

Alumina Limited 2018 Full Year Result Presentation

Attached is a presentation relating to Alumina Limited's Full Year Results for the 12 months ended 31 December 2018.

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This presentation contains certain non-IFRS financial information. This information is presented to assist in making appropriate comparisons with prior year and to assess the operating performance of the business. Where non-IFRS measures are used, definition of the measure, calculation method and/or reconciliation to IFRS financial information is provided as appropriate or can be found in the Alumina Limited's ASX Full-Year Report for the period ended 31 December 2018.



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Company Secretary

21 February 2019

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Alumina Limited

2018 Full-Year Results

Mike Ferraro, Chief Executive Officer

Galina Kraeva, Interim Chief Financial Officer

Summary Information

This Presentation contains summary information about the current activities of Alumina Limited (ACN 004 820 419) (**Alumina**) and its subsidiaries as at the date of this Presentation. The information in this Presentation should not be considered to be comprehensive nor to comprise all the information that a reader may require in order to make an investment decision regarding Alumina securities. This Presentation should be read in conjunction with Alumina's other periodic and continuous disclosure announcements lodged with the ASX, which are available at www.asx.com.au.

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Key Risks

Certain key risks that may affect Alumina, its financial and operating performance and the accuracy of any forward-looking statements contained in this Presentation 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 2017.

Past Performance

Past performance information contained in this Presentation is given for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance.

Financial Data

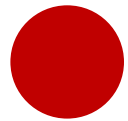
All dollar values in this Presentation are in United States dollars (US\$) unless otherwise stated.

Certain financial data included in this Presentation is "non-IFRS financial information" under Australian Securities and Investments Commission Regulatory Guide 230: "Disclosing non-IFRS financial information". Alumina believes the non-IFRS financial information provides useful information to users in comparing prior periods and in assessing the financial performance and condition of Alumina. The non-IFRS financial information does not have a standardised meaning prescribed by Australian Accounting Standards and, therefore, may not be comparable to similarly titled measures presented by other entities, nor should the information be construed as an alternative to other financial measures determined in accordance with Australian Accounting Standards. Readers are cautioned, therefore, not to place undue reliance on any non-IFRS financial information contained in this Presentation. Where non-IFRS financial measures are contained in this Presentation, the definition of the relevant measure, its calculation method and/or a reconciliation to IFRS financial information is provided in this Presentation as appropriate or can be found in Alumina's ASX Full-Year Preliminary Report (Appendix 4E).

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Direct 40% interest in AWAC's global Tier 1 assets



Unique focus on the profitable upstream sector of the aluminium supply chain



Greatest global exposure to API pricing and alumina market fundamentals



Strong, transparent cash flows derived from growing, balanced markets

**Full-year 2018:
Quality assets again deliver outstanding result**

**\$635
million**

NPAT – Up 87% from 2017 (\$340 million)

**\$678
million**

Net cash receipts from AWAC

\$447/t

Average AWAC realised alumina price

**14.1
US cps**

Final dividend, fully franked – Up 52% from 2017

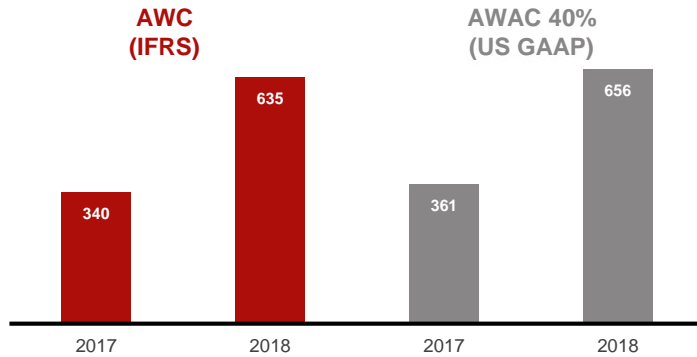


Alumina Limited and AWAC 2018 Full-Year Results

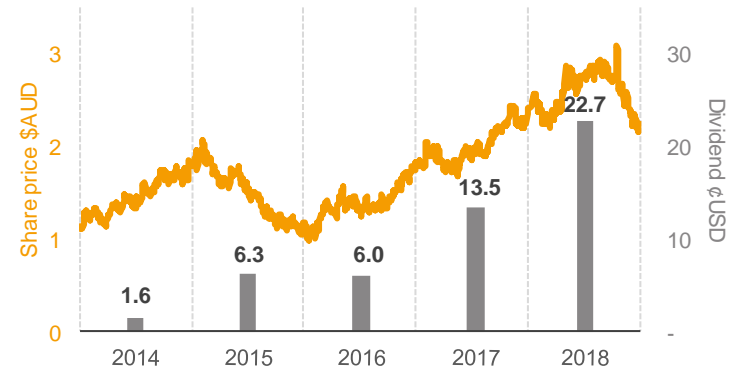
Galina Kraeva
Interim Chief Financial Officer

