



QAMCO

شركة قطر لصناعة الألمنيوم

Qatar Aluminium Manufacturing Company

Qatar Aluminium Manufacturing Company Investor Relations Presentation

30 June 2021

Disclaimer

The company in which Qatar Aluminium Manufacturing Company Q.P.S.C. directly owns investment is a separate entity. In this presentation, “QAMCO” and “the Company” are sometimes used for convenience in reference to Qatar Aluminium Manufacturing Company Q.P.S.C.

This presentation may contains forward-looking statements concerning the financial condition, results of operations and businesses of Qatar Aluminium Manufacturing Company Q.P.S.C. All statements other than statements of historical fact are deemed to be forward-looking statements, being statements of future expectations that are based on current expectations and assumptions, and involve known and unknown risks and uncertainties that could cause actual results, operations and business performance or events impacting the Company to differ materially from those expressed or as may be inferred from these statements.

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GENERAL NOTES

Qatar Aluminium Manufacturing Company's accounting year follows the calendar year. However, QAMCO's first financial year consisted of 13 months and ended on 31 December 2019. No adjustment has been made for leap years. Where applicable, all values refer to Qatar Aluminium Manufacturing Company's share. Values expressed in US \$'s have been translated at the rate of US \$1 = QR3.64.

DEFINITIONS

Adjusted Free Cash Flow: Cash Flow From Operations - Total CAPEX - Dividends • CAGR: 5-Year Compound Annual Growth Rate • Cash Realisation Ratio: Cash Flow From Operations / Net Profit x 100 • Debt to Equity: (Current Debt + Long-Term Debt) / Equity x 100 • Dividend Yield: Total Cash Dividend / Closing Market Capitalisation x 100 • DRI: Direct Reduced Iron • EBITDA: Earnings Before Interest, Tax, Depreciation and Amortisation calculated as (Net Profit + Interest Expense + Depreciation + Amortisation) • EPS: Earnings per Share (Net Profit / Number of Ordinary Shares outstanding at the year-end) • Free Cash Flow: Cash Flow From Operations - Total CAPEX • LME: London Metal Exchange • MT PA: Metric Tons Per Annum • Payout Ratio: Total Cash Dividend / Net Profit x 100 • P/E: Price to Earnings (Closing market Capitalisation / Net Profit) • Utilization: Production Volume / Rated Capacity x 100



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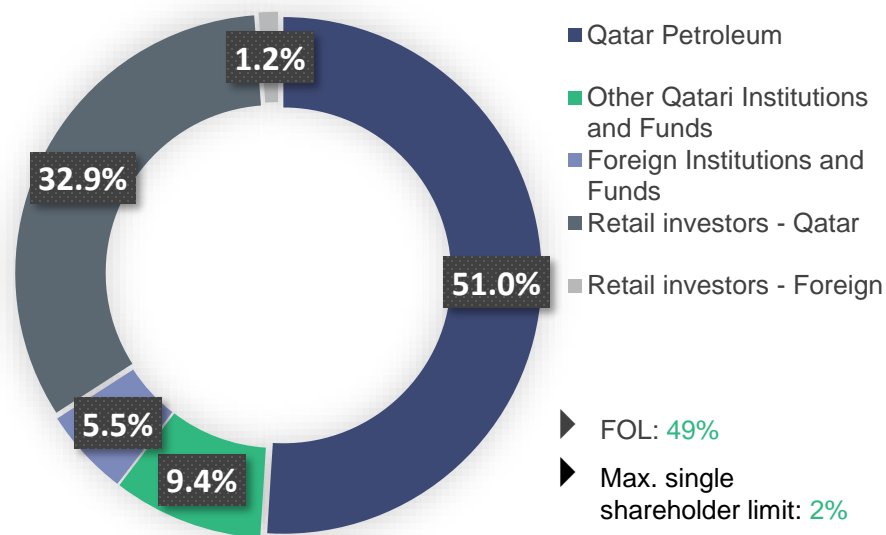
QAMCO at a glance

QAMCO at a glance

Overview

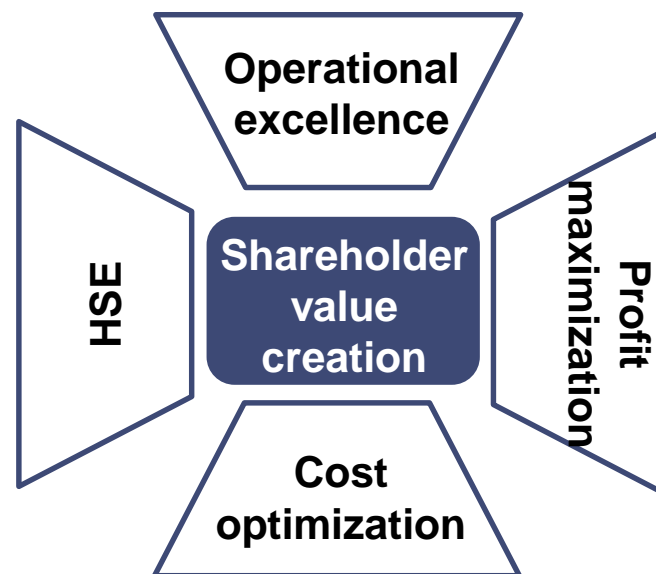
- Qatar Aluminum Manufacturing Company Q.P.S.C (QAMCO) was incorporated on December 3, 2018 and listed on Qatar Stock Exchange on December 16, 2018.
- The Company holds 50% share of Qatar Aluminium Limited Q.S.C (Qatalum).
- Qatar Petroleum provides all of the head office functions for QAMCO through a comprehensive service-level agreement.
- The operations of Qatalum remain independently managed by its Board of Directors and senior management team.

