



QAMCO

شركة قطر لصناعة الألمنيوم

Qatar Aluminium Manufacturing Company

Qatar Aluminium Manufacturing Company Investor Relations Presentation

31 December 2019

Disclaimer

The companies in which Qatar Aluminium Manufacturing Company Q.P.S.C. directly and indirectly owns investments are separate entities. In this press release, “QAMCO” and “the group” 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 group 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 crude oil and natural gas, (b) changes in demand or market conditions for the group’s 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 consists 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 QR millions and percentages have been rounded to 1 decimal point. All other values have been rounded to the nearest whole number. 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





About QAMCO

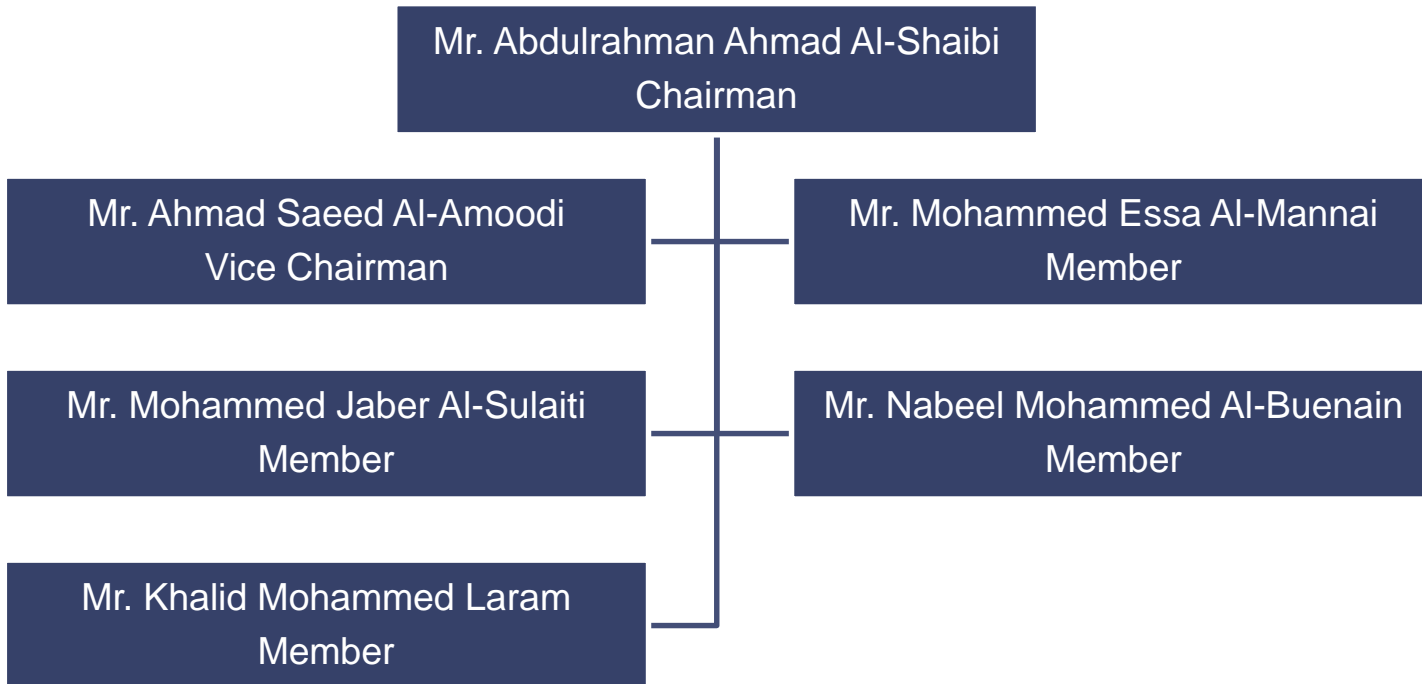
About QAMCO

- 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 the United States. 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.



