



Aluminium
for the world

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

INVESTOR RELATIONS PRESENTATION

Q1 2017



DISCLAIMER

This document has been prepared and issued by and is the sole responsibility of Aluminium Bahrain B.S.C. (the "Company"). The document is being supplied to you solely for your information and for use at the Company's presentation. No information made available to you in connection with the presentation may be passed on, copied, reproduced, in whole or in part, or otherwise disseminated, directly or indirectly, to any other person. This document and its contents are directed only to the intended audience. It is being made on a confidential basis and is furnished to you solely for your information. By accepting this material the recipient confirms that he or she is a relevant person. This document must not be acted on or relied on by persons who are not relevant persons. Any investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons. If you are not a relevant person you should not attend the presentation and should immediately return any materials relating to it currently in your possession. Forward-looking statements speak only as at the date of this presentation and Aluminium Bahrain B.S.C. expressly disclaims any obligations or undertaking to release any update of, or revisions to, any forward-looking statements in this presentation. No statement in this presentation is intended to be a profit forecast. As a result, you are cautioned not to place any undue reliance on such forward-looking statements. You should not base any behaviour in relation to financial instruments related to the Company's securities or any other securities and investments on such information until after it is made publicly available by the Company or any of their respective advisers. Some of the information is still in draft form and has not been legally verified. The Company, its advisers and each of their respective members, directors, officers and employees are under no obligation to update or keep current information contained in this presentation, to correct any inaccuracies which may become apparent, or to publicly announce the result of any revision to the statements made herein except where they would be required to do so under applicable law, and any opinions expressed in them are subject to change without notice. No representation or warranty, express or implied, is given by the Company, its undertakings or affiliates or directors, officers or any other person as to the fairness, accuracy or completeness of the information or opinions contained in this presentation and no liability whatsoever for any loss howsoever arising from any use of this presentation or its contents otherwise arising in connection therewith is accepted by any such person in relation to such information.





CONTENTS

01
Industry
Highlights

02
ALBA
Highlights

03
Q1 2017
Results

04
Industry
Perspectives
in 2017

05
2017
ALBA Priorities

01

INDUSTRY HIGHLIGHTS¹

¹ Industry Highlights are based on CRU analysis





Industry Highlights - Q1 2017

Global Physical Demand Still Strong

- 🌐 World consumption up by 6% YoY
- 🌐 Asian demand up by 7% YoY led by Chinese consumption (+8% YoY)
- 🌐 MENA demand grew by 5% YoY driven by major infrastructure spending in Saudi Arabia (+13% YoY)
- 🌐 Demand in North America up by 3% YoY supported by firm growth in the auto production
- 🌐 Europe consumption rose modestly by 2% attributed to good demand in construction and automotive sectors





Industry Highlights - Q1 2017

Production Growth

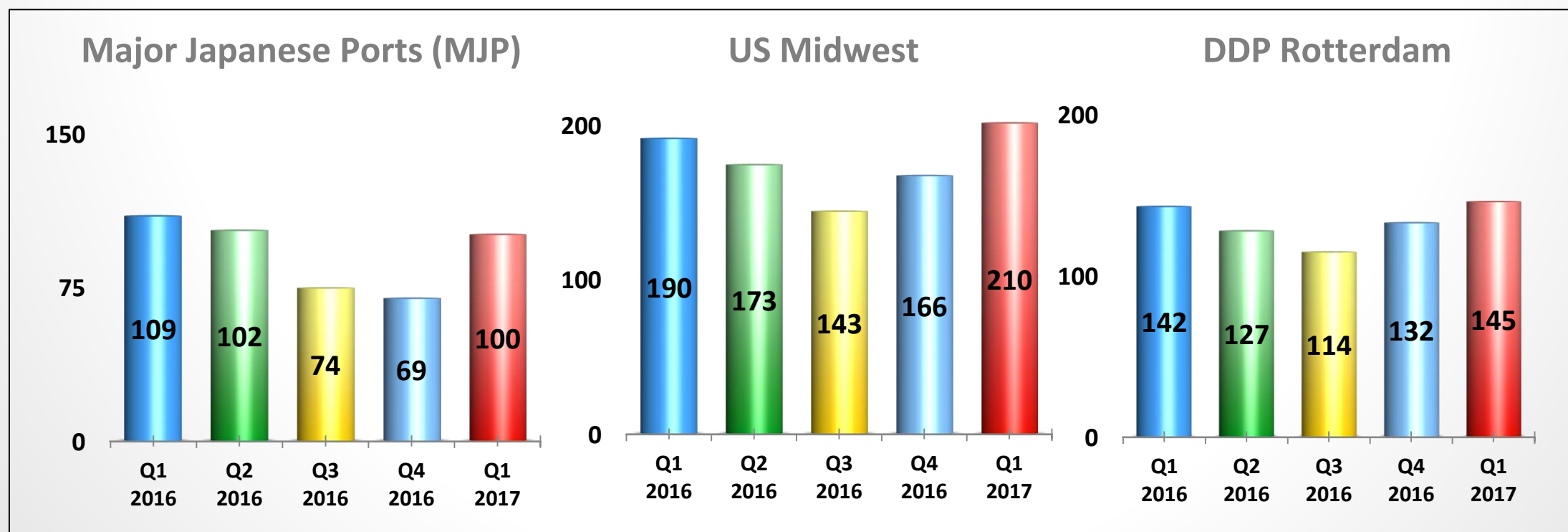
- 🪐 World production up by 9% YoY
- 🪐 Asia production rose by 15% YoY driven mainly by Chinese output (17% YoY)
- 🪐 North America and Europe supply dropped by 5% YoY and 1.% YoY respectively
- 🪐 World market in surplus with China (+664Kt) and in deficit w/o China (-414Kt)



