

# Alumina Limited

## 2022 Half-Year Results

# Mike Ferraro

Managing Director and Chief Executive Officer

ALUMINA  
LIMITED



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# 2022 Half-Year – Solid Result and Increased Margin

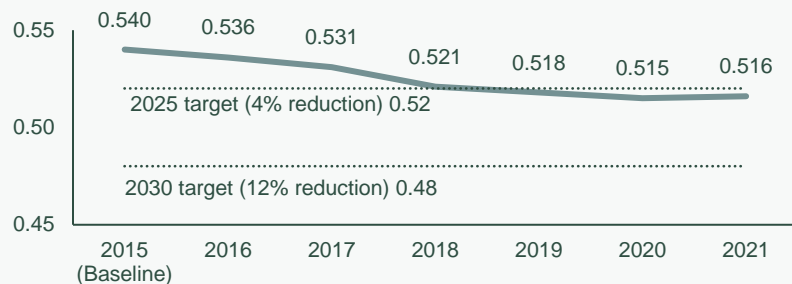


- NPAT 128% increase to \$168M
- NPAT excl significant items 73% increase to \$120M
- Higher margins driven by alumina prices despite global cost pressures
- Higher Interim Dividend of 4.2 US cps
- Decarbonisation supports strong demand fundamentals for the medium to long term

# Key Sustainability Metrics

First quartile on the global refinery emissions intensity curve

Refinery GHG<sup>1</sup> emissions intensity (t of CO<sub>2</sub>e / t of alumina<sup>2</sup>)



- Emissions intensity relatively flat
- Potential this decade for:
  - Fuel switch at Alumar
  - MVR<sup>3</sup> pilot
  - Electrical grid greening

Smelter GHG emissions intensity (t of CO<sub>2</sub>e / t of aluminium<sup>2</sup>)



- Electrical grid greening in Victoria
- Portland offshore wind farm MOU

<sup>1</sup>GHG (greenhouse gas)

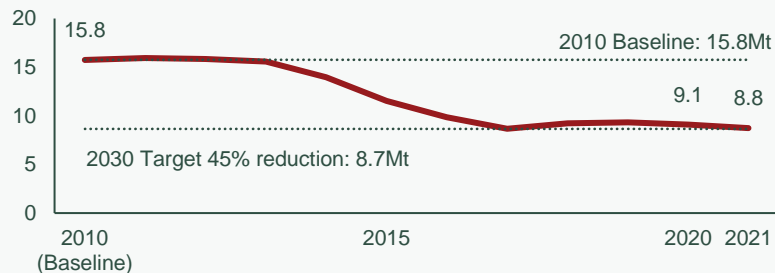
<sup>2</sup>AWAC full facility basis (scope 1 & 2)

<sup>3</sup>MVR (Mechanical Vapour Recompression)

# Key Sustainability Metrics

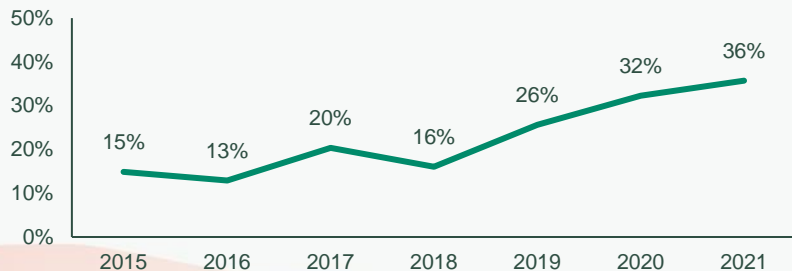
Reduced emissions and more renewable energy

AWAC GHG emissions (Mt of CO<sub>2</sub>e<sup>1</sup>)



- Improvements at Portland
- Decreased alumina production

Electricity (% sourced from renewable generation<sup>1</sup>)



- >5Gwh consumption<sup>1</sup>
- Electrical grid greening in Victoria

<sup>1</sup>AWAC full facility basis (scope 1 & 2)



# Biodiversity and Rehabilitation

A long history of stewardship

- Environmental stewardship for 60 years
- Shallow surface mining, progressive rehabilitation
- Biodiversity management
  - Individual site plans: pre-mining to rehabilitation
  - No mining of conservation reserves, old growth forests
  - 100% return of plant species at WA mines in 2020
  - Avoidance of threatened species critical habitat
  - Planted 550k native seedlings at WA mines in 2021



# Aluminium is a Key Part of the Carbon Transition

- Aluminium is a key material for solar, electric vehicles, and transmission
- Decarbonisation of the aluminium value chain requires investment in renewables
- Need policy clarity to support investment
- Government has a role in facilitating emissions reduction through:
  - Supporting a reduction in the delivered cost of clean energy
  - Scaling the breakthrough technologies





# Galina Kraeva

Chief Financial Officer

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# AWAC

## 2022 Half-Year Results



# 2022 AWAC Half-Year Results\*



## Financials



## Alumina

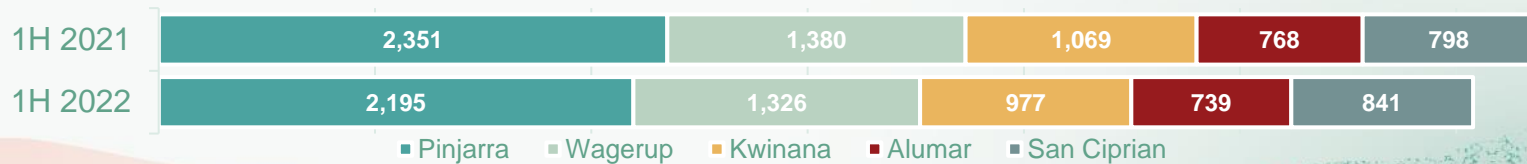
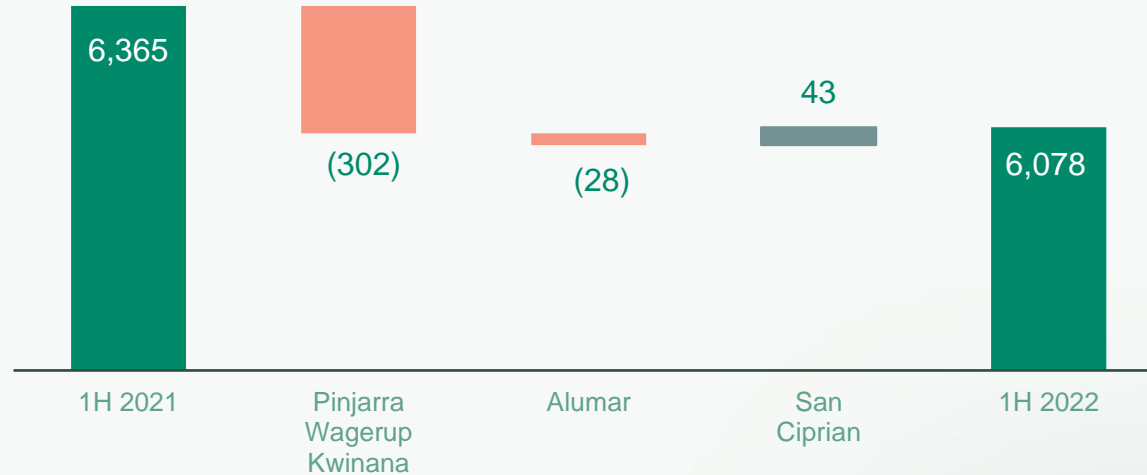


