



# INVESTOR RELATIONS PRESENTATION

Q3 2023



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# CONTENTS

01  
Industry  
Highlights

02  
Alba  
Highlights

03  
9 Months 2023  
Results

04  
Industry Perspectives  
in 2023

05  
2023 Alba  
Priorities

06  
Appendix



# 01

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



## 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)





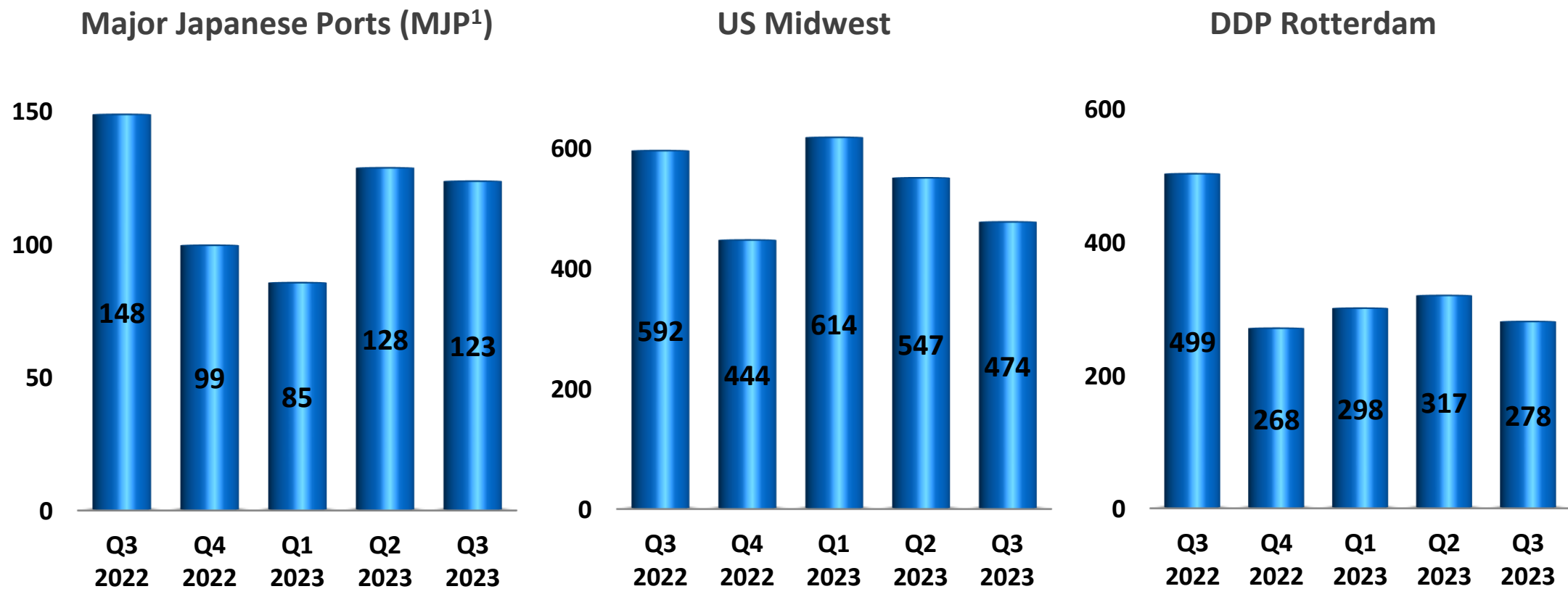
## World Market Supply +3% YoY

- ⊗ 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 due to weak manufacturing activity
- ⊗ The world market is in surplus with China (+3,000 MT) and w/o China (+88,000 MT)



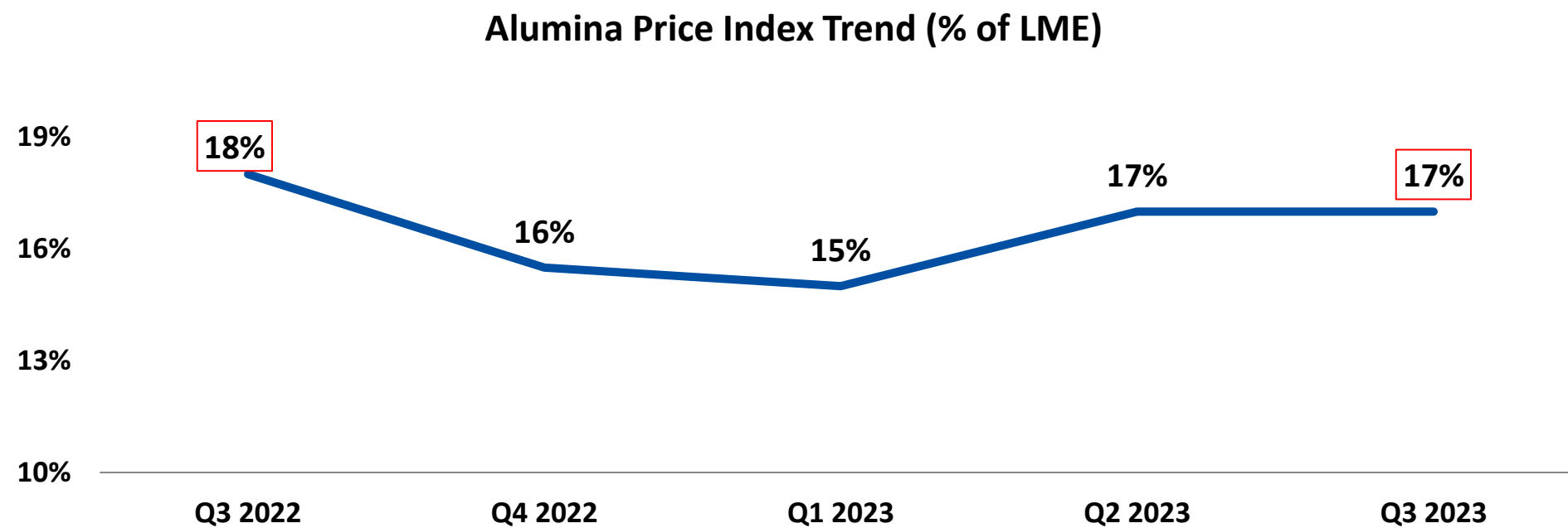
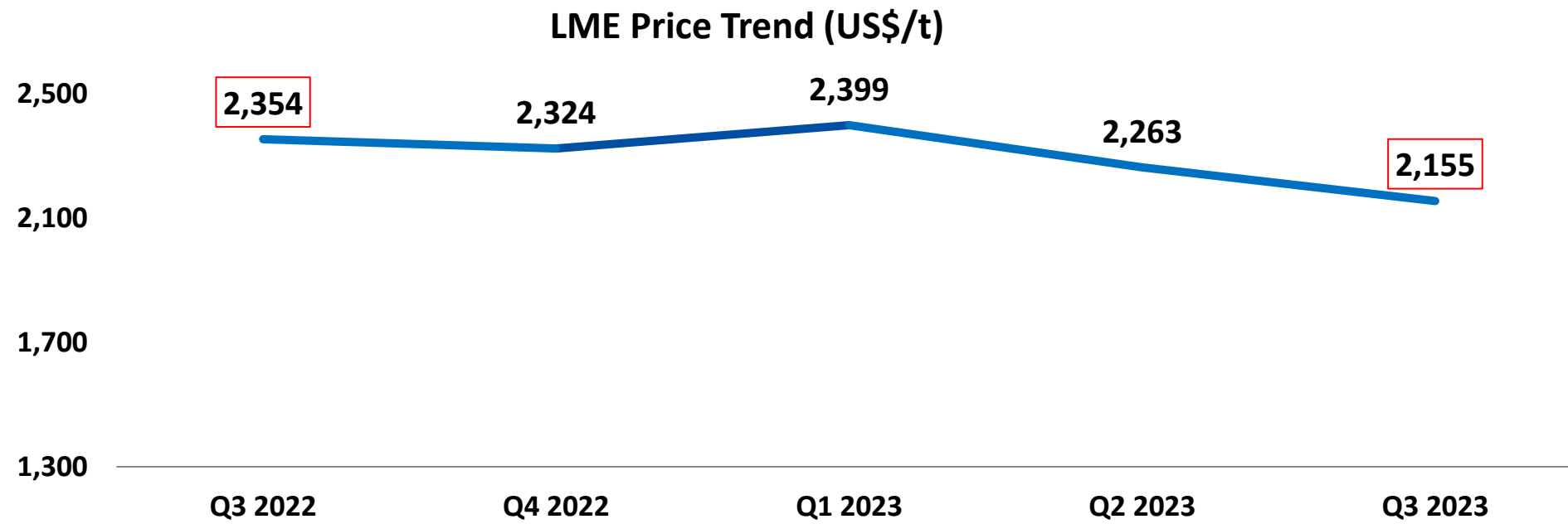
## LME Price & Premiums Struggle to Find Positive Momentum

