

ASX Announcement

23 August 2019

Alumina Limited 2019 Half Year Result Presentation

Attached is a presentation relating to Alumina Limited's Half Year Results for the 6 months ended 30 June 2019.

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.

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 2018. 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.



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23 August 2019

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Alumina Limited 2019 Half-Year Results



Mr Mike Ferraro

Managing Director and
Chief Executive Officer

Disclaimer

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.

No Offer, Recommendation or Advice

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Key Risks

Certain key risks that may affect Alumina, its financial and operating performance and the accuracy of any forward-looking statements contained in this Presentation 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's Annual Report 2018.

Past Performance

Past performance information contained in this Presentation is given for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance.

Financial Data

All dollar values in this Presentation are in United States dollars (US\$) unless otherwise stated.

All reference to bauxite tonnes in this Presentation are Bone Dry Tonnes (BDT) unless otherwise stated.

Certain financial data included in this Presentation is "non-IFRS financial information" under Australian Securities and Investments Commission Regulatory Guide 230: "Disclosing non-IFRS financial information". Alumina believes the non-IFRS financial information provides useful information to users in comparing prior periods and in assessing the financial performance and condition of Alumina. The non-IFRS financial information does not have a standardised meaning prescribed by Australian Accounting Standards and, therefore, may not be comparable to similarly titled measures presented by other entities, nor should the information be construed as an alternative to other financial measures determined in accordance with Australian Accounting Standards. Readers are cautioned, therefore, not to place undue reliance on any non-IFRS financial information contained in this Presentation. Where non-IFRS financial measures are contained in this Presentation, the definition of the relevant measure, its calculation method and/or a reconciliation to IFRS financial information is provided in this Presentation as appropriate or can be found in Alumina's ASX Half-Year Preliminary Report (Appendix 4D).

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Alumina Limited Half-Year Results (IFRS)



Strong Performance Continues

NPAT

\$211m

(1H 2018: \$286m)

Net Receipts from AWAC

\$265m

(1H 2018: \$276m)

Dividend

4.4 US CPS

(1H 2018: 8.6 US CPS)

Cost Curve

1st quartile alumina
portfolio.

Remaining profitable
throughout the cycle

Mr Grant Dempsey

Chief Financial Officer



AWAC 2019 Half-Year Results

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AWAC Half-Year Results (US GAAP)

EBITDA

\$950m
(1H 2018: \$1,208m)

NPAT

\$552m
(1H 2018: \$737m)

CFO

\$456m
(1H 2018: \$656m)

Alumina Realised Price

\$375/t
(1H 2018: \$424/t)

Alumina Production

1H2019: 6.2mt
(1H 2018: 6.1mt)

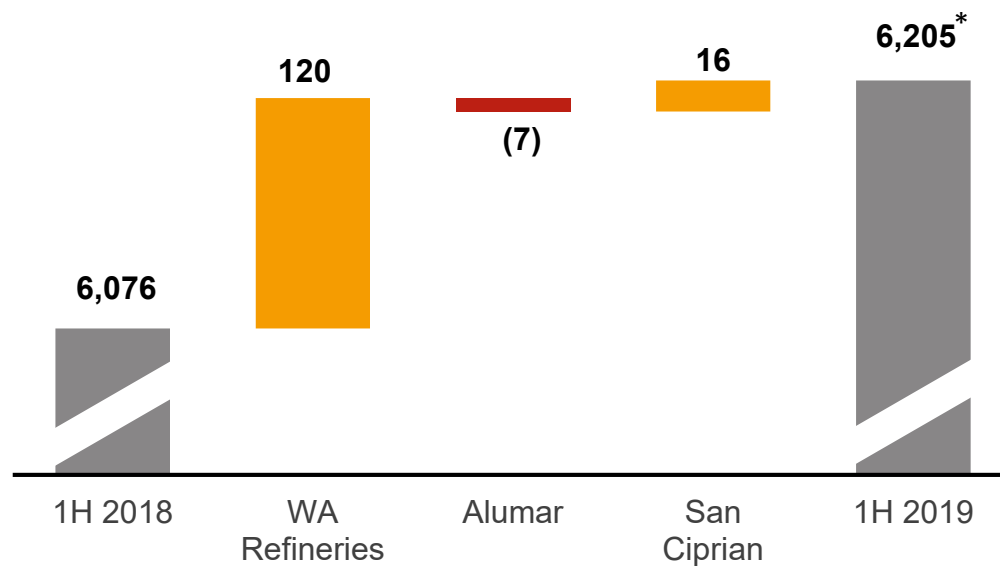
Alumina Cash Cost

\$218/t
(1H 2018: \$224/t)

AWAC Alumina Production

Record Production in a First Half*- Operational Stability Improves

AWAC Operated Refineries



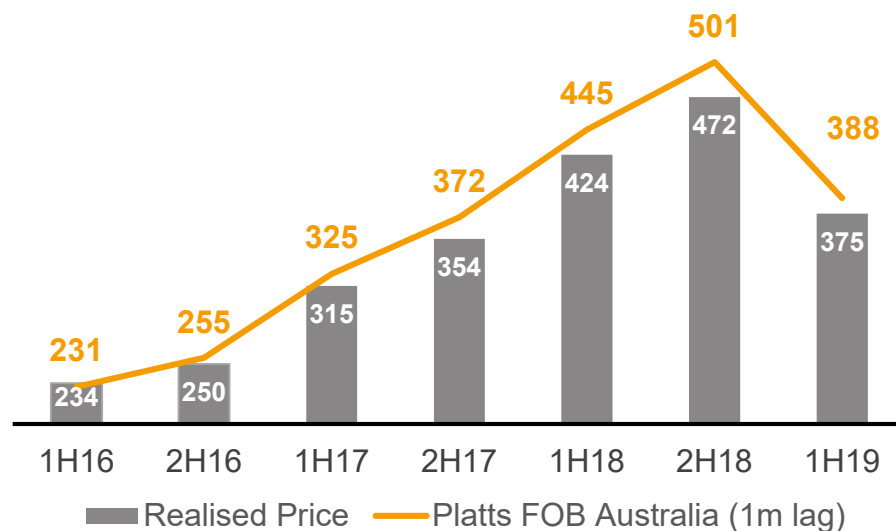
Ma'aden Joint Venture	1H 2018	1H 2019
Refinery Production (100%)	848kt	910kt^
AWAC Share	213kt	228kt

^ Production equates to an average of 101% of nameplate capacity

* For the current AWAC portfolio of refineries

AWAC Alumina Realised Price

Average Realised Price Decreased \$49/t - Driven by Lower API



Average Realised Price

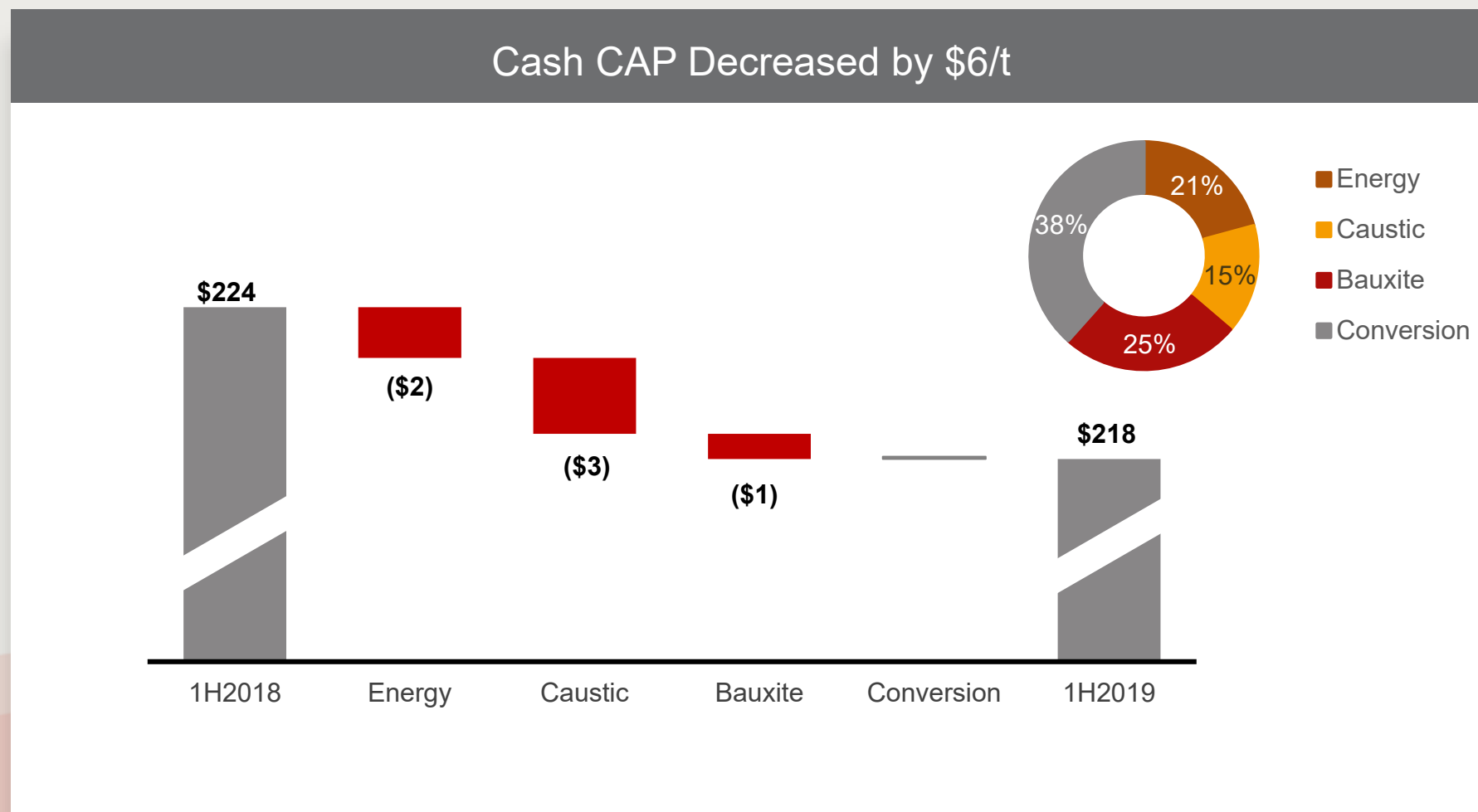
1H2019: \$375/t
(1H 2018: \$424/t)

