



**QAMCO**

شركة قطر لصناعة الألمنيوم

Qatar Aluminium Manufacturing Company

# Qatar Aluminium Manufacturing Company Investor Relations Presentation

31 March 2020

# 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 report 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 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 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 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

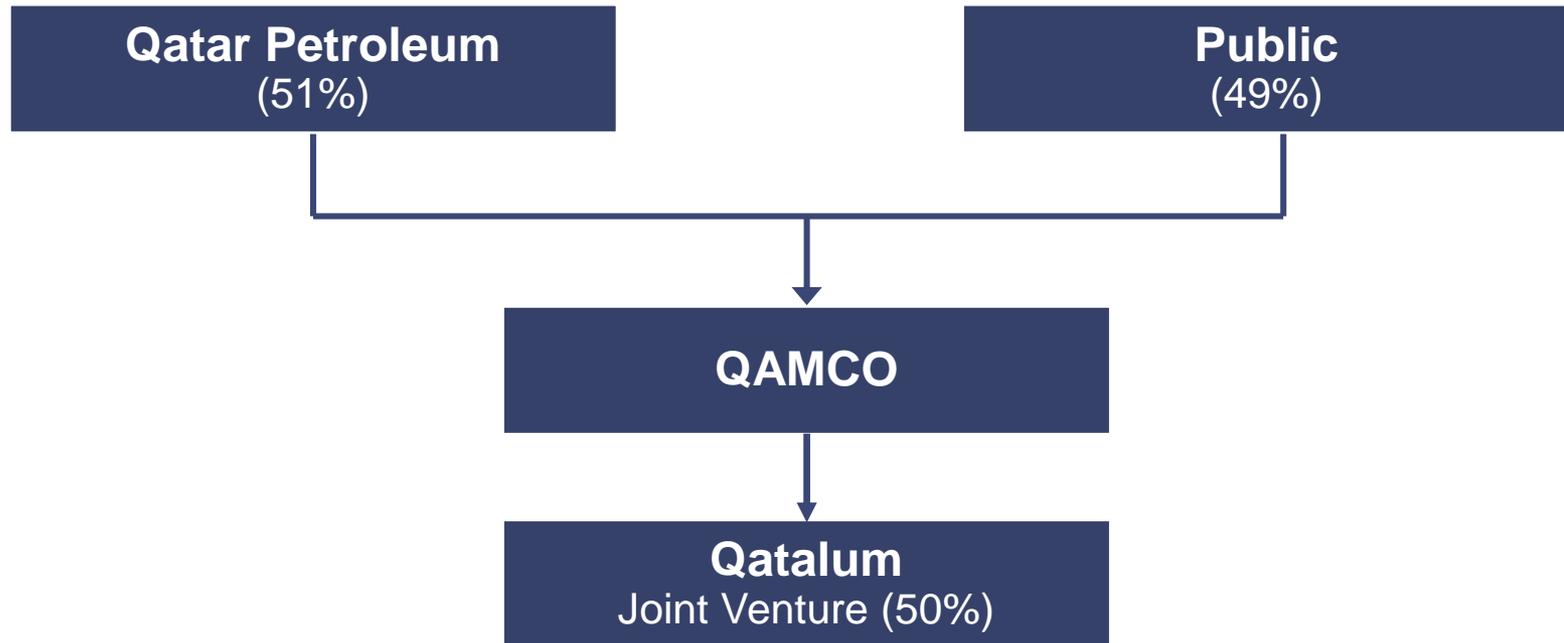
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- Qatar Aluminum Manufacturing Company Q.P.S.C (QAMCO) was incorporated on December 3, 2018 and listed on Qatar Stock Exchange on December 16, 2018.
- The Company holds 50% share of Qatar Aluminium Limited Q.S.C (Qatalum), which produces about 650,000 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

