



Aluminium
for the world

Aluminium Bahrain B.S.C. (Alba)
CR. No. 999



ألمنيوم
للعالم

ألمنيوم البحرين ش.م.ب (البا)
سجل تجاري رقم: ٩٩٩

Disclosure of Material Information

To: Bahrain Bourse

Aluminium Bahrain B.S.C. (Alba) would like to announce the following material information:

الإفصاح عن معلومات جوهرية

السادة / بورصة البحرين

تعلن ألمنيوم البحرين ش.م.ب. (البا) عن الإفصاح عن معلومات جوهرية المبين تفاصيلها أدناه:

Date	16 August 2022 16 أغسطس 2022	التاريخ
Company Name	Aluminium Bahrain B.S.C. (Alba) ألمنيوم البحرين ش.م.ب. (البا)	إسم الشركة
Trading Code	ALBH	رمز التداول
Subject	Aluminium Bahrain B.S.C. (Alba) has conducted its Q2 and H1 2022 Financial Results' Conference Call on Monday 15 August 2022 at 2 PM. Attached for reference is the Investor Relations (IR) Presentation along with the transcript for the call/webcast. عقدت ألمنيوم البحرين ش.م.ب. (البا) اجتماعاً هاتفياً لمناقشة الأداء المالي للربع الثاني والنصف الأول من عام 2022 يوم الإثنين الموافق 15 أغسطس 2022 في تمام الساعة 02 ظهراً. تجدون في المرفقات العرض التقديمي لعلاقات المستثمرين للربع الثاني والنصف الأول من عام 2022 بالإضافة إلى المحضر المفصل لمجريات الاجتماع الهاتفي.	الموضوع
Name	Ms. Eline Hilal	الإسم
Title	Director – Investor Relations, Insurance & Corporate Secretary	المسمى الوظيفي
Company Seal ختم الشركة		Signature التوقيع

البا. ش.م.ب.: ٥٧٠، المنامة، مملكة البحرين، تليفون: ١٧٨٣٠٠٠٠ (+٩٧٣)، فاكس: ١٧٨٣٠٠٨٣ (+٩٧٣)

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INVESTOR RELATIONS PRESENTATION

Q2 2022



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01

INDUSTRY HIGHLIGHTS¹



Economic Uncertainty Takes its Toll on Global Aluminium Industry (-2% YoY)

- Weak economic activity, higher inflation and rising interest rates are hitting all manufacturing industries, and this has affected consumer demand negatively as buyers are forced to cut back on non-essential items
- US: Aluminium demand continues to be resilient (+7% YoY) supported by a surge in the construction and transport sectors
- Middle East: Demand up by 3% YoY supported by higher consumption in UAE (+5% YoY) & Bahrain (+4% YoY)
- China: Demand was impacted by strict pandemic lockdowns and logistic issues (-6% YoY). Numerous sectors such as construction, packaging and consumer durables have suffered the most
- Europe: The increase in cost-of-living has weighed down on consumer spending as the risk of recession increases (- 4% YoY)



World Market Supply up by 3% YoY

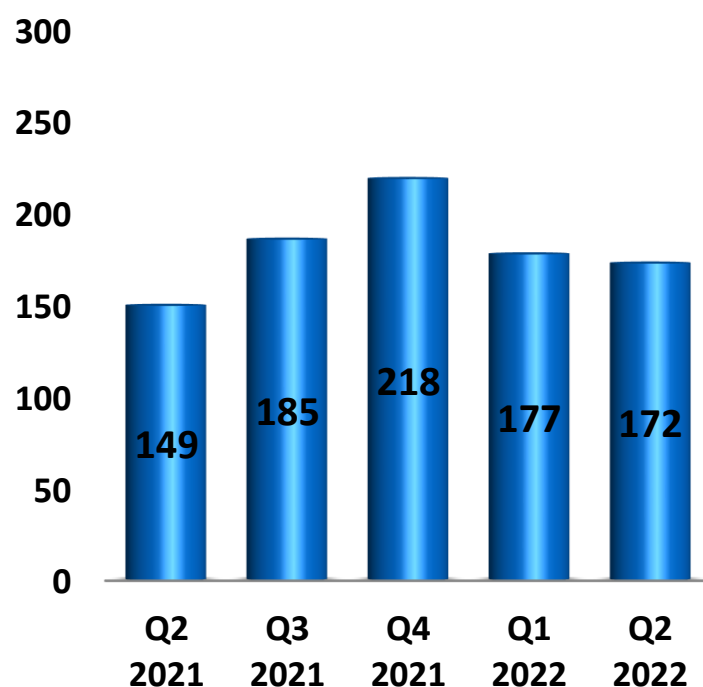
- 🌐 Macroeconomic factors continue to pressure markets, resulting in unclear direction and price trends in commodities
- 🌐 China: A net exporter as its output reached record levels (up by 4% YoY) since April, but demand has not followed the same path due to impact of lockdowns
- 🌐 Europe leads World ex-China output with its production down by 5% YoY as a result of soaring energy prices
- 🌐 Middle East: Supply jumped by 5% YoY led by higher production in UAE (11% YoY)
- 🌐 World Market: In surplus with China (+40Kt) and w/o China(+64Kt)



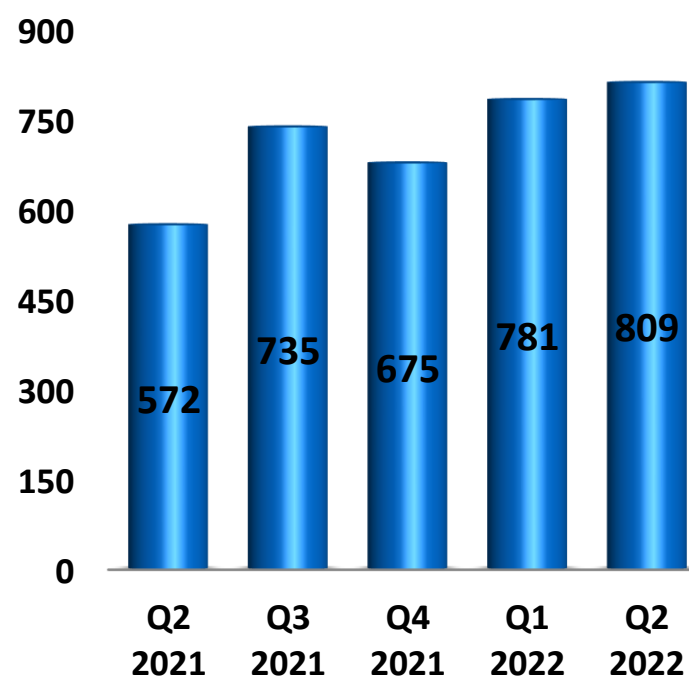
LME Price & Premiums

- LME-Cash averaged US\$2,882/t in Q2 2022 -- up by 20% YoY [lowest: US\$2,397/t on 30 Jun'22 and highest: US\$3,483/t on 1 Apr'22]
- LME inventories hit record low at c.0.4 million (down by 76% YoY)
- European and US premiums remain high to compensate for freight costs and higher gas prices

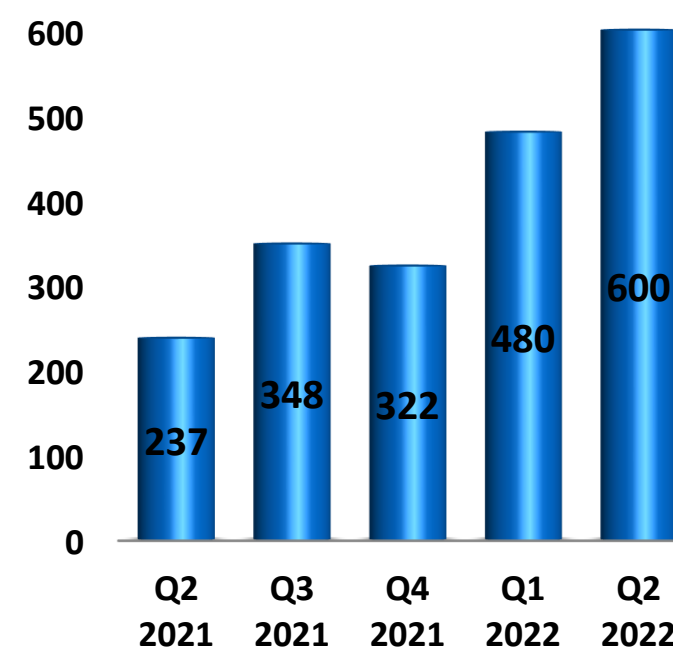
Major Japanese Ports (MJP¹)



US Midwest

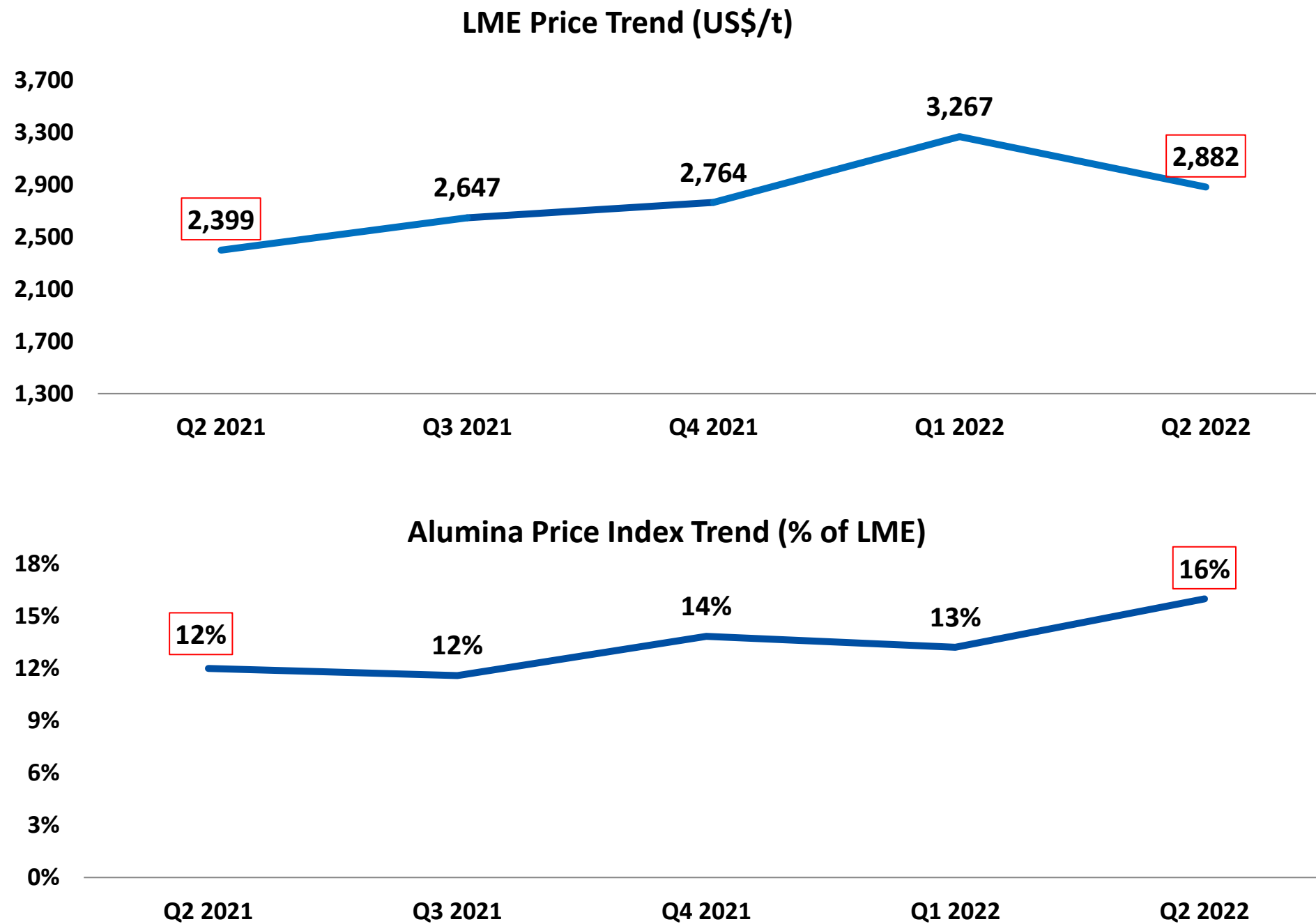


DDP Rotterdam



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

Alumina Price: 16% of LME Price [US\$465/t]





