

## **QAMCO posts a net profit of QR 446 million for the year ended 31 December 2023**

*Board of Directors recommends a cash dividend of QR 0.07 per share, equating to a payout ratio of 88% of net earnings for 2023*

- *QAMCO's share of revenue from the JV amounted to QR 3.15 billion for the year ended 31 December 2023*
- *QAMCO's share of EBITDA from the JV stood at QR 974 million, with an EBITDA margin of 31%*
- *Earnings per share amounted to QR 0.080 for the year ended 31 December 2023*
- *Year to date prices declined by 20% versus last year amid challenging macroeconomic context.*
- *QAMCO's closing cash balance (including share of cash in QAMCO's JV) stood at QAR 2.2 billion*

**Doha, Qatar; 4 February 2024:** Qatar Aluminum Manufacturing Company Q.P.S.C. ("QAMCO" or "the Company"; QE Ticker: QAMC), a 50% joint venture partner in Qatar Aluminum Company (Qatalum), today reported a record net profit of QR 446 million for the year ended 31 December 2023, with an earnings per share (EPS) of QR 0.080.

Commenting on the financial and operational performance for the year ended 31 December 2023, **Mr. Abdulrahman Ahmad Al-Shaibi, Chairman of the Board of Directors, QAMCO**, said:

*"Throughout a year marked by challenging macroeconomic conditions, our JV's dedicated focus on operational excellence, production flexibility, prudent cost management, safety, and sustainability has yielded commendable financial and operational results. Our strong belief in HSE has successfully positioned our JV to meet our health, environmental and social responsibility targets. Moving ahead, we remain dedicated to leveraging our robust and sustainable business model for the long-term creation of shareholder value."*

### Updates on macroeconomic environment

The macroeconomic backdrop for the aluminum markets remained subdued for the majority of 2023. Following its peak in early 2022 due to disruptions in supply caused by heightened energy and logistics costs amid geopolitical conflicts, the prices of primary aluminum started to stabilize in the latter part of the year.

Throughout the second half of 2022, there was a gradual improvement in global supply, and this positive trend continued into 2023, introducing additional supply into the global aluminum supply chain. Access to raw material supplies became more readily available, resulting in a reduction in energy costs for aluminum smelters worldwide.

However, demand from major markets for aluminum remained constrained, primarily due to factors such as high inflation and rising interest rates, which weakened demand, especially in key sectors like building and construction. On a positive note, the gradual recovery of automotive sector has partly offset the adverse demand profile.

QAMCO JV realized aluminum prices in 2023 was significantly lower than the previous year, experiencing an overall decline of 20%. This decline was influenced by subdued demand, higher inventory level, and concerns about a potential economic recession.

### Financial performance updates – YE-23 vs YE-22

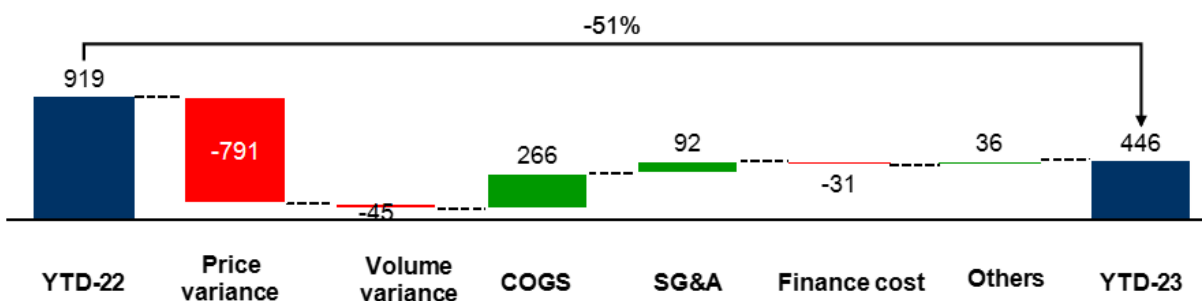
Key financial indicators	YE-23	YE-22	Variance (%)
Production volumes (MT' 000) – 100%	677	666	+2%
Sales volumes (MT' 000) – 100%	660	669	-1%
Share of JV's revenue (QR' million)	3,150	3,985	-21%
Share of JV's EBITDA (QR' million)	974	1,456	-33%
Net profit (QR' million)	446	919	-51%
Earnings per share (QR per share)	0.080	0.165	-52%
EBITDA margin (%)	31%	37%	-5%
Realized average selling prices (USD/MT)	2,621	3,279	-20%

QAMCO recorded a net profit of QR 446 million for the year ended 31 December 2023, as compared to QR 919 million for the last year, with an earnings per share (EPS) of QR 0.080 versus QR 0.165 for the last year.

Share of JV's revenue decreased by 21% to reach QR 3,150 million for the current year, as compared to QR 3,985 million for the last year. EBITDA reduced by 33% and reached QR 974 million in comparison to QR 1,456 million for the last year.

