

# Alumina Limited

## 2023 Full-Year Results

27 February 2024

# Mike Ferraro

Managing Director and Chief Executive Officer

ALUMINA  
LIMITED



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This release has been approved and authorised for release by Mike Ferraro, Chief Executive Officer

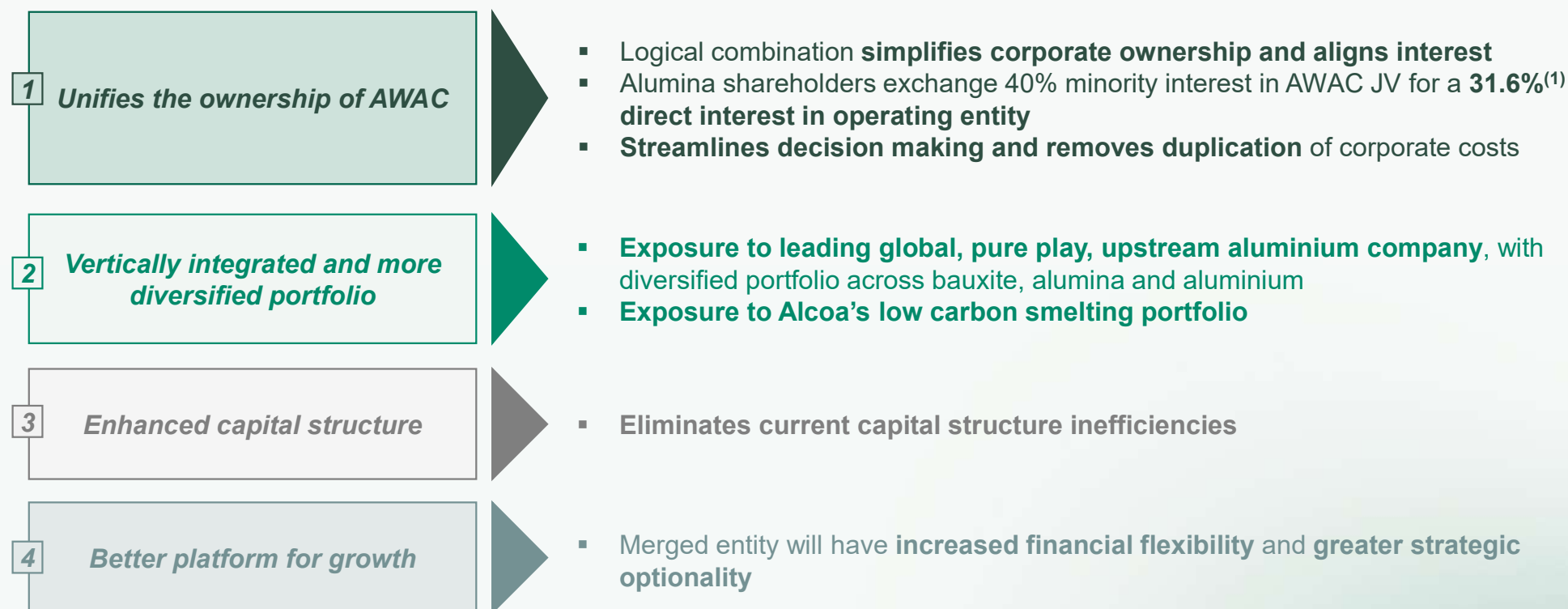
## Proposed Transaction with Alcoa\*



- Non-binding, indicative and conditional proposal from Alcoa Corporation to acquire Alumina for scrip consideration of 0.02854 shares of Alcoa common stock for each Alumina share
  - Implies a 13.1% premium to the share price of Alumina on 23 February 2024 and a 19.5% premium based on the average exchange ratio over the last 12 months
  - Alcoa to establish secondary listing in Australia, via CHESS Depositary Interests
- The proposal follows earlier indicative proposals from Alcoa and a period of mutual due diligence and negotiation
- Alumina has granted Alcoa 20 business days of exclusivity for the parties to negotiate and execute definitive transaction documentation
- Subject to entry into definitive transaction documentation, Alumina's Independent Non-executive Directors and its Managing Director and CEO intend to recommend that shareholders vote in favour of the proposal, subject to customary qualifications
- Alumina and Alcoa shareholder approval will be required, along with the satisfaction of other typical conditions and regulatory approvals
- Alcoa has entered into a conditional share sale agreement with Allan Gray Australia giving it the right to acquire up to 19.9% of Alumina shares
- Alumina shareholders do not need to take any action in relation to the proposal. There is no certainty that the proposal will result in a binding offer for Alumina.

\* Refer to Alumina Limited Announcement on 26<sup>th</sup> February 2024

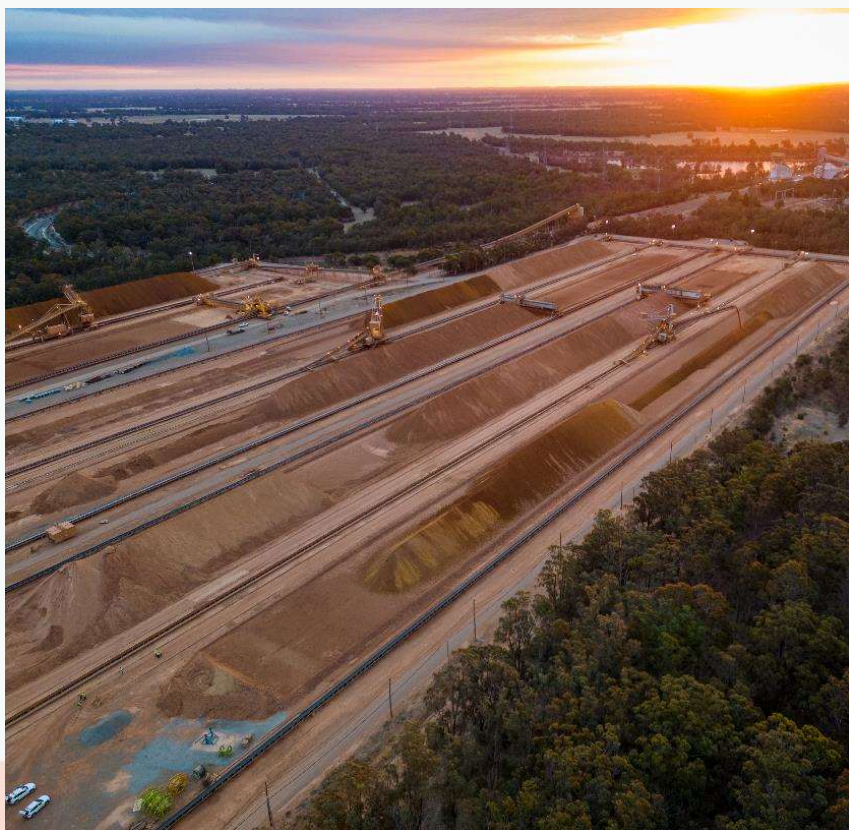
## Proposed Transaction with Alcoa



(1) Based on the current undiluted shares on issue of 2,901,681,417 for Alumina and 179,550,294 for Alcoa.  
On a fully diluted share basis, Alumina shareholders would own 31.25% of the merged entity



## 2023 Full-Year Results



### Disappointing Financial Performance

- Net Loss after tax \$92 m excluding significant items (2022: NPAT \$109m)
- No dividends announced

### Pro-active Business Response

- WA mine plan approvals
- Kwinana curtailment to commence in 2Q 2024
- Actions taken at San Ciprian
- Focus on profitability improvement

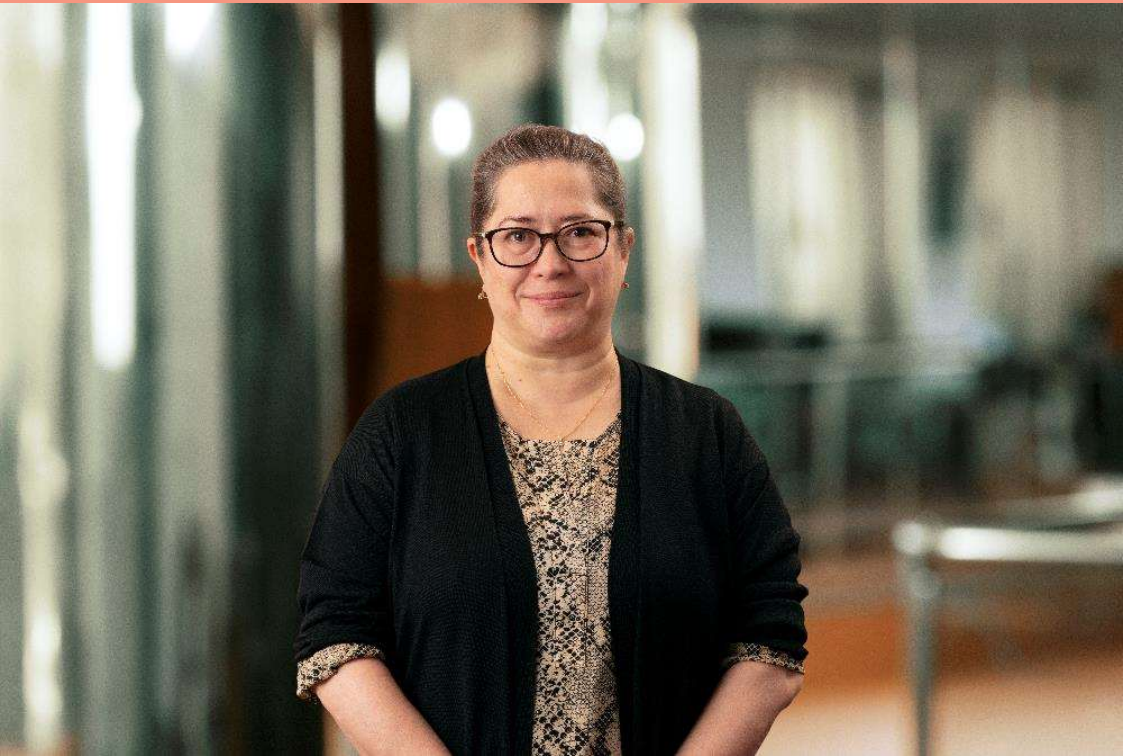
## API Averaged \$343/t in 2023, Down 5% Y-o-Y



