

The Rio Tinto logo, consisting of the words "RioTinto" in white sans-serif font on a red rectangular background.

RioTinto

2018 half year results

1 August 2018

London



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The background of the slide is a photograph of a mining operation at sunset. The sky is a deep orange, and the silhouettes of large mining cranes and conveyor systems are visible against the horizon. In the upper right, a large, dark, multi-lobed structure, possibly a bucket or part of a crane, is prominent. The overall scene is industrial and dramatic.

RioTinto

J-S Jacques

Chief executive

Our strategy is delivering

- ✓ **Total cash returns to shareholders of \$7.2 billion, comprising:**
 - Interim returns of \$3.2 billion (including dividend of \$2.2 billion, 127 US cents per share)
 - Disposal proceeds of \$4.0 billion
- ✓ **EBITDA of \$9.2 billion, margin of 43%**
- ✓ **Reshaping the portfolio with divestments announced in H1 2018 of \$5 billion**
- ✓ **Invested \$1.4 billion in high-return growth**
 - AutoHaul™ delivering, Oyu Tolgoi underground and Amrun on track
- ✓ **Delivered \$0.3 billion free cash flow from productivity in H1 2018**

Strong results delivered in H1 2018

Robust financial performance

EBITDA of **\$9.2 billion**

Operating cash flow of **\$5.2 billion**

Free cash flow of **\$2.9 billion**

\$0.3 billion of mine-to-market productivity improvements delivered

Disciplined capital allocation

Interim 2018 dividend of **\$2.2 billion**

Additional share buy-back declared of **\$1.0 billion**

Return of disposal proceeds of **\$4.0 billion**

Capital expenditure of **\$2.4 billion**

Positioning for the long-term

AutoHaul™ delivering flexibility and increased capacity in the Pilbara

Oyu Tolgoi underground development on track

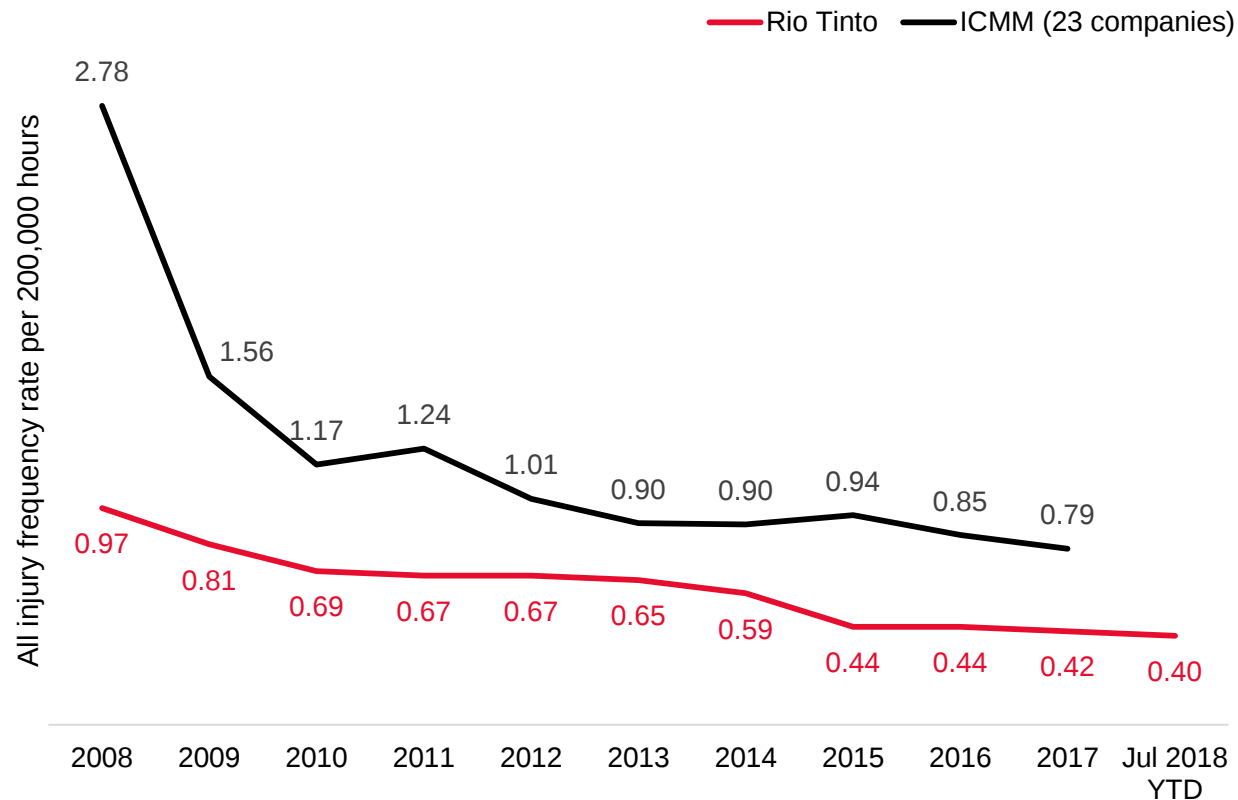
Amrun development progressing to plan

Divestments announced of **\$5 billion** in H1 2018



Safety and health come first

Continuing history of improvement in AIFR



Fatality at Rio Tinto Fer et Titane in April 2018

Fatal assault on a security contractor at Richards Bay Minerals in July 2018

Eliminating fatalities through the Critical Risk Management programme which continues to be embedded, including controls for critical health risks

Preventing catastrophic events through our focus on **process safety** and the identification and management of controls for major hazards

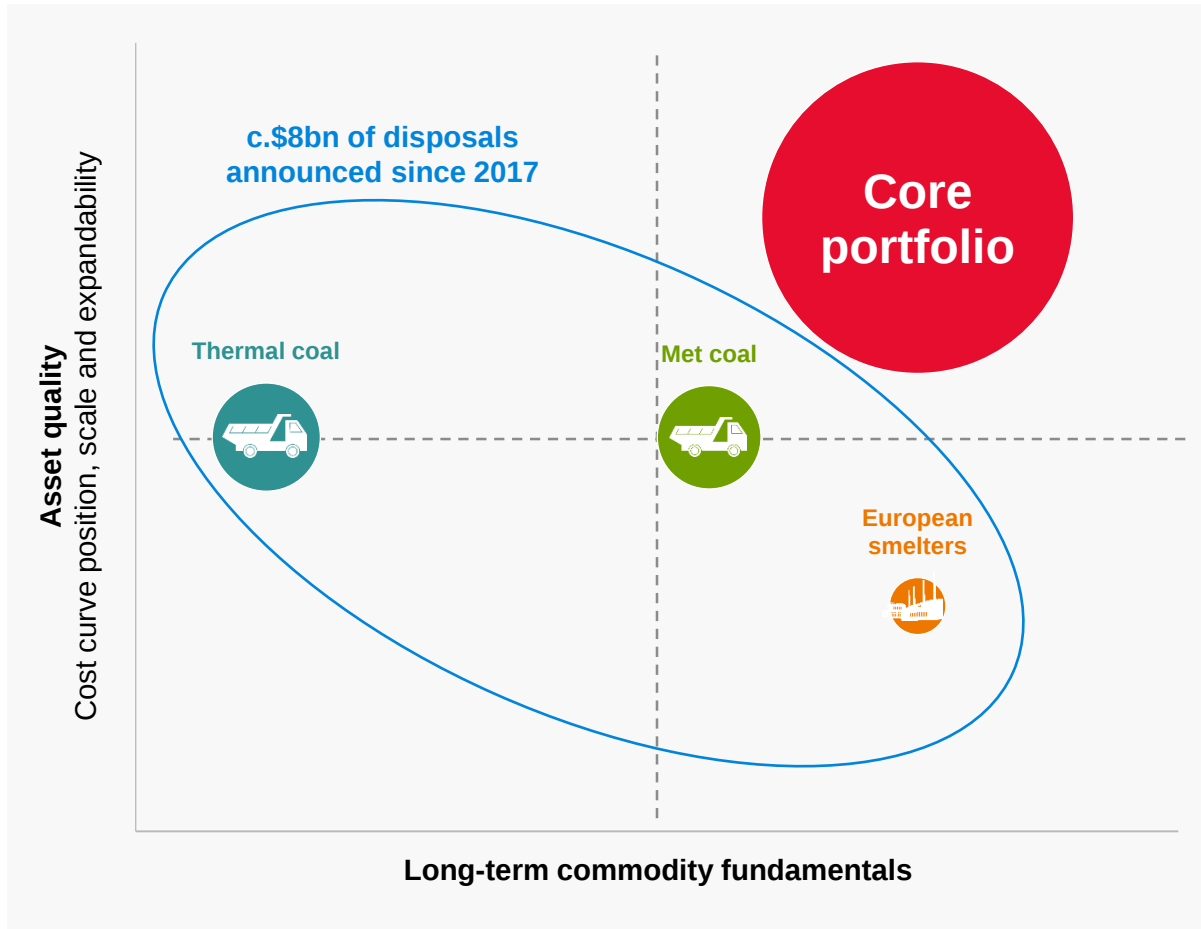
Reducing injuries through targeted hazard elimination campaigns

Ongoing focus on mental health, **wellbeing** and fatigue management

Strong cash flow from world-class assets

	Iron Ore		Aluminium		Copper & Diamonds		Energy & Minerals	
Margins	67% Pilbara operations FOB EBITDA margin		35% Integrated operations EBITDA margin		45% EBITDA margin		36% EBITDA margin	
Cash flow	Cash flows from operations:	\$4,245m	Cash flows from operations:	\$1,137m	Cash flows from operations:	\$838m	Cash flows from operations:	\$599m
	Development capex:	\$183m	Development capex:	\$449m	Development capex:	\$690m	Development capex:	\$31m
	Free cash flow:	\$3,759m	Free cash flow:	\$327m	Free cash flow:	\$28m	Free cash flow:	\$379m
								

Further strengthening our world-class portfolio



Successful divestment programme. Since 2017:

- Exiting thermal coal and coking coal assets
- Exiting European smelters

Continuous portfolio review focusing on higher long-term returns

- Grasberg non-binding HoA signed for intended \$3.5 billion sale

Evaluation of acquisition opportunities

- Rigorous and disciplined
- Creates additional scope and capability

Size of the bubbles represent reported operating assets value for core portfolio and disposals proceeds for disposed assets

A large-scale industrial water spill, likely from a dam or reservoir, with a massive volume of water cascading over a concrete structure. The water is turbulent and white with foam. In the background, a large concrete dam structure is visible, and a red laser line is projected across the water flow. The scene is set in a rugged, mountainous area.

