

**Slide 1: Cover slide**

Good evening and good morning everybody. Welcome to Rio Tinto's 2022 half year results presentation and thank you for joining us.

Our Chief Executive, Jakob Stausholm and Chief Financial Officer, Peter Cunningham will go through a presentation which will be followed by a Q&A session.

**Slide 2: Cautionary and supporting statements**

I would like to draw your attention to the cautionary statement, which contains important information on the basis on which this presentation has been prepared.

Now, let me hand over to Jakob and Peter.

**Slide 3: Jakob Stausholm – Chief Executive**

Thank you Menno. Good morning and good evening. It is a pleasure to present in person for the first time in London for two and a half years.

**Slide 4: A dynamic world full of opportunities and some challenges**

Our world has certainly changed in that time.

The short-term outlook remains truly unpredictable. From logistics and supply chain issues and ongoing COVID impacts to the war in Ukraine and increasing geopolitical tensions.

Lately, heightened inflation in the western world is putting pressure on real incomes and spending power. This is forcing governments and central banks to take action, which adds to the risk of potential recessions.

This clearly impacts us. However, it is worth noting that China isn't experiencing such inflationary pressures. Therefore, it has more room to maintain a supportive policy stance and introduce additional easing measures to stimulate growth. The ultimate impact of these measures will be balanced by the effect of ongoing COVID-19 restrictions.

Overall, this could provide the mining industry, and Rio Tinto, an advantage over other industries considering China's role in global commodity demand and particularly iron ore. For Rio, China accounts for over half our revenues.

We remain convinced that the longer-term trends we highlighted last October remain intact, underpinned by ongoing urbanisation and additional demand created by the energy transition.

This reinforces our belief that Rio Tinto is a mining company that is uniquely positioned for the future.

While it is a time of continuing economic uncertainty, it is also one of opportunity. We have the portfolio to play a vital role in supplying materials for the energy transition, the ambition to decarbonise our business – and the conviction that we are making the right investments in our culture and our partnerships, to unlock our full potential.

I've always said it would take time to build a stronger Rio Tinto – it does. But we are making progress against each of our four objectives and are seeing the future Rio Tinto emerging.

### **Slide 5: Foundations for a stronger Rio Tinto emerging**

We strengthened our operational performance at a number of sites. We will now replicate this across the portfolio as we work to restore our DNA of being the Best Operator.

We have done a great deal of work as we initiate our decarbonisation journey. We continue to engage externally to rebuild relationships, particularly with Traditional Owners, but also other stakeholders. This is all done with an absolute determination to achieve impeccable ESG credentials.

We have made notable progress in creating value-adding growth options. From advancing or completing internal projects, to acting with discipline in our choices on M&A, we are demonstrating our ability to Excel in Development.

Finally, we are working on our social licence. This will be judged by others. But it clearly requires us to work hard. To restore trust, to rebuild relationships. And to make Rio a place people are proud to work for and partner with.

We remain totally focused on maintaining our momentum, with a consistent, disciplined approach. This applies to our performance, engagement, growth, decarbonisation, and, most importantly, our culture.

### **Slide 6: Robust financials; focused on strategy**

Turning to our first half performance.

Let's start with Safety. We achieved another fatality-free half, Building on the prior three years. Safety requires discipline every day, on every site and on every shift. Seeing our people return home safely, each day, remains our first priority.

Beyond safety, we delivered solid results in market conditions that were robust, albeit below last year's record levels.

I'm proud to see the positive momentum from the rollout of the Rio Tinto Safe Production System. We must build on this and replicate the successes across all our assets.

We are well positioned after a stronger second quarter, particularly from our iron ore operations. Our performance also highlighted a number of areas where we need to improve.

We achieved EBITDA of \$15.6 billion, with \$4.8 billion of taxes and royalties.

We invested \$3.1 billion in growth and sustaining capex, with free cash flow of \$7.1 billion.

The return on capital employed was 34%.

Once again, our iron ore business is the primary contributor, but each of our product groups achieved double digit returns.

As a result, we will return \$4.3 billion to our shareholders, our second highest interim dividend ever. This 50% payout is in line with our policy and reflects disciplined capital allocation, and the strength of our balance sheet.

Looking ahead, while the pricing environment is becoming more challenging, the demand outlook remains positive.

Let me now hand over to Peter to take you through the financials in detail.

**Slide 7: Peter title slide**

Thank you, Jakob.