## Aluminium and Bauxite



\* USGAAP

# AWAC Alumina Production (Kt)



# AWAC Alumina Realised Price

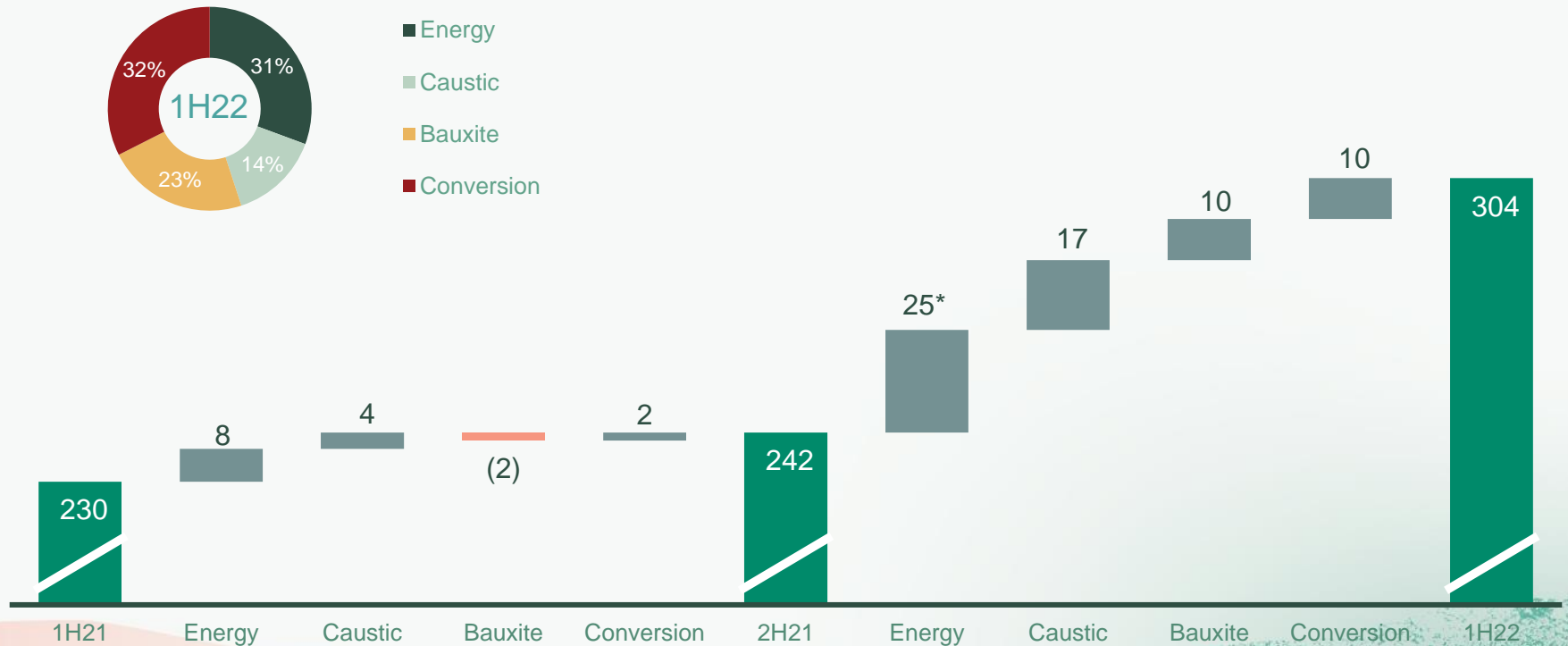
Realised price and API (1m lag) - (\$/t)





# 1H22 AWAC Alumina Cash Cost (\$/t)

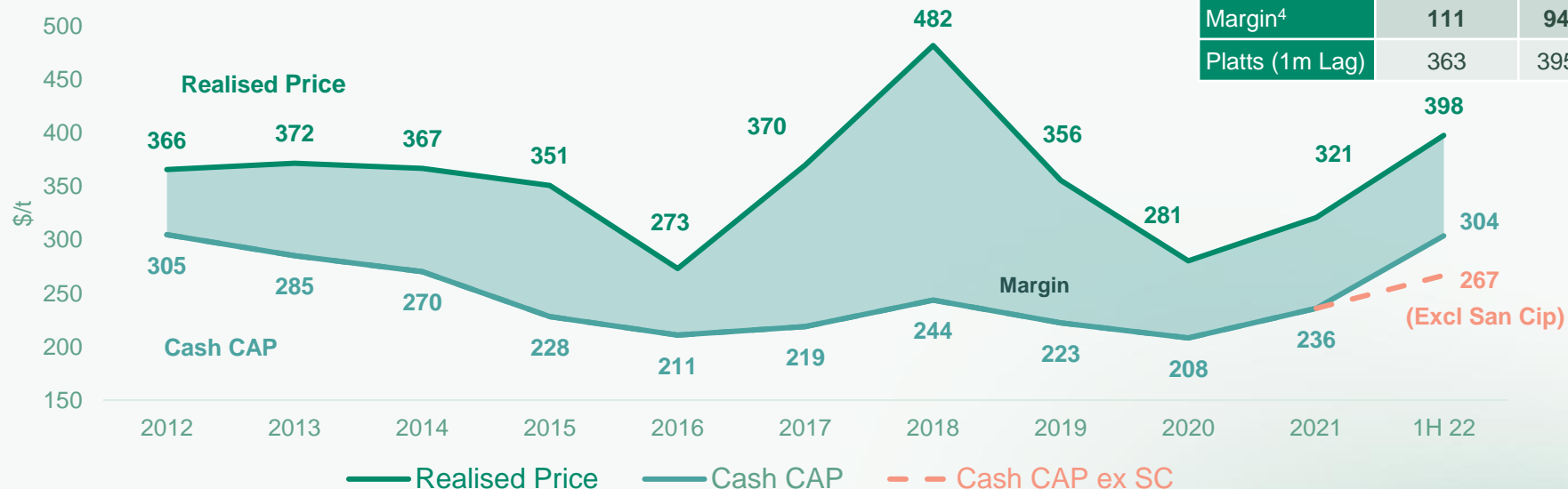
Increased \$74/t from 1H2021



\*More than 80% is attributable to the increase in European gas prices

# AWAC Adjusted Margin

Adjusted<sup>1</sup> price, cash cost, and real prices<sup>2</sup>



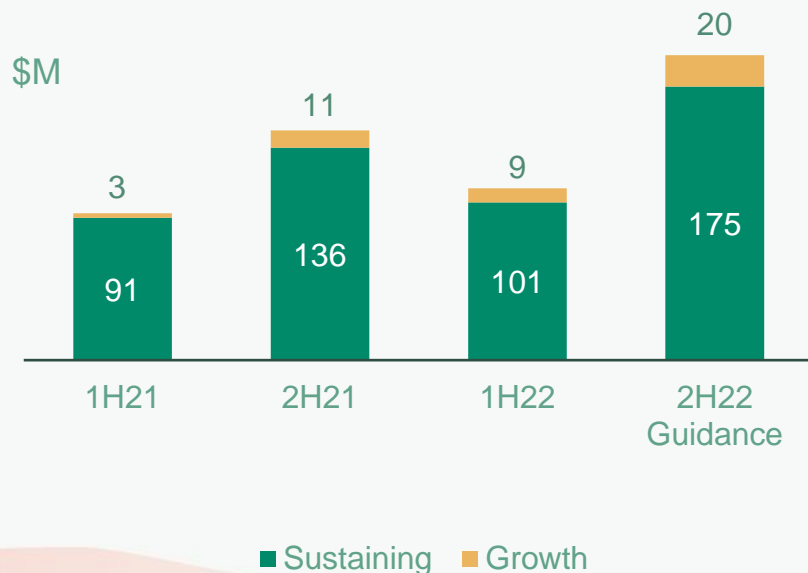
<sup>1</sup>Refer to slide 30 in the appendix for details on how adjustments have been made

<sup>2</sup>2012-2021 figures in real 2021 dollars

<sup>3</sup>Averages as calculated for 2012-2021. Median Margin for same period was \$92/t and if highest and lowest margin were excluded average would be \$101/t

