RioTinto

2025 Half Year Results: Q&A transcripts

30 July 2025

Rachel Arellano: So we have about 45 minutes for the Q&A and I do ask you to limit yourself to one question and one follow-up. We will start here with the audience in London, and then we'll switch to those online. Okay. We'll start here at the front.

Jason Fairclough (Bank of America): Thanks for the presentation, Jakob and congrats, good luck with the next step. Two, I guess, related questions on Simandou. One, you've brought forward the first production. How are you thinking now about the progress from here up to 120 or I guess, for your share of the 60 million tonnes. So how do we think about that ramp-up? Beyond that, you do sound surprised when you talk about the project, like it's gone very, very quickly. So I guess as an organization, what do you take away from that? What could you apply to some of your other projects?

Jakob Stausholm: Yes. And the latter is the real big question. Look, we obviously have some limitations. We are already producing to stockpiles at the mine, et cetera. So we are quite confident that we can convey the first shipment in November, but there's a lot of work that has to be done. And it's a ramp-up over 2.5 years. And you should be aware the port is like two ports and only the one port will be ready. So you can first -- the first 60 million tonnes, you can run up to and then you get the second port in place, and then you can go up to the 120 million tonnes. So it is a fairly long ramp-up period, but maybe not entirely bad in terms of penetrating the global market, et cetera. I hope you got good comfort from what Peter showed also on the cost curve that there should be space for Simandou, while other mines are hitting their normal decline.

I think the real big question, which is fascinating is the second part of your question. We have learned a lot from our Chinese partners in terms of the engineering capabilities in China, the whole ecosystem is just unbelievable. The Chinese have been very good at learning from the West over a couple of decades. We got to learn from the Chinese. And I think we are ahead of the game here, and we certainly need to see how we can use that elsewhere as well. I'm proud of that we are bringing projects on time on budget, but I actually still would like to see them being done faster and cheaper.

Jason Fairclough: Is there any specific learnings that you can point to?

Jakob Stausholm: It's just a different commitment we see from the contractors in terms of -- you actually agree a price and you agree a schedule and is being delivered. I also think that the way you see the ecosystem working together on the standards, et cetera, has just worked extremely well. The best example I have is very often when we design things, we ask engineering firms to engineer everything where very often the Chinese just have their manual and saying, that bridge fits there, that bridge fits there, et cetera. And then you can do things at a completely different speed.

Bob Brackett (Bernstein): Good morning. My congratulations as well for your tenure here at Rio Tinto. Friday, in theory, copper tariffs kick in, in the United States, a 50% premium. You have one of two operating smelters in the U.S. You have undeveloped mines in the U.S. Where do you think the tariff policy is going for copper and how do you take advantage amidst that range of potential outcomes?

Jakob Stausholm: Yes. So you're right, copper tariffs represent an opportunity for us because for reasons I don't entirely know from before my time we have actually had a smelter that we haven't made a lot of money on for a long period of time at Kennecott. It is the U.S. biggest and only one out of two, and as I said, we barely have made money, but it should become much more profitable from the tariffs immediately. So that's one positive thing. The other thing in terms of copper opportunities is that -- but that's not related to the tariffs. It's just that the administration is putting a much more focus on developing mining opportunities, both inside the U.S. and outside the U.S. And they have made Resolution Copper a priority project. And I think the evidence of finally getting published the environmental impact study and that the clock start ticking is showing you that we will get to the next chapter in for Resolution. And may I remind you, it is an unbelievable ore body that should be able to produce 1/4 of the copper consumption in the U.S. for decades to come.

Bob Brackett: And that next chapter would be an updated feasibility study, the chapter after that would be at FID potentially. How have you updated your probabilities of those chapters given where we are?

Jakob Stausholm: Well we're going to learn a lot immediately. We will roll in as soon as we get the land exchange, we will immediately start drilling in what used to be federal land because we need to characterize the full ore body, also the part that's not part of our land today. And of course, depending on that characterization, you can start developing the mine method and the mine plan.

Rachel Arellano: Okay. We'll now go to on the line. So over to you, Operator, please.

Paul Young (Goldman Sachs): Firstly, I know this is your last set of results and it's been an absolute pleasure. Jakob, the first question on copper. A really good EBITDA be it from copper the first we've seen in some time. And part of that with Oyu Tolgoi and the ramp-ups performing very well. Are we seeing -- there's been a bit of news flow on OT this half with regards to the delay in the transfer of the lease with Entrée Resources and also the ongoing tax dispute. We've also seen a change in Prime Minister there. So I just want to get your thoughts as at the moment just on where you think things are with the government? And any comments you can make on the timing of that lease transfer and also the tax dispute?

