



Aluminium  
for the world



# INVESTOR RELATIONS PRESENTATION

Q1 2016



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01

## INDUSTRY HIGHLIGHTS



## Industry Highlights – Q1 2016

### Aluminium Industry: Collapse of All-In-Prices

#### Global Physical Demand Remains Healthy

- 🪐 World consumption up by 5% YoY
- 🪐 Asian demand up by 7% YoY driven by solid consumption in residential buildings in China (+8% YoY)
- 🪐 MENA consumption up by 5% YoY driven by major infrastructure spending in Saudi Arabia (+12% YoY)
- 🪐 Demand in North America up by +2% YoY driven by automotive production
- 🪐 Europe consumption up by 1%YoY



## Industry Highlights – Q1 2016

### Aluminium Industry: Collapse of All-In-Prices

#### Production Growth Almost flat

- 🪐 World production up by 1% YoY
- 🪐 Chinese production flat at 7.5 million metric tonnes (mt) as curtailments were implemented by February 2016
- 🪐 North America supply dropped by 4%YoY due to recent smelters' closure while Europe production up by 4%YoY
- 🪐 World Market in surplus with China (+656Kt) and in deficit w/o China (-135Kt)

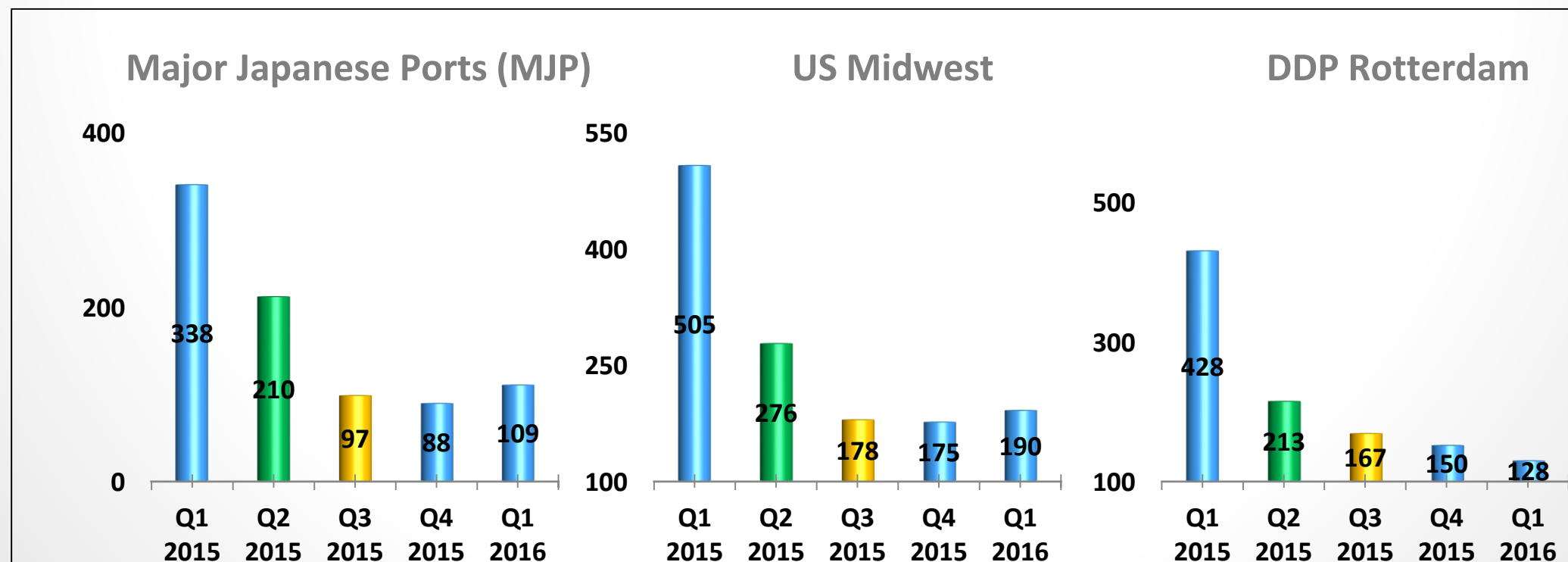


## Industry Highlights – Q1 2016

### Aluminium Industry: Collapse of All-In-Prices

#### LME & Premiums

- 🪐 LME inventories at 2.8 million metric tonnes in March
- 🪐 Q1 2016 cash-average was \$1,515/t with LME ranging between \$1,453/t on January 13 and \$1,622/t on February 29
- 🪐 Global physical premiums collapse YoY (\$/T):



