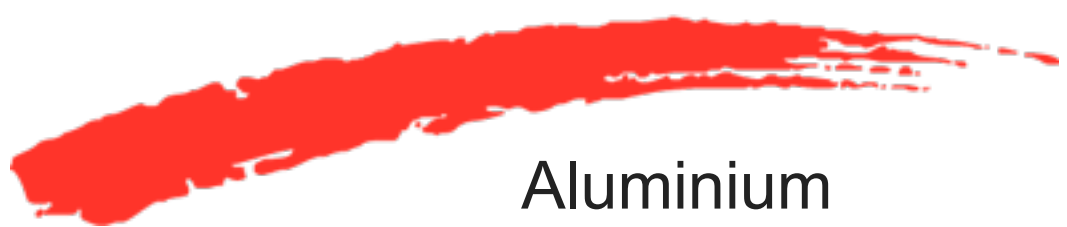




# alba



Aluminium  
for the world

Q3 2013 IR PRESENTATION

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

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# INDUSTRY HIGHLIGHTS

# INDUSTRY HIGHLIGHTS

Q3 2013

**Aluminium – Physical Demand Still Healthy  
(Reference Period: July – September)**

- World consumption up by 7.8% YoY
- Asian demand up by 11.1% YoY supported by robust growth in China (+14.7% YoY) and Indonesia (+10.1% YoY)
- MENA demand up by 4.5% on the back of major investments in infrastructure
- North America – steady demand (+1.9% YoY) driven by a pick-up in automotive and aerospace production
- Europe – steady demand (+1.3% YoY) supported by recovery in the construction & packaging sectors

# INDUSTRY HIGHLIGHTS

Q3 2013

## Production Evolution

- World market production up by 5.2% YoY
- China output at 6.2 million metric tonnes (+9.6% YoY) driven by government support on power subsidies and the fast ramp-up of smelters in the Northwest region
- Western producers continue to suffer from lower LME prices and high power costs thus leading to further capacity cuts

# INDUSTRY HIGHLIGHTS

Q3 2013

## LME & Premiums

- LME inventories almost stable at 5.4 million metric tonnes in September
- 3Q13 Cash-average at \$1,781/t with LME ranging between \$1,730/t on September 17 and \$1,877/t on August 16
- **Physical premiums face uncertainty as a result of potential changes to LME warehousing rules**
  - DDP Rotterdam at \$260/t vs. an average of \$221/t in 3Q12 & \$279/t in 2Q13
  - US Mid West premiums at \$247/t vs. an average of \$248/t in 3Q12 & \$260/t in 2Q13
  - Major Japanese Ports at \$245/t vs. an average of \$205/t in 3Q12 & \$247/t in 2Q13





# ALBA HIGHLIGHTS



# Alba Highlights

## Q3 2013 – Operational Highlights/Achievements

- Alba was able to increase its sales (metric tonnes) by 4.2% YoY thanks to a strong Saudi demand
- Strong overall operational & cost performance (production in tonnage up by 4.7% YoY)
- 3Q13 Sales of Value-Added Products almost stable at 65% versus 66% in 3Q12
- Strong increase in physical premiums (+48% YoY)
- Significant boost in summer safety campaigns
- Unplanned gas turbine overhaul

# Alba Highlights

## Q3 & YTD 2013- Financial Key Performance Indicators

- **Adjusted EBITDA significantly up thanks to higher physical premiums, favorable plant performance and partially offset by low LME prices**
  - Q3: US\$69 million up by 97% YoY
  - YTD: US\$285 million up by 20% YoY
- **Adjusted Net Income driven by higher EBITDA levels**
  - Q3: US\$12 million up by 158% YoY
  - YTD: US\$117 million up by 70% YoY
- **Q3 Free-Cash Flow favorable due to higher EBITDA levels and partially offset by higher CAPEX; YTD Free-Cash Flow unfavorable due to higher CAPEX and partially offset by higher EBITDA levels**
  - Q3: US\$55 million up by 49% YoY
  - YTD: US\$159 million down by 30% YoY



