

Aluminium  
for the world

Q1 2012 IR PRESENTATION

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# INDUSTRY HIGHLIGHTS

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Q1 2012

## Aluminium Demand Still Healthy in Few Key Economies (Reference Period: January – February)

- World consumption up to February 2012 grew by 1.5% vs. the same period of 2011
- Europe consumption still weak (up to Feb.) – 6% decrease YoY with premium of automotive market segment relatively strong
- MENA demand (up to Feb.) up by 3% YoY with the recent confirmations of infrastructure spending in KSA and Qatar
- Asian demand (up to Feb.) well supported by India (+7%), China (+4%) despite Japan (–6%)
- US (up to Feb.) – on track with the surge in demand (+6%) as well as new investments in extrusion industry

# INDUSTRY HIGHLIGHTS

Q1 2012

## Production Evolution

- China output is still growing at a fast pace with 15% YoY
- Western producers suffering from current LME price & high energy cost thus leading to further capacity cuts
- World market slightly over-supplied at the end of February (+256 Kt with China and +73 Kt without)

# INDUSTRY HIGHLIGHTS

Q1 2012

## LME & Premiums

- LME inventories at 5.1 million metric tonnes in February (+496 Kt vs. February 2011 and +124 kt vs. December 2011)
- LME recovered by 4% in 1Q12 vs. 4Q11. 1Q12 Cash-average was \$2,202/t with LME ranging between \$2,308 in February 28 and \$2,004 in January 5
- European ingot premiums supported by tightness of physical metal and additional metal going into inventories (**\$190/t** for DDP Rotterdam in 1Q12 vs. **\$182/t** in 4Q11).
- US premiums supported by increased demand – Midwest at **\$194/t** in 1Q12 vs. an average of **\$174/t** in 2011
- Major Japanese Ports almost stable (CIF Spot at **\$112/t** in 1Q12 vs. **\$116/t** in 4Q11)







# ALBA HIGHLIGHTS



# Alba Highlights

## Q1 2012 - Operational Highlights/Achievements


### STAR Operational Improvement Program

-  Additional recurrent savings of US\$5 million recorded in 1Q12 vs. a full-year target of US\$30 million
-  Alba was able to increase production by 2% with sales stable despite the European slowdown
-  1Q12 Sales of Value-Added Products recovered at 63% of total shipments vs. 52% in 4Q11
-  Completion of 4 major Six Sigma projects launched in 4Q11 by end of June 2012

# Alba Highlights

## Q1 2012 - Operational Highlights/Achievements


### Raw Materials

-  2012 Alumina supply have been secured based on long-term contracts and spot market opportunities.

### AlbaSafeWay Program

-  Safety Excellence Program in progress with 4 work streams launched in 1Q12.

### Future Growth

-  Launch bankable feasibility studies for Line 6 expansion project by 2nd half of 2012

# Alba Highlights

## Q1 2012 – Financial Key Performance Indicators

- **EBITDA driven by Lower LME levels & Higher Gas Cost**
  - US\$115 million down by 34% YoY
- **Net Income impacted by Lower LME levels & Higher Gas Cost**
  - US\$57 million down by 35% YoY
- **Adjusted Net Income driven by Lower LME levels & unrealized derivative gains**
  - US\$60 million down by 50% YoY
- **Free-Cash Flow impacted by Lower EBITDA levels**
  - US\$48 million down by 49% YoY
- **Dividends**
  - Shareholders & relevant regulatory authorities approved 2011 dividend of US\$252 million. The first installment of US\$102 million was paid in 2011 and US\$150 million was paid in March 2012



