



ALUMINA  
LIMITED

## Citi 5<sup>th</sup> Annual Australia & New Zealand Investment Conference – London 2008

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Chief Financial Officer

10 & 11 March 2008

# Disclaimer

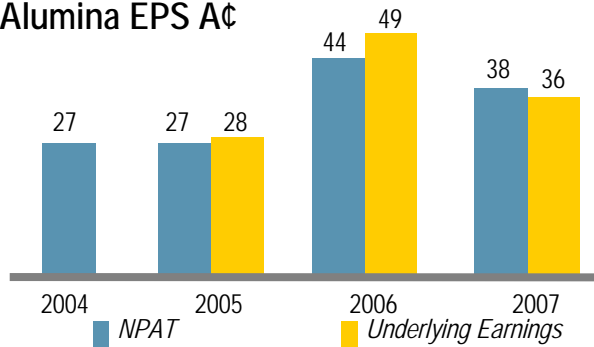
*Some statements in this release are forward-looking statements within the meaning of the US Private Securities Litigation Reform Act of 1995. Forward-looking statements also include those containing such words as “anticipate”, “estimates”, “should”, “will”, “expects”, “plans” or similar expressions. Forward-looking statements involve risks and uncertainties that may cause actual outcomes to be different from the forward-looking statements. Important factors that could cause actual results to differ from the forward-looking statements include: (a) material adverse changes in global economic, alumina or aluminium industry conditions and the markets served by AWAC; (b) changes in production and development costs and production levels or to sales agreements; (c) changes in laws or regulations or policies; (d) changes in alumina and aluminium prices and currency exchange rates; and (e) the other risk factors summarised in Alumina’s Form 20-F for the year ended 31 December 2006*

# Presentation

- ▶ Alumina Limited Snapshot
- ▶ Market Update
- ▶ AWAC Growth Projects
- ▶ Outlook for Aluminium

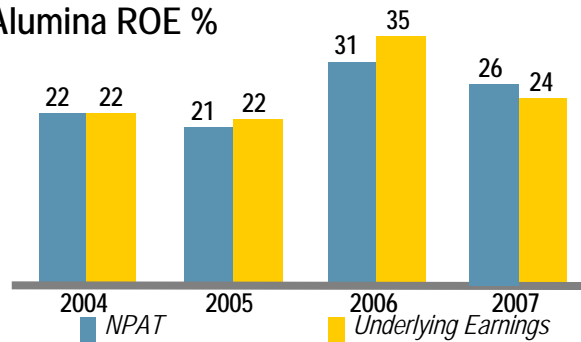
# Alumina – 2007 Financials

Alumina EPS A¢



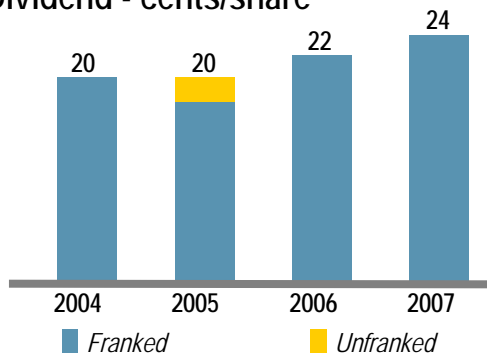
- ▶ Underlying Earnings down 29%, impacted by lower margins
  - higher alumina and metal prices
  - stronger A\$
  - higher operating costs

Alumina ROE %



- ▶ ROE (underlying) - 24%
- ▶ Significant investment in new production capacity

Dividend - cents/share



- ▶ Dividend increased - 24 cps
- ▶ A\$250m share buy-back completed

# Alumina – 2008 Capital Management

## ▶ Priorities:

- Maintain robust financial metrics
- Maximise distribution of franking credits


## ▶ Requirements:

- Dividend at least at 24 cps
- Capital contribution for AWAC growth projects - approx US\$480m

