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HD **Rio rakes it in**
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RESOURCES **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 late yesterday posted a net profit of \$US4.4 **billion** (\$4.75 **billion**) for the six months to June, up from \$US1.7 **billion** a year earlier.

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It has 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.

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 dramatically reduced its capital investment, by 48 per cent to \$US3.6 **billion**.

"We've delivered on what we've promised ... against a backdrop of considerable market uncertainty. We've emerged a simpler, much more focused and leaner business," Mr Walsh said.

Rio's ramp-up in **iron ore** output to a rate of 290 tonnes a year and its low-cost production model were helping it combat the steep drop in the price of the key steelmaking ingredient, he said.

The **iron ore** price has tumbled more than 30 per cent since the start of the year. Mr Walsh said **China**, the biggest buyer of Australian **iron ore**, was seeking to reduce its pollution and pursuing the highest-quality grade available, putting Rio in the box seat.

CONTINUED PAGE 52 FROM PAGE 51 "**China**'s going up-market in the quality of their **iron ore** blend as it reduces the amount of slag (residue) it produces and improves pollution output from their factories, hence the price discounting you're seeing from the junior **iron ore** producers," he said.

Rio, which shed 2200 jobs in the half, had no immediate takeover targets and would pursue "only the highest calibre opportunities", Mr Walsh said. He defended the rock-bottom \$US50 **million sale** last month of the group's failed Mozambique **coal** assets bought in 2011 as part of its ill-fated \$US4 **billion** takeover of Riversdale **Mining**.

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's a world-class result. Rio's now in a position where they may almost be able to insulate themselves to the price pressures around the globe," IG Markets analyst Evan Lucas said.

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First-half results (\$US) REVENUE \$24.3bn [down] 0.7% NET PROFIT \$4.4bn [up] 256% EPS 238.2¢
[up] 256% INTERIM DIVIDEND 96¢ [up] 12.5¢ SHARE PRICE (YESTERDAY \$A) \$66.32 [up] 0.8%

CO rtz : Rio Tinto PLC | rtzcra : Rio Tinto Group | craaus : Rio Tinto Ltd

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