

## Bank of America – Global Metals, Mining & Steel Virtual Conference

Please find attached, a presentation by Alumina Limited to be released at the Bank of America Global Metals, Mining & Steel Virtual Conference starting on Tuesday, 18th May 2021.

This ASX announcement was approved and authorised for release by Mike Ferraro, Chief Executive Officer.

### *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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# Alumina Limited

Bank of America

Global Metals, Mining & Steel Virtual Conference

May 2021

# 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](http://www.asx.com.au).

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# Environmental, Social and Governance



# Current Sustainability Actions

## Governance

- Alumina Limited – **Sustainability Committee** formed
- Sustainability team expanded to **four** members
- Improved reporting transparency, structure and disclosure, lead to improved **ESG** ratings
- Gap analysis compared to **TCFD** completed
- AWC supported AWAC in its implementation of industry best practice **dam management** procedures and standards

## CO<sub>2</sub> Emission

- Low refinery **CO<sub>2</sub>e emissions** intensity across the AWAC portfolio
- **GHG combined intensity** per tonne of production reduced by 26% since 2015
- **EcoSource** alumina launched – less than 0.6 t CO<sub>2</sub>e/ t alumina

## Strategy

- **Alumina Limited** joined **ASI\*** as a General Supporter in May 2021
- **ASI\*** certification at:
  - All WA refineries and mines
  - Juruti bauxite mine
  - Alumar refinery
- Examining **decarbonisation** strategies

## Rehabilitation

- World class mine **rehabilitation** in WA and Brazil
- New **biodiversity** standards - biodiversity plans implemented at all AWAC managed sites
- 5 yr average ratio of 0.92:1 mine disturbance to mine rehabilitation

## Social & Community

- **Modern Slavery Statement** to be issued by Alcoa of Australia 1H 2021
- **Human rights** due diligence on WA operations
- Australian **Indigenous Peoples Statement** and **Reconciliation Action Plan**

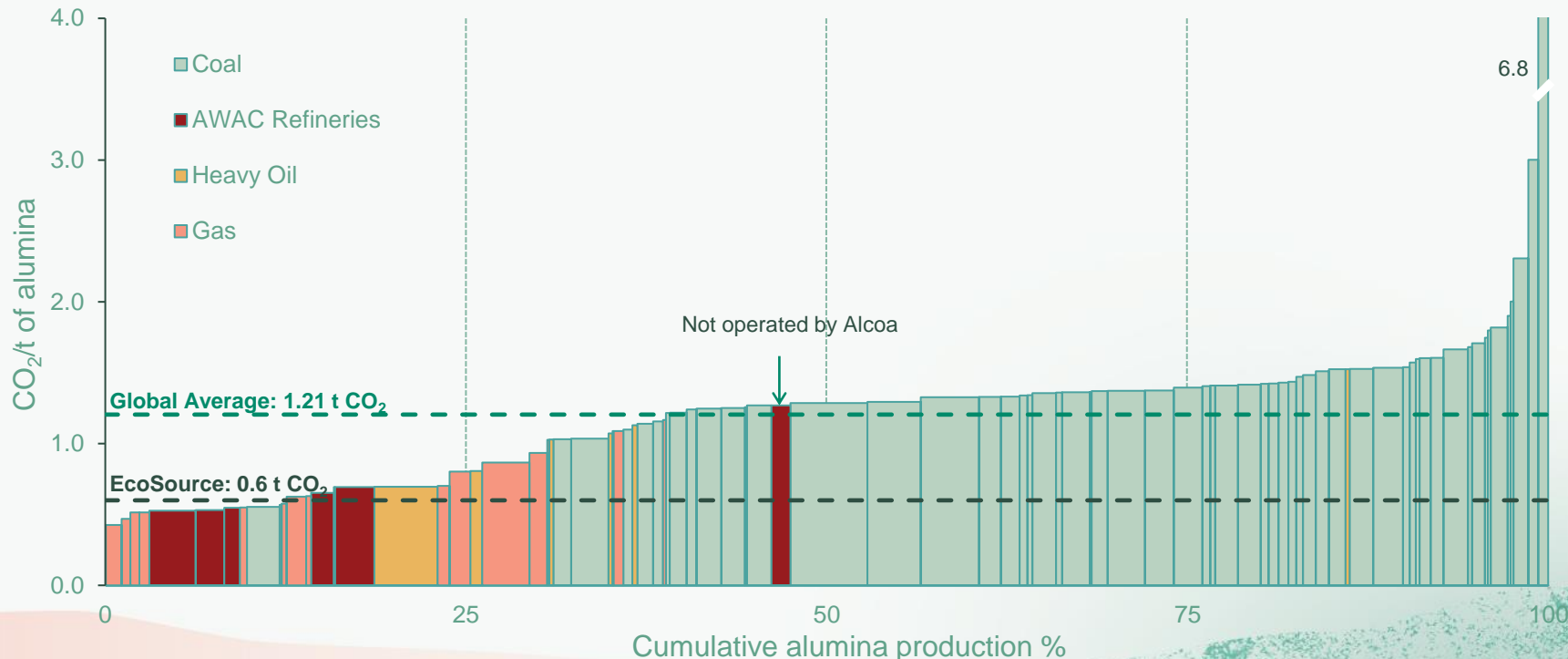
# Sustainability Goals



<b>Safety</b>	Zero fatalities and serious injuries (life threatening, life altering injury or illness)
<b>Water</b>	Reduce water intensity by 5% by 2025 and 10% by 2030 from a 2015 baseline
<b>CO<sub>2</sub> Emissions</b>	GHG emission reduction targets established for AWAC refineries – 4% by 2025 and 12% by 2030 from a 2015 base
<b>Bauxite Residue</b>	From a 2015 baseline, reduce bauxite residue land requirements per metric tonne of alumina produced by 15% by 2030
<b>Mine Rehabilitation</b>	Maintain a corporate-wide running 5 year average ratio of 1:1 or better for active mining disturbance (excluding long-term infrastructure) to mine rehabilitation
<b>Sustainable Value Chain</b>	By 2022, implement a social management system at all locations, including the definition of performance metrics and long-term goals to be accomplished by 2025 and 2030

# AWAC is the Lowest CO<sub>2</sub> Emitter amongst Major Alumina Producers

(Direct and indirect emissions by main fuel source, 2020 estimated)



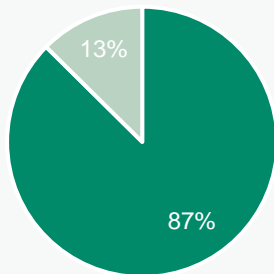
\*EcoSource: AWAC's low carbon smelter grade alumina (SGA) product that has no more than 0.6 metric tons of carbon dioxide equivalents per ton of alumina produced



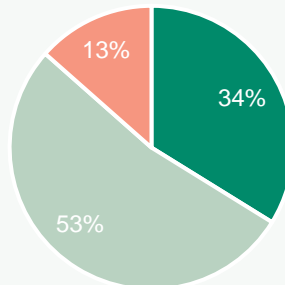
# 68% of Global Alumina Industry Production Based on Coal and Oil

A large part of the industry has relatively high CO<sub>2</sub> emissions

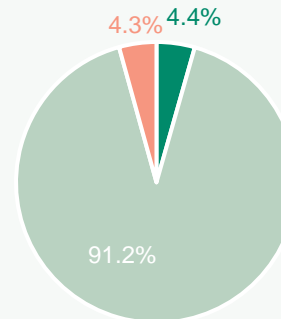
China – 70 million t  
(2020)



Non- China – 62 million t  
(2020)



AWAC – 12.8 million t  
(2020)



■ Coal ■ Gas ■ Heavy Oil

- Chinese producers are incentivised to decarbonise as China sets a carbon neutral goal by 2060, and implementation of a carbon trading scheme in February 2021.
- New environmental measures announced in USA

