

Global events support alumina prices through 1Q 2022

Alumina Limited (ASX: AWC) notes Alcoa Corp's ("Alcoa") quarterly earnings release. Information on the AWAC joint venture and Alumina Limited plus other market data is attached. This quarter we have also included extra information which covers the impact of recent global events and disruptions on selected commodity markets and AWAC operations.

Alumina Limited's CEO, Mike Ferraro, said "Over the past five years the alumina market has seen several different sources of market disruptions and as a result has spent long periods in various phases of dislocation over that time. The alumina price has generally reflected these disruptions with price volatility to the upside.

"In 1Q 2022 there were disruptions caused by the closure of the Nikolaev refinery in the Ukraine, sanctions on Australian alumina exports to Russia, reduced alumina production and shipments, Chinese environmental curtailments and COVID related logistical issues. The alumina market price reached over \$530 per tonne in March 2022 and averaged \$498 per tonne for that month. The API currently sits at \$371 per tonne, still well above the average price of \$329 per tonne in 2021.

"The lagged effect of higher API prices since March will flow through to AWAC distributions in subsequent quarters, even with the impact of higher input costs at some refineries. The average one-month lagged API price for the fourth quarter of 2021 was \$423 per tonne, which flowed through to net AWAC distributions of \$115.5 million in 1Q 2022. Total net AWAC distributions to date for 2022 have been \$141.2 million, with further distributions expected in May.

"The medium-term outlook for the alumina market is strong. Over the next five years, the expected and potential increase in primary aluminium production is 5.9 million tonnes per annum outside China due to industrial growth and a decarbonising world. This would require around 11 million tonnes per annum of extra alumina. Only 3 million tpa of additional alumina production is currently committed outside China in the next few years. It will take lengthy periods to bring to market new capacity outside China which may lead to regional alumina supply deficits. China, as a high-cost producer, has only previously exported alumina at a high price.

"The global energy transition and growth in aluminium metal consumption driven by de-carbonisation are positive for the alumina industry. These fundamental positives for the medium term reinforce the value of already established alumina assets which have long term energy, with ready access to bauxite, such as AWAC."

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



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About AWAC & Alcoa's Earnings Release

Alumina Limited owns 40% of each of the AWAC entities, which form a part of the Alcoa bauxite & alumina business segments. The Alcoa aluminium business segment includes the AWAC Portland smelting operations. Any closed operations are included in Transformation & legacy pension/OPEB. Therefore, the AWAC results cannot be directly inferred from the Alcoa earnings release. Further, unlike Alumina Limited, Alcoa reports under US GAAP. All figures displayed are in US dollars unless otherwise shown.

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Alumina Limited

- Alcoa Corp's 1Q 2022 Bauxite and Alumina Segments' Highlights
- Market Data on Commodity Prices
- 21st April 2022

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.

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Highlights

Alcoa Segments	1Q 2022	4Q 2021	Selected Highlights
Adjusted EBITDA Total: – Alcoa Alumina Segment – Alcoa Bauxite Segment	\$262m \$38m	\$503m \$49m	<ul style="list-style-type: none"> Alumina: one-month lag API 12% lower plus lower sales volume and higher input costs (energy, caustic soda) Bauxite: Lower intercompany and 3rd party sales. EBITDA margins include intersegment transfer price
Adjusted EBITDA Margin: – Alcoa Alumina Segment – Alcoa Bauxite Segment	20.6% 17.8%	34.3% 19.0%	
AWAC	1Q 2022	4Q 2021	Comments
Production: – AWAC Refining Business (Million t) – AWAC Mining Business (Million bone dry tonnes – “bd”)	3.0 10.4	3.1 11.2	<ul style="list-style-type: none"> Refining / Mining: Includes CBG/MRN and excludes Ma’aden. Refer to slide 15 (including footnote 4) for further details. Alumina production volume lower due to production issues at Australian operations and weather and shipping impacts in Brazil Bauxite volume lower due to reduced demand from refineries in Australia and shipping issues in Brazil Cash Cost includes bauxite at cost: Higher due to higher energy and caustic prices, production issues at Australian operations and movement in BRL Realised Price: Reflects 12% fall in API one-month lag
Alumina Cost and Price: – Cash Cost (\$/t production) – Realised Price (\$/t shipments) – One month lagged API (\$/t)	\$288 \$376 \$373	\$244 \$409 \$423	
Alumina Limited	1Q 2022	4Q 2021	Comments
AWAC Net Distributions: – Alumina Limited Receipts – Alumina Limited Contributions	\$161.6m (\$46.1m)	\$38.9m (\$14.0m)	<ul style="list-style-type: none"> Net receipts from AWAC of \$33.8 million in January 2022 were included in the 2021 Final Dividend.
Net Debt – Period End:	\$24.1m	\$55.9m	

