

Alumina Limited 2003 Full Year Results

Focusing on our strategy

Agenda

- ▶ Highlights for 2003 – demonstrating performance and growth
- ▶ Outlook – improving markets but higher Australian dollar
- ▶ Strategy – profitable growth through AWAC

Disclaimer

Statements contained in this presentation, particularly those regarding the possible or assumed future performance, costs, dividends, returns, production levels or rates, prices, reserves, potential growth of Alumina Limited, industry growth or other trend projections and any estimated company earnings are or may be forward looking statements.

Such statements relate to future events and expectations and as such involve known and unknown risks and uncertainties. Actual results actions and developments may differ materially from those expressed or implied by these forward looking statements depending on a variety of factors.

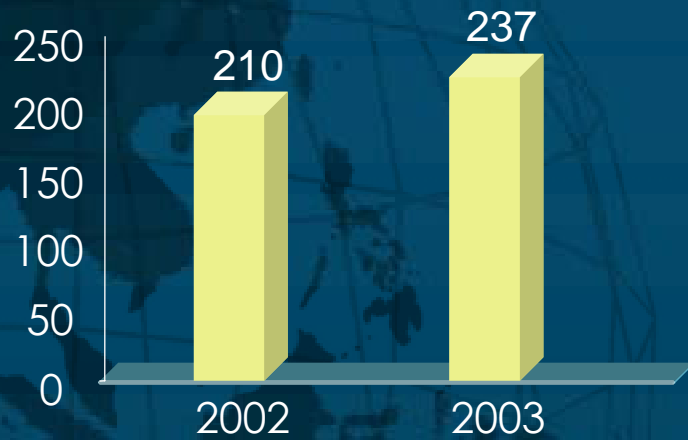


2003 Highlights

Highlights – demonstrating performance and growth

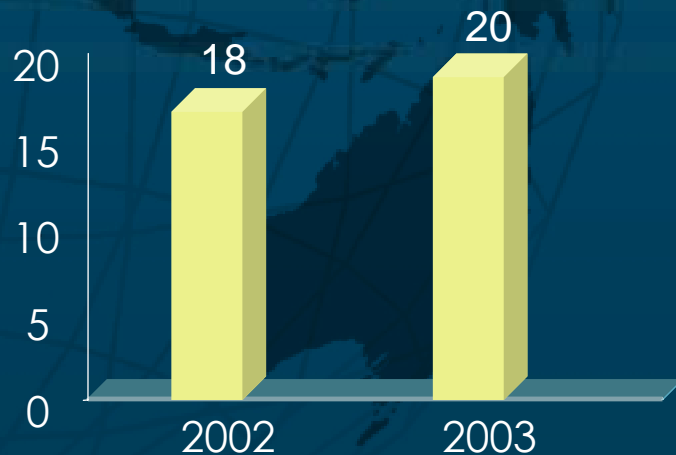
- ▶ Profit up 13%
- ▶ Fully franked dividend for 2003 up 11 per cent
- ▶ Total shareholder return in top 10 per cent measured against the ASX top 50
- ▶ Acquired additional 0.75% of Alcoa of Australia
- ▶ AWAC continued its profitable growth strategy

