



MACQUARIE
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Macquarie Private Wealth

Snapshot

BHP Billiton

Business Description

BHP Billiton Limited (BHP) is the world's largest diversified resources group with a global portfolio of high quality assets. Core activities comprise of production and distribution of minerals, mineral products and petroleum.

Strategy Analysis

BHP wants to be the supplier of choice to its end-use customers. Its strategy is three-pronged: build on its diverse reserves base and ensure that best practices are shared quickly across its operations; maintain a steady pipeline of greenfield projects for internal growth; and help increase its pipeline by staying close to customers. BHP Billiton reported NPAT down 61.8% to US\$5.88bn for the year ended 30 June 2009. Revenues from ordinary activities were US\$50.21bn, down 15.6% from last year. Diluted EPS was 105.4 US cents compared to 274.8 US cents last year. Net operating cash flow was US\$18.86bn compared to US\$17.82bn last year. The final dividend declared was 41 US cents, taking the full year dividend to 82 US cents compared with 70 US cents last year.

28 July 2010

Recommendation

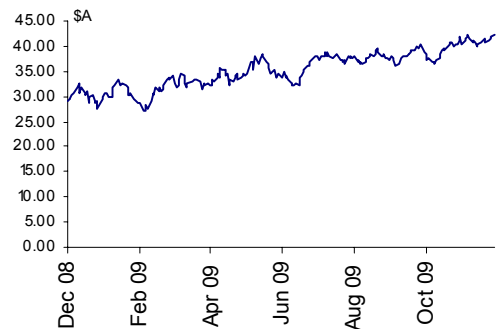
Recommendation: Outperform
Relative to: All Ind (ex Fins)

Investment Fundamentals

ASX code: BHP
Stock price: \$40.20
Market cap: \$133,495m

Y/E	30/06/2010	2010e	2011e	2012e	2013e
Reported e	\$m	15339.6	22453.8	24359.5	26751.3
Adjusted e	\$m	14841.3	22453.8	24359.5	26751.3
EPS adjusted	¢	266.7	403.5	437.8	480.8
EPS growth	%	2.3	51.3	8.5	9.8
PE	x	15.1	10.0	9.2	8.4
PE relative	x	1.1	0.9	0.9	0.9
DPS	¢	96.5	102.1	115.9	137.1
Yield	%	2.4	2.5	2.9	3.4
Franking	%	100.0	100.0	100.0	100.0

Share Price



Source: ASX and Company accounts

Segment Performance

Results by Industry	Revenue (%)	Return on Sales (%)	Return on Assets (%)	Annual Shareholders' Return	
				1 year	8.0%
Other	33.7	-11.9	-14.8	3 year	5.0%
Iron Ore	20.5	71.3	62.2	5 year	18.0%
Metallurgical Coal	16.6	93.8	57.2	10 year	20.0%
Petroleum	14.6	32.8	57.4	Dividend Reinvestment Plan	No
Base Metals	14.6	6.7	14.0	Shareholder Discounts	No
Total	100.0	192.7	176.0		
Results by Geography					
Others	26.1	0.0	0.0		
Europe	21.5	0.0	0.0		
China	19.7	0.0	0.0		
Other Asia	18.5	0.0	0.0		
Japan	14.2	0.0	0.0		
Total	100.0				

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