

Alumina Limited 2017 Half Year Result Presentation

Attached is a presentation relating to Alumina Limited's Half Year Results for the 6 months ended 30 June 2017.

Neither Alumina nor any other person warrants or guarantees the future performance of Alumina or any return on any investment made in Alumina securities. This document may contain certain forward-looking statements, including forward-looking statements within the meaning of the US Private Securities Litigation Reform Act of 1995. The words "anticipate", "aim", "believe", "expect", "project", "estimate", "forecast", "intend", "likely", "should", "could", "will", "may", "target", "plan" and other similar expressions (including indications of "objectives") are intended to identify forward-looking statements. Indications of, and guidance on, future financial position and performance and distributions, and statements regarding Alumina's future developments and the market outlook, are also forward-looking statements.

Any forward-looking statements contained in this document are not guarantees of future performance. Such forward-looking statements involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Alumina and its directors, officers, employees and agents that may cause actual results to differ materially from those expressed or implied in such statements. Those risks, uncertainties and other factors include (without limitation): (a) material adverse changes in global economic conditions, alumina or aluminium industry conditions or the markets served by AWAC; (b) changes in production or development costs, production levels or sales agreements; (c) changes in laws, regulations or policies; (d) changes in alumina or aluminium prices or currency exchange rates; (e) Alumina Limited does not hold a majority interest in AWAC and decisions made by majority vote may not be in the best interests of Alumina Limited; and (f) the other risk factors summarised in Alumina's Annual Report 2016. Readers should not place undue reliance on forward-looking statements. Except as required by law, Alumina disclaims any responsibility to update or revise any forward-looking statements to reflect any new information or any change in the events, conditions or circumstances on which a statement is based or to which it relates.

This presentation contains certain non-IFRS financial information. This information is presented to assist in making appropriate comparisons with prior year and to assess the operating performance of the business. Where non-IFRS measures are used, definition of the measure, calculation method and/or reconciliation to IFRS financial information is provided as appropriate or can be found in the Alumina Limited's ASX Half-Year Report for the period ended 30 June 2017.



Stephen Foster
Company Secretary

24 August 2017

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Alumina Limited

2017 Half-Year Results

Mike Ferraro, Chief Executive Officer

Chris Thiris, Chief Financial Officer

Summary Information

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.

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Any forward-looking statements contained in this Presentation are not guarantees of future performance. Such forward-looking statements involve known and unknown risks (including the key risks referred to below), uncertainties and other factors, many of which are beyond the control of Alumina and its directors, officers, employees and agents, that may cause actual results to differ materially from those expressed or implied in such statements. Readers should not place undue reliance on forward-looking statements. Except as required by law, Alumina disclaims any responsibility to update or revise any forward-looking statements to reflect any new information or any change in the events, conditions or circumstances on which a statement is based or to which it relates.

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Certain key risks that may affect Alumina, its financial and operating performance and the accuracy of any forward-looking statements contained in this Presentation include (without limitation): (a) material adverse changes in global economic conditions, alumina or aluminium industry conditions or the markets served by AWAC; (b) changes in production or development costs, production levels or sales agreements; (c) changes in laws, regulations or policies; (d) changes in alumina or aluminium prices or currency exchange rates; (e) Alumina Limited does not hold a majority interest in AWAC and decisions made by majority vote may not be in the best interests of Alumina Limited; and (f) the other risk factors summarised in Alumina's Annual Report 2016.

Past Performance

Past performance information contained in this Presentation is given for illustrative purposes only and should not be relied upon as (and is not) an indication of future performance.

Financial Data

All dollar values in this Presentation are in United States dollars (US\$) unless otherwise stated.

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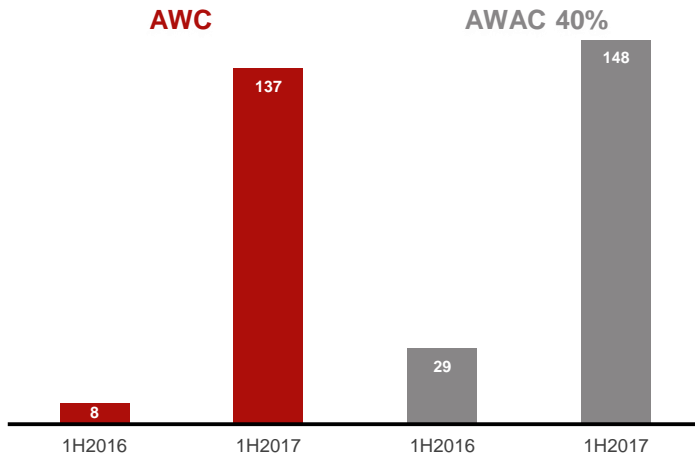
AWC dividend growth	Interim dividend US 4.2 cents per share
Low cost alumina producer	AWAC lowest quintile global alumina cash costs, scope for low cost “creep” projects
Growing bauxite segment	Opportunity for low cost growth to meet expanding market
Joint venture refocussed	AWAC’s JV is well-positioned. JV operator Alcoa is strongly focussed on the JV
Market outlook improving	Global aluminium consumption growing, Chinese reforms likely to reduce excess capacity. In the longer term, Chinese bauxite imports to rise



**Alumina Limited and AWAC
2017 Half-Year Results**

Chris Thiris

NPAT (IFRS) increased \$129m



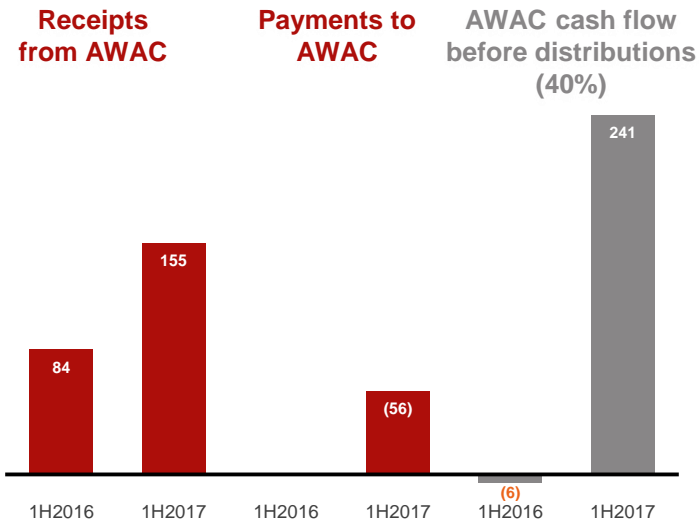
Interim dividend declared: US 4.2 cps

Increase of US 1.3 cps (1H 2016: US 2.9 cps)