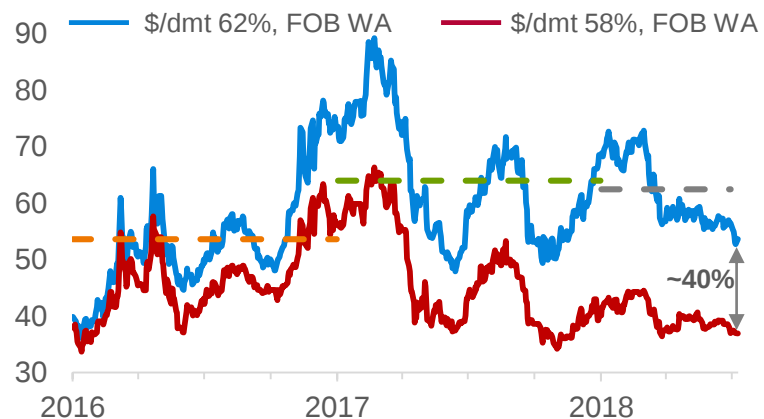
RioTinto

Chris Lynch

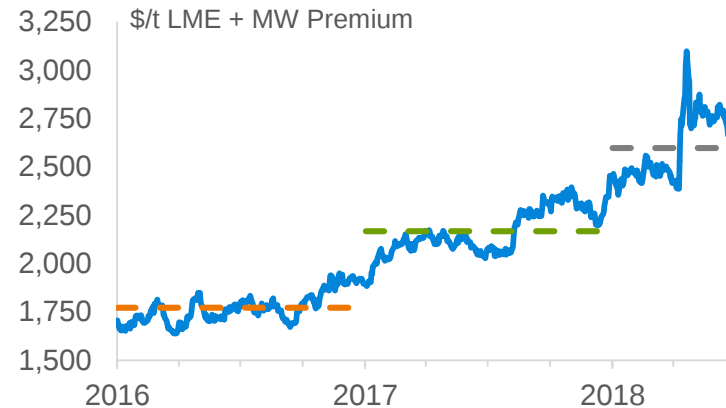
Chief financial officer

Robust pricing across most commodities

Iron Ore



Aluminium



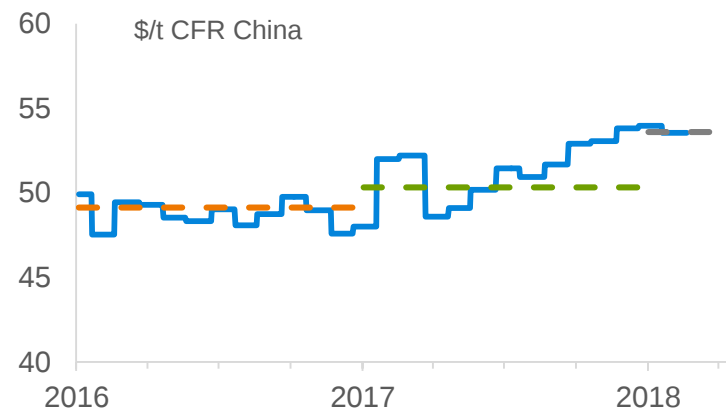
Iron ore prices underpinned by record steel production in China. Steel and iron ore inventories drawing down

Aluminium prices moved higher by US import duties and sanctions

Copper



Bauxite



Copper price impacted in June by concerns over trade restrictions

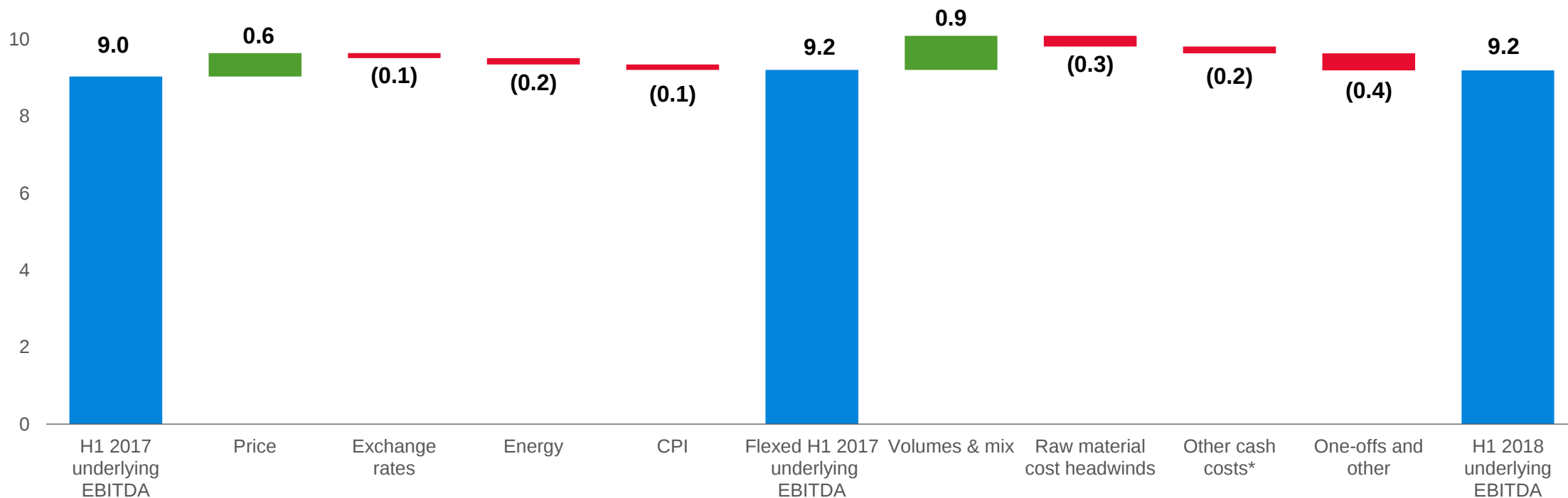
Bauxite price supported by demand from growing Chinese coastal refinery capacity

EBITDA driven by higher pricing and increased volumes, offsetting cost headwinds

Underlying EBITDA H1 2017 vs H1 2018

\$ billion

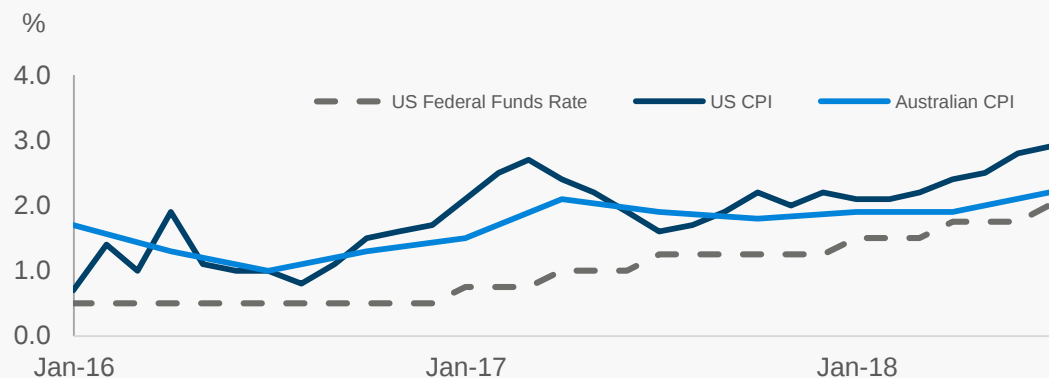
12



* Cash costs include movements in Exploration & Evaluation costs

Inflation is challenging the industry

Australian & US headline CPI increasing

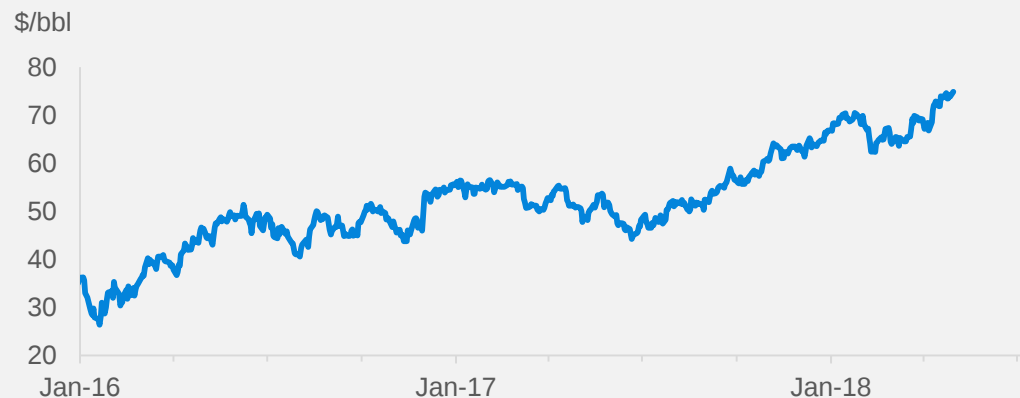


Return of inflation in the US driving an increase in the federal funds rate

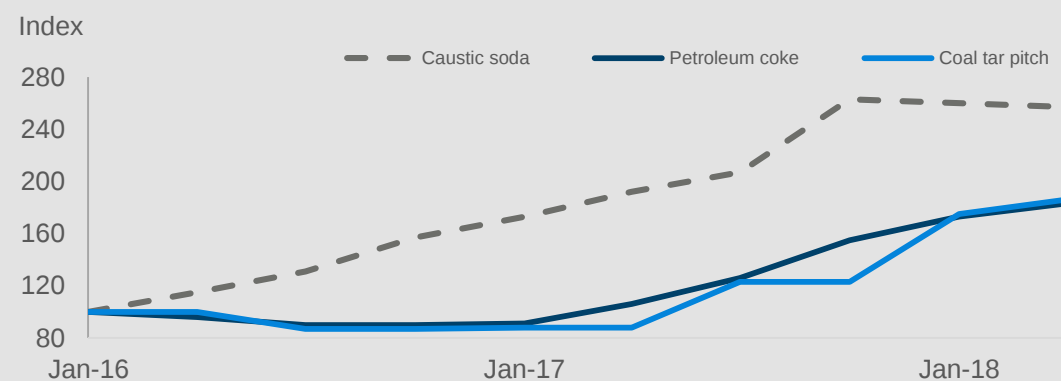
Higher input energy prices impacted EBITDA by \$0.2 billion in H1 2018

