



# INVESTOR RELATIONS PRESENTATION

Q2 2022



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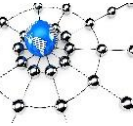
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# 01

## INDUSTRY HIGHLIGHTS<sup>1</sup>



## Economic Uncertainty Takes its Toll on Global Aluminium Industry (-2% YoY)

- Weak economic activity, higher inflation and rising interest rates are hitting all manufacturing industries, and this has affected consumer demand negatively as buyers are forced to cut back on non-essential items
- US: Aluminium demand continues to be resilient (+7% YoY) supported by a surge in the construction and transport sectors
- Middle East: Demand up by 3% YoY supported by higher consumption in UAE (+5% YoY) & Bahrain (+4% YoY)
- China: Demand was impacted by strict pandemic lockdowns and logistic issues (-6% YoY). Numerous sectors such as construction, packaging and consumer durables have suffered the most
- Europe: The increase in cost-of-living has weighed down on consumer spending as the risk of recession increases (- 4% YoY)





## World Market Supply up by 3% YoY

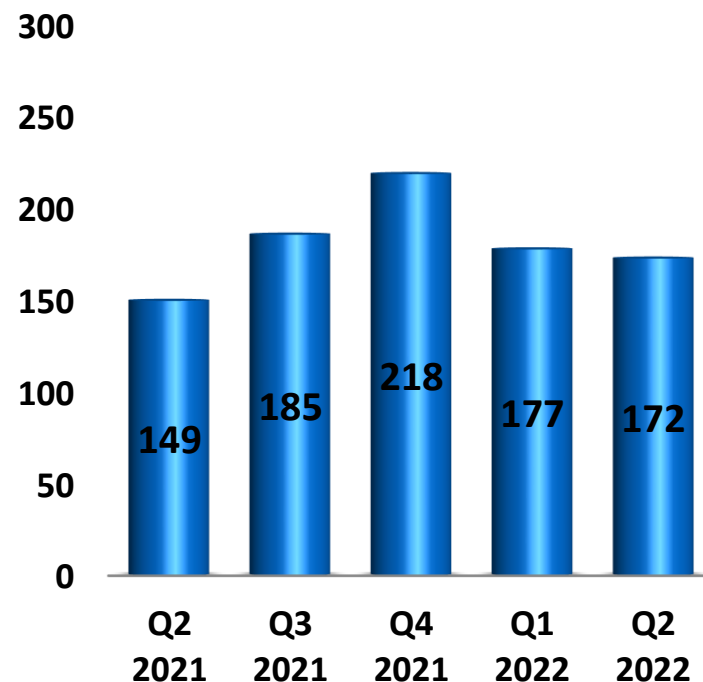
- 🌐 Macroeconomic factors continue to pressure markets, resulting in unclear direction and price trends in commodities
- 🌐 China: A net exporter as its output reached record levels (up by 4% YoY) since April, but demand has not followed the same path due to impact of lockdowns
- 🌐 Europe leads World ex-China output with its production down by 5% YoY as a result of soaring energy prices
- 🌐 Middle East: Supply jumped by 5% YoY led by higher production in UAE (11% YoY)
- 🌐 World Market: In surplus with China (+40Kt) and w/o China(+64Kt)



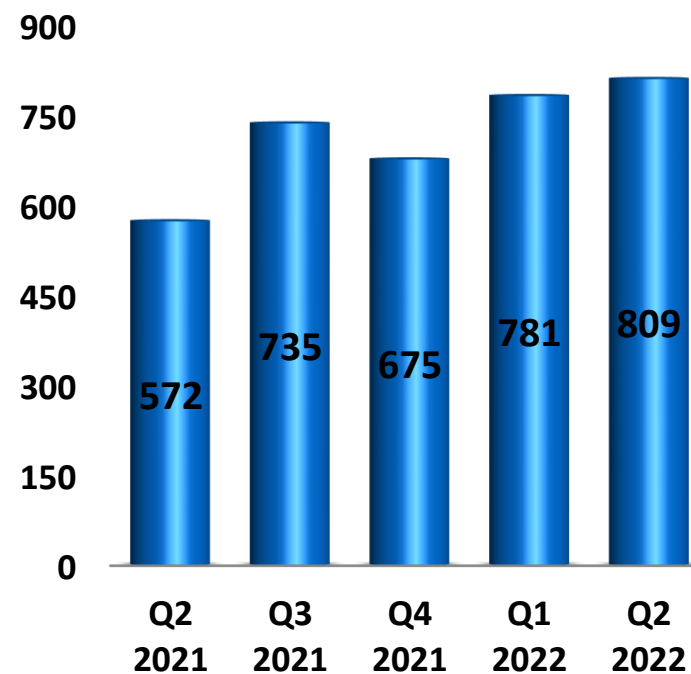
## LME Price & Premiums

- LME-Cash averaged US\$2,882/t in Q2 2022 -- up by 20% YoY [lowest: US\$2,397/t on 30 Jun'22 and highest: US\$3,483/t on 1 Apr'22]
- LME inventories hit record low at c.0.4 million (down by 76% YoY)
- European and US premiums remain high to compensate for freight costs and higher gas prices

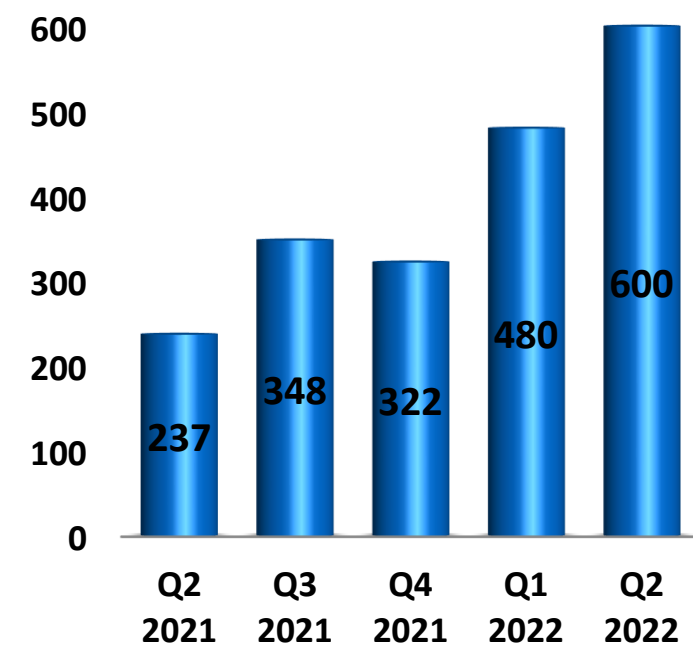
Major Japanese Ports (MJP<sup>1</sup>)