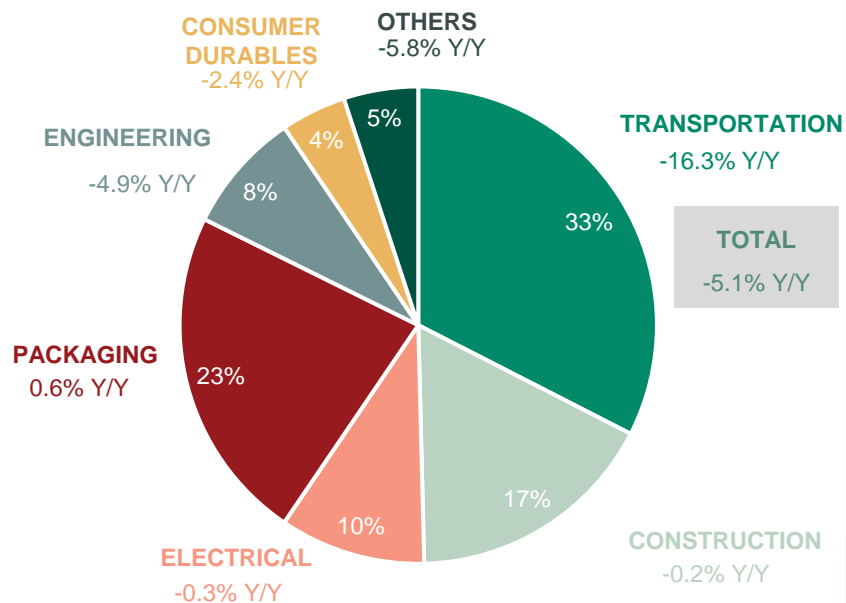


# Market Review and Outlook

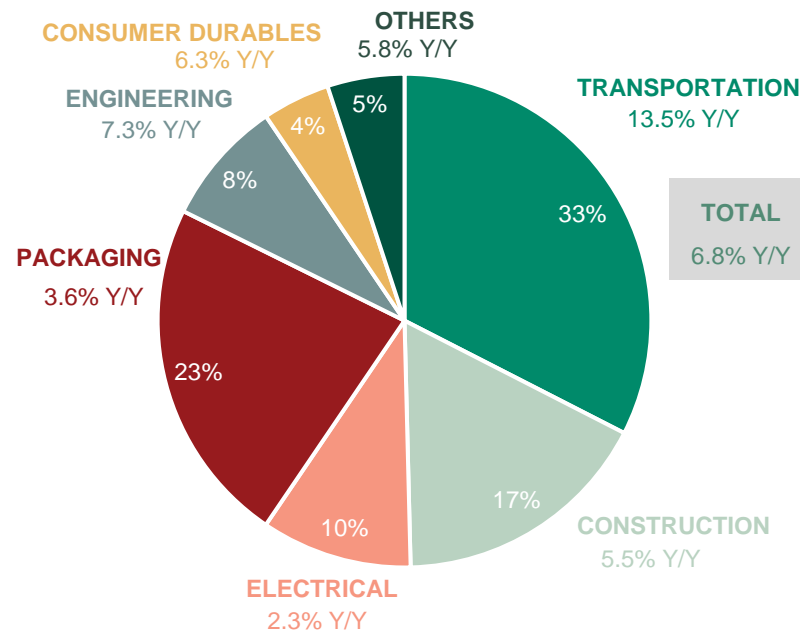


# Global Aluminium Demand to Bounce Back in 2021 from Covid-triggered 2020 Losses

Actual 2020 Global Aluminium Consumption Growth by End-Use Sector



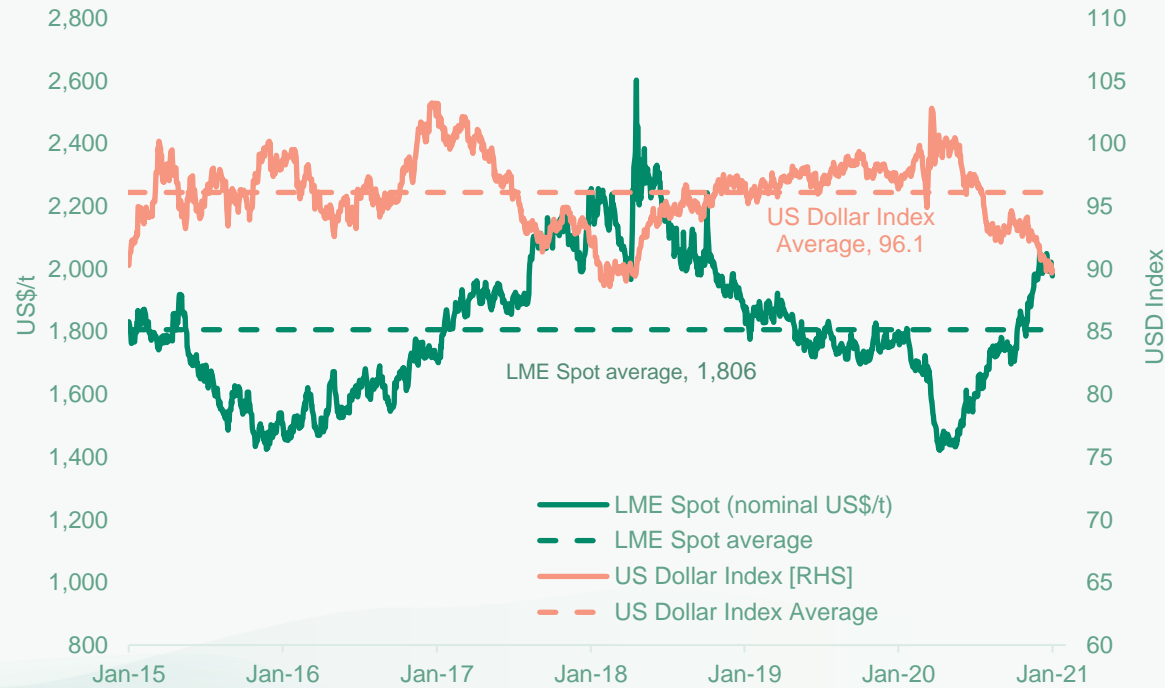
Forecast 2021 Global Aluminium Consumption Growth by End-Use Sector



# Numerous Factors Contributed to Higher Aluminium Prices

LME price recovered in the second half of 2020 due to:

1. Increasing demand with recovering world economic activity and government stimulus
2. Scrap tightness
3. Rising smelting costs
4. Weak dollar
5. China importing around 1 million tonnes of primary aluminium
6. Surplus stock was largely locked in financial deals



# RoW Primary Aluminium Production Growth

Close to 8 million tonnes of additional SGA required in the next 5 years

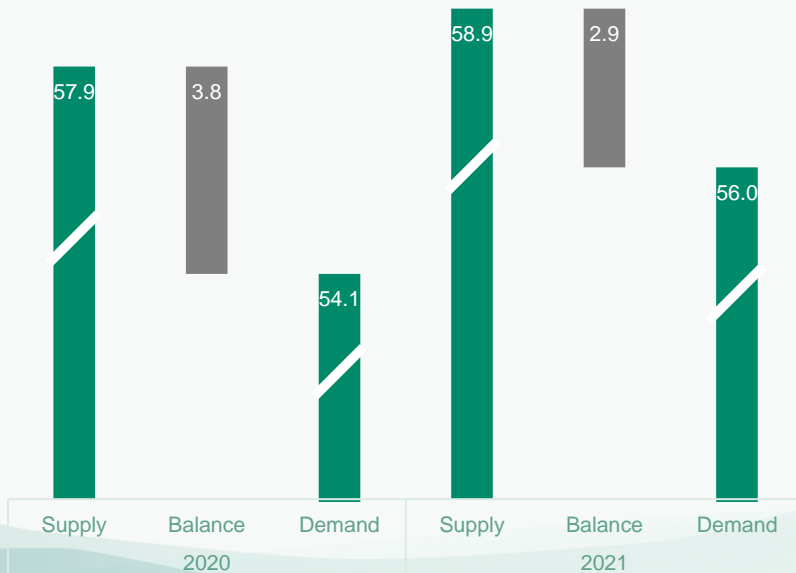
Regions	2021	2022	2023	2024	2025	Subtotal*
Asia Excl. China (Mainly India, Malaysia, Vietnam, Kazakhstan, Tajikistan)	343	582	472	349	288	2,034
Europe (Mainly Russia)	190	309	212	43	38	792
MENA (Mainly Iran And Egypt)	182	163	165	63	54	627
Latin America (Mainly Argentina)	135	46	31	6	136	354
North America (Mainly Canada)	9	57	45	24	24	159
Other Regions Incl. Oceania And Africa (Ex. Egypt)	22	20	16	16	16	90
<b>RoW Net Primary Aluminium Total</b>	<b>881</b>	<b>1,177</b>	<b>941</b>	<b>501</b>	<b>556</b>	<b>4,056</b>
<b>RoW Net SGA Demand Increase</b>	<b>1,696</b>	<b>2,266</b>	<b>1,811</b>	<b>964</b>	<b>1,070</b>	<b>7,807</b>

\* Forecast additional volumes include restarts, million t

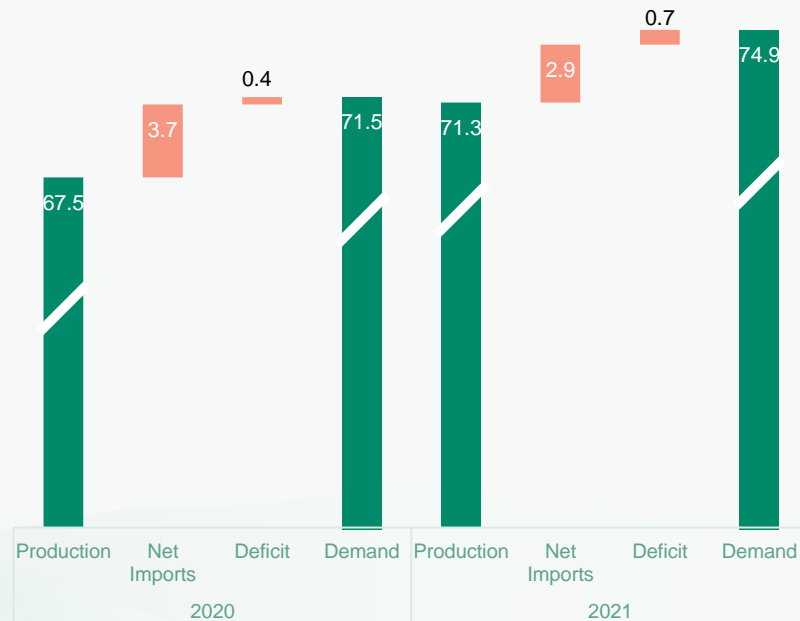
# RoW SGA Surplus is Forecast to Decline in 2021

China will continue to import the alumina surplus from RoW

RoW SGA Balance (Million t)



