

Disclosure of Material Information**To: Bahrain Bourse**

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

الإفصاح عن معلومات جوهرية

السادة / بورصة البحرين

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

Date	15 August 2023 15 أغسطس 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 Q2 and H1 2023 Financial Results' Conference Call on Monday 14 August 2023 at 2:30 PM. Attached for reference is the Investor Relations (IR) Presentation along with the transcript for the call/webcast. عقدت ألمنيوم البحرين ش.م.ب. (البا) اجتماعاً هاتفياً لمناقشة الأداء المالي للربع الثاني والنصف الأول من عام 2023 يوم الإثنين الموافق 14 أغسطس 2023 في تمام الساعة 02:30 ظهراً. تجدون في المرفقات العرض التقديمي لعلاقات المستثمرين للربع الثاني والنصف الأول من عام 2023 بالإضافة إلى 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	



INVESTOR RELATIONS PRESENTATION

Q2 2023



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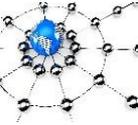
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01

INDUSTRY HIGHLIGHTS¹



Weak Demand due to Economic Uncertainty (+2% YoY)

- 🌐 Q2 2023 has seen a continuation of economic uncertainty amidst bearish manufacturing activity and ongoing interest rate hikes by US Federal Reserve and European Central Bank (recent increase of 25 basis points)
- 🌐 As Chinese Government has stepped up monetary easing measures, consumption has started to improve (+6% YoY)
- 🌐 Middle East demand almost flat (+1% YoY)
- 🌐 Eurozone has been in a recession on the back of high inflation and sluggish consumer spending while US consumption is weak owing to slow manufacturing activity: demand dropped by 8% YoY and 7% YoY respectively



World Market Supply Almost Flat (+1% YoY)

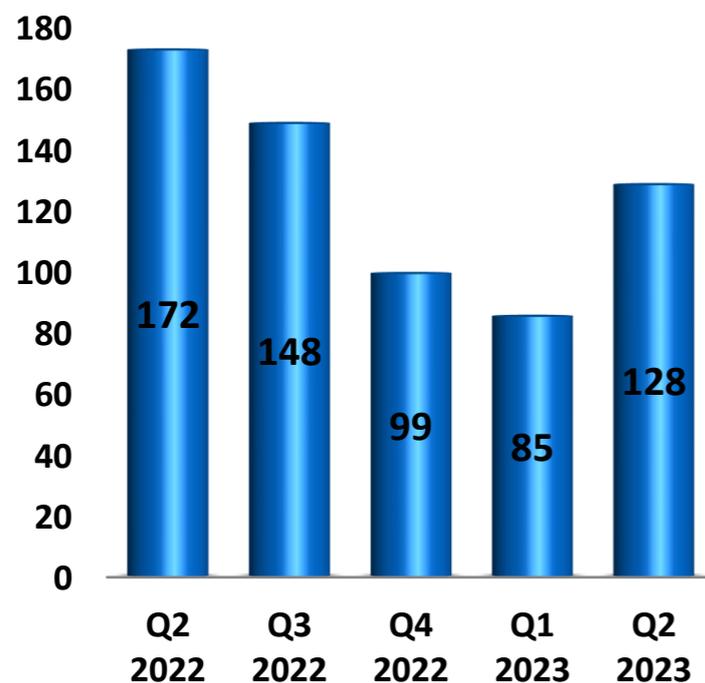
- Despite recent smelter cuts in Yunnan province, China increased its production (+1% YoY)
- Europe is leading the world ex-China with its output cuts (-5% YoY) owing to high energy prices [curtailed capacity restarts are challenged in the world ex-China as energy prices remain expensive and no significant new projects are ramping up in 2023]
- Middle East supply down by 1% YoY
- Russian metal is flowing to China while its exports to EU and US have dropped by 30% YoY and 91% YoY respectively
- As production is growing at a slower pace than consumption, the world market is in deficit with China (-0.35 million MT) while in surplus w/o China (+0.07 million MT)



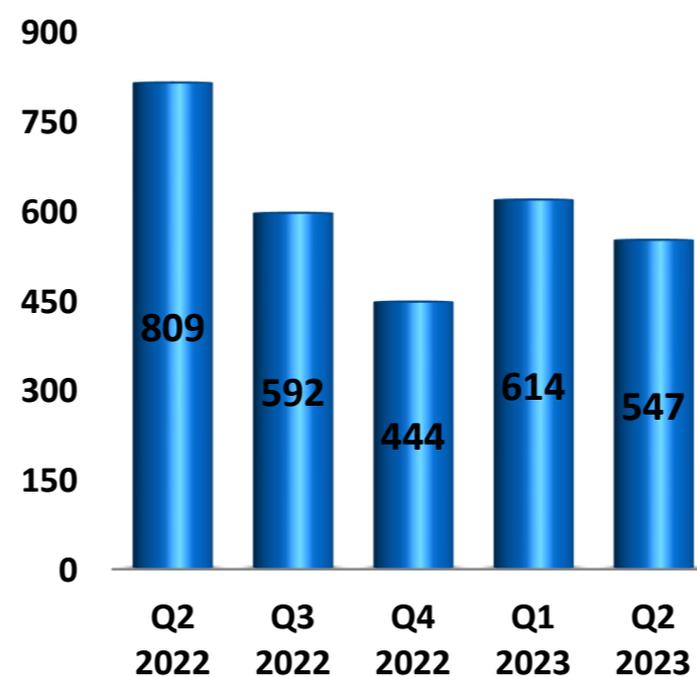
LME Price & Premiums

-  LME Price remained under pressure as bearish market sentiment dominated the trading activity. LME-Cash averaged US\$2,263/t in Q2 2023 -- down by 21% YoY [lowest: US\$2,096.5/t on 30 Jun'23 and highest: US\$2,410/t on 20 Apr'23]
-  LME inventories at low levels at ~0.5 million MT (up by 45% YoY) with growing inventories of Russian metal in LME-registered warehouses causing concern
-  Premium prices on the swing: US Midwest dropped whereas MJP and DDP Rotterdam improved

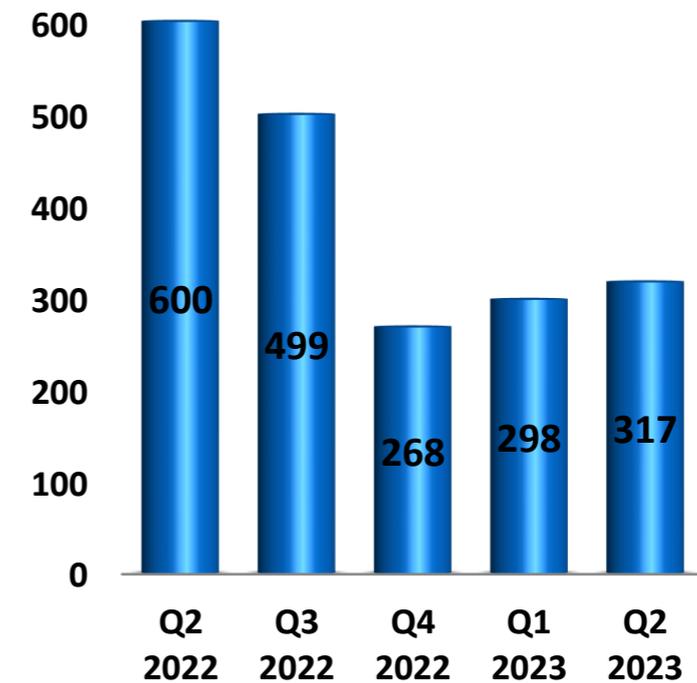
Major Japanese Ports (MJP¹)



US Midwest

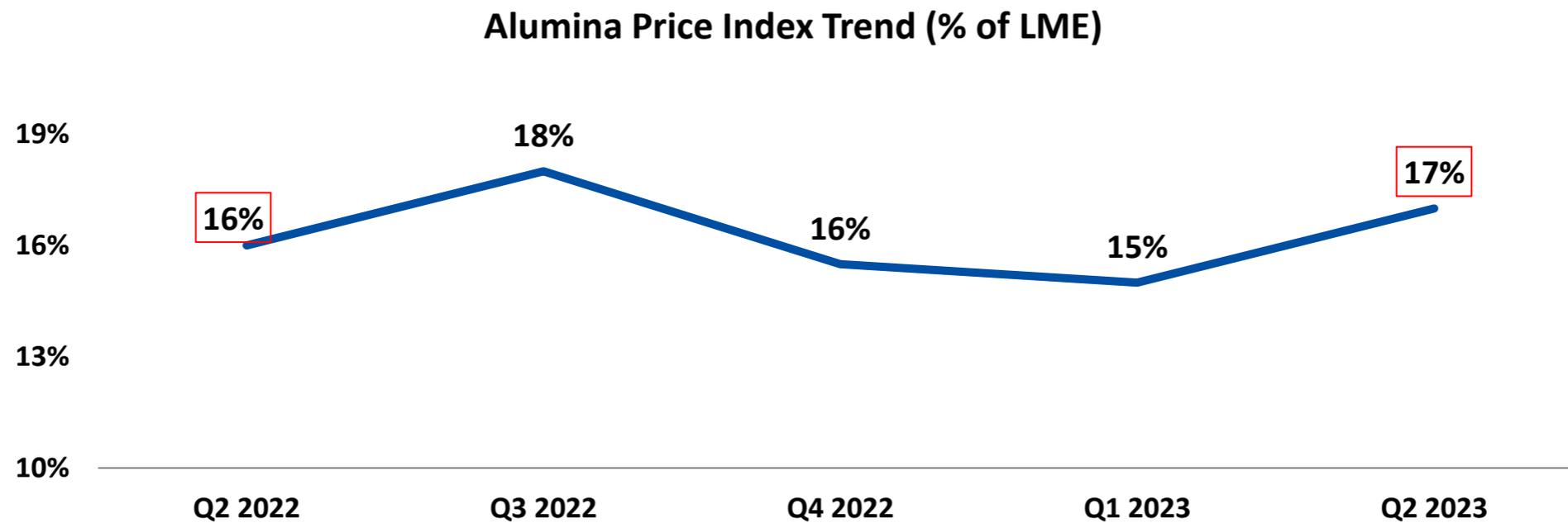
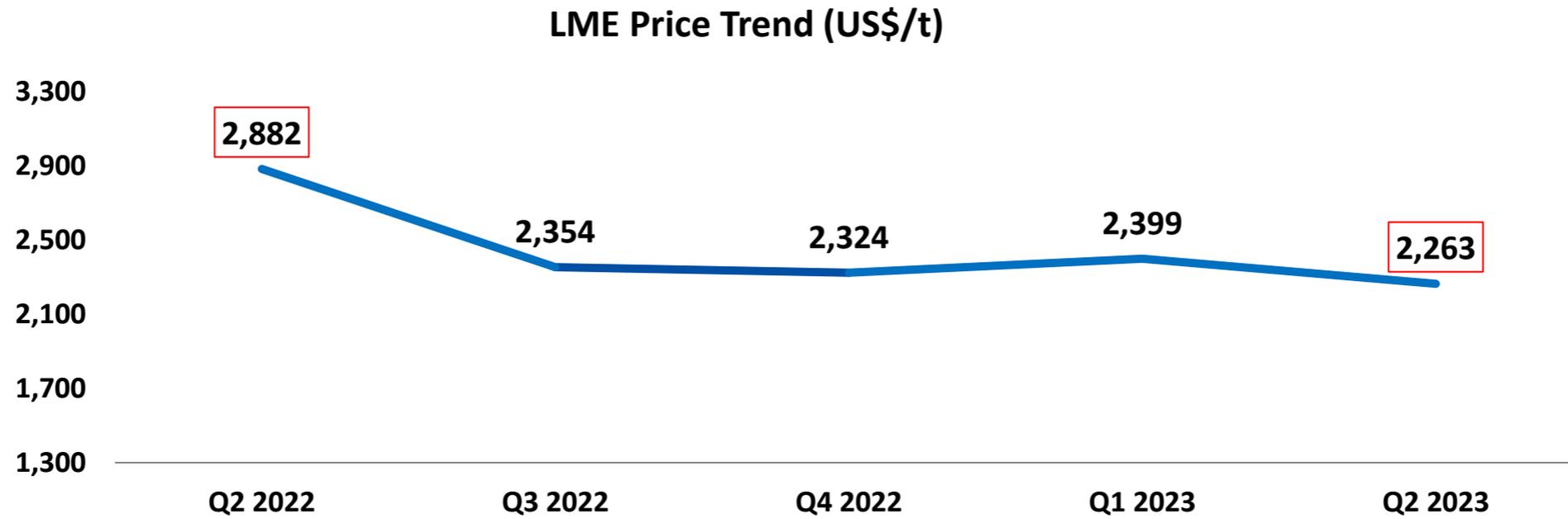


