

ASX Announcement

12 October 2016

## Alcoa Third Quarter Earnings Release

Alumina Limited (ASX: AWC) notes Alcoa's quarterly earnings release. To assist readers in understanding relevant market, operational and commercial matters of the AWAC joint venture, selected information from the Alcoa alumina segment results and other market data are attached.

Alumina Limited's CEO, Peter Wasow, commented, "Since the end of September we have seen some rebound from the recent lows in API prices which had reduced margins in the third quarter. The positive impacts of portfolio restructuring and cost improvements have continued to drive cash generation in AWAC."

AWAC's production of alumina was unchanged from the previous quarter at 3.2 million tonnes despite the full curtailment of Point Comfort which was offset by higher production at the other refineries.

Alumina Limited received US\$91.8 million of dividends, distributions and capital returns from AWAC in the quarter (making US\$175.5 million for the year to date). The Company made no capital contributions to AWAC for the year to date.

Alumina Limited's net debt was approximately US\$81 million at the end of September 2016.

### **About AWAC & Alcoa's Earnings Release**

*Alumina Limited owns 40% of each of the AWAC entities, which form a part of the Alcoa alumina business segment. The Alcoa primary metals business segment includes the AWAC Point Henry smelting (closed 1 August 2014), Portland smelting and Anglesea power station operations (closed 31 August 2015). Therefore, the AWAC results cannot be directly inferred from the Alcoa earnings release. Further, unlike Alumina Limited, Alcoa reports under US GAAP. All figures displayed are in US dollars unless otherwise shown.*

### **Forward-looking statements**

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12 October 2016

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# Alumina Limited

- **Alcoa Inc's 3Q 2016 alumina business segment highlights**
- **Market data on commodity prices and foreign exchange rates**

12 October 2016

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This Presentation contains summary information about the current activities of Alumina Limited (ACN 004 820 419) (**Alumina**) and its subsidiaries as at the date of this Presentation. The information in this Presentation should not be considered to be comprehensive nor to comprise all the information that a reader may require in order to make an investment decision regarding Alumina securities. This Presentation should be read in conjunction with Alumina's other periodic and continuous disclosure announcements lodged with the ASX, which are available at [www.asx.com.au](http://www.asx.com.au).

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# Alcoa Inc's alumina business segment highlights

Description	3Q 2016	2Q 2016	Selected Highlights
ATOI (after-tax operating income) as defined on page 25 of Alcoa's second quarter 10-Q	\$72m	\$109m	<ul style="list-style-type: none"> <li>Lower ATOI mainly due to API decrease of 6% sequentially</li> <li>Unfavourable currency impact due to higher Australian Dollar and Brazilian Real</li> <li>Higher shipments and productivity gains more than offset other cost increases</li> </ul>
Adjusted EBITDA/Production	\$52 / tonne	\$65 / tonne	<ul style="list-style-type: none"> <li>Margin includes bauxite sales</li> </ul>

4Q 2016 Outlook	3Q 2016 Special Items	2Q 2016 Special Items
Production to be up 30kt sequentially	Production down only 6kt sequentially despite full curtailment of Point Comfort	Final instalment of WA gas prepayment made (\$200m)
85% of 3 <sup>rd</sup> party shipments on API or spot pricing for 2016	All-time Juruti production record	Point Comfort production fully curtailed during 2Q 2016
		First WA bauxite trial cargo shipped to China

### Important Notes:

- Numerical information above is sourced from, and should be read in conjunction with, Alcoa Inc's quarterly earnings releases and presentations and relates to the Alcoa Inc alumina business segment. For reporting purposes the Alcoa Inc alumina business segment includes the mining business unit.
- The Alcoa Inc alumina business segment includes mining and refining operations at Pocos de Caldes and an additional 15% interest in the Sao Luis refinery which are not part of AWAC. AWAC accounted for 3.2 mt of the 3.3 mt of alumina produced by the Alcoa Inc alumina business segment in 3Q 2016. AWAC's interest in the Portland and Point Henry smelters is included in the Alcoa Inc primary metals business segment.
- Adjusted EBITDA is a non-GAAP financial measure derived from Alcoa's consolidated financial information. Alcoa Inc's financial statements are prepared in accordance with US GAAP. The definition of Adjusted EBITDA and reconciliations to the most directly comparable GAAP financial measure can be found in the schedules to Alcoa Inc's earnings release.