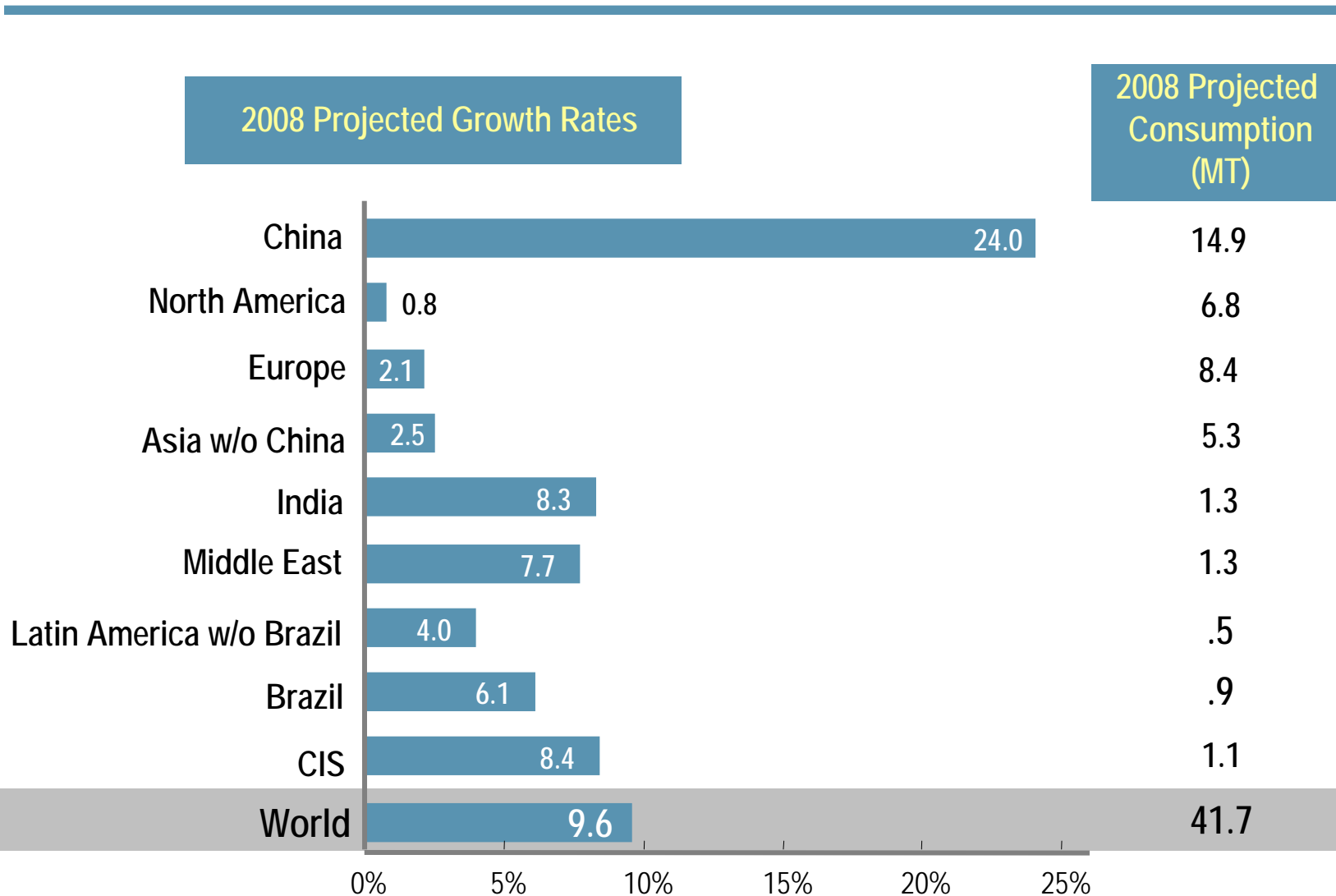
## ▶ Funded by:

- 100% dividend payout by AWAC
- Underwritten Alumina Dividend Reinvestment Plan
- Additional debt funding - approx A\$400m

# Aluminium – Strong Fundamentals

- 
- ▶ Global demand forecast to grow strongly - approx 10% through 2008
    - Chinese domestic consumption growth - approx 24%
    - emerging economies' growth - 4-9%
    - western world growth - approx 2%
  - ▶ Aluminium market now trending to balanced in 2008
    - capacity curtailments in China, South Africa
  - ▶ LME prices have strengthened
    - impact of power disruptions on supply