02

ALBA HIGHLIGHTS¹

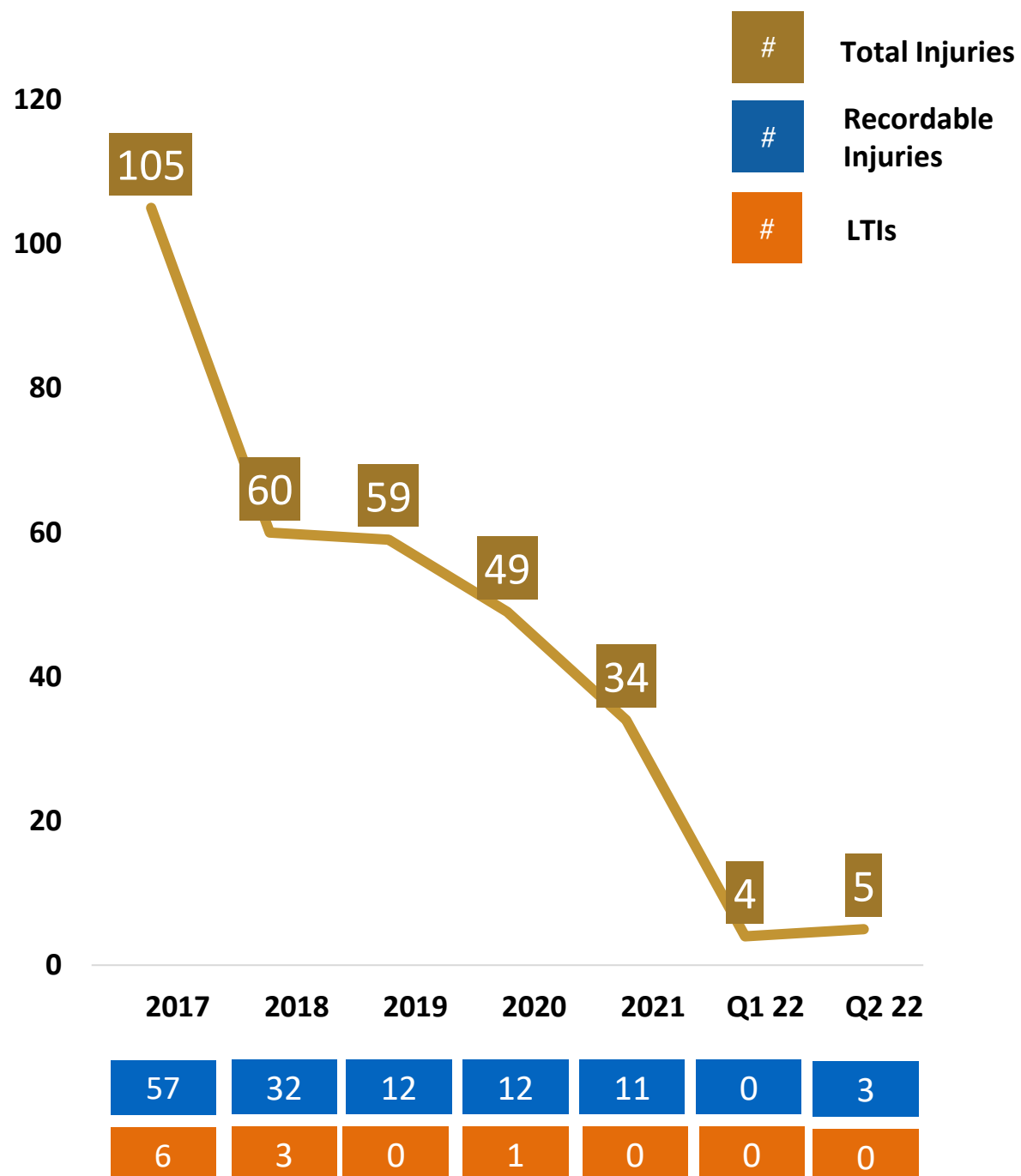
¹ Alba Highlights relate to Alba official news



Safety in Numbers

ecovadis

asi Aluminium
Stewardship
Initiative



CONGRATULATIONS
FOR ACHIEVING

28
MILLION
Safe-Working Hours
without LTI



SKY IS THE LIMIT

Highest Ever Achieved in Alba's History (15 July 2022)



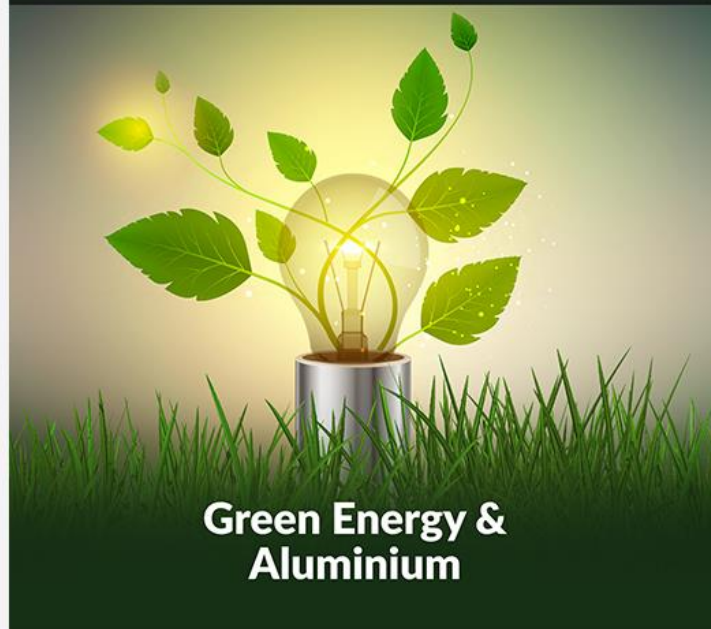
Major Environment, Social and Governance (ESG) Highlights

- Alba lands the Royal Society for the Prevention of Accidents (RoSPA) Gold Medal Award for the ninth consecutive year
- Alba became the First Company in Bahrain to Refinance its Existing Syndicated Loan of c.US\$1.247 Billion tied to Sustainability Linked Targets
- Alba recognised as the top Company in Bahrain on the Environmental, Social and Governance (ESG) ratings list by ESG Invest - the investment research arm of 'Sustainability Excellence'
- Alba launched its plant wide ESG Campaign 'A Journey, Not A Destination' on 20 June 2022
- 29 million safe working hours without LTI achieved on 09 August 2022

ESG Roadmap For Alba's Race to Net Zero

Alba's ESG Roadmap

خارطة طريق الجوانب البيئية
والاجتماعية والحوكمة
في البا



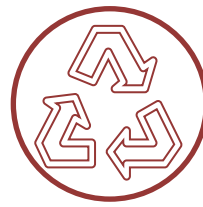
Alba ESG Actions



Decarbonisation



Green Energy
& Aluminium



Circular Economy
& Secondary Alu.



Employee
Welfare



Collaboration
& Partnership



Transparency, Comms'
& Due Diligence



Net Zero
by 2060

9 Nov' 21
Tender to supply
& install solar
panels for 5-7 MW

05 Dec'21
Appointing Acting
ESG Manager

27 Mar'22
Signed MoU with Bahrain
Polytechnic to
develop talent

27 Apr'22
Refinancing linked
to ESG

12 Jun'22
Hosting Bahrain
Association of Banks
to further ESG

27 Apr'22
CEO rolls-out ESG
Roadmap

12 Apr'22
Relying on Digital Industry
4.0 and AI to improve Power
Stations' performance

06 Feb'22
Joined forces with
BAPCO to foster
green industrial
development

12 Dec'21
Commissioning of
SPL



Operational Highlights – H1 2022

- 🌐 Sales' volume topped 742,658 metric tonnes (MT) (almost flat) while Production reached 787,592 MT, up by 1.8% YoY
- 🌐 Value Added Sales averaged 67% of the total shipments versus 64% (+70% VAP Sales in Q2 2022)
- 🌐 Opened its Sales' Office in Singapore to strengthen its footprint in the Asian continent
- 🌐 Signed Agreement with Mitsubishi Power & SEPCOIII as EPC contractor for Block 4 in Power Station 5
- 🌐 Secured a 10-year Offtake Agreement with South32 for the supply of Alumina

Financial Key Performance Indicators – Q2 & H1 2022

**EBITDA - driven by higher
LME price & premiums**



H1: US\$1.046 billion up
by 77% YoY

Q2: US\$554 million up
by 58% YoY

H1: US\$874 million up by
127% YoY

Q2: US\$484 million up
by 97% YoY



**Profit - driven by
higher EBITDA**

**Free Cash Flow¹ - impacted
by working capital changes**



H1: US\$481 million up by
923% YoY

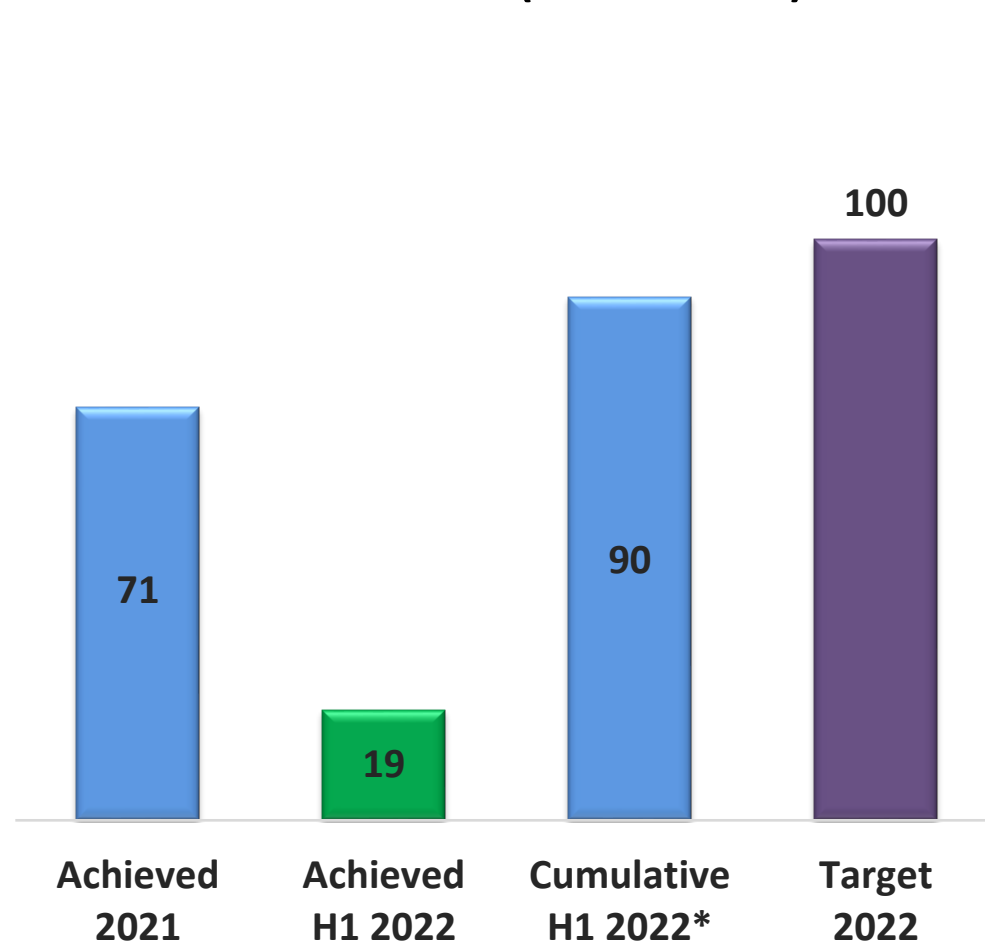
Q2: US\$165 million up
224% YoY

Alba's BoD recommend
an **Interim Dividend** of
US\$120 million

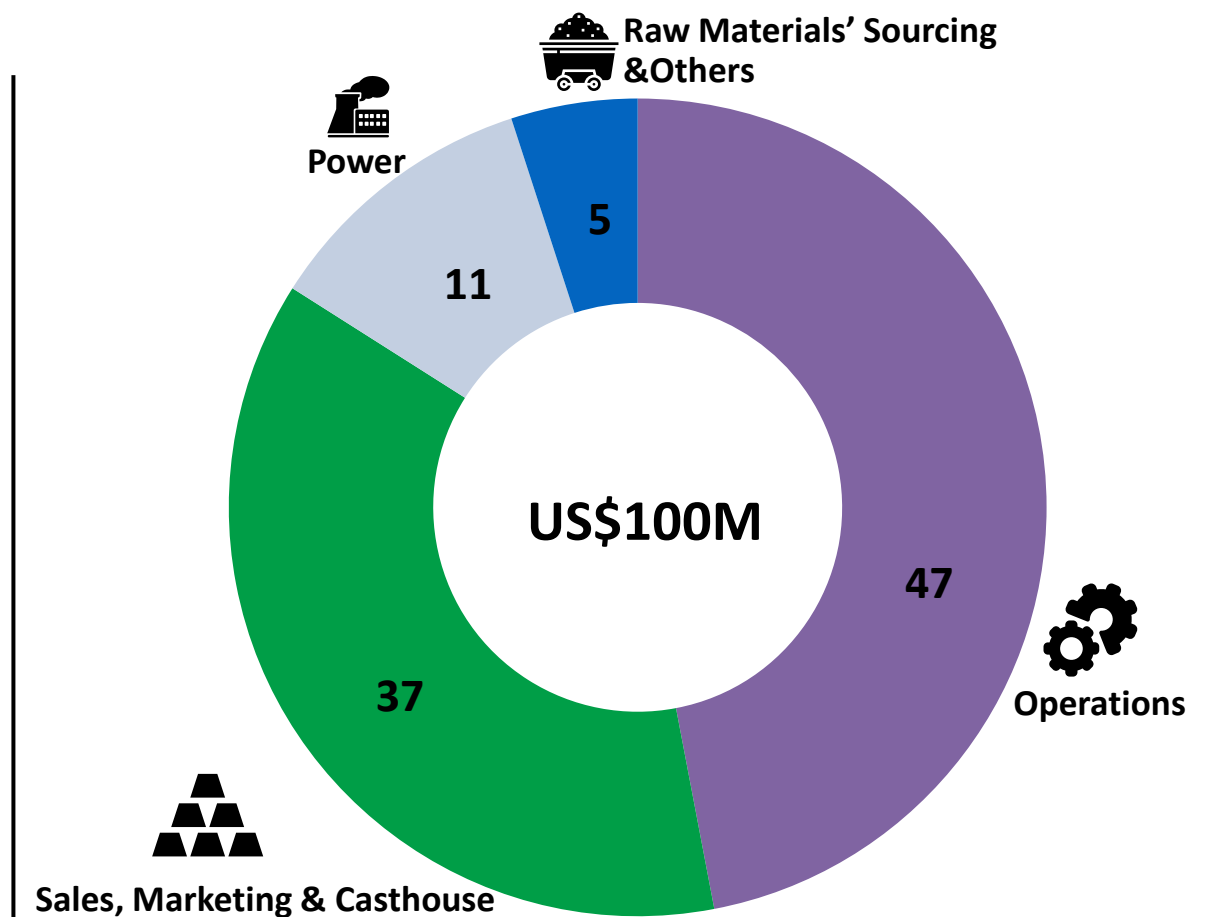


AL HASSALAH Initiative (2-Year): Save US\$100 Million by 2022

AL HASSALAH (US\$ Million)



Breakdown by Value Chain (US\$ Million)



