

2019 Full year results presentation**26 February 2020**

Attached is the Rio Tinto 2019 full year results presentation to be given today by Rio Tinto chief executive Jean-Sébastien Jacques, and chief financial officer Jakob Stausholm. The presentation slides are also available at www.riotinto.com/invest/presentations/2020/annual-results

The presentation will be webcast live at 7.30pm (Australian Eastern Daylight Time) and can be accessed at www.riotinto.com/invest/presentations/2020/annual-results

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This announcement is authorised for release to the market by Rio Tinto's Group Company Secretary.



RioTinto



2019 Full Year Results

26 February 2020

London

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J-S Jacques
Chief Executive



As pioneers in mining and metals we produce materials essential to human progress



Portfolio **Performance** **People** **Partners**

A strong performance in 2019

Safety is our top priority. Strong safety performance across the business and first ever fatality-free year

Financial performance

\$21.2 billion

Underlying EBITDA

47%

Underlying EBITDA margin

\$10.0 billion

Free cash flow*

\$3.7 billion

Net debt 31 Dec

\$11.9 billion

Paid to shareholders

24%

ROCE**

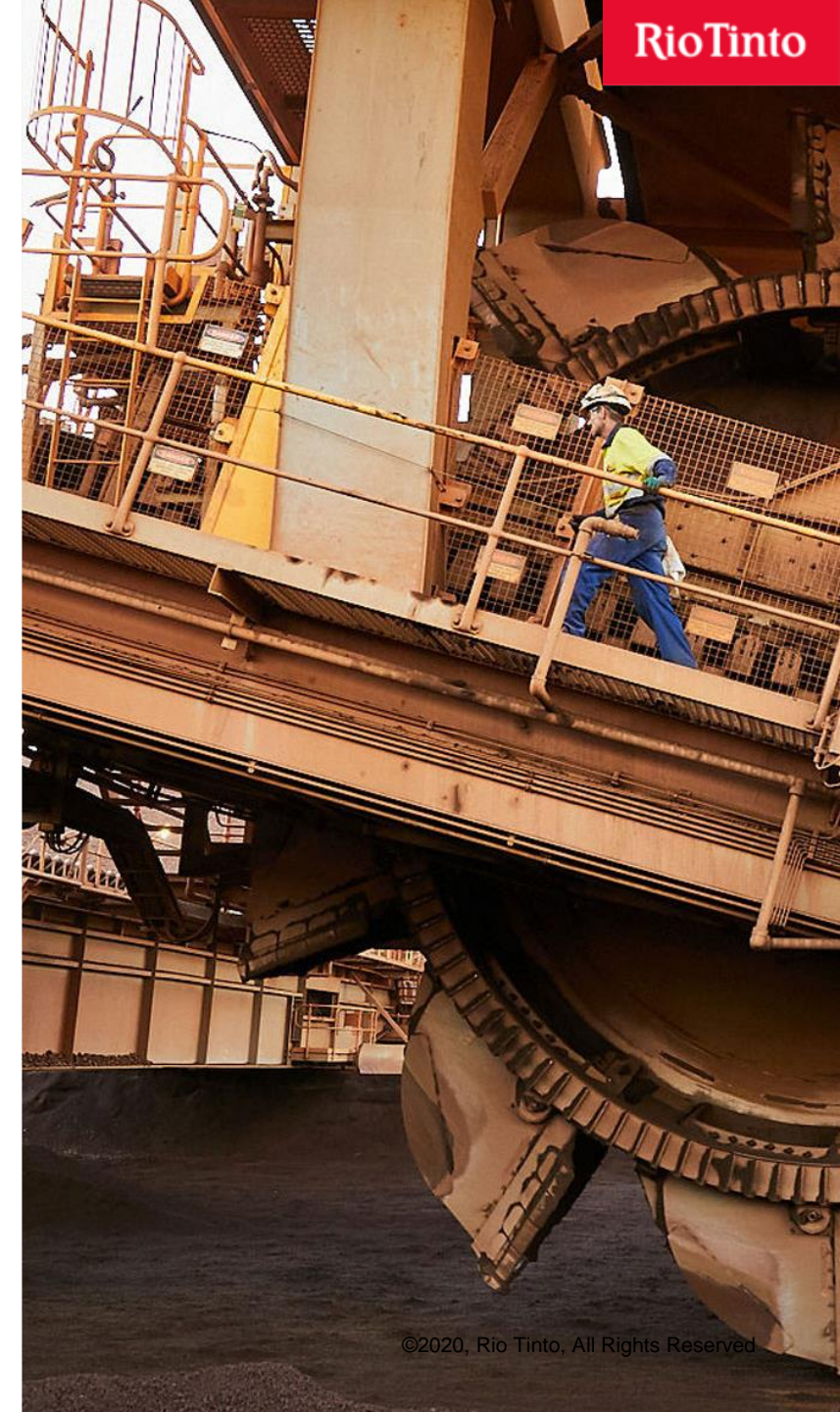
\$2.6 billion

Development capital invested

\$0.6 billion

Spent on exploration and evaluation

* Excludes capital gains tax paid on divestments of \$0.9 billion. **Return on Capital Employed (ROCE) is defined as underlying earnings excluding net interest divided by average capital employed (operating assets before net debt)



Sustainability performance supported by strong profitability

No fatalities

in 2019

46% reduction¹

in emissions since 2008

76% of power

from renewables

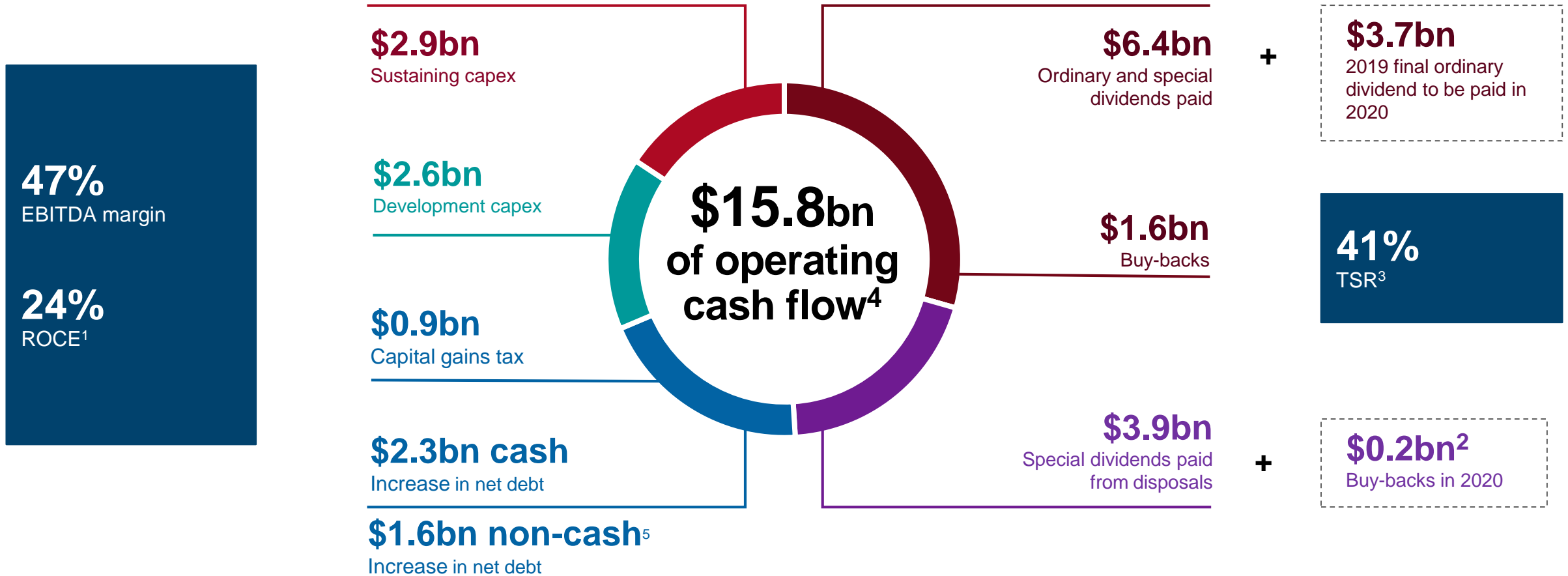
\$100 million

of new investment in solar



¹ Absolute emissions from managed operations including divestments; 18% reduction excluding divestments. ² Aluminium Stewardship Initiative. ³ In 2019, we adopted new definitions and data collection processes for reporting discretionary community investments to align with GRI Reporting Standards. ⁴ Index published by Corporate Human Rights Benchmark.

\$11.9bn of cash returns paid in 2019 with \$3.9bn in H1 2020



¹ Return on Capital Employed (ROCE) is defined as underlying earnings before net interest divided by average capital employed (operating assets before net debt).

² \$0.2 billion of on-market share buy-backs in Rio Tinto plc to be completed by 28 February 2020.

³ Total Shareholder Return (TSR) is from 1 January 2019 to 31 December 2019 for combined DLC including reinvestment of dividends.

⁴ Excludes \$0.9 billion payment of capital gains tax on disposal of coking coal assets in 2018.

⁵ Primarily related to adoption of IFRS16 Leases from 1 January 2019.

Numbers have been rounded to the nearest \$0.1 billion.

Jakob Stausholm
Chief Financial Officer



Strong financial results

(\$bn, except for per share data)	2019	2018	Comparison
Gross revenue	45.4	42.8	+ 6%
Underlying EBITDA	21.2	18.1	+ 17%
ROCE	24%	19%	+ 5pp
Cash flow from operations ¹	15.8	11.9	+ 32%
Free cash flow ¹	10.0	7.1	+ 42%
Underlying earnings	10.4	8.8	+ 18%
Underlying earnings per share (\$)	6.36	5.12	+ 24%
Net earnings	8.0	13.6	- 41%
Ordinary dividend per share (\$)	3.82	3.07	+ 24%
Total dividend per share (\$) ²	4.43	5.50	- 19%
Net debt (cash)	3.7	-0.3	n/m

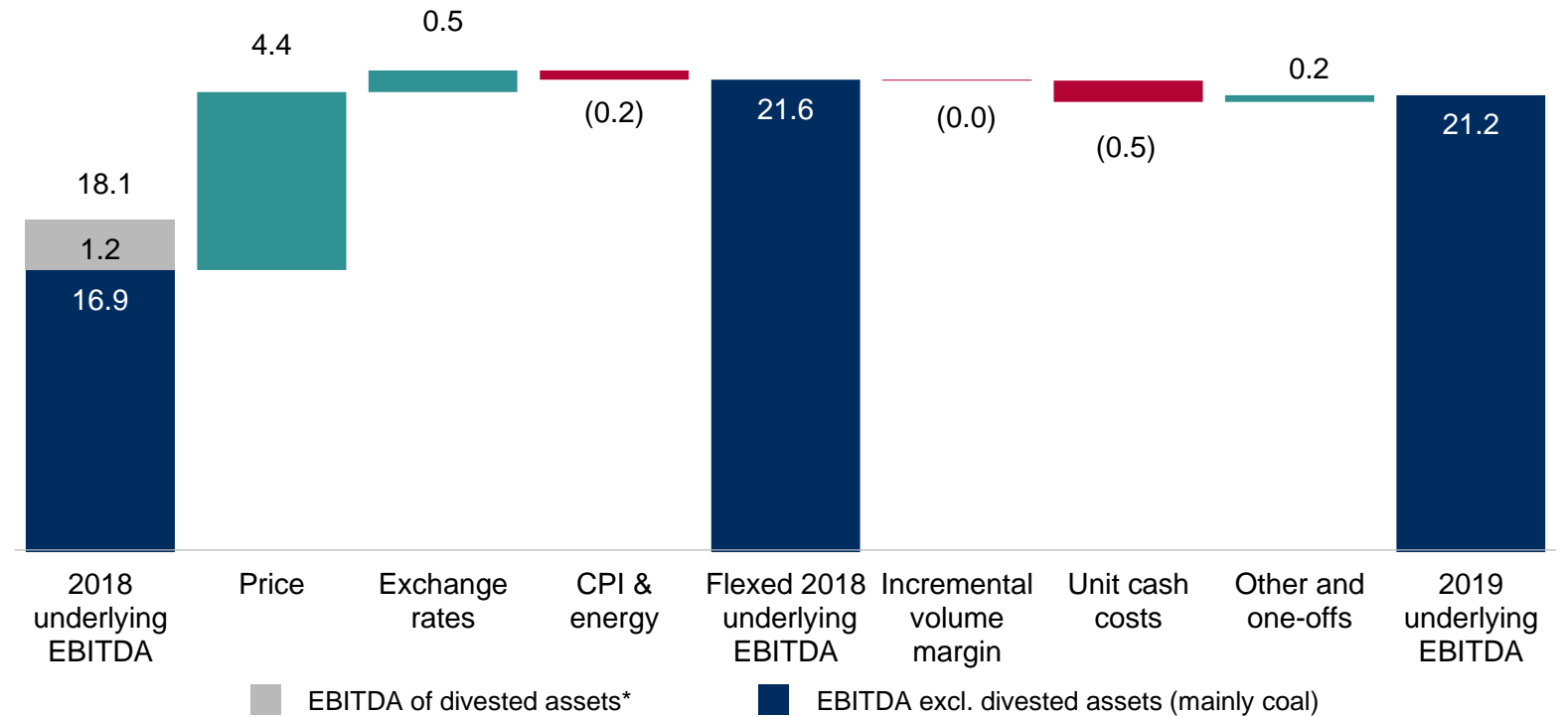
¹ Excludes capital gains tax paid on divestments of \$0.9 billion in 2019, \$0.1 billion in 2018

² 2018 includes \$2.43 special dividend from divestment proceeds

n/m = not meaningful

EBITDA supported by price

Underlying EBITDA \$ billion

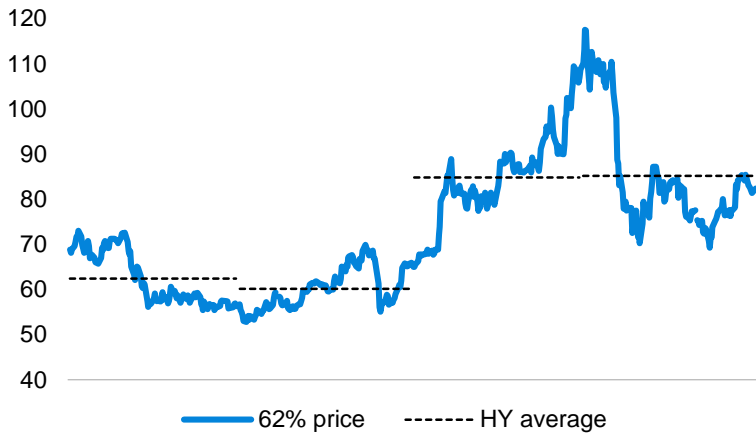


*Coking coal, Dunkerque aluminium smelter and Grasberg.

Other and one-offs variance includes movements in central costs, non-cash costs, impact of volumes lost related to Kitimat pot relining and ISAL preventive pot-line shutdown and Exploration & Evaluation costs. All variances exclude coal.