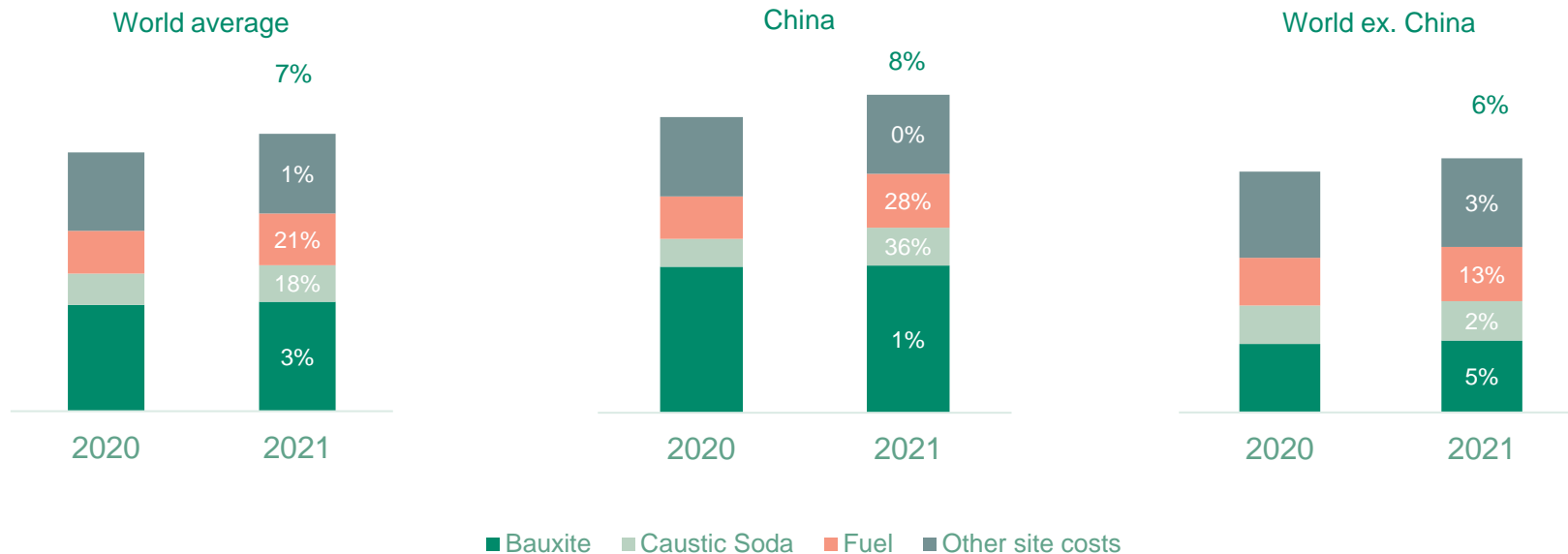
China SGA Balance (Million t)





# Average Global Alumina Cost Forecast to Increase by 7% in 2021

## Average Site Cost Breakdown



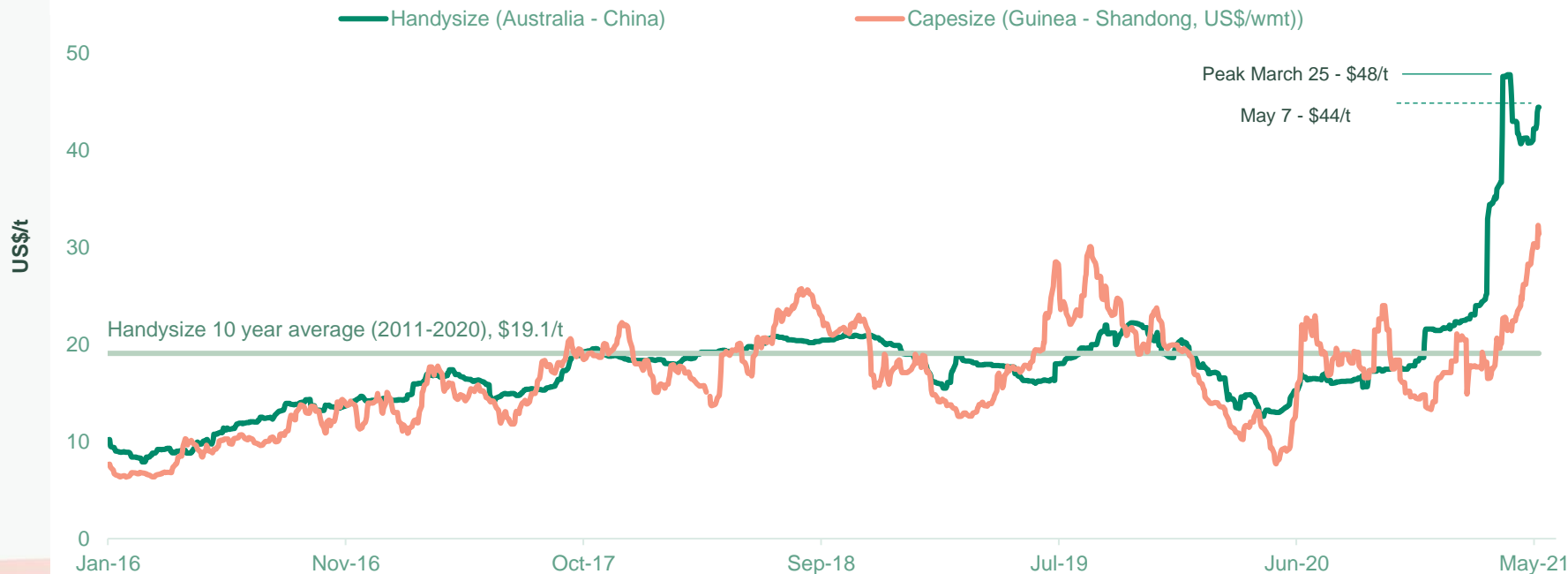
# API & Import Parity Prices (\$/t)

Import arbitrage to China is open again since April



# Dry Bulk Freight

Recent abnormal spike in Handysize freight costs (which reduces the Chinese alumina import parity price).  
Capesize freight costs for seaborne bauxite were stable over much of the same period but are now rising too.



# AWAC & Alumina Limited Results



# 2020 Alumina Limited Full-Year Results\*



## Resilient Performance

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### **NPAT:**

\$146.6M

(2019: \$214M)

### **Dividend:**

Final Dividend 2.9 US CPS

### **Dividend Yield<sup>^</sup>:**

5 year avg 7.5%

## Financial Strength

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### **Gearing and Liquidity:**

- Low gearing of 2.8%
- Decreased funds drawn
- \$290m undrawn facilities

### **Dividend:**

- Available dividend calculation reflects Alumina cash flow for the year
- DRP Scheme suspended

## Reliability Despite Volatility

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- Alumina Ltd has the largest net economic exposure to 3rd party alumina pricing outside China
- Consistent 100% cash flow payout of distributions from AWAC
- World class, low cost refineries and bauxite mines

\* IFRS

<sup>^</sup> Before franking



# 2020 AWAC Full-Year Results\*

## Financials

### EBITDA

**\$896M**

(2019: \$1,261M)

### NPAT

**\$402M**

(2019: \$565M)

### CFO

**\$672M**

(2019: \$906M)

## Alumina

### Production

**12.8M t**

(2019: 12.6M t)

### Cash Cost

**\$199/t**

(2019: \$210/t)

### Realised Price

**\$268/t**

(2019: \$336/t)

## Aluminium Production

**160k t**

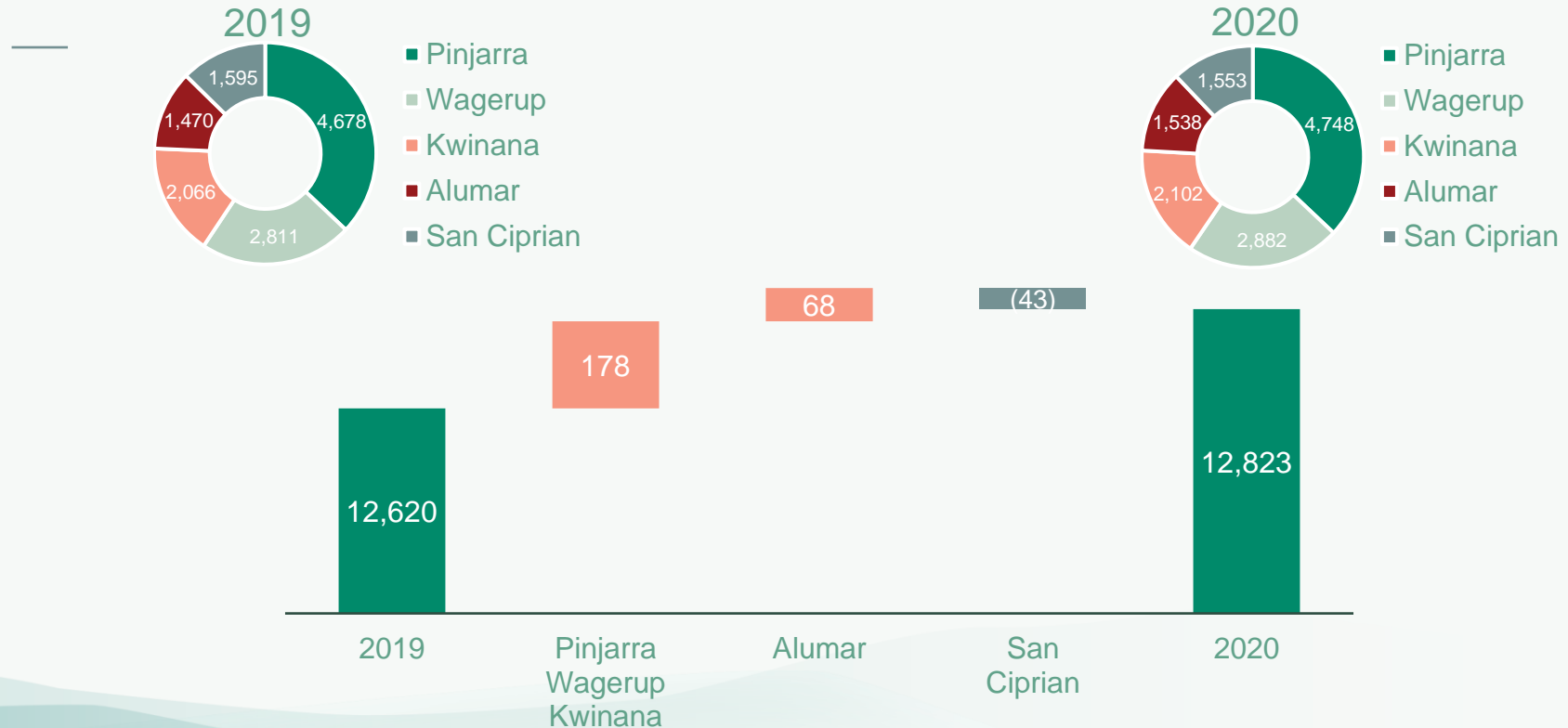
(2019: 161k t)

