



# QAMCO

شركة قطر لصناعة الألمنيوم

Qatar Aluminium Manufacturing Company

## **Qatar Aluminium Manufacturing Company Investor Relations Presentation**

31 December 2021

# Disclaimer

The company in which Qatar Aluminium Manufacturing Company Q.P.S.C. directly owns investment is a separate entity. In this presentation, “QAMCO” and “the Company” are sometimes used for convenience in reference to Qatar Aluminium Manufacturing Company Q.P.S.C.

This presentation may contains 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 realisation of these forward-looking statements such as: (a) price fluctuations in commodity markets, (b) changes in demand or market conditions for the 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 presentation 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 consisted 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 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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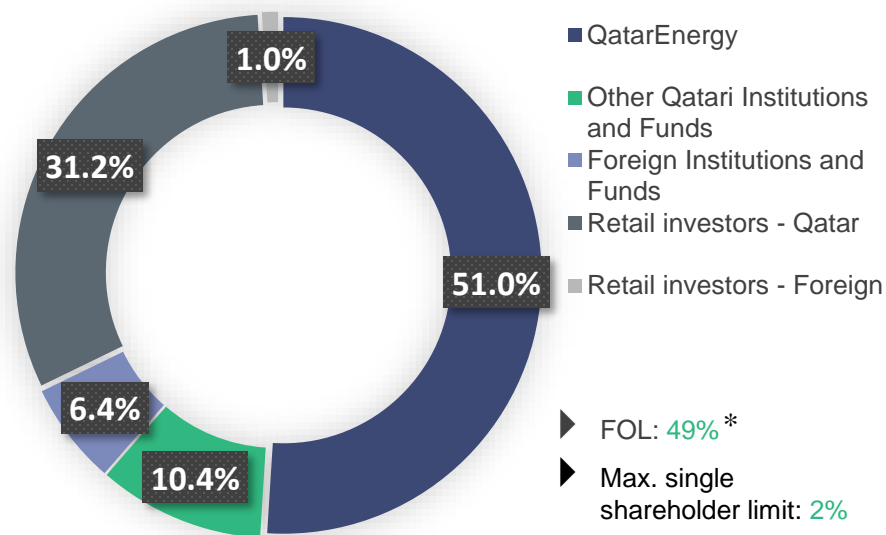
**QAMCO at a glance**

# 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.

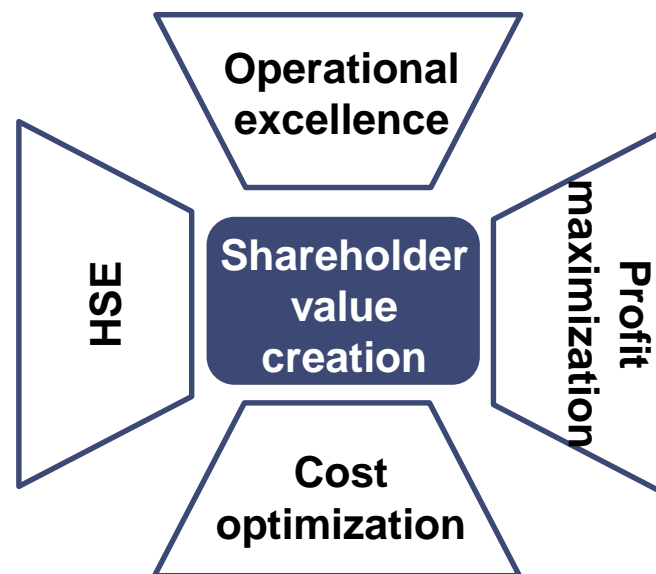
## QAMCO's shareholding structure



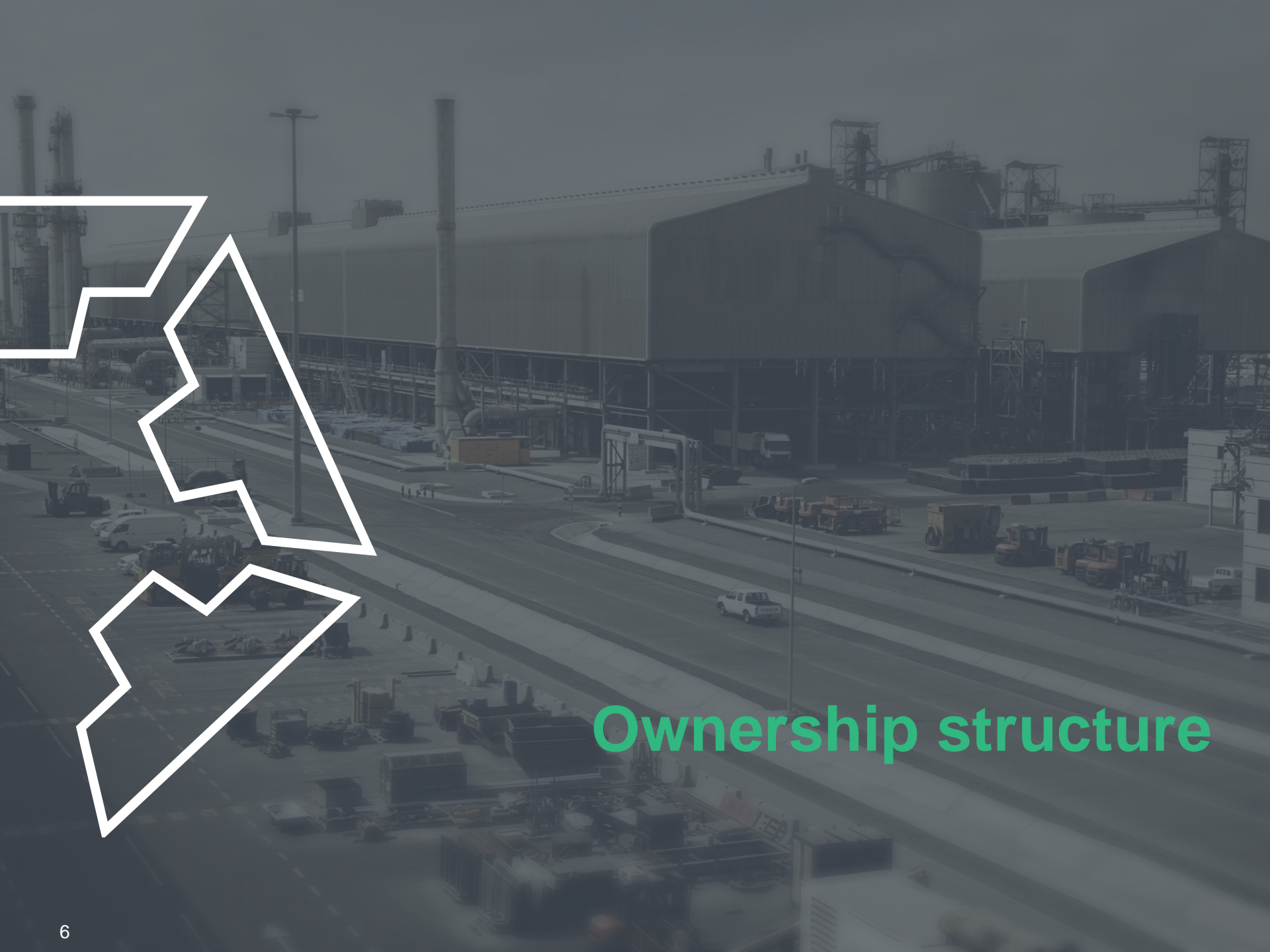
Note: Shareholder data as of 31-Dec-21

\* Proposed by the Board of Directors to increase to 100%, subject to shareholders' approval at EGM and other regulatory approvals.

