



Aluminium  
for the world



# INVESTOR RELATIONS PRESENTATION

Q2 2016



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01

## INDUSTRY HIGHLIGHTS

REFERENCE: CRU





## Industry Highlights - Q2 2016

### Global Physical Demand Still Growing

- 🪐 World consumption up by 5% YoY
- 🪐 Asian demand up by 7% YoY fuelled by China (+8% YoY) on the back of government stimulus policies on construction projects and grid-infrastructure spending
- 🪐 MENA demand remains healthy (+6% YoY) driven by major infrastructure spending in Saudi Arabia ( +18% YoY)
- 🪐 North America continues to have a firm growth (+3% YoY) due to a solid boom in building and construction (B&C) sectors
- 🪐 Europe consumption continues to see modest growth (2% YoY) denominated by auto production





## Industry Highlights - Q2 2016

### Production Evolution

- 🪐 World production up by 2% YoY
- 🪐 North America production down by 11% YoY due to higher energy costs
- 🪐 Chinese output witnessed a flat growth at 7.8 million metric tonnes on the back of further smelters' curtailments
- 🪐 World market in deficit (largest deficit in 15 years) with China (-957 Kt) & (-529 Kt) without China

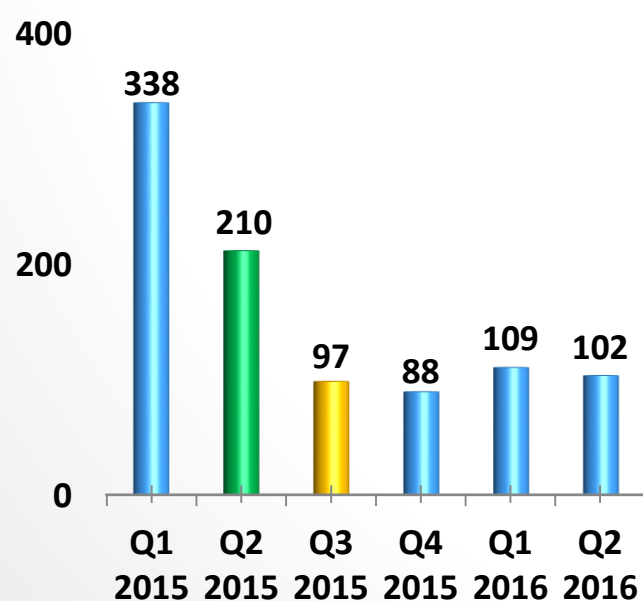


## Industry Highlights - Q2 2016

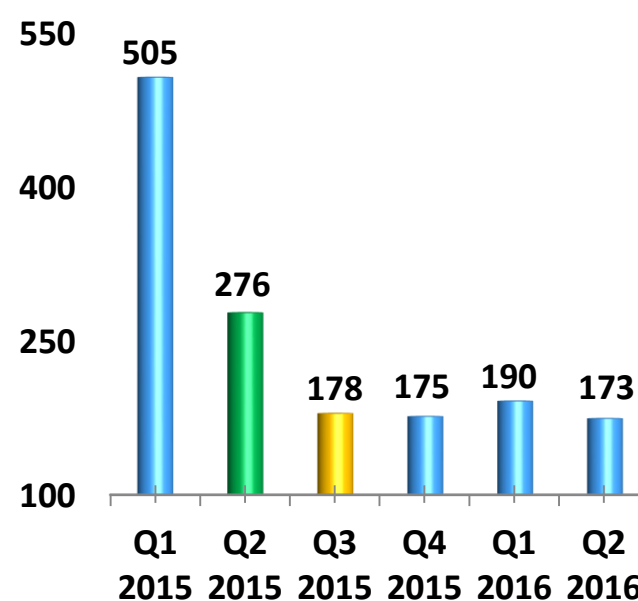
### LME & Premiums

- 🪐 LME inventories at 2.4 million metric tonnes in June
- 🪐 2Q16 cash-average was \$1,571/t with LME ranging between \$1,481/t on April 6 and \$1,673/t on April 29
- 🪐 Physical premiums prices floating at lower range (\$/t)

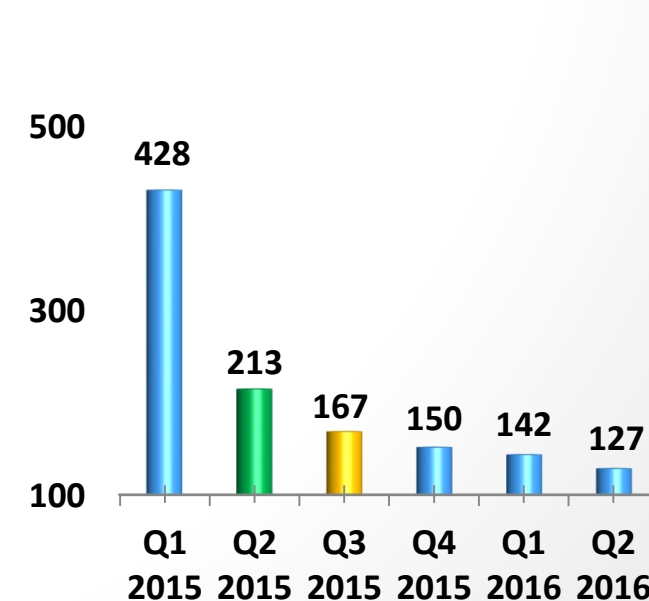
Major Japanese Ports (MJP)



US Midwest



DDP Rotterdam



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## ALBA HIGHLIGHTS







## Alba Highlights - Q2 2016

### Operational Highlights & Achievements

- 🪐 Launch of Summer 'Safety Convoy Campaign'
- 🪐 Sales figures up by 3.2% YoY (239,739 metric tonnes)
- 🪐 Value-Added Sales averaged 55% of total shipments in Q2 and exceeded 60% for the month of June
- 🪐 Project Titan – Phase II on track with Year-To-Date (YTD) savings of \$33 per mt

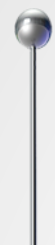


## Alba Highlights - Q2 & H1 2016

### Financial Key Performance Indicators

- 🪐 **Adjusted EBITDA down on the back of lower LME & Premium prices**
  - 🪐 Q2: US\$94 million down by 27% YoY
  - 🪐 H1: US\$154 million down by 43% YoY
- 🪐 **Adjusted Net Income down due lower EBITDA levels**
  - 🪐 Q2: US\$43 million down by 43% YoY
  - 🪐 H1: US\$55 million down by 68% YoY
- 🪐 **Q2 2016 Free-Cash Flow unfavourable due to lower EBITDA levels**
  - 🪐 Q2: US\$80 million down by 1% YoY
  - 🪐 H1: US\$87 million down by 38% YoY

