



Aluminium  
for the world

Q3 2012 IR PRESENTATION

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## INDUSTRY HIGHLIGHTS

# INDUSTRY HIGHLIGHTS

Q3 2012

**Aluminium – Physical Demand Remains Very Tight  
(Reference Period: July – September)**

- World consumption up by 3.9%
- North America – healthy demand (+5.4%) driven by automotive and construction sectors
- Asian demand stable and is driven by China (+8%) and Japan (+4%)
- MENA demand up by 5.5% thanks to large infrastructure projects
- Europe demand weakened (–4.7%) on the back of decline in automotive production

# INDUSTRY HIGHLIGHTS

Q3 2012

## Production Evolution

- World production down by 2.4% and is expected to rise in the coming years with Greenfield projects ramp-up in Middle East, Russia and India
- China output at 2.2 million metric tonnes (+11.4%) driven by government support on power subsidies
- Western producers continue to suffer with lower LME prices and high power costs thus leading to further capacity cuts

# INDUSTRY HIGHLIGHTS

Q3 2012

## LME & Premiums

- LME inventories almost stable at 5 million metric tonnes
- 3Q12 Cash-average was \$1,922/t vs. \$2,400/t in 3Q11
- **Physical premiums at record high across the globe:**
  - Major Japanese Ports at **\$205/t** vs. an average of **\$121/t** in 3Q11
  - DDP Rotterdam at **\$221/t** vs. an average of **\$201/t** in 3Q11
  - US Mid West premiums at **\$248/t** vs. an average of **\$195/t** in 3Q11




## ALBA HIGHLIGHTS






# Alba Highlights

## Q3 2012 – Operational Highlights/Achievements

### **Tim Murray Appointed CEO Effective October 1**

-  Laurent Schmitt assigned to work as advisor to the Chairman of Alba's Board of Directors on Bahrain downstream development





### **Alba Settles RICO Case with Alcoa**

-  Settlement has a total value of \$447 million
-  \$85 million cash (\$42.5 million already received and 2nd \$42.5 million to be payable in 1 year)
-  \$362 million from long-term alumina sales agreement

# Alba Highlights

## Q3 2012 – Operational Highlights/Achievements

### **STAR Operational Improvement Program**

-  Additional recurrent savings of US\$2 million recorded in 3Q12 vs. a full-year target of US\$30 million
-  Alba was able to increase YTD production by 4,405 mt with sales stable despite the European slowdown
-  3Q12 Sales of Value-Added Products at 66% of total shipments vs. 65% in 3Q11
-  Increase production capacity in Pot line 5 through the successful installation of the 1600 mm long anode




# Alba Highlights

## Q3 2012 – Operational Highlights/Achievements

### Raw Materials

-  1st round of meetings for 2013 supply requirements held in September

### AlbaSafeWay Program

-  Allocated Safety Coordinators to report to Line Management
-  Launch of plant wide equipment safety audits
-  Combined Sustainability department with HSE Group to leverage synergies

### Future Growth

-  Launch Line 6 bankable feasibility study by year-end

# Alba Highlights

## Q3 & YTD 2012– Financial Key Performance Indicators

- **Adjusted EBITDA driven by low LME prices & higher energy cost**
  - Q3: US\$35 million down by 79% YoY
  - YTD: US\$236 million down by 54% YoY
- **Adjusted Net Income driven by low LME prices and unrealized derivative gains**
  - Q3: (US\$21) million down by 122% YoY
  - YTD: US\$68 million down by 80% YoY
- **Free-Cash Flow impacted by low LME prices and partially offset by healthy working capital management**
  - Q3: US\$37 million down by 76% YoY
  - YTD: US\$227 million down by 50% YoY



