



Aluminium  
for the world



# INVESTOR RELATIONS PRESENTATION

Q2 2017



## DISCLAIMER

This document has been prepared and issued by and is the sole responsibility of Aluminium Bahrain B.S.C. (the "Company"). The document is being supplied to you solely for your information and for use at the Company's presentation. No information made available to you in connection with the presentation may be passed on, copied, reproduced, in whole or in part, or otherwise disseminated, directly or indirectly, to any other person. This document and its contents are directed only to the intended audience. It is being made on a confidential basis and is furnished to you solely for your information. By accepting this material the recipient confirms that he or she is a relevant person. This document must not be acted on or relied on by persons who are not relevant persons. Any investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons. If you are not a relevant person you should not attend the presentation and should immediately return any materials relating to it currently in your possession. Forward-looking statements speak only as at the date of this presentation and Aluminium Bahrain B.S.C. expressly disclaims any obligations or undertaking to release any update of, or revisions to, any forward-looking statements in this presentation. No statement in this presentation is intended to be a profit forecast. As a result, you are cautioned not to place any undue reliance on such forward-looking statements. You should not base any behaviour in relation to financial instruments related to the Company's securities or any other securities and investments on such information until after it is made publicly available by the Company or any of their respective advisers. Some of the information is still in draft form and has not been legally verified. The Company, its advisers and each of their respective members, directors, officers and employees are under no obligation to update or keep current information contained in this presentation, to correct any inaccuracies which may become apparent, or to publicly announce the result of any revision to the statements made herein except where they would be required to do so under applicable law, and any opinions expressed in them are subject to change without notice. No representation or warranty, express or implied, is given by the Company, its undertakings or affiliates or directors, officers or any other person as to the fairness, accuracy or completeness of the information or opinions contained in this presentation and no liability whatsoever for any loss howsoever arising from any use of this presentation or its contents otherwise arising in connection therewith is accepted by any such person in relation to such information.





# CONTENTS

01  
Industry  
Highlights

02  
ALBA  
Highlights

03  
Q2 2017  
Results

04  
Industry  
Perspectives  
in 2017

05  
2017  
ALBA Priorities

# 01

## INDUSTRY HIGHLIGHTS

<sup>1</sup> Industry Highlights are based on CRU analysis





## Industry Highlights - Q2 2017

### Global Physical Demand Still Growing

- 🪐 World consumption up by 6% YoY
- 🪐 Asian demand up by 7% YoY supported by Chinese consumption (+8% YoY) on the back of spending on the construction projects
- 🪐 MENA consumption up by +5% YoY fuelled by major infrastructure spending in Saudi Arabia (+15% YoY)
- 🪐 European demand rose by 3% YoY due to strong demand across building, construction and transport sectors
- 🪐 North America continues to have a modest growth (+1% YoY) denominated by construction sector





## Industry Highlights - Q2 2017

### Production Evolution

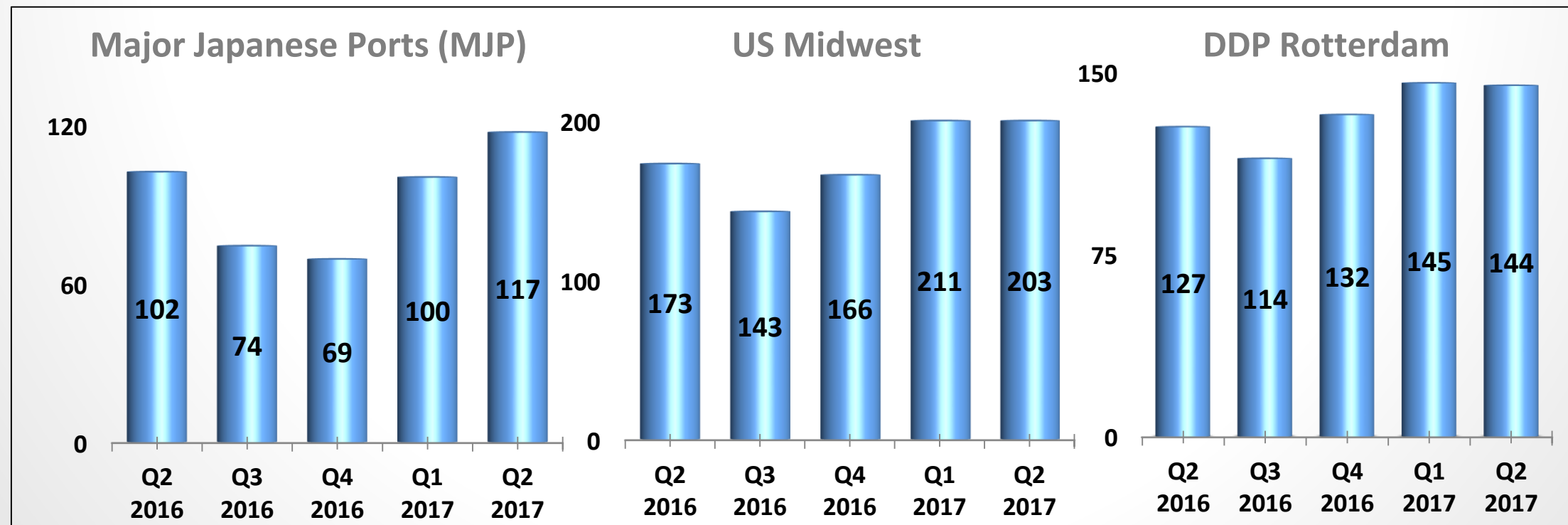
- 🪐 World production up by 9% YoY
- 🪐 Asian supply rose by 13% YoY led by Chinese output (16% YoY)
- 🪐 World market in deficit with China (-492 Kt) & (-668 Kt) without China



## Industry Highlights - Q2 2017

### LME & Premiums

- ✈ Aluminium is top performing metal; 2Q17 cash-average was \$1,911/t with LME ranging between \$1,855/t on June 26 and \$1,962/t on April 5
- ✈ LME inventories at 1.4 million metric tonnes in June
- ✈ Physical premium prices floating at the same range (\$/t)



02

## ALBA HIGHLIGHTS





## Alba Highlights - H1 2017

### Operational Highlights & Achievements

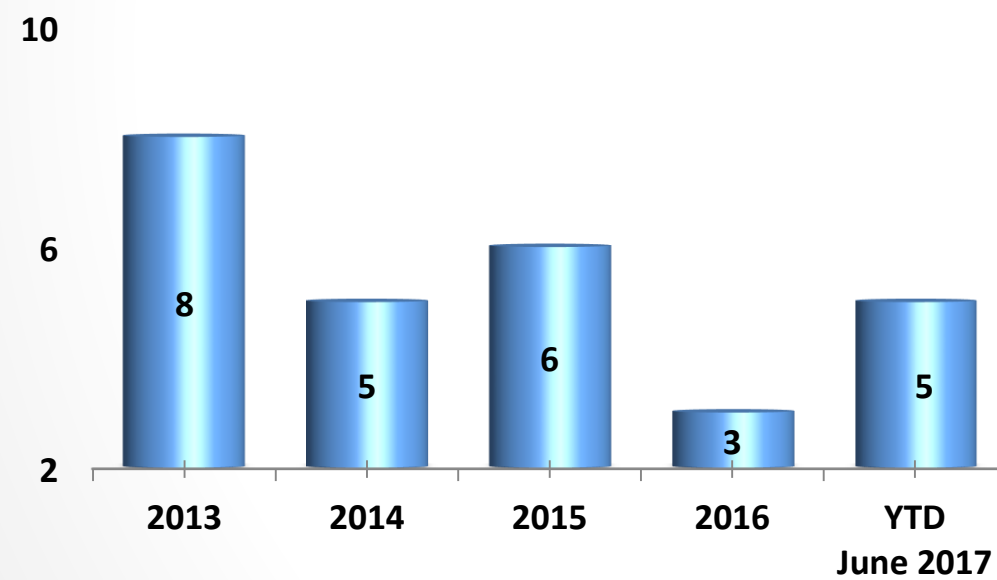
- 🪐 Reduction Line 5 resumes normal operations
- 🪐 Launch of Summer 'Safety TomorrowLand Campaign'
- 🪐 Sales and Production volumes down by 3.9% YoY (453,089 mt) and 4.5% YoY (453,395 mt)
- 🪐 Alba Value-Added Sales averaged 58% of total shipments versus 54% in H1 2016
- 🪐 Project Titan – Phase II: YTD savings at US\$ 61/mt (impacted by timing of Line 5 recovery)
- 🪐 Solid progress on Line 6:
  - Closed the first tranche of c.US\$ 700 million from Export Credit Financing
  - Line 6 construction site-works underway



