



Aluminium  
for the world

Aluminium Bahrain B.S.C.  
C.R. No.999



المنيووم  
للعالوم

المنيووم الببحرين ش.م.ب  
سجل تجاري رقم: ٩٩٩

## Supplementary Disclosure – Reporting on Financial Impact of COVID-19

In response to the Central Bank of Bahrain (CBB) letter on 14 July 2020 (reference OG/259/2020), Aluminium Bahrain B.S.C. (Alba) provides the following information:

### A. Overall Impact on the Financial Statements

COVID-19 pandemic is a global issue and its impacts vary from one industry to another. The Aluminium industry has experienced weaker Aluminium demand and LME prices through much of 2020. The COVID-19 outbreak has evolved in 2020 into a global crisis and has taken its toll on the world economies and companies. Aluminium Bahrain BSC (Alba) was not an exception

The overall impact on the financial statements as at 31 December 2020 has been thoroughly assessed by the Management and it was concluded that there was no material or adverse impact on the Financial Statements, other than the reduction in Sales prices/LME prices as explained below.

### B. Impact on Income Statements

Revenues	<p>With the lockdowns in major markets, the Aluminium supply-chain witnessed shockwaves and disruptions of automotive, engineering and construction sectors owing to the low demand by end-users which dampened the market sentiment.</p> <p>Alba's top-line and bottom-line, as with other Aluminium producers, are directly correlated to LME price and metal sales' volume. In 2020, the Company's financial performance was underpinned by higher sales' volume partially offset by a drop of 5% YoY in LME Price.</p> <p>Although prices strengthened towards the end of 2020, with the ongoing concern surrounding the success of COVID-19 vaccine programs, and amidst market volatility, we anticipate that the global aluminium market will continue with operational surplus – which will put pressure on the LME Price in the short-run.</p>
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Expenses	<p>Amidst COVID-19 pandemic, our Cost of Sales has dropped relative to the prior year thanks to lower Raw Materials prices and the Company-wide cost reduction initiatives.</p> <p>In terms of other expenses, we were impacted positively by the Government support provided over 3 months on the local Salaries, Utilities and Lease on Government-owned land (Salaries BD12.4 million, Utility BD300 Thousand and Lease BD28 Thousand). These expenses were partially offset by the Company's donation in aid to the Government's effort to combat COVID-19 (Donation of BD3.5 million).</p>
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### C. Impact on Balance Sheet

#### Assets

(specify sub-categories, ex. Cash and balances with banks)	<p>The impact of Aluminium price reductions on Alba revenues has put pressure on the Company's liquidity position and has seen our cash position shrink to BD44.4 million by 31 December 2020 while our short-term debt increased.</p> <p>The Company has also secured further unused short-term facilities from Banks which can be used anytime if needed.</p> <p>We have assessed the impact of COVID-19 on our receivables after incorporating the necessary changes in the ECL model which has resulted in no material change in ECL provision.</p> <p>There is no material impact on any other assets of the Company as at 31 December 2020.</p>
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<b>Liabilities</b>	
(specify sub-categories, ex. Loans)	Alba carries on its Balance Sheet several loans both as in short and long-term. There were no breach or defaults on the loan agreements, and we expect to continue to meet the payment obligations as and when they become due.
<b>Equity</b>	
<b>Net Equity Attributable to Shareholders</b>	No material change
<b>Other Material Impact on the Balance Sheet</b>	None other attributable to COVID-19

#### **D. Impact on the Company's Ability to Continue as Going Concern**

The management and the Board of Directors (BoD) have been closely monitoring (and continue to monitor) the potential impacts of the COVID-19 developments on the Company's operations and its financial position including possible loss of revenues, impact on asset valuations, impairment, review of onerous contracts and debt covenants, outsourcing arrangements etc.

The Company has also put in place contingency measures which include but are not limited to enhancing and testing the Business Continuity Plans including its liquidity requirements in the short run.

Based on this assessment, Alba's Board of Directors is of the view that the Company will continue as a going concern entity for the next 12 months from the date of the audited consolidated Financial Statements 31 December 2020.

This view was informed in part by the detailed impairment testing conducted by Management, as part of standard disclosure requirements, which assessed the recoverable amount of the Property, Plant and Equipment considering the Company as a single-cash generating unit (CGU). The recoverable amount of the CGU was determined to be higher than its carrying amount and no impairment loss was therefore required or recognised as on 31 December 2020. The recoverable amount of the CGU was based on its value-in-use by using a discounted cash flow method that considers 5-year Cash-Flow projections.

  
Ali Al Baqali

Chief Executive Officer

10 February 2021