



Alumina Limited

Morgan Stanley Asia Pacific Summit 2015

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Alumina Limited investment proposition



Industry context

- Demand pull
- Cost push
- Supply risks

- Alumina demand forecast – 4.3% CAGR from 2014 to 2024
- Refining issues in medium term
 - China: Cost and availability of imported bauxite
Declining domestic bauxite grades
 - RoW: Long lead times and low financial incentive for construction
- Competitive advantage for refineries with integrated bauxite supply

AWAC has a leading position

- Largest alumina producer and at lowest quartile of cost
- Largest bauxite producer: record production, abundant resource

AWAC's strategy is delivering

- De-link alumina pricing: 75% in 2015, 84% in 2016
- Further improving cost position: from 25th to 21st percentile by 2016
- Closed Point Henry smelter, sold Jamalco, fully curtailing Suriname, further curtailed Point Comfort, started production at low cost Saudi refinery

Alumina Limited provides a unique look-through to this opportunity

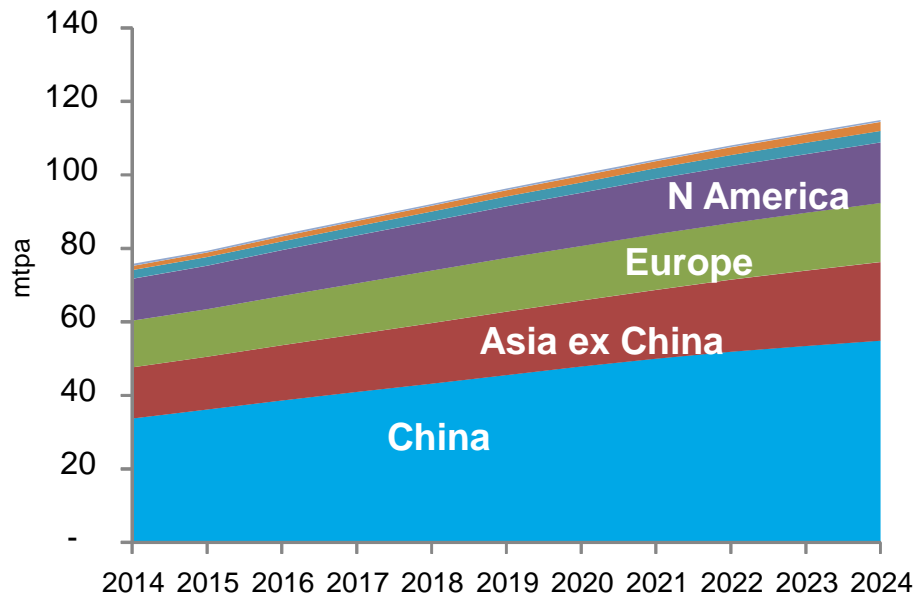
- Unique, largely pure investment in bauxite and alumina
- Positioned for upside: industry context, asset position and strategy
- Low debt and low levels of growth investment provide for dividend pass through



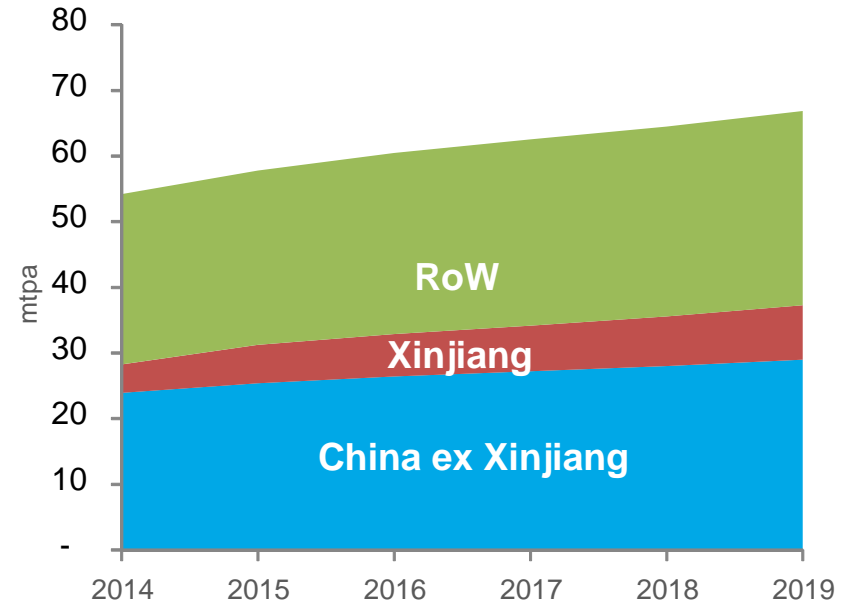
Industry Dynamics

Aluminium demand growth

Aluminium demand (includes scrap)



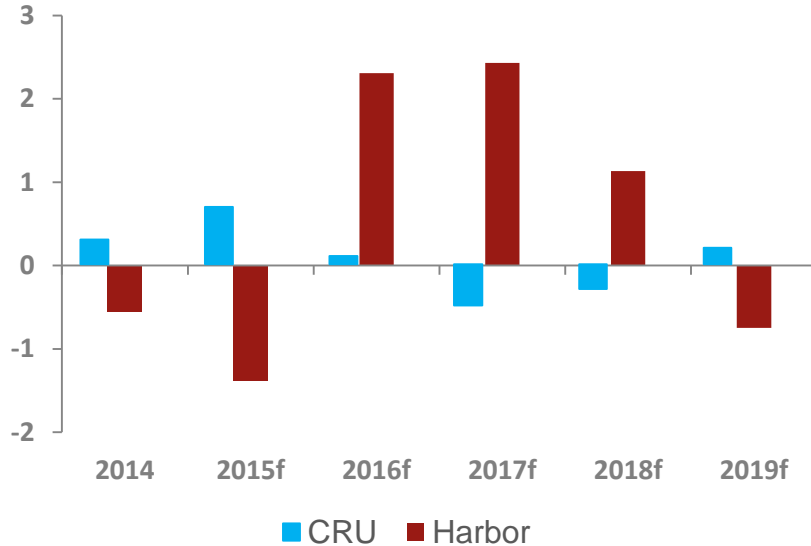
Primary aluminium production



- World aluminium demand forecast to rise at 4.3% CAGR 2014-2024.
- Main drivers of demand growth:
 - Electricity transmission in China
 - Transport in China and RoW