About QAMCO

- QAMCO Board of Directors consist of:



Competitive Advantages



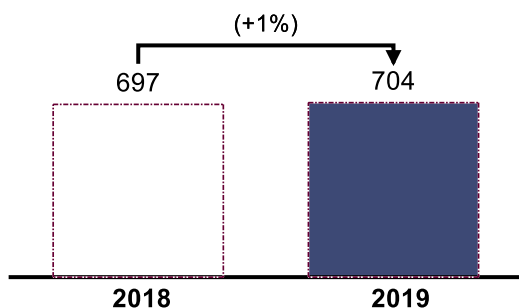


Results at glance

Key Performance Indicators

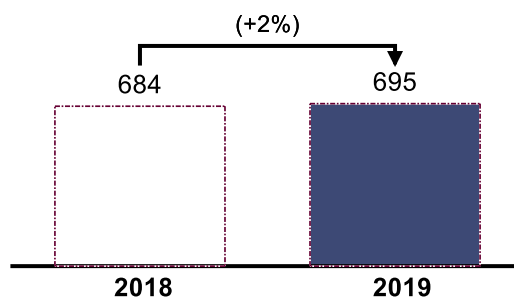
(For the 13 month period ended 31 December 2019 - QAMCO share in JV)

Production (MT'000) – 100%



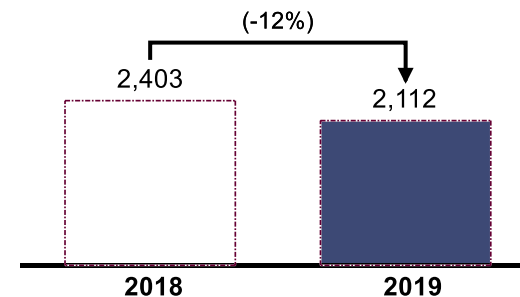
Production up by 1% compared to the last pro-forma period. Although the production level remained intact compared to previous period, the product mix moved inline with the market demands.

Sales Volumes (MT'000) – 100%



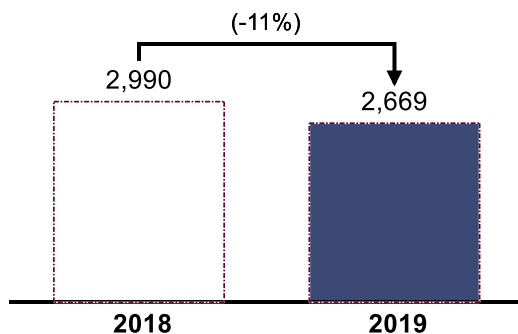
Sales volumes were marginally higher in comparison to the last pro-forma period, though the sales volumes were slightly lower than production volumes.

Selling Prices (\$ / MT)



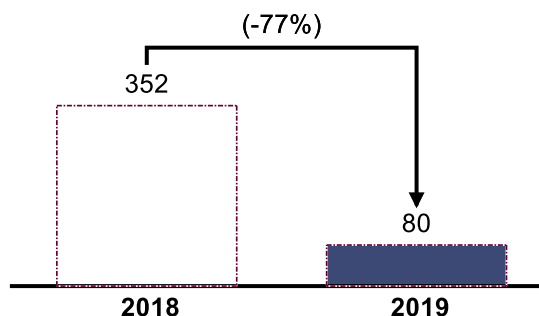
Selling prices down by 12% on the last pro-forma period. Though world demand is higher than production, prices are under pressure due to excess inventories coming into market from worldwide smelters from their previous stock piles.

Share of Revenue (QR million)



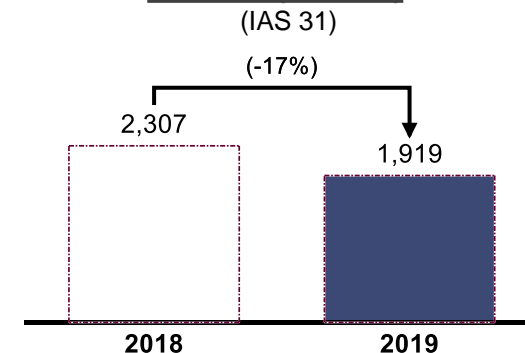
Revenue of QR 2,669 million, down by 11% compared to last pro-forma period, mainly due to the effect of lower prices compared to the previous period.

QAMCO's Net Profit (QR million)



Net profit QR 80 million, down on last pro-forma period by 77% • Decline in net profit is due to a combination of factors including lower revenues, comparatively higher COGS, impairment losses and increased financing costs.

