ASX full-year preliminary final report

Alumina Limited ABN 85 004 820 419

31 DECEMBER 2020

Lodged with the ASX under Listing Rule 4.3A.
This information should be read in conjunction with the 31 December 2019 Annual Report.

Alumina Limited (the Company) is a leading Australian company listed on the Australian Securities Exchange (ASX).

The Company invests worldwide in bauxite mining, alumina refining and an aluminium smelter through its 40% ownership of Alcoa World Alumina and Chemicals (AWAC). Alcoa Corporation (Alcoa) owns the remaining 60% of AWAC, and is the manager.

The ASX full-year preliminary final report covers the consolidated entity consisting of Alumina Limited and its subsidiaries. All financial data is presented in US dollars, unless otherwise specified.

CONTENTS

Results for Announcement to the Market

Net Profit/(Loss)

		CHANGE	US$ MILLION
Revenue from continuing operations	Down	96%	0.1
Net profit from continuing operations after tax attributable to members of Alumina Limited	Down	31%	146.6
Net profit for the year attributable to members of Alumina Limited	Down	31%	146.6

Details Relating to Dividends

	AMOUNT PER SHARE[1] US CENTS	TOTAL AMOUNT PAID/PAYABLE US$ MILLION
2020 Interim dividend (paid 25 September 2020)	2.8	80.6
2020 Final dividend (declared on 23 February 2021)	2.9	84.1

[1] All dividends are fully franked at 30% tax rate. The final dividend amount was not recognised as a liability at year-end.

	FINAL DIVIDEND DATE
Record date	1 March 2021
Payment date	16 March 2021

Dividend Reinvestment Plan (DRP)

In August 2020 the directors approved the recommencement of the Company's Dividend Reinvestment Plan. The Dividend Reinvestment Plan applied to the 2020 interim dividend. 21,837,919 DRP shares were issued to shareholders at a 1.5% discount. The last date for the receipt of an election notice for participation in the dividend reinvestment plan was 2 September 2020.

Directors have since determined that the Company's Dividend Reinvestment Plan is suspended and will not apply to the 2020 final dividend.

	A$ MILLION	
	YEAR ENDED 31 DEC 2020	YEAR ENDED 31 DEC 2019
Franking Account Balance	376.6	383.5

Net Tangible Assets per Security

	YEAR ENDED 31 DEC 2020	YEAR ENDED 31 DEC 2019
Net assets (US$ million)	1,734.6	1,782.1
Less equity accounted intangible assets:		
Goodwill (US$ million)	175.8	175.8
Mineral rights and bauxite assets net of deferred tax liabilities (US$ million)	66.2	67.7
Net tangible assets (US$ million)	1,492.6	1,538.6
Number of issued ordinary shares (including treasury shares)	2,901,681,417	2,879,843,498
Net tangible asset backing per ordinary security (US$)	**0.51**	**0.53**

Significant Items Affecting Net Profit or Loss

The net profit/(loss) of Alumina Limited includes the Company's equity share of the full-year results of AWAC. The Company's net profit/(loss) was negatively affected by its equity share of net charges relating to significant items contained within AWAC's results. For further details refer page 20.

Condensed Consolidated Financial Report

Consolidated Statement of Profit or Loss and Other Comprehensive Income

	US$ MILLION	
	YEAR ENDED 31 DEC 2020	YEAR ENDED 31 DEC 2019
Revenue from continuing operations	0.1	2.5
Share of net profit of associates accounted for using the equity method	164.6	232.0
General and administrative expenses	(12.6)	(12.1)
Foreign exchange gains/(losses)	0.2	(1.0)
Finance costs	(5.2)	(7.3)
Profit before income tax	**147.1**	**214.1**
Income tax expenses	(0.5)	(0.1)
Profit for the year attributable to the owners of Alumina Limited	**146.6**	**214.0**
Other comprehensive(loss)/ income		
Items that may be reclassified to profit or loss		
Share of reserve movements accounted for using the equity method	(11.5)	1.8
Foreign exchange translation difference	(14.7)	(33.2)
Items that will not be reclassified to profit or loss		
Re-measurements of post-employment benefit obligations accounted for using the equity method	(7.5)	(3.4)
Other comprehensive (loss)/income for the year, net of tax	**(33.7)**	**(34.8)**
Total comprehensive income for the year attributable to the owners of Alumina Limited	**112.9**	**179.2**

Earnings per share (EPS)[1]

	US CENTS	
	YEAR ENDED 31 DEC 2020	YEAR ENDED 31 DEC 2019
Basic EPS	Positive 5.1	Positive 7.4
Diluted EPS	Positive 5.1	Positive 7.4

[1] For further details refer page 13.

Consolidated Balance Sheet

	US$ MILLION	
	31 DEC 2020	31 DEC 2019
CURRENT ASSETS		
Cash and cash equivalents	10.4	15.2
Other assets	1.8	1.8
Total current assets	**12.2**	**17.0**
NON-CURRENT ASSETS		
Investment in associates	1,784.5	1,836.8
Total non-current assets	**1,784.5**	**1,836.8**
TOTAL ASSETS	**1,796.7**	**1,853.8**
CURRENT LIABILITIES		
Payables	0.7	0.9
Provisions	0.6	0.3
Tax payable	0.1	-
Total current liabilities	**1.4**	**1.2**
NON-CURRENT LIABILITIES		
Borrowings	60.0	70.0
Provisions	0.7	0.5
Total non-current liabilities	**60.7**	**70.5**
TOTAL LIABILITIES	**62.1**	**71.7**
NET ASSETS	**1,734.6**	**1,782.1**
EQUITY		
Contributed equity	2,706.7	2,682.9
Treasury shares	(0.8)	(0.8)
Reserves	(1,310.0)	(1,283.9)
Retained earnings	338.7	383.9
TOTAL EQUITY	**1,734.6**	**1,782.1**

Consolidated Statement of Changes in Equity

	US$ MILLION			
	CONTRIBUTED AND OTHER EQUITY[1]	RESERVES	RETAINED EARNINGS	TOTAL
Balance as at 1 January 2019	**2,681.7**	**(1,252.0)**	**706.1**	**2,135.8**
Profit for the year	–	–	214.0	214.0
Other comprehensive income for the year	–	(31.4)	(3.4)	(34.8)
Transactions with owners in their capacity as owners:				
Dividends paid	–	–	(532.8)	(532.8)
Movement in treasury shares	0.4	–	–	0.4
Movement in share-based payments reserve	–	(0.5)	–	(0.5)
Balance as at 31 December 2019	**2,682.1**	**(1,283.9)**	**383.9**	**1,782.1**
Balance as at 1 January 2020	**2,682.1**	**(1,283.9)**	**383.9**	**1,782.1**
Profit for the year	–	–	146.6	146.6
Other comprehensive loss for the year	–	(26.2)	(7.5)	(33.7)
Transactions with owners in their capacity as owners:				
Dividends paid	–	–	(184.3)	(184.3)
Movement in share capital	23.8	–	–	23.8
Movement in treasury shares	–	–	–	–
Movement in share-based payments reserve	–	0.1	–	0.1
Balance as at 31 December 2020	**2,705.9**	**(1,310.0)**	**338.7**	**1,734.6**

[1] Comprises of contributed equity and treasury shares.

