



Aluminium  
for the world



# INVESTOR RELATIONS PRESENTATION

Q2 2015



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01

## INDUSTRY HIGHLIGHTS





## Industry Highlights - Q2 2015

### Global Physical Demand Still Growing

- 🪐 World consumption up by +5% YoY
- 🪐 Asian demand up by 6% YoY supported by softer consumption in China (+7% YoY) on the back of government stimulus policies
- 🪐 North America continues to have a firm demand growth (+6% YoY) mainly in the transport sector
- 🪐 MENA demand remains healthy (+4% YoY) - driven by infrastructure spending in Saudi Arabia
- 🪐 Europe consumption up by 1% YoY on the back of the transport and packaging sectors





## Industry Highlights - Q2 2015

### Production Evolution

- 🪐 World production up by 7% YoY
- 🪐 Chinese output up despite slower demand growth (7.8 million metric tonnes, +14% YoY) supported by new capacity ramp-ups from both greenfield & brownfield expansions
- 🪐 World market in deficit with China (-416 Kt) & (-487 Kt) without China

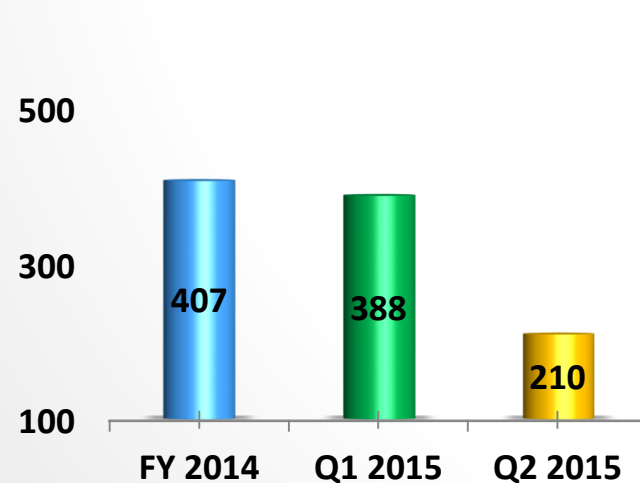


## Industry Highlights - Q2 2015

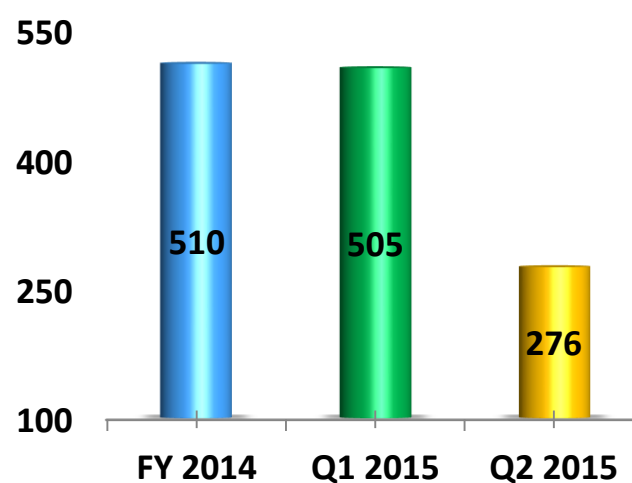
### LME & Premiums

- 🪐 LME inventories at 3.5 million metric tonnes in June
- 🪐 2Q15 cash-average was \$1,769/t with LME ranging between \$1,642/t on June 29 (lowest since July 2009) and \$1,919/t on May 1
- 🪐 Sharp decline in physical premiums (\$/t)

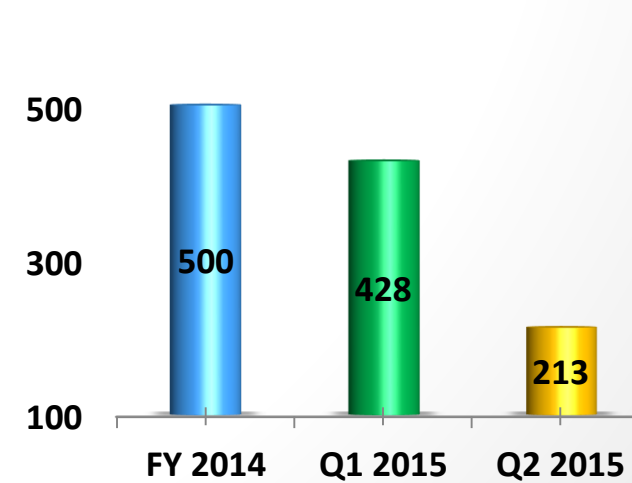
Major Japanese Ports (MJP)



US Midwest



DDP Rotterdam



02

## ALBA HIGHLIGHTS







## Alba Highlights - Q2 2015

### Operational Highlights & Achievements

- 🪐 Launch of Summer 'Safety Jungle Campaign'
- 🪐 Line 6 Expansion project approved during EGM in June 2015 and will increase capacity by 514,000 metric tonnes (mt)
- 🪐 Production up by 3.1% YoY due to strong operational performance
- 🪐 Value-Added Sales at 66% versus 65% of total shipments in Q2 2014
- 🪐 Physical premiums up by 47% YoY; however, expected to decline sharply in Q3 2015



## Alba Highlights - Q2 & H1 2015

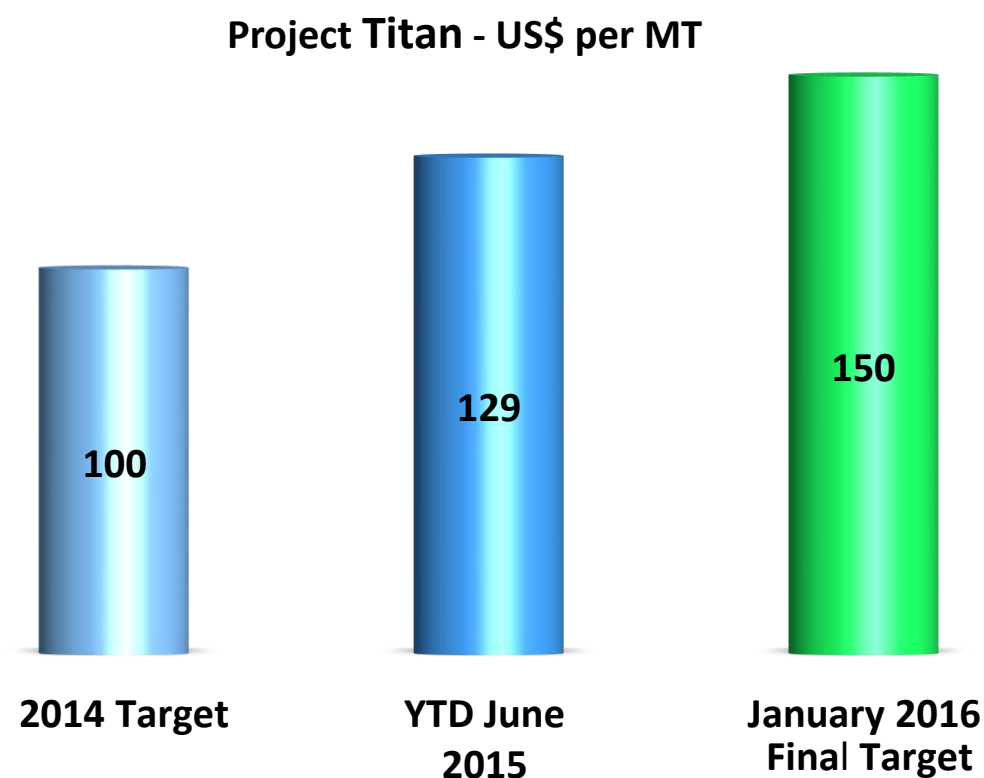
### Financial Key Performance Indicators

