



Media Release – July 23, 2018

FOR IMMEDIATE RELEASE  
MANAMA (ALBH)

Aluminium Bahrain B.S.C (Alba) (Ticker Code: ALBH) presents its financial results as per the International Financial Reporting Standards (IFRS) accounting rules. All investors and reporters are asked to read Alba's Interim Condensed Consolidated Financial Statements, as at 30 June 2018, which are posted at [www.albasmelter.com](http://www.albasmelter.com).

Alba's official press release and full set of financial statements are also available on [Bahrain Bourse website](http://Bahrain Bourse website).

Alba's results for the Second Quarter & First Half of 2018 are summarised below:

## ***Alba Discloses its Financial Results for the First Half of 2018***

### ***Alba Net Income in H1 2018 surges by 46% YoY to BD 62.9 million***

#### **Q2 2018 and H1 2018 Financial Performance**

Alba's top-line and bottom-line for the second quarter and first-half of 2018 were primarily driven by higher sales volume, higher LME prices (an increase of 18% Year-over-Year (YoY)) and the impact of Line 5 recovery in Q2 2017.

The Company generated a Net Income of **BD 29.1 million (US\$ 77.4 million)** in the second quarter of 2018 versus BD 17.7 million (US\$ 46.9 million) for the same period in 2017, up by 65% YoY. With regards to Total Sales/Revenues, Alba reported **BD 244.0 million (US\$ 648.9 million)** in Q2 2018, up by 36% YoY, compared to BD 179.3 million (US\$ 476.9 million) in Q2 2017. Earnings per share (EPS) in this quarter were **fiils 21** versus fiils 12 in Q2 2017.

With regards to the first half of 2018, Alba's Net Income stood at **BD 63.0 million (US\$ 167.5 million)**, an increase of 46% YoY, compared to BD 43.3 million (US\$ 115.0 million) in H1 2017. Total Sales/Revenues reached **BD 465.2 million (US\$ 1,237.4 million)**, up by 26% YoY,

compared to BD 369.7 million (US\$ 983.3 million). Earnings per share were **fiils 44** versus fiils 31 in H1 2017.

## Q2 2018 Industry Highlights

- Continued news of trade wars are unnerving the market; however, global physical demand remains healthy with world consumption up by **5% Year-over-Year (YoY)**. Consumption in MENA surge by **+9% YoY** driven by major infrastructure spending in Saudi Arabia (**+20% YoY**). Demand in Asia up by **6% YoY** supported by Chinese consumption (**+6% YoY**) on the back of real-estate developments. Europe consumption up by **3% YoY** due to strong demand across building, construction and transport sectors. North America demand up by **3% YoY** driven by auto production (heavy-duty trucks).
- Global production down by ~ 0.5% YoY. Asian supply almost flat & Chinese supply down by **2% YoY** due to delays in smelters' ramp-up. Production in North America dropped by **5% YoY** due to outages in Warrick and Sebree smelters. World market in deficit with China (**-1,425 Kt**) & (**-959 Kt**) without China.
- Q2 2018 cash-average was **\$2,259/t** with LME ranging between \$1,967/t on April 6 and \$2,602/t on April 19.
- LME inventories at **1.1 million metric tonnes** in June 2018.

## Q2 2018 Alba Highlights

- Launch of Summer Safety Campaign 'Safety-Selfie'
- Production up by **23% YoY** (252,081 mt) while Sales volume up by **19% YoY** (249,595 mt); Alba Value-Added Sales averaged 60% of total shipments in Q2 2018
- Impact of higher Alumina prices
- The achieved benefits of Titan – Phase III are US\$ 81/MT
- Line 6 Expansion Project in progress:
  - Closed first part of 2nd tranche ECA-covered facilities (EUR 204.5 million)

- Line 6 Smelter [overall progress > 61%]
- Power Expansion Project [PS 5 & PDS overall progress: 63% & 91%]

## 2018 Alba Priorities

- Continued focus on Safety initiatives
- Deliver on Project Titan -Phase III [2018: 1 Million MT & US\$ 60/t]
- Leverage strong demand on Value-Added Sales
- Focus on future upstream opportunities
- Prepare for the start-up of Line 6
  - Close final part of 2ndECA-covered facility tranche
  - Award remaining packages within 2<sup>nd</sup> half of 2018

Commenting on Alba's sound financial performance in H1 2018, the Chairman of Alba's Board of Directors, Shaikh Daij Bin Salman Bin Daij Al Khalifa:

"Alba delivered a strong performance in the first half of 2018. As we are half-way through the year, we remain fully committed to achieve our targets on the Line 6 Expansion Project."