# Q1 2012 RESULTS

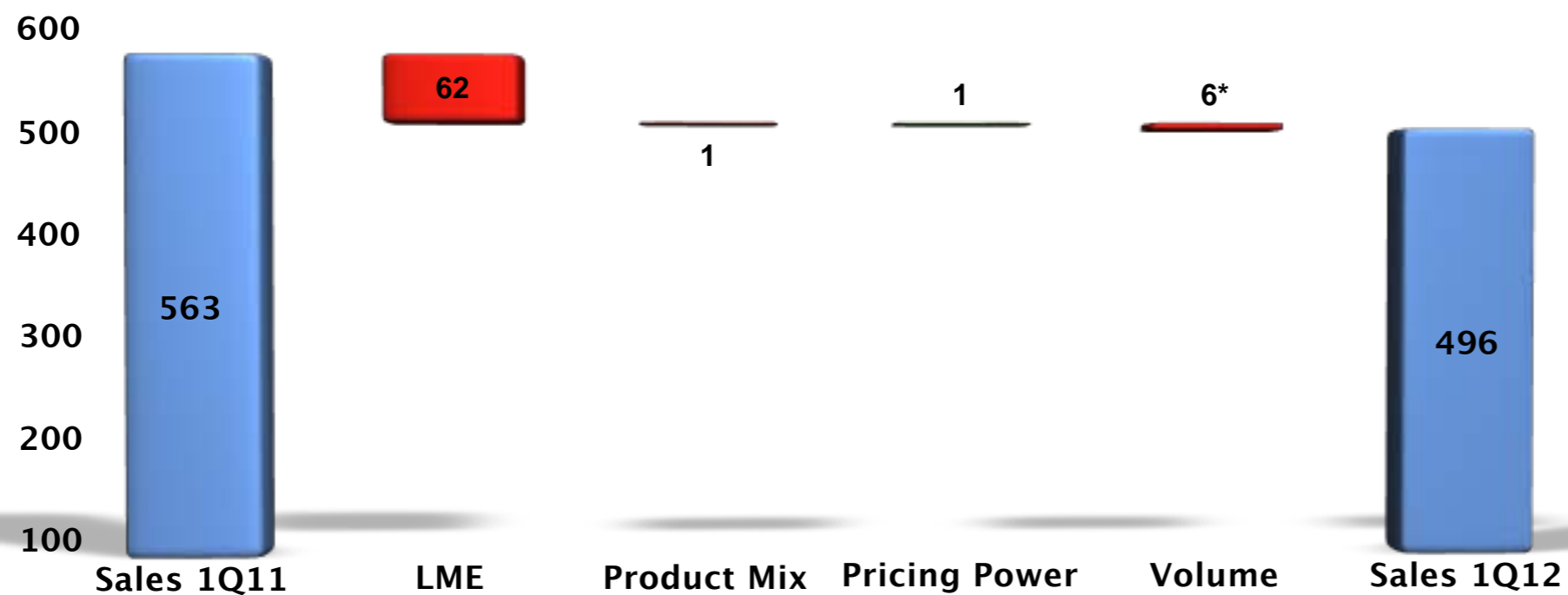


# Q1 2012 Results

## LOW LME & SOFTER MARKET CONDITIONS

Sales Analysis 1Q12 vs. 1Q11 (000's MT)  
Low LME Coupled with Lower Sales Volume

1Q12 vs. 1Q11 - Metal Sales Bridge (US\$M)