- 🪐 **Adjusted EBITDA up due to solid physical premiums, higher overall sales & favourable plant performance**
  - 🪐 Q2: US\$128 million up by 32% YoY
  - 🪐 H1: US\$272 million up by 42% YoY
- 🪐 **Adjusted Net Income up driven by higher EBITDA levels**
  - 🪐 Q2: US\$79 million up by 93% YoY
  - 🪐 H1: US\$178 million up by 107% YoY
- 🪐 **Q2 2015 Free-Cash Flow favourable due to higher EBITDA**
  - 🪐 Q2: US\$81 million up by 4% YoY
  - 🪐 H1: US\$141 million down by 11% YoY
- 🪐 **Alba Board recommends an interim dividend of US\$ 21 million to be paid in September 2015**



## Alba Highlights - Q2 2015

Project Titan - Improve Cash Cost of \$150/t by January 2016  
H1 2015: Project Titan on Track with Projected Savings of \$129/t



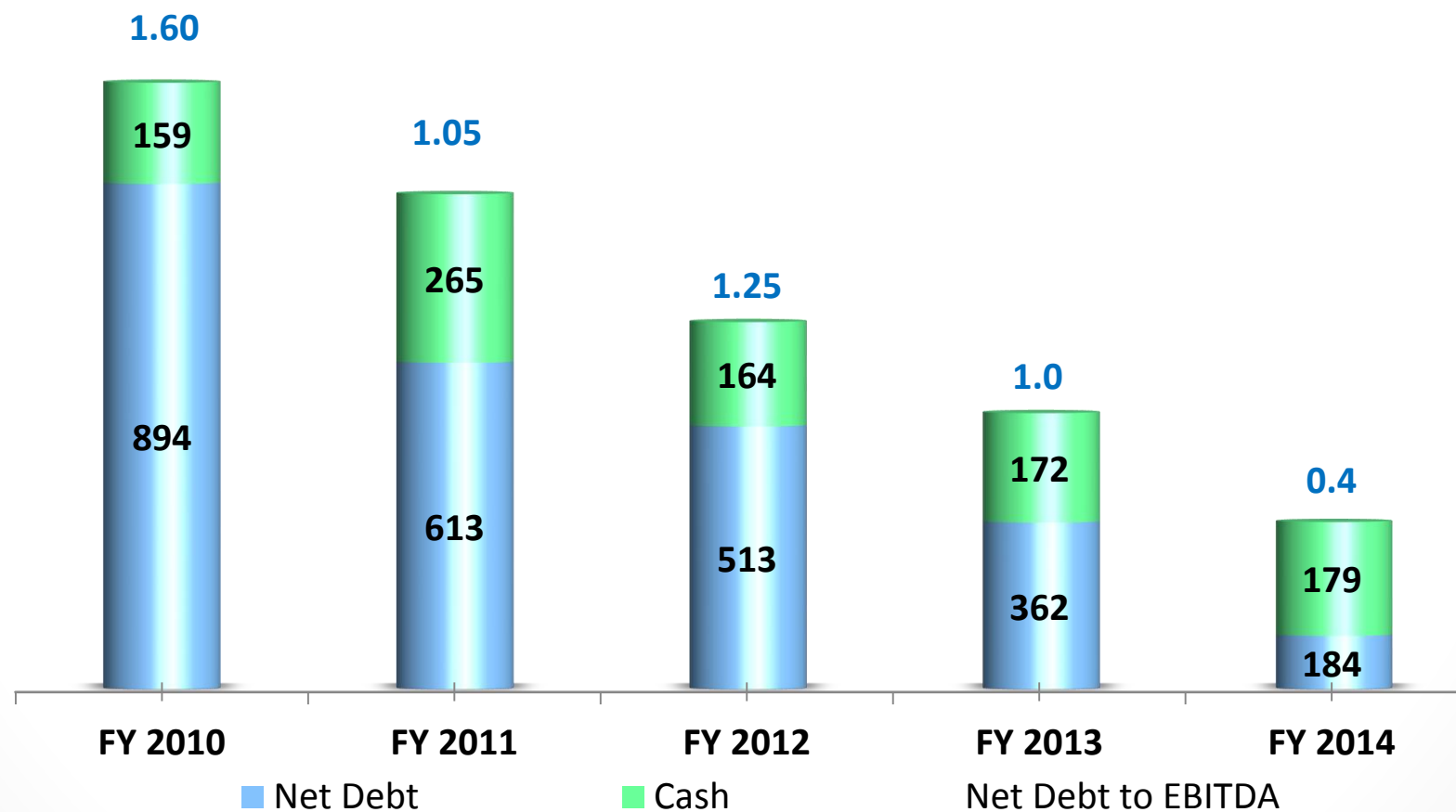
1. Savings from Project Titan represent the annual \$cost per mt improvement once all projects are fully implemented
2. Actual project implementation dates are on a project by project basis



