



Aluminium  
for the world

A vertical line with a small sphere at the top, positioned to the left of the title text.

# INVESTOR RELATIONS PRESENTATION 2018



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# 01

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

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





## Industry Highlights – 2018

### Global Physical Demand Continue to Grow

- 🪐 World consumption at ~66 million Metric Tonnes (MT) (+3% YoY )
- 🪐 MENA demand hit double-digit growth for another year in a row (+13% YoY) backed by major infrastructure spending in Saudi Arabia (+28% YoY)
- 🪐 Demand in Asia up by 4% YoY led by slow consumption in China (+4% YoY)
- 🪐 Europe consumption rose by 3% YoY supported by sound demand in the construction and automobile sectors
- 🪐 Demand in North America up by 2% YoY driven by the auto and aerospace sectors





## Industry Highlights – 2018

### Global Production Almost Flat

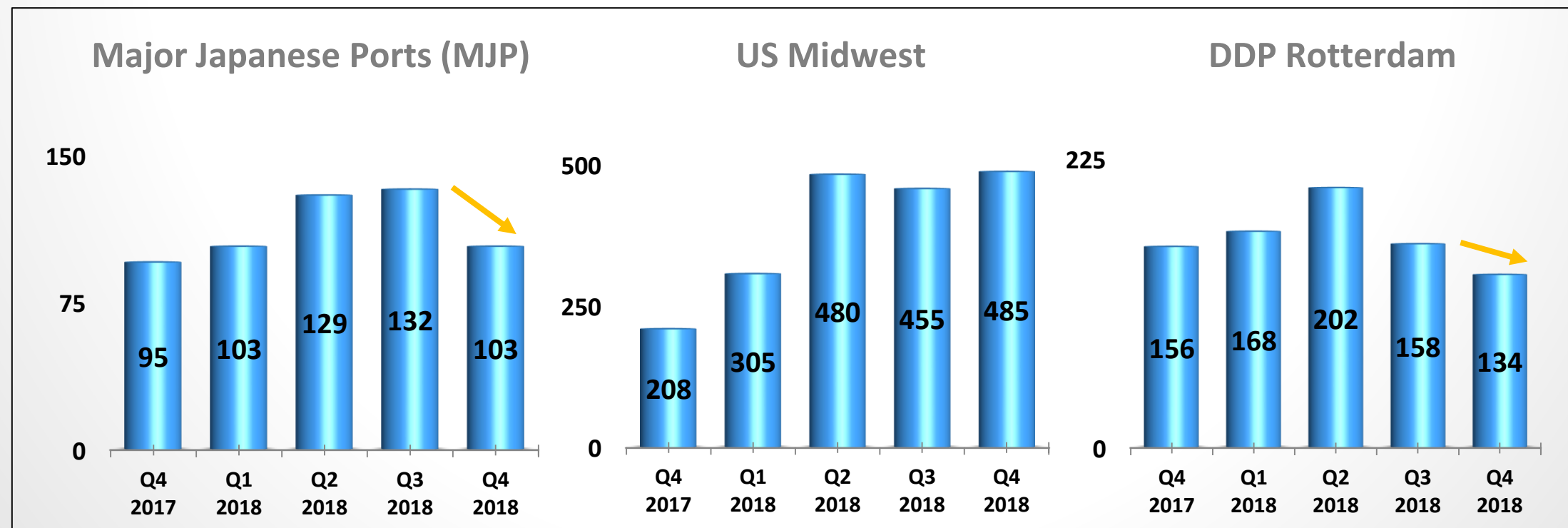
- 🪐 World production up by 1% YoY (~64 million MT) → World market in deficit with China (-1.8 million MT ) and in deficit w/o China (-2.2 million MT)
- 🪐 Higher alumina and power prices drove Chinese smelters' closure translating into flat production growth
- 🪐 Production in North America down by 4% YoY due to production cut in ABI smelter in Canada



## Industry Highlights – 2018

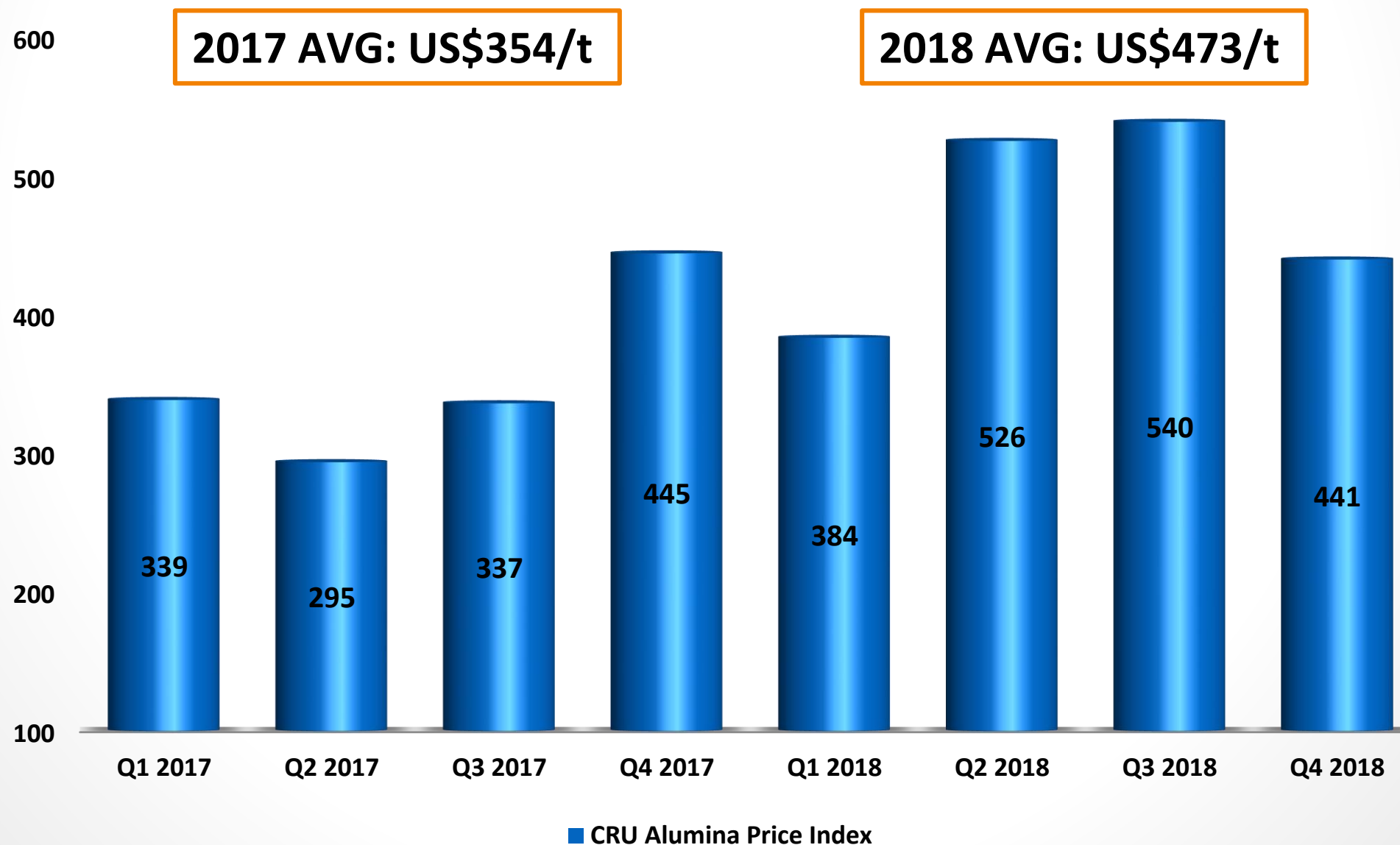
### LME & Premiums

- 🪐 LME inventories at ~1.3 million MT in December (+16% YoY)
- 🪐 Q4 2018 Cash-average was \$1,971/t with LME ranging between \$1,869/t on December 31 and \$2,243/t on October 4
- 🪐 Physical premiums prices continue to soften (\$/t) as USA lifted the previous imposed sanctions on UC Rusal