# Q3 2013 RESULTS

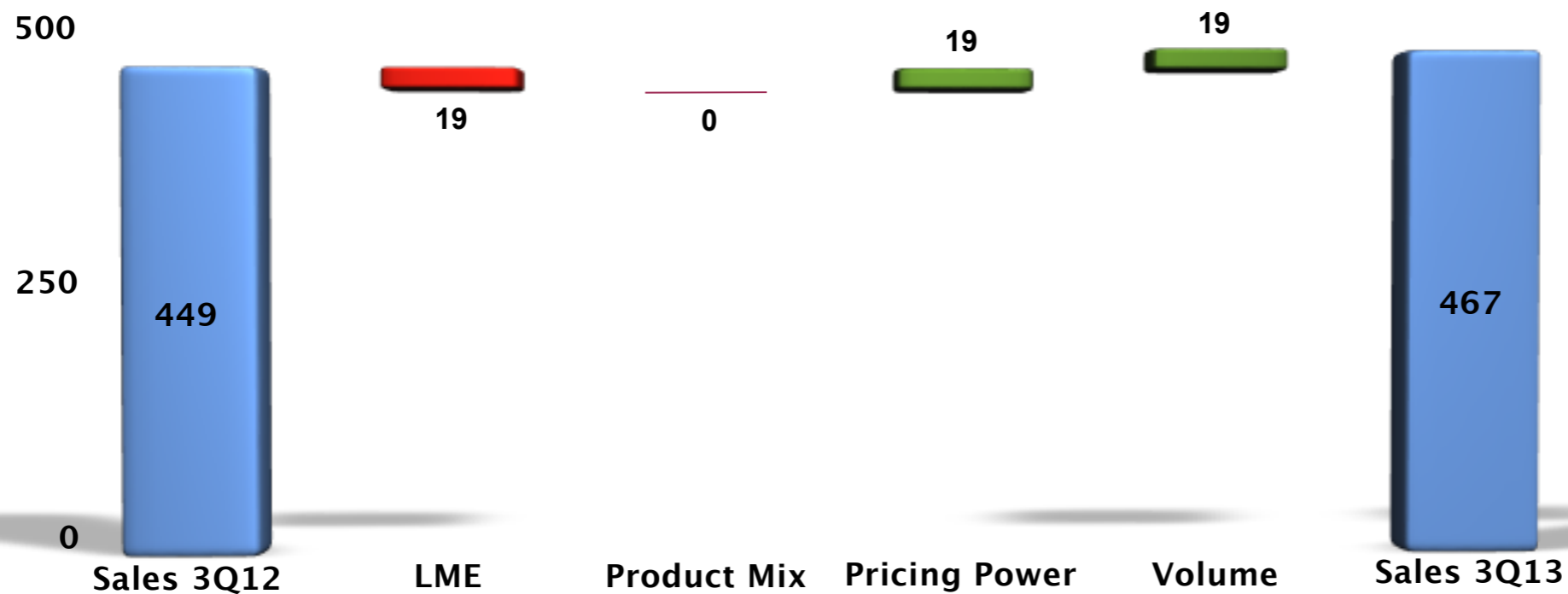


# Q3 2013 Results

**STRONG PHYSICAL DEMAND DESPITE LOW LME PRICES**

Sales Analysis 3Q13 vs. 3Q12  
Higher Premiums Coupled with Higher Sales Volume

3Q13 vs. 3Q12 - Metal Sales Bridge (US\$M)

