

# Alba

Aluminium  
for the world

Aluminium Bahrain B.S.C.  
C.R. No. 999

# البا

المنيووم  
للعالم

المنيووم البحرين ش.م.ب.  
سجل تجاري رقم ٩٩٩

## Disclosure of Material Information

### To: Bahrain Bourse

Aluminium Bahrain B.S.C. (Alba) would like to announce the following material information:

### الإفصاح عن معلومات جوهرية

السادة / بورصة البحرين

تعلن المنيووم البحرين ش.م.ب. (البا) عن الإفصاح عن معلومات جوهرية المبين تفاصيلها أدناه:

Date	16 May 2024 16 مايو 2024	التاريخ
Company Name	Aluminium Bahrain B.S.C. (Alba) ألمنيوم البحرين ش.م.ب. (البا)	إسم الشركة
Trading Code	ALBH	رمز التداول
Subject	Aluminium Bahrain B.S.C. (Alba) has conducted its Q1 2024 Financial Results' Conference Call on Wednesday 15 May 2024 at 2:15 PM. Attached for reference is the Investor Relations (IR) Presentation along with the transcript for the call/webcast. عقدت المنيووم البحرين ش.م.ب. (البا) اجتماعاً هاتفياً لمناقشة الأداء المالي للربع الأول لعام 2024 يوم الأربعاء الموافق 15 مايو 2024 في تمام الساعة 02:15 ظهرًا. تجدون في المرفقات العرض التقديمي لعلاقات المستثمرين للربع الأول لعام 2024 بالإضافة إلى المحضر المفصل لمجريات الاجتماع الهاتفي.	الموضوع
Name	Eline Hilal	الإسم
Title	Director – Investor Relations, Insurance & Corporate Secretary	المسمى الوظيفي
Company Seal ختم الشركة	Signature التوقيع	
		

البا، مبنى ١٥٠، طريق ٩٤، عسكر، مجمع ٩٥١، مملكة البحرين ص.ب. ٥٧٠. تليفون: ١٧٨٣٠٠٠٠ (+٩٧٣) فاكس: ١٧٨٣٠٠٨٣ (+٩٧٣)

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# INVESTOR RELATIONS PRESENTATION

Q1 2024



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# 01

## INDUSTRY HIGHLIGHTS<sup>1</sup>



## Global Economy Bounces Back, Market Demand (+5% YoY)

- 🌐 The global economy is holding up better than expected, even with rising interest rates. Industrial production is poised for a comeback with key indicators pointing towards a positive outlook. While inflation is on a downward trend, progress is slower than anticipated due to persistent energy price risks and volatile shipping costs.
- 🌐 China leads demand growth fuelled by robust growth in renewables and electric vehicle (EV) sectors. Chinese aluminium consumption surged by 9% year-over-year (YoY).
- 🌐 Middle East region boasts a positive picture with demand climbing 7% YoY driven by higher consumption in the UAE (14% YoY) and KSA (8% YoY).
- 🌐 The eurozone presents a stark contrast. Its economy stagnated in Q4 2023 and continues to struggle in Q1 2024 – this was reflected in a 2% YoY drop in demand.
- 🌐 Sluggish consumption in the US persists due to inflationary pressures, down by 2% YoY.

## Global Aluminium Supply (+3% YoY), Mixed Signals Amid Geopolitical Tensions

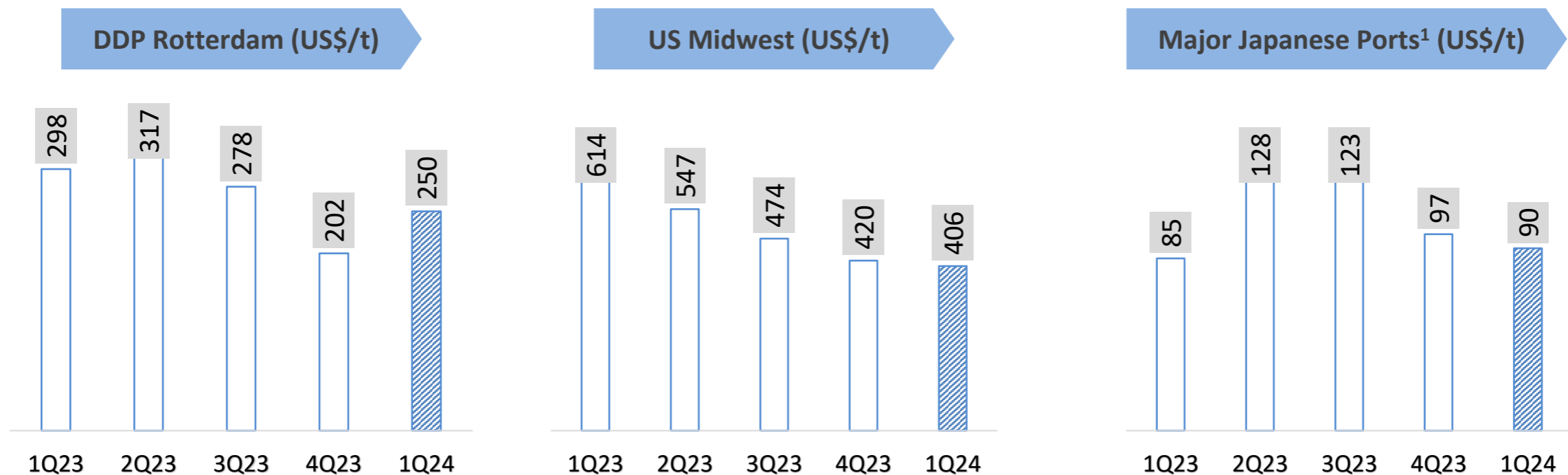


- China's production growth muted by hydropower shortage. Despite the restart of Yunnan smelters, Chinese aluminium supply climbed by 4% YoY.
- Middle East witnessed a rise in supply, +4% YoY, bolstered by a 29% surge from Saudi Arabia.
- European production edged up by 2% YoY, largely fuelled by increased output from Russian smelters.
- North America experienced a modest 1% YoY rise, primarily due to a 5% YoY increase from Canadian smelters, partially offset by the closure of the New Madrid smelter in the US (-13% YoY).
- The global market currently sits in surplus of 47kMT including China and deficit of 218kMT ex-China. This dynamic is further complicated by recent sanctions imposed by the US and UK on Russia. [These sanctions include an import ban on Russian aluminium and restrictions on activity at LME, where a significant portion of Russian aluminium is stored (with LME stocks of Russian origin reaching 91% of the total)].



## LME Price & Premiums

- Market uncertainty surrounding inflation and policy support measures pushed LME prices down to US\$2,200/t in Q1 2024, representing a drop of 8% YoY. Prices fluctuated between US\$2,110/t (lowest on 22 Jan'2024) and US\$2,337/t (highest on 02 Jan'2024).
- LME inventories remain at low levels at ~0.5 million MT (up by 5% YoY).
- Premium prices diverge regionally: DDP Rotterdam premiums up while MJP & US Midwest dip. [The recent Baltimore bridge collapse is expected to elevate US Midwest premiums in the short term].

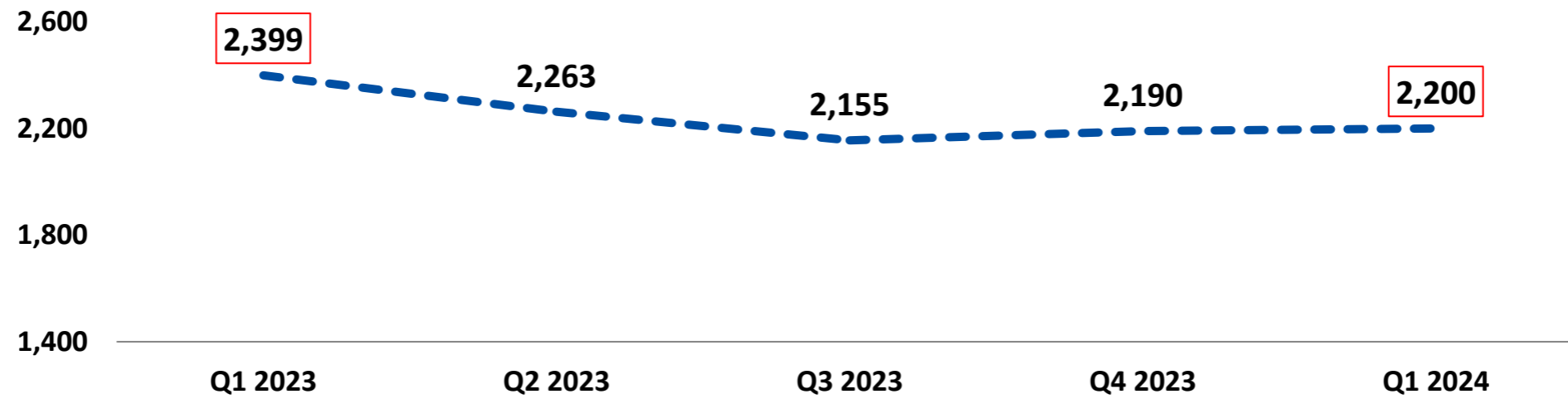


<sup>1</sup>Major Japanese Ports (MJP) is based on Cost, Insurance and Freight (CIF)