## Industry Highlights – 2018

Alumina Prices Closed Higher in 2018 Averaging at US\$473/t





02

## ALBA HIGHLIGHTS



## Alba Highlights – 2018

### Operational Highlights & Achievements

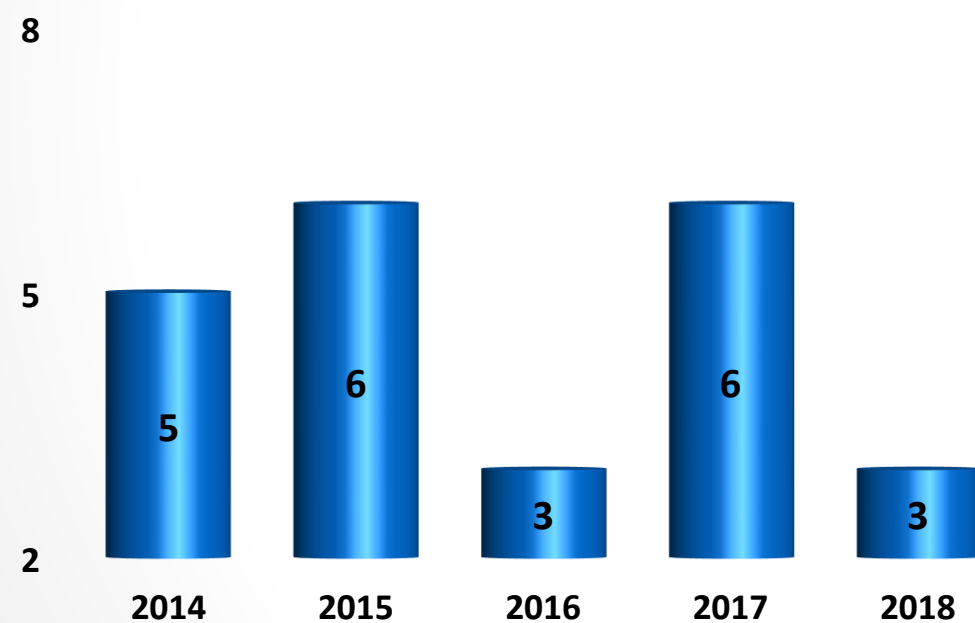
- 🪐 Alba improved its Safety performance by recording a 50% drop in Lost Time Injuries YoY. Alba launched 'Think Orange, Think Line 6 Safe Start-up' Campaign to coincide with the commissioning of Line 6
- 🪐 Amongst 1 Million-Club metric tonnes (MT) smelter, Alba's Production topped 1,011,101 MT (+3% YoY) while Sales volume reached 1,012,548 MT (+3.5% YoY)
- 🪐 Value-Added Sales at 60% in 2018 [up from 57% in 2017]
- 🪐 Line 6 Expansion Project milestones:
  - Alba Power Expansion Project achieves First Fire Milestone
  - Alba commissions Line 6 ahead of schedule
  - Alba starts Casthouse 4 - the biggest furnace in its history
  - Line 6 Smelter [overall progress > 80%]
  - Power Expansion Project [PS 5 & PDS overall progress: 83% & 96%]



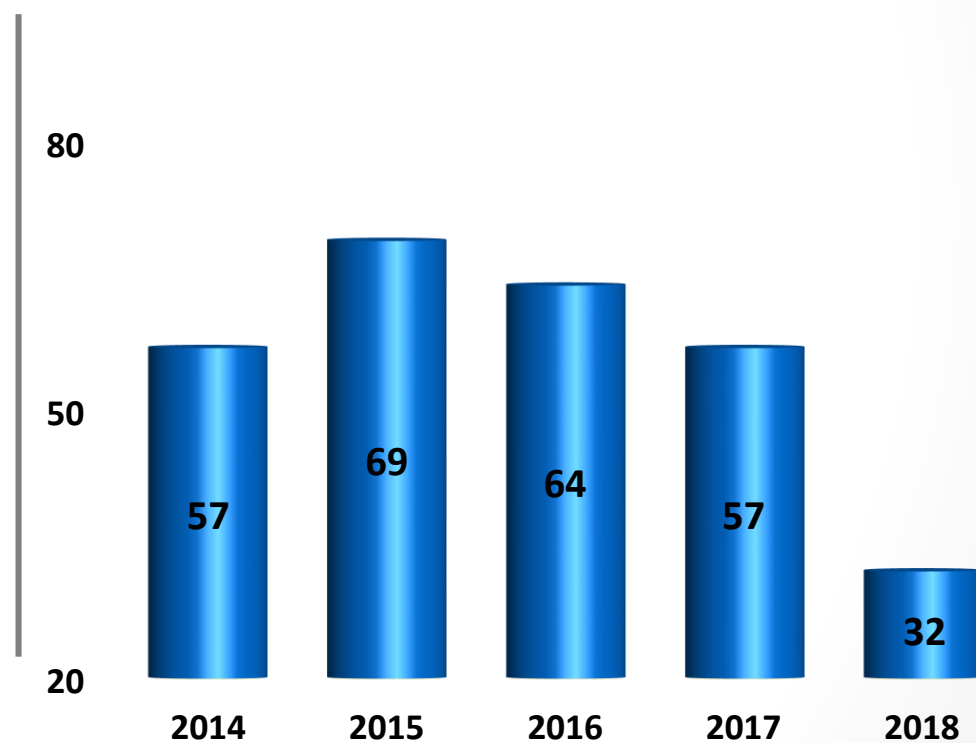
## Alba Major Highlights - 2018

Safety in Focus: 50% Reduction in LTIs and Focus towards Zero Injuries

Lost Time Injury (LTI) Trend



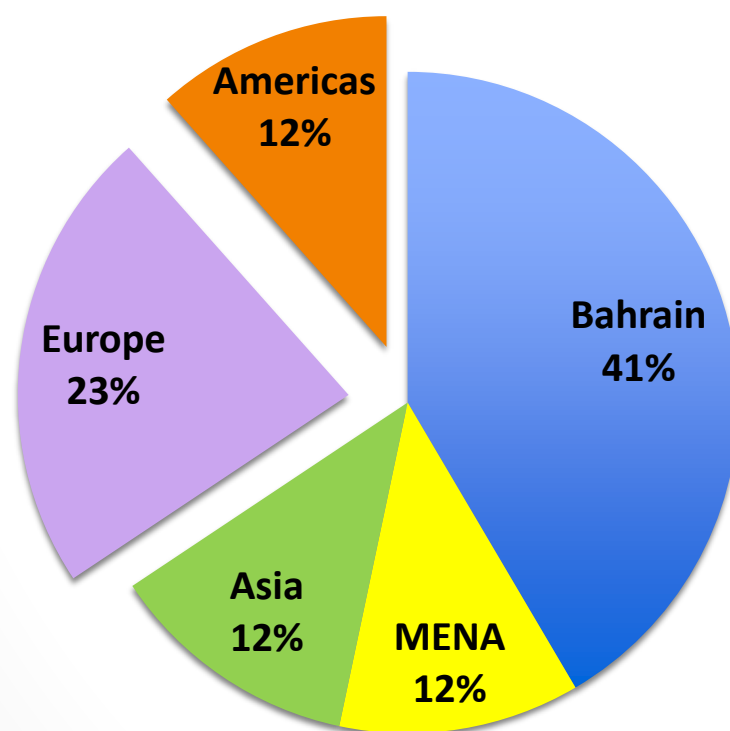
Total Recordable Injuries



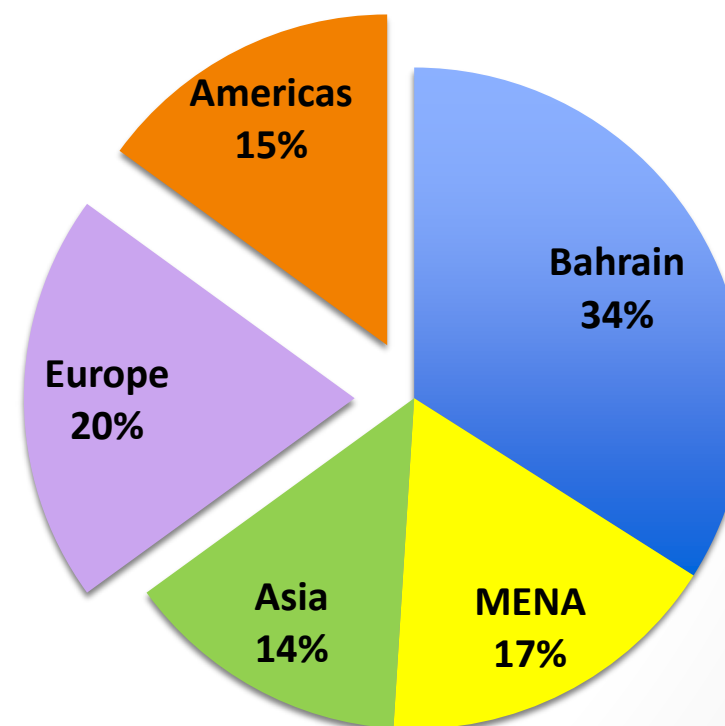
## Alba Highlights – 2018

Sales Breakdown by Geographic Footprint  
Diversified Customer-Base With Emphasis on US and MENA

2017



2018



## Alba Highlights – Q4 & FY 2018

### Financial Key Performance Indicators

- 🪐 **EBITDA impacted by higher Alumina prices**
  - 🪐 Q4: US\$ 7 million down by 94% YoY
  - 🪐 FY: US\$ 330 million down by 24% YoY
- 🪐 **Net Income (Loss) down due to higher Alumina prices**
  - 🪐 Q4: US\$ (47) million down by 176% YoY
  - 🪐 FY: US\$ 159 million down by 35% YoY
- 🪐 **Free-Cash Flow<sup>1</sup> unfavourable due to Line 6 inventory ramp-up in Q4 & favourable thanks to good Cash-Flow management**
  - 🪐 Q4: US\$ (70) million down by 489% YoY
  - 🪐 FY: US\$ 415 million up by 295% YoY