Commodity prices moved in different directions

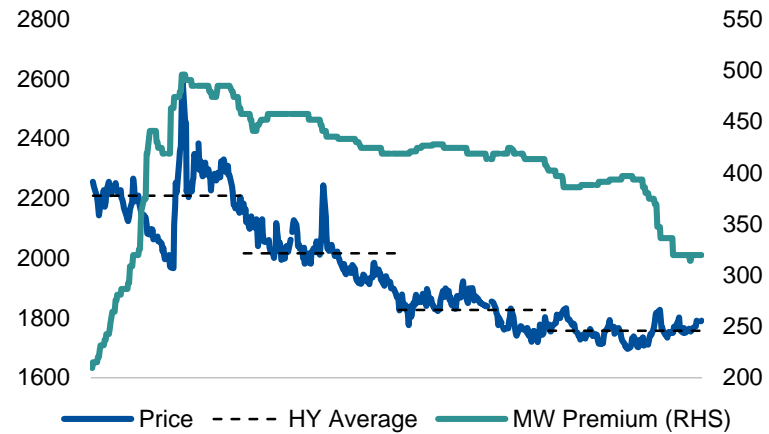
Iron Ore* (39% increase YoY)



Buoyant Chinese steel demand in 2019

Supply disruptions ease in H2 2019 but market balance remains tight

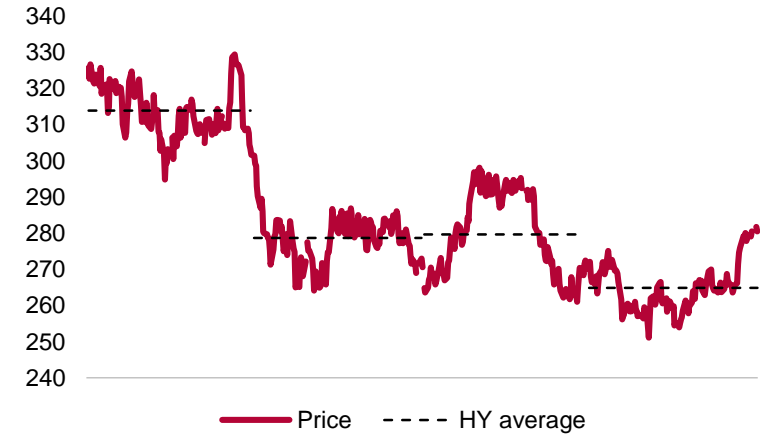
Aluminium** (-15% decrease YoY)



Weak global demand due to trade slowdown and transportation sector

Modest supply curtailments via production cuts and slower ramp-up of production from projects

Copper** (-8% decrease YoY)



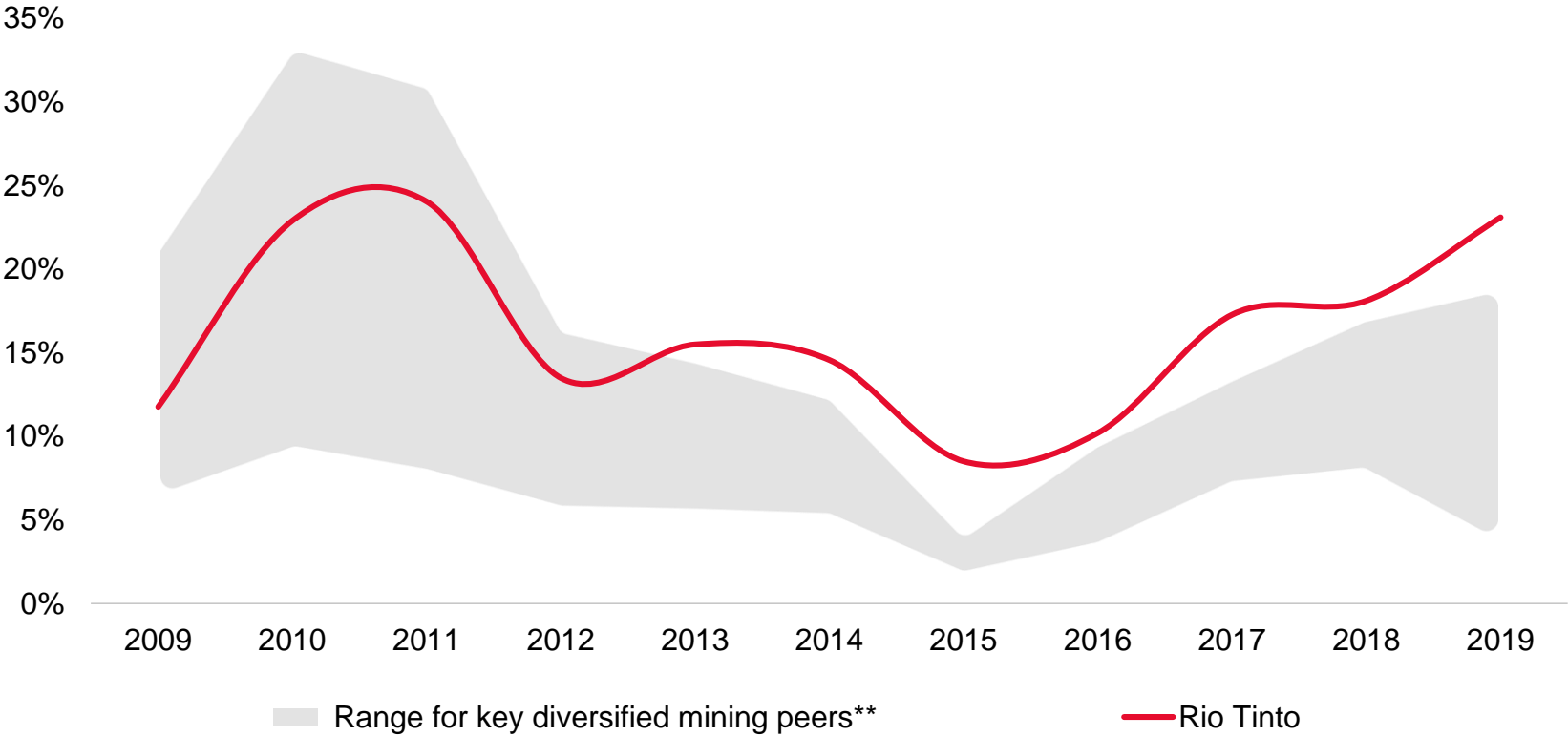
Concerns over global growth and trade impacting sentiment

Supply disruptions ~4.4% in 2019 (versus 5.0% in last ten years)

* Per dry metric tonne, FOB basis | ** Average LME price | YoY change reflects change in average annual price
Sources: Rio Tinto, Mysteel, World Steel Association, Bloomberg, Baltic Exchange, WoodMac

Maintained industry-leading profitability....

Return on invested capital*, post tax



Average ROCE 2009 to 2019 of 16%

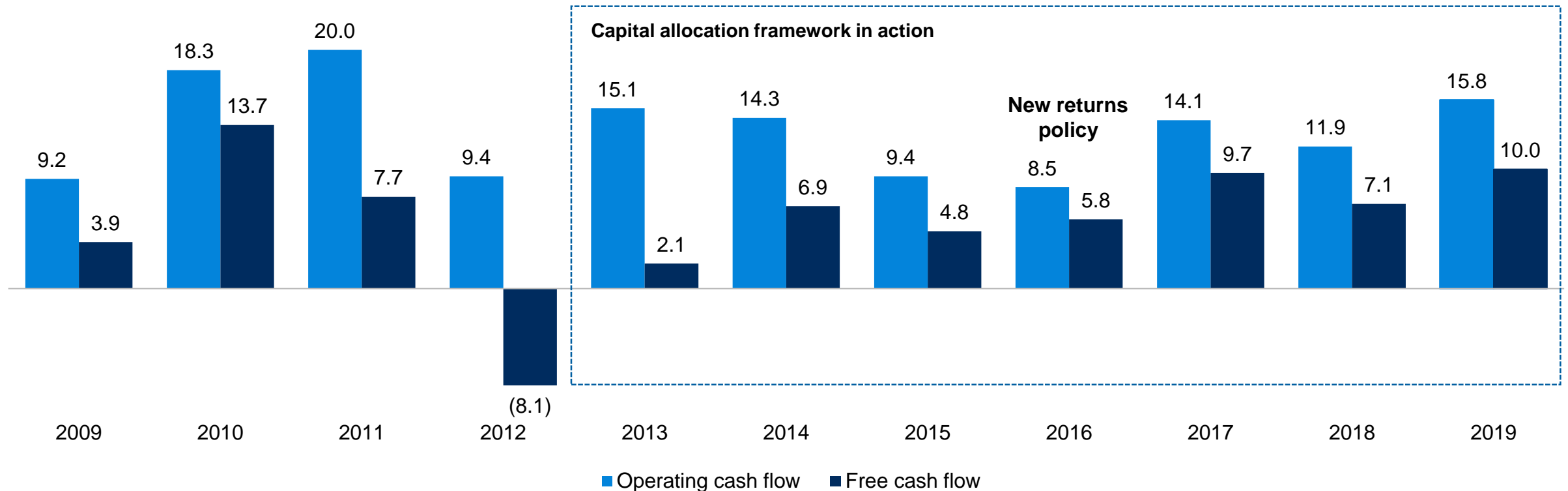
Average ROCE 2001 to 2008 of 22%

Only one year of single digit ROCE in two decades

Source: CSFB and company information.
*Return on Invested Capital is defined as tax adjusted EBIT / (consolidated book equity + net debt). ** Average of peers comprising Anglo American, BHP, Glencore and Vale

...which we continue to translate into strong cash flows

Cash flow in \$ billion



Free cash flow is defined as net cash generated from operating activities less purchases of PP&E less lease principal payments plus sales of PP&E
 Operating cash flow and free cash flow exclude capital gains tax paid on disposals of \$0.9 billion in 2019, \$0.1 billion in 2018 and \$0.2 billion in 2017, primarily related to coal disposals.

Iron Ore

World-class returns underpinned by robust price environment

Operating metrics	2019	2018 comparison	2020 guidance
Average realised price*	\$85.9 / t	+ 37%	
Shipments (100% basis)	327.4mt	- 3%	324-334Mt
Operating cost / t**	\$14.4 / t	+8%	\$14 -15 / t

Financial metrics (\$bn)

Revenue	24.1	+ 29%	
EBITDA	16.1	+ 41%	
Margin (Pilbara FOB)	72%	+ 4pp	
Operating cash flow	11.4	+ 37%	
Sustaining capex	1.2	+ 24%	~1.0-1.5
Replacement and growth capex	0.6	+ 57%	
ROCE	67%	+ 25pp	

Strong financial results

Robust second half performance demonstrates operational recovery

Record total material movement

Investment of \$4.2 billion (our share) in Koodaideri Phase 1, Robe JV and WTS phase 2 replacement projects

2019 operating costs include:

- Lower shipments impact of \$0.5 / t
- Additional waste movement ~\$0.2 / t

12% increase in mine work index, extra approval and evaluation costs against efficiency gains in 2020

* Per dry metric tonne, FOB basis | ** Unit costs are based on operating costs included in EBITDA and exclude royalties (state and third party), sea freight, sustaining capital, tax and interest. A\$:US\$ assumption of 0.67 for 2020 guidance | Numbers reflect Pilbara operations and Dampier Salt



Aluminium

Focus on cash generation with price and cost impacting profitability

Operating metrics	2019	2018 comparison	2020 guidance
Average aluminium price*	\$2,132 / t	- 14%	
Average alumina price**	\$331 / t	- 30%	
Production – bauxite	55.1Mt	+ 9%	55-58Mt
Production – alumina	7.7Mt	- 3%	7.8-8.2Mt
Production – aluminium	3.2Mt	- 2%	3.1-3.3Mt
Canadian smelters – hot metal cash costs***	\$1,318 / t	- 14%	See p52
Financial metrics (\$bn)			
Revenue	10.3	- 15%	
EBITDA	2.3	- 26%	
Margin ¹	26%	- 4pp	
Operating cash flow	2.2	- 6%	
Sustaining capex	0.9	+ 16%	
Replacement and growth capex	0.4	- 53%	
ROCE	4%	- 4pp	

Lower prices impacted EBITDA by \$1.3 billion

- Partly offset by \$0.5 billion benefits mostly from increased bauxite volumes and lower costs

Free cash flow of \$0.8 billion despite strong headwinds

Alumina production lower due to maintenance activities

PacAI EBITDA negative in 2019

Strategic reviews of NZAS continuing and ISAL announced in February 2020

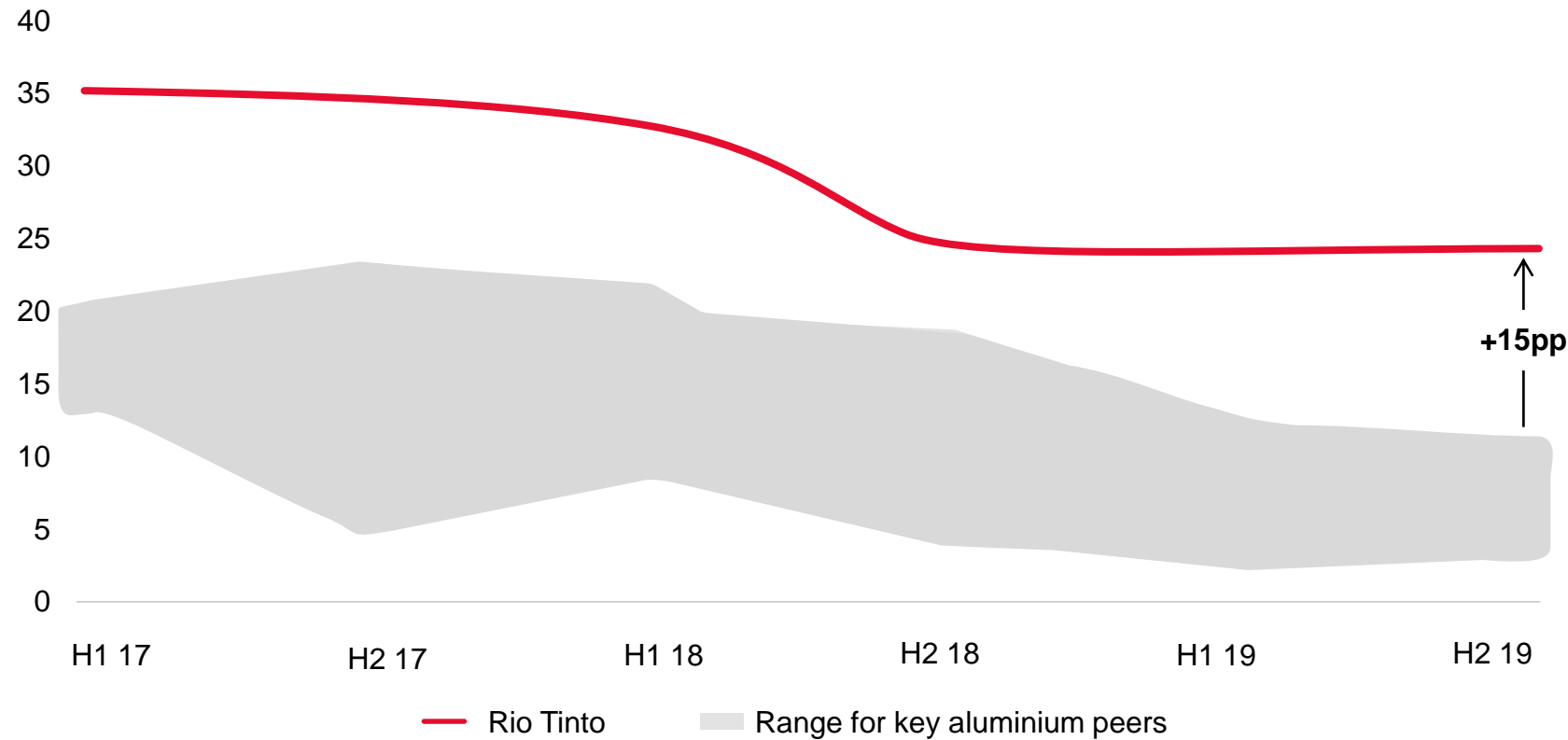
* Realised price, including VAP and midwest premium | ** Platts Alumina PAX FOB Australia

*** Operating costs defined as hot metal cash costs for the Canadian smelters (alumina at market price) | ¹ Aluminium underlying EBITDA margin is defined as Underlying EBITDA from Integrated operations adjusted to include the impact of the alumina legacy contracts, divided by Integrated operations revenues, adjusted to include freight revenue.



A strong global aluminium business

Upstream EBITDA margins* (%)



Margin gap: portfolio quality and performance delivery

2019 EBITDA margin 26%

*Aluminium underlying EBITDA margin is defined as Underlying EBITDA from Integrated operations adjusted to include the impact of the alumina legacy contracts, divided by Integrated operations revenues, adjusted to include freight revenue. Key peers include Rusal, Norsk Hydro, Vedanta and Alcoa

Copper & Diamonds...