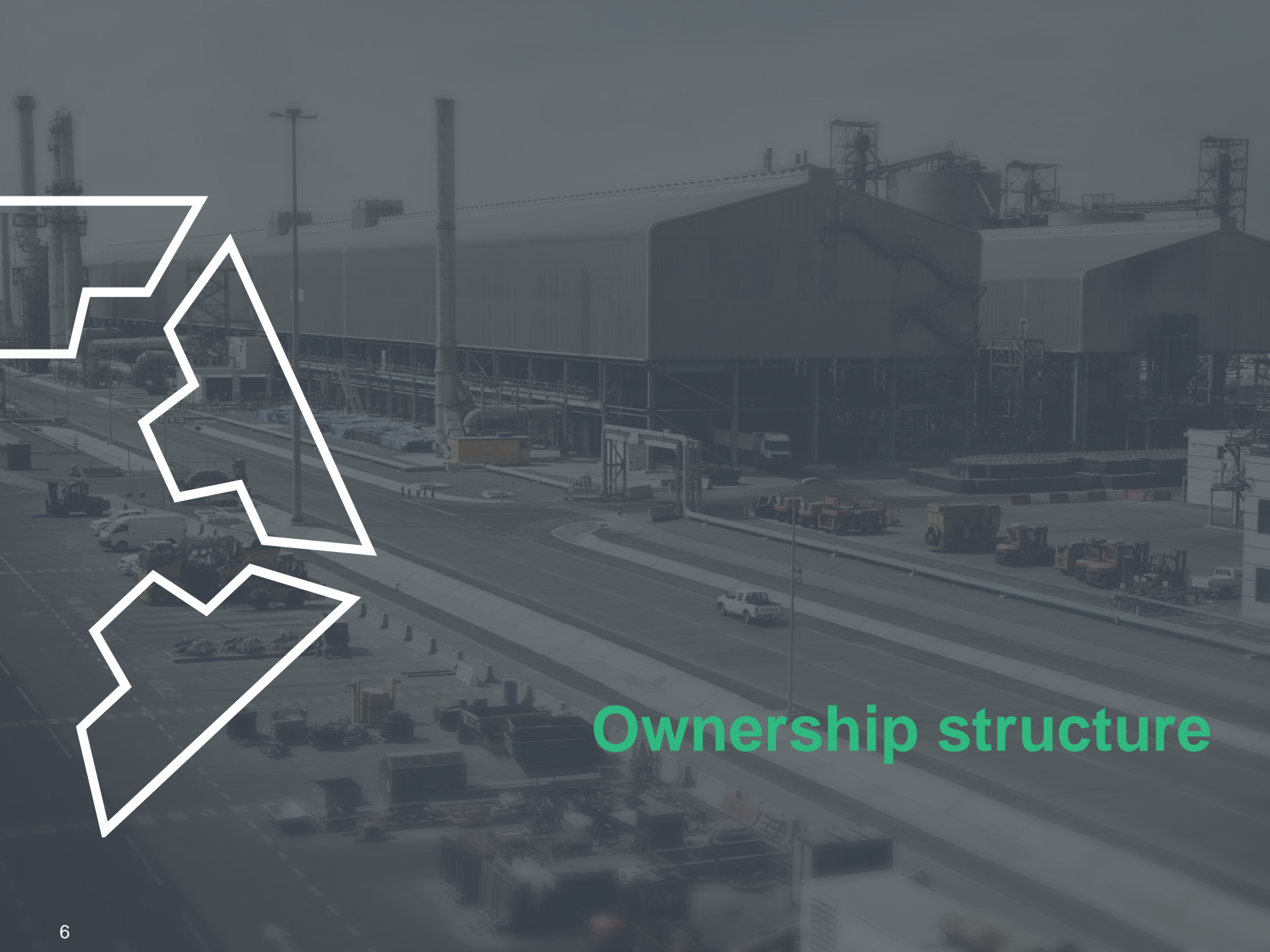
QAMCO's shareholding structure



Note: Shareholder data as of 30-Jun-21

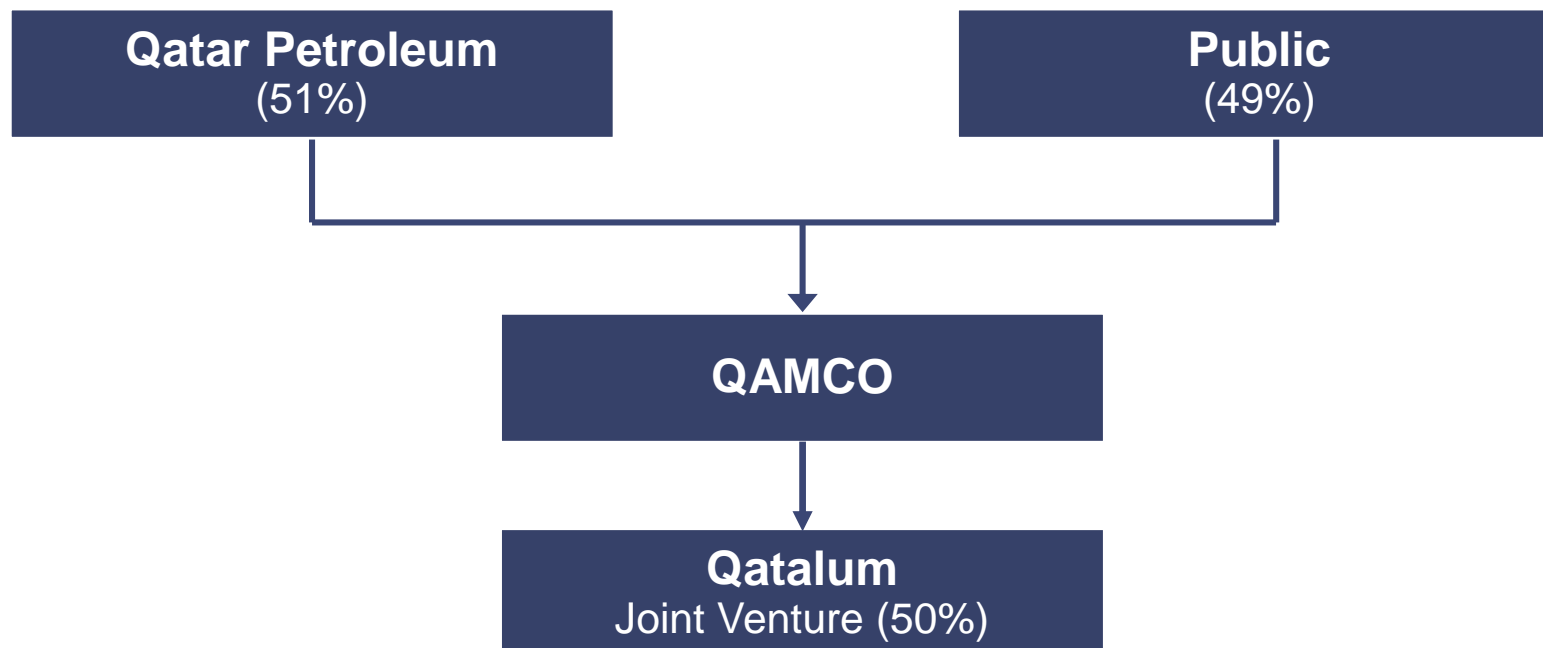
Core values





Ownership structure

Ownership Structure



- QAMCO holds 50% share of Qatar Aluminium Limited (Qatalum), which produces about 650,000 tons per year of high-quality aluminium for customers in Asia, Europe and North America. Its facilities include a carbon plant, port and storage facilities as well as a gas-fired power plant.

