Rio Tinto delivers underlying EBITDA of $26.3 billion and total dividends of 492 US cents per share

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Rio Tinto Chief Executive Jakob Stausholm said: "We are building a stronger Rio Tinto and delivering against our four objectives. Our operational performance has improved, as evidenced by a number of second half records being set at our Pilbara iron ore mine and rail system. We are also investing for the future, doubling our stake in the Oyu Tolgoi copper-gold project in Mongolia through the acquisition of Turquoise Hill Resources, progressing the Rincon Lithium Project in Argentina and reaching milestone agreements that underpin the long-term success of our Pilbara iron ore business.

"We continue to focus on making lasting change to strengthen our workplace culture and to building better relationships with Indigenous peoples, communities and other partners. At all times we will seek to find better ways, in line with our purpose. We clearly have more to do but I am encouraged by the progress we are making.

"Despite challenging market conditions, we remain resilient because of the quality of our assets, our great people and the strength of our balance sheet. That is why we delivered strong financial results with underlying EBITDA of $26.3 billion, free cash flow of $9.0 billion and underlying earnings of $13.3 billion, after taxes and government royalties of $8.4 billion. This enables us to continue to invest in strengthening the business while also paying a total dividend of $8.0 billion, a 60% payout, in line with our policy.

"The uplift in our operational performance, strengthening of external relationships and investment in the long-term strength of the business ensure we will be able to continue to pay attractive dividends and invest in sustaining and growing our portfolio, while contributing to society's drive to net zero."

At year end	2022	2021	2020	Change vs 2021	Chan vs 20
Net cash generated from operating activities (US$ millions)	16,134	25,345	15,875	(36)%	2%
Purchases of property, plant and equipment and intangible assets (US$ millions)	6,750	7,384	6,189	(9)%	9%
Free cash flow[1] (US$ millions)	9,010	17,664	9,407	(49)%	(4)%
Consolidated sales revenue (US$ millions)	55,554	63,495	44,611	(13)%	25%
Underlying EBITDA[1] (US$ millions)	26,272	37,720	23,902	(30)%	10%
Profit after tax attributable to owners of Rio Tinto (net earnings) (US$ millions)	12,420	21,094	9,769	(41)%	27%
Underlying earnings per share (EPS)[1] (US cents)	819.6	1,321.1	769.6	(38)%	6%
Ordinary dividend per share (US cents)	492.0	793.0	464.0	(38)%	6%
Special dividend per share (US cents)	-	247.0	93.0	(100)%	(100)
Total dividend per share (US cents)	492.0	1,040.0	557.0	(53)%	(12)%
Net (debt)/cash[1] (US$ millions)	(4,188)	1,576	(664)		
Underlying return on capital employed (ROCE)[1]	25%	44%	27%		

[1] This financial performance indicator is a non-IFRS (as defined below) alternative performance measure (APM). 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 give more clarity around the underlying business performance of the Group's operations. APMs are reconciled to directly comparable IFRS financial measures on pages 68 to 77. Our financial results are prepared in accordance with IFRS - see page 35 for further information. Footnotes are set out in fu on page 17.

- We are committed to having a safe work environment, preventing catastrophic events and reducing injuries. We had a fourth year in a row of zero fatalities and our all-injury frequency rate has remained stable at 0.40. We continue to implement our safety maturity model which, as our blueprint for safety, describes the systems and behaviours we apply to create a strong safety culture.

Solid financial results in 2022, set against a context of record prices in 2021

- $16.1 billion net cash generated from operating activities, 36% lower than 2021. This included items of a non-recurring nature which were not representative of the underlying strength of the performance of the business, which, in aggregate, reduced operating cash flow by around $2 billion. See page 7 for more detail. Free cash flow[1] of $9.0 billion included capital expenditure of $6.8 billion, which decreased 9% as we commissioned our current programme of Pilbara replacement projects, notably Gudai-Darri.
- $12.4 billion of net earnings, 41% lower than 2021, reflected the movement in commodity prices, the impact of higher energy and raw materials prices on our operations, and higher rates of inflation on our operating costs and closure liabilities. Effective tax rate on net earnings of 30.9% compared with 27.7% in 2021, with the increase being primarily due to the $0.8 billion write down of deferred tax assets in the US.
- $26.3 billion underlying EBITDA[1] was 30% below 2021, with an underlying EBITDA margin[1] of 45%.
- $13.3 billion underlying earnings[1] (underlying EPS[1] of 819.6 US cents) were 38% below 2021.
- $4.2 billion of net debt[1] at year end, compared with net cash[1] of $1.6 billion at the start of the year, primarily reflected the free cash flow[1] of $9.0 billion, offset by $11.7 billion of cash returns to shareholders and $3.8 billion for the acquisitions of Turquoise Hill Resources (TRQ)[2] and Rincon Lithium Project.
- $8.0 billion full-year dividend, equivalent to 492 US cents per share. This represents 60% of underlying earnings, in line with our shareholder returns policy.