## Alba Highlights - Q2 2015

Maintain Sound Balance Sheet & Ready for Line 6 Financing

Cash, Net Debt & Net Debt to EBITDA



03

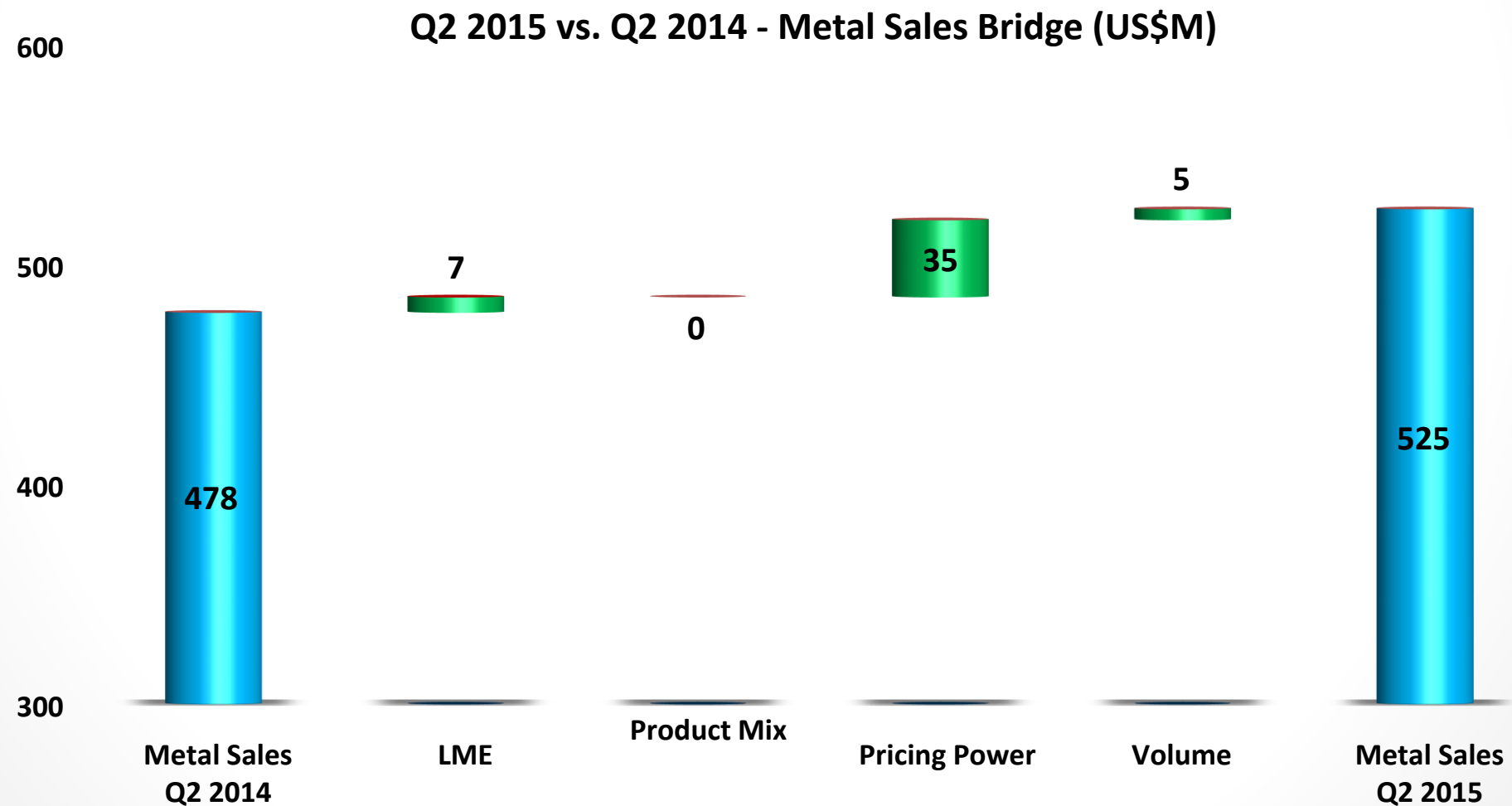
## Q2 2015 RESULTS



## Q2 2015 Results

Aluminium: Industry Expecting Strong Headwinds in 2<sup>nd</sup> Half with Significant Drop in All-in-Prices

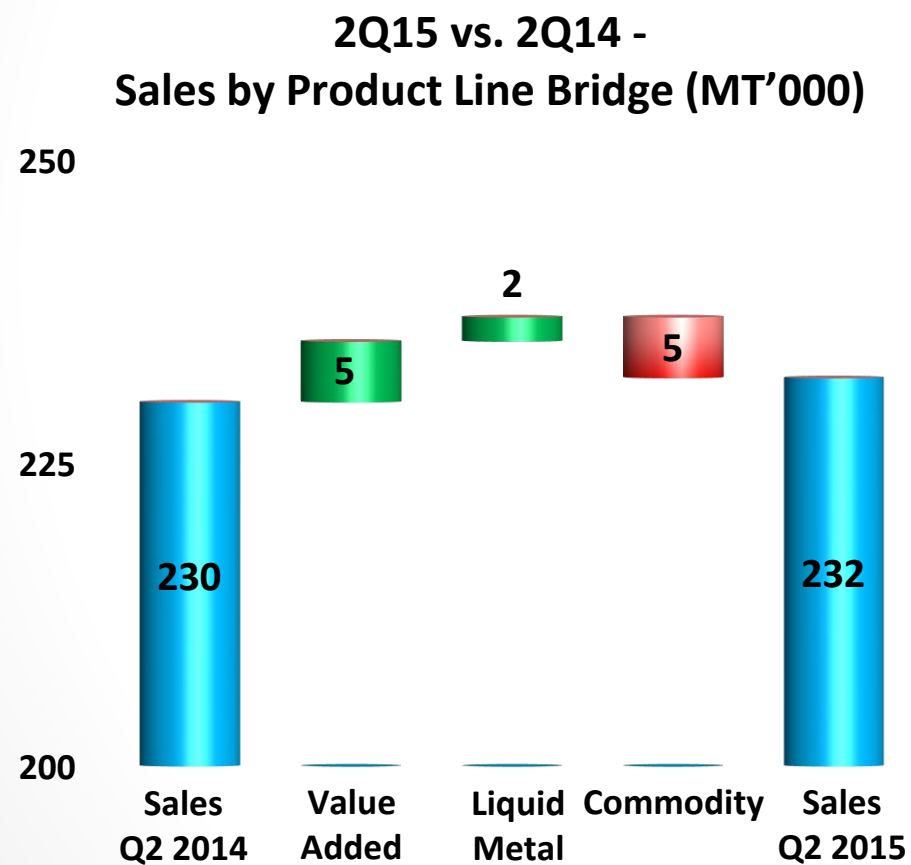
Favourable Management Performance & Higher Premiums



