Slide 1 – Title slide

Slide 2 - Cautionary statement

Slide 3 – J-S Title slide

Good morning all.

I am delighted to welcome you to the Rio Tinto 2016 annual results presentation.

Slide 4 – Our value proposition

At our Capital Markets Day in November, we outlined our approach to deliver superior value for shareholders over the short, medium and the long term.

Our value proposition is clear, to:

- pursue a long-term strategy built on world-class assets;
- maximise cash through our value-over-volume approach;
- allocate capital with discipline and deliver superior returns; and
- develop a high-performance culture across the Group.

Slide 5 – Delivering on our promises

I am very pleased to report that in 2016, we kept all of our promises.

We maximised cash generation through “value over volume”.

We strengthened our world-class portfolio of assets.

We invested in focused growth.

We made our strong balance sheet even stronger.

And most importantly, we are providing significant cash returns to shareholders.
Our strategy is working.

It has been a year of strong results but our teams in all of our operations are exploring every avenue to drive a step-up in performance.

Let’s now look at some of the highlights.

Slide 6 - Strong results delivered in 2016

In 2016, we delivered on our promise to generate cash from our world-class assets, with net cash from operating activities of $8.5 billion.

Our strong second half cash-flow reflects the recovery in prices and improved operational performance during this period.

I have been very pleased with our cost reduction programme.

We delivered $1 billion in the second half.

This comes in addition to $580 million in the first half.

So, we are well on track to deliver on our promise of $2 billion in cost savings across 2016 and 2017.

During the year, we positioned our company for the long term, making good progress on our compelling growth projects – Oyu Tolgoi, Amrun and Silvergrass. Therefore, as we planned, capital expenditure increased in the second half.

Despite this, we maintained tight control and finished the year with capital expenditure of just over $3 billion.

In 2016, we further strengthened our portfolio as we said we would. Again, not just talking – but delivering.

We announced disposals of more than $1.3 billion in the year, closing the sale of Lochaber in the UK in December. And last month we announced the divestment of our thermal coal business in Australia for $2.45 billion, which, subject to approvals, should complete later this year.

Our success in generating cash, controlling capex, and actively strengthening the portfolio means that we ended the year with net debt of $9.6 billion. This is a reduction of more than $4 billion, or 30 per cent down, compared to December 2015.

And most importantly, in 2016, even under challenging market conditions, we returned $2.7 billion to shareholders.

Today we have announced total shareholder returns of $3.6 billion, including a final dividend of 125 cents a share and a buyback of $500 million.

So, a strong set of results, and Chris will take you through the detail shortly.

Before he does, I will cover some of our operational and product group highlights, starting with safety.

Slide 7 - Safety comes first

Safety comes first at Rio Tinto. Our ambition is clear: all of our employees must return home safely at the end of each and every day. There are no compromises.

In 2016, most aspects of our safety performance improved but this is simply not good enough. In June, a colleague died at our Pilbara operations in Western Australia. This is a tragedy. I am working very hard to ensure that this doesn't happen again. We are continuing to roll out our critical risk management system to support fatality prevention. In 2016, we achieved the milestone of more than one million safety verifications which gives us a strong platform to step-up our safety performance this year.

Everyone at Rio Tinto, no matter where they work, is focused on personal and process safety. Safety must come first. A well-run operation is a safe operation.

Slide 8 – World-class assets delivering value

Our aim is to maximise cash and productivity across our entire portfolio of assets. Every part of the business is prioritising this work on a daily basis.

We made good progress during 2016 with EBITDA of $13.5 billion, representing a margin of 38 per cent for the group.

In Iron Ore we delivered industry-leading EBITDA margins of 63 per cent and cost savings of $315 million for the year.

In Aluminium, all of our assets were free cash flow positive, despite lower realised prices in the first half.

This product group reduced cash costs by nearly $500 million against a full year target of $300 million.

The Copper & Diamonds product group had operating EBITDA margins of 35 per cent and continue to develop our world-class resources, including Oyu Tolgoi.

And Energy & Minerals matched production with market demand, generating significant free cash flow in 2016 due to improved prices in some commodities, including coal.