Net Debt (QR million)

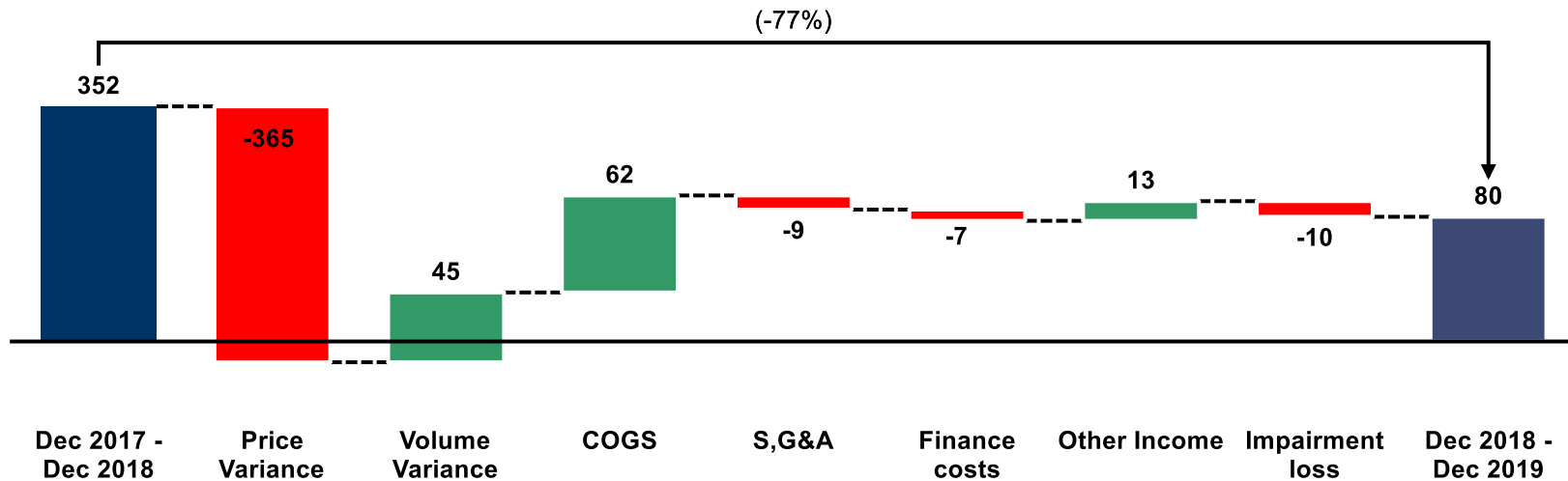


Net Debt of QR 1.9 billion, decreased by 17% due to decrease in the balance on account of debt repayment during the period. QAMCO's share of total debt is QR 2.4 billion and share of cash and bank balances is QR 497 million as at 31 December 2019.



Net Profit Variance Analysis

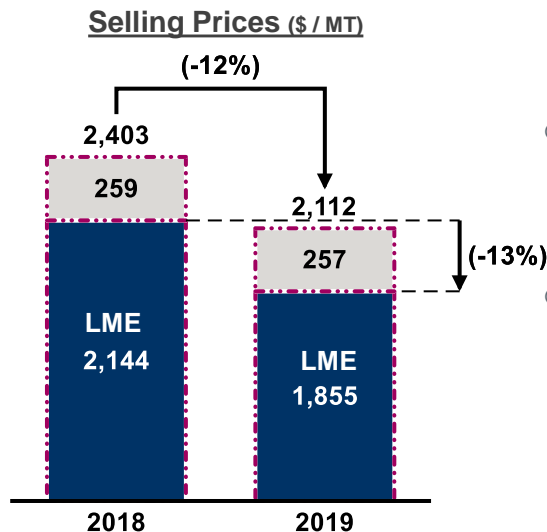
(QR in Million)



