

## Alcoa Fourth Quarter 2017 Earnings Release

Alumina Limited (ASX: AWC) notes Alcoa Corp's ("Alcoa") quarterly earnings release. To assist readers in understanding relevant market, operational and commercial matters of the AWAC joint venture, selected information from the Alcoa Bauxite and Alumina Segment results and other market data are attached.

Alumina Limited's CEO, Mike Ferraro, commented, "The fourth quarter's 111% increase in the combined adjusted EBITDA for the bauxite and alumina segments to \$668 million was mainly due to the steep rise in alumina spot prices since the third quarter and also reflects the strong competitive position of the AWAC assets." The spot alumina price as at 17 January 2018 was approximately US\$388 per tonne.

In 4Q 2017, AWAC's production of alumina was 3.2 million tonnes and bauxite production from wholly owned mines and equity interests in MRN and CBG was 11.5 million bone dry tonnes.

During 2017, the gross distributions received by Alumina Limited from AWAC entities were US\$343.2 million (1H2017: US\$155.2 million), of which US\$80.0 million (1H2017: US\$56.0 million) was reinvested as equity contributions. Net cash receipts from AWAC entities for the same period were US\$263.2 million, of which US\$50.2 million and US\$132.6 million were included in Alumina Limited's 2016 final dividend and the 2017 interim dividend, respectively. Since the start of 2018, Alumina Limited has received a further US\$69.9 million in distributions. Further net receipts from AWAC entities are expected during February.

Alumina Limited's net debt was approximately US\$58.4 million at the end of December 2017.

### **About AWAC & Alcoa's Earnings Release**

*Alumina Limited owns 40% of each of the AWAC entities, which form a part of the Alcoa bauxite & alumina business segments. The Alcoa aluminium business segment includes the AWAC Portland smelting operations. The Afobaka power station and Anglesea power station operations (closed 31 August 2015) are included in Transformation & legacy pension/OPEB. Therefore, the AWAC results cannot be directly inferred from the Alcoa earnings release. Further, unlike Alumina Limited, Alcoa reports under US GAAP. All figures displayed are in US dollars unless otherwise shown.*

### **Forward-looking statements**

*Neither Alumina nor any other person warrants or guarantees the future performance of Alumina or any return on any investment made in Alumina securities. This document may contain certain forward-looking statements, including forward-looking statements within the meaning of the US Private Securities Litigation Reform Act of 1995. The words "anticipate", "aim", "believe", "expect", "project", "estimate", "forecast", "intend", "likely", "should", "could", "will", "may", "target", "plan" and other similar expressions (including indications of "objectives") are intended to identify forward-looking statements. Indications of, and guidance on, future financial position and performance and distributions, and statements regarding Alumina's future developments and the market outlook, are also forward-looking statements.*

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# Alumina Limited

- **Alcoa Corp's 4Q 2017 Bauxite and Alumina Segments highlights**
- **Market data on commodity prices**

18 January 2018

# Disclaimer



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Any forward-looking statements contained in this document are not guarantees of future performance. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Alumina and its directors, officers, employees and agents that may cause actual results to differ materially from those expressed or implied in such statements. Those risks, uncertainties and other factors include (without limitation): (a) material adverse changes in global economic conditions, alumina or aluminium industry conditions or the markets served by AWAC; (b) changes in production or development costs, production levels or sales agreements; (c) changes in laws, regulations or policies; (d) changes in alumina or aluminium prices or currency exchange rates; (e) Alumina Limited does not hold a majority interest in AWAC and decisions made by majority vote may not be in the best interests of Alumina Limited; and (f) the other risk factors summarised in Alumina's Annual Report 2016. Readers should not place undue reliance on forward-looking statements. Except as required by law, Alumina disclaims any responsibility to update or revise any forward-looking statements to reflect any new information or any change in the events, conditions or circumstances on which a statement is based or to which it relates.

