

**Slide 1: Cover slide**

Welcome to our first half results presentation. Jakob and I have recorded our presentations, but will switch to live streaming for Q&A when Arnaud and Steve will join Jakob and myself.

**Slide 2: Cautionary and supporting statements**

**Slide 3: JSJ title slide**

**Slide 4: Extraordinary global challenges**

Before we talk about our performance, let's start with an overview of how we see the world. We are in unprecedented times. And these times, require unprecedented actions. There is absolutely no doubt that, during this global health pandemic, our industry has been hit by supply and demand shocks on a scale never seen before. No one has remained untouched, on either a personal or business level.

I am proud of how the team has risen to the challenge to keep our people and communities safe and healthy, to keep serving our customers and to strengthen our financial performance in a highly volatile market.

It is about resilience. It is about adaptation. It is about partnership.

**Slide 5: A resilient performance in H1 2020**

Against this backdrop, we have delivered a strong and resilient set of results. Rio Tinto generated underlying EBITDA of \$9.6 billion, with a margin of 47%, the same as last year. Our return on capital employed is also high at 21%.

Our free cash flow was \$2.8 billion, impacted by the final payment of US\$1.0 billion in Australian income tax in June 2020 with respect to 2019 profits. Our balance sheet remains strong with \$4.8bn in net debt at the end of the half.

We also continue to invest in growth – investing \$2.7 billion in our world-class assets. And we have returned \$3.8 billion of cash to shareholders, taking our total returns to shareholders over the last four and a half years to \$38 billion including the first half dividend of \$2.5 billion.

This supports our TSR, or Total Shareholder Return, of 27%.

Our commitment is to deliver superior shareholder value through the cycle. And we have consistently achieved this, year after year.

As we do this we also continue to provide wider economic benefits to society at a time when it is needed. In this half, we paid \$2.7 billion in corporate taxes and \$1.2 billion

in royalties. So, strong operational performance underpins strong financial performance, as does our commitment to sustainability.

**Slide 6: Financial resilience supports sustainability**

Of course, not everything has gone well in this half.

We are very sorry for the pain we have caused the Puutu Kunti Kurrama and Pinikura People as a result of the destructions of two rock shelters at the Juukan Gorge, in the Pilbara.

I have had the chance to talk to the PKKP direct, to hear from their board and restate my personal apologies. I also reiterated our absolute commitment to understand and learn, so we can make sure that the destruction of sites of national significance, like the Juukan rock shelters, never occurs again.

I have also connected with Traditional Owner groups across Australia. And I've spent time on country with the Traditional Owner groups in the Cape, around our Amrun operation in Weipa.

As border restrictions ease, I will continue to spend time on country with as many Traditional Owners as possible. These engagements have provided me with really important opportunities to reflect and hear more from our partners. It is absolutely clear - we must learn from what happened at Juukan. Our immediate focus is our partnership with the PKKP. With this in mind, we have already agreed some actions with them to further protect heritage sites on their country. And we are working on further strengthening our relationship.

I will appear at the Parliamentary inquiry next week, to share more on the circumstances around Juukan, our learnings to date and our views on potential legislative reform measures. Alongside this, we will support and contribute to the planned review of the Heritage Act in WA (Western Australia).

The Rio Tinto Board is also conducting a review, aimed at improving our heritage processes in Iron Ore.

I am absolutely determined that we all work together – as an industry, as governments and with Traditional Owners – to strike the right balance to enable the development of resources as we protect heritage for current and future generations of Australians.

Let me finish this section with an update on safety and health. Our performance has been very strong despite the numerous challenges of coping with COVID and we have improved our AIFR to 0.37 for the first six months of this year.

We had to implement new controls and procedures, and use technology in different ways to protect our people and keep our communities safe.

Let me give you an example. We are using virtual reality glasses at the Oyu Tolgoi underground project so that our teams can inspect the work at site from their homes.

A focus on mental health is even more essential in this environment and we are supporting the well-being of our teams. We have introduced LinkedIn online learning with more than 8,000 employees now enrolled.

It is absolutely vital we continue to care for our employees and communities.

**Slide 7: \$3.8bn of cash returns paid H1 2020 with \$2.5bn in H2**

As you can see, we once again delivered strong operating cash flow of \$5.6 billion with a 47% underlying EBITDA margin and a Return on Capital Employed of 21%.

We spent \$2.7 billion on sustaining our world-class operations and growing the business for the future. We increased leverage on the balance sheet by \$1.2 billion in the half. As we paid out \$3.6 billion in dividends and completed the final \$200 million in our buy-back programme.