DDP Rotterdam



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

Alumina Price: 17% of LME Price [US\$374/t]





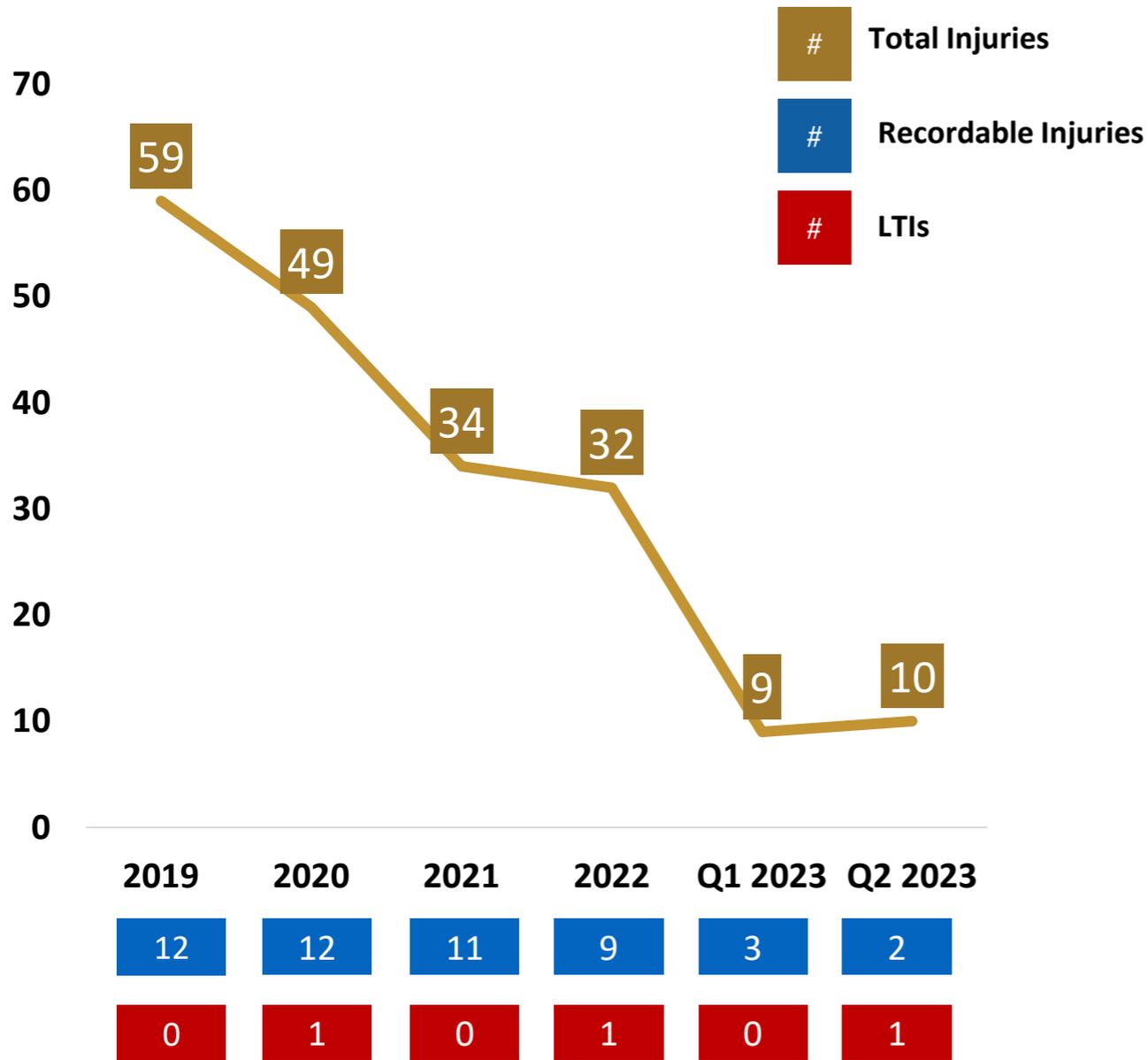
02

ALBA HIGHLIGHTS¹

¹Alba Highlights relate to Alba official news which have been made public during Q2 2023



Safety in Numbers





MILLION

SAFE-WORKING HOURS WITHOUT LTI





4 Million Safe Working Hours w/o LTI on 12 July 2023



Major Environment, Social and Governance (ESG) Highlights

- Alba Accelerates its Transformation to Industry 4.0 with the completion of online performance monitoring system for its Power Stations
- Alba commissioned three solar charging stations that will cater to Electric Vehicles (EVs) and Solar-Electric powered industrial Personnel Carriers (PCs)
- Alba receives ASI Chain of Custody (CoC) Standard Certification for Responsible Production
- Alba receives 2023 International Safety Award with Merit from the British Safety Council
- Alba wins RoSPA's President Award following 10 consecutive Gold Awards for the Safety and Health Excellence
- Alba - First Industrial Company in the Region and Bahrain to achieve ISO 18788:2015 Certification
- 4 million safe working hours without LTI achieved on 12 July 2023



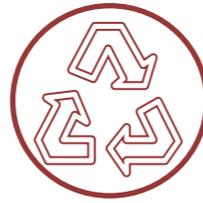
ESG: A Journey, Not A Destination



Decarbonisation



Green Energy & Aluminium



Circular Economy & Secondary Alu.



Employee Welfare



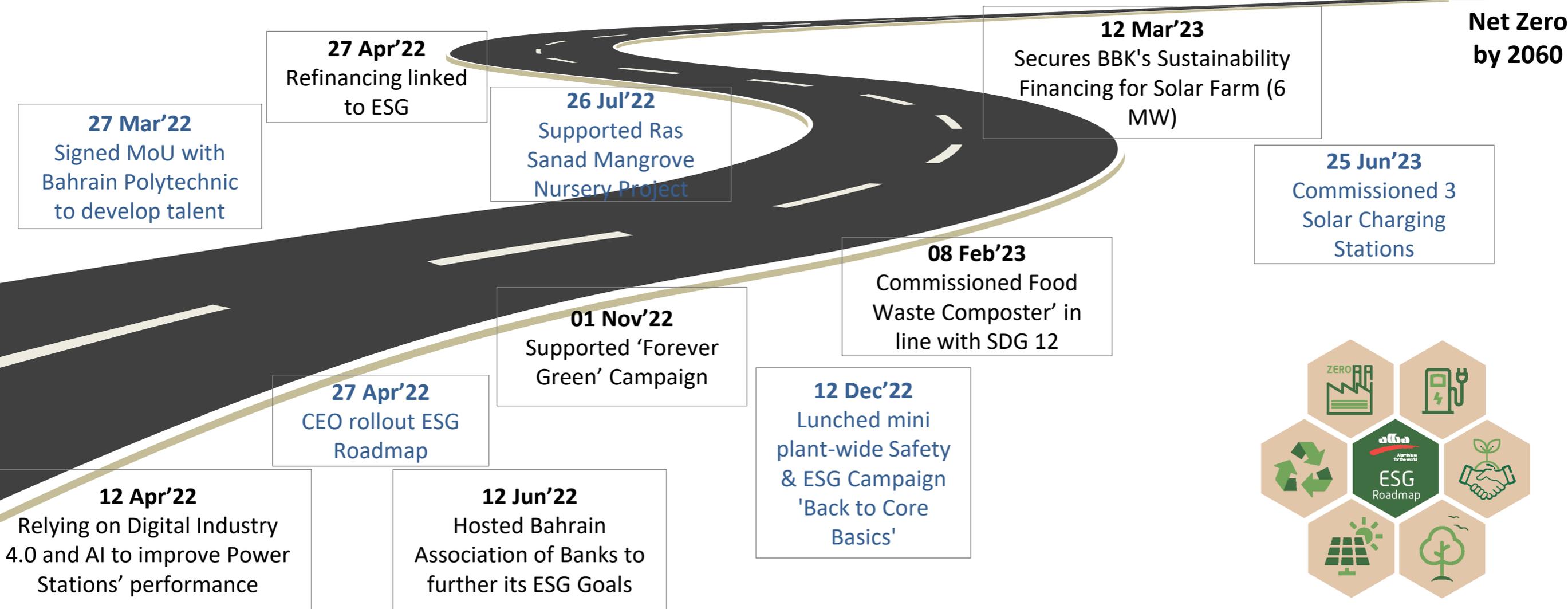
Collaboration & Partnership



Transparency, Comms' & Due Diligence



Net Zero by 2060



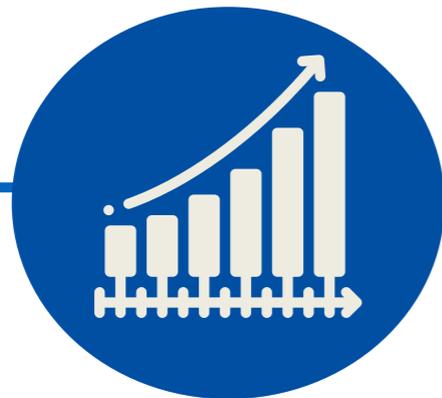


Operational Highlights – Q2 2023

- 🌐 Sales' volume topped 392,258 metric tonnes (MT), up by 1% YoY while Production reached 405,628 MT, up by 2% YoY
- 🌐 Value Added Sales averaged 70% of the total shipments [VAP: 272,944 MT in Q2'23 versus 270,301 MT in Q2'22]
- 🌐 Natural Gas price remains at US\$4/MMBTU until further notice while Management is in discussion with the Government to renew the Gas Price contract
- 🌐 Alba's Line 6 New Nameplate Capacity Jumps to 560,000 MT by increasing the current from 460 kA to 478 kA
- 🌐 Alba Holds Reverse Insurance Roadshow with Major Insurance and Reinsurance Markets
- 🌐 Alba wins the 'Metals & Mining Deal of the Year' by Bonds, Loans & Sukuk Middle East Awards 2023
- 🌐 Completed Independent Limited Assurance on the computation of selected sustainability performance indicators related to Green Refinancing for Syndicated Loan Facility
- 🌐 Completed Assets' Valuation for Insurance purposes
- 🌐 AL HASSALAH Top up: sustain achieved savings in 2022 (US\$115.34M) in this year