**Galina Kraeva**

Chief Financial Officer

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# **AWAC**

## 2023 Full-Year results



## 2023 AWAC Full-Year Results

### Financials

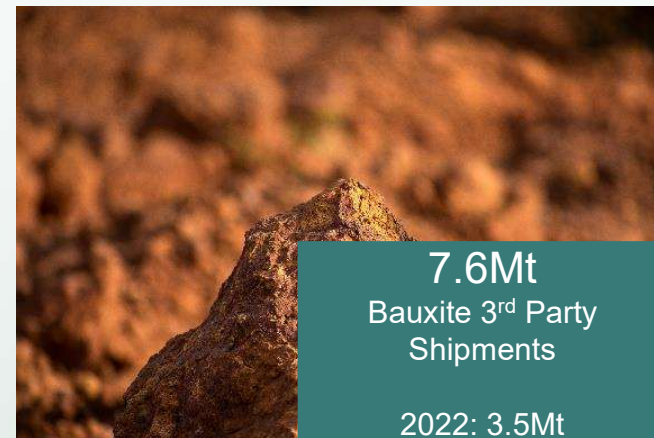


### Alumina

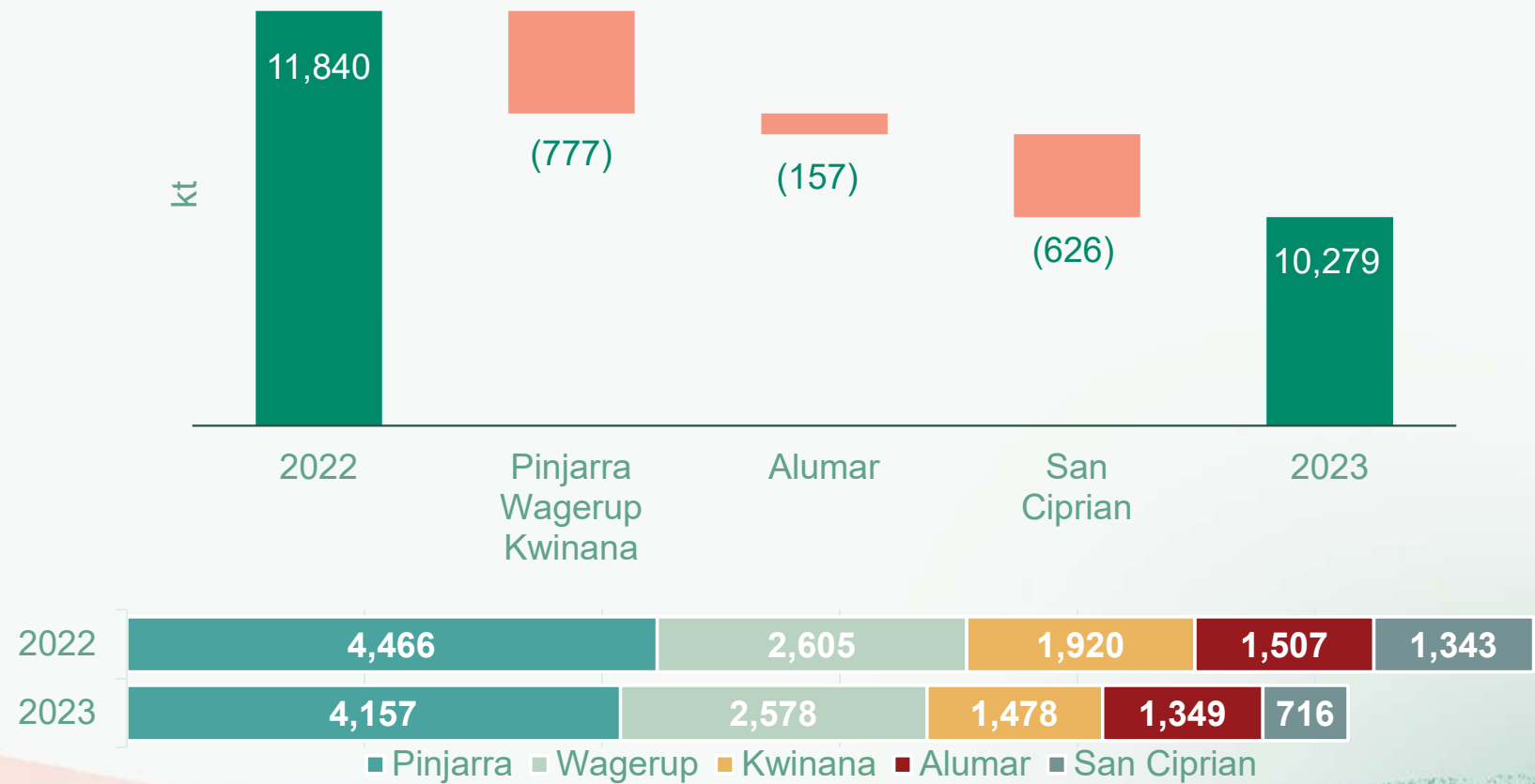


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### Aluminium and Bauxite

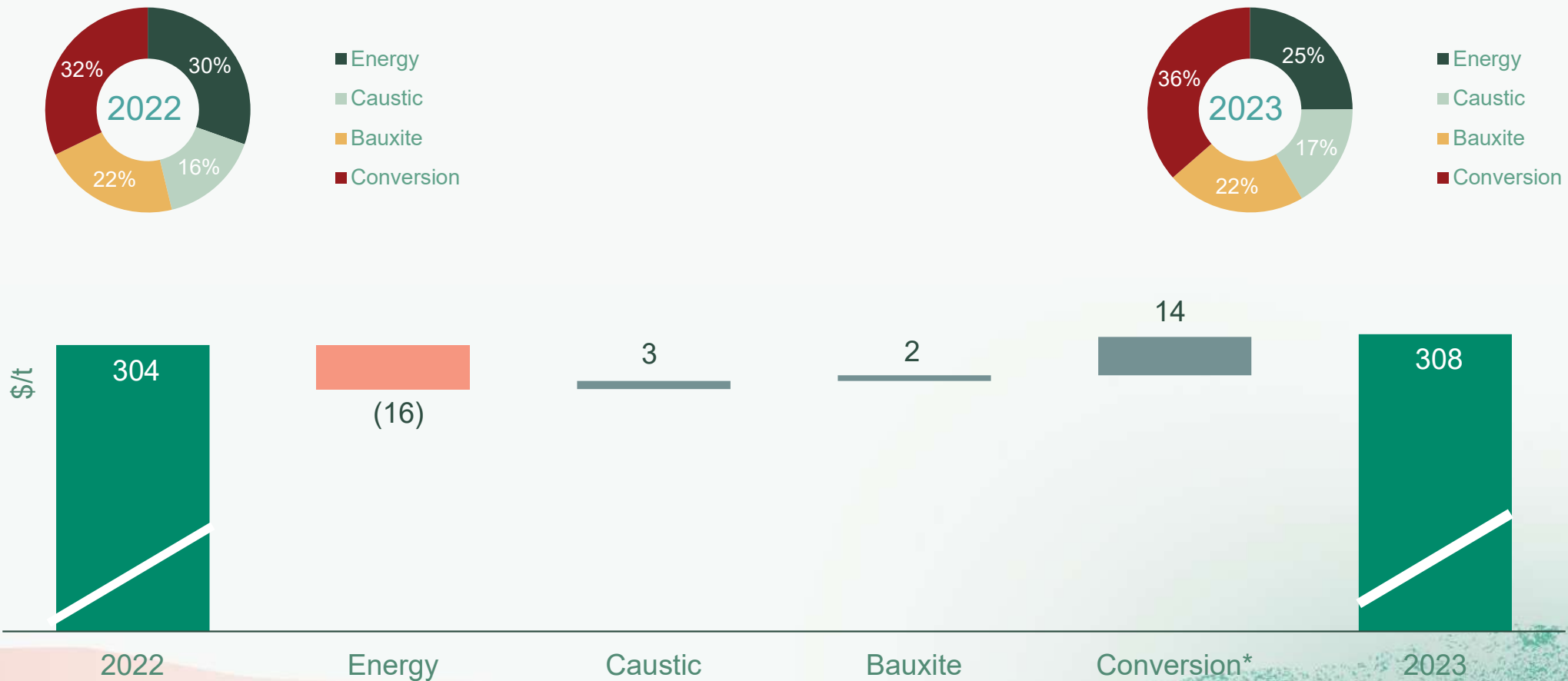


# AWAC Alumina Production





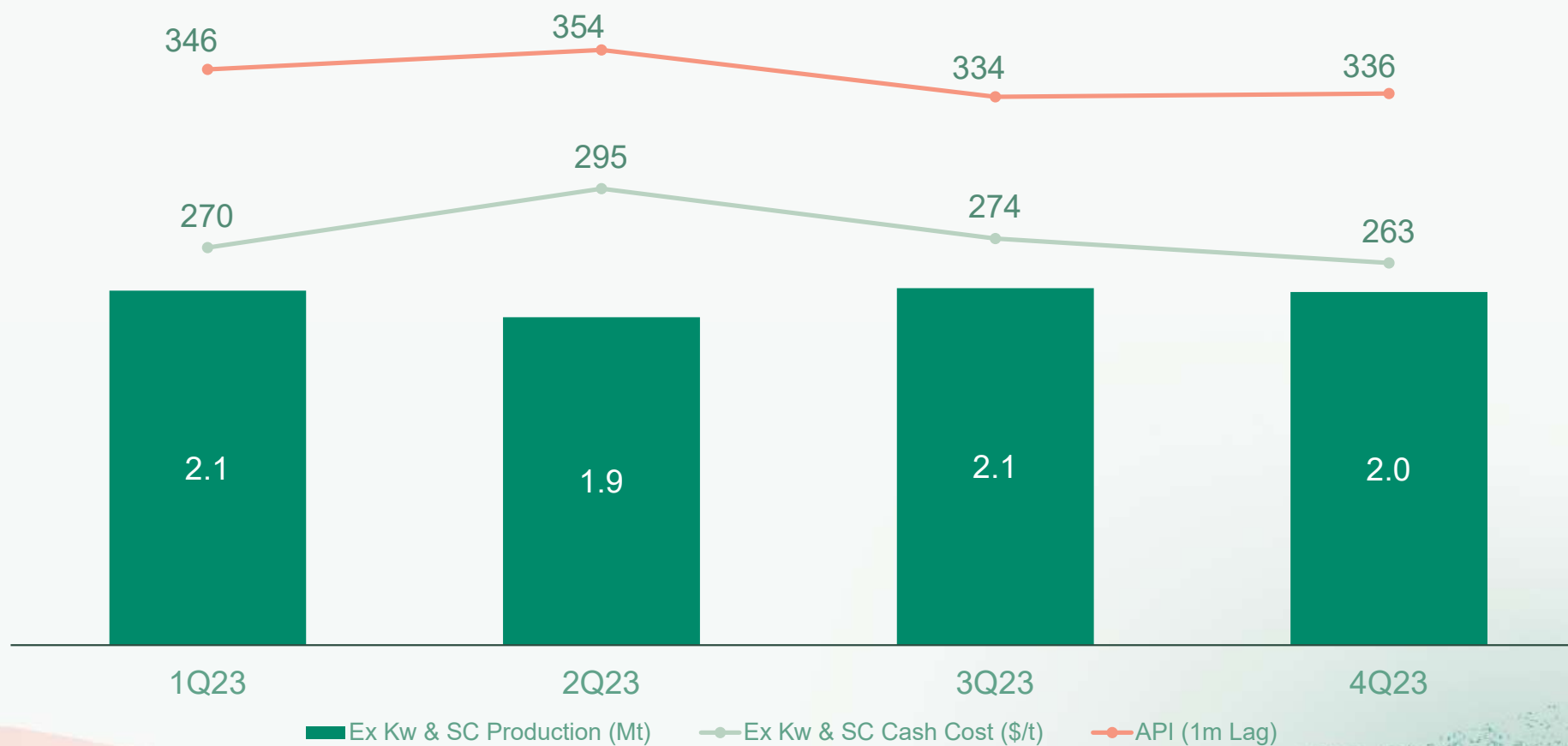
2023 AWAC Alumina Cash Cost



\*Conversion includes employee costs, indirect costs, insurance & taxes and direct materials other than caustic and bx

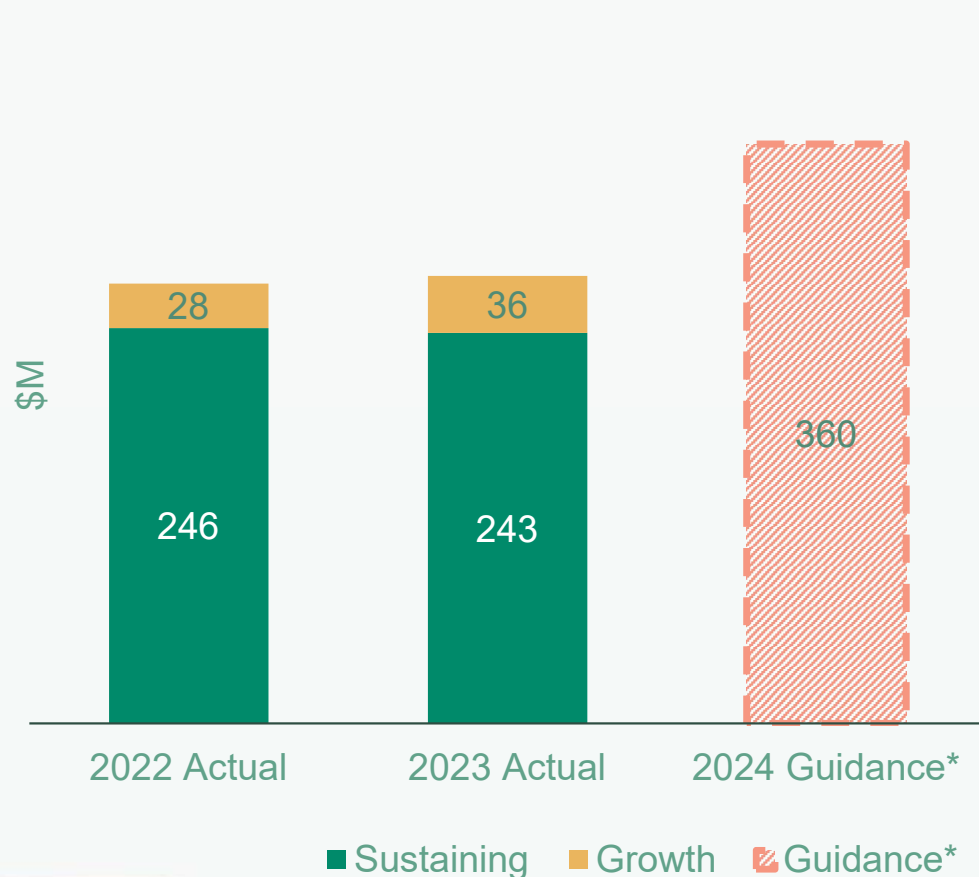


## Impact of Portfolio Actions



Source: API - S&P Global Commodity Insights, Alumina analysis, February 2024

## AWAC Capital Expenditure and Significant Projects



\*As per Alcoa market guidance at 4Q2023 announcement

