



QAMCO

شركة قطر لصناعة الألمنيوم

Qatar Aluminium Manufacturing Company

Qatar Aluminium Manufacturing Company Investor Relations Presentation

30 September 2023

Disclaimer

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GENERAL NOTES

Qatar Aluminium Manufacturing Company’s accounting year follows the calendar year. 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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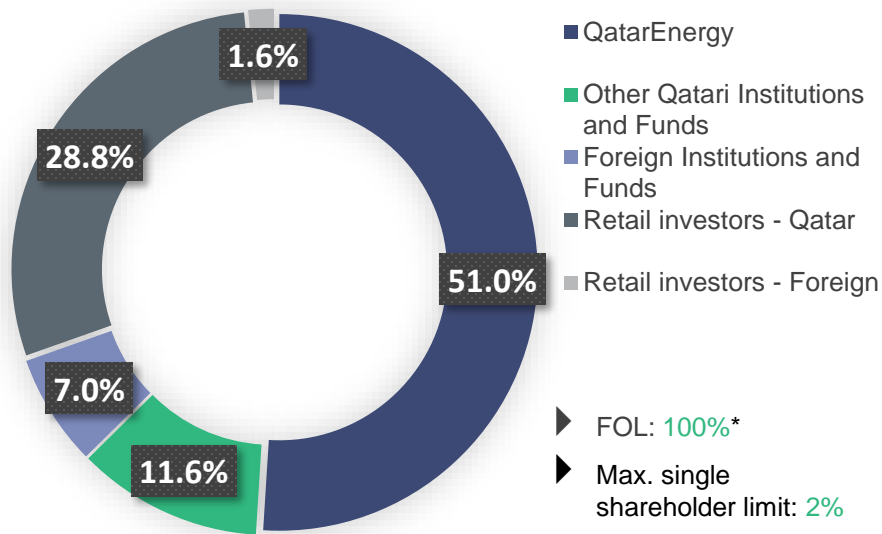
QAMCO at a Glance

QAMCO at a Glance

Overview

- Qatar Aluminium 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).
- QatarEnergy 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.

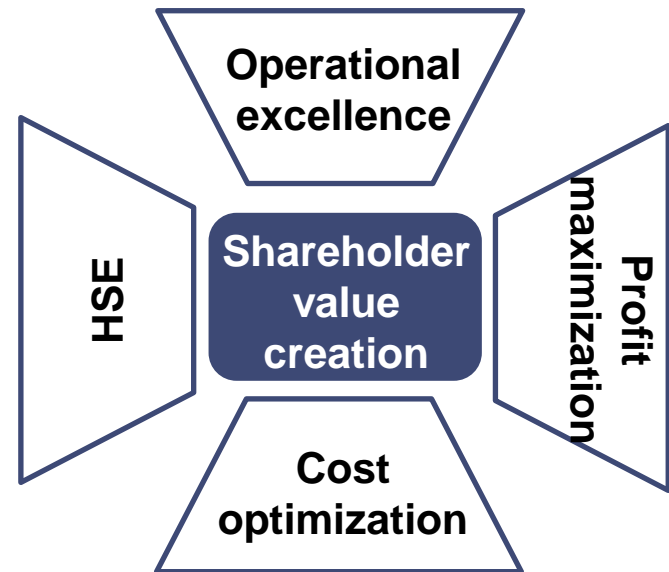
QAMCO's shareholding structure

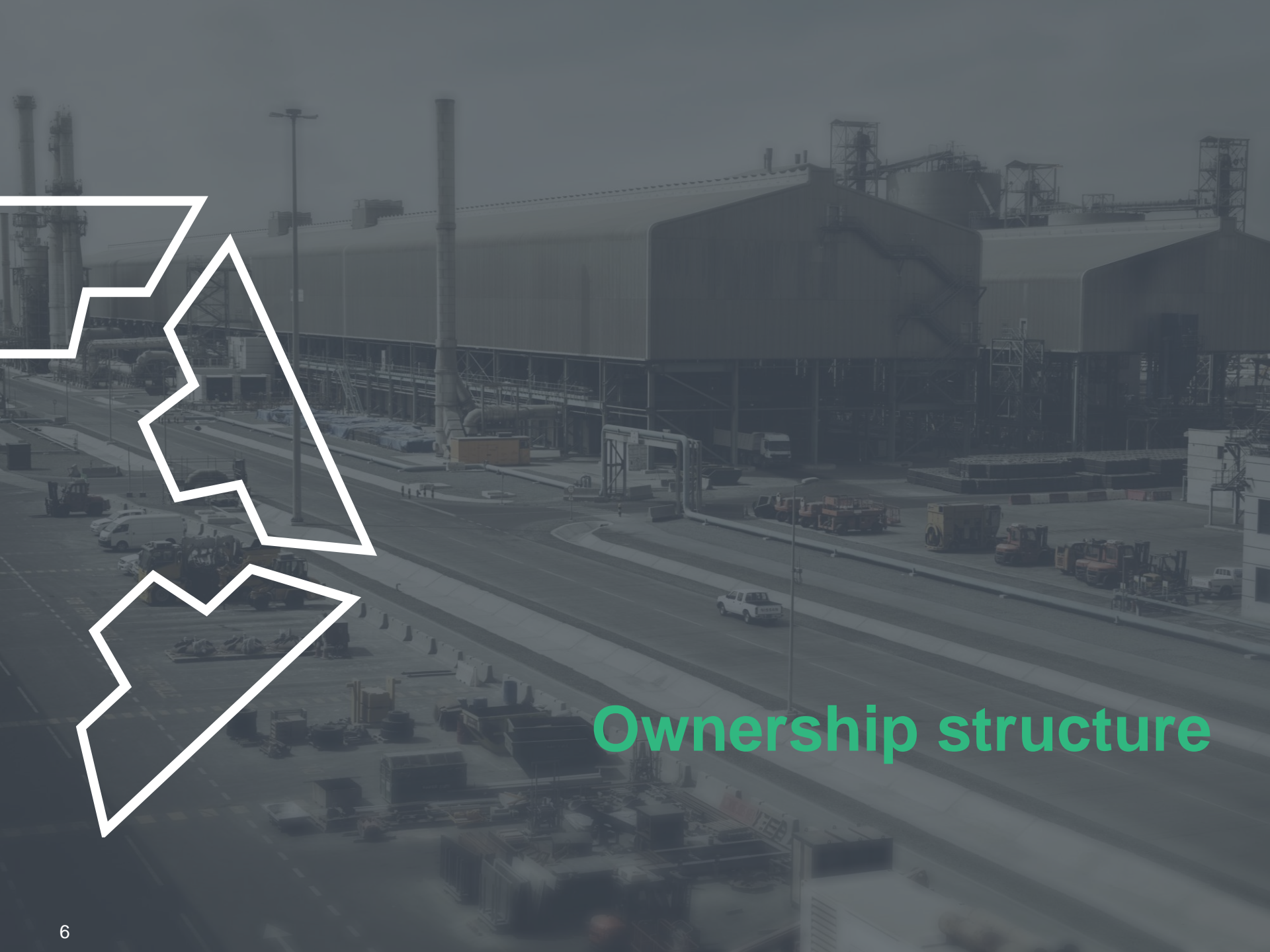


Note: Shareholder data as of 30-September-23

* Board of Directors approved to increase the FOL to 100%. Council of Ministers approval received; all necessary measures will be taken in this regard with the relevant concerned authorities.

