



QAMCO

شركة قطر لصناعة الألمنيوم

Qatar Aluminium Manufacturing Company

Qatar Aluminium Manufacturing Company Investor Relations Presentation

30 June 2020

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 report may contain 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.

There are a number of factors that could affect the realisation of these forward-looking statements such as: (a) price fluctuations in commodity markets, (b) changes in demand or market conditions for the products, (c) loss of market share and industry competition, (d) environmental risks and natural disasters, (e) changes in legislative, fiscal and regulatory conditions, (f) changes in economic and financial market conditions and (g) political risks. As such, results could differ substantially from those stated, or as may be inferred from the forward-looking statements contained herein. All forward-looking statements contained in this report are made as of the date of this document.

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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



Table of Content

1. About QAMCO
2. Ownership Structure
3. Board of Directors
4. Competitive advantages
5. Results at a Glance (For period ended 30 June2020)
6. Market statistics and dividends
7. Operations of joint venture
8. CAPEX and Cash flows (2020-2024)
9. Results at a Glance (2019)
10. Governance structure
11. Sales and marketing





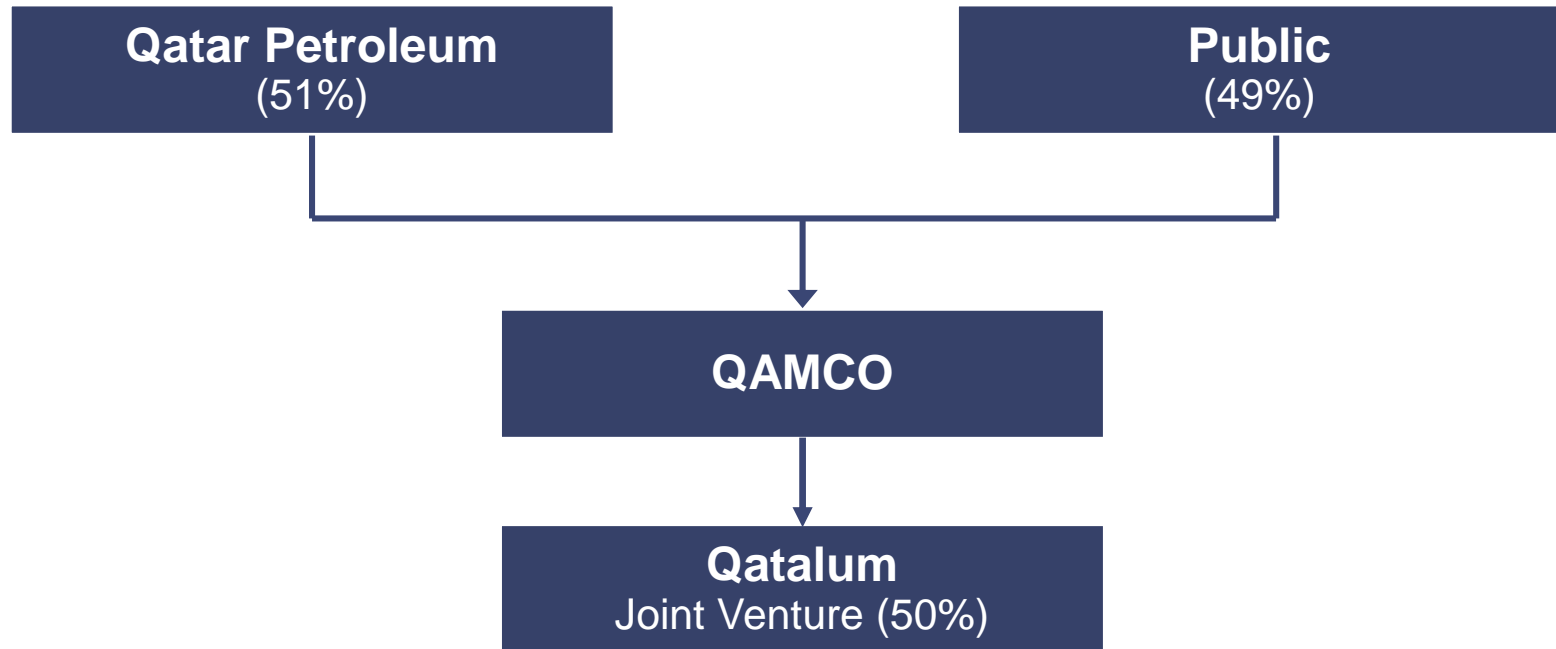
About QAMCO

About QAMCO

- 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), 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.
- Top Shareholders of QAMCO are: Qatar Petroleum (51%) and General Retirement and Social Insurance Authority (5%).
- The Authorized share capital is QR 5,580,120,000 divided into 5,580,119,999 ordinary Shares and one (1) Special Share. The free float consists of 49% shares, with a foreign ownership limit of the same. The maximum shareholding size per shareholder is 2%;
- 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.