Higher profit and dividend



Profit

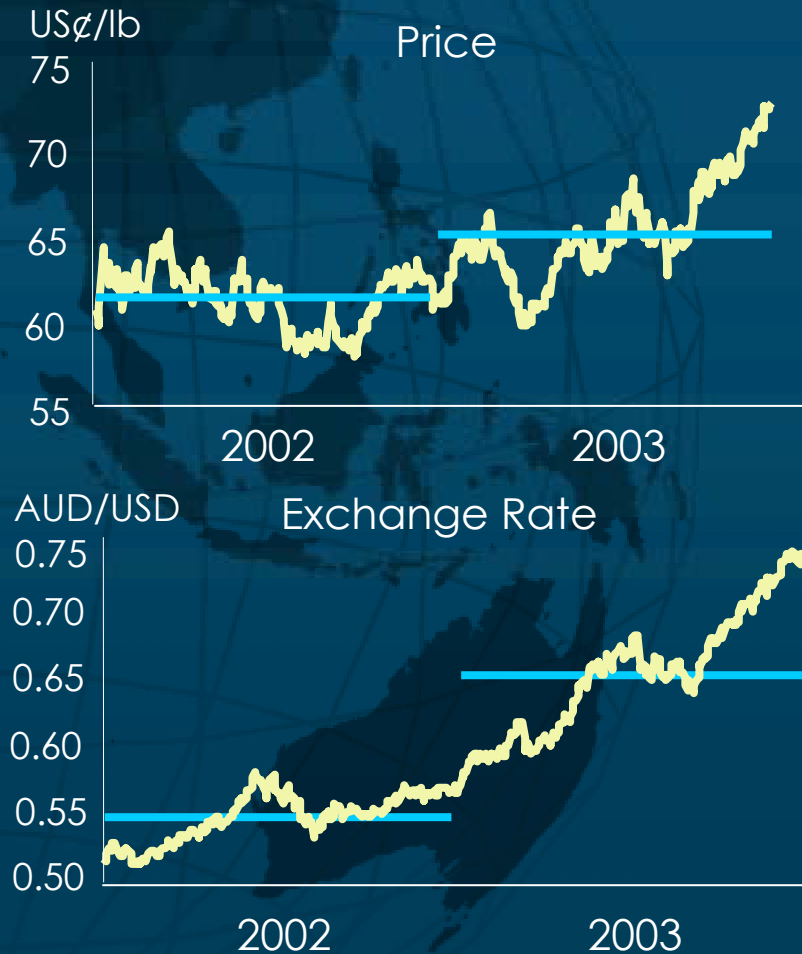
- ▶ Up 13% on prior year
- ▶ 108% of AWAC profit paid as dividends to partners



Dividend

- ▶ Final dividend 10 cents a share fully franked
- ▶ Total dividends 20 cents a share
- ▶ 97% payout ratio

Price improves in stronger market – offset by exchange rate



► Aluminium price increase

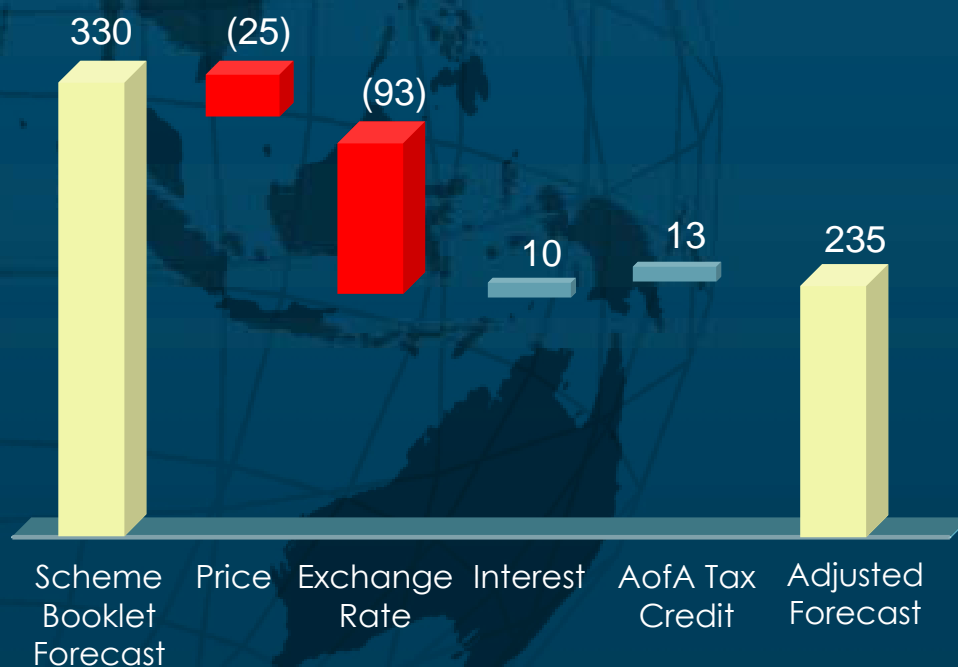
- Up 17% over the year
—61.9 cents to 72.6 cents
- Up 6% over 2002 average

