

Interim Results – 31 December 2004

16 February 2005

Chip Goodyear Chief Executive Officer

Chris Lynch Chief Financial Officer



bhpbilliton

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Chief Executive Officer



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Highlights – half year ended December 2004

- **HSEC** – 12 month rolling Classified Injury Frequency Rate at 4.3
- **Record half yearly earnings**
 - EBITDA up 67% to US\$5.2 billion
 - EBIT up 95% to US\$4.3 billion
 - Attributable profit of US\$2.8 billion and earnings per share of 44.5 US cents
- EBIT up across all CSGs with **Group EBIT margin of 36.9%** ¹
- **Available cashflow up 116%** to US\$3.5 billion
- Half yearly **production records** for six major commodities
- **Six major projects commissioned** since 30 June 2004
- Successful completion of **US\$2 billion capital management programme**
- **Interim dividend increased to 13.5 US cents per share**, consistent with outlook and higher earnings and cashflow

Interim Results – 31 December 2004

Chris Lynch

Chief Financial Officer



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Results highlights – half year ended December

(US\$M)	2004	2003	% Change
Turnover ⁽¹⁾	15,521	10,963	+42
EBITDA ⁽¹⁾⁽²⁾⁽³⁾	5,212	3,128	+67
EBIT ⁽¹⁾⁽²⁾	4,258	2,183	+95
Attrib profit ⁽¹⁾⁽²⁾	2,757	1,213	+127
Exceptional items	56	126	
Attrib profit (incl exceptionals) ⁽¹⁾	2,813	1,339	+110
Available cash flow ⁽¹⁾	3,513	1,625	+116
EPS (US cents) ⁽¹⁾⁽²⁾	44.5	19.5	+128
EBITDA interest cover (times) ⁽¹⁾⁽²⁾	33.6	14.8	+127
Dividends per share (US cents)	13.5	8.0	+69

(1) Including share of joint ventures and associates.

(2) Excluding exceptional items.

(3) Refer slide 42 for further information.

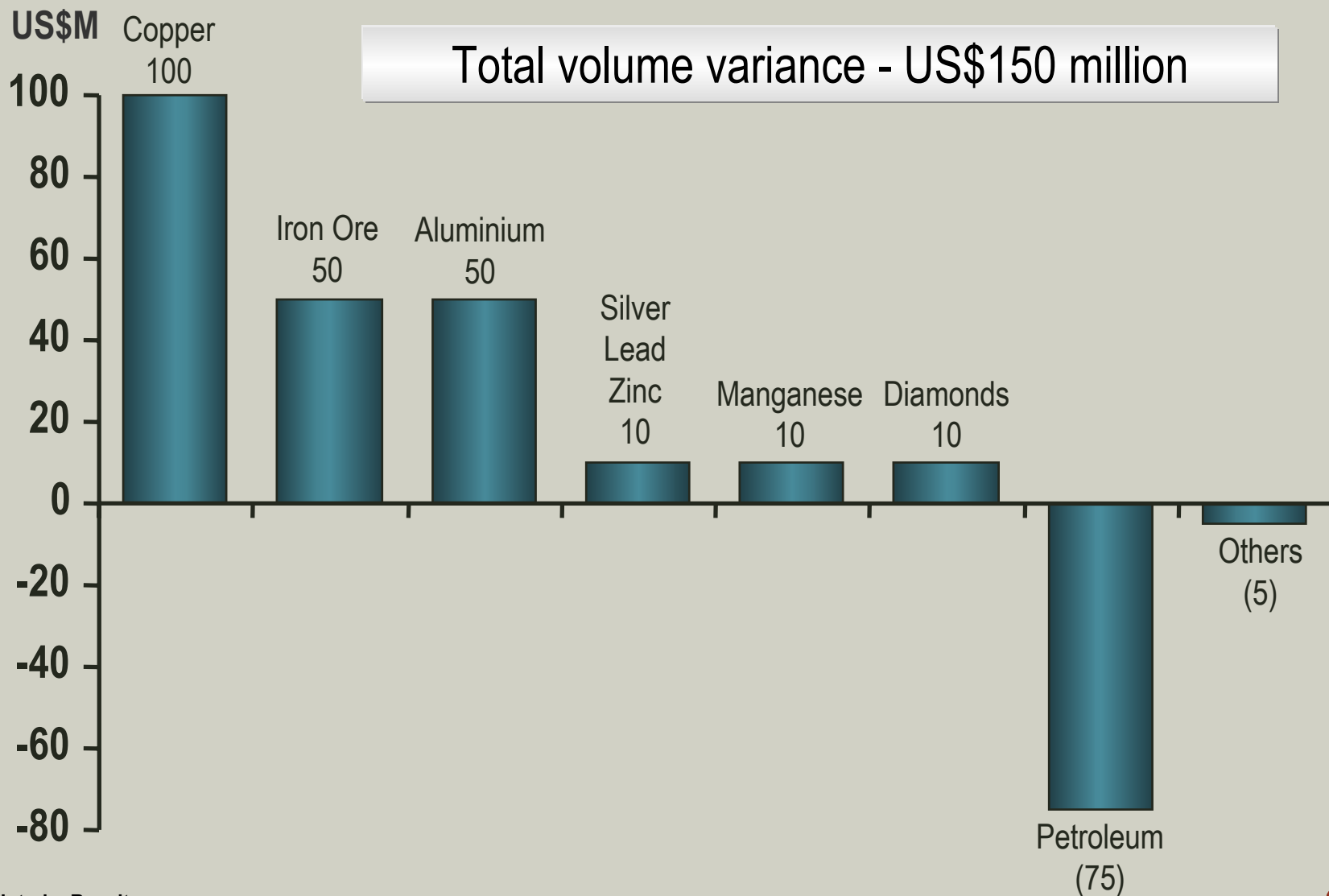
EBIT by Customer Sector Group

Half year ended December

(US\$M)	2004	2003	% Change
Petroleum	909	602	+51
Aluminium	458	307	+49
Base Metals	1,041	333	+213
Carbon Steel Materials	1,007	505	+99
Diamonds & Spec Products	344	174	+98
Exploration & Technology	(27)	21	
Energy Coal	308	85	+262
Stainless Steel Materials	340	193	+76
Group & unallocated items	(122)	(37)	
BHP Billiton (total)	4,258	2,183	+95

Impact of major volume changes on EBIT

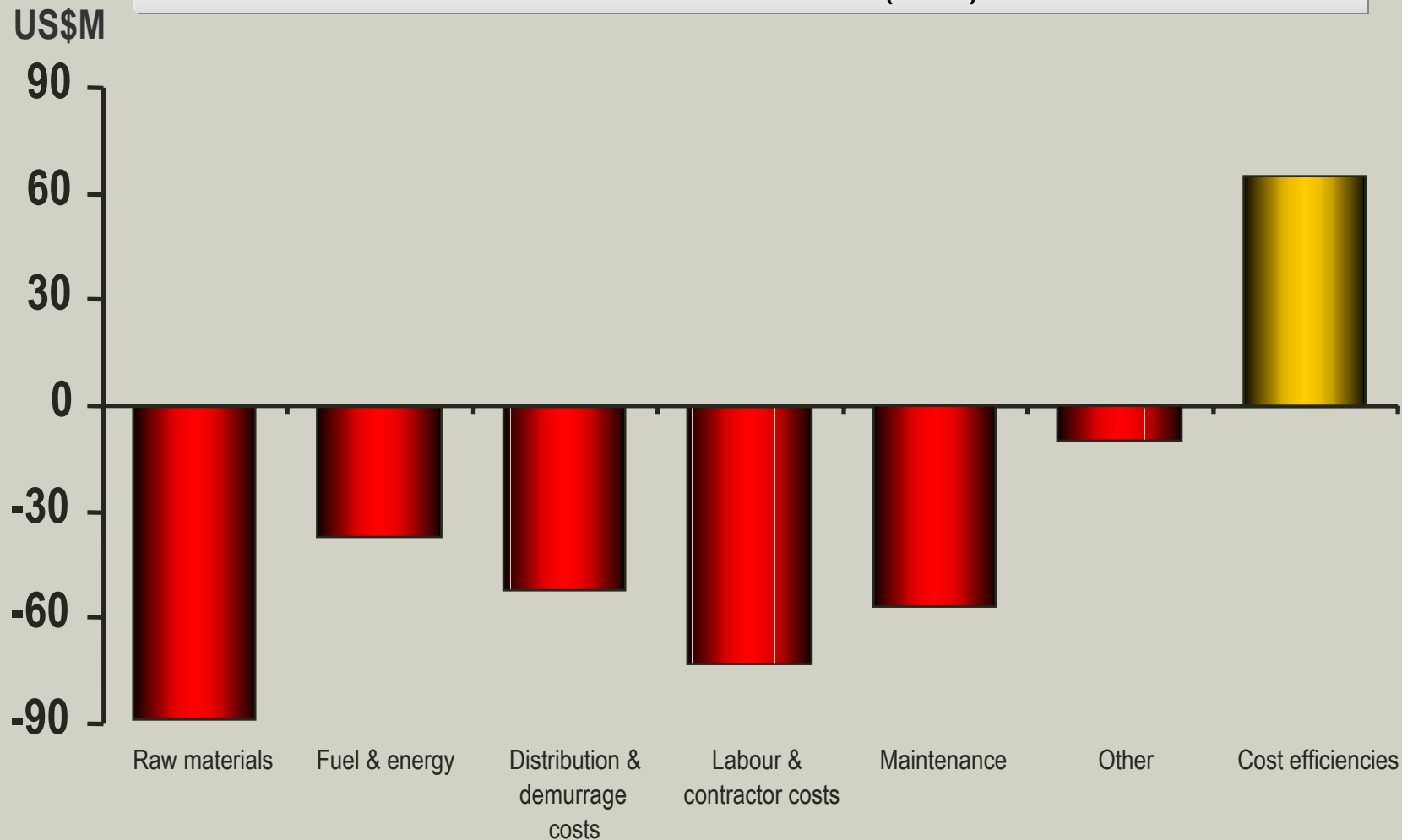
Half year ended Dec 04 vs half year ended Dec 03