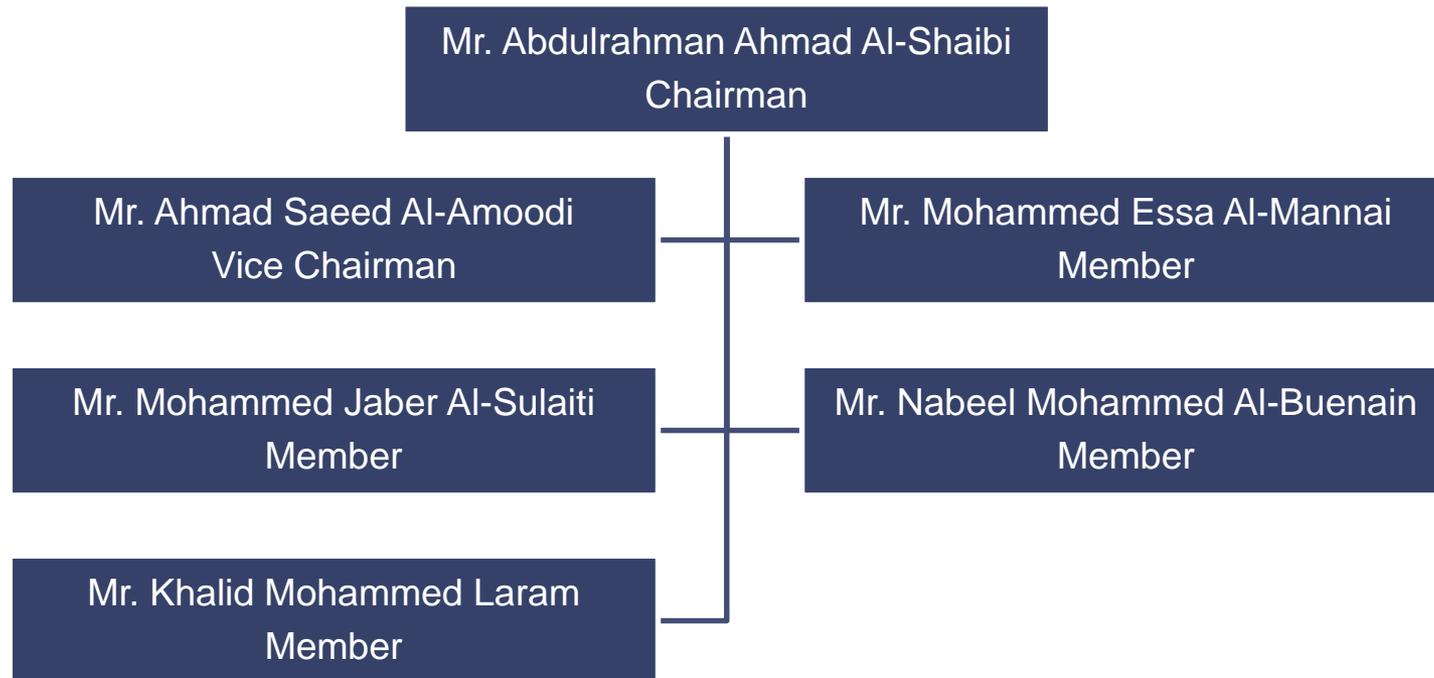
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# About QAMCO

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- QAMCO Board of Directors consist of:



# Competitive Advantages



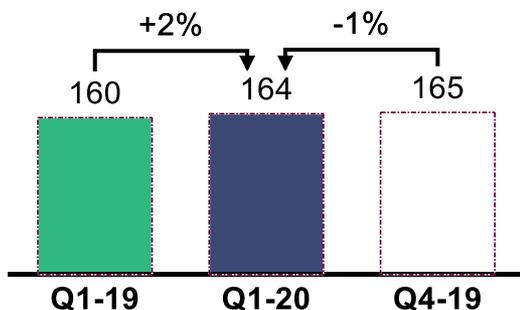
An aerial photograph of a large industrial facility, possibly a refinery or chemical plant, with various buildings, pipes, and storage tanks. A large white jagged arrow graphic points from the left side of the image towards the right. The text 'Results at glance (For period ended 31 March 2020)' is overlaid in green on the right side of the image.

**Results at glance**  
**(For period ended**  
**31 March 2020)**

# Key Performance Indicators

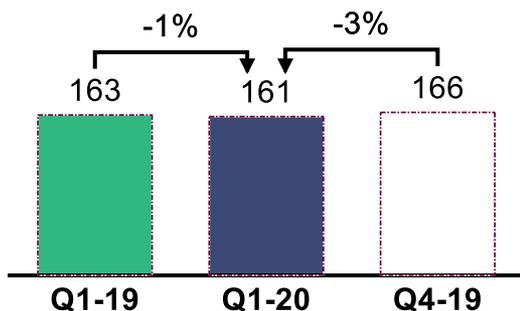
(For the period ended 31 March 2020 - QAMCO share in JV)

## Production (MT'000) – 100%



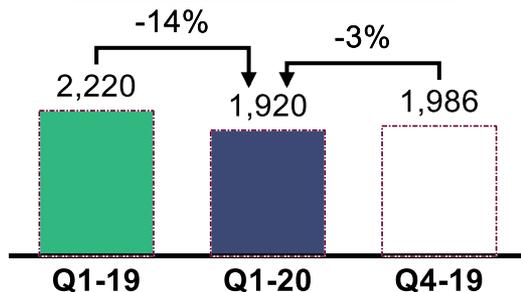
- Production of 164 KMT marginally up on Mar-19.
- Production marginally down on Dec-19.
- Production not affected by COVID-19.