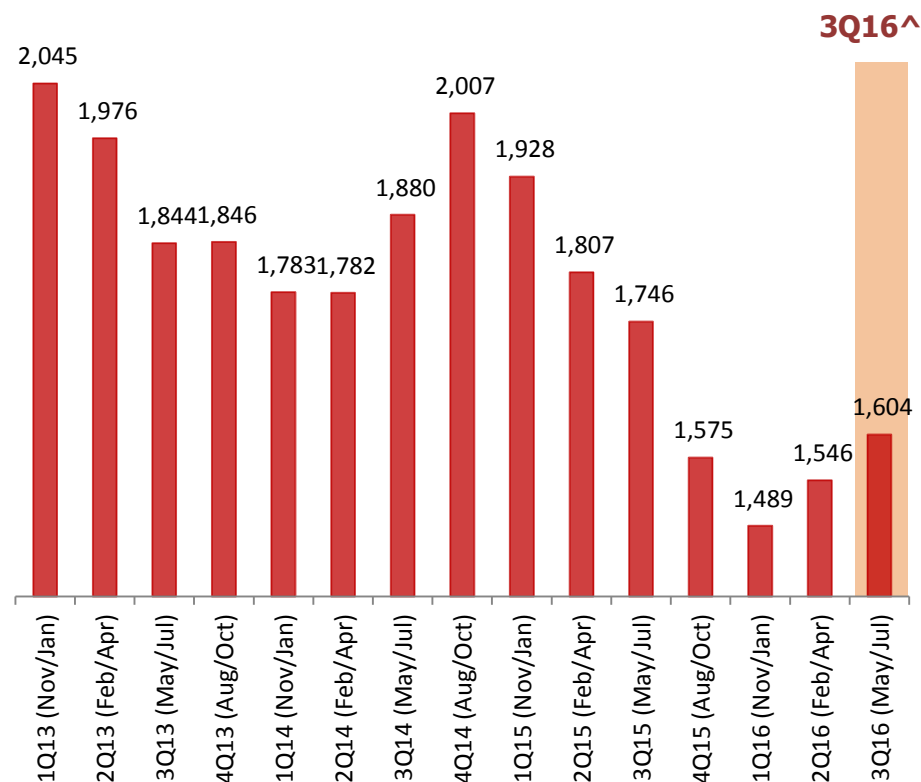
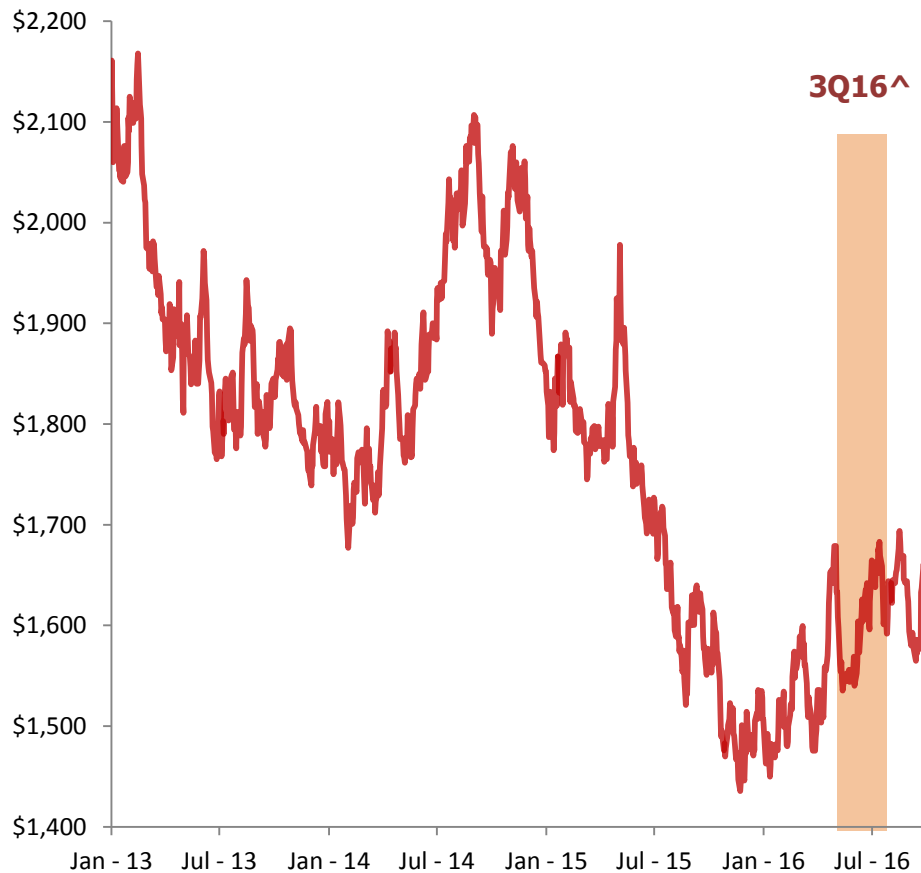
Sources: Alcoa Inc 2Q & 3Q 2016 Results Announcements and 2Q & 3Q 2016 Earnings Conference presentations

