RioTinto

# 2025 Half Year Results: script

## 30 July 2025

**Slides 1 - 2: Cover slide, and cautionary and supporting statements**

A warm welcome to everybody, both here in the room and for those joining us remotely. We are pleased to be here today with our CEO Jakob Stausholm and CFO Peter Cunningham to present to you our 2025 half year results. This will be followed by a Q&A session.

There are no planned fire evacuations today, if you hear the alarm, please follow instructions from the fire wardens at the London Stock Exchange.

With that I would like to invite Jakob to the stage.

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

Thanks Rachel. Good morning and good evening to everyone joining us in person or online.

I'd like to start by acknowledging and paying my respects to all Traditional Owners and First Nations people who host our operations around the world. It's great to be in London.

I'm so proud of the first half financial results we're presenting today. In my time with Rio Tinto, we've had periods with higher prices. But this set of results are the strongest, demonstrating real momentum in improving operational performance, real value from a more diversified portfolio, and excellence in unlocking growth projects. This is allowing us to deliver very resilient financial performance despite lower iron ore prices and the tough start to the year with four cyclones in the Pilbara.

Importantly, we are delivering on our strategy which we set out at our Investor Seminar in December last year. We remain on track for this year's guidance on production, projects and investments and our strong mid-term production growth. We now have solid foundations in place to drive ongoing efficiency, and we have a diverse pipeline of growth options for the future.

**Slide 4: Strategic investment and best-in-class project execution drives our growth**

When I first started as Chief Executive, I said it would take time to build a stronger Rio Tinto.

In February 2021, we introduced four objectives to unlock the potential of our business. Now, four and a half years later, we can see the positive impact of consistent progress against each of those objectives over time with strategic investment and best-in-class project execution driving profitable growth.

Our copper equivalent production was up 13 percent in the second quarter year-on-year, making a six percent increase in the first half. This is led by the strong ramp up of Oyu Tolgoi. At last year's Investor Seminar we indicated 50 percent growth. I'm proud to report the team hit 54% in the first half year on year.

Excitingly, our bauxite production hit a new record for the half, with nine percent growth. With Amrun consistently performing above its nameplate capacity. This is being driven by really good implementation of the Safe Production System.

And at Simandou, we've accelerated the first shipment of high-grade ore to November and we'll be focused on safely ramping up to full production over the following two and half years.

These are just some of the highlights across our diverse portfolio, showcasing our project-building expertise and the talent of our people.

Of course, this progress would not be possible without a strong social licence to operate. Just last month I was fortunate to be in the Pilbara in Western Australia to officially open our new Western Range mine. This is our first project with a co-designed Social, Cultural and Heritage Management Plan with the Yinhawangka Traditional Owners. Being on country together was yet another reminder for me about the importance of social licence.

**Slide 5: Very resilient financial results from our diversifying portfolio**

This is a strong set of results for the half year.

Our strategy is delivering and as Peter will share, we're growing while improving cost discipline. I'm proud that our cash generation is largely the same as last year, despite a drop of $14 per tonne in the iron ore price. This demonstrates the strength of our diverse portfolio. We're much less dependent on iron ore, with the growing contribution from our Aluminium and Copper businesses. And it highlights the excellent work from our Pilbara operations to recover so strongly from the cyclones in the first quarter, by delivering the best production for a second quarter since I joined the company.

Our financial performance is very resilient – with underlying EBITDA of $11.5 billion and an operating cash flow of $6.9 billion. Our net operating cash flow decreased by just two percent, while our production volumes increased six percent and sales volumes increased by four percent, year on year. And we achieved this growth while maintaining a strong balance sheet and attractive returns to shareholders, which Peter will talk about further.

We can expect more global volatility. But our strategy, focus on our four objectives, and our diverse set of tier 1 assets, enables us to be extremely resilient in an uncertain world and capture new opportunities as they arise. As you will be able to see, despite complex tariff issues in aluminium the return on capital doubled.

Converting opportunities into value, we're now building a track record of delivering projects on time and on budget.

I will now hand over to Peter to take you through the financials in detail.

**Slide 6: Peter Cunningham, Chief Financial Officer**

Thanks, Jakob.

**Slide 7: Financial performance**

Looking into our very resilient financials. Once again, we've reported a clean set of results with few differences between underlying and net earnings. I'd like to highlight three key points:

Firstly, with our improving operational performance, we saw further productivity gains. We've been particularly focused on our highest cash generating businesses. I would in particular like to call out the progress made at Kennecott which we spoke about in December last year.

Secondly, we continue to see very stable operating cash flow driven by good discipline on costs and tight control over working capital, despite the usual seasonality in the first half.

Thirdly, our projects remain on track and are ramping up, in particular at OT. Overall, copper equivalent production was up 6%.

