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HD **BHP Billiton Vows to Focus on Investor Returns**
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ADELAIDE, Australia—BHP Billiton Ltd. sought to reassure investors of its commitment to boosting cash returns even amid tumbling commodity prices, as shareholders who have endured years of heavy investments in new projects demand higher paybacks from the world's No. 1 **mining company**.

Still, at BHP's annual general meeting here, Chief Executive Andrew Mackenzie knocked hopes of a near-term share buyback—a move that many investors want to be a key part of its capital-management strategy.

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Resources companies world-wide, including BHP and Anglo-Australian rival Rio Tinto PLC, have taken to shedding unwanted assets and driving down costs to strengthen their balance sheets, in a bid to entice investors with the promise of higher returns at the tail-end of a decadelong **mining**-investment boom.

BHP said it was meanwhile charging ahead with a spinoff of businesses, including aluminum and manganese **operations**, into a new **company** that could be worth as much as US\$18 **billion**. It hopes the demerger will enable it to focus on large, profitable **operations** like **copper** and petroleum.

"Everything we're doing, including productivity accelerated by the demerger, is aimed at increasing cash returns to you, our shareholders," Mr. Mackenzie told investors at the AGM on Thursday. The **company** said it would hold an extraordinary general meeting in May so that shareholders could vote on the demerger plan.

Mr. Mackenzie said a buyback of shares wasn't the top priority for his management team right now. Speaking to reporters later, he said the key focus was to keep the **company's** balance sheet strong—which included maintaining what he described as its solid A credit rating in the face of the recent downturn in commodity prices.

"Then we look after what we think is a strong dividend, then we selectively invest in what we have for growth, and only then if we can see excess cash might we consider that," Mr. Mackenzie added. "People can debate that, but our priorities are in that order."

BHP said it had already returned US\$64 **billion** to investors through dividends and buybacks over the past decade, although it had disappointed investors in August when it failed to outline plans to repurchase stock. UBS said recently that it didn't expect any such buyback until at least the middle of next year given the steep commodity-price falls. **Iron ore**, which accounts for around half of BHP's earnings, has plunged by close to 50% this year.

Other analysts are even more pessimistic on the chances of an imminent buyback. "Without commodity prices going higher than expected, BHP is likely to underwhelm from a capital returns perspective," Christopher LaFemina, an **equity** analyst at U.S. brokerage Jefferies, said last month.

Global commodity markets have been roiled by a rising U.S. dollar and concern **China's** economy is cooling faster than anticipated. The world's No. 2 economy has been losing momentum—with growth

in investment, factory production, exports and retail sales all slowing in October. The economy grew by 7.3% year-over-year in the third quarter, the slowest pace in more than five years.

Mr. Mackenzie said BHP continued to make a decent profit despite the weaker prices. "Our **company** is ready for this. We have a very strong strategy of productivity, which allows us to effectively follow this price down and look after its profitability," he told reporters.

Still, Mr. Mackenzie said he couldn't predict exactly what BHP would do with any spare cash in a fast-moving industry where commodity prices were so volatile. He said decisions would have to be made "in real time."

BHP isn't the only **mining company** promising to boost returns to investors. Last month, Rio Tinto told shareholders that the slump in **iron-ore** prices wouldn't stop the **company** giving more cash back to investors starting from next year.

In August, Glencore PLC said it would buy back US\$1 **billion** of its own shares, and signaled that it was prioritizing cash returns to shareholders over any major new investments. The Switzerland-based resources **company** said it was able to do so partly because of the US\$7 **billion** it received from selling the Las Bambas **copper** mine in Peru.

BHP's chairman, Jac Nasser, said the Melbourne-based **company** had made good progress in recent weeks toward plans for the demerger, which included getting regulatory approval from Australia's foreign-investment regulator.

CO bkhlp : BHP Billiton Ltd | rtz : Rio Tinto PLC | bltplc : BHP Billiton PLC | craaus : Rio Tinto Ltd

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