

Alumina Limited 2019 Full Year Result Presentation

Attached is a presentation relating to Alumina Limited's Full Year Results for the 12 months ended 31 December 2019.

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 2015. 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 Full-Year Report for the period ended 31 December 2019.



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Company Secretary

25 February 2020

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Alumina Limited 2019 Full-Year Results



Mr Mike Ferraro

Managing Director and
Chief Executive Officer

Disclaimer

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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Any forward-looking statements contained in this Presentation are not guarantees of future performance. Such forward-looking statements involve known and unknown risks (including the key risks referred to below), 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. 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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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 2018.

Past Performance

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Strength Throughout the Cycle

Results

- Final Dividend of 3.6cps
- NPAT: \$214M
- NPAT excl significant items: \$327M

Record Production


- Record alumina production in 2019
- Low cost bauxite and alumina producer
- Significant long-term bauxite resources
- AWAC positioned to benefit from its long-term growth potential

Market

- Global alumina market balanced for 2020
- Aluminium - a positive growth outlook
- Strong long-term market fundamentals

Proven Business Model

- Strong balance sheet and low gearing
- Solid and transparent shareholder dividends
- Largest ex-China alumina producer



Sustainability

3rd Party Validation

- Aluminium Stewardship Initiative certification at:
 - All WA refineries and mines
 - Juruti bauxite mine
 - Alumar refinery

CO₂ Emissions

- Low refinery CO₂e emissions intensity across the entire AWAC portfolio

Recognised Leader

- Alcoa, operator of the AWAC JV, recognised as top aluminium industry performer in the S&P Global Sustainability Yearbook 2020

Rehabilitation

- World class mine rehabilitation in WA and Brazil with special focus on biodiversity conservation

Mr Grant Dempsey

Chief Financial Officer



AWAC 2019 Full-Year Results

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2019 AWAC Full-Year Results*

EBITDA

\$1,261M
(2018: \$2,630M)

NPAT

\$565M
(2018: \$1,640M)

CFO

\$906M
(2018: \$1,970M)

Alumina Realised Price

\$336/t
(2018: \$447/t)

Alumina Production

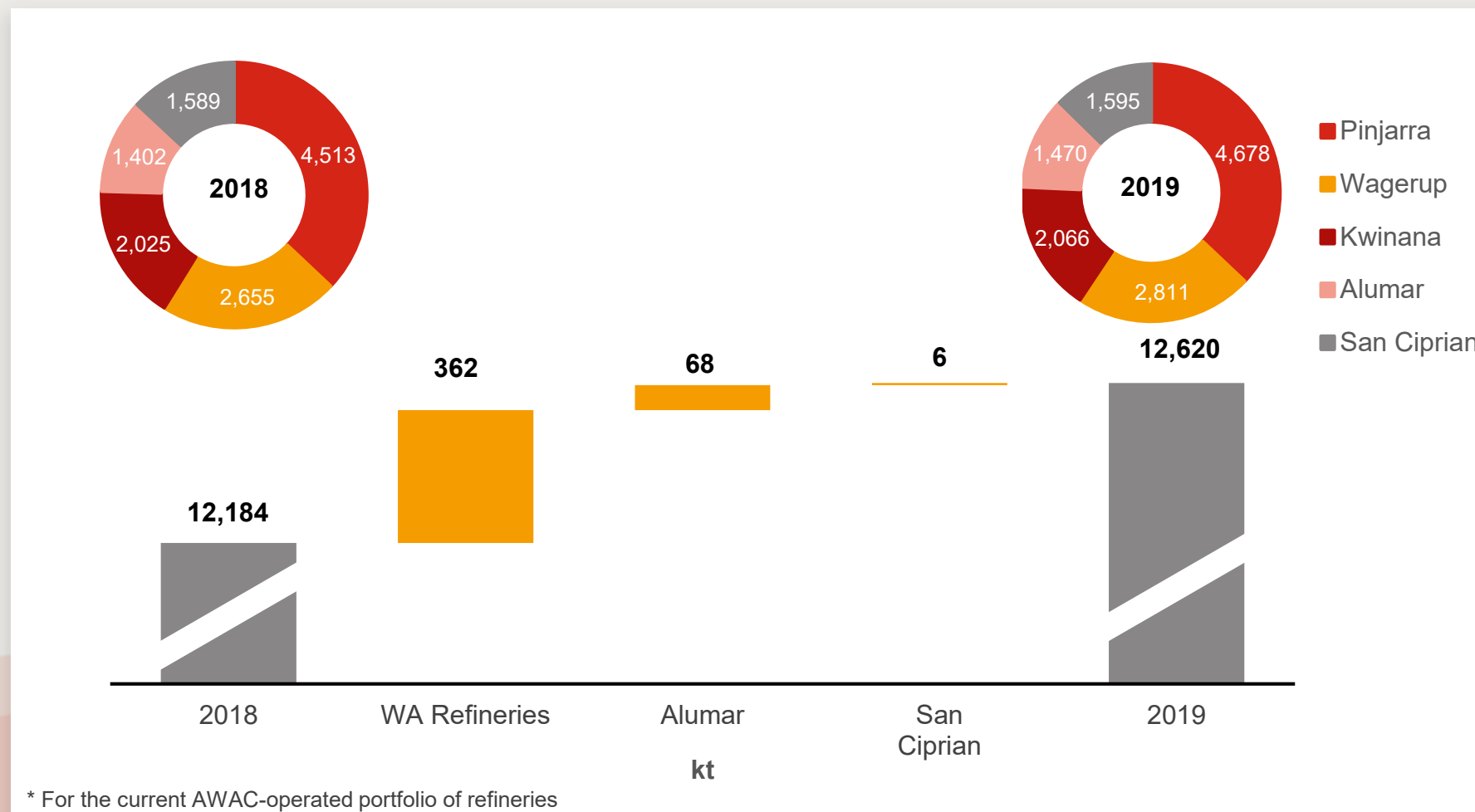
12.6Mt
(2018: 12.2Mt)

Alumina Cash Cost

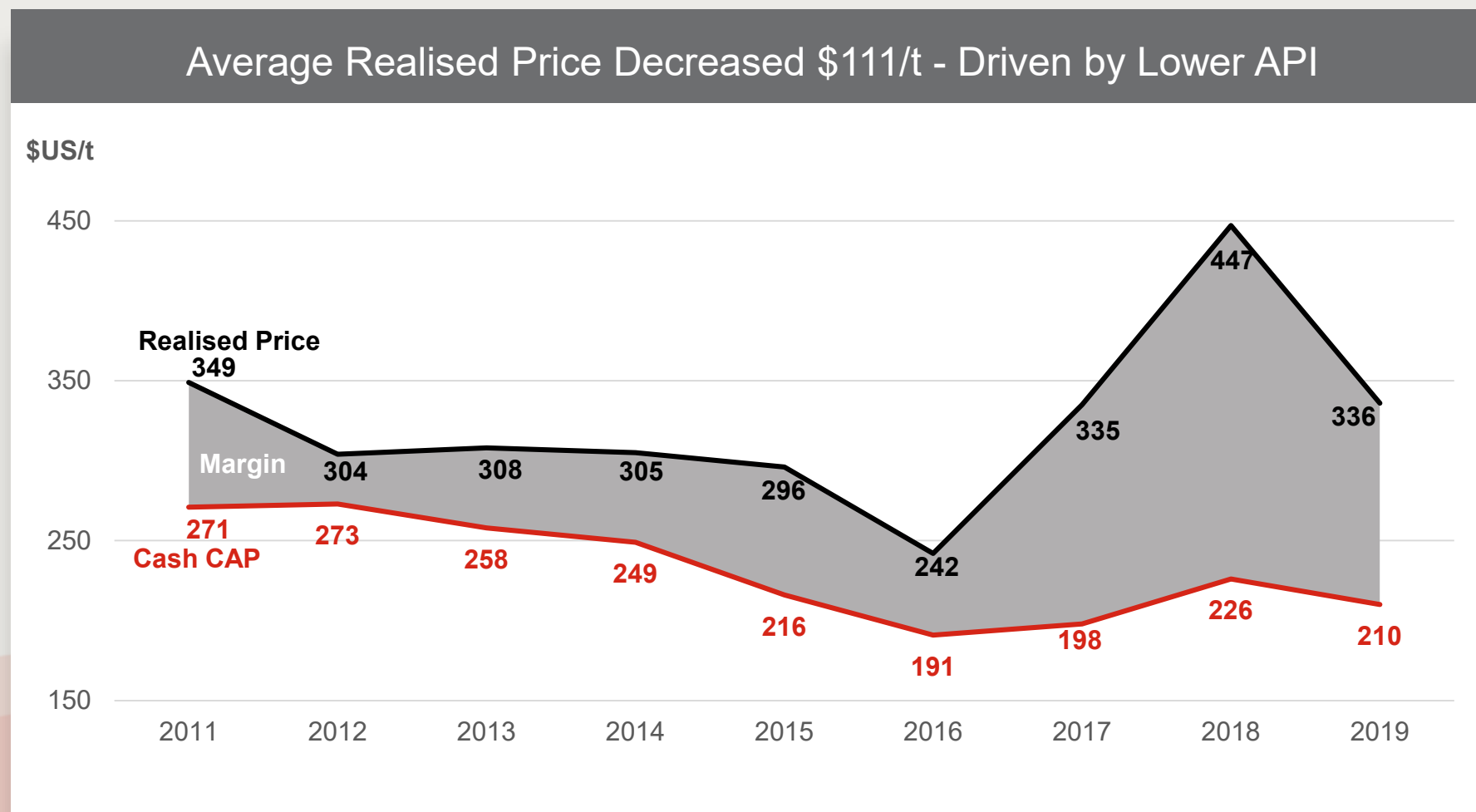
\$210/t
(2018: \$226/t)