### Analysis of QAMCO's net earnings – YTD-23 vs YTD-22

(Amounts in QR millions)



QAMCO's financial performance for the current year, in comparison to the previous year, is mainly impacted by a significant decline in average realized selling prices amidst macroeconomic challenges, decreasing by 20% to USD 2,621 per MT. Additionally, there has been a slight reduction in sales volumes compared to the previous year amid waning demand.

The combined effect of the decline in average realized selling prices and the marginal decrease in sales volume has adversely impacted the net profit for the year end 31 December 2023, by QR 836 million when compared to the preceding year.

Production activity remained stable, with a marginal increase of 2% in comparison to last year. This growth reflects the initiatives implemented by QAMCO JV to enhance efficiencies and increase production. On the other hand, sales volumes witnessed a marginal decrease of 1% compared to the previous year, mainly due to reduced demand for Extrusion Ingot caused by the building and construction sector, which was heavily impacted by weak macroeconomic sentiment, global inflation, continued interest rate rises, and a property crisis in China. The decrease was partly offset by higher demand for Foundry Alloys, driven by the recovering automotive sector and the increasing importance of aluminium in vehicle electrification.

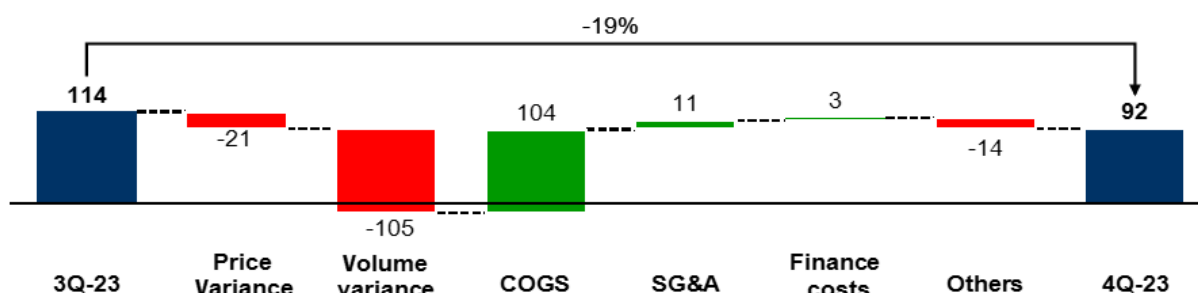
Cost of goods sold for the current year relatively declined mainly on account of lower raw material costs. On overall basis, the decline in cost of goods sold contributed QR 266 million positively to the net profits for the year ended 31 December 2023 versus last year. while savings in S,G&A added QR 92 million to QAMCO's bottom line profitability. QAMCO's financial performance also aided by improved finance income (other income). On the other hand, finance costs increased due to increase in interest rates compared to last year.

During the year, prudent strategy of cash management continued to be in place at both QAMCO and its JV. At the JV level, the loan continued to be gradually repaid and such repayment will continue in coming years.

In enhancing business competitiveness, QAMCO JV has also established an ESG strategic roadmap that features GHG reduction and scrap recycling. Pre-feasibility studies for significant projects too support ESG roadmap are planned for the coming years.

**Financial performance updates – 4Q-23 vs 3Q-23**

Key financial indicators	4Q-23	3Q-23	Variance (%)
Production volumes (MT' 000) – 100%	171	170	+0%
Sales volumes (MT' 000) – 100%	160	183	-12%
Realized average selling prices (USD/MT)	2,469	2,541	-3%
Share of JV's revenue (QR' million)	720	845	-15%
Share of JV's EBITDA (QR' million)	234	241	-3%
Net profit (QR' million)	92	114	-19%
Earnings per share (QR per share)	0.017	0.021	-19%
EBITDA margin (%)	33%	29%	+4%

**Analysis of QAMCO's net earnings - 4Q-23 vs 3Q-23**
*(Amounts in QR millions)*


Compared to 3Q-23, QAMCO's net profits for 4Q-23 declined by 19%. A key contributor towards this decline in profitability was lower sales volumes which decreased by 12% on quarter-on-quarter basis due to inco-terms and weaker demand amid challenging market conditions. Additionally, the bottom-line profitability was negatively affected by the marginal decrease in the average selling price which is mainly linked to continued macroeconomic headwinds negatively affecting market prices for primary aluminum.

Compared to 3Q-23, the financial performance of 4Q-23 was declined by QR 21 million or 19%. The reduction in sales volumes during 4Q-23 was primarily due to lower sales of foundry alloys and extrusion ingots compared to the previous quarter together with lower average selling prices, primarily contributed for the adverse variance.

The combined impact of lower average selling prices and sales volumes was partially offset by lower cost of goods sold (COG) by (+QR 104 million), as well as reduction in selling and general administrative (S&GA) expenses and finance cost compared the previous quarter. On the other hand, there was an increase in other costs mainly attributed to the impairment of non-current assets other cost increased on account of impairment of non-current asset during the quarter.