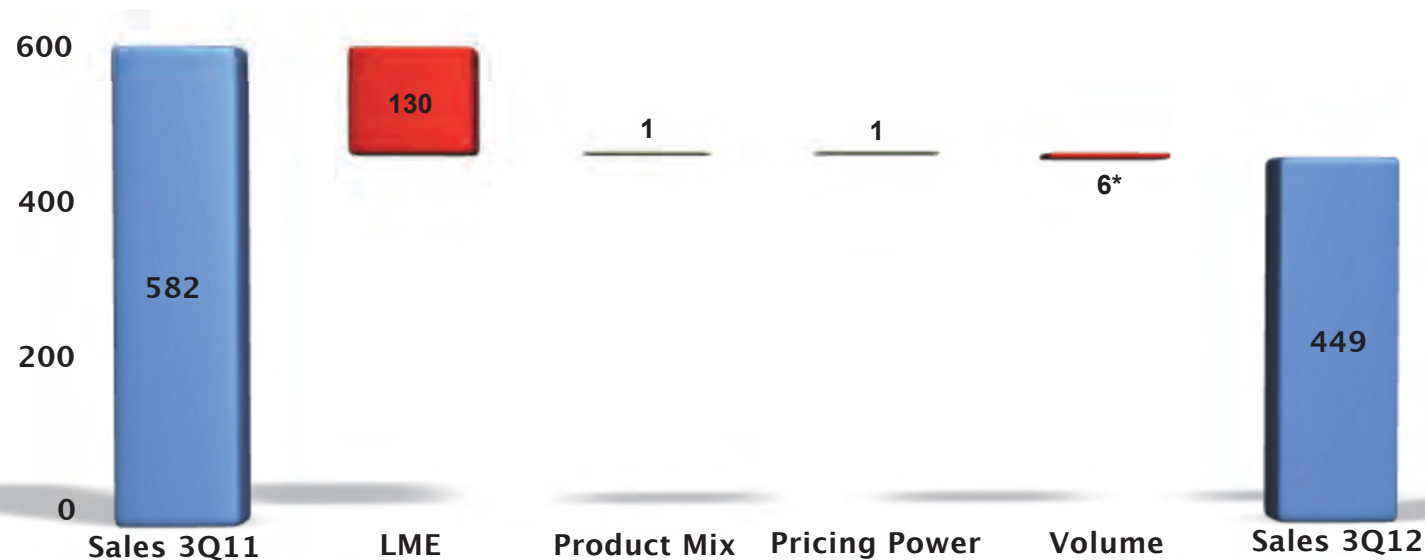
## Q3 2012 RESULTS

# Q3 2012 Results

## STRONG PHYSICAL DEMAND DESPITE LOW LME

Sales Analysis 3Q12 vs. 3Q11  
Higher Premium Offset by Lower LME Prices

3Q12 vs. 3Q11 – Metal Sales Bridge (US\$M)



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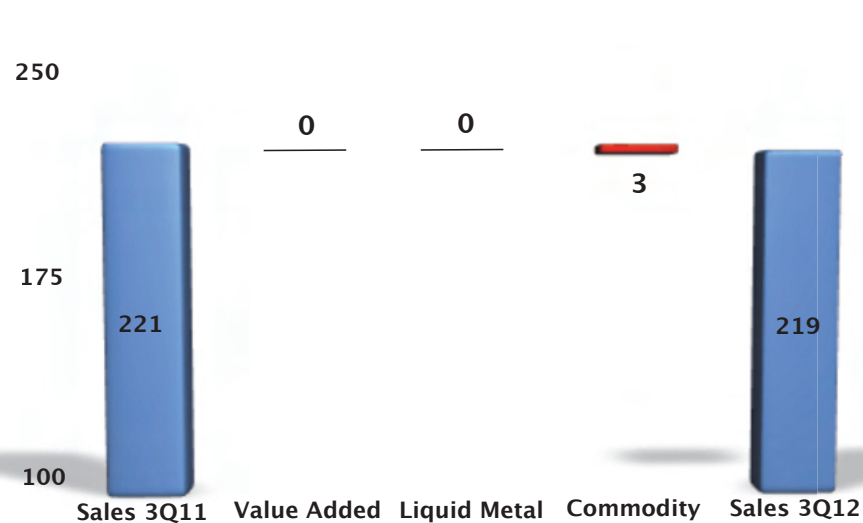
Higher throughput resulted in a \$2 million direct benefit to the bottom line