I'm delighted with the strong performance across the Group, and with the hard work and commitment of all of our employees around the world. Now let me hand over to Chris who will take you through the detailed financials.

Slide 9 - Chris Lynch Title slide

Thanks, J-S. These are another strong set of results. Let's have a look at the numbers in more detail, starting with commodities.

Slide 10 – Prices recovered in 2016 but lower than 2015 average

Prices were depressed at the start of 2016. However, we saw an improvement during the year in most of our main commodities.

Iron ore started the year at around $40 per tonne and ended the year around $75. The average price was $53.60, 6 per cent higher than 2015.

Copper prices were on average 11 per cent lower than 2015, notwithstanding a 25 per cent increase during the year.

Aluminium ended the year 20 per cent higher, but the average was three percent below 2015. Market premium also fell. For example, the mid-west market premium, declined by 40 per cent, to $162 per tonne in 2016.

Slide 11 – Increased underlying earnings driven by cash cost reductions

But, as you can see here, the second half improvement was not enough to bring prices above the 2015 comparison, and pricing reduced underlying earnings by around $460 million.

Volumes were relatively unchanged year on year.

Higher sales across most of our commodities were offset by lower copper and by-product sales.

And there was a lower attributable share of coal, arising from the restructure of the Coal & Allied group, and the sale of Bengalla.

We delivered a further $1.6 billion of unit cash cost savings in 2016, which equates to $1.2 billion post tax.

And we maintain our target of $2 billion of cost savings over 2016 and 2017 combined.

This strong achievement on cost savings has seen an increase of underlying earnings to $5.1 billion for the year. A 12 per cent increase on the previous year.

Slide 12 – $1.6 billion of cost reductions achieved in 2016

The cost savings of $1.6 billion were delivered across the group. This is an exceptional outcome.

As always, it is important to note that this excludes the impact of exchange rates, and changes in oil and energy costs.

This takes our total reductions against the 2012 cost base to $7.8 billion.

A strong culture of cost control is required to assist in further reductions, especially when many of the easy wins have already been taken.

I'm sure that each of our businesses will apply the same tenacity to our new target, of increasing free cash flow through productivity improvements, by $5 billion over the next five years.

J-S has already mentioned the outstanding work that we've seen in the Aluminium group this year, where cost reduction targets have again been beaten, delivering a further reduction of $481 million.

Aluminium has found a total of $1.6 billion of cost reductions since 2012, and a programme of more than 1,250 initiatives is still being worked on.

In Iron Ore, the completion of the major expansion projects, now allows the team to focus on maximising the value of the system, and increasing productivity. This product group further reduced its cash costs by $315 million in 2016, and has achieved industry-leading margins.

The Energy & Minerals group also reduced costs further, taking out an additional $342 million in 2016, and bringing its cumulative total to $1.4 billion. And Copper & Diamonds took out $278 million in 2016, despite lower volumes.

Cost improvements mean that we generate quality margins and cash flow, throughout the cycle.

We have raised the profitability of the business, and are able to continue to deliver on our commitments to:

- maintain a strong balance sheet;
- invest in compelling growth projects, and
- deliver superior returns.

Slide 13 - Net earnings

Turning now to net earnings.

During the year, we recognised $512 million relating to impairments and onerous contracts. We raised a provision in the first half of the year relating to our take or pay port and rail contracts at Abbott Point. Following a settlement with the port operator, this has been reduced to $329 million net of tax.

There is also an impairment regarding lower volumes and pricing at Argyle. Non-cash exchange gains on US dollar denominated debt in our non-US dollar companies have positively impacted earnings by $536 million. Importantly these are mostly offset by currency translation losses booked to equity, and therefore, there is minimal impact on net debt. In the past this number has been sizeable. But has been reduced following some restructuring of these debts in late 2015, mainly in our Australian dollar denominated companies.

Other adjustments include a $282 million increase in closure provisions at Gove, and $380 million in respect of ongoing discussions with tax authorities regarding various multi-year reviews.

So overall we have delivered net earnings of $4.6 billion.

Slide 14 - Net cash movement in working capital driven by higher prices on receivables

We continue to manage trade working capital closely, and will look for opportunities to make further improvements. As can be seen here, our trade working capital reduced to 22 days at the end of the period. Improvements in the prices of our products are clearly positive for the business.

