

ASX Announcement

25 January 2017

## Alcoa Fourth Quarter Earnings Release

Alumina Limited (ASX: AWC) notes Alcoa Corp's ("Alcoa") quarterly earnings release. To assist readers in understanding relevant market, operational and commercial matters of the AWAC joint venture, selected information from the Alcoa Bauxite and Alumina Segment results and other market data are attached.

Alumina Limited's CEO, Peter Wasow, commented, "The continued increase in API prices drove alumina margins up significantly from the previous quarter."

AWAC's production of alumina was down slightly from the previous quarter at 3.1 million tonnes but bauxite production from wholly owned mines and equity interests was 11.8 million bone dry tonnes, up 6%.

Alumina Limited received US\$57.3 million of dividends, distributions and capital returns from AWAC in the quarter of which \$48.0 million was reinvested in AWAC to meet working capital needs and repayment of intercompany indebtedness as part of the Alcoa Inc separation. For the full year the Company's receipts from AWAC totalled US\$232.8 million and contributions to AWAC were US\$48 million. During January 2017 the Company received \$15.4 million of distributions which relate to 4Q 2016 profit.

Alumina Limited's net debt was approximately US\$84 million at the end of December 2016.

### **About AWAC & Alcoa's Earnings Release**

*Alumina Limited owns 40% of each of the AWAC entities, which form a part of the Alcoa alumina business segment. The Alcoa primary metals business segment includes the AWAC Point Henry smelting (closed 1 August 2014), Portland smelting and Anglesea power station operations (closed 31 August 2015). Therefore, the AWAC results cannot be directly inferred from the Alcoa earnings release. Further, unlike Alumina Limited, Alcoa reports under US GAAP. All figures displayed are in US dollars unless otherwise shown.*

### **Forward-looking statements**

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# Alumina Limited

- **Alcoa Corp's 4Q 2016 Bauxite and Alumina Segments highlights**
- **Market data on commodity prices and foreign exchange rates**

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# Alcoa Corp's Bauxite and Alumina Segment highlights



Description	4Q 2016	3Q 2016	Selected Highlights
<b>ATOI Total:</b> <i>comprising</i> - Bauxite Segment - Alumina Segment	<b>\$137m</b>  \$56m \$81m	<b>\$71m</b>  \$55m \$16m	<ul style="list-style-type: none"> <li>▪ Improved Alumina Segment ATOI due to increase in realised price</li> <li>▪ Afobaka hydro-electric station ATOI now included in Energy Segment</li> </ul>
<b>Adjusted EBITDA Total:</b> <i>comprising</i> - Bauxite Segment - Alumina Segment	<b>\$269m</b>  \$102m \$167m	<b>\$170m</b>  \$97m \$73m	<ul style="list-style-type: none"> <li>▪ Margins include intersegment transfer prices</li> <li>▪ Improved alumina margin based on higher realised prices</li> <li>▪ Previously Alcoa reported a consolidated (including Afobaka) adjusted EBITDA</li> </ul>

### Important Notes:

- Numerical information above is sourced from, and should be read in conjunction with, Alcoa Corp's quarterly earnings releases and presentations and relates to the Alcoa Corp Bauxite and Alumina Segments.
- The Alcoa Corp Bauxite and Alumina Segments includes mining and refining operations at Pocos de Caldas, an additional 15% interest in the Sao Luis refinery and an additional interest in MRN which are not part of AWAC. AWAC accounted for 3.1 mt of the 3.3 mt of alumina produced by the Alcoa Corp Alumina Segment in 4Q 2016. AWAC's interest in the Portland and Point Henry smelters is included in the Alcoa Corp Aluminium Segment and the interest in Afobaka hydro-electric station is included in the Energy Segment.
- ATOI is defined on page 25 of Alcoa Corp's third quarter 10-Q
- Adjusted EBITDA is a non-GAAP financial measure derived from Alcoa's consolidated financial information. Alcoa Corp's financial statements are prepared in accordance with US GAAP. The definition of Adjusted EBITDA and reconciliations to the most directly comparable GAAP financial measure can be found in the schedules to Alcoa Corp's earnings release.

