

Bhp billiton report

[Business](#), [Branding](#)



BHP Billiton report Name: Course: Date: BHP Billiton report Introduction BHP Billiton is a native Australian company that deals with petroleum and other minerals on a multinational level. The company's headquarters are situated in Melbourne and has major offices in London. The company is ranked as the third largest mining firm globally according to revenue and market capitalization. BHP Billiton was established in 2001 through the merger of two small companies: the Anglo-Dutch Billiton PLC and Australian Broken Hill Proprietary Company Limited (BHP). BHP Billiton is registered on the Australian Securities Exchange and the London Stock Exchange.

The company has a market capitalization of just about ? 39. 6 billion. History Billiton was a mining company established in 1860 as a firm that mined lead and tin and later on, bauxite. Billiton was acquired by Shell in 1970 that accelerated the pace of growth of the company. The Broken Hill Proprietary Company was established in 1885 and mined silver and lead.

Later in the 19th century, the company shifted into steel manufacturing in Wales. After amassing wealth, the company shifted into petroleum exploration in the Bass Strait, later on dropped other investments, and focused squarely on petroleum. Various mergers and acquisitions have occurred between 2005 and 2012 that made the BHP Billiton a dominant force in the Australian mining industry. Business performance Price of products at BHP (USA) Investments Inc The share prices for BHP Billiton PLC shares have been relatively low since the year 2012 began when the price in GBX was 1, 800. By the second quarter of the financial year, the price had dropped to 1, 760 before picking up in the third quarter to 2, 670. As of 28

November 2012, the share price was at 1, 948 pence, the company was forecasting a dividend yield of 3.

9% and price-to-earnings (P/E) ratio of 11 (Riseborough, 2012). The specific market price for each of the products is difficult to estimate because of the wide range of products as well as their diversity. The company also receives returns that are categorized in different currencies making it difficult to quantify. Place / Location of BHP (USA) Investments Inc In USA, BHP Billiton has focused mainly on the exploitations and distribution of crude petroleum. One of their offices in the US is located in Fayetteville where they deal in onshore natural gas production while the other office is in the Gulf of Mexico that deals in natural gas and offshore Irish Sea oil. Competitive performance PEST analysis of BHP Billiton Political factors BHP Billiton is a worldwide resources company that is vulnerable to political risk factors in almost all markets.

Political issues can have a big effect on the company's mentioned vital drivers: the authorization to operate, development options, excellent assets and project pipeline. BHP has invested a lot of capital in exploration and infrastructure projects in regions where there is high risk of political instability for instance Kazakhstan, Democratic Republic of Congo, Mongolia and Western Africa. The most common political risks of operating in the mentioned volatile regions include nationalization by liberal leaders, civil unrest, changes in government policy, lease agreements, nullification of existing contracts and terrorism among other issues. An example of the effect of policy changes was the 2004 implementation of the Mineral and

Petroleum Resources Development Act of 2002 that caused BHP mining department many losses. Under the new Act, BHP was forced to give over 26% of its ownership rights to underprivileged South Africans. The increase of the 5% mining tax in Chile also resulted in uncertainty in achieving the intended profit margins. Economic Factors BHP Billiton is vulnerable to the economic factors of a potential rise in energy costs, discovery expenses, operations, materials and labor costs.

These fluctuations could negatively affect the company growth plans, expansion projects and company income. The company relies on the current strength in worldwide commodities prices that are linked to the health of the global economy. The company is vulnerable to unpredictable currency assessments and common economic perils in the global industrial economies (Permatasari, 2012).

Any major flaws in the global economies could cause a reduction in the demand for commodities resulting in an increased supply and lower prices that will affect the company's profitability. Socio-Cultural Factors BHP Billiton is vulnerable to socio-cultural issues in all procedures and business owners' relationships especially in the Third world regions where they have a strong sense of regressive culture. These features demand that the company support neighboring communities financially and supply resources for infrastructure such as housing, roads and schools.

New mining and infrastructure projects often need tailor-made approvals that can increase the development costs and lower profitability. The firm has taken measures to build on its status in Chile by concentrating on changing

the worker conditions and the quality of life in the neighboring city of Antofagasta (Hargreaves, 2012). Technology Factors BHP mainly relies on the technical elements of resourceful mining, exploration and unearthing of mining and energy possessions. The company depends greatly on the use of technology inventions for the discovery and exploration of mineral and energy resources. The investment in technology is therefore a fundamental expense for the BHP Billiton. The investment in the proper technological resources will affect two significant strategic drivers for the company: the project pipeline and excellent assets.