- 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



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

## Alumina Price: 17% of LME Price [US\$362/t]



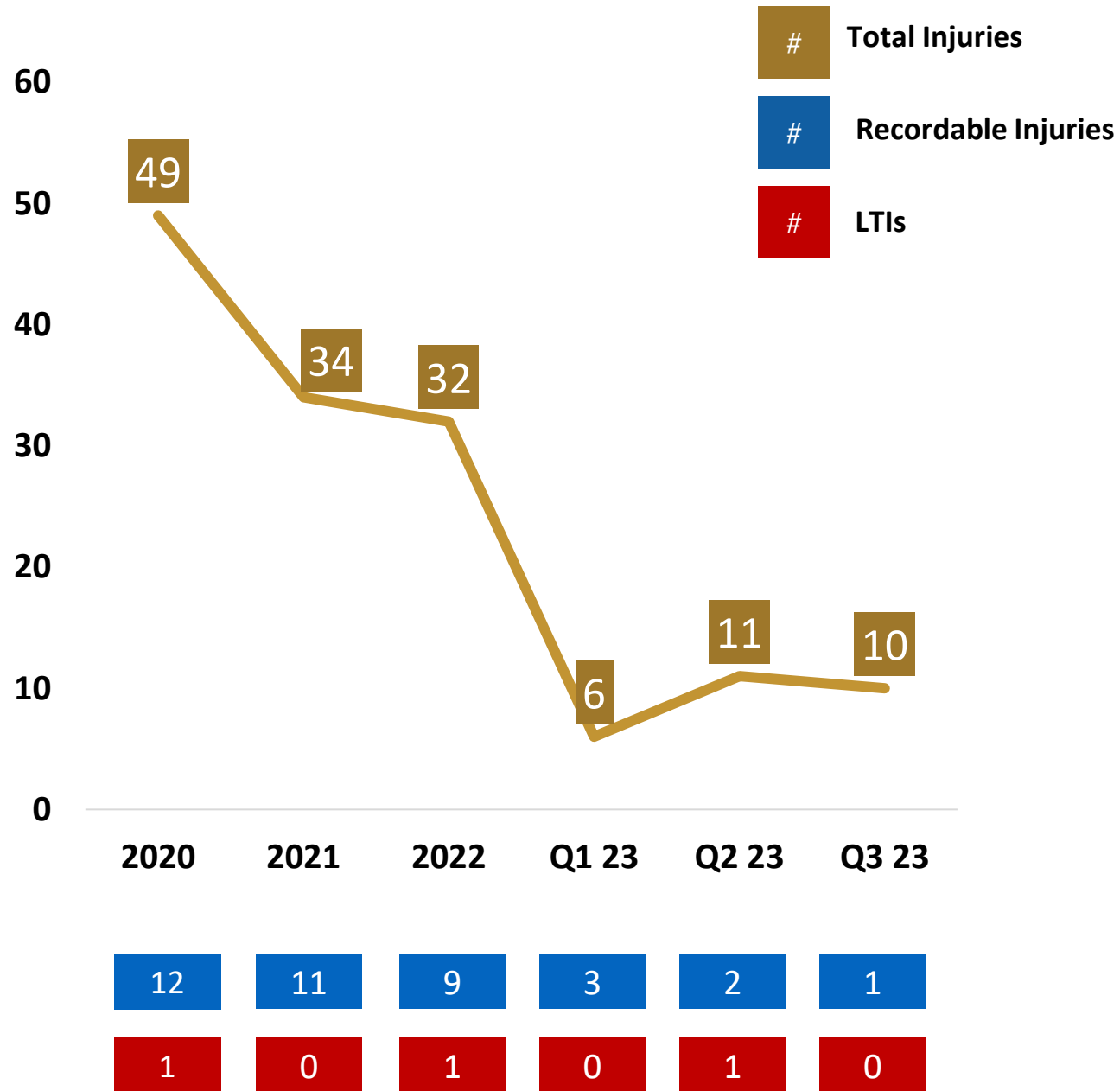




# 02

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

# Safety in Numbers





## 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 Al 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

## ESG: A Journey, Not A Destination



### Decarbonisation

- › Energy Management System (EMS) & Power Station Efficiency
- › Afforestation & Reforestation
- › Inert Anode Technology
- › Hydrogen
- › Carbon Capture & Storage (CC&S) & Carbon Offsets



### Green Energy & Aluminium

- › On-site Solar
- › Government Collaboration



### Circular Economy & Secondary Aluminium

- › Securing Recycled Materials
- › Securing Recycled Infrastructure
- › Partnership with International Recycler



### Employee Welfare

- › Employee Satisfaction Assessment
- › Community ESG Training
- › Equal Opportunity Employment



### Collaboration & Partnership

- › Green Financing
- › University Collaboration







### Transparency, Communications & Due Diligence

- › ESG Due Diligence





## ESG Journey by 2035

	Q2 2024	Q4 2024	Q2 2027*	2025-2027	2030	2035
	 <b>Alba Solar Farm</b>	 <b>Efficiency Upgrades</b>		 <b>Recycled Material</b>	 <b>Government Collaboration</b>	
<b>Initiative</b>	6.23 MW Solar Farm Capacity [Tender Awarded]	Commissioning Power Station 5 Block 4 & Retiring Older Power Stations  *Commissioning Line 7 & Retiring Lines 1-3		Remelting 15kMT - 30kMT of Secondary per Year	500-1,000 MW of Imported Grid Renewable Energy (offtake) with Public Tender Already Issued for 500 MW	