## Core values



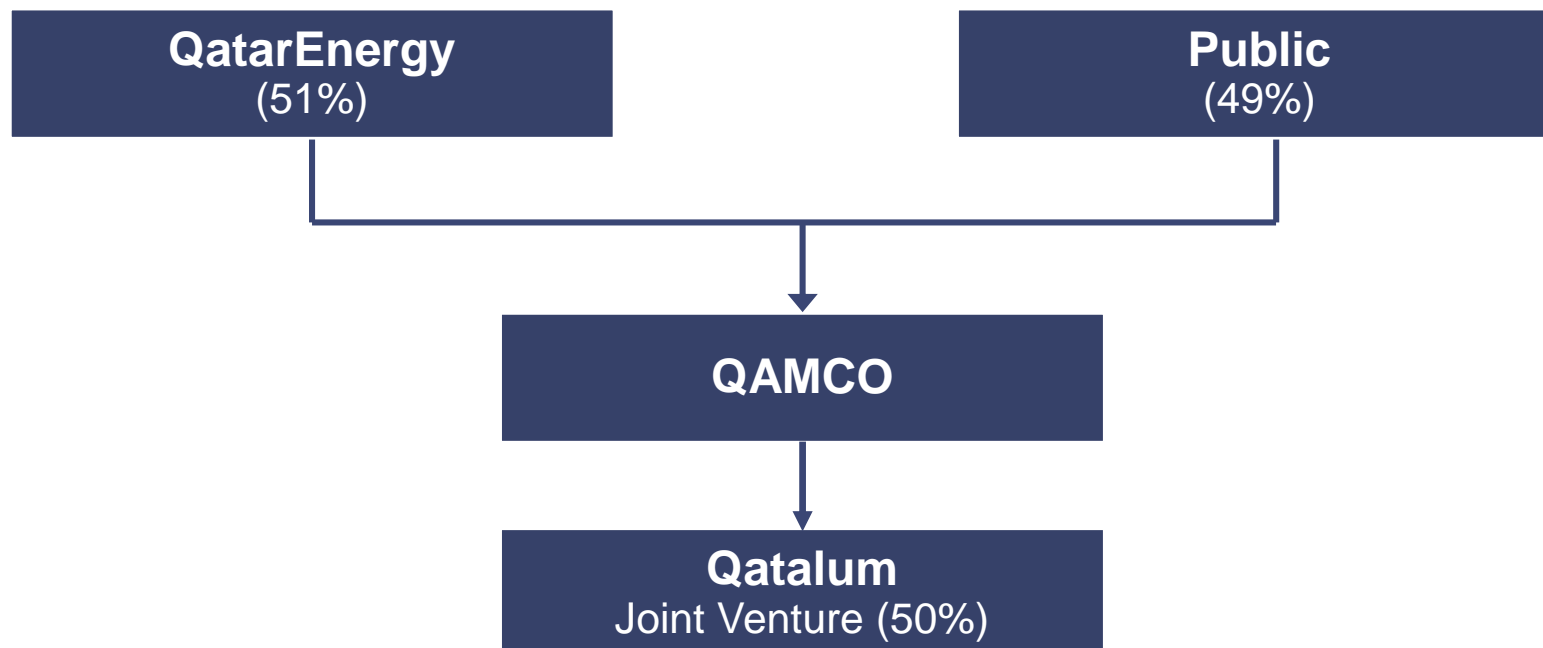




# Ownership structure

# Ownership Structure

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- QAMCO holds 50% share of Qatar Aluminium Limited (Qatalum), which produces about 650,000 tons per year of high-quality aluminium for customers in Asia, Europe and North America. Its facilities include a carbon plant, port and storage facilities as well as a gas-fired power plant.



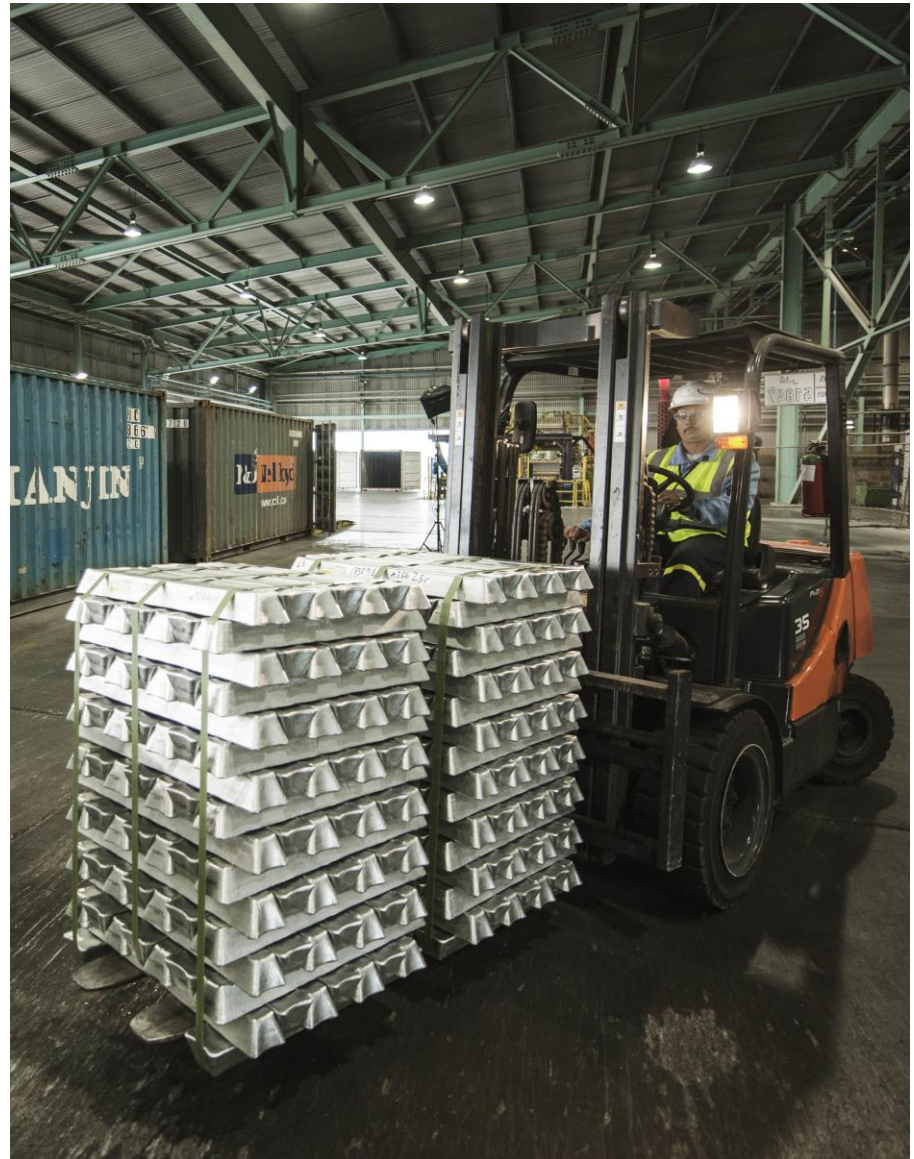


## Operations of Joint Venture



# 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 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.







**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 & EBITDA margins from JV
- ▶ Healthy share of operating cash flow generation from JV