SGA* Sales on API/spot

1H2019: 94%
(1H 2018: 92%)

* SGA – Smelter Grade Alumina

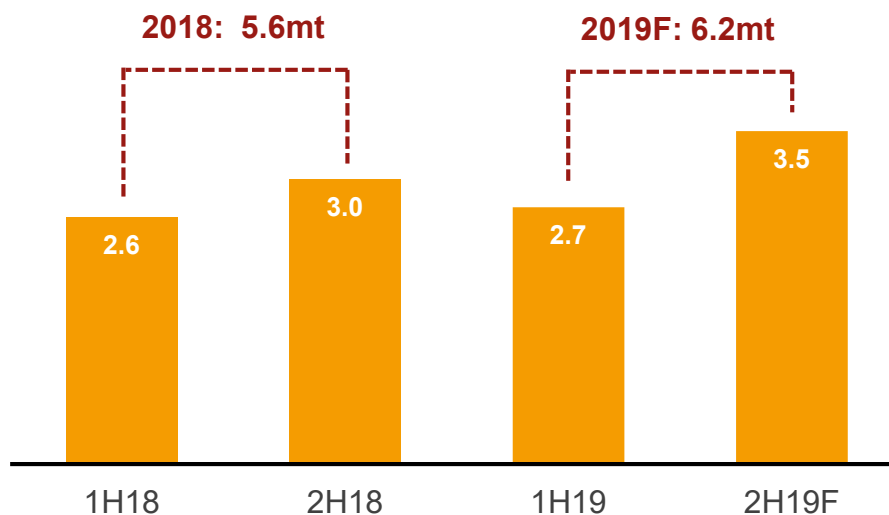
AWAC Cash Cost of Alumina Production



AWAC Bauxite

Improved Production and Third Party Shipments

Third Party Shipments



Production AWAC Mines[^]

1H 2019: 19.9mt
(1H 2018: 19.1mt)

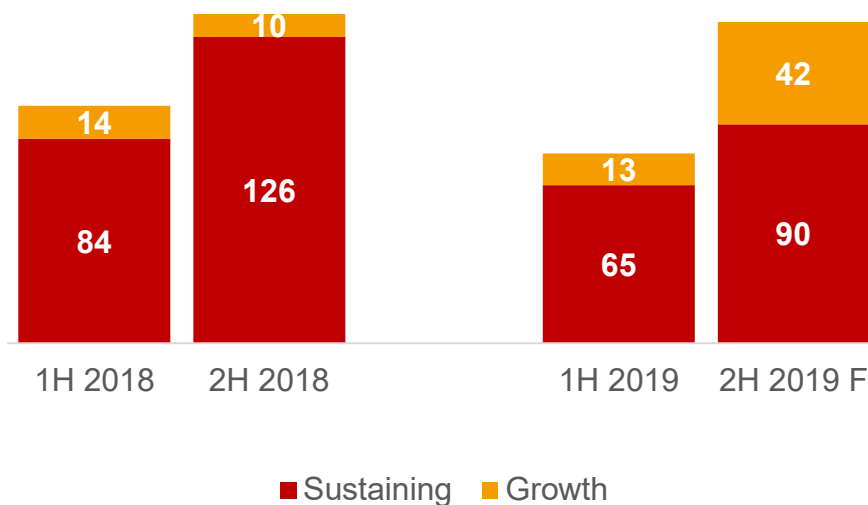
[^] Does not include equity share of MRN, CBG and Ma'aden

Cash Cost of Mining

1H 2019: \$10.5/t
(1H 2018: \$11.7/t)

AWAC Capital Expenditure

Focusing on Growth Opportunities



Sustaining

- Completion of Pinjarra press filtration facility; commissioning expected 2H2019
- Planning for Willowdale's crusher move
- Residue storage areas

Growth

- Debottlenecking and boiler upgrade at Alumar refinery
- Evaluating WA refinery brownfield expansion opportunities with an evaluation likely in 1H2020

AWAC Outlook

Item	2019 Outlook	Change Since Previous Outlook
Production	Alumina: 12.6m t Portland (55% share): 165k t	No change No change
Bauxite (3rd Party)	Sales: 6.2m t	No change
Cash Flow	Sustaining Capex: \$155m Growth Capex: \$55m Restructuring related items: \$90m	No change ↓ \$55m ↓ \$30m
EBITDA Sensitivities	API +/- \$10/t: approximately +/- \$110m Caustic +/- \$100/dmt: approximately +/- \$90m +/- 1¢ in USD/AUD: approximately +/- \$20m	No change No change No change

Alumina Ltd 2019 Half-Year Results

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Alumina Half-Year Results (IFRS)

NPAT

\$211m
(1H 2018: \$286m)

Dividend

4.4 US CPS
(1H 2018: 8.6 US CPS)

Gearing

2.7%
(1H 2018: 2.5%)

Market

Metal and Alumina prices
fluctuating

Capability

Continuing to invest in
market expertise

Growth

Promising growth
opportunities being
evaluated

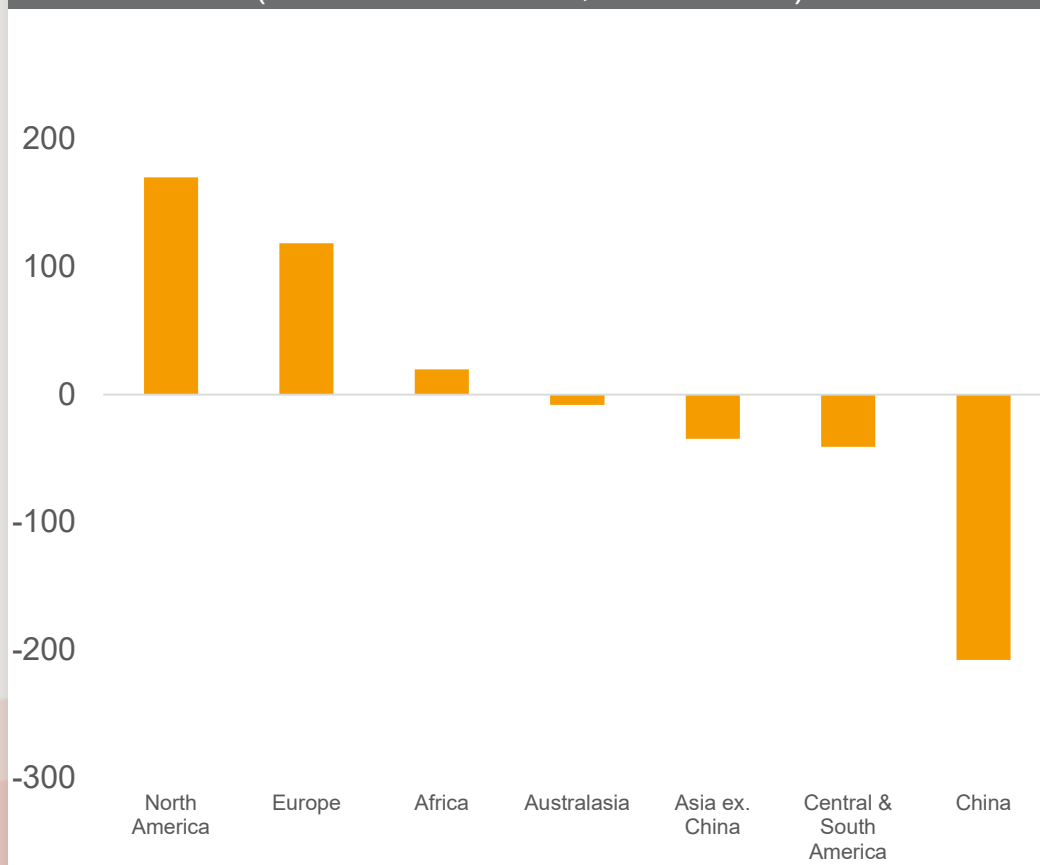
Market Review and Outlook

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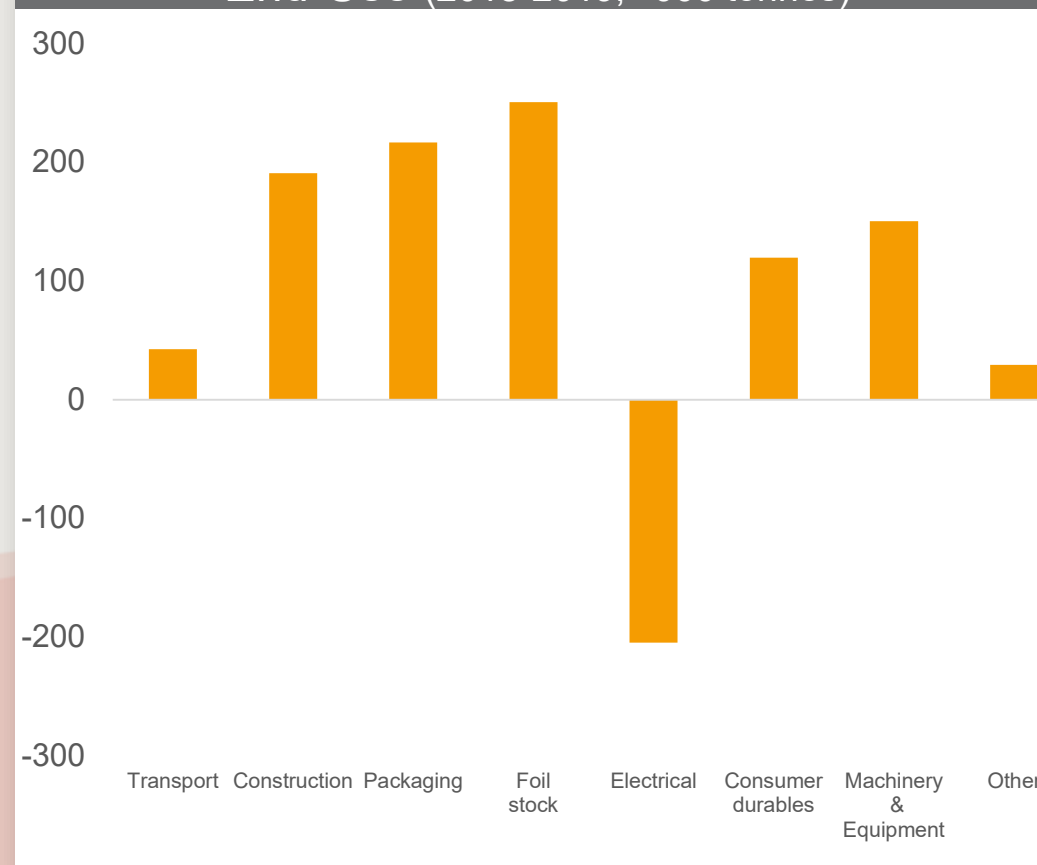