But, from a working capital perspective, higher prices increased the value of our trade receivables by $610 million.

Slide 15 - Our capital allocation framework

Now let’s turn to our capital allocation framework. Rigorous management of cash remains at the core of what we do. And we will continue to be consistent in our allocation of capital.

Having spent sustaining capex to ensure the integrity of the business, our next call on cash is dividends to shareholders. We then have an iterative cycle of managing the balance sheet, pursuing value-accretive growth options, and considering further returns.

Slide 16 – Disciplined allocation of strong free cash flow

In 2016 we generated cash flows of $8.5 billion. In addition to this, we realised $1.1 billion from total disposals, leading to cash available for allocation of $9.6 billion.

This allowed us to:

- meet our sustaining capital requirements;
- invest in growth;
- further strengthen the balance sheet; and
- we returned $2.7 billion to shareholders through the final 2015 dividend, and the interim dividend for 2016.

Slide 17 – Disciplined capital expenditure

Capital spend for 2016 finished at just over $3 billion, of which $1.7 billion related to sustaining our current operations, and $1.3 billion to our compelling growth options.

The spend on our growth capital is starting to increase as we progress our key projects - we maintain our guidance for the next three years, with $5 billion in 2017 and then $5.5 billion in each of 2018 and 2019.

Our highly value-accretive projects are some of the very few that are being undertaken in the industry today.

The advantage of a strong balance sheet, and asset portfolio, is that we are able to continue to invest in world-class growth options, which will provide the basis for future shareholder returns.

When we make capital allocation decisions, we will ensure that we only fund the best projects.

Slide 18 – Investing in growth projects of >15% IRR

Our growth projects are progressing well under the oversight of our Growth & Innovation group.

The Silvergrass project in the Pilbara will deliver high-grade, low-phosphorous ore for the Pilbara blend, and give us operating benefits.

Our work and expenditure on this project is ramping up now, and we are on track for production in the second half of 2017. At the $1.9 billion Amrun bauxite project in Queensland, the access road is complete, and we will have the river terminal operational this quarter.

As previously guided, most of the project spend will be over the next two years with first production in the first half of 2019.

And last, but not least, at OT we are progressing well, with over 2,000 people working on this significant underground development. Our current focus is on infrastructure to enable increased lateral development rates. Our capital spend will increase into 2017 with momentum building.

We are developing our portfolio of world-class assets. An opportunity that others don't have, and importantly, we are continuing to invest through the cycle.

Our compelling growth projects, and a focus on productivity, will deliver growth of over 2 per cent each year over the next decade and forms the basis of our commitment to deliver superior returns to shareholders through the cycle.

Slide 19 – Strengthening our balance sheet

The success of our actions to further reduce costs, control capital expenditure, and deliver proceeds from disposals, have reinforced the balance sheet.

During the second half of 2016 we further reduced our net debt to $9.6 billion, an improvement of $4.2 billion for the year.

Maintaining and enhancing the strength of our balance sheet, is a key priority and is a major competitive advantage.

Our net gearing ratio is now 17 per cent.

We mentioned in December that in the current environment, we are comfortable below the bottom of the guidance range of between 20 and 30 per cent. A conservative balance sheet is appropriate given the uncertain global economic environment.

A strong balance sheet provides:

- robustness against volatility;
- the ability to make returns through the cycle; and
- a readiness to take advantage of opportunities, should they arise.

Slide 20 – Near-term maturities greatly reduced

Whilst our primary objective is to manage the level of net debt, the level of gross debt is also important.

And it is inefficient to run too much cash on the balance sheet, especially in the current interest rate environment.

During the year we reduced gross debt by $5 billion.

We completed three bond purchase programmes, totalling $7.5 billion and repaid $1.5 billion of maturing bonds.

The early repayment led to redemption costs of $500 million.

The reduction in cash was partially offset by the drawdown of $4.1 billion of project finance for the OT underground.

So we have reduced gross debt and have delivered a notable improvement in our debt maturity profile.

There is a weighted average cost of total debt of 4 per cent and a weighted average maturity of around ten years, with no more than $1.7 billion of debt maturing in any one year.