## Sales Volumes (MT'000) – 100%



- Sales volumes of 161 KMT marginally down on Mar-19.
- Sales volumes marginally down on Dec-19.
- Product mix changed from value added products towards standard ingots, during Q1-20 amid declining global demand for aluminium products.

## Selling Prices (\$ / MT)



- Selling prices significantly down on Mar-19, which is largely driven by the decline in global market prices for aluminum amid challenging market conditions
- Selling prices down on Dec-19, as the global aluminium prices continued to be pressured due to declining aluminium demand amid uncertainty over unprecedented spread of COVID-19 pandemic.

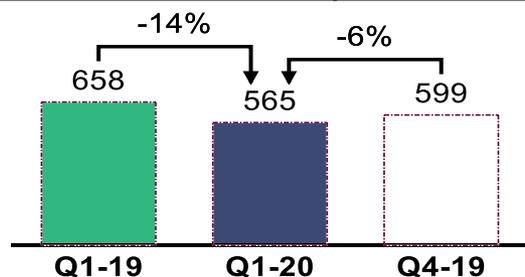
Note: For purpose of comparability, Q1-2019 financial data reported here relates to the period from 01 January 2019 till 31 March 2019. Whereas, in actual, the first quarter published financial statements of 2019 included financial data for the period from the date of QAMCO's incorporation (i.e. 3 December 2018) till 31 March 2019.



# Key Performance Indicators

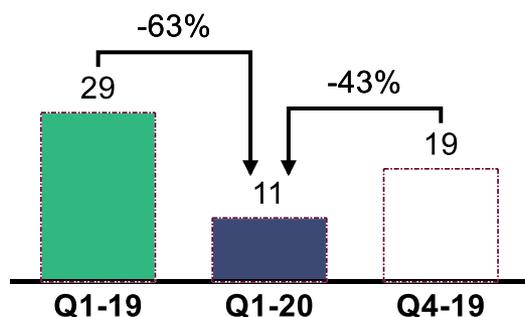
(For the period ended 31 March 2020 - QAMCO share in JV)

## Share of Revenue (QR million)



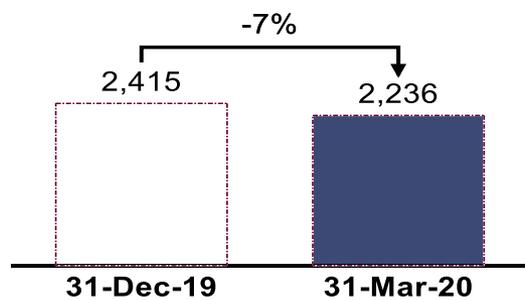
- Share of revenue of QR 565 million down on Q1-19, mainly due to decline in selling prices.
- Share of revenue down on Q4-19, due to declining selling prices.

## QAMCO's Net Profit (QR million)



- QAMCO net profits were impacted mainly due to:
  - Continued declining LME prices;
  - Lower realized premiums;
  - Lower sales volumes;
  - Higher finance costs on account of write off pertaining to unamortized portion of financing cost relating to the old loan;
  - No one-off insurance income due to insurance claims received last year.

## Net Debt (QR million)



- Share of debt is decreased by 7% on account of repayment of principal amounting to QR 222 million