## Strong partnership

- ▶ 51% 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



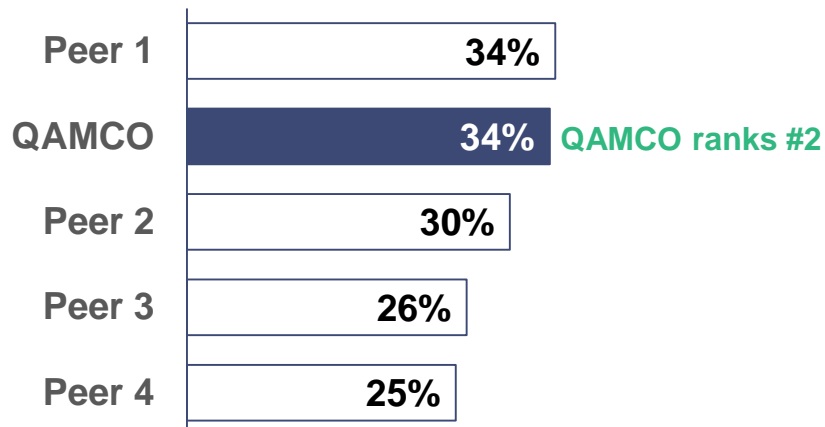




Peer review

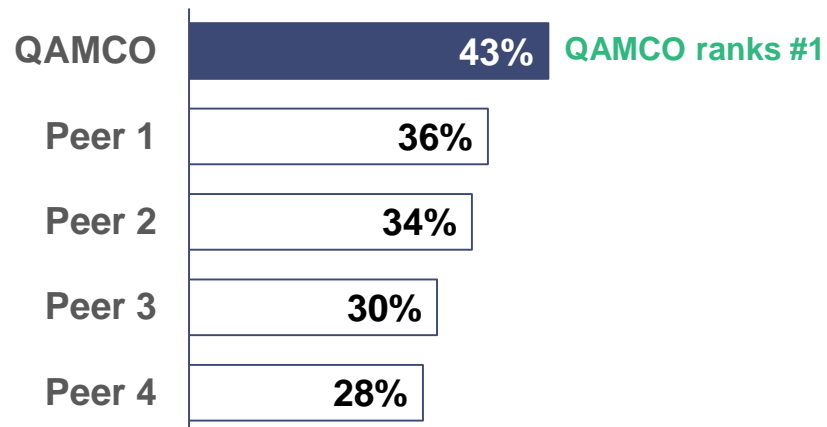
# QAMCO's competitive positioning versus global peers

## Gross profit margin (%)



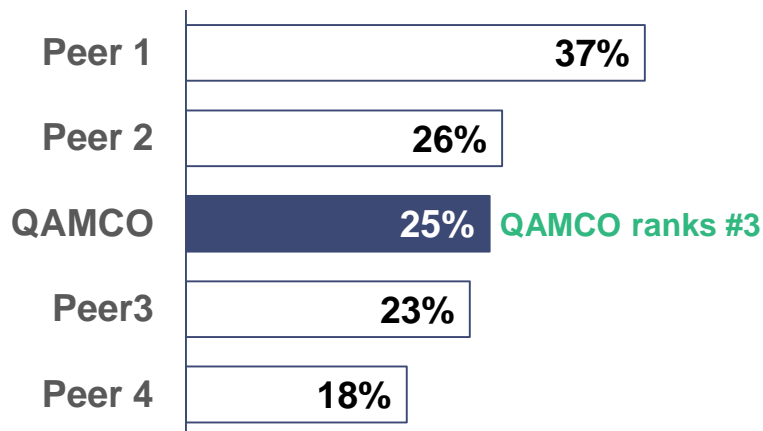
Note: Data as of 9M-21

## EBITDA margin (%)



Note: Data as of 9M-21

## Net profit margin (%)



Note: Data as of 9M-21

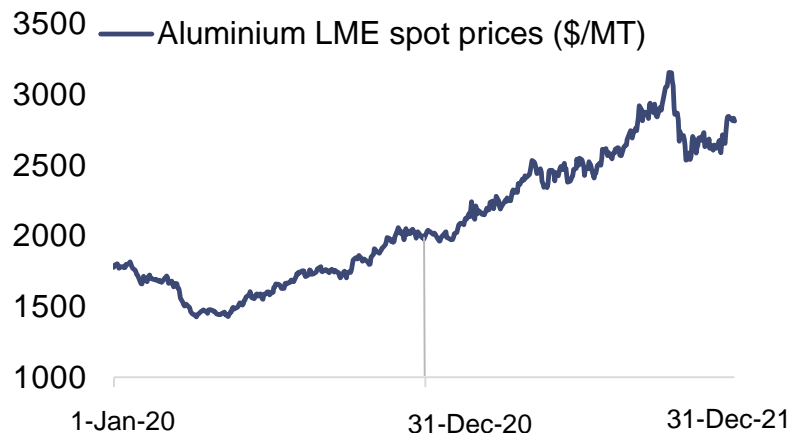




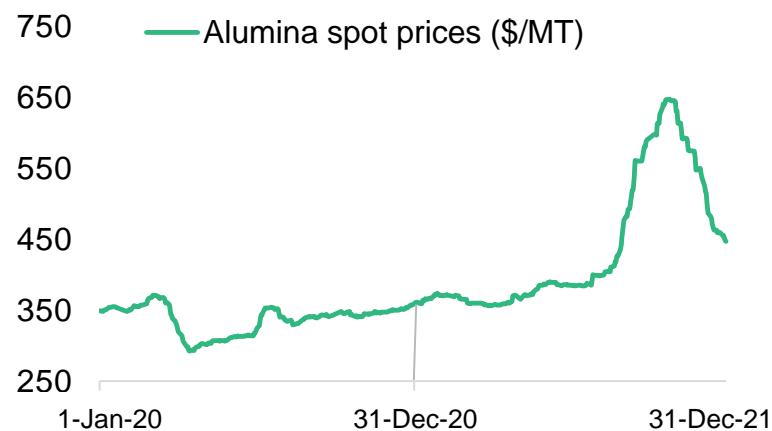
# Macroeconomic updates

# Macroeconomic updates

## Aluminium prices (\$/MT)



## Alumina prices (\$/MT)



- Prices of aluminium continue to show strength on the back of renewed global demand, with sectors such as construction and automotive industries witnessing growth, as global economies sequentially recovered linked to market reopening and accelerated GDP growth.
- Aluminium being a key input for electric vehicles (EVs), wind turbines and solar power, brings an additional layer of long-term demand for primary aluminium.
- As the power crisis in major markets has become more acute coupled with aggressive decarbonization linked policy cuts has affected aluminium capacities aiding accelerated inventory depletion.
- On overall basis, while demand remained buoyant with limited supply, primary aluminium prices reached multi-year high and led to improved margins for low cost producers.