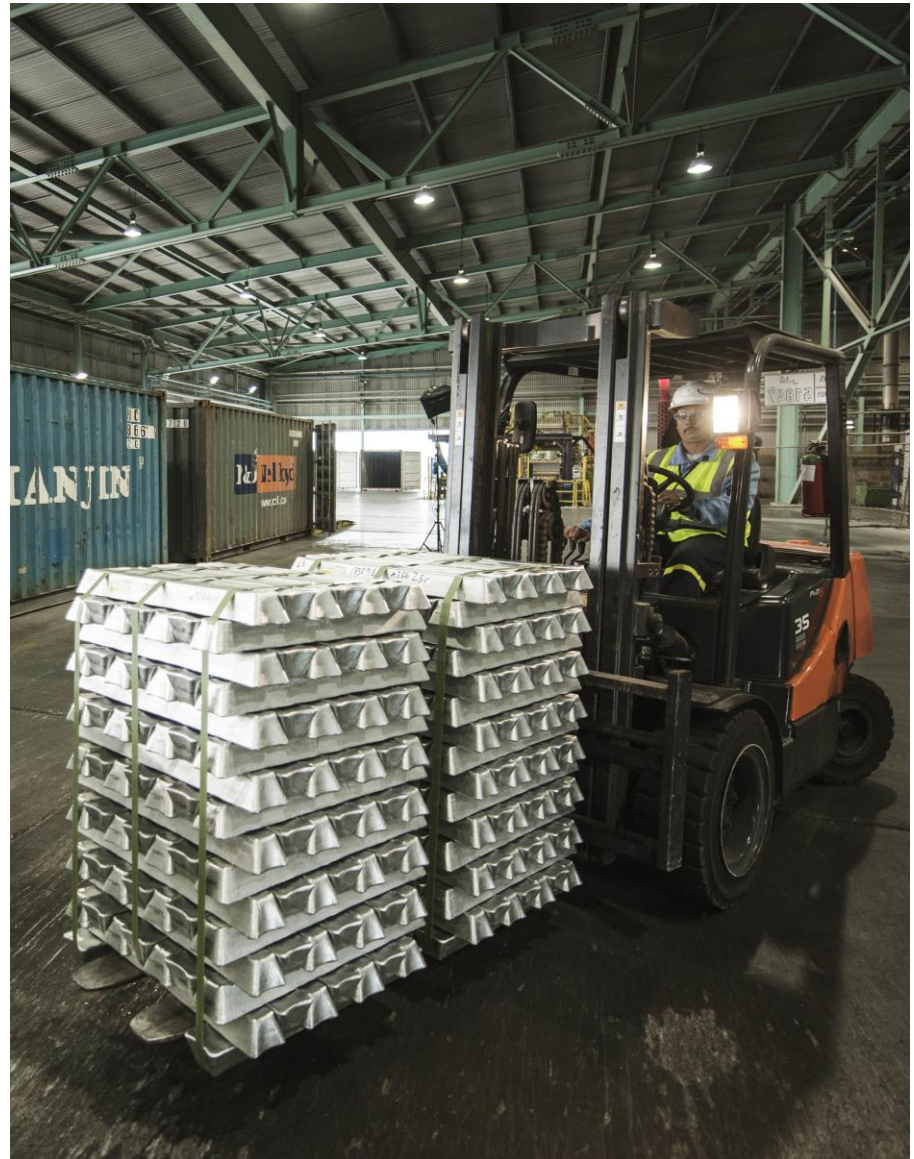




Operations of Joint Venture

QAMCO's Joint Venture

- Qatar Aluminium (Qatalum) is located in Qatar, the company benefits from access to one of the world's largest and most competitively priced sources of energy which allows it to maintain a first quartile cost position, one of the industry's highest profit margins and strong cash flow generation.
- Qatar Aluminium (Qatalum) had a design nameplate capacity of 575,000 tpy, but now produces more than 650,000 tpy of high-quality primary aluminium products, including standard ingots and Casthouse value-added products comprising extrusion ingots or billets (capacity of 375,000 tpy) and primary foundry alloys (capacity of 275,000 tpy).
- Qatar Aluminium (Qatalum) has a captive Power Plant (with a capacity of approximately 1350 MW).



QAMCO's Joint Venture

Sales and Marketing:

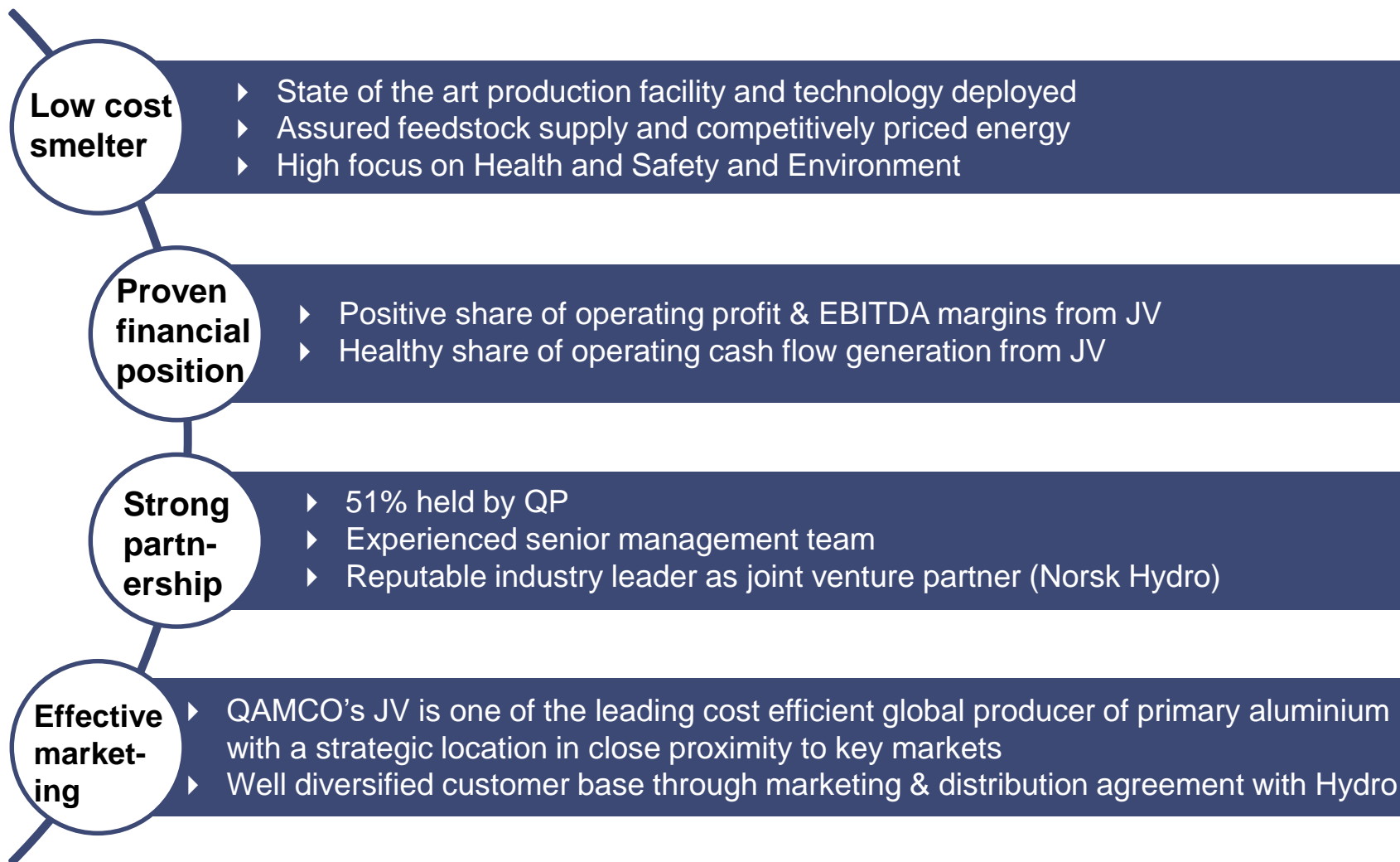
- With a Marketing and Offtake Agreement, Hydro Aluminium is responsible for the offtake and marketing of 100% of Qatar Aluminium product's. The Marketing and Offtake Agreement gives Qatar Aluminium (Qatalum) access to Hydro Aluminium's worldwide sales network on no less favourable treatment than other Hydro Aluminium smelters
- Qatar Aluminium (Qatalum) acts as Hydro Aluminium's representative for marketing aluminium products in Qatar.