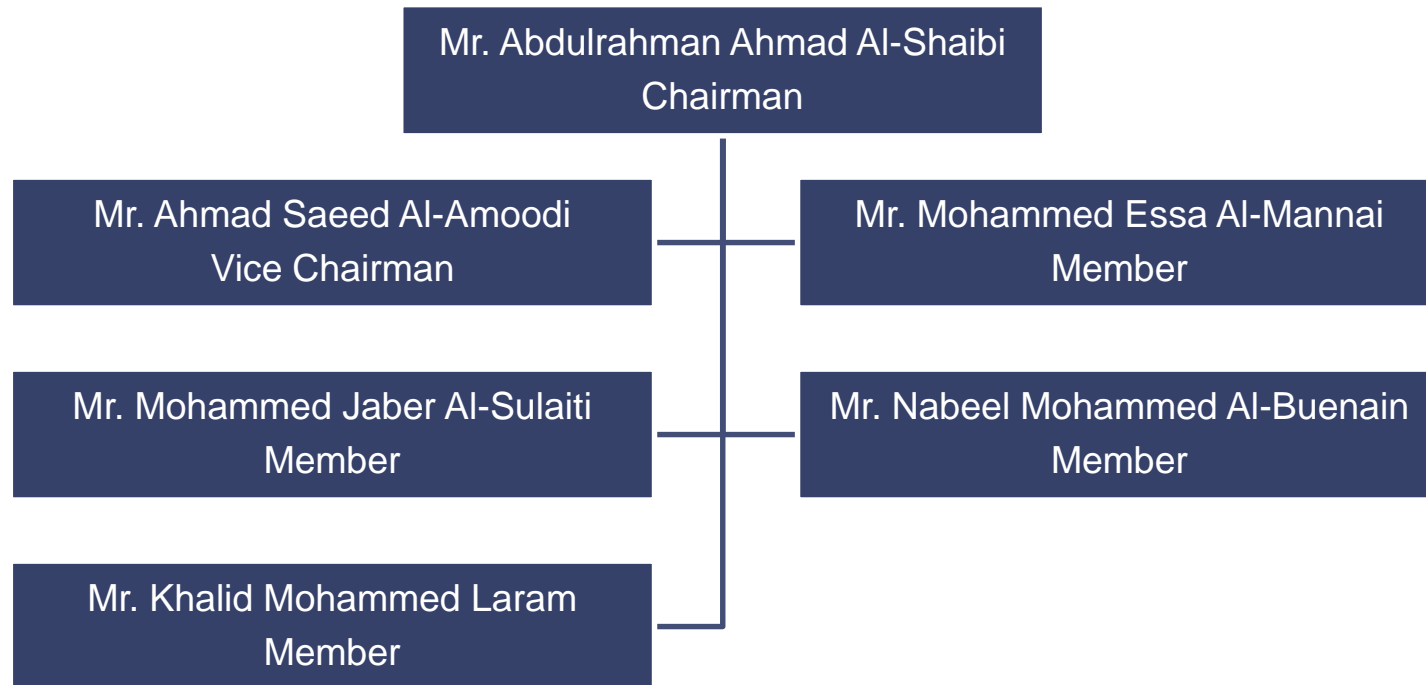


Ownership Structure

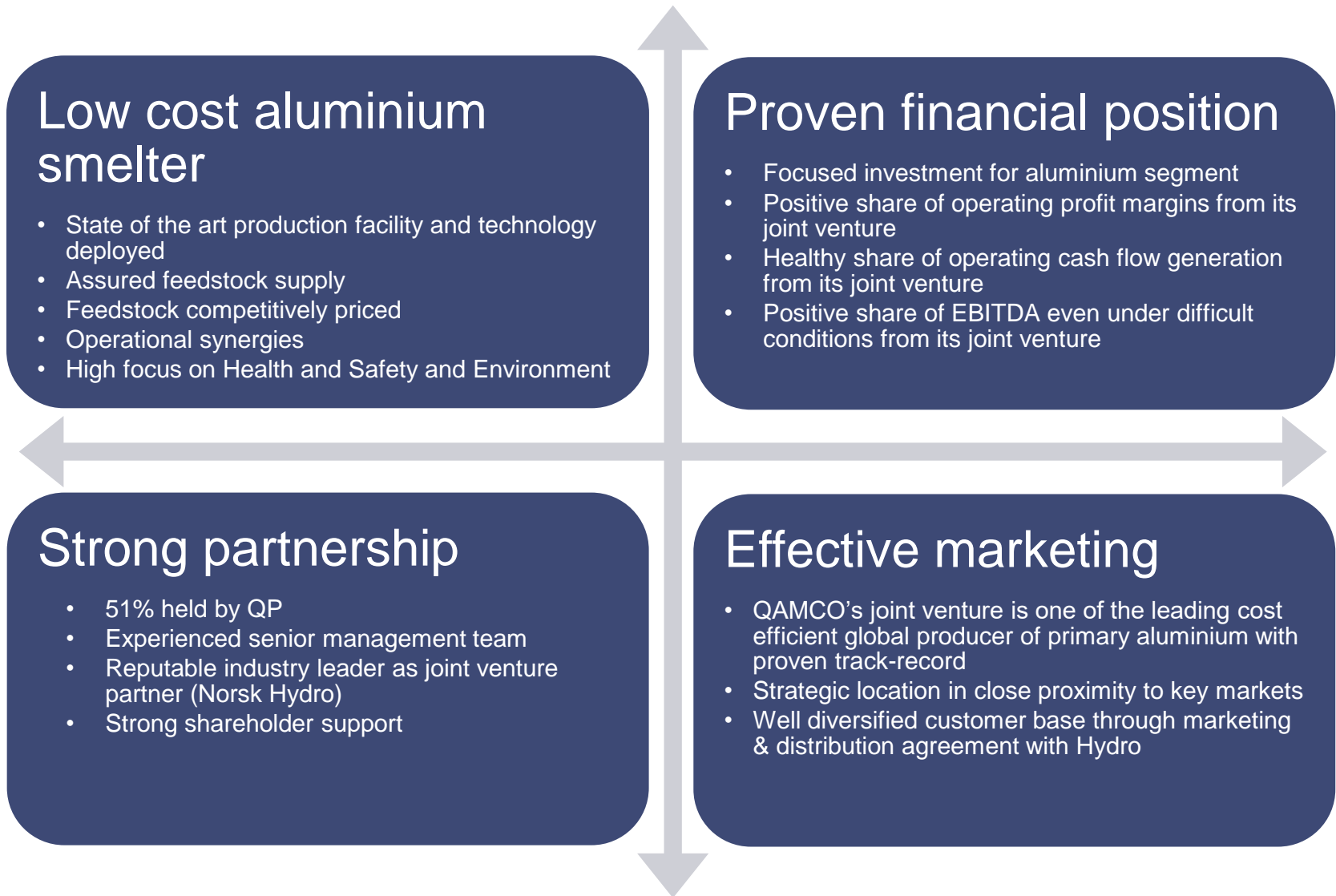


About QAMCO

- QAMCO Board of Directors consist of:



Competitive Advantages



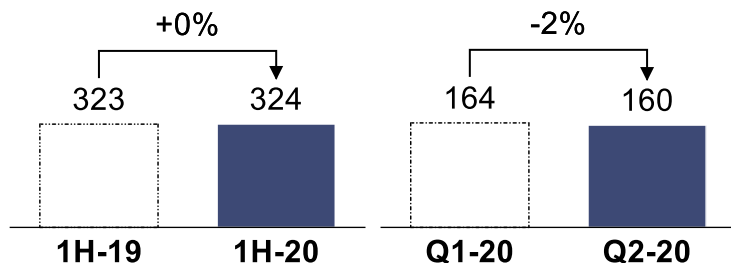


**Results at glance
(For period ended
30 June 2020)**

Key Performance Indicators

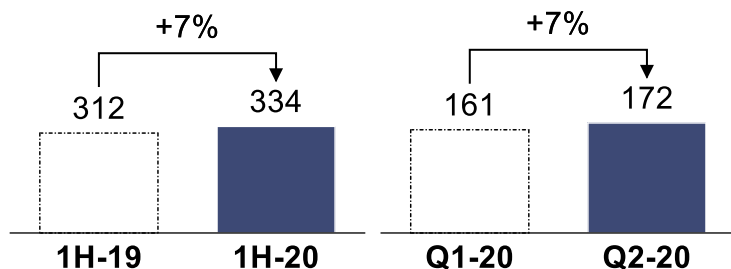
For the period ended 30 June 2020

Production (MT'000) – 100%



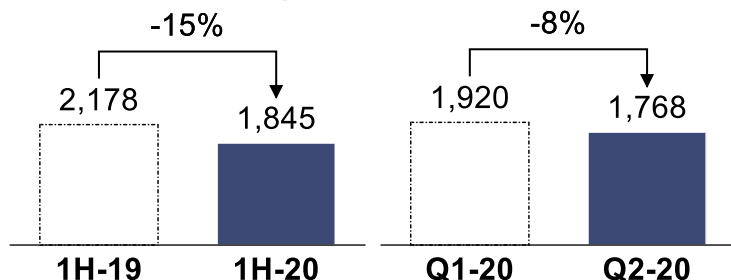
- 1H-20 production volumes of 324 KMT marginally up on 1H-19.
- Q2-20 production volumes marginally down by 2% on Q1-20, due to slightly higher no. of pots relined during Q2-20.
- Production not affected by COVID-19.

Sales Volumes (MT'000) – 100%



- 1H-20 sales volumes of 334 KMT up on 1H-19.
- Q2-20 sales volumes up by 7% on Q1-20.
- Majority of higher sales volume pertains to standard ingots