This programme, you may remember started with a \$500 million buy-back in 2017. We have now completed a total of \$9 billion in buy-backs.

Today, we announced an interim dividend of \$2.5 billion, representing 53% of underlying earnings, which is in line with our shareholder returns policy.

We have one of the strongest balance sheets in the sector. This provides us with resilience and agility, which is absolutely vital in an increasingly complex world.

So, we are well positioned for ongoing success. Now, over to you, Jakob.

**Slide 8: Jakob title slide**

Thank you JS. Good morning and good afternoon everyone.

Let me start with the market.

**Slide 9: Resilient iron ore market in a turbulent world economy..**

The main market for our high quality iron ore is China which compared to the broader global economy has recovered exceedingly well.

China's steel production and demand for iron ore in 2019 was strong and this has continued despite disruptions in the first quarter. In 2020, crude steel production has again exceeded the 1 billion tonne annualised run rate and June production was a new all-time high record.

This means that China effectively absorbed the additional iron ore diverted from weaker steel markets in Europe and Asia.

So far this year, supply has been constrained, as it was in 2019.

These factors led to high iron ore prices, similar to the same period in 2019.

### **Slide 10: ...with very volatile prices in other key commodities**

Whilst our iron ore business has benefitted from robust demand and resilient prices, other commodities have seen more volatility.

In Aluminium, the impact of Covid-19 has reduced prices, as demand has significantly shrunk, particularly from the automotive sector.

Copper, often named Dr Copper, initially followed the decline in the world economy, however later in the half it recovered strongly and this has continued with prices now around \$2.90 per pound. This is partly due to supply disruption and has been amplified by investor positioning.

Lower titanium slag demand was offset by supply disruptions leading to positive prices.

### **Slide 11: Very resilient financial results**

In the first half, the world experienced unprecedented conditions stemming from the pandemic. Against that backdrop, as JS has already told you, we have today announced a set of very strong financials.

First half 2019, represented a five year high and, as you can see, this half we have performed close to those levels.

Copper equivalent volumes were flat year on year and in the second quarter we actually grew by 1 per cent compared to the same quarter last year. Hence, the slightly lower revenue was wholly due to prices.

Profitability remained very strong.

The return on capital employed of 21 per cent and underlying earnings of \$4.8 billion are at similar levels to first half 2019.

Net Earnings reflect excluded items of \$1.4 billion, most notably impairments in Aluminium and Diamonds. Given the market conditions, we have prudently assessed and impaired Diavik, NZAS, Bell Bay, Boyne and ISAL, by in total \$1.0 billion after tax.

Our balance sheet remained very strong with stable, low, net debt.

Given our profitability and balance sheet strength, the Board was able to declare an interim dividend of \$2.5 billion which will be paid in September.

Let me now analyse our underlying EBITDA and free cash flow in more detail.

**Slide 12: Stable EBITDA at constant prices and exchange**

As I've said we had negative commodity prices and this impacted EBITDA by \$0.6 billion.

The strong dollar, somewhat offset the weaker prices, with a positive impact of \$0.3 billion.

As you can see, excluding the impact of prices and exchange rates, EBITDA has been very stable.

Cash costs for the group have increased slightly in part due to costs associated with Covid-19.

The impact of the earthquake at our Kennecott operations and the earlier than planned pot-relining at Kitimat are the main items in the one-off and other category.

**Slide 13: Temporary lower cash conversion**

On the surface, our cash conversion looks weak in the first half as underlying earnings of \$4.8 billion turned into free cash flow of \$2.8 billion, much lower than the cash conversion in the first half of last year.

This is due to;

Firstly, the investment depreciation ratio which went up in the first half. This is in line with our capital guidance and explains \$0.4 billion.

Secondly, despite the tough economic environment, we managed to improve working capital by \$0.3 billion.

Thirdly, the net dividend income ratio from joint ventures went down resulting in a negative impact of \$0.4 billion.

Fourth, we paid more tax than we expensed due to timing of payments.

And finally, timing differences on provisions had an impact of \$0.2 billion.

The vast majority of the variances are temporary.

Turning to the product groups.

**Slide 14: Iron ore: Strong operating performance at a time of high price**

What happened at Juukan Gorge was a sad low point.

I deeply regret this and you have my full commitment to working with my colleagues to learn the lessons and ensure that the destruction of sites of national significance, such as the Juukan rock shelters, never occurs again.

Throughout the first half of the year, the Pilbara continued to operate with strong safety performance.

