

Alba

Aluminium
for the world

Aluminium Bahrain B.S.C.
C.R. No. 999

Alba

ألمنيوم
للعالم

المنيوم البحرين ش.م.ب.
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	15 August 2024 2024 أغسطس 15	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 2024 Financial Results' Conference Call on Wednesday 14 August 2024 at 2:00 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 2024 يوم الأربعاء الموافق 14 أغسطس 2024 في تمام الساعة 02:00 ظهراً. تجدون في المرفقات العرض التقديمي لعلاقات المستثمرين للربع الثاني والنصف الأول من عام 2024 بالإضافة إلى المحضر المفصل لمجريات الاجتماع الهاتفي.	الموضوع
Name	Eline Hilal	الإسم
Title	Director – Investor Relations, Insurance & Corporate Secretary	المسمى الوظيفي
Company Seal ختم الشركة		Signature التوقيع
		



INVESTOR RELATIONS PRESENTATION

Q2 & H1 2024



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01

INDUSTRY HIGHLIGHTS¹



Slow Demand Recovery Amidst Macroeconomic Challenges (+2% YoY)

- 🌐 The global economy continues to face several challenges including persistent inflation, geopolitical tensions, and supply chain disruptions. These challenges have collectively contributed to a passive demand environment. While certain sectors exhibit resilience, the overall recovery remains fragile and uneven across regions.
- 🌐 **China:** Despite government stimulus efforts, Chinese consumption growth has moderated to 3% year-over-year (YoY), indicating a lack of robust domestic demand momentum. The auto sector faces additional challenges as the EU imposes duties on Chinese electric vehicle imports, further dampening output growth prospects.
- 🌐 **Middle East:** Supported by increased consumption in UAE, the Middle East region has registered a modest 2% YoY demand uptick. However, the overall economic outlook for the region remains contingent on global economic conditions and geopolitical factors.
- 🌐 **Eurozone:** Economic uncertainty persists and is marked by an uneven pace of recovery. Demand down by 4%YoY.
- 🌐 **US:** US services sector continues to outperform manufacturing underpinned by healthy consumer spending. However, weak building and construction activity has weighed on aluminium demand resulting in a 1% decline in primary demand.



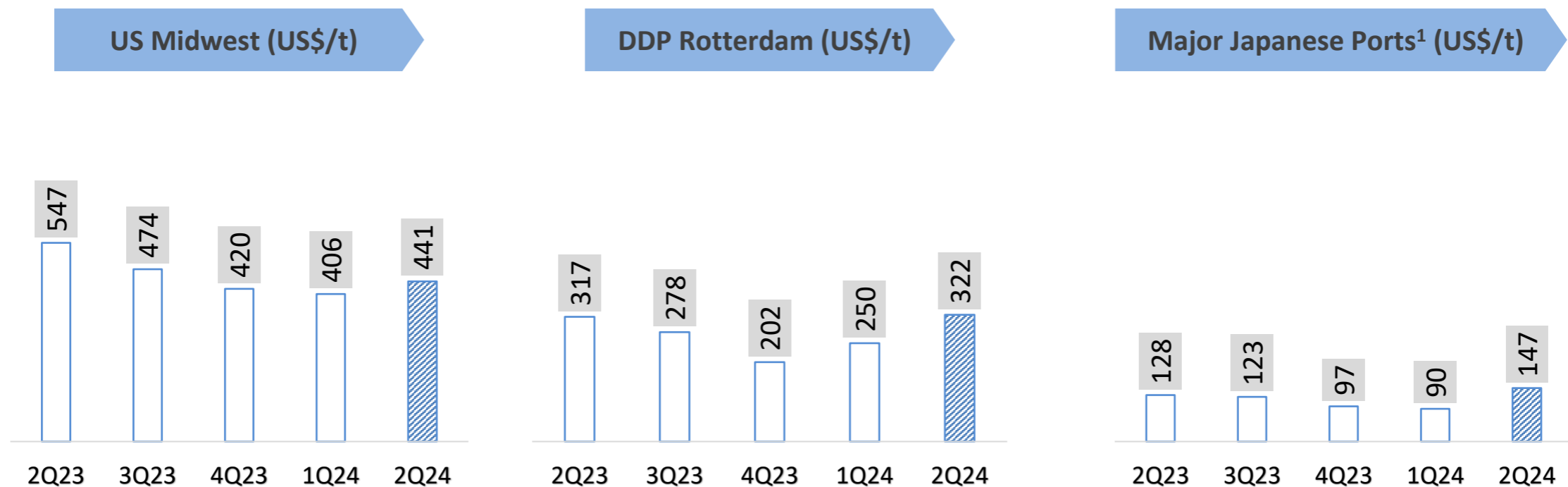
Global Aluminium Production rises 3%

- Despite overall weak demand, global primary production rose due to higher output in China, Europe, and the Middle East.
- Chinese supply climbed 4%YoY as Yunnan smelters operated at full capacity except for Yunnan Hongtai smelter as heavy June rains boosted hydropower in this province.
- European supply edged up by only 1% YoY due to economic uncertainty. Recovery is still uneven with Germany's manufacturing sector struggling.
- Middle East supply up by 1% YoY.
- North American supply down by 2% YoY, mainly due to a 15% YoY drop in US production. This was partly offset by a 2% YoY increase in Canada.
- As Chinese production is growing at a slower pace than consumption (China continues to hold to its 45 million tonnes target annually), the world market is in deficit with China (-0.40 million MT) and w/o China (-0.13 million MT).



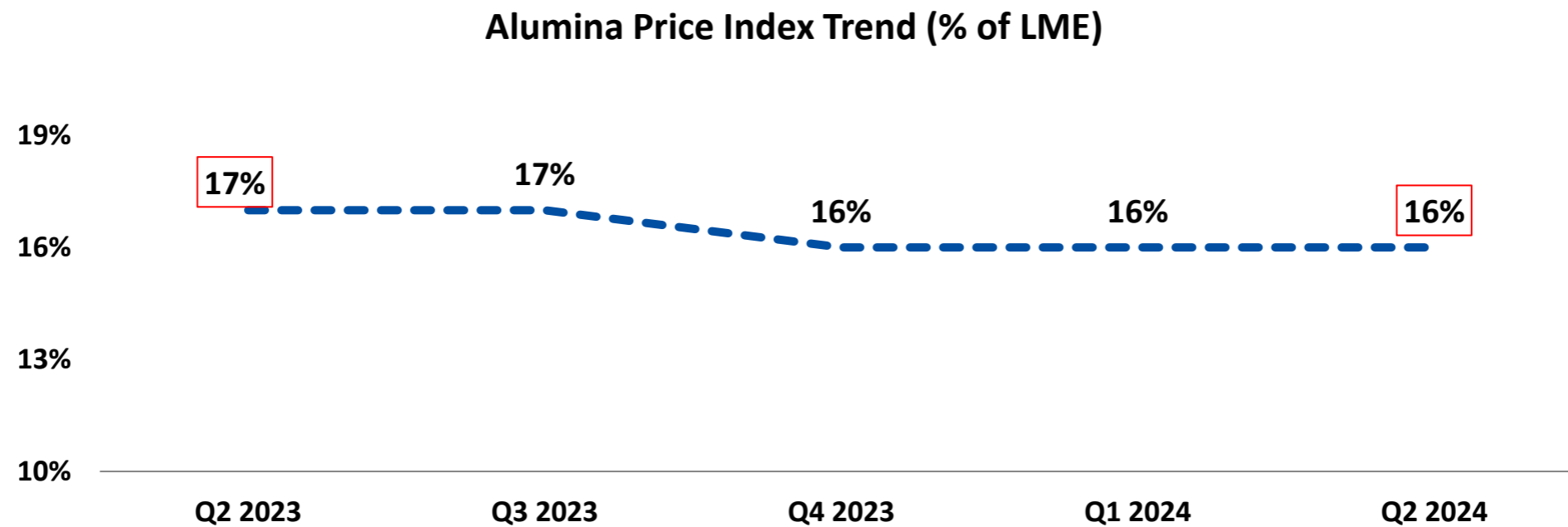
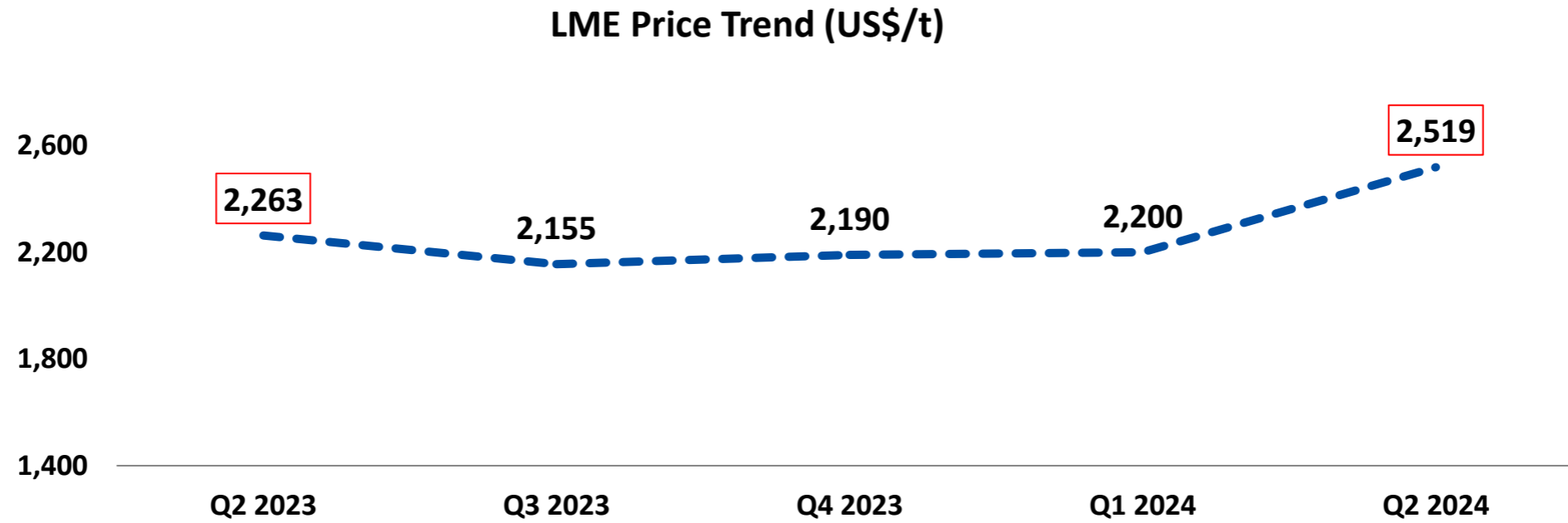
LME Price & Premiums

- LME price averaged US\$2,519/t in Q2 2024, up by 11% YoY. Prices fluctuated between a low of US\$2,322.50/t on 2 April 2024) and a high of US\$2,695/t on 29 May 2024.
- LME inventories jumped 88% YoY reaching about 1 million tonnes, fuelled by growing stockpiles of Russian metal in LME warehouses.
- Premium prices surged primarily driven by US and UK sanctions on Russian metal in April and persistent supply chain bottlenecks in the Red Sea.