Alumina refining balance and capacity

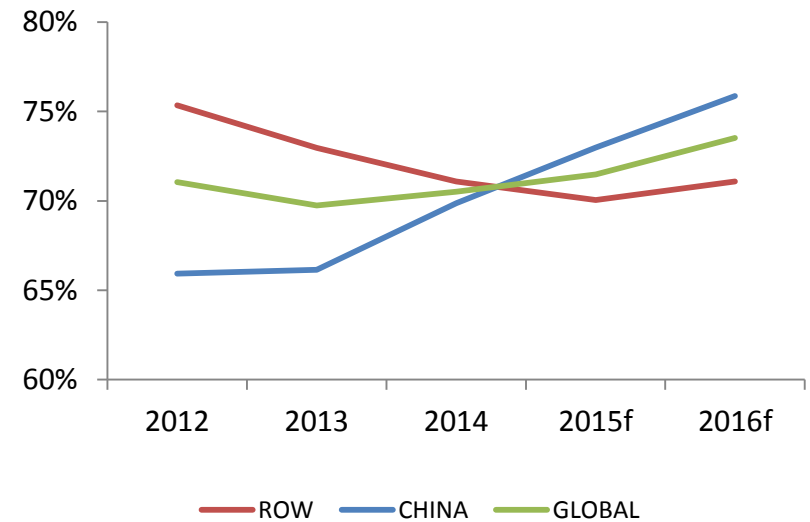
Refining capacity balance



Sources: HARBOR Aluminum November 2015 & CRU August 2015

- Alumina capacity surplus tightening
- 2016 depends on view of expansions in Indonesia and Shanxi province, where bauxite may become an issue

Global capacity utilisation

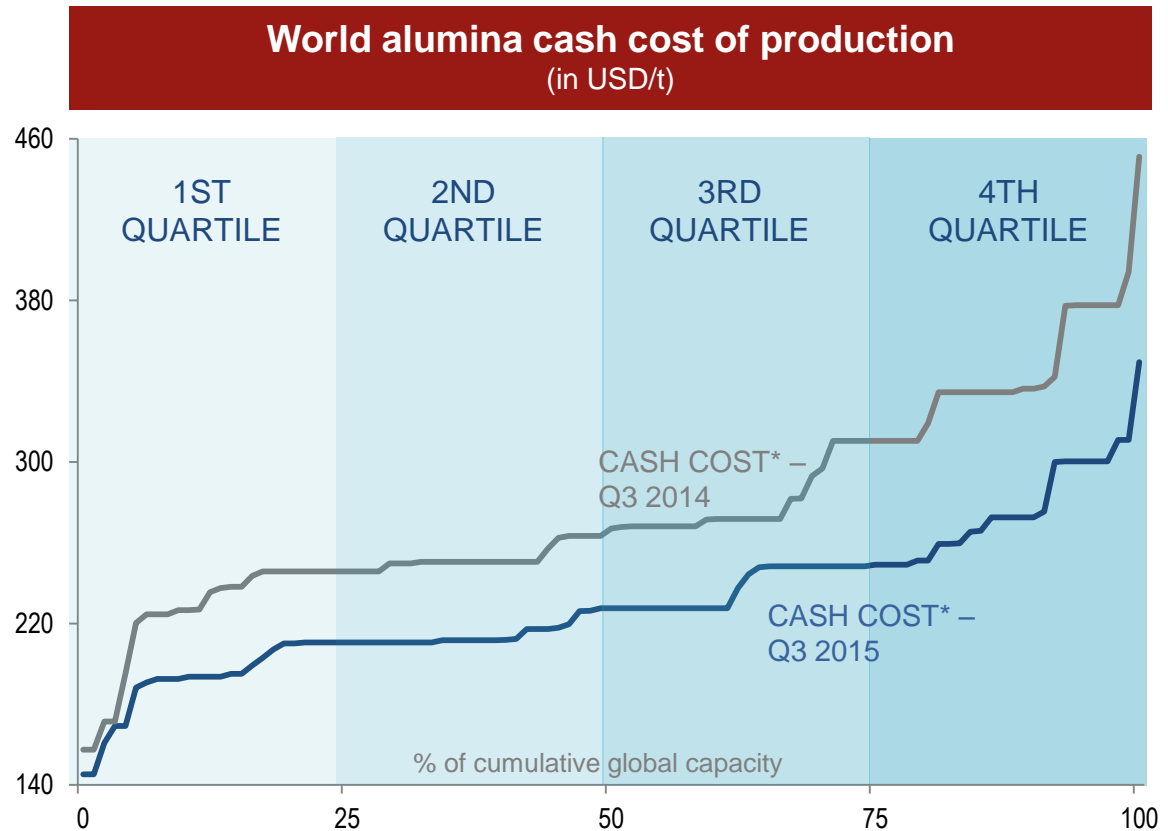


Source: HARBOR Aluminum, November 2015

- Global capacity utilisation increased as industry profitability improved

Alumina cash cost of production

- Alumina cost curve declines
- Main drivers:
 - USD strength
 - Energy prices: coal, oil, gas
 - Bauxite exports from Malaysia
 - Lower caustic prices

