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	12 November 2023 12 نوفمبر 2023	**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 Q3 and 9 Months 2023 Financial Results' Conference Call on Thursday 09 November 2023 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 الثالث والتسعة أشهر من عام 2023 يوم الخميس الموافق 09 نوفمبر 2023 في تمام الساعة 02:00 ظهراً. تجدون في المرفقات العرض التقديمي لعلاقات المستثمرين للربع الثالث والتسعة أشهر من عام 2023 بالإضافة الى 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**
ALUMINIUM BAHRAIN B.S.C. P.O. Box 570 - KINGDOM OF BAHRAIN Aluminium for the world	Heline

Aluminium
for the world

INVESTOR RELATIONS PRESENTATION

Q3 2023

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01

INDUSTRY HIGHLIGHTS[1]

[1] Industry Highlights are based on CRU Market Intel

World Market Demand +3% YoY

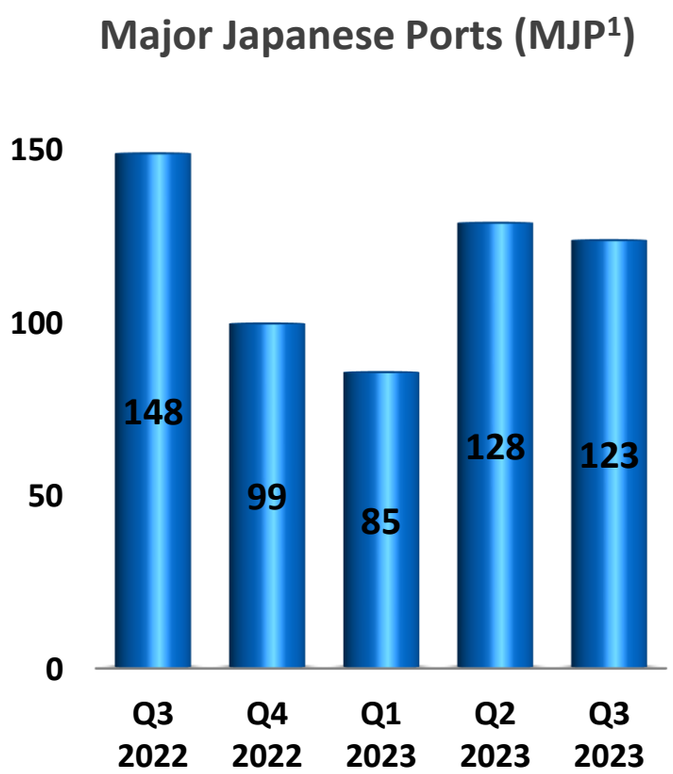
- Economic growth in major markets remained under pressure in Q3 2023 as tighter monetary policy weigh on household spending and commodities' consumption
- Middle East: Demand up by 7% YoY supported by higher consumption in UAE & KSA
- Chinese consumption up by 5% YoY driven by recovery in the manufacturing sector [Chinese imports jumped to highest level since November 2021 with major inflows from Russia]
- Demand in North America down by 3% YoY owing to uncertain growth in auto and construction sectors
- Europe: slow economic growth and higher inflation led to a contraction in aluminium consumption (down by 3% YoY)

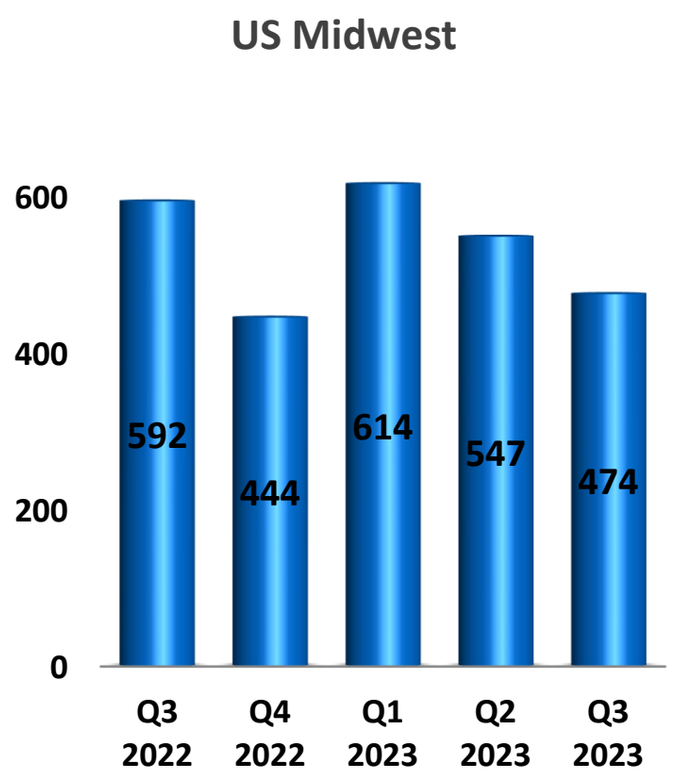
World Market Supply +3% YoY

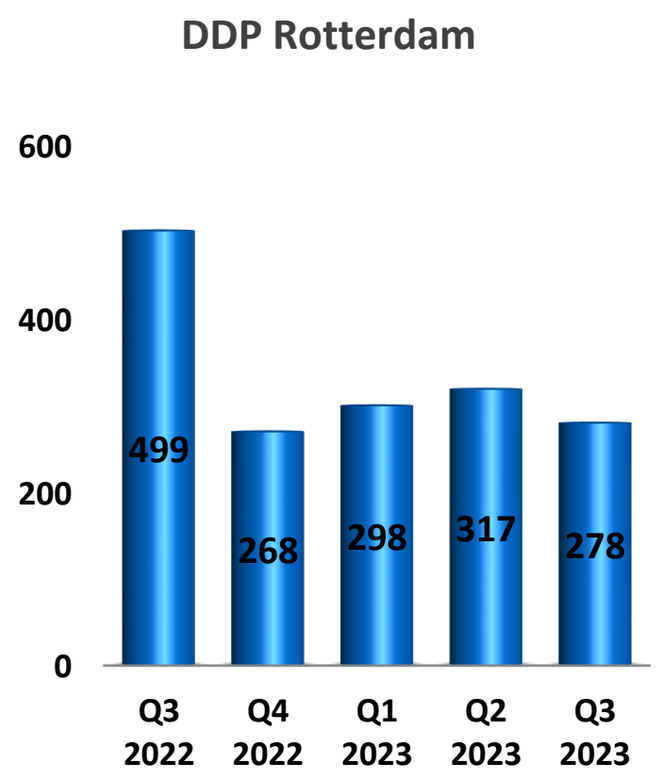
- Despite a dull demand, global primary production was pushed up by higher output in China and Americas
- North America production up by 7% YoY due to restarts at Canadian smelters (Kitimat and Alumar)
- Chinese supply up by 4% YoY (output reached an-all-time high in August) attributed to output growth in the southwestern province in Yunnan following the recovery of hydropower generation
- Supply in Europe contracted by 5% YoY due to weak manufacturing activity
- The world market is in surplus with China (+3,000 MT) and w/o China (+88,000 MT)

LME Price & Premiums Struggle to Find Positive Momentum

- LME Price remained under pressure as bearish market sentiment dominated the trading activity. LME-Cash averaged US$2,155/t in Q3 2023 -- down by 8% YoY [lowest: US$2,068.50/t on 21 Aug'23 and highest: US$2,307.50/t on 29 Sep'23]
- LME inventories at low levels at ~0.5 million MT (up by 47% YoY) with growing inventories of Russian metal in LME-registered warehouses causing concern
- Premium prices on the swing and are expected to drop in the near-term owing to weak physical demand

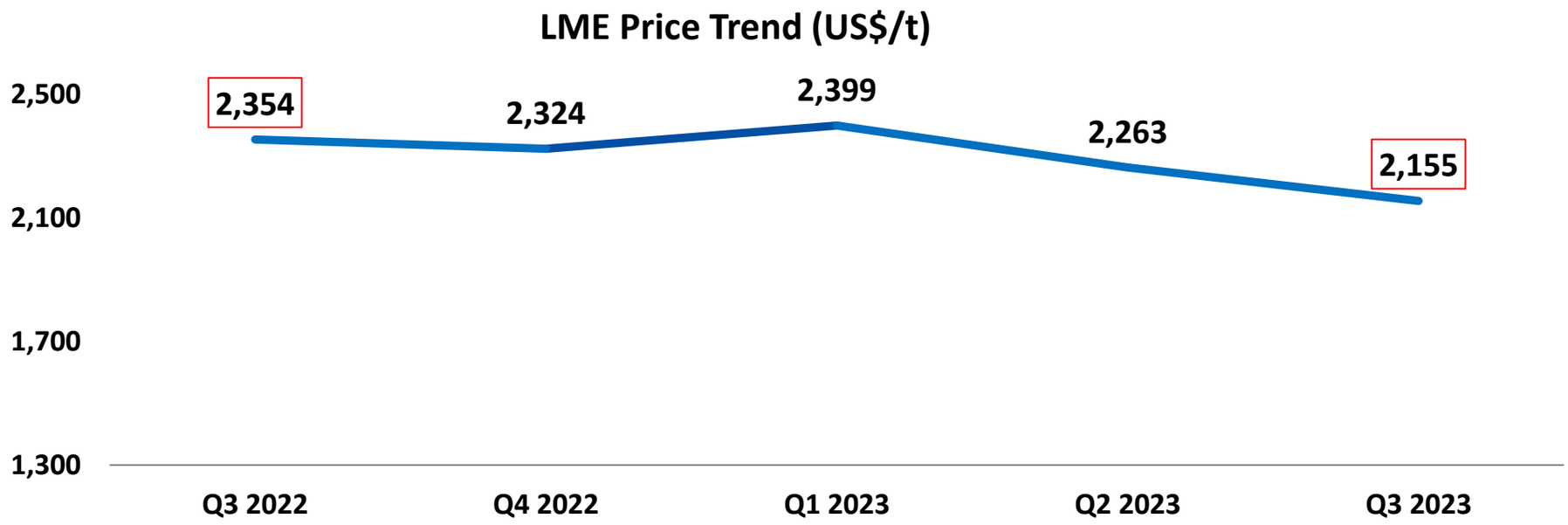


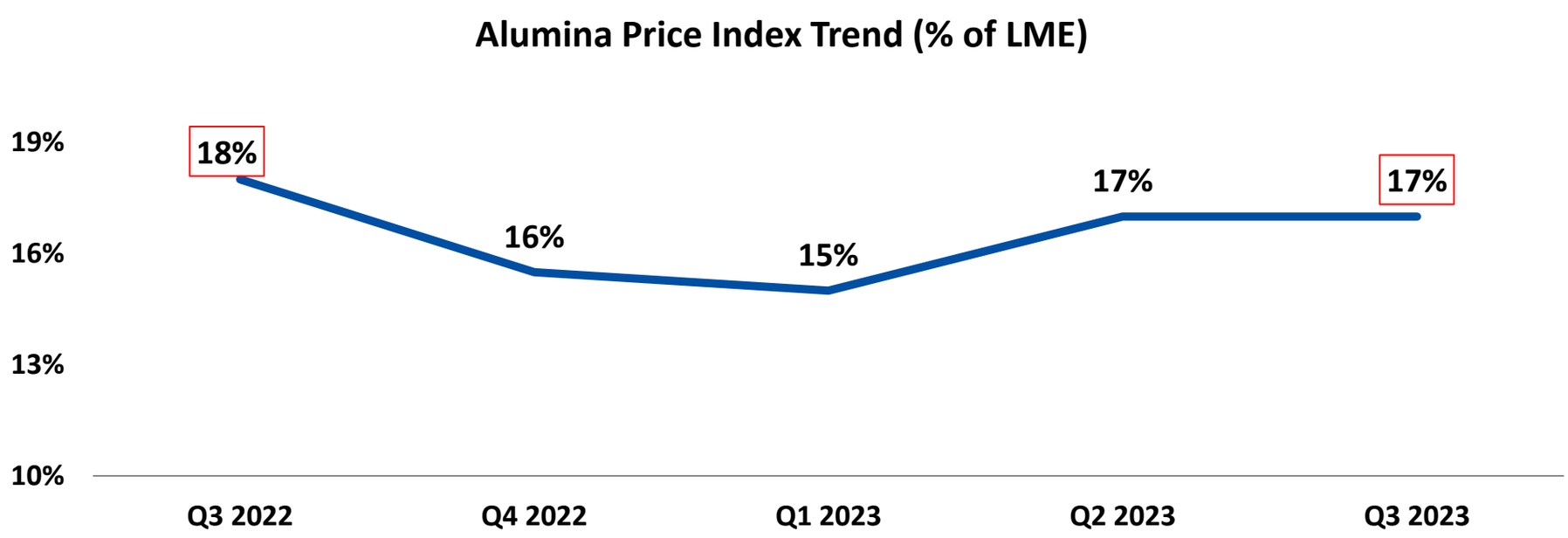




[1]Major Japanese Ports (MJP) is based on Cost, Insurance and Freight (CIF)

Alumina Price: 17% of LME Price [US$362/t]