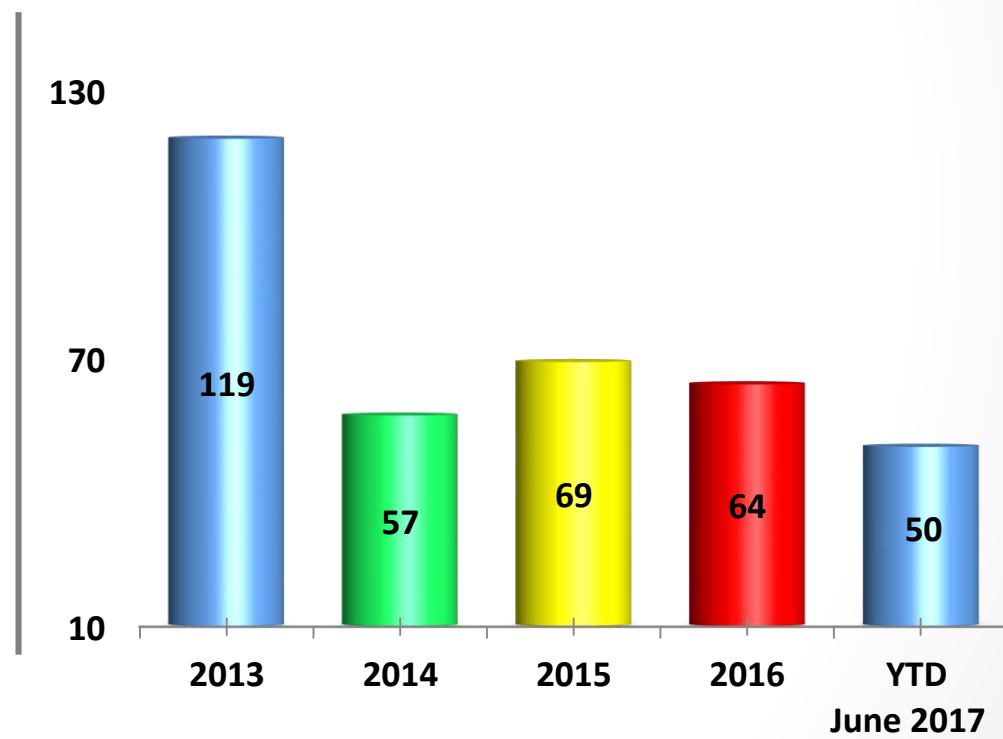
## Alba Major Highlights - H1 2017

Towards Safety Tomorrowland

Lost Time Injury (LTI) Trend



Total Injuries Trend





## Alba Highlights - Q2 & H1 2017

### Financial Key Performance Indicators

- 🪐 **Adjusted EBITDA up due to higher LME prices & favourable management performance**
- 🪐 Q2: US\$ 96 million up by 2% YoY
- 🪐 H1: US\$ 210 million up by 36% YoY
- 🪐 **Adjusted Net Income up due to higher EBITDA levels**
- 🪐 Q2: US\$ 49 million up by 14% YoY
- 🪐 H1: US\$ 118 million up by 115% YoY
- 🪐 **Free-Cash Flow down due to unfavourable working capital**
- 🪐 Q2: (US\$ 18 million) down by 123% YoY
- 🪐 H1: (US\$ 6 million) down by 107% YoY
- 🪐 **Alba approved a dividend of BD 29.6 million (US\$ 78.7 million) in March 2017**