- During the period, product mix changed from value added products towards standard ingots, amid declining global demand for aluminium products.
- Sales volumes on overall basis not affected by COVID-19.

Selling Prices (\$ / MT)



- 1H-20 selling prices significantly down on 1H-19, which is largely driven by the decline in global market prices for aluminum amid challenging market conditions.
- Q2-20 selling prices down on Q1-20, due to lower demand and change in product mix on account unprecedented uncertainty over the industry demand.

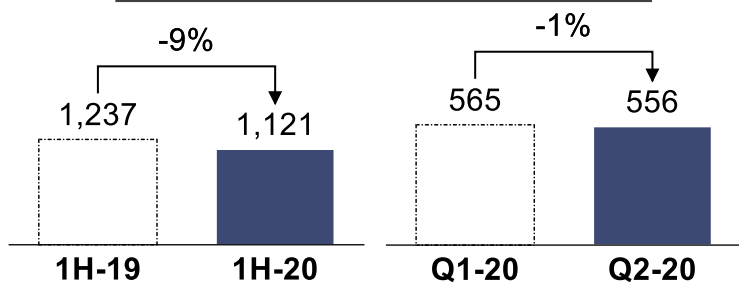
Note: For purpose of comparability, 1H-2019 financial data reported here relates to the period from 01 January 2019 till 30 June 2019. Whereas, in actual, the first half-year published financial statements of 2019 included financial data for the period from the date of QAMCO's incorporation (i.e. 3 December 2018) till 30 June 2019.