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# Alcoa Corp's Bauxite and Alumina Segment highlights



Description	4Q 2017	3Q 2017	Selected Highlights
<b>Adjusted EBITDA Total:</b> <i>comprising</i> - Bauxite Segment - Alumina Segment	<b>\$668m</b>  \$106m \$562m	<b>\$316m</b>  \$113m \$203m	<ul style="list-style-type: none"> <li>Average FOB Australia alumina price for relevant pricing period rose 42%</li> </ul>
<b>Adjusted EBITDA Margin:</b> - Bauxite Segment - Alumina Segment	34.6% 37.0%	34.8% 18.3%	<ul style="list-style-type: none"> <li>Margins include intersegment transfer prices</li> </ul>

### Important Notes:

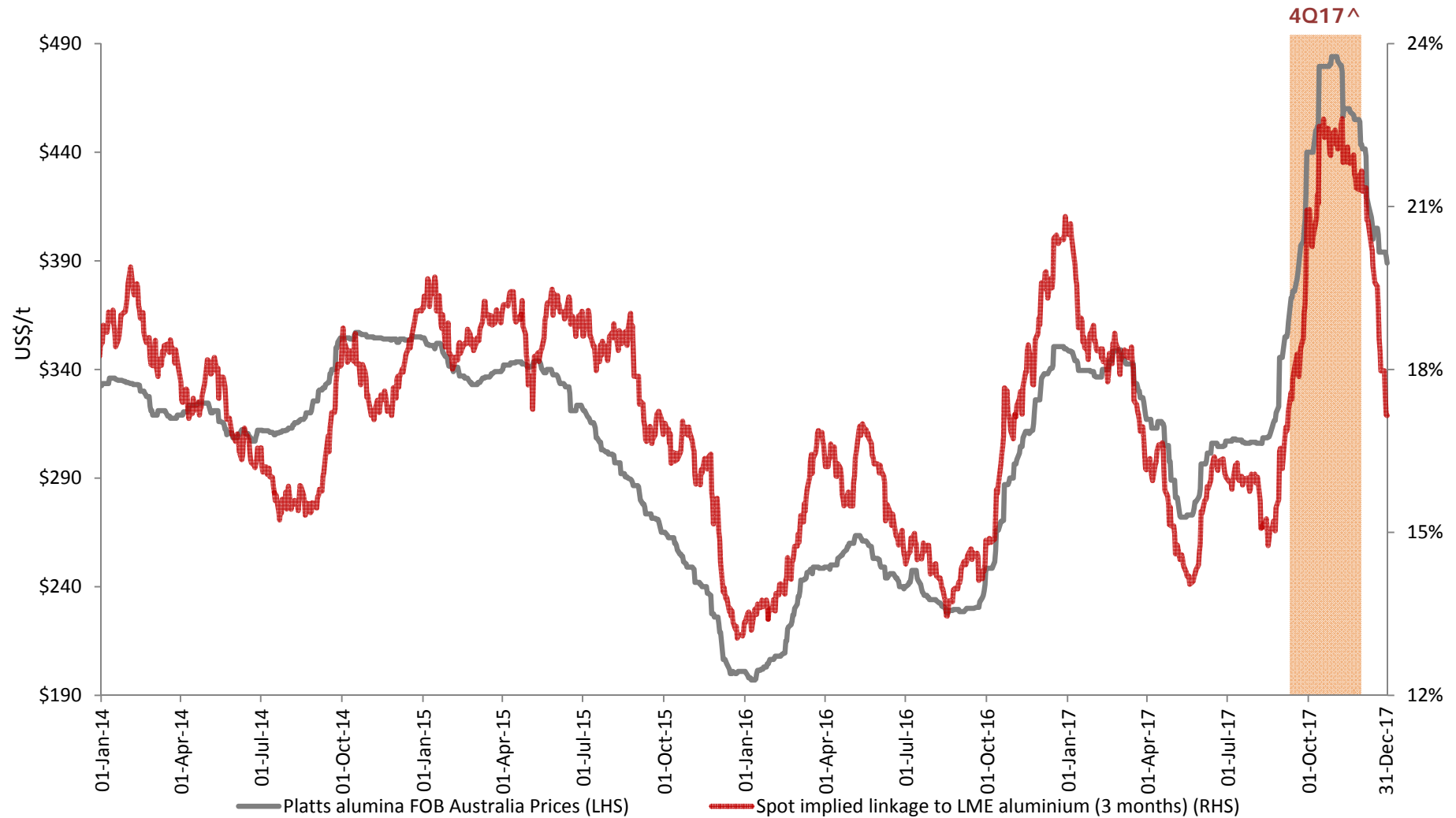
- Numerical information above is sourced from, and should be read in conjunction with, Alcoa Corp's quarterly earnings releases and presentations and relates to the Alcoa Corp Bauxite and Alumina Segments.
- The Alcoa Corp Bauxite and Alumina Segments include mining and refining operations at Pocos de Caldas, an additional 15% interest in the Sao Luis refinery and an additional interest in MRN which are not part of AWAC. AWAC accounted for 3.2 mt of the 3.3 mt of alumina produced by the Alcoa Corp Alumina Segment in 4Q 2017. AWAC's interest in the Portland smelter is included in the Alcoa Corp Aluminum Segment and the interest in Afobaka hydro-electric station is included in Transformation & legacy pension/OPEB.
- Adjusted EBITDA is a non-GAAP financial measure derived from Alcoa's consolidated financial information. Alcoa Corp's financial statements are prepared in accordance with US GAAP. The definition of Adjusted EBITDA and reconciliations to the most directly comparable GAAP financial measure can be found in the schedules to Alcoa Corp's earnings release.