Alumina Limited Overview

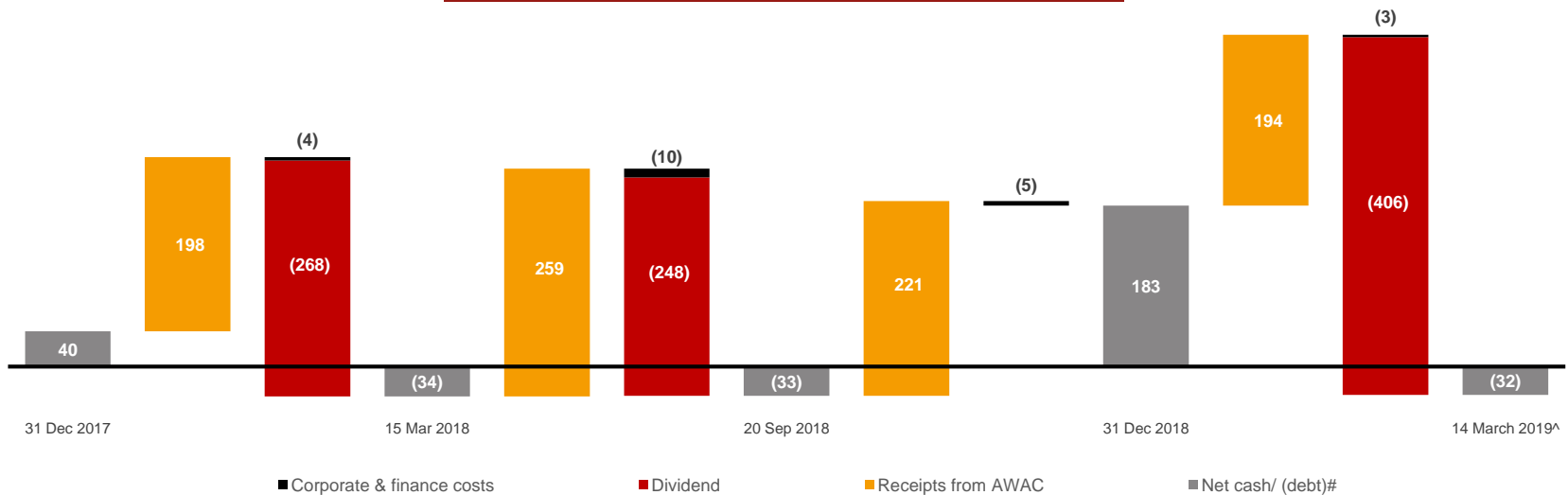
NPAT increased by \$295m



AWC share price / dividend history



Net AWAC receipts of \$678m in 2018

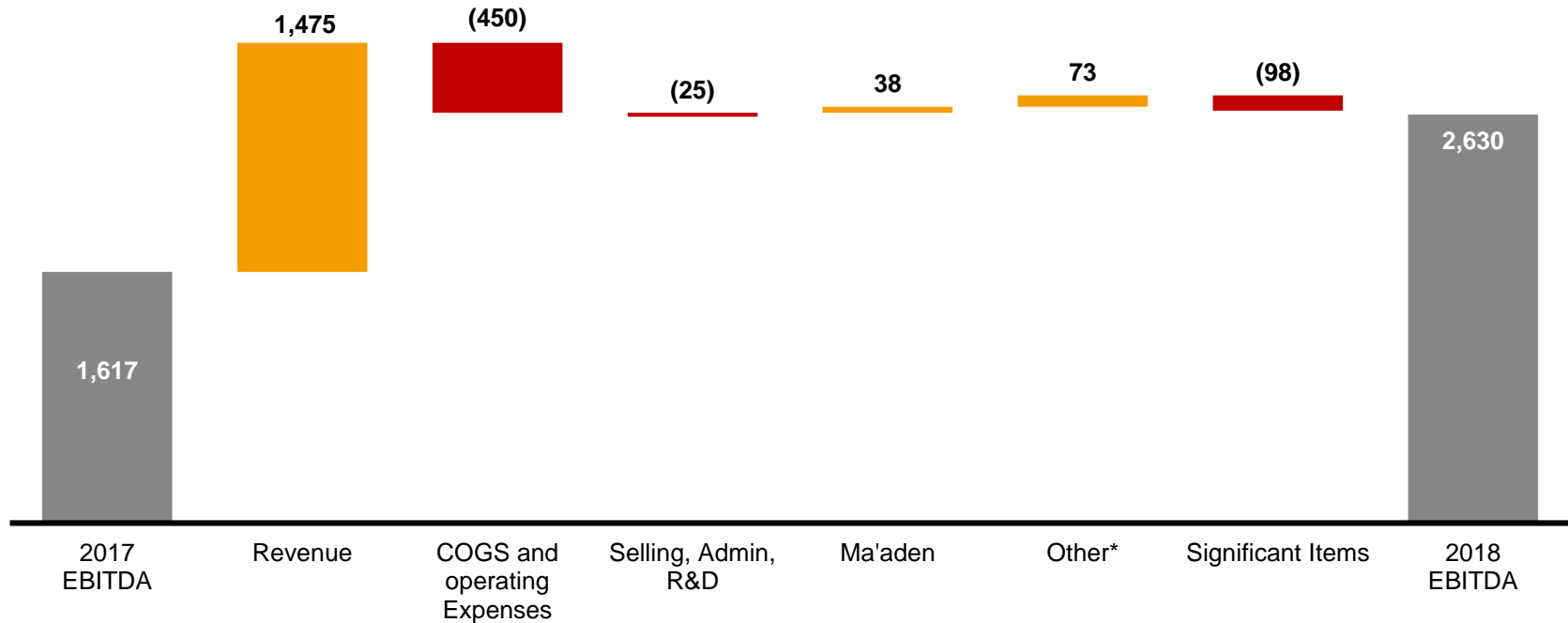


[^] Cash flows since 31 Dec 2018 include estimated cash flows up to the date of dividend payment on 14 March 2019

Net cash / (debt) excludes the Alumina Limited's bond (A\$125m)

Record AWAC EBITDA

EBITDA[^] increased by \$1,013m

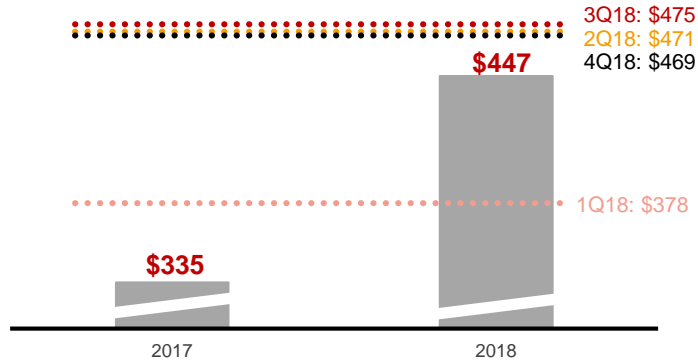


[^] Earnings before interest, tax, depreciation and amortisation

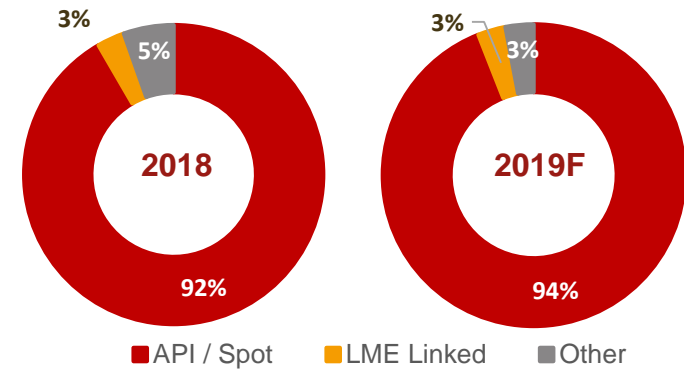
* Other includes restructuring, gain/loss on asset disposal, FX exchange differences, derivative income/expense, and miscellaneous

AWAC Realised Alumina Price

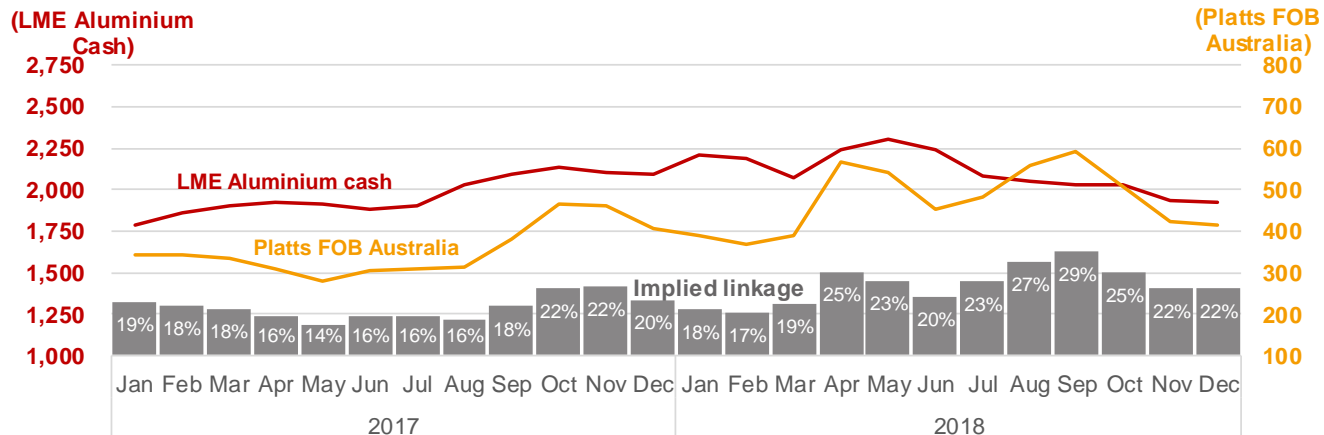
Average realised price increased by \$112/t