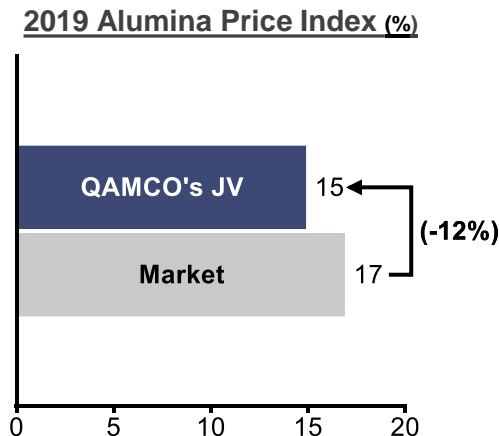
- QAMCO reported a net profit of **QR 80 million**, a decline in profitability by 77% compared to the previous pro-forma period.
- Results affected by Joint Venture performance due to:
 - a) Significant reduction in revenue due to decline in average selling prices, by 12% versus last pro-forma period.
 - b) Comparatively higher cost: due to higher energy consumption due to overhaul of steam turbines and higher technical service cost.
 - c) Higher finance costs: capitalization of leases as per IFRS 16. Corresponding decrease in lease cost is recognized in COGS & G&A.
 - d) Loss on one-off impairment due to write-off pertaining to steam turbines and conveyor belt due to their overhaul.
- Results were partially improved by one-off insurance claim received during the period.



Analysis of Selling Prices and Alumina price index



- The decline in average selling prices is mainly due to the decline in LME aluminium prices which declined by 13% as compared to the last year.
- Premiums remained stable, which is a testament to the Group's capabilities to remain resilient in the current macroeconomic conditions.



- During 2019, QAMCO's alumina price index outperformed market index and remained resilient as compared to the market, which provides an assurance of sustainable margins for the Company.
- Over the period the decline in alumina prices, as compared to the Aluminium prices, have remained at the slower pace, which affected the industry margins globally.

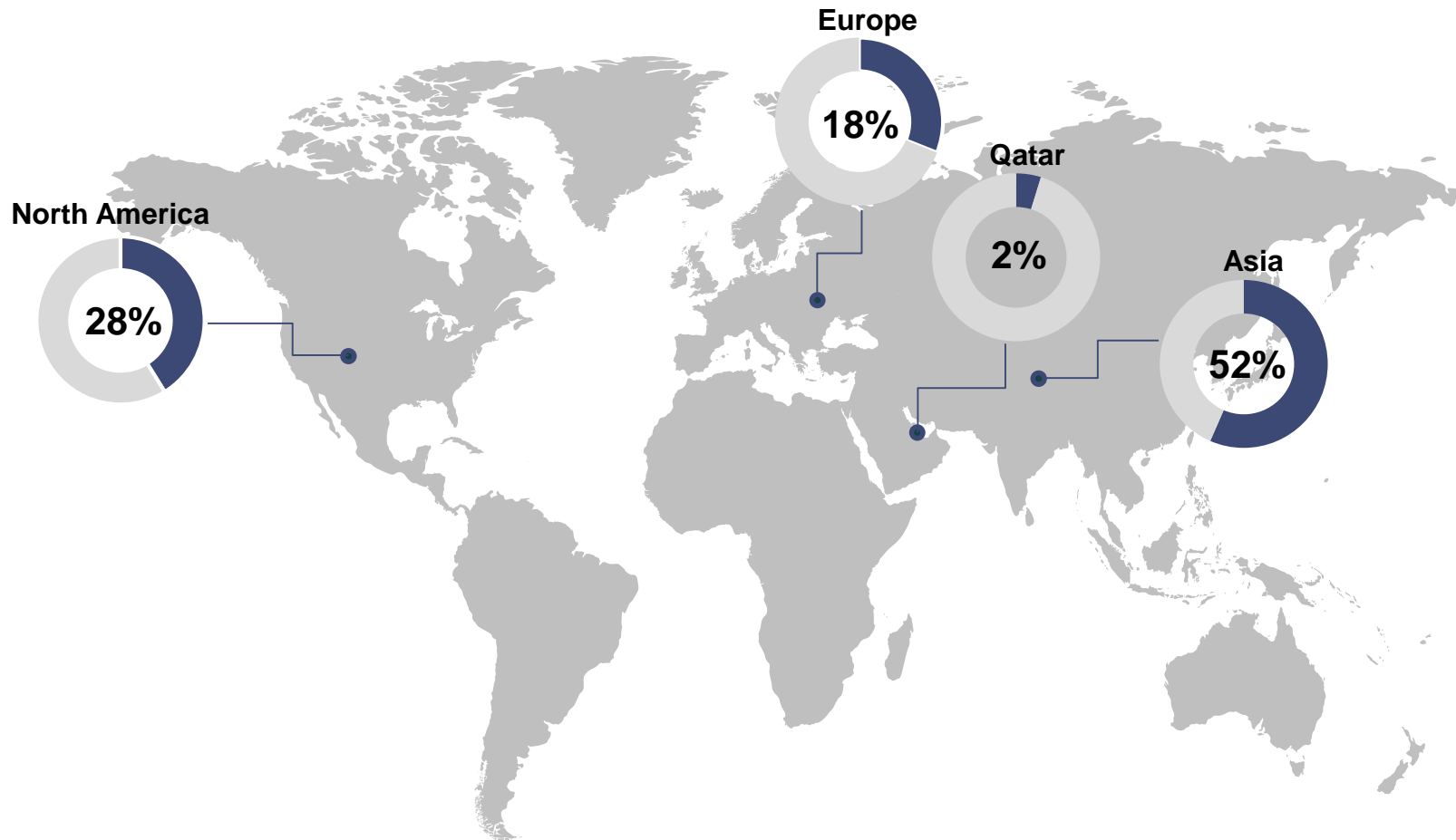
LME Aluminium, Market alumina price source: Bloomberg, CRU

