

Aluminium  
for the world

2010 IR PRESENTATION



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# INDUSTRY HIGHLIGHTS

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## 2010 A RECOVERY YEAR

### Strengthening demand driven by global economic rebound

- Worldwide consumption staged a dramatic comeback increasing 19.8% year over year
- Automotive market made giant turnaround
- Buoyant German industrial production (+ 9.4% in 2010).
- China GDP continued growth in the range of 10%
- MENA construction market booming
- Europe and North American construction market stabilised

# INDUSTRY HIGHLIGHTS

## 2010 A RECOVERY YEAR

### LME and premiums

- The LME continued to rise during 2010 with an average cash price of 2,173 \$/t vs 1,665 \$/t in 2009 (and a Q4 2010 at 2,343 \$/t)
- Ingot premium market remains healthy with Europe Duty Delivered Paid (DDP) at 169 \$/t and Major Japanese Port (MJP) at 122 \$/t
- Value added premiums increased dramatically with Europe DDP premiums reaching 450-500 \$/mt

### Raw Material price

- Alumina prices rose in line with LME increases and producers gaining momentum on index pricing (similar to iron ore)
- Green petroleum coke prices followed the rise in oil prices with high quality material becoming more scarce



# ALBA HIGHLIGHTS



# 2010 Alba Highlights

## 2010: Alba takes its place on the World Wide Stage

- **Alba New Management Team in Place**
- **Implementation of our STAR Operational Improvement Program:**
  - Achieved approximately 100M\$ of performance improvements in 2010 as compared to 2009
  - Launched Alba Lean Manufacturing: “AlbaSmartWay” that resulted in action plans covering 85% of the 250M\$/Y targeted by the end of 2012
- **IPO**
  - Successful IPO completed Alba's evolution into a pure commercial entity.
- **Listing**
  - Alba completes dual listing on Bahrain Bourse and London Stock Exchange in less than 1 year after the global financial economic crisis

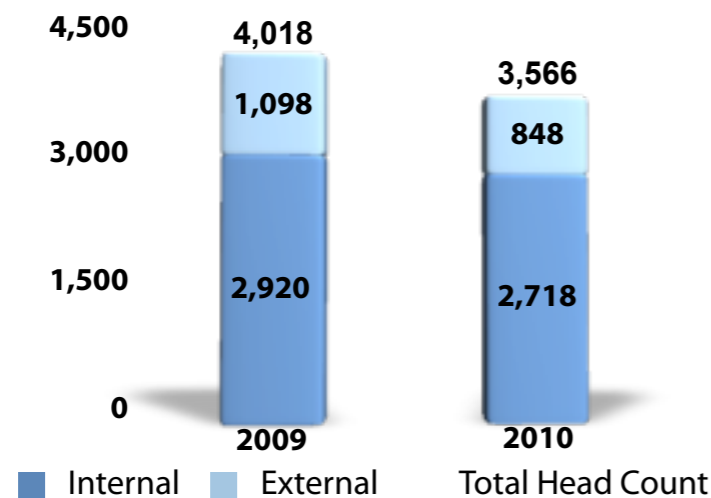


# ALBA HIGHLIGHTS

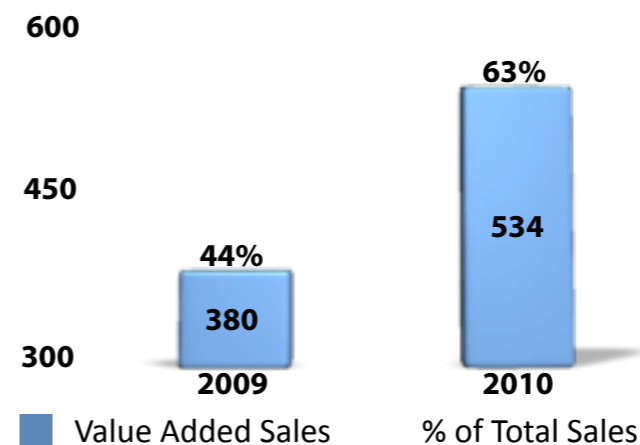
## 2010 - A STEP FORWARD TO WORLDWIDE LEADERSHIP

Operational Excellence blossoms in Alba  
"\$100M of performance improvements achieved in 2010 against 2009"

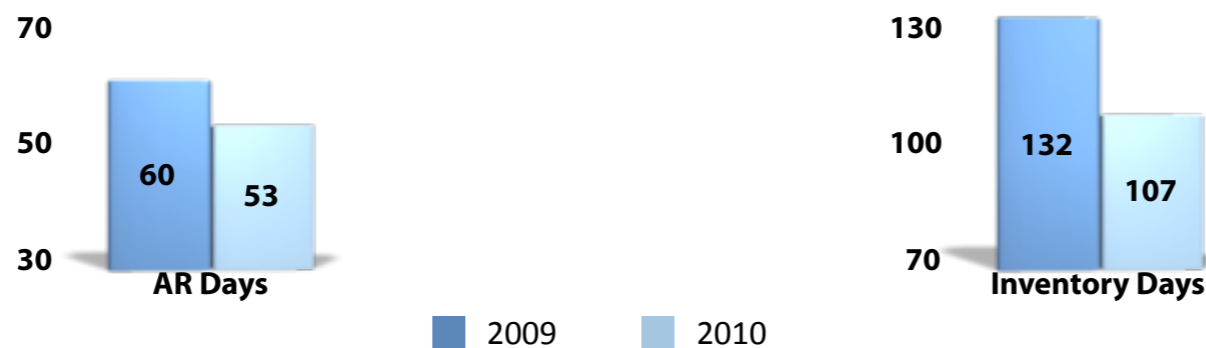
Organizational Efficiency – Head Count Management