Good morning and good evening everyone.

Let's start by taking a look at the numbers.

**Slide 8: Robust financial results against all-time highs in 2021**

We've announced a solid set of results following robust demand for our major commodities.

And of course, this is set against a context of record prices and results last year.

The 10% decline in revenues was driven by prices, primarily iron ore.

This was offset, in part, by Aluminium where we saw strong pricing for the first five months of the year until markets changed in June.

Whilst the business remained resilient, cyclical cost inflation accelerated during the half.

This led to some margin compression, with \$15.6 billion in underlying EBITDA and \$10.5 billion of cash flow from operations.

Free cash flow of \$7.1 billion was after \$3.1 billion of capital expenditure and a modest outflow in working capital, reflecting elevated prices for raw materials in aluminium inventory.

Underlying earnings of \$8.6 billion gave rise to a return on capital of 34% and led to us declaring an interim dividend of \$4.3 billion, a 50% payout.

Higher rates of inflation increased closure liabilities, resulting in a \$400m pre-tax non-cash charge to underlying earnings.

We expect a similar impact in the second half, under our existing policy, if current rates of inflation persist.

We were very glad to reach a settlement with the Australian Tax Office on all tax issues stretching back over the last twelve years.

The settlement had a limited impact on our half year results, but we will pay just over A\$600 million in the second half of the year.

Importantly, the settlement gives us certainty on our transfer pricing arrangements between Australia and Singapore for the next five years.

There were no material unusual items in the first half so net earnings were very similar to underlying earnings.

Let's now look at our key markets.

## **Slide 9: Rising macro economic uncertainty**

Iron ore prices dropped 24% from the record highs we enjoyed in 2021 first half.

In a context of continued softness in the Chinese property market and COVID restrictions, steel demand remained relatively robust.

Prices were supported by weaker supply, with flat production from the majors and disruption to some other sources of supply, in particular from Russia and Ukraine.

There was also disruption in the aluminium market, mainly from high energy prices which impacted supply from late 2021 and resulted in very low physical stocks.

This pushed prices up 37% on average, although new capacity in China, coupled with lower consumer sentiment elsewhere, have reduced prices in the second quarter.

The copper price has also been quite volatile.

After a record first quarter, uncertainty in the global economy has weighed on prospects.

A long position of just over one million tonnes in the copper market fully unwound in the second quarter.

Let's now take a closer look at the key drivers of EBITDA.

**Slide 10: Disciplined focus on cash costs in a period of rising inflation.**

As ever, commodity prices were the biggest movement, lowering EBITDA by \$3.4 billion in aggregate. Iron ore was \$5.7 billion negative, partly offset by higher realised pricing for Aluminium to the tune of \$1.9 billion.

As you would expect, we are not immune to inflation - reflected on the left of this chart – with PPI, rising energy costs, largely attributable to diesel, and higher market-linked prices for raw materials in Aluminium all having an impact.

In aggregate, these factors lowered EBITDA by \$1.5 billion. If we look to the right of this chart, you can see the other impacts were relatively well contained, demonstrating the resilience of our operations.

Sales volumes were reasonably flat overall, even though Kitimat was only operating at 25% capacity - we expect it to gradually recover over the second half.

Higher iron ore sales from our portside operations in China were an important contributor with inventory reduced by just under 5 million tonnes this half.

We did incur additional costs at Kitimat and Boyne as we recovered from disruptions.

And we also increased resourcing in our iron ore business to support the ramp-up at Gudai-Darri and investment in pit health and system reliability.

The impact of these other cost increases overall was relatively muted, reflecting disciplined cost control across the business.

Looking forward, a stronger US dollar represents a decent tailwind to help offset further cost inflation in the second half.

**Slide 11: RTSPS supports improvements across safety, people and productivity**

Now onto our productivity drive which is gathering momentum. We continue to successfully roll out the Rio Tinto Safe Production System and have 15 deployments at 11 sites compared to 5 sites at the start of the year.

Each deployment addresses a different bottleneck. For example, at IOC and Kennecott we focused on the concentrator and at West Angelas on the drill fleet.

We are seeing real, sustainable improvements in operating performance, as well as in safety and employee engagement.

To give you an indication, in the half, there has been a 9% year on year improvement in average operating times across processing plants and drills at deployment sites versus the same period of 2021.

Our focus is to scale it up to a multi-year programme covering all assets across the group.