# Q3 2012 Results

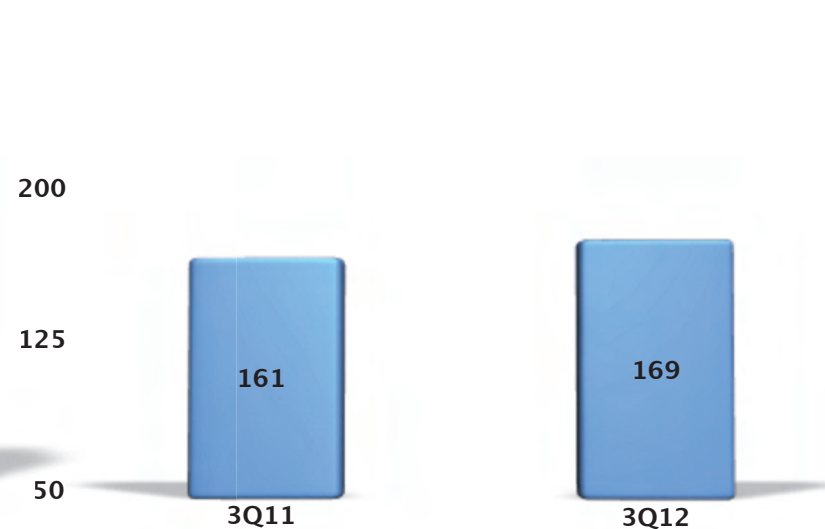
## STRONG PHYSICAL DEMAND DESPITE LOW LME

Maintain Optimum Product Mix  
Maximize Physical Demand Strength Through Value-Added Product Base

3Q12 vs. 3Q11 – Sales by Product line Bridge  
(000's MT)



Premium Above LME Trend USD (Per MT)



# Q3 2012 Results

## LOW LME PULLS DOWN RESULTS

**Cost Analysis 3Q12 vs. 3Q11:  
Higher Energy Costs Offset by Lower Raw Material Prices**

3Q12 vs. 3Q11 – Direct Costs Bridge (US\$M)



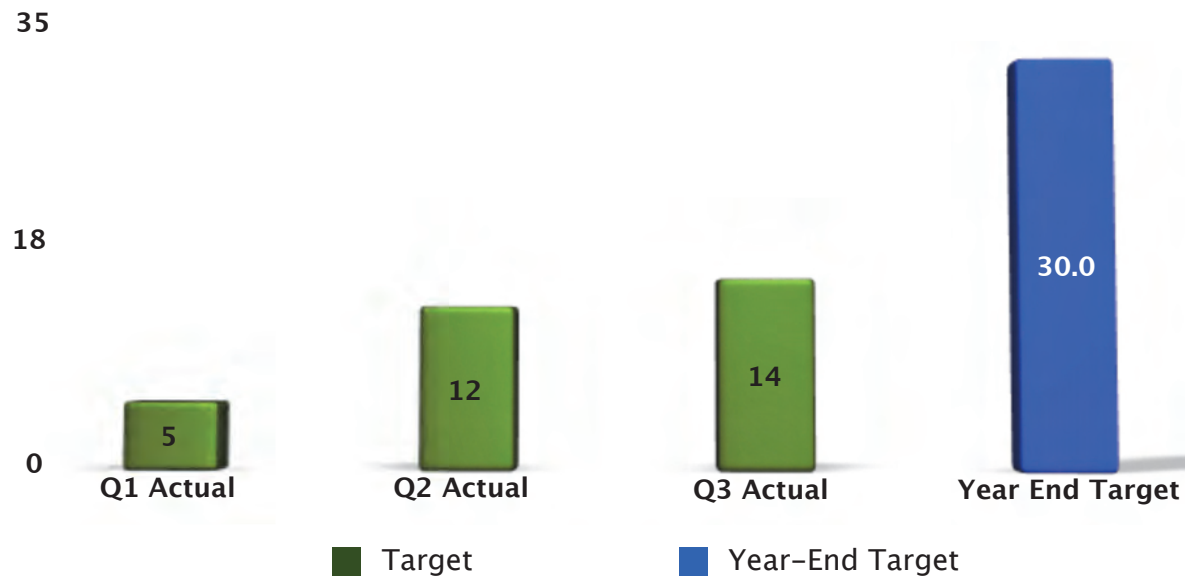


# Q3 2012 Results

## LOW LME PULLS DOWN RESULTS

STAR Saving -YTD vs. Target 2012:

YTD vs. Target 2012 - STAR cumulative Savings (US\$M)