Marketing and Sales Excellence – Increase in Value Added Sales (MT'000) as a Percentage of Total Sales



Working Capital Streamlining – Reducing AR and Inventory Days Trend





# 2010 RESULTS

# 2010 Results

## A STRONG RECOVERY

Sales Analysis 2010 vs. 2009  
Dramatic shift in LME and Value Added sales (product mix and pricing power)

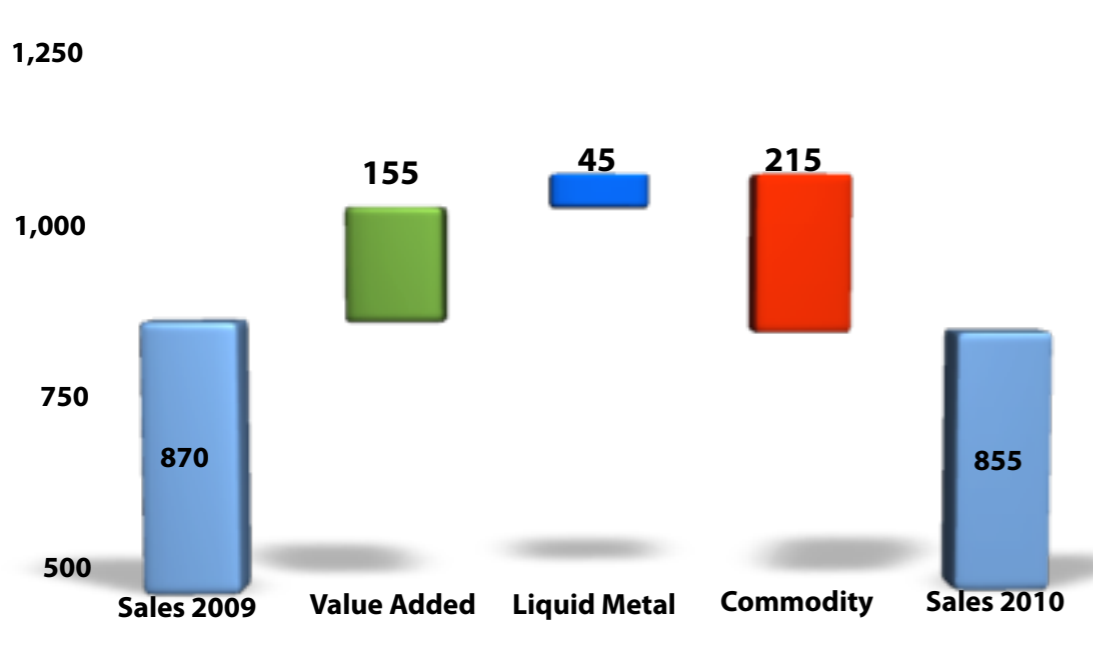


# 2010 Results

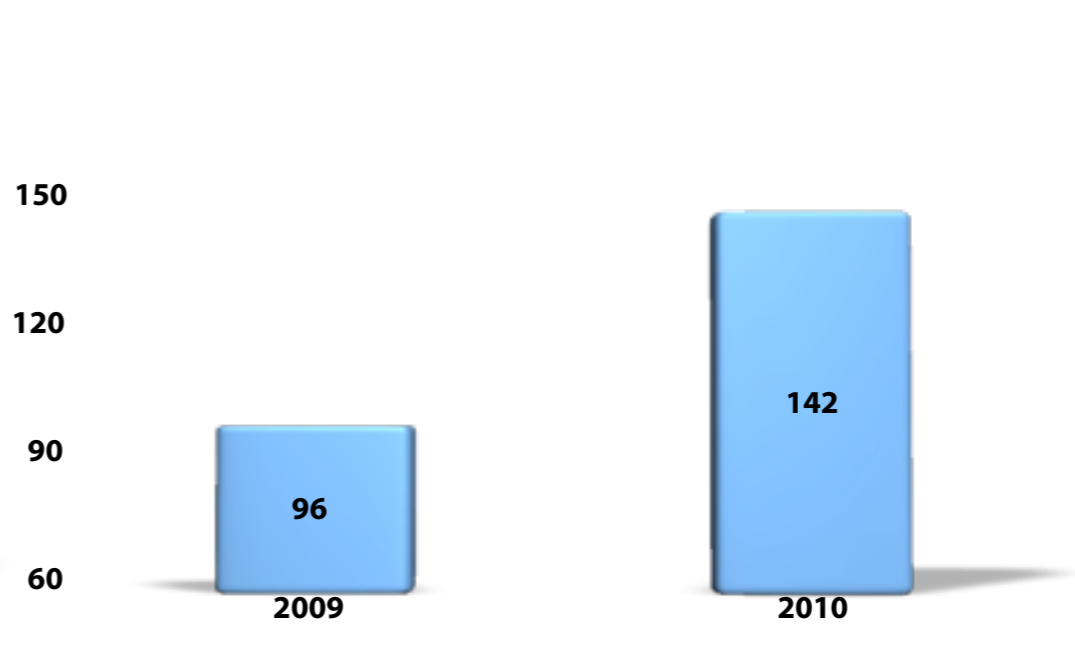
## A STRONG RECOVERY

Shift to Optimum Product Mix:  
Maximize Value Added Sales and minimize Commodity