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## ALBA HIGHLIGHTS





## Alba Highlights – Q1 2016

### Aluminium Industry: Collapse of All-In-Prices

#### Operational Highlights & Achievements

- 🪐 Continuous improvement in Safety performance
- 🪐 Sales figures up by 1.4% YoY (231,538 mt)
- 🪐 Alba Value-Added Sales averaged 52% of total shipments in Q1
- 🪐 Project Titan – Phase I with actual saving of US\$148 per metric tonne
- 🪐 Launch of Project Titan – Phase II



## Alba Highlights – Q1 2016

### Aluminium Industry: Collapse of All-In-Prices

#### Launch of Project Titan - Phase II

- 🪐 Streamline cash-cost by US\$ 100 per metric tonne
- 🪐 Boost production capacity to 1 Million per annum by end of 2017



## Alba Highlights – Q1 2016

### Aluminium Industry: Collapse of All-In-Prices

#### Financial Key Performance Indicators

- 🪐 **Adjusted EBITDA down due to lower LME prices**
  - 🪐 Q1: US\$61 million down by 58% YoY
- 🪐 **Adjusted Net Income down driven by lower EBITDA levels**
  - 🪐 Q1: US\$ 11 million down by 88% YoY
- 🪐 **Q1 2016 Free-Cash Flow unfavourable due to lower EBITDA levels and higher working capital**
  - 🪐 Q1: US\$7 million down by 88% YoY
- 🪐 **Alba approved a final dividend of US\$20.66 million in March 2016 bringing 2015 total dividend to US\$41.32 million**



