

ASX Announcement

25 August 2020

Alumina Limited 2020 Half Year Result Presentation

Attached is a presentation relating to Alumina Limited's Half Year Results for the 6 months ended 30 June 2020.

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.

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 2019. 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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Alumina Limited 2020 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.

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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 2019.

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.

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Strength Throughout the Cycle

Results

- Interim dividend of 2.8 cps
- NPAT: \$90.5M
- NPAT excl significant items: \$87.5M
- 1H alumina daily production record

Market

- Global alumina market in small deficit for 2020
- Alumina price risen from the bottom
- Production of primary aluminium increased despite COVID
- Aluminium positive long-term growth outlook

COVID response

- Emphasis on health & safety and protecting the workforce
- Supporting employees with COVID and minimising risk of exposure for others
- Production maintained and safeguarded

Company

- Strong balance sheet and low gearing
- Consistent and solid shareholder dividends
- Strength to withstand market shocks and benefit from positive market conditions

Mr Grant Dempsey

Chief Financial Officer



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AWAC 2020 Half-Year Results

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2020 AWAC Half-Year Results*

EBITDA

\$507M

(1H 2019: \$950M)

NPAT

\$246M

(1H 2019: \$552M)

CFO

\$319M

(1H 2019: \$456M)

Alumina Realised Price

\$266/t

(1H 2019: \$375/t)

Alumina Production

6.4Mt

(1H 2019: 6.2Mt)

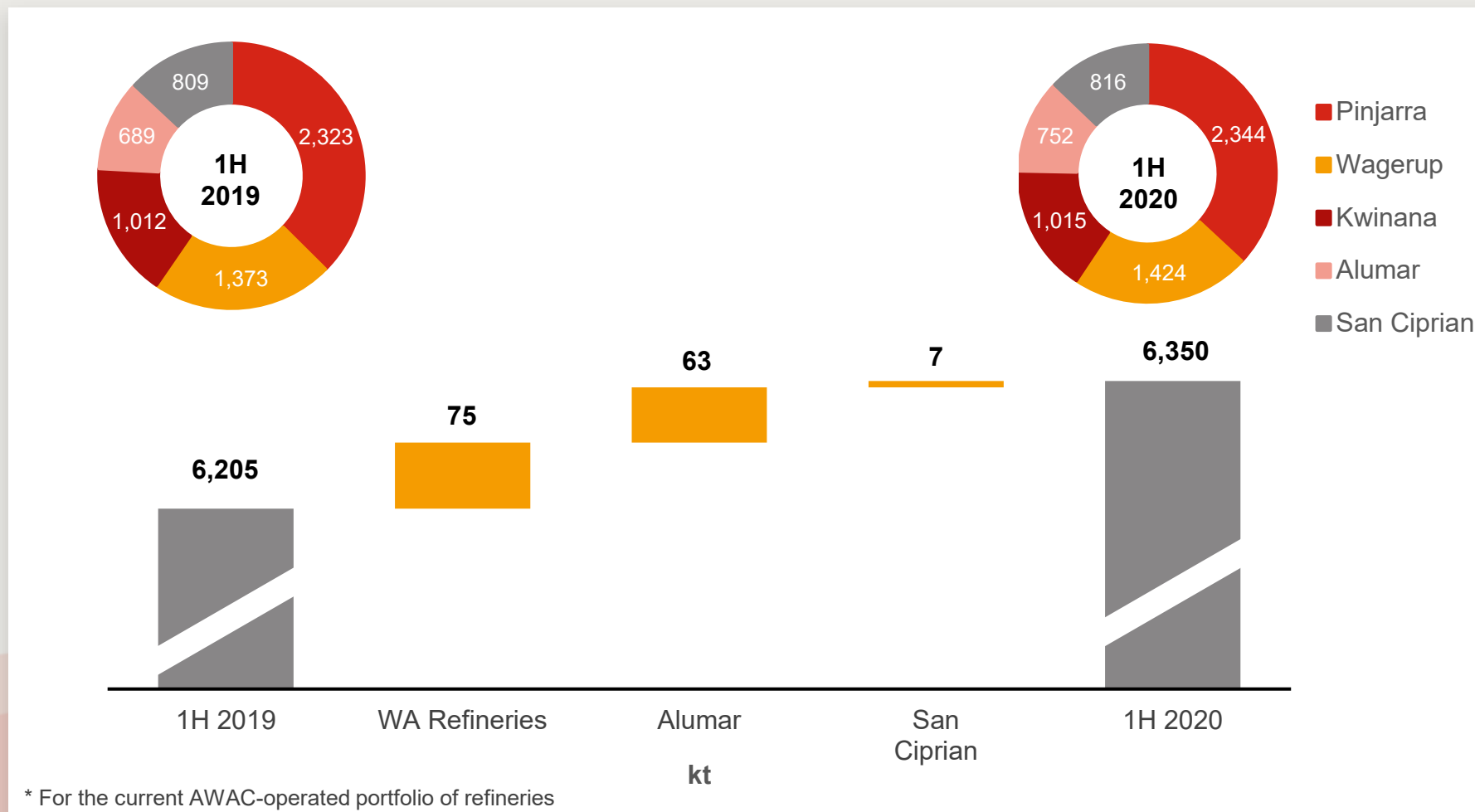
Alumina Cash Cost

\$193/t

(1H 2019: \$218/t)

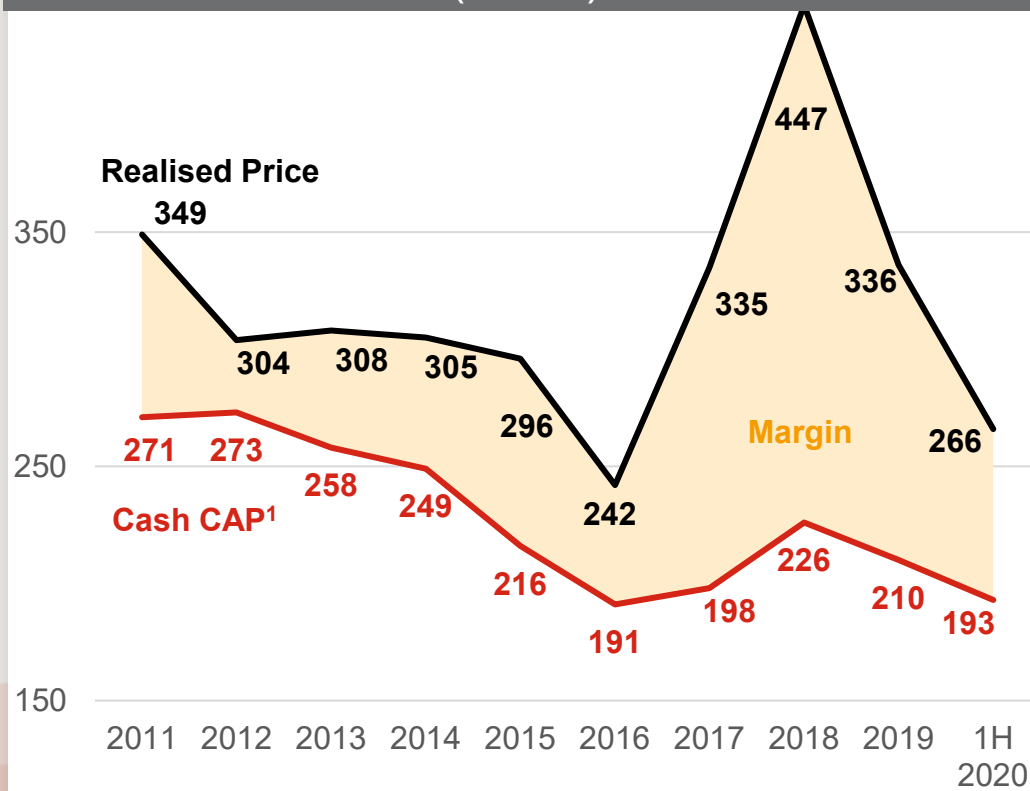
*USGAAP

AWAC Record Daily Alumina Production in a First Half*



AWAC Margin Strength

Margin over past 10 years
(US\$/t)



Recent Pricing & Costing compared
to 10 year average

	1H2020	2H2019	1H2019	Average for 2011-2020 ³
Realised Price	266	298	375	321
CAP	193	201	218	230
Margin ²	73	97	157	91
Platts (1m lag)	268	301	388	337

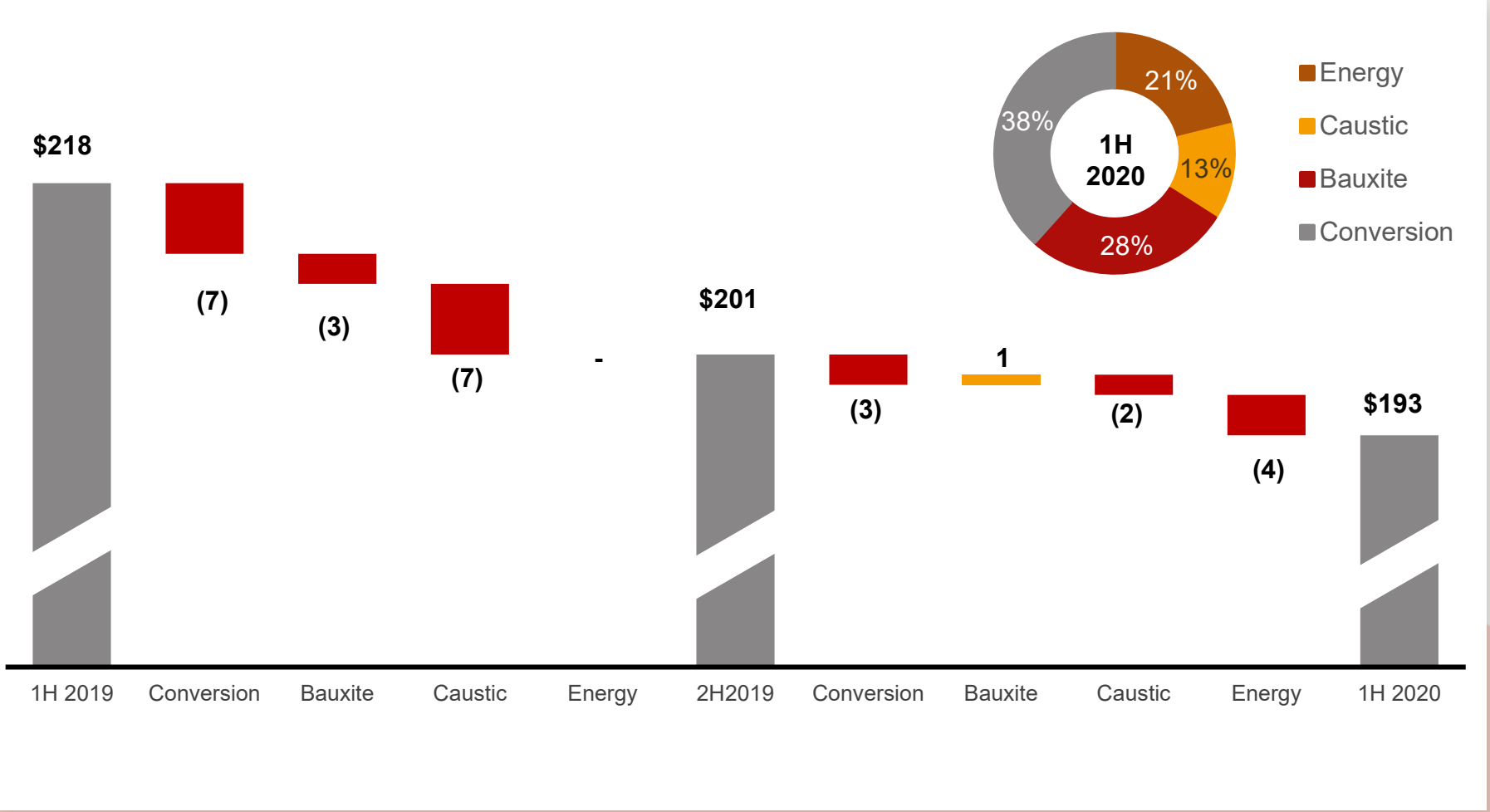
¹Prior to 2016 the CAP included high-cost refineries that are no longer part of the portfolio