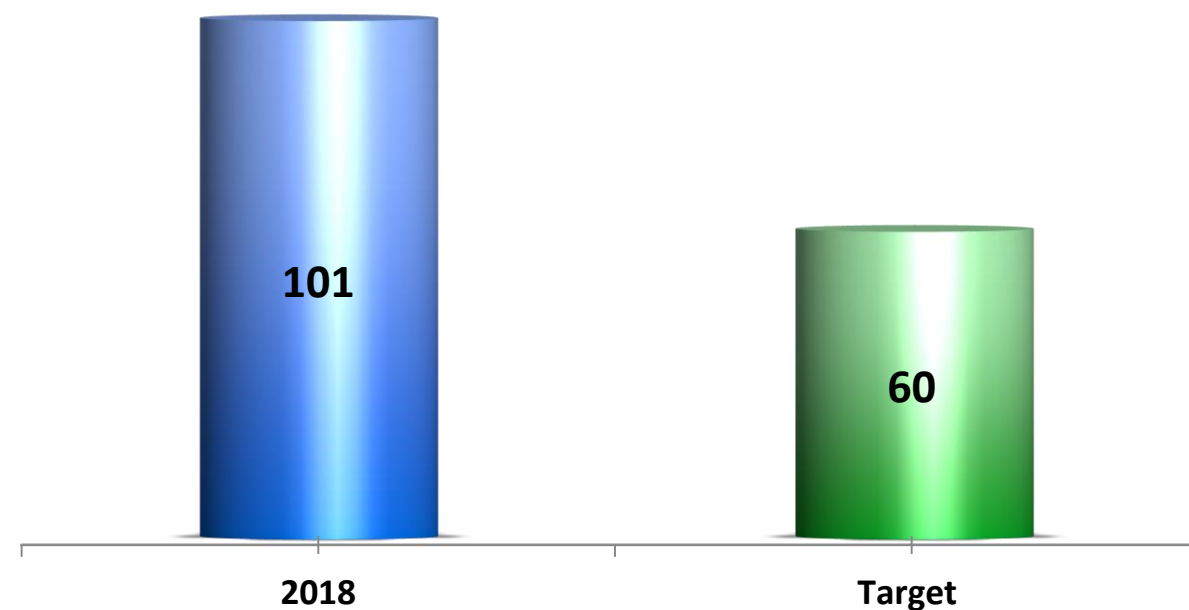
1 Free-Cash Flow excluding Line 6 CAPEX spending



## Alba Highlights – 2018

Project Titan - Phase III: Improve Cash-Cost Structure by US\$ 60/MT  
Full-Year 2018: Achieved Savings of US\$101/MT

Project Titan III - US\$ per MT



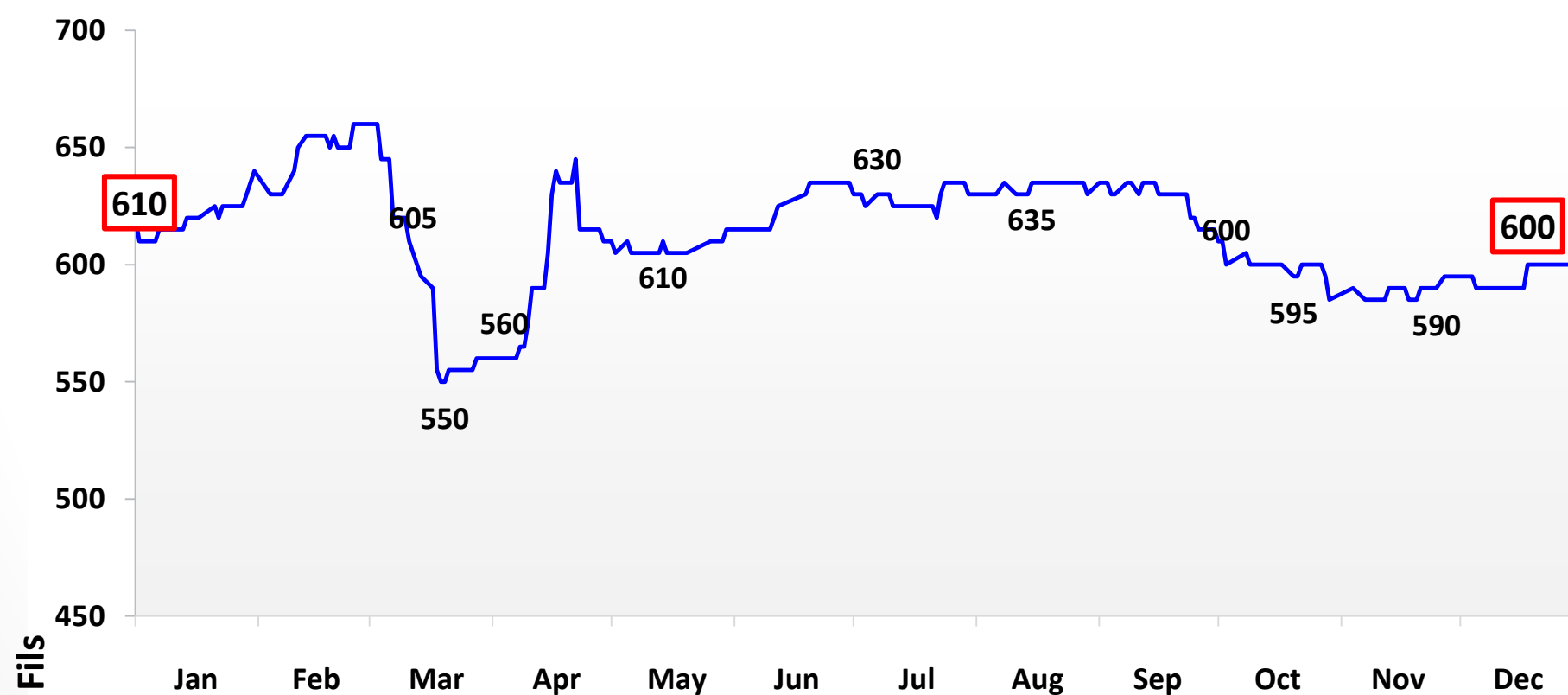
\*Savings from Project Titan represent the **annual US\$ cost per mt** improvement once all projects are fully implemented





## Alba Highlights – 2018

### Alba Share Price (ALBH) Trend

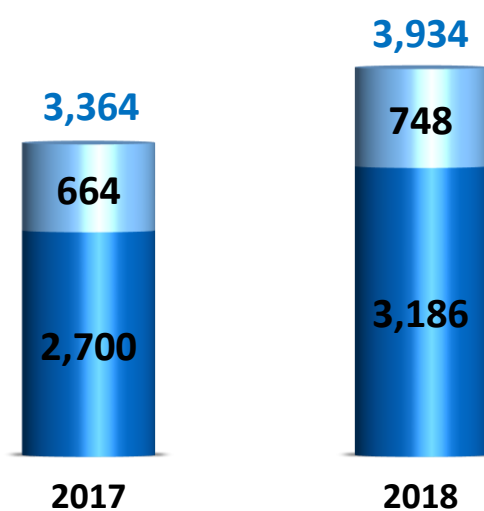




## Alba Highlights – 2018

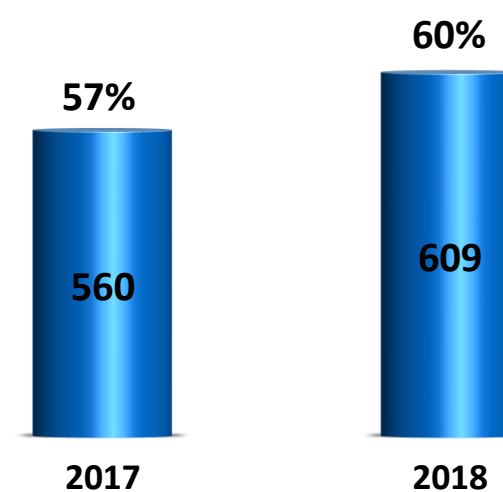
### Operational Excellence

Head Management Count

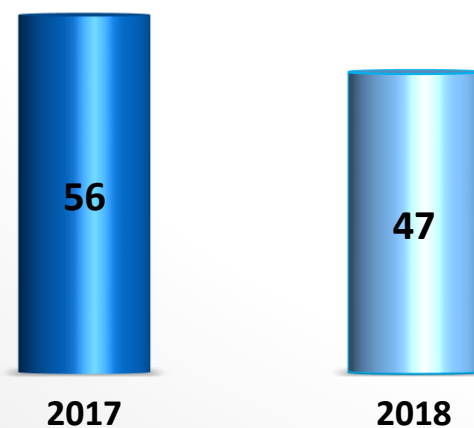


Total Head Count ■ External ■ Internal

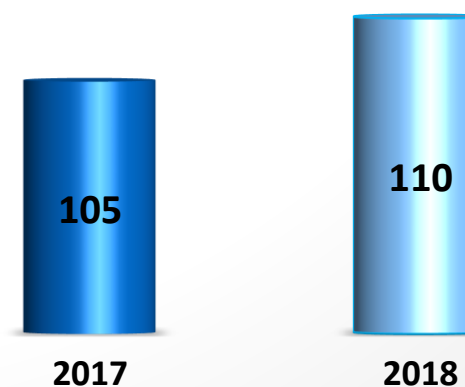
Value-Added Sales (MT'000) as a % of Total Sales