### CAPEX 2023

- Tailings and residue storage areas
- Debottlenecking at Alumar

### CAPEX 2024 Forecast

- Tailings and residue storage areas
- Huntly mine move preliminary stage
- Debottlenecking at Alumar
- Cost saving initiatives in Brazil
- Kwinana water treatment

## 2024 Full-Year AWAC Outlook



Production/Shipments	2023 Actual	2024 Outlook	Change
Alumina Production (Mt)	10.3	~9.4	↓ 0.9
Alumina Shipments (Mt)	12.4	~12.4 - 12.7	↑ 0 - 0.3
Aluminium Production (kt)	156	~161	↑ 5
Bauxite 3 <sup>rd</sup> Party Shipments– Bone Dry Tonnes (M bdt)	7.6	7.0	↓ 0.6

Cash Items(\$M)	2023 Actual	2024 Outlook	Change
Kwinana Curtailment Costs	-	~130	↑ 130
Environmental, ARO & Other Restructuring Related Items	126	~160	↑ 34
Tax Payments Related to Prior Year	110	-	↓ 110

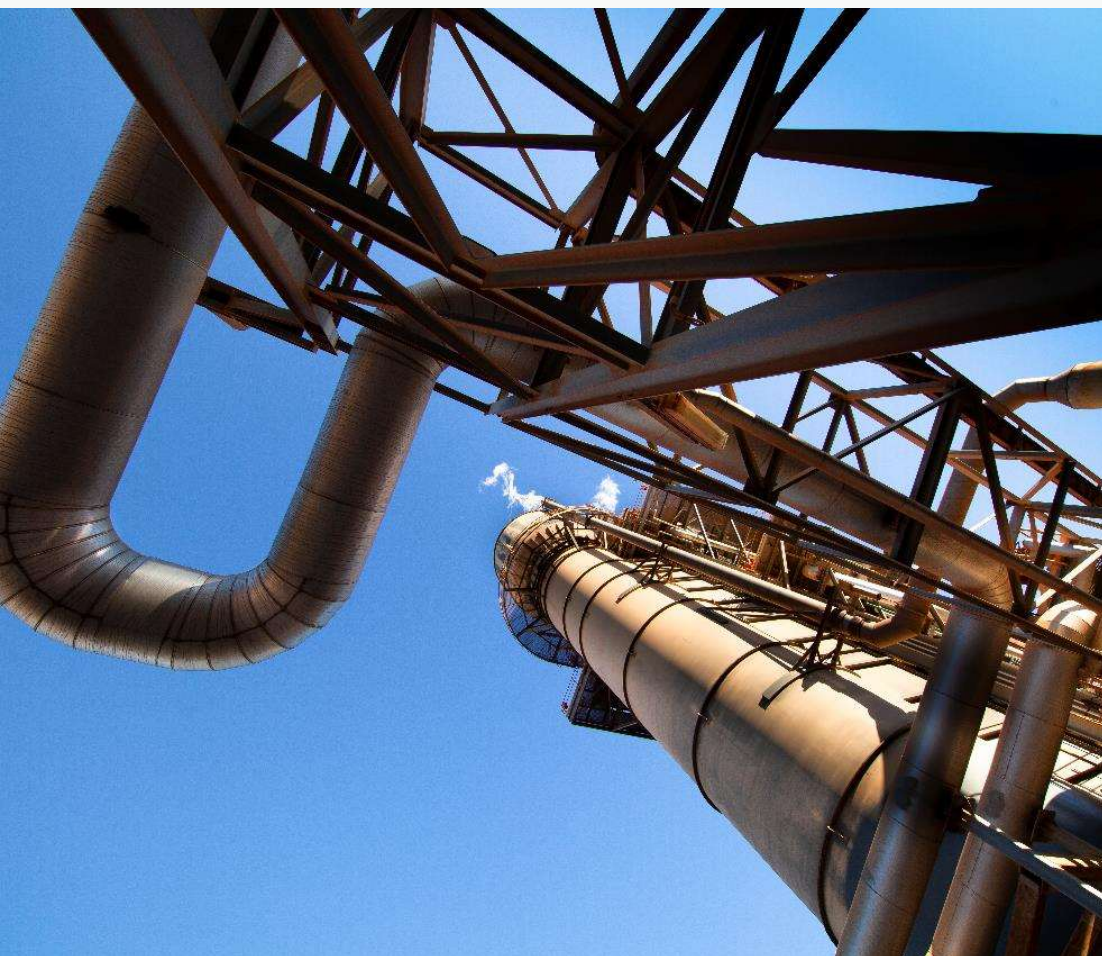
# Alumina Limited 2023 Full-Year Results





