Rio Tinto: Strong operating performance underpins financial results

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Rio Tinto (LSE:RIO) (ASX:RIO):

- Resilient financials with underlying EBITDA of $23.3 billion, despite 11% lower iron ore price*.
- Higher net cash generated from operating activities of $15.6 billion, driven by portfolio mix and effective working capital management.
- Profit after tax attributable to owners of Rio Tinto (referred to as "net earnings" throughout this release) of $11.6 billion.
- Full year ordinary dividend of $6.5 billion, a 60% payout: nine-year track record at top end of payout range

* On a Free on Board (FOB) basis.

Year ended 31 December	2024	2023	Chan
Net cash generated from operating activities (US$ millions)	15,599	15,160	3%
Purchases of property, plant and equipment and intangible assets (US$ millions)	9,621	7,086	36%
Free cash flow[1] (US$ millions)	5,553	7,657	(27)%
Consolidated sales revenue (US$ millions)	53,658	54,041	(1)%
Underlying EBITDA[1] (US$ millions)	23,314	23,892	(2)%
Profit after tax attributable to owners of Rio Tinto (net earnings) (US$ millions)	11,552	10,058	15%
Underlying earnings per share (EPS)[1] (US cents)	669.5	725.0	(8)%
Ordinary dividend per share (US cents)	402.0	435.0	(8)%
Underlying return on capital employed (ROCE)[1]	18%	20%	
	At 31 Dec 2024	At 31 Dec 2023	
Net debt[1] (US$ millions)	5,491	4,231	30%

[1] This financial performance indicator is a non-IFRS (as defined below) measure which is reconciled to directly comparable IFRS financial measures (non-IFRS measures). It is used internally by management to assess the performance of the business and is therefore considered relevant to readers of this document. It is presented here to g more clarity around the underlying business performance of the Group's operations. For more information on our use o non-IFRS financial measures in this report, see the section entitled "Alternative performance measures" (APMs) and th detailed reconciliations on pages 37 to 46. Our financial results are prepared in accordance with IFRS - see page 32 fo further information.

Rio Tinto Chief Executive Jakob Stausholm said: "We continue to build on our momentum with another set of strong operational and financial results. With underlying EBITDA of $23.3 billion and operating cash flow of $15.6 billion, we are increasing our investments to underpin our plans for a decade of profitable growth. We are reporting underlying earnings of $10.9 billion, after taxes and government royalties of $8.2 billion, and a healthy return on capital employed of 18%.

"Our strong balance sheet enables us to pay a $6.5 billion ordinary dividend, maintaining our practice of a

60% payout, the ninth consecutive year at the top end of our payout range, as we continue to invest with discipline.

"We are excited as we head into 2025, with all the building blocks for an incredibly successful, diversified and growing business in place including the expected closing of the Arcadium acquisition in March. We will remain disciplined in the short, medium and long term, while paying attractive returns to shareholders."

Safety is our top priority. Tragically, there were 5 fatalities in our business in 2024. On 23 January 2024, a plane crashed shortly after takeoff near Fort Smith, Northwest Territories, Canada, resulting in the loss of 4 Diavik team members and 2 airline crew. On 26 October 2024, an employee of one of our contractors was injured at the SimFer Port Project in Morebaya, part of the Simandou project in Guinea, and subsequently passed away from his injuries.

Our team is committed to learning how we continuously improve safety. This remains imperative throughout 2025 and underpins our ability to deliver on our four objectives.

Prioritising the health of our people, our ore body knowledge and the health of our assets, we have improved our operational performance and delivered strong financial results. We have maintained our financial strength, which allows us to invest for the future to deliver profitable growth, while also continuing to pay attractive returns.

Continued successful delivery in 2024: accelerating growth in 2025 and beyond

As part of our focus on Best Operator, we aim to safely and sustainably realise the full value of our assets, through our Safe Production System (SPS). Our operational performance is improving: in 2024, we delivered over 1% production growth and a 3% increase in sales volumes, both on a copper equivalent basis (based on long-term consensus pricing), and by the end of the year we had commenced deployment of SPS at 31 (~80%) of our sites. Just one outcome of the program is the achievement of a 5 million tonne production uplift for Pilbara Iron Ore in 2024 for the second consecutive year.