Good operating performance masked by lower price and one-off items

Operating metrics	2019	2018 comparison	2020 guidance
Copper price (realised)	275 c/lb	- 7%	
Production – mined copper	577kt	- 5%	530-570kt
Production – refined copper	260kt	- 6%	205-235kt
Production – diamonds	17.0Mct	- 8%	12-14Mct
Unit cost*	93 c/lb	- 15%	120-135c/lb

Financial metrics (\$bn)

Revenue	5.8	- 10%
EBITDA	2.1	- 17% ¹
Margin (product group operations)	41%	- 6pp
Operating cash flow	1.5	- 29%
Sustaining capex	0.4	+ 15%
Replacement and growth capex	1.4	- 7%
ROCE	5%	- 4pp

EBITDA and margin impacted by price and several factors:

- \$0.2 billion charge at Escondida related to cancellation of coal power contracts

2020 is a transition year at Kennecott and OT. Operating costs affected by lower grades. A return to higher grades planned for 2021

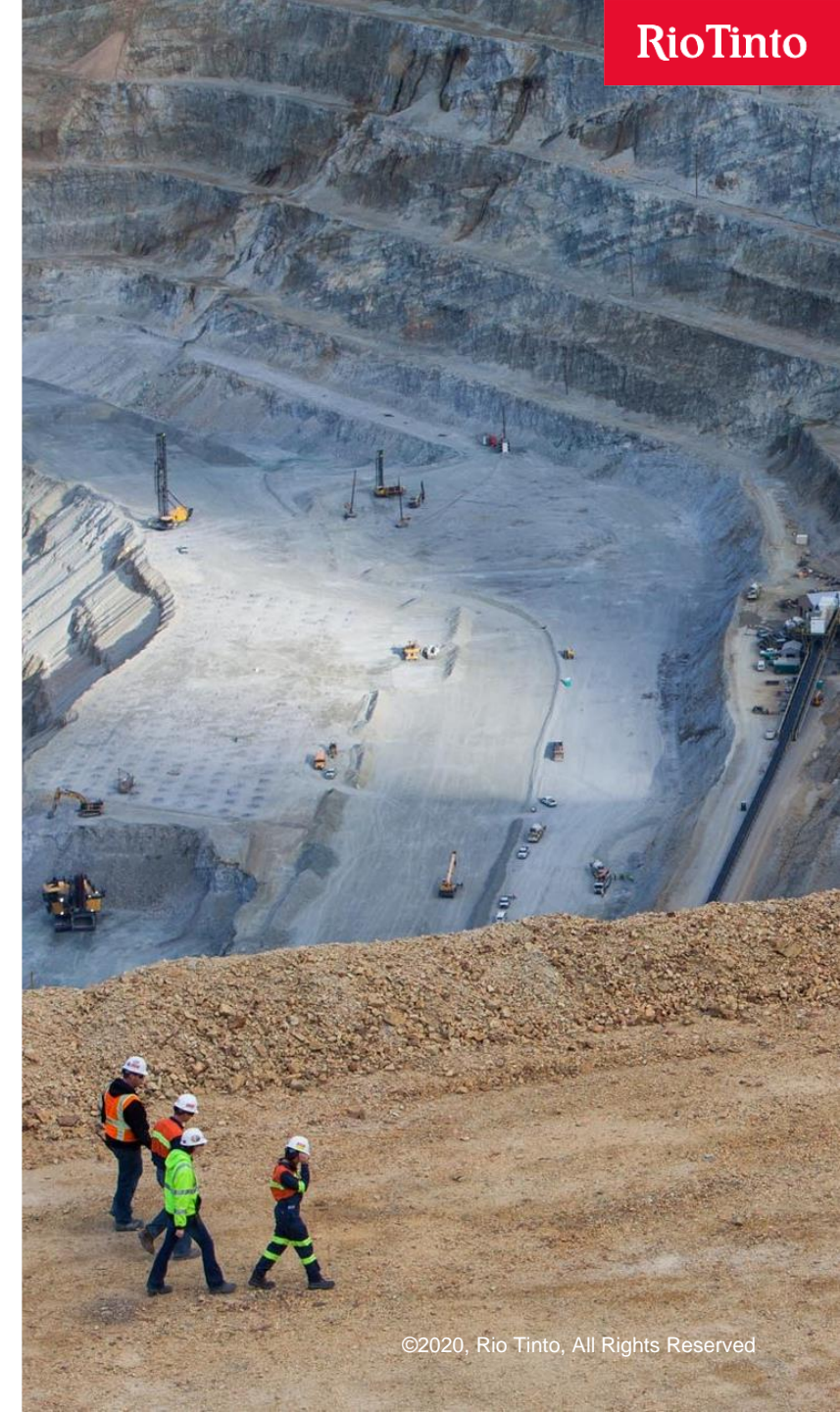
OT underground project mine design continues

\$0.3 billion (100%) additional funding approved to progress Resolution

Winu exploration project advancing rapidly

* Unit costs for Kennecott, Oyu Tolgoi and Escondida utilise the C1 unit cost calculation where Rio Tinto has chosen Adjusted Operating Costs as the appropriate cost definition. C1 costs are direct costs incurred in mining and processing, plus site G&A, freight and realisation and selling costs. Any by-product revenue is credited against costs at this stage

¹ Excludes profit contribution of \$0.3 billion from Grasberg in 2018



Energy & Minerals

Recovery from 2018 disruptions and solid pricing

Operating metrics	2019	2018 comparison	2020 guidance
IOC pellets price	\$137 / t	+ 20%	
TiO ₂ slag price**	\$776 / t	+ 14%	
Production – IOC	10.5Mt	+ 18%	10.5-12.0Mt
Production – TiO ₂	1.2Mt	+ 8%	1.2-1.4Mt
Production – Borates	0.5Mt	+ 2%	0.5Mt

Financial metrics (\$bn)¹

Revenue	5.2	+ 15%	
EBITDA	1.8	+ 41%	
Margin (product group operations)	37%	+ 7pp	
Operating cash flow	1.4	+ 58%	
Sustaining capex	0.4	+ 21%	
Replacement and growth capex	0.2	+ 96%	
ROCE	15%	+ 7pp	

Strong pricing and operational recovery driving 41% increase in EBITDA excluding coal assets divested in 2018

Higher TiO₂ production

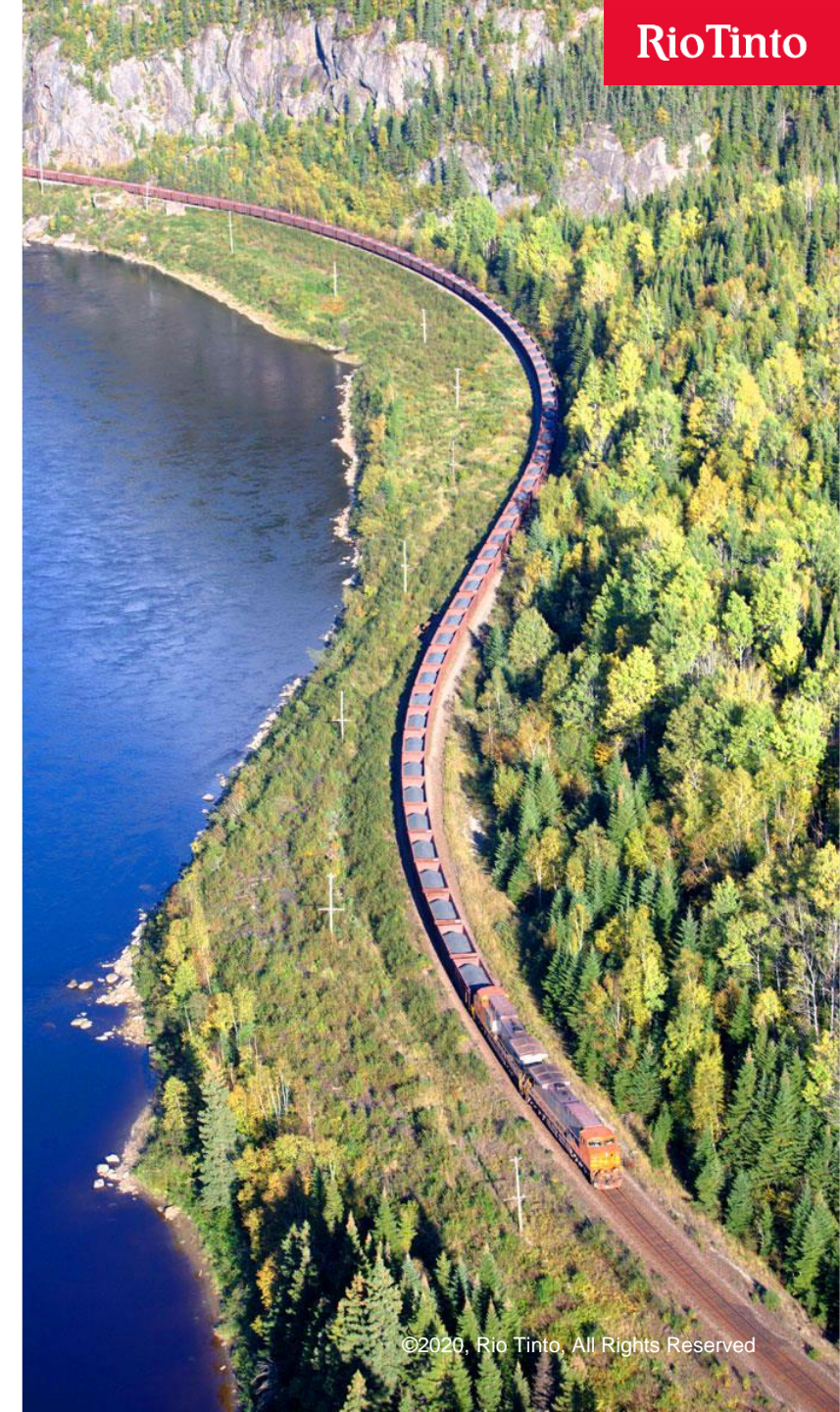
- All 9 furnaces in operation at RTFT
- 1 furnace under rebuild at RBM

IOC benefiting from strong demand for premium products

- EBITDA margin of 47%
- Production fully recovered from 2018 strike, but impacted by weather in Q1 2019 and flooding incident in June

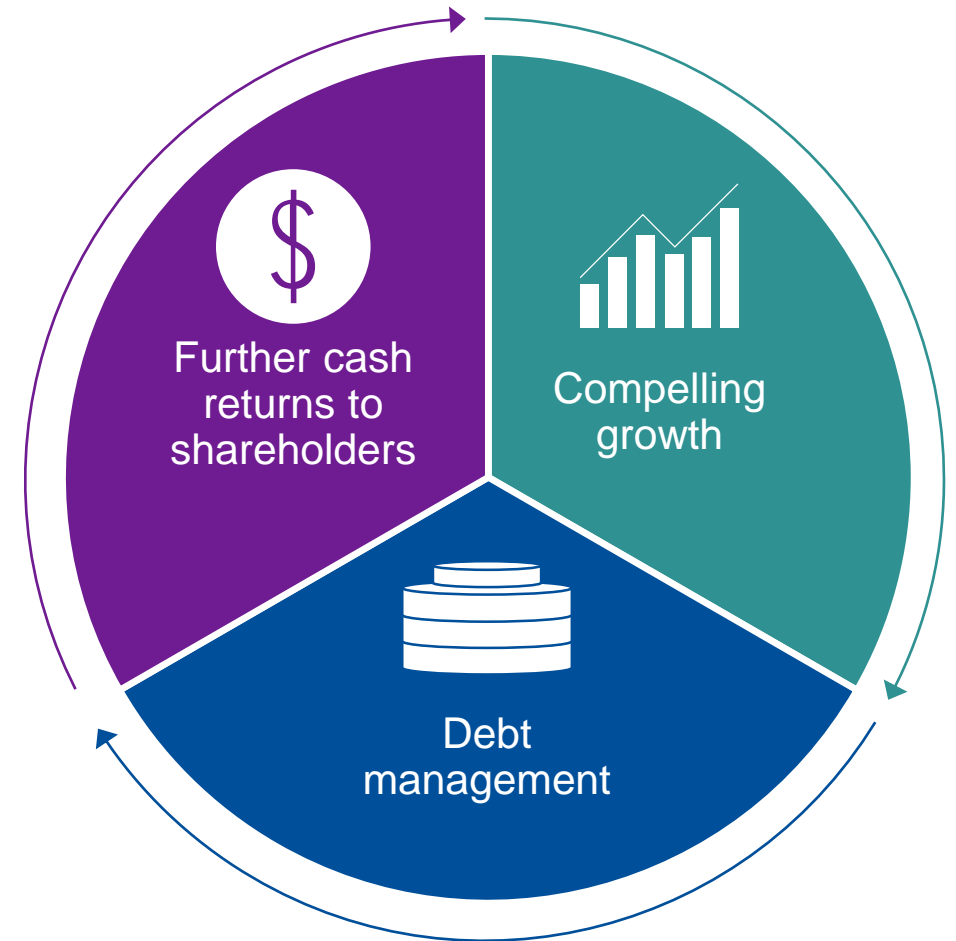
Zulti South project, construction on hold following security incidents

¹ 2018 financial metrics exclude coal operations which were disposed in 2018 | To reflect a change in management responsibility, Dampier Salt is now reported within Iron Ore. Prior year numbers have been restated accordingly. Iron Ore Company of Canada and the Simandou iron ore project in Guinea continue to be reported within Energy & Minerals. | **TZMI chloride slag assessment (November 2019), excludes UGS



Disciplined allocation of capital

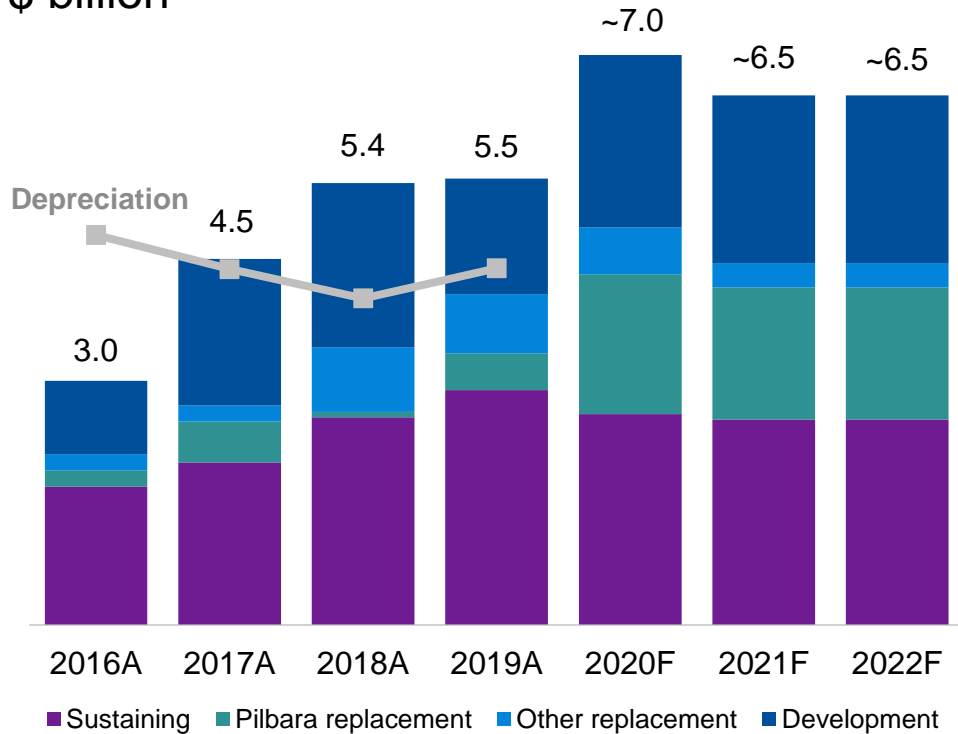
- 1** | **Essential sustaining capex**
- 2** | **Ordinary dividends**
- 3** | **Iterative cycle of** 



Controlled ramp-up of investments

Capital expenditure profile

\$ billion



2019 capex of \$5.5 billion

- Sustaining capex of \$2.9 billion
- Development and replacement capex of \$2.6 billion

\$1 billion climate-related spend over five years. Capital portion already in guidance