AWAC 2022 Distribution Calendar (US\$m)

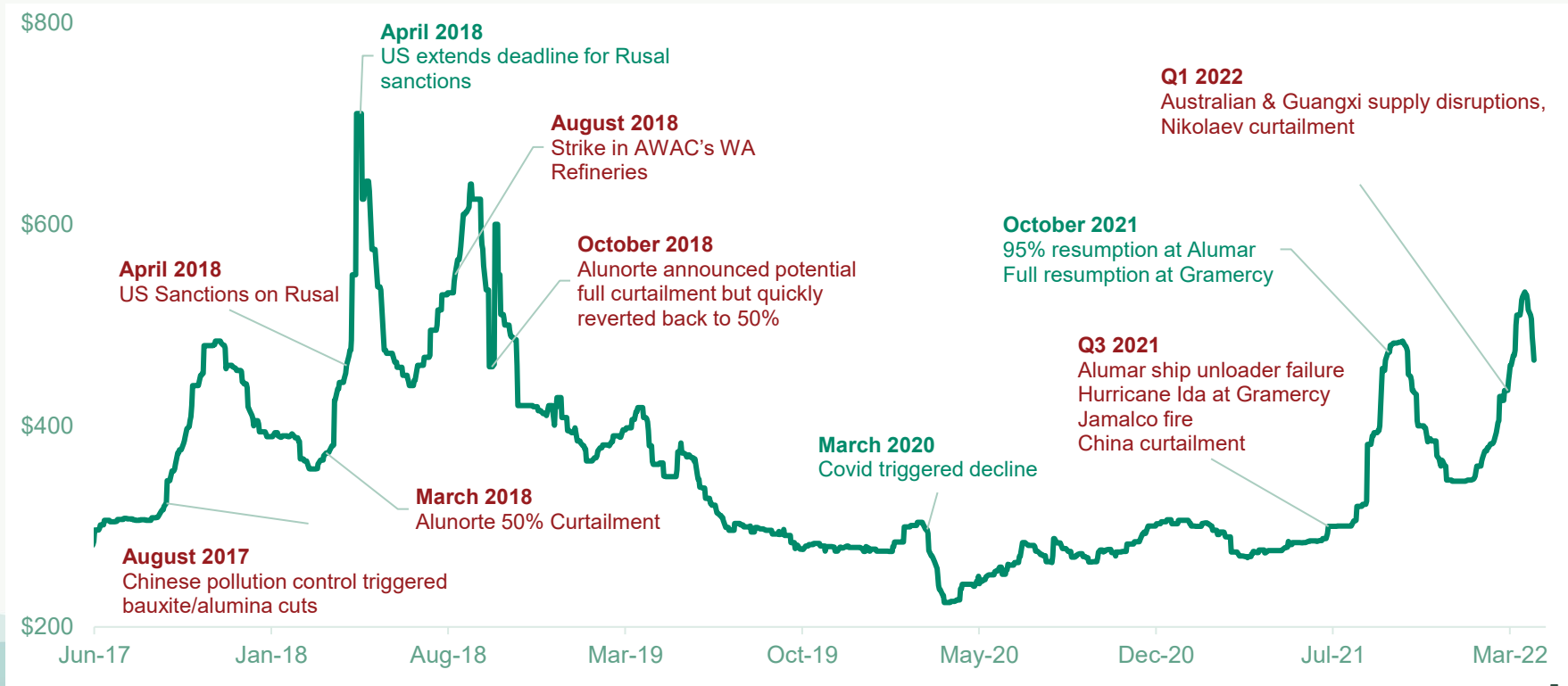
Related to Alumina Limited Interim and Final Dividend 2022

