



QAMCO

شركة قطر لصناعة الألمنيوم
Qatar Aluminium Manufacturing Company

Qatar Aluminium Manufacturing Company Investor Relations Presentation

31 March 2021

Disclaimer

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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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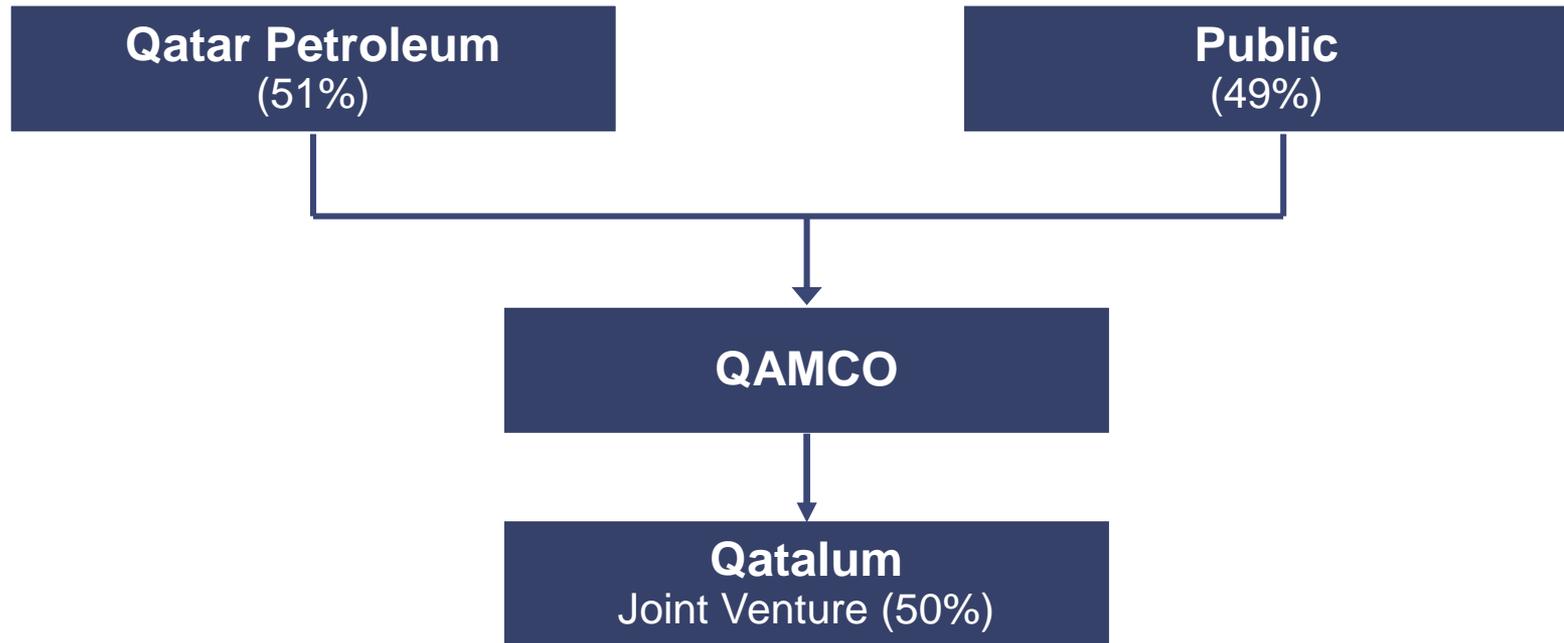
About QAMCO

About QAMCO

- Qatar Aluminum 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), 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.
- Top shareholders of QAMCO are: Qatar Petroleum (51%) and General Retirement and Social Insurance Authority (5%).
- The Authorized share capital is QR 5,580,120,000 divided into 5,580,119,999 ordinary Shares and one (1) Special Share. The free float consists of 49% shares, with a foreign ownership limit of the same. The maximum shareholding size per shareholder is 2%;
- Qatar Petroleum 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.