²Margin calculated as realised price minus cash cost of production

³Average as calculated for 2011-2019 with 1H2020 counted as half a year

AWAC Cash Cost of Alumina Production

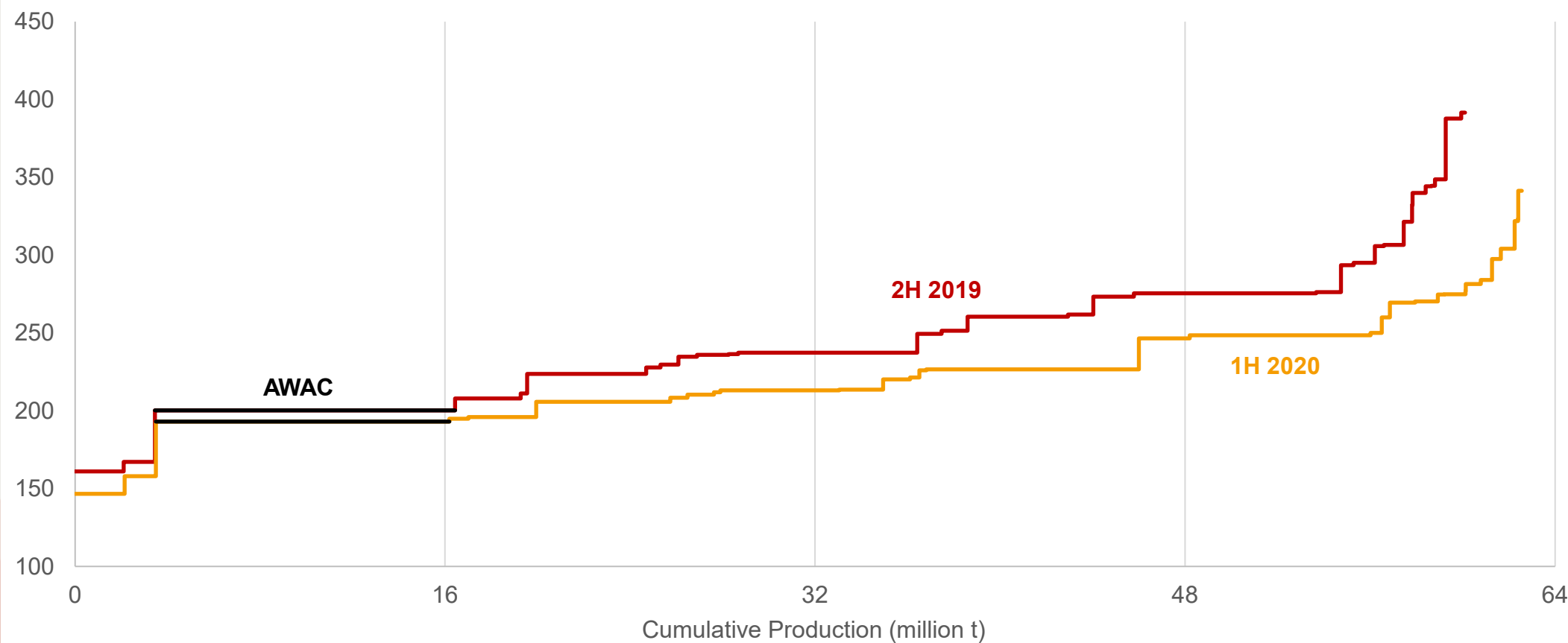
Decreased \$25/t 1H 2019 vs 1H 2020



RoW Refining Cost Curve fell in 1H

AWAC Remains 1st Quartile Refiner

RoW Alumina Refining Site Cost Curve (\$/t)



AWAC Outlook and Sensitivities

Item		1H 2020 Actual	2020 Outlook
Production	Alumina (Million t)	6.4	12.8
Bauxite (3rd Party)	Sales - Bone Dry Tonnes (Million bdt)	3.0	6.5
Cash Items	Sustaining Capex	\$89M	\$200M
	Growth Capex	\$9M	\$10M
	Restructuring-Related Items	\$28M	\$65M

Item		2020 Sensitivities
EBITDA Sensitivities	API +/--\$10/t Caustic +/--\$100/dmt +/-1¢ in AUD/USD	approx. +/--\$115M approx. -/+ \$90M approx. -/+ \$22M

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Alumina Ltd 2020 Half-Year Results

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2020 Alumina Half-Year Results*

Resilient Performance

NPAT:

\$90.5M

(1H 2019: \$210.9M)

Dividend:

Interim Dividend 2.8 CPS

Dividend Yield:

3 year avg 8.6%^

Strong Balance Sheet

Gearing:

Very low gearing <5%

DRP:

Scheme reactivated

Strong liquidity:

Increased cash on hand

\$240m undrawn facilities

100% Cash Flow Payout

Dividend Policy Unchanged

Available Dividend Calculation

Changed to reflect Alumina cash flow for the period

*IFRS

^Before franking

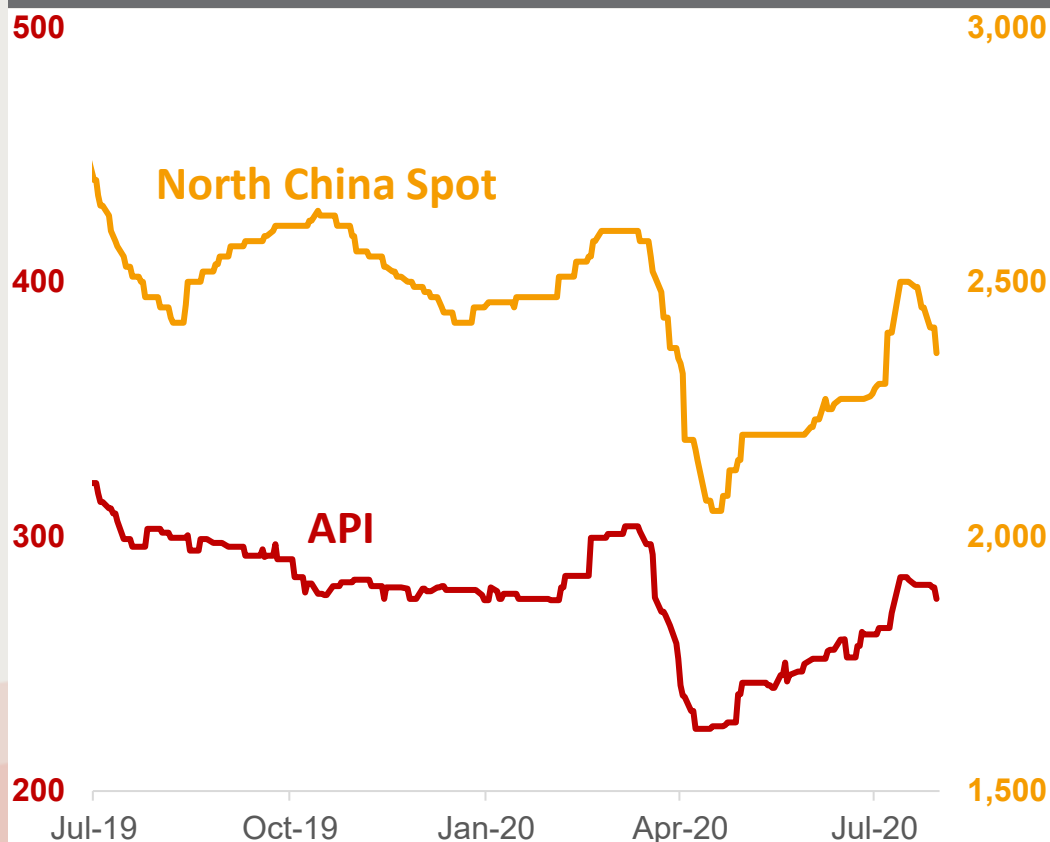
Market Review and Outlook

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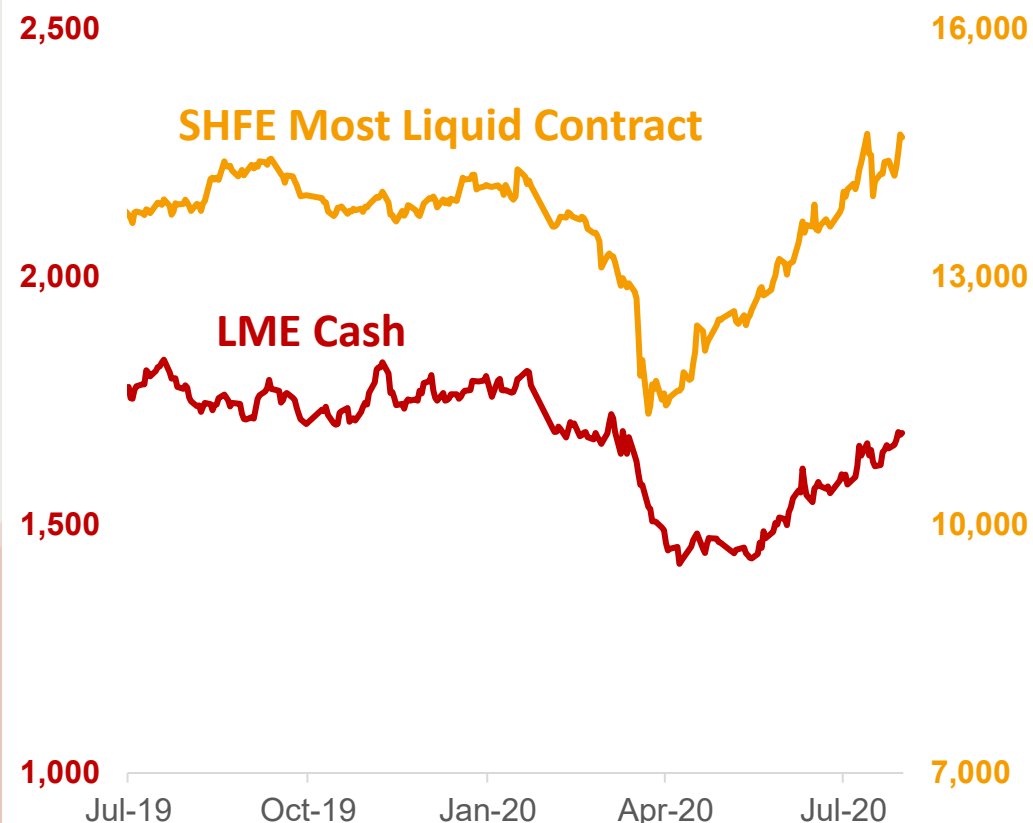


Global Markets Absorb COVID Shock

API & China Alumina Prices (\$/t, RMB/t)

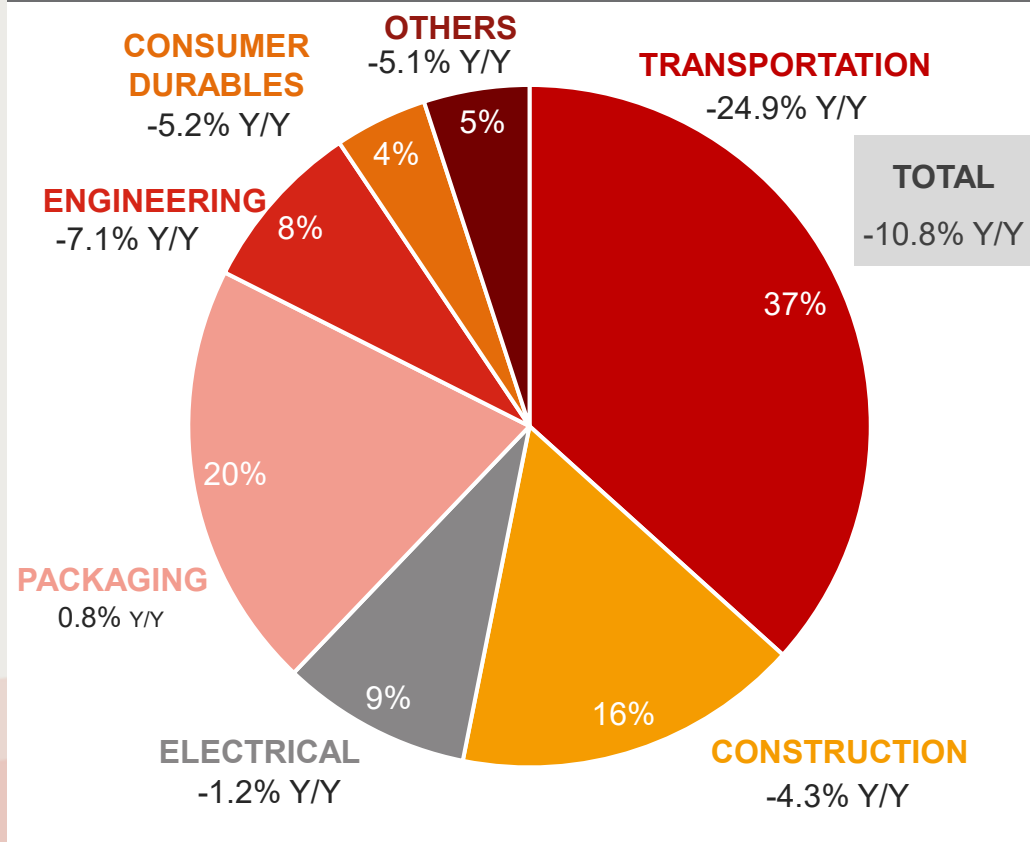


LME & SHFE Aluminium Prices (\$/t, RMB/t)

