



Aluminium  
for the world



# INVESTOR RELATIONS PRESENTATION

Q1 2019





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# 01

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

<sup>1</sup>Industry Highlights are based on CRU analysis







## Industry Highlights – Q1 2019

### Global Physical Demand Grow Modestly

- 🪐 World consumption almost flat (~1% YoY)
- 🪐 MENA demand up by 8% YoY mainly driven by major infrastructure spending in KSA (+20% YoY)
- 🪐 Economic headwinds in Europe tighten metal demand (+2% YoY)
- 🪐 North America demand up by 1% YoY supported by auto production
- 🪐 Slowdown in construction and weak auto demand weigh on Chinese consumption (flat growth)







## Industry Highlights – Q1 2019

Global Production - Modest Growth at +1.5% YoY

- 🪐 Chinese new capacity ramp-up gains momentum with 2% YoY
- 🪐 10% tariff on aluminium imports was behind the progressive smelters' restarts in North America (+7% YoY)
- 🪐 World market in surplus with China (+278 Kt) and in deficit w/o China (-571 Kt)

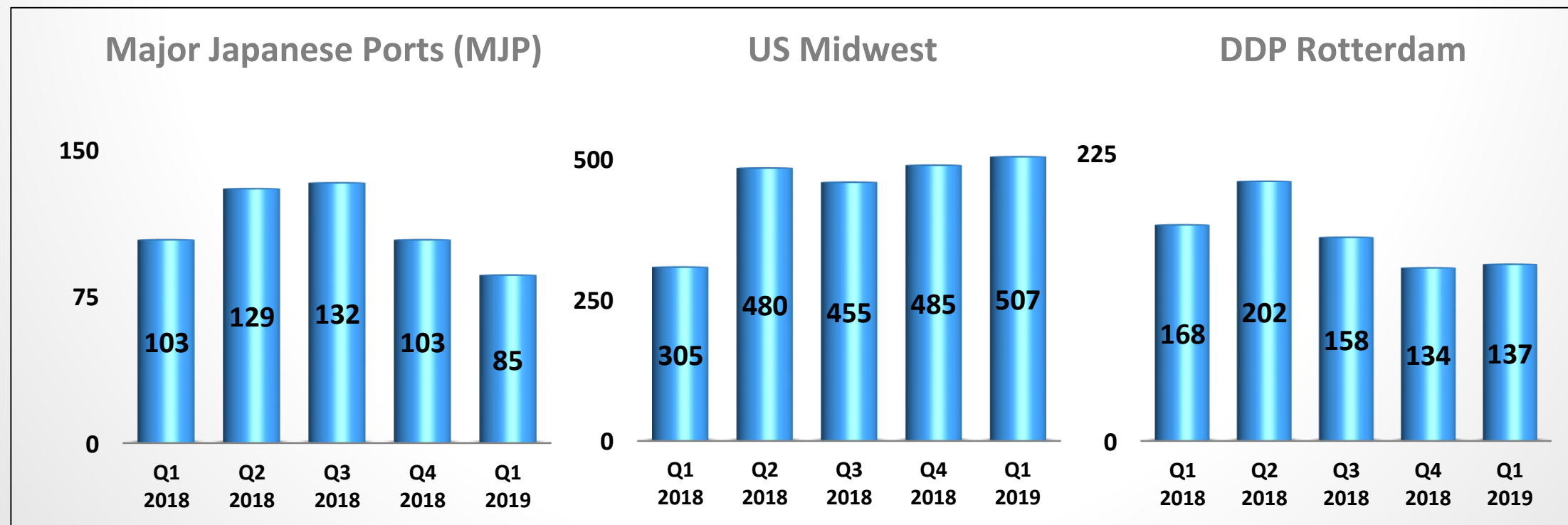