## Bauxite 3<sup>rd</sup> Party Shipments

**6.5M t**

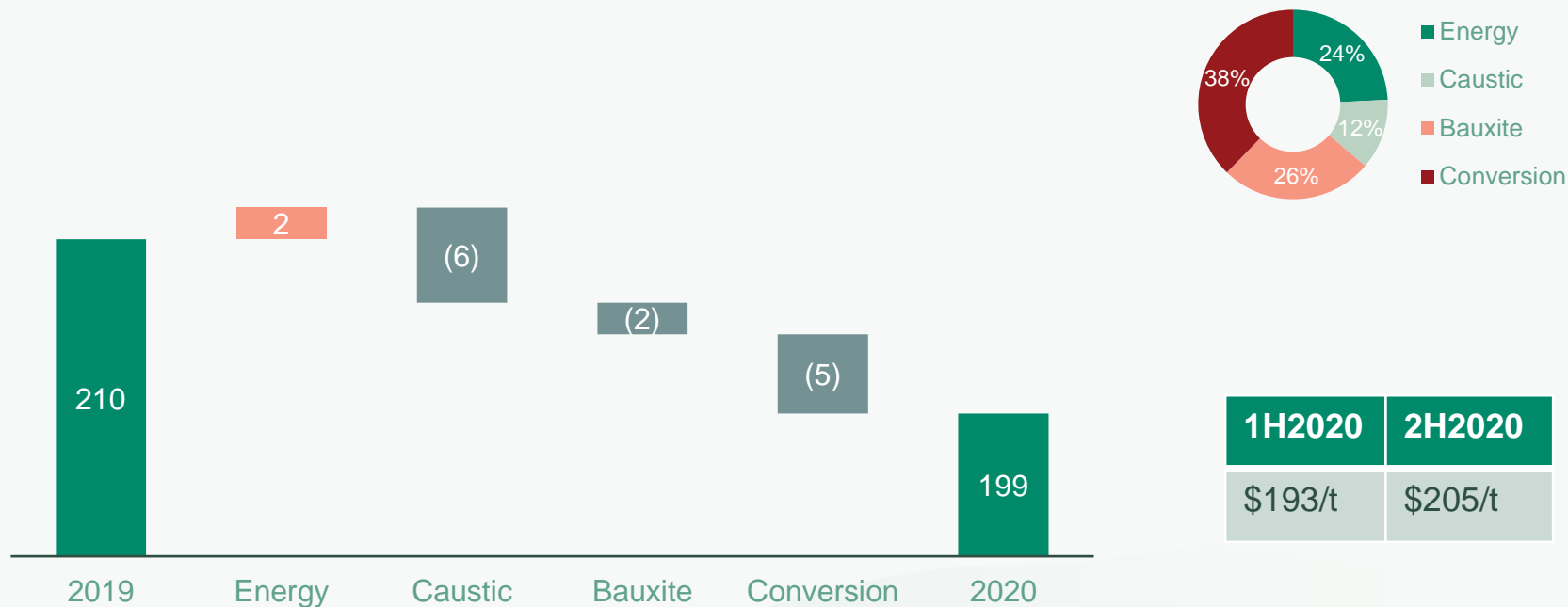
(2019: 6.2M t)

# AWAC Record Annual Alumina Production\*



\* Kt, for the current AWAC-operated portfolio of refineries

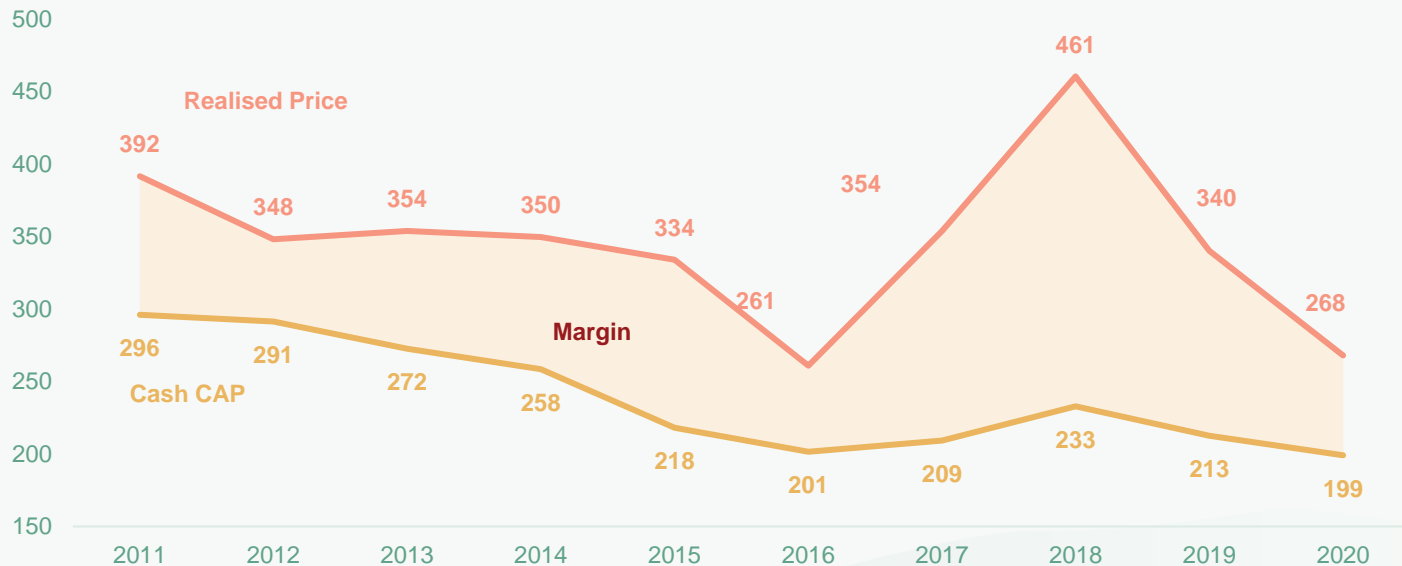
# 2020 AWAC Cash Cost of Alumina Production Decreased \$11/t from 2019



# AWAC Adjusted Margin

Stable, consistent and reliable portfolio capturing an efficient Market

Adjusted<sup>1</sup> price, cash cost, and real prices in 2020 dollars



	2011-2020 <sup>2</sup>
Realised Price	346
CAP	239
Margin <sup>3</sup>	107
Platts (1m Lag)	351

<sup>1</sup>Refer to Appendix slides for details on how adjustments have been made

<sup>2</sup>Averages as calculated for 2011-2020. Median Margin for same period was \$93/t and if highest and lowest margin were excluded average would be \$98/t

<sup>3</sup>Margin calculated as realised price minus cash cost of production

# 1Q 2021 Highlights

AWAC	1Q 2021	4Q 2020	Comments
<b>Production:</b>			
– AWAC Refining Business (Million t)	3.2	3.2	<ul style="list-style-type: none"> <li>Refining / Mining: Includes CBG/MRN and excludes Ma'aden.</li> <li>Cash Cost includes bauxite at cost: Higher due to WA crusher move, increased seasonal maintenance and stronger AUD dollar.</li> <li>Realised Price: Increase in line with one-month lagged API, quarter on quarter.</li> </ul>
– AWAC Mining Business (Million bone dry tonnes – “bdt”)	11.3	11.6	
<b>Alumina Cost and Price:</b>			
– Cash Cost (\$/t production)	\$229	\$206	
– Realised Price (\$/t shipments)	\$298	\$272	

Alumina Limited	1Q 2021	4Q 2020	Comments
<b>AWAC Net Distributions:</b>			
– Alumina Limited Receipts	\$62.0m	\$54.6m	<ul style="list-style-type: none"> <li>Net distributions received during 1H 2021 will include \$30m - \$35m of benefit from the AofA tax shield</li> </ul>
– Alumina Limited Contributions	Nil	Nil	
<b>Net Debt – Period End:</b>	\$77.6m	\$49.6m	