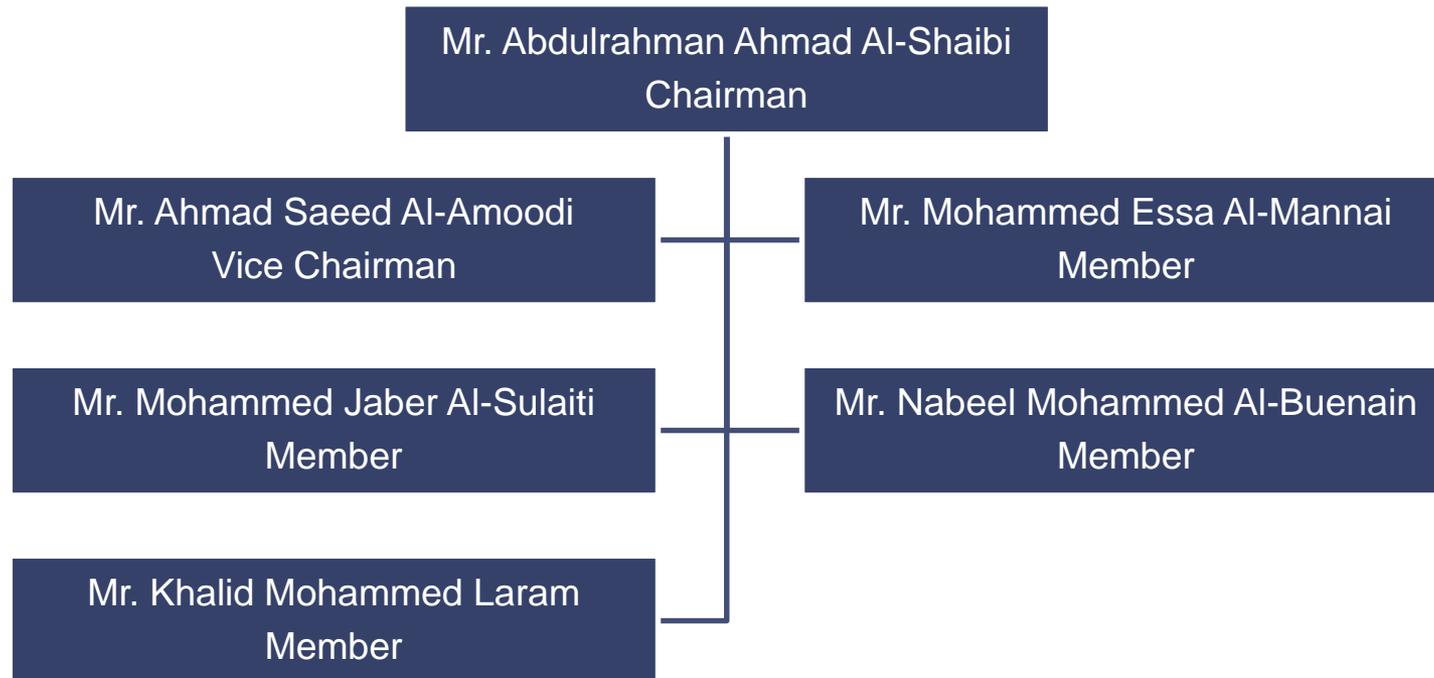


Ownership Structure



About QAMCO

- QAMCO Board of Directors consist of:



Competitive Advantages



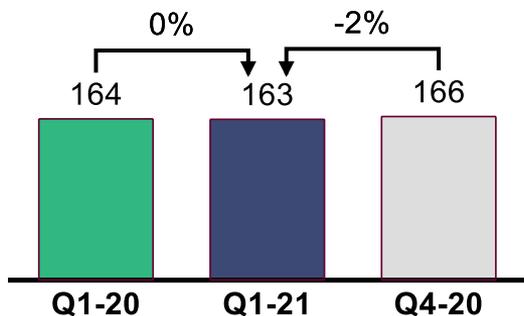


Results at a glance
(For the three-month period
ended 31 March 2021)

Key Performance Indicators

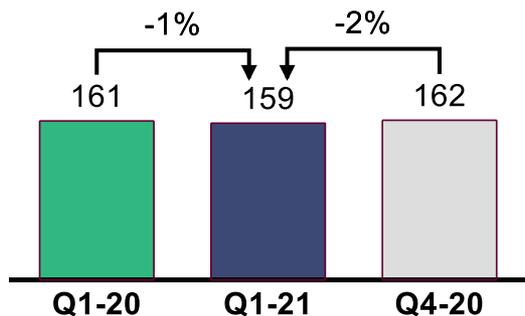
For the three-month period ended 31 March 2021

Production (MT'000) – 100%



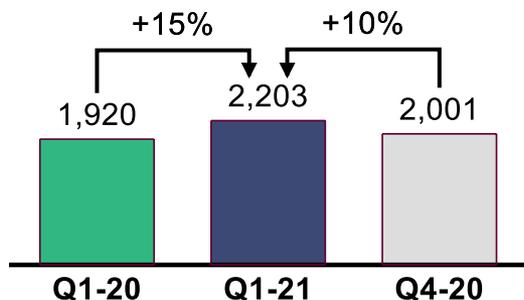
- Q1-21 production volumes remained at par as compared to Q1-20.
- Q1-21 production volumes marginally declined by 2% versus Q4-20.

Sales Volumes (MT'000) – 100%



- Q1-21 sales volumes marginally down as compared to Q1-20.
- Q1-21 sales volumes slightly declined by 2% versus Q4-20, mainly due to shifting the product mix more towards foundry alloys compared to extrusion ingots.

Selling Prices (\$ / MT)



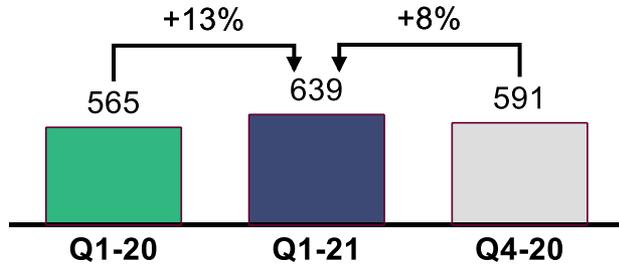
- Q1-20 selling prices improved on account of overall increase in aluminum prices globally, on the back of renewed global demand for aluminium, whereby sectors such as construction and automotive witnessed growth, as the global economies started to show signs of recovery since second half of 2020.