## Industry Highlights – Q1 2019

### LME & Premiums

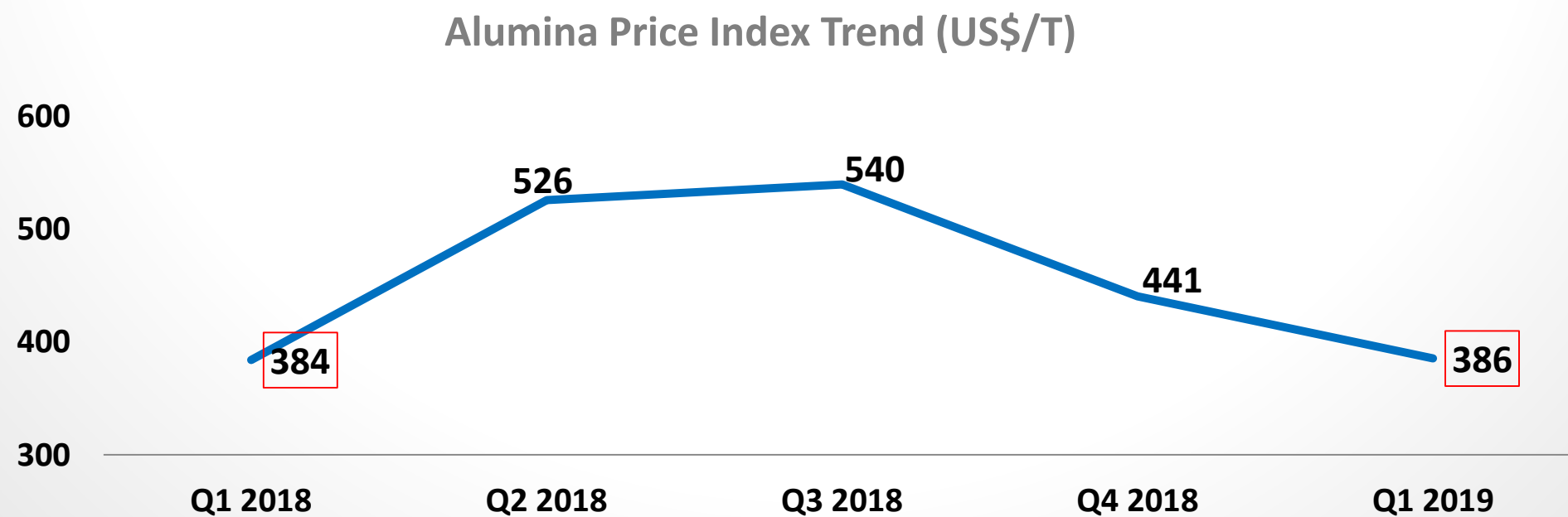
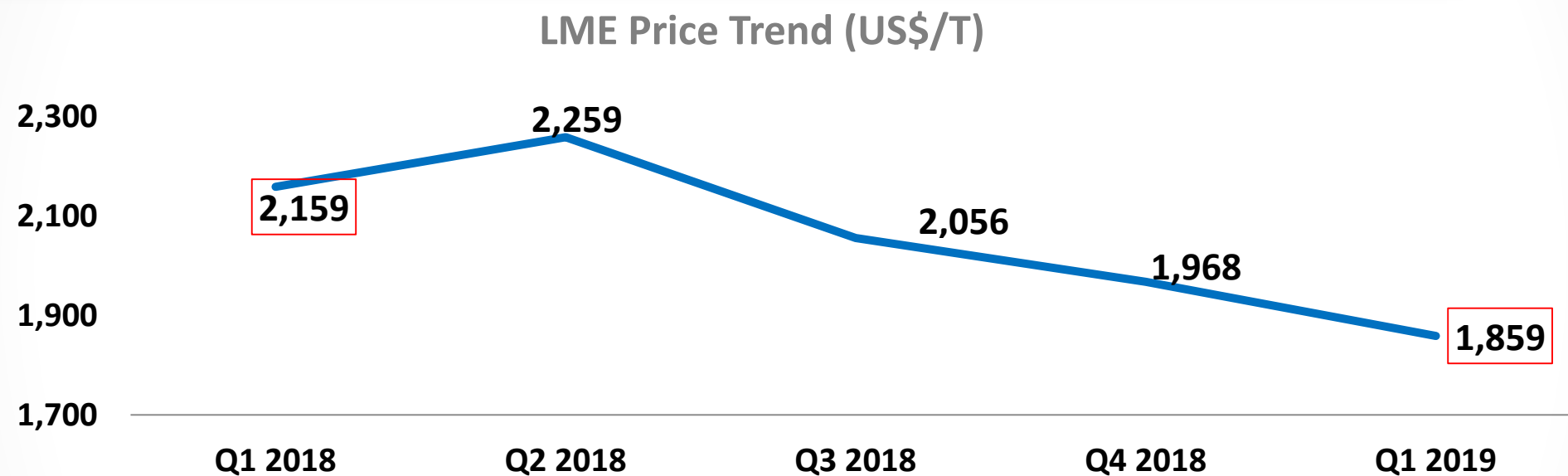
- 🪐 LME inventories at ~1.1 million MT as of March-end (down by 14% YoY)
- 🪐 LME-Cash averaged US\$1,859/t - down by 14% YoY [lowest: US\$1,776/t on January 14 and highest: US\$1,923/t on March 20]
- 🪐 Physical premium prices under pressure (\$/t):





## Industry Highlights – Q1 2019

Alumina Price Still High - 21% of LME Price





02

## ALBA HIGHLIGHTS







## Alba Highlights – Q1 2019

### Operational Highlights & Achievements

- ✈ Continuous improvement in Plant Safety with the launch of ‘Safety Gateway’ Campaign
- ✈ Sales volume up by 2% YoY (257,113 mt) and production up by 5% YoY (272,707 mt)
- ✈ Alba Value-Added Sales averaged 52% of total shipments in Q1
- ✈ Line 6 Expansion Project Milestones:
  - Line 6 Smelter: 50% of Line 6 capacity in full operation (212/424) by 18 April 2019
  - Line 6 Smelter’s Overall Progress advanced by > 88%
  - Power Expansion Project [PS5 > 89% & PDS > 97%]