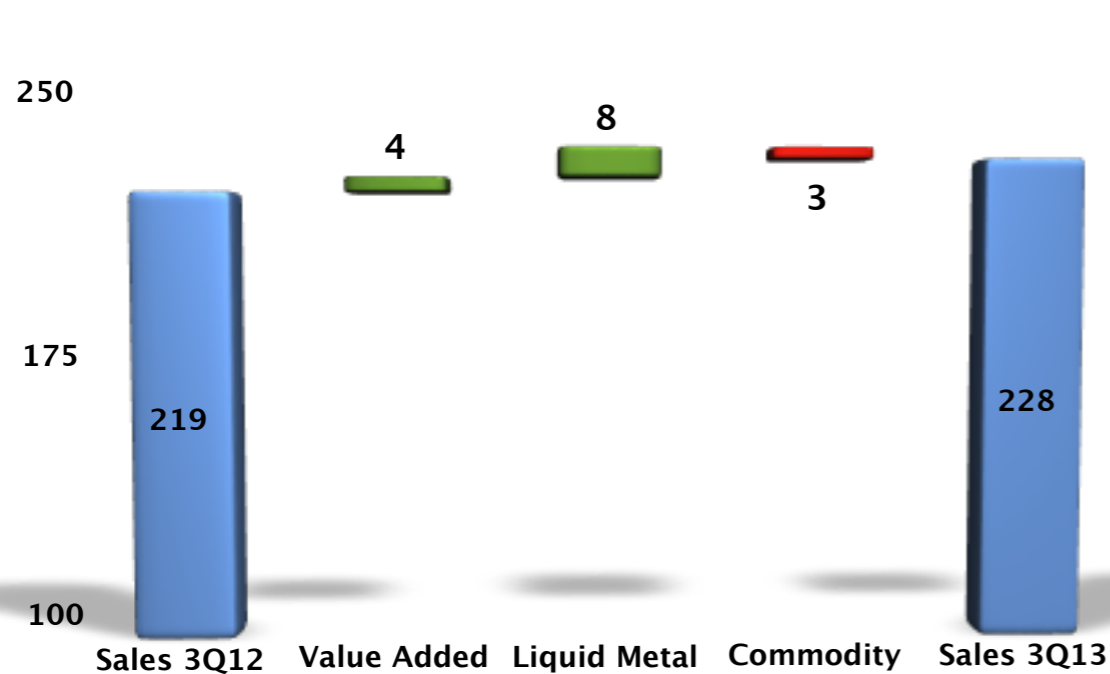


# Q3 2013 Results

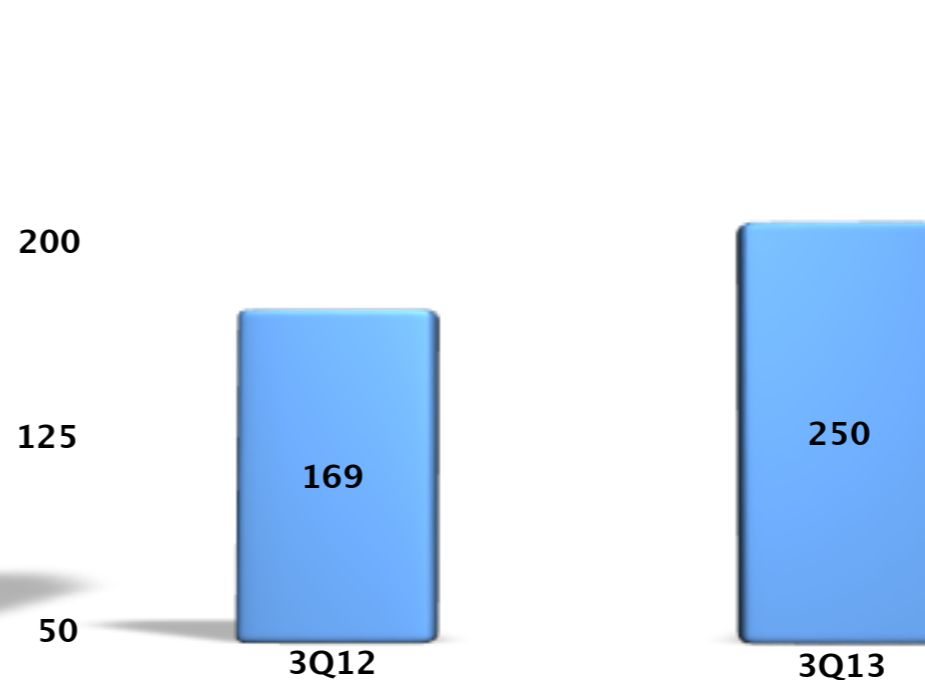
**STRONG PHYSICAL DEMAND DESPITE LOW LME PRICES**

**Maintain Optimum Product Mix  
Increase Value-Added Products & Leverage Pricing Power**

3Q13 vs. 3Q12 – Sales by Product line Bridge  
(000's MT)



Premium Above LME Trend USD (Per MT)

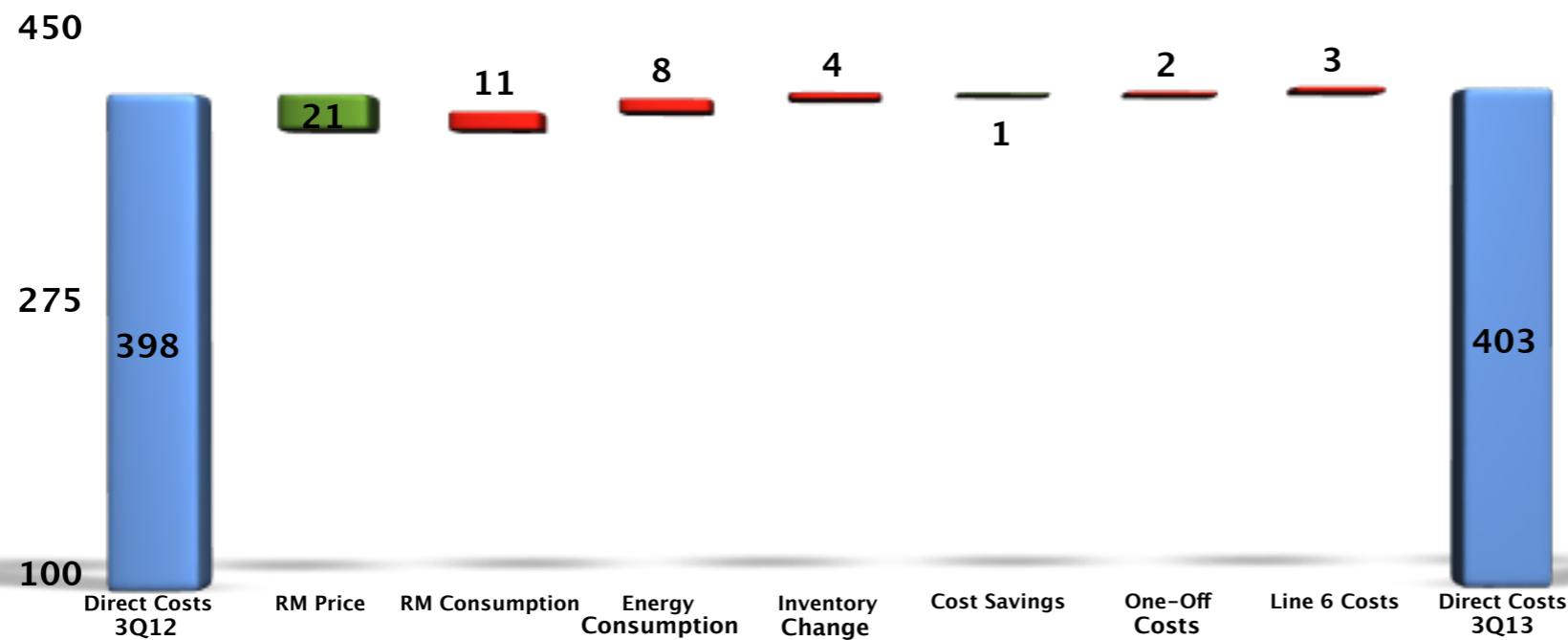


# Q3 2013 Results

FAVORABLE MANAGEMENT PERFORMANCE DESPITE LOW LME PRICES

Cost Analysis 3Q13 vs. 3Q12:  
Higher Overall Costs on the Back of Higher Production

3Q13 vs. 3Q12 - Direct Costs Bridge (US\$M)