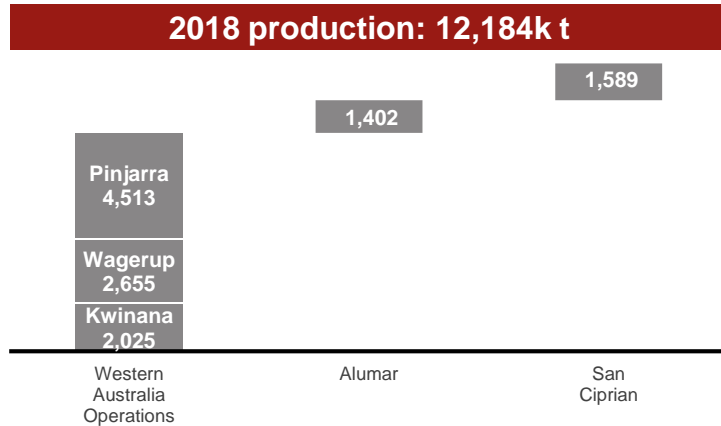
Smelter Grade Alumina Pricing



Average monthly LME vs Average monthly Platts FOB Australia (US\$/t) and implied linkage#

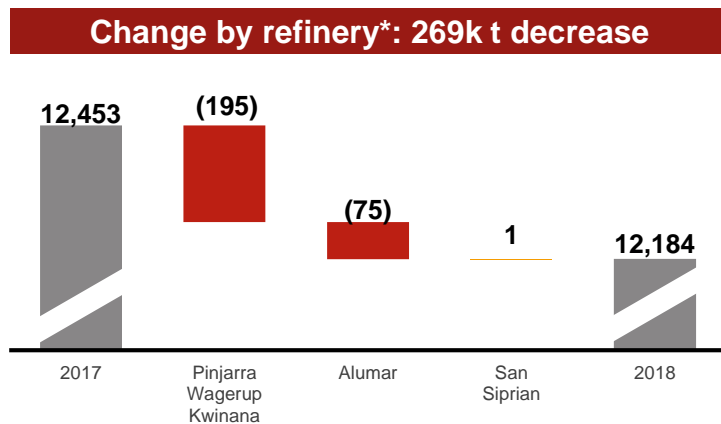


Implied linkage is defined as the price of alumina divided by the price of aluminium



2019 guidance

Approximately **12.6 million tonnes**

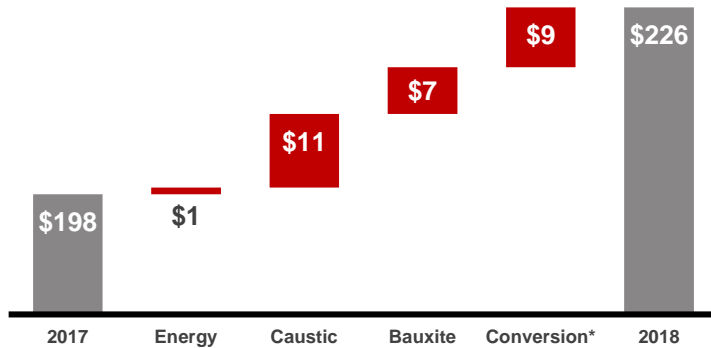


Ma'aden Joint Venture (100%)	2017	2018
Refinery production (kt)	1,478	1,765 [^]

* Production of AWAC's operated refineries. Therefore, the Ma'aden joint venture refinery is not included

[^] Production equates to an average of 98% of nameplate capacity of 1,800kt

Cash production cost[^] increased by \$28/t



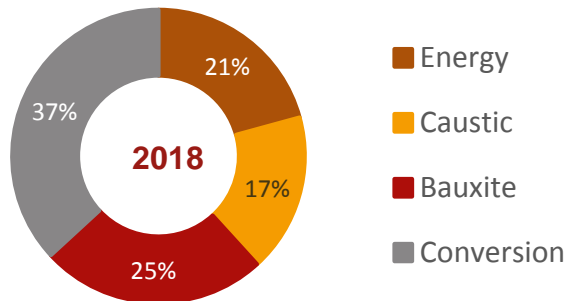
* Conversion includes: employee costs, indirect costs and other raw materials costs

2019 guidance

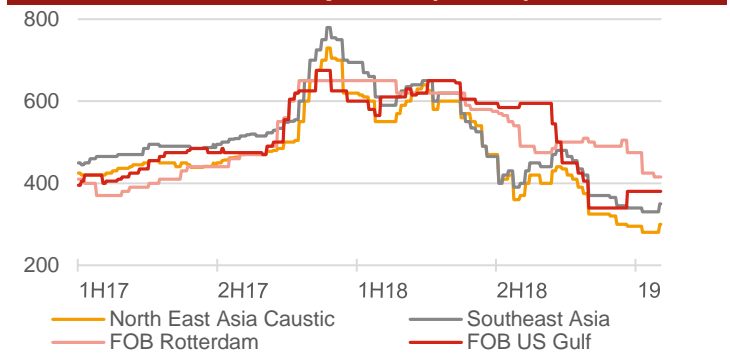
Caustic price sensitivity#: +/- \$100/t = +/- \$90m

AUD sensitivity: +/- 1¢ in USD/AUD = +/- \$25m

Cash cost structure



Caustic prices (\$/dmt)



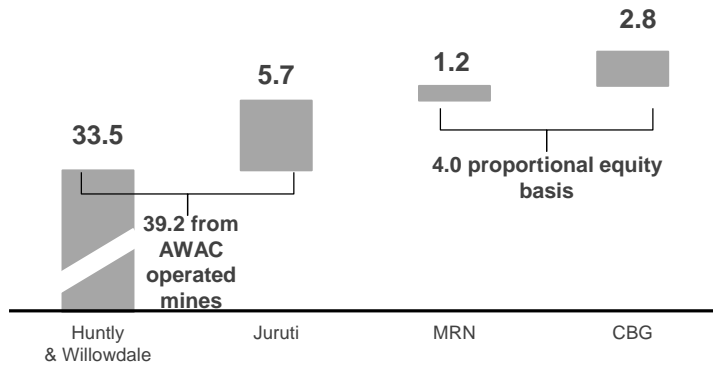
Source: Platts, January 2019

[^] Defined as direct materials and labour, energy, indirect materials, indirect expenses, excluding depreciation. Movements can relate to usage, unit costs or combination of both, timing of maintenance, seasonal factors, levels of production and the number of production days and refinery mix. Includes the mining business unit at cost. The Ma'aden joint venture refinery is not included