We are on track to meet our 2022 target of 30 deployments at 15 sites and will build on that for 2023.

### **Slide 12: Iron ore: Ramp-up of Gudai-Darri is pivotal**

Let's now look at each division, starting with Iron Ore.

Shipments were 2% lower due to COVID-19 disruptions and much higher than average rainfall in late May.

However, we saw a notable recovery in second quarter production, supported by our focus on mine pit health and Gudai-Darri's commissioning in June.

We did have higher levels of SP10 following delays in mine development sequence which fed through to our average price realisation.

Our unit costs for the half, at \$21.2 per tonne, before COVID-related costs of 60 cents per tonne, were just above full year guidance, driven by the lower volumes and higher input prices.

The team continue to progress new ways of working with Traditional Owner groups: in May, the PKKP Aboriginal Corporation entered into a co-management Heads of Agreement with us.

This is an important step towards rebuilding our relationship with the PKKP people and sets out how we will work in partnership on a co-management approach to mining activities on PKKP Country.

And following an agreement with the Yinhawangka Aboriginal Corporation on a new co-designed management plan earlier this year, we have received WA Environmental Protection Authority support for the development of Western Range, a significant milestone for the project.

Overall, financials were strong, with operating cash flow of \$8.5 billion and free cash flow of \$7 billion.

We are advancing the studies on the new replacement mines that we first mentioned at our Investor Seminar last year.

Sustaining capex remains an important focus, unchanged at around \$1.5 billion per year.

Meanwhile our energy transition programme is gathering momentum, with a proposed 100MW solar farm near Karratha, forming part of our 1GW renewable energy plan to replace gas.

Planning is ongoing and we continue to engage with the WA Government, Traditional Owners and other stakeholders.

**Slide 13: Aluminium: Strong pricing lifted our industry-leading margins with smelter ramp-ups in the second half**

Moving onto Aluminium, where we beat financial records with EBITDA of \$2.9 billion.

We benefited from higher market and product premiums in addition to the strong pricing environment for primary metal and alumina, at least for the first 5 months of the year.

This was partly offset by higher input costs for key materials such as caustic soda, coke, pitch and anodes, leading to an increase in cash costs.

We generated \$2.1 billion in operating cash flow, reflective of the higher EBITDA, net of a \$500 million working capital build.

Free cash flow increased by 65% to \$1.5 billion. Now, we did have some operational challenges in the half.

Kitimat ran at less than a quarter of capacity following strike action last year.

A controlled restart took place at the end of the second quarter, with ramp-up progressing over the year, subject to plant stability.

We also had some disruption at Boyne where we have now stabilised production - the cells that were taken offline will be ramped up over the next 12 months.

**Slide 14: Higher price environment for Aluminium raw materials**

Given this cost inflation, we have provided additional sensitivities for Aluminium raw materials.

I'm not going to run you through all the detail but would point out the time lags for the various price rises, in particular for caustic, where we are now experiencing the full impact at our refineries.

Energy prices are clearly an important component of our Aluminium cost base –

we do have some exposure to spot thermal coal prices – for the Boyne Smelter it is 50% and for the Yarwun refinery it is around one third.

However, all our Canadian smelters are hydro powered, at very competitive rates.

This remains a key source of competitive advantage for us.

**Slide 15: Copper: Continued progress at Oyu Tolgoi underground; strong average pricing offset by lower by-product volumes**

On to Copper.

At \$1.5 billion, underlying EBITDA was down 27%, due to lower sales volumes, with COVID-19 and other labour constraints impacting performance at the Kennecott smelter.

Lower by-product sales volumes, particularly gold at Oyu Tolgoi, as anticipated, also contributed.

C1 unit costs, were significantly higher at 148 cents per pound driven by lower by-product credits and cost inflation.

The team at Oyu Tolgoi reached some really important milestones this half.

Of course, there was the agreement in January which meant underground mining could commence, leading to the first and second draw bells being fired at Hugo North in June.

This excellent progress means that the undercut progression remains on track to achieve sustainable production from Panel 0 in the first half of 2023.

We also completed a reforecast in the total project estimate to \$7.06 billion.

The \$300 million increase against the 2020 Definitive Estimate is largely due to COVID-19, quite an achievement given the disruptions over the past two years.

**Slide 16: Minerals: Price support in some commodities however cost pressures at operations**

Turning to Minerals.