An aerial photograph of a large industrial facility, likely a refinery or chemical plant. The image shows several large, cylindrical storage tanks, complex piping systems, and various industrial buildings. In the foreground, there are paved areas with some vehicles, including forklifts and trucks. The overall scene is industrial and expansive.

# **QAMCO results** **(For the year ended** **31 December 2021)**

# YE-21 results at a Glance

*Growth vs. YE-20*

**Revenue**  42%  
QR 3.12 billion

**EBITDA**  106%  
QR 1.37 billion

**Net profit**  781%  
QR 835 million

*EBITDA Margin: 44.1%*

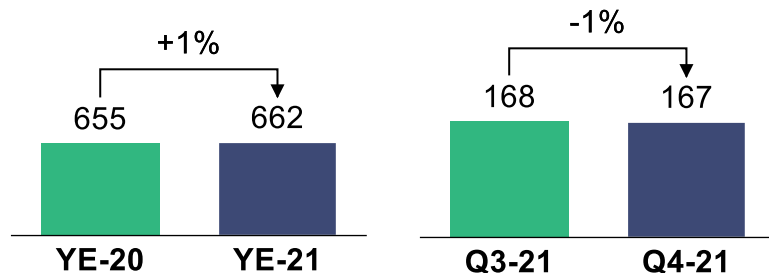
*EPS: QR 0.15    RoAE: 12.6%*

- QAMCO sets a record for highest ever yearly net earnings since incorporation, capturing benefits of strong aluminium pricing amid renewed demand with supply remained constrained
- QAMCO JV's strategically shifted product mix to maximize sale of value-added products (VAP)
- QAMCO's closing cash balance (including share of cash in QAMCO's JV) stood at QAR 1,537 million



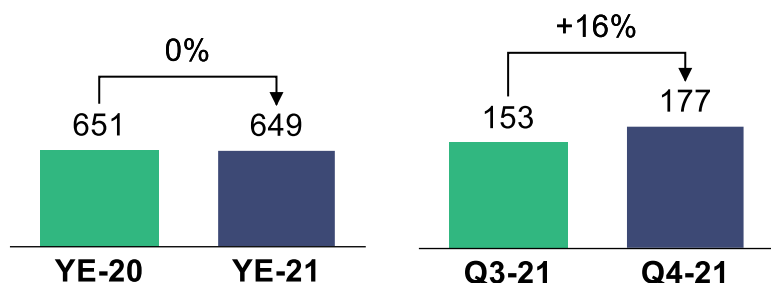
# Operational performance review

## Production (MT' 000) – 100%



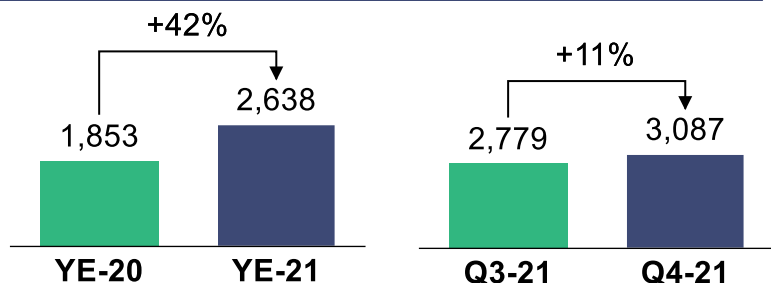
- 2021 production volumes slightly increased compared to 2020, mainly due to higher amperage and production of value-added products (VAP).
- Q4-21 production volumes marginally decreased compared to Q3-21.

## Sales volumes (MT' 000) – 100%



- 2021 sales volumes marginally down as compared to 2020, as more VAP were sold during 2021 having delayed Incoterms compared to last year's higher sales of standard ingots.
- Q4-21 sales volumes increased significantly by 16% versus Q3-21, due to sales of standard & extrusion ingots made during the quarter in line with the market demand and with better Incoterms. Also, there were certain shipments in transit carryover from Q3-21 being delivered during Q4-21.

## Selling prices (\$/MT)

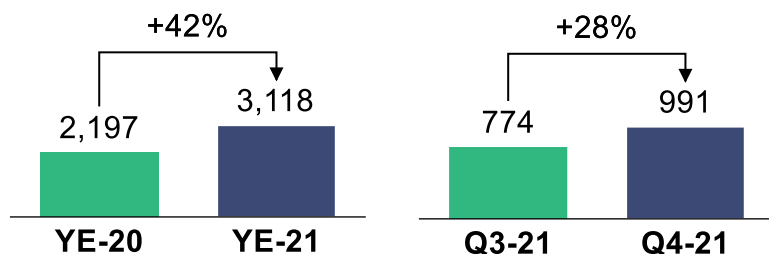


- During 2021, selling prices improved on account of overall increase in aluminum prices globally, on the back of renewed global demand for aluminium, whereby sectors such as construction and automotive industrial sectors witnessed sequential recovery on the back of constructive economic drivers.
- Aluminium prices were also supported by supply side constraints, on account of decarbonization drive, energy crunch and supply chain bottlenecks.



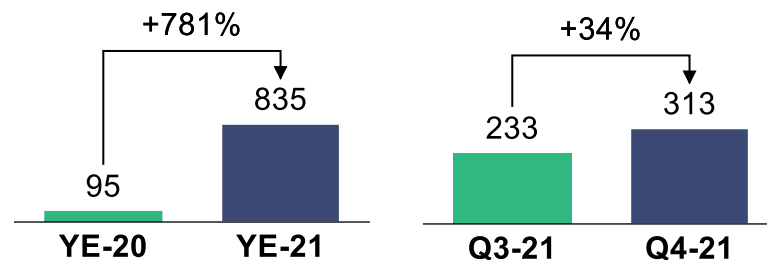
# Financial performance review

## Share of Revenue (QR million)



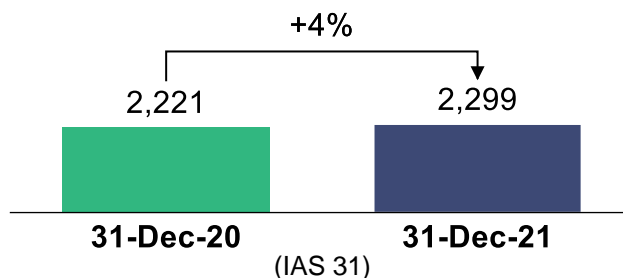
- 2021 vs 2020: Share of JV's revenue inclined, mainly due to positive trends in selling prices and shifting product mix towards value-added products, despite slightly lower sales volumes.
- Q4-21 vs Q3-21: Share of JV's revenue increased, mainly due to improved average selling prices (+11%) and higher sales volumes (+16%).

