

Alcoa Corp Third Quarter 2021 Earnings Release

Alumina Limited (ASX: AWC) notes Alcoa Corp's ("Alcoa") quarterly earnings release. To assist readers in understanding relevant market, operational and commercial matters of the AWAC joint venture, selected information from the Alcoa Bauxite and Alumina Segments, AWAC joint venture and Alumina Limited plus other market data is attached.

Alumina Limited's CEO, Mike Ferraro, said "This has been another solid quarterly performance by AWAC even though production costs remained at elevated levels and alumina prices were subdued due to high freight costs. However, since the end of the quarter, alumina prices have surged from the third quarter average one-month lagged price of \$292 per tonne to around \$480 per tonne.

The average one-month lagged API price for the fourth quarter to date is \$410 per tonne which would drive AWAC's cash margin significantly higher than the \$55 per tonne achieved in the third quarter. The benefits of this increase will be reflected in AWAC's fourth quarter results and the AWAC distributions to Alumina Limited in the first quarter of 2022.

"The alumina market changed significantly during the third quarter when production disruptions at Alumar, Gramercy and Jamalco reduced rest of world supply. Supply disruptions were also seen in China and costs increased which caused the Chinese import parity price to rise sharply."

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.

Alumina Limited

- Alcoa Corp's 3Q 2021 Bauxite and Alumina Segments' Highlights
- Market Data on Commodity Prices

15th October 2021

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Highlights

Alcoa Segments	3Q 2021	2Q 2021	Selected Highlights
Adjusted EBITDA Total: <ul style="list-style-type: none"> Alcoa Alumina Segment Alcoa Bauxite Segment 	\$148m \$23m	\$124m \$41m	<ul style="list-style-type: none"> Alumina: Favourable currency movements plus realised price 4% higher partially offset by higher raw material and energy costs and lower sales volumes from Alumar. Bauxite: Lower sales volumes due to disruption at Alumar coupled with higher maintenance costs, partially offset by favourable A\$ movement. EBITDA margins include intersegment transfer price
Adjusted EBITDA Margin: <ul style="list-style-type: none"> Alcoa Alumina Segment Alcoa Bauxite Segment 	13.4% 10.1%	12.0% 18.8%	
AWAC	3Q 2021	2Q 2021	Comments
Production: <ul style="list-style-type: none"> AWAC Refining Business (Million t) AWAC Mining Business (Million bone dry tonnes – “bdt”) 	3.1 11.1	3.2 11.5	<ul style="list-style-type: none"> Refining / Mining: Includes CBG/MRN and excludes Ma'aden. Refer to slide [9] (including footnote 4) for further details. Cash Cost includes bauxite at cost: Higher due to rising energy and caustic soda prices plus lower volumes due to unforeseen production issues. Realised Price: Higher by 4% and above the one-month lagged API due to price mix of contracts. The average API from 1st September to 13th October is \$410 per tonne. This translates to a significantly higher cash margin for 4Q 2021 than realised in 3Q 2021.
Alumina Cost and Price: <ul style="list-style-type: none"> Cash Cost (\$/t production) Realised Price (\$/t shipments) One month lagged API (\$/t) 	\$239 \$294 \$292	\$231 \$282 \$280	
Alumina Limited	3Q 2021	2Q 2021	Comments
AWAC Net Distributions: <ul style="list-style-type: none"> Alumina Limited Receipts Alumina Limited Contributions 	\$43.7m (\$12.0m)	\$74.9m Nil	<ul style="list-style-type: none"> As previously announced net distributions received during 1H 2021 included \$30m - \$35m of benefit from the AofA tax shield
Net Debt – Period End:	\$76.2m	\$5.7m	

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 -\$21 million EBITDA	Negligible	6 – 11 months
Brazilian Real	Bauxite, Conversion, Energy	+ 10 ¢ USD/BRL	Approximately +\$5 million EBITDA	Negligible	6 – 11 months
Caustic Soda	Caustic	+\$10/dry metric tonne	Approximately -\$9-10 million EBITDA	Quarterly pricing plus 5 – 6 months inventory	Over 12 months
Oil (Brent)	Bauxite & Energy	+\$1/barrel	Approximately -\$2-3 million EBITDA	1 month pricing and 1 – 2 months inventory	7 – 12 months

[1] Updated 24 August 2021

[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 2021 Distribution Calendar

(Related to Alumina Limited Interim and Final Dividend 2021)