# Alumina Limited

## 2023 Full-Year Results



- NLAT  
\$(150M)  
NPAT 2022: \$104M
- NLAT excl significant items  
\$(92M)  
NPAT excl significant 2022: \$109M
- Syndicated credit facility limit: \$500m
- Net debt  
\$(294M)  
2022: \$(106M)

# ESG Highlights



## AWAC's 2023 ESG Highlights



Environment		Social	
<b>Impoundments</b> Commitment to conform with industry standards, i.e. GISTM	<b>GHG emissions</b> Reduced 2022 absolute greenhouse gas emissions by 47% from a 2010 baseline	<b>Safety</b> No fatalities and one serious injury at AWAC operating facilities	<b>SP360</b> Implemented Alcoa's Social Management System
<b>IAI GHG Initiative</b> Alumina Limited is a signatory to IAI's GHG Initiative		Governance	
		<b>Strategic Materials List</b> The Australian Government classified aluminium as a Strategic Material	<b>ASI certification</b> Achieved ASI Performance Standard for Portland smelter and CBG mine

GISTM - Global Industry Standard on Tailings Management; Alcoa's social performance management system, called SP360; IAI - International Aluminium Institute; ASI - Aluminium Stewardship Initiative  
 CBG mine is not operated by AWAC



## Western Australia Future Mining Commitments



Enhancing protection for **drinking water**, including no mining within 1km of public drinking water reservoirs



Increasing **transparency** by publishing the five-year mine plan



Reducing impacts on **forests**, including capping clearing at 800 ha p.a. and increasing current **rehabilitation** rates



Increasing **community** certainty, modernising **approvals** and protecting **cultural heritage**

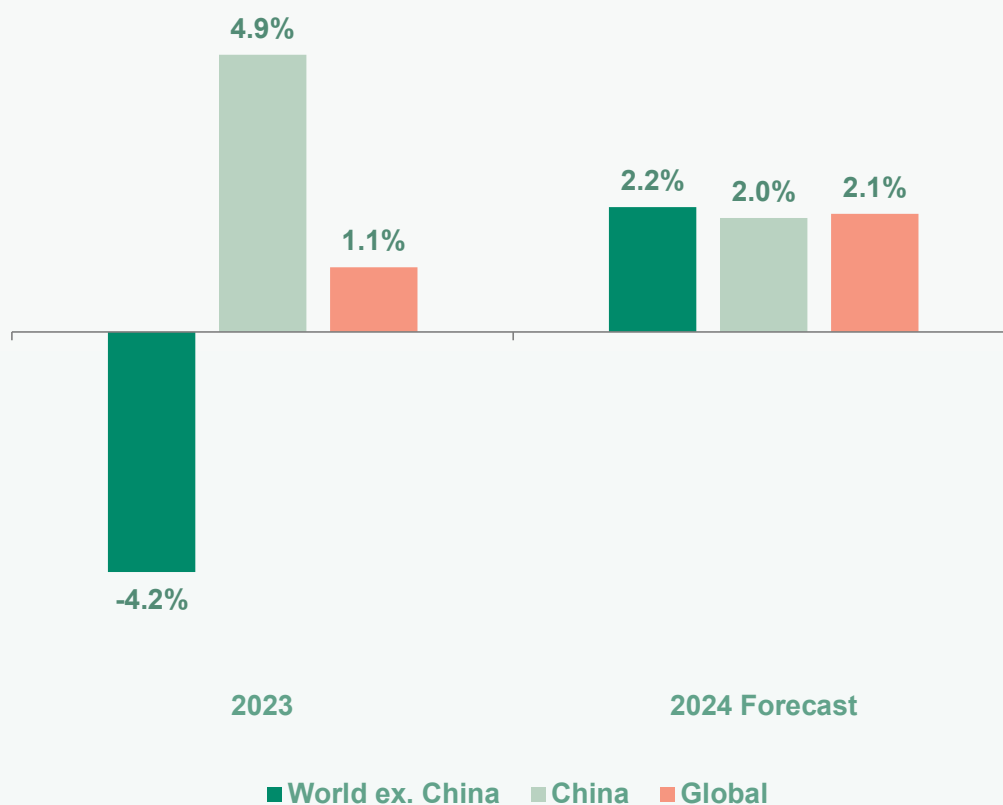


# Market Review and Outlook

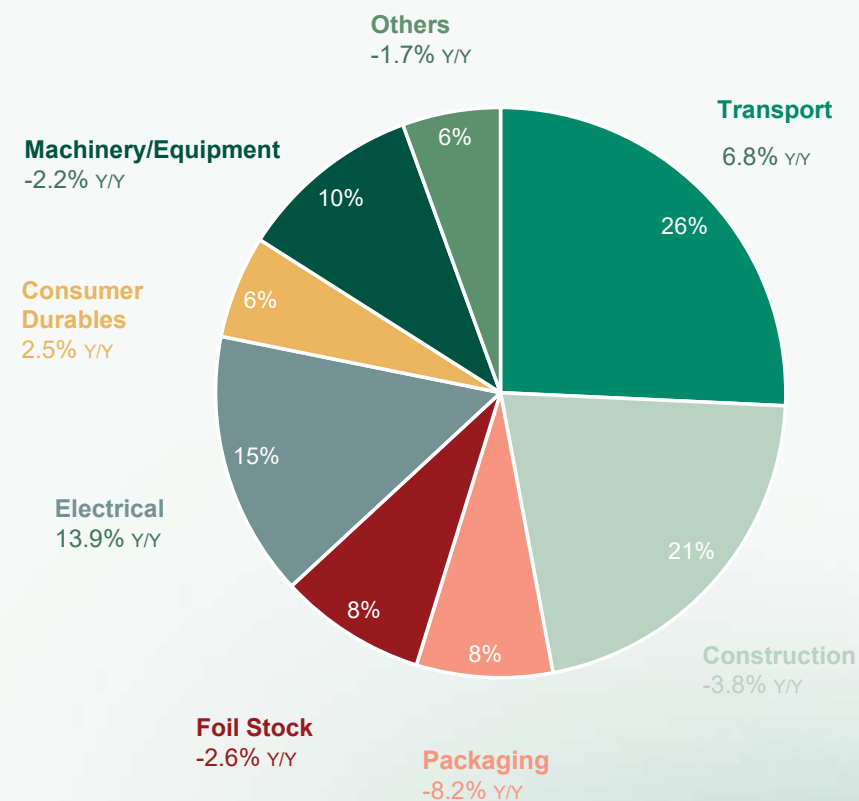


## Global Aluminium Demand Flat in 2023

Primary aluminium consumption, y/y change



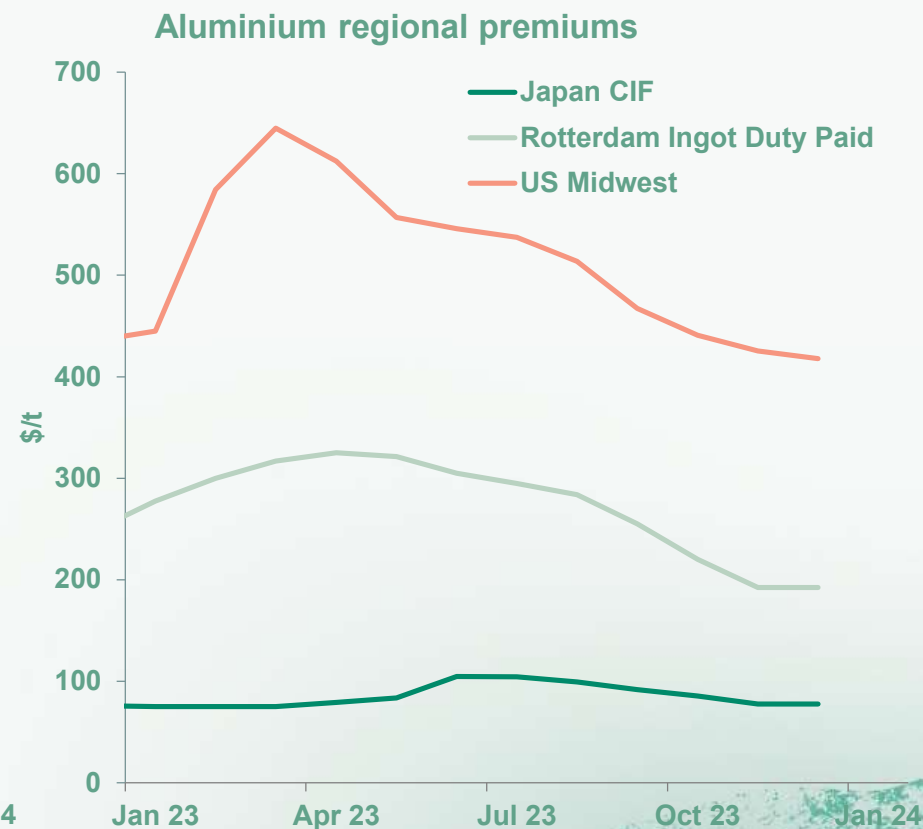
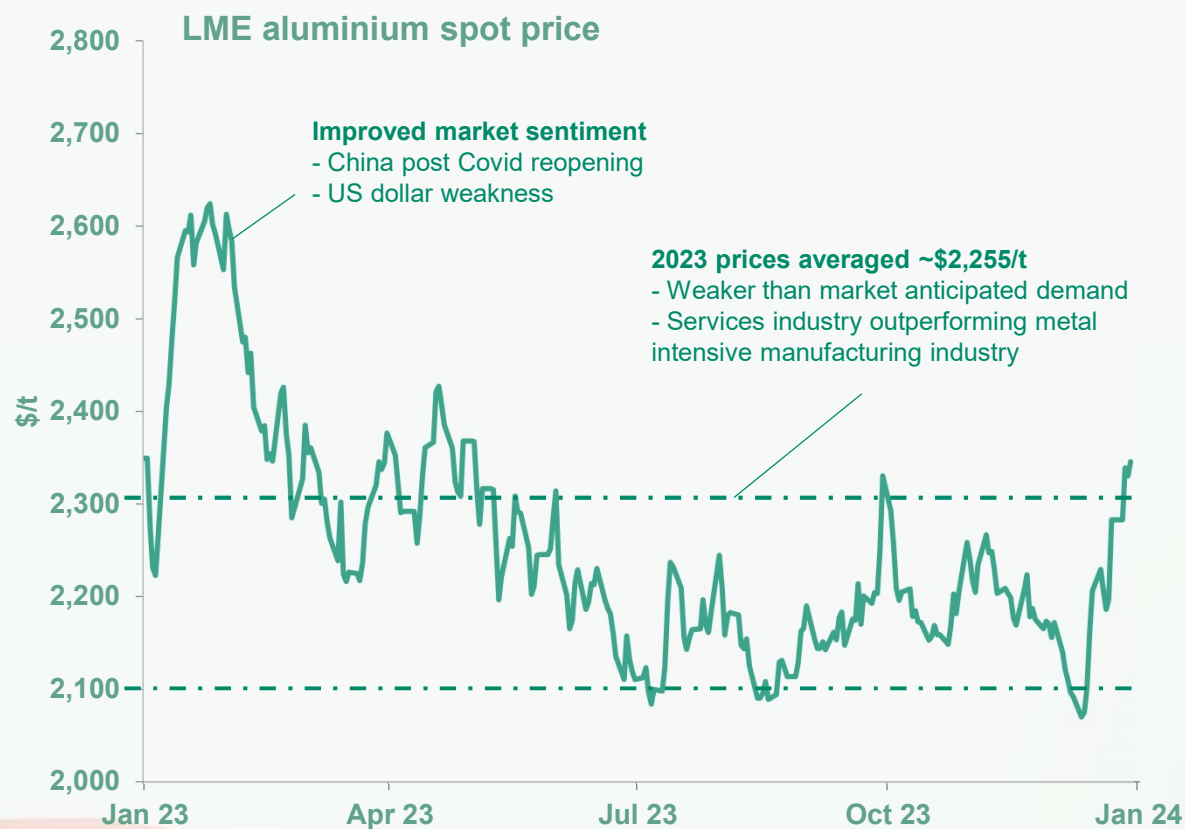
2023 global aluminium consumption\* by sector