Account Receivable Days



Inventory Days Trend

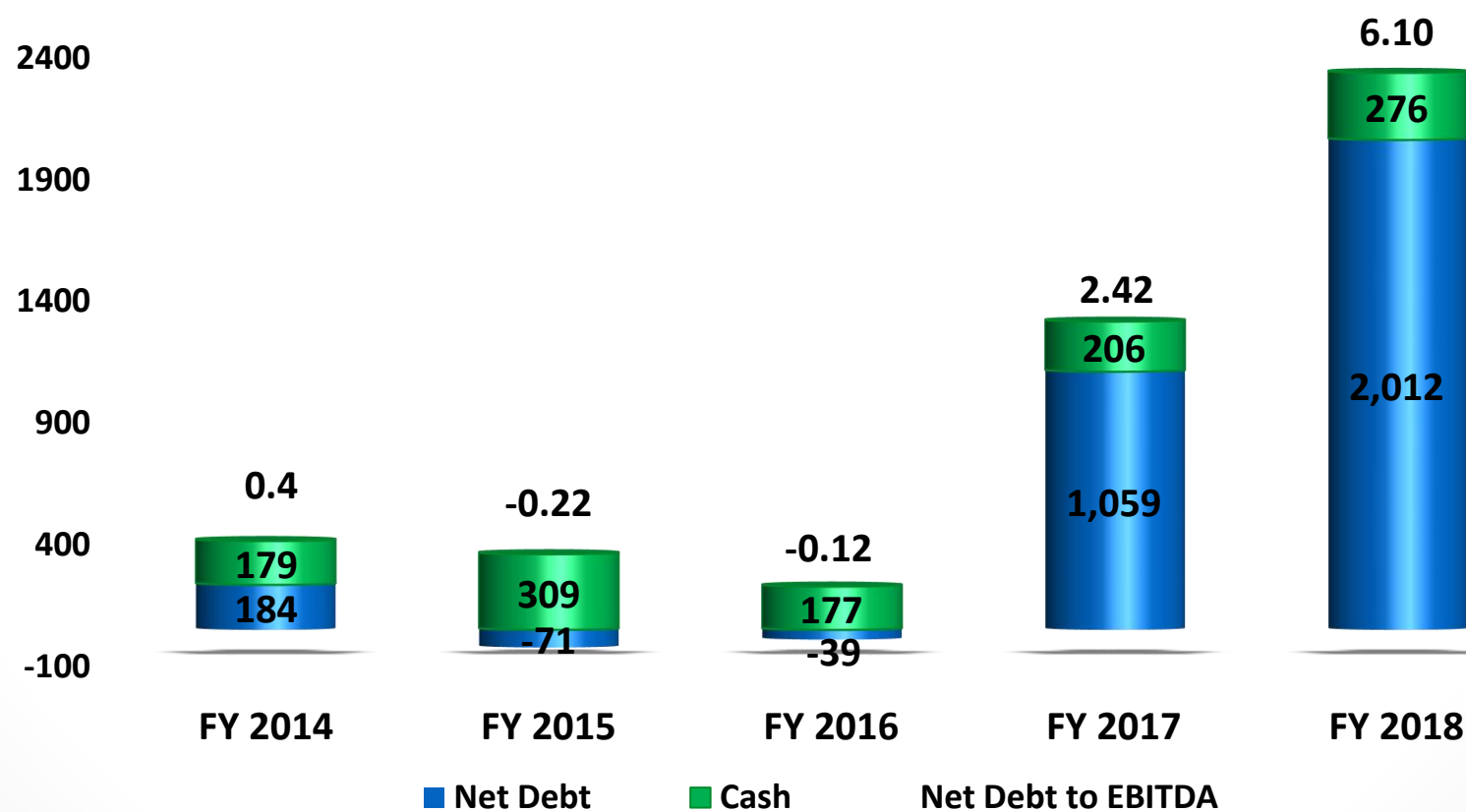




## Alba Highlights – 2018

### Net Debt to EBITDA Ratio

#### Cash, Net Debt & Net Debt to EBITDA



03

2018 RESULTS



## 2018 Full-Year Results

### UC Rusal Sanction & Trade-Tensions Behind Increased Volatility in LME Prices

Sales Bridge Analysis: 2018 vs. 2017  
Higher Metal Sales Thanks to Higher LME Prices and Premiums

2018 vs. 2017 - Metal Sales Bridge (US\$M)

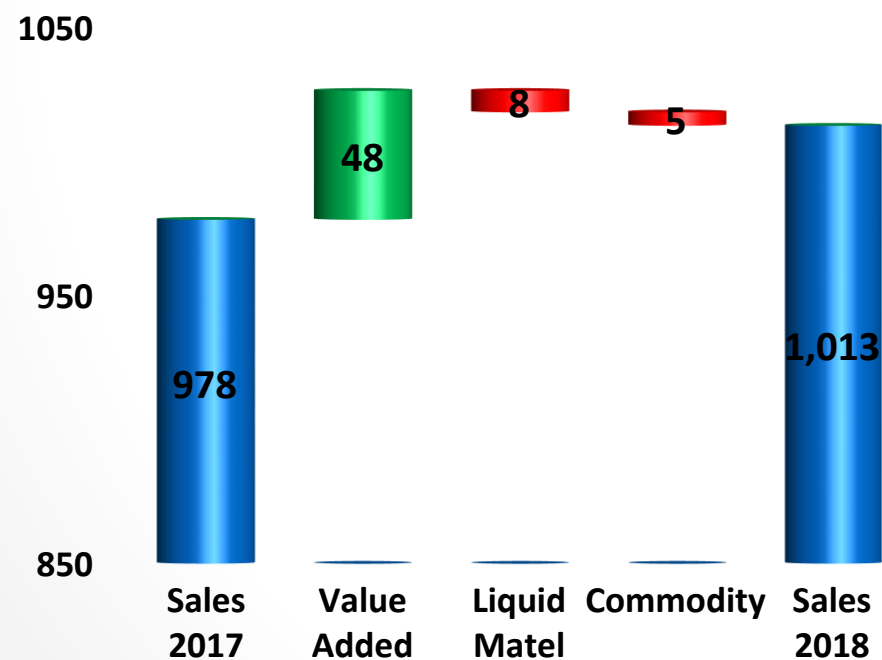


## 2018 Full-Year Results

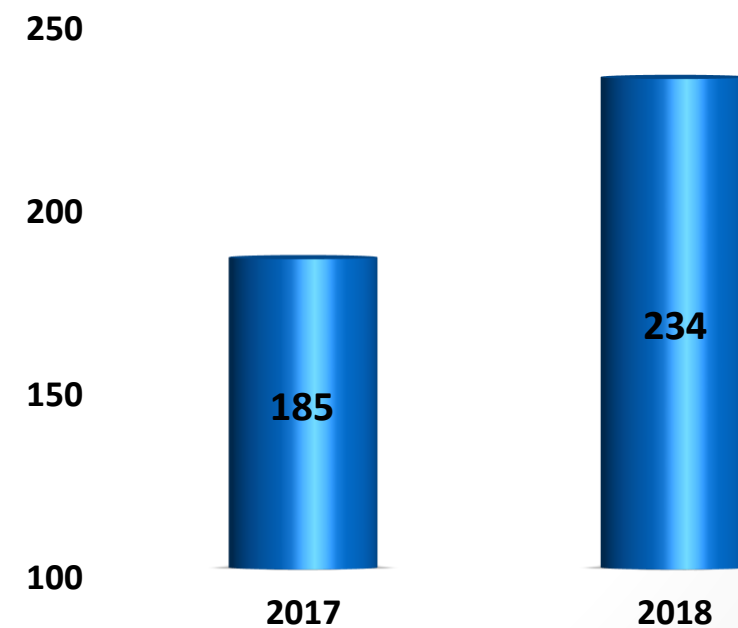
### UC Rusal Sanction & Trade-Tensions Behind Increased Volatility in LME Prices

Higher Sales Volume Denominated by Favourable Shift in Product Mix

2018 vs. 2017 - Sales by Product Line  
Bridge (MT'000)