Financial Key Performance Indicators – Q2 & H1 2023

EBITDA – driven primarily by lower LME Price & Premiums



H1: US\$433 million
down by 59% YoY

Q2: US\$204 million
down by 63% YoY

Free Cash Flow¹ - impacted by working capital changes



H1: US\$211 million
down by 56% YoY

Q2: US\$133 million
down 19% YoY

H1: US\$206 million
down by 77% YoY

Q2: US\$80 million
down by 84% YoY



Net Income - driven by lower EBITDA

Interim Cash Dividend

Fils13.28 per share

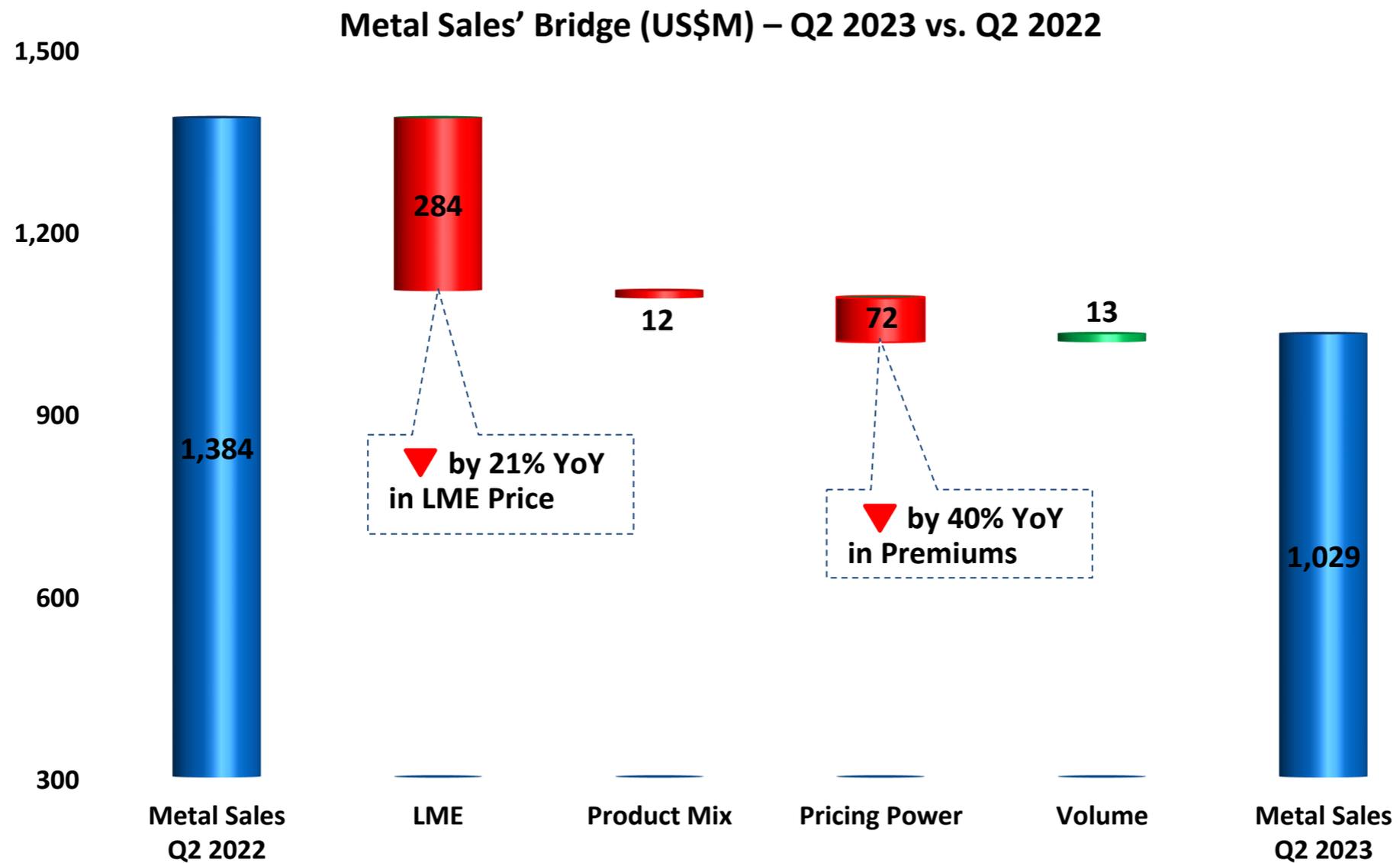


03

Q2 2023 RESULTS

Aluminium Industry: Lower LME Prices & Premiums Amidst Weak Demand

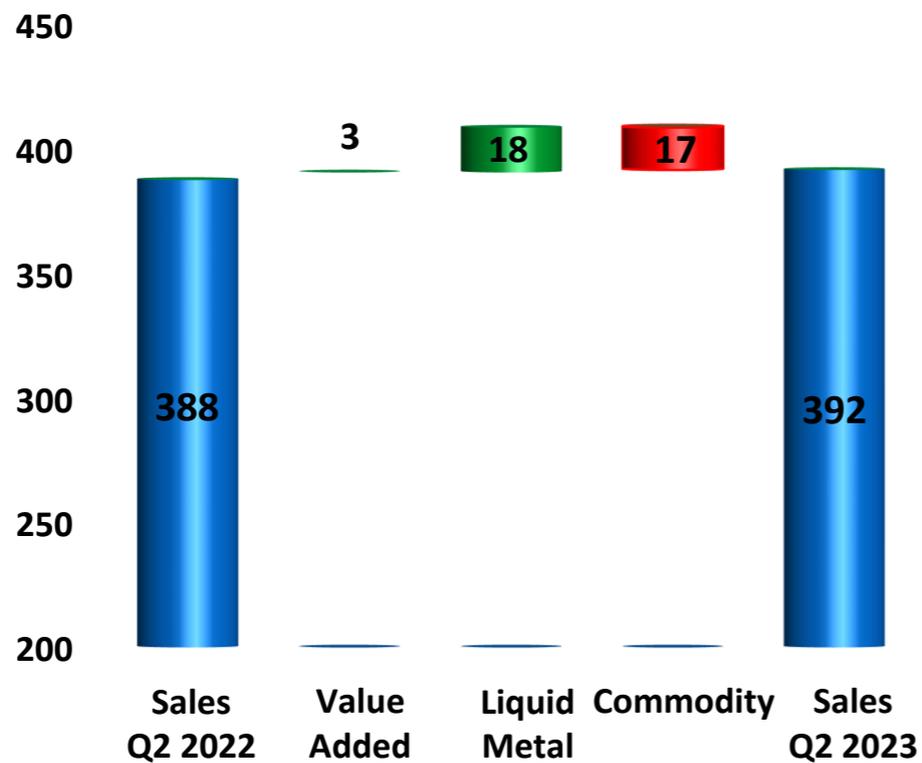
Lower Metal Sales Owing to Drop in LME Price and Premiums



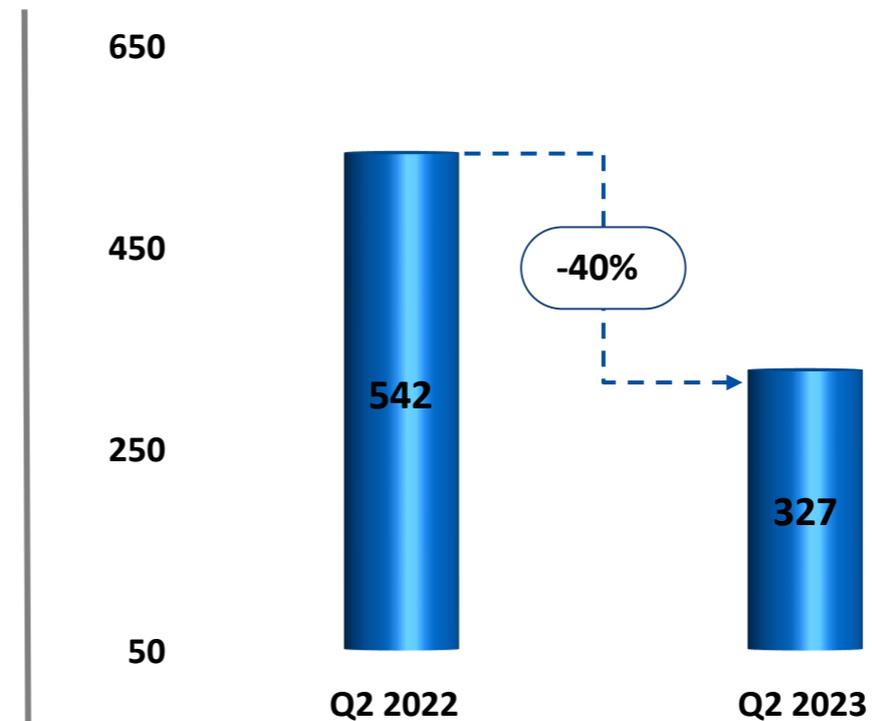
Aluminium Industry: Lower LME Prices & Premiums Amidst Weak Demand

Higher VAP & Liquid Metal with Lower Commodities

Sales by Product-Line Bridge (MT'000)
Q2 2023 vs. Q2 2022



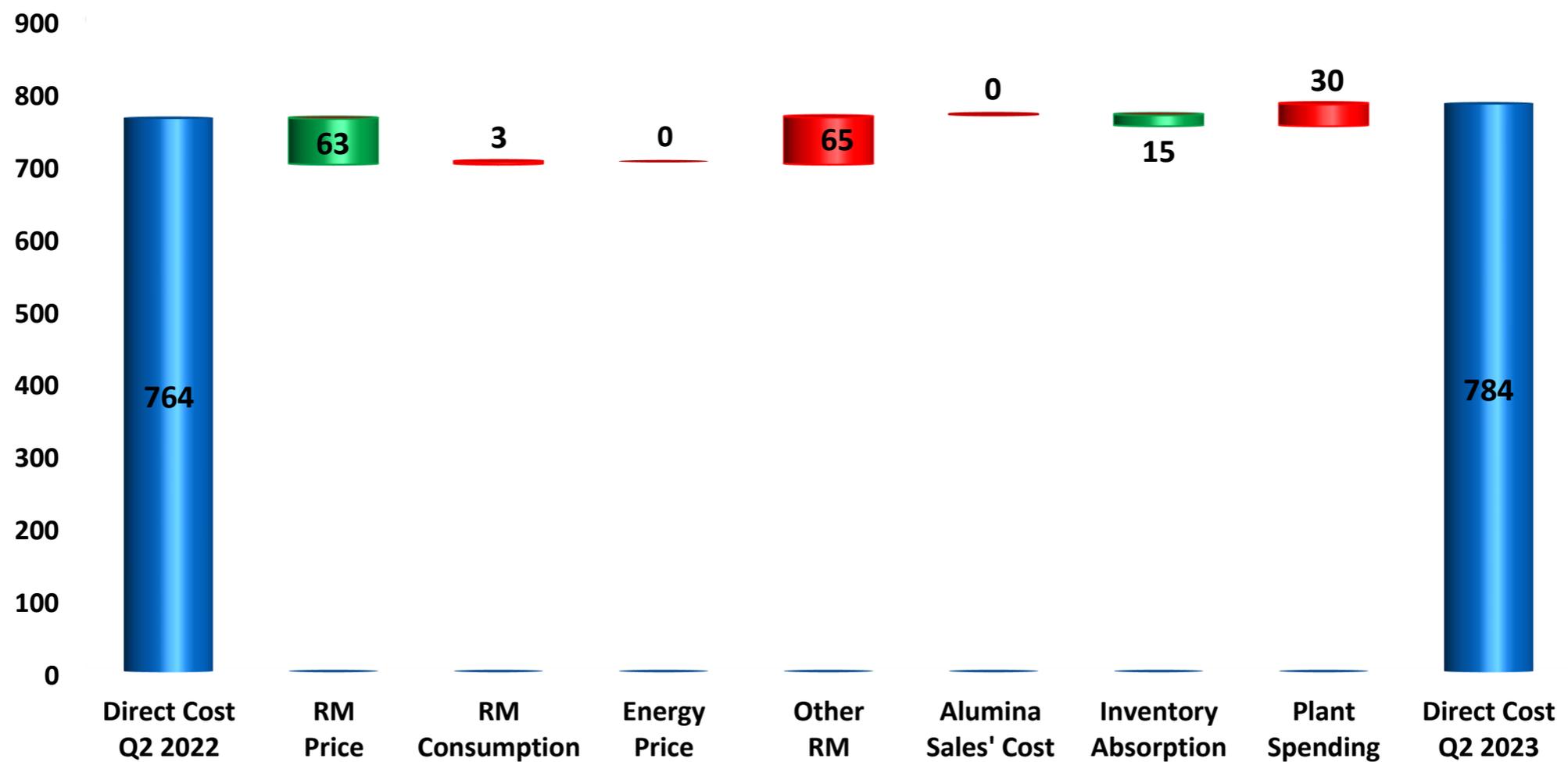
Premium Above LME Trend US\$ Per MT



Aluminium Industry: Lower LME Prices & Premiums Amidst Weak Demand

Higher Direct Cost Owing to Higher Throughput & Partially Offset by Lower Alumina Prices