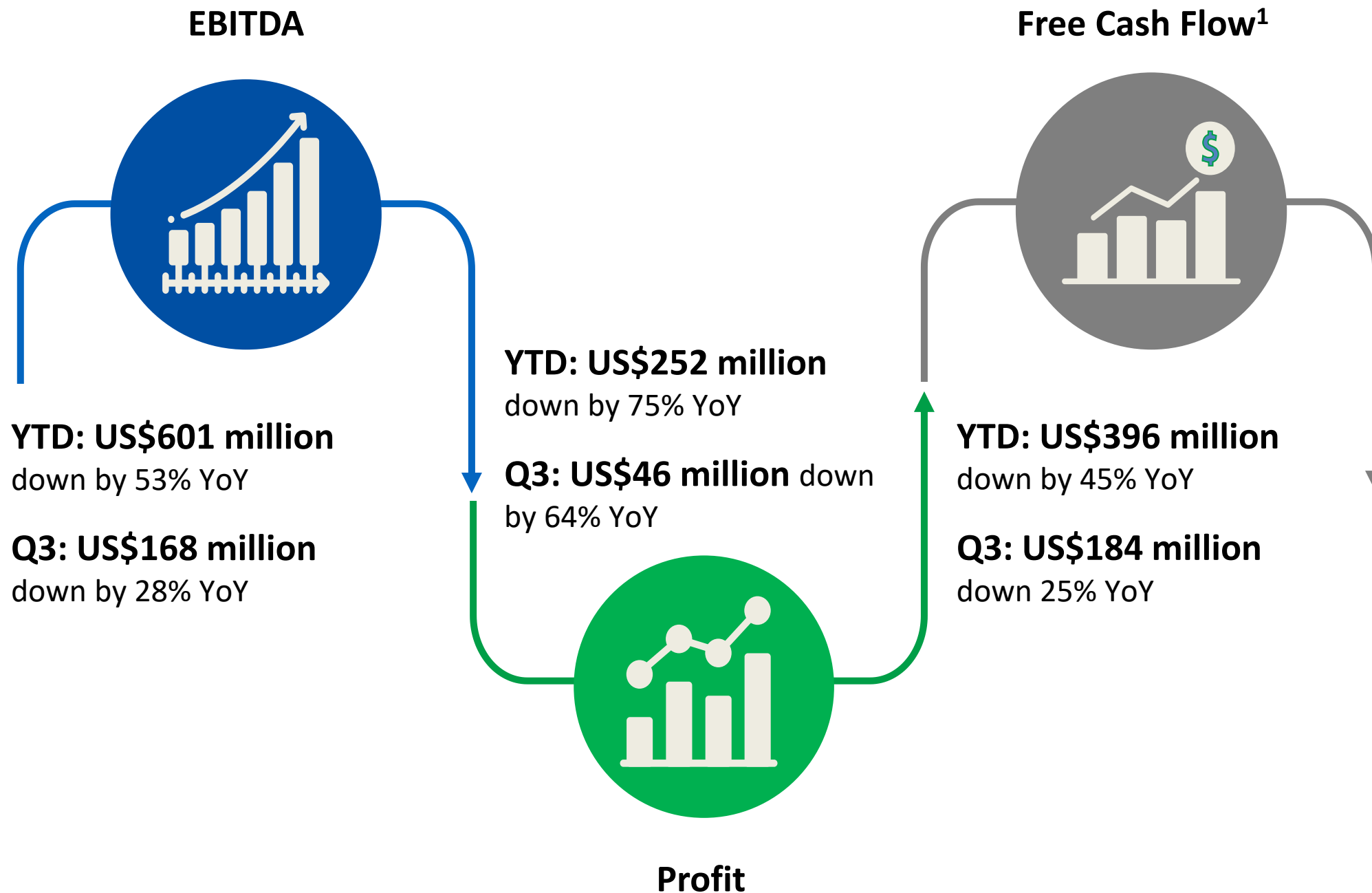




## Operational Highlights – Q3 & 9 Months of 2023

- 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

## Financial Key Performance Indicators – Q3 & YTD 2023



<sup>1</sup>Free Cash Flow excludes Project CAPEX spending

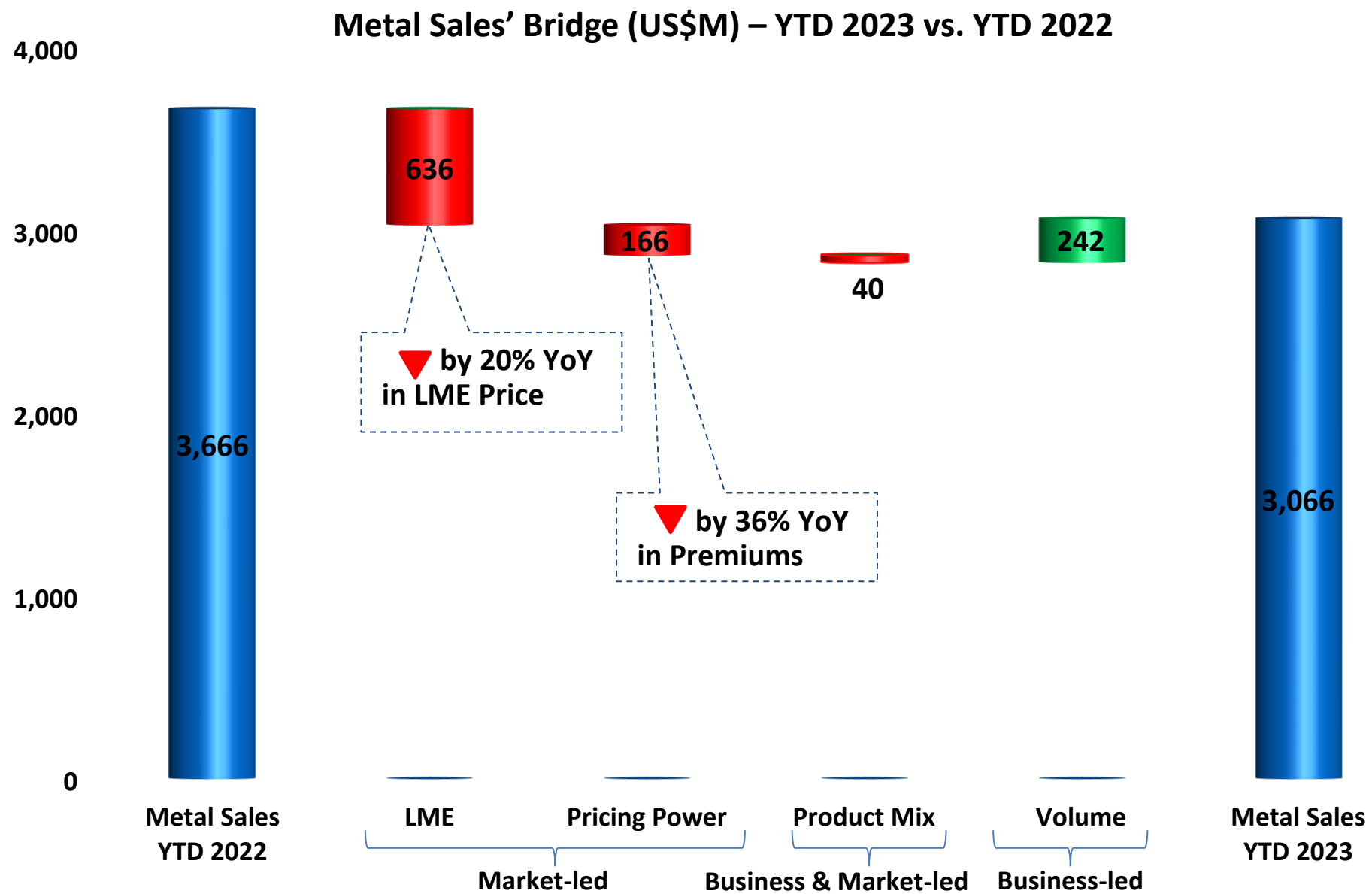


# 03

## 9 Months 2023 RESULTS

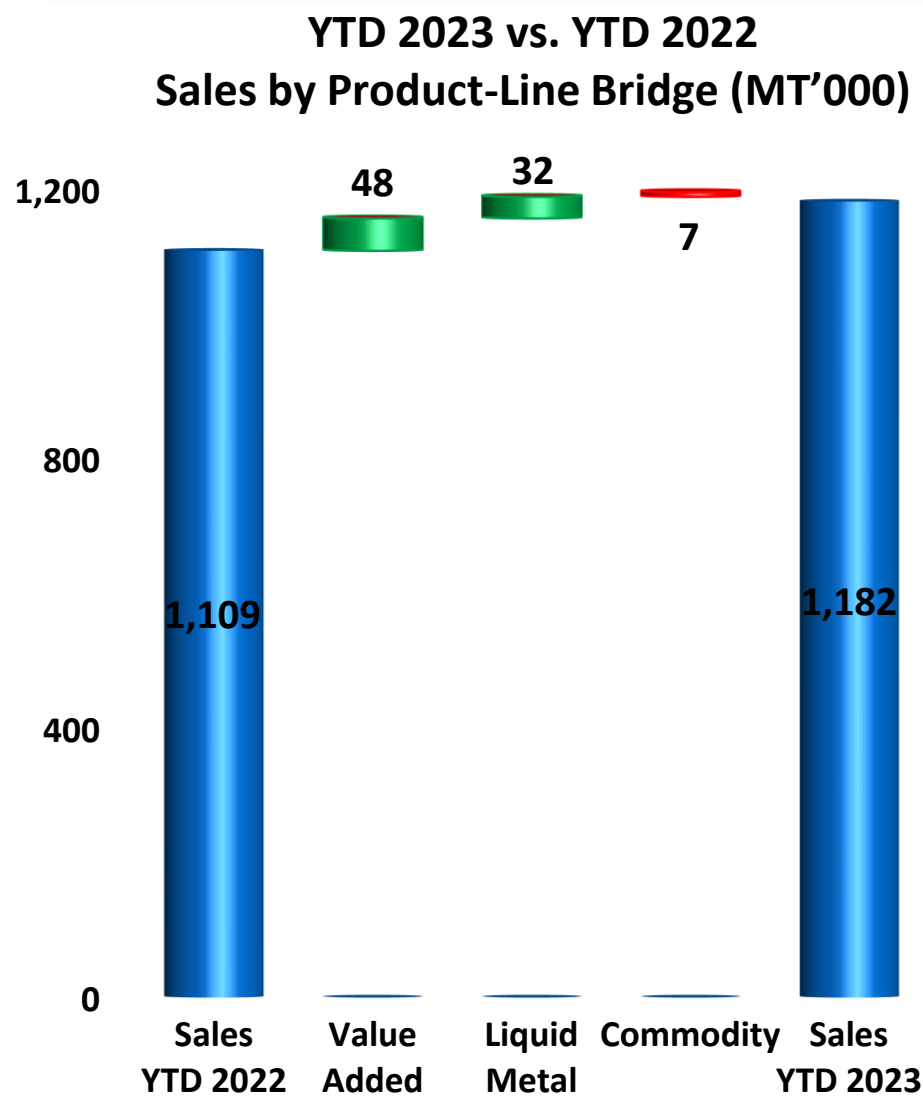
# Volatility & Uncertainty Continue to Weigh on Aluminium Fundamentals