2010 vs 2009- Sales by Product line Bridge (MT '000)



Premium Above LME Trend USD/MT

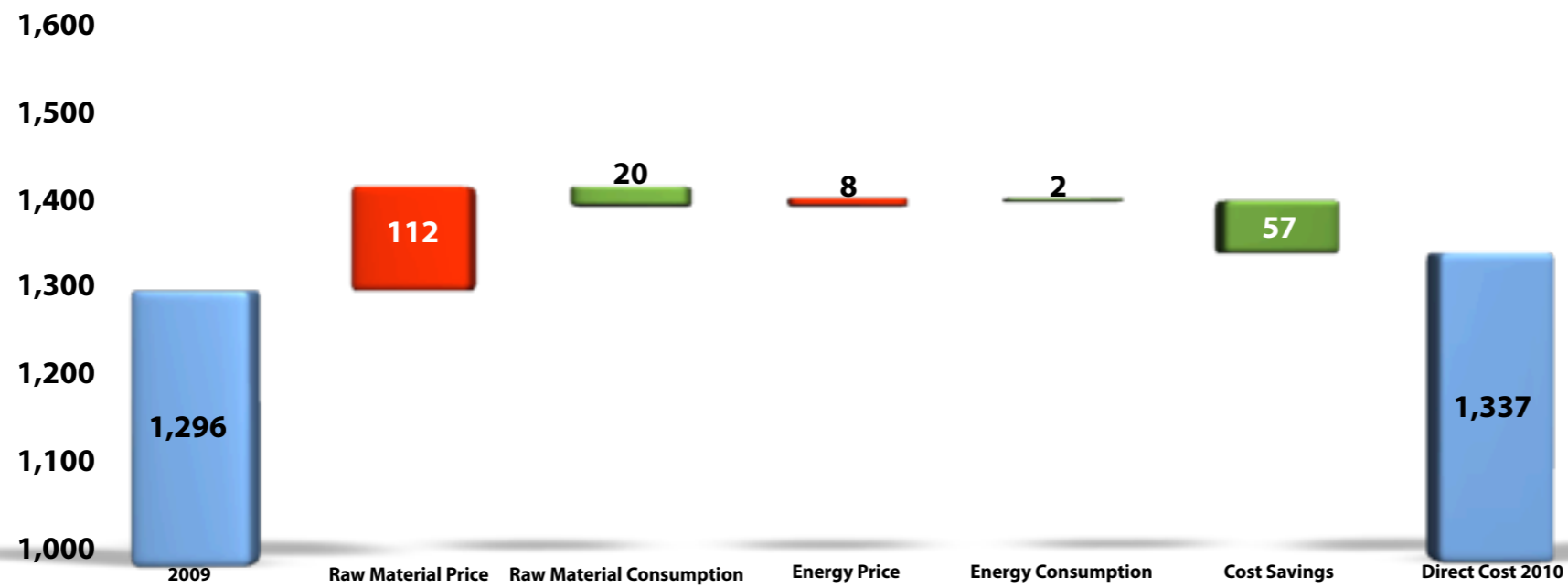


# 2010 Results

## A STRONG RECOVERY

Cost Analysis 2010 vs. 2009:  
Successful transition to continuous improvement culture

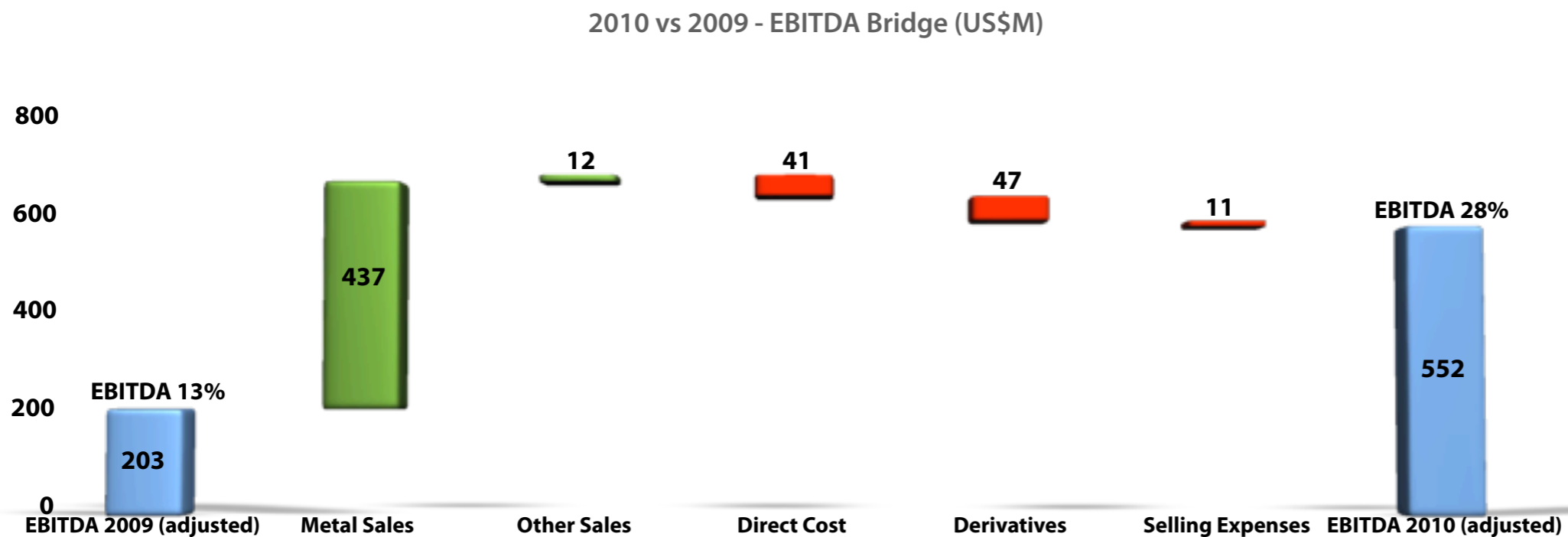
2010 vs 2009 - Direct Costs Bridge (US\$M)