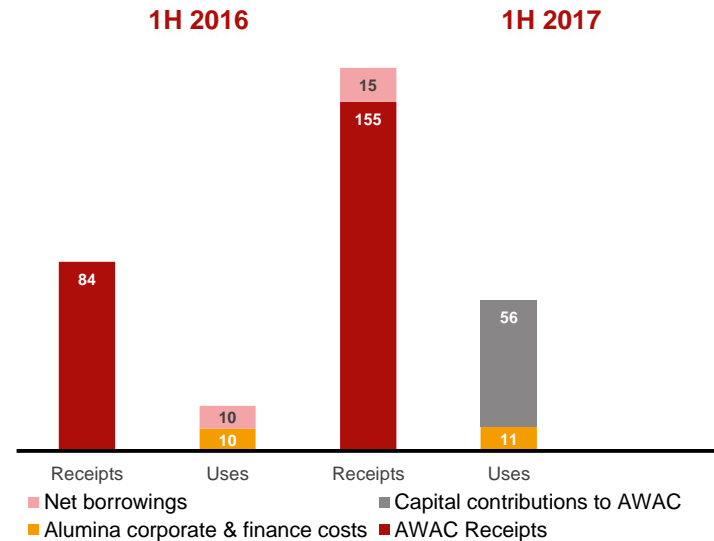
Balance sheet stability maintained

Gearing remains at 4.0%

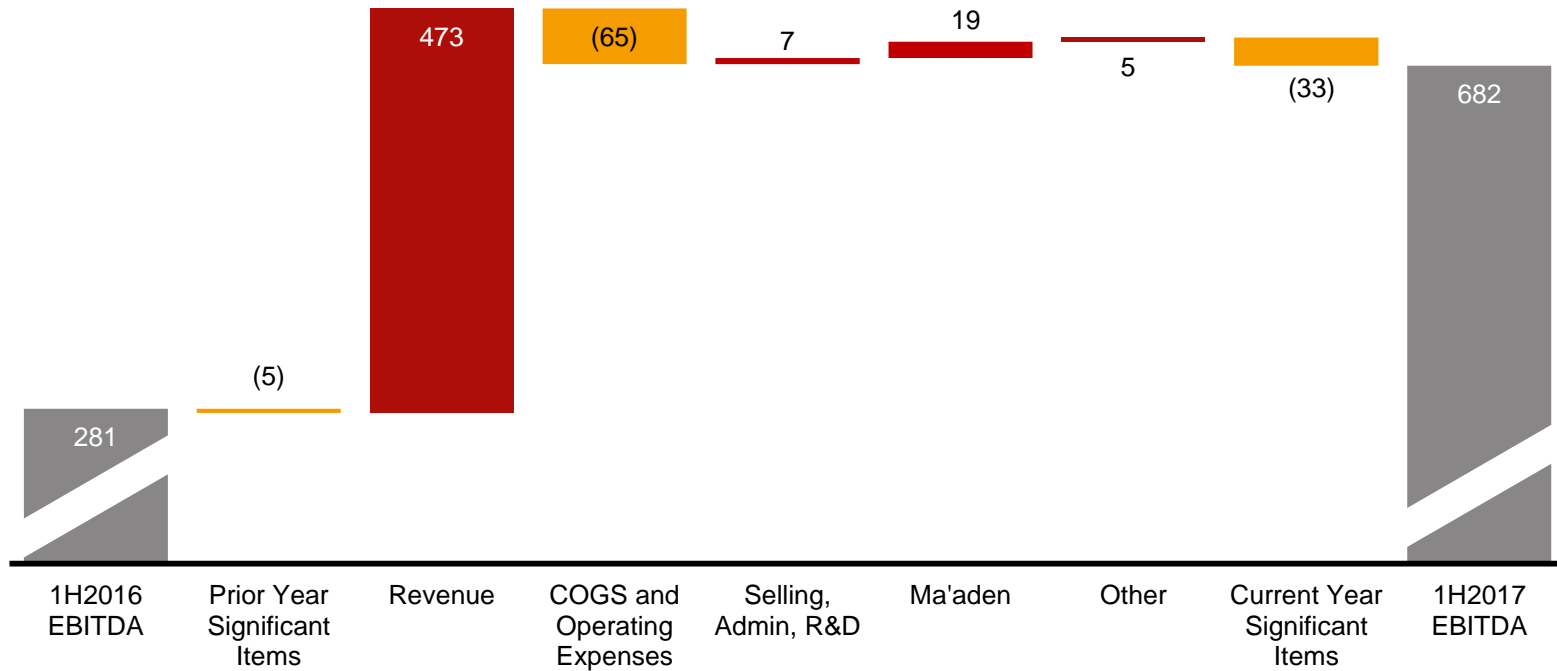
Net AWAC receipts increased \$15m



Alumina Limited cash flows increased (\$m)



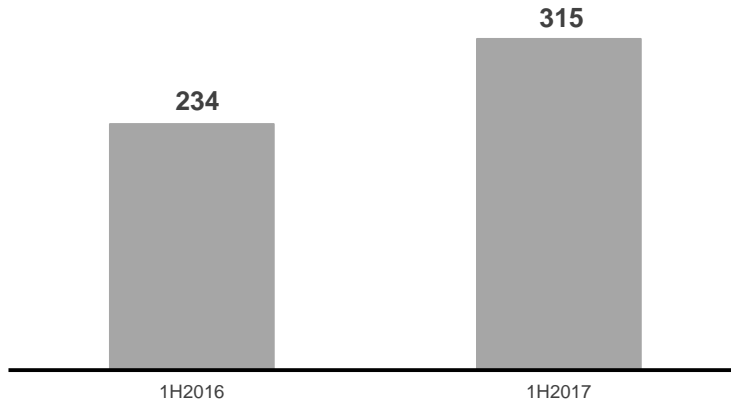
EBITDA⁽¹⁾ increased \$401m



(1) Earnings before interest, tax, depreciation and amortisation (EBITDA)

AWAC realised alumina price

Average realised price per tonne increased by \$81/t



Average realised price by quarter

1Q 2017 average price was \$329/tonne

2Q 2017 average price was \$301/tonne

1H 2017 SGA shipments: 85% on spot/index

2017: expected to be 85%

2018: expected to be 92%

API Sensitivity Guidance ⁽¹⁾	2017
API: +\$10/t	EBITDA: +\$100m

Market Prices (US\$ per tonne)	1Q16	2Q16	3Q16	4Q16	2016	1Q17	2Q17
Ave spot, one month lag ⁽²⁾	207	253	238	271	242	343	307
Ave 3-month LME, two month lag ⁽³⁾	1,489	1,546	1,604	1,632	1,564	1,748	1,907
Spot/LME	13.9%	16.4%	14.8%	16.6%	15.5%	19.6%	16.1%

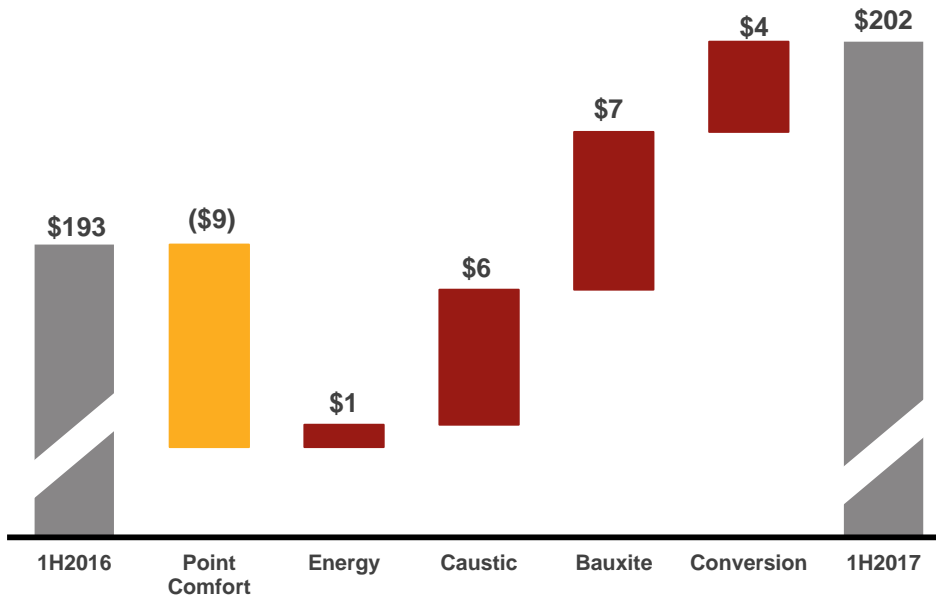
(1) Excludes equity accounted income/loss for the Ma'aden joint venture

(2) Platts FOB Australia alumina price assessment; lagged one month – consistent with average sales contract pricing

(3) Thomson Reuters; lagged two months – consistent with average sales contract pricing

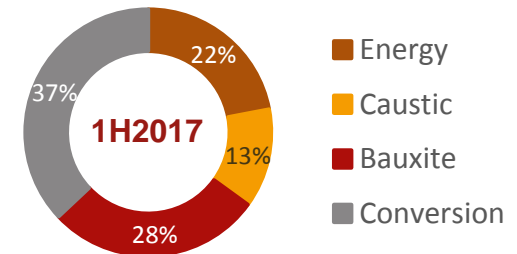
AWAC cost of alumina production

Cash cost of alumina production per tonne⁽¹⁾ increased by \$9/t



* Conversion includes: employee costs, indirect costs and other raw materials costs.