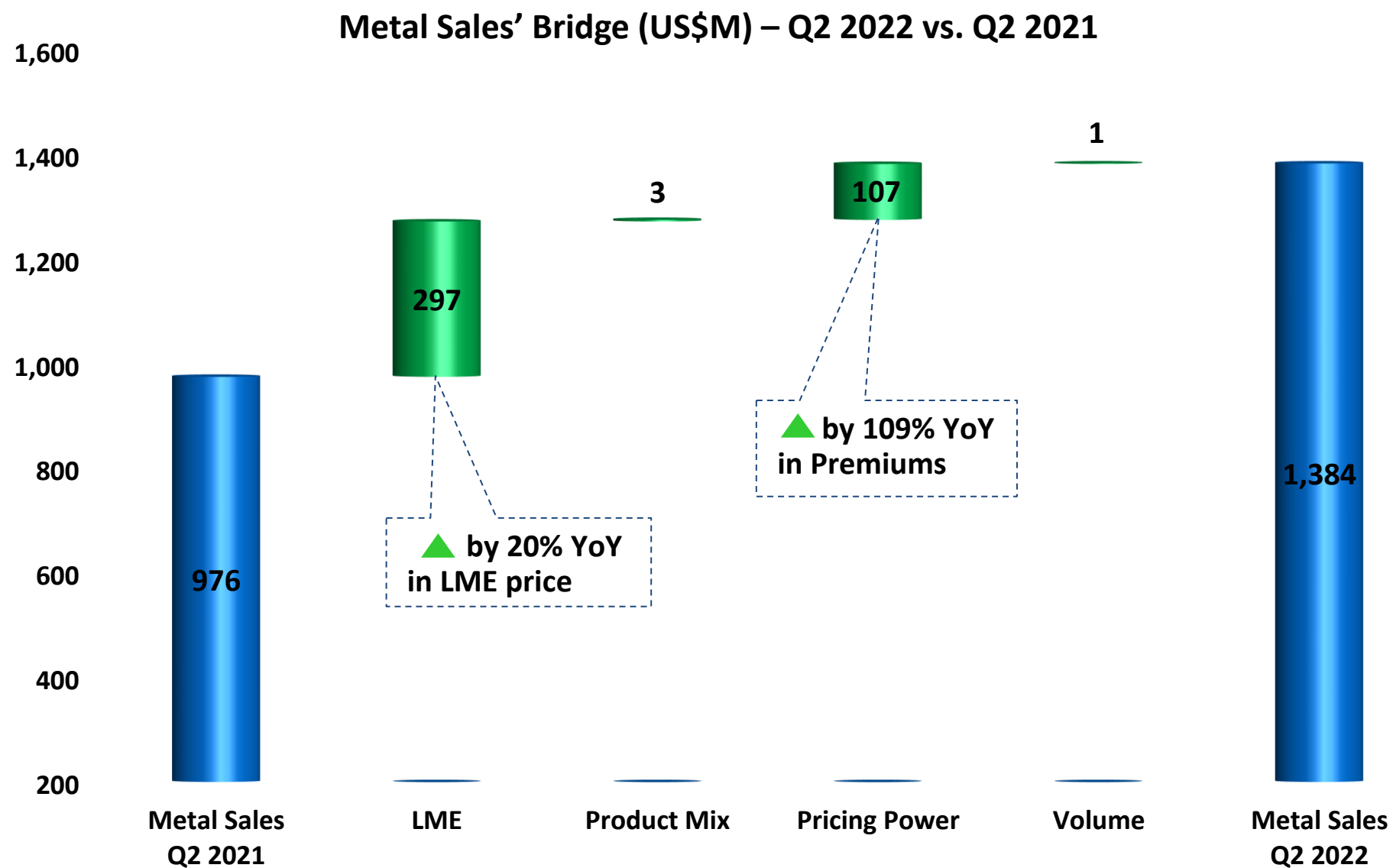


03

Q2 2022 RESULTS

Aluminium Industry: Volatile Market Conditions Push LME Price Higher

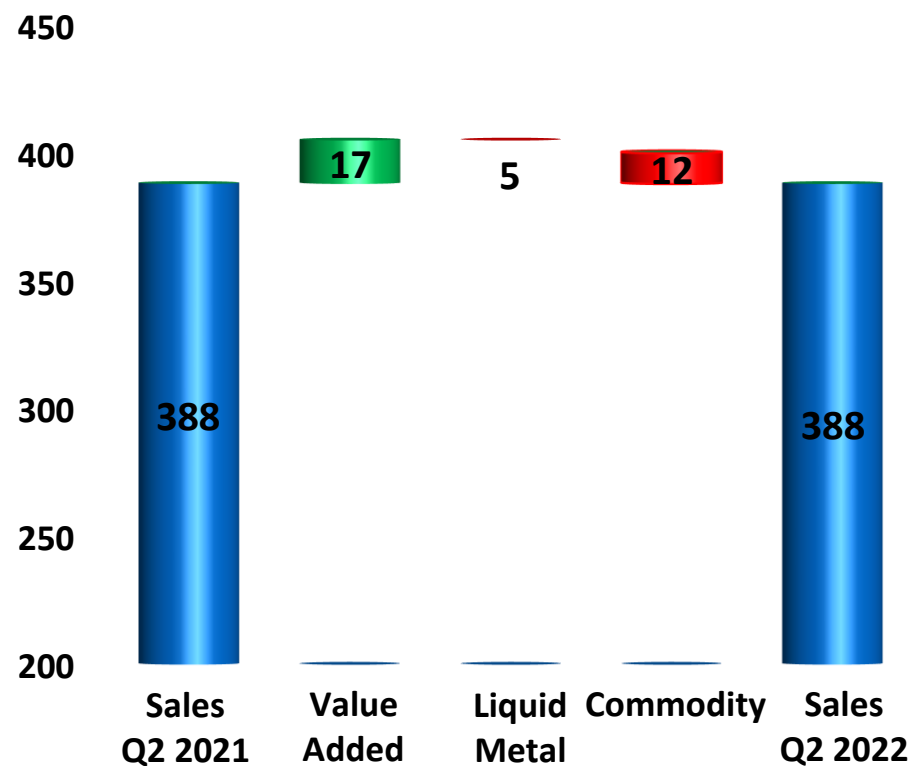
Higher Metal Sales Thanks to Higher LME Prices, VAP & Premiums



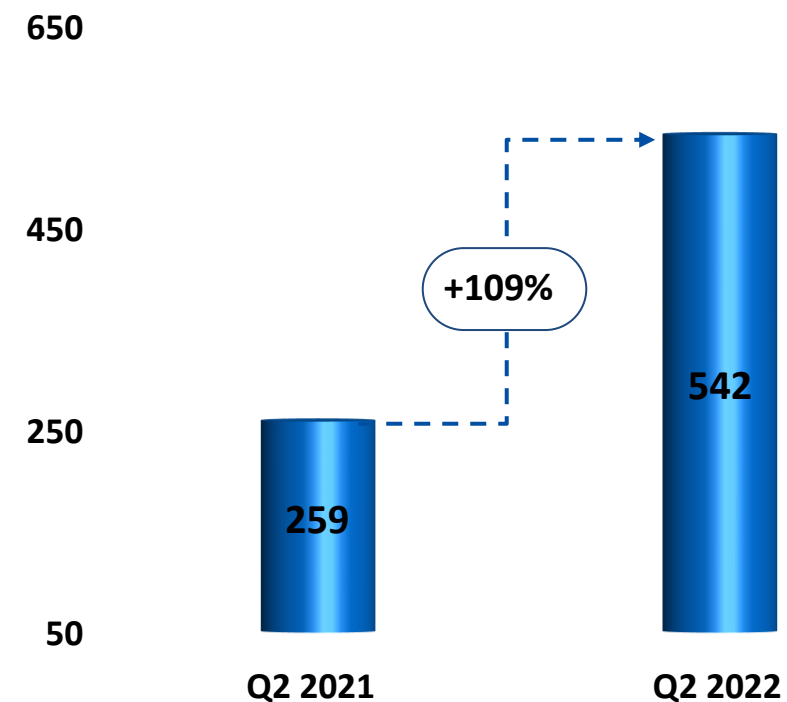
Aluminium Industry: Volatile Market Conditions Push LME Price Higher

Higher VAP | Lower Commodities' Volume | Higher Premiums

Sales by Product-Line Bridge (MT'000)
Q2 2022 vs. Q2 2021



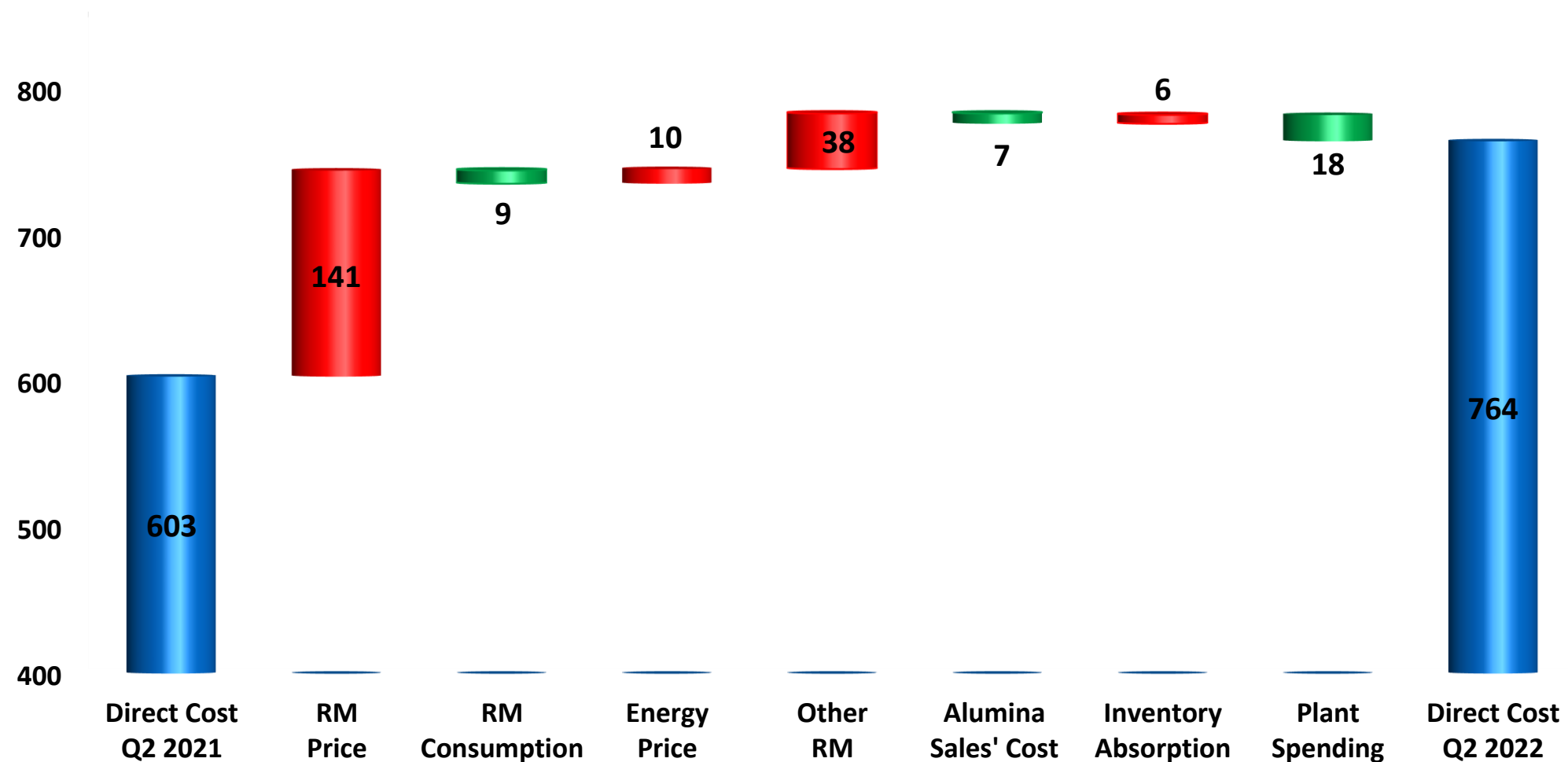
Premium Above LME Trend US\$ Per MT



Aluminium Industry: Volatile Market Conditions Push LME Price Higher

Higher Direct Cost Due to Higher Raw Materials' Cost and Energy Price

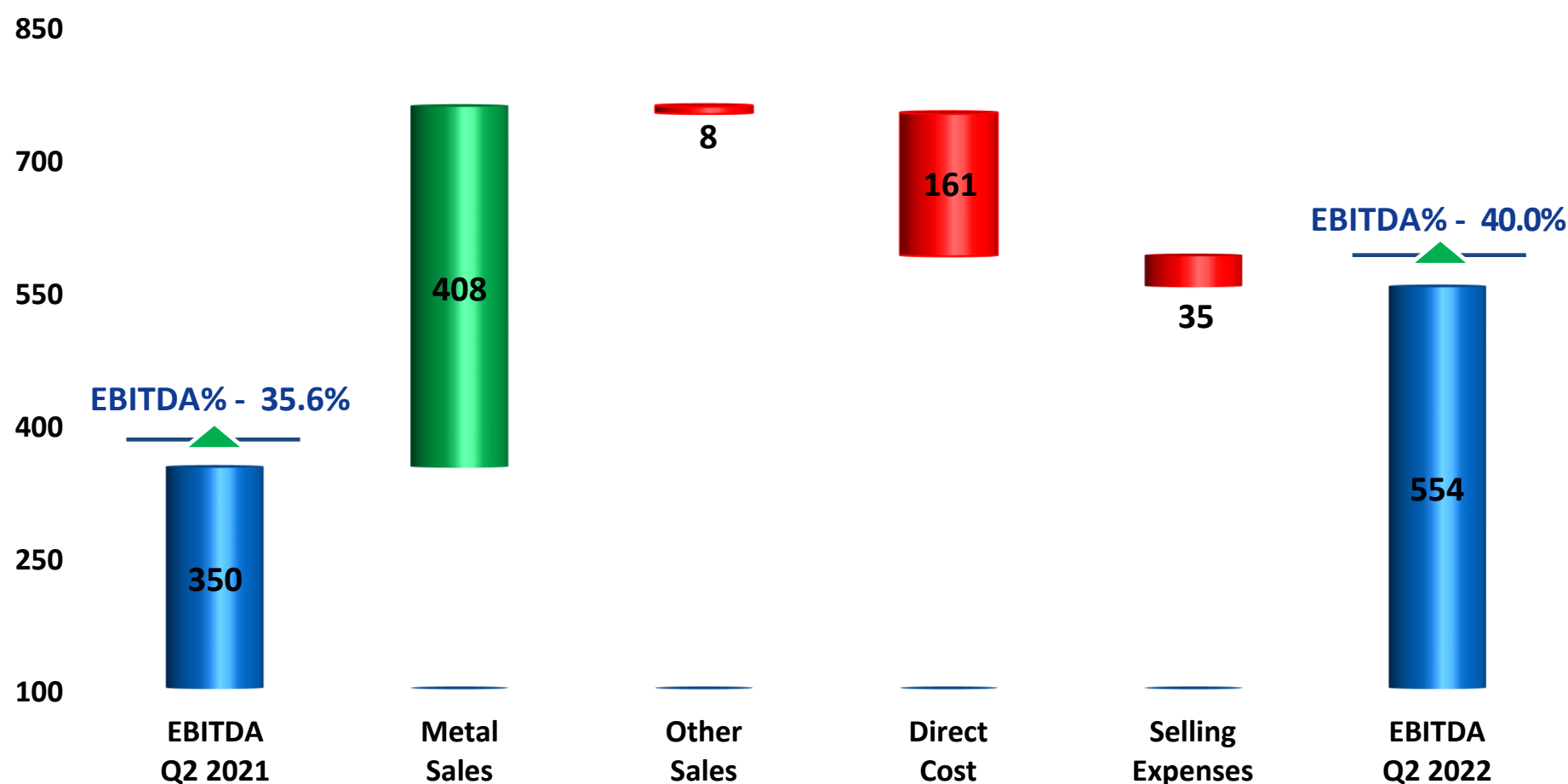
Direct Cost Bridge (US\$M) – Q2 2022 vs. Q2 2021