## QAMCO's Net Profit (QR million)



- 2021 vs 2020: Profitability improved due to continued uptick in aluminium prices with better realized premiums, coupled with savings in finance cost. This was partially offset due to higher COGS and slightly lower sales volumes.
- Q4-21 vs Q3-21: Profitability continued its positive trajectory, on the back of improved LME prices, amid continued strength from macroeconomic dynamics.

## Share of JV's Debt (QR million)

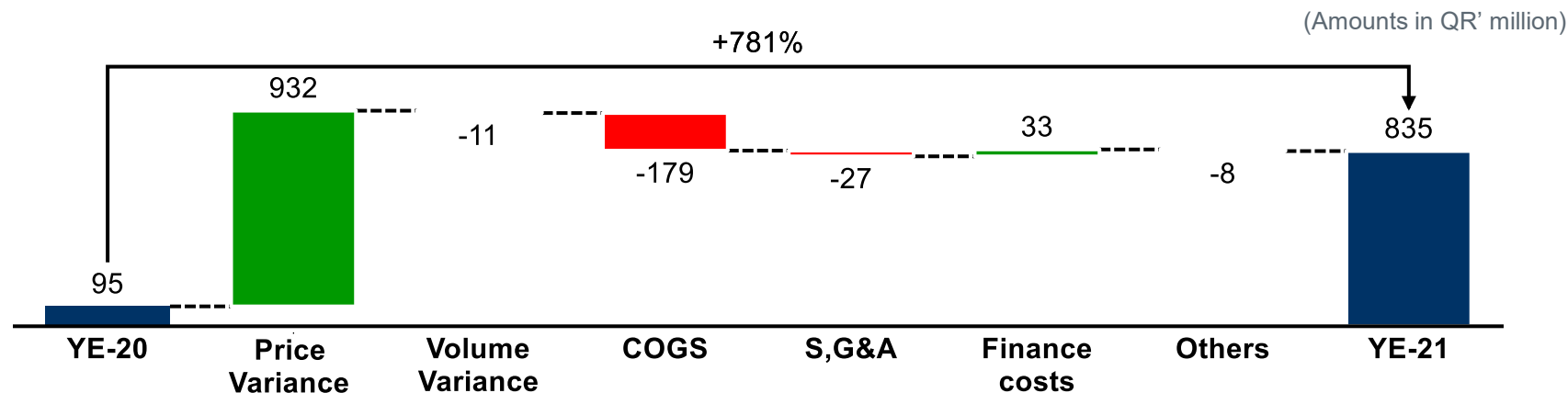


Share of debt slightly increased by 4% on account of additional loan facility obtained for AGP Gas Turbine upgrade.





# Net Profit Variance Analysis



QAMCO reported a net profit of **QR 835 million**, an increase in profitability by 781% compared to YE-20.

QAMCO's YE-21 results were affected by Joint Venture performance mainly due to:

► Favorable movements

- Higher average realized prices (+42%) and efficient product mix leading to better premiums;
- Lower finance cost (-32%) due to reduced interest rates and absence of one-off unamortized portion of financing cost being written-off last year.

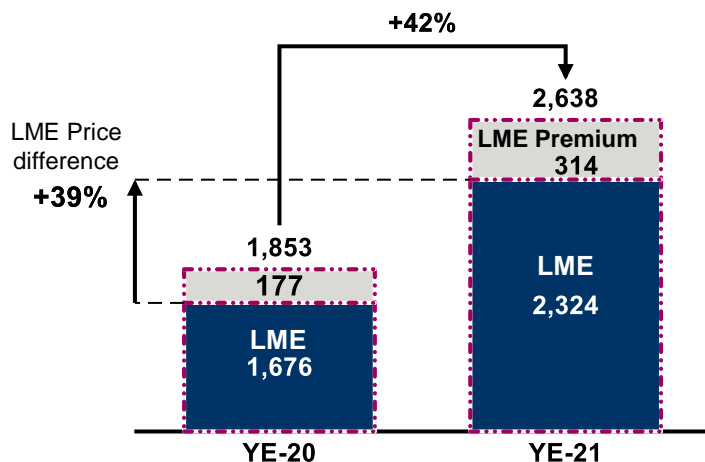
► Unfavorable movements

- Higher cost of goods sold, mainly on account higher raw material costs, partially offset by favorable inventory movements and cost optimization initiatives;
- Slightly lower sales volumes;
- Higher impairment compared to YE-20, on account of older assets being replaced with new AGP technology;
- Higher marketing fee amid higher selling prices; and higher shipping cost due to global supply chain constraints.



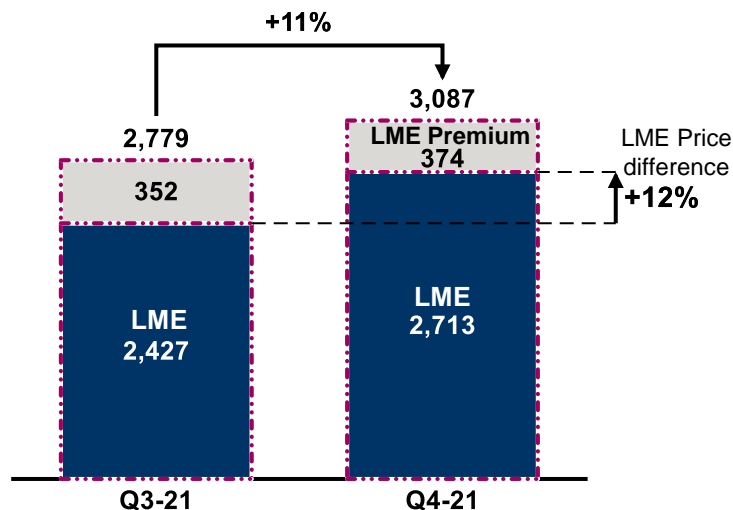
# Analysis of Selling Prices

## Selling prices (\$/MT) – YE-21 vs YE-20



- Average selling prices in 2021 improved due to persistent strength from constructive macroeconomic environment leading to a renewed demand for aluminium products at a global scale, coupled with supply constraints.