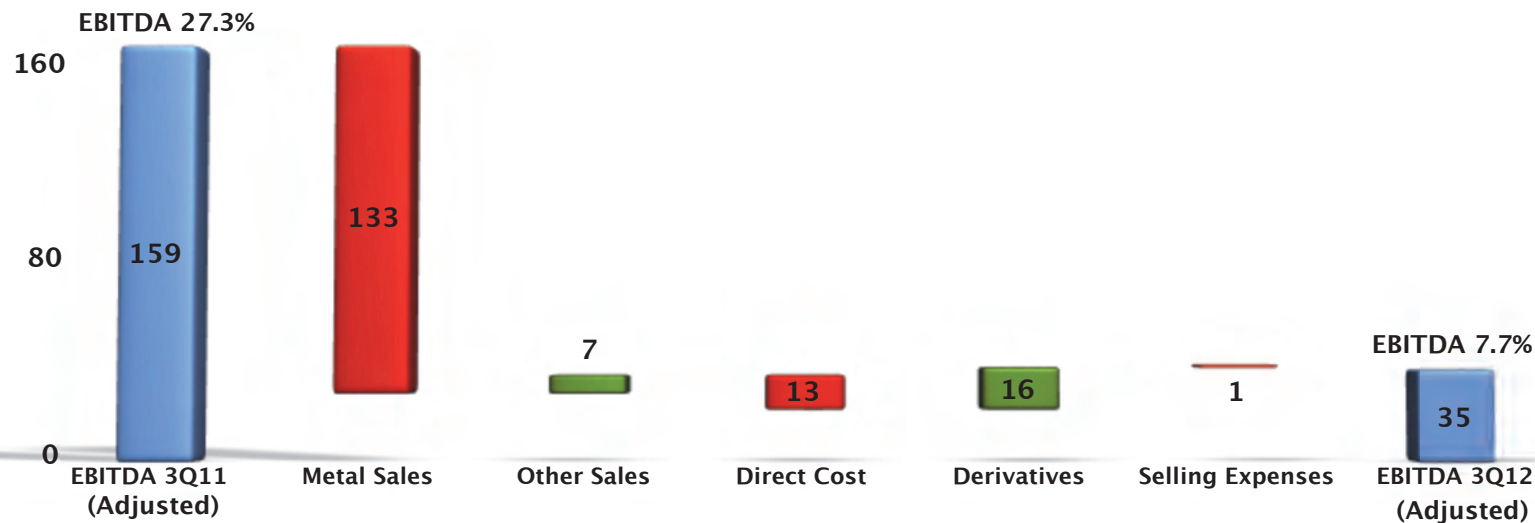
\$2 million - additional savings generated in Q3 from throughput

# Q3 2012 Results

## LOW LME PULLS DOWN RESULTS

Adjusted EBITDA Bridge Gap Analysis 3Q12 vs. 3Q11:  
Alba Still Generating Cash Despite Low LME Prices

3Q12 vs. 3Q11 – EBITDA Bridge (US\$M Adjusted)



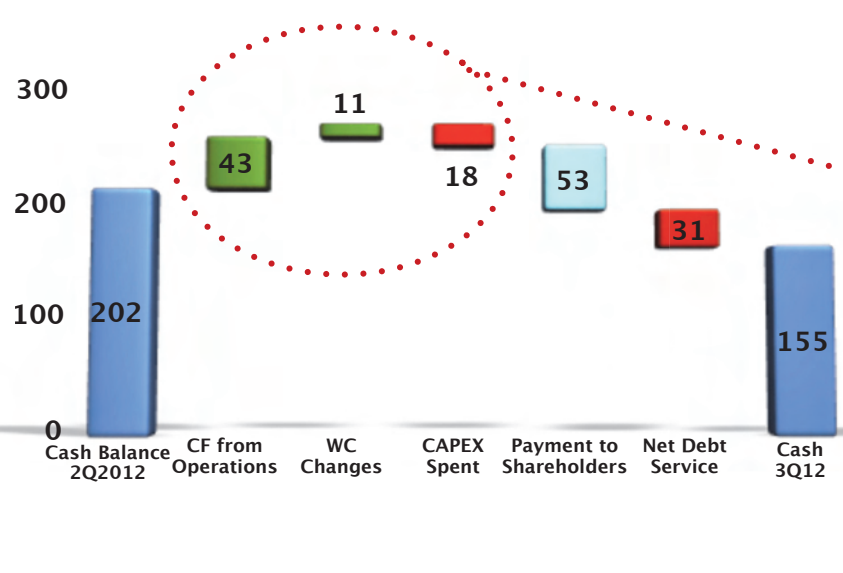
Adjusted EBITDA includes impact of actual realised derivatives payments