Industry Highlights - Q1 2017

LME & Premiums

- 🪐 LME inventories at 1.8 million mt in March
- 🪐 Q1 2017 cash-average was \$1,850/t with LME ranging between \$1,701/t on January 4 and \$1,955/t on March 30
- 🪐 Physical premiums prices edge higher (\$/t):



02

ALBA HIGHLIGHTS





Alba Major Highlights - Q1 2017

Operational Highlights & Achievements

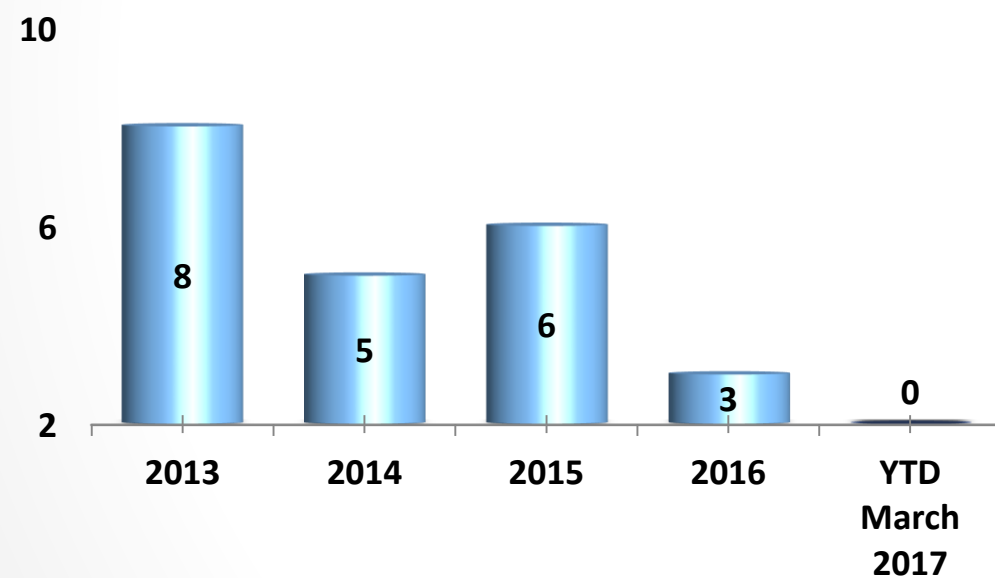
- 🪐 Continuous improvement in Safety Performance with the launch of 'Safety Tomorrowland' initiatives
- 🪐 Sales volume up by 4.9% YoY (242,932 mt) and production up by 5.6% YoY (248,776 mt)
- 🪐 Value-Added Sales averaged 56% of total shipments (versus 52% in Q1 2016)
- 🪐 Raw Materials: 2017 supply requirements fully secured
- 🪐 Line 6 on track
 - Feed Study completed in January 2017
 - 80 Packages have been awarded (out of 150 packages)