Competitive strengths

Competitive strengths

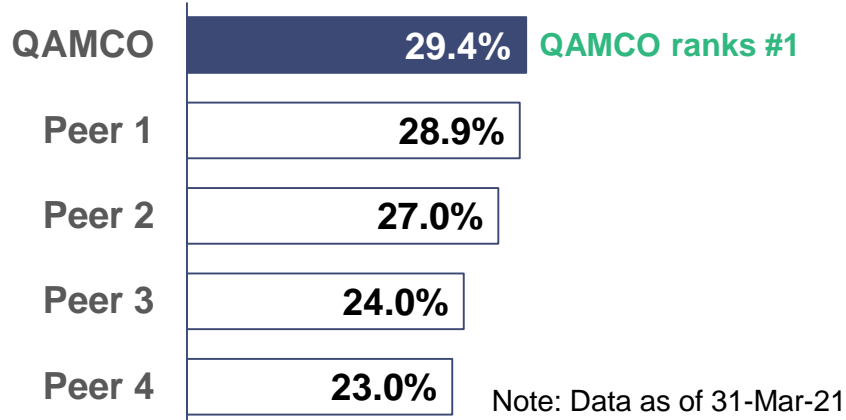




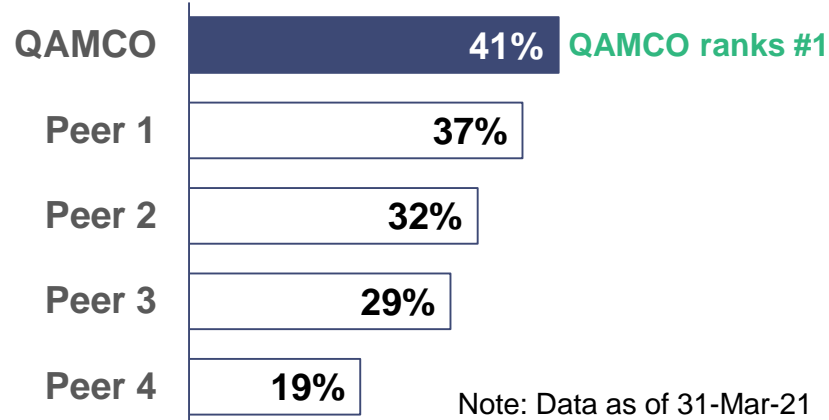
Peer review

QAMCO's competitive positioning versus global peers

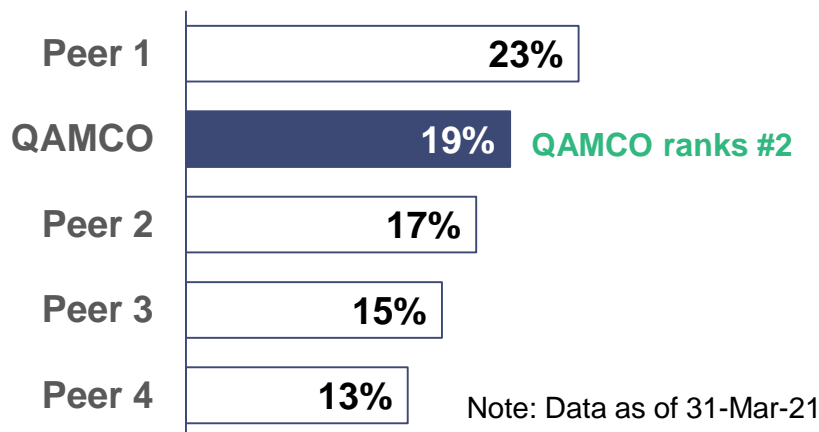
Gross profit margin (%)



EBITDA margin (%)



Net profit margin (%)

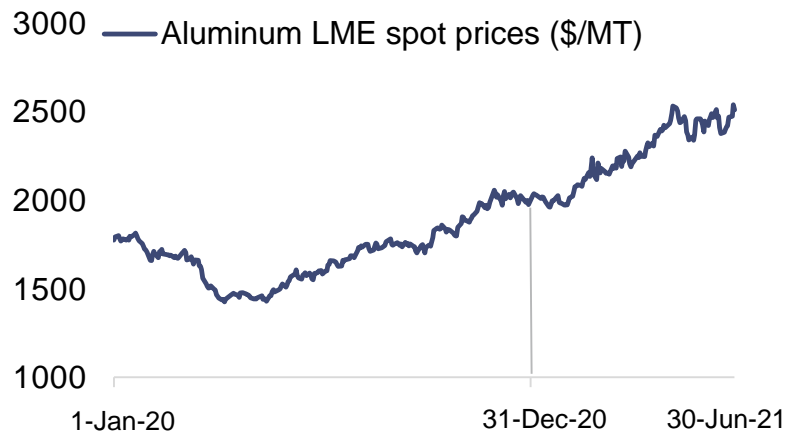




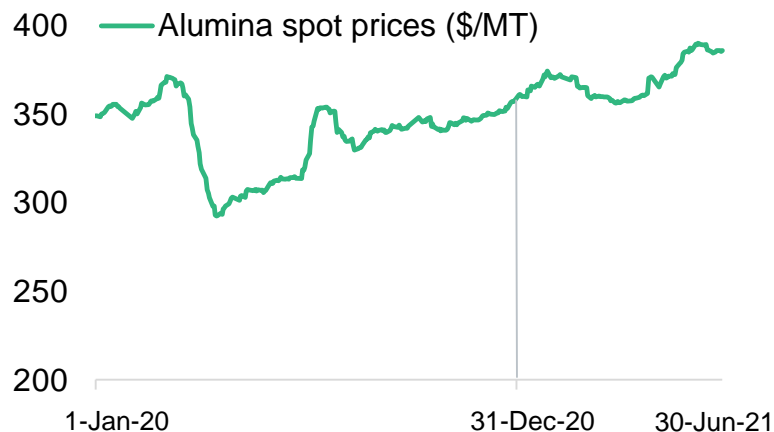
Macroeconomic updates

Macroeconomic updates

Aluminium prices (\$/MT)




Alumina prices (\$/MT)



- Prices of aluminium, continue to climb on the back of renewed global demand, whereby sectors such as construction and automotive industries witnessed growth, as the global economies started to show signs of recovery since later part of 2020.
- With aluminium being a key input for electric vehicles (EVs), wind turbines and solar power, bringing an additional layer of long-term demand for primary aluminium.
- Global climate initiatives are also providing structural support to aluminum markets, given its major role in decarbonization and playing a key part in creating supply deficits.
- All of the aforementioned factors translated into a sequential growth in prices of primary aluminium along with improved margins.



An aerial photograph of a large industrial facility, likely a refinery or chemical plant. The image shows several large, cylindrical storage tanks, complex piping systems, and various industrial buildings. In the foreground, there are paved areas with some vehicles, including forklifts and trucks. The overall scene is industrial and somewhat desaturated.

QAMCO results (For the six-month period ended 30 June 2021)

1H-21 results at a Glance

Growth vs. 1H-20

Revenue  21%
QR 1.35 billion

EBITDA  78%
QR 558 million

Net profit  1,870%
QR 288 million

EBITDA Margin: 41.2%

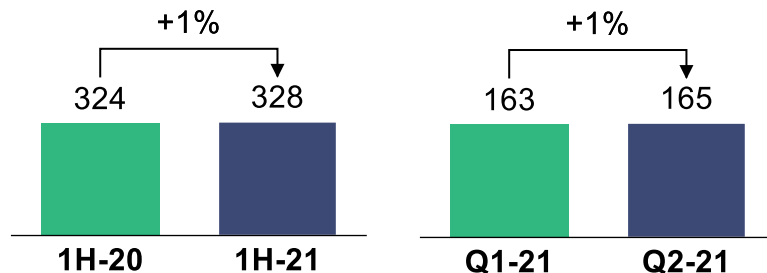
EPS: QR 0.052 RoAE: 6.4%

- QAMCO posted the highest half-yearly net profit since incorporation, on the back of improved global aluminum prices, linked to macro-economic recovery and supply constraints
- QAMCO JV's shift of product mix to 100% of value-added products (VAP) supported margins
- QAMCO's closing cash balance (including share of cash in QAMCO's JV) stood at QAR 812 million



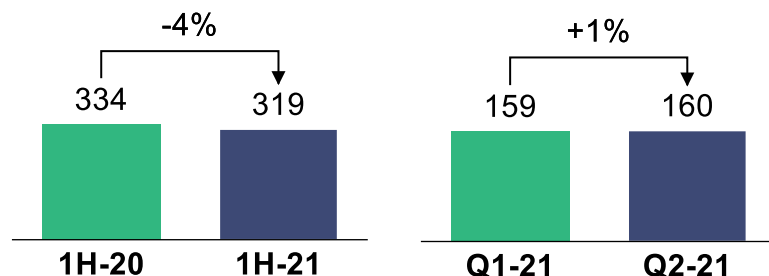
Operational performance review

Production (MT' 000)



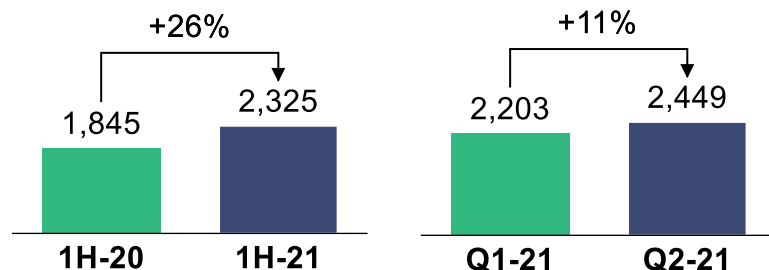
- 1H-21 production volumes slightly increased compared to 1H-20, mainly due to higher amperage and production of value-added products (VAP).
- Q2-21 production volumes slightly increased compared to Q1-21.

Sales volumes (MT' 000)



- 1H-21 sales volumes marginally down as compared to 1H-20, as more VAP was sold during 2021 with delayed Incoterms compared to last year's sales of standard ingots.
- Q2-21 sales volumes slightly up by 1% versus Q1-21.