Cost impact on EBIT

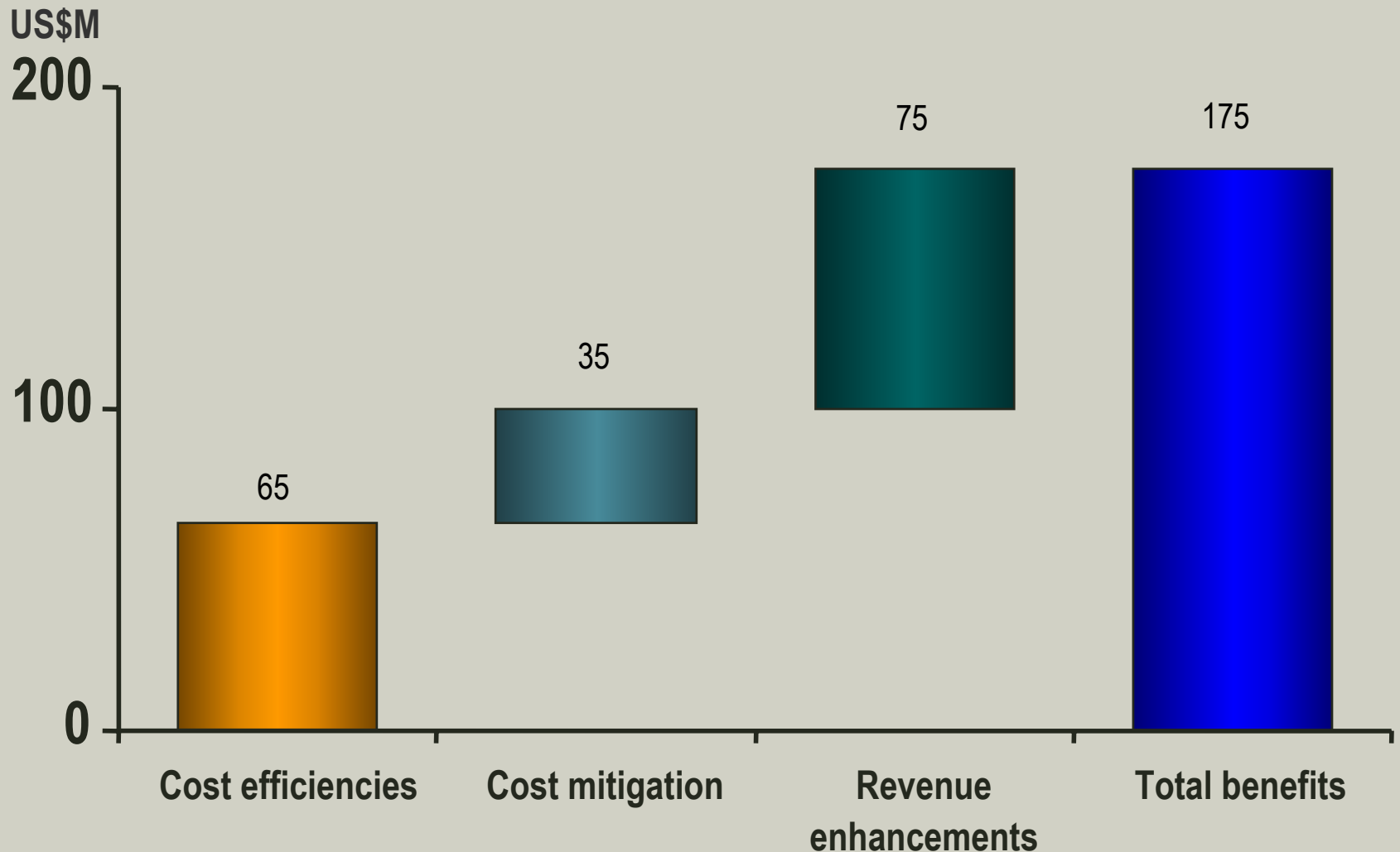
Half year ended Dec 04 vs half year ended Dec 03

Total cost variance - US\$(255) million



Benefits from operating and cost efficiency initiatives

Half year ended Dec 04



Net interest, taxation & attributable profit

Continuing operations, excluding exceptionals

Half year ended December (US\$M)	2004	2003
EBIT ⁽¹⁾	4,258	2,183
Net interest expense	(155)	(211)
Exchange impact on debt ⁽¹⁾	(69)	(89)
Discounting of provisions/Capitalised interest	<u>(35)</u>	<u>6</u>
Profit before tax	3,999	1,889
Tax expense	(1,091)	(517)
Exchange impact on tax expense ⁽¹⁾	(40)	(141)
Minorities	<u>(111)</u>	<u>(18)</u>
Attributable profit	2,757	1,213

Cash flow

Half year ended December (US\$M)	2004	2003
Operating cash flow and JV dividends	4,352	2,336
Net interest paid	(144)	(168)
Tax paid	(695)	(543)
Available cash flow	3,513	1,625
Capital expenditure	(1,527)	(1,213)
Exploration expenditure	(199)	(193)
Sale of fixed assets & investments	111	102
Acquisitions & disposals of subsidiaries and JVs	(13)	(17)
Net cash flow before dividends and funding	1,885	304
Dividends paid	(594)	(959)
Net cash flow before funding	1,291	(655)

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2004 – Euphoria to depression and back again

“Oil may yet stall US economy”

“Bright outlook for American economy”

“Figures reveal China’s economy galloping ahead”

“Why real growth eludes Europe”

“As US economy starts to sneeze, how bad will the world’s cold be?”

“Markets dive on China fears”

“Japan’s economy zooms ahead”

“Jobless drag on German recovery”

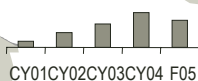
“Asia slips on surging oil prices”

“UK firms say outlook is bright for 2005”

Outlook - 2005

USA

Growing at or slightly above trend rates

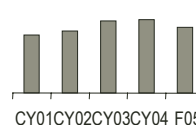


China

Growth rate to slow from 2004, but continued positive outlook

Will remain a large and sustainable consumer of raw materials and resources over the longer term, but will be subject to 'ups and downs'

Quality and sustainability of growth is key



Europe

Modest growth to continue

Japan

Some rebound from current soft patch, but raw materials industries look good

2005 demand growth good, but lower than 2004

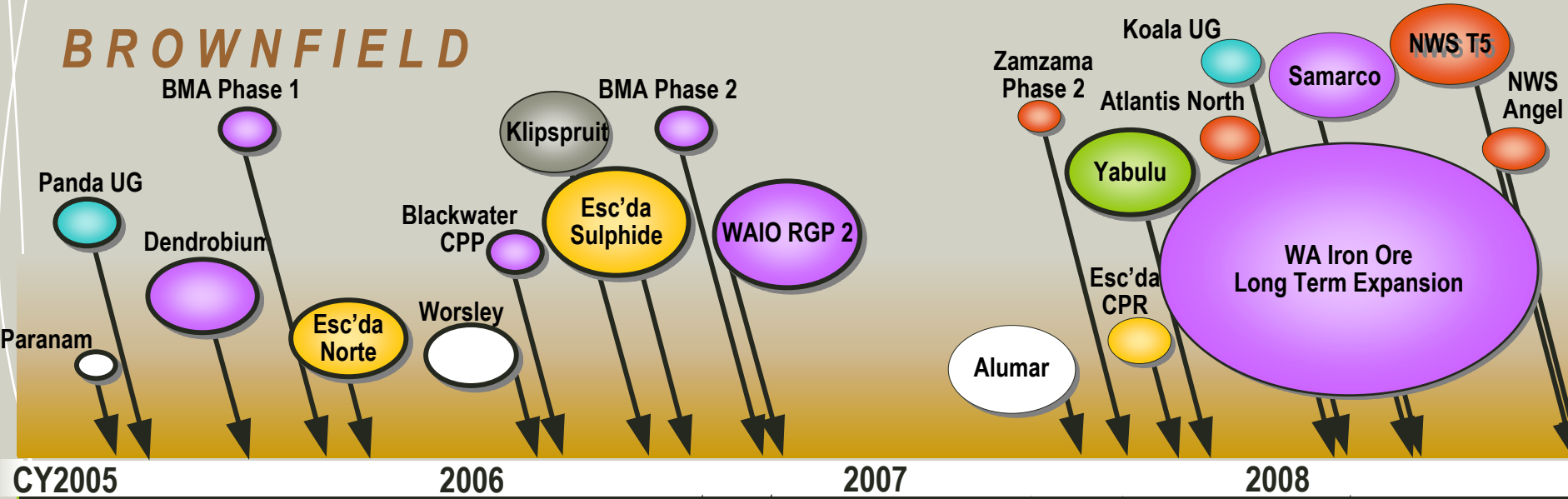
Market fundamentals

- Demand continues to outstrip supply for many commodities
- Inventory/use ratios are low
- High capacity utilisation rates, with little or no latent capacity
- Expansion project lead times increase the duration of supply / demand imbalance