US Midwest

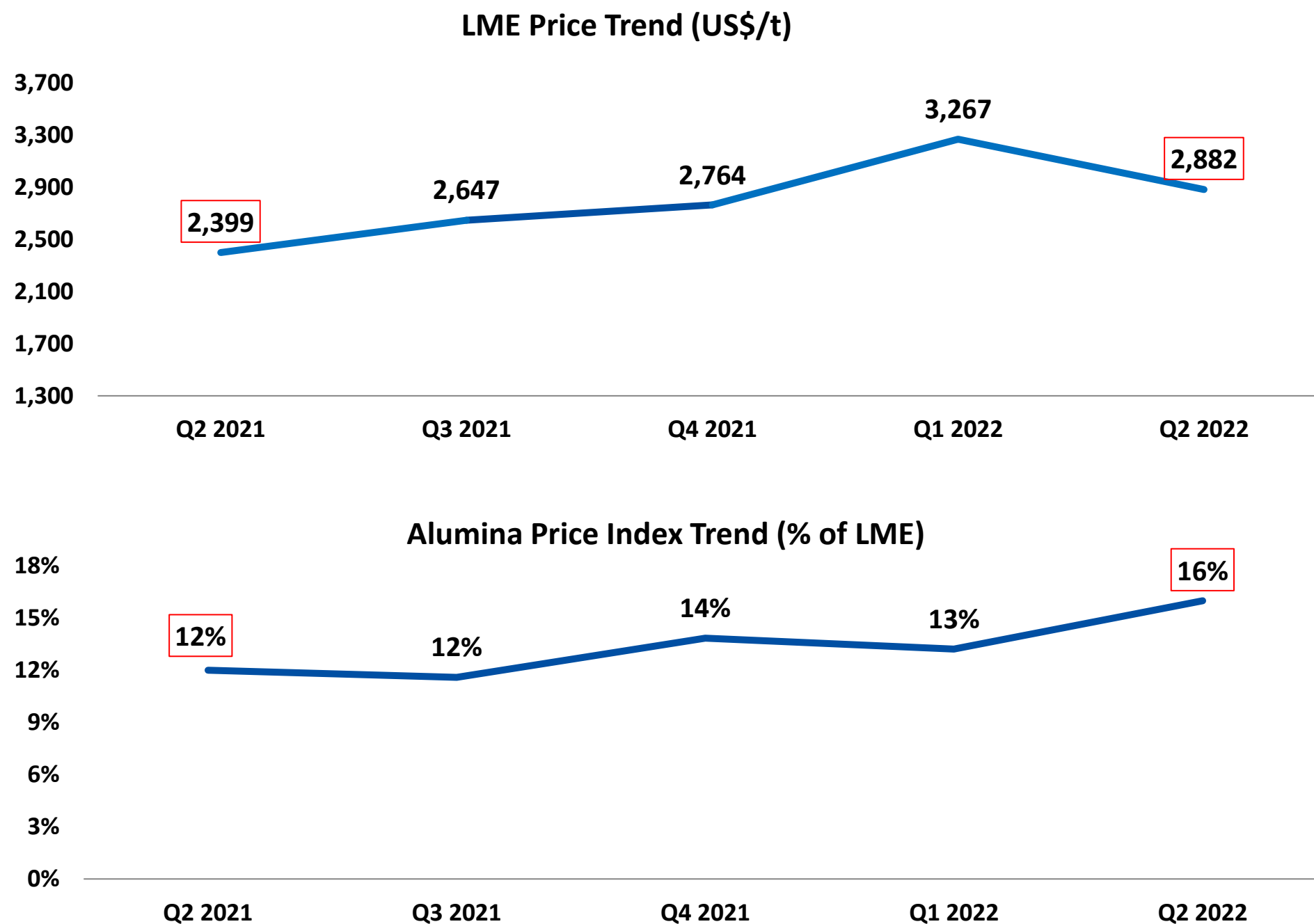


DDP Rotterdam



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

## Alumina Price: 16% of LME Price [US\$465/t]







02

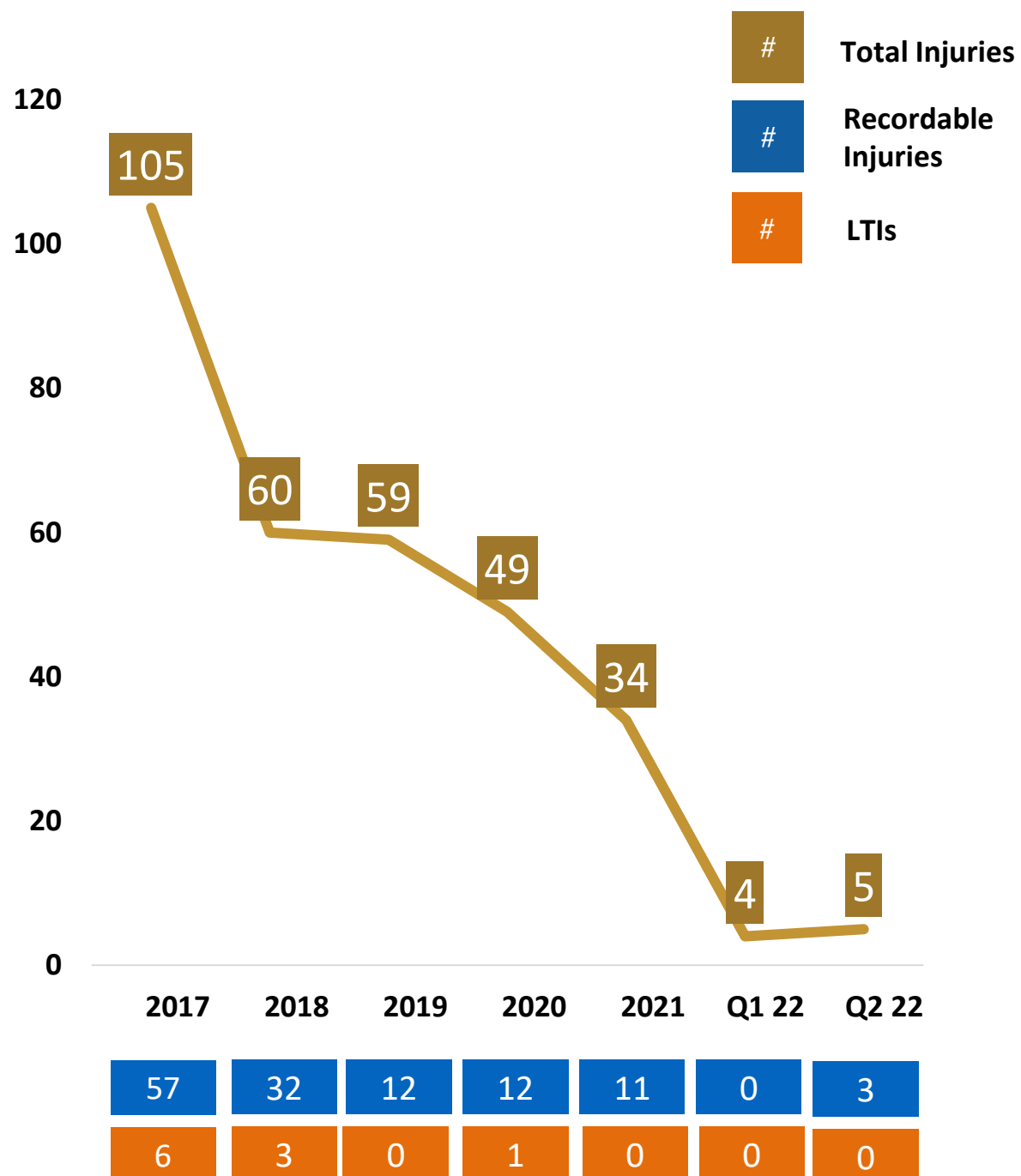
## ALBA HIGHLIGHTS<sup>1</sup>



## Safety in Numbers

ecovadis

**asi** Aluminium  
Stewardship  
Initiative



CONGRATULATIONS  
FOR ACHIEVING

**28**  
**MILLION**  
Safe-Working Hours  
without LTI



SKY IS THE LIMIT

Highest Ever Achieved in Alba's History (15 July 2022)



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

- Alba lands the Royal Society for the Prevention of Accidents (RoSPA) Gold Medal Award for the ninth consecutive year
- Alba became the First Company in Bahrain to Refinance its Existing Syndicated Loan of c.US\$1.247 Billion tied to Sustainability Linked Targets
- Alba recognised as the top Company in Bahrain on the Environmental, Social and Governance (ESG) ratings list by ESG Invest - the investment research arm of 'Sustainability Excellence'
- Alba launched its plant wide ESG Campaign 'A Journey, Not A Destination' on 20 June 2022
- 29 million safe working hours without LTI achieved on 09 August 2022



## ESG Roadmap For Alba's Race to Net Zero

### Alba's ESG Roadmap

خارطة طريق الجوانب البيئية  
والاجتماعية والحوكمة  
في البا



Decarbonization



Circular Economy &  
Secondary Aluminum



Collaboration & Partnerships



Green Energy &  
Aluminium



Employee Welfare



Transparency, Communications  
& Due Diligence



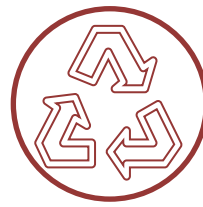
## Alba ESG Actions



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

**27 Apr'22**  
Refinancing linked  
to ESG

**12 Jun'22**  
Hosting Bahrain  
Association of Banks  
to further ESG

**27 Apr'22**  
CEO rolls-out ESG  
Roadmap

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

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

**12 Dec'21**  
Commissioning of  
SPL





## Operational Highlights – H1 2022

- 🌐 Sales' volume topped 742,658 metric tonnes (MT) (almost flat) while Production reached 787,592 MT, up by 1.8% YoY
- 🌐 Value Added Sales averaged 67% of the total shipments versus 64% (+70% VAP Sales in Q2 2022)
- 🌐 Opened its Sales' Office in Singapore to strengthen its footprint in the Asian continent
- 🌐 Signed Agreement with Mitsubishi Power & SEPCOIII as EPC contractor for Block 4 in Power Station 5
- 🌐 Secured a 10-year Offtake Agreement with South32 for the supply of Alumina