Key Performance Indicators

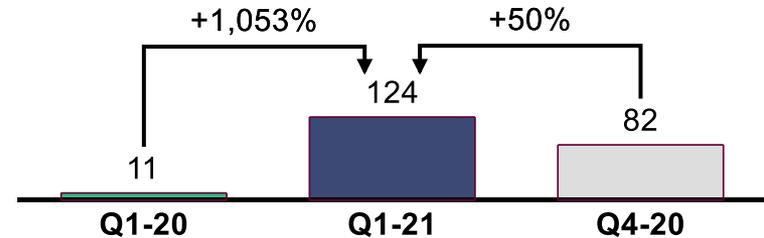
For the three-month period ended 31 March 2021 - QAMCO share in JV

Share of Revenue (QR million)



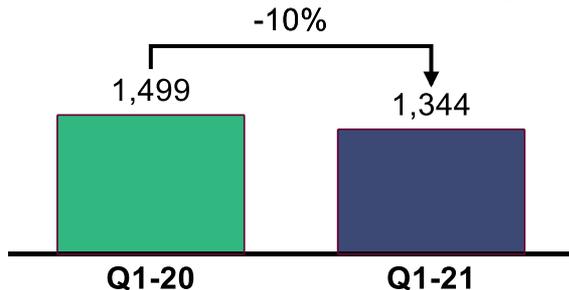
- Q1-21 vs Q1-20: Share of revenue inclined, mainly due to positive trends in selling prices and shifting product mix more towards value-added products.
- Q1-21 vs Q4-20: Share of revenue increased, mainly due to improved average selling prices (+10%). This was slightly offset by decline in sales volumes (-2%).

QAMCO's Net Profit (QR million)



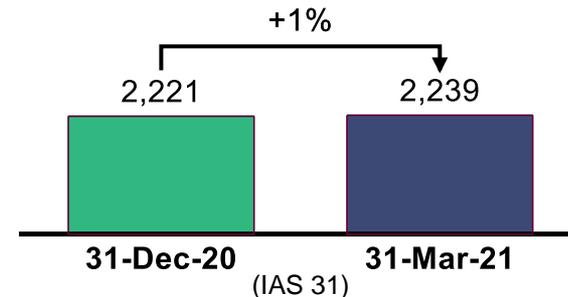
- Q1-21 vs Q1-20: Profitability improved due to continued uptick in aluminium prices with better realized premiums, coupled with savings in COGS and finance cost.
- Q1-21 vs Q4-20: Profitability continued to recover, on the back of improved LME prices, amid strength from macroeconomic dynamics and improved EBITDA margins. This was slightly offset by lowered sales volumes.

Av. Cash cost (USD / MT)



Decline in average cash cost was mainly due to the overall decline in raw materials cost, manpower costs, and savings on account of finance costs, and other realized savings amid operating costs optimization initiatives.

Share of JV's Debt (QR million)

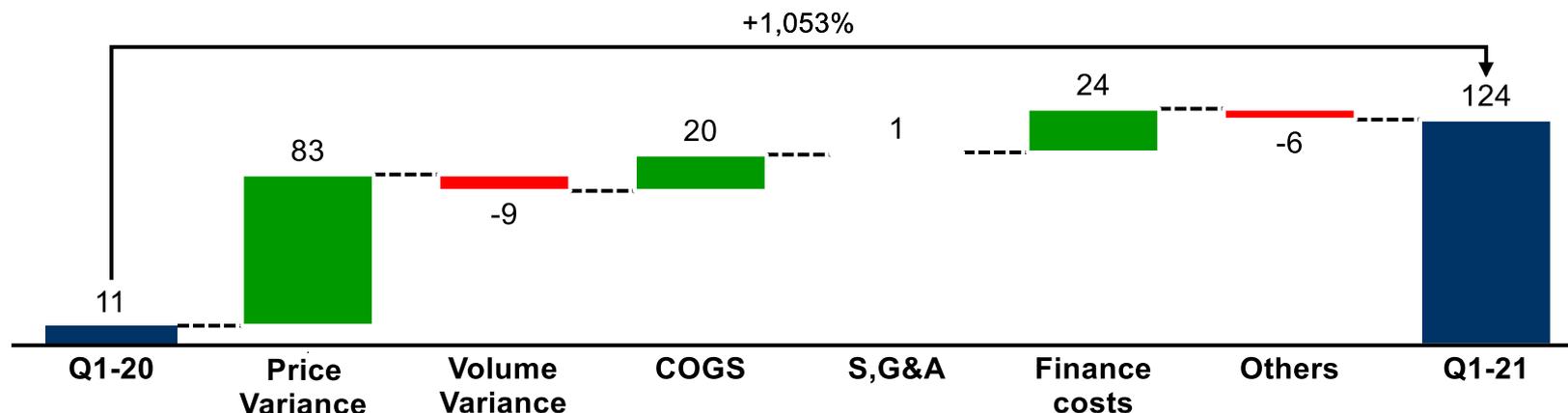


Share of debt slightly increased by 1%.



Net Profit Variance Analysis

(Amounts in QR' million)



QAMCO reported a net profit of **QR 124 million**, an increase in profitability by 1,053% compared to Q1-20.