## Selling prices (\$/MT) – Q4-21 vs Q3-21

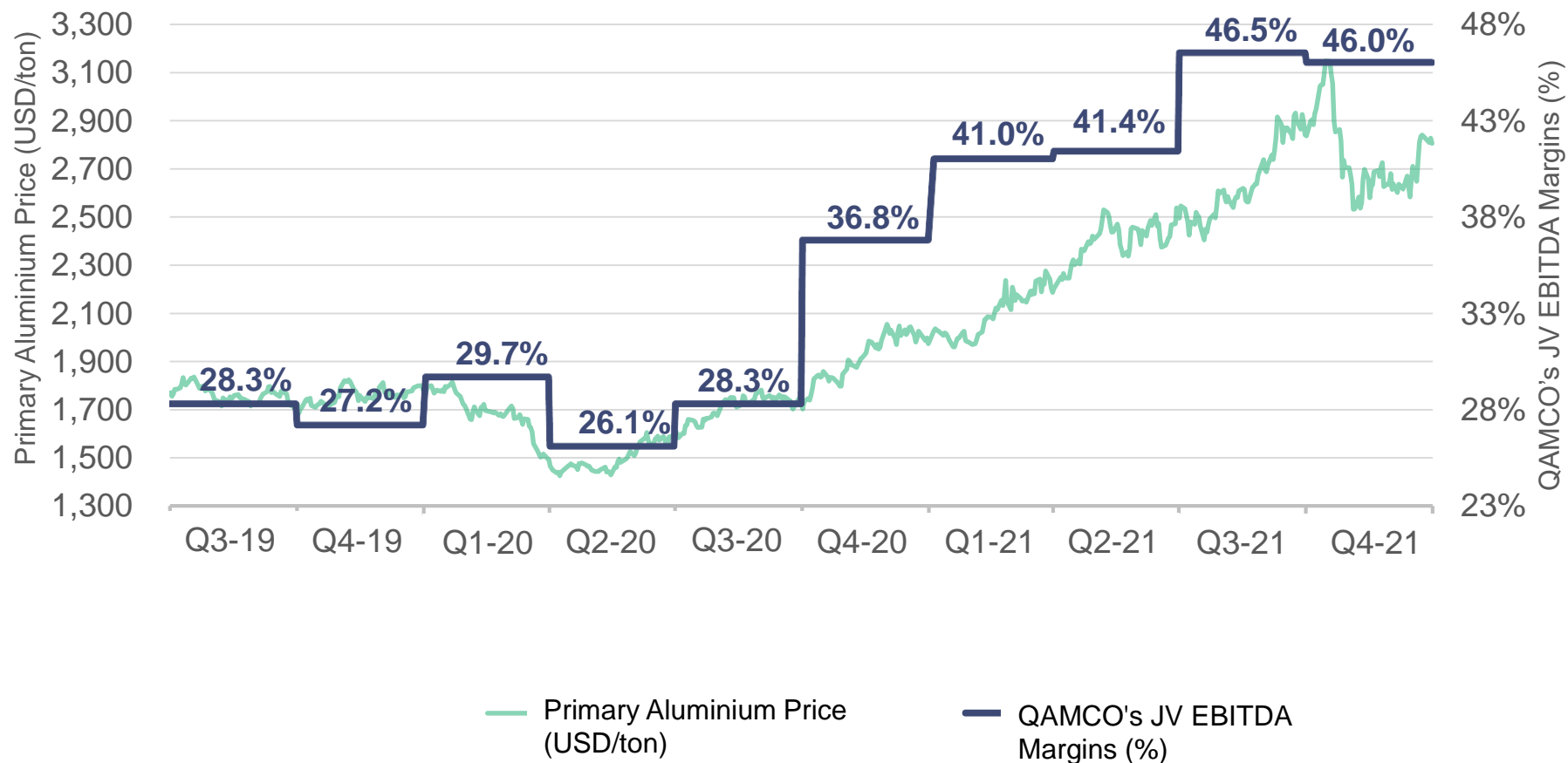


- LME premiums in 2021 improved mainly due to favorable product mix, with more than 95% production of value added products during the current year, amid better global demand for premium aluminium products.