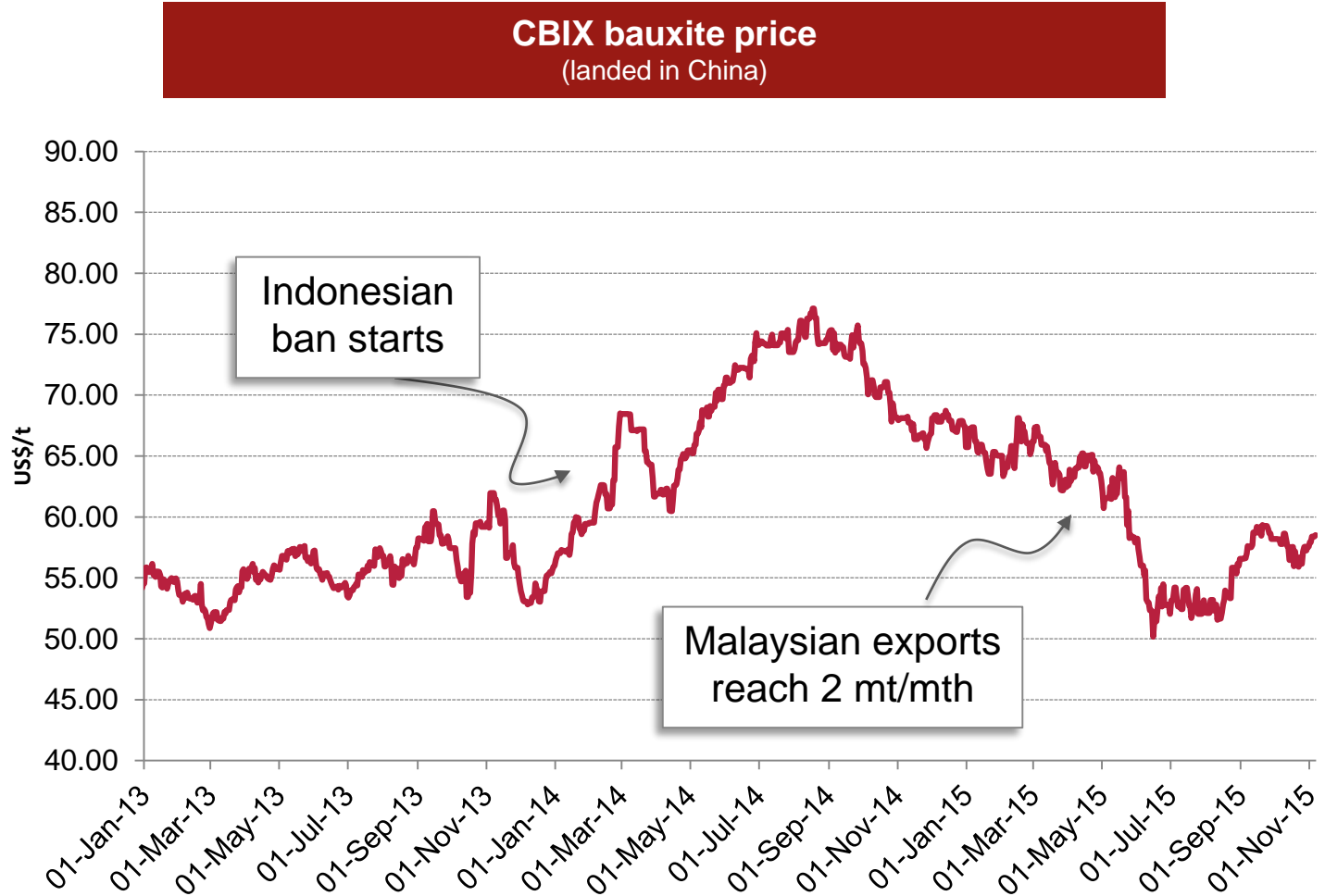


USD/t	Q3 2014	Q3 2015	Decline
Average	276	230	46
At 90 th percentile	379	305	74

Source: HARBOR Aluminum, November 2015

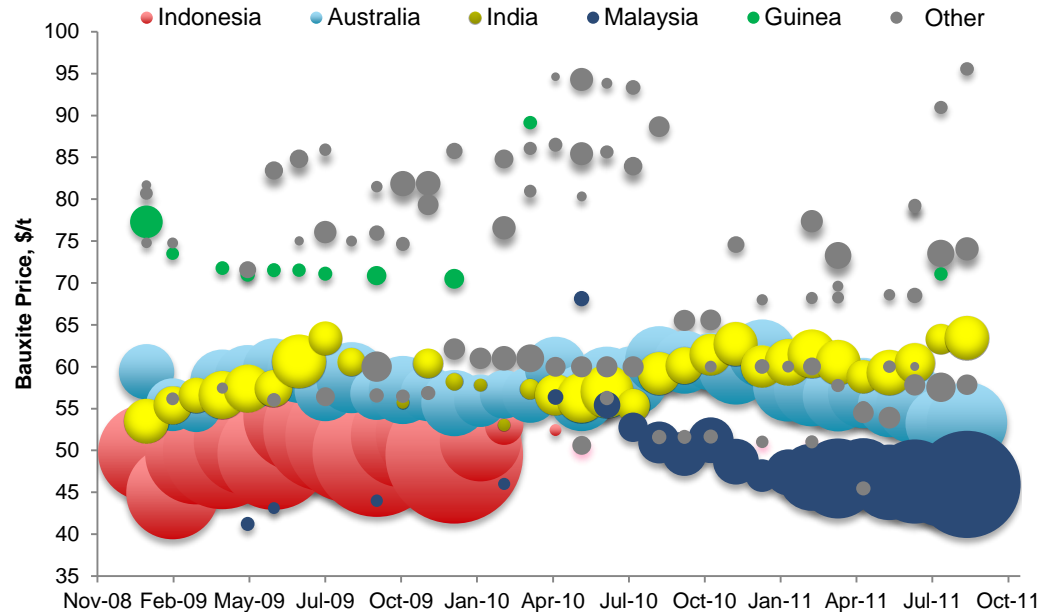
*Cash cost = Raw materials + Energy + Labor + Other operating costs. Total cost = Cash cost + depreciation + sustaining capital expenses + working capital + interest payments

