

Rio Tinto Limited RIO

\$131.71

2.03 | 1.57%

(5:35PM 07-May-2024)

Trading Status: Trading

[Research Report](#)

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Morningstar Analyst Rating™



(02:23PM 17-Apr-2024)



Style Box™

Morningstar Sector

Basic Materials

Market Cap

48,893 M

Fair Value

\$112.00

Fair Value Uncertainty

Medium

Economic Moat

None

Capital Allocation

Standard

Overview	Investment Outlook	Forecasts	Profile	Financials	Shareholders	Dividends	Other	Charts
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Investment Perspective

by Jon Mills (04-Apr-2024)

Like BHP, Rio Tinto has ridden the commodity supercycle since the early 2000s. Its asset portfolio is concentrated on iron ore. Copper and aluminum are moderate contributors along with the minerals business, with all coal sold by 2018. Aluminum should constitute a substantially larger share, given the USD 44 billion that Rio Tinto paid for Alcan in 2007, but the acquisition was near the top of the market. Rio Tinto and BHP have the lowest operating costs of the iron ore players. Despite iron ore being the bulk of company earnings, expectations for long-term excess returns are weighed down by the value-destructive overinvestment during the China boom, which diluted returns. After adding back the not-inconsiderable writedowns, we expect adjusted midcycle returns modestly above Rio's cost of capital.

Key Ratios

Years	12/22A	12/23A	12/24E	12/25E
NPAT (\$Mil)	19,285.4	17,714.0	16,241.7	14,689.8
EPS ¢	1,183.4	1,085.7	995.5	900.4
Change %	-32.6	-8.3	-8.3	-9.6
DPS ¢	710.3	655.5	593.1	546.6
Franking %	100.0	100.0	100.0	100.0
Yield %	6.7	5.6	4.5	4.2
P/E	9.0	10.8	13.2	14.6
ROE	25.2	19.5	18.9	15.9

Total Shareholder Returns

	1 Yr	3 Yr	5 Yr	10 Yr
Avg Annual Rate %	30.0	10.7	14.0	15.7

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Updates

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