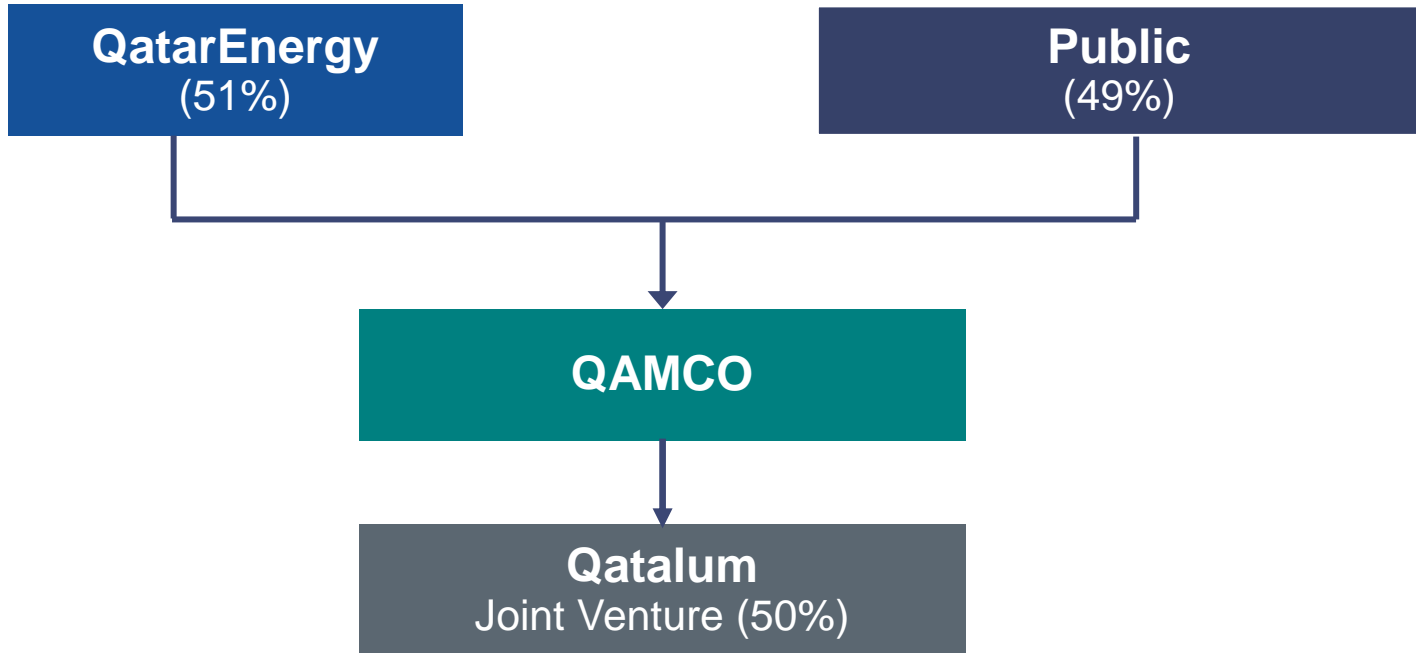
Core values





Ownership structure

Ownership Structure



QAMCO holds 50% share of Qatar Aluminium Limited (“Qatalum” or “QAMCO JV” or “JV”) as a joint venture shareholder, which produces high-quality aluminium of more than 650,000 tons per year (“tpy”) for customers in Asia, Europe and North America. QAMCO JV facilities include a carbon plant, a reduction plant, a cast house, port and storage facilities as well as a captive gas-fired power plant.

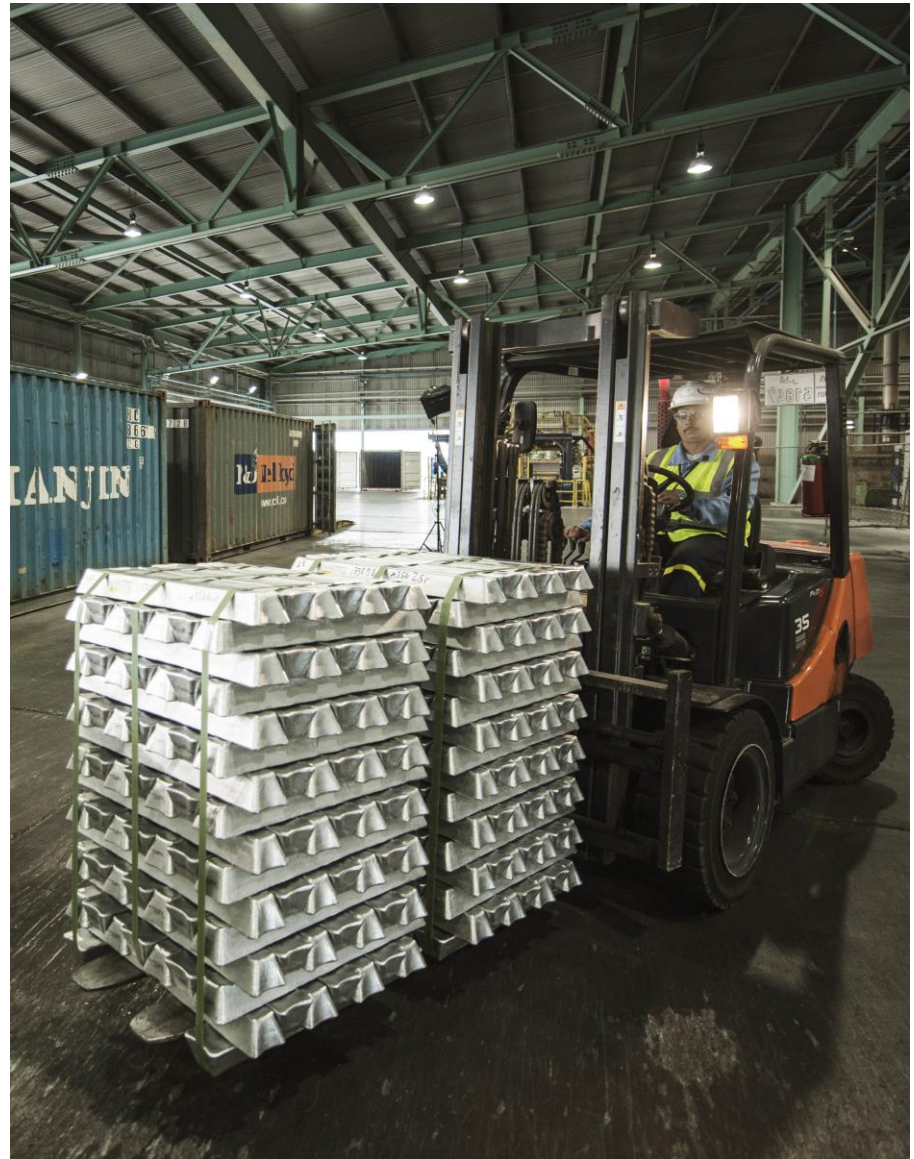




Operations of Joint Venture

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 one of the industry's most competitive profit margins and strong cash flow generation.
- Qatar Aluminium (Qatalum) has 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 products. 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

