

BHP BILLITON LTD
Form 6-K
October 28, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 6-K

REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16
UNDER THE SECURITIES EXCHANGE ACT OF 1934
October 28, 2014

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| BHP BILLITON LIMITED (ABN 49 004 028 077) (Exact name of Registrant as specified in its charter) | BHP BILLITON PLC (REG. NO. 3196209) (Exact name of Registrant as specified in its charter) |
|---|---|

VICTORIA, AUSTRALIA
(Jurisdiction of incorporation or organisation)

171 COLLINS STREET, MELBOURNE,

ENGLAND AND WALES
(Jurisdiction of incorporation or organisation)

NEATHOUSE PLACE, VICTORIA, LONDON,

VICTORIA

UNITED KINGDOM

3000 AUSTRALIA
(Address of principal executive offices)

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F: Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934: Yes No

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): n/a

Company Secretariat

| | |
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| BHP Billiton Limited 171 Collins Street Melbourne Victoria 3000 Australia GPO BOX 86 Melbourne Victoria 3001 Australia Tel +61 1300 55 47 57 Fax +61 3 9609 3015 bhpbilliton.com | BHP Billiton Plc Neathouse Place London SW1V 1LH UK Tel +44 20 7802 4000 Fax + 44 20 7802 4111 bhpbilliton.com |
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27 October 2014

To: Australian Securities Exchange
London Stock Exchange

cc: New York Stock Exchange
JSE Limited

CAPITAL MARKETS DAY PRESENTATIONS

Andrew Mackenzie, Chief Executive Officer, Mike Henry, President, HSE, Marketing and Technology, Jimmy Wilson, President, Iron Ore and Tim Cutt, President, Petroleum will present a capital markets briefing on Monday, 27 October 2014.

A copy of the materials to be presented is attached.

The presentations will be webcast at: <http://edge.media-server.com/m/p/iwk3o2hs>

Further information on BHP Billiton can be found at: www.bhpbilliton.com.

Nicole Duncan
Company Secretary

BHP Billiton Limited ABN 49 004 028 077
Registered in Australia
Registered Office: 171 Collins Street, Melbourne, Victoria
3000

BHP Billiton Plc Registration number 3196209
Registered in England and Wales
Registered Office: Neathouse Place, London SW1V
1LH United Kingdom

The BHP Billiton Group is headquartered in Australia

NEWS RELEASE

Release Time IMMEDIATE
Date 27 October 2014
Number 20/14

MAXIMISING VALUE AND SHAREHOLDER RETURNS

BHP Billiton today explained how with a simpler portfolio it will maximise value and shareholder returns by reducing operating costs and improving capital efficiency.

BHP Billiton Chief Executive Officer, Andrew Mackenzie, said: We are confident that our productivity drive will be accelerated by the demerger proposal we announced in August. A simpler portfolio, focused on our 19 core¹ assets, will retain an optimal level of diversification while generating even stronger growth and margins.

Production² from the core portfolio is expected to grow by 23 per cent over the two years to the end of the 2015 financial year as the Company completes high-return, brownfield projects and embeds productivity-led volume gains. BHP Billiton remains on track to meet all 2015 financial year production guidance.

The Group has cut unit costs across all its mineral businesses and expects further reductions across the core portfolio. Unit costs³ at Western Australia Iron Ore fell 12 per cent in the second half of the 2014 financial year and a 25 per cent reduction is expected in the medium term.

Production costs in the Copper business have also fallen despite grade decline. Escondida unit costs⁴ declined by 22 per cent in the last two years and we forecast another five per cent reduction in the 2015 financial year.

At Queensland Coal, a 24 per cent reduction in operating costs⁵ has re-established the business as a leader in its industry. We expect to reduce unit costs by a further 10 per cent, to below US\$90 per tonne, in the 2015 financial year as we continue to increase throughput from our installed infrastructure.

In Petroleum, forensic benchmarking of every component of our Onshore US drilling program has significantly improved capital productivity. Drilling costs in the Black Hawk fell 16 per cent in the 2014 financial year. Onshore US operating costs⁶ are also expected to improve with a 10 per cent reduction forecast in the 2015 financial year.

BHP Billiton expects to embed a minimum of US\$3.5 billion in annualised productivity gains⁷ by the end of the 2017 financial year with more than US\$2.3 billion to come from cash cost savings.

Our longstanding capital management framework defines four priorities for cash flow: to retain a solid A credit rating to maintain a strong balance sheet through the cycle; to at least maintain or grow our progressive base dividend in every reporting period; to invest selectively in high-return opportunities through the cycle; and to return excess capital to shareholders in the most efficient way.

Mr Mackenzie said: We see our capital management strategy as a precondition to maximising shareholder value. It has allowed us to invest through the cycle and grow our dividend at an average annual rate of 17 per cent over the last decade without interruption.

Our core portfolio includes a suite of development options that are expected to generate an average rate of return of over 20 per cent. As our capital efficiency improves we will be able to create more value for less investment. We believe we can significantly reduce annual capital expenditure relative to our current plans while maintaining our growth trajectory.

