

Presentation at ASX CEO Connect 18 June 2019

Attached is a copy of a presentation presented by Mr Mike Ferraro, Chief Executive Officer, Alumina Limited, and delivered at the ASX CEO Connect investor forum.

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Alumina Limited

ASX CEO Connect Presentation
June 2019

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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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Alumina Limited overview – One of a kind

General Information – ASX 100 Listed

ASX Code	AWC
Shares on Issue	2,880m
Market Capitalisation (at A\$2.40 per share)	A\$6.91b
Analyst Coverage	<ul style="list-style-type: none"> Evans & Partners Shaw & Partners Credit Suisse J P Morgan Macquarie BAML UBS Citi

AWC Share Price / Dividend History



Reasons to invest

FY 2018 Record Profit Performance

Net profit after tax up 87% on the back of higher prices

US 14.1 (A 19.6) cents per share final dividend, **fully franked**

Low debt (\$121m at 31 March 2019)

Strong, transparent cash flows derived from growing, balanced markets

40% Owner of AWAC JV

World class long life bauxite and alumina assets

Best performed part of the aluminium chain

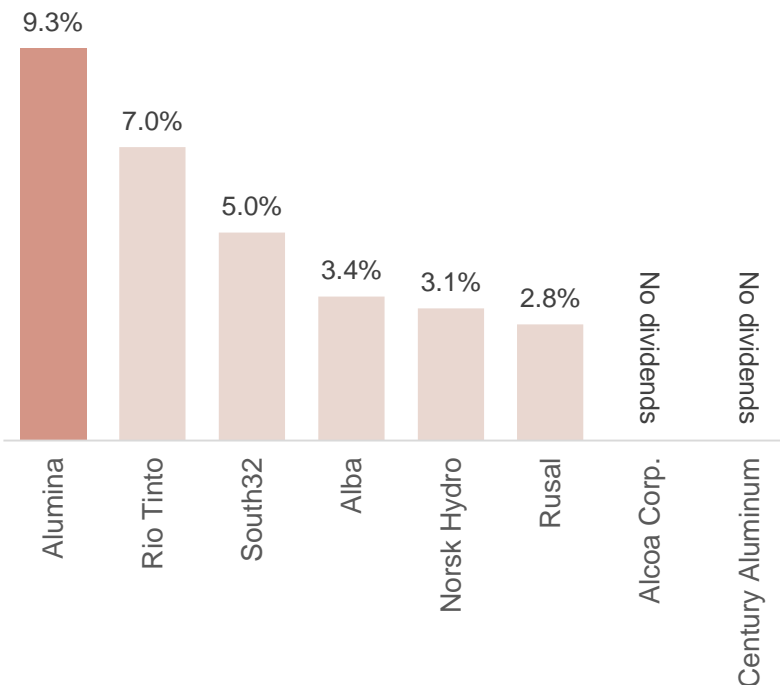
Aluminium demand growth forecast to continue

Opportunities to expand existing operations

Largest exposure to alumina price index ex-China

Over the commodity price cycle, AWAC's low position on the cost curve means the JV should perform relatively well even at low prices

Average dividend yield⁽¹⁾ (past three calendar years, exc franking credits)



Notes: (1) Dividend yield calculated as the average dividend declared with respect to the last three calendar years (CY16 – CY18) divided by the average share price during that period

What is alumina?