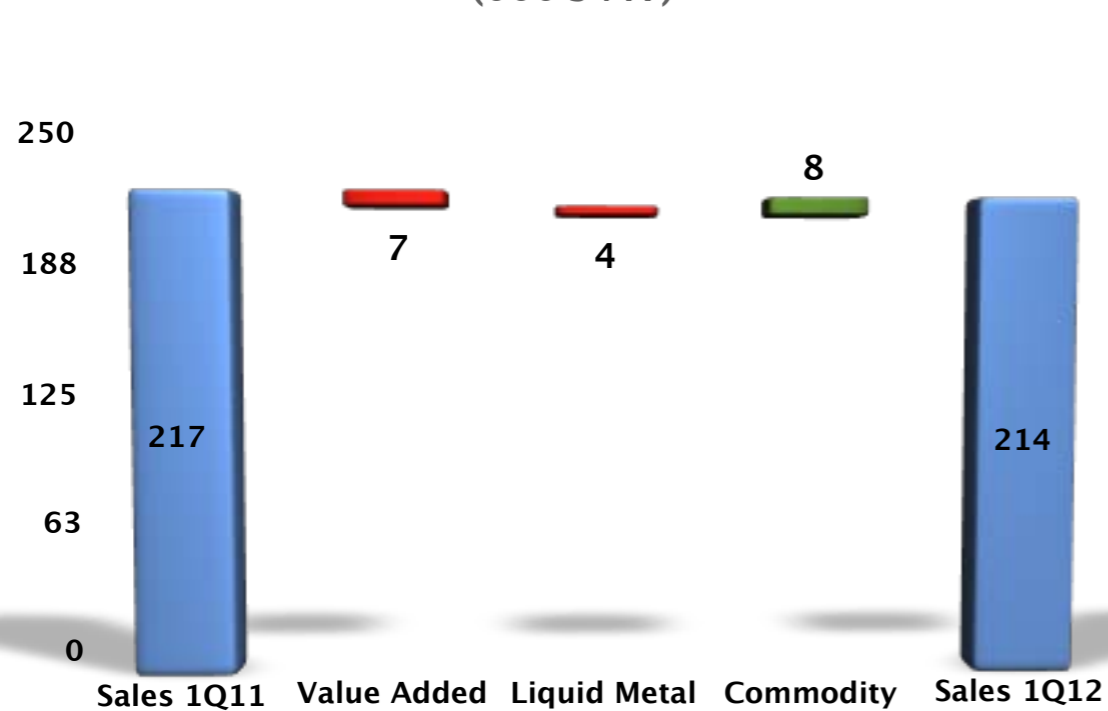
\* Higher Throughput resulted in a \$5 million direct benefit to the bottom line

# Q1 2012 Results

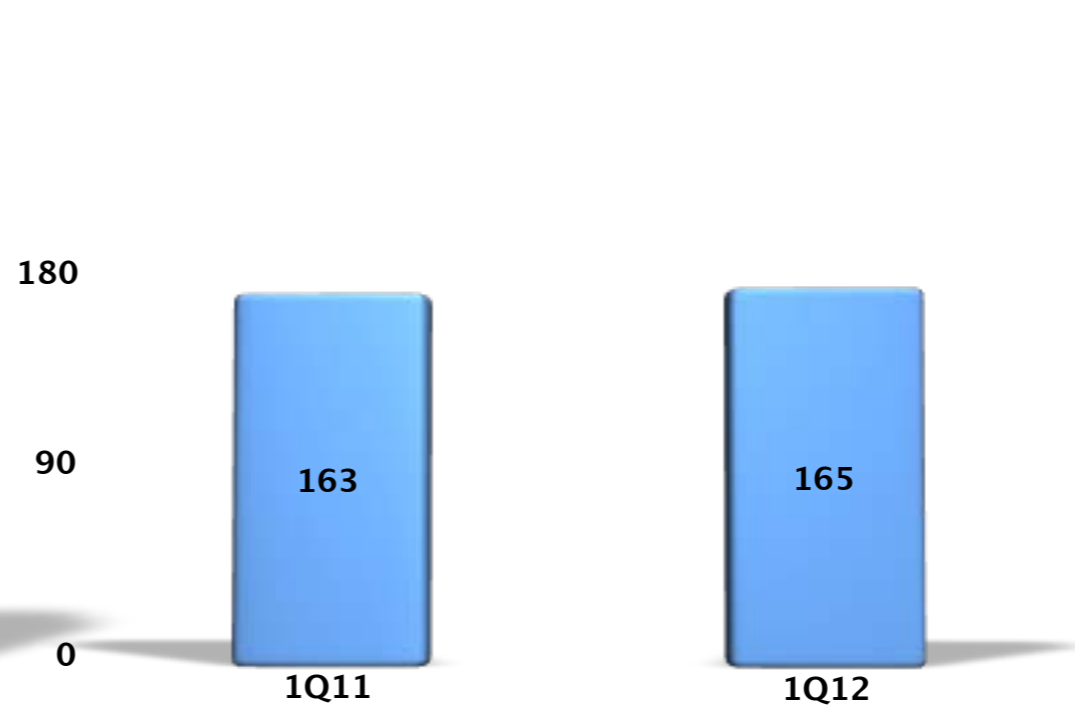
## LOW LME & SOFTER MARKET CONDITIONS

Continuous Shift to Optimum Product Mix  
Value-Added Sales Soften in Europe with Premium Supported by Price  
Increase from 2nd Half of 2011