# Aluminium – Consumption Growth



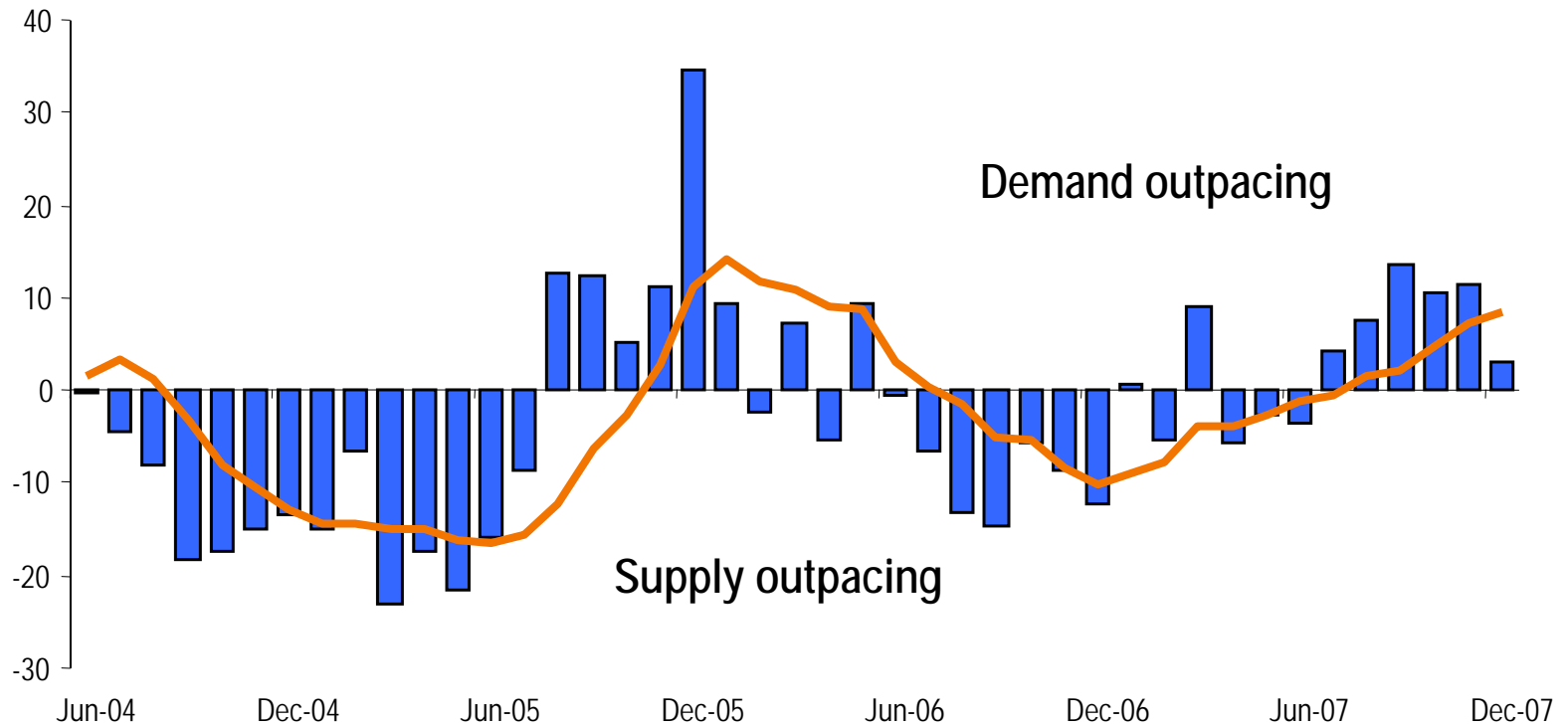
Source: Alcoa – Jan 2008

# China – Aluminium Demand Outstripping Supply



## Demand Growth minus Supply Growth

(YoY % change diff)

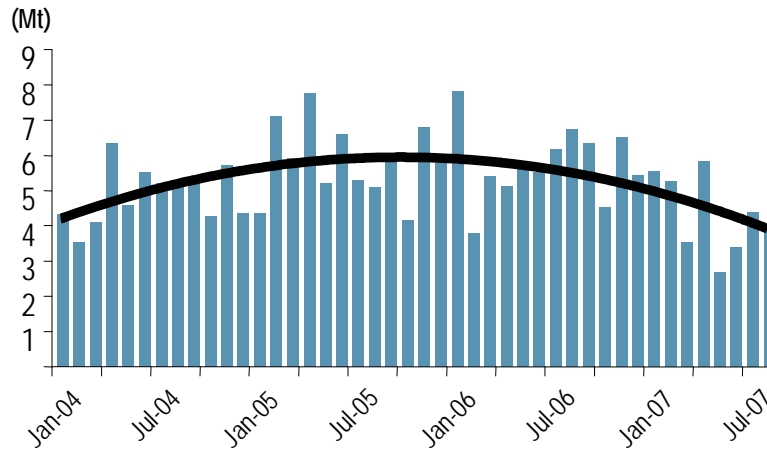


Source: ANZ Bank, quoting China Customs



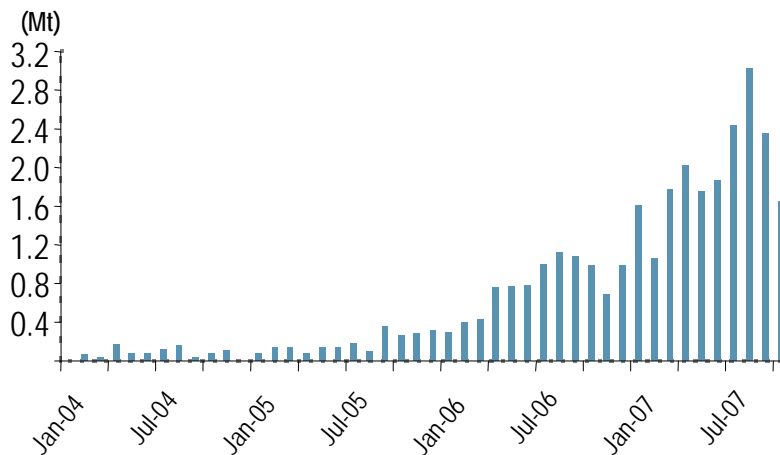
# Alumina – Global Market Balanced

Chinese Alumina Monthly Imports



- ▶ Forecast - modest oversupply, up to 1m tonnes
- ▶ Timing of new Chinese alumina refining capacity - key supply uncertainty
- ▶ 2008 industry costs - higher energy, raw material, and currency