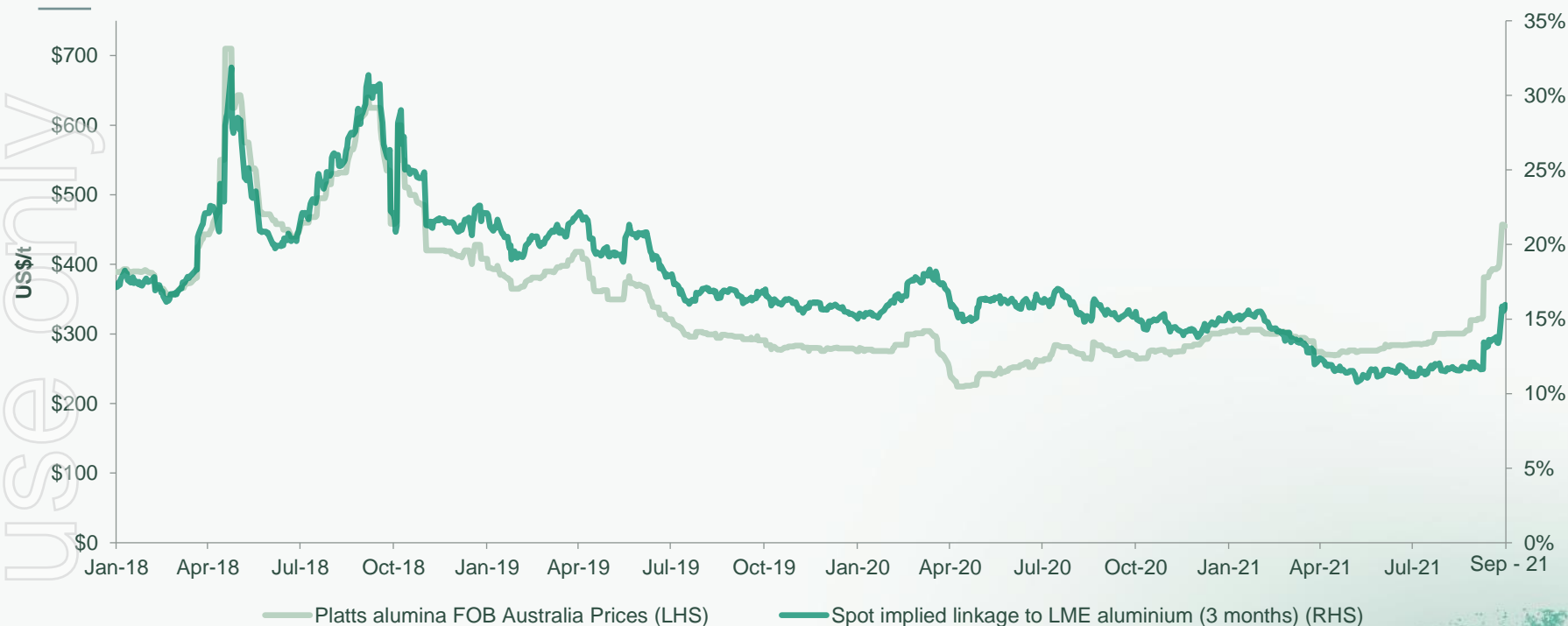


(US\$m)

2021: 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	14.8	N/a	2021 Interim Dividend
20 February	All except AWA LLC	Available Cash of each entity as at 31 January	47.1	N/a	2021 Interim Dividend
31 March	All	Working Capital Contributions	N/a	(Nil)	2021 Interim Dividend
20 April	All	50% of each entity's US GAAP Net Income (if positive) for 1Q	21.0	N/a	2021 Interim Dividend
20 May	All except AWA LLC	Available Cash of each entity as at 30 April	53.3	N/a	2021 Interim Dividend
30 June	All	Working Capital Contributions	N/a	(Nil)	2021 Interim Dividend
20 July	All	50% of each entity's US GAAP Net Income (if positive) for 2Q	16.0	N/a	2021 Final Dividend
20 August	All except AWA LLC	Available Cash of each entity as at 31 July	27.7	N/a	2021 Final Dividend
30 September	All	Working Capital Contributions	N/a	(12.0)	2021 Final Dividend
20 October	All	50% of each entity's US GAAP Net Income (if positive) for 3Q	29.3	N/a	2021 Final Dividend
20 November	All except AWA LLC	Available Cash of each entity as at 31 October	TBA	N/a	2021 Final Dividend
31 December	All	Working Capital Contributions	N/a	(TBA)	2021 Final Dividend