Results affected by Joint Venture performance due to:

▶ Favorable movements

- Higher average realized prices (+15%) and improved product mix leading to better premiums
- Lower cost of goods sold on account of lowered raw materials cost (-3%), manpower cost (-14%), slightly offset by higher cost of spare parts and consumables (+16%) and technical service fee (+28%)
- Lower finance cost (-57%) due to reduced interest rates

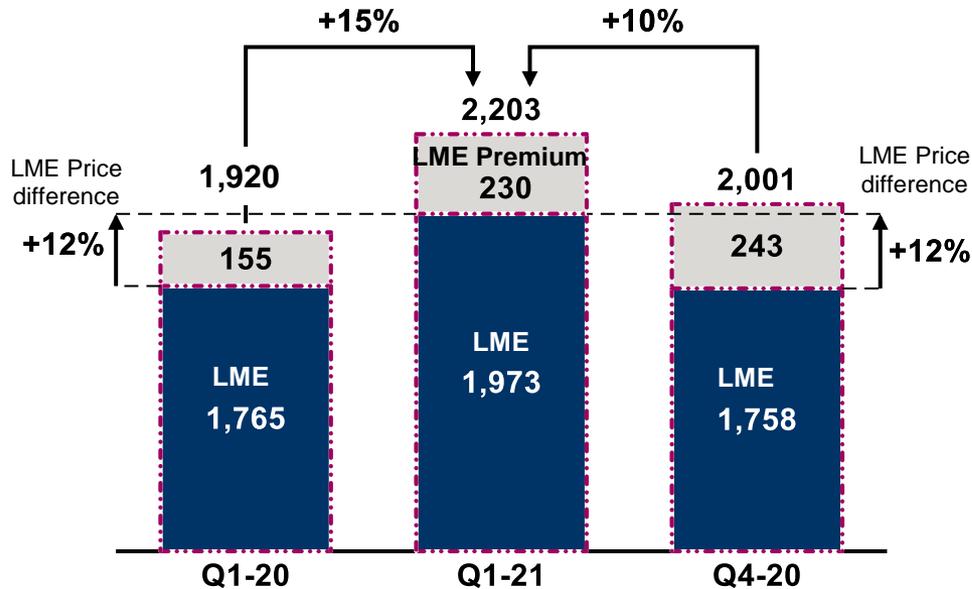
▶ Unfavorable movements

- Lower sales volumes (-1%)
- Higher impairment of pots compared to Q1-20



Analysis of Selling Prices

Selling Prices (\$ / MT)