Delivering on our strategy

- We have put climate change and the low-carbon transition at the heart of our strategy. We are decarbonising our assets; helping our customers decarbonise by developing new products and technologies; and growing in materials enabling the energy transition. We will deliver our strategy through four clear objectives, which guide how we operate. Progressing our strategy and four objectives will ensure that we provide the materials the world needs while maximising shareholder returns and strengthening our position as a partner of choice for our customers and other key stakeholders.
- We continue our work on social licence to restore trust and rebuild relationships, particularly with Indigenous peoples, with an absolute determination to achieve impeccable ESG credentials:
- We are implementing all recommendations from the comprehensive external review of our workplace culture published in February to ensure that everyone at Rio Tinto has a safe, respectful and inclusive workplace. Some immediate actions include training 91% of more than 7,000 leaders in 2022 in the foundations of building psychological safety, exceeding our target of 80%.
- We increased our gender diversity by 1.4 percentage points to 22.9%, but fell short of our target to raise female representation by two percentage points. The increases were distributed across all levels of the organisation with female senior leaders increasing from 27.4% to 28.3%. We have also increased the number of Indigenous leaders in our workforce to 46 (November 2020: 6), through internal promotion and recruitment.

- In October, we published our second Communities & Social Performance (CSP) progress report on actions addressing the 2020 Board Review of Cultural Heritage Management. It includes direct feedback from the Pilbara Traditional Owners and details the actions the company has taken to rebuild relationships with Indigenous peoples and external stakeholders. We are moving to a model of co-management of Country in our Pilbara iron ore business, and we are updating agreements with Indigenous peoples. In May, we signed a Heads of Agreement with the Puutu Kunti Kurrama and Pinikura (PKKP) people which will guide the co-management of Puutu Kunti Kurrama and Pinikura country where mining takes place. In November, we agreed with the PKKP Aboriginal Corporation to create the Juukan Gorge Legacy Foundation as part of a remedy agreement relating to the destruction of the rock shelters at Juukan Gorge in May 2020. We also signed an updated agreement with Yindjibarndi Aboriginal Corporation in Western Australia in November and signed the first agreement with the Pekuakamiulnuatsh First Nation in Quebec in December.

- To achieve our objective of becoming the best operator, we continue to roll out the Safe Production System (SPS). We achieved our SPS deployment target for 2022 with 30 deployments across 16 sites, which resulted in improved performance at those sites. Roll-outs are ongoing to continuously improve safety, strengthen employee engagement and sustainably lift operational performance across our global portfolio.

- We made significant progress with our objective to excel in development with the following key milestones in the year:

- We delivered first ore from Gudai-Darri, our first greenfield iron ore mine in the Pilbara in more than a decade. The ramp-up continues to progress as planned, with the 43 million tonne per year capacity expected to be reached on a sustained basis during 2023.

- We agreed to enter a joint venture with China Baowu Steel Group Co. Ltd with respect to the Western Range iron ore project in the Pilbara, investing $2 billion ($1.3 billion Rio Tinto share[3]) to develop the 25 million tonne per year capacity project. We have received all primary environmental and Australian Government approvals, while Chinese regulatory approvals continue to progress as planned. The joint venture is anticipated to commence in March, once the operational elements of the JV are in place. Rio Tinto commenced early works site mobilisation and awarded major contracts.

- We agreed, together with Wright Prospecting Pty Ltd, to modernise the joint venture covering the Rhodes Ridge project in the East Pilbara. The participants have commenced an Order of Magnitude study which will consider development of an operation before the end of the decade with initial plant capacity of up to 40 million tonnes annually, subject to receipt of relevant approvals.

- We fired 19 drawbells in 2022 from the Hugo North copper-gold underground mine at Oyu Tolgoi in Mongolia. Drawbell progression accelerated as a result of improvement initiatives, bringing projected first sustainable production from Panel 0 forward to the first quarter of 2023. This followed the comprehensive agreement announced on 25 January 2022, which reset the relationship between partners and resulted in the start of underground operations.

- We completed the purchase of non-controlling interests in TRQ for $3.1 billion[2], simplifying ownership of the Oyu Tolgoi mine, significantly strengthening our copper portfolio and demonstrating our long-term commitment to the project and to Mongolia.

- Following completion of the $825 million Rincon acquisition, the Board approved $194 million to develop a small starter battery-grade lithium carbonate plant with a capacity of 3,000 tonnes per year. The investment includes early works to support a full-scale operation. Construction activities progressed on phase one camp facilities with rooms for 250 persons completed. Airstrip permits were received and contractors mobilised. First saleable production is expected in the first half of 2024.

- We increased our exploration and evaluation spend by 24% to $897 million in 2022, as we ramped up our activities in Guinea, Argentina and Australia.

The 2022 full year results release is available here.

Footnotes

1. This financial performance indicator is a non-IFRS (as defined below) alternative performance measure (APM). 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 give more clarity around the

underlying business performance of the Group's operations. APMs are reconciled to directly comparable International Financial Reporting Standards (IFRS) financial measures on pages 68 to 77. Our financial results are prepared in accordance with IFRS - see page 35 for further information.

2. Total consideration of $3,139 million for the minority interest in TRQ excludes transaction costs of $74 million. In 2022, we paid $2,928 million to shareholders and $33 million of transaction costs. In 2023, we expect to pay the remaining $41 million of transaction costs and approximately $211 million to dissenting shareholders, depending on the outcome and timing of dissent proceedings.

3. Rio Tinto share includes 100% of funding costs for Paraburdoo plant upgrades.

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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