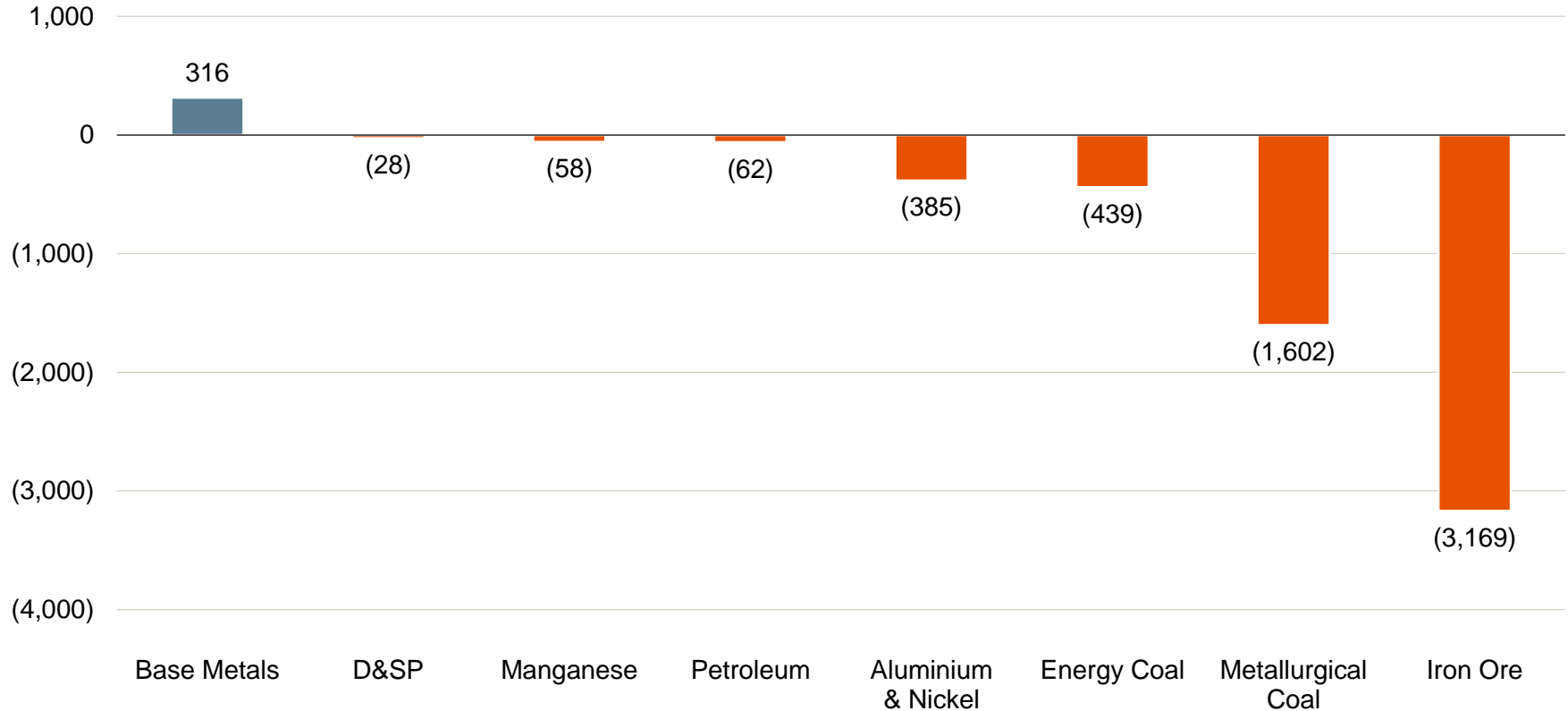


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# Impact of commodity price movements

## Total price variance<sup>1</sup>

(H1 FY13 versus H1 FY12, US\$ million)



