BHP BILLITON LTD
Form 6-K
February 04, 2009
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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

February 4, 2009

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

VICTORIA, AUSTRALIA	**ENGLAND AND WALES**
(Jurisdiction of incorporation or organisation)	**(Jurisdiction of incorporation or organisation)**
180 LONSDALE STREET, MELBOURNE,	
VICTORIA	**NEATHOUSE PLACE, VICTORIA, LONDON,**
3000 AUSTRALIA	**UNITED KINGDOM**
(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: [x]

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 [x] No

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

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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: 4 February 2009

By: Jane McAloon

/s/ Jane McAloon
Name: Jane McAloon
Title: Group Company Secretary

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NEWS RELEASE

Release Time IMMEDIATE
Date 4 February 2009
Number 04/09

BHP BILLITON RESULTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

A robust financial performance in the context of a rapid deterioration in market conditions.

Underlying EBITDA up 25% to US$13.9 billion and Underlying EBIT up 24% to US$11.9 billion.

Strong Underlying EBIT margin[(1)] of 46% despite significant pressures from lower prices and a lagged effect of input costs benefit.

Record net operating cash flow[(2)] of US$13.1 billion, up 74%, which is an excellent result given market conditions and our strong growth pipeline.

Attributable profit up 2% to US$6.1 billion and EPS up 3% to 110.1 US cents (both measures excluding exceptional items).

Strong balance sheet with net debt decreased by 51% to US$4.2 billion. Gearing of 9.5% and Underlying EBITDA interest cover of 86.6 times.

Interim dividend of 41.0 US cents per share, an increase of 41% on last year s interim dividend.

A disciplined and value-accretive commitment to invest through the cycle, with one iron ore and three oil and gas projects sanctioned during the half-year.

Half-year ended 31 December	2008 US$M	2007 US$M	Change
Revenue	29,780	25,539	16.6%
Underlying EBITDA [(4)]	13,939	11,167	24.8%
Underlying EBIT [(4) (5)]	11,899	9,623	23.7%
Profit from operations	7,224	9,486	(23.8%)
Attributable profit excluding exceptional items	6,128	5,995	2.2%
Attributable profit	2,617	6,017	(56.5%)
Net operating cash flow [(2)]	13,094	7,528	73.9%
Basic earnings per share excluding exceptional items (US cents)	110.1	106.8	3.1%
Basic earnings per share (US cents)	47.0	107.2	(56.2%)
Underlying EBITDA interest coverage (times) [(4) (6)]	86.6	34.9	148.1%
Dividend per share (US cents)	41.0	29.0	41.4%

Refer to page 15 for footnotes, including explanations of the non-GAAP measures used in this announcement.

The above financial results are prepared in accordance with IFRS and are unaudited. All references to the prior period are to the half-year ended 31 December 2007 unless otherwise stated.

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RESULTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2008

Commentary on the Group Results

The results released today represent a robust operating and financial performance achieved in an environment that deteriorated significantly during the period, particularly over the last quarter. Our results benefited from strong volume additions in Petroleum and Iron Ore, as the growth projects in these two CSGs continued to ramp up.

Underlying EBIT increased by 23.7 per cent over the corresponding period to US$11.9 billion, with a healthy Underlying EBIT margin of 45.6 per cent. We continue to focus on our cost performance and expect to see the benefits of falling input prices, albeit with some lag. The strength of the US dollar against our main operating currencies positively impacted the Underlying EBIT for the first half by US$1.5 billion.

Attributable profit and profit from operations fell 56.5 per cent and 23.8 per cent respectively, as a result of a number of exceptional items, the majority of which are non-cash. These items include the indefinite suspension of Ravensthorpe (Australia), costs relating to the Rio Tinto offers, impairment of assets and increased rehabilitation provisions for Newcastle steelworks (Australia).

Net operating cash flow was outstanding and increased by 73.9 per cent to US$13.1 billion. The strong cash flow performance has reduced our net debt to US$4.2 billion, with a net gearing of 9.5 per cent and Underlying EBITDA interest cover of 87 times. This strong balance sheet is a competitive advantage and leaves us resilient in these challenging times. It also means that we are well positioned to take full advantage of an eventual recovery in the market.