China imported bauxite prices



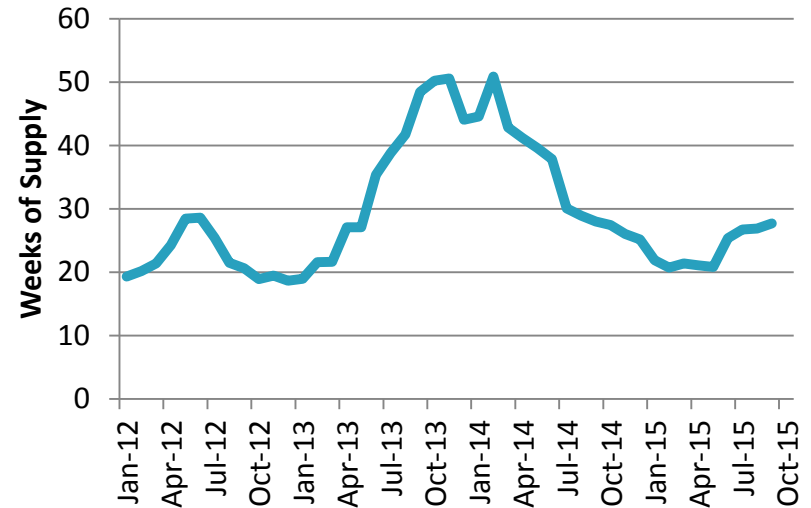
China bauxite imports and inventory

Chinese bauxite imports [1]



- Indonesian ban holds
- Malaysia effectively filling the gap
 - Expected to continue to supply at low cost/margins
 - The following constraints may reduce attractiveness:
 - community and regulatory restrictions
 - upward cost pressures
 - sterilisation of resource through sub-optimal mine planning
 - Resources and reserves limited: long term supply not sustainable

Chinese inventories in weeks of supply



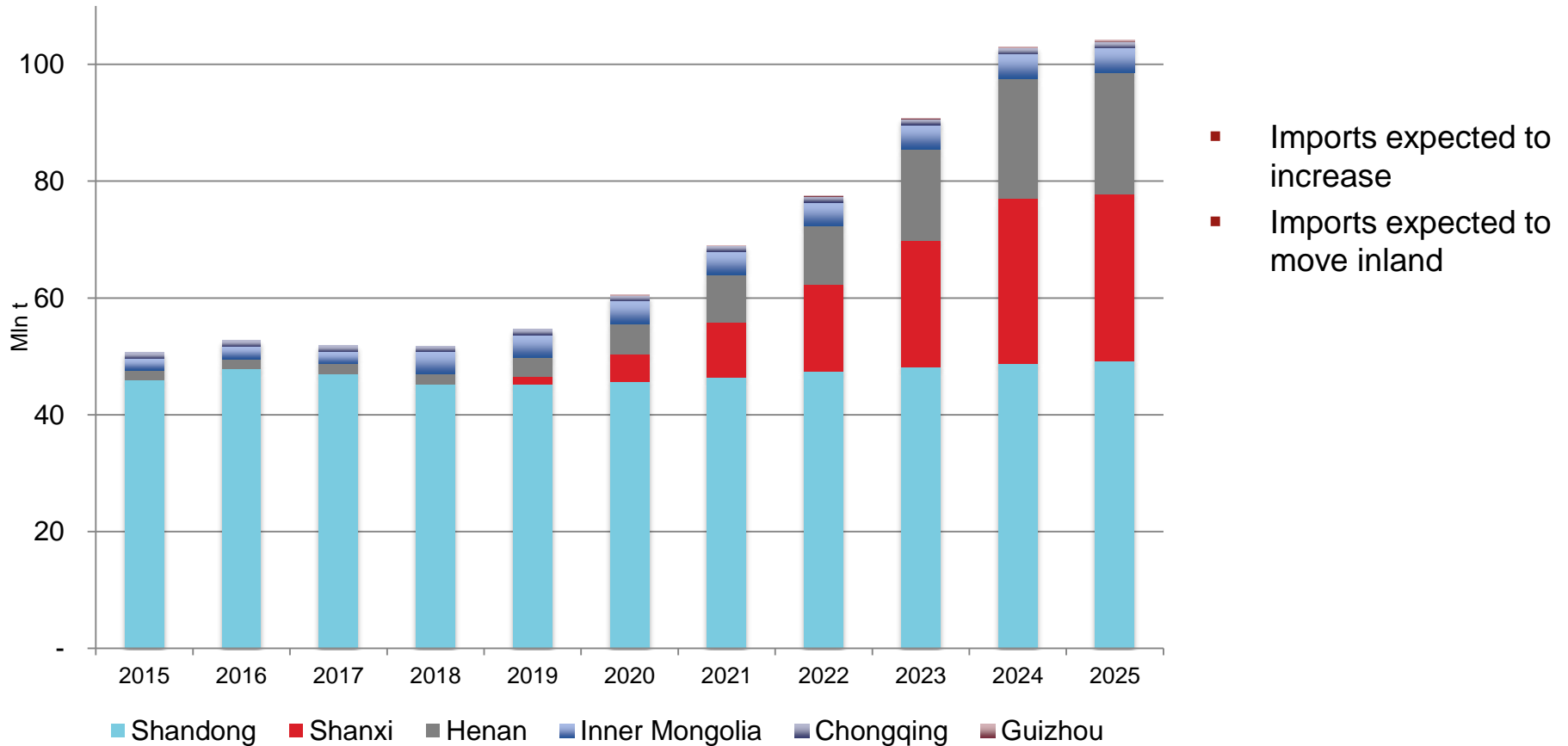
- China inventories around pre-Indonesian ban working level

