

Alumina Limited 2015 Full Year Result Presentation

Attached is a presentation relating to Alumina Limited's Full Year Results for the 12 months ended 31 December 2015.

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.

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 2014. 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.

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 Half-Year Report for the period ended 30 June 2015.



Stephen Foster
Company Secretary

25 February 2016

For investor enquiries:

Chris Thiris
Chief Financial Officer
Phone: +61 3 8699 2607
chris.thiris@aluminalimited.com

Charles Smitheram
Manager – Treasury & Investor Relations
Phone: +61 3 8699 2613
charles.smitheram@aluminalimited.com

For media enquiries:

Nerida Mossop
Hinton and Associates
Phone: +61 3 9600 1979
Mobile: +61 437 361 433

The background of the slide is a photograph of an alumina refinery. It shows large industrial structures, including a tall, conical silo in the center, and various pipes and machinery. The scene is illuminated with a warm, orange-yellow light, and the entire image is overlaid with a dark grid pattern.

Alumina Limited

2015 Full Year Results

Peter Wasow, Chief Executive Officer
Chris Thiris, 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.

No Offer, Recommendation or Advice

This Presentation is for information purposes only and is not a prospectus, product disclosure statement or other disclosure or offering document under Australian or any other law. It does not constitute an offer, invitation or recommendation to acquire Alumina securities in any jurisdiction and neither this Presentation nor anything contained in it will form the basis of any contract or commitment.

The information contained in this Presentation is not financial product advice, or any other advice, and has been prepared without taking into account any reader's investment objectives, financial circumstances or particular needs.

Forward-Looking Statements

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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 2014.

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 Half-Year Report (Appendix 4D).

No Liability

The information contained in this Presentation has been prepared in good faith and with due care but no representation or warranty, express or implied, is provided as to the currency, accuracy, reliability or completeness of that information.

To the maximum extent permitted by law, Alumina and its directors, officers, employees and agents, and any other person involved in the preparation of this Presentation, exclude and disclaim all liability for any expenses, losses or costs incurred by any person arising out of or in connection with the information contained in this Presentation being inaccurate or incomplete in any way for any reason, whether by negligence or otherwise.

The background of the slide is a photograph of an alumina processing facility. It shows a long line of conveyor belts or transport chutes filled with a bright red, powdery substance, likely bauxite or alumina. To the left, there are several large, dark, cylindrical storage silos. The ground is dry and dusty, and there are some industrial structures and stairs visible in the distance.

Part 1: Alumina Limited and AWAC 2015 Results

Chris Thiris

Significant increase in NPAT of \$187m

- Lower AWAC production costs
- Lower realised prices by AWAC
- Lower corporate costs and significant items charges

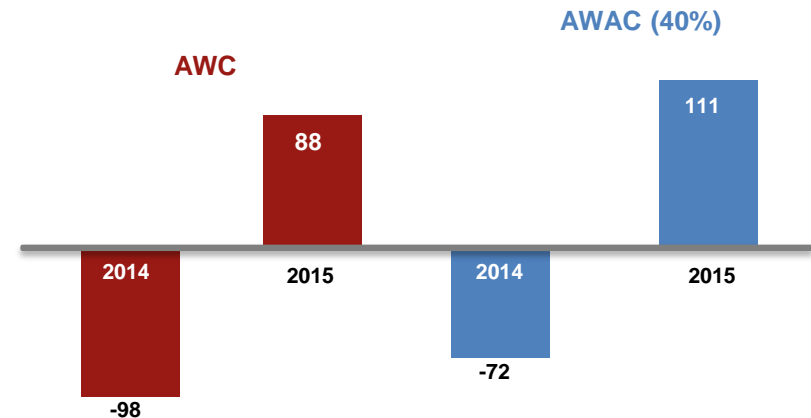
Increase in free cash flow⁽¹⁾ to \$85m

- \$26m increase in AWAC net receipts
- \$9m decline in corporate costs

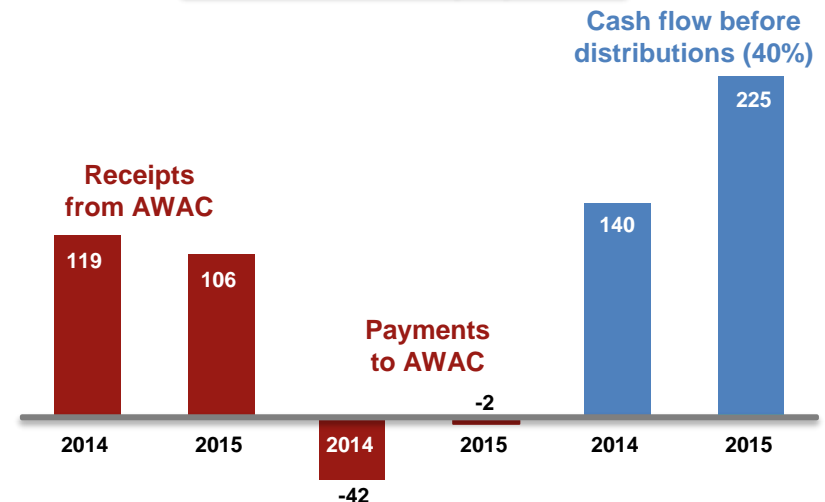
Final dividend of 1.8 cents per share

- Payable on 23 March 2016
- DRP suspended

IFRS NPAT/(NLAT) (\$m)



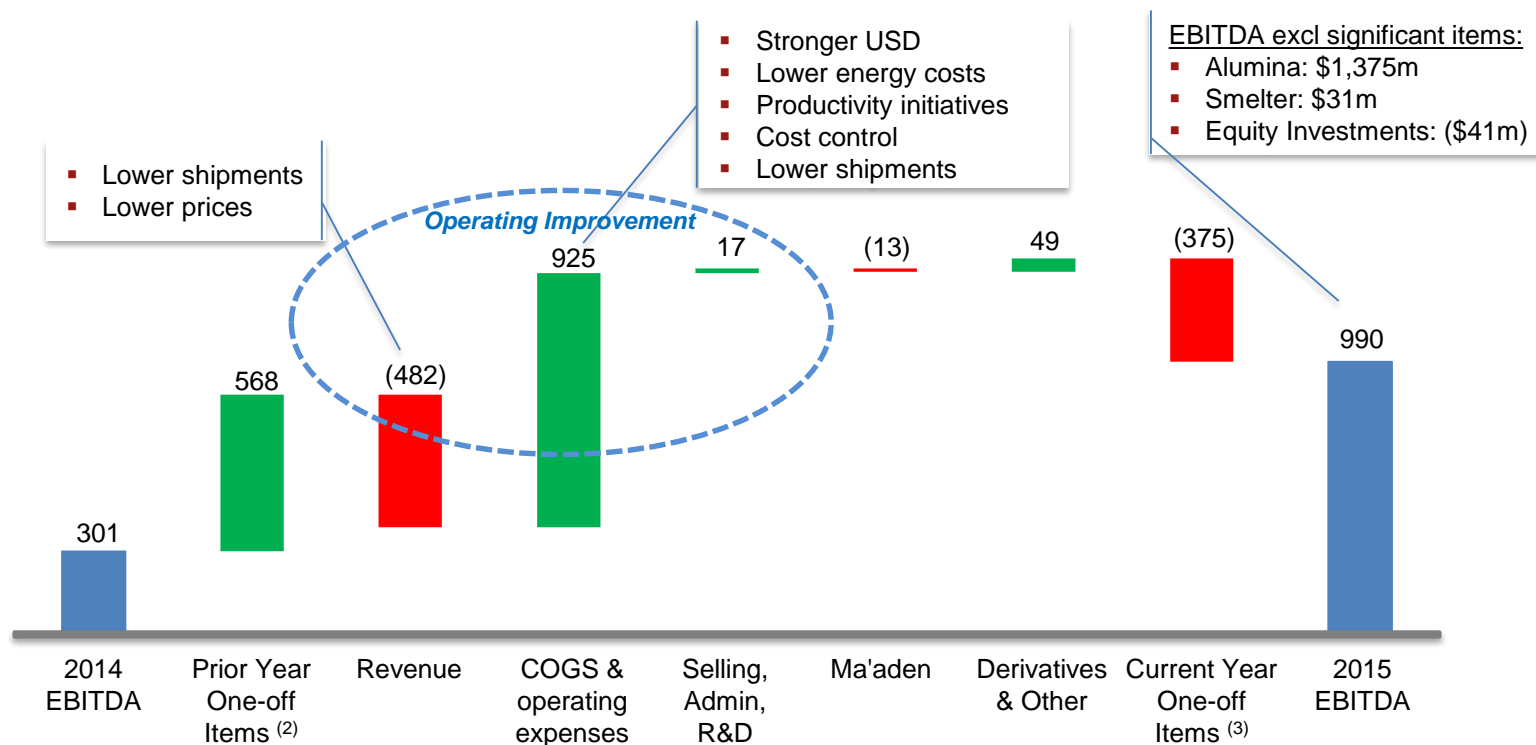
Cash Flow (\$m)