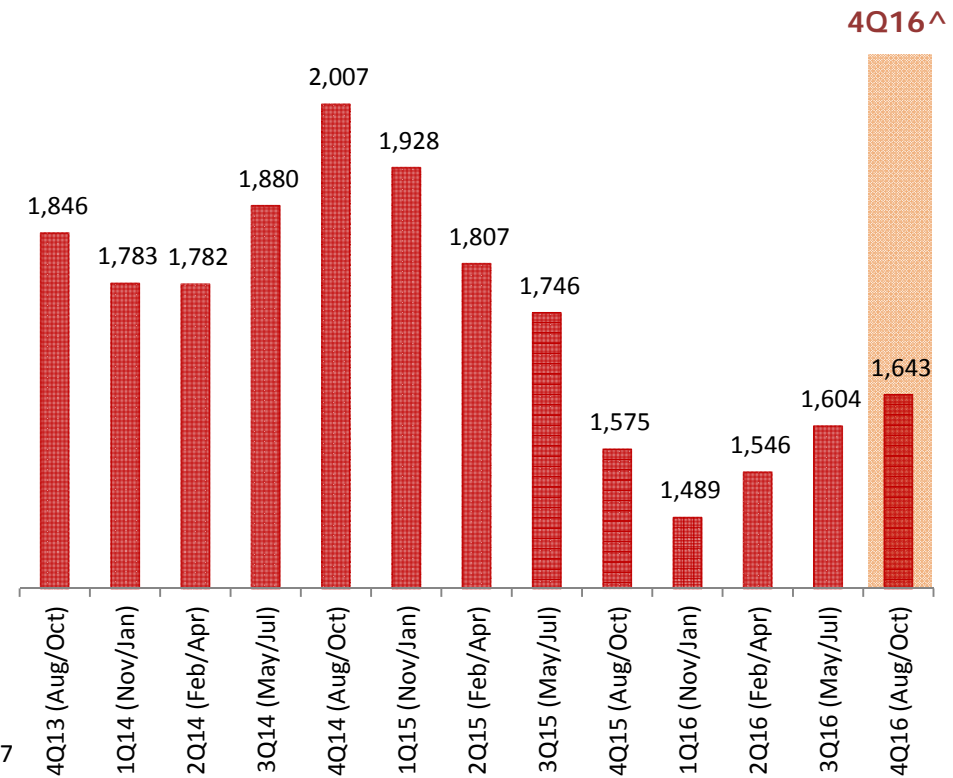
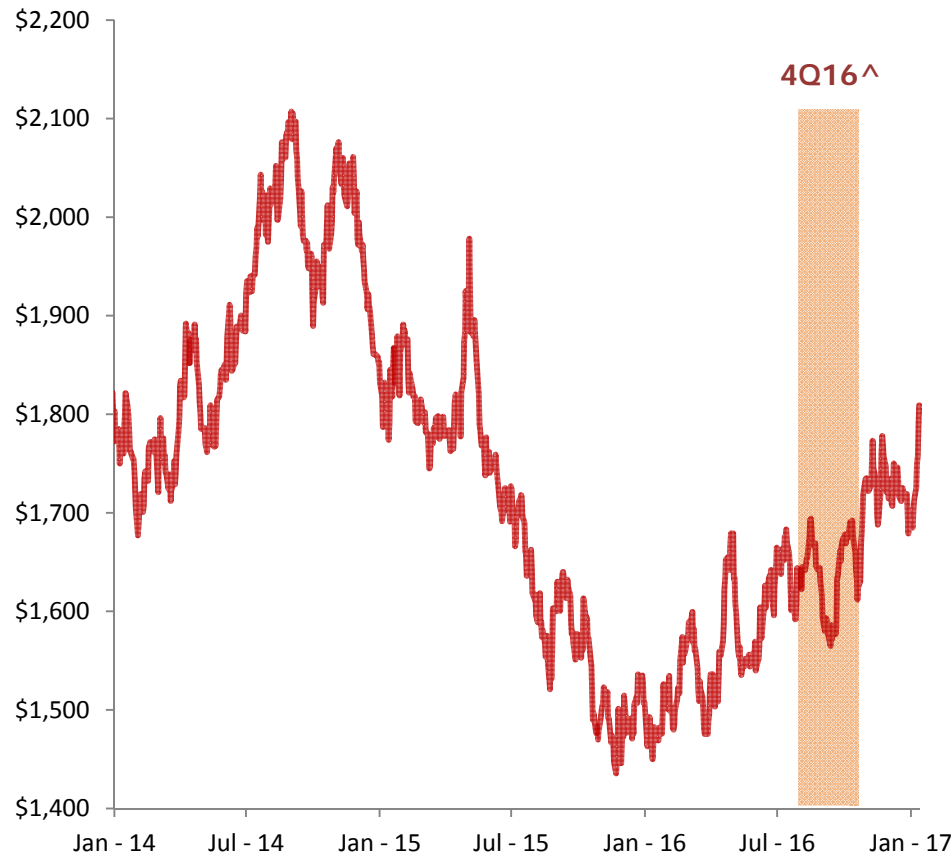
Sources: [Alcoa Corp 4Q 2016 Results Announcements and 4Q 2016 Earnings Conference presentations](#)