<sup>4</sup>Margin calculated as realised price minus cash cost of production

# AWAC Capital Expenditure and Significant Projects



## CAPEX 1H 2022

- Tailings and residue storage areas – Juruti and Alumar
- Juruti mine move

## CAPEX 2H 2022 Forecast

- Tailings and residue storage areas – Juruti, Alumar and Pinjarra
- Juruti mine move
- Debottlenecking at Alumar
- Mechanical Vapour Recompression preliminary stage
- Favourable AUD FX effect on 2nd half guidance

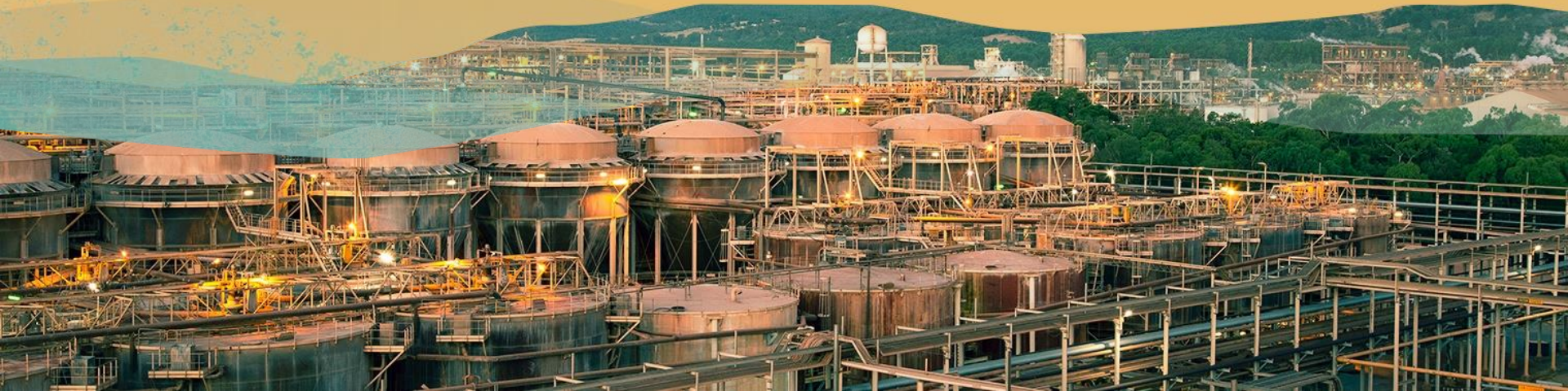
# 2022 Full Year AWAC Outlook



Item		1H Actual	2022 Outlook	Change from February Outlook
Production (Mt)	Alumina	6.1	12.1-12.2	↓ 0.6-0.7
Production (kt)	Aluminium	75	160	↓ 5
3 <sup>rd</sup> Party Shipments— Bone Dry Tonnes (M bdt)	Bauxite	1.4	3.0	↓ 2.3
Cash Items(\$M)	Sustaining Capex	101	~275	↓ 25
	Growth Capex	9	~30	↓ 10
	Restructuring Related Items	27	~70	-
	Tax Payments related to prior year	120	120	-

# Alumina Limited

## 2022 Half-Year Results





# Alumina Limited

## 2022 half-year results

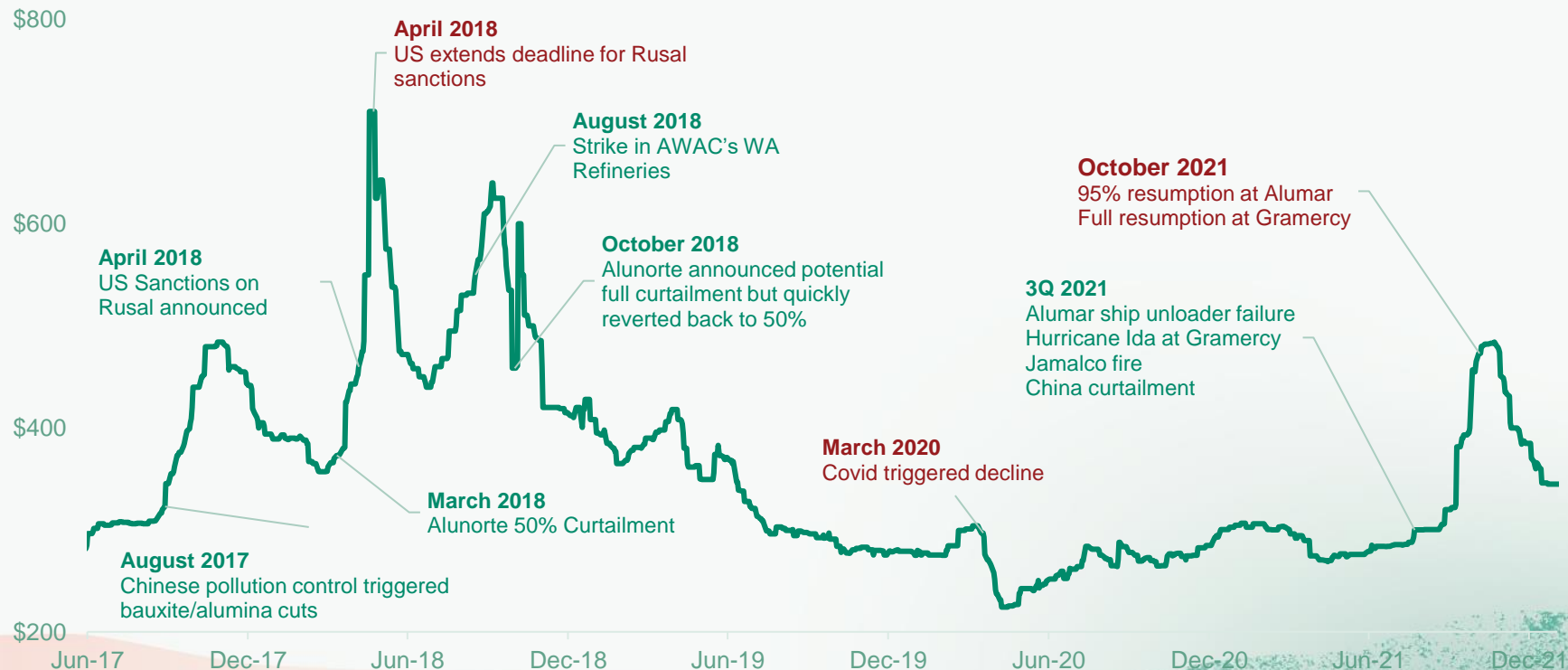


- NPAT  
\$167.9M increasing 128%  
(1H21: \$73.6M)
- NPAT excl significant items  
\$119.6M increasing 73%  
(1H21: \$69.2M)
- Interim dividend:  
4.2 US cps, 5-year avg yield of 7.4%  
(1H21: 3.4 US cps)
- Gearing ratio: Cash positive in 1H22  
(2021: 3.2%)