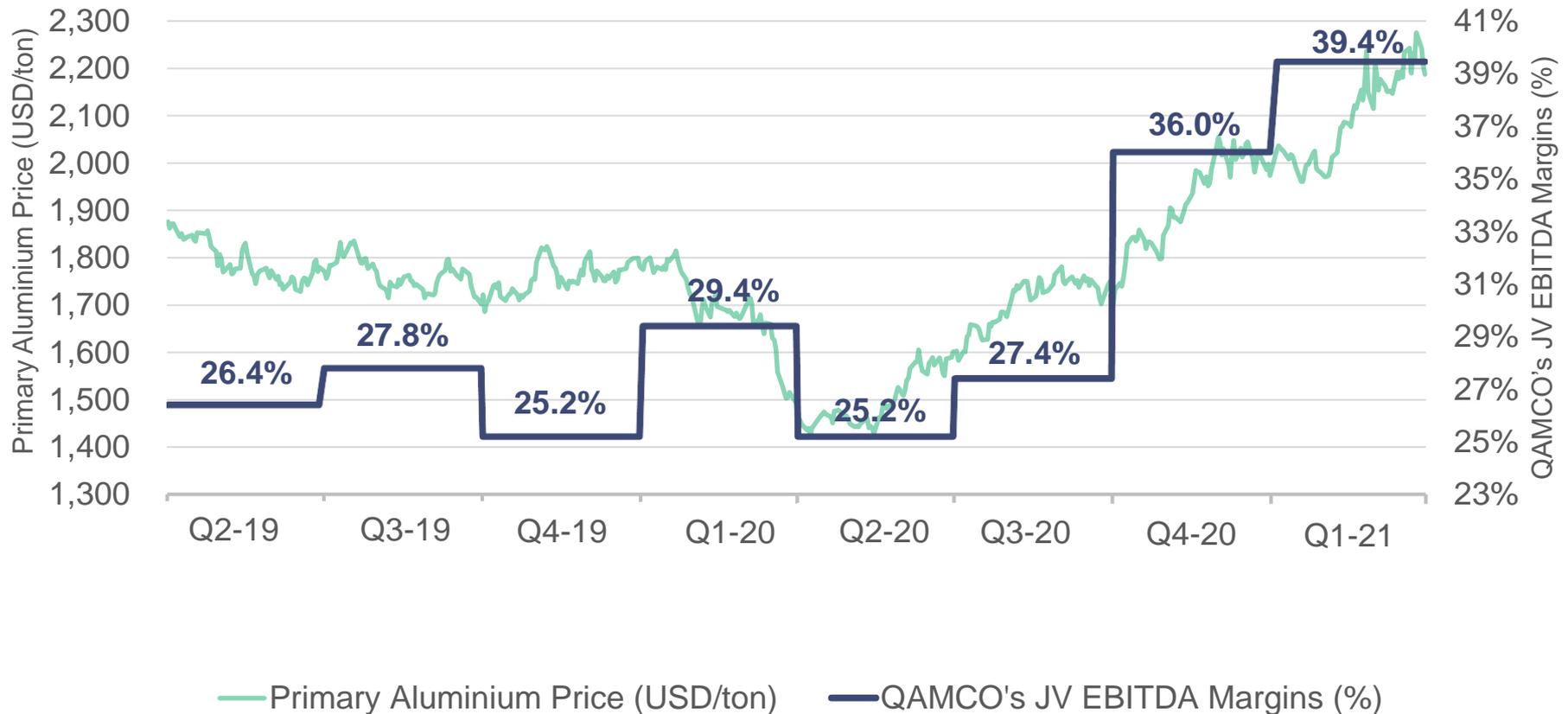


- Q1-21 average selling prices improved from Q1-20 and Q4-20 levels, due to persistent strength from macroeconomic dynamics, along with renewed demand of aluminium products at a global scale, weighing on average realized prices.
- Q1-21 vs Q1-20 LME premiums improved mainly due better product mix with 100% production of value added products during the current year, amid better global demand for premium aluminium products.



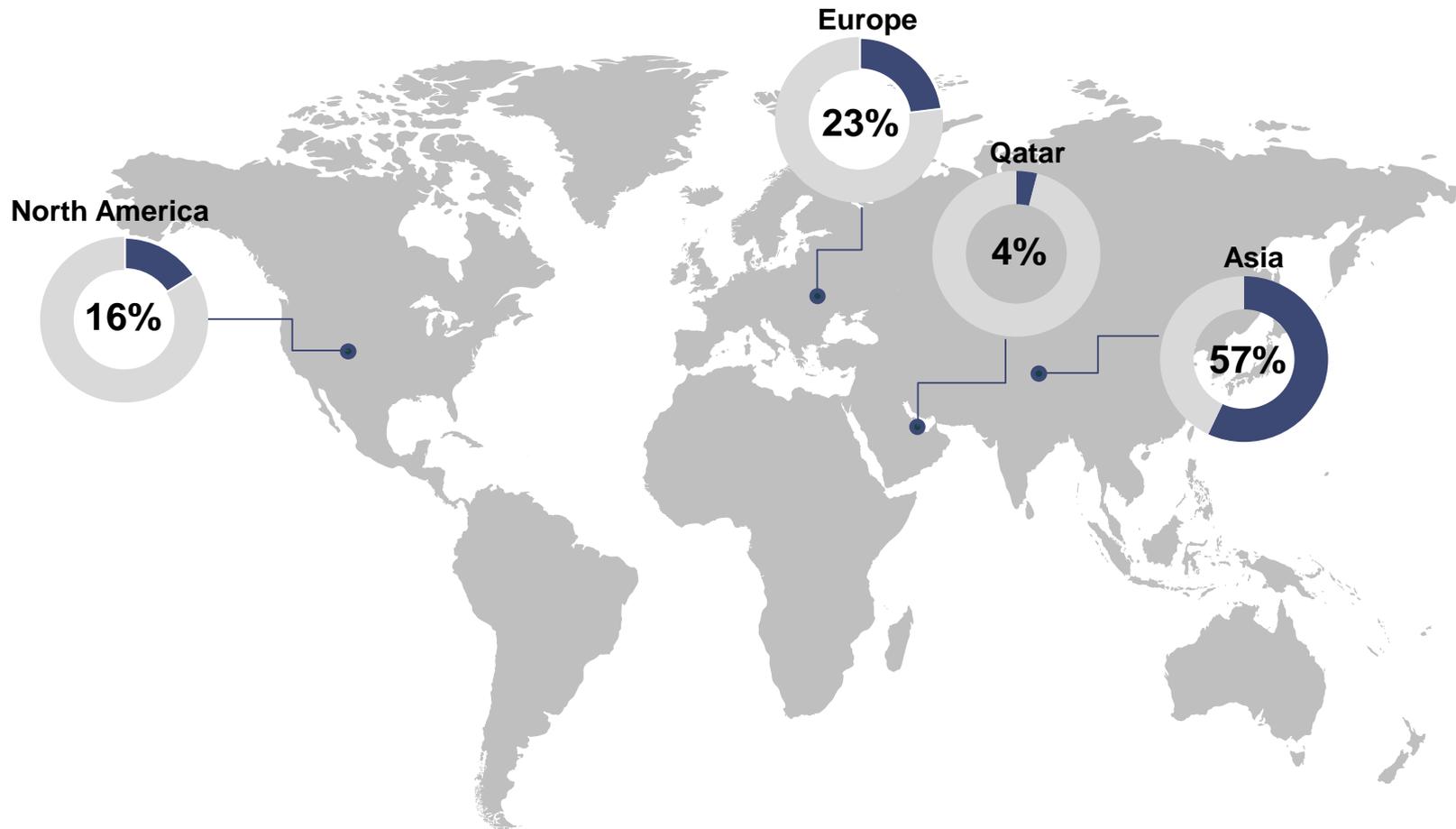
Analysis of EBITDA margins

Despite volatile primary aluminium prices since 2019, QAMCO's JV EBITDA margins continue to remain robust & resilient