*USGAAP

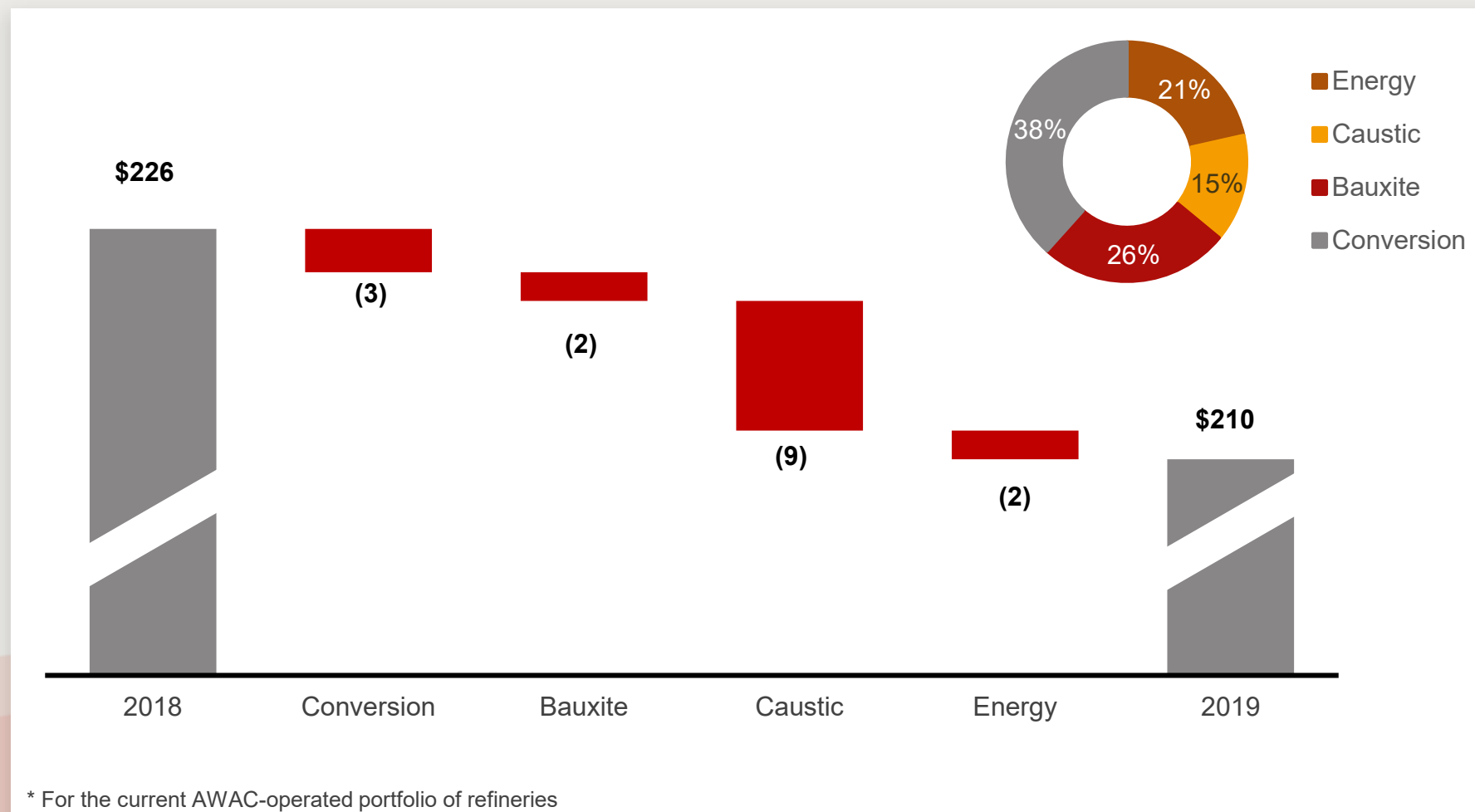
AWAC Record Annual Alumina Production*



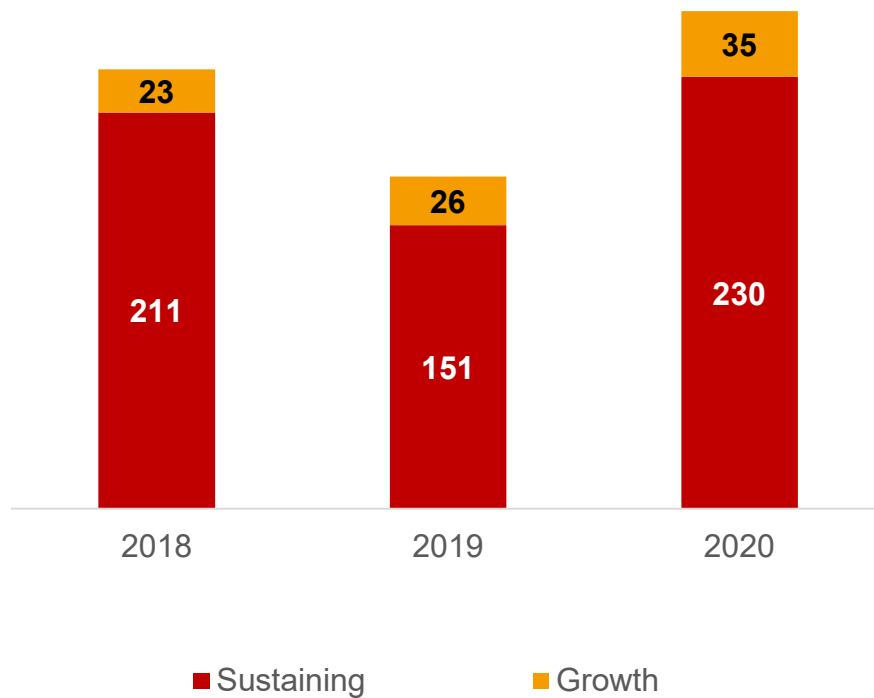
AWAC Alumina Realised Price



AWAC Cash Cost of Alumina Production* Decreased \$16/t



AWAC Capital Expenditure



Sustaining 2019

- Significant Projects
 - Completion of Pinjarra press filtration facility
 - Planning for Willowdale's crusher move

Growth 2019

- Debottlenecking and boiler upgrade at Alumar refinery
- Evaluating WA refinery brownfield expansion opportunities with a recommendation likely in 2020

AWAC Outlook and Sensitivities

Item		2019 Actual	2020 Outlook	Change
Production	Alumina (Mt)	12.6	12.7	↑ 0.1
Bauxite (3rd Party)	Sales - Bone Dry Tonnes (M bdt)	6.2	6.7	↑ 0.5
Cash Items	Sustaining Capex	\$151M	\$230M	↑ \$79M
	Growth Capex	\$26M	\$35M	↑ \$9M
	Restructuring-Related Items	\$80M	\$115M	↑ \$35M

Item		2020 Sensitivities
EBITDA Sensitivities	API +/- \$10/t Caustic +/- \$100/dmt +/- 1¢ in AUD/USD	approx. +/- \$115M approx. +/- \$90M approx. +/- \$22M

Alumina Ltd 2019 Full-Year Results

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2019 Alumina Full-Year Results*

Strong Returns

NPAT:

\$214M

(2018: \$635M)

Dividend Yield:

3 year avg 8.6%

Dividend:

Final Dividend 3.6 CPS

Strong Balance Sheet

Gearing

Low gearing of 3.0%

Debt Maturity

Bond repaid

Extension of facilities –
none expiring until late 2022

Proven Business Model

- Investment in the worlds largest third party producer of alumina
- World class, low cost refineries and bauxite mines
- Transparent returns to shareholders