Selling prices (\$/MT)

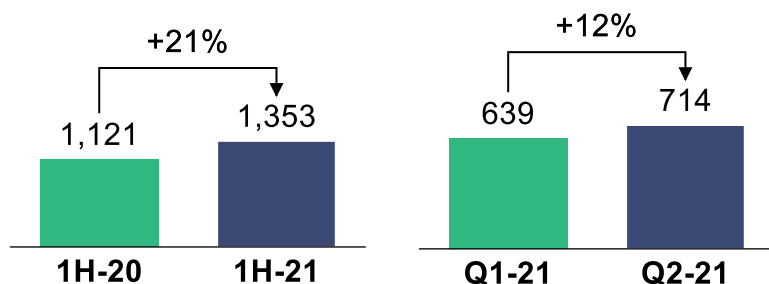


- During 2021, selling prices improved on account of overall increase in aluminum prices globally, on the back of renewed global demand for aluminium, whereby sectors such as construction and automotive witnessed growth on the back of constructive economic drivers.
- The prices were supported by supply side constraints, on account of decarbonization drive and supply chain bottlenecks.



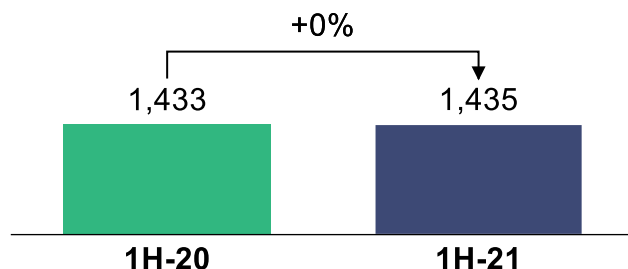
Financial performance review

Share of Revenue (QR million)



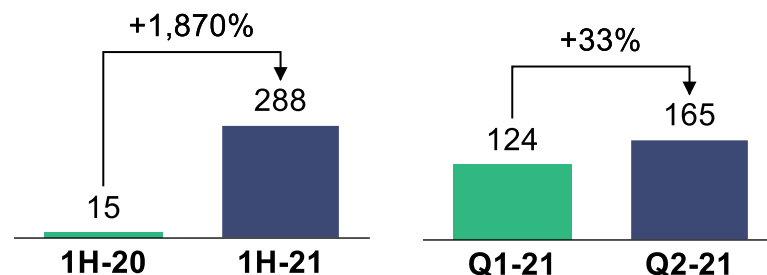
- 1H-21 vs 1H-20: Share of revenue inclined, mainly due to positive trends in selling prices and shifting product mix more towards value-added products, despite slightly lower sales volumes.
- Q2-21 vs Q1-21: Share of revenue increased, mainly due to improved average selling prices (+11%) and slightly higher sales volumes (+1%).

Av. Cash cost (USD / MT)



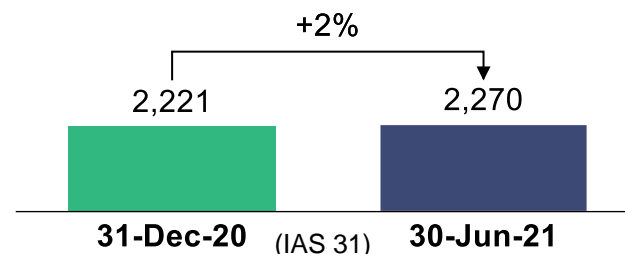
Insignificant increase in av. cash cost was mainly due to higher raw materials costs, fully offset by favorable inventory movements, manpower costs, savings on account of finance costs and other realized savings amid operating costs optimization initiatives.

QAMCO's Net Profit (QR million)



- 1H-21 vs 1H-20: Profitability improved due to continued uptick in aluminium prices with better realized premiums, coupled with savings in COGS and finance cost.
- Q2-21 vs Q1-21: Profitability continued the positive trajectory, on the back of improved LME prices, amid continued strength from macroeconomic dynamics.

Share of JV's Debt (QR million)

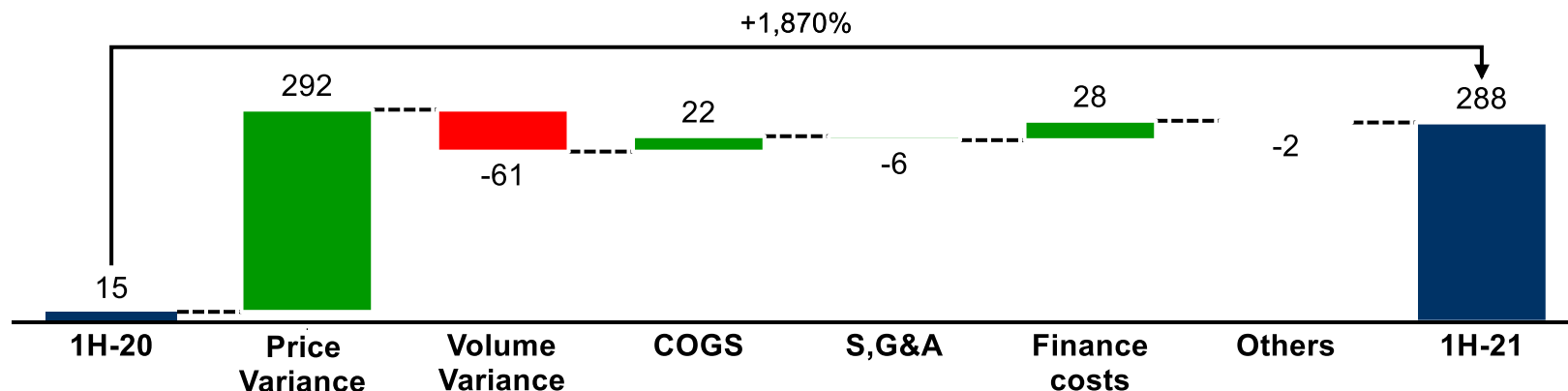


Share of debt slightly increased by 2%.



Net Profit Variance Analysis

(Amounts in QR' million)



QAMCO reported a net profit of **QR 288 million**, an increase in profitability by 1,870% compared to 1H-20.

Results affected by Joint Venture performance due to:

► Favorable movements

- Higher average realized prices (+26%) and improved product mix leading to better premiums;
- Lower cost of goods sold on account of lowered manpower cost (-11%) and favorable inventory movements, offset by higher raw materials cost (+10%);
- Lower finance cost (-44%) due to reduced interest rates and one-off unamortized portion of financing cost being written-off last year.

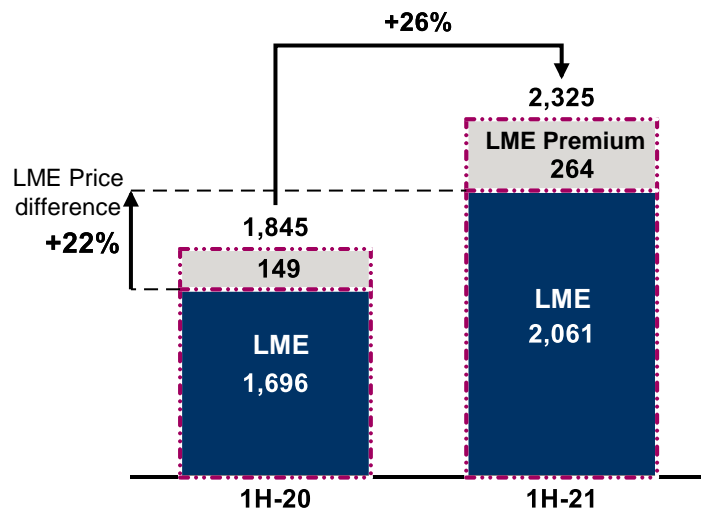
► Unfavorable movements

- Lower sales volumes (-4%);
- Higher impairment of pots compared to 1H-20;
- Higher marketing fee.

