



# INVESTOR RELATIONS PRESENTATION

Q1 2020



## 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  
Q1 2020  
Results

04  
Industry  
Perspectives  
in 2020

05  
2020  
Alba Priorities



# 01

## INDUSTRY HIGHLIGHTS<sup>1</sup>

## Industry Highlights – Q1 2020

### Global Demand for Aluminium Tumbles

The unprecedented stop in the world's economic activity has sent shockwaves through the entire Aluminium supply-chain. A quarter of the world population live under lockdown. The Aluminium downstream has lowered output levels or has already shutdown. The auto sector has taken the hardest hit from novel COVID-19 outbreak; other sectors have also witnessed a sharp decline thanks to the closure of extruders, rolling-mills and construction facilities

- 🌐 World Consumption down by 8% YoY
- 🌐 Aluminium demand collapse in major markets: a drop of 10% YoY in Europe and China, 8% YoY in MENA and 6% YoY in North America



## Industry Highlights – Q1 2020

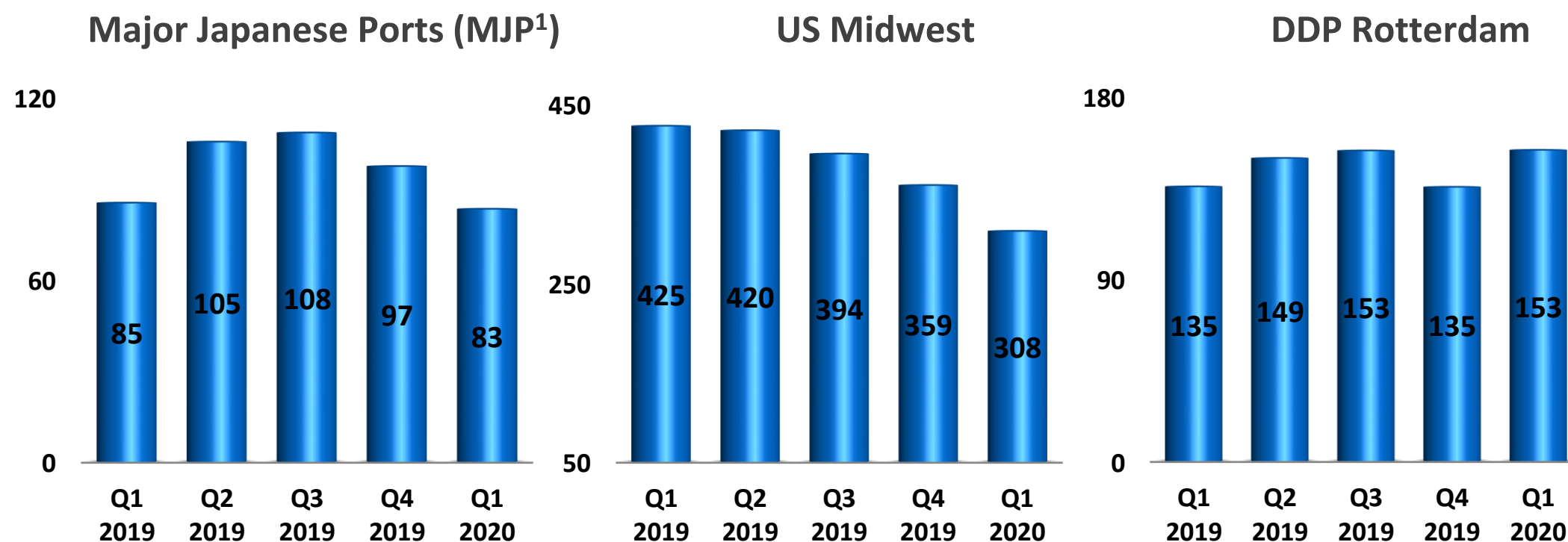
### Global Production – Modest Growth at 2% YoY

- Primary Aluminium production in MENA continues - up 12% YoY [mainly on the back of Alba's Line 6 metal]
- Production in North America up by 5% YoY mainly due to higher throughput from Canadian smelters
- China production up by 2% YoY [high-cost smelters curtailed their output thanks to drop in SHFE price]. Chinese smelters are preparing for further output cuts
- World market in surplus with China (+1,923Kt) and (+299Kt) without China