Caustic inventory flow is 5-6 months

AWAC Bauxite Production and Sales

2018 production: 43.2m BDT*

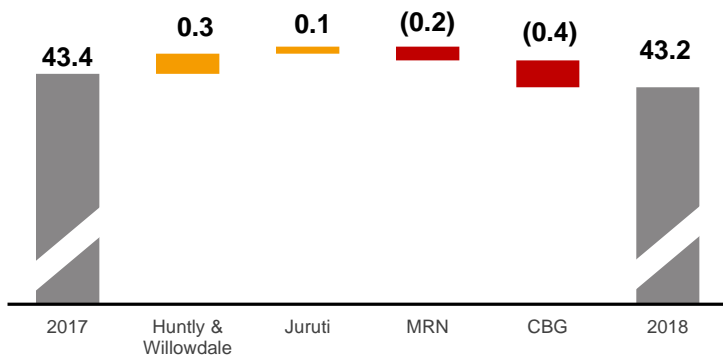


2019 guidance

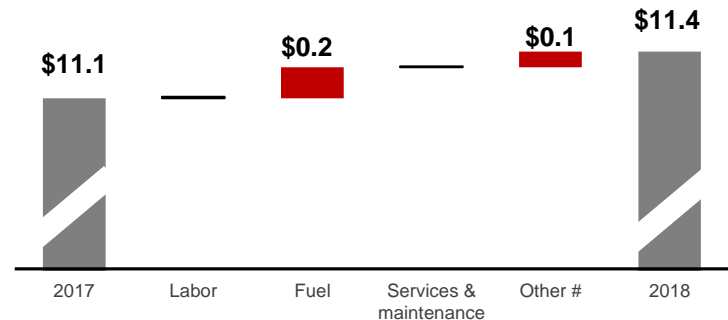
Third party sales: approximately 6.2 million tonnes

WA exports to increase to 1.8 million tonnes

Change by region: 0.2m BDT decrease



Cash production cost^ : \$0.3/BDT increase



* Tonnes are reported on a zero moisture basis, "bone dry".
MRN - Mineração Rio do Norte S.A.; CBG - Compagnie des Bauxites de Guinée

^ AWAC operated mines
Other includes energy, supplies, PAE, royalties and other

Item	2019 Outlook
PRODUCTION	Alumina: 12.6m t Portland (55% share):165k t
3RD PARTY SALES	Bauxite: 6.2m BDT
CASH FLOW	Sustaining Capex: \$155m Growth Capex: \$110m Restructuring related items: \$120m Tax payments related to prior year: approximately \$350m (\$220m increase)
SENSITIVITIES	API +/- \$10/t: approximately +/- \$110m EBITDA Caustic +/- \$100/dmt: approximately +/- \$90m EBITDA USD/AUD +/- 1¢: approximately +/- \$25m EBITDA

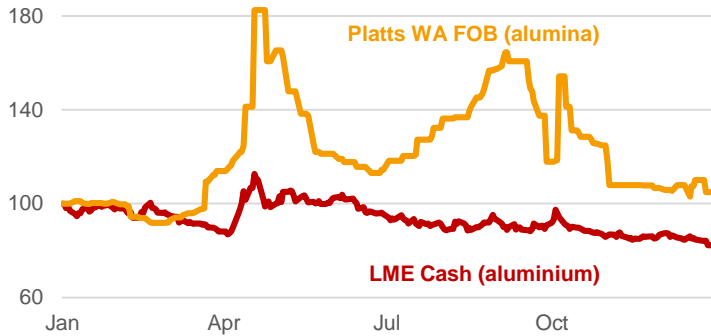


Market Review and Outlook

Mike Ferraro
Chief Executive Officer

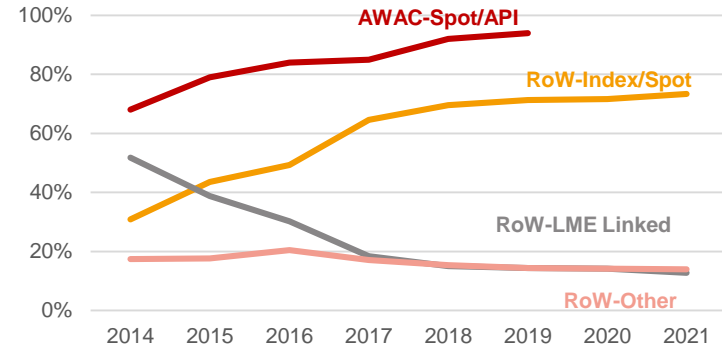
AWAC's high exposure to API pricing and low cost position was rewarded ...

Index of Alumina & Aluminium Prices (2018)



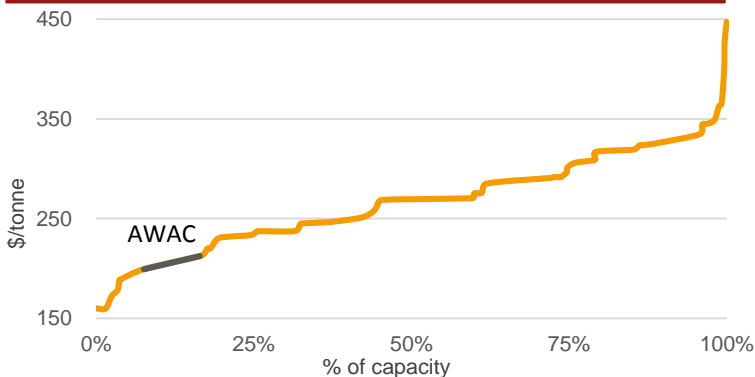
Source: Platts, January 2019

SGA Pricing (% of contracts)