# AWAC Outlook and Sensitivities

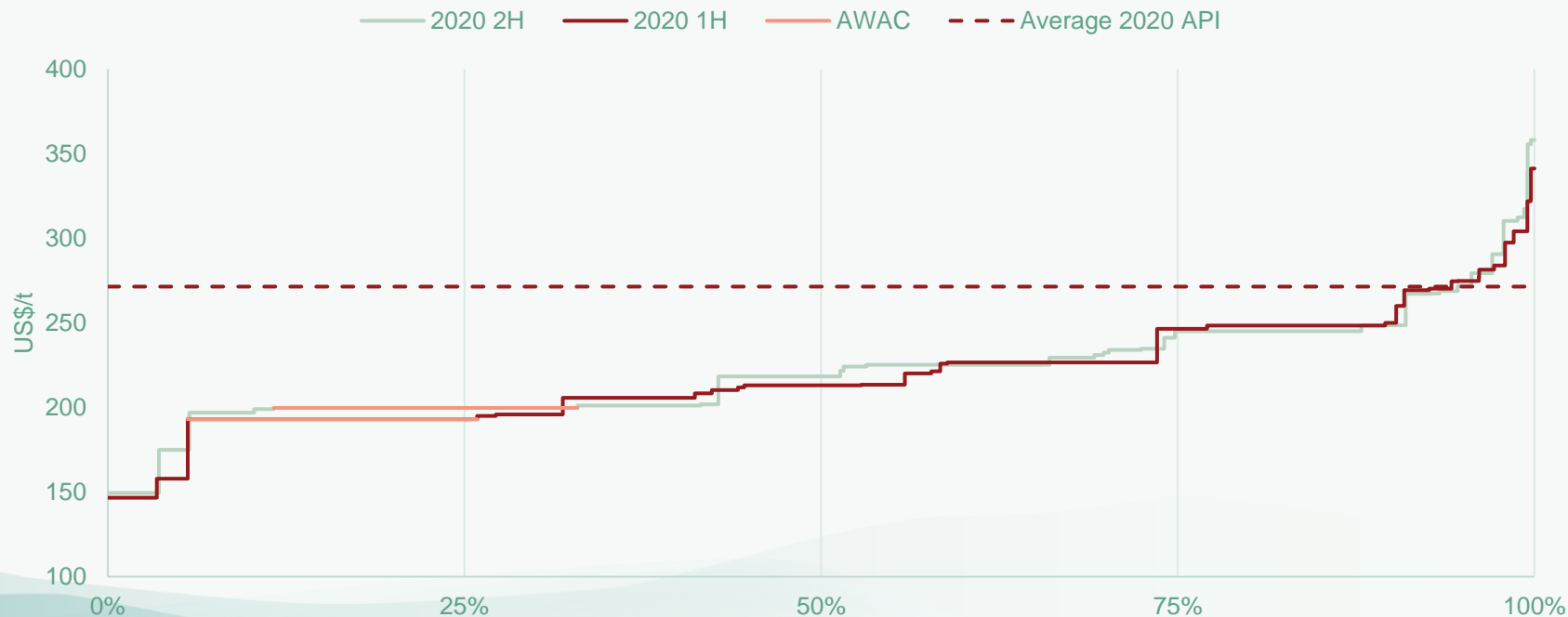
Item		2020 Actual	2021 Outlook	Change
Production	Alumina (Mt)	12.8	12.8	-
Bauxite (3 <sup>rd</sup> Party)	Sales – Bone Dry Tonnes (M bdt)	6.5	8.0	↑ 1.5
Cash Items	Sustaining Capex	\$202m	~\$225m	↑ \$23m
	Growth Capex	\$10m	~\$25m	↑ \$15M
	Restructuring Related Items	\$55m	~\$75m	↑ \$20M

Item		2021 Sensitivities
EBITDA Sensitivities	API +/- \$10/t Caustic +/- \$10/dmt AUDUSD +/- 1c	Approx. +/- \$115m Approx. +/- \$9m Approx. +/- \$21m

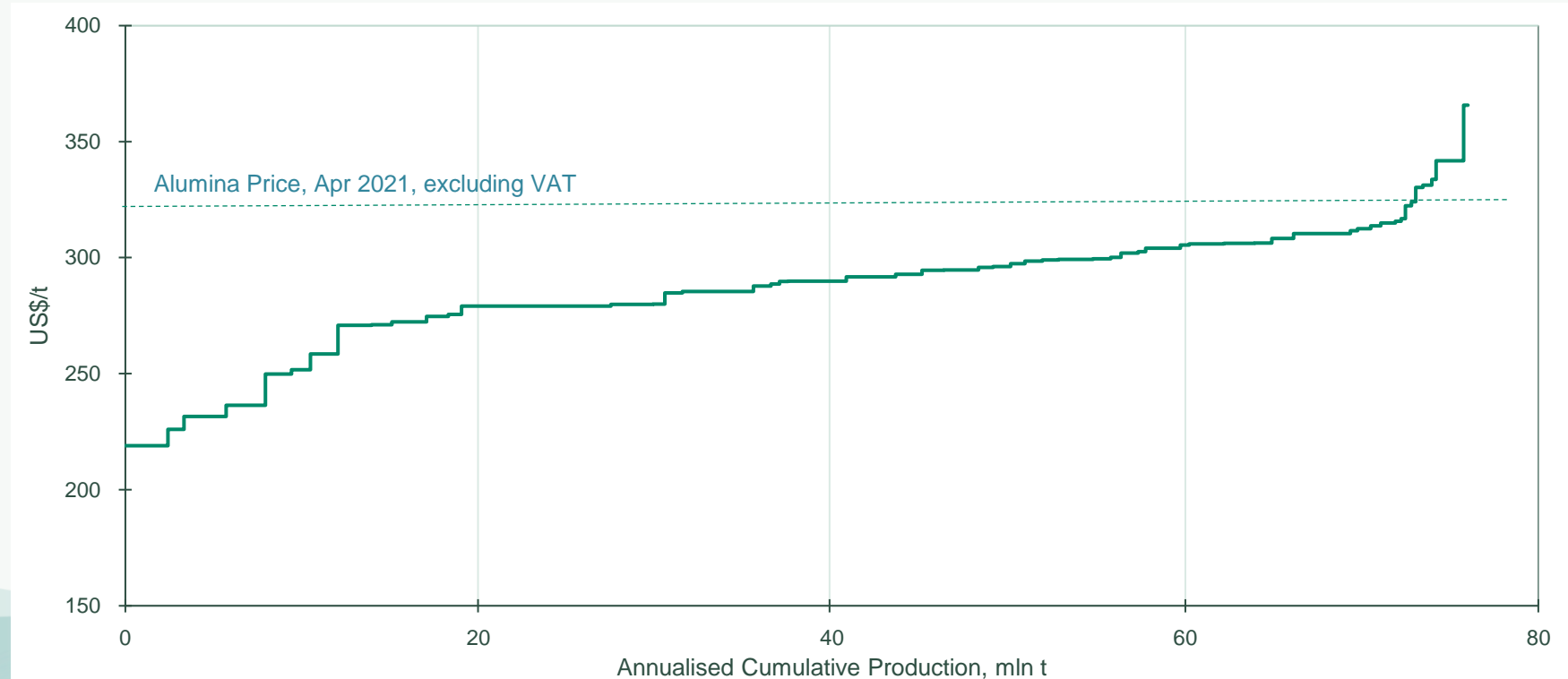
# Appendix



# RoW Cost Curve by Company



# China Alumina Cash Cost - April 2021



# RoW Primary Aluminium Projects

## Smelters Currently Under Construction:

Country	Company	Smelter	Capacity (M tpa)	Type
Russia	UC Rusal	Taishet (phase I)	0.43	Greenfield
Iran	Salco	Fars	0.30	Greenfield
Malaysia	Press Metal	Samalju	0.32	Brownfield/Greenfield
<b>Total</b>			<b>1.05</b>	

## Other Projects Under Consideration:

Country	Company	Smelter	Capacity (M tpa)	Type
India	Vedanta	Jharsuguda II (Line 4)	0.31	Brownfield
Vietnam	Tran Hong Quan	Dak Nong (Phase I)	0.15	Greenfield
Russia	UC Rusal	Boguchansky (phase II)	0.30	Brownfield
Indonesia	Asahan Aluminium	Inalum	0.20	Brownfield
Egypt	Egyptalum	Nag Hammadi	0.25	Brownfield
Saudi Arabia	Ma'aden	Ras Al Khair	0.74	Brownfield
Kazakhstan	ENRC	Pavlodar	0.27	Brownfield
Indonesia	Asahan Aluminium	Inalum (West Kalimantan)	0.50	Greenfield
<b>Total</b>			<b>2.72</b>	



# Limited New Alumina Capacity Committed Outside China

## Refineries Currently Under Construction

Country	Company	Refinery	Capacity (M tpa)	Type	Status	Bauxite Source
Indonesia	Nanshan	Bintan	1.0	Greenfield	To be commissioned in 2Q 2021	Indonesia
Indonesia	Hongqiao	Ketapang Phase II	1.0	Brownfield	To be commissioned in 2H 2021	Indonesia
India	Hindalco	Utkal	0.5	Brownfield	To be commissioned in 1H 2021	India

