

Alumina Limited 2021 Half Year Result Presentation

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

2021 Half-Year Results

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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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2021 Half-Year Results

NPAT \$73.6M, Interim Dividend 3.4 US cps

ALUMINA
LIMITED



- 1st half alumina and bauxite production records
- Aluminium demand back to pre-COVID levels
- Aluminium prices soar to multi-year highs
- Alumina prices constrained by freight costs
- Positive margins maintained
- Improved outlook for alumina due to expected increase in aluminium production

Sustainability

AWAC

Performance

- Emissions intensity (CO₂e/t)
 - Refineries: 0.51t CO₂e/t (1st quartile*)
 - Portland Smelter: 13.8t CO₂e/t (↓11% v 2019, 2nd quartile*)
- 42% reduction in greenhouse gases from a 2010 baseline¹

Social

- AofA Modern Slavery Statement released June 2021

Alumina Limited

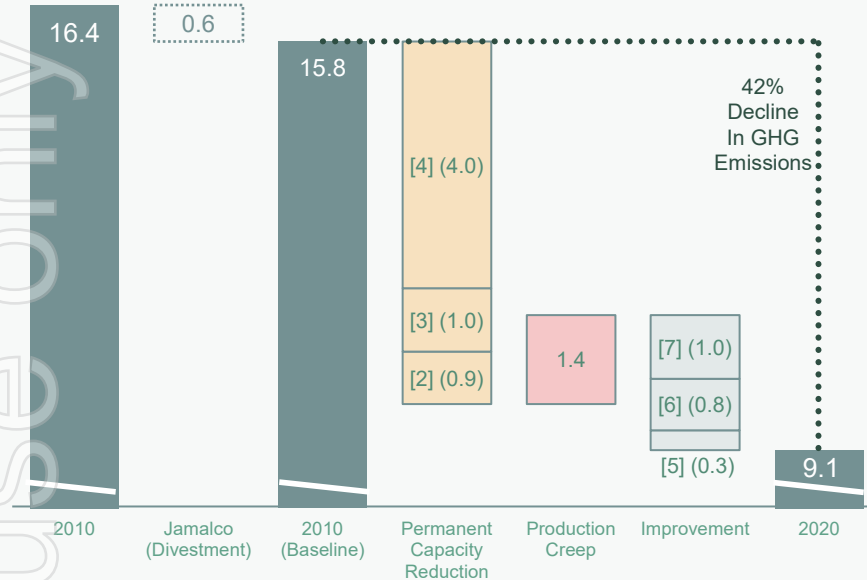
- 2020 Sustainability Report to be released end of August
- Joined Aluminium Stewardship Initiative (ASI)



¹Scope 1 & 2 emissions, AWAC equity share basis (39.96% of Alumar, 55% of Portland). Excludes Ma'aden, CBG, MRN.

A Low Carbon AWAC

AWAC Change in GHG emissions (M t CO₂e)¹



2010 - 2020

- AWAC has reduced its emissions by 42%
- Current portfolio is cleaner, lower cost, less reliant on fuel oil
- Improvement driven by closure of high emission assets, fuel mix & an influx of renewables in electricity grids (“grid greening”) particularly at Portland

Looking forward

- Grid greening, potential fuel switches to further reduce GHG
- R&D into mechanical vapor recompression (MVR), preparing AWAC for a low carbon world
- AWAC is set to exceed a 45% reduction in GHG by 2030 from a 2010 baseline⁸

¹ Scope 1 & 2 emissions, AWAC equity share basis (39.96% of Alumar, 55% of Portland). Excludes Ma'aden, CBG, MRN
As per chart - ^[2]Point Comfort, ^[3]Suralco, ^[4]Point Henry, ^[5]San Ciprian fuel switch, ^[6]Efficiency / fuel mix, ^[7]Portland electricity

⁸Jamalco has been excluded from the baseline as this asset was a divestment



Grant Dempsey
Chief Financial Officer

AWAC

2021 Half-Year Results

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2021 AWAC Half-Year Results*



Financials



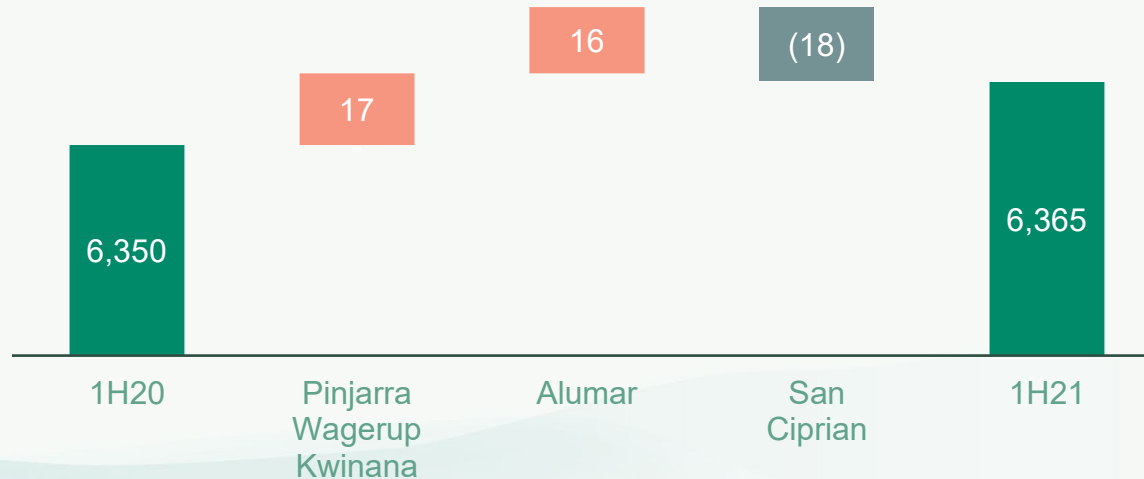
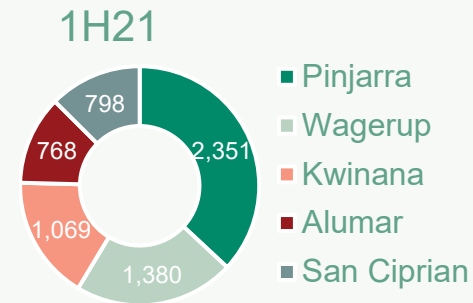
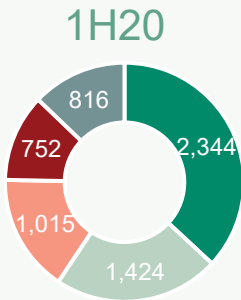
Alumina