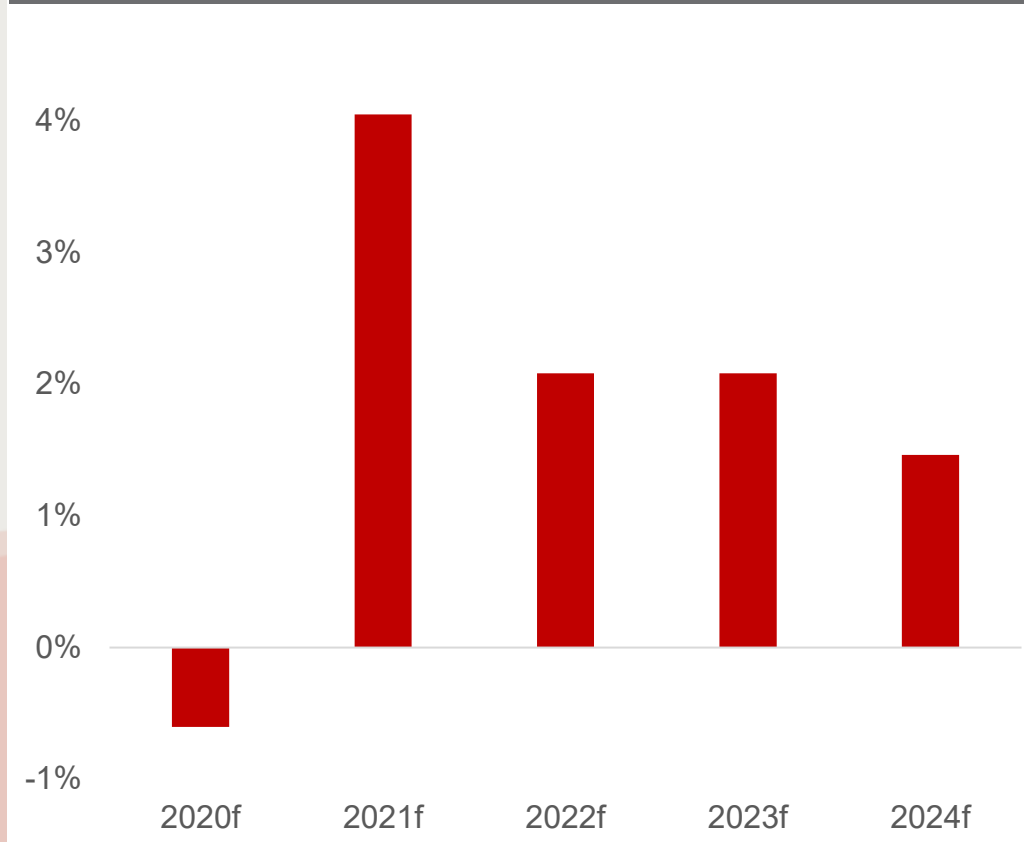


COVID Impacts on RoW Demand Offset by China Recovery

Forecast 2020 Aluminium Consumption Growth by End-Use Sector (ex-China)

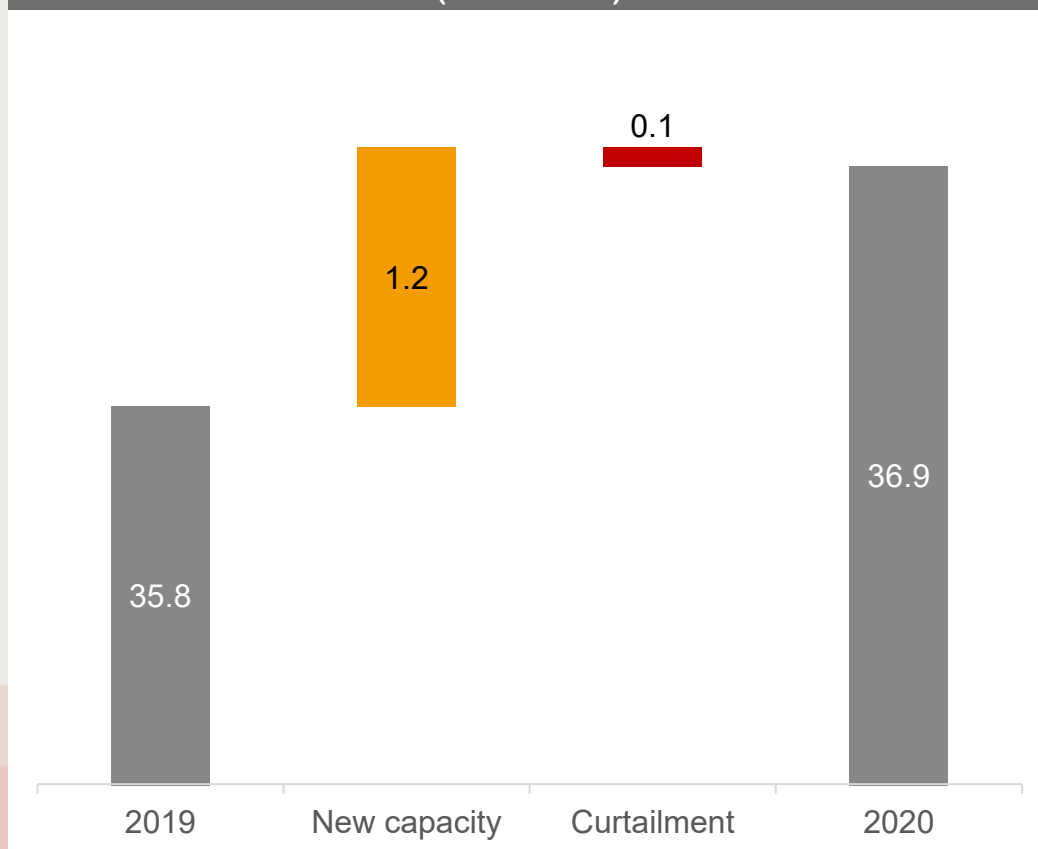


China Primary Aluminium Consumption Growth

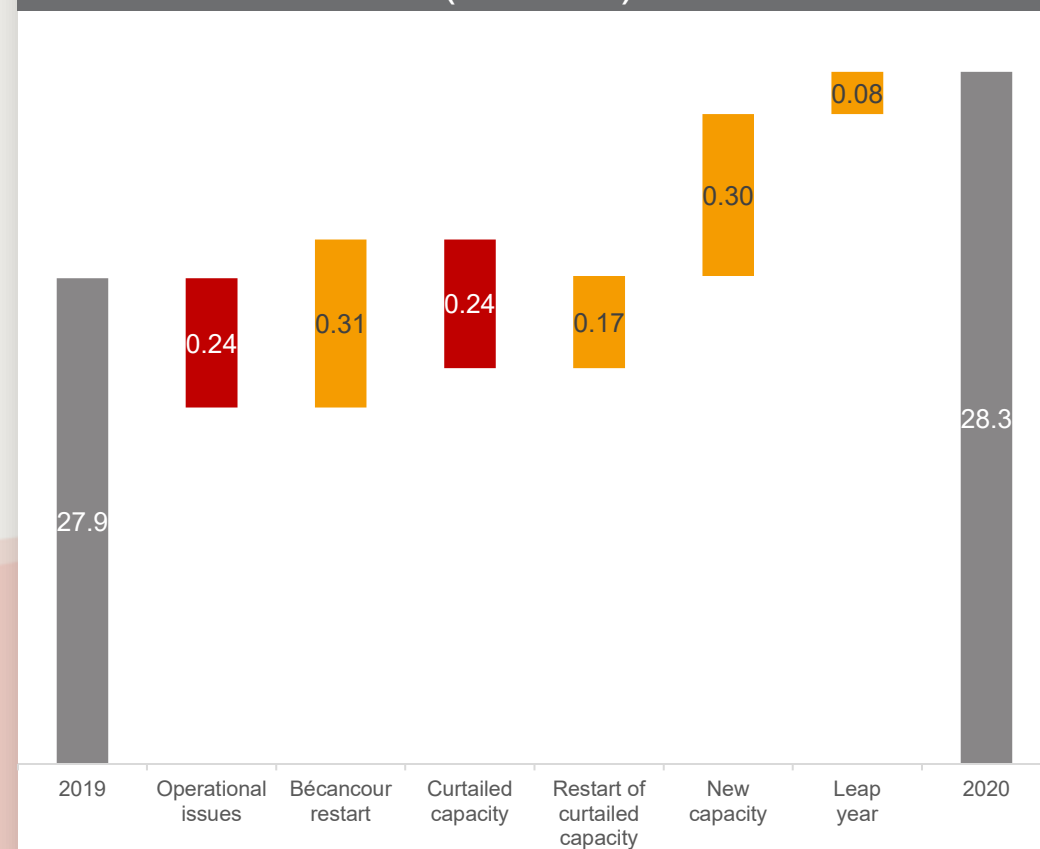


Primary Aluminium Production Robust Despite COVID

China Metal Production to Grow by 3%
(Million t)

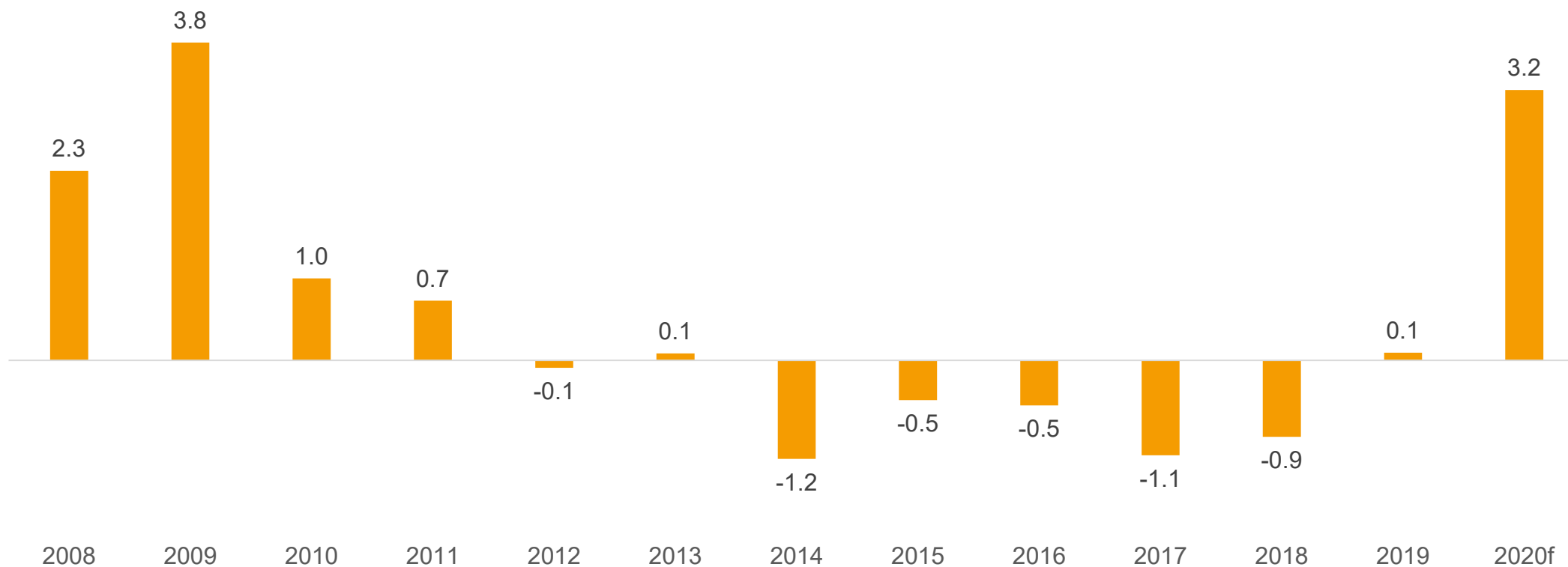


RoW Metal Production to Grow by 1%
(Million t)