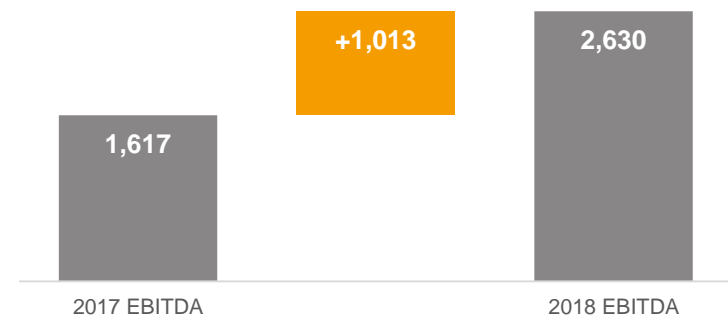
Source: CRU, January 2019

Global SGA Refining Cash Cost Curve 2018 Q4



Source: HARBOR Aluminum, January 2019

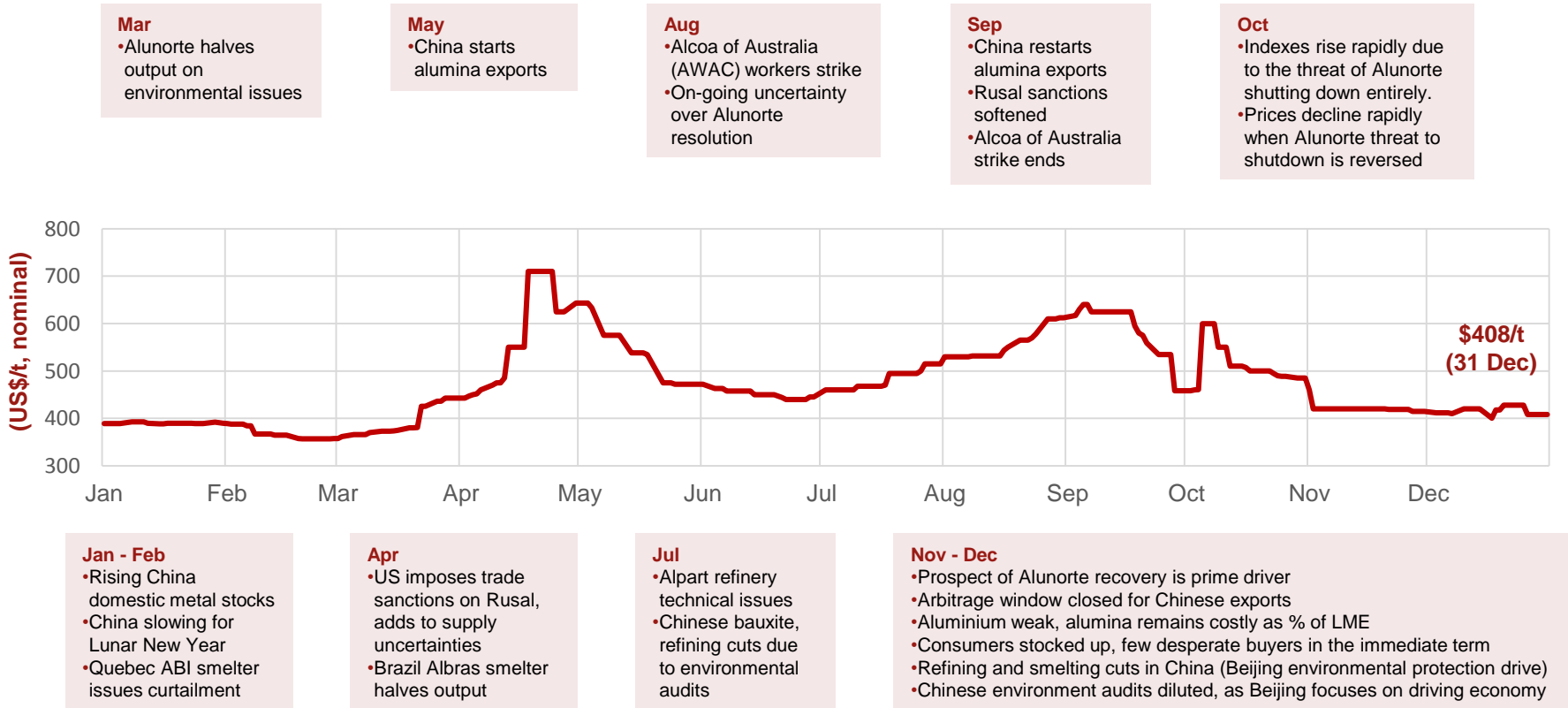
AWAC Record EBITDA (\$m) in 2018



... as soaring prices reflected alumina market fundamentals

Alumina price indices continue to reflect alumina supply/demand and cost fundamentals

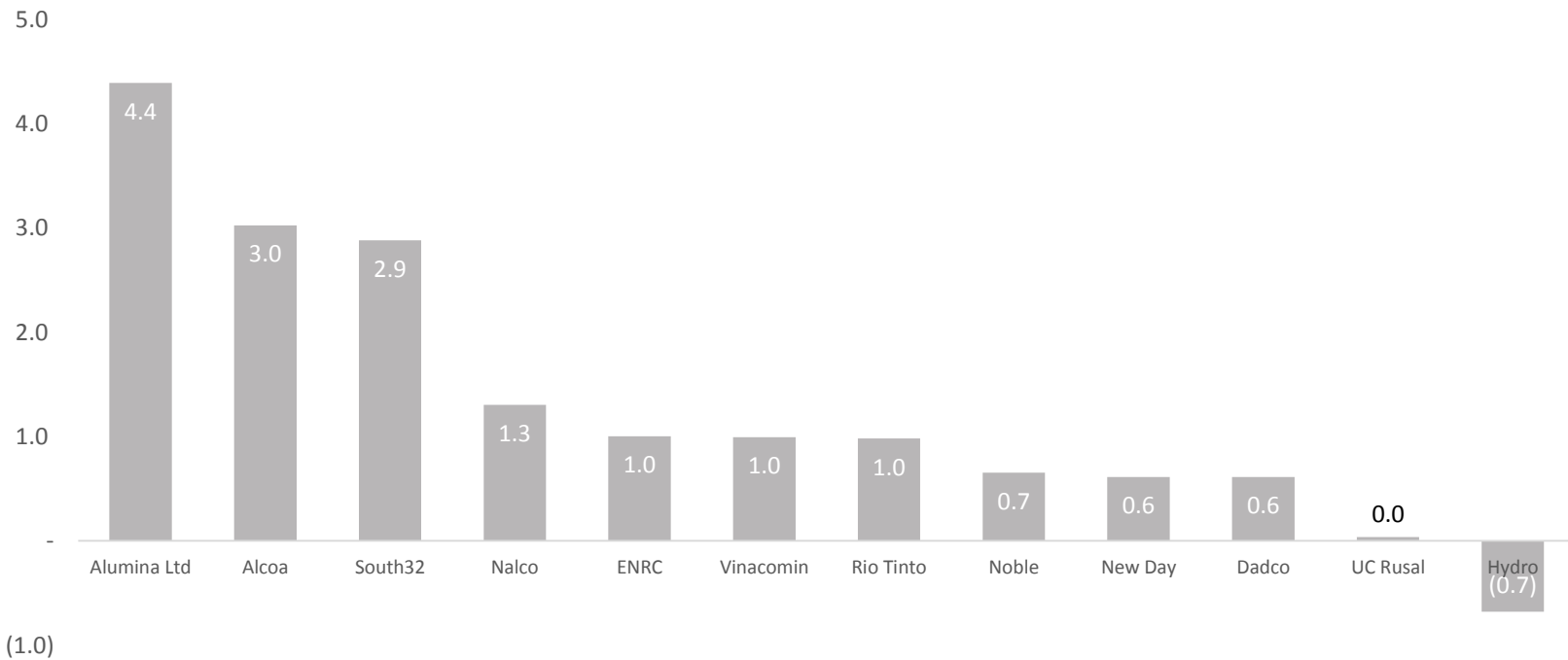
Platts PAX FOB Australia Prices in 2018



... benefiting Alumina Limited more than any other company

Alumina Limited: substantial third party alumina price exposure (with some third party bauxite sales and only minor exposure to aluminium)