## Industry Highlights – Q1 2020

### LME & Premium Prices Rally Down

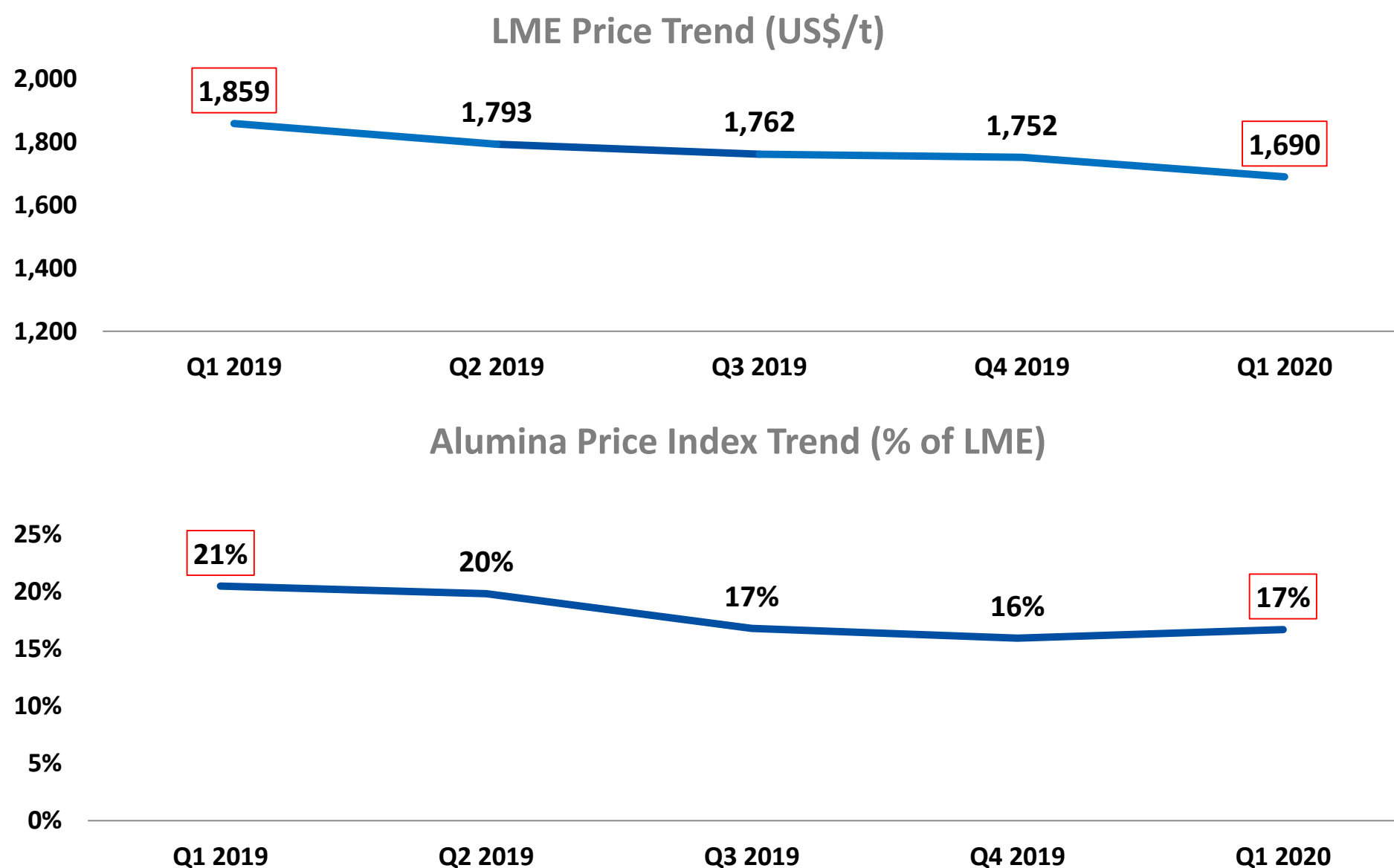
- LME inventories at ~1.164 million MT as of 31 March 2020 (up by 4% YoY)
- LME-Cash averaged US\$1,690/t - down by 9% YoY [lowest: US\$1,489/t on 31 March and highest: US\$1,810/t on 21 January]
- Physical premium prices under downward pressure (US\$/t):



<sup>1</sup>Major Japanese Ports (MJP) is based on Cost, Insurance and Freight (CIF)

## Industry Highlights – Q1 2020

Alumina Price - 17% of LME Price [US\$286/t]







# 02

## ALBA HIGHLIGHTS

## Alba Highlights – Q1 2020

### Safety Highlights Amidst COVID-19

- Working closely with COVID-19 Bahrain National Team to ensure our People's Safety - Employees and Contractors
- Remote work from home for most of office/admin employees (men & women)
- Adoption of social distancing & adjusting shifts' schedule to minimize exposure risk
- Community support: donating BD 3.5 million aid towards 'Feena Khair' initiative as well as participating in various CSR initiatives

