



Aluminium  
for the world

Q1 2013 IR PRESENTATION

[albasmelter.com](http://albasmelter.com)

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# INDUSTRY HIGHLIGHTS

# INDUSTRY HIGHLIGHTS

Q1 2013

**Aluminium Demand Still Healthy**  
(Reference Period: January – March)

- World consumption up by 6% YoY
- Asian demand up by 9% YoY mainly driven by China (+11%), India (+7%)
- MENA demand up by 5% YoY on the back of large infrastructure spending in Saudi Arabia and Qatar
- North America – healthy demand (+2%) thanks to new investments in extrusion industry
- Europe consumption still weak as transportation demand has softened due to falls in production in the mass car market

# INDUSTRY HIGHLIGHTS

Q1 2013

## Production Evolution

- World production up by 5% YoY and is expected to grow in the short-term with Greenfield projects ramp-up in the Middle East (Ma'aden), Malaysia and India
- Western producers still suffering from current LME prices & high energy costs
- World market slightly over-supplied (+607 Kt with China and -59 Kt without)

# INDUSTRY HIGHLIGHTS

Q1 2013

## LME & Premiums

- LME inventories at 5.1 million metric tonnes
- 1Q13 Cash-average was \$2,001/t with LME ranging between \$1,868 on March 27 and \$2,123 on February 15
- **Physical premiums at record high across the globe:**
  - DDP Rotterdam at \$287/t vs. \$183/t in 1Q12
  - Major Japanese Ports (MJP) at \$243/t vs. \$113/t in 1Q12
  - US Mid West premiums at \$255/t vs. \$194/t in 1Q12



# ALBA HIGHLIGHTS



# Alba Highlights

## Q1 2013 – Operational Highlights/Achievements

- Alba was able to increase sales by 2.2% on the back of healthy demand of Value-Added products
- Production up by 3% thanks to a sustained focus on enhanced productivity
- 1Q13 Sales of Value-Added Products represented 66% of total shipments vs. 62% in 1Q12
- Significant uplift in physical premiums on the back of sound physical demand



# Alba Highlights

## Q1 2013 – Operational Highlights/Achievements

### Raw Materials

-  2013 Alumina supply requirements have been secured and Alcoa agreement implemented

### AlbaSafeWay Program

-  4,000,000 hours without Lost Time Injury (LTI) milestone
-  Continuous focus on Zero Accidents Principles plant wide

### Successful completion of \$169 million Local Bond Facility Refinancing

### Future Growth

-  Bankable Feasibility Study (BFS) for Line 6 expansion project in progress

# Alba Highlights

## Q1 2013 – Financial Key Performance Indicators

- **Adjusted EBITDA up due to strong physical premiums and favorable plant performance despite lower LME prices**
  - US\$126 million up by 9% YoY
- **Adjusted Net Income up on the back of higher EBITDA levels**
  - US\$70 million up by 17% YoY
- **Healthy Free-Cash Flow thanks to favorable plant performance and strong working capital management**
  - US\$71 million up by 48% YoY
- **Dividends**
  - Shareholders approved 2012 dividend of US\$105 million. The first dividend (interim) of US\$53 million was paid in August 2012 and the final dividend of US\$52 million was paid in March 2013



