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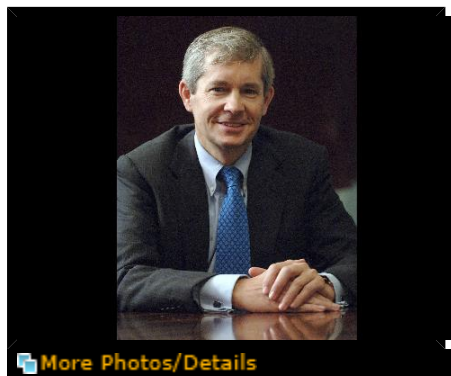
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BHP's Kloppers Succeeds Goodyear as Chief Executive (Update7)

By Tan Hwee Ann and Jesse Riseborough



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May 31 (Bloomberg) -- BHP Billiton Ltd., the world's largest mining company, promoted Marius Kloppers to chief executive officer, succeeding Charles "Chip" Goodyear who delivered record profits during his four-year tenure.

Kloppers, head of metals, the largest profit contributor, starts on Oct. 1, the

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Melbourne-based company said in a statement today. He'd been named by analysts as the likely successor to Goodyear, 49, who said in February he would retire.

South African-born Kloppers, 44, takes over \$17.5 billion of new mining and oil projects as BHP seeks to meet soaring Chinese demand. Goodyear and Kloppers oversaw BHP's acquisition of WMC Resources Ltd. for \$7.6 billion in 2005, prompting a surge in industry takeovers.

"Kloppers has been focused on building the revenue end of the company and he is very good at it," said Peter Chilton, who helps manage the equivalent of \$1.4 billion at Constellation Capital Management, in Sydney. "They were ahead of the market with WMC's purchase, and it remains to be seen what's next."

Shares of BHP have risen 25 percent this year, more than double the 11 percent gain on the benchmark Australian index. The stock rose 46 cents, or 1.5 percent, to close at A\$31.53 at 4:10 p.m. Sydney time on the Australian Stock Exchange.

Internal Candidates

A trained chemical engineer, Kloppers heads a group that includes the aluminum, base metals and stainless steel materials units. The three units accounted for 57 percent of BHP's earnings before interest and tax. He beat out at least one other internal candidate, Chris Lynch, who runs the company's carbon steel business, for the job.

Kloppers, who has a materials science Ph.D. from the Massachusetts Institute of Technology, declined a request for an interview. He was paid \$1.7 million last year, compared with the \$6.5 million compensation for Goodyear.

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BHP hasn't made another major acquisition since 2006, while rivals Astrata Plc and Cia. Vale do Rio Doce spent \$34.4 billion between them buying Falconbridge Ltd. and Inco Ltd. respectively last year. Surging profits have spurred more than \$79 billion of takeover bids in the industry this year.

"Other companies have been aggressive in the marketplace in trying to build their overall positions," said Tim Barker, who helps manage \$54 billion of assets at BT Financial Group, in Sydney. "That's an area BHP needs to focus on."

BHP could be a possible bidder for Alcan Inc., Canada's largest aluminum producer, and has started "early stage" talks, the Globe and Mail said May 23, citing unidentified people. BHP and Alcan declined to comment. Alcan rejected a \$27.7 billion bid from rival Alcoa Inc. and has been in talks with other suitors.

Rio Speculation

Shares of Rio Tinto Group, the world's third-largest mining company, rose to a record on May 9 on speculation of an approach from BHP. Rio denied the speculation. Goodyear has said the company won't rush into acquisitions.

"Whilst (Kloppers) may push it, I think the logic and reasoning behind any acquisition or purchase will have to meet stringent criteria," said John Colnan, senior resources analyst at Shaw Stockbroking Ltd. in Sydney. "I can't see any change there."

Before joining BHP, Kloppers worked for Sasol Ltd., the world's largest coals-to-fuels producer, in South Africa in the petrochemical business, and as a management consultant with McKinsey & Co in the Netherlands. He joined BHP in 1993 from Billiton Plc before the companies merged in 2001.

Cost Challenges

Kloppers also held positions of chief marketing officer and chief commercial officer in BHP. He drove iron ore price talks and contract negotiations with copper smelters, Constellation's Chilton said.

BHP is struggling with rising costs at its projects as it competes for labor, equipment and materials. It has announced higher costs for its Alumar alumina refinery in Brazil, the Atlantis South oil project in the Gulf of Mexico, and its Ravensthorpe nickel project in Australia.

`` The biggest challenge is going to be cost control and the blow out in costs in pretty much every area they are in," said Michael McCormick, who helps manage A\$380 million at Leyland Private Asset Management, in Sydney. `` They are in a good position as far as demand is coming through from China on iron and copper."

Rivals Anglo American Plc and Rio Tinto, the world's second-and third-largest mining companies, also changed top executives this year. Cynthia Carroll became Anglo's new chief executive in March, replacing Tony Trahar. Rio's Leigh Clifford was replaced by Tom Albanese, 50, this month.

BHP may post record profit of \$13.9 billion for the year ending June 2007, up from \$10.45 billion the previous year, according to the average of 18 estimates compiled by Bloomberg.

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