Slide 21 – Continuing to shape our portfolio

We continue to refine our portfolio to ensure that we make most efficient use of our capital.

In 2016, we announced $1.3 billion of divestments.

We closed the sales on our Bengalla mine and the Mt Pleasant thermal coal project.

We announced the sale of the Lochaber Aluminium smelter, for which we received slightly more than half the proceeds in 2016, with the remainder to be received shortly.

Two weeks ago, we announced that we had agreed the sale of Coal & Allied for up to $2.45 billion plus potential royalties. This sale is subject to a number of conditions. But the transaction should close in the second half of this year.

Including Coal & Allied, we have announced divestments of more than $7.7 billion in the last four years.

But we retain flexibility in our portfolio.

Some of our assets are smaller, but they are valuable and highly cash generative.

We will continue to exit any assets or projects that do not fit our portfolio, and where we can realise attractive value.

Slide 22 – Application of the new returns policy

I would like to finish with shareholder returns.

Last February we adopted a new returns policy, which is designed to ensure superior returns to shareholders.

The new policy set out clear intentions so that shareholder interests are always at the centre of everything we do.

The policy requires that we maintain an appropriate balance between:

- investment in compelling growth projects to drive future returns; and
- total shareholder cash returns of 40-60 per cent of underlying earnings through the cycle.

At our Capital Markets Day, I laid out the items that we would consider for our dividend, and I have set these out again here.

At the start of the year we stated that the dividend would be not less than 110 cents per share.

This has been more than honoured.

The outcome for the year has been positive – we controlled costs and generated significant cash.

We have a well-defined growth profile – with clear and deliverable capex commitments. The balance sheet is in a strong position.

As you can see here, we've beaten expectations in 7 of the 8 items. This gives us the confidence to move beyond the 60 per cent threshold. Our principal concern is around the uncertain macro outlook.

And, the best defence against this uncertainty is a strong balance sheet.

Slide 23 – Delivering superior returns for shareholders

So, the board has therefore decided to pay a total of $3.6 billion, which represents 70 per cent of underlying earnings, in total returns. The form of the return will be ordinary dividends and a share buy-back.

The ordinary dividend will be a total of $1.70 per share for the year, of which 45 cents was paid at the interim.

The final dividend therefore will be $1.25 per share, which will be paid in April.

The buy-back announced today will be an on-market purchase of shares in Rio Tinto Plc.

All shareholders, Ltd and Plc, will benefit equally from the EPS accretion arising from a smaller number of total shares in issue. This demonstrates our commitment to deliver superior cash returns to shareholders.

Now let me hand back to J-S.

Slide 24 – J-S Title slide

Thanks Chris.

I will now cover our views on the macro outlook and demonstrate why our strategy is right for the challenges ahead.

Slide 25 – Resilience in uncertain times

Global businesses always face volatility but in recent times the level of uncertainty has increased in a material way. This uncertainty could have an impact on growth, trade, currencies and subsequently our industry fundamentals. I firmly believe our industry is underpinned by free trade and a level playing field. Political transitions are occurring around the world, with more elections to come in 2017.

We are also keeping a close eye on economic reforms in China. As our key customer, China is important for Rio Tinto. Against this backdrop we need a resilient business.

Our strategy is delivering that resilience.

Slide 26 – Commodity recovery led by renewed activity in China

In 2016, there was a significant recovery in many commodity prices, especially iron ore.

This, in part, reflects renewed growth in China's industrial sectors, which was stimulated by policy actions.

As an example, stimulus packages for the property and construction sectors led to higher property prices and lower inventory levels. Stimulus was also provided to the infrastructure sector, with road and rail investment remaining at around 15 per cent for the year. The renewed industrial growth in China, combined with a higher degree of consumer confidence in some global markets, resulted in a better operating environment for our industry in 2016.

Rio Tinto's history with China goes back a long way.

For example, this year we will celebrate 30 years of our Channar joint venture with Sinosteel. A partnership that has delivered significant value for our business but also strengthened economic ties between Australia and China. Our strong relationship with China positions us to better understand the market and our customers, suppliers and partners.

If you were to ask me if I am worried about China – I would say "no". We expect the current government stimulus to be maintained ahead of the senior leadership conference towards the end of this year. But we are closely monitoring the pace of growth and State Owned Enterprise reform across all commodities.