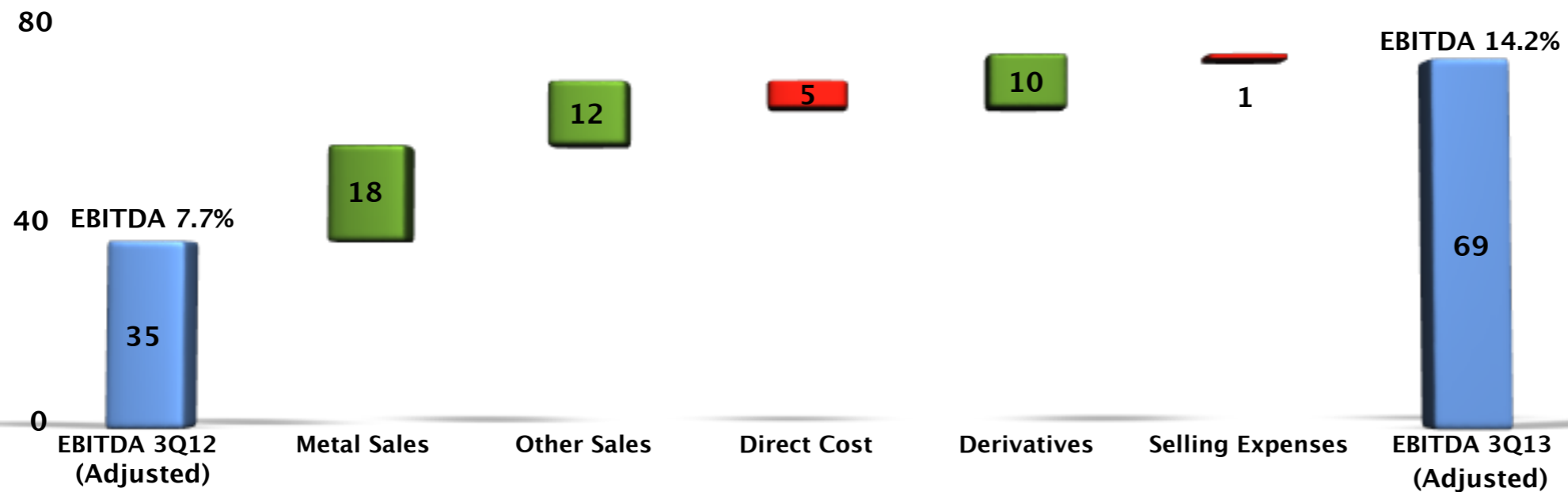


# Q3 2013 Results

FAVORABLE MANAGEMENT PERFORMANCE DESPITE LOW LME PRICES

Strong EBITDA vs. Industry  
Adjusted EBITDA Margin at 14.2%

3Q13 vs. 3Q12 - EBITDA Bridge (US\$M Adjusted)



