



Media Release – Wednesday 08 November 2023

FOR IMMEDIATE RELEASE
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 Interim Condensed Consolidated Financial Statements for the Period-Ended 30 September 2023 which are posted at www.albasmelter.com.

Alba's official press release and full set of Financial Statements are also available on [Bahrain Bourse website](#).
Alba's Financial Results for the Third Quarter and 9 Months of 2023 are summarized below:

Alba Reports its Financial Results for the Third Quarter and 9 Months of 2023

Q3 & 9 Months 2023 Financial Performance

Aluminium Bahrain B.S.C. (Alba) (Ticker Code: ALBH), one of the world's largest aluminium smelters, has reported a **Profit of BD17.3 million (US\$46 million)** for the **third quarter of 2023, down by 64% Year-over-Year (YoY)**, versus a Profit of BD48 million (US\$127.6 million) for the same period in 2022. The Company reported **Basic and Diluted Earnings per Share of fils 12** for **Q3 2023** versus Basic and Diluted Earnings per Share of fils 34 for the same period in 2022. **The Total Comprehensive Income for Q3 2023 stood at BD20.7 million (US\$55.2 million)** versus Total Comprehensive Income for the third quarter of 2022 of BD58.2 million (US\$154.8 million) – **down by 64% YoY**. **Gross Profit for Q3 2023 was BD48.6 million (US\$129.3 million)** versus BD79 million (US\$210.2 million) for the same period in 2022 – **down by 38% YoY**. With regards to the **Revenue from contracts with customers in Q3 2023**, Alba generated **BD400 million (US\$1,063.8 million)** versus BD403.2 million (US\$1,072.4 million) in Q3 2022 - **down by 0.8% YoY**.

With regards to the nine months of 2023, Alba has reported a **Profit of BD94.6 million (US\$251.7 million), down by 75% YoY**, versus a Profit of BD376.7 million (US\$1,001.9 million) for the same period in 2022. The Company reported **Basic and Diluted Earnings per Share of fils 67** for the nine months of 2023 versus Basic and Diluted Earnings per Share of fils 266 for the same period in 2022. Alba's **Total Comprehensive Income** for the nine months of 2023 was **BD100.5 million (US\$267.3 million), down by 75.8% YoY**, compared to a Total Comprehensive Income of BD416.1 million (US\$1,106.6 million) in the same period of

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2022. **Gross Profit** for the nine months of 2023 was **BD196.4 million (US\$522.3 million)** versus BD465 million (US\$1,236.8 million) in the same period of 2022 – **down by 57.8% YoY**. Alba generated in the nine months of 2023 **Revenue from contracts with customers** of **BD1,157 million (US\$3,077 million)** versus BD1,378.5 million (US\$3,666.3 million) in the same period of 2022 - **down by 16% YoY**.

Total Equity as of **30 September 2023** stood at **BD1,773 million (US\$4,715.7 million)**, **down by 2.7%**, versus BD1,822.5 million (US\$4,847 million) as of 31 December 2022. Alba's **Total Assets** as of **30 September 2023** were **BD2,633.6 million (US\$7,004.1 million)** versus BD2,617.2 million (US\$6,960.6 million) as at 31 December 2022 - **up by 0.6%**.

Alba's top-line and bottom-line were driven by lower LME prices (down by 8% YoY in Q3 2023 and down by 20% YoY for the 9 months of 2023) and lower premiums (down by 39% YoY in Q3 2023 and down by 36% YoY for the 9 months of 2023).

Industry Highlights

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 led by 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.

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 AI 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 [9 million safe working hours were achieved on 29 Oct'23]

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.

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.

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.



During this Board meeting, the Board of Directors approved 2024 Marketing Plan & 2024 Annual Operating Plan as well as the Minutes of the previous Board meeting held on 28 September 2023. In addition, the Board reviewed and discussed strategic developments such as the proposed Line 7 Project as well as the progress of Power Station 5 (PS5) Block 4 Project.

Commenting on Alba's financial performance for Q3 and 9 Months of 2023, the Chairman of Alba's Board of Directors, Mr. Khalid Al Rumaihi stated:

"It's a privilege to serve as the Chairman of Alba's Board of Directors (following my recent appointment on 09 October) as we forge ahead with my fellow directors at the Board to create value for our shareholders."

"Our financial performance demonstrate our ability to adapt and thrive in a challenging economic backdrop and I am confident in our ability to sustain this momentum as we step into 2024."

Adding further on the 9 Months 2023 Financials Results, Alba's Chief Executive Officer, Ali Al Baqali said:

"I am pleased to report that we have exceeded our expectations in our operational and financial performance amidst bearish market sentiment that has been clouding the aluminium industry for more than a year. Such performance was possible thanks to our ability to effectively manage costs and optimize our operations – allowing us to partially mitigate the impact of market fluctuations."

Alba Management will hold a conference call on Thursday 09 November 2023 at 2 PM Bahrain Time to discuss the Company's financial and operational performance for Q3 and 9 Months of 2023 as well as outline the Company's Priorities for 2023.