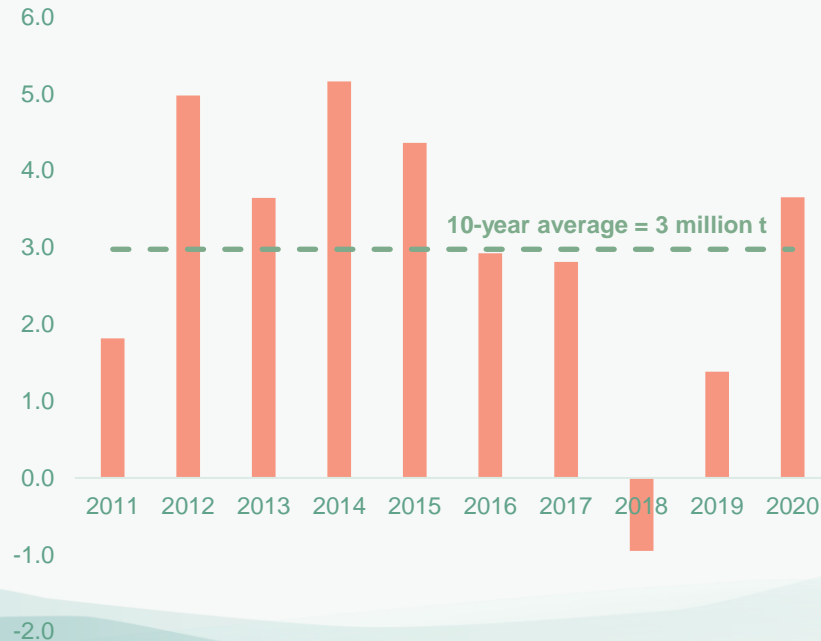
## Other Projects

Country	Company	Refinery	Capacity (M tpa)	Type	Status
India	Vedanta	Lanjigarh	2.0	Brownfield	Approved
Indonesia	Inalum/Antam	West Kalimantan	2.0	Greenfield	Under Consideration
Indonesia	Jinjiang	West Kalimantan	1.0	Greenfield	Under Consideration
Indonesia	Nanshan/Press Metal	Bintan	1.0	Brownfield	Under Consideration
India	Nalco	Damanjodi	1.0	Brownfield	Under Consideration
India	Hindalco	Rayagada	2.0	Greenfield	Under Consideration
Guinea	SMB/Winning	Dapilon	1.0	Greenfield	Under Consideration
Guinea	Chalco	Boffa	1.0	Greenfield	Under Consideration
Greece	Mytilineos	Distomon	0.9	Brownfield	Under Consideration
Laos	Slaco	Paksong	1.0	Greenfield	Under Consideration
Jamaica	JISCO	Alpart	2.0	Brownfield/Greenfield	Under Consideration

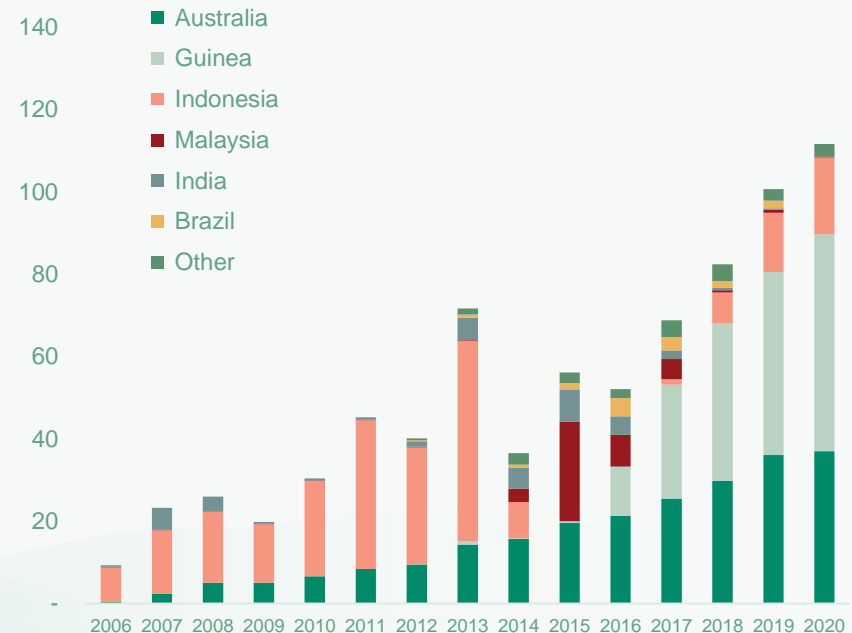
# China's Robust Imports of Bauxite and Alumina

Bauxite imports continue to be overwhelmingly from three countries

## China Alumina Net Imports (Million t)

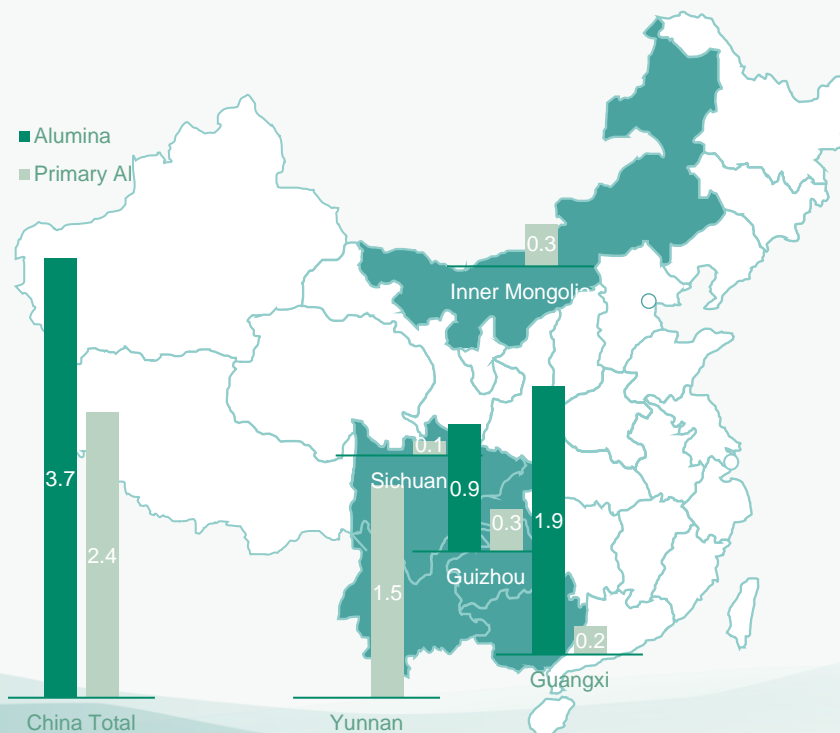


## China Bauxite Imports (Million t)



# Demand from Chinese New Smelting Capacity Outgrows New Refining Capacity in 2021\*

Most new primary aluminium capacity in Southwest using hydro power

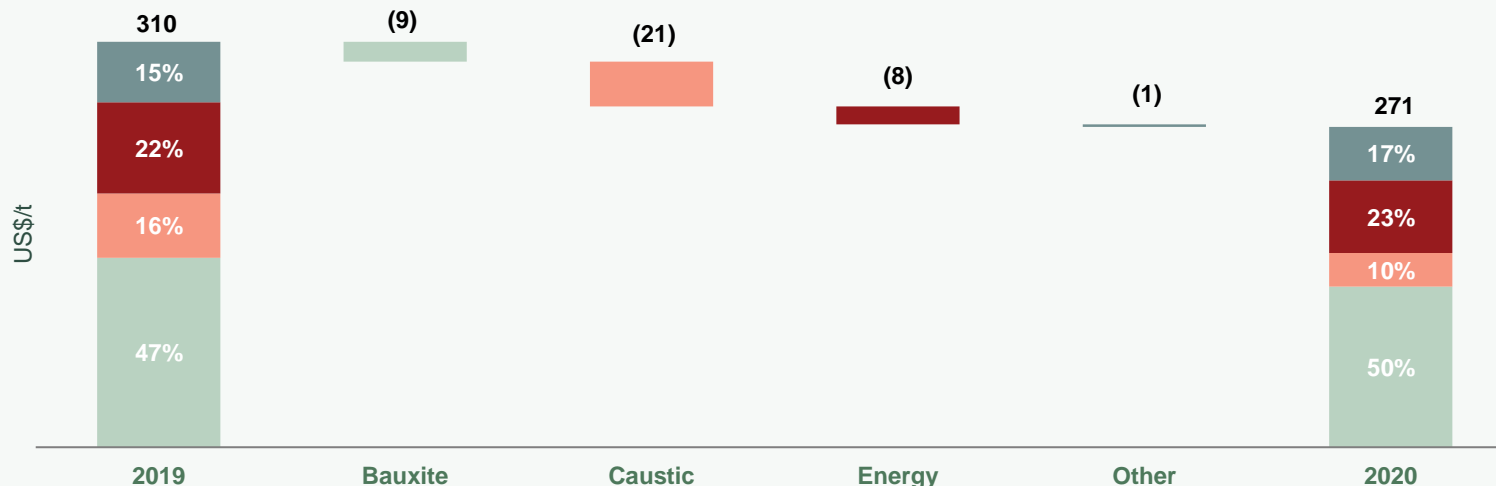


Province	Primary Aluminium Capacity (M tpa)	Alumina Capacity (M tpa)
Yunnan	1.5	-
Inner Mongolia	0.3	-
Guangxi	0.2	1.9
Sichuan	0.1	-
Guizhou	0.3	0.9
Chongqing	-	0.9
Total	2.4	3.7