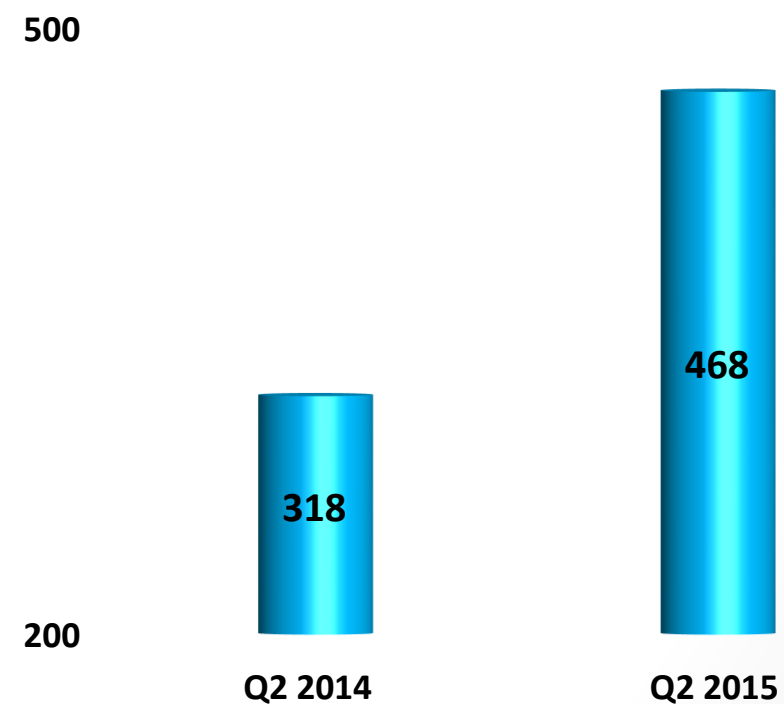
## Q2 2015 Results

**Aluminium: Industry Expecting Strong Headwinds in 2<sup>nd</sup> Half with Significant Drop in All-in-Prices**

Favourable Management Performance & Higher Premiums



### Premium Above LME Trend US\$ Per MT

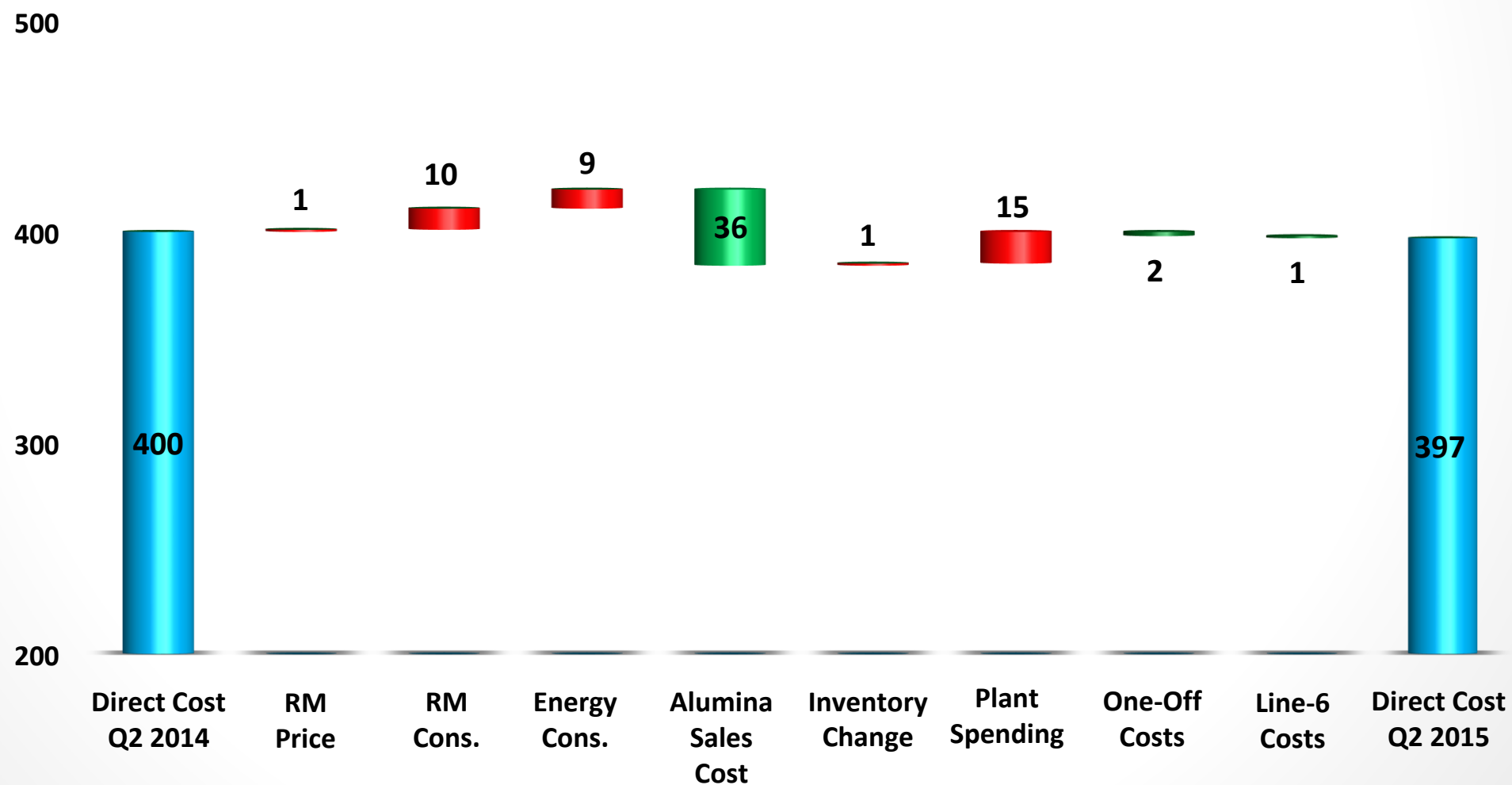


## Q2 2015 Results

Aluminium: Industry Expecting Strong Headwinds in 2<sup>nd</sup> Half with Significant Drop in All-in-Prices

### Cost Analysis 2Q15 vs. 2Q14

Q2 2015 vs. Q2 2014 - Direct Cost Bridge (US\$M)

