

Edgar Filing: RIO TINTO PLC - Form 425

RIO TINTO PLC  
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The following are slides comprising a presentation that was given by Alberto Calderon, Chief Commercial Officer, BHP Billiton on November 10, 2008.

Deutsche Bank Mining Conference  
Alberto Calderon  
Chief Commercial Officer  
10 November 2008

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Disclaimer

(continued)

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Information

Relating

to

the

US

Offer

for

Rio

Tinto

plc

Information

for

US

Holders

of

Rio

Tinto

Limited

Shares

Information

Relating

to

the

US

Offer

for

Rio

Tinto

plc

and

the

Rio  
Tinto  
Limited  
Offer  
for  
Rio  
Tinto  
shareholders  
located  
in  
the  
US

Slide 4

Agenda

Diversity delivers stability and strength

China and market economic update

Robust pipeline of assets

Update on the offer for Rio Tinto



Slide 5

Agenda

Diversity delivers stability and strength

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Slide 6

Our core strategy sets us apart in our industry

Focus on world-class assets that are large, low-cost  
and expandable

Focus on the extraction of upstream natural

resources

Portfolio diversified by commodity, customer and geography reducing the volatility of cash flows

Maintenance of a deep diversified inventory of growth options

Focus on export orientated products

Overriding commitment to ethics, safety, environmental practice and community engagement

Employer of choice, and a preferred partner for countries and customers

Simplicity

Accountability

Effectiveness

Slide 7

Diversity = stability and strength

Underlying EBIT Margin

(a)

(%)

0

10

- 20
  - 30
  - 40
  - 50
  - 60
  - 70
  - 80
  - H1
  - H2
  - H1
  - H2
  - H1
  - H2
  - H1
  - H2
  - H1
  - H2
  - H1
  - H2
  - H1
  - H2
  - Petroleum
  - Aluminium
  - Base Metals
  - D&SP
  - SSM
  - Iron Ore
  - Manganese
  - Met Coal
  - Energy Coal
  - BHP Billiton
  - FY2002
  - FY2003
  - FY2004
  - FY2005
  - FY2006
  - FY2007
  - FY2008
- (a) FY2002 to FY2005 are calculated under UKGAAP. Subsequent periods are calculated under IFRS.  
All periods exclude third party trading activities.

Slide 8  
Strong cash flow -  
delivering value to shareholders  
0  
2,000  
4,000  
6,000

8,000  
10,000  
12,000  
14,000  
16,000  
18,000  
20,000

H1

H2

0

1,500

3,000

4,500

6,000

7,500

9,000

Available Cash Flow

(US\$m)

Organic Growth

(a)

(US\$m)

Return

to

Shareholders

(b)

(US\$m)

Note:

FY2005

to

FY2008

have

been

calculated on the basis of the IFRS. Prior periods have been calculated on the basis of UKGAAP.

FY2007 and FY2008 cashflow reflects proportional consolidation of joint ventures.

(a)

Includes capital and exploration expenditures (exclude acquisitions).

(b)

Includes dividends paid and share buy-backs.

0

1,500

3,000

4,500

6,000

7,500

9,000

Slide 9

The portfolio effect -  
financial strength

Note:

Underlying EBITDA interest cover based on net interest.

33.6x

43.6x



49.4x

0

10,000

20,000

30,000

40,000

FY2006

FY2007

FY2008

0

10

20

30

40

50

60

Net Debt (US\$m)

Underlying EBITDA interest cover

Net Debt

(US\$m)

Underlying EBITDA / Interest Cover

Slide 10

Agenda

Diversity delivers stability and strength

China and market economic update

Robust pipeline of assets

Update on the offer for Rio Tinto

Slide 11  
China. Slowing, but still growing.