So, let's look at the numbers. In terms of underlying EBITDA, we offset the 13% lower iron ore price with a rising contribution from our copper and aluminium divisions. Bauxite was a particular highlight. Underlying earnings were down 16% mainly due to the drivers of EBITDA, a higher interest charge following the Arcadium acquisition and one-off increases in the effective tax rate. Cash flow from operations was very consistent at $6.9 billion compared to $7.1 billion last first half and $7 billion in 2023 first half, while our share of capital investment rose to $4.5 billion.

Following completion of the Arcadium acquisition in March, we ended the half with net debt of $14.6 billion. And we've maintained our practice of paying out at 50% for the interim ordinary dividend, equating to $2.4 billion.

**Slide 8: Commodity prices**

Let's now take a closer look at commodity prices. I've talked about this before, but it's really important.

Taking a longer-term perspective, removing the noise of short-term volatility and factoring in the impact of inflation, this chart shows rolling 12-month average prices for our key commodities, rebased to 2025 real terms. We've indexed these and show the average of the 15 years as 100. In nominal terms, copper and aluminium may appear elevated but in real terms they're actually trading at around their averages since 2010. Iron ore and lithium are well below their historic averages. It's an important picture because it shows our financial results are not a product of elevated prices. In fact, demand is soft in a lot of traditional segments, particularly property, but is being offset by those driven by the energy transition.

**Slide 9: Operational levers ensuring financial strength**

Like Jakob said, we're really starting to see the benefits from our diversified portfolio, with higher volumes in copper, bauxite and aluminium, together with improved pricing, offsetting the iron ore price decline.

Of course, our Pilbara business continues to generate very strong margins and remains a stable foundation, comprising 58% of group EBITDA. But last first half it was 73%. Over the next few years, we expect to increasingly see our financials driven by our entire portfolio, as growth projects ramp up and productivity improvements flow through. We're intensely focused on cost discipline. Operational employee numbers across the group have decreased by 2% over the last 12 months, which is impressive when set against the context of production growth this half.

In February, I talked about finding solutions to complex challenges and how we can unlock value. Kennecott is a great case in point. We're now seeing much more stable operational performance. We've made substantial efforts to lower the cost base achieving a 10% headcount reduction, changed contractor engagement and driven operational improvements. Kennecott is well positioned to benefit as a cathode producer – one of only two active copper smelters in the US. We've also launched a business transformation program at our Iron & Titanium operations in Quebec as part of our asset productivity drive.

And functional support costs for the group are tracking below 2022, a trend we expect to continue.

**Slide 10: Strong operational performance offsetting external headwinds**

Let's unpack EBITDA through our standard waterfall.

This underlines the operating strength and financial resilience I mentioned earlier. Commodity prices were the biggest driver, netting out to $800 million negative but note the iron ore price impact was $2 billion negative. In copper equivalent terms, sales were up 4%, which gave rise to a $700 million volume uplift. This was mostly driven by bauxite and copper with the ramp-up at OT and higher grades at Escondida. It more than compensated for the modest decline in iron ore sales which we expect to recover in the second half given that Q2 shipments were constrained by port maintenance.

Exploration and evaluation was $200 million lower, mainly a function of Rincon costs now being capitalised, with underlying spend slightly below $1 billion for the full year, as we prioritise copper and lithium. Turning to cash unit costs. These were lower in Aluminium and Copper on a gross basis, with efficiencies from the higher volumes from OT and Escondida. C1 costs, which decreased by 34%, benefited further from the higher gold credits which we reflect in the price and volume variances for this analysis.

Overall, we're continuously improving on our costs, with SPS giving us momentum and a safer operating environment. So, after factoring in $600 million of other movements, mainly provision-related, this brings us to a very resilient EBITDA of $11.5 billion.

**Slide 11: Significant uplift from Aluminium and Copper**

Onto the Product Groups.

Iron Ore remains our cornerstone business, delivering $6.7 billion of EBITDA. We saw good levels of productivity improvement with the highest Q2 production since 2018 and first tonnes from Western Range.
We're now implementing our new product strategy, aligning sales to our system as we continue to meet the

needs of our customers. Unit costs were within guidance at $24.30 per tonne despite lower production and additional costs to recover from the four cyclones.

As Jakob mentioned, aluminium continues its impressive record of stability, in particular for smelting and bauxite. We took full advantage of stronger markets leading to a step change in financial performance. Our commercial team were able to proactively flex the business to optimise our position in the wake of the changing tariff environment. Today, the midwest premium is substantially offsetting the tariff. The main impact on our financials is the cancellation of the 10% Section 232 exemption Canada previously enjoyed.

Copper was stronger still with EBITDA driven by higher prices and rising volumes, up more than 50% at OT, where we've retained longer term guidance of 500 thousand tonnes a year by 2028. Unit costs are now guided lower driven by disciplined cost control and strong production.