1. Includes impact of price linked costs.



# Summary of key exchange rate components in tax expense/(income)

| Restatement of                              | H1 FY13<br>expense/(income) | H1 FY12<br>expense/(income) |
|---|-----------------------------|-----------------------------|
|   | US\$ million                | US\$ million                |
| Current tax payable                         | 17                          | (123)                       |
| Deferred tax balances on fixed assets       | 43                          | 82                          |
| Deferred tax balances on US\$ debt          | 12                          | 151                         |
| Deferred tax balances on timing differences | 56                          | (2)                         |
| Other items                                 | (9)                         | (38)                        |
| <b>Total</b>                                | <b>119</b>                  | <b>70</b>                   |

# Capital and exploration expenditure

## Minerals and conventional oil and gas capital and exploration expenditure

| US\$ billion         | FY03       | FY04       | FY05       | FY06       | FY07       | FY08       | FY09        | FY10        | FY11        | FY12        | FY13e       |
|----------------------|------------|------------|------------|------------|------------|------------|-------------|-------------|-------------|-------------|-------------|
| Growth               | 2.0        | 1.7        | 2.6        | 4.0        | 5.5        | 6.1        | 7.3         | 8.1         | 9.2         | 14.4        |             |
| Sustaining and other | 0.7        | 0.9        | 1.3        | 2.1        | 1.6        | 1.8        | 2.0         | 1.7         | 2.2         | 2.5         |             |
| Exploration          | 0.3        | 0.5        | 0.5        | 0.8        | 0.8        | 1.4        | 1.3         | 1.3         | 1.2         | 2.1         |             |
| <b>Total</b>         | <b>3.0</b> | <b>3.1</b> | <b>4.4</b> | <b>6.9</b> | <b>7.9</b> | <b>9.3</b> | <b>10.6</b> | <b>11.1</b> | <b>12.6</b> | <b>19.0</b> | <b>18.0</b> |

## Onshore US capital and exploration expenditure

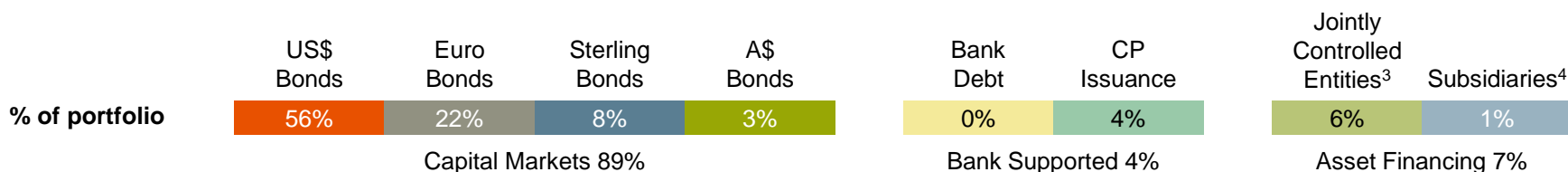
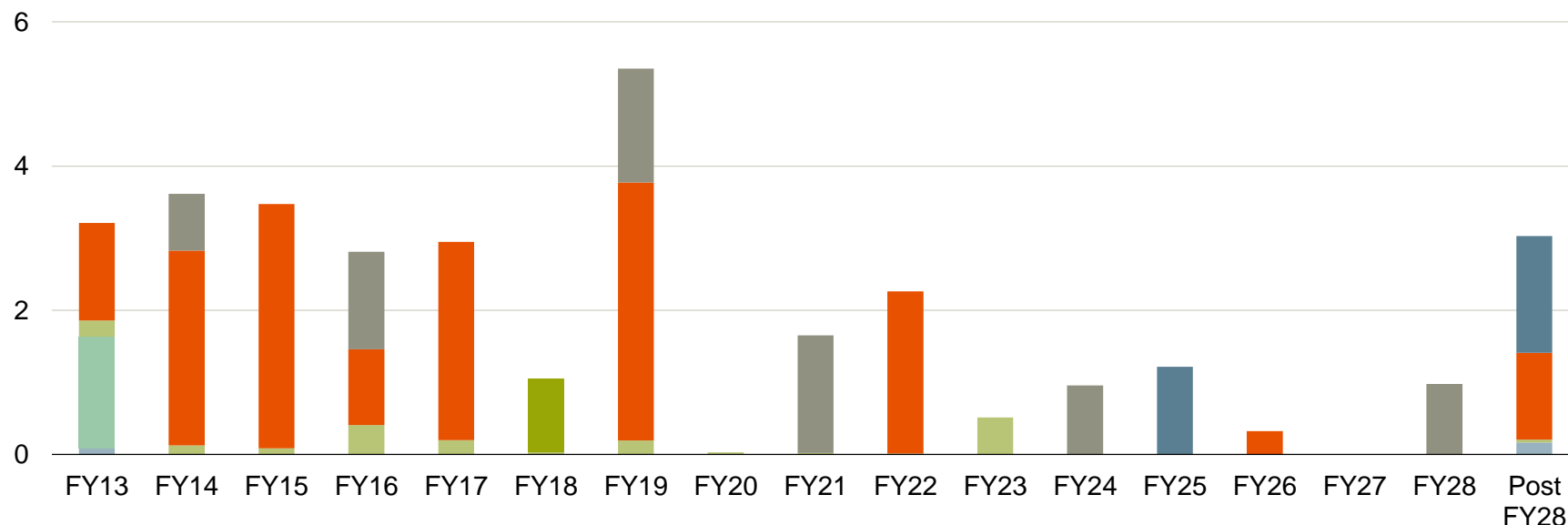
| US\$ billion | FY03 | FY04 | FY05 | FY06 | FY07 | FY08 | FY09 | FY10 | FY11       | FY12       | FY13e      |
|--------------|------|------|------|------|------|------|------|------|------------|------------|------------|
| Growth       |      |      |      |      |      |      |      |      | 0.2        | 3.3        |            |
| Exploration  |      |      |      |      |      |      |      |      |            | 0.4        |            |
| <b>Total</b> |      |      |      |      |      |      |      |      | <b>0.2</b> | <b>3.7</b> | <b>4.0</b> |

