

To: The Manager  
Announcements  
Company Announcements Office  
Australian Stock Exchange Limited



## **Public Announcement 2006 – 2AWC**

Attached is a presentation relating to Alumina Limited's Full Year Results for the 12 months ended 31 December 2005:

A handwritten signature in black ink, appearing to read "Stephen Foster".

**Stephen Foster**  
**Company Secretary**

1 February 2006

Alumina Limited

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# Alumina Limited

## 2005 Full Year Results

1 February 2006



# Agenda

- Financial performance
  - ▶ Costs constrain profit growth
- Outlook
  - ▶ Markets and prices favourable
  - ▶ Production growth in 2006
  - ▶ Input costs remain high
- Growth
  - ▶ Pinjarra, Brazil & Jamaica projects
  - ▶ Guinea, Wagerup & Ghana – potential projects

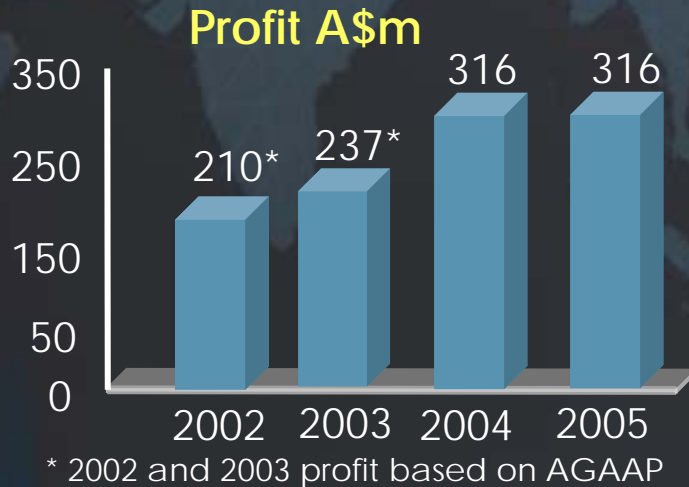
# Disclaimer

*Some statements in this presentation 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 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 2004.*

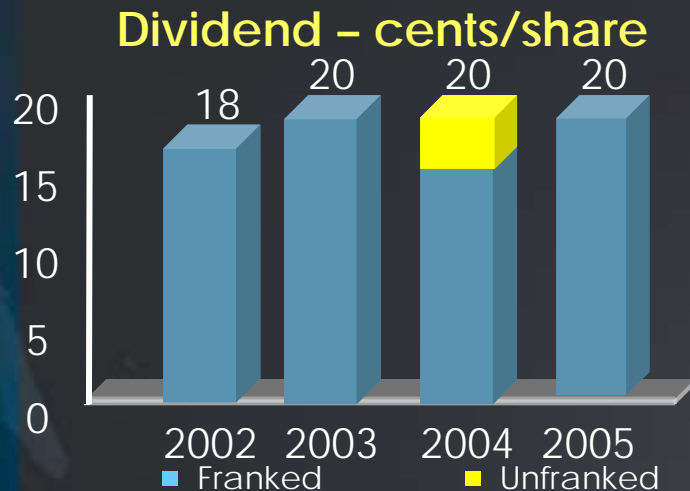
# 2005 Highlights

- **NPAT \$316m (in line with 2004)**
- **Underlying earnings \$331m (up 5%)**
- **ROE 20.6% (22.4% in 2004)**
- Higher alumina and aluminium prices
- AWAC alumina production – up 1% on 2004
- Pinjarra upgrade – 1Q 2006 completion target
- Juruti bauxite mine – development commenced
- Alumar refinery – expansion approved
- Dividend franking capacity through to 1Q 2007