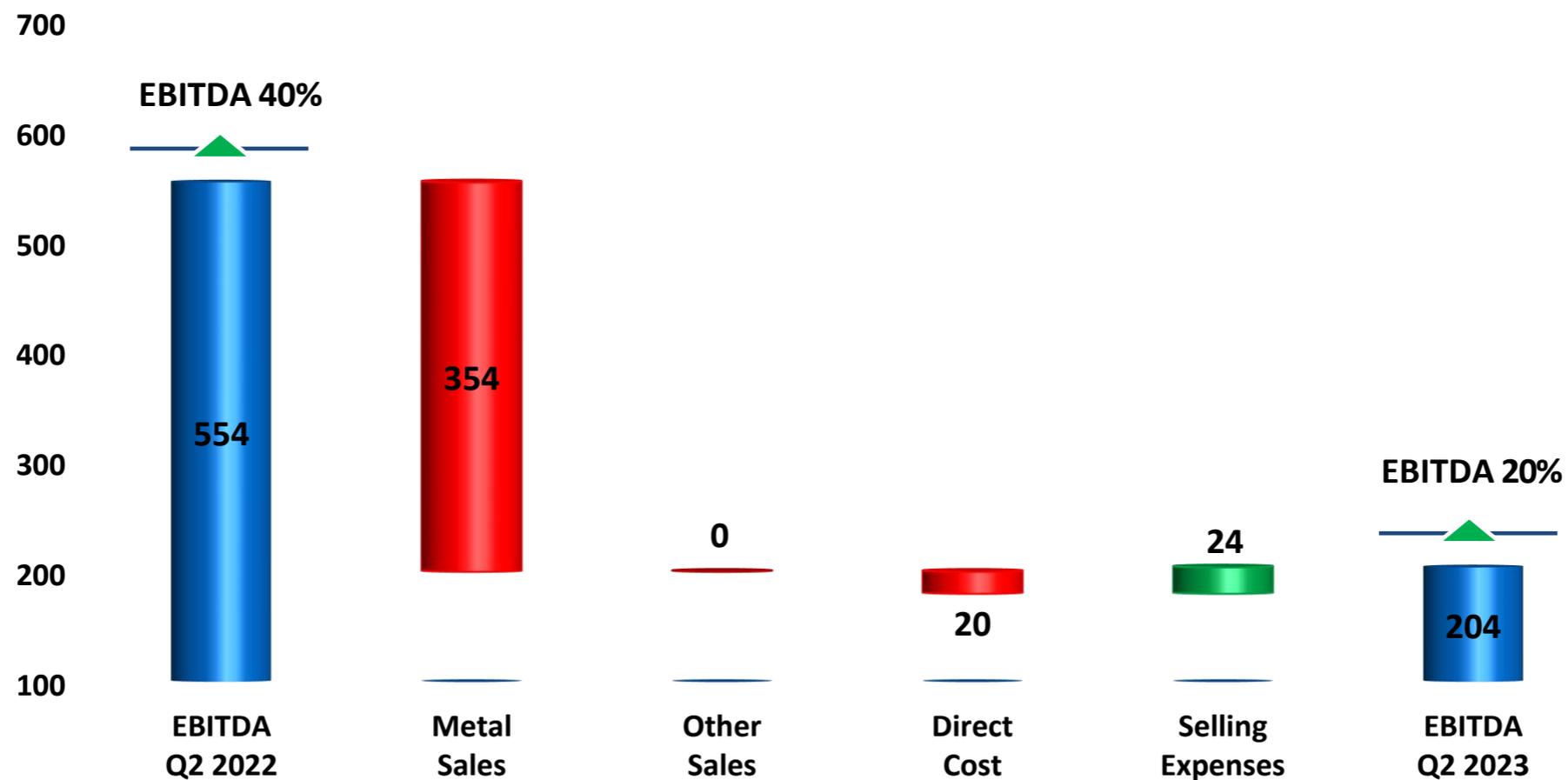
Direct Cost Bridge (US\$M) – Q2 2023 vs. Q2 2022



Aluminium Industry: Lower LME Prices & Premiums Amidst Weak Demand

EBITDA Bridge Gap Analysis – Q2 2023 vs. Q2 2022
Lower EBITDA Margin at 20% Owing to Lower Metal Sales

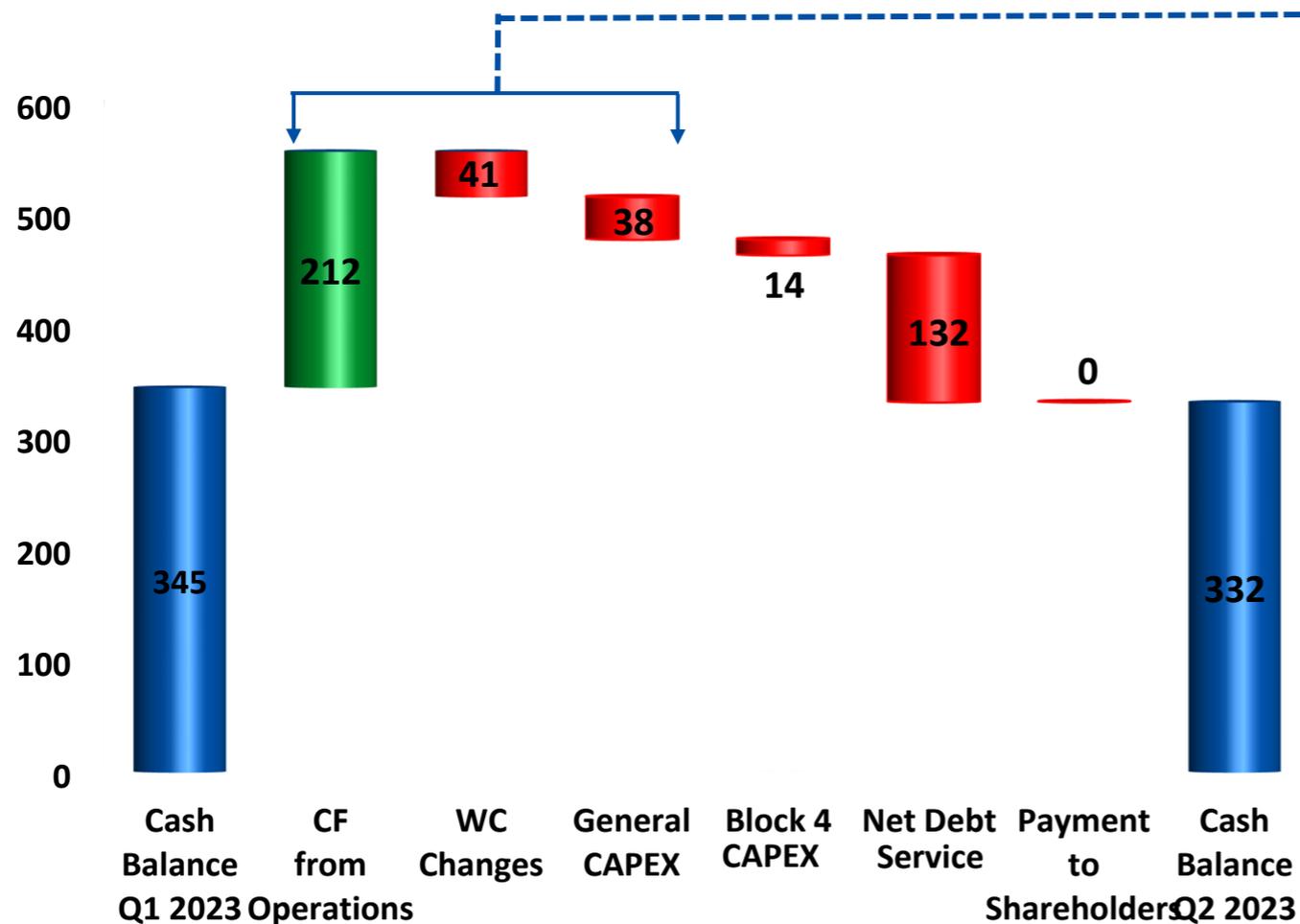
EBITDA Bridge (US\$M) – Q2 2023 vs. Q2 2022



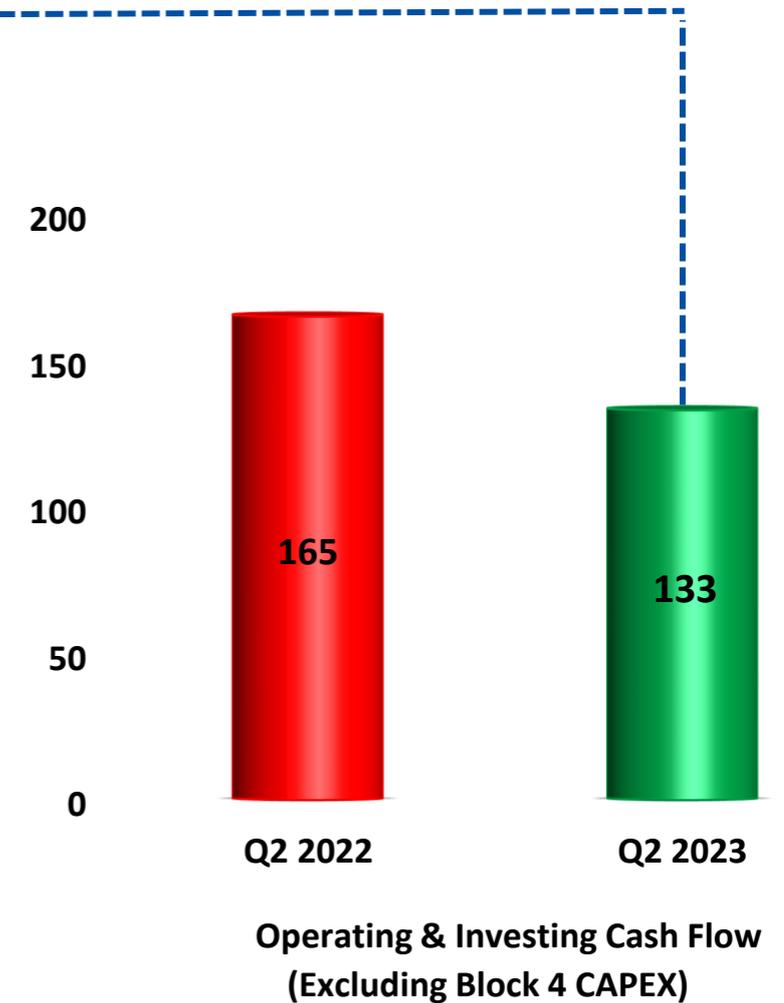
Aluminium Industry: Lower LME Prices & Premiums Amidst Weak Demand

Cash-Flow Bridge – Q1 2023 to Q2 2023

Q1 2023 to Q2 2023 Cash-Flow Bridge (US\$M)



Free Cash Flow (US\$M)



Aluminium Industry: Lower LME Prices & Premiums Amidst Weak Demand

Key Financial Performance Q2 & H1 2023

Financial Summary	Q2 2023	Q2 2022	H1 2023	H1 2022
Average Cash LME (US\$/MT)	2,263	2,882	2,331	3,075
Average Alumina Price (US\$/MT)	374	465	364	448
Revenue (US\$M)	1,029	1,384	2,013	2,594
EBITDA (US\$M)	204	554	433	1,046
EBITDA %	20%	40%	22%	40%
Net Income (US\$M)	80	484	206	874
Loss on Unrealised Derivatives (US\$M)	(0)	(6)	(0)	(3)
Adjusted Net Income (US\$M)	80	490	206	877



04

INDUSTRY PERSPECTIVES¹ IN 2023

Mixed Macroeconomic Outlook: Uncertain & Inflationary Market Sentiments

- Market uncertainty will continue to cloud the Aluminium market and LME prices [no sign of demand recovery in Asia, Europe and US in the short-run)
- Carbon Border Adjustment Mechanism (CBAM) regulation would apply to aluminium products starting with a transitional reporting-only period effective October 2023. European producers would become liable for their emissions while importers accountable for CBAM
- With Aluminium producers being price takers, it is expected that they would pay for carbon emissions in the future
- Global premia to remain uncertain
- Bearish market sentiment will continue to weigh on Aluminium market and LME prices will range between US\$2,100/t – US\$2,200/t for the remainder of the year

Raw Materials Price Trends (Al_2O_3 , AlF_3 and GPC)

- Alumina spot prices to further soften owing to a correction in refining costs
- Aluminium Fluoride prices expected to range at the same levels owing to stable raw material prices
- Carbon markets (GPC, CPC & Anodes) expected to move into stability in the short-run
- Liquid Pitch prices to remain high due to supply cuts in the market



05

2023 ALBA PRIORITIES¹

ESG Focus & Journey Towards Safety Excellence

Safety is a Journey, Not a Destination

- 🌐 Continue our Safety journey by adhering to ‘Safety is our Operating License’
- 🌐 Further sustainable value across our value chain and in line with Bahrain’s objectives for ‘Net Zero Emissions’ by 2060
- 🌐 Increase Net Finished Production by Forced Cooling Network (> 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 and amplify VAP Sales
- 🌐 Progress with PS5 Block 4 and Solar Farm to scale up our efficiency
- 🌐 Accelerate Bechtel’s Feasibility Study for Line 7
- 🌐 Publish 7th Edition of Alba’s Sustainability Report 2022 in Q4 2023