Consolidated Statement of Cash Flows

	US$ MILLION	
	YEAR ENDED 31 DEC 2020	YEAR ENDED 31 DEC 2019
Cash flows from operating activities		
Payments to suppliers and employees (inclusive of goods and services tax)	(12.3)	(11.9)
GST refund received	0.5	0.5
Dividends received from associates	171.4	381.7
Finance costs paid	(4.9)	(8.3)
Interest paid under cross currency interest rate swap	-	(3.3)
Interest received under cross currency interest rate swap	-	3.3
Tax paid	(0.4)	-
Other	0.1	2.6
Net cash inflow/(outflow) from operating activities	**154.4**	**364.6**
Cash flows from investing activities		
Payments for investments in associates	(24.5)	(51.0)
Proceeds from return of invested capital	35.8	90.2
Net cash inflow/(outflow) from investing activities	**11.3**	**39.2**
Cash flows from financing activities		
Proceeds from borrowings	197.0	325.0
Repayment of borrowings	(207.0)	(341.2)
Net payments related to cross currency interest rate swap	-	(21.7)
Payment for shares acquired by the Alumina Employee Share Plan	(0.9)	(0.9)
Dividends paid	(160.5)	(532.8)
Net cash inflow/(outflow) from financing activities	**(171.4)**	**(571.6)**
Net increase/(decrease) in cash and cash equivalents	**(5.7)**	**(167.8)**
Cash and cash equivalents at the beginning of the financial year	15.2	183.8
Effects of exchange rate changes on cash and cash equivalents	0.9	(0.8)
Cash and cash equivalents at the end of the financial year	**10.4**	**15.2**

Notes to the Consolidated Financial Statements

Basis of Preparation

This condensed consolidated financial report for the year ended 31 December 2020 has been prepared in accordance with the Australian Stock Exchange Listing Rules as they relate to Appendix 4E and in accordance with Australian Accounting Standards ("AAS") and Interpretations issued by the Australian Accounting Standards Board, and the Corporations Act 2001.

This condensed consolidated financial report does not include all the notes of the type normally included in an Annual Financial Report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2019 and any public announcements made by Alumina Limited during the reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new and amended standards as set out below.

New and Amended Standards Adopted by the Group

A number of new or amended standards, such as AASB 3 *Business Combinations*, AASB 101 *Presentation of Financial Statements* and AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* became applicable for the current reporting period.

The standards did not have any material impact on the Group's accounting policies and did not require current period or retrospective adjustments.

Impact of Standards Issued But Not Yet Adopted by the Group

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 December 2020 reporting period and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Segment Information

Alumina Limited's sole business undertaking is in the global bauxite, alumina and aluminium industry, which it conducts primarily through bauxite mining and alumina refining. All of those business activities are conducted through its 40% investments in AWAC. Alumina Limited's equity interest in AWAC forms one reportable segment.

The equity interest in AWAC is represented by investments in a number of entities in different geographical locations. The total assets other than investments in associates and total liabilities are broken down by location.

YEAR ENDED 31 DECEMBER 2020	US$ MILLION				
	AUSTRALIA	BRAZIL	SPAIN	OTHER	TOTAL
Investments in associates	1,188.0	448.0	133.5	15.0	1,784.5
Assets	11.6	0.3	–	0.3	12.2
Liabilities	(61.9)	–	–	(0.2)	(62.1)
Consolidated net assets	**1,137.7**	**448.3**	**133.5**	**15.1**	**1,734.6**

YEAR ENDED 31 DECEMBER 2019	US$ MILLION				
	AUSTRALIA	BRAZIL	SPAIN	OTHER	TOTAL
Investments in associates	1,118.1	570.6	114.0	34.1	1,836.8
Assets	7.3	9.5	–	0.2	17.0
Liabilities	(71.7)	–	–	–	(71.7)
Consolidated net assets	**1,053.7**	**580.1**	**114.0**	**34.3**	**1,782.1**

Reconciliation of Cash

	US$ MILLION	
	31 DEC 2020	31 DEC 2019
Reconciliation of cash at the end of the financial year (as shown in the consolidated statement of cash flows) as follows:		
Cash on hand and at bank	9.1	15.2
Money market deposits (with maturities on investment three months or less)	1.3	-
Total cash and cash equivalents at the end of the financial year	**10.4**	**15.2**

NON-CASH FINANCING AND INVESTING ACTIVITIES

In September 2020, 21,837,919 shares in Alumina Limited , valued at $23.8 million were issued to shareholders, who elected to participate in the dividend reinvestment plan which was applicable to the interim dividend for 2020.

Consolidated Retained Earnings

	US$ MILLION	
	YEAR ENDED 31 DEC 2020	YEAR ENDED 31 DEC 2019
Retained earnings at the beginning of the financial year	**383.9**	**706.1**
Profit attributable to members of Alumina Limited	146.6	214.0
Dividends provided for or paid	(184.3)	(532.8)
Re-measurements of post-employment benefit obligations accounted for using the equity method	(7.5)	(3.4)
Total retained earnings at the end of the financial year	**338.7**	**383.9**

Dividends

	US$ MILLION	
	YEAR ENDED 31 DEC 2020	YEAR ENDED 31 DEC 2019
Dividends paid during the year	184.3	532.8
Dividends not recognised at the year end	84.1	103.7

In August 2020 the directors approved the recommencement of the Company's Dividend Reinvestment Plan. The Dividend Reinvestment Plan applied to the 2020 interim dividend. 21,837,919 DRP shares were issued to shareholders at a 1.5% discount.

The dividend Reinvestment Plan has been suspended and will not apply to the 2020 final dividend.

Income Tax

The income tax expense/benefit for the period is the tax payable/receivable on the current year end's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and unused tax losses.

The significant majority of the Company's taxable income reported for the reporting period relates to Australian dividend income from the Company's investments in AWAC. Under Australian income tax law, the Company is entitled to reduce its tax payable by claiming credits (franking credits) in relation to Australian dividend income. This is to prevent double taxation, as Australian tax has been paid by Alcoa of Australia Limited (an AWAC entity) on its operating income.

NUMERICAL RECONCILIATION OF INCOME TAX EXPENSE TO PRIMA FACIE TAX PAYABLE	US$ MILLION	
	YEAR ENDED 31 DEC 2020	YEAR ENDED 31 DEC 2019
Profit before income tax	**147.1**	**214.1**
Prima facie tax expense for the year at the rate 30%	**(44.1)**	**(64.2)**
The following items caused the total charge for income tax to vary from the above:		
Share of equity accounted profit not assessable for tax	(164.6)	(232.0)
Foreign income subject to accruals tax	7.6	4.9
Timing differences not recognised	-	5.8
Tax losses not recognised	9.8	9.4
Non-deductible expenses	0.6	1.0
Previously unrecognised tax losses now recouped to reduce current tax expense	-	(3.2)
Net movement	**(146.6)**	**(214.1)**
Tax Effect of the above adjustments at 30% (2019: 30%)	**43.9**	**64.2**
Under provision of tax in prior years	**(0.3)**	**(0.1)**
Consequent decrease in charge for income tax at the rate of 30%	**43.6**	**64.1**
Aggregate income tax expense	**(0.5)**	**(0.1)**

Equity Securities Issued

	NUMBER OF SHARES		US$ MILLION	
	YEAR ENDED 31 DEC 2020	YEAR ENDED 31 DEC 2019	YEAR ENDED 31 DEC 2020	YEAR ENDED 31 DEC 2019
Balance brought forward	2,879,843,498	2,879,843,498	2,682.9	2,682.9
Movement for the year[1]	21,837,919	-	23.8	-
	2,901,681,417	**2,879,843,498**	**2,706.7**	**2,682.9**

[1] Movement for the year, represents shares issued under the Dividend Reinvestment Plan. Please refer to the Dividend note for further details.

Movement in Treasury Shares

Treasury shares are Alumina Limited shares held by the Alumina Employee Share Plan Trust for the purposes of issuing shares under the Alumina Employee Share Plan.