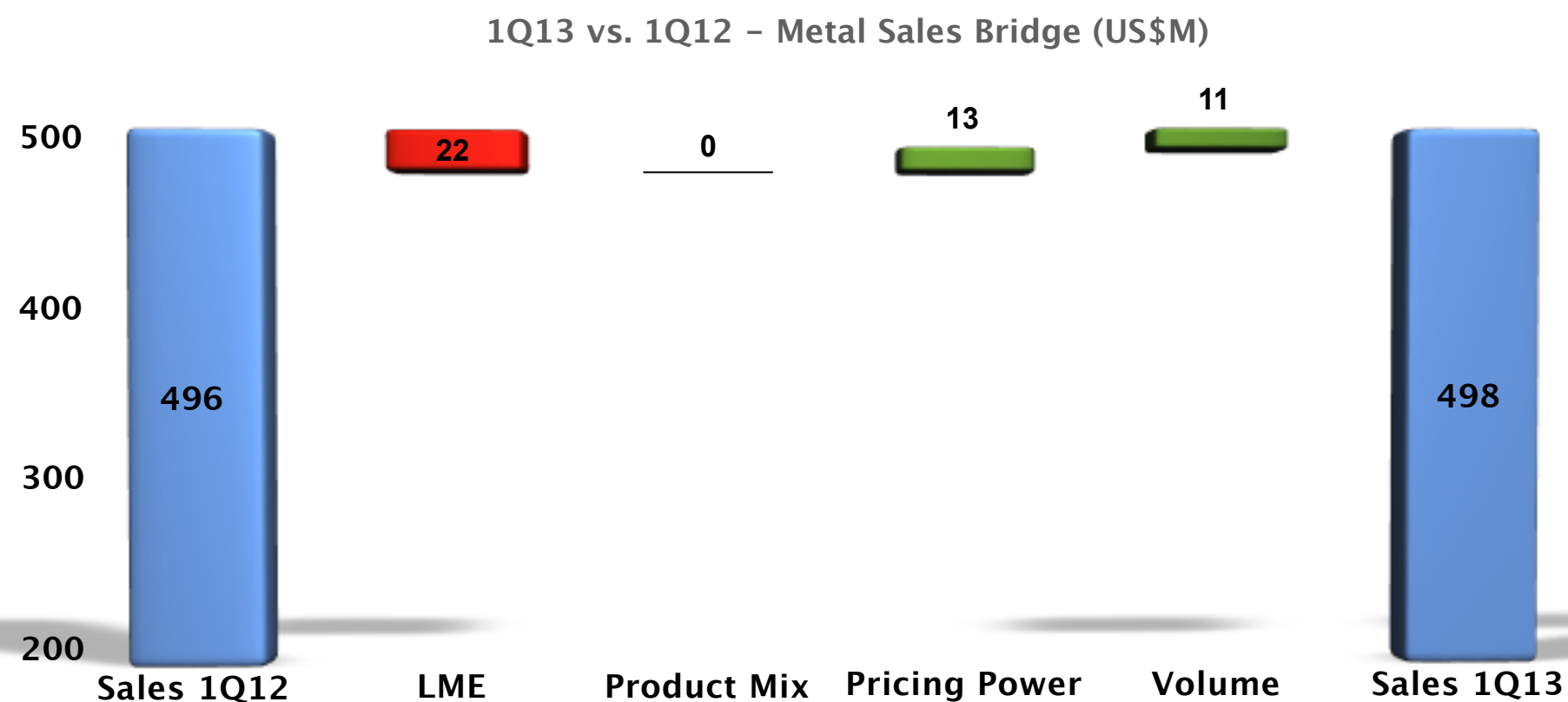
# Q1 2013 RESULTS



# Q1 2013 Results

FAVORABLE MANAGEMENT PERFORMANCE DESPITE LOW LME LEVELS

Sales Analysis 1Q13 vs. 1Q12  
Higher Overall Sales & Premium Offset by Lower LME Prices