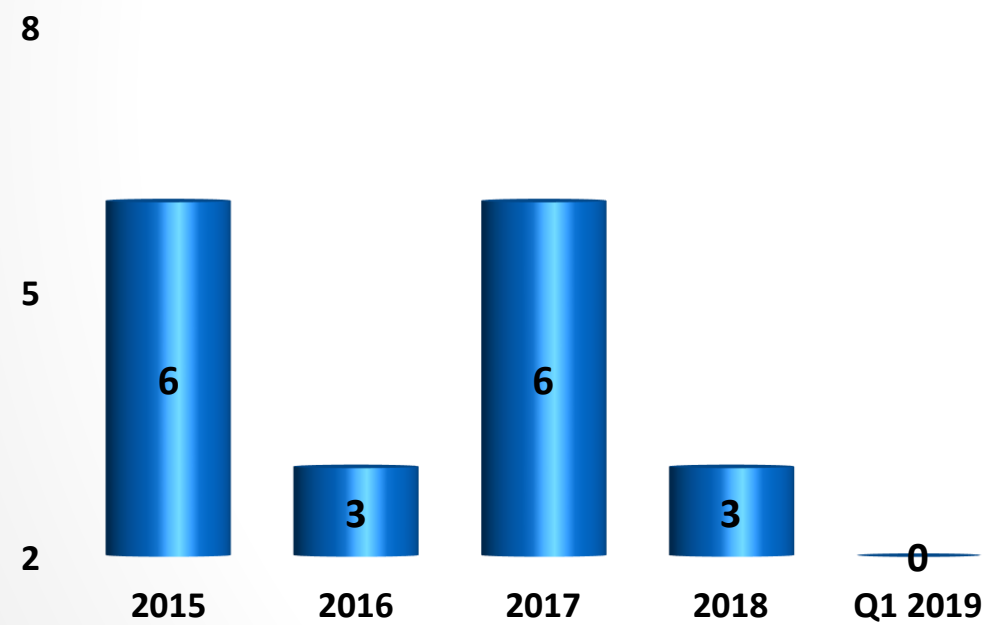




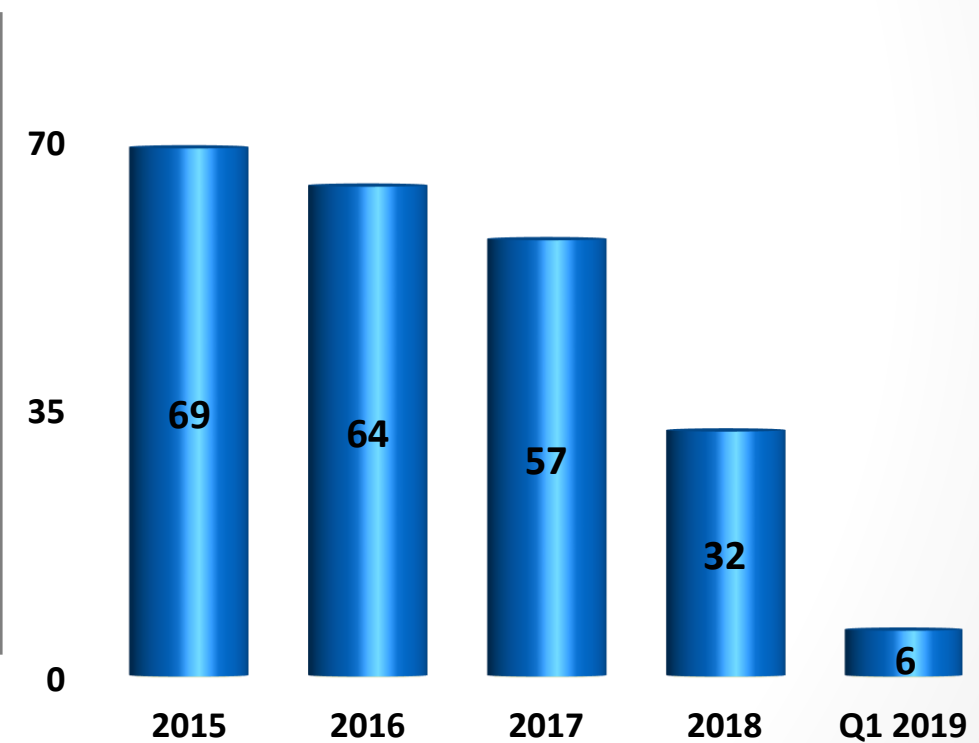
## Alba Highlights – Q1 2019

### Safety in Focus - Safety Gateway

Lost Time Injury (LTI) Trend



Total Recordable Injuries





## Alba Highlights – Q1 2019

### Financial Key Performance Indicators

- 🪐 **EBITDA squeezed by lower LME prices and historically high Alumina prices**
- 🪐 **Q1: US\$ 7 million down by 94% YoY**
- 🪐 **Net Loss driven by lower EBITDA levels**
- 🪐 **Q1: US\$ 42 million down by 147% YoY**
- 🪐 **Free-Cash Flow <sup>1</sup> driven by higher maintenance CAPEX and unfavourable working capital**
- 🪐 **Q1: (US\$ 25 million) down by 119% YoY**