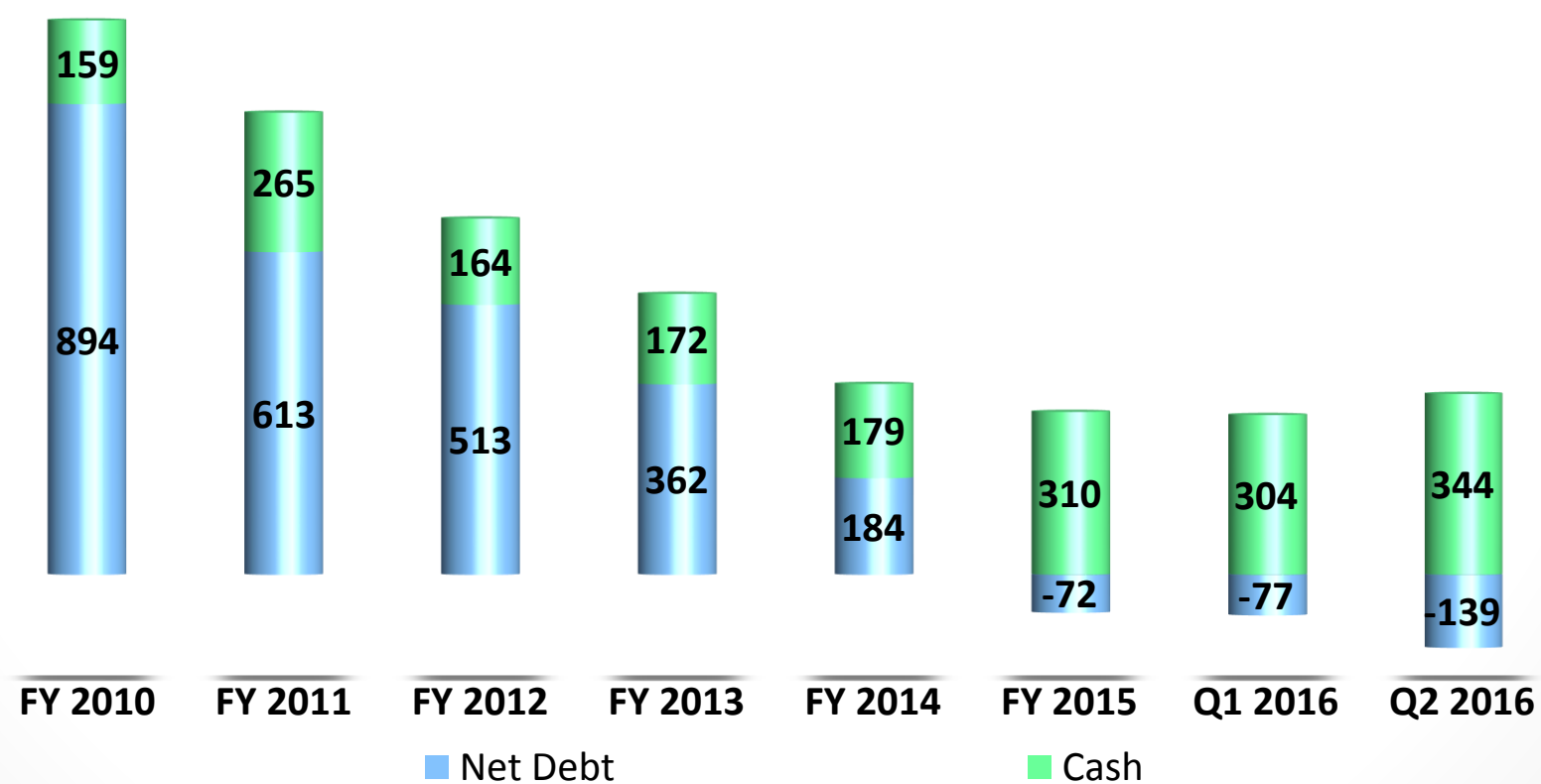




## Alba Highlights – Q2 2016

Maintain Sound Balance Sheet & Readiness for Line 6 Financing

Cash & Net Debt



03

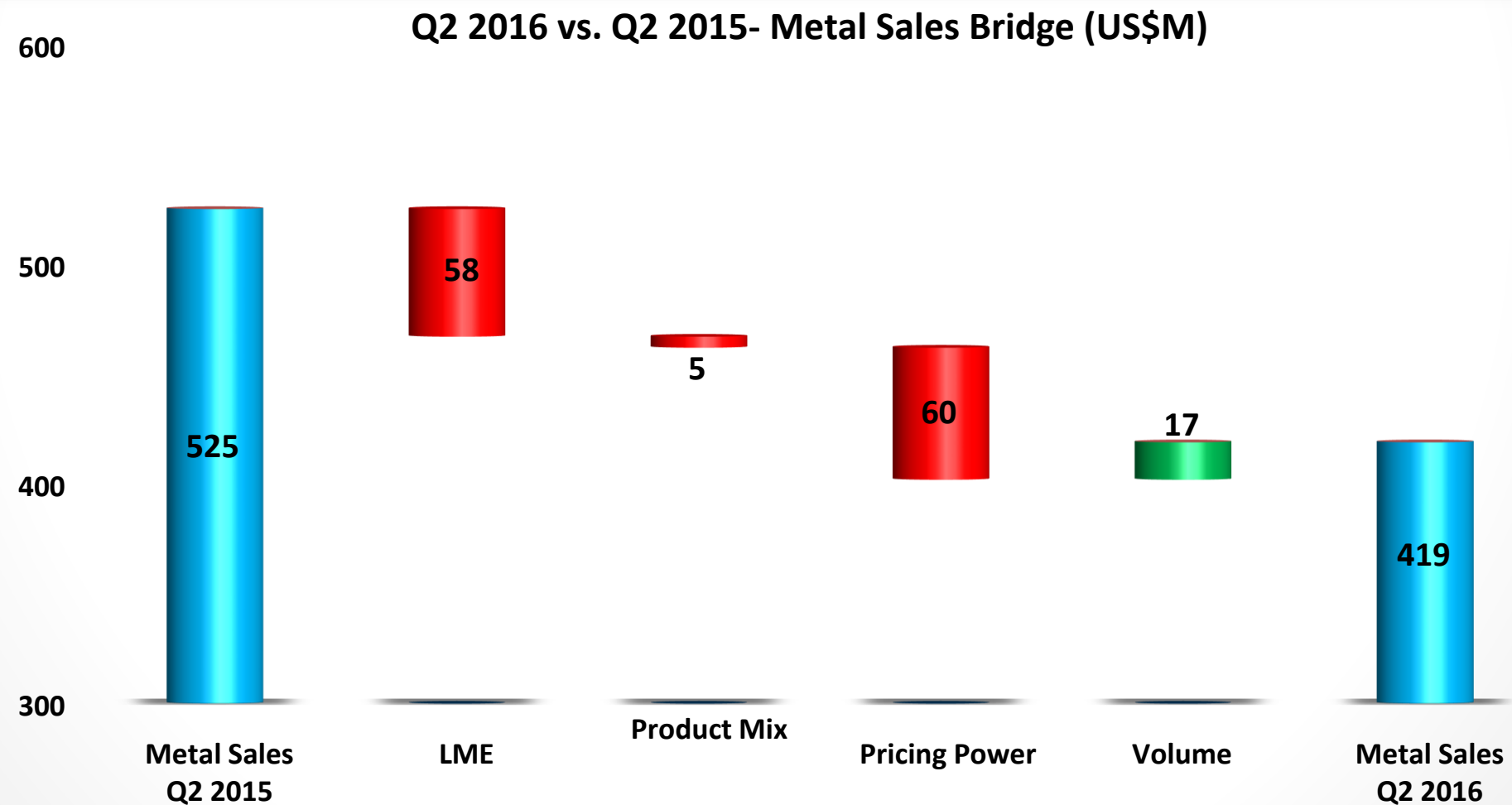
