



Analysis: **Rio Tinto plc (RTP)**

Recommendation: **BUY**

**GICS Sector:** Basic Materials  
**Industry:** Diversified Metals & Mining

**Price Target (12-Mo): \$267.62**

**Current Price: (12/15/06): \$219.41**

**Financial Ratios & Statistics**

52-Week Range:	<b>170.57-253.33</b>	EPS:	<b>20.19</b>	Price/Sales:	<b>3.41</b>
52-Week Change(%):	<b>26.08</b>	EPS Growth(TTM%):	<b>61.50</b>	Profit Margin(%):	<b>32.63</b>
Market Cap:	<b>73.96B</b>	EBITDA:	<b>10.52B</b>	Operating Margin(%):	<b>37.12</b>
P/E:	<b>10.26</b>	PEG Ratio:	<b>0.79</b>	Beta:	<b>0.97</b>
P/E (Forward):	<b>9.23</b>	% Held by Institutions:	<b>6.20</b>	Return on Equity(%):	<b>48.89</b>
Shares Outstanding:	<b>333.58M</b>	Dividend (Yield%):	<b>3.20 (1.50)</b>	Return on Assets(%):	<b>19.73</b>
Total Debt/Equity:	<b>.258</b>	Price/Book:	<b>4.63</b>	% Shares Sold Short:	<b>0.47</b>

\*Prepared by Chris Caceres, Anthony Gudrupis, and Matt Jensen.



**Dividends Paid (in U.S.D.)**

**Dividend Data** (Dates: mm/dd Payment Date: mm/dd/yy)

Amount (\$)	Date Decl.	Ex-Div. Date	Stk. of Record	Payment Date
6.060	02/03	02/22	02/24	04/07/06
1.600	--	08/09	08/11	09/08/06
1.600	08/07	08/09	08/11	09/08/06

Dividends have been paid since 1988. Source: Company reports.

**Summary**

We recommend buying Rio Tinto plc for the Student Managed Investment Fund (SMIF) based on a number of factors, including a positive industry outlook, valuations, recent mergers and acquisitions, and increased worldwide demand for minerals. With the exception of a materials sector ETF, the SMIF currently does not hold any securities in this division. We believe adding a company as dominant within its industry as Rio Tinto is will be a significant addition to the fund, not only for diversification purposes but international exposure as well. As commodity prices continue to reach record levels, Rio Tinto finds itself in a great position to expand significantly, in turn, garnering increased profits and superlative shareholder return. This growth is demonstrated in the performance of Rio Tinto's share price over the past year.

**Focus**

- Improved margins, profitability, return on assets, return on equity, and sales.
- Commodity prices rising worldwide as demand surges to unprecedented levels.
- Extremely solid financials.
- China's thirst for metals and raw materials shows no signs of decelerating.
- Share price is above 50 and 200-day moving averages.
- Expanding existing operations and entering new international ventures.
- Highest credit rating of all natural resource companies.
- Price target determined through an average of the dividend discount model, capital asset pricing model (CAPM), price to sales, price to cash flow, and price to earnings ratios models