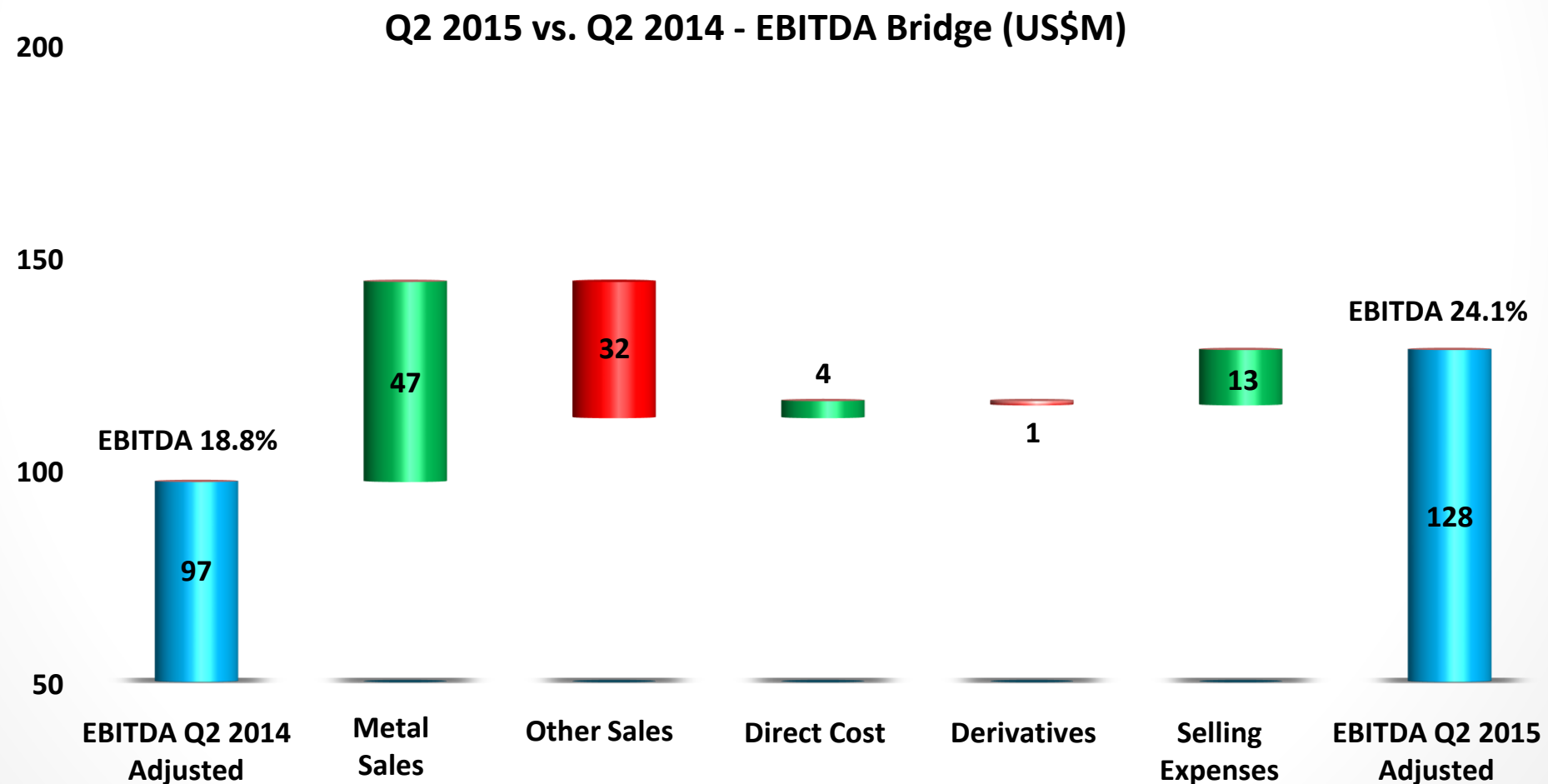




## Q2 2015 Results

**Aluminium: Industry Expecting Strong Headwinds in 2<sup>nd</sup> Half with Significant Drop in All-in-Prices**

Favourable Management Performance  
Adjusted EBITDA Margin at 24.1%



Adjusted EBITDA includes impact of actual realised derivative payments

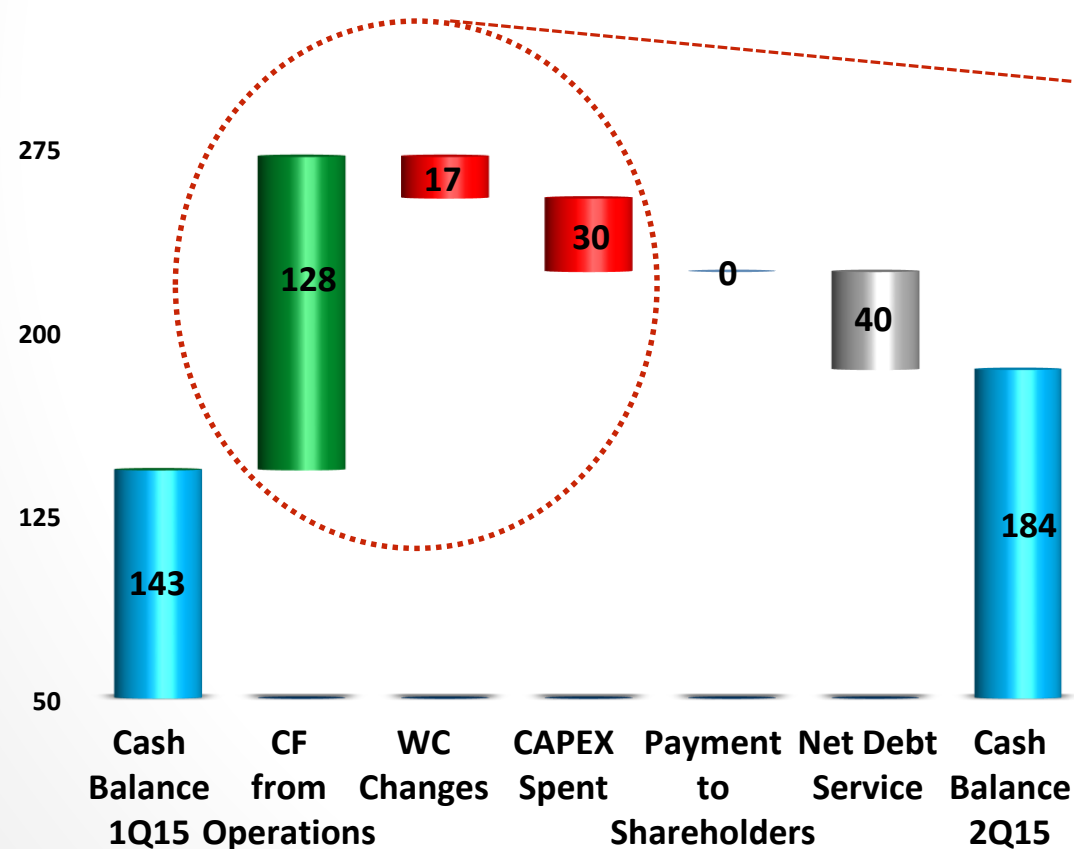


## Q2 2015 Results

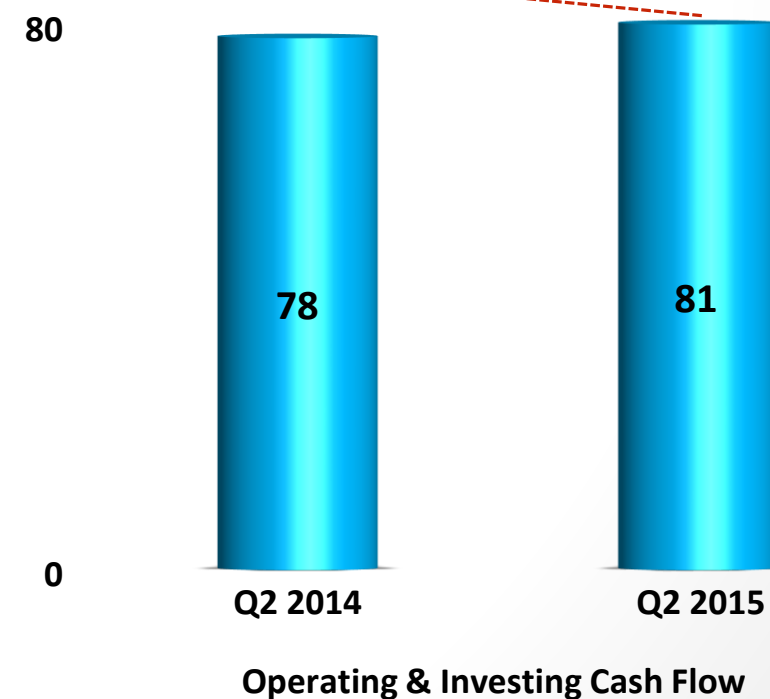
**Aluminium: Industry Expecting Strong Headwinds in 2<sup>nd</sup> Half with Significant Drop in All-in-Prices**

Cash Flow Bridge - 2Q15 vs. 1Q15  
Maintain Solid Cash Flow

Q1 2015 to Q2 2015 Cash Flow Bridge (US\$M)



Free Cash Flow (US\$M)



Operating & Investing Cash Flow



## Q2 2015 Results

### Aluminium: Industry Expecting Strong Headwinds in 2<sup>nd</sup> Half with Significant Drop in All-in-Prices

#### Sound Management Performance

Financial Summary	Q2 2015	Q2 2014	H1 2015	H1 2014
Average Cash LME (US\$/MT)	1,769	1,798	1,785	1,753
Total Sales (US\$M)	530	515	1,080	1,001
EBITDA (US\$M)	128	97	272	191
EBITDA%	24.1%	18.8%	25.2%	19.1%
Net Income/ (Loss) (US\$M)	79	41	178	86
Gain/ (Loss) Unrealised Derivatives (US\$M)	3	-	9	6
Adjusted Net Income/ (Loss) (US\$M)	76	41	169	80
Adjusted Net Income%	14.3%	7.9%	15.6%	8.0%