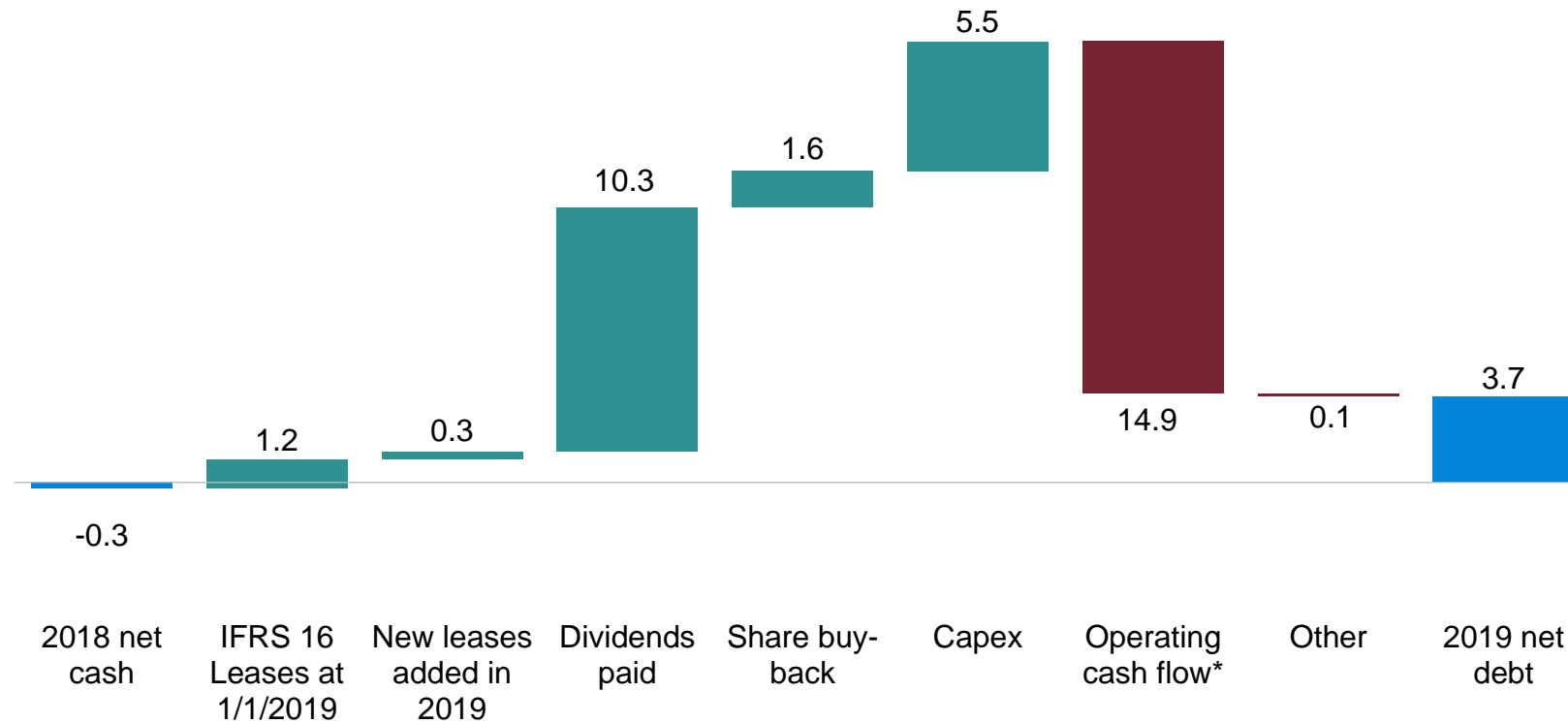
Sustaining capex of ~\$2.5 billion per year, of which Pilbara Iron Ore is \$1.0-1.5 billion per year

Pilbara replacement includes Koodaideri, Robe River and Western Turner Syncline phase 2 mine developments from 2019



Our strong balance sheet...

Net debt \$ billion



Operating cash flow of \$14.9 billion after payment of \$0.9 billion of capital gains tax on coking coal disposals completed in 2018

Total cash returns to shareholders \$11.9 billion in 2019

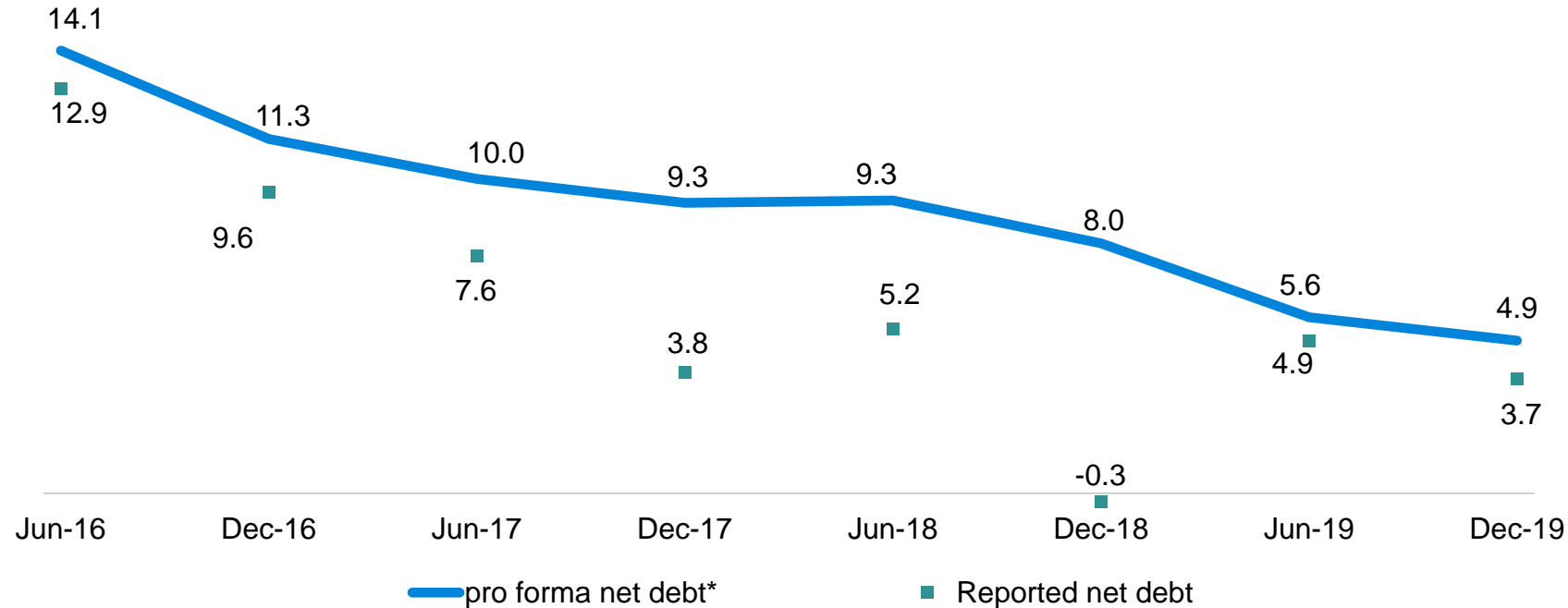
Non-cash increase of \$1.2 billion from implementation of IFRS16 Leases from 1 January 2019

\$0.3 billion of new operating leases added in 2019

*includes taxes paid of \$0.9 billion relating to the 2018 coking coal disposals
Numbers have been rounded to the nearest \$0.1 billion.

...is an asset

Net debt \$ billion



Balance sheet strength is an asset.
Offers resilience and creates optionality.

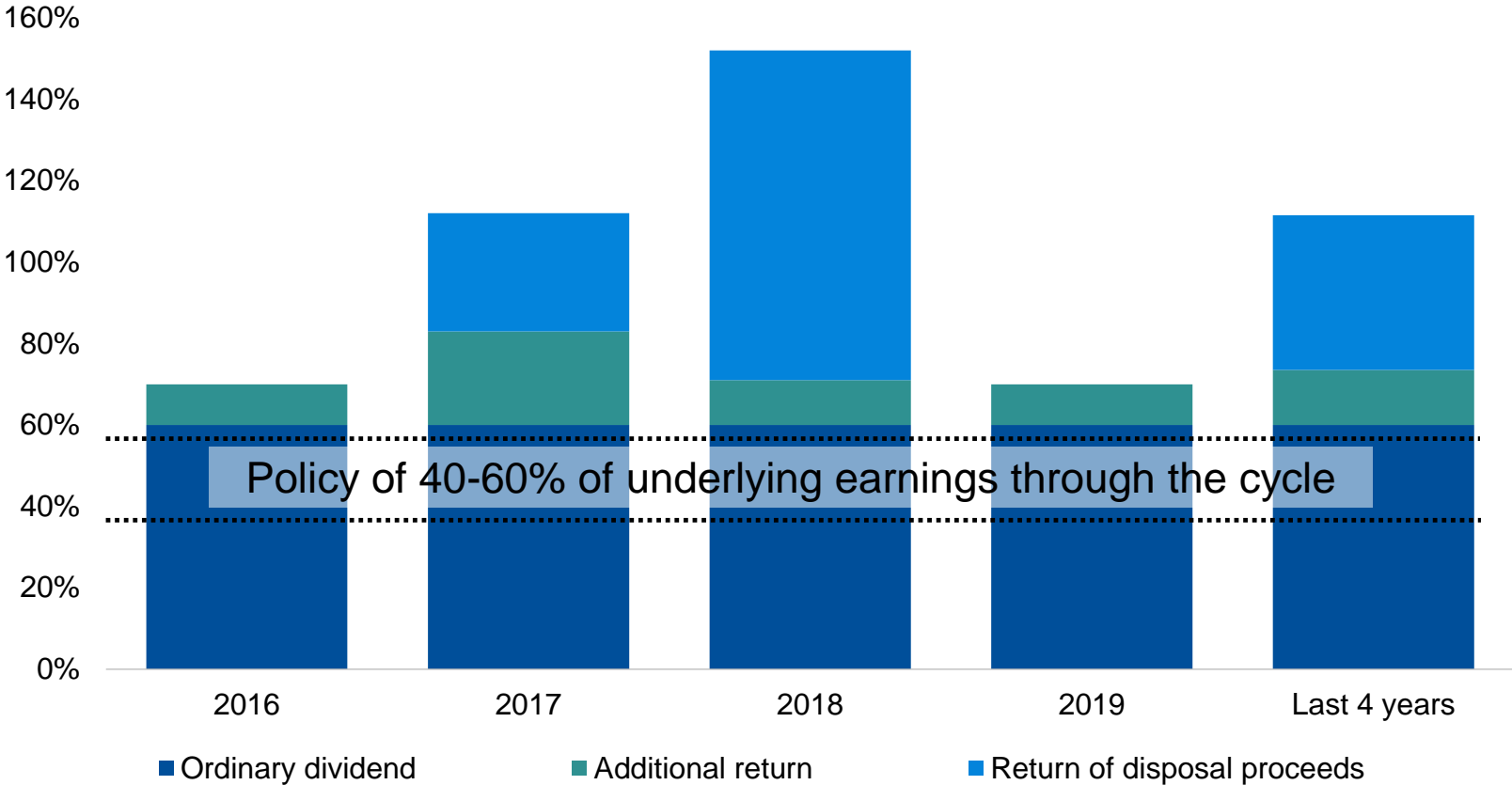
Gearing 7% and net debt to LTM[^]
EBITDA of 0.17x

\$0.2 billion of share buy-backs to be
completed by end of February 2020

* Pro-forma net debt adjusts for the remainder of previously announced buy-backs from operations, lags in shareholder returns from disposal proceeds, Australian tax lag and disposal-related tax lag and the impact of IFRS 16 Leases accounting change for the prior periods. This lease accounting change is reflected in the June and December 2019 reported net debt ^LTM = Last Twelve Months

Shareholder returns based on a well defined pay-out policy

Our pay-out ratio has consistently exceeded the policy



Final ordinary dividend for 2019 of \$3.7 billion or 231 US cents per share to be paid in April 2020

Total declared dividend for 2019 of \$7.2 billion or 443 US cents per share

70% payout ratio for full year 2019

Our investment case

Our Assets

Long life
Competitive
Expandable
Sustainable
Strong balance sheet



Our Approach

Sustainability (ESG)
Operational Excellence
Value over volume
Capital discipline
Counter-cyclical



Our Performance

2019	ROCE ²
\$10.4 billion earnings ¹	24%
\$10.0 billion free cash flow ³	23%
\$11.9 billion dividends and share buy-backs ⁴	27%



Unique strength and resilience

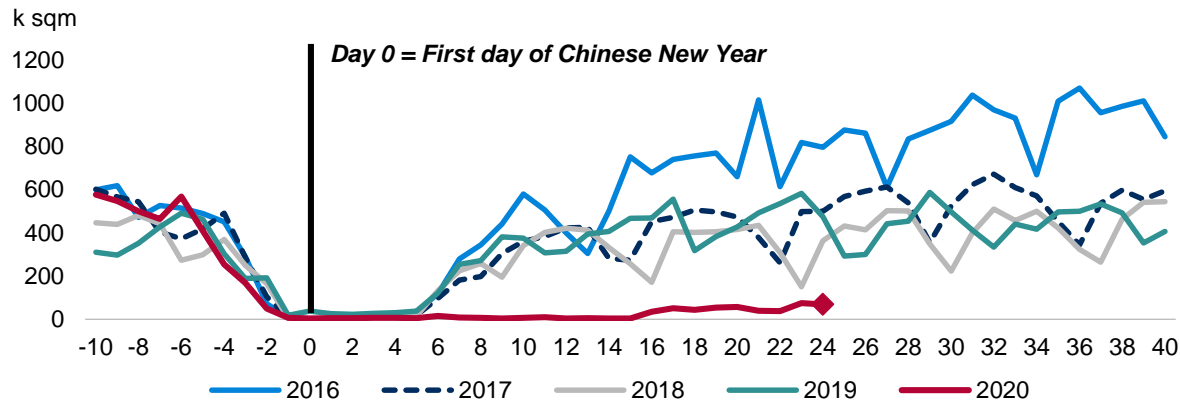
¹ underlying earnings. ² Return on capital employed (ROCE) is defined as underlying earnings (before net interest) / free cash flow / cash returns divided by average capital employed (operating assets before net debt). ³ Excludes capital gains tax paid on divestments of \$0.9 billion. ⁴ Cash returns (dividends and share buy-backs) are stated on a cash flow basis.



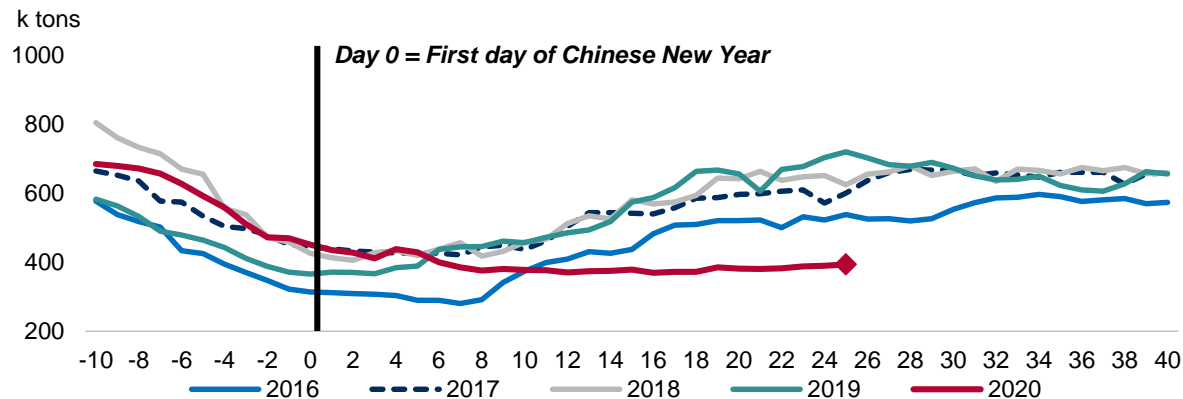
J-S Jacques
Chief Executive

Rio Tinto is well positioned to deal with short-term volatility ...