Adjusted EBITDA includes impact of actual realised derivatives payments

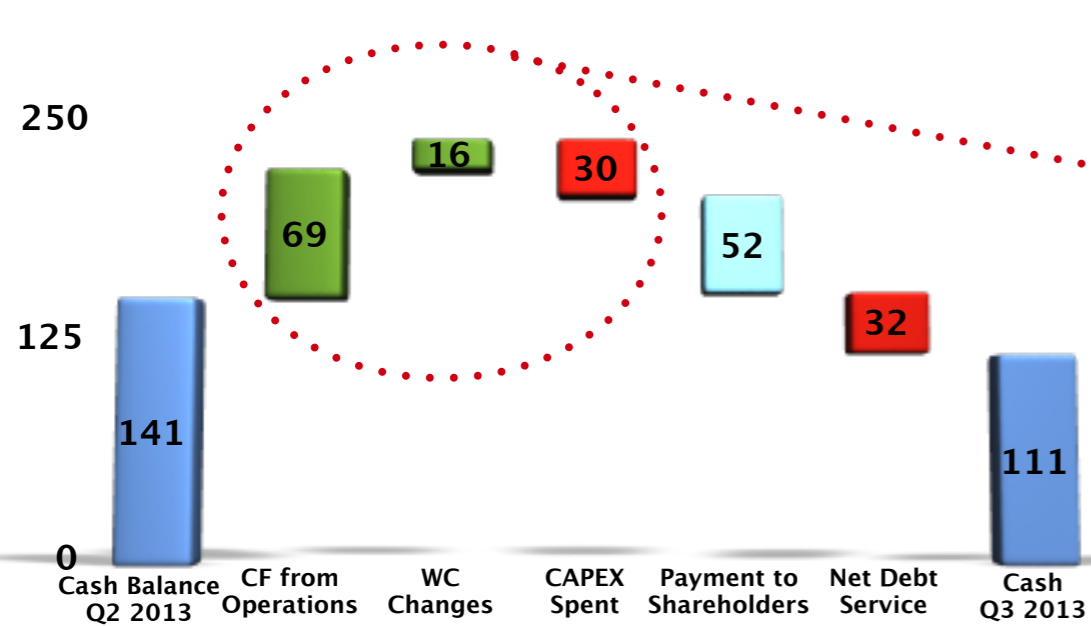


# Q3 2013 Results

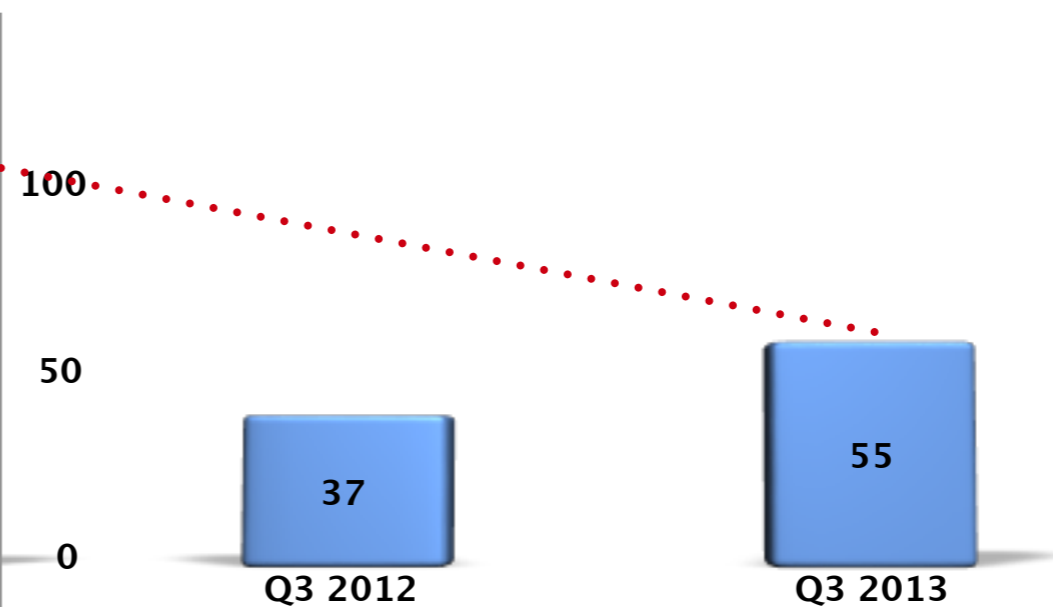
FAVORABLE MANAGEMENT PERFORMANCE DESPITE LOW LME PRICES

Cash Flow Bridge 3Q13 vs. 3Q12:  
Alba Still Generating Cash Despite Low LME Prices

Q3 2013 Cash Flow Bridge (USD M)



Free Cash Flow (USD M)



■ Operating and Investing Cash Flow Trend

# Q3 2013 Results

FAVORABLE MANAGEMENT PERFORMANCE DESPITE LOW LME PRICES

Solid Management Performance Partially Offset by Lower LME Prices

Financial Summary	Q3 2013	Q3 2012	YTD 2013	YTD 2012
Average Cash LME (US\$/MT)	1,781	1,922	1,872	2,025
Sales (US\$M)	488	457	1,488	1,476
EBITDA (US\$M)	69	35	285	236
EBITDA%	14.2%	7.6%	19.2%	16.0%
EBITDA (Excl. One-Off Costs) (US\$M)	74	35	290	219
EBITDA% (Excl. One-Off Costs)	15.3%	7.7%	19.5%	14.9%
Net Income/ (Loss) (US\$M)	13	(35)	176	117
Gain/ (Loss) Unrealised Derivatives (US\$M)	(0.4)	(13)	59	48
Adjusted Net Income/ (Loss) (US\$M)	13.4	(21)	118	68
Adjusted Net Income%	2.7%	(4.7%)	7.9%	4.6%

Net Income represents comprehensive accounting profit including all derivatives (realized and unrealized)



# INDUSTRY PERSPECTIVES IN 2013



# Industry Perspectives in 2013

## Aluminium Demand Remains Healthy but with Strong Volatility

### Key factors to be observed

- Uncertainty on premiums due to pending decisions on LME warehousing rules
- Smelting overcapacity in China remains a concern
- MENA infrastructure spending to continue
- North American demand to slightly pick-up
- LME price to range between \$1,750/t – \$1,850/t for the remainder of 2013

# Industry Perspectives in 2013

## Raw Materials Price Trends

- Alumina spot index expected to remain stable for the rest of 2013
- Green Coke prices to soften in Q4 2013
- Liquid Pitch and Aluminium Fluoride prices to further weaken with the oversupply & weak demand in China for the remainder of 2013



# 2013 ALBA PRIORITIES



# 2013 Alba Priorities

## Transform Safety Culture & Preparation for Future Growth

- Continued Focus on Safety Programs
- Leverage Operational Excellence Program
- Continued Focus on Talent Management
- Sustain Focus on Value-Added Sales
- Future Growth
  - Bankable Feasibility Study (BFS) under way
  - Finalise long-term gas and power contracts