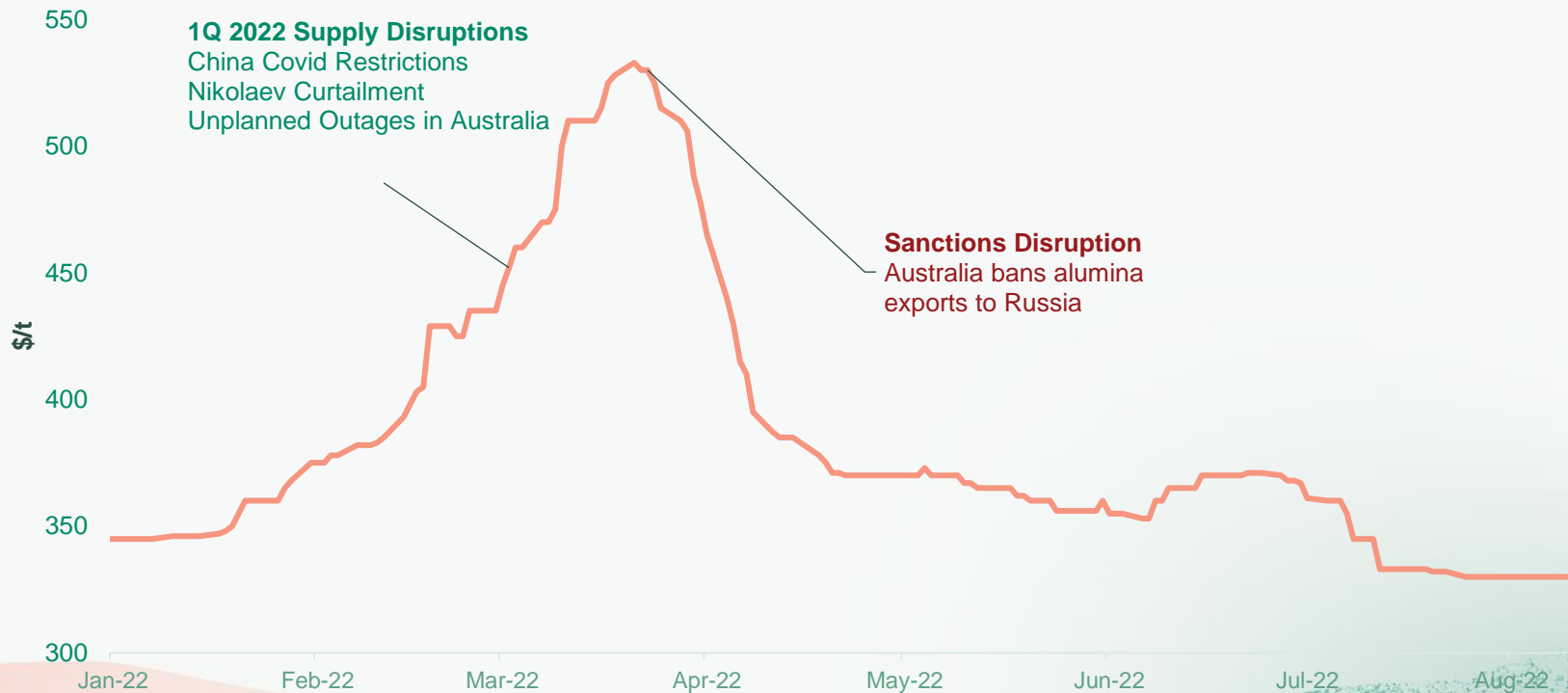
# Market Review and Outlook



# Alumina Spot Prices (API) React Sharply and Promptly to Supply Disruptions



# Strong API During 1H 2022, Averaging \$396/t



# Supply Disruptions Reduced Ex-China SGA\* Surplus



2022 Ex-China SGA Balance Before Australian Ban (M t)

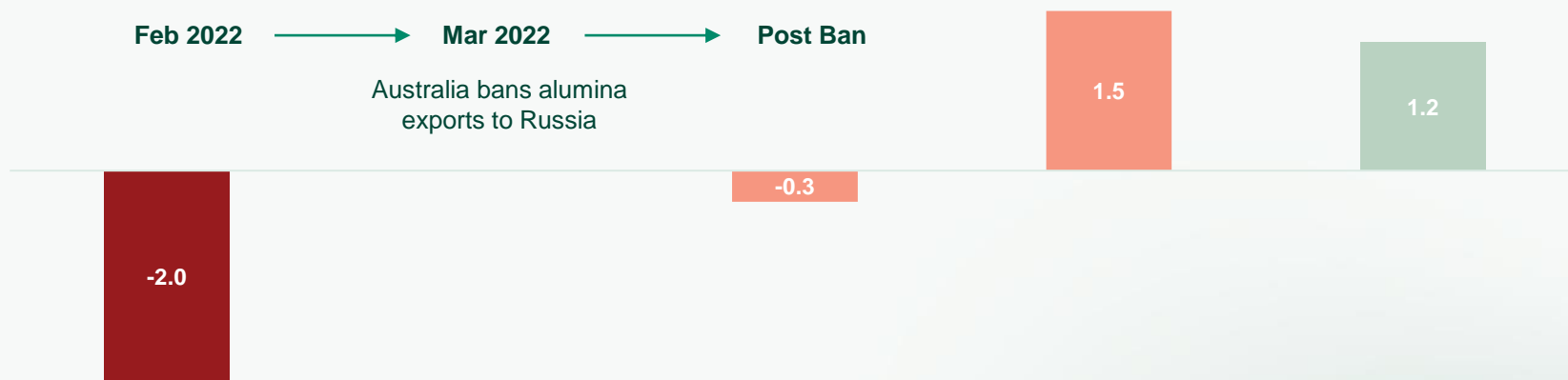


\*Smelter Grade Alumina



# Australian Ban on Alumina Exports to Russia Prompted Chinese Alumina Export and Regional Excess in the Pacific

2022 Ex-China SGA Balance Post Australian Ban (million t)



Estimated China Deficit  
(Net Import Requirement)

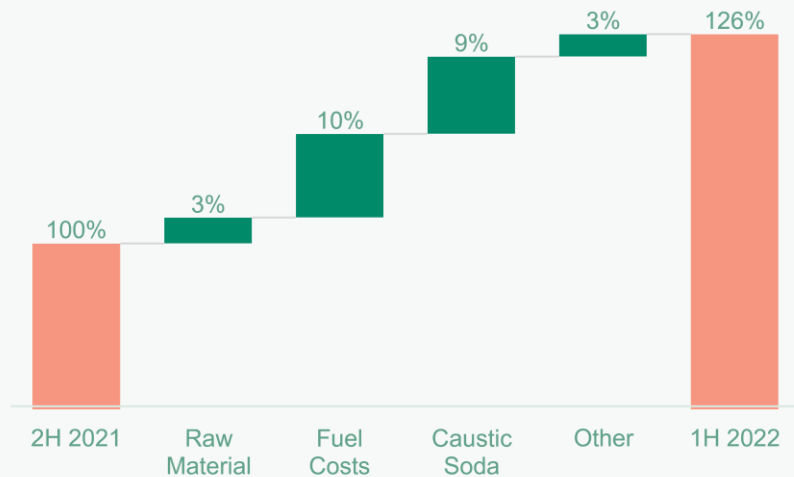
Estimated China Net  
Imports

RoW Surplus before  
exports to China

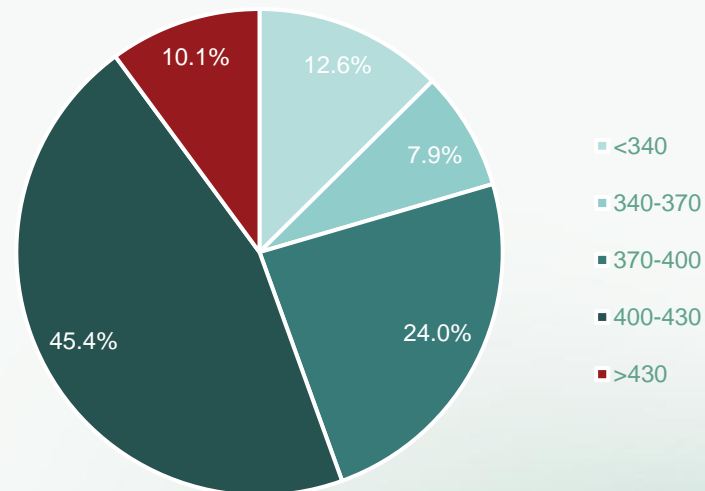
2022 RoW Surplus

# RoW Alumina CAP up by 26% from Previous Half

RoW alumina CAP



Jun 2022 Chinese Cash Cost (US\$/t, post VAT)