China daily property sales



China daily coal consumption of major electricity producers



Source: Rio Tinto, Mysteel, CEIC, Wind, Gaode

Global economic growth

- Signs of stabilisation and some demand recovery in late 2019
- Supportive policy and restocking

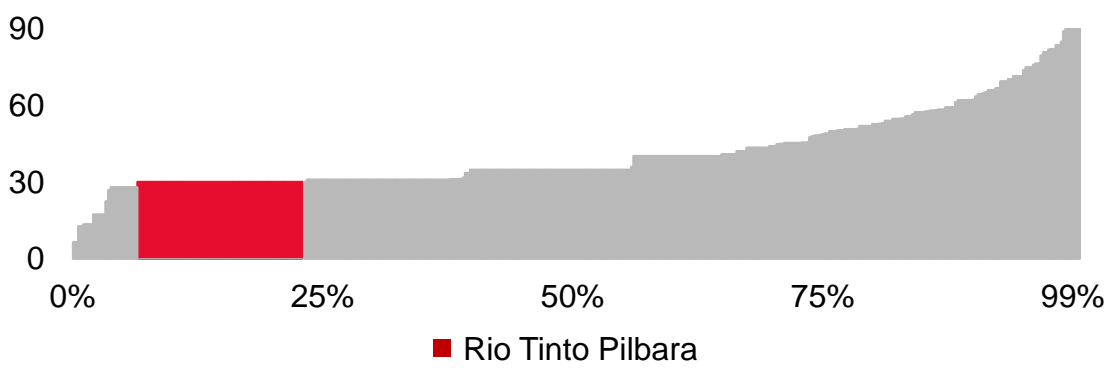
Covid-19 virus

- Potential Q1 impact. Recovery dependent on rate of normalisation of logistics & transport plus size and type of stimulus.
- Stimulus being deployed to drive recovery
 - Front-loaded local government special purpose bonds, majority of which for infrastructure projects
 - Interest rate cuts, accelerated lending to SMEs, extended repayments for property developers and other industry
- Commodity intensity of China's GDP growth could rise from Q2 as stimulus may be relatively commodity intensive

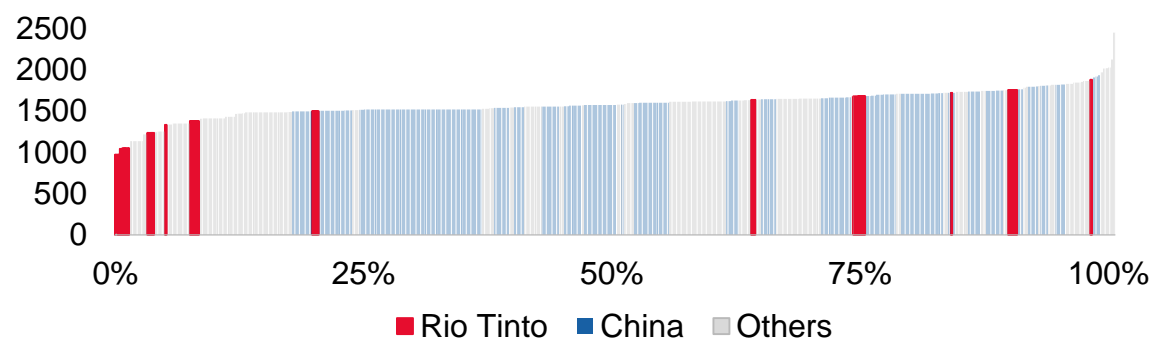
...with low-cost assets and strong balance sheet

Low-cost assets

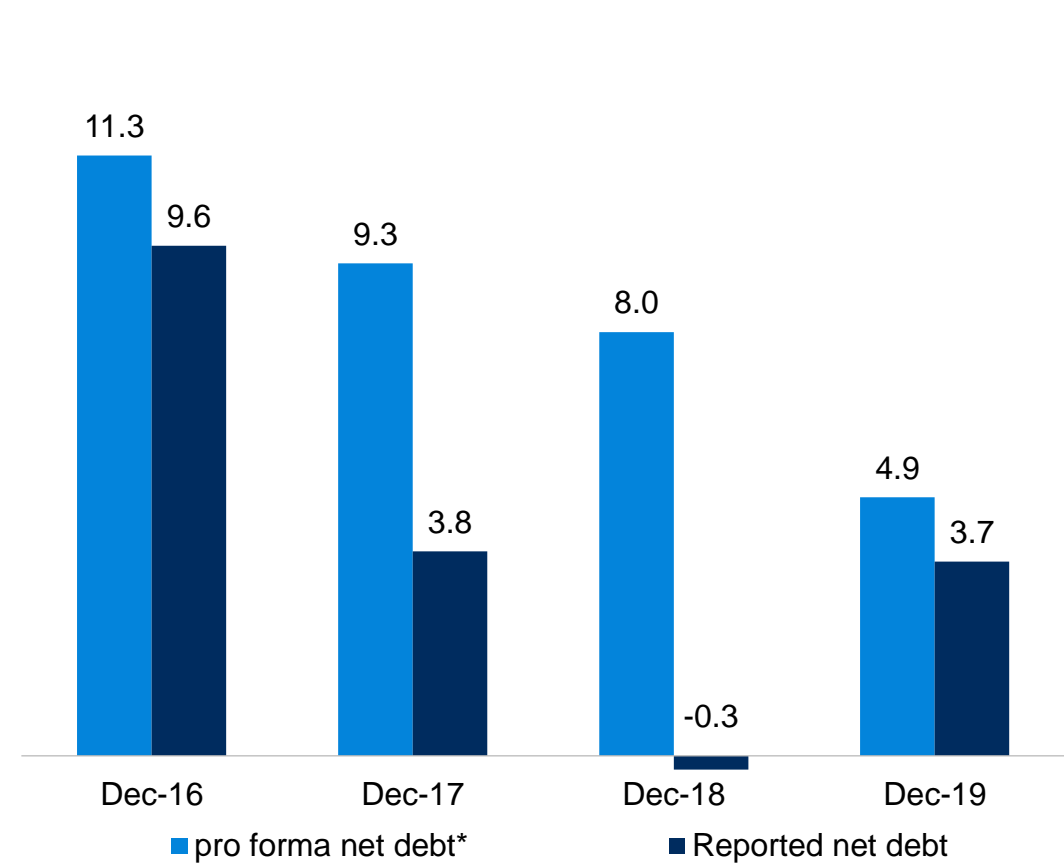
2020 iron ore cost curve (2020 CFR VIU adjusted costs)**



2020 aluminium cost curve (2020 real \$/t)



Strong balance sheet (\$ billion)



Pro forma net debt adjusts for the remainder of previously announced buy-backs from operations, lags in shareholder returns from disposal proceeds, Australian tax lag and disposal-related tax lag, and the impact of IFRS lease accounting change for the prior periods. The lease accounting change is reflected in December 2019 reported net debt
 ** Cost curve includes recent supply disruption in February 2020
 Source: CRU, Rio Tinto

Pressures are growing in a 'New Era' of complexity



Growing geopolitical tensions



Higher societal expectations



Technological disruptions

Transforming for tomorrow

Building our portfolio of the future

Exploration
Organic growth
M&A watching brief
New commodities



Strong sustainable free cash flow per share

Enhancing the efficiency and sustainability of our operations

Safety
Mine tailings
Innovation for productivity
Technology breakthrough



Shareholder returns

Enhancing our value chain and partnership approach

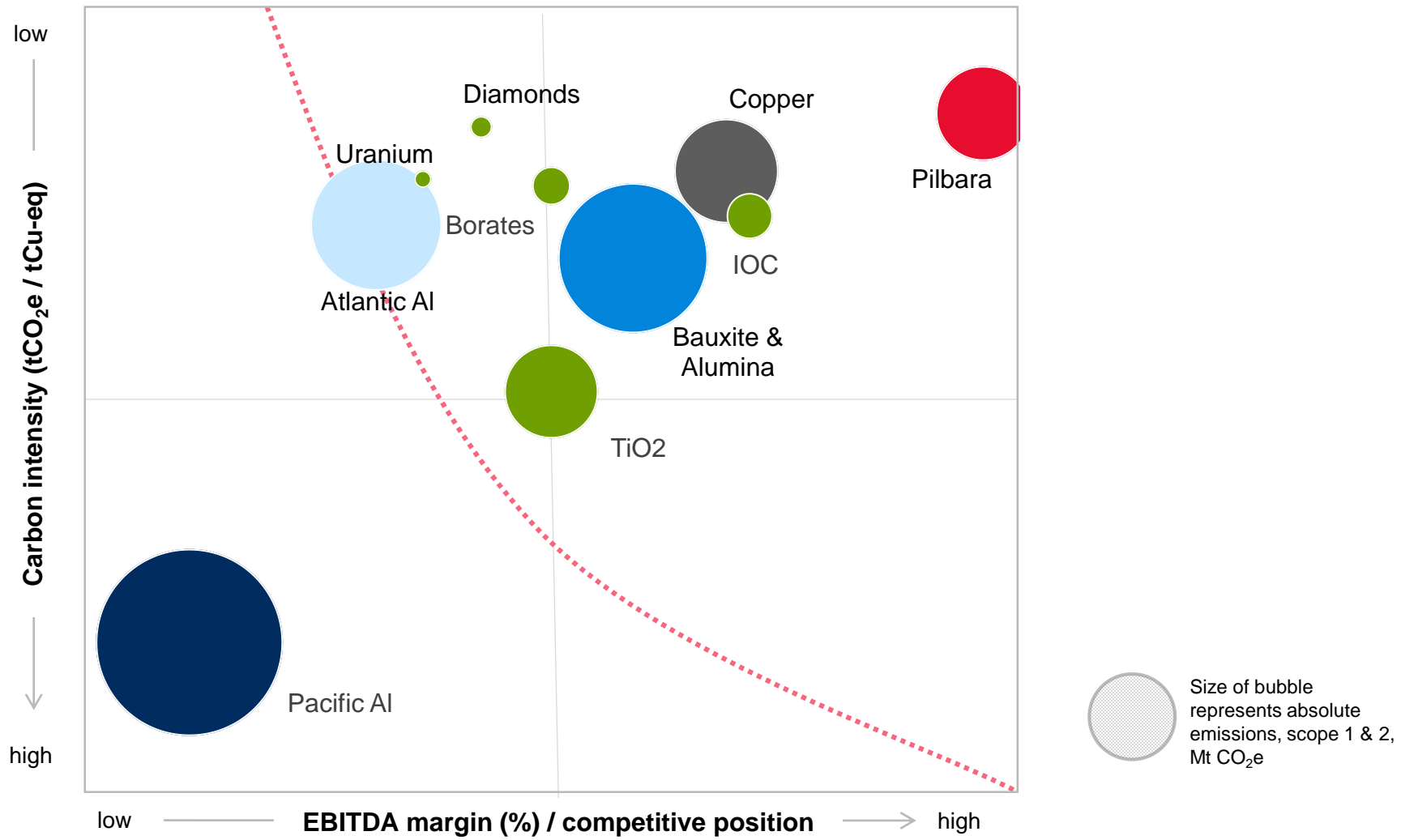
Product innovation
Value chain partnerships
Marketing solutions
Climate change focus & investment



Contribution to human progress



Climate change portfolio matrix; 32Mt CO₂e in 2018¹



¹our equity share of scope 1 and 2 GHG emissions from managed and non-managed operations

Our assets mirror global demand themes



Iron Ore
World leader



Copper
Well-timed
growth



Aluminium
World leader



**Minerals &
Ventures**
Products for
the future



Exploration
World leading

Urbanisation

Electrification

Transition to the
low-carbon economy

Growth is all about value: invest in assets and create options through exploration

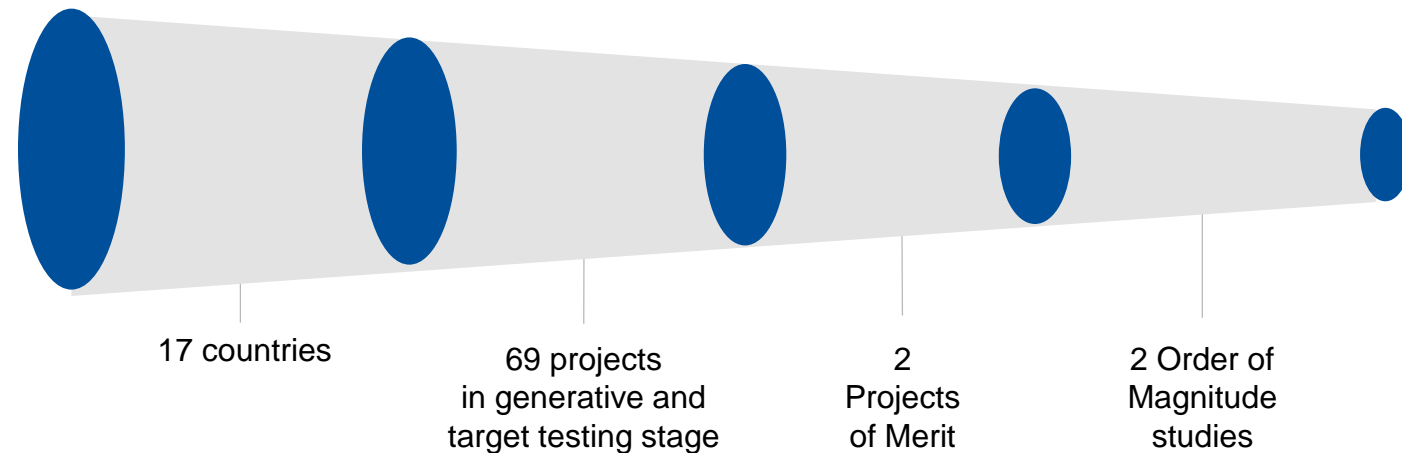
\$2.6 billion
Development capital invested

\$0.6 billion
Spent on exploration and evaluation

>200
Opportunities reviewed by Ventures team¹



Focus on most promising exploration opportunities



¹Reviews of assets and companies performed by the Ventures team since Q1 2017

We are accelerating Winu

Extensive drilling & geophysical programmes completed.
Drilled 16 km in 2018 and 124 km in 2019.

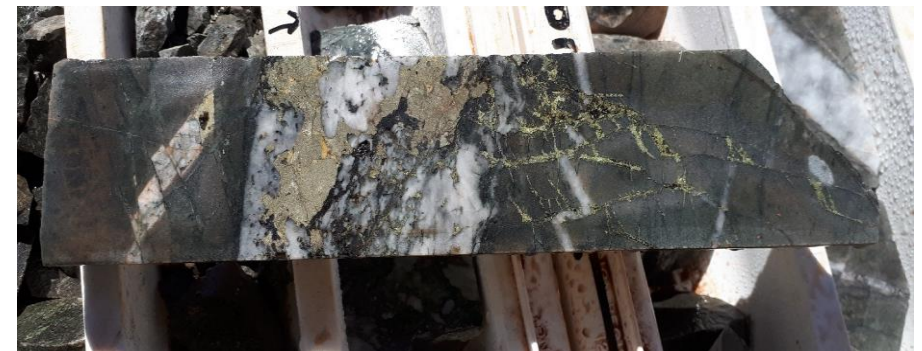
Initial environmental and sub fauna base line studies completed.
Other studies well advanced including: geotechnical, hydrology, mining, processing, basic engineering design.

Stage-gate project, proposal to start small but with embedded optionality for growth.

Potential future mine would be safe, agile and fit-for-purpose.

Yielding quicker cash flows to shareholders, communities and government.

Subject to regulatory approvals, Traditional Owner, and other consents, first production is targeted in 2023.