# 2010 Results

## A STRONG RECOVERY

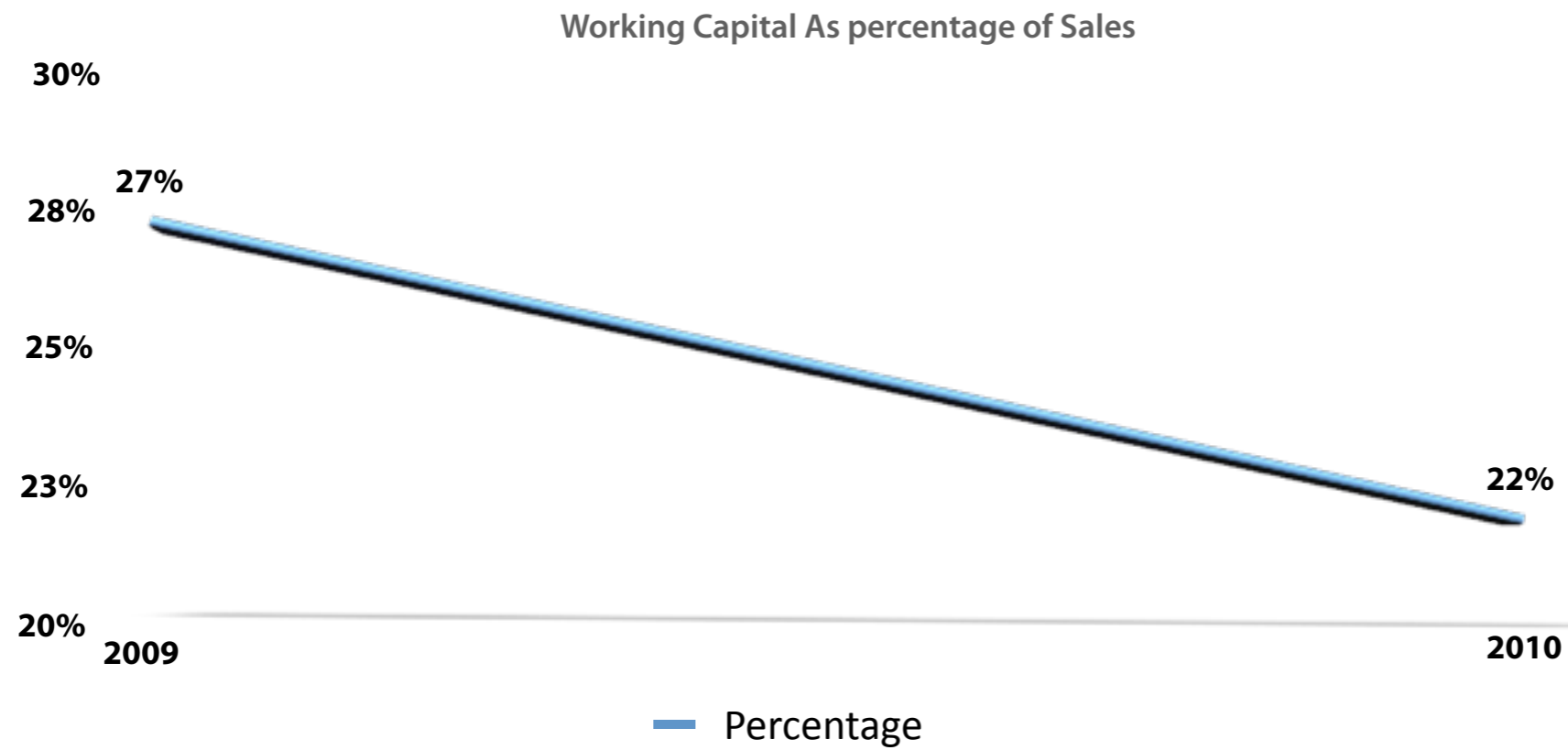
Adjusted EBITDA Bridge Gap Analysis 2010 / 2009:  
Adjusted EBITDA Margin approaching 30% (tops in Industry)