Low cost smelter

- ▶ State of the art production facility and technology deployed
- ▶ Assured feedstock supply and competitively priced energy
- ▶ High focus on Health and Safety and Environment

Proven financial position

- ▶ Positive share of operating profit & competitive EBITDA margins from JV
- ▶ Healthy share of operating cash flow generation from JV

Strong partnership

- ▶ 51% shares in QAMCO are held by QatarEnergy
- ▶ Experienced senior management team
- ▶ Reputable industry leader as joint venture partner (Norsk Hydro)

Effective marketing

- ▶ QAMCO's JV is one of the leading cost efficient global producer of primary aluminium with a strategic location in close proximity to key markets
- ▶ Well diversified customer base through marketing & distribution agreement with Hydro

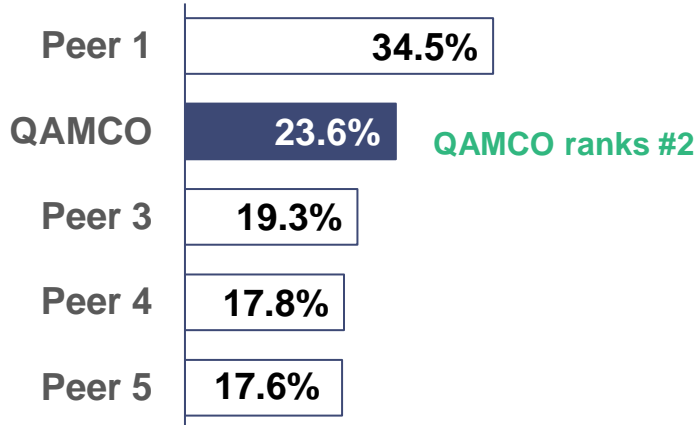




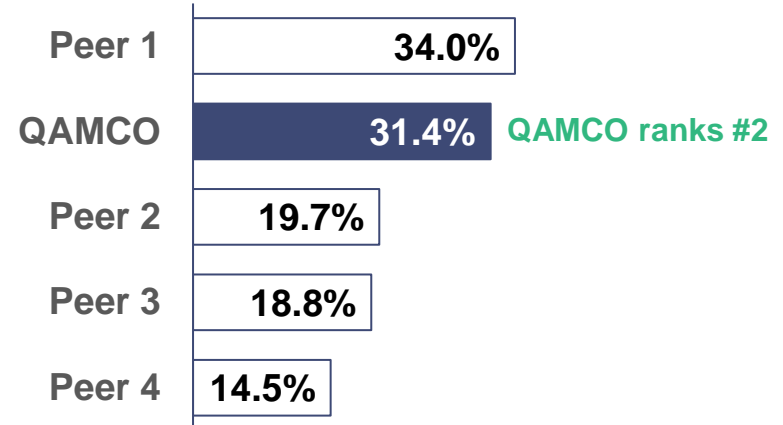
Peer review

QAMCO's competitive positioning versus global peers

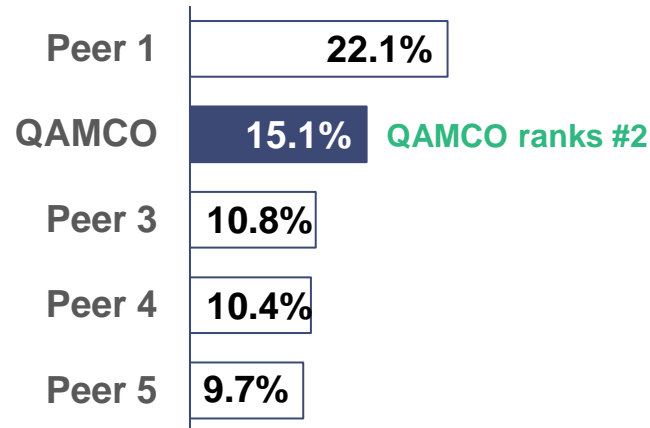
Gross profit margin (%)



EBITDA margin (%)



Net profit margin (%)



Note: Data as of H1-23

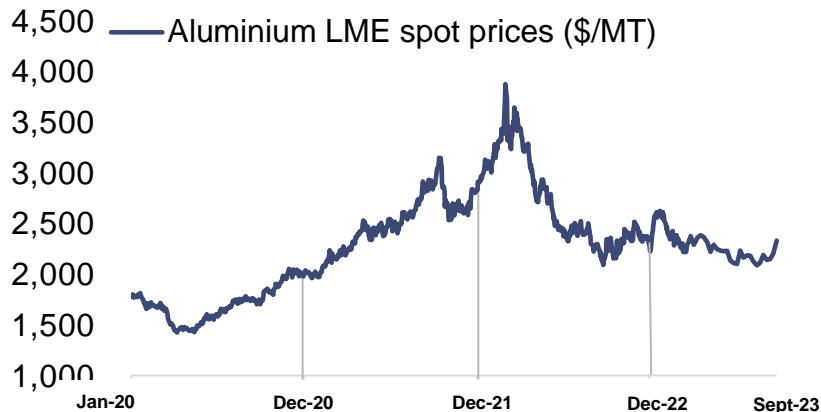




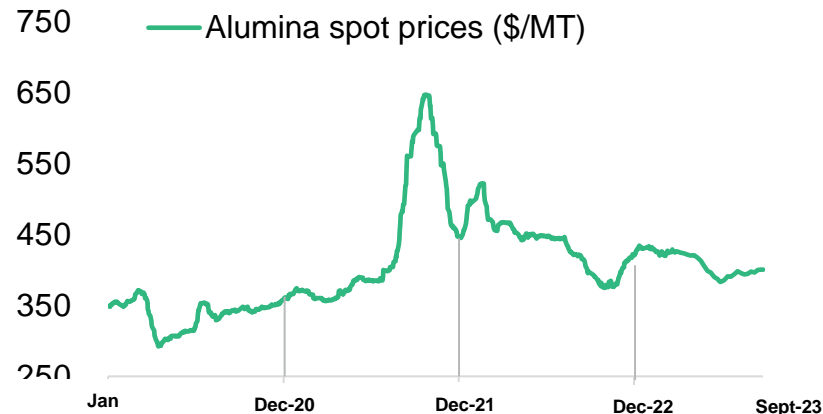
Macroeconomic updates

Macroeconomic updates

Aluminium prices (\$/MT)



Alumina prices (\$/MT)



- Aluminium market witnessed fluctuations influenced by factors including:
 - Slower than expected recovery in global economies;
 - Subdued demand in construction and other sectors utilizing aluminum as input;
 - Global operating rates for smelters improved following a recent fall in natural gas prices leading to additional supply.
- On an overall basis, aluminium prices for 9M-23 demonstrated declining trends versus 9M-22, amid macroeconomic headwinds. Additionally, aluminium prices declined on sequential basis as well.