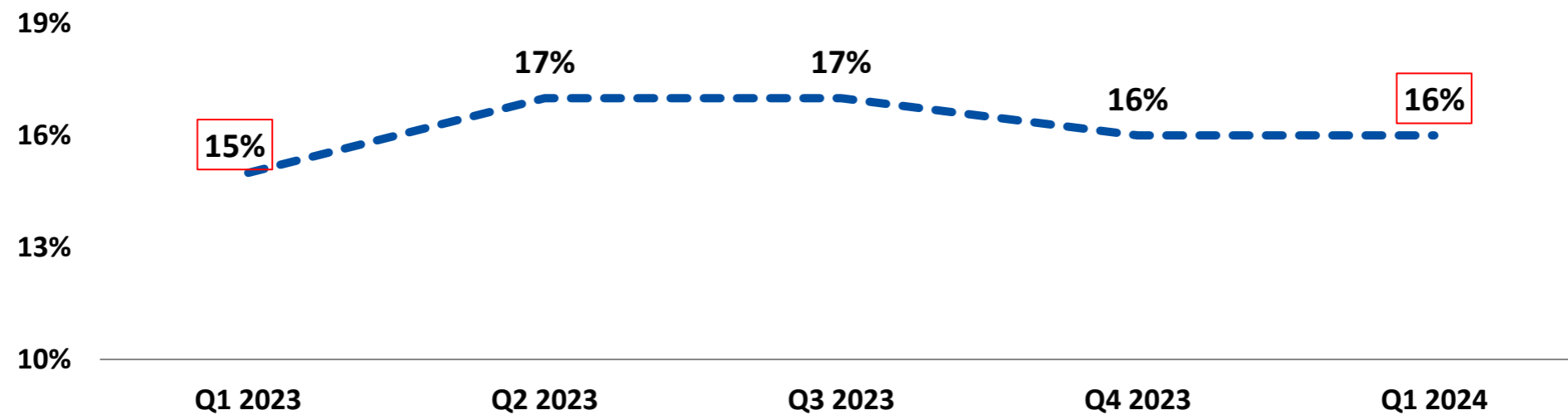


## Alumina Price: 16% of LME Price [US\$362/t]

LME Price Trend (US\$/t)



Alumina Price Index Trend (% of LME)

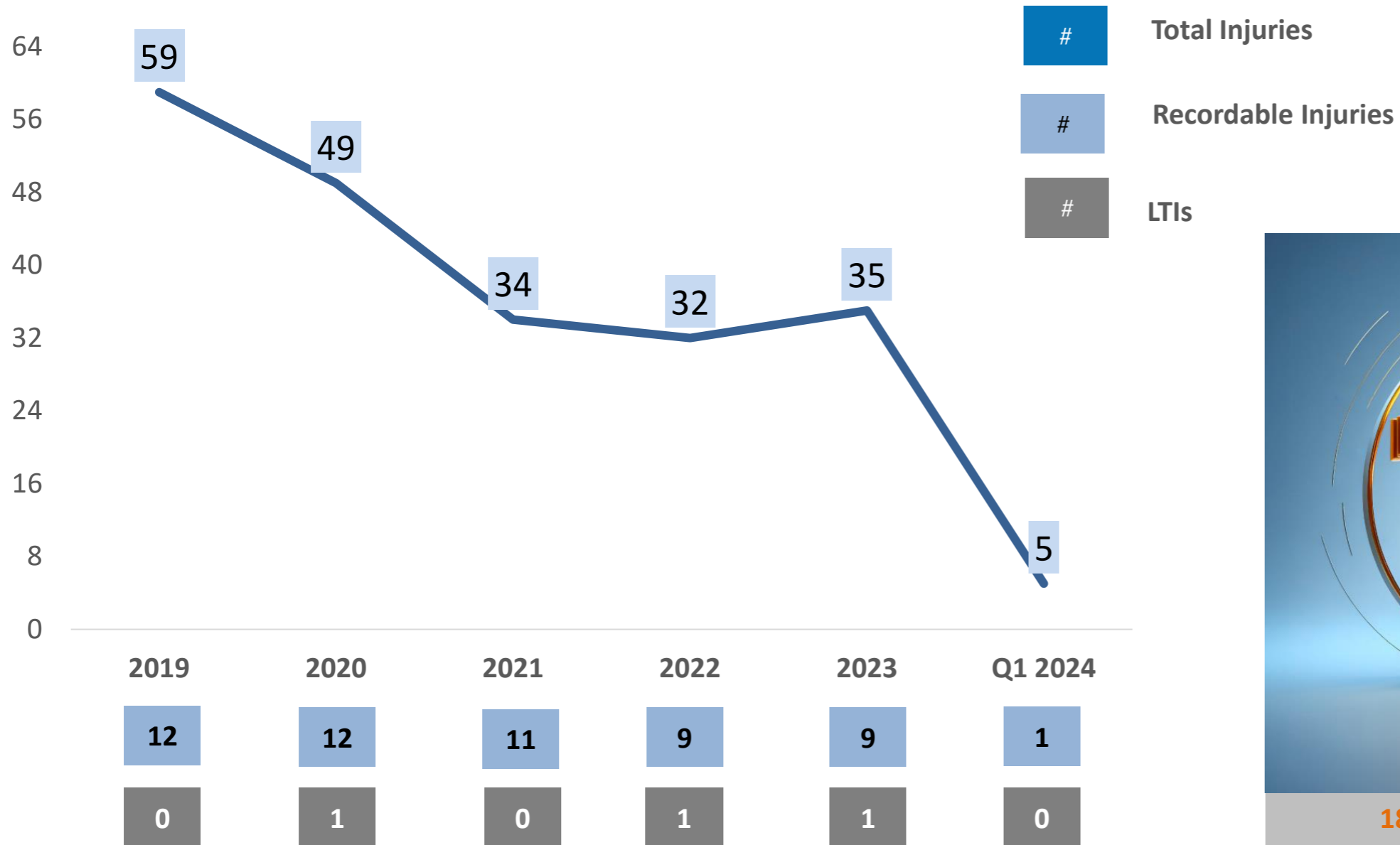




# 02

## ALBA HIGHLIGHTS<sup>1</sup>

# Safety in Numbers




**18 MILLION**  
SAFE-WORKING HOURS  
WITHOUT LTI

**18 Million** Safe Hours w/o LTI  
on 10 May 2024





## Alba Celebrates ESG Achievements and Plans Future Course



### **Safety First. Safety Always**

-  Launch of plant-wide 'SAFE and Healthy Ramadan' Campaign.


### **Empowering People**

-  Nine employees earned Professional Diploma in Waste Management from Arabian Gulf University (AGU).
-  12 exceptional employees, including 6 women, were recognized with the 'Inspirational Employee of the Year' Award.

### **Leading the Way, Sustainable Aluminium Production**

-  Inked an Associate Centre Partnership Agreement under the Advanced Manufacturing Industries Cluster with the World Economic Forum (WEF), cementing Alba's position as a leader in sustainable and innovative manufacturing.
-  Installing Solar Photovoltaic (PV) Power Generation System is underway across various locations within Alba.

### **2024 Objectives**

-  Safety Mirror: Continuous improvement in safety practices; Strategy Refresh: Strategy makeover; e-AI Hassalah: Embrace digital technologies to unlock further efficiencies; Upskilling & Reskilling: Empower human capital through targeted training programs.

### **Building for Tomorrow**

-  Power Station 5 Block 4 Project in progress as per schedule.

## CEO 2024 Objectives



### SAFETY MIRROR

مرآة  
السلامة

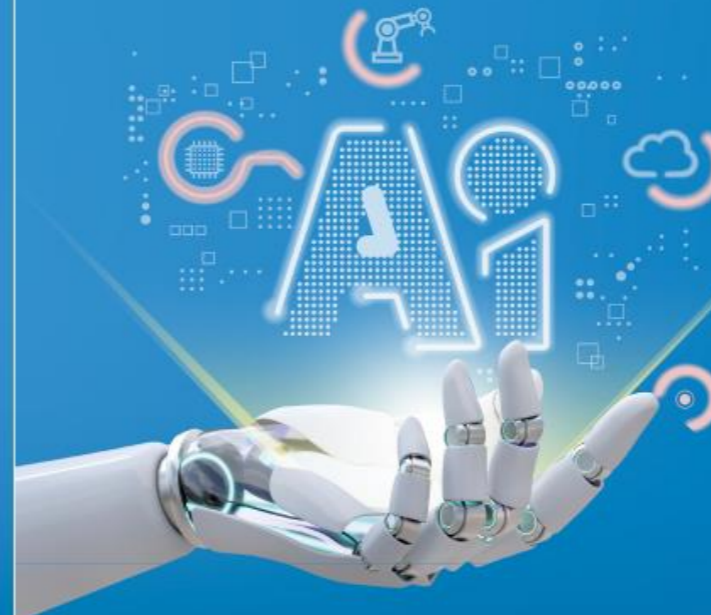


### STRATEGY REFRESH

تطوير  
الاستراتيجية



### e-AL HASSALAH الحصالة الرقمية







### UPSKILLING & RESKILLING

تعزيز وصقل  
المهارات

# ESG Journey by 2035



	Q2 2024	Q4 2024	Q2 2027*	2025-2027	2030	2035
	 <b>Alba Solar Farm</b>	 <b>Efficiency Upgrades</b>		 <b>Recycled Material</b>	 <b>Government Collaboration</b>	
<b>Initiative</b>	<b>6.23 MW</b> Solar Farm Capacity [Tender Awarded]	Commissioning Power Station 5 Block 4 & Retiring Older Power Stations  *Commissioning the 'New Replacement Line' & Retiring Lines 1-3		Remelting 15kMT - 30kMT of Secondary per Year	500-1,000 MW of Imported Grid Renewable Energy (offtake) with Public Tender Already Issued for 500 MW	

\* Subject to Government Approvals & Completion of Feasibility Study



## Major Operational Highlights

- 🌐 Sales volume topped 363,283 MT, up by 1% YoY, while Production rose to 405,893 MT, reflecting a 2% YoY growth.
- 🌐 Value Added Sales (VAP) averaged 70% of total shipments, corresponding to +10% YoY [VAP: 252,772 MT in Q1'24 versus 230,491 MT in Q1'23].
- 🌐 Alba secured a strategic 10-Year Gas Supply Deal with Bapco Energies, featuring a fixed price structure for the initial five years at a competitive US\$4 per million British thermal units (MMBTU).
- 🌐 Alba and EGA signed a comprehensive Technology Service Agreement for Reduction Line 6 which includes technical support services, monitoring services as well as operational consultation.