	NUMBER OF SHARES		US$	
	YEAR ENDED 31 DEC 2020	YEAR ENDED 31 DEC 2019	YEAR ENDED 31 DEC 2020	YEAR ENDED 31 DEC 2019
Balance brought forward	435,368	689,267	786,253	1,247,997
Shares acquired by Alumina Employee Share Plan Pty Ltd	944,500	484,500	928,073	874,248
Employee performance rights vested	(591,166)	(738,399)	(933,146)	(1,335,992)
Total treasury shares	**788,702**	**435,368**	**781,180**	**786,253**

Earnings Per Share

	YEAR ENDED 31 DEC 2020	YEAR ENDED 31 DEC 2019
Profit attributable to the ordinary equity holders of the Company in the calculation of basic and diluted EPS (US$ million)	146.6	214.0
Weighted average number of ordinary shares used as the denominator in the calculation of basic and diluted EPS	2,884,845,133	2,879,143,308
Basic EPS (US cents)	**Positive 5.1**	**Positive 7.4**
Diluted EPS (US cents)	**Positive 5.1**	**Positive 7.4**

Details of Entities Over Which Control Has Been Lost or Gained

There was no loss or gain of control for the years ended 31 December 2020 and 31 December 2019.

Material Interests in Entities Which Are Not Controlled Entities

NAME	PRINCIPAL ACTIVITIES	COUNTRY OF INCORPORATION	PERCENTAGE OWNERSHIP	
			31 DEC 2020	31 DEC 2019
Alcoa of Australia Limited	Bauxite, alumina & aluminium production	Australia	40	40
Alcoa World Alumina LLC	Bauxite and alumina trading	America	40	40
Alumina Espanola S.A.	Alumina production	Spain	40	40
Alcoa World Alumina Brasil Ltda.	Bauxite and alumina production	Brazil	40	40
AWA Saudi Ltda.	Bauxite and alumina production	Hong Kong	40	40

AWAC Contribution to Net Profit/(Loss) of Alumina Limited and Controlled Entities

	US$ MILLION	
	YEAR ENDED 31 DEC 2020	YEAR ENDED 31 DEC 2019
Revenues	4,329.5	5,215.8
Profit from continuing operations	415.3	583.8
Profit for the year[1]	**415.3**	**583.8**
Other comprehensive income/(loss) for the year	(85.6)	(84.2)
Total comprehensive income for the year	**329.7**	**499.6**
Reconciliation to share of net profit of associates		
Group share of profit for the year as a percentage	40%	40%
Group share of profit for the year in dollars	166.1	233.5
Mineral rights and bauxite amortisation	(2.1)	(2.1)
Movement in deferred tax liability on mineral rights and bauxite assets	0.6	0.6
Share of net profit of associates accounted for using the equity accounting method	**164.6**	**232.0**

[1] The profit for the years ended 31 December 2020 and 31 December 2019 include net charges relating to significant items that have affected AWAC's net profit after tax. For further details refer to the reconciliation on page 20.

Commitments and Contingent Liabilities for AWAC

As previously reported, the Australian Taxation Office (ATO) has undertaken a transfer pricing examination in respect of certain historical third-party alumina sales made by Alcoa of Australia Limited (AoA) over a 20-year period. As a result of that examination, the ATO had issued a statement of audit position (SOAP) to AoA. The SOAP was the subject of an internal review process within the ATO. The ATO completed that process, and on 7 July 2020 issued AoA with Notices of Assessment (the Notices) in respect of this matter. The Notices assert claims for additional income tax payable by AoA of approximately A$214 million.

The Notices also include claims for compounded interest on the primary tax amount totalling approximately A$707 million. AoA has made submissions to the ATO that the interest amount should be remitted (i.e. should not be fully payable).

In accordance with the ATO's dispute resolution practices, on 30 July 2020, AoA paid 50% of the assessed primary income tax amount (exclusive of interest and any penalties), being approximately A$107 million, out of cash flows. In exchange, the ATO will not seek further payment prior to final resolution of the matter.

AoA's obligation to make any further payment of this primary tax amount, or payment of any penalty or interest amount advised by the ATO, will be determined through the objection and court processes available to AoA. If AoA is ultimately fully successful, the 50% part-payment to the ATO would be refunded. Further interest on the unpaid amounts will continue to accrue during the dispute.

The ATO has issued to AoA its preliminary position on the penalties the ATO proposes to impose in relation to the AoA amended assessments. The ATO proposes penalties of approximately A$128 million. AoA has made submissions to the ATO that no penalties and interest charges should be payable in respect of this matter.

The Company understands that AoA will defend its position in respect of the ATO's Notices and any penalties imposed, and pursue all available dispute resolution methods, up to and including the filing of court proceedings.

Borrowings

	US$ MILLION	
	31 DEC 2020	31 DEC 2019
Bank loans	60.0	70.0
Total borrowings	**60.0**	**70.0**

In June 2019 Alumina Limited rolled over a tranche of the bank facility that was due to mature in July 2020 and established a new tranche under the same facility.

As a result, Alumina Limited now has a US$350 million syndicated bank facility with tranches maturing in October 2022 (US$100 million), July 2023 (US$150 million), and July 2024 (US$100 million).

As at 31 December 2020 there was US$60 million drawn against the syndicated facility.

Events Occurring After the Balance Sheet Date

Except as disclosed in the Note "Commitments and contingent liabilities for AWAC" listed above, there have been no significant events occurring since 31 December 2020.

Please refer to Note "Dividends" on page 11 for the final dividend recommended by the Directors.

Compliance Statement

1. This financial report has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board, and the *Corporations Act 2001*.
2. This report gives a true and fair view of the matters discussed.
3. This report is based on accounts which are in the process of being audited.
4. Alumina Limited has a formally constituted Audit and Risk Management Committee.
5. In the Directors' opinion, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

MICHAEL FERRARO
Managing Director and Chief Executive Officer
Melbourne
23 February 2021

Supplementary Appendix 4E Information

Note Regarding Non-IFRS Financial Information

Consolidated Financial statements of the Group prepared in accordance with Australian Accounting Standards ("AAS") also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board.

This supplementary information contains certain non-IFRS financial information. This information is presented to assist in making appropriate comparisons with the prior corresponding period 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.

The AWAC financial information presented has been extracted from unaudited combined financial statements prepared in conformity with accounting principles generally accepted in the United States of America ("US GAAP").

Forward Looking Statements

Neither Alumina Limited nor any other person warrants or guarantees the future performance of Alumina Limited or any return on any investment made in Alumina Limited securities. This supplementary information 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, the future financial position, performance, distributions, and statements regarding Alumina Limited'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 Limited 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 Limited's Annual Report 2019. Readers should not place undue reliance on forward-looking statements. Except as required by law, Alumina Limited 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.

Review of AWAC Operations

Alumina Limited provides its shareholders with a unique investment in globally leading bauxite mines and alumina refineries in Australia, Brazil, Spain, Saudi Arabia and Guinea through its 40% investment in the AWAC joint venture. AWAC also has a 55% interest in the Portland aluminium smelter in Victoria, Australia.

The current refining portfolio is comprised mostly of tier one assets that enables AWAC to generate strong returns throughout the commodity cycle. Having long life bauxite mines located in a close proximity to most AWAC refineries is a key competitive advantage in terms of driving a low position on the cost curve.

AWAC operates in locations throughout the world that have experienced significant health, economic, and logistical impacts as a result of the COVID-19 pandemic. AWAC acted early to focus on the health and safety of its workforce, and to bolster the stability of operations.

AWAC also undertook a number of prudent cash preservation actions to combat uncertainty of COVID and its impact on commodity prices. These actions included reviewing non-critical maintenance activities, deferring certain sustaining and growth capital expenditure projects, and actively reducing operational costs.