Chinese Bauxite Monthly Imports



# Alumar Growth Project

## ▶ Refinery capacity expansion

- AWAC - 1.1mtpa
- construction approx 2/3 complete
- initial production in 1Q 2009



# Alumar Project – Capacity Expansion



Filtration



Precipitation



Calcination



Port Expansion

# Juruti Growth Project

## ► Bauxite mine

- initial capacity 2.6mpta
- port and mine processing facilities well advanced
- first bauxite production year end 2008
- infrastructure investment facilitates future capacity growth

# Juruti Mine Facilities

Mining, Rail Loading



Port Facility



# Juruti Mine Construction Progress



*Washing plant*

## *Beneficiation*



## *Port*

*Pier access bridge*



## *Railroad*



*Railroad from mine to port*



# Outlook for Aluminium

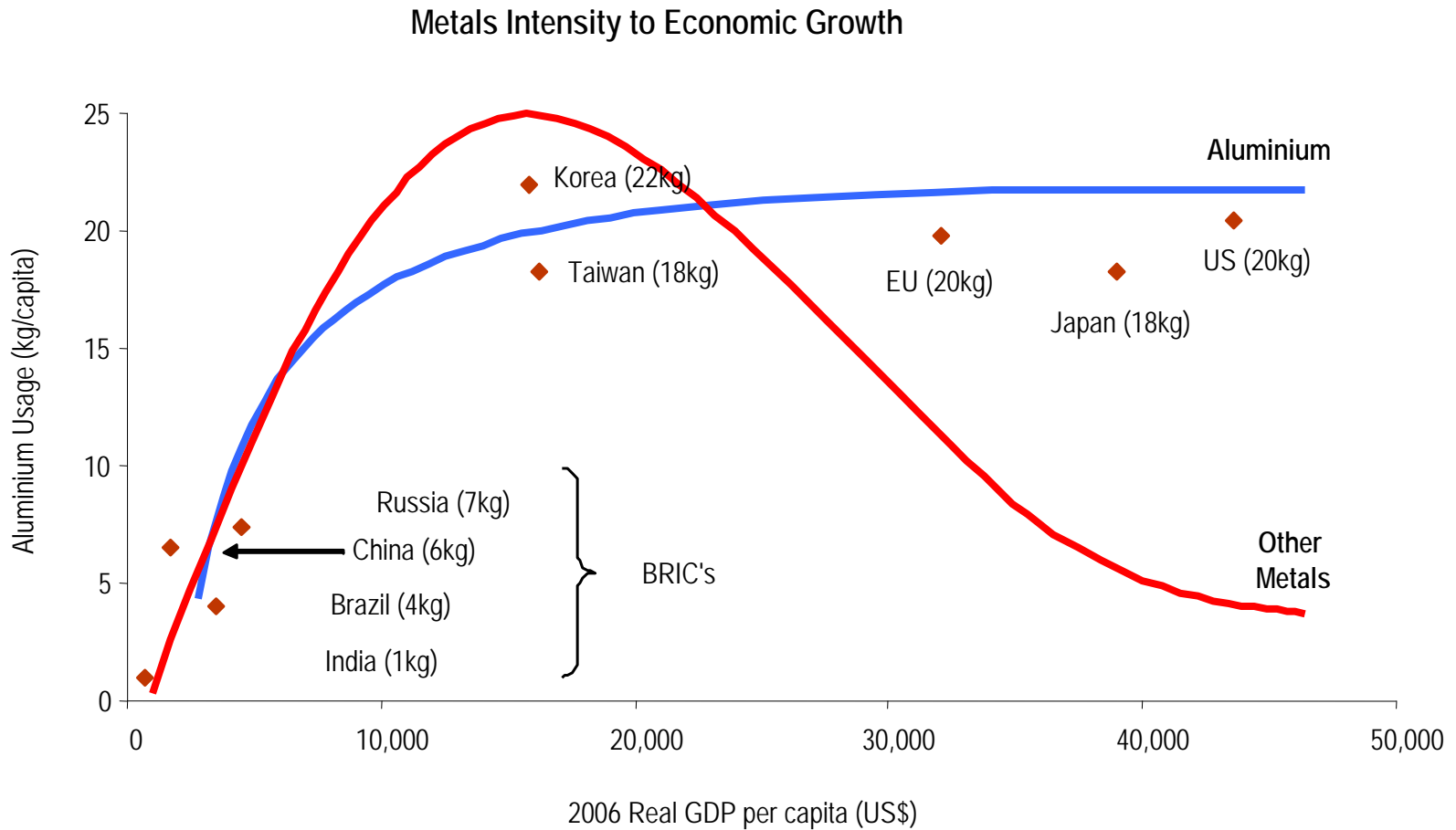
# Aluminium Industry Fundamentals are Strong



