

Edgar Filing: RIO TINTO PLC - Form 425

RIO TINTO PLC
Form 425
November 10, 2008

Filed by: BHP Billiton Plc

and BHP Billiton Limited

Pursuant to Rule 425 under the Securities Act of 1933

Subject Company: Rio Tinto plc

Commission File No.: 001-10533

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

Slide 2

Disclaimer

By reviewing/attending this presentation you agree to be bound by the following conditions.

The directors of BHP Billiton Limited and BHP Billiton Plc ("BHP Billiton") accept responsibility for the information contained herein. To ensure that such is the case, the information contained in this presentation is, to the best of the knowledge and belief of the directors, true and correct and contains no omission likely to affect its import.

Subject to the above, neither BHP Billiton nor any of its directors, officers, employees or advisers nor any other person makes

and accordingly no reliance should be placed on, the fairness, accuracy or completeness of the information contained in the presentation, in whole or in part, as permitted by law, neither BHP Billiton nor any of its directors, officers, employees or advisers nor any other person shall have any liability for any loss howsoever arising, directly or indirectly, from any use of this information or its contents or otherwise arising in connection with the presentation. Rio Tinto Limited ("Rio Tinto") is based on public information which has not been independently verified.

This presentation is for information purposes only and does not constitute or form part of any offer for sale or issue of any securities, nor shall it or any part of it be relied on in connection with, any contract or investment decision, nor does it constitute a solicitation of any vote or approval in any jurisdiction, nor shall there be any sale of securities in any jurisdiction in which such sale would require registration or qualification under the securities laws of any such jurisdiction (or under an exemption from such requirements), in the United States except pursuant to registration under the US Securities Act of 1933, as amended, or an exemption therefrom. Neither the presentation nor any information transmitted or distributed or redistributed (directly or indirectly) in Japan or Malaysia. The distribution of this document in other jurisdictions whose possession this document comes should inform themselves about, and observe, any such restrictions.

This presentation is directed only at persons who (i) are persons falling within Article 49(2)(a) to (d) ("high net worth companies") or (ii) are persons falling within the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended) (the "Order") or (iii) have professional experience in the United Kingdom or 19(5) of the Order or (iii) are outside the United Kingdom (all such persons being referred to as "relevant persons"). This presentation is not directed at persons who are not relevant persons.

Certain statements in this presentation are forward-looking statements (including statements regarding contribution synergies, the identification of additional mineral projects, future production volumes, increases in production and infrastructure capacity, the identification of additional mineral reserves, and other statements typically containing words such as "intends," "expects," "anticipates," "targets," "plans," "estimates") which are based on current expectations and beliefs and numerous assumptions regarding BHP Billiton's present and future business strategies and operations. Such statements will operate in the future and such assumptions, expectations and beliefs may or may not prove to be correct and by their nature are subject to risks and uncertainties that could cause actual results, performance and achievements to differ materially.

Factors that could cause actual results or performance to differ materially from those expressed or implied in the forward-looking statements include: the ability to successfully combine the businesses of BHP Billiton and Rio Tinto and to realise expected synergies from that combination; the completion of the Rio Tinto transaction, satisfaction of any conditions to any proposed transaction, including the receipt of required regulatory and anti-trust approvals; the successful completion of any transaction, and the risk factors discussed in BHP Billiton's and Rio Tinto's Annual Reports on Form 20-F for the most recent fiscal years) which are available at the SEC's website (the "SEC") (including in Annual Reports on Form 20-F for the most recent fiscal years) which are available at the SEC's website or the rules of the UK Listing Authority and the London Stock Exchange, the UK Takeover Panel, or the listing rules of ASX in Australia. The forward-looking statements in this presentation

Slide 3

Disclaimer
(continued)

No statement concerning expected cost savings, revenue benefits (and resulting incremental EBITDA) and EPS accretion in the earnings per share of the enlarged BHP Billiton group for current and future financial years will necessarily match or exceed the actual estimated cost savings and revenue benefits (and resulting EBITDA enhancement) may be materially greater or less. References in this presentation to \$ are to United States dollars unless otherwise specified.

In connection with the offer and sale of securities BHP Billiton would issue to Rio Tinto plc US shareholders and Rio Tinto plc Statement on Form F-4 (the Registration Statement), which contains a preliminary prospectus (the Prospectus), and will communication is not a substitute for the Registration Statement or the Prospectus that BHP Billiton has filed, or any amendments with the SEC.

U.S. INVESTORS AND U.S. HOLDERS OF RIO TINTO PLC SECURITIES AND ALL HOLDERS OF RIO TINTO PLC AND THE PROSPECTUS AND ANY OTHER DOCUMENTS MADE AVAILABLE TO THEM AND/OR FILED WITH THE SEC AND AMENDMENTS AND SUPPLEMENTS TO THOSE DOCUMENTS, WHEN THEY BECOME AVAILABLE BECAUSE T

Investors and security holders are able to obtain a free copy of the Registration Statement and the Prospectus as well as other re (http://www.sec.gov). Copies of such documents may also be obtained from BHP Billiton without charge.

BHP Billiton Limited is not required to, and does not plan to, prepare and file with the SEC a registration statement in respect of shareholders should carefully consider the following:

The Rio Tinto Limited Offer will be an exchange offer made for the securities of a foreign company. Such offer is subject to disclosure those of the United States. Financial statements included in the document will be prepared in accordance with foreign accounting statements of United States companies.

It may be difficult for you to enforce your rights and any claim you may have arising under the U.S. federal securities laws, since their officers and directors may be residents of foreign countries. You may not be able to sue a foreign company or its officers under U.S. laws. It may be difficult to compel a foreign company and its affiliates to subject themselves to a U.S. court's judgment.

You should be aware that BHP Billiton may purchase securities of either Rio Tinto plc or Rio Tinto Limited otherwise than in negotiated purchases.

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

China and market economic update

Robust pipeline of assets

Update on the offer for Rio Tinto

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

Slide 13

Agenda

Diversity delivers stability and strength

China and market economic update

Robust pipeline of assets

Update on the offer for Rio Tinto

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 & unrisks)

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 businesses

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

Diversity delivers stability and strength

China and market economic update

Robust pipeline of assets

Update on the offer for Rio Tinto

Slide 18

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 Alcoa 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