Premium Above LME Trend US\$ Per MT

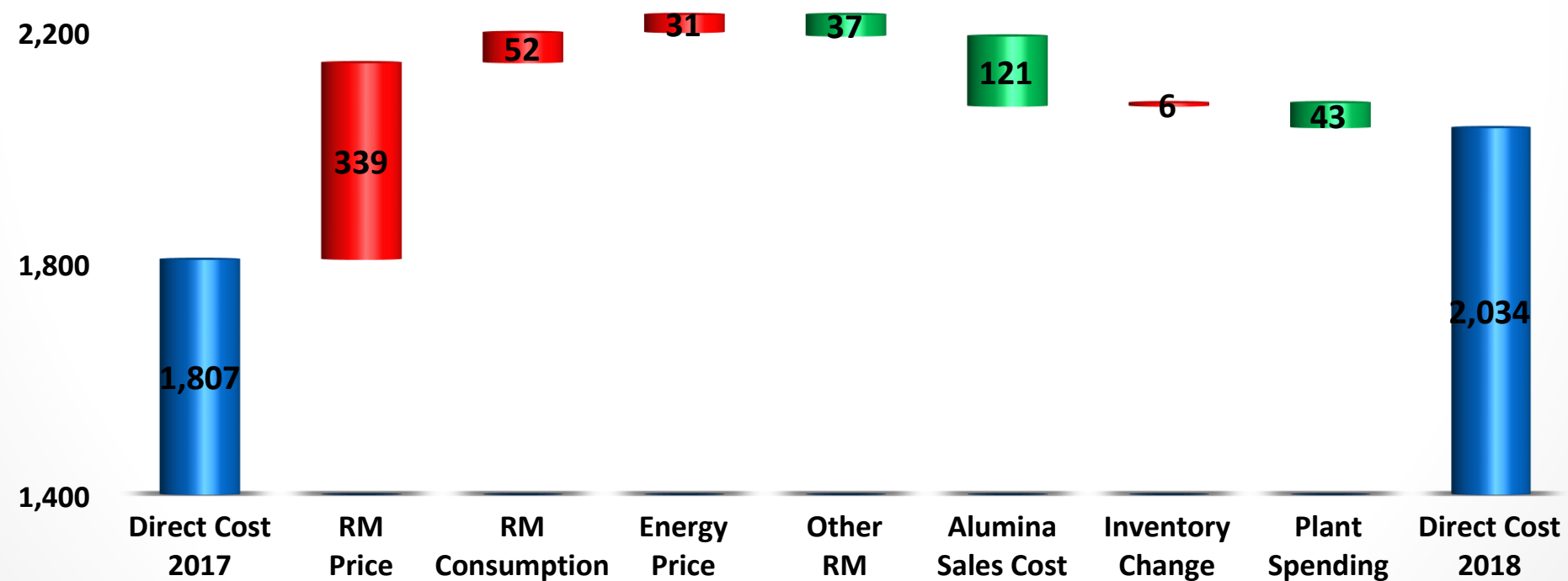


## 2018 Full-Year Results

### UC Rusal Sanction & Trade-Tensions Behind Increased Volatility in LME Prices

Cost Analysis 2018 vs. 2017: Higher Alumina Prices

2018 vs. 2017 - Direct Cost Bridge (US\$M)

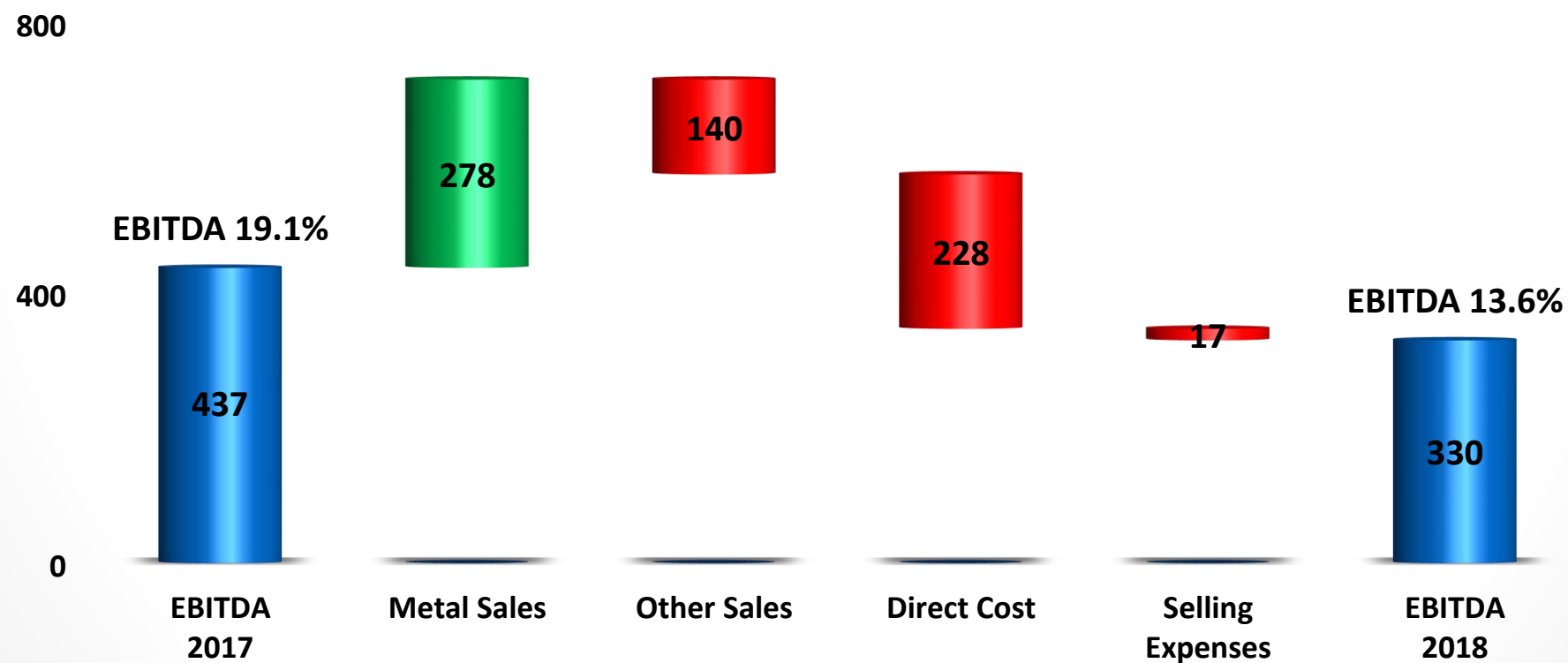


## 2018 Full-Year Results

### UC Rusal Sanction & Trade-Tensions Behind Increased Volatility in LME Prices

Favourable Management Performance Offset by Higher Alumina Prices

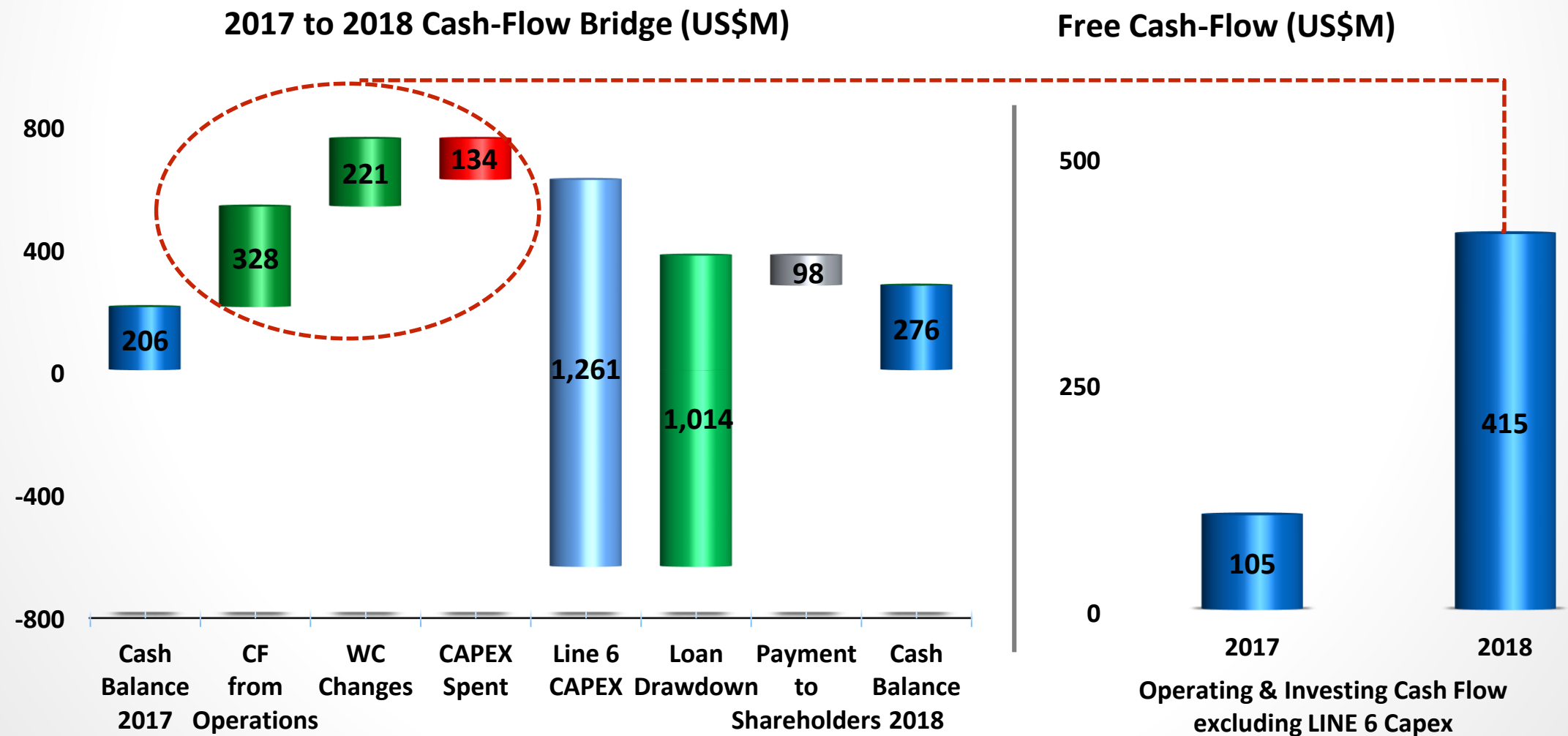
2018 vs. 2017 - EBITDA Bridge (US\$M)