# APPENDIX

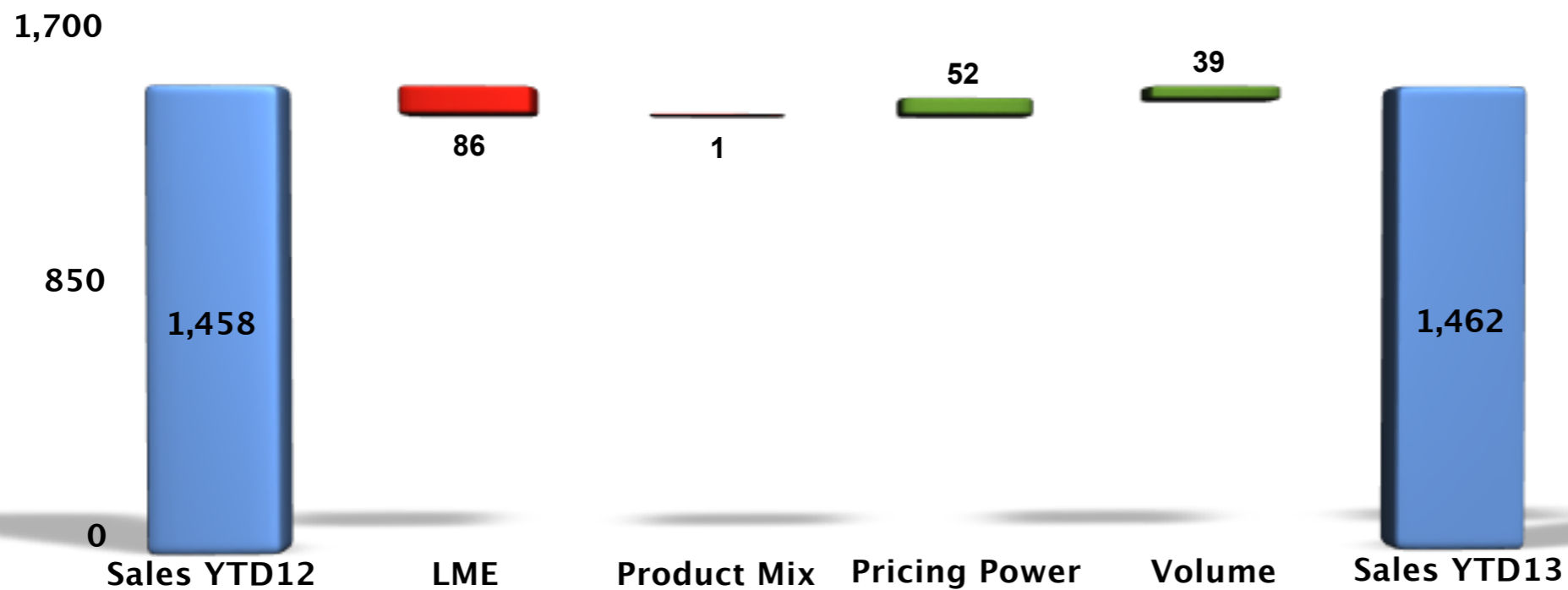


# YTD 2013 Results

STRONG PHYSICAL DEMAND DESPITE LOW LME PRICES

Sales Analysis YTD13 vs. YTD12  
Higher Premiums Coupled with Higher Sales Volume

YTD13 vs. YTD12 - Metal Sales Bridge (US\$M)

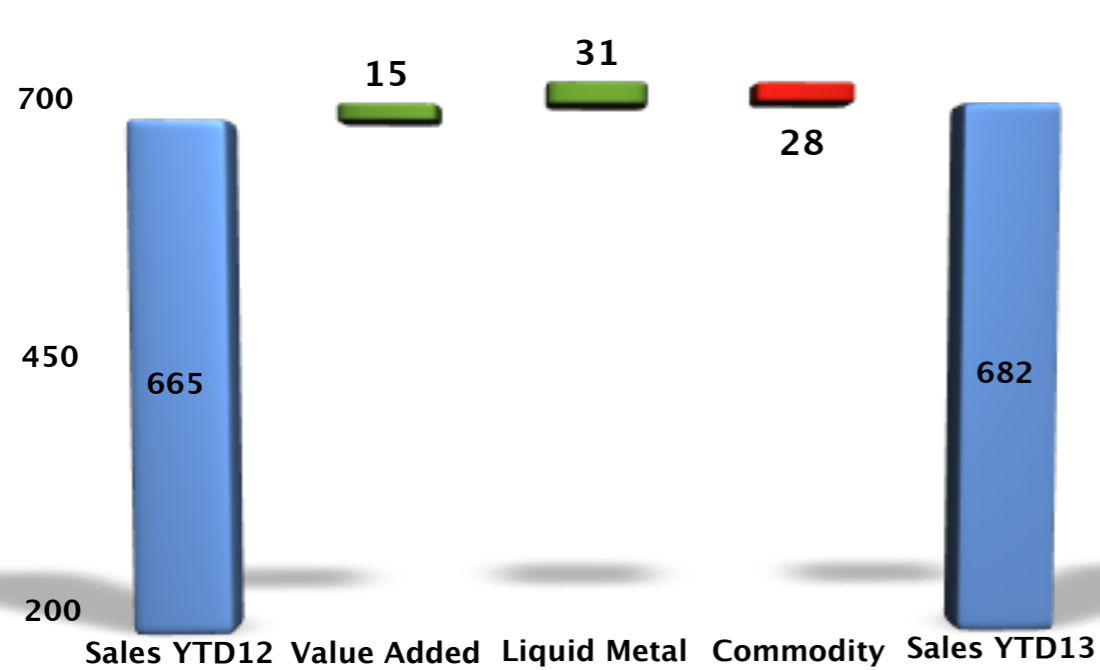


# YTD 2013 Results

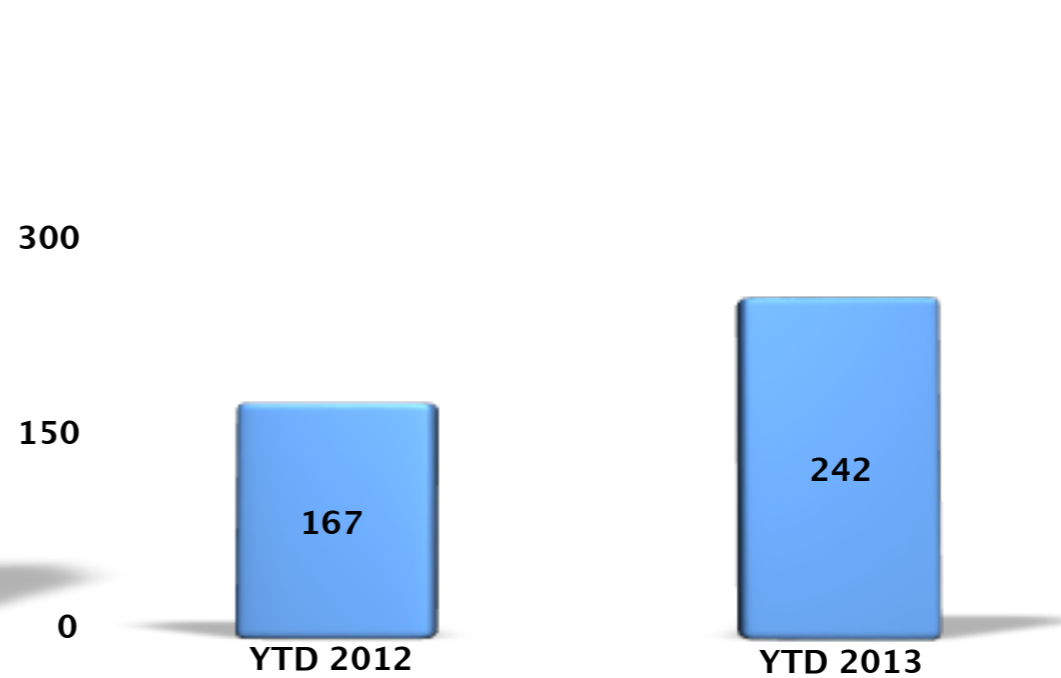
**STRONG PHYSICAL DEMAND DESPITE LOW LME PRICES**