Commodity and FX prices in this slide pack are based on published market prices and may not equate to actual pricing under AWAC contracts

# LME aluminium prices (3-month)

Daily (US\$/t)

Quarter average (lagged, US\$/t)



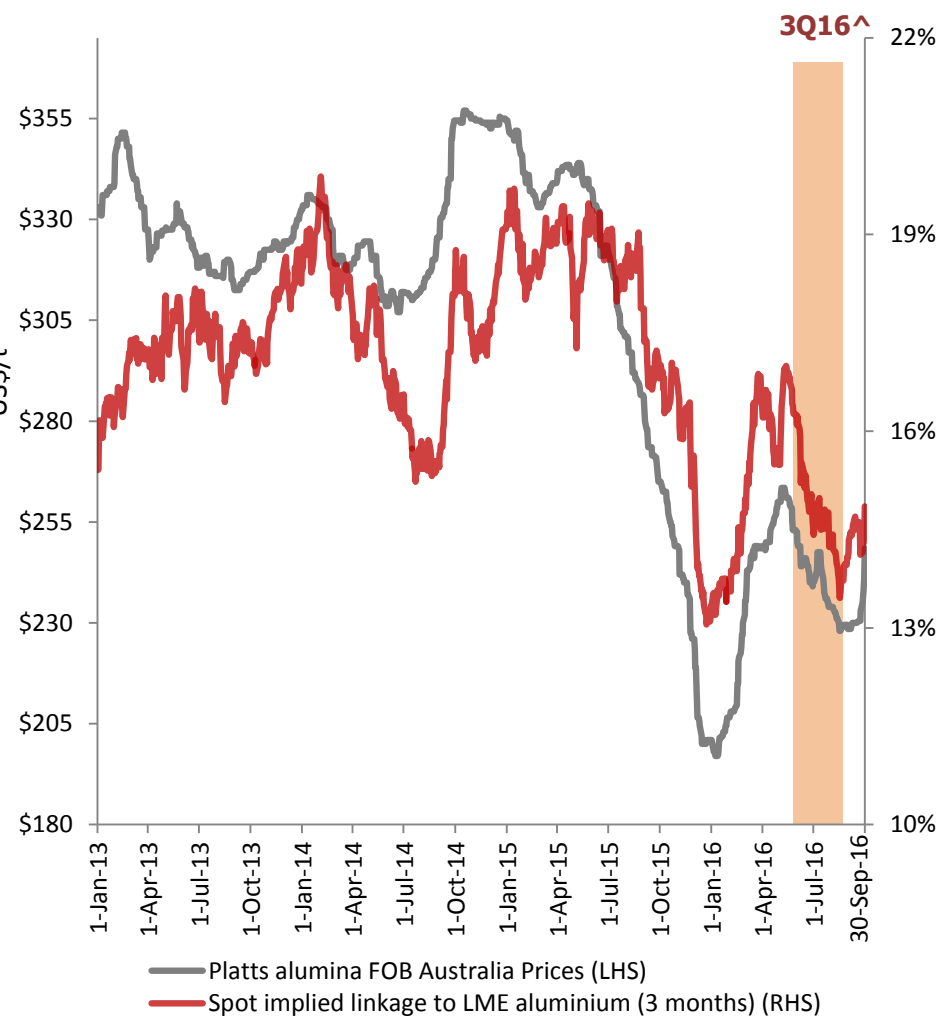
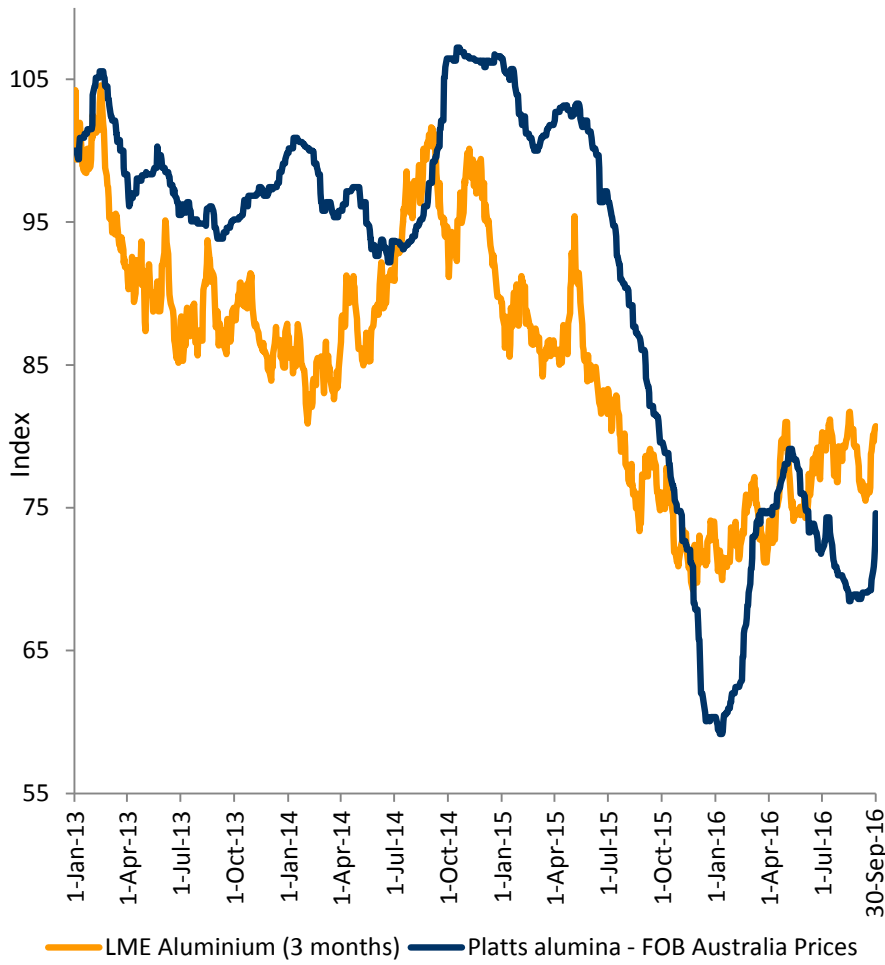
^ Indicative pricing relevant to 3Q16 alumina sales due to 2-month lag