1Q12 vs. 1Q11 – Sales by Product line Bridge  
(000's MT)



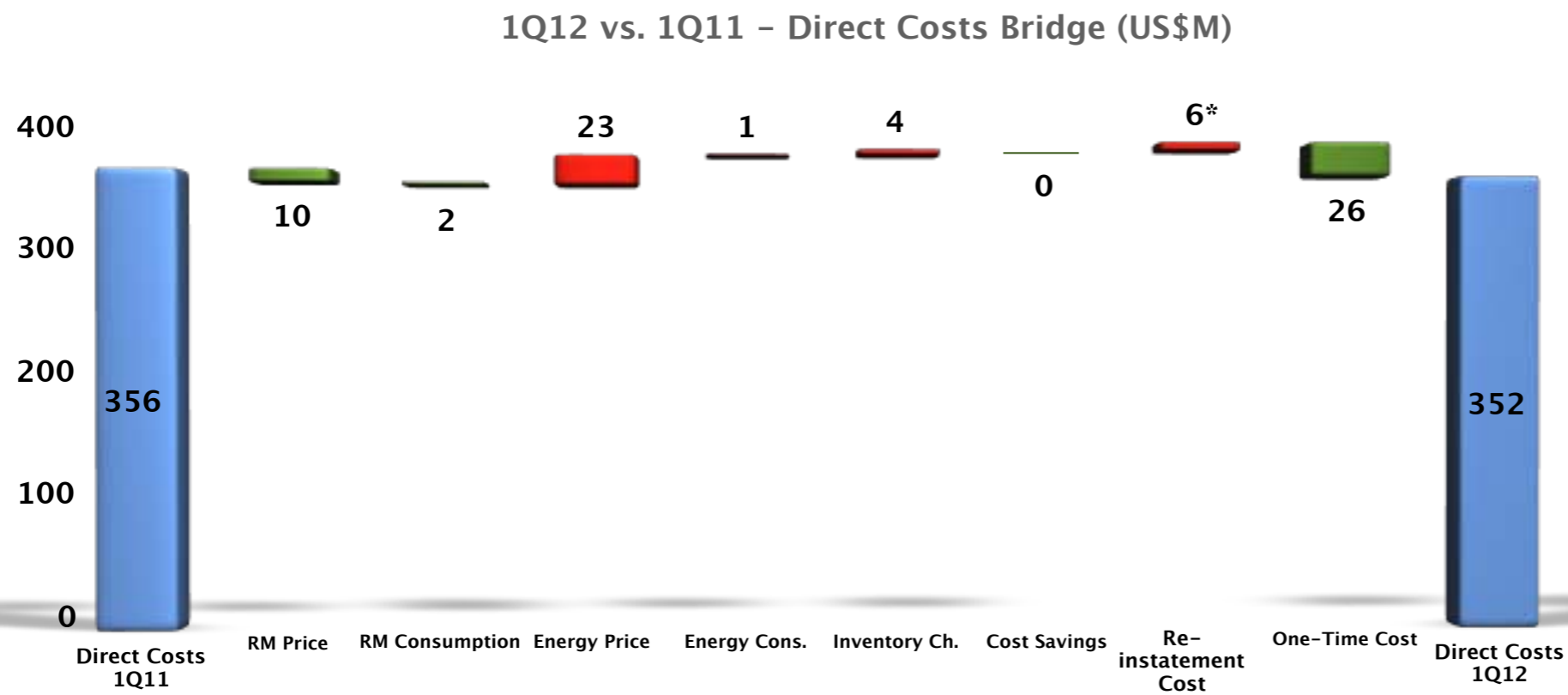
Premium Above LME Trend US\$M (Per MT)



# Q1 2012 Results

LOW LME & SOFTER MARKET CONDITIONS

**Cost Analysis 1Q12 vs. 1Q11:  
Gas Price Increase Coupled with Re-instatement Cost due to 2011**



\* Associated Labor Cost post the re-instatement of employees into Alba

# Q1 2012 Results

LOW LME & SOFTER MARKET CONDITIONS

STAR Saving – 1Q vs. Target 2012:

1Q12 vs. Target 2012 – STAR Cumulative Savings (US\$M)



\$5 million – Recurrent Savings generated from additional Throughput in Q1 2012



# Q1 2012 Results

LOW LME & SOFTER MARKET CONDITIONS

Adjusted EBITDA Bridge Gap Analysis 1Q12 vs. 1Q11:  
Adjusted EBITDA Margin at 23.2%

1Q12 vs. 1Q11 - EBITDA Bridge (US\$M Adjusted)

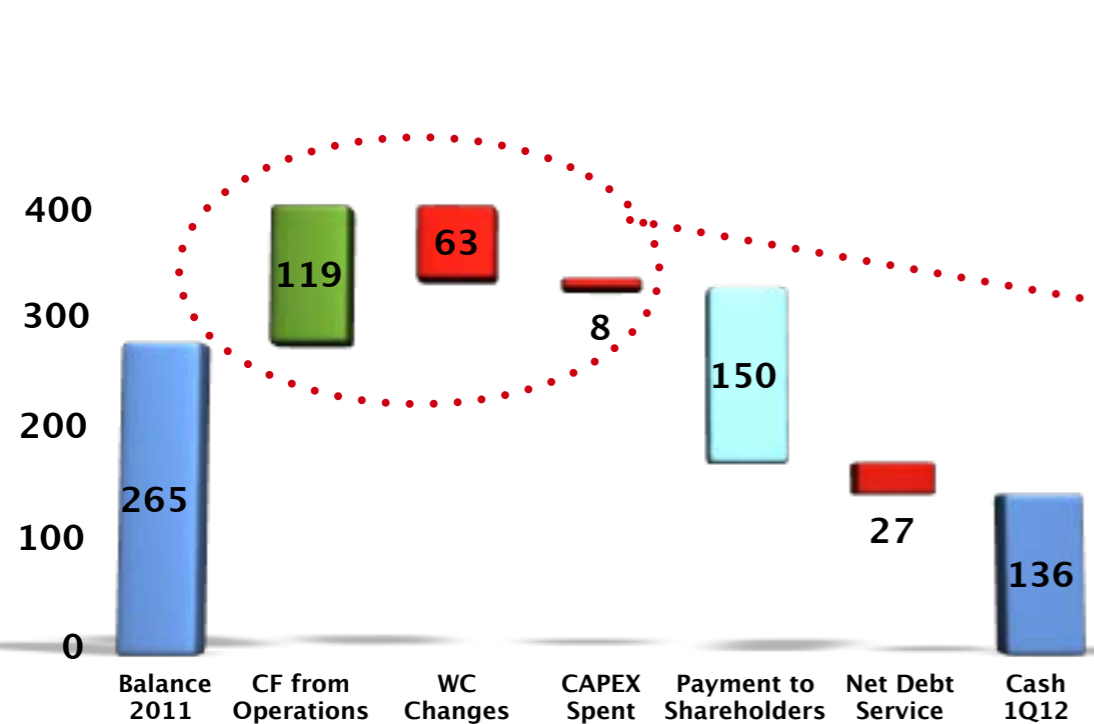


# Q1 2012 Results

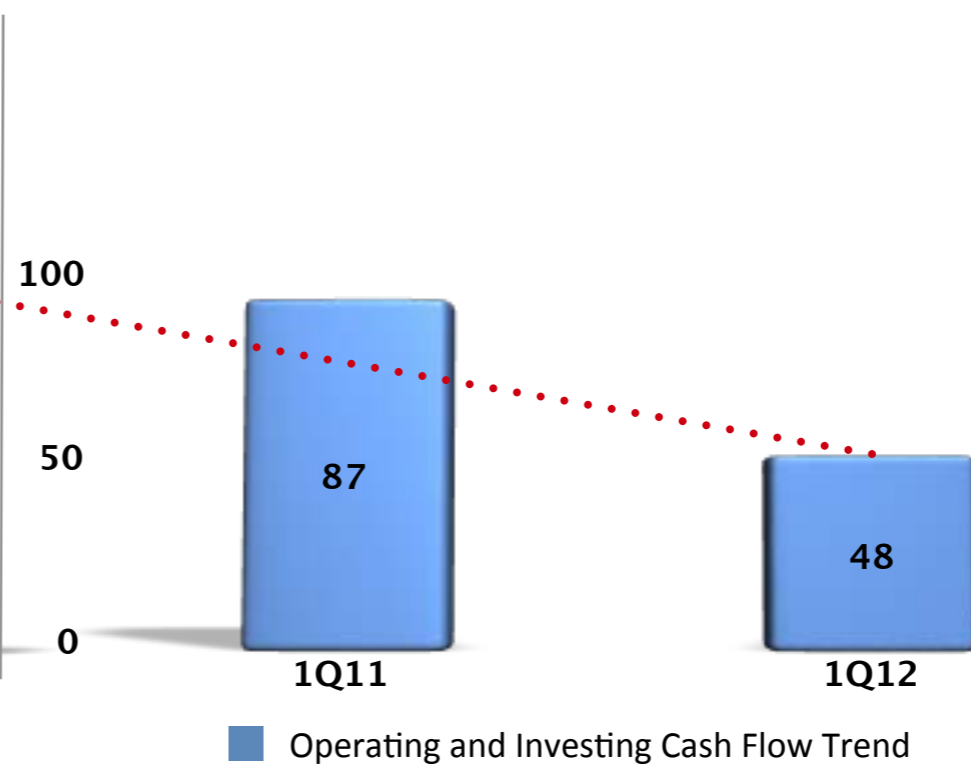
LOW LME & SOFTER MARKET CONDITIONS

Cash Flow Bridge 1Q12 vs. Year-End 2011:  
Sound Cash Flow Despite Seasonal Increase in Inventory of Raw Materials as  
well as Recovery of Value-Added Sales in Europe

Q1 2012 Cash Flow Bridge (US\$M)



Free Cash Flow (US\$M)



# Q1 2012 Results

## LOW LME & SOFTER MARKET CONDITIONS

Without LME Effect, Alba Managed to Maintain its Performance Despite the Significant Impact of Gas Price Increase

Financial Summary	Q1 2012	Q1 2011
Sales	496	578
EBITDA	115	175
EBITDA%	23.2%	30.3%
EBITDA (Excl. One Time Cost)	95	181
EBITDA% (Excl. One Time Cost)	19.2%	31.3%
Net Income/(Loss)	57	88
Gain/(Loss) Unrealised Derivatives	(3)	(32)
Adjusted Net Income/(Loss)*	60	121
Adjusted Net Income%	12.1%	20.9%
Average Cash LME (US\$/MT)	2,177	2,500

\* Adjusted Net Income is calculated by taking Net Income less Unrealised Derivatives