2022: No later than	Relevant AWAC Entities	Description	Distributions from AWAC ^[1]	Contributions to AWAC ^[1]	Related to Alumina's
20 January	All	50% of each entity's US GAAP Net Income (if positive) for 4Q of previous year	57.8	N/a	2022 Interim Dividend
20 February	All except AWA LLC	Available Cash of each entity as at 31 January	103.8	N/a	2022 Interim Dividend
31 March	All	Working Capital Contributions	N/a	(46.1) ^[2]	2022 Interim Dividend
20 April	All	50% of each entity's US GAAP Net Income (if positive) for 1Q	41.7	N/a	2022 Interim Dividend
20 May	All except AWA LLC	Available Cash of each entity as at 30 April	TBA	N/a	2022 Interim Dividend
30 June	All	Working Capital Contributions	N/a	(16.0) ^[3]	2022 Interim Dividend
20 July	All	50% of each entity's US GAAP Net Income (if positive) for 2Q	TBA	N/a	2022 Final Dividend
20 August	All except AWA LLC	Available Cash of each entity as at 31 July	TBA	N/a	2022 Final Dividend
30 September	All	Working Capital Contributions	N/a	(TBA)	2022 Final Dividend
20 October	All	50% of each entity's US GAAP Net Income (if positive) for 3Q	TBA	N/a	2022 Final Dividend
20 November	All except AWA LLC	Available Cash of each entity as at 31 October	TBA	N/a	2022 Final Dividend
31 December	All	Working Capital Contributions	N/a	(TBA)	2022 Final Dividend

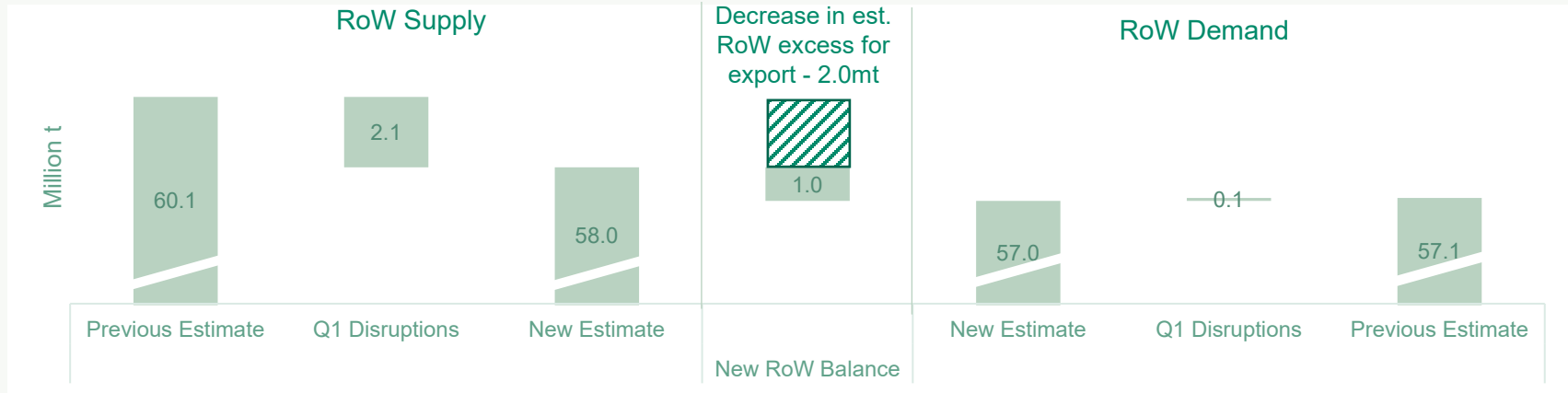
[1] Alumina Limited 40% share [2] First Quarter total [3] Second Quarter to date

More frequent supply disruptions

Alumina spot prices (API) react sharply and promptly to market fundamentals



Smelter-grade alumina balance tightened in 2022 (ex-China)