- ▶ Consumption projected to double by 2020 - driven mainly by China
- ▶ Supply growth required - 3x growth rate in past 20 years
- ▶ A new cost environment
  - Higher raw material costs
  - Increasing energy prices
  - Currency appreciation
  - Construction cost escalation
- ▶ High cost marginal production capacity
- ▶ Support a high price environment

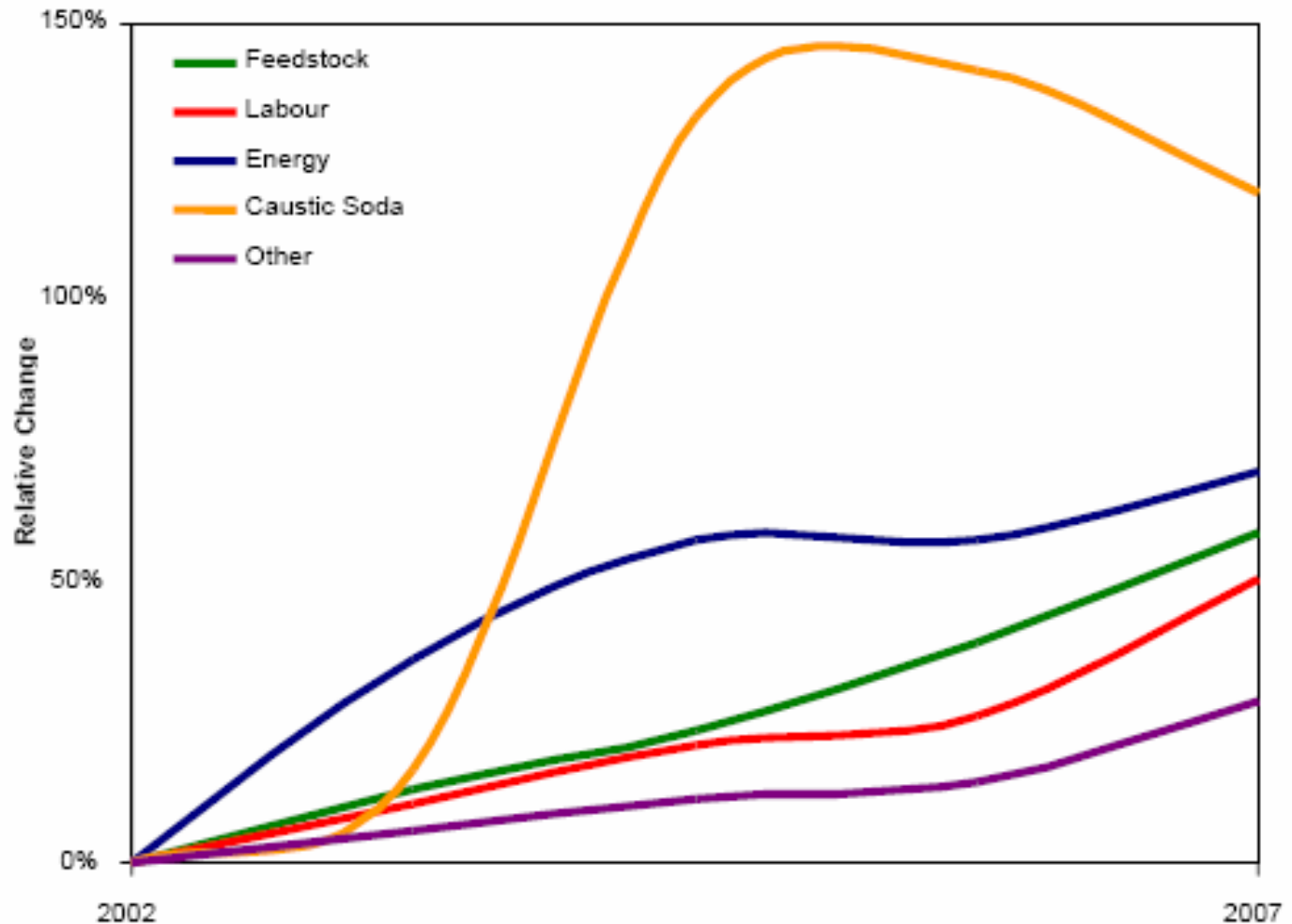


# BRIC Consumption Growth Potential



Source: ANZ Bank, Datastream WMBS

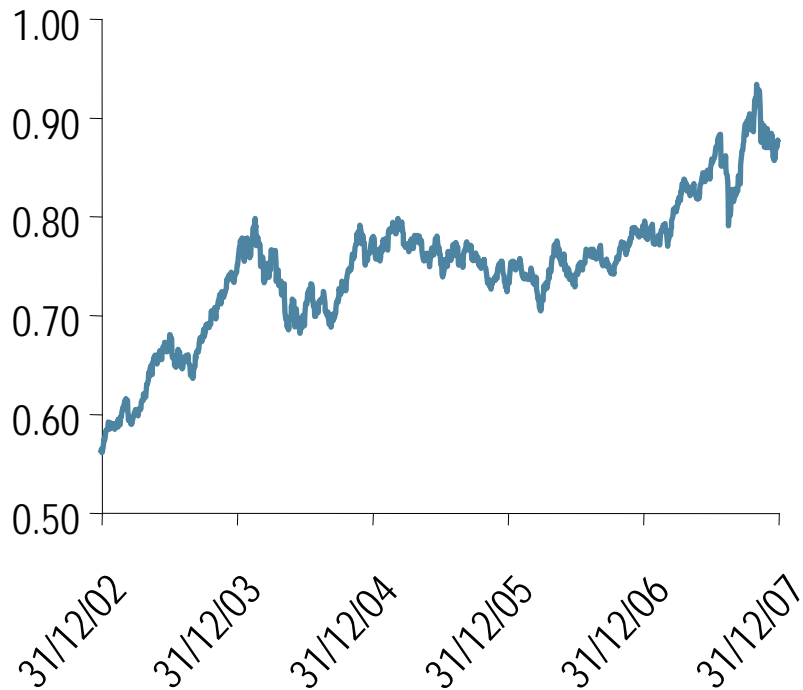
# Alumina Refining Input Cost Trends



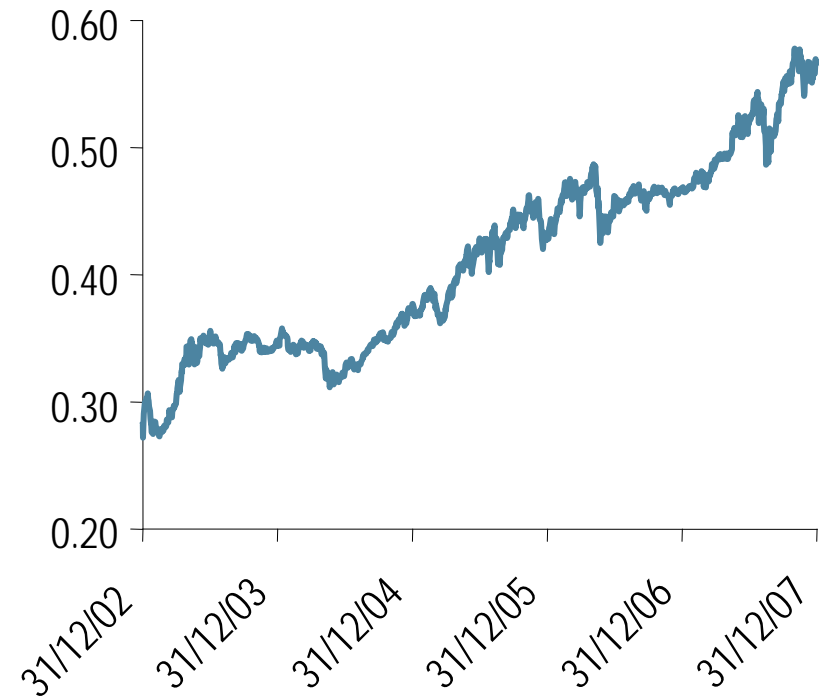
Source: AME, Nov 2007

# AUD and BRL – stronger against USD

AUD / USD (2002 - 2007)



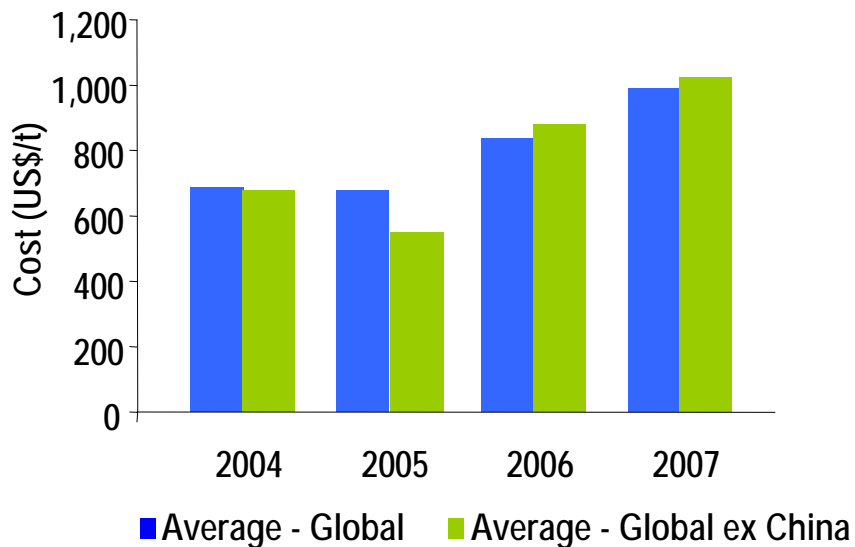
BRL / USD (2002 - 2007)