The major part of the technological infrastructure includes earth-moving machinery, trucks, cranes, concrete mixers, refineries and other machinery. SWOT analysis of BHP Billiton Company Strengths BHP Billiton is a first-class natural assets company with a spread portfolio of assets that has assumed a strong market position. The company is one of the biggest traders of uranium after Olympic Dam Mine (Australia), silver, copper and lead after Cannington Mine. BHP possesses the world's largest source of copper that is the Escondido mine (Chile). BHP is also a major producer of nickel globally. BHP is the sixth biggest aluminum manufacturer in the world. BHP is one of the largest producers of manganese, iron ore and metallurgical coal and as part of operations in South Africa Brazil and Australia.

BHP Billiton is also a major player in the energy coal sector. It is one of the largest operations in the world and it is strategically positioned to deliver products from operations in all the continents except Greenland. BHP has returned high financial results over the last period of five years. The firm

used an aggressive share buy back plan to restore capital to it's' investors (BHP Billiton, 2005).

Weaknesses of BHP Billiton Company The company has a weakness in that it has space to improve the measures of long-term financial return and gross margin to be closer to that of their competitors. The company operates with several human resources problems that drag significant processes including appointing a new CEO and employ and train additional mining personnel. The company is also understaffed, this problem hurts the operations that mean that staff training, recruitment, and development is a weak area. The company is also weak in corporate communications as there lacks practical and innovative corporate responses using effective group communication or new media to the investors and stakeholders. Additionally, the company vision, mission, strategy verse and motto need to be redefined to be improved the efficiency and motivation of personnel.

The company has a weak policy when it comes to political lobbying. BHP has not efficiently secured their position on access to public infrastructure and they have a small group of appropriate public support in public relations and political lobbying. **Opportunities** BHP Billiton is planning a project pipeline to be executed by 2013 and is currently at the feasibility phase that will cost the company about \$17. 8 billion in investment. This investment is expected to become a considerable supply of revenue during the 2014 stage provided the firm carries out cost effective measures and the commodities market is strong (BHP Billiton, 2011). BHP can further implement the innovative marketing answers by being a practical advocate of the project through new

media techniques such as social networking and innovative outdoor advertising and customer outreach programs. These campaigns will involve expanding the brand into developing customer awareness of the company operations and strengths.

BHP Billiton has dedicated itself to reduce their greenhouse gas emissions by up to 5%. The proper management of this program can result in a positive source for sustainable development and environmental responsibility. The company owns energy transportation and trading division and therefore, it is a significant source of energy commodities. This means that there are opportunities for further incorporate into the supply network and transportation operations to take advantage of additional profit levels and reduce costs. Oil and natural gas are currently valuable commodities and the BHP portfolio is positioned mostly in USA and the Australia that are secure, self-ruled regions (Benain, 2007). Threats BHP Billiton is experiencing rising costs that originate from suppliers specifically the shipping costs energy costs and paying for contract labor. Global inflation and human resource issues are the major threats facing BHP Billiton at the current stage of company expansion and growth. The company has established new oil and natural gas projects in Africa and this commitment will need the company to advance carefully due to the sensitive political activity that could affect the profit margin in these markets.

In the domestic market in Australia, the company has received a disadvantageous decision from the states concerning access to public infrastructure and given the poor political dynamics of BHP Billiton limited, it

will be very difficult for the company to salvage the situation. The firm needs a sturdy lobbying platform to counteract the strong political opposition.

Operations at the global level are endangered usually by environmental demands and the company must concentrate on sustainable growth and positive relations with stakeholders so that the functions can shun interruptions or public relations disasters created by environmental parties.

The company is heavily dependent on demand from Asian consumers for natural resources and any global holdbacks in the world markets impacts on the trade and profit margins of BHP Billiton. The company must strive to satisfy the demand but stay financially focused to accomplish increasing profit volumes together with a rise in natural commodities shipments. The company should also be cautious against acquisitions and merger threats that may be tempting enough to coerce them to be acquired.

Branding strategy for BHP Billiton Company BHP (USA) Investments Inc. operates within the United States of America and engages in the exploitation of gas and oil. The subsidiary also mines bauxite, aluminum, copper, silver, lead, gold and uranium. The main customers of the material mined by BHP (USA) Investments Inc are smelters, brass mills and electricity generating utilities. The company has a verified record of delivering superior shareholder profits. This is done through the disciplined execution of the unwavering strategy of purchasing and operating outsized, long-term, low-cost, flexible assets expanded by market, geography and commodity. The main products produced by BHP (USA) Investments Inc include aluminum and nickel, base metals, petroleum, iron ore, coal and diamonds (Wheatley, 2012).

The company has a strategy of acquiring, running massive, cheap, expandable assets that have helped BHP (USA) Investments Inc deliver higher profit margins throughout fluctuating economic and commodity periods for many years. The company has a diversified and inexpensive tier-one asset base that augments the elasticity of their cash flow by lowering their exposure to any currency or commodity and provides more knowable and strong financial performance. The main principle surrounding BHP (USA) is diversification. They diversify according to the commodity produced, the location in which they sell their products and the markets. References Benain Prof. Pierre-Yves. (2007) Strategic Options. International University in Geneva.

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