Cash cost structure



Cash cost of alumina production

1H 2016	2H 2016	2016	1H 2017
\$193/t	\$189/t	\$191/t	\$202/t

Caustic Sensitivity Guidance

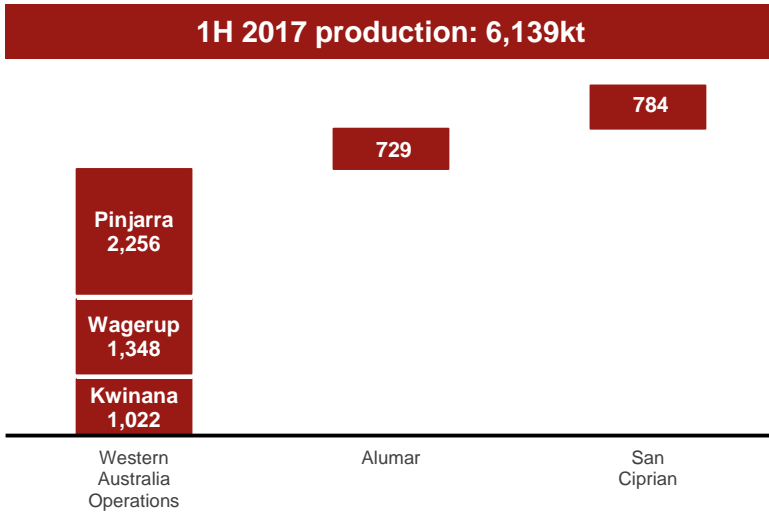
Caustic: +\$100/dry metric tonne

Full Year 2017

-\$90m EBITDA

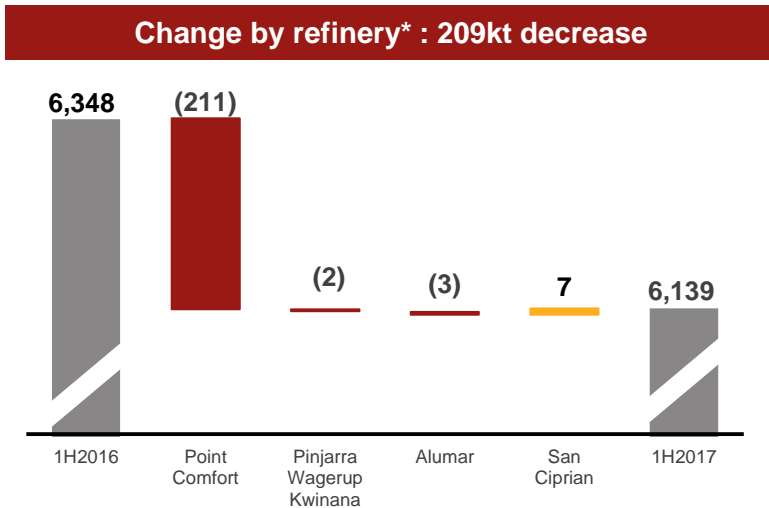
(1) Defined as direct materials and labour, energy, indirect materials, indirect expenses, excluding depreciation. Movements can relate to usage, unit costs or combination of both, timing of maintenance, seasonal factors, levels of production and the number of production days and refinery mix. Includes the mining business unit at cost. The Ma'aden joint venture refinery is not included

AWAC alumina production



2017 production forecast remains at 12.6mt

Production expected to be higher in 2H 2017

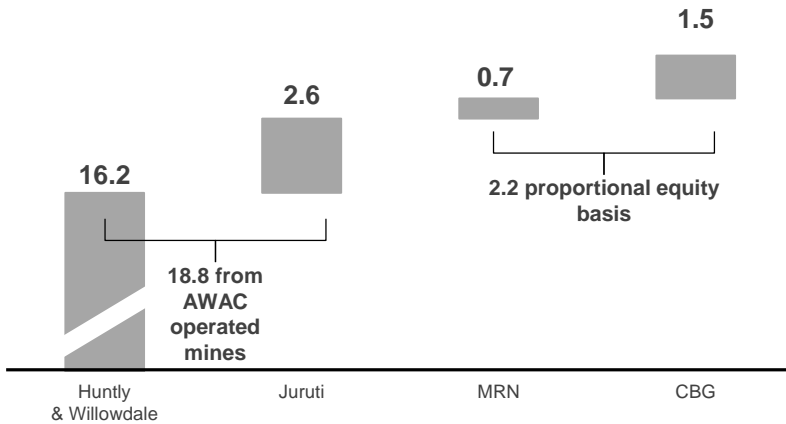


Ma'aden Joint Venture	1H 2016	1H 2017
Refinery production (100%)	696kt	707kt

* Production of AWAC's operated refineries. Therefore, the Ma'aden joint venture refinery is not included

AWAC bauxite production and sales

1H 2017 production: 21.0mt



Third party sales to grow to 7.0mt

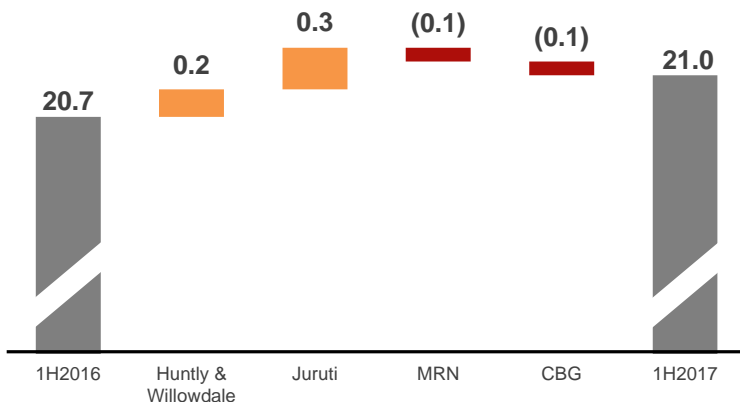
3.0mt in 1H 2017, 4.0mt expected in 2H 2017
0.7mt from WA in 2017
\$70m of capital projects

EBITDA margin⁽¹⁾ was 36%

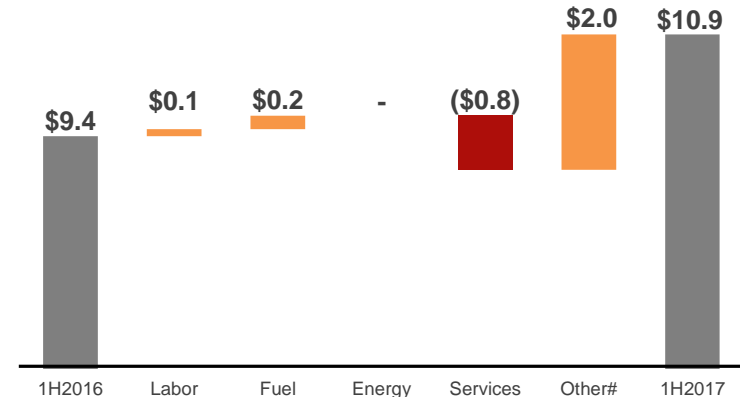
Margin is 39%, excluding freight

⁽¹⁾ Based on intersegment and third party sales

Change by region: 0.3mt increase



Cash cost per BDT of bauxite produced[^]



Note: Tonnes are reported on a zero moisture basis, "bone dry". The Ma'aden joint venture mine is not included
Other includes maintenance, supplies, royalties and other
^ AWAC operated mines

Item	2017 Outlook
Alumina	Production: 12.6mt API sensitivity +\$10/t: approximately +\$100m EBITDA Caustic sensitivity +\$100/dry metric tonne: approximately -\$90m EBITDA
Australian \$ Sensitivity	+1¢ in USD/AUD: Approximately -\$20m EBITDA
Capex	Approximately \$230m Major projects: Pinjarra residue press filtration, WA mining and Juruti expansions
Bauxite (3rd Party)	Committed sales: 7.0m BDT, includes 0.7m BDT from WA
Restructuring (post tax)	Cash: \$105m Accounting: \$61m
Portland	Production: 110kt ⁽¹⁾