## Alba Highlights – Q1 2020

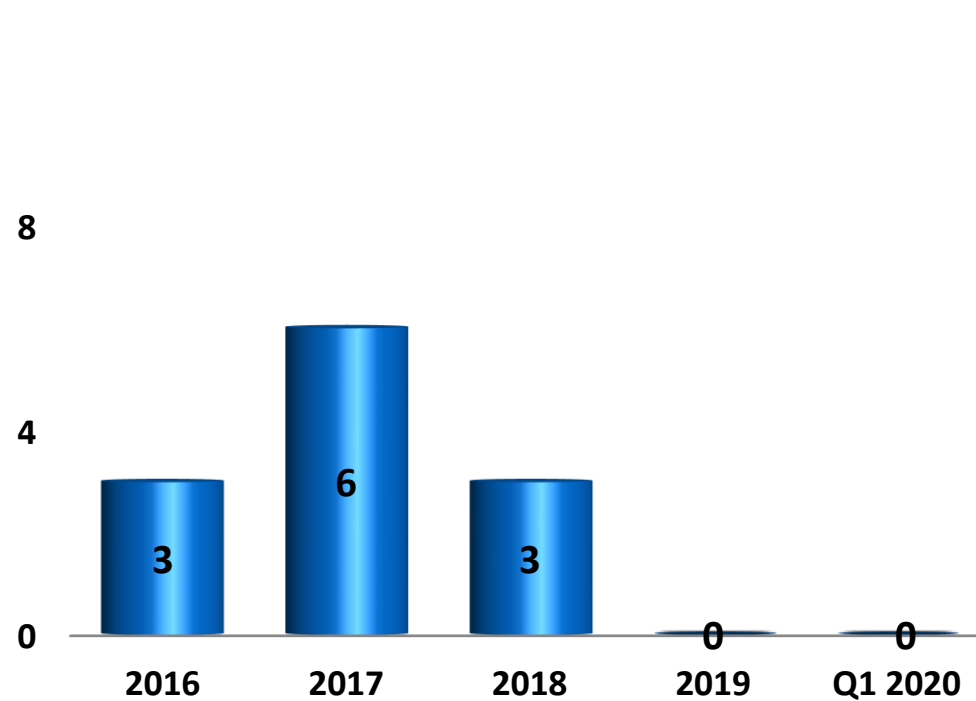
### Operational Highlights & Milestones

- 🌐 Achieved on 07 April 2020: 20 million working-hours w/o LTI for first time in Alba's history
- 🌐 Sales' volume topped 379,274 metric tonnes (MT), up by 48% YoY while Production reached 388,637 MT, up by 43% YoY
- 🌐 Value Added Sales averaged 41% of the total shipments
- 🌐 Spent Pot Lining (SPL) Treatment Plant in progress

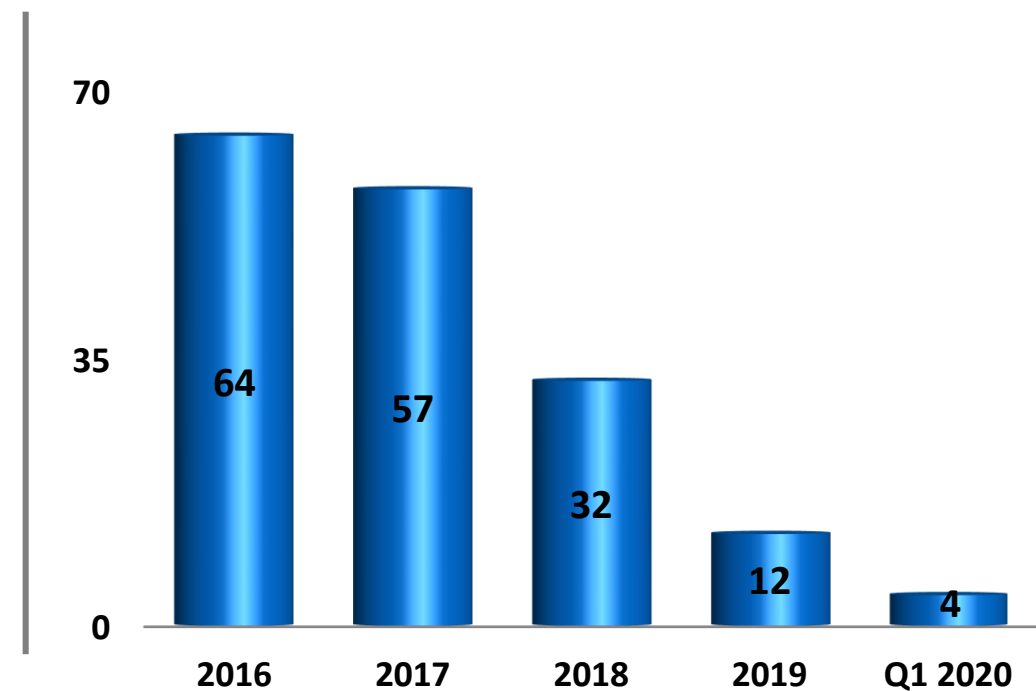
## Alba Highlights – Q1 2020

Think Safety First & Always

Lost Time Injury (LTI) Trend



Total Recordable Injuries



## Alba Highlights – Q1 2020

### Financial Key Performance Indicators

- 🌐 **EBITDA driven by higher Sales' volume and partially offset by lower LME prices**
- 🌐 **Q1: US\$ 133 million up by 1,800% YoY**
- 🌐 **Net Income driven by EBITDA levels**
- 🌐 **Q1: US\$ 15 million up by 136% YoY**
- 🌐 **Free-Cash Flow<sup>1</sup> up thanks to sound working-capital management**
- 🌐 **Q1: US\$ 86 million up by 444% YoY**