In 1H 2020, COVID reduced demand for aluminium products resulting in higher aluminium warehouse stocks, which further exacerbated an already surplus market.

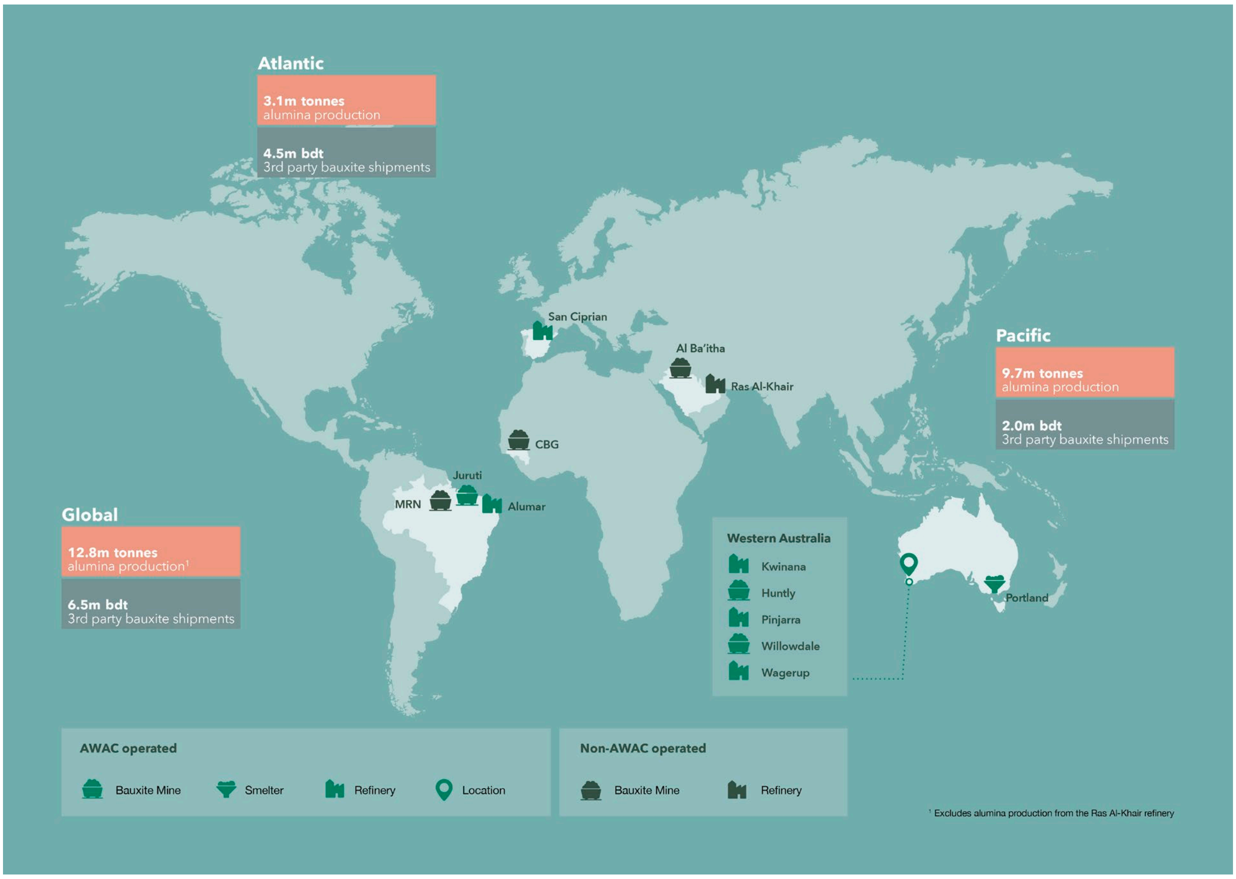
After a small rebound in the alumina price at the start of 2020, it began to decline, reaching a low point of $225 per tonne in April.

During 2H 2020, aluminium prices rose and consumer confidence started to return with the alumina price gradually recovering to over $300 by the end of the year.

Despite COVID challenges, AWAC's refineries performed strongly, achieving an annual production record of 12.8 million tonnes for the current portfolio of assets. Increased production helped drive lower cash costs, which partially offset the impact of the decline in the average realised alumina price.

AWAC's cash conservation initiatives, stable production, focus on health and safety, and its low position on the cost curve promoted a strong operational performance in 2020. AWAC continues to be able to return cash to its joint venture partners, despite COVID and lower alumina prices.

DIAGRAM Of AWAC GLOBAL OPERATIONS



Bauxite Mining

	31 DEC 2020	31 DEC 2019	CHANGE		CHANGE (%)
AWAC OPERATED MINES					
Production (million bone dry tonnes ("BDT"))	41.0	40.7	0.3	▲	0.7
Cash cost ($/BDT of bauxite produced)	9.6	10.2	(0.6)	▼	(5.9)
NON-AWAC OPERATED MINES					
AWAC equity share of production (million BDT)[1]	4.7	4.1	0.6	▲	14.6
THIRD PARTY SALES					
Shipments to third parties (million BDT)	6.5	6.2	0.3	▲	4.8
Total third-party revenue, inclusive of freight[2] ($ million)	240.8	274.7	(33.9)	▼	(12.3)

1 Based on the terms of its bauxite supply contracts, AWAC's bauxite purchases from the Mineração Rio do Norte S.A. ("MRN") mine in Brazil, and Compagnie des Bauxites de Guinée (CBG) mine in Guinea, differ from their proportional equity in those mines.

2 Includes freight revenue of $43.6 million for 2020 (2019: $79.1 million).

AWAC Operated Mines

AWAC operated mines increased production by 0.7% driven by increased demand from AWAC owned refineries to achieve an annual production record for the current portfolio of assets.

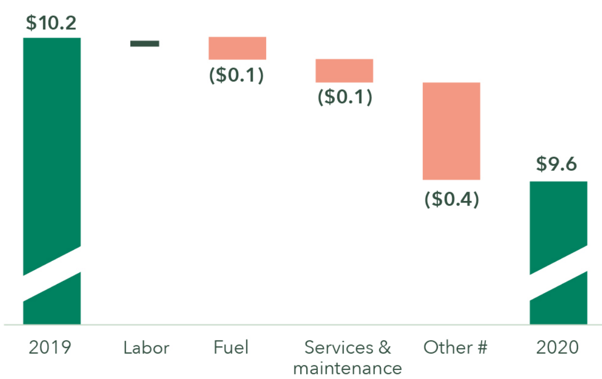
Bauxite production: change by mine (million bdt)

Production at Willowdale increased to meet demand from the Wagerup refinery to achieve a facility production record. Huntly's production decreased slightly as a result of conveyor belt maintenance. Juruti's production increased in order to meet greater production from Alumar and third-party demand.

In Western Australia, relocation of the Willowdale crusher to a new mining area has begun. The move is expected to be completed by the end of 2021 and involve total sustaining capital expenditure of approximately $135 million, of which $14 million was spent in 2019 and approximately $85 million was spent during 2020. Planning for a new plateau in Juruti is being undertaken which involved sustaining capital expenditure of approximately $2 million during 2020.

AWAC's cash cost per BDT of bauxite produced decreased by 5.9% to $9.6 per tonne, mostly due to a decline in royalty payments, and the stronger US dollar which had a favourable effect on the cash cost of bauxite produced.

Cash cost per BDT of bauxite produced^



Other includes energy, supplies, PAE, royalties and other
^ AWAC operated mines

Non-AWAC Operated Mines

AWAC's equity share of production at MRN and CBG increased by 0.6 million BDT (14.6%) in 2020.

CBG's production increased by 17% to 3.6 million BDT, as the benefits from an expansion project are realised. The expansion has added an additional 1.1 million BDT to AWAC's share of production.

