

Alumina Limited 2018 Half Year Result Presentation

Attached is a presentation relating to Alumina Limited's Half Year Results for the 6 months ended 30 June 2018.

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 document 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, future financial position and performance and distributions, and statements regarding Alumina Limited's future developments and the market outlook, are also forward-looking statements.

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Stephen Foster
Company Secretary

23 August 2018

For investor enquiries:

Chris Thiris
Chief Financial Officer
Phone: +61 3 8699 2607
chris.thiris@aluminalimited.com

Charles Smitheram
Manager – Treasury & Investor Relations
Phone: +61 3 8699 2613
charles.smitheram@aluminalimited.com

For media enquiries:

Tim Duncan
Hinton and Associates
Phone: +61 3 9600 1979
Mobile: +61 408 441 122



Alumina Limited

2018 Half-Year Results

Mike Ferraro, Chief Executive Officer
Chris Thiris, Chief Financial Officer

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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Past Performance

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First Half: Outstanding Performance Continues

- \$286 million NPAT - Up 110% from 1H 2017 NPAT of \$137 million
- Interim dividend 8.6 cps
- \$424/t average AWAC alumina price
- \$224/t average AWAC alumina cash cost of production

Alumina Limited and AWAC 2018 Half-Year Results

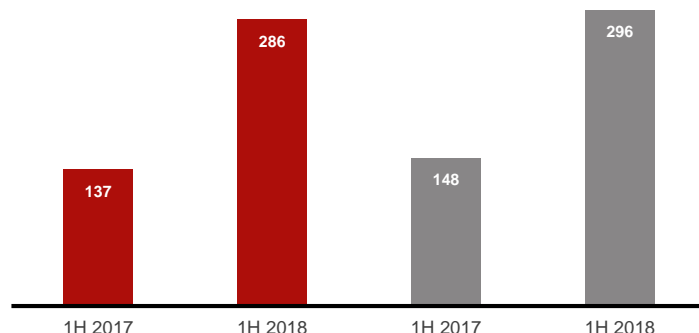
Chris Thiris
Chief Financial Officer

Alumina Limited Overview

NPAT (IFRS) increased by \$149m

AWC

AWAC 40%



Interim dividend: 8.6 cps

Fully franked at 30% tax rate

Increased by 4.4 cps (vs pcg)

100% payout of free cash

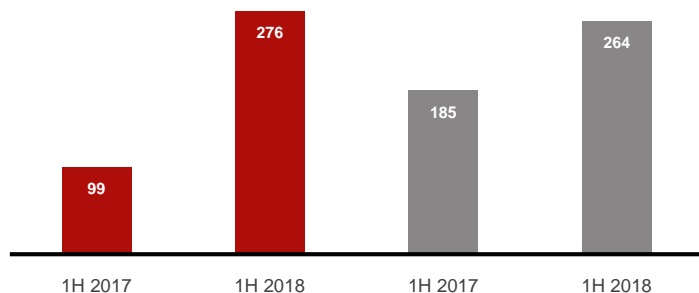
Cash dividend yield is 8.5%*

* Share price: A\$2.76; dividends: US 17.9 cps (includes 2017 final); AUD: US\$0.7355

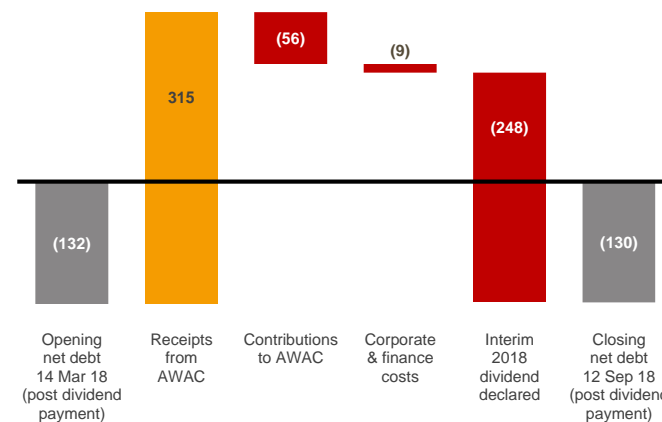
Net AWAC receipts increased by \$177m

Net receipts from AWAC

AWAC net cash inflow (40%)^



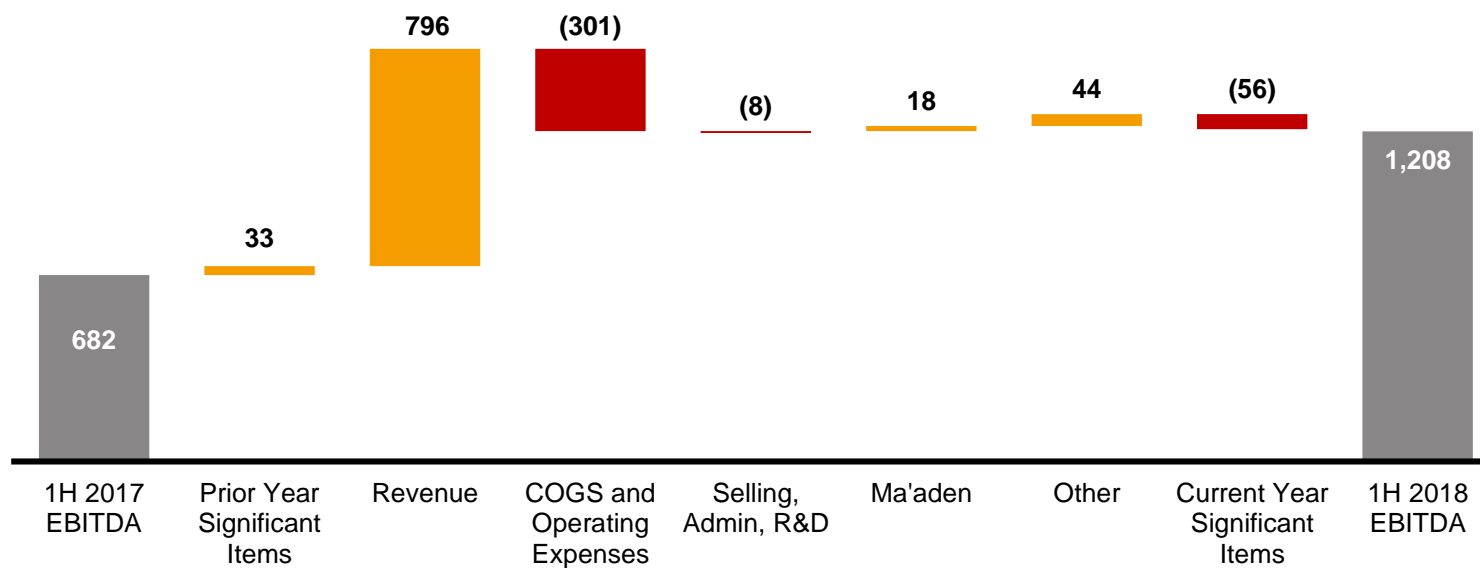
Peak net debt to stay at target (\$m)^



^ AWAC cash flow before distributions less capital contributions from partners

Indicative: from payment of 2017 final dividend to payment of 2018 interim dividend

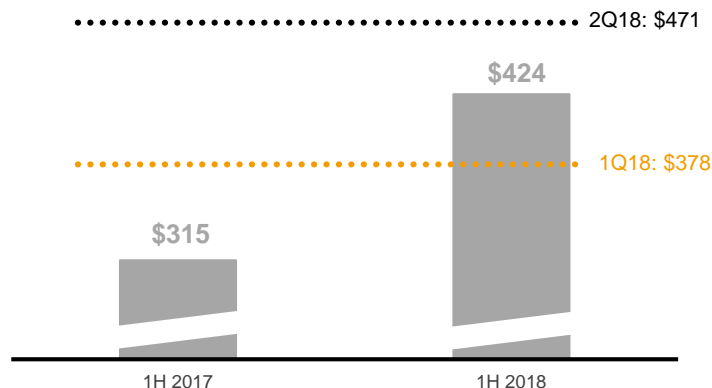
EBITDA[^] increased by \$526m



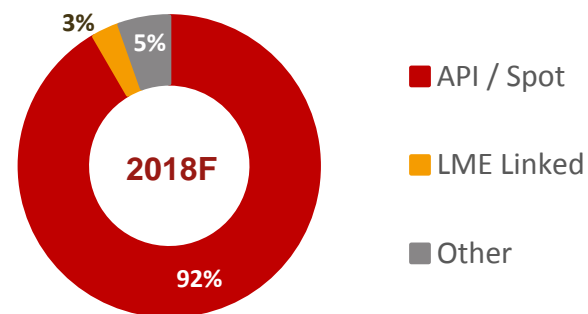
[^] Earnings before interest, tax, depreciation and amortisation