Raw materials cost headwinds impacted EBITDA by \$0.3 billion in H1 2018

Oil (Brent) price increasing



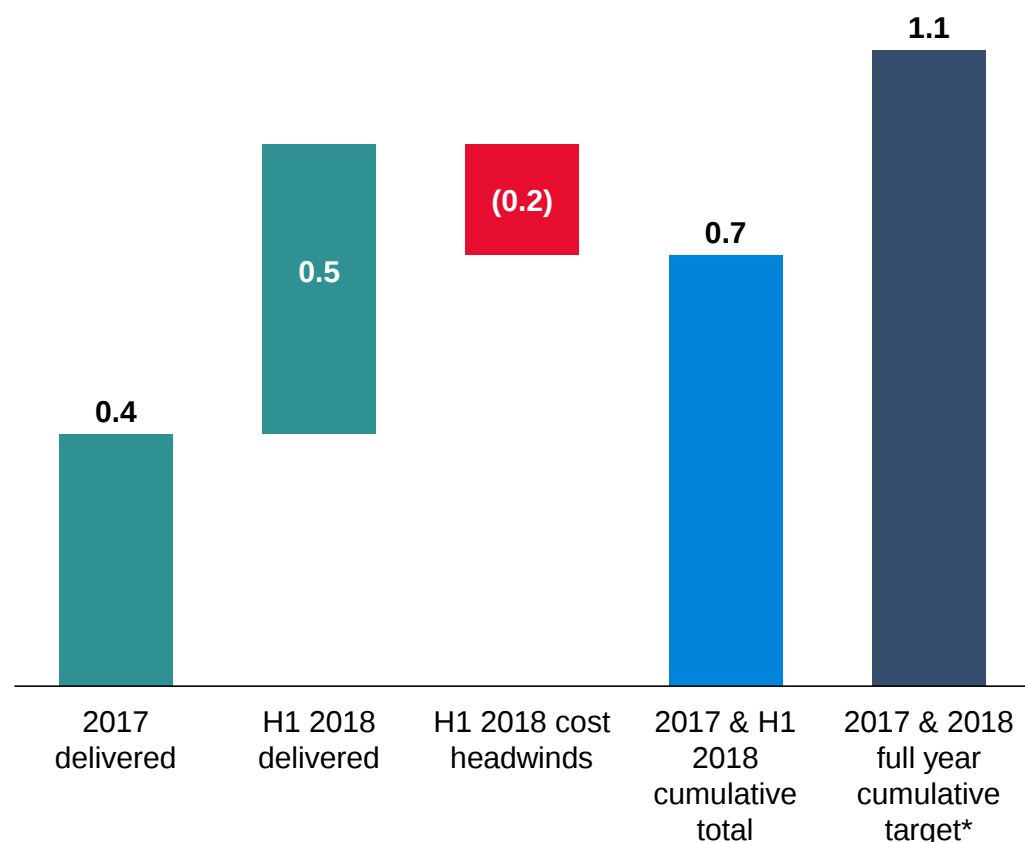
Aluminium raw materials



Productivity programme on track despite cost headwinds

Post-tax mine-to-market (M2M) productivity programme

\$ billion (free cash flow)



* Based on consensus prices and exchange rates

\$0.3 billion mine-to-market free cash flow (net of cost headwinds) delivered in H1 2018

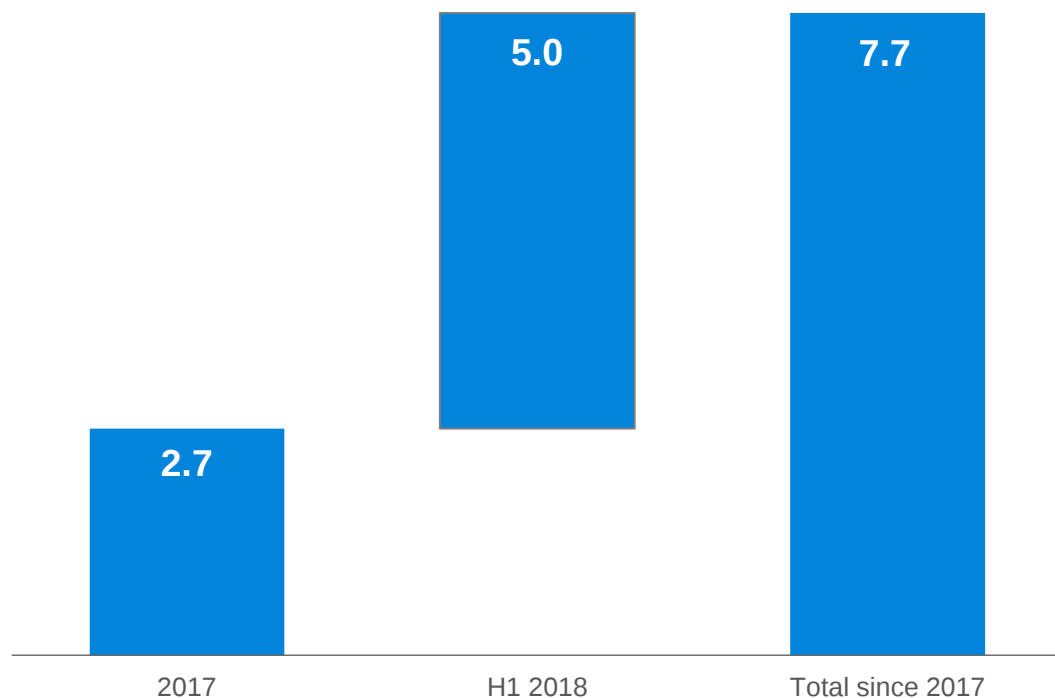
- Cost headwinds from Aluminium and Energy & Minerals raw materials (caustic, pitch, coke and electrodes)

Additional **\$0.4 billion** M2M free cash flow expected in H2 2018

Strategic disposals announced since 2017

\$7.7 billion disposals announced since 2017

\$ billion



Value delivered through divestments

2017: Coal & Allied: \$2.7 billion

2018: Coking coal: \$4.15 billion

- Kestrel and Hail Creek sales completed on 1 August 2018
- Winchester South sale completed on 1 June 2018

2018: European aluminium smelters: \$0.8 billion

- ISAL and Dunkerque sales expected to complete in Q3 2018

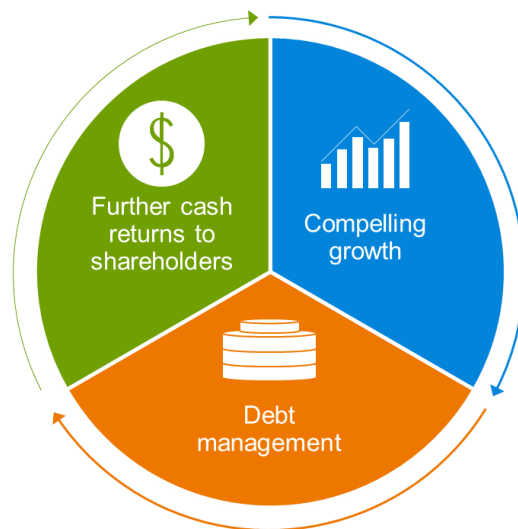
In addition, non-binding HoA signed on 12 July 2018 for intended sale of Grasberg interest for \$3.5 billion

Disciplined capital allocation

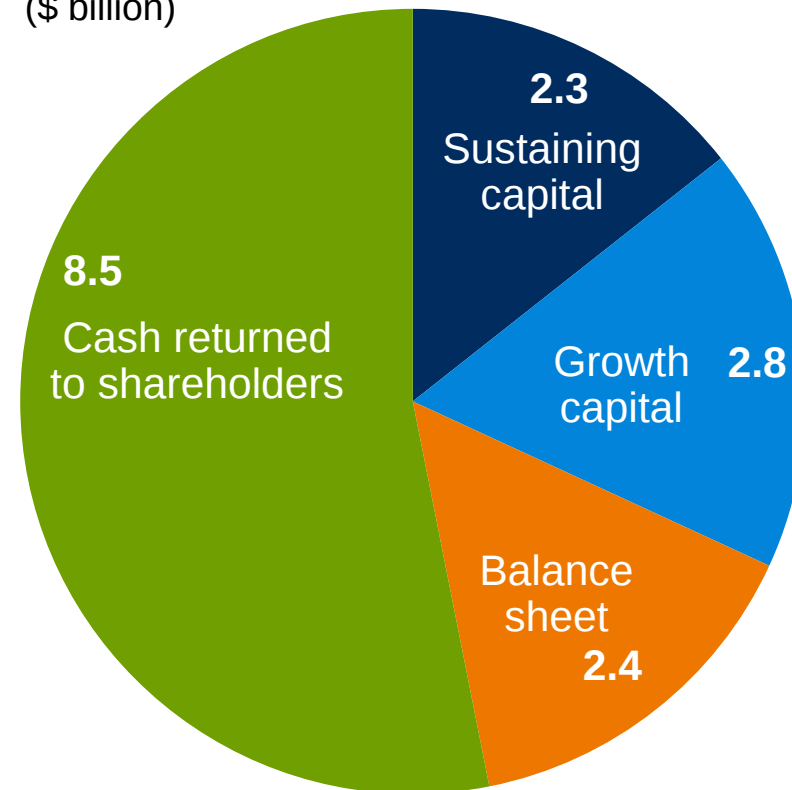
1 | Essential sustaining capex

2 | Ordinary dividends

3 | Iterative cycle of



\$8.5 billion paid to shareholders over the last 12 months*
(\$ billion)

