

# Alumina Limited

UBS Australian Resources, Energy & Utilities Conference  
Sydney – June 2009

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John Bevan  
Chief Executive Officer

# Disclaimer

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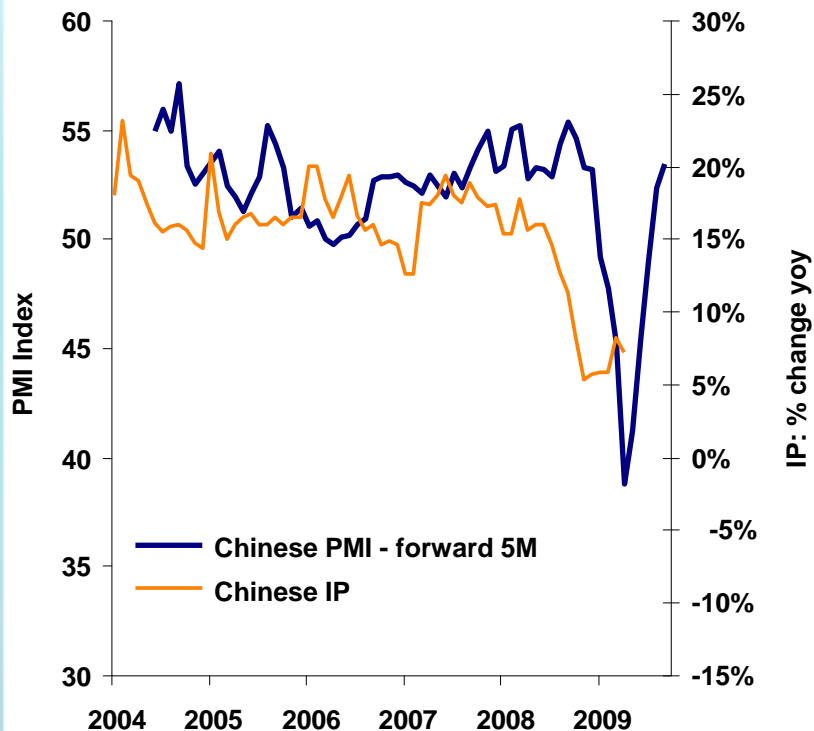
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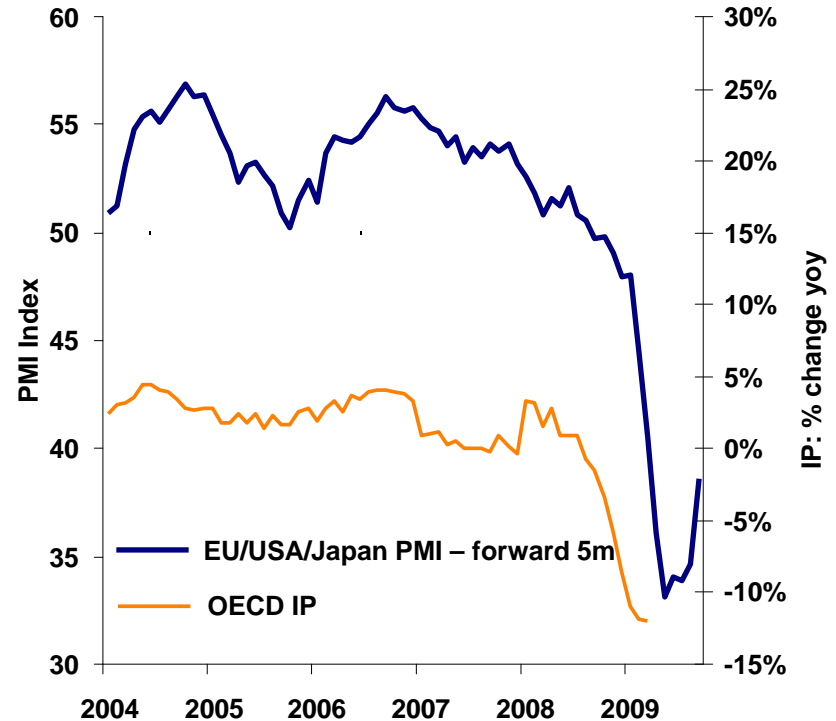
# Economic Outlook