AWAC Realised Alumina Price

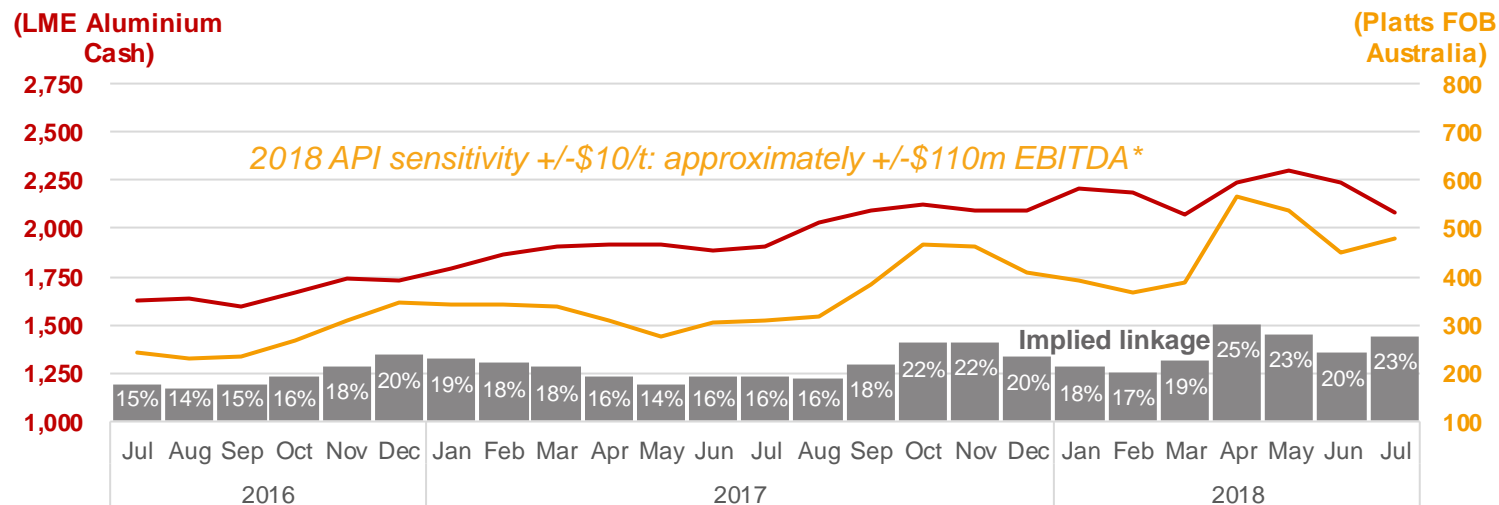
Average realised price increased by \$109/t



Smelter Grade Alumina Pricing



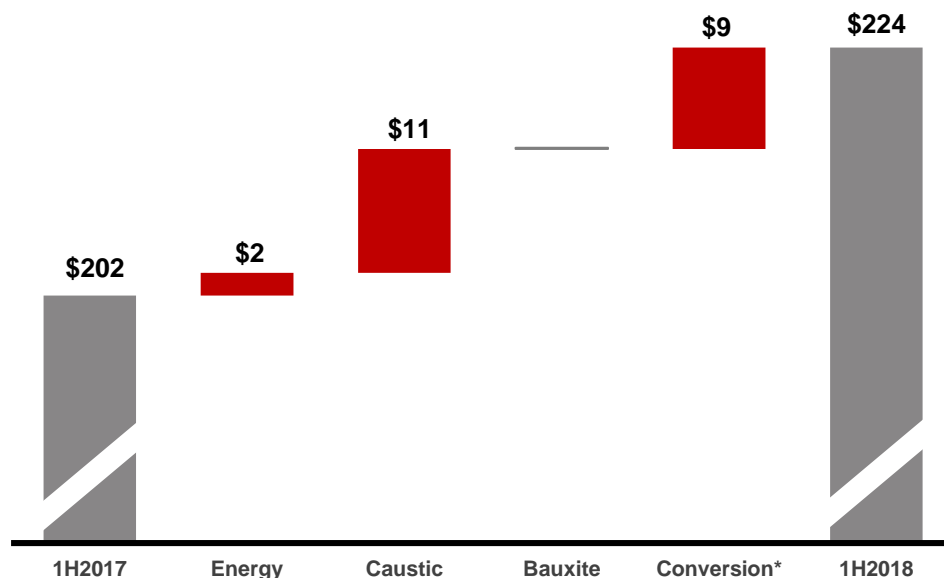
Average monthly LME vs Average monthly Platts FOB Australia (US\$/t)



* Excludes equity accounted income/loss for the Ma'aden joint venture

AWAC Cost of Alumina Production

Cash production cost[^] increased by \$22/t



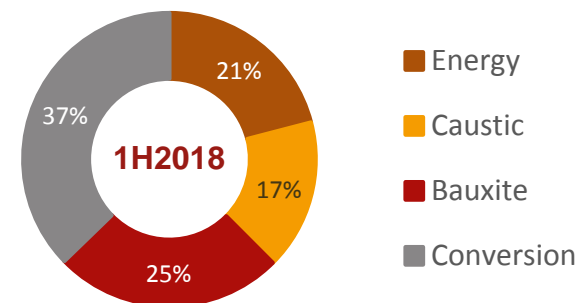
* Conversion includes: employee costs, indirect costs and other raw materials costs

2018 EBITDA guidance

Caustic price sensitivity: +/- \$100/t = +/- \$90m

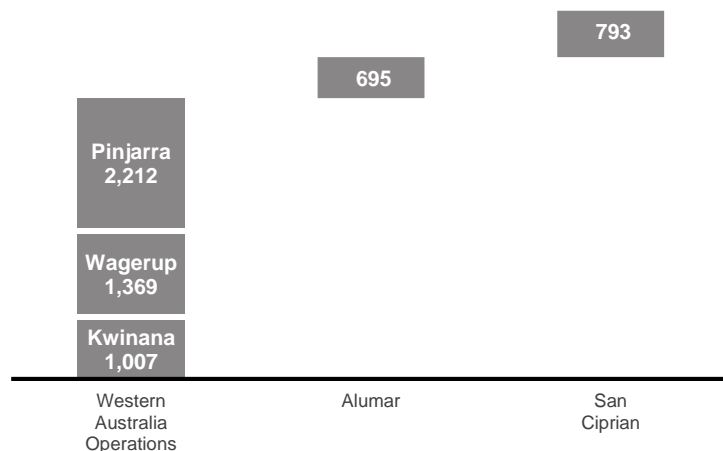
AUD sensitivity: +/- 1¢ in USD/AUD = +/- \$20m

Cash cost structure

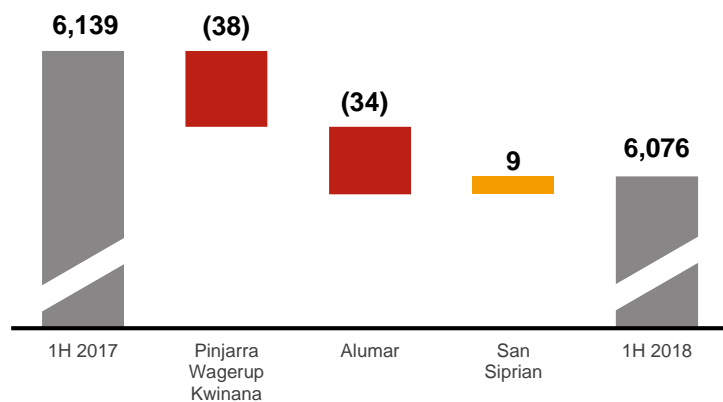


[^] Defined as direct materials and labour, energy, indirect materials, indirect expenses, excluding depreciation. Movements can relate to usage, unit costs or combination of both, timing of maintenance, seasonal factors, levels of production and the number of production days and refinery mix. Includes the mining business unit at cost. The Ma'aden joint venture refinery is not included

1H 2018 production: 6,076k t



Change by refinery*: 63k t decrease



2018 production guidance

Approximately **12.4 million tonnes**

WA: capitalising on 2017 low cost creep projects

Alumar: completed phase 1 debottlenecking

San Ciprian: replacement of bauxite mills

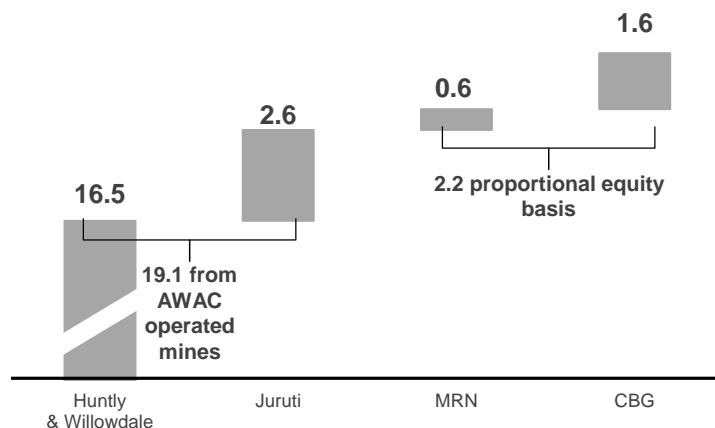
Ma'aden Joint Venture	1H 2017	1H 2018
Refinery production (100%)	707k t	848k t [^]

[^] Production equates to an average of 95% of nameplate capacity

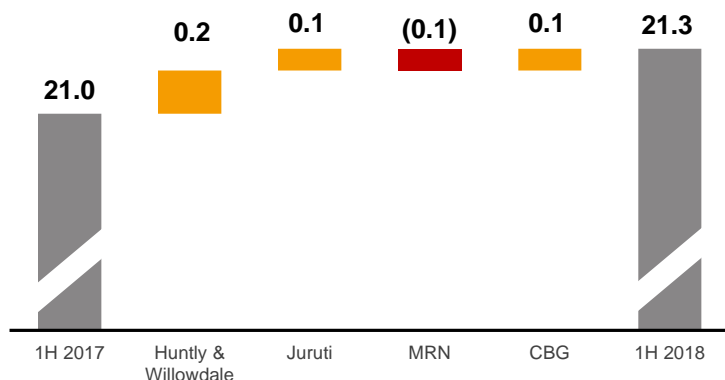
* Production of AWAC's operated refineries. Therefore, the Ma'aden joint venture refinery is not included