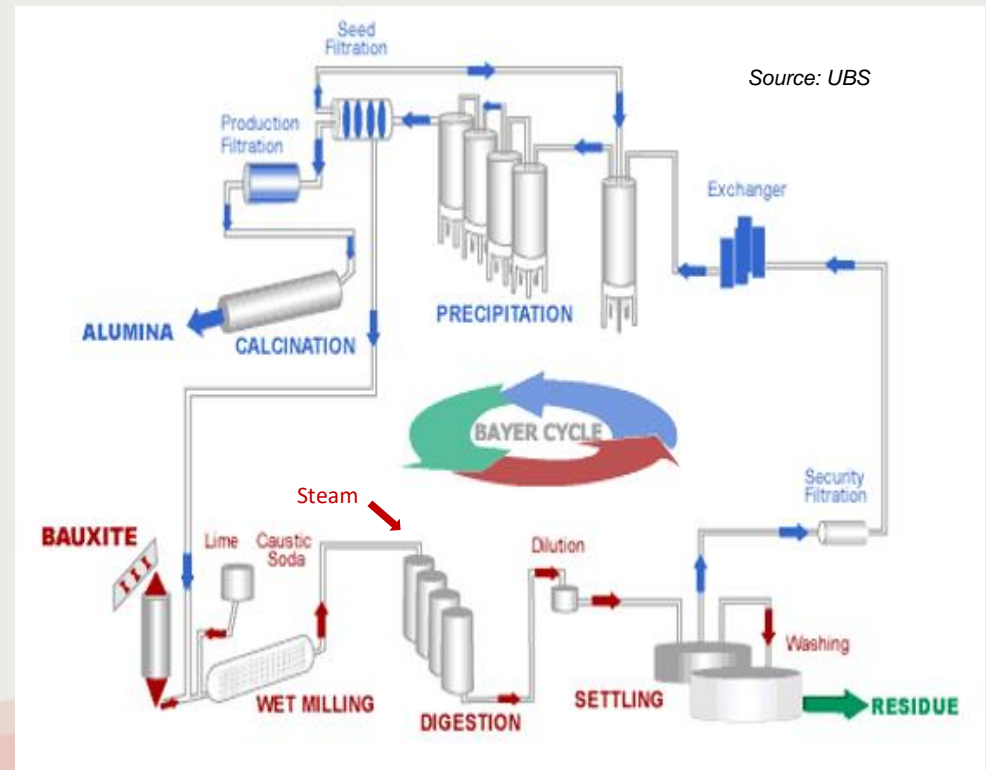
Alumina is produced by refining bauxite ore using the Bayer process

Produces two main outputs:

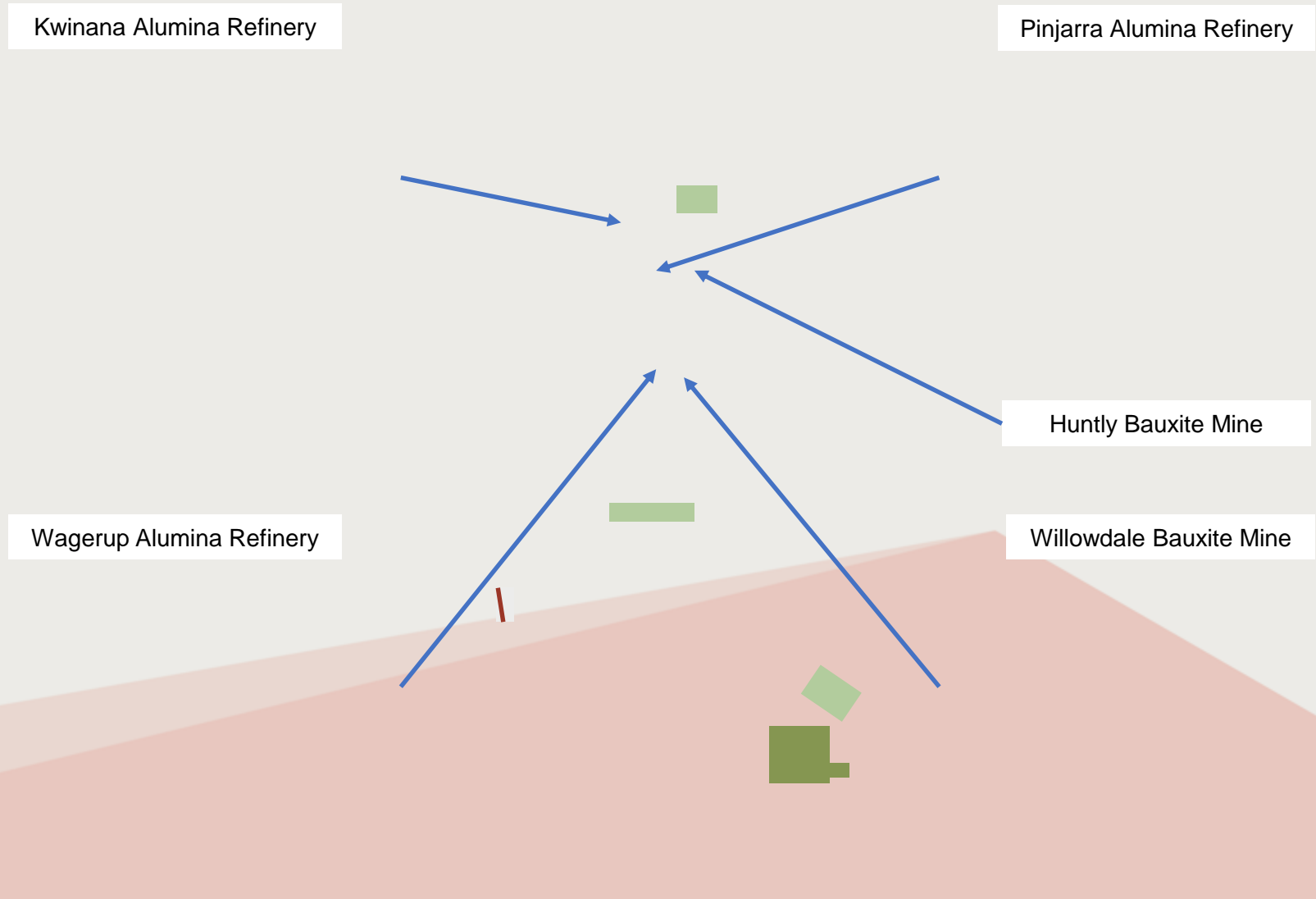
- **Smelter Grade Alumina** – used for the production of aluminium. c90% of production
- **Specialty Grade Alumina** – used in various industrial applications like ceramics and abrasives. c10% of production