Growth deceleration to 9% in  
3Q08  
sixth consecutive quarter  
of slowing growth

Full year growth between 9 and 9.5% (growth would have to fall below 7% in 4Q08 to compromise this)

Growth will continue to slow in 1H09 before beginning weak recovery

IMF expect Chinese GDP for 2009 to be 8.5%

Gross domestic production (% growth, constant 2006 US\$)

-2

0

2

4

6

8

10

12

14

2007

2008

2009F

2010F

2011F

2012F

2013F

Source: IMF World Economic Indicators, October / November 2008

China

Emerging and developing economies

World

Advanced economies

Slide 12  
China macro environment

Inflation, margin squeeze, credit restrictions, &  
external slowdown have curbed growth since  
mid-2007

Olympic closures and security restrictions had marginal effect

Domestic consumption, investment, and infrastructure construction growth remain at near record highs

Macro indicators generally remain healthy though at micro level pockets of distress exist due to overcapacity, especially for marginal producers dependent on credit

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Slide 14

World class assets contribute volumes and returns through  
the cycle

Copper cash operating costs  
(US\$/t)

Iron ore cash operating costs  
(US\$/dmt)



Metallurgical coal FOB cash operating costs

(CY2007, US\$/t)

Oil and gas cash operating costs

(US\$/boe)

Average Canadian

cost position (all suppliers)

0

20

40

60

80

0

50

100

150

200

250

Volume (mt)

BMA/BMC/BHP Billiton operations

Note:

Iron ore

cash

operating

cost:

as

per

CRU

and

BHP

Billiton

analysis.

Metallurgical

coal

cash

operating

costs:

Copyright

Barlow

Jonker.

Not

to

be

used

in

any

third

party

documentation. Copper cash operating costs: as per CRU. Oil and gas cash operating costs: peer group includes Anadarko, A

Talisman and Woodside;

Source:

BHP Billiton, John C. Herold  
Inc and Annual Reports.

100  
200  
300  
400  
500  
600  
700  
800  
900  
1,000

0  
140  
120  
80  
40  
0

BHP Billiton WA Iron Ore Weighted  
Average Cost Delivered to Asia

2007

Delivered

2008

Delivered

Cumulative production (mt)

2005

2006

2007

1H08

0

5

10

15

20

25

Peers

Cumulative production (kt)

0

2,000

4,000

6,000

8,000

10,000

12,000

14,000

4,000

3,000

2,000

1,000

0

Slide 15

Strength to invest through the cycle

Strong balance sheet and cashflow provides  
ability to invest across the cycle

Investing in growth today does not deliver

immediate volume to the market. It can deliver future volume in to healthier markets

Focus remains on lower capital higher returning brownfield expansions of assets at the bottom end of the cost curve

Quality energy portfolio provides growth opportunity in high margin business

All projects need to meet hurdle rates of return based on long term prices, not near term volatility

% of growth CY2007-2012

(a)

(Estimated & unrisksed)

45%

37%

18%

Steelmaking

Materials

Energy

Non-Ferrous

Expected

production

growth

by

project

type

(a)(b)

(Copper equivalent tonnes, CY2007-CY2012)

Greenfield

Note:

(a)

Growth in production volumes on a copper equivalent units basis between CY2007 and CY2012 calculated using BHP Billiton Production volumes exclude BHP Billiton's Specialty Products operation and all bauxite production. All energy coal business only

tonnes

available

for

external

sale.

Conversion

of

production

forecasts

to

copper

equivalent

units

completed  
using  
long  
term  
consensus  
price  
forecasts,  
plus  
BHP Billiton  
assumptions  
for  
diamonds,  
domestic  
coal  
and  
manganese.

Prices  
as  
at  
July  
2008.

All  
periods  
exclude  
third  
party  
trading  
activities.

(b)

Brownfield includes growth from existing operations as at 31-Dec-2007, as well as expansions and additional developments of

87%

13%

Brownfield

Slide 16  
Strength  
to  
invest  
through  
the  
cycle

Spence  
a  
case  
Study

Having the ability to invest in commodity cycle downturns results in the ability to deliver future production in to more robust markets

The decision to invest in Spence was taken in October 2004 when the copper price was around \$1.50/lb

First production occurred in December 2006 (copper price at \$3.00/lb). Since then Spence has produced c254kt of copper at an average price of c\$3.35/lb

Copper price  
(US\$/lb)