# 04

## INDUSTRY PERSPECTIVES IN 2015









## Industry Perspectives in 2015

### Physical Demand to Remain Relatively Healthy

#### Key factors to be observed:

-  LME prices to remain volatile with continued pressure from Chinese exports and stronger US dollar
-  Physical premiums expected to continue to decline into Q3 and level-off in Q4
-  Further production curtailments are to be expected in Europe & North America
-  LME price expected to range between \$1,600/t - \$1,700/t for the 2<sup>nd</sup> half of 2015





## Industry Perspectives in 2015

### Raw Materials Price Trends

- ♂️ Alumina spot index expected to slightly soften
- ♂️ Green Petroleum Coke prices to remain relatively stable
- ♂️ Alumina Fluoride (ALF3) and Liquid Pitch prices to remain at current levels for the next 6 months



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## 2015 ALBA PRIORITIES





## 2015 Alba Priorities

Sustain Performance Gains & Prepare for Line 6 Expansion

- 🪐 Continuous Focus on Safety, Training & Development Initiatives
- 🪐 Deliver on Project Titan
- 🪐 Sustained Focus on Value-Added Sales
- 🪐 Gear for Line 6 Expansion Project





06

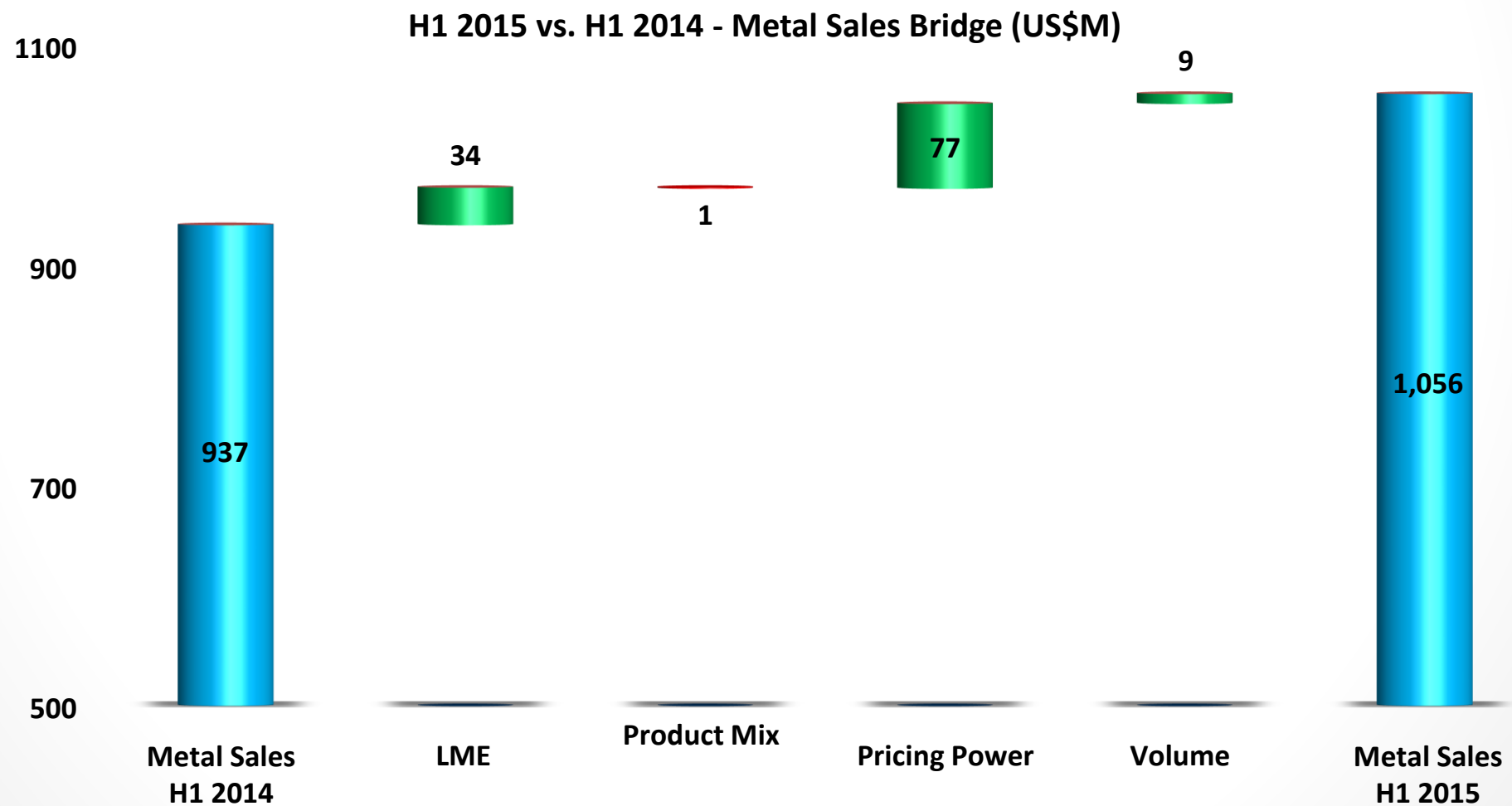
APPENDIX



## H1 2015 Results

**Aluminium: Industry Expecting Strong Headwinds in 2<sup>nd</sup> Half with Significant Drop in All-in-Prices**

Favourable Management Performance & Higher Premiums

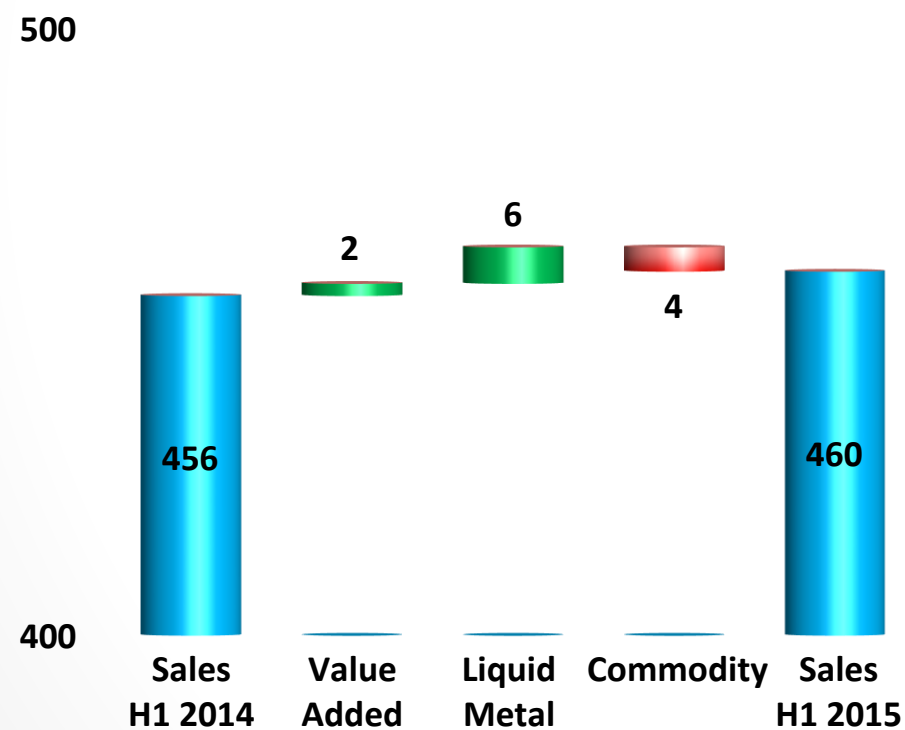


## H1 2015 Results

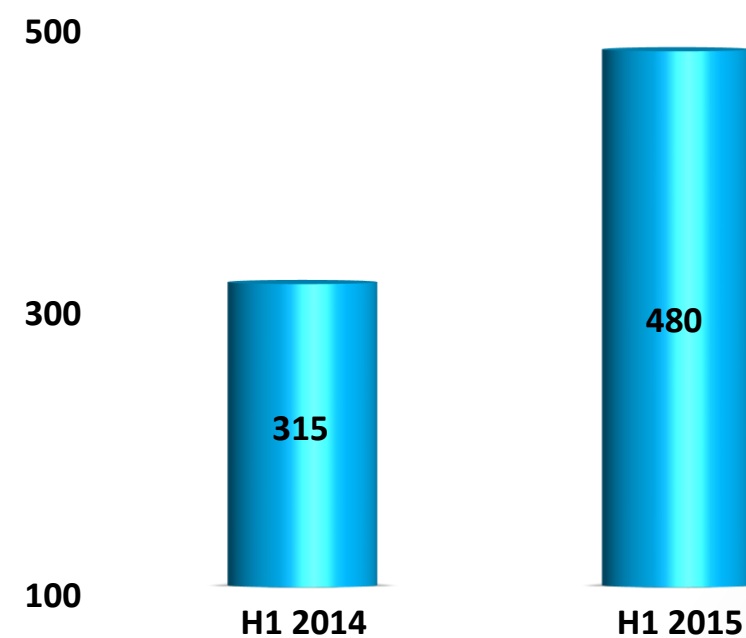
**Aluminium: Industry Expecting Strong Headwinds in 2<sup>nd</sup> Half with Significant Drop in All-in-Prices**

Favourable Management Performance & Higher Premiums

**1H15 vs. 1H14 - Sales by Product Line  
Bridge (MT'000)**



**Premium Above LME Trend US\$ Per MT**

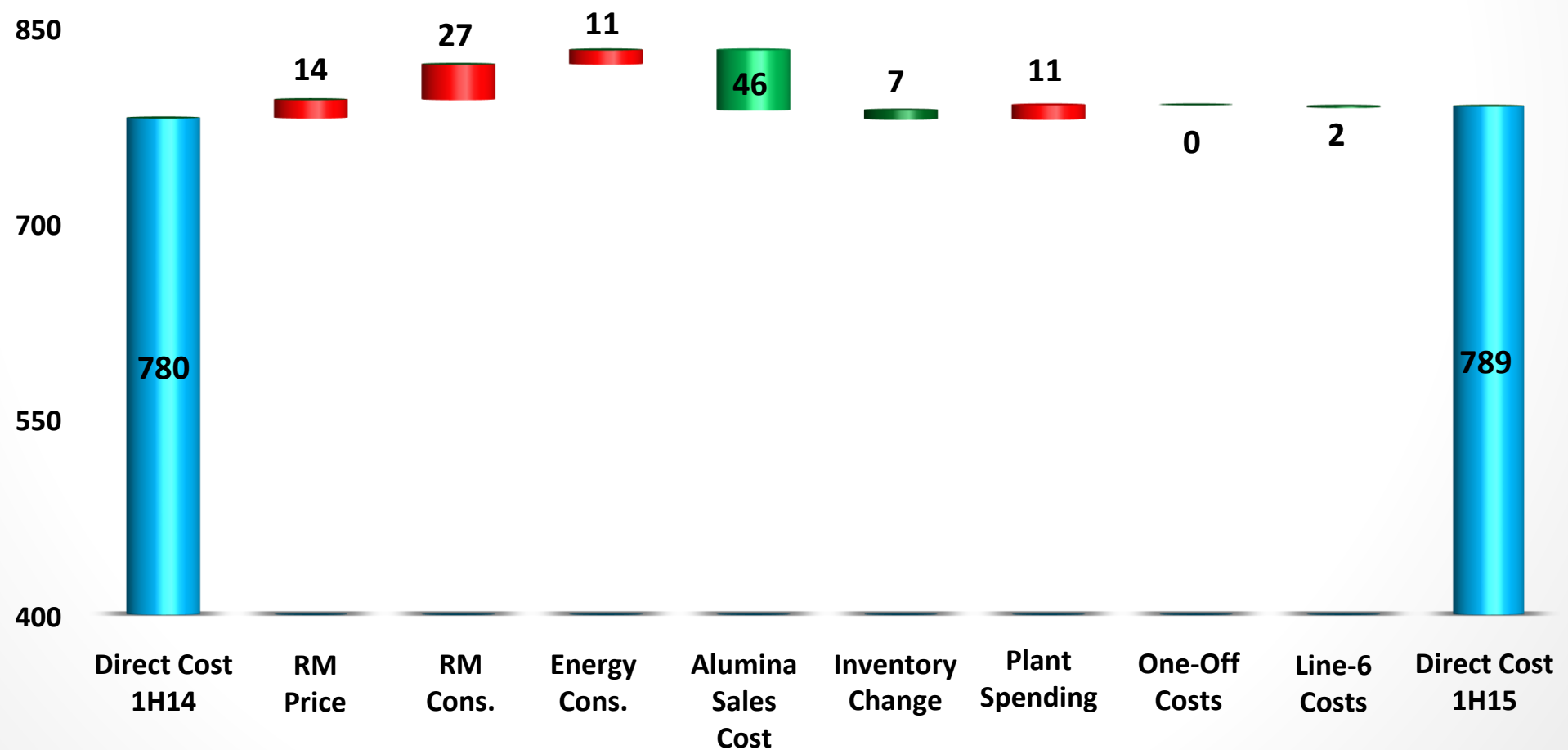


## H1 2015 Results

Aluminium: Industry Expecting Strong Headwinds in 2<sup>nd</sup> Half with Significant Drop in All-in-Prices

### Cost Analysis 1H15 vs. 1H14

H1 2015 vs. H1 2014 - Direct Cost Bridge (US\$M)