Lower Metal Sales Owing to Lower LME Price & Premiums

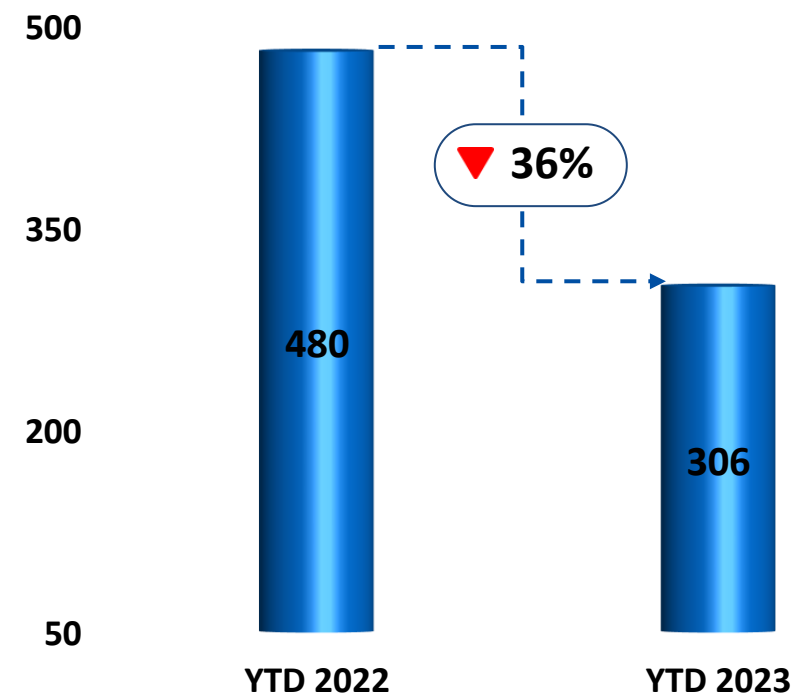


# Volatility & Uncertainty Continue to Weigh on Aluminium Fundamentals

Higher VAP | Higher Liquid Metal | Lower Commodities' Volume



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

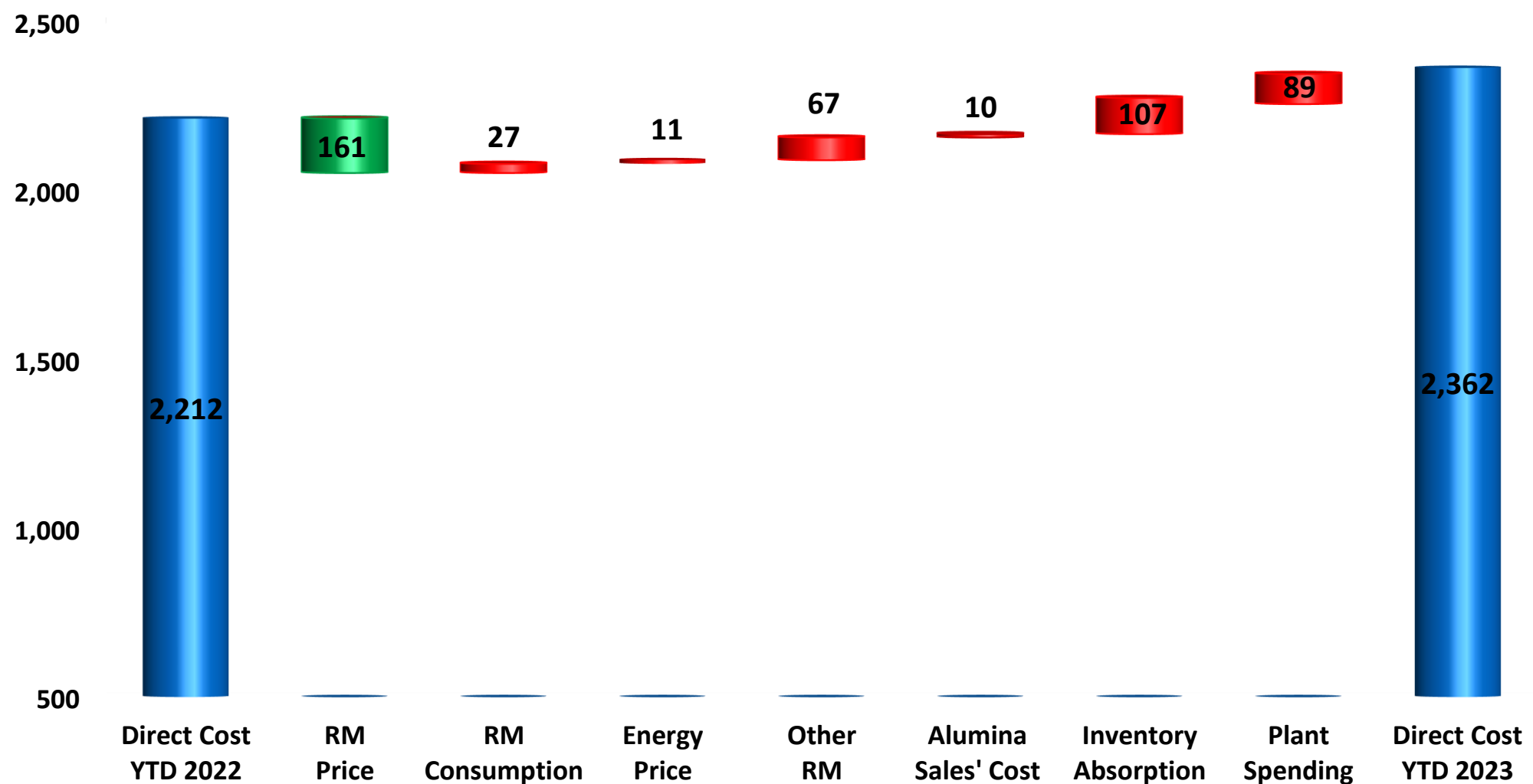




# Volatility & Uncertainty Continue to Weigh on Aluminium Fundamentals

Higher Direct Cost Owing to Higher Production & Partially Offset by Drop in Alumina Prices

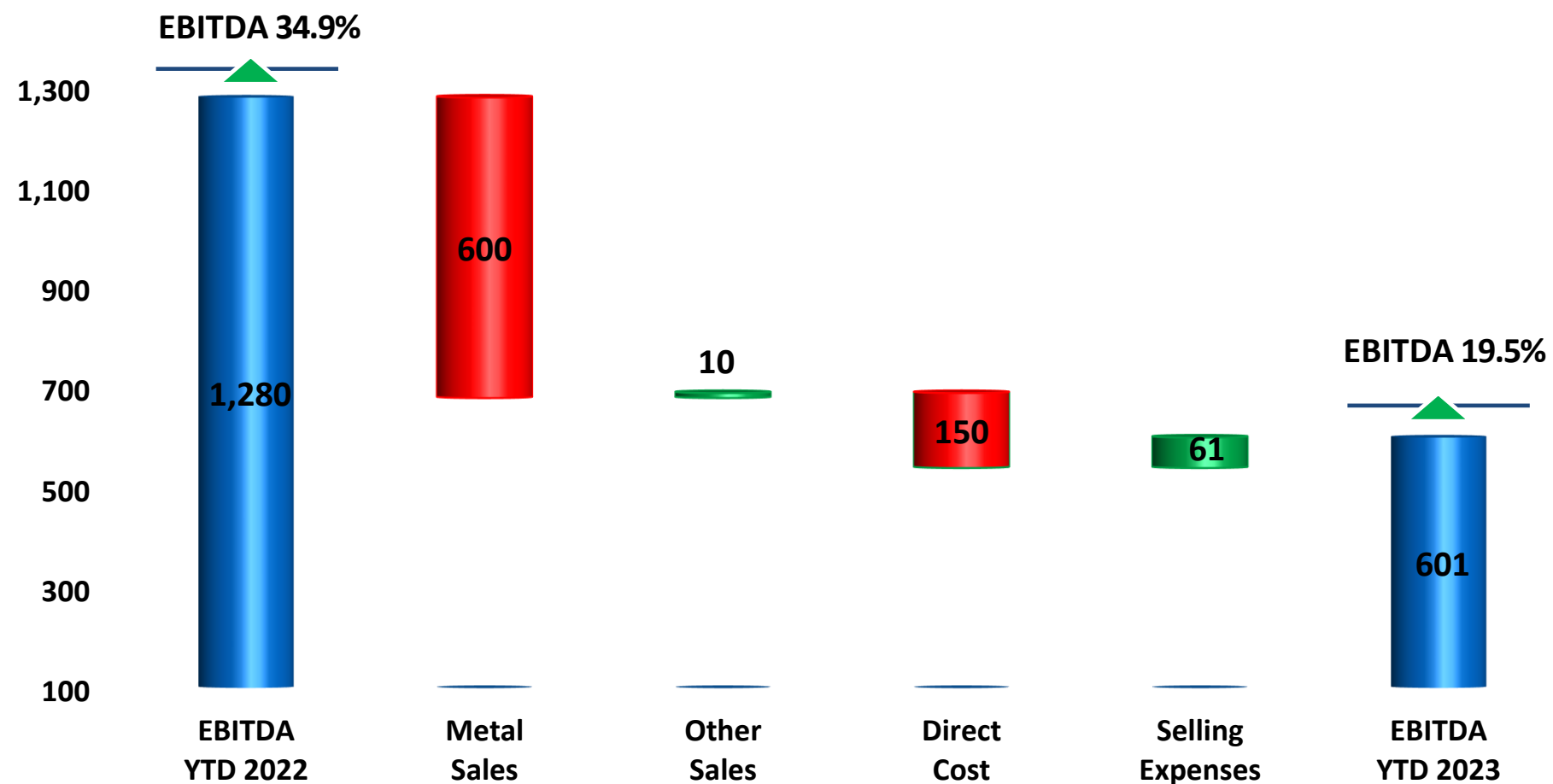
YTD 2023 vs. YTD 2022 - Direct Cost Bridge (US\$M)