02

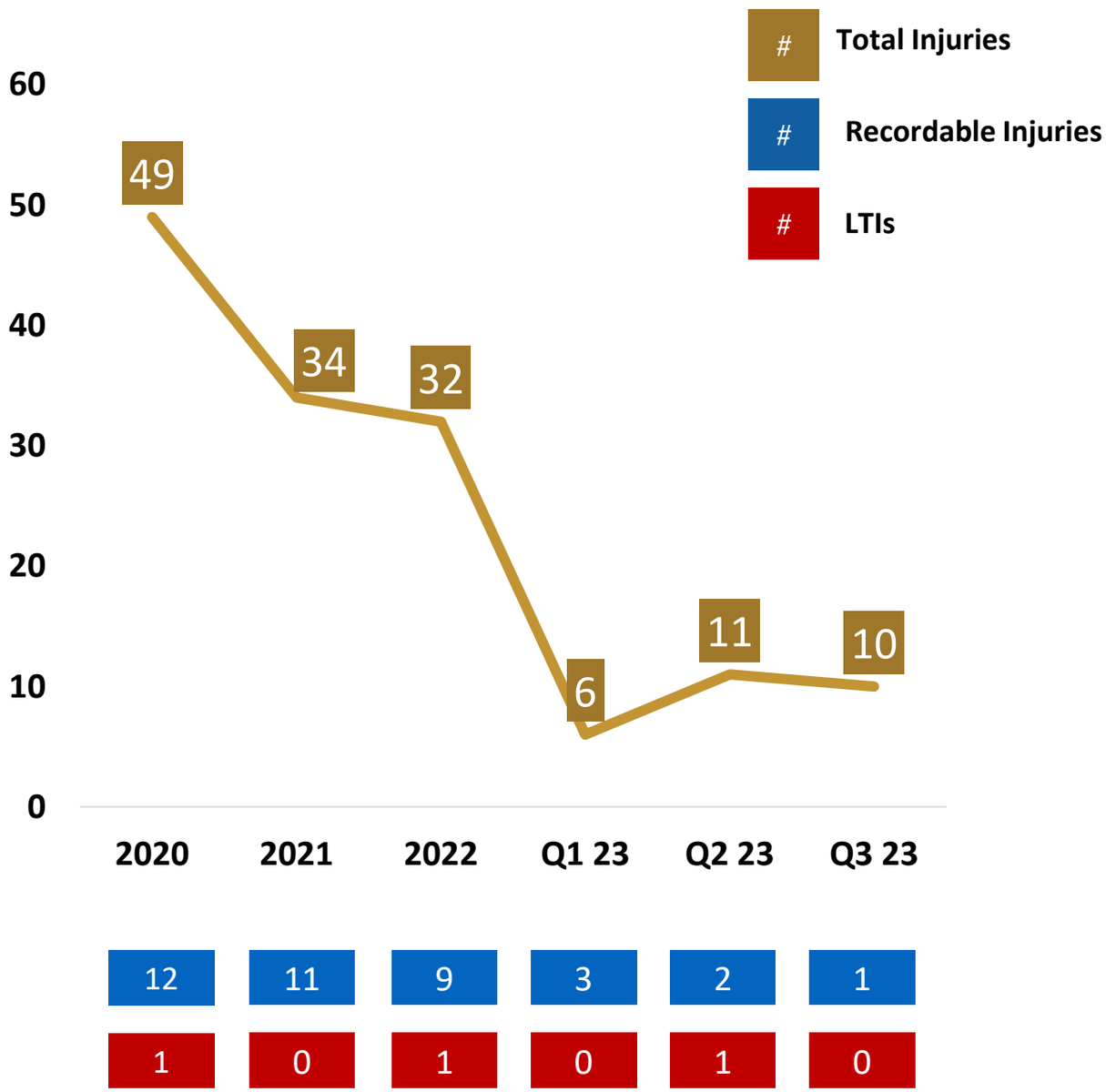
ALBA HIGHLIGHTS[1]

[1] Alba Highlights relate to Alba official news in Q3 2023

Safety in Numbers

ecovadis

asi Aluminium Stewardship Initiative



Achieved on 29 October 2023

Major Environment, Social and Governance (ESG) Highlights

- First smelter in the region to be successfully recertified to the newest version (V3) of Aluminium Stewardship Initiative (ASI)'s Performance Standard
- Winner of Al Bilad Award for CSR 2023 - Environment Category
- Inauguration of Mangrove Nursery to mark the occasion of International Mangrove Day
- Launch of Summer Safety & Health Campaign 'Stop, Think, & Act' in July 2023
- Recipient of the coveted Brandon Hall Group Silver Award for Excellence 2023 for its Training & Development Programme (TDP)
- Joined Forces with Nasser Artificial Intelligence Research & Development Centre to Advance in AI with successful completion of Green Anode Density Prediction
- Successful implementation of Virtual Reality (VR) technology training for Potline Emergencies. Work-in progress for other four areas for in-house training courses
- In collaboration with INJAZ Bahrain, Alba organised Entrepreneurship Masterclass Workshop for its employees' children (60 students)
- In line with Alba's commitment to develop Bahraini youth, more than 90 trainee students have completed their On-Job-Training (OJT) programmes
- 7 million safe working hours w/o LTI achieved on 16 September 2023

ESG: A Journey, Not A Destination

Decarbonisation

- Energy Management System (EMS) & Power Station Efficiency
- Afforestation & Reforestation
- Inert Anode Technology
- Hydrogen
- Carbon Capture & Storage (CC&S) & Carbon Offsets

Green Energy & Aluminium

- On-site Solar
- Government Collaboration

Circular Economy & Secondary Aluminium

- Securing Recycled Materials
- Securing Recycled Infrastructure
- Partnership with International Recycler

Employee Welfare

- Employee Satisfaction Assessment
- Community ESG Training
- Equal Opportunity Employment

Collaboration & Partnership

- Green Financing
- University Collaboration

Transparency, Communications & Due Diligence

- ESG Due Diligence

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 Line 7 & 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 by Q1 2024

Operational Highlights – Q3 & 9 Months of 2023

- Production [Q3: 409,445 metric tonnes (MT), up by 1% YoY; 9 Months: 1,213,325 MT, up by 2% YoY]
- Sales' volume [Q3: 430,351 MT, up by 17% YoY; 9 Months: 1,182,286 MT, up by 7% YoY]
- Value Added Sales [Q3: 68% versus 67% in Q3 2022; 9 Months: 67% same for 2022 & 2023]
- Debut of new alloy '6060.HE' in Alba's product portfolio as part of its AA6060 alloy family dedicated to the Company's extruder customers
- Natural Gas supply has been extended to an additional 5-year period and will remain at US$4/MMBTU for the coming 5 years
- AL HASSALAH Top up: sustain savings achieved in 2022 (US$115.34M) throughout 2023

Financial Key Performance Indicators – Q3 & YTD 2023

EBITDA

YTD: US$601 million
down by 53% YoY

Q3: US$168 million
down by 28% YoY

Free Cash Flow[1]

YTD: US$396 million
down by 45% YoY

Q3: US$184 million
down 25% YoY

Profit

YTD: US$252 million
down by 75% YoY

Q3: US$46 million down by 64% YoY

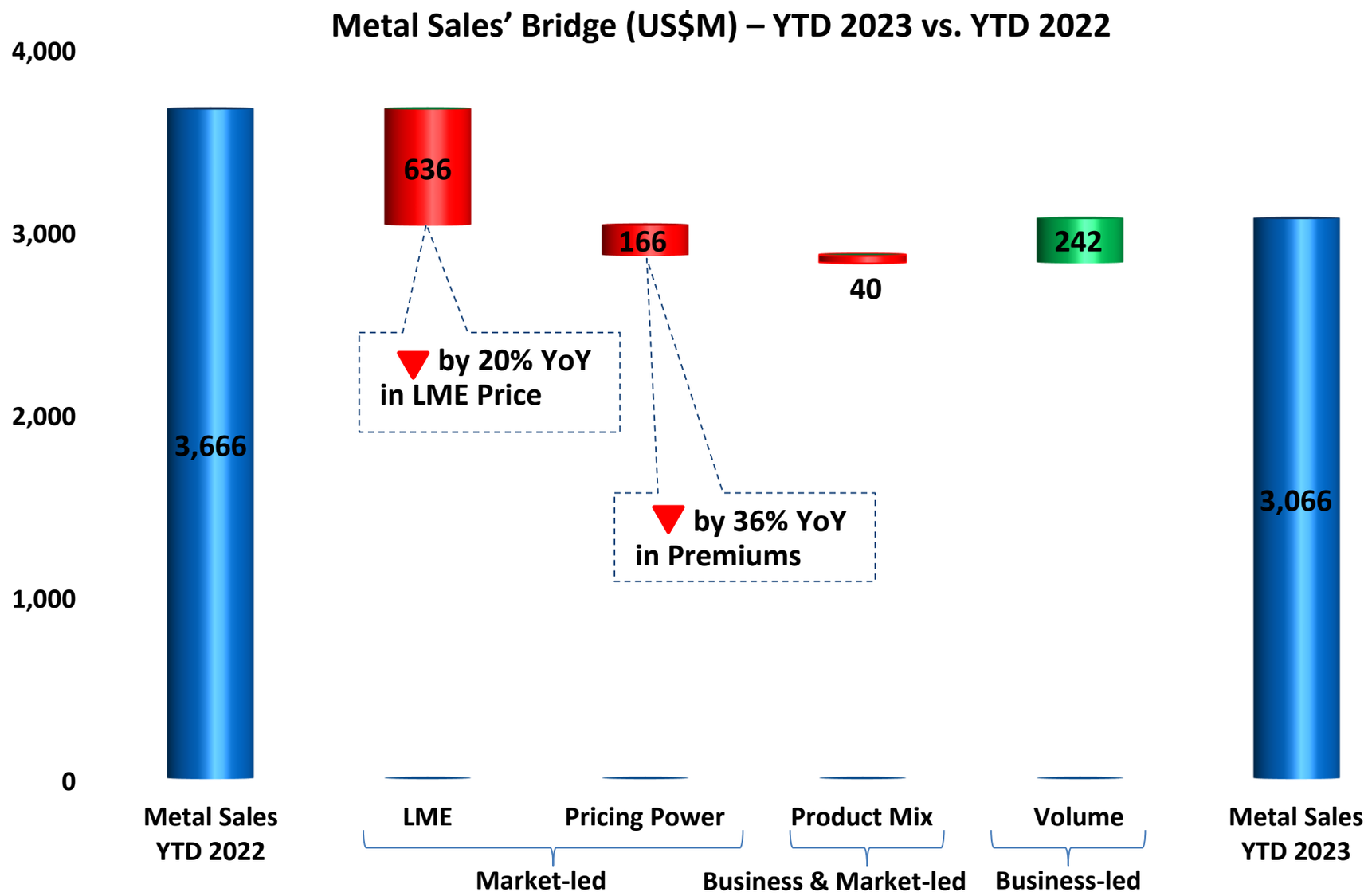
[1]Free Cash Flow excludes Project CAPEX spending

03

9 Months 2023 RESULTS

Volatility & Uncertainty Continue to Weigh on Aluminium Fundamentals

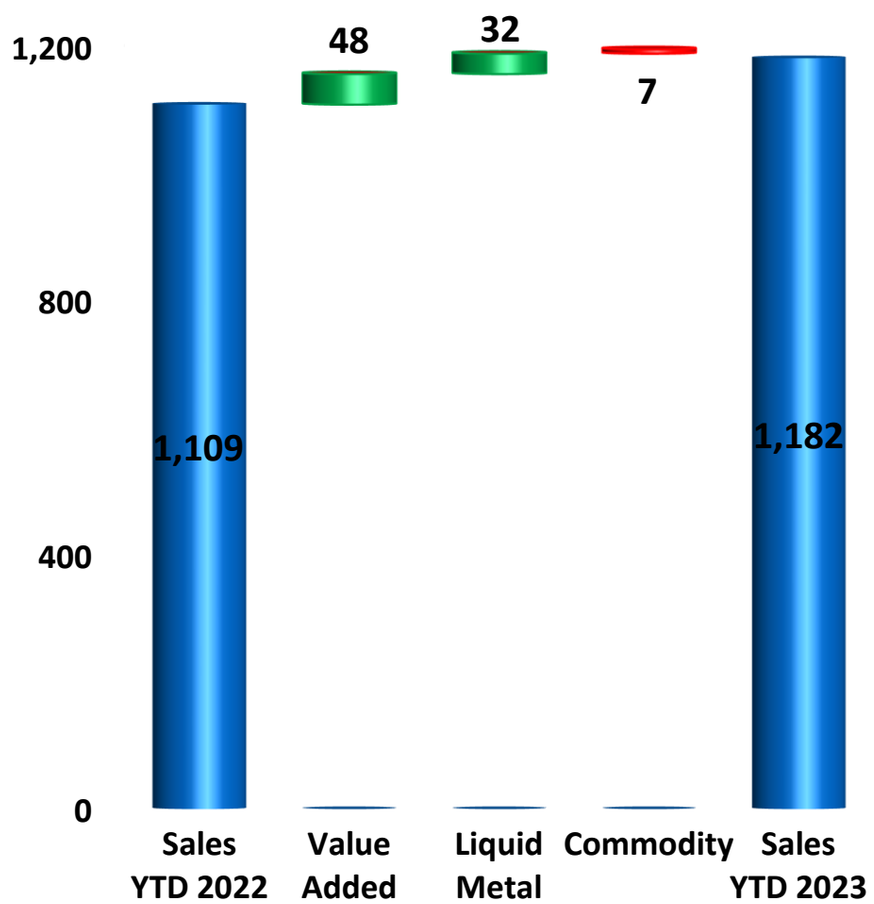
Lower Metal Sales Owing to Lower LME Price & Premiums