## Has recovery started?

### Chinese PMI and Industrial Production



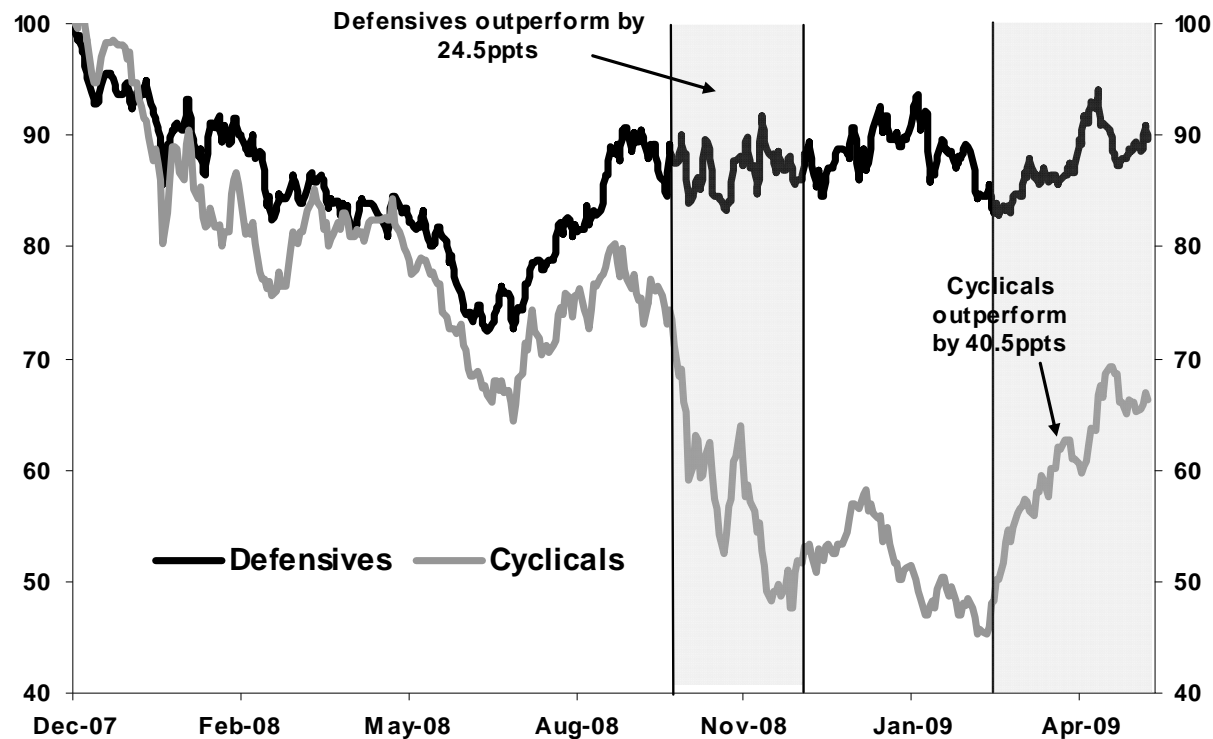
### OECD PMI and Industrial Production



# Market Rebound – Equities

- Cyclical companies leveraged to an upturn

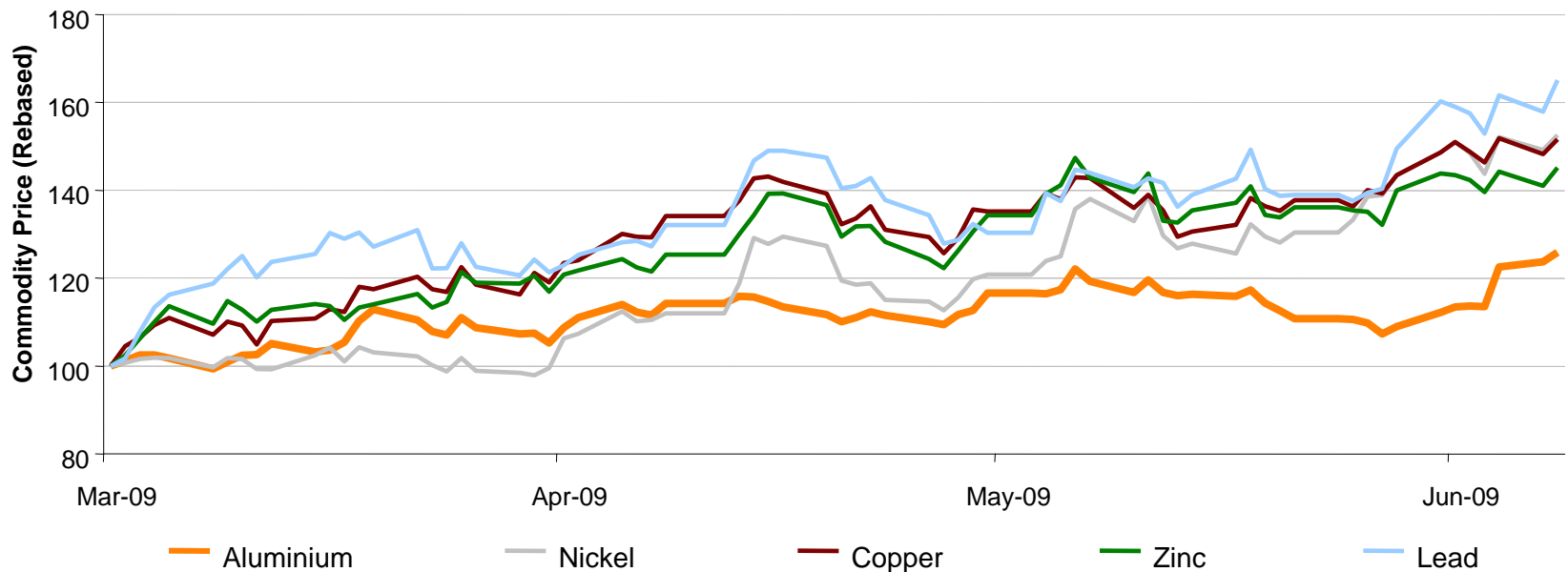
## Indexed performance of cyclicals vs defensives