Jakob Stausholm: Yes. Well first of all, you're right. It's a real highlight, the whole product group of copper. Peter mentioned the progress at Kennecott, also kudos to BHP for how Escondida has run in the first half. But the biggest highlight is clearly Oyu Tolgoi from a technical and economic point of view. And then there is, of course, also the political view, I should say that I went with Katie Jackson to the mine two or three months ago. And we took for the first time ever the President underground. And with him, he had his Chief of Staff, who later on has become the Prime Minister of the country. We work very close with them. We have a very good relationship.

On top, I had a very good relationship with the previous Prime Minister, but this is what is happening in politics, people are changing. We feel very comfortable with the people, and we have a good cooperation. And specifically on this Entrée issue. Let's not make it a bigger issue than it is. Right now, we are mining in panel number 0. We were planning to go to panel 1, but we can instead go to panel 2, if we don't have the transfer. And the mine will be mined exactly the same way. It might be the case that there's slightly lower grade, and therefore, there can be a little bit of time value of money lost, but that's about it, Paul. So don't get too worried about it. I actually feel very good about the state of Oyu Tolgoi. And you might not be able to see it, but Peter is nodding.

Paul Young: Yes. I mean might impact metal production in three years time, I understand that, but just want to understand the timing there. And just on the tax dispute, I mean the fact that the Mongolian government's going to International Court of Arbitration and in my view is a positive because they're trying to actually get a ruling on the tax. So that in a lot of international community, in a lot of the foreign banks that could invest in Mongolia, that they do this properly. Is that your view as well?

Jakob Stausholm: Look, the reality is I would have loved to have solved in bilateral negotiations a long time ago. But politically, it's very difficult. And I think you just have to respect that. It's actually quite an impressive democracy that they have in Mongolia. We feel very confident because they have shared their views, we have shared our views and now we go through a control process with a hearing here in September. So it is progressing, and we feel very confident that we will also end up with a decent outcome.

Rahul Anand (Morgan Stanley): Jakob, Peter and team and great innings Jakob, best wishes for all your future endeavours. Look, my question is on the iron ore business. Obviously you dropped the grade there. So my question is, what are the impacts you're seeing on the revenue line? Is the impact better or worse than a simple grade adjustment? And how much can you actually save on cost considering your supply chain is going to be much more simplified now with your product streams going from five to one? I'll come back with a follow-up.

Jakob Stausholm: I'll leave that for Peter. I just want to tee off and saying one thing, what I've really been pleased about is that we have seen deep analysis, good cooperation between the product group and commercial and the part that I have been involved in, namely engagement with the customers as well.

We had choices to be made, and we have consulted them, we have found and made choices that are aligned with our customers. So it's actually been quite well received in that regard. An economic impact, Peter?

Peter Cunningham: So I think right now we've started making the first shipments under the new specification. And it is early days, but I think so far, all the work we did with the customers so they understood our system and that really to meet what they needed is working out well. So I think we're pretty comfortable with the initial shipments and where they're landing from a revenue perspective.

I mean in terms of costs, clearly, the near-term impact is just simplification of the product because we're going down mostly to one blend rather than having sort of the degree of SP10 we've had. So SP10, you can expect to come down in the second half of the year. But if I really look at the benefits, I mean more of them for the rest of the business are long term, it's about actually increasing the amount of production capacity in our mines. It's about then sort of the capital intensity of the business in the long term and about managing sort of closure liabilities as well. It's that package, which is all longer-term benefits, which are really part of this, I think, solution to meet the needs of our customers, but also to maximize the value from our system.

Rahul Anand: And my follow-up is to someone else's question earlier on the tariff situation. Obviously copper are positive, but obviously I think more than offset by the aluminium business shipping tonnes from Canada to the U.S. So could you perhaps help me understand sort of what the strategy is under the current circumstances? Are you looking to reramp volumes to other geographies? Or is that not an option in size given logistics?

Jakob Stausholm: Well, let's -- I mean we have spent a lot of time on this.