ENDS

Photo Caption

Chairman of Alba's Board of Directors, Mr. Khalid Al Rumaihi
Chief Executive Officer, Ali Al Baqali

About Aluminium Bahrain B.S.C. (Alba)

[Ticker: ALBH]

At plus-1.6 million metric tonnes per annum (mtpa) (2022), Alba is one of the largest smelters in the world with more than 50 years of excellence in Operations, Safety, Environment and Socio-Economic Development.

A blue-chip asset of the Kingdom of Bahrain, Alba produces high-quality Aluminium products in the form of Standard and Value-Added Products (VAP)s, which are exported to more than 240 global customers through its sales offices in Europe (Zurich), Asia (Singapore) and subsidiary office in the U.S. Alba is dual listed on Bahrain Bourse and London Stock Exchange and its shareholders are Bahrain Mumtalakat Holding Company B.S.C. © (69.38%), SABIC Industrial Investments Company (SIIC) (20.62%) and General Public (10%). Alba holds globally-recognised certifications such as ISO 9001, ISO 14001, ISO 27001, ISO 45001, IATF 16949:2016, ISO 22301:2012 Business Continuity Management System (BCMS) and ASI Performance Standard Certification and Ecovadis Certification.

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As the first aluminium smelter in the Middle East, Alba sits at the heart of a thriving aluminium downstream sector in Bahrain, which accounts for approximately 12% of the Kingdom's GDP. As one of the biggest national companies, it has ensured not only the employment of Bahrain nationals (85% in 2022) but also the enhancement of their capabilities through education, training, and development initiatives at every stage of their career.

Alba is recognised as one of the top industrial companies in the world with high standards in Environment practices, Social contribution and Corporate Governance. Launched in February 2022, the Company's ESG Roadmap outlines 6 priority areas - (1) Decarbonisation, (2) Green Energy & Aluminium, (3) Circular Economy & Secondary Aluminium, (4) Employee Welfare, (5) Collaboration & Partnership and (6) Transparency, Communications & Due Diligence. Since its inception, Alba has invested into numerous environment, sustainable and socio-economic development projects that have had a positive impact on the society. Alba's first-of-its-kind US\$37.5 million zero-waste Spent Pot Lining Treatment Plant, the upcoming 5-7 MW Solar Farm Project and the Power Station 5 Block 4 Project are tangible efforts to meet the goals of the Net Zero Carbon targets by 2060 led by HRH the Crown Prince and Prime Minister of Bahrain. Alba will also play a crucial role in the upcoming Aluminium Downstream Park, which will increase the contribution of non-oil sectors to the GDP of Bahrain.

Alba's motto 'Safety First, Safety Always' has ensured that the Safety and well-being of its employees and contractors' workforce remain a top priority. The Company broke all previous records in Safety and topped 30 million Safe working-hours without Lost Time Injury (LTI) on 01 September 2022 for the first-time in its history. The Company has been recognised internationally for its excellent Safety and Health track record with awards such as the RoSPA Gold Medal Award (9 years in a row) and International Safety Award with Merit from British Safety Council, as well as six major National Safety Council (NSC) USA awards for 2021. Alba has also been recognised for its initiatives to produce Aluminium responsibly through awards such as Top ESG performer in Bahrain by ESG Invest, Safeguard Label from Bureau Veritas and Best Corporate Governance Award by Ethical Boardroom.

Alba Power Station 5 Block 4 Expansion Project

Alba Power Station 5 (PS5) Block 4 is a Combined Cycle Power Plant that is an expansion of the existing PS5. PS5 Block 4 Project is the addition of a fourth Block of similar 1:1:1 configuration with J-class gas turbine technology and with minimum nominal ISO rating of a 680.9 MW and includes tie into the existing 220kV Substation. The efficiency of this combined cycle power plant is much higher than the combined cycle power plants of PS3 and PS4. On completion of PS5 Block 4 Expansion Project, the nameplate capacity of PS5 will increase from 1,800 MW to 2,481 MW. Mitsubishi Power & SEPCOIII consortium will be responsible to design, engineer, procure, construct and commission Block 4. PS5 Block 4 commercial operations are expected to begin in Q4 2024.

Alba Stakeholder Engagement Plan

Alba's 'Stakeholder Engagement Plan' outlines the Company's communication with all its stakeholders including the community, the Environment and Social impacts as well as mitigation controls for its operations in addition to its external Grievance Mechanism through the Code of Conduct, for any stakeholder(s) or the public to raise any concerns or issues.



Scan the above to Alba's Stakeholder Engagement Plan

Alba's External Grievance Mechanism

[Alba Integrity Line](#) is an independently operated confidential reporting hotline for all stakeholders, employees, contractors and commercial partners, and broader community, to report on a confidential basis, any potential breaches of Alba's Code of Conduct, as well as Environment and Social (E&S) Impacts. Alba Integrity Line is available in multiple languages - via a toll-free phone system or via the intranet and the Company's website www.albasmelter.com 24 hours a day.



Scan the above to Alba's Code of Conduct

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