AWAC Bauxite Production and Sales

1H 2018 production: 21.3m t



Change by region: 0.3m t increase



Note: Tonnes are reported on a zero moisture basis, "bone dry".
 MRN - Mineração Rio do Norte S.A.; CBG - Compagnie des Bauxites de Guinée

2018 guidance

Third party sales: approximately 6.0 million tonnes
 (1H 2018: 2.6 million tonnes)

WA exports to increase to 1.4 million tonnes

WA capex supporting 2.3 million tonnes exports

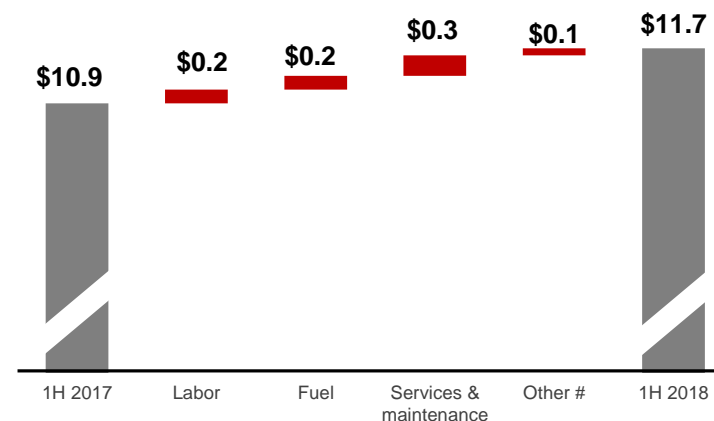
Juruti expanding to 6.5 million tonnes

1H 2018 EBITDA margin* was 35.3%

Margin excluding freight is 37.1%

* Based on sales to AWAC refineries and third parties

Cash production cost^ : \$0.8/BDT increase



^ AWAC operated mines

Other includes energy, supplies, PAE, royalties and other

Item	2018 Outlook		Change since previous outlook
Alumina	Production: 12.4m t API sensitivity +/- \$10/t: approximately +/- \$110m EBITDA Caustic sensitivity +/- \$100/dmt: approximately +/- \$90m EBITDA		↓ 0.3m t No change No Change
AUD Sensitivity	+/- 1¢ in USD/AUD: Approximately +/- \$20m EBITDA		No change
Capex	Approximately \$250m Major projects: Pinjarra residue press filtration, WA mining infrastructure, and Juruti expansions		↓ \$10m
Bauxite (3rd Party)	Sales: 6.0m BDT		↓ 0.3m BDT
Restructuring (post tax, IFRS)	1H 2018 Cash: \$36m - Point Comfort: \$17m - Suralco: \$13m - Point Henry and Anglesea: \$6m Accounting: \$20m	2H 2018 Cash: \$64m - Point Comfort: \$23m - Suralco: \$27m - Point Henry and Anglesea: \$14m Accounting: \$31m	↓ \$20m (full year) No change
Portland (55% share)	Production: 164k t		No change

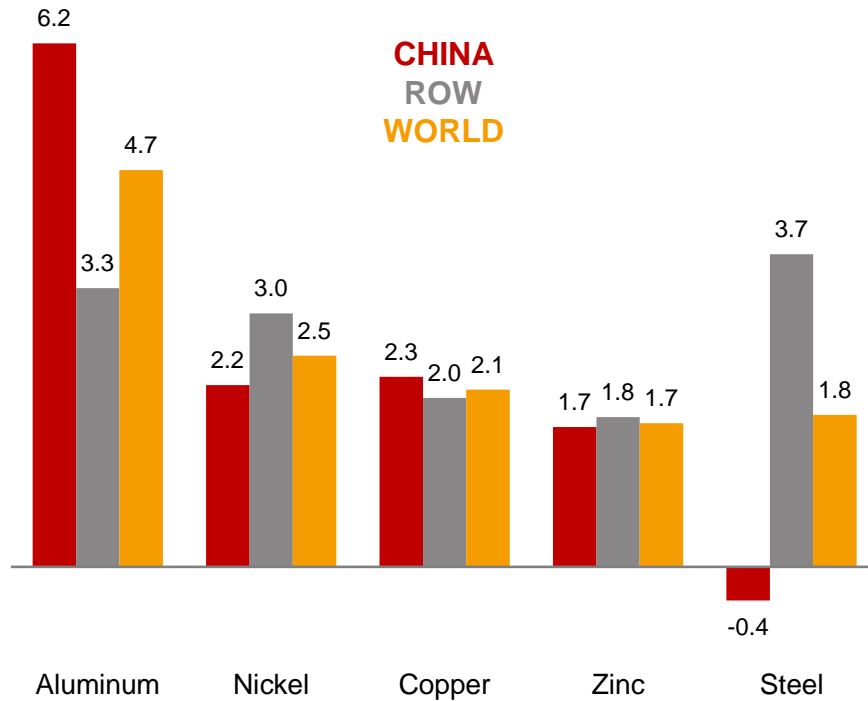


Market Review and Outlook

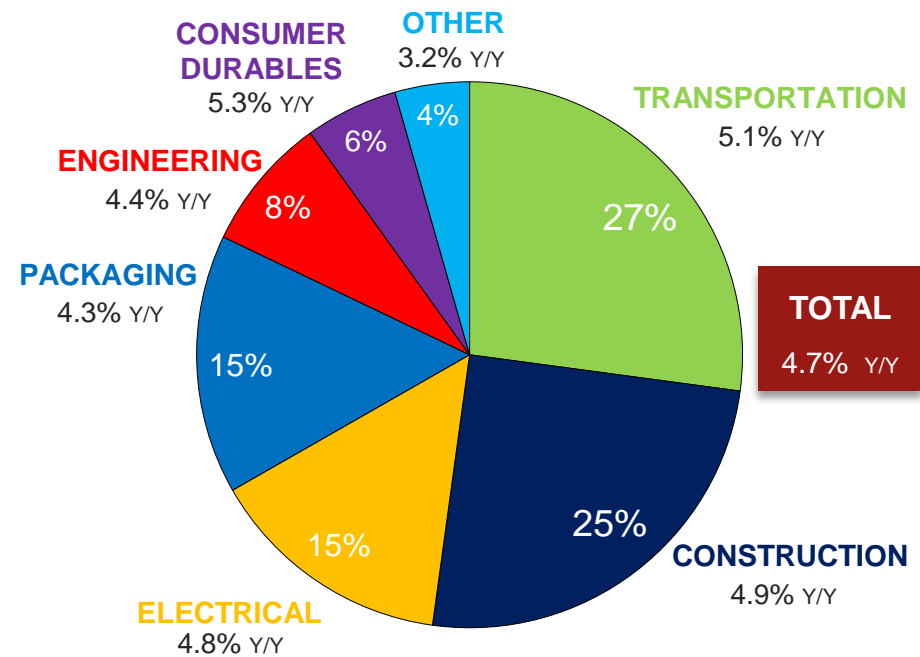
Mike Ferraro
Chief Executive Officer

Aluminium Remains World's Strongest Growth Metal - Diverse End Uses

Forecast 2018 Annual Consumption
Growth by Metal (%)