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

Alumina Price Index (API): 16% of LME Price [US\$392/t]



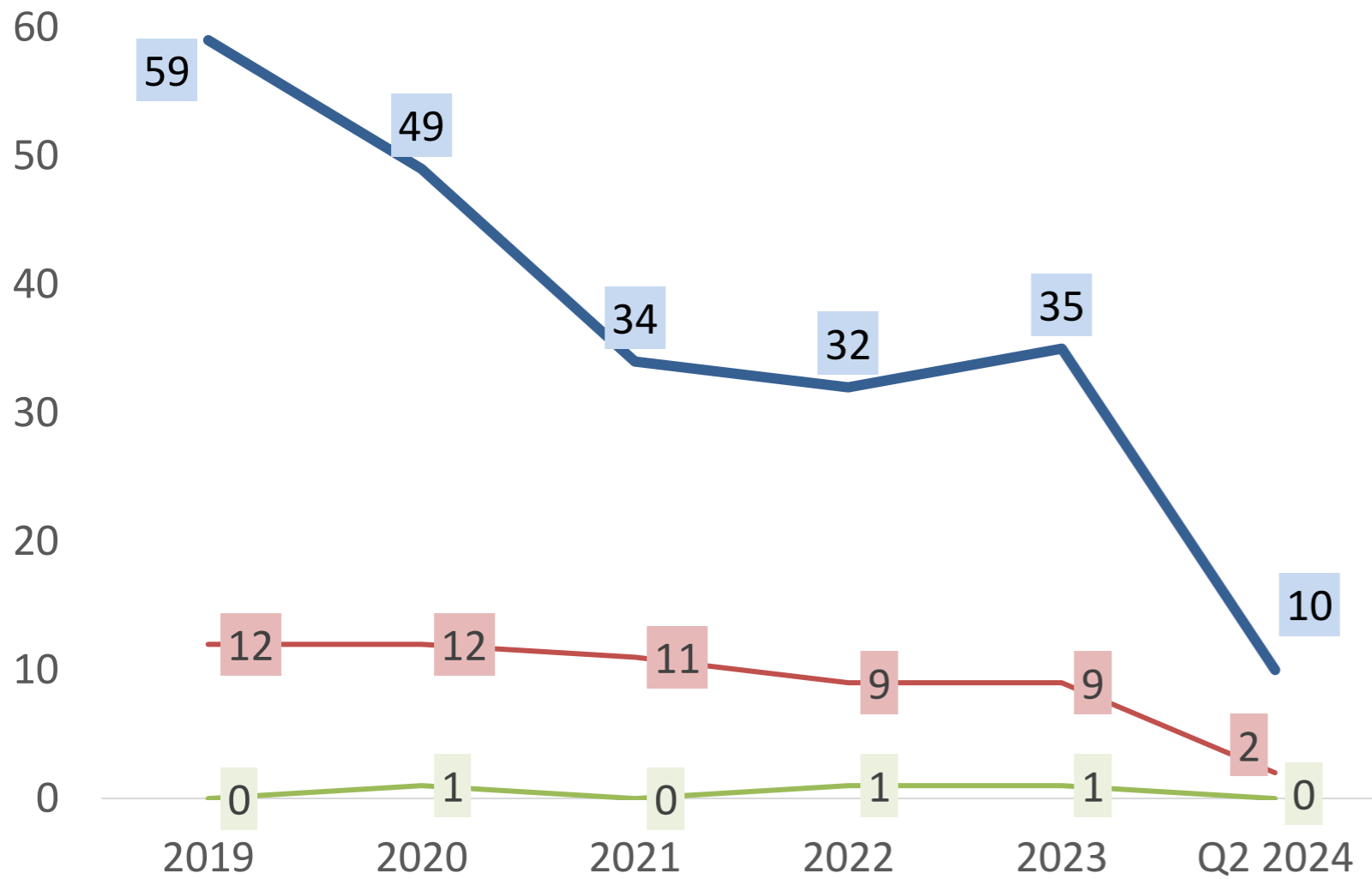


02

ALBA HIGHLIGHTS¹

¹Alba Highlights relate to Alba official news which have been made public during Q2 2024

Safety in Numbers



Total Injuries



Recordable Injuries



Lost Time Injuries







Alba Celebrates ESG Achievements and Plans Future Course




Safety First. Safety Always

-  Alba wins four Awards from the National Safety Council.


Empowering People

-  Alba Signs cooperation protocols with the Company's two trade unions.
-  24 National Employees advance in Mechanical Engineering Programme at the University of Huddersfield (UK).



Leading the Way, Sustainable Aluminium Production

-  Achieved First Fire of State-of-the-Art Gas Turbine for Power Station 5 Block 4 Project.
-  Soared to Top 1% Globally with EcoVadis Platinum Sustainability Rating.
-  Unveiled Low-Carbon Aluminium EternAl™ with two initial variants: EternAl-30 & EternAl-15 with a 30% and 15% recycled content.

Community Impact

-  Donation of a robotic unit to Nasser Vocational Training Center's engineering program to enhance students' learning and skill development.

Building for Tomorrow

-  Power Station 5 Block 4 Project in progress as planned.
-  Solar Farm progress as per schedule.







eternAl

Alba's low carbon aluminium product line with two initial variants: **EternAl-30** and **EternAl-15** with 30% and 15% recycled content

ESG Journey by 2035



	Q2 2024	Q4 2024	Q2 2027*	2025-2027	2030	2035
	 Alba Solar Farm	 Efficiency Upgrades		 Recycled Material	 Government Collaboration	
Initiative	6.23 MW Solar Farm Capacity [Tender Awarded]	Commissioning Power Station 5 Block 4 & Retiring Older Power Stations *Commissioning the 'New Replacement Line' & Retiring Lines 1-3		Remelting 15kMT - 30kMT of Secondary per Year	500-1,000 MW of Imported Grid Renewable Energy (offtake) with Public Tender Already Issued for 500 MW	

* Subject to Government Approvals & Completion of Feasibility Study



Major Operational Highlights – Q2 2024

- 🌐 Sales' volume topped 397,538 metric tonnes (MT), up by 1% YoY while Production dipped slightly by 0.5% YoY to reach 403,747 MT.
- 🌐 Value Added Sales accounted for 73% of the total sales' shipments [VAP: 288,312 MT in Q2'24 versus 272,944 MT in Q2'23].
- 🌐 Alba inks an agreement with SAP, a market leader in enterprise application software, to upgrade its enterprise resource planning solution (ERP) to SAP's latest software – S/4HANA Cloud.
- 🌐 Alba CEO takes helm of International Aluminium Institute as its Chairman.

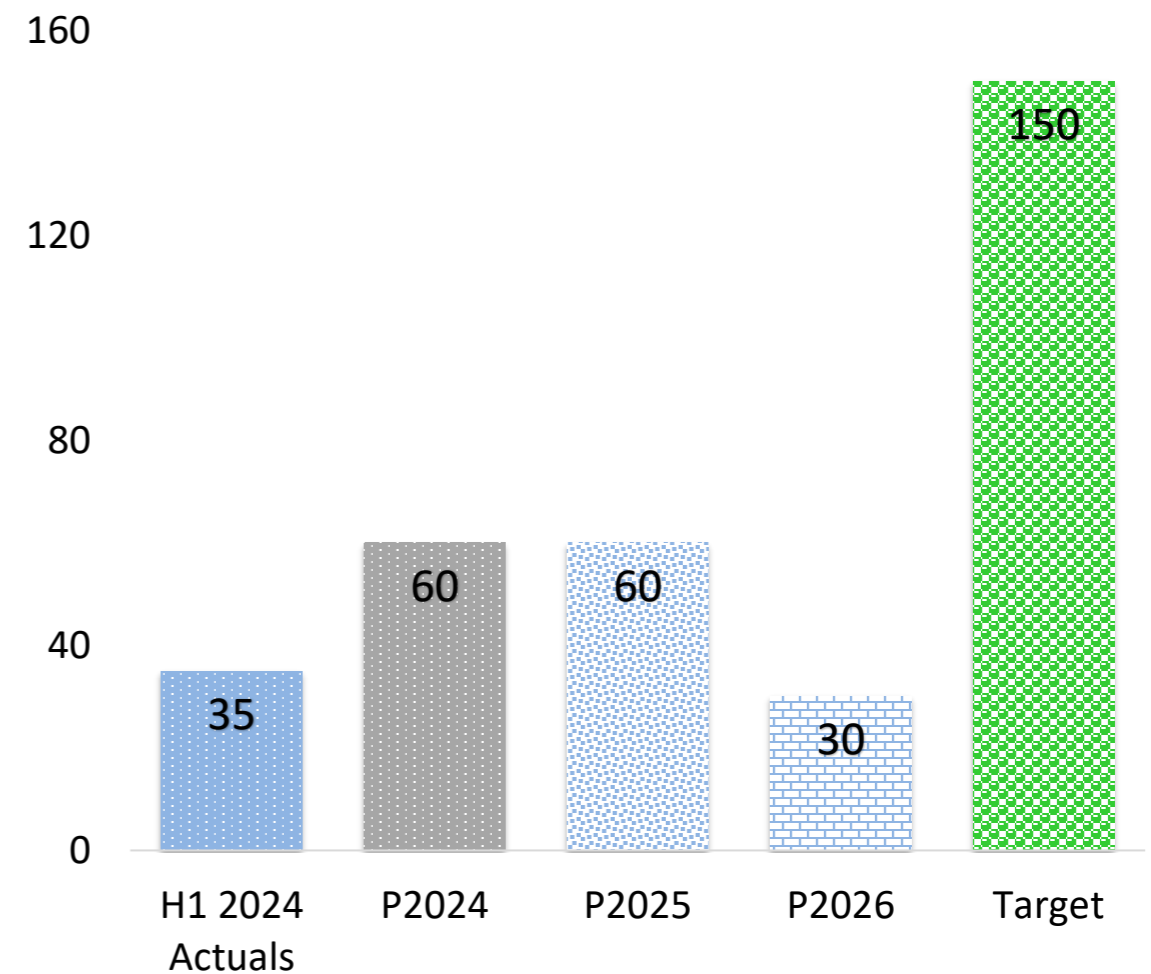
e-AI Hassalah Programme (2024 – 2026)

Description A combination of **process improvement/optimization methods** and **Industry 4.0** focused to improve EBITDA [65% Bottom-up Projects/Ideas]

Industry 4.0 Roadmap, Projects and business case evaluation and validation completed by the consultant

Duration **3-Year Program** from Jan'24 to Dec'26

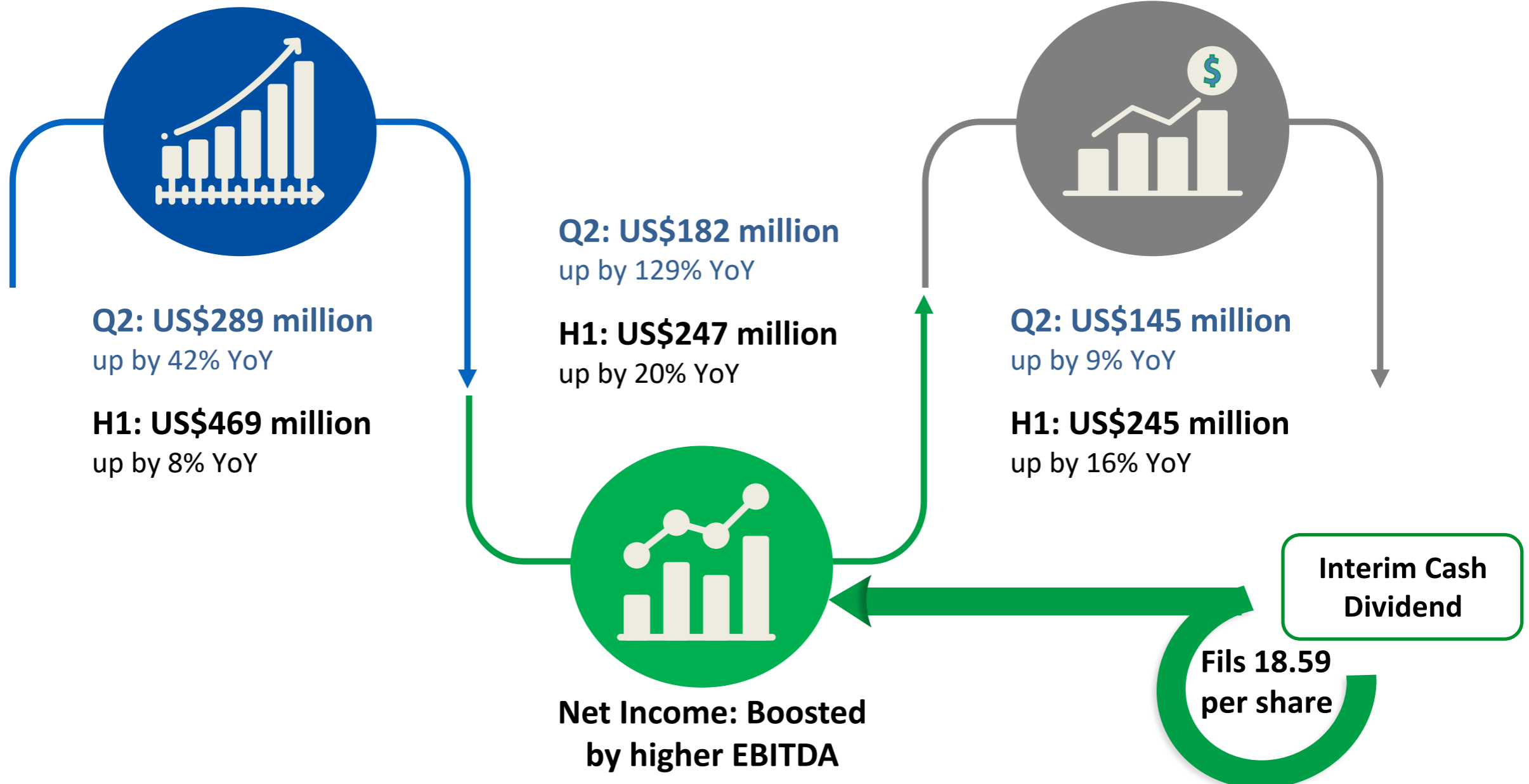
e-AI Hassalah (US\$ Million)