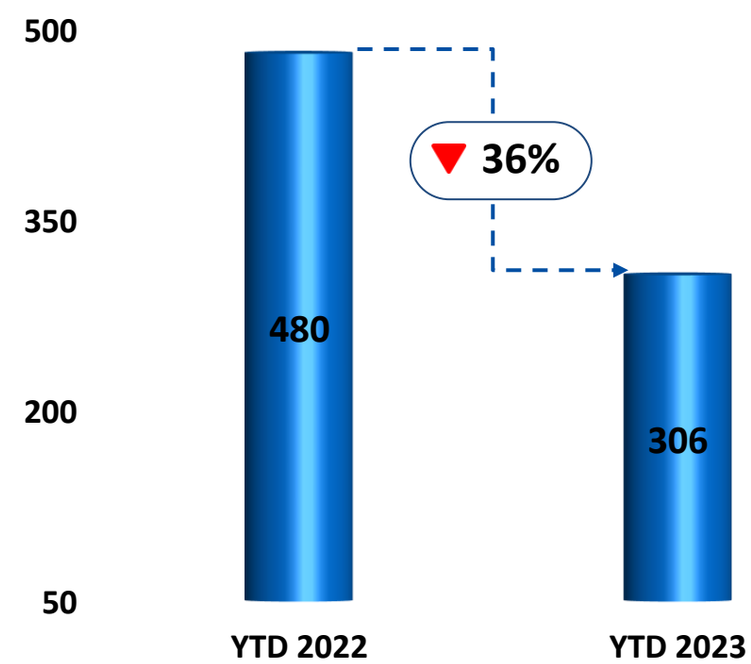
Volatility & Uncertainty Continue to Weigh on Aluminium Fundamentals

Higher VAP | Higher Liquid Metal | Lower Commodities' Volume

YTD 2023 vs. YTD 2022
Sales by Product-Line Bridge (MT'000)



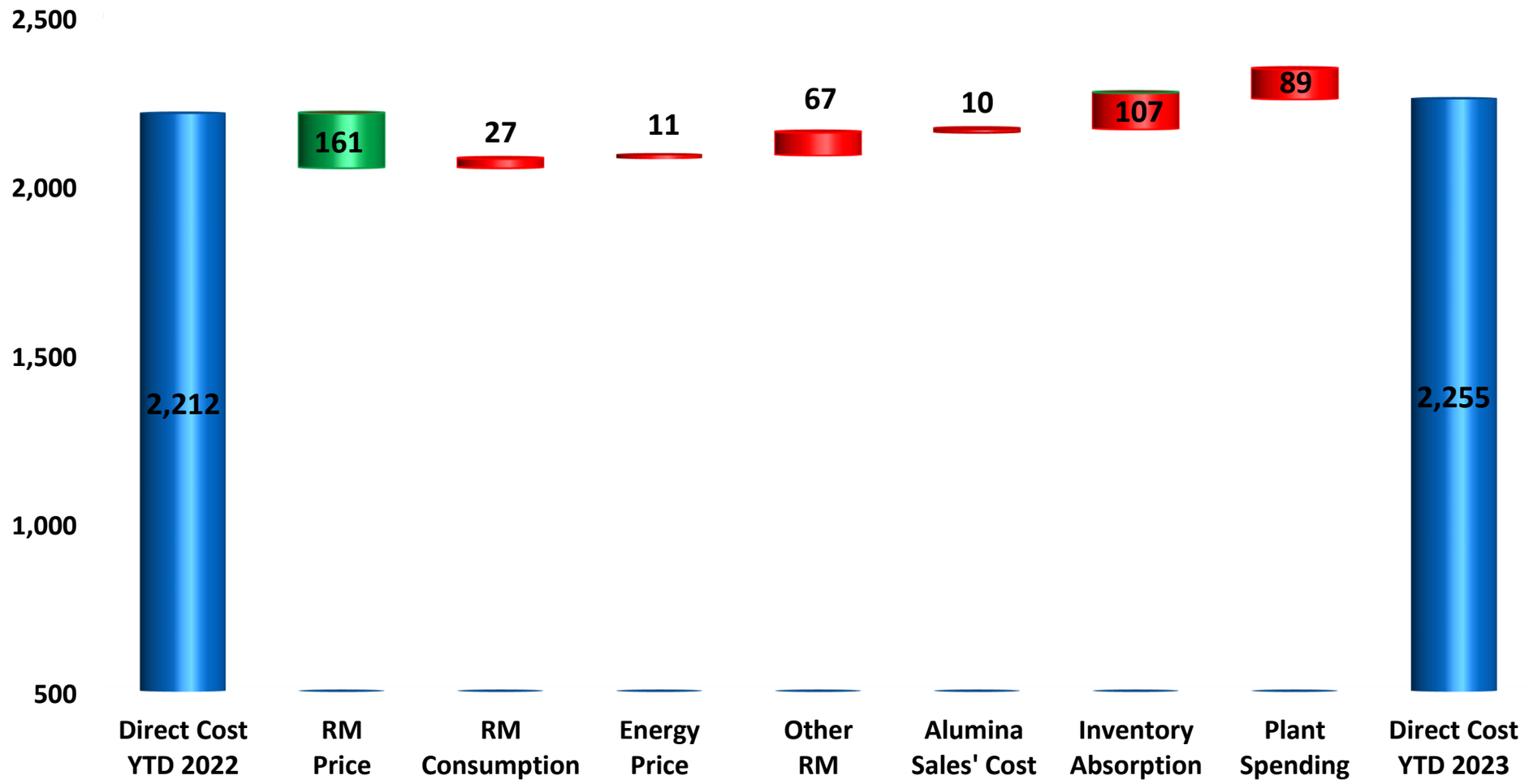
Premium Above LME Trend US$ Per MT



Volatility & Uncertainty Continue to Weigh on Aluminium Fundamentals

Higher Direct Cost Owing to Higher Production & Partially Offset by Drop in Alumina Prices

YTD 2023 vs. YTD 2022 - Direct Cost Bridge (US$M)

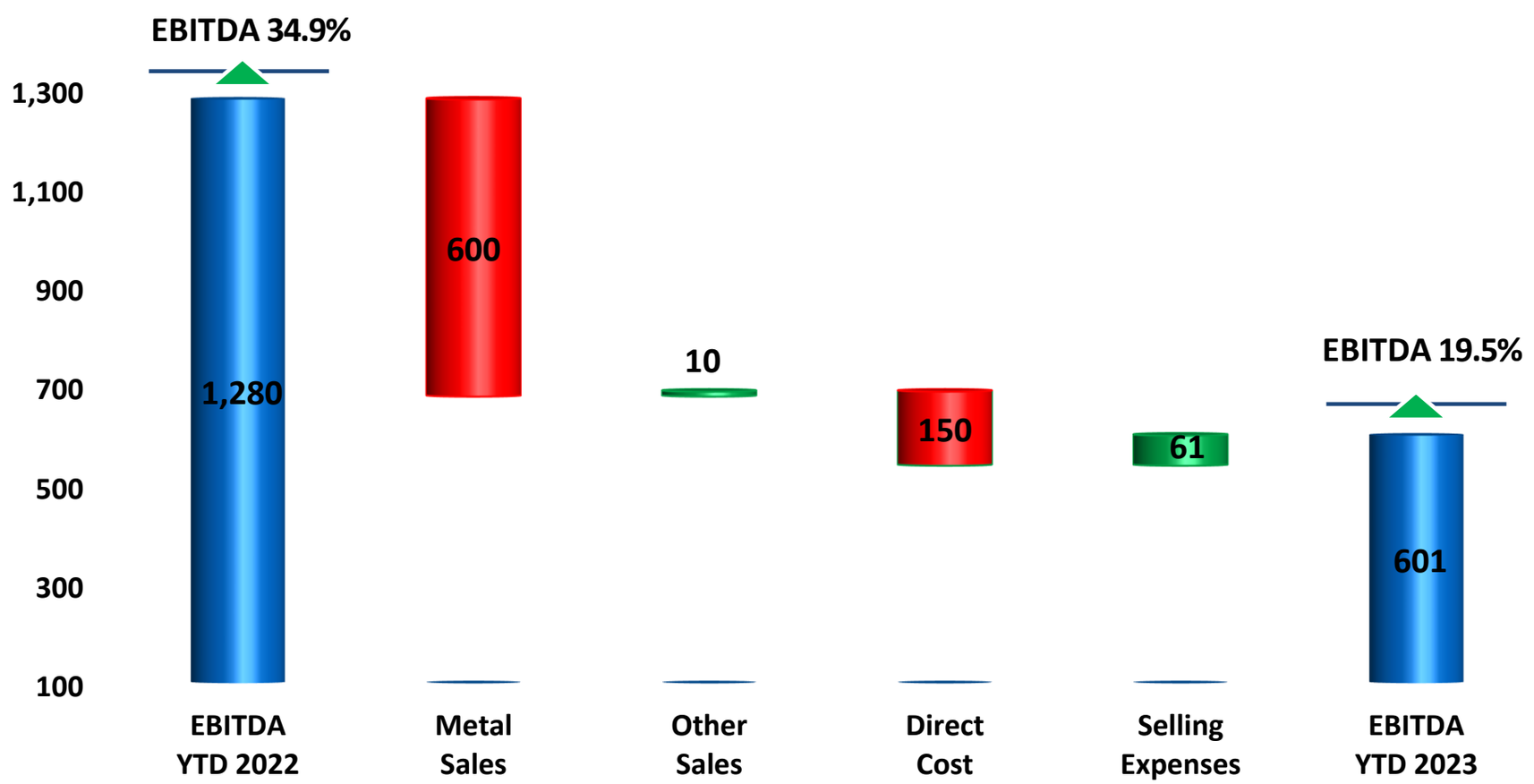


* RM stands for Raw Materials

Volatility & Uncertainty Continue to Weigh on Aluminium Fundamentals

Lower EBITDA Owing to Lower Metal Sales & Higher Costs

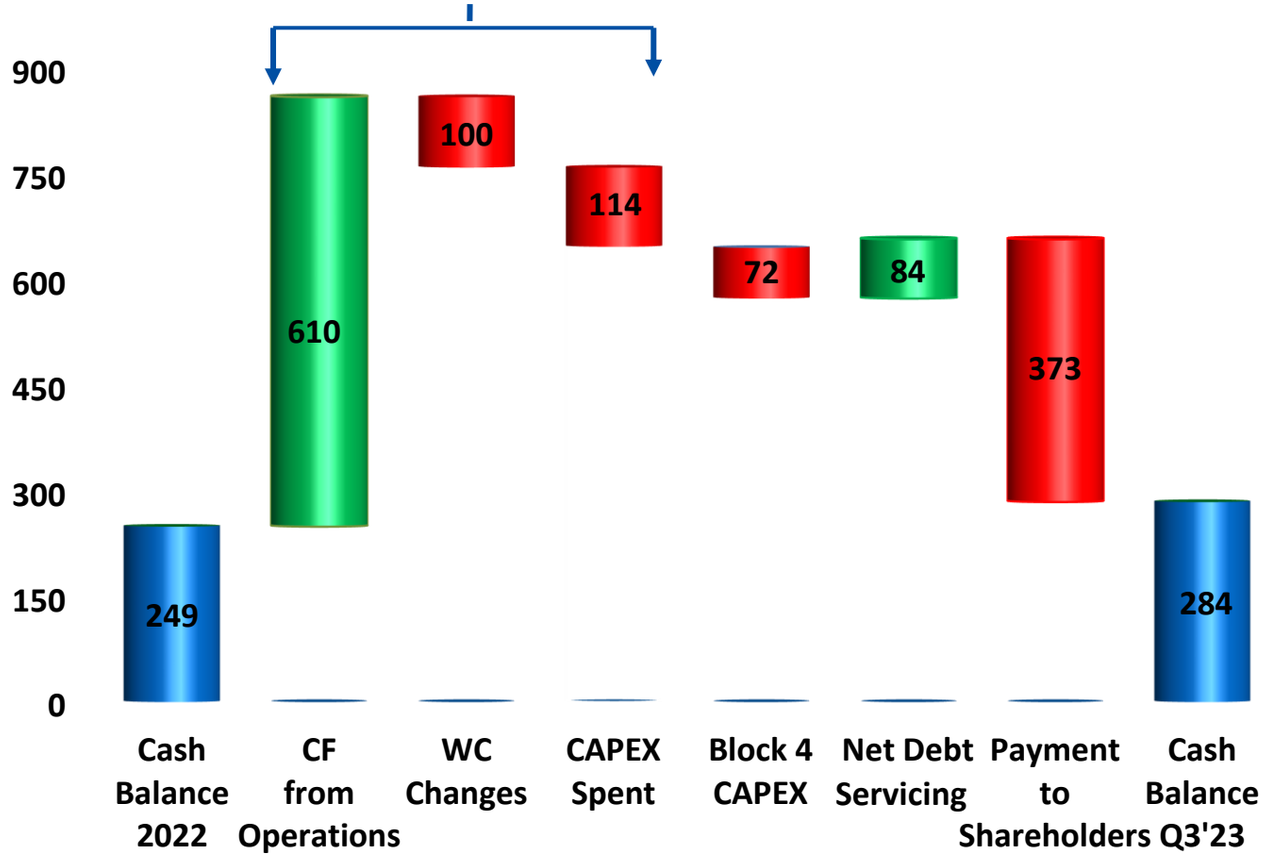
YTD 2023 vs. YTD 2022 - EBITDA Bridge (US$M)