*IFRS

^Before franking

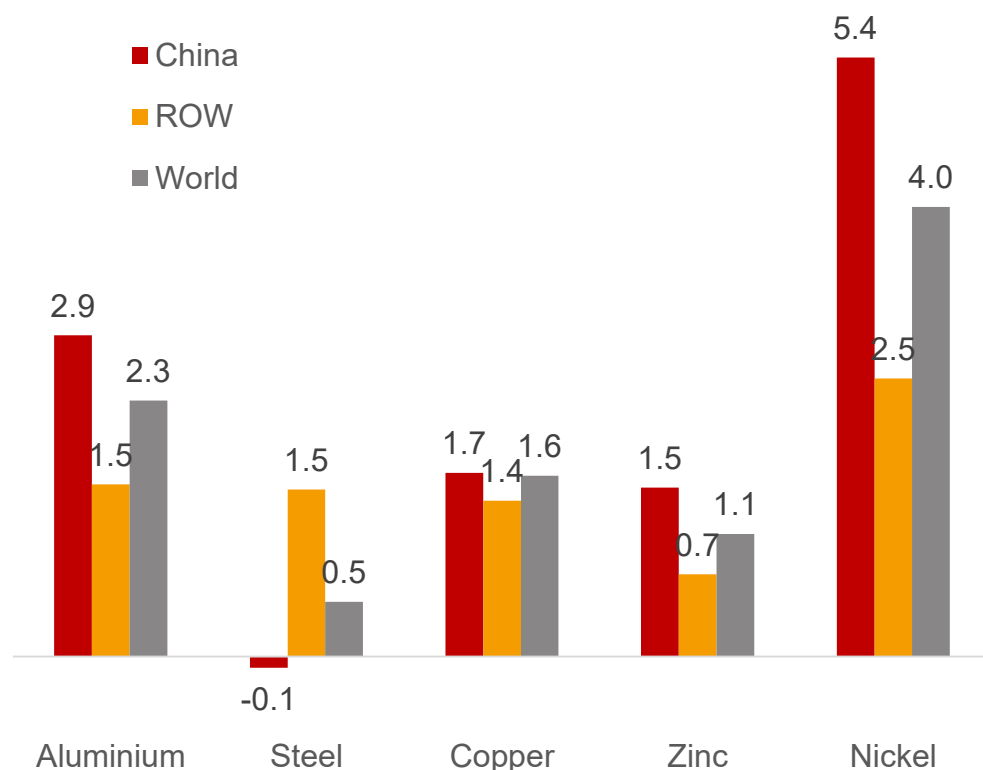
Market Review and Outlook

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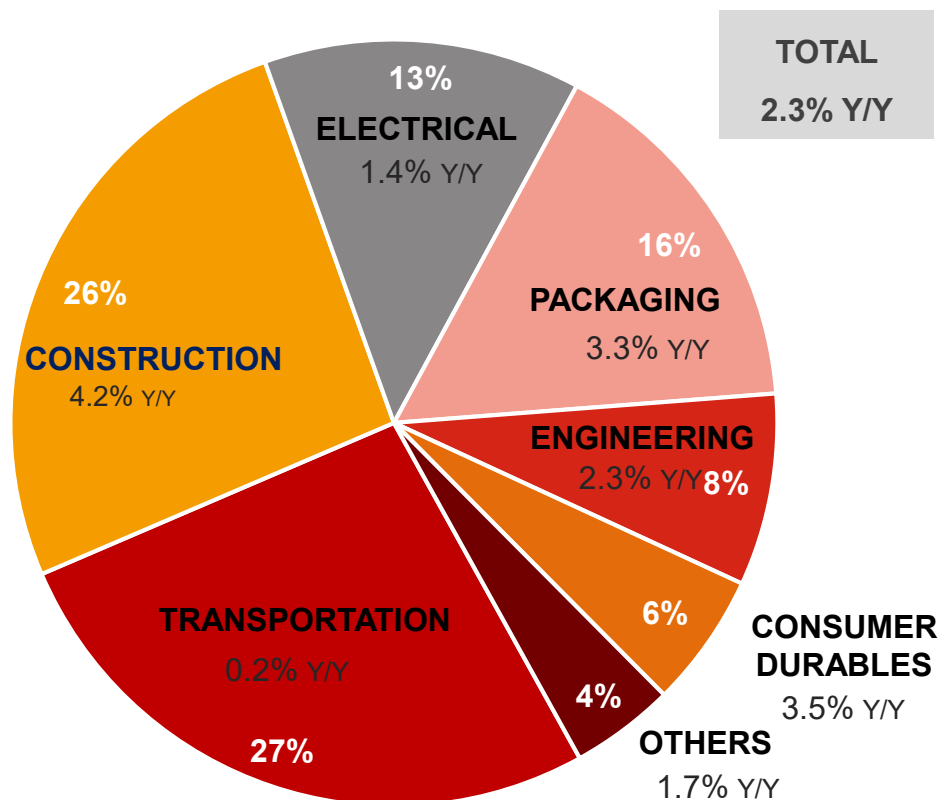


Aluminium Consumption Forecast to Grow

Forecast 2020 Annual Consumption Growth by Metal (%)

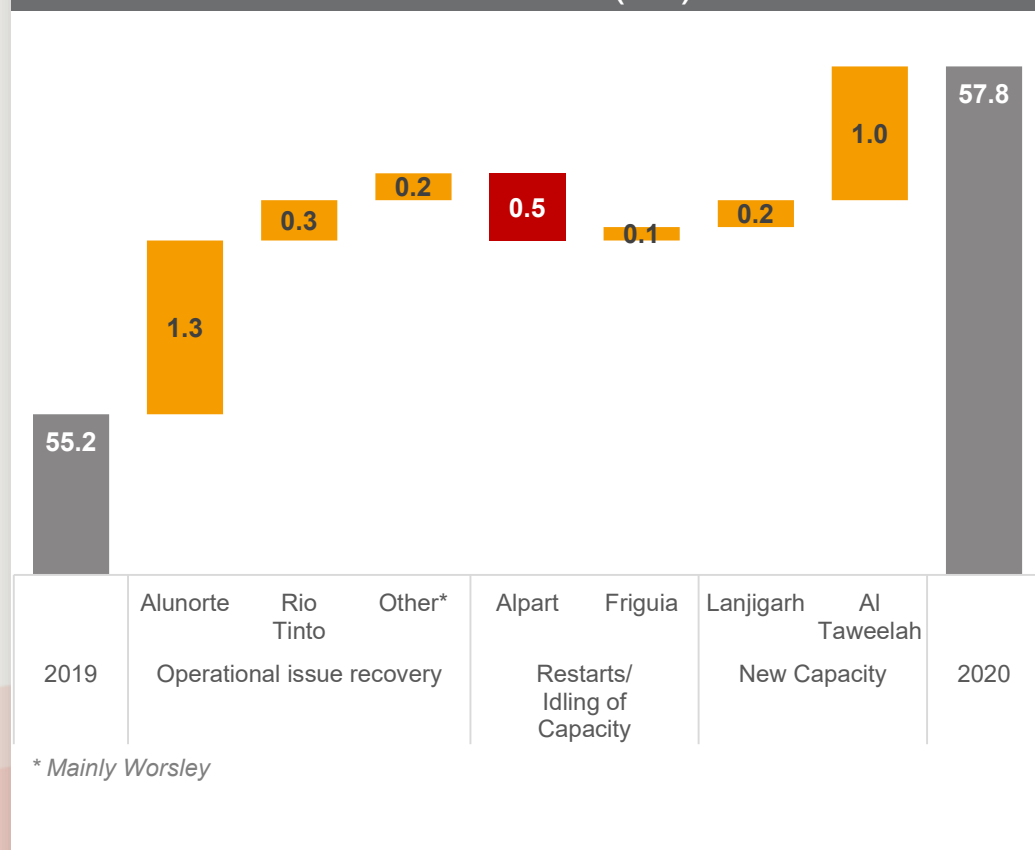


Forecast 2020 Global Aluminium Consumption Growth by End-Use Sector



Alumina Market Outside China Likely to Remain in Surplus in 2020

RoW Expected Growth of 2.6Mt in SGA Production (Mt)



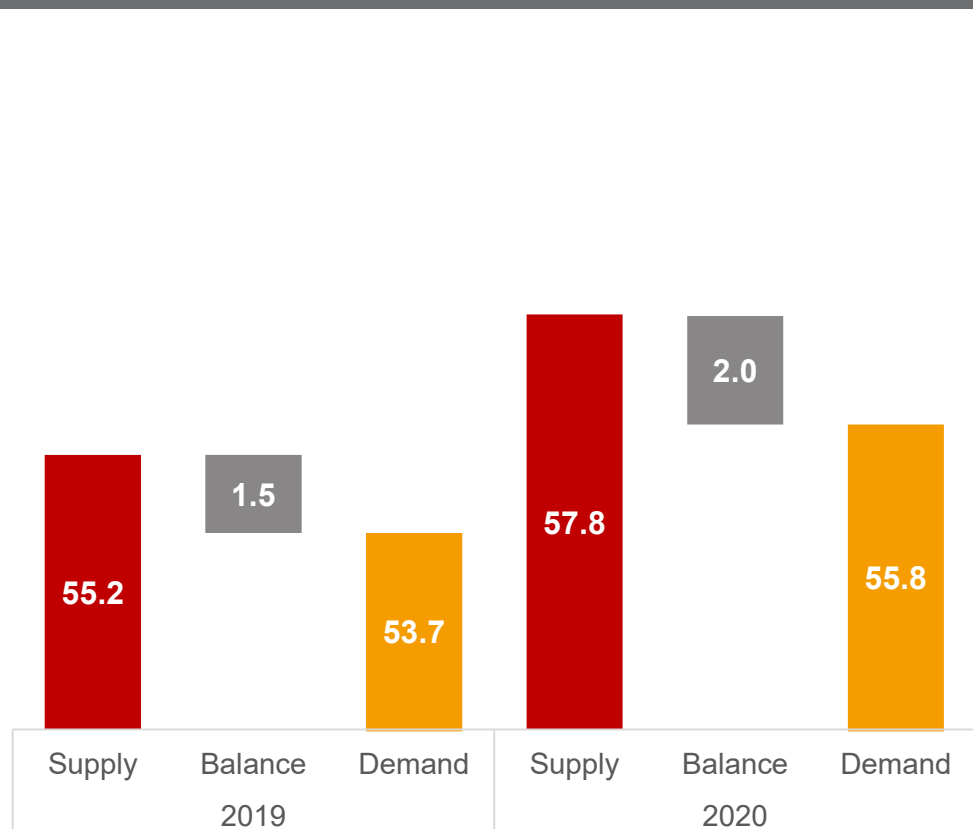
RoW Expected Growth of 1.1Mt in Metal Production (Mt)



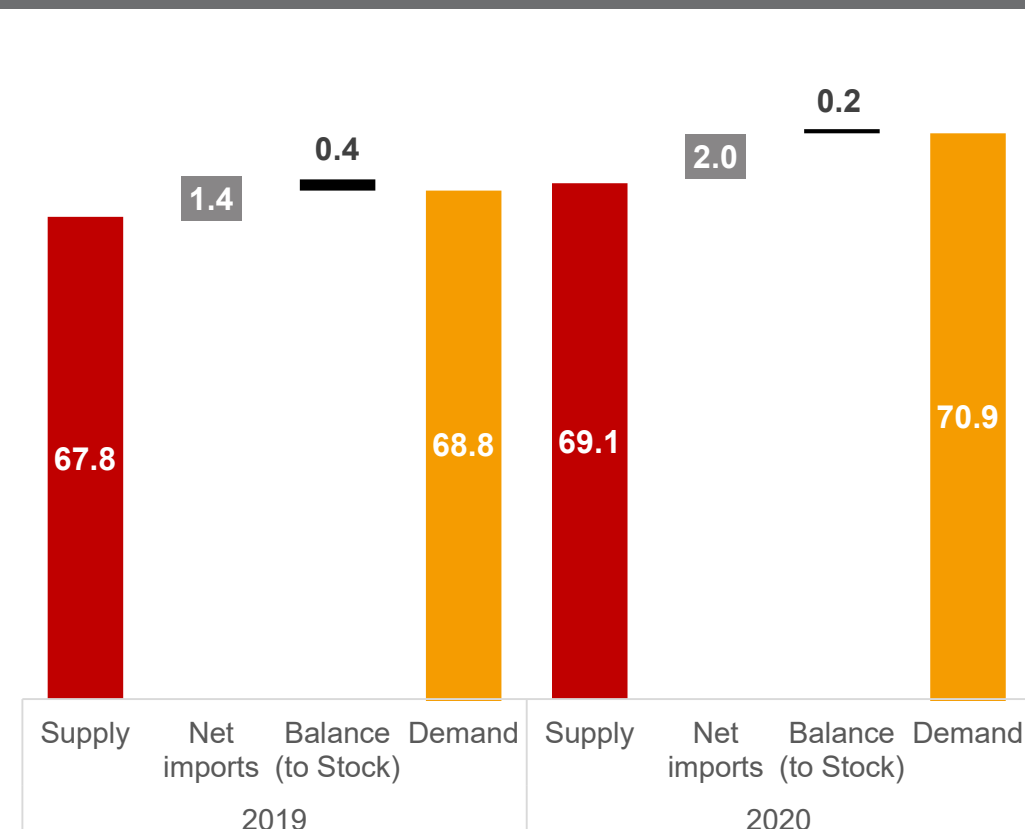
Note: 29.0Mt of primary aluminium is equivalent to 55.8Mt of alumina