Sources: Alcoa Corp 4Q 2017 Results Announcements and 4Q 2017 Earnings Conference presentations

Commodity prices in this slide pack are based on published market prices and may not equate to actual pricing under AWAC contracts



# Spot alumina & implied linkage



^ Indicative pricing period relevant to 4Q17 alumina sales due to 1-month lag

Sources: Alumina: Platts, January 2018. LME Aluminium: Thomson Reuters, January 2018

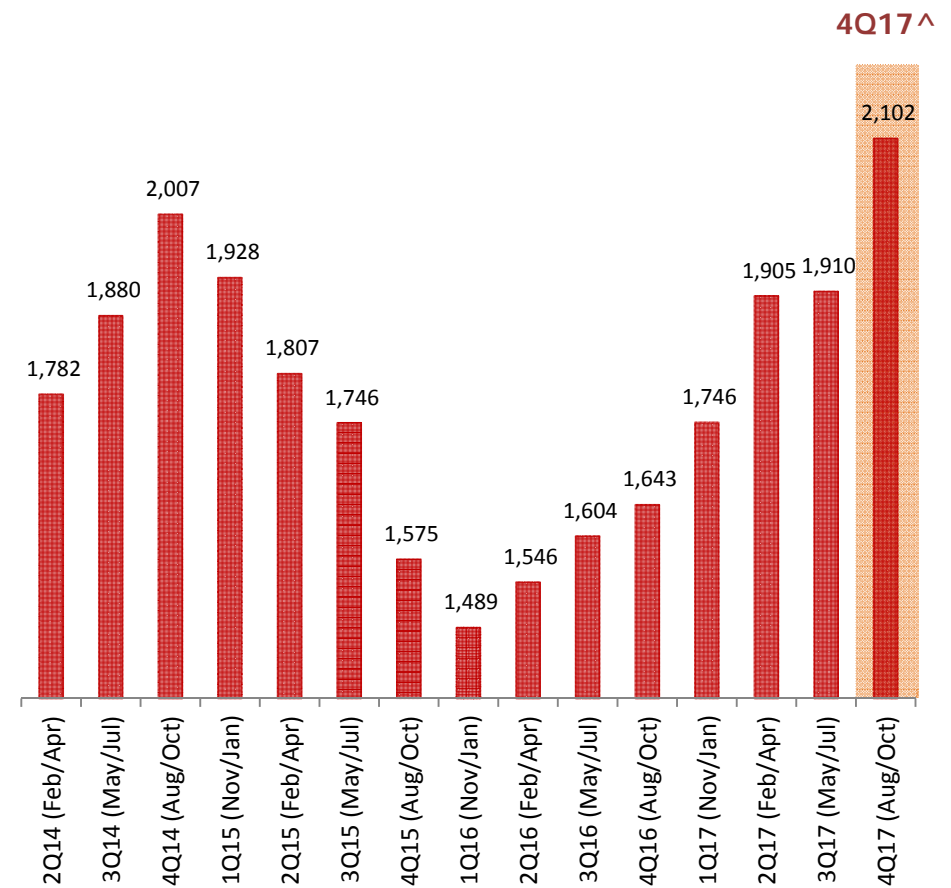
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# LME aluminium prices (3-month)

Daily (US\$/t)



