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MANAMA (ALBH)

Aluminium Bahrain B.S.C. (Alba) (Ticker Code: ALBH) presents its financial results as per the International Financial Reporting Standards (IFRS) accounting rules. All investors and reporters are requested to read Alba's Full-Year 2023 Audited Consolidated Financial Statements which are posted at [www.albasmelter.com](http://www.albasmelter.com).

Alba's official press release and full set of Financial Information are also available on [Bahrain Bourse website](#).

Alba's Financial Results for the Fourth Quarter and Full Year of 2023 are summarized below:

### ***Alba Reports its Financial Results for the Fourth Quarter and 12 Months of 2023***

Aluminium Bahrain B.S.C. (Alba) (Ticker Code: ALBH), one of the world's largest aluminium smelters, has reported a **Profit of BD23.4 million (US\$62.2 million)** for the **fourth quarter of 2023, down by 40.7% Year-over-Year (YoY)** versus a Profit of BD39.4 million (US\$104.9 million) for the same period in 2022. The Company reported **Basic and Diluted Earnings per Share of Fils 17 for Q4 2023** versus Basic and Diluted Earnings per Share of Fils 28 for the same period in 2022. **The Total Comprehensive Income for Q4 2023 stood at BD6.2 million (US\$16.5 million)** versus a Total Comprehensive Income for Q4 of 2022 of BD24.4 million (US\$64.7 million) – **down by 74.6% YoY**.

**For the Full-Year of 2023**, Alba has reported a **Profit of BD118 million (US\$313.9 million), down by 71.6% YoY**, versus a Profit of BD416.2 million (US\$1,106.8 million) for 2022. Alba reported **Basic and Diluted Earnings per Share of fils 83** versus Basic and Diluted Earnings per Share of fils 294 in 2022. Alba's **Total Comprehensive Income for the year of 2023 was BD106.7 million (US\$283.8 million), a drop of 75.8% YoY**, compared to a Total Comprehensive Income of BD440.4 million (US\$1,171.4 million) for 2022.

**Total Equity** as of 31 December 2023 stood at **BD1,789.2 million (US\$4,758.6 million), down by 1.8% YoY**, versus BD1,822.5 million (US\$4,847 million) as of 31 December 2022. Alba's **Total Assets** as of 31 December 2023 were **BD2,553.6 million (US\$6,791.4 million)** versus BD2,617.2 million (US\$6,960.6 million) as of 31 December 2022 – **a drop of 2.4%**.



Alba's top-line and bottom-line were driven by lower LME prices (down by 5.8% YoY in Q4 2023 and down by 16.8% YoY for the 12 months of 2023) and lower premiums (down by 34.1% YoY in Q4 2023 and down by 35.3% YoY for the 12 months of 2023).

The Board of Directors of Aluminium Bahrain B.S.C. (Alba) resolved during the Board meeting on Wednesday 14 February 2024, to recommend the distribution of cash dividend for the year ended 31 December 2023 to the shareholders whose names are registered on the Company's register on the Record Date. The Cash Dividend will be subject to the approval of the Company's shareholders at the upcoming Annual General Meeting on 07 March 2024. Cash Dividend: 29.18% of share nominal value, equivalent to Fils 29.18 per share amounting to BD41,314,159 (the proposed annual cash dividend includes the Interim Dividend of Fils 13.28 per share which was already distributed to the shareholders by 31 August 2023).

## Industry Highlights

### World Market Demand (+1% YoY)

- Aluminium consumption saw a modest growth globally due to stagnant economies curbed by rising interest rates and inflation, ongoing supply chain disruptions and weak consumer confidence.
- Chinese economy showed signs of stability fueled by resilient manufacturing sector and a rebound in auto sector and consumer goods spending (+ 5% YoY).
- KSA's aluminium consumption plunged by 6% YoY, dragging down the demand in Middle East by 7% YoY.
- US economy is transitioning to a slower pace with labor market easing and consumers facing increased cost pressure due to higher interest rates all of which led to a drop of 6% YoY in aluminium demand.
- Europe: sluggish economy caused by tighter controls on spending, rising prices (high inflation) and weaker consumer interest have led to a contraction in aluminium consumption (-8% YoY).

### World Market Supply (+2% YoY)

- China: growth in production slowed due to winter disruptions in the South (+3% YoY).
- North America: production rose by 3% YoY with smelters' restarts.
- Middle East: overall flat (+1% YoY) with gains in Bahrain & UAE (+1% YoY) offset by a decline in KSA (-6% YoY).
- Europe: primary production cut back (-4% YoY) due to weak manufacturing activity.
- Russia: LME stocks of Russian origin surged to reach 90% of total LME stocks. UK imposed additional sanctions on Russian metal.



- World market w/o China posts first surplus since 2020 (+51,000 MT) & in deficit with China (-6,000 MT).

### LME Price & Premiums

- LME Cash averaged US\$2,252/t in 2023 - down by 17% YoY. LME price fluctuated in the fourth quarter between a low of US\$2,082.50/t on 11 December and a high of US\$2,335.50/t on 29 December.
- LME inventories remained low at 566,000 MT by year-end despite a 27% increase YoY. Chinese stocks reached a 6-year low.
- Premiums dropped significantly owing to weak demand and bearish market sentiment.