03

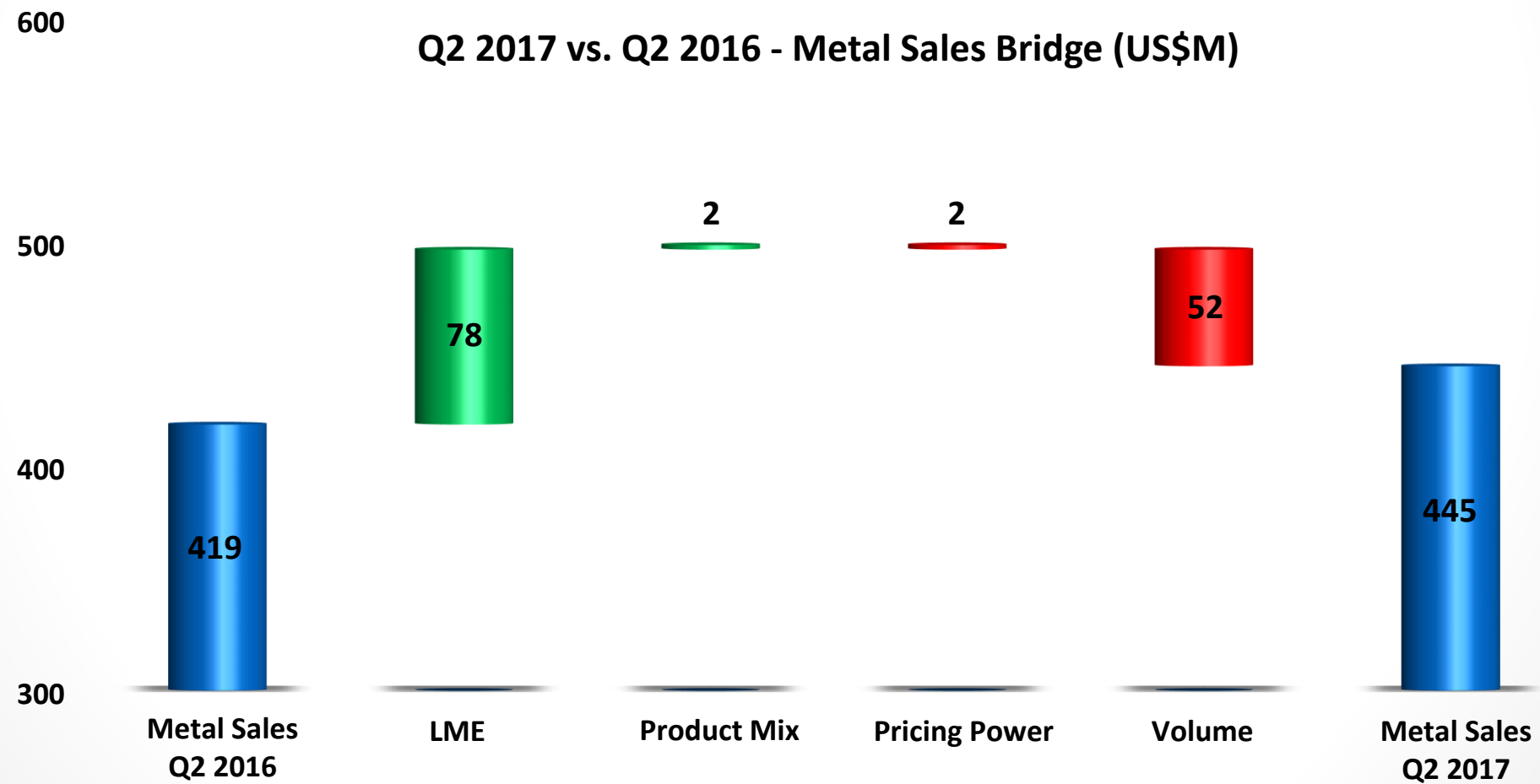
## Q2 2017 RESULTS



## Q2 2017 Results

### LME Prices Remains Healthy

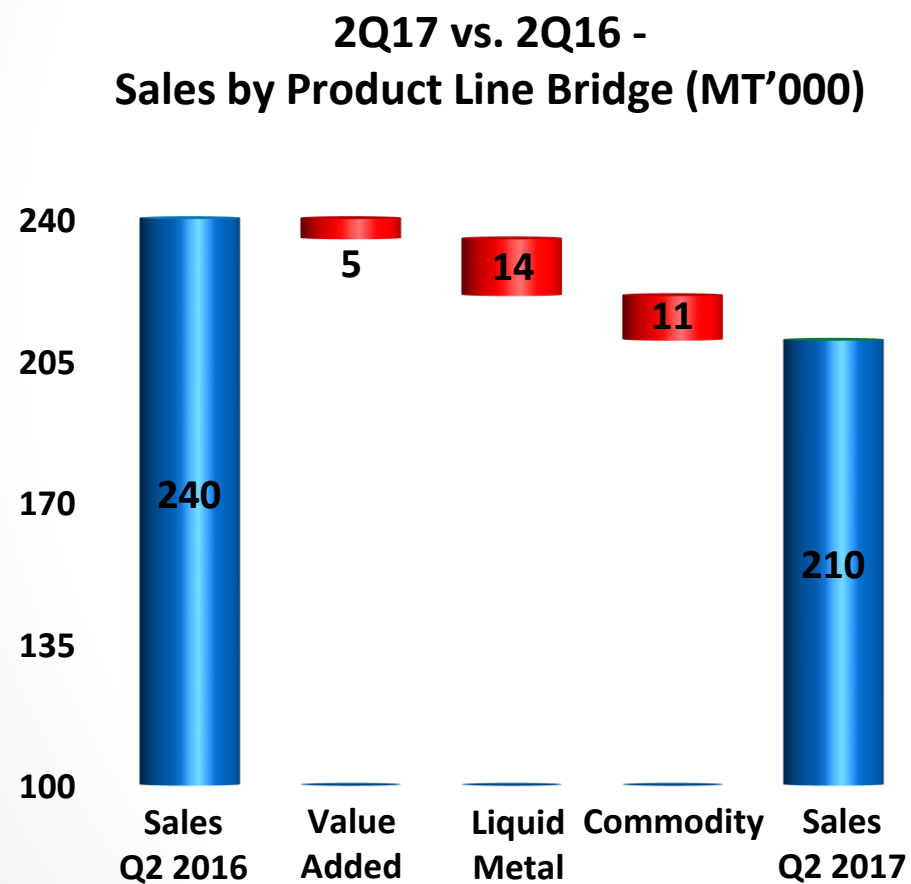
Sales Bridge Analysis Q2 2017 vs. Q2 2016  
Higher LME Prices Partially Offset With Lower Sales Volume