# Lower Australia to China Handysize Freight Lifting China Import Parity Price

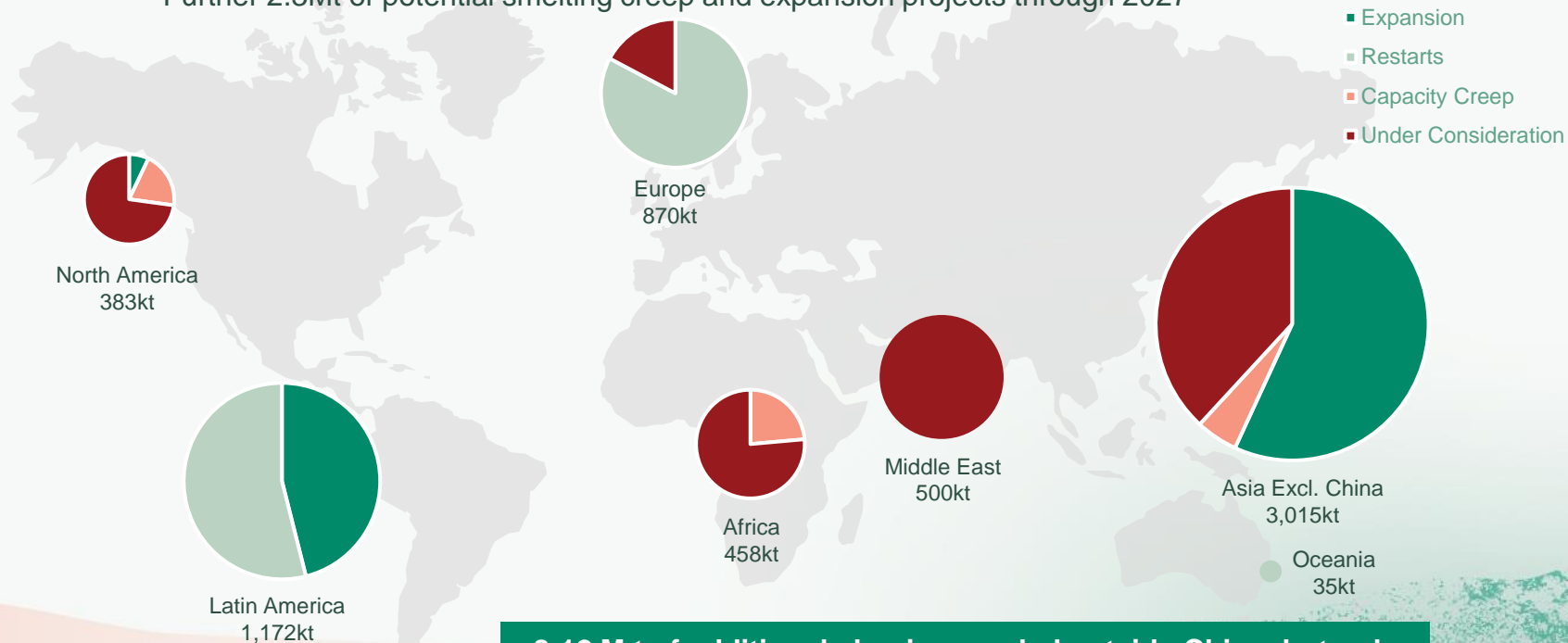
Handysize Freight (Australia – China)



# Strong Aluminium Production Growth Outside China (2022-2027) **ALUMINA** LIMITED

Looming deficit of alumina in this decade outside China

- 4Mt of expected smelting expansion and restarts in next 5 years
- Further 2.3Mt of potential smelting creep and expansion projects through 2027



**8-12 M t of additional alumina needed outside China, but only  
3 M t of additional production committed**

# Market Summary and Outlook

## Alumina Market

- Supply disruptions underpinned high alumina prices in 1H 2022
- Russia-Ukraine conflict pushing up raw material and energy prices
- Australia ban on alumina exports to Russia prompted high-cost Chinese alumina export and excess alumina in the Pacific



## Market Outlook

- Price support expected through on-going high costs, particularly energy and bauxite
- Potential for bauxite supply constraints from Indonesia and Guinea in 2H could lead to Chinese alumina production curtailment
- On-going alumina production supply risks could result in spot shortages and price spikes



## Actions on Climate Change

- AWAC now derives 36% of its electricity from renewable generation
- In 2021, AWAC planted 550,000 native jarrah forest plants at the Huntly and Willowdale mines





# Appendix



# AWAC Margin – Unadjusted vs Adjusted

Margin over the past 10 years unadjusted in nominal prices (US\$/t)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2012-2021 <sup>5</sup>
Realised Price	304	308	305	296	242	335	447	336	268	321	316
CAP	273	258	249	216	191	198	226	210	199	236	226
Margin <sup>4</sup>	31	50	56	80	51	137	221	126	69	85	91
Platts (1m Lag)	317	327	328	314	243	349	473	344	270	324	329

Margin over the past 10 years adjusted in real prices in 2021 <sup>1</sup> dollars (US\$/t)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2012-2021 <sup>5</sup>
Realised Price <sup>2</sup>	366	372	367	351	273	370	482	356	281	321	354
CAP <sup>3</sup>	305	285	270	228	211	219	244	223	208	236	243
Margin <sup>4</sup>	<b>61</b>	<b>87</b>	<b>97</b>	<b>123</b>	<b>62</b>	<b>151</b>	<b>238</b>	<b>134</b>	<b>72</b>	<b>85</b>	<b>111</b>
Platts (1m Lag)	374	380	375	359	274	385	510	364	282	324	363

<sup>1</sup>CAP and realised price have been adjusted and indexed and all figures converted to real 2021 dollars

<sup>2</sup>Realised price for 2012-2015 has been adjusted to replicate more recent percentage of API contracts

<sup>3</sup>Prior to 2016 the CAP included high-cost refineries that are no longer part of the portfolio and as such have been removed from the calculated CAP.

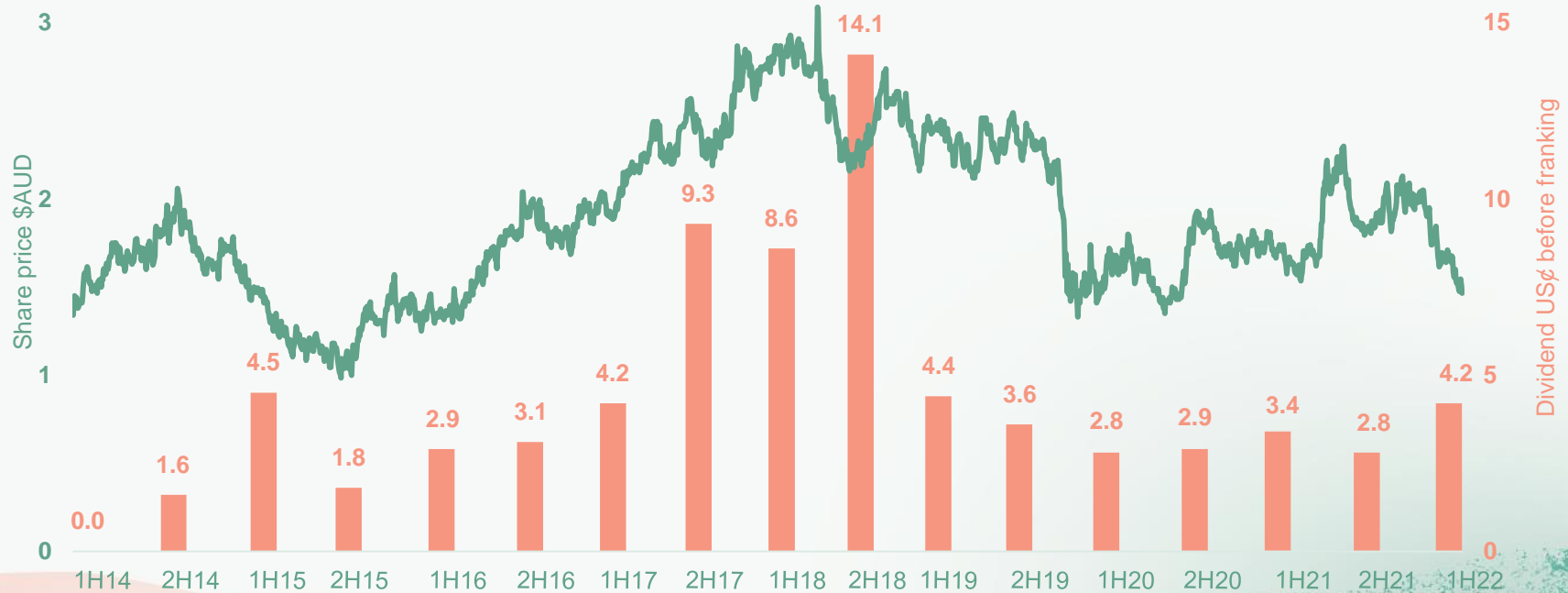
<sup>4</sup>Margin calculated as realised price minus cash cost of production