<sup>1</sup>Free Cash Flow excluding Line 6 CAPEX spending

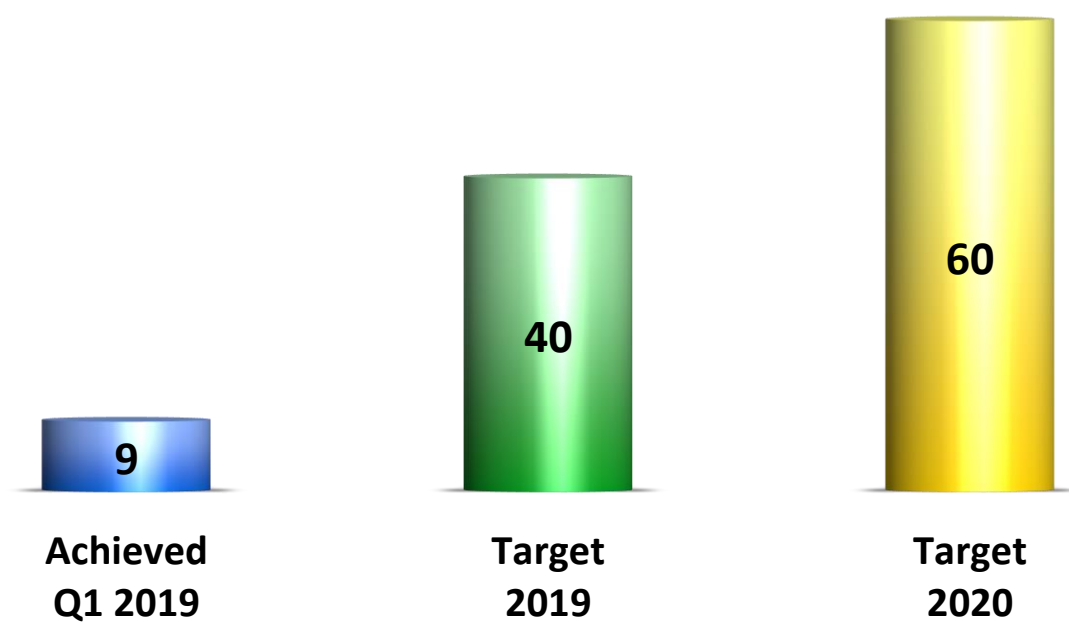




## Alba Highlights – Q1 2019

Project Titan - Phase IV: Improve Cash-Cost Structure by US\$ 100M by end of 2020 [2019: US\$ 40M & 2020: US\$ 60M]

