

# Notice to the Shareholders of Qatar Aluminium Manufacturing Company Q.P.S.C.

We are pleased to invite you to attend the Company's Ordinary General Assembly Meeting to be held on Wednesday, 3rd March 2021 at 3:30 pm Doha Time, electronically using Zoom application platform. In the case a quorum is not met, a second meeting will be held on Sunday, 7th March 2021 at 3:30 pm Doha Time, electronically using Zoom application platform.

## Agenda of the Ordinary General Assembly Meeting

1. Listen to the Chairman's message for the financial year ended 31 December 2020.
2. Listen and approve the Board of Directors' Report on QAMCO's operations and financial performance for the financial year ended 31 December 2020 and the future plan of the Company.
3. Listen and approve the Auditors' Report on QAMCO's financial statements for the financial year ended 31 December 2020.
4. Discuss and approve QAMCO's financial statements for the financial year ended 31 December 2020.
5. Present and approve 2020 Corporate Governance Report.
6. Approve the Board's recommendation for a dividend payment of QR 0.035 per share for 2020, representing 3.5% of the nominal share value.
7. Absolve the Board of Directors from liability for the financial year ended 31 December 2020.
8. Appoint the external auditor for the financial year ending 31 December 2021 and approve their fees.

**Mr. Abdulrahman Ahmad Al-Shaibi**  
**Chairman of the Board of Directors**  
**Qatar Aluminium Manufacturing Company**

## Notes

1. If you are not able to attend personally and you may wish to authorize another AMCO shareholder to attend and vote on your behalf in the Ordinary General Assembly meeting. You can do this by using a proxy form, which you can download from the from Company's Website: [www.qamco.com.qa](http://www.qamco.com.qa).
2. Once completed and signed, the proxy form must be sent to QAMCO no less than 48 hours prior to the commencement of the Ordinary General Assembly meeting.
3. A shareholder may act as proxy for one or more shareholders according to the Company's Articles of Association.

## Clarification on Participation and voting procedures for the meeting

Shareholders intending to attend the meeting virtually are requested to provide the following information and documents through an email to the email address: [qamco@qp.com.qa](mailto:qamco@qp.com.qa)

1. Copy of Identification document (Qatar ID or passport) 2. Mobile number 3. NIN number 4. A copy of proxy and supporting documents for representatives of individuals and corporate entities

At first, a Zoom application link will be sent electronically via email to those shareholders, who expressed their interest in attending the meeting and whose contact details are received. Based on the link, the shareholders will be required to register for the meeting. Based on the completion of the registration process, the shareholder will be sent another link which will direct him/her to the virtual meeting room based on Zoom application platform.

Registration process will start at 2:30 pm Doha Time on the date of the meeting. Shareholders intending to attend this meeting can share their details earlier, so that they can join the registration process on time.

Attendees will be able to discuss the agenda items, address their questions, if any, to the Board of Directors or the External Auditor, virtually by sending their questions or comments in the chat box, available within the Zoom application, during the course of the meeting. As for the voting on the meeting's agenda items, a shareholder who has an objection on an item must press the "Raise Hand" button on Zoom application, at the time of voting on the agenda item to express his/her objection. In the event that the shareholder does not press "Raise Hand" button, this will be considered as an endorsement for the agenda item.

## Board of Directors' Report

The Board of Directors is pleased to present its annual review of the financial and operational performance of QAMCO for the year ended 31 December 2020.

### Competitive advantages

QAMCO's joint venture is considered to be one of the world's lowest-cost aluminium smelters, with state-of-the-art production facilities, assured feedstock supply and an intense focus on HSE that makes the joint venture a leader among its regional peers. Moreover, the JV's global marketing partnership with the other JV partner, provides access to strategically important markets, which makes the Company more competitive in comparison to other international players. In addition, the JV is capable to quickly shift the production of product mix i.e. from value added products to standard ingot and vice versa, which provides an additional layer of flexibility to the JV in terms of production process and supply chain management, while ensuring the products are produced and sold in line with the market demand.