Geographic analysis – QAMCO JV revenue

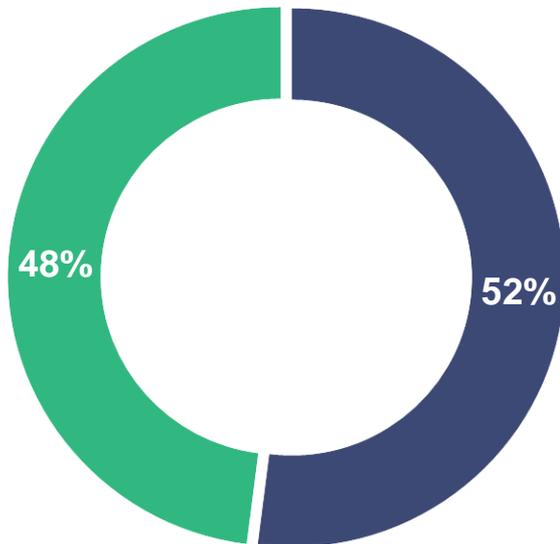
Asia remained QAMCO JV's largest market, while its presence in US and Europe continued to be substantial



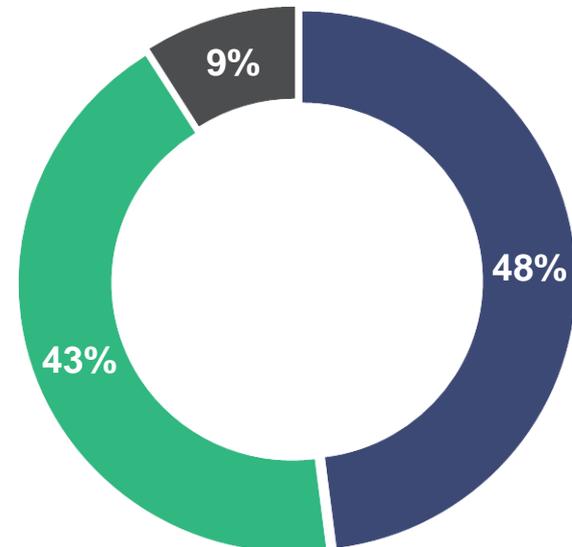
QAMCO JV revenue – product mix (%)

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

Q1-21 QAMCO JV Sales Volumes – Product mix (%)



Q1-20 QAMCO JV Sales Volumes – Product mix (%)



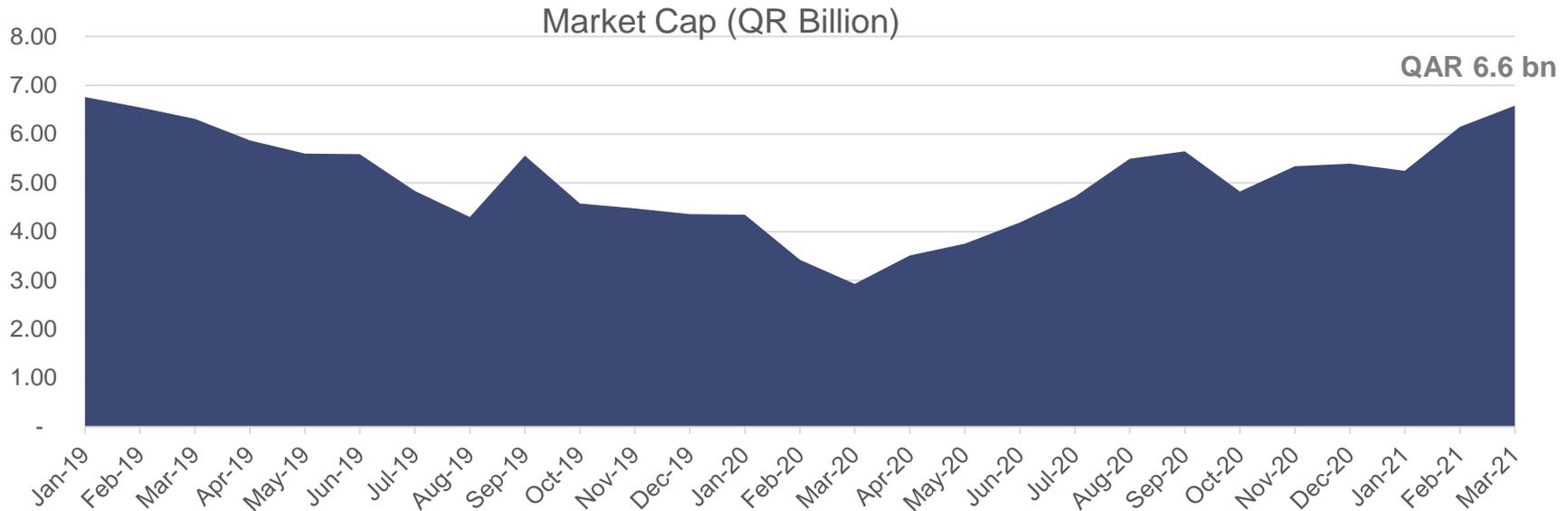
■ Extrusion Ingots ■ Foundry Alloys ■ Standard Ingots