Sources: Thomson Reuters, October 2016

Commodity and FX prices in this slide pack are based on published market prices and may not equate to actual pricing under AWAC contracts

# LME aluminium, spot alumina & implied linkage

Relative Movement of LME aluminium and Platts alumina (Index basis)



^ Indicative pricing relevant to 3Q16 alumina sales due to 1-month lag

Sources: Alumina: Platts, October 2016 LME Aluminium: Thomson Reuters, October 2016

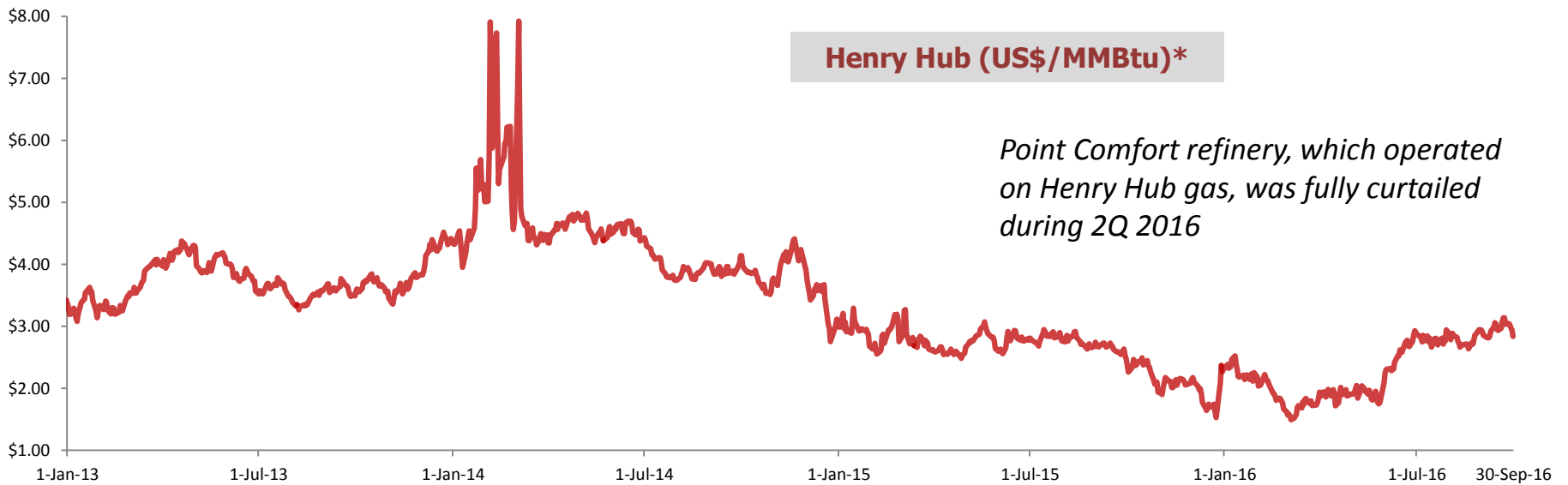
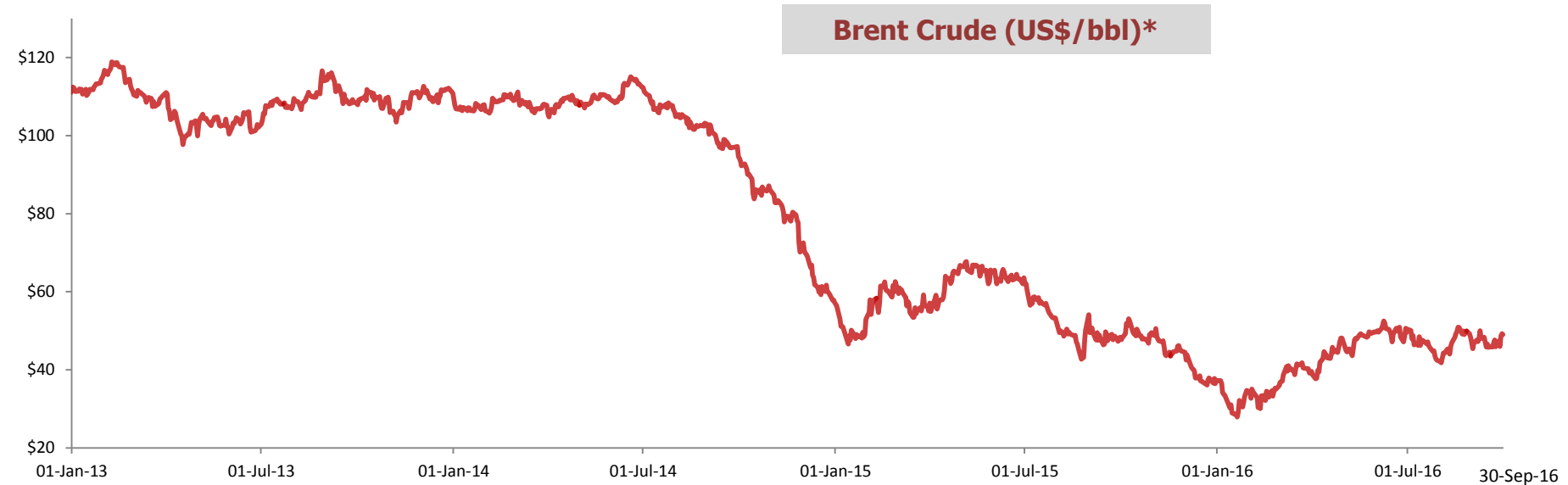
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# Foreign Exchange