Lastly Minerals: we saw increasing operational stability at IOC. At Iron & Titanium we're focused on improving plant performance but $TiO_2$ volumes reflect continued weak western market conditions. The integration of Rio Tinto Lithium is proceeding well following closure of the Arcadium transaction with Rincon now an integral part of this business.

**Slide 12: Iron ore industry structure has proven more resilient than expected**

I'd now like to return to iron ore, as I'm often asked about the industry structure and the impact of Simandou, which will bring on around 120 million tonnes over the next few years from the two blocks. It's helpful to show our view of the iron ore industry and how the cost curve has evolved. The red line shows the 2024 cost curve we forecasted back in 2018. It shows that we expected more production in the lower half of the curve. In reality we have seen many more high-cost operators remaining in the market. The curve has therefore steepened relative to 2018 expectations, with a larger proportion of high-cost producers than anticipated, compounded by inflation. As Simandou comes online, some higher cost production will probably be pushed out.

It's also important to note that going forward over the next 10 years, we estimate that 40% of production from the majors needs to be replaced.

Finally, note that the size of the contestable iron ore market is around 1.9 billion tonnes. And while China's steel consumption has plateaued, there is demand growth elsewhere in global steel markets, often supplied by Chinese exports.

We therefore continue to expect an attractive industry structure into the future.

**Slide 13: Our disciplined approach to capital allocation is unchanged**

Our approach to capital allocation remains very disciplined with no change to our well-flagged capex guidance of around $11 billion in 2025 and $10 to $11 billion thereafter. This includes growth of around $3 billion each year with Arcadium now absorbed in our guidance. We're due to complete Sal de Vida and the Fenix expansion next year as we work through the phasing of the various lithium growth options. With the recent Pilbara replacement approvals, capex will be weighted to the second half with major commitments including the ongoing delivery of Simandou and construction at Rincon.

Net debt has risen to $14.6 billion following completion of the Arcadium transaction, a level comfortably in a range consistent with our commitment to a Single A credit rating. All our debt metrics are in a reasonable place. This remains a strong balance sheet.

**Slide 14: Committed to consistent shareholder returns**

Since 2021 we have invested to grow our production base through productivity improvements and capital expenditure. You'll see on this chart how we have increased capex since 2018 and delivered four consecutive years of production growth following declines between 2018 and 2021. The rate of production growth gathered momentum in 2025.

This is strengthening our cash flows, allowing us to absorb the effect of a lower iron ore price over the last few years and grow our cash flows in the future. But growth has not been at the expense of shareholder returns. Our commitment is unwavering. In line with our usual practice, we have declared a 50% payout for the interim. We're now into the tenth year of our policy which has proved to be highly successful and predictable. And this has been achieved while both maintaining a strong balance sheet and commitment to shareholder returns.

To summarise: Our operational performance is improving. Our projects are on track and ramping up. This is driving our copper equivalent production which was up 6% this half. And, we're generating very stable operating cash flow.

Our consistent strategy and diverse portfolio will ensure Rio Tinto remains strong in the short, medium and long term while continuing to pay attractive returns.

Now back to Jakob.

**Slide 15: Jakob Stausholm, Chief Executive**

Thanks Peter.

**Slide 16: The energy transition continues to drive growth today**

As Peter highlighted, while some prices are well below the long-term average in aggregate, we have a very profitable business and we're still facing an opportunity-rich environment.

The world is growing and the energy transition moving us to electrification is happening. Electricity demand is growing around 1.6 times faster than energy demand right now, and the International Energy Agency predicts this will accelerate up to 6 times by 2035.

As you can see here, demand for iron ore is stable. And due to the energy transition, demand for copper and aluminium are rising, and there's major growth in lithium where we see close to a 30 per cent increase year on year.

When we did our projections a year ago - before buying Arcadium - we knew there would be increasing demand for electric vehicles. And despite less subsidies in various parts of the world, reality has exceeded our projections. The electric vehicle is penetrating on its own merit.

Even more positive is the rather dramatic and unexpected development of stationary battery demand. It's more than doubled over the last year as prices on those batteries have significantly reduced.

**Slide 17: Lithium demand will require substantial greenfield investments**

Let's take a closer look at lithium.

After a period of low prices, there has been a significant increase in the lithium price over the last month.
Prices are still much below the 15 year average, and as you can see a large portion of the cost curve is underwater. Ramping up existing developments and projects under construction will bring supply to market.

However, to meet demand in 2030 and even more so in 2035, a number of new investment decisions will need to be taken. The current price environment will not support this growth in production required to satisfy demand, while allowing producers to recover their costs and justify the capital required.

We're absolutely convinced that we're sitting right at the bottom of what will develop into a rather steep industry cost curve, with the assets we're getting from our brine operations and projects in South America.