# Market Rebound – Commodities

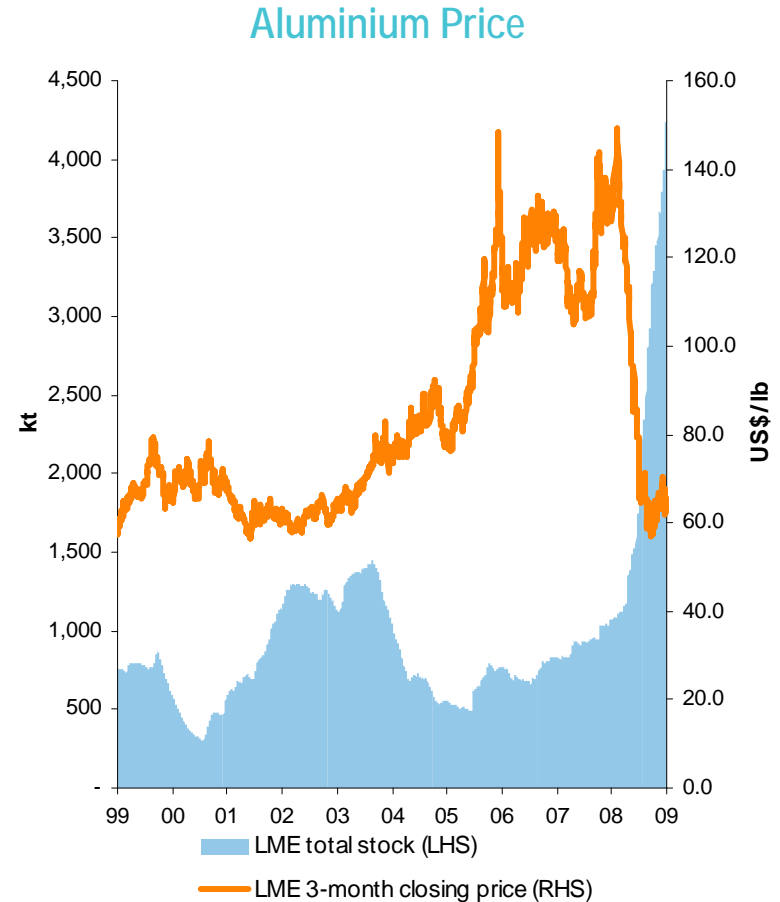
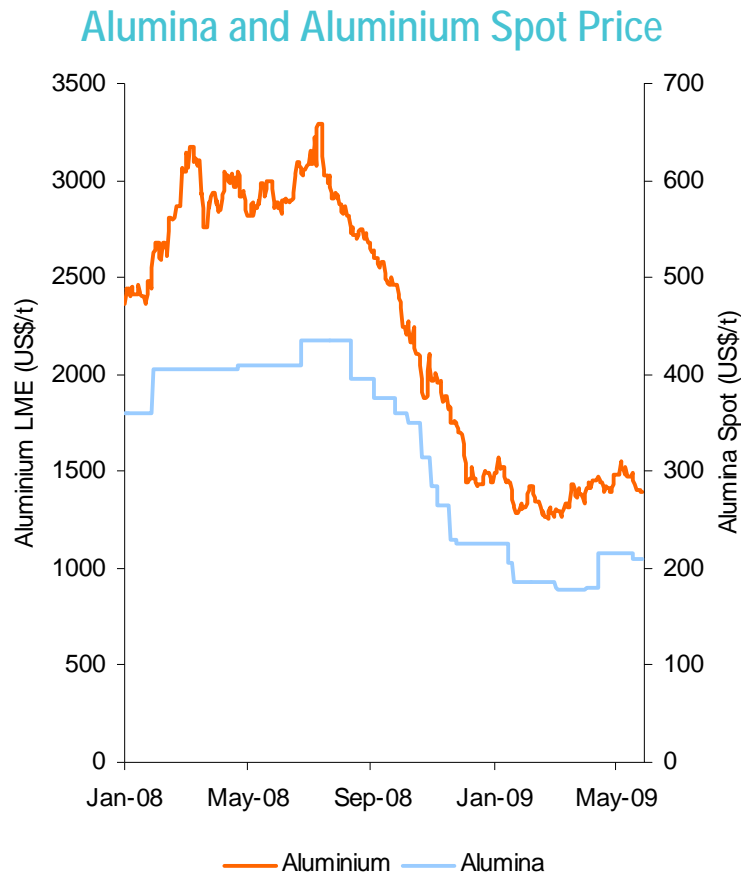
- Significant recovery across all base metals since March lows
- Having recovered from early year losses, Aluminium is up 26% since 1 March 2009

Commodity Price Performance Since 1 March 2009



# Aluminium Price – A Reflection of Weak Demand and High LME Stocks

- Demand still likely to be down 7% on 2008



# Aluminium: China Deficit – West Surplus

2009E Aluminium Supply / Demand Balance (in kmt)

## China in Deficit

Jan-Mar 09 Primary production Run Rate (annualised)	10,735
Announced restarts to be implemented Apr-Dec 09	1,605
<b>Supply</b>	<b>12,340</b>
Demand (0% yoy change)	(13,100)
<b>Deficit</b>	<b>(760)</b>
Imports from Western World	700
<b>Net Deficit</b>	<b>(60)</b>

