Financial results

Half year ended 31 December 2015

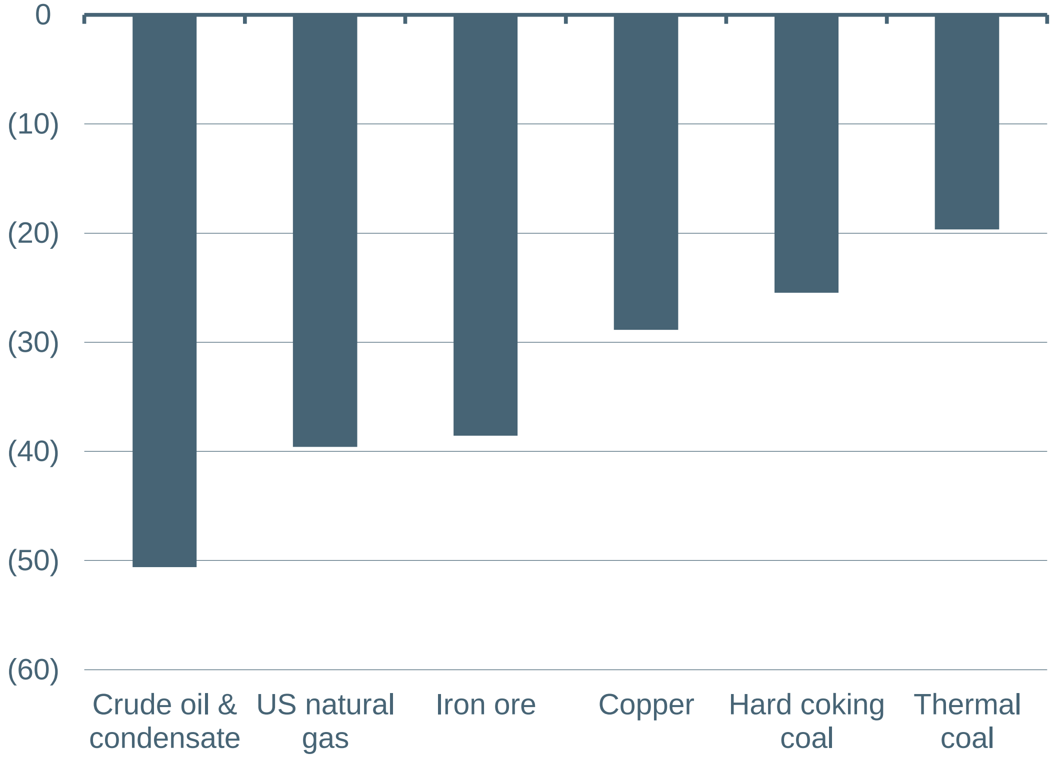
Andrew Mackenzie Chief Executive Officer

Escondida

Key themes

- **Well-supplied markets compounded by global economic uncertainty**
  - prices to remain low as markets rebalance
  - volatility to persist as China's economy transitions
  - recovery will take time but continue to see longer-term upside
- **We are resilient with robust free cash flow**
  - focused portfolio of quality assets following divestments and demerger
  - ongoing productivity focus ensures all businesses are cash generative
  - strong balance sheet with highest credit rating in the sector
- **Opportunity for those with financial strength**
  - dividend payout ratio provides valuable flexibility
  - security of tenure provides timing optionality on organic growth options
  - depressed asset values and falling share prices provide opportunities

Commodity markets have weakened significantly
(H1 FY15 to H1 FY16 price change[1], %)



1. BHP Billiton average realised sales prices.

Samarco

Reclamation work, Barra Longa

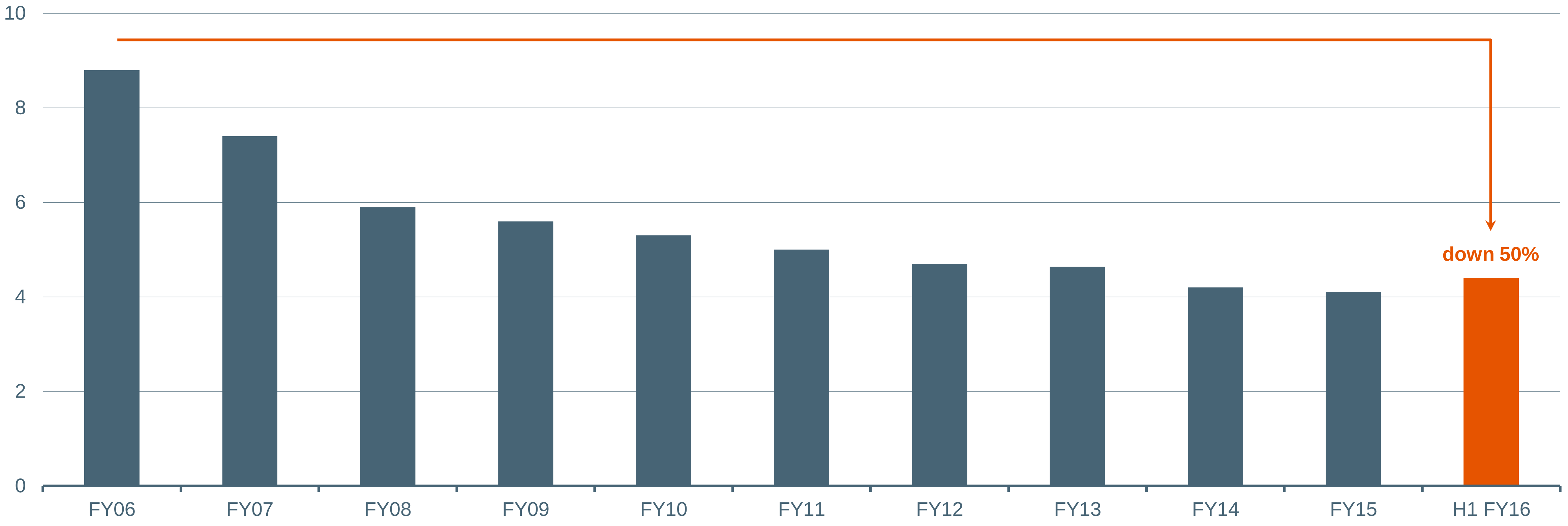
Infrastructure reconstruction, Mariana

Supporting fish rescue, Linhares

Monitoring room, Samarco

The health and safety of our people always come first

Total Recordable Injury Frequency at operated sites (excludes Samarco)
(number of recordable injuries per million hours worked[1])