\*Aluminium consumption refers to the consumption of semi finished products.

Source: CRU, February 2024

## LME Prices Rallied Early in 2023 before Retracing and Trading Sideways



Note: US Midwest premium has been converted from ¢/lb to \$/t

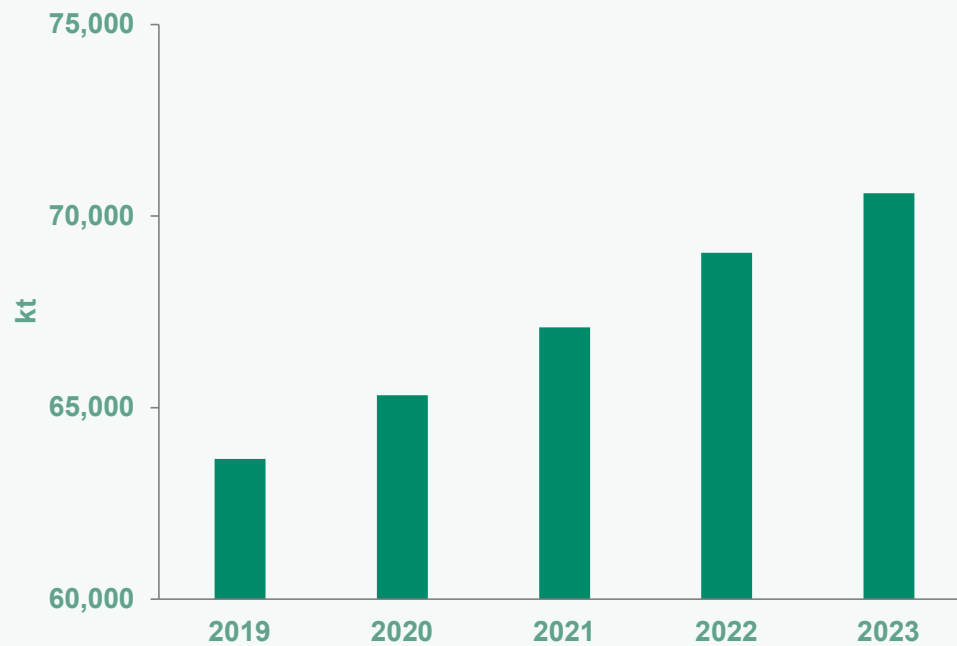
Source: IRESS, CRU, February 2024

## Strong Demand for Alumina as Primary Aluminium Production Grew

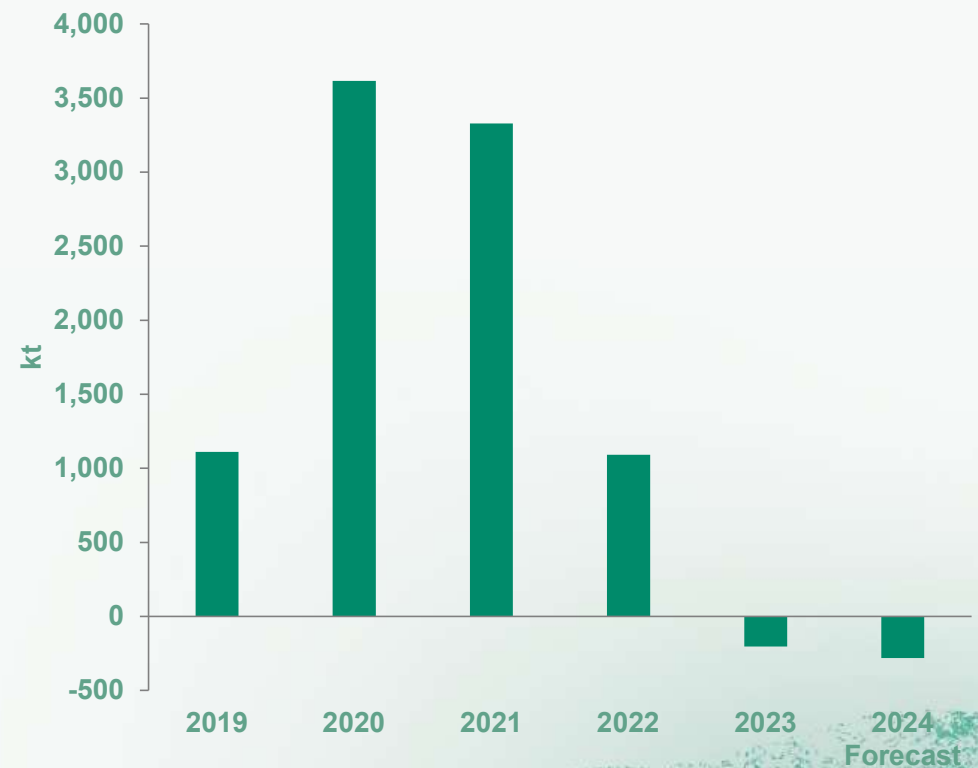
Global SGA Market was Tightly Balanced in 2023