Productivity on site has been impressive, in part benefitting from lower maintenance activities. We moved 8 per cent more material and mining operations performed well to plan.

This is reflected in the 3 per cent higher production.

In the second quarter, our Pilbara operations shipped at an annualised rate of 347 million tonnes. We are therefore confident that we will be able to meet our 2020 guidance.

There has also been an improved share of our high quality Pilbara Blend products. Furthermore, our portside trading business allowed access to a broader range of customers, meeting the needs of our markets and supporting strong pricing outcomes.

Operating costs have remained flat at \$14.50 per tonne.

To keep our people and communities safe, we have incurred one-off, unplanned Covid-19 related costs. For the full year, we estimate these costs will amount to 50 cents per tonne.

Despite these additional costs, a higher work index at our mines and the increased portion of below water table mining, we continue to target unit costs of \$14 to \$15 per tonne.

The strong operational performance and continued robust pricing have resulted in revenue and EBITDA increasing by 2 per cent.

We are ramping up our investments in sustaining and growth projects despite some disruptions to these in the first half.

The Koodaideri Phase 1 and the Robe replacement projects, continue to target production ramp-up in early 2022 and first ore in 2021 respectively.

**Slide 15: Aluminium: Stable operations and good cash conversion in challenging market**

The aluminium industry faced fundamental challenges coming into 2020 and the Covid-19 pandemic has made this worse.

The team has risen to the challenge and has safely maintained production and adjusted the product mix to better match demand.

Bauxite production grew by 8 per cent following the ramp-up of Amrun in 2019 and third party shipments increased by 10 per cent.

Production in Alumina and Aluminium were fairly stable despite pot re-lining at Kitimat and reduced production at ISAL and NZAS.

EBITDA was 18 per cent lower than last year reflecting the \$0.5 billion price impact, which was partly offset by \$0.2 billion of cost and volume improvements.

3 per cent return on capital employed reflects the toughest market for the industry since 2015. Despite this, the business generated free cash flow of \$0.6 billion due to the relentless focus on costs, strict capital usage and tight working capital management.

Our business remains the most profitable in the industry. However, we are taking action to address less competitive assets, as you will have seen from our releases on ISAL and NZAS.

**Slide 16: Copper and Diamonds: Focus on productivity as price, grades and earthquake impact result**

Earlier this year, we said that 2020 would be a transitional year for the Copper business with lower grades and by-products from Kennecott and Oyu Tolgoi. This has happened in the first half but we are still on track to see improvements in 2021.

The earthquake at Kennecott had an additional impact and resulted in 43 per cent lower refined copper production.

The shutdown and repair of the smelter has concluded and we are now focussing on

the safe restart of the smelter.

Copper prices were down during the quarter, however, they are now at a two year high.

Diamonds have been severely impacted by Covid-19, leading to less contribution from this business. We continue to plan for the closure of Argyle before the end of the year.

In the first half, we made significant progress on our growth projects. Despite Covid-19 restrictions, the mine design for Oyu Tolgoi Underground has been finalised according to the timeline laid out a year ago. We have also made great progress on Winu, where we have now disclosed the resource estimate.

JS will shortly talk about both of these important and exciting projects.

### **Slide 17: Energy and Minerals: Steady performance with some COVID-19 constraints**

Our Energy and Minerals business has been impacted by restrictions in Canada and South Africa, where the situation remains challenging.

You can see this impact in the slightly lower production of titanium slag however this has been partly offset by higher prices this half.

Production at IOC has recovered well and the business has optimised the product mix allowing shipments to be diverted to Asian mills and has also taken advantage of portside blending in China to produce the products that the customer needs.

Despite the challenges stemming primarily from Covid-19 and community unrest during the first half, Energy & Minerals recorded a very decent 12 per cent return on capital employed.

At the Jadar project, we have completed Pre-Feasibility and have now approved funding for the feasibility study.

### **Slide 18: Disciplined allocation of capital**

While Rio Tinto continues to adapt to an extremely unpredictable external backdrop, there is one thing that does not change and that is our capital allocation framework.

We will continue to invest in safely managing our assets and improving their performance. This means that sufficient spending on sustaining capex is always the first priority.



The next priority is allocating capital to our shareholders - through our ordinary dividend.

Then we carefully consider, allocating to growth opportunities, balance sheet strength, and further shareholder returns.

Our investment decisions are carried out with incredible rigour. I believe that this is the best assurance for our shareholders - that we will only invest in opportunities that create value – even more so during turbulent times.

Growth for us is all about value generation and returns for our shareholders. It is not about volume. It is about building sustainable cash flow.