But higher prices will induce new supply

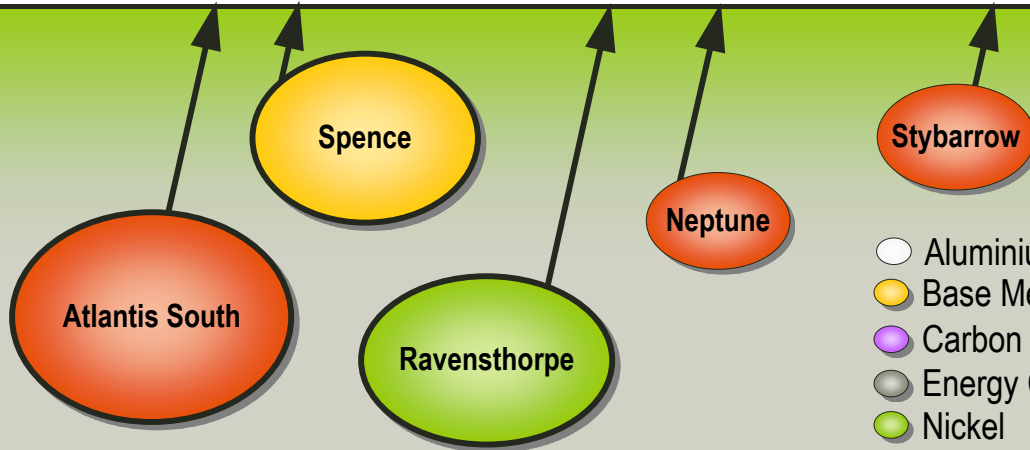
Deep inventory of growth projects

BROWNFIELD



As at 16 February 2005
 Size of bubble indicates proposed capital expenditure; bold outer border signifies sanctioned project

\$US 200M



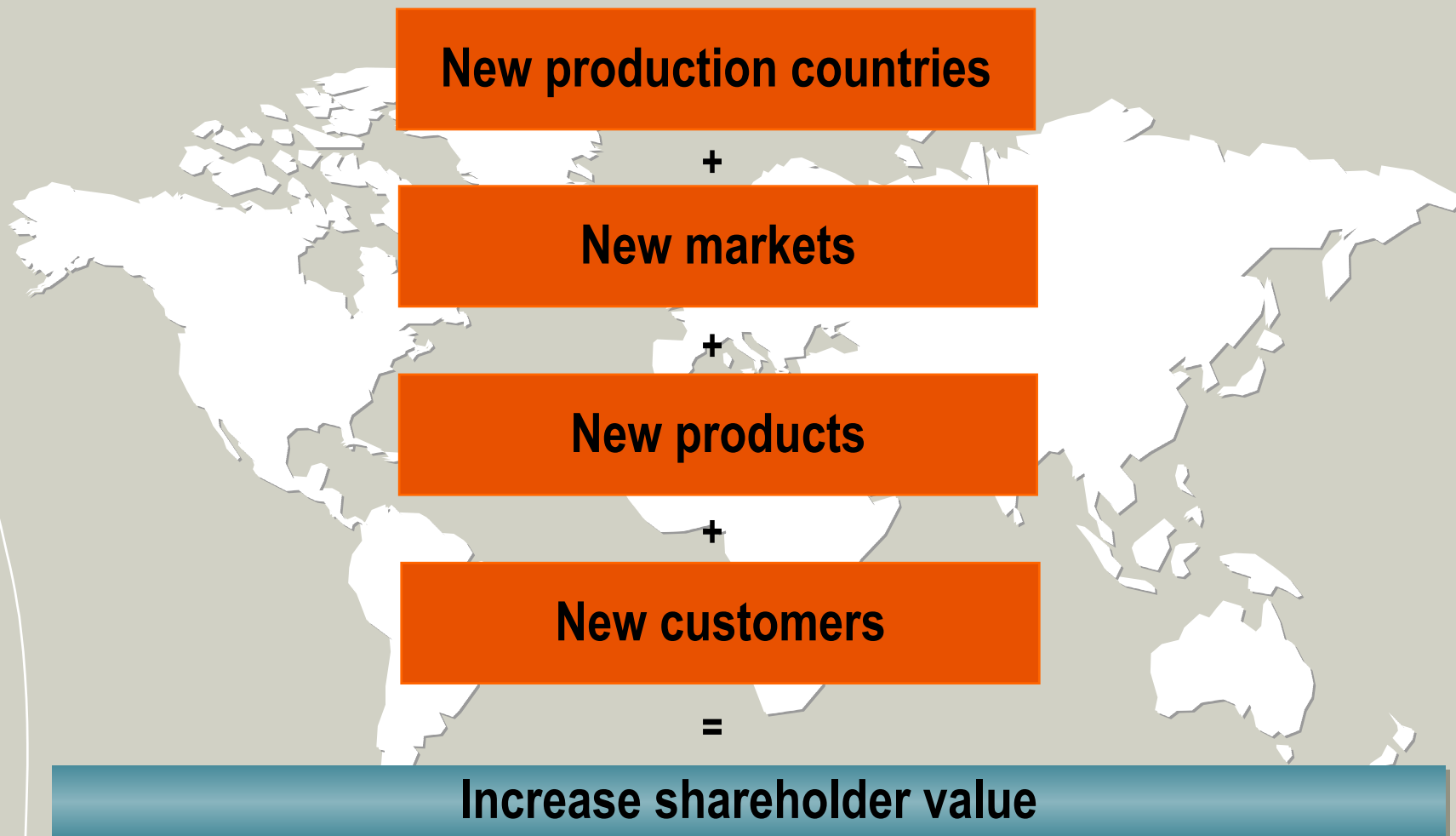
- Aluminium
- Base Metals
- Carbon Steel
- Energy Coal
- Nickel
- Petroleum
- Diamonds

GREENFIELD

Interim Results

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Creating options to meet increased demand



Summary

- **Continued strong operating and financial performance**
 - Improved safety
 - Production records
 - Record financial results
- **Outlook remains positive**
 - Demand growth above trend
 - Capacity constraints and tight logistics pressure supply
 - Project delays and cost pressures slow industry response
- **Creating options to meet increased demand**
 - 26 projects with a budget of US\$10.2 billion
 - Solid performance record
 - New regions, markets, products and customers
- **Financial discipline and Total Shareholder Return**
 - Maintain strong discipline
 - Focus on shareholder returns
 - Retain flexibility for M&A