Aluminium Industry: Volatile Market Conditions Push LME Price Higher

Higher EBITDA due to Higher LME Price & Partially Impacted by Higher Cost & Selling Expenses | Strong EBITDA% at 40.0%

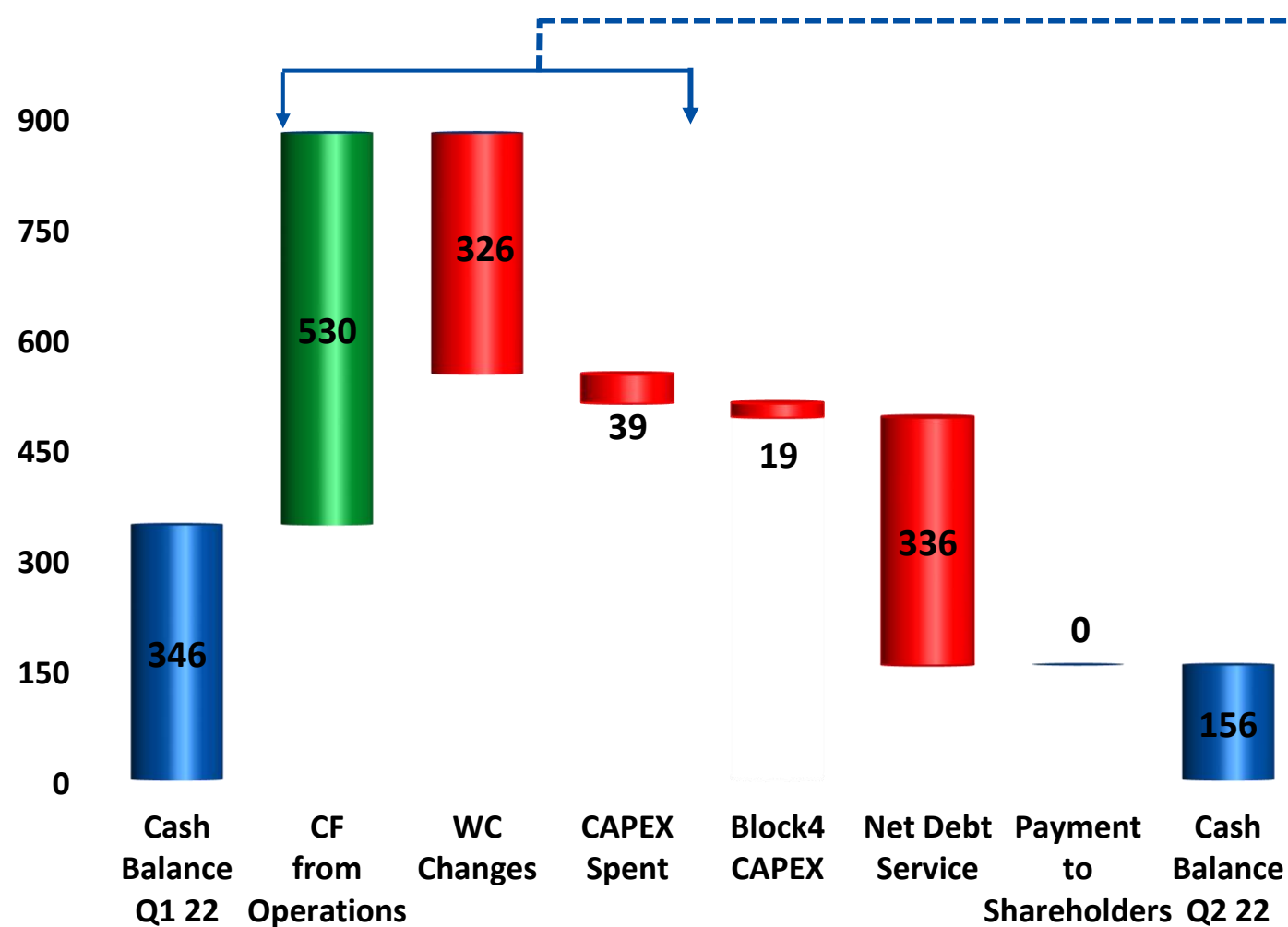
EBITDA Bridge (US\$M) – Q2 2022 vs. Q2 2021



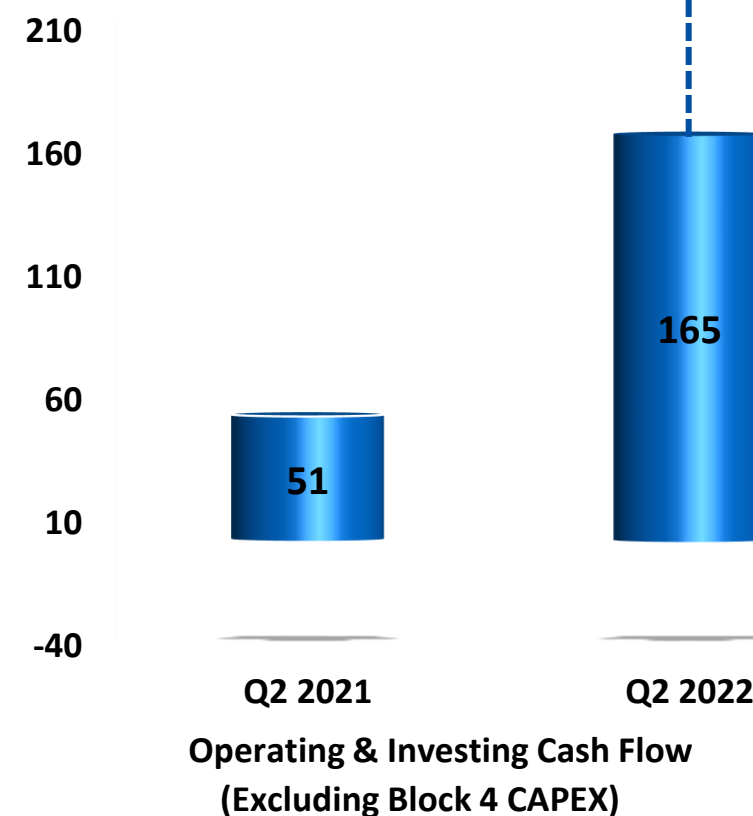
Aluminium Industry: Volatile Market Conditions Push LME Price Higher

Cash-Flow Bridge Q1 2022 to Q2 2022 -- Sound Cash Position

Q1 2022 to Q2 2022 Cash-Flow Bridge (US\$M)



Free Cash Flow (US\$M)



Operating & Investing Cash Flow
(Excluding Block 4 CAPEX)

Aluminium Industry: Volatile Market Conditions Push LME Price Higher

Strong Financial Performance due to Higher LME Price & VAP Sales

Financial Summary	Q2 2022	Q2 2021	H1 2022	H1 2021
Average Cash LME (US\$/MT)	2,882	2,399	3,075	2,245
Average Alumina Price (US\$/MT)	465	310	448	304
Revenue (US\$M)	1,384	984	2,594	1,789
EBITDA (US\$M)	554	350	1,046	591
EBITDA%	40.0%	35.6%	40.3%	33.0%
Profit (US\$M)	484	246	874	385
Gain/(Loss) Unrealised Derivatives	(6)	-	(3)	1
Adjusted Profit ¹	490	246	877	384

¹Excludes unrealised gain/(loss) on derivatives [Interest Rate hedge of 50% of the syndicated corporate loan]

04

INDUSTRY PERSPECTIVES¹ IN 2022

Aluminium Market Caught Between Lower Demand & Higher Energy Prices

- Aluminium price to move to wait-and-see mode with the economic uncertainties and as recession fears escalate
- Major economic slowdown is likely to strengthen the US dollar. The US\$ strength would be a headwind for commodity prices
- The risk associated with the disruption of Russian gas supplies will keep power prices high till 2024 and this is likely to boost further curtailments in Europe over the short run
- Premia to be under pressure amidst recession fears
- LME price to range between US\$2,200/t – US\$2,400/t for the remainder of 2022

Major Raw Materials Price Trends (Al_2O_3 , AlF_3 , Liquid Pitch and GPC)

- Alumina prices continue to receive downward pressure owing to the ongoing LME price correction coupled with the refinery expansions around the world primarily in China, India, and Indonesia
- Liquid Pitch supply to remain tight given the current conditions in Ukraine; thus, leading to higher prices for the remainder of 2022
- Aluminium Fluoride prices to edge higher on the back of higher production cost
- Carbon products' prices (GPC, CPC & Anodes) expected to remain high supported by higher demand



05

2022 ALBA PRIORITIES¹

ESG Focus & Journey Towards Safety Excellence

- 🌐 Deliver on newly-launched ESG roadmap in line with Bahrain's Objectives for 'Net Zero Emissions' by 2060
- 🌐 Embed ESG in operations and processes as well as deliberate with various stakeholders and partners potential ESG initiatives to further sustainable value across our value-chain
- 🌐 Exceed 2022 Production Target of 1,560,000 MT and deliver on AL HASSALAH savings' target of US\$100 Million by 2022-end
- 🌐 Continue to screen potential Upstream Opportunities to secure 1/3 Alumina requirements
- 🌐 Capitalise on Aluminium Stewardship Initiative and Ecovadis Certifications to penetrate new markets & increase VAP beyond 70% of Sales
- 🌐 Complete the financial closure of PS5 Block 4 and award the Solar Farm Project by Q4 2022
- 🌐 Progress with the pre-feasibility study for Line 7 smelter