Slide 27 – 2017 steel and iron ore outlook

Let's look at the iron ore market. Recently, the market has been much stronger than expected by many observers.

There are four key drivers that could impact the iron ore supply / demand balance in 2017:

- The first is the health of the Chinese economy, which I have just covered.
- Next, the Chinese domestic steel market is looking to drive out high-polluting production. This is a clear opportunity for us as we will see demand switch from low-grade ore to the high-grade product we offer.
- Third, the additional supply from seaborne iron ore producers. We expect about 40 million tonnes of new capacity in 2017.
- And last but not least; the domestic iron ore production in China is a key source of uncertainty and could tip the balance.

We have not seen a material restart of idle capacity at this stage, but this could change going into the summer.

These factors all add to the uncertainty facing the iron ore market and shows why we need the right strategy in place to navigate any volatility and make the most of any opportunities.

Slide 28 – Strategy will deliver value through the cycle

As I said in November, our strategy is to create superior value for shareholders by meeting our customers' needs, maximizing cash from our world-class assets and allocating capital with discipline.

To remind you, we will deliver this by focusing on our 4Ps: Portfolio, Performance, People and Partners.

- Portfolio is about world-class assets.
- Performance is about operating and commercial excellence – our value over volume approach.
- People is about developing industry-leading capabilities.
- Partners is about long-term relationships with our customers, investors, governments and communities to deliver commercial success.

Our value-creation model and our world-class assets will deliver superior cash. And we will use this cash to:

- provide compelling growth;
- deliver superior shareholder returns; and
- maintain our balance sheet strength.

Slide 29: We will deliver $5 of free cash flow in productivity improvements over 5 years

Let me start with the first two Ps, portfolio and performance.

Put simply, in 2017 we will continue to strengthen our portfolio of world-class assets – those that are low cost and expandable.

We want to deliver superior performance. In safety and in profitability. Increasing the productivity of our $50 billion asset base is the highest return available to us. As such, we have promised to deliver an additional $5 billion of free cash flow over the next five years. As we speak, our teams are looking for every opportunity to generate value from mine to market.

Slide 30 - Technology supporting our productivity programme

Let me give you one example: our leaders in Iron Ore have a smartphone app that shows, in real-time, the truck utilisation of our haul fleet in the Pilbara. This is already helping us to improve productivity.

We are looking for improvements in all aspects of the business. Operational excellence will drive superior performance, now and in the future.

Slide 31 - Prioritising people and partners

Which brings me to the last two Ps, people and partners.

Both are very important enablers of value creation.

In 2017, we will have a greater focus on developing our employees. We have increased investment in our graduate intake and the Executive Committee is now strengthening the development of the top leaders across the organisation. We want to build the capabilities of our people both commercially and technically. Now I'll turn to partnership.

In all jurisdictions, governments and communities are asking for a greater share of the wealth created by their natural resources. We are seeing this in Australia, Chile and more recently in Indonesia. Mining is a capital intensive industry and we need transparency and certainty as a platform for investment. For us, partnering is about building long-term relationships to create value and reduce licence to operate risks which are becoming more and more significant for our industry. We need strong partnerships and stable operating environments to grow our business for the benefit of all stakeholders. If the economic and geopolitical changes of the past year have told us anything, it is the importance of having a clear value creation approach and the right strategy in place.

Slide 32 – Strong results delivered in 2016

Let me wrap up: every decision we make at Rio Tinto will prioritise value over volume. That's what we did in 2016. And it's working.

On cash – we generated net cash from operating activities of $8.5 billion.

On costs – we delivered total cash cost savings of $1.6 billion.

On growth – we progressed our projects at Oyu Tolgoi, Amrun and Silvergrass.

On the balance sheet – we closed the year with net debt of $9.6 billion.

And we are returning $3.6 billion to shareholders.

You can expect more of the same from us in the years to come. Rio Tinto is in great shape. We have a resilient business, world-class assets, committed employees and the right strategy. We will continue to deliver superior value to shareholders through the cycle and to invest for the long term.

For us, it is all about keeping our promises day in and day out.

And now questions.