⁽¹⁾ Free cash flow is calculated as cash from operations less net investments in associates

AWAC EBITDA performance bridge

Operating improvement of \$460m



Alumina EBITDA Per Tonne Margin ⁽¹⁾

1H14	2H14	2014	1H15	2H15	2015
\$44	\$64	\$54	\$104	\$78	\$91

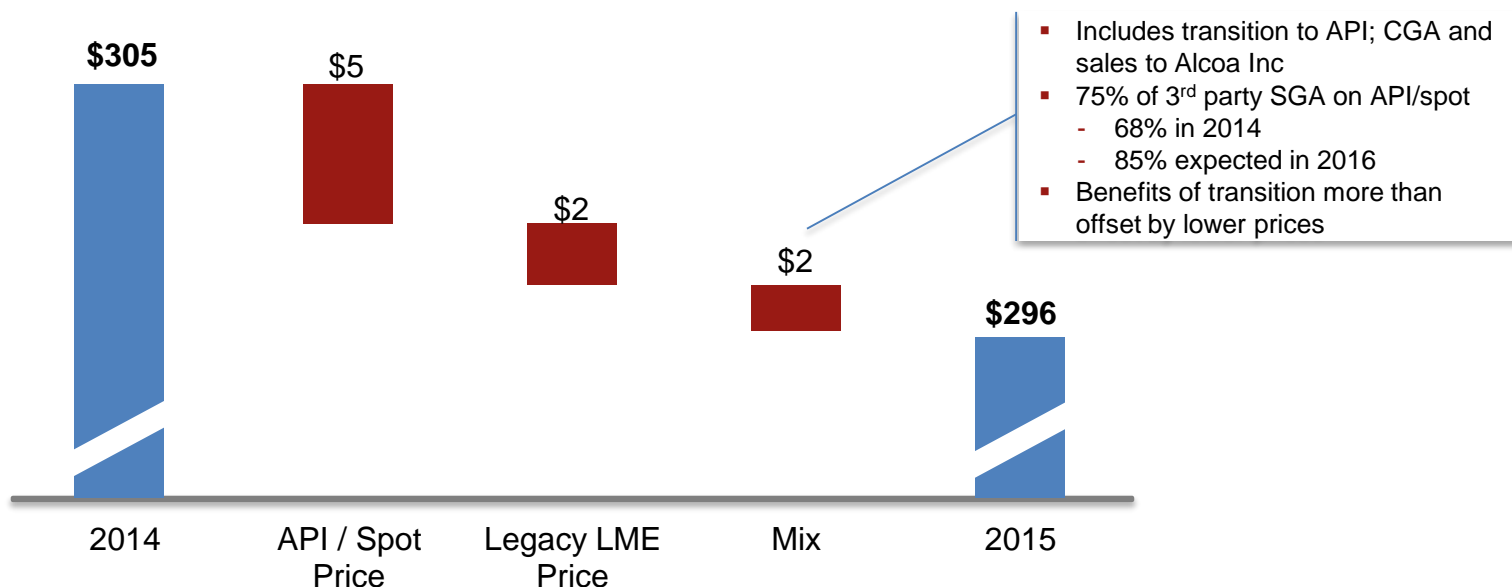
⁽¹⁾ The EBITDA margin is calculated as AWAC's EBITDA excluding significant items, smelters' EBITDA and equity accounted income/(losses) divided by tonnes of alumina produced.

⁽²⁾ Reversal of: Point Henry restructuring charge \$329m, loss on sale of interest in Jamalco \$266m & gain on sale of gold mining interest in Suriname (\$27m).

⁽³⁾ Restructuring charges for Suralco (\$178m), Point Comfort (\$86m), Anglesea (\$68m) and Point Henry (\$2m), sale of Jamalco adjustment \$3m, asset write offs and other charges (\$44m).

AWAC realised alumina price

Average price per tonne decreased by \$9/t

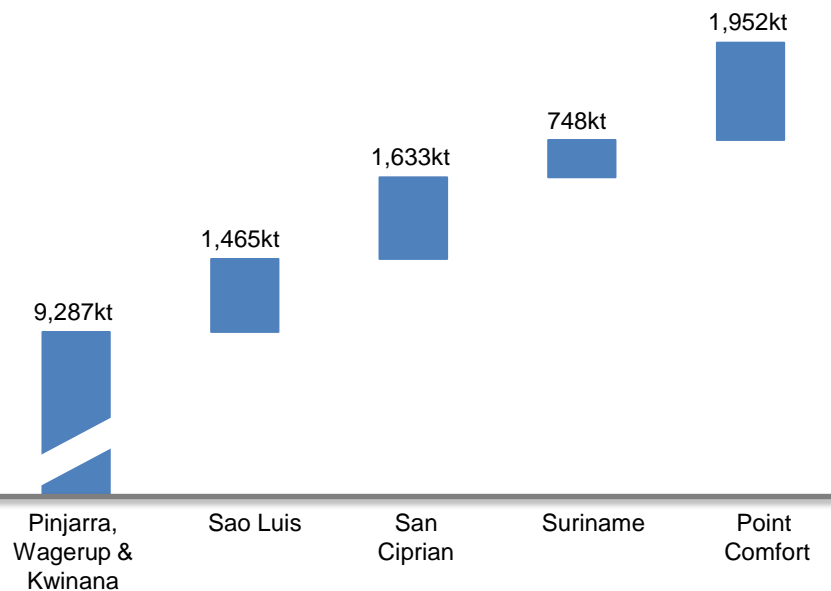


Market Prices (US\$ per tonne)	2014	2015	Change
Ave alumina spot, one month lag ⁽¹⁾	328	314	-4.3%
Ave 3-month LME, two month lag ⁽²⁾	1,864	1,763	-5.4%
Spot/LME%	17.6%	17.8%	

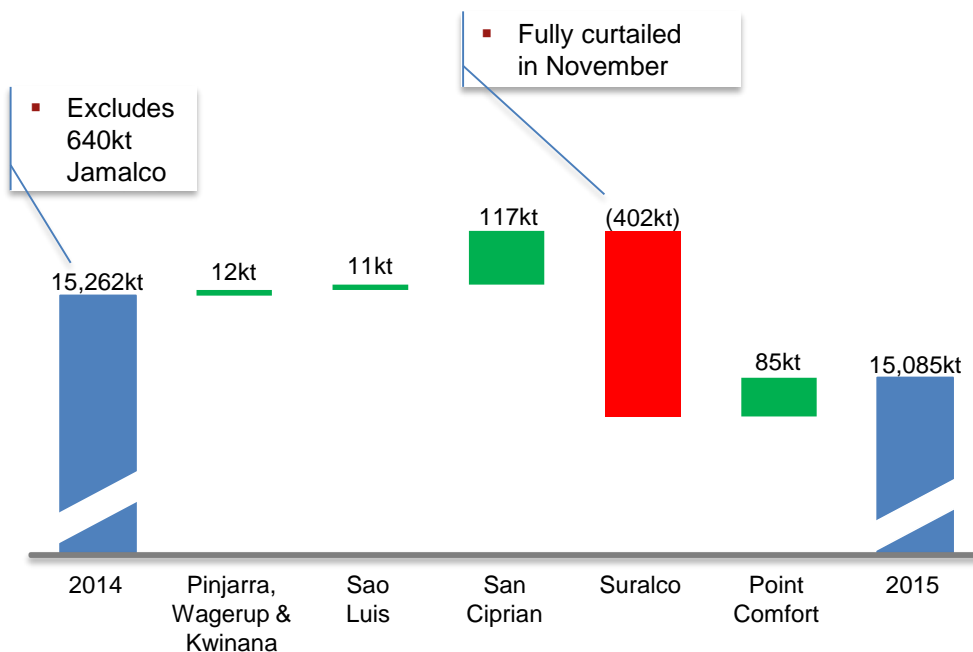
⁽¹⁾ Platts FOB Australia alumina price assessment; lagged one month – consistent with average sales contract pricing.

⁽²⁾ Thomson Reuters; lagged two months – consistent with average sales contract pricing.