Commodity and FX prices in this slide pack are based on published market prices and may not equate to actual pricing under AWAC contracts

# LME aluminium prices (3-month)

Daily (US\$/t)

Quarter average (lagged, US\$/t)



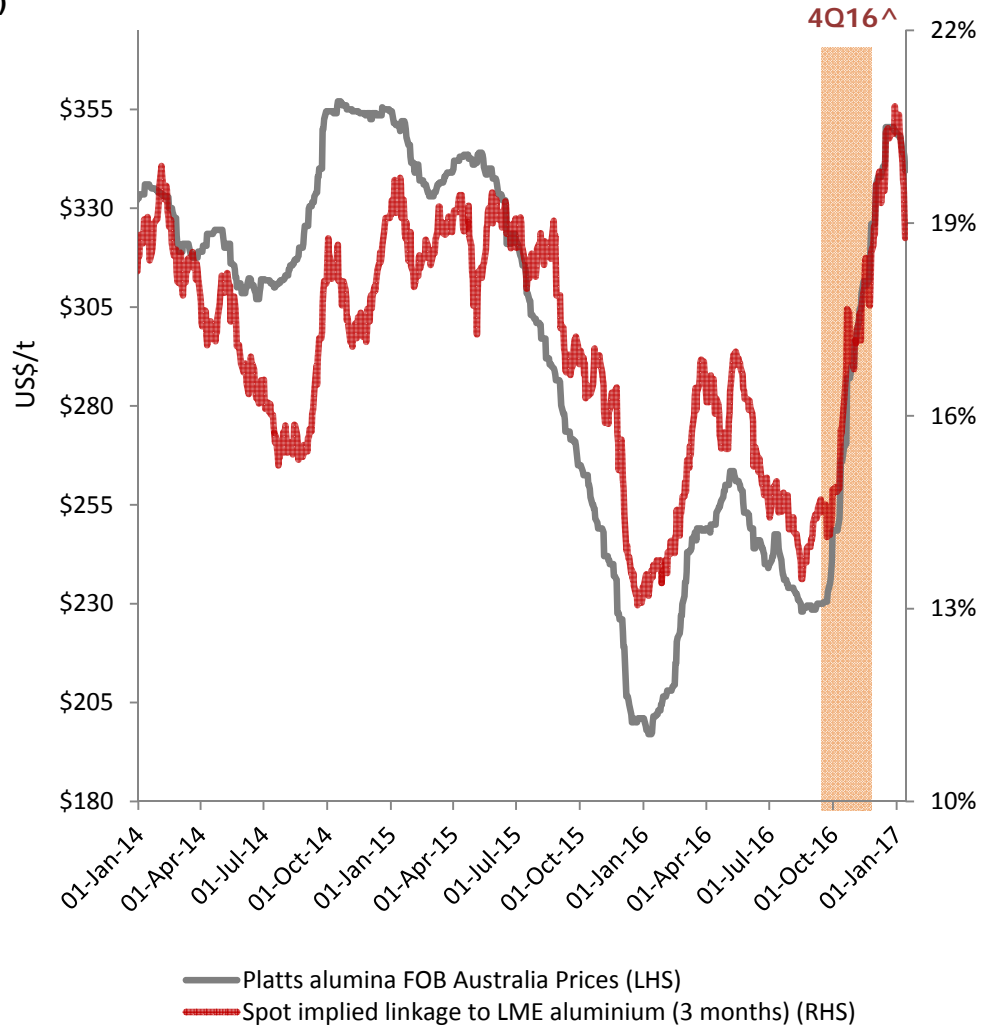
^ Indicative pricing relevant to 4Q16 alumina sales due to 2-month lag