Project Titan - US\$ Million





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## Q1 2019 Results



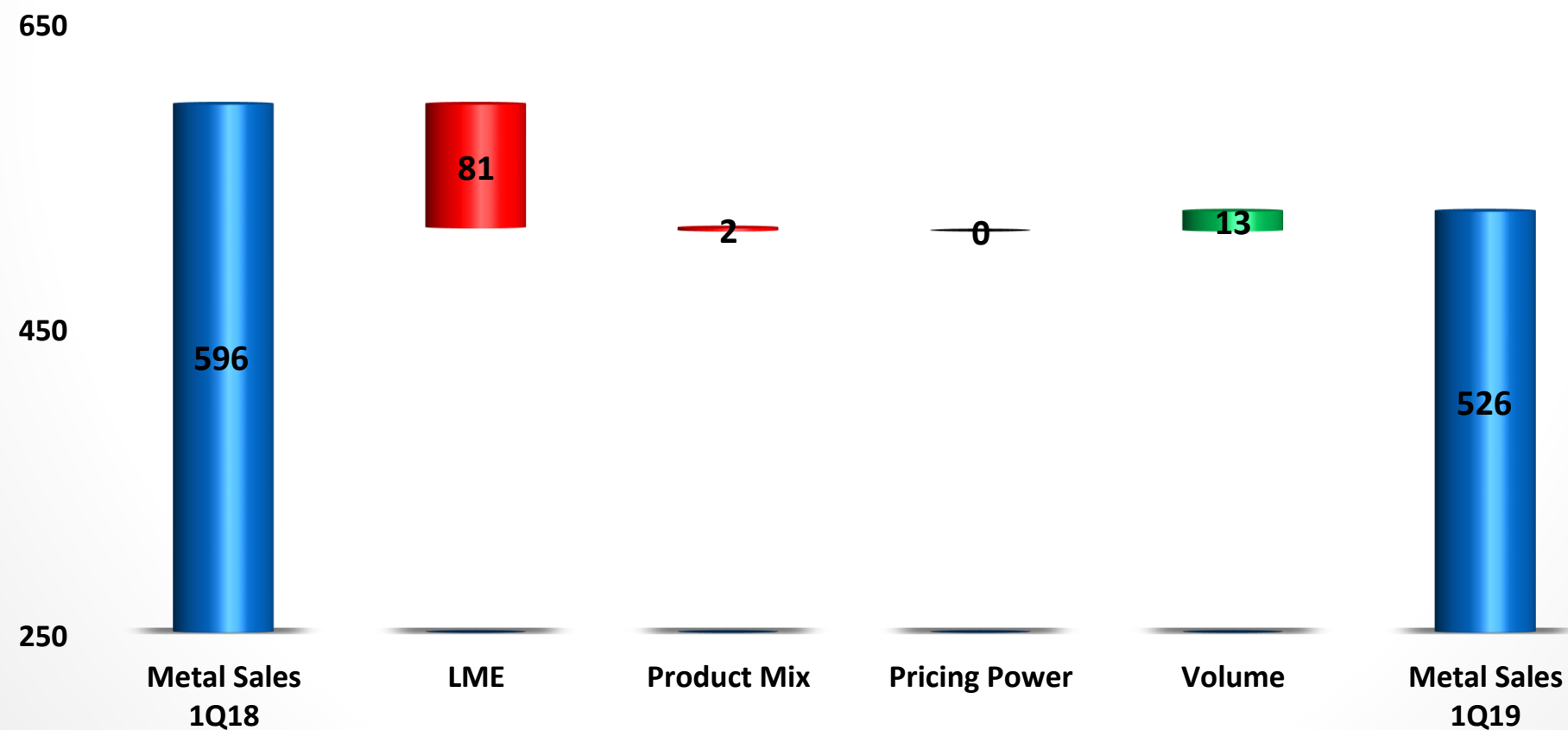


## Q1 2019 Results

### Aluminium Industry: Bearish Economic Sentiment & Lower LME Price

Sales Bridge Analysis Q1 2019 vs. Q1 2018  
Unfavourable LME Prices Partially Offset by Higher Sales' Volume

Q1 2019 vs. Q1 2018 - Metal Sales Bridge (US\$M)



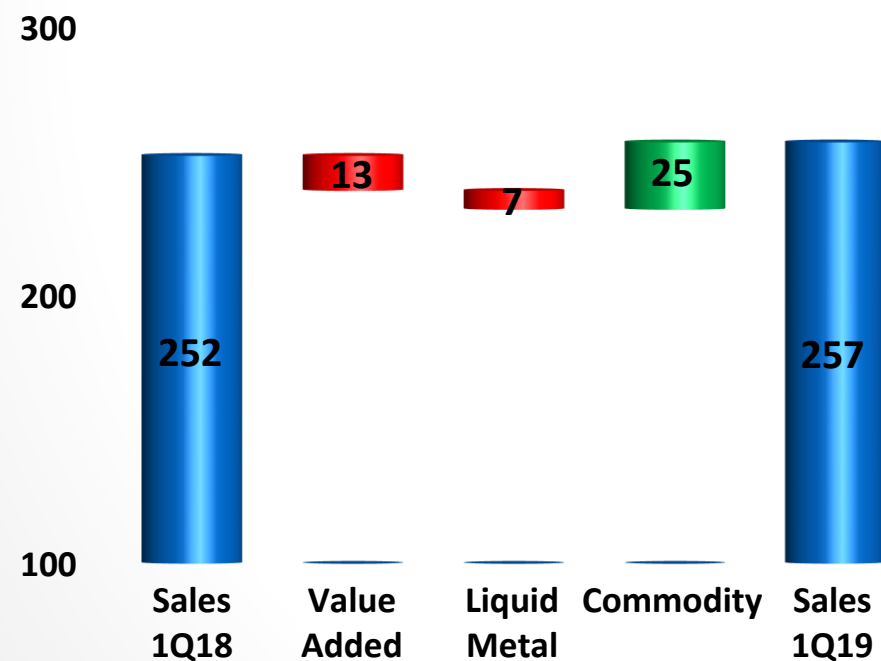


## Q1 2019 Results

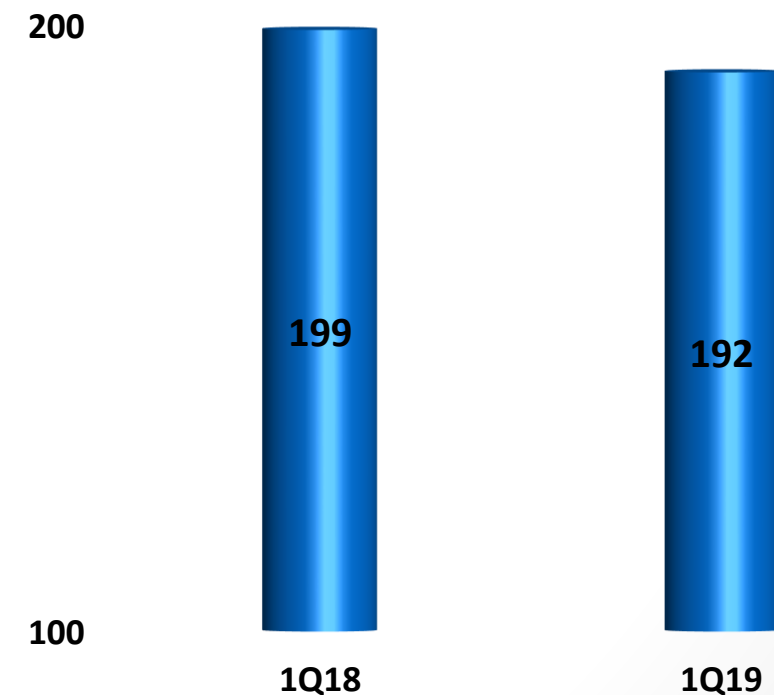
### Aluminium Industry: Bearish Economic Sentiment & Lower LME Price