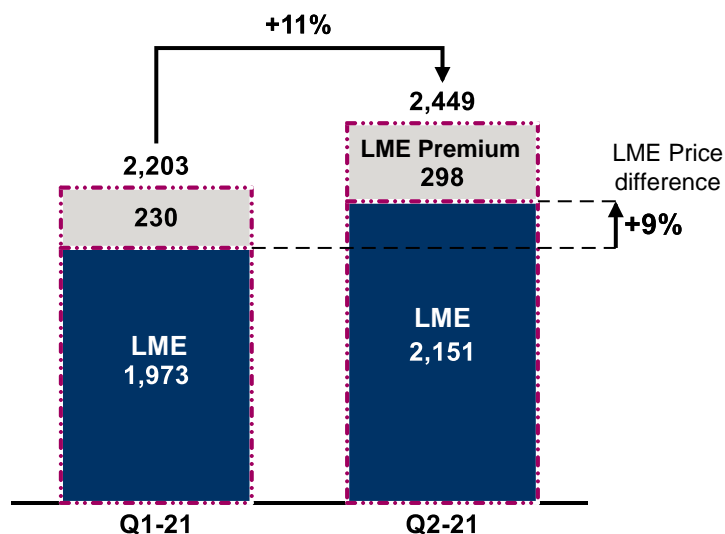


Analysis of Selling Prices

Selling prices (\$/MT) – 1H-21 vs 1H-20



Selling prices (\$/MT) – Q2-21 vs Q1-21

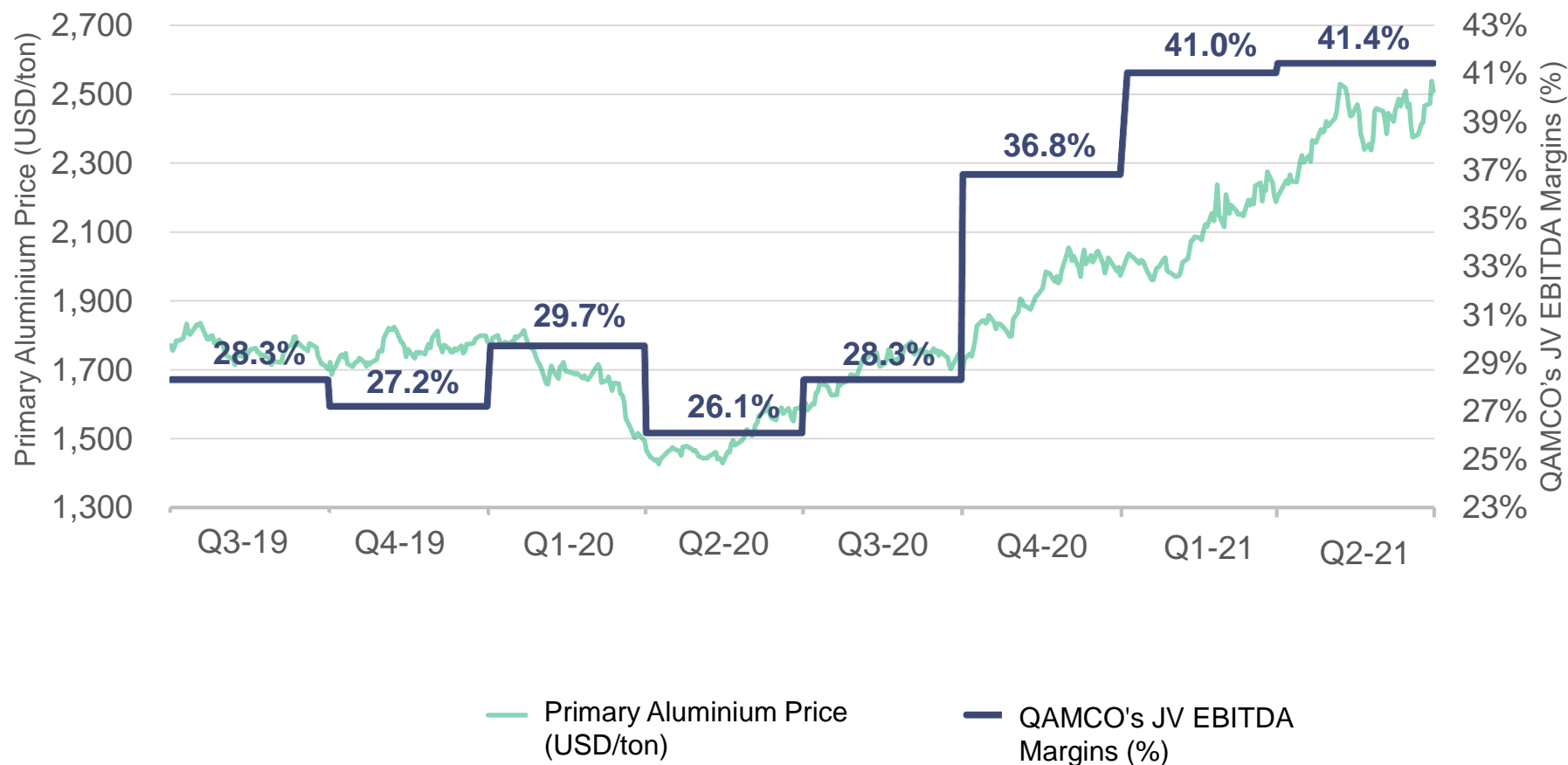


- Average selling prices in 2021 improved due to persistent strength from macroeconomic environment leading to a renewed demand of aluminium products at a global scale, coupled with supply constraints.
- LME premiums in 2021 improved mainly due better product mix with 100% production of value added products during the current year, amid better global demand for premium aluminium products.