## Financial Key Performance Indicators – Q2 & H1 2022

**EBITDA - driven by higher  
LME price & premiums**



**H1: US\$1.046 billion** up  
by 77% YoY

**Q2: US\$554 million** up  
by 58% YoY

**H1: US\$874 million** up by  
127% YoY

**Q2: US\$484 million** up  
by 97% YoY



**Profit - driven by  
higher EBITDA**

**Free Cash Flow<sup>1</sup> - impacted  
by working capital changes**



**H1: US\$481 million** up by  
923% YoY

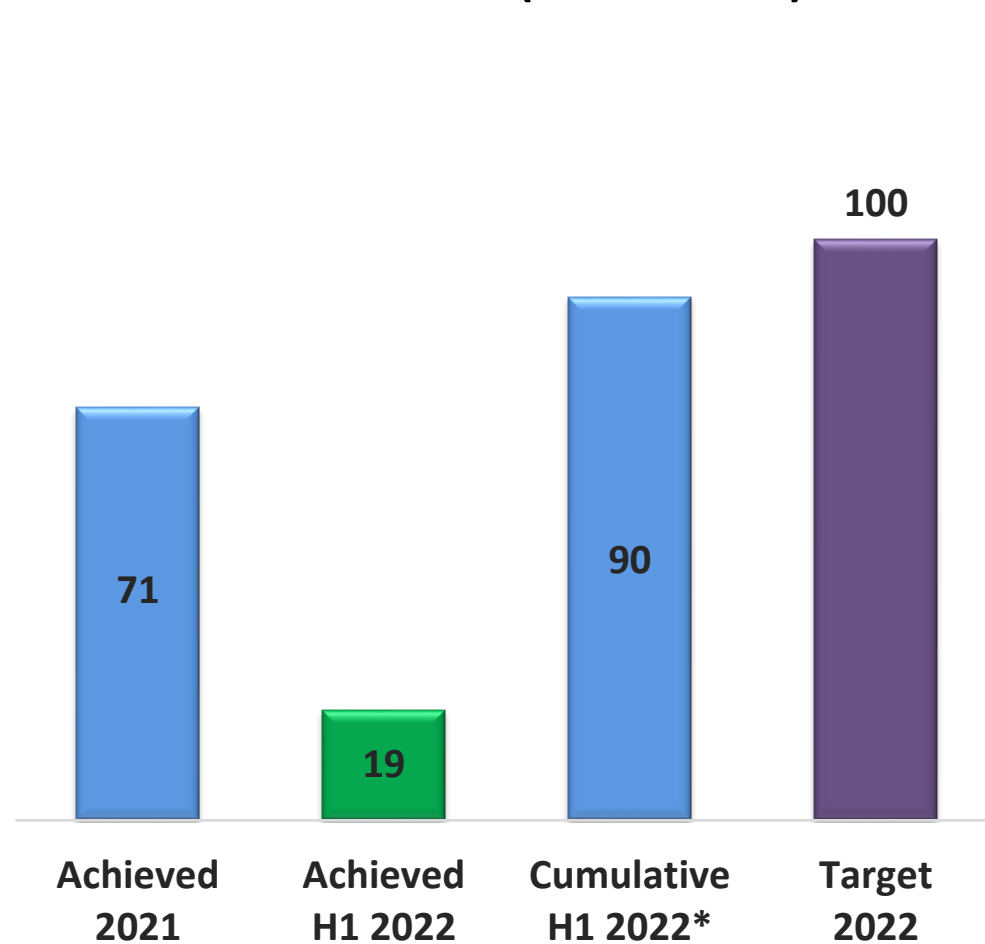
**Q2: US\$165 million** up  
224% YoY

Alba's BoD recommend  
an **Interim Dividend** of  
**US\$120 million**

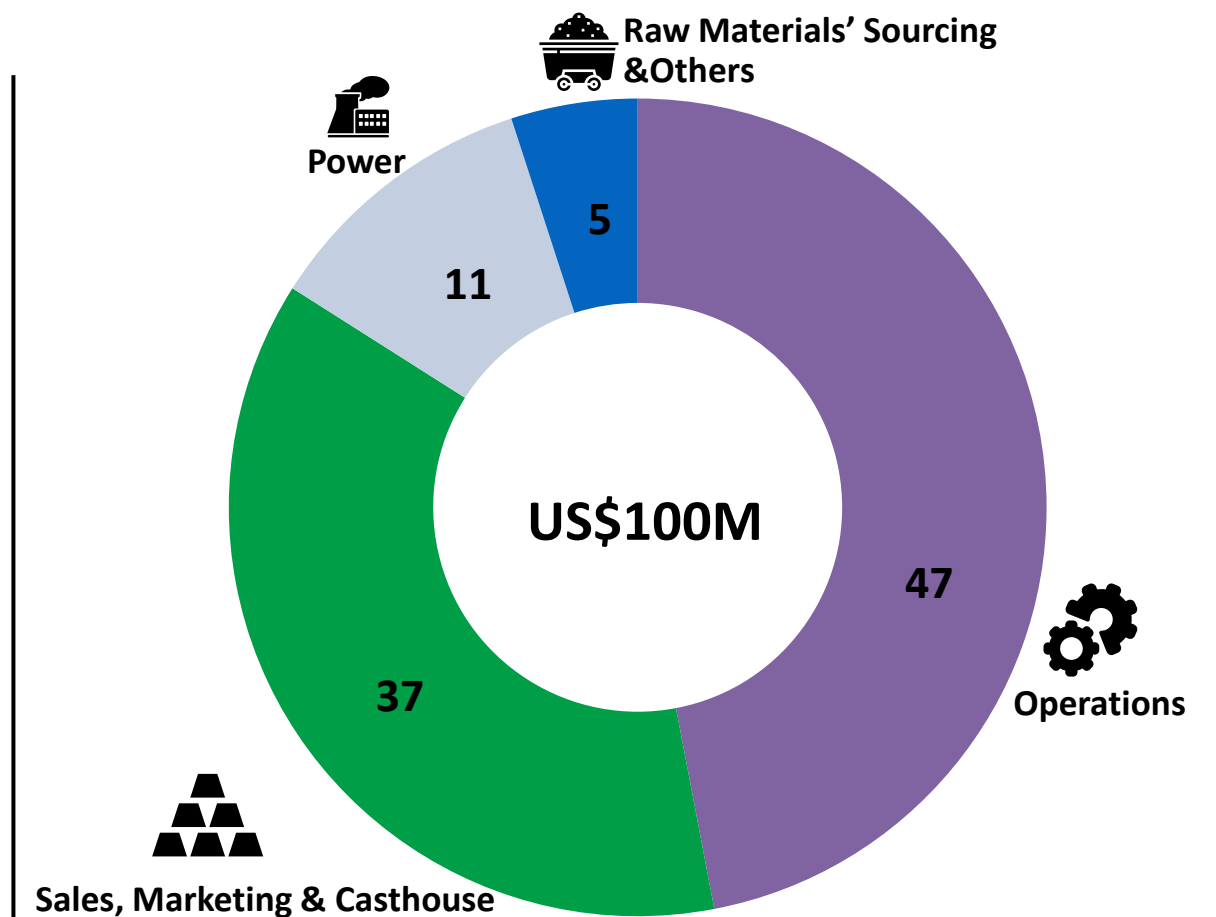


## AL HASSALAH Initiative (2-Year): Save US\$100 Million by 2022

AL HASSALAH (US\$ Million)



Breakdown by Value Chain (US\$ Million)