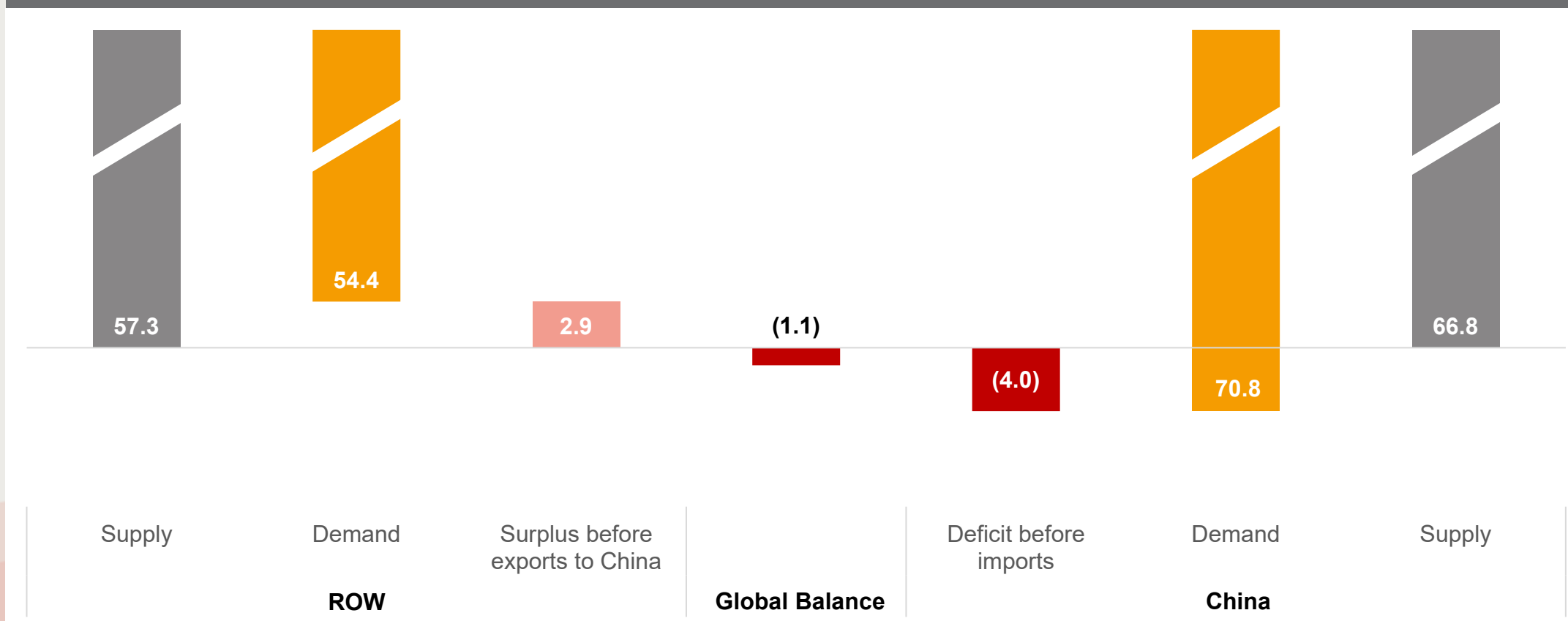
RoW Production Boosts Inventories

RoW Primary Aluminium Market Balance and Forecast (Million t)



RoW SGA* Surplus to be Exported to China

Global SGA Market Deficit in 2020 Assuming Alunorte Cuts (Million t)



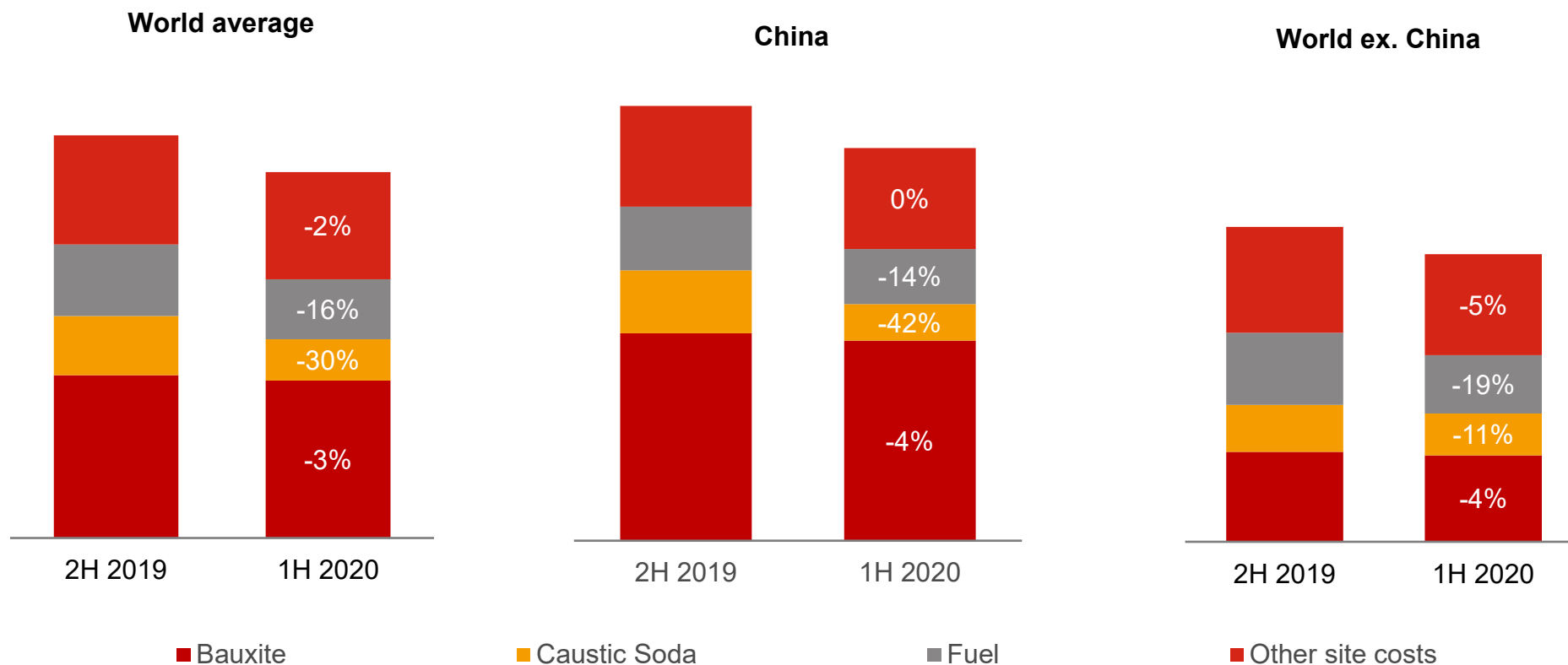
* Smelter Grade Alumina

Note: SGA to primary aluminium ratio – China = 1.92:1, RoW = 1.925:1

Source: Aladdiny, Alumina Limited, August 2020

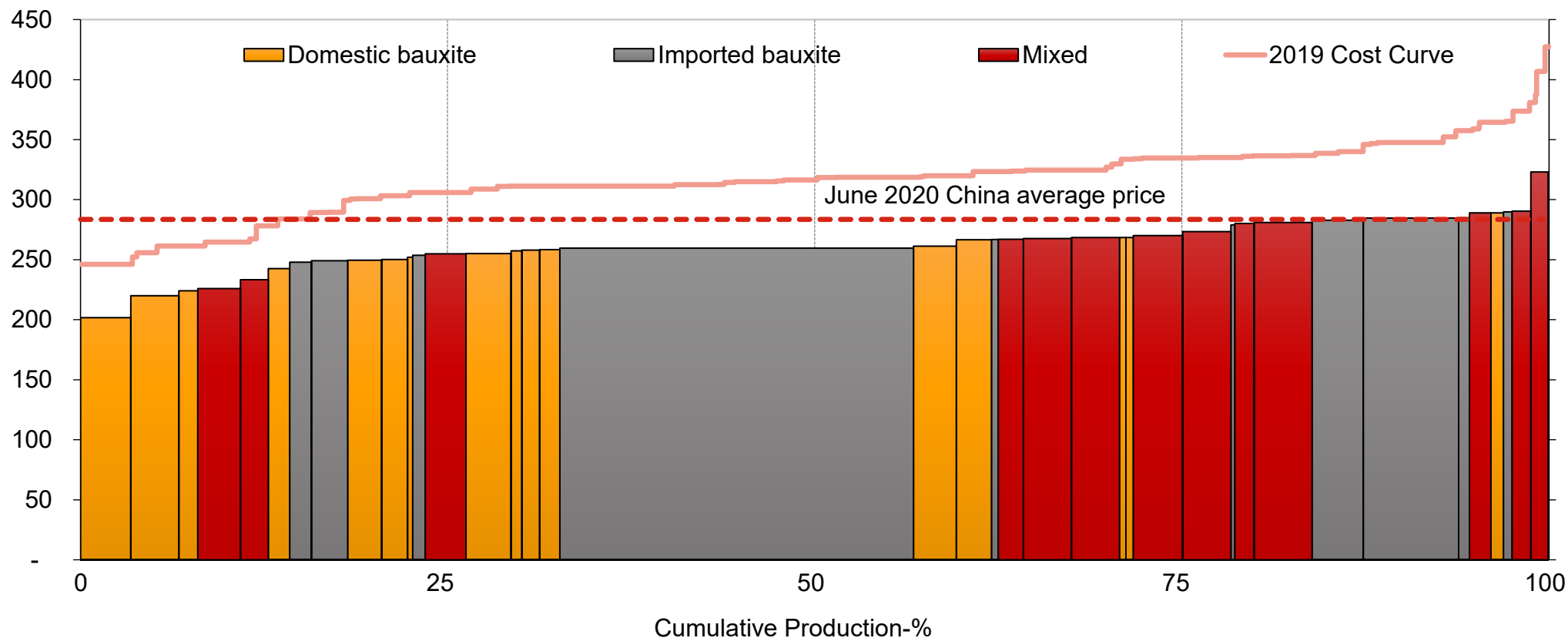
COVID Triggers Global Alumina Cash Cost Falls

Average Site Cost Breakdown



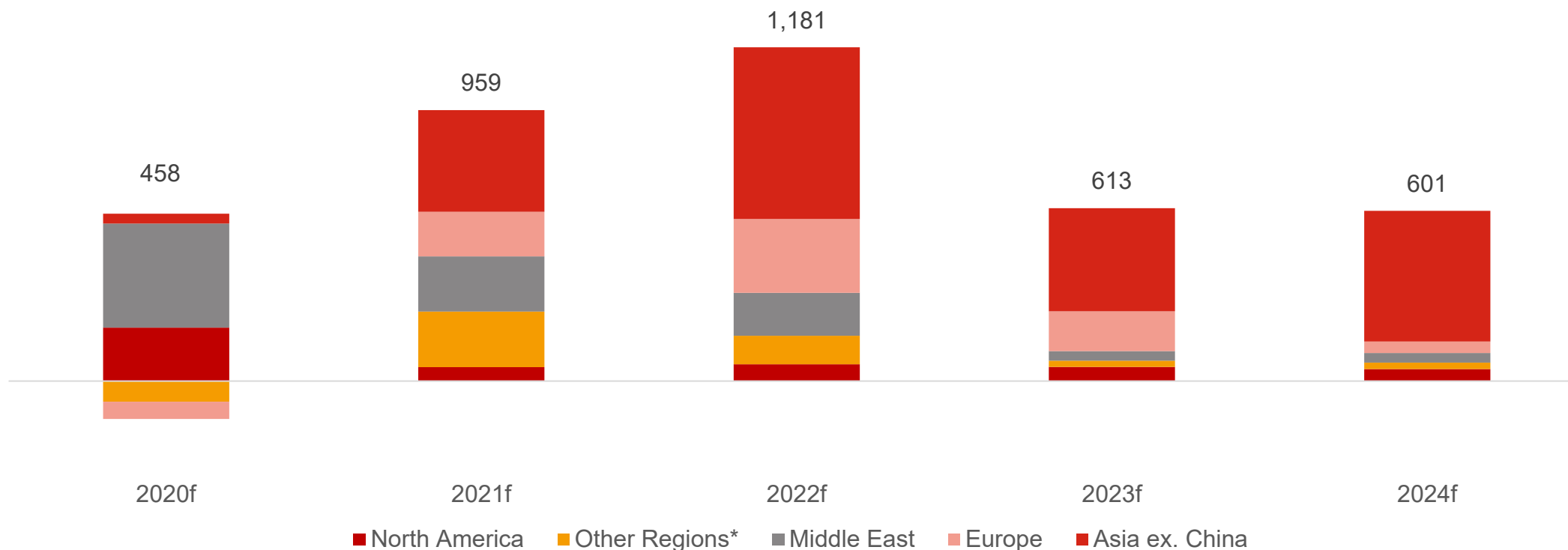
Fall in China's Alumina Cash Costs Likely Temporary