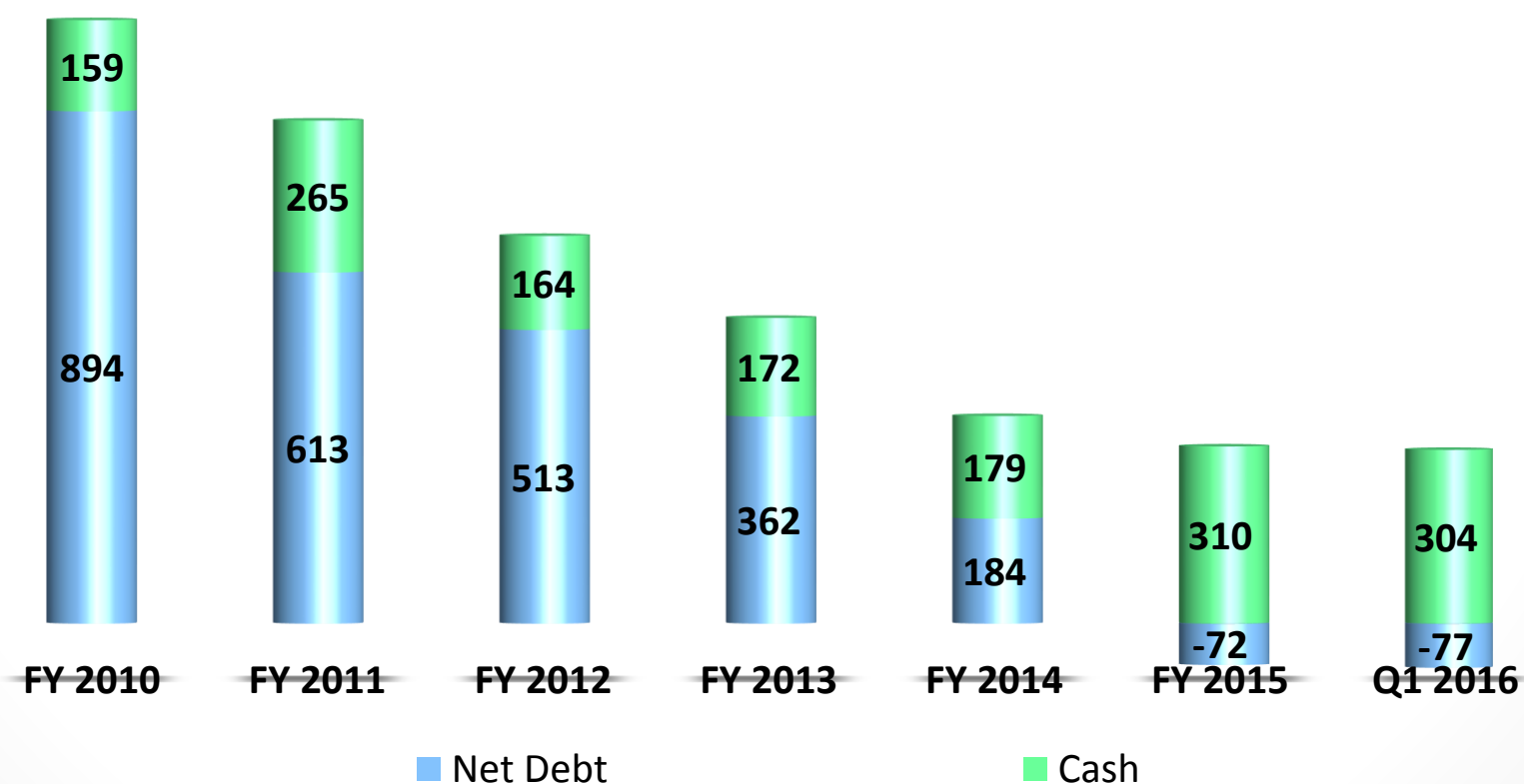


## Alba Highlights – Q1 2016

### Aluminium Industry: Collapse of All-In-Prices

Maintain Sound Balance Sheet & Readiness for Line 6 Financing

Cash & Net Debt



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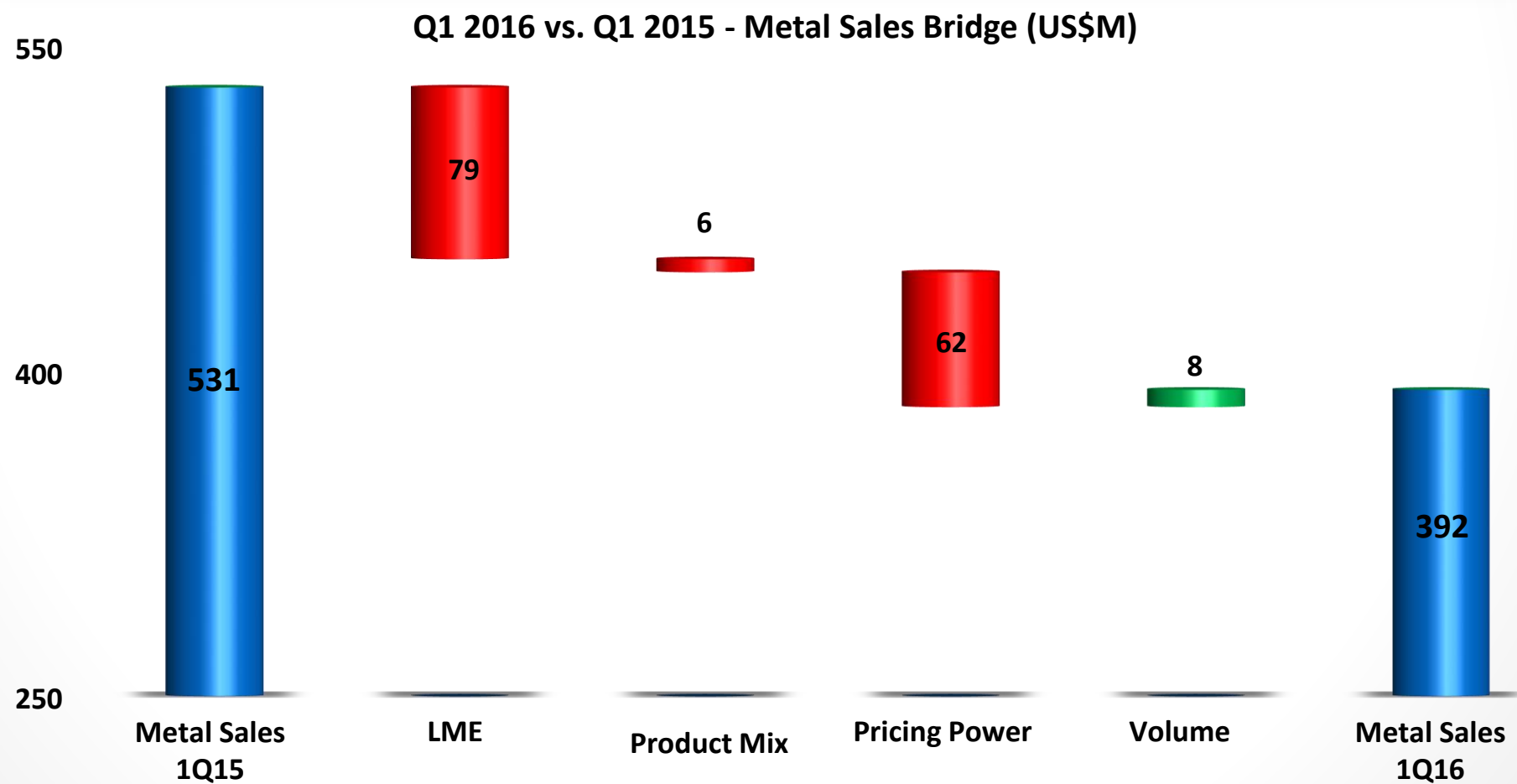
## 2016 RESULTS