# 2010 Results

## A STRONG RECOVERY

Working Capital Trend as Percentage of Sales:  
Cash is King

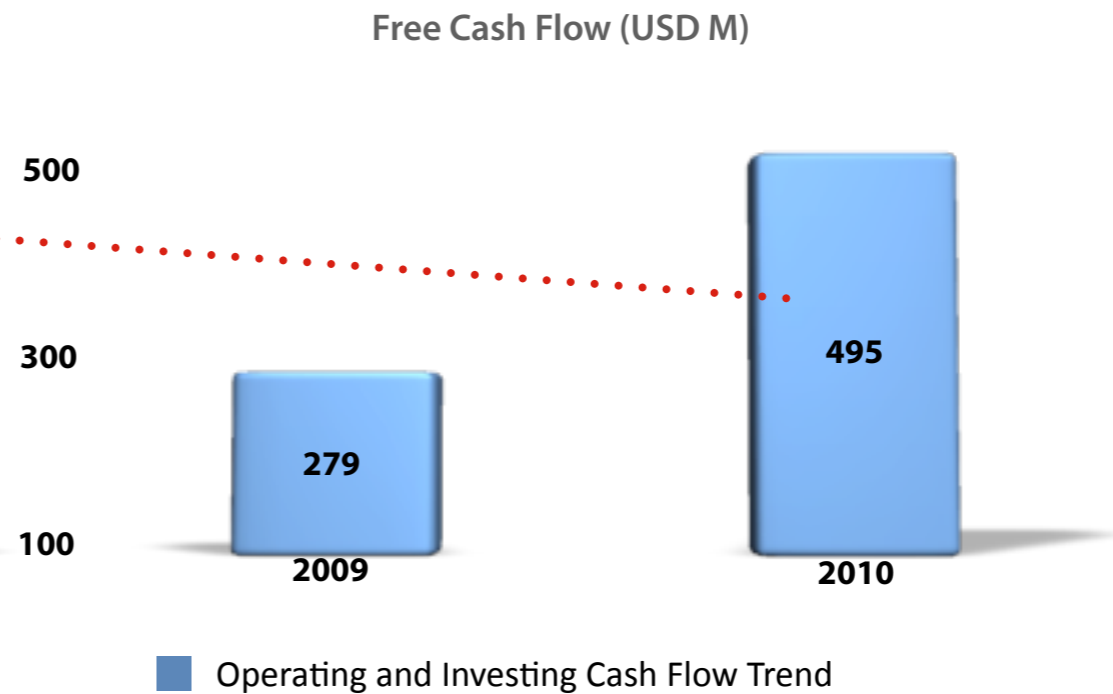
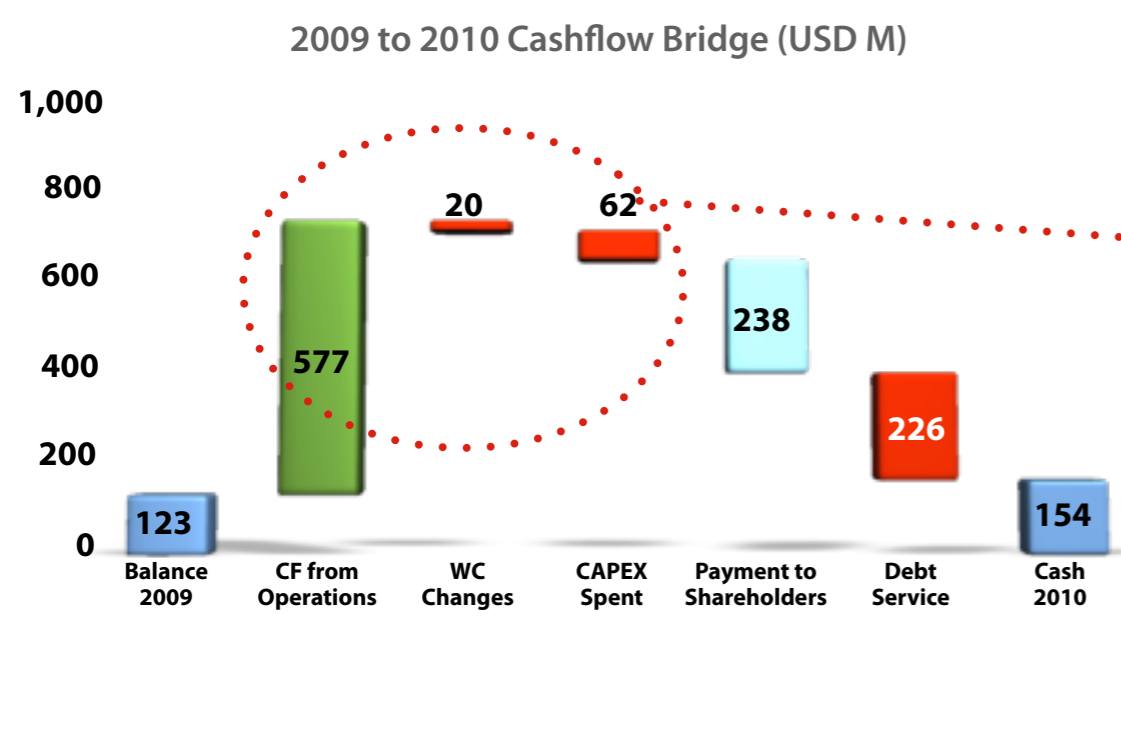