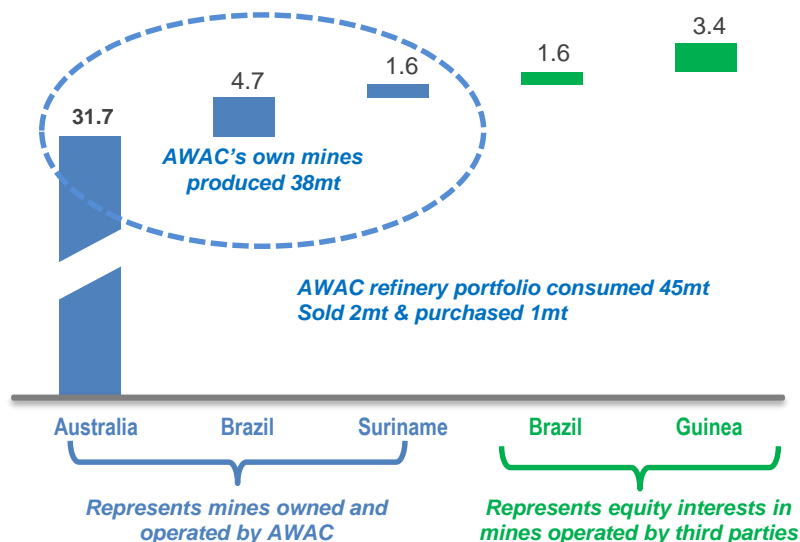
Annual production was 15.1mt



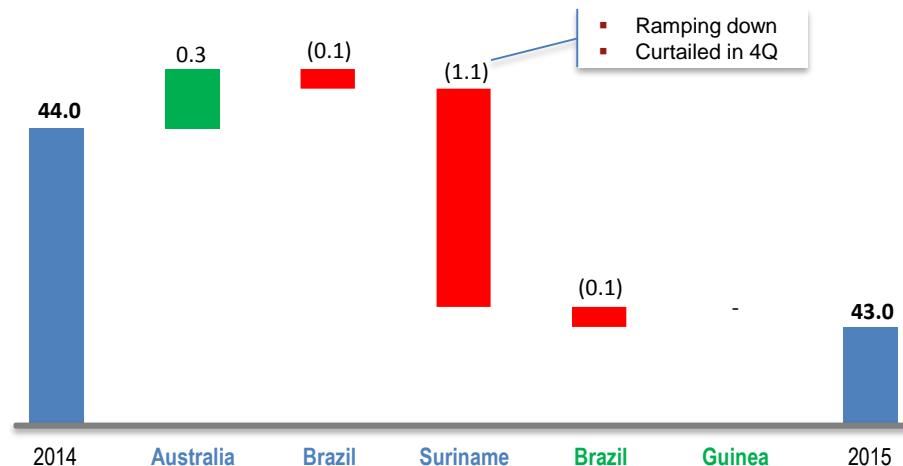
Change by region: decrease of 177kt



Annual production was 43.0mt



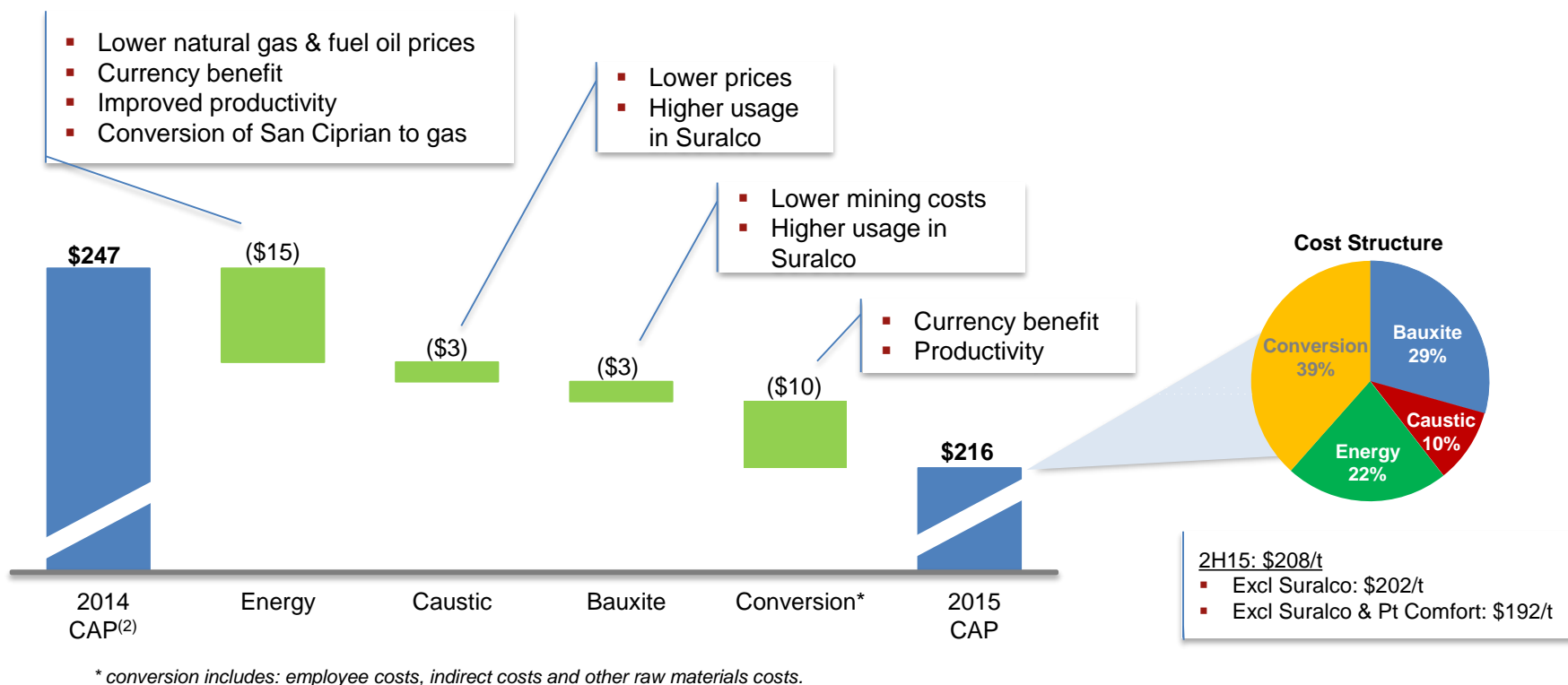
Change by region: decrease of 1.0mt



- Permission from Government of Western Australia to trial exports
 - First trial shipment scheduled early 2016
- Committed excess volume in 2016 due to refinery curtailments to third parties
 - Equivalent to 5mtpa

AWAC cost of alumina production

Cash cost of alumina production per tonne⁽¹⁾ reduced by \$31/t



(1) 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.

(2) Two dollars per tonne lower than reported in 2014 by excluding Jamalco which was sold during that year.

AWAC Cash Flow		
US\$m (US GAAP)	2015	2014
Cash from operations	808.9	475.9
Capital contribution arising from the allocation agreement ¹	71.2	53.4
Capital contributions from partners	5.9	89.3
Net movement in borrowings	(49.6)	(85.1)
Capital expenditure	(178.4)	(237.9)
Other financing and Investing activities ²	(54.1)	66.2
Effects of exchange rate changes on cash and cash equivalents	(42.3)	(10.7)
Cash Flow before distributions	561.6	351.1
Distributions paid to partners	(268.0)	(302.4)
Net Change in cash and cash equivalents	293.6	48.7
Cash & Cash Equivalent	531.8	238.2

Cash from operations increased \$333m

- \$633m if excluding WA gas prepayment

AWAC has repaid the majority of its debt

- Short term borrowings declined to \$10m

Capex declined by \$60m

- Due to FX, timing and lower expenditure

Cash & Cash Equivalent increased by \$294m

- Reserving for last gas instalment and restructuring payments

(1) Contributions by Alcoa Inc in accordance with the allocation agreement whereby Alcoa Inc assumes an additional 25% equity share relating to the Alba settlement payments and costs.
 (2) Made up of changes to capital lease obligations, related party notes receivable and other.

- Strong starting position with cash and cash equivalents: \$532m
- Capex, WA gas and restructuring cash commitments total \$434m
 - Sustaining and growth capex: \$175m
 - Net restructuring (after-tax) payments: \$59m
 - Second and last WA gas instalment: \$200m
- Displaced Point Comfort bauxite sold to third parties
 - Margin significantly offsets restructuring charges
- Alumina EBITDA margin will be lower
 - Lower prices will more than offset lower costs
 - Contribution from further bauxite sales and Business Improvement Programme
- \$74m YTD cash distributed to partners

Part 2: Market Conditions and Outlook

Peter Wasow

AWC's position is sound; medium to long term fundamentals are positive

Industry context

- Short term challenges
- Medium term fundamentals intact

- Primary aluminium demand growth strong: 4% for 2016 and 7% for 2017
- However, 2015 smelting and refining capacity growth overshoot demand growth
- US\$ strength and energy and bauxite prices shift cost curve down
- Sharp second half price falls followed by significant curtailments
- Refining issues in medium term
 - China: Cost and availability of bauxite (domestic and imported)
 - RoW: Long lead times and no financial incentive for new capacity

AWAC has a leading position

- Largest alumina producer and third party supplier and in lowest cost quartile
- Largest and first quartile of cost bauxite miner: record production, abundant resource, optionality of brownfields expansions to match market

