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HD **A $4.4bn result keeps it Rio**

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MINING titan Rio Tinto has delivered a robust result, more than doubling its first-half net profit on the back of record **iron ore** shipments and a deep cost-cutting program.

The resources giant posted a profit of $US4.4 **billion**. It also lifted underlying earnings before interest, tax, depreciation and amortisation by 21 per cent to $US5.1 **billion**, boosted by stronger returns from its aluminium and **copper** divisions.

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The profit spikes came despite a dip in group revenue, down 0.7 per cent to $US24.3 **billion**. Rio chief Sam Walsh said the **company** was reaping the rewards of a major cost-cutting drive, having cut net debt to $US16.1 **billion** – a reduction of $US6 **billion** compared with the same time last year. It also cut capital expenditure by 48 per cent to $US3.6 **billion**.

“We’ve delivered on what we’ve promised . . . against a backdrop of considerable market uncertainty,” Mr Walsh said. “ We’ve emerged a simpler, much more focused and leaner business.” Rio’s ramp up in **iron**-**ore** volumes to an annualised 290 metric tonnes in May and its low-cost production model were helping it combat the steep drop in the price of the key steelmaking ingredient, off more than 30 per cent since the start of the year.

He said **China**, the biggest buyer of Australian **iron ore**, was seeking to reduce pollution levels and pursuing the highest-quality grade on the market, putting Rio in the box seat.

“**China**’s going upmarket in the quality of their **iron**-**ore** blend as it reduces the amount of slag it produces and improves pollution output from factories, hence the price discounting you’re seeing from the junior **iron**-**ore** producers,” Mr Walsh said.

He said Rio, which shed 2200 jobs in the half, had no immediate merger and **acquisition** targets and would pursue “only the highest calibre opportunities”. Mr Walsh also backed the rock-bottom $50 **million sale** last month of the group’s failed Mozambique **coal** assets bought in 2011 as part of its ill-fated $4 **billion** takeover of Riversdale **Mining**.

“We’d been working hard to turn the business around, but the best option was to close the book and move on,” he said, adding negotiations were ongoing over the phase two development of its $12.3 **billion** joint venture Oyu Tolgoi **copper** and **gold** mine in Mongolia.

He was hopeful of a resolution ahead of September’s funding deadline. While **iron**- **ore** returns were up marginally, Rio lifted earnings in its **copper** division by 31 per cent for the half thanks to improved grades at its Utah **copper** mine.

It also gained a welcome 26 per cent boost in its aluminium arm, which has been a perennial underperformer. Despite analysts expecting a slightly stronger result, Rio’s focus on volumes more than offset the impact of weaker commodity prices, especially in **iron ore**, its core product.

“It’s a world-class result,” IG Markets’ Evan Lucas said.

The miner also issued an interim fully franked dividend of US96c a share, up from US83.5c in the previous corresponding half.Rio shares had earlier closed up 50c to $66.32 in a likely anticipation of strong numbers.

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