First of all, tariffs is not -- it's between nations. And there are many other aspects and not just the tariffs in this part here. The beauty that you can see today with our results is that we are actually able to navigate that with very limited impact. Do we like all this? Do we like a 50% tariff on aluminium? Not really, but it's not for us to make much statements around that. We're demonstrating that we can actually manage it. I think it's much more the final consumer that we'll have to pay. We are able to pass on things. I think the good example, you've got the data very clearly in our disclosures today, the aluminium unit price or unit revenue is up 14%. But if you deduct the impact of tariffs, it's still at around 6%. So how have we doubled the profitability in aluminium, great operational experience, good pricing in bauxite and actually retaining the margin in the alumina, aluminium business as well pretty good.

Now that doesn't guarantee you that they couldn't come up something tomorrow. So I cannot promise you anything, but the reality is when we started the year, we had absolutely no experience. We have now learned a lot over the first six months and conclude that we can actually manage the aluminium situation. And if you then take the color, that's positive and aluminium is slightly negative, then overall, the impact is actually not very significant.

Rachel Arellano: So we'll go back here in the room. We'll go a bit to the left of the room.

Ben Davis (RBC): Particularly, Jakob, a great innings as the Aussies point out.

Just you always remain convinced that lithium is going to be a bottom quartile cost curve. Can you just give us where the confidence comes. Is that grade? Is that their technology with DLE? Is it rationalization of the Arcadium business that you've bought? Just which combination of those?

Jakob Stausholm: It is everything, but if I should cover it out and make it very simple.

We now know with Rincon that we can run that operation around $4,500 per ton of OpEx, and we have also told you that the capital intensity of Rincon is $43,000 per tonne. You take a capital charge of $43,000, whatever you use, you come to 5%, 5.5%. That means that as soon as you get $10,000, you create NPV. And that's because it's amazing reservoirs.

And on top of that, I think you have to think about what is the impact to nature. This DLE is actually a way where you can just suck up the brine and find ways to reinject it as well and have very little environmental footprint. We are not able to see anything that has so little impact to nature that can be done at that price. And that brings us at the bottom of the cost curve. On top of that, you then take the Arcadium organization and Rio Tinto, you bring the technologies together and you start a learning journey, how can we make this better and cheaper.

So I'm very optimistic that we are competitive today, and we will become even more competitive tomorrow. And the beauty of that industry is that a lot needs to be built. This is not a static one. It's one of those that as soon as you don't build something, you lack supply.

Ben Davis: And so the implications for the hard rock assets that came along with Arcadium, would they have to stand out by themselves? Or would you like to keep the market share?

Jakob Stausholm: Look, we -- it's still early days. We have -- I think it's fair to say, Peter and Simon and others, there will, of course, be much more details around, a more master plan for lithium at the Capital Markets Day later in the year. But so far, we have attached most value to the Latin American assets. We are very proud on top of Arcadium to add the two assets in Chile. But we're also finding reason means to progress the Nemaska project in Canada. But we only closed the deals four months ago.

Rachel Arellano: Let's go to the end of the line.

Dominic Okane (JPM): Jakob, two questions for me. First is we're starting to see some of your competitors talk about broader cost savings. So I'm just wondering if you see opportunities for cost savings within the Rio Tinto Group that are not just productivity led?

Jakob Stausholm: So a couple of things on that because you're asking for future. And I realize, as you can imagine, I've been a little bit busy this morning, but I do have seen that Glencore has reported results as well.

What I'd like to say is the journey we are at with the four objectives, particularly best operator, has taken a long time. It's a continuous improvement.

I think what you see with the half year results, there is real benefit coming out of it. We are growing. It's not so much about cutting cost. It's more about can we control the cost while we are growing the volume and become more efficient.

It's for -- Simon tried to answer the question, but at a later date, I just hope and believe as a shareholder that we will continue this continuous improvement journey because I think we're only at the foothill of the mountain here. That's why I also at the year-end said this thing about doubling down on operational performance and our Chairman repeated that not long ago.

Dominic Okane: And second question, it comes up very frequently, so Chinalco. Is there any update that you can provide us with on conversations or progress with respect to the Chinalco question.

Jakob Stausholm: Look, the dialogue for Peter and for myself, I'm going there shortly is ongoing. The one thing that I want to say to you as shareholders is we take it very serious. We want to find a pathway where we can buy back shares as well absolutely. But I don't have a solution today.

Rachel Arellano: Okay. We'll now go back to those on the line. So two from the line, please, Operator. And please just a reminder to announce your name and where you're from.