**Slide 19: Continue to invest \$20bn over three years**

We have, over the last few years, consistently talked about a disciplined ramp-up of our capital investments and that is exactly what we have done.

In the first half, capex of \$2.7 billion was 13 per cent higher than the same period in 2019 despite setbacks due to Covid-19.

The rate of expenditure, is lower than we had originally anticipated and the amount of capital we expect to spend this year is now around \$6 billion.

There has been no cancellation of projects and we are now expecting that due to the revised phasing of work, that we will spend approximately \$7 billion in both 2021 and 2022.

The total expenditure over the 3 year period 2020 – 2022 is unchanged at \$20 billion.

The capital component of \$1 billion spend in climate abatement projects during the next five years is also included, though this expenditure extends past the end of the guidance period.

We are now anticipating that we will spend somewhat more on sustaining capital. This is vital for the health of our assets and we are already seeing in the second quarter early signs of the return from increasing sustaining capex in the Pilbara.

**Slide 20: Maintained our balance sheet strength**

Our balance sheet remained very strong. Net debt was steady at \$4.8 billion.

We also have high liquidity of over \$16 billion and a long dated finance portfolio with an average maturity of liabilities of 10 years.

We are very comfortable with the strength of our balance sheet. During uncertain times, this provides resilience, ensures we are able to continue to invest in our business, to provide superior returns to our shareholders and create optionality.

**Slide 21: Shareholder returns based on a well defined pay-out policy**

The shareholder return policy is to pay out 40 to 60 per cent of underlying earnings through the cycle. As you can see, over the last four years, we have consistently exceeded our policy.

The interim dividend has consistently had a payout ratio of around 50 per cent.

Today we announced an interim dividend of \$2.5 billion, the same as last year's record interim dividend, reflecting a payout ratio of 53 per cent.

The dividend per share is equal to \$1.55 which is up 3 per cent due to the completion of the share buyback programme.

**Slide 22: Our investment case in action**

Let me take a step back before handing back to JS.

The results that we have delivered, show that Rio Tinto is a strong and very resilient company.

Whilst there has been some disruption, the overall operational and financial results have been excellent and gives us confidence of delivering production and cost guidance for this year.

The second half is off to a good start and whilst we are still experiencing price volatility, currently prices are higher than the average of the first half.

Our portfolio of long life, competitive and sustainable assets continue to deliver strong profitability and robust cash flow to all our stakeholders.

We will continue to invest in our business and make significant contributions to communities and host governments.

Our operational and financial performance, along with our strong balance sheet allows us to maintain consistent and superior returns to shareholders.

We are well positioned against an increasingly complex and volatile world and our strength and resilience should serve us well for the future.

Thank you and back to you JS.

**Slide 23: JSJ title slide**

**Slide 24: Improved conditions but wide range of potential outcomes ahead**

Thank you Jakob. In 2020 so far, we have seen unprecedented changes in our daily lives, with things once thought impossible becoming our new normal. Such as, home working; and severe travel restrictions; to name but two. It is clear that COVID will be with us for some time and we need to learn to live with it. It is difficult to predict with absolute certainty the shape of the recovery.

Looking at the data so far, we see an industrial led V-shaped recovery in China. In other major economies like the US and Europe the recovery is much more tentative. Big questions remain over the trajectory of consumer spending globally in the face of significant levels of unemployment.

As we look ahead, there is a wide variety of possible outcomes, as the unprecedented fiscal support from governments matches unprecedented impacts to supply and demand. There are a number of uncertainties to consider: such as the rate of re-opening across countries, the effectiveness of the stimulus measures and of course the risk of a second / third wave of the virus occurring, until a vaccine becomes available.

But, alongside these challenges, there will also be opportunities. So, the question is this: how will Rio Tinto continue to compete and win in this new world?

At Rio, we remain committed to our 4Ps strategy:

Performance,  
People,  
Portfolio,  
and Partnerships.

And we are developing action plans with three key outcomes in mind:

how to enhance resilience;  
how to ensure our business adapts quickly;  
how to strengthen partnerships.

All with the aim to deliver shareholder value in the short, medium and long term.

**Slide 25: Enhance resilience, strengthen partnerships and continue to adapt**

I will talk to all three in summary. Enhancing resilience for us is really about resilience of performance – from safety to free cash flow. Strengthening our partnerships and

quickly adapting will be key to any transformation effort.

Each of our asset and commercial teams are stress-testing their businesses against these three dimensions, for both current and future performance... as well as new opportunities. Resilience is key, and so I will cover this in more detail.