QAMCO results
(For the nine-month period
ended 30 September 2023)

9M-23 results - At a Glance

vs. 9M-22

Revenue ↓ -20%
QR 2.4 billion

EBITDA ↓ -39%
QR 740 million

Net profit ↓ -56%
QR 354 million

Cost per ton ↓ -16%
QR 8,943*

EBITDA Margin ↓ vs. 40%
30%

EPS ↓ vs. QR 0.144
QR 0.063

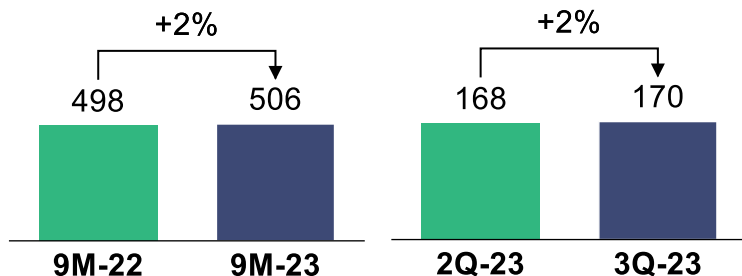
- 9M-23 aluminum realized prices declined versus 9M-22 amid macroeconomic headwinds.
- QAMCO's closing cash balance (including share of cash in QAMCO's JV) stood at QAR 1.9 billion

* At QAMCO JV level (including tax)



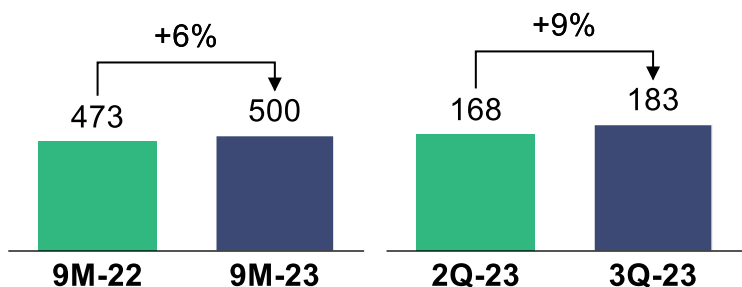
Operational Performance review

Production (MT' 000) – 100%



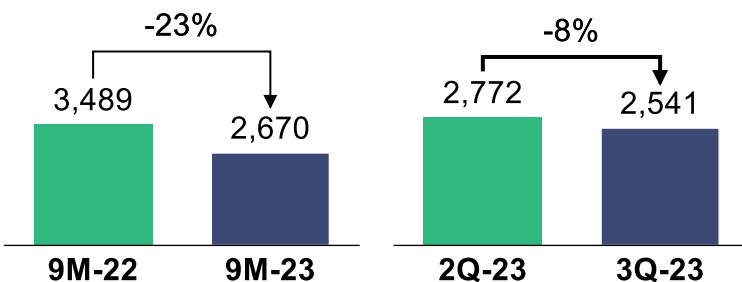
- 9M-23 vs 9M-22: Production volumes slightly inched higher compared to 9M-22, due to increase in liquid metal production amid higher amperage.
- 3Q-23 vs 2Q-23: Modest increase in production volumes, indicating an upward trend.

Sales volumes (MT' 000) – 100%



- 9M-23 vs 9M-22: Sales volumes increased as compared to 9M-22 mainly due to the shift from value-added products to Standard Ingots, influenced by prevailing market conditions.
- 3Q-23 vs 2Q-23: Sales volumes increased by 9% versus 2Q-23, due to inco-term.

Selling prices (\$/MT)

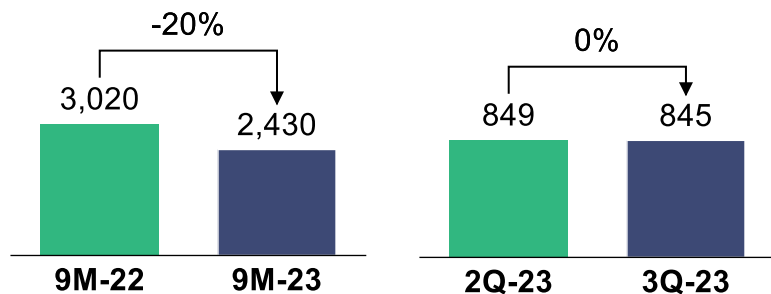


- 9M-23 vs 9M-22: selling prices declined on account of continued macroeconomic uncertainty weighing on global aluminium prices.
- 3Q-23 vs 2Q-23: avg. realized price declined sequentially, on account of lower LME and premiums.



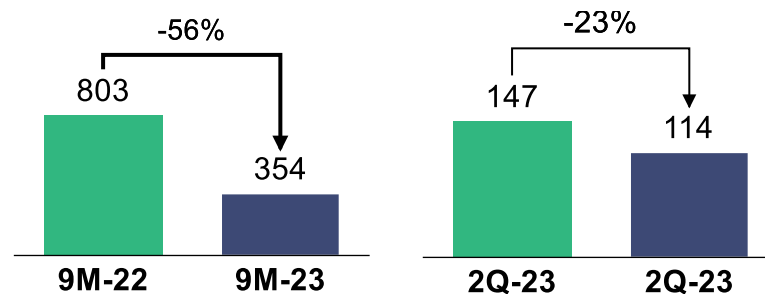
Financial performance review

Share of Revenue (QR million)



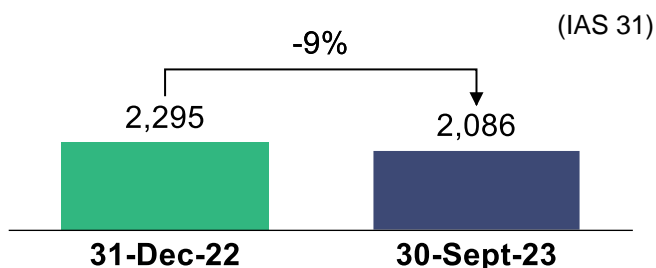
- 9M-23 vs 9M-22: Share of JV's revenue declined, mainly due to lower avg realized selling price despite higher sales volume.
- 3Q-23 vs 2Q-23: Share of JV's revenue remained nearly unchanged, as higher sales volume offset the impact of a lower average realized selling price.