Aluminium and Bauxite



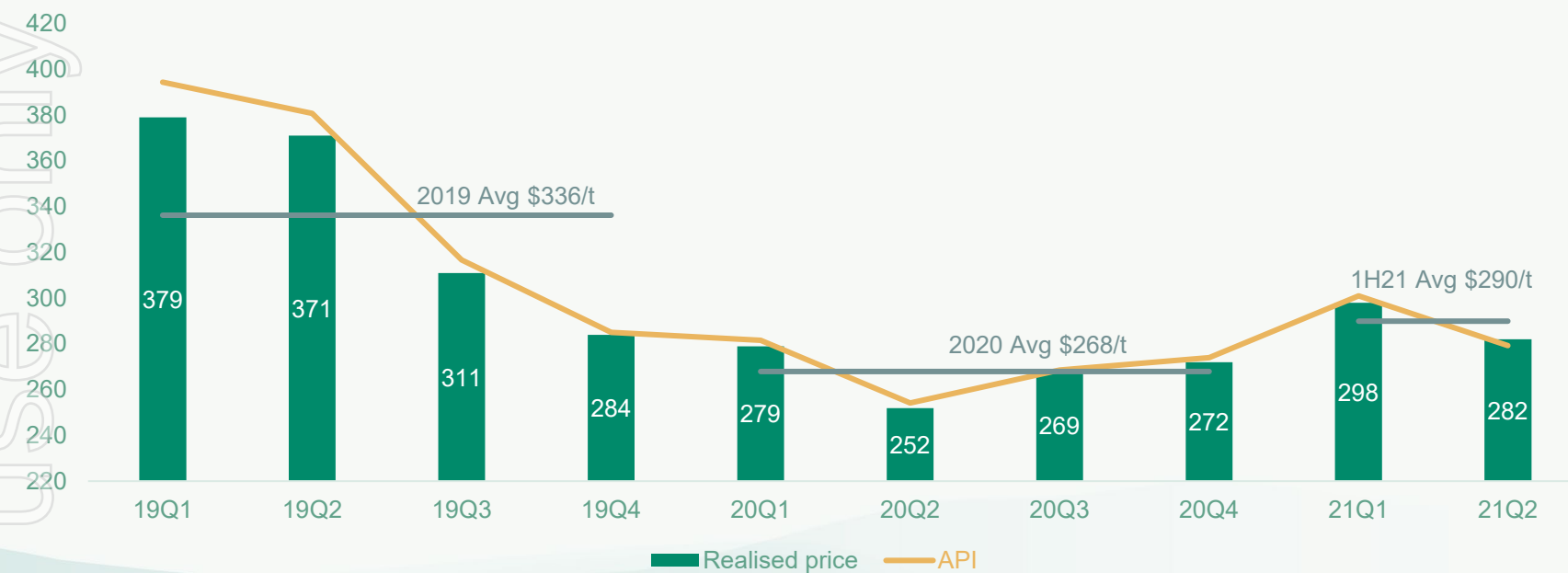
AWAC Record Alumina Production*



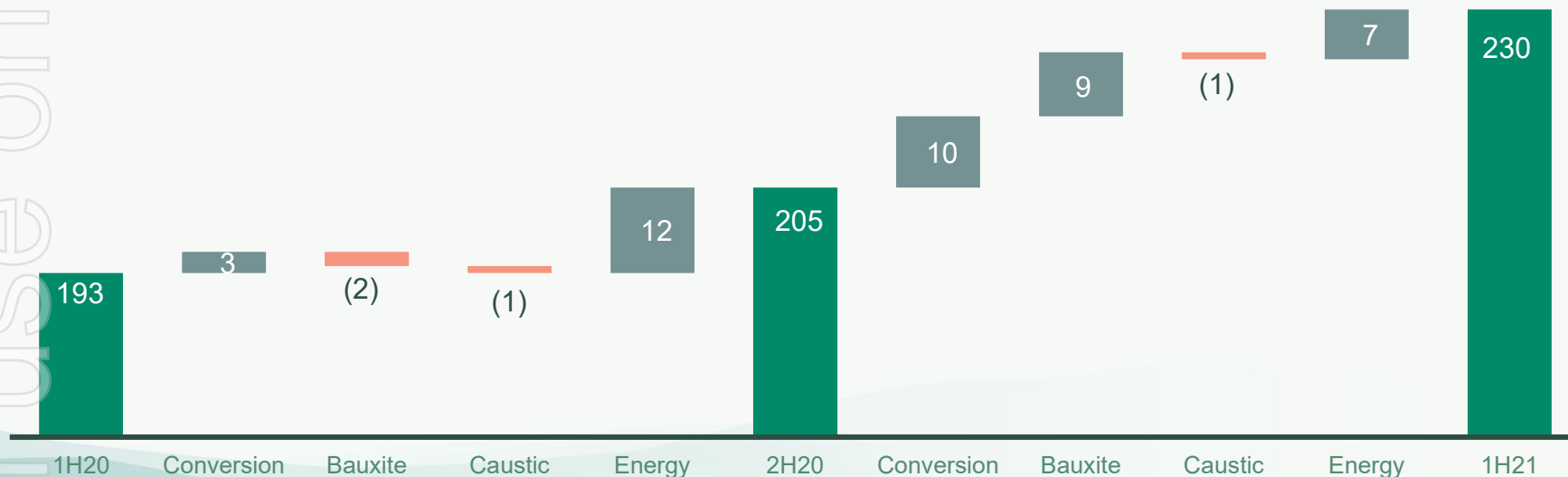
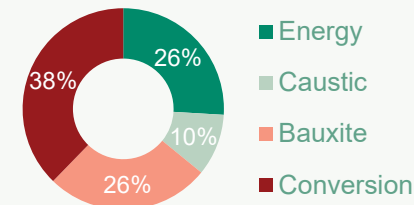
* Kt, for the current AWAC-operated portfolio of refineries

AWAC Realised Price

Realised price (\$/t) and API (1m lag) over 2.5 years



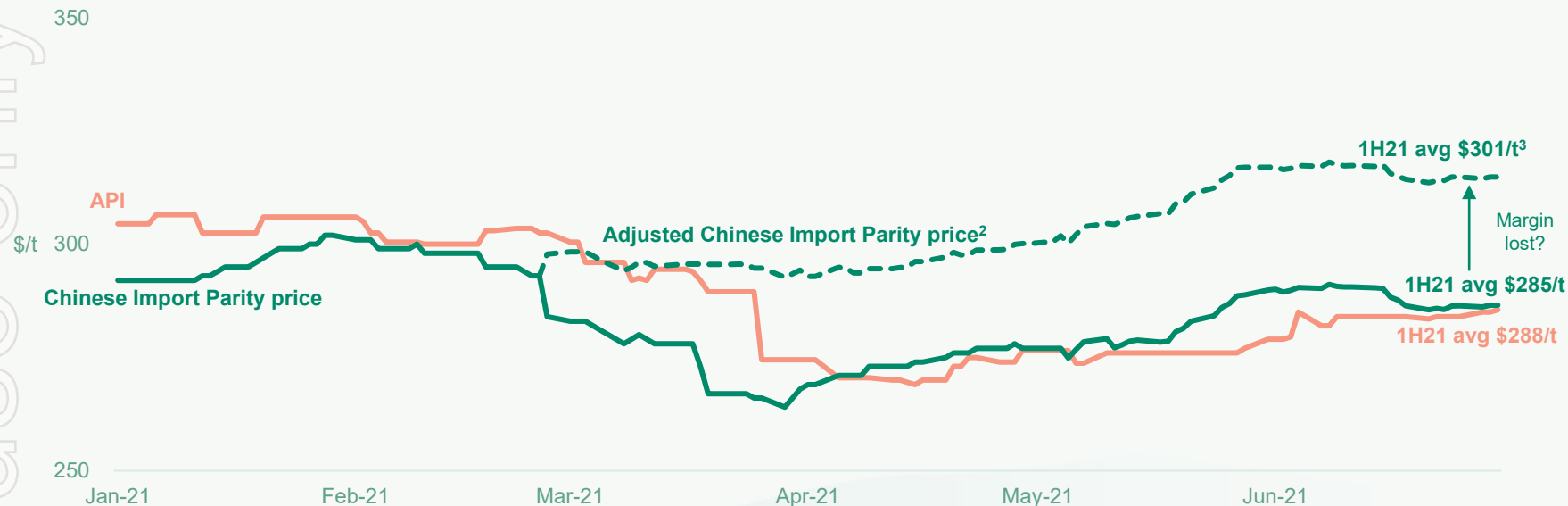
1H21 AWAC Cash Cost of Alumina Production Increased \$25/t from 2H20



Freight Disruption Affecting Price

Higher freight costs impact the import parity price

API FOB price and Chinese import parity price adjusted for 2021¹



¹Additional freight costs assumed to impact reduction in FOB price directly.

²The adjusted import parity price has been calculated as the difference between the 2011-2020 long term average Handysize freight costs from WA to China and the 2021 freight costs, for the months that shipping costs were significantly affected (March to June)

³The average of \$301 is calculated by using the import parity price from Jan –Feb and the Adjusted import parity price from Mar-Jun.

2021 Full Year AWAC Outlook

- Alumina production forecast at 12.8M tonnes
- Bauxite 3rd party sales at 7.4M tonnes
- Restructuring related cash outflows revised down by \$10M due to timing of remediation activities
- Growth Capex remains unchanged at \$25M
- Sustaining Capex increased by \$15M to \$240m due to revised estimates of project costs



Alumina Limited

2021 Half-Year Results



2021 Alumina Half-Year Results

Consistent Performance

\$73.6M
NPAT
(1H20: \$90.5M)