Sources: Thomson Reuters, January 2017

Commodity and FX prices in this slide pack are based on published market prices and may not equate to actual pricing under AWAC contracts

# LME aluminium, spot alumina & implied linkage

Relative Movement of LME aluminium and Platts alumina (Index basis)

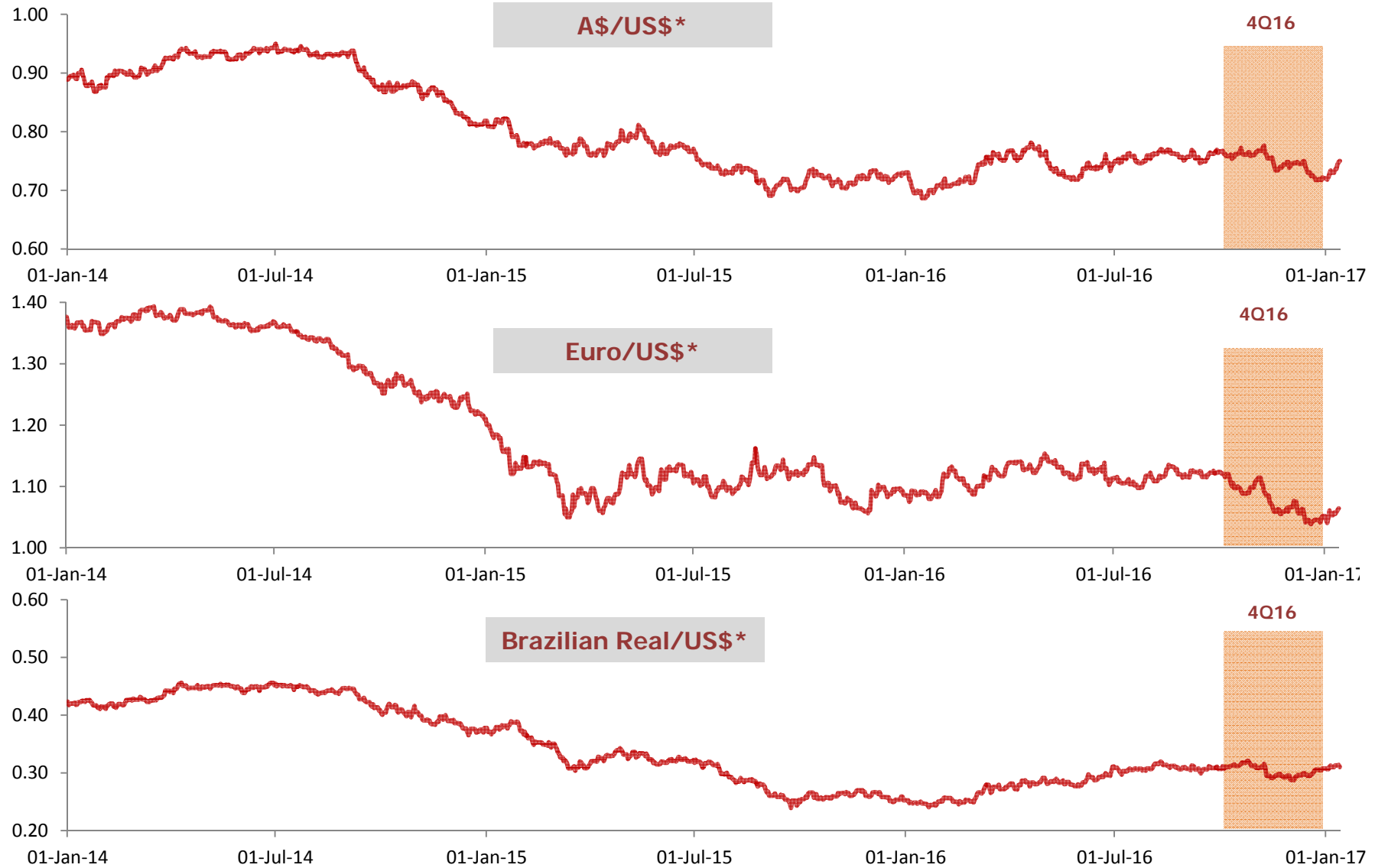


^ Indicative pricing relevant to 4Q16 alumina sales due to 1-month lag

Sources: Alumina: Platts, January 2017 LME Aluminium: Thomson Reuters, January 2017