<sup>1</sup>Free Cash Flow excluding Line 6 CAPEX spending



## Alba Highlights – Q1 2020

Project Titan - Phase IV: Improve Cash-Cost Structure by US\$ 100M by end of 2020

### Project Titan - US\$ Million



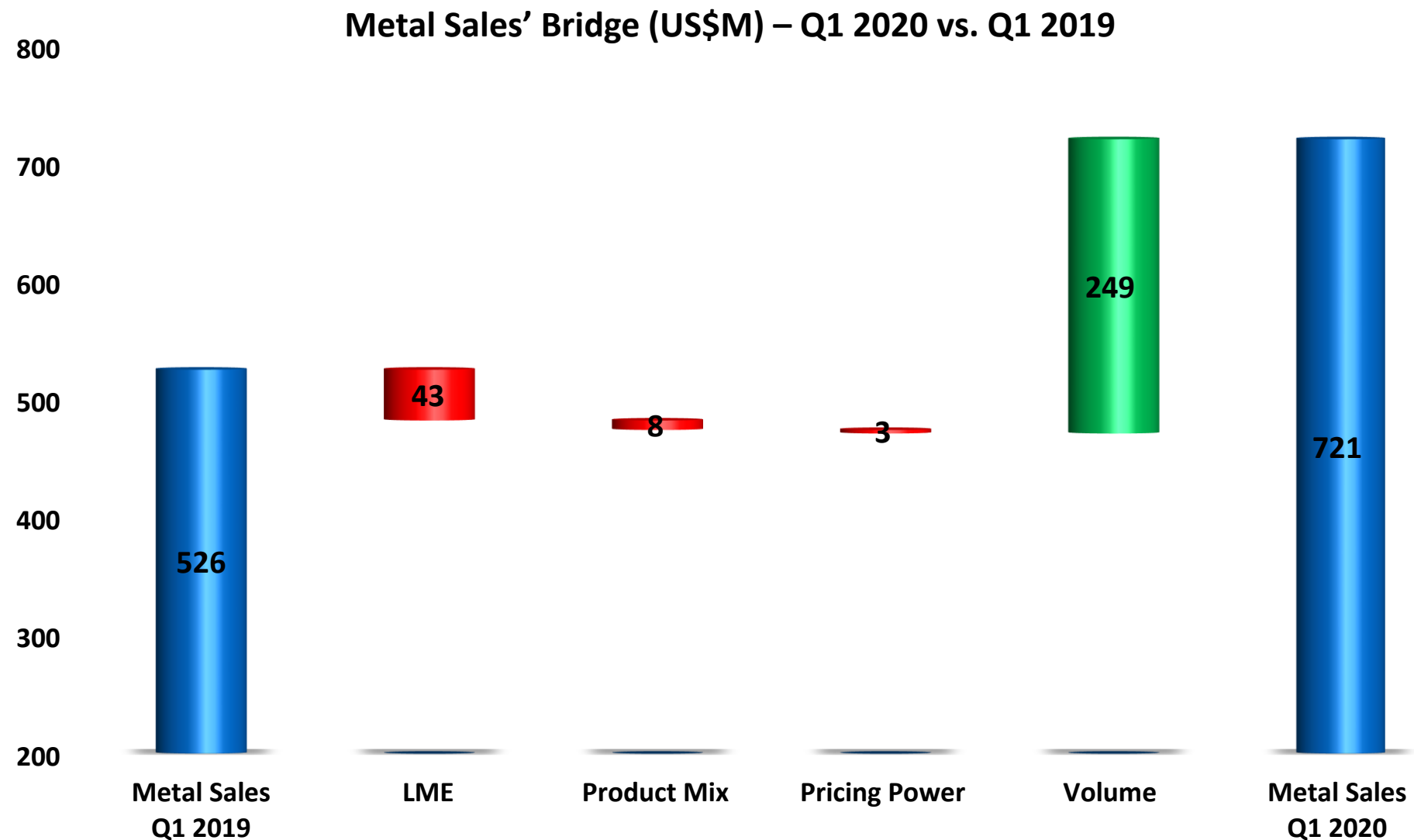


03