Key Performance Indicators

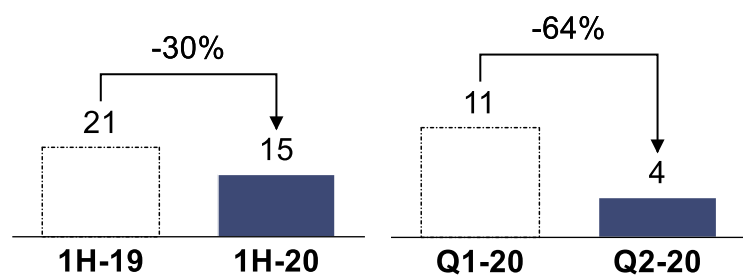
For the period ended 30 June 2020 - QAMCO share in JV

Share of Revenue (QR million)



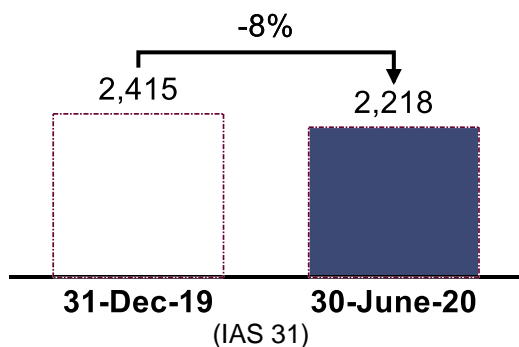
- Share of revenue declined, mainly due to declining trends in selling prices.

QAMCO's Net Profit (QR million)



- 1H-20 vs 1H-19: Profitability impacted due to continued decline in aluminium prices and lowered realized premiums, on the back of weakened demand prospects and continued production surplus. This was partially offset by improved sales volumes and lowered cost of goods sold.
- Q2-20 vs Q1-20: Prices continued to decline from Q1-20, where impact of COVID-19 was felt in the prices and affected the overall profitability.

Net Debt (QR million)



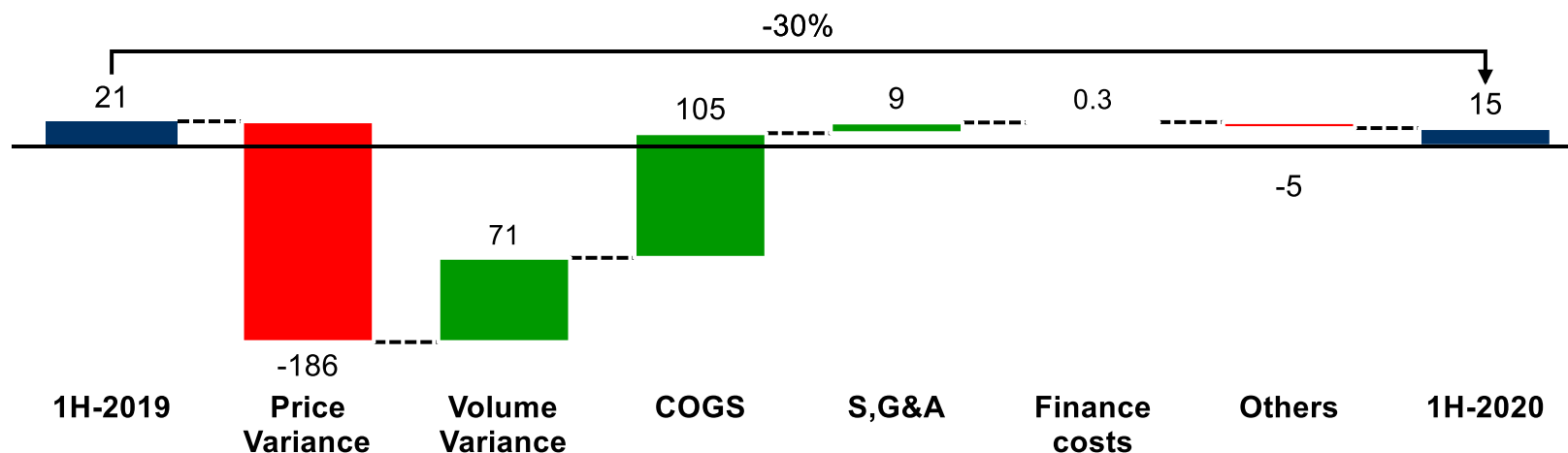
Share of debt decreased by 8% on account of repayment of principal amounting to QR 222 million.

Note: For purpose of comparability, 1H-2019 financial data reported here relates to the period from 01 January 2019 till 30 June 2019. Whereas, in actual, the financial statements polished for the first half of 2019 included financial data for the period from the date of QAMCO's incorporation (i.e. 3 December 2018) till 30 June 2019.



Net Profit Variance Analysis

(QR in Million)



QAMCO reported a net profit of **QR 15 million**, a decline in profitability by 30% compared to the 1H-19.

Results affected by Joint Venture performance due to:

▶ Favorable movements

- Decline in cost of goods sold due to lowered raw materials and energy consumption which decreased by 18% versus 1H-19 and depreciation costs reduced by 10%;
- Lower marketing fee and freight costs by 15%;
- Finance cost changed marginally due to declining LIBOR rates offset against one-off finance costs on account of write-off pertaining to unamortized portion of financing cost relating to the old loan;