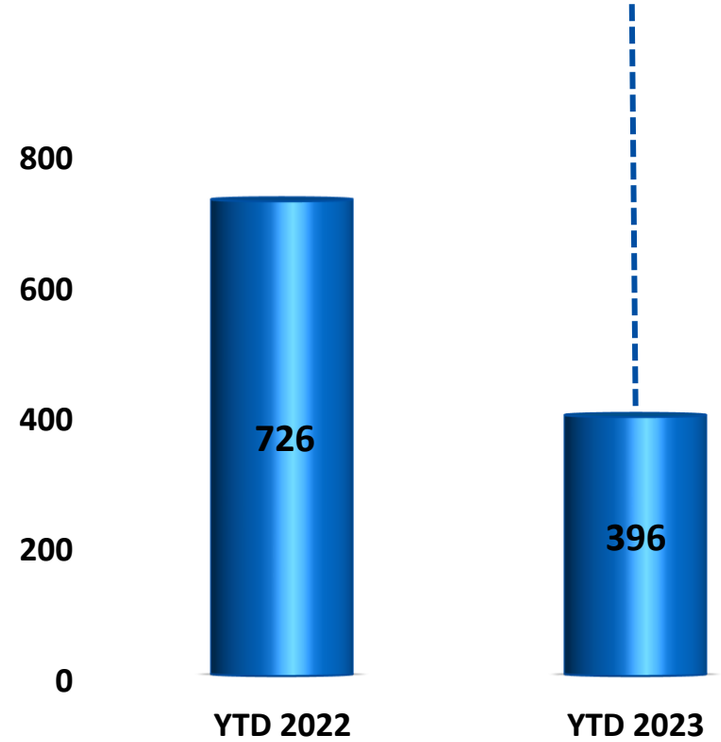
Volatility & Uncertainty Continue to Weigh on Aluminium Fundamentals

Cash Flow Bridge FY 2022 to YTD 2023

FY 2022 to YTD 2023 Cash Flow Bridge (US$M)



Free Cash Flow (US$M)



Volatility & Uncertainty Continue to Weigh on Aluminium Fundamentals

Key Financial Performance for Q3 & 9 Months 2023

Financial Summary	Q3 2023	Q3 2022	YTD 2023	YTD 2022
Average Cash LME (US$/MT)	2,155	2,354	2,272	2,834
Average Alumina Price (US$/MT)	362	413	363	436
Revenue (US$M)	1,064	1,072	3,077	3,666
EBITDA (US$M)	168	234	601	1,280
EBITDA%	15.8%	21.8%	19.5%	34.9%
Profit (US$M)	46	128	252	1,002
(Loss)/Gain Unrealised Derivatives	(1)	1	(1)	(2)
Adjusted Profit[1]	47	127	253	1,004

[1]Excludes unrealised gain/(loss) on derivatives

04

INDUSTRY PERSPECTIVES[1] IN 2023

[1] Industry Perspectives are based on CRU Market Intel

Aluminium Industry: Volatility & Uncertainty to Shape Medium Term Outlook

- Aftershocks from pandemic and Russia-Ukraine war will continue to weigh on aluminium fundamentals in the short-run
- Prospects for healthier 2024 will depend on better economic performance in major markets and a return to restocking across aluminium supply-chain
- Regional premia to further drop against a backdrop of weak demand in Europe and US
- Carbon Border Adjustment Mechanism (CBAM): Reporting Phase started in Oct'23 requiring European producers to report their direct and indirect emissions while importers will be required, starting from 2026, to purchase emissions allowances on direct emissions
- LME price to range between US$2,100/t – US$2,200/t for the remainder of 2023 & is expected to gradually recover from Q2 2024

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

- Despite a weak market sentiment, alumina prices are expected to hold firm over the short-run and will be under pressure over the long-term
- Liquid Pitch prices to range higher as compared to the usual average mainly due to the coal tar pitch use in different applications in other industries
- Aluminium Fluoride prices to further soften owing to stable raw material prices
- Carbon products' prices (GPC, CPC & Anodes) to remain high owing to the restart of idle Chinese capacity following the recovery of hydropower generation; thus, creating increased demand for carbon products

05

2023 ALBA PRIORITIES[1]

[1] Based on Alba 5-Year Strategic Initiatives

Enhance Business Value Through Sustainability & Journey Towards Safety Excellence

- Safety is a Journey ‘Safety is our Operating License’
- Embrace sustainability across our value chain in line with Bahrain’s objectives for ‘Net Zero Emissions’ by 2060
- Boost 2023 Net Finished Production by Forced Cooling Network (above 1,600,111 MT) and sustain AL HASSALAH achieved savings with AL HASSALAH Top Up
- Continue to screen potential Upstream Opportunities to secure 1/3 Alumina requirements
- Capitalise on Aluminium Stewardship Initiative (ASI) and Ecovadis Certifications to penetrate new markets, debut new alloys & lift VAP Sales
- Progress with PS5 Block 4 and Solar Farm as per schedule to scale up our efficiency
- Progress with Bechtel’s Feasibility Study for Line 7 – Class III
- Publish 7th Edition of Alba’s Sustainability Report 2022 in Q4 2023

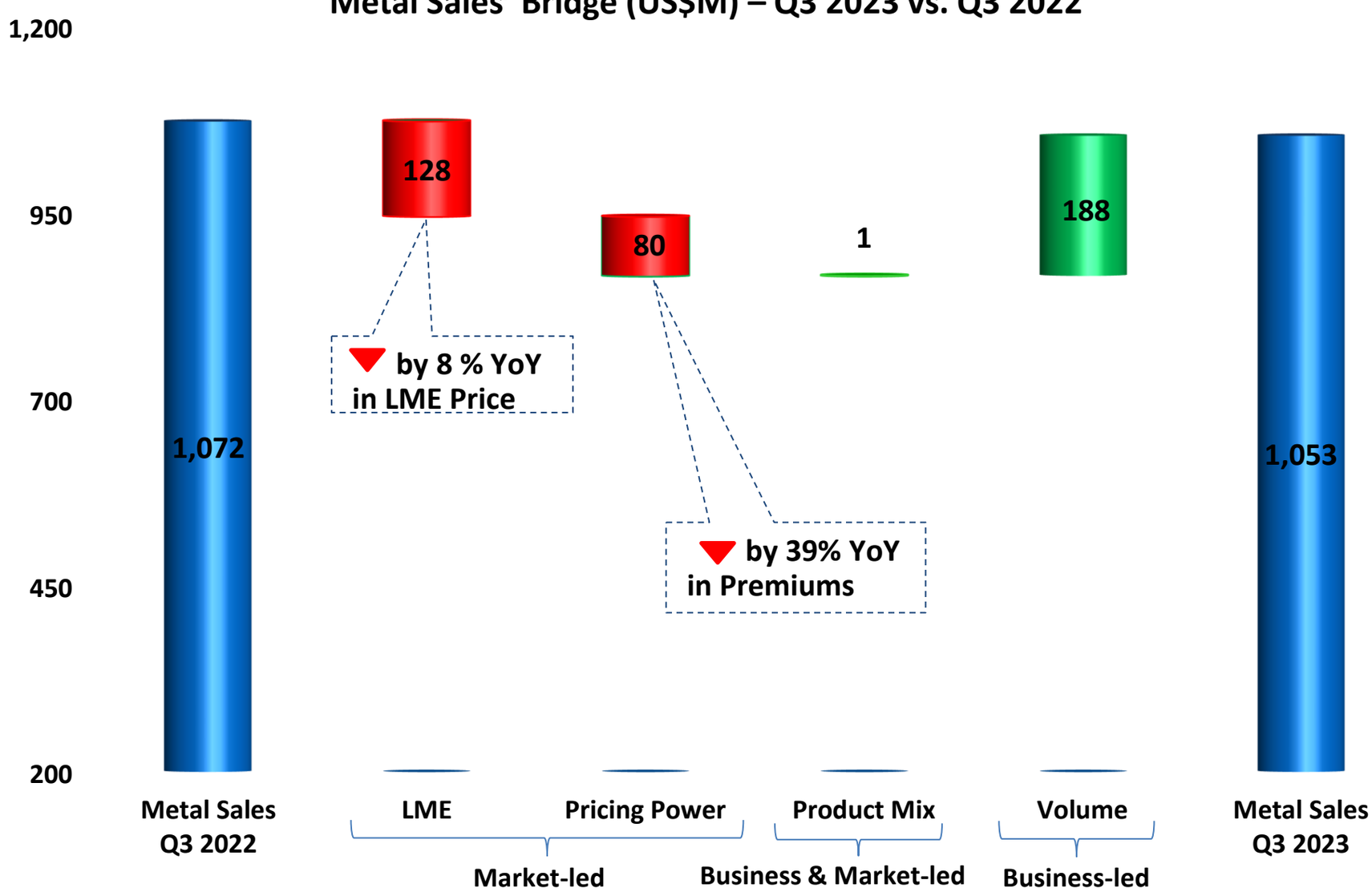
06

APPENDIX (Q3 2023 Results)

Volatility & Uncertainty Continue to Weigh on Aluminium Fundamentals

Lower Metal Sales due to Lower LME Price & Premiums

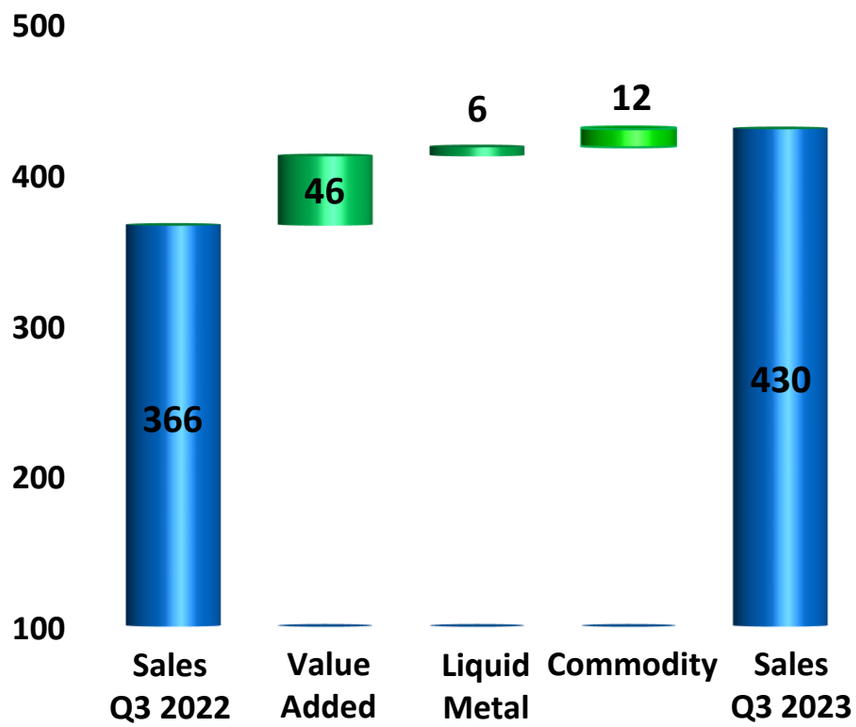
Metal Sales' Bridge (US$M) – Q3 2023 vs. Q3 2022