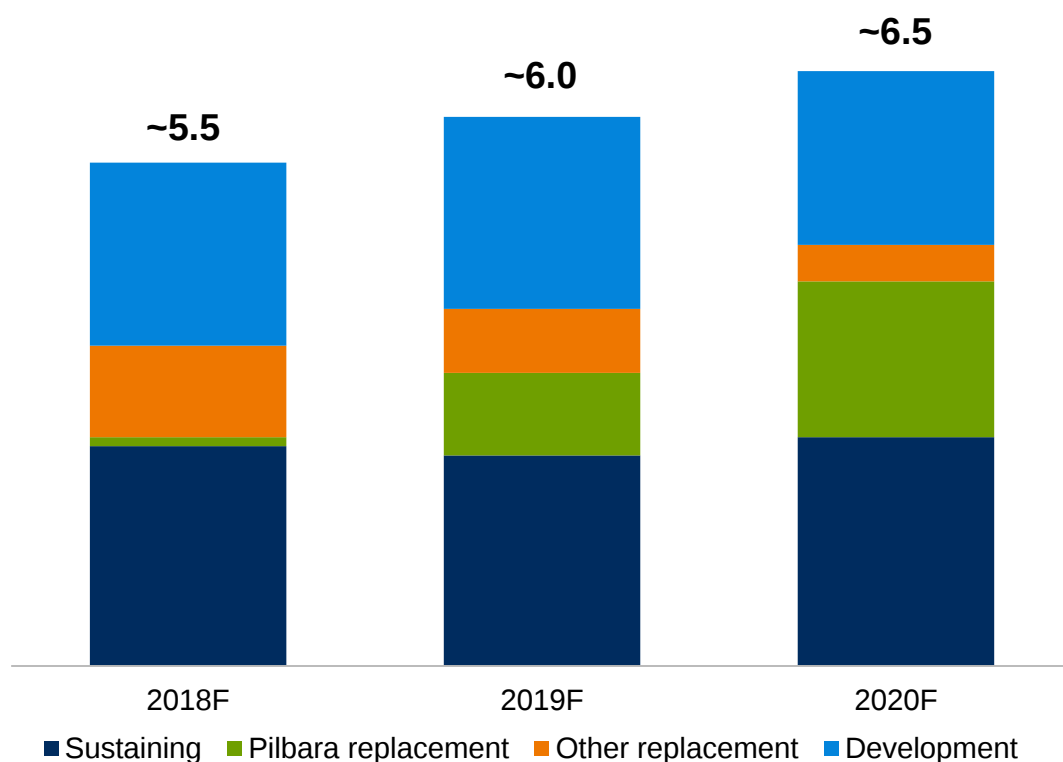


* Refer to slide 40 for detailed breakdown

Sustaining capital and compelling growth

Capital expenditure profile

\$ billion



Maintained sustaining capital guidance of \$2.0 to \$2.5 billion per year, including:

- Iron Ore sustaining capex of ~\$1 billion per year

Pilbara replacement capital of ~\$2.7 billion includes Koodaideri development from 2019

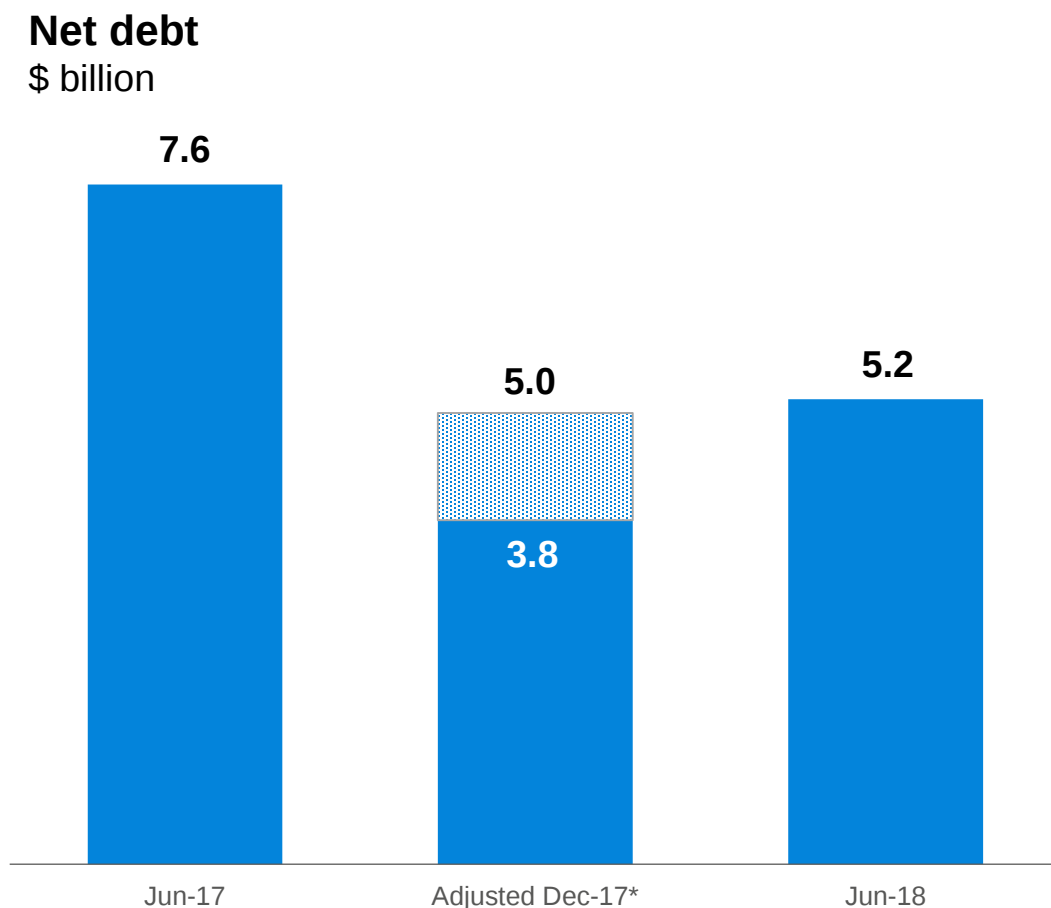
Other replacement capital includes:

- South wall pushback at Kennecott
 - Amrun replacement tonnes
 - Zulti South
-

Development capital includes:

- Oyu Tolgoi, including development of power station
- Amrun
- AutoHaul™

Strong balance sheet



Net debt of \$5.2 billion

Cash outflows in H1 2018:

- \$1.2 billion final Australian tax payment pertaining to 2017 profits
- \$4.7 billion in returns to shareholders
- \$2.4 billion in capital expenditure

Gross debt reduced by \$2.1 billion in H1 2018

- Net interest paid of \$0.1 billion associated with bond purchase programme

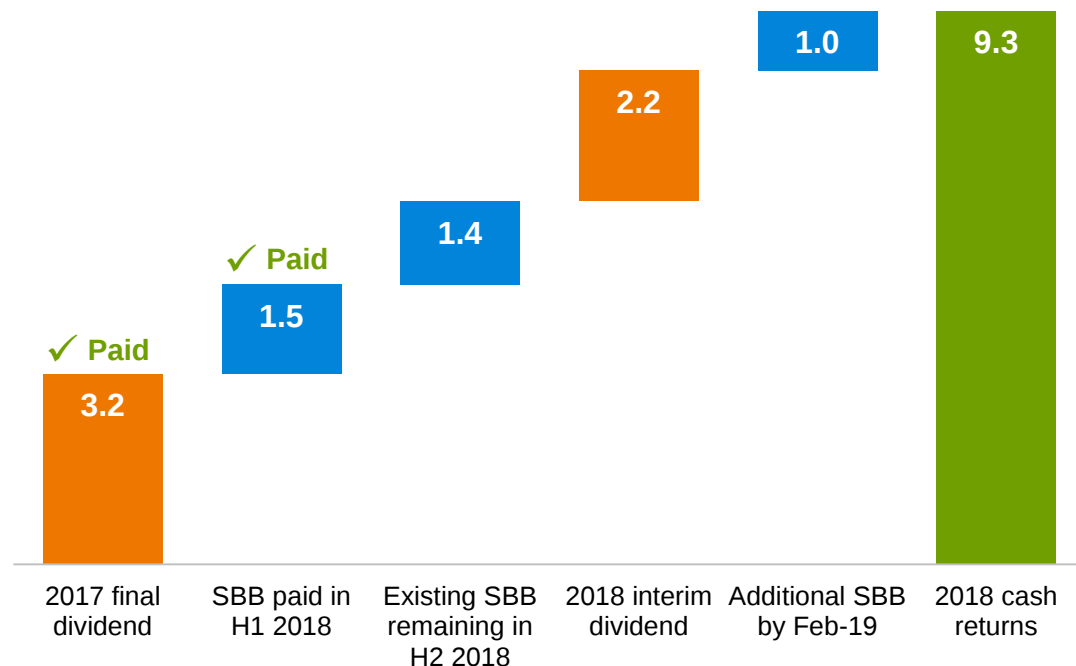
New leasing accounting standard to come into effect from January 2019**