1. FY06 to FY15 presented on a total operations basis.

Financial results

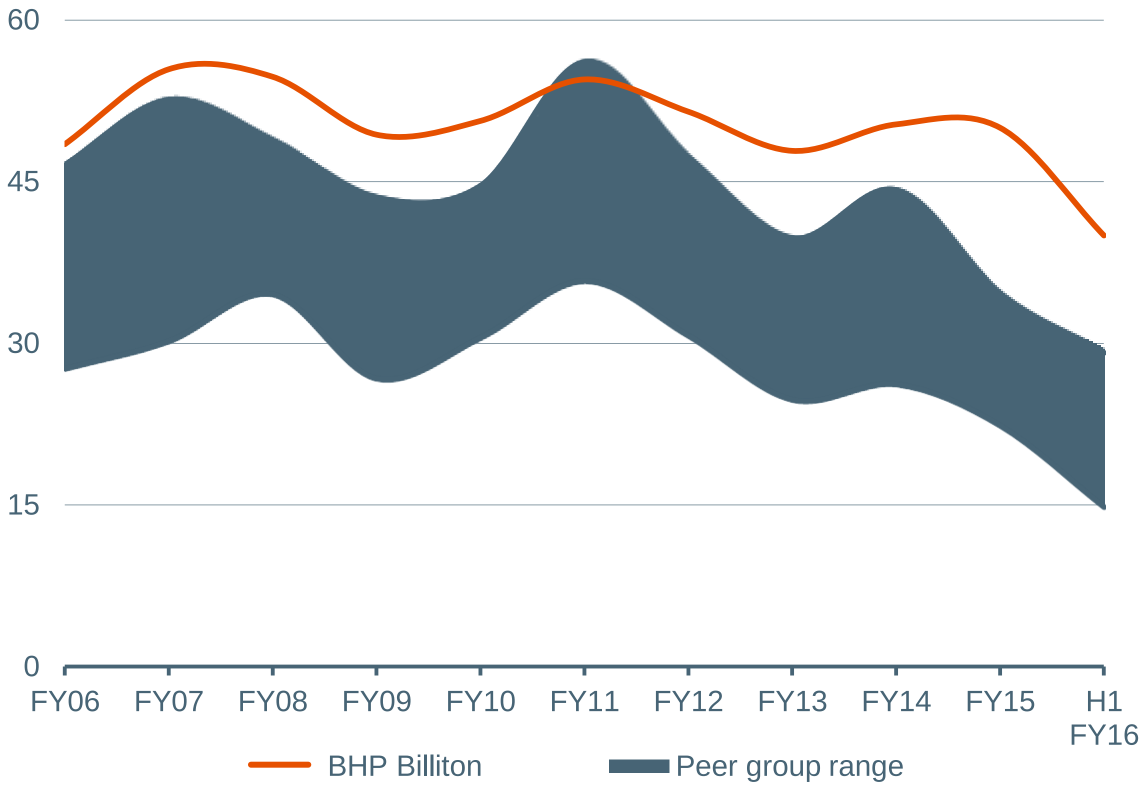
Half year ended 31 December 2015

Peter Beaven Chief Financial Officer

Strong cash flow

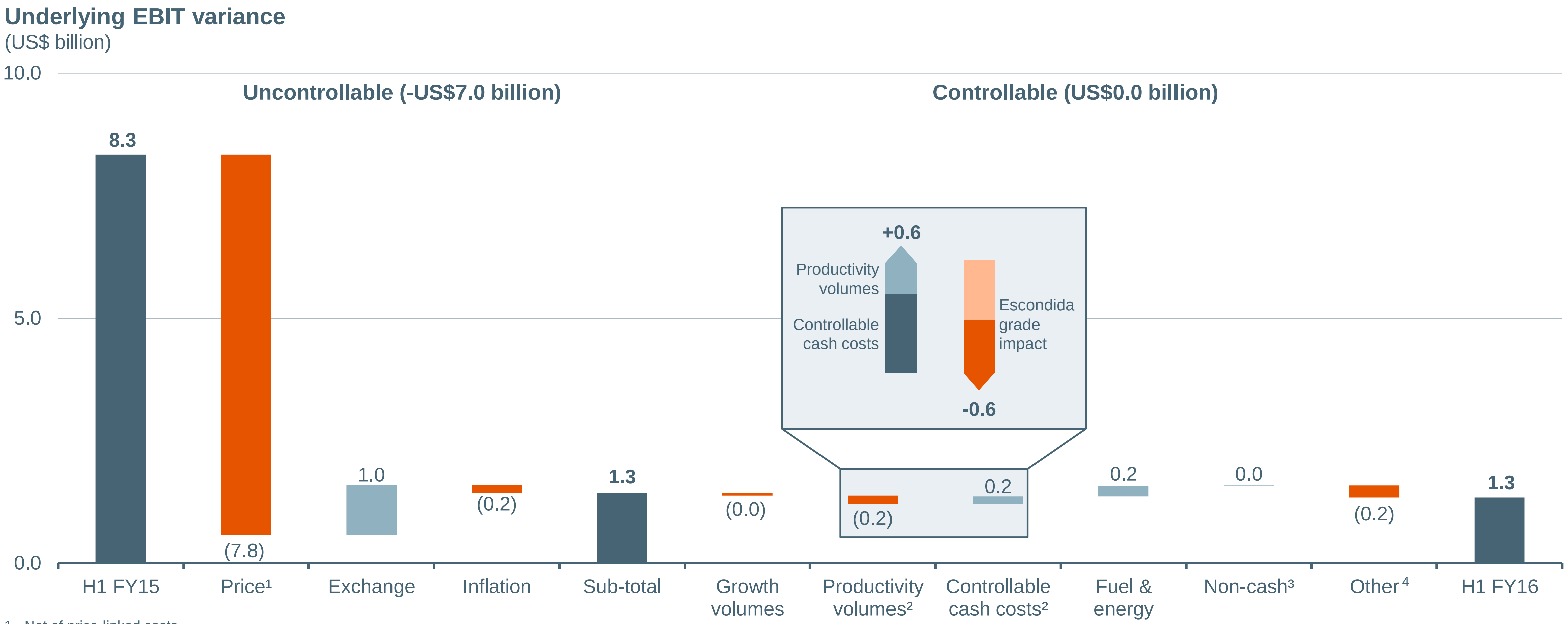
- **Asset quality and operating performance provide resilience**
  - net operating cash flow of US$5.3 billion
  - Underlying EBITDA margin of 40%
- **Balance sheet provides strong foundations**
  - net debt of US$25.9 billion
  - strongest credit rating in the sector
- **Minimum 50% payout ratio dividend provides flexibility**
  - minimum payout of US$0.04 per share
  - additional amount of US$0.12 per share
  - total interim dividend of US$0.16 per share
- **Capital allocation hierarchy provides discipline**
  - capital and exploration expenditure down to US$7 billion in FY16 and US$5 billion in FY17[1]
  - free cash flow allocated to maximise returns and value

Leading margins through the cycle
(Underlying EBITDA margin[2], %)



1. BHP Billiton share; excludes capitalised deferred stripping and non-controlling interests; includes BHP Billiton proportionate share of equity accounted investments.
2. Underlying EBITDA margins exclude exceptional items and third party trading. BHP Billiton data for FY06 to FY14 presented on a total operations basis. Peer group comprises Anglo American and Rio Tinto from FY06 to H1 FY16 and Vale from FY06 to FY15.

Falling prices weighed on EBIT



1. Net of price-linked costs.
2. Includes Escondida grade impact on productivity volumes variance (US$342 million) and controllable cash costs variance (US$299 million) . Excludes capitalised exploration variance (US$152 million).
3. Non-cash includes depreciation, deferred stripping and impairment.
4. Other includes ceased and sold operations, asset sales, one-off items and other items (including profit/loss from equity accounted investments).

Financial impact of Samarco dam failure

- Total after tax charge of US$858 million recognised by BHP Billiton
  - US$655 million share of loss relating to the Samarco dam failure
  - US$525 million impairment of the carrying value of the investment in Samarco
  - US$8 million of costs incurred directly by BHP Billiton in relation to the Samarco dam failure
  - offset by a tax benefit of US$330 million (write-off of deferred tax liabilities)
- BHP Billiton investment in Samarco written down to nil at 31 December 2015
- Samarco continues to assess environmental and socio-economic rehabilitation and legal contingencies
  - magnitude and timing subject to a very high degree of uncertainty

Equity accounted investment in Samarco

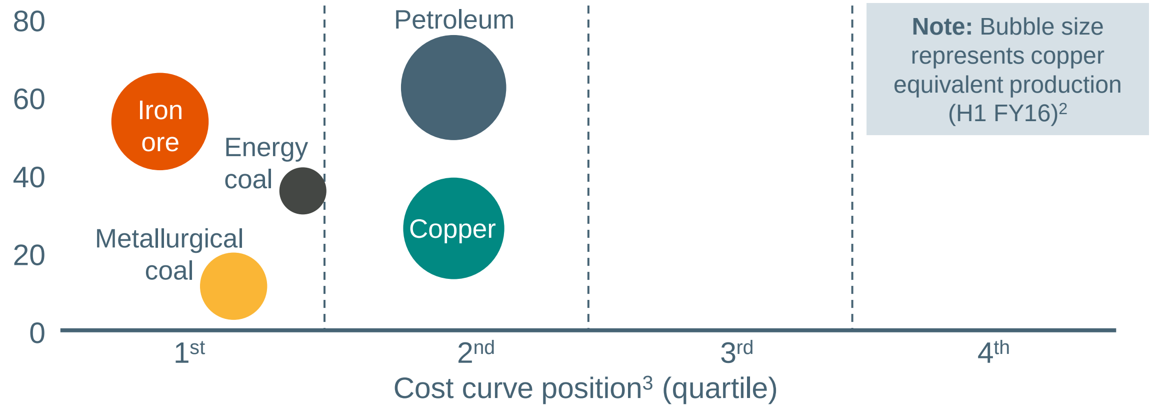
Half year ended 31 December 2015	US$ million
At the beginning of the reporting period	**1,044**
Share of operating profit prior to the Samarco dam failure	136
Share of loss relating to the Samarco dam failure	(655)
Impairment of the carrying value of the investment in Samarco	(525)
(Loss)/profit from equity accounted investments and related impairments	**(1,044)**
Investment	-
Dividends received	-
At the end of the reporting period	-

Tier 1 assets and operational excellence provide resilience

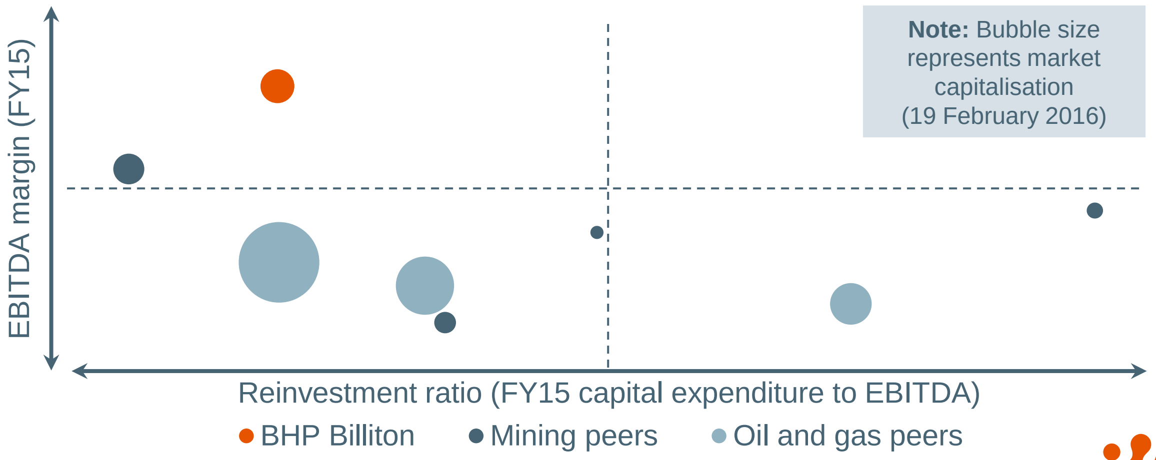
- Sustainable free cash flow
  - optimised portfolio of well-capitalised, low-cost, long-life assets following divestments and demerger
  - operational excellence and ongoing productivity gains
  - rising capital efficiency from high-return latent capacity
- Free cash flow provides valuable optionality in the current environment
  - US$1.2 billion of free cash flow over the last six months
  - free cash flow positive in FY16 at current prices[1]

Our portfolio of high-quality assets…

(H1 FY16 Underlying EBITDA margin, %)



…supports our competitive position



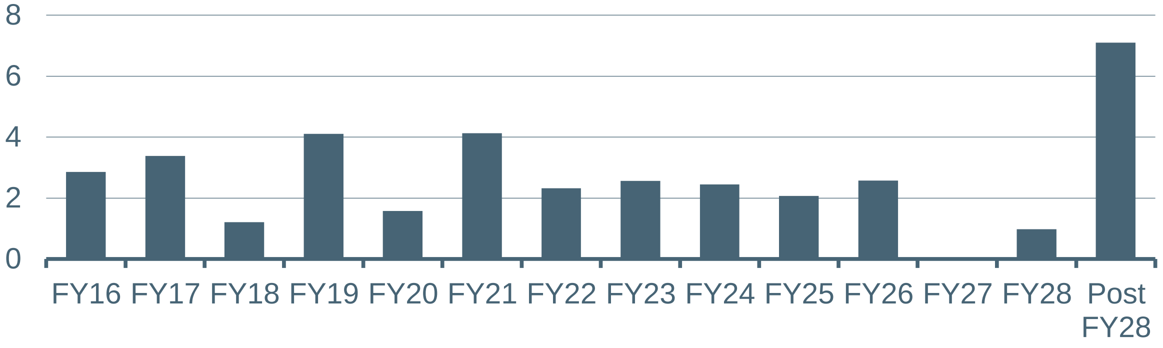
1. At February 2016 spot prices.
2. Copper equivalent production based on FY15 realised prices.
3. Weighted average equity share of production on a quality-adjusted operating cost basis in CY15 versus contestable demand in the markets in which our assets operate.