(1) AWAC's 55% share



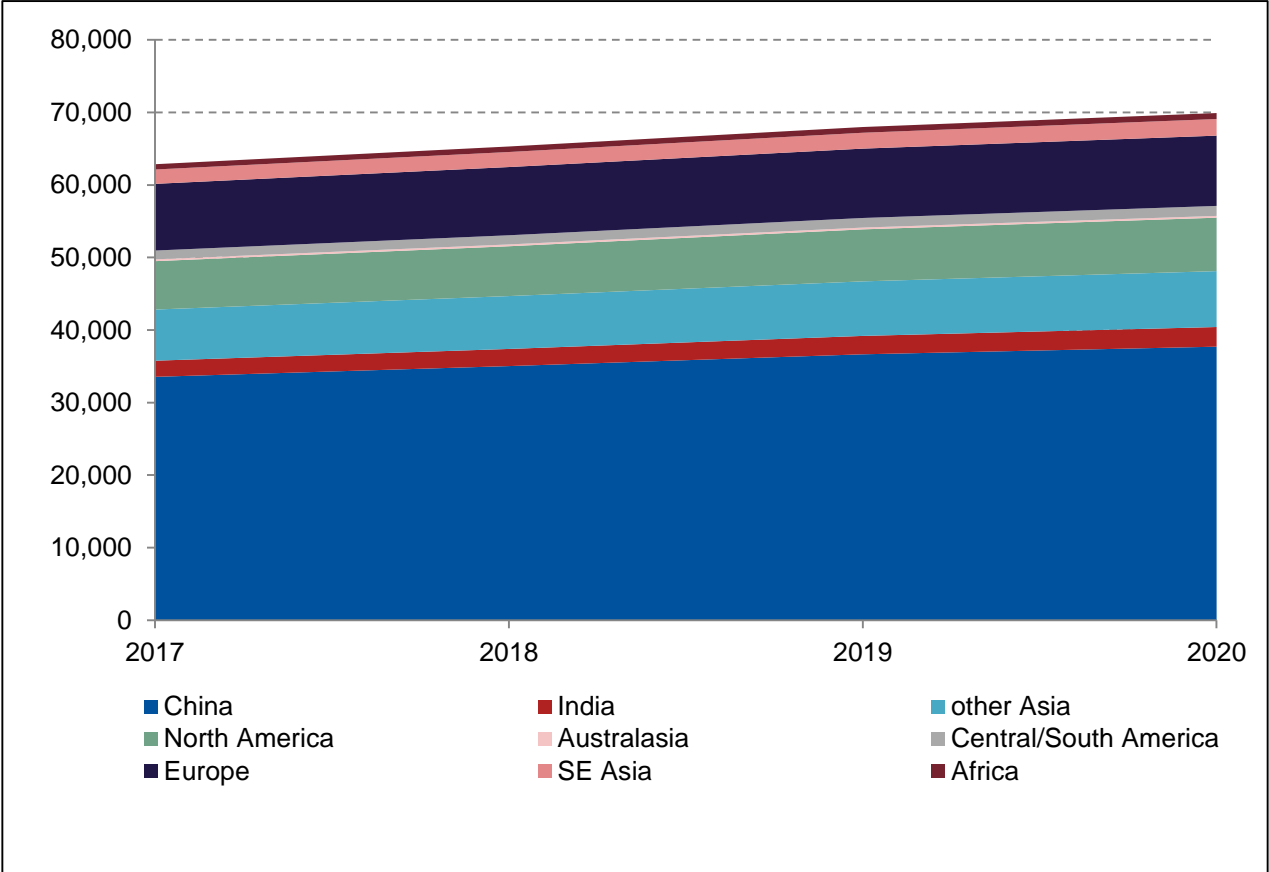
2017 First Half Review and Outlook

Mike Ferraro

Global downstream growth forecast 4% per annum to 2020



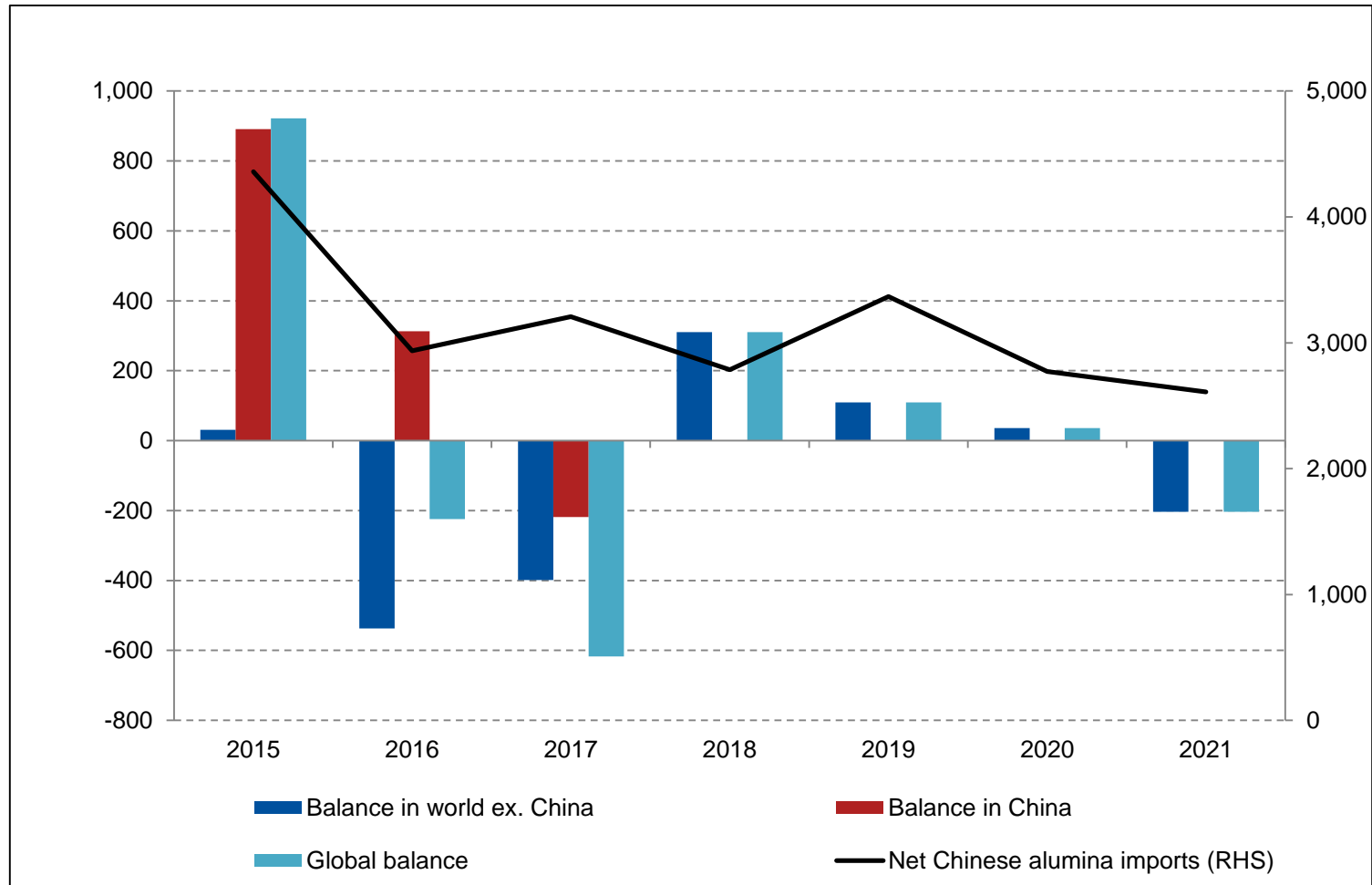
Primary aluminium consumption by region, 2017-2020 ('000t)