Financial Strength

0.3%
Low gearing

Undiluted Focus

Largest 3rd party alumina net exposure outside China

Low cost bauxite mines and alumina refineries

3.4 US CPs
Final Dividend
5 Yr Avg yield: 7.5%
(excluding franking credits)

\$330m
Undrawn Facilities

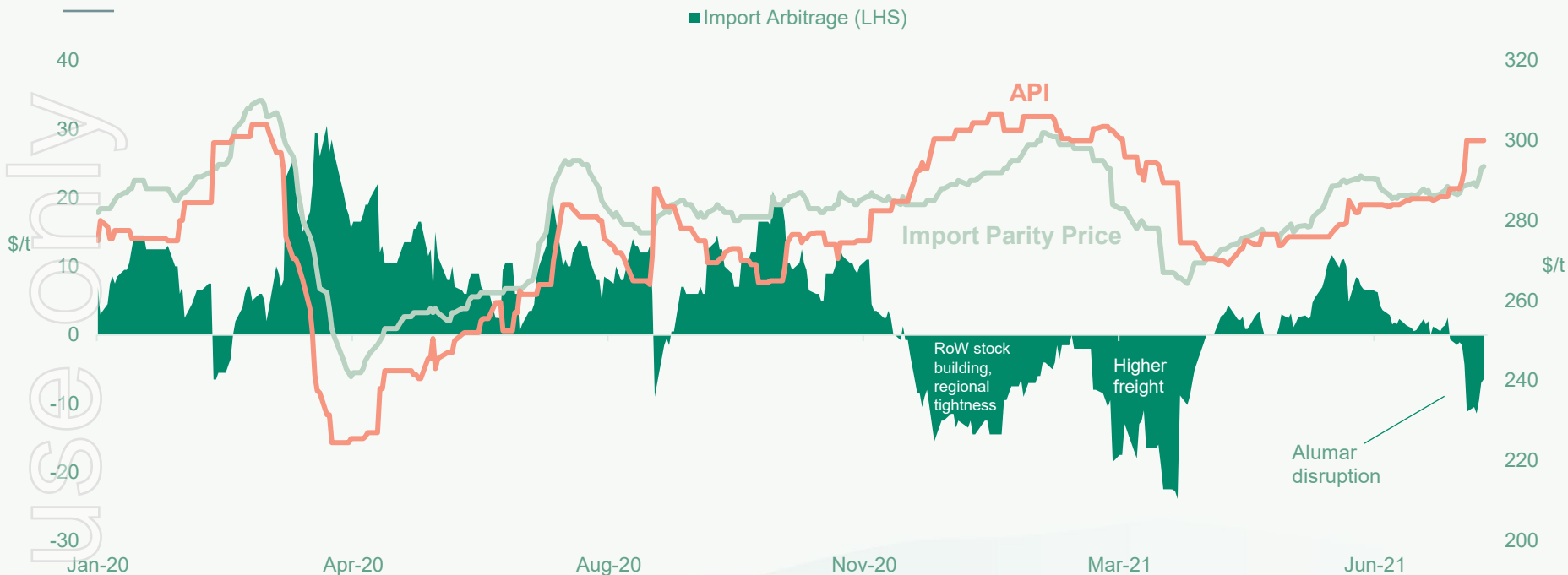
100%
Cash flow payout of operating distributions from AWAC

Market Review and Outlook



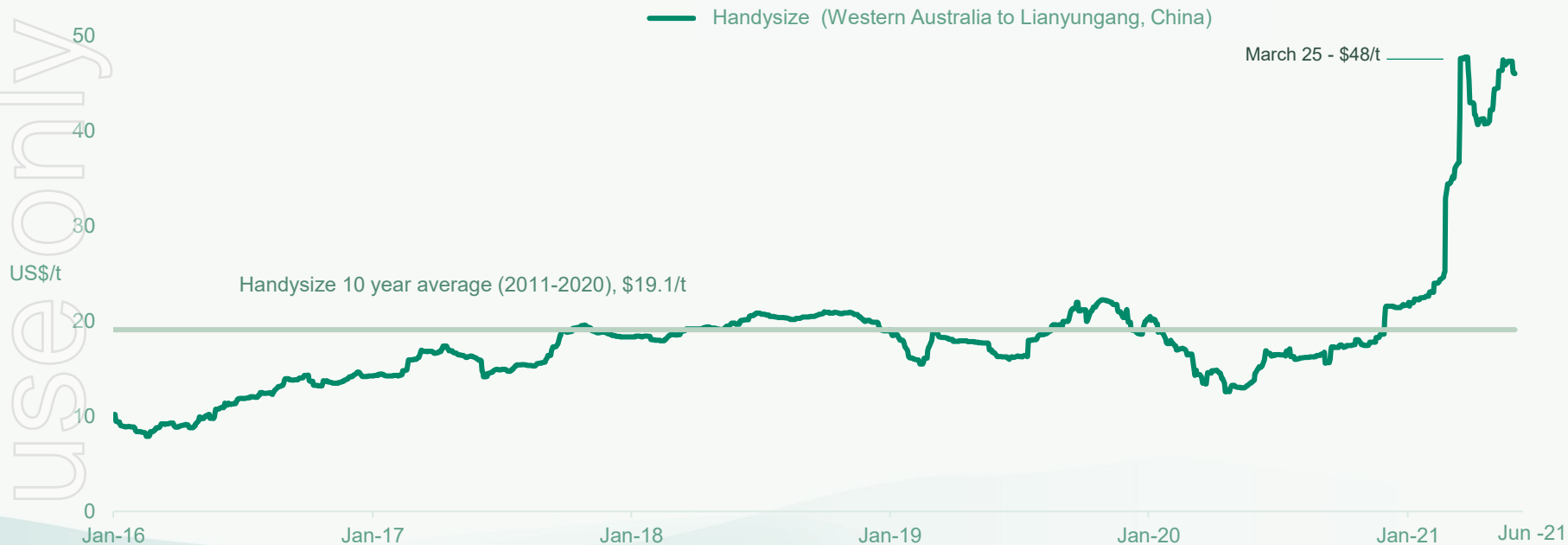
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API & China Alumina Import Parity Prices



Spike in Dry Bulk Freight Costs Impacts API

Abnormal spike in Handysize freight costs reduced the Chinese alumina import parity price and the API, given the RoW surplus



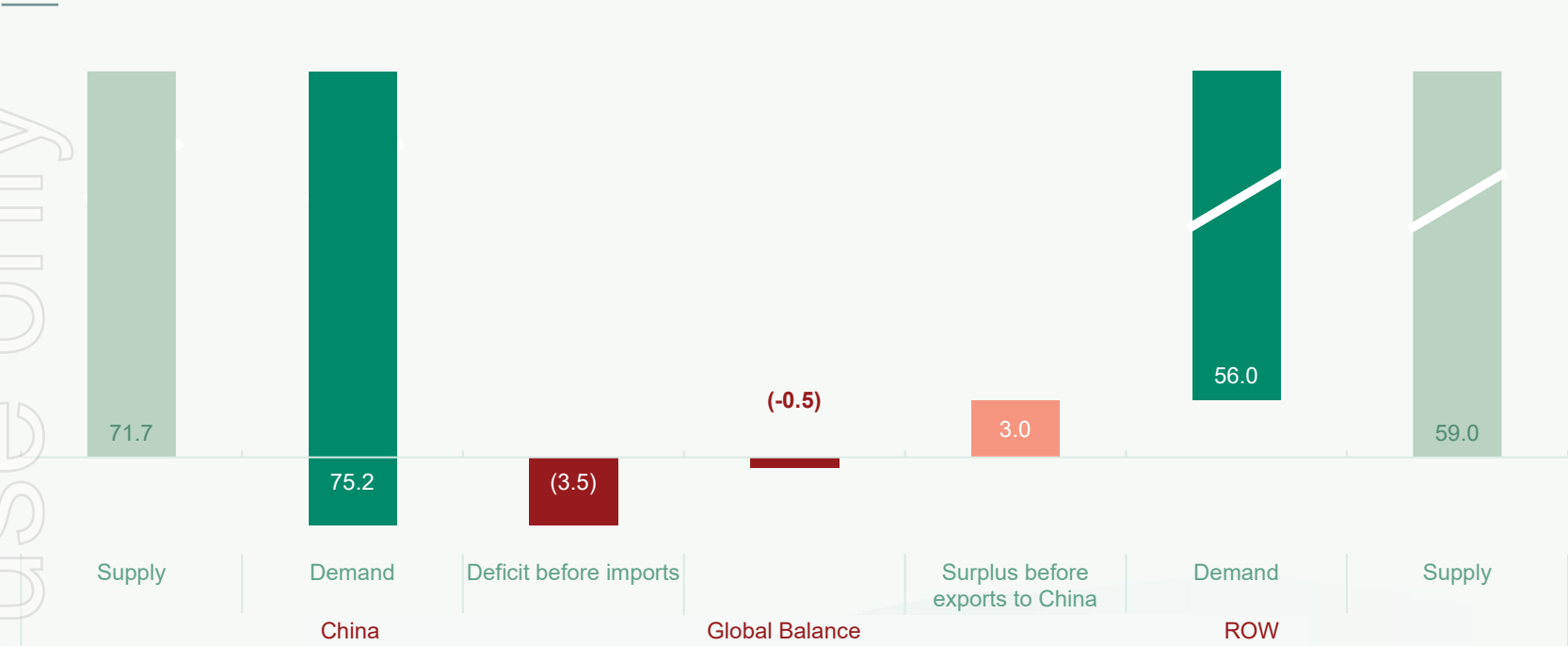
Outlook for Small Vessel Freight Rates

- Some Q1 impacts on Handysize freight have abated
- However Handysize rate to China remains high due to on-going:
 - High oil prices, including low sulphur fuel
 - Lower availability of ships caused by port congestion, on-going COVID impacts on crews and loading/unloading times, trade war-related longer shipping routes and lack of containers
- As the inefficient shipping market is primarily caused by COVID effects, the return to a fully rational market will also depend on the resolution of COVID disruptions



China is on Track to Import the RoW Surplus Alumina

Global SGA Balance (2021, M t)