### **Slide 26: Financial, operational and commercial resilience**

As recent events have shown, we need to expect and prepare for the unexpected. And I do not see this changing in the decade ahead. To outperform companies must be resilient. Enhancing resilience is what we at Rio have been focusing on for a number of years. Because it also creates optionality. You can expect the same discipline from us in the future.

Let me give you some examples of what I mean. We have strengthened our balance sheet. Our net debt has moved from \$13.8 billion to \$4.8 billion over the last four and a half years and we have improved the discipline of our capital allocation process.

We have also simplified the portfolio, divesting \$12 billion of non-core assets. Together, these moves mean we are well positioned to withstand shocks and move on opportunities.

Resilience also comes from having a clear strategy and a deep knowledge of our customers and markets. At Rio, we remain committed to our value over volume strategy, to drive performance, productivity and free cash flow per share. In the current environment understanding the market and being able to respond is essential. Let me give you an example. At IOC, we changed the product mix to meet the demands of our customer in just five days.

To create further resilience we are also enhancing our understanding and management of hazards and critical risks. Safety is non-negotiable for us. It is a core value and we are doubling-down on our efforts to keep our people safe.

Finally, 'resilience' for our industry increasingly means managing sustainability issues very well. At Rio, all of our operations have climate dimensions built into their operational and strategic plans.

We are also focused on enhancing our relationships with host governments, communities and employees. These relationships have been critical in recent times and have allowed us to adapt quickly to COVID. As you have heard me say before – this aspect is a make or break for our business.

In a world where digital, technology and new skills will be needed our employees remain key to our success. We have invested in enhancing their technical, and

commercial capabilities.

As we look ahead, employee and leadership diversity will also underpin our performance, in addition to partnership, which will be key to how we transform ourselves.

### **Slide 27: Building our portfolio and creating options**

So, what about our portfolio of the future? In the first half of 2020, we have made good progress on growth opportunities. Our Exploration and Evaluation team remain well funded and equipped to pursue opportunities through the cycle. We have progressed a number of joint ventures and this early exploration work is ensuring a solid pipeline of opportunities is emerging, like WINU in the Paterson region.

The project teams have also done a great job to overcome the various obstacles thrown at them as a result of COVID-19. They have progressed our major investment projects like replacement mines in the Pilbara, Oyu Tolgoi underground, and the Kennecott pushback.

On partnerships, we have been able to continue to work with our partners at Simandou to optimise the project. A scope of work has been prepared to enable selected China-based design institutes to update the infrastructure elements of the project.

### **Slide 28: Oyu Tolgoi Underground takes another step to first production**

At Oyu Tolgoi, we finished the initial phase of our mine re-design work, which brings greater certainty on schedule and budget. We will operate Panels 1 & 2 independently, and further work is taking place to optimise the design. The goal is to make the most of this design feature, to recover as much mineralisation as possible. The definitive estimate will be delivered by the end of this year, as we have said. First ore from the underground is expected between October 2022 and June 2023. So, we are pleased with the progress at Oyu Tolgoi.

### **Slide 29: Winu progressing with Maiden Resource and further positive results**

At Winu, we have announced a maiden resource of half a billion tonnes at 0.45% copper equivalent. As we have said before, we are looking for an entirely different and more agile development pathway at Winu, to accelerate things. To do this, we are continuing our studies for a small open pit operation, which could be scaled up over time. This approach allows us to provide quicker cash flows to shareholders, communities and governments.

We continue to see broader development opportunities in the Paterson region. The

mineralisation we've found 2km east of Winu, serves to reinforce this belief.

**Slide 30: \$38 billion cash returns since 2016, including \$2.5 billion to be paid in H2 2020**

In closing, our five year story is not just one of strong financial and portfolio performance, it is also a story of consistent capital allocation.

Our business generated over \$67 billion over a five-year period. More than three quarters, or \$55 billion of this, came from cash from operations. On the back of this, we paid \$24 billion in dividends, including the 2020 interim, paid an additional \$14 billion via buy-backs and special dividends, returning a total of \$38 billion to our shareholders.

That is equivalent to over 72% of our market cap at the beginning of 2016. We have reduced our net debt by \$9 billion and we have invested \$21 billion in growth and in sustaining our world-class assets.

In extraordinary times, we have shown our strength and our resilience. And we have a solid base for future investment and returns. Rio Tinto, like most companies, is entering a new era. We will continue to adapt to make the most of the opportunities this presents. What will not change is our focus on delivering value to our shareholders and our commitment to deliver value to society in the process.

Now let's turn to questions.

ENDS