Aluminium Demand Growth Slower 1-2% Growth over 2019

Change in Primary Aluminium Demand
(2H 2018 - 1H 2019, '000 tonnes)

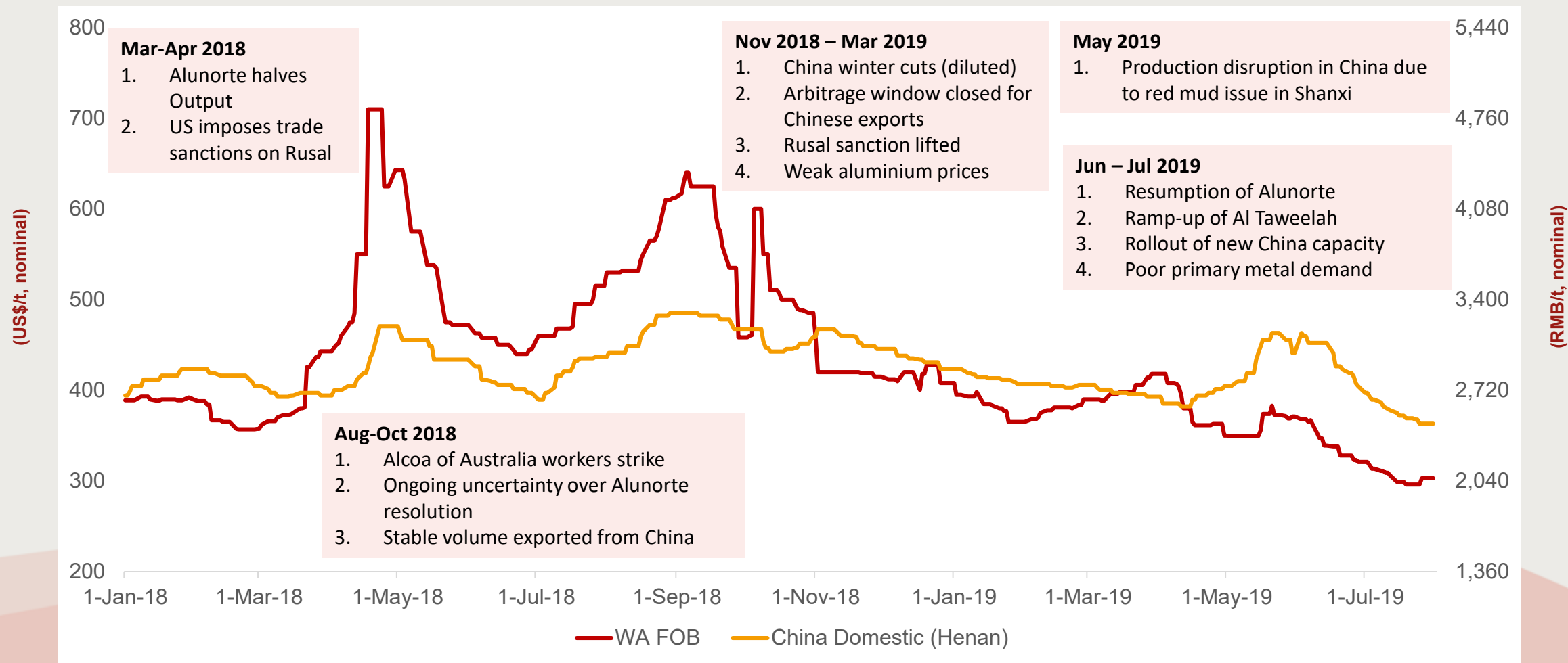


Change in Aluminium Semi Consumption by
End-Use (2018-2019, '000 tonnes)



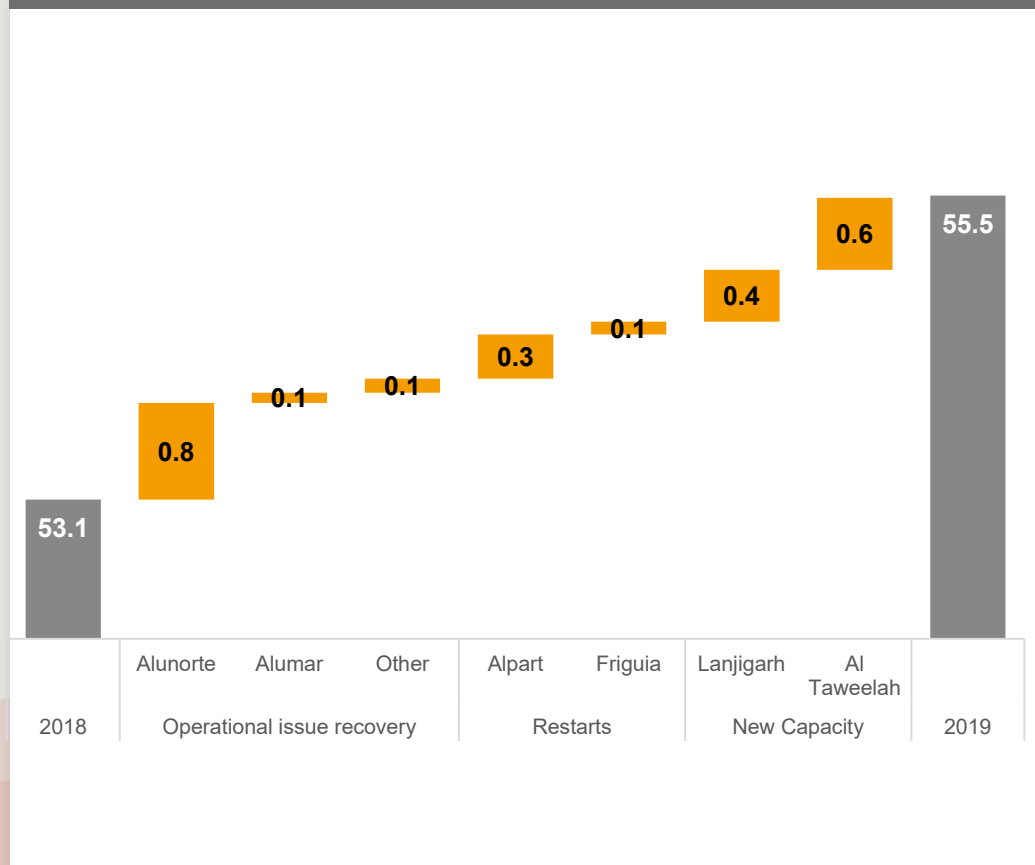
Alumina Prices Reflect Market Dynamics

Market in Small Surplus

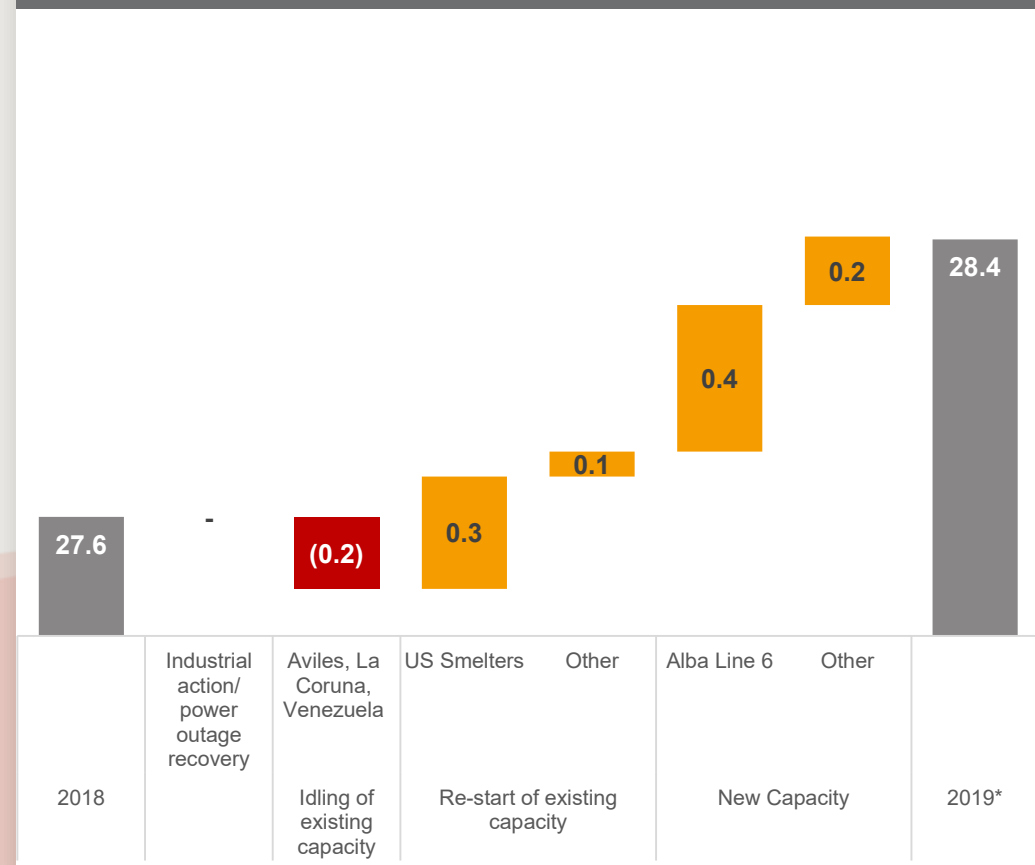


Modest Alumina Market Surplus over 2019 (ROW)