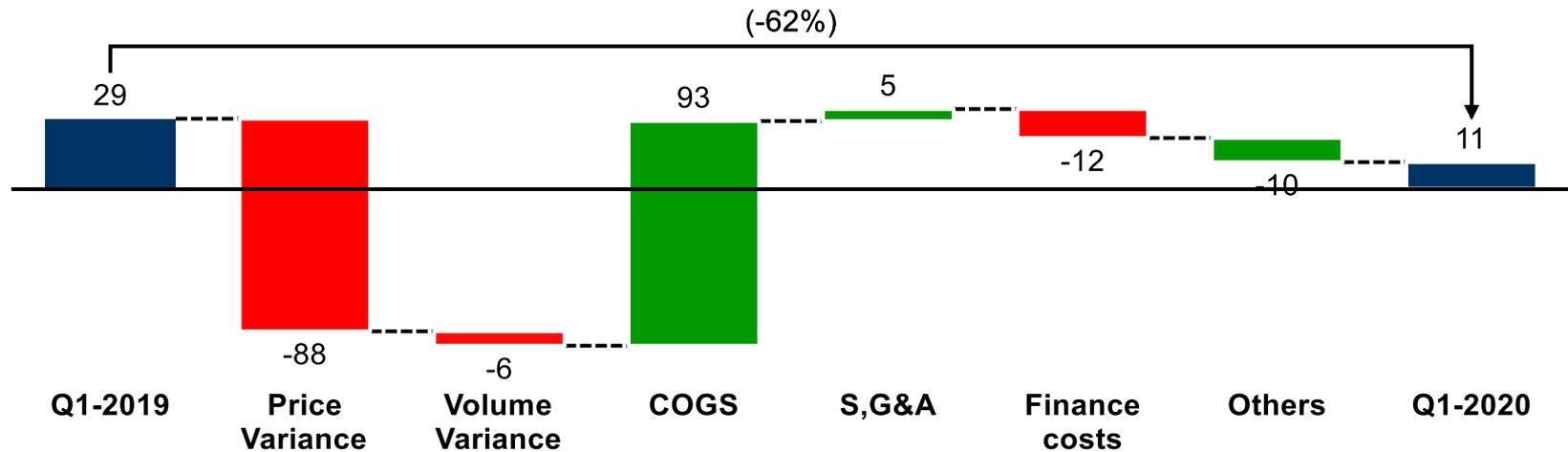
(IAS 31)

Note: For purpose of comparability, Q1-2019 financial data reported here relates to the period from 01 January 2019 till 31 March 2019. Whereas, in actual, the first quarter published financial statements of 2019 included financial data for the period from the date of QAMCO's incorporation (i.e. 3 December 2018) till 31 March 2019.



# Net Profit Variance Analysis

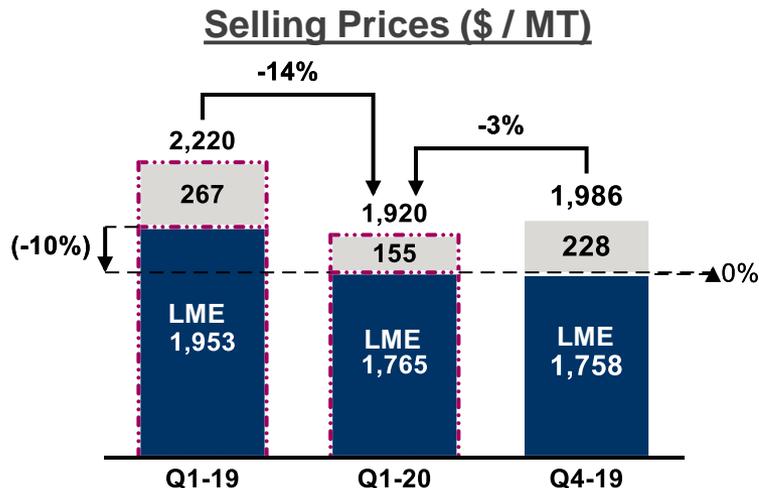
(QR in Million)



- QAMCO reported a net profit of **QR 11 million**, a decline in profitability by 62% compared to the Q1-2019.
- Results affected by Joint Venture performance due to:
  - a) Significant reduction in revenue due to decline in average selling prices, by 14% versus Q1-2019.
  - b) Lower realized premiums;
  - c) Decline in cost of goods sold due to lowered raw materials and energy consumption which decreased by 23% versus Q1-2019 and depreciation costs reduced by 11%;
  - d) Lower marketing fee and freight costs by 18%;
  - e) Higher finance costs on account of write-off pertaining to unamortized portion of financing cost relating to the old loan;
  - f) No one-off insurance income due to insurance claims received last year.