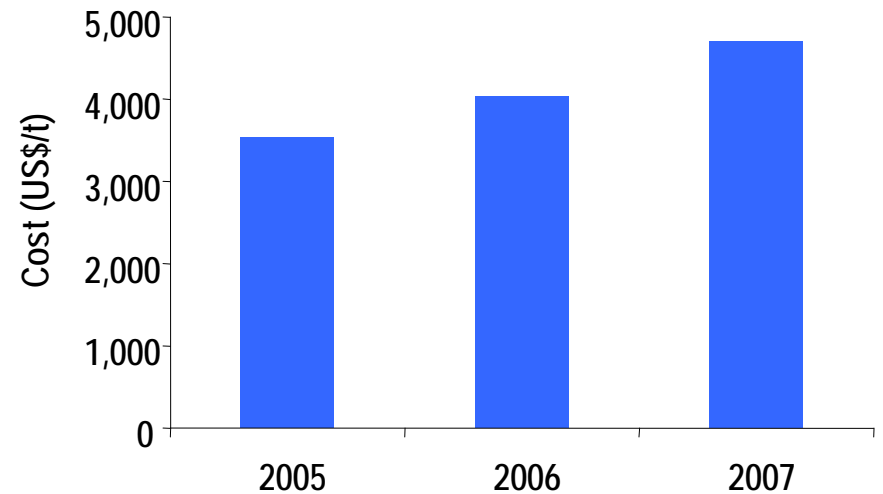
Source: Bloomberg

# Rising Costs of New Capacity

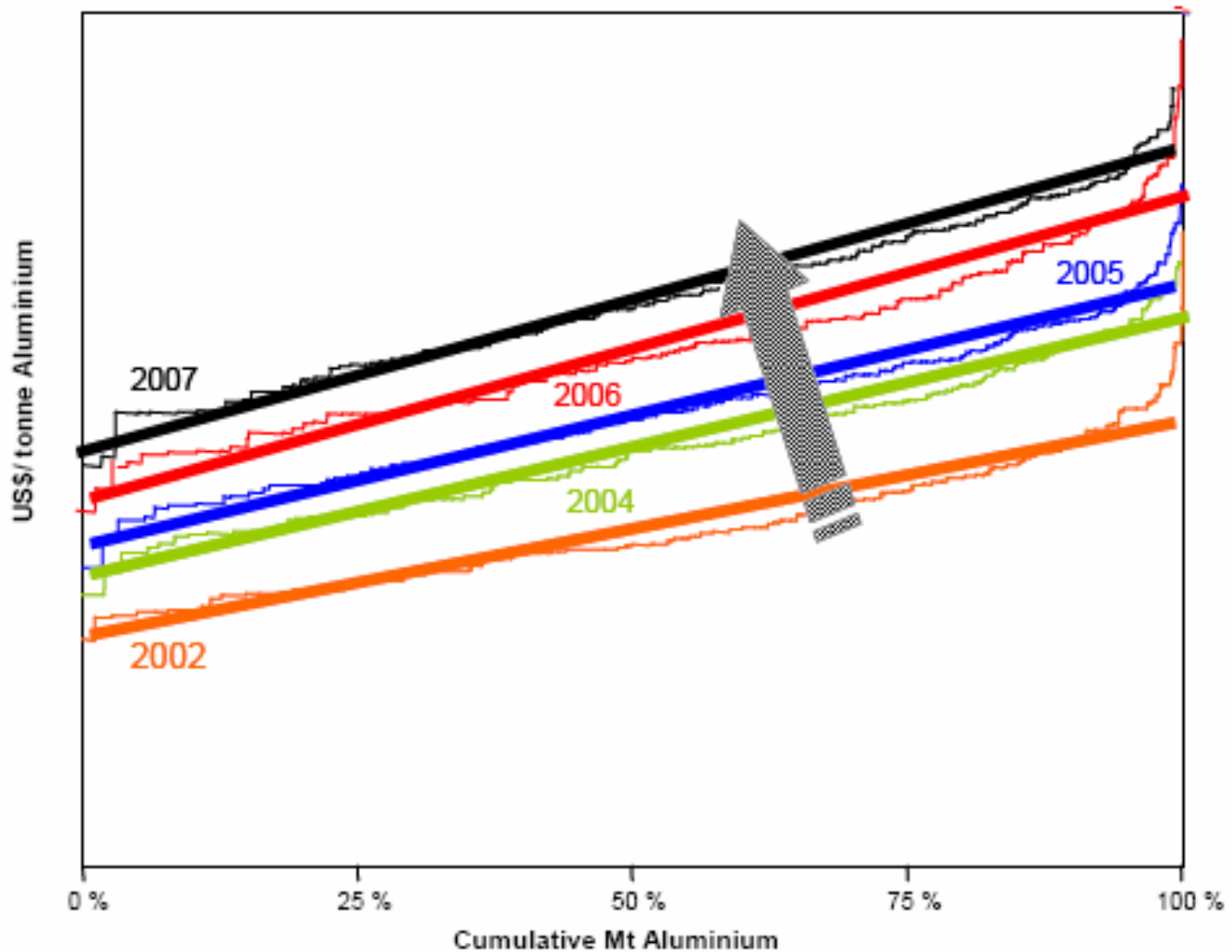
Average Cost Per Tonne of Alumina Capacity (2004-2007)