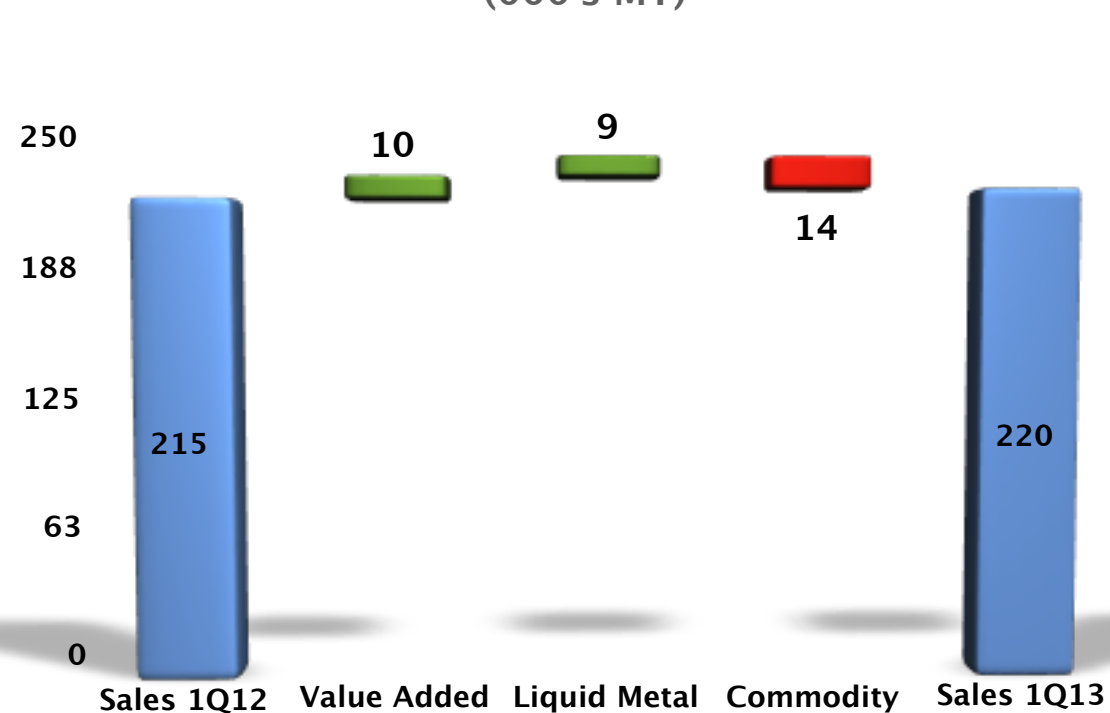


# Q1 2013 Results

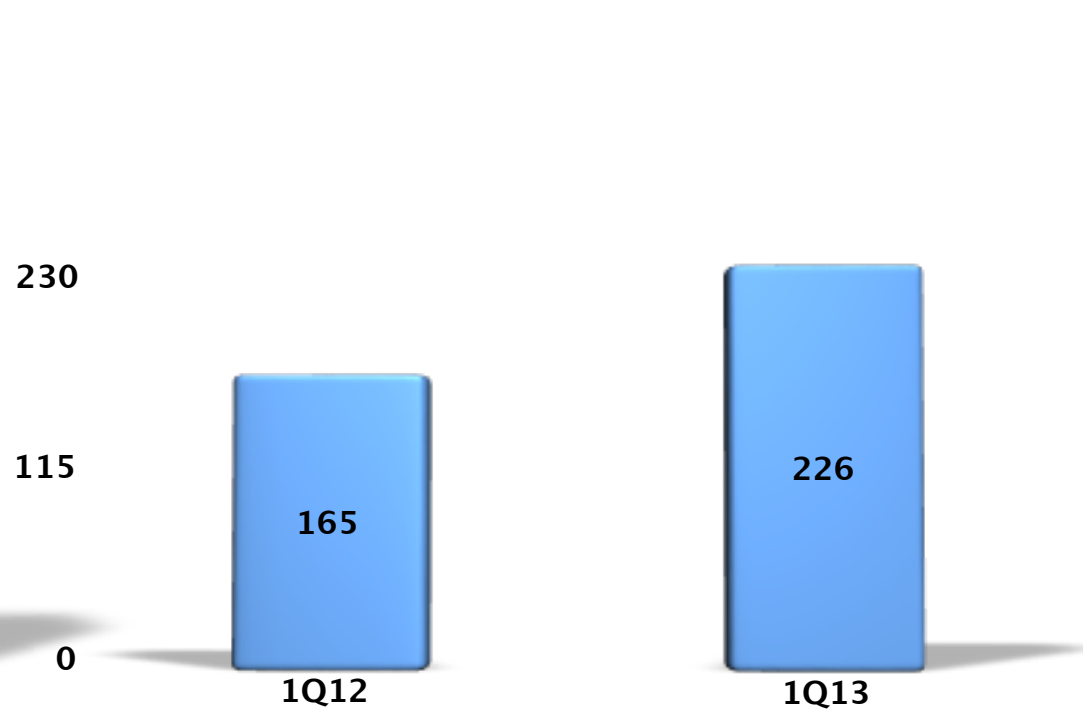
FAVORABLE MANAGEMENT PERFORMANCE DESPITE LOW LME LEVELS

Continuous Shift to Optimum Product Mix  
Maximize Value-Added Products and Leverage Pricing Power

1Q13 vs. 1Q12 – Sales by Product line Bridge  
(000's MT)