During the six months to December 2008, we have witnessed an unprecedented fall in commodity prices, with market prices falling in the order of 50 per cent during this period. As the global economy continues to deteriorate, we are witnessing further demand contraction for our products. We believe it is likely that uncertainty will extend into the medium term. As a consequence of the macro economic environment we have taken a number of actions consistent with our focus to maximise long term shareholder value. These actions include the decision not to proceed with the Rio Tinto offers, adjustments in production where physical demand decreased, suspending cash negative operations and deferrals of low priority capital expenditures.

Notwithstanding the current economic uncertainty, we continue to believe that the needs of the developing world will drive long term demand for our products. Furthermore, the supply adjustments we are now witnessing could result in a constrained supply side when economic recovery does take place. The financial and operating strength of the Group means that we are able to continue to take a long term view, not compromising long term value as a result of short term pressures.

Growth Projects

During the period we commissioned three oil and gas projects and, highlighting our commitment to long term growth, we approved a total of US$5.9 billion of growth expenditure in one iron ore and three oil and gas projects.

We are continuing to progress well against budget and schedule for those projects which have already been approved.

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Completed projects

Customer Sector Group	Project	Capacity (iv)	Capital expenditure (US$ million) (iv) Budget	Actual	Date of initial production (i) Target	Actual
Petroleum	Neptune (US) BHP Billiton 35%	50,000 barrels of oil and 50 million cubic feet of gas per day (100%)	405(iii)	418	Q1 2008	Q3 2008
	North West Shelf 5th Train (Australia) BHP Billiton 16.67%	LNG processing capacity 4.4 million tonnes per annum (100%)	350	350(ii)	H2 2008	H2 2008
	North West Shelf Angel (Australia) BHP Billiton 16.67%	800 million cubic feet of gas per day and 50,000 barrels of condensate per day (100%)	200	200(ii)	H2 2008	H2 2008
			955	968		

(i) References to quarters and half-years are based on calendar years.
(ii) Number subject to finalisation. For projects where capital expenditure is required after initial production, the costs represent the estimated total capital expenditure.
(iii) As per revised budget or schedule.
(iv) All references to capital expenditure and capacity are BHP Billiton s share unless noted otherwise.

Projects currently under development (approved in prior years)

Customer Sector Group	Project	Capacity (i)	Budgeted capital expenditure (US$ million) (i)	Target date for initial production (ii)
Petroleum	Shenzi (US) BHP Billiton 44%	100,000 barrels of oil and 50 million cubic feet of gas per day (100%)	1,940	Mid 2009
	Atlantis North (US) BHP Billiton 44%	Tie back to Atlantis South	185	H2 2009
	Pyrenees (Australia) BHP Billiton 71.43%	96,000 barrels of oil and 60 million cubic feet of gas per day (100%)	1,200	H1 2010
	Bass Strait Kipper (Australia) BHP Billiton 32.5% - 50%	10,000 bpd condensate and processing capacity of 80 million cubic feet gas per day (100%)	500	2011
	North West Shelf North Rankin B (Australia)	2,500 million cubic feet of gas per day (100%)	850	2012

	BHP Billiton 16.67%			
Aluminium	Alumar Refinery Expansion (Brazil) BHP Billiton 36%	2 million tonnes per annum of alumina (100%)	900	Q2 2009
	Worsley Efficiency and Growth (Australia) BHP Billiton 86%	1.1 million tonnes per annum (100%)	1,900	H1 2011
Iron Ore	WA Iron Ore Rapid Growth Project 4 (Australia) BHP Billiton 86.2%	26 million tonnes per annum of iron ore (100%)	1,850	H1 2010
Manganese	Gemco (Australia) BHP Billiton 60%	1 million tonnes per annum manganese concentrate (100%)	110	H1 2009
Energy Coal	Klipspruit (South Africa) BHP Billiton 100%	1.8 million tonnes per annum export and 2.1 million tonnes per annum domestic thermal coal	450	H2 2009
	Douglas-Middelburg Optimisation (South Africa) BHP Billiton 100%	10 million tonnes per annum export thermal coal and 8.5 million tonnes per annum domestic thermal coal (sustains current output)	975	Mid 2010
	Newcastle Third Export Coal Terminal (Australia) BHP Billiton 35.5%	Third coal berth, 30 million tonnes per annum (100%)	390	2010
			11,250	

(i) All references to capital expenditure and capacity are BHP Billiton s share unless noted otherwise.
(ii) References to quarters and half-years are based on calendar years.