## Q1 2020 RESULTS

## Aluminium Industry: Downbeat Demand & Depressed LME Prices

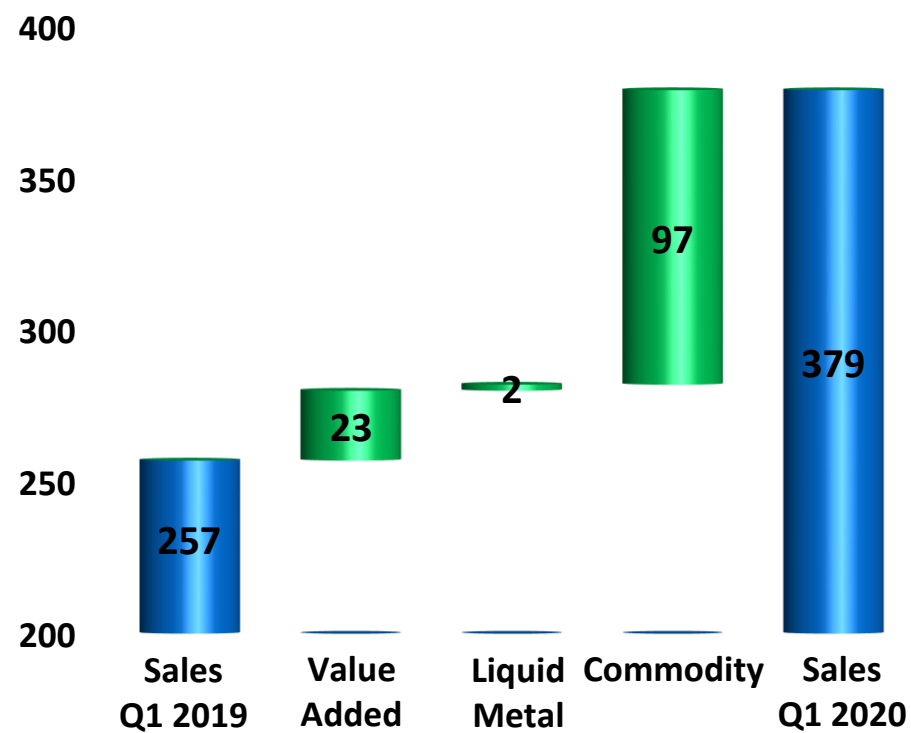
Metal Sales Bridge Analysis: Q1 2020 vs. Q1 2019  
Higher Metal Sales' Volume Offset by Lower LME Prices



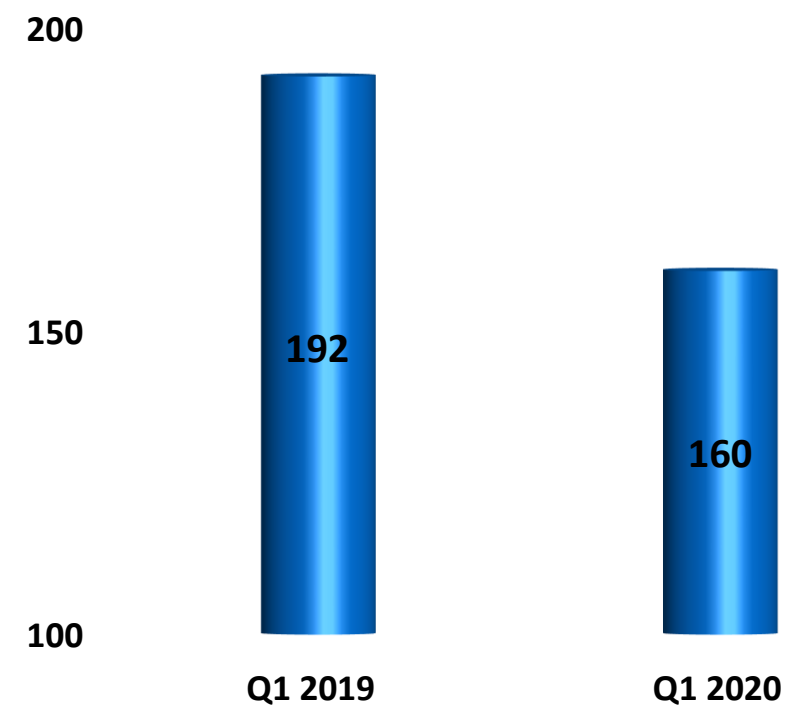
## Aluminium Industry: Downbeat Demand & Depressed LME Prices