Our focus in Iron Ore and Coal is to safely stretch the potential of our existing infrastructure and equipment. In Copper, BHP Billiton holds many of the industry's best brownfield development options with projects under evaluation at Escondida, Spence and Olympic Dam.

In Petroleum, the Group continues to prioritise value over volume which dictates a focus on Onshore US liquids development and investment in high-return brownfield projects across the Conventional business.

Mr Mackenzie said: In the Eagle Ford and Permian we are forecasting liquids production of approximately 200 thousand barrels per day by the 2017 financial year. This is expected to generate significant value as investments in our liquids-rich Onshore US wells typically generate returns⁹ of over 50 per cent.

In time, we expect to fully develop our Haynesville gas field given the quality of our acreage. As we look to improve the balance of liquids and gas across our Petroleum portfolio we have initiated the marketing of our Fayetteville acreage. However, we will only divest the field if it maximises value for shareholders.

In closing, Mr Mackenzie said: Our strategy, including our commitment to a strong balance sheet, has worked well for our owners. We have delivered a total shareholder return of 394 per cent over the last decade including US\$64 billion in dividends and buy-backs. By safely improving operating and capital efficiency we will maximise value and increase cash returns to our shareholders. Improving our competitiveness will benefit shareholders and the local communities and economies in which we operate.

¹ Core assets include: Western Australia Iron Ore; Samarco; Queensland Coal; NSW Energy Coal; Cerrejón; Escondida; Olympic Dam; Pampa Norte; Antamina; Onshore US; Shenzi, Mad Dog, Atlantis; Angostura; North West Shelf; Bass Strait; Pyrenees, Macedon; and the Jansen project.

² Copper equivalent production based on FY13 average realised product prices.

³ Unit cash costs excluding freight and royalties. Medium term reduction based on real 2014 terms and an exchange rate of AUD/USD 0.91.

⁴ Unit cash costs excluding treatment and refining charges. Percentage reduction in the last two years includes an adjustment to the FY12 reported figures for the effect of IFRIC 20. FY15 forecast based on an exchange rate of USD/CLP 568.

⁵ Unit cash costs. FY15 forecast based on an exchange rate of AUD/USD 0.91.

⁶ Unit cash costs.

⁷ Represents planned annualised volume and cash cost productivity gains to be delivered from our core assets only by the end of FY17, relative to our FY14 baseline.

⁸ Ungeared, post tax, nominal rate of return.

⁹ Weighted average rate of return after tax (based on September 2014 futures prices) for Eagle Ford and Permian wells expected to be put on line during FY15.

Further information on BHP Billiton can be found at: www.bhpbilliton.com.

Media Relations

Australia

Emily Perry
Tel: +61 3 9609 2800 Mobile: +61 477 325 803
email: Emily.Perry@bhpbilliton.com

Paul Hitchins
Tel: + 61 3 9609 2592 Mobile: + 61 419 315 001
email: Paul.Hitchins@bhpbilliton.com

Eleanor Nichols
Tel: +61 3 9609 2360 Mobile: +61 407 064 748

email: Eleanor.Nichols@bhpbilliton.com

United Kingdom

Ruban Yogarajah
Tel: +44 20 7802 4033 Mobile: +44 7827 082 022
email: Ruban.Yogarajah@bhpbilliton.com

Jennifer White
Tel: +44 20 7802 7462 Mobile: +44 7827 253 764

email: Jennifer.White@bhpbilliton.com

Americas

Ruban Yogarajah
Tel: +44 20 7802 4033 Mobile: +44 7827 082 022
email: Ruban.Yogarajah@bhpbilliton.com

BHP Billiton Limited ABN 49 004 028 077
Registered in Australia
Registered Office: Level 16, 171 Collins Street
Melbourne Victoria 3000 Australia
Tel +61 1300 55 4757 Fax +61 3 9609 3015

Members of the BHP Billiton Group which is headquartered in Australia

Investor Relations

Australia

Tara Dines
Tel: +61 3 9609 2222 Mobile: +61 499 249 005
email: Tara.Dines@bhpbilliton.com

Andrew Gunn
Tel: +61 3 9609 3575 Mobile: +61 402 087 354
email: Andrew.Gunn@bhpbilliton.com

United Kingdom and South Africa

Jonathan Price
Tel: +44 20 7802 4131 Mobile: +44 7990 527 726
email: Jonathan.H.Price@bhpbilliton.com

Dean Simon
Tel: +44 20 7802 7461 Mobile: +44 7717 511 193
email: Dean.Simon@bhpbilliton.com

Americas

James Agar
Tel: +1 212 310 1421 Mobile: +1 347 882 3011
email: James.Agar@bhpbilliton.com

Joseph Suarez
Tel: +1 212 310 1422 Mobile: +1 646 400 3803
email: Joseph.Suarez@bhpbilliton.com

BHP Billiton Plc Registration number 3196209
Registered in England and Wales
Registered Office: Neathouse Place
London SW1V 1LH United Kingdom
Tel +44 20 7802 4000 Fax +44 20 7802 4111

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BHP Billiton Limited and BHP Billiton Plc

Date: 28 October 2014

By: /s/ Nicole Duncan
Name: Nicole Duncan
Title: Company Secretary