



Media Release – 07 February 2019

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 Full-Year 2018 Audited Consolidated Financial Statements posted at www.albasmelter.com.

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

Alba's Financial Results for the Full-Year and Fourth Quarter of 2018 are summarised below:

Alba Discloses its Financial Results for the Fourth Quarter and Full-Year of 2018

Q4 2018 and Full-Year 2018 Financial Performance

Alba's top-line and bottom-line for the Fourth Quarter of 2018 were impacted primarily by lower Sales' revenue and higher Alumina prices. For the Full-Year of 2018, Alba's top-line and bottom-line were attributable to higher sales volume, higher LME price (+7% Year-over-Year (YoY)) and partially offset by higher Alumina Prices (+34% YoY).

The Company reported a Net Loss of BD 17.5 million (US\$ 47 million) in the fourth quarter of 2018 versus a Net Income of BD 23.4 million (US\$ 62.4 million) for the same period in 2017, down by 175% YoY. The Company reported a Gross Loss of BD 7.4 million (US\$ 20 million) versus a Gross Profit of BD 37.3 million (US\$ 99.2 million) in the same quarter of 2017, down by 120% YoY. With regards to Total Sales/Revenues, Alba reported BD 211.5 million (US\$ 562.6 million) in Q4 2018, versus BD 252.7 million (US\$ 672.2 million) in Q4 2017, a drop of 16% YoY. The Company reported a Loss per Share in the fourth quarter of 2018 fils 13 versus Earning per share fils 16 in Q4 2017.

For the Full-Year of 2018, Alba's Net Income stood at BD 59.8 million (US\$ 158.9 million), down by 35% YoY, compared to BD 92.5 million (US\$ 245.9 million) in 2017. The Company reported a Gross Profit of BD 85.9 million (US\$ 228.6 million) versus BD 134.6 million (US\$ 358.1 million)



a decrease of 36% YoY. Total Sales/Revenues reached BD 911.3 million (US\$ 2.4 billion), up by 6% YoY, compared to BD 857.8 million (US\$ 2.3 billion) in 2017. Earnings per Share were fils 42 versus fils 65 for 2017.

Alba's Total Assets as at December 31, 2018 reached BD 2,208.7 million (US\$ 5,874.2 million), versus BD 1,686.1 million (US\$ 4,484.5 million) as at 31 December 2017, up by 31% YoY. Total Shareholders' Equity as at December 31, 2018 stood at BD 1,073.5 million (US\$ 2,854.9 million), up by 2% YoY, versus BD 1,052.4 million (US\$ 2,798.9 million) as at December 31, 2017.

2018 Industry Highlights

- World Consumption at ~66 million metric tonnes (mt) and up by 3% Year-over-Year (YoY). MENA demand rose by double digit (+13% YoY) backed by major infrastructure spending in Saudi Arabia (+28% YoY). Asian demand rose by 4% YoY led by slow consumption in China (+4% YoY). Europe consumption up by 3% YoY supported by sound demand in the construction and automobile sectors while demand in North America rose by 2% YoY mainly driven by the auto and aerospace sectors.
- Global Production Almost Flat at 1% YoY (~64 million mt), thus leading the World Market into a deficit with China (-1.8 million MT) and in deficit w/o China (-2.2 million MT). Higher alumina and power prices drove Chinese smelters' closure translating into flat production growth, while Production in North America was down by 4% YoY due to production cut in ABI smelter in Canada.
- LME inventories at ~1.3 million mt in December up by (+16% YoY).
- Physical premiums prices continue to soften as USA lifted the previous imposed sanctions on UC Rusal.

2018 Alba Highlights

- Alba significantly improved its Safety performance by recording a 50% drop in Lost Time Injuries YoY. In addition, Alba launched 'Think Orange, Think Line 6 Safe Start-up' Campaign to coincide with the commissioning of Line 6.
- Amongst 1 Million-Club metric tonnes (MT) smelter, Alba's Production topped 1,011,101 MT (+3% YoY) while Sales volume reached 1,012,548 MT (+3.5% YoY).



- Value-Added Sales were at 60% in 2018 (up from 57% in 2017).
- The achieved benefits of Titan – Phase III are US\$ 101/MT versus 2018 Target of US\$60/MT.
- Line 6 Expansion Project milestones:
 - Alba Power Expansion Project achieves First Fire Milestone
 - Alba commissions Line 6 ahead of schedule
 - Alba starts Casthouse 4 - the biggest furnace in its history
 - Line 6 Smelter [overall progress > 80%]
 - Power Expansion Project [PS 5 & PDS overall progress: 83% & 96%]

2019 Alba Priorities

- Continuous focus on Safety with the new 'Safety Gateway' initiative
- Deliver on Project Titan - Phase IV: reduce cash-cost of US\$ 100 million by the end of 2020 [2019: US\$ 40 million & 2020: US\$ 60 million]
- Leverage on Value-Added Sales
- Focus on Future Upstream Opportunities
- Ramp-up Line 6 safely and on time

Aluminium Bahrain B.S.C. (Alba) released its Full-Year and Fourth Quarter of 2018 Results during a meeting of the Company's Board of Directors on Thursday February 07, 2019.