* Adjusted for \$1.2 billion tax payment in H1 2018 pertaining to 2017 profits

** Undiscounted operating lease commitments disclosed in note 31 of the Rio Tinto 2017 Annual Report were \$1.8 billion

Delivering superior returns for shareholders

2018 cash returns to shareholders* \$ billion



Interim 2018 returns to shareholders of **\$3.2 billion** announced

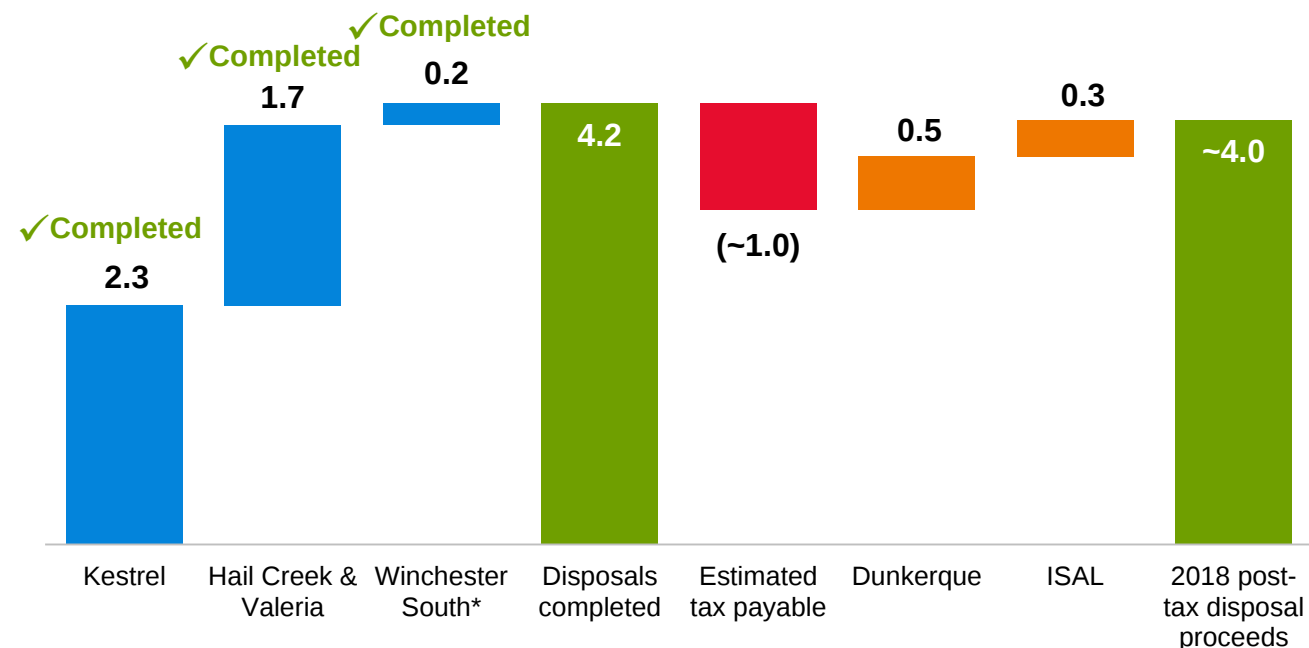
- Interim dividend of \$2.2 billion or 127 US cents per share to be paid in September 2018
- Additional share buy-back of \$1.0 billion in Rio Tinto plc shares by the end of February 2019
- 72% of underlying earnings

In addition to \$1.4 billion remaining from completion of \$2.9 billion buy-back in Rio Tinto plc shares by the end of 2018

* Additional share buy-back (SBB) announced on 1 August 2018 of \$1 billion to be completed in February 2019

Announced divestment proceeds will be returned to shareholders

Additional disposal proceeds \$ billion



Disposals of \$4.15 billion (pre-tax) completed for coking coal assets:

- Estimated total tax payable in the order of \$1 billion

Dunkerque and ISAL sales expected to complete in Q3 2018 for \$0.8 billion

Rio Tinto board has approved that post-tax proceeds of \$4.0 billion will be returned to shareholders

Precise timing and form to be determined

* \$50 million from the sale of Winchester South to be received on 1 June 2019 (12 months from the date of completion)

The background of the slide is a photograph of a mining operation at sunset. The sky is a deep orange, and the silhouettes of large industrial cranes and conveyor systems are visible against the horizon. In the upper right, a large, dark, multi-lobed structure, possibly a bucket or a piece of machinery, is silhouetted against the sky. The overall scene conveys a sense of industrial scale and activity.

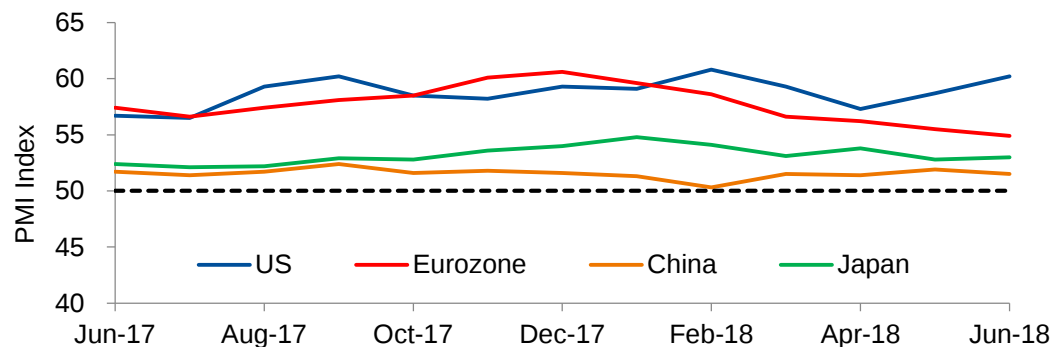
RioTinto

J-S Jacques

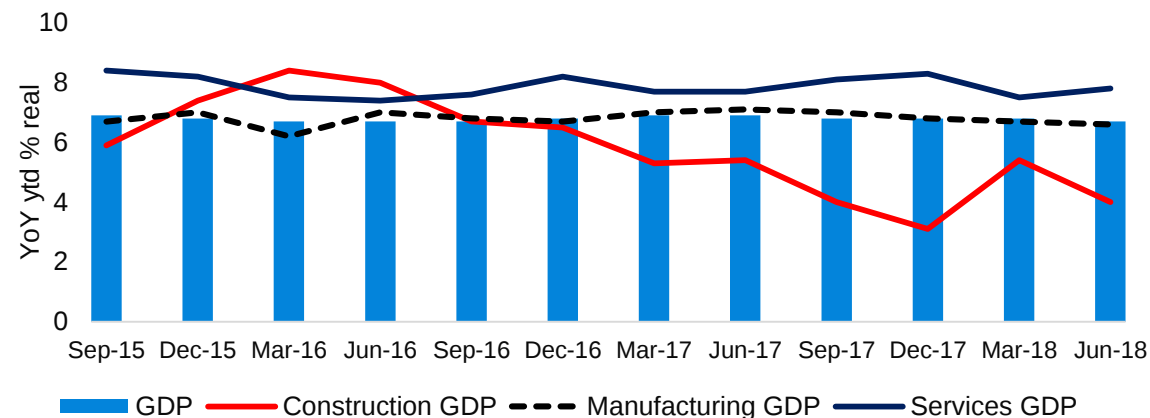
Chief executive

Global macro indicators remain supportive

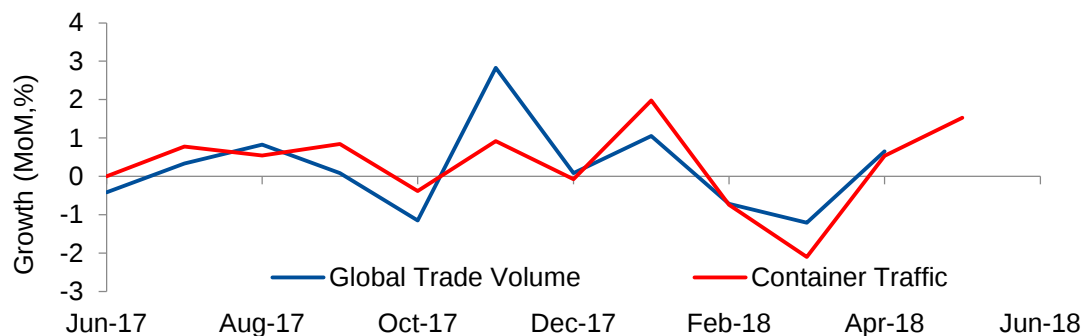
Global PMIs have eased but remain in expansion



Chinese growth slowing very gradually



Global trade remains strong



Controlled deceleration in Chinese economic growth since Q4 2017

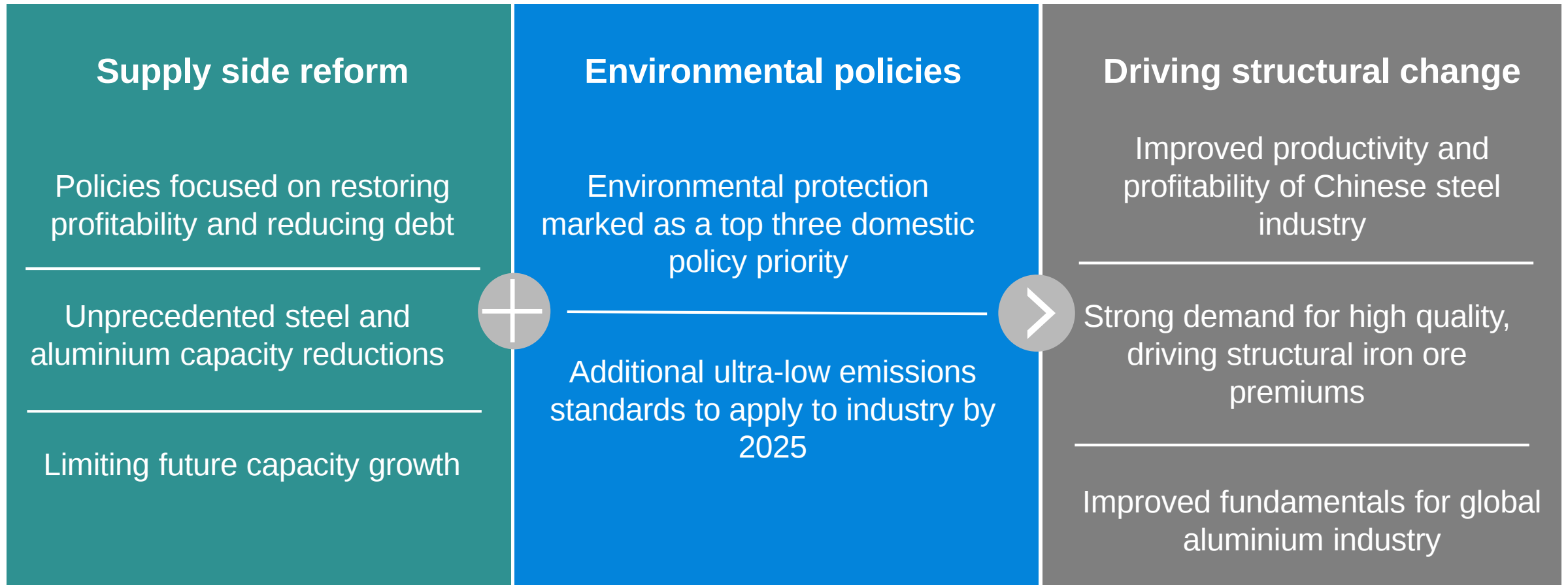
Recent rebound in world trade volumes and container traffic reassures that global trade growth remained healthy in H1 2018