Higher Sales' Volume Denominated by Higher Commodities' Volume

Sales by Product-Line Bridge (MT'000)  
Q1 2020 vs. Q1 2019



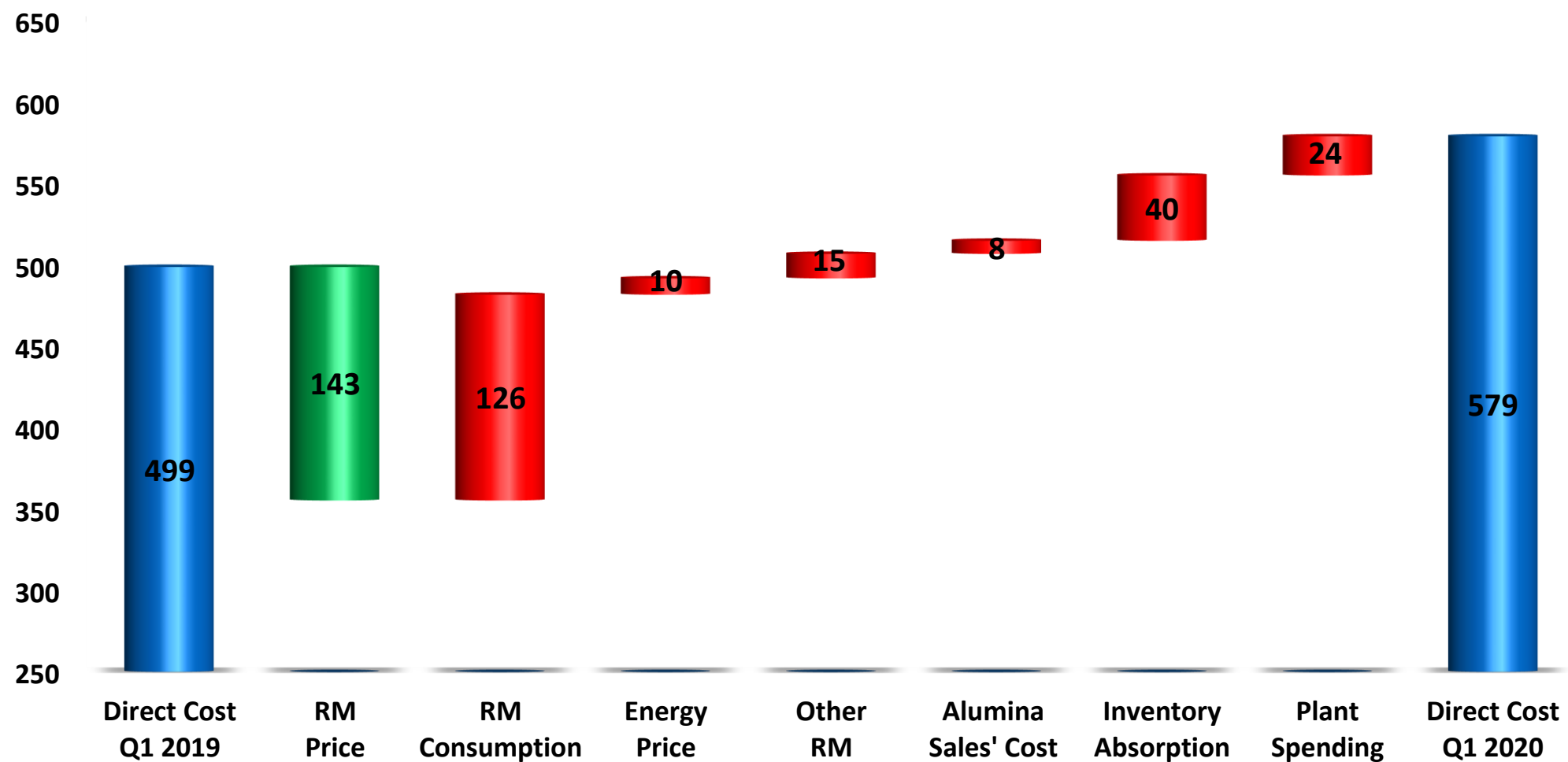
Premium Above LME Trend US\$ Per MT



## Aluminium Industry: Downbeat Demand & Depressed LME Prices

Cost Analysis Q1 2020 vs. Q1 2019  
Higher Direct Cost Thanks to Higher Throughput