### Major Environment, Social and Governance (ESG) Highlights

- Milestone reached in Power Station 5 Block 4 with the arrival of M701JAC Gas Turbine on 16 October 2023.
- Safety Milestone: 7<sup>th</sup> consecutive summer of zero heat-related illnesses and injuries.
- Alba: 1<sup>st</sup> smelter in the GCC to attain 4-star audit rating by the British Safety Council.
- Launch of a mini-Safety Campaign 'Safety is Driven by You' on 10 December 2023.
- Safety First, Safety Always: 13 million safe working hours w/o LTI on 23 January 2024.
- Sixth edition of ESG Report (with Quality Assurance) released in Q4 2023.
- Sustainability Triumph: SPL Treatment Plant exceeds target, converting waste into valuable HiCal -- 40,185 MT of HiCal produced against nameplate capacity of 30kMT – 35kMT.

### Operational Highlights

- Sales' volume rose to 1,603,011 metric tonnes (MT) despite market challenges (+2.2% YoY).
- Closed 2023 with an all-time Net Finished Production of 1,620,665 MT (+1.3% YoY).
- Value Added Sales averaged 68% of the total shipments vs. 66% in 2022. VAP Sales' volume exceeds 1,095,000 MT (+5.1% YoY).
- Inked 10-Year Gas Supply Deal with Bapco Energies with fixed price structure for the first 5-year period at US\$4/MMBTU on 23 January 2024.
- Recipient of two major Investor Relations Awards for 2023 by Middle East Investor Relations Association (MEIRA).
- Upskilling more than 660 employees through programmes like Al Jisr, Skill Matrix and comprehensive Training and Development Programme.
- Alba celebrates its female employees on the occasion of Bahraini Women's Day.



- Through consistent efforts, AL HASSALAH Top up maintains US\$115.34M achieved savings in 2022.

### **Mixed Macroeconomic Outlook: Supply Constraints & Demand Upturn**

- Global demand is expected to see a gradual rebound in the latter half of 2024 fueled by anticipated Chinese stimulus measures into their economy, prospects of interest rate cuts in the US boosting consumer spending and gradual recovery in Europe as consumption picks up after a sluggish start.
- Russian aluminum exports to EU are likely to decline due to expected trade sanctions against Russia diverting exports to Asia particularly China.
- US aluminum offtake is projected to grow in 2024 despite anticipated GDP slowdown, mainly driven by investments and expansions in casting, extrusions, and rolling sectors.
- European demand is likely to remain passive in H1 2024 due to stagnant construction activity & high interest rates dampening business and consumer confidence.
- Demand in China is expected to expand, despite a weak construction sector, thanks to growth in auto and renewable energy sectors.
- Global supply chain challenges have improved, but some risks remain on routes like Panama and Suez Canals.
- Bearish market sentiment is likely to persist with LME prices ranging between US\$2,000/t - US\$2,200/t.

### **Evolving Beyond ESG & Safety Standards**

- Advance a culture of Safety where every action reflects our commitment to zero harm.
- Align with Bahrain's Objectives for 'Net Zero Emissions' by 2060 & embrace sustainability (from sourcing to delivery) across our operations.
- Exceed 2023 Net Finished Production of 1,620,665 MT in 2024 and launch e-AL HASSALAH Savings Program.
- Maintain active pursuit for sourcing Upstream to secure 1/3 Alumina Needs.
- Leverage Aluminium Stewardship Initiative (ASI) and Ecovadis Certifications to unlock new markets and boost VAP Sales.
- Complete PS5 Block 4 Project by Q4 2024 and Solar Farm by Q2 2024 to scale up our efficiency.
- Complete Bechtel's Feasibility Study for Line 7 Class III by Q2 2024.

Commenting on Alba's financial performance for Full Year of 2023, the Chairman of Alba's Board of Directors, Mr. Khalid Al Rumaihi stated:



“While navigating market headwinds in 2023 with volatile LME prices and fluctuating premiums, we are pleased that Alba not only delivered higher sales volume but also achieved overall good performance. Despite these external factors, the Company’s robust operational performance in 2023 demonstrates its resilience and potential for stronger financial results in a more favorable environment. Having refreshed our Strategy for 2024-2026, we will be able to position Alba for continuous success amidst market challenges while transforming challenges into opportunities.”

Adding further, Alba’s Chief Executive Officer, Ali Al Baqali said:

“I’m incredibly proud of our team for doing more than necessary in a tough year for the aluminium industry. While bearish market sentiment presented significant challenges, our collective efforts on cost management and operational optimization enabled us to achieve good results despite lower LME prices and premiums and close 2023 with 12 million safe working hours without LTI.”

Alba Management will hold a conference call on Monday 18 February 2024 at 2 PM Bahrain Time to discuss the Company’s financial and operational performance for the Full-Year of 2023 as well as outline the Company’s Priorities for 2024.