We need an honest debate amongst stakeholders



Climate change & partnership



Our climate change strategy is in four areas – track record of performance against each

01

Producing the materials for a low carbon future

- Copper used in electrification
- Aluminium used in cars
- No fossil fuel extraction

02

Reducing the carbon footprint of our operations

- 29% of GHG emissions intensity reductions¹
- 46% of GHG emissions absolute reductions²

03

Partnering to reduce the carbon footprint across our value chain

- Baowu/Tsinghua University value chain partnership
- Apple and Alcoa zero carbon aluminium smelting

04

Enhancing our resilience to physical climate risks

- Detailed risk analysis by assets across the portfolio to manage climate risks, e.g. extreme weather events in the Pilbara

¹ From managed operations since 2008, ² from managed operations since 2008, 18% reduction excluding divestments ³ Targets are for scope 1 and 2 GHG emissions, for managed and non-managed operations on an equity basis

Our climate change strategy update

We do not mine coal or extract oil and gas

Our targets¹

30% reduction in emissions intensity by 2030 from 2018 levels

15% reduction in absolute emissions by 2030 from 2018 levels

Our growth, overall, between now and 2030 will be carbon neutral

Underpinned by

Approximately \$1 billion climate-related spend over next 5 years

Ultimately

Our ambition is for net zero emissions from our operations by 2050

¹ Targets are for scope 1 and 2 GHG emissions, for managed and non-managed operations on an equity basis



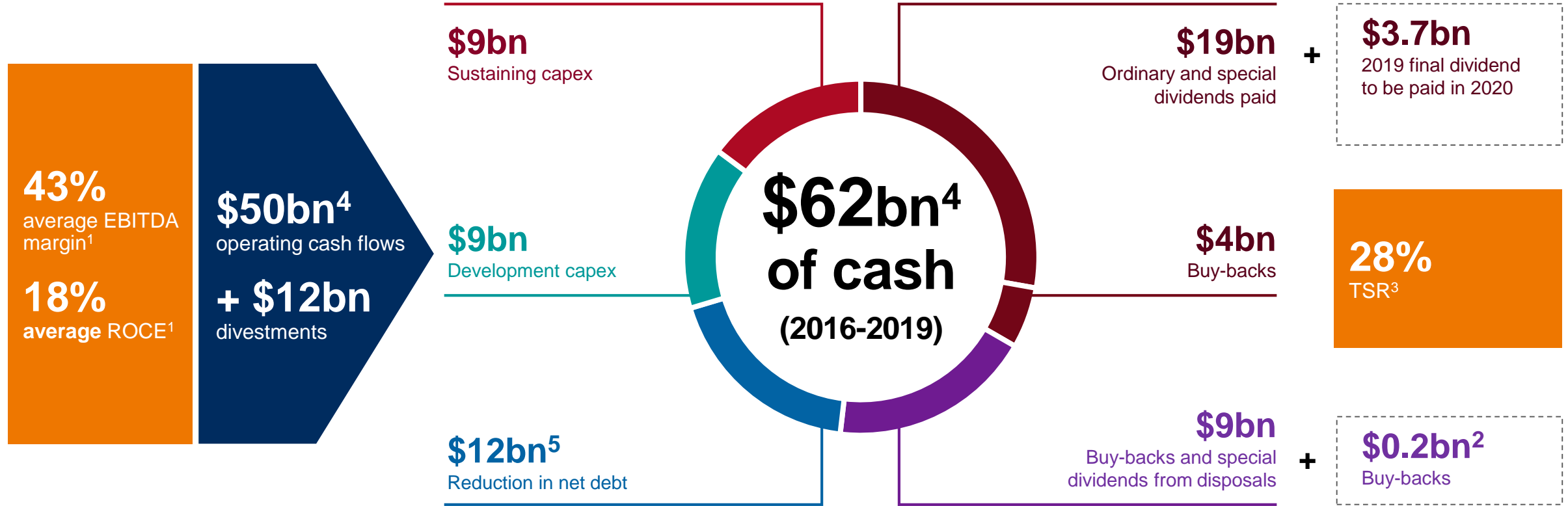
Using technology to tackle critical climate challenges

- \$1 billion over five years



¹ OEM – original equipment manufacturer

\$36bn cash returns since 2016 including \$3.9bn in H1 2020



¹ Average EBITDA margin and average ROCE from 2016- 2019. Return on Capital Employed (ROCE) is defined as underlying earnings before net interest divided by average capital employed (operating assets before net debt).

² \$0.2 billion of on-market share buy-backs in Rio Tinto plc to be completed by 28 February 2020.

³ Total Shareholder Return (TSR) is the CAGR from 1 January 2016 to December 2019.

⁴ Excludes \$0.9 billion payment of capital gains tax on disposal of coking coal assets in 2018.

⁵ \$11.5 billion reduction in net debt is the cash movement and is offset by a \$1.3 billion increase in non-cash movements. This results in a \$9.9 billion reduction in net debt from \$13.8 billion at the end of 2015 to \$3.7 billion at the end of 2019.

Numbers have been rounded to the nearest \$ billion.



RioTinto

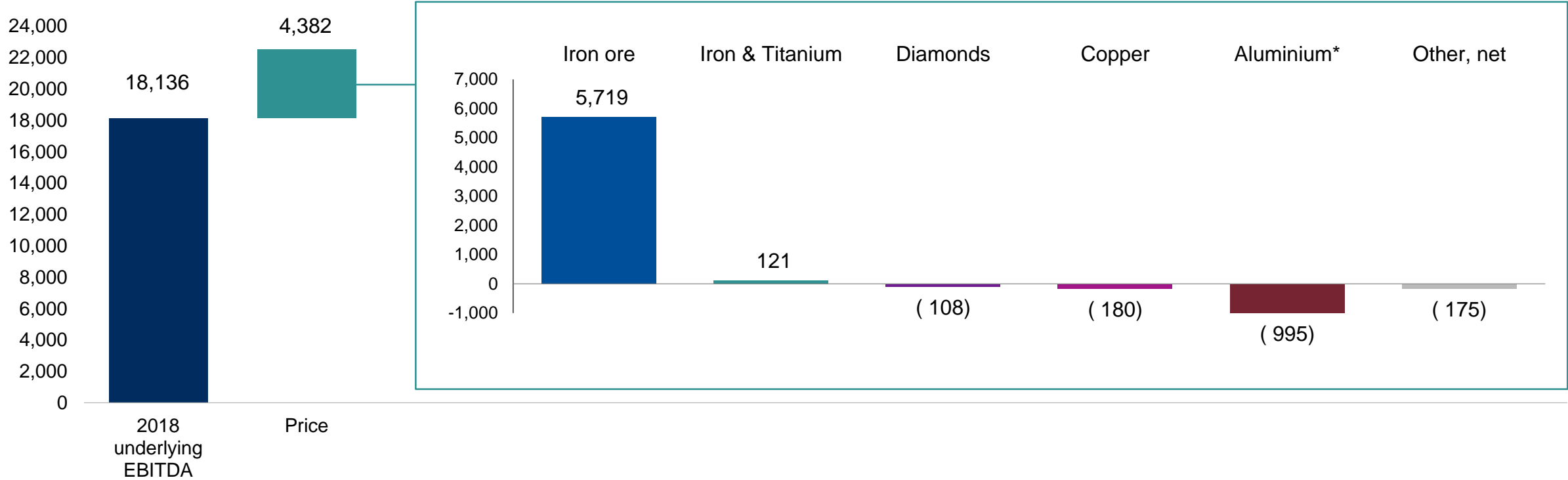
Appendices

26 February 2020

London

Higher iron ore prices partly offset by lower copper and aluminium prices

Underlying EBITDA 2019 vs 2018 \$ million

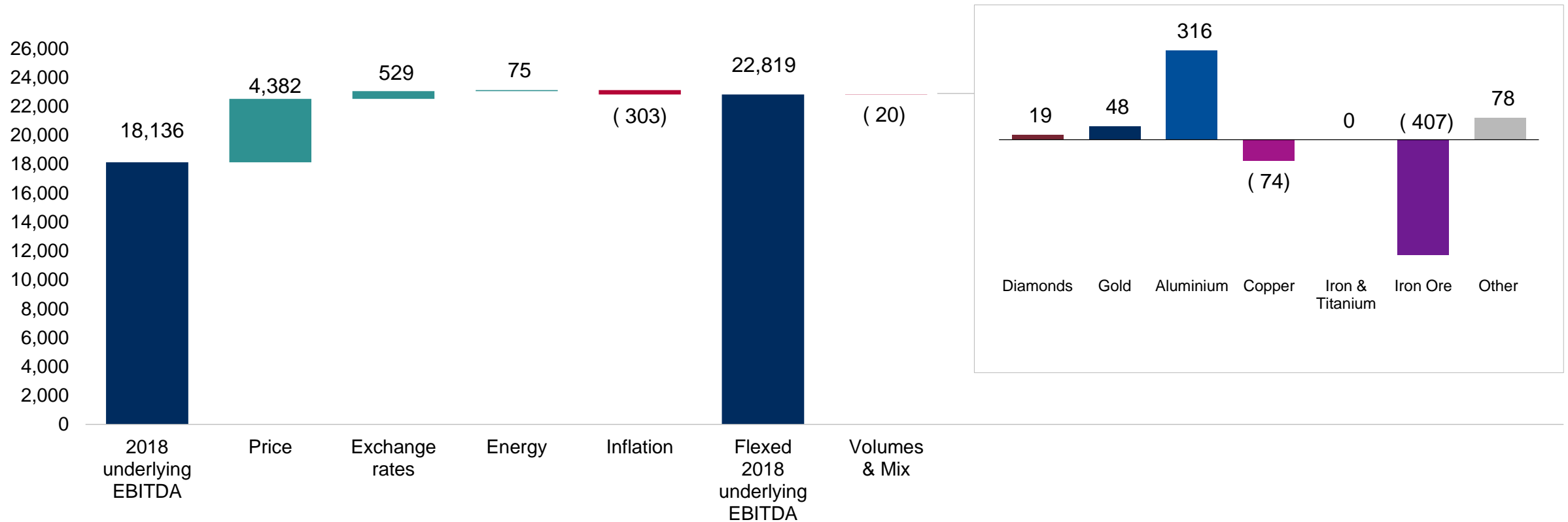


* Aluminium includes alumina and bauxite and includes movements in market and other premia

Lower iron ore sales mostly offset by improvement in third party bauxite sales

Underlying EBITDA 2019 vs 2018

\$ million



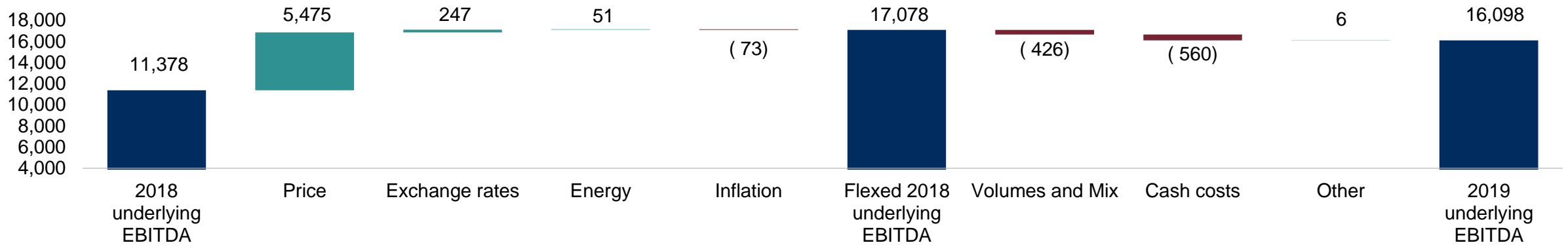
Aluminium includes alumina and bauxite. Aluminium variance excludes profit impact of volumes lost related to Kitimat pot relining and ISAL preventative pot-line shutdown.

Iron Ore

Higher prices partly offset by disruptions

Underlying EBITDA 2019 vs 2018

\$ million



- Pilbara operations sold 326.0 million tonnes -100% basis (shipments 327.4mt and production 326.7mt), 4% lower than 2018, having recovered strongly in the second half of 2019 after disruptions earlier in the year, which included weather events, a screen house fire at one of our ports and mine operational challenges
- Our Pilbara operations delivered an underlying Free On Board (FOB) EBITDA margin of 72%, compared with 68% in 2018
- 2019 Pilbara unit cash costs were \$14.4 per tonne (2018: \$13.3 per tonne). The fire and weather-related events reduced first half shipments by 14 million tonnes (100% basis), increasing unit costs by around \$0.5 per tonne. We also incurred approximately \$50 million in additional costs in 2019 (\$0.2 per tonne) to address the mine operational challenges

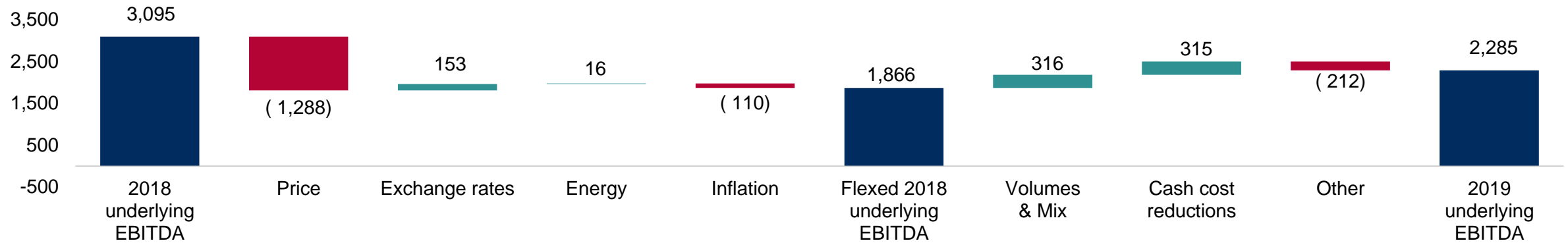
- Gross sales revenue for our Pilbara operations included freight revenue of \$1.7 billion (2018: \$1.7 billion)
- We priced approximately 76% of our sales with reference to the current month average index; 16% with reference to the prior quarter's average index lagged by one month, with the remainder sold either on current quarter average, current month average or on the spot market
- Approximately 32% of our sales were made on an FOB basis with the remainder sold including freight

Aluminium

Lower prices partly offset by improved costs and higher bauxite volumes

Underlying EBITDA 2019 vs 2018

\$ million



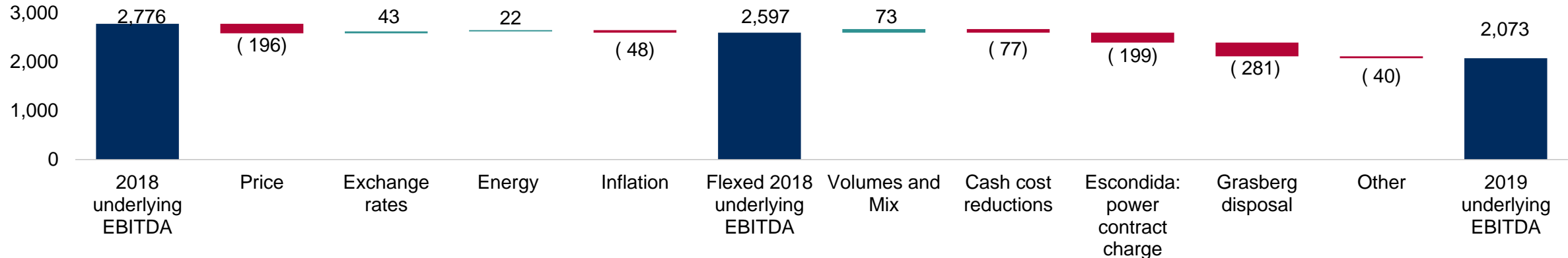
- Underlying EBITDA of \$2.3 billion declined by 26% compared with 2018, primarily driven by the weaker pricing environment. This reduced underlying EBITDA by \$1.3 billion, including the impact of alumina legacy contracts. This was partly offset by \$0.5 billion of higher bauxite volumes and cost gains from productivity improvements and lower input prices, which flowed through to lower operating costs
- Despite the pressures, we maintained our position as a leading business in the sector, with an EBITDA margin of 26%
- The average realised price per tonne averaged \$2,132 in 2019 (2018: \$2,470)
- The cash LME price averaged \$1,791 per tonne, 15% lower than 2018, and the mid-West premium dropped 24% to \$320 per tonne
- VAP represented 51% of the primary metal we sold (2018: 54%, excluding Dunkerque, sold in 2018) and generated attractive product premiums averaging \$234 per tonne of VAP sold (2018: \$227 per tonne)
- Although broadly balanced in alumina, approximately 2.2 million tonnes of our legacy alumina sales contracts are exposed to a fixed linkage to the LME price

Copper & Diamonds

Solid operational performance offset by lower prices

Underlying EBITDA 2019 vs 2018

\$ million



- At \$2.1 billion, underlying EBITDA was \$0.7 billion (25%) lower than 2018. This was the result of \$0.2 billion in unfavourable pricing impacts, a \$0.2 billion non-cash charge at Escondida in 2019 relating to the cancellation of existing coal power contracts to be replaced with lower cost renewable power, \$0.1 billion from lower volumes at Escondida and the divestment of Grasberg, which contributed \$0.3 billion to EBITDA in 2018
- We generated \$1.5 billion in cash from our operating activities in 2019, 29% lower than 2018, driven by the 25% reduction in EBITDA described above, as well as \$0.1 billion lower dividends from our 30% equity holding in Escondida