# Q3 2012 Results

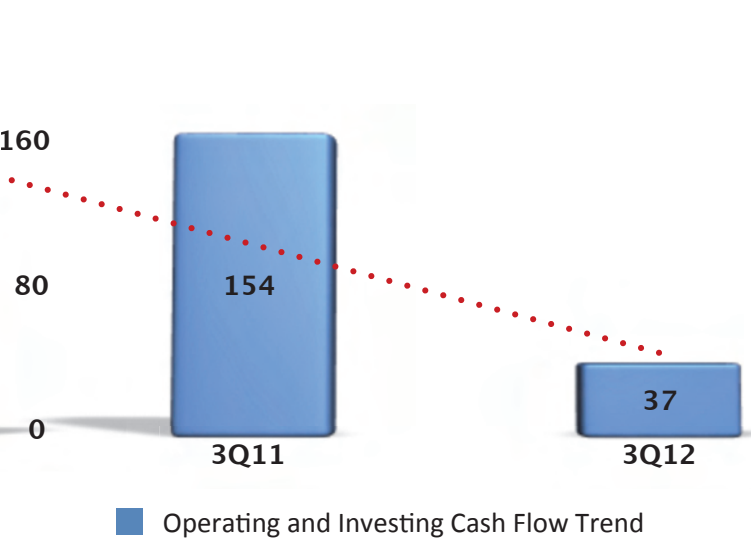
## LOW LME PULLS DOWN RESULTS

Cash Flow Bridge 3Q12 vs. 3Q11:  
Alba Still Generating Cash Despite Low LME Prices

2Q12 to 3Q12 Cash Flow Bridge (USD M)



Free Cash Flow (USD M)



# Q3 2012 Results

## LOW LME PULLS DOWN FINANCIAL RESULTS

3Q12 vs. 3Q11:

Financial Summary	Q3 2012	Q3 2011	YTD 2012	YTD 2011
Sales	457	582	1,476	1,805
EBITDA	35	159	236	509
EBITDA %	7.7%	27.3%	16.0%	28.2%
EBIDTA (Excl. One time Cost)	35	164	219	542
EBIDTA% (Excl. One time Cost)	7.7%	28.2%	14.8%	30.0%
Net Income/(Loss)	(35)	214	117	488
Gain/(Loss) Unrealised Derivatives	(13)	117	48	150
Adjusted Net Income/ (Loss)*	(21)	97	68	337
Adjusted Net Income%	(4.7%)	16.6%	4.6%	18.7%
Average Cash LME (US\$ / MT)	1,922	2,400	2,025	2,501

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Net Income represents comprehensive accounting profit including all derivatives (realized and unrealized)









# INDUSTRY PERSPECTIVES IN 2012

# Industry Perspectives in 2012

## Low LME Levels Continue to Drag on Industry Profitability

### Key factors to be observed

-  World awaits conclusion of US Presidential election
-  Majority of the industry is operating cash negative
-  Record premiums continue on the back of strong physical demand
-  MENA infrastructure spending to continue
-  North America to remain bullish
-  LME price expected to hover around \$2,000/t during Q4 2012

# Industry Perspectives in 2012

## Raw Materials Price Trends

- Alumina spot market expected to sustain at current price levels
- Green Coke market continues to soften thus creating spot market opportunities
- Liquid Pitch and Aluminium Fluoride prices have reduced slightly and are expected to remain stable for next 3–6 months



## 2012 ALBA PRIORITIES



# 2012 Alba Priorities

## Transform Safety Culture and Build Foundation for Line 6 Expansion Project

- Accelerate AlbaSafeWay Program
- Leverage benefits of new Alcoa agreement
- 2012 STAR Program:
  - Achieve additional cash savings of US\$ 30 million in 2012
  - Capture benefits of high physical premiums in 2013 new contracts
  - Successful implementation of Line 5 large anode
- Future Growth
  - Finalise long-term gas and power contract
  - Launch of bankable feasibility study for Line 6 Expansion Project by year-end
  - Develop fast track implementation strategy
  - Allocate Line 6 project team