## Q2 2016 RESULTS



## Q2 2016 Results

### Aluminium Industry: Collapse of Aluminium prices

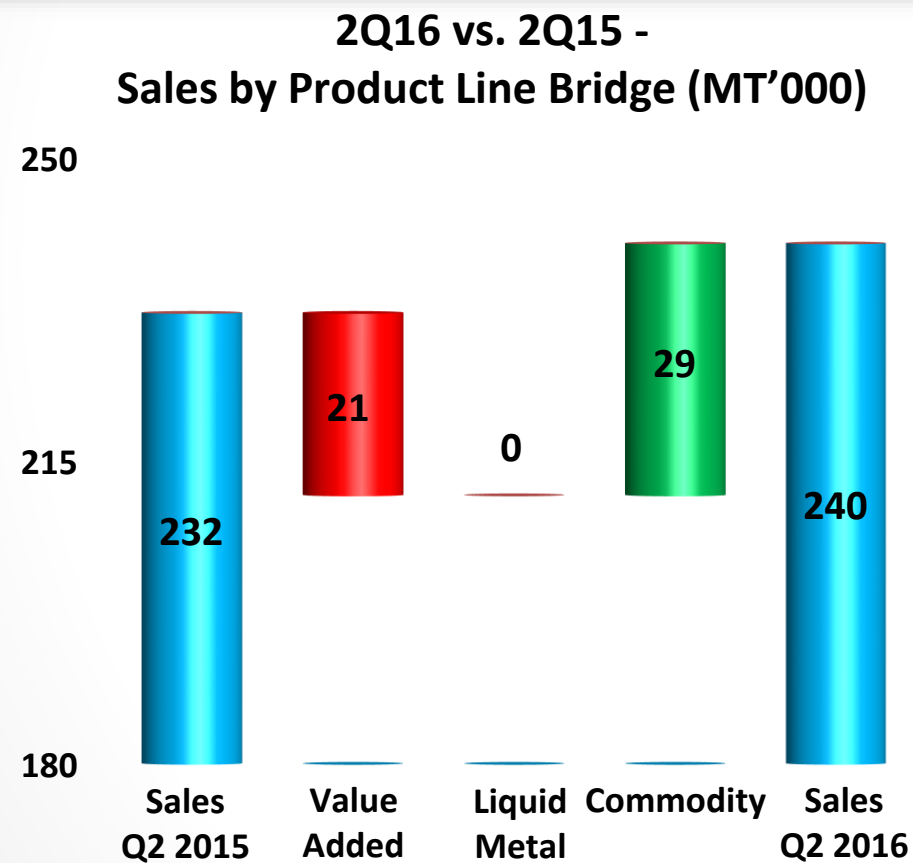
Favourable Management Performance Offset by the Collapse of All-In-Prices