Financial Key Performance Indicators – Q2 & H1 2024

EBITDA: Primarily driven by LME price & premiums

Free Cash Flow¹: Impacted by changes in working capital



¹Free Cash Flow excludes Project CAPEX spending

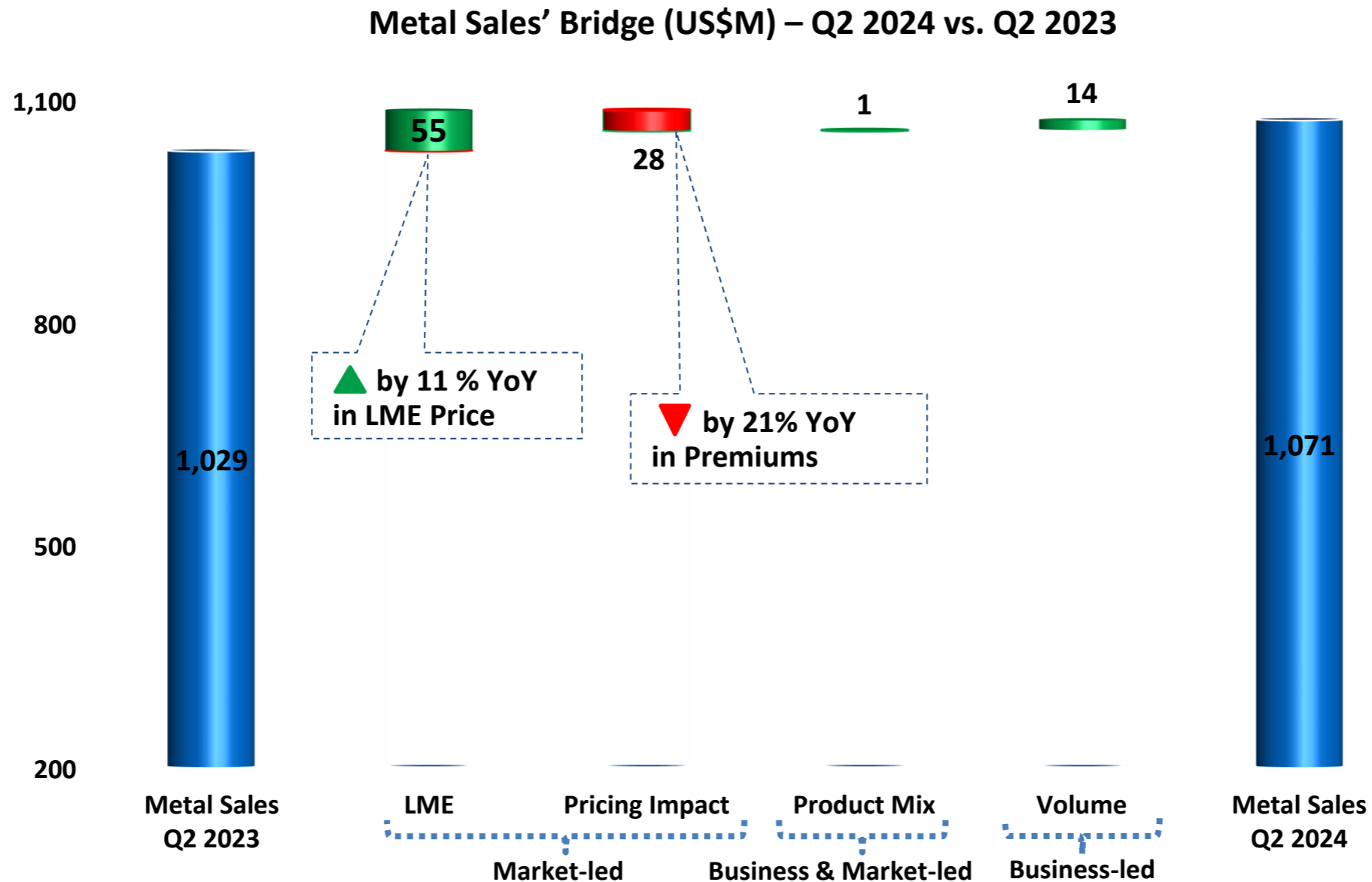


03

Q2 2024 RESULTS

Macroeconomic Uncertainty Casts Shadow Over Aluminium Industry

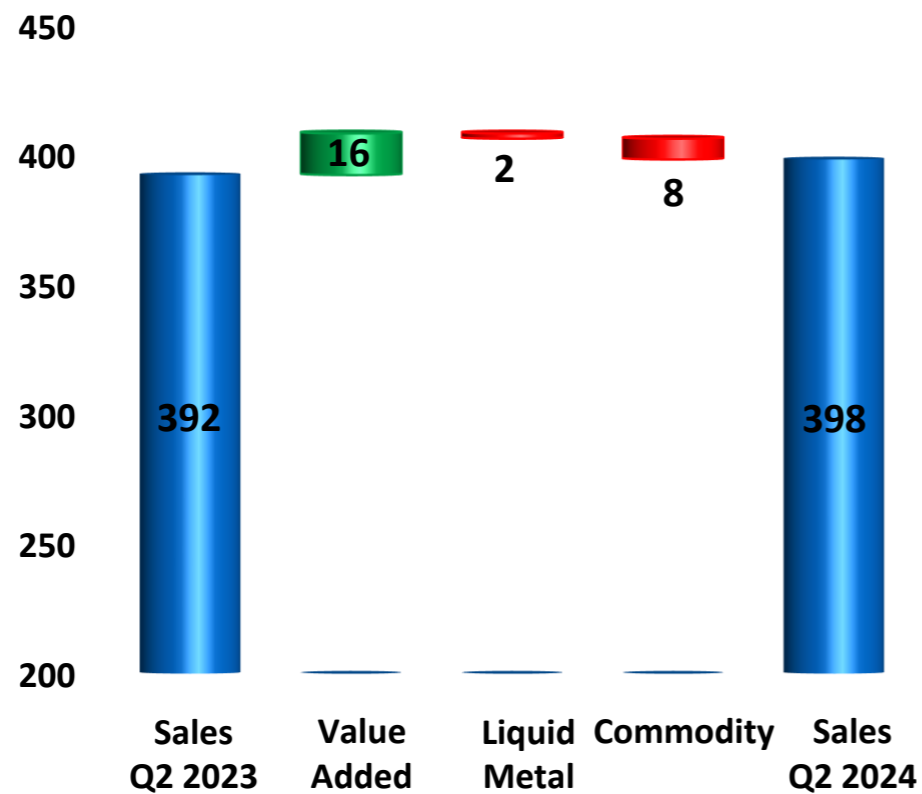
Metal Sales See Uptick: LME Strength Counterbalances Lower Premiums



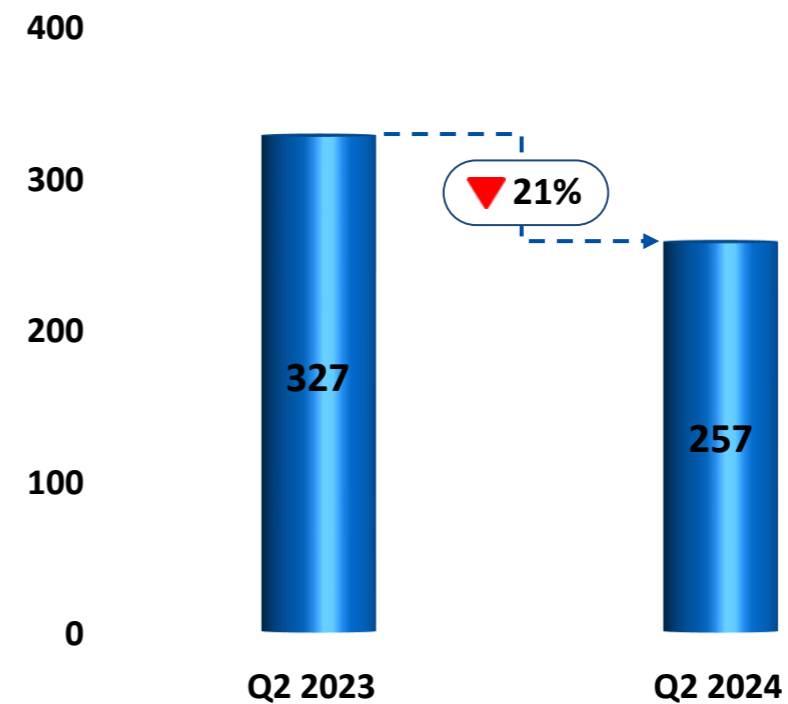
Macroeconomic Uncertainty Casts Shadow Over Aluminium Industry