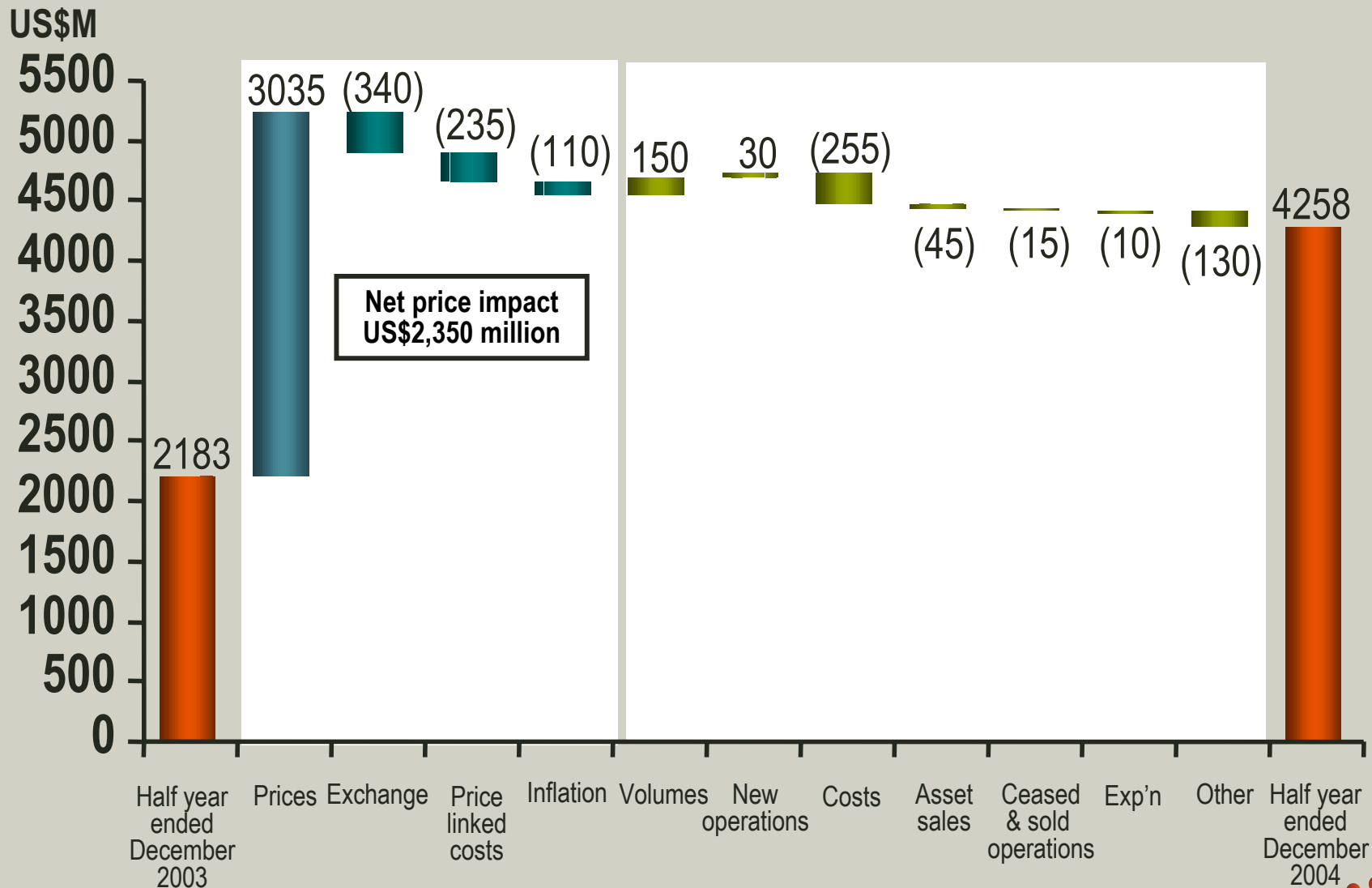
Stability + Growth = Value



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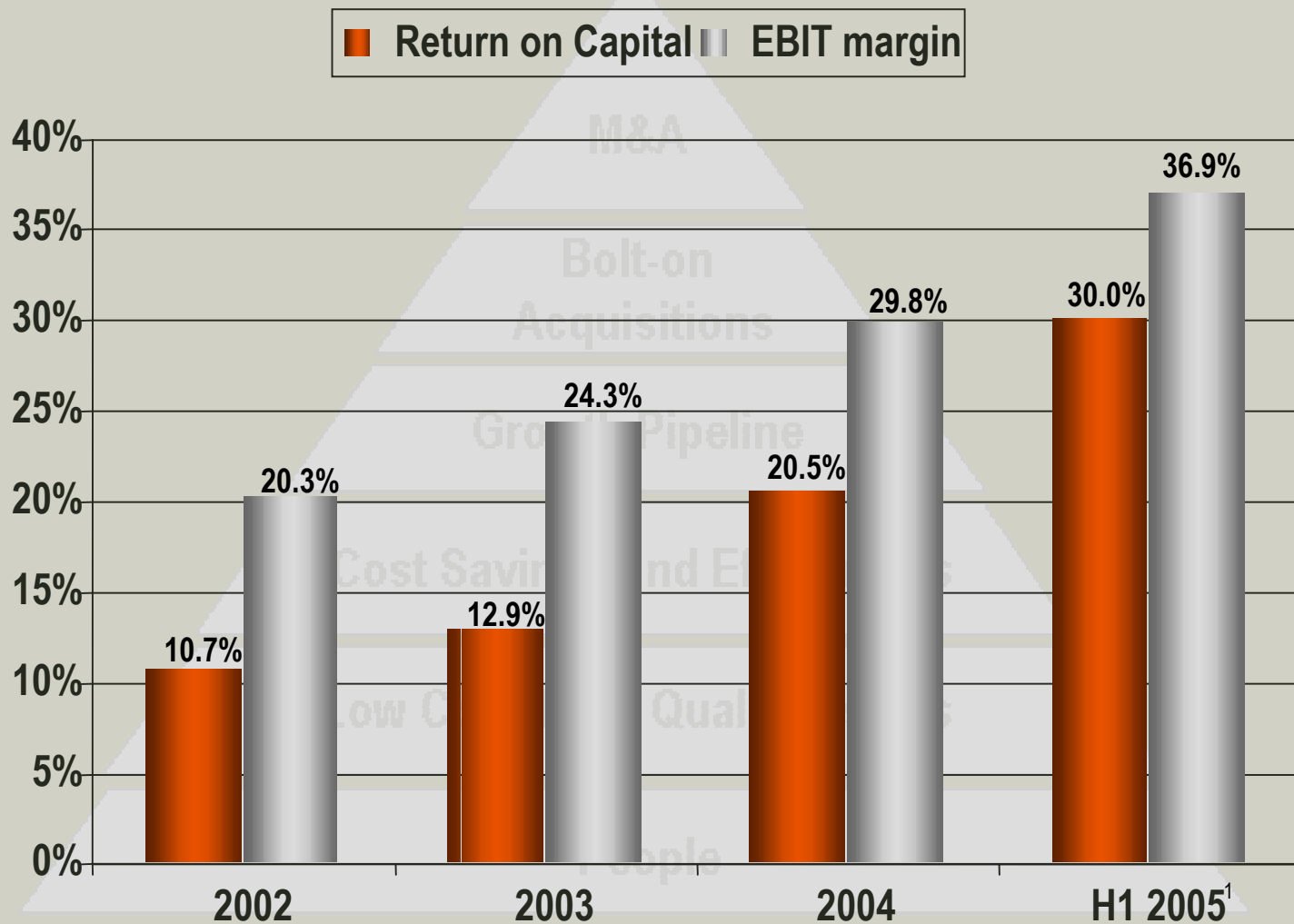
EBIT analysis