QAMCO's Net Profit (QR million)



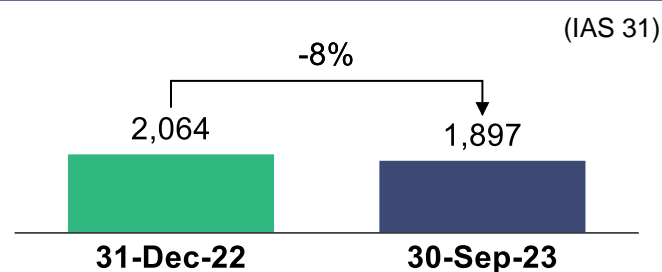
- 9M-23 vs 9M-22: Profitability declined mainly due to lowered revenue, partially offset by lower OPEX, mainly pertaining to lower raw material cost.
- 3Q-23 vs 2Q-23: Profitability declined due to a lower average realized selling price and higher cost of goods (COG) resulting from increased sales volume. This posed challenges to the quarterly profitability.

Share of JV's Debt (QR million)



Share of debt as of 30 September 2023 declined by 9% versus 31 December 2022, mainly due to net repayments on the QAMCO JV's loan facility.

Closing Cash (QR million)



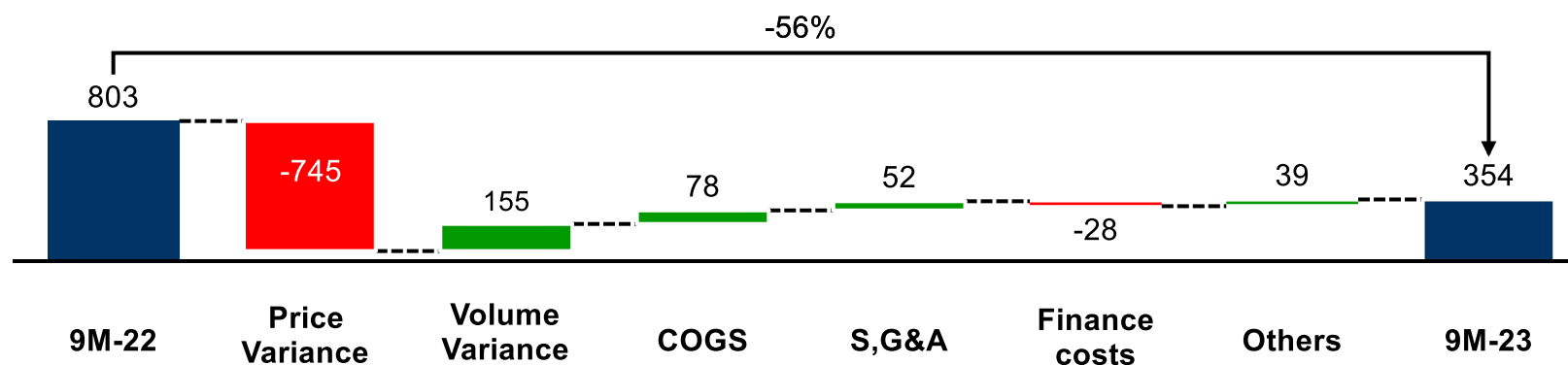
Closing cash including share of cash in QAMCO JV as of 30 September 2023 declined by 8% versus 31 December 2022, mainly due to dividend payout, net repayments on the QAMCO JV's loan facility and lower operating cashflow at JV level



Net Profit Variance Analysis

9M-23 vs. 9M-22

(Amounts in QR' million)



QAMCO reported a net profit of **QR 354 million**, a decline in profitability by 56% compared to 9M-22.

QAMCO's 9M-23 results were impacted by JV's performance mainly due to:

▶ Unfavorable movements

- Lower average realized prices (-23%), along with lowered premiums;
- Higher finance cost due to increased floating lending rates, linked to overall hike in global interest rates.

▶ Favorable movements

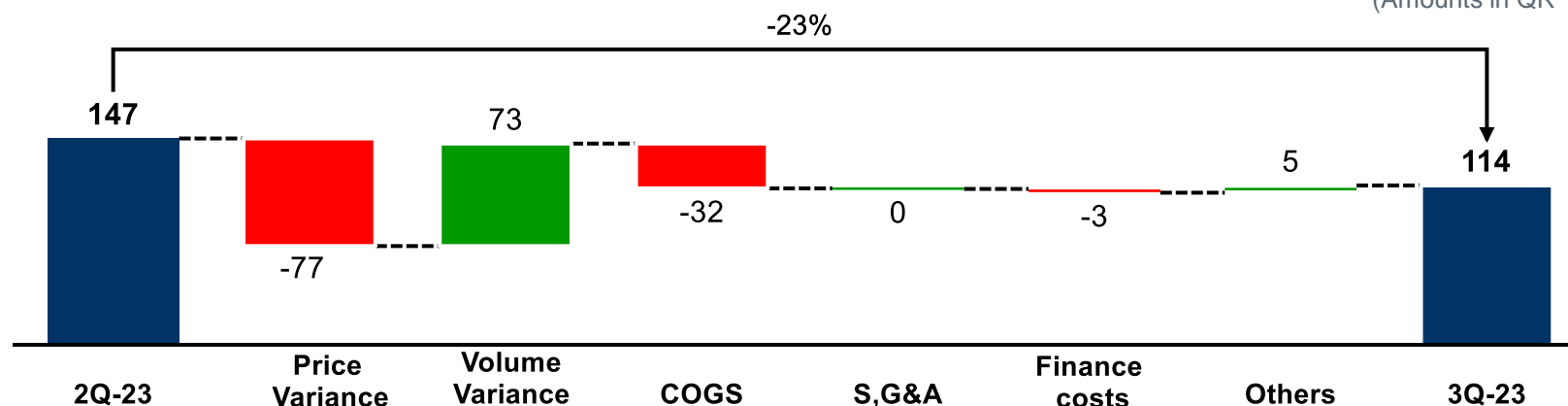
- Higher sales volumes (+6%);
- Lower cost of goods sold, mainly on account lower raw material costs;
- Lower selling & distribution cost on account of lower marketing fee and logistics;
- Lower impairment of non-current assets;
- Higher Head office finance income.



Net Profit Variance Analysis

3Q-23 vs. 2Q-23

(Amounts in QR' million)



QAMCO reported a net profit of **QR 114 million** in 3Q-23, a decrease of 23% compared to 2Q-23.

QAMCO's 3Q-23 results were impacted by JV's performance mainly due to:

▶ Unfavorable movements

- Lower avg. realized selling price (-8%)
- Higher COGS pertaining to increase in sales volumes;
- Higher finance costs due to higher benchmark rate.

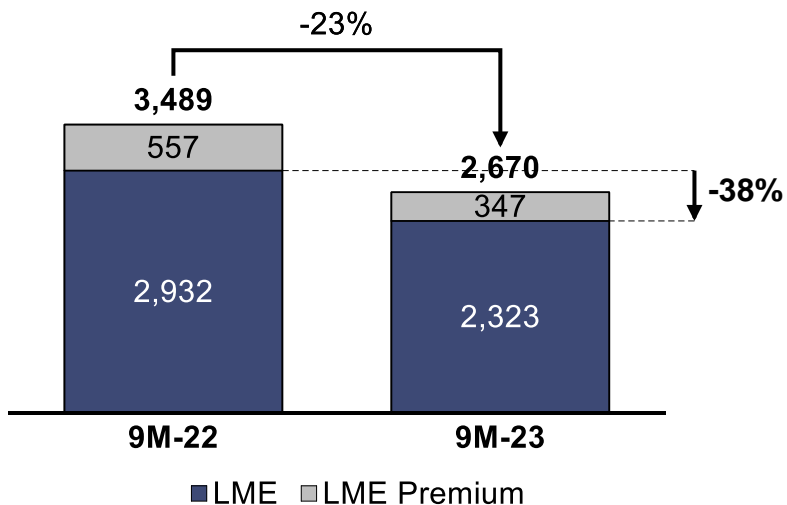
▶ Favorable movements

- Significantly higher sales volume due to inco-terms;
- Higher head office income (included in "others").