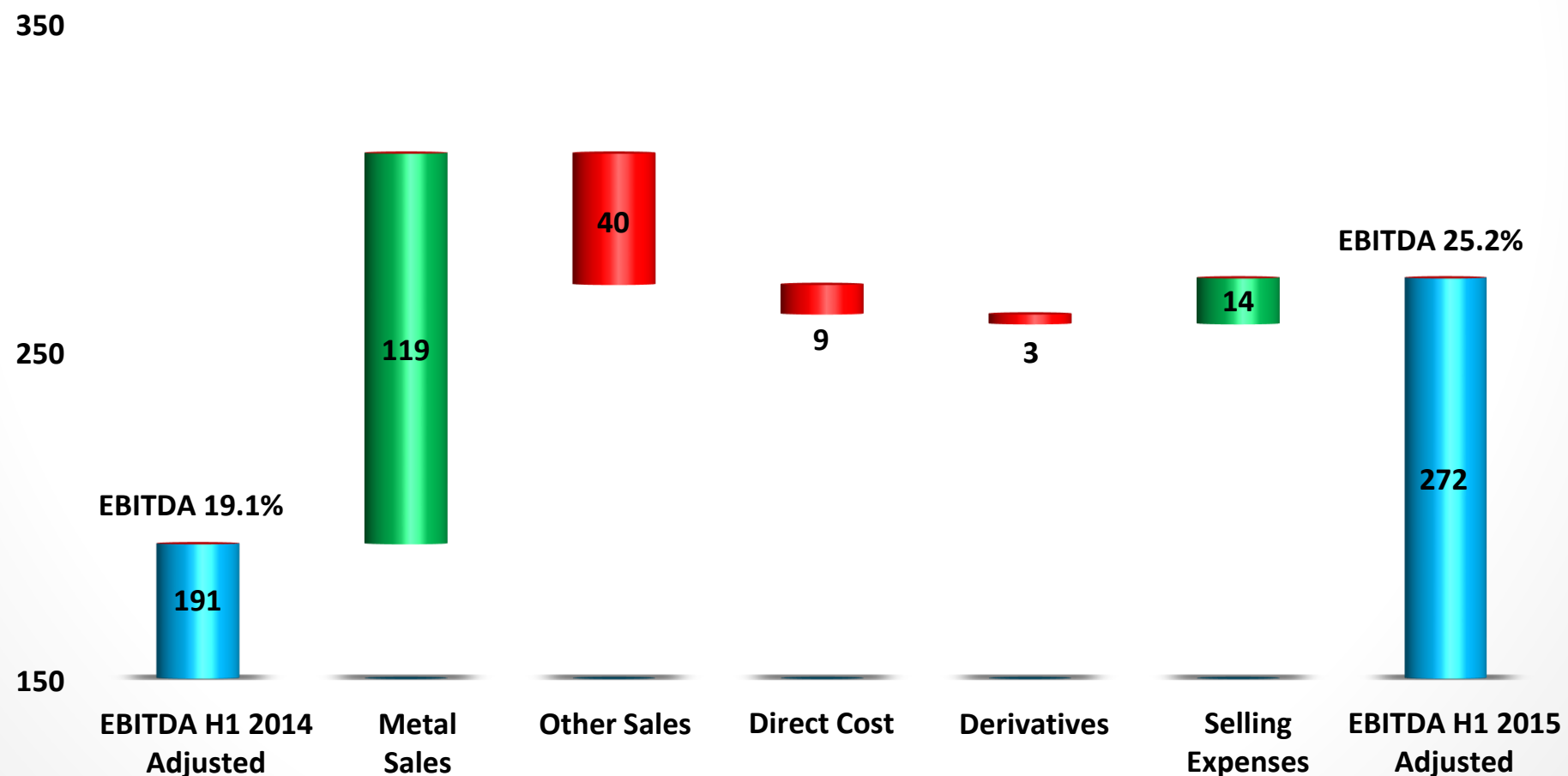


## H1 2015 Results

### Aluminium: Industry Expecting Strong Headwinds in 2<sup>nd</sup> Half with Significant Drop in All-in-Prices

Favourable Management Performance  
Adjusted EBITDA Margin at 25.2%

H1 2015 vs. H1 2014 - EBITDA Bridge (US\$M)



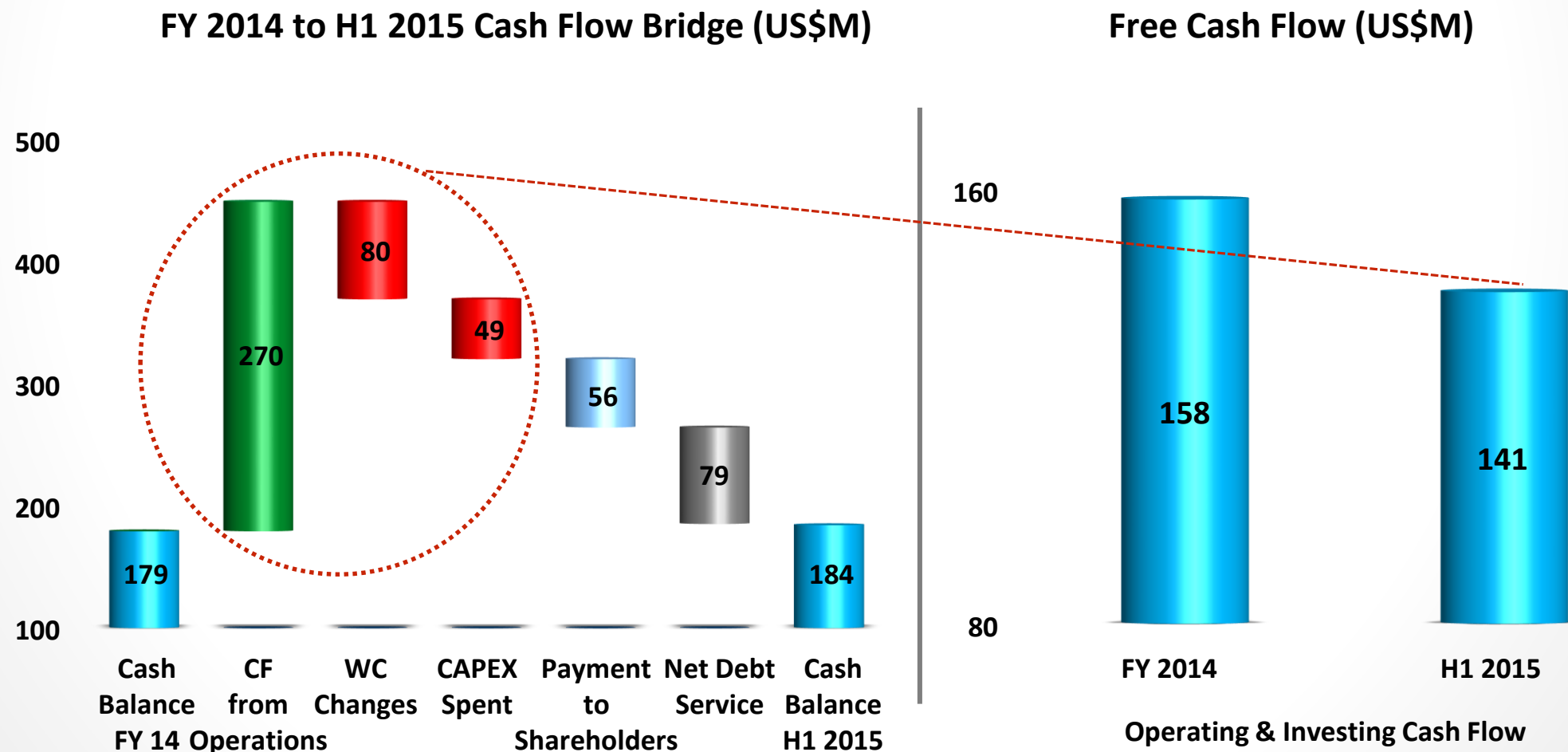
Adjusted EBITDA includes impact of actual realised derivative payments



## Q2 2015 Results

**Aluminium: Industry Expecting Strong Headwinds in 2<sup>nd</sup> Half with Significant Drop in All-in-Prices**

Cash Flow Bridge - H1 2015 vs. FY 2014  
Maintain Solid Cash Flow





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