### Financial performance updates – 4Q-23 vs 4Q-22

Key financial indicators	4Q-23	4Q-22	Variance (%)
Production volumes (MT' 000) – 100%	171	168	+2%
Sales volumes (MT' 000) – 100%	160	196	-18%
Realized average selling prices (USD/MT)	2,469	2,699	-8%
Share of JV's revenue (QR' million)	720	965	-25%
Share of JV's EBITDA (QR' million)	234	248	-6
Net profit (QR' million)	92	116	-20%
Earnings per share (QR per share)	0.017	0.021	-19%
EBITDA margin (%)	33%	26%	+7%

Compared to 4Q-22, QAMCO's net profits for 4Q-23 declined by 20%, while share of JV's revenue declined by 25%. One of the key contributors towards this decline in bottom-line profitability was lower selling prices realized during 4Q-23 versus 4Q-22, which declined by 8%, affected QAMCO's net earnings for 4Q-23 versus 4Q-22. In addition, sales volumes decreased by 18%, mainly due to inco-terms in addition to lower extrusion and standard ingot sales made during 4Q-22 in comparison to 4Q-23.

### Financial position updates

Key performance indicators	As at 31-Dec-23	As at 31-Dec-22	Variance (%)
Total Assets (QR' million)	6,872	6,926	-1%
Cash and bank balances (QR' million) *	2,164	2,065	+5%
Share of JV's debt (QR' million)	2,081	2,295	-9%

\*Note: Cash and bank balances includes proportionate share of cash and bank balances of the joint venture and excludes restrictive cash balances.

QAMCO's financial position continued to remain robust with the liquidity position at the end of 31 December 2023 reaching QR 2,164 million in form of cash and bank balances (including proportionate share of cash and bank balances of the joint venture). During the financial year ended 31 December 2023, QAMCO's JV generated share of operating cash flows of QR 1,162 million, with a share of free cash flows of QR 958 million.

### Operational performance updates:

QAMCO's JV remains committed in maintaining high operational efficiency and competitiveness in production and operations. The continued emphasis on health and safety measures reflects a dedication to ensuring asset reliability and achieving operational excellence. Notable achievements in Health, Safety, and Environment (HSE) include the absence of any recorded heat-related incidents involving Qatalum employees. The company is recognized for delivering exemplary safety performance within the aluminum industry and continues its unwavering focus on reducing the joint venture's energy consumption.

During 2023 QAMCO's JV has almost concluded relining its 3rd generation of pots, and replaced fluewalls to ensure sustainable operations, while minimizing the risk of disruption in production. During the year, QAMCO JV incurred QR 210 million (QAMCO's share) on account of capital expenditure, which included among others, pot relining, turbine major inspection and capital spare, chemical warehouse erection and fluewall replacement.

### **Proposed dividend distribution**

After reviewing current year's robust financial performance, with the present and forecasted liquidity position, and considering current and future macroeconomic conditions, business outlook, CAPEX, long term loan repayment plan of the Company, the Board of Directors proposed a total annual dividend distribution of QR 391 million for the year ended 31 December 2023, representing a payout ratio of 88% of current year's net earnings. A dividend of QR 0.07 per share represent 7% of par value resulting in a dividend yield of 5% on the closing share price as of 31 December 2023.

### **Earnings Call**

QAMCO will host an IR earnings call with investors to discuss its results for the financial year 2022, business outlook and other matters, on Wednesday, 7<sup>th</sup> February 2024 at 1:30 p.m. Doha time. The IR presentation that accompanies the conference call will be posted on the 'financial information' page within the Investor Relations section at QAMCO's website.

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## About QAMCO

Qatar Aluminium Manufacturing Company Q.P.S.C. (QAMCO) was incorporated on 3 December 2018 as a Qatari shareholding company. The registered office is located at P.O. Box 3212, Doha, State of Qatar. QAMCO is a 50% shareholder in Qatalum (a joint venture of QAMCO), which is a producer and marketer of primary aluminium. QAMCO owns 50% of Qatalum's issued capital with the remaining 50% being held by Hydro Aluminium Qatalum Holding B.V.

For more information about this press release, email [qamco@qatarenergy.qa](mailto:qamco@qatarenergy.qa) or [qamco.investorrelations@qatarenergy.qa](mailto:qamco.investorrelations@qatarenergy.qa) or visit [www.qamco.com.qa](http://www.qamco.com.qa)

## 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 Company" are sometimes used for convenience in reference to Qatar Aluminium Manufacturing Company Q.P.S.C.

This press release 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 realization 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 Company'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 was consisted of 13 months from 3 December 2018 to 31 December 2019. No adjustment has been made for leap years. Where applicable, all values refer to Qatar Aluminium Manufacturing Company's share of interest in its joint venture. Values expressed in QR millions and/or billions. 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 • **EBITDA:** Earnings Before Interest, Tax, Depreciation and Amortisation calculated as (Net Profit + Interest Expense + Depreciation + Amortisation) • **EPS:** Earnings per Share (Net Profit / Weighted number of Ordinary Shares outstanding at the year-end/period end) • **Free Cash Flow:** Cash Flow From Operations - Total CAPEX • **KMT:** Thousand Metric Tons • **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 • **\$:** United States Dollar