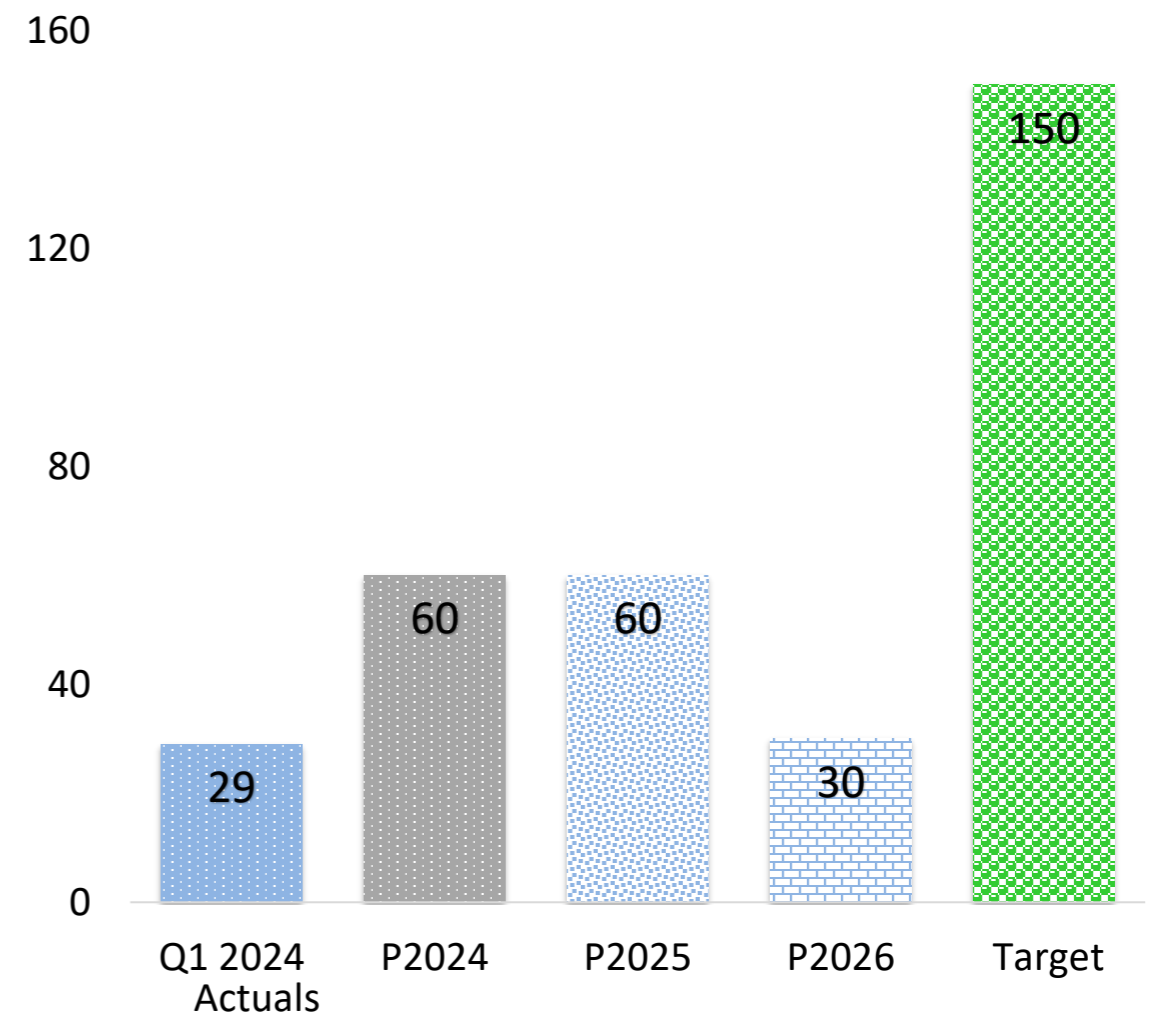
## e-AI Hassalah Programme (2024 – 2026)

**Description** A combination of **process improvement/optimization methods** and **Industry 4.0** focused to improve EBITDA [65% Bottom-up Projects/Ideas]

**Industry 4.0** Roadmap, Projects and business case evaluation and validation completed by the consultant

**Duration** **3-Year Program** from Jan'24 to Dec'26

e-AI Hassalah (US\$ Million)





## Financial Key Performance Indicators – Q1 2024

**EBITDA driven primarily by lower LME price & premiums**



**US\$180 million** down by 22% YoY

**US\$65 million** down by 48% YoY

**Free Cash Flow<sup>1</sup> impacted by working capital changes**



**Q1: US\$102 million** up by 31% YoY



**Net Income driven by lower EBITDA**

<sup>1</sup> Free Cash Flow excludes PS5 Block 4 CAPEX spending



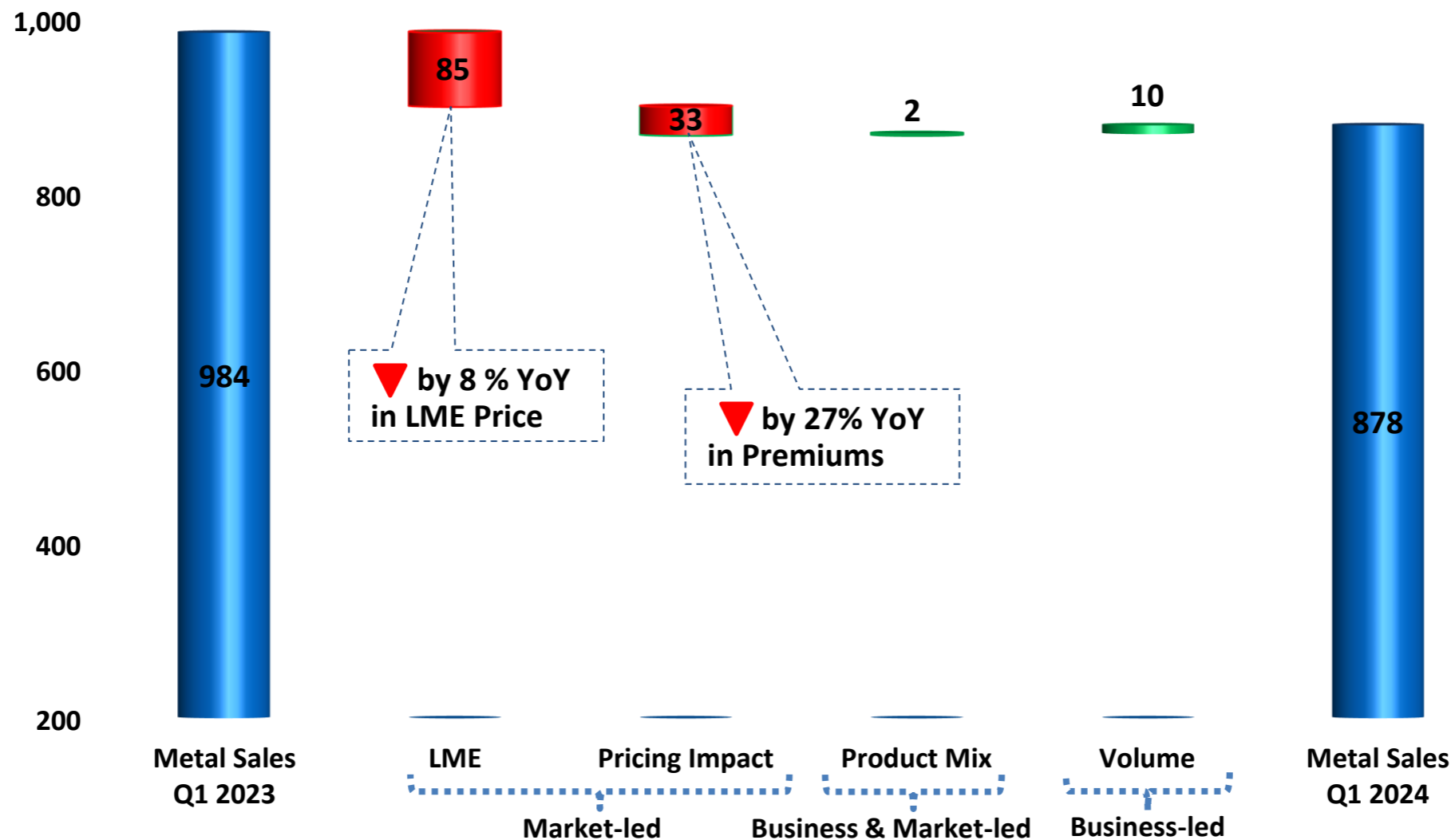
# 03

## Q1 2024 RESULTS

# Aluminium Industry: Supply Chain Disruptions & Geopolitical Tensions Weigh on Sentiment

Higher Sales' Volume Helped Mitigate Impact of Lower LME Prices & Premiums

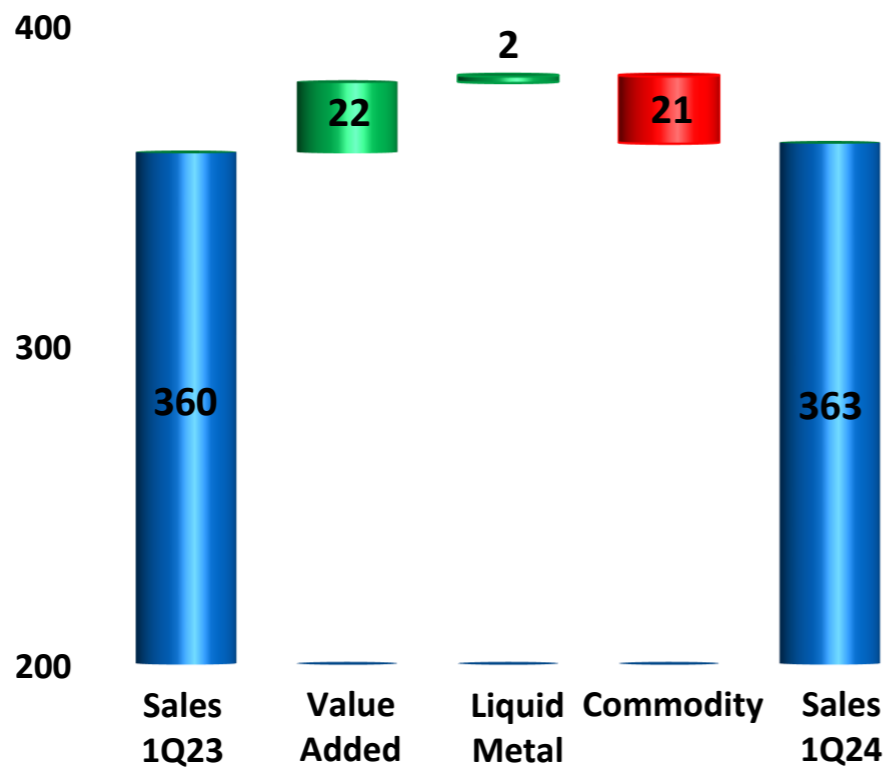
Metal Sales' Bridge (US\$M) – Q1 2024 vs. Q1 2023