## 2018 Full-Year Results

### UC Rusal Sanction & Trade-Tensions Behind Increased Volatility in LME Prices

Cash Flow Bridge: 2017 to 2018  
Maintain Cash-Flow Trend and Good Cash Position



## 2018 Full-Year Results

### UC Rusal Sanction & Trade-Tensions Behind Increased Volatility in LME Prices

2018 Highlight: Increased Volatility in LME Price & Higher Alumina Price

Financial Summary	Q4 2018	Q4 2017	FY 2018	FY 2017
Average Cash LME (US\$/MT)	1,971	2,101	2,111	1,968
Average Alumina Price (US\$/MT)	441	445	473	354
Total Sales (US\$M)	559	684	2,430	2,293
EBITDA (US\$M)	7	110	330	437
EBITDA%	1.3%	16.2%	13.6%	19.1%
Net Income/ (Loss) (US\$M)	(47)	62	159	246
Net Income%	(6.7)%	8.5%	6.2%	10.8%





# 04

## INDUSTRY PERSPECTIVES IN 2019





## Industry Perspectives in 2019

### Physical Demand to Remain Healthy

#### 🪐 Key factors to be observed:

- 🪐 LME price is set to fluctuate on the back of UC Rusal sanction's relief, stronger US\$ and shaky global economic outlook
- 🪐 Demand in North America on firm footing led by automotive and aerospace sectors
- 🪐 China unveils stimulus to boost aluminium demand
- 🪐 Physical premiums to soften with the lifting of imposed sanctions on UC Rusal
- 🪐 LME price to range between US\$ 1,900/t – US \$2,000/t





## Industry Perspectives in 2019

### Raw Materials Price Trends

- 🪐 Alumina prices expected to soften on the back of Alunorte refinery full restart in 2019 & EGA Al Taweelah ramp-up
- 🪐 Green Petroleum Coke prices to ease in 2019 due to balance in market fundamentals across the world
- 🪐 Liquid Pitch & Aluminium Fluoride prices to remain at the higher range on the back of limited supply



05

## 2019 ALBA PRIORITIES





## 2019 Alba Priorities

### Alba On Set To Be World's Largest Smelter With Line 6

- 🪐 Continuous focus on Safety with new 'Safety Gateway' initiative
- 🪐 Deliver on Project Titan - Phase IV: reduce cash-cost of US\$ 100 million by the end of 2020 [2019: US\$ 40 million & 2020: US\$ 60 million]
- 🪐 Leverage on Value-Added Sales
- 🪐 Focus on Future Upstream Opportunities
- 🪐 Ramp-up Line 6 safely and on time



06

APPENDIX

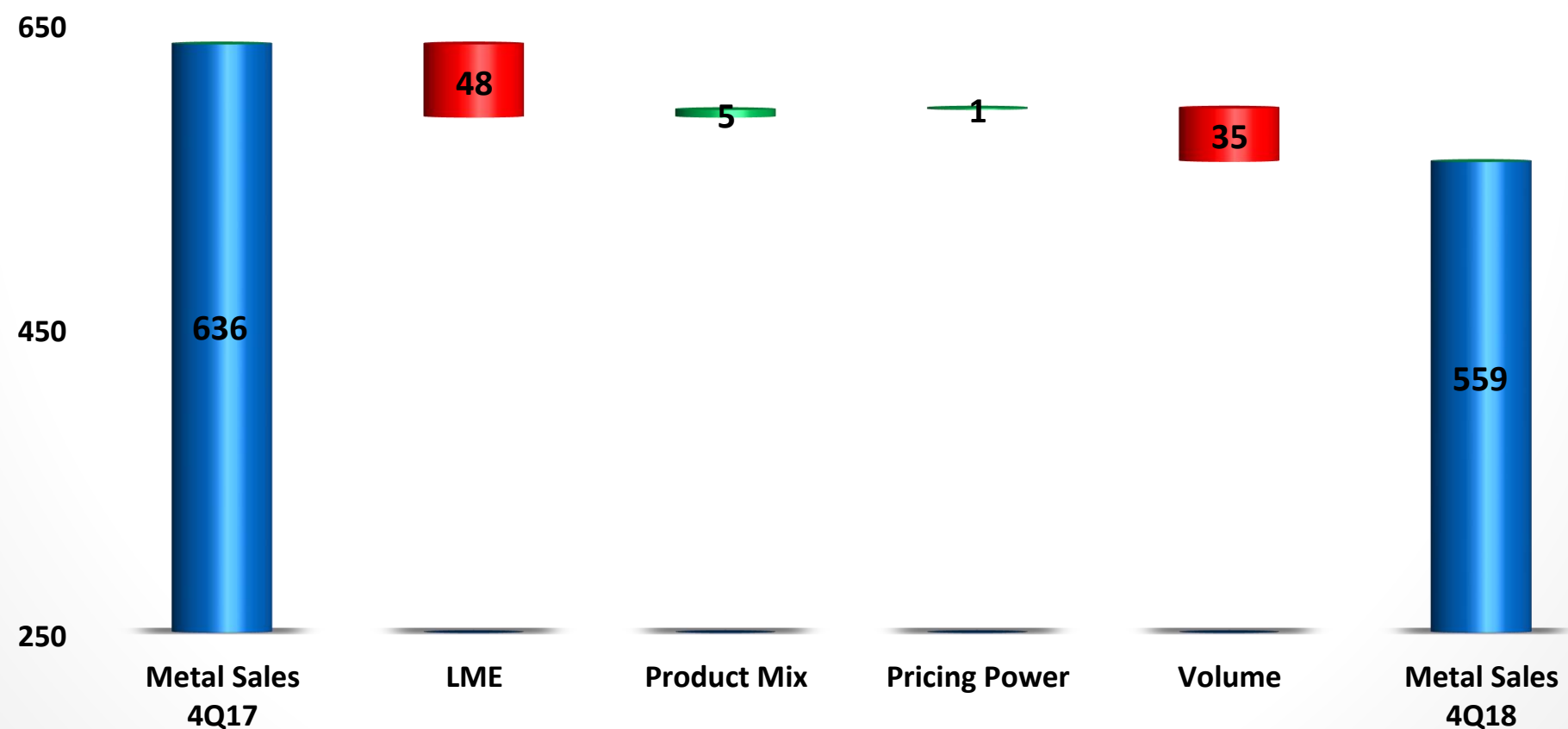


## Q4 2018 Results

### Aluminum Industry Impacted by Higher Alumina Prices and Lower LME Prices

Sales Bridge Analysis: Q4 2018 vs. Q4 2017  
Unfavourable LME Prices Coupled With Lower Sales Volume