We benefited from strong market conditions for titanium dioxide, borates and diamonds, partially offset by the weaker iron ore market.

Underlying EBITDA of \$1.3 billion was 10% lower, primarily due to higher cash costs and energy price rises.

Production performance was generally better than the first half of 2021, but there is certainly room for improvement.



Importantly, we are moving ahead with our growth agenda, completing the acquisition of Rincon lithium in March.

Just yesterday the Board approved \$190 million of funding for a small start-up plant and early works infrastructure to support a full-scale operation.

**Slide 17: Disciplined allocation of capital remains at our core**

Onto capital allocation. We have been sharing this slide for nearly a decade now.

It's important to stress that our disciplined approach is unchanged and that we intend to maintain it throughout the cycle.

**Slide 18: Disciplined investing for growth and decarbonisation**

We still expect a disciplined increase in our capital expenditure over the coming years. But we have slightly reduced our 2022 guidance from \$8 billion to around \$7.5 billion, due to a stronger US dollar and rephasing of decarbonisation and development projects.

Our best estimate for 2023 and 2024 remains between \$9 and \$10 billion, which includes the ambition to invest up to \$3 billion each year in growth.

But, this is highly dependent on the timing of commitments as we prove up the value of investment opportunities.

If we cannot develop value-accretive options, then we will follow our capital allocation framework.

It is to be noted that Simandou is included in our capital guidance, if we reach agreement to commit to the project with our JV partners, the Government of Guinea and WCS on the infrastructure pathway.

Our best estimate of investment to decarbonise the business remains at \$7.5 billion until 2030, including around \$1.5 billion over the next three years which will be back-end dated.

Sustaining capital remains at \$3.5 billion a year, subject to inflationary pressures, while annual replacement capital is also unchanged at \$2 to \$3 billion.

Let's now take a look at the balance sheet.

**Slide 19: Balance sheet is strong; we will maintain our discipline**

We maintained our net cash position – just – at the end of June.

This is impressive given that we paid \$7.6 billion in dividends and acquired Rincon for \$825 million.

As I have said before, it is just a snapshot in time – we would expect to move into a modest net debt position in the second half of the year based on current prices, as capital expenditure gathers momentum.

We will maintain our financial strength: it is essential as it allows us to reinvest for growth, accelerate our own decarbonisation and continue to pay attractive dividends.

**Slide 20: Attractive dividends remain paramount**

Finally, onto the dividend. We have declared a 50% payout for the interim – which equates to \$4.3 billion.

This is in line with our policy and is our second largest interim payment in history.

As ever, the balance of the dividend will be weighted towards the final at our full year results in February when the Board will take full account of the outlook for our major commodities and the long-term growth prospects of the business.

It goes without saying that we remain firmly committed to capital discipline and our shareholder returns policy.

With that, let me pass back to Jakob.

**Slide 21: Jakob title slide**

Thank you Peter.

**Slide 22: Getting the right culture is essential for successful execution**

There is a wise saying I've shared before. "Culture eats strategy for breakfast". This is really true.

Since I became Chief Executive I have spent significant time on this journey. This is also true for the leaders and the teams I am spending time with as I visit different Rio operations.

We needed a reset. Putting respect for people, communities and land at the heart of our contribution. And we needed to listen.

This started with strengthening relationships. With the Traditional Owners and Indigenous Peoples of the lands on which we operate. With our communities, customers, suppliers, and host governments.

We are also implementing the recommendations of the Everyday Respect report and are identifying what more we can do. We have also set new values and are now embedding them.

I believe we are making real progress. Ultimately that will be judged by others. This is about making Rio Tinto more safe, inclusive and respectful, and putting people at the heart of our organisation.

**Slide 23: Foundations for a stronger Rio Tinto emerging**

Earlier this year I met representatives from all the Traditional Owners of the land on which our iron ore operations are located. It is by hearing and responding to their concerns that we will build stronger long-term relationships. It is particularly pleasing to reach co-management Heads of Agreements with the PKKP and Yinhawangka peoples.

On ERA, we continue to work with the Board to ensure that ERA has the means to complete rehabilitation of the Ranger mine to a standard that will establish an environment similar to the adjacent Kakadu National Park.

Through the Rio Tinto Safe Production System, we are harnessing the skills and talent of our 49,000 people. Taking their insights and ideas and empowering them to achieve consistent operational excellence. This will unlock real and sustainable improvements.