China's Alumina Cash Cost Curve (June 2020, \$/t)



Robust 5 Year RoW SGA Demand Growth Forecast

3.8 Million t New Metal Demand Forecast to Require 7.3 Million t SGA Supply (ex-China, kt)



*Other regions: Latam, Africa, and Oceania

Source: Harbor, August 2020

AWC's Fundamental Strengths Deliver Positive Outcomes in Unprecedented Half

Market

- This significant market shock has proven the resilience of AWC to withstand any market conditions
- With forecast growth in aluminium production, demand for alumina will continue to grow
- The global market is expected to be in a small deficit this year and with higher China costs underpinning the Australian alumina price

Operations

- AWAC remains at the lower end of the cost curve and can compete effectively against Chinese and other alumina producers

Alumina Limited

- AWC's stability is strengthened by its almost undiluted exposure to alumina in the supply chain, low debt and strong balance sheet
- Consistent dividends

Appendix

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Sustainability

Emissions

- Low refinery CO₂e emissions intensity across the entire AWAC portfolio
- AWAC CO₂e targets for refineries set for 4% reduction from 2015-2025 and 12% by 2030

Rehabilitation

- All AWAC sites have biodiversity action plans
- Water efficiency focus with 2 WA refineries running press filtration reducing water consumption
- Globally mandated impoundment standards for planning, design, construction and operations

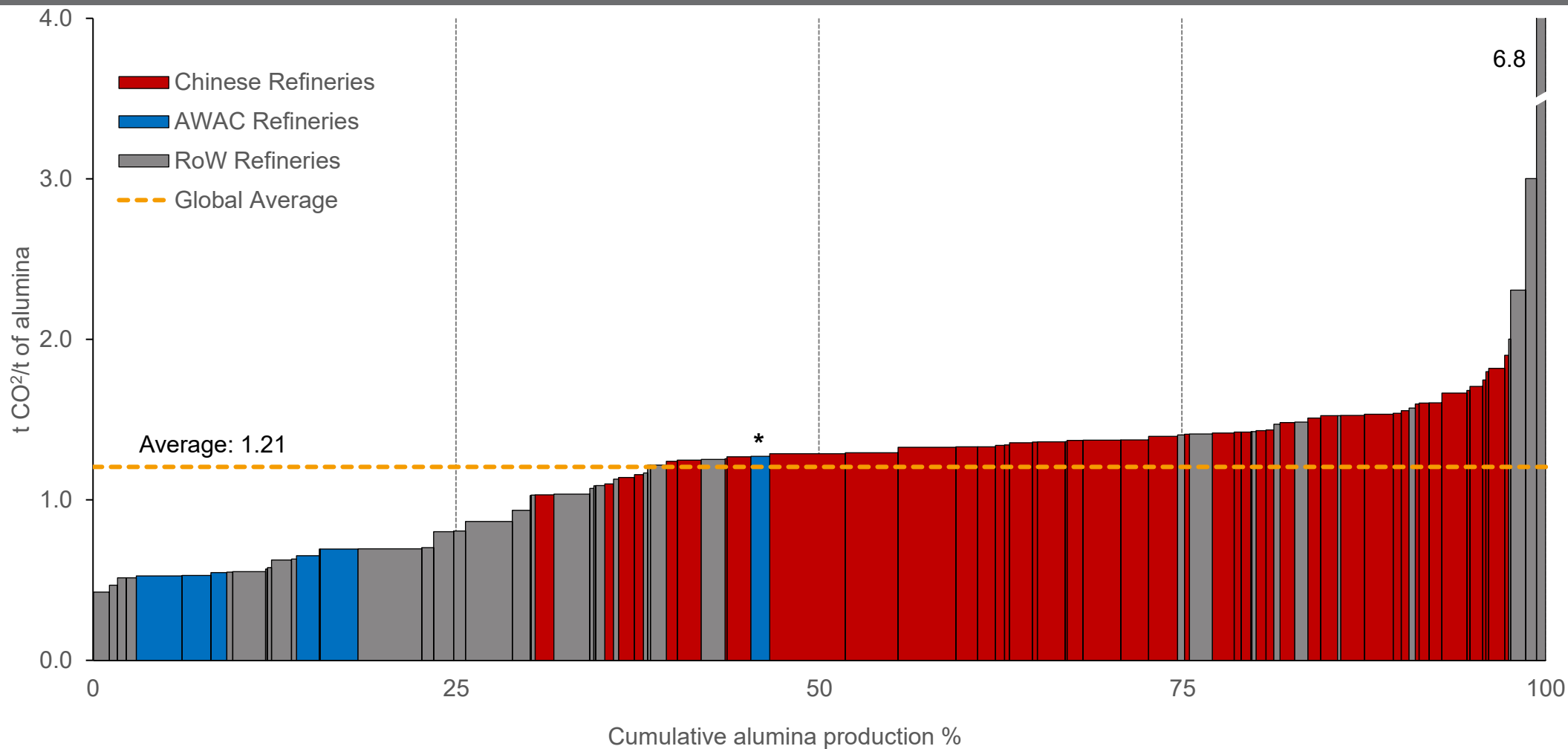
Initiatives

- AWAC's Australian operation preparing a modern slavery statement for the 2020 year
- Continuing to explore potential energy efficiencies

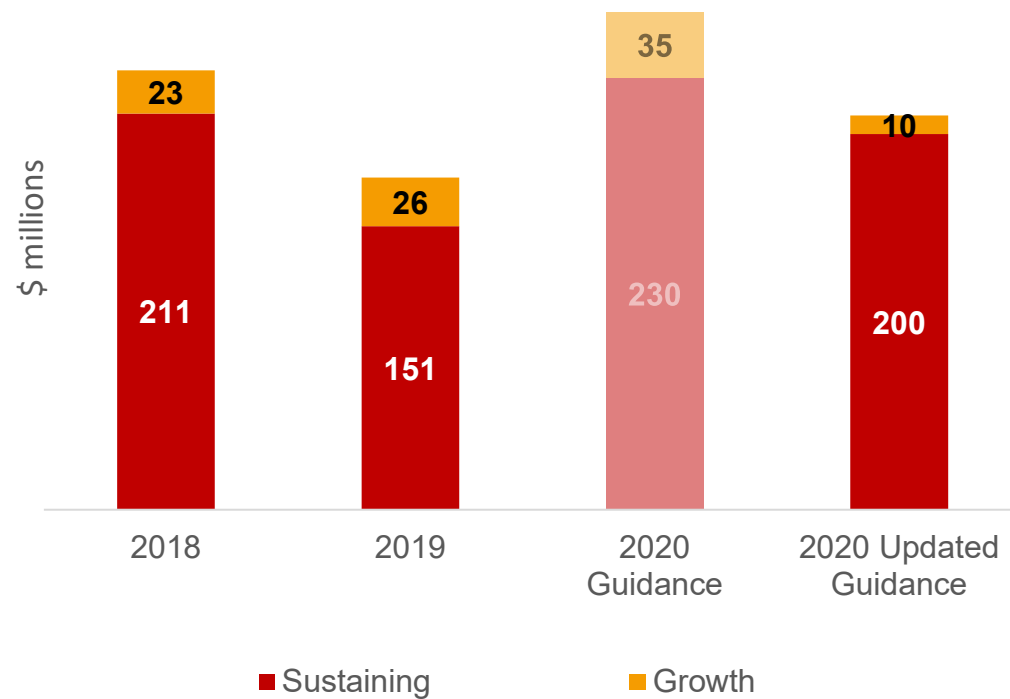
3rd Party Validation

- Aluminium Stewardship Initiative certification at:
 - WA refineries and mines, Juruti bauxite mine and Alumar refinery
- AWAC facilities aligning to ICMM principles

Lowest Refinery CO₂ Emission Intensity Among Major Producers (Direct and indirect emissions, 2020 estimated)