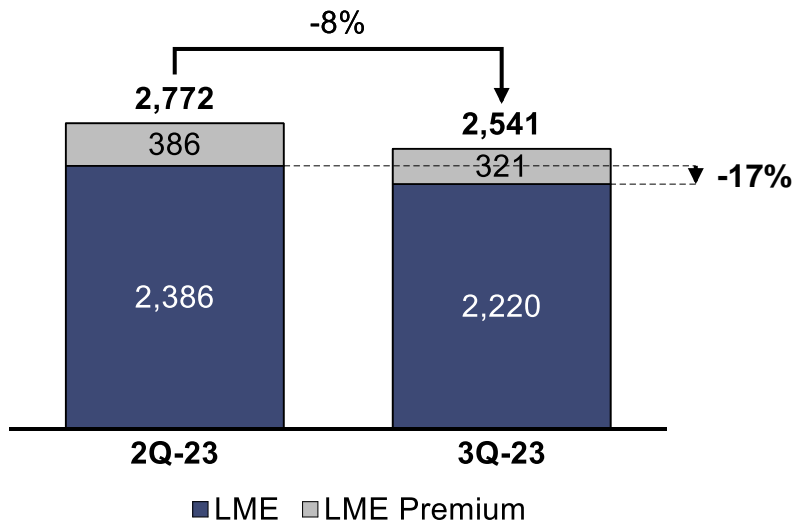
Analysis of Selling Prices

Selling prices (\$/MT) – 9M-23 vs 9M-22



- YoY: Average selling prices declined versus 9M-22 due to persistent macroeconomic headwinds affecting LME prices.
- LME premiums declined mainly due to a negative macroeconomic context weighing on the global aluminium markets.

Selling prices (\$/MT) – Q3-23 vs Q2-23



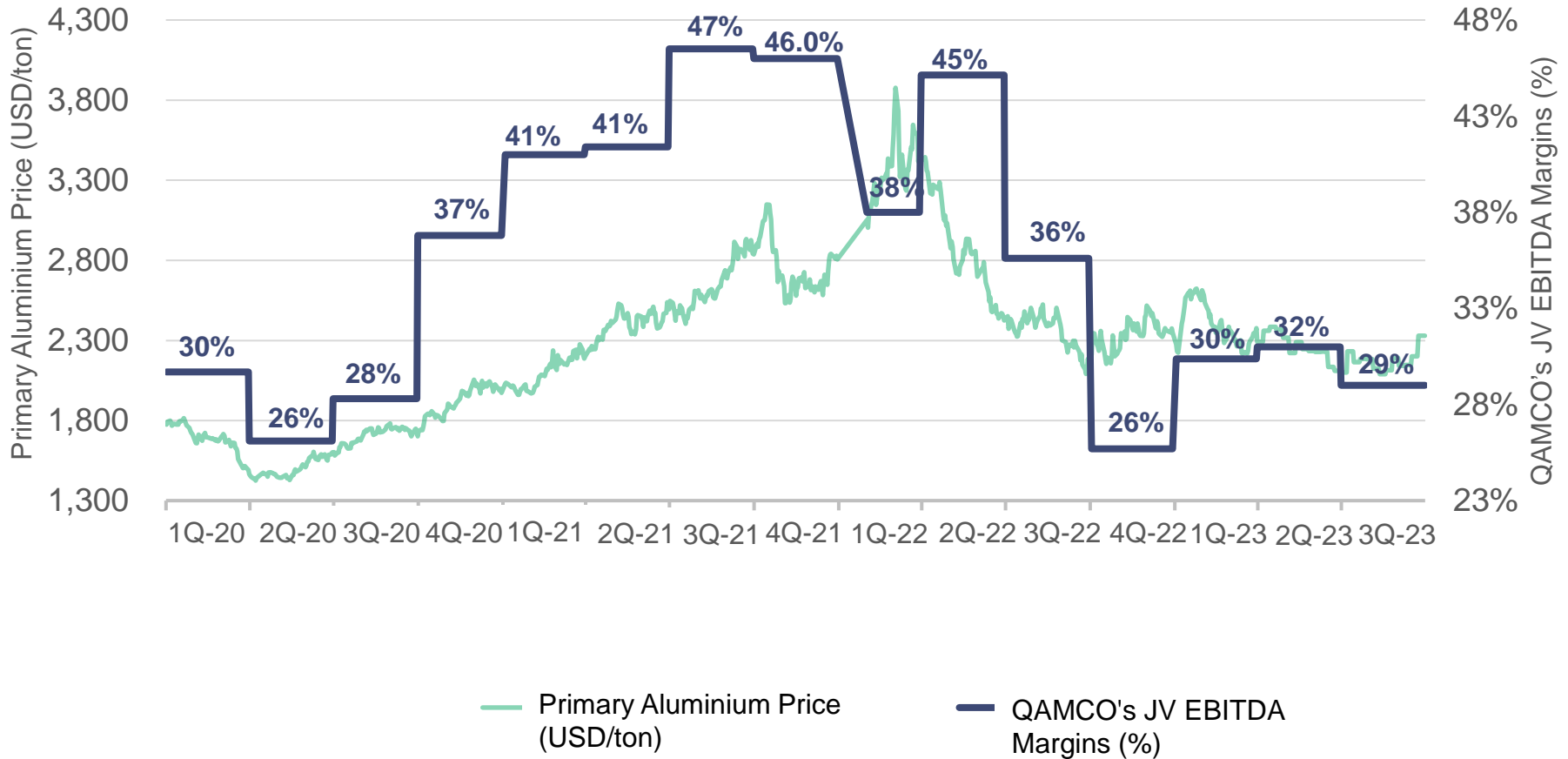
- QoQ: Average selling prices declined versus the previous quarter.
- LME premiums declined mainly due to product mix.