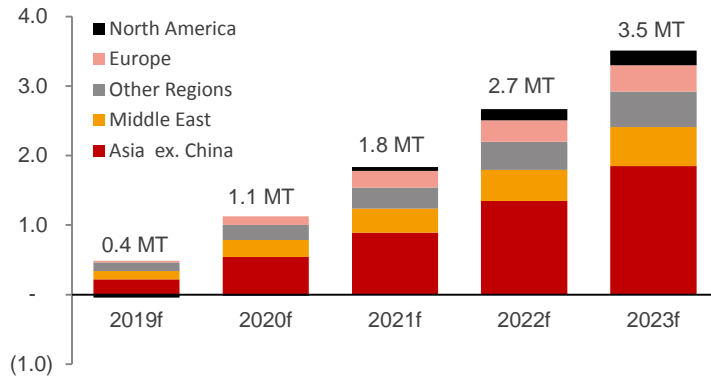
Net economic exposure to third party SGA pricing, major world producers 2018 (ex-China, million tonnes)



Note: Hydro position adversely influenced by 50% curtailment at Alunorte
UC Rusal contended with US sanctions' disruptions and uncertainty, before being lifted in January 2019

... with solid growth underpinned by a balanced alumina market ahead

Accumulated aluminium consumption growth-RoW

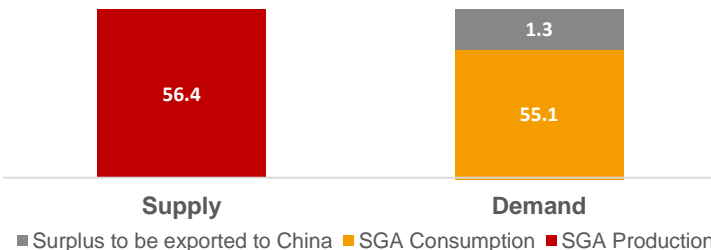


Source: HARBOR Aluminum, January 2019

Aluminium consumption forecast for solid, if slower, growth

2019 Smelter grade alumina market (to balance market after Chinese imports/exports) – RoW (Mt)

RoW exports to China of 1.27Mt in 2019 (minimum) expected to balance the global market

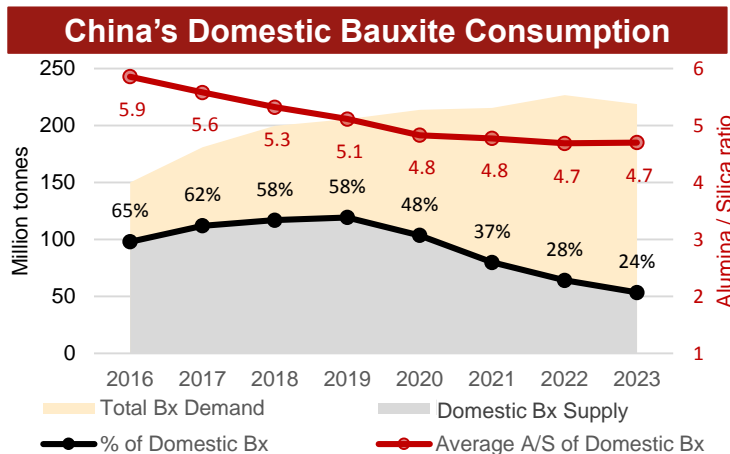
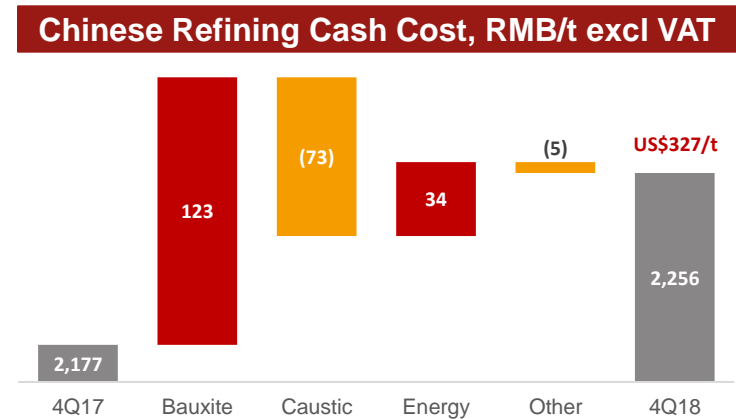
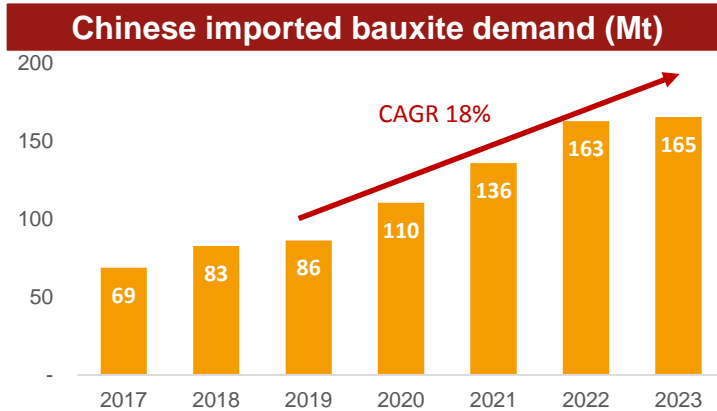


Alumina market expected to move to balance amidst alumina supply and demand growth, Alunorte resuming full production and Chinese exports of alumina reducing

Imports of alumina into China in 2018 were abnormally low, due to the much lower availability of uncommitted alumina production outside China

Source: Alumina Limited analysis, January 2019

... and as China continues to import more bauxite at a higher refining cost



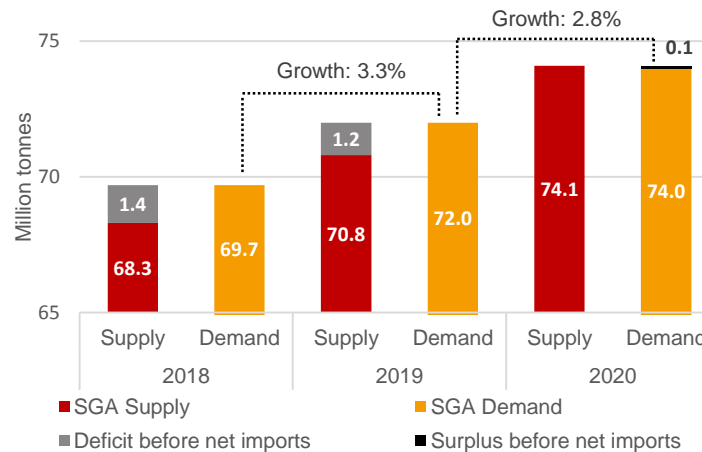
China is forecast to import significantly more bauxite as:

- *the quality of China's bauxite deposits declines*
- *Chinese environmental and safety audits continue and*
- *China's alumina production increases.*

Bauxite imports replacing domestic bauxite has increased Chinese alumina production costs overall, despite savings from lower use of caustic, and is expected to continue to do so, as the bauxite import curve steepens.

