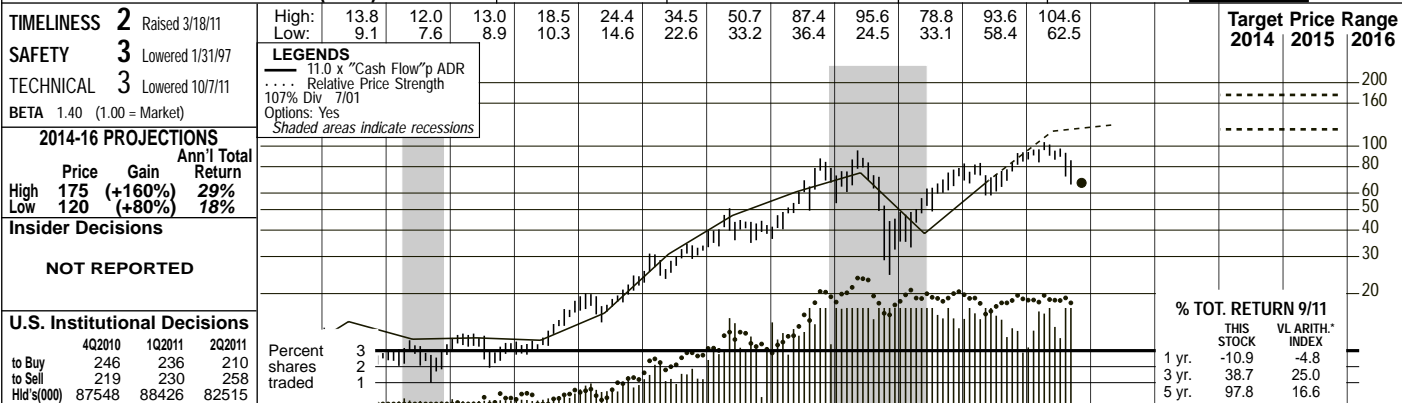


# BHP BILLITON LTD. (ADR) NYSE:BHP

RECENT PRICE **67.01** P/E RATIO **7.5** (Trailing: 7.8 Median: 17.0) RELATIVE P/E RATIO **0.58** DIV'D YLD **3.3%** VALUE LINE



Year	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Trans. Rate (US\$/A\$) A F	14-16
Price	.72	.80	.76	.63	.65	.60	.51	--	--	--	--	--	--	--	--	--	--	--	31.30	41.20
Gain	7.79	9.10	9.38	7.53	6.63	6.45	5.70	4.86	5.02	7.35	9.77	10.78	13.80	21.28	18.05	18.89	26.82	26.82	11.50	13.45
Return	1.44	1.47	1.53	1.25	.87	1.34	1.11	1.12	1.09	1.47	2.80	4.26	5.53	6.80	3.50	6.26	10.70	11.50	9.00	10.50
Dividend	.73	.62	.62	.50	.06	.65	.45	.50	.50	.86	2.08	3.46	4.59	5.51	2.11	4.56	8.54	9.00	2.20	3.15
CapEx	.36	.36	.40	.31	.31	.30	.26	.26	.29	.33	.46	.64	.77	1.12	1.64	1.66	1.82	2.20	4.25	5.90
Book Value	1.28	1.73	1.82	1.60	.95	.32	--	.78	.78	.72	1.11	1.76	2.22	2.70	3.41	3.34	4.17	4.25	27.29	40.00
CapEx/Book	5.21	5.77	5.62	4.12	3.14	3.36	3.10	5.67	5.42	6.04	7.27	8.20	10.45	13.97	14.63	17.36	21.22	27.29	2620.0	2550.0
P/E Ratio	1636.9	1677.8	1703.4	1760.6	1799.5	1839.4	1852.0	3022.0	3108.0	3113.8	3028.6	2982.0	2862.0	2794.7	2782.2	2794.7	2675.0	2620.0	14.0	14.0
Relative P/E	17.2	21.8	21.2	21.3	NMF	16.9	23.2	22.0	21.9	19.0	11.3	10.3	9.6	13.3	23.4	15.4	10.0	10.0	1.50	1.50
Div Yield	1.15	1.37	1.22	1.11	NMF	1.10	1.19	1.20	1.25	1.00	.60	.56	.51	.80	1.56	.97	.61	.61	2.9%	2.9%
Div Growth	2.9%	2.7%	3.0%	2.9%	3.9%	2.7%	2.5%	2.4%	2.7%	2.0%	2.0%	1.8%	1.7%	1.5%	3.3%	2.4%	2.1%	2.1%	2.1%	2.1%