<sup>5</sup>Average as calculated for 2012-2021

# AWAC Sensitivities

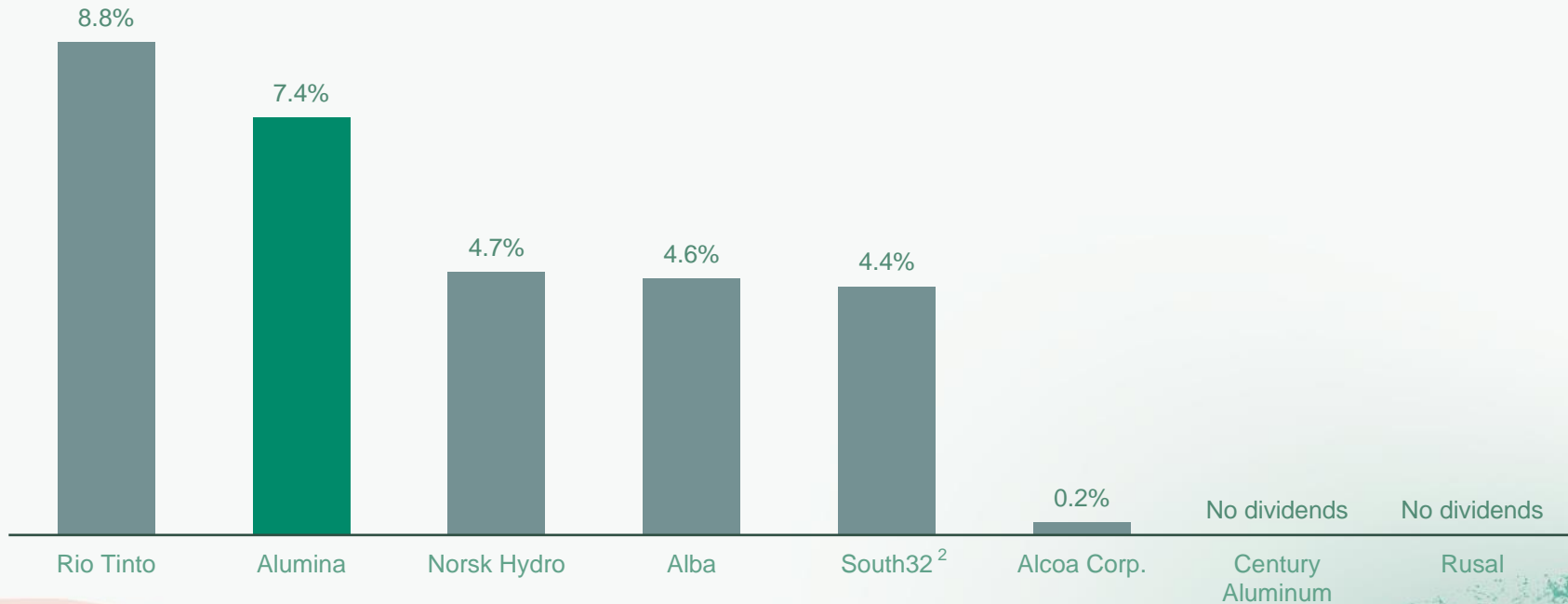
Item		2022 Sensitivities
EBITDA Sensitivities	API +/- \$10/t	Approx. +/- \$110M
	Caustic +/- \$10/dmt	Approx. +/- \$10M
	AUD/USD +/- 1c	Approx. +/- \$23M
	USD/BRL +/- 10¢	Approx. +/- \$5-6M
	Brent Oil +/- \$1/bbl	Approx. +/- \$2M

# Alumina Ltd Share Price / Dividend History



# Alumina Ltd vs Peers Avg Dividend Yield<sup>1</sup>

(Past five calendar years, excl franking credits)



Notes: <sup>1</sup> Dividend yield calculated as the average dividend declared from 24-Aug-17 to 11-Aug-22 divided by the average share price during that period

<sup>2</sup> South 32 FY22 dividend assumed to be US\$0.095 per share as per broker consensus