Expected total demand in 2019 of approx. 130 mt

Major producers are China, Australia and Brazil



AWAC's Western Australian operations



AWAC production

Bauxite (million BDT)

Huntly & Willowdale	33.5
Juruti	5.7
MRN ^[1]	1.2
CBG ^[1]	2.8
2018 Total	43.2

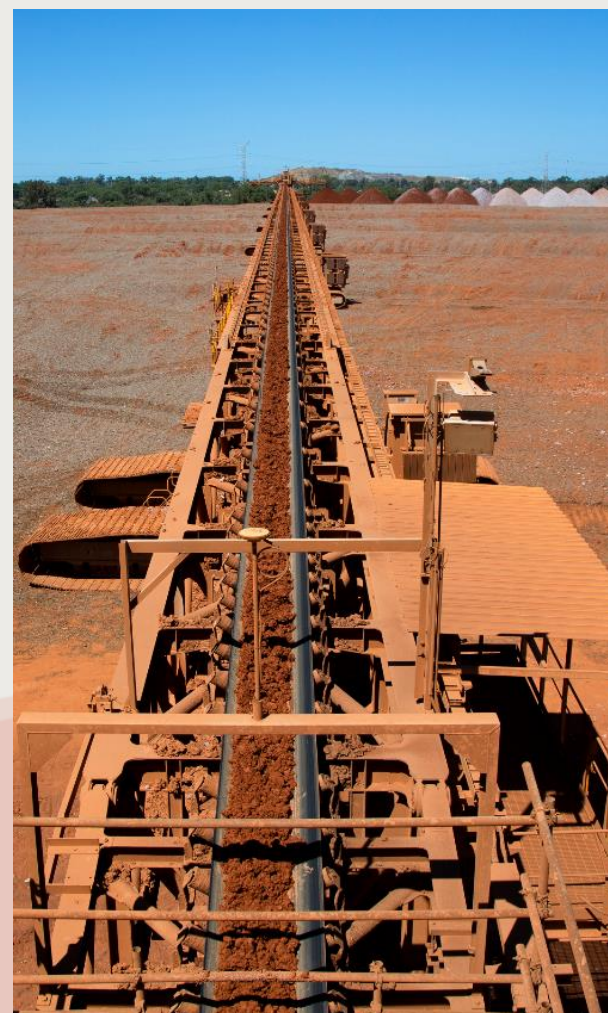
2019 Third Party Sales Guidance **6.2**

[1] Non-operated mines. Equity interest production shown

Alumina (million T)