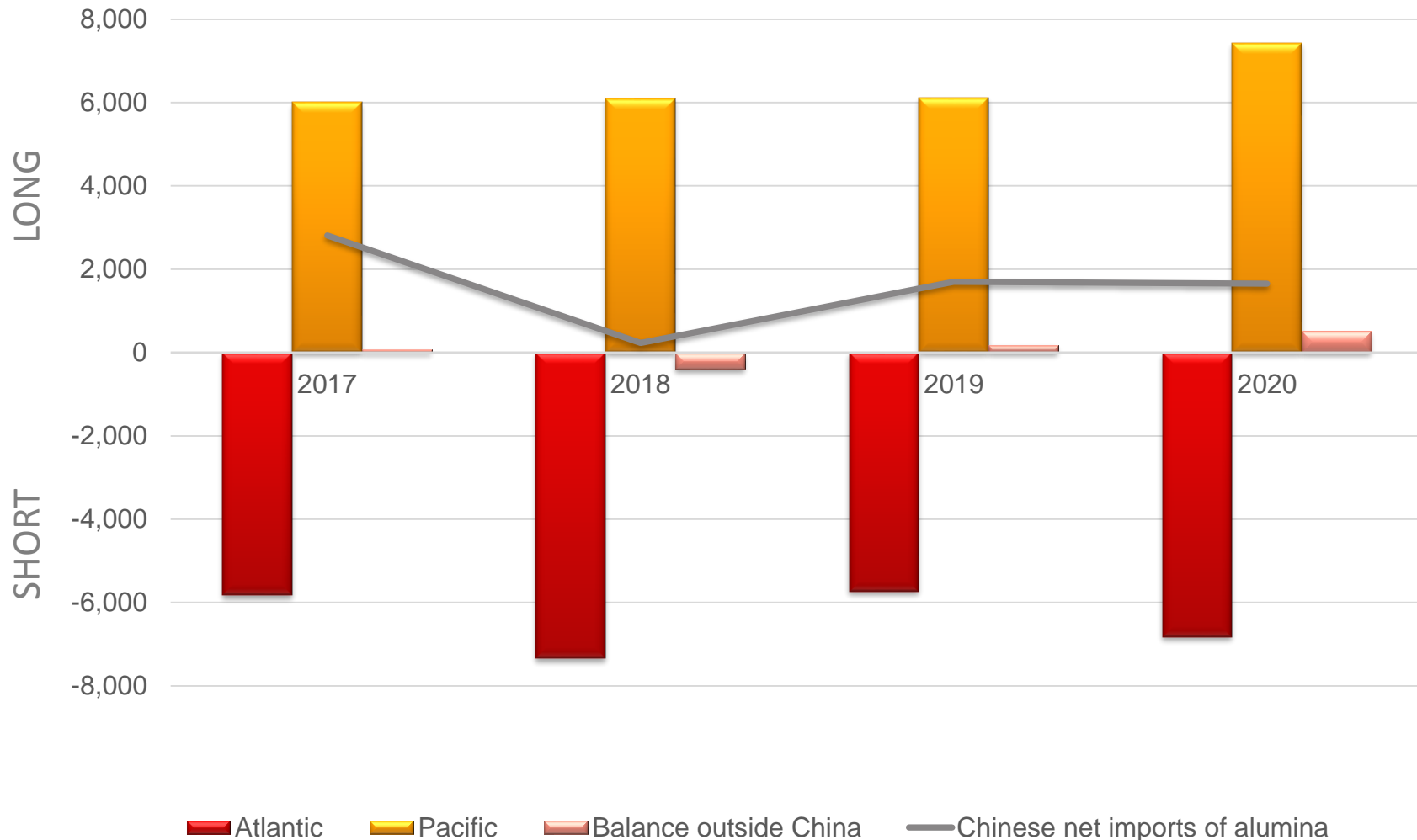


Forecast 2018 Global Aluminium Consumption
Growth by End-Use Sector



Global Alumina Market Short 2018 and Expected to Move to Balanced 2019-20

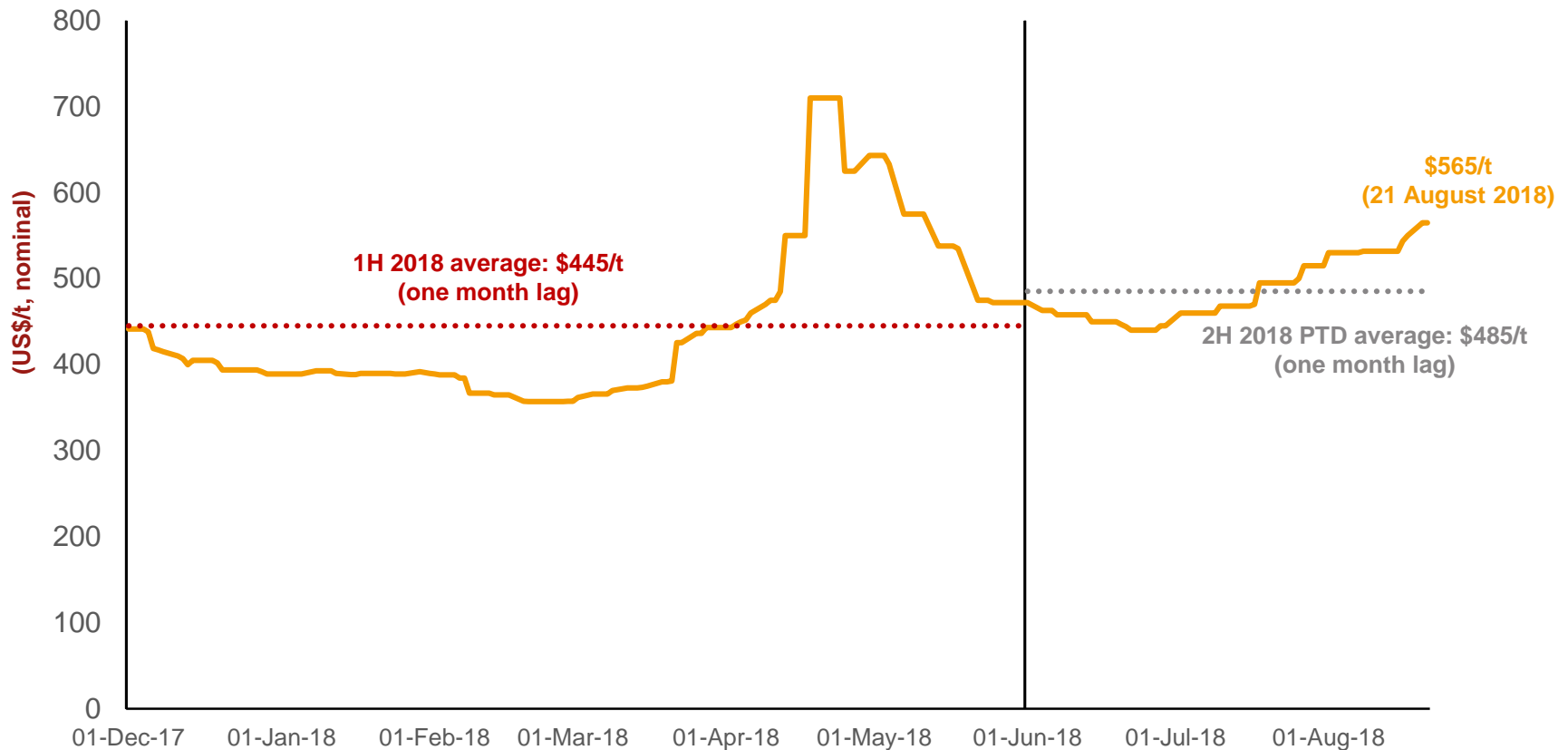
Global Alumina Balance (Thousand Tonnes)
2018 (1.25)m t, 2019 0.18m t, 2020 0.42m t



Spot Index Price Moves with Fundamentals

Platts PAX FOB Australia prices[^]

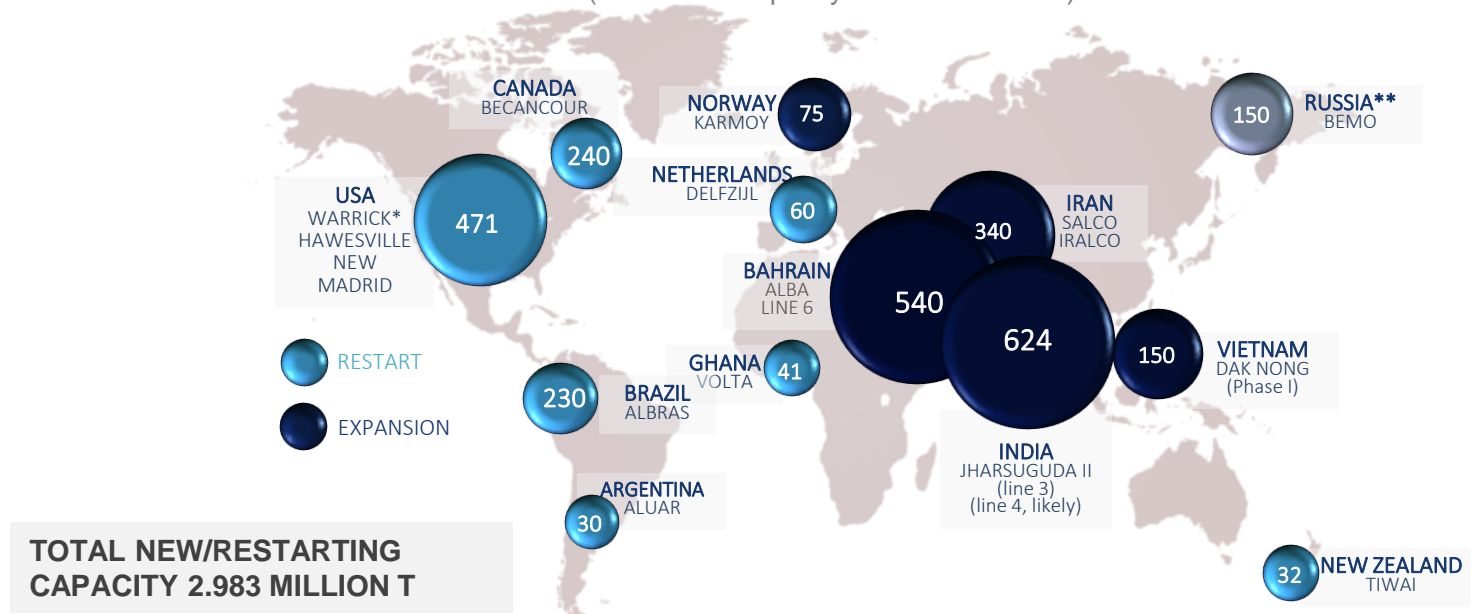
1H 2018 average price \$445/t, one month lag (low \$357/t, high \$710/t)



Expected Growth in Ex-China Smelting Production

In 2018-19 \approx 3 million extra aluminium tonnes likely to be produced (mainly expansions in Middle East, Asia)

ROW PRIMARY ALUMINUM RESTARTS/EXPANSIONS IN 2018-2019 (annualized capacity in thousand mton)



Source: HARBOR Aluminum July 2018

Assumes 2019 additional production from Albras once Alunorte resumes full production and from Becancour when strike is resolved