Global primary aluminium production



RoW SGA balance

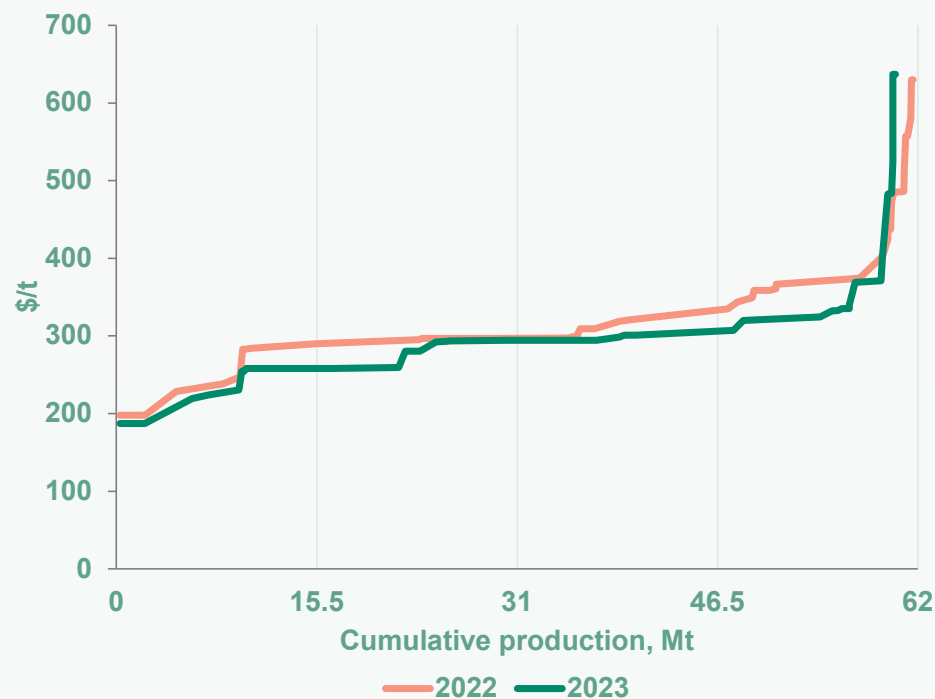




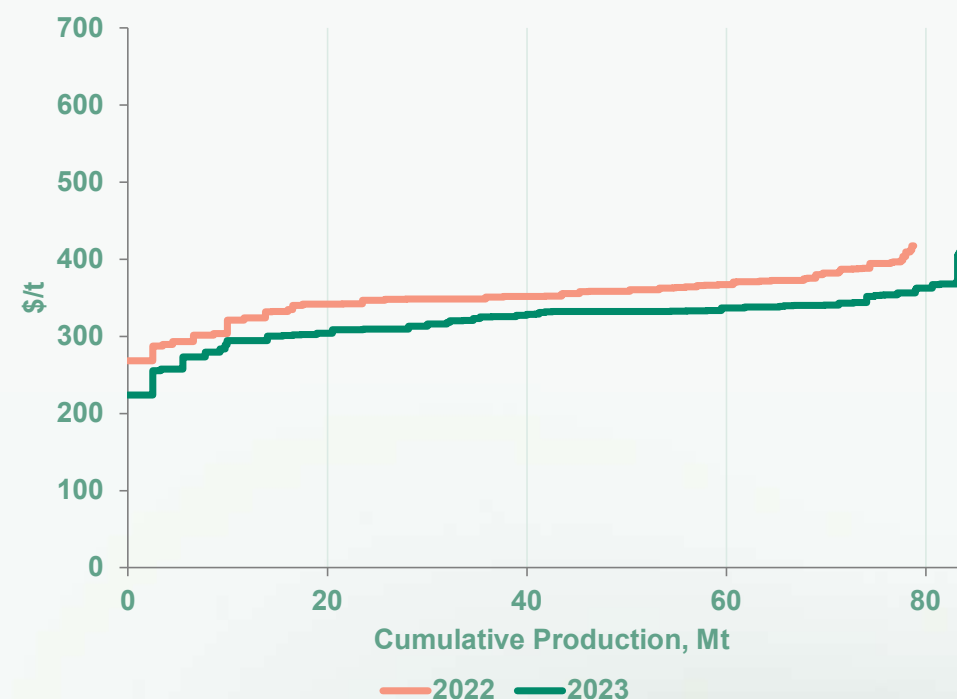
## Average Alumina Production Costs for RoW & China both Fell by 8% Y-o-Y



ROW cost curve



China cost curve



RoW	Average costs, \$/t
2022	314
2023	288

China	Average costs, \$/t
2022	350
2023	320

Source: CRU – site cost

Source: CM Group – Cash Cost

## AWAC Summary and Market Outlook



### AWAC Highlights

- WA mine plan approvals
- Curtailment at Kwinana
- Actions taken at San Ciprian
- Focus on profitability improvement



### Market Outlook

- Tight alumina market
- Limited near term growth in committed alumina capacity outside China
- Sensitive to further supply disruptions
- Moderate recovery in aluminium demand in 2024



# Appendix



## AWAC Sensitivities



Item		2024 Sensitivities	
EBITDA Sensitivities	API +/- \$10/t	Approx. +/- \$90M	
	Caustic +/- \$10/dmt	Approx. +/- \$8-9M	
	AUD/USD +/- 1c <sup>1</sup>	Approx. +/- \$25M	
	USD/BRL +/- 10¢	Approx. +/- \$5-6M	

<sup>1</sup>Upon full curtailment of the Kwinana refinery, sensitivities will be adjusted for AUD



## Bauxite Production

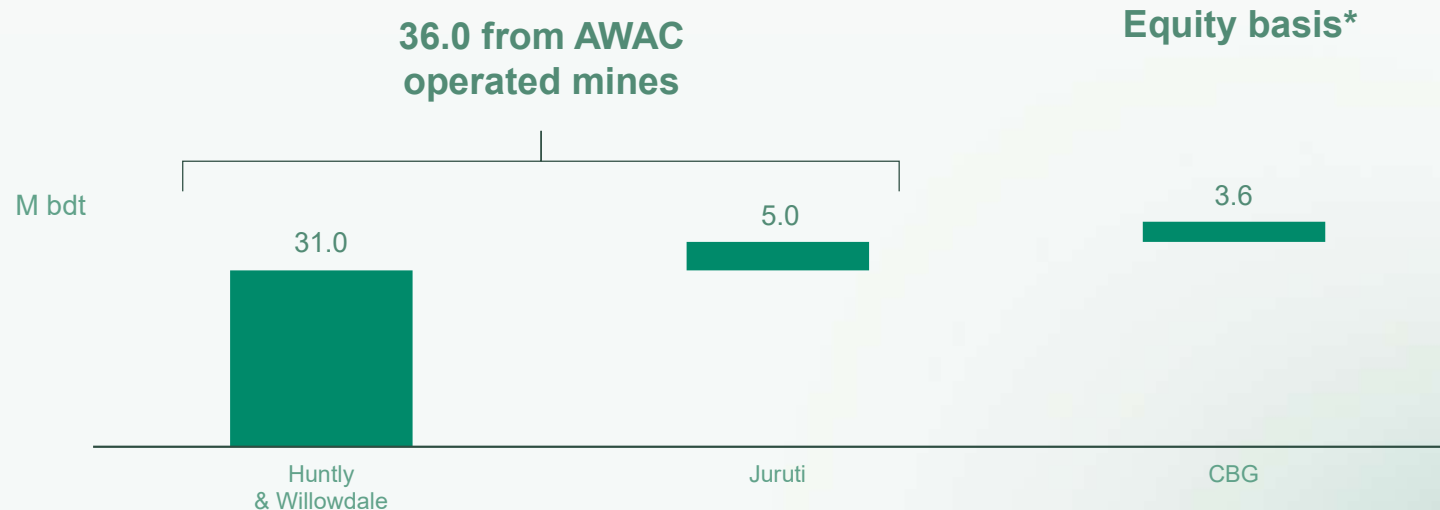


### Third Party Shipments

**2023: 7.6M bdt**  
2022: 3.5M bdt

### Cash Cost of Mining

**2023: \$12.9/bdt**  
(2022: \$12.9/bdt)



\*The sale of AWAC share of MRN was completed in April 2022

## AWAC Significant Items (\$US million)



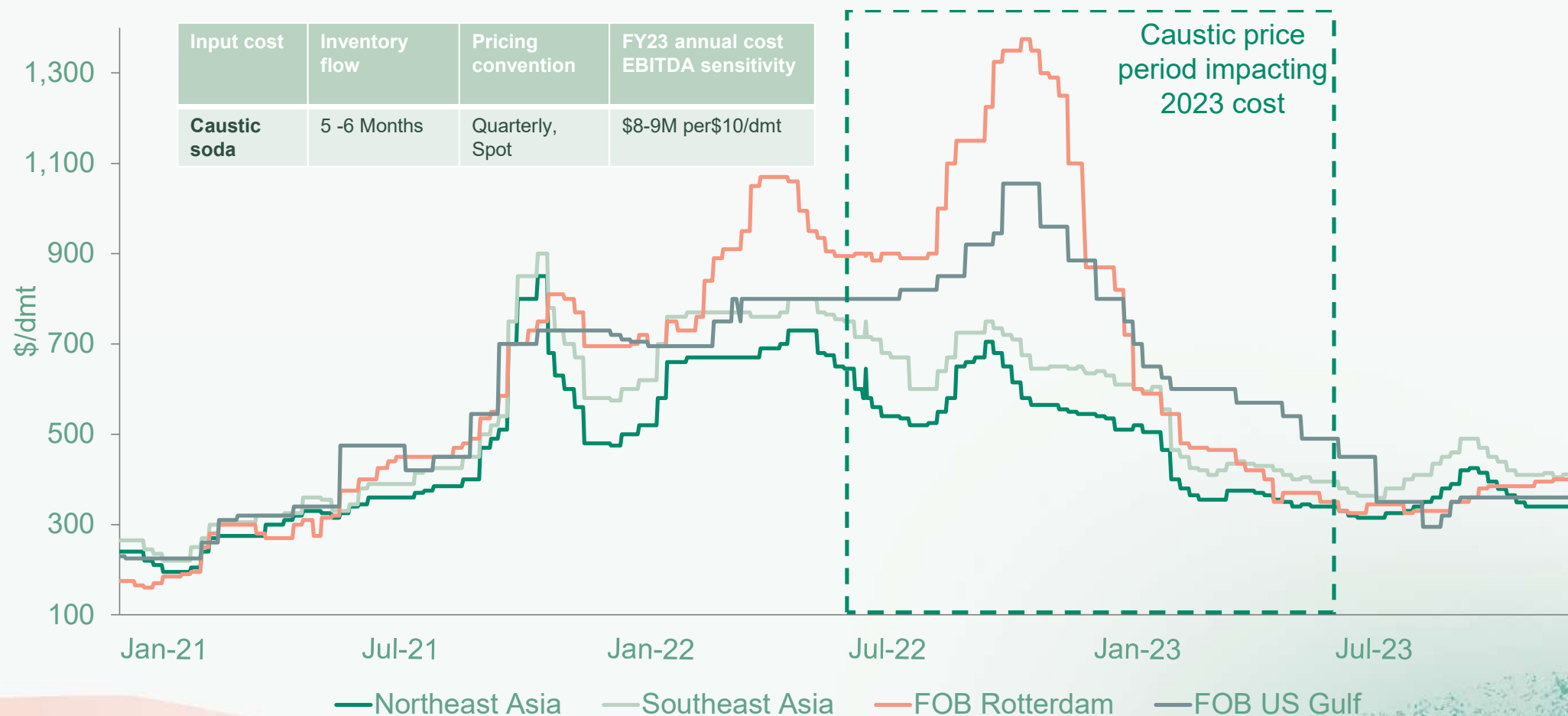
Net (Loss) Profit after Tax	\$(317.8)	<u>Significant Items:</u>	EBITDA	\$164.5
	\$13.0	Change in fair value of energy Contracts		\$13.0
	\$104.0	Valuation allowance on Brazil DTA		-
	\$28.5	Other		\$32.0
Net (Loss) Profit after Tax Excluding Significant Items	\$(172.3)		EBITDA Excluding Significant Items	\$209.5

