



BHP Billiton

The World's Largest
Diversified Resources Company

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We begin with a Story

PHD

Man in the Grey Suit

WIFM



BHP Billiton

Customer Service Groups

- Aluminum
- Base Metals
- Carbon Steel Materials
- Energy Coal
- Stainless Steel Materials
- Petroleum
- Diamonds & Specialty Products
- Matrix

Competitors

BHP Billiton \$32B sales
33,184 employees

Rio Tinto \$19B sales
31,854 employees

Anglo American \$33B sales
162,000 employees

Companhia Vale do Rio Doce
\$19.5B sales 30,538 employees

Alcoa \$30B sales
123,000 employees

Financial Results

Period Last 6 months of 2006

Profit Increase

41% to \$6.2B

EPS Increase

44%

EBIT

\$9.1B increased 36.9%

EBIT Margins

Increased to 47.4%

Dividend

\$.20 Share 14% annual increase



Key Facts

Project Pipeline

\$17.5B

29 Projects

Share buy backs

\$17B since 2004

16.9% of company shares

Super Cycle

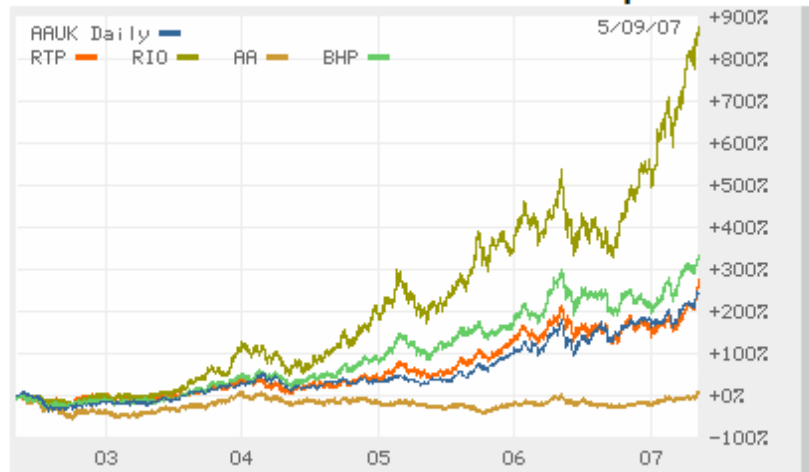
Mr. Market

Share price

\$53.41

52 Week High

Table: Share Price Performance vs. Competitors



Source: Reuters

Financial Snapshot

Quick Ratio	.83	3 year average reflects a strong comparison of cash and short term investments to short term financial liabilities.
Current Ratio	.99	The ratio is close to 1 which means that the company's long term debt and equity are equal.
Gross Margin	30.32	This margin compares favorable with the 5 year average of 26.04%.
Profit Margin	45.63	This is very strong.
Net Margin	32.76	The company is performing strongly with this return on sales figure which reflects strong income after taxes.
Return on Assets	20.58	This figure is strong and represents the how well the company management has used assets to generate profits
Dividend Payout Ratio	20.79	This high figure represents the percentage of earnings that have been paid to shareholders as cash dividends

Source: Reuters Fundamentals

5 Year Avg. Growth Rates

Ratios	BHP	RTP	AAUK	RIO	AA
Revenue	23	19.3	17.47	37.94	6.12
Net Income	64.18	33.16	14.93	38.37	19.07
Earnings per share	48.81	33.23	14.76	37.12	18.84
Dividend	23.46	27	28.99	n.a.	0
Capital Spending	36.61	23.83	14.77	49.42	22.18
Gross Margin	11.03	4.72	7.02	2.73	1.11
Cash Flow	45.14	22.3	13.25	36.02	10.55

Source: Reuters

Note:

BHP= BHP Billiton, RTP= RIO Tinto, AA= Alcoa

RIO= Companhia Vale do Rio Doce

Pestel Conclusions

Political

- ✓ Africa
- ✓ Chile 5% Tax

Economic

- ✓ Inflation
- ✓ China

Socio-Cultural

- ✓ Stakeholders

Technology

- ✓ Exploration

Environment

- ✓ Kyoto Protocol
- ✓ Zero Harm

Legal

- ✓ Pilbara Region
- ✓ Arizona

Porter 5 Forces

Bargaining Power of Buyers

- ✓ Low

Bargaining Power of Suppliers

- ✓ High

➤ Labor	➤ Energy
➤ Materials	➤ Parts Shortages
➤ Shipping	✓ No Substitutes

Porter 5 Forces

Threat of New Entrants

✓ Low to Moderate

Threat of Substitutes

✓ Low



Porter 5 Forces

Rivalry Among Competing Sellers

✓ High

Access to Natural Resources

Mining Staff

Transportation Infrastructure

But, No Pricing Impact

➤ Conclusion: The INDUSTRY is ATTRACTIVE

Additional Internal Issues

Human Resources

- ✓ CEO

- ✓ Staffing

Communications

- ✓ Stakeholders

- ✓ Strategic Drivers

SWOT

Strengths

- ✓ Diversified Assets

- ✓ Superior Returns

- ✓ Customer Service

Weaknesses

- ✓ Gross Margin

- ✓ Communication

- ✓ Staffing

Opportunities

- ✓ Project Pipeline

- ✓ Reduce Emissions

- ✓ Oil & Gas Portfolio

Threats

- ✓ Rising Costs

- ✓ Political

- ✓ Economic

Strategic Issues

Cost Containment

- Profitability
- Growth

Communication

- Mindshare
- Political

Human Resources

- Costs
- Leadership
- Message

Solutions

No

M & A
Spin Off Oil & Gas
Integrate Supply Chain
Diversify Assets

Yes

- ✓ Organic Growth
- ✓ Quality Program
- ✓ New Media
Communication
- ✓ JV Africa Assets
- Best Cost Provider

Solutions

Strategy

- ✓ Organic Growth
- ✓ Quality Program
- ✓ New Media
Communication
- ✓ JV Africa Assets
- Best Cost Provider

Timing/Cost

- Now/Moderate
- Now/Moderate
- Now/Moderate
- Future/Significant
- Future/Significant



Questions