# 2010 Results

## A STRONG RECOVERY

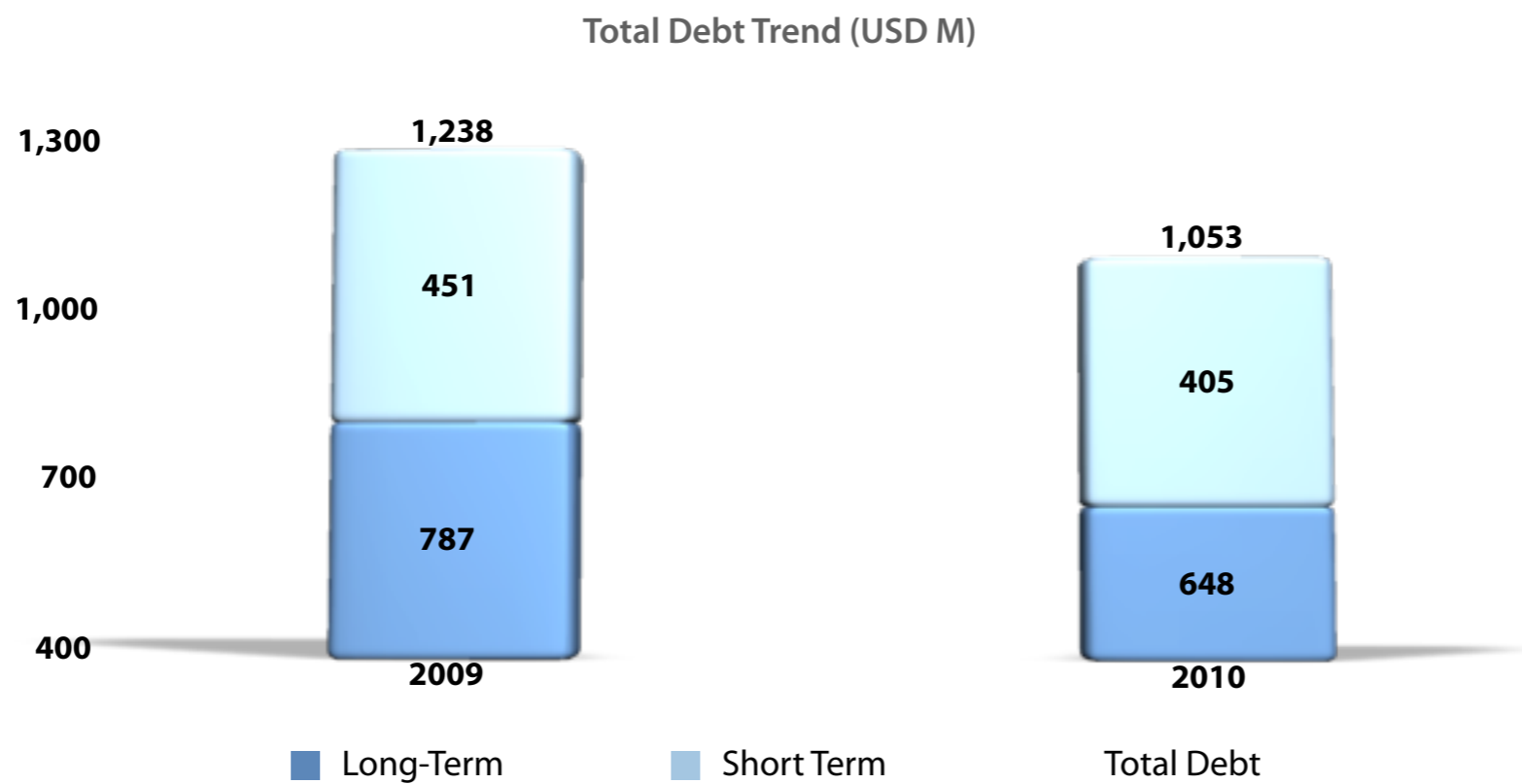
Cash Flow Bridge 2010 vs. 2009:  
Healthy cash generation to cover debt, make investments and maximize shareholder value creation