# Volatility & Uncertainty Continue to Weigh on Aluminium Fundamentals

Lower EBITDA Owing to Lower Metal Sales & Higher Costs

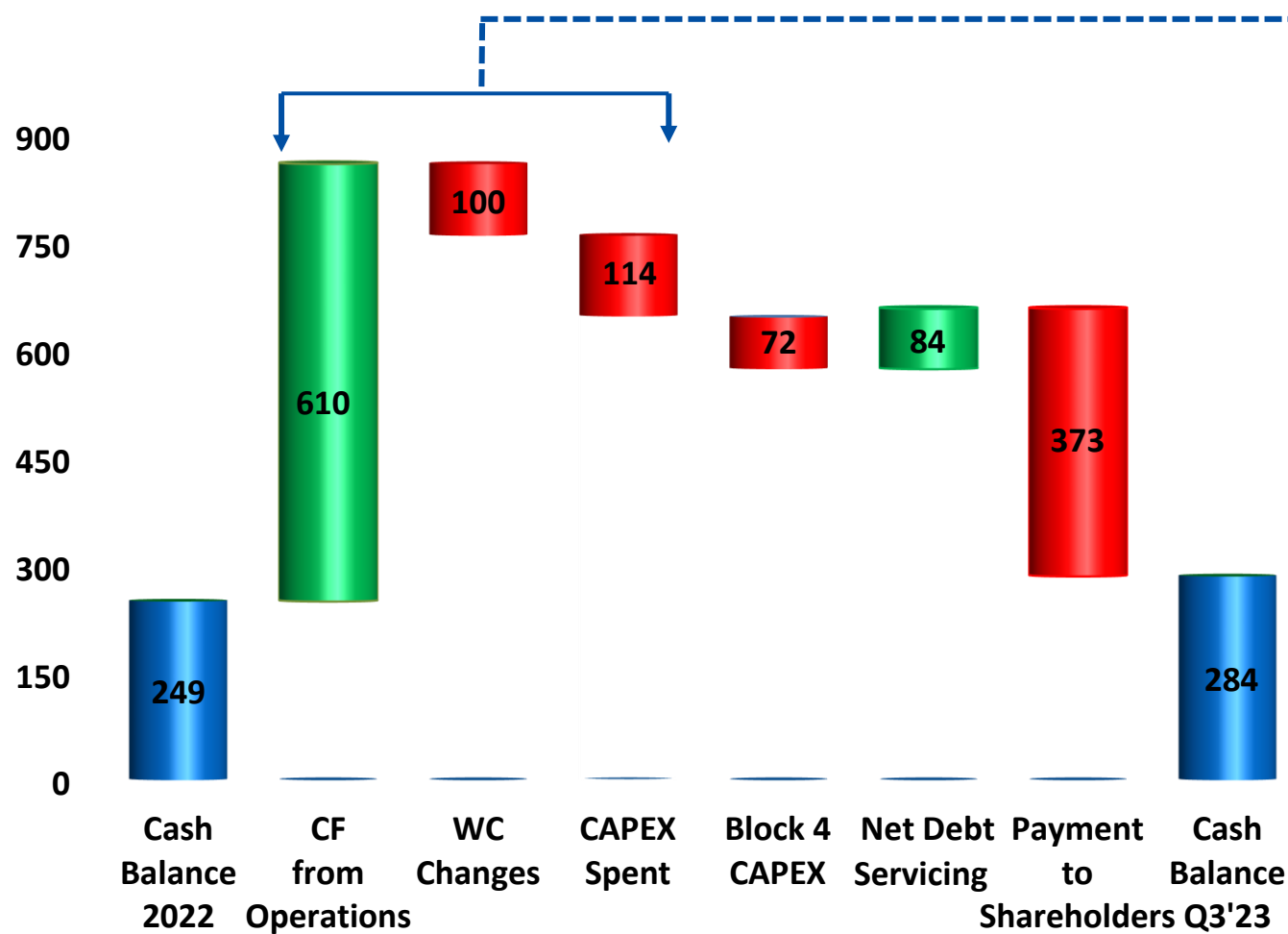
YTD 2023 vs. YTD 2022 - EBITDA Bridge (US\$M)



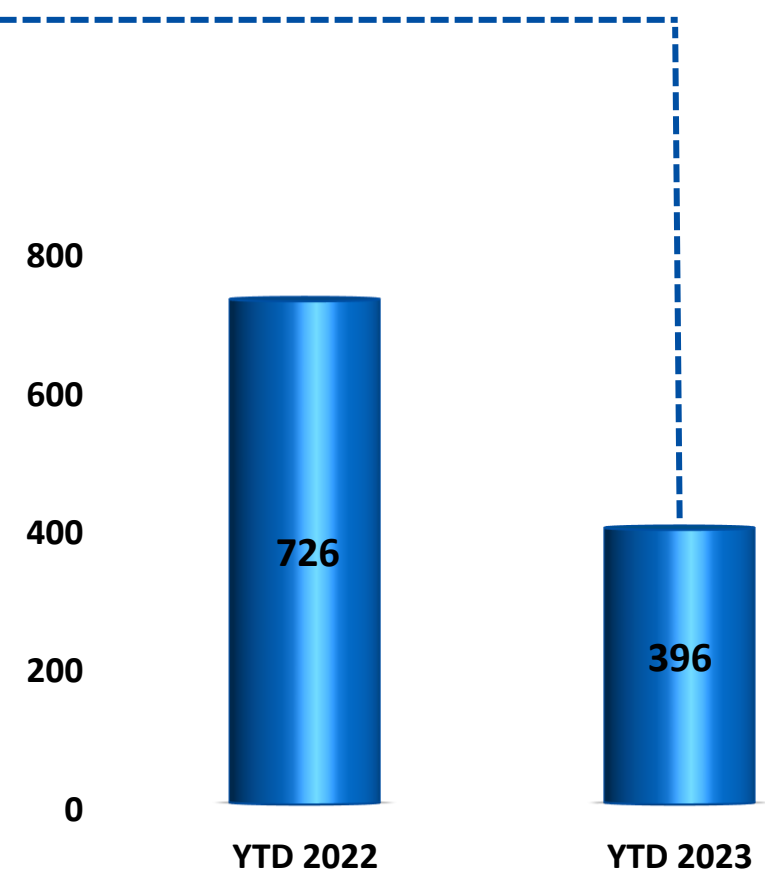
# Volatility & Uncertainty Continue to Weigh on Aluminium Fundamentals

## Cash Flow Bridge FY 2022 to YTD 2023

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



Free Cash Flow (US\$M)



## Volatility & Uncertainty Continue to Weigh on Aluminium Fundamentals

### Key Financial Performance for Q3 & 9 Months 2023

Financial Summary	Q3 2023	Q3 2022	YTD 2023	YTD 2022
Average Cash LME (US\$/MT)	2,155	2,354	2,272	2,834
Average Alumina Price (US\$/MT)	362	413	363	436
Revenue (US\$M)	1,064	1,072	3,077	3,666
EBITDA (US\$M)	168	234	601	1,280
EBITDA%	15.8%	21.8%	19.5%	34.9%
Profit (US\$M)	46	128	252	1,002
(Loss)/Gain Unrealised Derivatives	(1)	1	(1)	(2)
Adjusted Profit <sup>1</sup>	47	127	253	1,004

<sup>1</sup>Excludes unrealised gain/(loss) on derivatives



# 04

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

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

- Despite a weak market sentiment, alumina prices are expected to hold firm over the short-run and will be under pressure over the long-term
- Liquid Pitch prices to range higher as compared to the usual average mainly due to the coal tar pitch use in different applications in other industries
- Aluminium Fluoride prices to further soften owing to stable raw material prices
- Carbon products' prices (GPC, CPC & Anodes) to remain high owing to the restart of idle Chinese capacity following the recovery of hydropower generation; thus, creating increased demand for carbon products