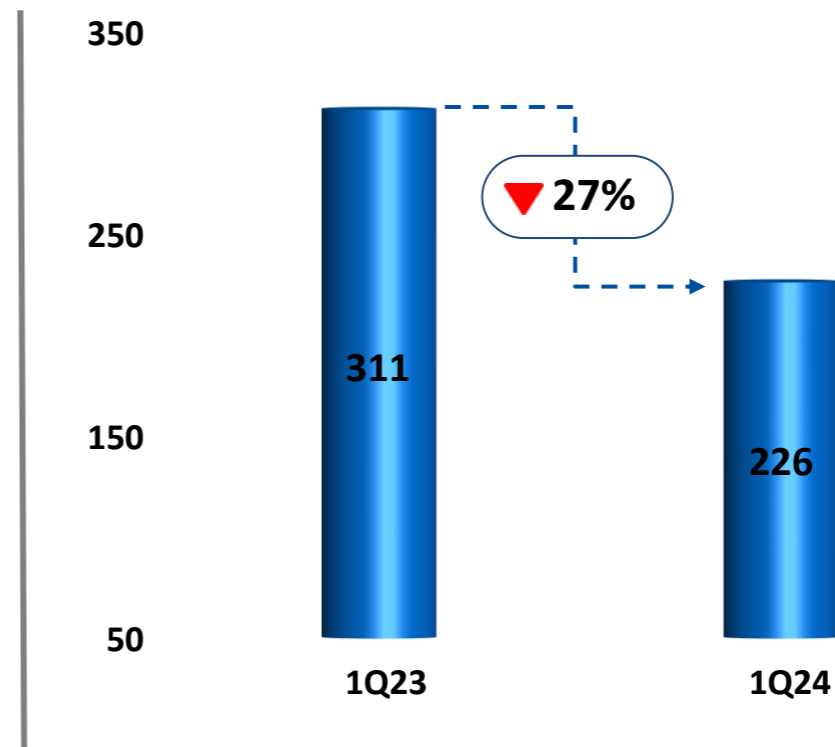
# Aluminium Industry: Supply Chain Disruptions & Geopolitical Tensions Weigh on Sentiment

Higher VAP | Higher Liquid Metal | Lower Commodities' Volume

Sales by Product-Line Bridge (MT'000)  
Q1 2024 vs. Q1 2023



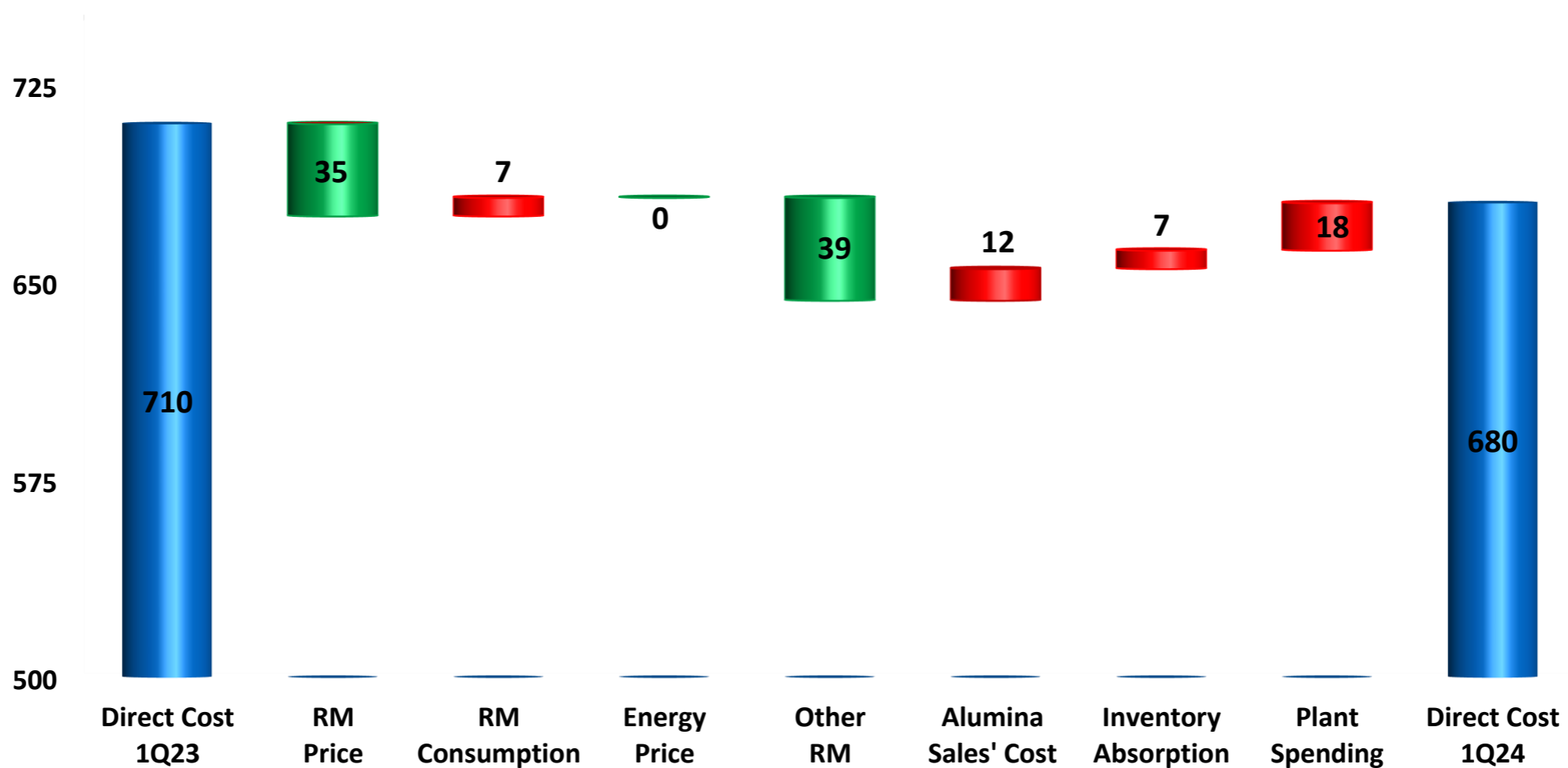
Premium Above LME Trend US\$ Per MT



# Aluminium Industry: Supply Chain Disruptions & Geopolitical Tensions Weigh on Sentiment

Lower Raw Material Prices Helped Control Direct Costs Despite Higher Costs in Other Areas

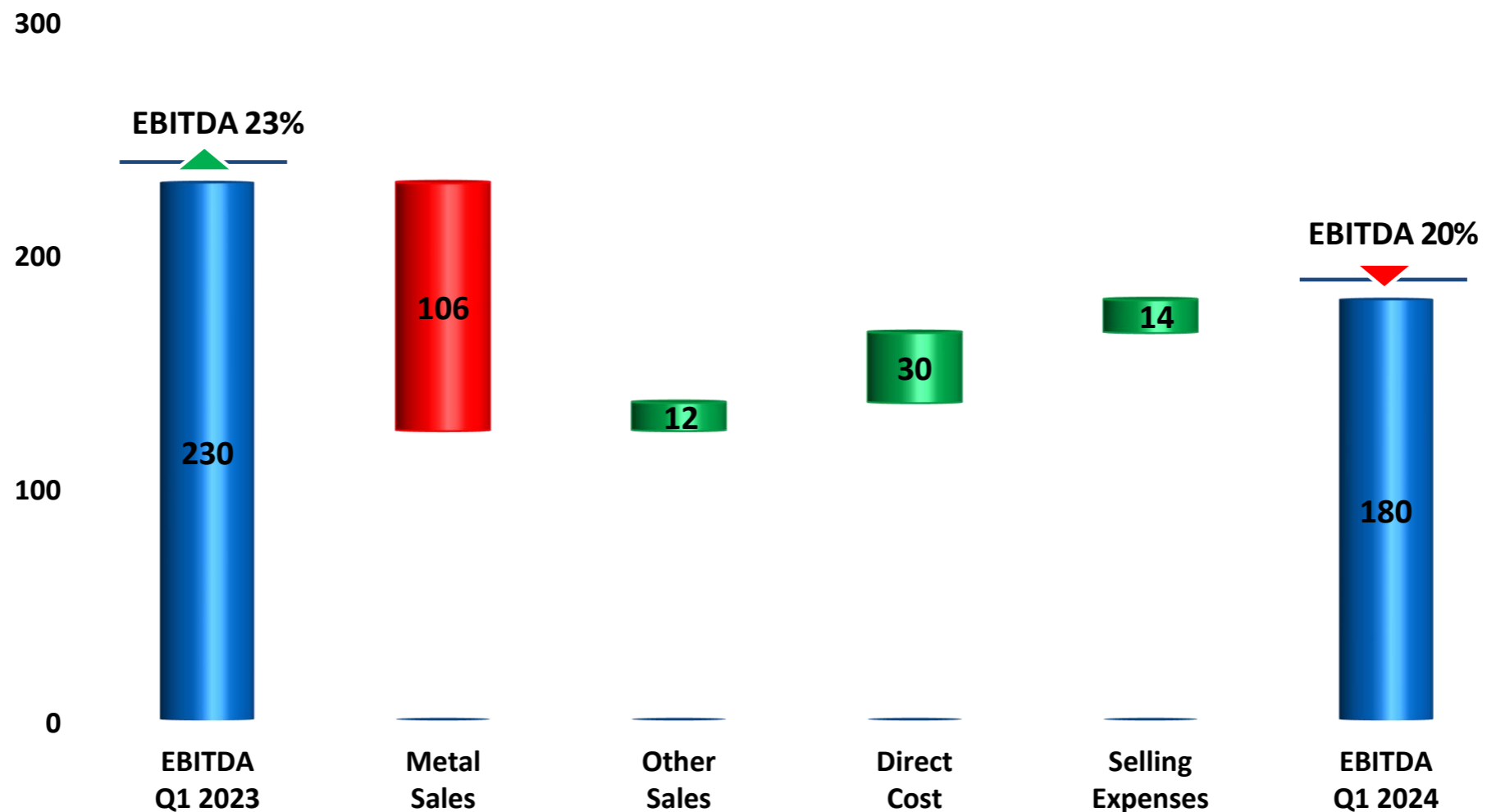
Direct Cost Bridge (US\$M) – Q1 2024 vs. Q1 2023