Value in a strong balance sheet

- Our balance sheet is strong
  - long-dated maturity profile with low refinancing risk
  - highest credit rating in the sector
  - net debt broadly unchanged over the last 12 months
  - liquidity of US$11 billion in cash plus US$6 billion in revolving credit facility
- Balance sheet strength is a priority
  - insulates operations from volatility
  - supports consistent investment through the cycle
  - provides valuable optionality

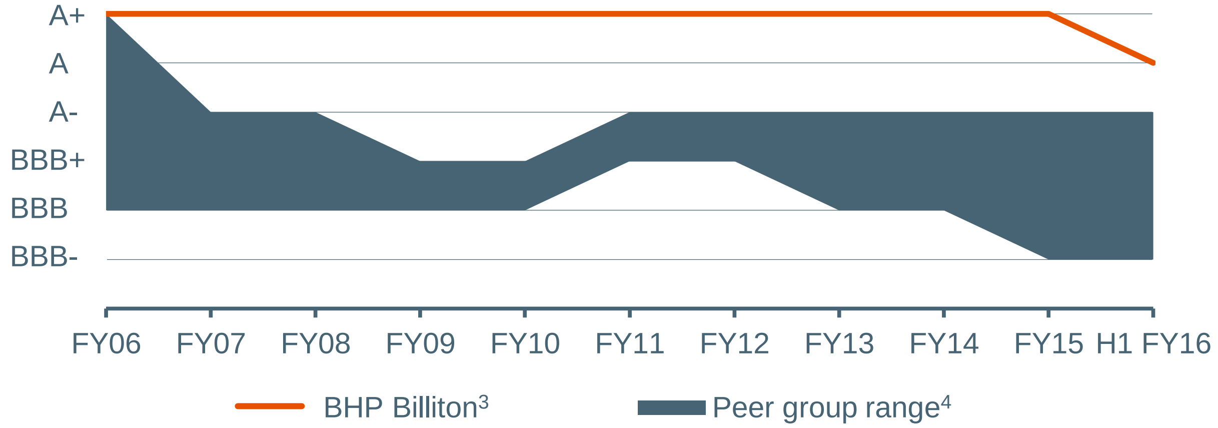
Long-dated maturity profile[1]

(debt maturity profile, US$ billion[2])



Consistently highest credit rating in the sector

(credit rating, Standard & Poor's)



1. All debt balances are represented in notional US$ values and based on financial years. As at 31 December 2015.
2. Subsidiary, associates and joint venture entities debt is presented in accordance with IFRS 10 and IFRS 11. Includes hybrid bonds (18% of portfolio: 9% in US$, 6% in Euro, 3% in Sterling).
3. BHP Billiton's S&P credit rating changed on 1 February 2016.
4. Peer group comprises Anglo American, Rio Tinto and Vale.

Financial results
Half year ended 31 December 2015

Andrew Mackenzie Chief Executive Officer

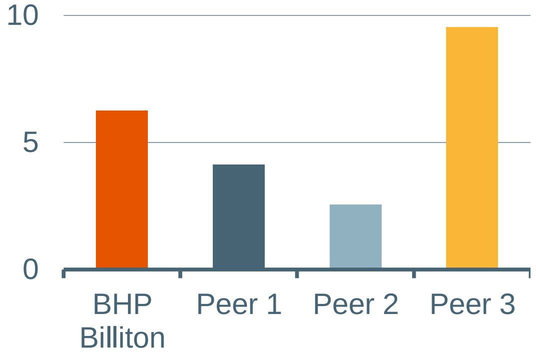
Sector-leading capital management track record

- Our capital management policies have been well suited to macroeconomic conditions since the merger…
  - average annual volume growth of >6%
  - average ROIC of 22%, highest in the sector
  - returned ~US$77 billion in dividends and buy-backs
  - maintained sector's highest credit rating

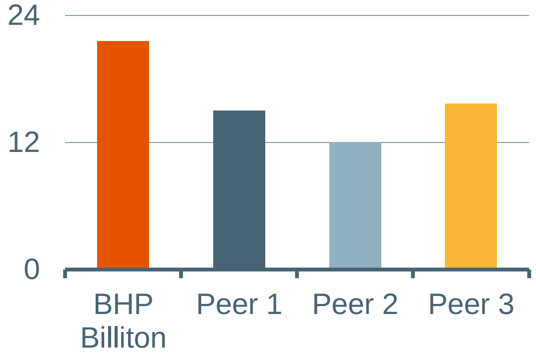
…however these policies are less suited to the market conditions that we expect over coming years

- We continue to adapt rapidly to the changing environment
  - significantly reduced capital expenditure
  - early mover on reset of operational costs
  - optimised portfolio through divestments and demerger
  - hybrids provide additional funding flexibility
  - new dividend policy

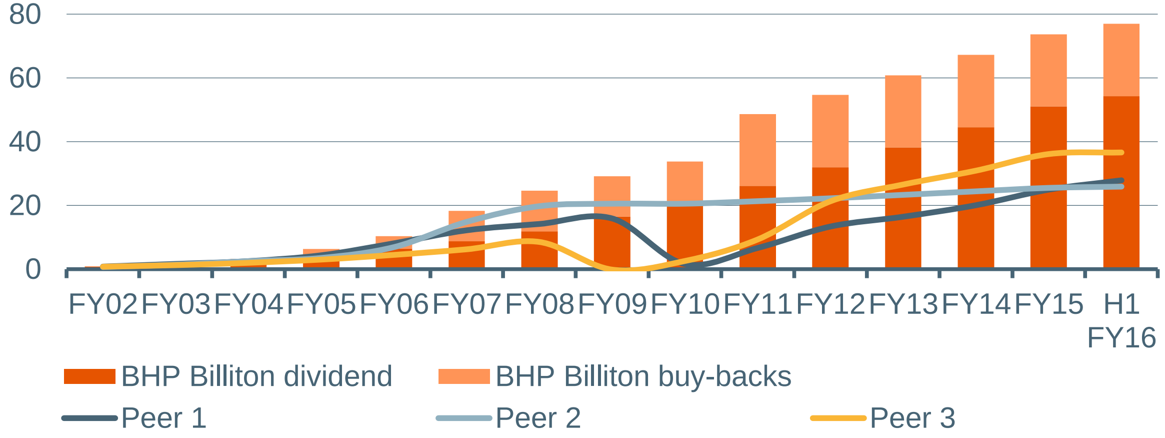
Volume growth
(FY02 to FY15 CAGR, %)



Return on invested capital
(FY02 to FY15 average, %)



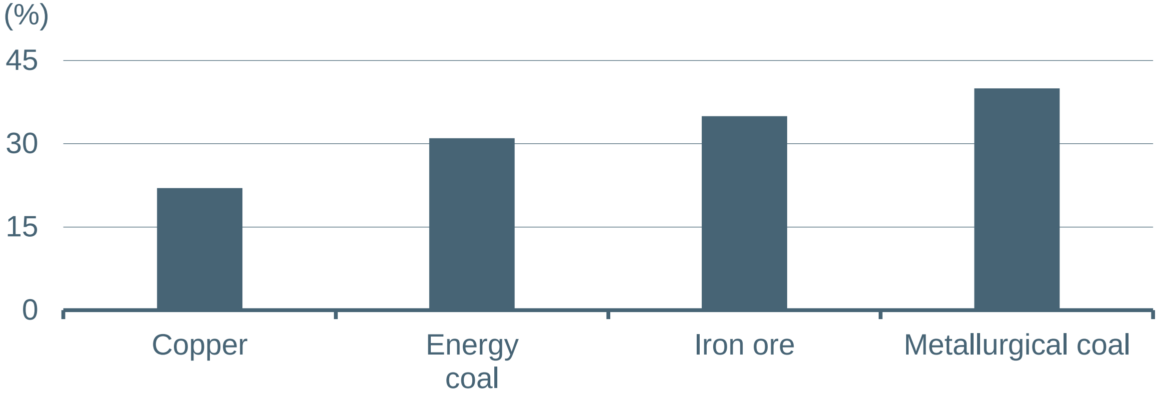
Cash returns to shareholders
(cumulative, US$ billion)



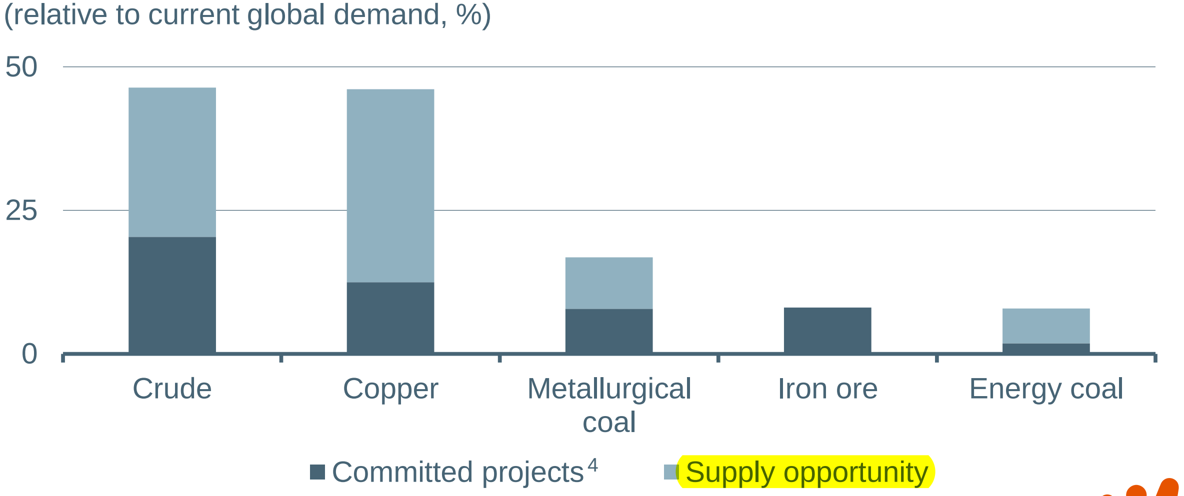
Markets are undergoing significant changes

- Rate, magnitude and correlation of decline in commodity prices has surprised
  - signs of faster transition from industry to services in China
  - loss-making capacity continues to operate
  - industry has reduced costs more quickly than expected
  - OPEC supply strategy
- We expect continued episodes of price volatility in the short to medium term
- Prices will take some time to recover but we continue to see longer-term upside, particularly in copper and oil
  - 1.2 billion additional people by 2030
  - 1.1 billion more people living in cities by 2030
  - 1.8 billion people will gain access to power by 2030
  - >500 million additional passenger vehicles by 2030

Proportion of industry supply loss-making at current prices[1]



Additional supply required to meet demand in 2025[2,3]