However, Alumina Exports to China will Balance the Global Market

Non-China SGA Market Balance (Mt)

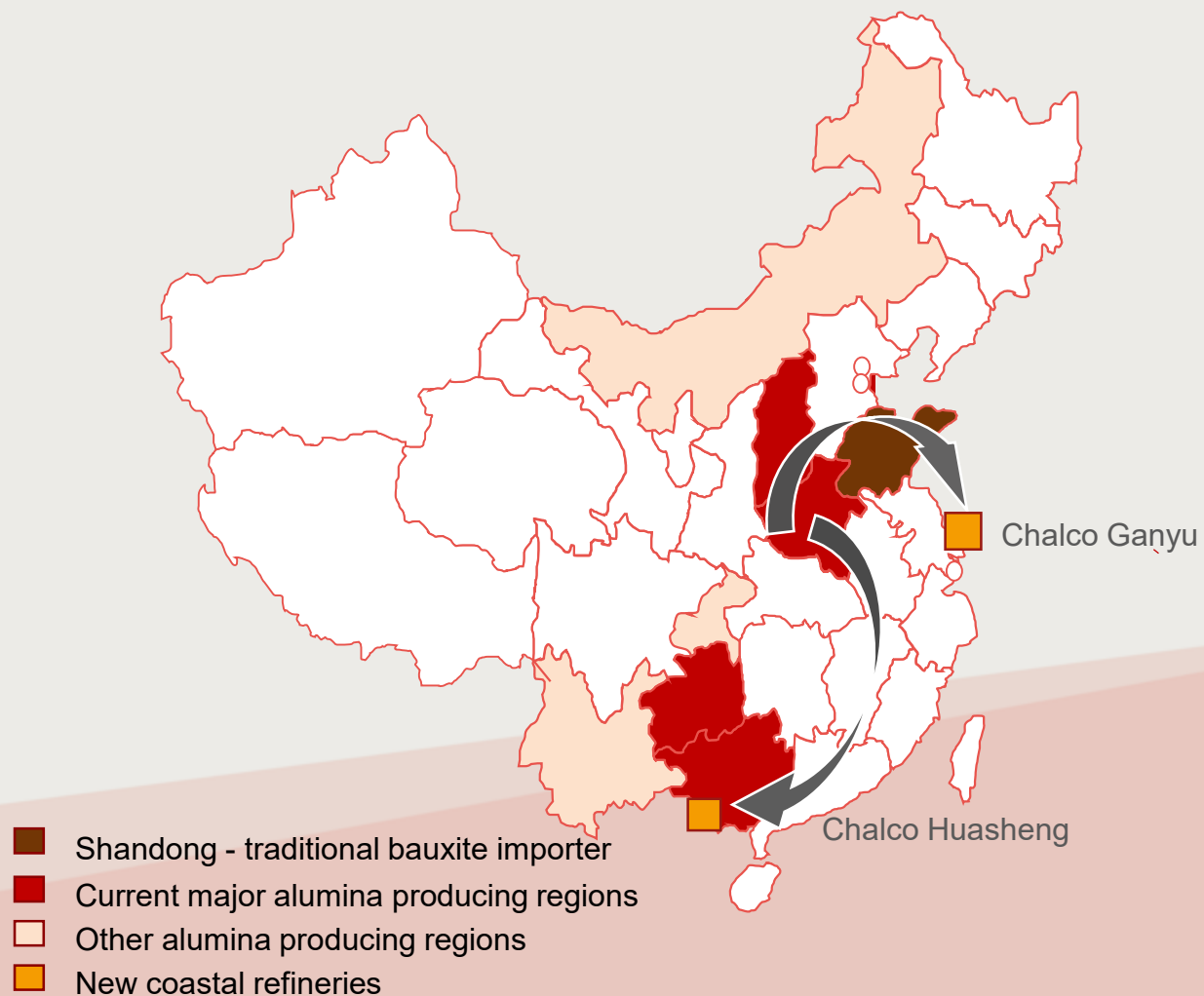


China SGA Market Balance (Mt)

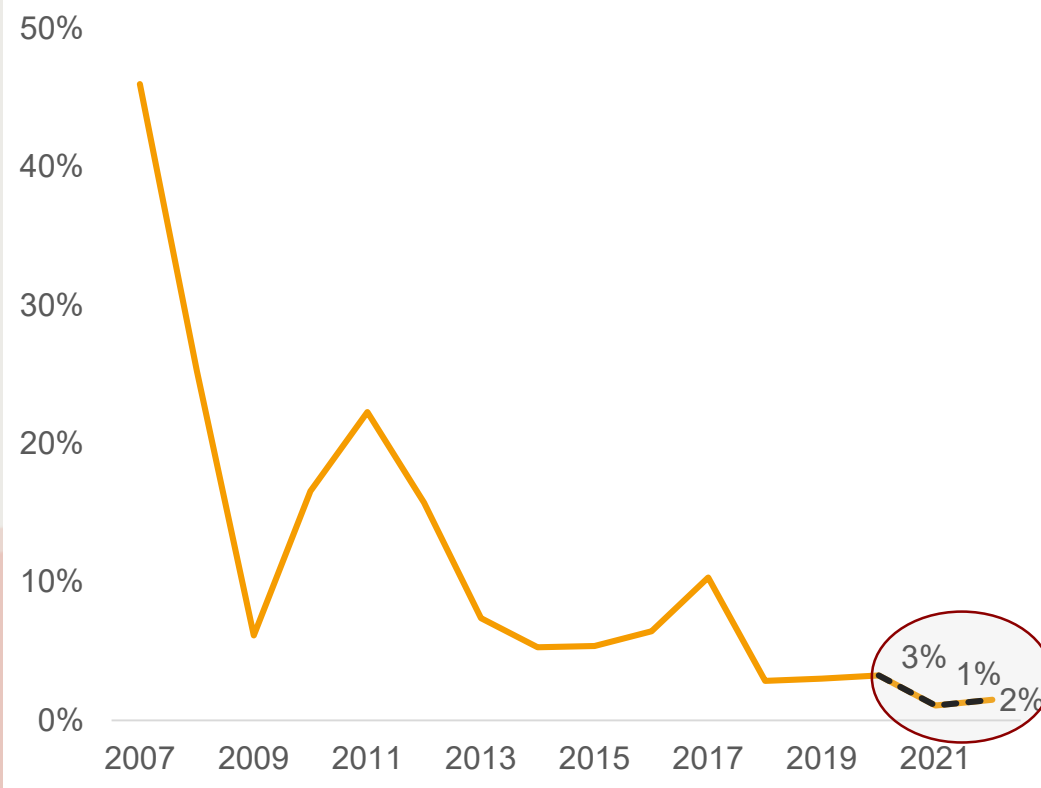


China's Alumina Capacity Growth Slowing Down

Government Monitors Overcapacity



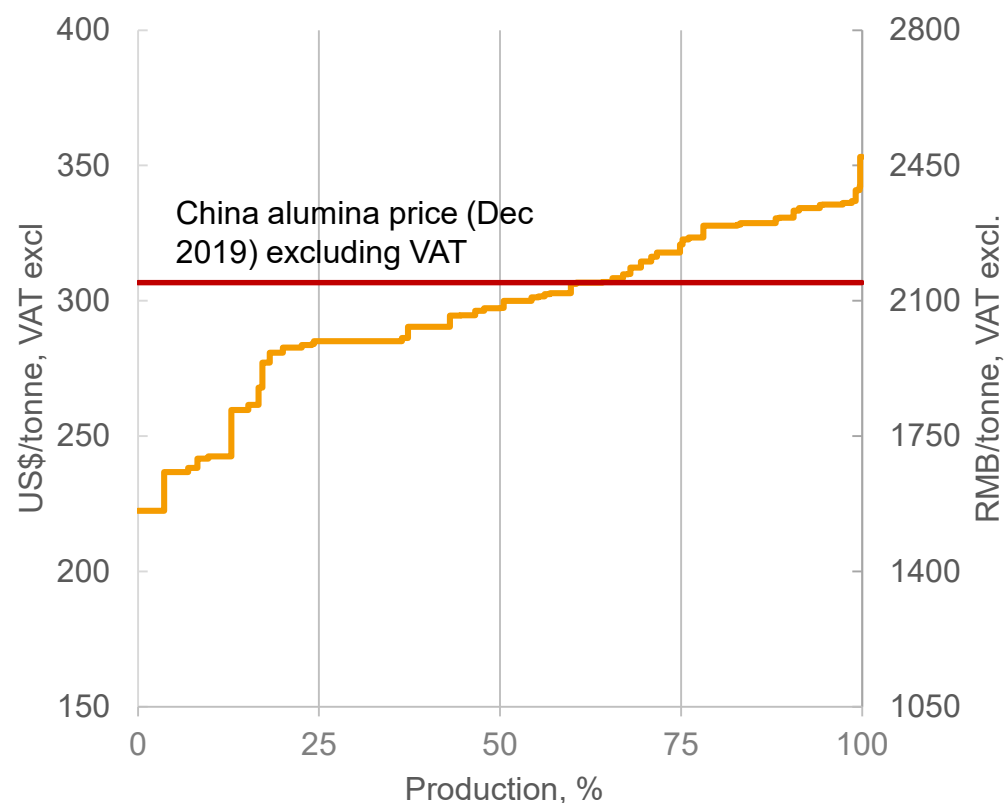
China's Alumina Capacity Growth (2007-2022)



