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for the world

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



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العالم

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

Disclosure of Material Information

To: Bahrain Bourse

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

الإفصاح عن معلومات جوهرية

السادة / بورصة البحرين

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

Date	16 November 2022 16 نوفمبر 2022	التاريخ
Company Name	Aluminium Bahrain B.S.C. (Alba) ألمنيوم البحرين ش.م.ب. (البا)	إسم الشركة
Trading Code	ALBH	رمز التداول
Subject	Aluminium Bahrain B.S.C. (Alba) has conducted its Q3 and 9 Months 2022 Financial Results' Conference Call on Tuesday 15 November 2022 at 2 PM. Attached for reference is the Investor Relations (IR) Presentation along with the transcript for the call/webcast. عقدت ألمنيوم البحرين ش.م.ب. (البا) اجتماعاً هاتفياً لمناقشة الأداء المالي للربع الثالث والتسعة أشهر من عام 2022 يوم الثلاثاء الموافق 15 نوفمبر 2022 في تمام الساعة 02 ظهراً. تجدون في المرفقات العرض التقديمي لعلاقات المستثمرين للربع الثالث والتسعة أشهر من عام 2022 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		التوقيع Signature
		

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SICO Bank Aluminium Bahrain Webcast

Monday, 14th November 2022

Introduction

Eline Hilal

Director IR, Insurance & Corporate Secretary

Good afternoon everyone, and for those who have just started their morning, good morning as well. Please accept our deepest apologies for keeping you waiting for about 15 minutes. We had some technical issues and I trust that everyone can hear us properly. Thank you for connecting.

This is Aluminium Bahrain Q3 and nine months of 2022 webcast. I hope you see in front of you the IR presentation. As always, we have the regular sections that we will be covering. Myself, Eline Hilal, I will be covering the first two sections about the industry highlights as well as Alba's highlights for the period. Post that, our CFO will give us a deep dive into Alba's financials for the first nine months of 2022, while the last two sections, about the industry perspectives for 2022 as well as Alba's priorities for the rest of this year and next year, will be covered by our Chief Executive Officer, Mr. Ali Al Baqali.

Industry Highlights

Eline Hilal

Director IR, Insurance & Corporate Secretary

Falling Demand: Heightened Levels of Volatility and Uncertainty

And without further ado, we will start the IR presentation and we will move to page 5. So, on this page, which is about the industry highlights, we wanted to provide you with a deep dive into what has happened in the industry and share some macro economic factors which have impacted the Aluminium industry at large.

We have seen in the last quarter a fall in the aluminum demand. This is underpinned by heightened levels of volatility and uncertainty which in turn impacted the growth of aluminum metal in Q3 (a mere growth of +0.5% year over year). As we are all aware, we have been navigating throughout the Covid-19 pandemic and today the global economy has started to face the prospect of a recession after just finishing from the Covid-19 pandemic. The outbreak between Ukraine and Russia war has led to a steep increase in energy prices in Europe, with global inflation rising to unprecedented levels while interest rates were up sharply, as we have all noted.

All of these factors have taken their toll on the aluminum industry, specifically in Europe and the States, as smelters have cut their output against the background of high power rates and a falling demand growth. If we take a closer look at what has happened region-wise, the Middle East demand was up by about 8% year over year, supported by higher consumption in United Arab Emirates, which has seen an increase in demand growth by 17% year over year, followed by Bahrain, +3% year over year. If we take a look at what has happened in the United States, the demand remains under pressure and that has seen almost a modest increase of 2% year over year.

The China consumption was of course impacted by an increase in Covid-19 cases and lockdowns that the government has enforced, and the logistic challenges in the market. These have had their pull on different sectors in China, to include construction, packaging and consumer durables. With regards to Europe, we have seen a strong slowing economic growth coupled with higher inflation which have led to a contraction in the aluminum demand of about 8% year over year.

World Market Supply +3% Year on Year

Moving forwards with the supply side, which is page 6, the world market supply, unlike the world market demand, was up by 3% year over year. If we look at China, the China increased production was up by 6% year over year, following the 2021 supply cuts and delayed ramp ups. So whatever we have seen in China back in 2021 in terms of supply cuts -- in respect to shifting to greener power and the delayed ramp ups, have started to see a new dawn and the production now has been up.

With respect to Europe, Europe has led the world excluding China, with its output cuts owing to spikes in energy prices, and aluminum demand was down in Europe by 8% year over year. With respect to North America supply, it was impacted due to major economic slowdown, and was down by 5% year over year. The production in the Middle East was up by 5% and that have left the world market in surplus with China and without China.

LME Price & Premiums

The LME cash average in the third quarter of this year, \$2354 per ton, down by about 11% year over year. If we take a look at the LME inventories, the LME inventories hit record low. About 350,000 metric tons, which was down by about 73% year over year versus 30 September 2021.

Premiums have been spiraling down owing to weakened market and bearish market sentiment, as you will note, in the bottom of this slide for MJP (major Japanese ports) US Midwest and DDP Rotterdam charts.

Alumina Price: 18% of LME Price

Alumina, as we are all aware, is one of Alba's major raw materials. For every 1 ton of aluminum, we need about 1.98 tons of alumina. So if we take a look at the first chart, on the top of the slide, it's about the LME price, the LME price trend. The LME price average stays at \$2554 in Q3 versus \$2647 in the quarter 3 of 2021.

Going into the alumina price index as a percentage of the LME, as we see, the alumina as a percentage of LME has spiked from 12% in Q3 of 2021 to 18% in the third quarter of this year and averaged about \$415 per ton.

Industry Highlights

Eline Hilal

Director IR, Insurance & Corporate Secretary

Safety in numbers

As always, we start with the safety slides, and these is our safety performance in numbers.

We were very pleased that Alba, for the first time in its history of commercial operations, that we have passed 31 million safe working hours without LTI. This was achieved almost by the end of the third quarter of 2022. However, recently we have had an unfortunate incident in Alba, which has taken us to reset our safe working hours from zero. Today, we are on course to achieve 2 million safe working hours without LTI.

Taking a look at the chart on the left, this is where we see our total injuries, reported injuries and our lost time injuries. As you see, we had – we had zero LTI as of end of September 2022. We had also five recordable injuries for the quarter and seven injuries in total.

Major Environment, Social and Governance Highlights

And with that we move further into Alba's ESG journey on page 11. So, Alba has been a proud recipient for six Major National Safety Council USA awards for the year of 2021 as we have received the Safety Leadership Award, Significant Improvement Award, Perfect Record Award, Occupational Excellence Achievement Award, Milestone Award and million Work Hours Award.

Alba supported Bahrain's ESG initiative Forever Green by sponsoring the Ras Sanad Mangrove Nursery Project and by donating about 134,000 BD.

To provide equal opportunity to its female workforce, Alba has given a tailor-made leadership course to further their leadership skills.

In regards to our commitment to Bahraini youth development, we have supported 70 students who are undergoing on-the-job training program across different functions in Alba to better their career and future. And as stated in the previous slides, we have achieved [inaudible]

ESG: A Journey, Not A Destination

Moving further, this is the same journey that we have – the same slide that we have seen previously in our Q2 conference call. We haven't changed it. I personally like this slide, because it tells us in Alba that everything we do is a journey and day after day we can improve in our practices. And as said previously in slide 11, we have added over the years, our endorsement to Ras Sanad project, which goes in line with Bahrain's objective in terms of afforestation and reforestation.

Operational Highlights – Q3 & 9 Months of 2022

Moving further into Alba's operational highlights for Q3 and nine months. As you see in the first bullet point for the production for the third quarter of this year, it was almost 405,000 metric tons, up by 3% year over year. In terms of the nine months' performance, our production topped about 1,194,000 metric tons, up by 2% year over year.

With respect to our sales volume, for the third quarter it was about 366,000 tons, while for the nine months it was almost 1,109,000 tons. Both performances in terms of our sales volume had a flat growth for Q3 and for the nine months of 2022.

As for our value-added sales, we had 67% of our shipments were sold as value-added sales versus 58% back in Q3 2021. As for nine months, our value-added sales averaged 67% versus 62% for the first nine months in 2021.

Our Chairman has debuted the first concrete foundation for the Power Station 5 Block 4, which is Alba's latest expansion project, as well as kicked off the construction activities and other site works on a project on Power Station 5 Block 4 site. Mitsubishi Power was awarded the long-term service agreement for Block 4 to ensure efficient and reliable power supply.

Financial Key Performance Indicators – Q3 & YTD 2022

Moving further into Alba's financial key performance indicators for the third quarter and the nine months, I'll just spend about a minute on this slide. Further details will be given by our Chief Financial Officer in the subsequent section on the financials.

For the nine months, EBITDA has averaged \$1.280 billion, up by 24% year over year, while for Q3 EBITDA was down by about 47% year over year to sit at \$234 million. And as stated previously, we have seen about 11% decrease in our LME price, so this is mainly owing to lower LME prices and higher costs.

For the profit, the profit for year to date was \$1 billion, up by 39% year over year while the profit for Q3 averaged \$128 million, down by 62% year over year.

Nine Months 2022 Results

Bryan Harris

CFO

Aluminium Industry: Uncertainty & Bearish Market Sentiment

Thank you Eline. Afternoon everyone, it's a pleasure to connect with you today. So I'll be taking you through the Q3 and the year to date results. So I'll be starting on slide 17, for those following along. And the main theme this quarter is the global uncertainty and the bearish market sentiment. Despite this volatility thought, Alba managed to secure solid Q3 results. However, you'll probably notice that these are substantially down from Q1 and Q2. Just to remind you that Q1 and Q2 were the best quarters in Alba's 51-year history. So a strong quarter but obviously down from the prior two quarters and this was mainly because of the drop in aluminum and premium prices.

So, starting with the metal sales bridge on page 17, so again this is a bridge that takes you from the three quarters of 2021 and describes the changes in the sales figures for these three quarters of 2022. And you'll see that it's increased, metal sales have gone \$2779 million to \$3666 million, so that's an increase in sales of 887 million. So a 32% increase. And this is mainly driven by the increase in aluminum, increase in premiums. So aluminum by itself contributed \$637 million to the increase in sales, and what we call the pricing impact, which is the premiums, contributed the remainder or the bulk of the remainder of \$245 million. Product mix, which is basically the additional VAP, contributed \$7 million and there was a slight reduction in volume of negative \$2 million.

Higher VAP, Lower Commodities' Volume, Higher Premiums

Moving on to page 18 and looking at the sales by our product lines. So the chart on the left-hand side shows the products in metric tons and you'll see that the overall increase in sales or the sales radius flat overall. But there has been a very positive shift in that value-added has gone up by 60, which obviously attracts the highest premiums. Liquid metal has gone up by 4 and commodity, which is obviously low-premium items like standard ingots and peak [inaudible] has gone down by 65.

The premiums themselves for the year to date have gone up from 253 to 480, so that's a 90% increase. That's obviously in dollars per metric ton. And this is mainly driven by [inaudible] premiums but also because of the strategic shift by Alba from commodities to VAP products.

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

Moving on to page 19. So looking at the [inaudible] Alba from the cost perspective, you'll see that our costs did go up, by \$513 million, but obviously that's substantially less than the increase in revenue of \$887 million. And the main increases are on the raw materials side. So, you'll see raw material prices for alumina and coke went up by \$382 million, other raw materials by \$267 million. So significant increases in raw materials.

Our energy price also went up for the – obviously for the six months of the year where the price was higher than the comparative year. So that contributed \$21 million.

But basically, aside from raw materials and energy prices, all other costs actually went down. So, well, together all other costs went down. So, plant spending, you'll notice there was a positive impact of \$50 million. That, however, does include some FOREX benefit that had been recorded during the quarter. But overall, I think, an indication that despite the worsening market, we have been successful at managing costs very well.

Higher EBITDA due to Higher LME Price & Partially Impacted by Higher Cost & Selling Expenses

Looking at the EBITDA on page 20. The EBITDA has gone from \$1.031 billion to \$1.280 billion for the nine months, so that's an increase of 34 – sorry, that represents an EBITDA extension of 34.9%. And that's obviously mainly because of the increase in sales that we've discussed on page 7, offset by the increase in direct costs, and again that's mainly raw materials at \$112, as well as an increase in selling expenses.

So selling expenses have gone up dramatically this year, as we've I think explained in the Q1 and Q2 presentations. And this is a global phenomenon, where we see global increases in shipping prices, container costs have gone up, shipping and trucking costs have gone up, obviously oil and gas is a big driver to that. But also obviously with Alba's strategy of increasing VAP, it does mean Alba is paying more to ship goods to final customers rather than simply selling to traders where those shipping costs are avoided.

Cash-Flow Bridge FY 2021 to YTD 2022 -- Good Cash Position

Moving on then to page 21, the cash flow bridge, and you can see a significant cash flow from operations of \$1.217 billion for the nine months. So this is a massive flow of cash and this is obviously in part because we've benefited right through this year from the collections when aluminum prices were very high. So in Q1 and Q2 we've seen some of those collections from our customers reflected in Q3 as well.

Working capital changes then took a bite out of that of \$383 million and this is mainly increase in accounts receivable as well as increases in inventory. The accounts receivable is driven by the higher aluminum prices and premiums and the inventory is driven by the shift from selling to traders to selling value-added products, which obviously have to go on board ships and get stored in warehouses, so they remain Alba's property for a little bit longer in order to attract the high premiums.

And CAPEX spend \$108 million. We've split out the Block 4 CAPEX so that you can see that separately. So that's \$49 million. So for progress on our new Power Station 5 Block 4.

Net debt servicing, so this is obviously debt repaid plus interest paid of \$327 million. But that's obviously net of any new loans taken out. And payment to shareholders, so we had a \$237 million final dividend for last year, paid in Q1, and then an interim dividend of \$120 million paid in Q3. So that gave us a cash balance at the end of September of \$278 million.

So free cash flow actually went up from \$278 million to \$726 million. So that's over 160% increase in free cash flow.