# 05

## 2023 ALBA PRIORITIES<sup>1</sup>

## 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



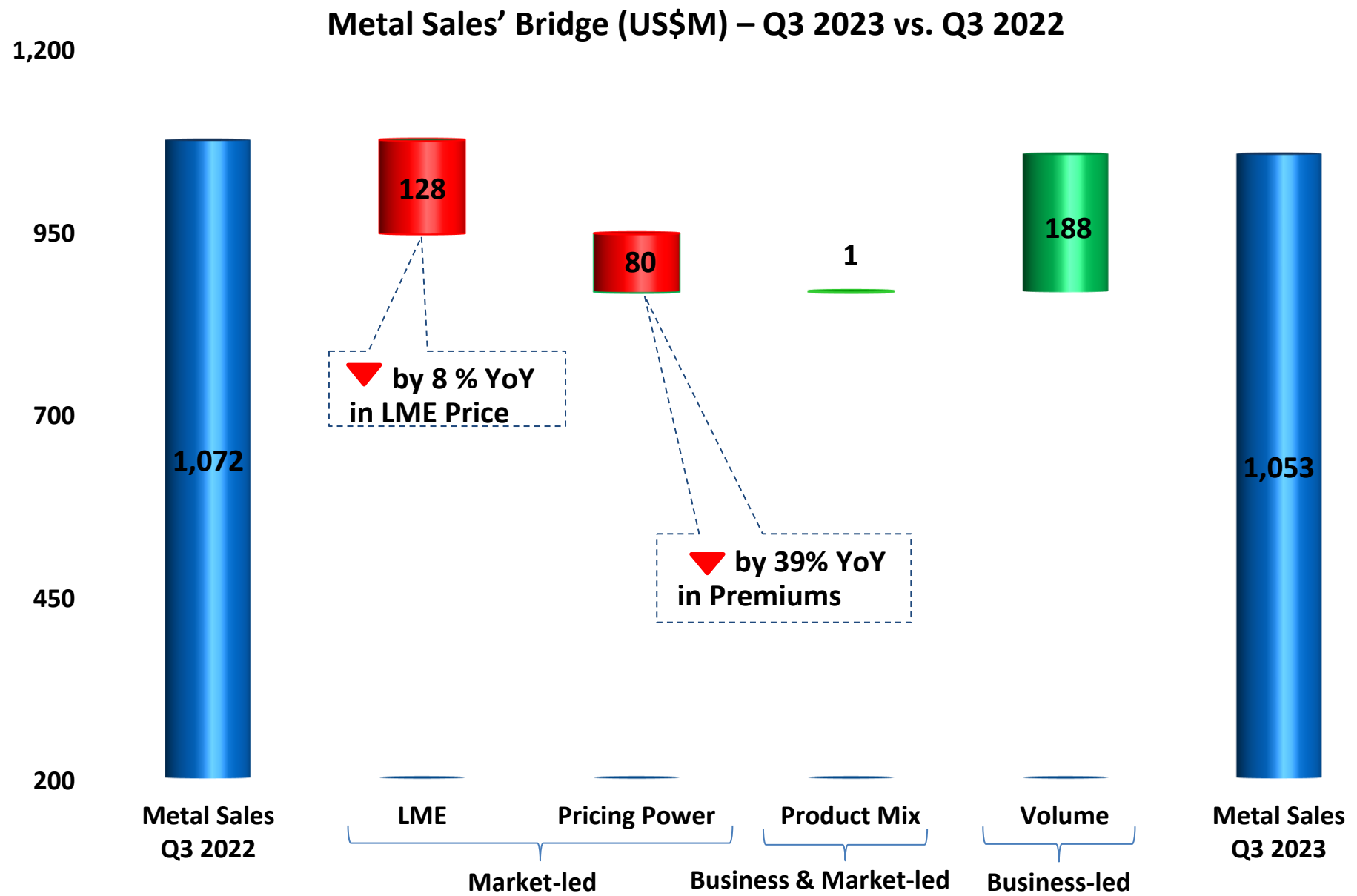
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## APPENDIX (Q3 2023 Results)



# Volatility & Uncertainty Continue to Weigh on Aluminium Fundamentals

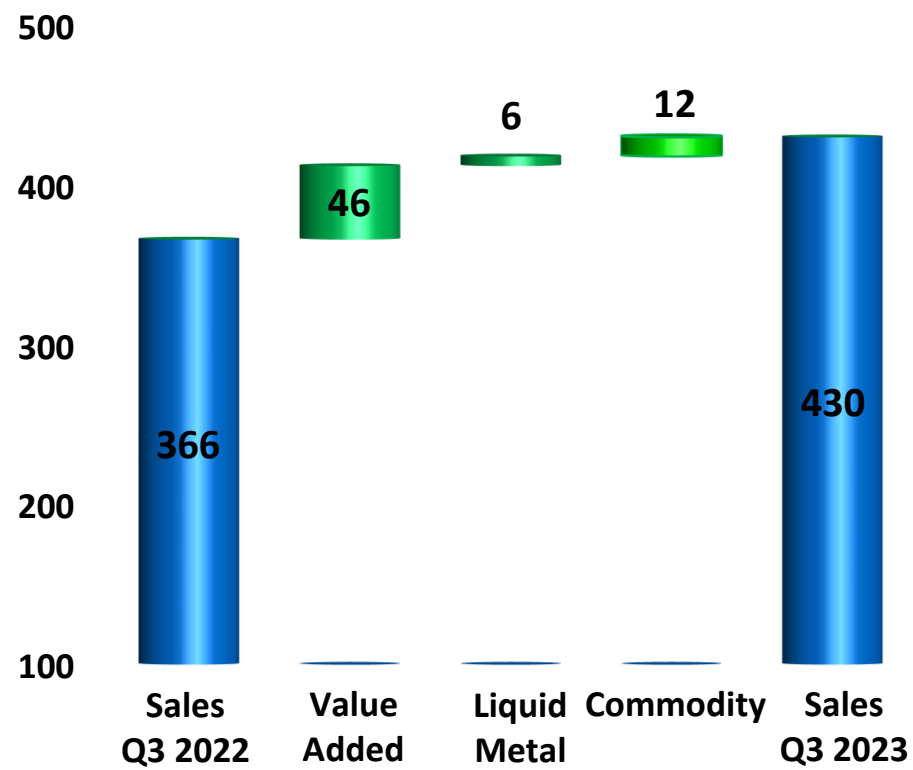
Lower Metal Sales due to Lower LME Price & Premiums



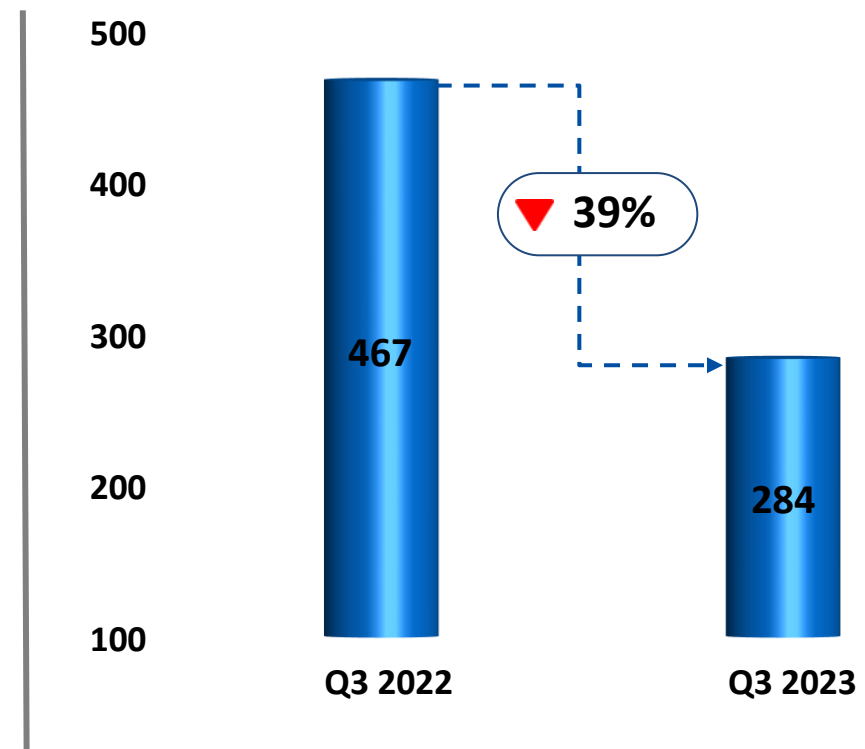
# Volatility & Uncertainty Continue to Weigh on Aluminium Fundamentals