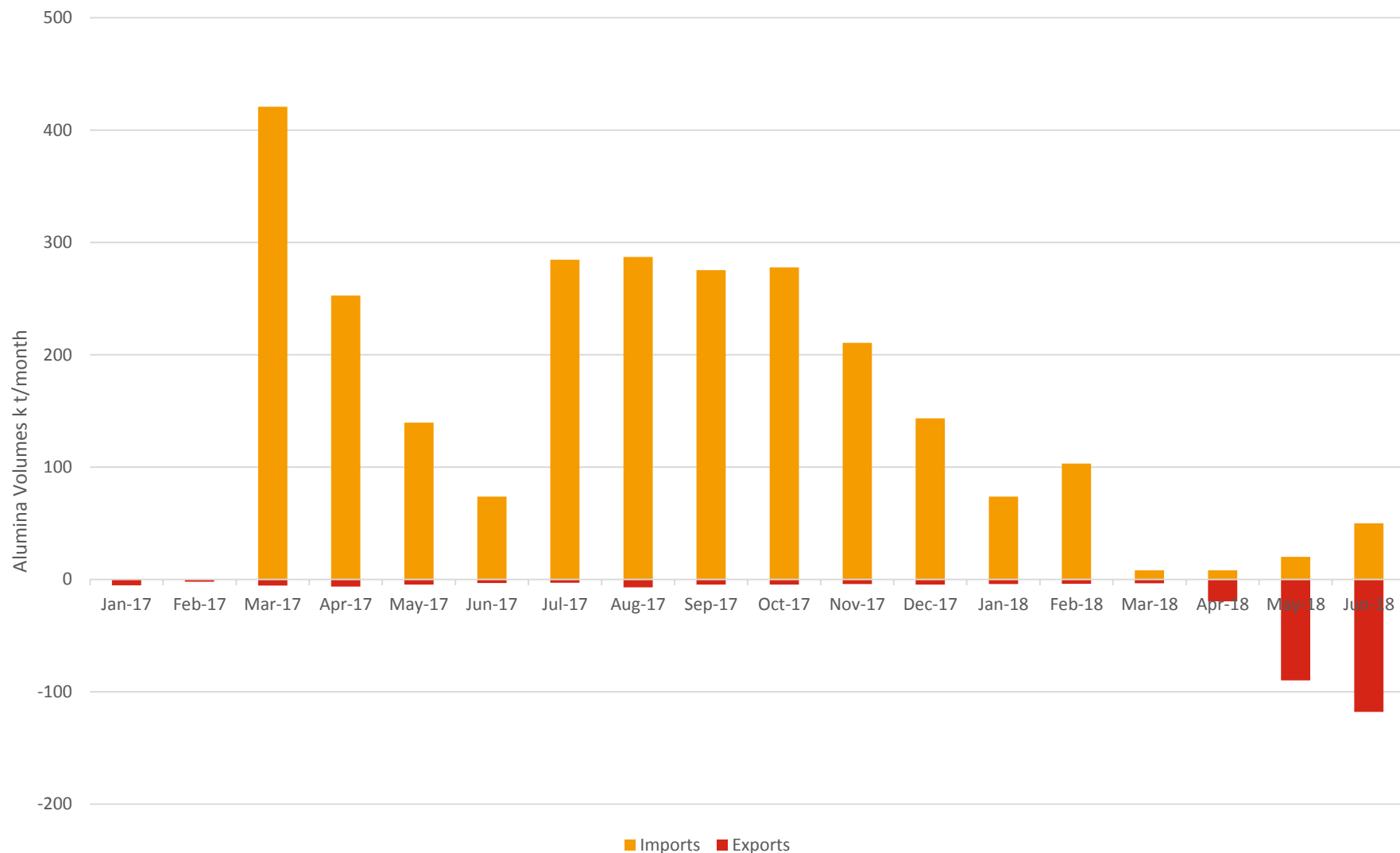
*Warrick 161-kmtpy restart began late in 2017.

**Assuming Rusal's BEMO Phase-1-Stage -II project has not been suspended, but its ramp-up will likely depend on sanctions dismissal.

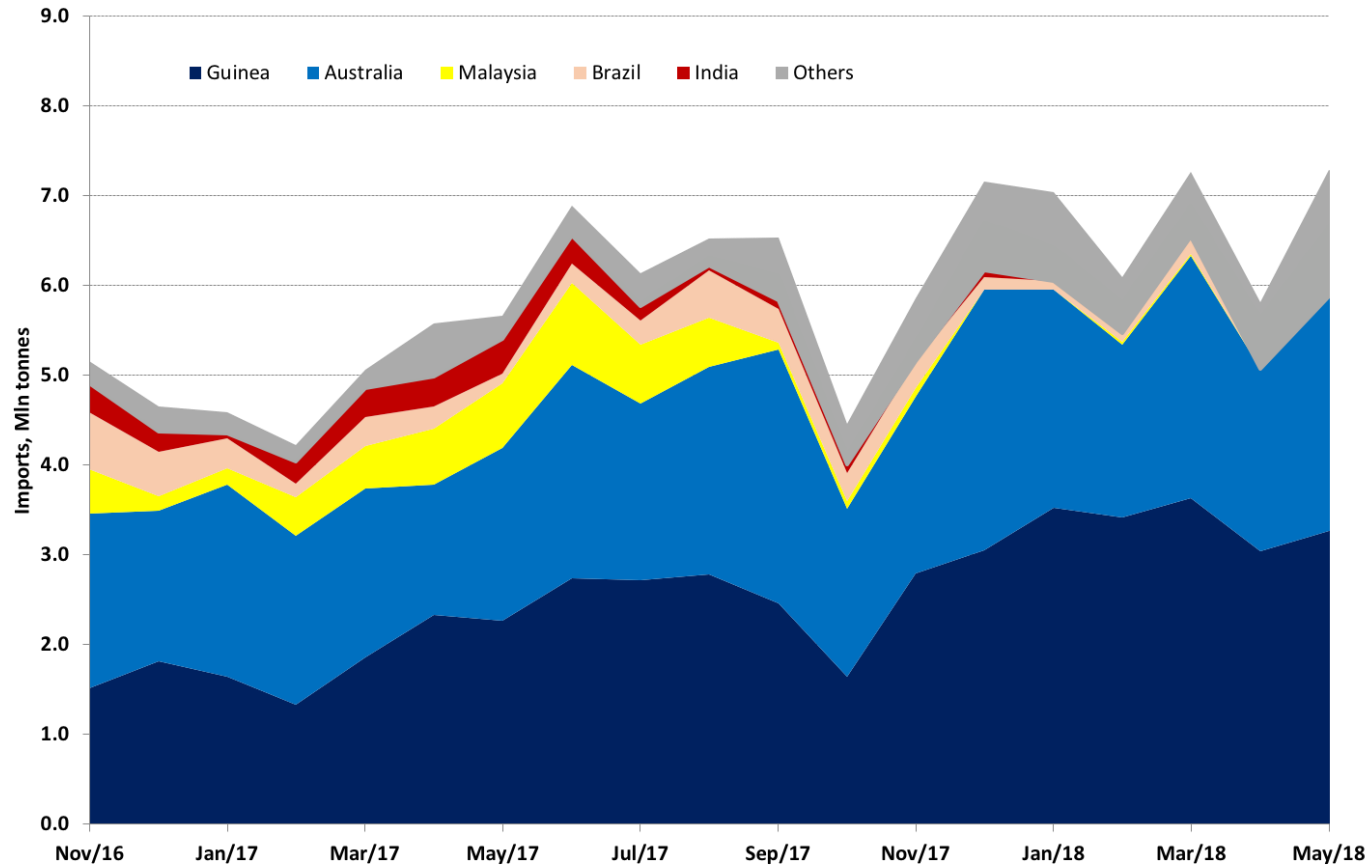
Limited Alumina Production Response Ex-China

Curtailed Refineries	Owner	Location	Producing (M tpa)	Nameplate Capacity (M tpa)	Comment
Point Comfort	Alcoa/AWAC	US	0.0	2.3	Curtailed in June 2016
Alpart Alumina	JISCO	Jamaica	1.2	1.7	Acquired in curtailed state during mid 2016. Slowly ramping production. Re-started for backward integration.
Kirkvine	Windalco	Jamaica	0.0	0.6	On care and maintenance since 2009
Friguia	Rusal	Guinea	0.05	0.65	In process of restart since June 2018 (had been announced pre-sanctions). Reportedly re-start for backward integration which will take 12 months and at least \$120 million to ramp up to around 600,000 t.
Anrak	Anrak	India	0.0	1.5	Idled since 2014
Eurallumina – Porto Vesme	Rusal	Italy	0.0	1.1	Idled since 2010
Bauxilum	State owned	Venezuela	0.0	2.0	Idled since 2015. Closed September 2017.
TOTAL			1.25	9.85	