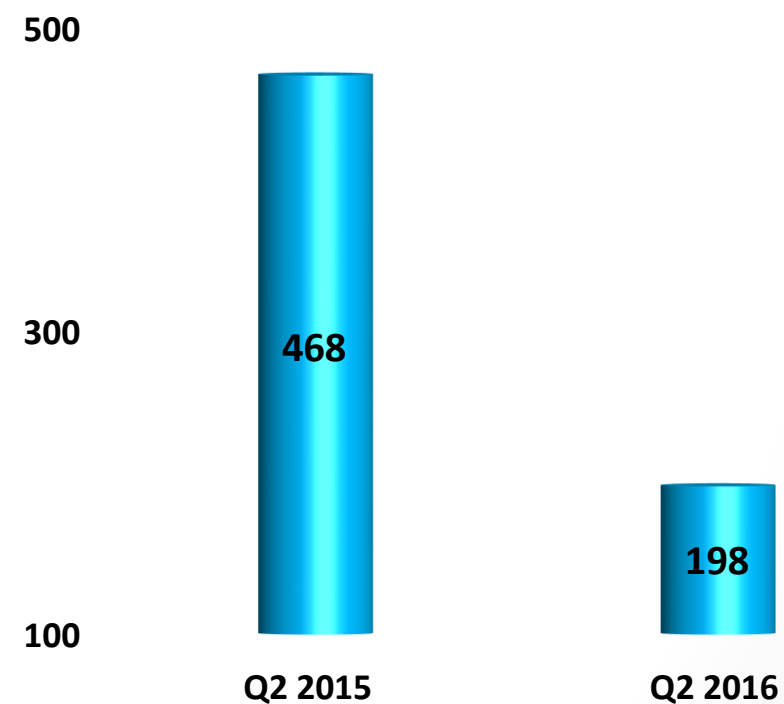
## Q2 2016 Results

### Aluminium Industry: Collapse of Aluminium prices

Higher Sales Volume Partially Offset by Unfavourable Shift in Product Mix



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

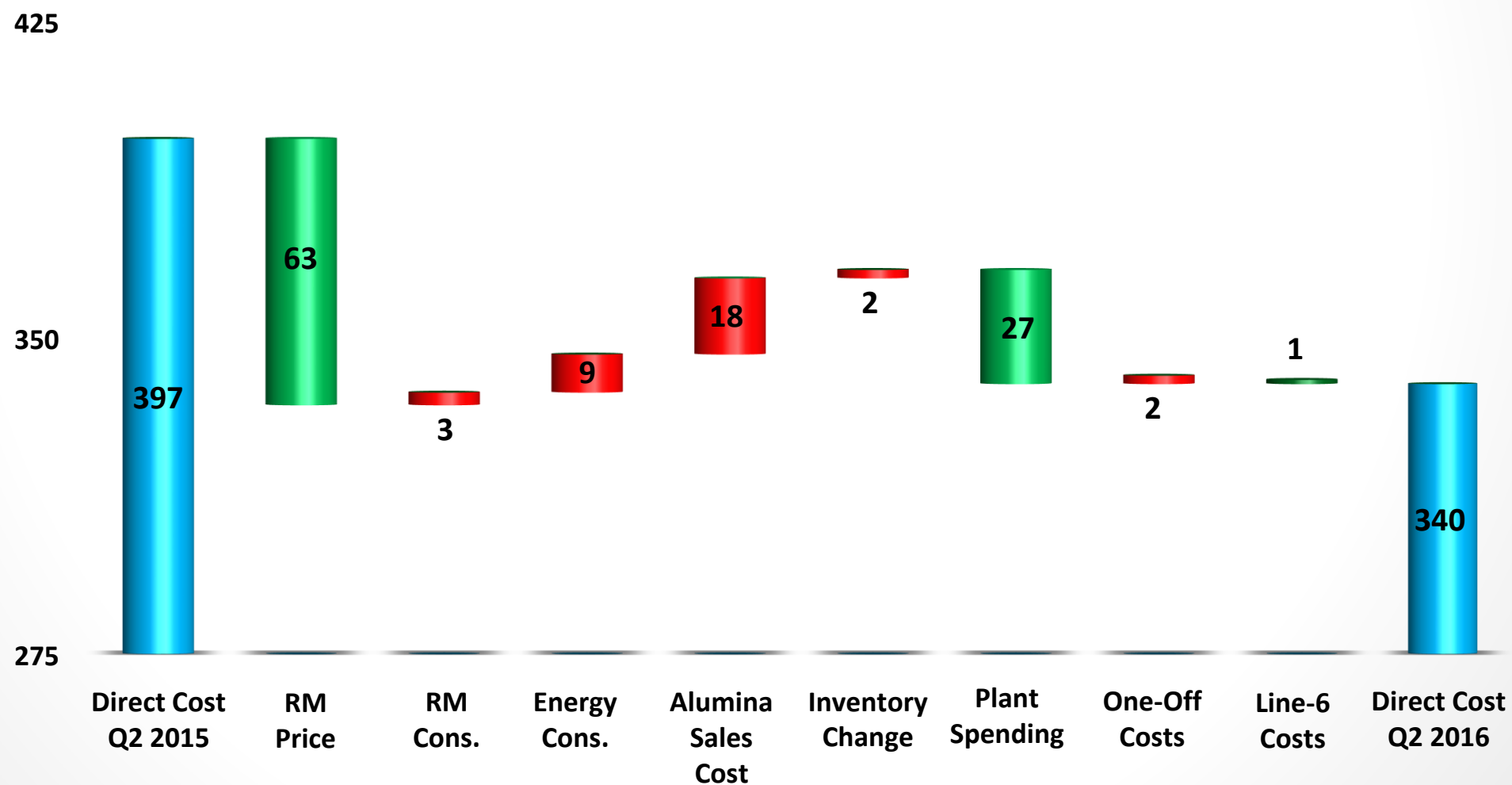


## Q2 2016 Results

### Aluminium Industry: Collapse of Aluminium prices

#### Cost Analysis Q2 2016 vs. Q2 2015

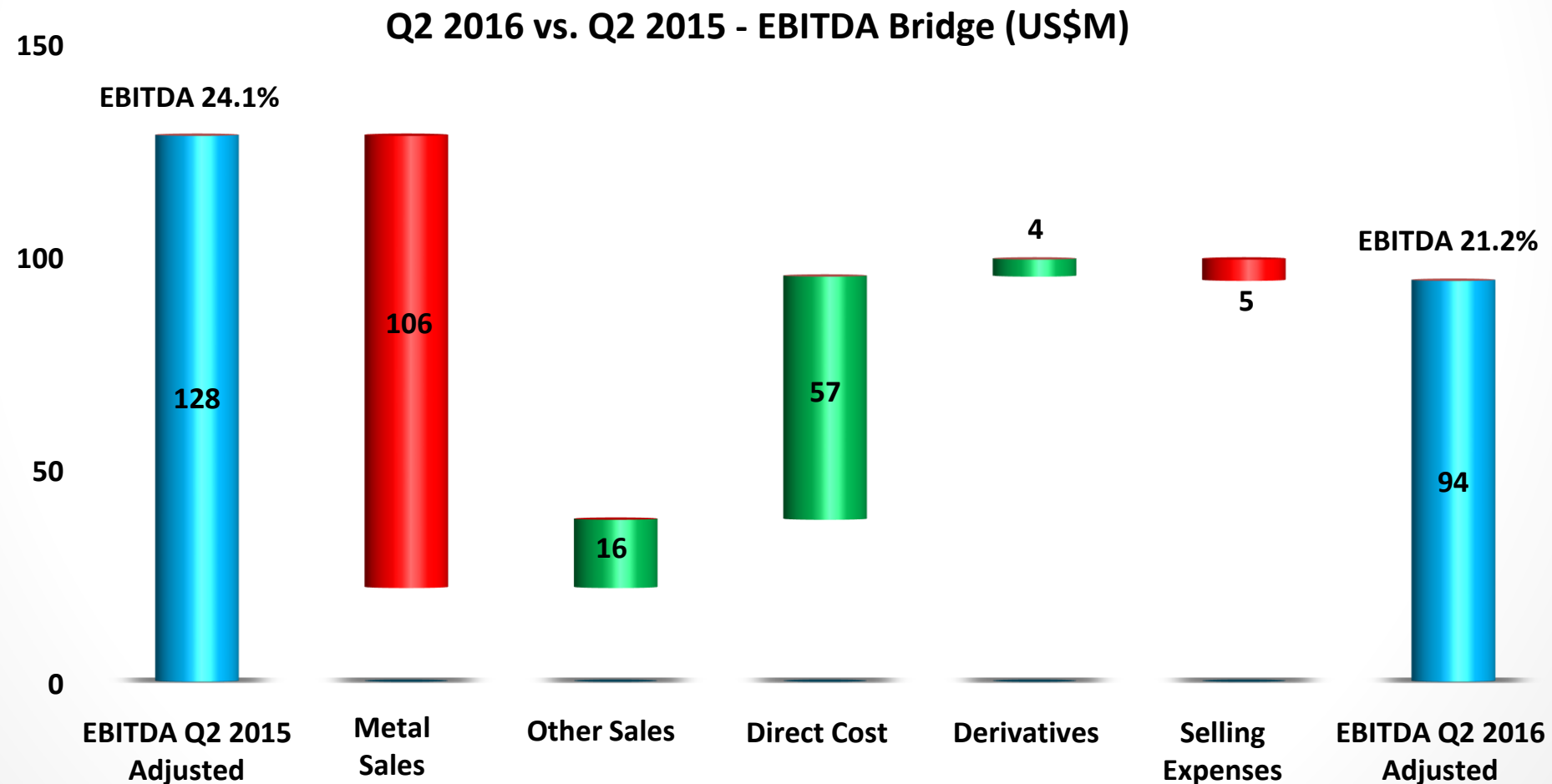
Q2 2016 vs. Q2 2015 - Direct Cost Bridge (US\$M)