Analysis of EBITDA margins

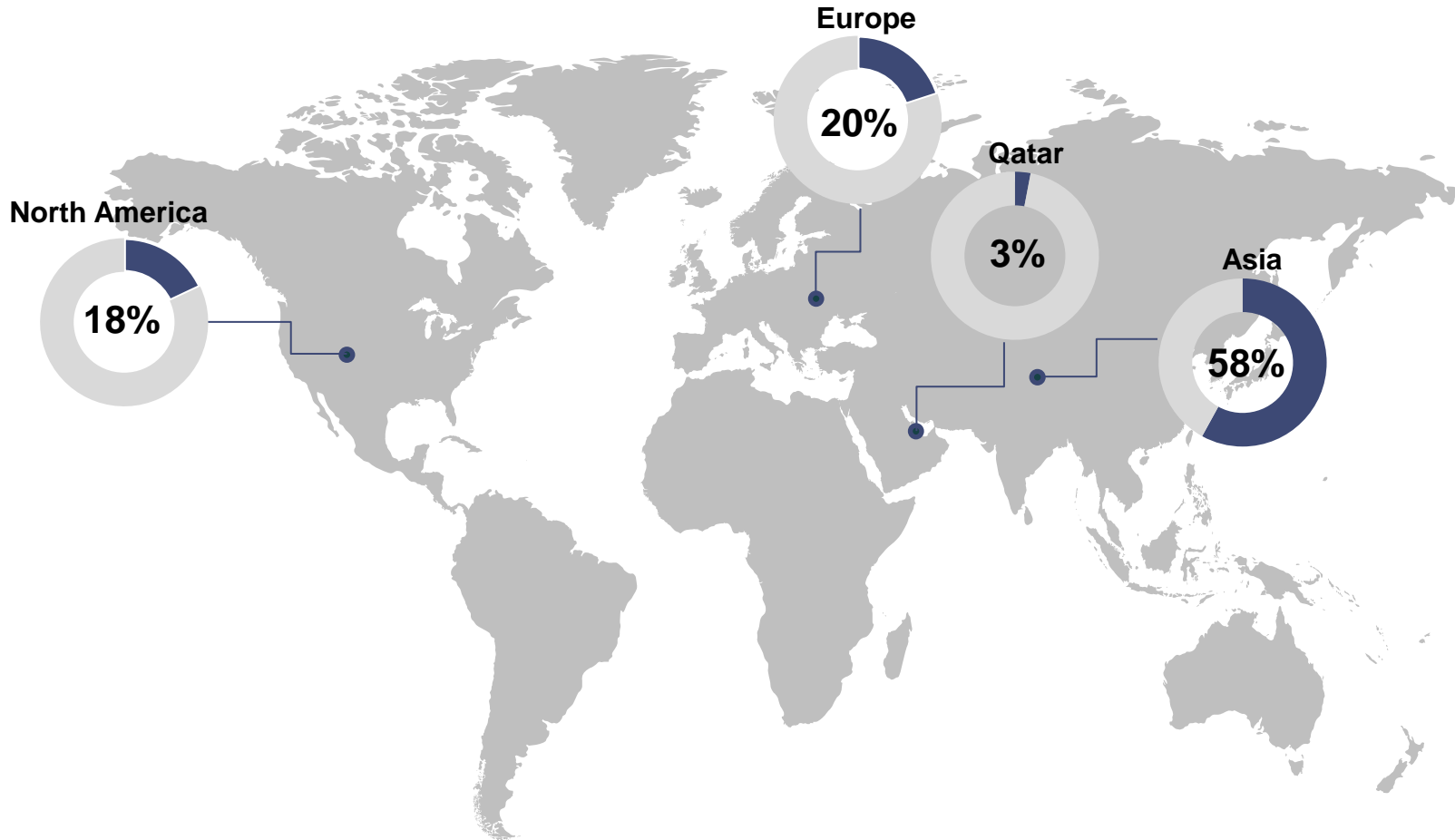
Despite macroeconomic volatilities, QAMCO's JV EBITDA margins continue to remain robust & resilient

Recent decline in EBITDA margins is mainly due to declining selling prices, while raw material price remained stronger despite recent shortfalls



Geographic analysis – QAMCO JV revenue

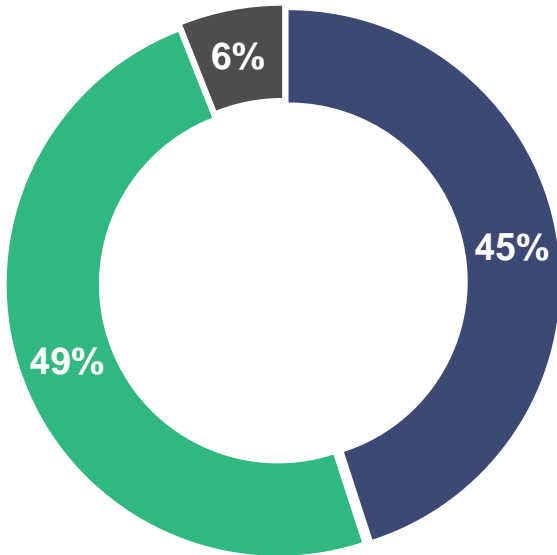
Asia remained QAMCO JV's largest market, while its presence in Europe and US continued to be substantial



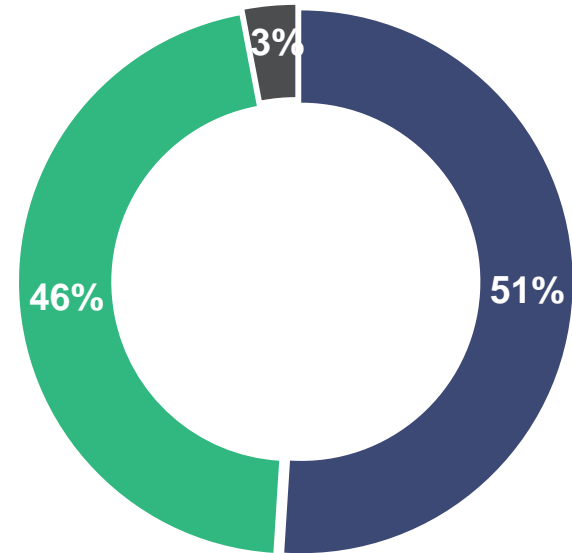
QAMCO JV revenue – product mix (%)

- Foundry alloys along with extrusion ingots (together referred to as value added or premium products) remains key products for QAMCO’s JV.
- QAMCO JV's shift from value-added products to standard ingots in 9M-23, as opposed to 9M-22, due to the prevailing market conditions.