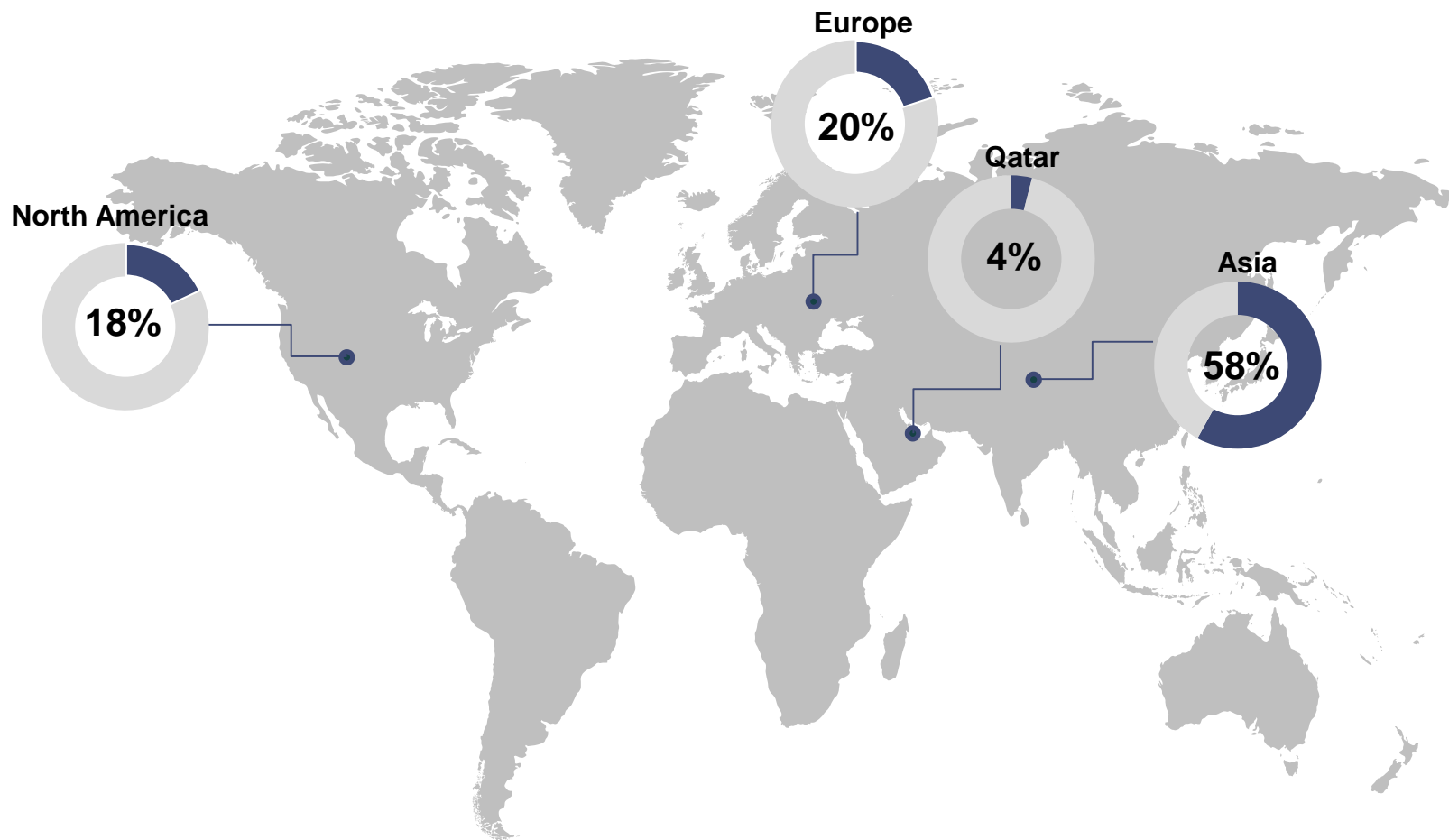
# Analysis of EBITDA margins

## QAMCO's JV EBITDA margins continue to remain robust & resilient



## Geographic analysis – QAMCO JV revenue

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

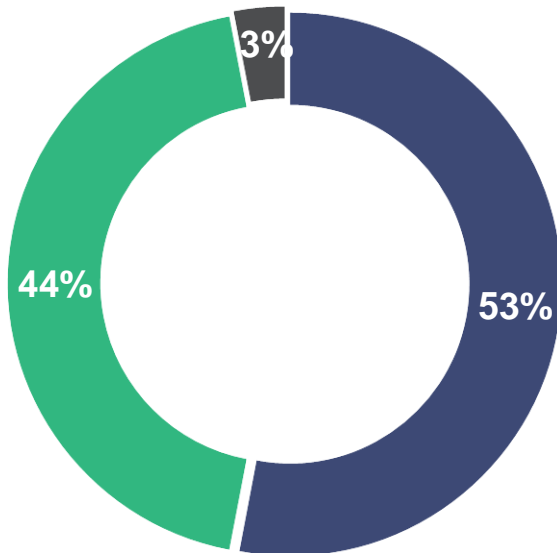




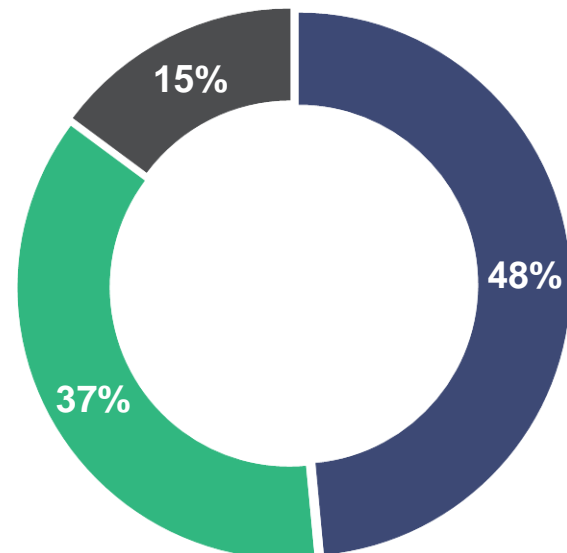
## QAMCO JV revenue – product mix (%)

- Extrusion ingots along with foundry alloys (together referred to as value added or premium products) remains key products for QAMCO's JV.

**YE-21 QAMCO JV Sales  
Volumes – Product mix (%)**



**YE-20 QAMCO JV Sales  
Volumes – Product mix (%)**



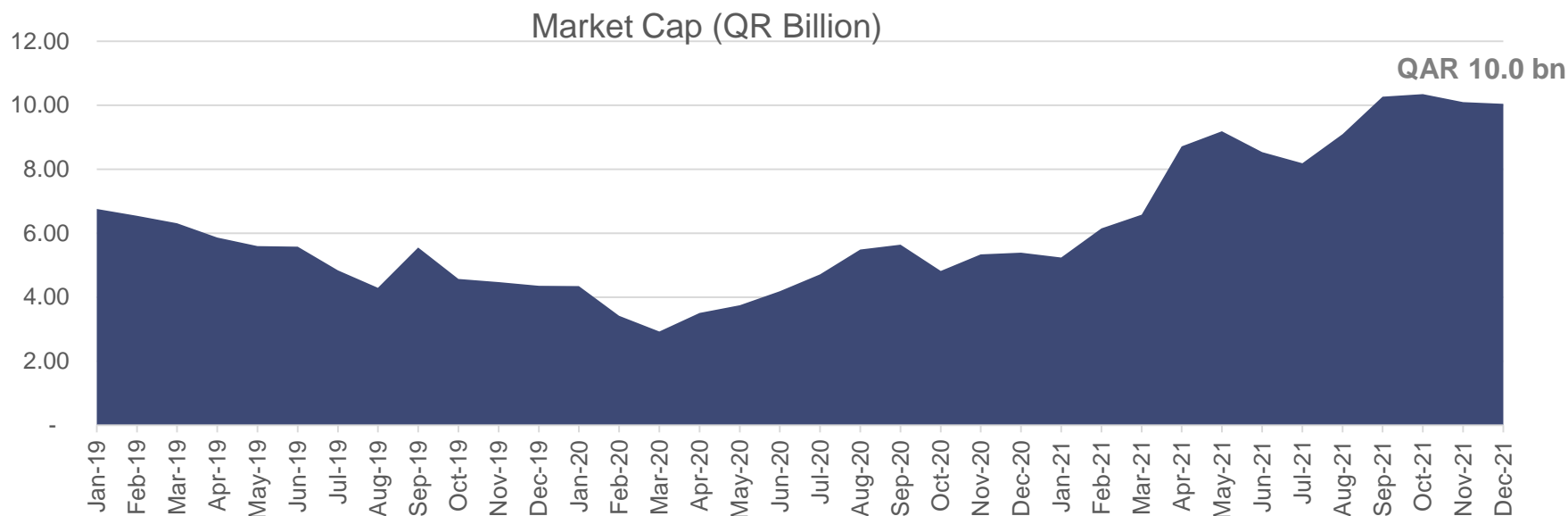
■ Extrusion Ingots   ■ Foundry Alloys   ■ Standard Ingots



A grayscale photograph of a large industrial facility, possibly a refinery or chemical plant, featuring large storage tanks, distillation columns, and a complex network of pipes and structural steel. In the foreground, there is a paved area with various vehicles including forklifts, a white van, and a white pickup truck. A large, white, jagged line graphic, resembling a stylized arrow or a series of connected 'Z' shapes, is overlaid on the left side of the image, pointing towards the right.

# 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

**Total**

QR 809.1 m  
QR 0.145 per  
share

- The total dividends paid from the date of incorporation (excl. 2021 final dividends) amounted to QR 362.7 million representing a payout of 6.5% of the nominal value of the shares.





# CAPEX and Cash Flows (2022-2026)



# CAPEX and Cash Flows (2022-2026) – (QAMCO's Share)

## CAPEX:

- Planned CAPEX (2022-26) include routine operations such as pot relining and other maintenance pertaining to power plant and anode plant.

## Cash Flows:

- Impressive cash flows from JV's operations, provided sales prices are realized in line with the budgeted plans.
- Financing cash outflows only pertains to interest costs, except for 2025, which includes loan repayment on a proportionate basis.