**Maintain Optimum Product Mix  
Increase Value-Added Products & Leverage Pricing Power**

YTD 13 vs. YTD 12 – Sales by Product  
line Bridge (000's MT)



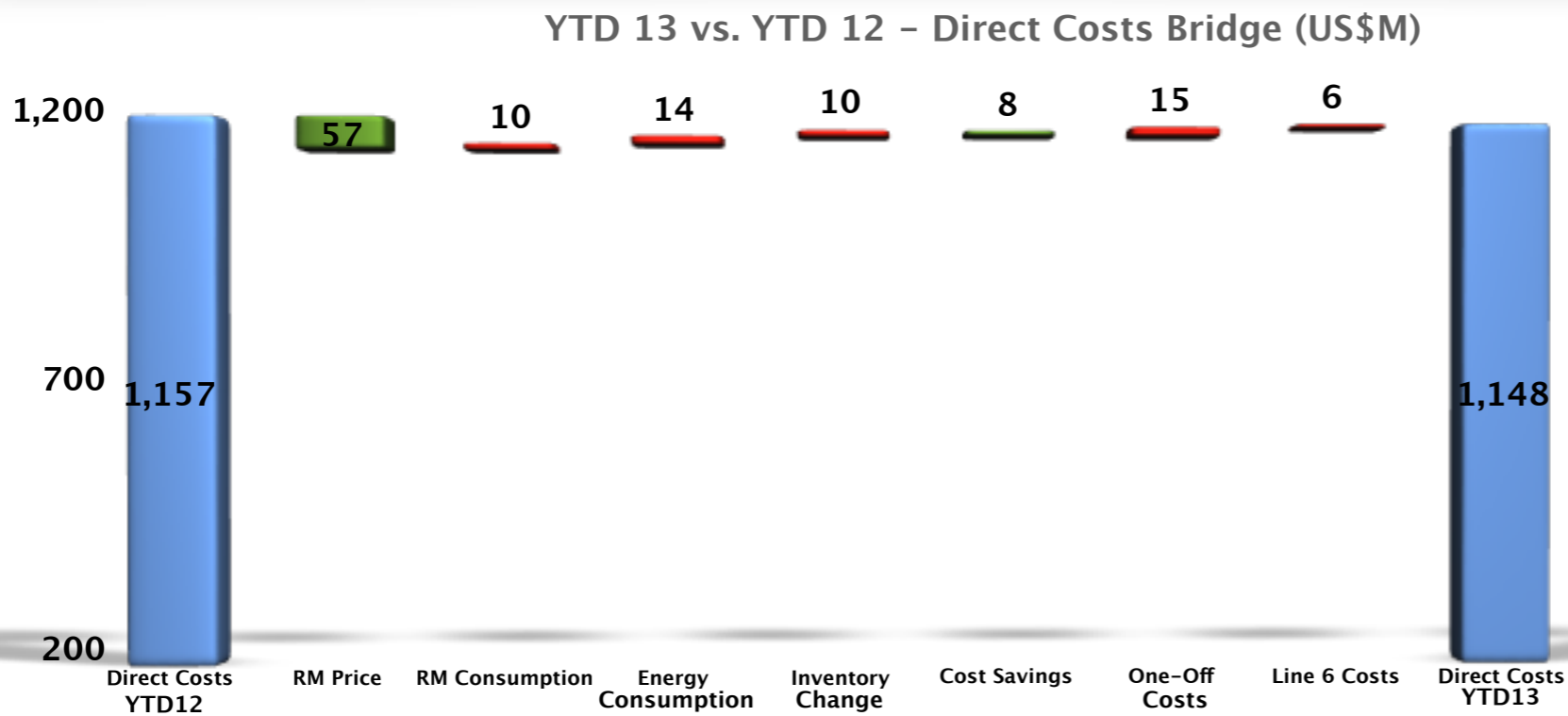
Premium Above LME Trend USD (Per MT)