## Q1 2016 Results

### Aluminium Industry: Collapse of All-In-Prices

Sales Analysis Q1 2016 vs. Q1 2015  
Favourable Management Performance Offset Primarily by the collapse of all-in-prices

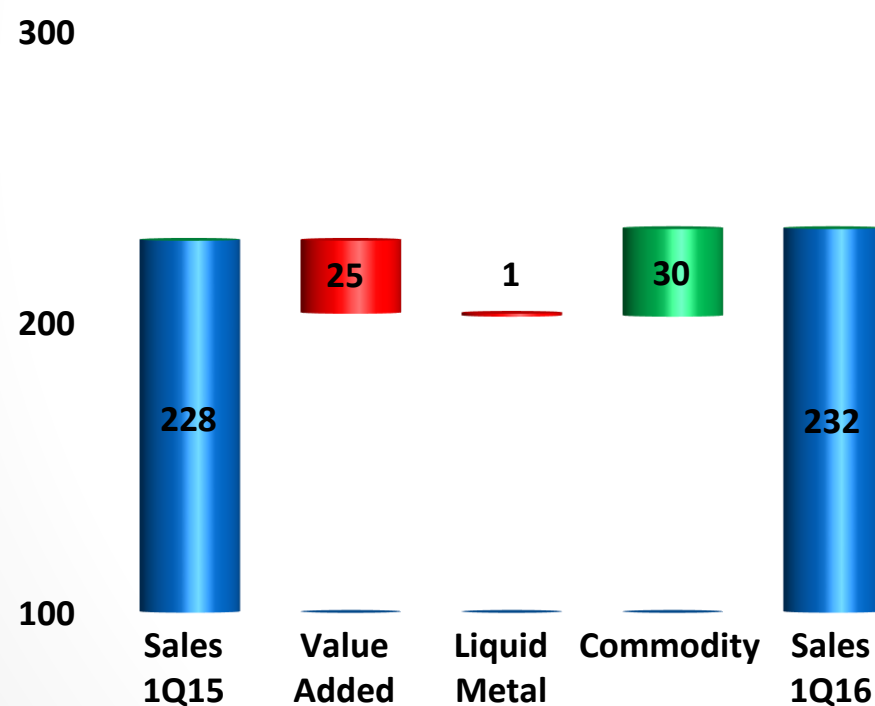


## Q1 2016 Results

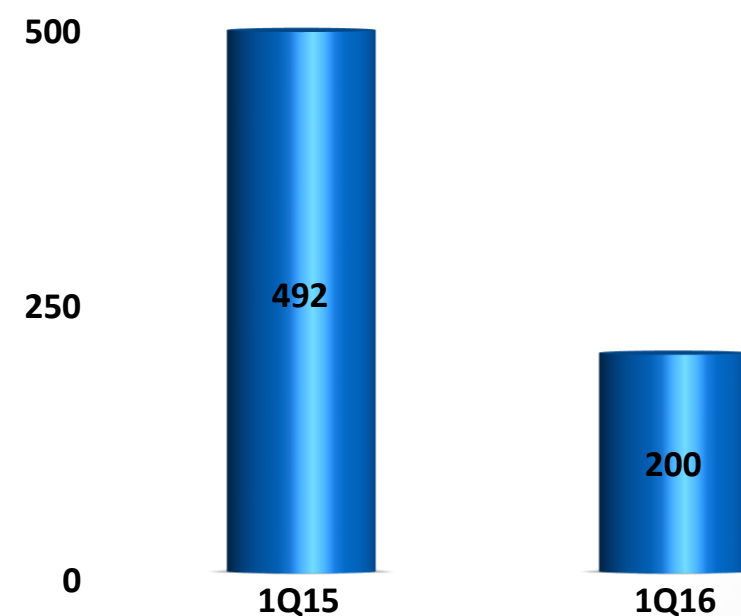
### Aluminium Industry: Collapse of All-In-Prices