Robert Stein (Macquarie): Congratulations, Jakob again. Just on the iron ore market, it's interesting that you've been so deliberate in your conversation around the iron ore market today. You made a comment that you see a lot of production capacity coming out from the majors via depletion. Can you potentially highlight where you think that's going to come? And if not, can you provide a view on what your depletion rates will be from the Pilbara and whether Simandou will replace any of that?

Jakob Stausholm: It's actually a really tough question because it's like every mine goes towards depletion. So it's not kind of one place. I think the most evident thing is you can see that all the producers in the Pilbara are facing lower grade. It's a good indicator. You just don't have mines, unfortunately, in eternity. And I think you just need to look at the numbers. The numbers is that you've got 1.9 billion tonnes of contestable iron ore a year. And Simandou is only 120 million tonnes. So that's kind of like 6%, ramping up over 2.5 years. So you only need to kind of have a depletion rate of around 3% to be back to status quo. So it looks quite attractive.

Rachel Arellano: Thanks, Rob, your second question?

Robert Stein: And just on cost out. Obviously there's been quite a theme here in the recent quarterly reporting season in Australia of CapEx deferrals and aggressive cost out given some of the market conditions in some of the commodities. Can you perhaps comment on what you're seeing more globally where the productivity and inflation is starting to bite in your different regions and how you can address that going forward?

Jakob Stausholm: Well I think all the teams from the various product groups has -- and the biggest challenge we had was probably a little while ago in Western Australia, but they're actually managing inflation very, very well. And as you have seen, Peter gave a good example of that we're actually reducing manpower in a number of places, not about -- I wouldn't call it cost cutting. It's just about continuous improvement, becoming more efficient. Every day you go to work, you have to be a little bit more efficient. And I think that's what we are seeing.

We are blessed to be Rio Tinto with not having big loss-making assets. A number of other parts of the mining industry have got that. We don't -- there's a couple of assets that has very, very low profitability, and we've got to improve that. But the reality is three out of four, the three biggest product groups has double-digit return on capital employed. So you've got to be careful of actually protecting that profitability rather than destroying that profitability.

Peter Cunningham: And I think operationally, when you look at the big product groups that are really driving the profits at the moment, I mean it is that continuous improvement, where you need to make corrections, we're making them. I mean Kennecott, I talked about in terms of Kennecott's cost base, RTIT, again, is very challenging markets. Again, they really are working very hard to take out costs. So it's that reflection that each business has its own context, but really it's about being consistent in how you really drive costs over time.

Rachel Arellano: Thank you. Then one more for the operator, please. Thanks, Rob.

Lyndon Fagan (JP Morgan): I just wanted to ask about the lithium slide on Slide 17. I'm just wondering if Rio believes in that demand profile, which still shows over 3 million tonnes in 2030, I guess, potentially 20% higher than some of the market estimates out there. Is that a number that Rio is gearing its own business up to produce into? And I guess the follow-up is can you perhaps talk to some of the wave 2 expansions that Arcadium had and when they might be sort of maturing in the project pipeline?

Jakob Stausholm: Yes. No. Thank you. I thought I did a bit. And for sure, the stuff I've just presented, we do believe in. I think there's a couple of things. We spent a lot of time with our economists last year to really, really try to understand the drivers behind the lithium demand. And as I said to you, EVs have actually overshot, but EVs will always go a little bit up and down, one year is faster, the next year, it's a little bit less, but it's happening. I think the other thing that no economist, no one had seen was that stationary batteries -- because they become so cheap.

Just look at it now, we are repowering Boyne Smelter. We thought we would do it with gas peakers to firm the electricity. And then suddenly, we realize the battery is cheaper, has doubled in just 12 months. And that's a whole new significant stream of lithium demand. So yes, we do believe in the lithium demand. We are working and Peter is not more than a week ago, Peter and I was with the whole team was going through a master plan on projects.

But you know what, we need to reiterate that many times because we are bringing. Paul is very well bringing two organizations together. We're learning from each other. And every time we meet, we mature that. And we're going to give you a real good run through at the Capital Markets Day on the priorities. But the one thing I can say to you is we have a lot of options here. Anything you want to add, Peter?

Peter Cunningham: Jakob, as you said, I mean the immediate priority is delivering the sort of Fenix expansion and Sal de Vida stage 1, which will be in '26. And then the other in flight is in the Nemaska hydroxide and spodumene project, which is in flight.