► Exchange Rate

- Up 33% over the year
—56.7 cents to 75.2 cents
- Up 20% over 2002 average

Consistent with Scheme Booklet forecast

Adjusted Scheme Booklet Forecast



► Scheme Booklet assumptions

► Price (US\$/lb)	0.670
► Exchange Rate	0.580

► Full year average

► Price (US\$/lb)	0.649
► Exchange Rate	0.653

► Sensitivities (2003 NPAT) A\$m

► Price (US\$0.03/lb)	35.6
► Exchange Rate (each 2 cents)	25.6

Items not forecast reduced profit by \$4 million

Positives

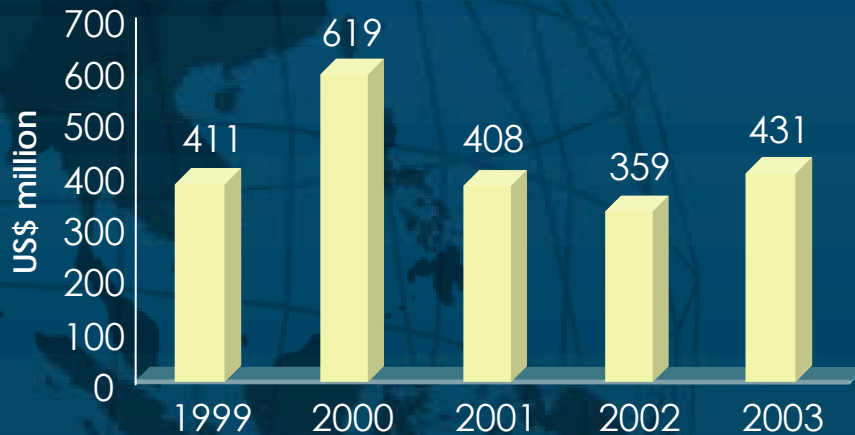
	\$m
Consolidation tax adjustment	13
FAS 143 – asset retirement	11
Income tax credit	9

Negatives

	\$m
Balance sheet revaluation	25
Alcoa Employee Stock Options	12

AWAC profit demonstrates its resilience

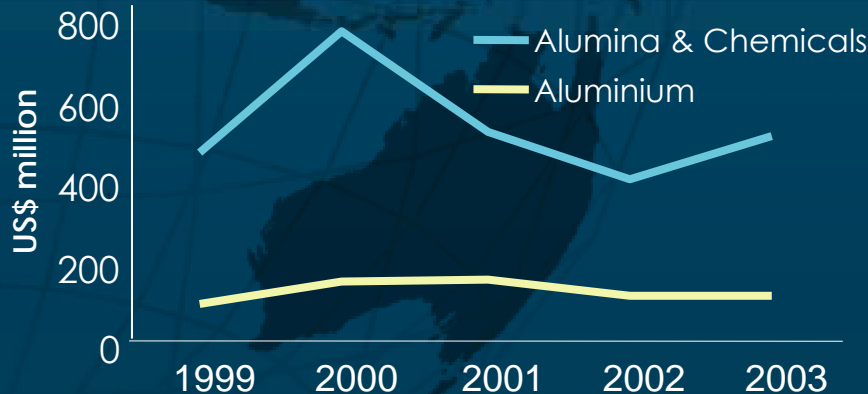
AWAC profit from operations



▶ AWAC profit up 20%

- ▶ Improved prices
- ▶ Weaker US dollar
- ▶ Higher energy prices
- ▶ Increased raw materials and pension costs