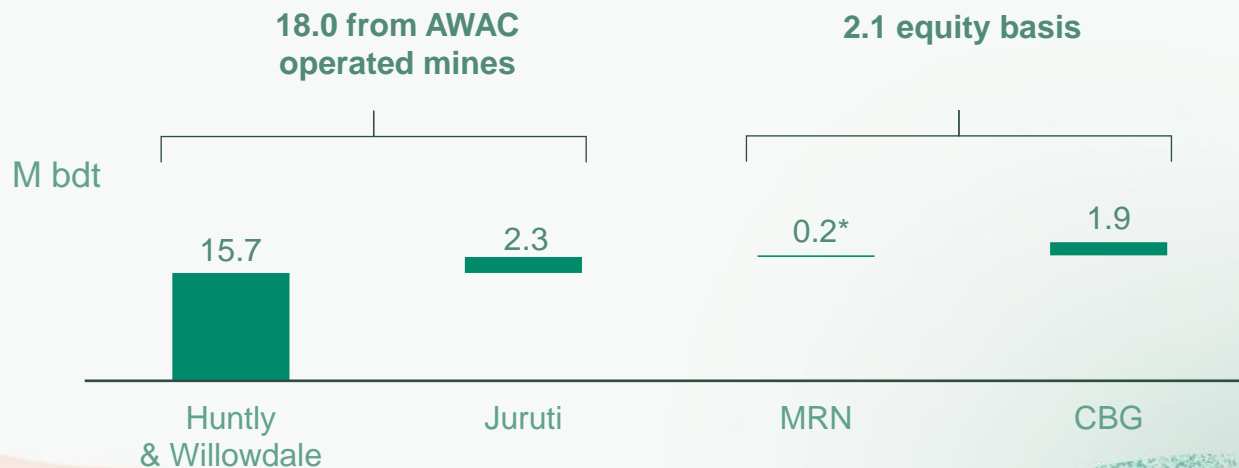
# Bauxite Production

## Third Party Shipments

**1H22: 1.4M bdt**  
(1H21: 2.6M bdt)

## Cash Cost of Mining

**1H22: \$13.1/bdt**  
(1H21: \$11.2/bdt)



\*The sale of AWAC share of MRN was completed in April 2022

## AWAC Significant Items (\$US million)

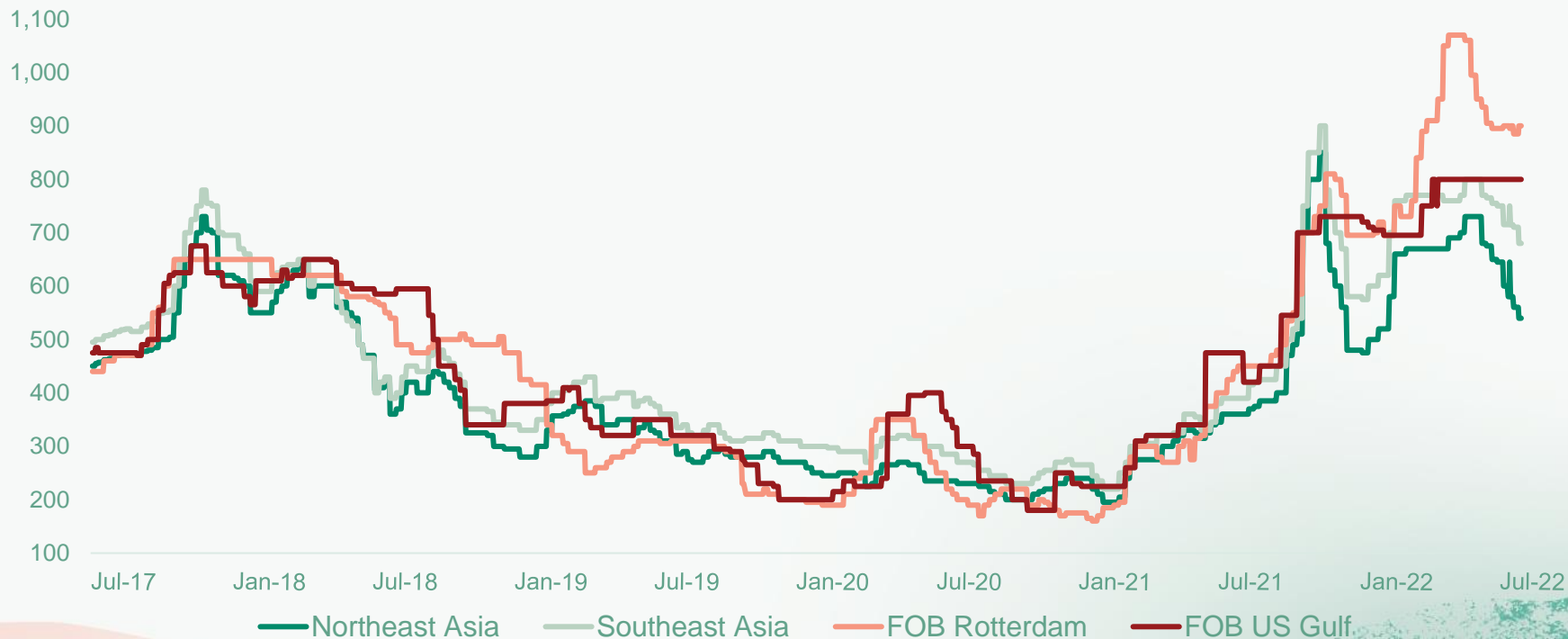
Net Profit after Tax	\$438.9	<u>Significant items:</u>	EBITDA	\$836.1
	\$(121.0)	Change in fair value of energy Contracts		\$(121.0)
	\$(44.1)	Reversal of derecognised VAT credits in Brazil		\$(53.0)
	\$35.5	Loss on MRN Sale		\$35.5
	\$8.7	Other		\$9.2
Net Profit after Tax Excluding Significant Items	\$318.0		EBITDA Excluding Significant Items	\$706.8

# Alumina Limited Significant Items (\$US million)

Net Profit after Tax	\$167.8
Significant Items:	
Change in fair value of energy Contracts	\$(48.4)
Reversal of derecognised VAT credits in Brazil	\$(17.6)
Loss on MRN Sale	\$14.2
Other	\$3.5
Net Profit after Tax Excluding Significant Items	\$119.5

# Caustic Soda Prices

Caustic price sensitivity +/- \$10/t: approximately +/- \$10M EBITDA - (US\$/t)