Higher VAP | Lower Liquid Metal | Lower Commodities' Volume

Sales by Product-Line Bridge (MT'000)
Q2 2024 vs. Q2 2023



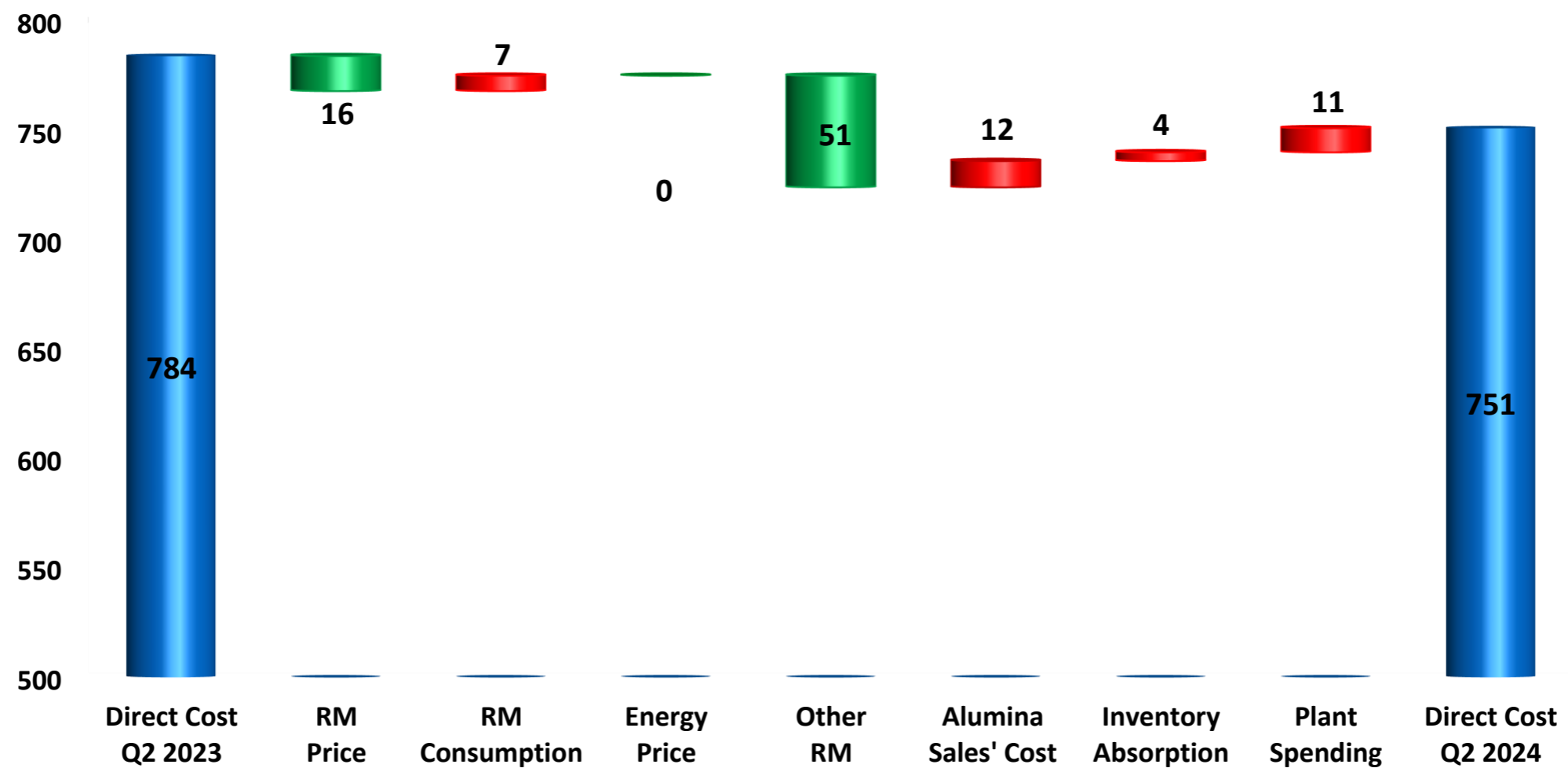
Premium Above LME Trend US\$ Per MT



Macroeconomic Uncertainty Casts Shadow Over Aluminium Industry

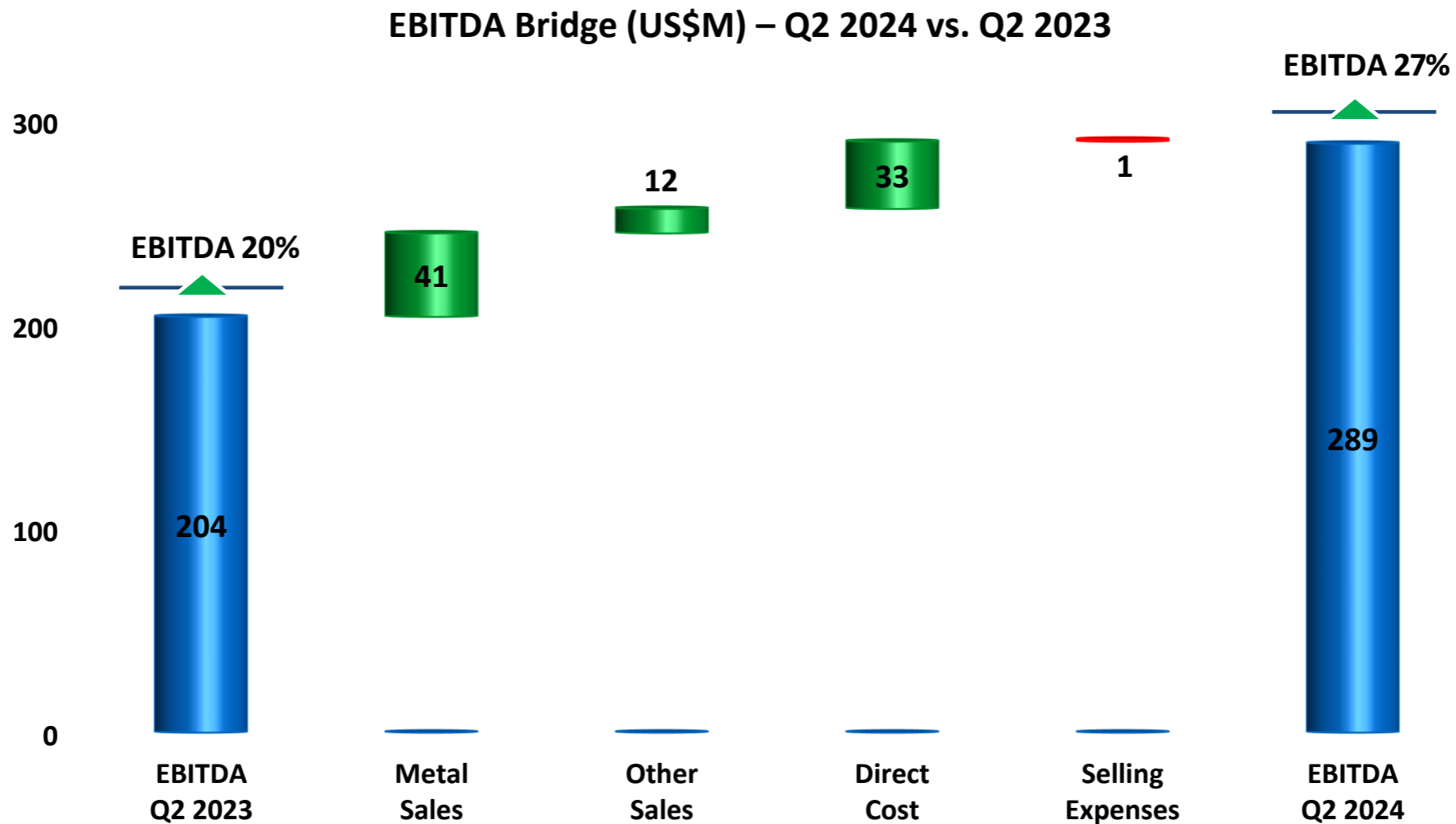
Lower Raw Material Prices Helped Control Direct Costs Despite Higher Costs in Other Areas

Direct Cost Bridge (US\$M) – Q2 2024 vs. Q2 2023



Macroeconomic Uncertainty Casts Shadow Over Aluminium Industry

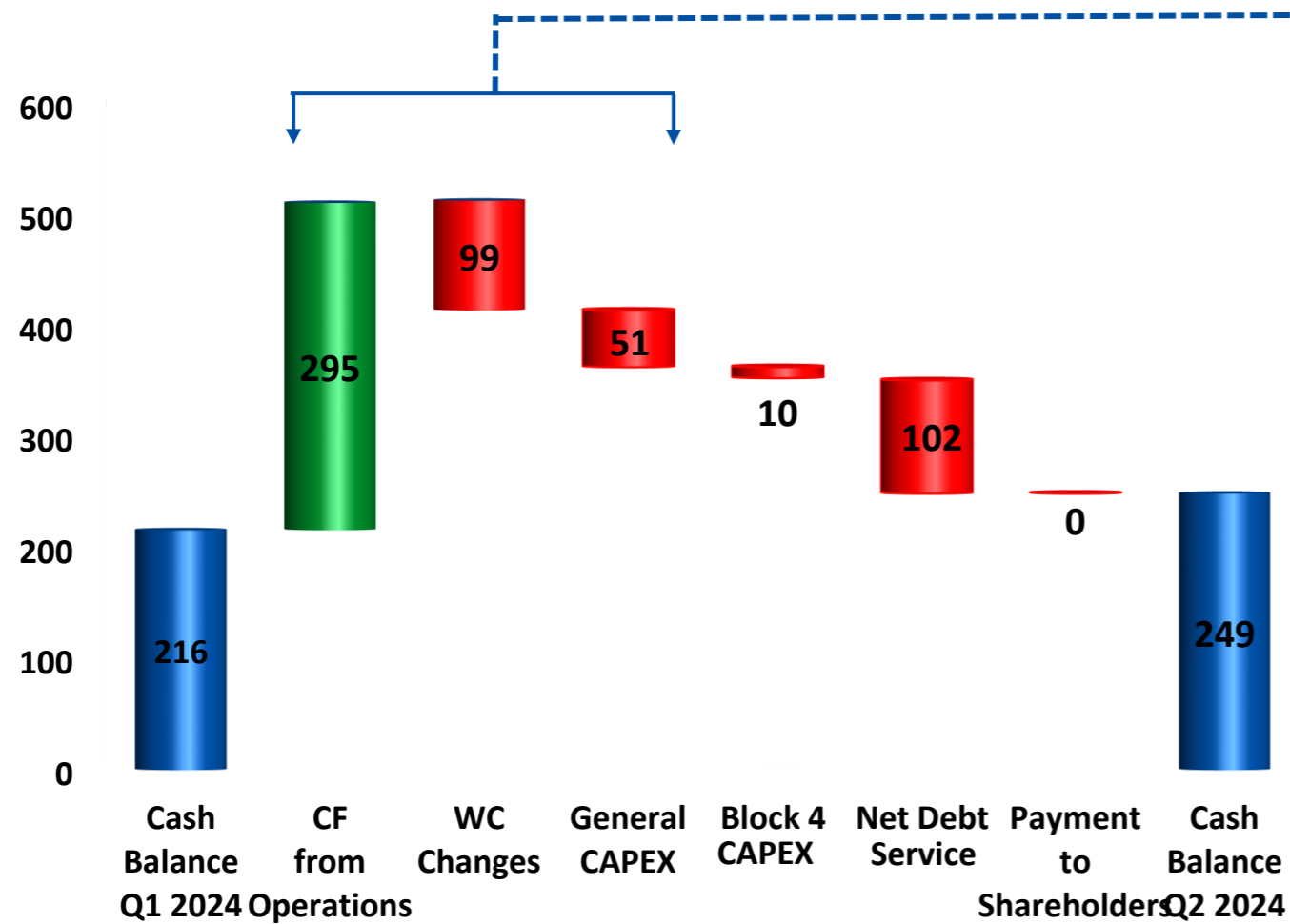
EBITDA Bridge Gap Analysis – Q2 2024 vs. Q2 2023
Higher EBITDA Owing to Higher Metal Sales & Lower Direct cost



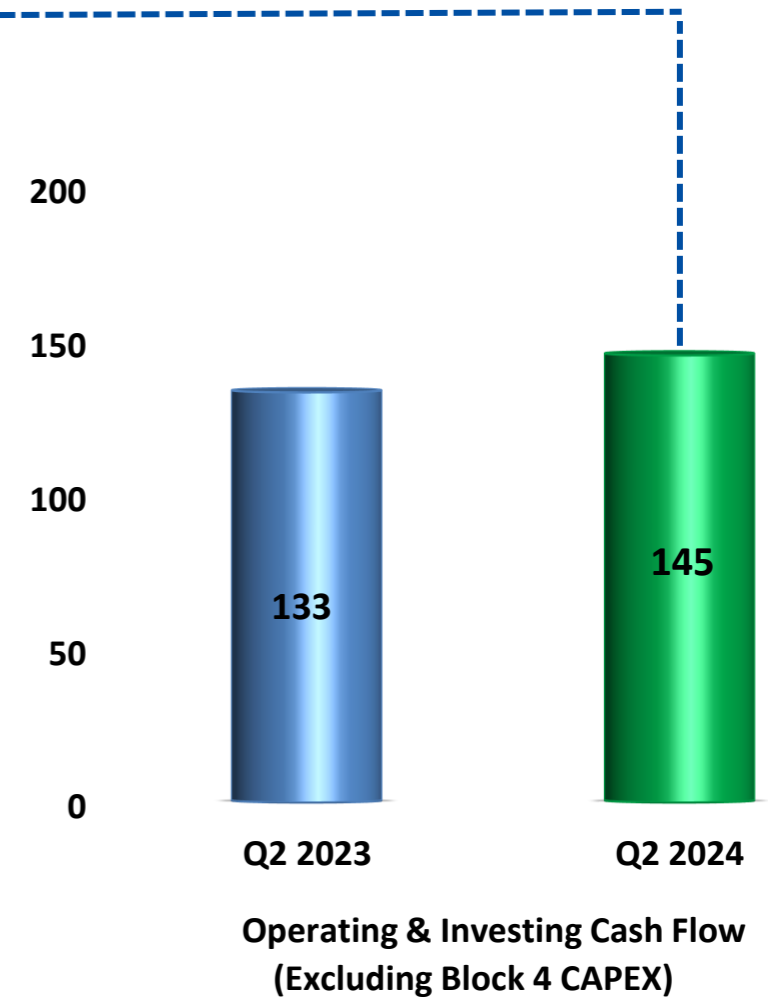
Macroeconomic Uncertainty Casts Shadow Over Aluminium Industry