AWAC's strategy is delivering

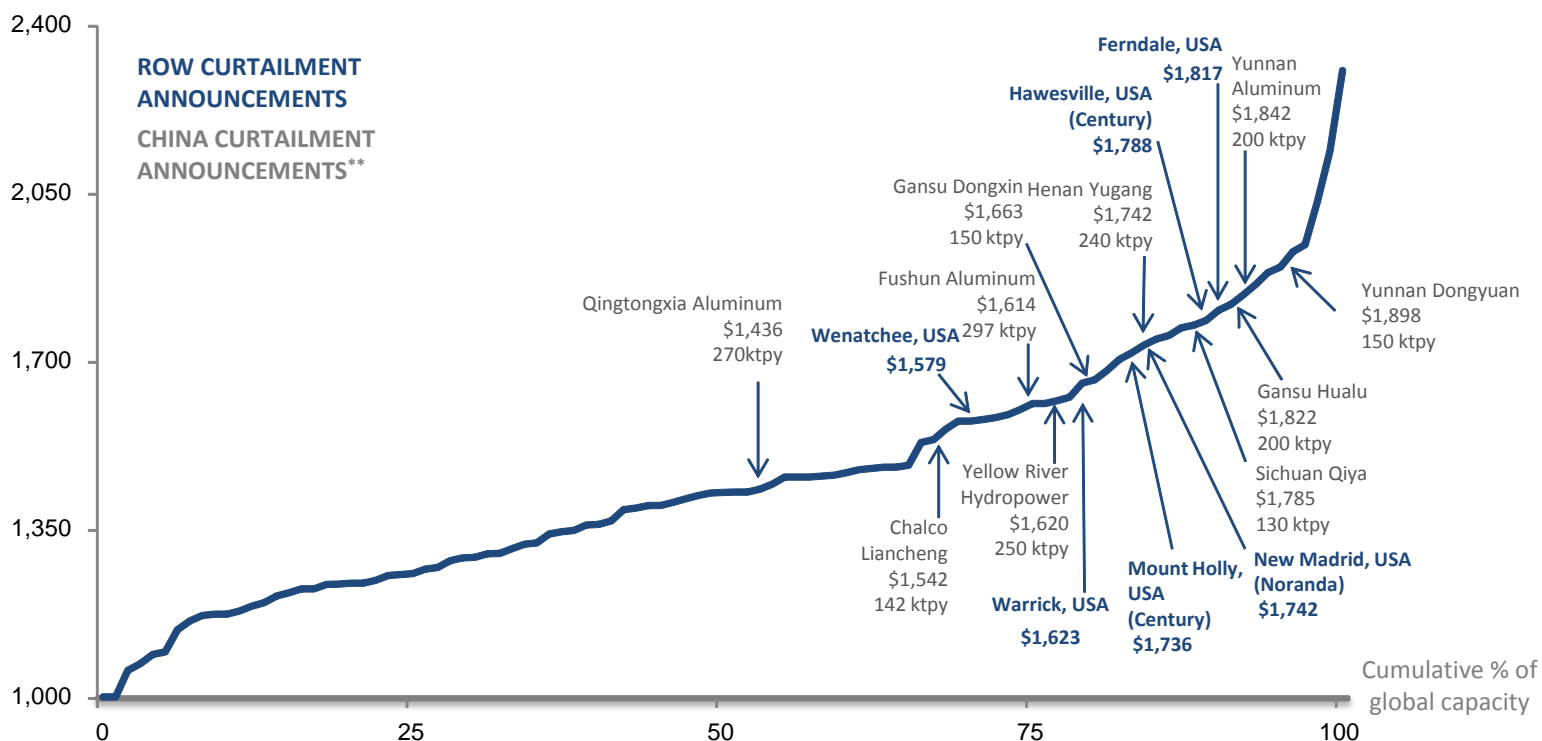
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Alumina Limited provides a unique look-through vehicle

- Unique, largely pure investment in bauxite and alumina
- Positioned for upside: industry context, asset position and strategy
- Low debt (rating affirmed) and low levels of growth investment

Low aluminium prices result in smelting curtailments

World's primary aluminium industry cash cost* curve by smelter (4Q 2015, \$/mttonnes)

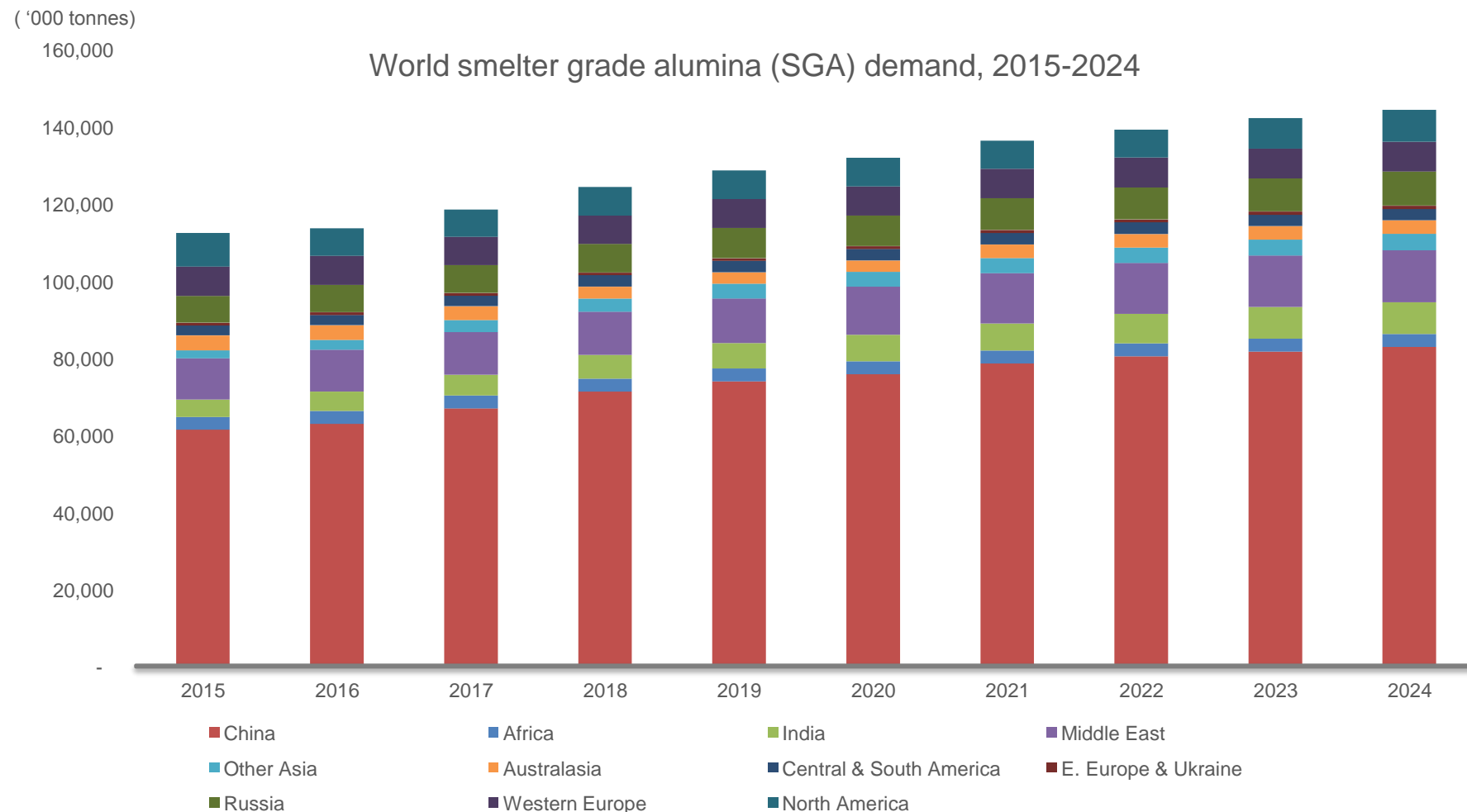


*Cash cost before casting (molten metal). Does not include depreciation, interest payments, sustained capital expenses or working capital; excludes applicable VAT of 17% that Chinese aluminum smelters pay on raw materials, energy and services.