MRN's production was relatively stable, resulting in AWAC's equity share of production of 1.1 million BDT.

AWAC's equity accounted share of profit after tax from CBG and MRN was $23.0 million (2019: $18.2 million).

Third Party Bauxite Sales

AWAC's shipments to third party customers increased by 4.8% to 6.5 million BDT with an increase in shipments from Huntly, CBG and MRN, partially offset by a decline in shipments from Juruti.

Third party revenue decreased by 12.3% due to lower average realised bauxite price and a decrease in freight revenue, offset by an increase in third party shipments.

Refining

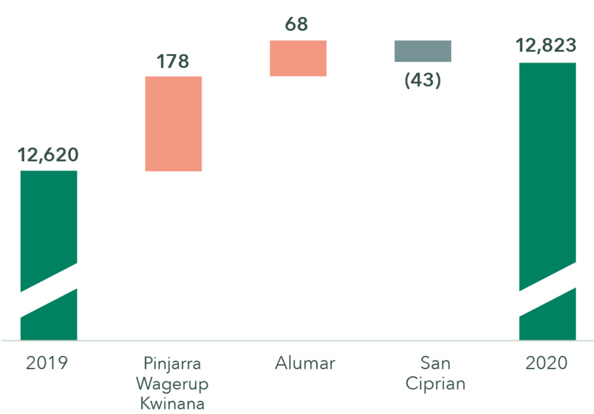
	31 DEC 2020	31 DEC 2019	CHANGE		CHANGE (%)
AWAC OPERATED REFINERIES					
Shipments (million tonnes)	13.2	12.9	0.3	▲	2.3
Production (million tonnes)	12.8	12.6	0.2	▲	1.6
Average realised alumina price ($/tonne)	268	336	(68)	▼	(20.2)
Cash cost per tonne of alumina produced	199	210	(11)	▼	(5.2)
Margin[1] ($/tonne)	69	126	(57)	▼	(45.2)
Smelter Grade Alumina (“SGA”) shipments on spot or index basis (%)	97	94	3	▲	3.2
Platts FOB Australia – one month lag ($/tonne)	270	344	(74)	▼	(21.5)
MA’ADEN JOINT VENTURE					
Production (million tonnes)	1.810	1.839	(0.029)	▼	(1.6)
AWAC’s share of production (million tonnes)	0.454	0.462	(0.008)	▼	(1.7)

[1] Calculated as average realised price less cash cost of production.

AWAC operated refineries

Production from AWAC operated refineries was 12.8 million tonnes, an annual record for the current portfolio of assets, emphasising that COVID did not materially impact operating performance. Wagerup, Pinjarra and Sao Luis achieved annual production records. Kwinana’s production improved throughout the year, finishing with both a record month and quarter. San Ciprian refinery production was negatively impacted by the industrial action at the San Ciprian smelter in the last quarter.

Alumina production: change by refinery (kt)

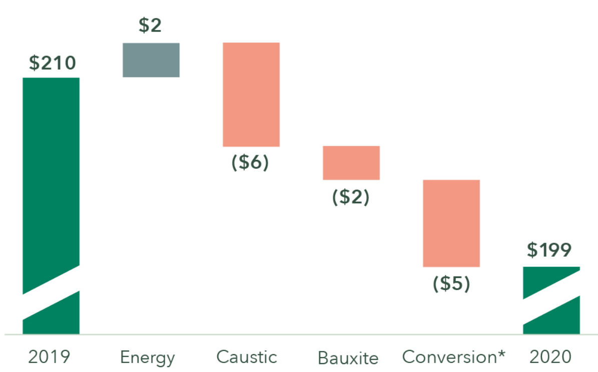


The first half of 2020 was characterised by a drop in alumina prices due to lower aluminium demand as a result of COVID, increasing aluminium inventories and additional alumina supply following the restart of Alunorte and the ramp up of Al Taweelah. However, the second half of 2020 saw alumina prices trending upwards due to a return of consumer confidence and rising aluminium prices.

Approximately 97% of AWAC’s alumina shipments were priced on a spot or index basis. AWAC’s average realised price of $268 per tonne, down $68 per tonne compared to the previous corresponding period, reflected the average index alumina price decline of 21.5% to $270 per tonne.

The average cash cost per tonne of alumina declined by approximately 5% to $199 per tonne. Improved production, reduced energy usage and the strength of the US dollar had a favourable effect on the cash cost of production. Caustic and oil prices were also favourable, offset by the increase in gas prices due to the commencement of new gas supply contracts at the WA refineries.

Cash cost per tonne of alumina produced^



^ Includes the mining business unit at cost
* Conversion includes: employee costs, indirect costs and other raw materials costs

Ma'aden Joint Venture

The Ma'aden refinery production decreased by 1.6% in 2020 to 1.81 million tonnes of alumina (AWAC's share was 0.454 million tonnes), operating at 101% of nameplate capacity.

The equity accounted loss relating to the Ma'aden joint venture for AWAC was $22.6 million during 2020 (2019: $6.4 million equity profit). The decline was predominantly driven by lower realised alumina prices.

Portland

	31 DEC 2020	31 DEC 2019	CHANGE		CHANGE (%)
AWAC'S 55% EQUITY SHARE					
Production (thousand tonnes)	160	161	(1)	▼	(0.6)
EBITDA ($ million)	3.7	(20.0)	23.7	▲	(118.5)

Portland's aluminium production decreased by 0.6% compared to 2019.

The improvement in earnings was primarily as a result of a lower cash cost of production due to lower alumina prices and a slight increase in the government facility forgiveness. This was partially offset by a decline in metal prices. LME 15 day lag decreased by 5.7% from $1,799/t in 2019 to $1,696/t in 2020.

AWAC Financial Review

The decline in AWAC's 2020 net profit was largely as a result of lower realised alumina prices partially offset by improvements in the cash cost of production and lower charges for significant items.

The decrease in the income tax charge was driven by lower taxable income, particularly in AWAC's Australian operations.

AWAC PROFIT AND LOSS (US GAAP)	US$ MILLION	
	YEAR ENDED 31 DEC 2020	YEAR ENDED 31 DEC 2019
Net profit after tax	401.6	565.1
Add back: Income tax charge	205.6	394.8
Add back: Depreciation and amortisation	288.4	306.0
Add back: Net interest expense/(income)	0.3	(5.2)
EBITDA	**895.9**	**1,260.7**
Add back: Significant items (pre-tax)	(0.7)	325.3
EBITDA excluding significant items	**895.2**	**1,586.0**

AWAC's net profit included the following significant items:

SIGNIFICANT ITEMS (US GAAP)	US$ MILLION	
	YEAR ENDED 31 DEC 2020	YEAR ENDED 31 DEC 2019
Suralco restructuring related charges[1]	(9.9)	(12.6)
Point Comfort restructuring related charges[1]	(11.3)	(289.0)
New operating model restructuring charges	-	(17.1)
Other[2]	21.9	(6.6)
Total significant items (pre-tax)	**0.7**	**(325.3)**
Total significant items (after-tax)	**(5.2)**	**(315.2)**

[1] Including holding costs

[2] Other significant items include net charges related to Portland government facility forgiveness, restructuring, severance and other payments, and in 2019 Afobaka hydroelectricity dam accelerated depreciation.