These competitive advantages have been pivotal in enabling the Company's JV to develop its facilities, product range, international footprints, operating asset base and a resilient cash position.

### Our strategy

The Company's base case strategy has been to achieve operational excellence and build a robust, competent and sustainable organization. This is achieved by expanding our position as a strategic supplier of high-quality primary aluminium products, while delivering at world-class HSE performance levels. Moreover, our optimization efforts - particularly in operating cost management - will continue until the Company achieves its full potential.

### Macroeconomic conditions

Aluminium industry continued its downward trajectory since mid-2018, on the back of US China trade conflict, Chinese and Middle Eastern capacity expansions and weakening global aluminium demand due to slow down in global economies and GDP growth. Prices continued to hit new lows in 2020, after the outbreak of COVID-19 pandemic, as the demand for aluminium witnessed an enormous pressure, due to lockdowns across all the regions globally, where manufacturing subsided in many countries.

Global aluminium prices declined sharply in months of April and May of 2020, followed by some recoveries starting from June 2020, where positive rebalancing was noted to build up on account of continuous unprecedented stimulus in the West and lifting of lockdowns in major developed markets. However, on overall basis, the price trends remained negative throughout 2020, and on an average a decline of 9% in global aluminium prices was noted as compared to 2019.

### Health, Safety and Environment (HSE) realizations

Focusing on health and safety standards by ensuring process safety remains a core value for the Company. QAMCO, via its JV, progressed throughout the year towards its HSE goal of ensuring all workplaces are safe for everyone.

Key HSE achievements in 2020 included no major heat stress incidents; delivering benchmark safety performance that is considered amongst the best in the aluminium industry; and steadily improving specific energy consumption (kWh/kg Al).

The Company's strategy is designed to continuously enhance our existing HSE standards, while we work at JV level to retain our leading HSE position in the region, while pursuing the core objective of operational excellence.

### Successful mitigation of COVID-19 spread

Following the unprecedented spread of COVID-19 pandemic, the Company's JV made considerable efforts to minimize the COVID-19 spread. Crisis management committee was

established to ensure the safety of our employees and business continuity.

Adjustments were made to the working environment including 'work from home' measures for some of the staff being implemented. There were no plant stoppages due to any demand related reasons, nor, were there any changes to the planned maintenance timelines, amid COVID-19 spread.

Our marketing partner closely monitored the pandemic situation and acted prudently to minimize the disruptions to the supply chain, where access to newer markets was explored and reached along with identification of an effective and a well-balanced product mix in line with the evolving market dynamics, thus ensuring well-coordinated supply chain planning to avoid interruptions. With these measures, the Company was able to withstand the extreme external pressures caused by the spread of COVID-19 pandemic.

### Achieving cost efficiencies

QAMCO via its JV places a pronounced emphasis on the need for efficiency and cost competitiveness in maintaining its position as a leading, low-cost, efficient smelter. In this regard back in 2015, the JV rolled out, a series of cost management measures in form of "Qatalum Improvement Program" in order to ensure the JV remains one of the world's lowest-cost aluminium producers, where the continued implementation of QIP in 2020 resulted in cost savings in line with the defined annual targets.

In addition to QIP, given the current difficult market and macroeconomic outlook, the Company's JV has further strengthened its optimization drive to withstand against external pressures, where operating expenditures were revisited, and expenses were identified which are not critical in the current circumstances. These initiatives included optimizing human resource structures, reducing direct costs, reducing non-production related expenditures including corporate and administrative expenses. Similarly, the Company's JV reviewed its capital expenditure program and identified expenditures that can either be avoided or deferred, without affecting the overall quality, safety, environmental aspects and reliability of the operations.

