Rio Tinto

2026 Half Year Results: Q&A - Australia

29 July 2026

Rachel Arellano (Head of Investor Relations): Okay, so now we have around 45 minutes for Q&A. I please ask you to limit yourself to one question and one follow-up. There'll be plenty of time to get through it. Please remember to state your name as you begin. We will start with two here from the audience and then we'll go to those online.

Paul Young (Goldman Sachs): Simon and Peter, well done on driving the productivity gains in the half. I commend you for that. Can we just talk about the gap between the $870 million you've exited at the end of June and the $1.8 billion, the increase there? There's obviously three buckets here. There's OpEx, there's CapEx, there's some productivity-related cost out as well. So of that $1 billion increase, how do we actually think about the breakdown of that $1 billion increase?

Simon Trott (CEO): So it's important to distinguish between banked and the run rate and so in some businesses where we've got a run rate, we've got to see some of those benefits come through and there's obviously some transition costs as we make the changes that we need to our business. But on the breakdown, do you want to talk to that, Pete?

Peter Cunningham (CFO): Yes, I mean, Paul, on the slide on our waterfall, we set out that breakdown between costs and volume there. The cost was about $530 million and then the volume was the rest. I mean, this year I'd expect a very similar breakdown for the full year as we bring that through, but it is very dependent. I mean, this is bottom up and being driven by the business, so it will change, but that broad profile will continue.

Paul Young: Okay, great. Can I ask a question on the aluminium business? I know we've got Jerome here. Really it's around how the aluminium – what the strategy is and how it fits into the $5 billion to $10 billion of monetisation of non-core assets. I mean, just to talk through aluminium, the strategy really has been growing the bauxite business, growing – improving margins in Canada. You've got eight smelters in Canada, you've got six outside of Canada, we could actually be adding two more, one in Brazil and potentially one in Finland, if that decision gets made next year.

Arguably, some of your smelters are now more valuable, like Sohar in Oman, et cetera, but the aluminium business is fragmented. It doesn't seem to come up a lot in conversations around the focus on streamlining this business. So I'm just wondering where it fits in as far as simplification and that strategy, considering that it appears you're looking to grow the business.

Simon Trott: So as I moved into the role, we had a bit of a step back and really looked across our full business and the commodities we want to be in and you've seen us simplify the business down to the three product groups and the four commodities. We chose those commodities because we see those as the strongest in terms of growth going forward and reflecting our own position in those assets. So we've got the best aluminium assets, in our view, in the industry. We've got a list there of ways that we're looking to improve those businesses, improve the cost position of those businesses, as well as Jerome and his team driving performance within the existing business as example on the slide today.

I would say and earlier this year, the whole of ExCo went out around the different operations around the world and did a Kaizen and we spent a week in the operations, rolling up our sleeves, really to underline the importance that we focus. I spent my week with Jerome in the aluminium business and just the system they have embedded for that continuous operational improvement, applying some of that elsewhere in the Group is really liberating some advantages.

So we've got a great position across bauxite, alumina and aluminium. The question for us, and as you can see from the notes, how do we further strengthen that and build on it, given particularly the cap in China and you're seeing some of that smelter capacity start to be built elsewhere.

James Redfern (RBC): Hi Simon and Peter. The first question is just on the Resolution Copper project. Can you please provide an update on that and what the next steps are for the project and catalyst that we should be looking for? Thank you.

Simon Trott: So the next step for Resolution is drilling out the ore body and so we've got rigs on site, we should be intersecting the ore body shortly. That's the next phase of that project, is to really characterise the ore body. That'll allow us then to make decisions around what the development path for that looks like. We needed to get the land exchange to be able to get on the ground and do that work – and particularly learning from OT. We've got to make sure that we really understand the ore body characterisation geotech to make the decisions we need on that project. So that's the thing to watch for as we move through that phase of the study.

James Redfern: My follow-up question is just on the potential $5 billion to $10 billion of asset divestments. Any comment you can make on that, please?

Simon Trott: No, progressing. I mean, you've seen really strong cash generation today. The balance sheet is in good place and probably refer to my comments around capital discipline and efficiency, the divestment program, $5 billion to $10 billion, tracking. We'll make decisions about that and make sure that we get full value. So targeting $5 billion of announcements this year as part of that broader program.

Lachlan Shaw (UBS): Yes, morning, Simon and team, thanks very much and congratulations on a strong first half. I just wanted to start in the Pilbara. So just with the replacement mines, obviously, they're progressing, on track for first tonnes next year, how should we think about that in terms of characterising impact on the portfolio Fe grade? I'll come back with my second question.

Simon Trott: So the replacement projects, probably similar to the material we've got available to us at this point, Lachlan. The change in the Pilbara is really as we get into Rhodes Ridge. Obviously, Rhodes Ridge, significant ore body, as I've said a few times before, we'd love to be in it, mining it today, but in some ways better ahead of us than behind. So as we get into Rhodes Ridge, that's where some of that better grade material is.