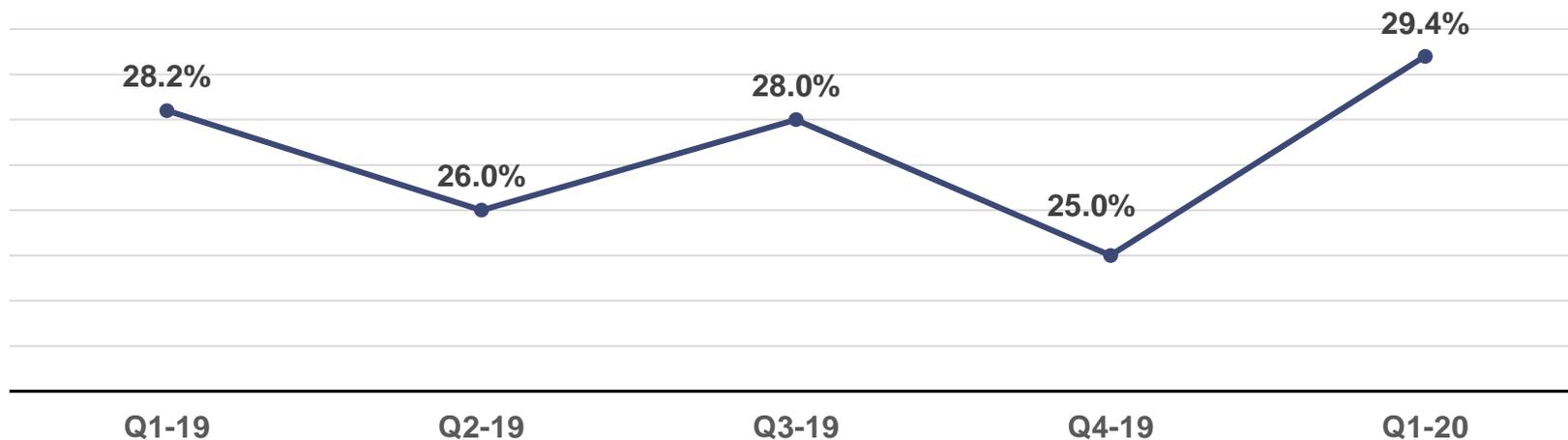


# Analysis of Selling Prices and EBIDTA margins



- The average selling prices declined from Q1-19 due to persistent challenging macroeconomic conditions pressuring LME prices.
- Prices compared to Q4-19 slightly declined, mainly due to the decline in premiums.
- Premiums declined mainly due to unprecedented shift in product mix from value added products towards standard ingots during the current period of declining global demand for aluminium products.