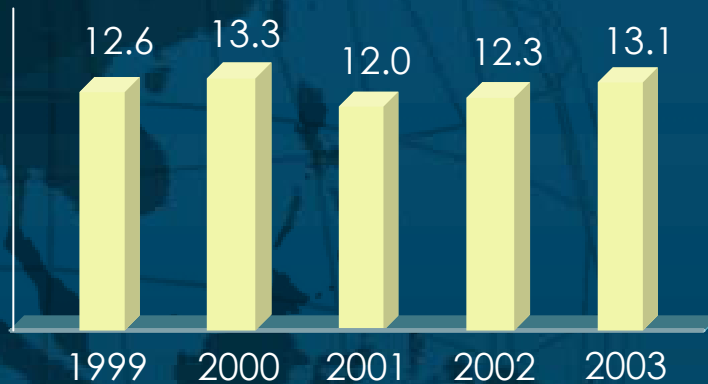
Profit before tax



▶ Higher costs offset by increased prices and increased spot market

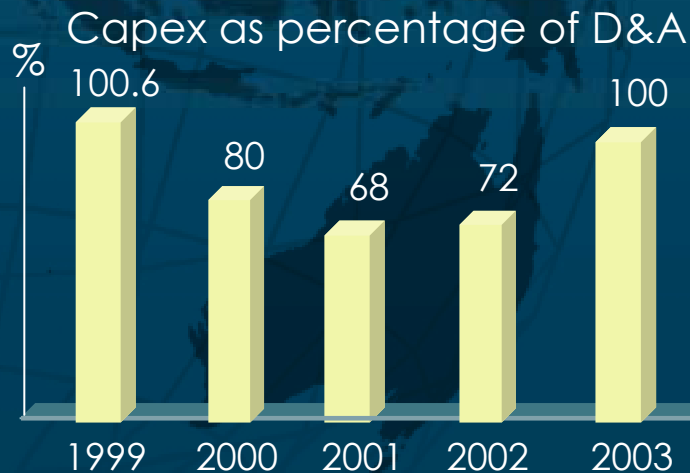
Profitable tonnes to meet market demand

Alumina Production (M/t)



► Production up 6.5% to 13.1 million tonnes

► Point Comfort restart



► Total growth and sustaining capex 85% of D&A over last 5 years

► Focus on cash and returns

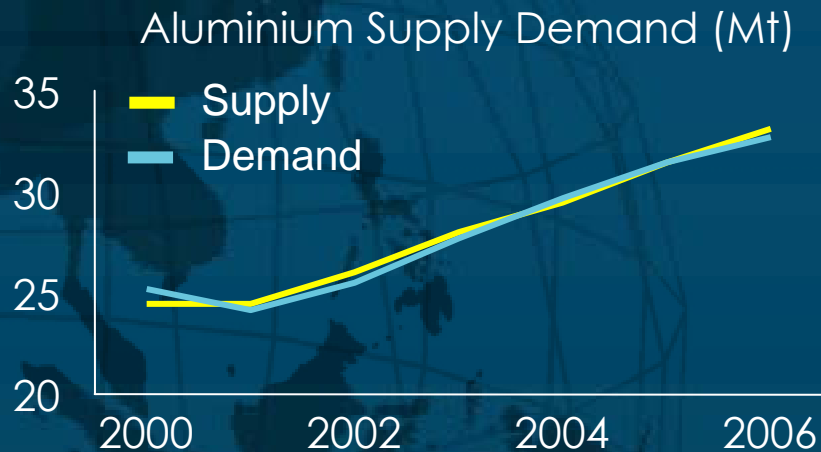
Highlight summary

- ▶ Improved profit
- ▶ Increased total dividend to 20 cents fully franked
- ▶ Total shareholder return in top 10 per cent
- ▶ Simplified AWAC ownership
- ▶ Continued focus on profitable growth