Now, probably related to your question, the changes we made to product strategy is putting the business in a much stronger position in terms of the flows through that business being able to stabilise and you can see that in the Pilbara unit costs in terms of the work Matt and the team have been able to do.

Lachlan Shaw: Yes great, thank you. Look, sort of related and I guess this ties into the really good work you're doing on productivity, but obviously operating conditions in the Pilbara now are undergoing a little bit of change, first time in 30-odd years we've got incremental unionisation coming into more and more sites. How do you think about this, Simon, in terms of your business, the potential to impact operations and how should we think about the ability for you to manage that and mitigate some of these forces on a short/medium-term basis?

Simon Trott: In Australia, and in any jurisdiction we operate around the world, we obviously operate in accordance with the local terms and conditions. Our focus has been and continues to be how do we best work together with our employees to make sure that we have the conditions, safe, respectful workplaces, really listening to what people need in their day-to-day job to do those jobs better. So that's delivered for us in the past, I think it's delivered for our business, it's delivered for our employees, it's delivered for the broader community around us and that remains our focus, Lachlan, and we'll need to work through that in the years ahead. But that remains the focus of Matt and the team and Jerome and the team on this side.

Baden Moore (CLSA): A few updates in recent weeks around section 232 tariffs in the US, I was interested in how you're thinking about investment into the Ali sector off the back of that, how does it change your view on that market? Is it moving the dial at all? Or what would you need to see to be increasing investment into smelter capacity in the US? Thanks.

Simon Trott: So if I take a comment on trade policy more generally, I mean, you have seen over the last few years increase in terms of trade policy and the effects on flows, across aluminium and across the commodity complex. We need to be good at navigating that because that's likely to continue.

In the aluminium business specifically, I think Jerome, working together with Commercial, has done a fantastic job in terms of being able to move flows around to respond to policy changes and so the impact on the business has been relatively modest, but we're certainly mindful of it as we look ahead and really needing to be able to respond nimbly to those changes to maximise the benefits and supply the customers that we need.

So as we look forward to aluminium through to 2035, we see aluminium growing really strongly. I talked about some of the trends today and so it's a great industry to be in; we need to make sure that we're set up to manage in the right way.

Lyndon Fagan (J.P. Morgan): Simon, just wanted to touch on iron ore. So obviously very well run under your management quite recently and now we've found an extra $400 million of productivity gains. So I guess I'd just like to unpack what exactly that is. That's my first one.

Simon Trott: As I've outlined earlier, across the portfolio, I mean this is more than 80 initiatives, but really at its heart, what it is, is making sure that people on the front line have the tools, the systems that they need and that accountability really sits at the front line to make better decisions. I'm sure iron ore is better run today and isn't that a good thing – and we're making other changes to the business to really empower and liberate the front line.

So those system flows I talked about in the Pilbara, that's really looking from mine all the way through to port; how do we maximise the efficiency of those system flows. You saw iron ore have one of its best halves and there's no surprise in that because the two are completely correlated.

So I think Matt [Holcz] and the team have managed to park up something like 80 pieces of kit that we don't need to operate, which obviously flows through to safety, it flows through to cost savings as well. But is an example of when you get your system flows more consistent and stronger, actually you can liberate some capacity. Part of the savings I outlined today is about stopping redundant plant as we choke feed the other plants.

Lyndon Fagan: Thanks. Next one I had was on Kennecott, so obviously officially ends in 2032, but work well underway on a life extension. Just wondering what is needed to FID that project and whether you can share some more details about what it looks like beyond 2032.

Simon Trott: So, progressing at pace, we're well into that work and so that decision will be coming in the not-too-distant future and extends it out into the 2040s, so looking very promising. We've got a bit more work to go in terms of what the co-commitments around that look like. Obviously, the de-weighting of the wall and the geotech associated is also supporting what that looks like moving forward.

Kate McCutcheon (Bank of America): In the results we had the new disclosure around the tax dispute in Mongolia from the prior years and I think we're now up to about $900 million if we put everything together. How do we think about this moving forward? Obviously optically that's not a great place to be, are there any more decision points to work through or anything you can talk to there?

Simon Trott: Some of the changes you've seen us announce around Mongolia were embedded as part of that investment decision, looking at the shareholder loan got revisited periodically. I think the thing to take away from it, we continue to engage closely with the Mongolian Government and we'll continue to resolve things that need to be resolved as part of that project. So really happy with the way that project continues to ramp up. It's going to be a fantastic asset for us for many, many decades and we need to make sure that we have strong community support, including with the Mongolian Government and so we'll continue those discussions as we go forward.

Peter Cunningham: Kate, clearly on tax, there's a formal arbitration process there to solve it, so that is moving forward through that formal process.