# Profit and dividend maintained



- NPAT \$316m
- Underlying Earnings \$331m



- Final dividend 10 cps
- Dividend maintained at 20 cps, fully franked



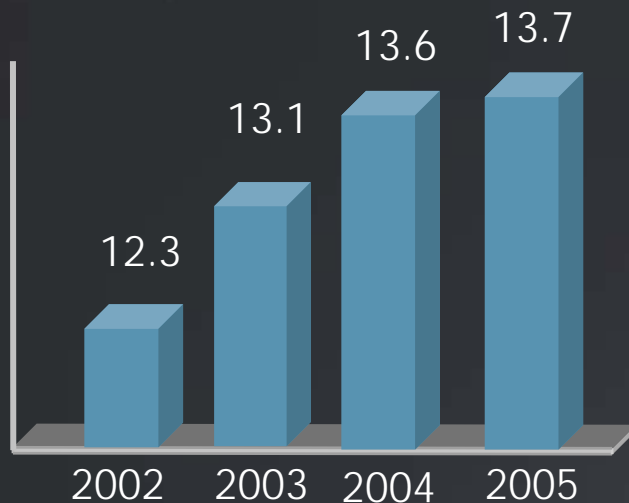
# Underlying Earnings

	2005	2004
<b>NPAT * (A\$m)</b>	<b>316</b>	<b>316</b>
Employee Retirement Benefit obligations	(7)	11
Embedded Derivatives	22	-
Sale of Specialty Chemicals business		(11)
Underlying Earnings	331	316

\* Net profit After Tax calculated according to AIFRS

# AWAC alumina

**AWAC Production  
M/T**



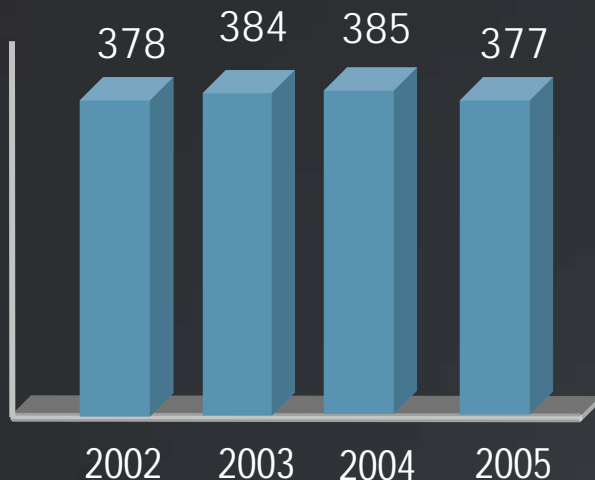
- Alumina realised price US\$239/t (up 15%)
- Alumina production 13.7m tonnes (2004 – 13.6m tonnes)
- Lower bauxite quality impact at Suralco. Hurricane disruptions at Jamalco and Point Comfort
- Alumina unit cost up US\$26/t
- New annual production records at 5 refineries