# YTD 2013 Results

FAVORABLE MANAGEMENT PERFORMANCE DESPITE LOW LME PRICES

**Cost Analysis YTD 13 vs. YTD 12:  
Lower Raw Material Prices on the Back of Lower LME Prices**

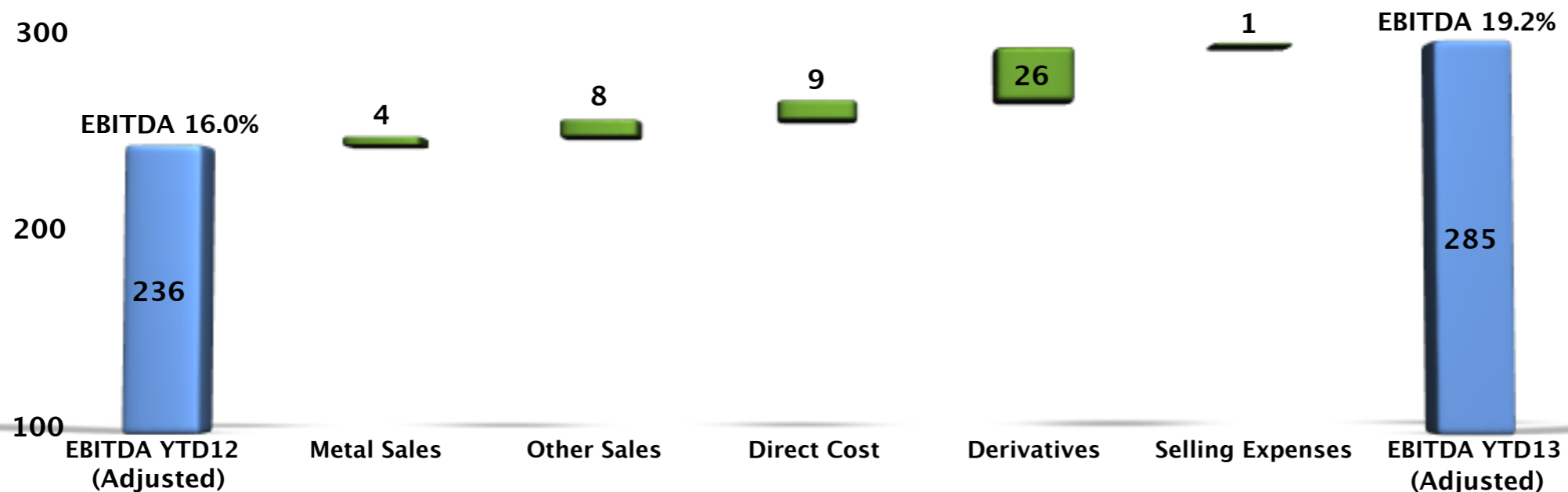


# YTD 2013 Results

FAVORABLE MANAGEMENT PERFORMANCE DESPITE LOW LME PRICES

Adjusted EBITDA Bridge Gap Analysis YTD13 vs. YTD12:  
Adjusted EBITDA Margin at 19.2%

YTD13 vs. YTD12 - EBITDA Bridge (US\$M Adjusted)

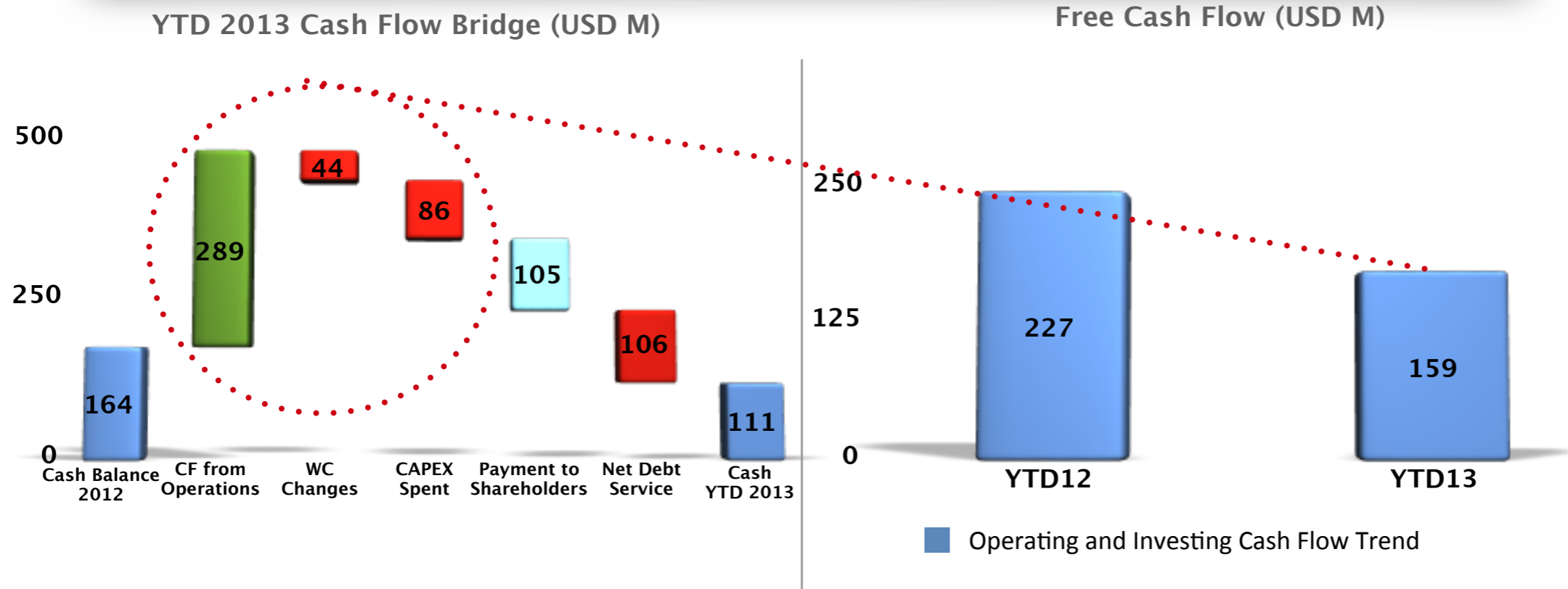


Adjusted EBITDA includes impact of actual realised derivatives payments

# YTD 2013 Results

FAVORABLE MANAGEMENT PERFORMANCE DESPITE LOW LME PRICES

Cash Flow Bridge YTD13 vs. YTD12:  
Alba Still Generating Cash Despite Low LME Prices





**FOR MORE INFORMATION, CONTACT US ON:**

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