▶ Unfavorable movements

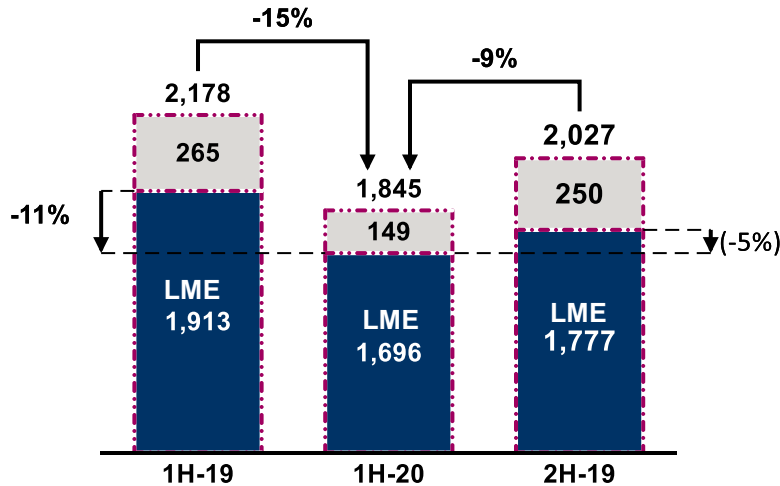
- Significant reduction in revenue due to decline in average selling prices, by 15% versus 1H-19.
- Lower realized premiums;
- No one-off insurance income due to insurance claims received last year.

Note: For purpose of comparability, 1H-2019 financial data reported here relates to the period from 01 January 2019 till 30 June 2019. Whereas, in actual, the financial statements polished for the first half of 2019 included financial data for the period from the date of QAMCO's incorporation (i.e. 3 December 2018) till 30 June 2019.



Analysis of Selling Prices

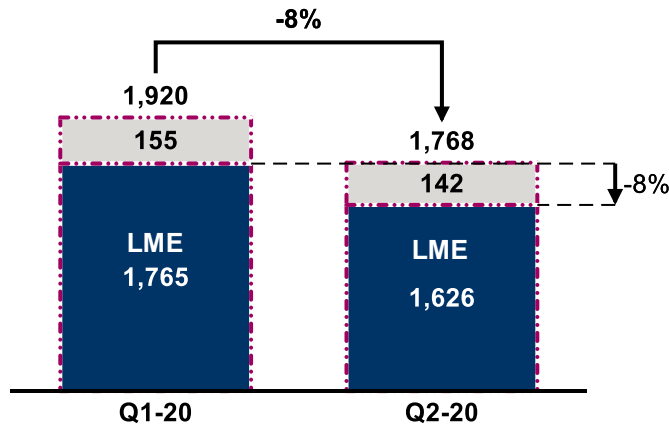
Selling Prices (\$ / MT)



- The average selling prices declined from previous periods due to persistent challenging macroeconomic conditions pressuring LME prices.

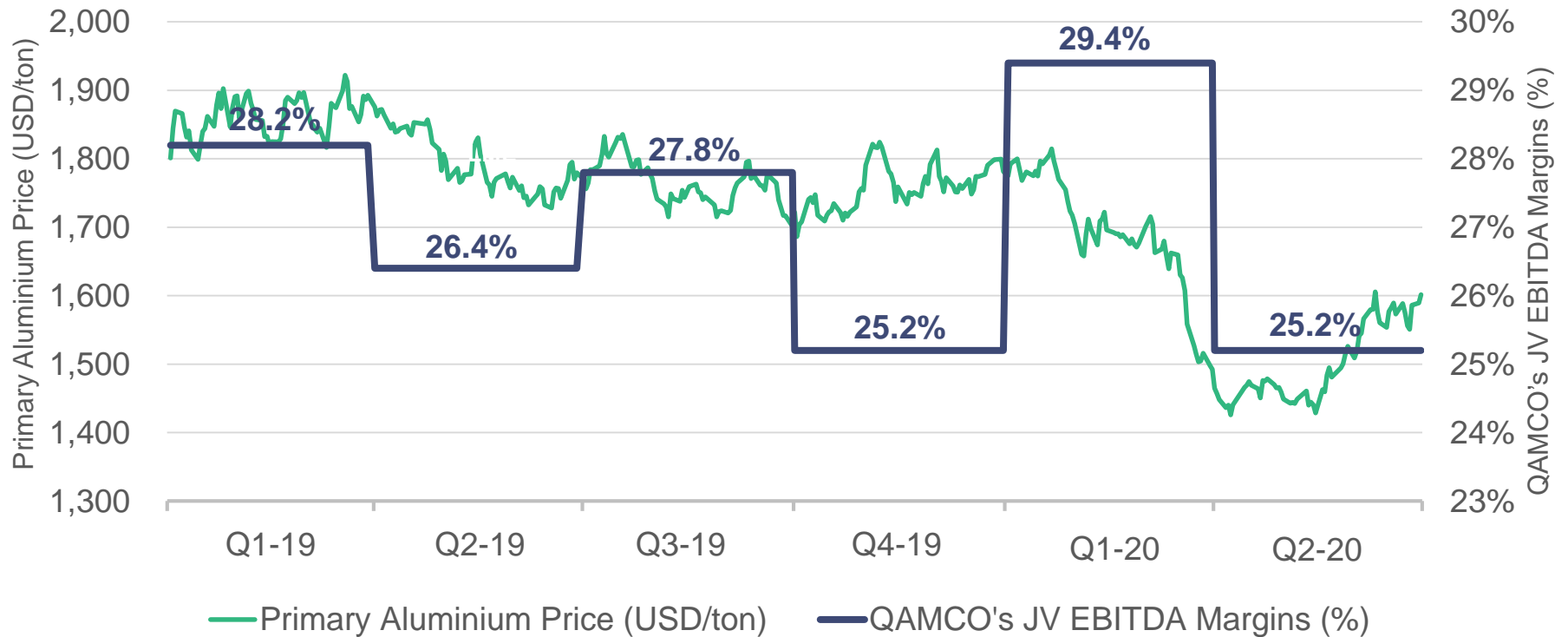
- Premiums declined mainly due to unprecedented shift in product mix from value added products towards standard ingots during the current period of declining global demand for aluminium products.