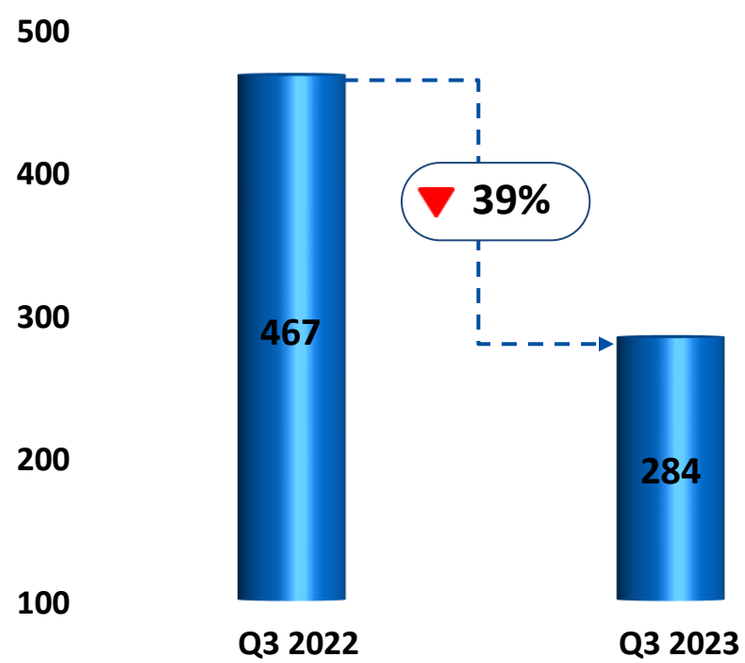
Volatility & Uncertainty Continue to Weigh on Aluminium Fundamentals

Higher VAP | Higher Liquid Metal | Higher Commodities' Volume

Sales by Product-Line Bridge (MT'000)
Q3 2022 vs. Q3 2023



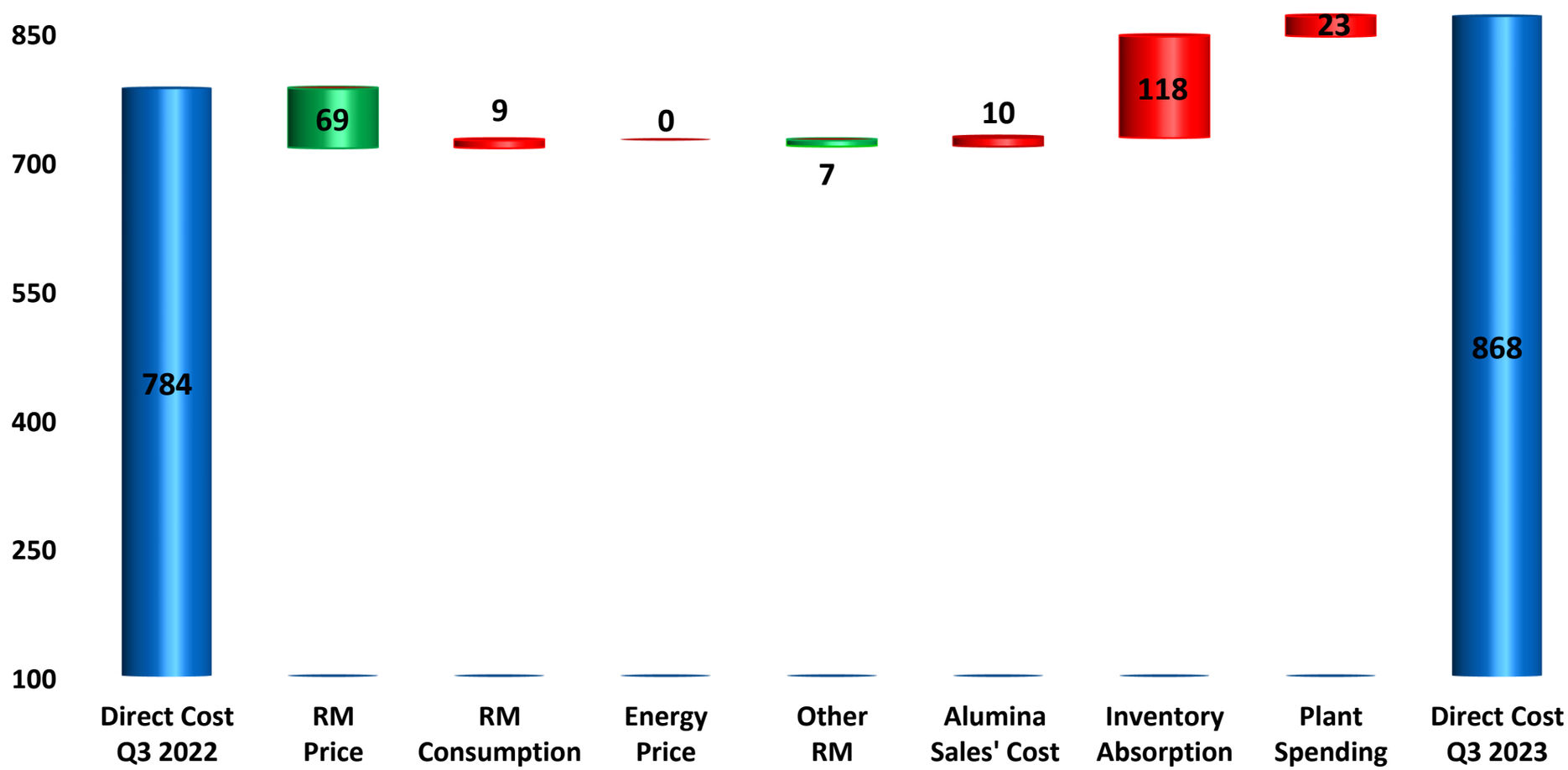
Premium Above LME Trend US$ Per MT



Volatility & Uncertainty Continue to Weigh on Aluminium Fundamentals

Higher Direct Cost Owing to Higher Production Partially Offset by Drop in Alumina Prices

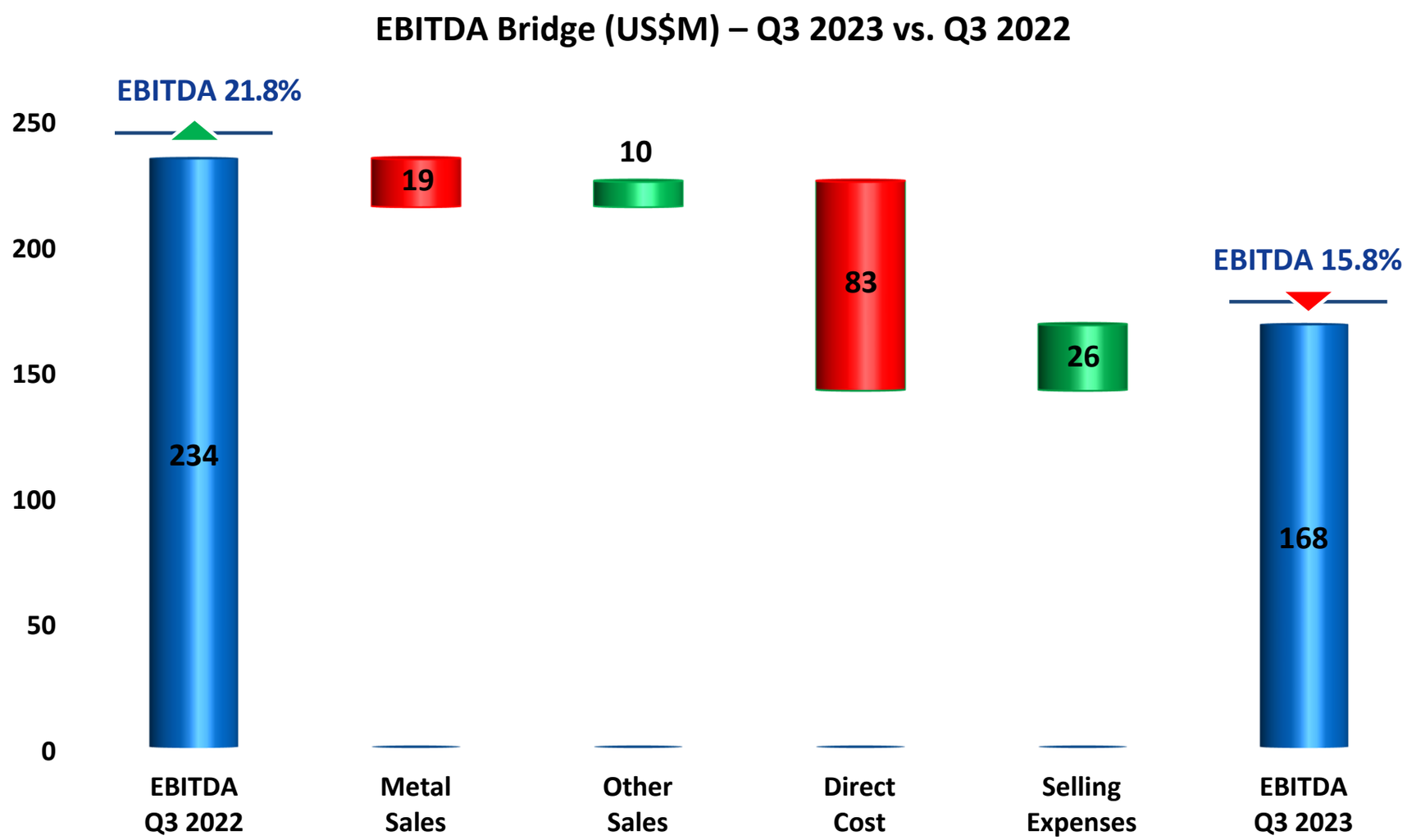
Q3 2023 vs. Q3 2022 - Direct Cost Bridge (US$M)



* RM stands for Raw Materials and Al_2O_3 stands for Alumina

Volatility & Uncertainty Continue to Weigh on Aluminium Fundamentals

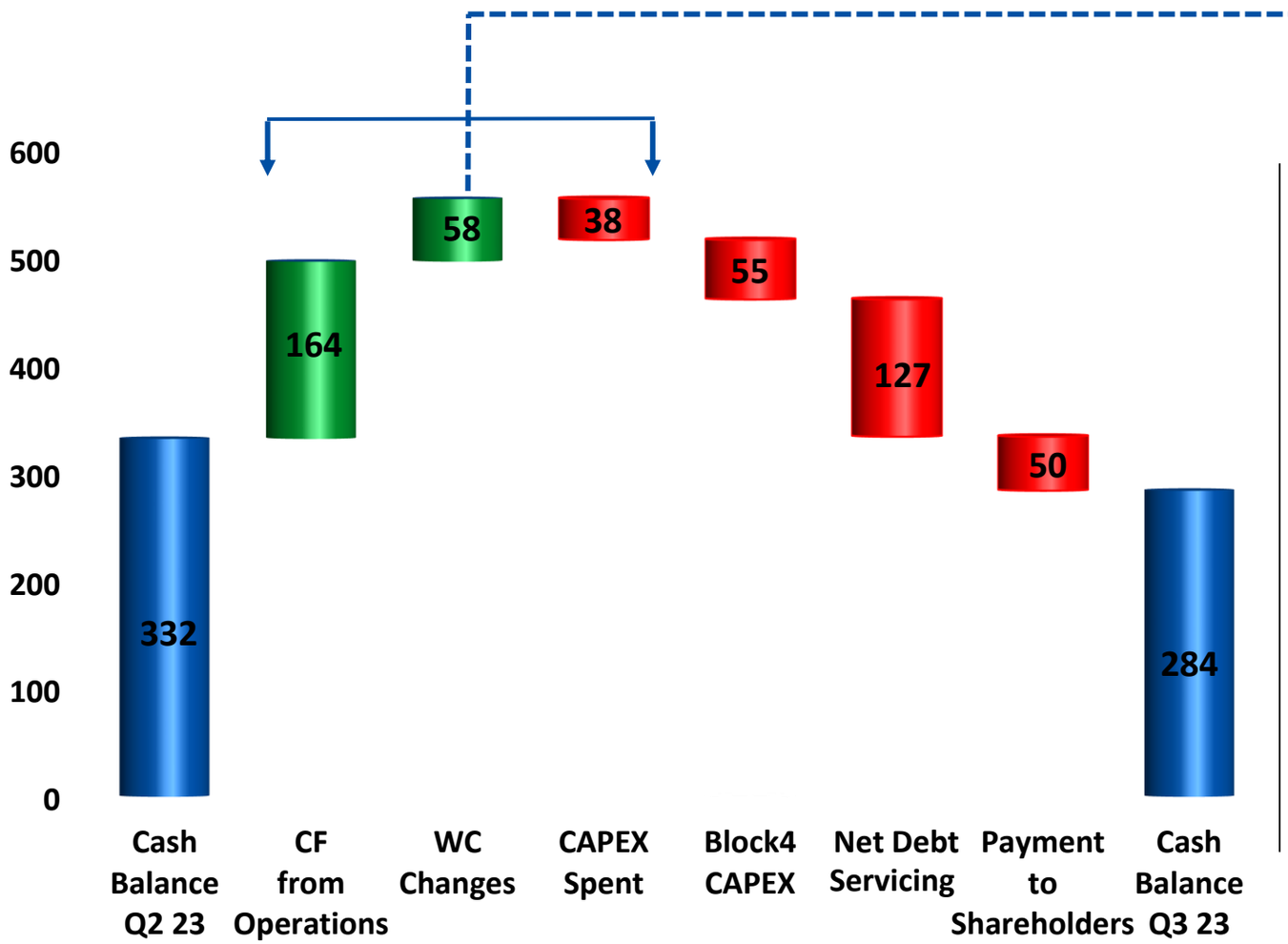
Lower EBITDA Owing to Lower Metal Sales & Higher Costs