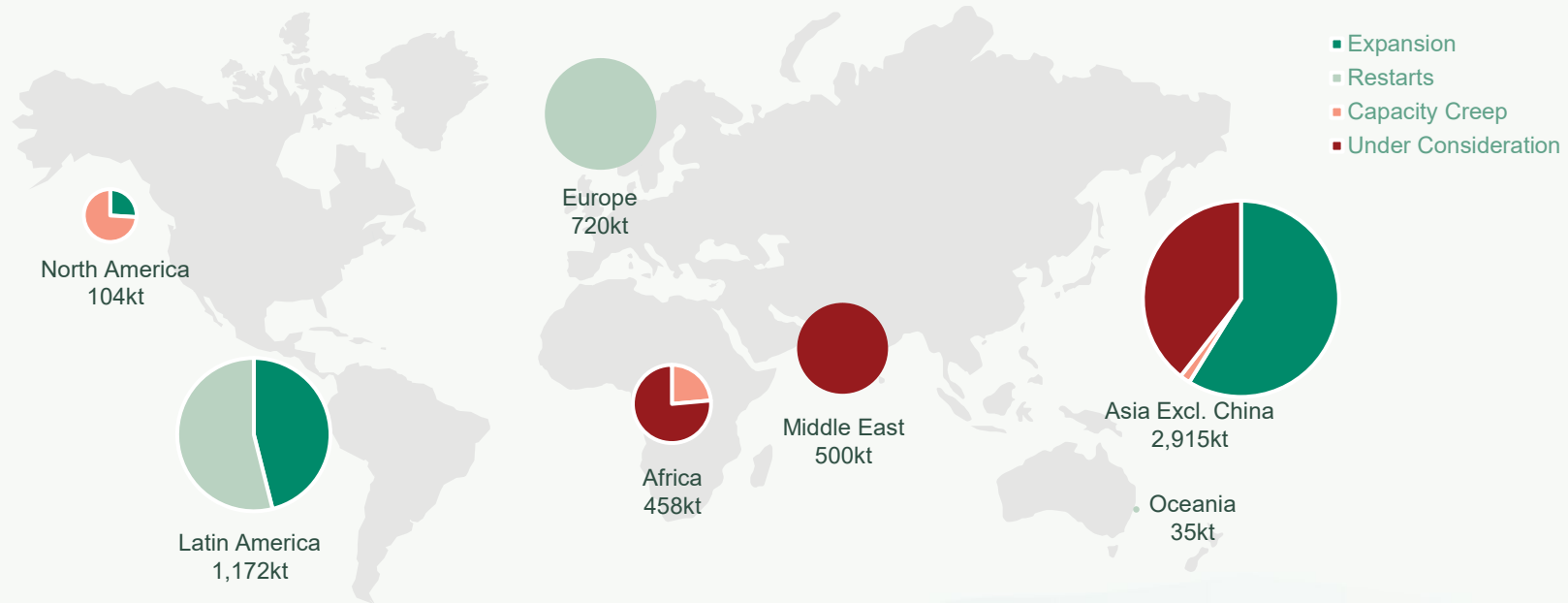
- Alumina supply disruptions, due to weather impacts, plant breakdown, raw material supply constraints and COVID, appear to be happening more often
- In Q1 2022, supply disrupted by geopolitical event and production issues:
 - Production and shipment issues
 - Nikolaev (Ukraine) 1.8 million tpa curtailment – not likely to return to production quickly, if ever
 - Australian Government bans exports to Russia
 - Other supply chain threats to Rusal’s Russian smelters (e.g. Guinea bauxite, Aughinish, etc.)
- RoW SGA regional excess for export forecast to drop from previous estimates of 3 million tonnes to 1 million tonnes, less than 2% of production outside China, effectively a balanced market – and susceptible to spot price spikes if further supply disruptions

Quarterly Row Market Balance (kt)

	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
SGA Production	14,666	15,026	14,391	14,519	14,254
Primary Aluminium Production	7,188	7,214	7,220	7,306	7,287
SGA Usage Equivalent	13,840	13,888	13,901	14,068	14,031
Balance before Chinese imports/exports	826	1,138	490	452	222
Net Chinese Imports/exports	679	811	994	544	625
Net global SGA market position	147	326	-504	-92	-403

Primary aluminium production growth (ex-China)