**Only showing curtailments of 130 ktpy or more.

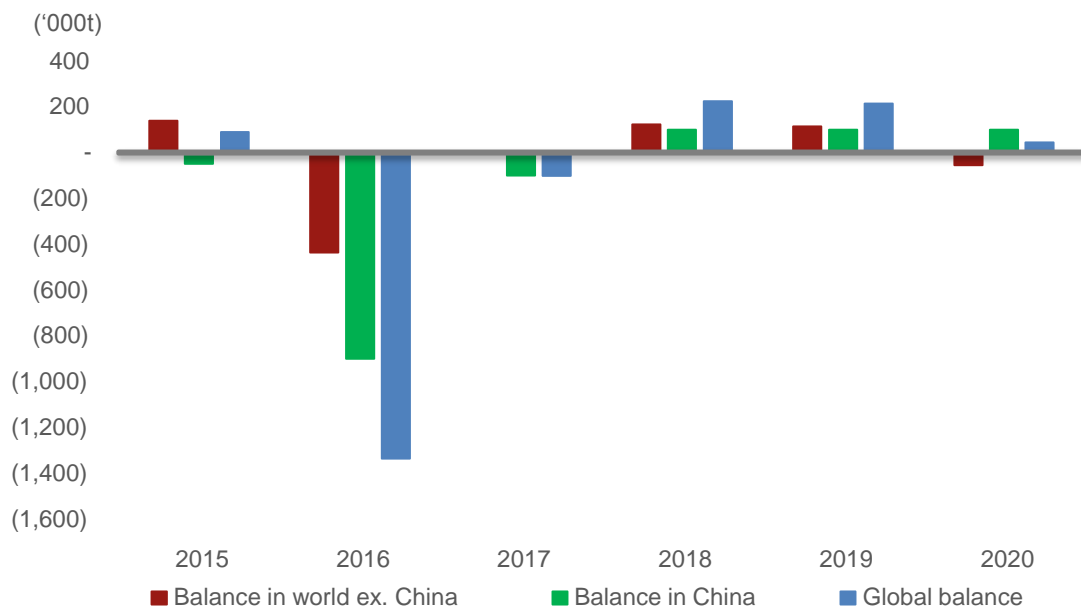
World smelter grade alumina demand growth expected to hold up

China demand continues to grow, aided by India and other Asia



Alumina surplus in 2015 nears balance with recent curtailments

Global alumina supply/demand balance 2015-2020



Source: CRU, January 2016

Risks for a tighter market

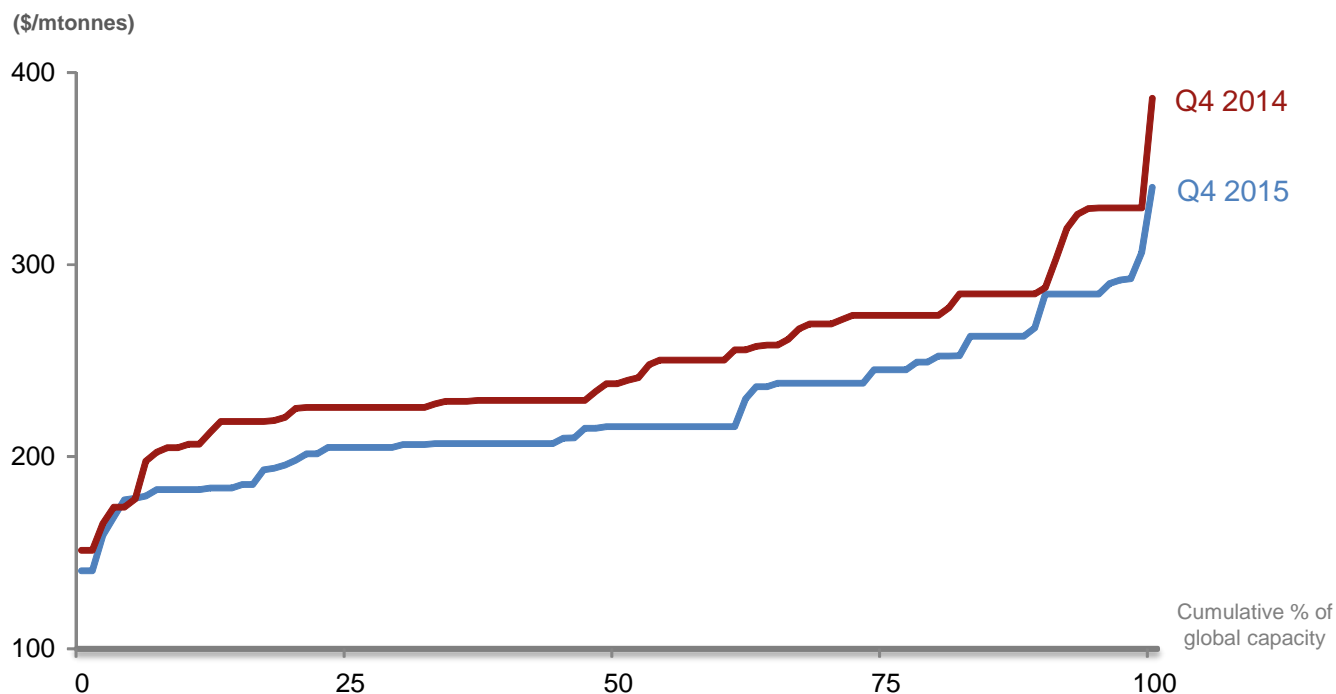
- More Chinese alumina producers curtailing production or abandoning industry amid negative economics
- Alumina project delays/cancelations in Indonesia, Guinea amid low prices, tough financing conditions
- Bauxite supply disruptions for China

Risks for well supplied market

- Slower demand growth amid smelting curtailments
- Chinese refiners not curtailing production as announced

Alumina cost curve moves down in 2015

Global metallurgical alumina industry cash cost* curve by company

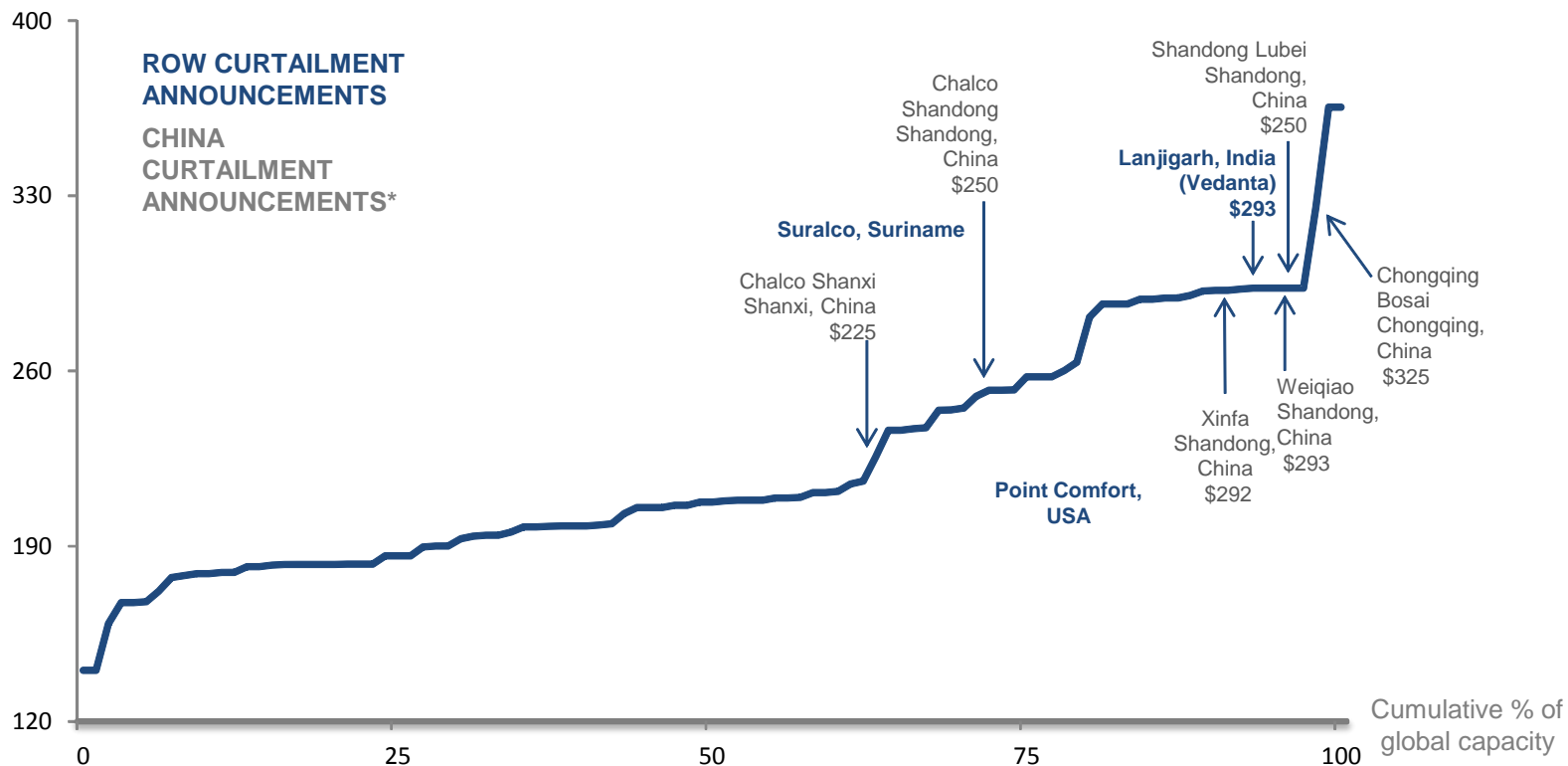


- Lower energy prices across the board (fuel oil, coal, natural gas)
- Decreasing landed bauxite prices in China
- Lower caustic soda prices in Europe and North America
- Currency depreciation in Australia, Brazil, India, Russia