## Western World in Surplus

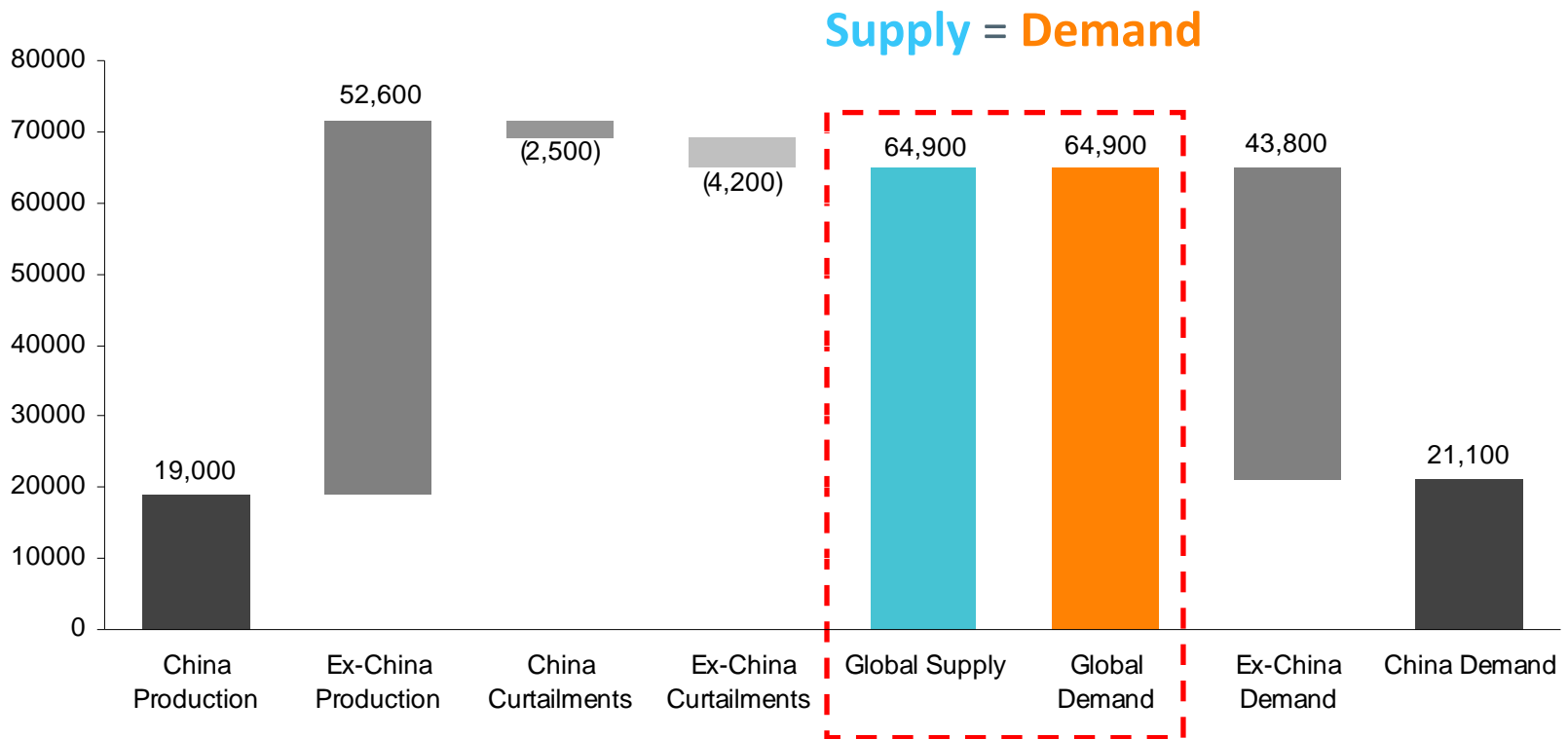
Jan-Mar 09 Primary production Run Rate (annualised)	24,207
Announced curtailment to be implemented Apr-Dec 09	(1,051)
<b>Supply</b>	<b>23,156</b>
Demand (-10% yoy change)	(21,400)
<b>Surplus</b>	<b>1,756</b>
Exports to China	(700)
<b>Net Surplus</b>	<b>1,056</b>



# Alumina Market Balance in 2009...

- Global alumina market estimated to be in equilibrium in 2009
  - Driven by lack of Chinese self-sufficiency

## 2009 Alumina Global Supply-Demand Balance





# Near and Long Term Catalysts

## Catalysts for Aluminium Industry Growth

### Near Term

#### China



- Supply/demand balance
- Infrastructure investment

#### Curtailment



- Continued execution of announced curtailments
- Expect additional curtailments in Summer

#### De-Stocking



- Unsustainable levels
- Rapid drawdown of inventories when economy rebounds

#### Stimulus Programs



- Alternative fuel efficient buses
- New construction
- Transmission lines for grid

### Long Term

#### New Applications



- Consumer electronics
- Aluminium bottle
- Energy
- Oil & Gas

#### Demographics



- Global Population Growth
  - 2006: 6.6 billion
  - 2024: 7.9 billion
  - 2050: 9.1 billion