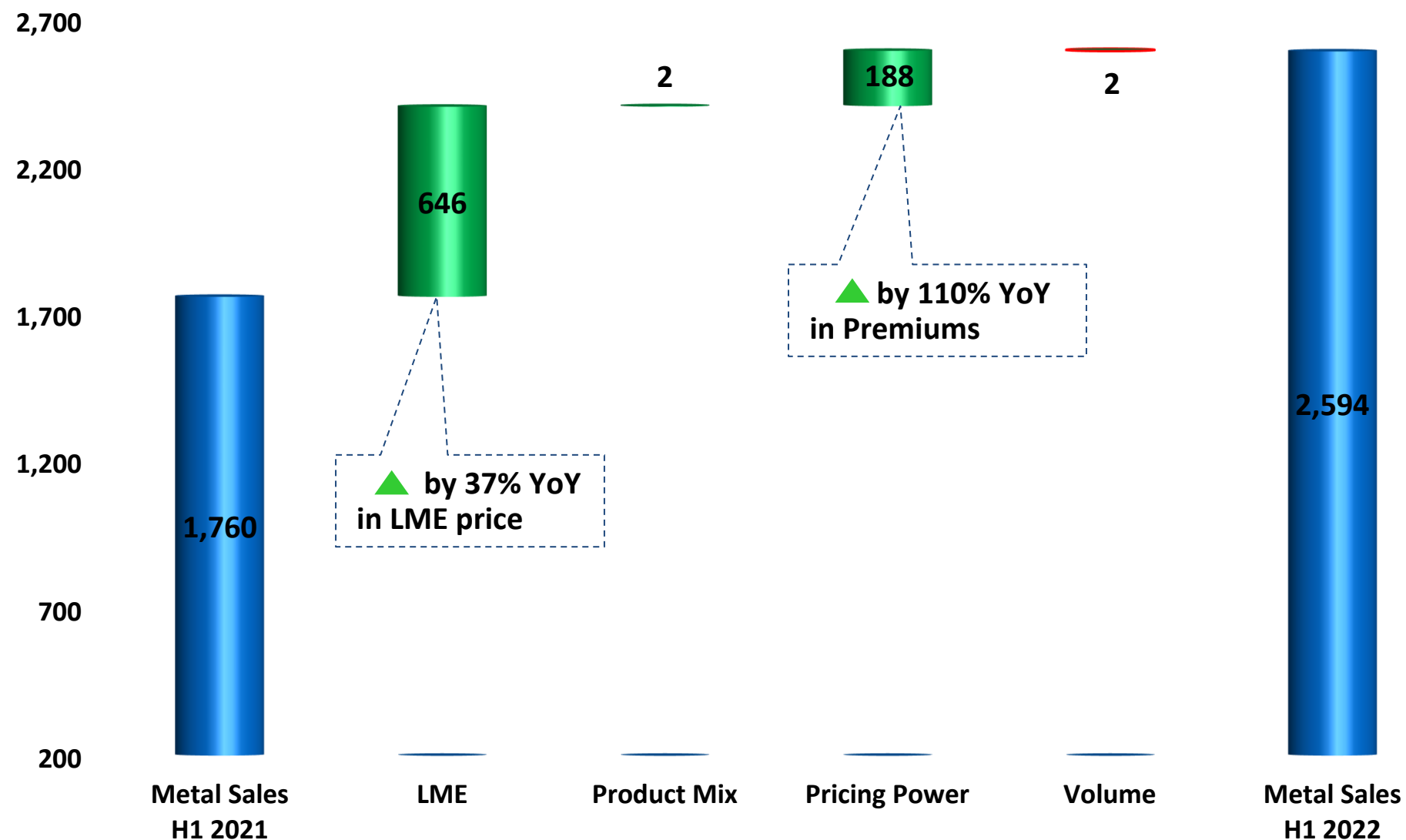
06

APPENDIX

Aluminium Industry: Volatile Market Conditions Push LME Price Higher

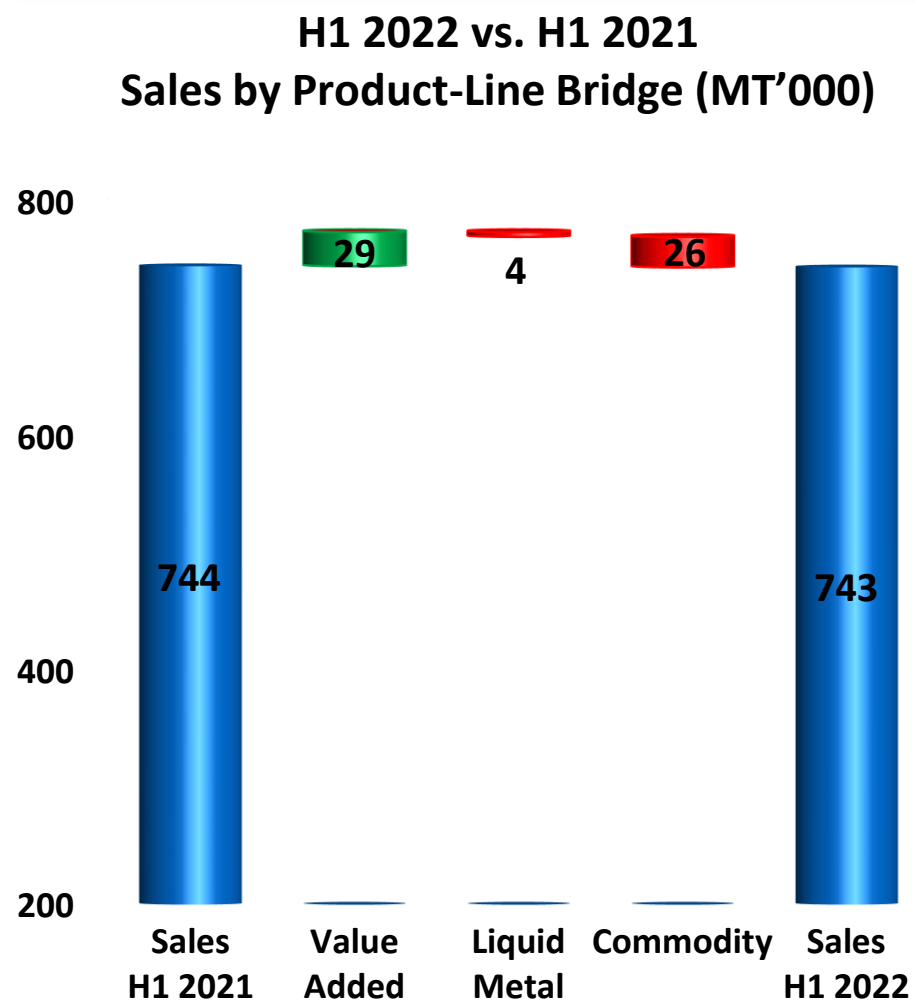
Higher Metal Sales Thanks to Higher LME Price, VAP & Premiums

Metal Sales' Bridge (US\$M) – H1 2022 vs. H1 2021

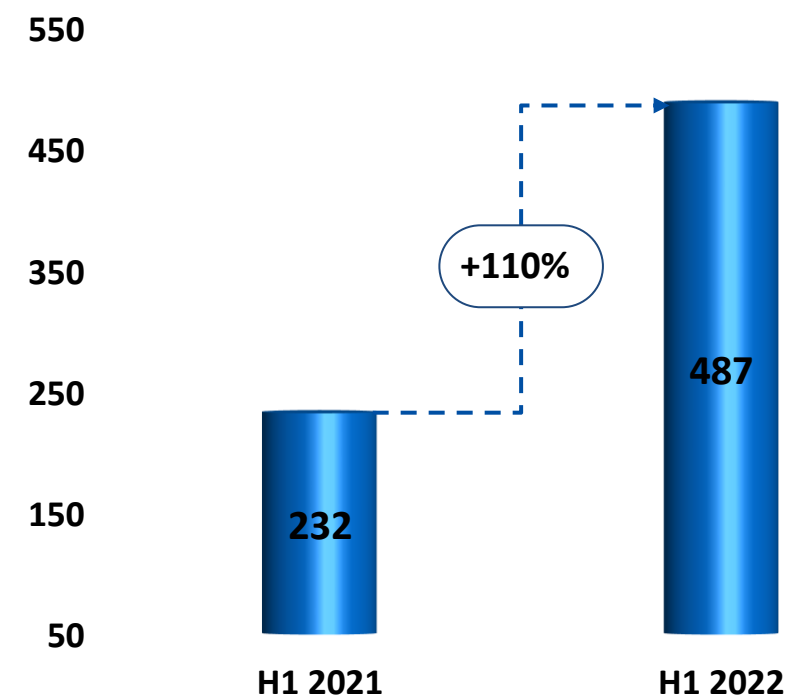


Aluminium Industry: Volatile Market Conditions Push LME Price Higher

Higher VAP | Lower Commodities' Volume | Higher Premiums



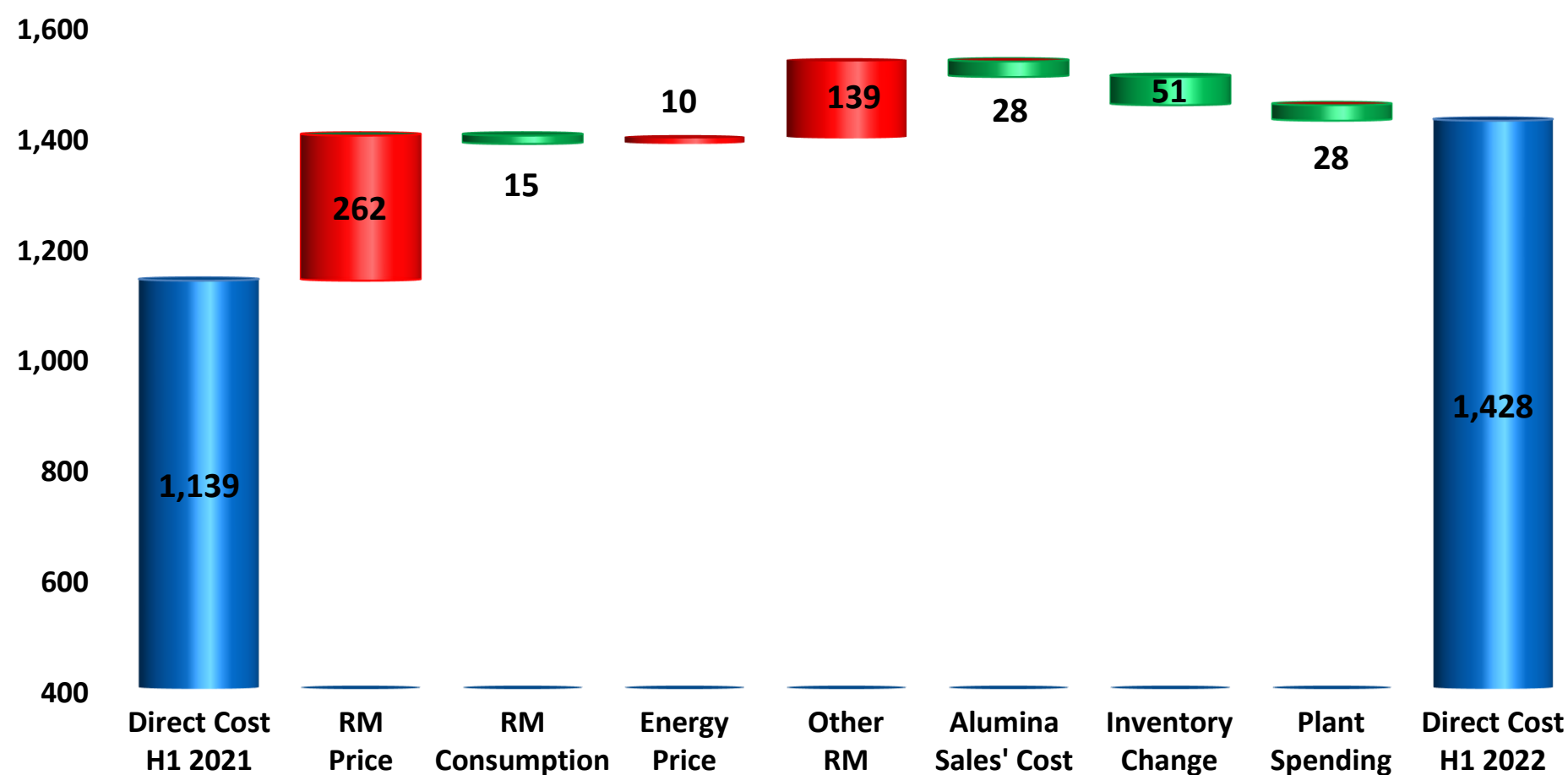
Premium Above LME Trend US\$ Per MT



Aluminium Industry: Volatile Market Conditions Push LME Price Higher

Higher Direct Cost Due to Higher Raw Materials' Cost and Energy Price

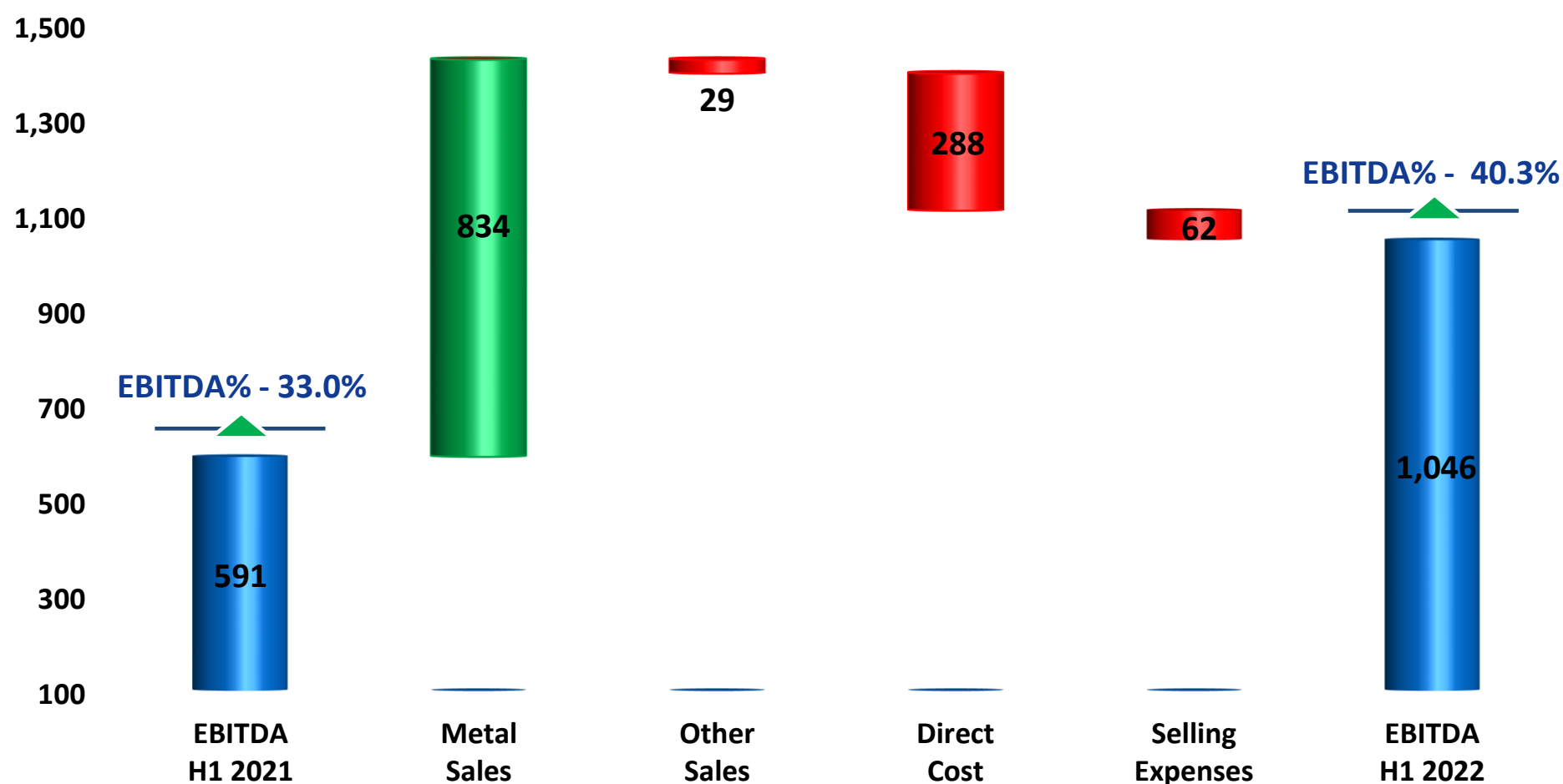
H1 2022 vs. H1 2021 - Direct Cost Bridge (US\$M)



Aluminium Industry: Volatile Market Conditions Push LME Price Higher

Higher EBITDA due to Higher LME Price & Partially Impacted by Higher Cost & Higher Selling Expenses | Strong EBITDA % at 40.3%