But everything else, as you say, I mean we need to now work through the plethora of options we have, how best to deliver those and how best to deliver value for shareholders in the context of the market. So I think well set up, but lots of thinking going on there.

Lyndon Fagan: Just a quick follow-up, if I may on Simandou. Are you able to talk to the ramp-up profile there. Is that essentially straight line from November? Or can you maybe give a bit of color on how that looks over the 30 months?

Peter Cunningham: Yes. So Lyndon, I mean I think we said that first shipment will be November this year, but then it's really a fact of how infrastructure comes in and how then we can ramp up within the context of sharing initially port capacity with the port of blocks 1 and 2 developers. So I mean it is over 30 months. I think it will be probably -- we'll try and optimize that as we work through the infrastructure coming online.

Rachel Arellano: Great. We'll move back here to the room, please.

Alain Gabriel (Morgan Stanley): It's Alain Gabriel at Morgan Stanley. Jakob, your portfolio includes businesses that are not material enough in the context of the group profit. Do you see an opportunity there to simplify the portfolio? And if so, in which businesses does this opportunity bucket sit?

Jakob Stausholm: Yes. You should always try to simplify and you're never simple enough in that regard. As I said just a moment ago, the good news is we don't have big loss-making assets. There are no assets that we have put on care and maintenance, et cetera. And that shows about the quality of the Rio Tinto portfolio, I would call it second to none in that regard.

That shouldn't stop us from asking ourselves crucial questions about who is the best owner of certain assets, et cetera. But you have to be careful of. It's not just a matter of size. If you have an asset that you are the best operator of and is very profitable and generate a lot of cash, it's fine to have it. But you should always ask yourself those questions.

It's not different from asking yourself the question, should you buy something? And we've just this half closed the deal of Arcadium because, yes, we wanted to have more exposure to lithium.

Alain Gabriel: A follow-up question is, what is the one thing that is still on your bucket list that you wish you had done at Rio Tinto had you had more time and that you confidently give on to your successor.

Jakob Stausholm: No. Look, I'm very, very happy to leave a lot of options to Simon and also happy to see it as a shareholder from the side seeing it -- seeing it happening because I also have to remember myself, it's not -- first of all, it's not me, but we as a team that we have created a lot of things. Most of the things are things we have inherited from our predecessors. And many of the things goes back from, not just previous predecessors but actually 20 years, 25 years back. The key thing is when you have those options, what are you going to do about it? And -- but what was I missing in my time, I think it's just a simple thing is always you would like to have done things, done more of it faster. Things take time.

I tell you one of the four objectives. Some of the things I felt went very fast, but it's only now that you really see crystallizing that the operational performance towards best operator and the excellent development in terms of project execution is really coming through. And of course, it's frustrating that it takes 4.5 years, but it's a big company, and those things just takes time.

Amos Fletcher (Barclays): Amos Fletcher from Barclays. Just one question actually for Peter. Gearing levels are slightly high now post the Arcadium acquisition. Are you happy with the remaining at that sort of level? Or do you want to look to bring them down over time?

Peter Cunningham: So we've always said that we're very happy with the balance sheet being strong, being an A credit rating, and it gives us flexibility. I mean high, it's 19% gearing ratio right now. So we feel that the balance sheet is in really good shape. And we have flexibility going forward at these sorts of levels. But we'll go up and down. I mean this is a cyclical industry cash flows will go up and down. What we've got to do is use the balance sheet to really make sure we can deliver against the strategy and also deliver shareholder returns.

Matt Greene (Goldman Sachs): Maybe just a follow-on on the lithium question earlier, and your incentive curve, you've announced Maricunga and Altoandinos this half. And Jakob, you just walked through the incentive price on Rincon. With these new projects, what's your expectation on the incentive pricing for those Chilean projects? Is it higher or lower?

Jakob Stausholm: So Chile and Argentina are slightly different in terms of their royalty schemes versus the regulatory legislation. You could also say they have slightly different risk profiles as countries, et cetera, we feel quite confident with both of them all inclusive.

We're very happy that we kind of have a little bit of diversifying brines of having it both in Argentina and in Chile because you can never predict exactly how things are developing.

But if you take something like Maricunga, the plants we are doing, the DLEs are very much the same. Every reservoir is different. So it's a matter of getting in and understanding the reservoir and then repeat what you already have done. And we need to learn like the Chinese every time you repeat building a plant, you do it cheaper. So how do you get on that continuous improvement. And if you get on that, you will get some very competitive lithium in the future.

