

Alumina Limited 2013 Half Year Result

Alumina Limited's financial performance improved

- Alumina Limited's Net loss after tax reduced to \$2.4 million, compared to loss of \$51.8 million in 2H 2012 and \$3.8 million loss in 1H 2012
- Net loss includes charges for significant items of \$43 million¹

Alumina Limited's balance sheet strengthened and ongoing focus on cash conservation

- Gearing reduced to 6.3% at 30 June 2013 from 20.1% at 31 December 2012
- No interim dividend declared

Higher margins, lower cost base and improved cash flow for AWAC

- EBITDA \$229.8 million, up 43% compared to 1H 2012 after significant items
- AWAC alumina EBITDA margin² \$45 per tonne produced, compared to \$33 per tonne for 1H 2012
- Cash cost of alumina production per tonne down 4.2% compared to 1H 2012
- Free cash flow \$236.2 million, compared to (\$11.6) million in 1H 2012, mainly reflecting improved operating performance and working capital management

Conversion to spot or alumina indexed based pricing delivering benefits

- Continued pricing transition with 53% of third party smelter grade alumina shipments in 1H 2013 priced on spot or alumina indexed basis, compared to 34% for the prior corresponding period

AWAC's major projects being delivered:

- Ma'aden due to come on stream in 4Q 2014, refinery approx. 60% complete and mine approx. 20% complete
- Relocation of Huntly crushers in WA progressing well

Outlook

- Market conditions for aluminium and alumina remain challenging
- Significant financial benefit from stronger US\$
- Continued focus by AWAC on achieving productivity and supply chain improvements

Alumina Limited Key Financials				AWAC Key Financials (US GAAP)			
	1H 13	2H 12	1H 12		1H 13	2H 12	1H 12
	US\$m	US\$m	US\$m		US\$m	US\$m	US\$m
Net loss after tax	(2.4)	(51.8)	(3.8)	Total Revenue	2,964.9	2,879.4	2,935.9
Equity share of AWAC embedded derivatives	(4.8)	2.9	(9.3)	Loss before tax	(7.5)	(67.4)	(78.2)
Underlying earnings³	(7.2)	(48.9)	(13.1)	Income tax	(18.7)	62.6	(8.9)
Legal matters of Associate included in underlying loss ⁴	30.0	16.0	18.0	Net loss after tax	(26.2)	(4.8)	(87.1)
Net Debt	197	664	602	EBITDA⁶	229.8	175.0	160.5
Gearing (%) ⁵	6.3%	20.1%	18.3%	Free cash flow ⁷	236.2	(121.8)	(11.6)
				Dividends paid/payable	125	50	165

Alumina Limited Chief Executive Officer, John Bevan, said, "While Alumina Limited's headline numbers show only a small improvement, this masks the much stronger operating results of AWAC which recorded a significant increase in EBITDA and free cash flow generation.

"Strong cost control and continuing productivity improvements from the AWAC joint venture have resulted in the fourth consecutive quarter of improved EBITDA margin per tonne of alumina produced.

"AWAC's strategic initiatives to continue to lift margins are on track. During the half AWAC passed the milestone of having more than half of its third party sales based on a spot or indexed based price and this is delivering tangible benefits to its bottom line.

"The relocation of the crushers at the Huntly mine in Western Australia and the new Ma'aden refinery and mine are progressing well. These initiatives are expected to further improve AWAC's operating cost profile.

"The outlook for aluminium and alumina pricing remains tough but the recent strengthening of the US dollar against the Australian dollar and Brazilian Reals provides a welcome tailwind after a long period of sustained weakness".

Market Prices	1H 13	2H 12	1H 12
Average AUD/USD	1.01	1.04	1.03
Average 3 month LME aluminium price US\$ per tonne ⁸	1,955	1,985	2,122
Average alumina spot price ⁹ US\$ per tonne	333	321	316

AWAC Production and Shipments	1H 13	2H 12	1H 12
Alumina production	7.8mt	7.8mt	7.8mt
Aluminium production	174kt	180kt	178kt
Alumina shipments	8.0mt	7.9mt	7.7mt

Definitions and notes

1. Significant items include: \$30m Alba legal matter and \$13m Anglesea maintenance.
2. Adjusted EBITDA/MT from Alcoa Inc's alumina segment (source: Alcoa Inc 2Q 2013 Results slide pack). Alcoa Inc alumina segment is predominately AWAC operations, of which Alumina Limited owns 40%
3. Underlying earnings are calculated by excluding the impact of fair value movements for embedded derivatives contained in AWAC energy contracts that are linked to the LME price of aluminium. Calculation of underlying earnings is undertaken on a consistent basis with previous periods.
4. Alba Civil Settlement and Government Investigations are legal matters that commenced in February 2008 and are reflected in AWAC's performance as Alcoa Inc makes progress in resolving these matters. Inclusion of this matter in AWAC's performance has negatively impacted the Company's result over a number of reporting periods. Refer to Note 11 of the 4D for further details.
5. Calculated as (debt - cash) / (debt + equity).
6. Earnings before interest, tax, depreciation and amortisation consistent with previous periods.
7. Free cash flow defined as cash from operations less capital expenditure.
8. Pricing data sourced from Thomson Reuters.
9. Based on Platts index, FOB Australia average.

Some statements in this public announcement are forward-looking statements within the meaning of the US Private Securities Litigation Reform Act of 1995. Forward-looking statements also include those containing such words as 'anticipate', 'estimates', 'should', 'will', 'expects', 'plans' or similar expressions. Forward-looking statements involve risks and uncertainties that may cause actual outcomes to be different from the forward-looking statements. Important factors that could cause actual results to differ from the forward looking statements include: (a) material adverse changes in global economic, alumina or aluminium industry conditions and the markets served by AWAC; (b) changes in production and development costs and production levels or to sales agreements; (c) changes in laws or regulations or policies; (d) changes in alumina and aluminium prices and currency exchange rates; and (e) the other risk factors summarised in Alumina's Form 20-F for the year ended 31 December 2012.

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