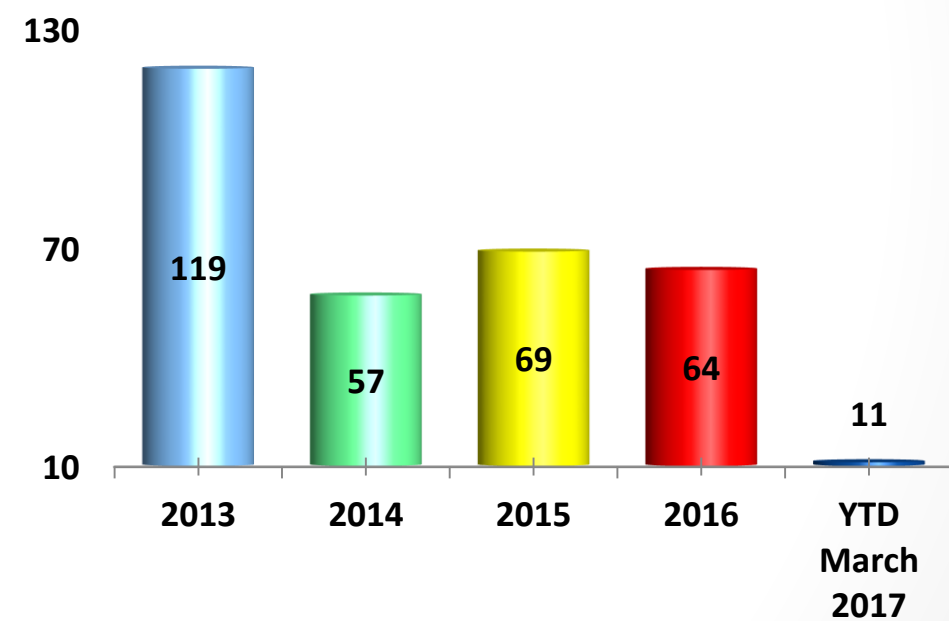
Alba Major Highlights - Q1 2017

In Focus - Towards Safety Tomorrowland

Lost Time Injury (LTI) Trend



Total Injuries Trend



Alba Major Highlights - Q1 2017

Power Outage Update

- 🪐 Alba experienced a power outage that resulted in temporary loss of power in all reduction lines for about 3 hours on April 5, 2017.
- 🪐 Power operations have been fully restored; operations were reinstated safely and without injuries:
 - Reduction Lines 1-4 resumed operations at normal level;
 - Reduction Line 5 is partially running and will be fully operational by early Q3 2017.
- 🪐 3% - 5% estimated loss in Alba's total production for 2017. Losses from the power outage will be part of an insurance claim.
- 🪐 Investigation is underway to determine the root causes of this incident.
- 🪐 The recovery process has begun and efforts are focused to re-start affected pots safely.



Alba Major Highlights - Q1 2017

Financial Key Performance Indicators

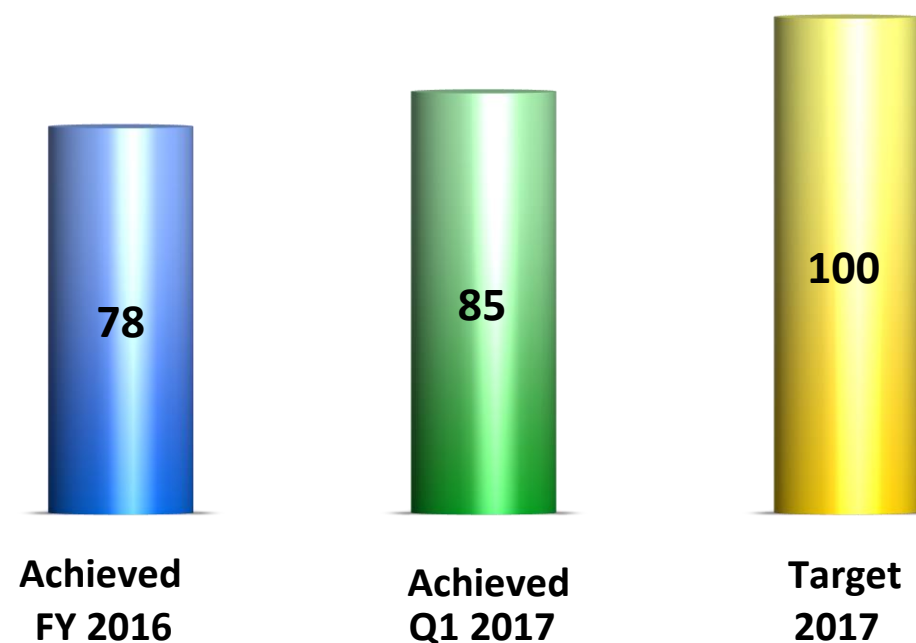
- 🪐 **Adjusted EBITDA up due to higher LME prices and favourable management performance**
 - 🪐 Q1: US\$ 115 million up by 89% YoY
- 🪐 **Adjusted Net Income up driven by higher EBITDA levels**
 - 🪐 Q1: US\$ 69 million up by 528% YoY
- 🪐 **Free-Cash Flow¹ favourable due to higher LME prices**
 - 🪐 Q1: US\$ 11 million up by 57% YoY
- 🪐 **Alba approved a dividend of US\$ 78.7 million on 21st March 2017 to be paid from April 2nd 2017**



Alba Major Highlights - Q1 2017

Project Titan II - Improve Cash Cost structure
Q1 2017: Project Titan II Achieved Savings of US\$ 85 per tonne