# AWAC aluminium

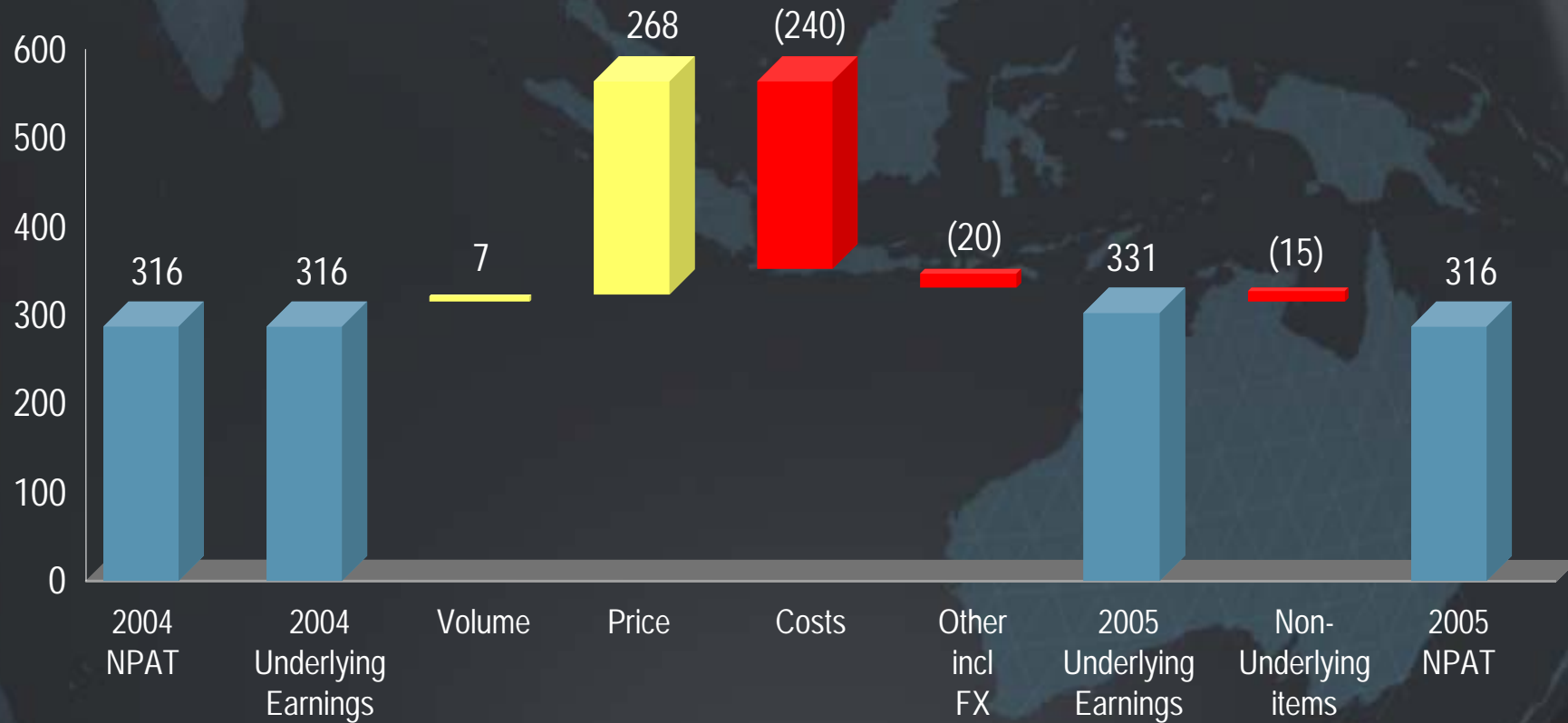
## Aluminium

AWAC Production  
Tonnes '000



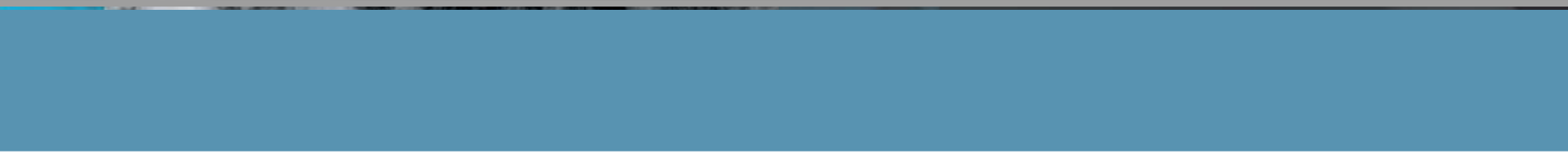
- Aluminium realised price US89¢/pound (up 14%)
- Aluminium production 377k tonnes (2004 – 385k tonnes)
- Aluminium unit costs up 13% – higher alumina prices, power and maintenance costs
- Extended Anglesea power station overhaul – reduced Alumina Limited earnings by A\$9m

# Alumina Limited 2004 to 2005 NPAT



# Alumina - financial capacity to support AWAC growth

- AWAC strong operating cash flow
- Low current gearing – conservative ratios
- S&P confirmed Alumina's A- debt rating
- Funding plan for AWAC growth projects – being developed with Alcoa



# Outlook

# Market update

- Deficit in alumina and aluminium markets projected through 2006
- LME aluminium prices strengthened – above 15 year highs. Price strength reflected in current forward curves
- Chinese aluminium consumption driving global growth
  - ▶ Domestic consumption forecast at GDP growth
  - ▶ Growth in smelting capacity easing – alumina supply and energy cost issues
  - ▶ Chinese alumina production capacity forecast to grow strongly
- Improved alumina contract pricing terms – delivering higher alumina prices

# AWAC - 2006 outlook

- Alumina markets are tight on strong global demand
- Higher AWAC alumina prices
- AWAC production improving
- Suralco production – still constrained by bauxite quality impacting refinery yield
- Pinjarra Upgrade capacity commissioning from 2Q



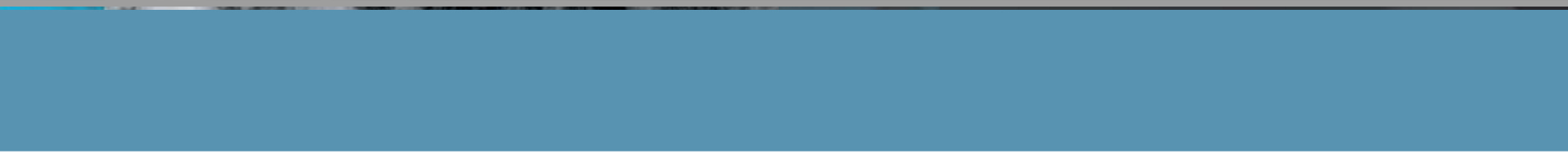
## AWAC – 2006 outlook (cont'd)