## JV's EBIDTA Margins (%)

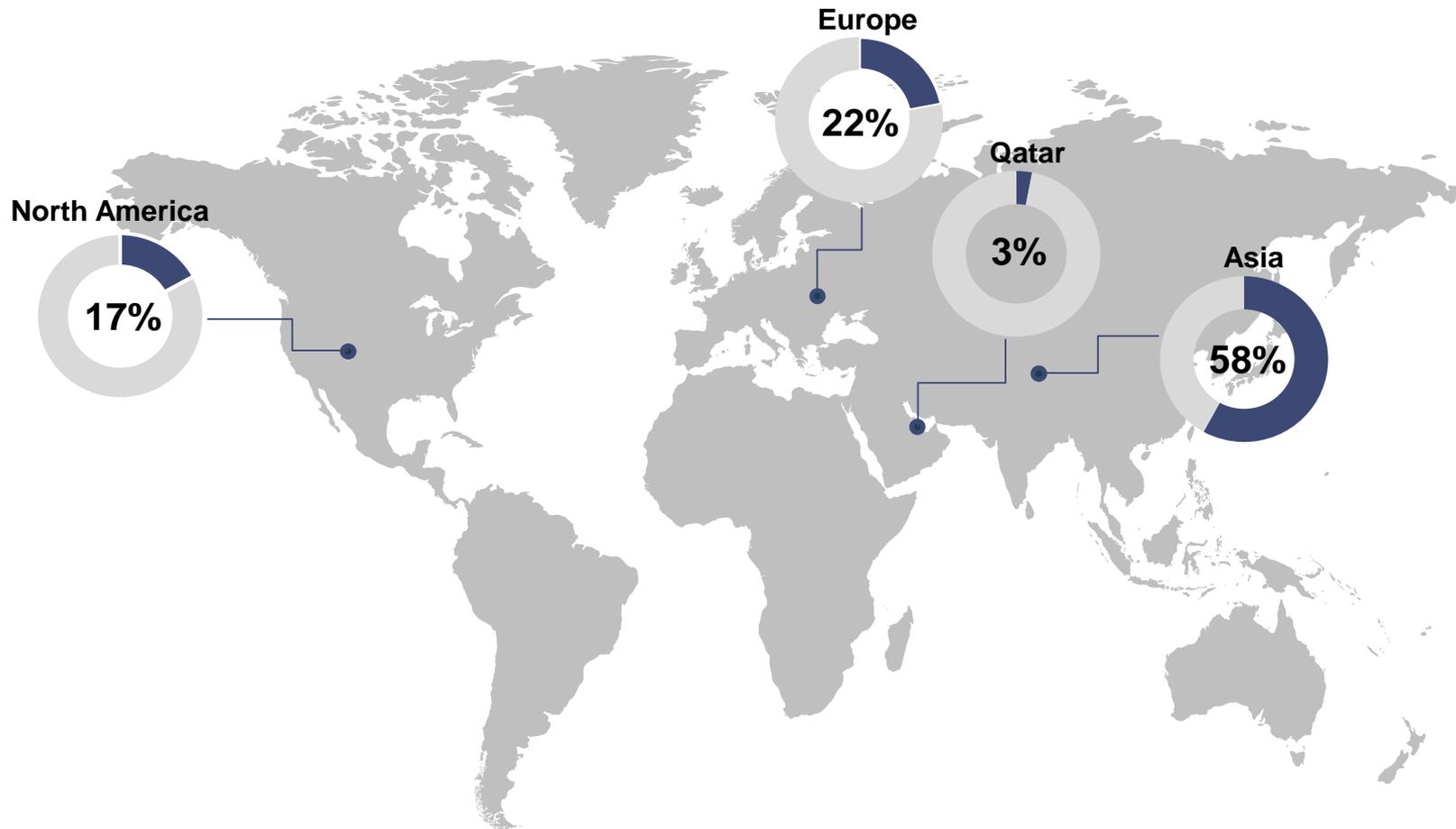


Despite pressured selling prices, QAMCO's JV EBIDTA margins remained robust and resilient



# Geographic analysis – QAMCO JV revenue

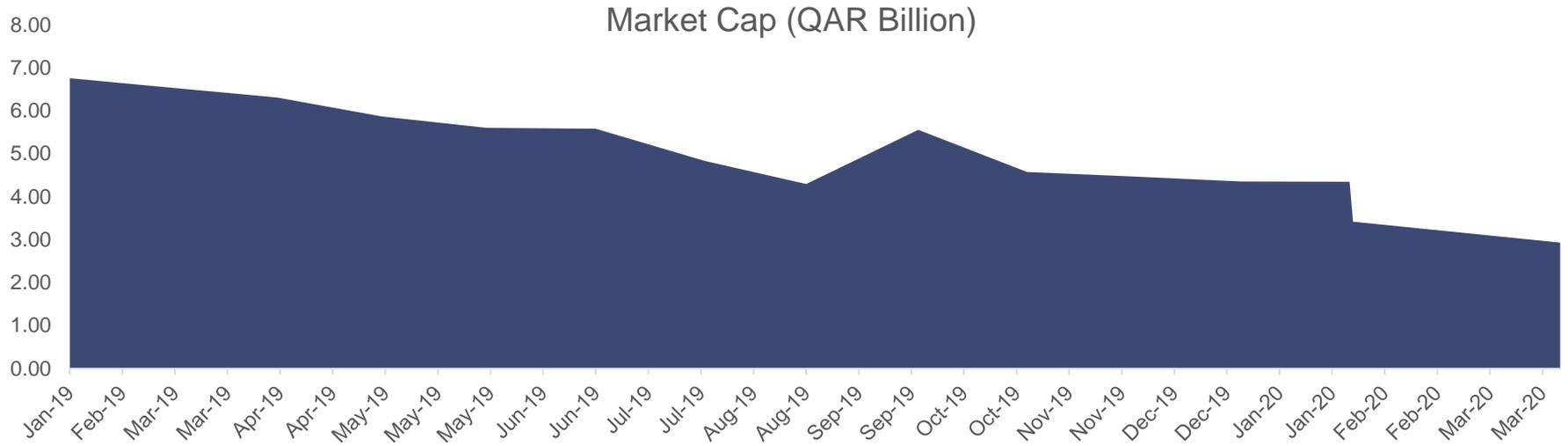
Asia remained QAMCO JV's largest market, while its presence in US and Europe continued to be substantial





# Market Statistics and dividend distribution

# Market Statistics and Dividends



## Dividend distribution for 2019

### Interim Dividend paid

QR 111.6m  
QR 0.02 per  
share



### Final Dividend

QR 55.8m  
QR 0.01 per  
share



### Total dividend in 2019

QR 167.4m  
QR 0.03 per  
share

- The total dividends paid from the date of incorporation amounted to QR 167.4 million representing a payout of 3% of the nominal value of the shares.