# Aluminium Industry: Supply Chain Disruptions & Geopolitical Tensions Weigh on Sentiment

EBITDA Bridge Gap Analysis – Q1 2024 vs. Q1 2023  
Lower EBITDA Margin at 20% Owing to Lower Top-Line

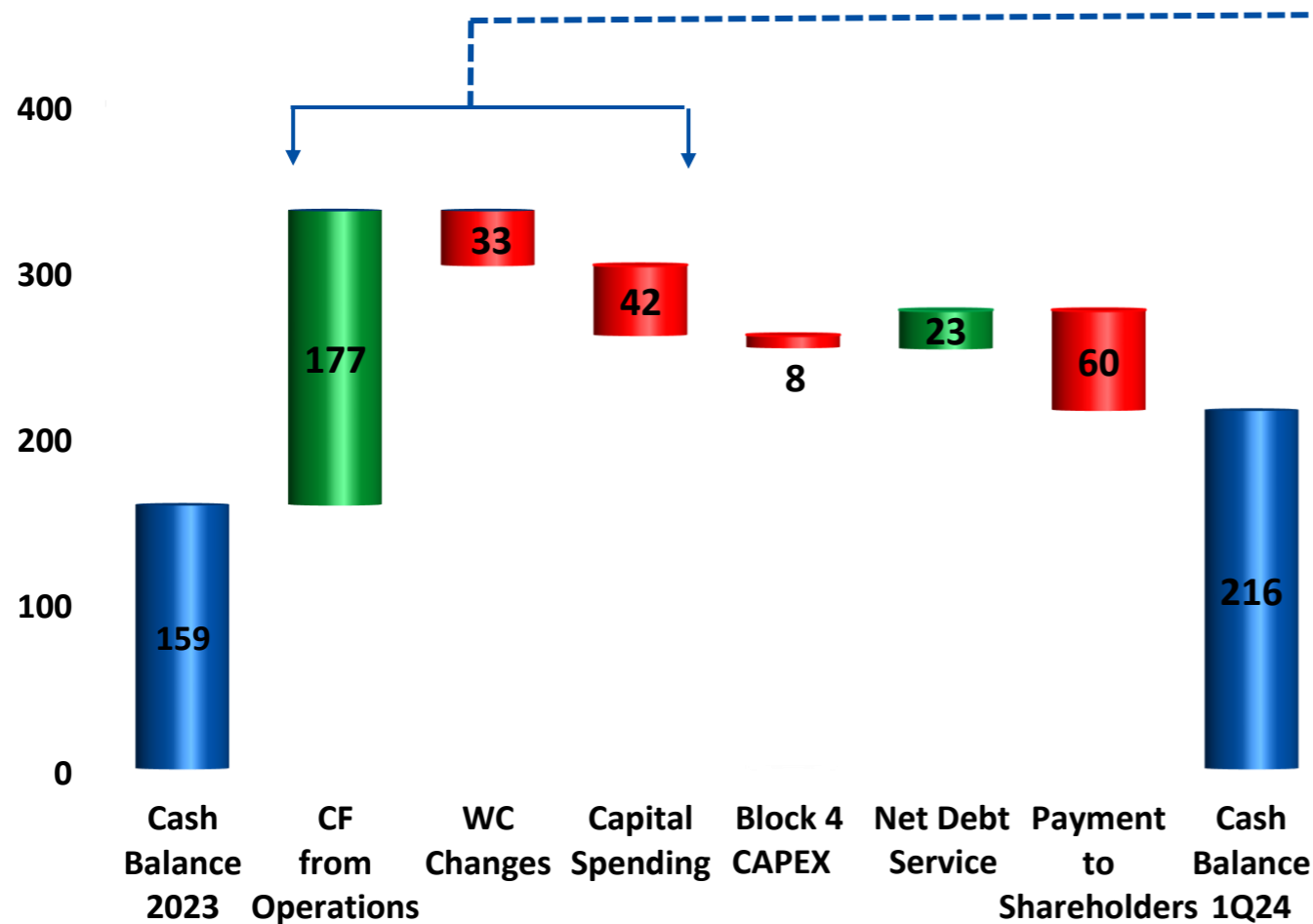
EBITDA Bridge (US\$M) – Q1 2024 vs. Q1 2023



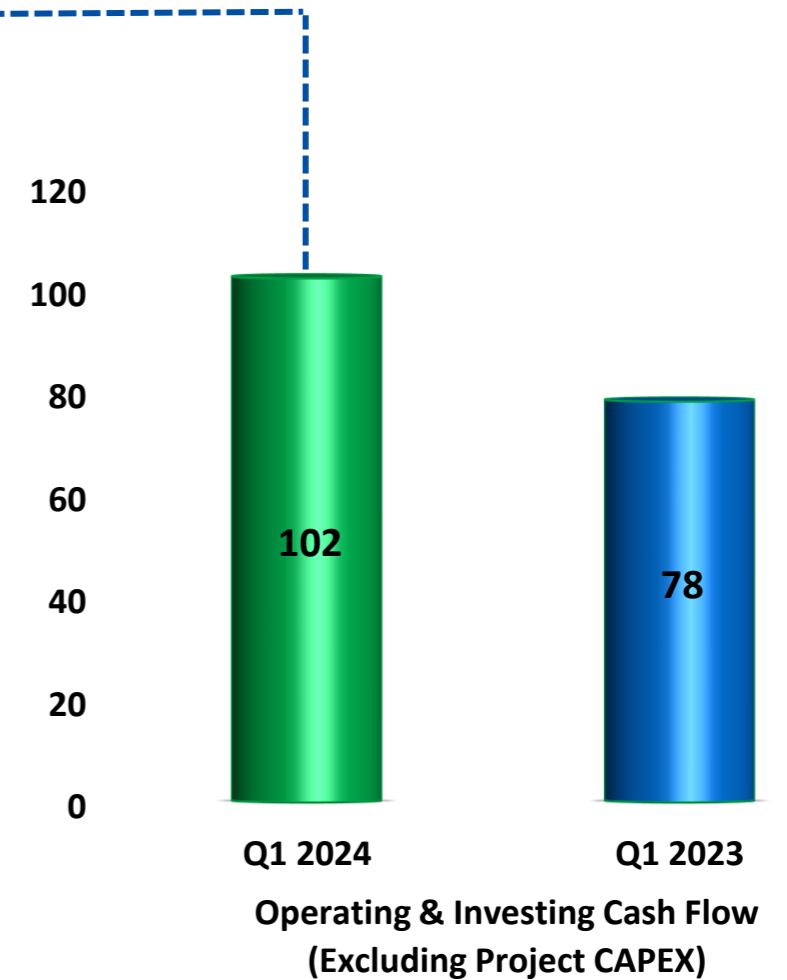
# Aluminium Industry: Supply Chain Disruptions & Geopolitical Tensions Weigh on Sentiment

## Cash-Flow Bridge FY 2023 to Q1 2024








FY 2023 to Q1 2024 Cash-Flow Bridge (US\$M)



Free Cash Flow (US\$M)



## Commodity price weakness (LME & premiums) Impact Financial Performance

Particulars	Q1 2024	Q1 2023
 Revenue <sup>1</sup> (US\$M)	890	984
 EBITDA (US\$M) <i>EBITDA%</i>	180 <i>20%</i>	230 <i>23%</i>
 Profit (US\$M)	65	126
 Gain/(Loss) Unrealised Derivatives (US\$M)	1	0
 Adjusted Profit <sup>2</sup> (US\$M)	64	126
 AVG Cash LME (US\$/MT)	2,200	2,399
 AVG API <sup>3</sup> (US\$/MT)	362	353

### (Price-to-Earnings) P/E Ratio

FY23	14
1Q24	71

### (Net Debt to EBITDA) Leverage Ratio

FY23	1.74
1Q24	1.81

### (Working Capital % of Sales )

FY23	27%
1Q24	28%





# 04

## INDUSTRY PERSPECTIVES<sup>1</sup> IN 2024

## Aluminium Market Outlook: Uncertainties Cloud Short-Term Prospects

- 🌐 **Macroeconomic Headwinds:** Concerns over persistent inflation and the effectiveness of government support measures continue to cast a shadow on the aluminium market. Strong dollar may limit LME price increases.
- 🌐 **Demand, A Delicate Balance:** Despite initial restocking activities, consumer confidence in near-term interest rate cuts is waning. This could lead to a renewed drop in demand, potentially offsetting the recent improvement. The automotive sector remains the primary driver, although overall demand is expected to remain modest in Q2 2024.
- 🌐 **Geopolitical Tensions and Freight Rate Fluctuations:** While disruptions persist in the Red Sea, freight rate stabilization has shifted the focus back to demand. Geopolitical tensions remain a significant unknown factor that could influence market dynamics.
- 🌐 **LME Price Forecast:** LME prices are expected to range between US\$2,250/t and US\$2,350/t in the near term.

## Industry Perspectives in 2024

### Feedstock Trends ( $\text{Al}_2\text{O}_3$ , $\text{AlF}_3$ and GPC)

- Alumina prices may see modest hikes due to increased short-term demand from China.
- Aluminium Fluoride prices are likely to experience a slight upward correction due to reduced supply.
- Carbon product prices (GPC, CPC, and Anodes) are likely to remain under pressure due to ongoing market uncertainty.
- Liquid Pitch prices are expected to stay high due to a decrease in coal tar supply.




# 05



## 2024 ALBA PRIORITIES

## Alba: Safe, Sustainable, Successful




### **Leading the Way: Safety First, Sustainability Always**

-  Aligned with Bahrain's objective of net-zero emissions by 2060, Alba embeds sustainability principles in all operations, minimizing environmental impact from raw material sourcing to product delivery.

### **Operational Excellence and Growth**

-  Exceed 2023 Net Finished Production of 1,620,665 MT & achieve e-Al Hassalah 2024 Target of US\$60 million (versus 2026 Target of US\$150 million).
-  Maintain active pursuit to source upstream resources to meet one-third of its alumina needs.