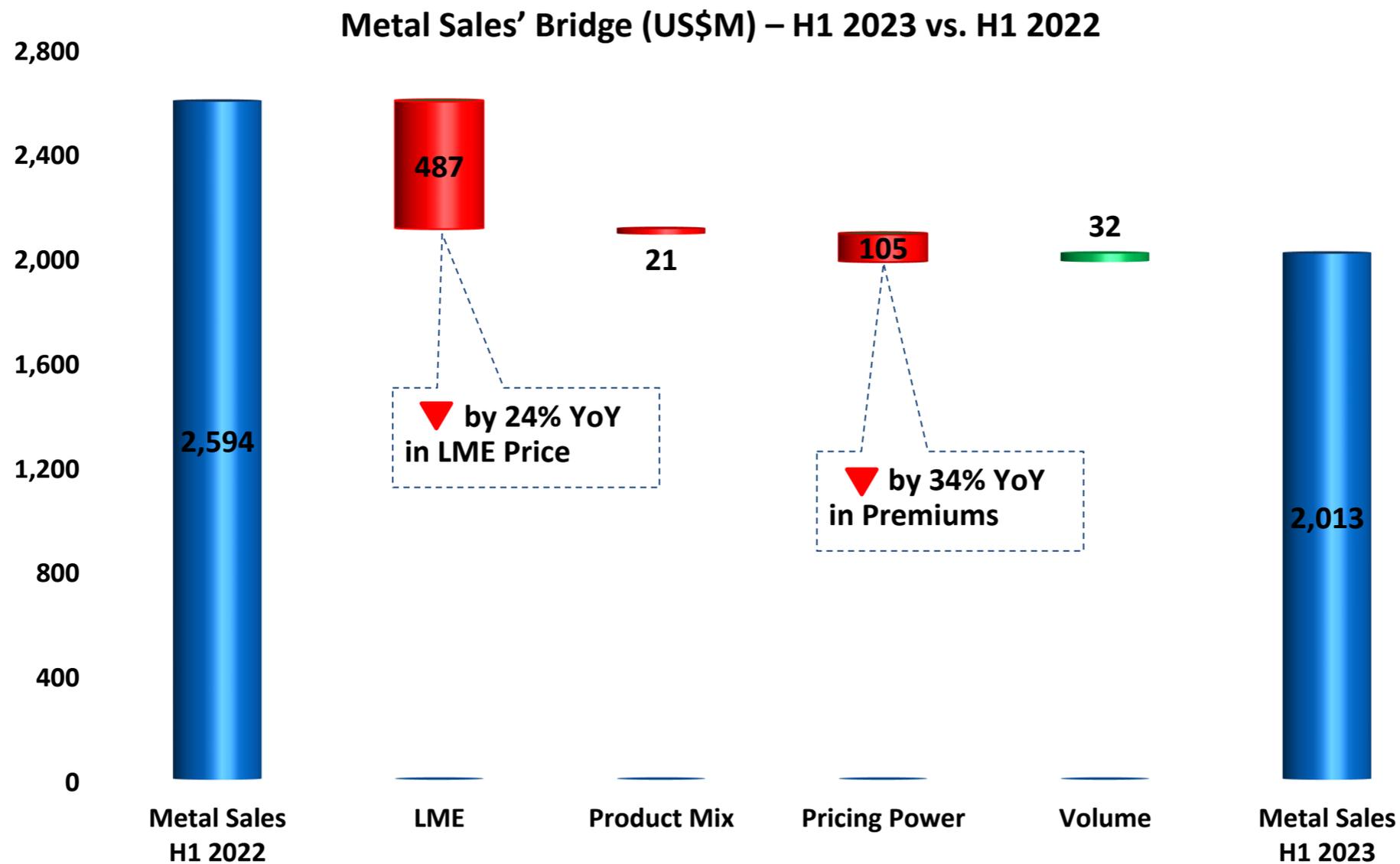


06

APPENDIX (H1 2023)

Aluminium Industry: Lower LME Prices & Premiums Amidst Weak Demand

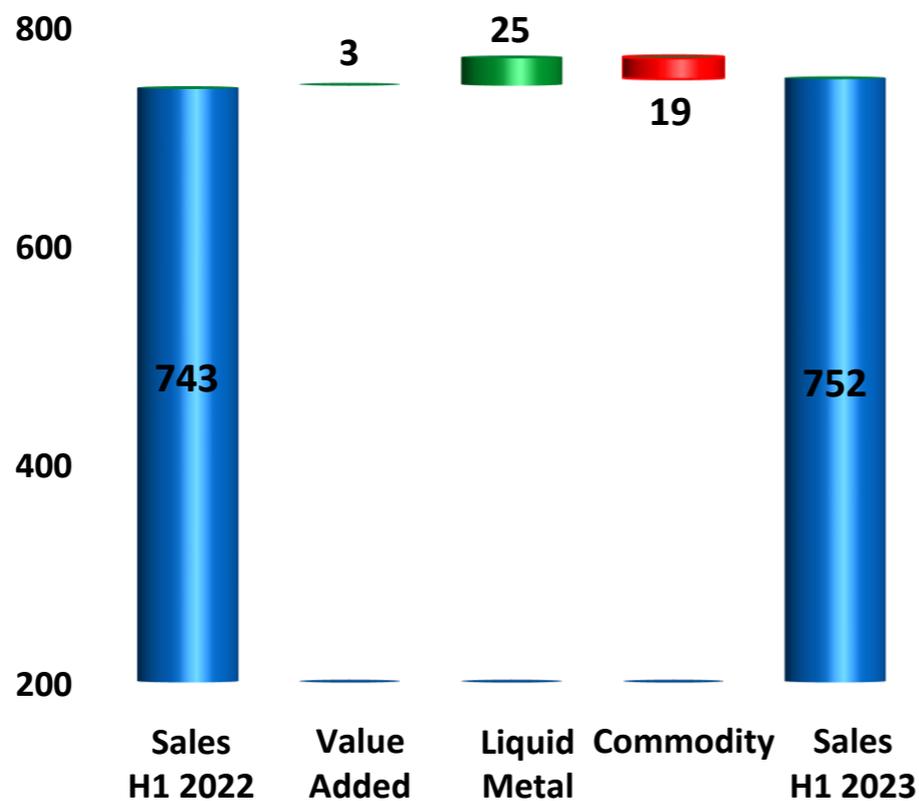
Lower Metal Sales Owing to Drop in LME Price and Premiums



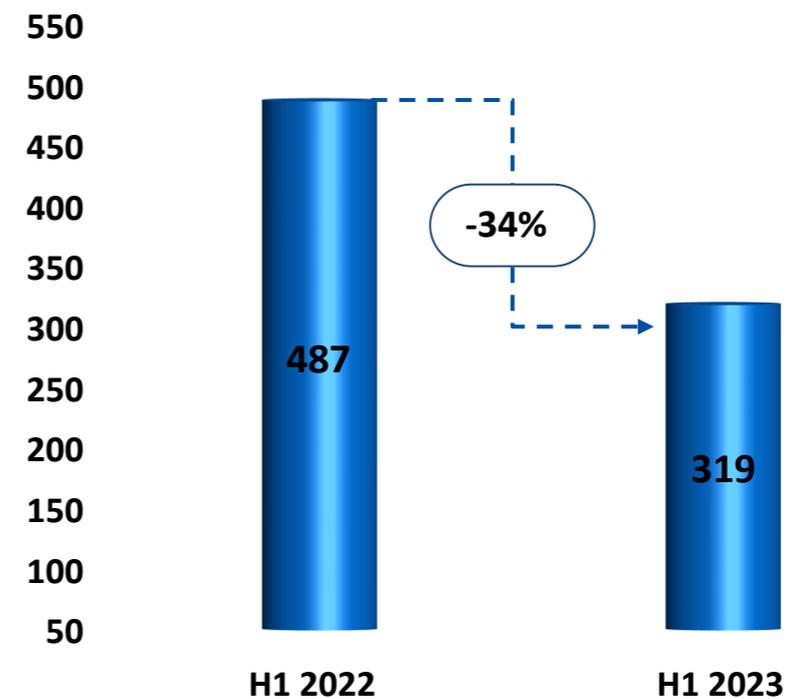
Aluminium Industry: Lower LME Prices & Premiums Amidst Weak Demand

Higher VAP & Liquid Metal with Lower Commodities

Sales by Product-Line Bridge (MT'000)
H1 2023 vs. H1 2022



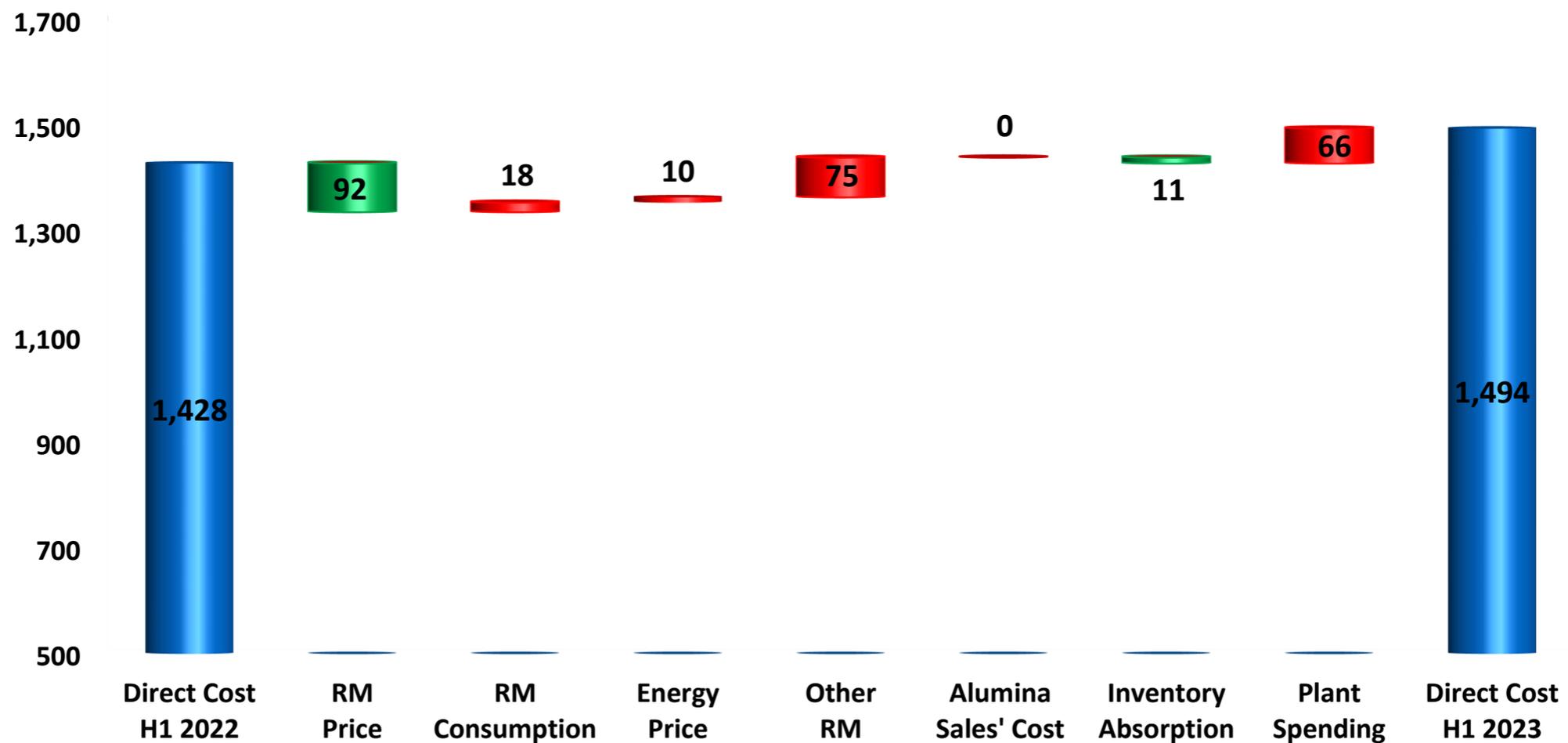
Premium Above LME Trend US\$ Per MT



Aluminium Industry: Lower LME Prices & Premiums Amidst Weak Demand

Higher Direct Cost Owing to Higher Throughput & Partially Offset by Lower Alumina Prices