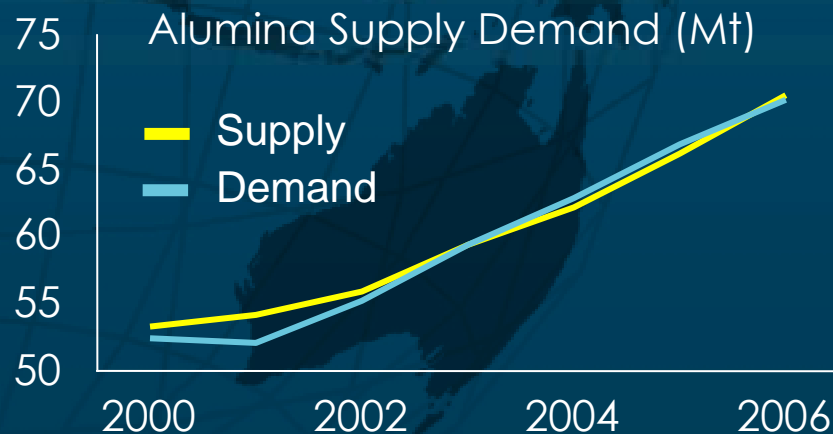


Outlook

Outlook – improving metal and alumina markets



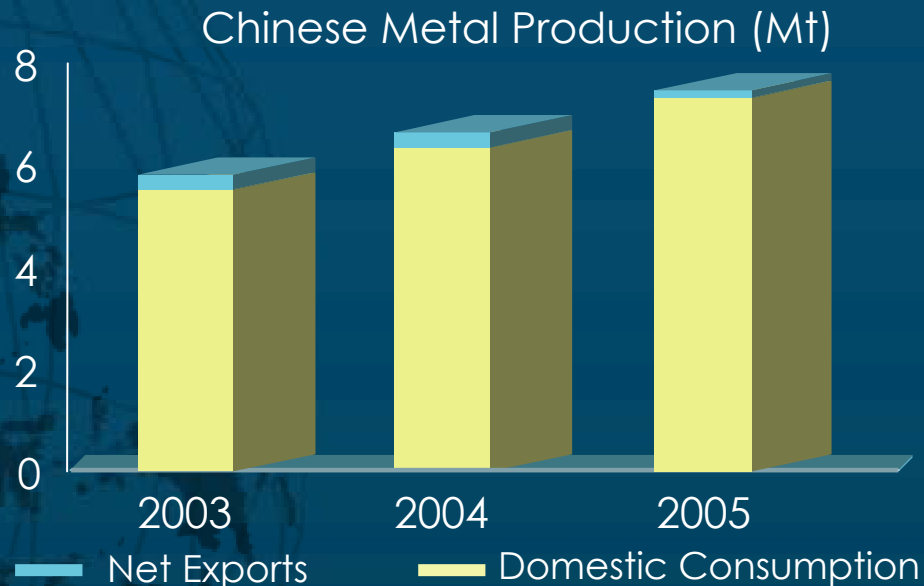
- ▶ Metal balance forecast from surplus to deficit
- ▶ Metal consumption forecast to increase >7% in 2004
 - ▶ Western world up 4.7%