Good Financial Performance Partially Offset by Higher Cost

So looking at the income statements on page 22, a comparative. You'll see that for Q3 alone we made a net profit of \$128 and for the year to date we just managed to break the \$1 billion mark, so we're \$1.002 billion net profit for the nine months to the end of September. You'll see obviously the downward trend in aluminum prices. The year-to-date aluminum was \$2834, whereas the average cash LME for Q3 itself had dropped down to \$2354.

Likewise, we do see some reduction in alumina prices and so our total revenue was \$3.666 billion compared with, for the year to date, and just over \$1 billion for Q3 alone. So our EBITDA was \$1.28 billion compared with only \$234 million for the quarter.

So with that I'll hand over to our CEO, Mr Ali Al Baqali, to take us through the industry perspectives for 2022.

Industry Perspective in 2022

Ali Al Baqali

CEO

Aluminium Short-Term Outlook Clouded With Uncertainty & Weak Market Sentiment

Thank you Bryan. Good morning, good afternoon everybody. I will take you to Section 4, the industry perspective, as with Section 5, Alba priorities. If we move to page 24, the industry perspective. The uncertainty of global economy, in particular the aluminum market, very volatile with high inflation, weak demand, and with slow growth. All this results or led to sustained metal surplus in the market, as many are building up inventory in the warehouse. We saw also the demand for packaging and renewable energy sectors a little bit growing because of this improvement in the market.

Fear of recession is another factor sustaining the market and because of that, we saw a lot of interest hikes in US and Europe, while the weak property market continues across the wave of the China economy.

Another reason of uncertainty, which is high energy cost, mainly in Europe. This also put our customers in uncertainty and they are having problems or cutting some of their production line. This puts pressure on all aluminum producers to – not to fulfill their sales contract.

The freight rate, what we saw just, there is like Bryan said earlier, we saw a decline in the freight rate and this trend, it will show that even in quarter one the same freight will be lower. And you notice our financial – you see that there is some improvement in freight charges in quarter three.

We also noticed that the premium, which was high in quarter one and quarter two, in quarter three declining, and the trend also in quarter three, it will be in the same in quarter four.

As for the market report or market intelligence report, LME price within the range of \$2000 to \$2100. Today's price is between \$2200 to \$2300 for the last three weeks.

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

If we move to the major raw material prices, we can classify the major raw materials to two categories. One is the raw material, which is alumina and fluorides. Both the prices of alumina and fluorides are almost softer and stable. However, if we go to the black material, which is liquid pitch and CPC and GPC, the price is almost tripled, because of a lot of factors: the oil price is increasing, as the pressure to not use the carbon for energy purpose to reduce the carbon emissions. And the market is volatile and majority of carbon materials come from China, just for your information.

Alba Priorities in 2022

Ali Al Baqali

CEO

ESG Focus & Journey Towards Safety Excellence

Section 5, the Alba priorities. Definitely safety will be always as a first policy for Alba. As Eline mentioned that, we had unfortunate incident on 4th October, which led to one LTI. However, after the LTI, we put a lot of effort, campaign to cause the morale of employees and we always believe that if you have a safe environment, definitely this will immediately reflect in your productivity and efficiency and will achieve your profitability as well.

We are embedding the ESG practice in all our activities. Any new project, any new financing, always ESG is a top priority for us to achieve KPIs and to achieve our road map, *insha'Allah*, by 2060 to achieve net carbon zero by 2060.

We are targeting to exceed the production of this year, which is above 1,560,000, and with the support of Al Hassalah activity this year, it will be ending the [inaudible] and we are targeting the \$100 million for the last two years, which is 2021 and 2022.

As every time we are updating the investors that we are still keen and looking to screen the market for any opportunity for upstream, in order to secure at least one third of our requirements. Now at the moment with Line Six we are buying more than 3 million tons of alumina.

Again, we are capitalizing on all what we gain in the last few years, like Aluminum Stewardship Certificate, Ecovadis Certificate, ISO and other certificates, in order to increase our market share and increase our VAP percentage in the coming few years.

We are going to finalize, *insha'Allah*, the solar farm project in quarter four, and we are going to announce, *insha'Allah*, within the coming two months the winners and we are going to execute the project as soon as possible.

You already heard on the newspaper that Alba and the board approved to go ahead with feasibility study for line seven. We finished the feasibility study, the outcomes of the feasibility study were very good. The board approved to go ahead with feasibility study and it will take us around maybe nine months to complete the study, and after that the board will recommend, *insha'Allah*, if we get all the inputs positive, the board will approve the project to go ahead with line seven project.

By this we are ending the presentation and I will leave to Eline to handle any questions for our [inaudible]. Thank you.

Q&A

Eline Hilal: Thank you Ali and Bryan, and thank you everyone. Now we can start the Q&A session. So I will hand over to Heidi so she can take us through the questions one by one.

Operator: As a reminder, to ask a question you will need to press star one and one on your telephone and wait for your name to be announced. Please stand by while we compile the Q&A roster. Once again, if you wish to ask a question, please press star one and one on your telephone. There seem to be no questions from the audio lines. If you would like to take webcast questions?

Eline Hilal: Thank you. So we do have two questions from Nour Sherif from Arqaam Capital. The first question is, when can we expect to have a rebound in sales volume in the fourth quarter? And should the cost normalize in the fourth quarter of this year? And he's asking us to provide an update on expansion line seven and the security of natural gas for a sizable expansion. Dual listing and expected savings from the new power plant?

Another question for Nour Sherif to provide him with the reasons behind the higher costs in Q3 when compared to Q2, despite lower alumina prices after the presentation \$413 per ton in Q3 versus \$465 per ton in Q2.

Ali Al Baqali Al Baqali: Eline, I didn't see the question. But the question seems to be lengthy. If you – if you can start with the easy question, you can answer, then the difficult one, project to us, we'll answer.

Eline Hilal: Okay, the first question was whether we should expect to have a rebound in sales volume in the fourth quarter of this year?

Ali Al Baqali: Because of the market situation now, we don't think that we will have, we will meet our sales requirements by the end of the year but the market is challenging. We are not targeting this but hopefully, *insha'Allah*, it's going to achieve.

What is the second question?

Bryan Harris: Cost overrun in quarter one.

Bryan Harris: So I'll take this question on the high costs in Q3 compared with Q2 despite the lower alumina prices. So, you'd be right, alumina prices have come down in Q3 versus Q2. However, most other raw material prices have actually continued to rise. So as the CEO mentioned and in particular the black goods, so liquid pitch, CPC, GPC, anodes, have all increased significantly in price, and that's the main reason for the increase in Q3 versus Q2.

Ali Al Baqali: I saw also a question about line seven. Line seven will be more about copying line six. In terms of production, we are targeting around 540-550 thousand tons. However, our plan is to shut down lines one and two and three to reduce 250-280 thousand metric tons out of Alba's total production capacity.. The feasibility study was conducted, was done with Bechtel. The IRR and all the figures are in favor of the project, that's why the board approved the feasibility study on 10 November. The feasibility study was awarded to Bechtel. They are the same vendor who's conducted the feasibility study of line six and the pre-feasibility study of line 7, and it will take us, or it will take them, around nine months to complete the feasibility study. By this, the board will be looking at all aspects of feasibility study in terms of IRR, benefits, the contributions for them to take a decision.

In terms of the gas, yes, we are looking forward to have a long-term contract with a firm price as well also.

Regarding the funding, funding will come at a later stage because once the project is approved, definitely we are going to issue the bankable feasibility study and we'll assign a bank, an international bank or a consultant to work on the financing.

Eline Hilal: I would like to add here if you may allow me, to everyone in the call, that once we have further details and after the completion of the feasibility study with respect to line seven, we will for sure put more announcements and I mean these facts will be available from the conclusion of the feasibility study.

There was another question on the dual listing. I'm assuming this is a question in relation to the Tadawul stock exchange. There hasn't been any update. If there are more updates, Alba will be issuing an official press release and everyone should be aware of that. As of now, there is no update.

Ali Al Baqali: Regarding this question about ESG, yes, we are getting a lot of pressure, not only from customers but from all the regulators, from suppliers, from the customers. Yes, we have our road map. Eline, I think already she discussed it on high levels in the beginning. We have different initiatives. We already did a quick initiative and achieved the target. Block 4 for the power station is one of our pick-ups in this road map to reduce carbon emissions. For the time being, yes, there will be some impact in the long run, however, we didn't see this, it will be in next year. But maybe in 2024, 2025 there will be some carbon border[?] tax will be applicable in Europe and US. But initially this, it will be passed to the customers, part of the premium. However, but this will be for a short period of time then definitely once we achieve our road map or for sure that we are professing in our road map for the ESG, this definitely will be, perceived well by our customers.

Bryan Harris: There's a question about – why do you talk about demand drop? Aluminum inventory is down 74%. How do you compare both?

You're right, normally when aluminum inventory goes down, you expect alumina to go up. And the reasons why you're seeing a disconnect now is, I think, in the current market circumstances, no one really wants to be holding a lot of inventory, because of concerns about global recession and also because – one of the reasons why the inventory is down is because supply is also down. So demand has gone down but supply has also gone down, hence inventory has remained depressed.

Ali Al Baqali: Yeah, there is one question from Ali Serif[?] about the uncertainty and volatility in the market, and there is one segment I obviously announced. We have only control on what we can control, shipping, production and costs. Can you please let us know what kind of cost that can be [inaudible] control?

There are many control elements we have already implemented. One of them is freight, one of them is to reduce internal costs, unnecessary cost. For example we start to reduce overtime, we start to – we already managed to reduce the insurance premium this year thanks to Eline and her team. Al Hassalah protocol is starting to generate a lot of internal cost control. We achieve a lot of things, that's why part of the \$100 million achievement of benefit in our budget is maybe to – how we are going to control the cost internally.

Another question from Ali. He's talking about our expected average unit price will be around \$2000, next year's figures.

Normally we are not giving guidance on what will be the impact on quarter four in the future. However, if you look at quarter three and compare to the quarter two, you will see a big variance. That's why with that market challenge, quarter four will be difficult also for us, but we don't have – we cannot disclose the figure.

There was another question also? Eline, we have also audio questions or not?

Anoop Fernandes (SICO Bank): This is Anoop. I have three questions. The first is on the other raw material. Can you please give us a sense of what are the market prices of pitch and CPC right now?

Ali Al Baqali: The CPC price – you want a price or what? What is your question?

Anoop Fernandes: Yeah, the price of pitch and CPC. You know, what should we assume in the model?

Ali Al Baqali: Anoop, I will give you one example. I will give you one example, Anoop, about GPC price. Before one year or *yani* for the last two years, we purchase the GPC price at \$140 for example to \$160. Today price is \$550. See the impact?

For the liquid pitch, same thing. The price was around \$600 to \$800. Now the price is above \$1400, \$1800. This is the impact in the black material.

In alumina price, for example, if you compare the average for last year in the first half the average was around 12-13%. This year the impact is around 18%. See the impact of the major raw materials? That's why when you saw the drop of LME price there is no drop on the major raw materials, this is the impact on our books.

Normally if there is a drop in LME price, there is a same parallel drop in the major raw materials. But this year it was not happening. If you recall that in 2018, when the LME price was at the

range of \$1800 or \$1700 and alumina shot up to \$700 per metric ton. It was a bad time for all the aluminum smelters.

Anoop Fernandes: For the third quarter, won't the pitch price go to \$1800? Because in the model I have around \$700 for pitch and – sorry, for petcoke, and about \$1300 for pitch. So I'm broadly similar to the lower end of what you are saying, but the cost that I get is very different from what you reported. So I was wondering –

Ali Al Baqali: Almost – almost the cost will be similar to quarter three, because when we close the deal – because we are closing the deal on quarterly basis in the price –

Anoop Fernandes: Okay.

Ali Al Baqali: – and there is nothing different between quarter three and quarter four prices.

Anoop Fernandes: Okay. So for pitch we can assume around \$1800? Is that what you're saying?

Ali Al Baqali: For the pitch? I don't have that figure, but it will be similar to what we agreed in the quarter. If you have any cemented cost for quarter three, it will be similar to quarter four. There is no reduction.

Anoop Fernandes: Okay. The second question is on alumina. I mean, your cost for the quarter was close to \$400, but I mean if we look at the average of the alumina prices, I mean there's a big disconnect. So what are we missing here? I mean, is there any difference in mix that you use compared to what the spot prices are?

Ali Al Baqali: I think you are looking at it from the API perspective, but we are counting it in average of blended costs, which is freight included in our cost.

Bryan Harris: Plus, obviously there is – there is also a lag effect. You know, from the time that we order something, it takes a couple of months to come into stock and then obviously a couple of months for it to be used. So by the time it hits our costs of sales, it's still reflecting the higher prices from three or four months ago.

Anoop Fernandes: Okay. So we can assume that in the fourth quarter, there would be a decline, right? It would sort of convert with what we have seen in the API –

Ali Al Baqali: Slight decline. You will see a slight decline.

Bryan Harris: So you should expect that trend to continue. So you should expect the decline in market prices that we've seen in the last three to six months be reflected going forward.

Anoop Fernandes: Okay. And then this is the last question, on the volumes. So, you've said that the 4Q volumes will be sort of similar to 3Q, if I got it right. Now what I'm think is, I mean, you're a reasonably low-cost producer and if you're unable to sell your implemented volumes close to production, is \$2000 and \$2100 range for aluminum price on the optimistic side? Because if like Alba cannot sell 400,000 tons like what you did last year, do you expect – should we assume that the downside to aluminum is, you know, more than this \$2000?

Because it would be a problem for your customers as well, right, if you're unable to ship tonnages, those implemented tonnages? Even your peers would not be able to do that, so if it is like a market-wide problem, is your forecast like too optimistic for the rest of the year?

Bryan Harris: So, just trying to understand your question. Are you asking about Alba's breakeven point in the event that aluminum prices go down to \$2000 or...