Project Titan - US\$ per MT



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



03

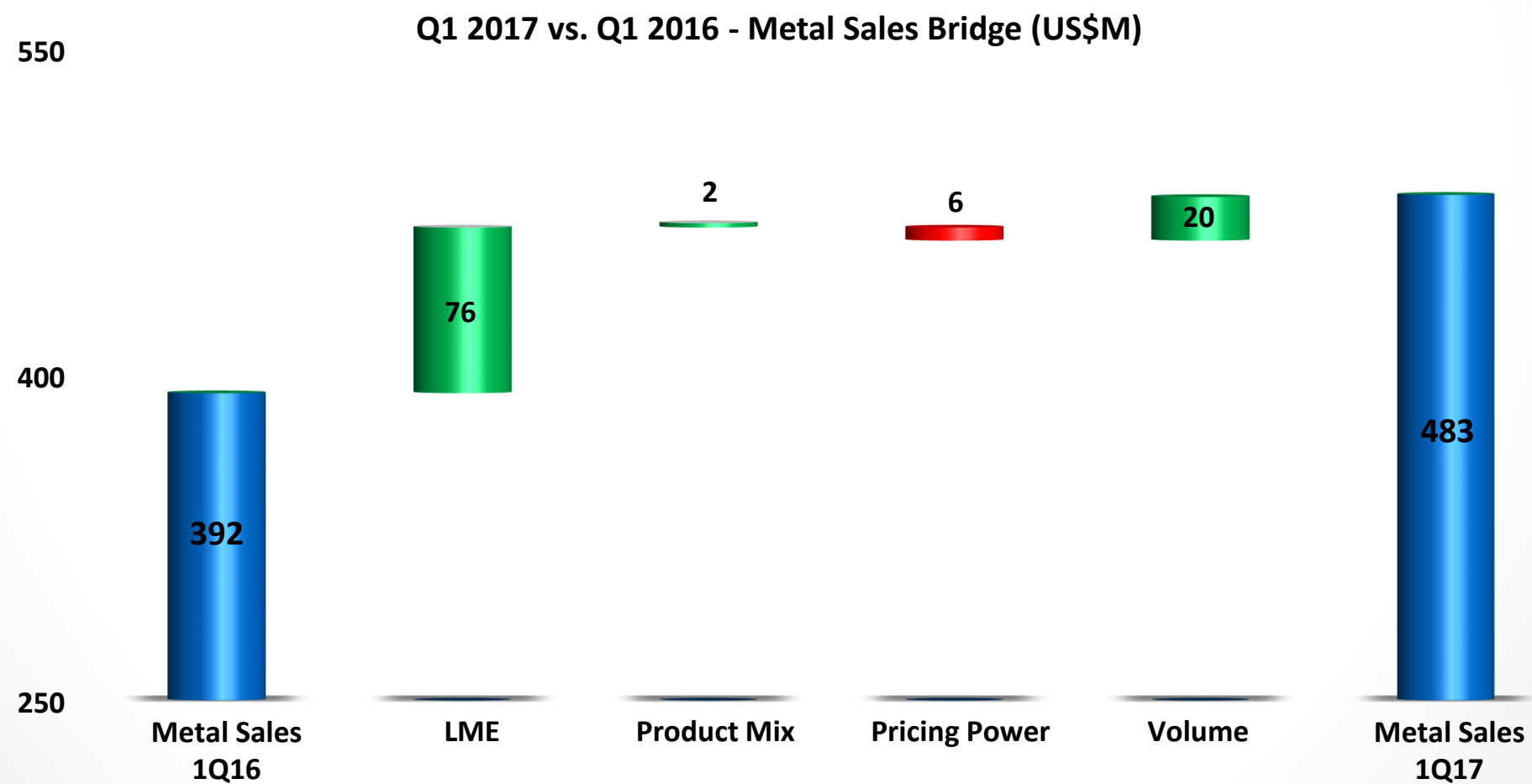
Q1 2017 Results



Q1 2017 Results

LME Prices Rebound on Bullish Sentiment

Sales Bridge Analysis Q1 2017 vs. Q1 2016
Favourable Management Performance