# INDUSTRY PERSPECTIVES IN 2012



# Industry Perspectives in 2012

Demand to Remain Healthy but with Strong Volatility

## Key factors to be observed:

- Capacity cuts still unclear in Europe
- No collapse on premiums expected based upon current market conditions
- MENA bullish with customers increasing their Value-Added products orders
- US – confirming demand recovery
- LME spot price to remain highly volatile with Chinese outlook and uncertainty in European financial market

# Industry Perspectives in 2012

## Raw Materials Price Trends

- Alumina price to soften with the market
- Green Petroleum Coke prices expected to drop in Q2 post the slight increase in early 2012 and then stabilize
- Aluminium Fluoride (ALF3) price will remain stable
- Liquid Pitch prices to remain flat in the short-term



# 2012 ALBA PRIORITIES

# 2012 Alba Priorities

## Continuous Improvement & Preparation for Future Growth

### AlbaSafeWay Program

- Ongoing implementation for Alba SafeWay work streams

### 2012 STAR Program:

- To achieve additional cash savings of US\$30 million in 2012
- Roll-out of another 8 Six Sigma Projects by 1st June 2012
- Sustained focus on Value-Added Sales

### Future Growth

- Finalise a long-term contract to secure availability and price of gas beyond 2012 for Line 6 expansion project





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