Year	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	Operating Margin	2011-16
Total Debt	10556	14698	15608	22887	29587	32153	39498	59473	50211	52798	71739	82000	105000	105000	105000	105000	105000	82000	51.0%	50.0%
LT Debt	1225.0	1882.0	1820.0	1860.0	2082.0	2264.0	2421.0	3612.0	3871.0	4759.0	5039	5800	6800	6800	6800	6800	6800	5800	50.0%	48.0%
Leases	823.0	1513.0	1576.0	2716.0	6388.0	10450	13416	15390	5877.0	12722	23648	24300	27500	27500	27500	27500	27500	24300	50.0%	48.0%
Income Tax Rate	48.8%	39.7%	34.8%	16.1%	23.1%	25.6%	25.1%	32.0%	45.4%	33.5%	23.4%	32.0%	34.0%	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%	34.0%
Net Profit Margin	7.8%	10.3%	10.1%	11.9%	21.6%	32.5%	34.0%	25.9%	11.7%	24.1%	33.0%	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%	32.0%	26.2%
Working Cap	97.0	d422.0	933.0	1205.0	d675.0	d85.0	838.0	5202.0	10636	12092	5547.0	15000	24500	24500	24500	24500	24500	15000	29.6%	24.0%
Long-Term Debt	3191.0	6433.0	6609.0	5692.0	9784.0	7648.0	9291.0	9234.0	15325	13573	12388	13000	18000	18000	18000	18000	18000	13000	29.6%	27.0%
Shr. Equity	5736.0	17147	16832	18802	22004	24455	29918	39043	40711	48525	56762	71500	102000	102000	102000	102000	102000	71500	29.6%	27.0%
Return on Total Cap	10.8%	7.4%	7.4%	11.6%	20.6%	33.6%	35.0%	32.6%	11.0%	20.9%	34.5%	29.0%	22.0%	22.0%	22.0%	22.0%	22.0%	29.0%	29.0%	22.0%
Return on Shr. Equity	14.3%	8.8%	9.4%	14.4%	29.0%	42.7%	44.8%	39.4%	14.4%	26.2%	41.7%	34.0%	27.0%	27.0%	27.0%	27.0%	27.0%	34.0%	34.0%	27.0%
Retained to Com Eq	6.1%	4.0%	4.2%	6.1%	21.6%	34.0%	37.3%	31.4%	3.2%	16.7%	32.8%	26.0%	18.5%	18.5%	18.5%	18.5%	18.5%	26.0%	26.0%	18.5%
All Div's to Net Prof	57%	55%	55%	58%	26%	20%	17%	20%	78%	36%	21%	24.0%	30%	30%	30%	30%	30%	24.0%	24.0%	30%

**CAPITAL STRUCTURE as of 6/30/11**  
 Total Debt \$15907 mill. Due in 5 Yrs \$9100 mill.  
 LT Debt \$12388 mill. LT Interest \$900 mill.  
 (Total interest coverage over 25x) (18% of Cap'l)  
 Leases, Uncapitalized Annual rentals \$695.0 mill.

**Pfd Stock None**  
 Common Stock 5,350,021,878 shares (equivalent to 2,675,010,939 ADRs)<sup>E</sup>

**MARKET CAP: \$179 billion (Large Cap)**

**CURRENT POSITION**

	2009	2010	6/30/11
Cash Assets	10833	12456	10084
Receivables	5153	6543	8197
Inventory (Avg Cst)	4821	5334	6154
Other	1679	801	845
Current Assets	22486	25134	25280
Acc'ts Payable	5619	6467	9718
Debt Due	1094	2191	3519
Other	5137	4384	6496
Current Liab.	11850	13042	19733