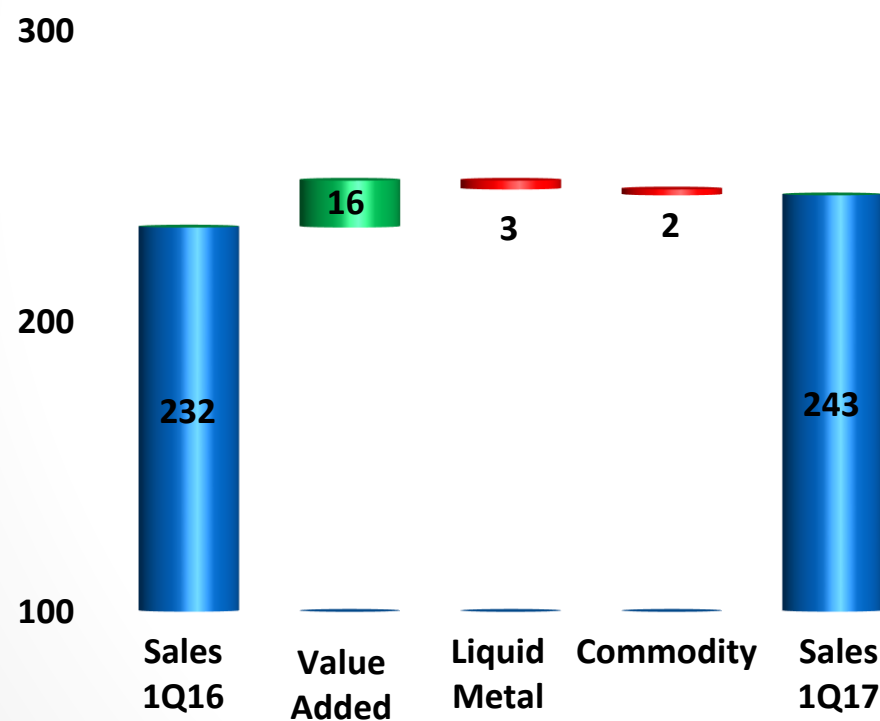


Q1 2017 Results

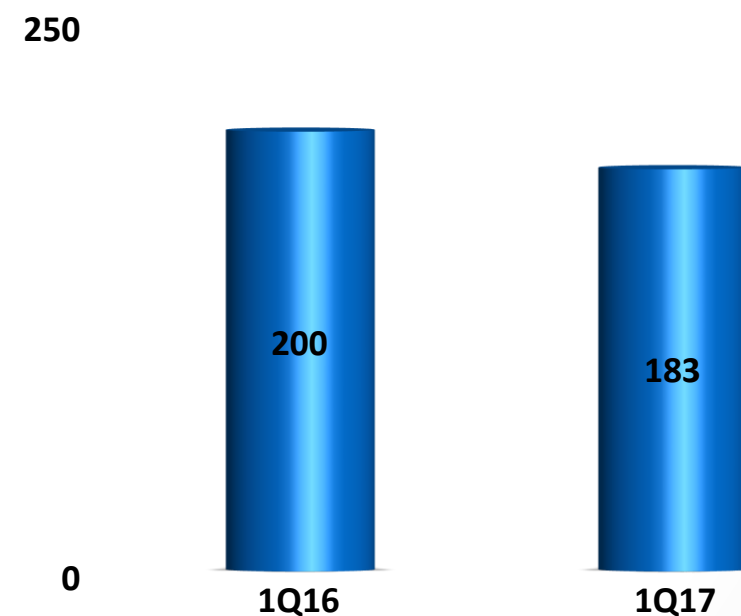
LME Prices Rebound on Bullish Sentiment

Higher Sales Volume Coupled with Favourable Shift in Product Mix

1Q17 vs. 1Q16 - Sales by Product Line
Bridge (MT'000)