#### Urbanisation



- Population Living in Cities
  - 2006: >50%
  - 2030: >60%

#### Environment

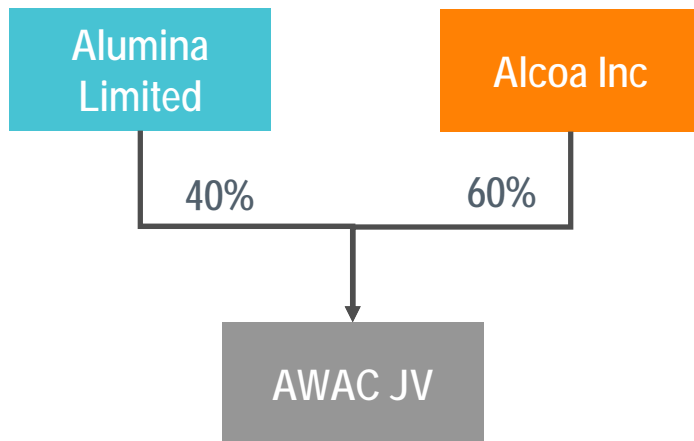


- Energy consumption up 54% by 2025
- Person Transport rates +40% by 2030
- Greenhouse gas regulation

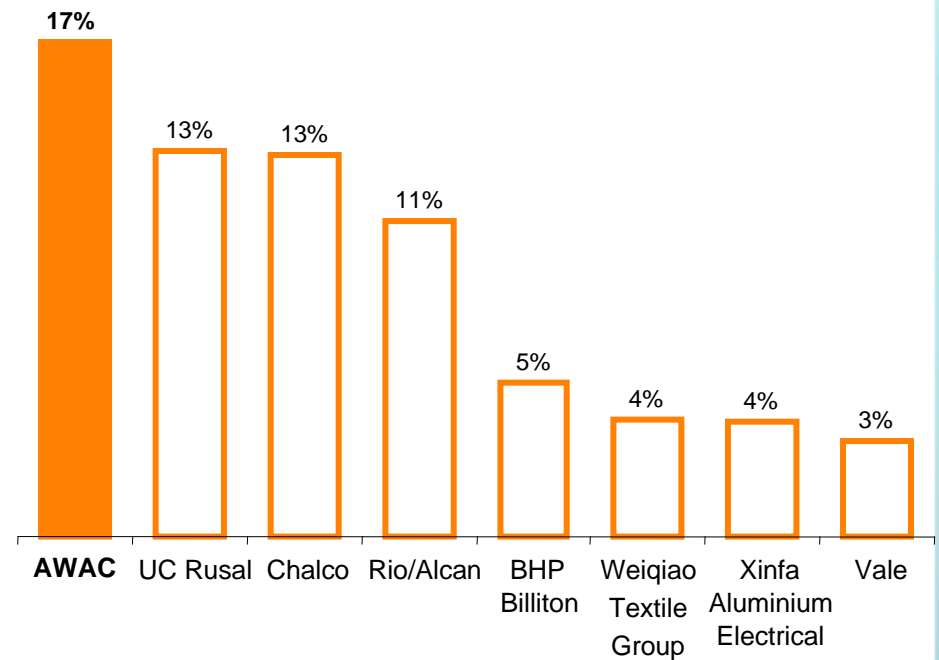
# What is AWAC?