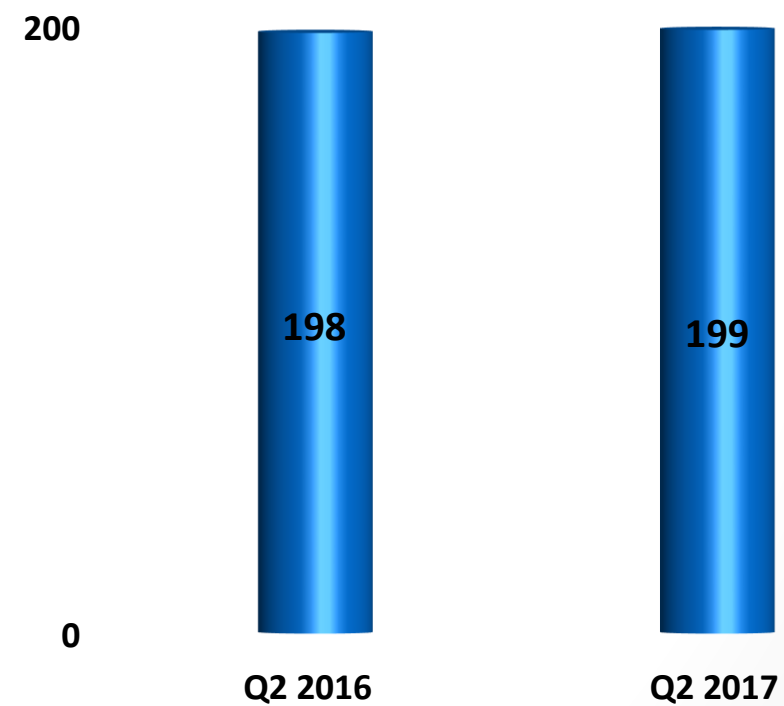
## Q2 2017 Results

### LME Prices Remains Healthy

Sales Volume Down Following the Power Outage Incident



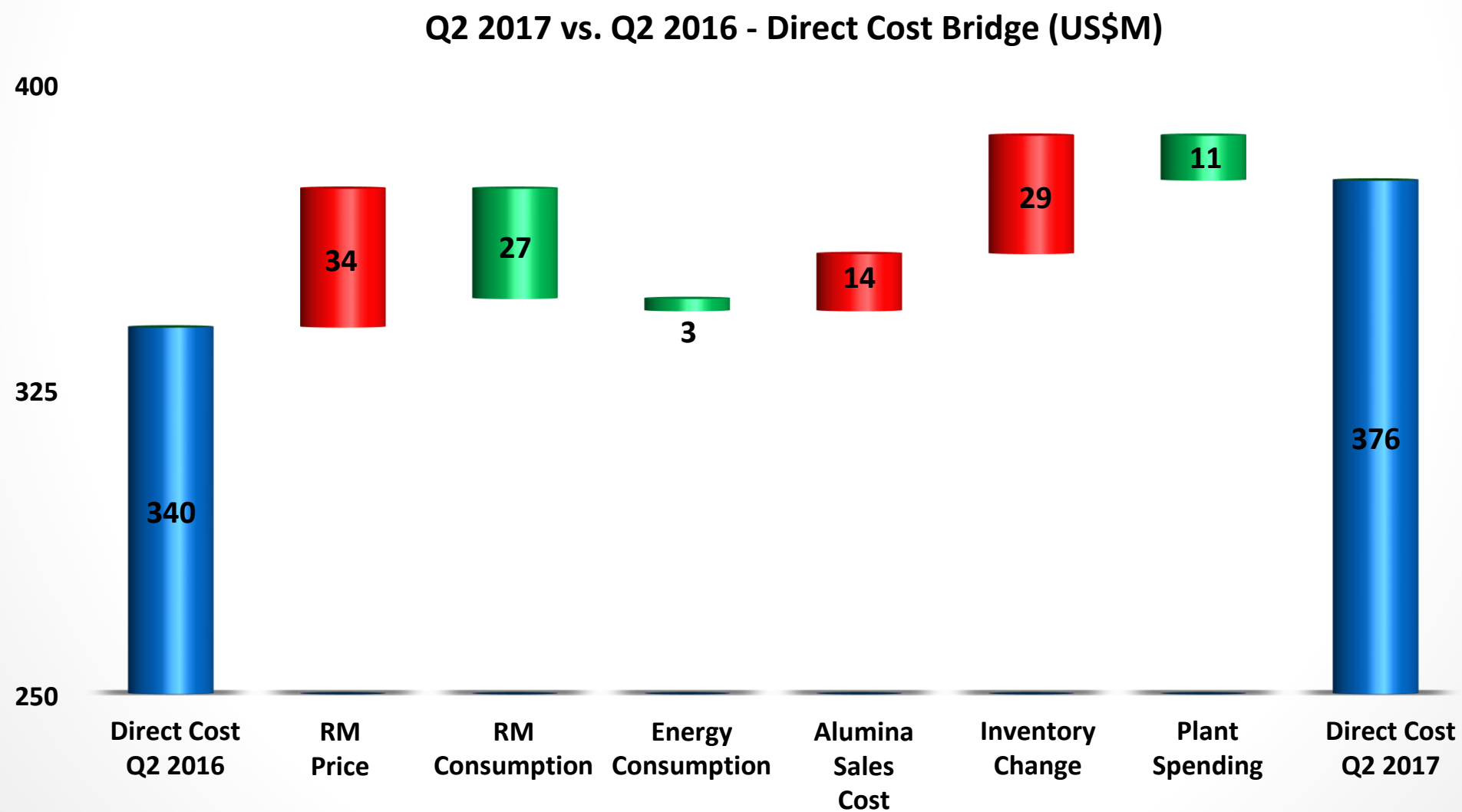
**Premium Above LME Trend US\$ Per MT**



## Q2 2017 Results

### LME Prices Remains Healthy

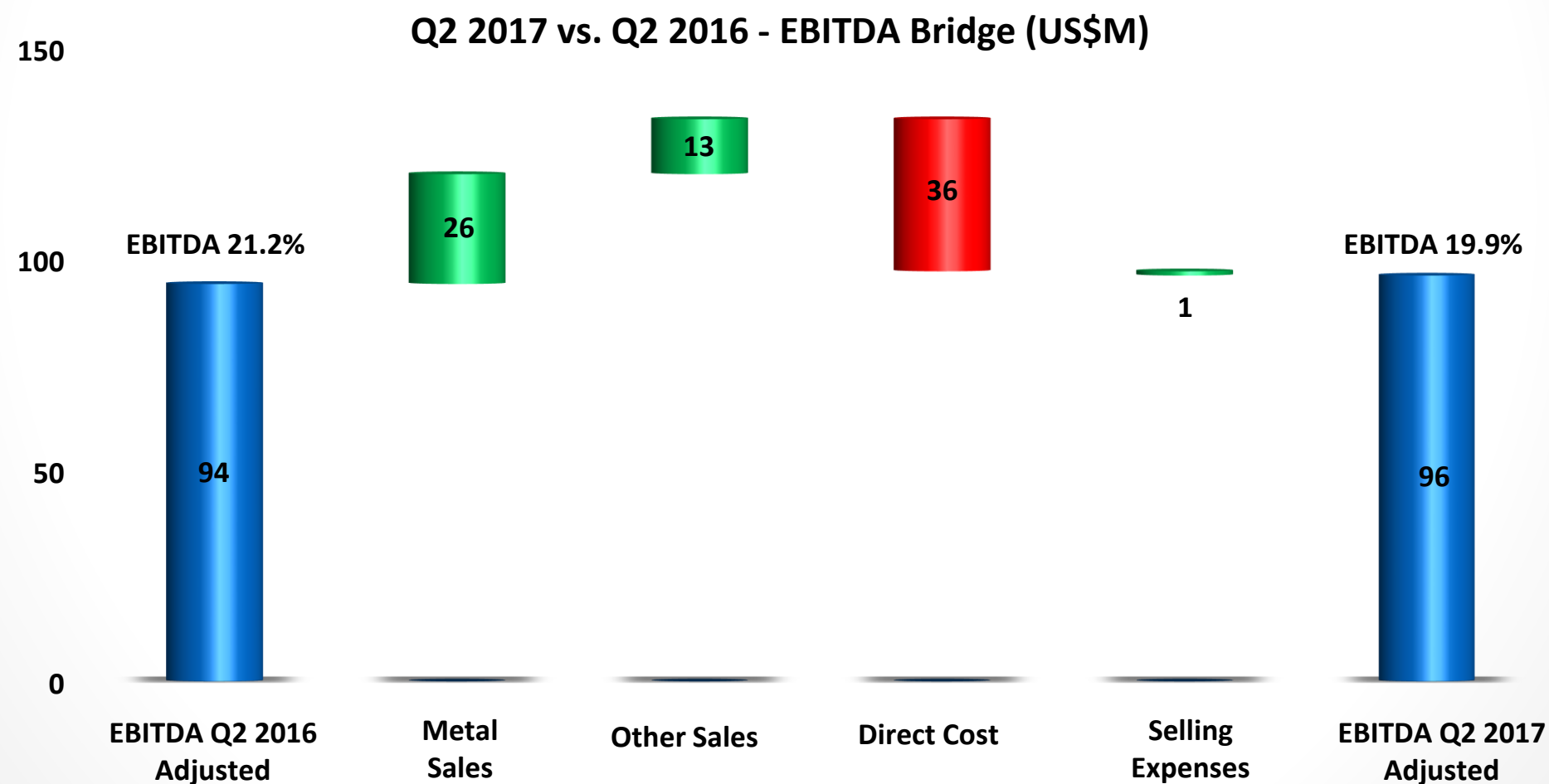
#### Cost Analysis 2Q17 vs. 2Q16



## Q2 2017 Results

### LME Prices Remains Healthy

Favourable Management Performance  
Adjusted EBITDA Margin at 19.9%



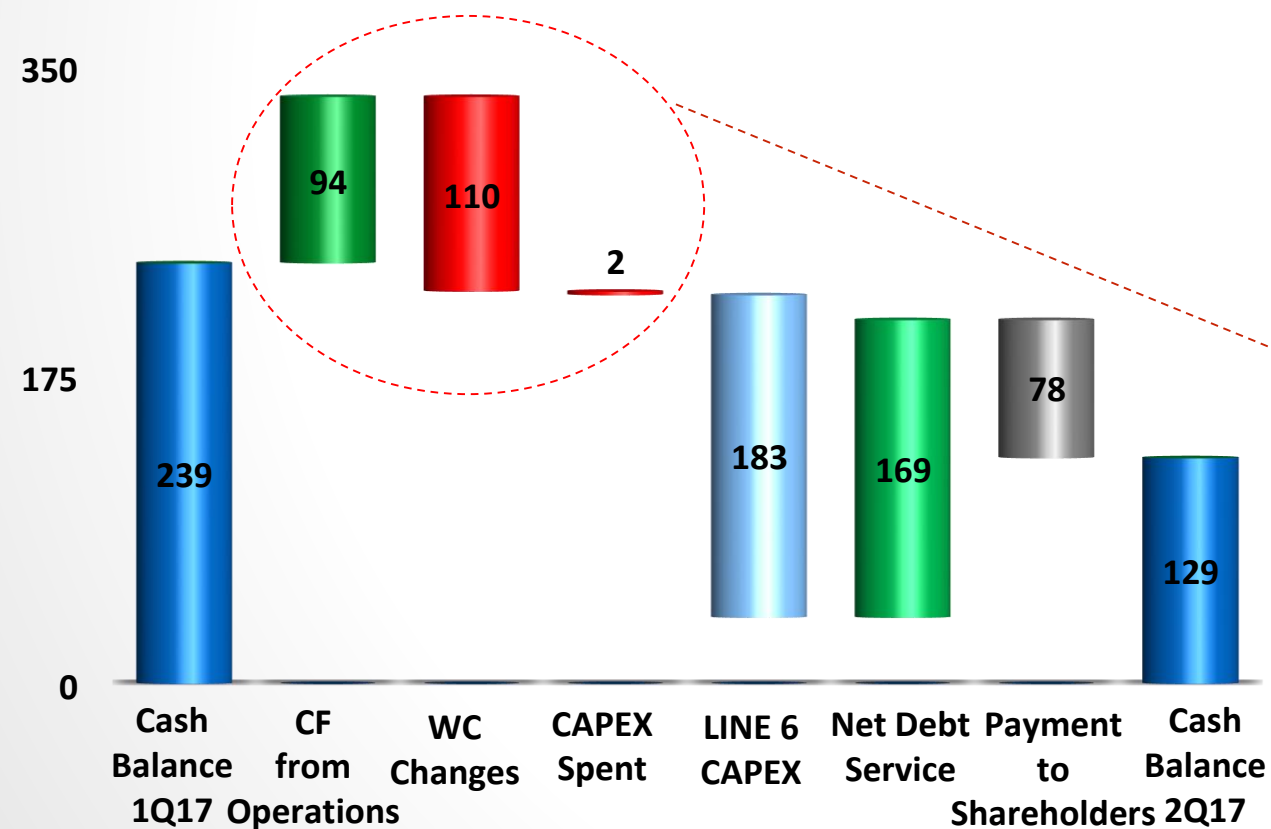


## Q2 2017 Results

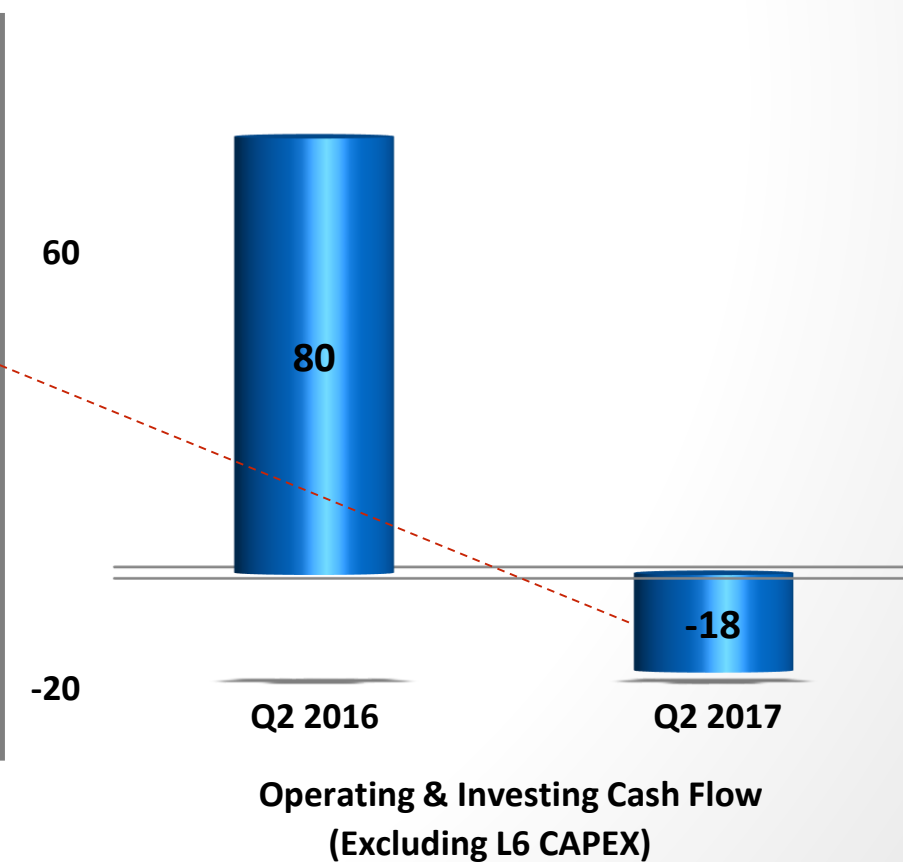
### LME Prices Remains Healthy

Cash Flow Bridge – 1Q17 to 2Q17  
Working Capital Impacted by Line 5 Recovery

Q1 2017 to Q2 2017 Cash Flow Bridge (US\$M)



Free Cash Flow (US\$M)



## Q2 2017 Results

### LME Prices Remains Healthy

Higher LME Prices Partially Offset With Lower Sales Volume

Financial Summary	Q2 2017	Q2 2016	H1 2017	H1 2016
Average Cash LME (US\$/MT)	1,911	1,571	1,880	1,543
Total Sales (US\$M)	480	441	996	857
EBITDA (US\$M)	96	94	210	154
EBITDA%	19.9%	21.2%	21.1%	18.0%
Net Income/ (Loss) (US\$M)	47	43	115	55
Gain/ (Loss) Unrealised Derivatives (US\$M)	(3)	0	(3)	0
Adjusted Net Income/ (Loss) (US\$M)	49	43	118	55
Adjusted Net Income%	10.3%	9.8%	11.9%	6.4%