*Does not include depreciation, interest payments, sustained capital expenses or working capital; excludes applicable VAT of 17% that Chinese aluminium refineries pay on raw materials, energy and services

High cost refining curtailments from 4Q 2015

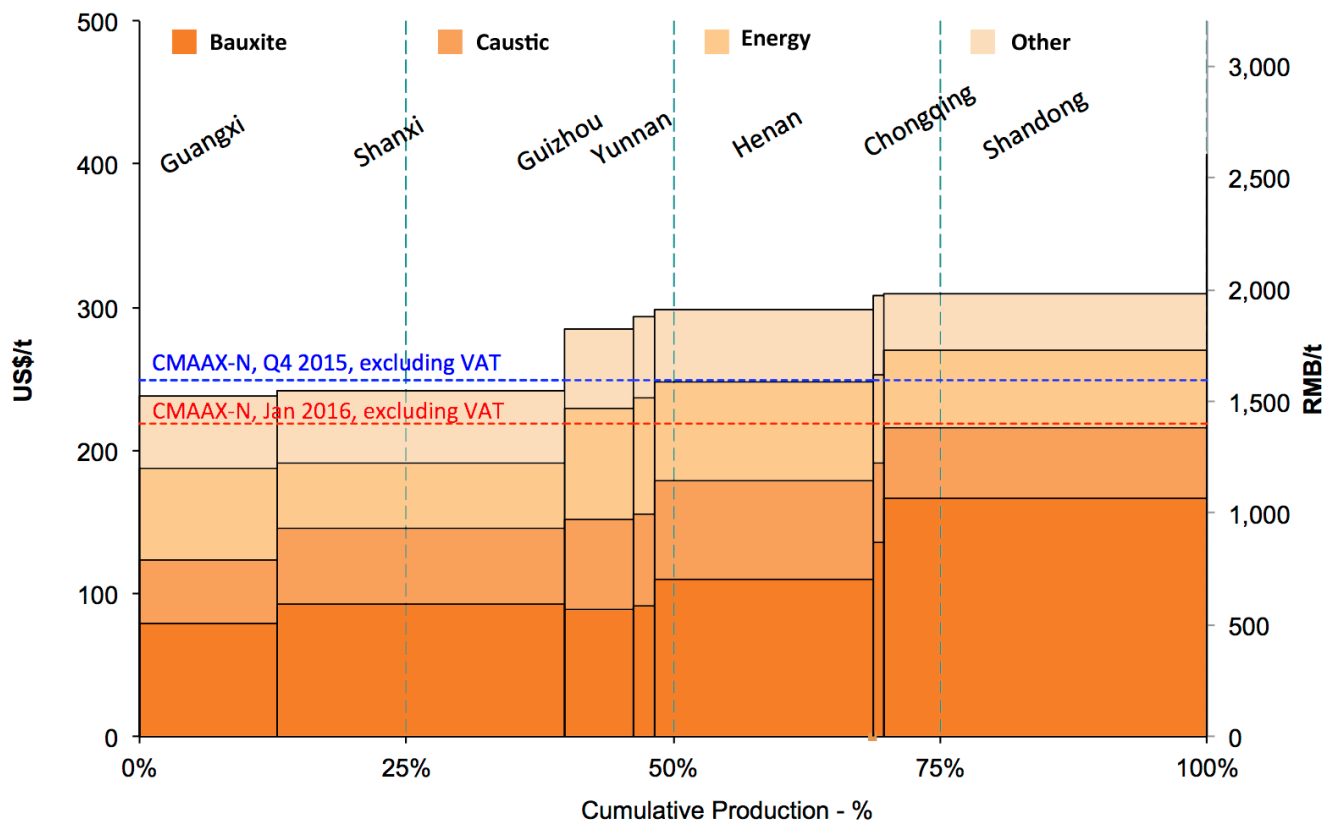
Global smelter grade alumina industry cash cost* curve by refinery (4Q 2015 \$/tonne)



*Does not include depreciation, interest payments, sustained capital expenses or working capital; excludes applicable VAT of 17% that Chinese alumina refineries pay on raw materials, energy and services

In January 2016 all Chinese refineries were cash negative...

China Q4'2015 Refining Cash Cost Curve



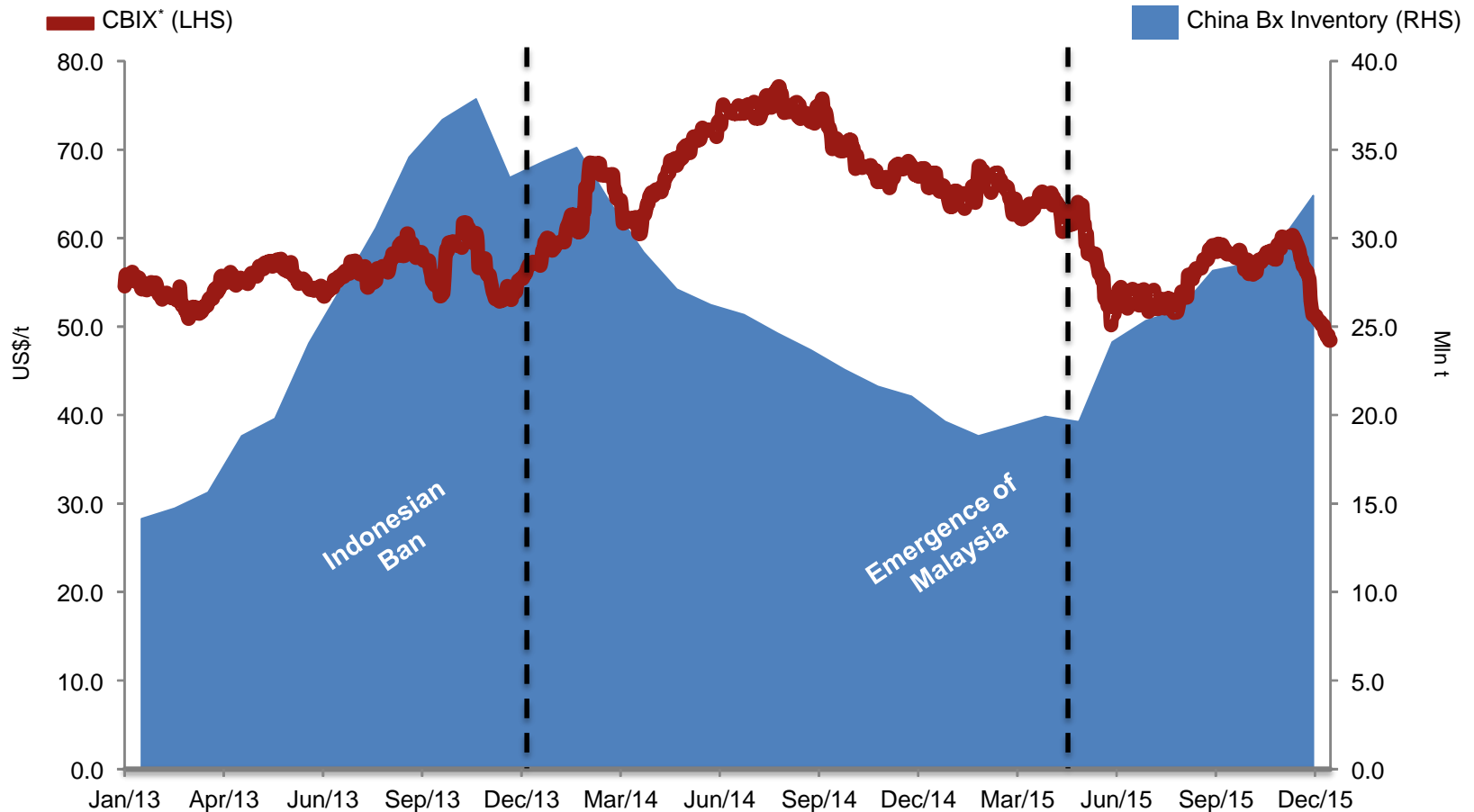
- At 4Q'15 prices, on a provincial basis, around 62% of the Chinese refining capacity is cash negative
- On the same basis, at January 2016 prices, all Chinese alumina refineries were cash negative

...leading to 7 million tonnes of refining curtailments in China

- Significant curtailments as Chinese refiners completely underwater – most expected to stick while prices remain low