Pinjarra	4.5
Wagerup	2.7
Kwinana	2.0
Alumar	1.4
San Ciprian	1.6
2018 Total	12.2

2019 Guidance **12.6**



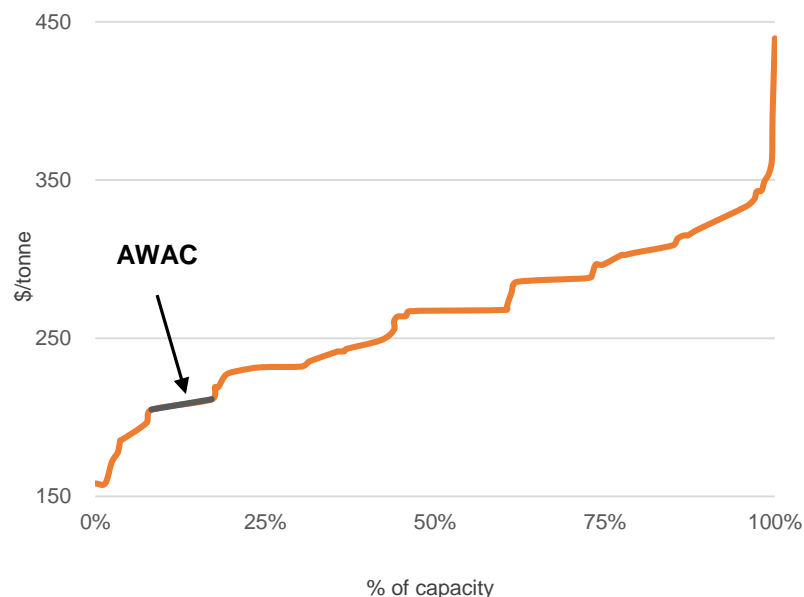
AWAC cost of production

First Quartile Cash Cost Producer

AWAC low cost of production driven by:

- **Large integrated mining & refining system in Western Australia**
- **High quality operations in Brazil and Spain**
- **Refineries generally located close to mines**
- **High alumina to reactive silica ratio which means lower caustic soda consumption than industry average**
- **Alcoa's long history of refinery operation and commitment to improvement through the Centre of Excellence**

Global SGA Refining Cash Cost Curve 2019 Q1



Source: HARBOR Aluminum, April 2019

Market overview

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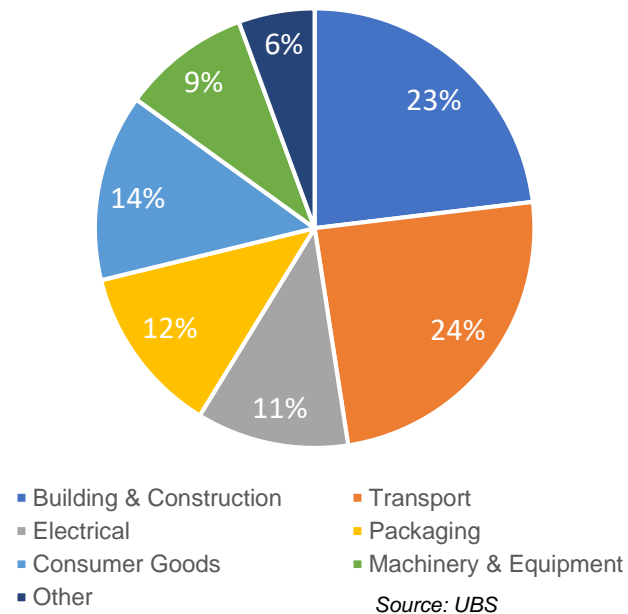


Aluminium market outlook

Aluminium global primary demand growth remains healthy (3.2% CAGR from 2019 to 2025: Source CRU) driven by:

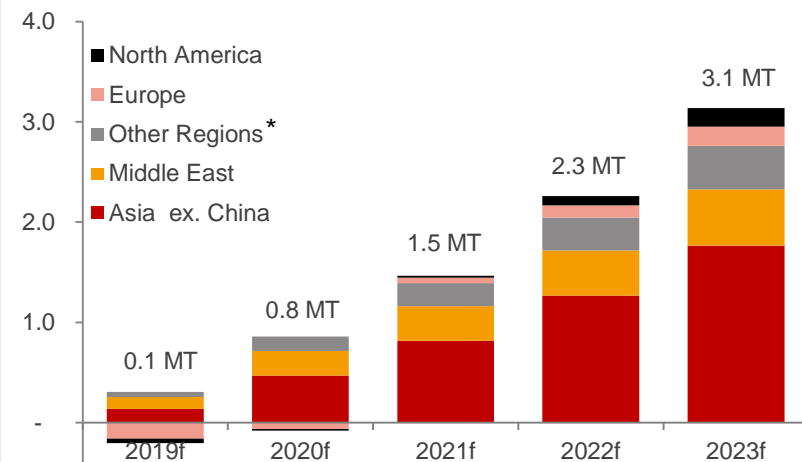
- Light-weighting of vehicles
- Increasing penetration of electric vehicles
- Strong aerospace sales
- Improving construction sector and increasing use in infrastructure
- Increasing per capita consumption in developing economies

Global 2018 Aluminium End Use (69.7mt)



Aluminium demand and supply

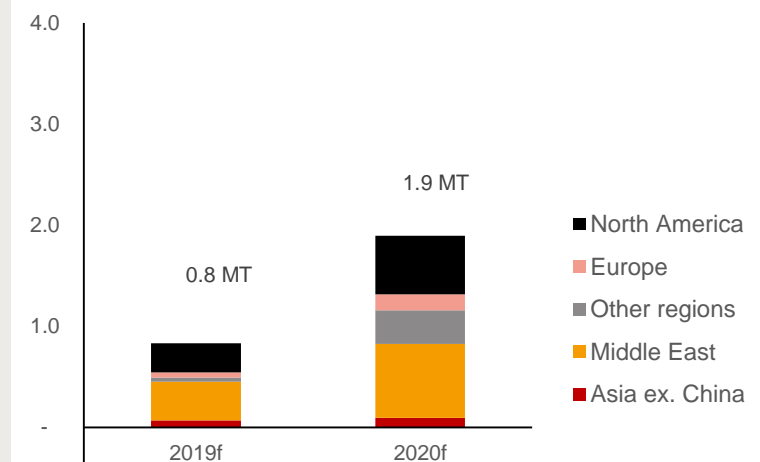
Accumulated aluminium consumption growth ROW (million tons)



*Including Latam, Africa, and Oceania.

Source: HARBOR Aluminum, June 2019

Accumulated aluminium production growth ROW (million tons)



Source: Alumina Limited analysis, June 2019

Alumina market

Alumina price indices continue to reflect alumina supply/demand and cost fundamentals

Platts PAX FOB Australia Prices since May 2018

May

- China starts alumina exports

Aug

- Alcoa of Australia (AWAC) workers strike
- On-going uncertainty over Alunorte resolution

Nov - Dec

- Prospect of Alunorte recovery is prime driver
- Arbitrage window closed for Chinese exports
- Aluminium weak, alumina remains costly as % of LME
- Consumers stocked up, few desperate buyers in the immediate term
- Refining and smelting cuts in China (Beijing environmental protection drive)
- Chinese environment audits diluted, as Beijing focuses on driving economy

Mar

- Restocking and short-covering raising market prices



Jul

- Alpart refinery technical issues
- Chinese bauxite, refining cuts due to environmental audits

Sep

- China restarts alumina exports
- Rusal sanctions softened
- Alcoa of Australia strike ends

Oct

- Indexes rise rapidly due to the threat of Alunorte shutting down entirely.
- Prices decline rapidly when Alunorte threat to shutdown is reversed

Jan - Feb

- China slowing for Lunar New Year
- Collapse of the Vale Dam
- Official removal of the Rusal sanctions

Apr-May

- Likelihood of Alunorte ramp up to 100% increases as conciliatory hearings proceed.
- Note: Alunorte was granted approval during May
- China slow to import despite open arbitrage; steep yuan depreciation a concern
- Chinese refining cuts in Shanxi on environmental issues (Xinfa 2.8m tpa, Huaqing 0.45m tpa)