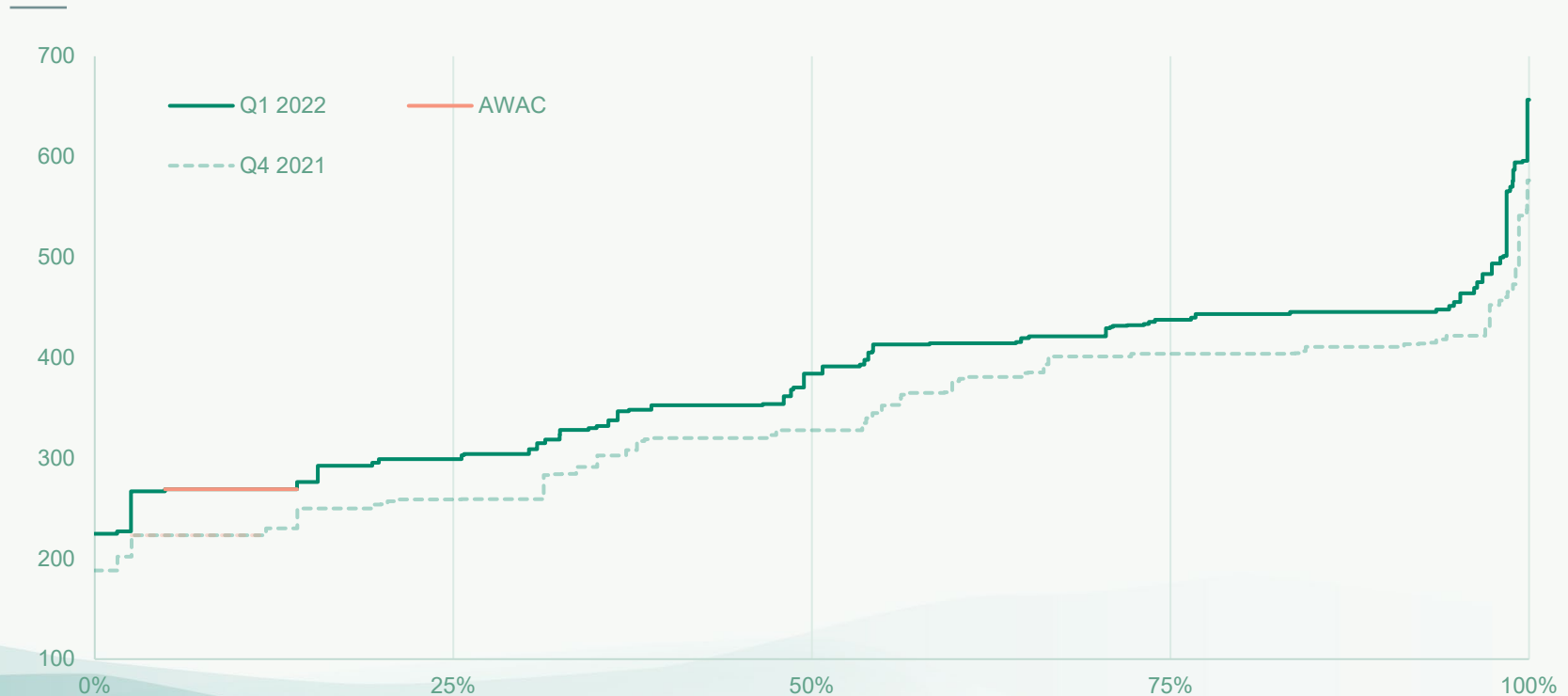
5.9 million tpa expected and potential increase over 2022-2027



Approximately 11 million tpa of extra alumina production required to meet the increase but only 3 million tpa of additional alumina production committed outside China in next few years.