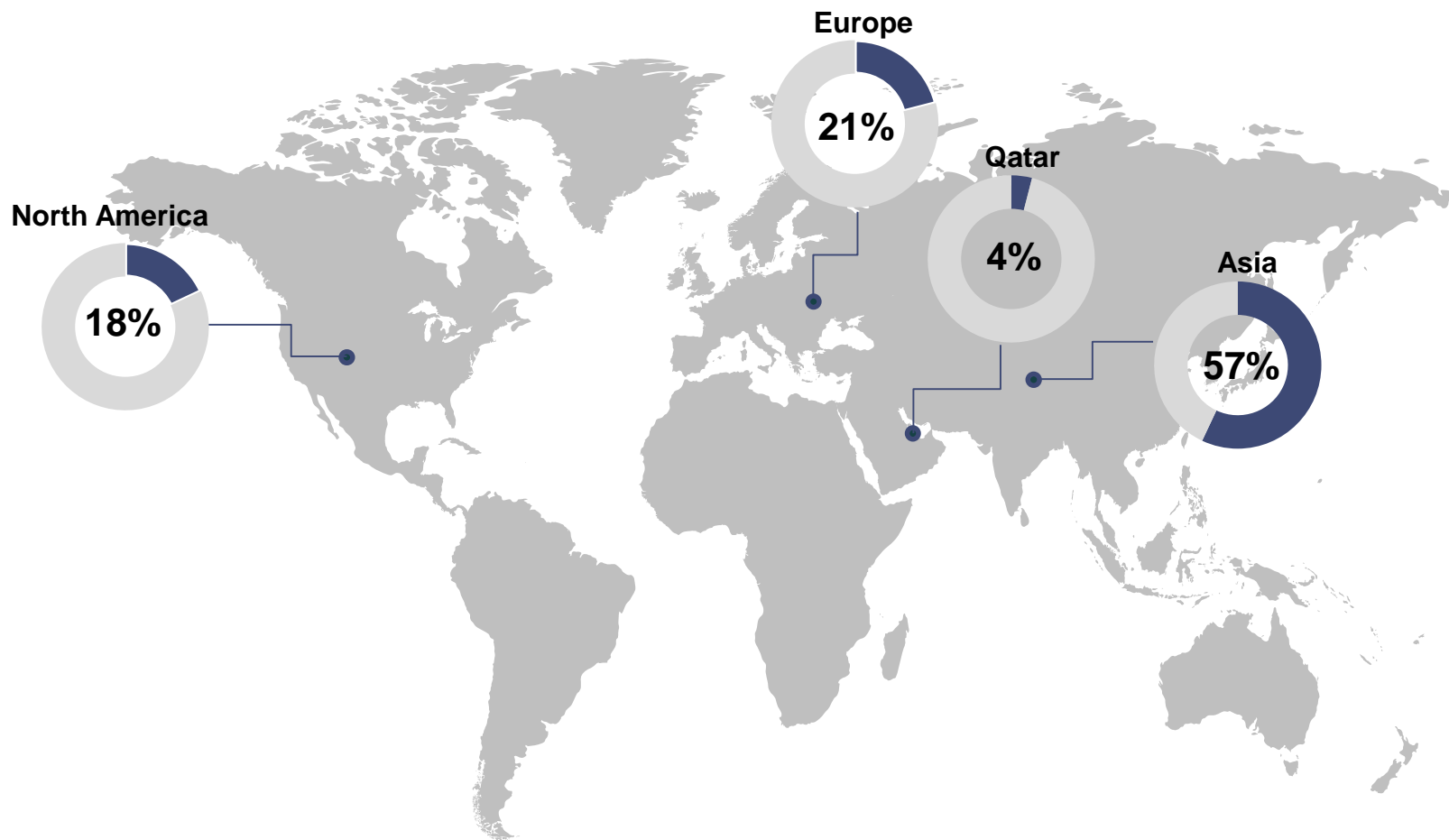
Analysis of EBITDA margins

QAMCO's JV EBITDA margins continue to remain robust & resilient



Geographic analysis – QAMCO JV revenue

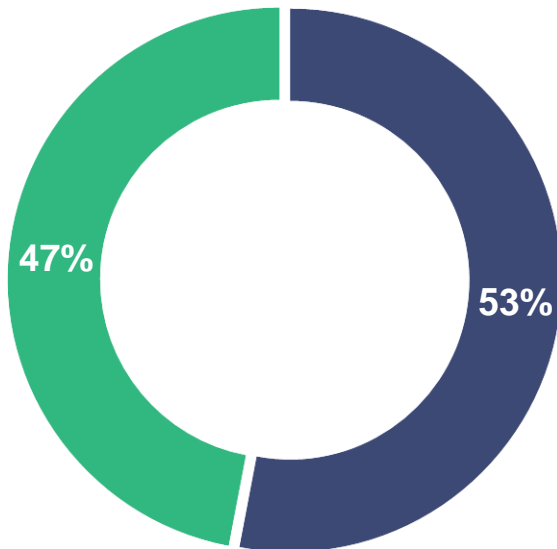
Asia remained QAMCO JV's largest market, while its presence in US and Europe continued to be substantial



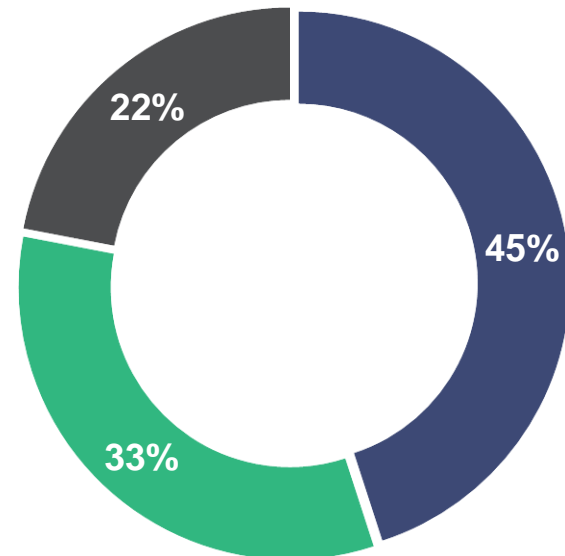
QAMCO JV revenue – product mix (%)

- Extrusion ingots along with foundry alloys (together referred to as value added or premium products) remains key products for QAMCO's JV.

**1H-21 QAMCO JV Sales
Volumes – Product mix (%)**



**1H-20 QAMCO JV Sales
Volumes – Product mix (%)**



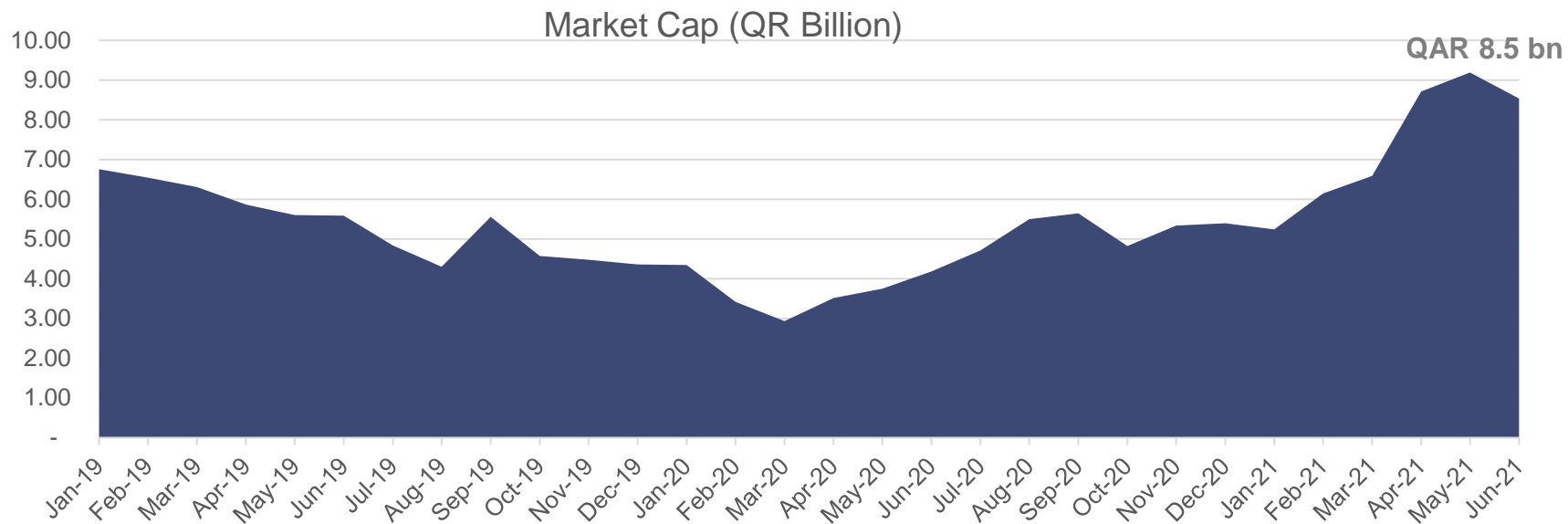
■ Extrusion Ingots ■ Foundry Alloys ■ Standard Ingots



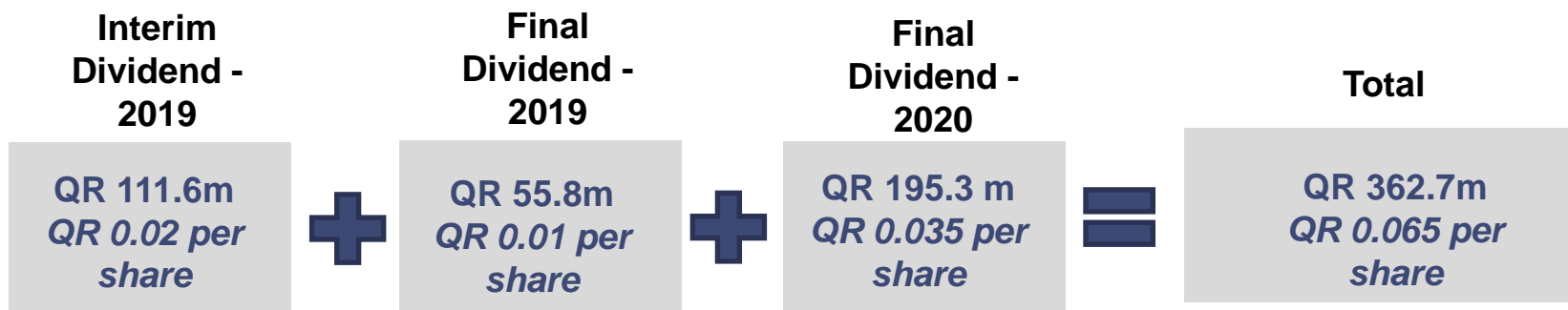


Market Statistics and dividend distribution

Market Statistics and Dividends



Dividend distribution since incorporation



- The total dividends paid from the date of incorporation amounted to QR 362.7 million representing a payout of 6.5% of the nominal value of the shares.