- ▶ Alumina forecast –tighter through 2006
- ▶ Global production up 4.5% in 2004

Source: Brook Hunt

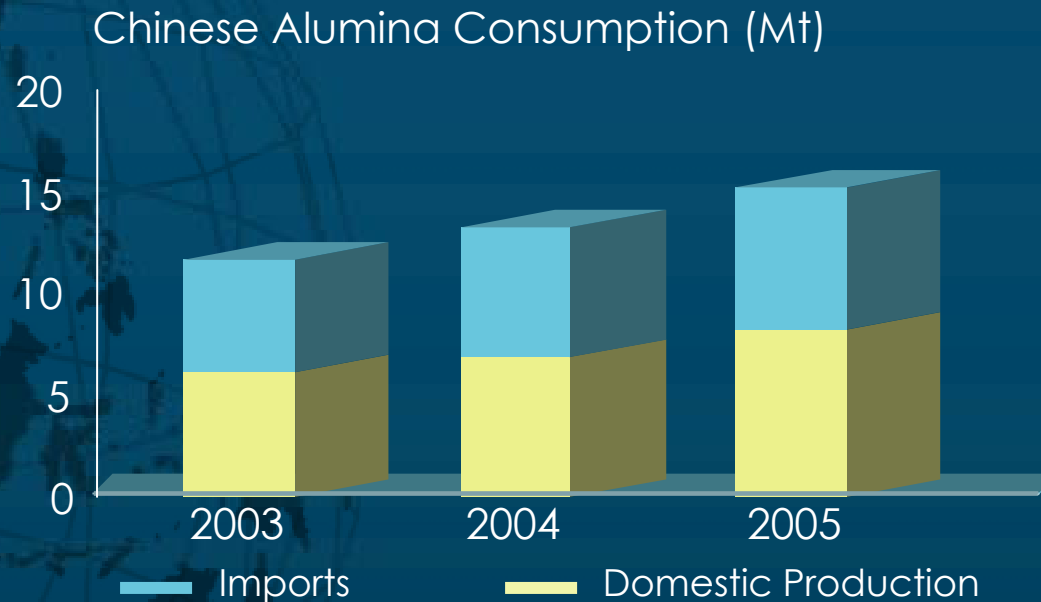
Strong Chinese domestic consumption



- ▶ Consumption forecast remains strong – 18% in 2004, 11% in 2005
- ▶ Driven by motor vehicles and manufactured goods
- ▶ China – largest consumer by 2005

Source: Brook Hunt

Chinese market drives alumina imports



- ▶ Chinese market drives alumina imports
- ▶ Spot alumina prices remain high

Source: Brook Hunt

AWAC production – increase in 2004 to meet demand

- ▶ Jamalco expansion
- ▶ Point Comfort restart
- ▶ Capacity creep
- ▶ Completion of Sherwin contract will reduce available spot sales tonnage

Sensitivities based on 2003 result

- ▶ Alumina's key NPAT sensitivities remain aluminium price and AUD/USD exchange rate
 - ▶ Aluminium price each 1 cent/lb A\$11.3m
 - ▶ Exchange rate each 1 cent A\$11.4m