Higher Sales Volume Partially Offset by Unfavourable Shift in Product Mix

1Q16 vs. 1Q15 - Sales by Product Line  
Bridge (MT'000)



Premium Above LME Trend US\$ Per MT

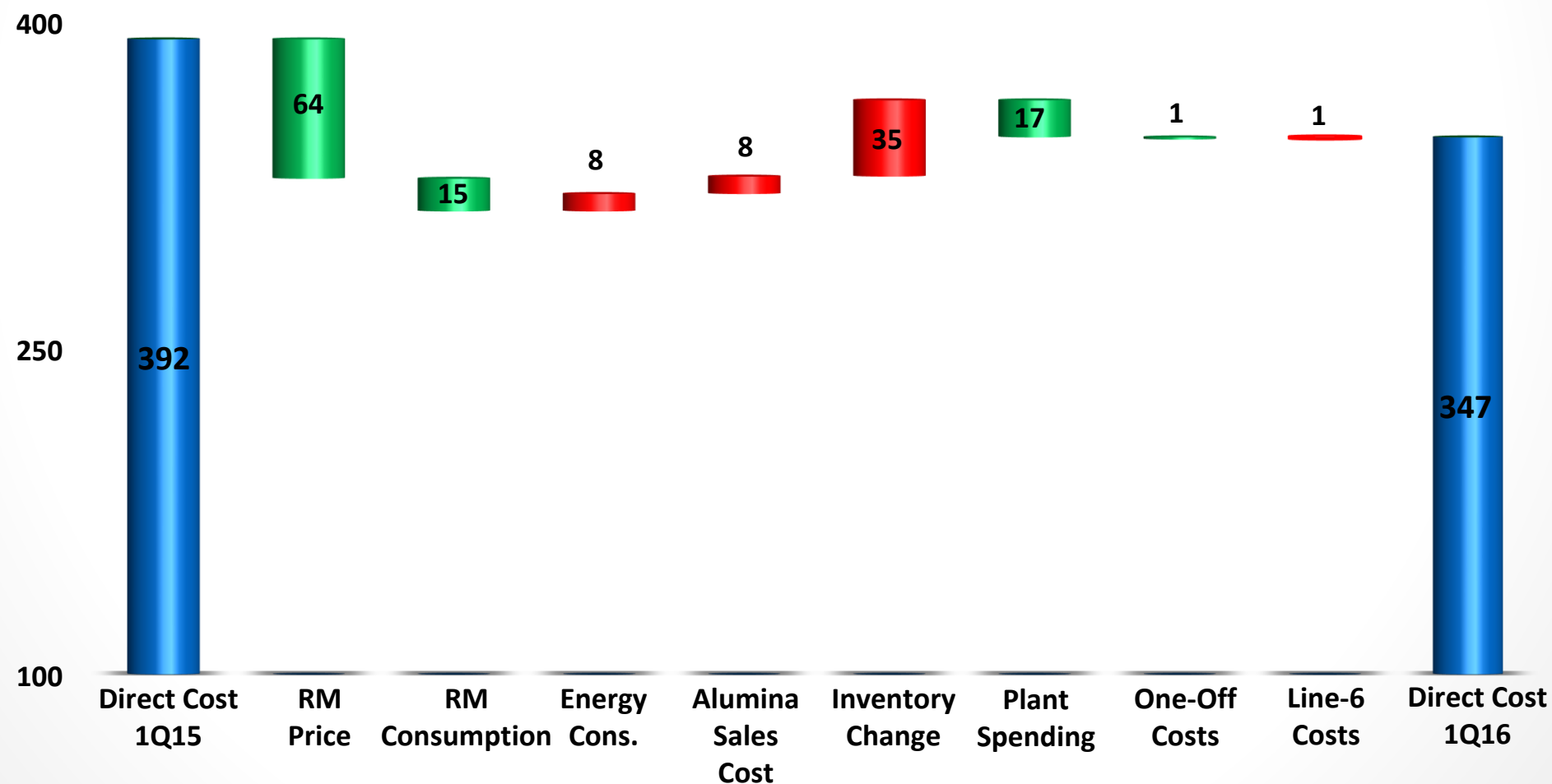


## Q1 2016 Results

### Aluminium Industry: Collapse of All-In-Prices

Cost Analysis: Q1 2016 vs. Q1 2015

Q1 2016 vs. Q1 2015 - Direct Cost Bridge (US\$M)