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Projects approved since 30 June 2008

Customer Sector Group	Project	Capacity (i)	Budgeted capital expenditure (US$ million) (i)	Target date for initial production (ii)
Petroleum	Bass Strait Turrum (Australia) BHP Billiton 50%	11,000 bpd condensate and processing capacity of 200 million cubic feet of gas per day (100%)	625	2011
	North West Shelf CWLH Extension (Australia) BHP Billiton 16.67%	Replacement vessel with capacity of 60,000 barrels of oil per day (100%)	245	2011
	Angostura Gas Phase II (Trinidad and Tobago) BHP Billiton 45%	280 million cubic feet of gas per day (100%)	180	H1 2011
Iron Ore	WA Iron Ore Rapid Growth Project 5 (Australia) BHP Billiton 85%	50 million tonnes per annum of iron ore (100%)	4,800	H2 2011
			5,850	

(i) All references to capital expenditure and capacity are BHP Billiton s share unless noted otherwise.
(ii) References to half-years and years are based on calendar years.

The Income Statement

To provide clarity into the underlying performance of our operations, we present Underlying EBIT which is a measure used internally and in our Supplementary Information that excludes any exceptional items. The differences between Underlying EBIT and Profit from operations are set out in the following table:

Half-year ended 31 December	2008 US$M	2007 US$M
Underlying EBIT	**11,899**	9,623
Exceptional items (before taxation)	**(4,675)**	(137)
Profit from operations	**7,224**	9,486

Refer to page 8 for further details of Exceptional items.

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Underlying EBIT

The following table and commentary describes the approximate impact of the principal factors that affected Underlying EBIT for the half-year ended December 2008 compared with the December 2007 half-year:

		US$ Million
Underlying EBIT for the half-year ended 31 December 2007		**9,623**
Change in volumes:		
Increase in volumes	204	
Decrease in volumes	(1,104)	
New operations	649	
		(251)
Net price impact:		
Change in sales prices	3,503	
Price-linked costs	(543)	
		2,960
Change in costs:		
Costs (rate and usage)	(1,872)	
Exchange rates	1,457	
Inflation on costs	(423)	
		(838)
Asset sales		(141)
Ceased and sold operations		195
Exploration and business development		(113)
Other		464
Underlying EBIT for the half-year ended 31 December 2008		**11,899**

Volumes

During the half-year ended December 2008, we delivered first production in three oil and gas projects and continued to deliver strong volume growth in Petroleum. The new oil and gas operations contributed US$649 million to Underlying EBIT. Underlying EBIT also increased by US$204 million due to record production and sales in Iron Ore.

Lower sales volumes in all other products and natural field declines in existing Petroleum operations reduced Underlying EBIT by US$1,104 million. Copper sales volumes were lower mainly due to declining ore grade and electrical motor reliability issues at the Laguna Seca SAG mill at Escondida (Chile). Manganese sales volumes were impacted as the global economy continues to deteriorate and demand contracted.

In Western Australia Iron Ore and our metallurgical coal operations, we have received requests for deferrals from some long term contract customers. However, this has not impacted iron ore or metallurgical coal production in the half-year ended December 2008. We have sold the deferred long term iron ore tonnages into the spot market. However, it is likely that we will opportunistically adjust our metallurgical coal production in line with the weaker demand, during the second half of the 2009 financial year (as already announced in our Production Report released on 21 January 2009).

As announced in our Production Report, Western Australia Iron Ore is expected to produce 130 million tonnes (100 per cent basis) in the 2009 financial year.

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At the end of November 2008, in response to weak demand Samarco (Brazil) announced the temporary suspension of two of its three pellet plants to mid-January 2009. Following a subsequent reassessment of the market conditions, the suspension will continue until the end of March 2009, at which time Samarco management will reassess the situation.

Prices

Net changes in prices increased Underlying EBIT by US$2,960 million (excluding the impact of newly commissioned projects).

Higher realised prices for metallurgical coal, iron ore, manganese, energy coal, oil and gas increased Underlying EBIT by US$7,629 million. However, this was offset by a negative impact of US$4,126 million due to lower realised prices for copper, nickel and aluminium.

Higher price-linked costs reduced Underlying EBIT by US$543 million primarily due to higher royalties. This was offset by decreased charges for third party nickel ore and more favourable rates for copper treatment and refining charges (TCRCs).

Costs

Costs increased by US$1,872 million compared to the corresponding period. This includes the impact of higher non-cash costs of US$262 million.