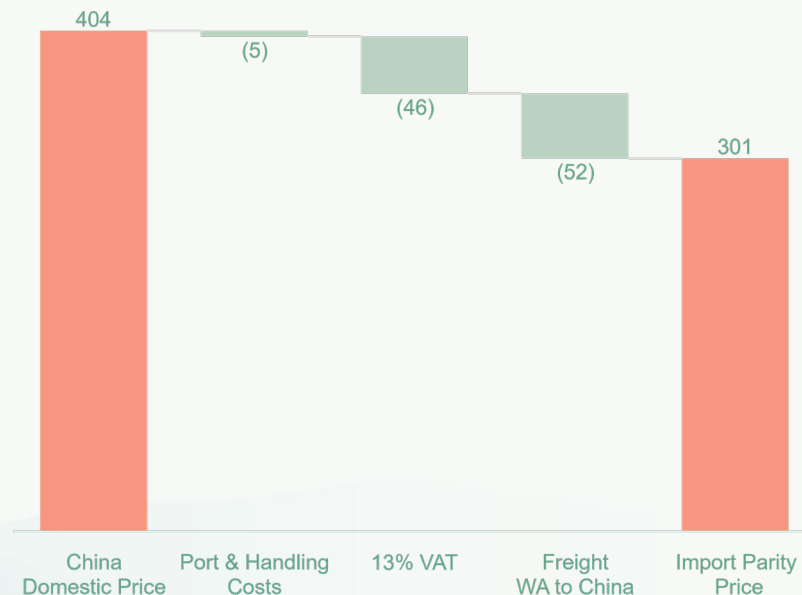
China's Alumina Cost Continues to Rise Through 1H21

Costs are forecast to remain at high level in 2H21

Chinese Alumina Cash Cost & Prices (\$/t, incl. VAT)

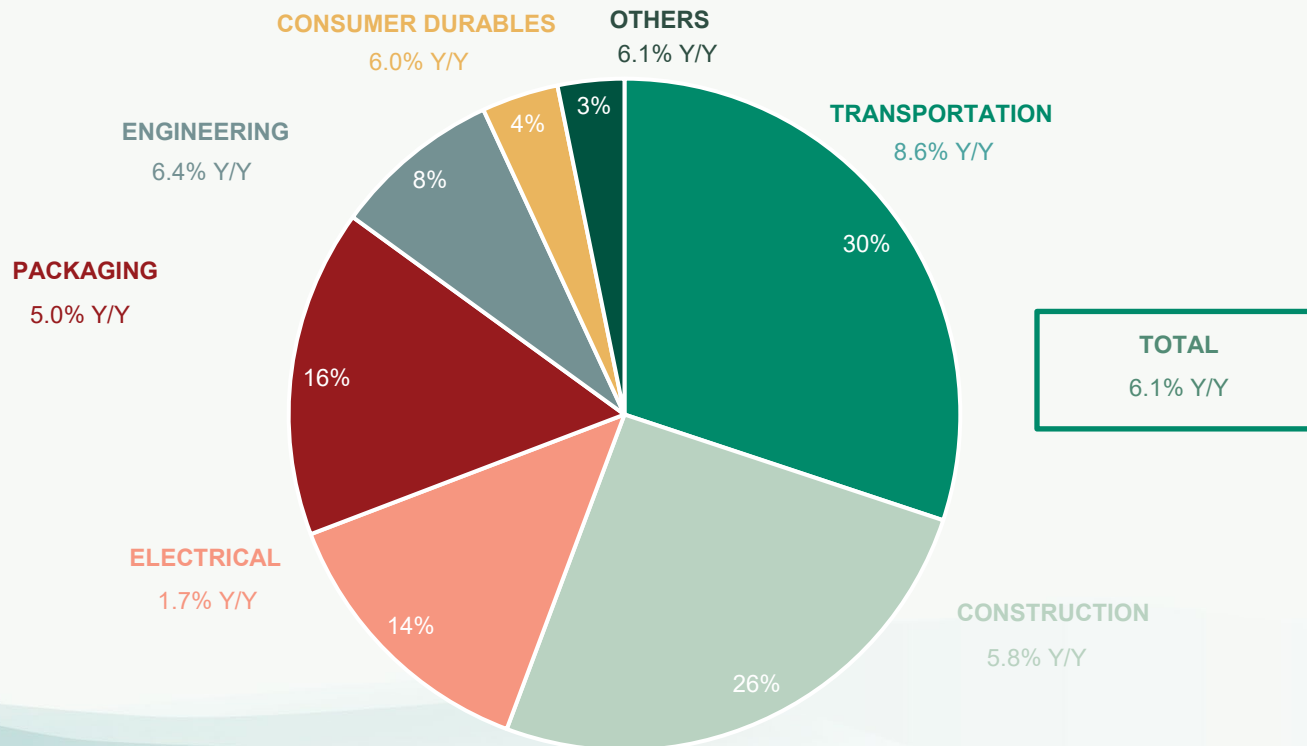


Indicative Import Parity Price (18th of August, \$/t)



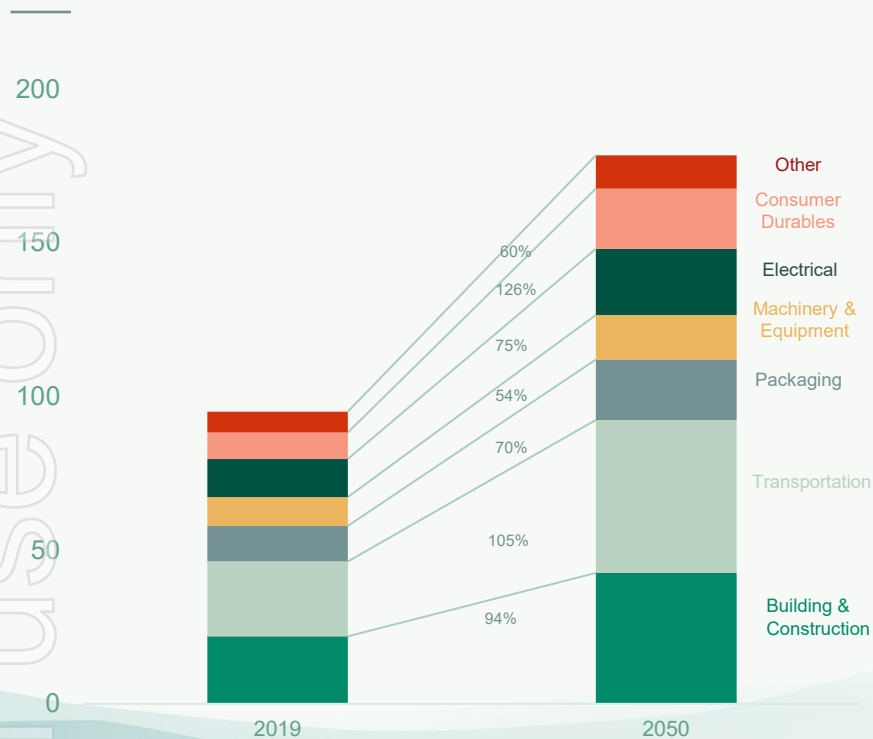
Global Aluminium Demand on Track for 6% Growth in 2021

Forecast 2021 Global Aluminium Consumption Growth by End-Use Sector



Strong Aluminium Demand Growth in the Longer Term

Aluminium Semi Shipment by Sector (M t)



Market Summary and Outlook

Alumina

- 1.4 million tonne RoW surplus in first half, exported to China
- Surplus and abnormally high freight rates constraining API
- Demand for alumina expected to grow as new smelting capacity comes on stream



Actions on Climate Change

- Tier one assets and low refinery emissions
- 42% GHG reduction since 2010
- Investigating technologies to further reduce emissions, improve water & energy efficiencies

Aluminium

- Aluminium demand has recovered strongly in 2021
- Prices and premiums are higher than 2020
- Decarbonising world expected to drive low carbon aluminium demand