Selling Prices (\$ / MT)



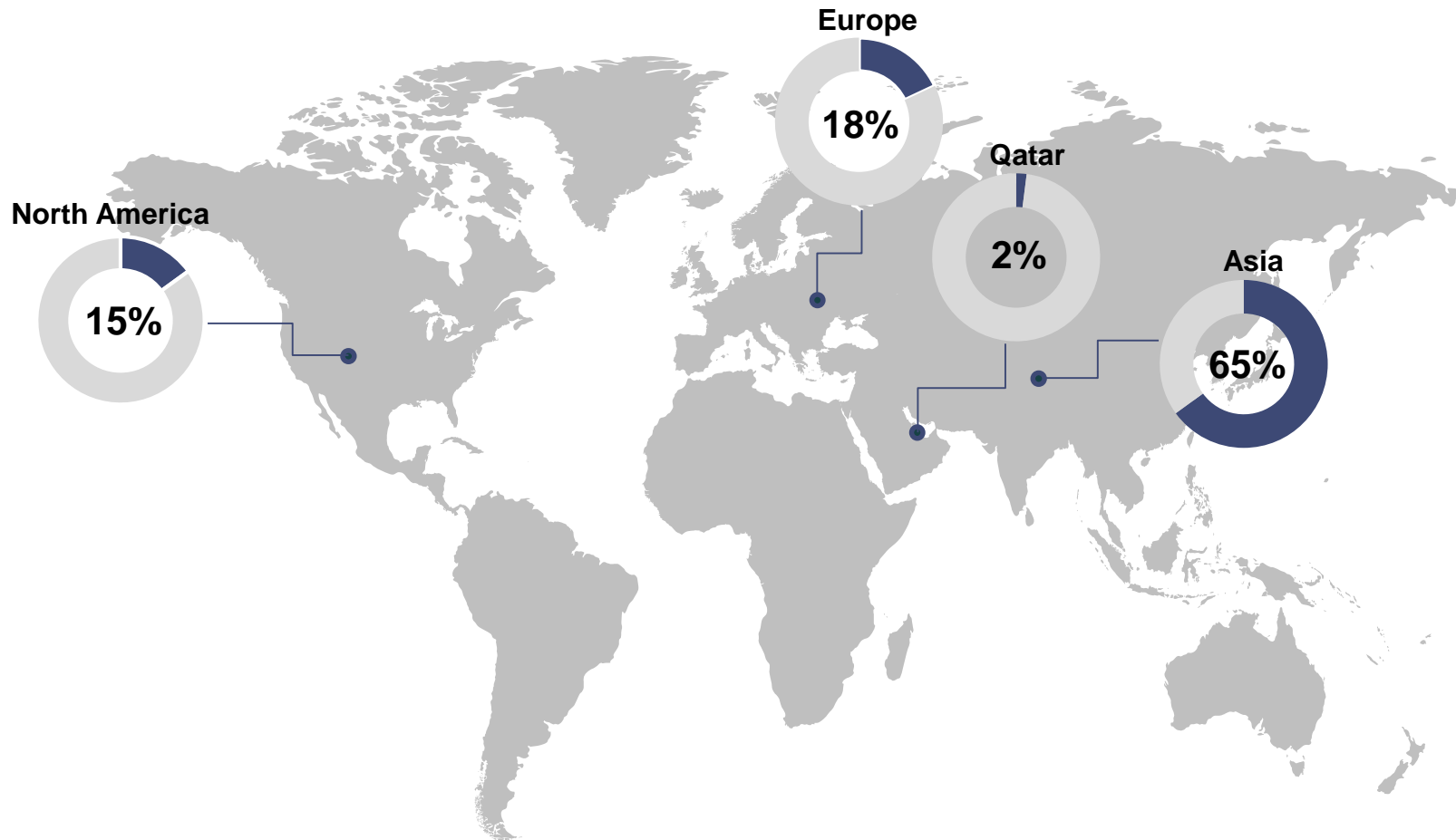
Analysis of EBIDTA margins

Despite pressured primary aluminium prices globally, QAMCO's JV EBIDTA margins remained robust and resilient



Geographic analysis – QAMCO JV revenue

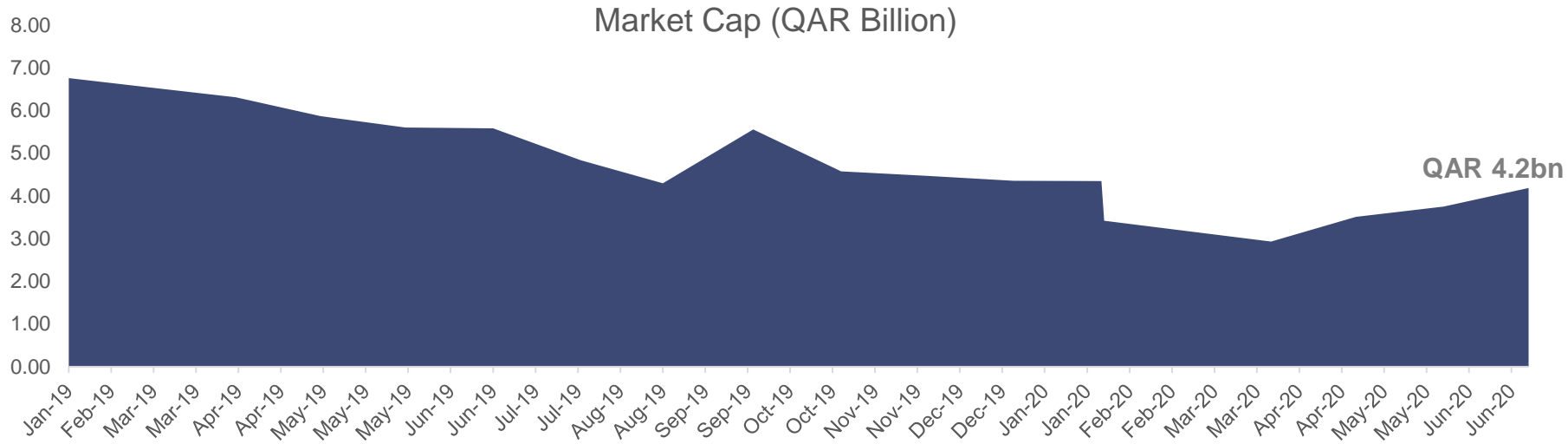
Asia remained QAMCO JV's largest market, while its presence in US and Europe continued to be substantial