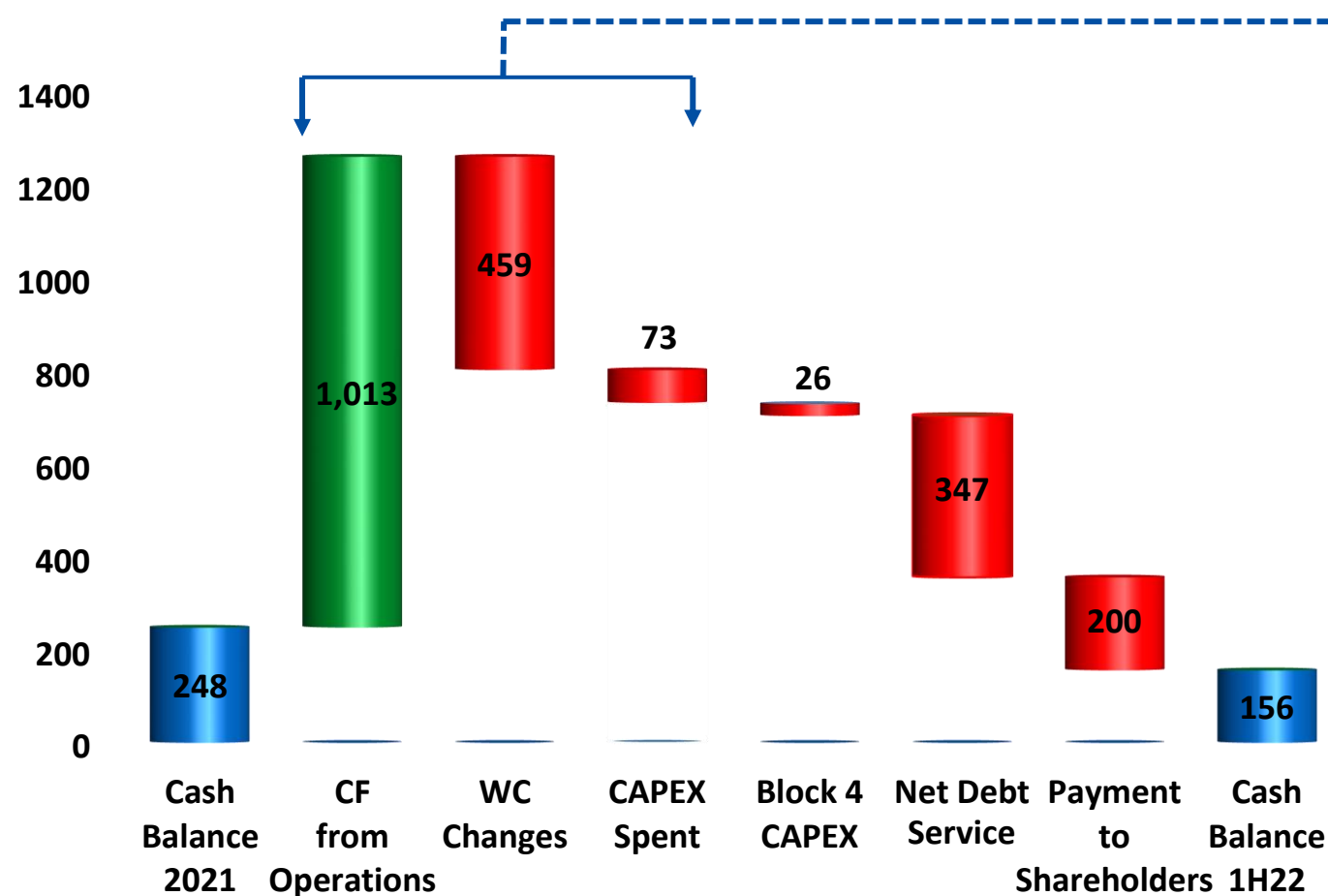
H1 2022 vs. H1 2021 - EBITDA Bridge (US\$M)



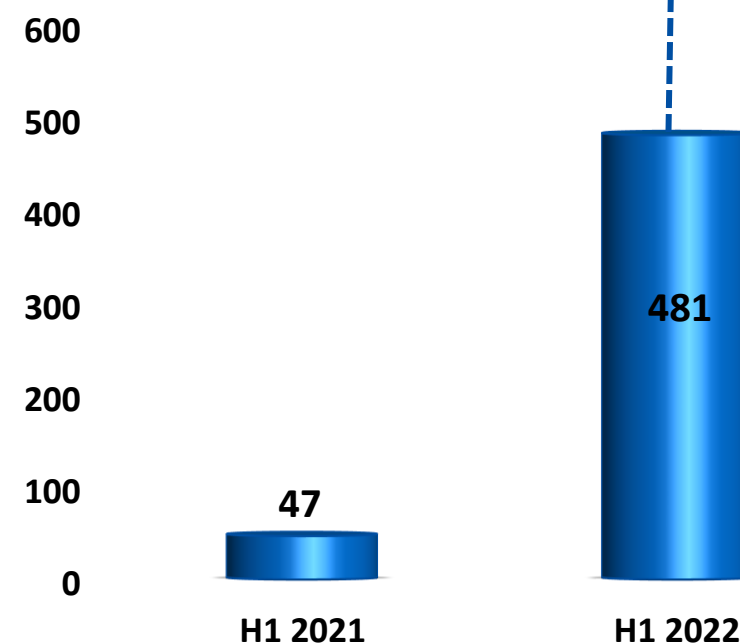
Aluminium Industry: Volatile Market Conditions Push LME Price Higher

Cash-Flow Bridge FY 2021 to H1 2022 -- Sound Cash Position

FY 2021 to H1 2022 Cash Flow Bridge (US\$M)



Free Cash Flow (US\$M)



Operating & Investing Cash Flow
(Excluding Block 4 CAPEX)

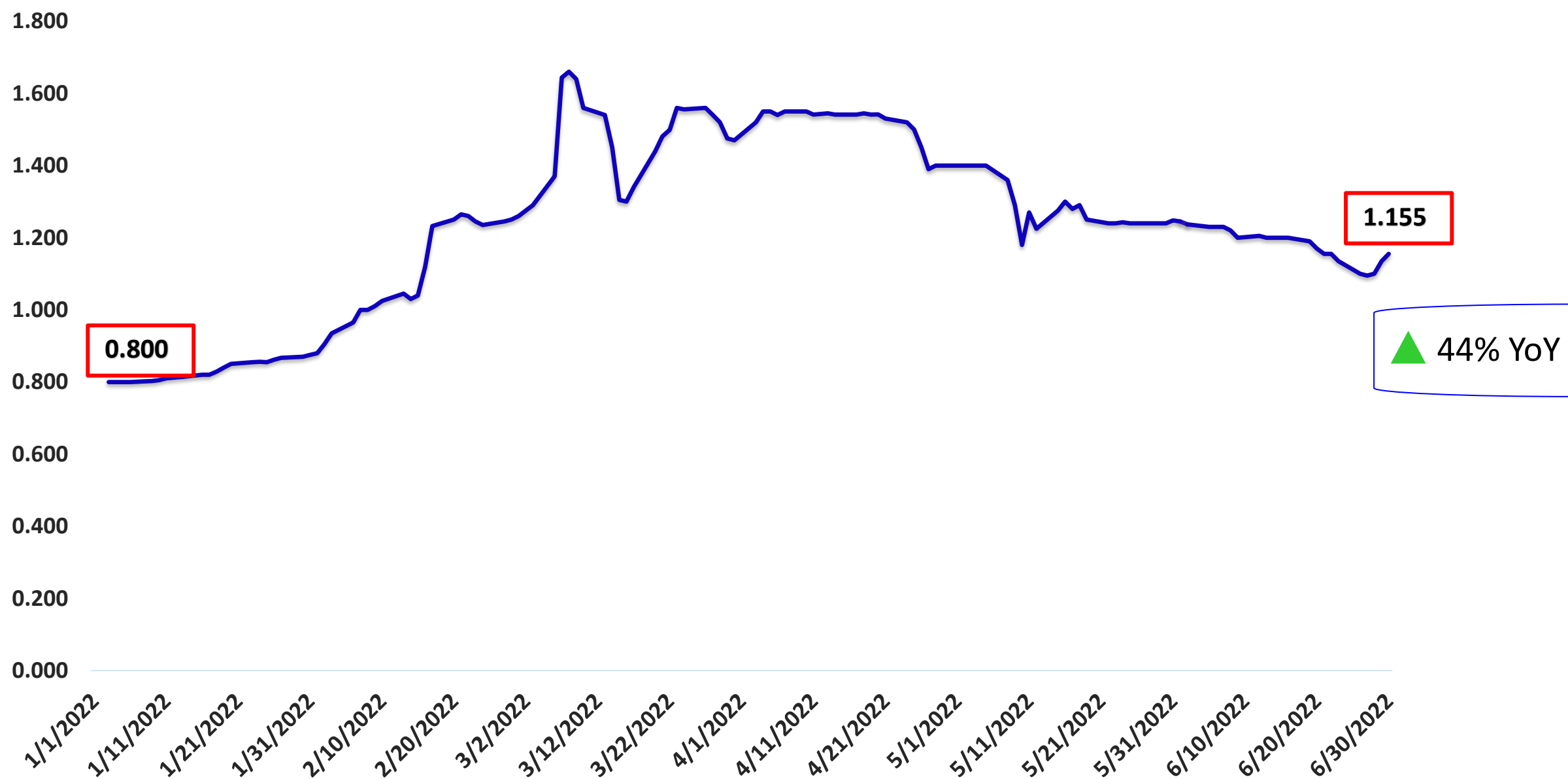
Alba Shareholder's Structure



- Alba was converted into a Bahrain Public Joint Stock Company on 23 November 2010
- Alba shares are listed on two exchanges: Ordinary Shares on Bahrain Bourse and Global Depository Receipts (GDRs) on the London Stock Exchange – Alternative Investment Market
- Alba Ticker [BHB: ALBH, BD1.155 on 30 June 2022]



Alba Share Price Performance [ALBH, BD]





For more information, please contact us on:

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Alba4World



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Alba4World



SICO Bank - Aluminium Bahrain Webcast

Monday, 15th August 2022

Introduction

Anoop Fernandes

SICO Bank

Hello everyone. This is Anoop Fernandes and on behalf of SICO, I welcome you all to Aluminium Bahrain second quarter and first half 2022 results conference call. We have today with us Ali Al Baqali, CEO; Bryan Harris, CFO; Eline Hilal, Director of Investor Relations; and Ahmed Qader, Manager Finance. So without further ado, let me hand over the call to Alba Management. Over to you, Eline.

Industry Highlights

Eline Hilal

Director of Investor Relations, Alba

Thank you, Anoop. Good morning and good afternoon, everyone. Before we start our presentation, I would like to set the tone on what we should be doing next. Please note that upon finishing from covering the IR presentation for the second quarter and the first half of 2022, Melanie will be kindly managing the audio questions while Anoop will be managing the webcast questions; and of course, Alba management will be addressing the questions received either through the webcast or through the audio.

And without further ado, we move into the content slides, which is slide number three. So as usual, I will be covering the industry highlights, what has happened in the aluminum industry in the last couple of months. Followed by Alba major highlights for the second quarter. After that, our Chief Financial Officer will be covering Alba's results for the second quarter in detail, so please prepare your questions. And in the last section, it's going to be our Chief Executive Officer, Ali Al Baqali, who will be giving us some insights about what to expect with respect to the aluminum industry for the remainder of the year and what are Alba's priorities for the rest of this year. And within the appendix, which is the last section of this presentation, we are having Alba's financial result for the first half of 2022. Please note that in the section industry, so the industry highlights, the excerpts of what you are seeing over here is based on CIU market intelligence.

Economic Uncertainty Takes its Toll on Global Aluminium Industry

So, moving on to page number five. If you look at the title of this slide, it is today the economic uncertainty, which we are all currently seeing, has taken its toll on the global aluminum industries and as a result, the aluminum consumption was down by 2% year over year. As we note, the weak economic activity, higher inflation, and the rising interest rates, have started to hit all manufacturing industries worldwide and this has affected the consumer demand negatively as buyers are forced to cut back on non-essential items.

In respect to what has happened in the United States, the demand continues to be resilient, plus 7% year over year, unlike other countries around the world, supported by a surge in the construction and transport sectors. With regard to the Middle East, the demand was up by

3% year over year, supported by higher consumption in United Arab Emirates, plus 5% year over year, and Bahrain, plus 4% year over year.

When it comes to China, demand was severely impacted by strict pandemic lockdowns and logistics issues and the demand as a result was down by 6% year over year. Numerous factors such as construction, packaging, and consumer durables, have suffered the most among the major industries in China.

For Europe, the increase in the cost of living has weighed down on consumer spending in the last couple of months as the risk of recession increases, and we have seen demand in Europe going down by 4% year over year.

World Market Supply

Moving on into the production slide, which is on page number six. So, the world market supply was up by 3% year over year. The macroeconomic factors continue to pressure the market worldwide and that has resulted in an unclear direction and price trends in the commodities, aluminum being not an exception.

For China, China was a net exporter as its output reached record levels, up by 4% year over year. And if you remember, in the previous slide we have stated that China's demand was down by 6% year over year, so for sure China must export the metal outside China's vicinities. But demand has not followed; despite having the supply at record levels, demand has not followed the same path, due to the impact of lockdowns, as stated in the previous slide.

Europe leads the world ex-China output, with its production down by 5% year over year and this is mainly because of the power crisis that we are currently seeing in Europe.

The Middle East, the supply jumped by 5% year over year, led by higher production in the UAE, plus 11% year over year.

And with the world market consumption down by 2% and the world production up by 3% year over year, the world market was in surplus with China and without China.

LME Price & Premiums

Moving on into page seven for the LME and the premium. The LME in the second quarter of the year had average close to \$2,900 per metric ton, up by 20% year over year from the previous quarter in 2021. The LME inventory hit record low at almost 0.5 million ton, down by 76% year over year, and down from 0.6 million ton by Q1 2022.

With respect to the premia, which is what you see in the bottom of the chart, the chart in front of you, for major Japanese ports, US Midwest, and DDP Rotterdam, we note that the European and the US premium remain high to compensate for the freight cost and higher gas prices, while the MJP ports almost remain the same from Q1 2022.

Alumina Price

Moving on into the alumina price. Over here, we are giving you the alumina price as a percentage of the LME. This is by the way page number eight. So, if we look at the top chart, which is for the LME trends, the LME price average in Q2, as said previously, almost \$2,900 per metric ton, versus \$3,267 for Q1 2022. As you see, that was a sizable decrease in the LME price.

With respect to the alumina price index, it was \$465 per ton for Q2 2022, which corresponds to 16% of the LME price for the same quarter.

Alba Highlights

Moving now to Alba's highlights, which is on page nine. So, all Alba's highlights have been made public previously and we are just reiterating what has happened in the company in terms of operational update and ESG update in the coming section.