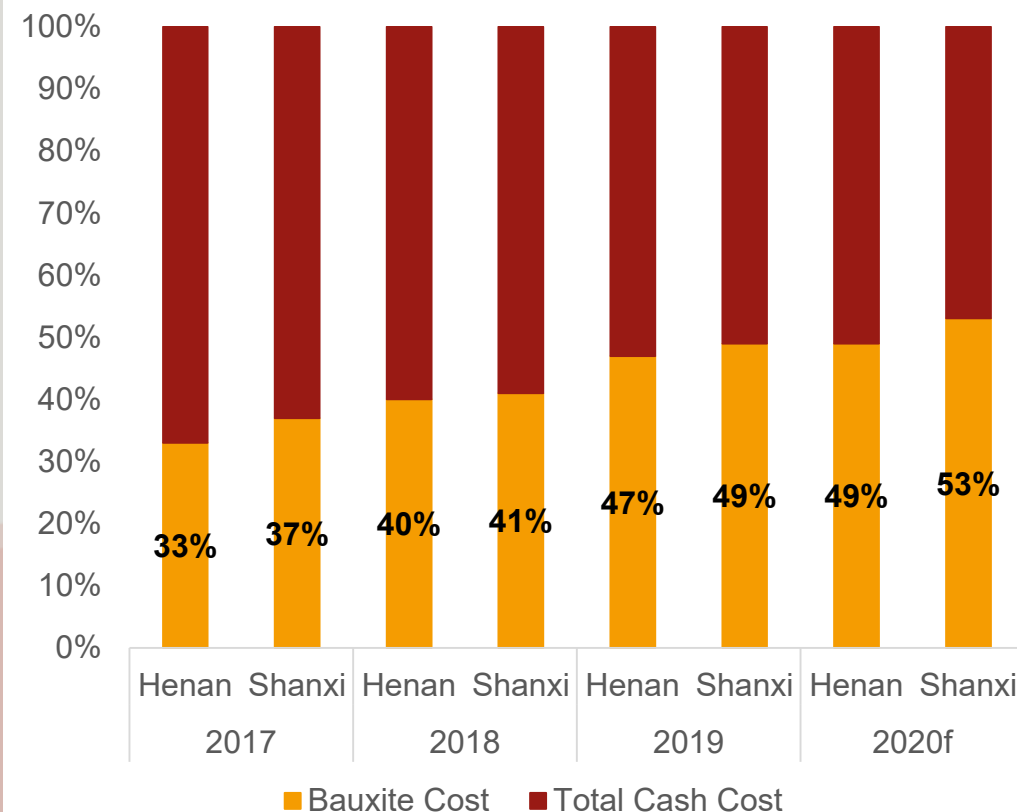
China's Average Alumina Cash Cost US\$295/t (Excl. VAT)

Dec 2019

China Alumina Cash Cost Curve



Bauxite Components of Cash Costs Going up



3.5% CAGR Expected for Non-China SGA Demand (2019-2024)



Market Summary and Outlook

Aluminium

- Demand and production growth forecast for 2020

Alumina

- Higher supply and lower demand outside China led to surplus and a lower API in 2019
- Alumina price averaged US\$290/t in 2H (US\$332/t in 2019)
- Coronavirus having an impact in 2020 in logistics and supply/demand
- RoW primary aluminium production and alumina demand is expected to increase in 2020 but still result in a surplus of alumina to be exported to China to balance the market globally

Bauxite

- Chinese imports jumped by 22% in 2019 to 101 million tonnes
- Inland refineries in China seeking more imported bauxite, generally increasing the bauxite cost component of alumina production

Alumina Limited

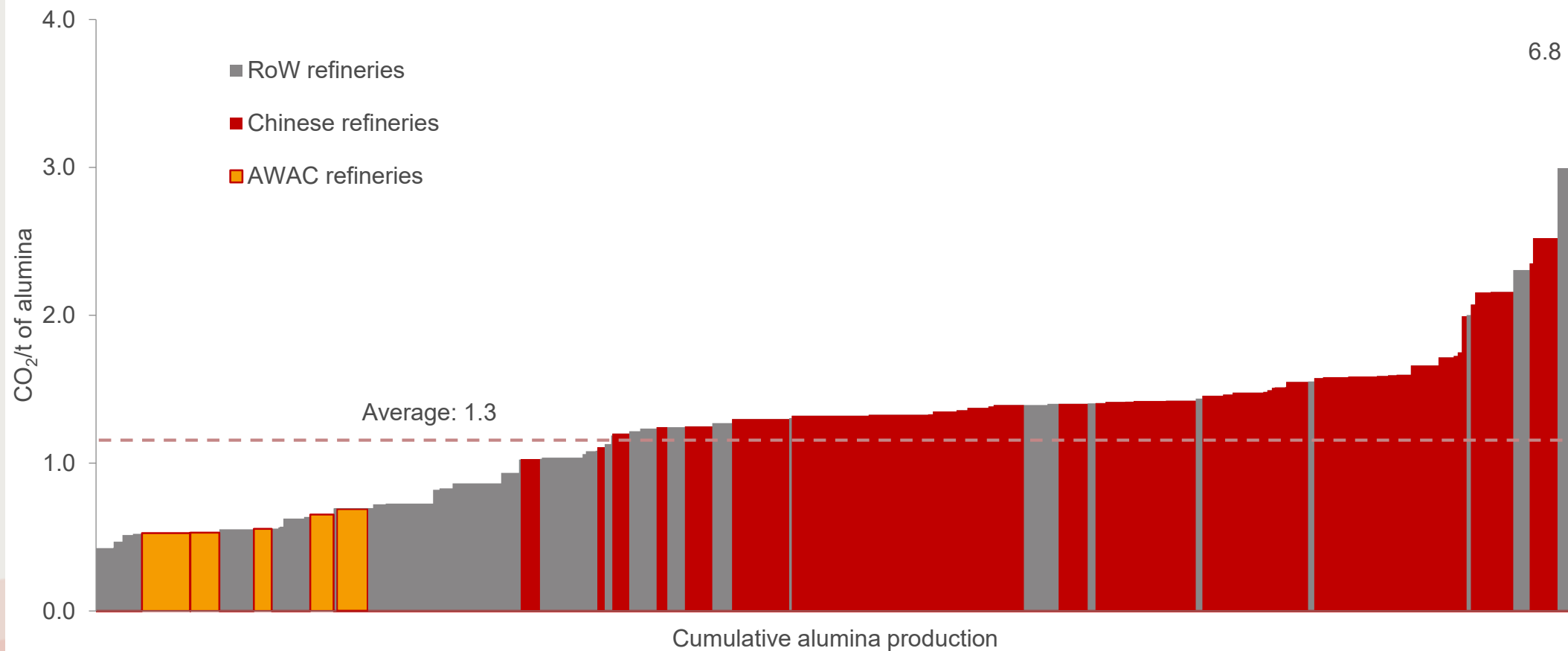
- AWAC generated good margins despite low alumina prices in 2H 2019
- AWAC's stable, low cost bauxite and alumina portfolio continues to ensure positive returns throughout the cycle
- Good options to grow low cash cost alumina production to meet expected future market demand growth