# 04

## INDUSTRY PERSPECTIVES IN 2017





## Industry Perspectives in 2017

### Physical Demand to Remain Relatively Healthy

- 🪐 **Key factors to be observed:**
- 🪐 LME price is set to fluctuate on the back of stronger US dollar and Chinese supply-reform
- 🪐 World excluding China consumption: steady demand in Europe and North America
- 🪐 Physical premiums to remain at the same range
- 🪐 LME price expected to range between US\$1,850/t - US\$1,950/t





## Industry Perspectives in 2017

### Raw Materials Price Trends

- 🪐 Alumina prices have rebounded and are set to edge higher for the remainder of the year
- 🪐 Green Coke prices (GPC) are expected to remain high led by Chinese government environmental regulations
- 🪐 Liquid pitch prices to remain at the current levels and likely to soften in the second half of 2017
- 🪐 After starting at high levels in H1 2017, Aluminium Fluoride prices are expected to remain stable



05

## 2017 ALBA PRIORITIES





## 2017 Alba Priorities

### Sustainable Improvement & Progress Line 6 Expansion Project

- 🪐 Continuous Focus on Safety TomorrowLand Initiatives
- 🪐 Normalization of Line 5 Operations
- 🪐 Deliver on Project Titan - Phase II
- 🪐 Leverage Strong Demand on Value-Added Sales
- 🪐 Line 6:
  - Secure Second Tranche of ECA-Covered Facility
  - Award Remaining Packages in 2<sup>nd</sup> Half of 2017