Source: CM Group, November 2015

[1] Prices CIF Shandong, no adjustment for value-in-use

Chinese bauxite imports

Forecast of China bauxite imports



Bauxite reserves – selected countries (million tonnes)



Alumina Limited and AWAC

WA 12-year natural gas agreement

- Supply starts during 2020 (signed April 2015)
 - Initial supply of 120 terajoules per day
 - Combined with other recent agreements have replaced nearly 75% of supply maturing from 2020
- Requires prepayment of \$500m in two instalments
- Secures the low cost position of WA refining business
 - Removes significant supply and pricing uncertainty by contracting proven reserves
 - Sourcing from multiple fields and processing plants with mature production profiles
 - Impact of the gas supply agreements on AWAC's alumina production costs will not be material to the actual 2014 costs

AWAC Cash Flow Related to Gas Prepayment

June 2015:	\$300m prepayment
January 2016:	\$200m prepayment
From 2020:	A portion of gas supplied under the contract will require no further cash payment

Suralco Curtailment

- Curtailment of remaining 887,000 metric tonnes per year of alumina refining capacity to be completed by 30 November 2015
- Due to ongoing energy challenges, limited bauxite supply and market conditions
- Afobaka hydro works will continue to operate
- AWAC expects to incur US GAAP restructuring related charges (after tax) of between \$108 million and \$125 million in the second half of 2015
- Approximately 80% of the above restructuring charges are non-cash

Point Comfort Curtailment

- Curtailment of 1.2 million metric tonnes per year of alumina refining capacity to be completed by end of 1Q 2016
- Produced 1.9 million metric tonnes in 2014
- Uncompetitive under prevailing market conditions
- Will continue to produce chemical grade alumina
- AWAC expects to incur a post tax charge of \$4 million in 4Q 2015
- No further charges expected in relation to this curtailment

Ma'aden

- Began operating using bauxite from its own mine in December 2014
- Expected to produce 1.0 million tonnes (AWAC share 251,000 tonnes) in 2015
- Expected to be one of the lowest cash production cost per tonne refineries in the world

Alcoa Mining Business Unit

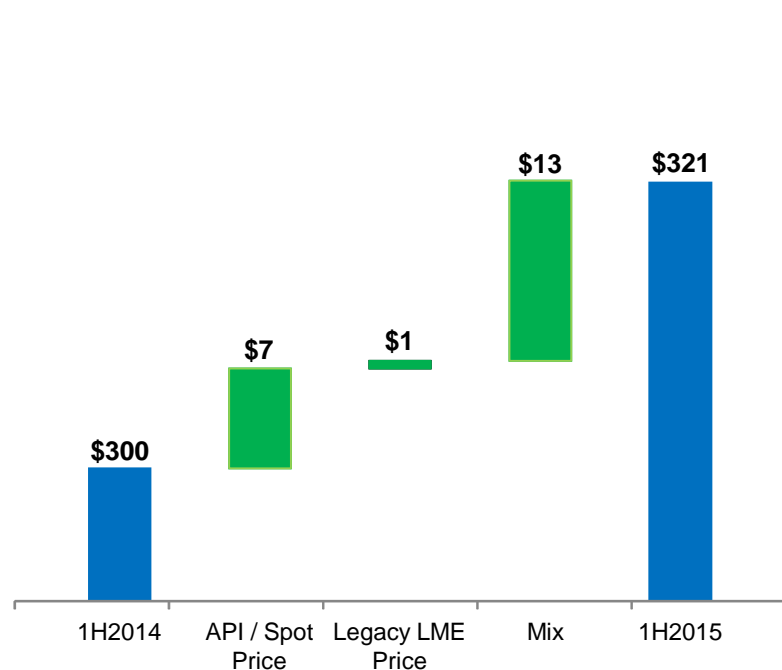
- Established in January 2015 and is predominantly represented by AWAC mining operations and interests
- Recognises the growing commercial value of bauxite, the extensive resource available and the mining capabilities and infrastructure capacity of AWAC

Anglesea Power Station and Coal Mine

- Permanently closed at the end of August 2015
- Restructuring charges after tax were \$37.4 million in 1H 2015. Further charges of \$15.4 million are expected in 2H 2015 and \$3.6 million thereafter
- Related cash payments are expected to be \$20 million in 2015 and \$40 million thereafter