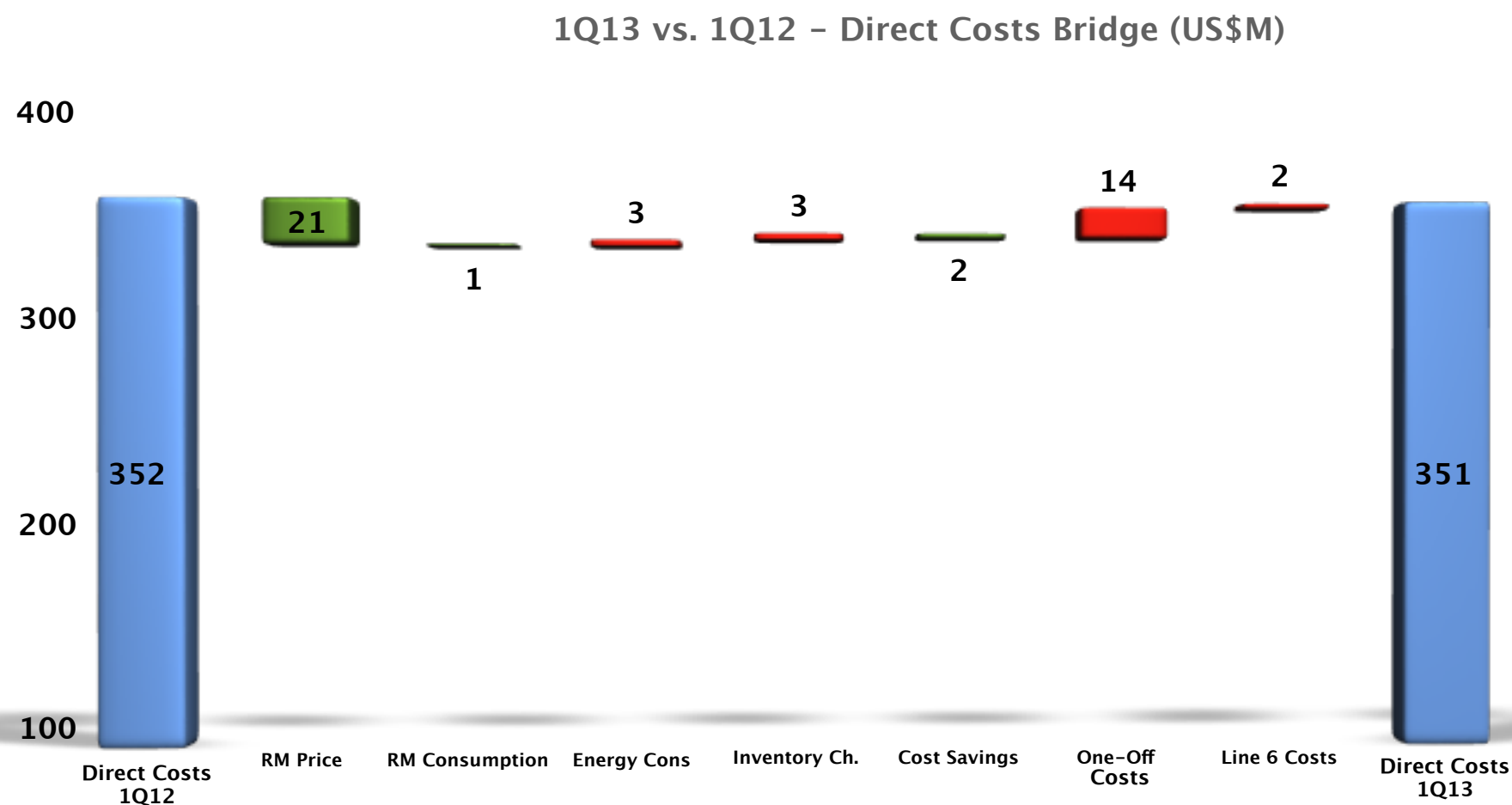
Premium Above LME Trend US\$ Per MT



# Q1 2013 Results

FAVORABLE MANAGEMENT PERFORMANCE DESPITE LOW LME LEVELS

Cost Analysis 1Q13 vs. 1Q12:  
Lower Raw Material Prices on the Back of Lower LME Levels