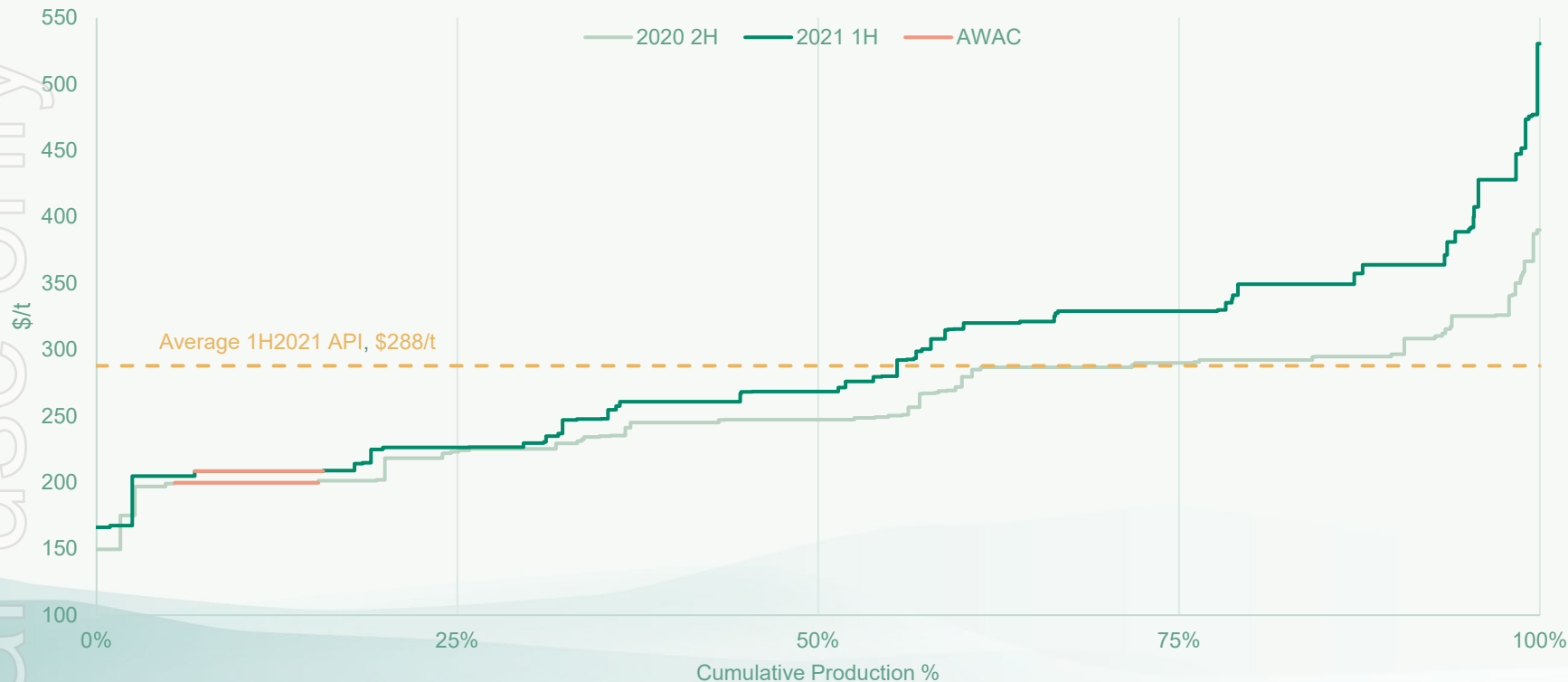
Appendix

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Global Alumina Production Cost Curve by Company

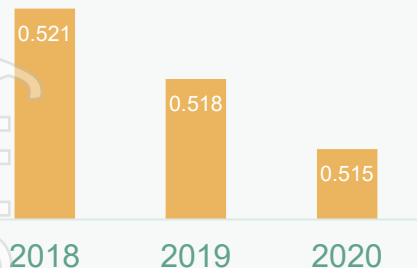
Average RoW cost increased by 4% sequentially on the back of rising fuel & power costs



Sustainability

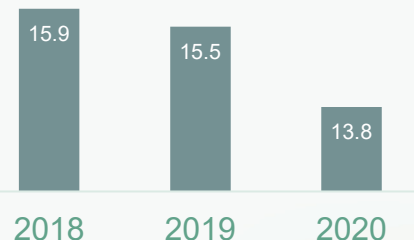
AWAC is improving its key carbon metrics

Refinery GHG intensity (t CO₂e/t)¹



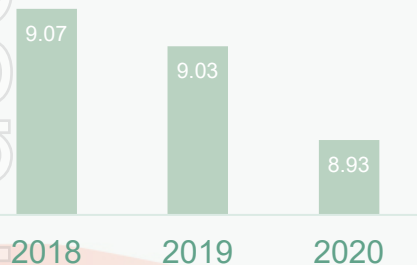
- AWAC's alumina refineries continue to lower their GHG intensity
- EcoSource alumina launched. World's first low carbon SGA (<0.6t CO₂e/t)

Smelter GHG intensity (t CO₂e/t)¹



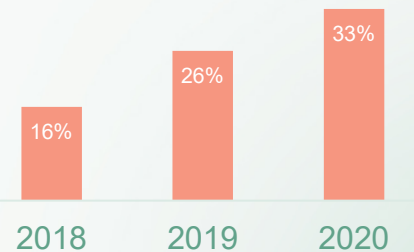
- Portland continues to benefit from grid greening in the state of Victoria

Refinery energy efficiency (GJ/t)¹



- Higher production rates benefit energy efficiency
- Continued focus on energy efficiency projects

Renewables (% of electricity mix)^{1,2}



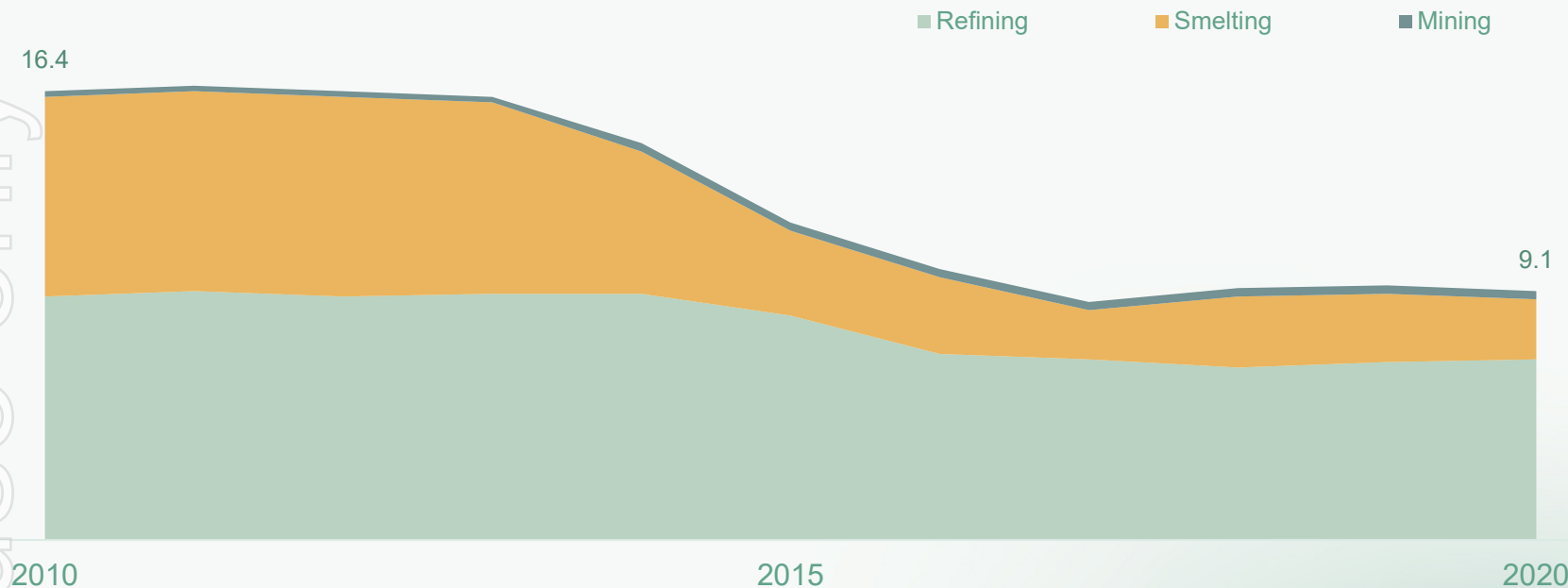
- All AWAC assets use electricity at their operations
- Increases in renewable electricity generation is reducing emissions intensity at AWAC sites

¹Full facility basis for AWAC operated & controlled assets (i.e. consolidated, includes equity interest of minority owners). Excludes Ma'aden, CBG, MRN