\* Note: SGA to primary aluminium ratio – China = 1.92:1

# Average China Alumina Cash Cost and Sensitivity

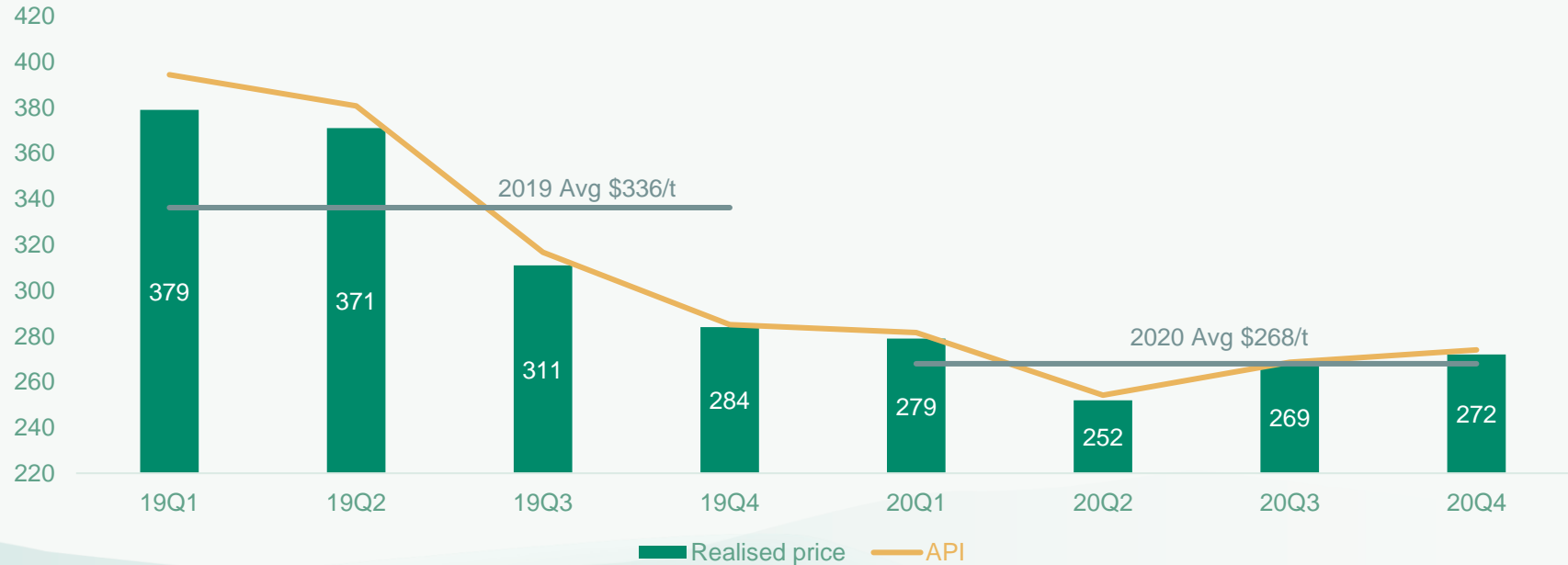
2020 cash cost down by 13% with falling raw material prices and weak US dollar



	Change	Alumina cost
Imported bauxite	± US\$ 1/t	± US\$ 2.5/t
Caustic	± CNY 100/t	± US\$ 1.7/t
Thermal coal	± CNY 50/t	± US\$ 4.0/t
CNY/USD	± 0.1	± US\$ 3.0/t

# AWAC Realised Price

Realised price (\$/t) and API (1m lag) over last 2 years



# AWAC Margin – Unadjusted vs Adjusted

Margin over the past 10 years unadjusted  
in nominal prices (US\$/t)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2011-2020 <sup>5</sup>
Realised Price <sup>2</sup>	349	304	308	305	296	242	335	447	336	268	319
CAP <sup>3</sup>	271	273	258	249	216	191	198	226	210	199	229
Margin <sup>4</sup>	78	31	50	56	80	51	137	221	126	69	90
Platts (1m Lag)		317	327	328	314	243	349	473	344	270	329

Margin over the past 10 years adjusted in  
real prices in 2020<sup>1</sup> dollars (US\$/t)

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2011-2020 <sup>5</sup>
Realised Price <sup>2</sup>	392	348	354	350	334	261	354	461	340	268	346
CAP <sup>3</sup>	296	291	272	258	218	201	209	233	213	199	239
Margin <sup>4</sup>	96	57	82	91	116	60	145	228	128	69	107
Platts (1m Lag)		357	363	359	343	262	368	487	348	270	351

<sup>1</sup>CAP and realised price have been adjusted and indexed and all figures converted to real 2020 dollars

<sup>2</sup>Realised price for 2011-2015 has been adjusted to replicate more recent percentage of API contracts

<sup>3</sup>Prior to 2016 the CAP included high-cost refineries that are no longer part of the portfolio and as such have been removed from the calculated CAP.

<sup>4</sup>Margin calculated as realised price minus cash cost of production

<sup>5</sup>Average as calculated for 2011-2020

# Improved Bauxite Production and Third Party Shipments

## Third Party Shipments

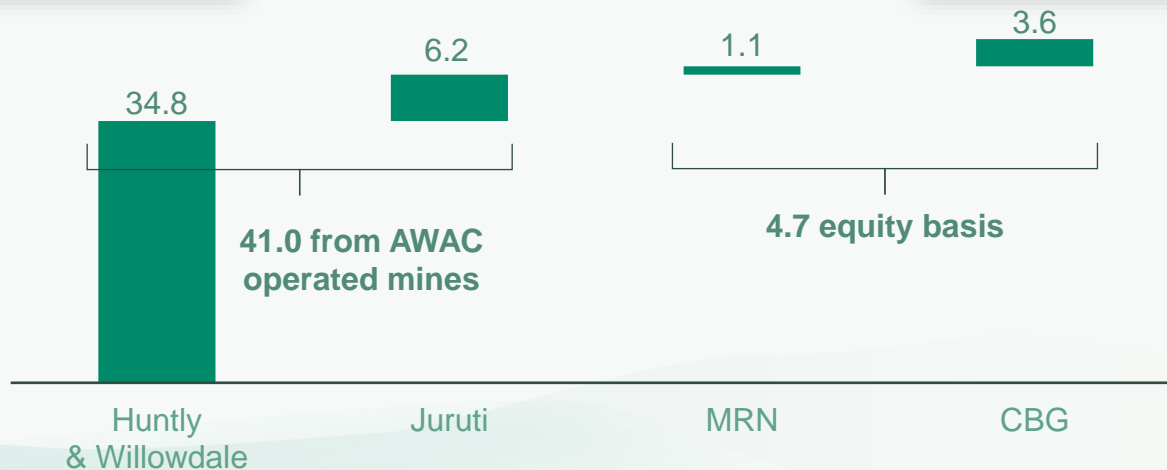
**2020: 6.5Mbd**

(2019: 6.2Mbd)

## Cash Cost of Mining

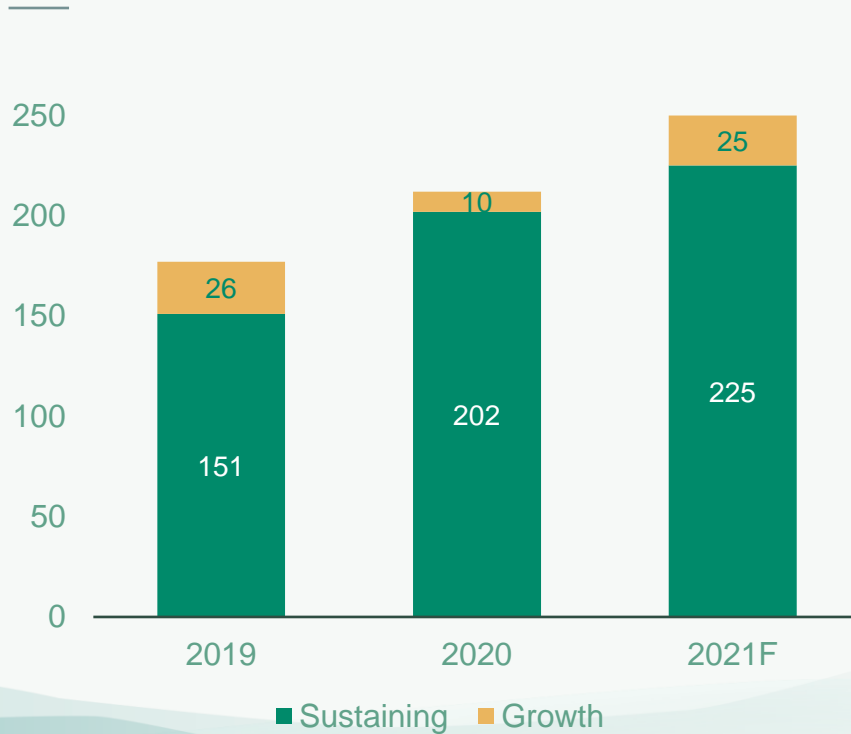
**2020: \$9.6/bdt**

(2019: \$10.2/bdt)