Average Cost Per Tonne of Aluminium Capacity Global Average (2005 - 2007)

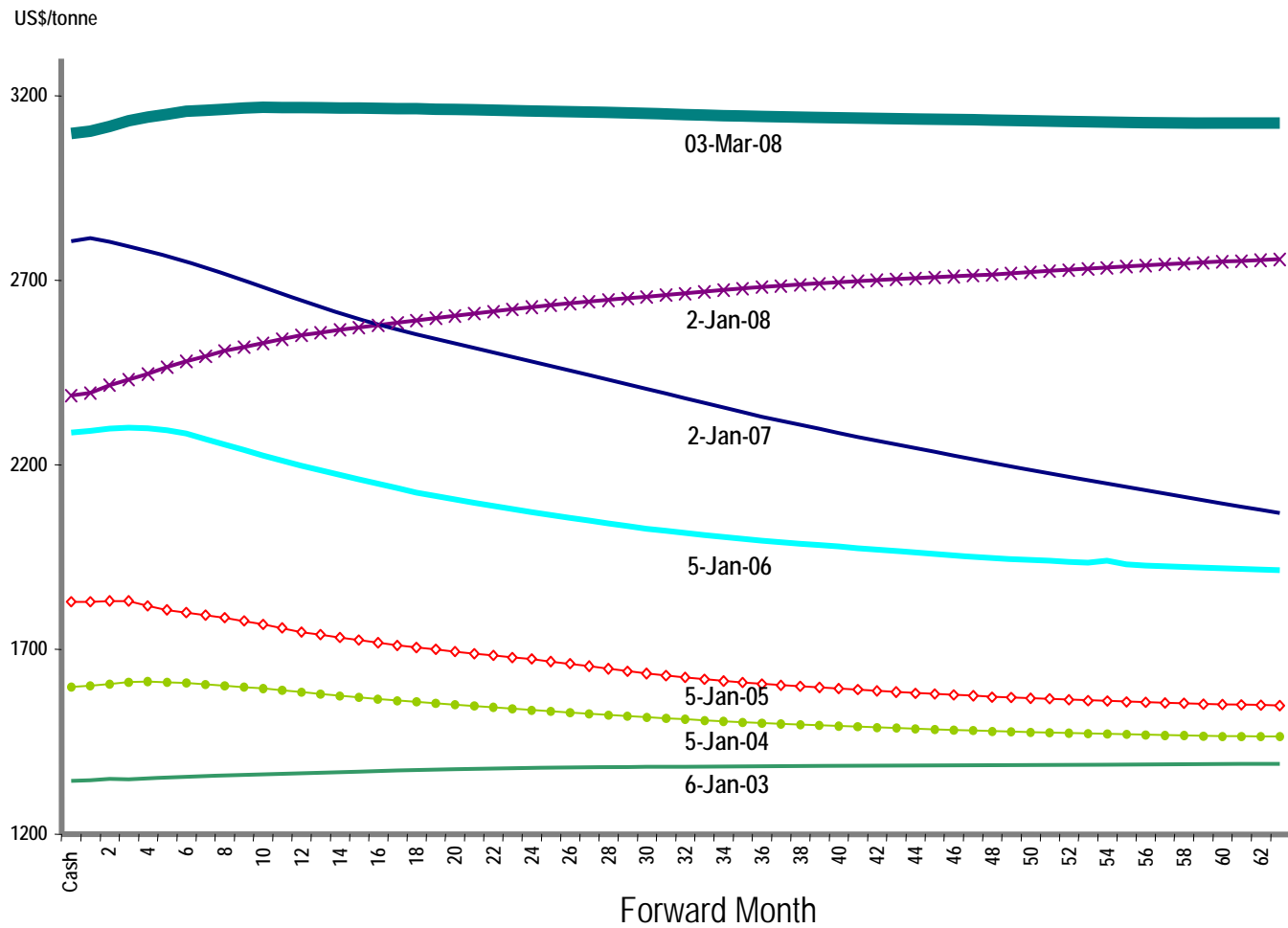


# Smelting Cash Cost Trends



Source: AME, Nov 2007

# Aluminium Forward Price Evolution



Source: LME, March 2008

# AWAC – well positioned to grow



- ▶ Approx 19% of global refining capacity
- ▶ Long life, quality bauxite resources
- ▶ Low operating cost
- ▶ Production close to major markets
- ▶ Long term supply contracts with blue chip customers



# Questions