



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

*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