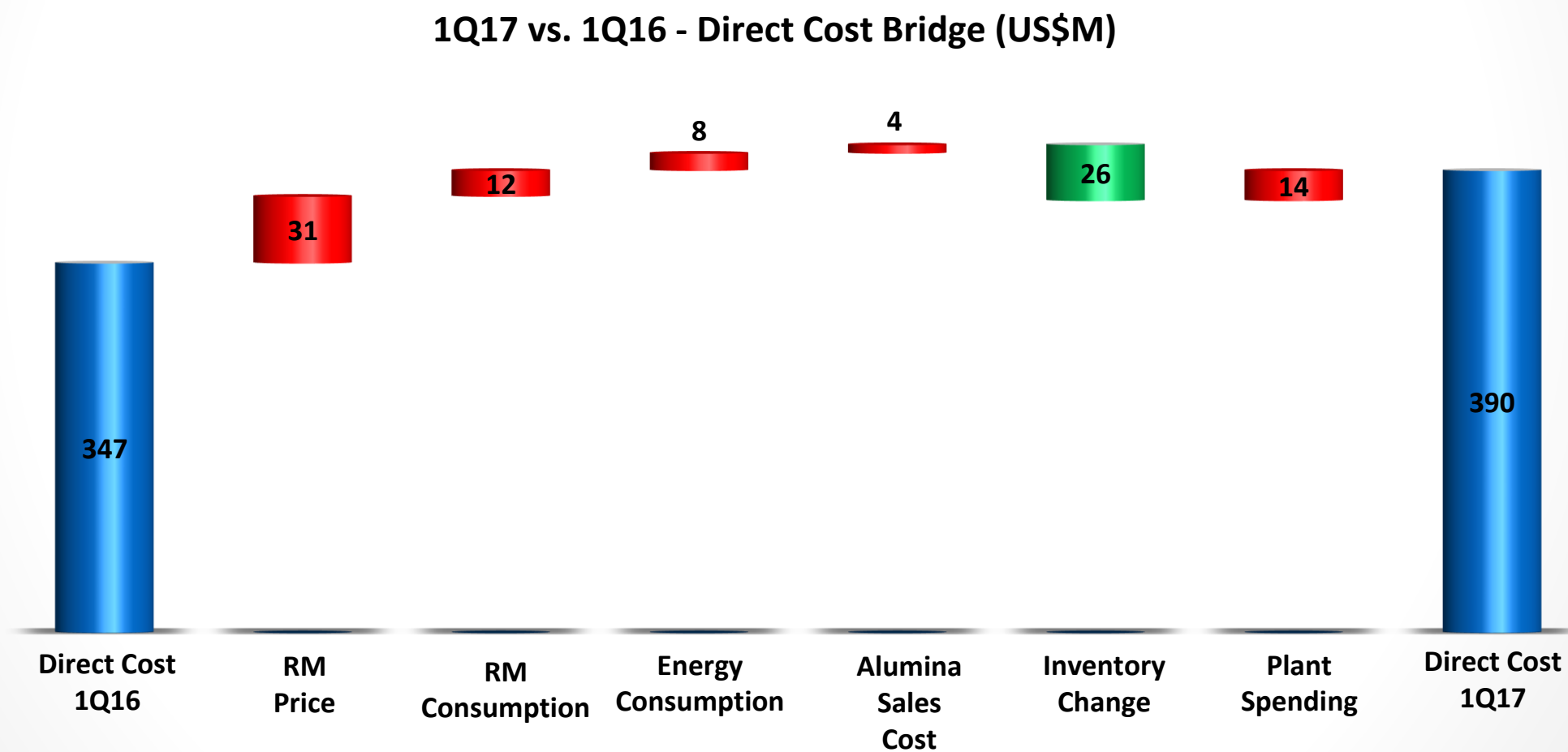
Premium Above LME Trend US\$ Per MT



Q1 2017 Results

LME Prices Rebound on Bullish Sentiment

Cost Analysis 1Q17 vs. 1Q16

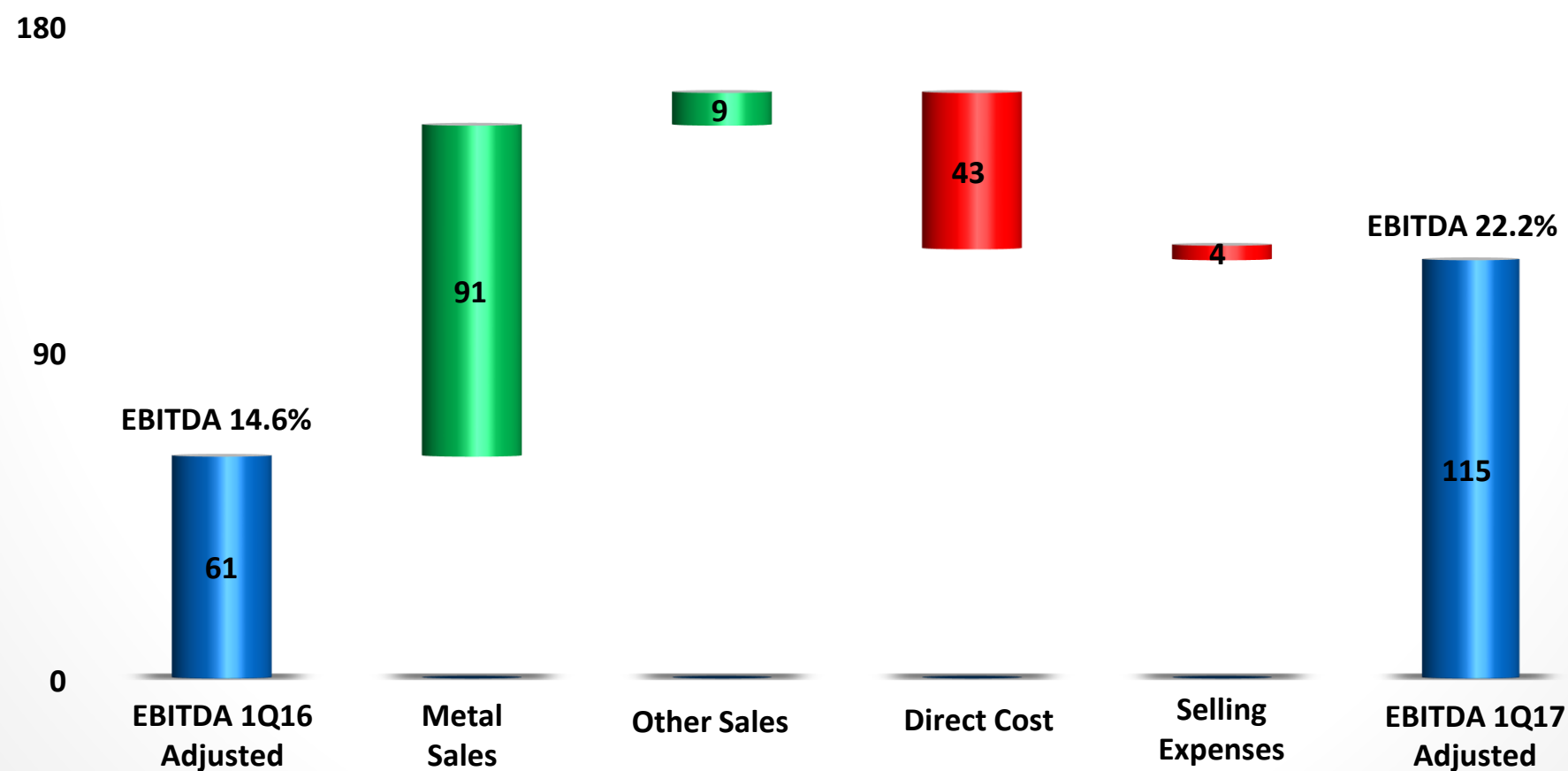


Q1 2017 Results

LME Prices Rebound on Bullish Sentiment

Adjusted EBITDA Bridge Gap Analysis – Q1 2017 vs. Q1 2016
Adjusted EBITDA Margin at 22.2%

1Q17 vs. 1Q16 - EBITDA Bridge (US\$M)