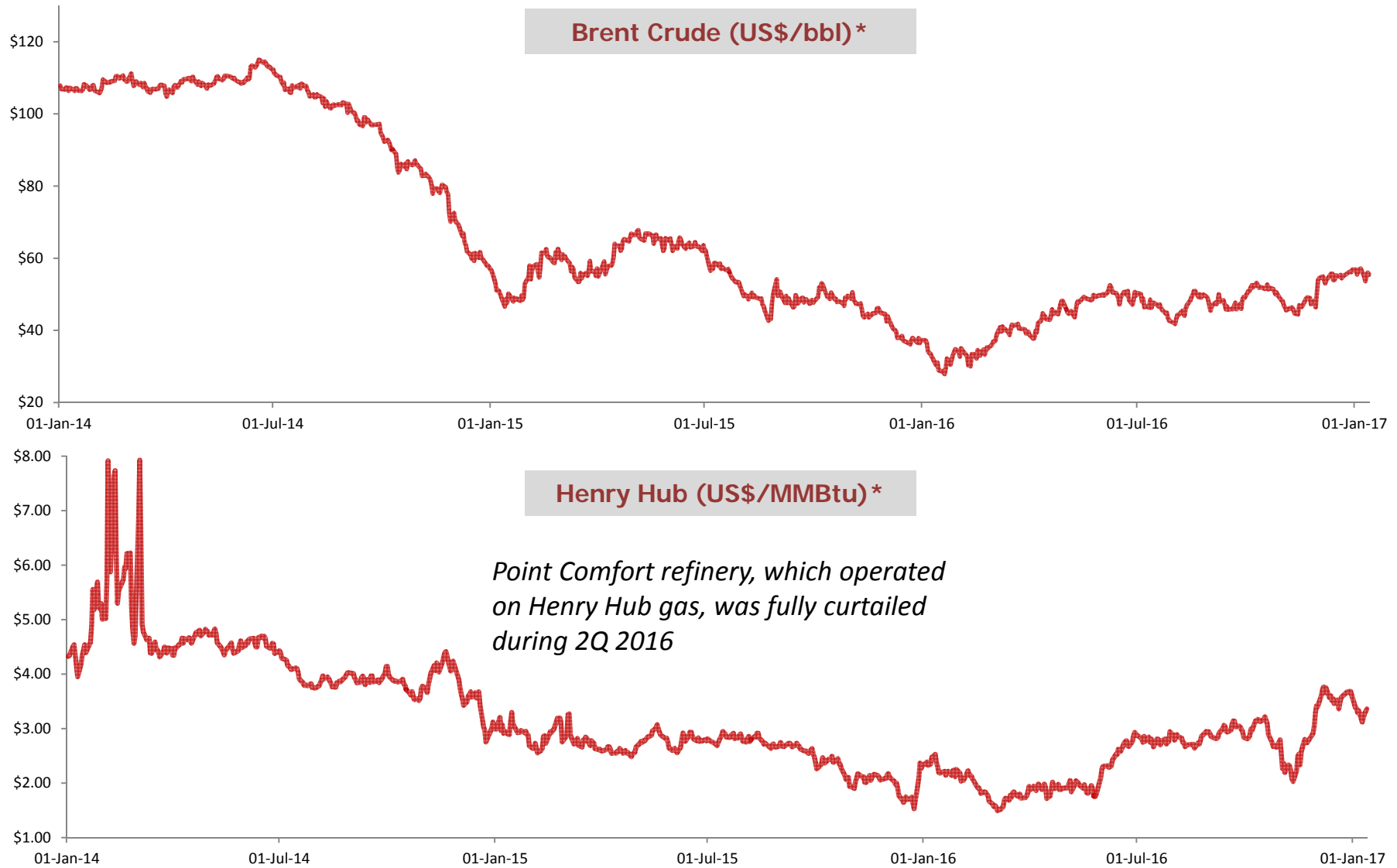
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# Foreign Exchange