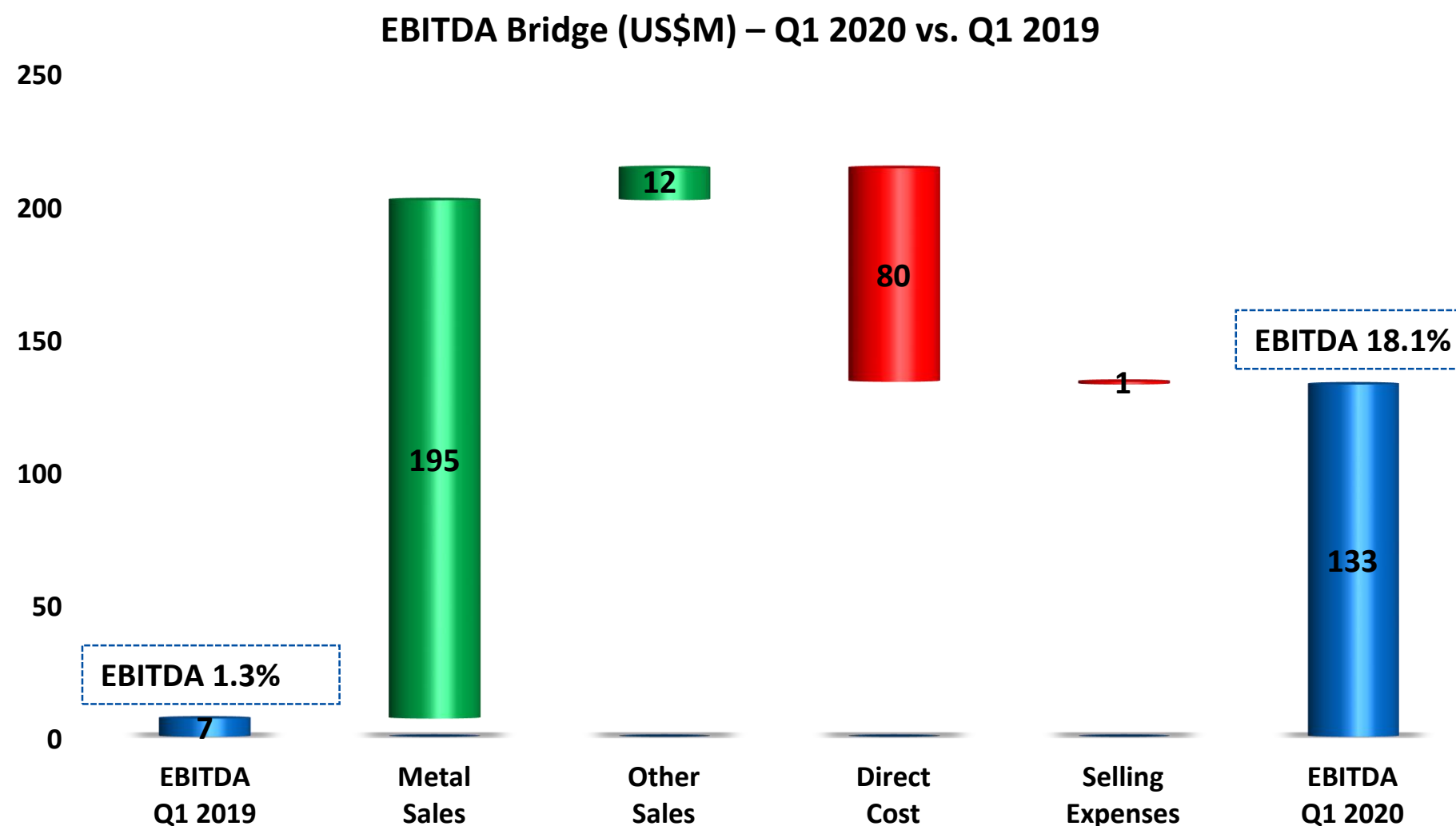
Direct Cost Bridge (US\$M) – Q1 2020 vs. Q1 2019





## Aluminium Industry: Downbeat Demand & Depressed LME Prices

EBITDA Bridge Gap Analysis – Q1 2020 vs. Q1 2019  
Higher EBITDA Thanks to Higher Metal Sales