# AWAC Capital Expenditure

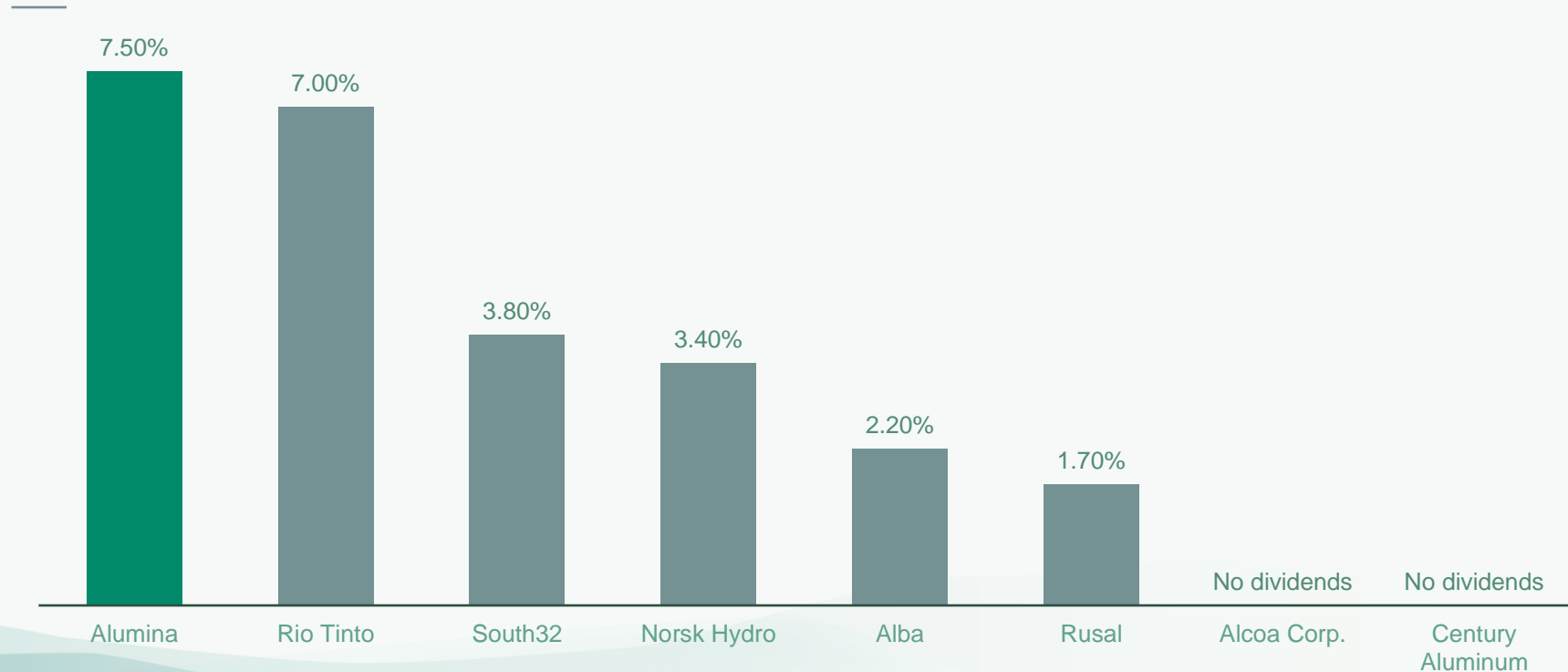


## CAPEX 2020

- Sustaining Significant Projects:
  - Willowdale's crusher move
  - Alumar residue storage areas
  - Juruti tailing ponds
- Growth projects for 2020 deferred

# Alumina Ltd vs Peers Avg Dividend Yield<sup>(1)</sup>

(Past five calendar years, excl franking credits)



Notes: (1) Dividend yield calculated as the average dividend declared from 23-Feb-16 to 17-Feb-21 divided by the average share price during that period

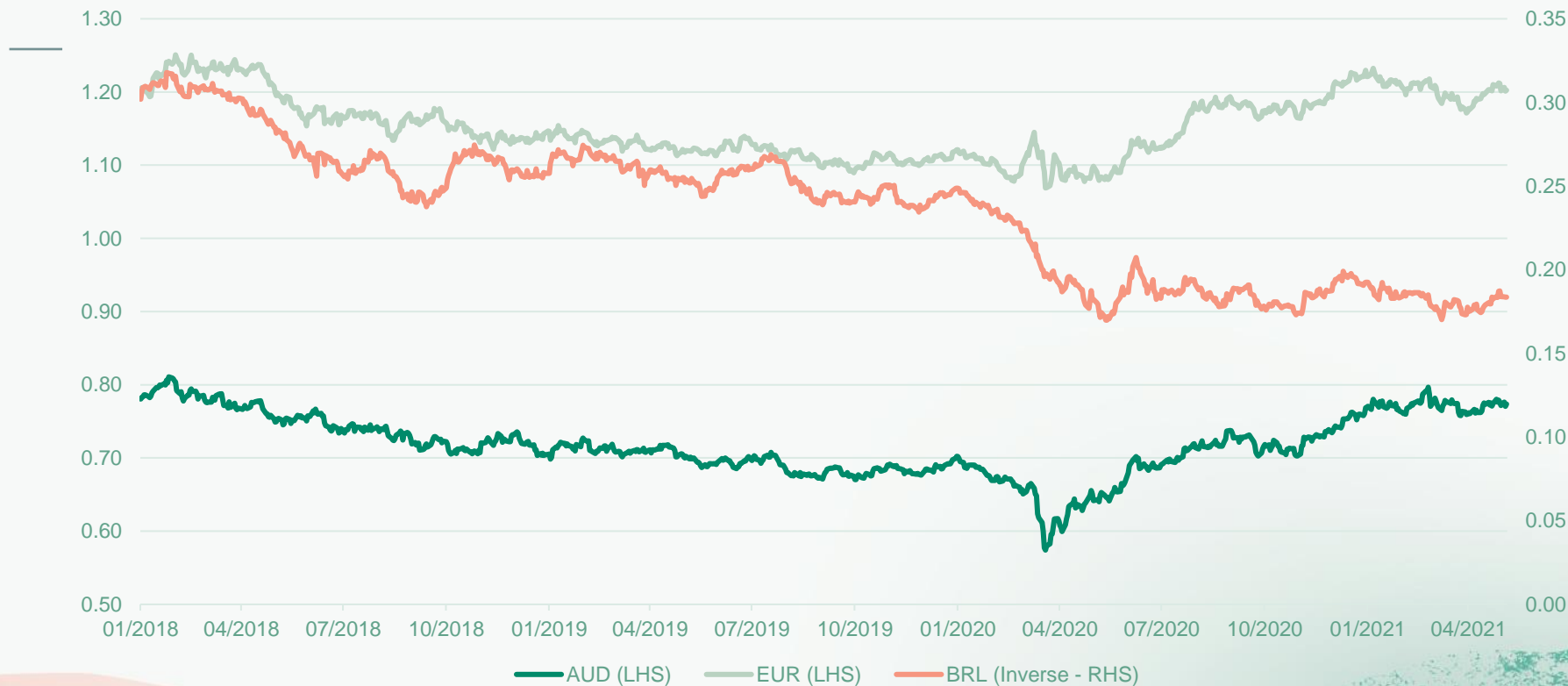
# Spot Alumina & Implied LME Linkage



Sources: Alumina: S & P Global Platts, April 2021. LME Aluminium: Thomson Reuters, April 2021

Commodity prices in this slide pack are based on published market prices and may not equate to actual pricing under AWAC contracts

# Foreign Exchange

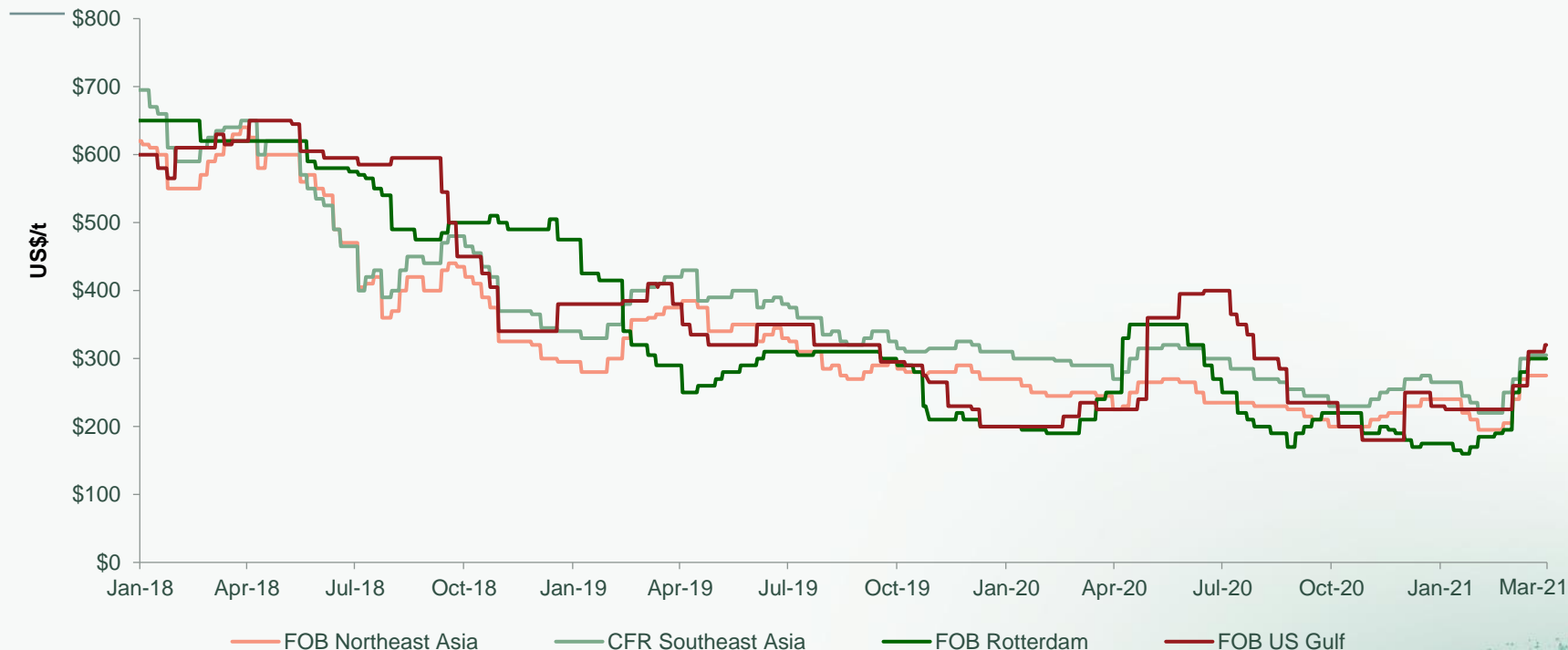


Source: Thomson Reuters, May 2021

Commodity prices in this slide pack are based on published market prices and may not equate to actual pricing under AWAC contracts

# Caustic Soda Prices

2021 caustic price sensitivity +/- \$100/t: approximately +/- \$90M EBITDA



Source: S & P Global Platts, April 2021

Commodity prices in this slide pack are based on published market prices and may not equate to actual pricing under AWAC contracts