... China's reforms are likely to ensure broad alumina self-sufficiency

China alumina SGA supply/demand balance



NDRC, MIIT Notice/Policy, November 2018

“Notice on Promoting the Orderly Development of Alumina Industry”:

- *emphasizes overall guideline for domestic alumina industry development to remain as supply-side structural reform, better government administration, proper resource allocation, strict implementation of safety, environmental protection and energy consumption etc.*

- *encourages alumina producers to upgrade production lines to meet energy and water consumption requirements*

- *ultimate goals to regulate market order, promoting transformation and upgrade, achieving a balance of alumina supply/demand, meeting domestic needs*

... all of which point to a positive outlook for Alumina Limited

Item	High performance in 2018 and strong outlook for 2019
2018 AWAC and Alumina Limited Performance	<p>Strongest financial year since listing of Alumina Limited from substantial price tailwinds:</p> <ul style="list-style-type: none"> - record AWAC net cash inflow[^] of \$1.804 billion - record Alumina Limited profit of \$635 million - record Alumina Limited dividends of \$654 million (yield 11.5%)
AWAC assets	<p>AWAC's Tier 1 low cost assets again deliver strong cash flows and outstanding returns to shareholders from the most profitable part of the aluminium supply chain</p>
Alumina market outlook	<ul style="list-style-type: none"> - Alumina small deficit in 2018 likely to be balanced in 2019 with Alunorte restart and some additional RoW supply - 2019 solid pricing outlook (nearly 3 months of 2019 pricing complete, API average circa \$393/t) - Chinese alumina supply-side and environmental reforms and domestic bauxite depletions likely to lead to flatter, high Chinese alumina cost curve and self-sufficiency
Alumina Limited	<p>We are one of a kind globally with an almost pure exposure to alumina. Underpinned by low cost of production and low leverage.</p>

[^] AWAC cash flow before distributions less capital contributions from partners

Appendix



AWAC Tailings & Residue Facilities

(includes MRN and CBG)

AWAC commenced an external review of the tailings dams and residue storage areas which it operates in 2Q 2018, to be completed in 1Q 2019

79

Tailings and residue storage facilities worldwide

38

Upstream construction tailings and residue storage facilities worldwide

13

Upstream construction tailings and residue storage facilities in Brazil

44

Active tailings and residue storage facilities worldwide

25

Active upstream construction tailings and residue storage facilities worldwide

1

Active upstream construction tailings and residue storage facility in Brazil

35

Inactive tailings and residue storage facilities worldwide

13

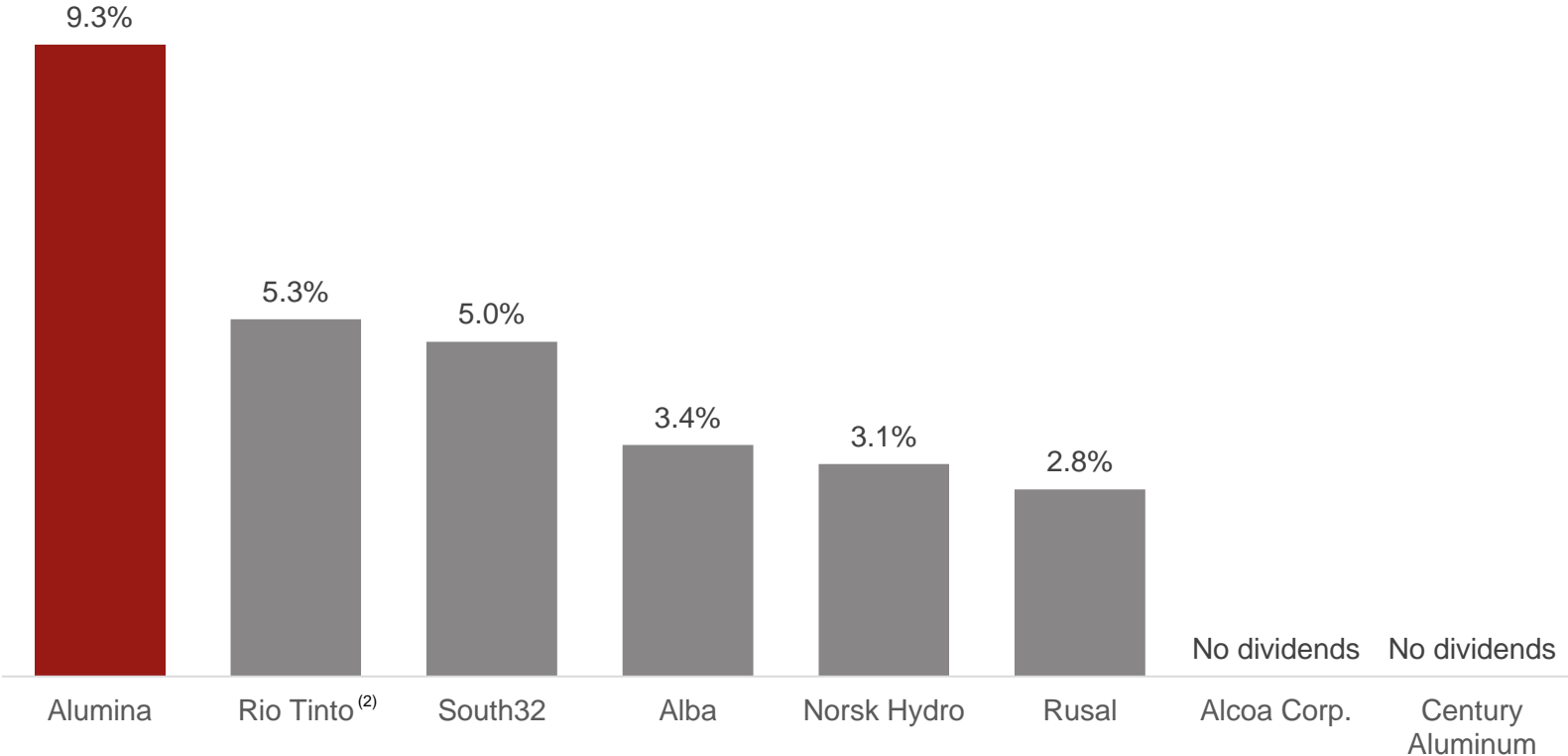
Inactive upstream construction tailings and residue storage facilities worldwide

12

Inactive upstream construction tailings and residue storage facilities in Brazil

Alumina Limited dividend yield vs. peers

Average dividend yield⁽¹⁾ (past three calendar years, excluding franking credits)