- High caustic and energy costs continue
- Energy costs dependent on natural gas and oil pricing
- Energy and raw material cost increases - approximately US\$14/tonne
- Operating improvements targeted to reduce cost inflation impacts

# Alumina – 2006 earnings guidance

## Alumina Limited 2006 Underlying Earnings

- 2006 metal price sensitivity is \$15.0 million for each US one cent movement in the LME metal price
- 2006 exchange rate sensitivity is \$7.2 million for each one cent movement in the exchange rate



Growth

ALUMINA  
LIMITED

# AWAC growth projects

- Pinjarra upgrade
  - ▶ AWAC capacity increase of 657ktpa – project completion 1Q 2006
  - ▶ Commissioning full production capacity – 2Q / 3Q 2006
  - ▶ Adds significant low cost capacity to 2006 AWAC production
  - ▶ Co-generation power plant will reduce energy and greenhouse emission intensity

# AWAC growth projects – approved

- Jamalco
  - ▶ AWAC capacity increase of 1.5mtpa
  - ▶ Refinery capacity increase to 2.8mtpa on completion
  - ▶ AWAC interest increases from 50% to 77%, post expansion
  - ▶ Finalising gas contract terms – refinery energy, excess power supply to Jamaican grid
  - ▶ Adds low cost capacity – 150ktpa by end 2006, full capacity by mid 2008

# AWAC growth projects – approved (cont'd)

- Juruti bauxite mine – Brazil
  - ▶ Development of initial 2.6mtpa bauxite mine to supply AWAC share of Alumar expansion
  - ▶ Environmental licence approved, construction commenced
  - ▶ Production targeted for first half 2008
- Alumar – Brazil
  - ▶ AWAC capacity increase of 1.1mtpa
  - ▶ Refinery capacity increase to 3.5mtpa on completion
  - ▶ Completion targeted for mid 2008

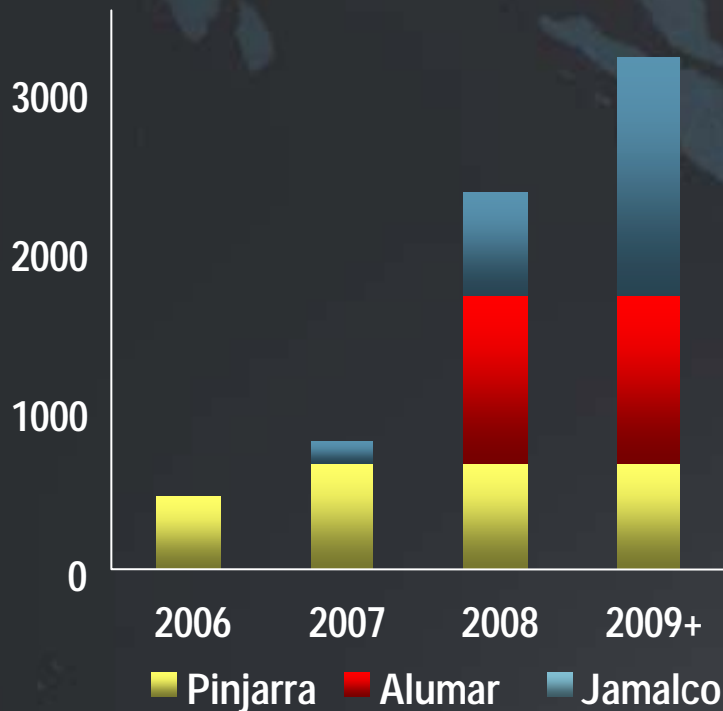


# AWAC growth projects – potential

- **Wagerup**
  - ▶ EPA report released, for public comment – EPA proposes strict conditions
  - ▶ WA government approval decision pending
  - ▶ Potential AWAC capacity growth of > 2mtpa
- **Guinea**
  - ▶ Feasibility study phase for 1.5mtpa greenfield refinery
  - ▶ AWAC capacity 750kt/year
  - ▶ AWAC project partners – Alcan, Government of Guinea
- **Ghana**
  - ▶ Valco smelter restart in 4Q 2005, AWAC supply of alumina
  - ▶ Bauxite deposits – drilling programme and evaluation underway
  - ▶ Feasibility study for mine and refinery commenced