AWAC BALANCE SHEET (US GAAP)	US$ MILLION	
	31 DEC 2020	31 DEC 2019
Cash and cash equivalents	440.2	418.7
Receivables	307.1	272.8
Inventories	567.1	518.8
Deferred income taxes	190.3	225.6
Property, plant & equipment	3,151.7	3,138.0
Other assets	1,753.4	1,789.5
Total Assets	**6,409.8**	**6,363.4**
Borrowings & capital lease obligations	78.5	78.7
Accounts payable	590.0	548.1
Taxes payable and deferred	174.7	226.3
Assets retirement obligations	500.2	453.3
Other liabilities	952.0	781.9
Total Liabilities	**2,295.4**	**2,088.3**
Equity	**4,114.4**	**4,275.1**

The increase in the value of assets and liabilities includes the effect of the stronger Australian dollar offset by a weaker Brazilian Real against the US dollar as at 31 December 2020.

The increase in property, plant and equipment was as a result favourable exchange rate, offset by depreciation and amortisation.

The reduction in taxes is mainly attributable to a decrease in the taxable income, particularly for Australian operations.

A slight decrease in other assets comprise of changes in the fair value of derivative assets offset by a recognition of a non-current asset reflecting the AoA cash payment of A$107 million in relation to the ATO transfer pricing matter (50% of the assessed primary income tax amount).

Other liabilities increased mainly due to a recognition of a non-current liability of approximately A$219 million representing a tax deduction available to AoA in 2020 with respect to the interest assessment in the ATO transfer pricing matter.

AWAC CASH FLOW (US GAAP)	US$ MILLION	
	YEAR ENDED 31 DEC 2020	YEAR ENDED 31 DEC 2019
Cash from operations	671.8	906.3
Capital contributions from partners	60.1	127.5
Net movement in borrowings	(0.4)	(5.9)
Capital expenditure	(211.3)	(176.9)
Other financing and investing activities[1]	2.0	3.7
Effects of exchange rate changes on cash and cash equivalents	16.4	3.5
Cash flow before distributions	**538.6**	**858.2**
Distributions paid to partners	(517.1)	(1,179.8)
Net change in cash and cash equivalents	**21.5**	**(321.6)**

[1] Includes of proceeds from sales of assets, and other.

Cash from operations in 2020 decreased primarily due to lower average realised alumina prices, which was partially offset by improvements in the cash cost of alumina production. Consequently, gross distributions paid to partners decreased to $517.1 million (2019: $1,179.8 million).

In 2020, sustaining capital expenditure was approximately $202 million (2019: $151.0 million) with the most significant expenditure relating to Willowdale's mine crusher move, the construction of a new residue storage area at Alumar and additional tailing ponds at Juruti.

Growth capital expenditure was approximately $10 million (2019: $26 million).

Alumina Limited Financial Review

ALUMINA LIMITED PROFIT AND LOSS	US$ MILLION	
	YEAR ENDED 31 DEC 2020	YEAR ENDED 31 DEC 2019
Share of net profit of associates accounted for using the equity method	164.6	232.0
General and administrative expenses	(12.6)	(12.1)
Finance costs	(5.2)	(7.3)
Foreign exchange losses, tax and other	(0.2)	1.4
Profit for the year after tax	**146.6**	**214.0**
Total significant items after tax	(0.1)	112.6
Net profit after tax excluding significant items	**146.5**	**326.6**

SIGNIFICANT ITEMS (IFRS, POST-TAX)	US$ MILLION	
	YEAR ENDED 31 DEC 2020	YEAR ENDED 31 DEC 2019
Suralco restructuring charges[1]	(4.0)	(2.2)
Point Comfort restructure-related charges[1]	(4.5)	(109.0)
New operating model restructuring charges	-	(4.9)
Other[2]	8.6	3.5
Total significant items	**0.1**	**(112.6)**

1 Including holding costs

2 Other significant items include net charges related to Portland government facility forgiveness, restructuring, severance and other payments, and in 2019 Afobaka hydroelectricity dam accelerated depreciation.

Alumina Limited recorded a net profit after tax of $146.6 million (2019: $214.0 million).

Excluding significant items, net profit would have been $146.5 million (2019: $326.6 million).

The decrease in net profit was primarily due to a decline in AWAC's profit.

2020 general and administrative expenses were higher than 2019.

The increase in expenses reflects Alumina Limited's continued investment in capabilities and expertise required to manage the business in an increasingly complex market. This includes hiring additional resources and engaging third party experts focusing on critical matters including marketing, sustainability, residue storage, climate change and other operational and strategic areas.

The Company's finance costs in 2020 are lower than 2019 as a result of termination of the Company's A$125 million note in July 2019, and its replacement with the syndicated bank facility which has a lower interest rate.

ALUMINA LIMITED BALANCE SHEET	US$ MILLION	
	31 DEC 2020	31 DEC 2019
Cash and cash equivalents	10.4	15.2
Investment in associates	1,784.5	1,836.8
Other assets	1.8	1.8
Total Assets	**1,796.7**	**1,853.8**
Payables	0.7	0.9
Interest bearing liabilities	60.0	70.0
Provisions and other liabilities	1.4	0.8
Total Liabilities	**62.1**	**71.7**
Net Assets	**1,734.6**	**1,782.1**

The decrease in investments in associates was principally due to foreign currency balance sheet valuations as well as net receipts from investments in associated entities.

Alumina Limited's net debt as at 31 December 2020 was $49.6 million. (2019: $54.8 million) and gearing was 2.8% (2019: 3.0%).

Alumina Limited has a US$350 million syndicated bank facility with tranches maturing in October 2022 (US$100 million), July 2023 (US$150 million), and July 2024 (US$100 million).

As at 31 December 2020 there was US$60 million drawn against the syndicated facility.

ALUMINA LIMITED CASH FLOW	US$ MILLION	
	YEAR ENDED 31 DEC 2020	YEAR ENDED 31 DEC 2019
Dividends received	171.4	381.7
Net finance costs paid	(4.9)	(8.3)
Payments to suppliers and employees	(12.3)	(11.9)
GST refund, interest received & other	0.2	3.1
Cash from operations	**154.4**	**364.6**
Receipts – capital returns from associates	35.8	90.2
Payments – investment in associates	(24.5)	(51.0)
Payment for shares acquired by the Alumina Employee Share Plan	(0.9)	(0.9)
Effects of exchange rate changes on cash and cash equivalents	0.9	(0.8)
Free cash flow available for dividends[1]	**165.7**	**402.1**

[1] For full year periods prior to 2020 free cashflow available for dividends was calculated as cash from operations less net investments in associates plus AWAC net distributions up to the date of dividends declaration.

Net receipts from AWAC totalled $182.7 million (2019: $420.9 million).

Contributions to AWAC in 2020 of $24.5 million (2019: $51 million) were mainly to support working capital requirements in Spain and Americas.

The reduction in distributions received from AWAC resulted primarily from lower average alumina prices.

Alumina Limited's dividend policy is to distribute free cash flow derived from net AWAC distributions less the Company's corporate and finance costs, whilst taking into consideration its capital structure, any capital requirements for AWAC and market conditions. Whilst the policy remains unchanged, effective from the 2020 interim dividend, the Company decided to adjust the dividend calculation method in order to simplify and better align it to the free cash flow in the relevant reporting period.

The Dividend Reinvestment Plan was applied to the 2020 interim dividend. DRP shares were issued to shareholders at a 1.5% discount.

The dividend Reinvestment Plan has been suspended and will not apply to the 2020 final dividend.

Market, Outlook and Guidance

Aluminium

In 2020, COVID impacted the consumption of aluminium and production costs in the value chain, but did not materially affect primary aluminium production. Global aluminium consumption in 2020 shrunk by around 5%. The only sector to have any positive growth was packaging. The main falls were in the transportation sector, which fell by around 16% and the engineering sector, which fell by nearly 5%. All aluminium consumption sectors are expected to have material positive growth in 2021, contributing to forecast global aluminium consumption growth of nearly 7%

Chinese primary production grew in 2020, while the rest of the world's production was flat. A COVID-related drop in aluminium consumption outside China led to around 2.5 million tonnes of primary aluminium being added to stocks and around 1 million tonnes exported to China, partly offset by some remelt exports from China.