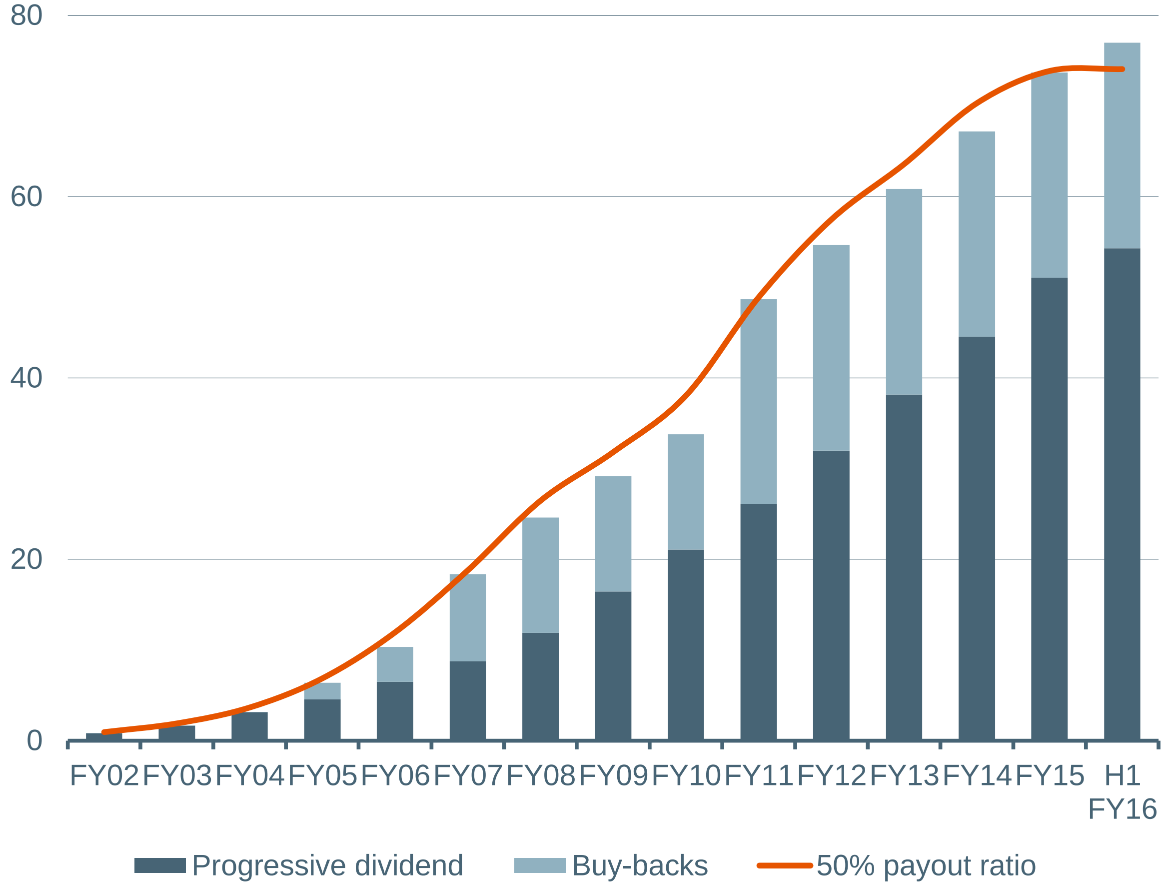


Source: Macquarie Research, Wood Mackenzie, United Nations, BHP Billiton analysis.
1. Cash cost basis.
2. Seaborne demand for energy coal, metallurgical coal and iron ore.
3. Includes additional supply required to offset depletion and natural field decline.
4. Includes 'highly probable' projects.

A more flexible dividend policy

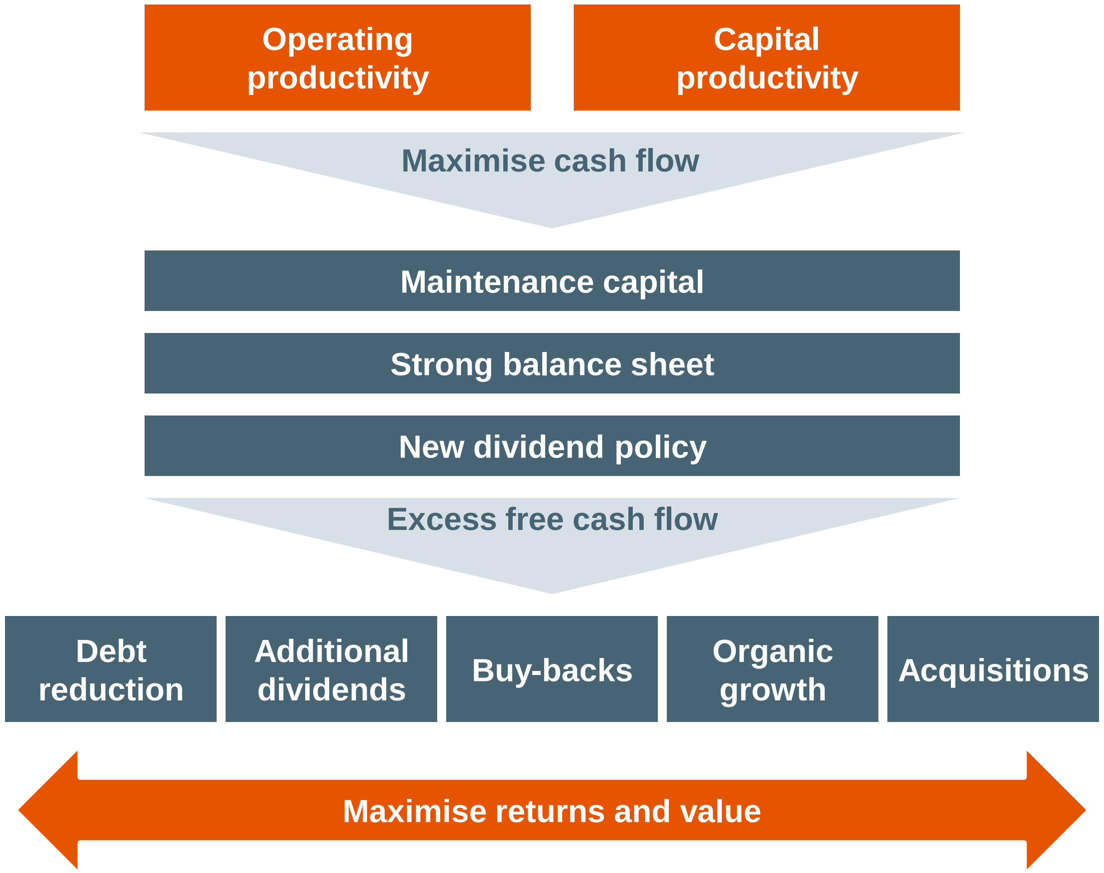
- Minimum dividend of 50% of Underlying attributable profit
  - minimum 50% payout of US$0.04 per share
  - additional amount of US$0.12 per share this period reflects Board's upwards discretion
- A flexible policy for a volatile world
  - more closely linked to cyclical performance of the business
  - in-line with historical returns via dividends and buy-backs
  - no reduction in intent to pay meaningful dividends
  - part of broader, coordinated strategy to enhance optionality

Our new dividend policy is aligned with our historical cash returns
(cumulative, US$ billion)



Financial discipline to optimise returns and value

- We continue to generate material cash flow
  - provides capital allocation optionality
- We will strictly adhere to a disciplined capital allocation hierarchy
  - maintenance capital supports safety and operational excellence
  - balance sheet provides protection at all points of the cycle
  - new dividend policy adds flexibility
  - debt reduction, buy-backs, additional dividends, growth and acquisitions to compete for excess free cash flow
- Excess free cash flow will be allocated to maximise returns and value with a focus on…
  - ROC[1] to focus on investment accountability
  - NPV[2] per share to ensure investment competes with share buy-backs

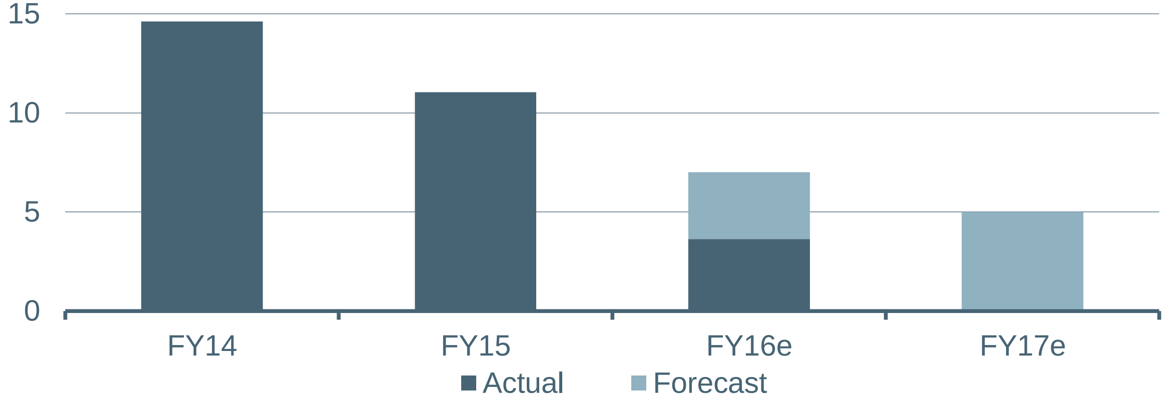


1. Underlying return on capital represents net profit after tax, excluding exceptional items, discontinued operations and net finance costs (after tax), divided by average capital employed. Capital employed is net assets before net debt.
2. Net present value represents the estimated future cash flows expected to arise from the continued use of assets, including any expansion prospects and eventual disposal, discounted at an appropriate rate.

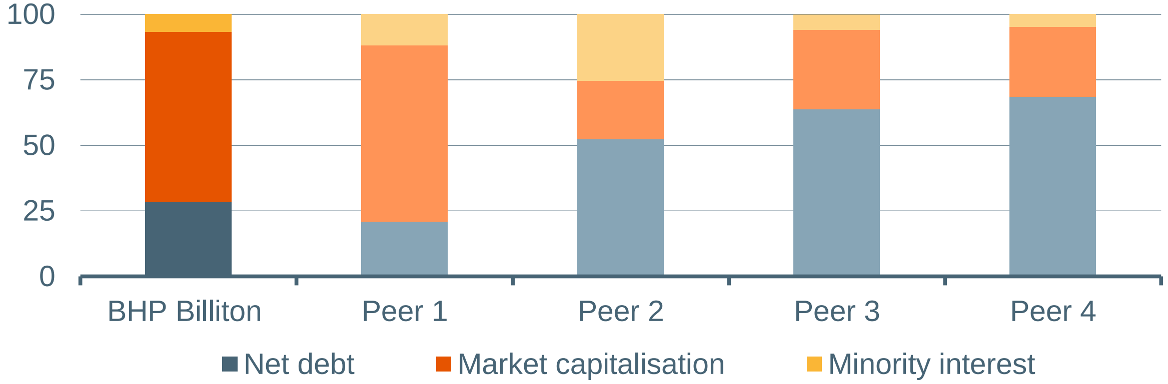
Competition for free cash flow

- Near-term competitive opportunities
  - major projects in execution in Copper and Petroleum
  - capital-efficient latent capacity
- Onshore US focused on near-term cash preservation and long-term value maximisation
  - Eagle Ford rig count down to 3 from a peak of 32
- High-quality pipeline of medium to longer term projects
  - average returns >20%[1]
  - value of >US$40 billion[2]
  - security of tenure provides timing optionality
- Continuing to invest in exploration
- Falling asset values, development costs and share prices provide opportunity

Disciplined capital expenditure focused on efficiency and flexibility[3]
(US$ billion)



Well positioned in the current environment
(enterprise value, %)

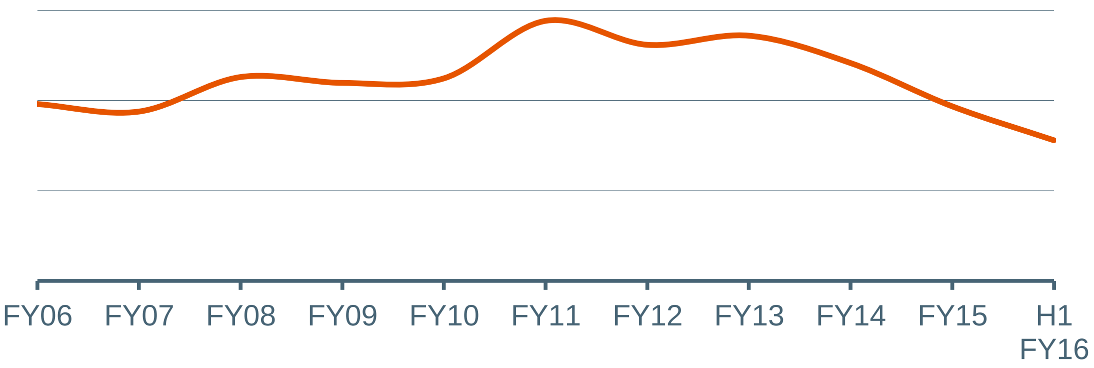


Source: Bloomberg data at 31 January 2016.
1. Ungeared, post-tax, nominal return; valuation date 1 July 2015.
2. Growth portfolio under our long-term price forecasts.
3. Presented on a continuing operations basis. Represents the share of capital and exploration expenditure attributable to BHP Billiton on a cash basis. Includes BHP Billiton proportionate share of equity accounted investments; excludes capitalised deferred stripping and non-controlling interests.