Market Statistics and dividend distribution

Market Statistics and Dividends



Dividend distribution for 2019

Interim Dividend paid

QR 111.6m
QR 0.02 per
share



Final Dividend

QR 55.8m
QR 0.01 per
share



Total dividend in 2019

QR 167.4m
QR 0.03 per
share

- The total dividends paid from the date of incorporation amounted to QR 167.4 million representing a payout of 3% of the nominal value of the shares.

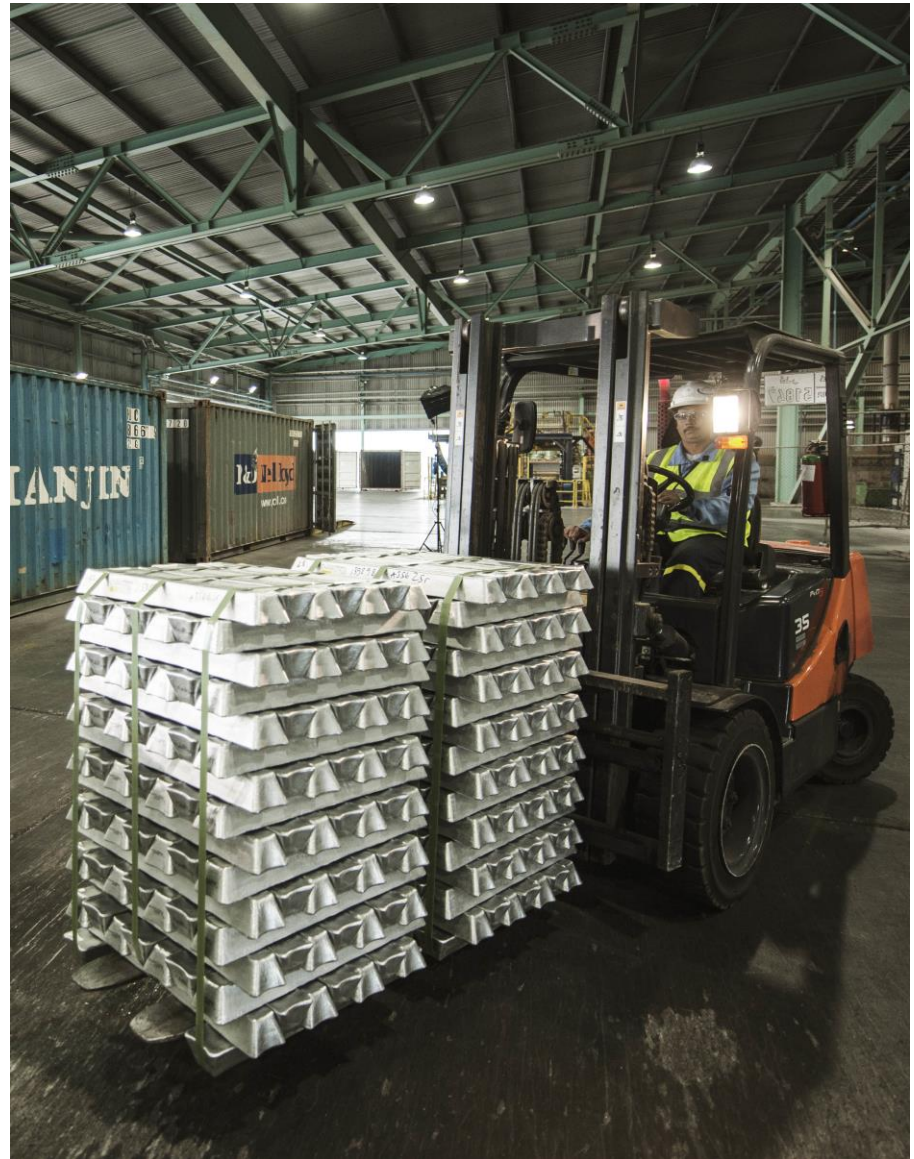




Operations of Joint Venture

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.



CAPEX and Cash Flows (2020-2024) – (QAMCO’s Share)

CAPEX:

- Planned CAPEX (2020-24) include routine operations such pot relining; turbine inspections; baking furnace flue wall replacement; swing rectifier; plan to enhance cybersecurity protocols; and compliance with requirements set by set by Qatar’s Ministry of the Environment.

Cash Flows:

- Impressive cash flows from operations, provided sales prices are realized in line with the budgeted plans.
- Financing cash outflow from FY 2021 is only pertaining to interest costs.