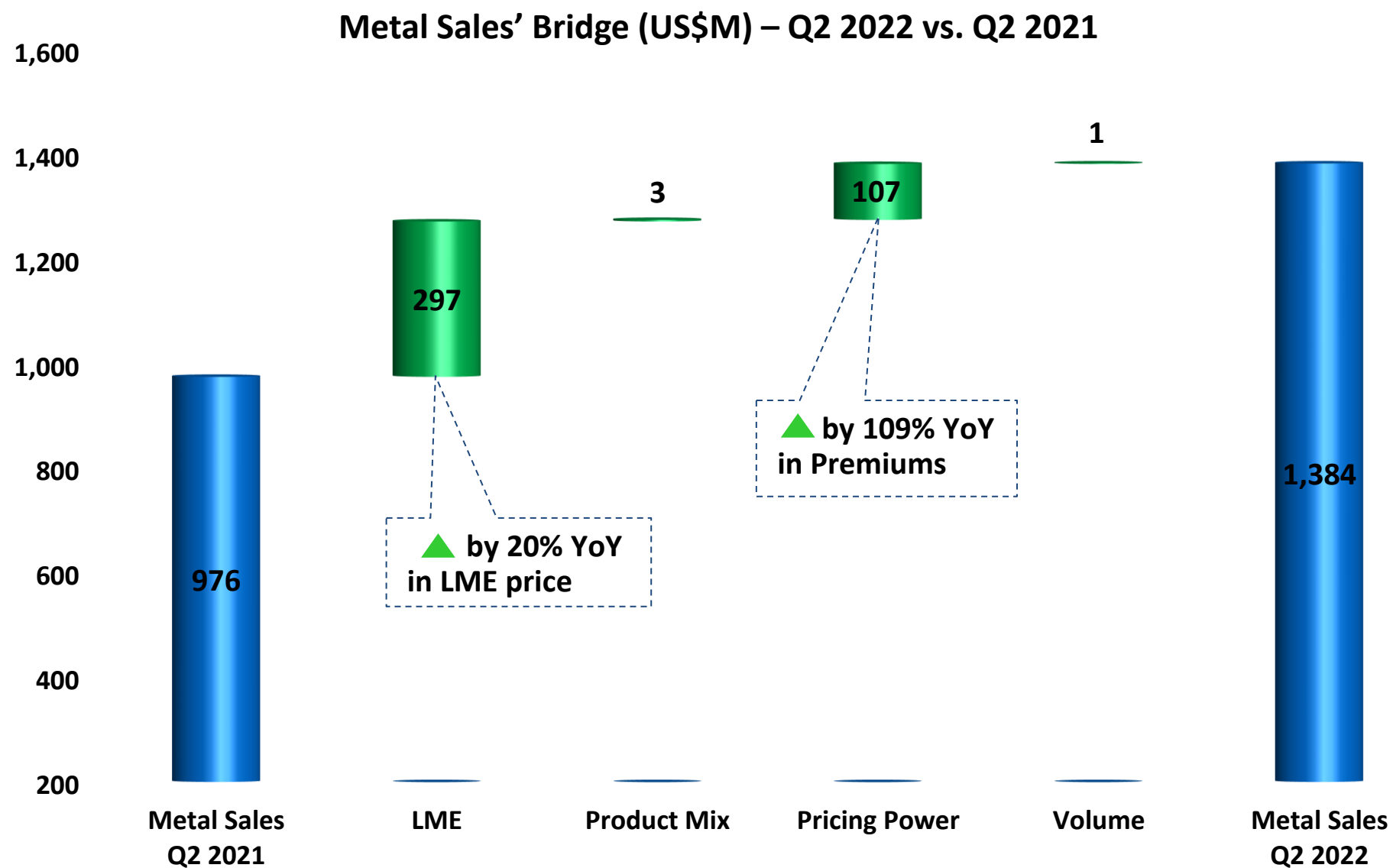


# 03

## Q2 2022 RESULTS

## Aluminium Industry: Volatile Market Conditions Push LME Price Higher

Higher Metal Sales Thanks to Higher LME Prices, VAP & Premiums

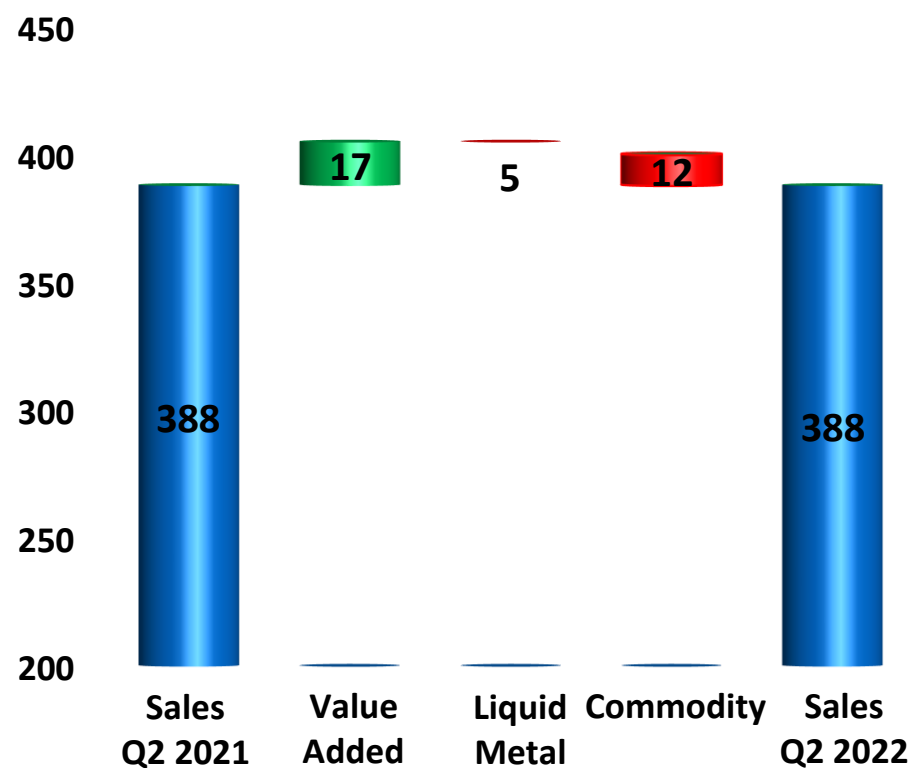




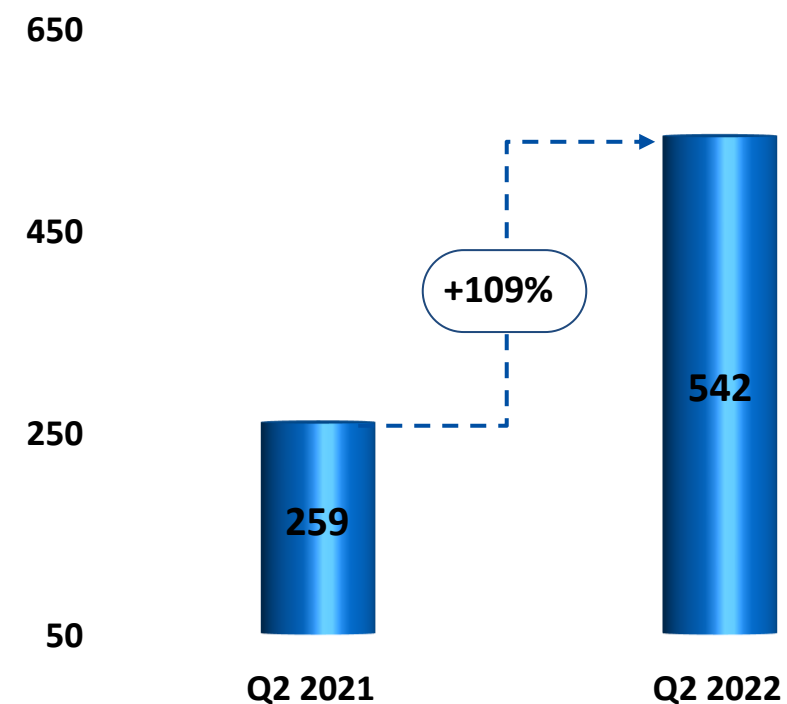
# Aluminium Industry: Volatile Market Conditions Push LME Price Higher