Source: CRU, July 2017

Smelter ramp ups, Chinese alumina cuts to keep alumina balanced

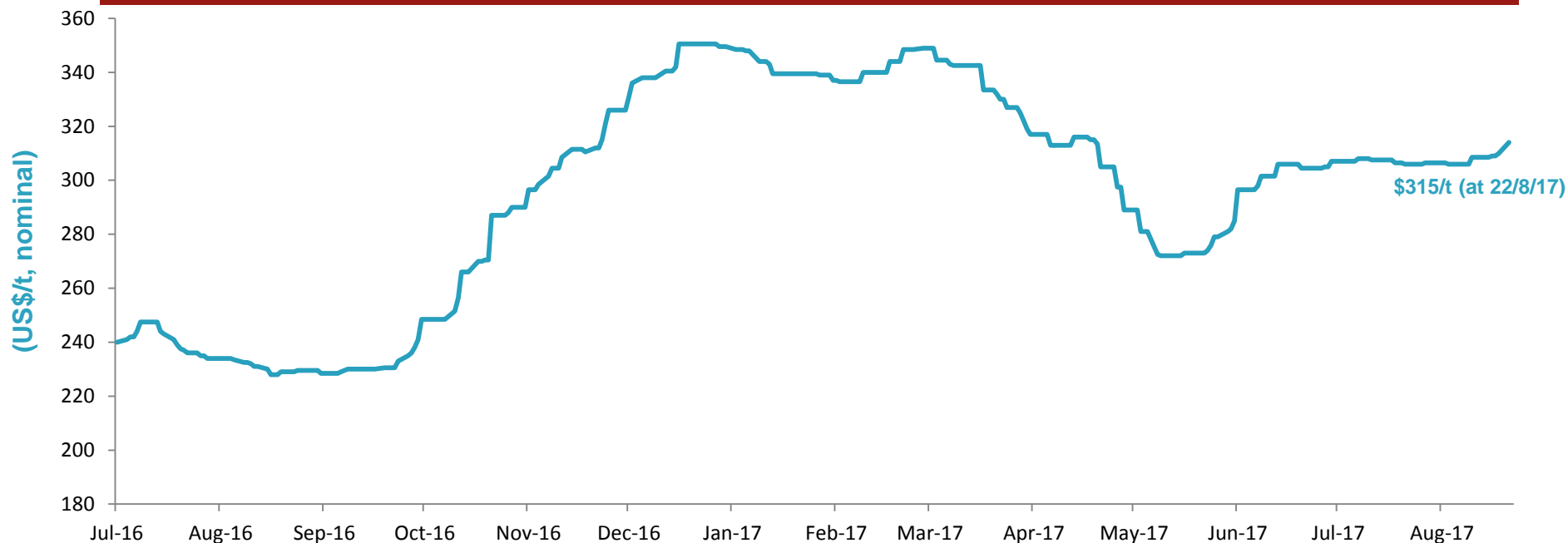
Alumina market balance (LHS), Net Chinese alumina imports (RHS), '000 tonnes



Source: CRU, July 2017

Alumina price volatile but has reflected fundamentals of alumina

Platts PAX FOB Australia prices



Jan 2017

- China pauses restocking as Lunar New Year nears

Feb-Mar 2017

- High global smelting rates
- Short covering, restocking by India
- Freight rates, coal, caustic soda prices all rise

Mar-May 2017

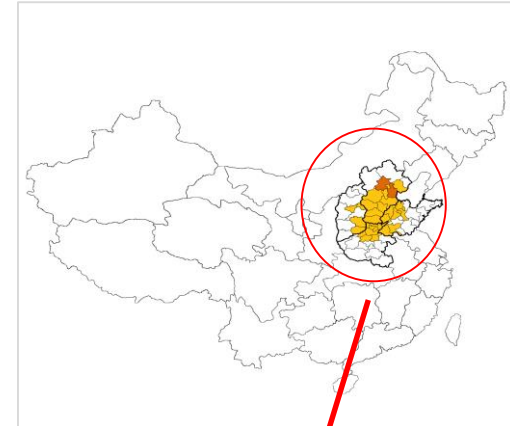
- Oversupply from China, Vietnam, Indonesia, Brazil
- China domestic prices fall due to excess production, Australian notional import parity premium swells from ~\$20/t to ~\$40/t
- China suspends spot imports for nearly 3 months, ample cheaper domestic supply
- Smelter incidents in India and Bahrain reduce demand

May-June 2017

- Alumina cuts in Henan, Shanxi for maintenance and environmental audits boost Chinese domestic prices
- Restocking, short covering by China and global traders
- Rally in Australia, China stalls
- China loses interest in imports, but global buyers want tonnes for India, Middle East, Americas

Chinese Winter Air Pollution Policy

- Provinces affected by “2+26+3” winter heating season cuts produce around 79% of China’s alumina and export to other provinces
- The production cuts are forecast as 2.4 mt alumina and 0.5 million t aluminium → net shortage of 1.5 mt in other alumina-importing regions

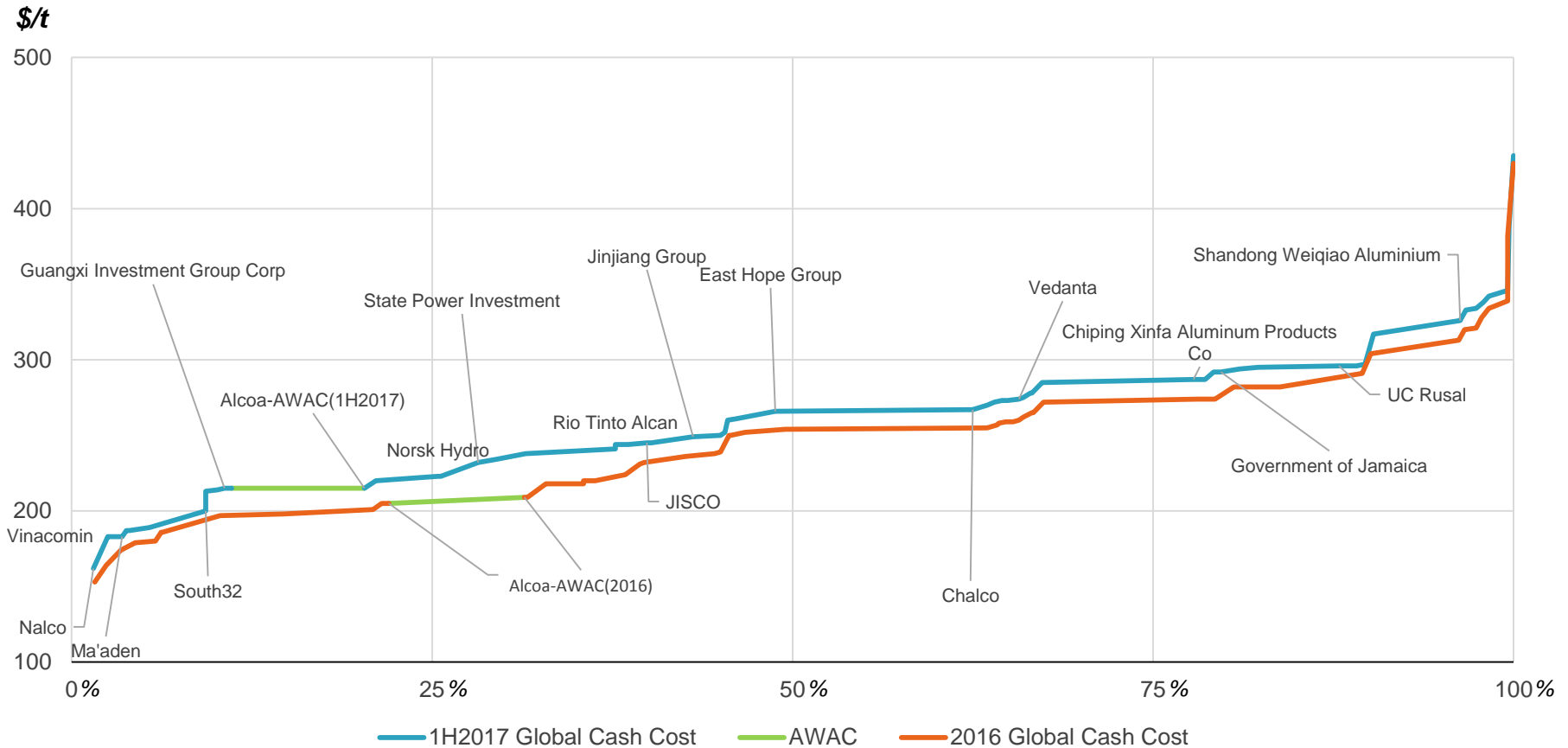


Million tonnes (mt)	Alumina	Primary Al
Affected Capacity p.a.	38.5	13.3
Capacity to be curtailed (30%)	11.6	4
Idled Capacity p.a.	4.5	2.6
Production to be curtailed p.a.	7.1	1.4
Net Curtailment in heating season (assuming 125 days)	2.4	0.5