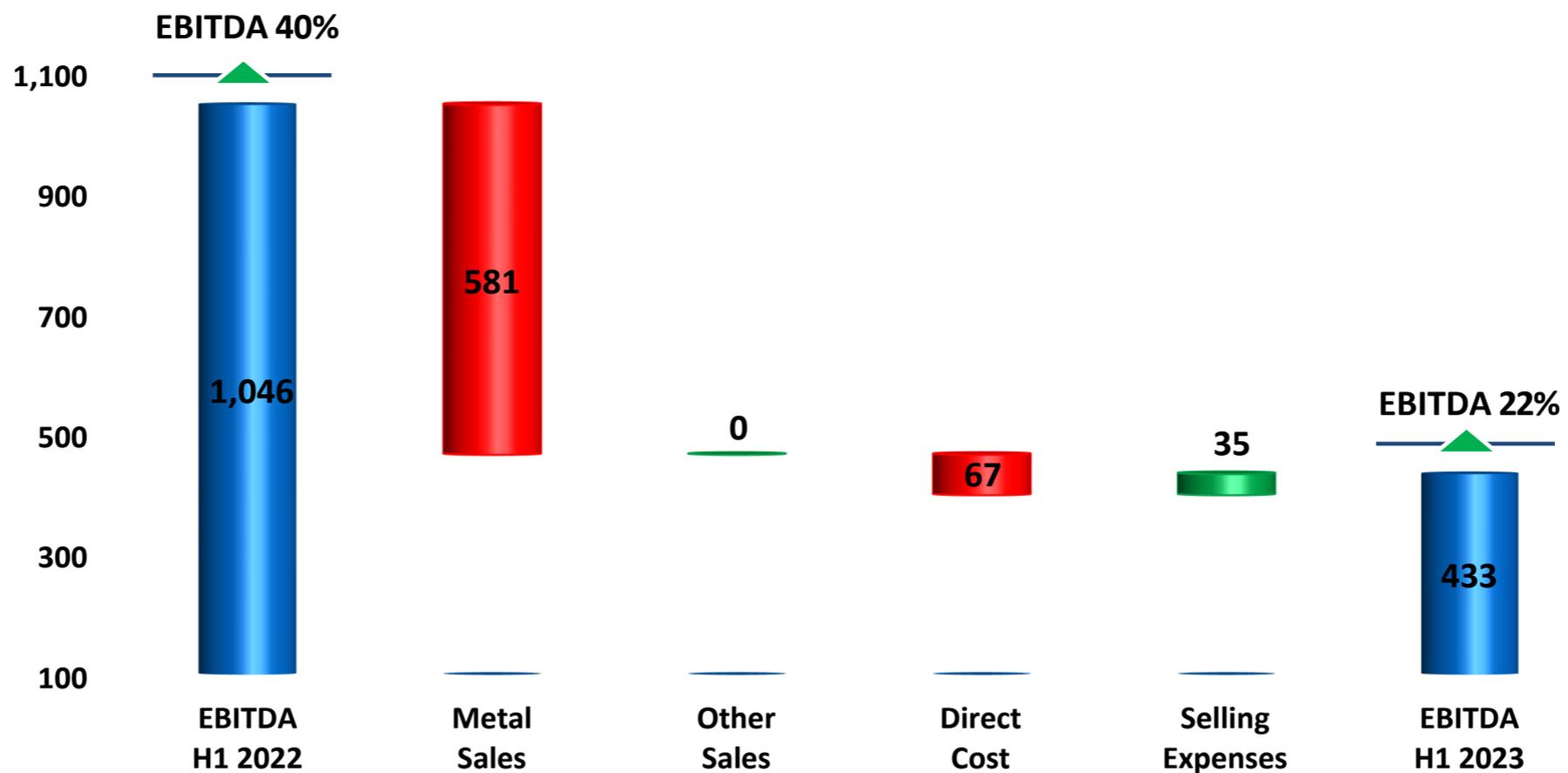
Direct Cost Bridge (US\$M) – H1 2023 vs. H1 2022



Aluminium Industry: Lower LME Prices & Premiums Amidst Weak Demand

EBITDA Bridge Gap Analysis – H1 2023 vs. H1 2022
Lower EBITDA Margin at 22% Owing to Lower Metal Sales

EBITDA Bridge (US\$M) – H1 2023 vs. H1 2022

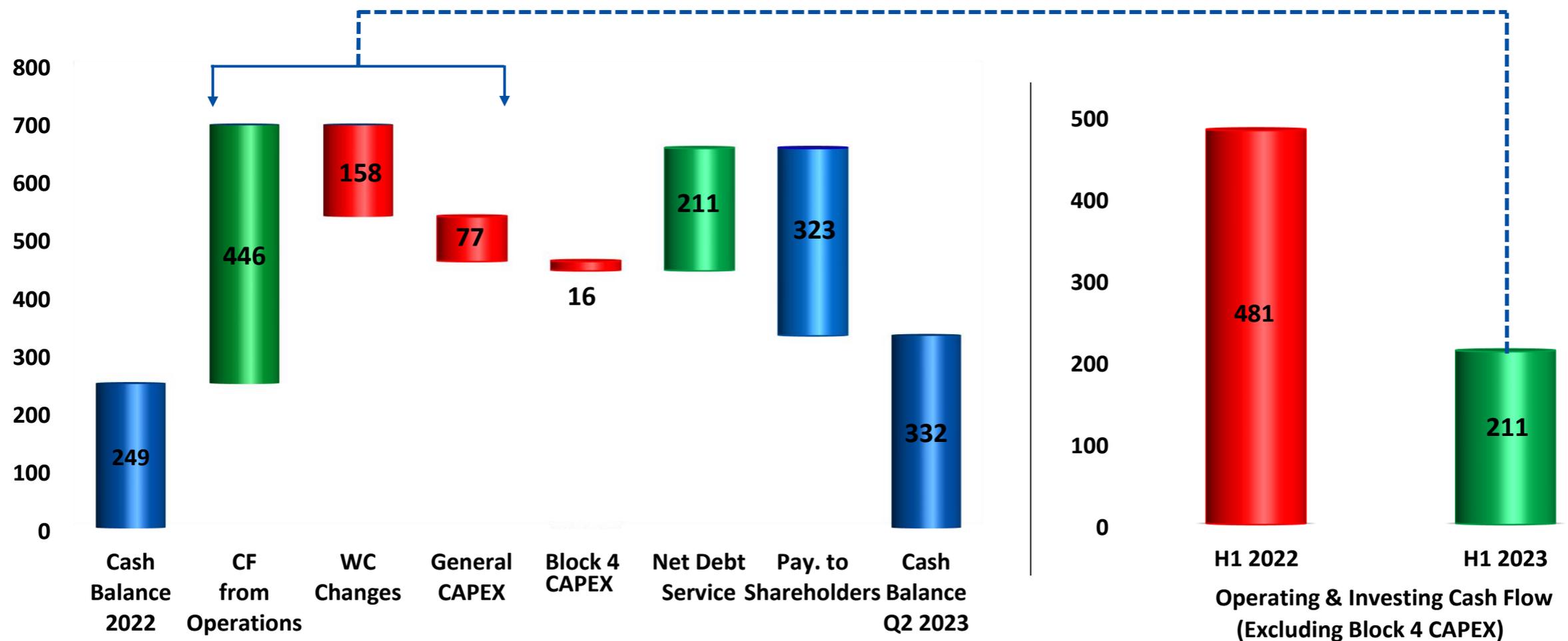


Aluminium Industry: Lower LME Prices & Premiums Amidst Weak Demand

Cash-Flow Bridge – FY 2022 to Q2 2023

FY 2022 to H1 2023 Cash-Flow Bridge (US\$M)

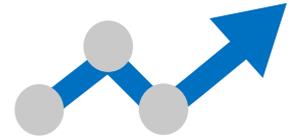
Free Cash Flow (US\$M)



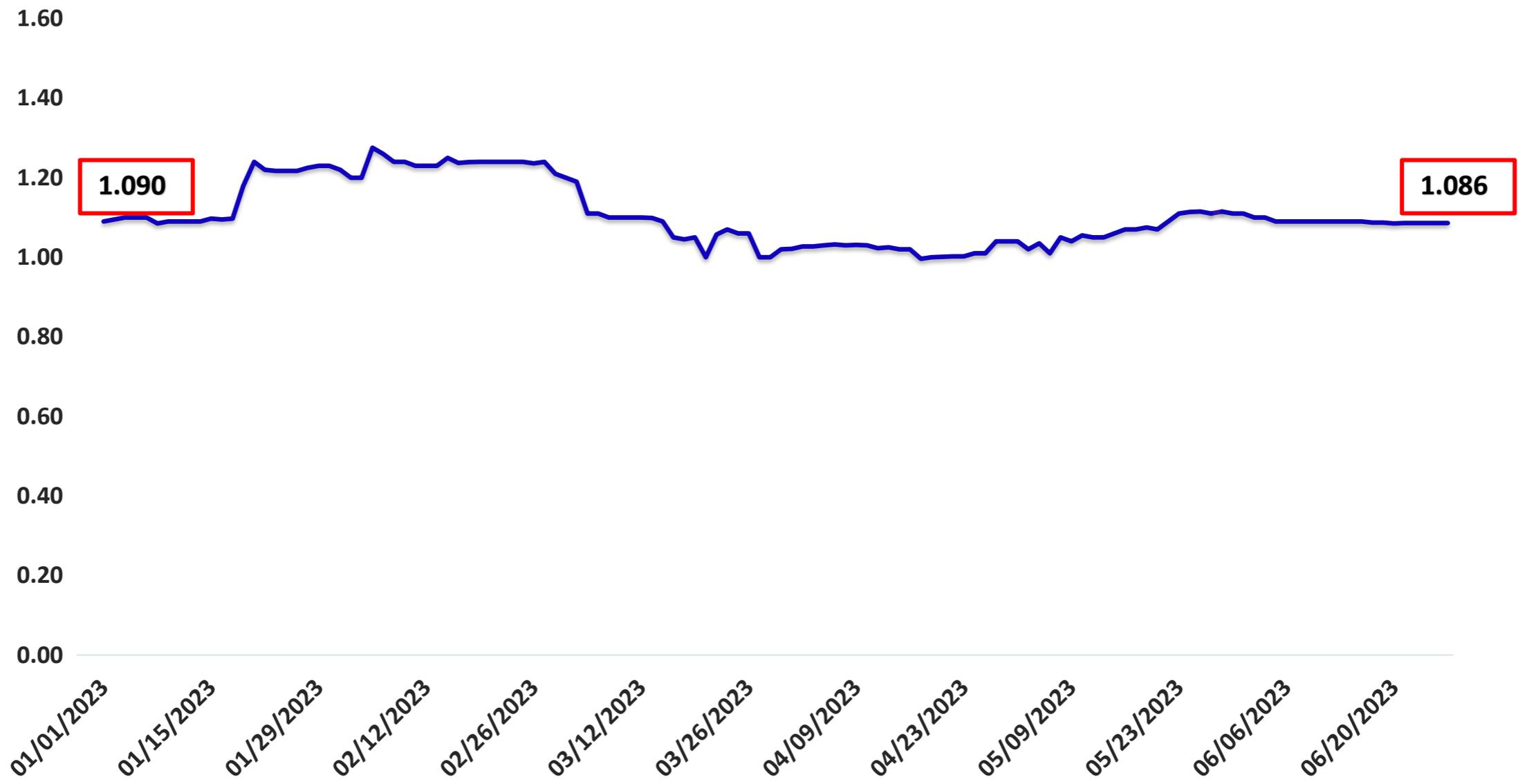
Alba Shareholder's Structure



- Alba was converted into a Bahrain Public Joint Stock Company on 23 November 2010
- Alba shares are listed on two exchanges: Ordinary Shares on Bahrain Bourse (BHB) and Global Depository Receipts (GDRs) on the London Stock Exchange – Alternative Investment Market
- Alba Ticker [BHB: ALBH, BD1.086 on 30 June 2023]



Alba Share Price Performance [ALBH, BD]





For more information, please contact us on:

IR@alba.com.bh





SICO Bank - Aluminium Bahrain Webcast

Monday 14 August 2023

Introduction

Anoop Fernandes

Vice President, Research, SICO

Anoop Fernandes: Hello everyone. I'm Anoop Fernandes, and on behalf of SICO, I would like to welcome you all to ALBA's 2Q and 1H 2023 Earnings Conference Call. We have with us today ALBA's management, Ali Al Baqali, the CEO, Eline Hilal, Director of Investment Relations, and Ahmed A. Qader, Manager of Finance. Without further ado, let me hand over the call to Eline.