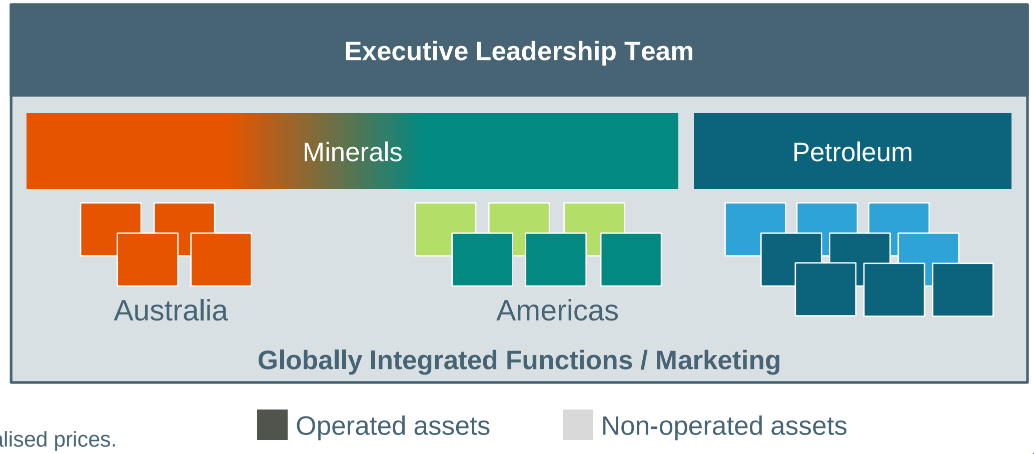
More to come from productivity

- Embedded annualised productivity gains of >US$10 billion since FY12
  - reduced average unit costs by >40% since the beginning of our productivity journey
- Further US$472 million secured in H1 FY16 excluding Escondida grade impact of US$641 million
- Expect to deliver US$2.1 billion of productivity gains in FY16 excluding Escondida grade impact of US$1.5 billion
  - significant potential for additional gains despite slowing rate
- We expect to continue reducing our operating costs more deeply than our peers
- Our new organisational structure is the next step to further delayer, streamline and simplify
  - assets freed to focus on safety, volume and cost
  - enabled by globally integrated functional activities
  - global centres of excellence for projects and maintenance will be established

Unit costs continue to fall rapidly[1]
(US$ per copper equivalent tonne)



Simplified organisation structure[2]



1. Presented on a total operations basis. Unit costs are calculated using Group copper equivalent production based on FY13 average realised prices.
2. Samarco and Jansen currently report into Dean Dalla Valle, Chief Commercial Officer.

Key themes

- **Well-supplied markets compounded by global economic uncertainty**
  - prices to remain low as markets rebalance
  - volatility to persist as China's economy transitions
  - recovery will take time but continue to see longer-term upside
- **We are resilient with robust free cash flow**
  - focused portfolio of quality assets following divestments and demerger
  - ongoing productivity focus ensures all businesses are cash generative
  - strong balance sheet with highest credit rating in the sector
- **Opportunity for those with financial strength**
  - dividend payout ratio provides valuable flexibility
  - security of tenure provides timing optionality on organic growth options
  - depressed asset values and falling share prices provide opportunities

Tier 1 Assets

Operational Excellence

Financial Flexibility

Disciplined Capital Hierarchy

bhpbilliton

bhpbilliton

Appendix

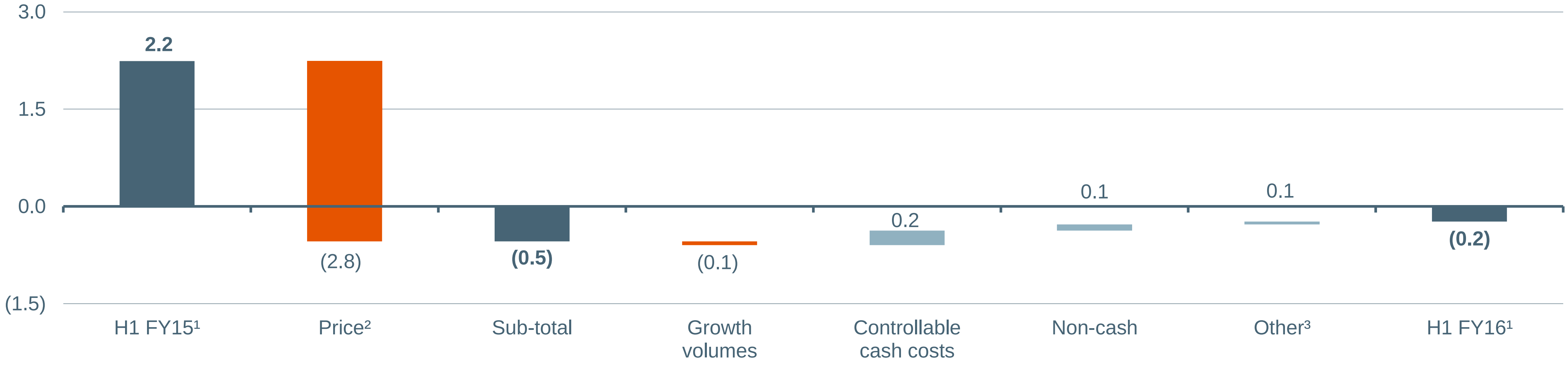
A simpler and more productive organisation

	Operated	Non-operated	Non-core
Minerals Australia	 Western Australia IO  Queensland Coal  NSW Energy Coal  Olympic Dam		 Nickel West
Minerals Americas	 Escondida  Pampa Norte  Jansen (CCO portfolio)	 Antamina  Cerrejón  Samarco (CCO portfolio)	 New Mexico Coal
Petroleum	 Onshore US  Shenzi  Angostura  Pyrenees  Macedon	 Atlantis  Mad Dog  Bass Strait  North West Shelf	 Smaller assets

Petroleum

- Production decreased by 5% to 124.7 MMboe due to deferred development activity in Onshore US and natural field decline in Conventional
- The decline in non-cash costs reflects the non-recurrence of Onshore US non-exceptional impairment charges in the prior period
- Other items include Onshore US rig termination charges of US$65 million (H1 FY15: US$13 million)

Underlying EBIT variance
(US$ billion)



1. Excludes closed mines.
2. Net of price-linked costs.
3. Other includes: exchange rates; inflation; asset sales; ceased and sold operations; other items.

Crude oil

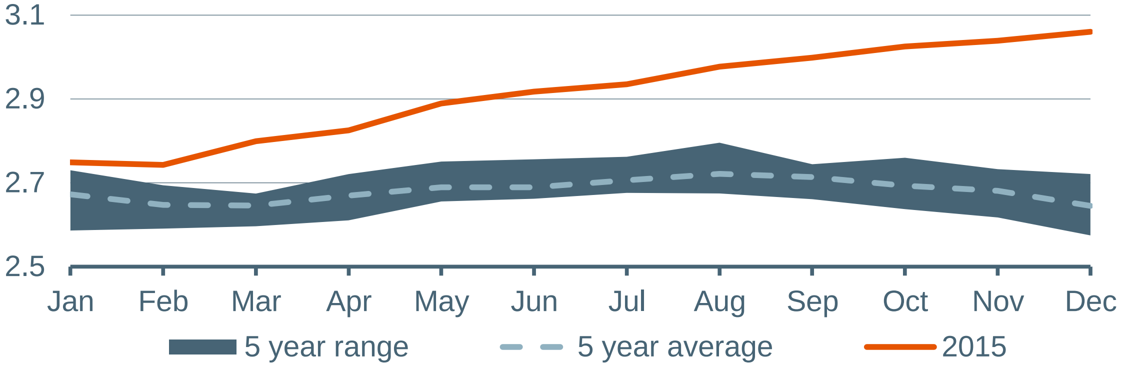
Short-term drivers

- Crude oil prices under pressure
  - OPEC decision to maintain production levels
  - resilient non-OPEC supply
  - large, growing inventories
- Market expected to rebalance in CY17
  - demand growth outpaces supply growth

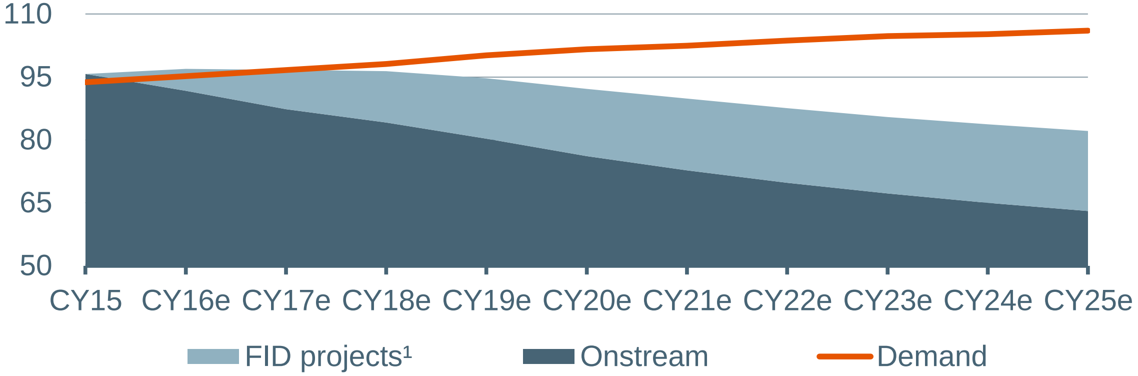
Long-term outlook

- Long-term demand for oil remains positive
  - supported by increased transport and industrial activity in developing countries
- Existing fields are declining at 3 to 4 MMbbl/d per annum
- Higher prices will be required to induce the new supply needed to meet growing demand and offset natural field decline