## Q2 2016 Results

### Aluminium Industry: Collapse of Aluminium prices

Adjusted EBITDA Bridge GAP Analysis – Q2 2016 vs. Q2 2015  
Adjusted EBITDA Margin at 21.2%



Adjusted EBITDA includes impact of actual realised derivative payments

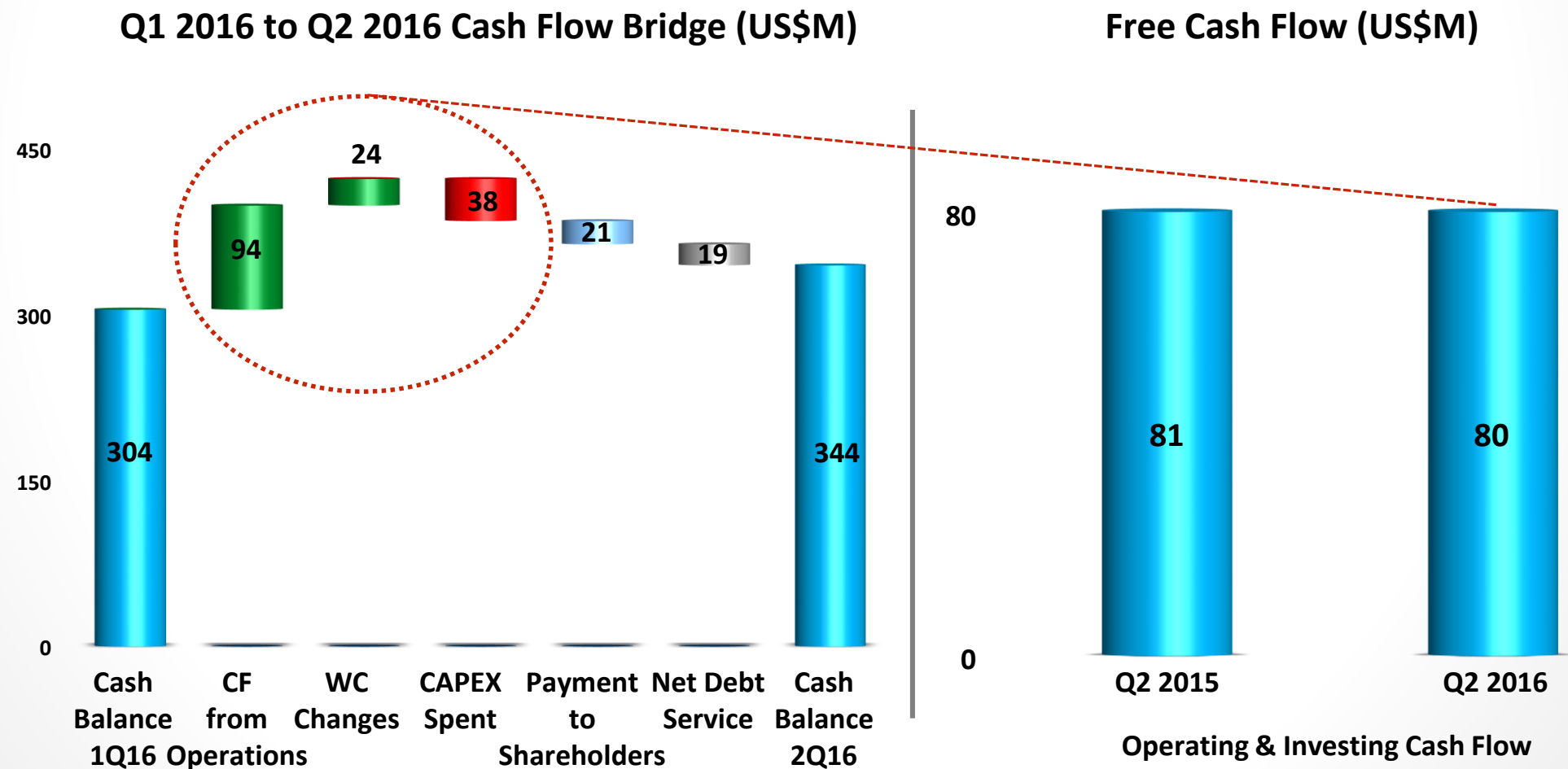




## Q2 2016 Results

### Aluminium Industry: Collapse of Aluminium prices

Cash Flow Bridge: Q2 2016 vs. Q1 2016  
Maintain Solid Cash Balance



## Q2 2016 Results

### Aluminium Industry: Collapse of Aluminium prices

Favourable Management Performance Offset by Low LME Prices

Financial Summary	Q2 2016	Q2 2015	H1 2016	H1 2015
Average Cash LME (US\$/MT)	1,571	1,769	1,543	1,785
Total Sales (US\$M)	441	530	857	1,080
EBITDA (US\$M)	94	128	154	272
EBITDA%	21.2%	24.1%	18.0%	25.2%
Net Income/ (Loss) (US\$M)	43	79	55	178
Gain/ (Loss) Unrealised Derivatives (US\$M)	0	3	0	9
Adjusted Net Income/ (Loss) (US\$M)	43	76	55	169
Adjusted Net Income%	9.8%	14.3%	6.4%	15.6%



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## INDUSTRY PERSPECTIVES IN 2016





## Industry Perspectives in 2016

### Physical Demand to Remain Relatively Healthy

- 🪐 **Key factors to be observed:**
- 🪐 LME volatility to continue on the back of smelters restarts and ramp-ups
- 🪐 Physical premiums expected to be maintained at current levels
- 🪐 North American output is set to further drop despite the new power deal
- 🪐 LME price expected to range between \$1,500/t - \$1,600/t for the 2<sup>nd</sup> half of 2016





## Industry Perspectives in 2016

### Raw Materials Price Trends

- 🪐 Alumina spot index to remain relatively stable
- 🪐 Green Petroleum Coke prices to remain at current levels and likely to increase in the second half of 2016
- 🪐 Alumina Fluoride (ALF3) and Liquid Pitch price expected to softly increase in the next 6 months



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## 2016 ALBA PRIORITIES





## 2016 Alba Priorities

### Sustainable Improvement & Preparation for Future Growth

- 🪐 Continuous Focus on Safety Initiatives & Talent Management
- 🪐 Deliver on Project Titan - Phase II
- 🪐 Increase Value-Added Sales
- 🪐 Increase Line 4 Production by Implementing Larger Anode
- 🪐 Line 6 Progressing as Planned
  - Award Power Station Contracts in Q3 2016
  - Finalise Syndicated Loan Tranche by Q3 2016