Higher VAP | Lower Commodities' Volume | Higher Premiums

Sales by Product-Line Bridge (MT'000)  
Q2 2022 vs. Q2 2021



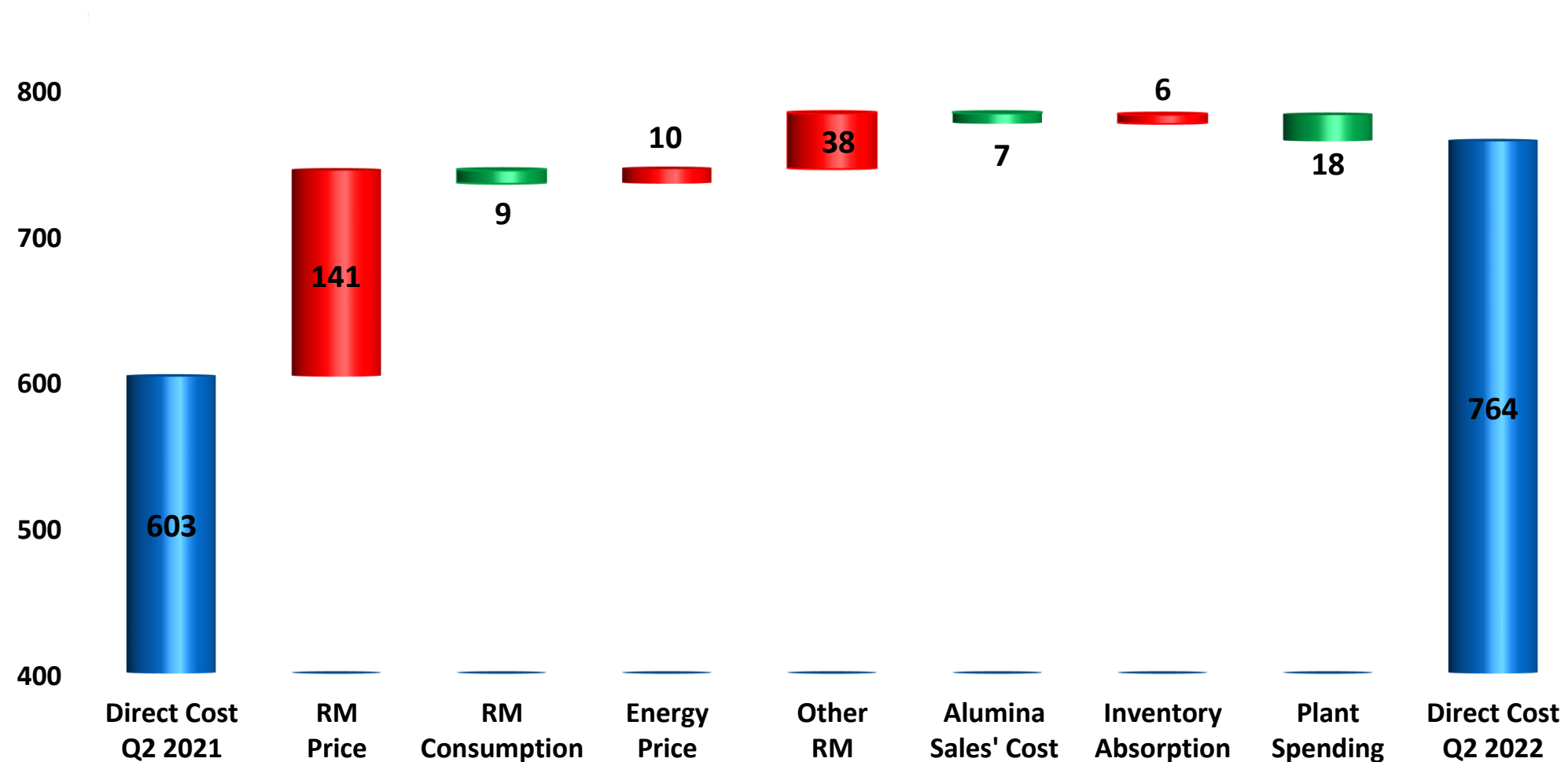
Premium Above LME Trend US\$ Per MT



## Aluminium Industry: Volatile Market Conditions Push LME Price Higher

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

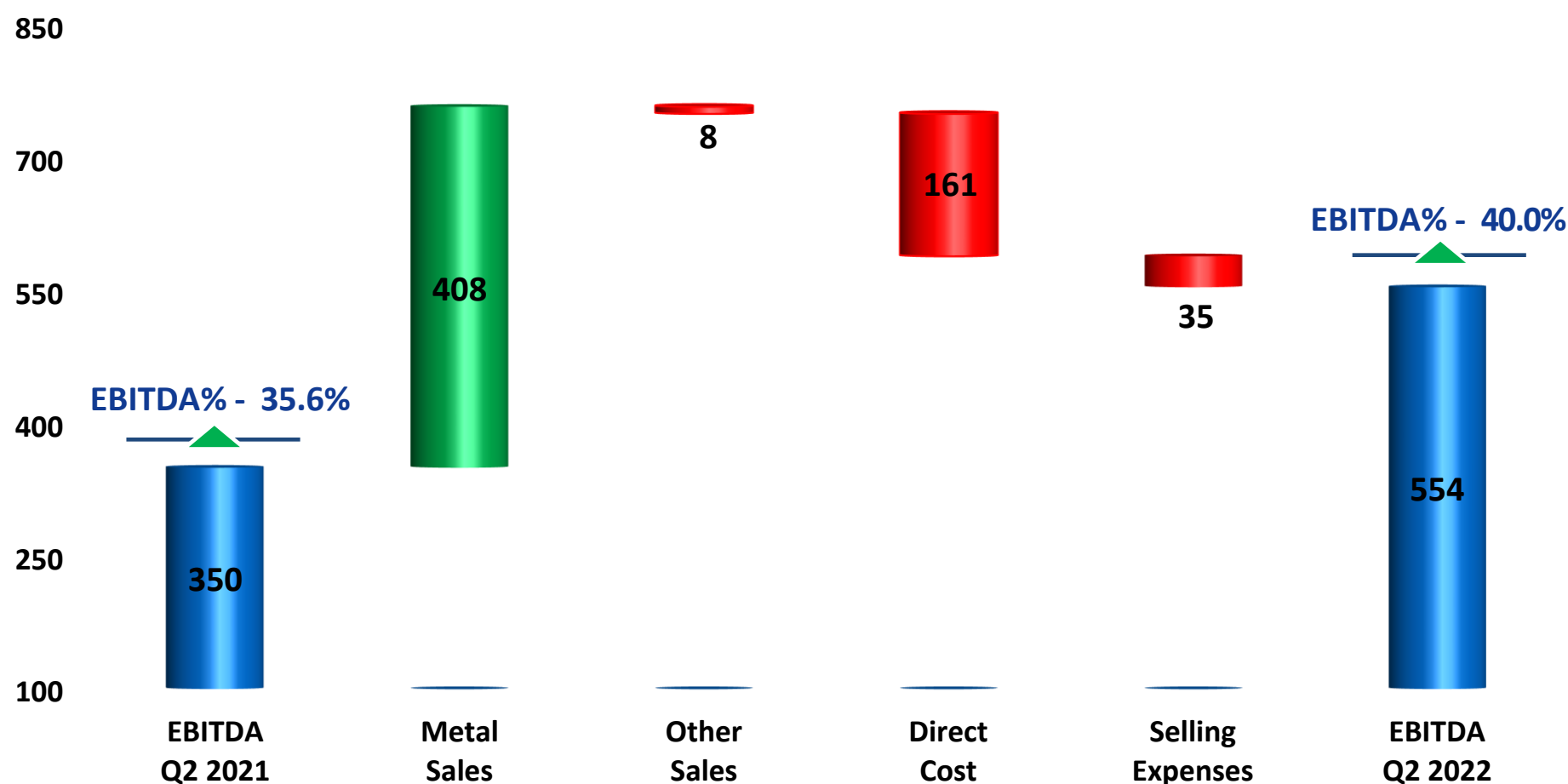
Direct Cost Bridge (US\$M) – Q2 2022 vs. Q2 2021



## Aluminium Industry: Volatile Market Conditions Push LME Price Higher

Higher EBITDA due to Higher LME Price & Partially Impacted by Higher Cost & Selling Expenses | Strong EBITDA% at 40.0%

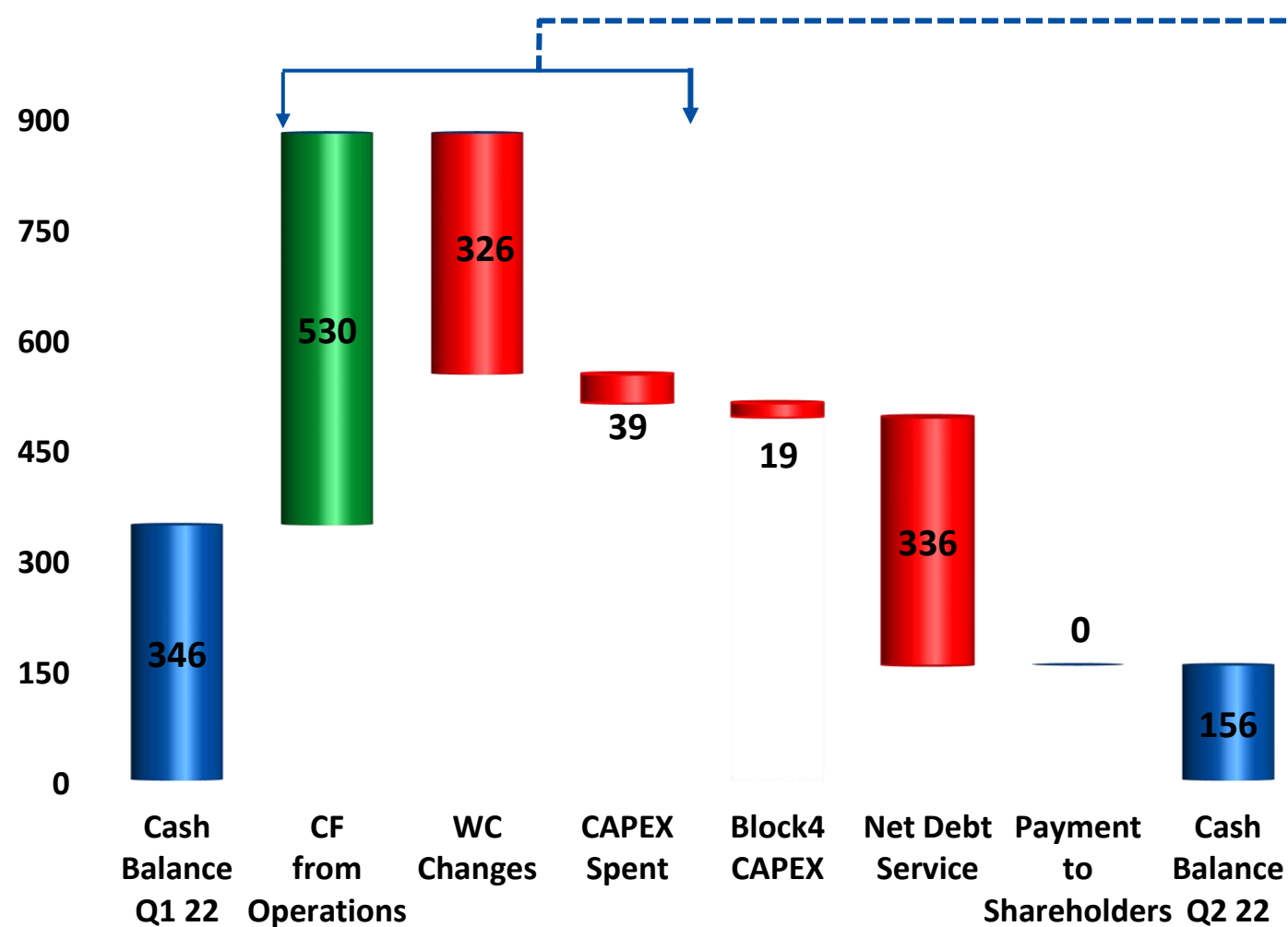
EBITDA Bridge (US\$M) – Q2 2022 vs. Q2 2021



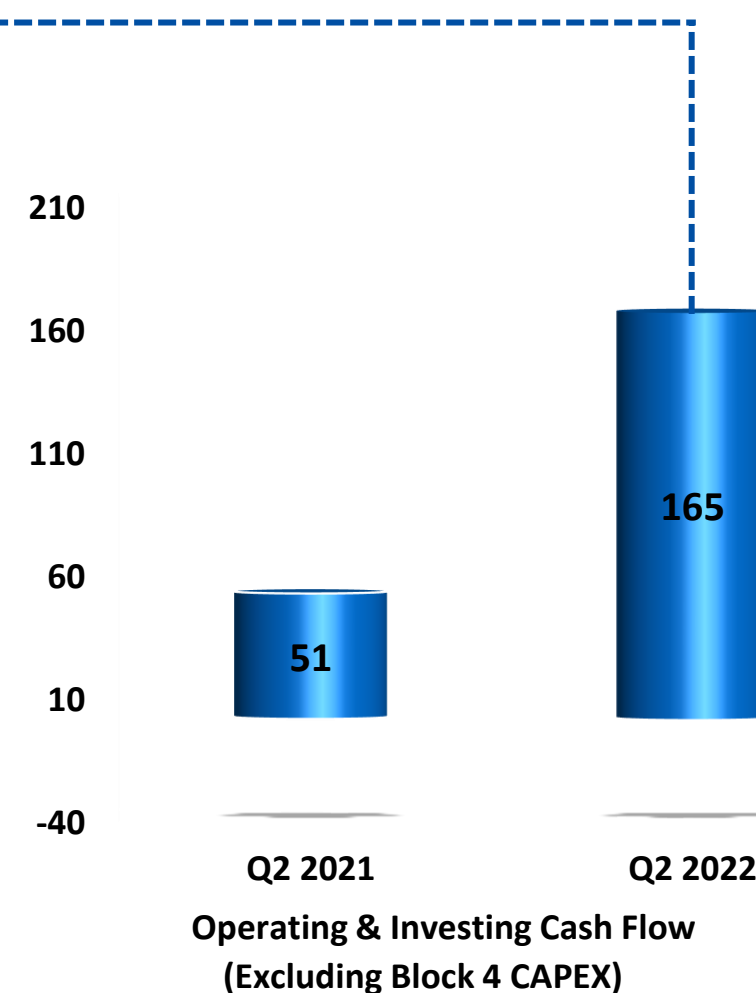
## Aluminium Industry: Volatile Market Conditions Push LME Price Higher

### Cash-Flow Bridge Q1 2022 to Q2 2022 -- Sound Cash Position

Q1 2022 to Q2 2022 Cash-Flow Bridge (US\$M)



Free Cash Flow (US\$M)