OECD commercial inventory of crude oil and other liquids
(billion bbl)



Crude oil and other liquids supply and demand
(MMbbl/d)



Source: EIA, BHP Billiton analysis.
1. Projects for which the final investment decision has been made.

bhpbilliton

US natural gas

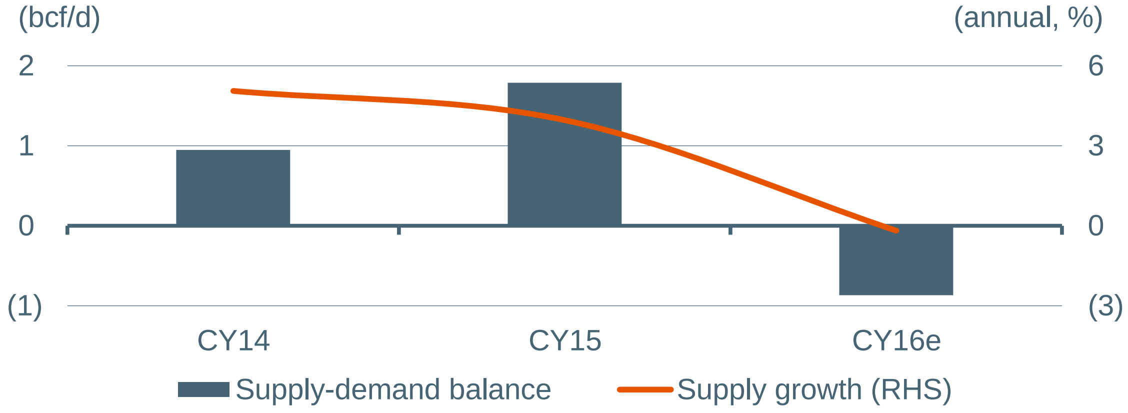
Short-term drivers

- Weaker winter demand combined with ongoing supply overhang contributing to high inventory levels
- Market expected to rebalance in CY16
  - demand grows on commencement of LNG exports and higher North American domestic consumption
  - production declines due to the impact of lower prices[1]

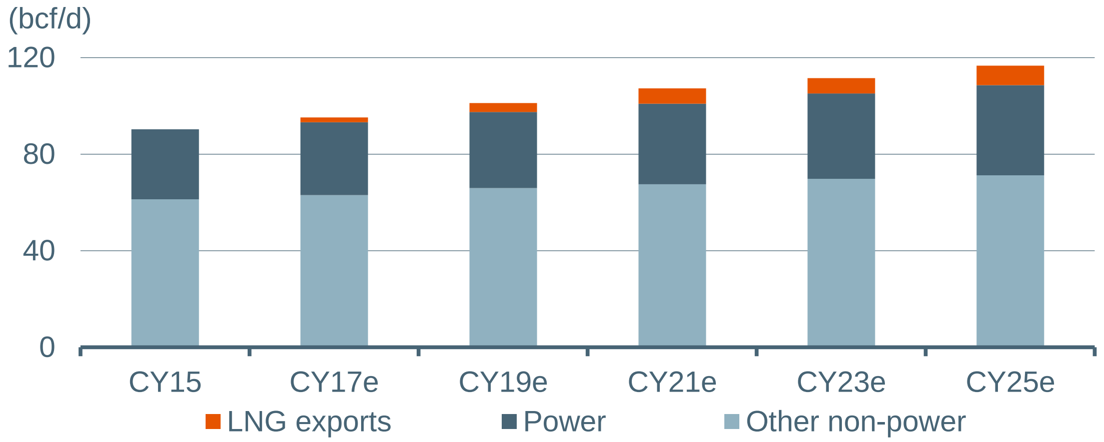
Long-term outlook

- Strong demand outlook
  - growth in exports
  - rising gas power generation
  - increasing industrial consumption
- Continued investment in new supply sources will be required to replace natural field decline
  - abundant lower-cost supply will moderate price inflation

North American gas supply and demand



North America gas demand

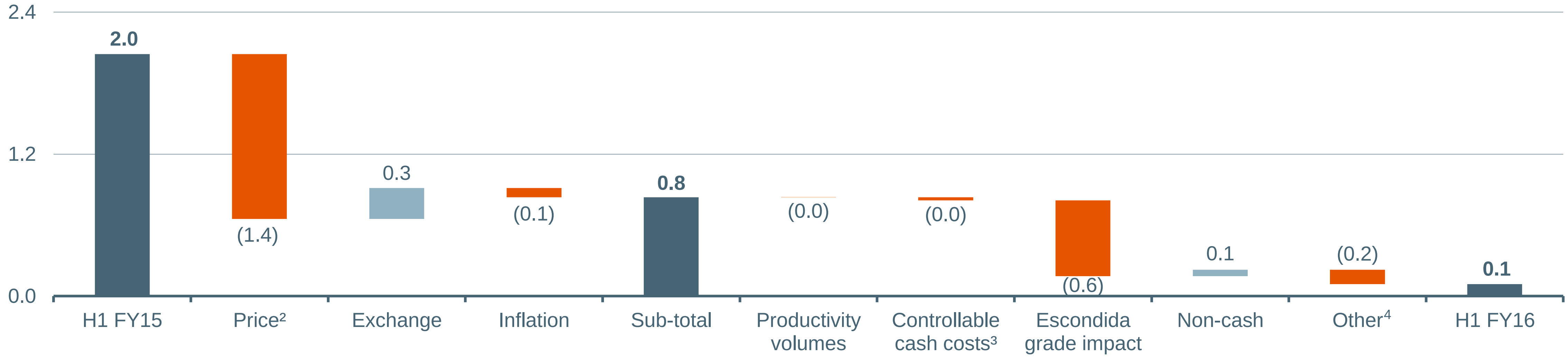


Source: BHP Billiton analysis.
1. Assumes flat rig count.

Copper

- Escondida grade decline unfavourably impacted productivity volumes by US$342 million and controllable cash costs by US$299 million
- Escondida EBIT also impacted by inventory movements and write-downs of US$448 million
  - partial drawdown of historical low-grade inventory to maximise utilisation of concentrator capacity post OGP1 commissioning
  - the Escondida 3.0 productivity program supported a 12 per cent reduction in net cash costs[1] despite record material mined

Underlying EBIT variance
(US$ billion)



1. Movement in underlying net cash costs excludes inventory movements and write-downs of US$448 million.
2. Net of price-linked costs.
3. Includes drawdown of higher-cost inventory built up in prior periods and write-downs, predominantly at Escondida, of US$578 million.
4. Other includes: fuel and energy; asset sales; other items (including profit from equity accounted investments).

Copper

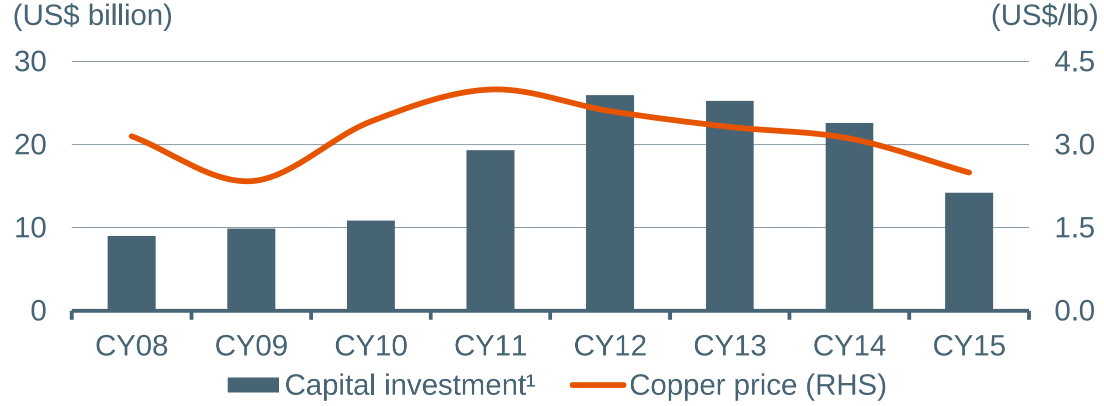
Short-term drivers

- Prices fell as demand growth in China underperformed against expectations while supply from new projects continued to enter the market, compounded by a strengthening US dollar and falling mining costs
- In CY16, focus will again be on Chinese copper demand growth, as well as potential production cuts in the face of new projects and expansions

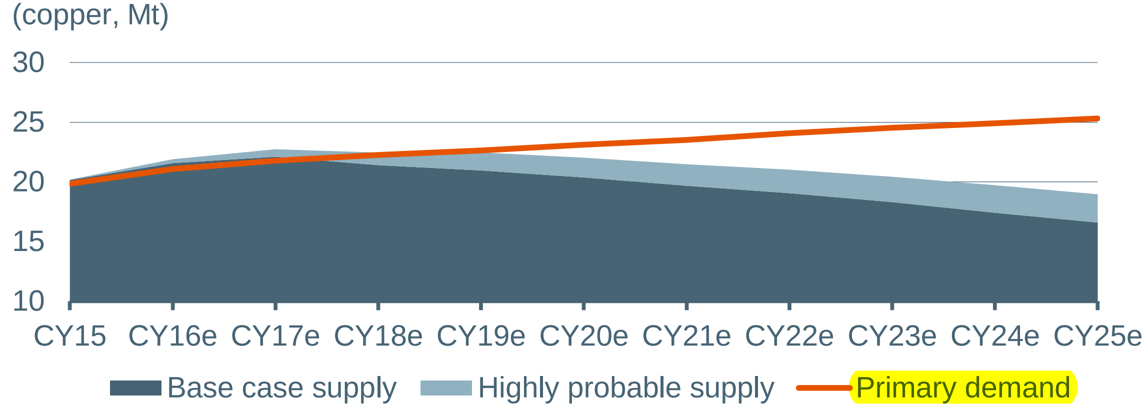
Long-term outlook

- Demand will continue to grow as China transitions to a consumer-driven economy, and as emerging markets develop
- Forecast near-term oversupply from surge in investment between CY11 to CY14 expected to transition to a structural deficit at the end of the decade, requiring new supply to be brought on line
- Supply is increasingly challenged, with future production expected to require significant infrastructure investment