Anoop Fernandes: No, no, no. That's not my question. My question was, so you produce close to 400,000 tons and sold 356,000 in the third quarter. So, you're guiding for a similar volume in the fourth quarter, right? And I think last year we had a similar thing but I think it was more to do with shipping lags, so your 4Q volumes were almost 440,000 tons. So one would assume that, you know, the 4Q number could be similar to what we saw last year. But if you're expecting volumes to remain flat, because you're unable to – because of the market demand issues, you know, and the fact that you're quite a profitable producer, right? So it's sustained pressure that your peers must be facing as well. So do you think that there could be downside to this \$2000 aluminum price that you're expecting for 4Q? Because the demand could be really bad. If we cannot, you know, sell 100% of our production in these markets.

Bryan Harris: Yeah, I mean, I'm still not 100% sure about the question but what we can say is obviously, you know, we are kind of focused on targeting, selling the maximum. So everything that we produce, you know, we are – we are shipping. So we are targeting a strong Q4 but obviously everything is subject to the market.

Anoop Fernandes: Okay. Okay, thank you.

Eline Hilal: I don't think we have another question. Heidi, can you advise whether you have received anything on the call?

Operator: We have no audio questions.

Eline Hilal: Okay, thank you Heidi. I think if we don't have any other question, we can end Alba's webcast for the three months of Q3 and the nine months of 2022. Unless if anyone else has anything else to add?

Anoop Fernandes: Thanks to Alba management for taking the time out and having the call. Thanks from SICO.

Eline Hilal: On behalf of the management, the CEO and the CFO and every employee in Alba, we thank you, SICO, for hosting the webcast for the second quarter in a row. So, much appreciated. I also take the opportunity to thank every participant for dialing in and I would like as well to apologize again for keeping you waiting for 15 minutes. Thank you very much for your patience. And on this note I wish you a very good day and I hope everyone, whether on the personal level or corporate level, you close 2022 strong so you start 2023 stronger.

If you have any other question, you're always welcome to drop us your queries on ir@alba.com.bh and we will attend to it. Otherwise, we will see you again virtually for Alba's full year results call 2022 after we release our financials in February 2023.

[END OF TRANSCRIPT]



INVESTOR RELATIONS PRESENTATION

Q3 2022



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CONTENTS

01
Industry
Highlights

02
Alba
Highlights

03
9 Months 2022
Results

04
Industry Perspectives
in 2022

05
2022 Alba
Priorities

06
Appendix

01

INDUSTRY HIGHLIGHTS¹



Falling Demand: Heightened Levels of Volatility and Uncertainty (+0.3% YoY)

- After navigating through COVID-19 pandemic, the global economy has started to face the prospect of a recession. Outbreak of Ukraine-Russia war has led to a steep increase in energy prices with global inflation rising to unprecedented levels and interest rates up sharply. All of these have taken their toll on the Aluminium industry mainly in Europe and US as smelters have cut output against the background of high-power prices and falling demand growth
- Middle East: Demand up by 8% YoY supported by higher consumption in UAE (+17% YoY) & Bahrain (+3% YoY)
- US: Aluminium demand remains under pressure (+2% YoY)
- China: consumption was impacted by COVID-19 lockdowns and logistic challenges (+1% YoY). Sectors such as construction, packaging and consumer durables have suffered the most
- Europe: Slowing economic growth and higher inflation have led to a contraction in Aluminium demand (-8% YoY)



World Market Supply +3% YoY

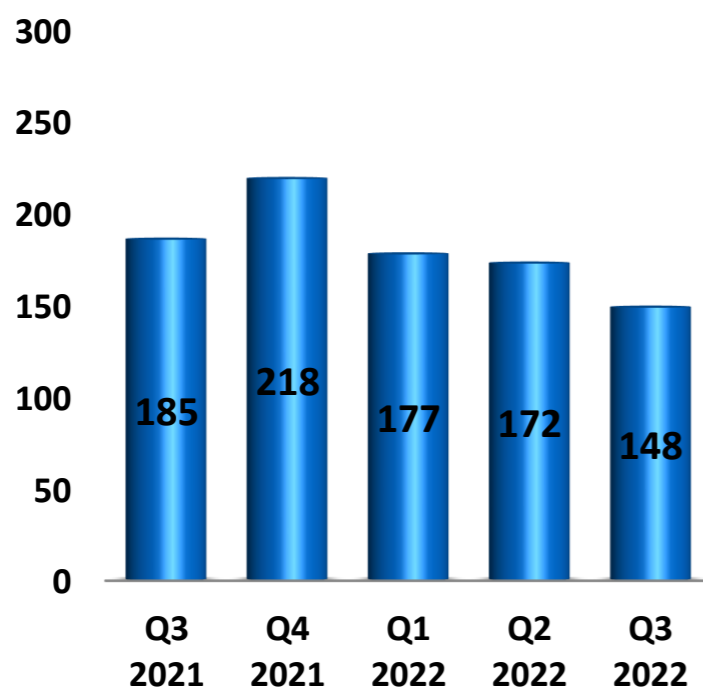
- 🌐 China increased production (up by 6% YoY) following 2021 supply cuts and delayed ramp ups
- 🌐 Europe leading the World ex-China with its output cuts owing to spikes in energy prices (down by 8% YoY)
- 🌐 North America supply impacted due to economic slowdown (down by 5% YoY)
- 🌐 Middle East: Supply up by 3% YoY led by higher production in UAE (+5% YoY)
- 🌐 World Market: In surplus with China (+90Kt) and w/o China(+152Kt)



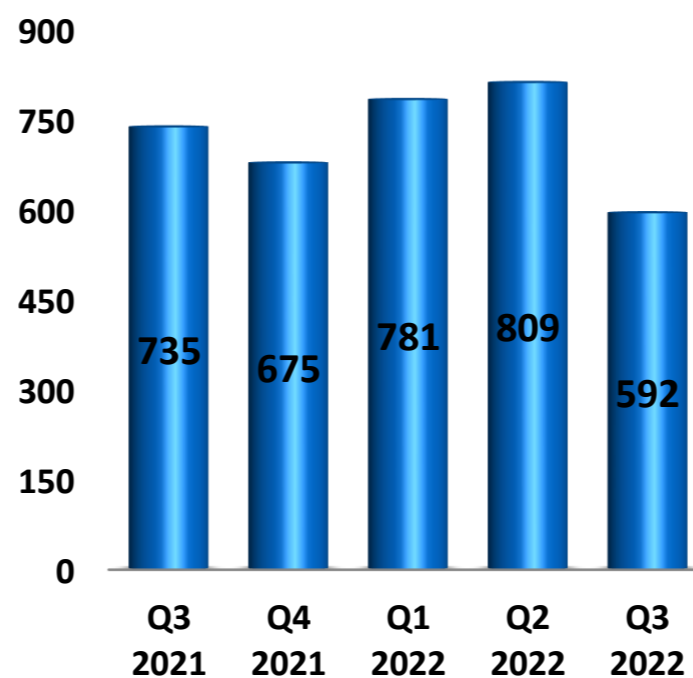
LME Price & Premiums

- LME-Cash averaged US\$2,354/t in Q3 2022 -- down by 11% YoY [lowest: US\$2,080/t on 28 Sep'22 and highest: US\$2,498/t on 11 Aug'22]
- LME inventories hit record low at ~330 kt (down by 73% YoY)
- Premiums down owing to weaker demand and bearish market sentiment

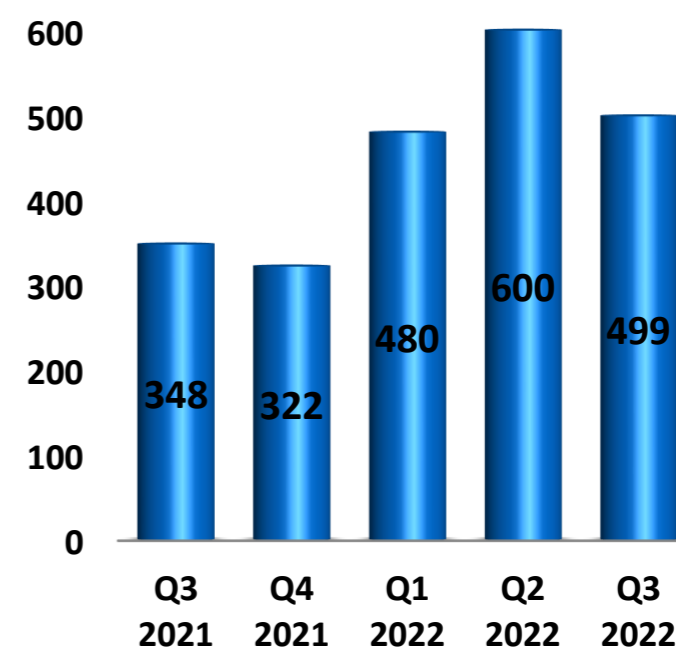
Major Japanese Ports (MJP¹)



US Midwest

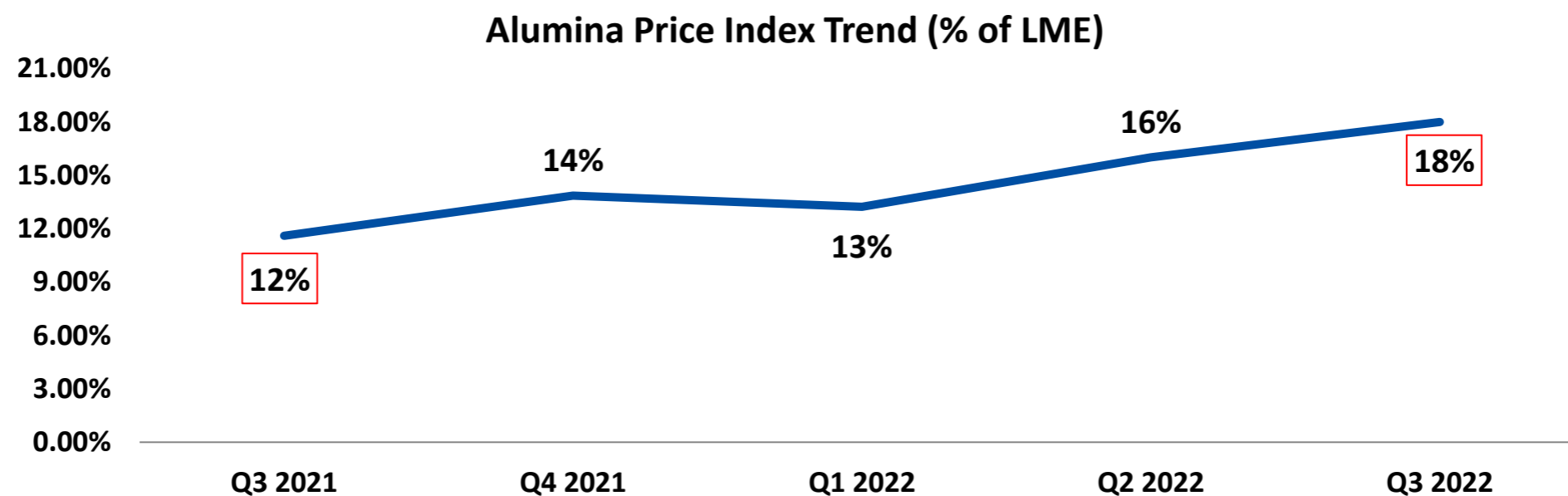
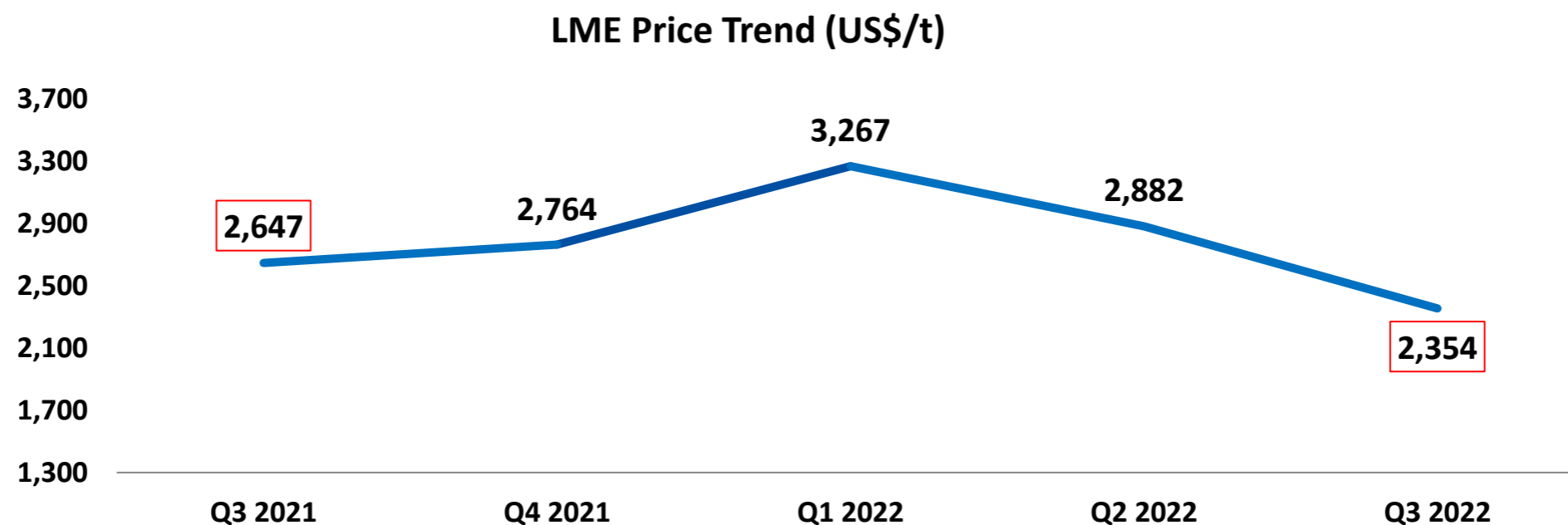