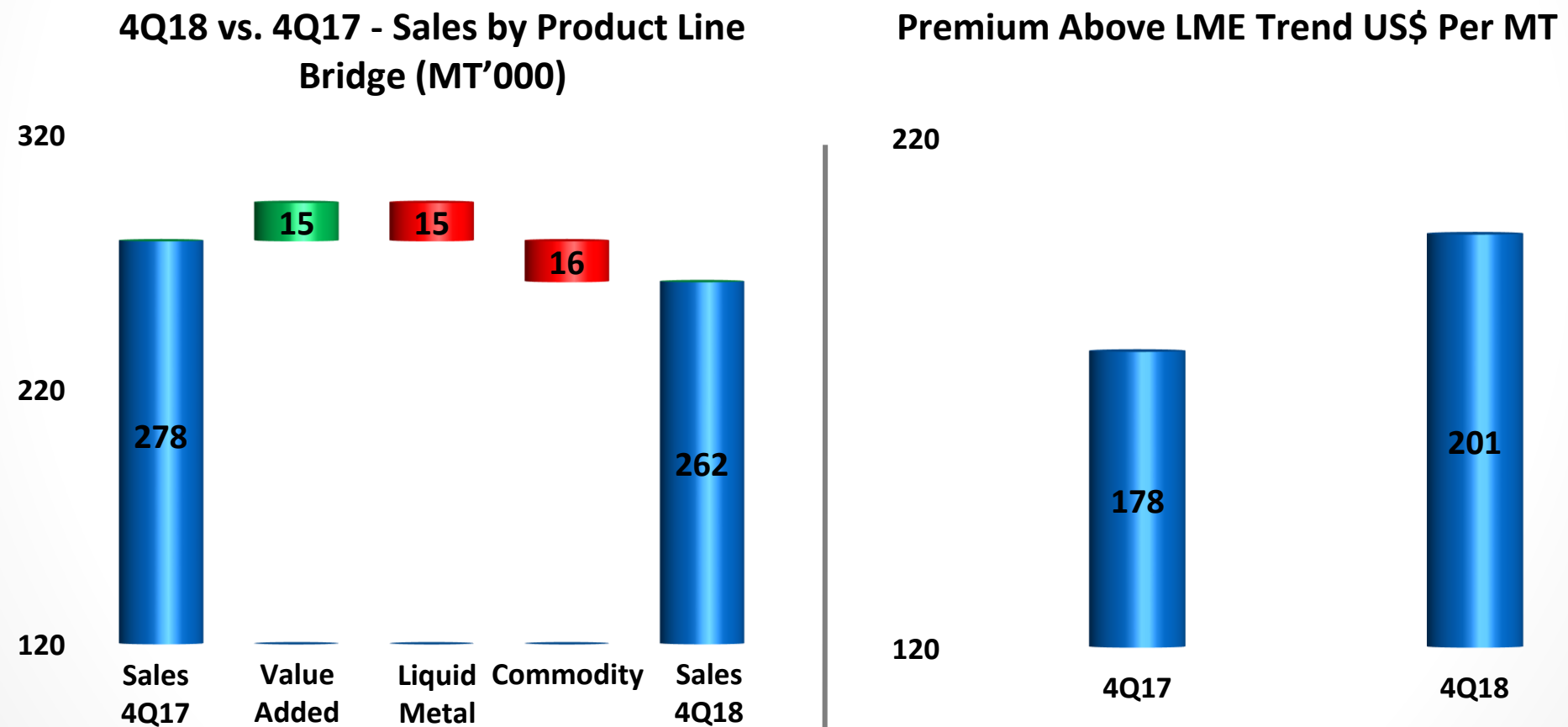
4Q18 vs. 4Q17 - Metal Sales Bridge (US\$M)



