



Rio Tinto's delivery of superior shareholder returns underpinned by \$5 billion productivity drive



Rio Tinto reinforced its focus on delivering superior cash returns for shareholders over the short, medium and long term as it unveiled key features of its drive to generate \$5 billion of additional free cash flow over the next five years.

In a presentation to investors at a seminar in Sydney, Rio Tinto demonstrated how it leads the sector in delivering cash returns to shareholders, returning 40 per cent of cash generated to shareholders in the first half of 2017 – representing about half of all the returns by the top miners.

Rio Tinto also reiterated an unwavering focus on safety and cash generation and provided for the first time a detailed review of how it will drive further productivity across its portfolio,

from mine through to market.

Reaffirming its successful value-over-volume strategy built on world-class assets, a strong balance sheet, disciplined capital allocation and operational excellence, Rio Tinto said its portfolio of high-quality products had a strategic competitive advantage in commodities that are playing a key role in global urbanisation. Providing customers with the quality products that are in high demand in key markets secures a premium and positions Rio Tinto to continue to outperform its peers.

Rio Tinto chief executive J-S Jacques said “All the evidence shows that our value-over-volume strategy is working: delivering superior cash returns for our shareholders, including \$8.2 billion announced in 2017. We returned to shareholders 40 cents in every dollar of cash generated by the business in the first half.

“Looking ahead, the \$5 billion productivity programme will help drive value over the next five years. With our top-tier assets producing quality low-cost products in high demand, a strong growth pipeline and the best balance sheet in the industry, we have a strong platform for future growth. Our Group

target of \$1.5 billion of annual additional free cash flow from 2021 will ensure we can continue to lead the pack in delivering superior cash returns to our shareholders.”

Rio Tinto also provided an update on how it plans to keep growing its business, including significant brownfield, high-return growth, replacement and productivity improvement opportunities. Options under consideration include the Koodaideri project in the Pilbara, brownfield Aluminium options in Canada, the Resolution copper project in the US and the Jadar lithium project in Serbia. These projects will build on recent investments in high-quality growth projects – Silvergrass (iron ore in Western Australia), Amrun (bauxite in Queensland) and OyuTolgoi (copper and gold in Mongolia) – that will deliver internal rates of return of more than 20 per cent.

Industry fundamentals remain sound, supported by a healthy global economic outlook. While Rio Tinto remains optimistic about China in the medium to long term, there could be a slowdown over the next six months, with a weakening in construction, infrastructure and automotive demand growth during that period.

New casting format, new oscillation drive technology

Cia Española de Laminación S.L. (CELSA) Barcelona, Spain, has awarded SMS Concast, a company of SMS group the order for the upgrade of their existing beam blank caster. The six-strand machine, built by Concast in 2000, casts billet, bloom and beam blank sections of various sizes. It was originally designed for a nominal capacity of more than 1,000,000 tons per year, provided with a prepared seventh strand and the possibility to increase production accordingly.

Against the backdrop of new market requirements, the seventh strand is now going to be equipped with the CONDRIVE oscillation drive for beam blanks and the primary water cooling



plant will be upgraded.

CELSA chose to install a new generation of mold oscillation mechanism: the CONDRIVE electrical direct drive, which is part of SMS Concast's Industrie 4.0 portfolio. The CONDRIVE technology is based on the principle of a direct servo drive motor. The system is virtually maintenance-free and provides excellent

precision in controlling the oscillation torque. Unlike other drive systems for oscillation (including hydraulic servo cylinders), the CONDRIVE combines simple design with online adjustment and monitoring of the oscillation curves.

The project schedule for the upgrade is very tight: the installation of the new equipment is planned to be completed by the end of 2018. CELSA plans to install the CONDRIVE on all other strands after a first trial period.

Mixed production, including beam blanks, at CELSA Barcelona.

The CONDRIVE is designed to be easily retrofit into existing billet, bloom or beam blank casters.