



Media Release – 08 February 2018

FOR IMMEDIATE RELEASE
MANAMA (ALBH)

Aluminium Bahrain B.S.C (Alba) presents its financial results as per the International Financial Reporting Standards (IFRS) accounting rules. All investors and reporters are asked to read Alba's Full-Year 2017 Audited Financial Statements posted at www.albasmelter.com.

Alba's Financial Results for Full-Year 2017 are summarised below:

Alba's 2017 Net Income Jumps by 91%YoY to reach US\$ 246 million

- ***2017: Achieved record production – 981,016 metric tonnes***
- ***Dividend of US\$ 97.9 million proposed by the Board***
- ***Transformation of Alba with Line 6 Expansion Project***

2017 Industry Highlights

- World consumption at **63.6 million metric tonnes (mt)** and up by **6% Year-over-Year (YoY)**. Asian demand rose by **7% YoY** led by consumption in China (**+8% YoY**). MENA demand remains strong (**+4% YoY**) driven by major infrastructure spending in Saudi Arabia (**+12% YoY**). Europe consumption up by **3% YoY** driven by strong growth in transport (auto body sheet), building and construction sectors while demand in North America continues with the same momentum (**+2% YoY**) denominated by the automobile production.
- World production up by **8% YoY (63.5 million mt)**. Asia Production up by **12% YoY** supported by Chinese output (**+13% YoY**) despite winter closures and partially offset by new smelters' restarts. North America & Europe production down by **2% YoY** and **1% YoY** respectively.
- World market in deficit with China (**-43 Kt**) and in deficit w/o China (**-1.9 million mt**).



- LME inventories at **1.1 million mt** in December (down by **50% YoY**).
- Physical premiums prices almost flat (\$/t).

2017 Alba Highlights

- Continuous improvement on Safety performance with the launch of 'Safety in All Seasons' Campaign.
- Sales volume up by **0.4% YoY** to reach **978,195 mt** while Production topped **981,016 mt (+1% YoY)**.
- 2017 Value-Added Sales averaged **57%** versus 56% in 2016.
- Project Titan - Phase II: normalised savings of US\$ 79/mt versus a target of US\$ 100/mt with taking into account the benefits of insurance claim.
- Line 6 Expansion Project milestones:
 - Line 6 Smelter [5 million-hours w/o LTIs; overall progress: **40%**]
 - Power Expansion [3 million-hours w/o LTIs; overall progress of Power Station 5 (PS 5) at **47%** & PDS at **65%**]
- Alba signs MoU with GE for 4th GT block in PS 5.
- Alba and Bechtel sign MoU to explore further opportunities.

Full-Year & Q4 2017 Results

Alba closed 2017 strong - the sound financial performance reflected the Company's resilience in setting the benchmark on Line 5 recovery and was driven by favourable management performance.

The Company reported Total Sales of **BD 857.8 million (US\$ 2.3 billion)** in 2017, up by **28%** versus BD 669.8 million (US\$ 1.8 billion) in 2016 while Q4 2017 Total Sales stood at **BD 252.7 million (US\$ 672.2 million)**, up by **39%** versus BD 181.6 million (US\$ 483.0 million) for the same period in 2016 – both driven by higher LME prices.

The Company generated a Net Income of **BD 92.5 million (US\$ 245.9 million)** in 2017, up by **91%** compared to BD 48.4 million (US\$ 128.7 million). As for the fourth quarter of 2017, Alba posted a Net Income of **BD 23.5 million (US\$ 62.4 million)**, up by **72%** versus BD 13.7 million (US\$ 36.5 million) for the same period in 2016.



Alba's Board of directors recommended a dividend distribution of **BD 36.8 million (US\$ 97.9 million)** for the fiscal year 2017 which will be paid from March 21, 2018.

2018 Alba Priorities

- Continued focus on Safety with new "Safety Selfie" initiative
- Deliver on Project Titan - Phase III (2018: 1,000,000 mt & US\$ 60/t)
- Leverage strong physical demand on Value-Added Sales
- Line 6 Expansion Project on schedule:
 - Finalize ECA Financing - second tranche by Q1 2018
 - Award the remaining packages

Aluminium Bahrain B.S.C. (Alba) released its Full-Year and Fourth Quarter of 2017 Results during a meeting of the Company's Board of Directors on Thursday February 08, 2018. The Board, also, approved the appointment of Dr. Abdulla Habib as the acting Chief Operations Officer (COO) with immediate effect.

Alba Management will be holding a conference call on Monday February 12, 2018 to discuss Alba's performance for the 2017 Full-Year Results as well as outline the Company's priorities for 2018.

ENDS

Photo Caption

Alba Aerial View



About Alba

Aluminium Bahrain B.S.C. (Alba) - one of the largest and modern aluminium smelters in the world - is renowned for its premium grade aluminium products, technological strength and innovative policies, strict environmental guidelines and high track record for safety. Established in 1971 as a 120,000 tonnes per annum smelter, Alba today produces more than 981,000 metric tonnes per annum of the highest grade aluminium, with products including standard and T-ingots, extrusion billets, rolling slab, properzi ingots, and molten aluminium.

Alba is listed on both the Bahrain Bourse and London Stock Exchange, and the Company's shareholders are Bahrain Mumtalakat Holding Company (69.38%), SABIC Industrial Investment Company (20.62%) and the General Public (10%).

About Line 6 Expansion Project

Alba's Line 6 Expansion Project is one of the largest brownfield developments in the region. Expected to begin production by January 1st 2019, this Project will boost the smelter's per-annum production by 540,000 metric tonnes, bringing its total production capacity to 1.5 million metric tonnes per year.

With a CAPEX of approximately US\$ 3 billion, the Line 6 Expansion Project involves the construction of a sixth pot line utilising EGA's proprietary DX+ Ultra Technology, a 1,792 MW Power Station (Power Station 5) and other industrial services.

Bechtel is the EPCM contractor for the Line 6 Expansion Project smelter. For Power Station 5 (PS 5), GE and GAMA Consortium was awarded the EPC contract, while Siemens is the Power Distribution System contractor. J.P. Morgan, Gulf International Bank (GIB) and National Bank of Bahrain (NBB) are the Financial Advisors for this Project.

In June 2015, Alba Board approved the Line 6 Expansion Project and in November 2015, Alba secured the natural gas supply for this Project.

Alba successfully closed a US\$ 1.5 Billion syndicated term-loan facility comprising two tranches: Conventional Facility & and Islamic Facility in October 2016 as well as the first tranche of the Export Credit Financing of c. US\$ 700 million for Euler Hermes and SERV-covered facilities in July 2017. The Company is looking to secure the second tranche of the Export Credit Agency (ECAs) within the first quarter of 2018.

The Front End Engineering Design (FEED) study for the Project was completed in the first quarter of 2017. The construction site-works have started in the second quarter of 2017 while the mass earthworks was completed by the end of the third quarter of 2017 as per schedule. Alba has also laid the First Concrete in Potline 6 Foundation in May 2017 wherein the concrete foundations will reach 85,000 m3 upon completion by December 2018. The overall project progress to-date exceeded 36% (wherein engineering progressed more than 70% while contracts and procurement advanced by more than 80%).

The Line 6 Expansion Project will make Alba the world's largest single-site aluminium smelter and be a significant economic boost for the Kingdom of Bahrain due to the many co-investment opportunities through local and foreign aluminium investments.



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