Province	Curtailed Capacity (ktpa)	Comment
Henan	1,600	Curtailed capacity typically older, higher cost refineries. Unlikely to be restarted without a price increase above RMB2,000/t. Exceptions are 1) Jinjiang's 400ktpa (Kaiman) refinery, which is likely to resume production once excess stock is liquidated, and 2) Wanji's new 600ktpa - likely to resume when technical maintenance is complete
Shanxi	1,250	Capacity curtailed is mostly Chalco Shanxi, given the new strategy of Chalco to divest high-cost assets. Capacity is unlikely to be restarted in the short term
Shandong	2,900	2,000 ktpa from Xinha is unlikely to restart, given it is one of the highest cost, non-integrated refineries in China
Chongqing	200	Bosai's 200ktpa capacity based on high-cost imported bauxite is unlikely to restart
Guizhou	1,100	Curtailed capacity in Guizhou driven by limited access to higher bauxite grades in the short term (higher cost alumina). Once more high grade bauxite becomes available, we forecast the capacity to re-start
Total	7,050	

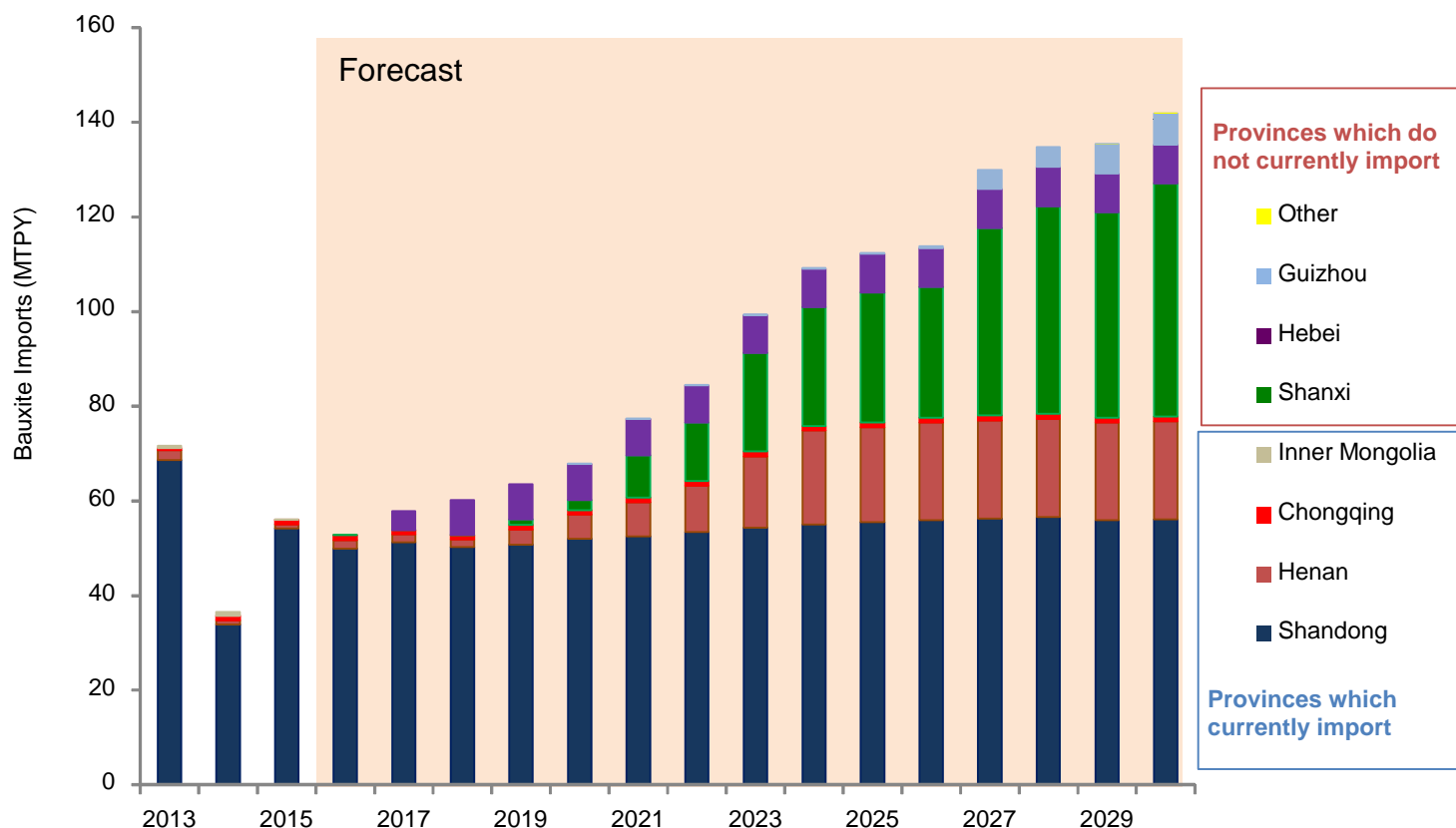
Large Chinese bauxite stockpiles due to low cost supply from Malaysia



* CBIX (value in use, landed in China) bauxite index

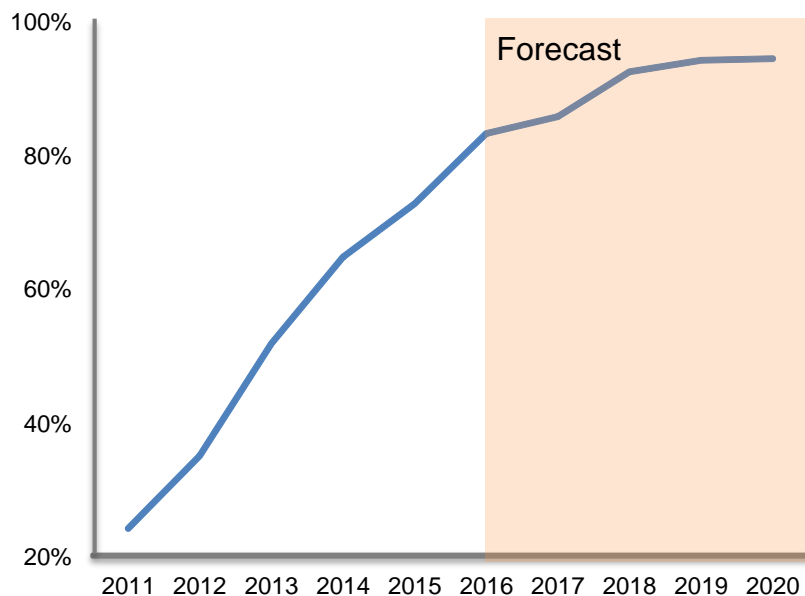
Bauxite imports into China set to increase, and move inland

- Shandong imports of bauxite forecast to flatten out
- New bauxite-importing provinces forecast to grow strongly – displacing domestic bauxite and at an increased freight cost, well inland