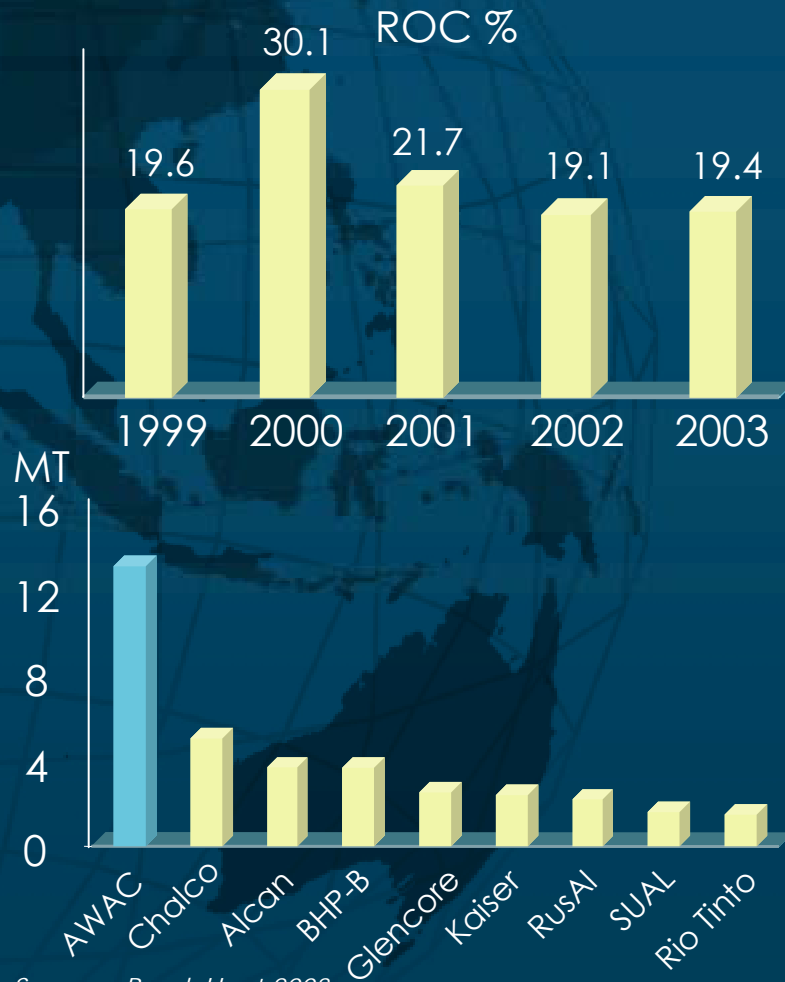


Strategy

Four pillars to Alumina's strategy

- ▶ Participate, through AWAC, in bauxite mining, alumina refining and selective aluminium smelting operations worldwide
- ▶ Improve AWAC's market leadership through operational excellence and incremental capacity creep
- ▶ Generate profitable growth from planned and sustainable AWAC expansion
- ▶ Return substantial dividends to shareholders