06

APPENDIX

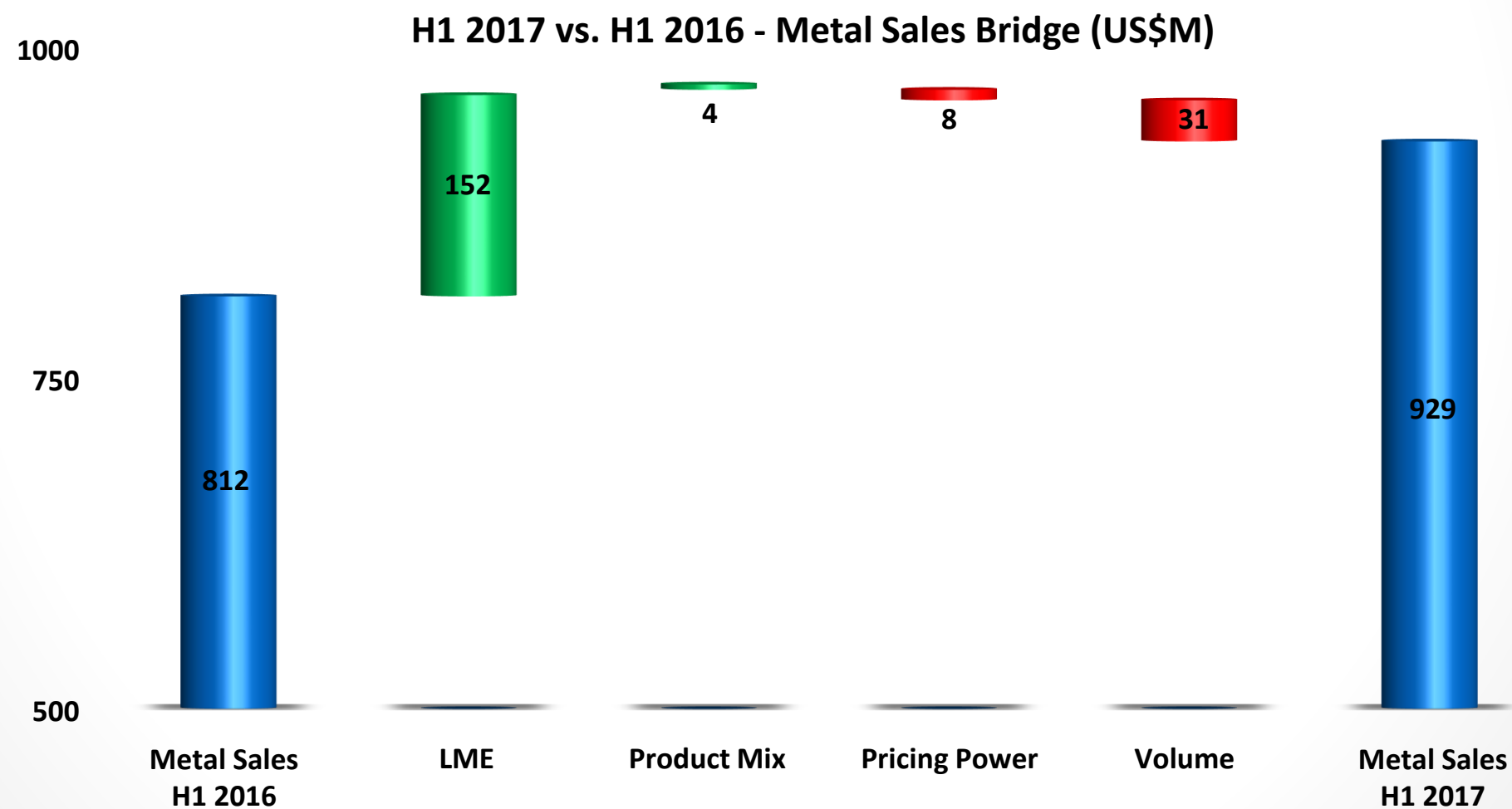




## H1 2017 Results

### LME Prices Remains Healthy

Sales Bridge Analysis H1 2017 vs. H1 2016  
Higher LME Prices Partially Offset With Lower Sales Volume

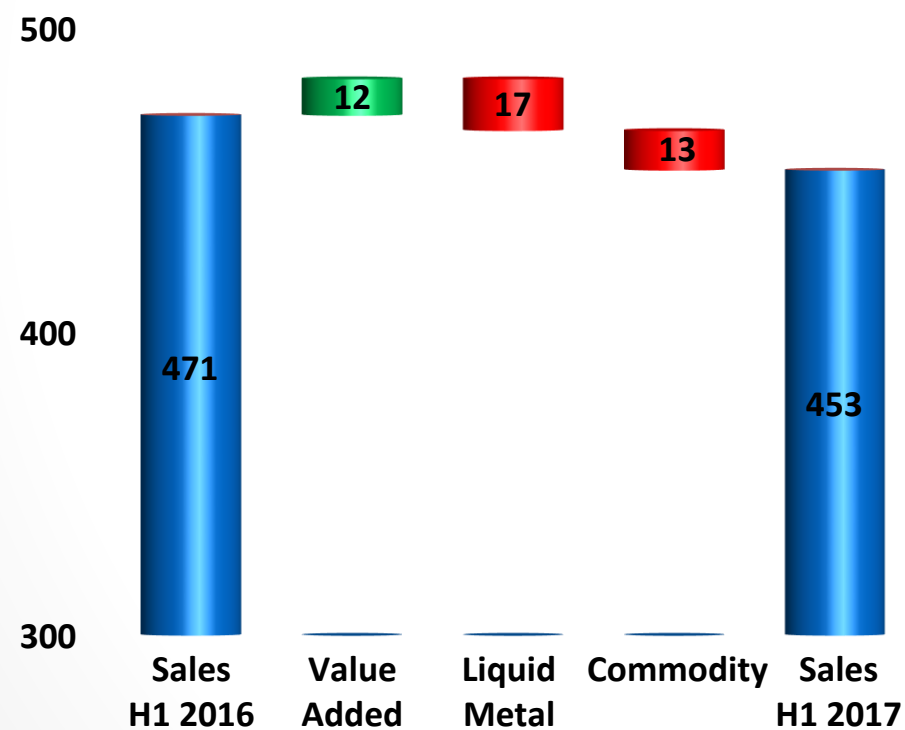


## H1 2017 Results

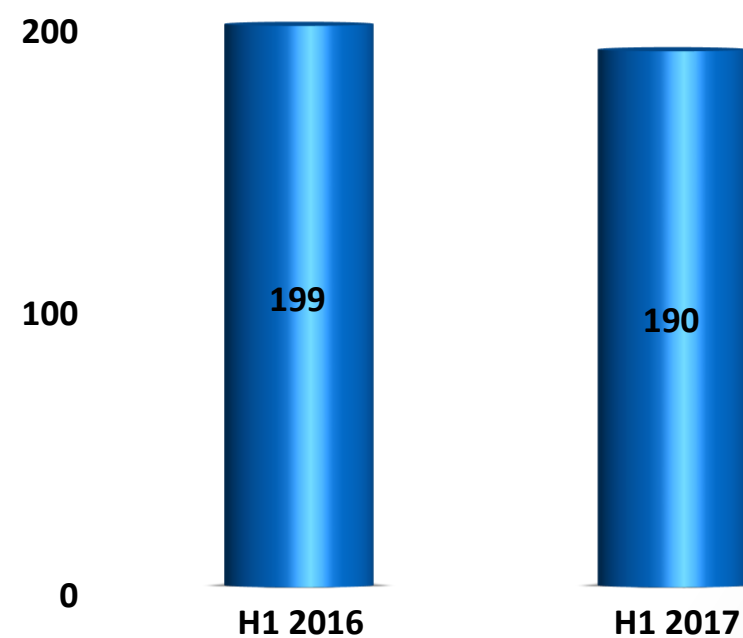
### LME Prices Remains Healthy

Sales Volume Down Following the Power Outage Incident

1H17 vs. 1H16 - Sales by Product Line  
Bridge (MT'000)