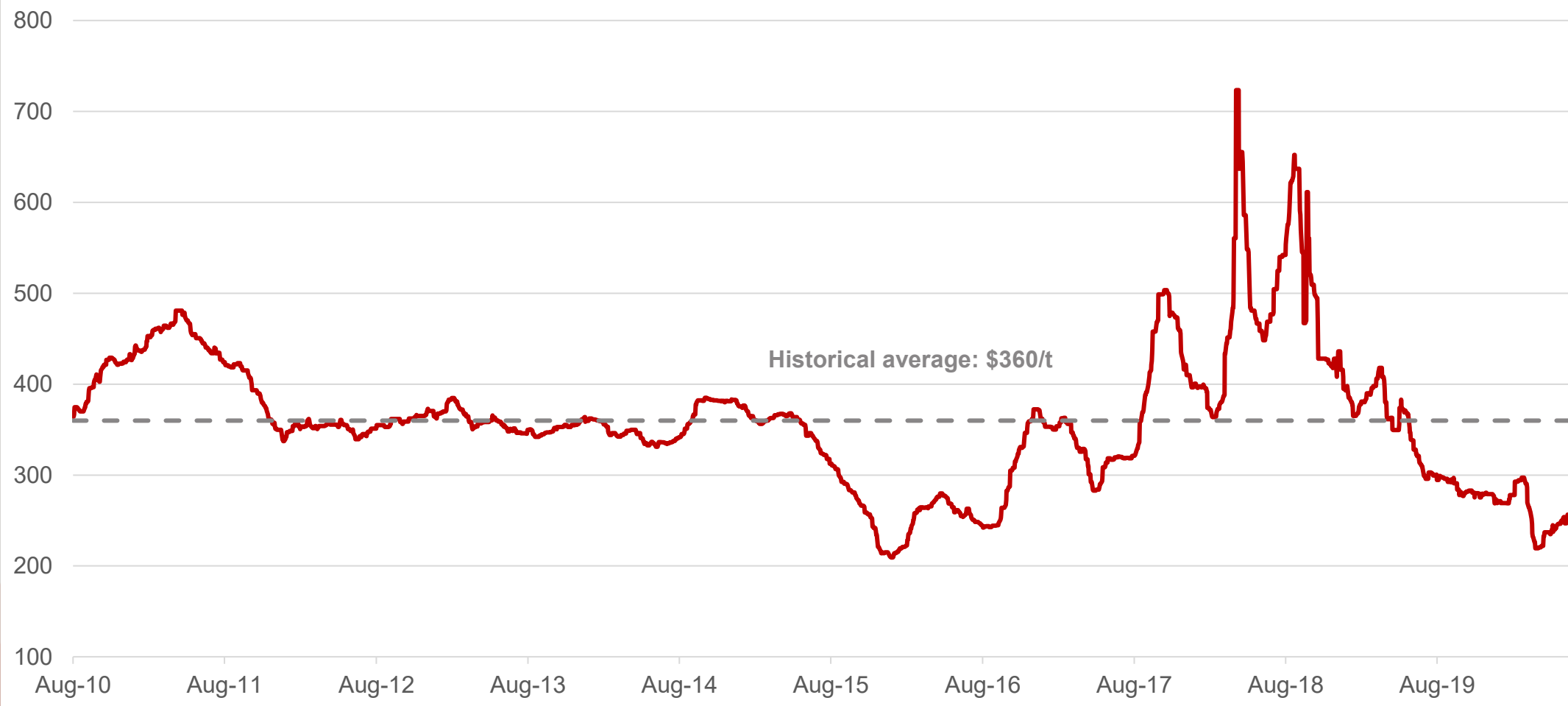
AWAC Capital Expenditure



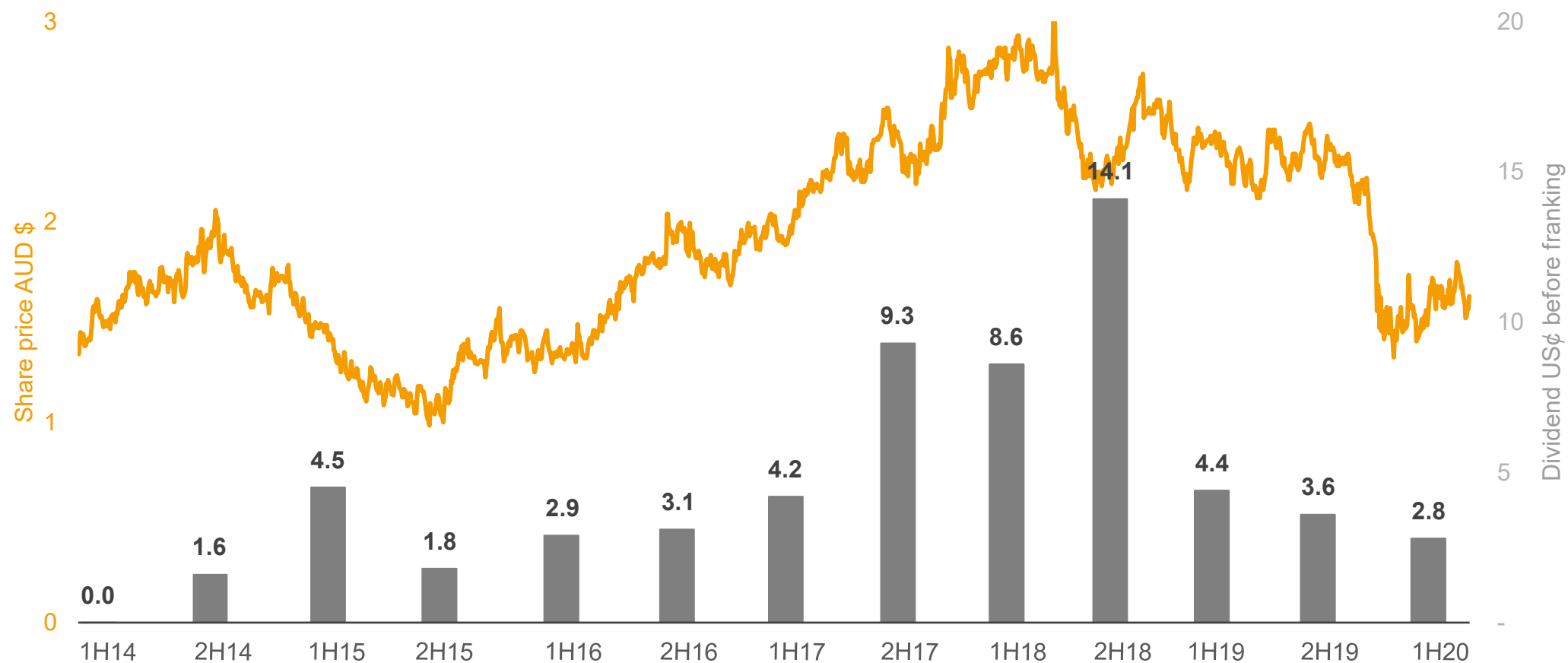
CAPEX 2020

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

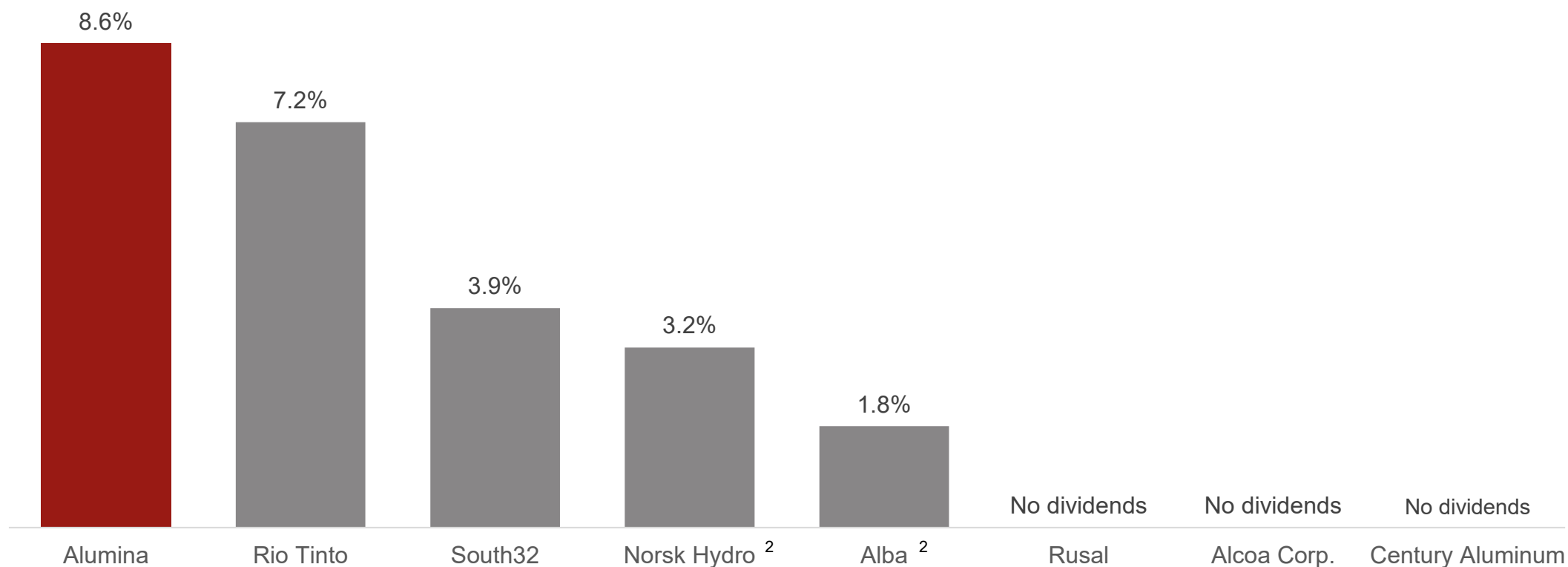
Historical Platts API Price from inception August 2010 to June 2020 US\$/t, real 2019\$



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 19-Aug-17 to 19-Aug-20 divided by the average share price during that period

(2) As Norsk Hydro and Alba do not pay interim dividends the dividend yield was calculated using the period 26 Feb-17 to 26-Feb-20 to provide a comparative 3 year period

AWAC Distribution Calendar :

Comparison of Methodologies

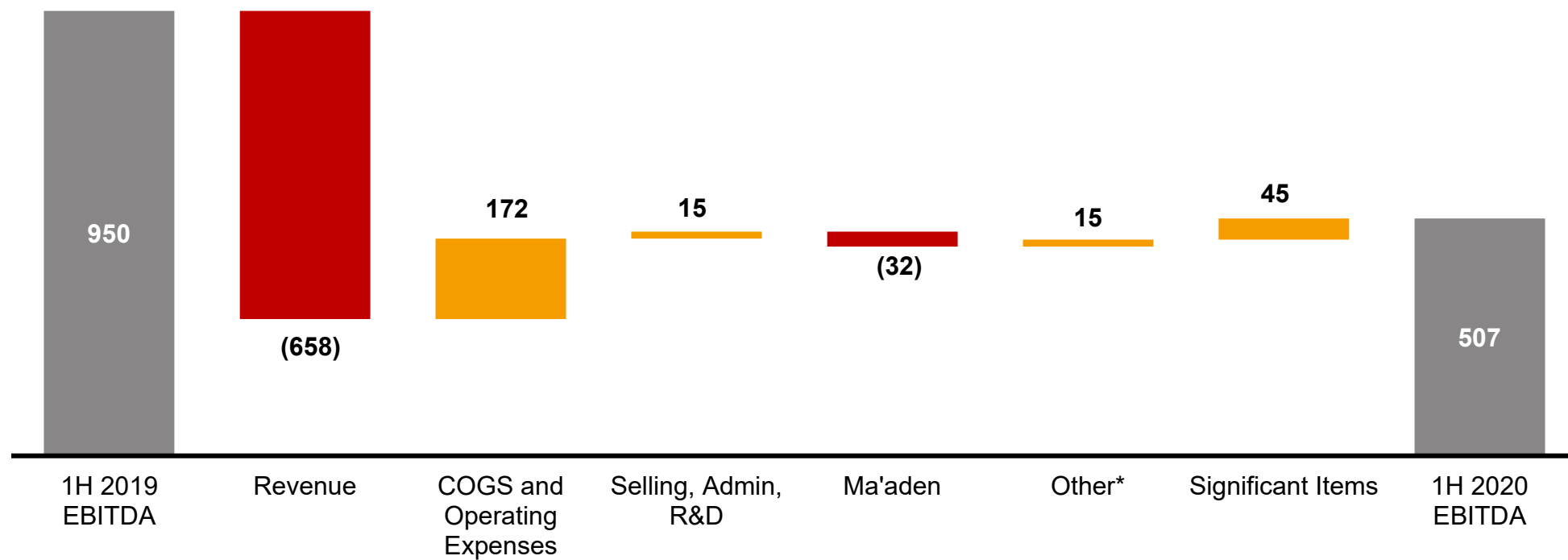
No later than	Relevant AWAC Entities	Description	Current Methodology: Included In Alumina's	Old Methodology: Included In Alumina's
20 January	All	50% of each entity's US GAAP Net Income (if positive) for 4Q of the previous calendar year	Current Year Interim Dividend	Prior Year Final Dividend
20 February	All except AWA LLC	Available Cash of each entity as at 31 January	Current Year Interim Dividend	Prior Year Final Dividend
20 February	All	Working Capital Contributions	Current Year Interim Dividend	Prior Year Final Dividend
20 April	All	50% of each entity's US GAAP Net Income (if positive) for 1Q	Current Year Interim Dividend	Current Year Interim Dividend
20 May	All except AWA LLC	Available Cash of each entity as at 30 April	Current Year Interim Dividend	Current Year Interim Dividend
30 June	All	Working Capital Contributions	Current Year Interim Dividend	Current Year Interim Dividend
20 July	All	50% of each entity's US GAAP Net Income (if positive) for 2Q	Current Year Final Dividend	Current Year Interim Dividend
20 August	All except AWA LLC	Available Cash of each entity as at 31 July	Current Year Final Dividend	Current Year Interim Dividend
20 August	All	Working Capital Contributions	Current Year Final Dividend	Current Year Interim Dividend
20 October	All	50% of each entity's US GAAP Net Income (if positive) for 3Q	Current Year Final Dividend	Current Year Final Dividend
20 November	All except AWA LLC	Available Cash of each entity as at 31 October	Current Year Final Dividend	Current Year Final Dividend
31 December	All	Working Capital Contributions	Current Year Final Dividend	Current Year Final Dividend

Free Cash Flow Available for Dividends Calculation: Comparison of Methodologies

	1H 2020 (US\$m) Current Method	1H 2020 (cps) Current Method	1H 2020 (US\$m) Old Method	1H 2020 (cps) Old Method
AWAC Distributions	106.3	3.7	106.3	3.7
Corporate Costs, Finance Charges & Other	(8.8)	(0.3)	(8.8)	(0.3)
AWC Cash from Operations	97.5	3.4	97.5	3.4
Contributions to AWAC	(16.4)	(0.6)	(16.4)	(0.6)
Dividends paid from previous period cash ^[1]	N/a	N/a	(42.8)	(1.5)
Free Cash Flow received available in/from period	81.1	2.8	38.3	1.3
Post 30 June:				
- Distributions	N/a	N/a	46.2	1.6
- (Contributions)	N/a	N/a	(8.0)	(0.3)
Free cash flow available for dividends	81.1	2.8	76.5	2.7

[1] Included \$11.5m upwards adjustment to the 2019 Final Dividend to reflect timing differences which negatively impacted AWAC's February 2020 distribution