## Aluminium Industry: Volatile Market Conditions Push LME Price Higher

Strong Financial Performance due to Higher LME Price & VAP Sales

Financial Summary	Q2 2022	Q2 2021	H1 2022	H1 2021
Average Cash LME (US\$/MT)	2,882	2,399	3,075	2,245
Average Alumina Price (US\$/MT)	465	310	448	304
Revenue (US\$M)	1,384	984	2,594	1,789
EBITDA (US\$M)	554	350	1,046	591
EBITDA%	40.0%	35.6%	40.3%	33.0%
Profit (US\$M)	484	246	874	385
Gain/(Loss) Unrealised Derivatives	(6)	-	(3)	1
Adjusted Profit <sup>1</sup>	490	246	877	384

<sup>1</sup>Excludes unrealised gain/(loss) on derivatives [Interest Rate hedge of 50% of the syndicated corporate loan]





# 04

## INDUSTRY PERSPECTIVES<sup>1</sup> IN 2022

## Aluminium Market Caught Between Lower Demand & Higher Energy Prices

- Aluminium price to move to wait-and-see mode with the economic uncertainties and as recession fears escalate
- Major economic slowdown is likely to strengthen the US dollar. The US\$ strength would be a headwind for commodity prices
- The risk associated with the disruption of Russian gas supplies will keep power prices high till 2024 and this is likely to boost further curtailments in Europe over the short run
- Premia to be under pressure amidst recession fears
- LME price to range between US\$2,200/t – US\$2,400/t for the remainder of 2022

## Major Raw Materials Price Trends ( $\text{Al}_2\text{O}_3$ , $\text{AlF}_3$ , Liquid Pitch and GPC)

- Alumina prices continue to receive downward pressure owing to the ongoing LME price correction coupled with the refinery expansions around the world primarily in China, India, 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 edge higher on the back of higher production cost
- Carbon products' prices (GPC, CPC & Anodes) expected to remain high supported by higher demand



# 05

## 2022 ALBA PRIORITIES<sup>1</sup>

## 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 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 beyond 70% of Sales
- 🌐 Complete the financial closure of PS5 Block 4 and award the Solar Farm Project by Q4 2022
- 🌐 Progress with the pre-feasibility study for Line 7 smelter





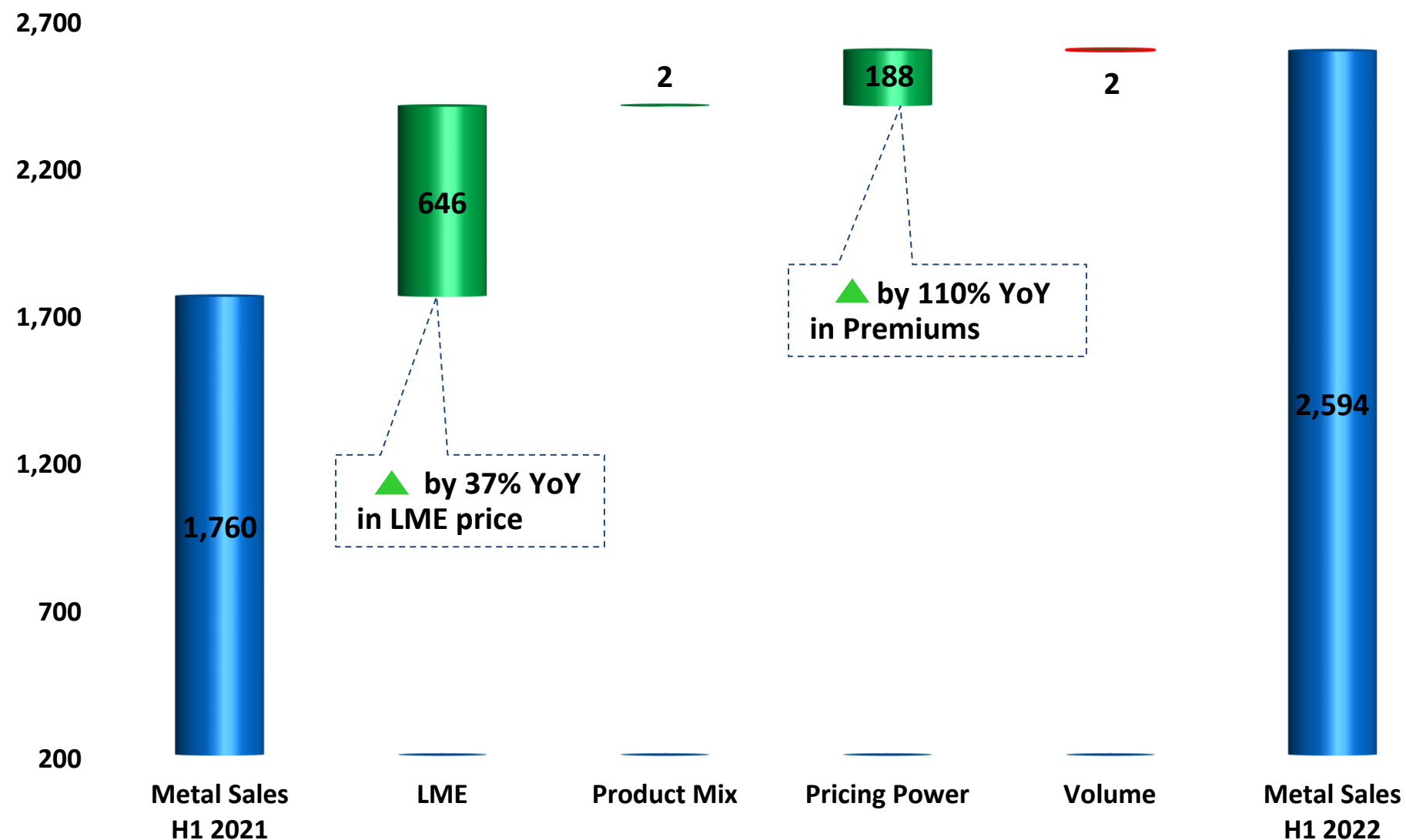
# 06

## APPENDIX

# Aluminium Industry: Volatile Market Conditions Push LME Price Higher

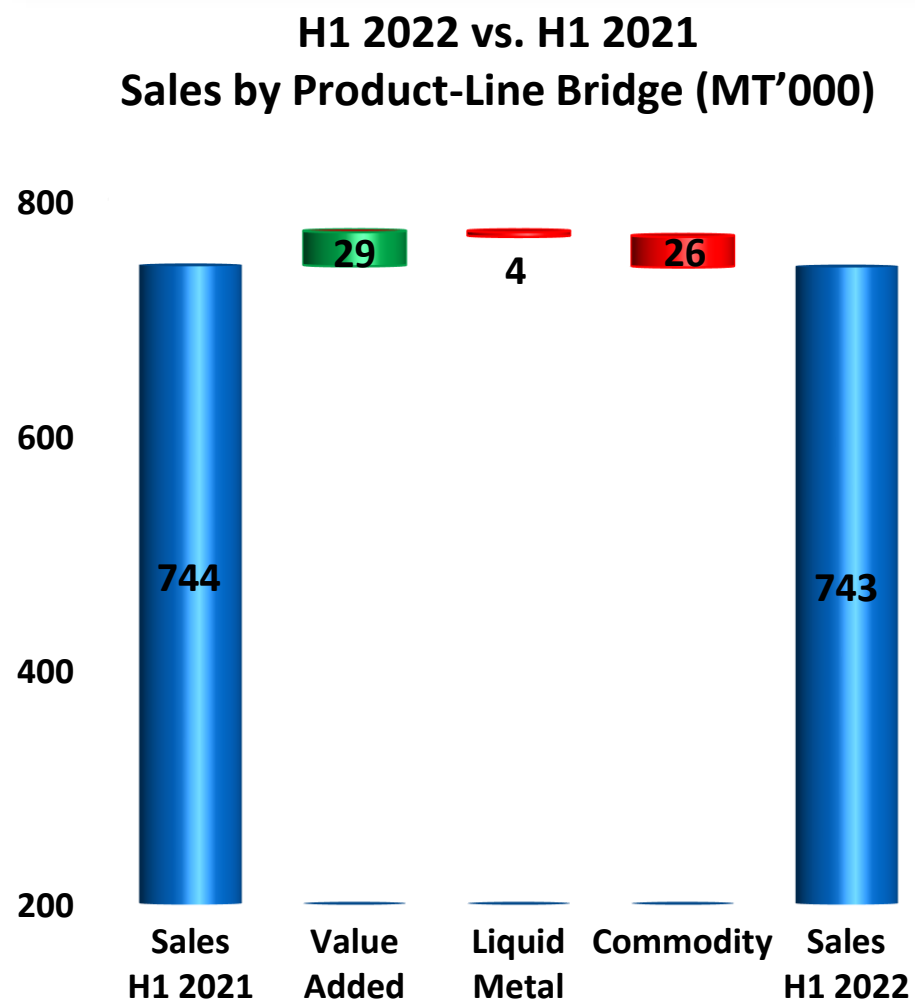
Higher Metal Sales Thanks to Higher LME Price, VAP & Premiums