DDP Rotterdam



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

Alumina Price: 18% of LME Price [US\$413/t]





02

ALBA HIGHLIGHTS¹

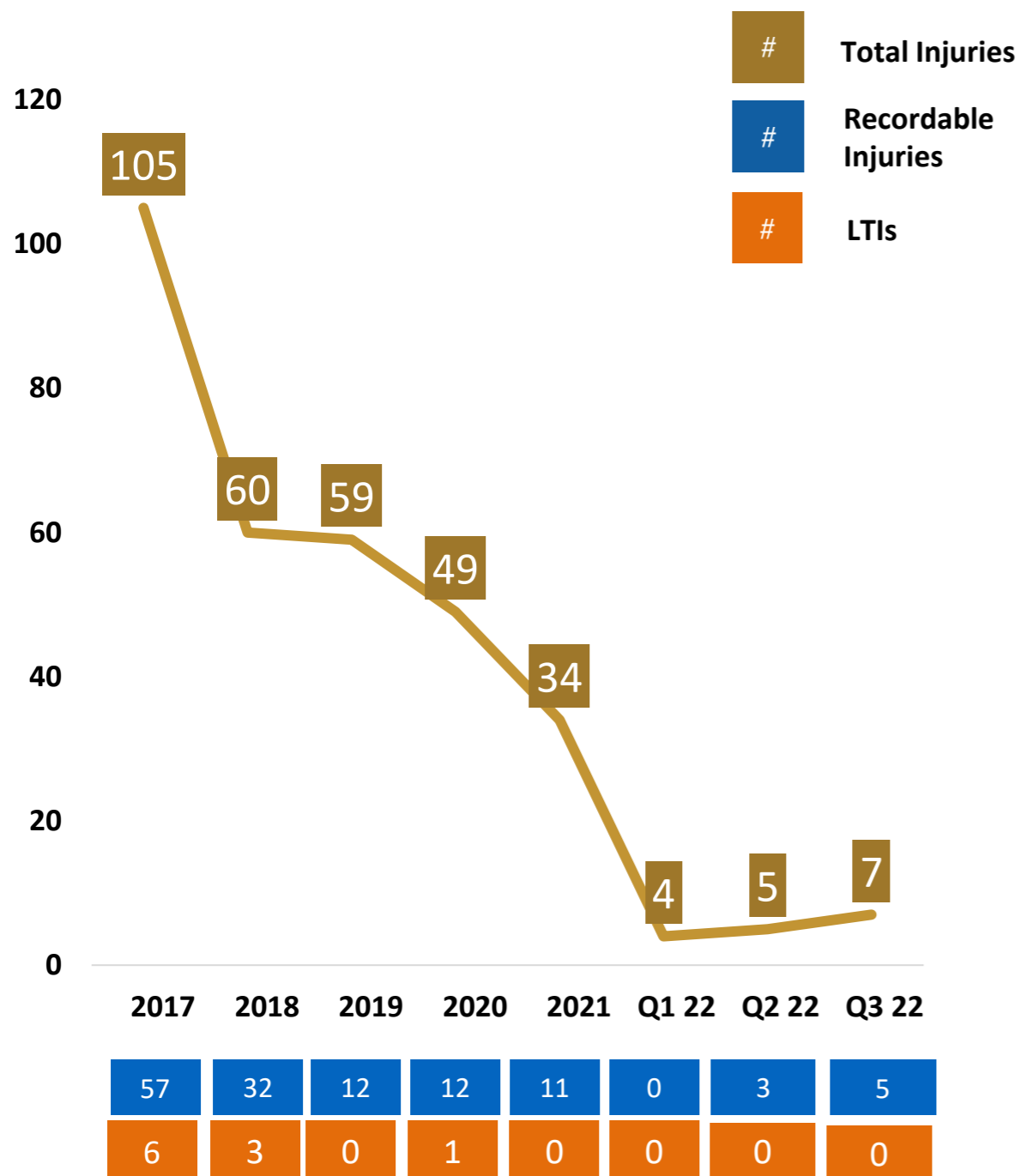
¹ Alba Highlights relate to Alba official news in Q3 2022



Safety in Numbers

ecovadis

asi Aluminium
Stewardship
Initiative



31
MILLION

SAFE-WORKING HOURS
WITHOUT LTI



SKY IS THE LIMIT

Achieved on 24 September 2022*



* On 5 October 2022, Alba had an unfortunate LTI after more than 2 years



Major Environment, Social and Governance (ESG) Highlights

- Recipient of six major National Safety Council (NSC) USA awards for 2021: Safety Leadership Award, Significant Improvement Award, Perfect Record Award, Occupational Excellence Achievement Award, Milestone Award and Million Work Hours Award
- Alba supported Bahrain's ESG initiative 'Forever Green' by sponsoring Ras Sanad Mangrove Nursery Project
- To provide equal opportunity to its female workforce, Alba has given a tailor-made leadership course to further their leadership skills
- Alba affirms its commitment to Bahraini youth development by supporting 70 students who are undergoing On-The-Job training (OJT) programmes across different functions in Alba
- 31 million safe working hours without LTI achieved on 24 September 2022
- To release Alba's sixth edition of Sustainability Report (w/ quality assurance)



ESG: A Journey, Not A Destination



Decarbonisation



Green Energy
& Aluminium



Circular Economy
& Secondary Alu.



Employee
Welfare



Collaboration
& Partnership



Transparency, Comms'
& Due Diligence



Net Zero
by 2060

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

05 Dec'21
Appointing Acting
ESG Manager

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

12 Dec'21
Commissioning of
SPL

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

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

27 Apr'22
CEO rollout ESG
Roadmap

27 Apr'22
Refinancing linked
to ESG

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

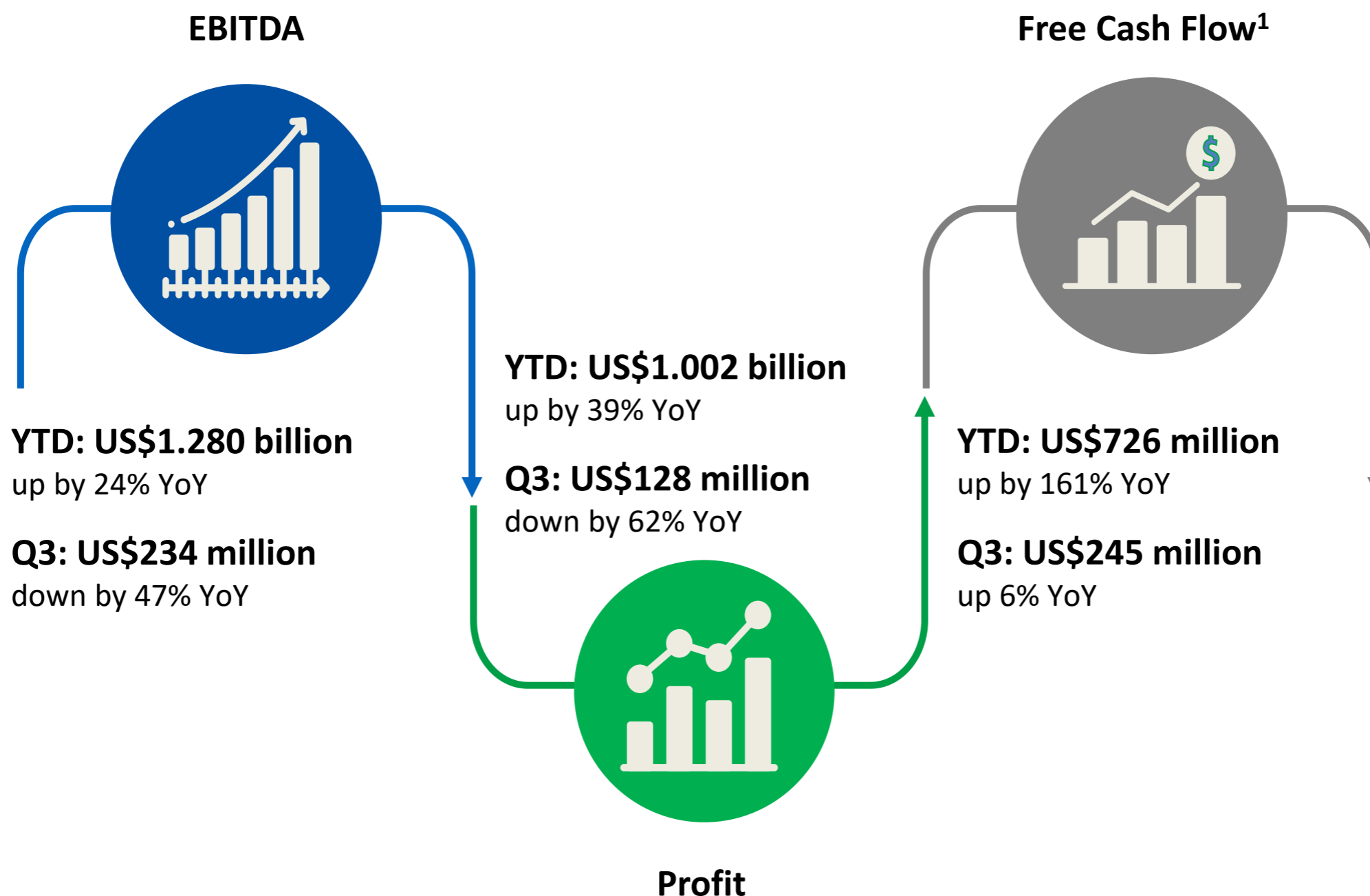
26 Jul'22
Supported Ras
Sanad Mangrove
Nursery Project



Operational Highlights – Q3 & 9 Months of 2022

- Production [Q3: 404,578 MT, up by 3% YoY; 9 Months: 1,192,171 MT, up by 2% YoY]
- Sales' volume [Q3: 366,292 metric tonnes (MT); 9 Months: 1,108,950 MT -- flat growth in both periods]
- Value Added Sales [Q3: 67% versus 58% in Q3 2021; 9 Months: 67% versus 62% in 9 Months in 2021]
- Debut of the first foundation concrete for Power Station 5 Block 4 Project as well as kick-off of construction activities and other site works
- Mitsubishi Power Awarded Long Term Service Agreement (LTSA) to ensure efficient and reliable power supply