As Peter said, this has already delivered 9% improvement in processing plants and drill rigs. Clearly, we are not yet firing on all cylinders. But we are making genuine and consistent progress.

**Slide 24: Decarbonising our business and value chain**

Last year we set an ambitious new strategy and climate targets.

The first step to meeting these is developing the mindset, unleashing our capabilities and challenging all our employees to think differently as we decarbonise our business. Execution and investment will follow.

As we have said in the past, reducing our emissions will take time and they have remained flat so far this year.

We cannot achieve our ambitions alone - partnerships with Governments, suppliers, communities and other stakeholders are critical.

Under our Chief Scientist and through the Commercial group, we are progressing projects and partnerships that will enable us to deliver tangible results, in the long term.

A strong and evolving portfolio of projects is delivering progress on the technology front. For example, our first load of rock transported by electric haul truck in a trial at Kennecott.

We are advancing renewable energy projects, with detailed planning on initial wind and solar installations for our 1GW microgrid in the Pilbara. Proposals are also being reviewed to support the repowering of our Queensland aluminium assets.

We are studying high-potential areas for nature-based climate solutions, through the conservation, restoration and regeneration of land on or near our assets.

And we continue to build a stronger innovation ecosystem, through strategic investments in technology start-ups. For example, Electric Hydrogen who are pursuing low-cost green hydrogen, and partnerships like our MOU with Salzgitter on carbon-free steelmaking.

On the commercial front, I am particularly excited by the recently announced MOU with Ford which covers lithium, aluminium and copper.

#### **Slide 25: Pursuing our growth agenda**

This partnership is a perfect example of how the energy transition presents an extraordinary opportunity for Rio.

All the commodities we produce are needed today. Looking to the future, the demand will grow, driven by the energy transition and ongoing urbanisation.

In 2021, in my first set of results as Chief Executive, I committed to taking the important decisions on projects and invest in materials essential to the energy transition. I am proud that we have progressed our growth agenda during the first half.

We expect the Oyu Tolgoi underground to reach sustainable production in the first half of 2023.

I recently spent a week in Mongolia, for the Naadam celebrations.

It was wonderful to learn more about the incredible culture and history of Mongolia. And to meet so many stakeholders. The work Bold and the team are doing is making a big difference. It was humbling to see for myself how much the relationship has improved.

We are also advancing the Rincon lithium project in Argentina, with \$190 million of funding approved. This is to develop plant capacity for a small start-up and early works to support a full-scale operation. In parallel, we are engaging with the communities, the province of Salta, and the Government of Argentina.

Two of our North American assets are producing critical minerals for the first time, extracted from existing waste streams.

At Sorel, in Canada, we have innovated to become the first North American producer of scandium oxide. It is critical for light weighting aluminium for the aerospace industry. At Kennecott, in Utah, we have become one of only two US producers of tellurium, used in solar panels.

We are ramping up at Gudai-Darri in West Australia to support output of Pilbara Blend, a product that remains essential to the transition.

In May the board visited, and saw for itself, the great work of the team to achieve first production.

We are now focused on the next phase of replacement mines for the Pilbara, including approvals for the Western Range project.

At Simandou, our negotiating team are in Guinea working with our joint venture partners in Simfer, WCS and the Government of Guinea towards incorporating the infrastructure joint venture.

This will be an important first step, and there is much more to do to bring this significant project to life.

We remain committed to delivering Simandou in accordance with international ESG standards, ensuring that the project results in sustainable benefits to Guinea and its people, along with our shareholders and customers.

## **Slide 26: Strong foundation for growth, decarbonisation and shareholder returns**

In conclusion.

I am proud we are making steady progress against each of our four objectives.

Remember this is a multi-year journey. But we have the right foundations and pathway to make Rio Tinto stronger.

Most importantly, we have great people. They are the key to our future success and we will continue investing in them, and in our culture.

We have an outstanding portfolio of long-life assets, and the expertise to play a leading role in delivering vital commodities for a low carbon future.

Our balance sheet remains strong, providing both protection and optionality.

We will continue to challenge ourselves to innovate and think differently.

Looking ahead, mining is crucial to the world and we are uniquely positioned:

- To invest and grow in the commodities needed for the energy transition;
- To accelerate the decarbonisation of our portfolio; and
- To continue to pay attractive dividends.

Thank you.

We are now happy to take questions.