China Alumina Imports and Exports

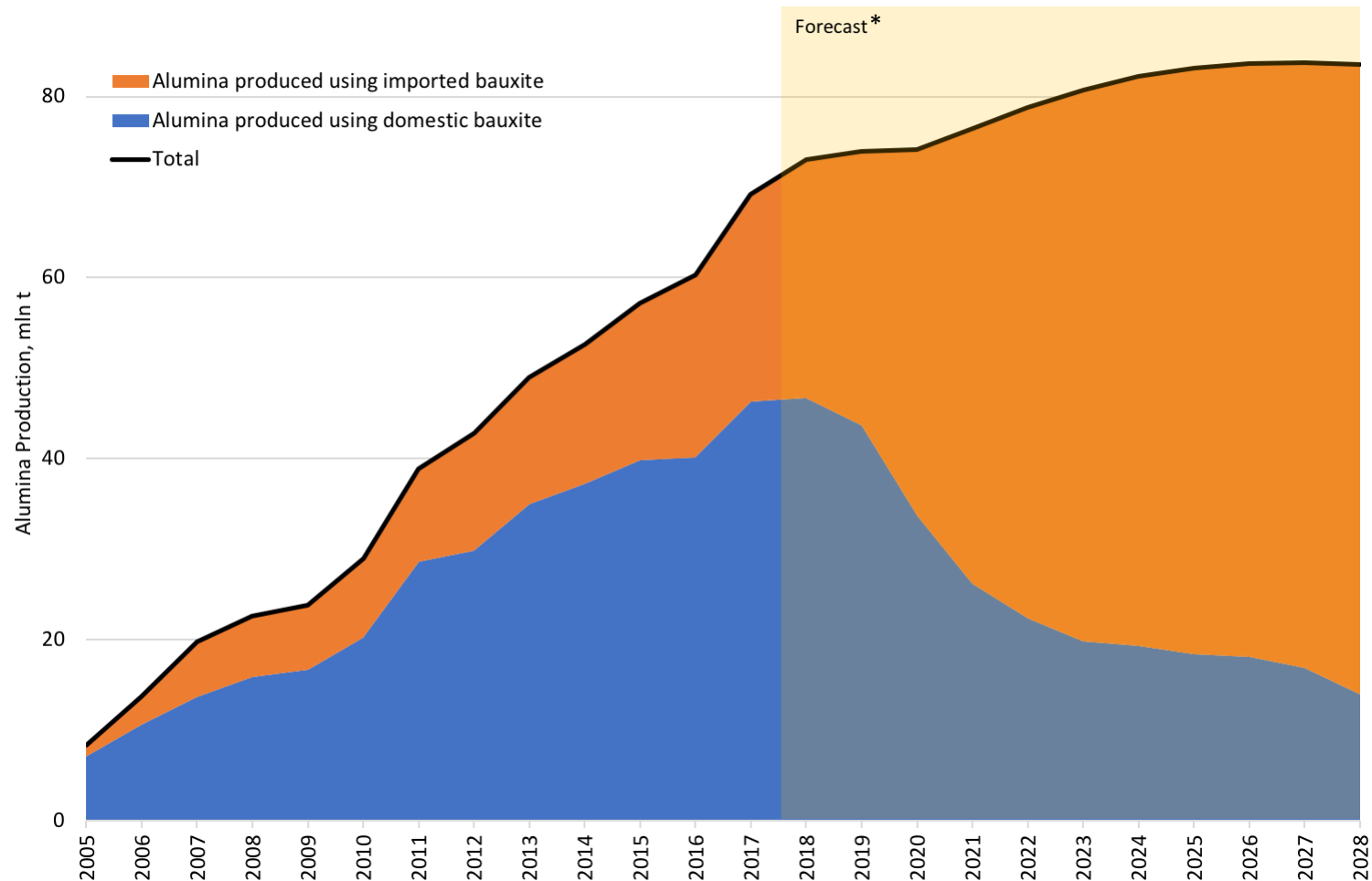


China Bauxite Imports by Source Country - Market in Oversupply



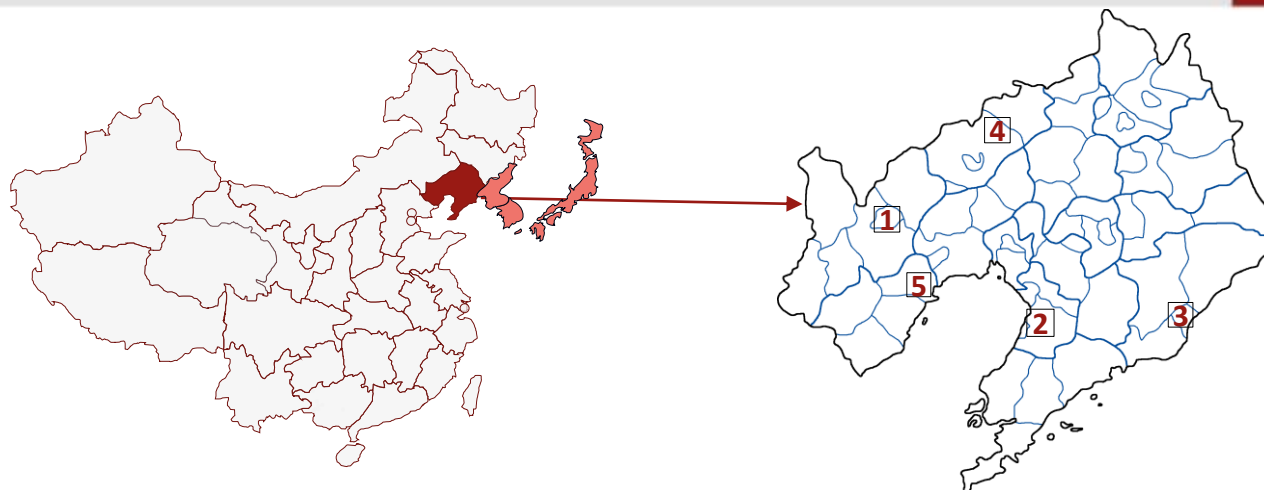
- ❑ China's bauxite imports estimated at around 20* million tonnes in Q2, down 1.9% QoQ.
- ❑ Guinea remains the largest exporter to China at around 9.6* million tonnes in Q2, down 9% QoQ.
- ❑ Modest imports from India and Indonesia could return during H2
- ❑ Several inland refiners are now either actively seeking or showing strong interest in imported bauxite
- ❑ In June, it is estimated China imported around 6.9* million tonnes of bauxite

Imported Bauxite Forecast to Displace China Domestic Bauxite



- ❑ China's domestic bauxite is forecast to fall in volume (due to depleting grades and environmental compliance audits)
- ❑ Expected to lead to higher average cash cost for Chinese alumina production as use of imported bauxite increases
- ❑ China's alumina production forecast to plateau at 83 million tonnes in 2025 (includes 5% allowance for non-SGA) compared with 69 million tonnes in 2017

Liaoning Refinery Project Setbacks



Company	Location	Owner	Capacity MTPY	Status	Bauxite Source
1 Jingang Aluminium	Chaoyang	SPIC & Jinzhou Port	10	Planning	Guinea, Australia
2 Dananshan Alumina	Yingkou	Bosai Group	2.5	Constructing	Ghana and others
3 Danfeng Aluminium	Dandong	Jinjiang Group	6	Planning	-
4 Fuxin Alumina Project	Fuxin	TBEA	6	Planning	Guinea and others
5 Zhongshi New Material (CGA)	Huludao	-	0.0045	Planning	-
Total			24.5		

- ❑ In early August, 5 new coastal alumina refinery projects in Liaoning province were “cancelled” with immediate effect (total 24.5m tpa capacity affected)
- ❑ Reason: environmental protection regulations prompted by protests by local residents
- ❑ Unless projects can be relocated or proceed with more stringent environmental requirements, China may need to import more alumina

Affected Regions of 'Three Year Plan to Defend Blue Sky'

■ A. '2+26' Cities

Beijing and Tianjin (2)
Shijiazhuang
Tangshan
Baoding

Henan (7)
Langfang
Zhengzhou
Cangzhou
Xinxiang
Hengshui
Hebi
Handan
Anyang
Xingtai
Jiaozuo
Puyang
Kaifeng

Shandong (7)
Ji'nan
Zibo
Liaocheng
Dezhou
Binzhou
Jining
Heze

Hebei (8):
Shijiazhuang
Tangshan
Baoding
Langfang
Cangzhou
Hengshui
Handan
Xingtai

Shanxi (4):
Lvliang
Jinzhong
Linfen,
Yuncheng

Henan (2):
Sanmenxia
Luoyang

Shaanxi (5):
Xi'an
Xianyang
Baoji
Tongchuan
Weinan

■ B. Fenwei Plain (11 cities)

■ C. Yangtze River Delta (4 provinces)

Jiangsu
Shanghai
Zhejiang
Anhui

■ D. Yangtze River Economic Belt (targeted by MIIT's three-year action plan)



Three-Stage Implementation (Jun 11 2018 to Apr 28, 2019):

Stage 1:

Review of previous results in '2+26' cities

Stage 2:

Comprehensive supervision on '2+26' and additional 11 cities in Fenwei Plain

Stage 3:

Inspection of '2+26', Fenwei Plain and Yangtze River Delta Region

- ❑ Guided by this central policy, local governments may expand the scope of policy implementation based on specific circumstances.
- ❑ *Shanxi is likely to be hit hard by the campaign, given its higher reliance on coal.*
- ❑ *Subsidies may be provided to major producers meeting certain emission standards. Exemption or relaxed regulations may apply i.e. discretionary implementation instead of a clean-cut approach.*

Item	2018 1H and Outlook
Performance	<p>Very strong 1H cash flow, profits and dividends from substantial price tailwinds</p> <p>Market conditions in 2H continue to be strong</p> <p>2H pricing outlook positive (nearly 3 months of 2H pricing complete, API average circa \$485/t)</p>
AWAC assets	<p>AWAC's Tier 1 low cost assets deliver strong cash flows and outstanding returns to shareholders in positive markets</p>
Alumina deficit moving to near balance	<p>Alumina supply deficit in 2018; once Alunorte restarts likely to move to balanced market 2019-2020</p>
China growth slowing and costs increasing	<p>Chinese bauxite depletions and environmental and other policies mean increased bauxite (or alumina) imports and higher costs</p>