Alumina Price index (%) = Av. Alumina price / Av. Aluminium selling price



Geographic analysis – QAMCO Group revenue

Asia remained the Group's largest market in 2019, while its presence in US and Europe continued to be substantial

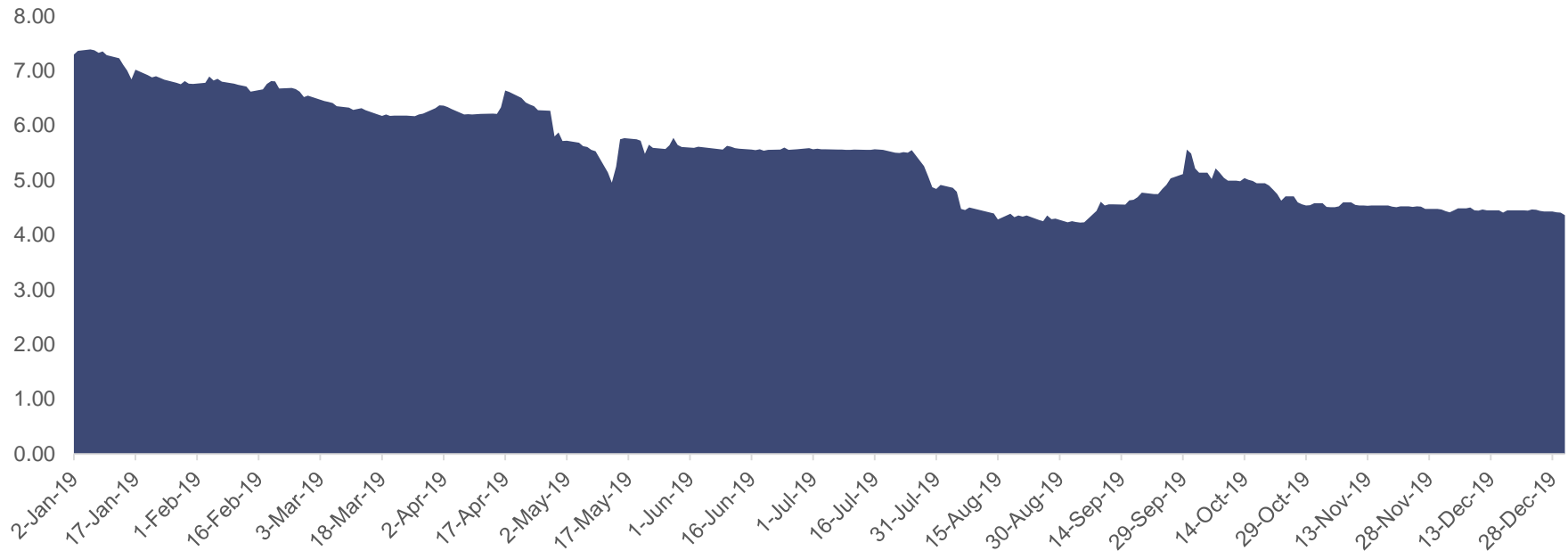




Market Statistics

Market Statistics

Market Cap (QAR Billion)



- QAMCO distributed cash dividends totaling of **QR 111.6 million** in May 2019, equivalent to **QR 0.02** per share (taking into account the mandatory QFMA stock split during July 2019);
- The average daily traded value of QAMCO share during Q4 amounted to **QR 2.6 million**.
- The Board of Directors proposed a dividend distribution for the period ended 31 December 2019 of **QR 55.8 million**, equivalent to a payout of **QR 0.01** 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.