\*Sources: Thomson Reuters, October 2016

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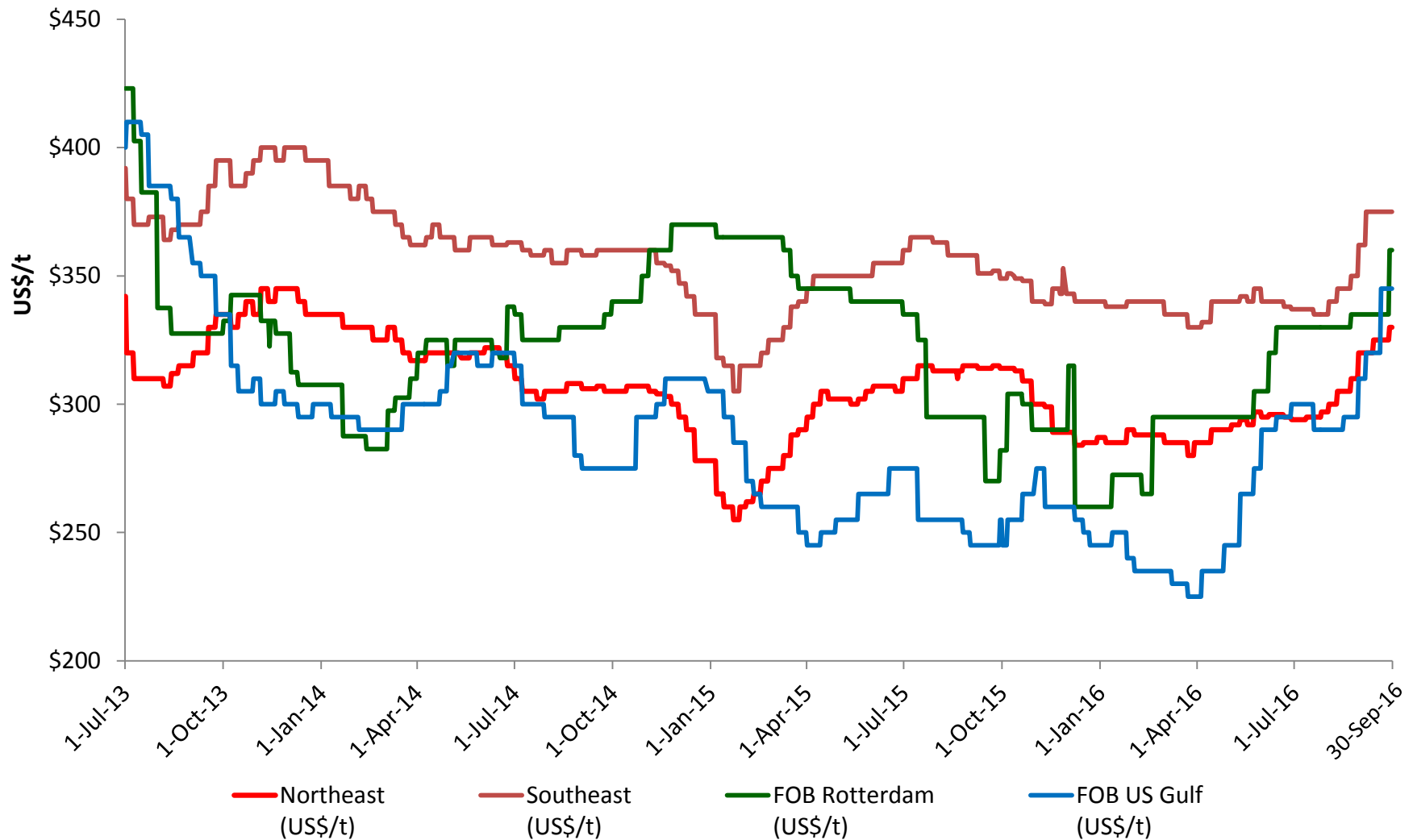


\* Sources: Thomson Reuters, October 2016

Commodity and FX prices in this slide pack are based on published market prices and may not equate to actual pricing under AWAC contracts



# Caustic Soda



Source: Platts, October 2016

Commodity and FX prices in this slide pack are based on published market prices and may not equate to actual pricing under AWAC contracts