Metal Sales' Bridge (US\$M) – H1 2022 vs. H1 2021

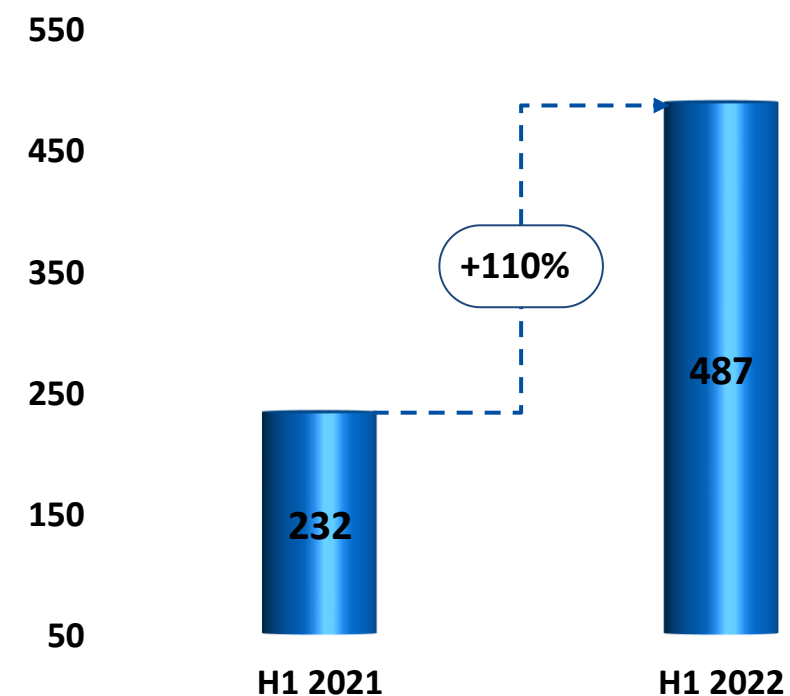


# Aluminium Industry: Volatile Market Conditions Push LME Price Higher

Higher VAP | Lower Commodities' Volume | Higher Premiums



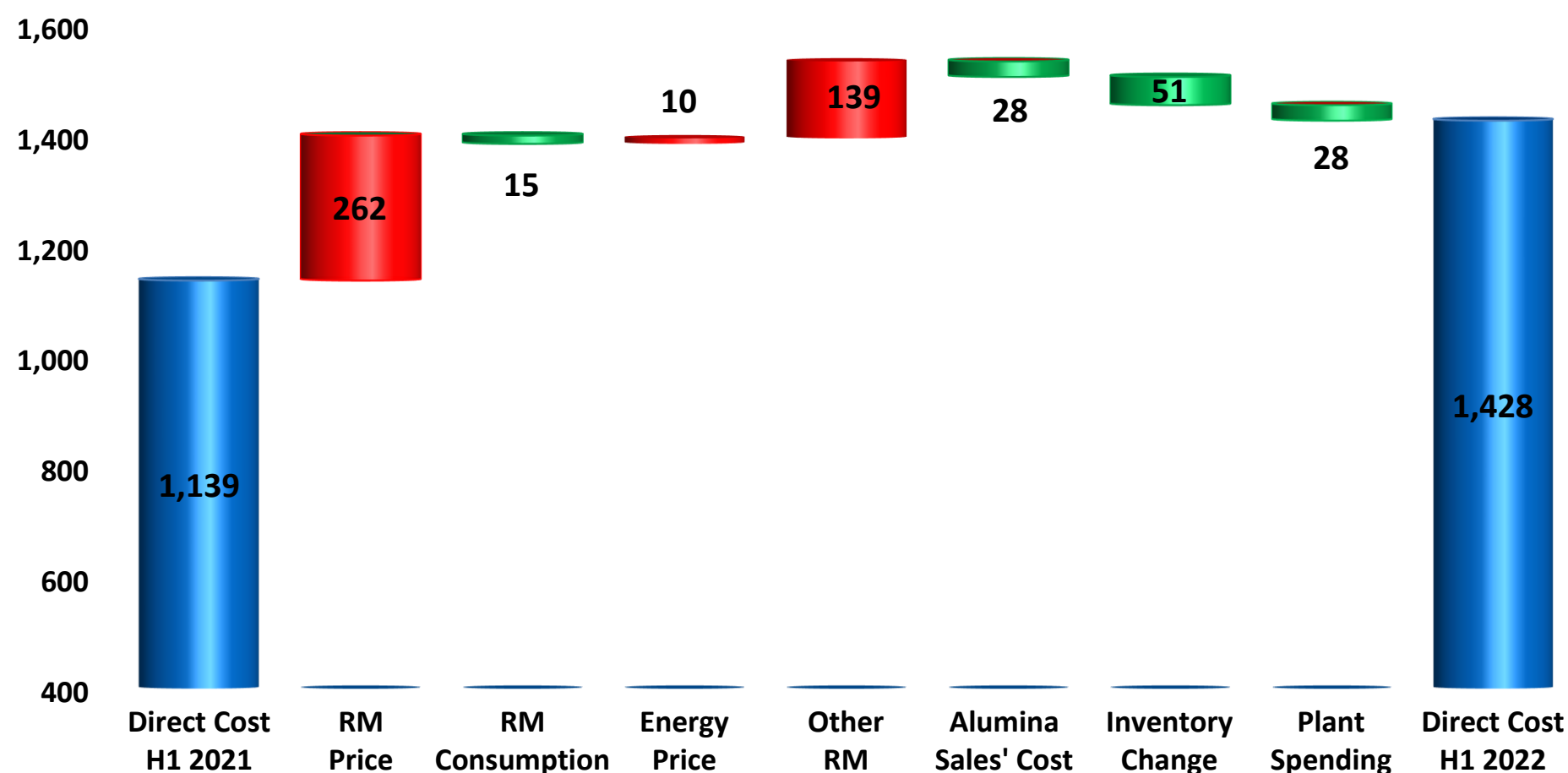
**Premium Above LME Trend US\$ Per MT**



## Aluminium Industry: Volatile Market Conditions Push LME Price Higher

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

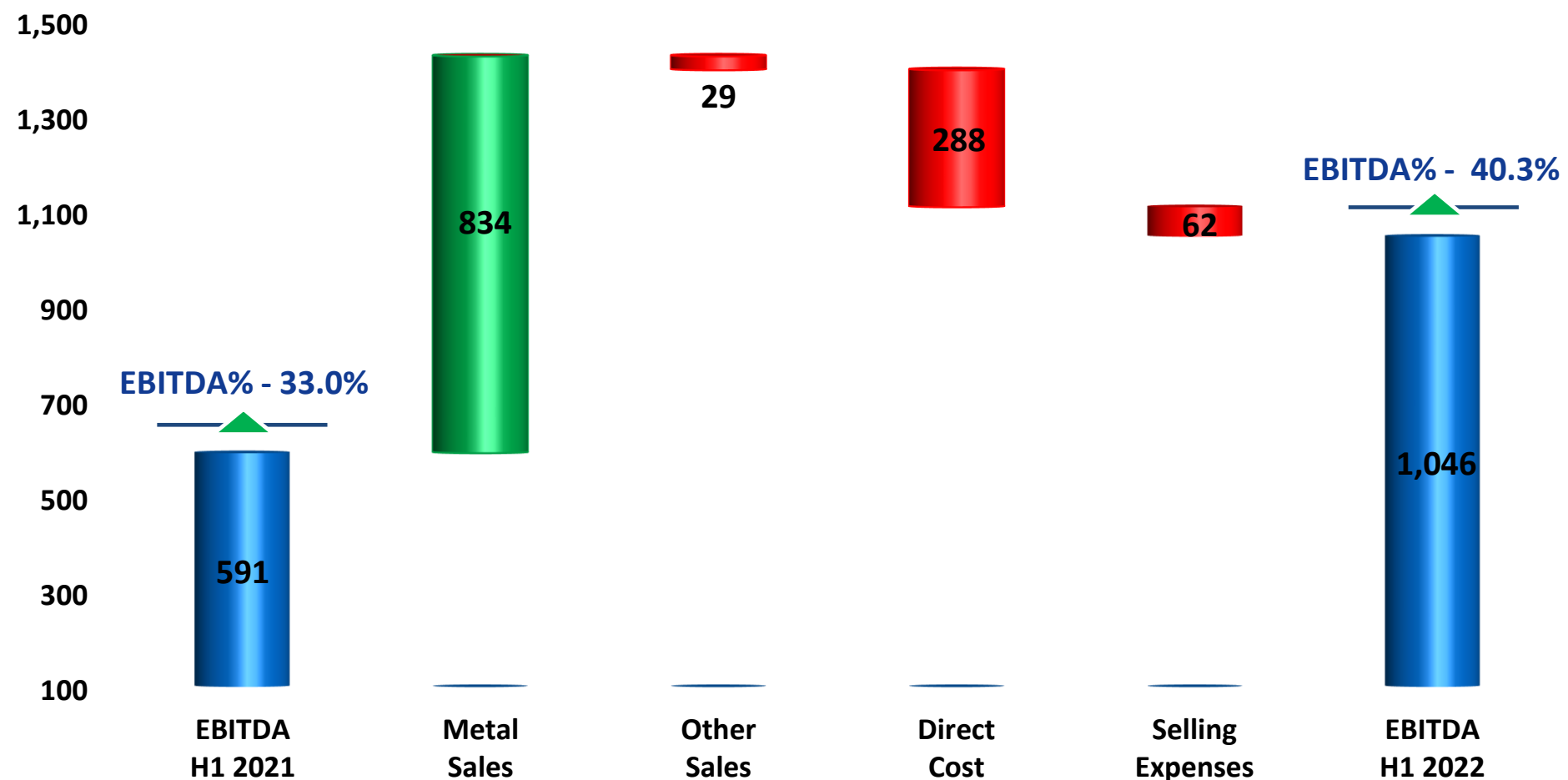
H1 2022 vs. H1 2021 - Direct Cost Bridge (US\$M)



## Aluminium Industry: Volatile Market Conditions Push LME Price Higher

Higher EBITDA due to Higher LME Price & Partially Impacted by Higher Cost & Higher Selling Expenses | Strong EBITDA % at 40.3%