With the strong DLE technology from our combined Arcadium and Rio Tinto teams, we believe we can both live our purpose of 'finding better ways to deliver the materials the world needs' and create a sizable and very profitable business for decades to come.

**Slide 18: Partner of choice, and best in class project delivery**

To unlock our growth options we need to be best in class in both business development and project execution. People are partnering with us because of what we stand for, our dedication to our four objectives, and doing what we said we'd do through our strategy. I'm particularly proud that we're now able to execute our major project portfolio on time and on budget. Let's take a quick run through.

In the Pilbara, Western Range is officially open, on-time and on-budget, and government approvals have been received and construction is underway for Hope Downs 2 and Brockman 4.

Oyu Tolgoi is ramping up strongly, on schedule, and this year it will produce 50 percent more copper than last year.

AP60 is progressing well and despite a small cost overrun, we're four months ahead of schedule.

Production is ramping up at the Rincon starter plant, while we’re progressing with the full-scale project. In March, we closed the Arcadium deal and integration is progressing well under the leadership of Paul Graves, the former CEO of Arcadium. We deepened our strategic partnership with Codelco in the Atacama. First with a new collaboration agreement for our copper development, Nuevo Cobre. And then through a binding agreement for a high-grade lithium project in the Salar de Maricunga. As late as last week we also signed a binding agreement with ENAMI on the Salares Altoandinos project.

In the United States, the administration has made the Resolution Copper Project a priority, with the Final Environmental Impact Statement published. The Federal Land Exchange is now imminent, which will unlock the next phase of the project.

Now let’s zoom in on the world’s largest mining project, Simandou. It’s progressing at breathtaking speed. The project was sanctioned just last year and will deliver its first shipment of high-grade iron ore in November. I’m so impressed with what our combined teams are doing in Simandou.

Let’s take a minute to watch a short video that brings the scale of the project to life.

**Slide 19: Simandou – our progress**

An incredible engineering achievement, but perhaps more important is the significant role this project is playing for the Guinean Government and people in building their economy. Our partnership here has the potential to create a lasting source of development for current and future generations. It’s boosting the Guinean economy, improving infrastructure and creating thousands of jobs. The high grade ore can enable steelmakers to produce steel with less CO2 emissions.

And our teams are continuing to learn and strive every day for impeccable ESG performance, from safety, to biodiversity, and in harmony with local communities.

**Slide 20: Looking towards our next chapter**

As I said earlier, I’m very proud of these financial results.

While we’ve had times when prices have been better, these results represent the best underlying performance from our business in the 14 sets of results that I have been involved in disclosing. You’re seeing improved operational efficiency, with growing volumes and control on costs.

At our Investor Seminar, I spoke about the three sites highlighted for improvement.

You heard Peter talk earlier about the great progress being made at Kennecott. At our Iron and Titanium operations in Quebec, while the market is currently tough, the business is becoming more efficient.
And we’re continuing to progress the Safe Production System implementation at Iron Ore Company of Canada. We’re seeing real momentum in improving operational performance, the increasing value from our diversified portfolio and the excellence we are showing in unlocking growth projects.

My time as CEO of Rio Tinto is ending soon. I’ve felt very privileged and I’m very grateful for the wide support I have experienced internally and externally. It’s been a tremendous journey. As I look ahead to the next chapter in Rio Tinto’s 153 years history, we’re facing an opportunity rich world. I’ve been reflecting on the legacy our team will leave from our work over the last nearly five years, and one thing that has stuck with me is a conversation I had with one of our former CEOs, John Ralph. He told me that when he and Rod Carnegie discussed how most value could be added to the company, they concluded it was about providing options for your successor.

Rio Tinto is truly a long term company and I believe that the next Chief Executive has many options. As beautifully symbolised by this photo, the focus will now be shifting to Simon, who's here today in listening mode. As is the usual approach, and was the case for me when I was named CEO, Simon will be taking some time with the team to think about his approach. You can expect to hear from him throughout the rest of this year, in particular at the Investor Seminar.

I’m delighted that the Board has chosen an internal successor as I believe we’ve developed a very strong bench. I selected Simon to run our biggest business 4.5 years ago. He has, in my opinion, done a great job and I’m convinced that he will do very well as our next CEO. I now look forward to watching this incredible company continue to thrive, and deliver value for our shareholders.

Thank you.

**Slide 21: Q&A**

Thank you Jakob.

We now have 45 mins for Q & A. I please ask you to limit yourself to 1 question and 1 follow up. We will start here with the audience in London and then switch to those on the line.

**Q&A session**

**End**

Many thanks to you all for joining us today.

For those online, we conclude our time with you now. For those here in London, I welcome you now to join us for light refreshments just outside the theatre.

Thank you again and with that I conclude our presentation today.