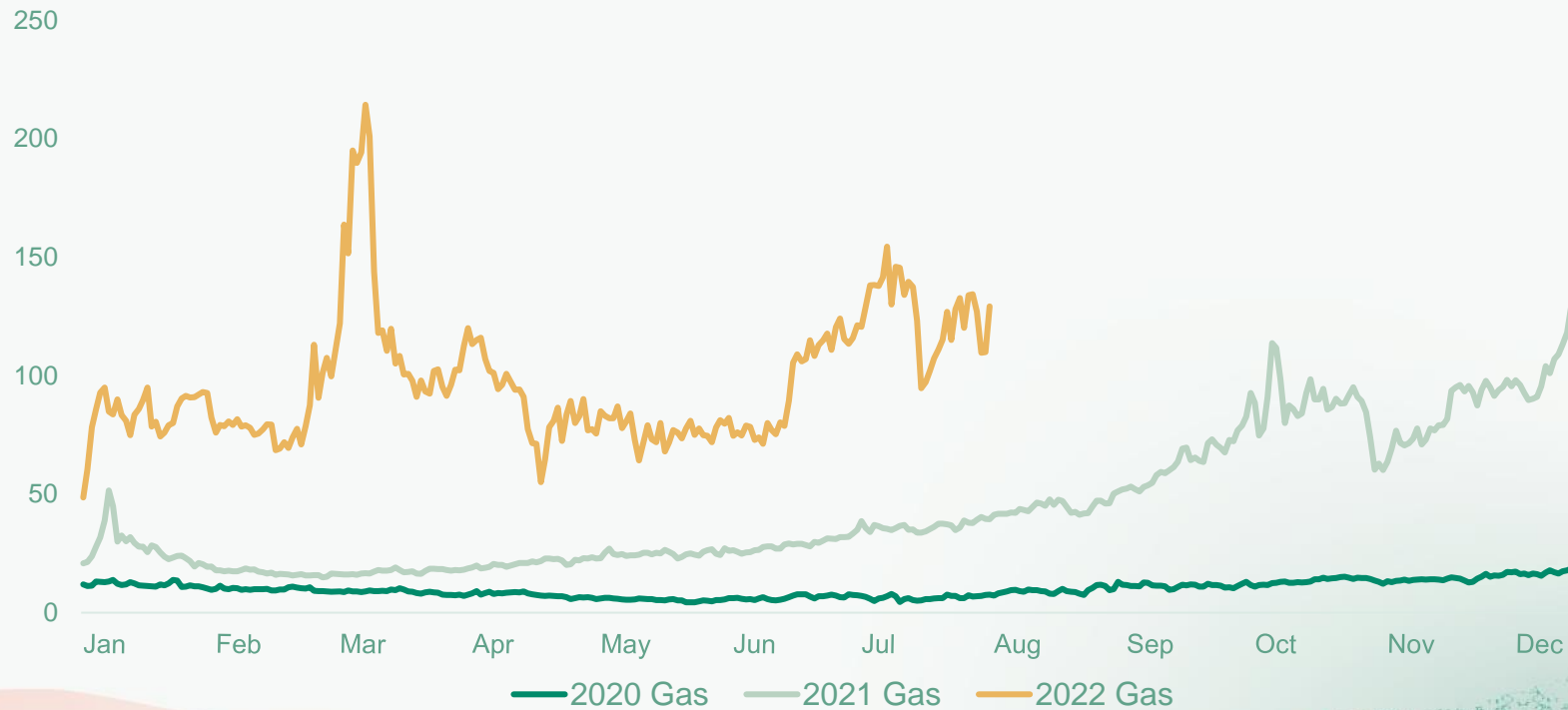
# Brent Oil Prices

US\$/bbl



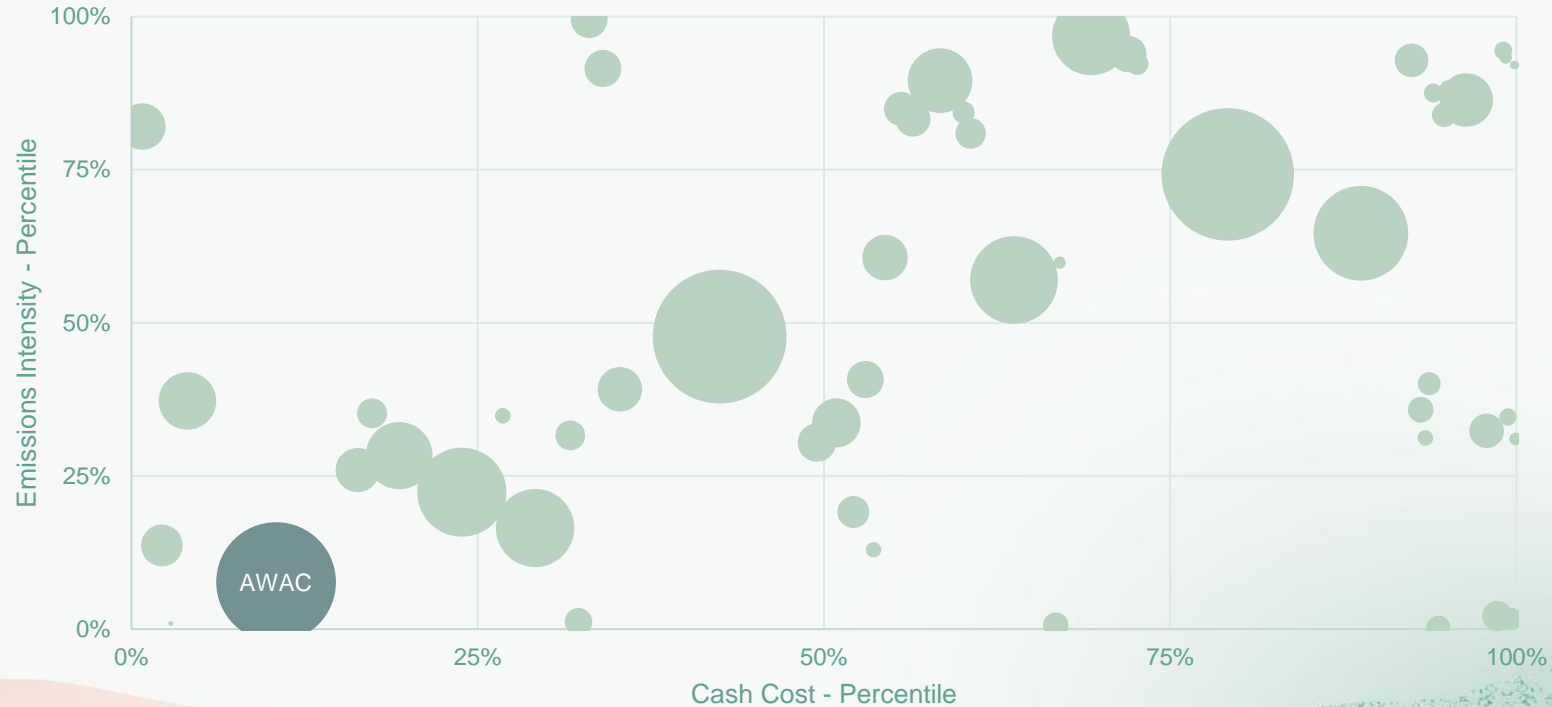
# European Gas Prices

MIBGAS, Eur/Mwh



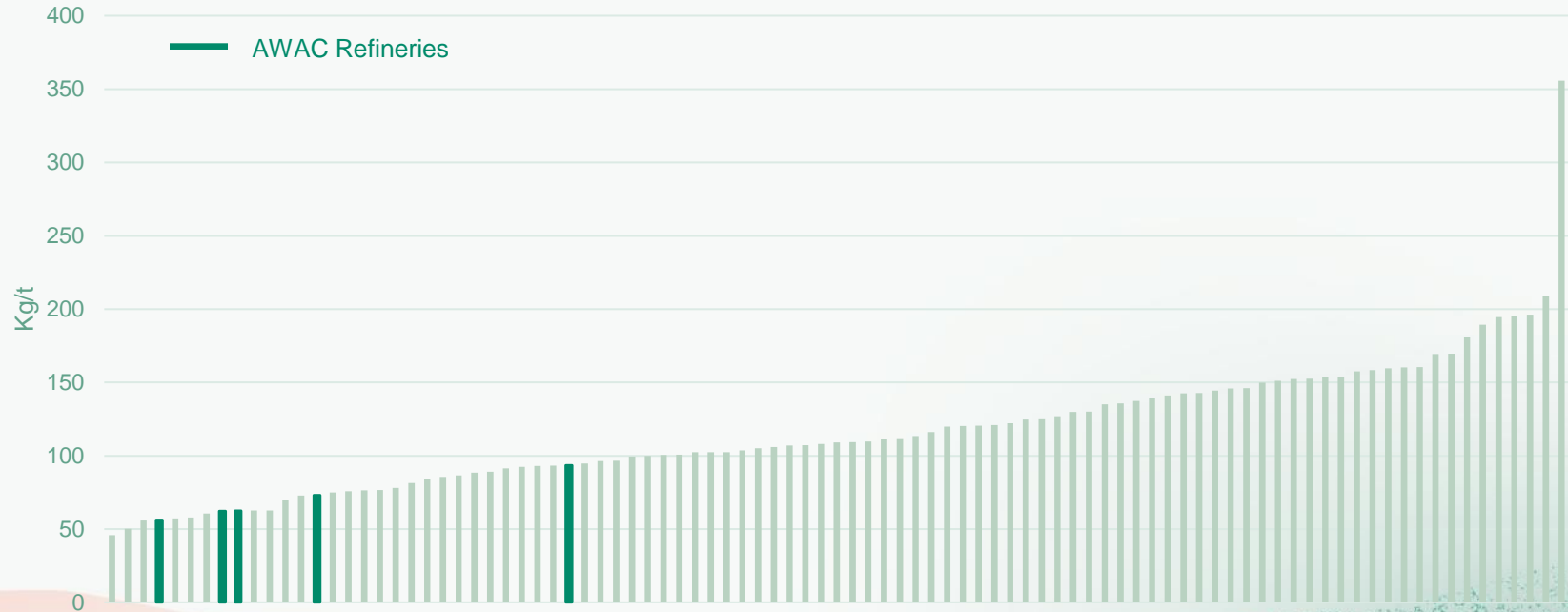


# AWAC Remains a Low-Cost, Low Emission Intensity Producer, Despite Cost Challenges in the First Half



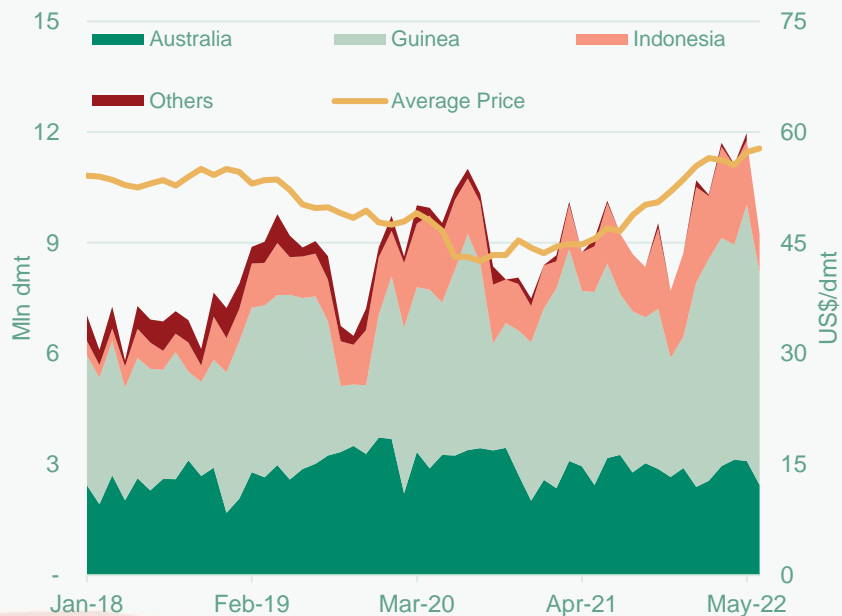
# AWAC Refineries are Less Exposed to High Caustic Prices due to Lower Usage

Caustic Soda Usage by Refinery 2022



# Chinese Alumina Production Increasingly Dependent on Imported Bauxite, Exposed to Higher Prices

China Bauxite Imports



Bauxite sources of China's Alumina Production