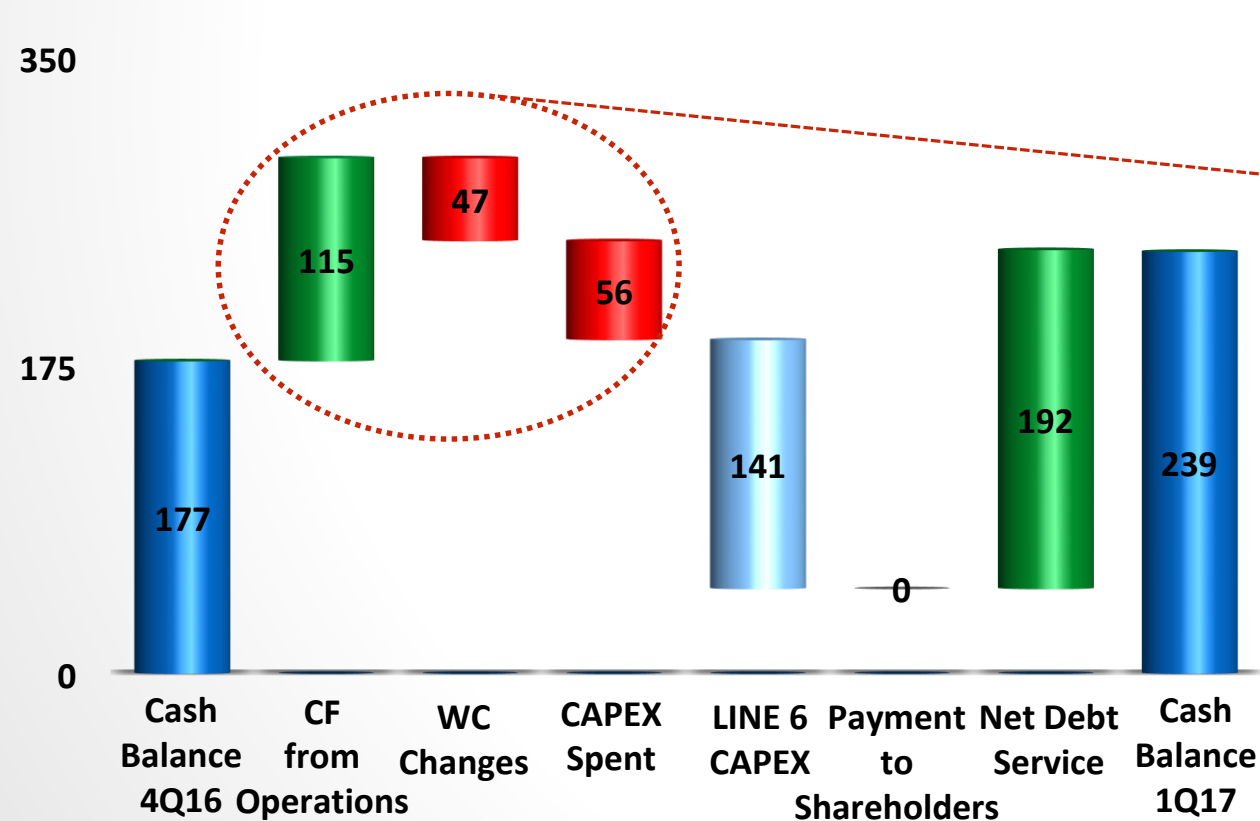


Q1 2017 Results

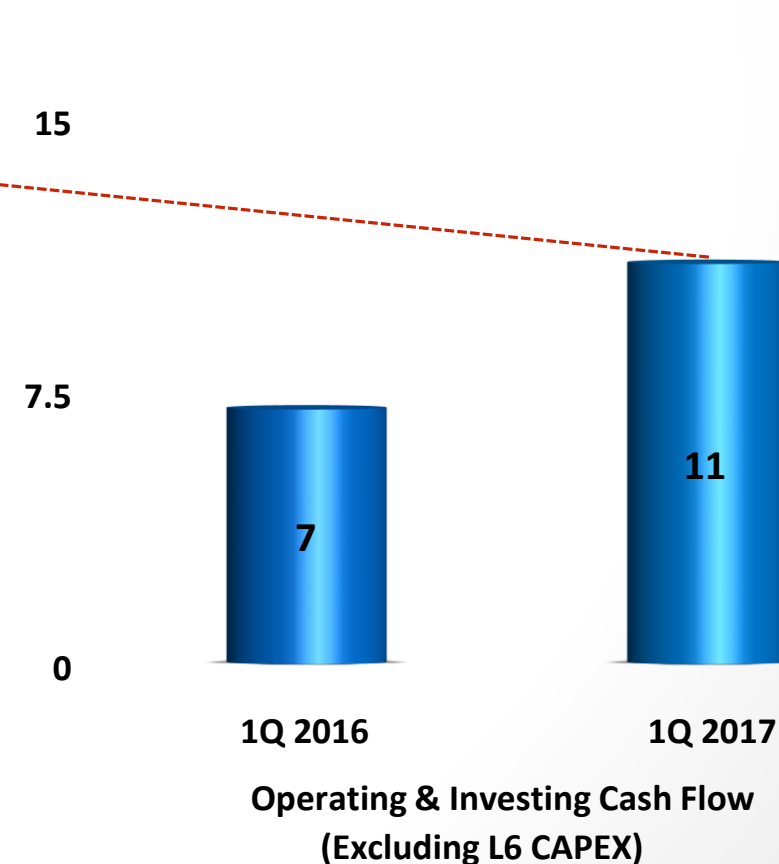
LME Prices Rebound on Bullish Sentiment

Cash Flow Bridge – 4Q16 to 1Q17
Maintaining Good Cash Position

4Q16 to 1Q17 Cash Flow Bridge (US\$M)



Free Cash Flow (US\$M)



Q1 2017 Results

LME Prices Rebound on Bullish Sentiment

Favourable Management Performance

Financial Summary	Q1 2017	Q1 2016
Average Cash LME (US\$/MT)	1,850	1,515
Sales (US\$M)	517	416
EBITDA (US\$M)	115	61
EBITDA%	22.2%	14.6%
Adjusted Net Income/ (Loss) (US\$M)	69	11
Adjusted Net Income %	13.3%	2.7%



04

INDUSTRY PERSPECTIVES IN 2017





Industry Perspectives in 2017

Global Physical Demand to Further Strengthen

🪐 **Key factors to be observed:**

- 🪐 LME volatility is set to continue on the back of stronger US dollar.
- 🪐 LME inventories to edge lower while Chinese production will continue to accelerate.
- 🪐 North America consumption is set to grow driven by strong automotive production and construction sector.
- 🪐 MENA output to rise on the back of infrastructure spending.
- 🪐 LME price to range between \$1,800/t - \$1,900/t.





Industry Perspectives in 2017

Raw Materials Price Trends

- 🪐 After starting 2017 at high levels, Alumina prices are expected to soften to reasonable levels.
- 🪐 Green Petroleum Coke prices are expected to remain at current levels and likely to increase in the short-run.
- 🪐 Liquid Pitch Prices to remain at current levels throughout the 1st half of 2017.
- 🪐 Aluminium Fluoride (ALF3) prices to remain stable with minor fluctuations.



05

2017 ALBA PRIORITIES





2017 Alba Priorities

Sustainable Improvement & Progressing Line 6 Expansion Project

- 🪐 Focus on Safety Tomorrowland Initiatives
- 🪐 Fully Restore Line 5 Production
- 🪐 Deliver on Project Titan - Phase II
- 🪐 Leverage Strong Demand on Value-Added Sales
- 🪐 Line 6 on Schedule
 - Award Remaining Packages in 2nd Half of 2017





For More Information, Contact Us on:

IR@alba.com.bh



Alba4World



alba4world



user/Alba4World



flickr

photos/alba4world