Financial Key Performance Indicators – Q3 & YTD 2022

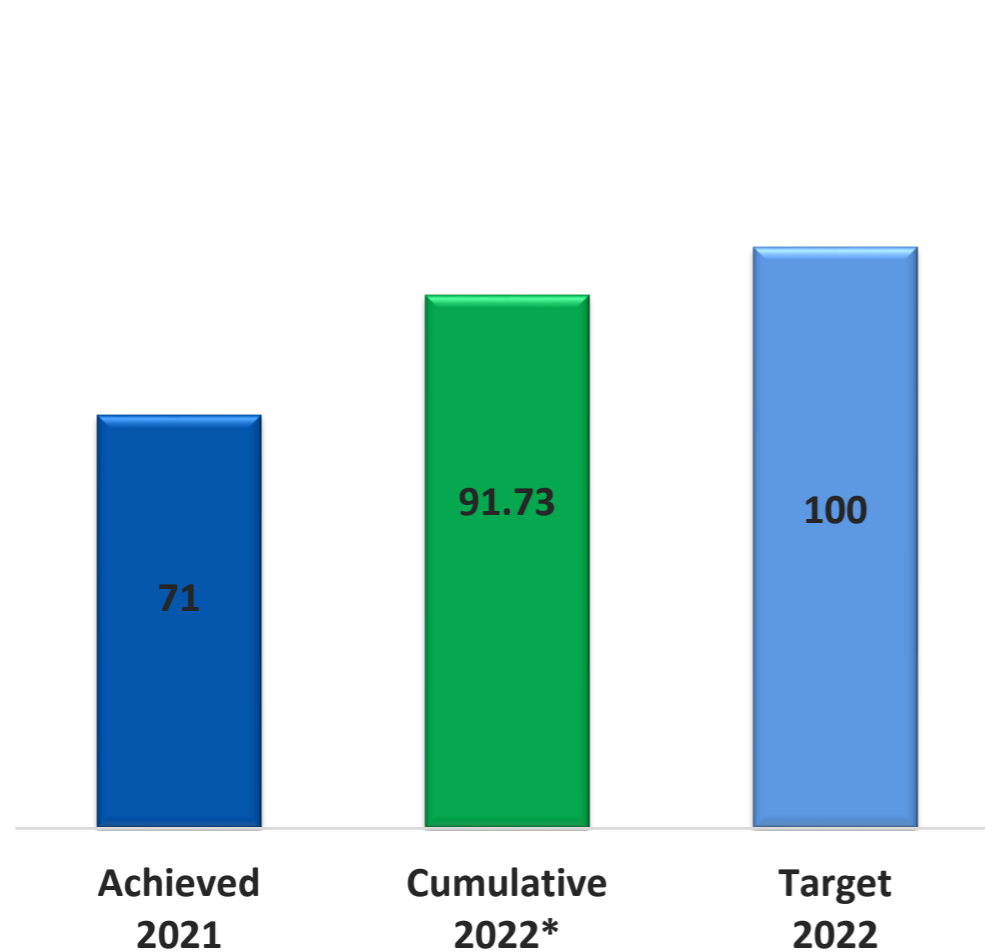


¹Free Cash Flow excludes Project CAPEX spending

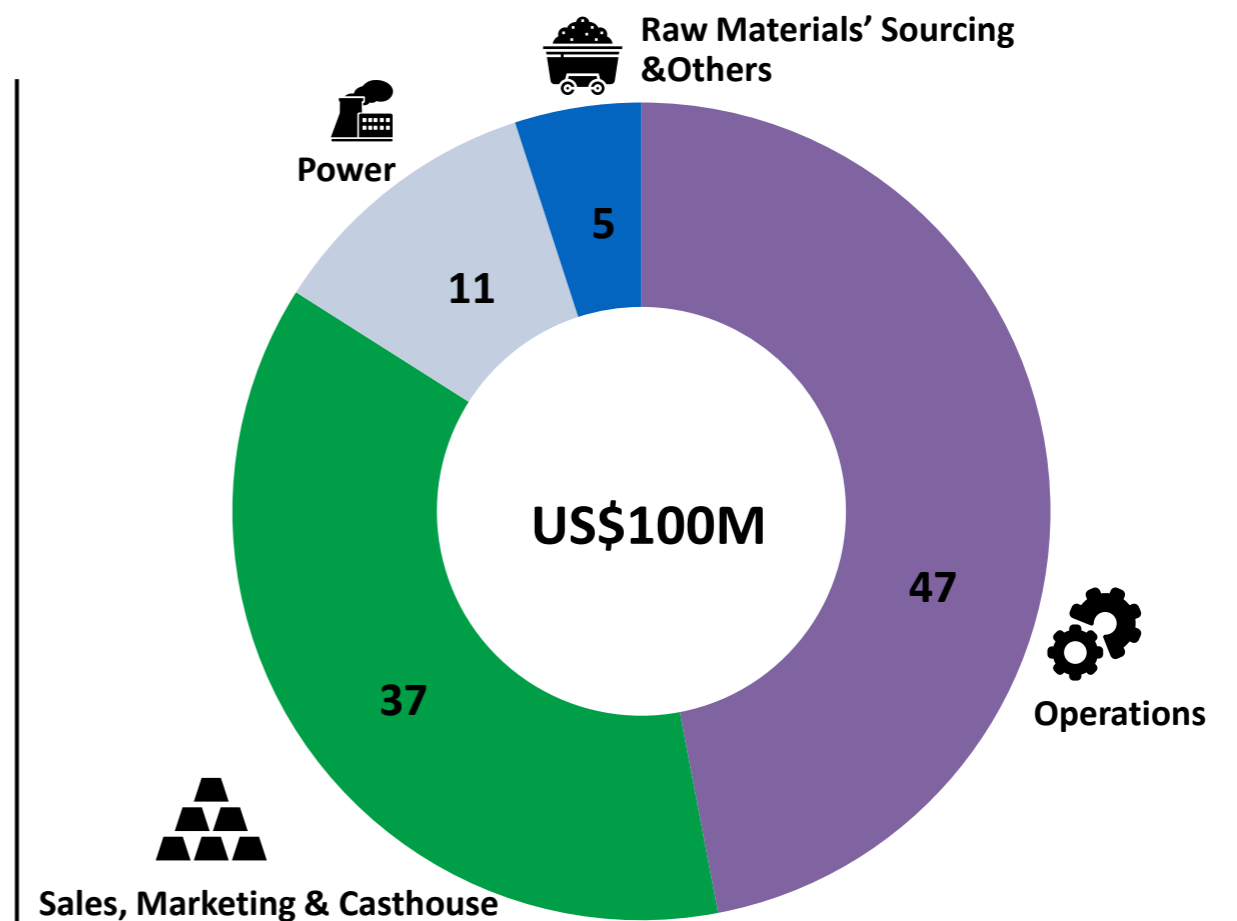


AL HASSALAH Initiative (2-Year): Save US\$100 Million by 2022

AL HASSALAH (US\$ Million)



Breakdown by Value Chain (US\$ Million)



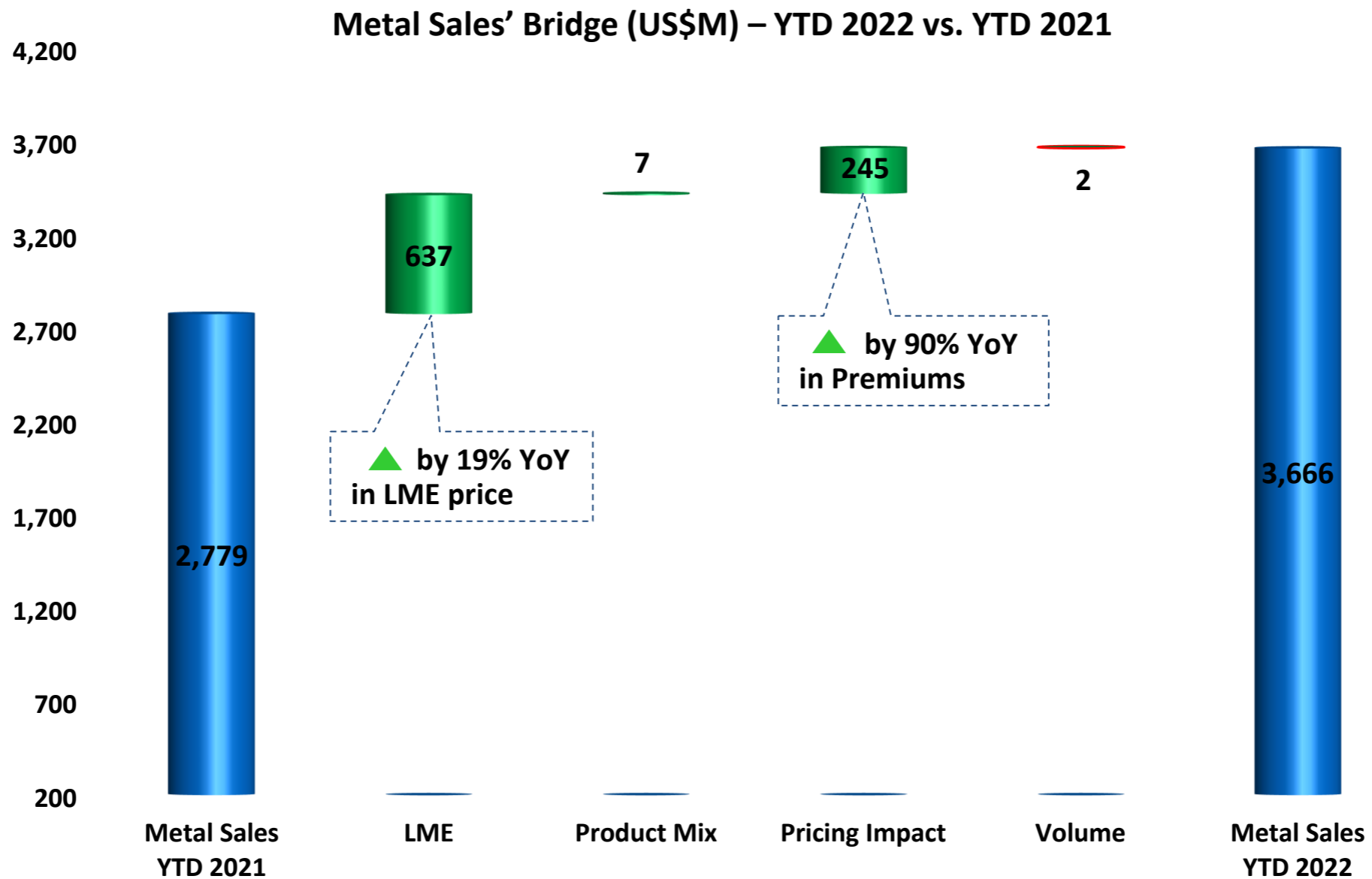


03

9 Months 2022 RESULTS

Aluminium Industry: Uncertainty & Bearish Market Sentiment

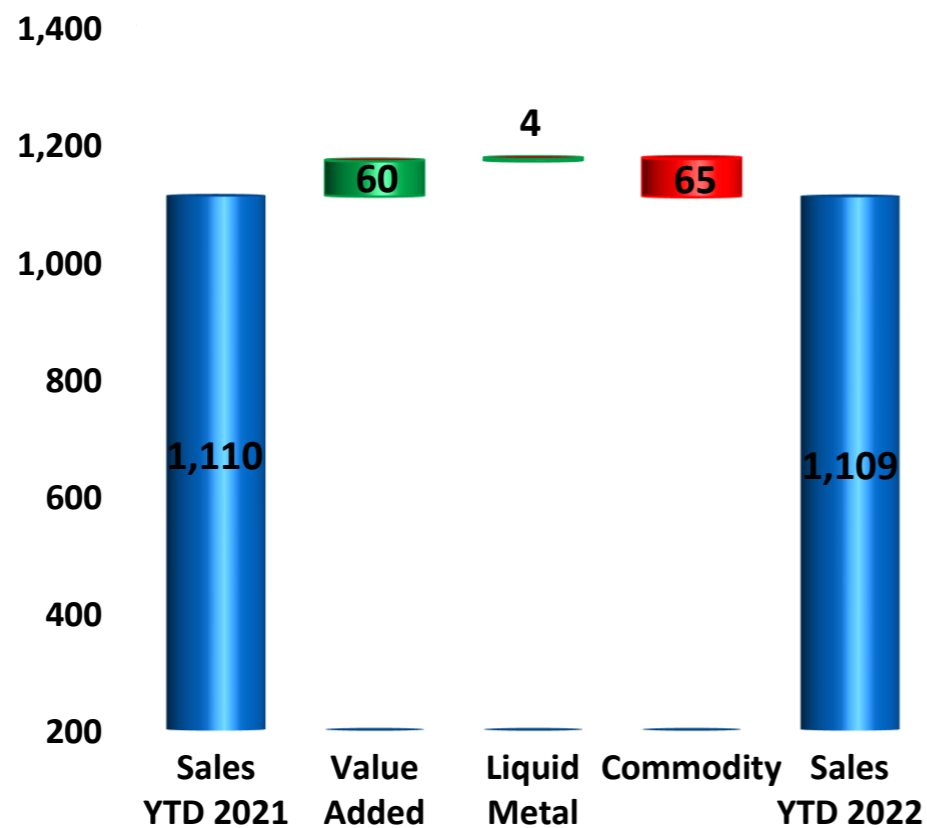
Higher Metal Sales Thanks to Higher LME Price & Premiums



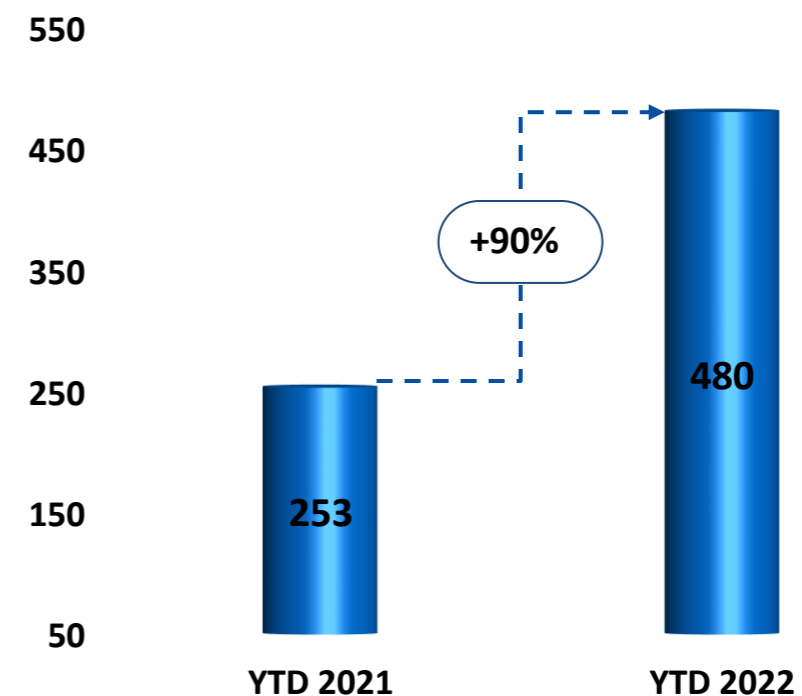
Aluminium Industry: Uncertainty & Bearish Market Sentiment