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APPENDIX

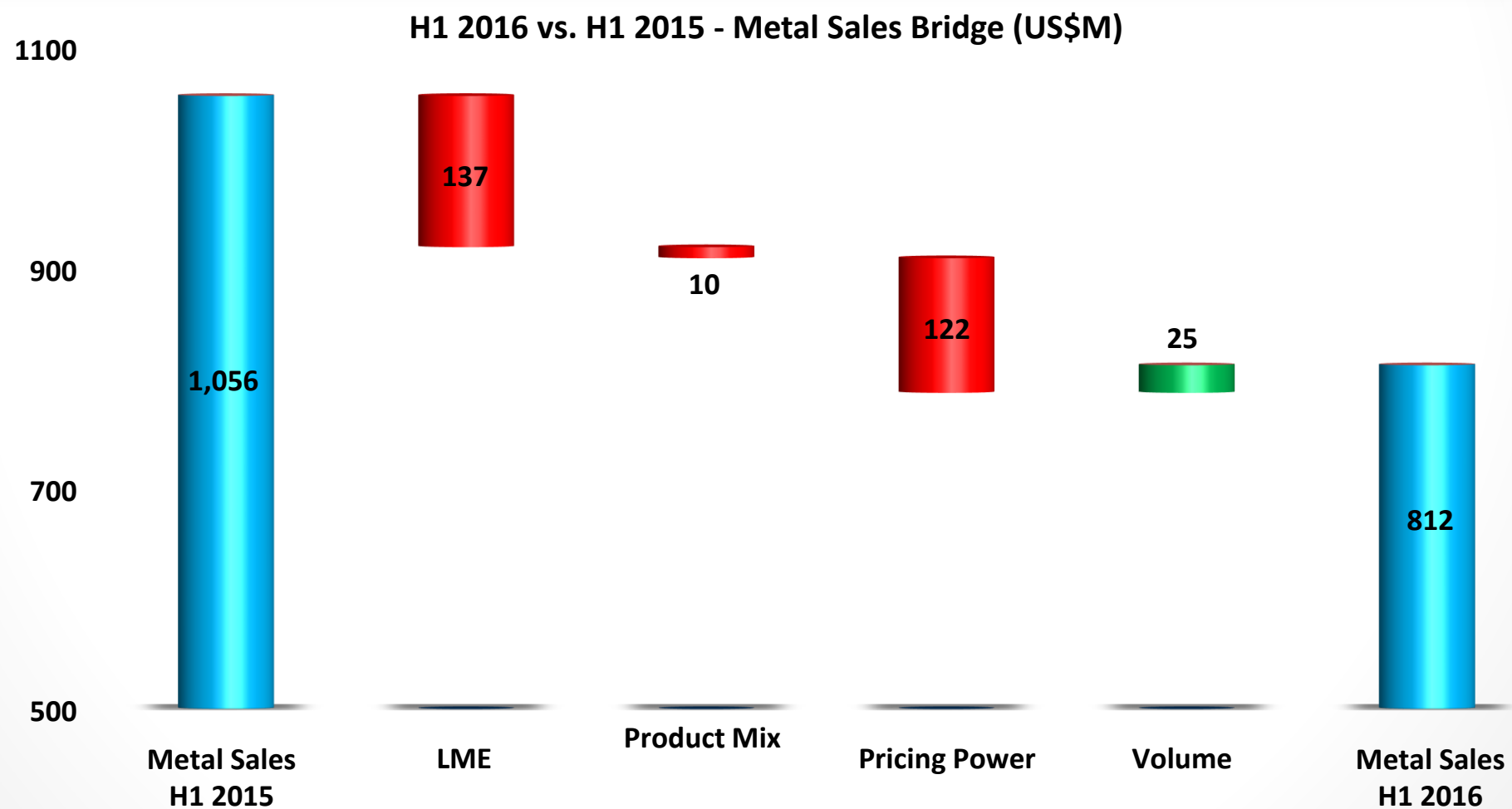




## H1 2016 Results

### Aluminium Industry: Collapse of Aluminium prices

Favourable Management Performance Offset by the Collapse of All-In-Prices

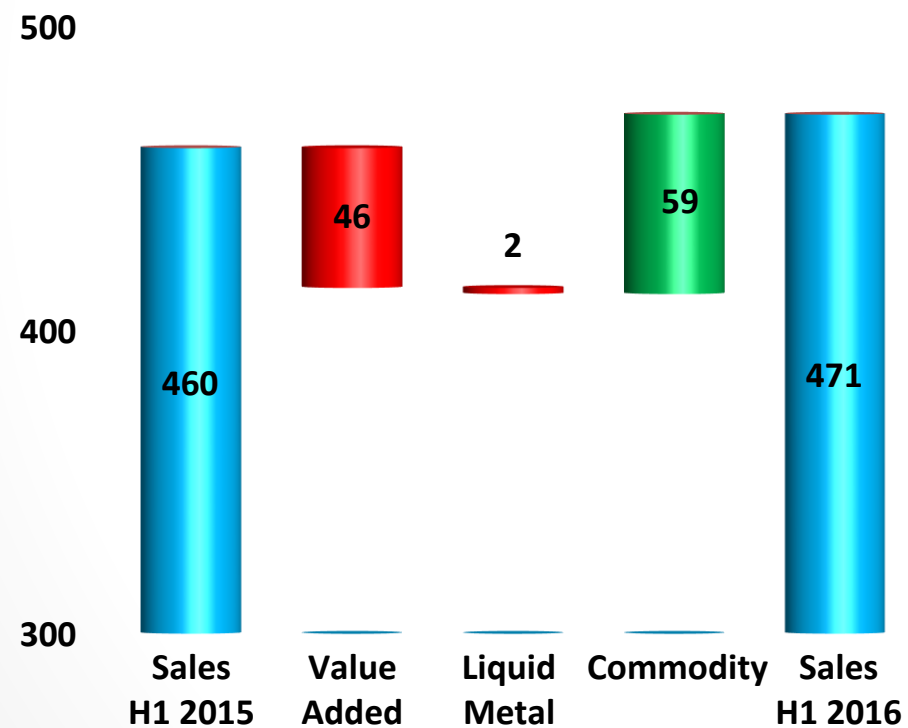


## H1 2016 Results

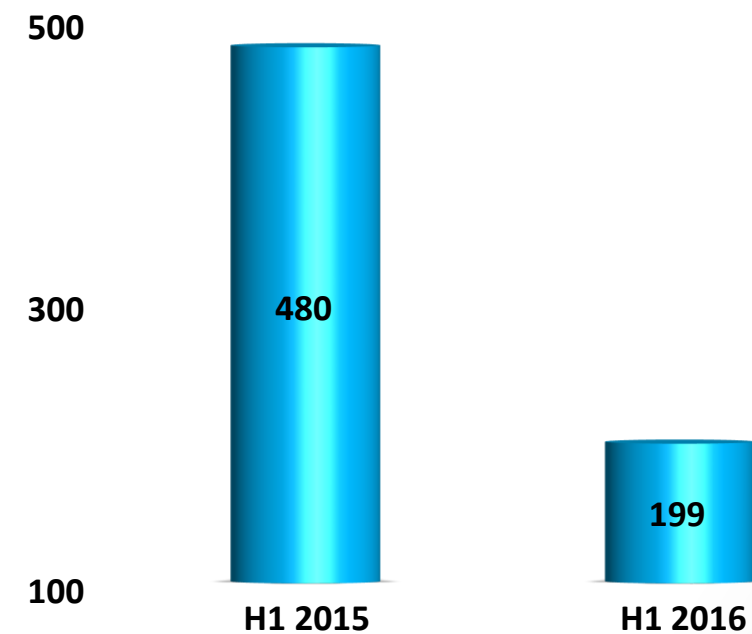
### Aluminium Industry: Collapse of Aluminium prices

Higher Sales Volume Partially Offset by Unfavourable Shift in Product Mix

1H16 vs. 1H15 - Sales by Product Line  
Bridge (MT'000)