Commenting on Alba's financial performance for the Full-Year of 2018, the Chairman of Alba's Board of Directors, Shaikh Dajj Bin Salman Bin Dajj Al Khalifa said:

"Despite the significant volatility in the financial markets, Alba had a strong finish in both Safety and Production where Alba exceeded the 1-million metric tonnes production mark for the 1st time in its history. In addition, our flagship Line 6 project was commissioned ahead of schedule on 13 December 2018".

Adding further, Alba's Chief Executive Officer said:

"2018 was a challenging year with the unprecedented spike in Alumina prices which significantly impacted our bottom-line. Despite the impact of higher Alumina prices, Alba was able to deliver



solid results on the back of our Project Titan Cost Improvement Program. I would also like to thank all Alba employees and contractors for their contribution on Safety during 2018.

In 2019, we will continue our focus to improve Safety, Production and Cost along with our commitment to the Safe start-up of Line 6.

Alba Management will be holding a conference call on Monday 11 February 2019 to discuss Alba's performance for the 2018 Full-Year Results as well as outline the Company's priorities for 2019.

ENDS

Photo Caption

Chairman of Alba's Board of Directors, Shaikh Dajj Bin Salman Bin Dajj Al Khalifa
Alba's Chief Executive Officer, Tim Murray

About Alba

Aluminium Bahrain B.S.C. (Alba), one of the 1 million-metric tonnes smelters in the world, is one of the largest aluminium producers in the world. 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%).

Starting-out as a 120,000 metric tonne per annum (mtpa) smelter in 1971, Alba's production for 2018 stood at plus-1 million metric tonnes. Alba's product portfolio comprises high-grade aluminium and Value-Added Products that include standard and T-ingots, extrusion billets, rolling slabs, properzi ingots and molten aluminium. The Company is well-known for its strong Safety culture, employee development and work culture for value-creation and sustainable operations.

About Line 6 Expansion Project

The pride of the Kingdom of Bahrain, the Line 6 Expansion Project will make Alba the world's largest aluminium smelter.

With the First Hot Metal from Potline 6 achieved on 13 December 2018, Alba is now amongst the 1 million-metric tonne smelters in the world. Upon completion in 2019, the Line 6 Expansion Project will boost Alba's per-annum production by 540,000 metric tonnes, bringing Alba's total production capacity to 1.5 million metric tonnes per year.

Alba's Line 6 Expansion Project is one of the biggest brownfield developments in the Middle East Region. With a CAPEX of approximately US\$ 3 billion, the Line 6 Expansion Project involves the construction of a sixth pot line using EGA's proprietary DX+ Ultra Technology, a 1,792 MW Power Station (Power Station 5) utilising the world's first H-class General Electric (GE) 9HA Gas Turbine (GT) 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 & and Islamic Facility in October 2016. The first tranche of the Export Credit Agencies (ECA) Financing of c. US\$ 700 million for Euler Hermes and SERV-covered facilities was closed in July 2017 while the first part of 2nd ECA-tranche of EUR 204.5 million for Bpifrance Assurance Export ("BpiAE") and Euler Hermes-covered facilities was secured in April 2018. Alba successfully closed the final instalment of the 2nd ECA-tranche - c.US\$136 million and c. EUR90 million from ECA supported-facilities - by end of 2018.

As of December 31, 2018, Line 6 Smelter's Overall Progress exceeded 80% (Engineering progressed by more than 97% while Contracts and Procurement advanced by 98%); Power Station 5 & Power Distribution System Overall Progress advanced by 83% and by over 96% respectively.

Line 6 Expansion Project will be transformational for the Kingdom of Bahrain as it will significantly boost employment opportunities for Bahrainis at both Alba and the local downstream market. It will also present many co-investment opportunities through local and foreign aluminium investments in the Kingdom of Bahrain.

Alba External Grievance Mechanism

Alba, in line with the Performance Standards of the International Finance Corporation (IFC), a World Bank affiliated lending organisation, has launched its External Grievance Mechanism to receive and facilitate the resolution of the affected communities' concerns and grievances about Alba's Environment and Social (E&S) performance.

External grievances about Alba's E&S performance can be logged via the [Alba Integrity Line](#) - an independently operated confidential reporting hotline in multiple languages - via a toll-free phone system or via the intranet 24 hours a day, every day.

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