In line with our Excel in Development objective, we are growing and diversifying our portfolio, as we build a pipeline for the future:

- at the Oyu Tolgoi copper-gold mine in Mongolia, we commissioned ventilation Shafts 3 and 4 and are commissioning the conveyor to surface, as the mine ramps up to 500 thousand tonnes[1] of copper per year from 2028 to 2036.
- at the Simandou iron ore project in Guinea, the SimFer mine[2] is on track to deliver first production at the mine gate in 2025, ramping up over 30 months to an annualised capacity of 60 million tonnes per year[3] (27 million tonnes per year Rio Tinto share).
- in the Pilbara, we advanced 5 replacement iron ore projects, including Western Range where first ore is on plan for the first half of 2025.
- we announced a definitive agreement to acquire Arcadium Lithium Plc in an all-cash transaction for $6.7 billion, establishing ourselves as a global leader in energy transition commodities. The transaction is expected to close in March 2025.
- we approved $2.5 billion to expand the Rincon project in Argentina, our first commercial scale lithium operation, to an annual capacity of 60,000 tonnes of battery grade lithium carbonate.

Aligned with striving for impeccable ESG credentials, the low-carbon transition continues to be at the heart of our strategy. In 2024, our Scope 1 and 2 emissions, on an equity basis, were 30.7Mt CO_2e (33.9Mt[4] adjusted emissions in 2023), 14% below our 2018 baseline of 35.7Mt CO_2e[4].

In 2024, we reduced our emissions by 3.2Mt CO_2e, primarily through new renewable energy contracts. We also made commitments to projects that are expected to deliver abatement of around 3.6Mt per year in 2030, mostly through renewable electricity and biofuels. Significant progress on the repowering of our Gladstone assets was made when we announced two major renewable Power Purchase Agreements in early 2024, one for solar and one for wind.

We are also supporting our customers and suppliers in reducing emissions from our value chain, particularly those from steelmaking. We continued to advance the development of BioIron™, an innovative ironmaking process. When combined with the use of renewable energy and fast-growing biomass, this has the potential to reduce CO_2 emissions by up to 95% compared with the current blast furnace method. We are investing $143 million to build a research and development facility in Western Australia, scheduled for commissioning in 2026, with a pilot plant 10 times larger than its predecessor.

For further detail, please refer to the climate section of our 2024 Annual Report released today.

In 2024, we strengthened our social performance capacity to become a better operator and partner. Together with Voconiq, a third-party engagement science research company, we launched our global Community Perception Monitoring program, Local Voices. The program will help us to engage more effectively and better understand communities' perceptions, leading to improved data-driven decisions.

In 2024, we completed one of the final recommendations of the Everyday Respect report; publishing an independent progress review conducted by Elizabeth Broderick & Co. Change is happening: one of the findings indicates people are more empowered to speak up and Everyday Respect is now widely considered a normal conversation within the company, which is a critical step for culture change.

Developing our talent and diversity, we increased gender diversity to 25.2% (from 24.3% in 2023). The increases were distributed across all levels of the organisation with female senior leaders increasing to 32% (from 30.1% in 2023).

Footnotes

1. The 500 thousand tonne per year copper production target (stated as recoverable metal) for the Oyu Tolgoi underground and open pit mines for the years 2028 to 2036 was previously reported in a release to the Australian Securities Exchange (ASX) dated 11 July 2023 "Investor site visit to Oyu Tolgoi copper mine, Mongolia". All material assumptions underpinning that production target continue to apply and have not materially changed.
2. SimFer Jersey Limited is a joint venture between the Rio Tinto Group (53%) and Chalco Iron Ore Holdings Ltd (CIOH) (47%), a Chinalco-led joint venture of leading Chinese SOEs (Chinalco (75%), Baowu (20%), China Rail Construction Corporation (2.5%) and China Harbour Engineering Company (2.5%)). SimFer S.A. is the holder of the mining concession covering Simandou Blocks 3 & 4, and is owned by the Guinean State (15%) and SimFer Jersey Limited (85%). SimFer Infraco Guinée S.A. will deliver SimFer's scope of the co-developed rail and port infrastructure, and is co-owned by SimFer Jersey (85%) and the Guinean State (15%). SimFer Jersey will ultimately own 42.5% of Compagnie du Transguinéen, which will own and operate the co-developed infrastructure during operations.
3. The estimated annualised capacity of approximately 60 million dry tonnes per annum iron ore for the Simandou life of mine schedule was previously reported in a release to the ASX dated 6 December 2023 titled "Investor Seminar 2023". Rio Tinto confirms that all material assumptions underpinning that production target and those production profiles continue to apply and have not materially changed.
4. We have adjusted our 2018 baseline and 2023 emissions to exclude emissions reductions achieved by divesting assets and allow increases associated with acquisitions. In 2023, we restated prior year emissions numbers and our 2018 baseline following an update to our GHG reporting methodology. Further detail on these changes in reporting is available in our Scope 1, 2 and 3 Emissions Calculation Methodology.

The 2024 full year results release is available here

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

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Classification: 3.1 Additional regulated information required to be disclosed under the laws of a Member State

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