Higher VAP | Higher Liquid Metal | Higher Commodities' Volume

Sales by Product-Line Bridge (MT'000)  
Q3 2022 vs. Q3 2023



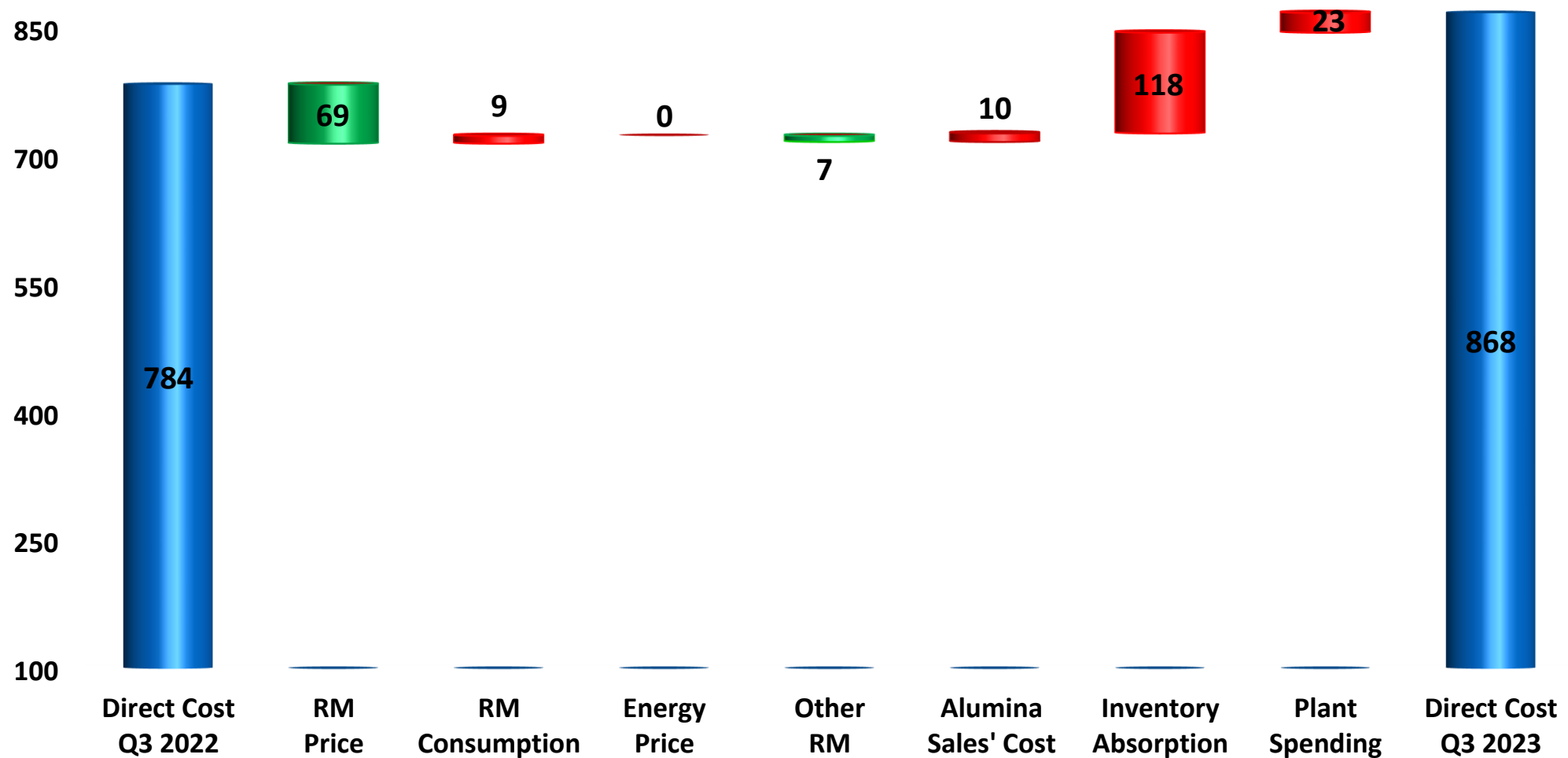
Premium Above LME Trend US\$ Per MT



# Volatility & Uncertainty Continue to Weigh on Aluminium Fundamentals

Higher Direct Cost Owing to Higher Production Partially Offset by Drop in Alumina Prices

Q3 2023 vs. Q3 2022 - Direct Cost Bridge (US\$M)

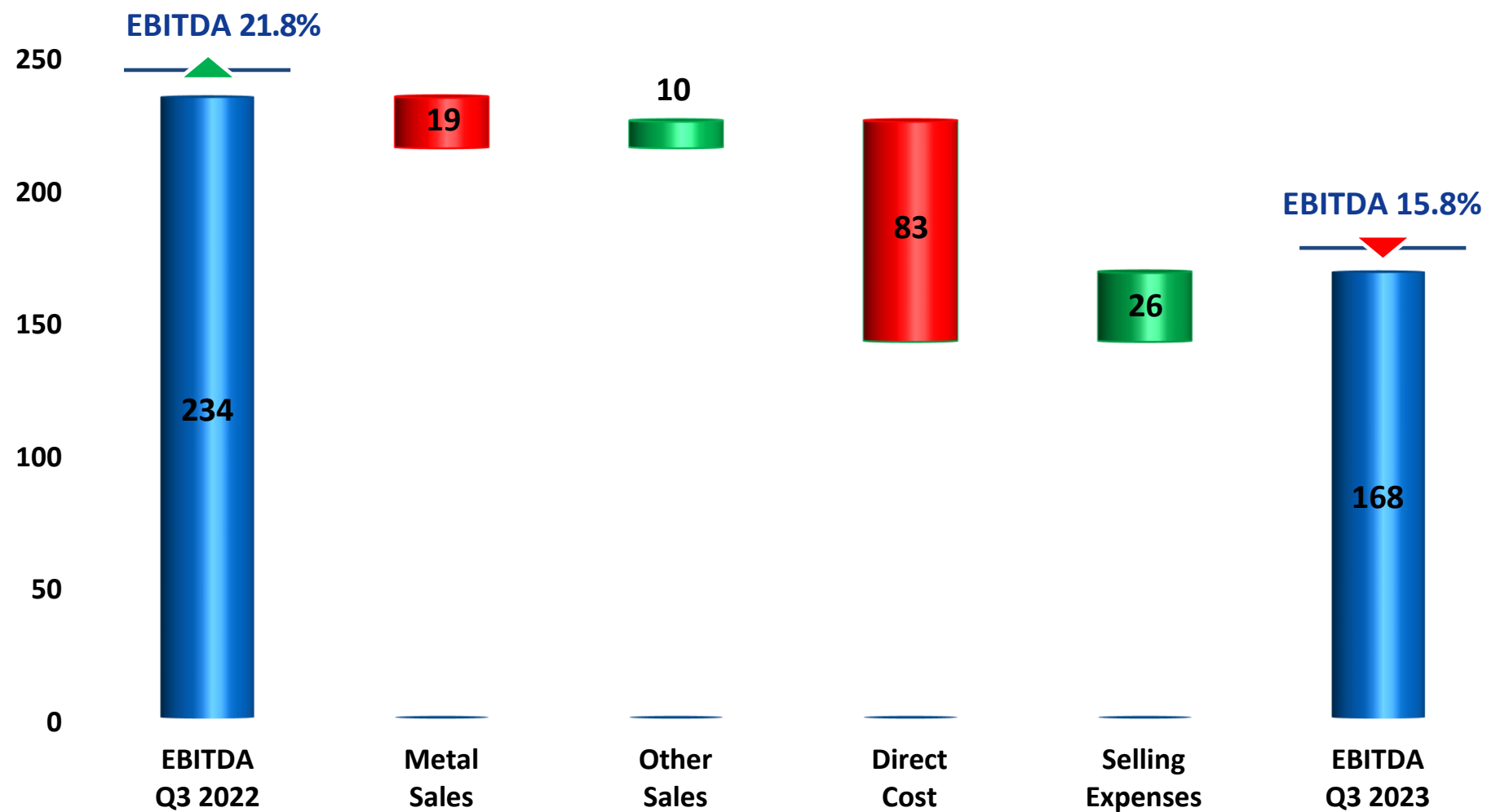


\* RM stands for Raw Materials and Al<sub>2</sub>O<sub>3</sub> stands for Alumina