[1] Alumina Limited 40% share

Spot Alumina Prices & Implied LME Linkage

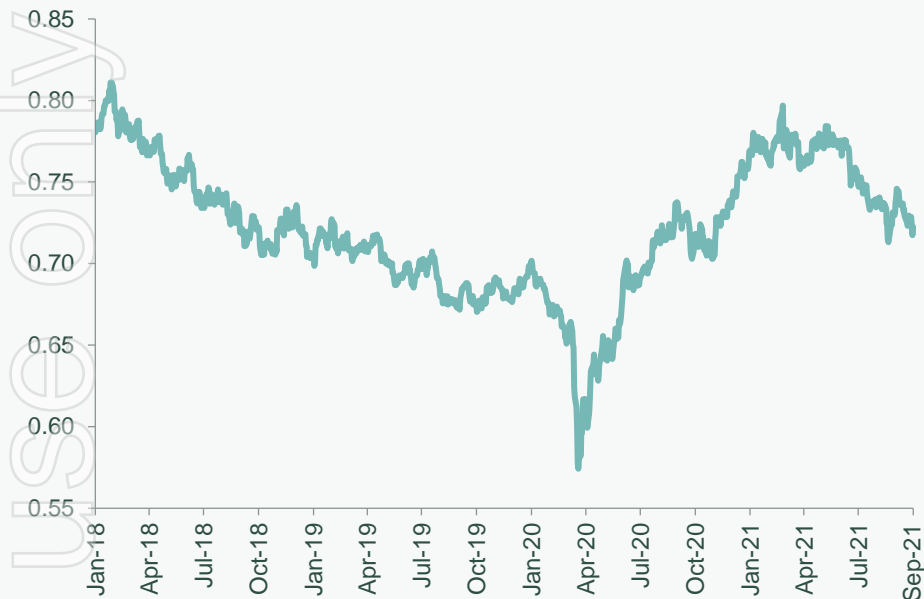


Sources: Alumina: S & P Global Platts, Oct 2021. LME Aluminium: Thomson Reuters, Oct 2021

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

Foreign Exchange

AUD/USD



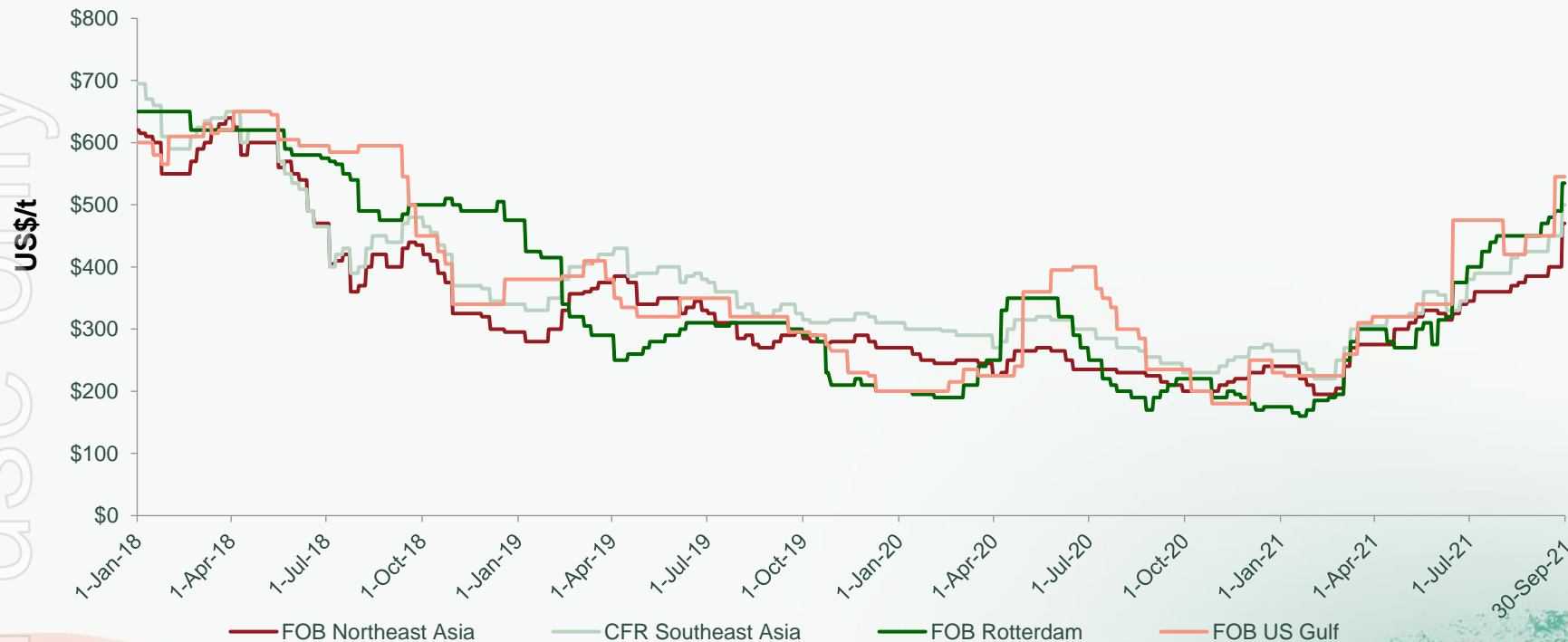
BRL/USD



Source: Thomson Reuters, Oct 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



Source: S & P Global Platts, Oct 2021

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

AWAC Financial Statements

Equity interests disclosure

	AWAC Financial Statements			Equity Share of Production 3Q 2021	Equity Share of Production 2Q 2021
	Revenue	COGS	Other Income / Expense		
CBG Bauxite Mine	✓ ¹	✓ ¹		905k bdt ³	877k bdt ³
MRN Bauxite Mine	✓ ¹	✓ ¹		271k bdt ³	295k bdt ³
Ma'aden Al Ba'itha Bauxite Mine			✓ ²	313k bdt ⁴	296k bdt ⁴
Ma'aden Ras Al Khair Refinery			✓ ²	121k t ⁴	121k 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.

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