## Q4 2018 Results

### Aluminum Industry Impacted by Higher Alumina Prices and Lower LME Prices

Lower Sales Volume & Higher Premiums

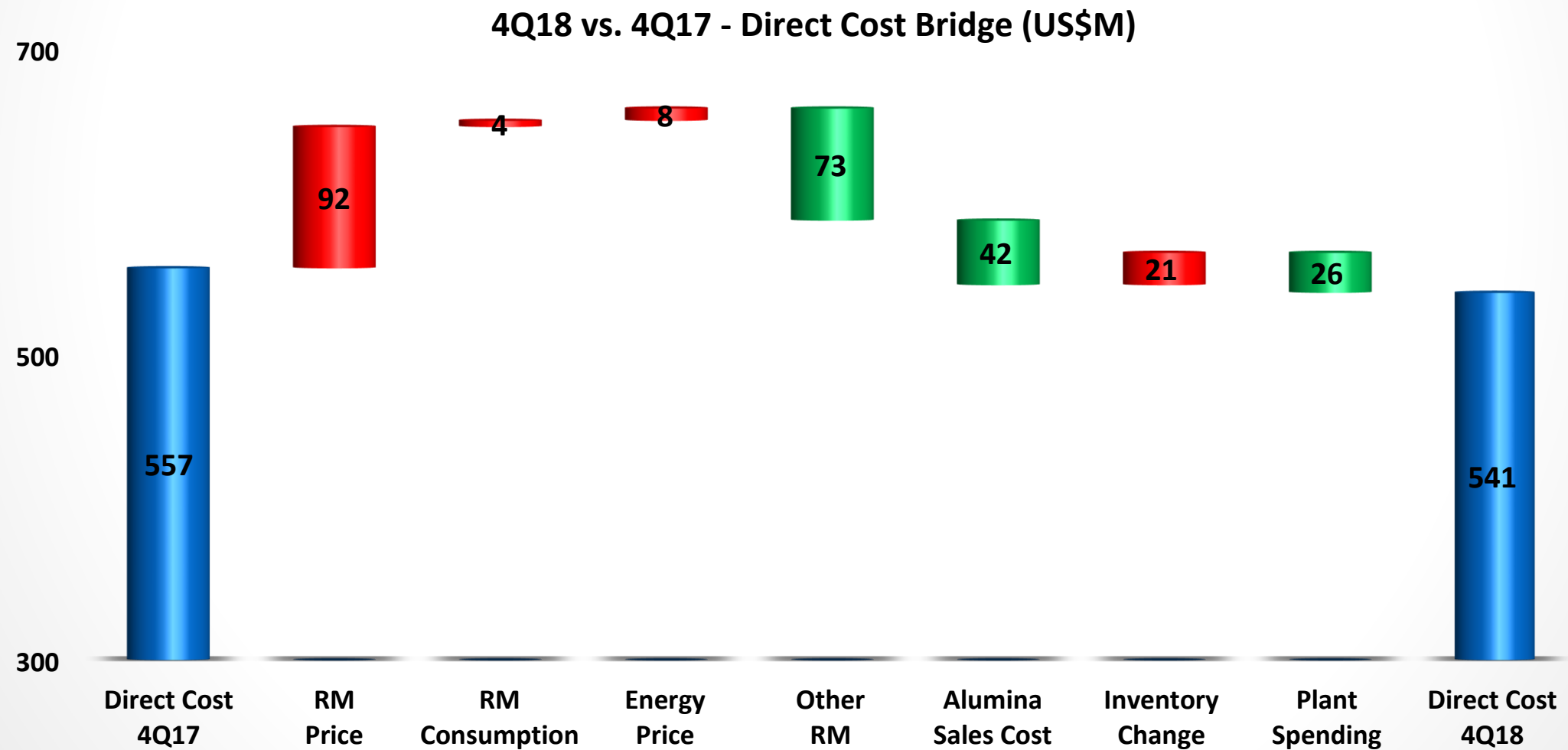




## Q4 2018 Results

### Aluminum Industry Impacted by Higher Alumina Prices and Lower LME Prices

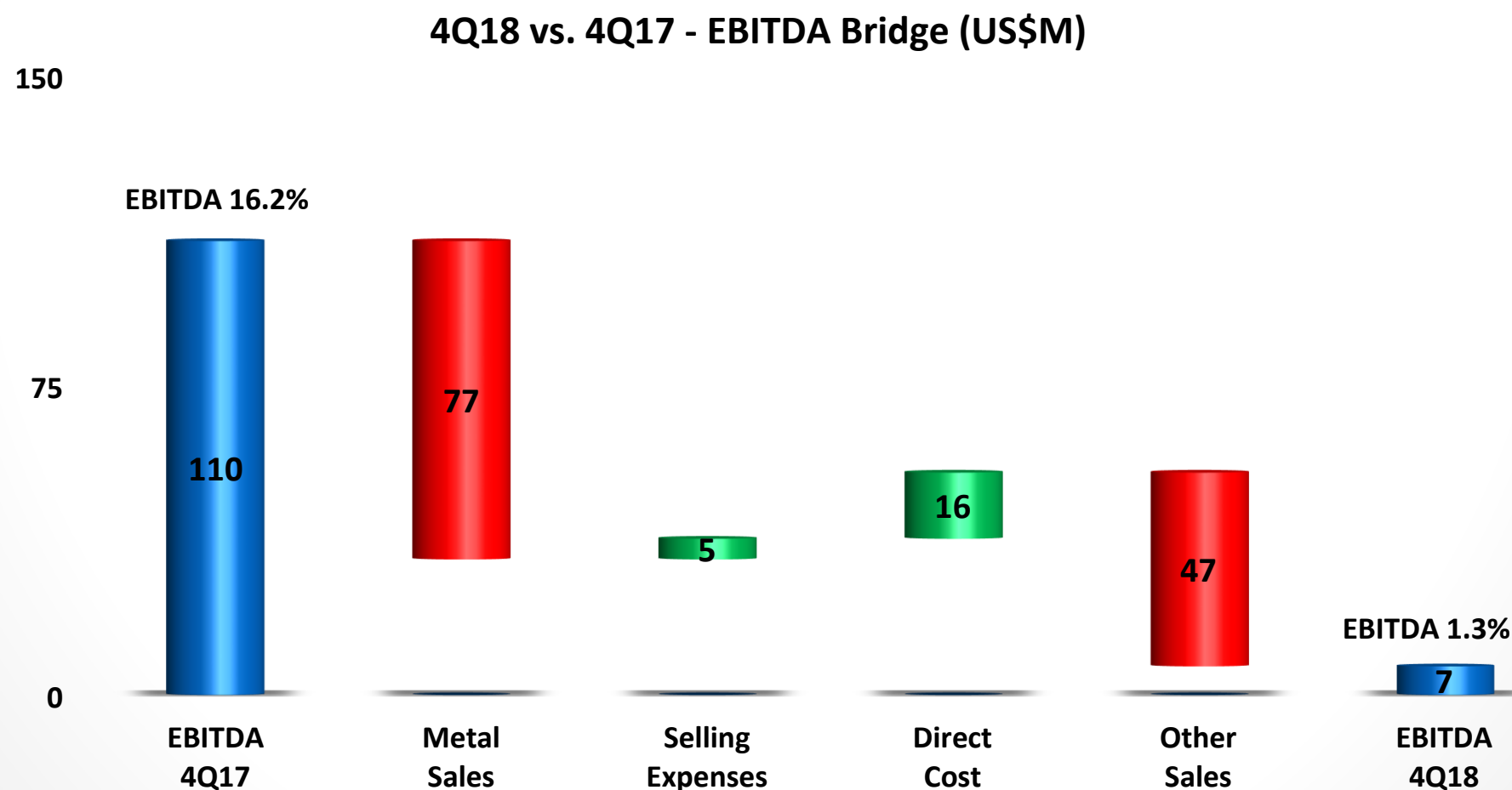
Cost Analysis Q4 2018 vs. Q4 2017: Higher Alumina Prices



## Q4 2018 Results

### Aluminum Industry Impacted by Higher Alumina Prices and Lower LME Prices

Management Performance Double-Hit With Higher Alumina Prices & Lower LME Prices

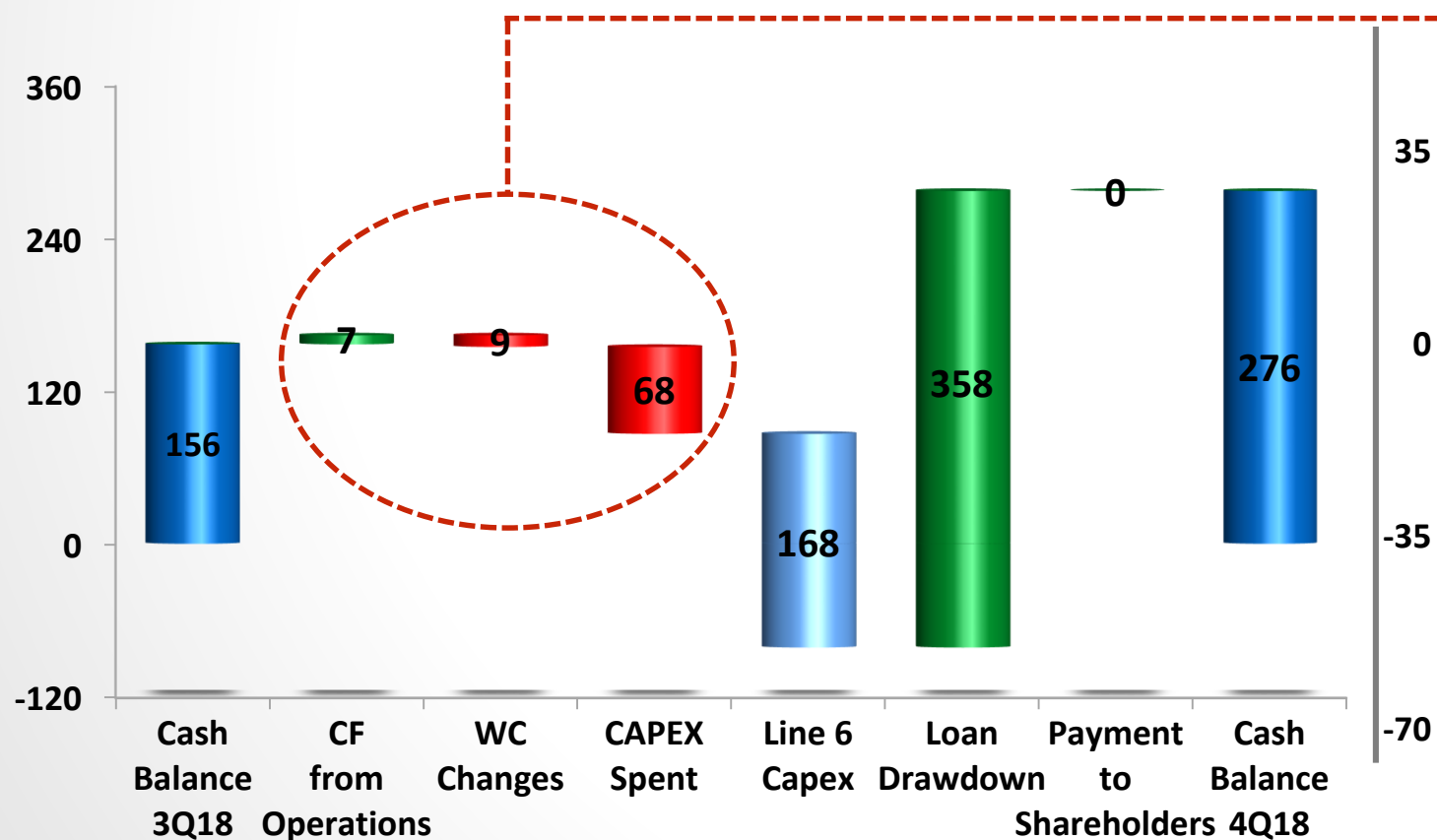


## Q4 2018 Results

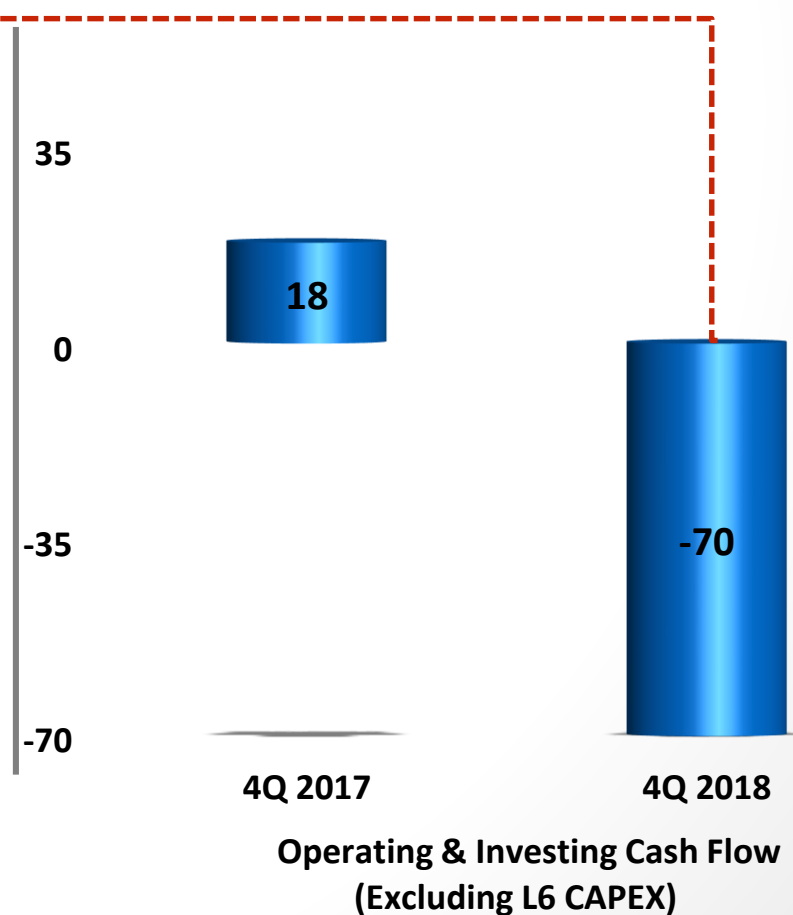
### Aluminum Industry Impacted by Higher Alumina Prices and Lower LME Prices

Cash Flow Bridge – Q3 2018 to Q4 2018  
Maintain Cash-Flow Trend and Good Cash Position

3Q18 to 4Q18 Cash-Flow Bridge (US\$M)



Free Cash-Flow (US\$M)





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