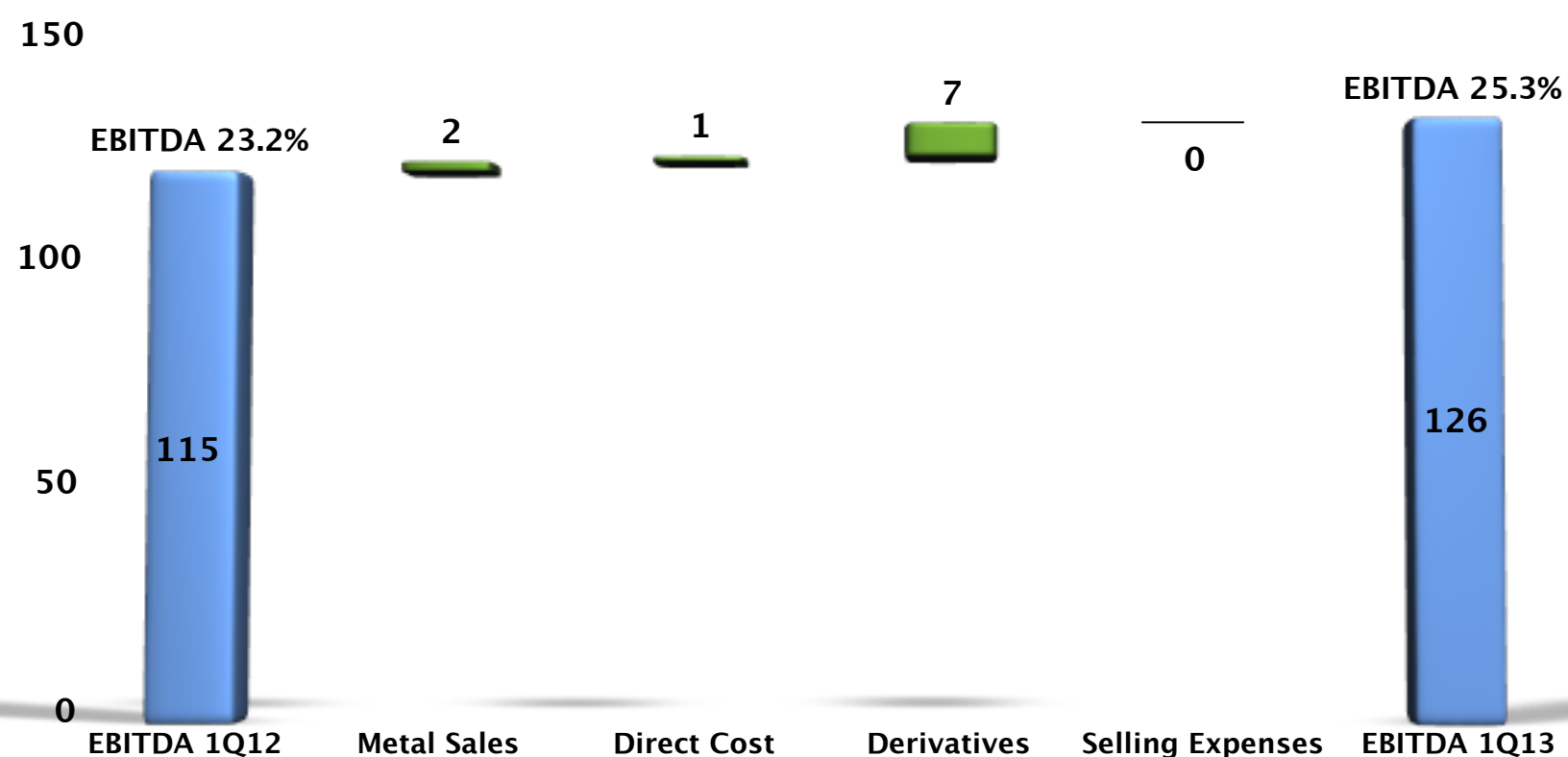


# Q1 2013 Results

FAVORABLE MANAGEMENT PERFORMANCE DESPITE LOW LME LEVELS

Strong EBITDA vs. Industry  
Adjusted EBITDA Margin at 25.3%

1Q13 vs. 1Q12 – EBITDA Bridge (US\$M Adjusted)