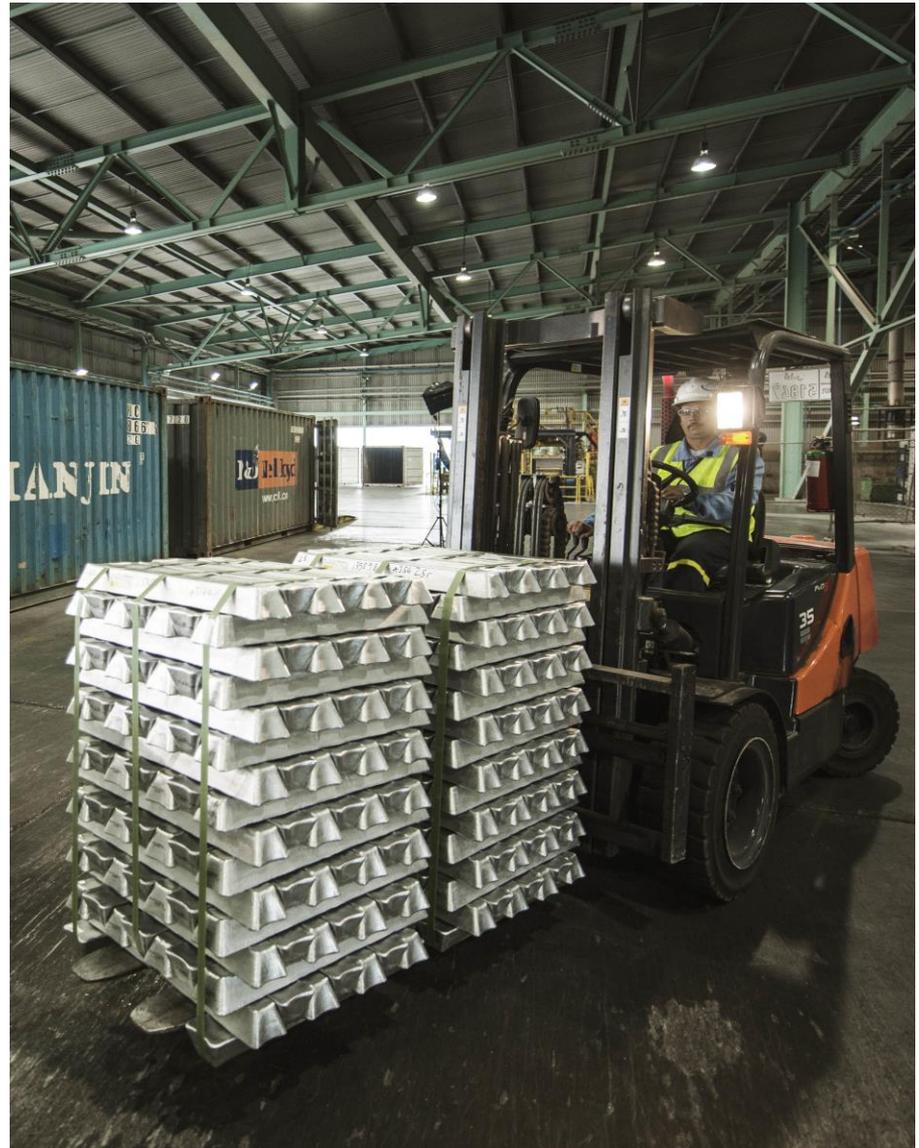




# Operations of Joint Venture

# 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 (2020-2024) – (QAMCO’s Share)

## CAPEX:

- Planned CAPEX (2020-24) include routine operations such pot relining; turbine inspections; baking furnace flue wall replacement; swing rectifier; plan to enhance cybersecurity protocols; and compliance with requirements set by set by Qatar’s Ministry of the Environment.

## Cash Flows:

- Impressive cash flows from operations, provided sales prices are realized in line with the budgeted plans.
- Financing cash outflow from FY 2021 is only pertaining to interest costs.