Higher VAP | Lower Commodities' Volume | Higher Premiums

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



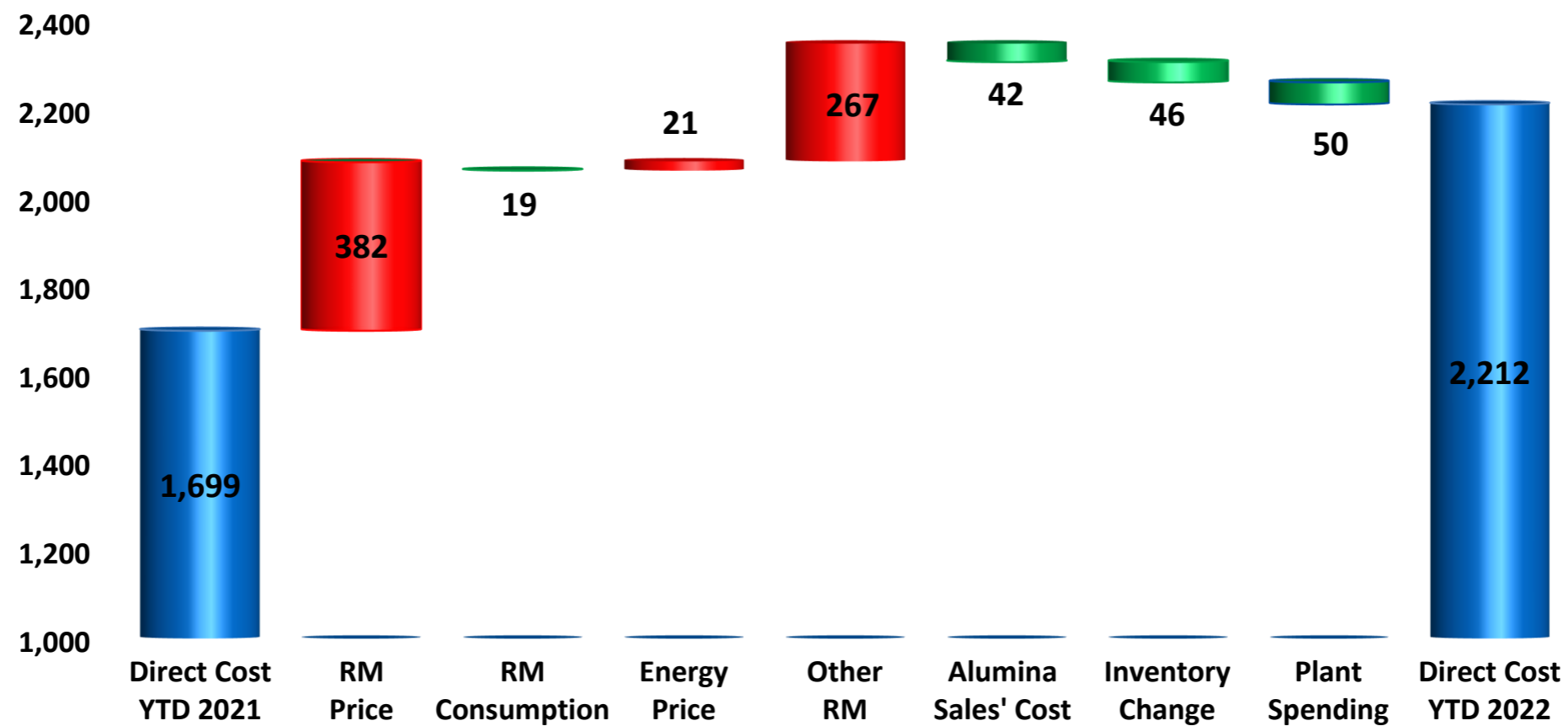
Premium Above LME Trend US\$ Per MT



Aluminium Industry: Uncertainty & Bearish Market Sentiment

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

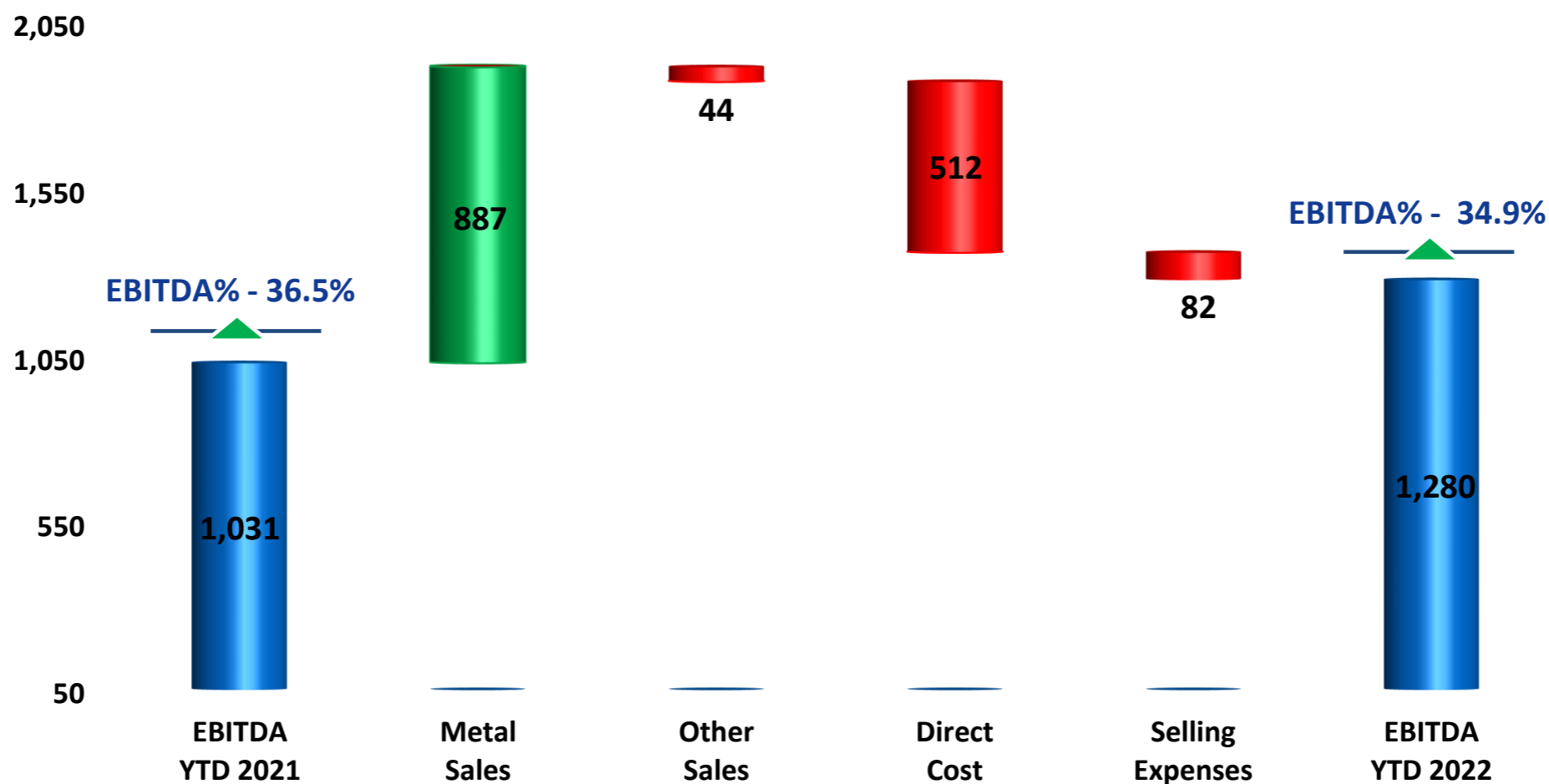
YTD 2022 vs. YTD 2021 - Direct Cost Bridge (US\$M)



Aluminium Industry: Uncertainty & Bearish Market Sentiment

Higher EBITDA due to Higher LME Price & Partially Impacted by Higher Cost & Selling Expenses | EBITDA% at 34.9%

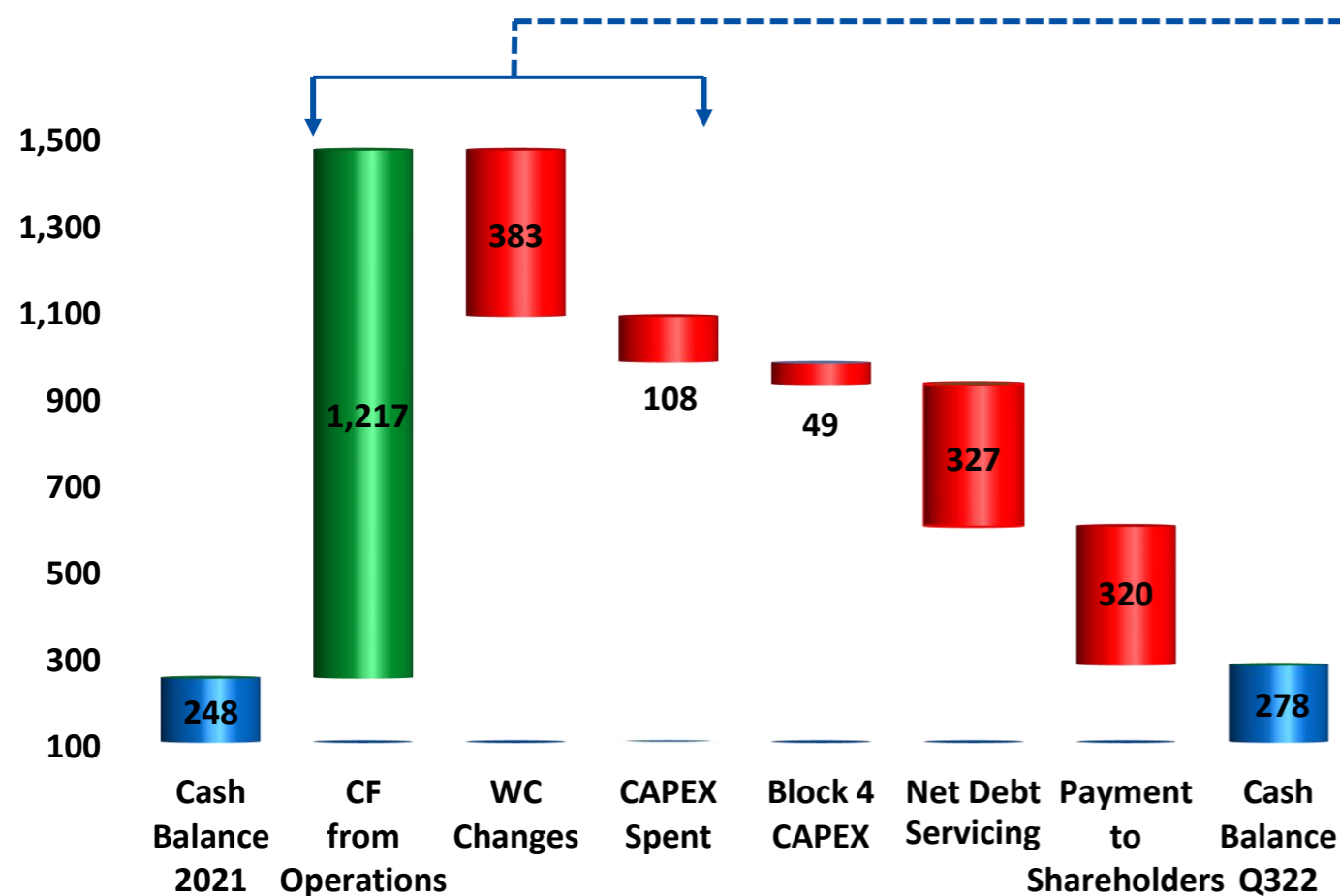
YTD 2022 vs. YTD 2021 - EBITDA Bridge (US\$M)



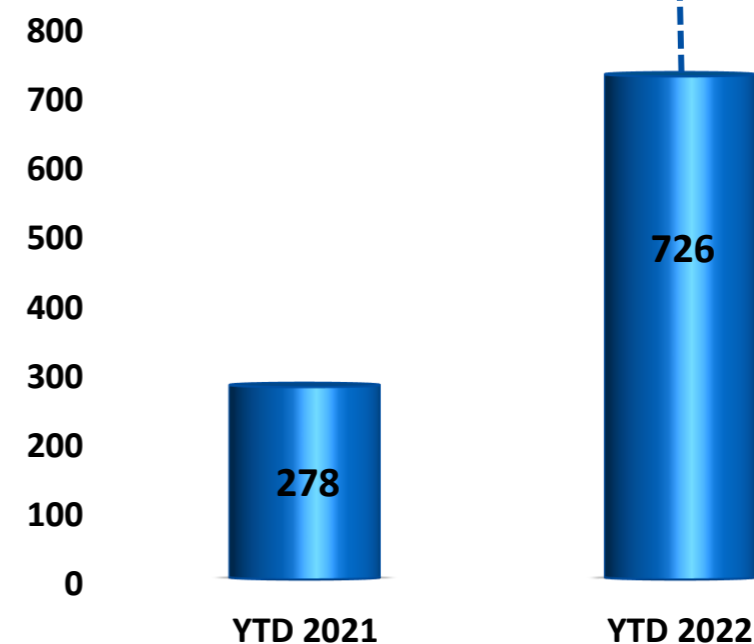
Aluminium Industry: Uncertainty & Bearish Market Sentiment

Cash-Flow Bridge FY 2021 to YTD 2022 -- Good Cash Position

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



Free Cash Flow (US\$M)



Operating & Investing Cash Flow
(Excluding Block 4 CAPEX)

Aluminium Industry: Uncertainty & Bearish Market Sentiment

Good Financial Performance Partially Offset by Higher Cost

Financial Summary	Q3 2022	Q3 2021	YTD 2022	YTD 2021
Average Cash LME (US\$/MT)	2,354	2,647	2,834	2,379
Average Alumina Price (US\$/MT)	413	307	436	305
Revenue (US\$M)	1,072	1,034	3,666	2,823
EBITDA (US\$M)	234	440	1,280	1,031
EBITDA%	21.8%	42.6%	34.9%	36.5%
Profit (US\$M)	128	335	1,002	720
Gain/(Loss) Unrealised Derivatives	1	1	(2)	1
Adjusted Profit ¹	127	334	1,004	719

¹Excludes unrealised gain/(loss) on derivatives

04

INDUSTRY PERSPECTIVES¹ IN 2022

Aluminium Short-Term Outlook Clouded With Uncertainty & Weak Market Sentiment

- Global economy has plunged into an extended period of stagflation with high inflation, weak consumer demand and slow industrial output growth. This is likely to lead to a sustained period of metal surpluses in the market.
- Fear of recession is rising following the aggressive interest rate hikes in US and Europe while weak property sector continues to weigh on China's economy
- Demand for packaging and renewable energy-related sectors is set to grow
- High energy costs in Europe are likely to boost output cuts while low precipitation in Yunnan limits supply growth in China
- Freight rates expected to further decline amid slowing global trade and as global supply-chains show signs of improvement
- Regional premia are set to decline given concerns over metal demand
- LME price to range between US\$2,000/t – US\$2,100/t for the remainder of 2022

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

- Alumina prices to further soften owing to LME price correction coupled with the refinery expansions around the world primarily in China and Indonesia
- Liquid Pitch supply to remain tight given the current conditions in Ukraine; thus, leading to higher prices for the remainder of 2022
- Aluminium Fluoride prices to remain stable owing to the availability of this material
- Carbon products' prices (GPC, CPC & Anodes) expected to remain high due to supply shortages and supported by higher demand



05

2022 ALBA PRIORITIES¹

ESG Focus & Journey Towards Safety Excellence

- 🌐 Deliver on newly-launched ESG roadmap in line with Bahrain's Objectives for 'Net Zero Emissions' by 2060
- 🌐 Embed ESG in every aspect of our operations and processes as well as deliberate with various stakeholders and partners potential ESG initiatives to further sustainable value across our value-chain
- 🌐 Exceed 2022 Production target of 1,560,000 MT and deliver on AL HASSALAH savings' target of US\$100 Million by 2022-end
- 🌐 Continue to screen potential Upstream Opportunities to secure 1/3 Alumina requirements
- 🌐 Capitalise on Aluminium Stewardship Initiative and Ecovadis Certifications to penetrate new markets & increase VAP Sales despite challenges
- 🌐 Finalise awarding the Solar Farm Project
- 🌐 Progress with Bechtel's Feasibility Study for Line 7 by Q3 2023