Costs have increased across the industry

1Q 2022 global alumina cost curve



Source: CRU (site costs), April 2022

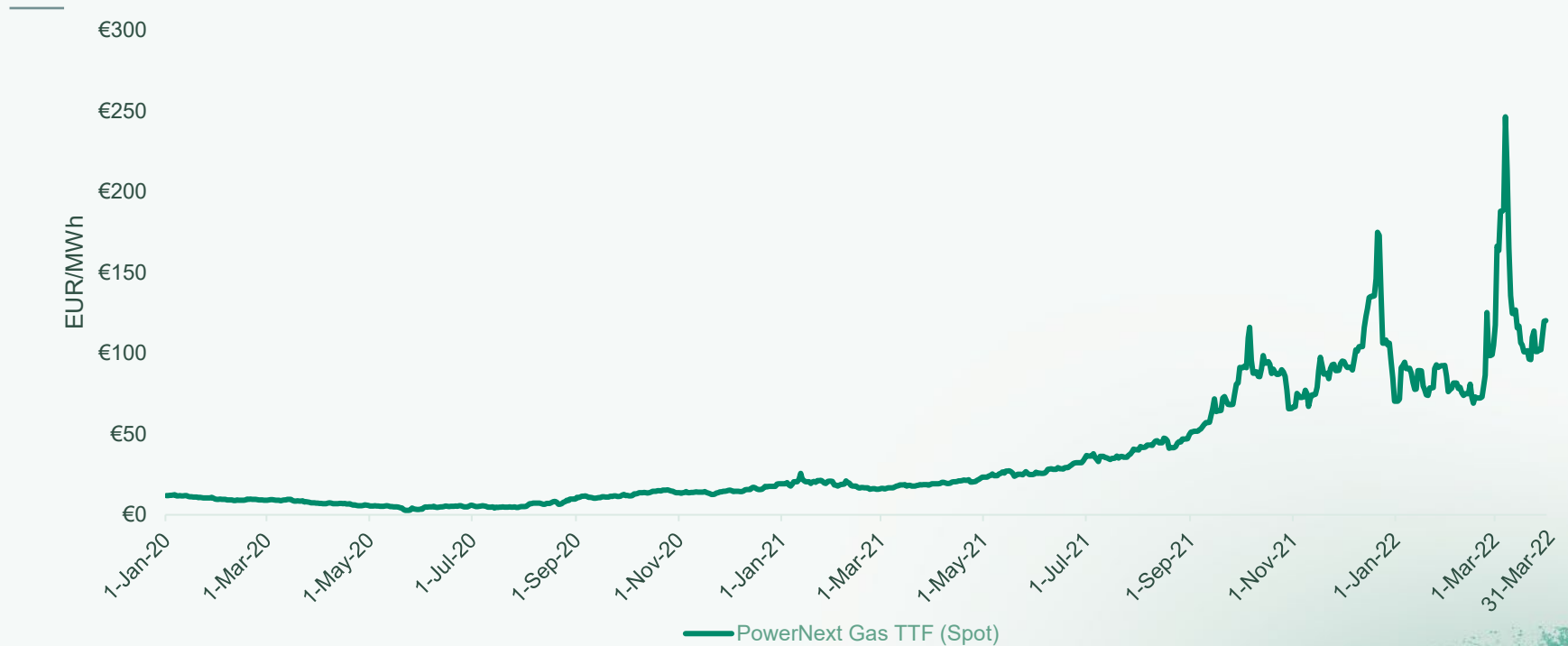
Spot Alumina Prices & Implied LME Linkage



Sources: Alumina: S & P Global Platts, Apr 2022. LME Aluminium: Thomson Reuters, Apr 2022