China has experienced a strong economic recovery since the second quarter of 2020. Key aluminium consuming sectors, such as real estate, automotive and power grids all recovered to pre-COVID levels by the end of the year. China's fixed assets' investment increased by 2.9% in 2020, while investment in real estate was up by 7% and car production was down by 2%. Lingering COVID impacts outside China resulted in a 15% decrease in Chinese aluminium product exports in 2020. Overall, primary aluminium consumption in China grew by 1% in 2020 over 2019, thanks to growth in packaging, home appliances and machinery, as well as replacement of scrap aluminium due to a COVID-triggered scrap supply shortfall.

Chinese primary aluminium production grew by 4% to 37.3 million tonnes, as around 2.5 million tonnes per annum of new capacity was commissioned, particularly in the second half of 2020. As China recovered ahead of the rest of the world, coupled with a weak US dollar and low LME aluminium prices, the arbitrage window was open at the end of the second quarter of 2020 for China to import primary aluminium. China imported 1.1 million tonnes of primary aluminium, the largest volume since the GFC, resulting in an overall Chinese surplus of around 1.1 million tonnes.

Chinese producers are focusing on sustainability more than ever. Approximately 1.7 million tonnes of primary aluminium capacity have been moved to the South-west of China, taking advantage of lower cost and hydro power there. Another 2.4 million tonnes per annum of new smelting capacity is expected to be built in 2021, a majority of which will be based on hydro power. Chinese primary aluminium supply is forecast to grow by 4.7% in 2021 to 39 million tonnes, with the expected higher Chinese aluminium consumption in 2021 to result in a more balanced market compared with 2020.

China introduced a centralised carbon trading scheme on 1 February 2021 which, in the long term, is likely to add costs to coal-based heavy emitters and steepen the aluminium cost curve. This scheme may incentivise smelters and refiners to convert to greener energy sources in the medium to longer term.

Outside China in 2021, primary aluminium production is forecast to grow by 3.6%, assuming economies continue to recover from COVID. There is the potential for a boost to demand for primary aluminium from Government stimulus packages. The LME cash aluminium price, averaging $2,004 per tonne over January 2021, has been incentivising smelters to try to increase extra production or consider restarting curtailed production. Whilst the alumina price early in 2021 was hovering just above $300, around the high point of 2020, the percentage of the API (Alumina Price Index) over the LME aluminium price, sitting at around 15%, was on the low side of recent history. This has contributed to improved smelting profitability, along with the higher LME prices. Regional supply issues and tighter aluminium scrap availability early in 2021 have contributed to increased regional aluminium premiums. A lower primary aluminium surplus, expected in 2021, together with increasing consumer demands for low carbon aluminium, may lead to the development of a more widespread "green aluminium premium".

Extra smelting production of around 1 million tonnes is expected mainly in Siberia, Malaysia, Iran, Norway, India and Argentina in 2021. Potential reductions in Spain and New Zealand are looking less likely. Downside risks include economic disruption due to COVID-relapses, higher-than-expected Chinese primary production, lower Chinese prices and a sentiment-based reversal of the recent direction of the LME aluminium price.

Alumina

As the production of primary aluminium was flat in 2020 outside China, so too was the demand for metallurgical alumina. However, demand for non-metallurgical alumina fell by over 12% outside China in 2020 due to COVID's impact. Total alumina production outside China grew by 4% over 2020, while falling in China by around 1%. Sporadic supply disruptions in and outside China had temporarily boosted Chinese alumina prices in the second half of 2020. Eventually prices rationalised towards the marginal costs' level and stabilised around RMB 2,300 per tonne towards the final quarter of 2020. Over 2020, the API averaged $271 per tonne, compared with $332 per tonne over 2019. The API was higher in the second half of 2020 due to increasing demand for alumina, short-term supply tightness, higher alumina refining costs and a rally in LME aluminium prices. Since December 2020, the API surpassed Chinese import parity prices (the Chinese domestic price minus extra costs and taxes of importing alumina) on higher LME aluminium prices, which stimulated greater alumina demand outside China. This, together with on-going exports to China, caused some regional supply/demand tightness, despite an overall alumina surplus outside China. Some supply restrictions in China in January 2021 caused the gap between the Chinese alumina import parity price and the API to narrow again.

Despite COVID-triggered curtailments in the first half of 2020, China's alumina production in the second half of 2020 recovered, with the resumption of idled capacity and the rollout of new capacity in Southern provinces. However, severe pollution towards the end of the year saw temporary capacity curtailments in northern China. Metallurgical production in China registered a marginal drop of 1% to 67.5 million tonnes.

China continued to import alumina, importing a total of 3.8 million tonnes in 2020. China's metallurgical alumina market over 2020 is estimated to have been broadly balanced, with a marginal deficit of 0.4 million tonnes.

In 2021, around 4 million tonnes per annum of alumina capacity is expected to be added in China. China's metallurgical alumina production is forecast to grow by 6%. Driven by growth in demand from primary aluminium, China's metallurgical alumina market is expected to be in deficit again, which will be balanced by importing alumina.

Average Chinese alumina production costs dropped by 13% to $271 per tonne in 2020. Most input costs such as bauxite, caustic soda and coal decreased, as China uses more imported bauxite, which requires less caustic and lower energy, coupled by subdued prices for those materials.

Outside China, refining costs dropped by around 10% in 2020, averaging $218 per tonne. Fuel costs fell by 22% as the oil price plunged and bauxite costs fell by 6%, due to lower energy and freight costs. Caustic soda costs also fell by 10%. Alumina costs globally in 2021 are expected to be higher due primarily to higher energy costs and likely higher freight costs.

A stronger RMB against the US dollar is expected to raise the Chinese refining cost curve in US dollar terms.

Over the medium to longer term, more cost-effective refineries are expected to be built along the Chinese coast, replacing high-cost inland capacity. China is expected to produce sufficient alumina to only meet its internal demand, while importing the surplus from outside China when the arbitrage window is open. China is not expected to be a net exporter of alumina in the medium to longer term, although there may be temporary periods of export if there are supply shocks outside China, as occurred in 2018.

Outside China, just around 600,000 tonnes of alumina production from new capacity is expected in 2021. This is forecast to come mainly from the Bintan greenfields refinery and phase 2 of the Well Harvest Winning refinery, both in Indonesia. However, alumina production there is expected to be delayed to later in the year than they were previously forecast. This is expected to be supplemented by some extra alumina from an expanded Utkal refinery in India. In February 2021 Vedanta announced approval of resumption of its brownfields expansion at the Lanjigarh refinery in India.

Absent a stronger-than-expected aluminium production recovery in 2021, and subject to the consumption recovery of non-metallurgical alumina, a surplus of metallurgical alumina is still expected outside China of nearly 2.9 million tonnes. This would be smaller than the 2020 surplus of 3.8 million tonnes and would be likely exported to China to balance the market globally.

Bauxite

China's demand for imported bauxite continued to grow in 2020, importing a total of 112 million tonnes, a 11% increase over 2019. Guinea (47%), Australia (33%) and Indonesia (17%) made up 97% of the bauxite imports into China. In December 2020, Indonesia extended its deadline to ban bauxite exports from January 2022 to June 2023.

By the end of 2020, nearly 60% of China's bauxite consumption was from imported sources. With more alumina capacity planned in coastal China, and the on-going decline in Chinese domestic bauxite quality, the appetite for imported bauxite is likely to grow in China.