Surge in capital investment following high prices



Deficit expected to emerge at the end of the decade



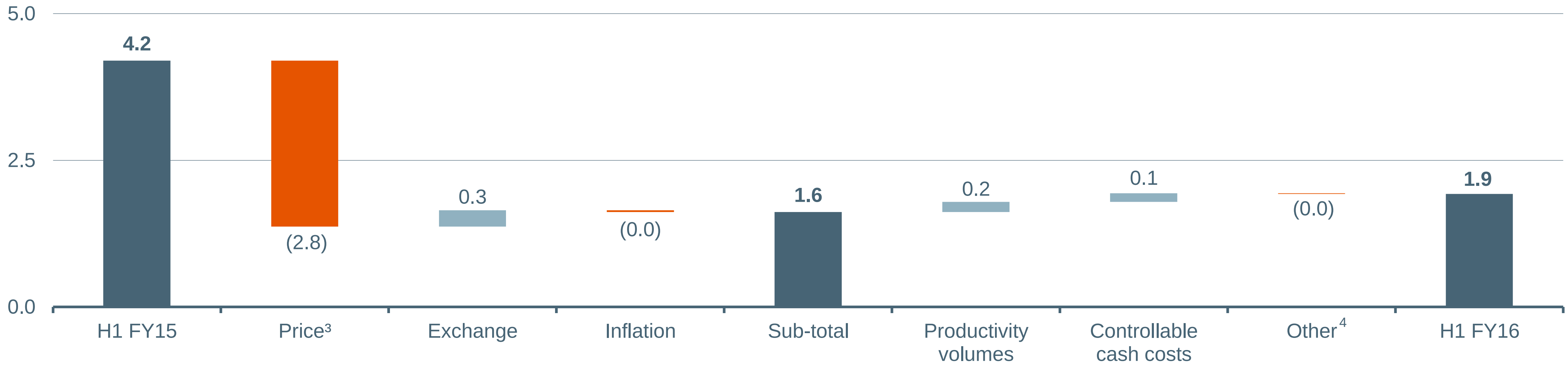
Source: Wood Mackenzie.
1. Estimated primary mining industry capital spend.

bhpbilliton

Iron Ore

- WAIO production increased by 6% to a record 131 Mt[1] underpinned by Jimblebar operating at full capacity and improved plant utilisation at Newman
- WAIO unit cash costs declined 25% to US$15.21 per tonne with full year guidance remaining unchanged at US$15 per tonne[2]

Underlying EBIT variance
(US$ billion)



1. 100% basis.
2. Unit cash costs exclude freight and royalties. FY16 guidance based on an exchange rate of AUD/USD 0.72.
3. Net of price-linked costs.
4. Other includes: fuel and energy; depreciation, deferred stripping and impairment; asset sales; other items.Other items includes net profit from the equity accounted investment in Samarco, but does not include any financial impacts following the Samarco dam failure which has been treated as an exceptional item.

Iron ore

Short-term drivers

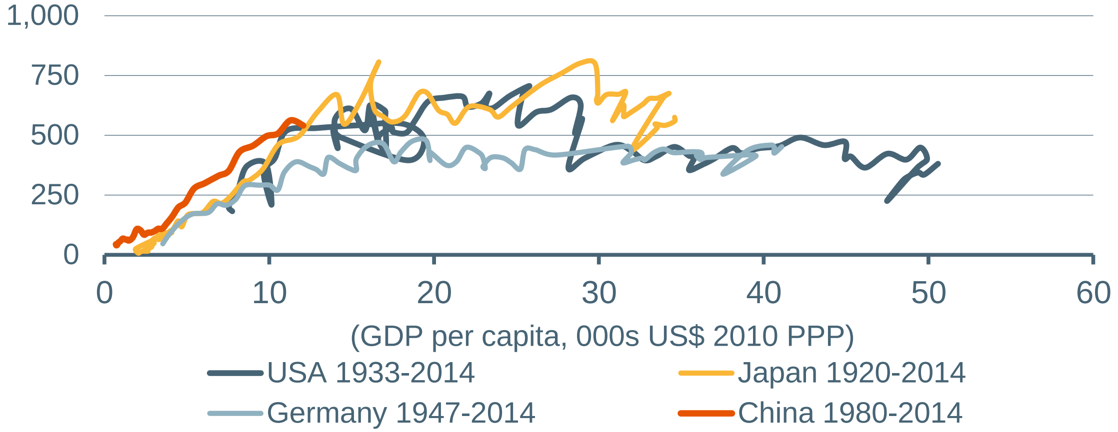
- China's steel demand becoming more variable as the country transitions to the next phase of development
- Iron ore prices likely to remain low on currently weak demand from China and rising seaborne supply
- The marginal cost of supply continues to decline

Long-term outlook

- The cost curve will continue to flatten in the medium term as low-cost supply exceeds demand growth
- Iron ore contestable demand will peak in line with China's steel production and increased scrap availability

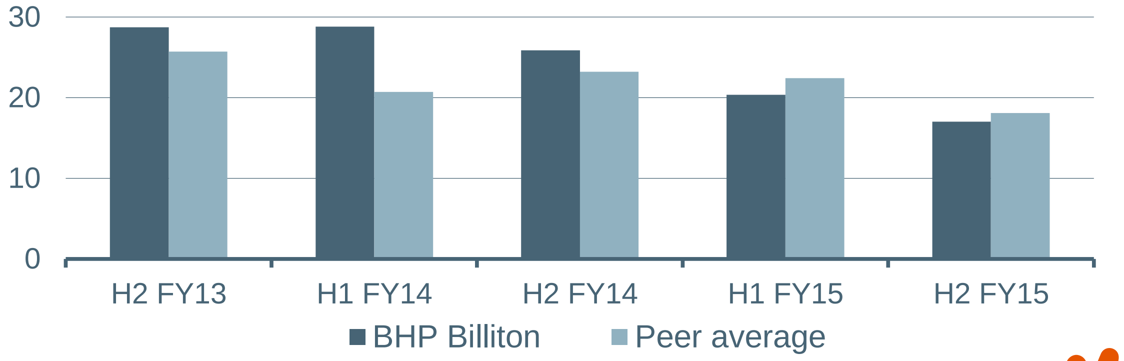
Steel intensity per capita

(kg crude steel per capita, per annum)



FOB unit cost comparison[1]

(US$/wmt)



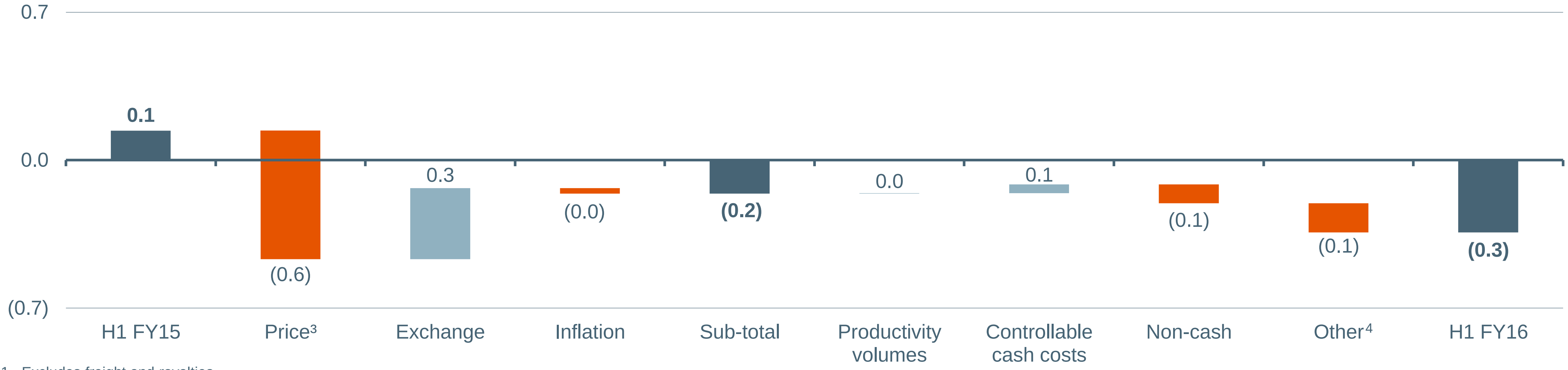
Source: World Steel Association, Company results, BHP Billiton analysis.

1. Weighted average unit cost of major peers, excluding royalties.

Coal

- Queensland Coal unit cash costs[1] declined by 17%, as the operations benefited from a stronger US dollar, lower diesel prices and a further reduction in labour and contractor costs
  - unit costs for FY16 now expected to be US$59 per tonne[2], as favourable currency movements offset removal of Crinum volumes
- One-off items represent royalty and taxation matters of US$118 million

Underlying EBIT variance
(US$ billion)



1. Excludes freight and royalties.
2. Based on an exchange rate of AUD/USD 0.72.
3. Net of price-linked costs.
4. Other includes: fuel and energy; asset sales; ceased and sold operations; other items (including loss from equity accounted investments).

Metallurgical coal

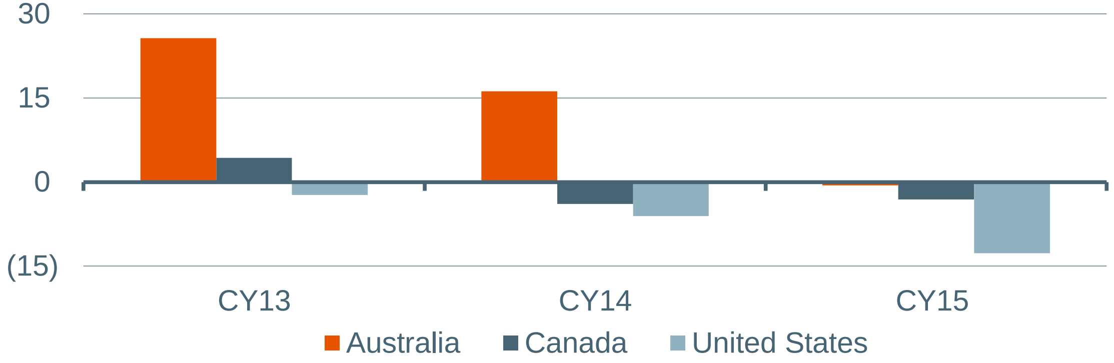
Short-term drivers

- Supply is being curtailed, however further production cuts are required to offset weakening demand
- China continues to import high-quality coals, but competition with domestic supply remains strong
- Australian exports are gaining market share in Europe as US supply looks increasingly unsustainable

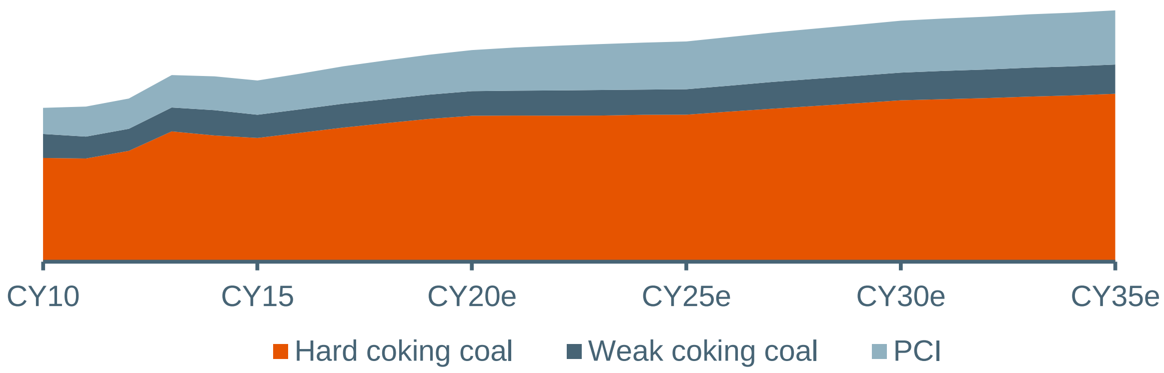
Long-term outlook

- High-cost US and Chinese supply will continue to exit the market
- Seaborne coal will remain competitive in China due to coastal market access and coal quality requirements
- Growth in India and other emerging economies will support metallurgical coal demand in the long term