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

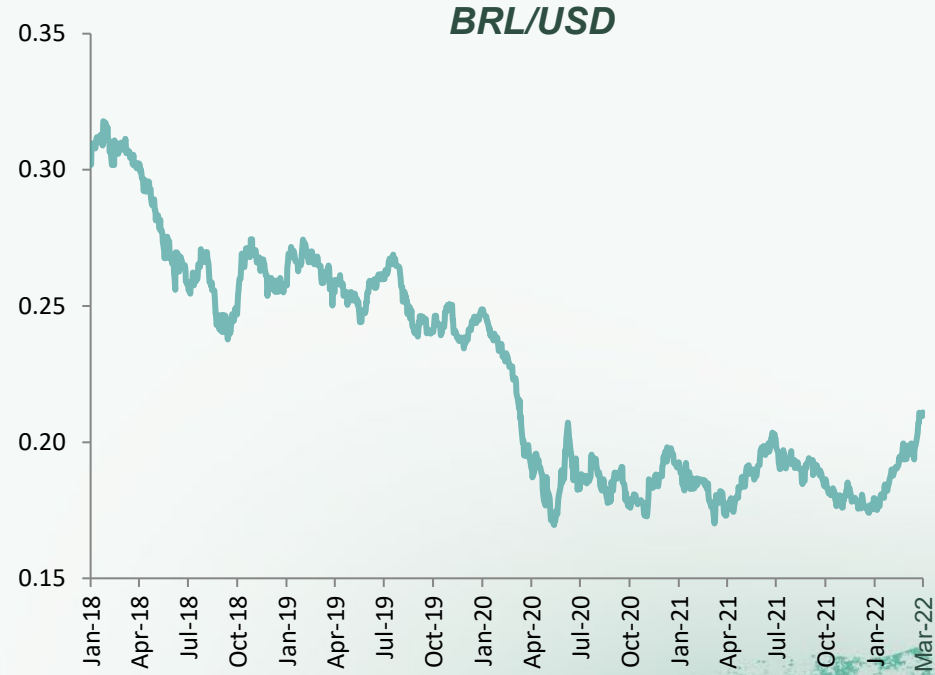
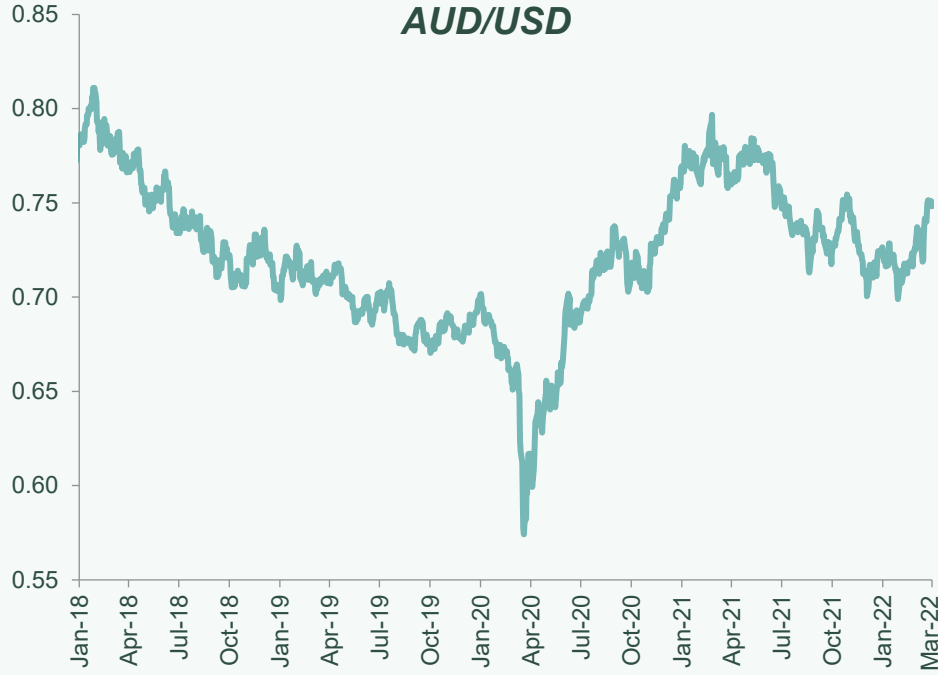
European Spot Gas Prices



Sources: Bloomberg, April 2022.

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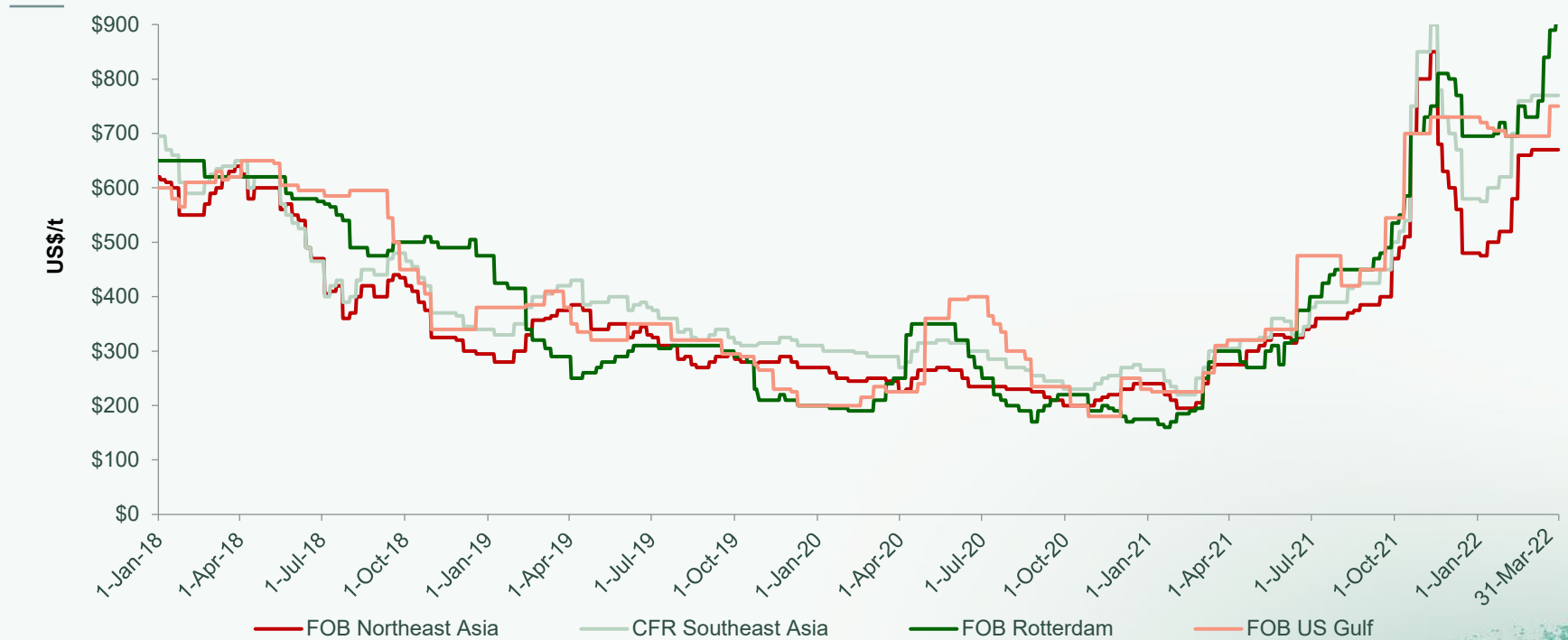
Foreign Exchange