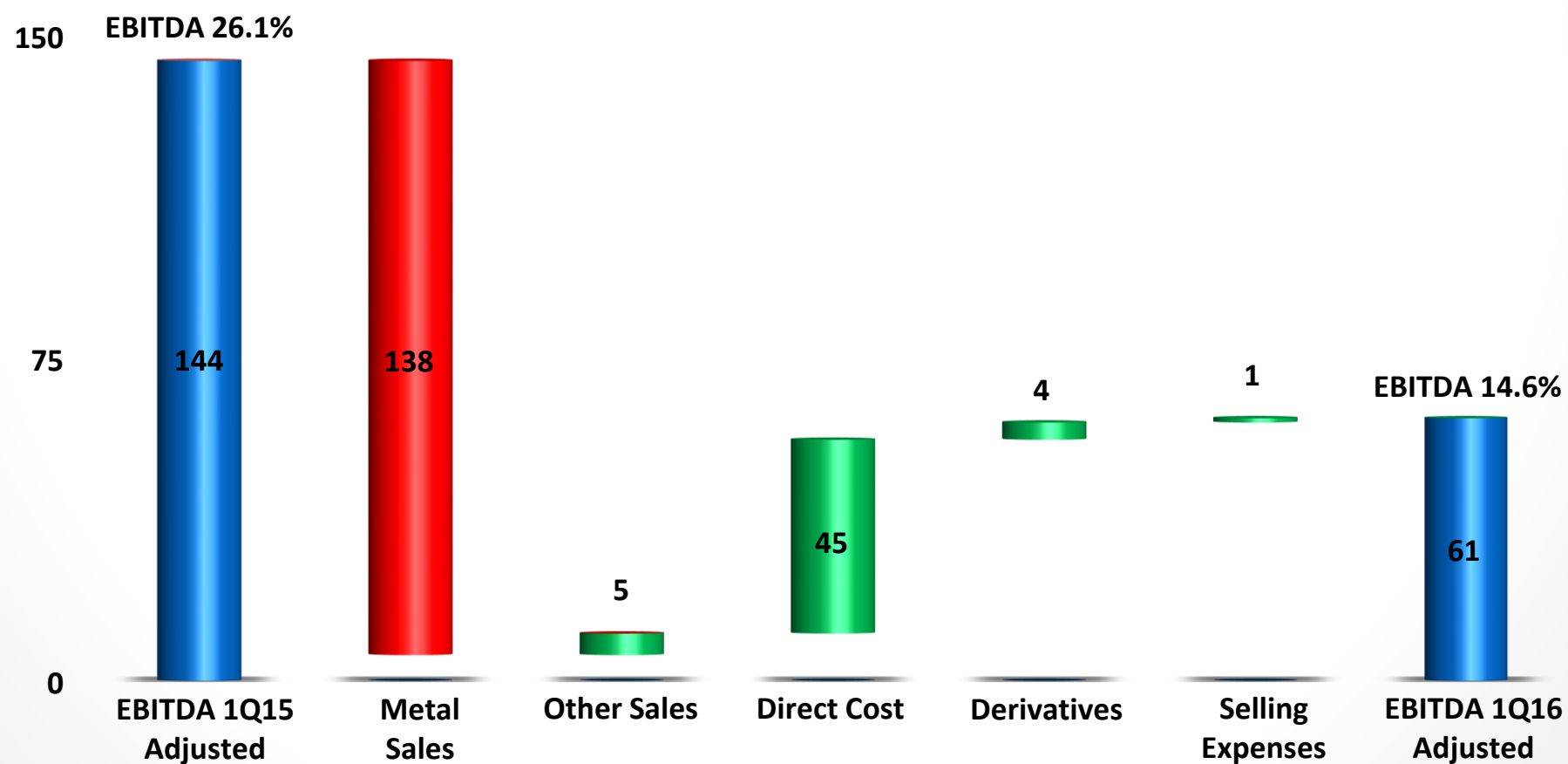


## Q1 2016 Results

### Aluminium Industry: Collapse of All-In-Prices

Adjusted EBITDA Bridge Gap Analysis – Q1 2016 vs. Q1 2015  
Adjusted EBITDA Margin at 14.6%