## Alumina Limited Significant Items (\$US million)



Net Profit after Tax	\$(150.1)
Significant Items:	
Change in fair value of energy Contracts	\$5.2
Valuation allowance on Brazil deferred tax asset	\$41.6
Other	\$11.4
Net Profit after Tax Excluding Significant Items	\$(91.9)

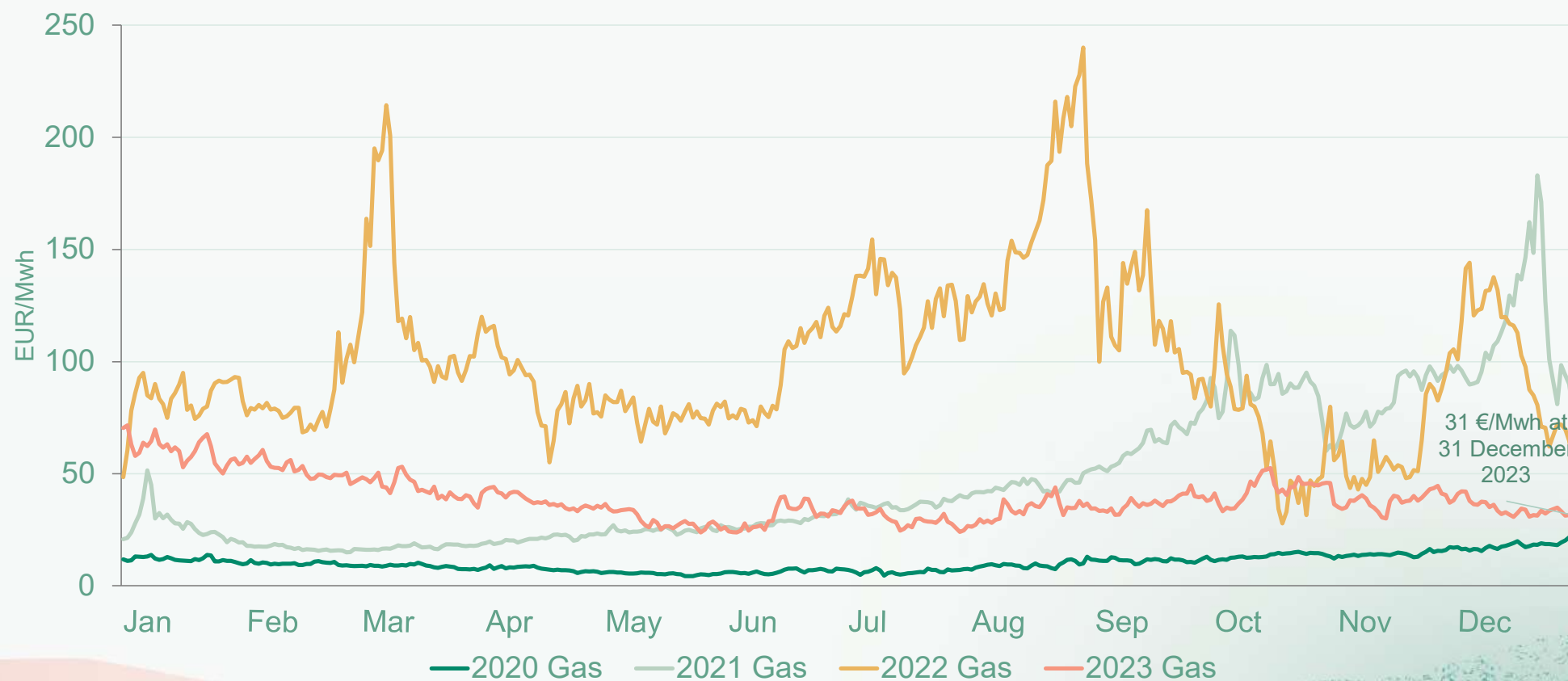
## Caustic Soda Prices





# European Gas Prices

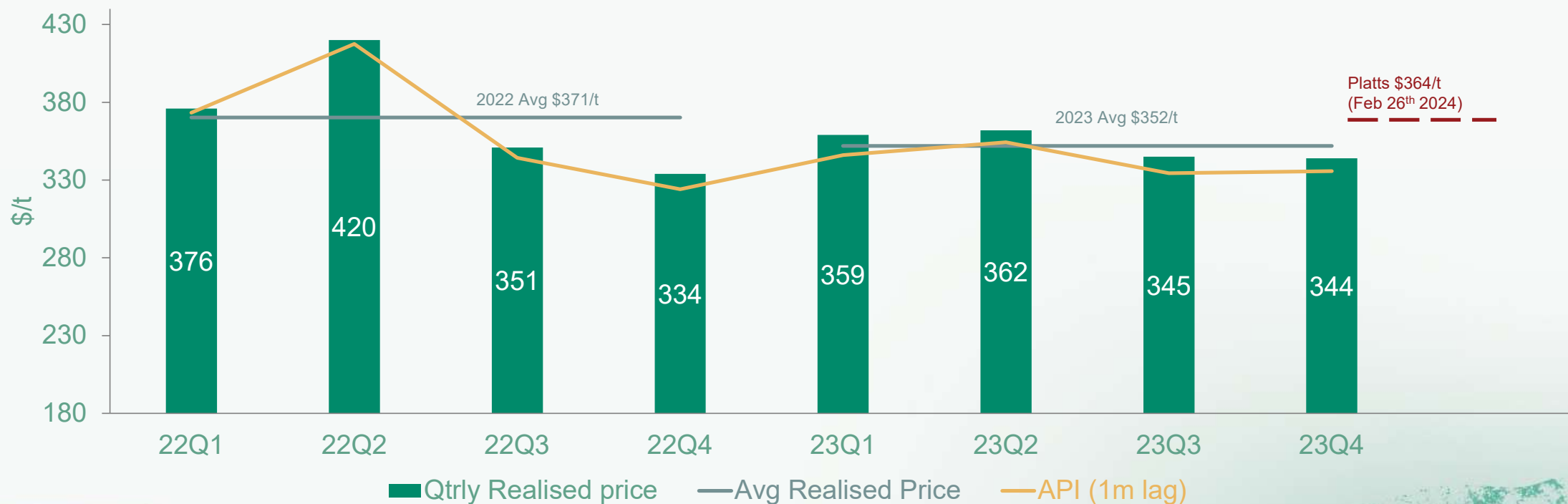
## MIBGAS



## AWAC Alumina Realised Price



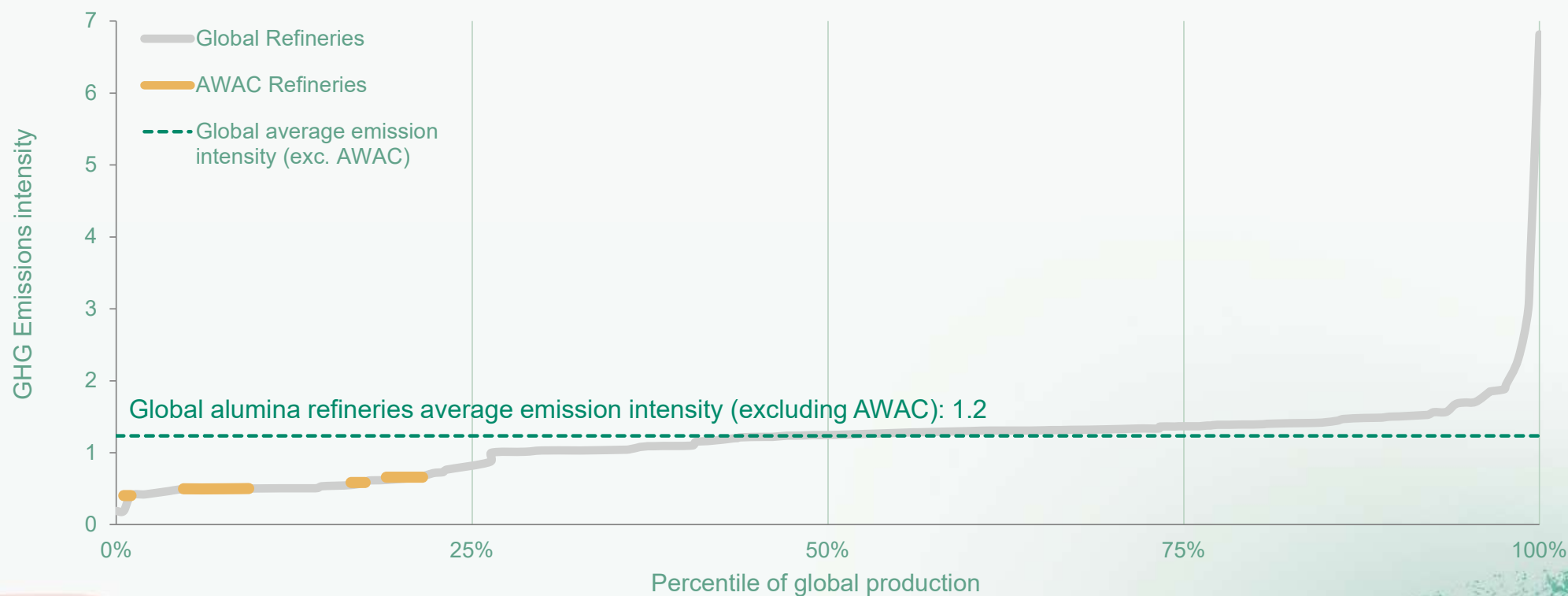
Realised Price and API (1m lag)