Half year ended Dec 04 vs half year ended Dec 03



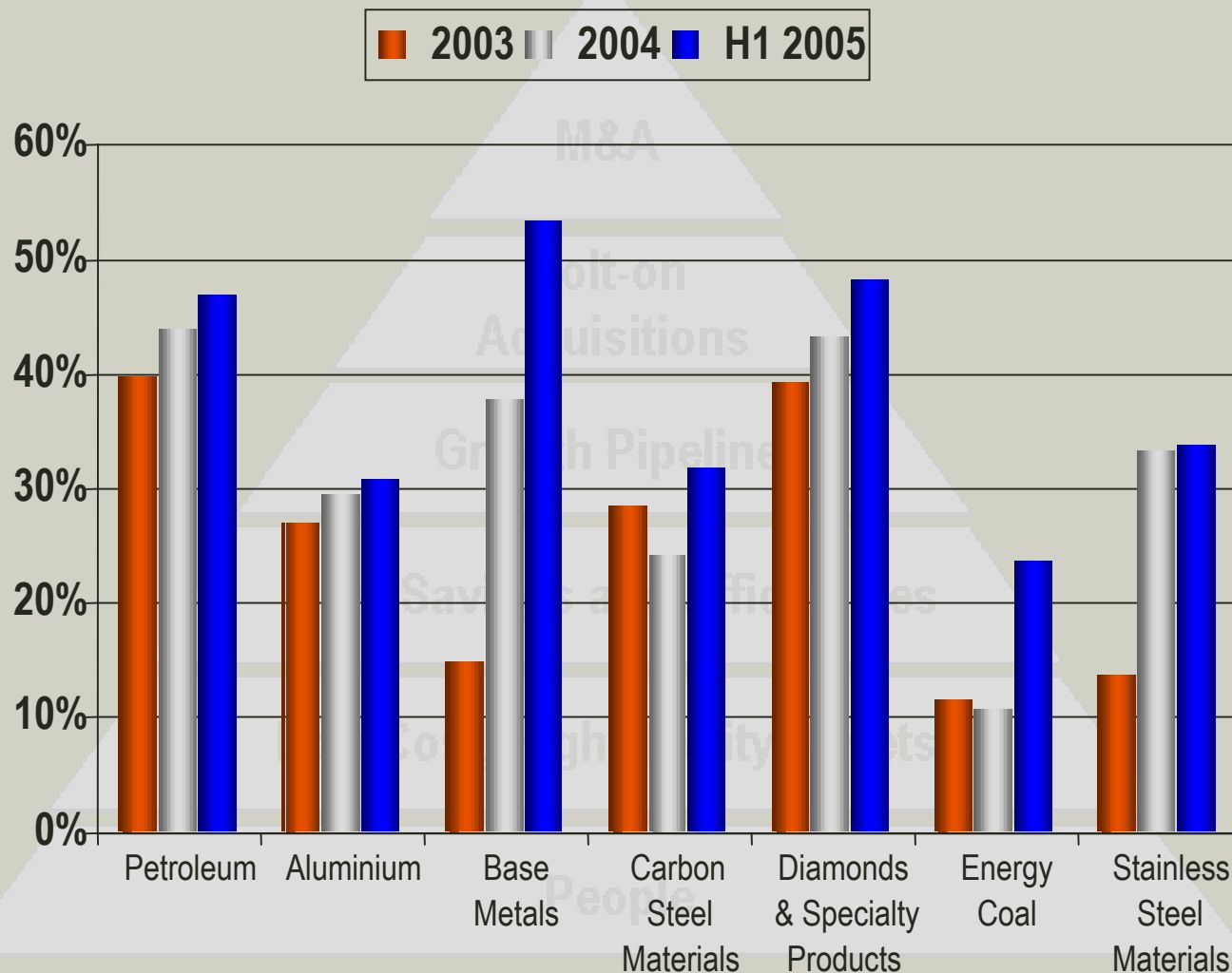
Outstanding assets

Increasing margins and return on capital



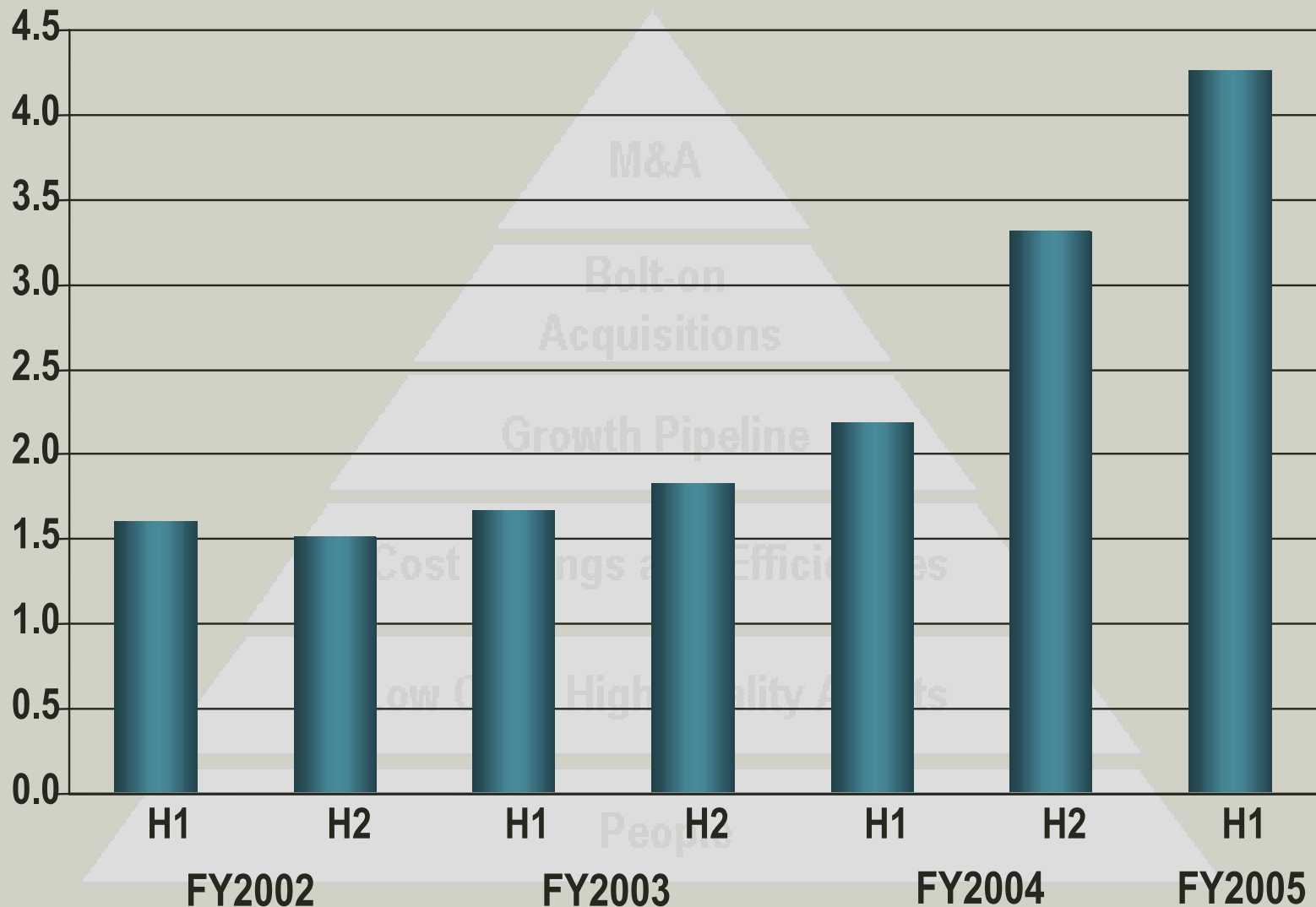
Outstanding assets

EBIT margin growth by Customer Sector Group



EBIT growth since the merger

US\$ bn



The portfolio effect - steady increases in EBITDA⁽¹⁾

US\$ bn

September 11

Enron Bankruptcy

SA Rand A\$ strengthen

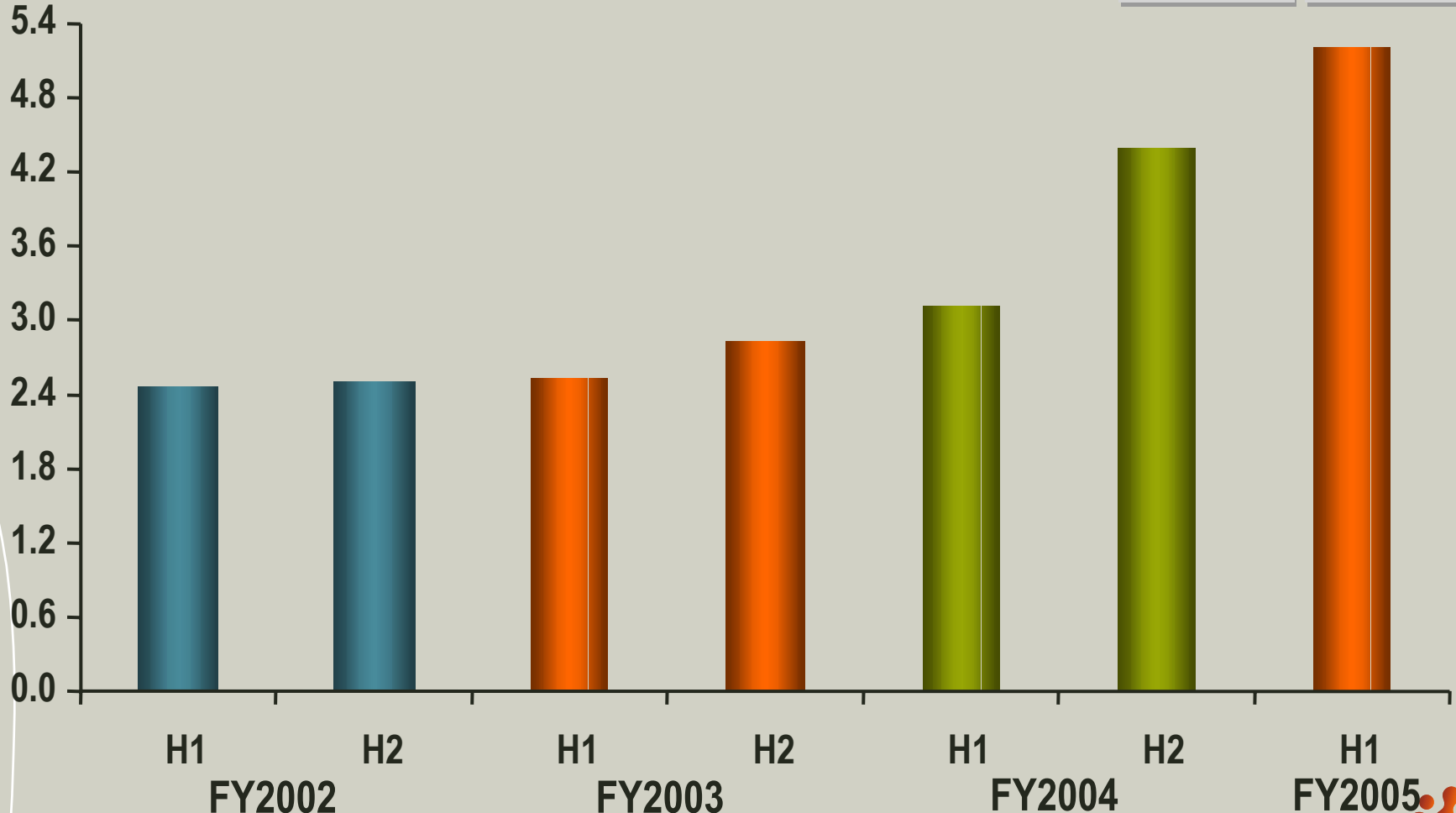
BEE Charter leak

Iraq war

SARS

Recovering global economy

Commodity prices strengthen



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(1)

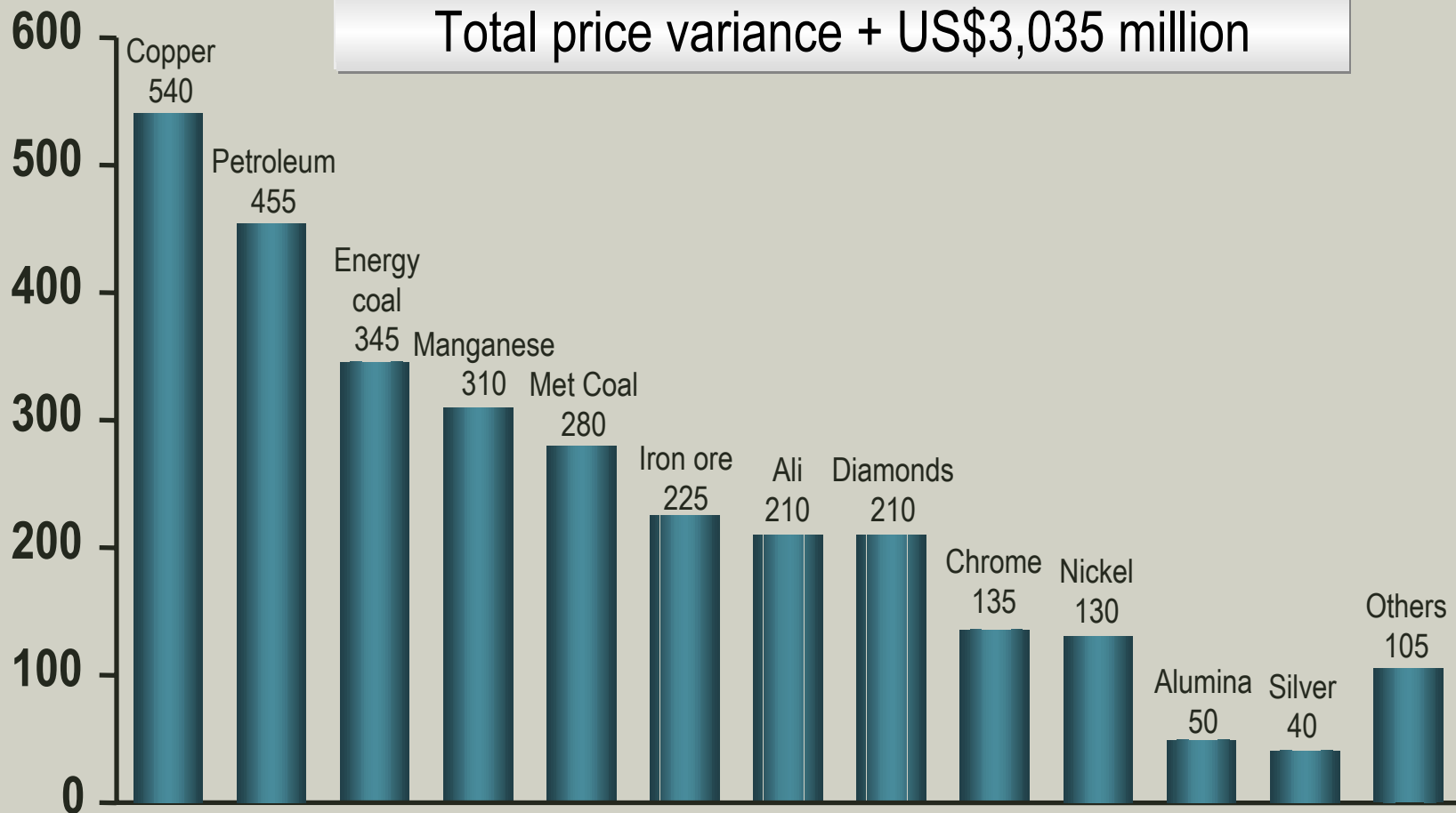
Excluding exceptional items.