Source: Thomson Reuters, Apr 2022

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Caustic Soda Prices



Source: S & P Global Platts, Apr 2022

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

Sensitivities & Dividend Impact

Commodity	Sale Proceeds & Cash Cost Main Components Impacted	Change	Sensitivity ^[1]	AWAC Pricing / Inventory Lag	AWC Dividend Lag ^[3]
Alumina Price Index ^[2]	Sale Proceeds	+\$10/t	Approximately +\$115 million EBITDA	1 month pricing plus 1 – 2 months settlement	7 – 12 months
Australian Dollar	Bauxite, Conversion, Energy	+ 1¢ AUD/USD	Approximately -\$23 million EBITDA	Negligible	6 – 11 months
Brazilian Real	Bauxite, Conversion, Energy	+ 10 ¢ USD/BRL	Approximately +\$5-6 million EBITDA	Negligible	6 – 11 months
Caustic Soda	Caustic	+\$10/dry metric tonne	Approximately -\$10 million EBITDA	Quarterly pricing plus 5 – 6 months inventory	Over 12 months

[1] Updated 22 February 2022

[2] AWAC's pricing is based on an average of the Platts (daily), Fastmarkets Metal Bulletin (daily) and CRU (weekly) Alumina Price Index (API) FOB Australia price from the prior month

[3] From date of price movement (includes effect of AWAC Pricing & Inventory Lag)

AWAC Financial Statements

Equity interests disclosure

	AWAC Financial Statements			Equity Share of Production 1Q 2022	Equity Share of Production 4Q 2021
	Revenue	COGS	Other Income / Expense		
CBG Bauxite Mine	✓ ¹	✓ ¹		982k bdt ³	893k bdt ³
MRN Bauxite Mine	✓ ¹	✓ ¹		248k bdt ³	295k bdt ³
Ma'aden Al Ba'itha Bauxite Mine			✓ ²	325k bdt ⁴	263k bdt ⁴
Ma'aden Ras Al Khair Refinery			✓ ²	106k t ⁴	120k t ⁴

¹ Bauxite is purchased at the partner price and recorded in COGS. Third party bauxite sales are recorded in Revenue. The equity accounted share of CBG and MRN's profit or loss is recorded in COGS

² AWAC's equity accounted share of Ma'aden's profit and loss is recognised in Other Income/Expense

³ Based on the terms of its bauxite supply contracts, AWAC's bauxite purchases from the MRN and CBG, differ from their equity share of production in those mines

⁴ Given that Ma'aden's results do not flow through AWAC's Revenue or COGS, its production is not included in AWAC's total Production, Realised Price, or Cash Cost. Ma'aden mine is fully integrated with the Ma'aden refinery. If the Ma'aden Cash Cost or Realised Price was included in the relevant AWAC calculation it would not have a material impact.