²Purchased grid electricity for all AWAC sites

Sustainability

AWAC's historical greenhouse gases profile (M t CO₂e)¹

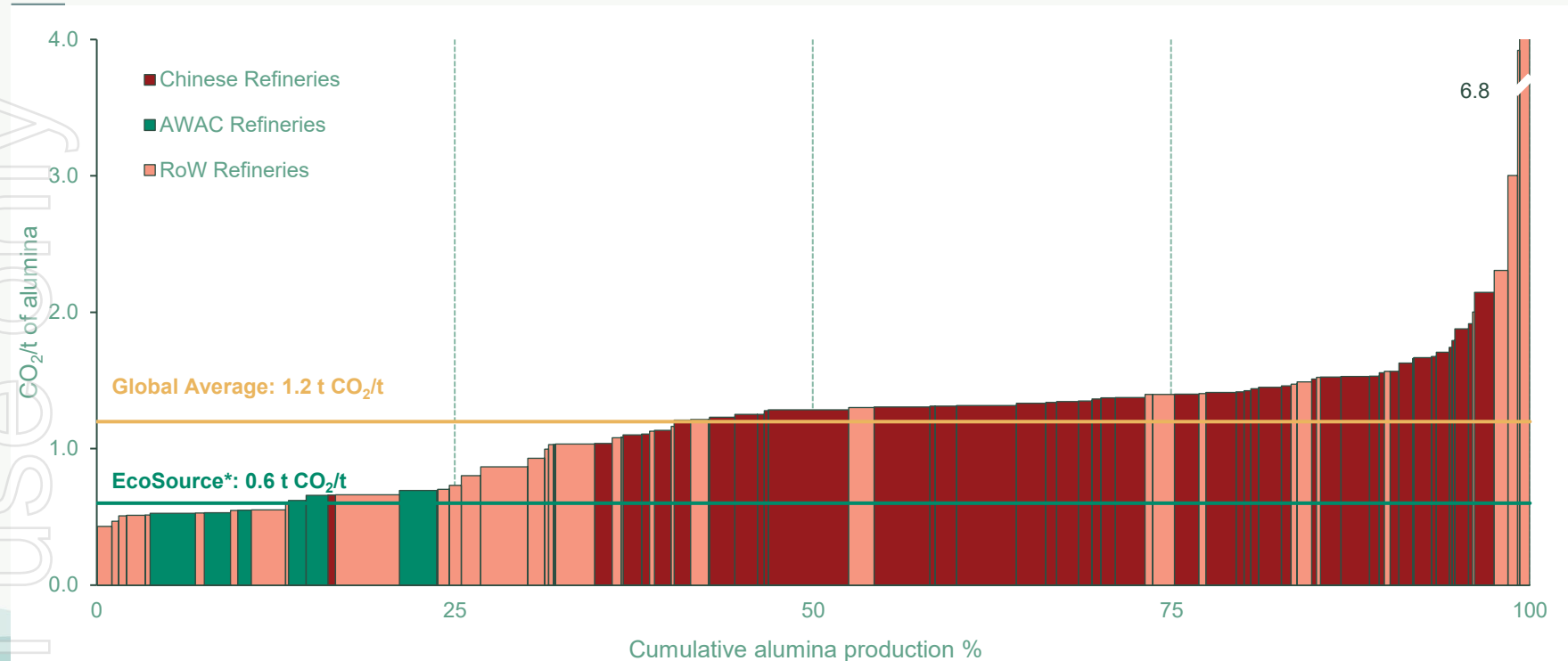


¹Scope 1 & 2 emissions, AWAC equity share basis (39.96% of Alumar, 55% of Portland). Excludes Ma'aden, CBG, MRN.

AWAC is the Lowest CO₂ Emitter Amongst Major Alumina Producers



(Direct and indirect emissions, 2021 estimated)

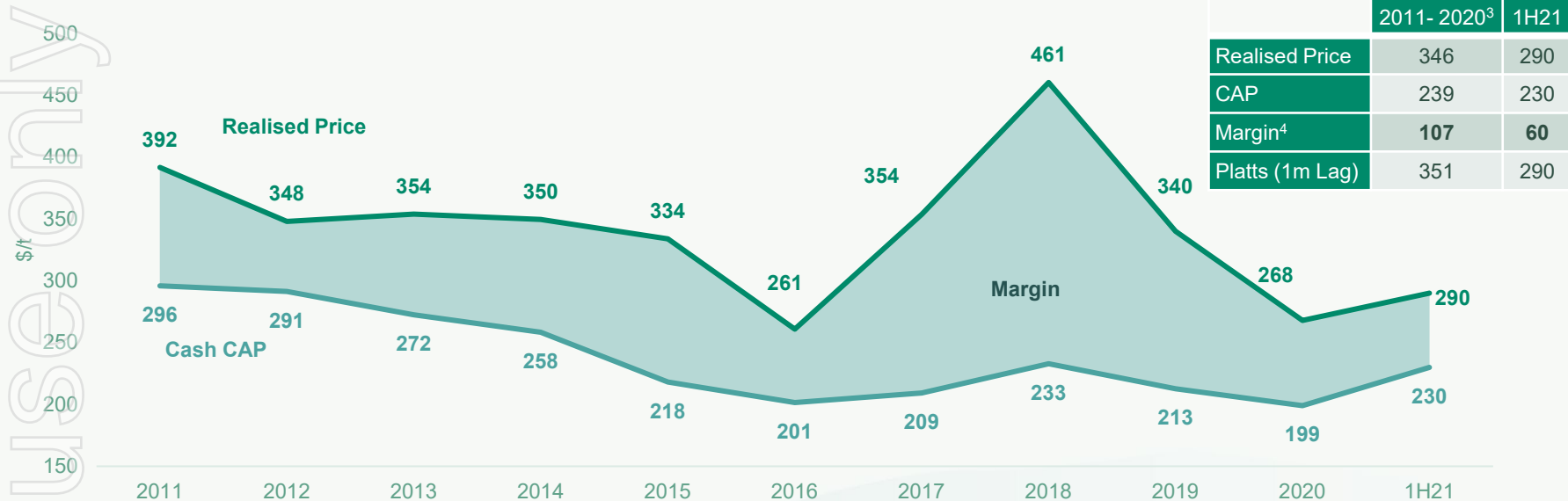


*EcoSource: AWAC's low carbon smelter grade alumina (SGA) product that has no more than 0.6 tonne of carbon dioxide equivalent per tonne of alumina

AWAC Adjusted Margin

Stable, consistent and reliable portfolio capturing an efficient Market

Adjusted¹ price, cash cost, and real prices²



¹Refer to Appendix slides for details on how adjustments have been made

²2011-2020 figures in real 2020 dollars

³Averages 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

⁴Margin calculated as realised price minus cash cost of production

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 ⁵
Realised Price ²	349	304	308	305	296	242	335	447	336	268	319
CAP ³	271	273	258	249	216	191	198	226	210	199	229
Margin ⁴	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 2020¹ dollars (US\$/t)

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

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

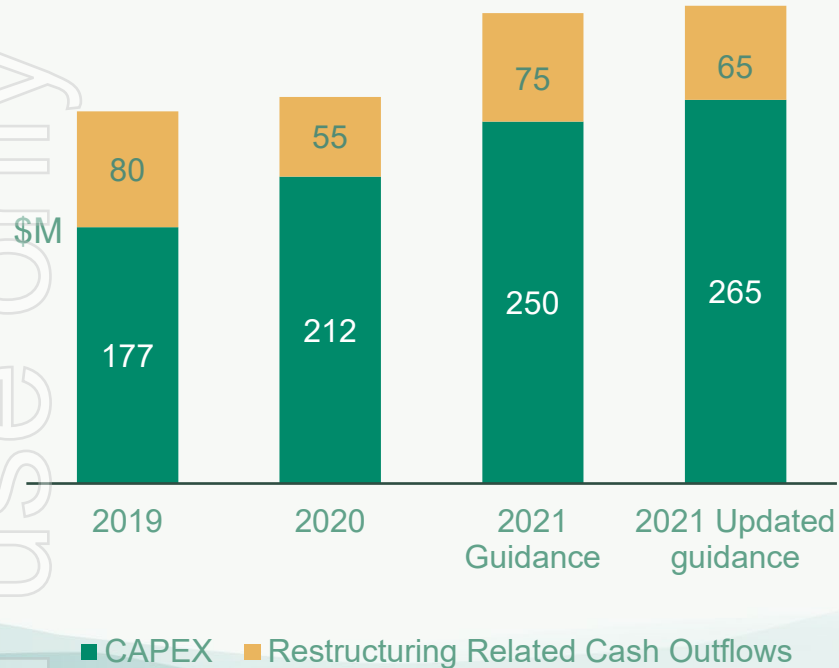
²Realised price for 2011-2015 has been adjusted to replicate more recent percentage of API contracts

³Prior 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.