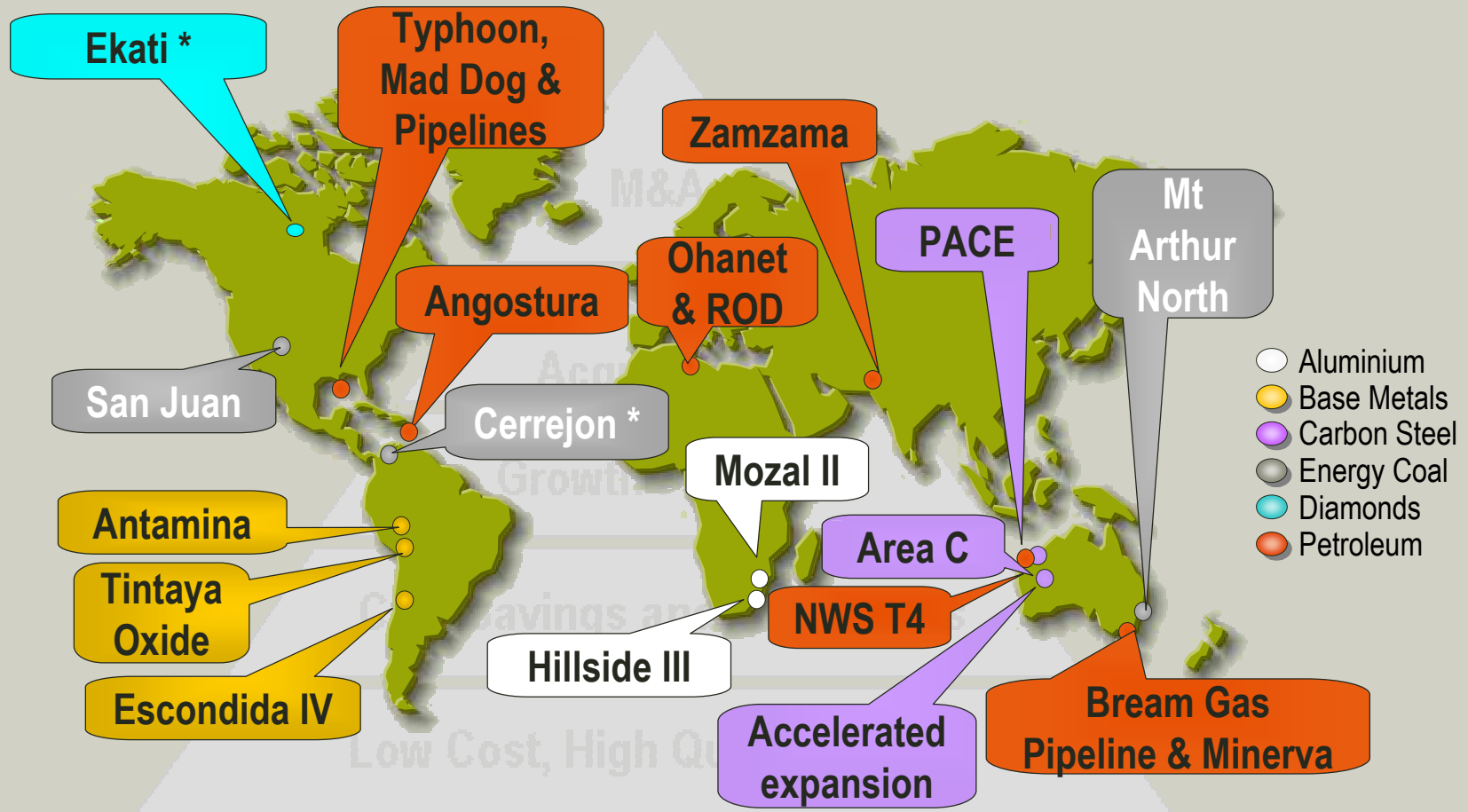
Impact of major commodity price changes on EBIT

Half year ended Dec 04 vs half year ended Dec 03

US\$M



Growth projects delivered since July 2001



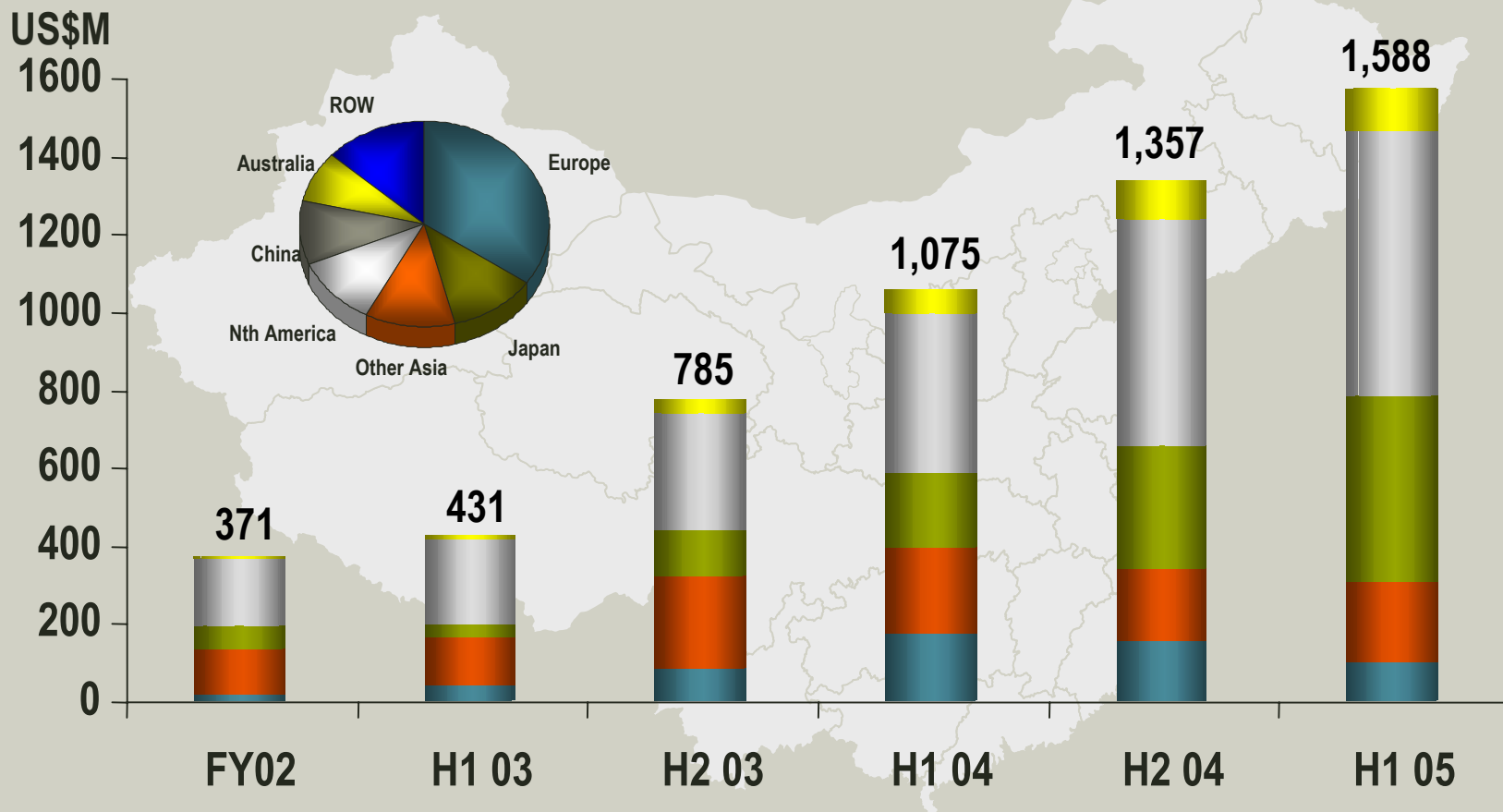
**24 projects
US\$5.7 billion budget**

US\$300 million savings

* Cerrejon refers to increased ownership interest plus expansion program. Ekati refers to increased ownership interest