### **Capacity Expansion and Efficiency Enhancement**

-  Leverage its industry-leading certifications such as Aluminium Stewardship Initiative (ASI) and Ecovadis to penetrate new markets and drive growth in Value Added Sales (VAP).
-  Complete Block 4 Project by Q4 2024 and Solar Farm by Q2 2024.
-  Review Feasibility Study Class III for 'New Replacement Line' (previously Line 7).



# 06

## APPENDIX

## Alba Shareholder's Structure



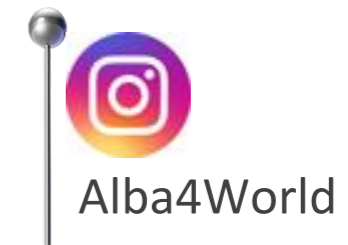
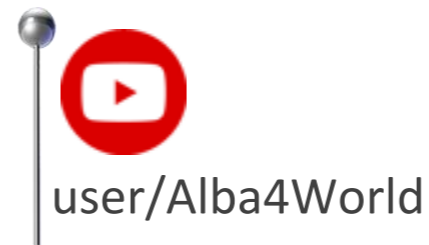
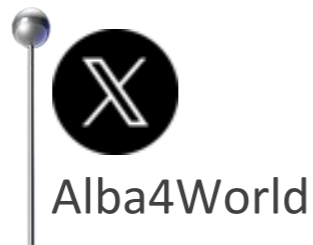
- Alba was converted into a Bahrain Public Joint Stock Company on 23 November 2010
- Alba shares are listed on two exchanges: Ordinary Shares on Bahrain Bourse and Global Depository Receipts (GDRs) on the London Stock Exchange – Alternative Investment Market
- Alba Ticker [BHB: ALBH, BD1.220 on 31 March 2024]



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[InvestorRelations@alba.com.bh](mailto:InvestorRelations@alba.com.bh)







# **SICO Bank – Aluminium Bahrain Webcast Q1-2024**

Wednesday 15 May 2024

**Nadia:** Good day and thank you for standing by. Welcome to Aluminium Bahrain First Quarter 2024 Webcast and Conference Call. At this time, all participants are in listen-only mode. After the speaker's presentation, there will be the question and answer session. To ask a question during the session over the phone, you need to press star, one, one on your telephone keypad. You will then hear an automated message advising your hand is raised. To withdraw your question, please press star, one, one again. Alternatively, you can submit your questions via the webcast. Please be advised that today's conference is being recorded. I would now like to hand the conference over to our first speaker today, Eline Hilal, Director of Investor Relations. Please go ahead.

## **Presentation**

Eline Hilal

*Director of Investor Relations, Aluminium Bahrain*

### **Opening remarks**

Thank you Nadia, and good afternoon everyone, hope you are keeping well. This is Aluminium Bahrain Q1-2024 Financial Results. This call will be chaired by the CEO, Ali Albaqali, our acting CEO, Ahmed Abdul Qader, and myself. If we can please move into page number three, as always we have the same content, and nothing has changed so far. I will be covering the first two sections for the industry highlights, as well as Alba's highlights. Then our Acting CFO, Ahmed Abdul Qader, will give us more insights about Alba's financial performance for this quarter. And in the last two sections, the CEO will provide us with his insights on industry perspective as well as Alba's priorities for the remainder of 2024.

And without further ado, I will jump into slide number four. This is for the industry highlights; this is a quick note to notify you that the insights that you see in these sections are extracted from CRU market intelligence.

Slide number five is about the consumption of aluminium. As the global economy bounces back, we have seen the global demand going up by 5% year over year. And recently, we also note that the global economy is holding up better than expected, despite the rising interest rates. Industrial production is poised for a comeback with the key indicators pointing towards a positive outlook. While inflation, as we have seen, is on a downward trend, the progress is slower than anticipated due to persistent energy price risks and volatile shipping costs. China is taking the lead this quarter, with the demand to growth fuelled by robust growth in renewable and electric vehicles, and because of that, the consumption has surged by 9% year over year. With regard to the Middle East region, it has boasted a positive picture with demand climbing 7% year over year, adjustment by higher consumption in the UAE and KSA in respectively, and 14% and 8% respectively.

As for the Eurozone, it's still presenting a stark contrast; its economy is stagnated in Q4 2023 and it continues to struggle for the first quarter of this year. This was reflected in a 2% year over year drop in the aluminium demand. As for the US, we have seen a sluggish consumption and this sluggish consumption is mainly due to inflationary pressure which has driven the consumption down 2% year over year.

Moving further into the supply slide which is slide number six. So the global aluminium supply was up by 3% year over year, despite mixed signals amid geopolitical tension. Again, China has led as well in terms of production within this quarter. The growth in China was muted by hydropower shortage and despite the restart of Yunnan smelters, the supply rose only by 4% year over year. With respect to the supply in the Middle East, it has also seen a good increase 4% year over year, and that was mainly bolstered by a 29% surge from Saudi Arabia. As for the European production, it has edged higher by 2% year over year, largely fuelled by increased output from Russian smelters. North America has also experienced a modest increase of 1% year over year increase, primarily due to 5% year over year increase from Canadian smelters, and partially offset by the closure of the new Madrid smelter in the US. In respect of the global market, it is currently sitting in surplus of about 50,000 metric tonnes including China, and if we exclude China, the global market is in deficit of about 220,000 metric tonnes. This dynamic is further complicated by the recent sanctions imposed by the United States and the UK on Russia. These sanctions include an import ban on the Russian aluminium as well as a restriction on activity at the [inaudible] metal exchange; while a significant portion of Russian aluminium is restored, and LME stocks of Russian origin have reached 91% of the total.

Moving further into the LME price as well as premium, which is slide seven. The market uncertainty surrounding the inflation and the policy support measures have pushed the LME prices down for Q1 2024, representing a drop of 8% year over year. The Q1 2024 LME price averaged 2,200. With respect to the inventories on slide six, the main inventories in the LME registered houses are actually from Russian origin, and inventories remain at low level at above 0.5 million metric tonnes. With respect to the premium prices, as you see in the bottom charts, the premium prices are diverse regionally. For DDP Rotterdam, premium was up, as you see between Q4 2023 and Q1 2024, while the major Japanese port and the US Mid-West have dipped. As we know, the recent Baltimore bridge collapse that has occurred in the last couple of weeks is expecting to elevate the US premiums in the short term.

In this slide, we are highlighting the alumina price index, which averaged \$362 per tonne, and representing 16% of the LME price. As stated previously the LME price averaged \$2,200 for the first quarter of this year. And with that, we finish from the first section and now we will dive into Alba's major highlights for the first quarter of the year.

As always, we start with safety -- safety in numbers. For the first quarter of 2024 we had one recordable injury and zero LTI as per the chart on the left. As for the image on the right, we this relates to our latest Safety achievement of 18 million safe working hours without LTI on 10 May of this year.

Moving further into our ESG achievements and our plan for the future. In this slide, I would like to highlight that everything you see is actually based on public information. We are just reiterating these, for further insights, you will need to visit our website or ask us for any question you have at a later stage. We always think safety first and safety always. And with that in mind, Alba has launched a plant-wide safe and healthy Ramadan campaign during the holy month of Ramadan. In terms of empowering people, we are looking at the S, social, within the ESG. We have nine employees who have earned a professional diploma in the waste management from the Arabian Gulf University, and 12 exceptional employees including six women who are recognised with the Inspirational Employee of the Year Award.

On the environment front, we have had two major events, the first one is inking an Associate Centre Partnership Agreement under the Advanced Manufacturing Industries Clusters with The World Economic Forum, to cement Alba's position as a leader in sustainable and innovative manufacturing. We have started the installation of the solar photovoltaic power generation system, and this is hopefully expected to be completed within the end of the third quarter of this year.

With regards to Alba's 2024 plant-wide objectives, our CEO has launched during the CEO annual majlis back in January of this year, four major objectives. The first one is the safety mirror[?], and he explained as everything we do in terms of continuous improvement in our safety practices. Strategy refresh, this is the strategy makeover of the company, specifically with regards to our short-term strategic initiatives, e-Al-Hassalah and I'm going to talk about more about that in few slides. This is about embracing digital technology to unlock further efficiencies. And the last strategic objective is upskilling and reskilling, empowering our employees through training programmes. In terms of what we are doing for the future, as we all know, Alba is in the process of constructing its Block 4 of Power Station 5. You may have read recently that we have had the first fire for Block 4, and we are pleased to say that Power Station 5 Block 4 project is in progress as per schedule to be completed in Q4 of this year.

I kept this slide on Alba's ESG Journey by 2023 on purpose because this is a roadmap. We have provided an update about Alba solar farm which is underway today and we are hoping to install all solar panels on the rooftop of our carpark as well as on the rooftop of some of our buildings by Q3 of 2024.

I also want to add under the efficiency upgrade that yesterday during our board meeting, our directors have changed the name of Line 7, Line 7 is no longer called Line 7, but it will be called the New Replacement Line, for one reason, we will be building this line because we will be replacing lines one to three. Otherwise, everything else in this roadmap in the roadmap remains same.

In terms of our major operational highlights (slide 14), our sales volume has topped about 364,000 tonnes, up by about 1% year over year, while our production rose by about 2% year over year, to sit at about 406,000 metric tonnes. Our value added sales have averaged 70% of total sales, corresponding to plus 10% year over year increase versus the last quarter of 2023. We want to reiterate, if you remember back in January, Alba has secured a strategic ten year gas supply with Bapco Energies featuring a fixed price structure for the initial five years at a competitive price of \$4 per million British thermal units. We also signed a comprehensive technology agreement with Emirates Global Aluminium for the reduction Line 6. As you know the technology for Line 6 is based on EGA DX+. That agreement will secure for us technical support services as well as monitoring services in addition to operational consultation for reduction Line 6.

Moving now into slide 15, this is for e-Al-Hassalah programme. If you remember a couple of minutes ago I stated that the CEO has launched the 2024 objectives. One of the objectives was about e-Al-Hassalah programme. If you remember (from the footer of this slide), we have sustained e-Al-Hassalah savings for 2023 at \$115.34 million. The former Al-Hassalah programme ended back in December 2022; the achieved savings for Al-Hassalah programme in 2022 have been sustained throughout 2023. However, in the wake of industry 4.0 and as the company aims to adopt digital technologies, we have launched e-Al-Hassalah programme.