\*Sources: Thomson Reuters, January 2017

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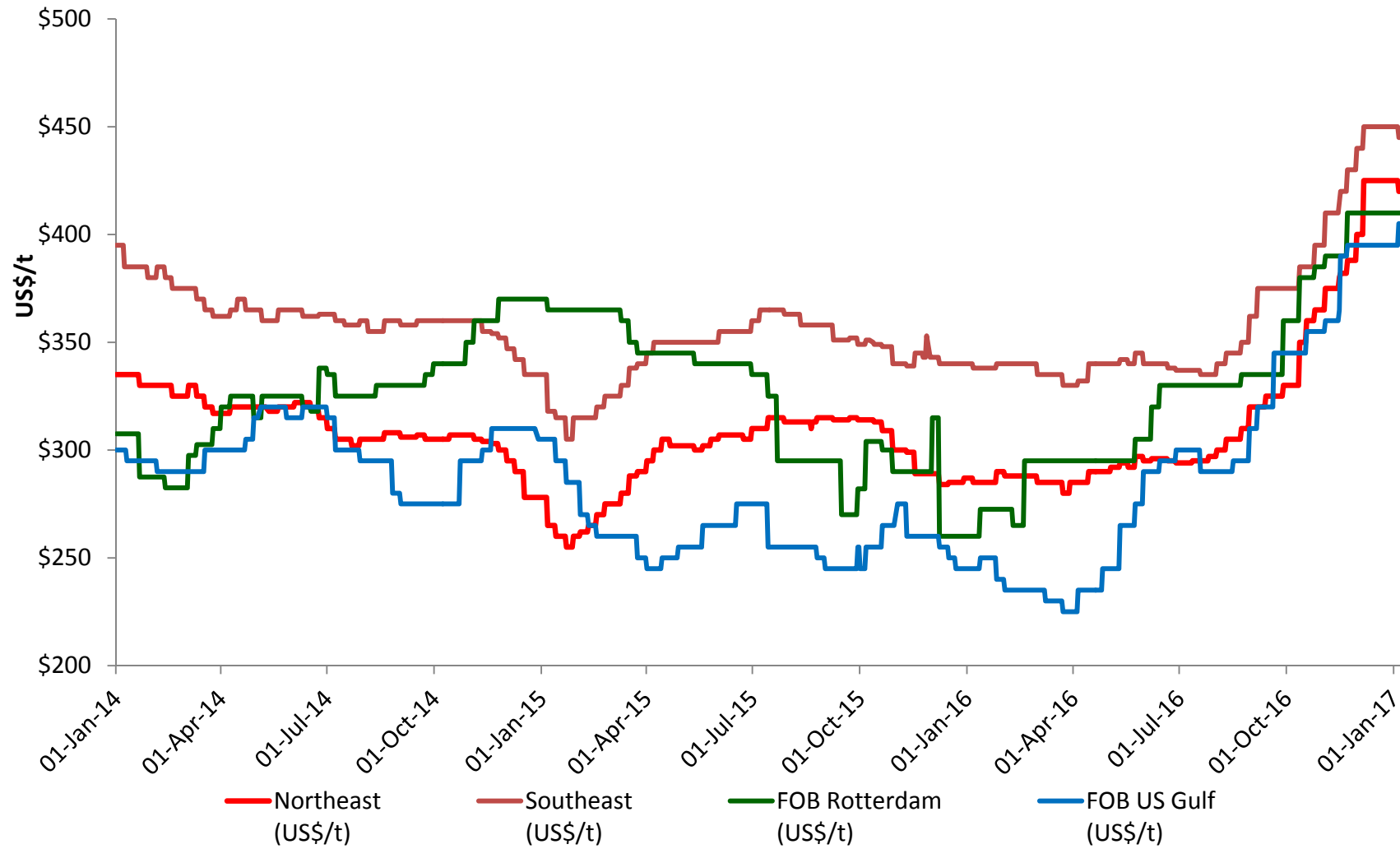


\* Sources: Thomson Reuters, January 2017

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# Caustic Soda



Source: Platts, January 2017

Commodity and FX prices in this slide pack are based on published market prices and may not equate to actual pricing under AWAC contracts