China

- Sales into China increasing but diversification remains
- Currently 10.2% of total company revenues, up from 6.9% in FY03



Sanctioned development projects – (US\$5.5 bn)

Minerals projects

Project	Commodity	Share of Capex US\$M	Initial production target date	Share of production capacity	Progress
Paranam refinery expansion (Suriname) – 45%	Alumina	29	Q3 CY05	Increase capacity to 2.2 million tpa (100%)	On budget. Ahead of schedule
Worsley Development Capital (Australia) – 86%	Alumina	165	Q1 CY06	250,000 tpa (100%)	On time and budget
WA Iron Ore Rapid Growth Project 2 (Australia) – 85%	Iron ore	489	H2 CY06	Increase system capacity to 118 million tpa (100%)	On time and budget
Dendrobium (Australia) – 100%	Met coal	200 ⁽¹⁾	Mid CY05	5.2 million tpa raw coal (3.6 million tpa clean coal)	On time. On revised budget ⁽¹⁾ .
BMA Phase 1 (Including Broadmeadow (Australia) – 50%	Met coal	90 ⁽²⁾	Mid CY05	5 million tpa clean coal (100%)	On time. On revised budget ⁽²⁾ .
BMA Phase 2 (Australia) – 50%	Met coal	88	H2 CY06	2 million tpa clean coal (100%)	On time and budget
Blackwater coal preparation plant (Australia) – 50%	Met Coal	90	Q4 CY05	New coal handling and processing facility to replace the three existing plants	One quarter behind schedule
Escondida Norte (Chile) – 57.5%	Copper	230	Q4 CY05	Maintain capacity at 1.25 million tpa (100%)	On time and budget
Escondida Sulphide Leach (Chile) – 57.5%	Copper	500	H2 CY06	180,000 tpa copper cathode (100%)	On time and budget

Interim Results

(1) Increase from original budget of US\$170 million.

(2) Increase from original budget of US\$81 million.

Sanctioned development projects – (US\$5.5 bn)

Minerals projects cont.

Project	Commodity	Share of Capex US\$M	Initial production target date	Share of production capacity	Progress
Spence (Chile) – 100%	Copper	990	Q4 CY06	200,000 tpa copper cathode	On time and budget
Panda Underground (Canada) – 80%	Diamonds	146	Early CY05	4.7 million carats over six years	On time and budget
Ravensthorpe (Australia) – 100%	Nickel	1,050	Q2 CY07	Up to 50,000 tpa contained nickel in concentrate	On time and budget
Yabulu (Australia) – 100%	Nickel	350	End CY07	45,000 tpa nickel	On time and budget

Petroleum projects

Project	Commodity	Share of Capex US\$M	Initial production target date	Share of production capacity	Progress
Atlantis South ⁽¹⁾ . (US) – 44%	Oil/gas	1,115 ⁽¹⁾ .	Q3 CY06	101,200 boe/day	On time. On revised budget ⁽¹⁾ .

(1) The future Atlantis North development has been decoupled from Atlantis South since last reported. An additional US\$121 million was approved in the December 2004 quarter, to enhance capacity by 50 thousand barrels of oil per day (100%) and allow for inflationary cost pressures.

Development projects in feasibility Minerals (US\$3.6 bn)

Project	Commodity	Estimated Share of Capex* US\$M	Forecast initial production*	Project description
Alumar refinery expansion (Brazil) – 36%	Alumina	<400	H2 CY07	2 million tonnes per annum (100%)
Escondida Course Particle Recovery (Chile) – 57.5%	Copper	95	Q3 CY07	50,000 tpa (100%)
Western Australia iron ore long term expansion (Australia) – 85%	Iron Ore	2,320	Mid CY08	>150 million tonnes per annum (100%)
Samarco (Brazil) – 50%	Iron Ore	395	Mid CY08	7 million tonnes per annum
Koala Underground (Canada) – 80%	Diamonds	125	Q1 CY08	3,000 tonnes per day ore processed (100%)
Klipspruit (South Africa) – 100%	Energy Coal	280	Mid CY06	6 million tonnes per annum

Development projects in feasibility

Petroleum (US\$1.1 billion)

Project	Commodity	Estimated Share of Capex* US\$M	Forecast initial production*	Project description
Neptune (USA) – 35%	Oil/Gas	270	Q3 CY07	50,000 barrels per day (100%)
North West Shelf 5 th Train (Australia) – 16.67%	LNG	270	Q4 CY08	LNG processing capacity 4.2 mtpa (100%)
North West Shelf Angel (Australia) – 16.67%	Gas	120	Q4 CY08	Production platform with gas exported via tie-back to 1 st NWS trunkline.
Atlantis North (USA) – 44%	Oil/Gas	130	Q1 CY08	Tie-back to Atlantis South
Zamzama Phase 2 (Pakistan) – 38.5%	Gas	35	Q3 CY07	150 million scf per day (100%)
Stybarrow (Australia) – 50%	Oil/Gas	300	Q1 CY08	60,000 boe's per day (100%)

Development projects commissioned since merger

Project	Our share of capex		Initial production date	
	Budget	Actual	Budget	Actual
Mozal 2 (Mozambique) – 47.1%	405	311	Q4 CY03	Q2 CY03
Zamzama (Pakistan) – 38.5%	40	40	Q3 CY03	Q2 CY03
Bream Gas Pipeline (Australia) – 50%	50	34	Q2 CY03	Q4 CY02
Escondida Phase IV (Chile) – 57.5%	600	543	Q3 CY02	Q3 CY02
San Juan underground (USA) – 100%	146	143	Q3 CY02	Q3 CY02
Tintaya Oxide (Peru) – 99.9%	138	120	Q2 CY02	Q2 CY02
Typhoon (USA) – 50%	128	114	Q3 CY01	Q3 CY01
Antamina (Peru) – 33.75%	775	752	Q2 CY01	Q2 CY01

Development projects commissioned since merger cont.

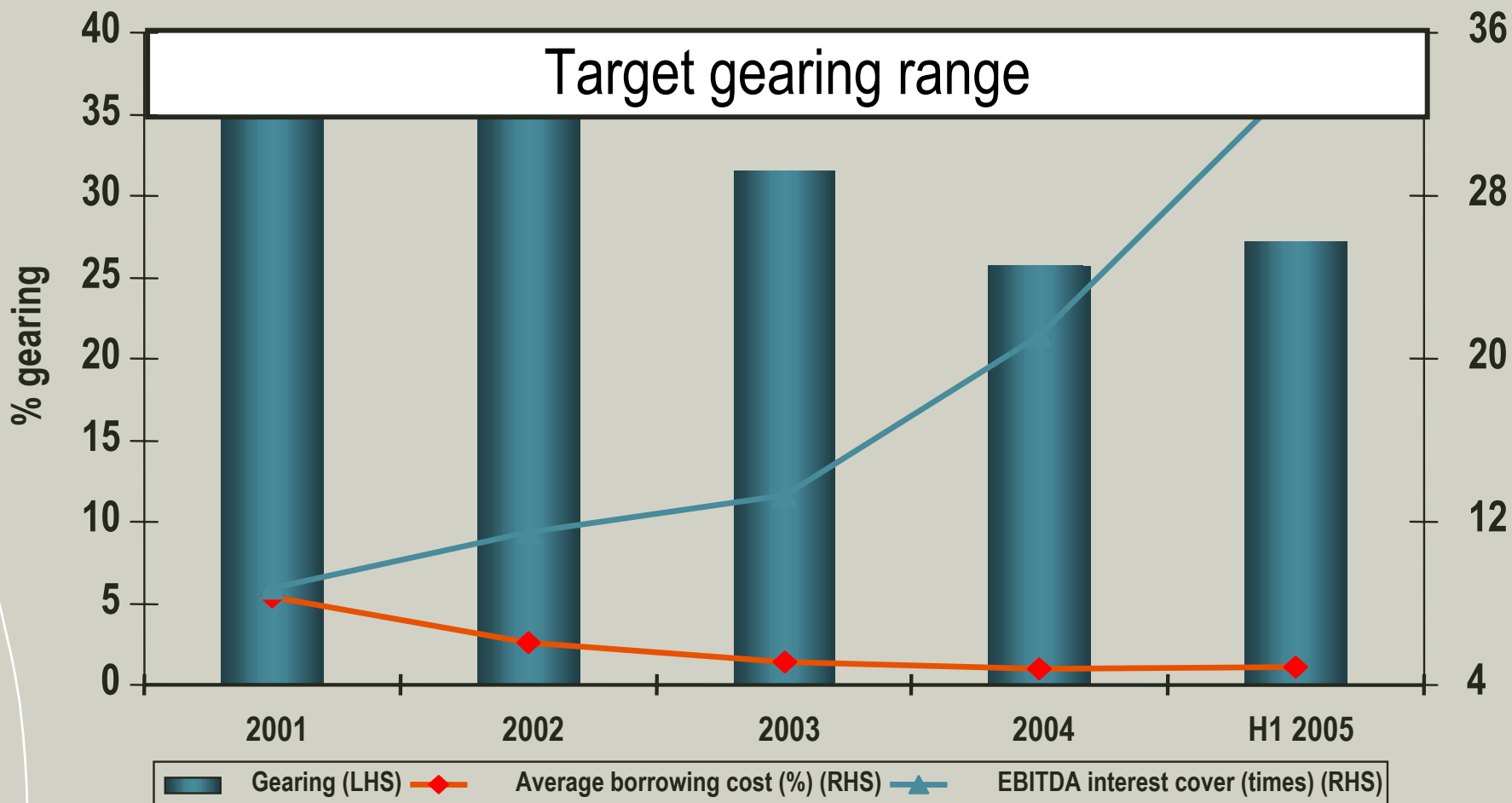
Project	Our share of capex		Initial production date	
	Budget	Actual	Budget	Actual
NWS Train 4 (Australia) – 16.7%	247	252 ⁽¹⁾	Mid CY04	Mid CY04
Products & Capacity Expansion (Australia) – 85%	299	266	Q2 CY04	Q1 CY04
Area C (Australia) – 85%	181	171	Q4 CY03	Q3 CY03
Mt Arthur North (Australia) – 100%	411	380 ⁽¹⁾	Q4 CY03	Q4 CY03
Hillside 3 (South Africa) – 100%	449	411	Q2 CY04	Q4 CY03
Ohanet (Algeria) – 45%	464	464 ⁽¹⁾	Q4 CY03	Q4 CY03
WA Iron Ore accelerated expansion (Australia) – 85%	83	80	Q2 CY04	Q2 CY04
Cerrejon Zona Norte (Colombia) – 33.3%	50	33 ⁽¹⁾	Q1 CY04	Q1 CY04

Development projects commissioned since merger cont.