Premium Above LME Trend US\$ Per MT

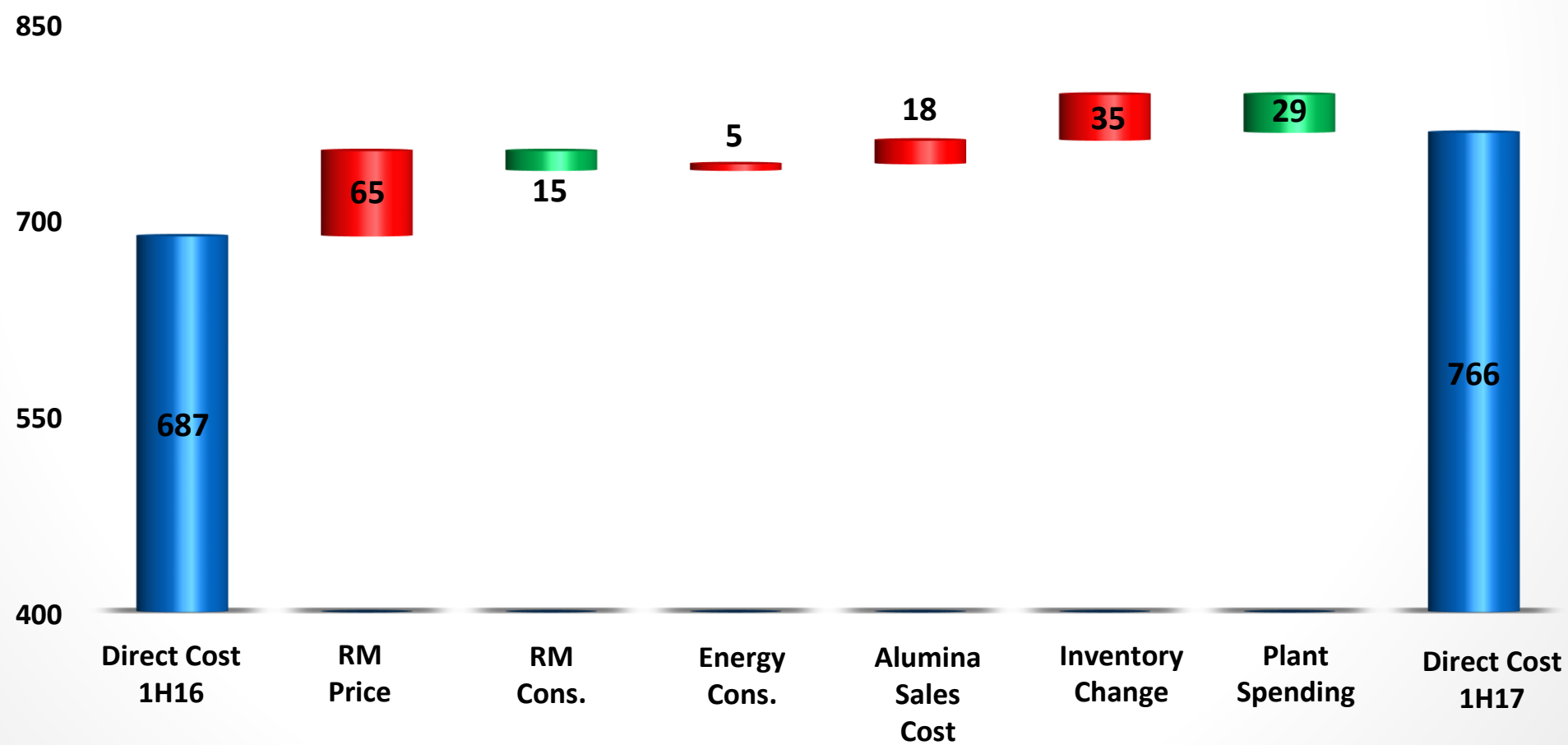


## H1 2017 Results

### LME Prices Remains Healthy

#### Cost Analysis 1H17 vs. 1H16

H1 2017 vs. H1 2016 - Direct Cost Bridge (US\$M)

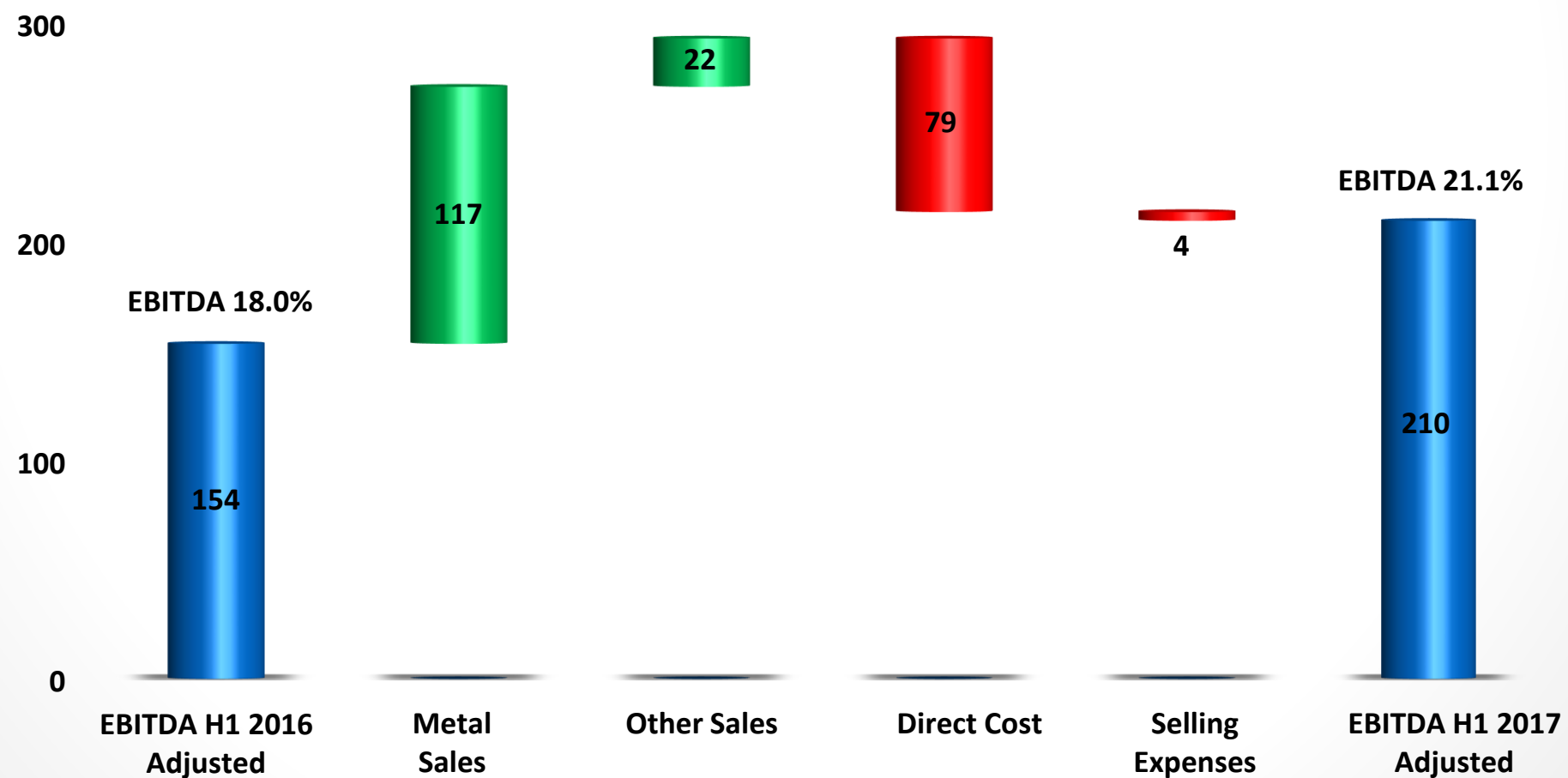


## H1 2017 Results

### LME Prices Remains Healthy

Favourable Management Performance  
Adjusted EBITDA Margin at 21.1%

H1 2017 vs. H1 2016 - EBITDA Bridge (US\$M)