Source: CM Group

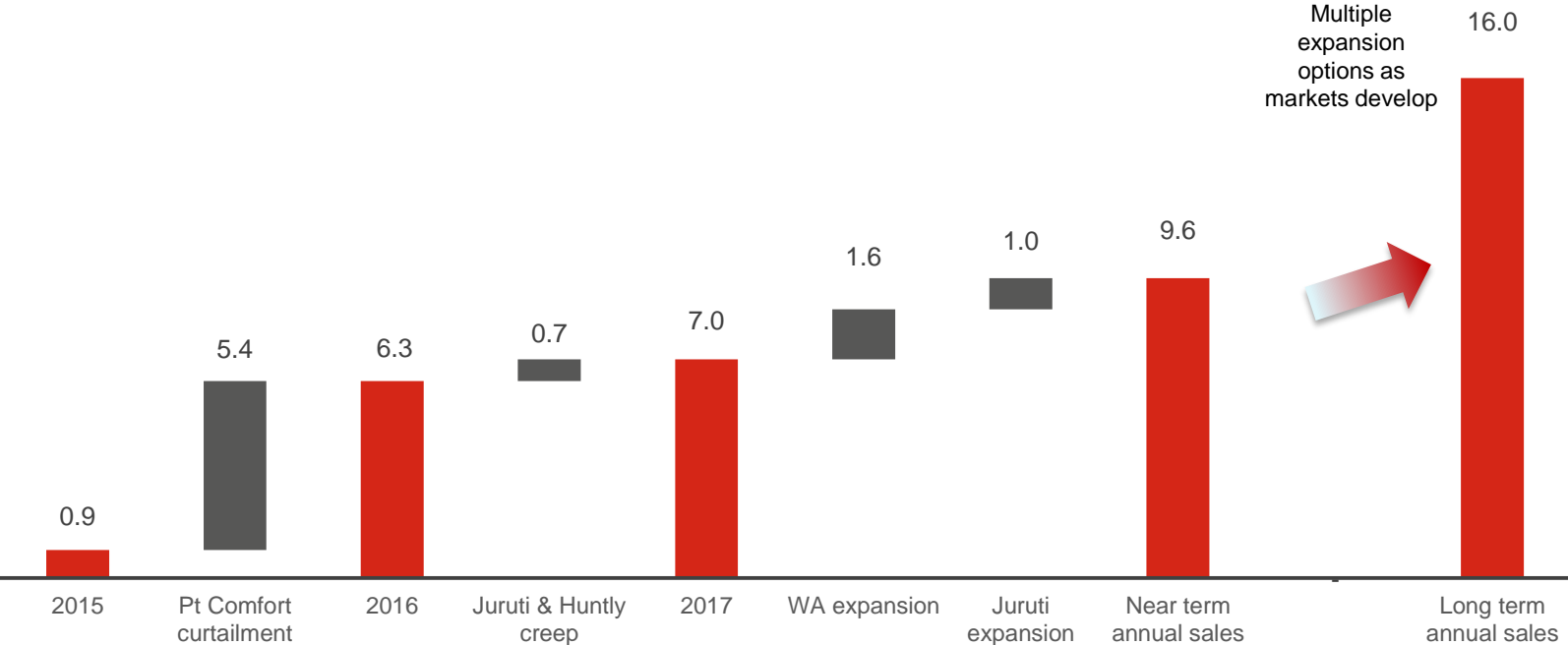
* Ministry of Environmental Protection, Finance Ministry, National Development and Reform Commission, the National Energy Bureau and regional governments

Global cash cost curve has moved up, AWAC moved down



AWAC growing third party bauxite sales

Potential third party bauxite sales (million bdmt ⁽¹⁾ pa)
Near term increase requires minimal capital



Multiple expansion options as markets develop



⁽¹⁾ Bone dry metric tonnes

Industry context

- Primary aluminium demand growth strong: 2017 forecast 5.3%
- Alumina market in broad balance
- Chinese policies: some uncertainty but potential for upside
- Opportunities for long term bauxite suppliers

AWAC has a leading position

- AWAC's strategy is delivering
- Largest RoW alumina producer and third party supplier. Lowest cost quintile. Low cost "creep" opportunities
- First cost quartile bauxite miner: Optionality of low cost brownfield expansions to match market

Alumina Limited provides a unique look-through vehicle

- Unique investment in tier 1 long-life bauxite and alumina assets
- Very low level of debt
- Growth in dividends



Alumina Limited

2017 Half-Year Results

Mike Ferraro, Chief Executive Officer

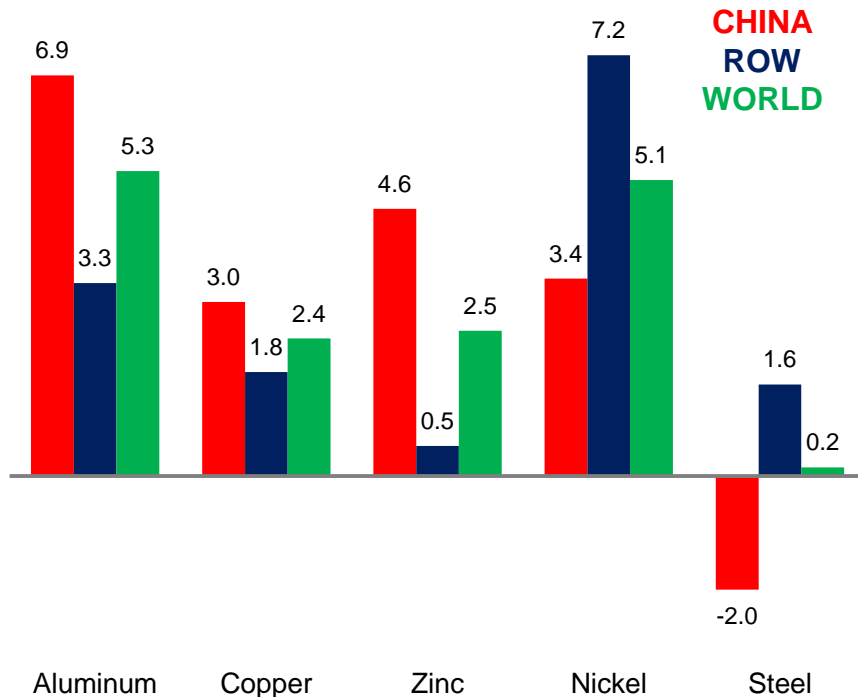
Chris Thiris, Chief Financial Officer

An aerial photograph of an alumina processing facility. A long train of covered hopper cars is on the left, and a long conveyor belt system is on the right, both extending into the distance. The ground is reddish-brown, and there are some industrial structures and piles of material in the background.