Expected Growth of 2.4Mt in SGA Production



Expected Growth of 0.7Mt in Metal Production

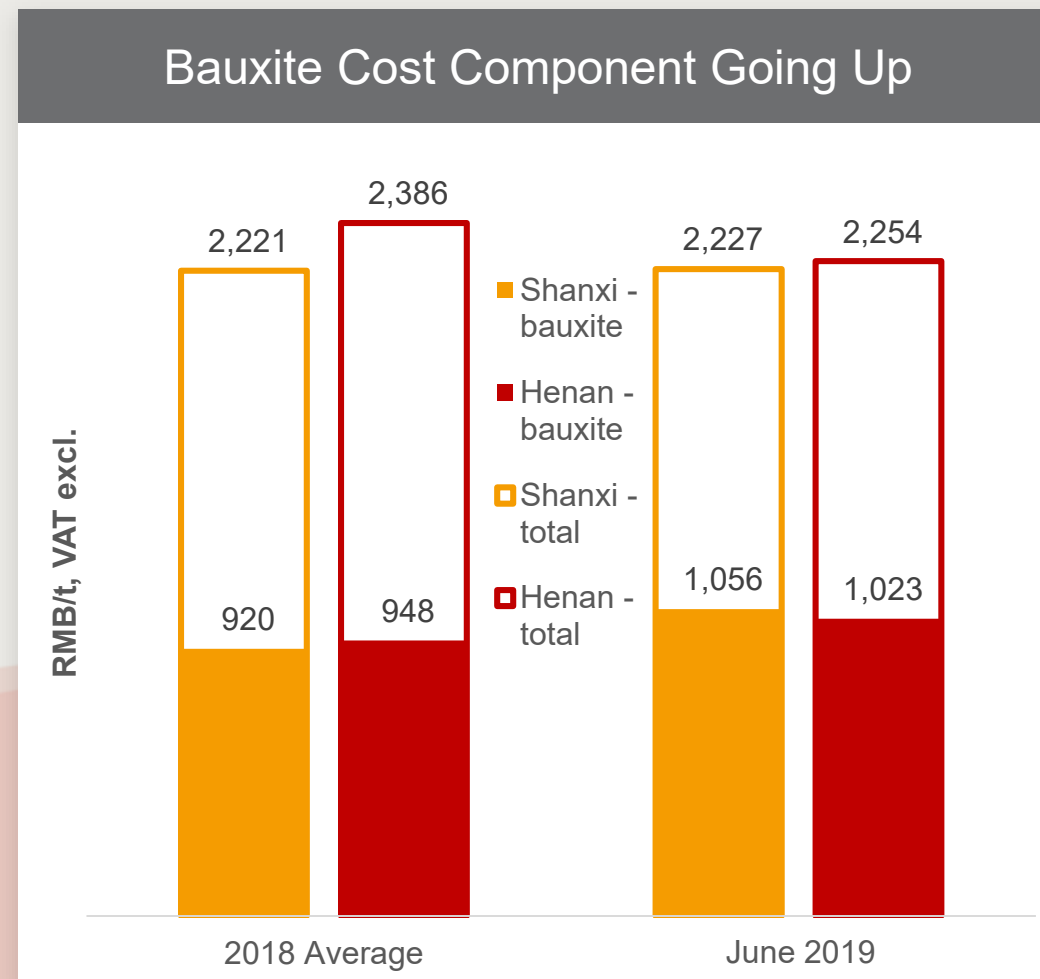
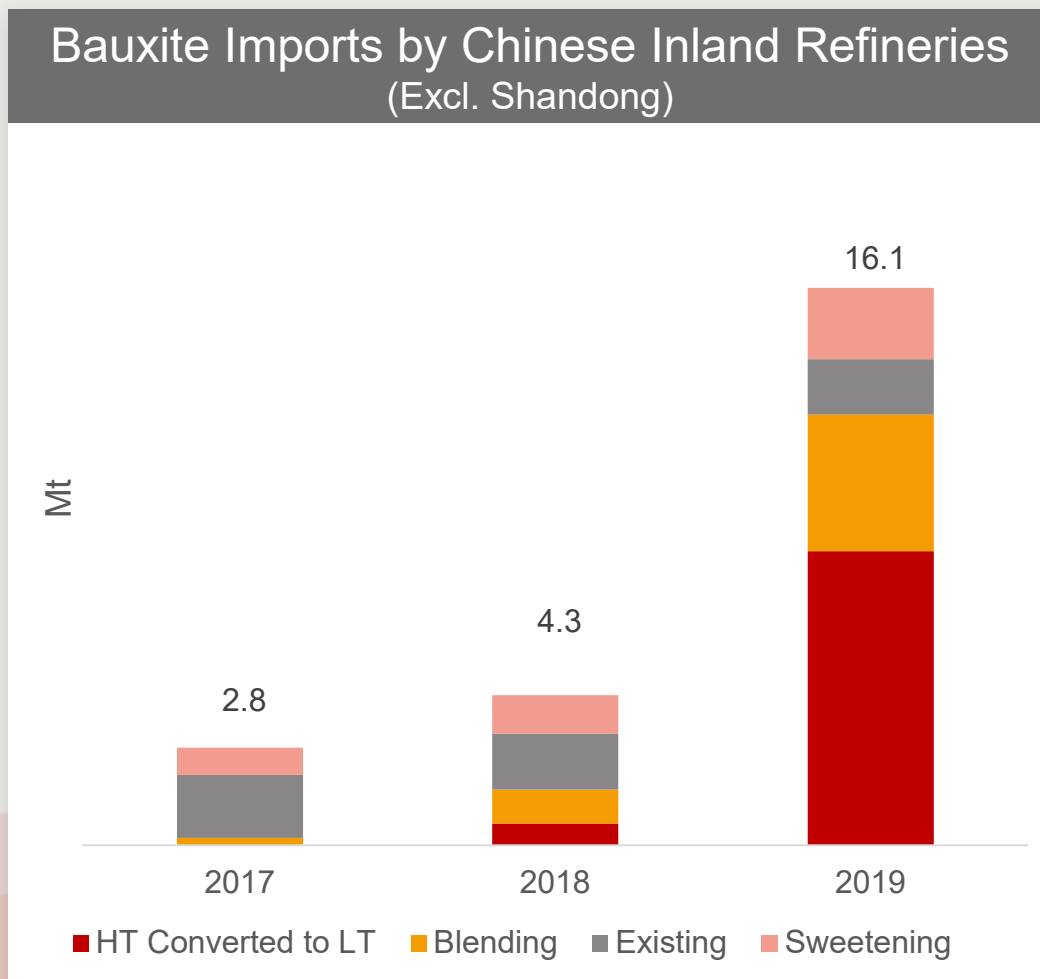