Note: Capital and exploration expenditure presented on an accruals basis.

# Maturity profile analysis

## Debt balances<sup>1</sup>

(US\$ billion<sup>2</sup>)



1. Based on debt balances as at 31 December 2012.
2. All debt balances are represented in notional US\$ values and based on financial years.
3. Jointly Controlled Entity debt represents BHP Billiton share subject to governing contractual arrangements.
4. Subsidiary debt represents BHP Billiton share of subsidiary debt based on BHP Billiton effective interest.

# Key net profit sensitivities

| Approximate impact <sup>1</sup> on FY13 net profit after tax of changes of | US\$ million |
|--|--------------|
| US\$1/t on iron ore price  | 110          |
| US\$1/bbl on oil price   | 45           |
| US¢10/MMbtu on US gas price  | 25           |
| US\$1/t on metallurgical coal price  | 25           |
| US¢1/lb on aluminium price   | 25           |
| US¢1/lb on copper price  | 20           |
| US\$1/t on energy coal price   | 25           |
| US¢1/lb on nickel price  | 2            |
| AUD (US¢1/A\$) operations <sup>2</sup>                                     | 110          |
| RAND (0.2 Rand/US\$) operations <sup>2</sup>                               | 35           |

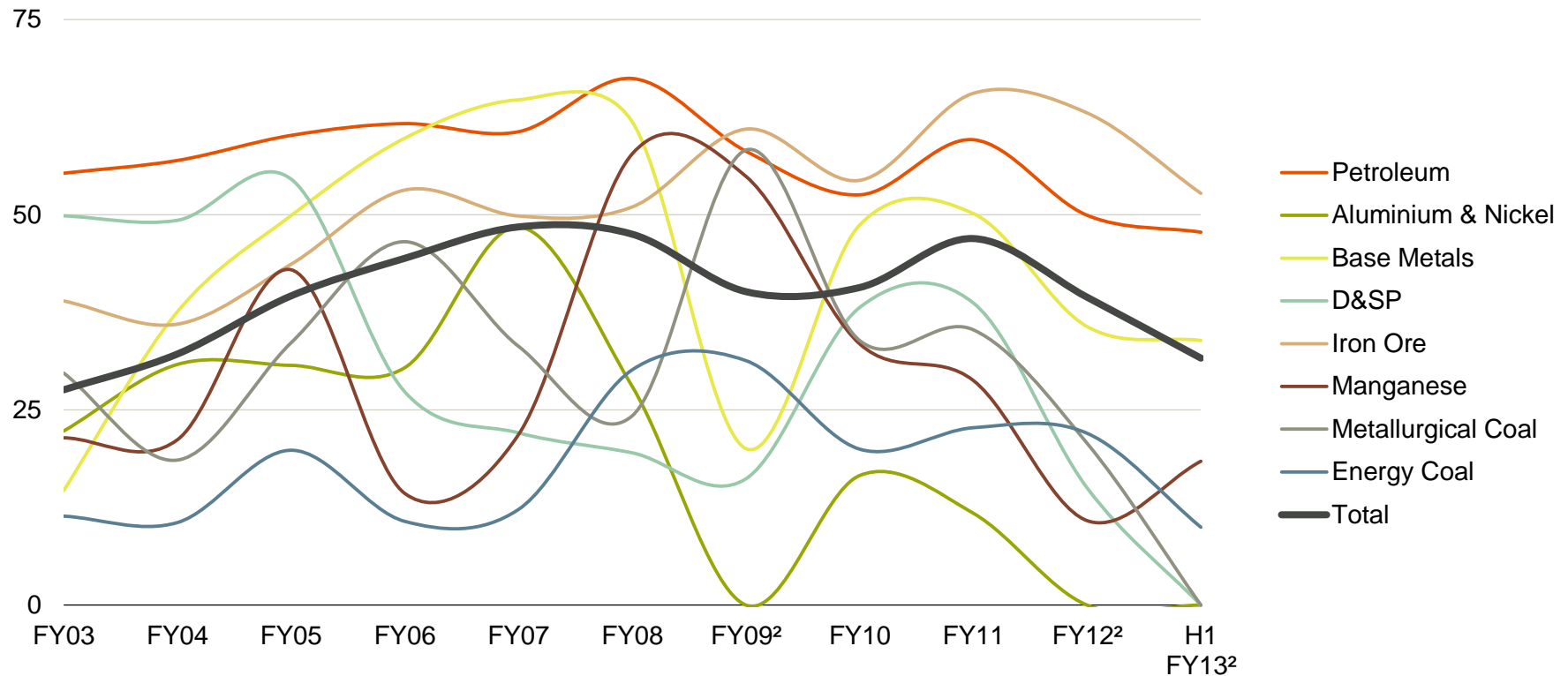
1. Assumes total volume exposed to price.

2. Impact based on average exchange rate for the period.

# Strength in diversity

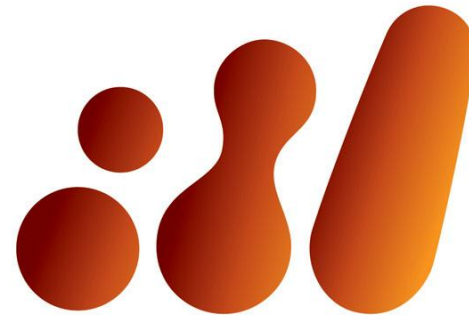
## EBIT margin<sup>1</sup>

(%)



1. Calculated on the basis of UKGAAP for periods prior to FY05, except for the exclusion of PRRT from Petroleum's and BHP Billiton Group's results for all periods. All periods exclude third party trading activities. The Exploration and Technology business has been included in BHP Billiton Group's results from FY02 to FY05 and excluded from Diamonds and Specialty Products.

2. Negative margins are not shown as the y-axis is set at zero.



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