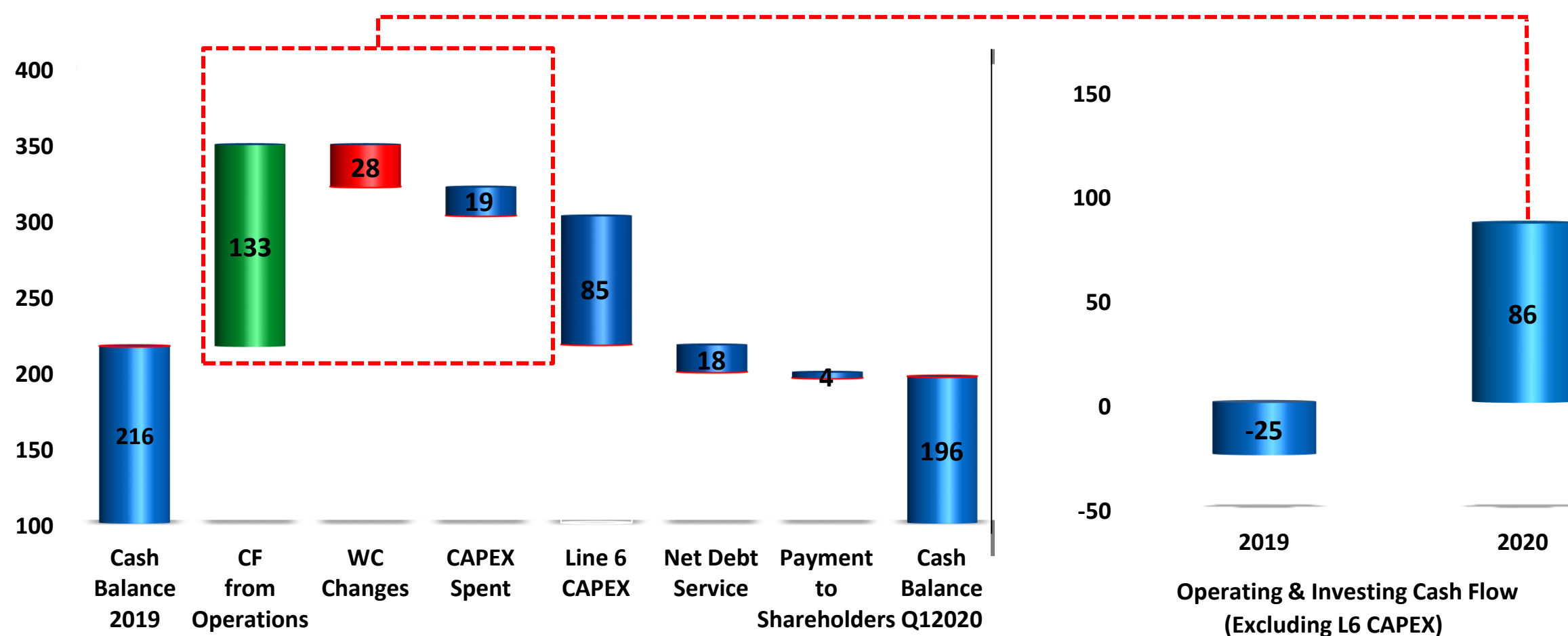


## Aluminium Industry: Downbeat Demand & Depressed LME Prices

### Cash-Flow Bridge – 2019 to Q1 2020

2019 to Q1 2020 Cash-Flow Bridge (US\$M)

Free Cash Flow (US\$M)



## Aluminium Industry: Downbeat Demand & Depressed LME Prices

Good Financial Performance Partially Offset by Lower LME Prices

Financial Summary	Q1 2020	Q1 2019
Average Cash LME (US\$/MT)	1,690	1,859
Average Alumina Price (US\$/MT)	286	386
Total Sales (US\$M)	734	527
EBITDA (US\$M)	133	7
EBITDA%	18.1%	1.3%
Net Income/ (Loss) (US\$M)	15	(42)
Gain/(Loss) Unrealised Derivatives	(8)	(5)
Adjusted Net Income / (Loss)*	23	(37)



# 04

## INDUSTRY PERSPECTIVES IN 2020

## Industry Perspectives in 2020

### Emergence of Global Market Balance Surplus

#### Key factors to be observed:

- 🌐 Global economic activity racing to recession and hitting Aluminium supply-chain. Market fundamentals to remain depressed in the short-term
- 🌐 Global demand to contract by c.3% YoY in 2020 due to COVID-19 disruptions of automotive, engineering and construction sectors
- 🌐 Lockdowns and other containment measures to force some producers to lower output levels
- 🌐 Smelters to switch producing VAP to P1020
- 🌐 COVID-19 to further drag-down commodity prices in the short-run
- 🌐 Physical premiums in free-fall due to weak metal demand
- 🌐 LME price expected to range between US\$1,400/t – US\$1,500/t



## Industry Perspectives in 2020

### Raw Materials Price Trends

- Alumina prices to be under downward pressure thanks to lower downstream/Aluminium demand
- Green Petroleum Coke (GPC), Liquid Pitch and Aluminium Fluoride (ALF3)  
Prices to remain at the same levels on the back of weak market sentiment



05

## 2020 ALBA PRIORITIES

## 2020 Alba Priorities

### Infinite Focus on Safety & Beyond Line 6

- 🌐 Continued Focus on 'Safety Globe' Initiative. Keep our People (Employees & Contractors) Safe Amidst Novel COVID-19
- 🌐 Meet 2020 Production Target of 1,540,000 metric tonnes
- 🌐 Deliver on Project Titan - Phase IV [Projected Savings of US\$100 Million by 2020-end]
- 🌐 Focus on Upstream Opportunities to Secure Alumina Requirements
- 🌐 Accelerate Value-Added Sales' Product Qualification with Aluminium Stewardship Initiative (ASI) and Ecovadis certifications
- 🌐 Deliver SPL Treatment Plant and Port Upgrade as per Timeline



For more information, please contact us on:

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



Alba4World



alba4world



user/Alba4World



flickr

photos/alba4world