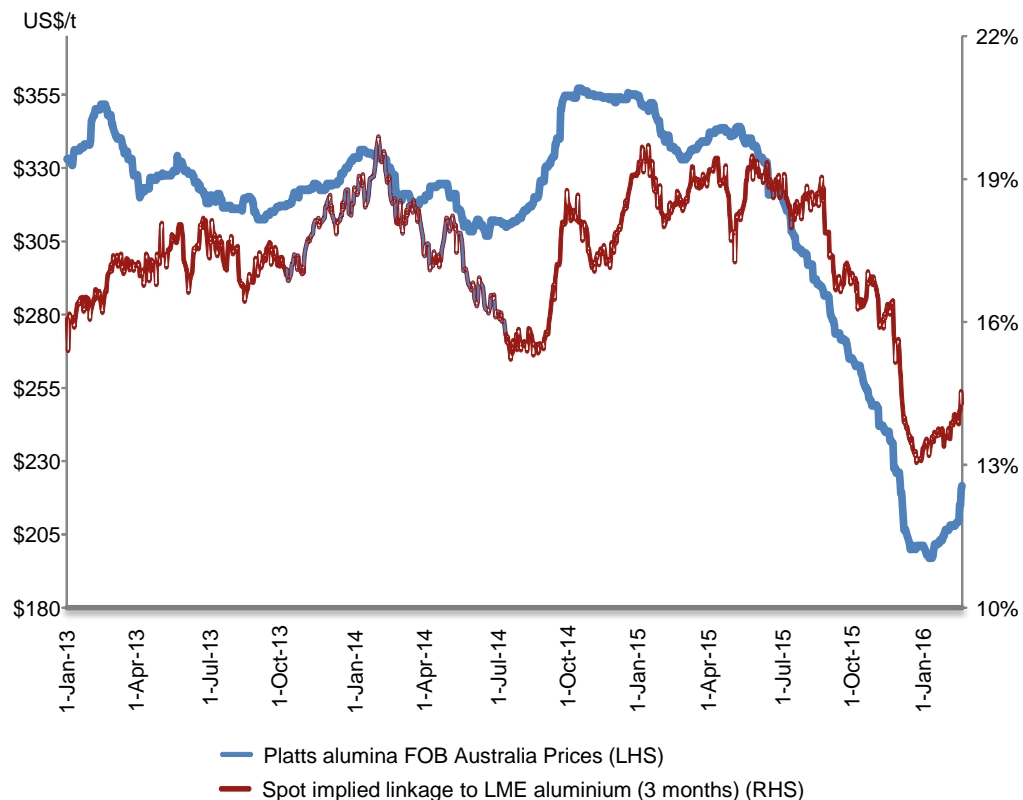


Pricing basis continues to improve

AWAC SGA sales on an index or spot basis



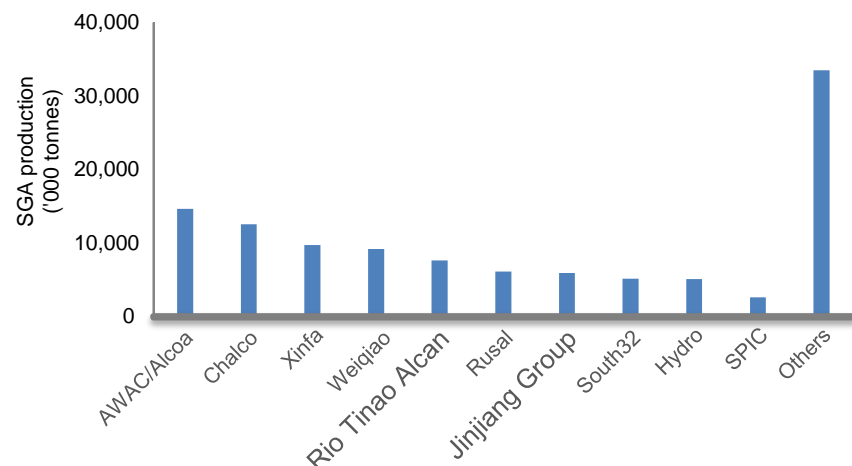
Platts alumina and implied linkage



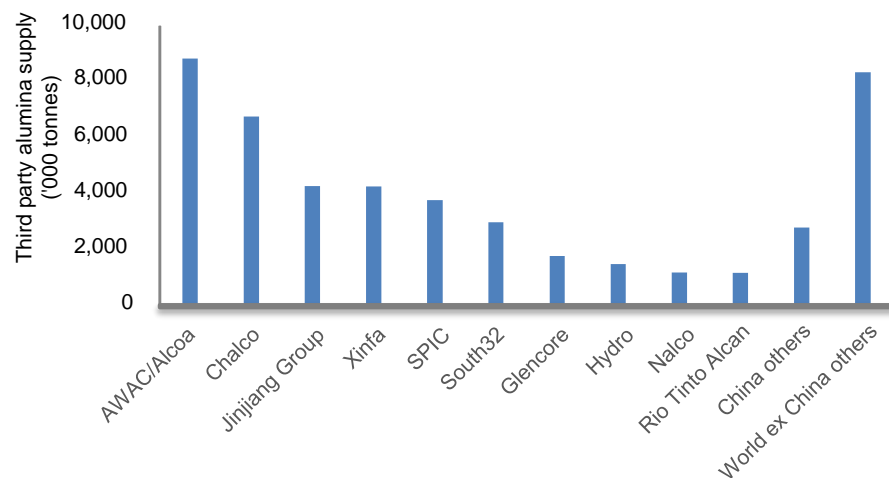
Source: Platts Feb 2016

AWAC: largest producer and 1st quartile cost in alumina

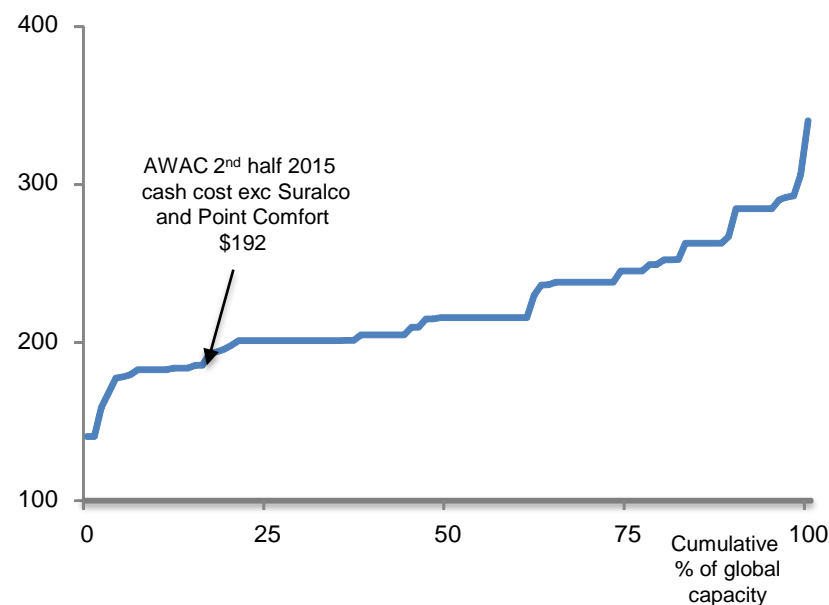
Total SGA alumina production, 2015



3rd Party SGA alumina sales, 2015



SGA cost curve, 2015 (US\$/t)

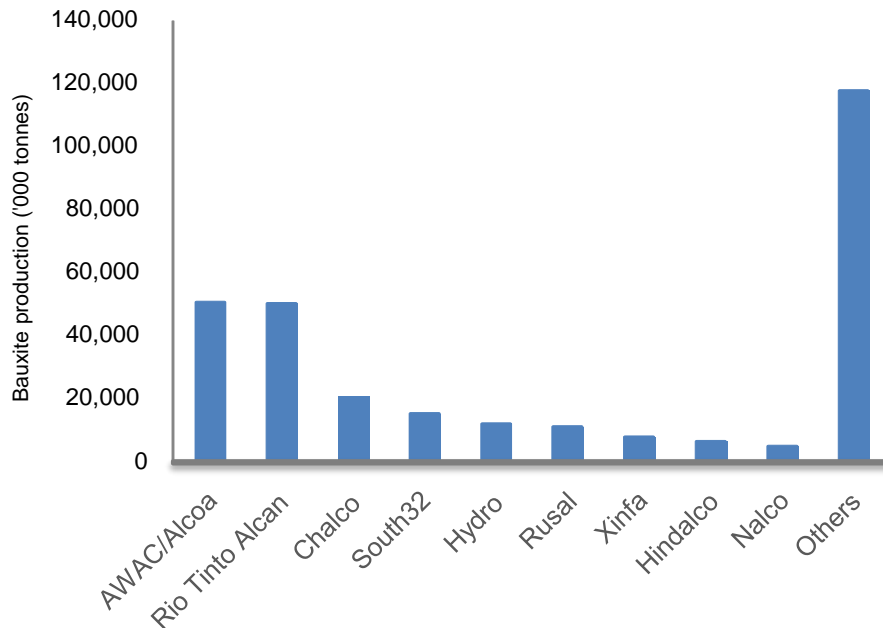


Source: HARBOR Aluminum

AWAC: largest producer and 1st quartile cost in bauxite

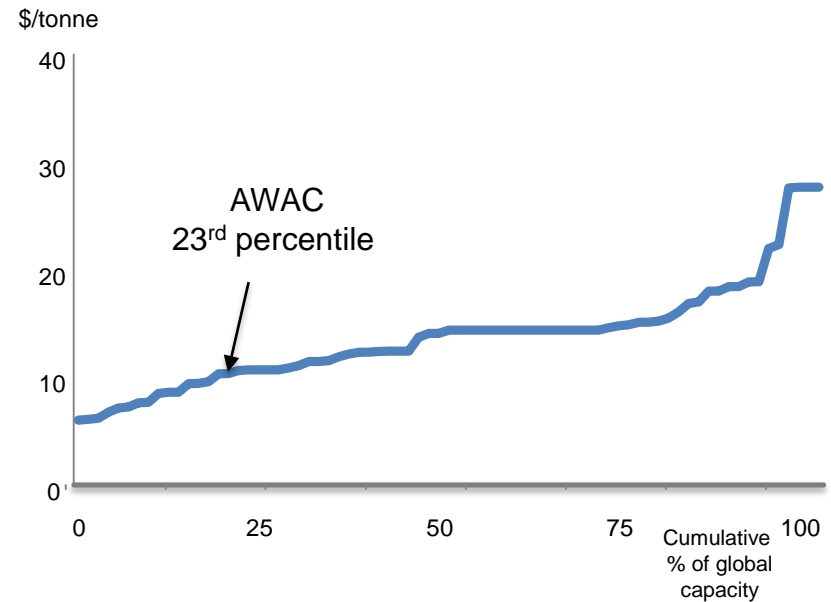
- Total estimated worldwide production 299.2 million tonnes in 2015
- AWAC 17% and top 9 producers approx 60% of world production
- Provides significant input cost advantage compared to marginal producers relying on sea borne trade

Bauxite Production 2015



Source: CRU, January 2016

Bauxite cash cost curve 4Q'2015



Source: HARBOR

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