CAPEX and Cash Flows (2021-2025)

CAPEX and Cash Flows (2021-2025) – (QAMCO's Share)

CAPEX:

- Planned CAPEX (2021-25) include routine operations such as pot relining and other maintenance pertaining to power plant and anode plant.

Cash Flows:

- Impressive cash flows from JV's operations, provided sales prices are realized in line with the budgeted plans.

Cash Flows (QAR' m)	2021	2022	2023	2024	2025
Net operating cash flows	632	530	673	693	691
Net investing cash flows	(281)	(235)	(274)	(140)	(154)
Net financing cash flows	56	30	(48)	(64)	(65)
Net cash flows	406	325	351	489	471

- Financing cash outflow from FY 2021 is only pertaining to interest costs.

Note: The cash flow figures for the years 2021-25 are based on the 2021 approved budget and business plan, based on the expectations of the market conditions and aluminium prices prevailing at the time preparing the business plan.

With the current market conditions and aluminium price trends, the cash flow forecasts for 2021-2025 as disclosed in the above table cannot be relied on with absolute certainty, where, the actual realization of these cash flows might significantly differ as compared to these projections, subject to the macroeconomic conditions, including, among other factors, business environment, market dynamics, product prices etc. prevailing in that specific year.

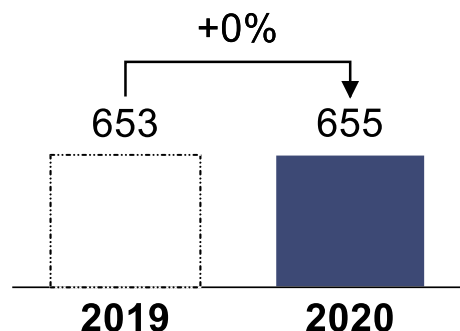




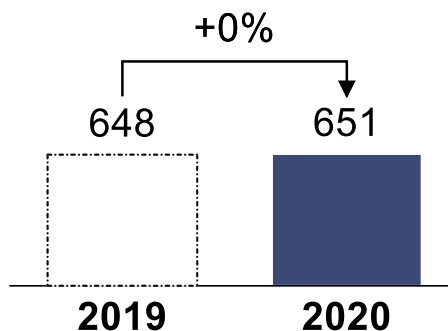
Historical performance (2019 - 2020)

Key Performance Indicators

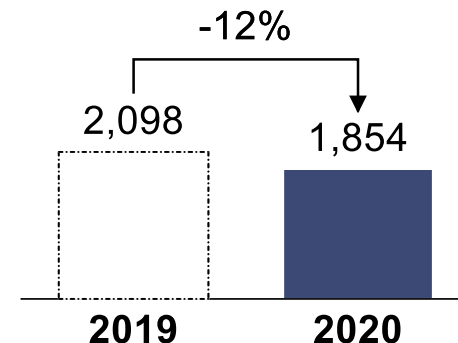
Production (MT'000) – 100%



Sales Volumes (MT'000) – 100%

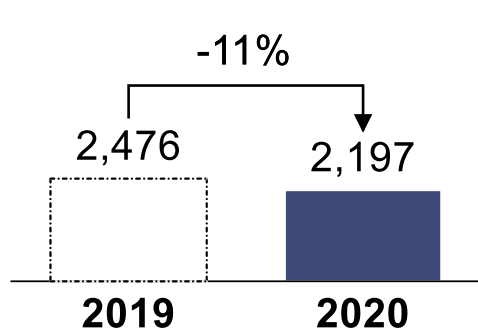


Selling Prices (\$ / MT)

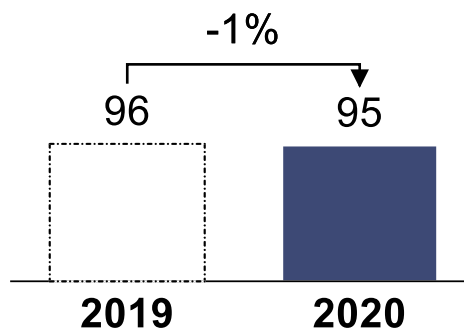


- 2020 Production and sales volumes remained flat in comparison to 2019.
- Selling prices remained under pressure in 2020, due to adverse macroeconomic conditions.

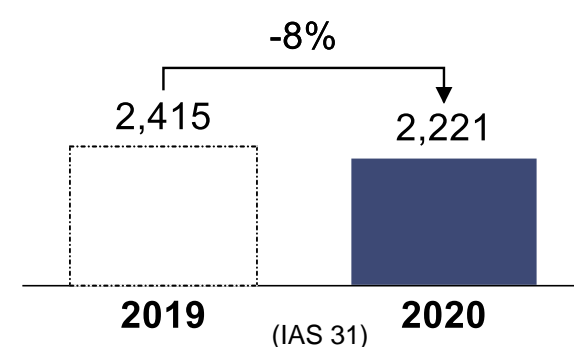
Share of Revenue (QR million)



QAMCO's Net Profit (QR million)



Share of JV's Debt (QR million)



- Revenue growth remained negative due to declining prices.
- Decline in net profit was mainly due to lower revenues and lowered realized premiums. This was offset by lowered cost of goods sold and savings on account of finance cost and G&A expenses.

Note: For purpose of comparability, 2019 financial data reported here relates to the period from 01 January 2019 till 31 December 2019. Whereas, in actual, the published financial statements for the year ended 31 December 2019 included financial data for the period from the date of QAMCO's incorporation (i.e. 3 December 2018) till 31 December 2019.





Governance Structure

Governance Structure

Board structure

- QAMCO Board of Directors consists of six (6) Directors, all were appointed by the Special Shareholder “Qatar Petroleum”. QP appoints qualified and eligible Board Directors who are sufficiently experienced to perform their duties in the best interest of the Company and dedicated to achieving its goals and objectives.

Governance and compliance

- QAMCO is firmly committed to implementing the principles of good governance set out in the Governance Code for Companies Listed on the Main Market issued by Qatar Financial Markets Authority (QFMA), that are consistent with the provisions of the Company’s AoA.
- The Board of Directors ensures that an organizational framework, that is consistent with the legal and institutional framework of the listed companies, is in place at the Company level. This is achieved through a process of reviewing and updating governance implementation whenever required.

Board committees

- The Board of Directors established Board Committees and Special Committees to carry out specific tasks. The Board remains liable for all the powers and authorities so delegated. Currently, Board Committees are Audit Committee and Remuneration Committee.

Authorities

- No one person in the Company has unfettered powers of decision. Decision-making process is always done in accordance with the Company’s Manual of Authorities and the relevant regulations.



Governance Structure

Remuneration

Board of Directors

- The Company has developed a periodically revisited remuneration policy for Board members. The policy has fixed component for Board membership and attending meetings and performance-related variable component. The proposed remuneration of Board members shall be presented to the General Assembly for approval.

Executive Management

- All financial, administrative and head office services are provided by resources from Qatar Petroleum under a service-level agreement

Disclosure and transparency

- The Board ensures that all disclosures are made in accordance with the requirements set by regulatory authorities, and that accurate, complete and non-misleading information is provided to all shareholders in an equitable manner.

Shareholders' rights

- The Company's Articles of Associations provide for the rights of shareholders, particularly the rights to receive dividends, attend the General Assembly and participate in its deliberations and vote on decisions, tag along rights as well as the right to access information and request it with no harm to the Company's interests.

Company's control system

- The Company adopted an internal control system that consists of policies and operating procedures for risk management, internal and external audit, monitoring Company's compliance with the relevant regulations. Clear lines of self-control, responsibility and accountability throughout the Company are therefore set.
- The internal control framework is overseen by the Executive Management, the Audit Committee and the Board of Directors.



THANK YOU



QAMCO

شركة قطر لصناعة الألمنيوم
Qatar Aluminium Manufacturing Company

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