⁴Margin calculated as realised price minus cash cost of production

⁵Average as calculated for 2011-2020

AWAC Capital Expenditure and Restructuring Outflows



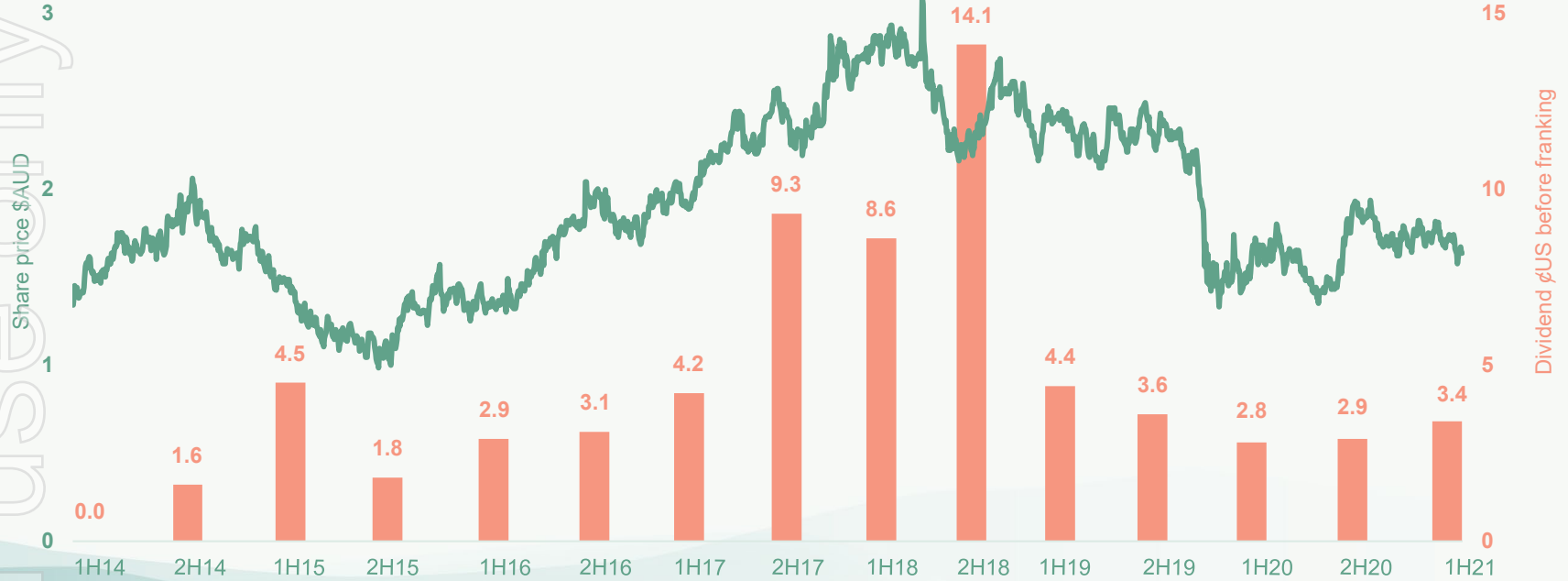
CAPEX 1H21

- Significant Projects:
 - Willowdale's crusher move and haul roads
 - Alumar residue storage areas
 - Juruti tailing ponds

AWAC Sensitivities

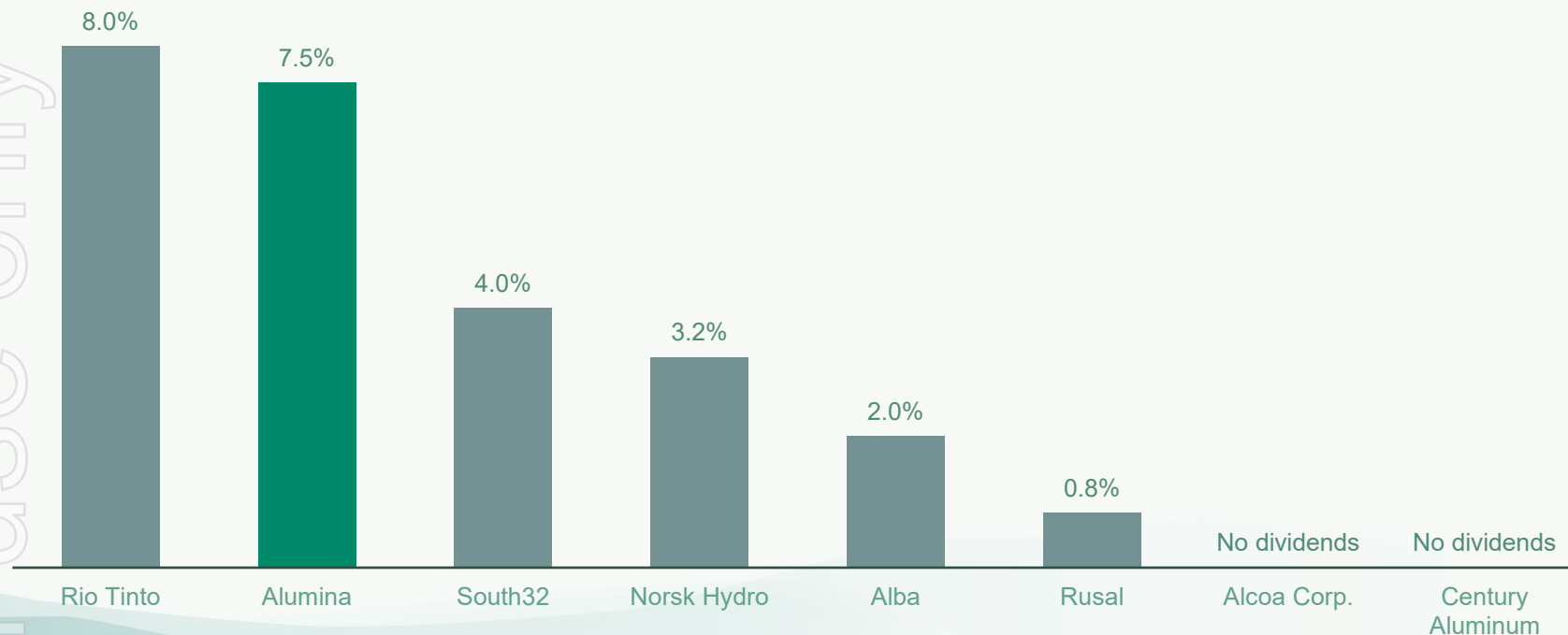
Item		2021 Sensitivities	
EBITDA Sensitivities	API +/- \$10/t	Approx. +/- \$115M	
	Caustic +/- \$10/dmt	Approx. +/- \$9-10M	
	AUD/USD +/- 1c	Approx. +/- \$21M	
	USD/BRL +/- 10¢	Approx. +/- \$5M	
	Brent Oil +/- \$1/bbl	Approx. +/- \$2-3M	

Alumina Ltd Share Price / Dividend History



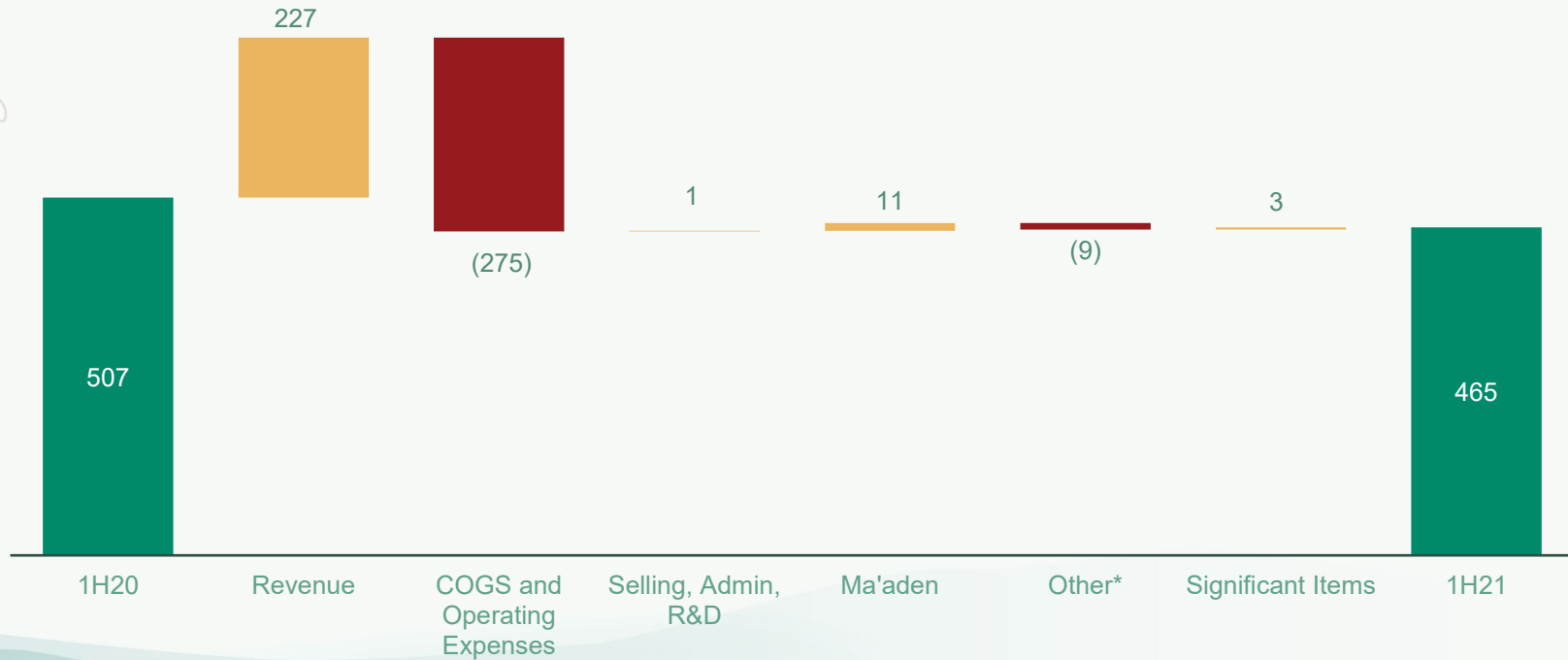
Alumina Ltd vs Peers Avg Dividend Yield⁽¹⁾