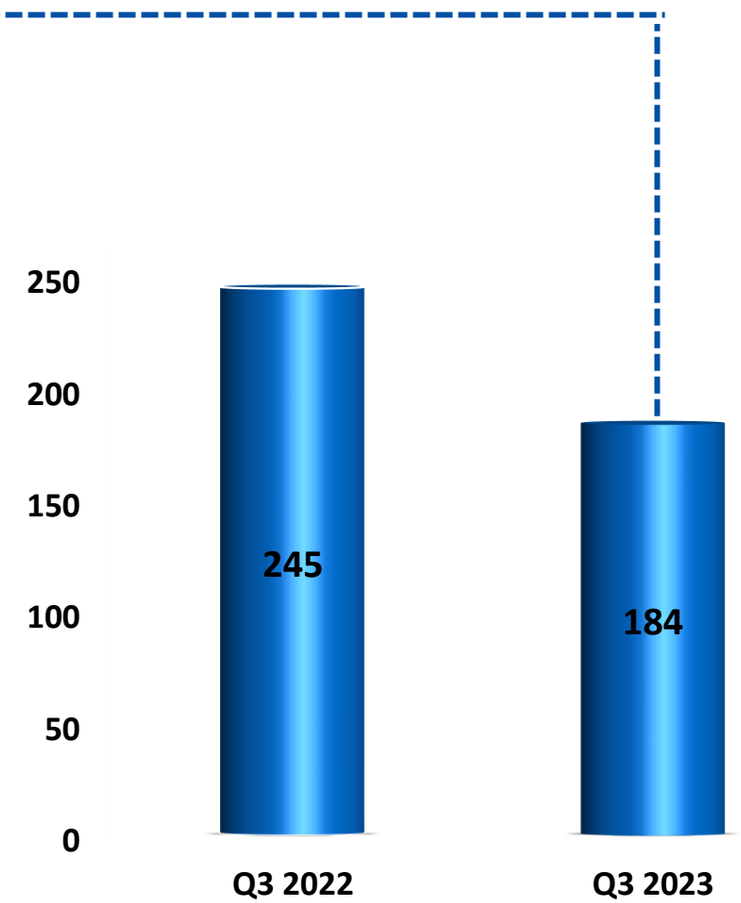
Volatility & Uncertainty Continue to Weigh on Aluminium Fundamentals

Cash-Flow Bridge Q2 2023 to Q3 2023

Q2 2023 to Q3 2023 Cash-Flow Bridge (US$M)



Free Cash Flow (US$M)

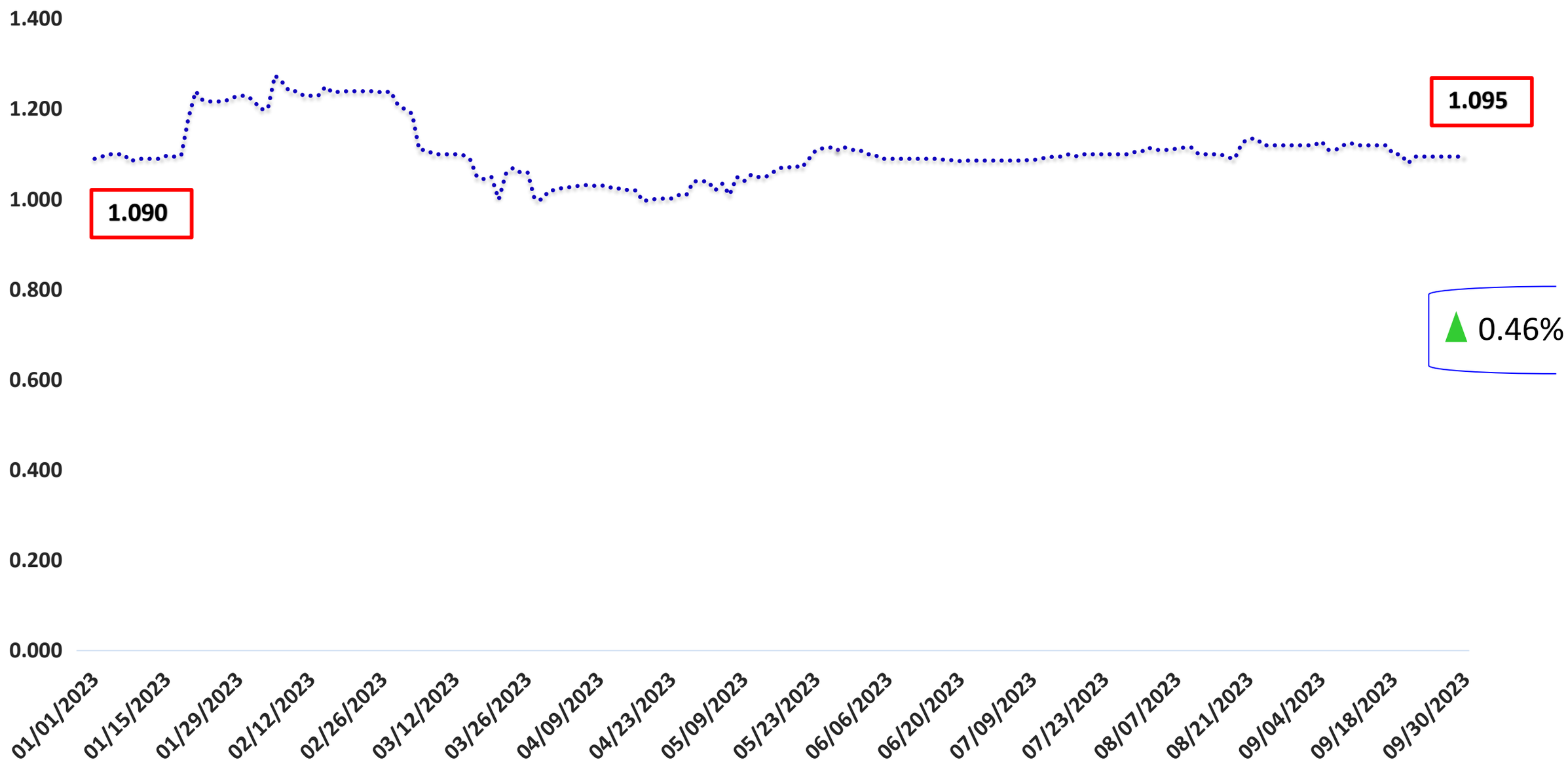


Alba Shareholder's Structure

Mumtalakat INVESTING FOR BAHRAIN	سابك sabic	
Bahrain Mumtalakat Holding Company	SABIC Industrial Investment Company	General Public
69.38%	20.62%	10%

- 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, BD1.095 on 30 September 2023]

Alba Share Price Performance [ALBH, BD]



For more information, please contact us on:

IR@alba.com.bh

Alba4World

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SICO Bank - Aluminium Bahrain Webcast

Thursday 09 November 2023

Introduction

Eline Hilal

Director of Investor Relations, Aluminium Bahrain

Welcome

Thank you very much. We are pleased to connect with you for Alba's Q3 and nine months results for the year of 2023. The call will be chaired by the CEO, Al Baqali, and in addition to our Acting Chief Financial Officer, Ahmed Abdul Qader, as well as myself.

As always, we will go into the IR presentation. I'm sure many of you are familiar with our content. We like consistency. While we change the content within each section of the presentation, the subject of the content will continue to remain the same.

Contents

I will take over and give you some highlights into the industry, so that we know more about what's happening and what has been happening in the aluminium industry over the last quarter. Then I will zoom in into Alba's highlight for the third quarter of this year, which our CFO will take a deep dive into Alba's financial for the nine months of 2013. And the last two sections will be covered by the CEO to give us his perspectives about what will happen for the industry for the remainder of the year, as well as what are Alba's major priority for the remainder of the year and beyond.

Industry Highlights

And with that being said, I will go into the industry highlights. The majority of this news are public information, and they are extracted from CRU market intelligence.

World Market Demand +3% YoY

If we take a look at this slide, it's about the consumption. The consumption for the first quarter of this year rose by 3% year-over-year. And if you want to know more about the rationale behind the increase in consumption, we have noted that the economic growth in major markets around the world continue to be under pressure, in particular for the third quarter of this year. And I'm sure you can all connect to that as tighter monetary policy has weighed on household spending and commodities' consumption.

For the Middle East, as a region, it had the highest consumption. The demand was up by 7% year-over-year, supported by higher consumption in UAE and the Kingdom of Saudi Arabia. For China, the demand was up by 5% year-over-year, driven by recovery in the manufacturing sector. To note, the Chinese imports have jumped to highest level since November 2021 with major inflows coming from Russia.

As for the demand in North America, it was down by 3% owing to uncertain growth in auto and construction sectors, while the economic growth – the slow economic growth in Europe as well as the higher inflation have led to a contraction in the aluminium consumption and it was down by 3% year-over-year.

World Market Supply +3% YoY

Moving further into the supply worldwide, the supply was also up by 3% year-over-year. Despite a generic sense of a dull demand for the metal, the production was pushed up higher

by increased output in China and in Americas. And you will know that the production in North America was up by 7%. And this is due to the restarts at Canadian smelters, mainly Kitimat and Alumar.

The supply in China was up by 4% year-over-year, and that's attributed to the output growth in Yunnan, following the recovery of hydropower generation.

As for the supply in Europe, it contracted by 5% due to weak manufacturing activity. And with that, the world market was left to be in surplus, with China plus 3,000 tonnes and without China plus about 90,000 tonnes.

LME Prices & Premiums Struggle to Find Positive Momentum

Moving forward to the LME price and premium. For the Q3, we note that the LME price and premium have struggled to find positive momentum and you can see that from the write up at the below charts on this slide. The LME price remains to be under pressure with bearish market sentiment dominating the trading activity. The LME cash average was down by 8% year-over-year, and it stood at $2,155 per metric tonne.

With regards to the inventories, there hasn't been much update in the inventory from Q2 2023 to Q3 2023. It continued to stay at low level with 0.5 million metric tonnes with growing inventories of Russian metal in LME-registered warehouses, causing concern.

For premium, the premium – they are on the swing, and they are expected to further drop in the near-term owing to weak physical demand.

Alumina Price: 17% of LME Price [US$362/t]

Moving forward on to talk more about the alumina, which is the major raw materials for the aluminium. Alumina price – the Alumina Price Index averaged 17% of the LME price. As stated before, the LME price for Q3 2003 was $2,155 per metric tonne, and the alumina price was about $360 per tonne.

Alba Highlights

And with that, I will take you through Alba's highlights for the period. Everything you see over here is based on public information and can be seen in Alba's profile.

Safety in Numbers

This is safety in numbers. We're just giving you a sneak peek into what the company has been doing over the last couple of months with respect to safety. We believe safety and productivity are mutually inclusive in terms of the total injuries. For Q3, it was 10. The recordable injury was one, and the LTI was zero for[?] the third quarter.

While you see on the right side of the slide that we have achieved on 29th October 9 million safe working hours; in reality, in these numbers we had 8 million safe working hours. But because we always like to think in terms of the future, we wanted to showcase as well over here that we have bypassed the 8 million safe working hours, and today we are running at more than 9 million safe working hours.

Major Environment, Social and Governance (ESG) Highlights

For our major highlights for ESG, it's quite a lot. But we are quite pleased with the achievements of the company. We're very pleased to report that Alba is the first smelter in

the region to have successfully – to have been successfully recertified to the newest version, version three of Aluminium Stewardship Initiative Performance Standard.

We have been the recipient of Al Bilad Award for CSR, in particular Environmental Category. We have recently inaugurated the Mangrove Nursery to mark the occasion of International Mangrove Day.

We have launched as well, in July 2023, a new safety campaign, which is – it's quite straightforward, "Stop, Think, & Act". And we've been conducting lots of awareness sessions from then until today.

We have also been the proud recipient of the Brandon Hall Group Silver Award for Excellence for this year for our Training and Development Programme, the TDP. We have also joined forces with Nasser Artificial Intelligence Research & Development Centre to Advance in artificial intelligence with the successful completion of Green Anode Density Prediction.

We have also implemented the Virtual Reality technology training for Potline Emergencies, and the work is in progress for four – for another four areas for in-house training courses. In addition, Alba has organised an Entrepreneurship Masterclass Workshop for its employees' children, about 60 students in collaboration with INJAZ Bahrain.

In line with developing our Bahrain youth, more than 90 trainee students have completed their On-Job-Training programme during this summer.

And as stated before, we have topped seven million safe working hours by mid-September of this year.

ESG: A Journey, Not A Destination

Moving further, I wanted to put a refresher that everything Alba does, specifically when it comes to ESG, it's a journey and not a destination. Things will continue to change day after day.

We have shared this with you before in Q1 of last year. And we have slowly advancing and making progress on each of these priorities.

And by that, I will leave the floor to the CEO to take us into the teaser that we just gave you over here to know – for you to know what is our plan as we advance to 2035, in line with the Kingdom of Bahrain projector.

The floor is yours.