Cash Flows (QAR’ m)	2019	2020	2021	2022	2023	2024
Net operating cash flows	724	525	711	623	677	745
Net investing cash flows	(95)	(237)	(239)	(241)	(217)	(101)
Net financing cash flows	(561)	(171)	(65)	(61)	(69)	(82)
Net cash flows	69	117	407	320	392	561

Note: The cash flow figures for the years 2020-24 are based on the 2020 approved budget and business plan, based on the expectations of the market conditions and aluminium prices prevailing in the start of the year.

With the current market conditions and aluminium price trends, the 2020 forecasted net cash flows would decline by ~47%. Whereas, the cash flow forecasts for 2021-24 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.

- QAMCO’s JV initiated the optimization measures to protect against the downside business and financial risks amid challenging macroeconomic conditions**
- As part of latest optimization drive, 2020 CAPEX amounting to QR 53.5 million (23.5% of the originally planned CAPEX for 2020) have been deferred.**



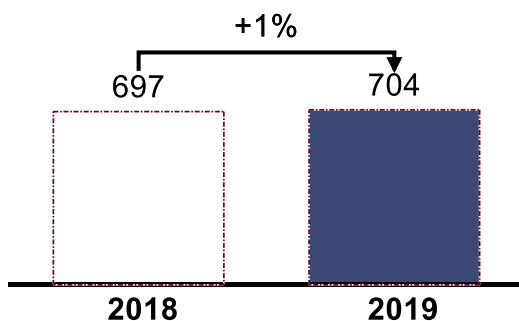


Results at glance (2019)

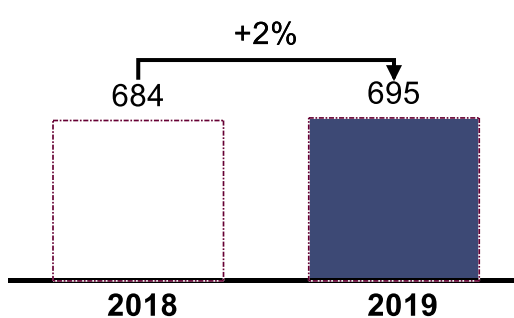
Key Performance Indicators

(For the 13 month period ended 31 December 2019 - QAMCO share in JV)

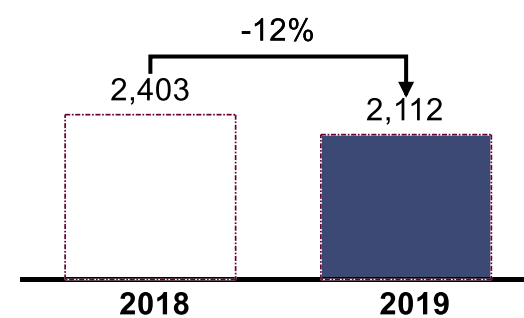
Production (MT'000) – 100%



Sales Volumes (MT'000) – 100%

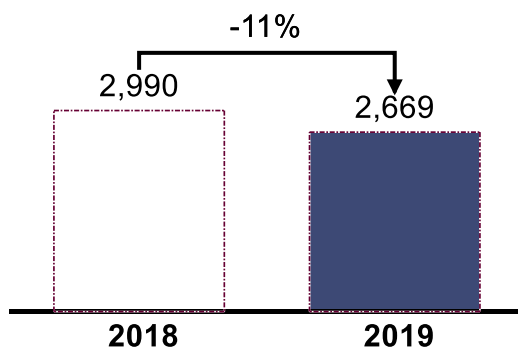


Selling Prices (\$ / MT)

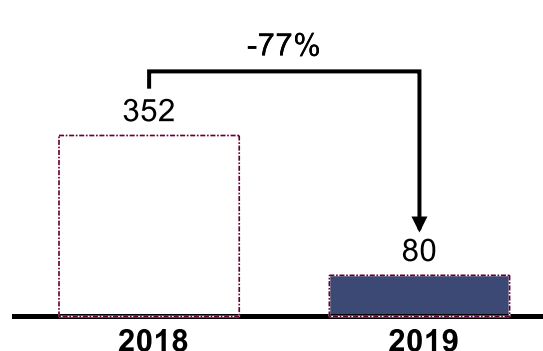


- Production and sales volumes were marginally higher in comparison to the last pro-forma period.
- Selling prices remained under pressure throughout 2019, due to adverse macroeconomic conditions including trade disputes between global economies causing global GDP to slowdown, which contributed negatively to the growth in the industry.

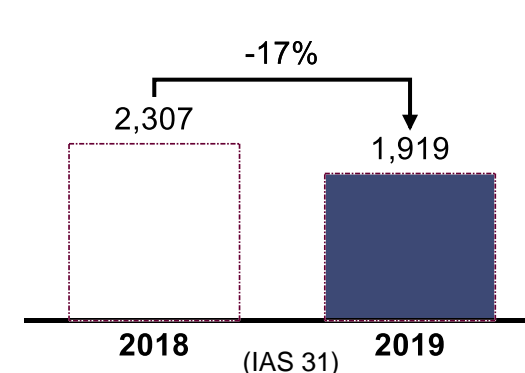
Share of Revenue (QR million)



QAMCO's Net Profit (QR million)



Net Debt (QR million)



- Revenue growth remained negative due to the declining prices.
- Decline in net profit was mainly due to the lower revenues, comparatively higher COGS, impairment losses and increased financing costs.





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

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Please refer to www.qamco.com.qa for the latest information, publications, press releases and presentations about Qatar Aluminium Manufacturing Company.



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