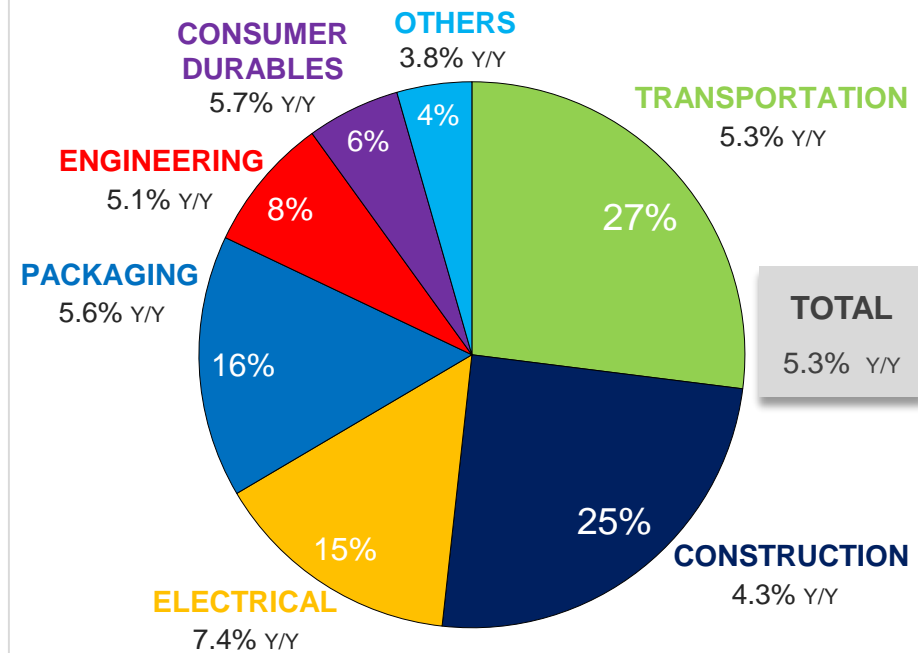
Appendices

Aluminium remains world's strongest growth metal

2017 Annual Consumption Growth by Metal %

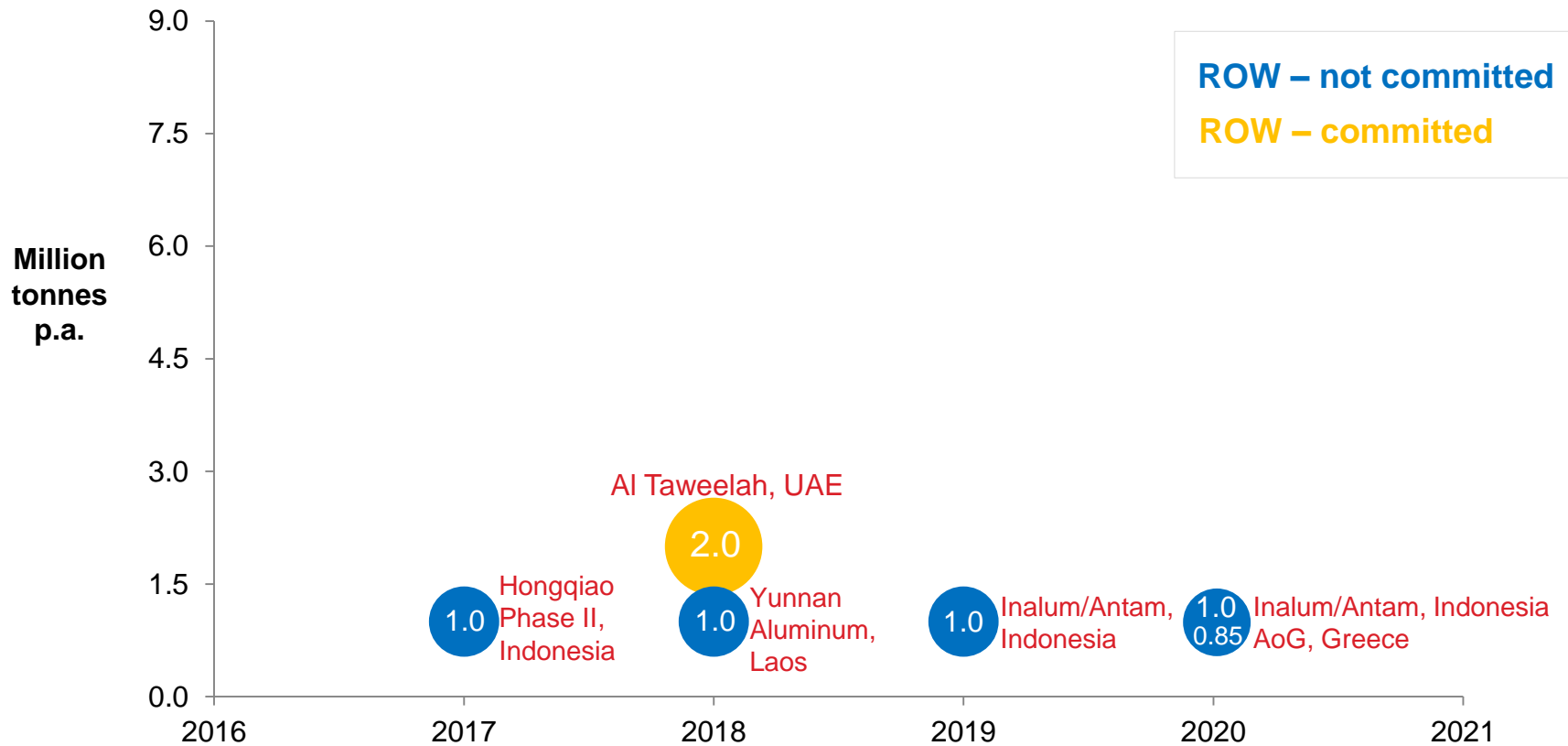


2017 Global Aluminium Consumption Growth by End-Use Sector



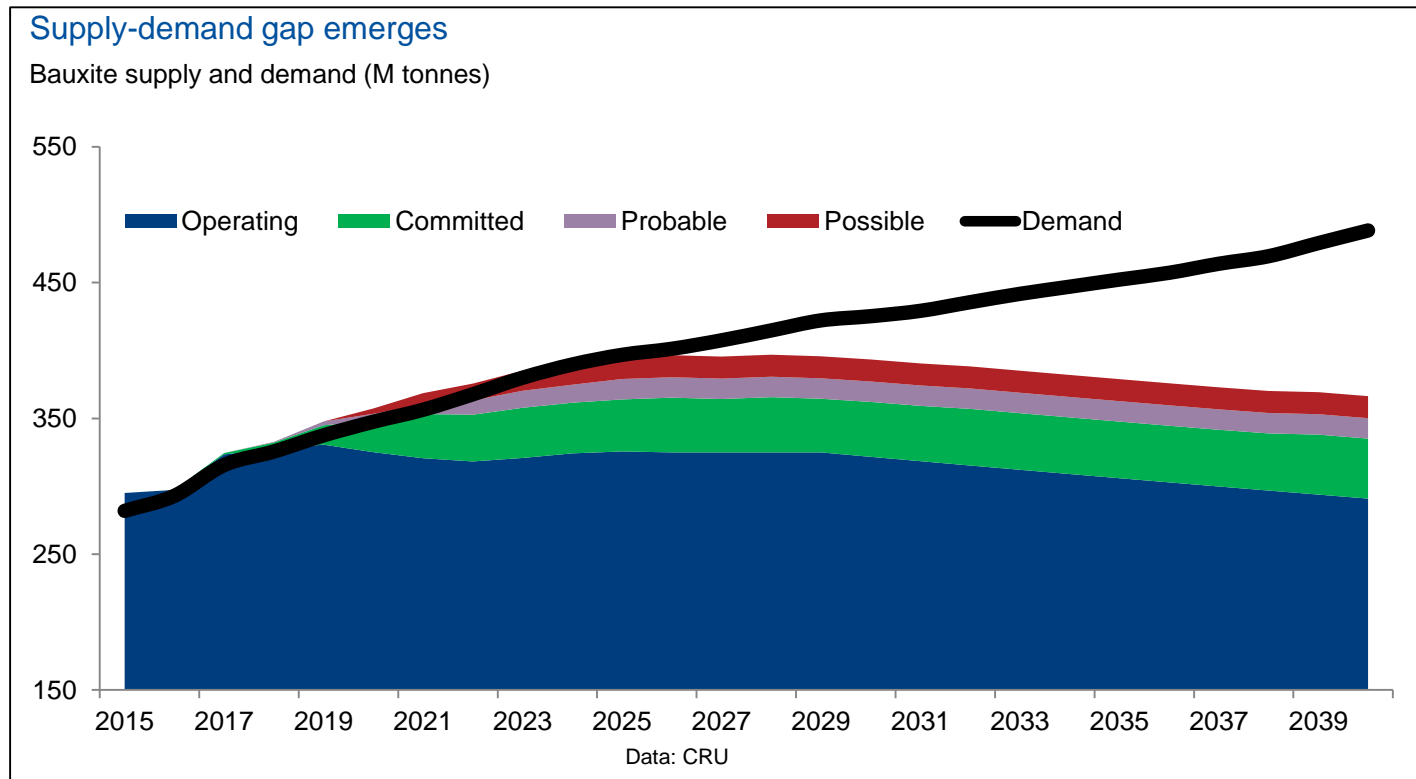
Upcoming alumina projects outside China

By 2021 Al Taweelah is only likely large refining growth



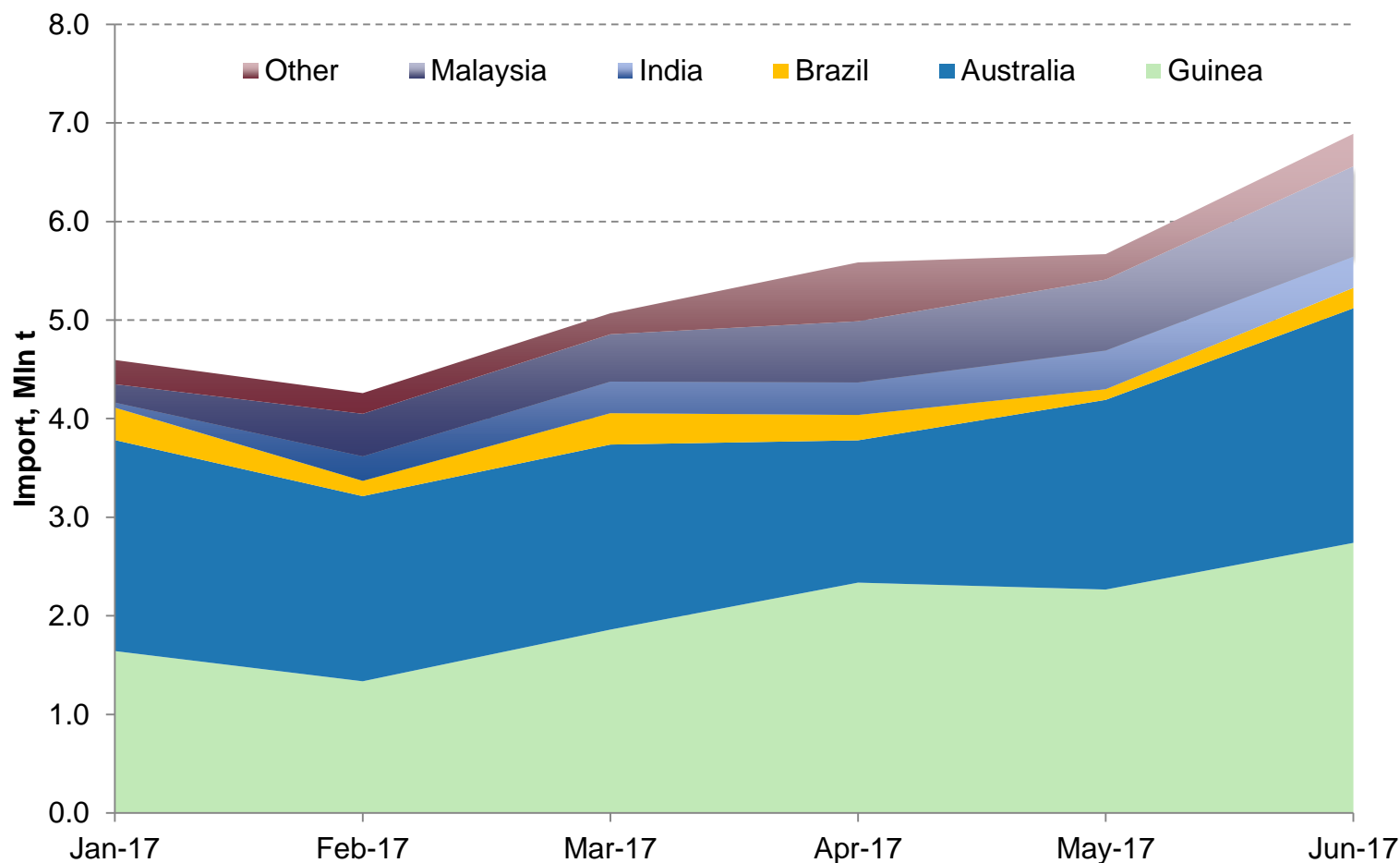
Longer term: global bauxite supply gap from 2027

Global Bauxite Supply and Demand (M tonnes)



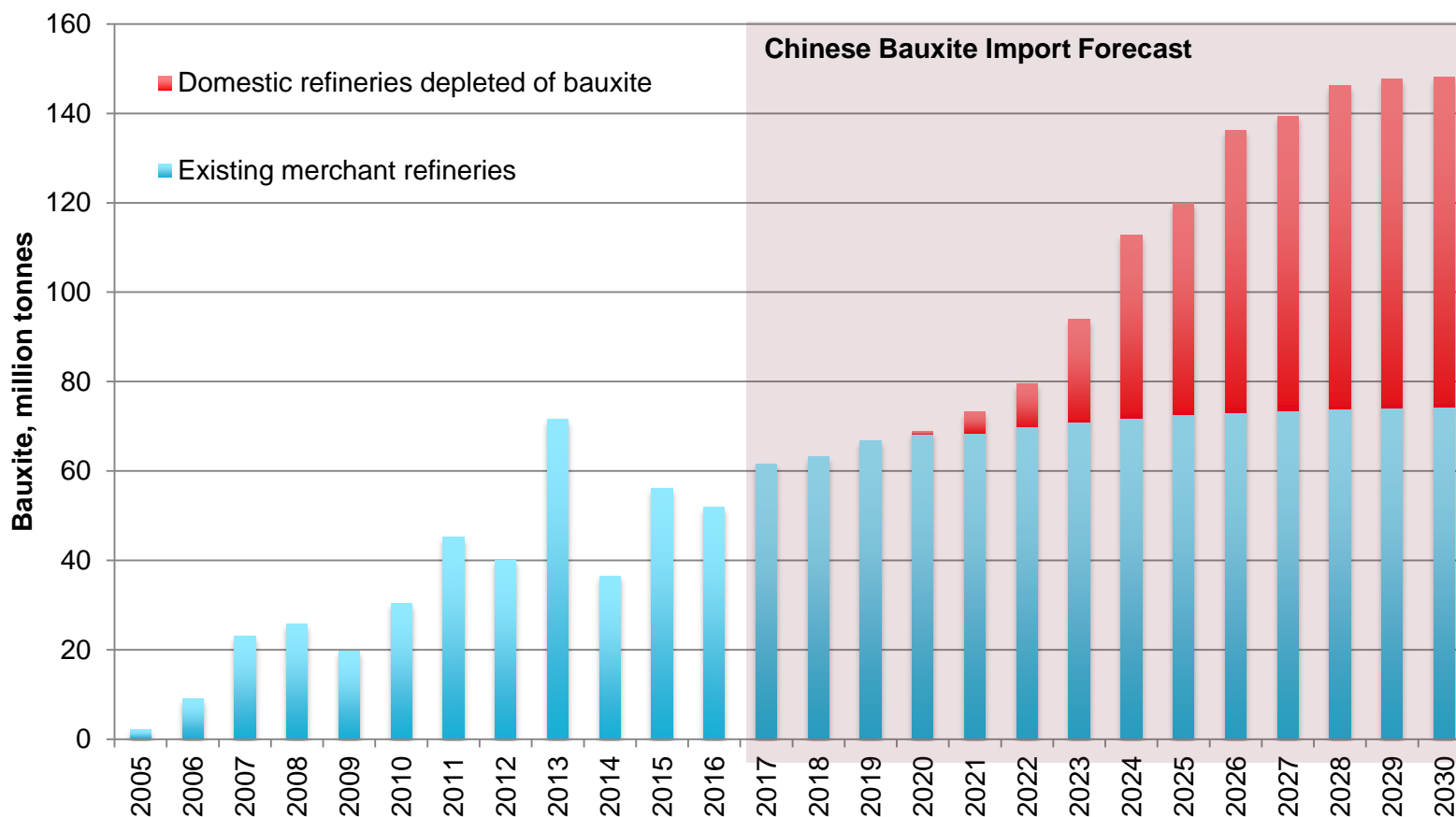
- Existing supply and committed and probable projects can meet demand to around 2023
- From 2023 on, projects in “possible” category required to meet expected needs

Guinea and Australia leading bauxite exporters to China (H1 2017)



- Guinea has replaced Australia as the largest bauxite exporter to China
- Guinea and Australia contributed 74% of the total Chinese bauxite imports in H1 2017

Chinese bauxite import curve forecast to steepen from around 2021 to 2028



- Declining domestic bauxite quality in key alumina producing provinces
- Bauxite imports forecast to grow by 68m to 120m tpa (from 2016 to 2025)
- Shanxi, Henan likely to relocate refining largely to coast e.g. Liaoning, Guangxi