*28.4M t of Aluminium is equivalent to 54.8M t of Alumina

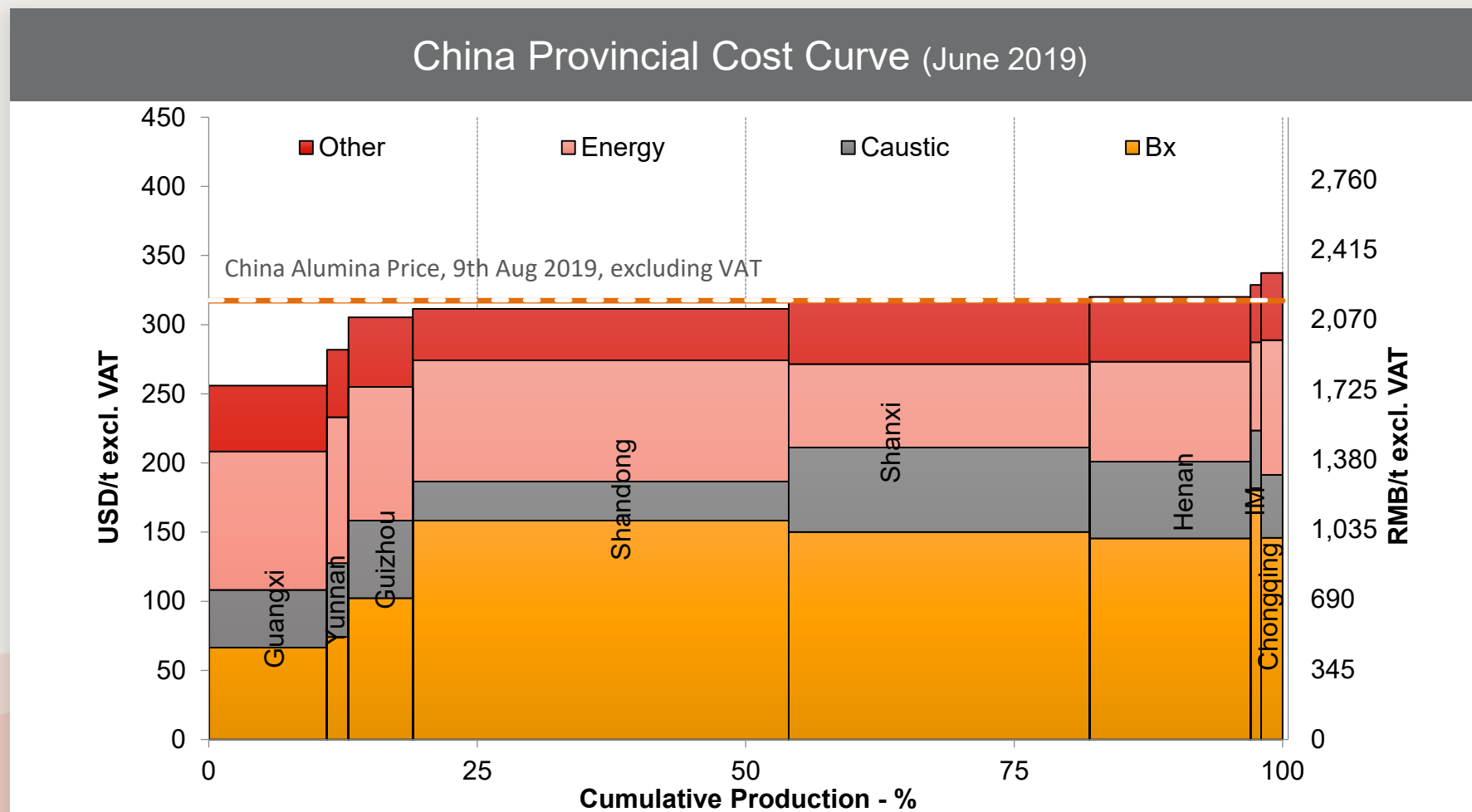
China's Forecast Production



Bauxite Underpins Cost of Production for Alumina

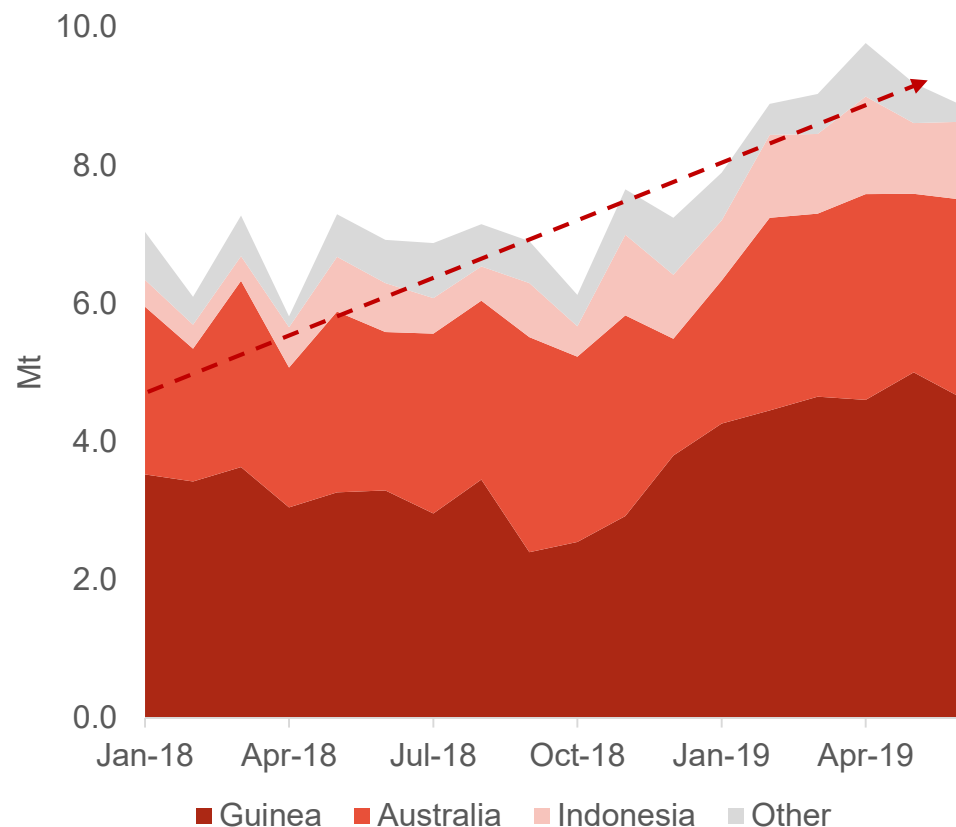


China's Average Cost of Production US\$307/t (excl. VAT)

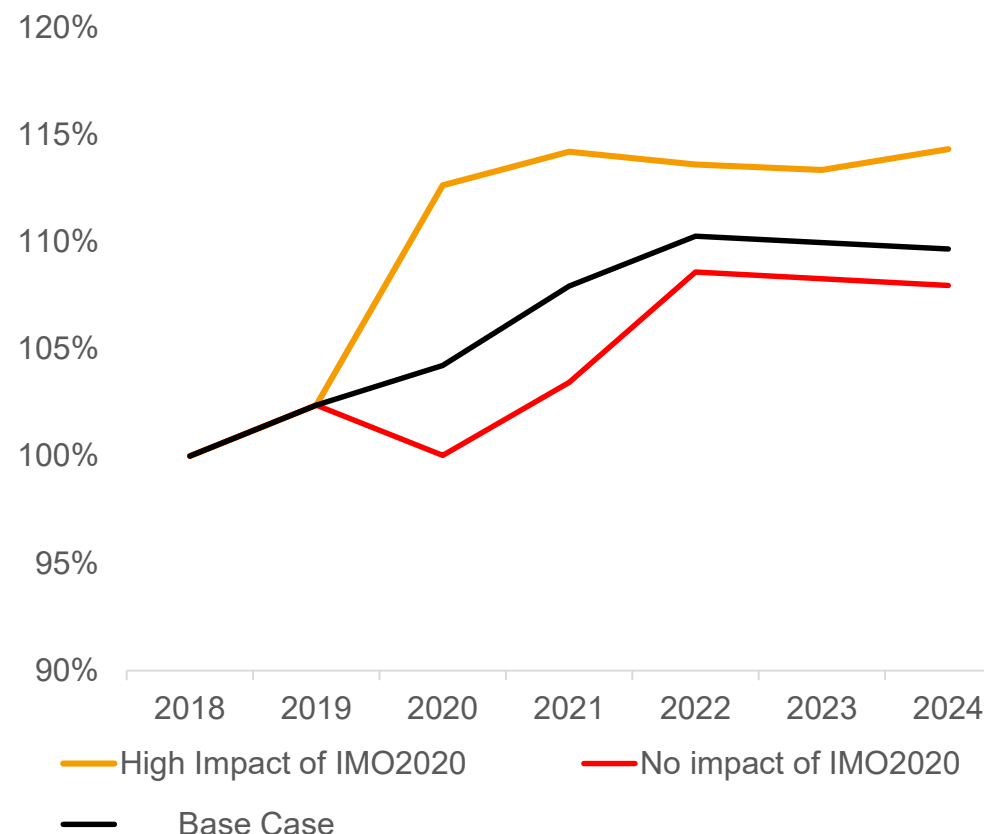


Third Party Bauxite Market Expected to Continue to Grow Cost May be Impacted by IMO 2020

Monthly China Bauxite Imports



Forecast Impact of IMO 2020 on Bauxite Prices



ESG Initiatives

Climate Change

Alumina Limited released its Climate Change Position Statement

ASI Certification

Aluminium Stewardship Initiative certification achieved for Juruti bauxite mine and Alumar refinery, both in Brazil

Biodiversity

Plans implemented for WA and Juruti mining operations and Portland smelter

CO₂ Emissions

Since 2015, absolute CO₂ emissions reduced by 18% and GHG intensity per tonne of alumina production reduced by 13%

Water Usage

Freshwater intensity per tonne of alumina production has reduced by 8% since 2015

Press Filtration

Press filtration completed at Kwinana refinery and stage 1 at Pinjarra refinery to be commissioned in 2H 2019

Market Summary and Outlook

1H 2019 vs 2H 2019

Aluminium

- Uncertain global sentiment likely to continue while trade wars persist, weighing on LME price in 2019
- Smelters will seek to reduce or delay growth, leading to subdued demand for alumina

Alumina

- Higher supply and lower demand outside China led to lower API
- Alumina realised price averaged US\$375/t in 1H (US\$473/t in 2018). August price around US\$300/t
- Chinese price likely to bottom out at RMB 2,400/t, where curtailments likely at higher cost refineries
- Aluminium production and alumina demand is expected to modestly increase in 2H

Bauxite

- Chinese imports jumped by 32.7% in 1H to 54 million tonnes
- Inland refineries in China seeking more imported bauxite, increasing the bauxite cost component of alumina production

Alumina Limited

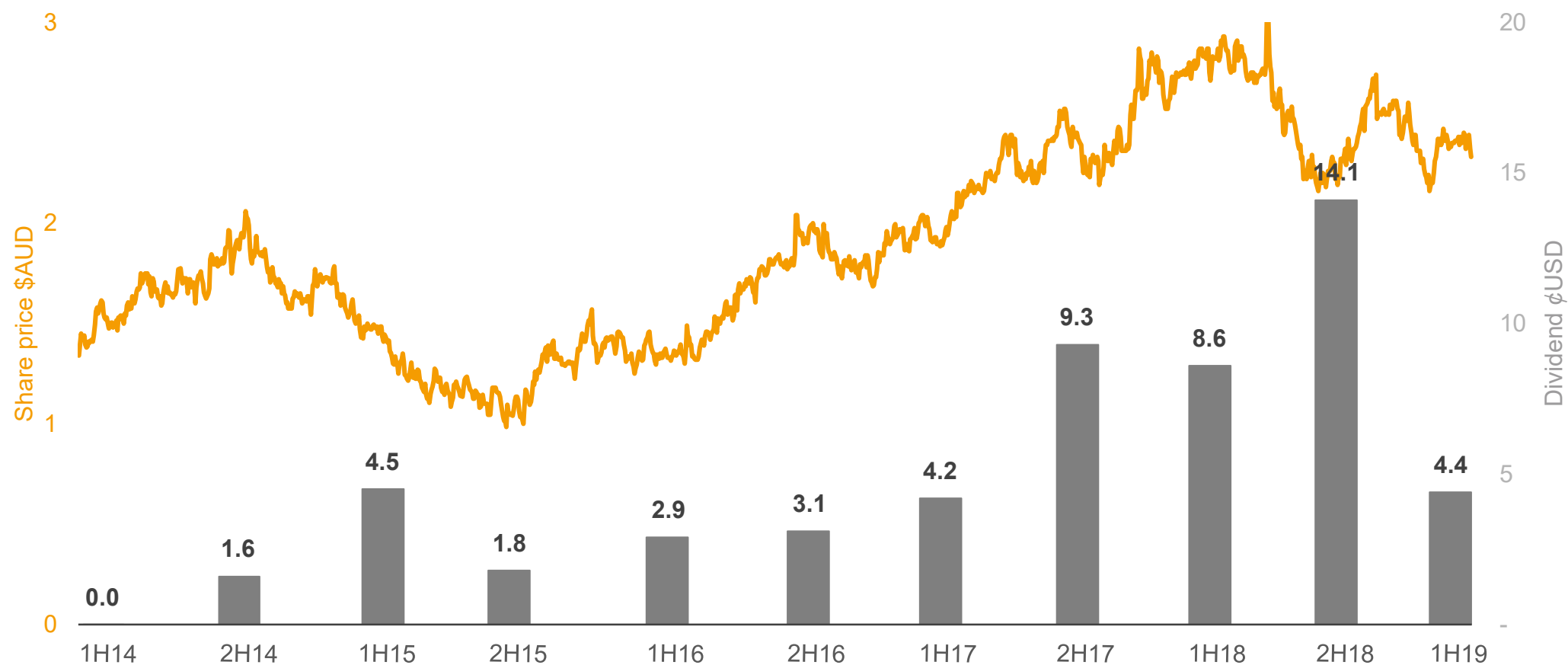
- AWAC generated good margins
- AWAC's stable, low cost bauxite and alumina portfolio should ensure positive returns throughout the cycle
- Good options to grow low cash cost alumina production to meet expected market demand growth