Single strategic focus – AWAC



Source: Brook Hunt 2003

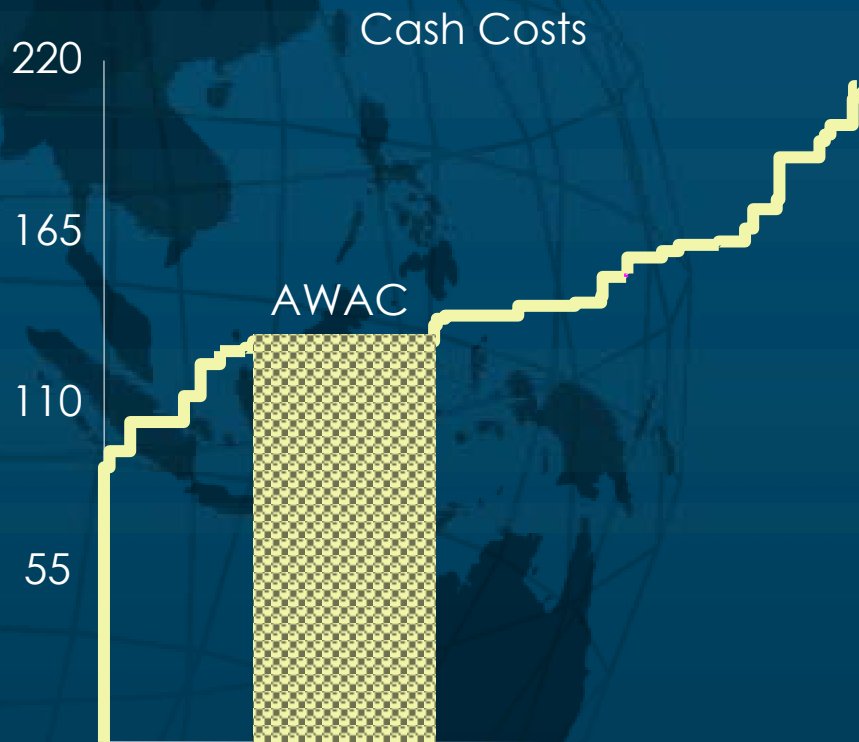
► AWAC generates excellent returns

► Average 22% ROC over last 5 years

► A leadership position in alumina production

► 25% of world capacity

Operational excellence – low cost production

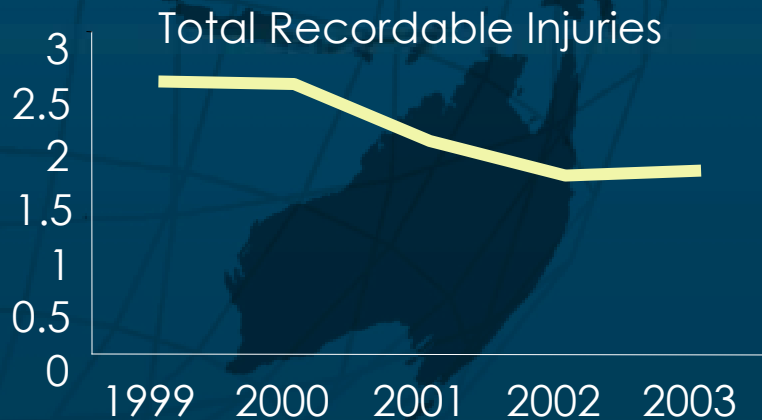


Source: Brook Hunt 2003

Indicative costs determined by Brook Hunt – should not be taken to represent the view of Alumina Limited

- ▶ A global network of eight refineries
 - ▶ low cost major producer
 - ▶ production flexibility
 - ▶ capacity growth
- ▶ Smelting returns driven by low cost position

Operational Excellence – EHS focus



- ▶ Zero injury target
- ▶ Continued reduction in LWD trend
- ▶ Goal to eliminate instances of environmental non-compliance
- ▶ Further reduction in waste and emissions

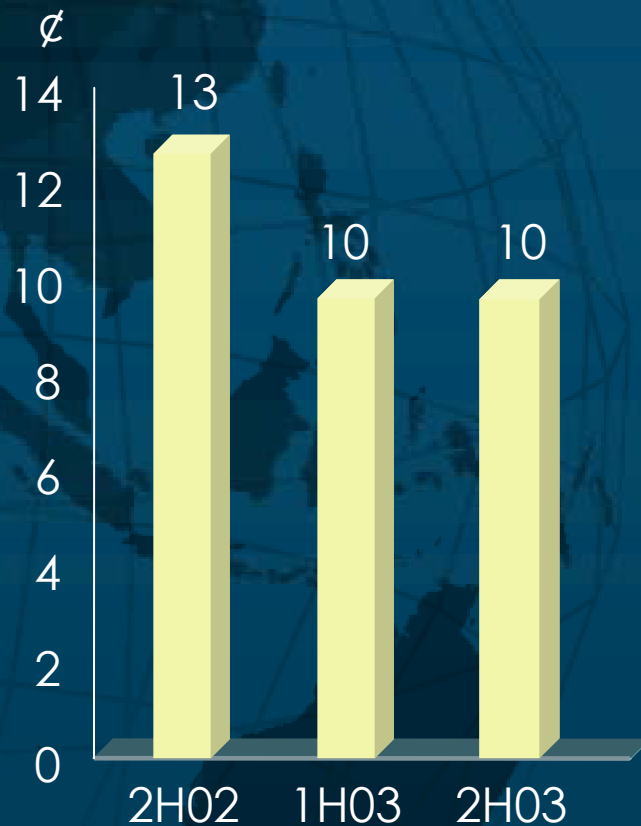
Operational excellence – capacity creep

- ▶ History of 2% capacity creep
 - ▶ the most profitable incremental tonnes
- ▶ Targeted capex
 - ▶ production efficiency and yield
- ▶ Five refineries – record production in 2003


Profitable growth – sustainable AWAC expansion

- ▶ Acquired 0.75% of AofA in 2003
- ▶ Completed Jamalco expansion
 - ▶ 250kt expansion (AWAC's share 125kt)
- ▶ Announced Suralco and Pinjarra expansions
- ▶ Reviewing AWAC participation in Alba smelter
- ▶ Divesting Specialty Chemicals

Dividends



- ▶ Consistent with our stated intent
- ▶ Consistent with our strategy



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