Cash-Flow Bridge – Q1 2024 to Q2 2024








Q1 2024 to Q2 2024 Cash-Flow Bridge (US\$M)



Free Cash Flow (US\$M)



Key Financial Performance Indicators

Particulars	Q2 2024	Q2 2023	H1 2024	H1 2023
 Revenue ¹ (US\$M)	1,082	1,029	1,972	2,013
 EBITDA (US\$M) <i>EBITDA%</i>	289 <i>27%</i>	204 <i>20%</i>	469 <i>24%</i>	433 <i>22%</i>
 Profit (US\$M)	182	80	247	206
 Loss Unrealised Derivatives (US\$M)	(1)	-	-	-
 Adjusted Profit ² (US\$M)	183	80	247	206
 AVG Cash LME (US\$/MT)	2,519	2,263	2,360	2,331
 AVG API ³ (US\$/MT)	392	374	377	364



04

INDUSTRY PERSPECTIVES¹ IN 2024

Aluminium Market Outlook: Uncertainties Cloud Short-Term Prospects

- 🌐 **Market Uncertainty Persists:** Market sentiment remains cautious due to a complex interplay of factors affecting LME prices.
- 🌐 **Supply-Demand Dynamics:** Increased global production, particularly from China, combined with passive demand, is exerting downward pressure on LME prices.
- 🌐 **Economic Recovery Hope:** Anticipated US interest rate cuts may stimulate construction activity; hence, supporting aluminium demand.
- 🌐 **Tight Supply Conditions:** Limited new smelting projects and China's production cap will maintain constrained supply conditions in the near term.
- 🌐 **Premiums Outlook:** Premiums are expected to stabilise in the short term before resuming an upward trajectory, driven by strengthening demand from 2025 and the implementation of the CBAM.
- 🌐 **LME Price Forecast:** Aluminium prices are anticipated to trade within a narrow range of US\$2,200/t to US\$2,400/t in the near term.

Industry Perspectives in 2024

Feedstock Trends (Al_2O_3 , AlF_3 and GPC)

- 🌐 **Alumina Market** The Alumina Price Index (API) has reached its highest point since March 2022 driven by production disruptions in Australia and China's bauxite sourcing challenges. Outlook is bullish with API expected to remain high (US\$489) until 2024-end.
- 🌐 **Carbon Market:** Product prices (GPC, CPC, and Anodes) are anticipated to remain stable due to balanced supply and demand.
- 🌐 **Input Material Prices:** Driven by robust demand, aluminum fluoride prices are anticipated to persist at elevated levels. Conversely, liquid pitch prices are projected to maintain stability or experience a modest increase as producers counterbalance escalating tar prices.




05


2024 ALBA PRIORITIES¹

Alba: Safe, Sustainable, Successful




Leading the Way: Safety First, Sustainability Always

-  Aligned with Bahrain's objective of net-zero emissions by 2060, Alba embeds sustainability principles in all operations, minimizing environmental impact from raw material sourcing to product delivery.

Operational Excellence and Growth

-  Exceed 2023 Net Finished Production of 1,620,665 MT & achieve e-Al Hassalah 2024 Target of US\$60 million (versus 2026 Target of US\$150 million).

Capacity Expansion and Efficiency Enhancement

-  Leverage its industry-leading certifications such as Aluminium Stewardship Initiative (ASI), EcoVadis and Low-Carbon Aluminium EternAl™ to penetrate new markets and drive growth in Value Added Sales (VAP).
-  Complete Block 4 Project and Solar Farm (+6 MW) by Q4 2024.
-  Review Feasibility Study Class III for 'New Replacement Line'.

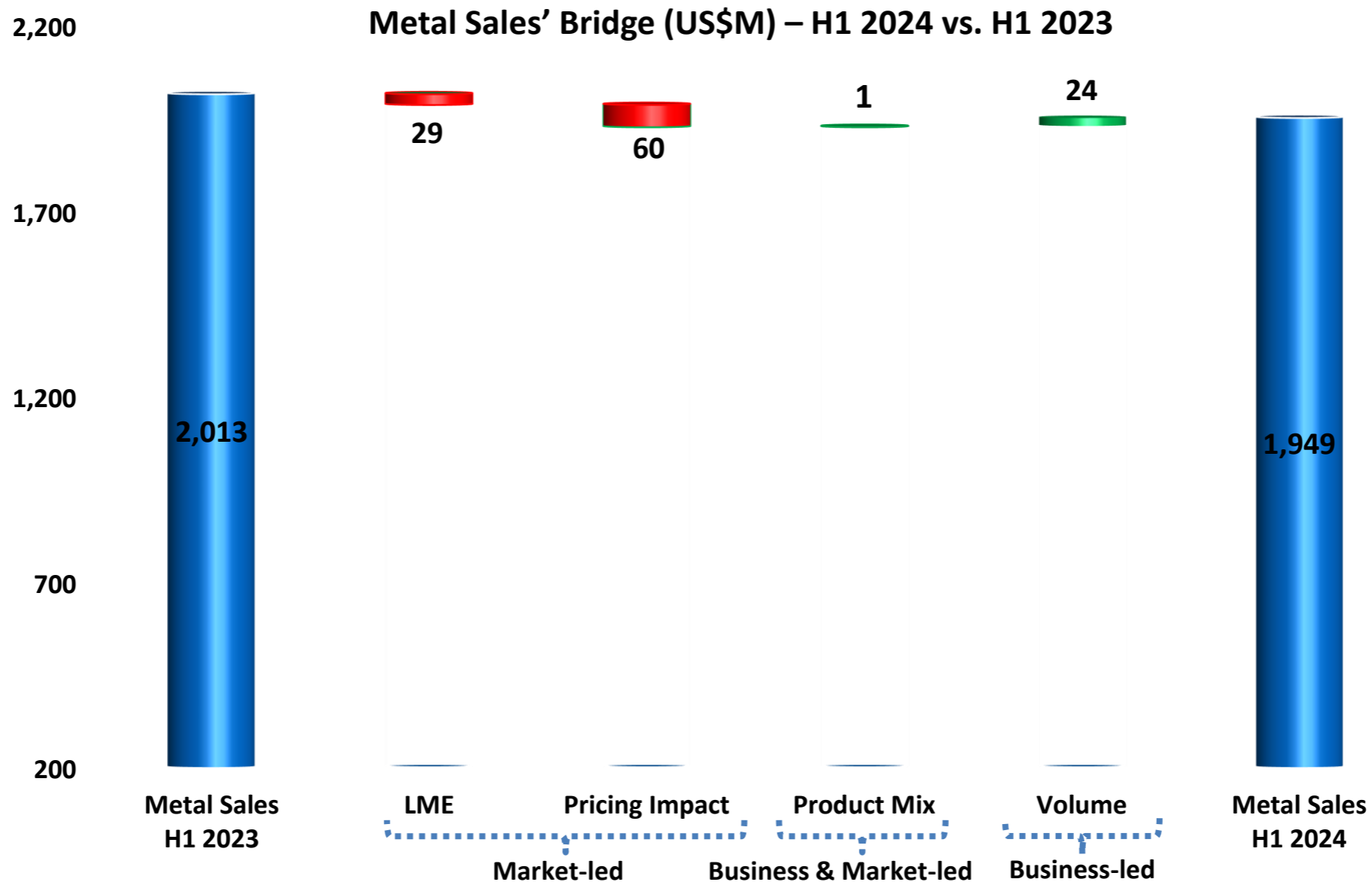


06

APPENDIX (H1 2024)

Macroeconomic Uncertainty Casts Shadow Over Aluminium Industry

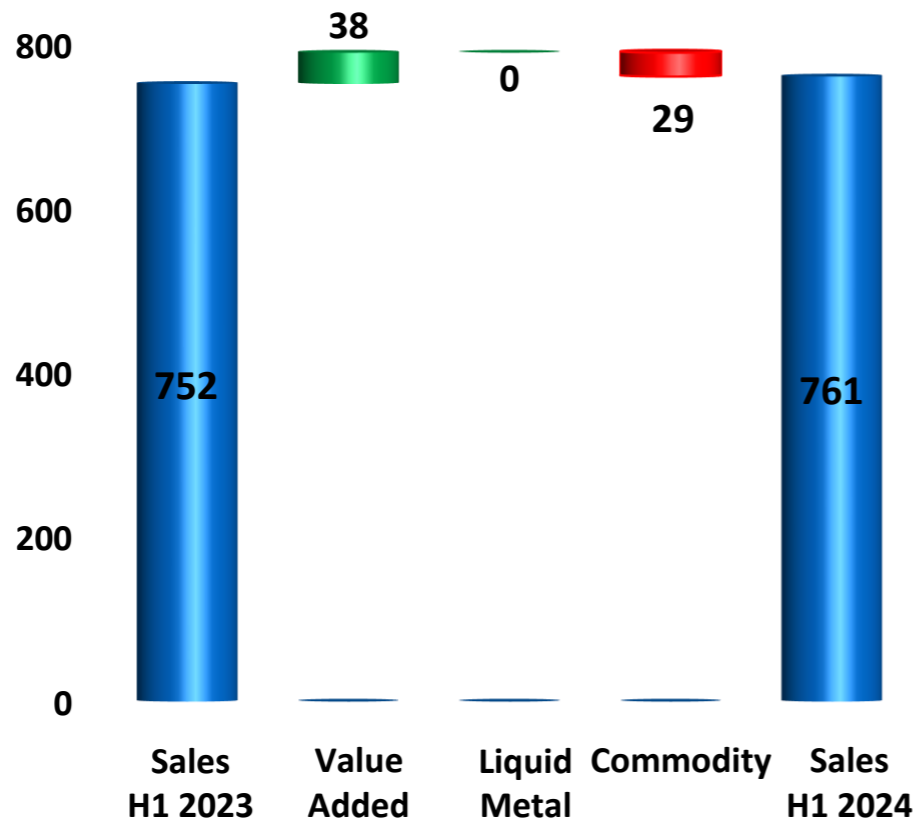
Lower LME Prices and Premiums Contracted Metal Sales, Partially Offset by Higher Volume



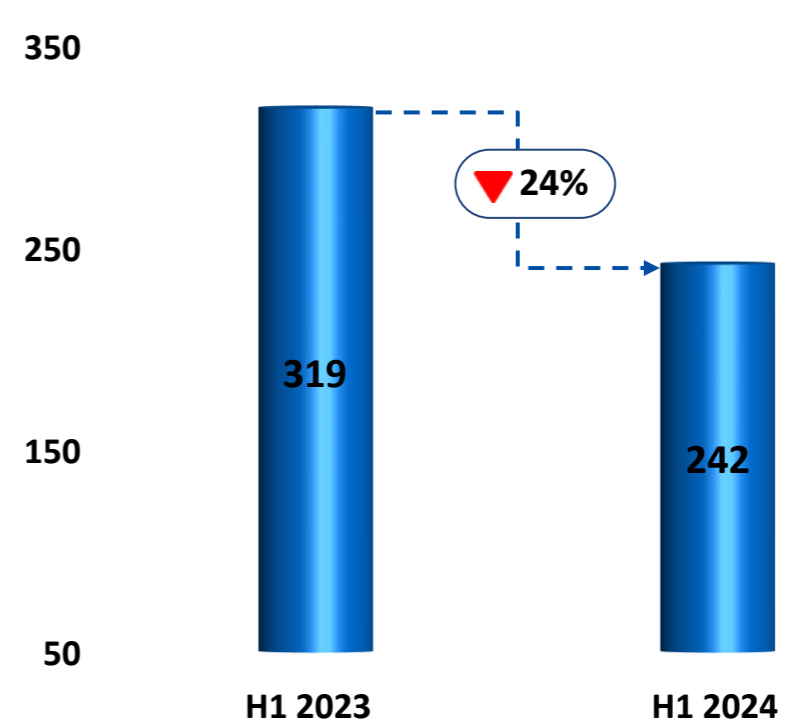
Macroeconomic Uncertainty Casts Shadow Over Aluminium Industry