- World's largest alumina producer, accounting for 17% of world production

## Joint Venture Structure

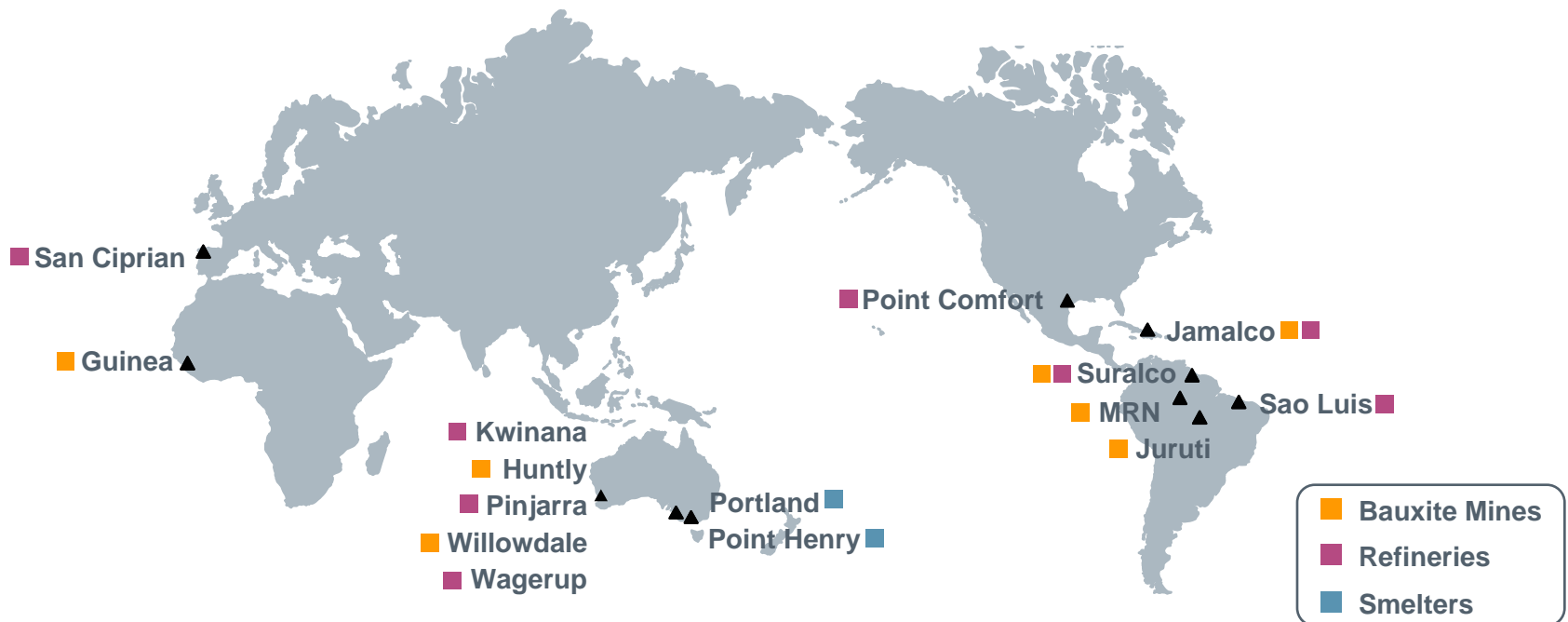


## Major Alumina Producers 2008



# AWAC – The Global Bauxite & Alumina Business

- Global reach with close proximity to emerging markets, including China
- Development in Brazil is expanding AWAC's asset base and enhancing long term capacity and cash cost position



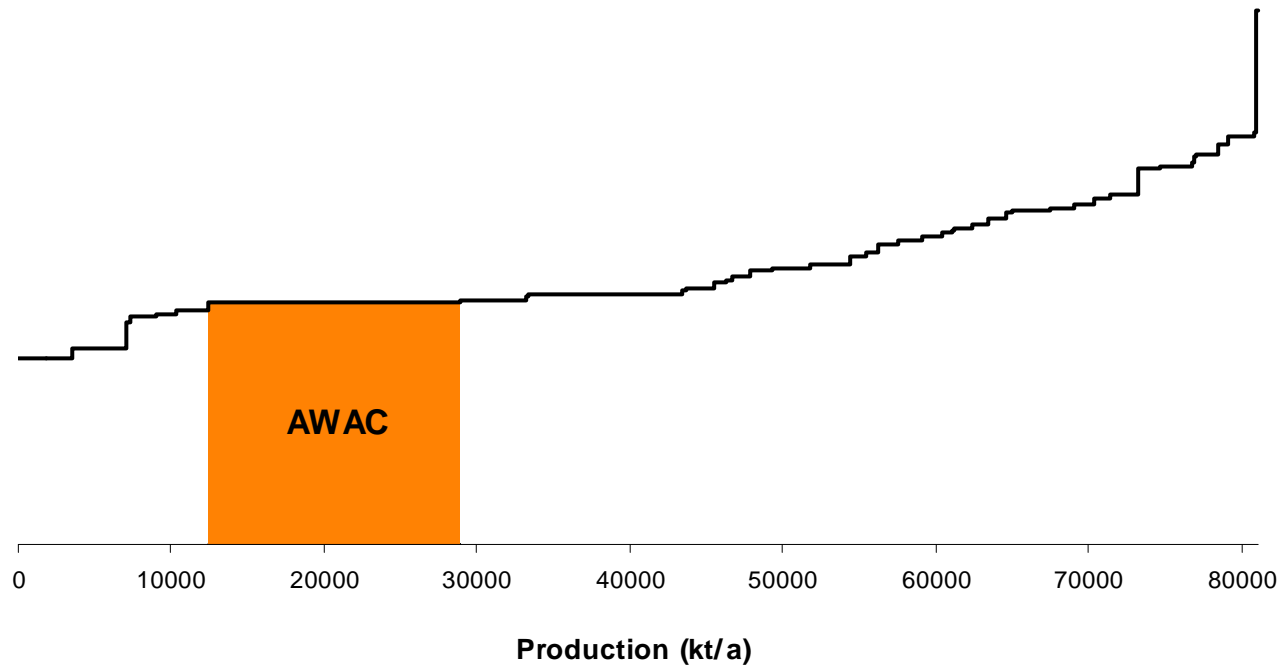
# Expansion Capital Nears Completion

- Alumina's share of growth capex in Brazil during 2009 is US\$300m
- Projects on schedule to commence 3Q 2009
- Project includes development of new mine and infrastructure, and expansion of refinery