Project	Our share of capex		Initial production date	
	Budget	Actual	Budget	Actual
ROD (Algeria) – 36%	192	192 ⁽²⁾	Q4 CY04	Q4 CY04
GoM Pipelines Infrastructure (US) – 22/25%	132	132 ⁽²⁾	C4 CY04	Q4 CY04
Mad Dog (US) – 23.9%	368 ⁽³⁾	370 ⁽¹⁾	End CY04	Jan 05
Minerva (Australia) – 90%	150 ⁽⁴⁾	157 ⁽¹⁾	Q4 CY04	Jan 05
Angostura (Trinidad) – 45%	327	337 ⁽¹⁾	End CY04	Jan 05
WA Iron Ore Rapid Growth Project (Australia) – 85%	95	101	Q4 CY04	Q4 CY04

- (1) Actual costs finalised for reporting purposes.
 (2) Actual costs subject to finalisation.
 (3) Mad Dog budget was increased from US\$335m in the September 04 quarter along with a 25% increase in nameplate oil production capacity, and a 50% increase in nameplate gas processing capacity.
 (4) Budgeted capex for Minerva was increased from US\$123m to US\$150m in March 04 following changes to contractual arrangements.

Financial flexibility



Moody's Investment Services **A3**

Standard & Poor's **A-**

→ **A1**

→ **A+**

Average borrowing cost = gross interest for period / average gross debt for period.

EBITDA interest cover based on net interest.

Data excludes exchange differences arising from debt and discounting of provisions.

Impact of restatements of net monetary liabilities - Half year ended December

(US\$m)	2004	Impact of Restatement ⁽¹⁾	2003	Impact of Restatement ⁽¹⁾
EBIT	4,258	(170)	2,183	(100)
Net interest	(259)	(69)	(294)	(89)
Taxation expense	(1,131)	(50)	(658)	(110)
Attributable profit	2,757	(289)	1,213	(299)

US\$3,046m **US\$1,512m**

Exchange rates ⁽²⁾
Versus US dollar
South African rand
Australian dollar

As at
31 December 2004
↑ 10% 5.65
↑ 13% 0.780

US\$1,534m

As at
31 December 2003
↑ 12% 6.62
↑ 12% 0.749

USD functional currency policy - general level of exposure

(US\$M)	AUD	Rand	Impact
Net payables, receivables & employee provisions	(700)	(250)	EBIT
Resource Rent Tax provision	(300)	-	EBIT
Tax provisions	(400)	(500)	Tax
Debt	-	(350)	Interest
Total	<u>(1,400)</u>	<u>(1,100)</u>	P&L
Restoration & Rehab	(1,200)	(400)	Bal sheet

Key net profit sensitivities

Approximate impact on FY05 net profit after tax
of changes of:

(US\$M)

US\$1/t on iron ore price	60
US\$1/bbl on oil price	40
US\$1/t on metallurgical coal price	20
USc1/lb on aluminium price	20
USc1/lb on copper price	15
US\$1/t on energy coal price	20
USc1/lb on nickel price	1

Key net profit sensitivities

Approximate impact on FY05 net profit after tax
of changes of:

(US\$M)

Australian dollar (USc1/A\$)

Operations⁽¹⁾ 45

Net monetary liabilities⁽²⁾ 15

South African Rand (0.2 Rand/US\$)

Operations⁽¹⁾ 60

Net monetary liabilities⁽²⁾ 25

Rand debt⁽²⁾ 10

(1) Impact based on average exchange rate for the period

(2) Impact based on difference in opening and closing exchange rates for the period

Preliminary results under Australian GAAP

Half year ended 31 December

(US\$M)	2004	2003
Revenue from ordinary activities	14,472	10,256
Profit before tax	3,932	1,899
Profit after tax attributable to members	2,748	1,410
EPS (US cents)	42.6	22.4

Non GAAP measures used within this presentation

EBITDA

EBITDA is earnings before interest and tax, from continuing operations (except 2001 which includes Steel), before depreciation, amortisation and impairments of Group companies and joint ventures and associates, as detailed below. We believe that EBITDA provides useful information, but should not be considered an indication of or alternate to net profit as an indicator of operating performance or as an alternative to cashflow as a measure of liquidity.

	FY2005	FY2004		FY2003		FY2002		FY2001
	H1	H1	H2	H1	H2	H1	H2	FY
EBIT	4,258	2,183	3,305	1,659	1,822	1,596	1,506	3,605
	954	945	1,073	876	1,006	872	1,004	
	5,212	3,128	4,378	2,535	2,828	2,468	2,510	5,409

Earnings excluding restatement of debt and net monetary liabilities

Slide 37 refers to net profit after tax, excluding exceptional items and restatement of net monetary liabilities, as detailed below. We believe that this provides useful information but should not be considered an indication of or alternate to net profit as an indicator of operating performance.

	H1 FY2005	H1 FY2004
	2,757	1,213
	(289)	(299)
	3,046	1,512

EBIT margin excluding third party product activities

Slide 22 refers to EBIT margins, excluding third party product activities, as detailed below. We believe that this provides useful information but should not be considered an indication of or alternate to margins derived from net profit as an indicator of operating performance.

US\$ million	H1 FY2005	FY2004	FY2003	FY2002
Turnover	15,521	24,943	17,506	17,778
EBIT	4,258	5,488	3,481	3,188
EBIT margin (%)	27.4	22.0	19.9	17.9
Turnover from third party product activities	4,067	6,660	3,382	2,190
EBIT from third party product activities	31	33	51	28
Turnover excluding third party product activities	11,454	18,283	14,124	15,588
EBIT excluding third party product activities	4,227	5,455	3,430	3,160
EBIT margin excluding third party product activities (%)	36.9	29.8	24.3	20.3

Interim Results

Non GAAP measures used within this presentation

EBIT margin by Customer Sector Group excluding third party product activities

Slide 23 refers to Customer Sector Group EBIT margins, excluding third party product activities, as detailed below. We believe that this provides useful information but should not be considered an indication of or alternate to margins derived from net profit as an indicator of operating performance.

US\$ million – H1 FY2005	Petroleum	Aluminium	Base Metals	CSM	DSP	Energy Coal	SSM
Turnover	3,171	2,615	2,353	3,229	1,136	1,640	1,013
EBIT	909	458	1,041	1,007	317	308	340
EBIT margin (%)	28.7	17.5	44.2	31.2	27.9	18.8	33.6
Turnover from third party product activities	1,224	1,108	375	95	523	344	2
EBIT from third party product activities	(3)	5	(11)	16	22	2	0
Turnover excluding third party product activities	1,947	1,507	1,978	3,134	613	1,296	1,011
EBIT excluding third party product activities	912	453	1,052	991	295	306	340
EBIT margin excluding third party product activities (%)	46.8	30.1	53.2	31.6	48.1	23.6	33.6

US\$ million – FY2004	Petroleum	Aluminium	Base Metals	CSM	DSP	Energy Coal	SSM
Turnover	5,558	4,432	3,422	4,857	1,710	2,569	1,749
EBIT	1,391	776	1,156	1,137	410	234	571
EBIT margin (%)	25.0	17.5	33.8	23.4	24.0	9.1	32.7
Turnover from third party product activities	2,331	1,823	335	102	829	554	47
EBIT from third party product activities	(22)	11	(4)	(9)	29	21	7
Turnover excluding third party product activities	3,227	2,609	3,087	4,755	881	2,015	1,702
EBIT excluding third party product activities	1,413	765	1,160	1,146	381	213	564
EBIT margin excluding third party product activities (%)	43.8	29.3	37.6	24.1	43.3	10.6	33.1

US\$ million – FY2003	Petroleum	Aluminium	Base Metals	CSM	DSP	Energy Coal	SSM
Turnover	3,264	3,386	1,954	3,714	1,485	2,089	1,106
EBIT	1,178	581	286	1,045	299	198	150
EBIT margin (%)	36.1	17.2	14.6	28.1	20.1	9.5	13.6
Turnover from third party product activities	296	1,333	38	26	747	413	10
EBIT from third party product activities	1	28	5	(2)	10	7	1
Turnover excluding third party product activities	2,968	2,053	1,916	3,688	738	1,676	1,096
EBIT excluding third party product activities	1,177	553	281	1,047	289	191	149
EBIT margin excluding third party product activities (%)	39.7	26.9	14.7	28.4	39.2	11.4	13.6



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