AWAC prices and production

Average realised price per tonne

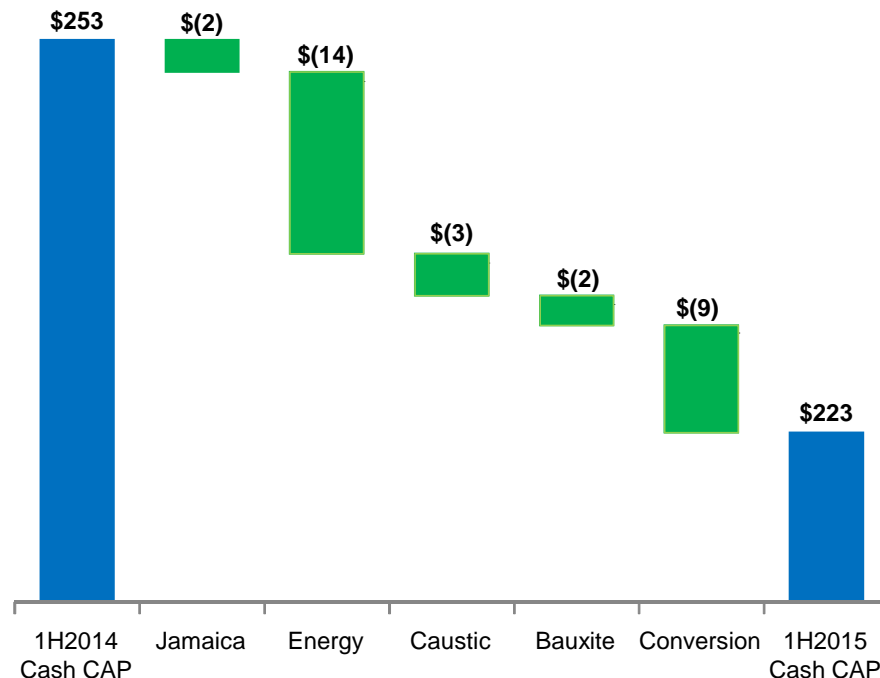


Market Prices (US\$ per tonne)	1H14	1H15
Ave alumina spot, one month lag ⁽¹⁾	325	344
Ave 3-month LME, two month lag ⁽²⁾	1,782	1,868
Spot/LME%	18.2%	18.4%

⁽¹⁾ Platts FOB Australia alumina price assessment; lagged one month – consistent with average sales contract pricing

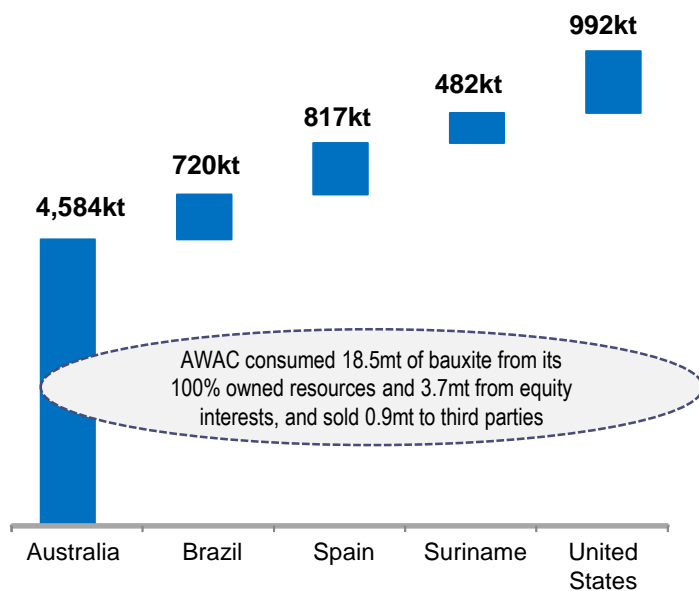
⁽²⁾ Thomson Reuters; lagged two months – consistent with average sales contract pricing

Cash cost of alumina production per tonne⁽³⁾

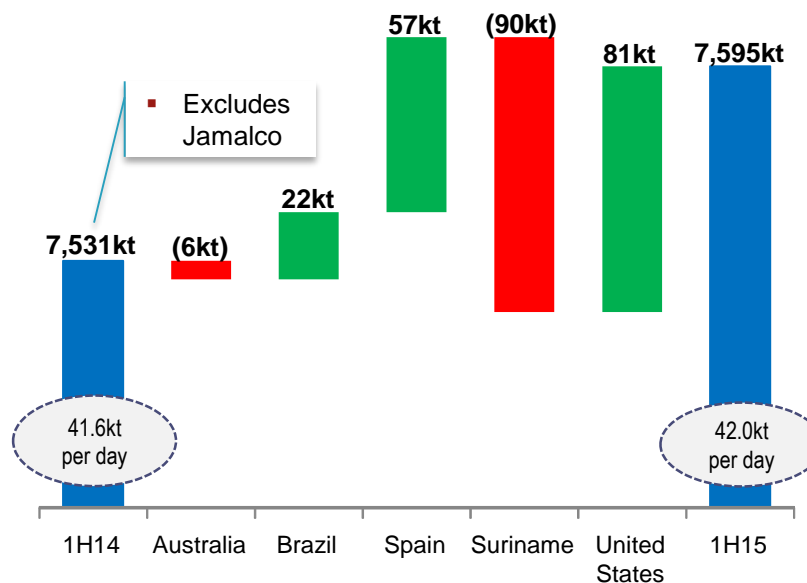


⁽³⁾ Defined as direct materials and labour, energy, indirect materials, indirect expenses, excluding depreciation. Movements can relate to usage, unit costs or combination of both, timing of maintenance, seasonal factors, levels of production and the number of production days and refinery mix. Includes the mining business unit at cost.