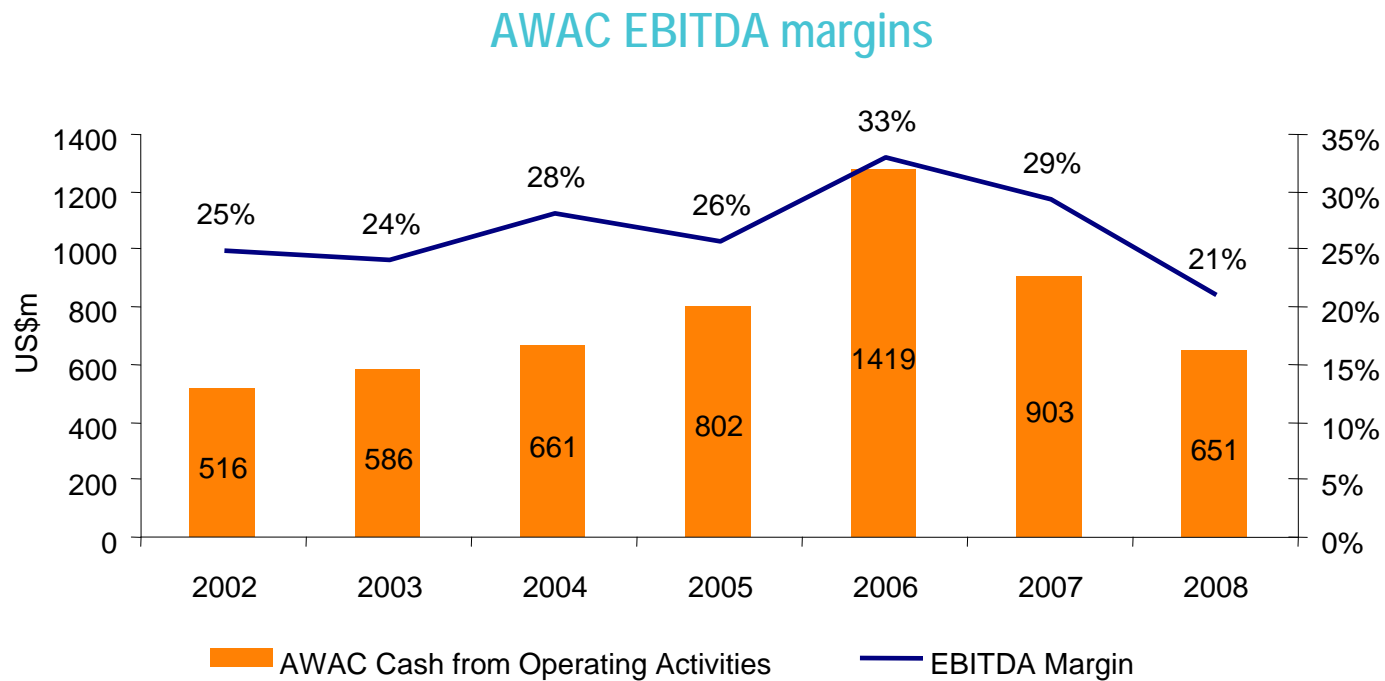
# Long Term Returns Based on AWAC's Competitive Cost Position

- AWAC is producing at approximately the 30th percentile of industry participants



# Strong Historical Profitability

- AWAC's EBITDA margins have been robust through previous cyclical lows
  - Margin maintained at 20%+ levels for the last seven years