# APPENDIX



# YTD 2012 Results

## STRONG PHYSICAL DEMAND DESPITE LOW LME

Sales Analysis YTD12 vs. YTD11  
Higher Premium Offset by Lower LME Prices

YTD12 vs. YTD11 - Metal Sales Bridge (US\$M)



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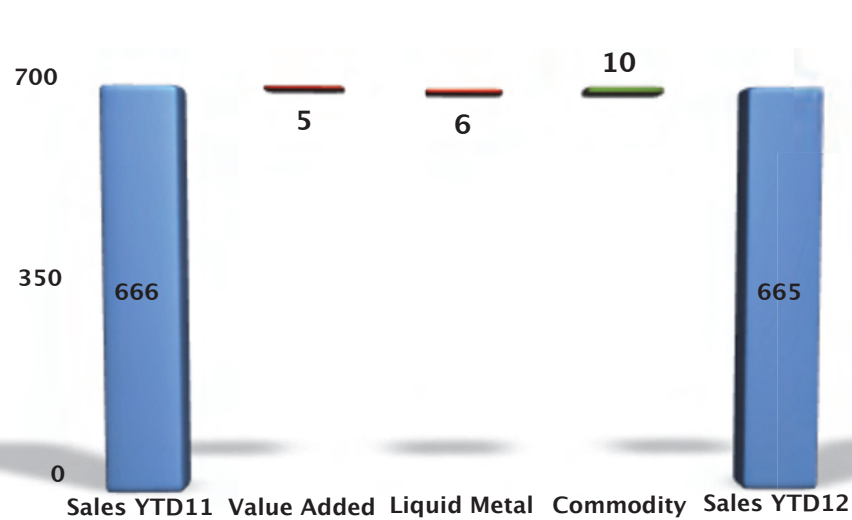
\* Higher throughput resulted in a \$9 million direct benefit to the bottom line

# YTD 2012 Results

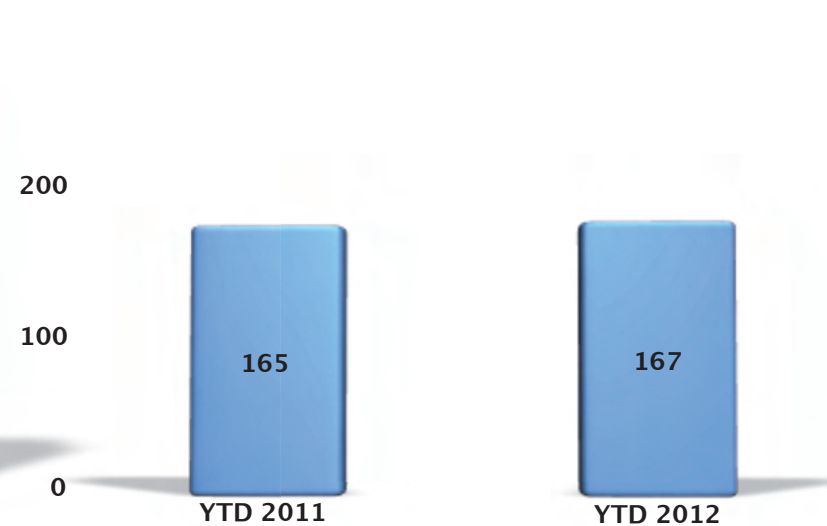
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Maintain Optimum Product Mix  
Maximize Physical Demand Strength Through Value-Added Product Base

YTD 12 vs. YTD 11 - Sales by Product  
line Bridge (000's MT)