# Volatility & Uncertainty Continue to Weigh on Aluminium Fundamentals

Lower EBITDA Owing to Lower Metal Sales & Higher Costs

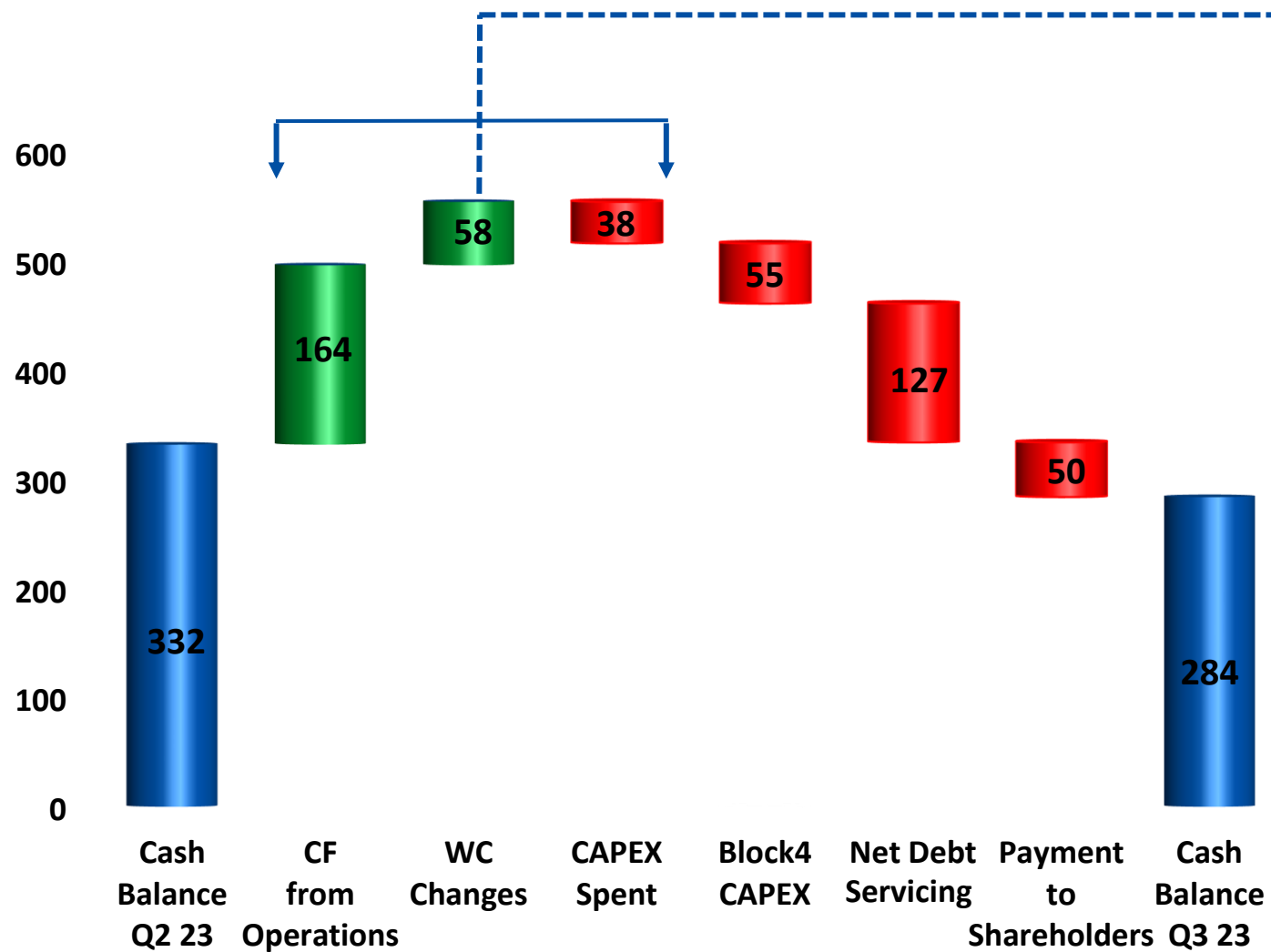
EBITDA Bridge (US\$M) – Q3 2023 vs. Q3 2022



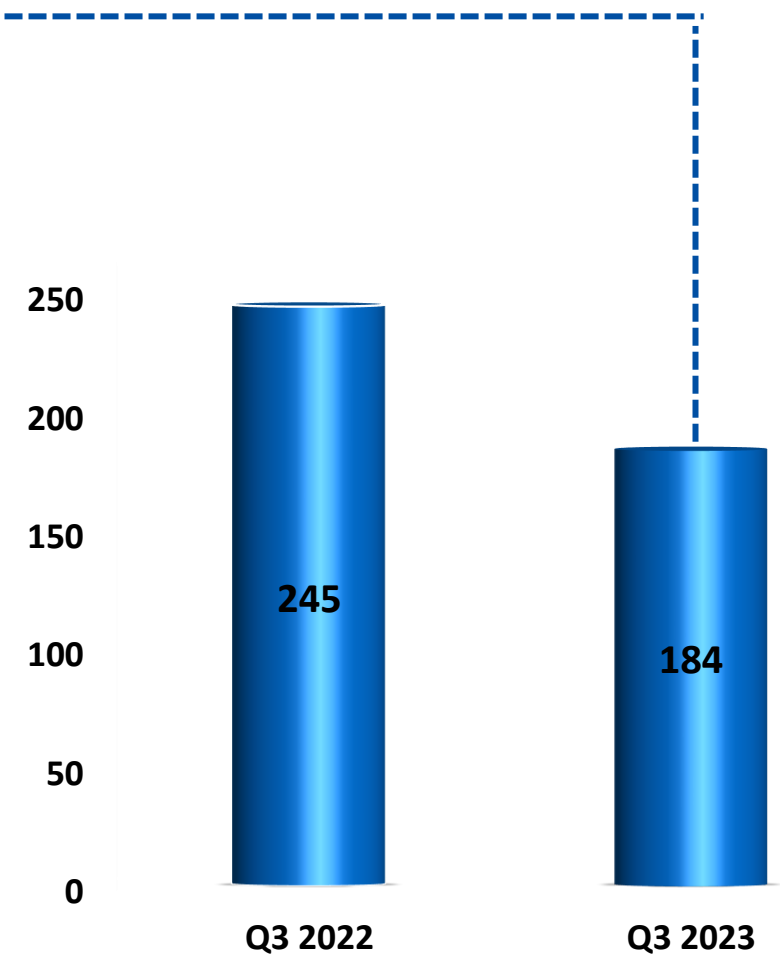
# Volatility & Uncertainty Continue to Weigh on Aluminium Fundamentals

## Cash-Flow Bridge Q2 2023 to Q3 2023

Q2 2023 to Q3 2023 Cash-Flow Bridge (US\$M)



Free Cash Flow (US\$M)

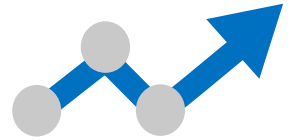




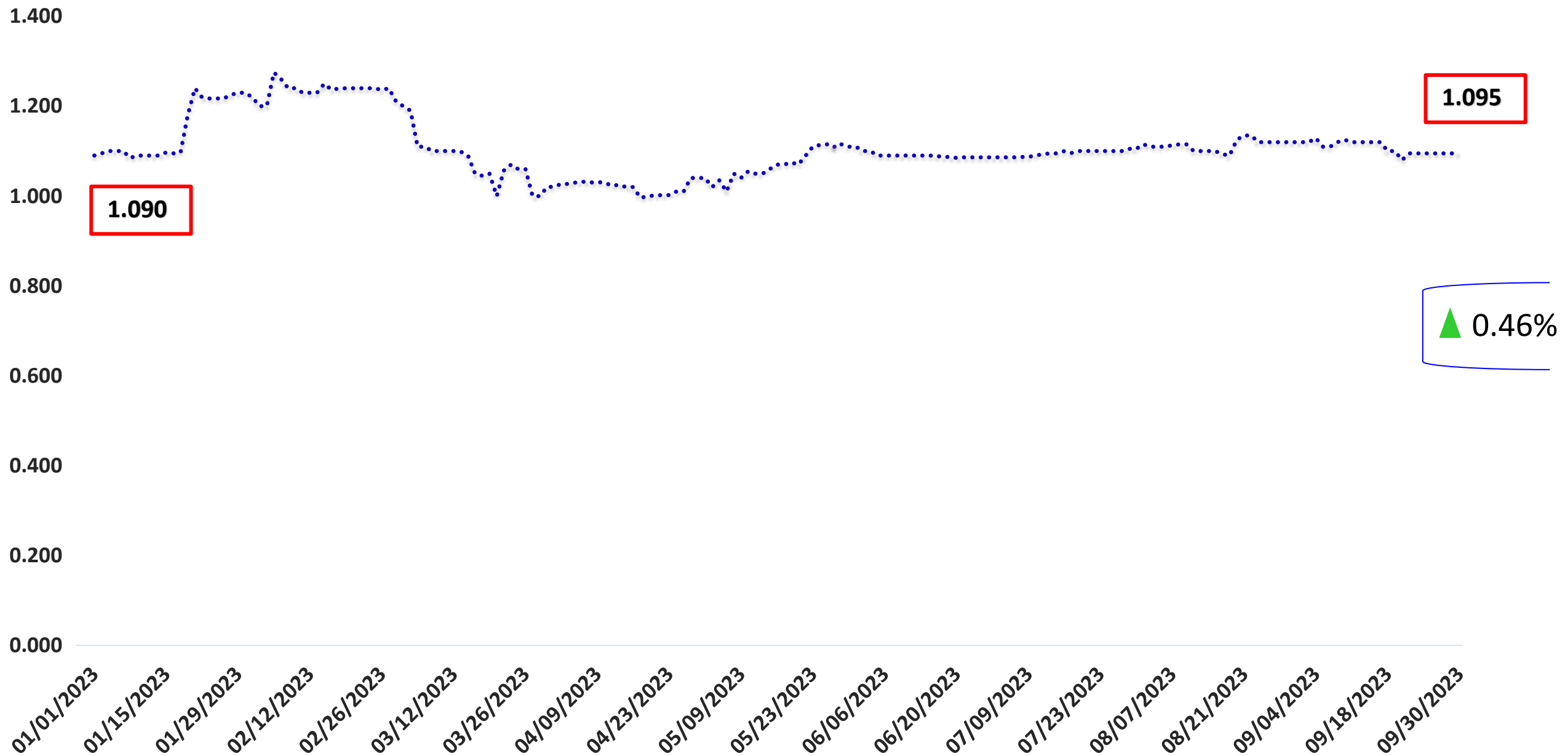
## Alba Shareholder's Structure



- 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 and Global Depository Receipts (GDRs) on the London Stock Exchange – Alternative Investment Market
- Alba Ticker [BHB: ALBH, BD1.095 on 30 September 2023]



# Alba Share Price Performance [ALBH, BD]





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