### Selling and marketing activities

With a marketing and offtake agreement, Hydro Aluminium is responsible for the offtake and marketing of JV's products in international markets, which provides the JV with an access to global markets in a most competitive manner, and aided the JV to mitigate the external pressures posed during this year, amid outbreak of COVID-19 pandemic and other macroeconomic headwinds experienced. From geographic mix perspective, Asia remained the JV's largest market in 2020, while its presence in Europe remained substantial. In addition, the local sales relating to the Qatari market is directly handled by the JV.

### Financial and operational performance

Financial performance of QAMCO during year 2020 continued to be impacted by external macroeconomic factors beyond the Company's control, which continued to weigh on the Company's financial performance since 2019.

During 2020, QAMCO reported a net profit of QR 95 million, while earnings per share (EPS) stood at QR 0.017. QAMCO's share of revenue for the financial year amounted to QR 2,197 million, down by 11%, compared to 2019, as the global pandemic impacted major industries across the automotive, transport jets and construction sectors.

QAMCO's share of joint venture's EBITDA stood at QR 652 million for the financial year 2020, down by 2% compared to the same period last year, but the EBITDA margins remained resilient in the current turbulent market conditions and stood at 29.7%, as compared to 27.0% for 2019.

Sales volume for 2020, remained flat compared to 2019, as QAMCO's JV swiftly shifted the

production to standard ingots, whereas, the demand for premium aluminum products and alloys used by various industries have declined.

During 2020, weakened demand prospect, on the back of economic slowdown, and continued production surplus negatively affected the selling prices. Although, there were some recoveries in prices noted in the second half of 2020, the overall price sentiment remained negative throughout the year. QAMCO's average selling prices during the financial year 2020 declined by 12%, compared to 2019, and contributed QR 289 million negatively to the net profits for year ended 31 December 2020, as compared to last year. This was partially offset by an upside in the sales volumes, which contributed QR 10 million to the current year net profits, as compared to last year.

On an overall basis, decrease in share of revenues was largely driven by the decline in market prices for primary aluminum, along with the change in the product mix.

QAMCO's JV was able to successfully contain cost of goods sold, comprising of lowered raw materials and energy costs which decreased by 15%, as compared to last year. The overall decline in cost of goods sold contributed QR 255 million positively to the net profits for the current year's results as compared to 2019.

The Company's financial position continue to remain robust despite several macroeconomic headwinds, with the liquidity position at the end of 31 December 2020 reaching QR 740 million in cash and bank balances (including proportionate share of cash and bank balances of the joint venture), after accounting for dividend payments for 2019. During the year, the Company's JV generated positive share of operating cash flows of QR 684 million, with share of free cash flows of QR 226 million. The JV's ability to generate positive operating cash flows in such distressed market conditions, is a testament of effective cost structures and robust working capital management.

Pursuant to the Qatar Law No. 13 of 2008 and the related clarifications issued in 2011, which is applicable for all Qatari listed shareholding companies with publicly traded shares, QAMCO has made an appropriation of 2.5% of its net profit to a state Social and Sports Contribution fund.

### Successful refinancing of JV's debt

During the first quarter of 2020, QAMCO's JV concluded refinancing of its outstanding loan amounting to USD 1.2 billion. The refinancing of QAMCO's JV's debt will boost overall cash flows over the new tenor of 5 years.

The Company's JV is also relieved from the compliance of stringent financial covenants previously required as per the old terms. This refinancing deal is not only expected to bring cash flows to the JV, but also will provide new avenues of growth and flexibility to endure the market volatilities, which in turn is expected to maximize shareholder value.

### Proposed Dividend Distribution

The Board of Directors proposes an annual dividend distribution for the year ended 31 December 2020 amounting to QR 195.3 million, equivalent to QR 0.035 per share, representing a payout ratio of 206%, and a dividend yield of 3.6% based on 31 December 2020's closing share price.