Favourable Sales' Volume & Sustained Up-Charges

Q1 2019 vs. Q1 2018  
Sales by Product-Line Bridge (MT'000)



Premium Above LME Trend US\$ Per MT



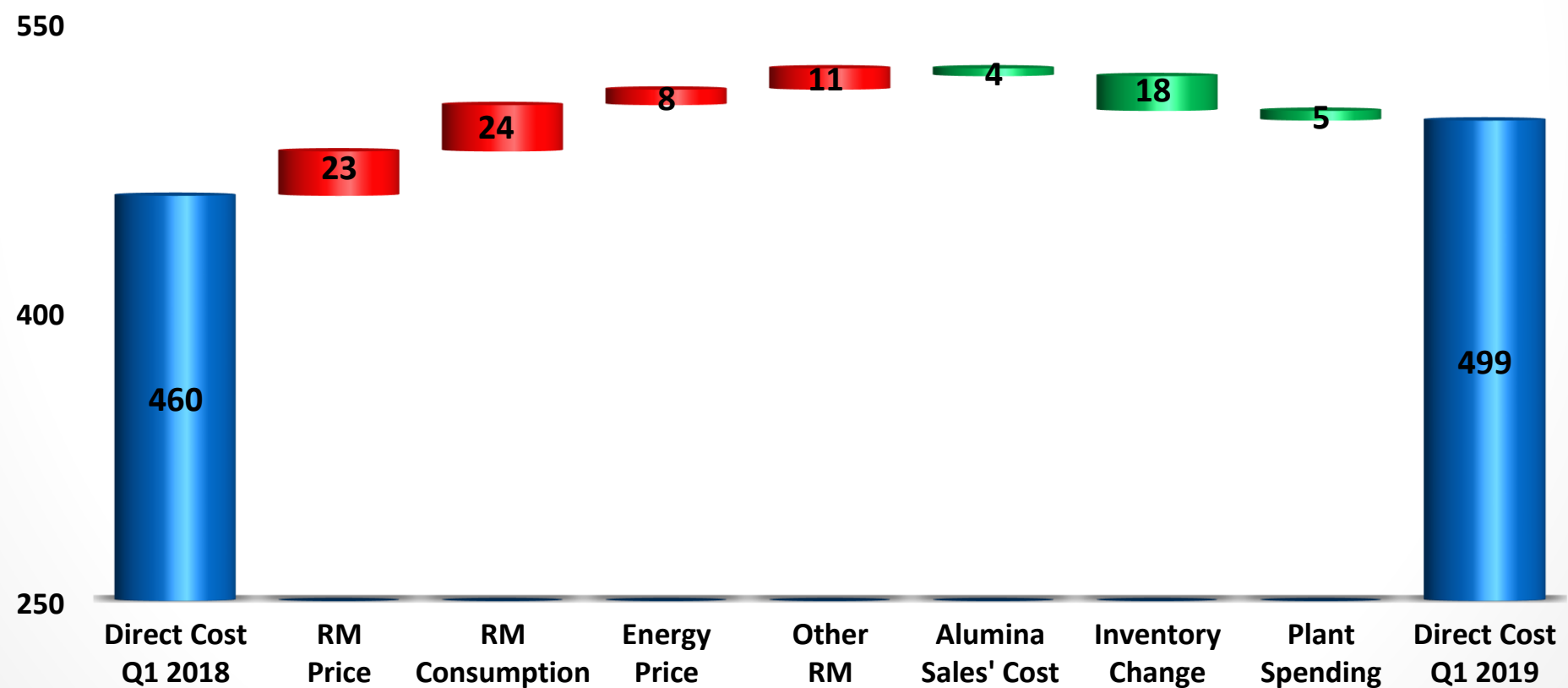


## Q1 2019 Results

### Aluminium Industry: Bearish Economic Sentiment & Lower LME Price

#### Cost Analysis Q1 2019 vs. Q1 2018

Q1 2019 vs. Q1 2018 - Direct Cost Bridge (US\$M)