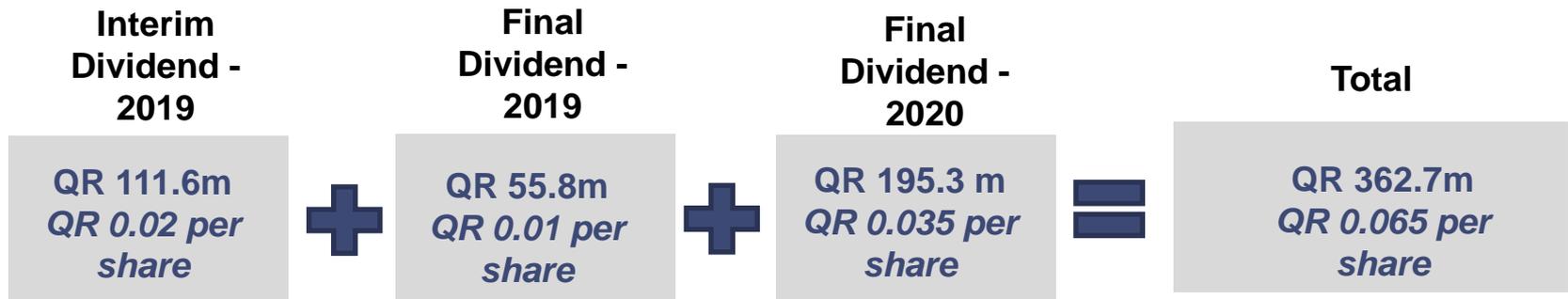


Market Statistics and dividend distribution

Market Statistics and Dividends



Dividend distribution since incorporation



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

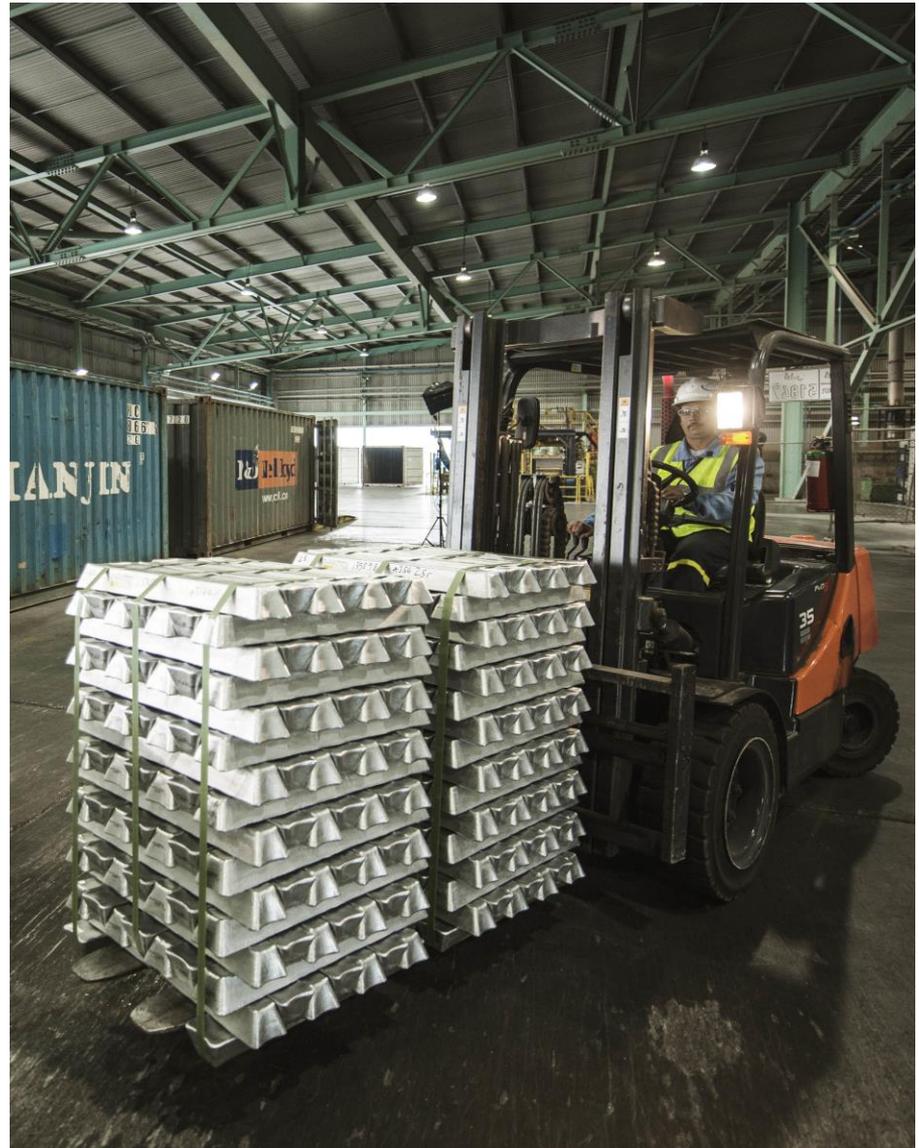




Operations of Joint Venture

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.