Overview

Ali Al Baqali

CEO, Aluminium Bahrain

ESG Journey by 2035

Thank you, Eline. Good morning. Good afternoon, everybody. Before I go on this slide, just I would like to refresh your memory that, in 2022, we launched our ESG roadmap to target net-carbon zero by 2060. And part of our journey on that roadmap is to give you an update by 2023 what were our initiatives in order to achieve our carbon emissions.

Alba Solar Farm

So in terms of the first initiative, which is already ongoing and we are expecting to finalise it or to complete it in the quarter two next year, we're already launching the 6.2 almost megawatt solar farm capacity. It's ongoing and we are on target to achieve this. It will enhance our carbon initiatives. I noted a small megawatt compared to what we are utilising, but the main objective of this initiative is to show the customer, to show all the products our commitment toward using the renewable energy in the futures in order to have our green aluminium.

Efficiency Upgrades

The second initiatives related to efficiency upgrade. And in this initiative, there are two projects on the table. One, it is already in traction and before maybe two weeks we celebrate by receiving the gas turbine coming from Japan from Mitsubishi. This is a major milestone for us in terms of having this Power Station Block 4 in the process. And we are aiming to finalise or to commission the full Block 4 in the Power Station 5 by quarter four next year. This – it will add additional capacity more efficiency to our power generation by around maybe 680 megawatts, but this also in terms of ESG and decarbonisation will reduce our GHG intensity by almost 0.5 tonne of carbon.

In the other hand, yesterday we had our Board meetings, and the Board gave us a green light to continue with this study to do a Class III estimate for the Line 7. A Class III estimate means that the accuracy of the CapEx is narrowing to around 20%, plus or minus. A Class V, which already presented yesterday to Board, was the Class V estimates, which are present between 40-50% accuracy.

Recycled Material

Moving to the recycled material, we have looking a lot of initiative. And the update that to give you a high level that are looking to have either a remelt facility in Bahrain or in Europe or in US. This, it will enhance our capability to have low-carbon product in future, as well as support our production for the coming few years.

Government Collaboration

The last initiative, I think also in this year before maybe three to three months, we almost issue a tender – a public tender to have an offtake agreement for 25 years renewable energy by either solar or any means of renewable energy. And we request 500 megawatt minimum to get, but we are open for any investors to come and to offer even below that number of megawatts. This is under evaluation. We received a bid under evaluation. We receive the bid for interest, not the commercial bids. After we communicate, we submit the tender documents to these interested parties. And hopefully, we can have a major milestone in this achievement.

This is just high level high projects. We're doing a lot of things in-house to reduce our carbon emission. But these are the high level projects and mega projects that we can call it.

I will return turn the floor to Eline to continue with the presentation.

Operational Highlights

Eline Hilal

Director of Investor Relations, Aluminium Bahrain

Operational Highlights – Q3 & Nine Months of 2023

Thank you, Baqali[?]. This is only a teaser. I'm sure if you follow our disclosures, you will know more about what the company is doing in respect to ESG. We'll be providing more and more insights soon. Please stay tuned.

And with that, I will go into the operational highlights with what the company was doing in terms of business-led activities.

- Our production for the third quarter have almost got to 410,000 metric tonnes, up by about 1% year-over-year, while for the nine months we have exceeded 1.2 million tonnes, up by about 2%.
- As for our sales volume, as you see, for the third quarter we have exceeded 430,000 metric tonnes, up by 17% year-over-year, while for the nine months, we have almost topped 1.18 million metric tonnes, up by 7% year-over-year.
- With regards to our value added sales, this is for 68% for the third quarter versus 67% for the nine months of 2023.
- We have also debuted a new alloy, 6060.HE in Alba's product portfolio as part of our AA6060 alloy family dedicated mainly for the company's extruder customers.
- As you have seen perhaps, we have put a regulatory – a filing to the regulators in August, if I'm not mistaken, about the natural gas supply that has been extended by – to an additional five-year period and will remain at $4 per MMBtu for the coming five years.
- AL HASSALAH Top Up, this is part of our CEO's yearly objectives. We are doing our best to sustain the savings which we have achieved back in 2022 at about $115.34 million throughout this year, and more to come, which will be announced in due course.

Financial Key Performance Indicators – Q3 & YTD 2023

For the major KPIs for Q3 and year-to-date, I will not go through that. I will only take you through the third quarter results because for the half year results, it will be covered by our acting CFO.

- For Q3 2023, we have $168 million EBITDA. Of course, it was driven mainly by lower LME price and premia, and it was down by about 28%.
- For the profits, it was $46 million. And as you see, it was 64% year-over-year, mainly because of lower EBITDA.
- As for the free cash flow, it was $184 million down by 25% year-over-year.

And with that, I will leave the floor for Ahmed to share with us more insights on the company's performance – financial performance for the nine months of this year.

Nine Months 2023 Results

Ahmed Abdul Qader

Acting CFO, Aluminium Bahrain

Volatility & Uncertainty Continue to Weigh on Aluminium Fundamentals

Lower Metal Sales Owing to Lower LME Price & Premiums

Thank you, Eline, and good afternoon to all participants. So I will be taking you through our financial highlights for the year 2023 quarter three and starting at page 17 with our turnover.

So in 2023 year-to-date, we have achieved a total turnover of $3 billion in comparison to the year 2022 year-to-date decrease by around $600 million. And that's mainly because of the LME price drop and even the premium market price drop. But the positive side, that we have a high sales volume and this year which has offset the impact of the drop in the LME and the premium prices.

Higher VAP | Higher Liquid Metal | Lower Commodities' Value

Moving on to page 18. And as we stated earlier, our sales volume has increased from 1.1 million year-to-date 2022 to 1.18 million metric tonne in 2023. So typically, the high sales volume contributed because of the high added – value-added sales in the year, as well as the liquid metal.

Despite the high sales volume, we have had drop in our premium, and this is typically as covered by Eline in the previous slide, because of the market premium price. So our premium year-to-date in 2023 recorded at $306 per metric tonne.

Higher Direct Cost Owing to Higher Production & Partially Offset by Drop in Alumina Prices

Continuing on the cost side of our business. As you can see, that our cost has slightly increased around at $100 per metric tonne, and this is mainly because we have increase in our sales volume as well as increase in our overall production. So this contributed in the increase in our costs.

But the positive side, the direct raw material prices has decreased, and this is typically because of the market situation and the inflation has stabilised by the end of the quarter.

Lower EBITDA Owing to Lower Metal Sales & Higher Costs

So moving on, on the EBITDA side. So our EBITDA for the year '23 record at $601 million, which represents around 19.5% as EBITDA over sales. So as highlighted earlier, the major variances is mainly because of the metal sales, as we indicated earlier, because of the LME and as well as premium prices.

Cash Flow Bridge FY 2022 to YTD 2023

On the cash flow side, we continue to report a healthy liquidity position, shows the cash balance in quarter three 2023 at $284 million, slightly increase were around – by around $40 million. So from operation, it was a positive – negative variance when it comes to the working capital changes and typically because of the change in the LME prices in the market.

And the CapEx spending stands at $114 million. So we have investment in Block 4, as highlighted early even by our CEO of $72 million this year. So our free cash flow on the year 2023 record at $396 million.

Key Financial Performance for Q3 & 9 Months 2023

Just to take you a snap on our financial highlights. So the LME, where the major events dropped from year-to-date from $2,800 around in 2022 now to the level of $2,200 per metric tonne. When it comes to alumina price, we had seen a drop in the raw material price overall, in particular alumina price year-to-date at $363 per metric tonne. So this would make our EBITDA of $601 million in '23 for profitability of $252 million for the year – year-to-date in 2023.

So over here, I end my part on the financial highlights, and will hand it over to our CEO to – for the rest of the material.

Conclusion

Ali Al Baqali

CEO, Aluminium Bahrain

Industry Perspectives in 2023

Thank you, Ahmed. I will take you very quickly on the industry perspective and Alba priority for the remainder of the year and next year.

Aluminium Industry: Volatility & Uncertainty to Shape Medium Term Outlook

For the industry perspective, if you look at from beginning of the year actually, even from the quarter four last year, the market was volatile and subdued and LME price was dropping due to different factors.

One of them is the inflation rates. Interest rate, inflation and the power challenge in Europe started from last year and it continue, and we should not forget also Russia and Ukraine war. This all put the market in uncertainty. The customers hesitate to book bigger volumes, as well as there is a decline in the construction sectors which affect the pellets markets.

In terms of the prospective for the end of the year till the next year, just return from the LME Week, that LME Week almost there is like a lot of presentation to look at the outlook of the market. And all the market intelligence conferences or the presentations shows that the market will continue with the same level by the end of this year, as well as this – it will continue till the quarter two next year. So we are expecting quarter three, quarter four next year the market will be improved, especially in terms of construction sector in case the Feds start to decrease the interest rate in the future.

Another reason also with the lower net income, as Ahmed stated in his financial update, that the premium – still there is a pressure on the premium, and so it will continue further, especially in the US and Europe. However, as you can see that, we are expecting even the premium will be improved maybe from end of the quarter to next year.

In terms of the CBAM regulations, the Carbon Border Adjustment Mechanism, officially everybody start reporting from 1st October. They are starting reporting GHG intensity per

products. Still there is no clear procedure what will be going to happen. But from what we are receiving, since 2026, the reporting will be in 2024 that it will be like the final starting for the CBAM tax. It will be start from 2026 unless there is some major change by the CBAM regulations.

As I said before, the LME range, we're expecting it will be between $2,100 to $2,200. Today, the LME price within the range of $2,200 for the few days and we are expecting the [inaudible] will be ending the year.

Major Raw Materials Price Trends (AI2O3, AIF3, Liquid Pitch and GPC)

Moving to next slide. The next slide about the major raw material. We see that the alumina price starting to soften a little bit and it's almost within the range of $300-$350 per metric tonne. And I don't see any change in this till by the end of the year, unless next year, if China, they start, for example, to take or decrease their aluminium, then this is what we saw in EBITDA data[?]. Because now, currently, China, they are starting importing alumina from rest of the world.

The liquid pitch, there is like a direct correlation between the liquid pitch and the oil price. At the moment, the liquid pitch price is on the higher range little bit, but we are expecting this correlation is come direct to the oil price. The oil price is going up. We'll see a little increase in the liquid pitch price. If the oil price halt at the same level, we didn't see any reason to increase the liquid pitch above the target price for the time being.

Aluminium fluoride is almost stable, same as the – same as quarter one, quarter two, quarter three also same. We will see also quarter four little bit softer impact. I think it will be in the same range for the next year. I don't see any big changes.

For the black material which is GPC, CPC and anode, this also there is some correlation between the oil price and these three materials. But at the moment, we see that there is some recovery in the price and – but if Chinese, they start also cutting the production of these GPC or the CPC or the anode, definitely this it will affect the price because the supply will be less and the demand will be high. This will increase the price a little bit from this year.

2023 Alba Priorities

By this, I will move to the last section in our presentation, which is 2023 Alba priorities.

Enhance Business Value Through Sustainability & Journey Towards Safety Excellence

As Eline start the presentation from beginning, definitely we consider safety as a top of priority for us. And then she said that it is a journey, not a destination. This is correct. From beginning of the year, we did a lot of safety campaign to improve our safety. And in the chart which she presented earlier, we are improving the safety KPIs and the safety performance.

Unfortunately, we had one LTI, it was in the last week of Ramadan. But after that, we did a lot of awareness session and we – *inshallah* – we are going to achieve 10 million our without LTI, *inshallah*, by within the two weeks' time.

For the embrace sustainability across our value chain, this is definitely we are – I already updated you in the beginning, we give some initiatives and our milestones towards 2020 – 2035. And by 2026, we have a lot of plan on high level to achieve the net carbon zero.

For the production, definitely every year we have a new challenge. This year is a big challenge for us to maintain the production and to exceed, *inshallah*, last year production, which is above 1.6 million tonnes.

And also, I think this agenda is always we are highlighting every quarter, we are updating our shareholder or the investor that the upstream opportunity for so many years we are looking for an upstream opportunity to secure our alumina requirements at least well there. At the moment, we are purchasing around three million tonnes of alumina. If we can get an opportunity to secure one-third of that, which is one million tonnes from an offtake agreement or minor joint venture with a reliable refinery plant, it will be very good to secure the security, and at the same time to offset any highs in the alumina price.

We did lot of certifications, not from the marketing like an ASI initiatives or Ecovadis, but just to let you know that within – for the last two weeks, we got a certification or an award to certified Alba and safety – registered the content. We've done an audit and we got four star out of the five star. This is very good in terms of the aluminium industry because we are the first aluminium industry to conduct such audit.

We've done the audit in 2010 and we got two stars. This year we got four stars. And we are aiming for five stars, *inshallah*, in the coming years. I already update you on the Block 4 for the Power Station 5 and the Solar Farm. This is also on the top of schedules, on the top of priority. We are going, *inshallah*, to achieve them on time and within the budget.