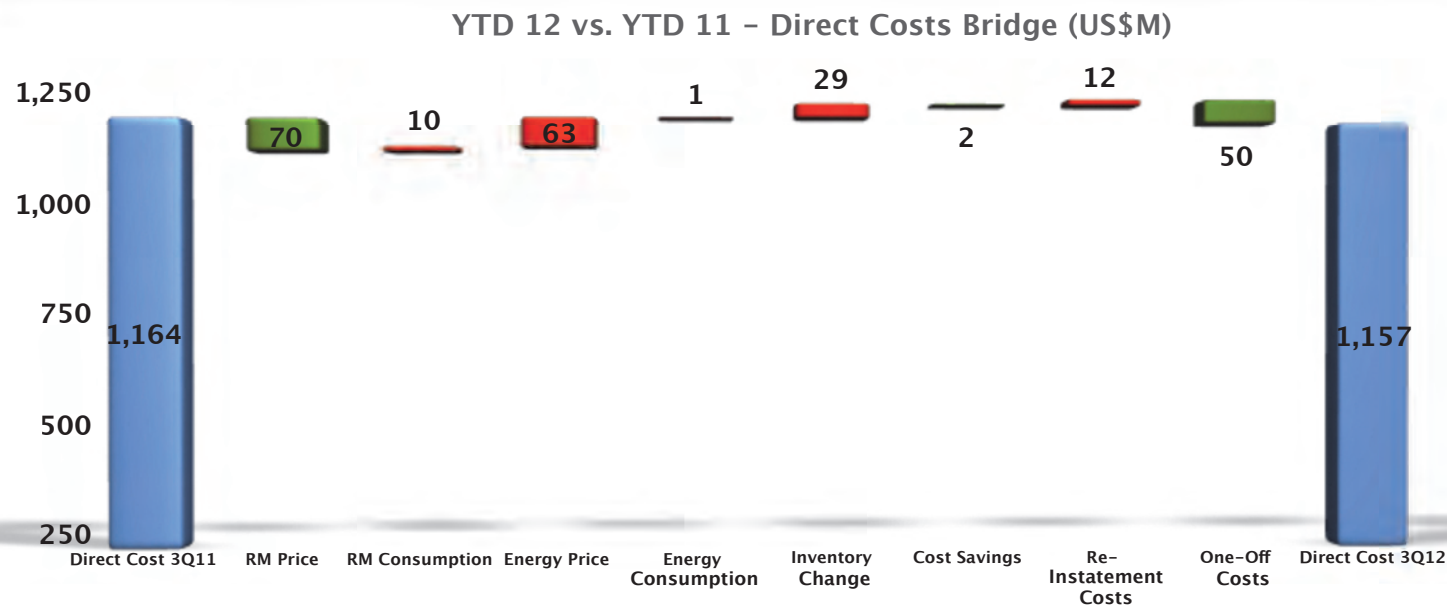
Premium Above LME Trend USD (Per MT)



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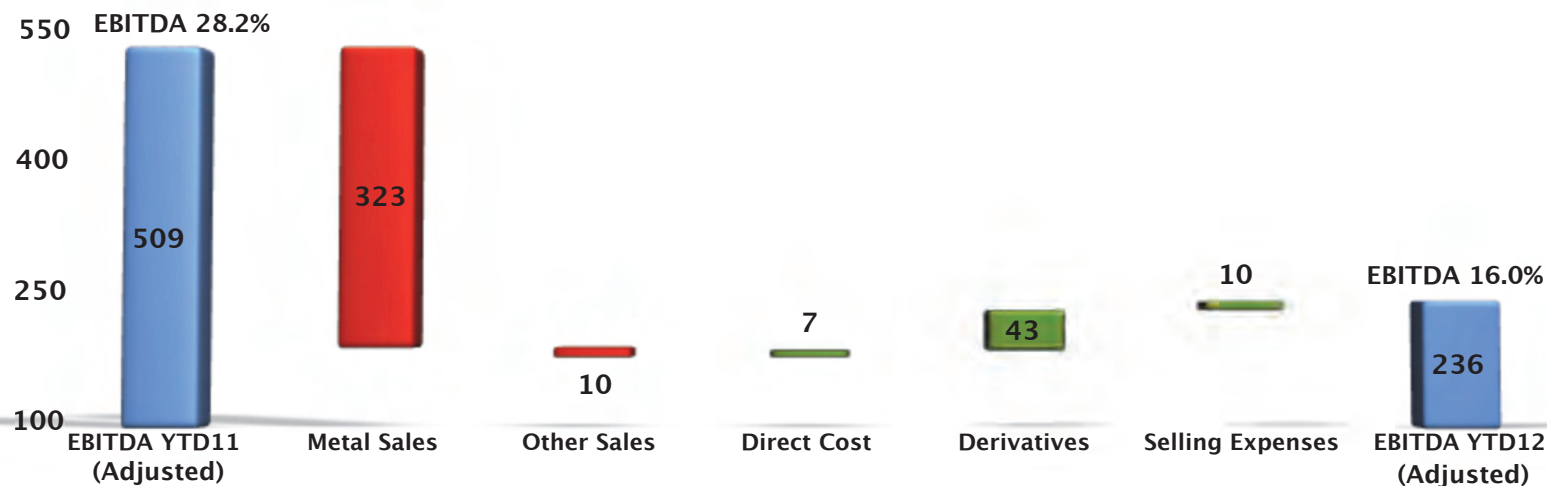