Higher VAP | Lower Commodities' Volume

Sales by Product-Line Bridge (MT'000)
H1 2024 vs. H1 2023



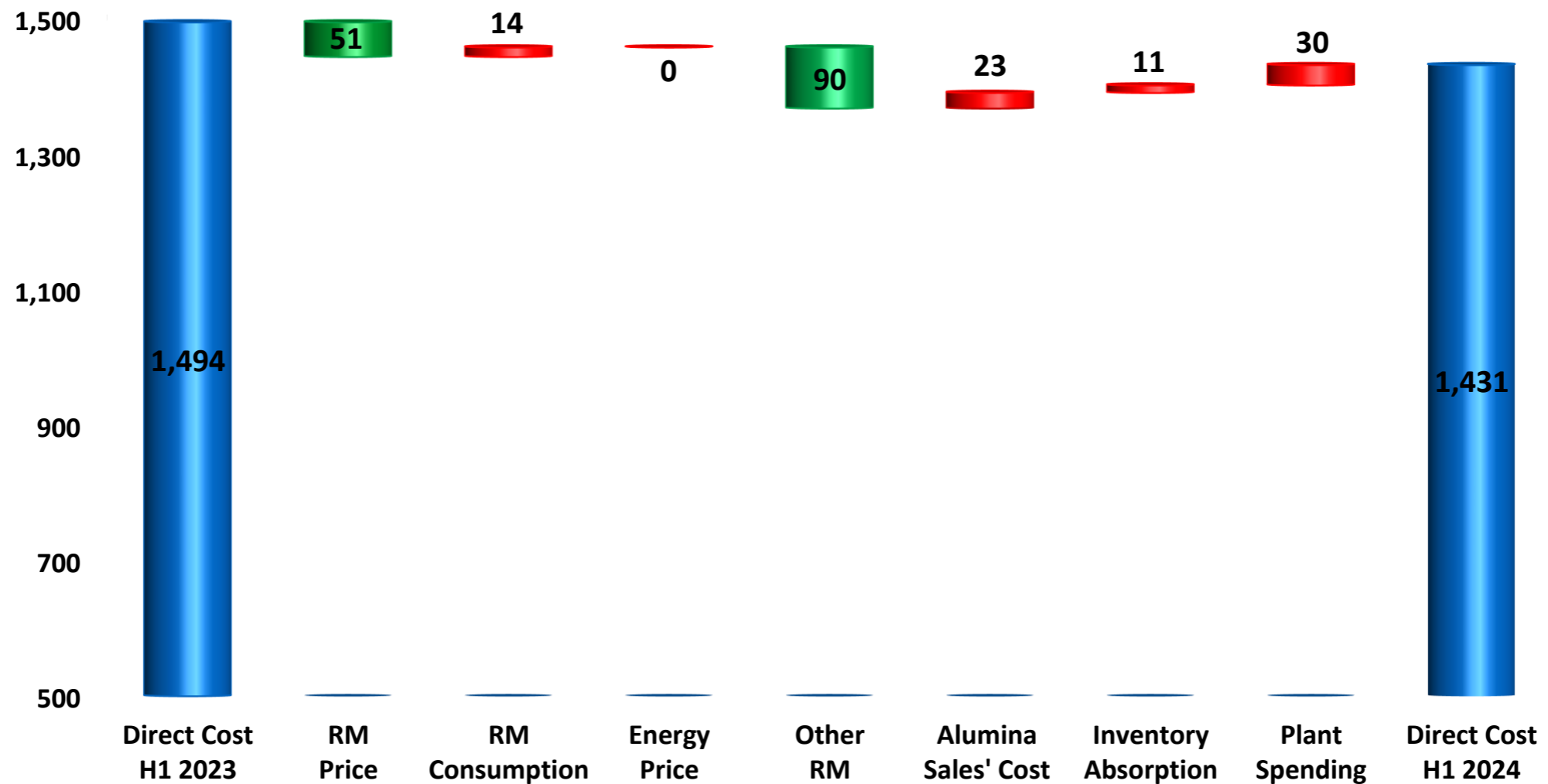
Premium Above LME Trend US\$ Per MT



Macroeconomic Uncertainty Casts Shadow Over Aluminium Industry

Lower Raw Material Prices Helped Control Direct Costs Despite Higher Costs in Other Areas

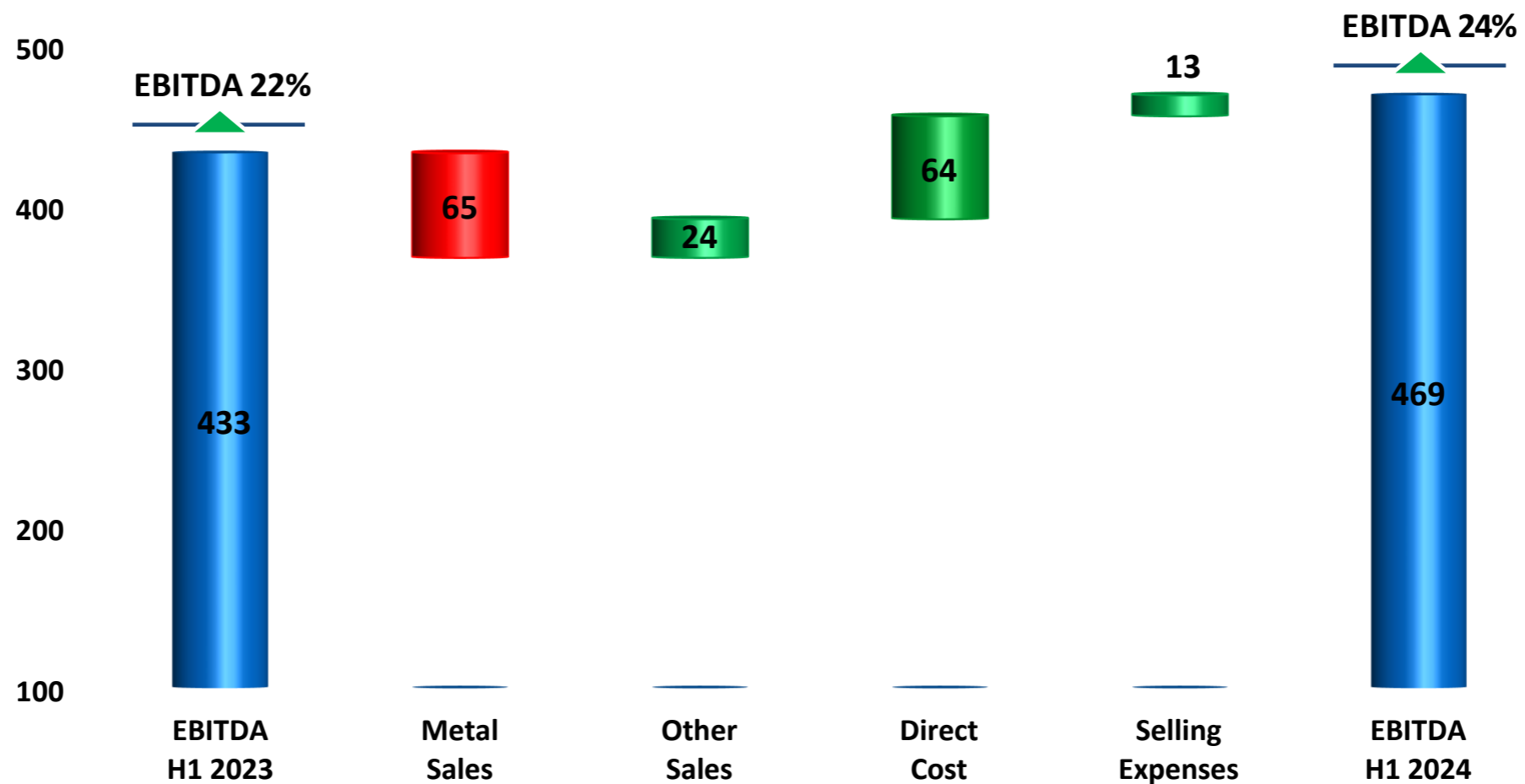
Direct Cost Bridge (US\$M) – H1 2024 vs. H1 2023



Macroeconomic Uncertainty Casts Shadow Over Aluminium Industry

EBITDA Bridge Gap Analysis – H1 2024 vs. H1 2023

EBITDA Bridge (US\$M) – H1 2024 vs. H1 2023

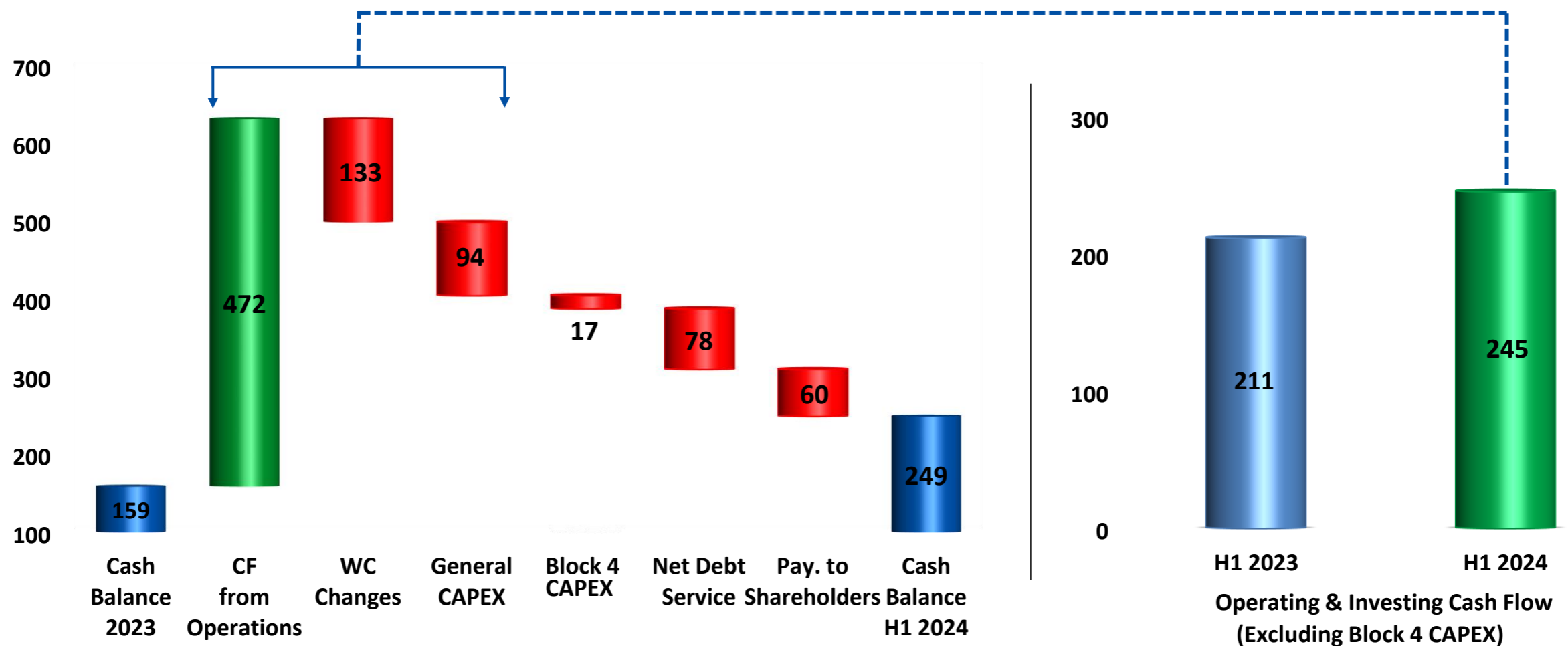


Macroeconomic Uncertainty Casts Shadow Over Aluminium Industry

Cash-Flow Bridge – FY 2023 to H1 2024

FY 2023 to H1 2024 Cash-Flow Bridge (US\$M)

Free Cash Flow (US\$M)



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, BD1.180 on 30 June 2024]

CEO 2024 Objectives



SAFETY MIRROR

مرآة
السلامة



STRATEGY REFRESH

تطوير
الاستراتيجية



e-AL HASSALAH الحصالة الرقمية



UPSKILLING & RESKILLING

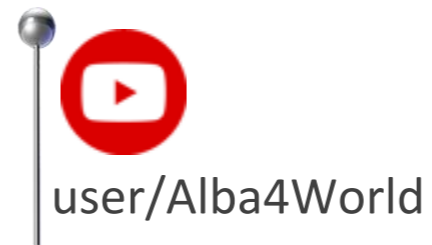
تعزيز وصقل
المهارات



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Aluminium Bahrain Webcast

Wednesday, 14 August 2024

Introduction

Eline Hilal

Director, Investor Relations, Aluminium Bahrain

Welcome

Good afternoon, everyone, and good morning for those who are based in the UK. This is Eline Hilal, Director, Investor Relations. This call will be led by our Chief Executive Officer Mr Ali Baqali, and my colleague Mr Ahmed Abdulqader, acting CFO. I would like to take this opportunity today to thank my colleague Ahmed Abdulqader for doing a fantastic job over the last couple of months. As many of you are aware, he has been with us during the last couple of conference calls and he has been acting the CFO for the last couple of months. And I also take the opportunity to welcome virtually the new CFO, who will be coming to Alba starting from tomorrow 15th August.