And plan seven, as I said, we are proceeding with the Class III estimate with Bechtel. And it will probably, definitely, all the data is available at the Board, they will take the final say on Line 7 project. Line 7 – just to give you an update also, Line 7 is – our aim is to copy Line 6 in terms of production. And – but now we're negotiating with the government in terms of allocating the land for Line 7 as well as to finalise the gas contract with the government in order to get an extra quantity or not. But as we update you last time also, we already got a letter from the government to confirm the gas price for the coming five years at $4 per MMbtu.

By this, I am ending the presentation. I will leave the – or I will return this to Eline to – or to receive any question from your side.

Q&A

Eline Hilal: Thank you Ali and Ahmed. Just before we start with the questions, note please that if the question is repeated, I will not do it twice. Any question which is not answered today, or if you guys want to have more questions, you're very welcome to drop us your questions by email, and we can always address them.

And by that Sandra, if you don't mind, we can start with the questions. I will go through the questions that I see on my screen. But then if you receive something else, please let me know.

Operator: No problem. As a reminder, to ask a question, please press star one-one on your telephone and wait for your name to be announced. That's star one-one, if you wish to ask a question. We have one question on the telephone line.

Eline Hilal: Yeah, can you please let us know?

Operator: Sure. One moment, please. The question comes from the line of Nour Sherif from Arqaam Capital. Please go ahead.

Nour Eldin Sherif (Arqaam Capital): Yes, thank you for the call and for the opportunity to ask question. A couple of questions for me, if I may. We can take it one by one. So if you can explain how much of savings should we see from the new Station 5 Block 4? And how much of savings were already booked for the 6.2-megawatt solar plant?

Eline Hilal: Yeah, I'll take that. I'll try to answer each of your questions one by one so that we don't confuse everyone. As you know, Nour Sherif, the Power Station 5 - the Block 4 of Power Station 5 is still in construction. We haven't really seen any savings yet. The Block 4 is due to be commissioned by Q4 of next year. We still have one more year until we finish from the construction and until we commission the Block 4.

We should be able to see savings starting from Q1 of 2025. But from now until then, we're not relying on Block 4, because if you remember, Baqali stated a while back that we just received the gas turbine on site. And it's a long way to go until we commission the gas turbine line. We're moving in terms of milestones. As of today, the Block 4 is not completed.

If you notice in the Alba priorities for the year, we're trying to complete the Block 4 construction ahead of schedule, and if not ahead of schedule on time or on schedule. The commissioning as per the timeline is due to occur within Q4 of next year.

Nour Eldin Sherif: Yes, clear. And how much of savings should we expect?

Eline Hilal: The savings will be more in terms of the gas consumption because the Power Station Block 4, it will be more efficient. We will rely more on Power Station 5 with the blocks that we have. It will be four blocks. The savings, it would be seen from less gas consumption, and accordingly, the savings is not – cannot only be quantified only in terms of monetary value, because the savings that Alba perceive is also in terms of its carbon emissions, because it's a very high efficient gas turbine, and because it consumes less natural gas. With lower consumption of natural gas, it will end up you – to emit less. Lower natural gas consumption means less emissions to the environment.

It's a double-edged savings. Lower [inaudible] emission[?] to meet our ESG roadmap criteria, all the while consuming less natural gas. And if you consume less natural gas, you don't pay for something that you don’t consume.

Nour Eldin Sherif: Yes. And then in terms of how much of savings should we expect from the solar plant?

Eline Hilal: The solar is really – we would like, and if you know – Nour Eldin, if you know someone or a company that has the capacity to – for us to be an off-taker for more than 500 megawatts, then I would be in a position to quantify for you what the savings will be.

The current solar farm that Alba is constructing on the ceiling of its parking space on 5 Alba has the capacity to produce 6.3 megawatts. And 6.3 megawatts is not enough to have electricity – to put electricity in the administrative department. it's a very small capacity. But this is what we can do at this stage.

Having said that, if you remember, in the ESG roadmap for 2035, the CEO stated that Alba has officially started and launched a tender to be – for us to be agnostic for at least 500

megawatts. If you know any of the good companies that are willing to give us solar power for at least 500 megawatt, please let us know.

Nour Eldin Sherif: All right, thank you. And one follow-up on the cash costs. So we have seen on my numbers in terms of cash cost preponed and away from the volume pickup that we have seen in Q3. Actually, cash costs have firmed Q3 compared to Q2, while I was expecting slightly lower on the back of some normalisation from marketing trades and slightly alumina. What was the reason behind higher cash cost? And that's away from volumes sold.

Ahmed Abdul Qader: So I'll be answering to that specific question. So, generally, what we have done, there is an implication which is referred as inventory absorption. So whenever we witnessed inventory or raw material prices drop, so this will have a temporary impact in our cash costs in the beginning of the period. But as we proceed forward in the timeline, as we observe everything in our inventory, external valuation, so we would expect to see our cash costs also to improve even further.

Nour Eldin Sherif: That is clear. So we said the lower inventory prices starting next quarter.

Eline Hilal: What did you say, Nour Eldin? Can you raise your voice, please?

Nour Eldin Sherif: I was saying that – yeah, so I was saying that the lower inventory costs should be reflected towards the next quarter.

Eline Hilal: Correct.

Nour Eldin Sherif: Okay, clear. Okay. And one last one on the news –

Eline Hilal: To just add to what Ahmed had stated. if you check our COGS in the income statement, cost of revenue for the third quarter, you will note, Nour Eldin, that we have a slight increase in Q3 2023. And this has been mainly because the cost of materials that we have used in this quarter have been bought at a higher price previously when the current price for raw materials have dropped down.

And this is why you see a slight jump in our cost of goods sold. At the same time, we need to also remember that Alba is increasing its production, that means more consumption of raw materials.

Nour Eldin Sherif: Yeah. Okay. And one last question for me on the potential dual lifting, where are we in the process? And if you can share more details around it?

Eline Hilal: No comments. If you have seen our clarification to the regulator, you would note that this is still at a very high-level discussion. I talk about that with my CEO on a daily basis. we're just doing some analysis in-house ourselves. Nothing is yet material. And in the event, there would be any disclosures, it will be disclosed. We will put an official disclosure. But there is nothing now to add at this stage. Our senior management always talk about value-added initiatives; but these are only discussions.

Nour Eldin Sherif: Yeah, clear. Thank you very much.

Eline Hilal: Thank you. I will branch in into the question for Mr Shah[?]. What sort of premium versus standard products do your value-added product typically commence[?]? Has that premium been falling or rising recently?

Ahmed Abdul Qader: Falling.

Eline Hilal: I think this is a straightforward question that, Rahul[?], as you see our revenue, despite increasing our sales volume year-over-year whether it is on the quarter 77%[?]. As for the nine months 17%. If the premium is not falling, we wouldn't have been – it would have had higher revenue. So that should answer your question. The premiums are falling, specifically for the Europe continent and the Americans.

You indicated – the second question is, you indicated that you see aluminium prices to soften until Q2 2024 and potentially firming thereafter. Could you please provide some more context for this view, supply versus demand, reason and validation?

I thought that this question was addressed by the CEO in his thoughts about industry perspective. He stated clearly that the prospect for a healthier 2024, which we hope that will happen, it will hinge on better economic performance. as you see, we do have high inflation, and we do have higher interest rates today. The consumption is quite bad. The tighter monetary policy is affecting households and consumers from spending.

if we do not see a better economic performance within 2024, we wouldn't be seeing a better prospect for the LME price. We have attended the LME Week in October. And the consensus is that the industry will continue to have an LME price reaching at the same level as of today, or maybe slightly less. And hopefully, we will see a better performance starting from the second half of next year.

Asia sales look to have bounced back after a few weak quarters. Why is this? Could it be the start of an upward trend? I would say over here that's usually more or less our distribution for the sales on quarter-over-quarter. You might be seeing a different quarter-over-quarter, but, we do have a very fair distribution for our sales. Please wait until we release our full year results. More or less our major markets will – is and will continue to give a hand about 35%[?] of our sales, followed by Europe, Asia and the Middle East, as well as America.

Any update on Line 7 study?

Ali Al Baqali: Nothing.

Eline Hilal: I will not address that. That has been addressed. How do you expect the carbon intensity of the business to shift over the next decade? That has also been addressed with the CEO when he gave insights on our roadmap for 2035.

I'm trying to be very quick in the interest of time because we do have another call to attend in seven minutes. Another request came from Mr Chou[?]. The gross profit margin was lower quarter-over-quarter at 12% for Q3 2023 versus 17.5% in the second quarter. Did the alumina price as percentage of LME stayed the same quarter-over-quarter at 17%? What were the other drivers for the lower gross profit margin quarter-over-quarter?

Ahmed Abdul Qader: I'll be answering to that question, Mr Chou. When it comes to quarter-to-quarter, so referring to quarter two '23 to quarter three to one major event that our sales volume has increased and even our production has increased. In those two element, this is increasing, it will have an implication to add.

So plus, as I have indicated earlier, the inventory absorption, so this will have an implication on our costs, so the – throughout the time, the price overall might drop, so this will have an impact in the inventory valuation. Thank you for the question, Mr Chou.

Eline Hilal: What was the observed coke and pitch cost tonne during the quarter? Ibrahim[?], we do not provide these kinds of details. I will be more than happy to guide you into how to get like some sort of an answer to your question, but we do not provide these details. Otherwise, you will know exactly what is the cash cost per tonne.

What was the realised, the premium of LME for Q3 2023? I would say it to Mr Chou, you would be able to know that if you look at the revenue bridge, the metal sales bridge. And how do you see the LME premium track for Q4 and 2024, I think we have stated clearly through the CEO that regional premia will continue to decrease from now off the back of the lower demand on the physical premium.

What percentage from – this is Dugar[?]. What percentage of production is coming from Line 123? Line 123 produce about 300,000 tonnes out of 1.6 million metric tonnes or you can do – you can do the math.

Is Line 7 expected to cover volume loss from these three lines and this get decommissioned[?] in 2027? This question will not be addressed. Once we have more insight from the feasibility study of Line 7, we will be providing at that time more insights. Until now, please bear with us.

Was the large inventory absorption as a one-off this quarter, or is it expected to continue to support sales volume?

Speaker: [Inaudible] you question.

Eline Hilal: So, the inventory absorption, I think it will – Ahmed stated before that it will get down as we move forward. But you need to also understand that if we are increasing the sales quarter-over-quarter and when – and then, although we are selling, of course, and then you know you have the lag time between shipping from Bahrain to the rest of the world, if the metal is unloaded, that would still be considered inventory. It would not be considered as sales.

While the inventory absorption this quarter – let me go back to my slides. So the inventory absorption – if I go into slide number 19 under the direct cost bridge, I'm assuming your question is for the nine months' results – so it has increased year-over-year by $107 million. Please support me, Baqali, if I'm saying something wrong, or even Ahmed.

Ahmed Abdul Qader: Yeah. So continuing also to that particular question. So typically, it will depend on the volatility. So if you're witnessing even volatility when it comes to our raw material prices, so we witnessed this absorption to continue. So the more this stabilise, the more we expect things to be smooth, and we don't expect any absorption to have any implication to our results.

So that's to that question for Mr Abdullah?

Speaker: [Inaudible].

Eline Hilal: Yes. Yousef Husseini[?], thank you. I think that's the last question from today's call. You were mentioning that Block 4 from Power Station 5, how much is more efficient versus the older stations?

First to note that Power Station 5 that has the three blocks of 1,800 megawatts has an efficiency of 54%. The new gas turbine, which is added – which is going to be added has a

higher capacity, 680.9 megawatts that has – it has slightly higher efficiencies, so probably about 56%. And of course, once Q4 – Block 4 is fully commissioned, hopefully in Q4 of next year, Alba will stop relying on all the power stations and will start relying on the power station site that has – that will have about 2.4 gigawatts, which is more than sufficient to cover our operation.

And that efficiency, as I stated before, it's a double-edged sword, so it's going to be – because it's super-efficient and because it's a new power station and the efficiency is above 55%. You will consume less natural gas, so you will end up saving more because you consume less natural gas. And effectively as well, we will be emitting less to the environment. And that will also help us and serve us in our ESG roadmap, in line with the Kingdom of Bahrain's commitment to reduce our greenhouse gas emissions.

Speaker: No more question?

Eline Hilal: I think if you guys have no more question; we could end the call. Otherwise, if you have more questions, please drop them to our IR email and then we will be more than happy to address any of the questions you have. And I apologise for Mr Achal[?] or someone else who has requested about the cash cost. First, in relation to the cost, Ibrabim Al-Haldeisi, we do not provide this kind of insight, because as you will know the company inside out. We'll leave that to you and help you to understand more about our cost structure in a follow-up call.

And with that, I thank you very much. And I also thank the management team. Of course, SICO, they have been very much supportive in hosting our call and the conference calls, specifically, Anoop Fernandes. Thank you very much. And we look forward to connecting with you again for the full year results for 2023.

We are due to publish – to release our results on 14th February of next year. Once this date hopefully is confirmed – as of now, it's almost confirmed – you will be notified. And we will stay connected.

From now until then, if you have any questions, please feel free and send us an email. Thank you very much and have a lovely day.

[END OF TRANSCRIPT]