0.00

0.50

1.00

1.50

2.00

2.50

3.00

3.50

4.00

4.50

Jan-96

Jun-97

Nov-98

Apr-00

Sep-01

Feb-03

Jul-04

Dec-05

May-07

Oct-08

Exploration and development work

Spence

discovered

Pre-feasibility

study completed

Feasibility study

complete &

Project Execution

First

Cathode

Slide 17

Agenda

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Keys to unlocking value

Optimising mineral basin positions and infrastructure

Lower cost, more efficient production

Unlocking volume through matching reserves with infrastructure

Enhanced platform for future growth

Deployment of scarce resources to highest value opportunities

Greater ability to develop the next generation of large scale projects in new geographies

Better positioned as partner of choice with governments and stakeholders

Efficient exploration and infrastructure development

Unique synergies and combination benefits

Economies of scale

especially procurement

Avoid duplication, reduce corporate and divisional non-operating costs

Accelerate tonnage delivered to market

1

3

2

Slide 19

3.4:1 offer represents compelling value

Rio Tinto vs BHP Billiton historical share exchange ratio

2.2

2.4

2.6

2.8

3.0

3.2

3.4

3.6

Jul-2007

Sep-2007

Nov-2007

Jan-2008

Mar-2008

May-2008

Jun-2008

Aug-2008

Oct-2008

Pre approach fair value exchange ratio

BHP Billiton Offer

Source: Datastream (as at 4-Nov-2008).

Note:

Exchange ratio assumes 100% BHP Billiton Ltd shares for each Rio Tinto Ltd share and BHP Billiton shares for each Rio Tinto Ltd share and 20% BHP Billiton Ltd shares. 2.4 fair value exchange ratio represents average for period between Rio Tinto offer for Acquisition and Rio Tinto Board (1-Nov-2007).

Slide 20

Combination is about reducing risk, not increasing it

Increased size

does

not

mean

increased  
complexity

simplicity  
of  
the  
business  
model  
remains key

Operating as one company results in:

More diversified asset portfolio, lower risk

An enhanced portfolio of growth opportunities

Greater ability to develop the next generation of large scale projects in new  
geographies

Operating and capital cost efficiencies

Quantifiable synergies of US\$3.7bn per annum

(a)

Key management positions will be filled by drawing on the best of both management  
teams

High share price correlation means similar portfolio concentration, whether the companies  
are combined or separate

Note:

(a)

Estimated incremental EBITDA (nominal) based on publicly available information. To be read in conjunction with the notes in  
6-Feb-2008. Full run rate synergies expected in the seventh full year following completion.

Slide 21  
Indicative timetable for the offer  
Jan  
2009  
2008  
Offer Period  
Event

Jul  
Aug  
Sep  
Oct  
Nov  
Dec  
Day  
0  
(a)  
Day 60  
Post Day 60  
Regulatory Approvals  
Satisfaction of regulatory approval  
pre-conditions  
Offer Documentation  
Posting of offer documents for Rio Tinto plc offer  
and Rio Tinto Ltd offer to shareholders  
Offer Fulfilment  
Last date for fulfilment of greater than 50%  
minimum acceptance condition in both the Rio Tinto  
plc and Rio Tinto Ltd offers  
Post Day 60  
If  
minimum  
acceptance  
conditions  
are  
met  
  
offer  
continues. (i.e. in order to receive  
sufficient acceptances to enable compulsory  
acquisition)  
Notes:  
a)  
Date for  
Day  
0  
may  
fall  
in  
2008  
or  
2009.  
Timetable  
is  
indicative  
only.  
(within 28 days of the  
pre conditions being



satisfied)

Slide 22  
Summary  
Our Expectations

Financial market volatility and economic uncertainty  
to continue in the short-term

China, India and other developing economies to continue to drive demand for commodities in the long-term

Our diversified portfolio of low cost, high quality assets places us at a competitive advantage

Our balance sheet and strong cash flow are a significant advantage. They provide the ability to invest and grow through the cycle

BHP Billiton is working towards completing the regulatory review process for the Rio Tinto offer by early 2009

We believe our offer is compelling for Rio Tinto shareholders, and value enhancing for BHP Billiton shareholders  
Cannington