Presentation

Eline Hilal

Director of Investor Relations, Aluminium Bahrain (Alba)

Thank you, Anoop, and everyone, many thanks as well for everyone who connected to this webcast and the call. And without further ado, if we can flip, please, to page number three of the IR presentation, which I hope you are able to see it in front of you.

So as usual, I will be covering the industry highlights and ALBA's highlights for 2Q of this year. Post that, our Finance Manager, Ahmed A. Qader will be covering, and will give you further details on ALBA's performance for the second quarter of this year, post which our Chief Executive Officer will end the presentation with the last two section.

One section, on sub-section number four, actually about the Industry perspective for the remainder of the year, followed by ALBA's priority for this year and after. And of course, in the last section of the presentation, which is appendix number six, we have provided you with ALBA's financial performance for the first half of 2023.

Industry highlights

So if we can please proceed to the industry highlights, the industry highlights for those who are new into the call, these insights are not ALBA's opinions. These news are taken out from CRU market intelligence. So if you have any subscription to CRU, you will be able to spot that whatever we have mentioned over here is actually taken from there.

Consumption

So if we can please move to page number five of the presentation, and we will start with the consumption, the consumption part. So as of today, we have noted that there is weak demand due to the economic uncertainty, and as a result, the consumption of this metal or the aluminum have went up by 2% year over year, and that has been on the back of various factors. We have seen in the second quarter of this year, a progress or a continuation of the economic uncertainty, which we have seen started earlier this year amidst bearish manufacturing activity, and the ongoing interest rate hikes by the US Federal Reserve and the European Central Bank with the latest increase of 35 basis points.

China

As Chinese government has stepped up their monetary easing measures, we have seen consumption in China going up by 6% year over year.

Middle East

With respect to the demand in the Middle East, it has been almost flat, and plus 1% year over year.

Europe

With regard to Europe or the Eurozone, we have noted a reasonable recession on the back of high inflation and a sluggish consumer spending while the US consumption continues to be weak owing to slow manufacturing activity. And as a result, the demand in Euro has dropped by 8% year over year, and in the US by 7% year over year respectively.

Production

As with that in mind, we move into the production slide, which is on page number six. So as noted earlier, the consumption grew up by 2% year over year while the world market supplies have almost been flat plus 1% year over year. That has led into since the production is moving or progressing at a slower pace versus the world consumption, the world market deficit. The world market is in deficit with China minus 0.35 million metric tonne while it's in surplus without China plus 0.07 million metric tonne.

Insight

If we move further into more insights on the production aspects, despite the recent smelter cut in the Yunnan province, China has increased its production plus 1% year over year versus 6% increased consumption as noted in the previous slide. Europe is leading the world excluding China with its output cut minus 5% year over year owing to high energy prices. Recently, we have seen the global[?] capacity restart are challenged in the world excluding China as energy prices remain expensive, and no significant new project are ramping up in 2023 as of now.

Supply

With regards to supply in the Middle East, it has been down by 1% year over year. With respect to what we have seen with regards to the Russian metal, we have seen that it is flowing or it continues to flow to China while the Russian exports to EU and the US have dropped by 30% year over year, and 91% year over year respectively.

LME

Moving on to the LME and Premium price. As you have clearly seen from our results, the LME price has under severe pressure in the second quarter, and that was thanks to the bearish market sentiment as it dominated the trading activity. As a result, the LME cash averaged USD 2,263 in the second quarter which was down by 21% year over year.

For the LME inventories, they were seen at the lowest level at close to 0.5 million metric tonne. These, they were up by 45% year over year and with growing inventory of the Russian metal flowing into the LME registered warehouses, and that is causing a major concern for investors.

Premium

For the premium, if you will check in the bottom charts, the premium prices have been on the swing. So, the US Midwest premium have dropped while the major Japanese port and the DDP Rotterdam prices have improved throughout the quarter.

Alumina

And with that, we move into the alumina price. As you know, the alumina is one of our major raw material. For every one tonne of aluminum, we need about 1.28 tonne of alumina to be able to produce 1 tonne of aluminum. The alumina price was 17% of the LME price. If you see this quarter over quarter, in the first quarter of this year, the alumina price was 15% of the LME prices. Today, the alumina price is 17% of the LME price, which translates into USD \$374 per tonne.

And this is if you divide it by the average LME price of USD 2,263, you would get the 17%. And with that, we finish from the industry highlights for this particular quarter, and then we'll move forward to ALBA's highlights for Q2 of this year.

ALBA'S Q2 highlights

All our disclosures in this section are based on public information. So, you might have seen some of the news published by ALBA, but if not, we can jog your memory as we speak in this section.

Safety

So, for those who also do not know, we always talk about safety as a first part within this section. We truly believe that safety and productivity are mutually inclusive, and we are providing you a sneak peek about our safety performance for this quarter. So, for Q2 of this year, we have two recordable injuries. We have one LTI, and we have spoken about that in our call on the following our call for Q1 2023 of this year.

We have had an unfortunate LTI on the 15th of April of 2023; however, we're coming back stronger. We have had different campaign in the last couple of months with the recent one being held as the major one. We can talk more about this for Q3 results because it was held in July.

But what we can tell you is that today we have stepped up again, and we have just achieved 5 million safe working hours. These 4 million safe working hours were achieved on the 12th of July, and recently we have hit the 5 million, and we're going stronger as we move forward to achieve bigger milestone as we come to date.

ESG highlights

In terms of ESG highlights, you know that ESG is a very hot topic and ALBA has been leading on that with front specifically in terms of our disclosure. And what we will be giving you here are some of the news that we have published or if not, something, which we will be publishing which we are actually mentioning for the first time.

So, we have recently accelerated our transformation to Industry 4.0. This is a very important topic for the CEO in line with ALBA's objective for this year, and that was done with the completion of the online performance monitoring system in our power station in ALBA. We have also commissioned recently three solar charging stations that are next to Power Station 3, and that will cater to the Electric Vehicles and Solar-Electric powered industrial Personnel Carriers. This is the first industrial company to have ever adopted this kind of vehicles.

Awards

We have received recently the Aluminum Stewardship Initiative Chain of Custody. It's called the COC Standard certification, and this is for our responsible production and speaks a lot about

our – what we do with our supply chain, specifically vis-à-vis the raw material vendors and the suppliers, our suppliers. We have also been the recipient of the 2023 International Safety Award with merit from the British Safety Council on the back of what we have achieved in the year of 2022. We have also won the RoSPA President Award following ten consecutive gold awards for the Safety and Health Excellence.

ISO

We have also been the first industrial company in the region as well as Bahrain to achieve or complete the ISO 18788:2015 edition certification. And as noted in the previous slide, we have achieved 4 million safe working hours on the 12th of July of this year, and last week we have also completed 5 million safe working hours.

ESG roadmap

This is a different visual for our ESG roadmap, so this is only like a timeline so whatever you have seen here is actually everything we have started doing since Q1 of 2022. So this is a very high level news, which you can always track either in our press releases or in our IR presentation quarter over quarter.

Operational Highlights

Moving on into the operational highlights for this quarter, we have had excellent operational performance. This operational performance was translated with a higher production. Our production has reached above 406,000 metric tonne up by 2% year over year, while our sales volume topped 399,200 metric tonne up by 1% year over year.

If we look at our value-added sales, we have had 272,944 metric tonne in the second quarter versus 270,000 tonne in Q2 of last year, and that was 70% of the total shipment. If you remember in ALBA's priorities, we always stated that we want to increase our value-added product. This is the mandate of our board, and we trust that we will be able to meet this objective.

Natural gas price

The third bullet point, this is about the natural gas price. As you know, the existing gas price formula expired on the 31st of March of this year. Today ALBA continues to pay \$4 per MMBTU until further notice while our senior management is in close discussion with the government to renew the gas price contract.

Line 6

Our Line 6, which we have commissioned back in November 2019, its main base capacity has jumped from 540,000 metric tonne to 560,000 metric tonne by increasing the current or the voltage from 460 kA to 478 kA.

Roadshow

We have held actually a Reverse Insurance Roadshow, the first company who has ever done that in the GCC and the Middle East. We have had a Reverse Insurance Roadshow where we invited our major insurers and reinsurers onsite to spend two days with the management and in the plant before we asked them to provide us their underwriting commitment for the upcoming insurance cover.

Wins

We have also won the 'Metals and Mining Deal of the Year' by Bonds, Loans and Sukuk Middle East Award. This is on the back of our latest refinancing, the green refinancing, which was achieved last year.

KPIs

We have also completed an independent limited assurance on three KPIs of selected sustainability performance indicator related to the green refinancing for the Syndicated Loan Facility. The assurance opinion is actually posted on the website. And because we have achieved, if you remember previously in our communication, ALBA will receive a discount if we are able to achieve the target of each of these KPIs, and ALBA has successfully achieved this target and maybe Ahmed can tell us more about that in his section.

Assets valuation exercise

We have also completed the Assets Valuation exercise for insurance purposes. Last time, ALBA has undergone this assignment was back in 2008.

AL HASSALAH Top up

AL HASSALAH Top up, we wanted to sustain the achieved savings which we have achieved for 2021 and 2022 with USD \$115 million for this year. So that's our mandate and it's in line with our objective for 2023.

Financial key performance

With regards to the financial key performance indicator, I will speak about that very briefly before I leave the stage to Ahmed Abdul[?] Qader. So as noted in the previous slide, we have had a very strong performance in terms of our sales volume and production.

EBITDA

However, this did not translate to higher EBITDA as previously because we had a big drop in the LME price and the premium. So for the first half of this year, we had USD \$433 million. For Q2, we had USD \$205 million. With respect to that income, of course, that income or profit is mainly driven by EBITDA and since EBITDA has dropped, the profit also has dropped. For the first half, it was USD \$206 million, while in Q2, it was USD \$80 million.

Cash flow

With regards to the free cash flow, it was impacted by major working capital changes. For the first half, it was about USD \$210 million, while for Q2, it was USD \$133 million. And as you might be aware, our Board of Directors have recommended last Wednesday, on the 9th of August, to pay 13.28 fils per share as an interim cash dividend to ALBA shareholders as of the record date on 17 August of this year. This 13.28 fils actually corresponds to about USD \$50 million as an interim cash dividend. And with that, I will hand over to Ahmed Abdul[?] Qader, who will take us in detail into section number three for the Q2 2023 results.

Q2 2023 Results

Ahmed A. Qader

Manager of Finance, Aluminium Bahrain

Thank you, Eline. Good morning, good afternoon, everyone.

Metal sales

So, taking you through the financial result for our Q2 2023, starting at page 16, looking at the Metal Sales Bridge for Q2 2022 compared to Q2 2023. And as we see in the chart, there is a drop in the turnover by around USD \$300 million. And this is typically due to the drop in the LME prices as well as the drop in the premium, but we have offset that implication with our high metal sales volume during the course in the year 2023.

Sales volume

We move on to the next page, 17, and looking at the sales volume. Our sales volume for this year has increased by around 8, by over 5,000 metric tonne, and the contributor of this in the liquid metal and as well as in the value-added product. The premium average for the year record at USD \$327 per metric tonne in comparison to last year when it was USD \$542, so a drop of 40%. And again, this is mainly due to index prices in the market, which have witnessed a drop throughout the period.

Cost

Moving on, on page 18, and looking at the cost. The Direct Cost has slightly increased generally; it is due to our high production volume and the sales volume. So, this is the main magnitude. But when we look at the individual item, we witness a drop in the major raw material prices by the end of Q2 in this year, and as well as there is even efficiency benefit in our operation. So, this contributed favorably by around USD \$15 million.

Production

On the other side of the dilemma, there are some – because of our production volume has increased, so that's why the plant spending and the other aspect has increased accordingly.

EBITDA

If we move on to see our EBITDA position, so for Q2 2023, we record at USD \$204 million and comparing it to USD \$554 million in 2022. And as we highlighted in the previous slide, that the major reason is due to the LME pricing that has a significant part in the calculation.

Cash-Flow Bridge

And when we look at page 20 at the Cash-Flow Bridge, so our cash balance continues to be healthy to sustain our cash level. So, by Q2 2023, our cash balance was USD \$332 million, so, the movement from Q1, 2023 to Q2. So, we have the cash flow from operation favorably by USD \$212 million. The changes in what we have is negatively at USD \$41 million. Then the general Capex spending, we have at USD \$38 million during the year. Block 4 related spending, it is USD \$14 to Q2, and the Net Debt service USD \$132 million. So, this would make our cash balance in Q2, 2023 at USD \$332 million.