Agenda

And without further ado, we will be walking you through the IR presentation today. As always, I cover myself the first two sections of the IR presentation, where I give you a brief about the major highlights for the aluminium industry that have happened in the second quarter of the year, post which I put some insights on what Alba has done in terms of our operational highlights. Then my colleague Ahmed will be providing us more detailed insights about Alba's financial performance for the second quarter, post which the last two sections about what we should be expecting with regards to the aluminium industry outlook as well as Alba's priorities for the remainder of the year.

Industry Highlights

And without further ado, we look first at slide number 5 for the industry highlights. Just to note that the following few slides are extracted from CRU market intelligence. Everything you see here is actually from market intel sources and it's not – it doesn't represent Alba's views.

If you check the title for the first slide, it's about what has happened with regards to the aluminium consumption. The consumption was up by 2% year-over-year, not too much. And we have noted that the demand has recovered amid lots of macroeconomic challenges worldwide, notably persistent inflation, geopolitical tensions, as well as supply chain disruptions. We all know today what's happening within the world. All of that has collectively contributed to a passive demand environment.

With regards to China, despite the government's stimulus efforts, the consumption has moderated to 3% year-over-year, indicating a lack of robust demand momentum in the country.

With regards to Middle East, the Middle East region has registered a modest growth in consumption, about 2% year-over-year, while for Eurozone, as you know, the economic uncertainty still persists and is marked by an uneven pace of recovery, with the demand being down by 4% year-over-year.

With regards to the United States as a continent, we see that the service sector continues to outperform the manufacturing activity, and that was underpinned by healthy consumer

spending. However, rebuilding and construction activity in the US has weighed on the aluminium demand, resulting in a 1% year-over-year decline in primary demand.

Aluminium Supply

With that, we move to the global aluminium supply. The aluminium supply for the second quarter was up by 3% year-over-year versus 2% for the aluminium consumption. And with regard to peak demand, the consumption rose due to higher output in China, Europe, as well as the Middle East. The Chinese supply was up by 4% year-over-year, while for the European zone, it edged up by only 1% due to economic uncertainty.

Middle East supply was up by 1%. North American supply down by 2%, mainly due to a 15% drop in the US production.

As Chinese production is growing at a slower pace than consumption, as we have seen in the previous slide, China continues to hold its 45 million tonnes target annually. The world market is in deficit with China, minus 0.4 million tonnes, and without China, it's still in deficit, minus 0.13 million metric tonnes.

LME Price

Moving now to slide number 7, with regard to LME price and premiums. The LME price for this quarter averaged about \$2,520 per metric tonne, up by 11% year-over-year. The prices have fluctuated between a low of 2,320 on 2nd April and a high of 2,695 on 29th May.

LME inventories have jumped from about 600,000 tonnes in Q1 of this year to 1 million tonnes in Q2, and this is fuelled by the growing stockpiles of the Russian metal in the LME warehouses.

With regard to the premiums, as you see in the below chart, the US Midwest has edged higher from Q1 2024 to Q2 2024, while DDP Rotterdam also – has factored the same additional about \$72 per metric tonne, and the four major Japanese ports also held at about \$150 per metric tonne. These increases in the premiums have been up, driven by the US and the UK sanctions on the Russian metal in April and the persistent supply chain bottleneck in the Red Sea, and as stated in the second bullet point on this slide, the LME inventories jumped by 88% year-over-year, and that maybe translates to the increase that we have seen in the premiums in the bottom chart.

With regard to the alumina, this is a complete story, different story. The alumina price for Q2 2024, it averaged \$392. Today, the alumina price LTI is above \$480 per tonne. The LME price, as stated in the previous slide, averaged 2,519. That represents 16%. Hence, alumina is 16% of the LME price for the second quarter of this year.

This is a very high-level sneak peek about what has happened into the aluminium industry in general in terms of demand and supply, as well as the LME price and the premium and the alumina, which are the lead indicators of Alba's performance.

Highlights

Moving now into Alba's highlights for this section. Do note that some of these highlights have been made publicly before. We're just reiterating them over here for the sake of disclosure.

Safety

We start the first slide in this section with Alba's safety performance. As you have seen, we have been doing good in the last couple of years. We're giving you a trend for 2019 until today, year-to-date, 30th June 2024, where Alba has had 10 recordable injuries with two – 10 total injuries, two recordable injuries and zero LTI. And you can do the math. This performance as of Q2 2024 is for the first six months of the campaign.

We have also recently achieved 22 million safe working hours without LTI on 5th August, and we are on course to continue, hopefully, with the same momentum as we close the hot summer months in Bahrain.

ESG

If we move further into what Alba has done in terms of its environment, social and governance achievement, and our plans for the future, we have been the recipients of four safety awards from the National Safety Council that have been made public [inaudible]. We have also signed a cooperation protocol with the company's two trade unions. That has been done over the course of the second quarter. And 24 national employees of our workforce advanced in their Mechanical Engineering programme at the University of Huddersfield. It's worth noting that these employees are sponsored by the company. So that was a part of our social commitment.

Leading the way, sustainable aluminium production. This is more on the environment aspect. We have achieved the first fire of state-of-the-art gas turbines for the Power Station 5 Block 4 project. And we're happy – we're very happy to say that this project is in progress as planned. We have sold as well to top 1% globally with the EcoVadis Platinum Sustainability Rating. This is the first time Alba received the Platinum Rating from EcoVadis. That has also been made public before.

We have also unveiled a new low-carbon aluminium metal. We call it EternAl, which is eternity, that goes for eternity. With two initial variants, EternAl-30 and EternAl-15, with 30% and 15% recycled content. We're also happy to say that we have sold this variant to one of our customers in Australia, Capral. And the qualifications, we have passed the qualifications and the trial, and the customer is very pleased with this new aluminium metal from Alba. And this goes in line with Alba's ESG road maps, specifically when it comes to recycling and secondary LME.

In relation to community impact, we have donated a robotic unit to Nasser Vocational Training Centre engineering programme to enhance the students' learning and skill development. Building for tomorrow, as stated earlier, Block 4 is in progress as planned. And the solar farm, which we have previously announced, that has the capacity to produce about 6.5 megawatts, is progressing as per schedule.

In this slide, this is just a nice photo, which we wanted you to see how we have sold EternAl to Capral. This is the stamp, as you see on the ingots that you see in front of you. And that – this batch has went to Capral, one of our customers in Australia.

ESG initiatives

This slide, page 13, really there is nothing – nothing has changed from before. It's just to reiterate our initiatives when it comes to our ESG journey by 2035, in line with the Kingdom

of Bahrain's objectives -- I will not go through it, but happy to take any questions you may have during the Q&A questions.

Operational highlights

With respect to our operational highlights for the second quarter, we're very happy – we're pleased to inform you that our sales volume topped about 398,000 metric tonnes, up by 1% year-over-year, while production for the quarter was almost flat, down by 0.5% year-over-year, to reach about 404,000 metric tonnes. On this note, just for your reference, for the first half of this year, our production is ahead by about 6,000 tonnes versus the first half of last year.

Value-added sales accounted for 73% of total sales shipment. This is the first time in Alba's history that we topped 70% into value-added products. We have increasingly in agreement with SAP, a market leader in enterprise application software, to upgrade our enterprise resource planning solution, ERP, to SAP, the latest software, S/4HANA Cloud. This is in line with the company's digitisation efforts.

And last, we're quite proud and happy that our CEO, who's seated next to me on my right, has been appointed the Chairman of the International Aluminium Institute. This is the institute that covers all the aluminium value chain in the world.

With respect to our e-AI Hassalah programme, as you know, for those who actually are quite loyal to the company and have been looking at our performance over the last couple of years, we pride ourselves with our cost restructuring programme that helps us streamline our cost structure. e-AI Hassalah is the digital programme that we have adopted at the beginning of this year. The purpose of this programme is to streamline our cost by additional \$60 million for the year of 2024, that's the target. And we're very pleased to confirm that we have achieved savings of \$35 million versus \$60 million for the target of 2024.

It's worth noting that the programme is intended to achieve \$150 million in total savings, which is spread over the course of 2024, 2025, and 2026.

Financial KPI

Moving further into the financial KPIs. This is a quick peek into our major KPIs. Our colleague, Ahmed Abdulqader, will be giving you more insights into why we have – the reasons for achieving this performance. But I can tell you, in general, our EBITDA was primarily driven by higher LME price and lower premiums. For Q2 of this year, we have had \$184 million EBITDA, while for the net income, we had \$182 million net income, up by about 129% year-over-year. Of course, net income is driven or boosted by the higher EBITDA, as you have seen or noted in our financials.

For the free cash flow, it was impacted by changes in the working capital. For Q2, it was \$145 million, while for H1, \$245 million. This performance, as stated by our Chairman of the Board in his quote yesterday in our press release, has enabled us to declare \$70 million dividend to our shareholders as at the record date. This \$70 million represents about 18.59% per share for every shareholder who will have – who will be holding shares as at the record date.

And without further ado, I will leave the floor to Ahmed to share his insights on Alba's financial performance and give us the reasons or the rationale behind each of KPIs figures.

Financial Review

Ahmed Abdulqader

Acting CFO, Aluminium Bahrain

Introduction

Thank you, Eline. And good morning, good afternoon to all. And very pleased to announce our quarter two results for the year 2024. So going to slide 18 and looking at our metal sales between the quarter 2023 compared to 2024.

So our total turnover in Q2, we have achieved around \$1.071 billion, slightly higher than the last year quarter by around \$30 million. And this is mainly due to the favourable movement in the LME price overall and also favourably when it comes to our sales volume overall. This was offset against the impact in the premium market prices in which the following slide will give a bit of more light on the movement of our sales volume and premium.

So page 19, and when it comes to our sales volume in total for quarter two, we have achieved total sales of 398,000 metric tonnes. We have significantly managed to increase our value-added product sales of around – this contributed around 16,000. So when we look at our VAP percentage, as Eline has highlighted, we have exceeded 70% level, and this year where it was around 68% and 67% in the year 2023.

On the right-hand side, looking at the average premium, it has – was dropped by 21% despite the increase in our sales volume for the VAP product, specifically because of the market premium has dropped in the market. So we averaged in the quarter two for '24 at \$257 per metric tonne.

Direct Costs

Now we look at page 20 on the cost – the direct cost side. There has been a favourable movement between the quarter, so we have improved our costs by around \$30 million, and this is mainly due to the drop in the raw material prices so we are witnessing in this year that inflation has been stabilised, so this has benefited our operation spending activity overall.

When it comes to other spending, generally because of our high production year-to-date, so some of the cost component will decrease in that direction.

EBITDA

Moving on to 21, looking at our EBITDA. Our EBITDA percentage margin has improved way up to 27% from 20%. And as we have highlighted in the previous slide, major contribution positive in our metal sales volume, high our VAP sales in this quarter and the growth overall over the quarter. And there are favourable positions in our direct costs generally because of our e-Al Hassalah initiatives and specific on the space consumption, but when it comes to even other elements that we have managed to achieve overall.