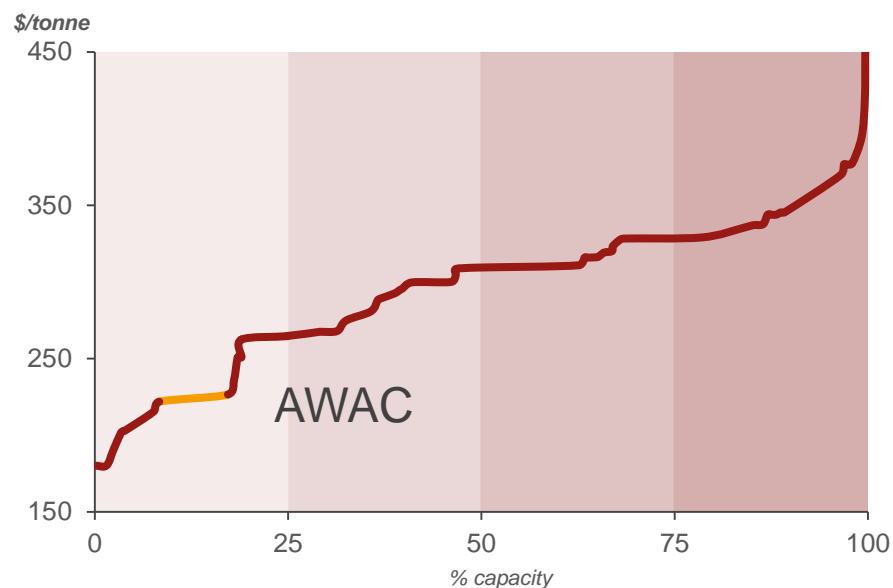
Appendix

AWAC: Cost of Production

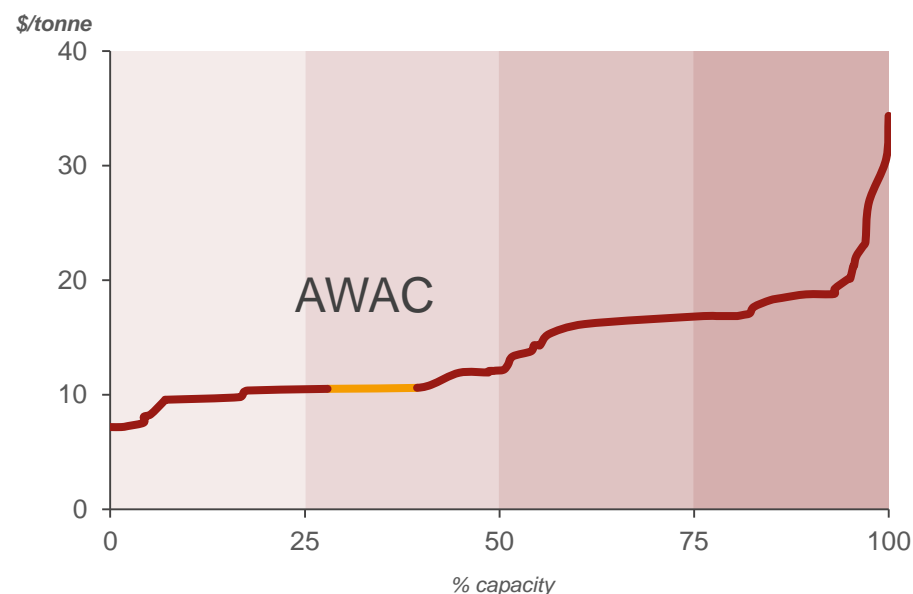
Low Cost Producer of Bauxite and Alumina

ALUMINA
LIMITED

Global SGA Refining Cash Cost Curve Q2 2018*



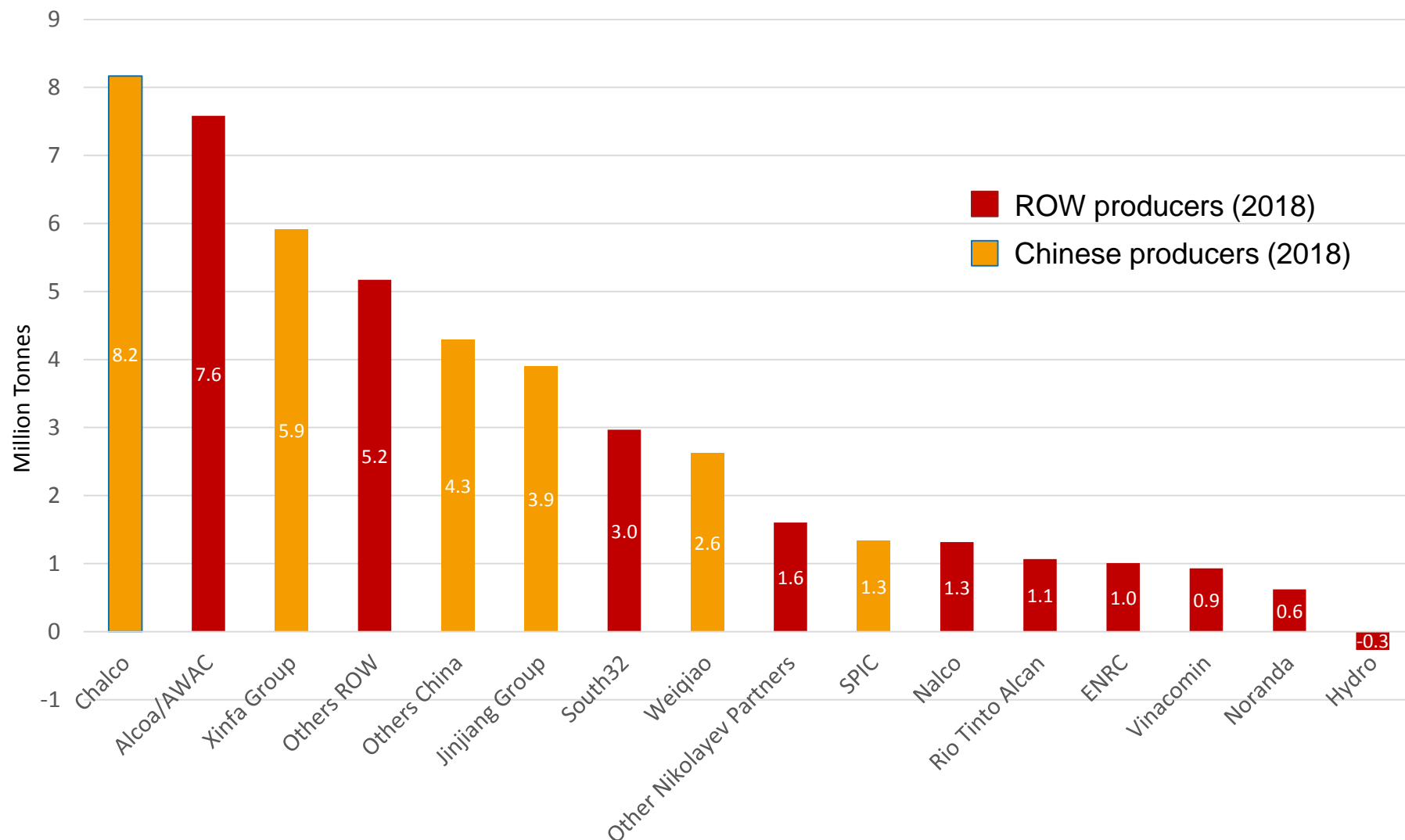
Global Bauxite Mining Cash Cost Curve Q2 2018*



* Excludes applicable VAT of 17% that Chinese miners and refiners pay on raw materials, energy and services

Source: HARBOR Aluminum, July 2018

AWAC: Significant Third Party Alumina Supplier



Source: CRU Bauxite and Alumina Market Outlook, August 2018. Note: The totals are not exact as in some cases 100% of joint venture production has been included and CRU has included cumulative capacity creep estimates and an adjustment to production due to unplanned disruptions

Limited New Alumina Growth Outside China

Country	Company	Refinery	Announced Start Up	Capacity (m tpa)	Type	Status	Bauxite Source
UAE	EGA	Al Taweelah	2018	2.000	Greenfield	Being constructed (delayed)	Guinea
Indonesia	Hongqiao	Ketapang Phase II	2018	1.000	Brownfield	Likely (in 2019)	Captive
Iran	SALCO	Persian Alumina I	2019	0.800	Greenfield	Likely	Guinea
Greece	Mytilineos	Distomon	2020	0.850	Brownfield	Confirmed	Captive

Other projects which are under consideration (and have a captive bauxite source) are:

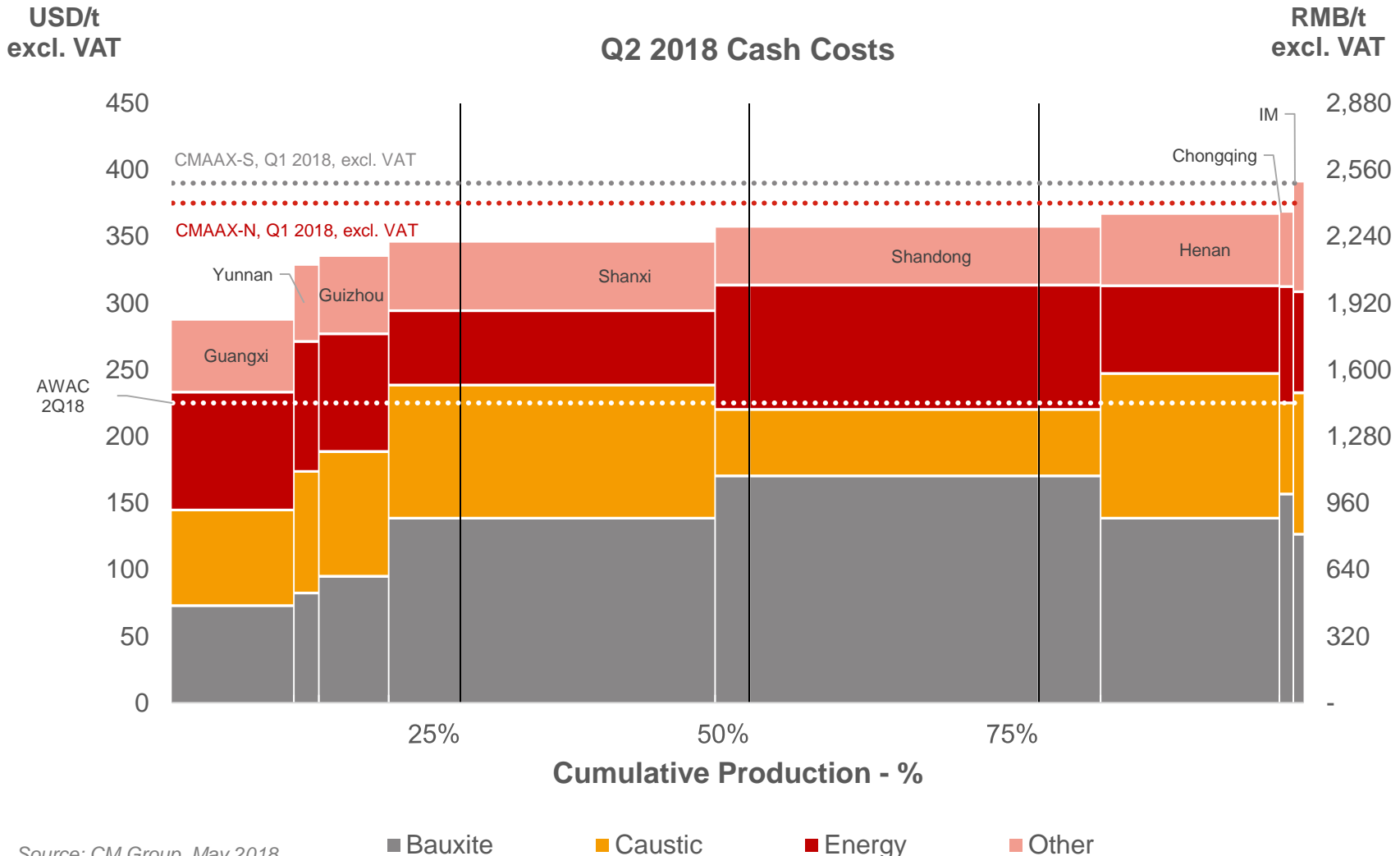
Country	Company	Refinery	Capacity (m tpa)	Type
Laos	Yunnan Aluminum	Paksong	1.000	Greenfield
Indonesia	Inalum/Antam	West Kalimantan	2.000	Greenfield
Jamaica	JISCO	Alpart	2.000	Brownfield
Indonesia	Nanshan Group	Bintan	1.000	Greenfield
India	Vedanta	Lanjigarh	5.000	Brownfield
Guinea	SMB/Winning	Dapilon	1.000	Greenfield

Greenfield refineries ex China often take 5+ years to build. Only ones built in last 5 years are:

- Hongqiao, Well Winning Harvest Indonesia 2012 to 2016 (1m tpa)
- AWAC/Ma'aden Saudi Arabia 2010 to 2018 (1.8m tpa)
- Tan Rai, Nhan Co Vietnam 2007 to 2018 (each 650k tpa)
- EGA Al Taweelah (started in 2014, due for first alumina in 2019)

Average China Alumina Cash Cost By Province – Q2 2018

Alumina costs up 3% in Q2, with bauxite costs in Shanxi jumping 10% due to environmental inspections. Shanxi refineries no longer enjoy a cost advantage over Shandong coastal refineries, with higher bauxite prices and lower quality bauxite, needing more caustic



“Three-Year Plan to Defend Blue Sky” 2018-2020

- **Enlarged affected area** – includes the ‘Yangtze Delta’ and ‘Fenwei Plains’ as well as the original ‘2+26 cities’ in 2017/18’s Winter cuts period.
- **Inspection and rectification targets** – 2+26 cities goal to be achieved by 2018, surrounding areas by 2019 and the rest of China by 2020
- **Key environmental targets:** PM2.5, industry, SO₂, coal, NO_x, diesel trucks, dust

Winter cuts

- **Henan** to cut over 30% production for primary Al and alumina producers, and to cut 10% for smelters if emission is kept below certain limits during the 2018/19 winter cuts.
- **Shanxi:** a larger area is likely to be covered with more capacity targeted.
- **Shandong:** likely to cut a similar amount as in 2017/18 winter.

Others

- **Primary Al:** Strict control over new capacity
- **Coal:** By 2020 (vs 2015), 1) national coal consumption less than 58% of total energy consumption. 2) -10% in 2+26 cities. 3) -5% in Yangtze Delta, 4) negative growth in Fenwei Plains
- **Transport:** Road to rail – 1) increase railway transport to over 50% in affected area, 2) Promote New Energy Vehicles
- **Rectification of open pit mining**

Other Reforms

- **SSSR 2018:** Further supply-side structural reform with more efforts to improve economic quality, promote innovation, cut overcapacity and foster new growth drivers.
- **Points to watch:** Reform of energy-intensive captive power generation, potential control of rapid alumina capacity expansion, etc.

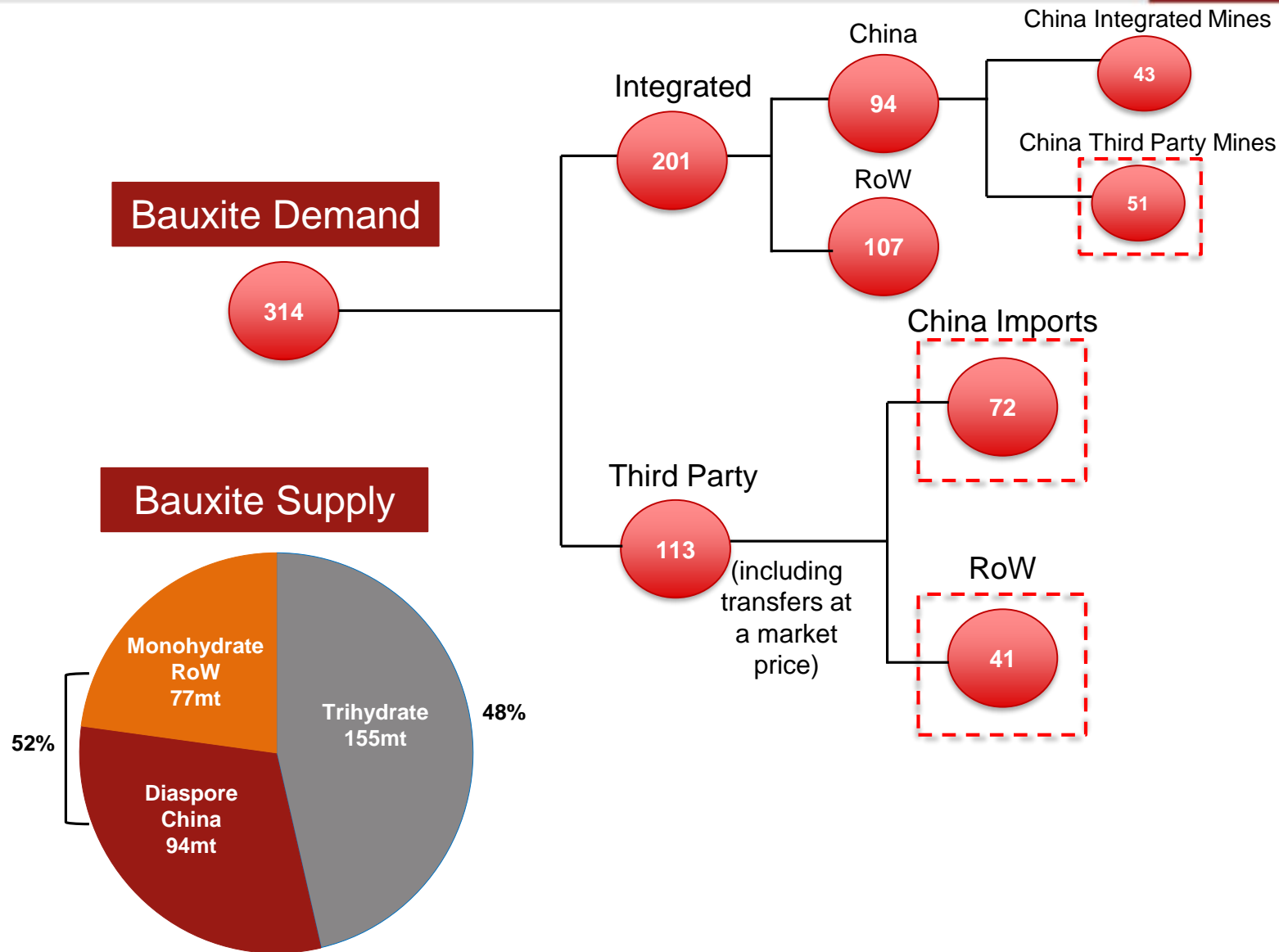
Gas for Coal Rectification

- 2018: 4 million households in North China will convert to gas from coal or thermal power programs in 2018; eliminate 10 tonnes/hour or lower coal-fired boilers.

Solid Waste

- China is paying more attention to treating solid waste, with specific local policies in place already. **Red mud dams** are likely to become a focus sooner rather than later.

2018 Bauxite Market Overview



2018 Metallurgical/Smelter Grade Alumina Market Overview