Appendix

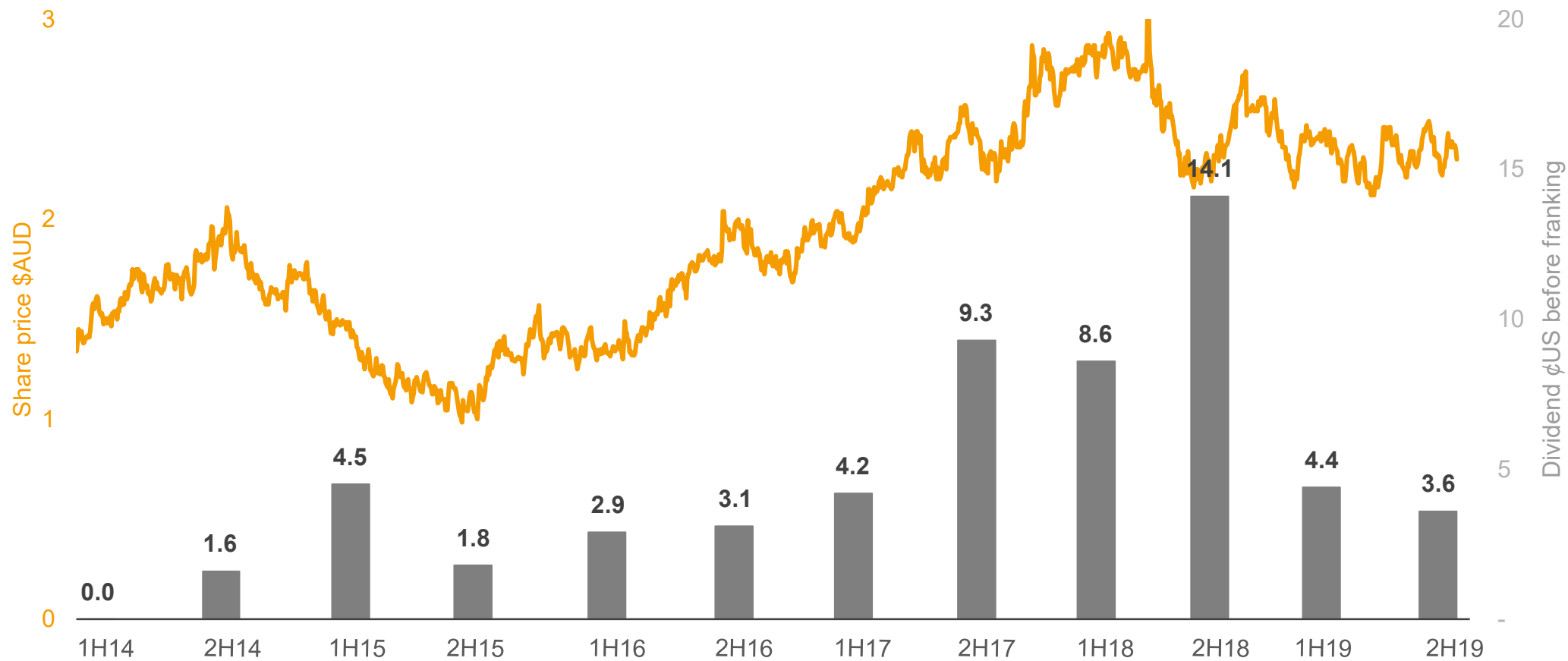
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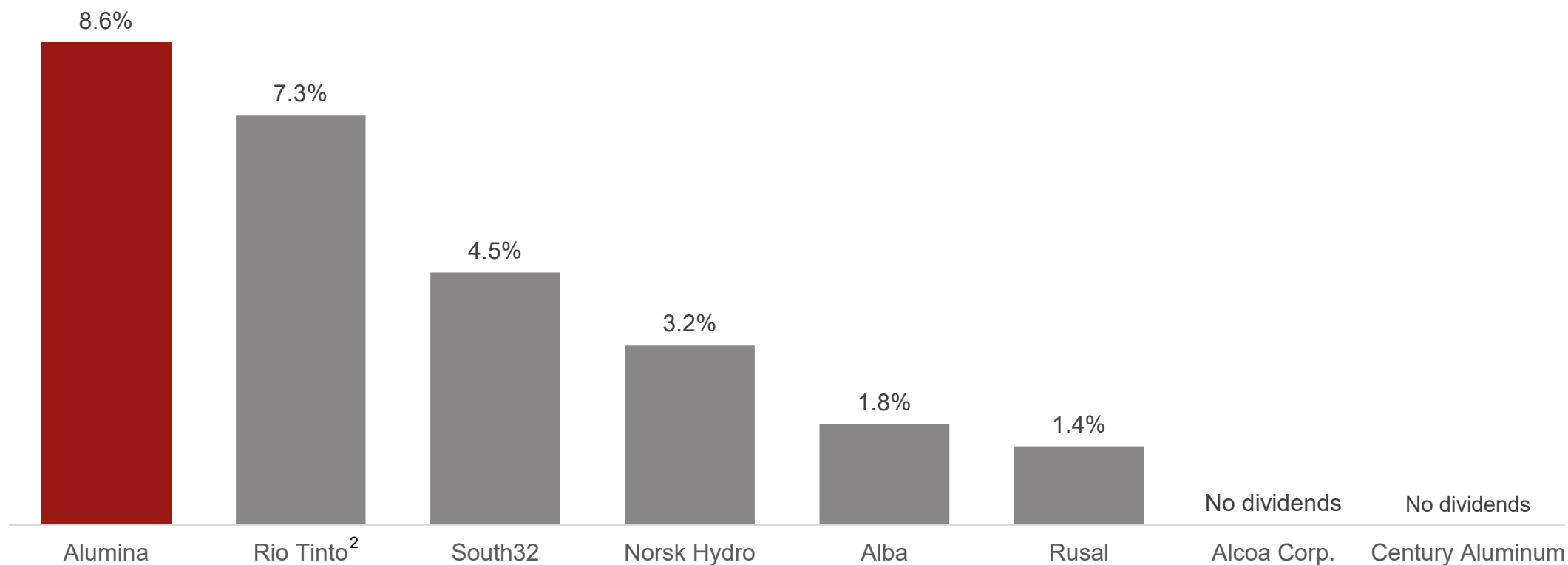
Lowest Refinery CO₂ Emission Intensity Among Major Producers (Direct and indirect emissions, 2019)



Alumina Ltd Share Price / Dividend History



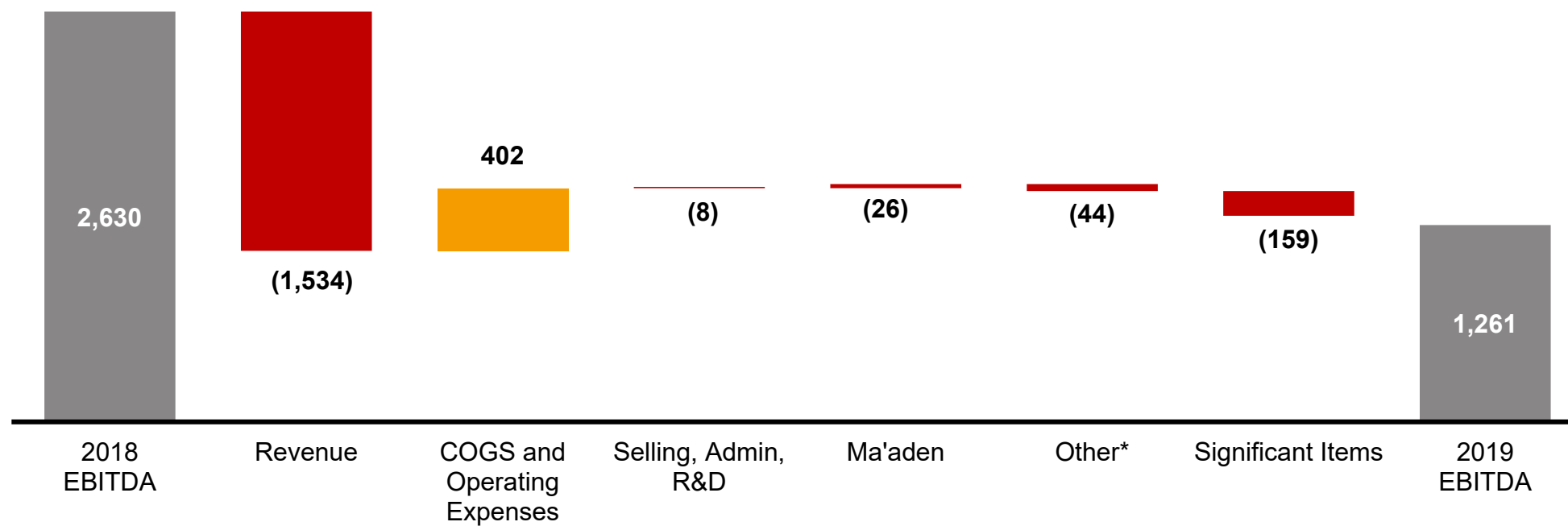
Alumina Ltd vs Peers Avg Dividend Yield⁽¹⁾ (Past three calendar years, excl franking credits)



Notes: (1) Dividend yield calculated as the average dividend declared from 14-Feb-17 to 14-Feb-20 divided by the average share price during that period

(2) Rio Tinto CY19 dividend assumed to be US\$2.295 per share as per broker consensus

AWAC EBITDA[^] Decreased by \$1,369M



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

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

Improved Bauxite Production and Third Party Shipments

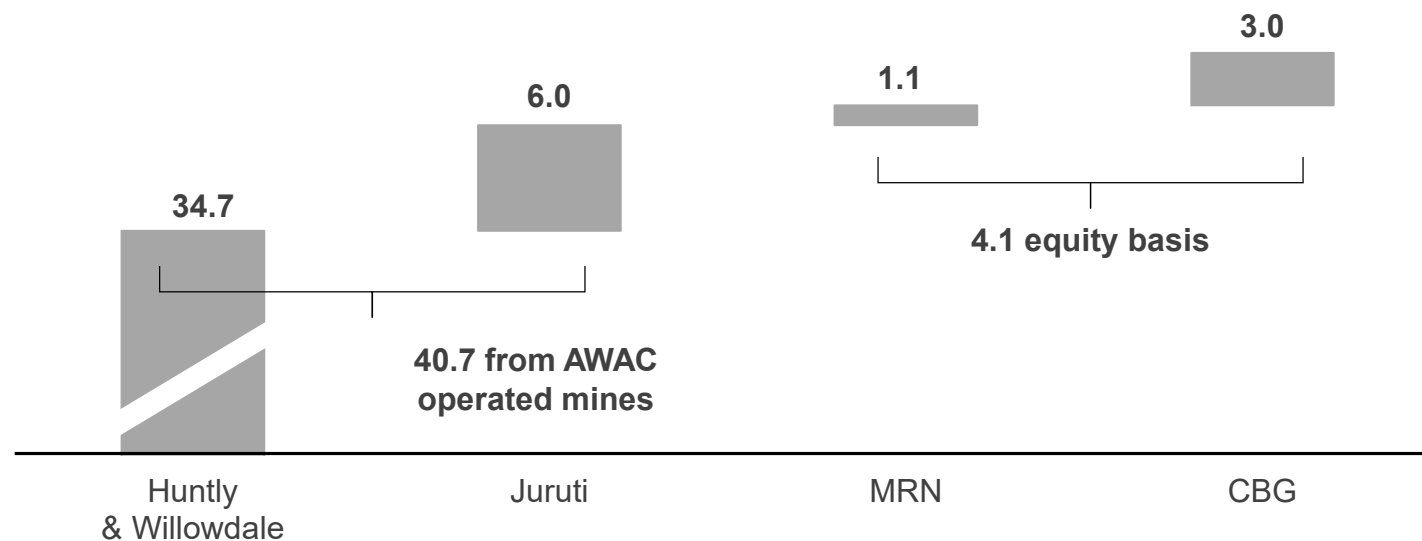
Third Party Shipments

2019: 6.2Mbd
(2018: 5.6Mbd)