# 2010 Results

## A STRONG RECOVERY

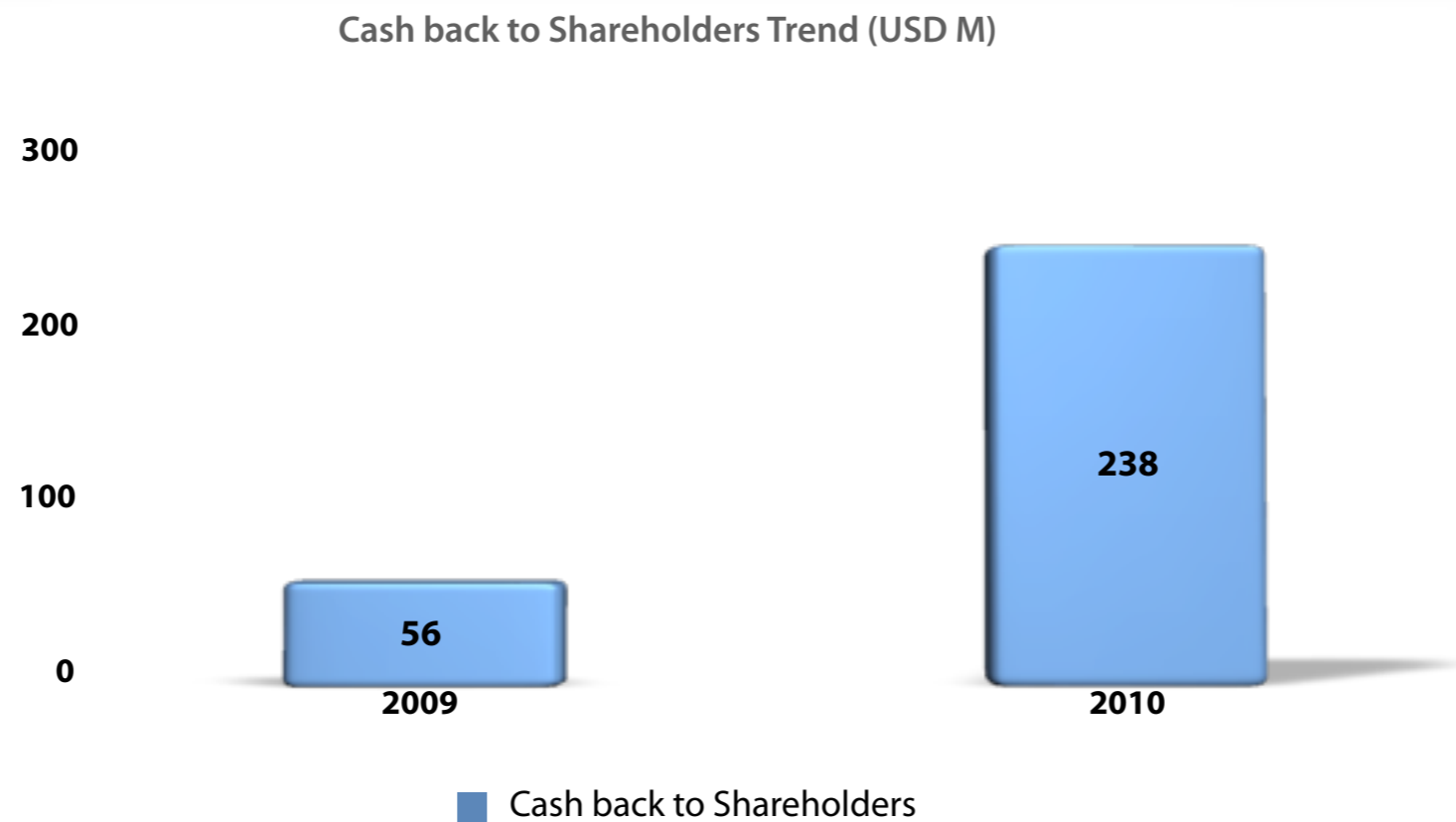
Total Debt Reduction Trend:  
Stable debt profile with favorable leverage position



# 2010 Results

## A STRONG RECOVERY

Cash back to Shareholders:  
History of delivering cash even in the worst of economic times



# 2010 Results

## A STRONG RECOVERY

Q4 and Full Year Results 2010 vs. 2009:  
Sustainable recovery leveraging maximum benefits from operational excellence in an improved economic environment

Financial Summary	Q4 2010	Q4 2009	FY 2010	FY 2009
<b>Sales</b>	<b>561</b>	<b>442</b>	<b>1,997</b>	<b>1,549</b>
<b>Adjusted EBITDA</b>	<b>157</b>	<b>50</b>	<b>552</b>	<b>203</b>
<b>Adjusted EBITDA %</b>	<b>28%</b>	<b>11%</b>	<b>28%</b>	<b>13%</b>
<b>Net Income / (Loss)</b>	<b>112</b>	<b>(128)</b>	<b>368</b>	<b>(220)</b>
<b>Net Income / (Loss) %</b>	<b>20%</b>	<b>(29%)</b>	<b>18%</b>	<b>(14%)</b>
<b>Published LME Cash AVG (USD/MT)</b>	<b>2,343</b>	<b>2,003</b>	<b>2,173</b>	<b>1,665</b>

# 2010 Results

## A STRONG RECOVERY

Alba Board recommends dividend of 200M\$

- At the February 28th Alba Board meeting, the Directors recommended a dividend equalling 54.3% of 2010 net profit (subject Bahrain Bourse and Alba Shareholder approval).
- The Shareholder approval will be requested at the March 30th 2011 Annual General Meeting
- \$164 million will be paid in April 2011 and \$36 million was already paid as stock dividend in 2010



# INDUSTRY PERSPECTIVES IN 2011

# Industry Perspectives in 2011

## Another Year of Recovery of the Consumption

- Overall Aluminium consumption continues dramatic growth (+8.6% in 2011)
- Automotive sector remains bullish with China experiencing double-digit growth in car production and global OEM's increasing Aluminium content to reduce weight
- Continued construction boom in MENA and Asia regions along with strong rebound in Europe and North America
- Packaging market continues to see rapid growth in emerging economies (e.g. China and India)



# Industry Perspectives in 2011

## Shortage of Value Added Production Capacity

- Cutbacks during the crisis have left world shortage in value added casting capacity
- Automotive industry drive to reduce weight by substitution has gobbled up most available capacity
- Trend of Aluminium producers to move away from integrated operations leaving fabricators short of quality material
- Construction in MENA and Asia booming while western markets have stabilized