Manufacturing sentiment has weakened but remains comfortably in expansion territory despite rising trade tensions

Trade tensions unlikely to materially affect steel demand

China supply-side reform and tightening environmental policy have driven structural change

22



Challenging global environment demands a resilient business

23

Recovering global miners face fresh squeeze from rising costs

Trade disputes take toll on emerging market equity funds

WORLD | ASIA

U.S. Has Launched 'Largest Trade War in Economic History,' China Says

Chinese Commerce Ministry says Beijing is being forced to strike back at the U.S. with tariffs of its own

Sustainability is no longer an option but an imperative

Business

Trade War Imperils World Growth as IMF Sees 'Complacent' Markets

Many Chinese consumers ready to boycott US goods in trade war

Australia's worst nightmare: to be caught in cross fire of trade war

A portfolio of world-class assets

- EBITDA margin of 43%
- Operating cash flow of \$5.2 billion
- Investing in Tier 1 growth

Maintaining a strong balance sheet

- Net debt of \$5.2 billion

Continued focus on cash

- \$5 billion mine-to-market productivity programme
- Active portfolio management

High-return growth optionality

Iron Ore

Optimising the world's premier iron ore business

Increasing flexibility of Pilbara system

Koodaideri project in feasibility study

Pursuing additional productivity and automation initiatives

Significant resource optionality to maintain high-quality product

Aluminium

Building optionality into the lowest cost bauxite and aluminium business

\$1.9 billion Amrun bauxite project to be commissioned in H1 2019

Further bauxite expansion options in northern Australia

Brownfield Canadian aluminium expansion optionality

Copper

Building the largest and highest quality copper development

\$5.3 billion Oyu Tolgoi underground first drawbell production in 2020

\$0.9 billion Kennecott South Wall Pushback

First full year of increased Escondida capacity in 2018

Resolution copper pre-feasibility study to be completed by 2021

Industrial Minerals

Extensive exploration programme and high-return niche growth

Zulti South mineral sands project in feasibility study

Jadar lithium/borates in pre-feasibility study – high-growth option in battery minerals

H1 2018 E&E spend of \$232 million in 17 countries across 8 commodities



Our strategy will deliver value through the cycle

Superior cash generation



World-class assets
Portfolio



Operating excellence
Performance



Capabilities
People & Partners

Disciplined capital allocation

Balance sheet strength

Superior shareholder returns

Compelling growth

Our strategy is delivering

- ✓ **Total cash returns to shareholders of \$7.2 billion, comprising:**
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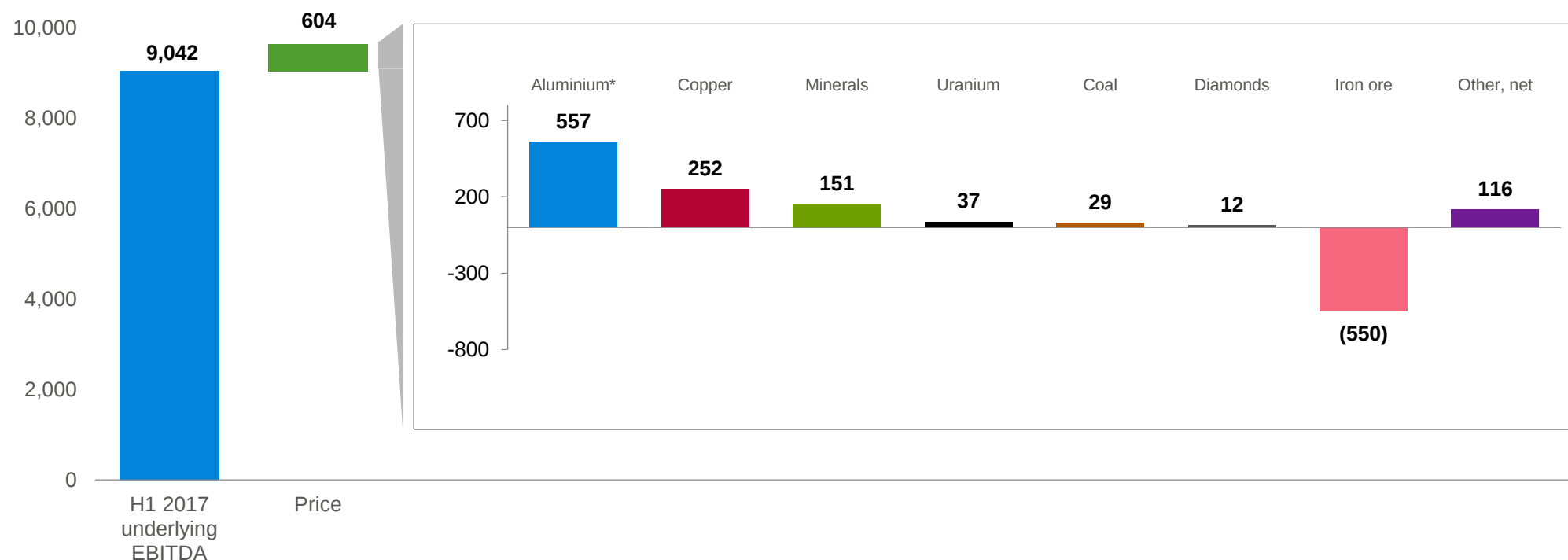
RioTinto

Appendix

Strong aluminium and copper prices partially offset by lower iron ore prices

EBITDA H1 2017 vs H1 2018

\$ million

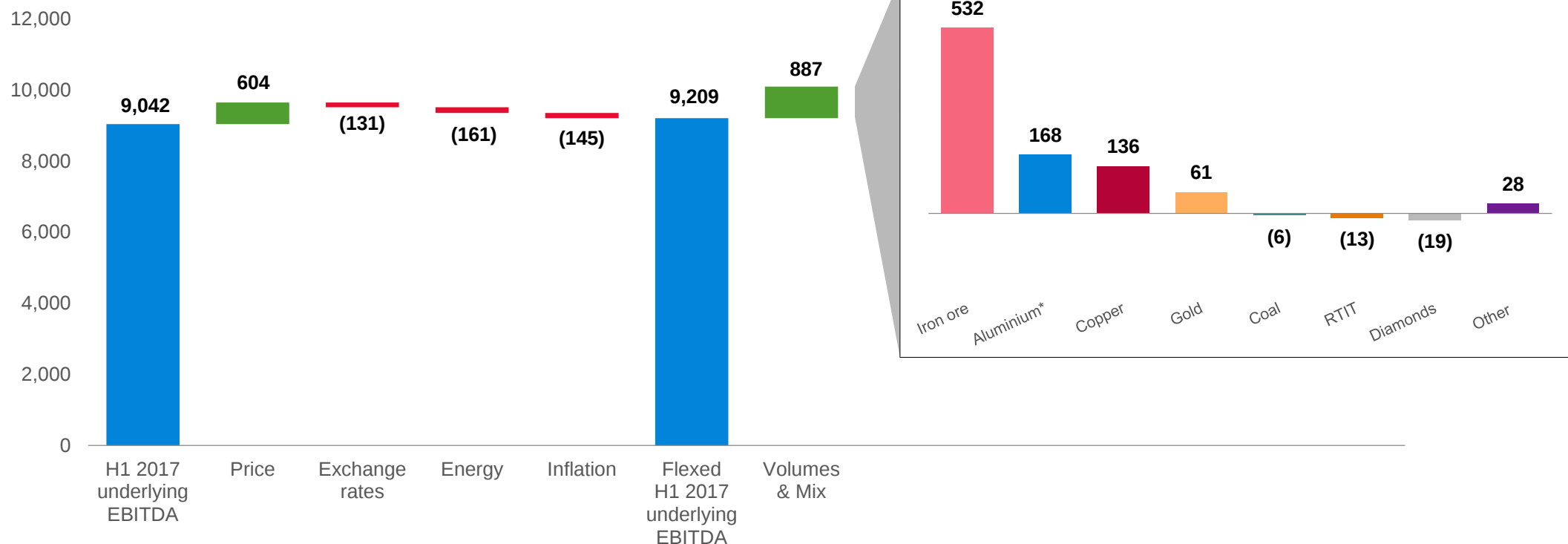


* Aluminium includes alumina and bauxite and includes movements in market and other premia

Strong sales in iron ore, copper and aluminium

EBITDA H1 2017 vs H1 2018

\$ million

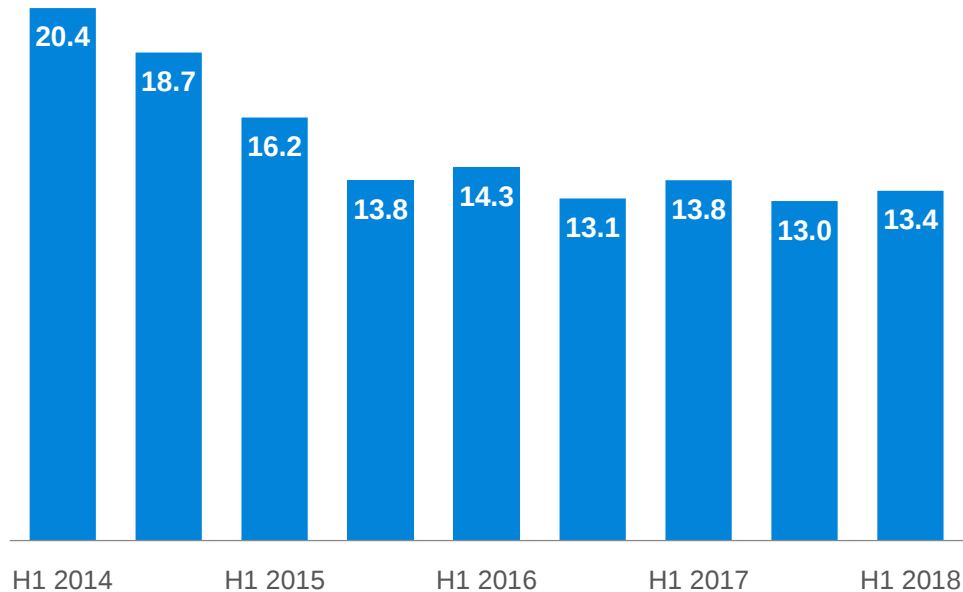


* Aluminium includes alumina and bauxite

Iron Ore: our low-cost advantage has been sustained over many years

Pilbara cash unit cost

\$ per tonne



H1 2018 cash unit cost of \$13.4/t (3% lower than H1 2017)