Safety in Numbers

So, with respect to safety in numbers, so we do believe safety first and safety always. If you look at the left chart in front of you, we have finished the second quarter of the year with zero LTI and three recordable injuries versus Q1 2022. Total injuries were five versus Q1 2022 and versus 34 for the year of 2021.

If we look at the right image that we have in front of us, we wanted to show you that Alba has achieved for the first time in its historical commercial operations, 28 million safe working hours on 15th July 2022; and last week, Alba has achieved 29 million safe working hours without LTI. So as of today, the company has set a new benchmark for the aluminum industry by achieving more than 29 million safe working hours.

Major ESG highlights

Moving on into the major ESG highlights for the quarter. We are quite humbled to earn the Royal Society for the Prevention of Accidents gold medal award for the ninth consecutive year. So that tells you a lot about Alba's efforts in the last couple of years, how our efforts have been recognized, and we remain thankful for that.

We became the first company in Bahrain to refinance its existing syndicated loan of about \$1.25 billion and we have decided to sustainability-linked targets, and we have issued a press release about that. We have been also recognized as the first company in Bahrain in respect to environment, social and governance performance, and this rating was given by ESG Invest, the investment research arm of Sustainability Excellence.

On 20th June 2022, Alba has launched its plant-wide ESG campaign, 'A journey not a destination' and as stated previously, we have achieved more than 29 million safe working hours as of today. The achievement of 29 million safe working hours was completed on 9th August 2022.

ESG Roadmap For Alba's Race to Net Zero

Moving on to page 12, we just wanted you to see how we have launched our ESG roadmap. So back in April, we have launched our ESG roadmap. As stated previously, we have six major priorities, the first one being decarbonization, followed by circular economy and secondary aluminum; then collaborations and partnership, green energy and aluminum, employee welfare, transparency, communications and due diligence. And as you have probably noted that we have been providing regular updates Alba's ESG practices and initiatives on a quarterly basis.

This is just our journey. We wanted to emphasize reference to His Royal Highness the Crown Prince and Prime Minister in his speech during COP 26 in Glasgow, Bahrain's priorities when it comes to decarbonization. We tried to club all our initiatives and what the company has

been doing back since November 2021 and so I will be going very quickly into what we have done, for reference.

Alba ESG Actions

So, back in November 2021, we have issued a tender to supply and install the solar panels for 5-7 MW. The CEO will be giving more insights about that. On 5th December we have appointed an acting ESG manager. I believe we are the first company in Bahrain to ever have appointed an ESG manager to look at environmental practices. 12th December 2021, our Chairman has commissioned the first of its kind in the region Stand for Climate Treatment Plan, and today the Stand for Climate Treatment Plan is in full operation mode. In February 2022, we have joined our efforts with BAPCO to foster green industrial development. We have also signed MoU with Bahrain Polytechnic to develop talent. This is more for employee welfare and the collaboration and partnership. In early April, we have started to rely on digital industry 4.0 and artificial intelligence in our power station to improve performance. As spoken previously, we have refinanced our loan in April, and we have linked it to ESG. And in April as well, our CEO has rolled out the ESG roadmap to everyone in the company. We have also hosted Bahrain Association of Banks' delegation to further our ESG in Bahrain and to solicit their support when needed.

Operational Highlights – H1 2022

Moving on into Alba's operational highlights for the first half of the year. So here we are providing you our operational KPIs for H1.

Our sales volume topped almost 743,000 metric tons. Almost flat versus last year while production reached 787,592 metric tons, up 2% year over year.

With respect to value added sales, it is average 67% of total shipments versus 64% last year and in Q2 we have achieved 70% such sales, which is the highest ever in Alba's history. We have also opened our sales office in Singapore to strengthen our footprint in the Asian continent. We have also signed an agreement with Mitsubishi Power and SEPCOIII to be the EPC contractor for Block 4 in Power Station 5. Block 4 will be increasing the capacity of Power Station 5 by about 680 MW.

We have also secured a ten-year offtake agreement with South32, one of our alumina suppliers, for the supply of alumina.

Financial Key Performance Indicators – Q2 & H1 2022

With respect to the KPI, as much as I would like to give you lots of insights, I will read very quickly, and our CFO will provide us more information. What I would to say, that Alba has had record performance in Q2 and H1. We have set a new record for the company, all thanks to Alba's executive management, followed by its workforce. This performance was driven by higher LME price, our discipline when it comes to cost, as well as higher premium. The profit of course was driven by higher EBITDA levels and our free cash flow was impacted by working capital changes, but it was still positive.

This unparalleled financial performance has allowed Alba's board of directors to recommend and interim dividend of \$120 million to the shareholders on Alba's shareholder register as of the record 21st August 2022. This dividend compared to the previous interim dividend for

2021 was higher by \$20 million versus \$100 million which we have paid back in November 2021.

AI Hassalah Initiative

With respect to our AI Hassalah initiative, which is our cost improvement program, this initiative will have launched last year back in February 2021, and it aims to have cumulative savings of \$100 million by the end of this year.

If we look at the left bar chart, so we have achieved in 2021 \$71 million. And what we have achieved in H1 2022, \$19 million, corresponding to \$90 million cumulative savings, as of 30th June 2022. And if you look at the target, the target is \$100 million, so we still must achieve \$10 million for us to be able to match our target for 2022.

If we look at the pie chart on your right side, this is how we anticipate achieving the savings from AI Hassalah. As you see, the major savings will come from the operations, followed by our sales, marketing and caphouse. And I have noted earlier that our VAP has reached levels to 70% of sales. Followed by power, which is more about efficiency, and raw materials sourcing and optimization, about \$5 million.

And with that I will leave the floor to our CFO to take us through Alba's Q2 2022 results.

Q2 2022 Results

Bryan Harris

CFO, Alba

Aluminium Industry: Volatile Market Conditions Push LME Price Higher

Thank you Eline. Good morning or good afternoon to everyone and it's a pleasure to be able to take you through the Q2 results. It has been a tremendously volatile quarter for the market and Alba's been able to capitalize on this to deliver one of its strongest quarters in its 50-year history, not only from an operational and ESG point, as Eline has mentioned, but also financially.

So beginning on slide 18, taking you through the metal sales bridge, you can see going from Q2 2021 with the higher LME prices and premiums and VAP in particular, there was an increase of \$408 million in Q2 2022 compared with the comparative. That is an increase of 42% in metal sales. This was obviously mainly driven by the increase in LME, which contributed \$297 million, and that was a 20% increase.

There was also the product mix, which is basically increasing the level of VAP sales, as well as pricing power, which is the increase in premiums, and then a small increase in volume. We obviously did see prices coming down from their highs over the course of Q2, but we are still able to reap the benefits of that. But obviously future quarters will be more challenging in terms of the LME prices.

Sales by product line

Looking at then the sales by product line in more detail, you can see on the green slide the value-added increase and liquid metal and commodities decrease. This is good news because obviously we attract more premium from our value-added sales. So, the premium

chart, as you can see on the right-hand side, you can see that the actual premiums attracted per metric ton more than doubled versus the comparative period. And that was driven by two things. One, the shift in Alba from commodities to VAP, which attracts higher premiums; and secondly, obviously the tailwind of the global markets, premiums having improved substantially from last year.

Higher Direct Cost Due to Higher Raw Materials' Cost and Energy Price

Looking at the cost side, again comparing Q2 2022 to 2021, you can see an increase from \$603 to \$764 million, so that's an increase of \$161 million or 27%. You can see although the costs did increase, that increase was significantly less than the 42% increase in revenue. So our costs were well contained. The main increases in the costs were relating to the raw materials themselves, that you can see. So when you think our overall costs increased by \$161 million, \$141 million plus \$38 million, so \$179 million, was actually due to raw materials, and then \$10 million due to the increase in energy costs, with our gas price increase by 25%.

Other than that, we recorded savings. Plant savings were improved by \$18 million; and this was mainly driven by once-off gains that we made on foreign exchange, which offset off against those plant savings.

Higher EBITDA

Looking then at the EBITDA bridge, we improved our EBITDA by \$204 million. So, we recorded EBITDA of \$554 million for the quarter. Obviously, another record for Alba, and that is an increase of 58% over the comparative period. That was mainly driven by the increased metal sales, which we took you through on the previous pages, offset slightly by the increase in direct costs. But also substantial increase in selling expenses, as global markets for freight have increased dramatically, almost doubled when you look at shipping costs, when you look at container costs. Those have increased across the board for all exporters, all industries, and obviously with Alba's shift towards VAP sales, things like trucking costs do increase as well, because we are delivering to final customers to attract stronger premiums rather than simply selling it to traders.

Cash-Flow Bridge Q1 2022 to Q2 2022

Looking at our cash flow bridge on page 22, you can see very strong cash flow from operations of \$530 million. A lot of this was absorbed through working capital changes, so increases in accounts receivable and inventory. There are compelling reasons for both.

The accounts receivable increased, as you would imagine, when the price that we sell our goods for increases dramatically with higher aluminum and premiums, so the amount that our customers owe us will automatically increase. And then also with the shift to VAP sales, we obviously give those final customers payment terms which are not given when we sell for cash or to traders or for lower premiums.

And inventory, again as we have shifted from traders to final customers, that means that we are carrying more inventory on ships and in warehouses, and the inventory cost increase because of the increase in raw material prices. So as our raw materials increase in value, so obviously the dollar cost of the inventory goes up as well.

CAPEX on trend

We obviously continue to spend on track with CAPEX. We are now beginning our CAPEX spend for Block 4 for Power Station 5 project as well. We were able to make significant inroads into our debt during the quarter. You can see our net debt service during the quarter reduced by \$336 million, so a substantial reduction in debt. And obviously that includes interest payments as well. And that took us from a cash balance of \$346 million in Q1 to a balance of \$156 million in Q2.

You can see on the right-hand side our free cash flow more than tripled versus the same period last year, for \$51 to \$165 million.

Strong Financial Performance due to Higher LME Price & VAP Sales

Looking then at a summary of the income statement. You are looking just at the first two columns, the Q2 versus the comparative. Revenue obviously jumped quite significantly, from \$984 million to \$1.384 billion for the quarter. Obviously, that was mainly due to the increase in the LME prices. Just for your contexts, so you can see the average cash LME was \$2.882 for Q2 compared with \$2.399 for the comparative year. And for reference today the LME has dropped down to \$2.468 as at the end of yesterday.

EBITDA: we recorded \$554 million compared with \$350 for the comparative and profit was a record \$484 million, up from \$246 for the comparative quarter.

With that I'll hand over to our CEO, Mr. Ali Al Baqali.

Industry Perspectives

Ali Al Baqali

CEO, Alba

Aluminium Market Caught Between Lower Demand & Higher Energy Prices

Thank you, Bryan. Before I will take you through the industry perspective and other priorities, I would like to highlight that in the first of 2022, we broke all the records in Alba history for the last 51 years. But this will not be the case in the second half of this year, because the LME is still volatile and due to uncertainties in the market and due to fears of the big recession. As a continue of the Russia-Ukraine war this has also put the market, especially the aluminum industry, in a big question mark. And the higher interest rate in the market also affects the economy.

Also, the economic slowdown is likely to be strengthening the US dollar, because normally and as normally you can see the US dollar is stronger than all currencies when the price falls. This is like opposite directions of price versus commodity. Also, we see the disruptions of the Russian gas supply because of the Ukraine-Russia war is affecting all industry in Europe and mainly the aluminum, and we can see also some cut of production, mainly in the primary and even from the downstream we see a lot of cancellations, and this is an indication that a recession is part of slow demand for some of the value-added products.

Also, we can see also the premium, which means the price above the LME, has also started declining or reduce and this also shows that demand is not strong as H1 we are forecasting.

And the LME price till the end of the year, you notice that it's ranging between \$2,200 to \$2,400, and we hope that this will continue till the end of the year.

Major Raw Materials Price Trends

If we move to page 26, talking about the major raw materials' price trends. We can see that in this month and last month, we see the alumina price is reducing little bit in the range of \$330, which is approximately around 13% of LME. This is the trend in the historical view. However, on the other hand, the major raw materials like aluminum fluoride, green petroleum coke, calcined petroleum coke, is increasing the price in view of a lot of factors, mainly because the oil price is increasing, this is also affecting the byproducts or other products of oil, as also the logistics make the major raw materials more challenging. And this is also affecting the logistics and the price at the same time.

Alba Priorities

Moving to Alba priorities, as Eline stated in the beginning, we are focusing more on the ESG roadmap and we did a lot of campaigns inside Alba and outside Alba, and we meet many stakeholders. And Eline, as she stated, one example is meeting all the banks in Bahrain to share with them our roadmap and the way forward to also having green financing in the future for any project related to environment and even for regular CapEx requirements.

We are pushing for this towards to achieve Bahrain vision also to achieve zero emission by 2060.

We are working very hard to exceed the production plan of this year, which we targeted at 1,560,000. And with Al-Hasallah, as Eline, she stated we are on the right track to achieve the 100 million by the end of this year.

One of the top priorities also for Alba despite all the challenges, we are still looking at an upstream opportunity to secure almost one-third of our requirement of alumina. And either by having a minority joint-venture with an established alumina refinery or to have a long off-take agreement with also to secure that quantity.

Eline also, she stated that we are increasing our value-added product for this year to achieve above 70%. And we are – by this, we already capitalised on the certificates and the skills available in Alba, especially in the technical side to make this happen by having a lot of trial orders to pre-qualify our project further with the new customers.

As also Eline stated and Bryan, we completed look for financing and we are hitting the ground and we are going to, *inshallah*, to achieve it on the plan by having a block 4. Block 4, additional block 4 for the existing power station 5. It will add around 680 megawatts extra to our electricity that will make Alba more efficient.

Also, for line seven, we are still working with Bechtel to get the first draft of the pre-feasibility study. And the pre-feasibility study will address all the requirements to have line seven in place and we are targeting – our initial plan is to have it like line six in terms of capacity and efficiency.

By this, I end the presentation, and I will leave the floor to Eline to have the sessions of questions and answers. Thank you very much.

Eline Hilal: Thank you, Ali. I think I will hand over first the floor to Melanie to advise if she has received any questions from the audio.