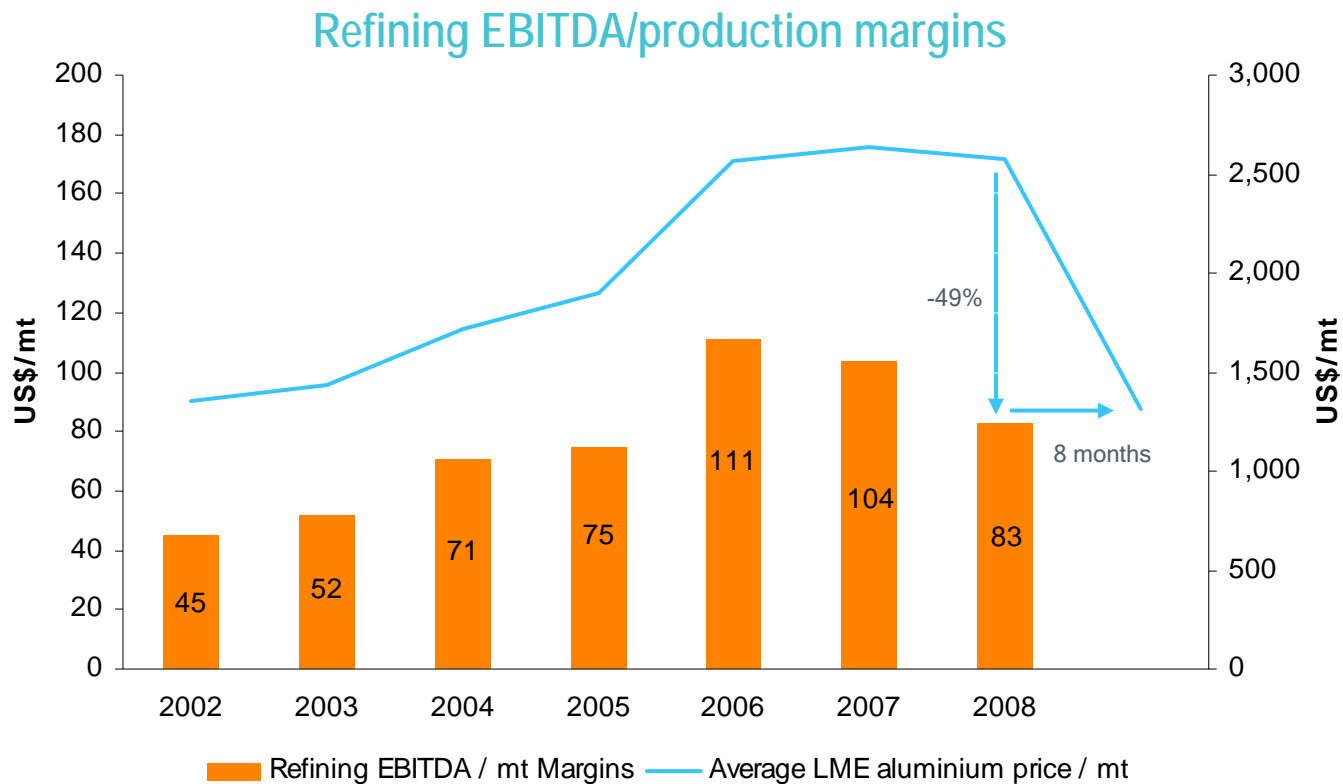


# Historically Consistent Refining

EBITDA/Production Margins – takes longer for costs to adjust

- AWAC's\* refining business has achieved consistent EBITDA/production margins

- Average refining EBITDA margins of US\$77/mt produced over the last six years



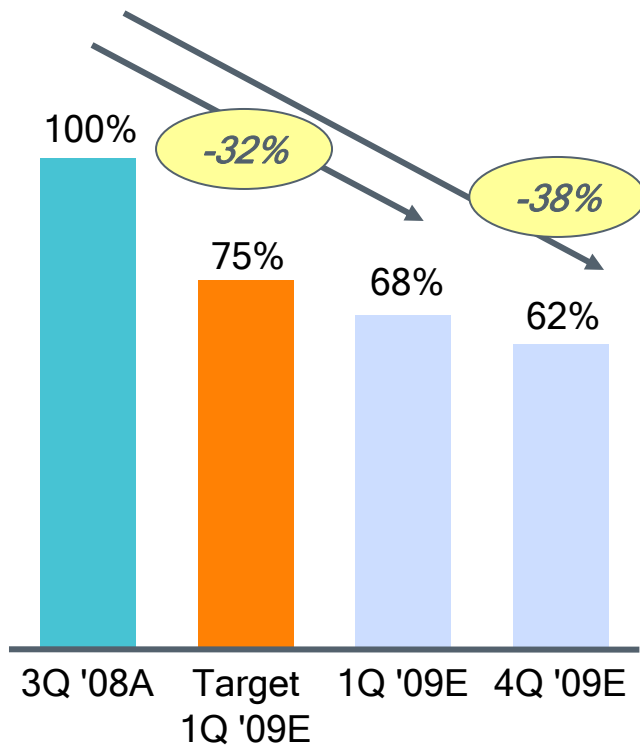
\* This includes Pocos De Caldas and Alcoa's share of Sao Luis not included in the AWAC JV

# AWAC Refinery Operating Performance

## Cost Reduction – Tracking Ahead of Internal Targets

### Cost of Alumina Produced

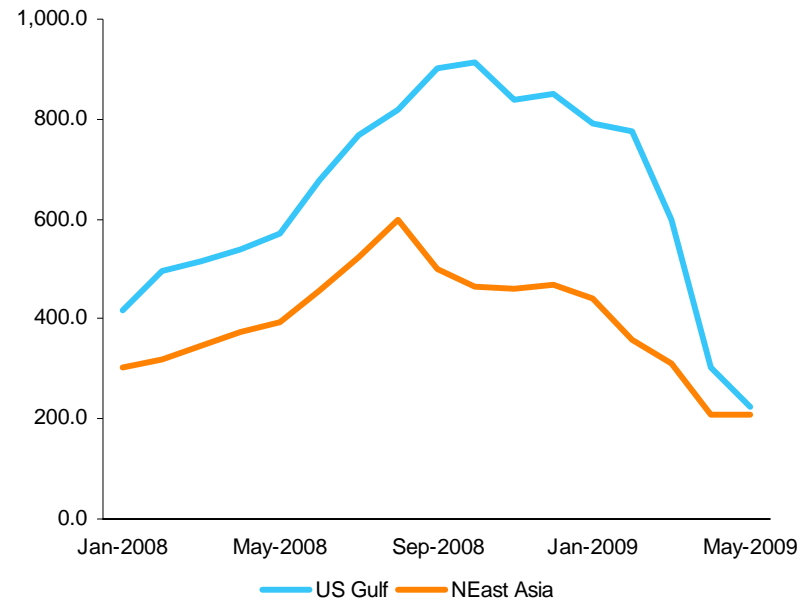
(Cash Cost \$ / mt)



### Global Caustic Spot Price

(\$ / dry mt)

#### Caustic (spot ave)





# Alumina is strongly placed in the event of continued pressure in debt and commodity markets

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- Rights issue 2Q09 raised approx net A\$954m
- Funds raised have been used to repay bank debt
- Effectively removed refinancing risk of debt facilities maturing in 2010
- Company retains fully drawn convertible bond US\$350m and current net cash position
- Sufficient undrawn committed facilities

# Concluding Remarks

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- Long term outlook for aluminium industry remains solid
- AWAC strategically well positioned
- Recent capital raising received high level of investor support, and has effectively removed any refinancing risk for calendar year 2010

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