Average delivered bauxite prices to China (normalised) dropped from $51.70 per tonne in 2019 to $46.70 per tonne in 2020, due to lower oil prices and an on-going supply surplus, particularly from Guinea. Some Chinese refiners hold collectively around 59 million tonnes of imported bauxite inventory, or 30 weeks of supply, which adds more pressure to bauxite prices. Assuming the oil price and freight market recover from the COVID shock, third-party bauxite costs are expected to rise in 2021, although the expected bauxite supply surplus is likely to continue to exert downward pressure on the bauxite price.

AWAC Guidance

The following 2021 guidance is provided to assist the understanding of the sensitivity of AWAC results to key external factors. The guidance cannot be expected to be predictive of exact results; rather it provides direction and approximate quantum of the impact on AWAC results. Sensitivity of each element of the guidance has been considered in isolation and no correlation with movements in other elements within the guidance has been made.

ITEM	2021 GUIDANCE
Production – alumina	Approximately 12.8 million tonnes
Production – aluminium	Approximately 163,000 tonnes
Third party bauxite shipments	Approximately 8.0 million BD tonnes
Alumina Price Index sensitivity[1]: +$10/t	Approximately +$115 million EBITDA
Caustic price sensitivity[2]: +$100/dry metric tonne	Approximately -$90 million EBITDA
Australian $ Sensitivity: + 1¢ AUD/USD	Approximately -$21 million EBITDA
Brazilian $ Sensitivity: + 1¢ BRL/USD	Minimal impact
SGA shipments expected to be based on alumina price indices or spot	Approximately 97% for the year
AWAC sustaining capital expenditure	Approximately $225 million
AWAC growth capital expenditure	Approximately $25 million
AWAC Point Comfort after tax restructuring[3, 4] Charges (IFRS) Cash Flows	 Approximately $15 million Approximately $30 million
AWAC Suralco after tax restructuring[3] Charges (IFRS) Cash Flows	 Approximately $10 million Approximately $35 million
AWAC Point Henry and Anglesea after tax restructuring[3] Charges (IFRS) Cash Flows	 Approximately $5 million Approximately $10 million

[1] Excludes equity accounted income/losses for the Ma'aden joint venture.

[2] Caustic inventory flow is 5-6 month.

[3] Ongoing costs will be recognised in future financial years relating to the curtailments and closures.

[4] The closure of the Point Comfort refinery was announced on 17 December 2019

Extract from AWAC's Unaudited Combined Financial Statements

Note Regarding Non-IFRS Financial Information

AWAC financial information has been extracted from unaudited combined financial statements prepared in conformity with accounting principles generally accepted in the United States of America.

AWAC Profit & Loss

	US$ MILLION	
	YEAR ENDED 31 DEC 2020	**YEAR ENDED 31 DEC 2019**
Sales	3,118.0	3,771.8
Sales to related parties	1,211.5	1,444.0
Total revenue	**4,329.5**	**5,215.8**
Cost of goods sold	3,308.0	3,537.6
Selling, general administrative, and research and development expenses	90.0	121.8
Provision for depreciation, depletion and amortisation	288.4	306.0
Restructuring charges and other (income)/expenses	35.9	290.5
Total expenses	**3,722.3**	**4,255.9**
Net profit before income taxes	**607.2**	**959.9**
Provision for taxes on income	(205.6)	(394.8)
Net profit after taxes	**401.6**	**565.1**
Members' equity		
Opening balance at start of year	**4,275.1**	**4,867.3**
Net profit	401.6	565.1
Capital contribution	60.1	127.5
Dividends paid and return of capital to partners	(517.1)	(1,179.8)
Common stock issued for compensation plans	1.9	3.9
Other comprehensive income/(loss)	(107.2)	(108.9)
Closing balance at end of year	**4,114.4**	**4,275.1**

AWAC Balance Sheet

	US$ MILLION	
	31 DECEMBER 2020	**31 DECEMBER 2019**
Current assets		
Cash and cash equivalents	440.2	418.7
Receivables	307.1	272.8
Inventories	567.1	518.8
Prepaid expenses and other current assets	116.9	165.2
Total current assets	**1,431.3**	**1,375.5**
Non-current assets		
Property, plant and equipment	3,151.7	3,138.0
Investments	448.4	458.6
Deferred income taxes	190.3	225.6
Other non-current assets	1,188.1	1,165.7
Total non-current assets	**4,978.5**	**4,987.9**
Total assets	**6,409.8**	**6,363.4**
Current liabilities		
Short term borrowings	77.7	0.5
Accounts payable	590.0	548.1
Taxes payable	26.9	58.3
Accrued compensation and retirement costs	201.8	185.9
Other current liabilities	213.5	209.4
Total current liabilities	**1,109.9**	**1,002.2**
Non-current liabilities		
Capital lease obligations and long-term debt	0.8	78.2
Deferred income taxes	147.8	168.0
Accrued pension and other postretirement benefits	128.1	130.0
Assets retirement obligations	500.2	453.3
Other long-term liabilities and deferred credits	408.6	256.6
Total non-current liabilities	**1,185.5**	**1,086.1**
Total liabilities	**2,295.4**	**2,088.3**
Net assets	**4,114.4**	**4,275.1**
Equity		
Members' equity	6,588.3	6,641.8
Accumulated other comprehensive loss	(2,473.9)	(2,366.7)
Total members' equity	**4,114.4**	**4,275.1**

AWAC Statement of Cash Flows

	US$ MILLION	
	YEAR ENDED 31 DEC 2020	YEAR ENDED 31 DEC 2019
Cash flows from operating activities		
Net profit	401.6	565.1
Adjustments to reconcile net income to cash from operations		
Depreciation, depletion and amortisation	288.4	306.0
Other items[1]	(18.2)	35.2
Net cash inflow/(outflow) from operating activities	**671.8**	**906.3**
Cash flows from financing activities		
Dividends paid and return of capital to partners	(517.1)	(1,179.8)
Net change in debt	(0.4)	(5.9)
Payments on capital lease obligations	-	-
Capital contributions	60.1	127.5
Net cash inflow/(outflow) from financing activities	**(457.4)**	**(1,058.2)**
Cash flows from investing activities		
Capital expenditures	(211.3)	(176.9)
Other items	2.0	3.7
Net cash inflow/(outflow) from investing activities	**(209.3)**	**(173.2)**
Effect of exchange rate changes on cash and cash equivalents	16.4	3.5
Cash generated	**21.5**	**(321.6)**
Cash and cash equivalents		
Cash and cash equivalents at the beginning of the year	418.7	740.3
Cash and cash equivalents at the end of the year	440.2	418.7
Net change in cash and cash equivalents	**21.5**	**(321.6)**

[1]Other items consists of net movement in working capital and other non-current assets and liabilities.

Reconciliation of AWAC's US GAAP to IFRS Profit

	US$ MILLION	
	YEAR ENDED 31 DEC 2020	YEAR ENDED 31 DEC 2019
AWAC profit before tax (US GAAP)	**607.2**	**959.9**
Adjustments made to align with IFRS		
Asset Retirement Obligations and Defined Benefit Plan	0.8	(15.1)
Restructuring related charges	7.2	40.5
Other	10.0	(1.3)
AWAC profit before tax (IFRS)	**625.2**	**984.0**
AWAC provision for taxes on income (USGAAP)	**(205.6)**	**(394.8)**
Adjustments made to align with IFRS	(4.3)	(5.4)
AWAC provision for taxes on income (IFRS)	**(209.9)**	**(400.2)**
AWAC profit before tax (IFRS)	625.2	984.0
AWAC provision for taxes on income (IFRS)	(209.9)	(400.2)
AWAC profit after tax (IFRS)	**415.3**	**583.8**