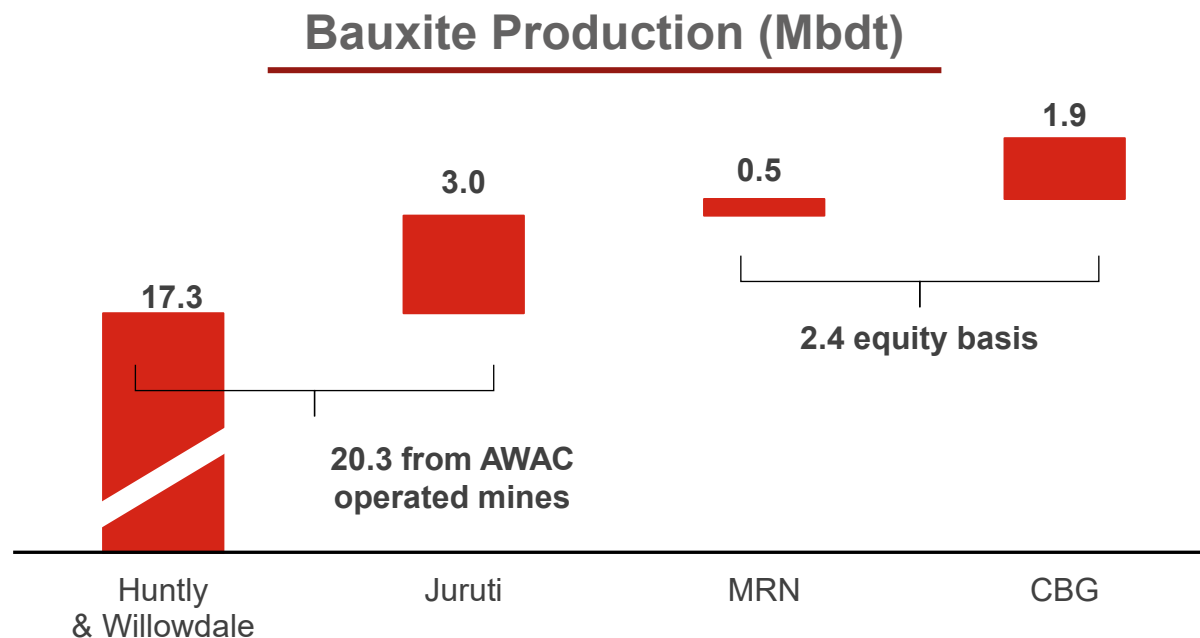
AWAC EBITDA^ Decreased by \$443M



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

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

Improved Bauxite Production and Third Party Shipments



Cash Cost of Mining

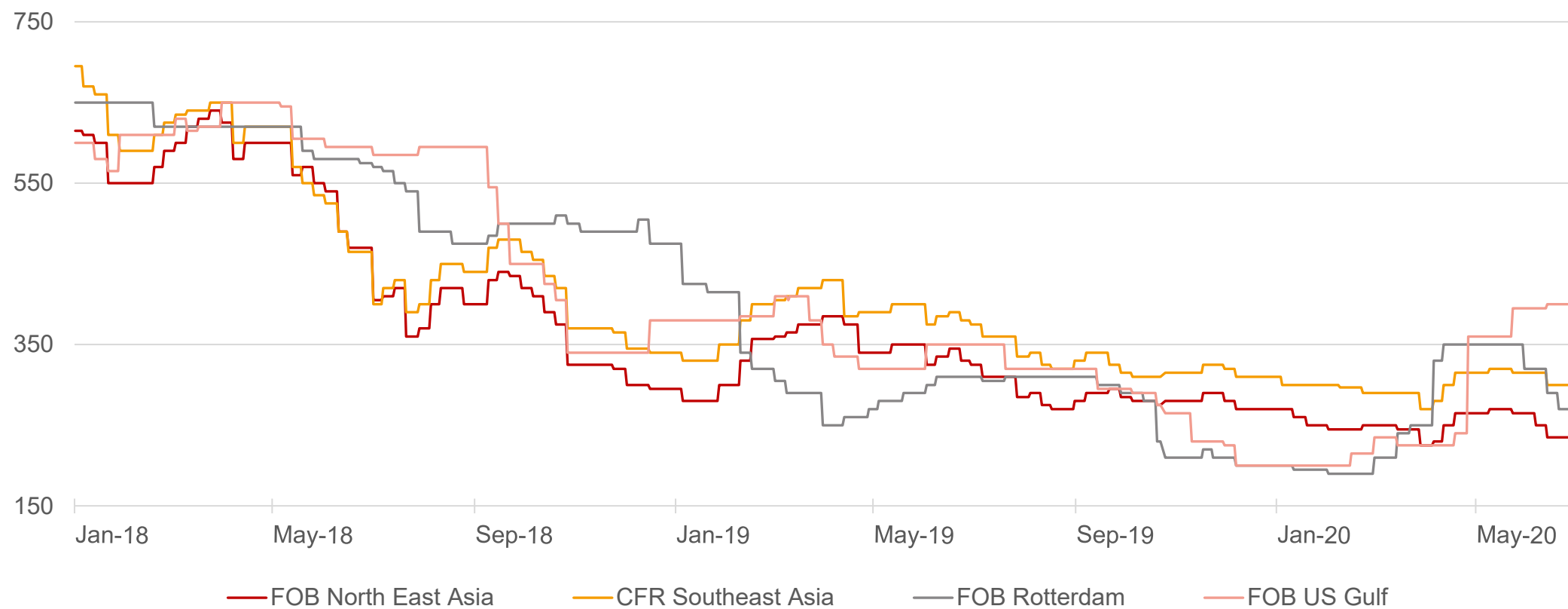
1H 2020: \$9.6/bdt
(1H 2019: \$10.5/bdt)

Third Party Shipments

1H 2020: 3.0Mbd
(1H 2019: 2.7Mbd)

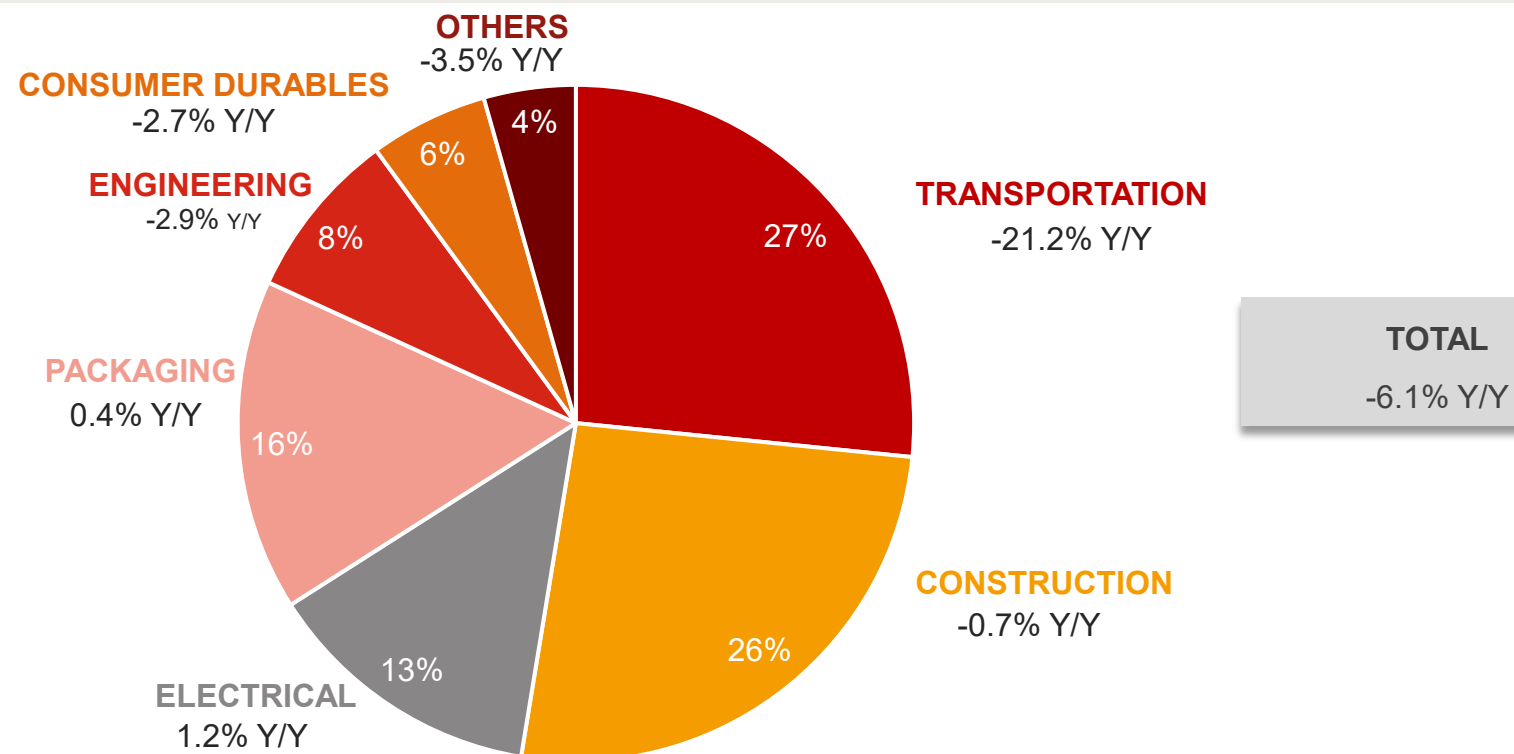
Caustic Soda Prices

2020 Caustic price sensitivity +/- \$100/t: approximately +/- \$90M EBITDA

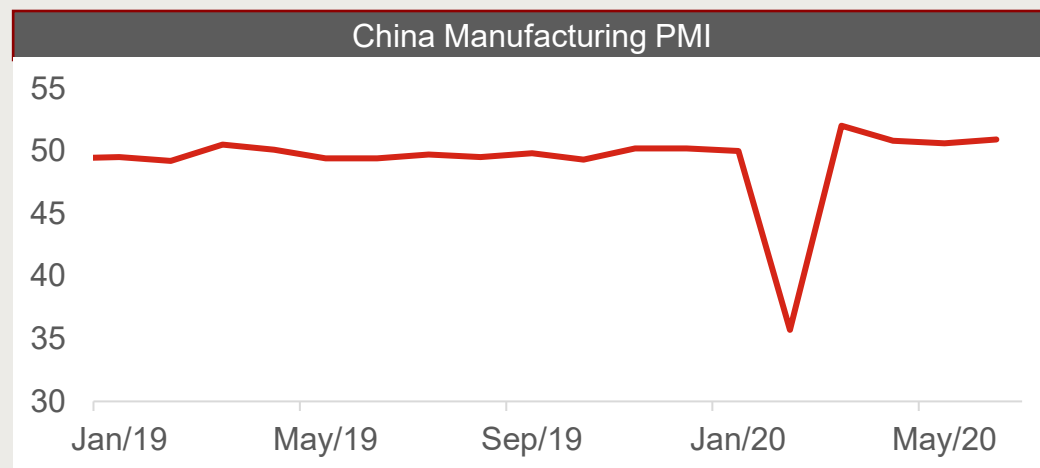


Global Aluminium Demand - 6% Contraction in 2020

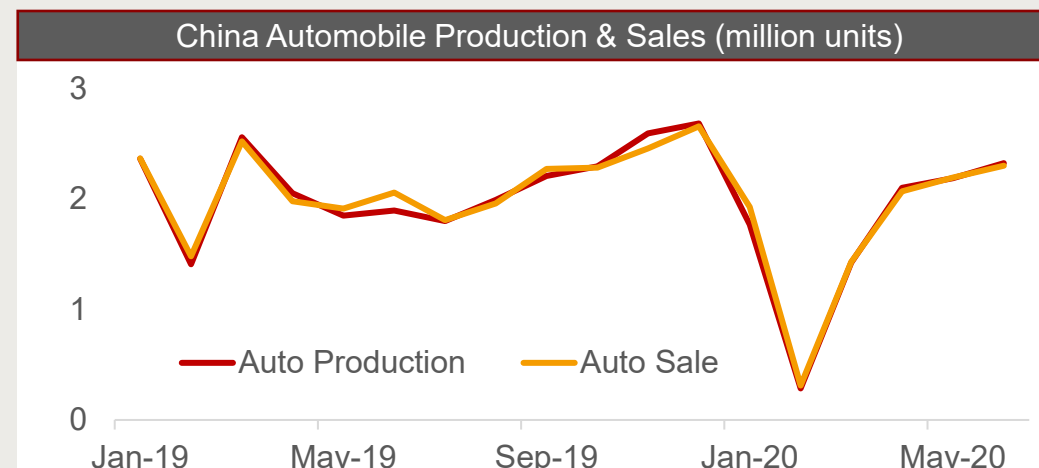
Forecast 2020 Global Aluminium Consumption Growth by End-Use Sector