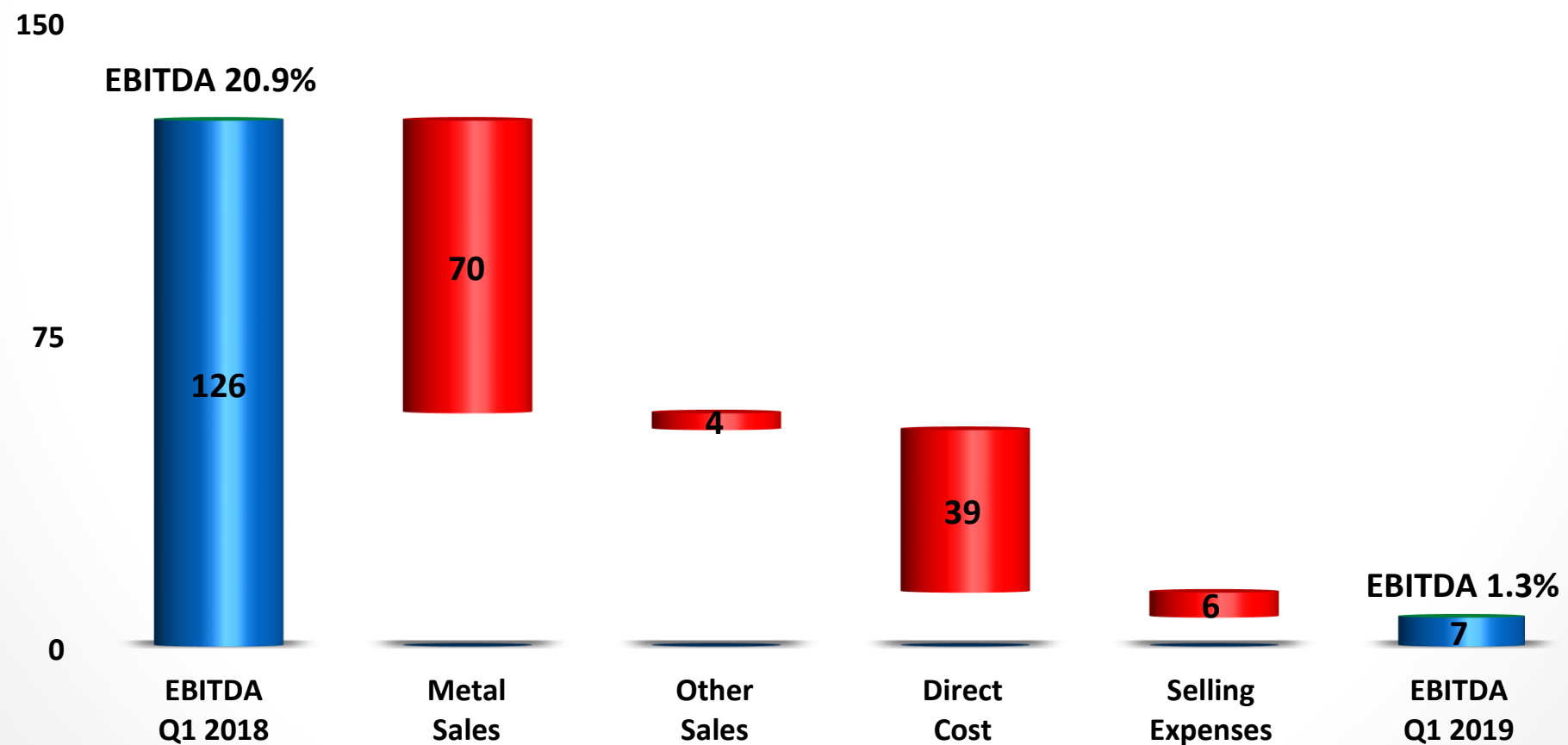


## Q1 2019 Results

### Aluminium Industry: Bearish Economic Sentiment & Lower LME Price

Adjusted EBITDA Bridge Gap Analysis - Q1 2019 vs. Q1 2018  
Adjusted EBITDA Margin at 1.3%

Q1 2019 vs. Q1 2018 - EBITDA Bridge (US\$M)