Glyn Lawcock (Barrenjoey): Simon, Peter, I'm pretty sure you chose your words pretty carefully today. Simon, you said, significantly more to come post the end of this decade on the $1.8 billion cost out and then Peter said you've got real momentum. Can you maybe try and give us a little bit more insight into what lies beyond ‘26? I know you've got the 3% volume growth, 4% unit cost reduction, but can you help us think about where this journey gets us to? I know you've reluctantly been unwilling to give some numbers.

Simon Trott: There's a plethora of numbers today, Glyn and I do always try and choose words carefully. I think you've got to go back to what we're talking about. I mean, as I've tried to articulate today, this isn't just about squeezing budgets or cutting work that we need to do and that is top of mind; we've thought carefully about programs in the past which have done good things, but also sometimes we've stopped doing work that we needed to do for the business and asset management is one that pulls to mind of some of that capital spend.

So what we've got to do is drive the culture of continuous improvement and then find ways of embedding that so it's codified and systemised. That's why we're talking about the management operating system, because we see that as a way of really simplifying people's work, making sure it's really clear what are the requirements or the distinctive characteristics, how do we run businesses within Rio. That's the work that we've been doing and seeing huge benefits from that. We need to embed that in each and every business.

So the run rate you've seen today, we're really confident of through this year. You've seen the money we've already banked. I say there's significantly more to go because sitting behind these numbers is all the projects that are flowing through, some of which you can see in the numbers, some of which are going to flow through in the years ahead. So this isn't a six-month or a 12-month project, this is a change in the way that we do our work.

Glyn Lawcock: Nice sidestep, Simon.

Simon Trott: Thank you, carefully chosen words.

Glyn Lawcock: But $1.2 billion this year versus last year is the target at the end then, so can that momentum be sustained, like real momentum to Peter's words, another $1.2 billion the following year, or does it start to get harder?

Simon Trott: Look, the program will mature and so inevitably you start with some of the decisions in front of you. I think, for us, there's two bits. There is maintaining the momentum on the increase but also making sure that we sustain and maintain it going forward because if you embed it in the way people work and you embed it in the culture, then I've no doubt that our people – and we've got fantastic people across the business – they'll find better ways of doing things. We just need to take the barriers out of the way to allow our people to do it.

Rahul Anand (Morgan Stanley: So I just want to go back perhaps to the copper business. So obviously Lyndon talked to you a bit about Kennecott. Beyond 2030, Kennecott becomes increasingly important to extend, mainly to have good copper momentum, so I guess my question is in two parts. Firstly, you've had a bit of unpredictability at the asset and Apex is the next one that comes up beyond 2030. So in that development, how can you de-risk that to make sure that you have much more predictable production profile? Smelter perhaps needs a bit of work there as well in terms of predictability.

But then, I guess the second part of the question is, are there brownfield opportunities that the market doesn't see within the portfolio for copper or beyond Resolution absolutely, because that’s not brownfield, or do you need to solidify that by doing inorganic moves to have a clearer path beyond 2030 in terms of your growth?

Simon Trott: So the great things about Tier 1 assets is the optionality they provide and it's true in copper and hence we've got the million tonnes by 2030, really building off the ramp-up at OT, 40 per cent to 50 per cent production growth at KUC. In terms of KUC and I want to start by talking about safety, obviously a fatality there earlier in the year, significant impact on the business and the team and really a moment in that business to reflect on where we were and what we needed to do to make sure that that business operates safely.

I think the team’s responded well, seeing that in underlying performance and they need to build on that as we look forward to some of the decisions coming at us in the near term like the Apex extension of life. As I said, that will take it out to 2040, amazing ore body, we'll certainly look and continue to look for ways we can supplement that. Obviously, the underground project as well is progressing. It is a real strategic card for us having a smelter in the US, one of only two in the US and so thinking about ways that we best monetise that.

Rahul Anand: In terms of the other brownfield opportunities within any other assets that you'd like to call out, does OT have perhaps flexibility in the mine plan that helps you bring forward a bit of copper from later years? Or is there anything you'd like to highlight beyond inorganic opportunities?

Simon Trott: No, I mean the focus for OT needs to fairly and squarely be on continuing that ramp up. It's that singular focus and I've talked about some of the examples today on harnessing data to drive drawbell development. That's flowing through in terms of the ramp-up and so that's where the team's primary focus is. We're obviously looking beyond that in terms of what that next sequence of developments looks like.

Lyndon Fagan: Just back to Resolution, to what extent do you think you'd have to build a smelter as part of that project, given the current Administration's focus?

Simon Trott: So that's one of the things we'll assess as part of the study. We expect that material to be processed in the US. Clearly smelter builds is one of the things we'll consider as part of the assessment of that project. We've got the KUC smelter as well and so that's all ahead of us in terms of making a decision on which path to take.

Rachel Arellano: Any final question here in the room? Okay then, thank you all for joining us today. For those online, we conclude our time with you now and for those here in Sydney, I welcome you back to the room where you entered for light refreshments with us today. Thank you again and with that we conclude the presentation. Thank you.

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