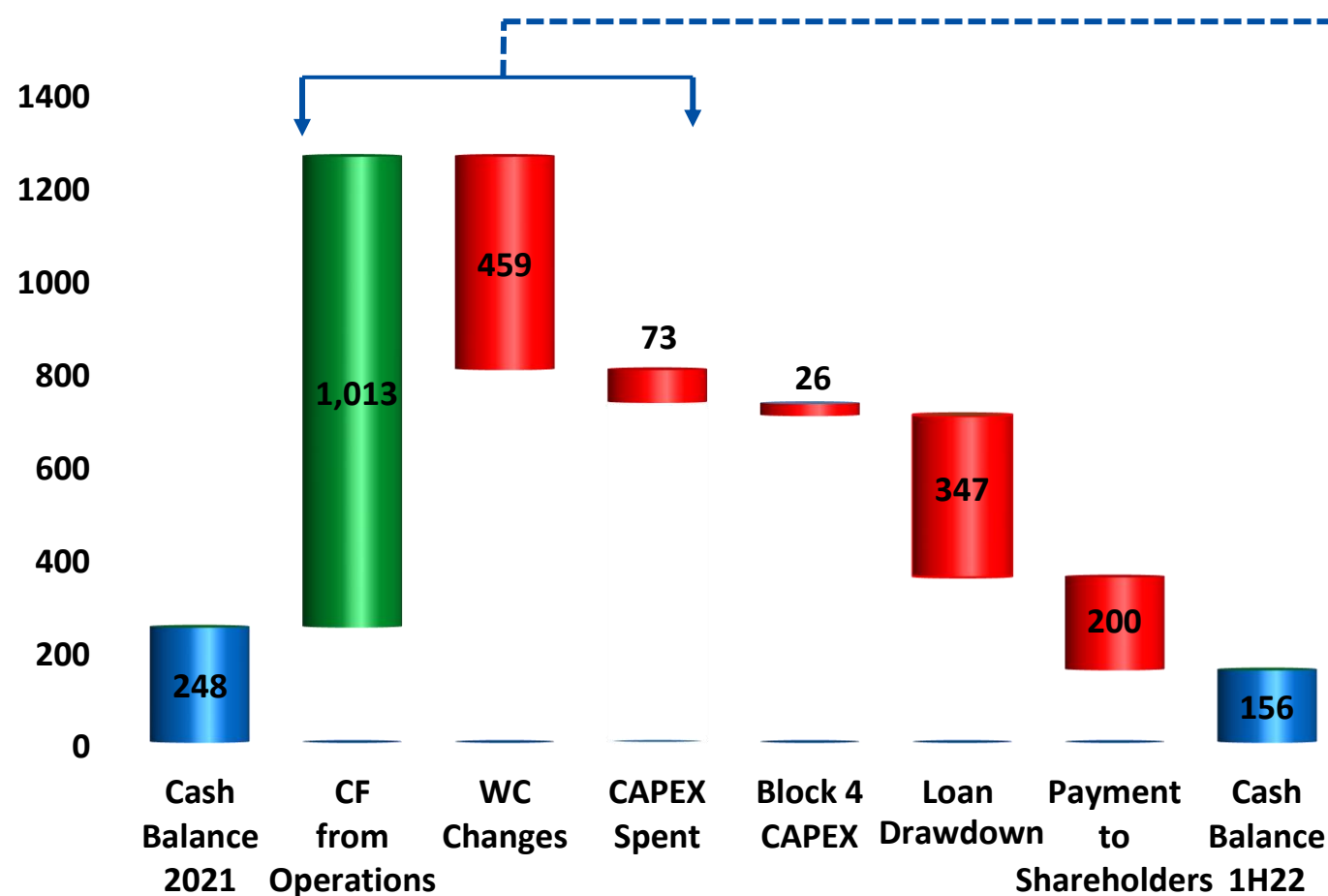
H1 2022 vs. H1 2021 - EBITDA Bridge (US\$M)



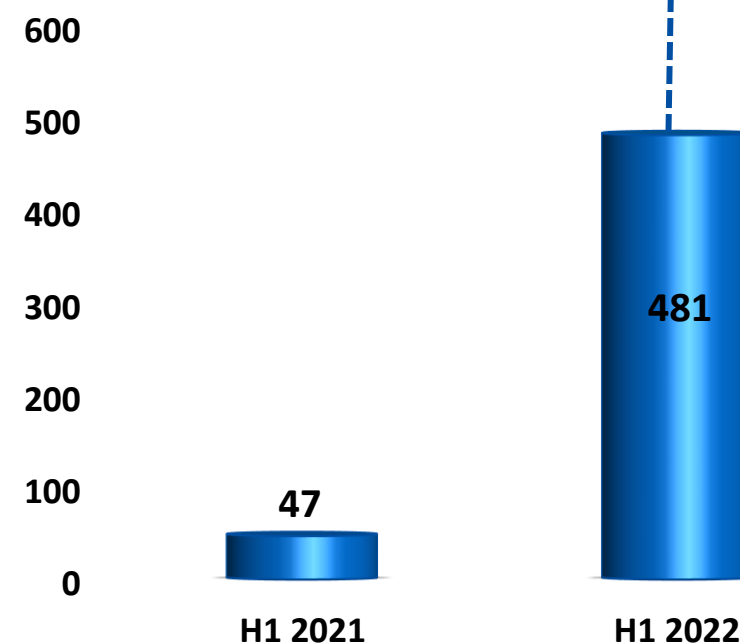
## Aluminium Industry: Volatile Market Conditions Push LME Price Higher

### Cash-Flow Bridge FY 2021 to H1 2022 -- Sound Cash Position

FY 2021 to H1 2022 Cash Flow Bridge (US\$M)



Free Cash Flow (US\$M)



Operating & Investing Cash Flow  
(Excluding Block 4 CAPEX)



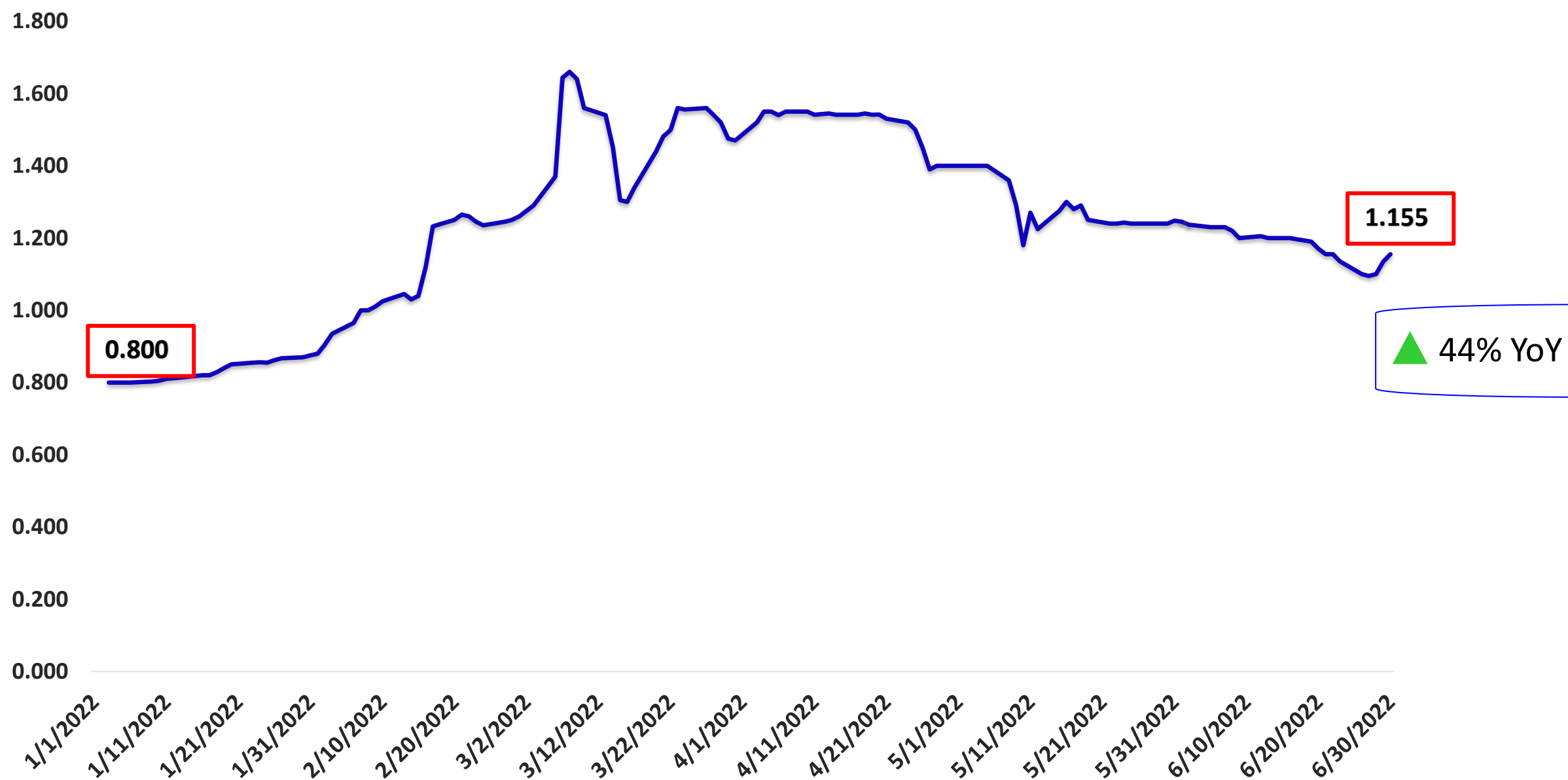
## Alba Shareholder's Structure



- 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, BD1.155 on 30 June 2022]



## Alba Share Price Performance [ALBH, BD]





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Alba4World



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