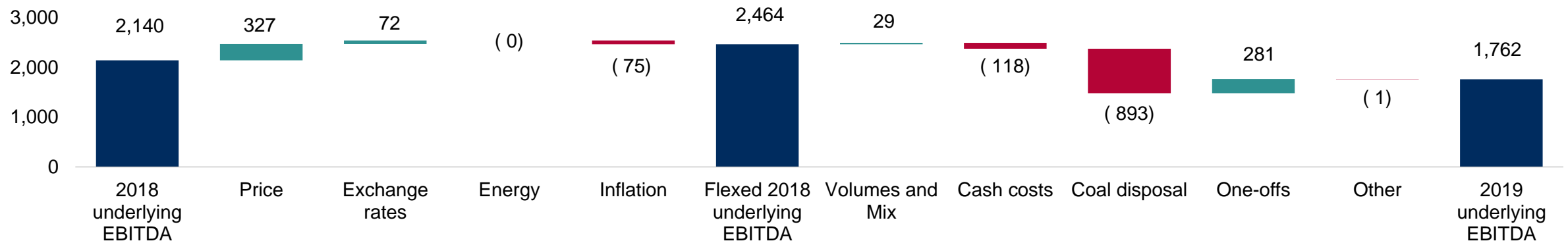
- Negative free cash flow of \$(0.3) billion, reflected the lower operating cash flow and a sustained level of investment, at \$1.8 billion, mainly relating to activities at the Oyu Tolgoi underground project
- Our average realised copper price decreased by 7% to 275 US cents per pound, which compared with an 8% decline in the LME price to 273 US cents per pound. This was partly compensated by a 10% rise in the average gold price to \$1,393 per ounce. Together with weaker diamond pricing and provisional pricing movements, these lowered underlying EBITDA by \$0.2 billion compared to 2018

Energy & Minerals

Strong operational recovery from 2018 disruptions

Underlying EBITDA 2019 vs 2018

\$ million



- Underlying EBITDA of \$1.8 billion was 41% higher than 2018, excluding the coal assets we divested in 2018
- A higher price environment, in particular for iron ore pellets and concentrate and titanium dioxide feedstocks, added \$0.3 billion to EBITDA compared to 2018
- Iron ore pellets and concentrate production at IOC was 18% higher than 2018, when operations were impacted by a two-month strike. We also saw an improvement in operational performance at our titanium dioxide operations, production was 8% higher than 2018, reflecting improved operational performance and the restart of furnaces

- We generated net cash from our operating activities of \$1.4 billion and \$0.8 billion of free cash flow, reflecting the stronger pricing environment and higher volumes. These were 11% and 3% higher than 2018, respectively, despite there being no contribution from the coking coal assets which we divested in 2018
- We completed the sale of our 68.62% stake in Rössing Uranium to China National Uranium Corporation Limited in July 2019

Other movements in underlying EBITDA

Underlying EBITDA impact

\$ million	2018	FX/ price	Energy & Inflation	Volumes	Cash costs	E&E	Non-cash	Interest, tax, other	2019
Other operations	(70)	60	(15)	(12)	(58)	-	15	3	(77)
Exploration & Evaluation (net)	(231)	13	2	-	-	(107)	-	8	(315)
Other	(952)	5	2	-	(25)	-	(12)	353	(629)
Total	(1,253)	78	(11)	(12)	(83)	(107)	3	364	(1,021)

- Other operations includes the Gove alumina refinery (curtailed in May 2014), Rio Tinto Marine and Legacy projects
- Central exploration & evaluation costs higher due to increased activity levels, primarily in copper

- Other costs of \$629 million (pre-tax) were 34% lower than 2018 primarily due to:
 - lower central pension costs, share-based payments and insurance costs which were a credit compared with a charge in 2018 due to higher captive insurance premiums held centrally and lower settlement claims in 2019.
 - lower central cash costs following the implementation of IFRS16 *Leases* in 2019
 - lower restructuring, project and one-off central costs were 33% lower than 2018, mainly due to the implementation of a new operating model in 2018 with the project concluding in 2019.

Group level financial guidance

	FY2020	FY2021	FY2022
CAPEX			
Total Group	~\$7.0bn	~\$6.5bn	~\$6.5bn
Sustaining Capex Group	~\$2.5bn	~\$2.5bn	~\$2.5bn
Pilbara Sustaining Capex	\$1.0-1.5bn	\$1.0-\$1.5bn	\$1.0-\$1.5bn
Effective tax rate	30%		
Returns	Total returns of 40 – 60% of underlying earnings through the cycle		

Group level financial guidance

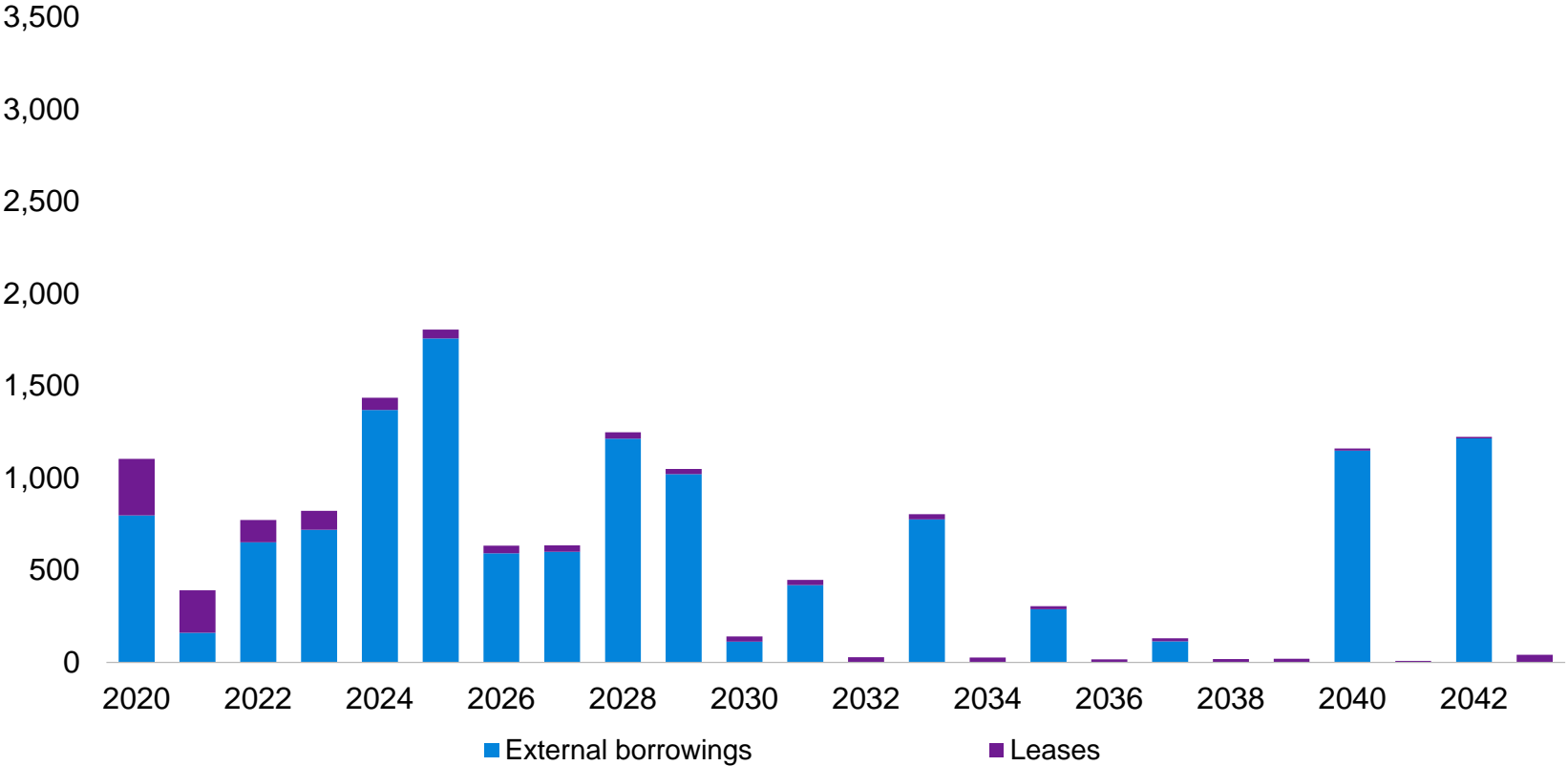
	2020 production guidance ¹	2020 costs
Iron Ore Shipments	324 – 334mt (100% basis)	\$14-15/wmt (FOB)
C&D		C1 unit costs 120-135 c/lb
<i>Mined Copper</i>	530 – 570kt	
<i>Refined Copper</i>	205 – 235kt	
<i>Diamonds</i>	12 – 14m carats	
Aluminium		Modelling guidance provided for Canadian smelters only (see slide 52)
<i>Bauxite</i>	55 – 58mt	
<i>Alumina</i>	7.8 – 8.2mt	
<i>Aluminium</i>	3.1 – 3.3mt	
Minerals		
<i>TiO₂</i>	1.2 – 1.4 mt	
<i>IOC</i>	10.5 – 12.0 mt ²	
<i>B₂O₃</i>	~0.5mt	

¹ Rio Tinto share unless otherwise stated. ²Total production of pellets and concentrates – mix can flex depending on marketing demand.

Debt maturity profile

31 December 2019 debt maturity profile*

\$ million



Reported gross debt increased by \$1.3 billion year on year to \$14.3 billion at 31 Dec, mainly attributable to the implementation of IFRS 16 leases

Average outstanding debt maturity of corporate bonds at ~12 years (~ 10 years for Group debt)

\$0.5bn corporate bond maturity in May 2020

*Numbers based on December 2019 accounting value. The debt maturity profile shows \$1.3 billion of capitalised leases under IFRS 16.

Pro-forma net debt reconciliation

	2018 \$bn	2019 \$bn
Reported net debt	-0.3	3.7
IFRS 16 leases adjustment	1.2	
Australian tax top-up in June of following year	0.4	1.0
Australian tax payable on disposals in following year	0.9	
Shareholder returns remaining relating to disposals	5.1	0.2
Committed share buybacks from operations	0.6	
Proforma net debt	8.0	4.9

Note \$5.1bn shareholder return in 2018 relates to special dividend of \$4.0bn and remaining share buyback of \$1.1bn relating to disposal of coal assets

Modelling EBITDA

Underlying EBITDA sensitivity

	2019 average price / rate	(\$m) impact on FY 2019 underlying EBITDA of 10% price/rate change
Copper	273c/lb	350
Aluminium	\$1,791/t	482
Gold	\$1,393/oz	54
Iron ore (62% Fe FOB)	\$85.9/dmt	2,061
A\$	0.70US\$	529
C\$	0.75US\$	199
Oil (Brent)	\$64/bbl	72

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.

Modelling aluminium costs

Canadian* smelting unit cash** cost sensitivity

(\$/t) Impact a \$100/t change in each of the input costs below will have on our 2019 Canadian smelting unit cash cost of \$1,318/t

Alumina (FOB)	\$191
Green petroleum coke (FOB)	\$34
Calcined petroleum coke (FOB)	\$30
Coal tar pitch (FOB)	\$7

* Canadian smelters include all fully-owned smelters in Canada (Alma, AP60, Arvida, Grande-Baie, Kitimat, and Laterrière), as well as Rio Tinto's share of the Becancour and Alouette smelters

** The smelting unit cash costs refer to all costs which have been incurred before casting, excluding depreciation but including corporate allocations and with alumina at market price, to produce one metric tonne of primary aluminium.

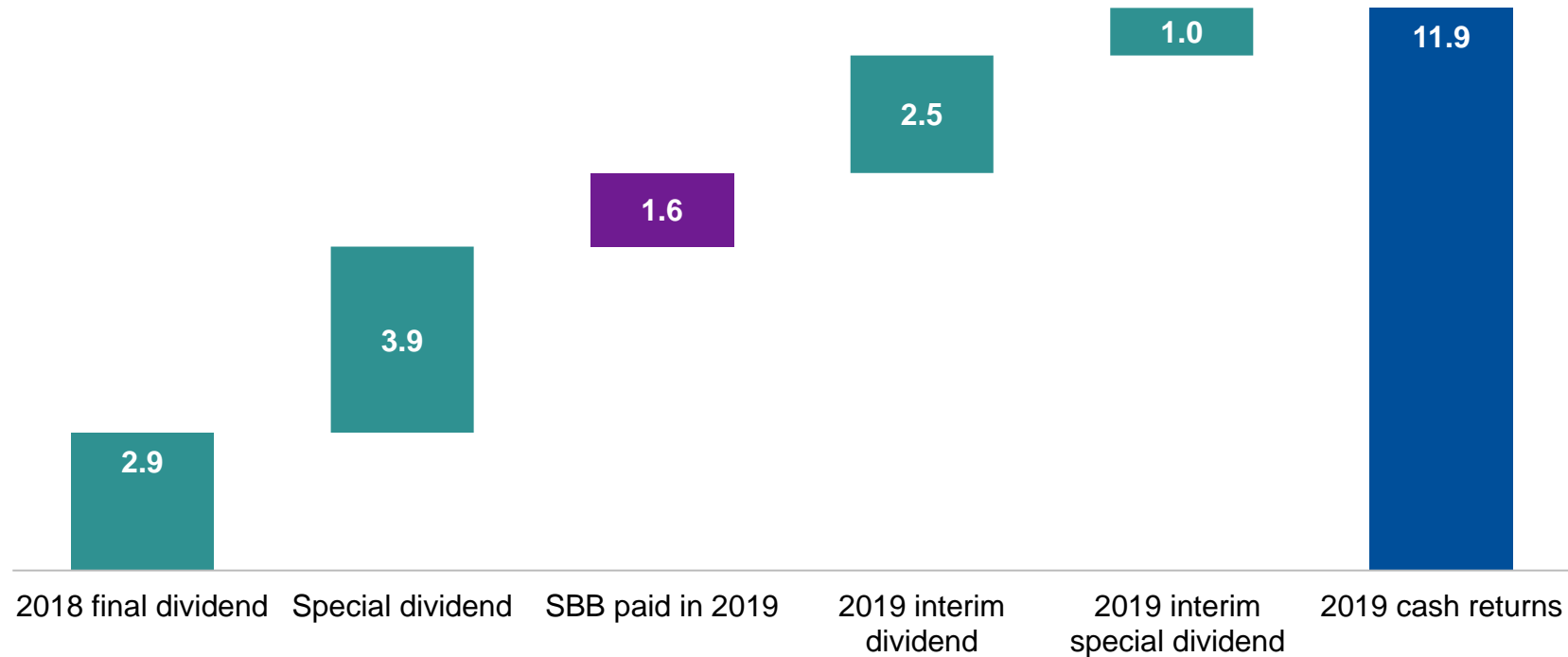
Application of the returns policy

Capital return considerations	Comments
Results for 2019	<ul style="list-style-type: none"> – Operating cash flow of \$14.9 billion¹ – FCF of \$9.2 billion¹ – Underlying earnings up 18% to \$10.4 billion
Long-term growth prospects	<ul style="list-style-type: none"> – Focused on Oyu Tolgoi – Investing in replacing high quality assets in Pilbara, Kennecott and Zulti-South – Ongoing exploration and evaluation programme – Winu
Balance sheet strength	<ul style="list-style-type: none"> – Strong balance sheet with net debt of \$3.7 billion
Strong earnings/ cash generation – supplement with additional returns	– Pay-out >60% threshold possible because of strong performance
40-60 per cent of underlying earnings through the cycle	– Pay-out >60% threshold possible based on (i) strong 2019 prices (ii) 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	<ul style="list-style-type: none"> – Stable global growth, strong demand for premium products – Potential for continued price volatility

¹ After \$0.9 billion tax paid relating to 2018 coking coal disposals

Cash returns paid in 2019

2019 cash returns paid \$ billion



\$11.9 billion of cash returns paid to shareholders in 2019:

- \$2.9 billion 2018 ordinary final dividend or 180 US cents per share
- \$3.9 billion 2018 special dividend or 243 US cents per share
- Share buy-back of \$1.6 billion in Rio Tinto plc
- \$2.5 billion 2019 ordinary interim dividend or 151 US cents per share
- \$1.0 billion interim special dividend or 61 US cents per share
- Remaining \$0.2 billion* share buy-back to be repurchased by end of February 2020