Cash Flows (QAR’ m)	2019	2020	2021	2022	2023	2024
Net operating cash flows	724	525	711	623	677	745
Net investing cash flows	(95)	(237)	(239)	(241)	(217)	(101)
Net financing cash flows	(561)	(171)	(65)	(61)	(69)	(82)
<b>Net cash flows</b>	<b>69</b>	<b>117</b>	<b>407</b>	<b>320</b>	<b>392</b>	<b>561</b>



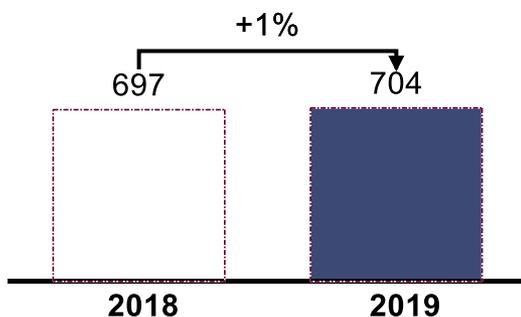


# Results at glance (2019)

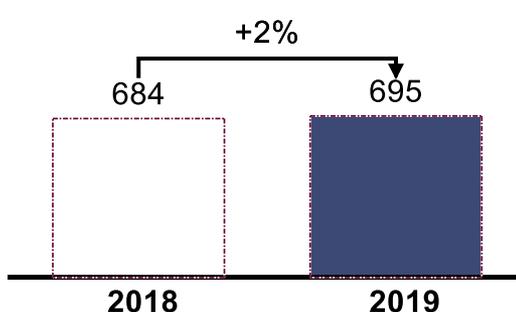
# Key Performance Indicators

(For the 13 month period ended 31 December 2019 - QAMCO share in JV)

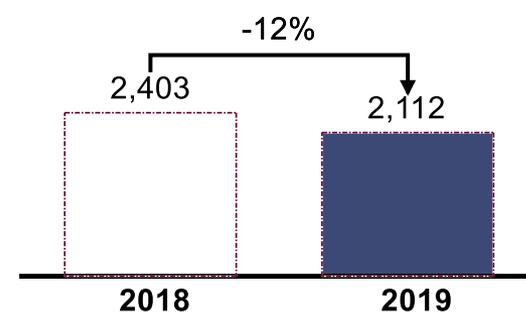
## Production (MT'000) – 100%



## Sales Volumes (MT'000) – 100%

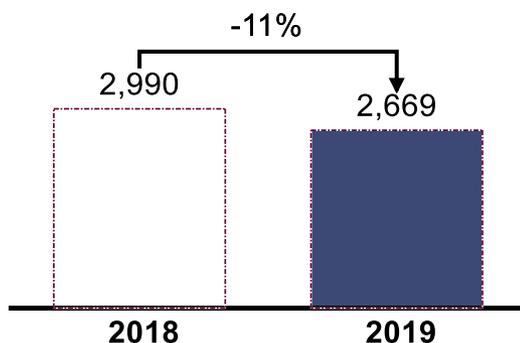


## Selling Prices (\$ / MT)

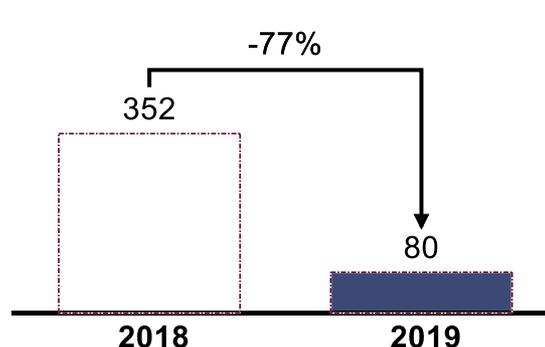


- Production and sales volumes were marginally higher in comparison to the last pro-forma period.
- Selling prices remained under pressure throughout 2019, due to adverse macroeconomic conditions including trade disputes between global economies causing global GDP to slowdown, which contributed negatively to the growth in the industry.

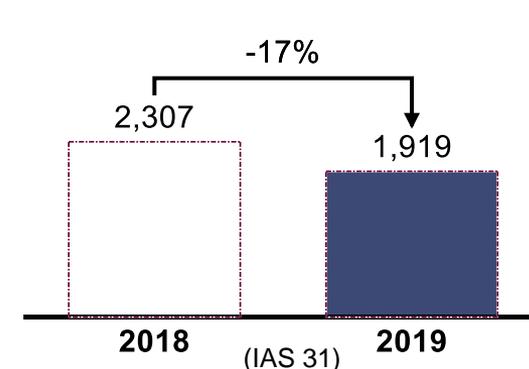
## Share of Revenue (QR million)



## QAMCO's Net Profit (QR million)



## Net Debt (QR million)



- Revenue growth remained negative due to the declining prices.
- Decline in net profit was mainly due to the lower revenues, comparatively higher COGS, impairment losses and increased financing costs.





# 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 “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

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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 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:

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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.



## QAMCO

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