Matt Greene: And my follow-up is -- I mean you touched on it slightly, but Rio has not sold any assets since 2018. You've added more commodities, more jurisdictions, more costs into the business. You've mentioned titanium quite a few times in this presentation today.

So I guess just taking a step back, and I know you probably can't comment on that, but is Rio actively looking to streamline and potentially reshape the business to recycle capital and streamline them?

Jakob Stausholm: So I've seen that there are some articles around that. I can't comment on rumors. But if you were actively doing anything, I could not make a presentation without talking about that, okay? We are streamlining things. By the way, as you can see, we are slightly going out of diamonds. We closed Argyle. Daivik is coming to an end at the end of the year. We took out the complexity of TRQ. We have sold a number of gold streams, et cetera, with good profit, et cetera. So we are streamlining the company, and there might be more to come.

Look, RTIT had low profitability in the first half. They had very difficult conditions. But the question is still, are we the best owner of it are we not? And I happily leave that for my successor.

Rachel Arellano: Thanks so much. So I'll just return to the line. We have another one on the line, please, Operator.

Glyn Lawcock (Barrenjoey): Jakob, to the extent you can comment, I'm just interested in your comments around the Glencore discussions. What was the attraction? Were they actually serious or just simply in passing? And can I take that to mean Rio as a company is contemplating a return to coal as well?

Jakob Stausholm: Well thank you very much. First of all, I can't comment on rumor. So -- but it's amazing how much that has been written about something which we don't really know whether has happened or not happened. So it's very difficult. But I will say to you right now, in the previous question, we talked about simplification. So I would be surprised that we are actively looking of going into coal at this point in time. Yes, I'm sorry, there's not much more I can say about that.

I do think you have to think about. This is not about are we for M&A or are we against M&A? No. The point is just very simple. There are good deals and there are bad deals, and we are trying to pursue the good deals. I believe that the deals like we have done like TRQ, like Matalco, like Rincon and like Arcadium that they are good deals, but time will tell.

Myles Allsop (UBS): Just to clarify a couple of things, Peter, first, on the net debt and leverage. So we're just shy of $15 billion. It's relatively high compared to what you've enjoyed for the last decade or two. Are we right to assume that you would rather have lower leverage given the CapEx and the obvious cyclicality of the commodities on a look-forward basis. Is this the high end of the range as we look at it?

Peter Cunningham: Well I mean I think it's kind of as I said at a level we feel comfortable with. I mean if you look at our balance sheet, the debt might be high, but the balance sheet is much bigger than it has been previously and the cash flows are much bigger.

So as Jakob says, I mean it's a very comfortable level of gearing for the size of the company now. And so I just think sometimes looking back over decades to say net debt was lower is not probably the most useful sort of comparison. So no, we feel very comfortable. I mean I think A credit rating gives us flexibility to manage up from where we are and to absorb whatever cycle throw at us and to maintain doing our business because I think what I've learned is just being very consistent about how you invest and how you sort of run our businesses, the way you deliver most value for shareholders and we'll use the balance sheet to enable that.

Myles Allsop: So we should assume it's kind of reset at this sort of level, and it was under geared historically is the right way of thinking about it?

Peter Cunningham: I wouldn't sort of even use that answer. I would just say you're using the balance sheet to sort of enable strategy and to enable us to run the businesses as well as we can for shareholders. And that's what we've done. I mean we’ve used some of the capacity for Arcadium. We think that really builds a long-term business for the future of a shareholders. I mean that's what you can enable with a strong balance sheet.

Jakob Stausholm: There was not a lot of appetite from the shareholders for equity financing of Arcadium. And you will also see, I think, Peter's team have done a tremendous job of raising what is it, 30, 40 year bonds. So we have long maturity on the debt and the interest cost is a fraction of our EBITDA. So I feel very comfortable.

Myles Allsop: Maybe just on the dividend as well. Obviously the unwavering focus, as you said, and I think Jakob did a great job at the Capital Markets Day, kind of hammering that home last year. But there is still a debate around is it a 50% payout or a 60% payout when it comes to the final. And you've been very consistent with 60% for the full year with the final. How should we think about it with this transition now? Should we still -- is this a Board kind of resolute 60% for the full year? Or could we see kind of come down like we've seen with BHP, for example?