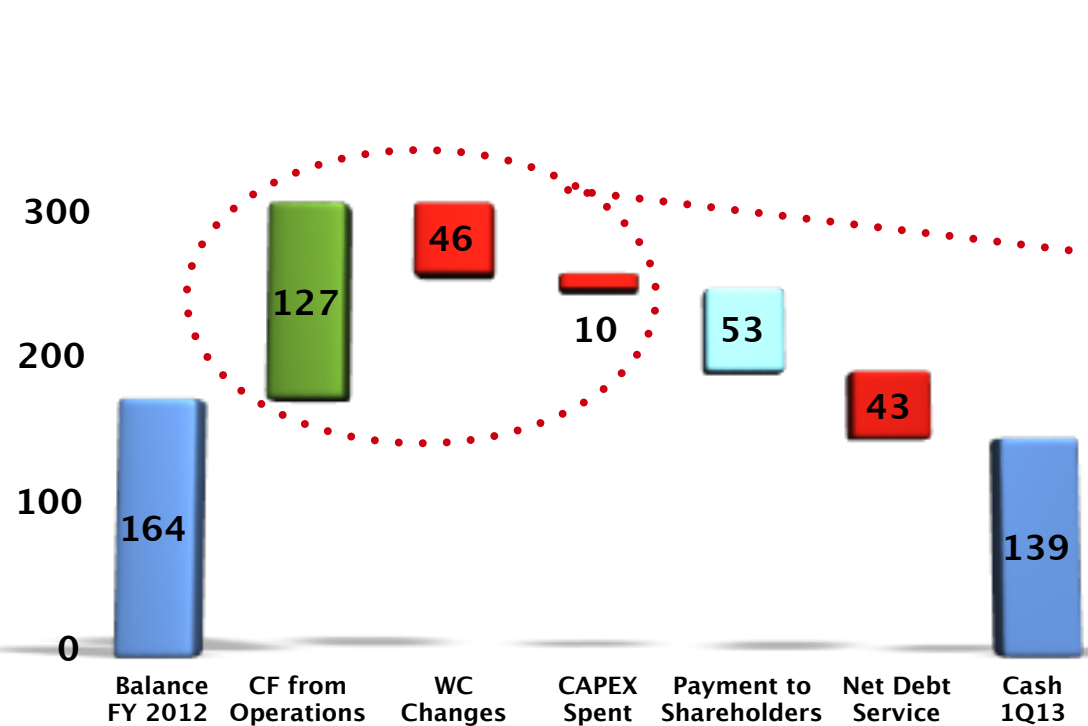


# Q1 2013 Results

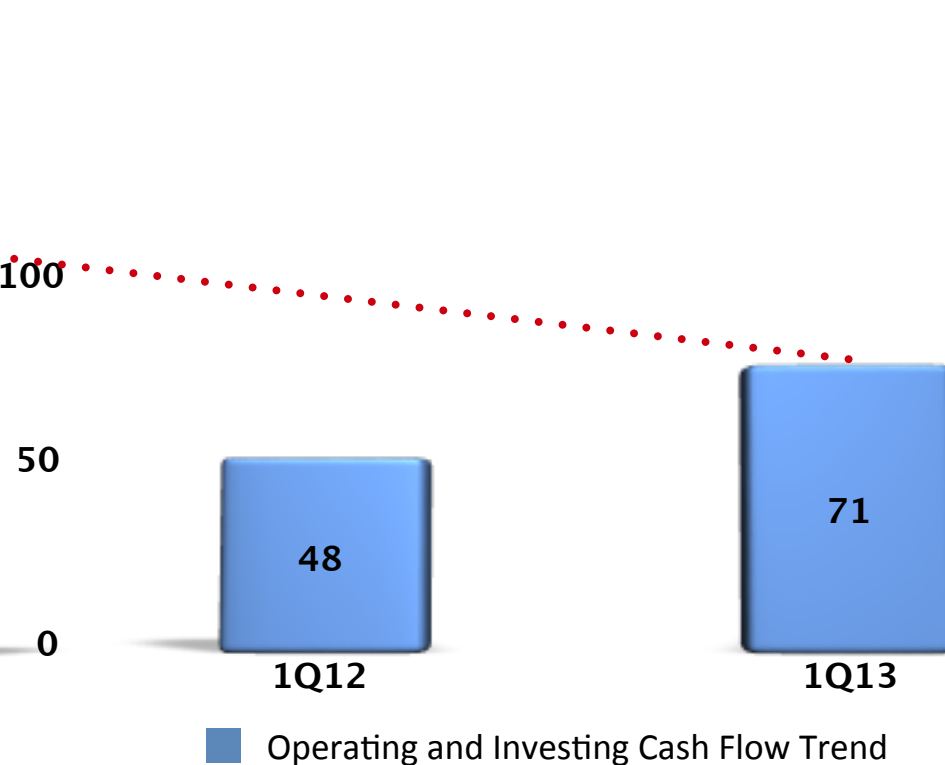
FAVORABLE MANAGEMENT PERFORMANCE DESPITE LOW LME LEVELS

Cash Flow Bridge 1Q13 vs. Year-End 2012:  
Healthy Cash Generation Despite Low LME Prices

Q1 2013 Cash Flow Bridge (US\$M)



Free Cash Flow (US\$M)



# Q1 2013 Results

FAVORABLE MANAGEMENT PERFORMANCE DESPITE LOW LME LEVELS

Improved Management Performance Partially Offset by Lower LME Prices

Financial Summary	Q1 2013	Q1 2012
Sales	498	496
EBITDA	126	115
EBITDA%	25.3%	23.2%
EBITDA (Excl. One Time Cost)	122	95
EBITDA% (Excl. One Time Cost)	24.5%	19.2%
Net Income/(Loss)	108	57
Gain/(Loss) Unrealised Derivatives	37	(3)
Adjusted Net Income/(Loss)*	70	60
Adjusted Net Income%	14.1%	12.1%
Average Cash LME (US\$/MT)	2,001	2,177

\* Adjusted Net Income is calculated by taking Net Income less Unrealised Derivatives



# INDUSTRY PERSPECTIVES IN 2013

# Industry Perspectives in 2013

Demand to Remain Healthy but with Strong Volatility

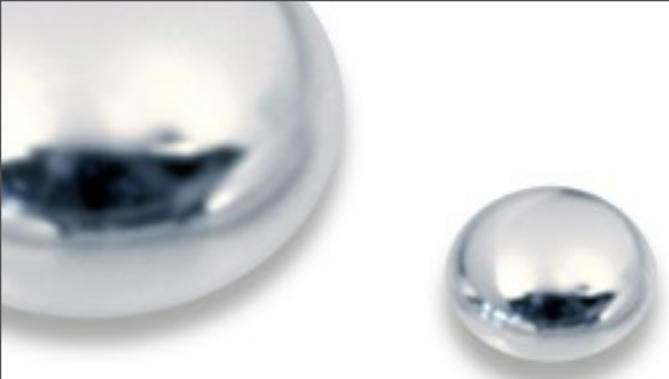
## Key factors to be observed:

- Bullish physical demand despite low LME levels
- Record physical premiums to be sustained in the short-term on the back of sound physical demand
- MENA infrastructure spending to continue
- North America to remain bullish
- LME price is expected to range between \$1,900/t – \$2,000/t

# Industry Perspectives in 2013

## Raw Materials Price Trends

- Alumina spot index expected to range slightly higher in 2013
- Green Petroleum Coke prices to remain stable in the remainder of 2013
- Aluminium Fluoride (ALF3) to increase in the 2nd half of 2013 with production curtailments
- Liquid Pitch prices expected to slightly increase in the remainder of 2013



# 2013 ALBA PRIORITIES

# 2013 Alba Priorities

## Continuous Improvement & Preparation for Future Growth

- **AlbaSafeWay Program**
  - Towards ZERO Accidents
- **Leverage Strong Physical Demand Conditions**
  - Sustained focus on Value-Added Sales
  - Focus on pricing power for 2nd half premium negotiations
- **Enhance Leadership & Management Training**
- **Continuous Drive to Increase Creep Capacity with Minimal Capital Investment**
- **Line 6 Expansion**
  - Bankable Feasibility Study (BFS) under way with expected completion in Q4 2013
  - Finalise long-term gas and power contracts



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