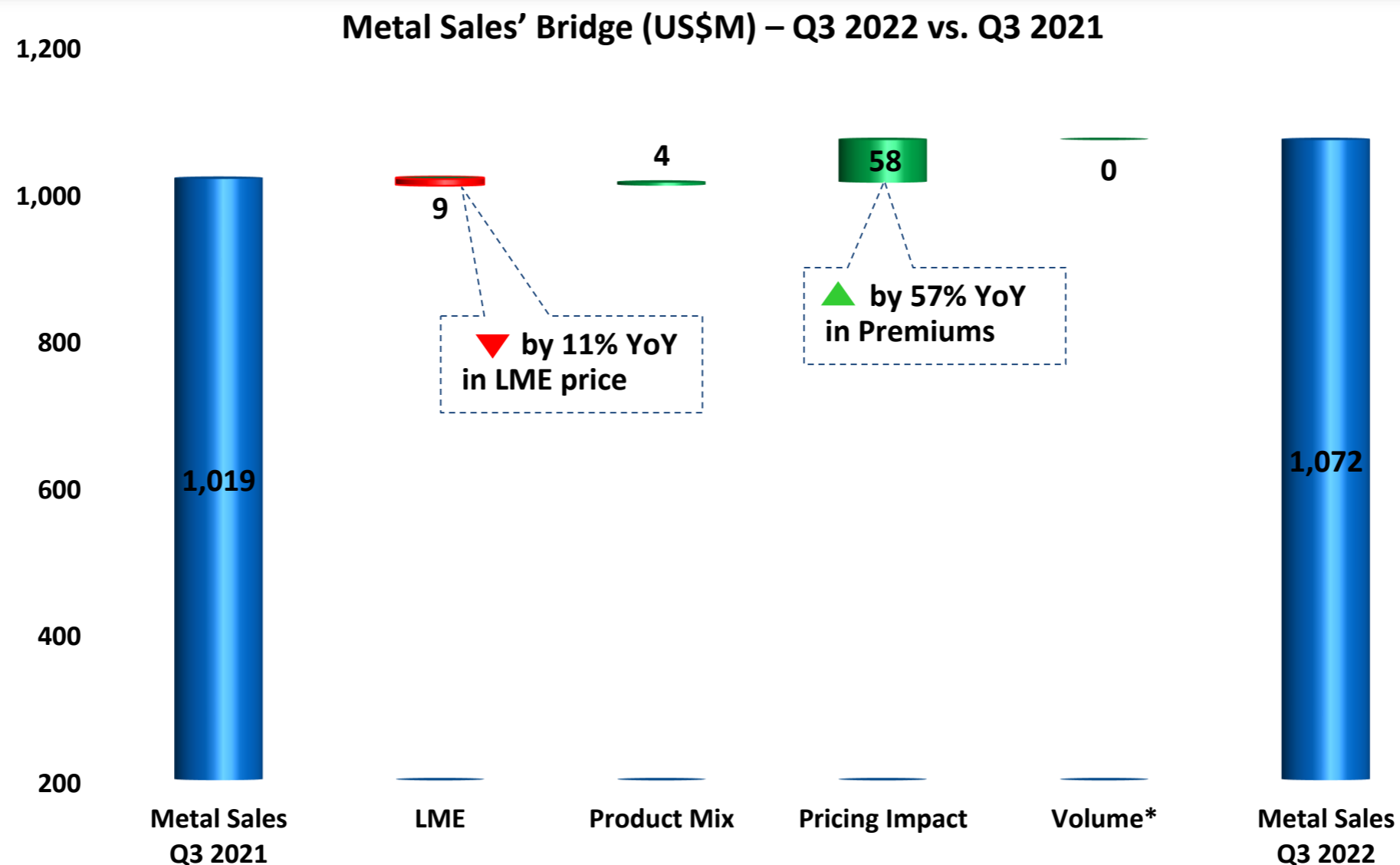


06

APPENDIX (Q3 2022 Results)

Aluminium Industry: Uncertainty & Bearish Market Sentiment

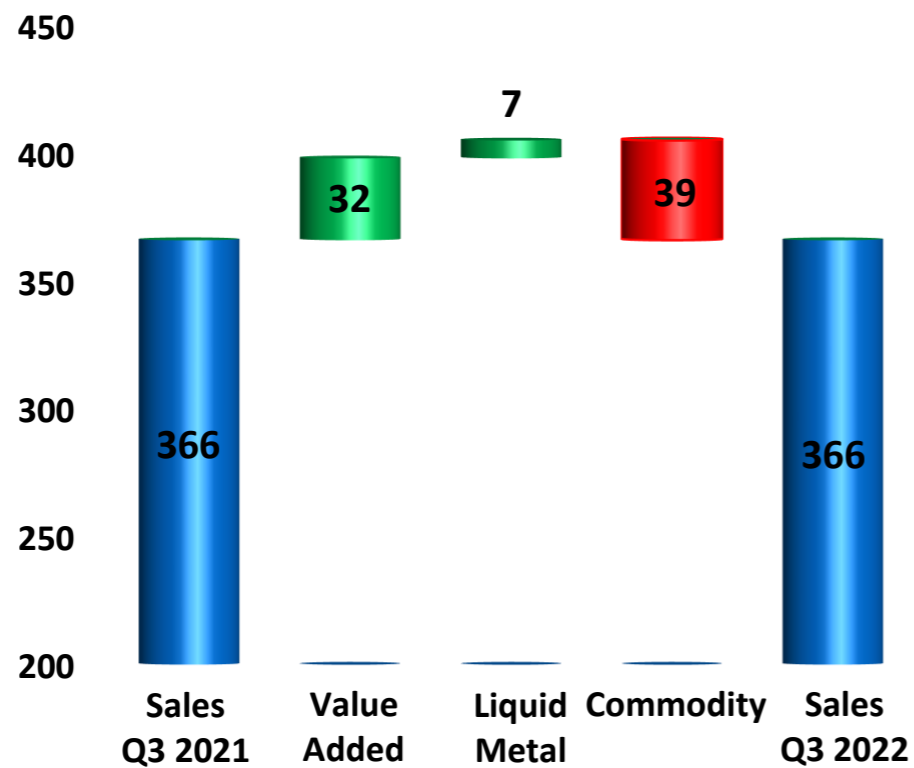
Higher Metal Sales Thanks to Higher VAP & Premiums & Partially Offset by lower LME Price



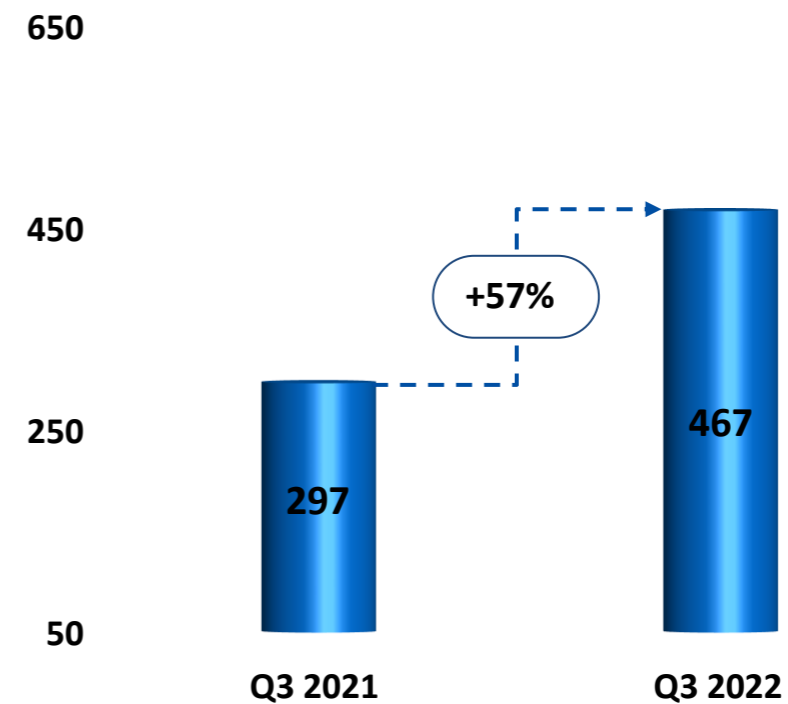
Aluminium Industry: Uncertainty & Bearish Market Sentiment