## Reshaping the Worldwide Production Footprint

- MENA region estimated to represent 15% of worldwide production by year 2020
- The GCC producers are ideally located to take advantage of competitive energy and serve their own rapidly expanding home markets while being ideally situated to export to Asia and Europe

# Industry Perspectives in 2011

## LME Stocks and Price Outlook

- Majority of LME inventories are locked up in warehouse/financing deals which is expected to continue in a low interest rate environment
- Chinese inventories will remain tight with 20 days of demand and will be highly sensitive to any variation on the supply side
- Analyst forecasts sees the LME prices continuing to rise and staying around \$2500 mt during 2011

# Industry Perspectives in 2011

## Raw Material Trends

- Producers are moving away from fixed LME percentage contracts as supply tightens
- Green petroleum coke prices increasing in China due to increased local demand and shortage of high quality material
- Liquid pitch price increasing increased along with global demand especially in Asia. Recent floods in Australia will continue to put pressure on coal tar pitch prices
- Aluminum Fluoride (ALF3) prices increased from 2010 but expected to remain relatively stable for remainder of 2011



# 2011 ALBA PRIORITIES

# 2011 Alba Priorities

## Maximizing Value Added Sales

- Maximize utilization of value added casting capacity
- Further increase the geographical footprints to develop new business (e.g. Rolling Slab)
- New project to install re-melting capacity to increase overall metal supply

# 2011 Alba Priorities

## Continuous Improvement

- Achieve target of 170M\$ performance improvements in 2011 against 2009
- Well on our way to achieve the targeted run rate of 250M\$ in performance improvements by the end of 2012
- 2011 “AlbaSmartWay” initiatives will focus on:
  - Securing the 2012 target with additional action plans in H1 2011
  - Sustaining LEAN MANUFACTURING practices
  - Reducing VARIABILITY with the introduction of SIX SIGMA throughout Alba

# 2011 Alba Priorities

## Raw Material Competitive Long Term Sourcing

- Alumina: Majority of our requirements covered under long term contracts with balance purchased through spot market on an opportunistic basis
- Green petroleum coke: significant efforts to increase supply base and expand technical tolerances to leverage competition .
- Liquid pitch: approved multiple new suppliers and balance supply between Europe and Asia to increase price competition and play the freight market
- Aluminium Fluoride: expanded the supply base to include Chinese producers to leverage prices and maintain optimum global mix of suppliers



# 2011 Alba Priorities

## Preparing Alba's Future Growth

- Further evaluation of organic capacity expansions taking into account competitive energy and technology solutions
  - Line 4 and 5 Creep target 80 KTPY
  - Line 6 target 400 KTPY

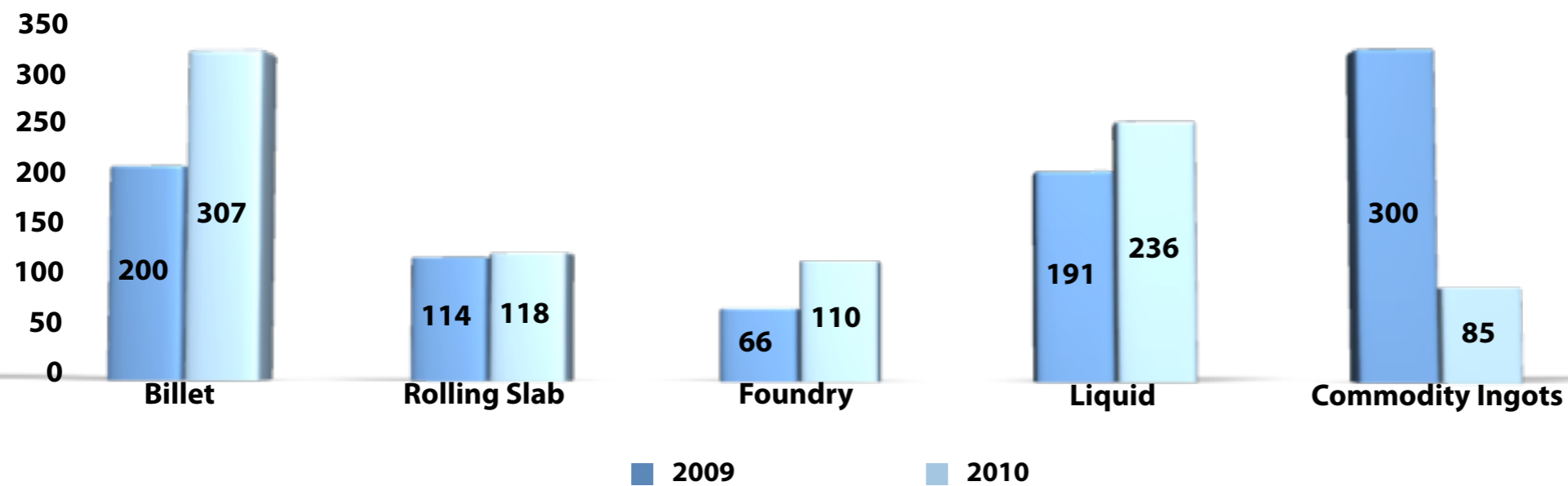


# APPENDIX

# 2010 Results

VALUE ADDED PRODUCTS REACH 63% OF TOTAL (UP FROM 44% IN 2009)

2010 vs 2009 - Sales by Product line (MT '000)



Billets, Rolling Slabs and Foundry represent Value Added Products