### Conclusion

The Board of Directors expresses its gratitude to His Highness Sheikh Tamim bin Hamad Al Thani, the Amir of the State of Qatar, for his wise guidance and strategic vision. Our gratitude is also extended to H.E. Mr. Saad Sherida Al-Kaabi, Minister of State for Energy Affairs, for his vision and leadership, and to the senior management team of our joint venture for their hard work, commitment and dedication. We would also like to thank our esteemed shareholders for their greater reliance and trust in us.

## FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT

For the year ended 31 December 2020

### Independent auditor's report to the shareholders of Qatar Aluminium Manufacturing Company Q.P.S.C.

#### REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

##### Our opinion

In our opinion, the financial statements of Qatar Aluminium Manufacturing Company Q.P.S.C. (the "Company") present fairly, in all material respects, the financial position of the Company as at 31 December 2020 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards.

What we have audited

The Company's financial statements comprise:

- the statement of financial position as at 31 December 2020;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include significant accounting policies and other explanatory information.

##### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### Independence

We are independent of the Company in accordance with the International Code of Ethics

for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements that are relevant to our audit of the financial statements in the State of Qatar. We have fulfilled our other ethical responsibilities in accordance with the IESBA code and ethical requirements of the State of Qatar.

##### Our audit approach

Overview

*Key audit matter* • Impairment assessment of investment in a joint venture

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the Company, the accounting processes and controls, and the industry in which the Company operates.

##### Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
<b>IMPAIRMENT ASSESSMENT OF INVESTMENT IN A JOINT VENTURE</b>	
The Company's investment in a joint venture amounted to QR 5.4 billion, at 31 December 2020, representing 92% of the Company's total assets at that date. This investment is accounted for using the equity method, because of the Company's joint control of this entity. The Company assesses at each reporting date whether there is any objective evidence that an investment accounted for using the equity method is impaired. The decrease in sale prices in the market due to the impact of the spread of COVID-19 virus was a possible indicator that an impairment may exist. Therefore, according to IAS 36 'Impairment of Assets', an impairment review of its investment in the joint venture was performed by management by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Based on the impairment review, the discounted value of the expected future cash flows from its investment exceeded the carrying value and accordingly no impairment was recognised during the year ended 31 December 2020. Management's impairment review involved significant judgements in estimating future cash flows attributable to the Company and the rate at which they are discounted, amongst other estimates. Refer to Note 11 for more details about critical accounting estimates and assumptions used. We focused on this area because of the materiality of the investment in the joint venture, and an impairment, if it exists, could have a material impact on the financial statements. We also focused on this area due to the significant judgements and estimates involved in performing the impairment assessment as discussed in Note 11 to the financial statements.	Our procedures in relation to management's impairment review of its investment in the joint venture included: <ul style="list-style-type: none"> <li>• We assessed management's identification of impairment indicators including the conclusions reached. We also evaluated the design and implementation of key controls over the impairment assessment process comprising of identification of impairment indicators and estimation of recoverable amounts;</li> <li>• We obtained the Company's impairment assessment and discussed the critical assumptions used with management. The discussions focused on the assumptions used to estimate the future cash flows from the latest Board approved budget of the joint venture, discount rate and terminal growth rate applied;</li> <li>• Our internal valuation experts were engaged to assist us in the review of the methodology underlying the value-in-use calculations and to assess the reasonableness of discount rate and terminal growth rate. They independently recalculated the discount rate applied to the cash flows in the model based on their assessment of the Company's specific financing and capital costs;</li> <li>• We tested the key inputs used in the determination of the future estimated cash flows to third-party sources and other relevant evidences as appropriate. For example, we compared forecast sales prices to published commodity price indices and future capital expenditure to actual historical capital expenditure levels for reasonableness;</li> <li>• We tested the mathematical accuracy and logical integrity of the underlying calculations in the impairment model. We also assessed the adequacy of the disclosures in the financial statements made in relation to the impairment assessment for compliance with accounting standards; and</li> <li>• We performed sensitivity analysis over key assumptions in the calculation of the value-in-use in order to assess the potential impact of a range of possible outcomes.</li> </ul>