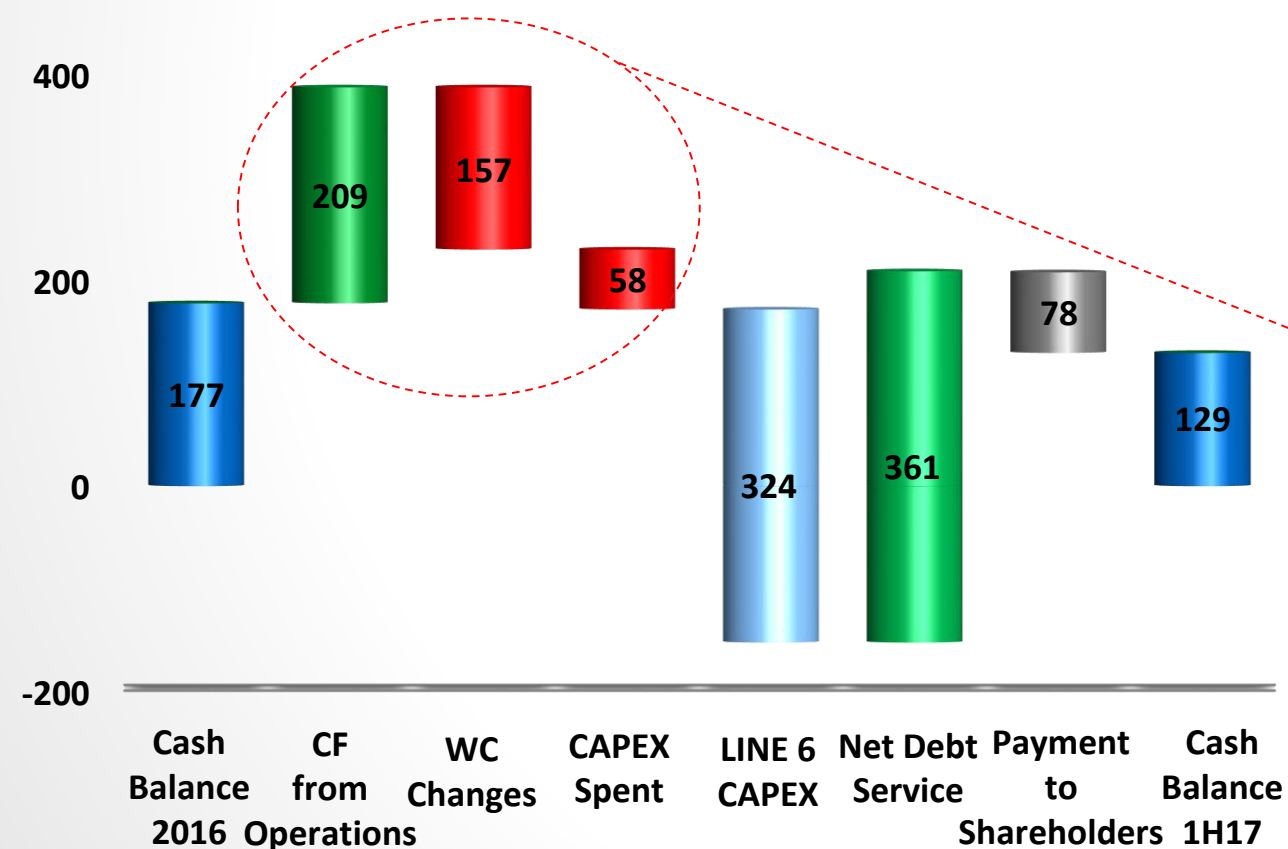


## H1 2017 Results

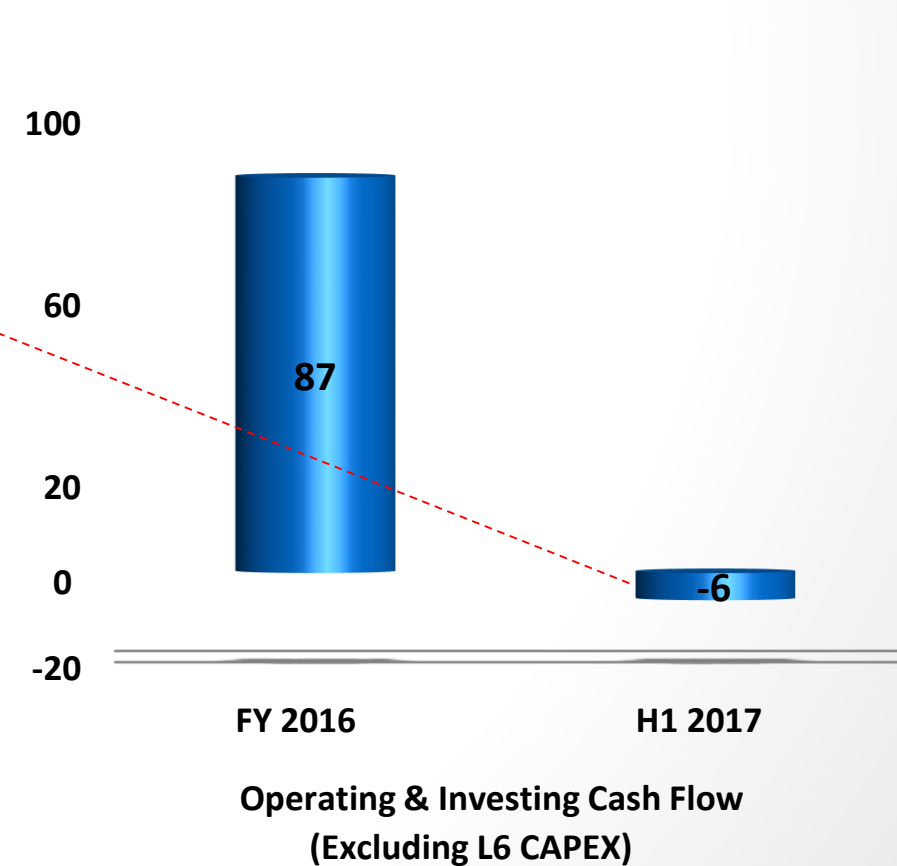
### LME Prices Remains Healthy

Cash Flow Bridge – H1 2017 vs. FY 2016  
Working Capital Impacted by Line 5 Recovery

FY 2016 to H1 2017 Cash Flow Bridge (US\$M)



Free Cash Flow (US\$M)





**For More Information, Contact Us on:**

**[IR@alba.com.bh](mailto:IR@alba.com.bh)**



Alba4World



alba4world



user/Alba4World



**flickr**

photos/alba4world