Chinese reforms likely to ensure broad alumina self-sufficiency

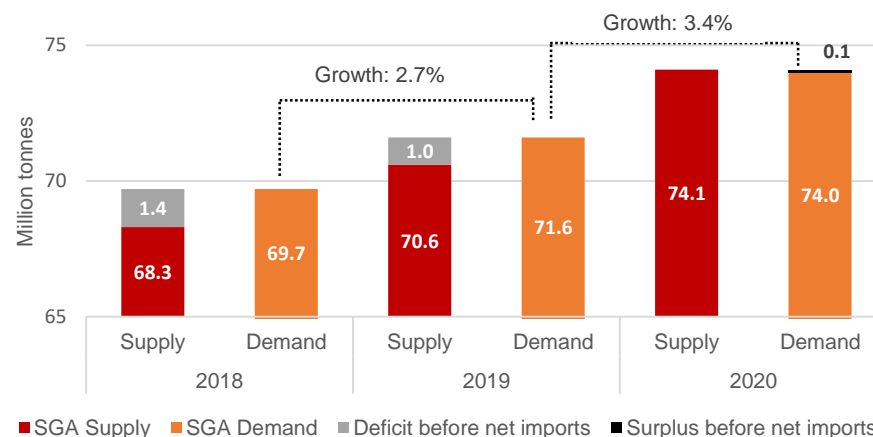
2018 China

- Alumina exports 1.5m t
- Alumina imports 0.5m t
- Chinese alumina stocks drawdown

Jan-Apr 2019 China

- Alumina imports 220kt
- Alumina exports 170kt

China alumina SGA supply/demand balance



NDRC, MIIT Notice/Policy, November 2018

“Notice on Promoting the Orderly Development of Alumina Industry”:

- emphasizes overall guideline for domestic alumina industry development to remain as supply-side structural reform, better government administration, proper resource allocation, strict implementation of safety, environmental protection and energy consumption etc.

- encourages alumina producers to upgrade production lines to meet energy and water consumption requirements

- ultimate goals to regulate market order, promoting transformation and upgrade, achieving a balance of alumina supply/demand, meeting domestic needs

The future for Alumina Limited and AWAC

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Sustainability – Aluminium's impact

Aluminium is amongst the most environmentally friendly metals on the planet.

- **Aluminium has low density, is non-toxic, has a high thermal and electrical conductivity, has excellent corrosion resistance and can be easily cast, machined and formed.**
- **Ideal for lightweighting – aluminium by volume weighs less than half iron or copper.**
 - *Achieves up to 20% reduction in total life cycle energy consumption*
- **Infinitely recyclable without loss of material properties**
 - *75% of all aluminium ever produced is still in productive use*
- **Recycling aluminium requires up to 95% less energy than to produce primary metal**
- **73% recycling rate – high compared to competing packaging types**



An Audi A8 aluminium body weighs 194 kgs less than a steel equivalent.

Source: International Aluminium Institute

AWAC growth opportunities

Over the past several years AWAC has restructured its portfolio, selling or closing high production cost facilities to move lower on the smelter grade alumina cash cost curve.

Demand for alumina is expected to continue to grow and with little new production coming on stream in the world ex China, opportunities exist to increase production at our lowest cost refineries to meet that demand.

	Pinjarra	Wagerup
Cost position in AWAC portfolio	Lowest	Second Lowest
Annual production (2018)	4.51 mt	2.66 mt
Potential annual increase	c 350 kt	c 350 kt
Capital cost of expansion	TBA	TBA

A positive outlook for Alumina Limited

Item	High level performance in 2018 and strong outlook for 2019
2018 AWAC and Alumina Limited Performance	<p>Strongest financial year since listing of Alumina Limited from substantial price tailwinds:</p> <ul style="list-style-type: none"> - record AWAC net cash inflow[^] of \$1.804 billion - record Alumina Limited profit of \$635 million - record Alumina Limited dividends of \$654 million (yield 11.5%)
AWAC assets	<p>AWAC's Tier 1 low cost assets again deliver strong cash flows and outstanding returns to shareholders from the most profitable part of the aluminium supply chain</p>
Alumina market outlook	<ul style="list-style-type: none"> - Alumina small deficit in 2018 likely to be balanced in 2019. Alunorte restart and some additional RoW supply likely to offset supply loss in China (red mud issues) and new smelting capacity - 2019 solid pricing outlook (YTD average price of \$379/t)
Alumina Limited	<p>We are one of a kind globally with an almost pure exposure to alumina. Underpinned by low cost of production and low leverage.</p>

[^] AWAC cash flow before distributions less capital contributions from partners

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