Focus remains on maintaining consistently attractive FOB EBITDA margins (67% in H1 2018)

- ~10% increase in haul distance for 2018; strip ratio flat
- Cyclic maintenance costs being partly offset by new tactics
- >4,500 productivity improvement initiatives

Average realised FOB price of \$57.9 per wet metric tonne (\$63.0/dry metric tonne)

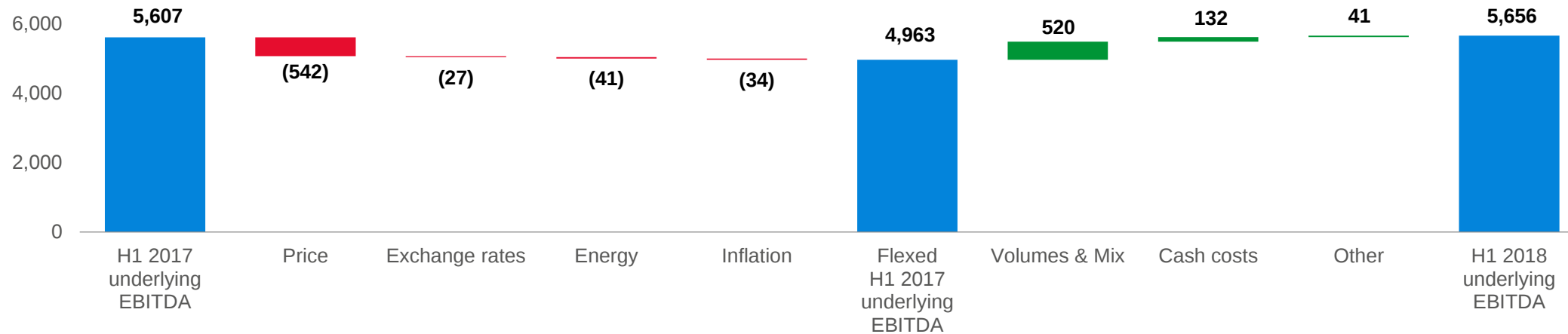
2018 shipments from the Pilbara are expected to be at the upper end of the existing guidance range (330-340Mt), subject to market conditions and any weather constraints

Iron Ore: increased sales and cost savings partly offset by lower prices

31

Underlying EBITDA H1 2017 vs H1 2018

\$ million

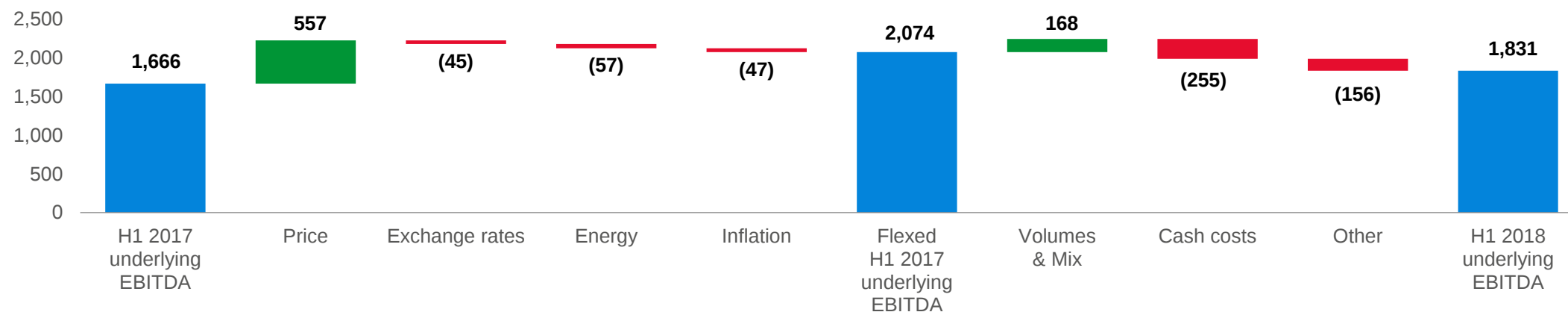


- Pilbara shipments of 168.8 million tonnes (100% basis) were 9% higher than in H1 2017, reflecting ongoing productivity improvements being made to the rail network, along with increased flexibility across the infrastructure system
- Pilbara FOB EBITDA margin of 67% achieved in H1 2018 (69% in H1 2017)
- Pilbara cash unit costs of \$13.4 per tonne in H1 2018, compared with \$13.8 per tonne in H1 2017
- Pilbara iron ore revenues includes \$767 million of freight in H1 2018 compared to \$569 million in H1 2017, following increases in freight rates period-on-period
- Approximately 66 per cent of sales in 2017 were priced with reference to the current month average, 17 per cent with reference to the prior quarter's average index lagged by one month, five per cent with reference to the current quarter average and 12 per cent were sold on fixed terms on the spot market
- Approximately 31 per cent of sales in the quarter were made free on board (FOB), with the remainder sold including freight

Aluminium: higher prices and volumes & mix partly offset by increasing raw material cost headwinds

Underlying EBITDA H1 2017 vs H1 2018

\$ million



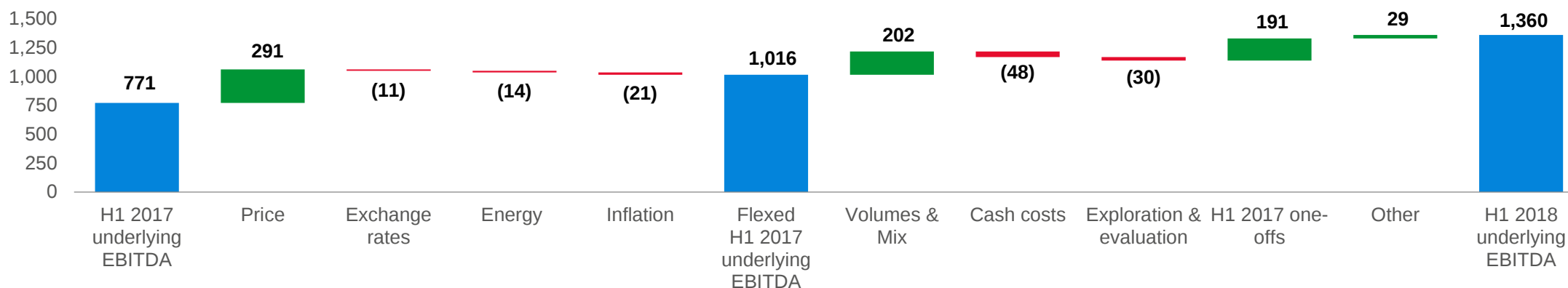
- The H1 2018 cash LME aluminium price averaged \$2,209 per tonne, an increase of 18 per cent on H1 2017
- The average realised price per tonne averaged \$2,547 in H1 2018 (H1 2017: \$2,151) due to higher market and product premia. This includes premia for value-added products (VAP), which represented 58% of primary metal sold in H1 2018 (H1 2017: 57%) and generated attractive product premia averaging \$222 per tonne of VAP sold (H1 2017: \$217 per tonne) on top of the physical market premiums
- Raw material cost headwinds of \$229 million have been experienced by the Aluminium business in H1 2018, primarily associated with caustic soda, tar pitch and petroleum coke
- Integrated operations EBITDA margins were 35% in H1 2018, consistent with H1 2017
- Bauxite revenues includes \$178 million of freight in H1 2018 (\$111 million in H1 2017)
- Binding offers for the sale of the Aluminium Dunkerque smelter in France for \$500 million and the ISAL aluminium smelter in Iceland for \$345 million were announced in H1 2018 and are expected to complete in Q3 2018, subject to satisfactory completion of consultations with key stakeholders and applicable regulatory clearances

Copper & Diamonds: higher prices and volumes driving increased EBITDA

33

Underlying EBITDA H1 2017 vs H1 2018

\$ million



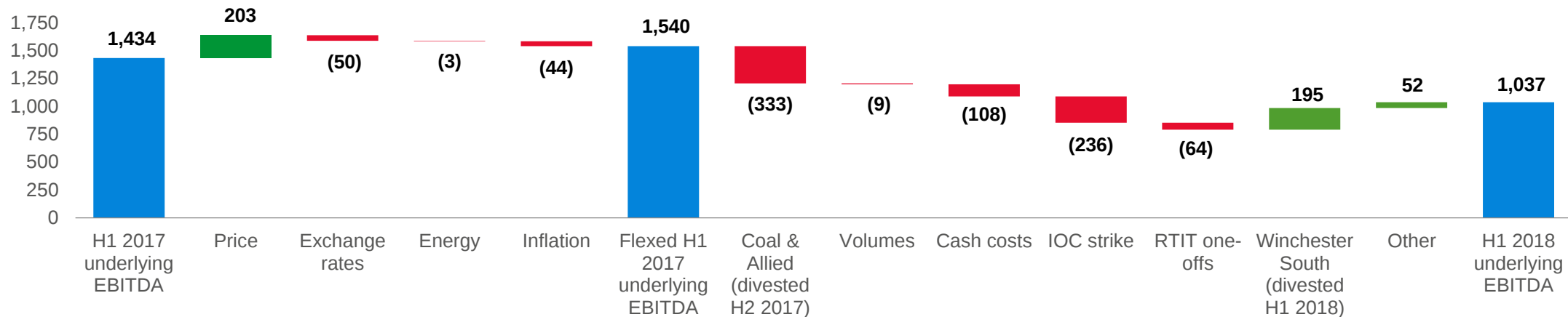
- Copper & Diamonds underlying EBITDA of \$1,360 million benefitted from stronger copper production and higher prices in H1 2018
- Copper & Diamonds generated net cash from operating activities of \$0.8 billion in H1 2018 and invested around \$0.7 billion in development capital
- Absence of Escondida strike in H1 2018 resulted in a favourable one-off impact, partly offset by the non-recurrence of the Manefay slide insurance settlement
- To maximise use of available smelter capacity, Kennecott purchased and tolled 83.1 thousand tonnes of third party concentrate in H1 2018
- At 30 June 2018, the Group had an estimated 264 million pounds of copper sales that were provisionally priced at 312 cents per pound. The final price of these sales will be determined during the second half of 2018. This compares with 250 million pounds of open shipments at 31 December 2017, provisionally priced at 304 cents per pound