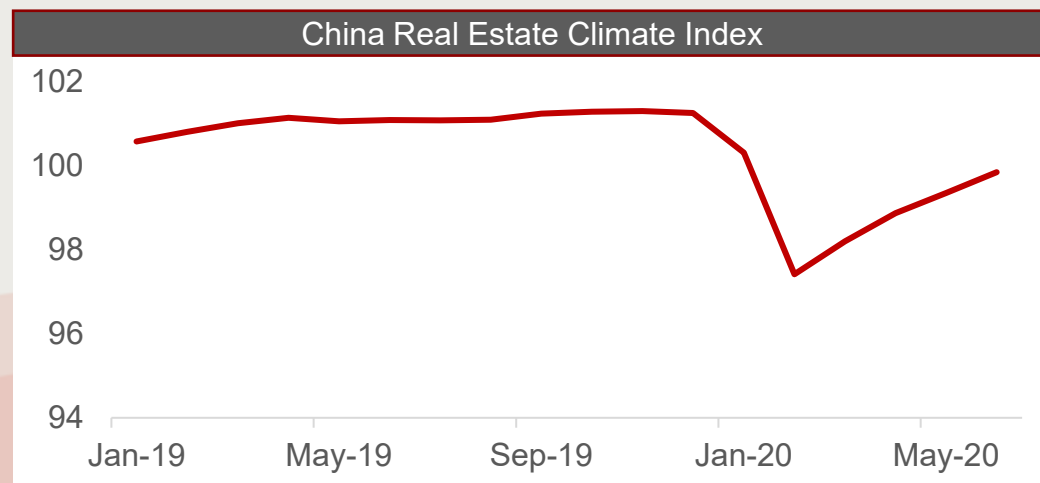
China is Having “V” Shaped Recovery Aluminium Consumption Accelerating



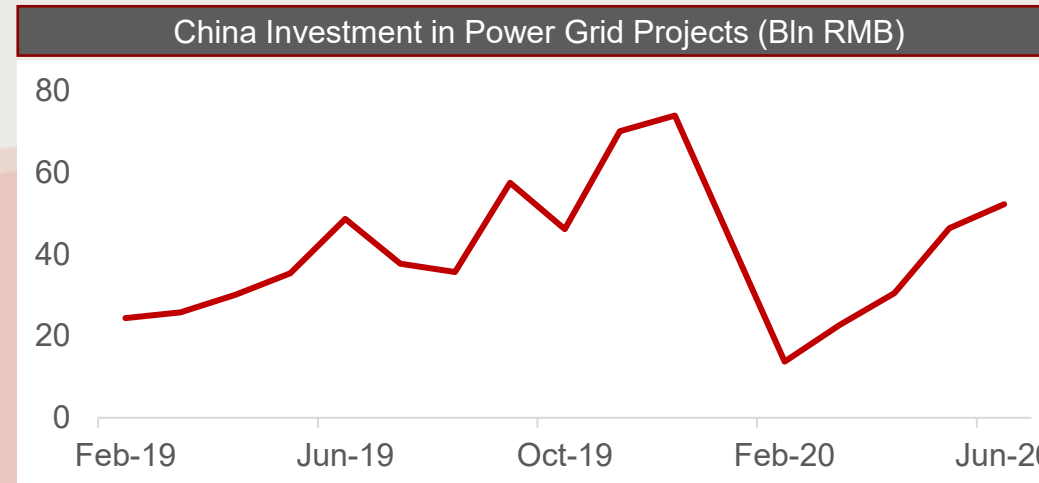
Source: NBS, July 2020



Source: CAAM, July 2020

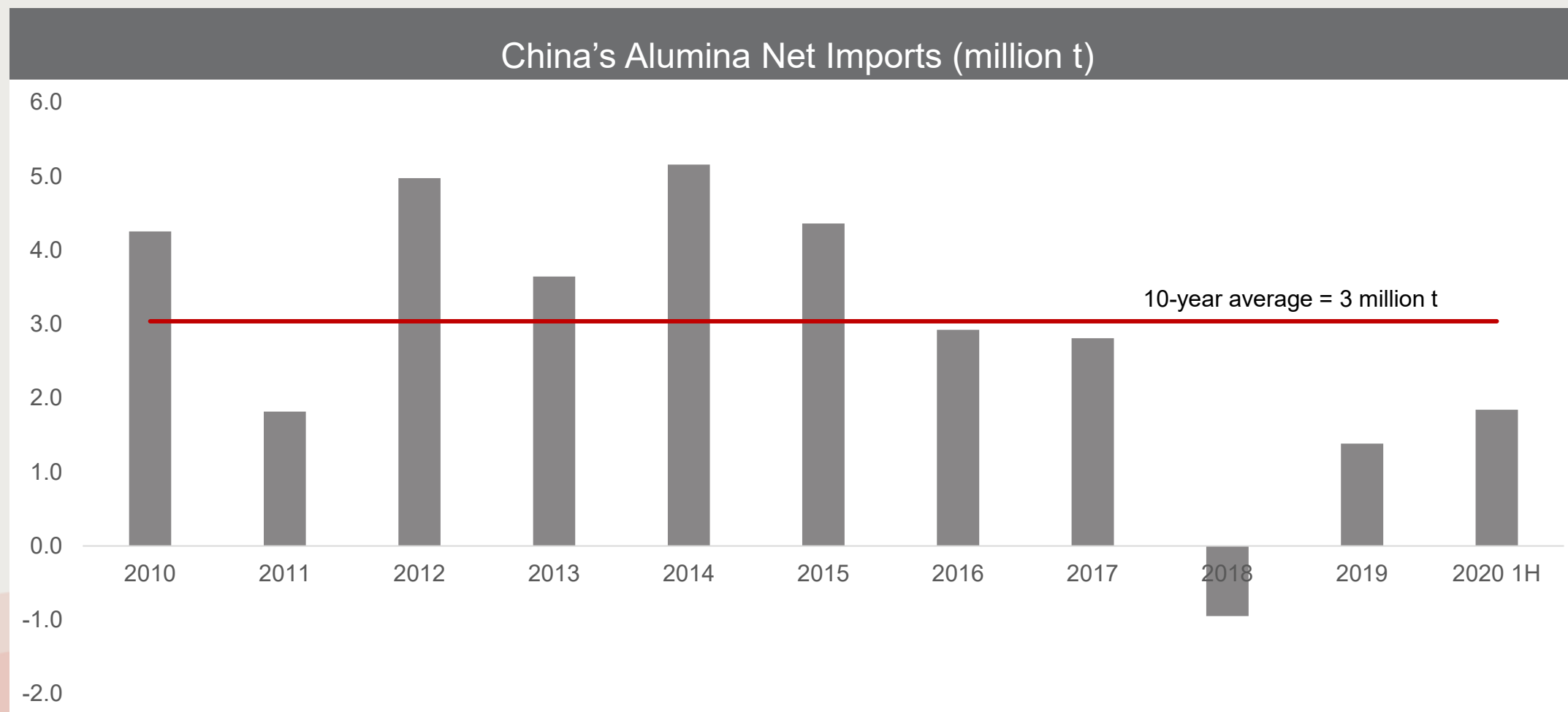


Source: NBS, July 2020

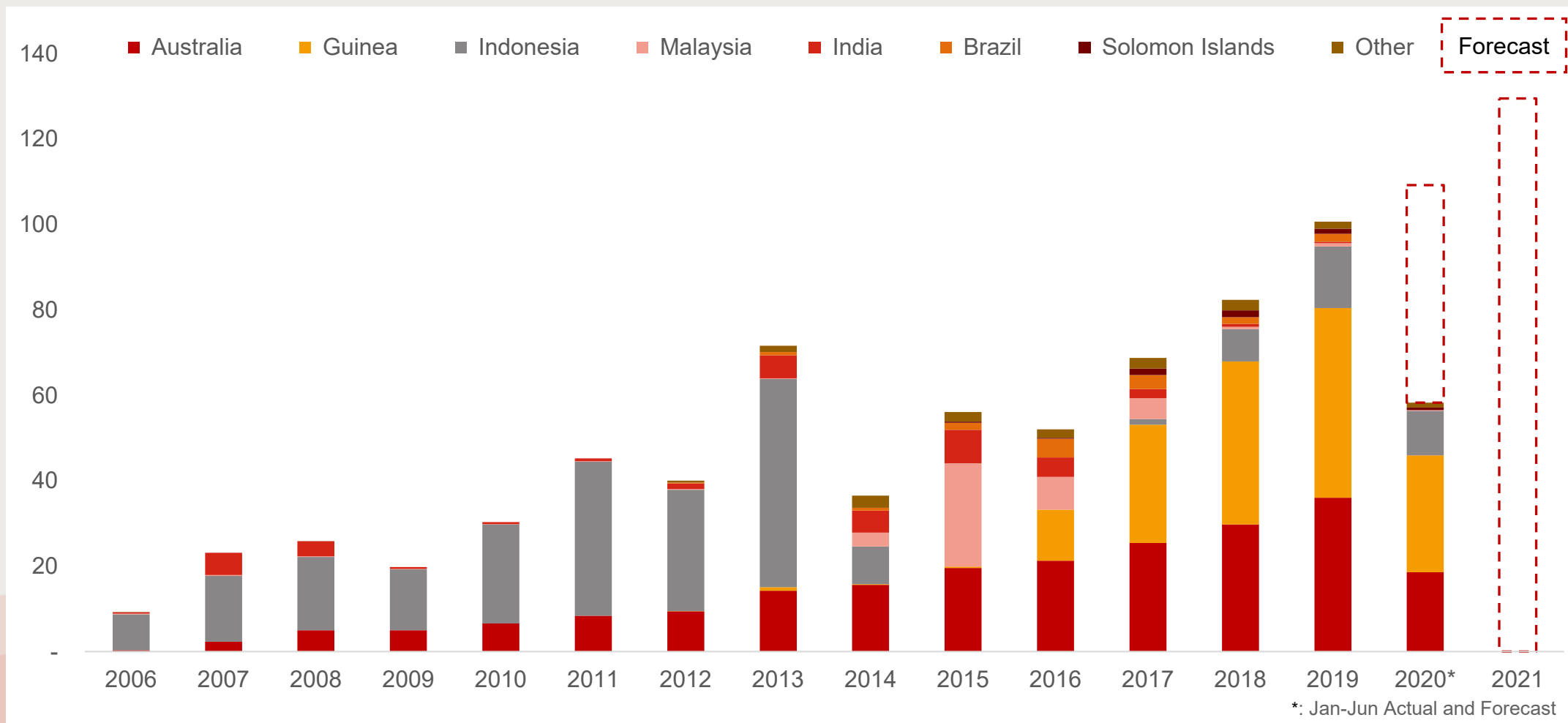


Source: National Energy Administration, July 2020

China on Track to Import around 3 million t of Alumina in 2020



Chinese Bauxite Imports - Past and Outlook (million t)



New Chinese Smelting Capacity Outgrows New Refining Capacity in 2020

Province	Primary Aluminium Capacity (M tpa)
Yunnan	1.49
Guangxi	0.23
Inner Mongolia	0.35
Shanxi	0.25
Sichuan	0.30
Total	2.62

Province	Alumina Capacity* (M tpa)
Guizhou	1.00
Guangxi	2.00
Total	3.00

RoW Smelting Capacity Under Construction or Being Considered

Smelters Currently Under Construction:

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

Other Projects Under Consideration:

Country	Company	Smelter	Capacity (M tpa)	Type
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
Total			2.26	

Limited New Alumina Capacity Committed Outside China

Refineries Currently Under Construction Outside China

Country	Company	Refinery	Capacity (M tpa)	Type	Status	Bauxite Source
Indonesia	Nanshan	Bintan	1.0	Greenfield	To be commissioned end 2020	Indonesia
Indonesia	Hongqiao	Ketapang Phase II	1.0	Brownfield	To be commissioned end 2020 / early 2021	Indonesia

Other Projects

Country	Company	Refinery	Capacity (M tpa)	Type	Status
India	Hindalco	Utkal	0.5	Brownfield	Committed
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	Vedanta	Lanjigarh	1.2	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

Most ex-China Curtailed Refineries Unlikely to Restart

Curtailed Refineries	Owner	Location	Nameplate Capacity (M tpa)	Comment
Alpart	JISCO	Jamaica	1.70	Acquired in curtailed state mid-2016. Backward integration re-start. Production suspended in Q4 2019
Kirkvine	Windalco	Jamaica	0.60	On care and maintenance since 2009
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 in 2015, restarted in 2019, with inconsistent, low production
LAlumina – Burnside	Arthur Metals	USA	0.50	In the process of full curtailment
TOTAL			7.40	