Appendix

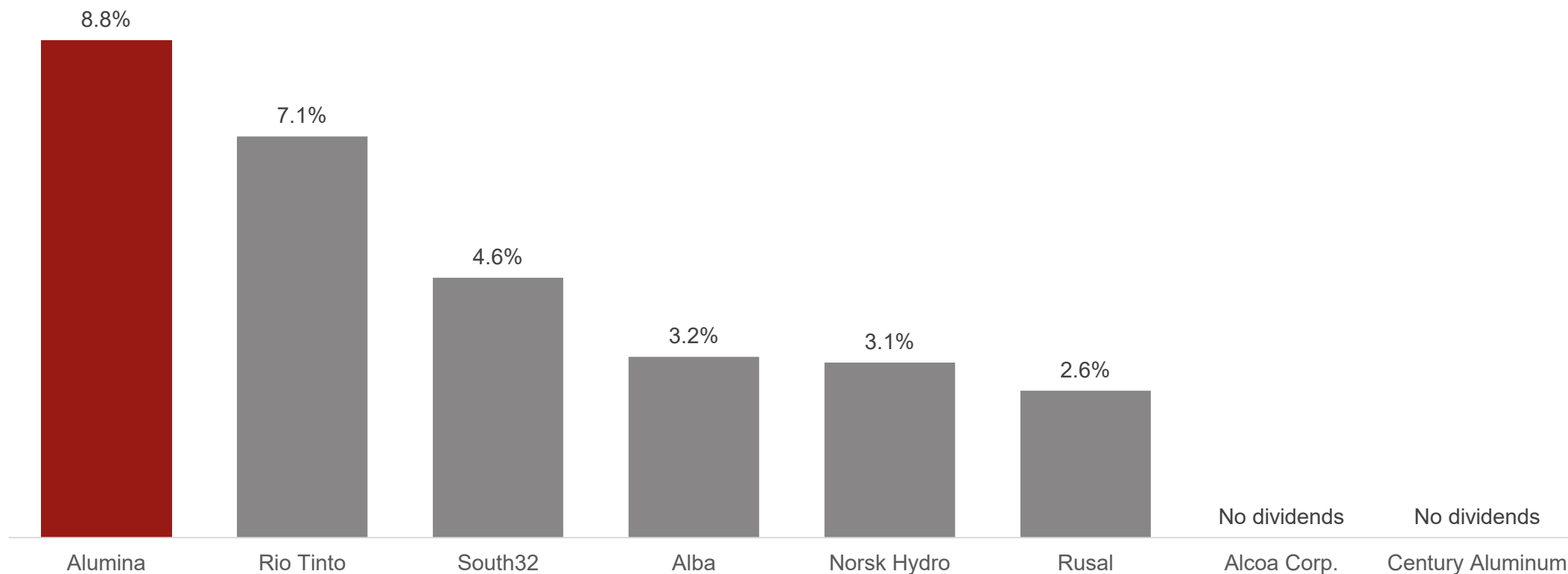
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Alumina Ltd Share Price / Dividend History

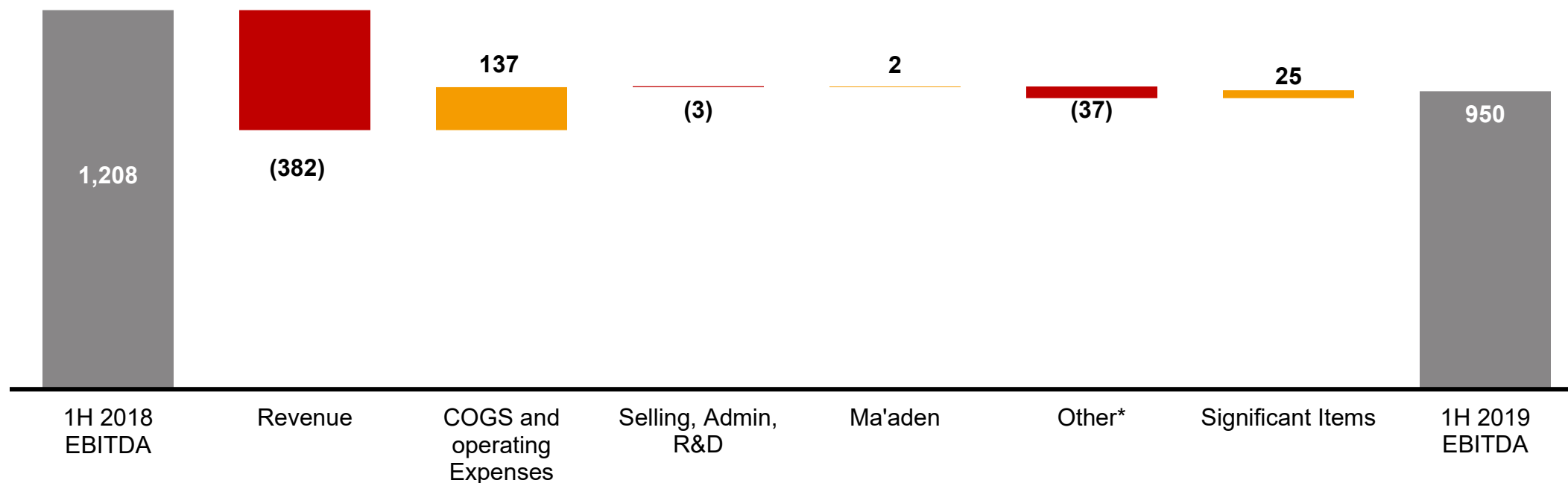


Alumina Ltd vs Peers Avg Dividend Yield⁽¹⁾ (Past three calendar years, excl franking credits)



Notes: (1) Dividend yield calculated as the average dividend declared from 22-Aug-16 to 22-Aug-19 divided by the average share price during that period