This is a three-year programme that started in Q1 of 2024 and will be completed by the last quarter of 2026. The aim of this programme is to achieve \$150 million savings over three years, the first year which is this year, 2024, we are targeting to achieve a \$60 million savings, and \$60 million for 2025, while for 2026 it is going to be \$30 million savings. For Q1 of this year, we have achieved \$29 million versus a target savings of \$60 million in 2024.

I want to add, as stated in the previous slide about the agreement with the World Economic Forum, our plan is to actually be part of the Global Lighthouse Network and for that reason, this programme has been reviewed by a consultant to enable us to apply to the Global Lighthouse Network. This programme will target to achieve savings from various mediums from the sales, the plant operation, supply chain as well as energy.

This is the last slide for this section which is the financial KPIs. I would like to mention that our EBITDA performance was driven primarily by a drop in the aluminium price of 8% over the year, as well as about 28% drop in the premiums. Of course, a lower EBITDA means lower net profit. In terms of our free cash flow, the free cash flow was impacted by working capital changes and has seen a good growth of about 31% year over year.

And with that finished, I will be happy to give the floor to the acting CFO, Ahmed Abdul Qader, to take us through section number three and give us more insights about Alba's performance for the first quarter of this year.

## **Presentation**

Ahmed Abdul Qader

*Acting CFO, Aluminium Bahrain*

Thank you, Eline, and good afternoon to all. I am pleased to have the opportunity to provide you an overview of our financial highlight for the first quarter of the year, 2024. So we start at slide 18, and looking at our sales bridge for the first quarter in the year 2023, in comparison to quarter one, 2024. We have seen that our turnover has dropped by approximately \$100 million, and this is mainly due to a decline in the LME price overall in the [inaudible] around \$200 per metric tonne, as well as we have witnessed a decrease in the market premium prices where [inaudible]. However, this negative impact were partially offset with our high sales volume in the quarter by 3,000 metric tonne.

If we move to slide 19, and looking first at the chart on the left hand side, we can see that our sales volume has increased to 363,000 metric tonnes, and this is mainly driven by a high sales volume in our value added product. And as Eline explained in her slide, the year to date value added percentage of sales is now 70%. Now, despite with our strong VAP sales volume, we could see the chart on the right shows us our average premium dropped to \$226 per metric tonne, and this is generally because of the market premium prices has dropped in the market.

So if we move on to slide 20 on the direct cost bridge, we have seen an improvement comparing to the same quarter of the last year. And this is mainly due to the drop in the raw material prices, especially on our GPC material and even on the other raw material. However, this price production[?], this improvement has been offset, mainly due to our higher production in this quarter, compared to the last quarter in the year 2023.

So this would bring us to our EBITDA chart, slide 21, and this shows that our EBITDA for the quarter is \$180 billion and the EBITDA percentage is 20%.

Moving on, on slide 22, turning to our working capital and cash flow. We closed the quarter with a cash balance of \$215 million. And when it comes to our capital spending recorded at \$42 million, we have unfavourable working capital changes of around \$33 million. The spending on the project of Block 4 is \$8 million and our dividend payment in the year has been \$60 million.

So this brings us to the final slide in the financial highlight section. This would be our overall summary of our key financial highlights in this quarter of the year. So in conclusion, while we faced some headwinds from a lower LME prices in the market prices, we remain to have high strung sales volume and we remain to be disciplined in our cost [inaudible]. So this makes our net profit for the year \$65 million, and our EBITDA of \$180 million. And we remain in compliance with our covenant, the financial covenant. And this brings to the end my section, and I will now hand it over to our CEO, Ali Albaqali, to cover the rest of the slide. Thank you all.

## **Presentation**

Ali Albaqali

*CEO, Aluminium Bahrain*

Thank you Ahmed, thank you Eline. Good morning, good afternoon everybody. I will take you through the last two sections, the industry perspective and Alba priorities. Page 25, which is related to the industry perspective, market influenced by several factors such as demand and supply, and we can see that the billets demand is likely to be pushed by the construction factors remaining in Europe. And in North America it will be up by quarter three and quarter four in order to cover the market demand there. There is good news maybe for the aluminium, maybe in terms for us. Yesterday, President Biden, he imposed a huge tariff on certain goods, mainly steel and aluminium, which is 25%, on goods imported from China; this definitely will impact the aluminium market and maybe it will push the prices a bit up and the premium also it will be going up a little bit.

Also from [inaudible] perspective, we can see that the Red Sea issue still continue. For Alba, beginning, we are having our own plan B in order to deliver our metals to our customers, safely, and on the right time. We did our own exercise [inaudible] to the customers, in order to put the plan in place. We managed to ship a lot of cargos ahead of plan by [inaudible] in order to make sure that there is sufficient inventory to meet the customer demand. However, in terms of the LME forecast, based on the CRU forecast production, they are estimating the LME will be within the range of \$2,250 per metric tonne, to \$2,350 per metric tonne, but if you look at the price today, the price is above \$2,400. From day to day it is different but considering [inaudible] maybe the price will be standard in \$2,400, \$2500 by the end of the year.

Moving to the last slide, slide number 26 which is about material prices. Unfortunately, in the beginning of the year, Alcoa, they announced their plan to shut down the Kwinana refinery. The Kwinana refinery is located in Australia and their capacity is around 2.1 million tonnes. Once they announced that closure, the alumina price a little bit increased and reached about \$400 per metric tonne. And just for your information, in order to produce one tonne of aluminium, we need two tonnes of alumina. For the list of other raw materials, like the aluminium fluoride,

we noticed that there is also a slide increase in the price, but this is almost – and it will be maintained or there is no big issue in terms of increasing the price for the coming few months.

However, the GTC, CBC and anode[?] supply still under pressure because of shortage of the main raw material in China. However, the liquid pitch, we see there is some single indication that the price is reducing a little bit.

Moving to the last section in the IR presentation which is our priorities, by the end of the year of 2024, definitely CBC[?] is a top priority for us with [inaudible] we achieved 18 million hours without loss and injuries on last weekend. And this is an indication that we are moving on the right track in terms of giving awareness to our employees. The big challenge now for us is the coming summer. We noted Bahrain and the GTC in summer, especially in June, July, August will be a tough summer similar to last year, but we did all our preparation to make our employees and the plan safe, by having our own plan to mitigate the – the summer challenges.

Also one of our targets or objectives we have to achieve in terms of operational size, we are towards achieving our finish production by the end of the year, we would like to target more than 1.6 million tonnes which is always a challenge to exceed the previous year production. And as Eline mentioned also in the beginning of the presentation, we introduced this year our e-Al-Hafsala[?]. e-Al-Hafsala [inaudible] it is a three-year programme, targeting 150 million; and so far I think we are doing good. And we are going to continue on a quarterly basis to update you with the progress of e-Al-Hafsala. However, from other perspectives, we are pushing to achieve completion of the Block 4, which adding extra capacity to our power stations by 680 megawatts. This will enable us, once we complete the project's final quarter for this year, we will be more efficient in terms of utilising the natural gas as well as reduce our carbon emission opportunity by maybe 0.5 carbon intensity percentage. Regarding the certification, we are very proud also to announce that we get a Lithium[?] certificate in Ecovadis this time. I think we are the first maybe smelter in the region with this recognition. However, also maybe just before one week, we announced also our new product called Eternal as Eline mentioned. Eternal is a low carbon product 15%, and Eternal 30%, and this will be helping us to have a new product in the market with low carbon emissions. So far, regarding the New Replacement Line, which is previously Line 7, we discussed this and the [inaudible] submit the clause three [inaudible] study. However, based on the discussion during the board and we request [Inaudible] to run the numbers in different stand[?] or requirements, and we are going to update everybody later on, on the New Replacement Line which is Line 7 to the group.

By this, I end the presentation and I will leave the floor now to Eline to get any questions and we are willing to answer.

## Q&A

**Eline Hilal:** Thank you. Back to you, Nadia.

**Operator:** Thank you so much, dear participants. As a reminder, if you wish to ask a question over the phone, please press star one one on your telephone keypad and wait for your name to be announced. To withdraw a question, please press star one one again. Alternatively, you can submit your questions via the webcast please. Please stand by, we will compile the Q&A roster. This will take a few moments. And now we are going to take our first question over the

phone line. And it comes from the line of Akash Tomar[?] from SICO. Your line is open. Please ask your question.

**Akash Tomar (SICO):** Well, good afternoon everyone. Thank you for the detailed presentation. I have one question on the financial costs. Can you comment and give some more colour what led to the reduction in interest expense? So the almost half, if we look quarter on quarter, and the debt hasn't changed much. So if you can give some more colour there. Thank you.

**Ahmed Abdul Qader:** Thank you for the question. So to me, to get your question very clearly. So you are referring on the finance costs only and the interest costs and compare to last year?

**Akash Tomar:** Yes. Compared to quarter four.

**Ahmed Abdul Qader:** Yes, yes. So generally our interest costs or the financial cost remain to be consistent. Although you might see there is a bit difference in comparison last quarter. And this is mainly due to the recognition of the transaction costs. So the unamortised portion of transaction costs, we have to recognise it since we have settled some of our ACA[?] facility. But overall, the market sell high when it comes to the interest rate and the and the SOFR rate. But the good thing that we have an IRS position which going to hedge our corporate loan facility at 50%. So overall the market continue to be high in the interest cost, but we managed to offset it due to our IRS position.

**Akash Tomar:** Okay. Just to be clear, should we be expecting the same levels as seen this quarter or the previous quarter? What would be the normalised level for interest costs?

**Ahmed Abdul Qader:** Of course. The majority should remain consistent because most of those facility, their interest, the SOFR has been fixed. But anyhow, we have to see the volatility. So depending if the Federal Reserve have made any announcement of cuts in the federal rate. So this will have also some implication. But overall, we expect it to be consistent and even our working capital to be consistent throughout this period.

**Akash Tomar:** Great. Thank you. And all the best.

**Operator:** Thank you. Thank you. Now we're going to take our next question. Just give us a moment. And the question. Question comes from land of Nour Eldin Sherif from Arqaam Capital. Your line is open. Please ask your question.

**Nour Eldin Sherif (Arqaam Capital):** Yes. Thank you for the call and for the opportunity to ask questions. Just a couple of questions for me, if I may. We can take it one by one. We have seen in Q1 a drop in volumes compared to last quarter. Can you explain if that's just seasonal or due to some of the delays regarding Red Sea conflict?