While we continue to focus on our cost performance, the benefits of falling input prices will have a lagged effect on reducing costs. Approximately US$592 million of the increase was due to higher costs for fuel and energy, and raw materials such as coke, sulphuric acid, pitch and explosives. In addition, labour and contractor costs have increased by US$368 million. A portion of the increase in costs was deliberately incurred to maximise production to take advantage of the high prices.

Unexpected events such as the severe weather interruptions in Queensland and the furnace rebuild at the Kalgoorlie Nickel Smelter (Australia) had an adverse cost impact of US$298 million.

Exchange rates

The strength of the US dollar positively impacted Underlying EBIT for the first half by US$1,457 million. All Australian operations were positively impacted by the weaker Australian dollar, which increased Underlying EBIT by US$1,207 million. The depreciation of the South African rand also positively impacted Underlying EBIT by US$165 million.

The following exchange rates against the US dollar have been applied:

	Half-year ended 31 December 2008 Average	Half-year ended 31 December 2007 Average	31 December 2008 Closing	30 June 2008 Closing	31 December 2007 Closing
Australian dollar [(i)]	**0.78**	0.87	**0.69**	0.96	0.88
Chilean peso	**578**	511	**642**	522	498
Colombian peso	**2,092**	2,030	**2,249**	1,899	2,017
Brazilian real	**1.96**	1.85	**2.33**	1.60	1.78
South African rand	**8.83**	6.94	**9.39**	7.91	6.80

(i) Displayed as US$ to A$1 based on common convention.

Inflation on costs

Inflationary pressures on input costs across all our businesses had an unfavourable impact on Underlying EBIT of US$423 million. The inflationary pressures were most evident in Australia and South Africa.

Asset Sales

The sale of assets reduced Underlying EBIT by US$141 million. This was mainly due to the sale of the Elouera mine (Illawarra Coal, Australia) and other Queensland Coal mining leases in the corresponding period.

Ceased and sold operations

The favourable impact of US$195 million was mainly due to higher insurance recoveries and movements in the restoration and rehabilitation provisions for closed operations.

Exploration and business development

With our outstanding operating cash flow and strong balance sheet, we continued to focus on finding new long term growth options, with a highly disciplined and value-focused approach.

Exploration expense for the half-year was US$496 million, an increase of US$64 million. We increased exploration expenses at Escondida, Cerro Colorado and Spence (all Chile), manganese targets in Gabon, and nickel targets in Western Australia. The main expenditure for the Petroleum CSG was on targets in the Gulf of Mexico (USA), Colombia, Australia, Philippines and Western India.

Expenditure on business development was US$49 million higher than last year. This was mainly due to earlier stage development activities in the Base Metals, Stainless Steel Materials and Iron Ore CSGs.

Other

Other items increased Underlying EBIT by US$464 million, predominantly due to the contribution of third party product sales which were US$380 million higher compared to the corresponding period.

Net finance costs

Net finance costs decreased to US$332 million, from US$341 million in the corresponding period. This was driven predominantly by lower interest rates, offset by foreign exchange impacts and lower capitalised interest.

Taxation expense

The taxation expense including tax on exceptional items was US$3,888 million, representing an effective rate of 56.4 per cent. Excluding the impacts of exceptional items the taxation expense was US$5,052 million.

Exchange rate movements increased the taxation expense by US$1,163 million. The weaker Australian dollar against the US dollar has significantly reduced the Australian deferred tax assets for future tax depreciation since 30 June 2008. This was partly offset by the devaluation of local currency tax liabilities due to the stronger US dollar. Royalty-related taxation represents an effective rate of 3.0 per cent for the current period.

Excluding the impacts of royalty-related taxation, the impact of exchange rate movements included in taxation expense and tax on exceptional items the underlying effective rate was 30.6 per cent.

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Exceptional Items

On 21 January 2009 the Group announced the indefinite suspension of Ravensthorpe Nickel Operations (Australia) and as a consequence will stop the processing of the mixed nickel cobalt hydroxide product at Yabulu (Australia). As a result, an impairment charge and increased provisions for rehabilitation of US$3,361 million (US$1,008 million tax benefit) were recognised for the half-year ended December 2008.

As part of the Group s regular impairment review of assets, a total charge of US$356 million (US$60 million tax charge including the de-recognition of tax benefits) was recognised primarily in relation to withdrawal from Suriname operations, suspension of copper sulphide mining at Pinto Valley (US) and the write down of the Corridor Sands mineral sands resource (Mozambique).