Alba's Chief Executive Officer, Tim Murray added:

"Safety continues to be our #1 priority as we move into the difficult summer months.

As we are facing many headwinds in the market in particular the impact of higher Alumina prices, we will be focused on our Project Titan Program as well as increase our production to offset the market challenges in the 2<sup>nd</sup> half of this year.

I also thank our people for working together on the same tune to make things happen."

Alba's Management will be holding a conference call on Wednesday July 25, 2018 to discuss Alba's financial performance for the Second Quarter & First Half of 2018 as well as outline the Company's priorities for the remainder of the year.

**END**



## Photo Caption

- 1) Chairman of Alba's Board of Directors, Shaikh Daij Bin Salman Bin Daij Al Khalifa
- 2) Alba's CEO, Tim Murray

## About Alba

Aluminium Bahrain B.S.C. (Alba) - one of the largest and modern aluminium smelters in the world - is renowned for its premium grade aluminium products, technological strength and innovative policies, strict environmental guidelines and high track record for safety. Established in 1971 as a 120,000 tonnes per annum smelter, Alba today produces more than 981,000 metric tonnes per annum of the highest grade aluminium, with products including standard and T-ingots, extrusion billets, rolling slab, properzi ingots, and molten aluminium.

Alba is listed on both the Bahrain Bourse and London Stock Exchange, and the Company's shareholders are Bahrain Mumtalakat Holding Company (69.38%), SABIC Industrial Investment Company (20.62%) and the General Public (10%).

## About Line 6 Expansion Project

Alba's Line 6 Expansion Project is one of the largest brownfield developments in the region. Expected to begin production by January 1st 2019, this Project will boost the smelter's per-annum production by 540,000 metric tonnes, bringing its total production capacity to 1.5 million metric tonnes per year.

With a CAPEX of approximately US\$ 3 billion, the Line 6 Expansion Project involves the construction of a sixth pot line utilising EGA's proprietary DX+ Ultra Technology, a 1,792 MW Power Station (Power Station 5) and other industrial services.

Bechtel is the EPCM contractor for the Line 6 Expansion Project smelter. For Power Station 5 (PS 5), GE and GAMA Consortium was awarded the EPC contract, while Siemens is the Power Distribution System contractor. J.P. Morgan, Gulf International Bank (GIB) and National Bank of Bahrain (NBB) are the Financial Advisors for this Project. In June 2015, Alba Board approved the Line 6 Expansion Project and in November 2015, Alba secured the natural gas supply for this Project.

Alba successfully closed a **US\$ 1.5 Billion** syndicated term-loan facility comprising two tranches: Conventional Facility & Islamic Facility in October 2016, the 1st tranche of the Export Credit Financing of c. **US\$ 700 million** for Euler Hermes and SERV-covered facilities in July 2017 and the first part of 2nd ECA-tranche of **EUR 204.5 million** for Bpifrance Assurance Export ("BpiAE") and Euler Hermes-covered facilities in April 2018. The Company is looking to secure the final part of 2nd ECA-tranche by Q3 2018.

The Front End Engineering Design (FEED) study for the Project was completed in the first quarter of 2017. The construction site-works have started in the second quarter of 2017 while the mass earthworks was completed by the end of the third quarter of 2017 as per schedule. Alba has also laid the First Concrete in Potline 6 Foundation in May 2017 wherein the concrete foundations will reach 85,000 m<sup>3</sup> upon completion by December 2018. As of June 30, 2018, Line 6 Smelter's Overall Progress exceeded 61% (Engineering progressed by more than 90% while Contracts and Procurement advanced by 95%); Power Station 5 & Power Distribution System Overall Progress exceeded 63% and 91% respectively.

The Line 6 Expansion Project will make Alba the world's largest single-site aluminium smelter and be a significant economic boost for the Kingdom of Bahrain due to the many co-investment opportunities through local and foreign aluminium investments.

**For further details, please contact:**



Eline Hilal  
Manager, Investor Relations and Corporate Secretary

**Tel:** (973) 1783 5100  
**E-mail:** [eline.hilal@alba.com.bh](mailto:eline.hilal@alba.com.bh)  
**Website:** [www.albasmelter.com.bh](http://www.albasmelter.com.bh)

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