**Eline Hilal:** Okay. Thank you for the question. If you allow me, I will take you into the slide where we have mentioned about our volume. It was also clearly explained by our acting CFO. If you look at this slide, you note that our sales for Q1 2023, they sat at 360,000 metric tons. We had an additional 22,000 metric tons for value added sales, 2,000 metric tons for liquid metal, and we had a drop of about 21,000 metric tons in our commodity that will take us to an addition of 3000 metric tons year over year.



**Ali Albaqali:** The value in terms of dollars, yes, it's lower the revenue, but in terms of tonnage, we are higher. This all depends on the LME price.

**Nour Eldin Sherif:** Yeah, I mean volumes.

**Eline Hilal:** Yes, yes.

**Ali Albaqali:** Volumes are higher.

**Eline Hilal:** Yes. The volumes were up by 3000 tons versus Q1 2023.

**Nour Eldin Sherif:** And I'm just comparing it to last quarter Q4.

**Eline Hilal:** Okay. Then if that is the case, then I'll tell you. Usually every quarter if you check our performance for the last, as far as I remember, for more than 12 years, if you check every Q1, usually our sales volume is slightly less, but we will be able to catch up starting from Q2 onwards. So it's like – Q1 is like the schooling season for us. So usually sales are slightly less than other quarters.

**Nour Eldin Sherif:** Okay. And regarding the Red Sea conflict, do you see any risk regarding the security of raw materials?

**Eline Hilal:** No, actually we don't have this issue because when we are actually receiving or importing our alumina, it doesn't come through the Red sea. I mean our when we export from Bahrain to elsewhere in the world, we use this route or we take also another route.

**Nour Eldin Sherif:** Okay. Clear. And on the Block 4 and solar farm, can you just give us how much of savings in energy this could result from?

**Eline Hilal:** Yes. As much as we would like to have more savings, the solar farm is relatively very small, it's about 6.3MW. These solar panels, which we are in the process to install them on the rooftop of our parking area and as well on few of our buildings. If we have had more spaces, definitely we would have had higher capacity. But this is the capacity that we can have at the moment. What I can add is that the efficiency or the savings that we will generate from 6.3MW solar farm is very minor. As for Block 4, yes, we will see more savings, but these savings will not materialise this year. It will materialise in 2025 once we finish from the construction of Block 4 in the fourth quarter of 2024. Once running in 2025, we will use/consume less gas to generate electricity; as such, our efficiency will increase as this block has high capacity. Unlike blocks one, two, three of Power Station 5 (each one is 600 MW), this block has 680 MW capacity. Higher capacity means higher efficiency.

**Nour Eldin Sherif:** Yes, that's clear. And the 680MW does it compare to how much in total now do you have?

**Eline Hilal:** Power station 5 consists of four blocks. Block one, block two, block three, these are already constructed and finished, and we are currently relying on them to generate electricity. This was the project associated with Line 6 expansion project. The three blocks have a total capacity of 1.8GW. Block four, which is about to be finished, has the capacity of 680.9 MW. In total capacity of Power Station 5 will be 2.4 GW once Block 4 is completed.

**Nour Eldin Sherif:** Okay. Clear. And regarding the tariffs that you just referred to can we expect premiums to expand starting Q2 or that's more into Q3?

**Eline Hilal:** I did not clearly get your question. You're saying if the tariffs will increase the LME price? Is that your question?

**Nour Eldin Sherif:** Yeah. The prices and premiums.

**Eline Hilal:** Well, we hope to make more money. I want to draw your attention to slide number 21, so you note how smelters are vulnerable to commodity price swings (up and down). Provided that we have had the same performance in the commodity prices for LME price and premiums in Q1 2023, we would have made +\$106 million in our EBITDA. We would have outperformed what we have achieved in EBITDA for last year. If the tariffs are there to stay and the premium will jump, yes, we will have a better performance as long as we are selling more volumes, that will definitely reflect nicely on our bottom line and on our top line.

**Nour Eldin Sherif:** Yes. Clear. My last question on the taxes. Do you expect to have a corporate income tax at Alba for 2025 at least?

**Eline Hilal:** I think it might be better to address this question towards the Ministry of Finance. We'll just wait to see what will happen. At the moment, we don't have any visibility about any corporate tax.

**Nour Eldin Sherif:** Okay. That's clear. Okay. That's it for me. Thank you.

**Operator:** Thank you. Yeah. Participants. As a reminder, if you wish to ask a question over the phone, please press star one one on your telephone keypad. Alternatively, you can submit your questions on the webcast. And now I would like to hand over the call to Eline Hilal for any written questions.

**Eline Hilal:** Yes. Thank you, Nadia. Hello, Ibrahim. I note that you have asked a question about the results of when you should expect the results of the feasibility study on Line 7. I do believe the studio has stated in his slide that Bechtel[?] has submitted the results of the feasibility study for class three estimates. And the presentation has actually occurred yesterday during the board meeting. And we have been requested to solely review the analysis. And we've tabled some questions towards Bechtel, which Bechtel is yet to get back to us in respect of the feasibility study. So what I could tell you that we are waiting to hear back from Bechtel on the questions that we have asked them during the board meeting. And meanwhile, the company is in the process of review in details the feasibility study for class three. I will no longer call it Line 7, because the name has officially changed from Line 7 to the New Replacement Line.

With that, I will move to Abdul Rahman al Bai-Khan[?]. He asked a question on the current capacity that will be taken out from the commissioning of line 1 to 3.

**Eline Hilal:** Today, Line 1 to 3 are still running. Abdul Rahman, we have no intention today to decommission or close down the production line 1 to 3. Currently, the capacity of the three reduction lines are 300,000 metric tons in total. As for the new line, unfortunately, we won't be able to give you more information. Once we have more clarity after the conclusion of the feasibility study, we will be in a position to provide more information on that. Another question from Abdul Rahman. Can we get a rough timeline on the execution of the New Replacement Line? You should have been with us yesterday during the board meeting, and we're still waiting to receive more information from Bechtel. Hopefully, once we have a full-fledged picture and

we have the board's approval, we will be able to share more information promptly on the New Replacement Line.

And with that being said, I'll go back to Nadia and I'll see if you have received any other questions.

**Operator:** Thank you. And yes, we do have one more question. Just give us a moment. And the question comes line of Amit Lahoti from Emkay. Your line is open. Please ask your question.

**Amit Lahoti (Emkay):** Hello. Thanks for taking my question. So your expectation for LME prices in the near term is lower than the spot prices right now. So do you expect prices to come down? And if that is the case, are you looking to do some more hedging at the current prices?

**Ali Albaqali:** No. What we mentioned in the IR presentation, this is the CRU forecast. And the CRU forecast is it depends on different intelligent market report. But we are seeing today the market is above the forecast which means 2400, 2500.

**Eline Hilal:** Maybe Amit, just to say, Amit, he used to cover our stock when he was a part of the Citi team. Amit, as the CEO stated, so in Alba, we would definitely want to have a super high LME price. And we wish we can control the market, but we cannot. We have seen the LME price in the last couple of weeks hitting more than \$2,500. Today it is just above \$2,400. However, during Jan and February, the LME averaged between 2250 to 2350. We want the LME price and the premium to jump really high. The market consensus not only CRU, but if you look at the Goldman Sachs people, Harbour, Wood Mackenzie and Fast Market, the consensus is that the LME price will average within the range of 2300. I hope they are wrong. Again, this is not our views, this is the market's view. We do not provide any guidance whatsoever on where Alba wants to see the LME price. But definitely all smelters would like to have higher LME price because LME price is a market-driven price.

**Amit Lahoti:** Sure. Thank you.

**Operator:** Thank you.

**Anup:** Eline, this is Anup. I just have two industry questions for Ali. One is on alumina. Where do you see the risk upside risk to prices coming from? That is question one. And question two is I mean, when you look at the global aluminium industry now and you look at this whole green transition, aluminium has been identified as a critical mineral, and the demand projections are very good. But why is there reluctance from smelters to add capacity globally? I mean, even Century just announced the first expansion in 45 years in the US. But beyond that, there is no talk of any capacity addition, even though the demand outlook from this green transition is so positive. Why is that the case?

**Ali Albaqali:** What was the first question?

**Anup:** The. Yeah. What is the upside risk to alumina prices?

**Ali Albaqali:** Yeah. The alumina I think if you look at the supply, there is a sufficient market. We are in surplus because China, Eunosia[?], the Stralia[?]. But you know, the market react with the news. Once Alcoa announced that they are going to close Kwinana. Kwinana is an old refinery and they have an issue there with the energy, that's why the price a little bit increased to above \$400 per [inaudible]. But I don't see any upside things on the alumina side. And from Alba side, we are secured on the long medium and short term supply.

In terms of adding extra capacity, you know that the push now from everybody to have low carbon aluminium. If you look at who is adding capacity now in the world, mainly in China, because they have access to renewable energy or clean energy. Even if you look at this Century Aluminium, when they declared their result and they want to add a capacity, they mentioned in their press release that it will be the first aluminium smelters in the world having a green aluminium. That's why I think it's very difficult for anybody to add any capacity if they don't have a plan to link it with renewable energy.

**Anup:** Thank you. Thank you very much.

**Eline Hilal:** Also we also received another question from Abdul Rahman. At the moment we do not have any update with regards to the cross-listing on the tadawul stock exchange. Should there be any changes, rest assured that we will be issuing a statement to the public about that. But at the moment, there are no updates.

**Speaker:** No further questions.

**Eline Hilal:** No further questions. Thank you very much. I would like to mention on behalf of Alba's management the CEO, the acting CFO, and my colleagues from the finance and IR team who were with us today, thank you very much for taking the time to be with us for the last one hour. If you have any questions, please feel free and drop your questions to the Investor Relations team, and we shall get back to you promptly. Otherwise, we would be happy to connect again for the second quarter of this year. Alba will be publishing its results on the 13 of August. We will let you know soon when we will intend to have the call. Thank you, Anup, and SICO for hosting our call. Thank you, Nadia and the notified team for also being our co-host.

**Operator:** Thank you so much. That does conclude our conference for today. Thank you for participating. You may now all disconnect. Have a nice day.

[END OF TRANSCRIPT]