Cash Cost of Mining

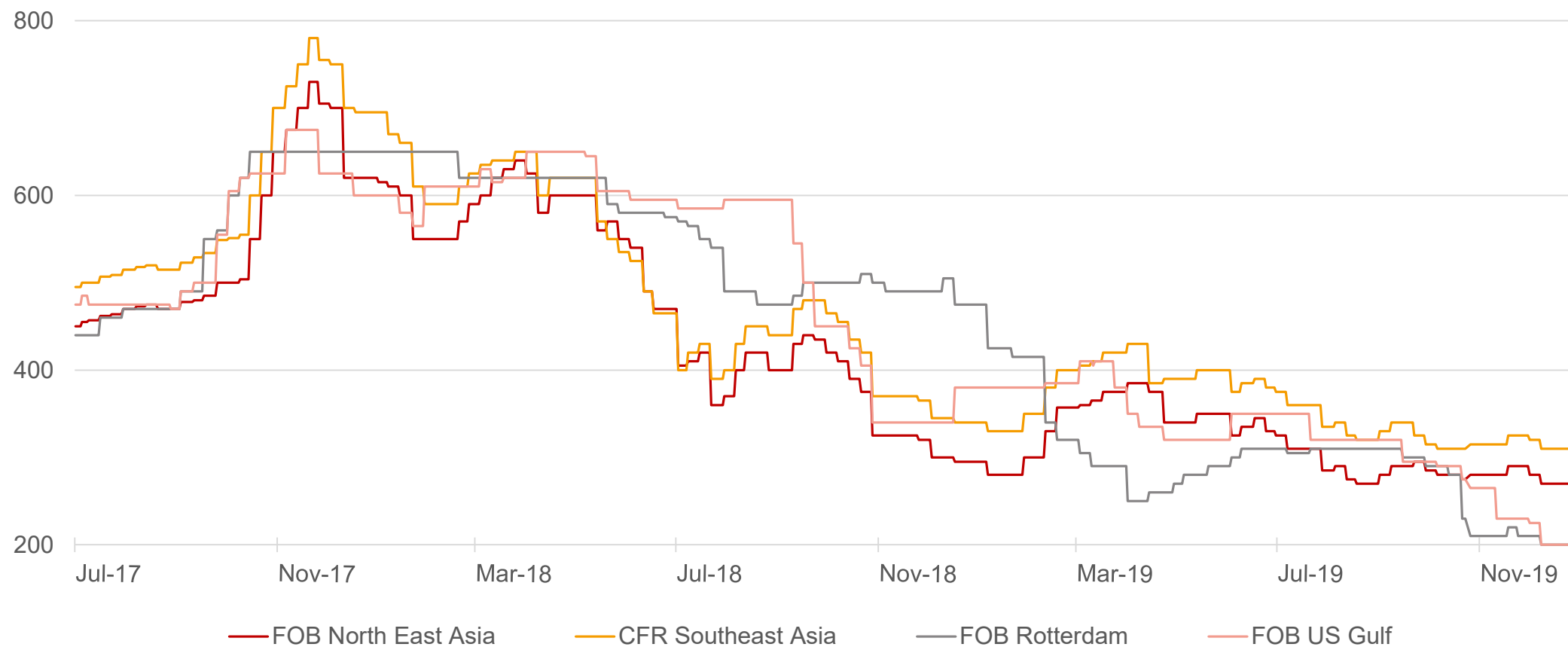
2019: \$10.2/bd
(2018: \$11.4/bd)

Bauxite Production (Mbd)



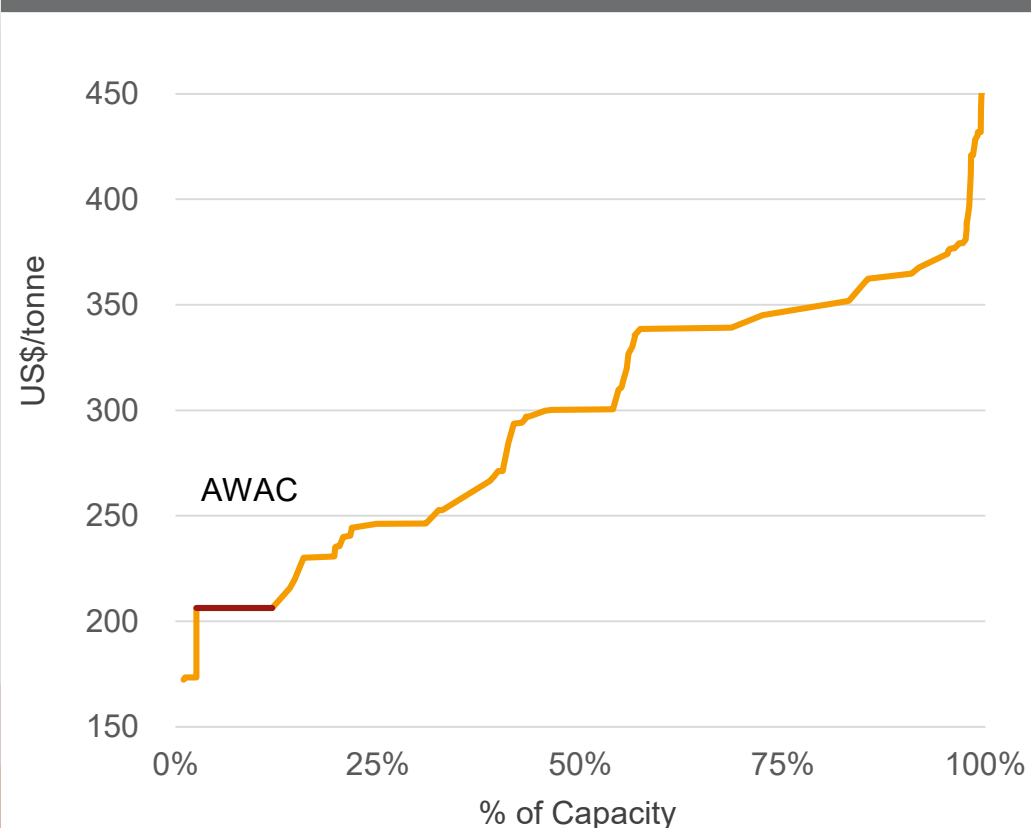
Caustic Soda Prices

*2020 Caustic price sensitivity +/- \$100/t: approximately +/- \$90M EBITDA**



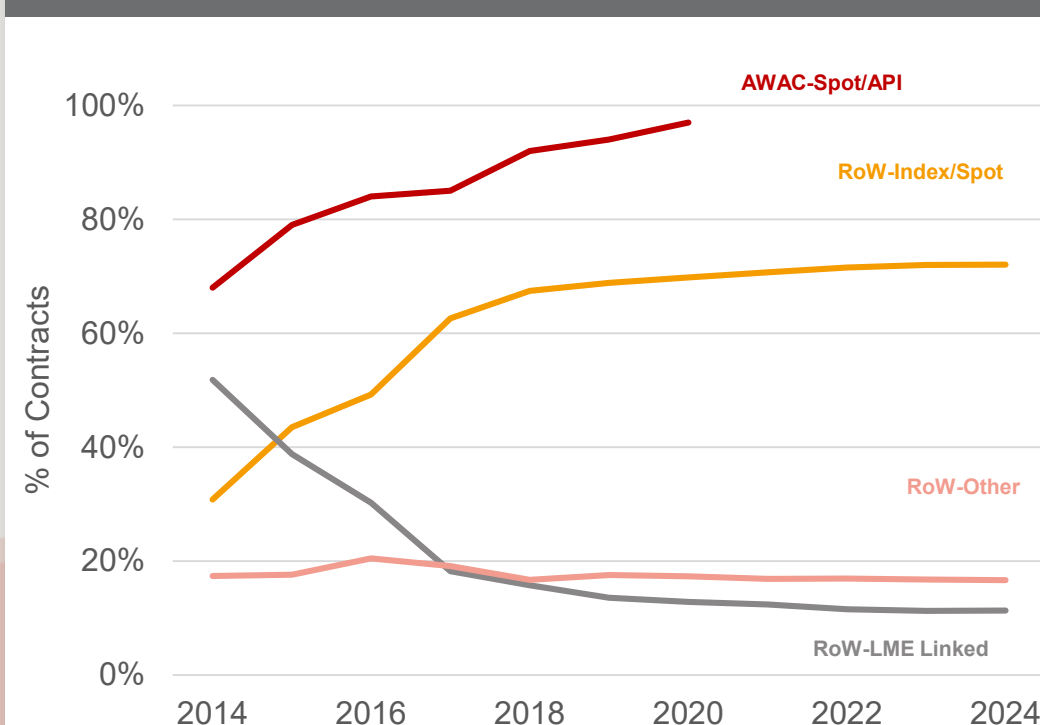
AWAC Remains a 1st-Tier Producer and Benefits From API Pricing

Global SGA Refining Site Cost Curve (4Q 2019)