Notes: (1) Dividend yield calculated as the average dividend declared with respect to the last three calendar years (CY16– CY18) divided by the average share price during that period; (2) Rio Tinto CY18 dividend assumed to be US\$3.04 per share as per broker consensus

Limited new alumina capacity growth outside China

Refinery currently under construction outside China (commenced 2014):

Country	Company	Refinery	Capacity (m tpa)	Type	Status	Bauxite Source
UAE	EGA	Al Taweelah	2.0	Greenfield	Commissioning	Guinea

Reportedly started construction end of 2018 (for bauxite backward integration):

Country	Company	Refinery	Capacity (m tpa)	Type	Status	Bauxite Source
Indonesia	Nanshan	Bintan	1.0	Greenfield	Construction start	Indonesia

Other projects which are under consideration are:

Country	Company	Refinery	Capacity (m tpa)	Type
Indonesia	Hongqiao	Ketapang Phase II	1.0	Brownfield
Indonesia	Inalum/Antam	West Kalimantan	2.0	Greenfield
India	Vedanta	Lanjigarh	5.0	Brownfield
Guinea	SMB/Winning	Dapilon	1.0	Greenfield
Greece	Mytilineos	Distomon	0.85	Brownfield
Laos	Yunnan Aluminum	Paksong	1.0	Greenfield
Iran	SALCO	Persian Alumina I	0.8	Greenfield
Jamaica	JISCO	Alpart	2.0	Brownfield

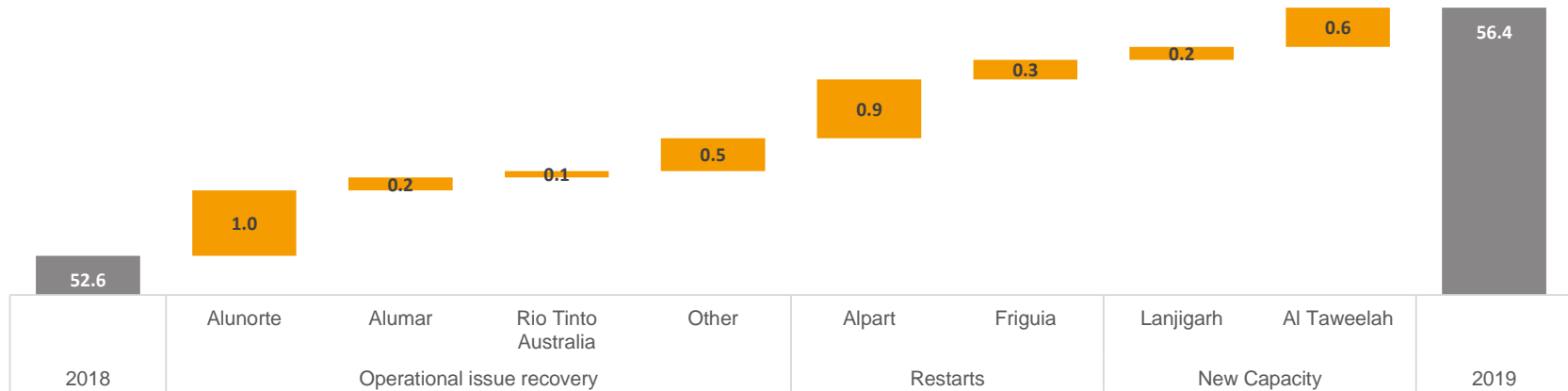
Limited curtailed refinery response (ex-China)

Curtailed Refineries	Owner	Location	Producing (M tpa)	Nameplate Capacity (M tpa)	Comment
Point Comfort	AWAC	US	0.0	2.3	Curtailed in June 2016
Alpart Alumina	JISCO	Jamaica	1.2	1.7	Acquired in curtailed state mid-2016. Slow ramp. Backward integration re-start
Kirkvine	Winalco	Jamaica	0.0	0.6	On care and maintenance since 2009
Friguia	Rusal	Guinea	0.3	0.60	Re-start commenced June 2018, reportedly helping bauxite backward integration, to take 12 months to ≈600k t and cost at least \$120 million
Anrak	Anrak	India	0.0	1.5	Built in 2014 (not started). Would need financing and bauxite access/supply.
Eurallumina – Porto Vesme	Rusal	Italy	0.0	1.1	Idled since 2009. Reviewing restart from around end 2020
Bauxilum	State-owned	Venezuela	0.0	2.0	Idled. Little production since 2015 (due to asset deterioration)
TOTAL			1.5	9.80	

World (ex-China) production: Smelter grade alumina, aluminium

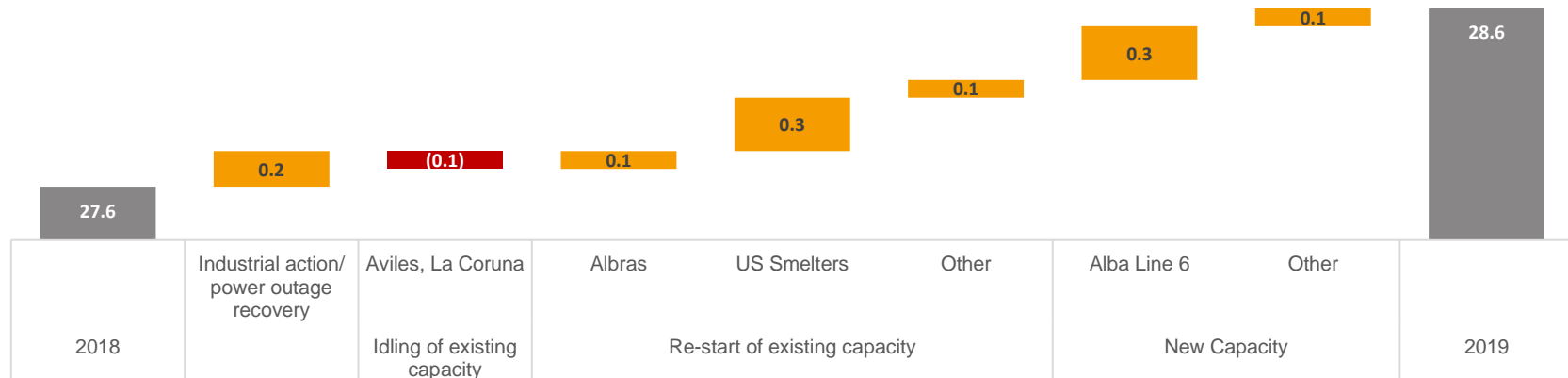
0.66m t deficit at end 2018, and 1.27m t expected alumina exports to China to balance ex-China market

Expected growth of 3.8Mt in alumina production (RoW)



Note: Assumes for the purposes of the calculation that Alunorte receives approval to restart its 50% curtailment at the end of Q1 2019 and ramps up firstly to 75-85% by the end of Q2 2019 and then fully thereafter

Expected growth of 1.0Mt in aluminium production (RoW)



Source: Alumina Limited analysis, January 2019

Top 10 RoW aluminium producers, 2018

Top 10 RoW aluminium producers by volume, 2018 (by company, million tonnes)