Premium Above LME Trend US\$ Per MT

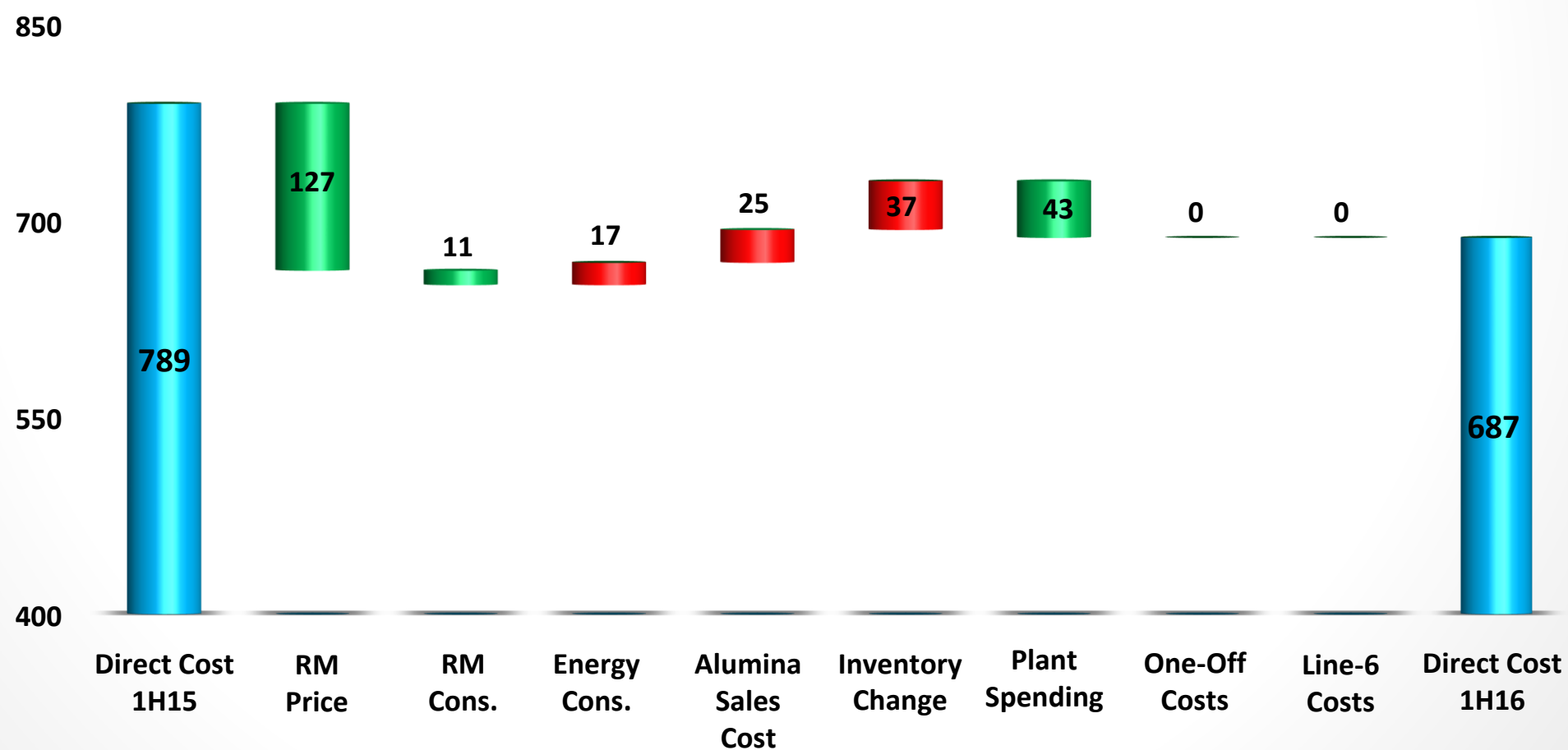


## H1 2016 Results

### Aluminium Industry: Collapse of Aluminium prices

#### Cost Analysis H1 2016 vs. H1 2015

##### H1 2016 vs. H1 2015 - Direct Cost Bridge (US\$M)

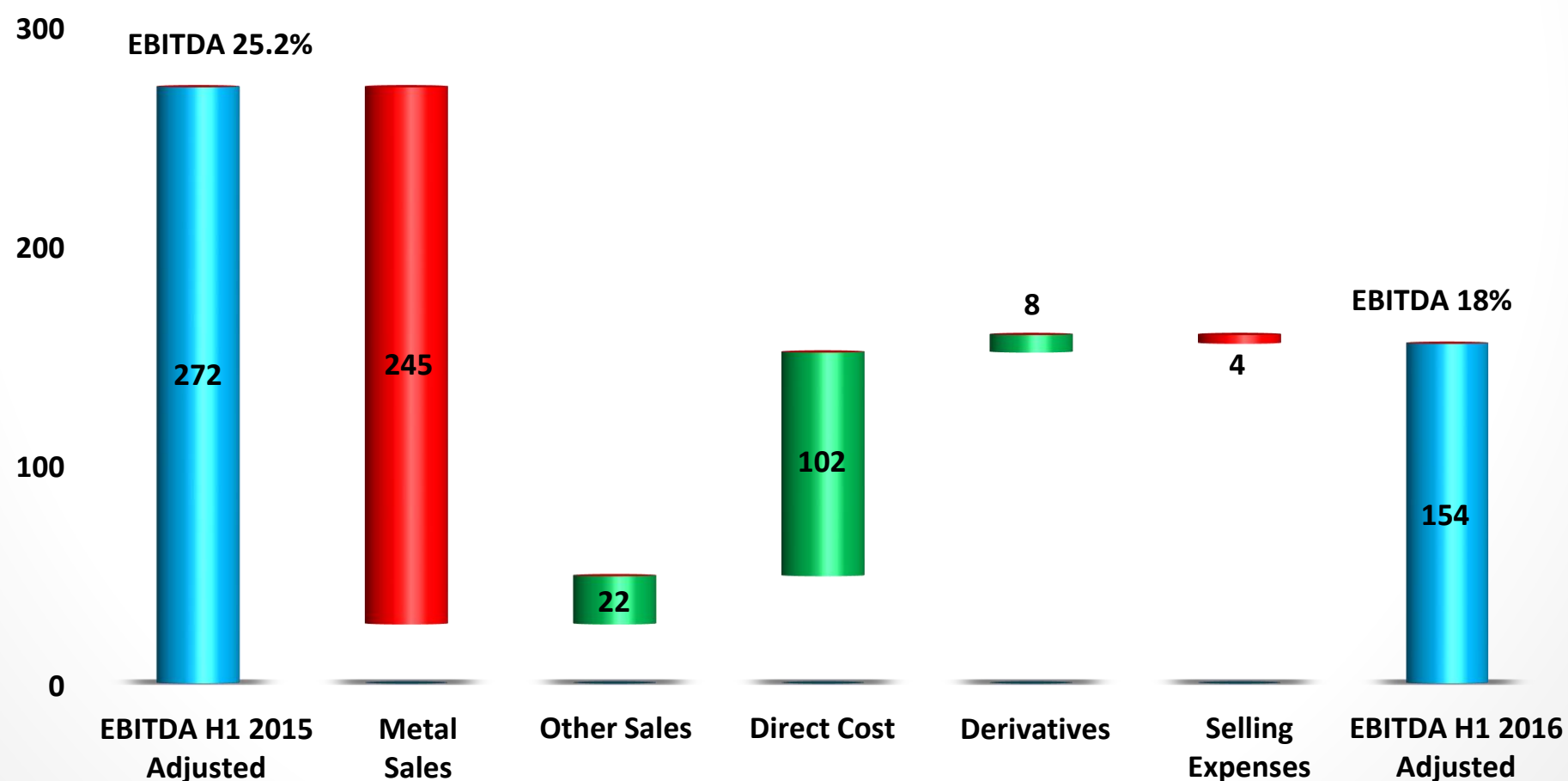


## H1 2016 Results

### Aluminium Industry: Collapse of Aluminium prices

Adjusted EBITDA Bridge GAP Analysis – H1 2016 vs. H1 2015  