**ANNUAL RATES** Past 10 Yrs. Past 5 Yrs. Est'd '08-'10 to '14-'16

Rate	10 Yrs.	5 Yrs.	Est'd '08-'10 to '14-'16
Change (per ADR)	10.0%	21.5%	13.5%
Sales	17.0%	25.5%	16.0%
"Cash Flow"	26.0%	29.0%	17.0%
Earnings	17.0%	32.5%	13.5%
Dividends	16.0%	19.5%	17.5%
Book Value			

Fiscal Year Ends	QUARTERLY SALES (\$ mill.) <sup>B</sup>				Full Fiscal Year
	Sep.30	Dec.31	Mar.31	Jun.30	
2008	--	25539	--	33934	59473
2009	--	29780	--	20431	50211
2010	--	24576	--	28222	52798
2011	--	34166	--	37573	71739
2012	--	40000	--	42000	82000

Fiscal Year Ends	EARNINGS PER ADR <sup>B,C</sup>				Full Fiscal Year
	Sep.30	Dec.31	Mar.31	Jun.30	
2008	--	2.14	--	3.36	5.51
2009	--	.94	--	1.17	2.11
2010	--	2.20	--	2.36	4.56
2011	--	3.77	--	4.77	8.54
2012	--	4.20	--	4.80	9.00

Calendar	GROSS Q'TRLY DIVIDENDS PAID <sup>D,E</sup>				Full Year
	Mar.31	Jun.30	Sep.30	Dec.31	
2007	.40	--	.54	--	.94
2008	.58	--	.82	--	1.40
2009	.82	--	.82	--	1.64
2010	.84	--	.90	--	1.74
2011	.92	--	1.10	--	

**BHP Billiton should do well in the year ahead (year ended June 30th).** Demand for BHP Billiton's commodity offerings will likely remain vibrant. Ongoing expansion in emerging economies, such as Brazil, India, and China, should help to offset somewhat sluggish growth in Europe and North America. Moreover, commodity prices will likely strengthen, as raw material and labor costs will eventually move higher.

**BHP Billiton is maintaining a large capital spending budget for the year ahead.** As of late August, the company had roughly \$12 billion in projects under development. Much of this capital is being dedicated to metals projects, specifically, iron ore and aluminum. Moreover, BHP Billiton has approved another 11 projects, with an expected budget of roughly \$13 billion.

**Finances should easily support expansion.** The company has been using cash from its thriving businesses to reduce debt. It ended fiscal 2011 with about \$12.4 billion in borrowings, bringing the debt-to-total capital level to 18%, which is quite reasonable. BHP Billiton is well positioned

to pursue acquisitions, such as the recent purchases of oil and gas assets in North America.

**The profit outlook remains favorable.** BHP Billiton earned \$8.54 per ADR in fiscal 2011, coming in well ahead of our forecast. We have sharply increased our estimate for 2012, which now stands at \$9.00 per ADR. Further, our forecast could prove conservative if acquisitions are made. Management is committed to shareholder value. It increased the dividend, which is likely a good indication. Notably, the current payout ratio is about 24%, which is still conservative. Also, it has expanded its share-repurchase program.

**These favorably ranked shares have pulled back in price since our July report.** This reflects weakness in the broader market, and concerns about commodity demand and pricing. Nonetheless, our projections suggest that this issue holds good appreciation potential for the next 3 to 5 years. The stock currently trades at a price-to-earnings multiple that is reasonable, given its historic range and our financial projections.

*Adam Rosner* *October 14, 2011*

(A) At fiscal yearend. (B) Year ends June 30; ended May 31 until 1999. (C) Based on U.S. GAAP. IFRS used in '06 and '07. Excl. non-recurring items: '98, (\$1.02); '99, (\$0.74); '00, (45c); '02, (9c). Egs. reported semi-annually after '03. Qtrly. egs. in '08 do not sum due to rounding. Next egs. report due late Jan. (D) Div. reinvestment plan. Div. historically paid in late March and Sep. (E) In mill., adj. for splits & div's. Each ADR=2 com. shares. (F) Through 2001, Co. reported in Aus. \$; Thereafter U.S.\$.