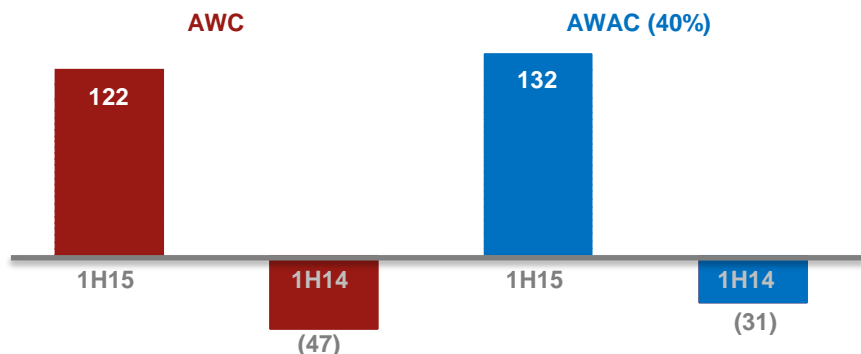
1H15 production was 7.6mt



Change by region: increase of 64kt



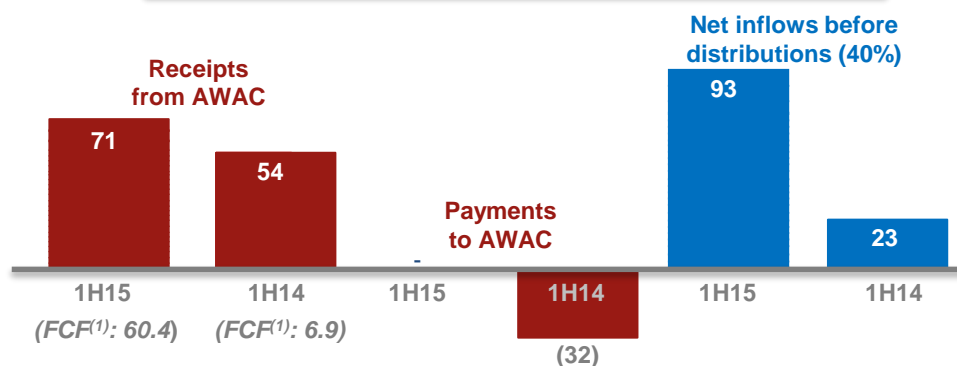
IFRS NPAT/(NLAT) (\$m)



Significant increase in NPAT of \$169m

- AWAC's higher realised alumina and aluminium prices
- Reduced AWAC production costs
- Lower corporate and finance costs

Cash Flow (\$m)



Increase in free cash flow of \$54m

- \$17m increase in AWAC receipts
- \$32m decline in contributions to AWAC
- \$5m decline in corporate and finance costs
- Gross receipts represented 31% of AWAC's net inflows before distributions

⁽¹⁾ Free cash flow is calculated as cash from operations less net investments in associates

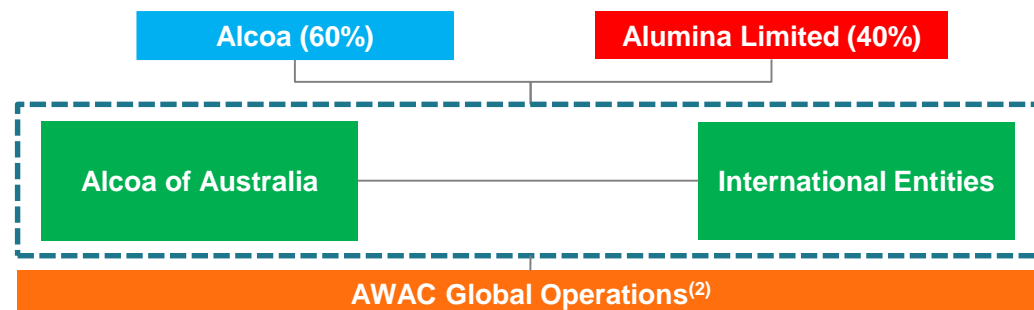
Appendix: Additional Information

Alumina Limited: a pure investment in Alcoa World Alumina & Chemicals (“AWAC”)

History and Summary

- Alumina Limited's relationship with Alcoa goes back to 1961
- Alumina Limited was created through the demerger of WMC Limited's interest in AWAC from its nickel, copper/uranium and fertilizer businesses and exploration and development interests in 2002
- All business activities are conducted through its 40% investment in AWAC – the world's largest producer of alumina and miner of bauxite
 - Formed in 1995 by WMC Limited and Alcoa Inc combining their global bauxite, alumina and selected aluminium operations
 - Alcoa Inc manages AWAC assets
 - Alumina Limited has two of five seats on the AWAC “Strategic Council” (principal forum for leadership of AWAC)

AWAC's⁽¹⁾ Underlying Businesses



Location	Bauxite Mines ⁽³⁾	Alumina Refineries	Aluminium Smelters ⁽⁵⁾
Australia	Huntly & Willowdale	Kwinana, Pinjarra & Wagerup	Portland (55%)
Suriname⁽⁴⁾	Coermotibo & Onverdacht	Paranam	-
Brazil	Trombetas (9.6%) & Juruti	Sao Luis (Alumar) (39%)	-
Guinea	Sangaredi (23%)	-	-
USA	-	Point Comfort ⁽⁶⁾	-
Spain	-	San Ciprian	-
Saudi Arabia	Al Ba'itha (Ma'aden), 25.1%	Ras al Khair (Ma'aden), 25.1%	-

⁽¹⁾ AWAC is a JV comprised of a number of companies, of which Alcoa of Australia owns and operates the Australian assets.

⁽²⁾ AWAC also owns and operates a shipping business which provides transport for AWAC's alumina business and 3rd parties.

⁽³⁾ AWAC has other bauxite exploration interests.