CAPEX and Cash Flows (2021-2025) – (QAMCO's Share)

CAPEX:

- Planned CAPEX (2021-25) 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.

Cash Flows (QAR' m)	2021	2022	2023	2024	2025
Net operating cash flows	632	530	673	693	691
Net investing cash flows	(281)	(235)	(274)	(140)	(154)
Net financing cash flows	56	30	(48)	(64)	(65)
Net cash flows	406	325	351	489	471

- Financing cash outflow from FY 2021 is only pertaining to interest costs.

Note: The cash flow figures for the years 2021-25 are based on the 2021 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 2021-2025 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.



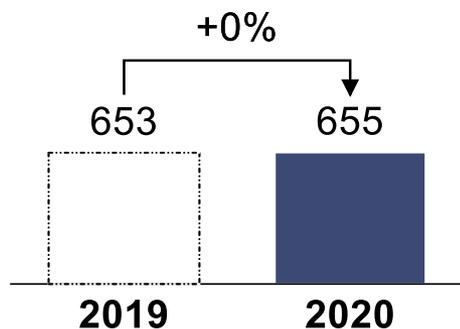


Results at glance (2019 - 2020)

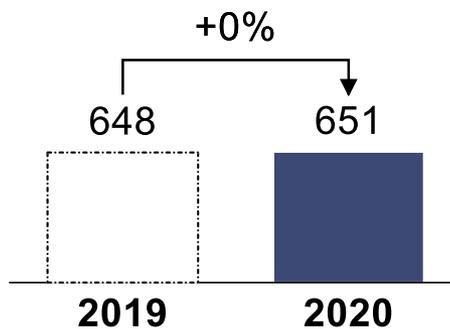
Key Performance Indicators

QAMCO share in JV

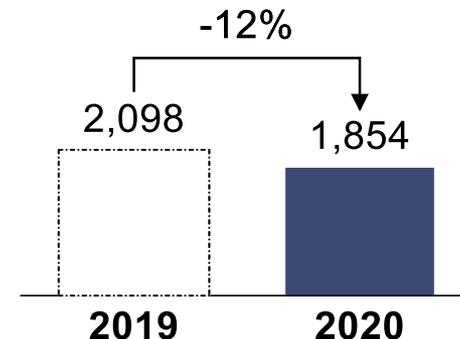
Production (MT'000) – 100%



Sales Volumes (MT'000) – 100%

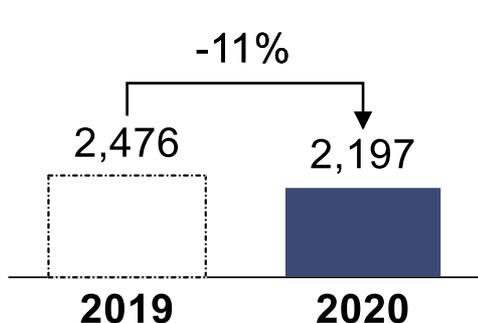


Selling Prices (\$ / MT)

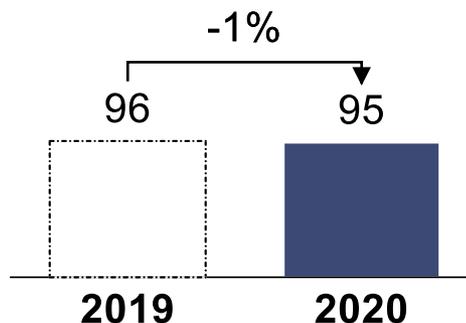


- 2020 Production and sales volumes remained flat in comparison to 2019.
- Selling prices remained under pressure in 2020, due to adverse macroeconomic conditions.

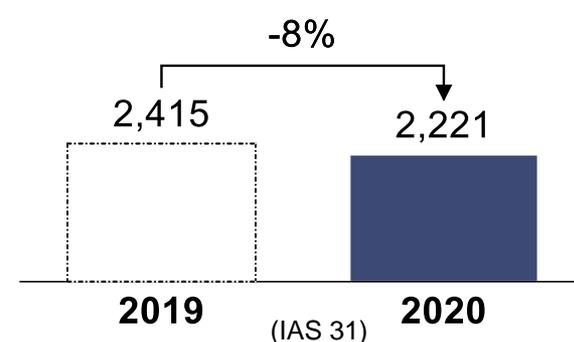
Share of Revenue (QR million)



QAMCO's Net Profit (QR million)



Share of JV's Debt (QR million)



- Revenue growth remained negative due to declining prices.
- Decline in net profit was mainly due to lower revenues and lowered realized premiums. This was offset by lowered cost of goods sold and savings on account of finance cost and G&A expenses.

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

Board structure

- QAMCO Board of Directors consists of six (6) Directors, all were appointed by the Special Shareholder “Qatar Petroleum”. QP 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

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 Qatar Petroleum 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

For further information, Qatar Aluminium Manufacturing Company can be contacted as follows:

Telephone: (+974) 4013 2277

Fax: (+974) 4013 9750

E-mail: gamco.investorrelations@qp.com.qa or gamco@qp.com.qa

Address: P. O. Box 3212, Doha, State of Qatar.

Please refer to www.gamco.com.qa for the latest information, publications, press releases and presentations about Qatar Aluminium Manufacturing Company.



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