Cash Flows (QAR' m)	2022	2023	2024	2025	2026
Net operating cash flows	1,270	1,158	1,086	993	988
Net investing cash flows	(237)	(300)	(138)	(123)	(146)
Net financing cash flows	(38)	10	(60)	(607)	(46)
<b>Net cash flows</b>	<b>995</b>	<b>869</b>	<b>887</b>	<b>263</b>	<b>795</b>

*Note: The cash flow figures for the years 2022-26 are based on the 2022 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 cash flow forecasts for 2022-2026 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.*

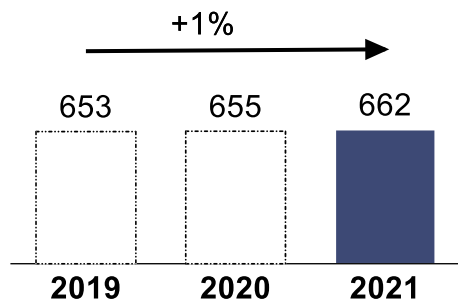




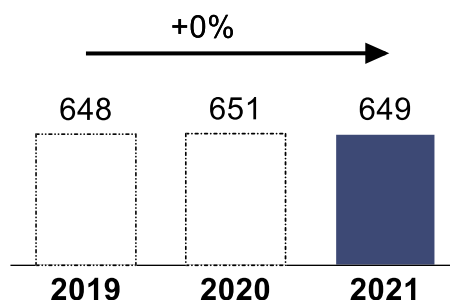
**Historical performance  
(2019 - 2021)**

# Key Performance Indicators

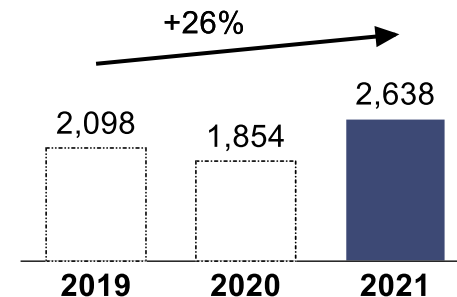
## Production (MT'000) – 100%



## Sales Volumes (MT'000) – 100%

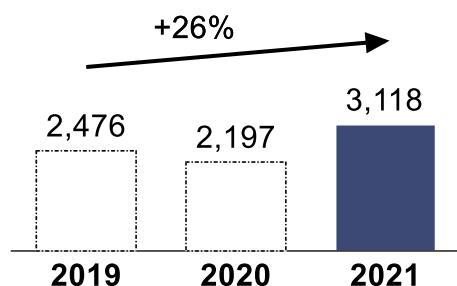


## Selling Prices (\$ / MT)

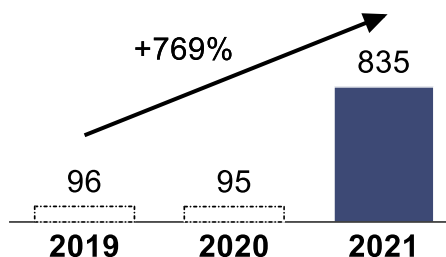


- 2021 Production remained highest in comparison to 2019 & 2020.
- 2021 Selling prices remained highest, amid macroeconomic tailwinds.

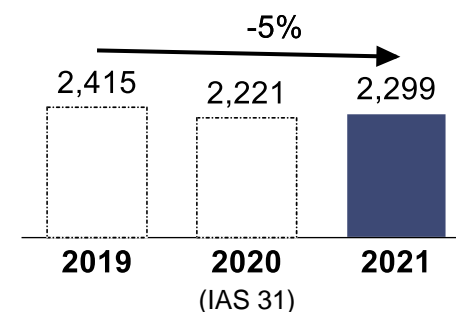
## Share of Revenue (QR million)



## QAMCO's Net Profit (QR million)



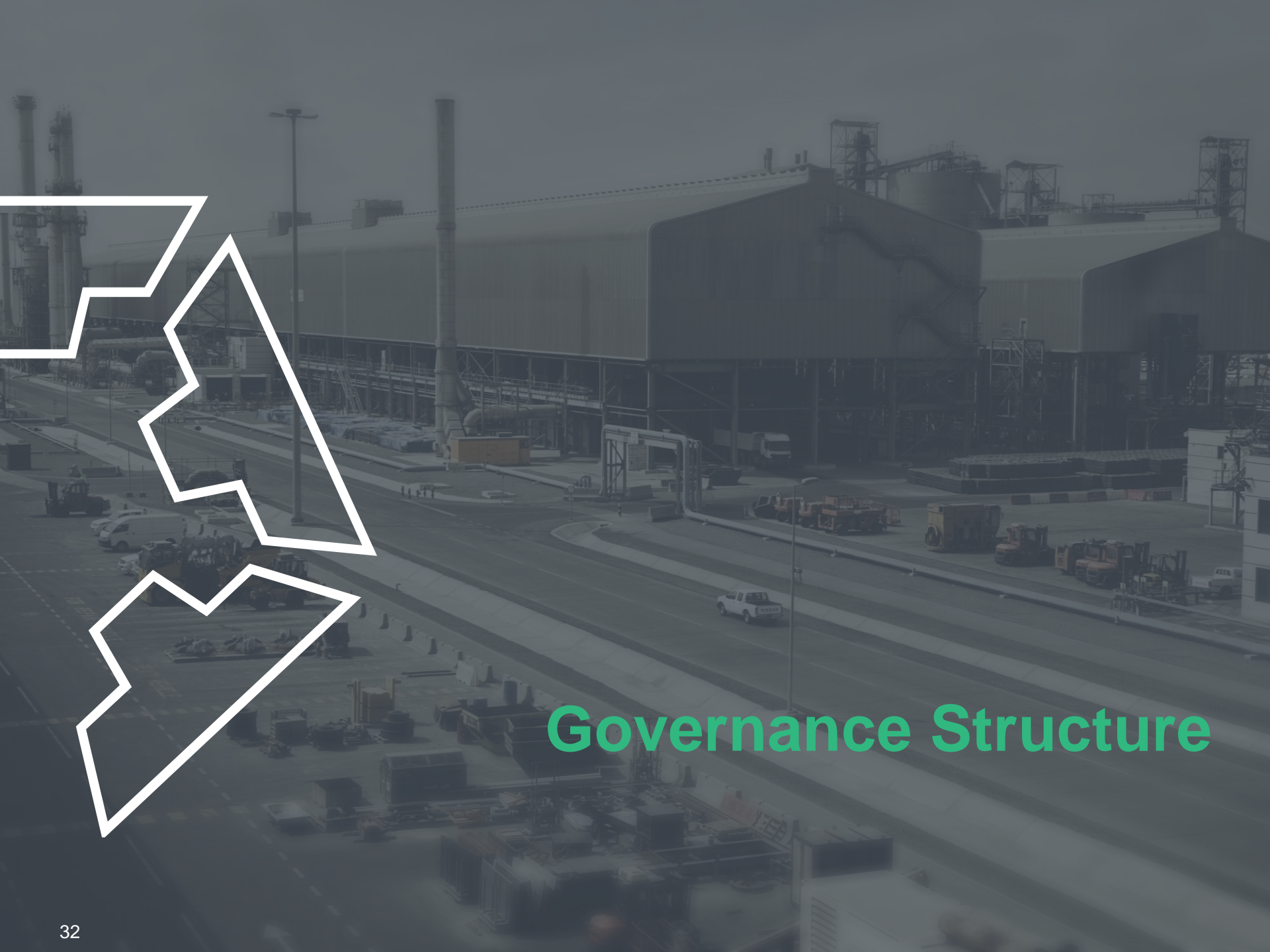
## Share of JV's Debt (QR million)



- Revenue growth continue to remain linked to selling price trends.
- 2021 Net profits were the highest reported earnings for QAMCO since incorporation, mainly linked to the benefits captured from elevated price levels.

**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

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## 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

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## 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



## QAMCO

شركة قطر لصناعة الألمنيوم  
Qatar Aluminium Manufacturing Company

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Please refer to [www.qamco.com.qa](http://www.qamco.com.qa) for the latest information, publications, press releases and presentations about Qatar Aluminium Manufacturing Company.