Jakob Stausholm: Sure. But look, first of all, your CFO will continue to be Peter. Simon will not say anything right today. And ultimately, it's a Board decision. And the Board has been unwavering in their support of the 60% as a practice and so far, it hasn't given us excessive leverage. I think the way to think about things is we're building a lot of dividend capabilities. Growth -- profitable growth means more earnings, means more dividend capability. You just see now what is -- all the money we have sent into OT is coming back now. And very soon, we'll start seeing the money we are putting into Simandou coming back, et cetera.

Alan Spence (BNP Paribas): Thinking about portfolio simplification again, you talked about asking yourself, are you the best operator of it. But also assets, of course, need to make a return. So is it return on capital employed or another metric? What's the minimum level you need to see across the asset base as well as being the best operator?

Jakob Stausholm: We don't -- I mean ultimately, it's about creating NPV. And if you are having an asset that is not performing very well and you're able to make it much better, then you actually create value.

It's probably not possible to get all our businesses to the incredible good profitability level of iron ore, but that's not the purpose of it. I mean step back, financial theory, it's about creating NPV to the company. So if you can just improve things, you create value. Having said that, I'm very happy that three out of four product groups have double-digit return on capital employed.

What do you think, Peter?

Peter Cunningham: No. I think that's exactly right. I mean yes, I mean aluminium had a very, very strong return on capital employed few years, that's grown massively over the last few years. That's what we like to see is improving our businesses and delivering for shareholders.

Alan Spence: And the operational FTEs were down 2% year-on-year. I'm assuming that doesn't include contractors. Do you have a sense of if you included contractors would it also be lower?

Peter Cunningham: So it's across -- it’s FTE so it's across the board of contractors as well.

Richard Hatch (Berenberg): Richard Hatch from Berenberg. First point, I note that your underlying earnings by business unit has been removed from the disclosure. I just wonder if you might be able to add that back in just for the sell-side community to better understand your business.

Jakob Stausholm: I agree, tell the story, Peter.

Peter Cunningham: We just simplified our reporting. I mean there's various reasons but we simplified our reporting in line with peers. So that’s why.

Richard Hatch: Makes it more complicated for us to understand. Second point, I'm sorry, I'd have to challenge you on your comment on the aluminium business. So bauxite prices, alumina prices have been very high. But if you look at the North American aluminium business, margins have really deteriorated and your cash flow negative. So what's going on there? I appreciate there's a tariff element to it perhaps, but what's going on with the cost base and the same gauge of Pacific Aluminium. And then secondly, just on IOC, I know I keep going on about IOC. But there's a step change in cost in this business. It's gone up more, so what's going on because it isn't getting better.

Peter Cunningham: So Richard, I think the point on aluminium is there's just a transfer price because of the way alumina prices were much higher. So if you look at the profitability of the whole thing, then you can -- you have a much clearer picture of performance because effectively, we are transferring alumina into our smelters at spot price with a quarterly lag. So it's just that's what drives the lower profitability. It's purely alumina prices. Underlying that, the businesses are performing better and better. In terms of IOC, it was down. I mean I think EBITDA was down $540 million down to just over $200 million. But a lot of that, again, was price. I mean in fact, pellet price was more hit than the 62% price. So it was down about 15% price. They also had an insurance claim last year. And they're also having to put more sort of work into the mine to really position the business for the future. And it's that probably that you're seeing on costs but we really are very focused on how do we really sort of put the mine in good shape so that we can see the full potential of this business. It's just a huge focus for the team and that really gives us a platform for the future.

Ephrem Ravi (Citi): This will be on Simandou only. So firstly, the project is done. So it's derisked pretty much. So, are you the best operator? Or is it the Chinese given they have been instrumental in building the project? Secondly, could Simandou be used as a tool to get Chinalco to sell their stake, i.e. sell Simandou stake to Chinalco and kind of get their stake down? Is that something that's on the table?

Jakob Stausholm: We love the structure. I mean it works well. And the reality is the most competitive advantage that the Chinese have is in developing assets. We bring an awful lot in terms of knowing how to operate in a country like Guinea, in terms of ESG standards, et cetera, I was just trying to play towards all the great things our partners are contributing, but I will say to you, we are also bringing a lot to the table. And I would find it very difficult to see that we would participate in developing in iron ore assets. We are the world's largest producer of iron ore, just to retrench from that iron ore, but you should never say never, but it's certainly not something we are planning for.