Cash flow

Now on the cash flow bridge and looking at our cash position. We continue to sustain our healthy cash position. So we ended the quarter with cash on hand of \$249 million, so the component would be our cash from our operation activities, 295. There has been unfavourable changes in working capital. When it comes to general CAPEX, we have spent

\$51 million. CAPEX in relation to our project of Block 4 has been \$10 million, and servicing of reserves in total is \$102 million.

Summary

The final slide and the financial highlight, looking at summary of our key performance indicator. So overall, year-to-date we have generally boosted our EBITDA position. So our EBITDA for the first half of the year record at \$469 million, our net profit record at \$247 million, and our turnover reported as \$1.9 million.

So by here, I end our part in the financial highlight, and I will hand it over to our CEO, Ali Baqali, to continue rest of the slides.

Overview

Ali Baqali

CEO, Aluminium Bahrain

Industry Perspective

Thank you, Ahmed, very much. Good morning, good afternoon, everybody. We are on the slide number 24, the industry perspective in 2024.

The current market outlook revolves around two main factors, actually. One is volatility and the other one is uncertainty. Due to the lack of interest rate cut by the Fed, the demand outlook in the building and construction and the automotive industry remain weak and the consumers are on a wait-and-see on the basis, where the expectation that an interest rate cut is imminent to the next Fed meeting. LME has reduced from its peak this year as a result of a weak physical demand and reduced inventory and risk curve or interest rate.

Moreover, the complex [inaudible] has an impact on all industry and force the consumers to artificially increase their orders as a result on the long lead time despite demand not improving. Accordingly, typical premium have reached their peak for the year as a result of the issues addressed as I said. Going forward I think, the last quarter of this year, the premium are expected to be stabilised on the back of lower expected interest rate, which should address driving the demand going forward. And we are estimating or forecasting the LME price will be, by the end of the year, to be anticipated within the average between 2,200 to 2,400.

Moving to slide 26, the industry perspective for the major raw material. Actually for the last few months, the alumina price index (API) was operated or indexed at a higher range, which is representing between 16% to 17% to the LME price. And this is mainly because of the production disturbance in Australia and the Chinese bauxite sourcing mechanism. I think the LTI will remain high until end of this year, and this is definitely what I can see from the price – the LTI to not go less than maybe 470 to 465 by the end of the year. However, for the rest of other major raw material like GPC, CPC, aluminium fluoride, I think the prices will be stabilised and will be placed at the same trend of the first quarter and second quarter. However, maybe the liquid pitch is due to the challenges in the oil prices. I think maybe the price will go a little bit up.

For Alba priorities on the page 27. Actually, safety is the top priority for us and we are off with considering safety as a top objective for us and we believe that if our operation is safe, definitely this will reflect directly on our production and our employee morale and on our profitability. That's why we just finished our safety campaign. And the main theme for that safety campaign is to be [inaudible]. Maybe someone of you following Alba Instagrams or Alba social media, you will see employees are posting their pictures, their clips, and they are showing their [inaudible] means belonging to Alba.

In terms of following the basic things in terms of go back to basics and always to think that before doing any activity, they should stop for a while, think for a second and act for a safe operation. This is on person.

The second in terms of the operations, we are on target or on track to achieve our yearly productions planned to achieve 1.62 million tonnes and above. We had a challenge over some months. You know this summer is very challenged in terms of humidity and heat. However, we are pushing and doing on the shop floors all the times in order to lead by example to achieve for this summer, inshallah, everything goes as well.

We'll be achieving zero heat stroke and zero heat exhaustion for the eighth year consecutive. And this is a [inaudible] benchmark for Alba estate as an industrial worldwide. However, also last week, we achieved 22 million hours without lost-time injury. And this is also, I would like to take this opportunity to thank all Alba employees, all the management for driving this to make Alba and to make all Alba employees for their times.

In terms of efficiency, we are working hard in order to achieve the completions of Block 4 in Power Station 5. This – it will enhance our efficiency, and it will reduce our carbon emissions also. And the full benefit hopefully will everyone to get by next year, but definitely once we start the commissioning and the handover from the contractor definitely. Just it will show – give some benefits, inshallah, this year for the last few months.

The feasibility study for the new replacement line, it is ongoing as we are planning, inshallah, to present the final study in the next Board meeting, which is planned in September this year.

By this, we are ending our presentation, and I will leave the floor for any questions. Thank you, Eline. Thank you, Ahmed.

Q&A

Operator: Thank you. Dear participants, as a reminder, if you wish to ask a question over the phone, please press star, one, one on your telephone keypad and wait for a name to be announced. To withdraw your question, please press star, one, one again. Alternatively, you can submit your questions via the webcast.

Now we're going to take our first question over the phone, and it comes from the line of Shashi Shekhar from Citi. Your line is open. Please ask your question.

Shashi Shekhar (Citigroup): Hi. Thank you very much for this opportunity. I have three questions. First one is how much cash reserve you want to maintain on your balance sheet in the medium term? My second question is on value-added product. This increased to 73% compared to – previously it used to be around 70%. Just wanted to understand the reason behind it. Is this number sustainable going forward, 73%?

And my third question is on your CAPEX. What is your medium-term CAPEX guidance? And does it include the CAPEX which will require in the new replacement line?

Ali Baqali: For the cash, actually, we are always maintaining a minimum of \$150 million. This is our target. I know we have a cash, that's why we are also distributing a dividend of \$70 million this quarter as an interim.

In terms of VAP, actually our – we are exceeding the 73% VAP, because there is a strong demand in the VAP, especially on the automotive sectors in the first quarter and second quarter. But from the market, that will be lower by 2% or 1% because we see now because of what is happening in geopolitical issue and the tension in the area, a lot of customers are hesitating to book for the full '23 and they are asking us to defer some of their VAP to later stage. And what is the last question?

Eline Hilal: CAPEX.

Ali Baqali: Yeah, the maintenance CAPEX. Actually, after commissioning large stakes, we are keeping around – for the maintenance, around \$100 million as the maintenance CAPEX, between 100 to 120. This is the maintenance CAPEX. However, there is some major relining for the pot lines due to the age of the pots. You will see some CAPEX will go up materially.

Shashi Shekhar: Okay. And between 100 million and \$120 million, it doesn't include new replacement – CAPEX that will be needed for new replacement line, right?

Ali Baqali: No. Yes, you're right. New replacement line is still not approved by the Board. It's still under facility study. Once we approve the new line, then definitely it will be allocated in new CAPEX on the technical study forecast.

Shashi Shekhar: Okay, got it. Thank you very much.

Operator: Thank you. Dear participants, if you would like to ask a question over the phone, please press star, one, one on your telephone keypad. Alternatively, you can submit your questions via the webcast. At this moment, there are no further questions on audio lines. Nishit, over to you for any written questions.

Nishit Lakhotia (SICO): Yes, we have a few questions on the webcast, and I will ask those to the management on their behalf. First one is from Abhishek Sukhatme[?]. He is asking, what are the factors that are driving the premium in the LME prices currently?

Ahmed Abdulqader: So I will be answering this question. So generally what drives the premium, it will fall back into the fundamental demand-supply in each specific region. So as we have highlighted in the beginning of our presentation, we have the MTP covering the Asia, we have the Rotterdam covering Europe, and we have as well the Midwest covering the Americas, the North and South America.

So typically, what influences the demand and supply – and it depends on each sovereign entity, what they introduce in the market. So if there's data tariff, so this also will have some sort of influence. But the majority and typically what's going to drive the demand and the supply in each of those jurisdictions.

Nishit Lakhotia: Okay, we have a next question from Nour Eldin from Arqaam. He's asking, do you expect alumina prices to normalise by fourth quarter 2024? And also, is there any update on the dual listing for Alba?

Ali Baqali: For the alumina price, as I mentioned earlier, it will be softened a little bit. But the problem, because the index is illiquid, because the price – this is based on a very few cargoes, I don't see any appetite for the alumina price or the LTI outlook to go below that level. So I'm assuming that, because a few trades, it will happen in the coming few months. I don't think it will be a dramatic decrease in the alumina price. I think my expectations or my forecast, I think by the end of the year, maybe the average will be between 450 to – \$450 per metric tonne.

For the dual listings, we already announced that initiative. We explored that in the past, but we are just waiting for the right moment in order to – if it is feasible for us and there are some requirements also to do in-house in order to be eligible to do the dual listing.

Nishit Lakhotia: Okay. The next question comes from Naif Al-Daferi[?]. He's asking, from which countries do you – does Alba source alumina? And is there any adverse impact in either the sourcing or from the pricing of alumina? Is Alba facing any adverse impact?

Ali Baqali: For the countries, actually, we are sourcing from different regions to diversify our risk. The majority of our supplies comes from Australia, from Brazil, and some cargoes also from India. We don't have any issue or challenges in sourcing the alumina because we have long-term supply agreements. We have mid-term supply agreements. We are covered. And even with the issue of the challenges in Australia and China, this is – it was not a major impact on us.

Nishit Lakhotia: Okay. Now the next question comes from Mohamed Al Araifi from BBK. He has two questions. So the first on the drivers of – what is driving the slowdown in sales in America – I mean, in Americas? And the second question is on the interest rate swap. Is there any plan to revise the swap if the rates fall lower, maybe to pay floating?

Ahmed Abdulqader: I think the slowdown in America and mainly also in Europe, I think the automated sectors, they are slowed down. In terms of the interest swap, we don't have any plan now at this stage to do any revise swap exercise.

Nishit Lakhotia: Okay. The next question comes from Aditya Dugar from BNH. He's asking, well, can you share some financial details on the recently announced Daiki Aluminium Processing Plant project? How much CAPEX is planned for it? And when is the construction expected to start?

Ali Baqali: Yes, for the Daiki, so we just announced our cooperation or our partner with Daiki. At this stage, we cannot announce or disclose the financial details because it's still under discussion. But this project, actually, it will help Alba to recover the aluminium withdrawals, and we'll have a sustainable environmental solution. And it will be the first time in the Middle East. But this – it will be – once we are progressing on the financial details, definitely, we are going to announce it to all.

Nishit Lakhotia: Okay. And another question, again, from Aditya. He's asking, which raw materials had contributed to lower cost of sales year-on-year in this quarter, second quarter?

Ali Baqali: So, as we have highlighted, and this is moving in the same direction with inflation globally, so we have seen a stabilisation in inflation. So, typically, this will be applicable to all our raw – other raw materials prices. So the drop of those raw – other raw material prices has contributed positively in our cost position.

Nishit Lakhotia: Okay. So we have no more questions on the webcast as well as on the Q&A for now. Till then, I'll just ask two questions. One on – you mentioned that the replacement project feasibility would be submitted in September, so should we expect a decision to be made on the replacement project by end of September and more clarity on it?

Ali Baqali: Actually, the new replacement line, yes, it's a plan to be discussed in September Board meeting. But it depends on the Board, if they are satisfied with the feasibility study conducted by Bechtel. However, there is also another challenge that we have in the new replacement line, which is to occupy the land. Because the land, we don't have the land. The land is – this is to Alba or near to Alba, and there are some companies occupying that. We are negotiating with them to occupy them and to make the land free for the new replacement line.

Nishit Lakhotia: Okay. And also on the Block 4 Power project, you mentioned the fourth quarter. So should we expect, say, around October, November, this would be commissioned, the power project?

Ali Baqali: You are absolutely right. We are now at the final stage to commissioning the Block 4, and we are expecting it by mid of October, early November, we are going to have it full operation, inshallah.

Nishit Lakhotia: Okay, thank you. We don't have any more questions in the webcast or on the Q&A. So do you want to wait for some time?

Operator: Dear participants, just a quick reminder. If you wish to ask a question over the phone, please press star, one, one on your telephone keypad. Alternatively, you can submit your questions or some kind of feedback on the webcast. There are no further questions on audio lines or the webcast. Dear speakers, would now like to hand over to yourself for any closing remarks.

Eline Hilal: Thank you very much, Nadia. Thank you, everyone, for those who attended today's call. We hope we answered your questions, and we will catch up for the third quarter. Have a lovely day, and we'll stay in contact. Thank you.

[END OF TRANSCRIPT]