Seaborne metallurgical coal supply growth
(Mtpa, year-on-year change)

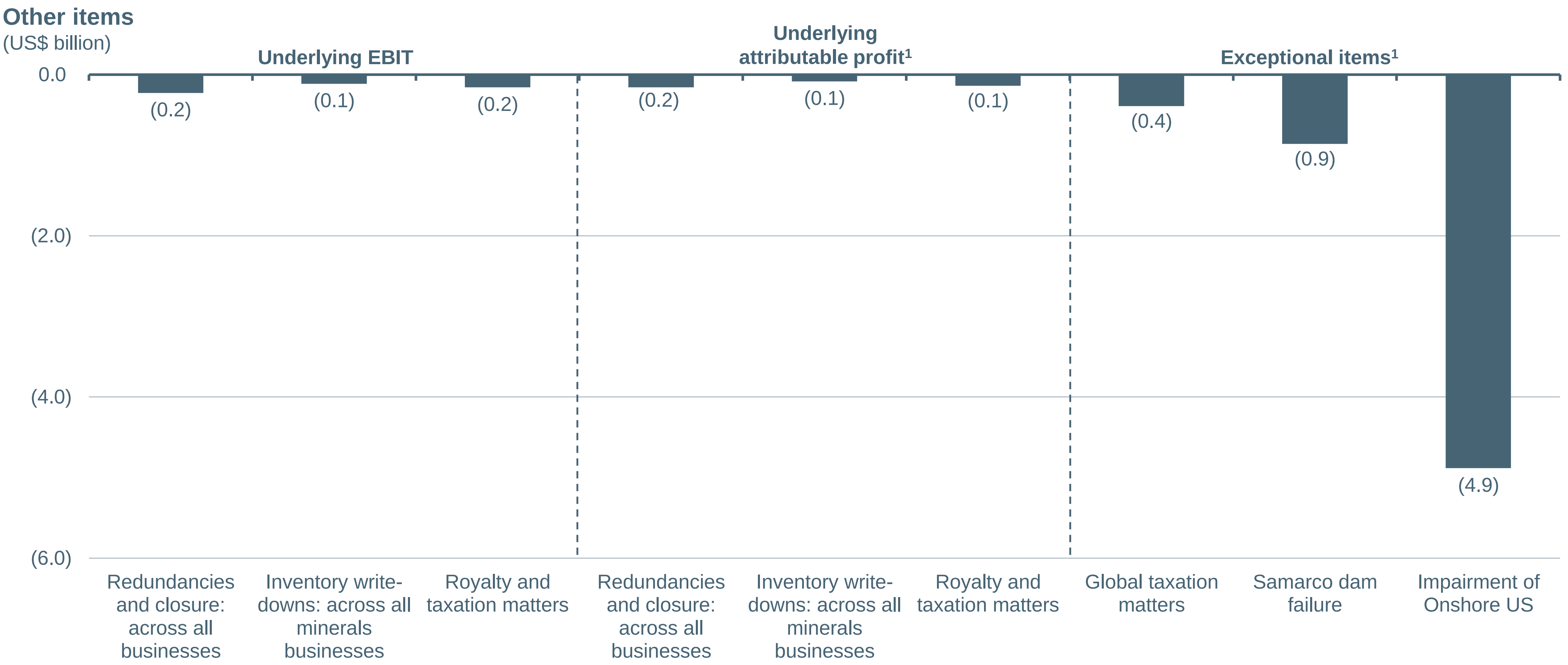


Seaborne metallurgical coal demand
(Mt)



Source: Global Trade Atlas from IHS, BHP Billiton analysis.

Other items affecting profitability

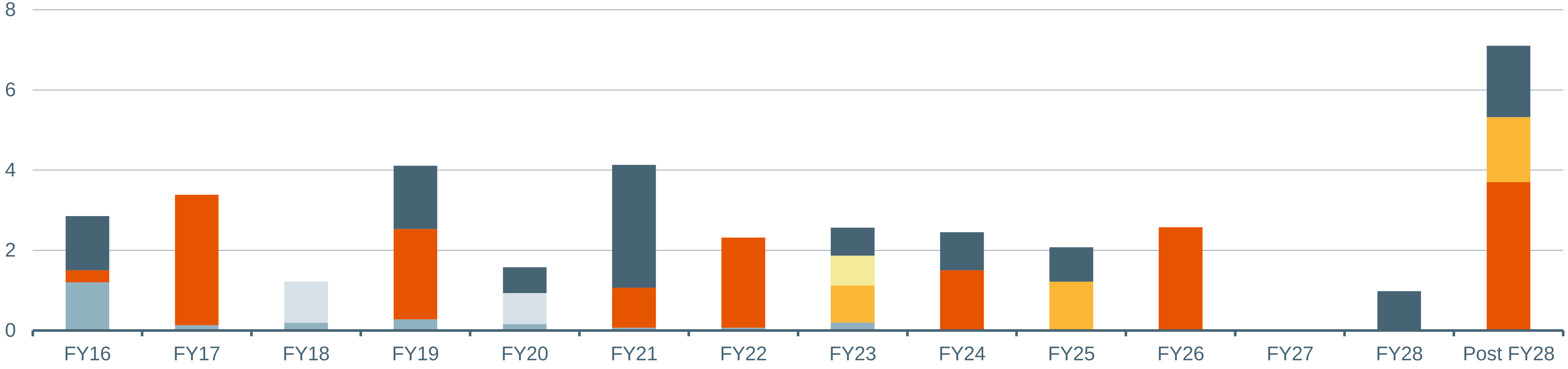


1. Post tax consequences.

bhpbilliton

Debt maturity profile

Debt balances[1]
(US$ billion[2])



	US$ Bonds[3]	Euro Bonds[3]	Sterling Bonds[3]	A$ Bonds	C$ Bonds	Subsidiaries
% of portfolio	45%	32%	10%	5%	2%	6%
	Capital Markets 94%					Asset Financing 6%

1. All debt balances are represented in notional US$ values and based on financial years. As at 31 December 2015.
2. Subsidiary debt is presented in accordance with IFRS 10 and IFRS 11.
3. Includes hybrid bonds (18% of portfolio: 9% in US$, 6% in Euro, 3% in Sterling).

BHP Billiton guidance

Group	FY16e	FY17e	
Capital and exploration expenditure (US$bn)	7.0	5.0	Cash basis; BHP Billiton share; excludes capitalised deferred stripping and non-controlling interests; includes BHP Billiton proportionate share of equity accounted investments.
Including:			
Maintenance	2.0		
Exploration	0.7	0.7	A US$600m Petroleum exploration program is planned for FY16, largely focused on acreage access and seismic data acquisition.

Petroleum	FY16e	
Total petroleum production (MMboe)	237	Strong performance by our Conventional business is expected to offset lower volumes following a further reduction in Onshore US activity, a third party gas plant outage in the Permian and the successful divestment of our gas business in Pakistan.
Onshore US		
Capital expenditure (US$bn)	1.3	Approximately US$200m relates to a reduction in capital creditors. Drilling activity will be focused on our liquids-rich Black Hawk and Permian acreage with our dry-gas development program in Haynesville and Fayetteville deferred for longer-term value.
Production (MMboe)	109	
Black Hawk drilling cost per well (US$m)	2.3	
Depreciation	-	Depreciation and amortisation charges are expected to decline by approximately US$450m in H2 FY16.
Conventional Petroleum		
Capital expenditure (US$bn)	1.4	Focused on high-return infill drilling opportunities in the Gulf of Mexico and life extension projects at Bass Strait and North West Shelf.
Production (MMboe)	128	

BHP Billiton guidance (continued)

Copper	FY16e	
Total copper production (Mt)	1.5	Guidance for Escondida remains unchanged at approximately 0.94 Mt. Pampa Norte production is now expected to be ahead of the prior year. Olympic Dam production is now expected to exceed 0.20 Mt. Guidance for Antamina remains unchanged at approximately 0.14 Mt.
Escondida		
Production (Mt, 100% basis)	0.94	OGP1 and operational improvements offset by 27% decline in grade.
Unit cash costs (US$/lb, grade adjusted)	0.87	Anticipate strong recovery of concentrate production and reduction in the average unit cost of cathode production due to sulphide leach productivity initiatives in H2 FY16. Excludes freight and treatment and refining charges; based on an exchange rate of USD/CLP 702.

Iron Ore	FY16e	
Total iron ore production (Mt)	237	Revised from 247 Mt due to the suspension of operations at Samarco.
Western Australia Iron Ore		
Production (Mt, 100% basis)	270	Guidance remains unchanged. However, following unfavourable weather conditions in January we will continue to monitor progress against guidance and will provide an update in the March 2016 operational review if required.
Unit cash costs (US$/t)	15	Excludes freight and royalties; based on an exchange rate of AUD/USD 0.72.
Sustaining capital expenditure (US$/t)	4	FY16e–FY20e average. Includes costs associated with construction of a new primary crusher and additional conveying capacity currently underway at Jimblebar. Reduced from US$5/t following continued improvements in capital productivity.

Coal	FY16e	
Total metallurgical coal production (Mt)	40	
Total energy coal production (Mt)	37	Production is now expected to be 37 Mt following completion of the sale of the San Juan Mine to Westmoreland Coal Company on 31 January 2016.
Queensland Coal		
Production (Mt)	40	
Unit cash costs (US$/t)	59	Excludes freight and royalties; based on an exchange rate of AUD/USD 0.72.
Sustaining capital expenditure (US$/t)	6	FY16e–FY20e average.

Key net profit sensitivities

Approximate impact[1] on FY16 net profit after tax of changes of:	US$ million
US$1/t on iron ore price[2]	147
US$1/bbl on oil price[3]	60
US¢10/MMbtu on US gas price	24
US$1/t on metallurgical coal price	23
US¢1/lb on copper price[2]	23
US$1/t on energy coal price[2]	10
US¢1/lb on nickel price	1
AUD (US¢1/A$) operations[4]	70

1. Assumes total volume exposed to price; determined on the basis of BHP Billiton's existing portfolio.
2. Excludes impact of equity accounted investments.
3. Excludes impact of change in input costs across the Group.
4. Based on average exchange rate for the period.