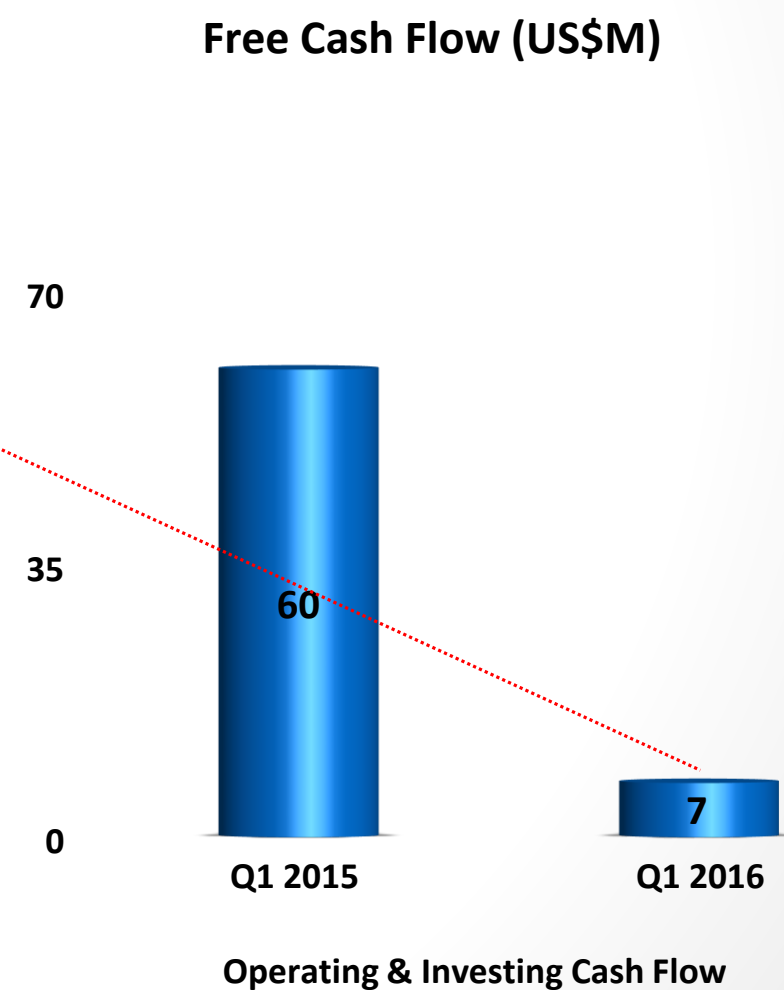
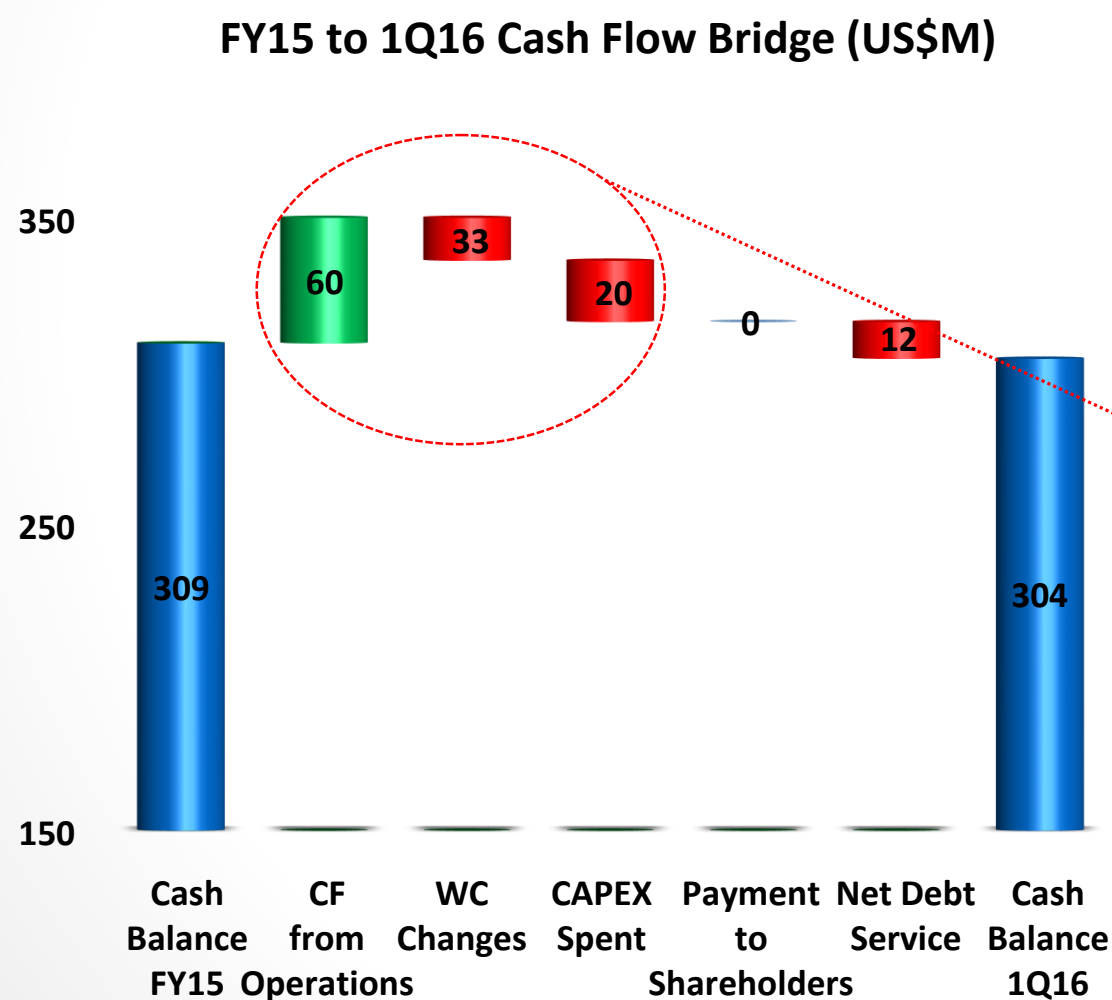
1Q16 vs. 1Q15 - EBITDA Bridge (US\$M)