(Past five calendar years, excl franking credits)



Notes: (1) Dividend yield calculated as the average dividend declared from 18-Aug-16 to 18-Aug-21 divided by the average share price during that period

AWAC EBITDA^ Decreased by \$42M



^ Earnings before interest, tax, depreciation and amortisation

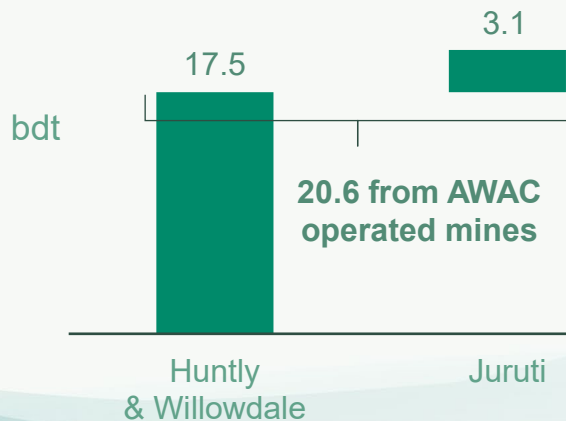
* Other includes gain/loss on asset disposal, FX exchange differences, derivative income/expense, and miscellaneous

Bauxite Production

Third Party Shipments

1H21: 2.6M bdt

(1H20: 3.0M bdt)



Cash Cost of Mining

1H21: \$11.2/bdt

(1H20: \$9.6/bdt)



Caustic Soda Prices (US\$/t)

2021 caustic price sensitivity +/- \$100/t: approximately +/- \$10M EBITDA

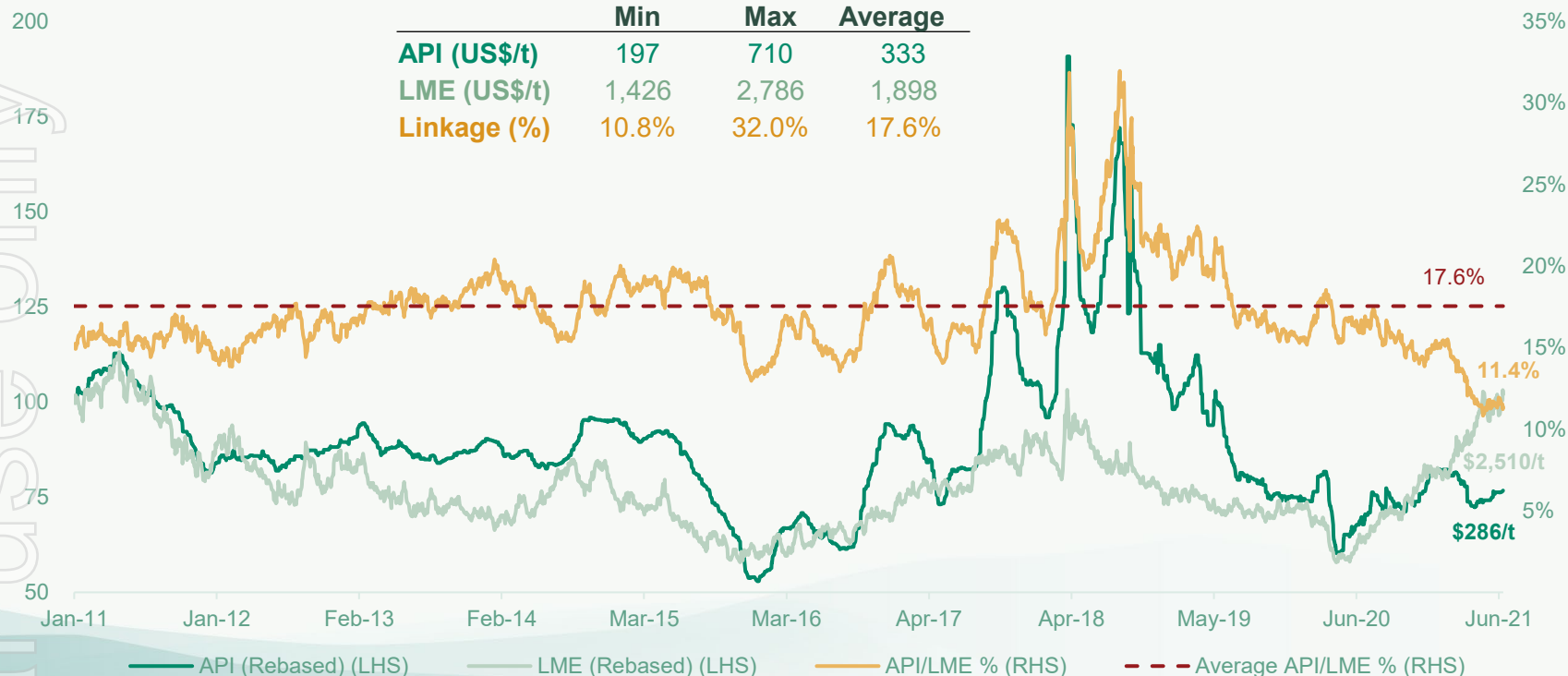


Brent Oil Prices (US\$/bbl)



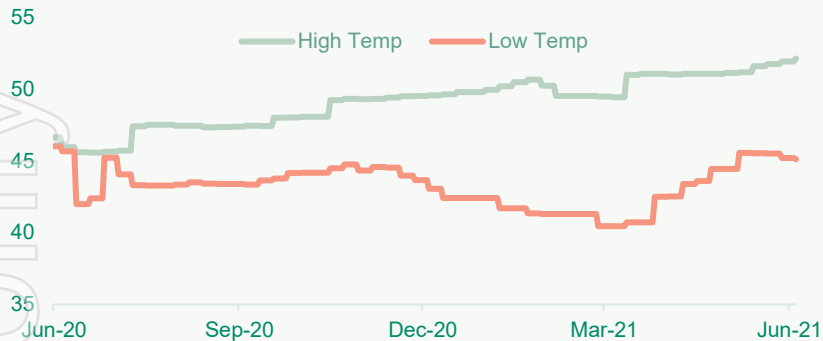
API/LME Price Linkage: 11-12%

Well below 17.6% 10-year average



Chinese Alumina Input Costs Rose in 1H21

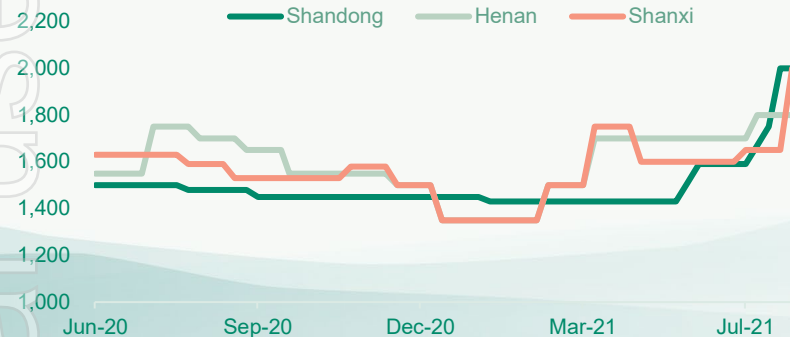
Imported Bauxite Prices (\$/dmt)



USD:RMB



China Liquid Caustic Prices (RMB/t)



China Coal Prices (RMB/t)



Greater Ex-China SGA Demand Forecast in 2H21

RoW surplus to narrow

Additional RoW SGA Production 2021				Additional RoW Primary Aluminium Production 2021				
Refinery	Country	Type of Production	Tonnage (kt)	Smelter	Country	Type of Production	Tonnage (kt)	Equivalent SGA Demand (kt)
Alunorte	Brazil	Production Creep	834	Operational Issues*	Various	Restarts	414	797
Restarts of Idled Capacity	Various	Restarts	358	Press Metal	Malaysia	Brownfield	222	427
BAI (Bintan) Phase 1	Indonesia	Greenfield	327	Jharsuguda II	India	Brownfield	185	356
Lanjigarh	India	Production Creep	142	Salco	Iran	Greenfield	141	271
Operational Issues	Various	Restarts	141	Aluar	Argentina	Restarts	95	183
Utkal	India	Brownfield	100	Restarts of Idled Capacity	Various	Restarts	82	158
Al Taweelah	UAE	Production Creep	64	Taishet	Russia	Greenfield	70	135
Kendawangan II	Indonesia	Brownfield	62	Jajarm	Iran	Brownfield	11	21
Leap Year	Other	Other	-167	Leap Year	Other	Other	-77	-148
Shutdown/Curtailment	Various	Shutdown/Curtailment	-603	Shutdown/Curtailment	Various	Shutdown/Curtailment	-94	-181
Total	1,258		1,258	Total			1,049	2,019

Source: Alumina Limited, August 2021

* Includes extra production expected from Jharsuguda 1 & 2, Korba, Renukoot, Mahan, Aditya, Angul and Tursunzade smelters