# AWAC growth projects – strategy

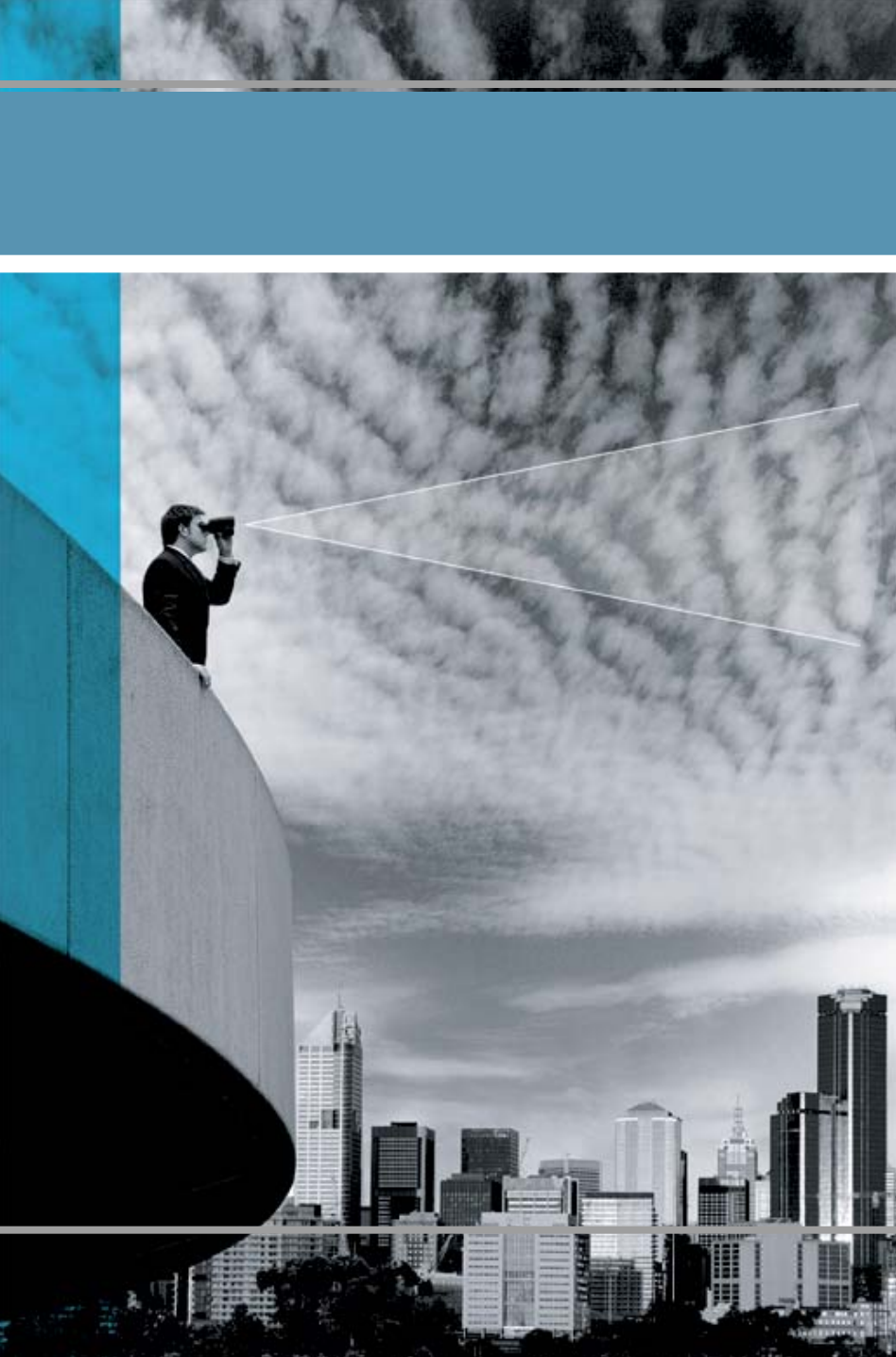
## New Refining Capacity (ktpa)



- AWAC capacity increase of >3.2mtpa
- Profitable growth
  - ▶ Low cost capacity expansion
  - ▶ Long term customer contracts
  - ▶ High return projects
- Project funding
  - ▶ AWAC cash flow and partner equity

# 2006 business fundamentals

- Strong global aluminium demand continues
- Tight aluminium markets and costs driving LME prices
- Favourable alumina market conditions
- AWAC production – getting back on track, growth from new capacity and productivity initiatives
- High caustic, energy and raw material costs
- Growth projects underway – adding low cost AWAC capacity growth



# Alumina Limited

## 2005 Full Year Results

1 February 2006