Q&A

Operator: There are no questions at this time registered. But as a reminder, to ask a question, you will need to press star one-one on your telephone and wait for your name to be announced. Please standby, while we compile the Q&A queue.

Eline Hilal: Okay, then meanwhile Melanie so that we do not waste time, I think I will ask Anoop to take us through the questions received via the webcast. I think at the moment, we see five questions on the screen. Anoop?

Anoop Fernandes: Yes, so the first question comes from Nitin Garg of SICO Asset Management. Is it possible to know why the receivables and inventories have increased quarter-on-quarter? Receivables increased from BHD300 million to BHD338 million and inventories from BHD358 million to BHD421 million. And related to receivables, are you facing any payment issues from the local for any downstream concerns?

Bryan Harris: Thanks. Thanks for the question. I will take it. I did go through that at a high level. I will repeat some of that again. So yes, there are natural reasons for the increases in the receivables in the inventory. On the receivables side, when you are obviously selling your product for much more to your customers, the amount that they owe you will increase and because LME and premiums have gone up, so there has been a natural increase in the accounts receivable.

But also because of this strategic shift that we have had where we have practically moved from selling commodities which are mainly to traders. So typically, they pay us cash up front, or in the past, sometimes even in advance. We now are selling more back to final customers. And so that means obviously, we must give them payment terms, 45 days or whatever. And we are attracting bigger premiums, but those bigger premiums do come at a working capital cost.

On the inventory side, again, with the increase in raw material prices when you use the alumina and GPC and alloys that increasing in their cost, that means that the carrying value of those inventories increases both for our raw materials and for our work in progress, and obviously for our finished goods as well. But also, there has been a shift with the shift from commodities to VAP. It means that instead of the goods basically transferring to a buyer, a trader when they leave our factory, we are not putting them on a ship. We are sending them overseas as sometimes they are in a warehouse before going to the final customer.

So again, we are getting the increased premiums, but it does mean that we are carrying that inventory for a little bit longer, but we feel that that's – commercially, it's better for Alba.

And then, obviously, there have been some, I think, well-publicised across all industries, logistical constraints, US imports, etc. And we have been able to manage that very well. But obviously, there has been some impact.

Ali Al Baqali: Just to add about the – we are not facing any issue with any local downstream customers, and they are all paying on time and before the time also, just to highlight.

Anoop Fernandes: Yeah, Mel, I think we have one question via telephone. Maybe we can take that and then go back to the written questions.

Operator: Thank you. Please standby. Our question comes from the line of Nour Eldin Sherif from Arqaam Capital. Please go ahead. Your line is open.

Nour Eldin Sherif (Arqaam Capital): Hello, everyone, and thanks for the call. And congrats for the strong set of results. Couple of questions for me: if you can take it one by one. My first one was on the cash flows. Should we expect a drop in working capital in the second half of 2022? And should we expect another drop in debt for the second half?

Bryan Harris: Thanks for question. Some of the things that I mentioned to you are almost permanent shift. The shift from commodities to VAP is more of a strategic permanent shift. Alba will, in the future, carry higher levels of accounts receivable and inventory because of that. Other things obviously will reduce. So, as if raw material prices fall, then we will see falls in inventory levels as well. It is too early to say to whether it will be up or down in the next half. It depends on the prices.

And the second –

Ali Al Baqali: For the cash, I think, cash and debt.

Bryan Harris: Yes. So, yes, our intention is to continue to reduce debt as much as we can. Obviously, we reduced our cash balance during the current quarter significantly, but we do intend to make further reductions in debt and obviously use some of our funds. As Eline mentioned, there is an interim dividend payment that we made shortly as well of 120 million. But whatever is left over, we plan to utilise to further reduce that.

Eline Hilal: For those who have such as Arqaam which has a stake in Alba, your dividend yield will be about 8%. If you divide the dividend per share over the market price, it is going to be close to 8%.

Nour Eldin Sherif: Okay. And just one follow-up on the dividend. We have seen strong free cash flow for the first half close to BHD180 million, while dividends were close – were BHD45 million. Should we expect a bump in dividends for the second half, given the strong free cash flow that dividends were quite below this free cash flow generation?

Bryan Harris: Dividends obviously are up to the Board for approval, so we cannot really comment on what can be expected in the second half of the year.

Ali Al Baqali: And depends also on the second half of the year. If we are making a lot of money, it will benefit all the shareholders.

Nour Eldin Sherif: Yes, okay. And one more on lock 4 expansion. Can you give us guidance in terms of how much of savings that could be realised from such expansion? And how much of CapEx?

Ali Al Baqali: I am not sure if we disclosed this before, but it will add an efficiency around 1% to our overall power station efficiency. It is to reduce I think – I do not have the figure with you. Maybe Eline maybe later she can give you a call or something to give you the exact saving.

Eline Hilal: Nour Eldin, power station 5 has three blocks from General Electric, and this additional block, block 4 from Mitsubishi, is adding about 680 megawatts. One of the major

reasons we wanted to add this fourth block is to be more efficient in our gas consumption, because then, we can stop relying on all older power blocks. Doing so, we optimise our gas consumption. We also had another objective to reduce GHG emissions. Today, Alba is emitting eight times of the CO₂ per metric tonne of aluminium. Once block 4 is fully commissioned and is in operation, Alba will be able to reduce its greenhouse gas emissions by 0.5 tonne of CO₂ per one tonne of aluminium. And as you know, we rely on natural gas to fire our power stations. Hence, we always look at ways and means to optimise our natural gas consumption for us to be able to reduce the greenhouse gas emissions, given that power stations contribute 80% to Alba's greenhouse gas emissions. The more we rely on efficient power stations, the less will be our greenhouse gas emissions.

Nour Eldin Sherif: Clear. Just one more on the cash flow – on the cash cost, sorry. We have seen normalising alumina prices, probably some lower cost for alloy. Should we expect cash costs to normalise starting Q3 and for the rest of the year?

Eline Hilal: Can you repeat the question, Nour Eldin, if you do not mind?

Nour Eldin Sherif: Yeah, sure. I was saying that we have seen normalising or lower alumina and alloy costs. Should we expect cash costs to normalise for Alba for the second half?

Bryan Harris: Yes, so obviously as raw material prices reduce, so that the cash costs will reduce as well. There is a bit of a lag effect on the raw material side, obviously, from when we purchased to bringing in alumina, keeping it in storage and then converting it to finished product. Typically, that is a cycle of two to three months. There is a bit of a lag, but you will then start to see reductions flowing through and reducing our cash cost.

Nour Eldin Sherif: That is clear. And my final question on the potential dual listing. Do you have the timeline, or is this taking place? Just come some colour on this one, please.

Eline Hilal: Nour Eldin, you are always ahead. Now, there are no updates. If you remember a couple of weeks ago back in June, we have put a statement that Alba always looks at different value-added creations. At the moment, we are undergoing a due diligence on the feasibility of the potential cross listing or secondary offering in Tadawul. Having said that, nothing is yet firmed up. And you will be able to hear in due course about this, should we receive approvals from the Board thereafter from the shareholders in the next extraordinary general meeting.

We are doing some interesting analysis on the feasibility of this exercise, but we do not have yet a timeline. But for sure, whatever we have update we will keep everyone updated.

Nour Eldin Sherif: Amazing. Thank you very much for your time.

Operator: There are no further questions from the phone lines currently. I'll hand the call back to you.

Anoop Fernandes: Yeah, so we have one question from Mr Ahmad Kordi of PIF. This is also a question from Roger Bell (Hannam & Partners). Can you please update us on the new feedstock arrangement with the government? Is there any update on the price per MMBtu over the medium and the long-term? And secondly on the gas price – yeah – assumptions for line seven.

Ali Al Baqali: Yeah. Okay. For the gas price, as you are aware that, we have a contract in place, still it is valid, but we are also working with the government to extend the gas supply.

In terms of the price, Bahrain they are not giving a price individual to companies. They are publishing a national strategic as a price. This will be applicable for all industries. Just we are checking with the government, and they said they will try to publish the new pricing very soon. But we do not have a clarity on when. But for the time being, the gas price is \$4 per MMBtu.

Eline Hilal: And to add to what the CEO has stated, as soon as the gas price formula has been made available to Alba, Alba will be putting a disclosure statement on that because this is something super material, like we have done in the previous years.

Anoop Fernandes: Okay, we have a question from – we have a couple – two questions from Ankit Bansal of Sancta Capital. If we compare 2Q of '22 with 1Q of '22, LME, aluminium prices are down. Alumina price per tonne is up and the gas price paid by Alba went from \$3.75 to \$4. Despite this, Alba managed to increase EBITDA per tonne in 2Q '22 versus 1Q to '22. So apart from the increase in premium over LME, what are the other factors that are involved?

Bryan Harris: Brilliant management and leadership. Just was kidding. Yes. That is a good question. A couple of points on that. One, although the LME price started to go down, there is a bit of a lag effect, because the individual contracts that we have with customers may use the LME from, for example, the previous month average. There is a – we continue to benefit from the higher LME for a month or two after it starts to come down. You will start to see more of the effect of the reducing LME going forward because of that lag effect.

Then we did benefit from some, one sort of impact during the current quarter. We had a forex gain, as I mentioned, which is netted off in the EBIT or the other costs slide, so that forex gain was 12 million for the quarter. And we also, as part of our new corporate loan, we restructured the interest rate swap, so we closed off the old one and opened a new one. And because of the settlement, basically that released a profit from set – a gain on settlement. And that was north of \$30 million. There were a couple of one sort of gains, on forex, and on closing the interest rate swap that impacted the past quarter.

And then, obviously, our cost saving initiative, our Al-Hasallah project continues to progress until we do reap the benefits of that in terms of our net profit.

Anoop Fernandes: We have another question from Sancta Capital.

Bryan Harris: There were also some differences in the way in levels of staff-related costs, where we did not need to increase our provision in the current quarter, as much as we did during the comparative quarter as well. So that was also one sort of benefit.

Anoop Fernandes: Okay. We have a question from Sriram Srinivas. Congrats on the good set of results. The first question is production for FY'22 is estimated at 1.56 million MT. Assuming sales meets production, is it reasonable to expect higher sales in the second half versus the first half? From what I understand from your presentation, the highest sales volume will be more than compensated by lower premiums in LME, and of course, lower LME prices.

The second question is, I presume there is no major provision required for any part of receivables. So, what percentage of the debt the interest rate is hedged? And how does this impact the interest costs in the second half of FY'22 and '23?

And a question on line seven in terms of output. When do you expect this to come online, if you plan to go ahead, and what is the potential costs?

Bryan Harris: I will quickly take the interest rate hedge part. We have effectively maintained the same strategy as before, and we have hedged 50% of our corporate loan. Out of the \$1.2 billion corporate loan, we have hedged \$600 million of that and fixed that.

Ali Al Baqali: For the sales, if you notice that, so we are targeting our sales by the end of the year, and our sales in H2, it will be more than H1. This is the target now.

For line seven, we are targeting similar output for the time being from the previous study, but if everything moves smoothly, the land is prepared, everything, they guys price and place, the financing done on the time, I think it will take four to five years to get complete the line seven.

Bryan Harris: And just to clarify, when you say sales per second half will be bigger than first half, you mean the volume?

Ali Al Baqali: The volume, yes, volume.

Bryan Harris: Not the –

Ali Al Baqali: No, volume. Not the value, the volume.

Anoop Fernandes: Okay, we do not have any further questions on – I think there is one on the CapEx for line seven and on the solar farm.

Ali Al Baqali: Yeah, the CapEx – yeah, the CapEx, we understand now the market is totally changed. And the line seven will be more expensive than line six. But we are targeting around \$2 billion, maybe the initial estimate. It depends, depends on the option, depends on the pre-feasibility study. But this is not the right time now to decide the CapEx because this will be during the pan cable[?] pre-feasibility study. Now, just you are reviewing the pre-feasibility study, which it will make sense to go for line seven or not.

Anoop Fernandes: We do not have any – so on your cost savings, do you expect any reductions in SG&A selling and distribution costs going forward considering the inflationary pressures?

Bryan Harris: Well, we hope that freight costs will start to come down. Those obviously depend on several factors. We are starting to see oil prices come down. So, hopefully then freight costs will follow. We have not seen much of a reduction so, but the expectation is there that those will come down slightly.

Anoop Fernandes: We do not have any further questions on the webcast. I just have two questions on the pricing. If you have mentioned that there are lags in the realisation of aluminium price. I see \$2,880 as the average that you have highlighted. But is it fair to assume that the realised price was higher than that 2,880? It was somewhere in the \$3,000 range. And similarly, was \$465 in Alumina your actual realised price? And how is the price shaping up now? Because you have mentioned that the Alumina price has dropped to around 330. But is there something that you are realising in the – in your purchases right now?

Ali Al Baqali: I will take the first part. as I mentioned, there is a lag effect because we have a contract with customers using different date period. I cannot give you the actual achieved LME price. But you are correct that in cases when we have a falling LME price, then our achieved LME price is higher than the cash average price that you see there. And obviously, if you simply divide by our sales volumes, you will see that that obviously the overall sales price per metric tonne is very healthy.

The second question about the Alumina price, alumina?

Eline Hilal: Yeah.

Ali Al Baqali: Yeah, the alumina also because we are using the weighted average pricing. And when you see a drop in the alumina price, the realised drop will achieve it later, not immediately, because we have an inventory, then we are calculating the average weighted price method.

Anoop Fernandes: Okay, as far as the premiums go, so at the start of the year, I think the billet premiums have gone through the roof in Europe. So now that we are seeing some sort of a weakness in demand there, has that premium come off, or does it remain just as high because of the tightness in that market?

Ali Al Baqali: No, it follows the market because it is a floating index. And it depends on the market. If there is a strong demand, the premium will go up. If there is a relaxation demand, this will reflect to reducing the premium. And normally this would be on a quarterly basis.

Anoop Fernandes: Okay, I think we have – we do not have any further questions from any of the participants as well. So over to you, Eline.

Eline Hilal: Thank you, Anoop. Thank you, Melanie and Adam. And I would like also to thank all participants for spending one hour with Alba management to understand Alba financials for the second quarter and the first half of the year. We look forward to catching up with you for the third quarter. Meanwhile, stay healthy and keep safe. Thank you very much.

Ali Al Baqali: Thank you.

[END OF TRANSCRIPT]