Source: API - S&P Global Commodity Insights, Alumina analysis, February 2024

## Global Alumina Refineries Emissions Intensity Curve<sup>1</sup>

AWAC's Alumina Refineries: 0.510<sup>2</sup>



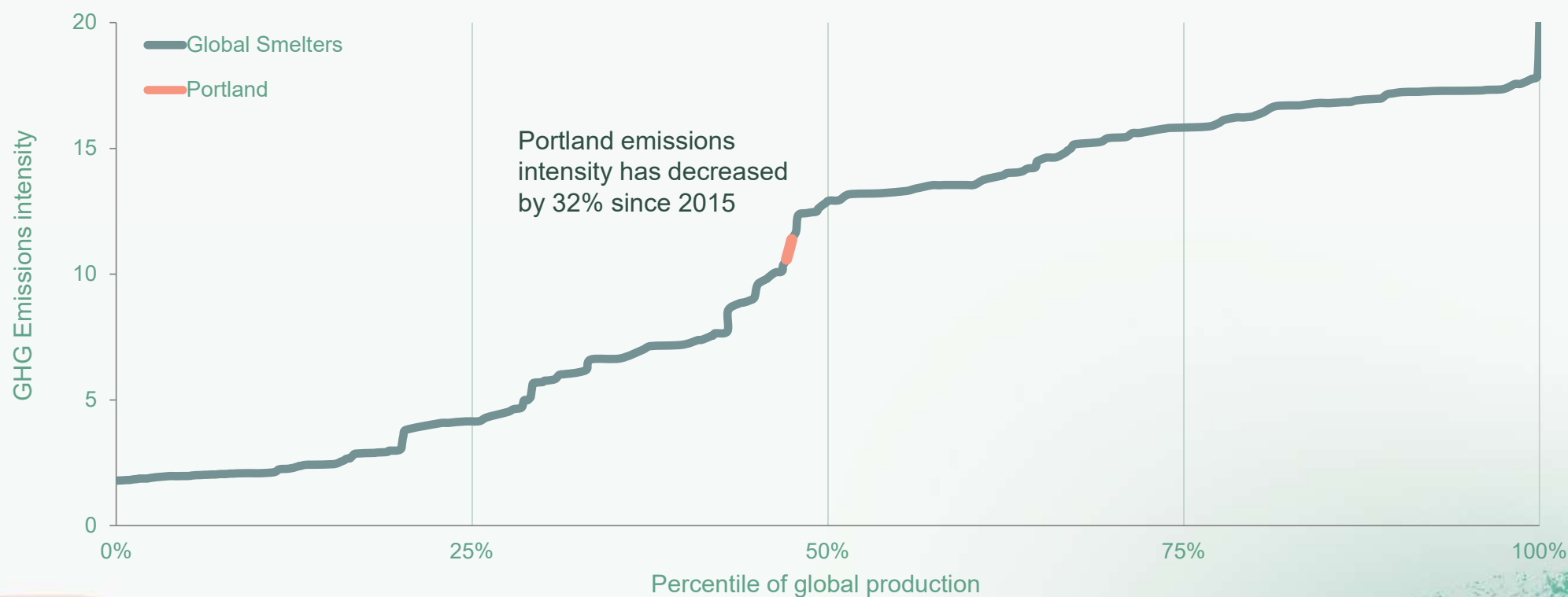
1. Tonne of CO2e per tonne of production

2. AWAC alumina refineries emission intensity in 2022 including Kwinana. Excluding Kwinana, emissions intensity would be 0.486

Source: CRU, January 2024

# Global Aluminium Smelters Emissions Intensity Curve<sup>1</sup>

Portland Smelter: 12.91<sup>2</sup>



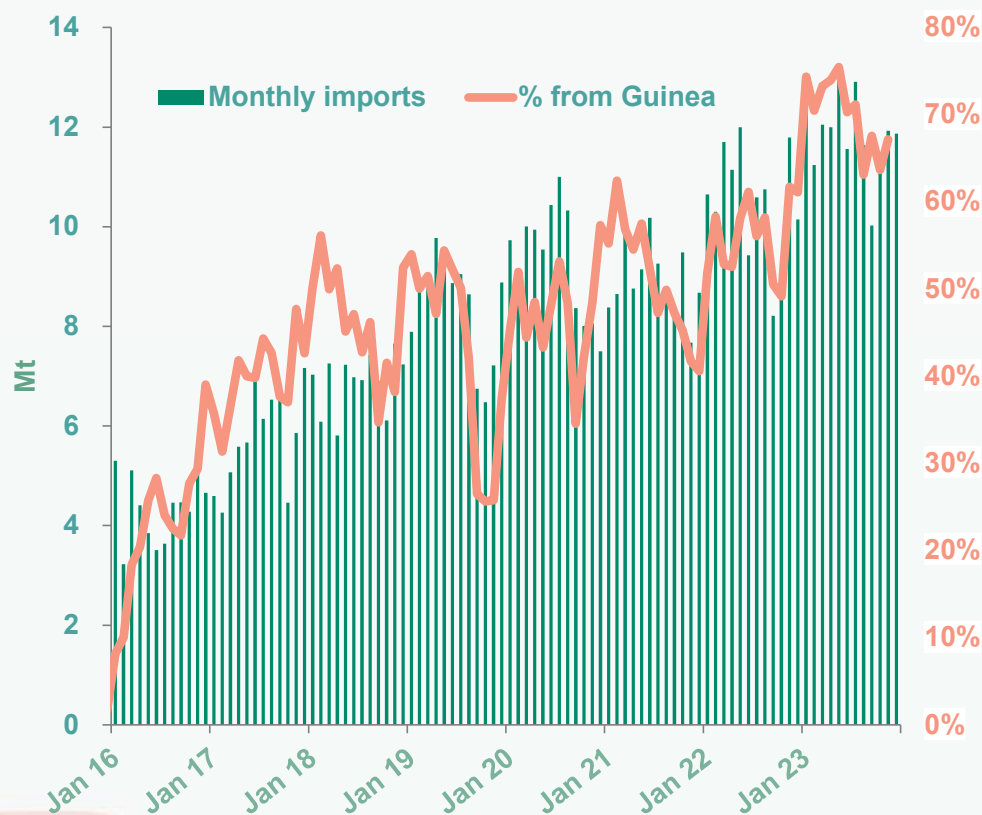
1. Tonne of CO<sub>2</sub>e per tonne of production
2. Portland smelter emission intensity in 2022

Source: AWAC; CRU, January 2024

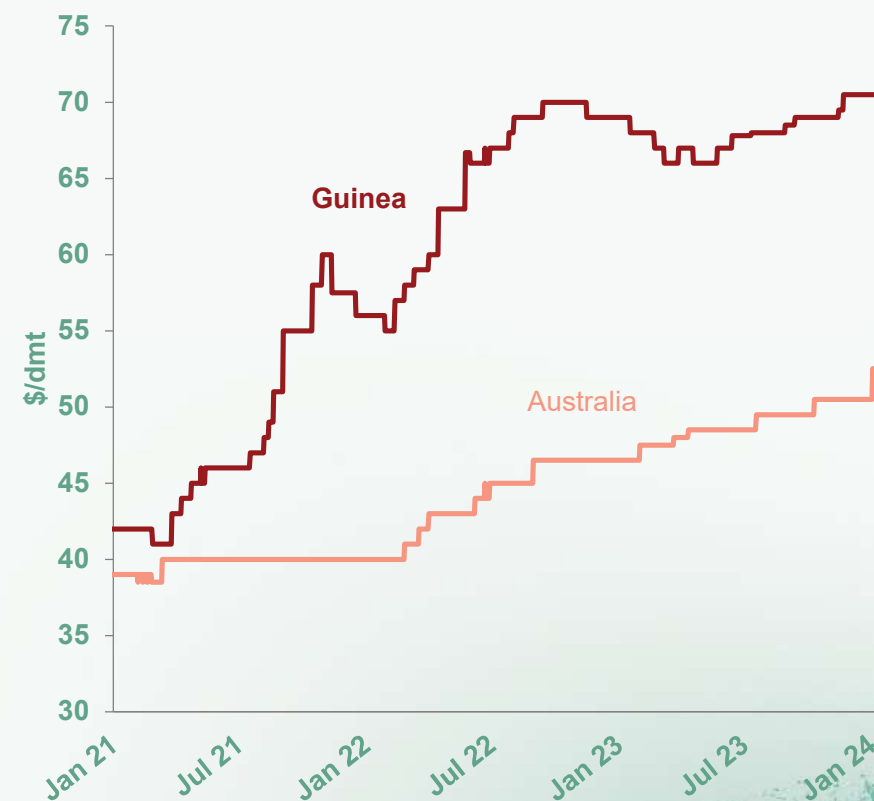


# China's Dependence on Guinea Supports Bauxite Prices

## China bauxite imports



## Bauxite prices (CIF China)



## Limited Alumina Capacity Expansions outside China in the Near Term



COMMITTED PRIMARY ALUMINIUM CAPACITY EXPANSIONS				
COUNTRY	PRODUCER	CAPACITY (ktpy)	PROJECT TYPE	First Metal
Indonesia	Huaqing Aluminum	500	Greenfield	2023-2024
India	Vedanta (Balco)	430	Brownfield	2024-2025
Indonesia	Adaro Energy	500	Greenfield	2025-2026
Indonesia	Nanshan	500	Greenfield	2025-2026
Colombia	Galtco	540	Greenfield	2025-2026
Canada	Rio Tinto	160	Brownfield	2026-2027

COMMITTED ALUMINA CAPACITY EXPANSIONS				
COUNTRY	PRODUCER	CAPACITY (ktpy)	PROJECT TYPE	EXPECTED START YEAR
India	Vedanta	3,000	Brownfield	2024
Indonesia	Antam	1,000	Greenfield	2026

Source: Harbor - aluminium data, CRU - alumina data, February 2024

# Alumina Limited

Lvl 36, 2 Southbank Boulevard  
Southbank VIC 3006 Australia

27 February 2024

## For investor enquiries:

Craig Evans

General Manager – Strategy & Investor  
Relations

Phone: +61 3 8699 2603

[craig.evans@aluminalimited.com](mailto:craig.evans@aluminalimited.com)