Higher VAP | Lower Commodities' Volume | Higher Premiums

Sales by Product-Line Bridge (MT'000)
Q3 2022 vs. Q3 2021



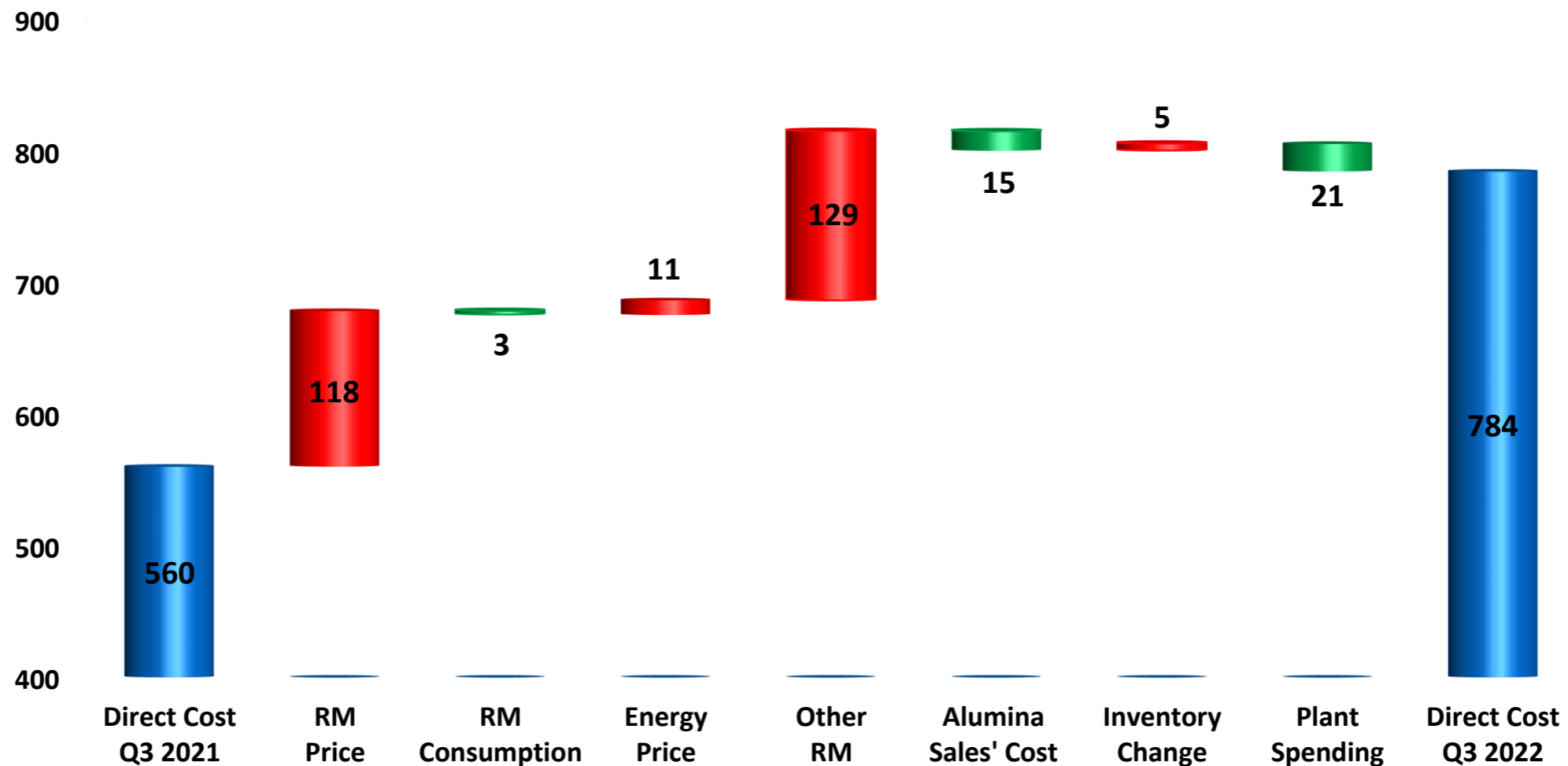
Premium Above LME Trend US\$ Per MT



Aluminium Industry: Uncertainty & Bearish Market Sentiment

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

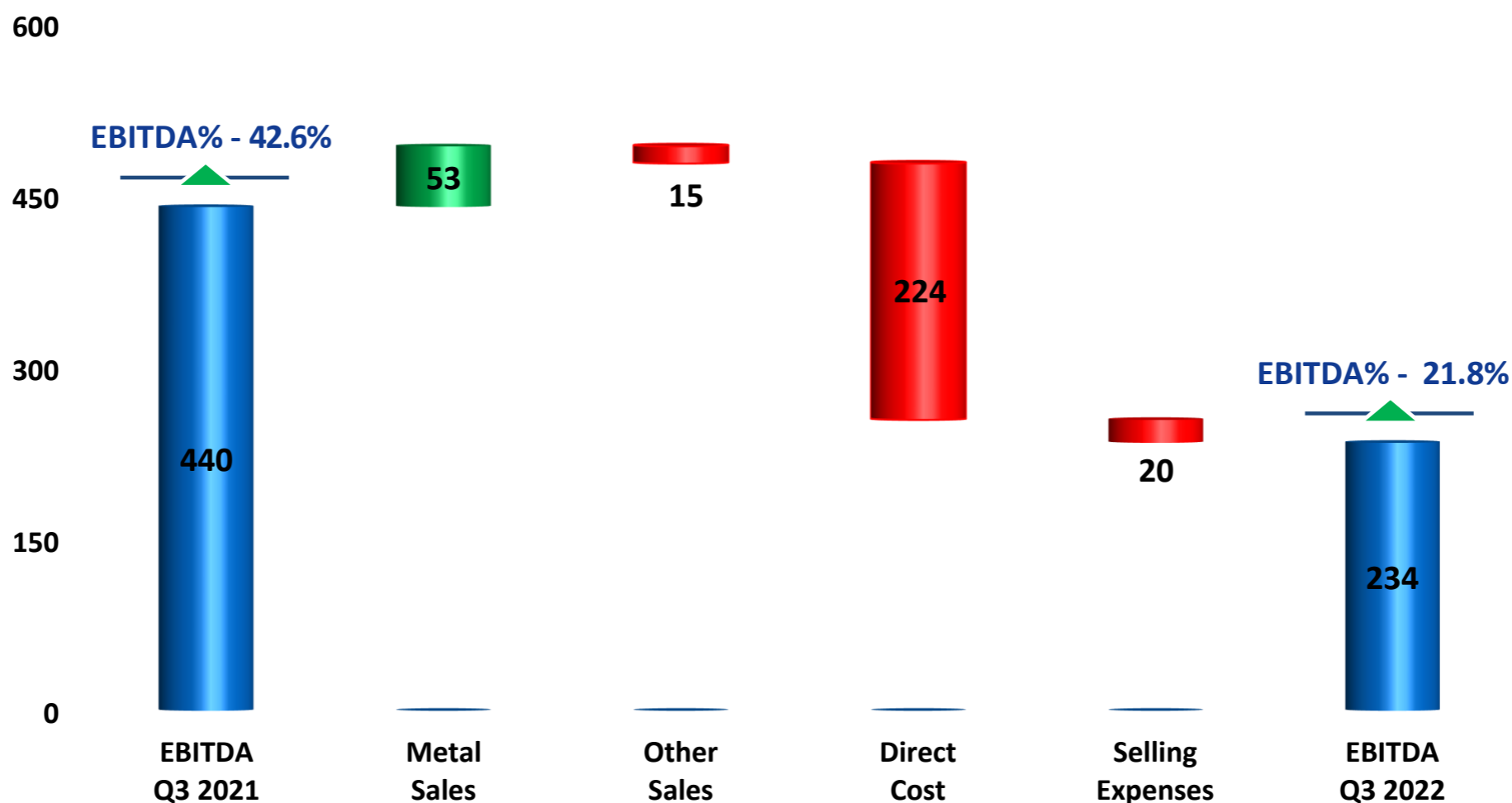
Direct Cost Bridge (US\$M) – Q3 2022 vs. Q3 2021



Aluminium Industry: Uncertainty & Bearish Market Sentiment

Lower EBITDA Owing to Lower LME Price, Higher Costs & Selling Expenses | EBITDA% at 21.8%

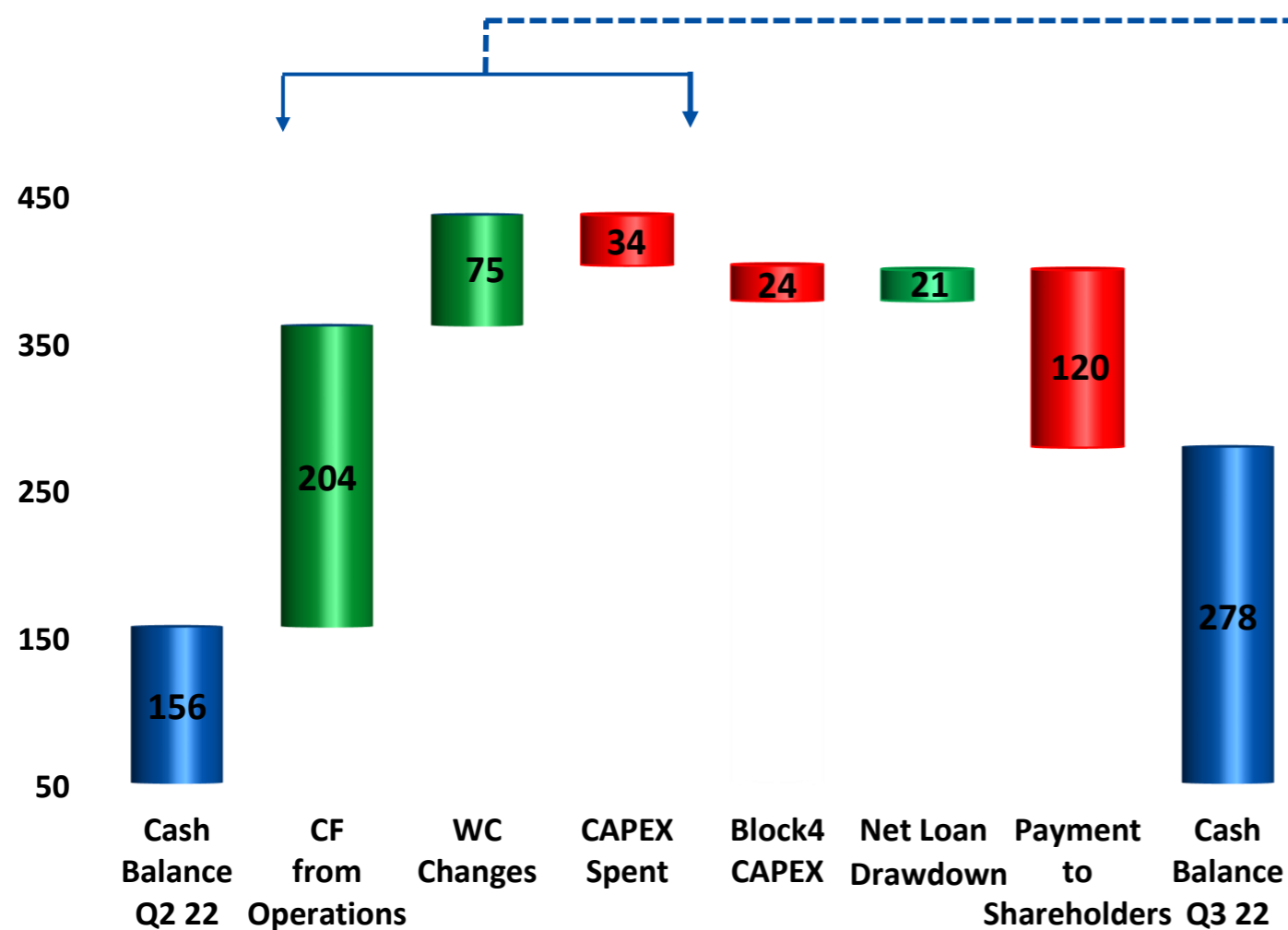
EBITDA Bridge (US\$M) – Q3 2022 vs. Q3 2021



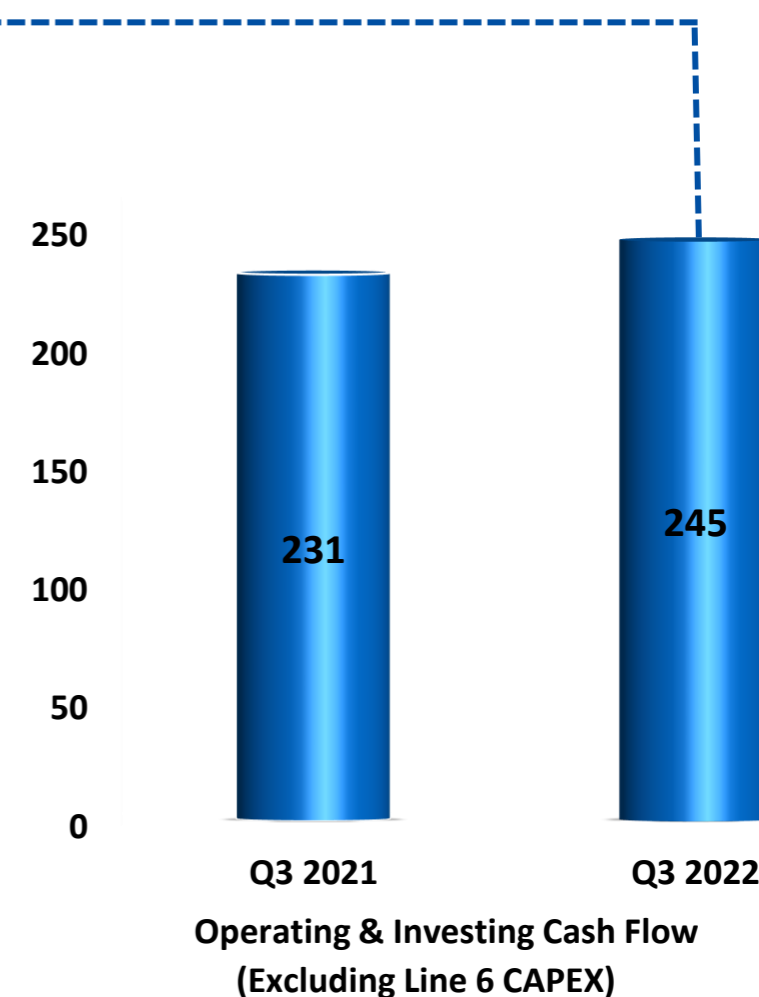
Aluminium Industry: Uncertainty & Bearish Market Sentiment

Cash-Flow Bridge Q2 2022 to Q3 2022 -- Sound Cash Position

Q2 2022 to Q3 2022 Cash-Flow Bridge (US\$M)



Free Cash Flow (US\$M)



Operating & Investing Cash Flow
(Excluding Line 6 CAPEX)

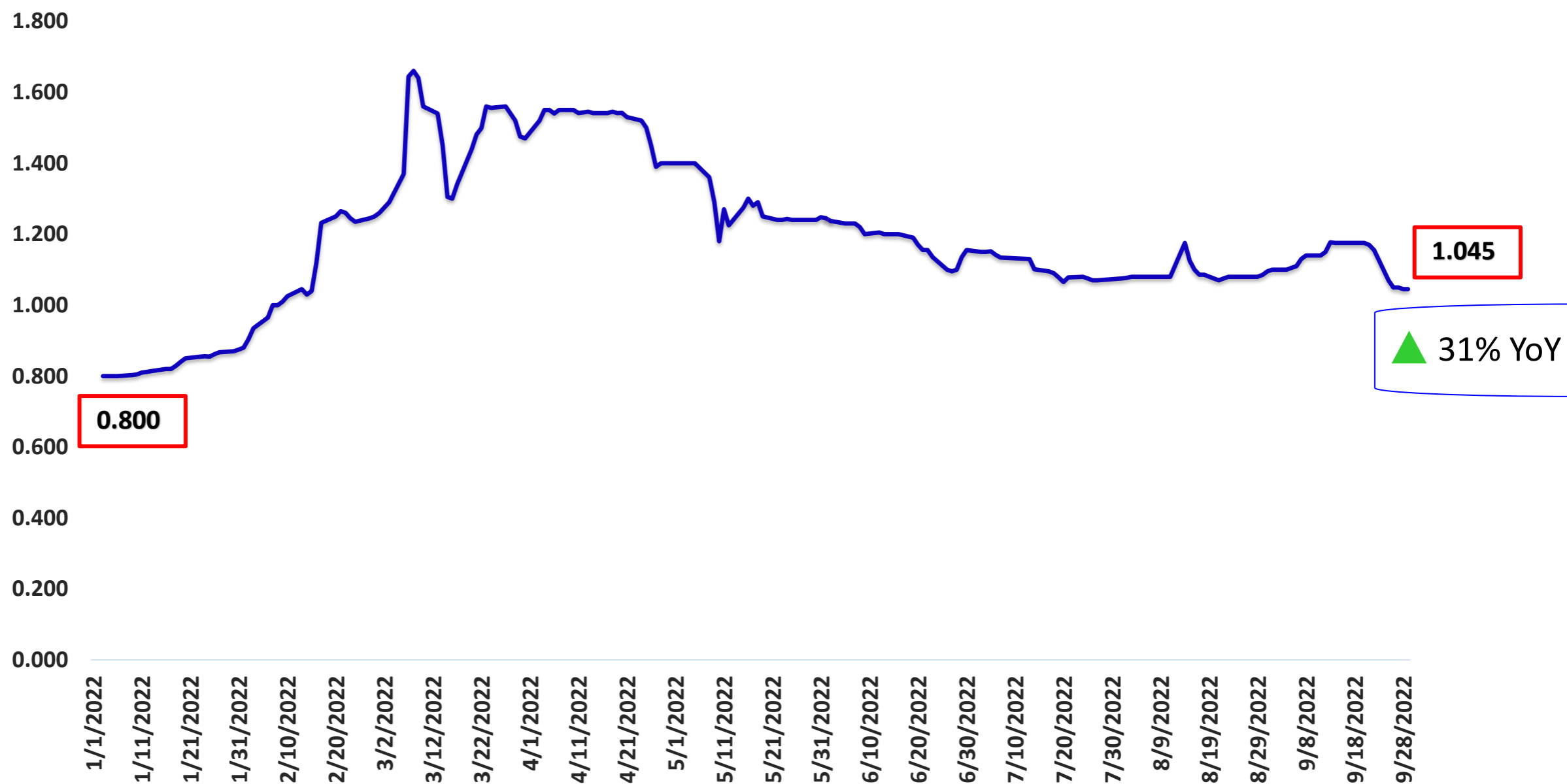
Alba Shareholder's Structure



- Alba was converted into a Bahrain Public Joint Stock Company on 23 November 2010
- Alba shares are listed on two exchanges: Ordinary Shares on Bahrain Bourse and Global Depository Receipts (GDRs) on the London Stock Exchange – Alternative Investment Market
- Alba Ticker [BHB: ALBH, BD1.045 on 30 September 2022]



Alba Share Price Performance [ALBH, BD]





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Alba4World



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