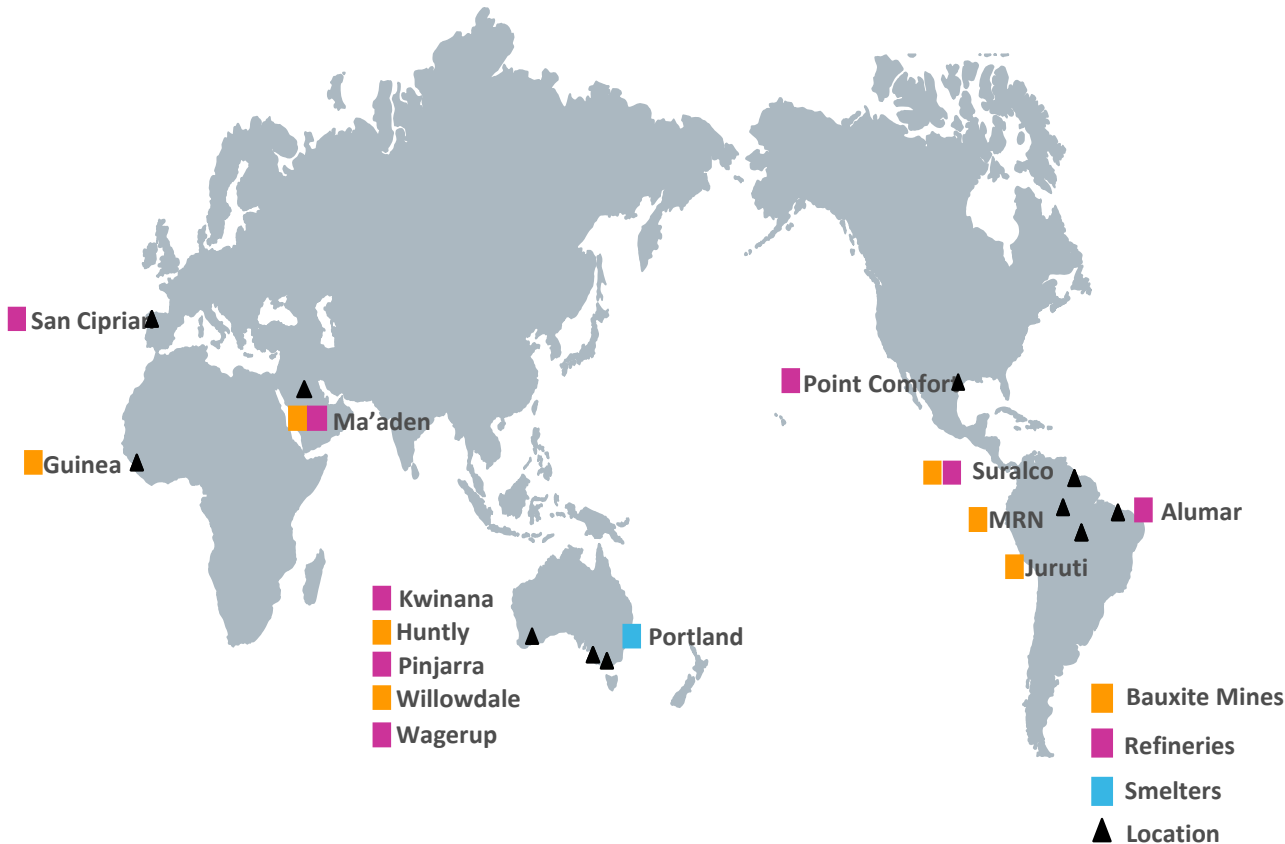
⁽⁴⁾ AWAC has announced that the mining and refining operations in Suriname will be fully curtailed by 30 November 2015.

⁽⁵⁾ Point Henry smelter permanently closed on 1 August 2014.

⁽⁶⁾ AWAC has announced that refining capacity at Pt Comfort will be curtailed by a further 1.2 million metric tonnes by the end of the first quarter of 2016.

AWAC: global leader in bauxite and alumina

AWAC is premier owner & operator of tier 1 bauxite mines and alumina refineries



- AWAC is well positioned with long-life mines and nearly all AWAC mines are integrated with its refineries
- AWAC mined c.40m tonnes of bauxite from its own mines plus 7m tonnes from equity interests in 2014
- As bauxite prices increase, AWAC's mines become more valuable

AWAC: the world's largest alumina producer

Country	Refinery	Ownership	AWAC share of nameplate capacity (MTPY)	Percentage of AWAC total nameplate capacity	Bauxite mine integration
Australia	Kwinana Pinjarra Wagerup	AWAC (100%)	2.2 4.2 2.6	52%	✓
Brazil	Sao Luis	AWAC (39%) Rio Tinto Alcan Inc (10%) Aluminio (15%) BHP Billiton (36%)	1.4	8%	✓
Spain	San Ciprian	AWAC (100%)	1.5	9%	[2]
Suriname	Paranam ^[3]	AWAC (100%)	2.2	13%	✓
US	Point Comfort ^[4]	AWAC (100%)	2.3	13%	[2]
Total			17.2	100%	

- AWAC's share of Ma'aden alumina refinery nameplate capacity is 450,000 tonnes and is expected to be at full operating capacity in 2016

(1) Nameplate capacity is an estimate based on design capacity and normal operating efficiencies and does not necessarily represent maximum possible production. Excludes additional creep opportunities.

(2) Bauxite is supplied from mines in which AWAC has an equity interest

(3) AWAC has announced that the mining and refining operations in Suriname will be fully curtailed by 30 November 2015.

(4) AWAC has announced that refining capacity at Pt Comfort will be curtailed by a further 1.2 million metric tonnes by the end of the first quarter of 2016.