Quarter average (lagged, US\$/t)



^ Indicative pricing period relevant to 4Q17 alumina sales due to 2-month lag

Sources: Thomson Reuters, January 2018

Commodity prices in this slide pack are based on published market prices and may not equate to actual pricing under AWAC contracts

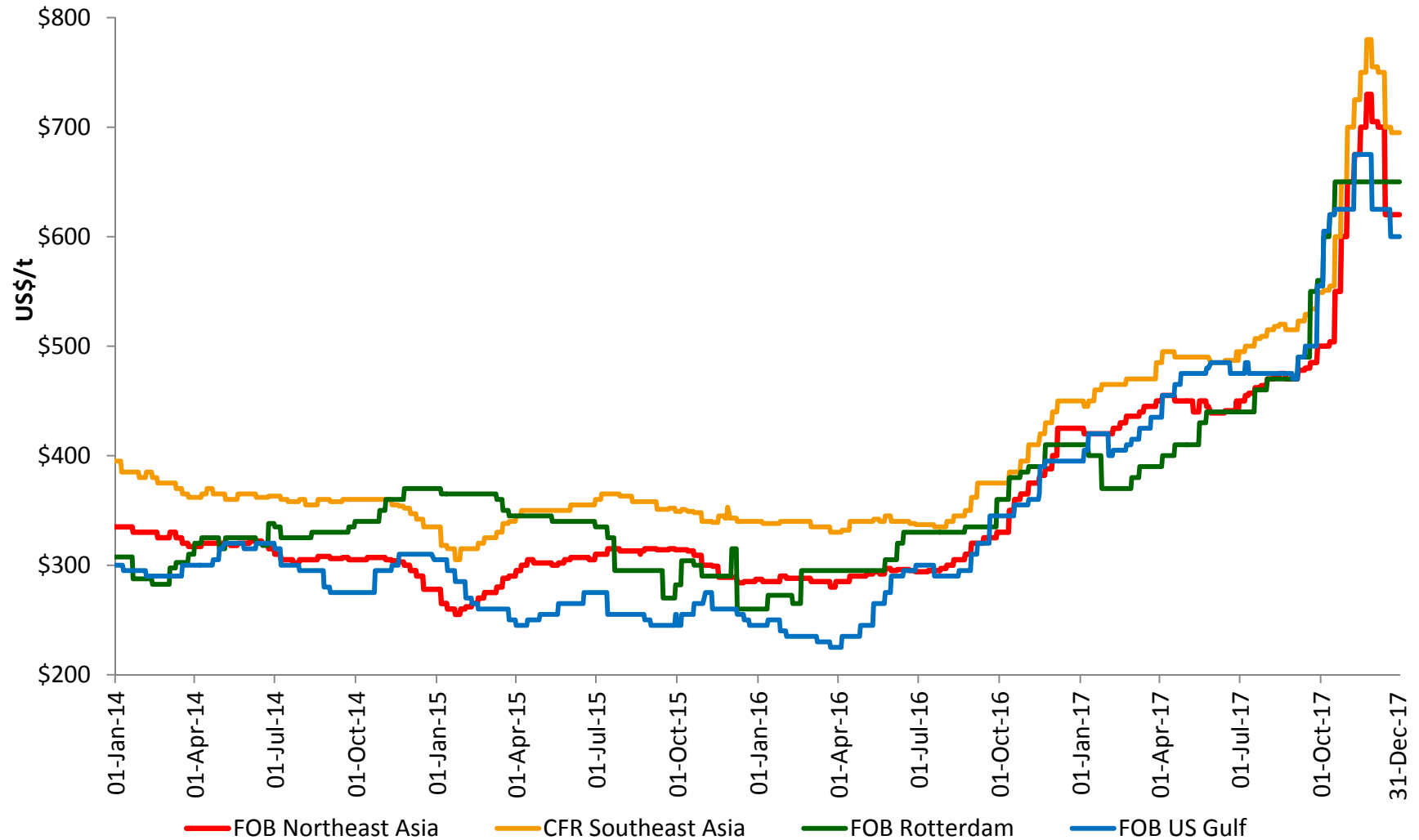
# Foreign Exchange – AUD/USD



Source: Thomson Reuters, January 2018

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# Caustic Soda



Source: Platts, January 2018

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