# YTD 2012 Results

## LOW LME PULLS DOWN FINANCIAL RESULTS

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YTD12 vs. YTD11 - EBITDA Bridge (US\$M Adjusted)

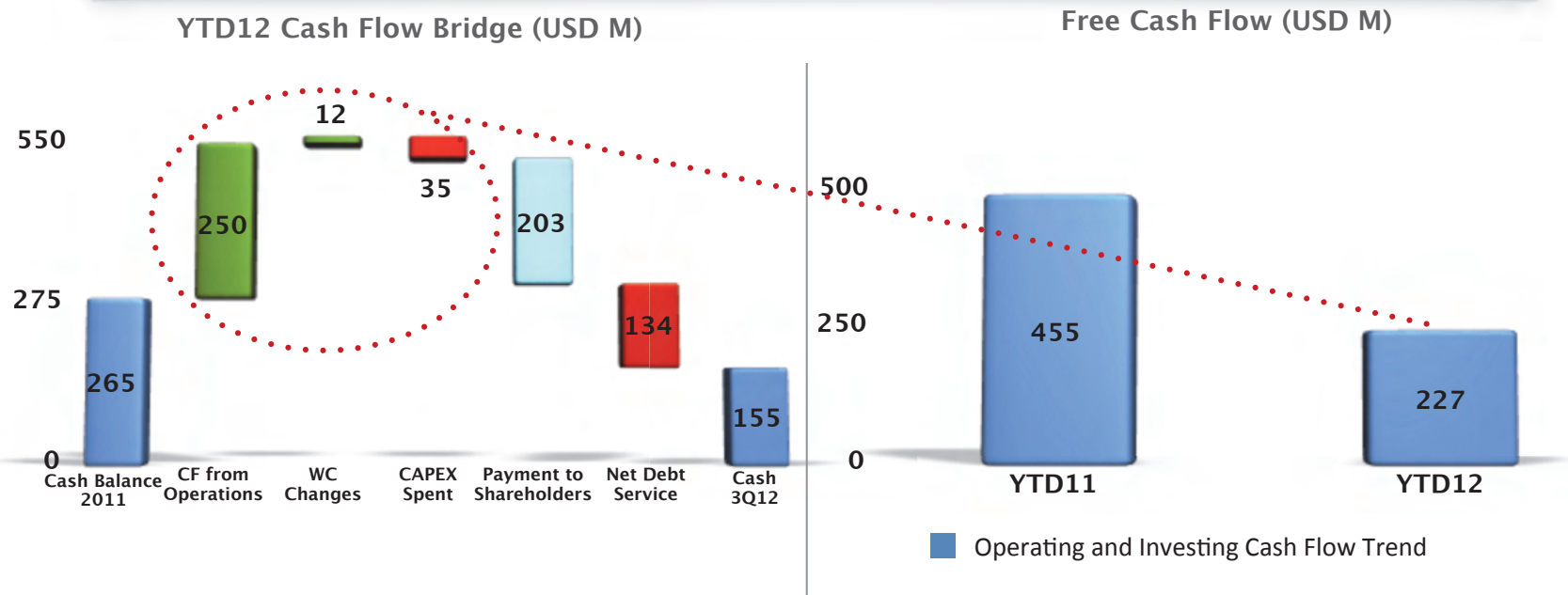


Adjusted EBITDA includes impact of actual realised derivatives payments

# YTD 2012 Results

## LOW LME PULLS DOWN FINANCIAL RESULTS

Cash Flow Bridge YTD12 vs. YTD11:  
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