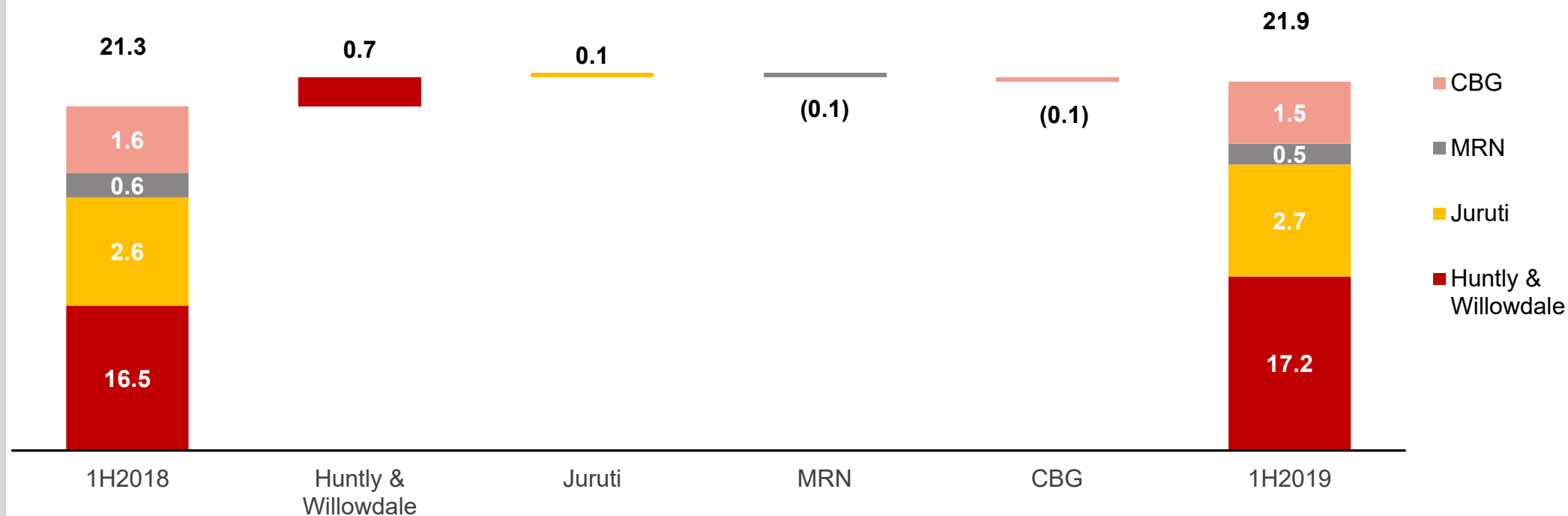
AWAC EBITDA^ Decreased by \$258m



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

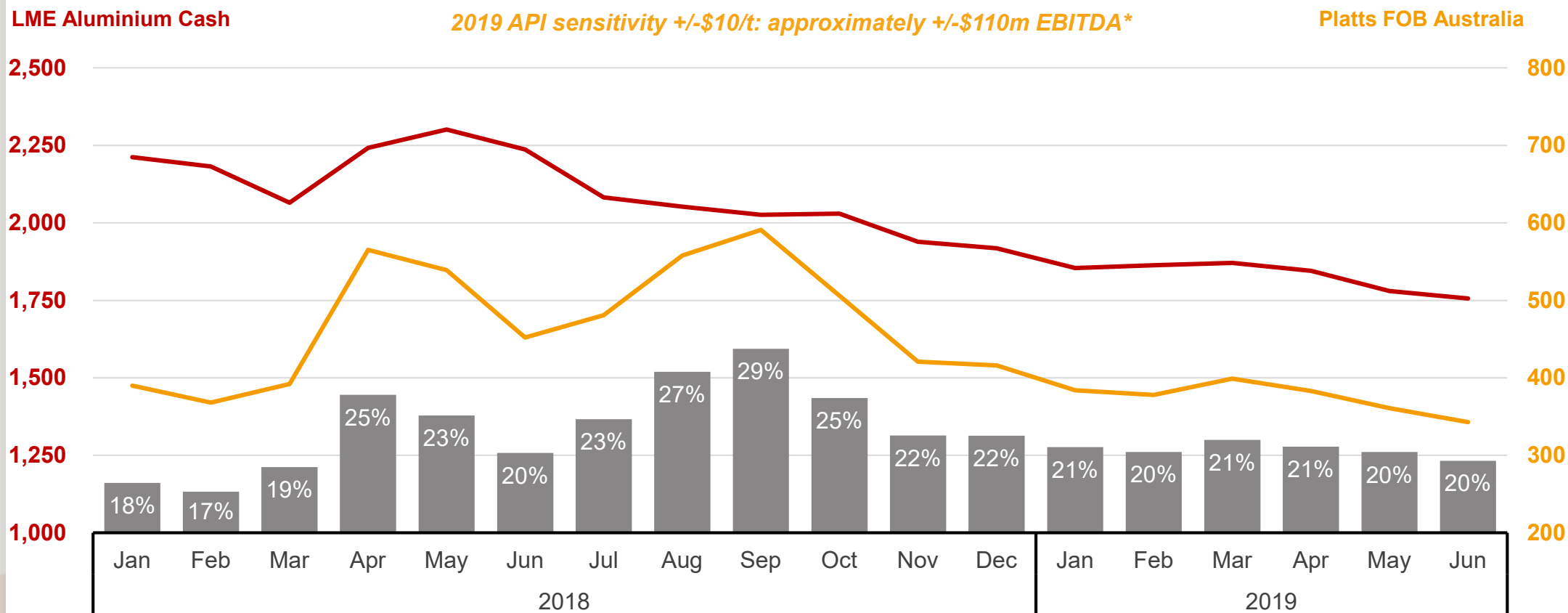
^{*} Other includes restructuring, gain/loss on asset disposal, FX exchange differences, derivative income/expense, and miscellaneous

AWAC 1H 2019 Bauxite Production: 21.9m t (0.6m Increase)



Note: MRN - Mineração Rio do Norte S.A.; CBG - Compagnie des Bauxites de Guinée

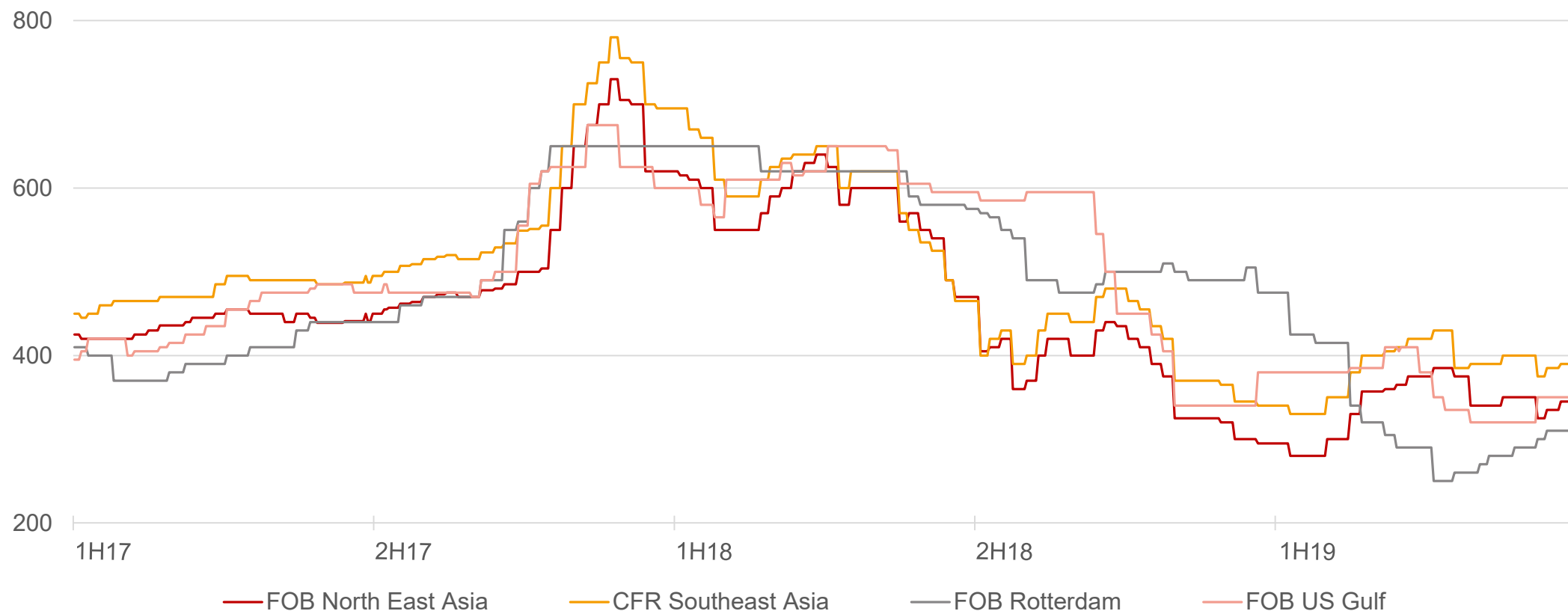
Average Monthly LME vs Average Monthly Platts FOB Australia (US\$/t)



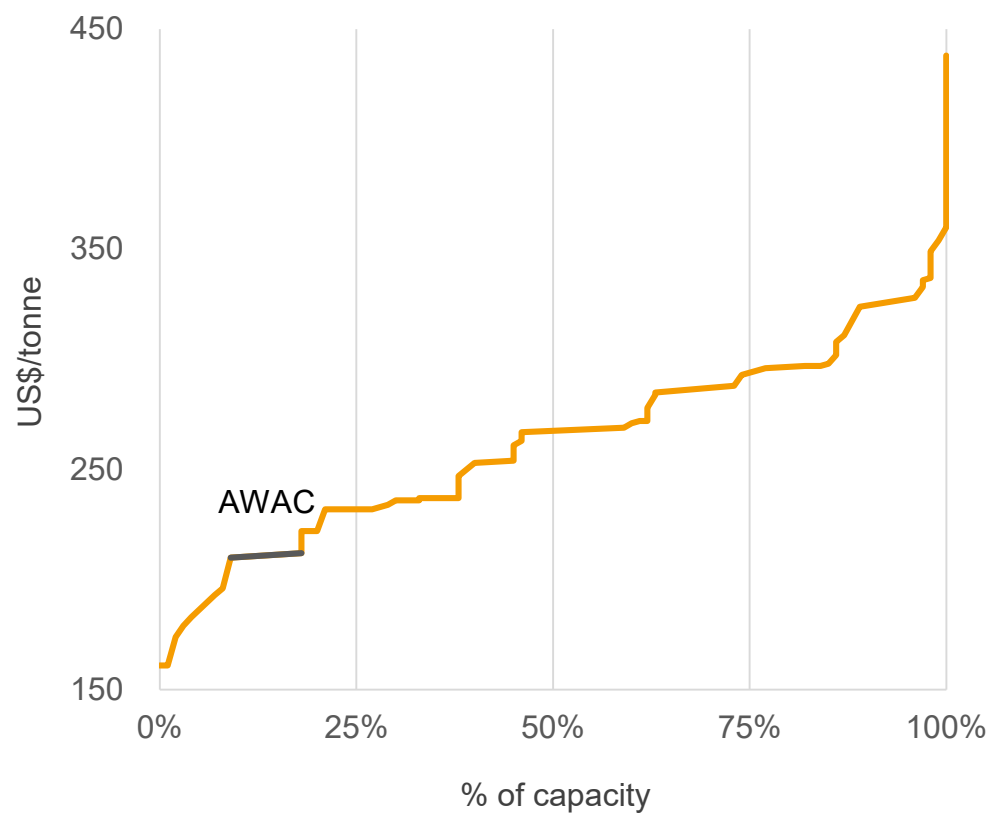
* Excludes equity accounted income/loss for the Ma'aden joint venture