## Q1 2016 Results

### Aluminium Industry: Collapse of All-In-Prices

#### Cash Flow Bridge: FY15 to 1Q16



## Q1 2016 Results

### Aluminium Industry: Collapse of All-In-Prices

Favourable Management Performance Offset by Low LME Prices

Financial Summary	Q1 2016	Q1 2015
Average Cash LME (US\$/MT)	1,515	1,801
Total Sales (US\$M)	416	549
EBITDA (US\$M)	61	144
EBITDA%	14.6%	26.1%
EBITDA (Excl. One-Off Costs) (US\$M)	62	145
EBITDA% (Excl. One-Off Costs)	14.9%	26.3%
Net Income/ (Loss) (US\$M)	11	99
Gain/ (Loss) Unrealised Derivatives (US\$M)	0	6
Adjusted Net Income/ (Loss) (US\$M)	11	93
Adjusted Net Income%	2.8%	16.9%



# 04

## INDUSTRY PERSPECTIVES IN 2016





## Industry Perspectives in 2016

### Global Physical Demand to Remain Healthy

- 🪐 **Key factors to be observed:**
- 🪐 LME volatility will continue on the back of China smelters' restarts
- 🪐 Strong US dollar coupled with high power rates will continue to pressure marginal producers to cut output in North America
- 🪐 North America demand to remain healthy and will boost imports
- 🪐 LME price to range between \$1,500/t - \$1,600/t





## Industry Perspectives in 2016

### Raw Materials Price Trends

- ♁ Alumina spot index to gradually pick-up from low levels in Q1
- ♁ Green Petroleum Coke prices to remain at current levels and likely to increase
- ♁ Alumina Fluoride (ALF3) and Liquid Pitch prices to remain stable



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## 2016 ALBA PRIORITIES





## 2016 Alba Priorities

### Sustainable Improvement & Preparation for Future Growth

- 🪐 Continuous Focus on Safety Initiatives & Talent Management
- 🪐 Deliver on Project Titan - Phase II
- 🪐 Line 6 in progress: Bechtel appointed as EPCM Contractor







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