Summary highlight

So, looking at the final slide in my section, the summary highlight and looking at everything at one page. So, as we highlighted significant drop when it comes to the LME prices from over USD \$3,000 per metric tonne. Today, we're witnessing it at USD \$2,200. Today, the LME price is around USD \$2,100. The alumina price has even been highlighted in the previous slide. It has also witnessed a significant drop from last year to USD \$374 as an average for Q2, 2023. So, this make our revenue this much, and we have the EBITDA for the Q2 is USD \$204 million. So, for the first half of the year, our EBITDA record at USD \$433 million. Our net profitability at USD \$206 million. And even adjusted income is at USD \$206 million. This is the end for my part, and I will hand it over to our CEO, Al Baqali to continue on the point[?]of[?]start.

Overview

Ali Al Baqali

CEO, Aluminium Bahrain (Alba)

Thank you, Ahmed. Thank you, Eline, for highlighting our performance and industry highlighted, and ALBA highlight in the beginning of the presentation.

Mixed macroeconomic outlook

However, despite the challenges in the market, as you see, that we have a good result in Q2 compared to the Q1. And this, mainly, if you look at, we are increasing the production, we are increasing sales, and even the value-added product also was increased.

LME

And the main draw was due to LME, as Ahmed explained. There was more than USD \$600 decline in the LME cash average compared to Q2, 2023 versus Q2, 2022. And as Ahmed also mentioned, a 40% drop in the average premium.

Carbon Border Adjustment Mechanism

Also, the Carbon Border Adjustment Mechanism, the trial reporting mechanism will start from 1st of October this year. It will take around one year to evaluate the reporting. They are proposing the effective carbon tax will start from 2027, that it will be subject to the change based on the demand regulation.

Challenges

Also, there will be some challenges for the people who are not achieving the reduction in the carbon intensity. However, just for your information, anybody produce aluminum or using the hydropower, generally, they are producing 4 or omitting 4 tonne of carbon versus a per[?] metric ton of aluminum. Anybody who use natural gas like ALBA and relatively old GCC smelters, they are omitting around 8 tonne of carbon. And anybody using coal is producing above from 8 to 20 to 25 tonne, a per[?] metric tonne of aluminum. This is a big challenge for us. They still not set the floor for the carbon intensity to be implemented. This is still in discussion with the CBAM regulation.

Markets

Overall, we are seeing the market still the end of the year as uncertain and volatile, especially in the LME price. And we are estimating or forecasting the LME price within the range as to the

price between USD \$2100 to USD \$2200, maybe to reach to USD \$2300 if there's something unexpected in the market.

Raw material price trends

Moving to the raw material price trend, for Q2 till the end of the year. Alumina spot price, which is almost stable or stay within the level of 345 to 340. This is for the purpose of a few weeks, and we're expecting this will continue because there is no major development in the alumina market. For the rest of the major raw material like aluminum fluoride, also the price we see is declining and stable at the same level.

For GCC, CPC, and even if someone purchased the anode, the price is also stable or similar to the Q1 this year. Only one of the major raw material, still the price is not decreasing or stable, which is the Liquid Pitch because majority of the liquid pitch supply comes from China. And because China, they put – they force some of the producers to cut the production that's why the scale or the rest of having less supply of this material leads the price to increase in the market.

ALBA Priorities

Section five, ALBA priorities in 2023. As Eline mentioned that we are continue to push our safety by having our recent Safety campaign, which is holding the name 'Safety is our Operating License'. We are targeting the mindset of our employees and let them to stay for the 5 second to stop, think, and act safely for any activities they are doing.

The feedback was very good, and as Eline mentioned that, we already closed the 5 million hours, and inshallah within a few weeks, if something, if we continue with the same safety improvement and safety awareness, inshallah, we are targeting 6 million hours without LTI.

AL HASSALAH

We are maintaining our savings AL HASSALAH program for this year, and inshallah, we are going to introduce a new saving scheme by next year. We are going to announce more details about it in the coming month.

Upstream

Also, for the upstream, we are still continuing exploring the market to secure one set of Alumina requirement by engaging or having a minority joint venture with one of reliable refinery in the world. And still we address a few proposal, but still there is no progress on this.

ASI Certification

As Eline mentioned also, last week we had our final audit on ASI certification. We are already recommended to be certified for the coming three years without any major observation.

Block 4

The progress on Block 4 in the Power Station is on target and on time.

Solar

Also, our project for the Solar Farm, also it's on target and on budget.

Line 7

For Line 7, we are expecting to receive the Feasibility study by the end of September. Then, based on the outcome of this study, we are going to recommend it for the board to go ahead or not, maybe in by the end of the year. Sustainability report

And as Eline also mentioned, we published our 7th Edition of ALBA Sustainability Report. It's already published and posted. We are going to post it, inshallah, soon in our website. And you can see it, it's a new version, and it shows all our initiative and achievement for 2022. By this, I'm ending the IR presentation.

Appendix H1 2023

Section 6 is an appendix to cover H1 2023 in a few slides.

But now I will leave the floor for Eline, if you have any questions, we can address them. Thank you very much.

Q&A

Eline Hilal: Thank you. If we can go back for the questions. Sandra, can you advise whether we have received any question?

Operator: Not so far. As a reminder, to ask a question, please press star one, one on your telephone, and wait for your name to be announced. To withdraw your question, please press star one and one again. Once again, that's star one and one if you wish to ask a question or you may submit your question via the webcast.

Eline Hilal: Yes, I think as we wait to receive more questions, we do have two questions which we can see from the screens. One from Tellimer, analyst Rahul Shah. I'll read it, and accordingly we will address. Actually, it's more than one question. There are three questions in total or actually five. What is the scope more actually? What's the scope to raise production capacity from the existing operation? And what would be the Capex needs for such a growth? Any update on Line 7 Feasibility study? When can we expect the formal announcement? I'm assuming this is the announcement on Line 7 whether to proceed or not to proceed. Do we have any visibility on the gas price? And for how long we will be using \$4 per MMBTU for the natural gas price?

Ali Al Baqali: Yeah, for the scope to raise the production, actually, we have two things to mention. One is to increase the production by increasing the KA, which is creating the pipeline to be more efficient process in order to get more metals. This is one.

The second, we are starting now to to increase our value-added product. And this is part of our strategic objectives to have a green aluminium, inshallah, in the future.

The second question about Line 7 Feasibility study, as I mentioned, by the end of September, we are going to receive the final study from Bechtel. And after seeing the IRR and net present value and other parameter, we are going to present it to the board for final approval.

In terms of the gas, yes. About the gas, I really mentioned that from April, we are using \$4 per MMBTU as a metric. However, we are now in the final negotiation stage with the government. We are expecting maybe by end of this week to get the final approval from the government on the price and the supply.

Eline Hilal: And we will, of course, notify the availability.

Ali Al Baqali[?]: We will notify the availability. We are going to do a press release once we receive the notification from the government. We are going to do an official press release and the statement in all newspapers and media.

Eline Hilal: I think with that, we can move to Nour Eldin Sherif, the financial analyst from Arqaam Capital. Can you please explain why the cash cost remain elevated in the second quarter compared to last year despite lower alumina prices year over year?

Ali Al Baqali: Okay, so answering this question, Nour, there are a couple of things that need to be considered as first when it comes to the cost comparing it to last year. The first aspect we have is the gas price. So in 2022, the gas price in the first quarter was not USD \$4, so it was USD \$3.75 as per the contract, as per the invoices that has been submitted by the government.

So this is in comparison to 2023. So for the full period, the gas price is at \$4. So this is one aspect when it comes to the cost. Second aspect when it comes to the cost, to keep in mind, especially when it comes to the raw material, as we have highlighted about the alumina prices, we book our inventory value based on the average prices of the month.

So although the prices that we have witnessed them to decrease in the last quarter, I mean in the last month of Q2, but because of the decrease, this will impact the inventory valuation, will have an unfavorable impact to our P&L. So this is like an accounting valuation on the inventory, but the expectation of the upcoming quarter, the margin should improve because of the drop in the raw material price.

So this is generally the major factor. Of course, we have other factor is the interest rate, the high Federal Reserve. All this will have an implication when it comes to the cost. So Eline?

Eline Hilal: And I would like to add one more thing here for the attention of Nour Eldin Sherif. If you are – I'm actually going into my IR presentation for Q2 of last year. In addition to what Ahmed had stated, the alumina price, the average alumina price for Q2 of last year was \$465 per metric tonne, which if you divide this over USD \$2,882, it will give you 16% as an average of the LME price.

So you please note that the LME price has dropped significantly 21% from USD \$2,882 to USD \$2,263 for the second quarter. And the alumina, the average alumina price has dropped from USD \$465 to USD \$374. So it almost went down by USD \$100. So it's true that the alumina price went lower compared on an absolute term versus Q2 of last year.

But do not forget that the LME price has also dropped by more than 21% in this quarter versus last quarter. Now, if I move into Yousef Al[?]-Husseini from EFG Hermes.

I just have one question on the raw material cost. All the benchmarks that I have found for alumina prices have shown weakening prices in the second quarter versus Q1.

Actually, this is not really correct, Yousef because for the first quarter of this year, alumina price have averaged 15% out of \$2,399 per metric tonne. However, in the presentation, we are showing a \$20 increase per tonne in alumina, price per tonne in second quarter Bloomberg benchmark. So I want to address Yousef Al-Husseini's question.

The API is actually a benchmark of free[?] market intelligence. And this is the average. So we're not following only CRU Platts and Fastmarkets. We look at the alumina price given by Platts, by Harbor, and by the Fastmarkets, and we give you the average.

What you are seeing on Bloomberg is, if I am not mistaken, is Bloomberg assumption with respect to alumina pricing. This is why what you see over here is actually what we are following ourselves. And it's actually what this is how we look at the pricing for alumina.

So there is no reason actually for any discrepancy because you are following a Bloomberg benchmark while we are providing you with the Average Pricing Index, which is taken from Harbor, from Platts, and from Fastmarkets. And these are, by the way, these figures are available. If you are having a subscription to this market intel, you will be able to calculate it yourself.

Another question from Yousef Al-Husseini about whether he has heard correctly that we are due to receive from the Government an update on the new gas price and supply agreement by the end of this week. He Just wanted to make sure that he did not mishear that.

Eline Hilal: No, your hearing is working perfectly.

Ali Al Baqali: Yes, we are already done with the negotiation, and we are expecting a confirmation by the end of this week, inshallah. And within a few days, we're going to achieve this.

Eline Hilal: Yousef, you are very young, so don't worry. You heard us correctly.

Bilal Sabah, this is our shareholder. How should we think about the dividend payout for the full year?

What I can tell you, Bilal, of course, if I may, since now that the CEO is with us, usually I address Bilal Sabah's question. We have had a call, actually, last Thursday. So for the dividend, as long as the company is generating profit, we will be able to pay dividend.

Historically speaking, we always pay dividend, except for when the company embarks on an expansion project. So we try to reduce a little bit the dividend by, instead of, let's say, paying just an example USD \$50 million, we might go for USD \$20 million so that the USD \$30 million is actually paid from us to finance, to self-finance the project Capex that we undergo.

But if you look historically, ALBA always pays dividend. Of course, the absolute amount will be different based upon how much is the LME. So today, the interim was USD \$50 million versus USD \$120 million for the previous year. And this is, of course, subject to the LME price.

If you check the LME price quarter in Q2 was USD \$2,882, while today it's USD \$2,263. So you will see you have a drop in the LME price of more than USD \$600. That will ultimately impact our top line, the revenues, and will ultimately also impact of ALBA bottom line.

But as a rule of thumb, ALBA will continue to pay dividend as long as we're generating profits, and provided also our Board of Directors recommend or propose to pay dividend to the shareholder, which has been the case, as you might be aware, in the last year.

Speaker: No more questions?

Eline Hilal: Sandra, do we have any questions?

Operator: There are no questions on the phone lines. Please continue.

Eline Hilal: Okay. Thank you very much. I would like to thank each and everyone for spending about one hour with us over this webcast and call. If you have any additional questions, which we did not address, please feel free to drop us an email with your question.

Otherwise, the minutes of meeting of this call will be lodged on the regulator website by tomorrow morning. Again, thank you. And I hope we will connect virtually again in November following the release of our Q3 financials. Thank you very much.

Ali Al Baqali: Thank you very much all.

[END OF TRANSCRIPT]