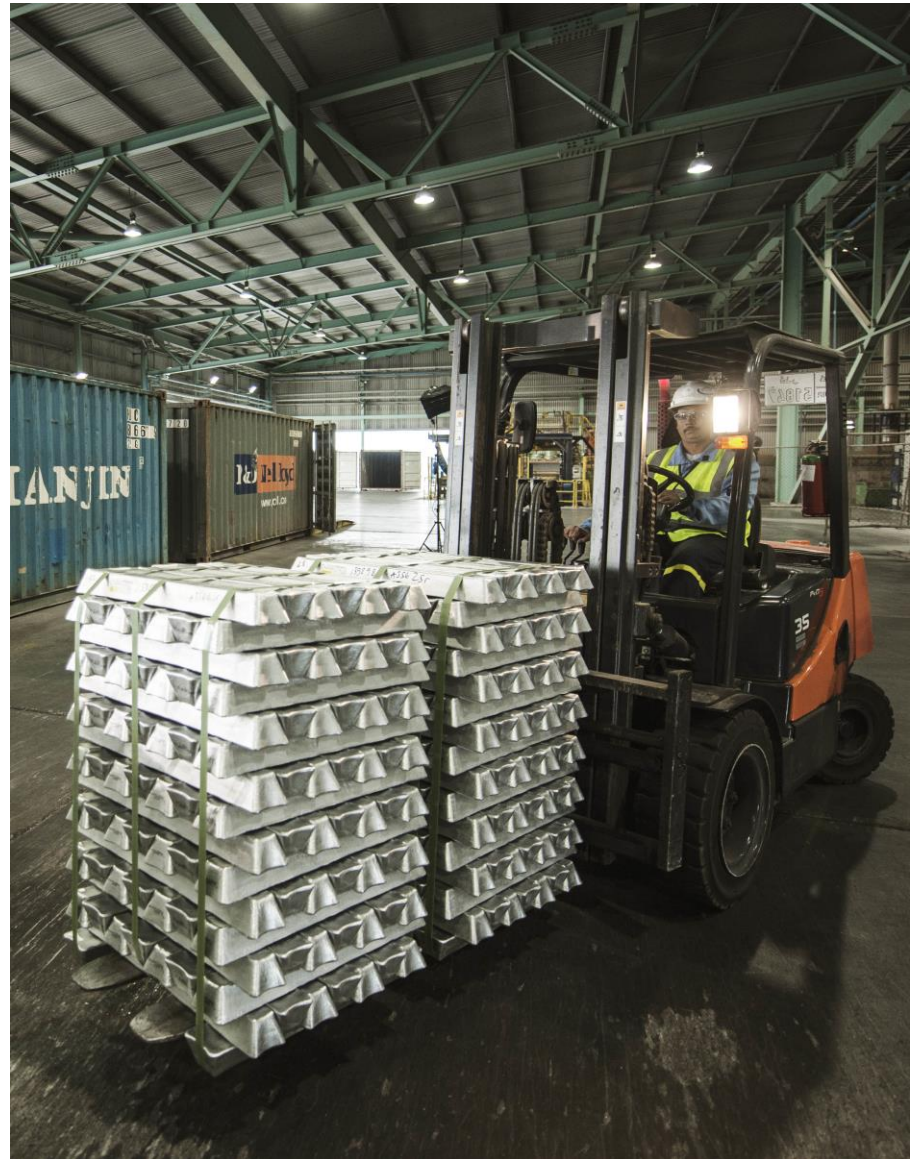




Operations of Joint Venture

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:

- Capital expenditure for the year 2019, included a major turbine overhaul, swing rectifier project and pot relining, which is part of the planned cyclical program.
- 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





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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