Adjusted EBITDA Margin at 18%

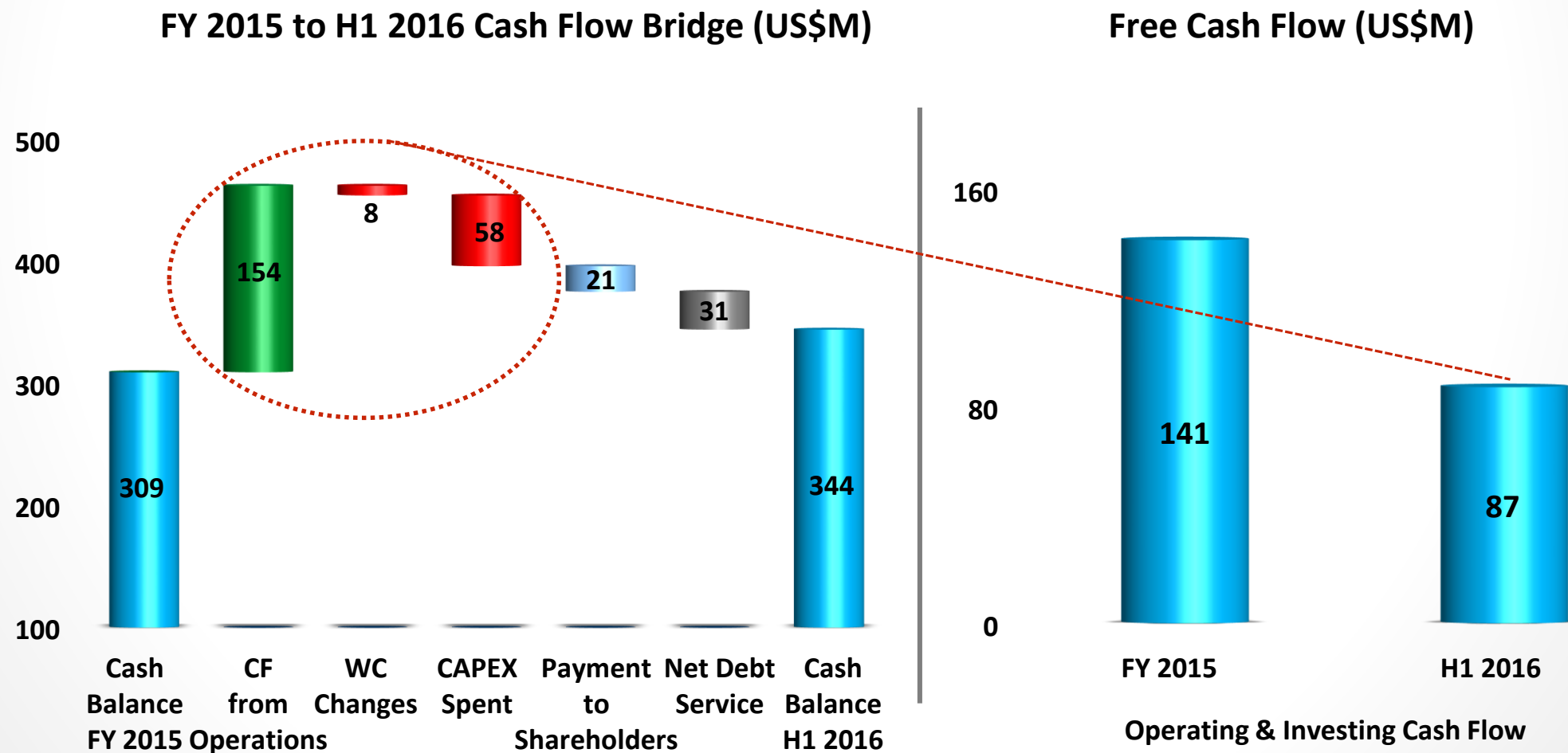
H1 2016 vs. H1 2015 - EBITDA Bridge (US\$M)



## H1 2016 Results

### Aluminium Industry: Collapse of Aluminium prices

Cash Flow Bridge: H1 2016 vs. FY 2015  
Maintain Solid Cash Balance





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