Caustic Soda Prices

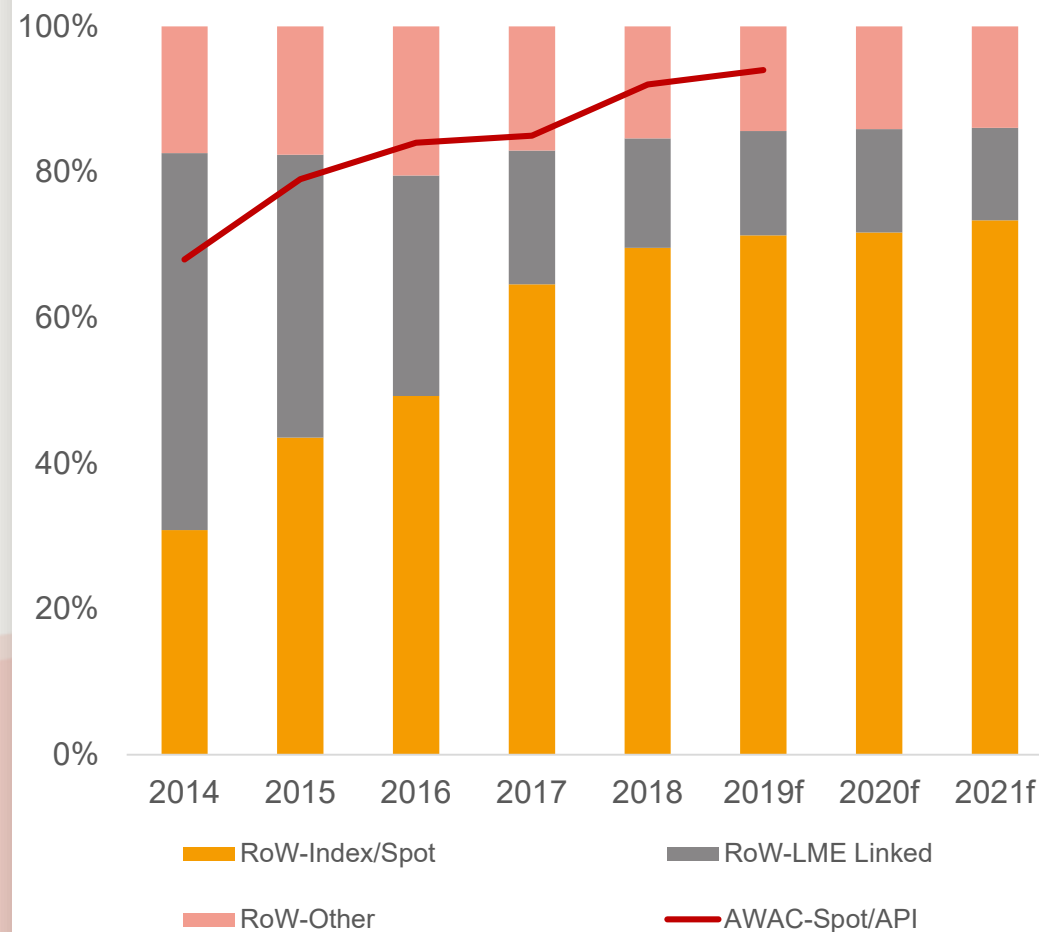
*2019 Caustic price sensitivity +/- \$100/t: approximately +/- \$90m EBITDA**



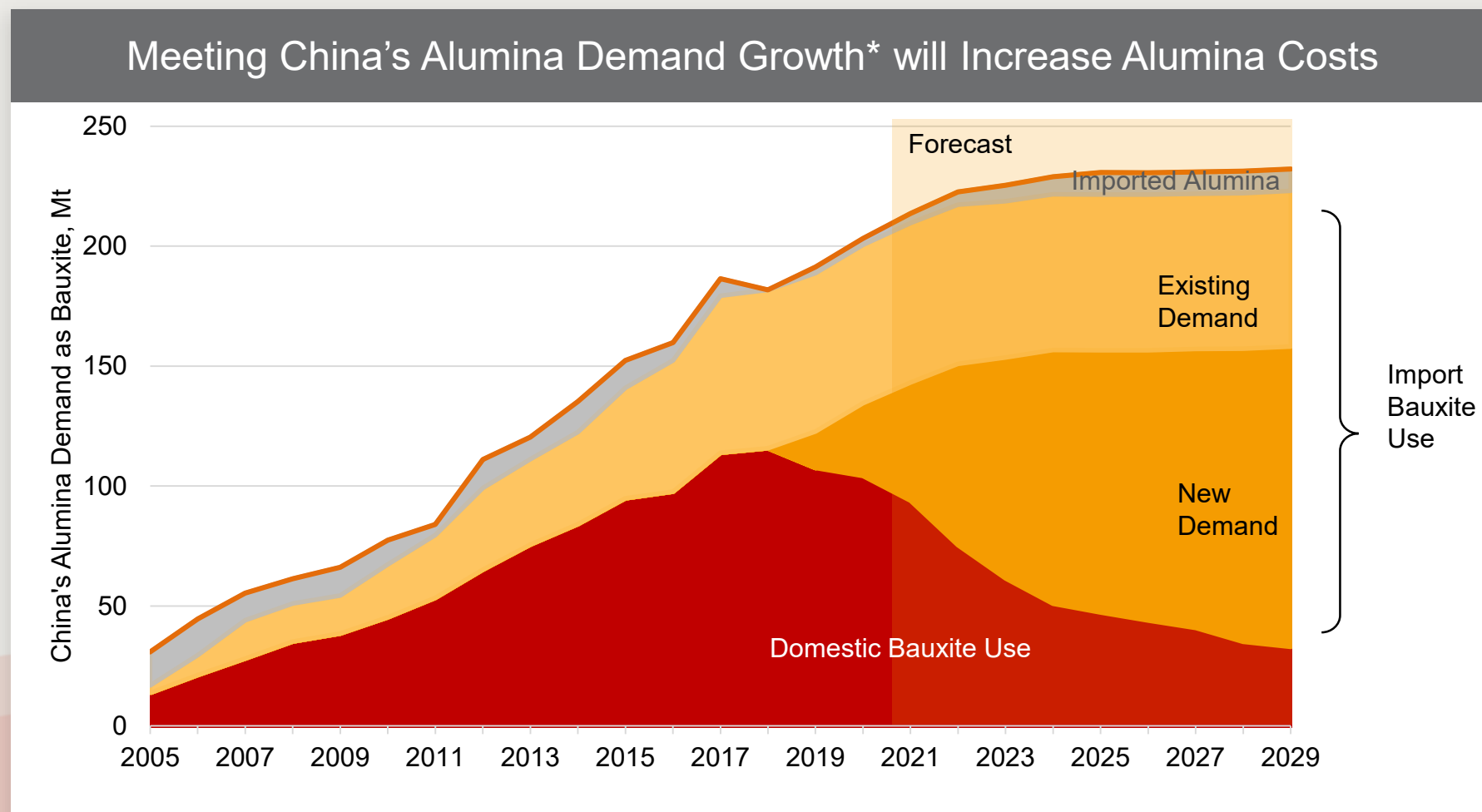
Global SGA Refining Cash Cost Curve (2Q 2019)



SGA Pricing (% of contracts)



Robust China Bauxite Demand Growth in the next 10 Years



Potential Chinese Alumina Capacity (2019-2022)

Province	Bauxite Source	Type	Capacity (m tpa)
Guangxi	Domestic	Greenfields	1.7
Guangxi	Imported	Greenfields	2.0
Guizhou	Domestic	Greenfields	1.0
Guizhou	Imported	Expansion	0.6
Shanxi	Domestic	Greenfields	2.2
Shanxi	Imported	Greenfields	0.3
Shandong	Imported	Expansion	2.9
Inner Mongolia	Imported	Greenfields	2.6

Note:

- Some projects might slow down in a low-price environment or due to environmental constraints.
- Potential supply side reform in the alumina industry may also hinder the progress of these projects.

Limited New Smelting Capacity in China (2019-2022)

As Chinese Government Put a Cap on Smelting Capacity

Province	Type	Capacity (m tpa)
Guangxi	Greenfields	0.5
Guizhou	Greenfields	0.3
Guizhou	Quota Replacement	0.1
Inner Mongolia	Quota Replacement	1.5
Shanxi	Quota Replacement	0.5
Sichuan	Quota Replacement	0.6
Yunnan	Greenfields	0.8
Yunnan	Quota Replacement	1.8

Limited New Alumina Capacity Growth Outside China

Refineries Currently Under Construction Outside China:

Country	Company	Refinery	Capacity (m tpa)	Type	Status	Bauxite Source
Indonesia	Nanshan	Bintan	1.0	Greenfield	Construction started	Indonesia

Other Projects Under Consideration:

Country	Company	Refinery	Capacity (m tpa)	Type
Indonesia	Hongqiao	Ketapang Phase II	1.0	Brownfield
Indonesia	Inalum/Antam	West Kalimantan	2.0	Greenfield
India	Vedanta	Lanjigarh	2.0	Brownfield
Guinea	SMB/Winning	Dapilon	1.0	Greenfield
Greece	Mytilineos	Distomon	0.85	Brownfield
Laos	Yunnan Aluminum	Paksong	1.0	Greenfield
Iran	SALCO	Persian Alumina I	0.8	Greenfield
Jamaica	JISCO	Alpart	2.0	Brownfield/Greenfield

Limited (ex-China) Curtailed Refinery Response to Supply Deficit

Curtailed Refineries	Owner	Location	Producing (M tpa)	Nameplate Capacity (M tpa)	Comment
Point Comfort	AWAC	US	-	2.30	Curtailed in June 2016
Alpart Alumina	JISCO	Jamaica	1.20	1.70	Acquired in curtailed state mid-2016. Backward integration re-start. Recent reported production loss.
Kirkvine	Windalco	Jamaica	-	0.60	On care and maintenance since 2009
Fria	Rusal	Guinea	0.32	0.60	Re-start commenced June 2018, reportedly helping bauxite backward integration, to take 12 months to ≈600k t and cost at least \$120 million
Anrak	Anrak	India	-	1.50	Built in 2014 (not started). Would need financing and bauxite access/supply.
Eurallumina – Porto Vesme	Rusal	Italy	-	1.10	Idled since 2009. Reviewing restart from around end 2020
Bauxilum	State-owned	Venezuela	-	2.00	Idled. Little production since 2015. Possible partial restart in May 2019.
TOTAL			1.52	9.80	

RoW Smelting Capacity Under Construction or Being Considered

Country	Company	Smelter	Capacity (m tpa)	Type
Saudi Arabia	Ma'aden	Ras Al Khair	0.74	Expansion
Russia	UC Rusal	Boguchansk (phase II)	0.30	Expansion (in progress)
India	Vedanta	Jharsuguda II (line 4)	0.31	Expansion (in progress)
Indonesia	Asahan Aluminium	Inalum	0.20	Expansion
Kazakhstan	ENRC	Pavlodar	0.27	Expansion
Egypt	Egyptalum	Nag Hammadi	0.25	Expansion
Total			2.07	

Country	Company	Smelter	Capacity (m tpa)	Type
Iran	Salco	Fars	0.30	Greenfield
Russia	UC Rusal	Taishet (phase I)	0.43	Greenfield
Vietnam	Tran Hong Quan	Dak Nong (Phase I)	0.15	Greenfield
Malaysia	Press Metal	Samalju	0.32	Brownfield/Greenfield
Total			1.20	