



MACQUARIE
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Macquarie Private Wealth



BHP Billiton

Business Description

BHP Billiton Limited (BHP) is a diversified resources group with a global portfolio of quality assets. Core activities comprise of mining, exploration, 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 its customers. BHP Billiton reported NPAT up 85.9% to US\$23.65bn for the year ended 30 June 2011. Revenues from ordinary activities were US\$71.74bn, up 35.9% from last year. Diluted EPS was 426.9 US cents compared to 227.8 US cents last year. Net operating cash flow was US\$30.08bn compared to US\$16.89bn last year. The final dividend declared was 55 US cents, taking the full year dividend to 101 US cents compared with 87 US cents last year. Underlying EBITDA and Attributable profit (excluding exceptional items) increased by 51% to US\$37.1bn and 74% to US\$21.7bn respectively, while Underlying return on capital, excluding investment associated with projects not yet in production, increased to 50%.

27 January 2012

Recommendation

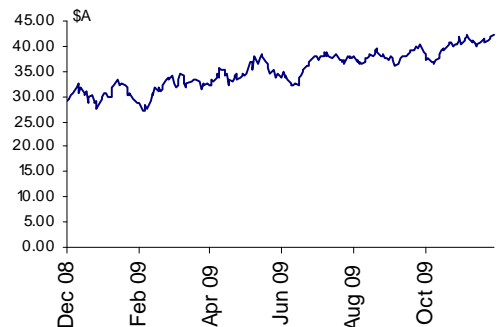
Recommendation: Outperform
Relative to: All Ind (ex Fins)

Investment Fundamentals

ASX code: BHP
Stock price: \$37.66
Market cap: \$121,434m

	Y/E 30/06/2012	2012e	2013e	2014e	2015e
Reported e	\$m	18313.1	22974.5	22020.8	19974.8
Adjusted e	\$m	18313.1	22974.5	22020.8	19974.8
EPS adjusted	¢	344.1	431.6	413.7	375.3
EPS growth	%	-13.5	25.5	-4.2	-9.3
PE	x	10.9	8.7	9.1	10.0
PE relative	x	0.9	0.9	1.0	1.1
DPS	¢	104.5	114.8	115.6	110.1
Yield	%	2.8	3.0	3.1	2.9
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	3 year
Iron Ore	28.6	75.8	65.4	-12.0%	10.0%
Other	26.0	12.6	17.6	10.0%	16.0%
Base Metals	19.8	42.5	48.0		
Petroleum	15.0	34.0	59.0		
Metallurgical Coal	10.6	39.7	35.3		
Total	100.0	204.6	225.3		
Results by Geography					
Others	78.0	0.0	0.0		
North America	8.6	0.0	0.0		
Australia	7.7	0.0	0.0		
South America	3.6	0.0	0.0		
Southern Africa	2.2	0.0	0.0		
Total	100.1				

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Disclosure: In accordance with Section 849 of the Corporations Law, Macquarie Equities Limited states that The Macquarie Group advised Leighton Holdings on the sale of HWE Mining Iron Ore to BHP Billiton as announced on 9 August 2011. Within the last 12 months, Macquarie Group has received compensation for investment advisory services from Leighton Holdings. Macquarie Bank Limited makes a market in the securities in respect of BHP Billiton Limited. Macquarie and its affiliates collectively and beneficially own or control 1% or more of any class of BHP Billiton Limited's equity securities.

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