Energy & Minerals: higher prices offset by one-offs and the divestment of Coal & Allied

34

Underlying EBITDA H1 2017 vs H1 2018

\$ million



- Underlying EBITDA of \$1,037 million was six per cent lower than H1 2017 after excluding the contribution from Coal & Allied in the 2017 first half, impacted by the suspension of operations at IOC while collective bargaining negotiations took place, at RTFT following a fatality, and due to labour disruptions at RBM. This was partly offset by higher prices and the gain recognised on the sale of Winchester South that completed in the first half
- Energy & Minerals delivered operating cash flows of \$599 million, resulting in a free cash flow contribution to the Group of \$379 million
- Rio Tinto completed the sale of its 75 per cent interest in the Winchester South coal development project in Queensland, Australia, to Whitehaven Coal Limited in H1 2018. \$150 million cash was received on completion and an unconditional cash payment of \$50 million is due in 12 months from the date of completion
- The sale of Rio Tinto's interests in the Kestrel and Hail Creek coal mines and Valeria coal development project completed on 1 August 2018, with pre-tax proceeds of \$3.95 billion

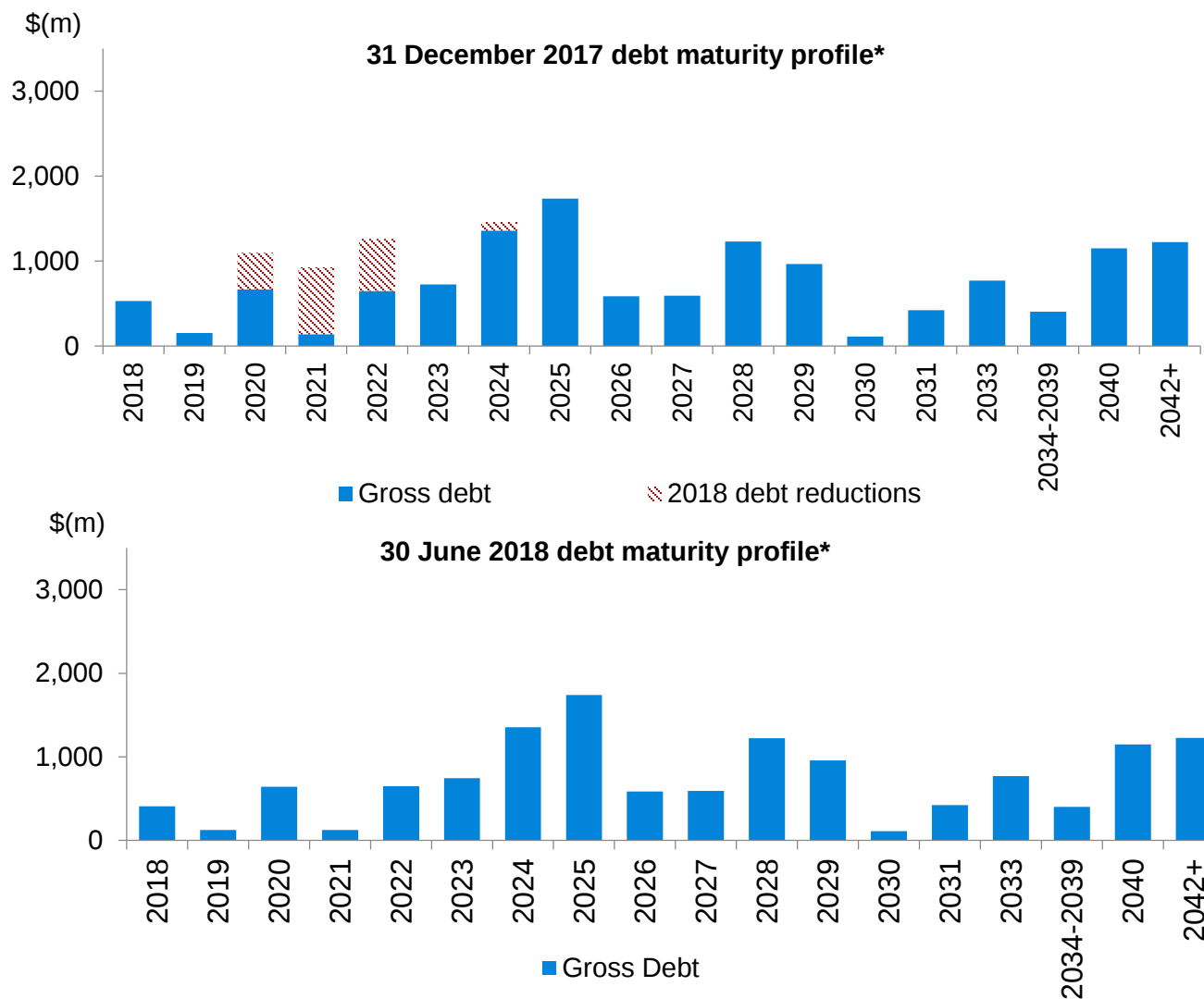
Other movements in EBITDA

Underlying EBITDA impact

\$ million	H1 2017	FX/ price	Energy & Inflation	Volumes	Cash Costs	Epl'n eval'n	Non Cash	One-offs & other	H1 2018
Other operations	-	99	(45)	6	(47)	-	(59)	19	(27)
Exploration & Evaluation (net)	(85)	-	-	-	-	(15)	-	-	(100)
Other	(351)	(2)	-	-	(66)	3	(17)	(126)	(559)
Total	(436)	97	(45)	6	(113)	(12)	(76)	(107)	(686)

- Other operations includes the Gove alumina refinery (curtailed in May 2014), Rio Tinto Marine and Legacy projects. The increase in net loss reflects higher spend at both Gove and Legacy projects
- Exploration & evaluation costs were higher due to increased activity levels
- Central office costs, central Growth & Innovation costs and other central items are reported in Other items. The \$208 million (pre-tax) increase in Other items includes restructuring, project and other one-off costs of \$68 million (pre-tax) in 2018 first half. It also reflects an increase in Information System & Technology spend of \$49 million (pre-tax) and further investment in capability to support the Group's mine-to-market productivity programme

Near-term maturities further reduced in 2018



Gross debt reduced by \$2.1 billion in H1 2018 of which \$1.9 billion nominal value of bonds was purchased with cash

Average outstanding debt maturity at ~11 years

Net interest paid of \$0.1 billion associated with bond purchase programme

No bond maturities until 2020

* Numbers based on period-end accounting value

Rigorous measurement of productivity gains

Accounting basis	– Free cash flow basis, Rio Tinto share, post-tax
Price	– Actual price achieved each year – not a constant or rebased price
Commercial excellence	– Variation of product mix included
Volumes	– Tonnes from growth capex excluded
Costs	– Adjustments for energy, inflation and exchange impacts – All other changes in input costs are included
Grades	– No adjustment or rebasing for grade
Capital savings	– Capital savings are excluded
Guidance	– Consensus pricing used
Assets	– Assets scheduled for closure in the next 5 years are excluded – Target may be rebased should any assets be divested in the 5 year period

Modelling EBITDA

EBITDA sensitivity	H1 2018 average price/ rate	(\$m) impact on FY 2018 underlying EBITDA of 10% price/rate change
Copper	315c/lb	456
Aluminium	\$2,209/t	849
Gold	\$1,318/oz	49
Iron ore (62% Fe FOB)	\$62/dmt	1,496
A\$	77USc	636
C\$	78USc	151
Oil	\$68/bbl	62

Note: The sensitivities give the estimated effect on underlying EBITDA assuming that each individual price or exchange rate moved in isolation. The relationship between currencies and commodity prices is a complex one and movements in exchange rates can affect movements in commodity prices and vice versa. The exchange rate sensitivities include the effect on operating costs but exclude the effect of revaluation of foreign currency working capital.

Net earnings

	US\$m
H1 2018 underlying earnings	4,416
Impairments	(98)
Net gains on consolidation and disposal of interests in businesses	146
Exchange gains/losses on debt and derivatives	388
Adjustments to tax charge relating to expected divestments	(472)
H1 2018 net earnings	4,380

Uses of cash over past 12 months

Uses of cash (\$ billion)	H2 2017	H1 2018	Total
Sustaining capex	1.3	1.0	2.3
Growth capex	1.4	1.4	2.8
Balance sheet	3.8	(1.4)	2.4
Shareholder returns	3.8	4.7	8.5
Interim dividend	2.0	-	2.0
FY dividend	-	3.2	3.2
Share buy-backs	1.8	1.5	3.3

Application of the returns policy

Capital return considerations	Comments
Results for 2018 H1	Underlying EBITDA up 2% to \$9.2 billion Operating cash flow of \$5.2 billion
Long term growth prospects	Commissioned Silvergrass, focused on Amrun and Oyu Tolgoi Ongoing exploration and evaluation programme. Rio Tinto Ventures established
Balance sheet strength	Strong balance sheet with net debt of \$5.2 billion
Strong earnings / cash generation – supplement with additional returns	Payout of >60% threshold possible because of strong performance One-off asset disposal proceeds of \$5 billion expected in H2 2018
40-60 per cent of underlying earnings through the cycle	Payout >60% threshold possible based on (i) strong H1 2018 prices (ii) \$5 billion of announced disposals (pre-tax), and (iii) strong balance sheet
Balanced between growth and shareholder returns	Defined growth pipeline provides capacity to allocate more to shareholder cash return and debt reduction
Outlook	Strong global growth, strong demand for premium products Potential for continued price volatility