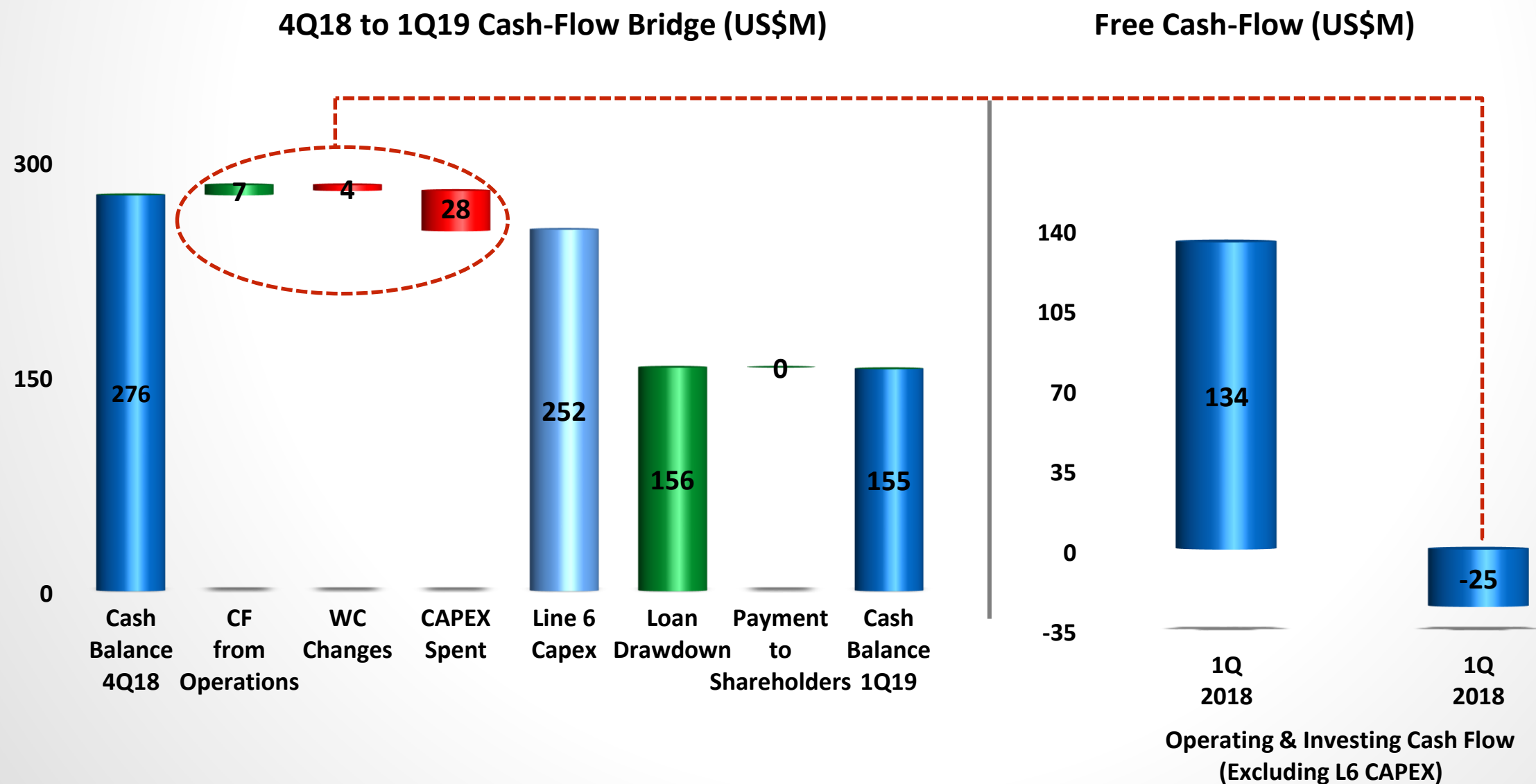




## Q1 2019 Results

### Aluminium Industry: Bearish Economic Sentiment & Lower LME Price

#### Cash Flow Bridge – Q4 2018 to Q1 2019





## Q1 2019 Results

### Aluminium Industry: Bearish Economic Sentiment & Lower LME Price

Q1 2019 Highlight: Lower LME Price & Historically High Alumina Price Continue to Weigh on Alba Profitability

Financial Summary	Q1 2019	Q1 2018
Average Cash LME (US\$/MT)	1,859	2,159
Average Alumina Price (US\$/MT)	386	384
Alumina Price/LME Price	21%	18%
Sales (US\$M)	527	600
EBITDA (US\$M)	7	126
EBITDA%	1.3%	20.9%
Net Income/ (Loss) (US\$M)	(42)	90





# 04

## INDUSTRY PERSPECTIVES IN 2019







## Industry Perspectives in 2019

Global Physical Demand to Remain Healthy [~4% YoY]

🪐 **Key factors to be observed:**

🪐 Despite a deficit market, LME volatility will continue on the back of weak economic growth landscape in Europe and China as well as trade-tensions between US-China

🪐 Premiums to remain under pressure post lifting Rusal sanctions

🪐 Demand in North America remains upbeat led by automotive and aerospace markets

🪐 LME price to rise within 2<sup>nd</sup> half of 2019 in the range of US\$1,900/t - US\$2,000/t







## Industry Perspectives in 2019

### Raw Materials Price Trends

- 🪐 Alumina spot prices to soften on the back of EGA Refinery ramp-up and assuming Alunorte refinery will resume full production in the 2<sup>nd</sup> half of 2019
- 🪐 Green Petroleum Coke (GPC) & Liquid Pitch prices to remain at the lower range due to weak market demand for the former and market oversupply for the latter
- 🪐 Aluminium Fluoride price to soften on the back of lower Alumina prices





05

## 2019 ALBA PRIORITIES







## 2019 Alba Priorities

### Sustainable Improvement & Preparation for Line 6 Full Production

- 🪐 Continued Focus on Safety 'Launch Safety Gateway Campaign'
- 🪐 Deliver on Project Titan - Phase IV [US\$ 40 million by end of 2019]
- 🪐 Focus on Value-Added Sales
- 🪐 Develop upstream opportunities on Alumina
- 🪐 Complete Line 6 ramp-up safely in early Q3 2019







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