Source: CRU, February 2020

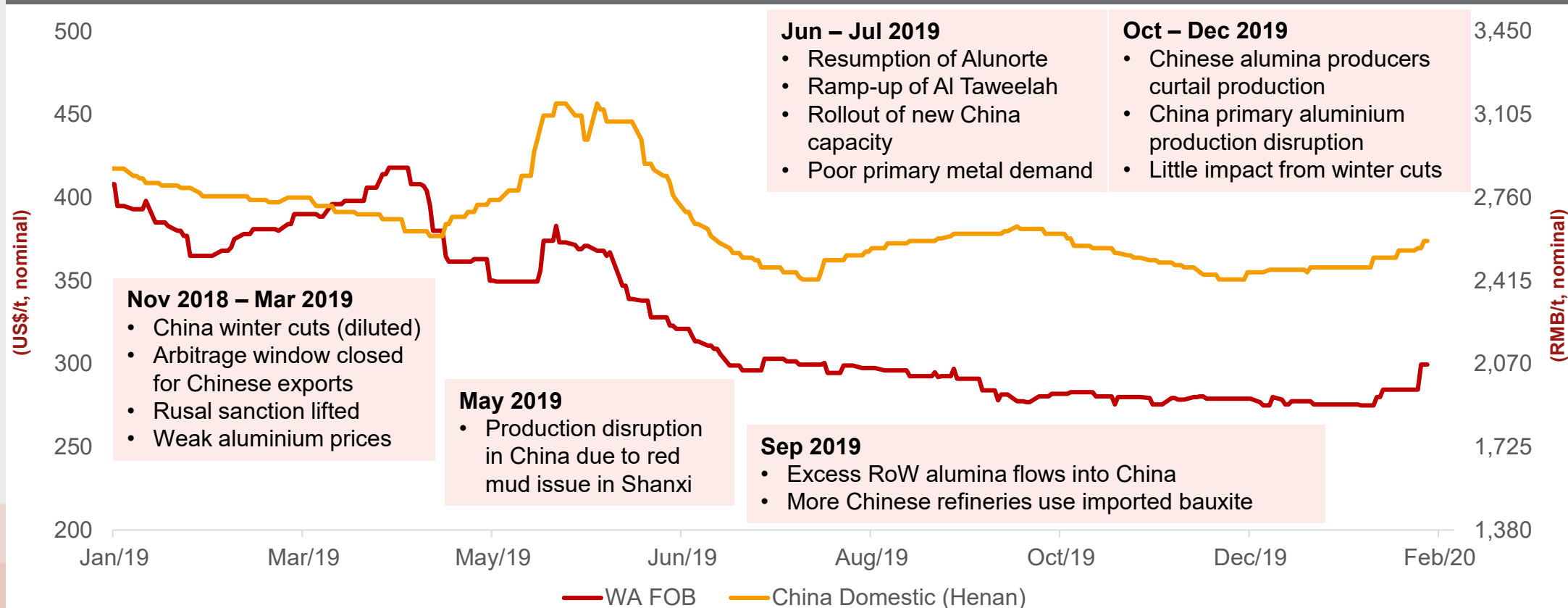
SGA Pricing (% of contracts)



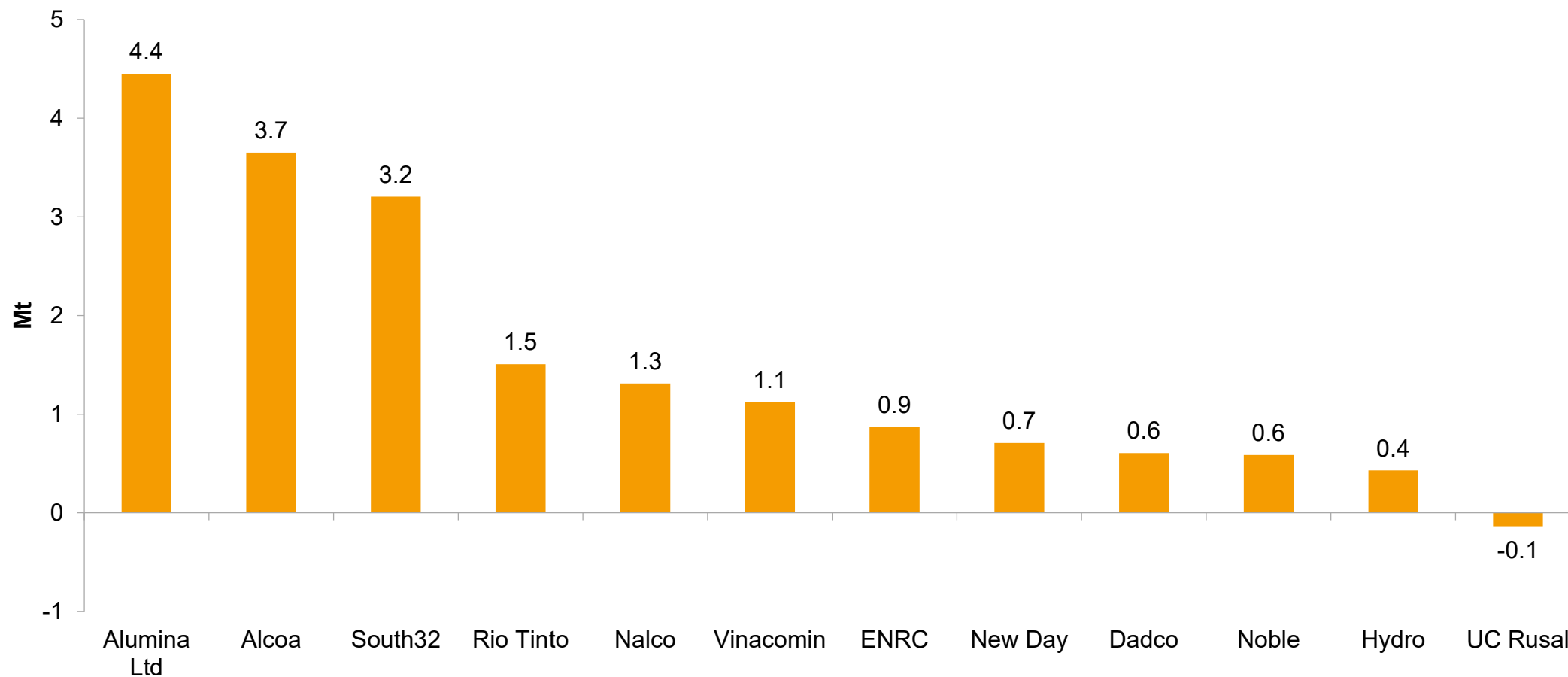
Source: CRU, Alumina Limited February 2020

Alumina Prices Stabilise Toward Year End

Alumina Price Reached a Level of Support Around \$275/t



Alumina Ltd has the Largest Net Exposure to Third Party SGA Market Outside China 2019



Potential New Chinese Alumina Capacity (2020-2022)

Province	Bauxite Source	Type	Capacity (M tpa)
Guangxi	Domestic	Greenfield	0.5
Guangxi	Imported	Greenfield	2.5
Guizhou	Domestic	Greenfield	0.4
Shandong	Imported	Expansion	0.9
Inner Mongolia	Imported	Greenfield	1.3
Total			5.6

Note:

- Some projects might slow down in a low-price environment or due to environmental constraints.
- Potential supply side reform in the alumina industry may also hinder the progress of these projects.
- Capacity not expected to run at 100% if alumina prices remain low

Limited New Smelting Capacity in China (2020-2022)

Capped by Chinese Government Quota System

Province	Type	Capacity (M tpa)
Guangxi	New Greenfield	0.5
Guizhou	Quota Replacement	0.1
Inner Mongolia	Quota Replacement	0.7
Shanxi	Quota Replacement	0.2
Sichuan	Quota Replacement	0.4
Yunnan	New Greenfield	0.7
Yunnan	Quota Replacement	3.2
Total		5.8

Limited New Alumina Capacity Committed Outside China

Refineries Currently Under Construction Outside China:

Country	Company	Refinery	Capacity (M tpa)	Type	Status	Bauxite Source
Indonesia	Nanshan	Bintan	1.0	Greenfield	Construction started	Indonesia
Indonesia	Hongqiao	Ketapang Phase II	1.0	Brownfield	Construction started	Indonesia

Other Projects Under Consideration:

Country	Company	Refinery	Capacity (M tpa)	Type
Indonesia	Inalum/Antam	West Kalimantan	2.0	Greenfield
Indonesia	Jinjiang	West Kalimantan	1.0	Greenfield
India	Vedanta	Lanjigarh	1.2	Brownfield
India	Nalco	Damanjodi	1.0	Brownfield
India	Hindalco	Utkal	0.5	Brownfield
India	Hindalco	Rayagada	2.0	Greenfield
Guinea	SMB/Winning	Dapilon	1.0	Greenfield
Guinea	Chalco	Boffa	1.0	Greenfield
Greece	Mytilineos	Distomon	0.9	Brownfield
Laos	Yunnan Aluminum	Paksong	1.0	Greenfield
Jamaica	JISCO	Alpart	2.0	Brownfield/Greenfield

Most Ex-China Curtailed Refineries Unlikely to Restart

Curtailed Refineries	Owner	Location	Producing (M tpa)	Nameplate Capacity (M tpa)	Comment
Alpart Alumina	JISCO	Jamaica	-	1.70	Acquired in curtailed state mid-2016. Backward integration re-start. Production suspended in Q4 2019
Kirkvine	Windalco	Jamaica	-	0.60	On care and maintenance since 2009
Fria	Rusal	Guinea	0.32	0.60	Re-start commenced June 2018, reportedly helping bauxite backward integration. Produced 242 kt of alumina in the first three quarters of 2019
Anrak	Anrak	India	-	1.50	Built in 2014 (not started). Would need financing and bauxite access/supply
Eurallumina – Porto Vesme	Rusal	Italy	-	1.10	Idled since 2009. Reviewing restart from around end 2020
Bauxilum	State-owned	Venezuela	-	2.00	Idled. Little production since 2015
TOTAL			0.32	7.50	

RoW Smelting Capacity Under Construction or Being Considered

Smelters Currently Under Construction:

Country	Company	Smelter	Capacity (M tpa)	Type
Russia	UC Rusal	Taishet (phase I)	0.43	Greenfield
Vietnam	Tran Hong Quan	Dak Nong (Phase I)	0.15	Greenfield
Iran	Salco	Fars	0.30	Greenfield
Malaysia	Press Metal	Samalju	0.32	Brownfield/Greenfield
Total			1.20	

Other Projects Under Consideration:

Country	Company	Smelter	Capacity (M tpa)	Type
Russia	UC Rusal	Boguchansky (phase II)	0.30	Brownfield
Indonesia	Asahan Aluminium	Inalum	0.20	Brownfield
Egypt	Egyptalum	Nag Hammadi	0.25	Brownfield
Saudi Arabia	Ma'aden	Ras Al Khair	0.74	Brownfield
Kazakhstan	ENRC	Pavlodar	0.27	Brownfield
Indonesia	Asahan Aluminium	Inalum (West Kalimantan)	0.50	Greenfield
Total			2.26	