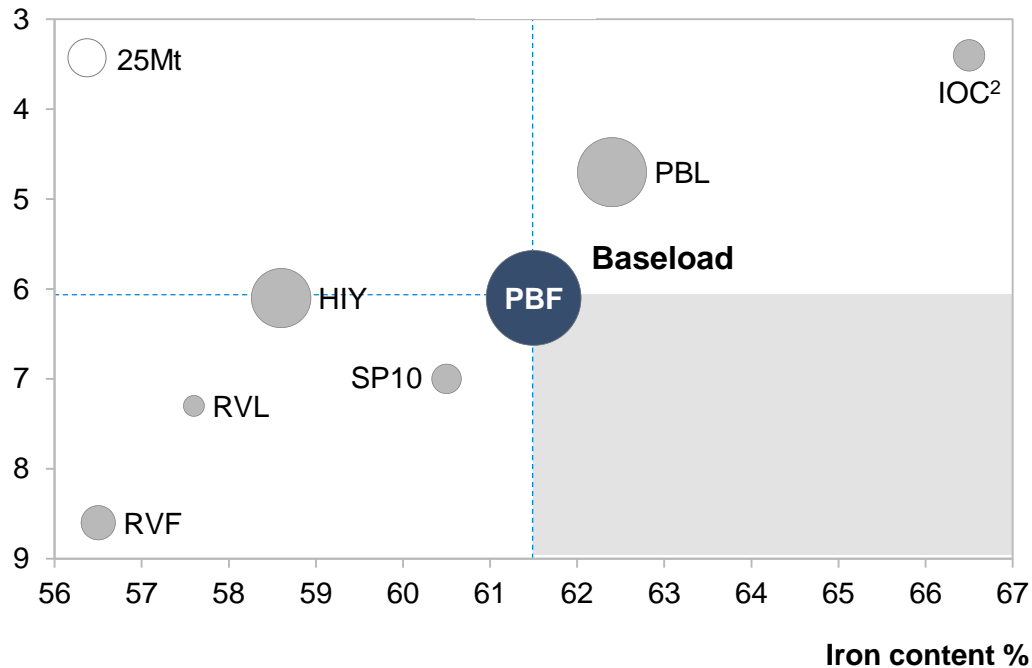
* Rio Tinto plc share buy-back (SBB) announced on 12 November 2018 of \$1.1 billion relating to remaining coking coal divestment proceeds

Our diversified portfolio of products optimises end-to-end value

Diversified portfolio of products¹

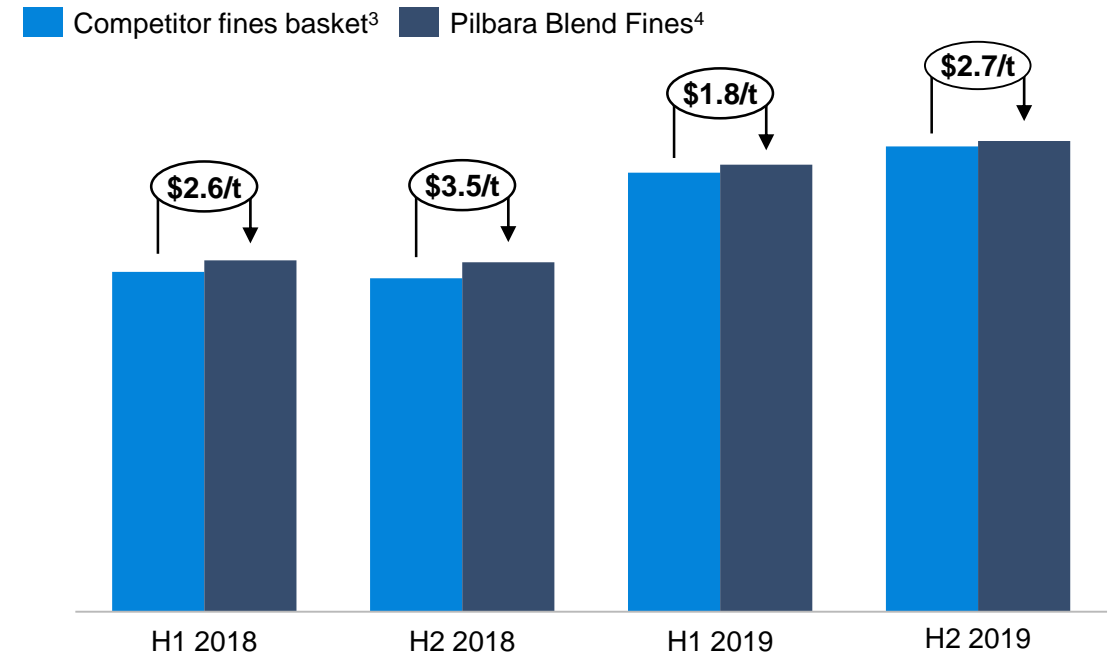
We market our high liquidity Pilbara Blend, plus a suite of products to meet the needs of our customers and optimise our resource

Silica + alumina



Superior value for Pilbara Blend Fines (PBF)

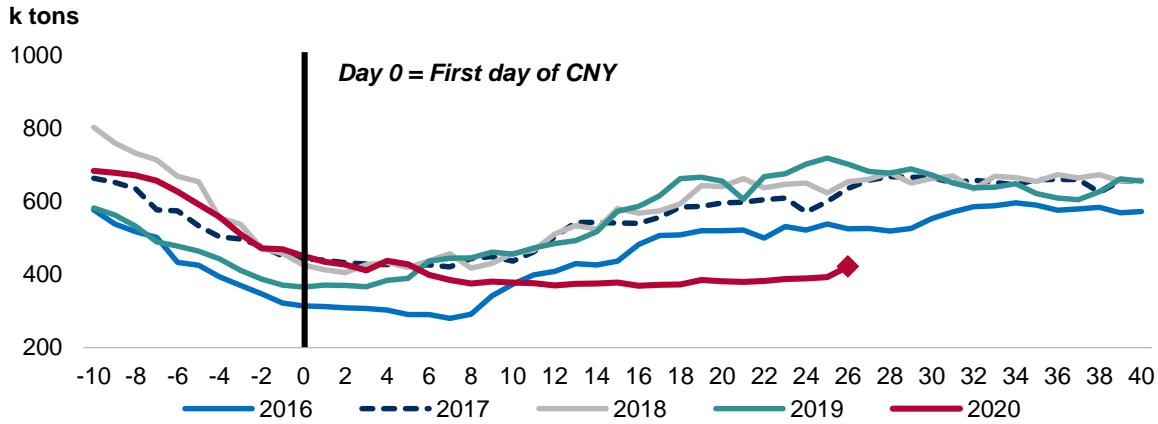
Delivering higher value to our customers and extracting a premium



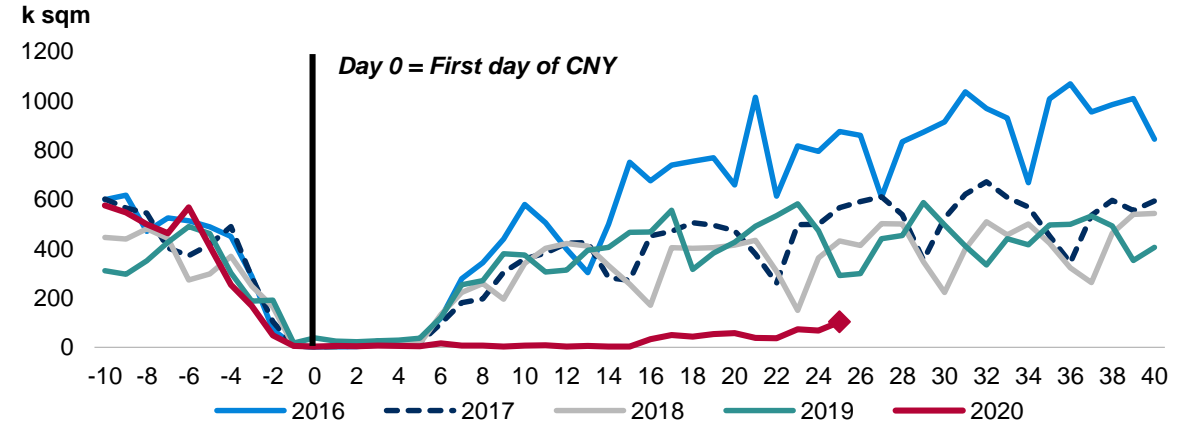
¹ 2019 figures, ² total Iron Ore Company of Canada (IOC) production comprised of pellets and concentrate ³ A synthetic blend of competitor products sold at the China portside market. This synthetic blend approximates PBF quality. ⁴ Includes reported PBF transactions at the China portside market, irrespective of seller. Source: MySteel, Rio Tinto PBF – Pilbara Blend Fines, PBL – Pilbara Blend Lump, HIY – Yandicoogina Fines, RVF – Robe Valley Fines, RVL – Robe Valley Lump. Note: Transactions converted from RMB to USD, at the average rate for each period.

China high-frequency data

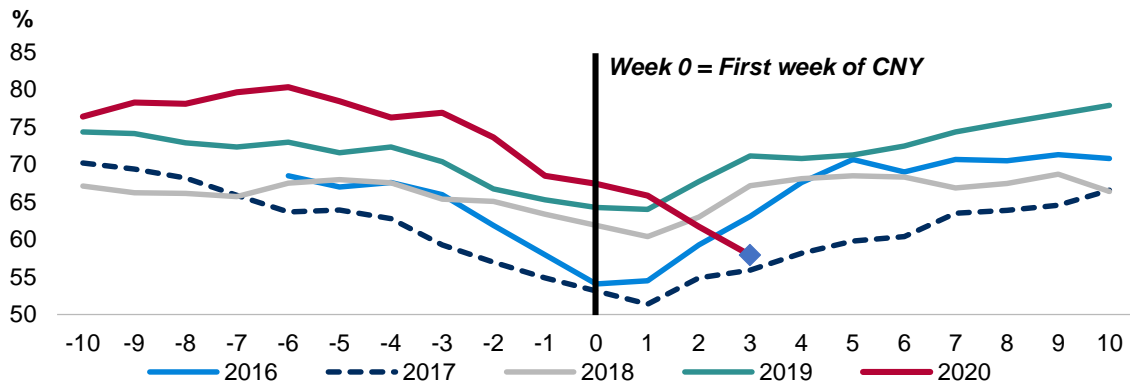
Daily coal consumption of major electricity producers



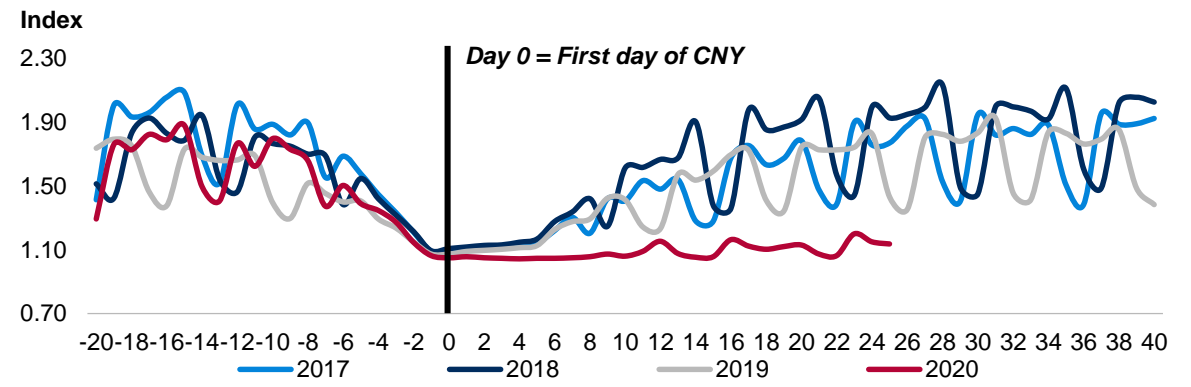
Post-CNY property sales remain almost non-existent



Rebar capacity utilisation dropped sharply



Daily intra-city traffic congestion index remains low



Source: Rio Tinto, Mysteel, CEIC, Wind, Gaode, CHY = Chinese New Year

Group Income Statement and Cash flow statement

	Rio Tinto Group		Oyu Tolgoi and Turquoise Hill ⁽¹⁾		Proforma Rio Tinto Group (excluding OT and TRQ) ⁽²⁾	
	Dec-19	Dec-18	Dec-19	Dec-18	Dec-19	Dec-18
	YTD	YTD	YTD	YTD	YTD	YTD
	Actual (\$m)	Actual (\$m)	Actual (\$m)	Actual (\$m)	Actual (\$m)	Actual (\$m)
Consolidated sales revenue	43,165	40,522	1,166	1,180	41,999	39,342
Profit for the period	6,972	13,925	(2,137)	139	9,109	13,786
- attributable to owners of Rio Tinto (net earnings)	8,010	13,638	(647)	125	8,657	13,513
- attributable to non-controlling interests	(1,038)	287	(1,490)	14	452	273
Non-GAAP measures (per Financial Information by Business Unit)						
Underlying EBITDA	21,197	18,136	357	375	20,840	17,761
Underlying Earnings	10,373	8,808	25	69	10,348	8,739
Cash flows from operations	20,374	16,455	298	357	20,076	16,098
Capital expenditure	(5,488)	(5,430)	(1,289)	(1,284)	(4,199)	(4,146)

Oyu Tolgoi (OT) and Turquoise Hill Resources (TRQ) are fully consolidated in the Rio Tinto accounts – Rio Tinto's economic ownership is 33.5%. These tables are provided to be able to see the OT/TRQ accounts on a stand alone basis.

⁽¹⁾ Represents the amounts shown in the subsidiaries' financial statements prepared in accordance with IFRS under Rio Tinto Group accounting policies, including fair value adjustments, and before intercompany eliminations.

⁽²⁾ Includes income and expenses arising in other Rio Tinto group companies from transactions with Oyu Tolgoi and Turquoise Hill.

Group Balance Sheet

	Rio Tinto Group		Oyu Tolgoi and Turquoise Hill ⁽¹⁾		Proforma Rio Tinto Group (excluding OT and TRQ)	
	Dec-19 YTD Actual (\$m)	Dec-18 YTD Actual (\$m)	Dec-19 YTD Actual (\$m)	Dec-18 YTD Actual (\$m)	Dec-19 YTD Actual (\$m)	Dec-18 YTD Actual (\$m)
Non-current assets	70,499	70,047	9,589	10,375	60,910	59,672
Current assets	17,303	20,168	2,449	3,813	14,854	16,355
Assets of disposal groups held for sale	-	734	-	-	-	734
Total assets	87,802	90,949	12,038	14,188	75,764	76,761
Current liabilities	(11,125)	(10,571)	(493)	(540)	(10,632)	(10,031)
Non-current liabilities	(31,435)	(30,261)	(4,405)⁽²⁾	(4,367) ⁽²⁾	(27,030)	(25,894)
Liabilities of disposal groups held for sale	-	(294)	-	-	-	(294)
Total liabilities	(42,560)	(41,126)	(4,898)	(4,907)	(37,662)	(36,219)
Net assets	45,242	49,823	7,140	9,281	38,102	40,542
Equity attributable to owners of Rio Tinto	40,532	43,686	4,771	5,345	35,761	38,341
Attributable to non-controlling interests	4,710	6,137	2,369	3,936	2,341	2,201
Total equity	45,242	49,823	7,140	9,281	38,102	40,542
Non-GAAP Measures (per Financial Information by Business Unit)						
Operating assets	44,183	43,431	6,780	6,072	37,403	37,359
Equity attributable to owners of Rio Tinto	40,532	43,686	4,771	5,345	35,761	38,341

Oyu Tolgoi (OT) and Turquoise Hill Resources (TRQ) are fully consolidated in the Rio Tinto accounts – Rio Tinto's economic ownership is 33.5%. These tables are provided to be able to see the OT/TRQ accounts on a stand alone basis.

⁽¹⁾ Represents the amounts shown in the subsidiaries' financial statements prepared in accordance with IFRS under Rio Tinto Group accounting policies, including fair value adjustments, and before intercompany eliminations.

⁽²⁾ Rio Tinto plc has provided a guarantee, known as the completion support undertaking (CSU), in favour of the Oyu Tolgoi LLC project finance lenders. At 31 Dec 2019 and 31 Dec 2018, US\$4.3bn of project finance debt was outstanding under this facility.