9M-23 QAMCO JV Sales Volumes – Product mix (%)



9M-22 QAMCO JV Sales Volumes – Product mix (%)



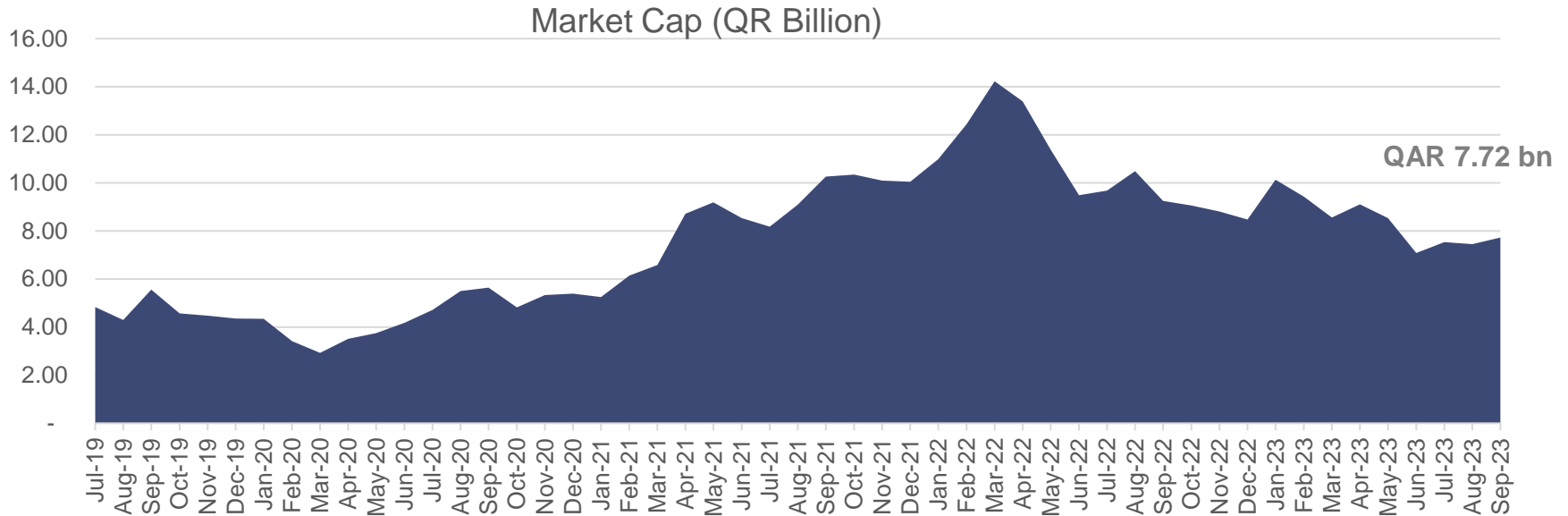
■ Extrusion Ingots ■ Foundry Alloys ■ Standard Ingots & precision tubes





Market Statistics and dividend distribution

Market Statistics and Dividends



Dividend distribution since incorporation

Dividend - 2019

QR 167.4 m
QR 0.03 per share



Dividend - 2020

QR 195.3 m
QR 0.035 per share



Dividend - 2021

QR 446.4 m
QR 0.08 per share



Dividend - 2022

QR 502.2 m
QR 0.09 per share



Total

QR 1,311.3 m
QR 0.235 per share

- The total dividends paid from the date of incorporation amounted to QR 1.3 billion representing a payout of 23.5% of the nominal value of the shares.





CAPEX (2023-2027)

CAPEX (2023-2027) – (QAMCO's Share)

CAPEX:

- Planned CAPEX (2023-27) include routine operations such as pot relining and other maintenance pertaining to power plant and anode plant.

CAPEX overview (QAR' m)	2023	2024	2025	2026	2027
Pot relining	72	19	31	79	133
CAPEX <\$5m - operational CAPEX	25	17	-	-	-
CAPEX - <\$5M other projects	41	96	85	75	62
Capex >\$5m	107	30	-	-	-
Turbines / Fluewall / HRSG LP Tube harps / GT 11 & 12 Rotor refurbishments / networks & others	47	49	51	48	31
Total Capex Cash Outflow (QAMCO's share)	292	211	167	202	226

Note: The CAPEX figures for the years 2023-27 are based on the 2023 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 forecasts for 2023-2027 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.

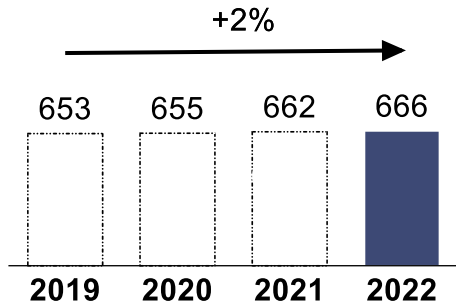




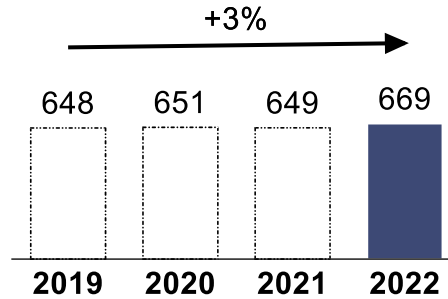
Historical performance (2019 - 2022)

Key Performance Indicators

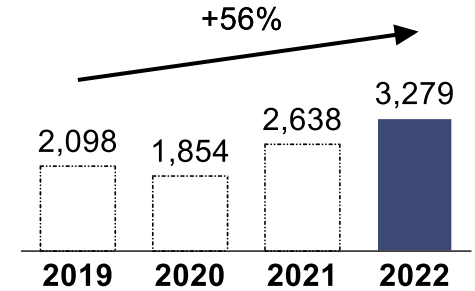
Production (MT'000) – 100%



Sales Volumes (MT'000) – 100%

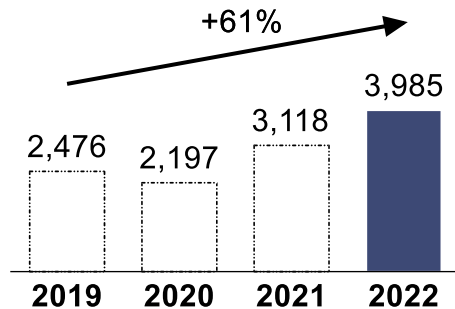


Selling Prices (\$ / MT)

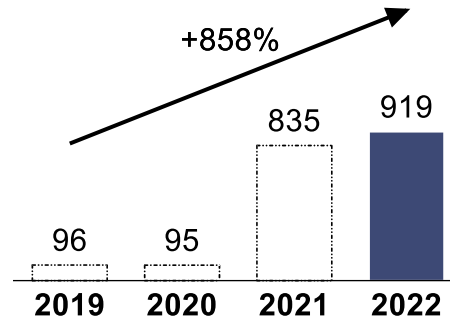


- 2022 Production remained highest since QAMCO’s incorporation.
- 2022 Selling prices remained highest amid constructive macroeconomic context.

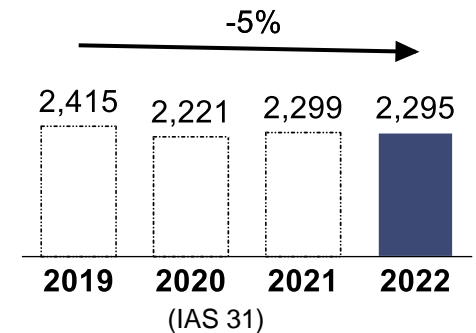
Share of Revenue (QR million)



QAMCO’s Net Profit (QR million)



Share of JV’s Debt (QR million)



- Revenue growth continue to remain linked to selling price trends.
- 2022 Net profits were the highest reported earnings for QAMCO since incorporation, mainly linked to the benefits captured from elevated selling prices.

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 “QatarEnergy”.
- QatarEnergy 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 QatarEnergy 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

For further information, Qatar Aluminium Manufacturing Company can be contacted as follows:

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



QAMCO

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