The Group recognised an additional US$508 million (US$152 million tax benefit) for the rehabilitation obligations at the Newcastle steelworks.

The Group s offers for Rio Tinto lapsed on 27 November 2008 following the Board s decision that it no longer believed that completion of the offers was in the best interests of BHP Billiton shareholders. The fees associated with the US$55 billion debt facility (US$156 million cost, US$5 million tax benefit), and other charges (US$294 million cost, US$59 million tax benefit) in progressing this matter over the eighteen months up to the lapsing of the offers have been expensed in the half-year ended 31 December 2008.

Half-year ended 31 December 2008	Gross US$M	Tax US$M	Net US$M
Exceptional items by category			
Suspension of Ravensthorpe nickel operations	**(3,361)**	**1,008**	**(2,353)**
Impairment of other operations	**(356)**	**(60)**	**(416)**
Newcastle steelworks rehabilitation	**(508)**	**152**	**(356)**
Lapsed offers for Rio Tinto	**(450)**	**64**	**(386)**
	(4,675)	**1,164**	**(3,511)**
Exceptional items by segment			
Petroleum	**(11)**	**4**	**(7)**
Aluminium	**(128)**		**(128)**
Base Metals	**(147)**	**(64)**	**(211)**
Diamonds and Specialty Products	**(70)**		**(70)**
Stainless Steel Materials	**(3,361)**	**1,008**	**(2,353)**
Group and Unallocated	**(958)**	**216**	**(742)**
	(4,675)	**1,164**	**(3,511)**

Cash Flows

Net operating cash flow after interest and tax increased by 73.9 per cent to US$13,094 million. This was primarily attributable to higher profits generated from operating activities and a decrease in receivables partly offset by increases in other working capital items.

Capital and exploration expenditure totalled US$5,967 million for the period. Expenditure on major growth projects was US$4,116 million, including US$705 million on Petroleum projects and US$3,411 million on Minerals projects. Capital expenditure on maintenance, sustaining and minor capital items was US$1,231 million. Exploration expenditure was US$620 million, including US$124 million which has been capitalised.

Financing cash flow include US$2,486 million in relation to increased dividend payments and net debt repayments of US$1,099 million.

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Net debt, comprising cash and interest-bearing liabilities, was US$4,168 million, a decrease of US$4,290 million, or 50.7 per cent, compared to 30 June 2008. Gearing, which is the ratio of net debt to net debt plus net assets, was 9.5 per cent at 31 December 2008, compared with 17.8 per cent at 30 June 2008.

Dividend

An interim dividend for the half-year ended 31 December 2008 of 41.0 US cents per share will be paid to shareholders on 17 March 2009.

The dividend to be paid by BHP Billiton Limited will be fully franked for Australian taxation purposes. Dividends for the BHP Billiton Group are determined and declared in US dollars. However, BHP Billiton Limited dividends are mainly paid in Australian dollars, and BHP Billiton Plc dividends are mainly paid in pounds sterling and South African rands to shareholders on the UK section and the South African section of the register, respectively. Currency conversions were based on the foreign currency exchange rates two business days before the declaration of the dividend. Please note that all currency conversion elections had to have occurred by the Currency Conversion Date, being 2 February 2009. Any currency conversion elections made after this date will not apply to this dividend.

The timetable in respect of this dividend will be:

Currency conversion	2 February 2009
Last day to trade cum dividend on JSE Limited	20 February 2009
Ex-dividend Australian Securities Exchange	23 February 2009
Ex-dividend Johannesburg Stock Exchange (JSE)	23 February 2009
Ex-dividend London Stock Exchange (LSE)	25 February 2009
Ex-dividend New York Stock Exchange (NYSE)	25 February 2009
Record	27 February 2009
Payment	17 March 2009

American Depositary Shares (ADSs) each represent two fully paid ordinary shares and receive dividends accordingly.

BHP Billiton Plc shareholders registered on the South African section of the register will not be able to dematerialise or rematerialise their shareholdings, nor will transfers between the UK register and the South African register be permitted, between the dates of 23 and 27 February 2009.

The following table details the currency exchange rates applicable for the dividend:

Dividend 41.0 US cents	Exchange Rate	Dividend per ordinary share in local currency
Australian cents	0.631250	64.950495
British pence	1.423705	28.798101
South African cents	10.192345	417.886145
New Zealand cents	0.499500	82.082082

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Debt Manage