



QAMCO

شركة قطر لصناعة الألمنيوم

Qatar Aluminium Manufacturing Company

Qatar Aluminium Manufacturing Company Investor Relations Presentation

31 March 2023

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



Table of Content

1. QAMCO at a Glance
2. Ownership structure
3. Operations of joint venture
4. Competitive strengths
5. Peer review
6. Macroeconomic updates
7. QAMCO results (For the three-month period ended 31 March 2023)
8. Market statistics and dividends
9. CAPEX (2023F – 2027F)
10. Historical performance (2019-2022)
11. Governance structure





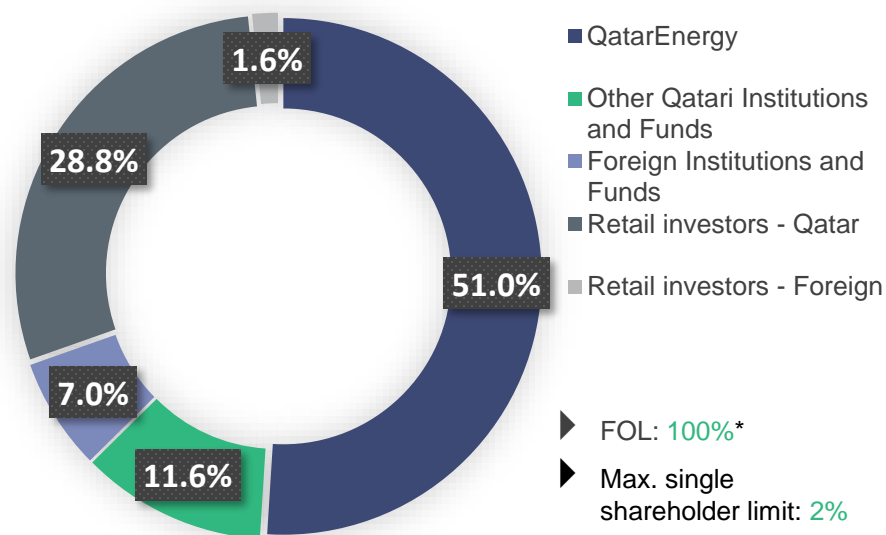
QAMCO at a Glance

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.

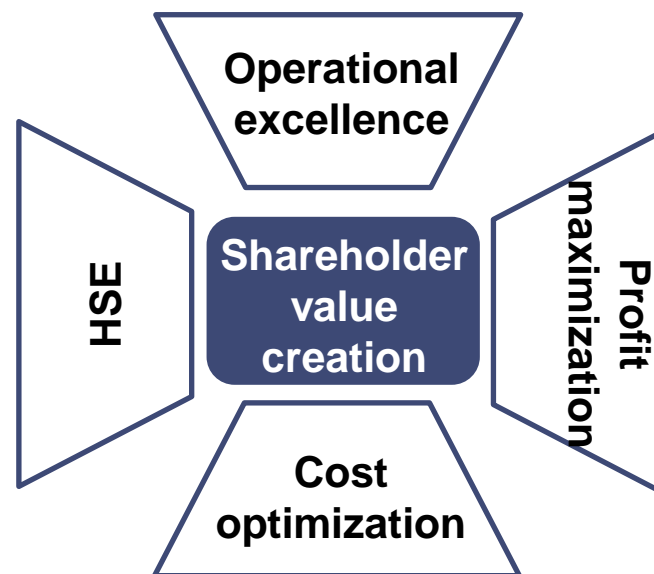
QAMCO's shareholding structure

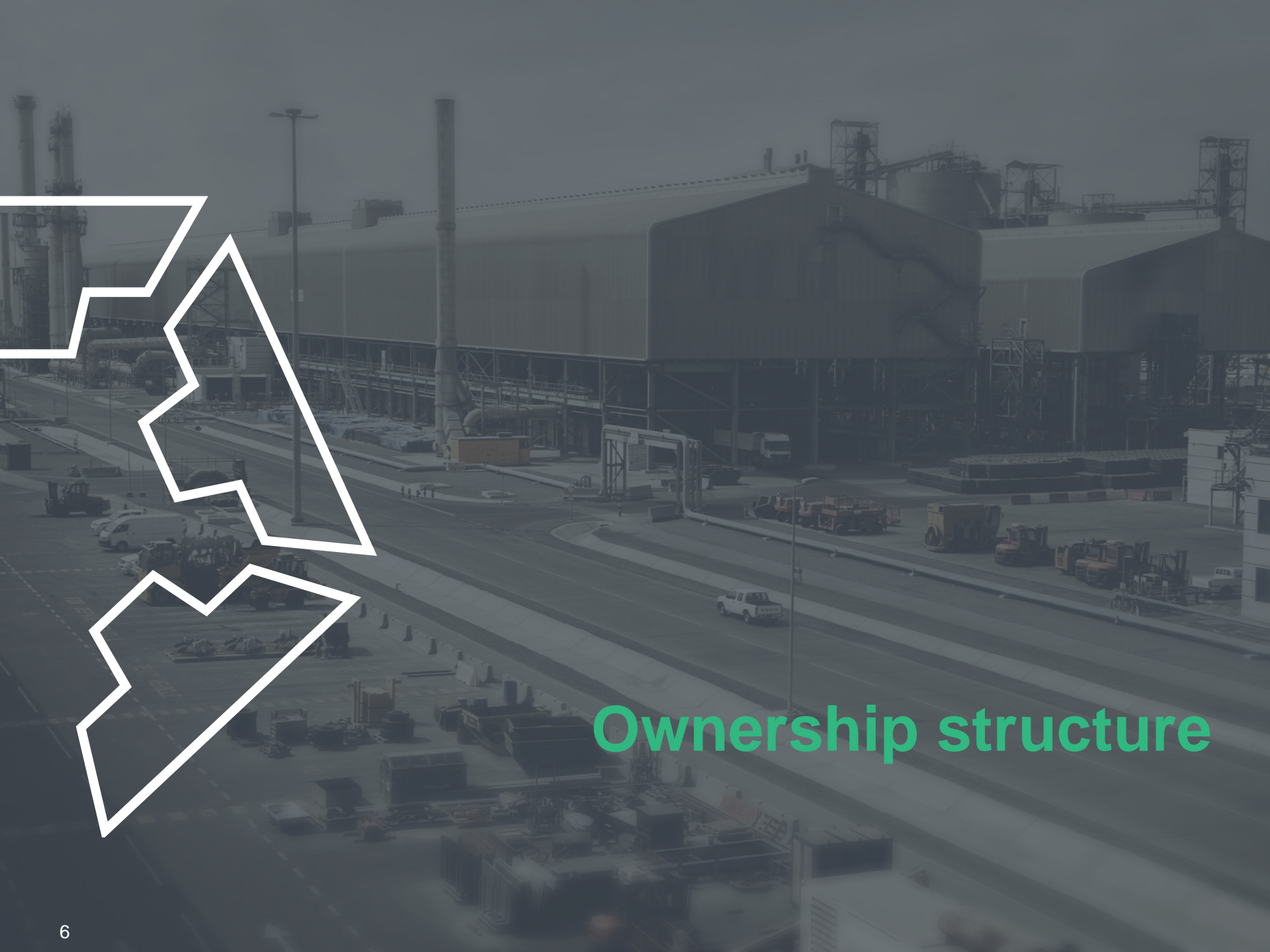


Note: Shareholder data as of 31-Mar-23

* Board of Directors approved to increase the FOL to 100%. Council of Ministers approval received; all necessary measures will be taken in this regard with the relevant concerned authorities.

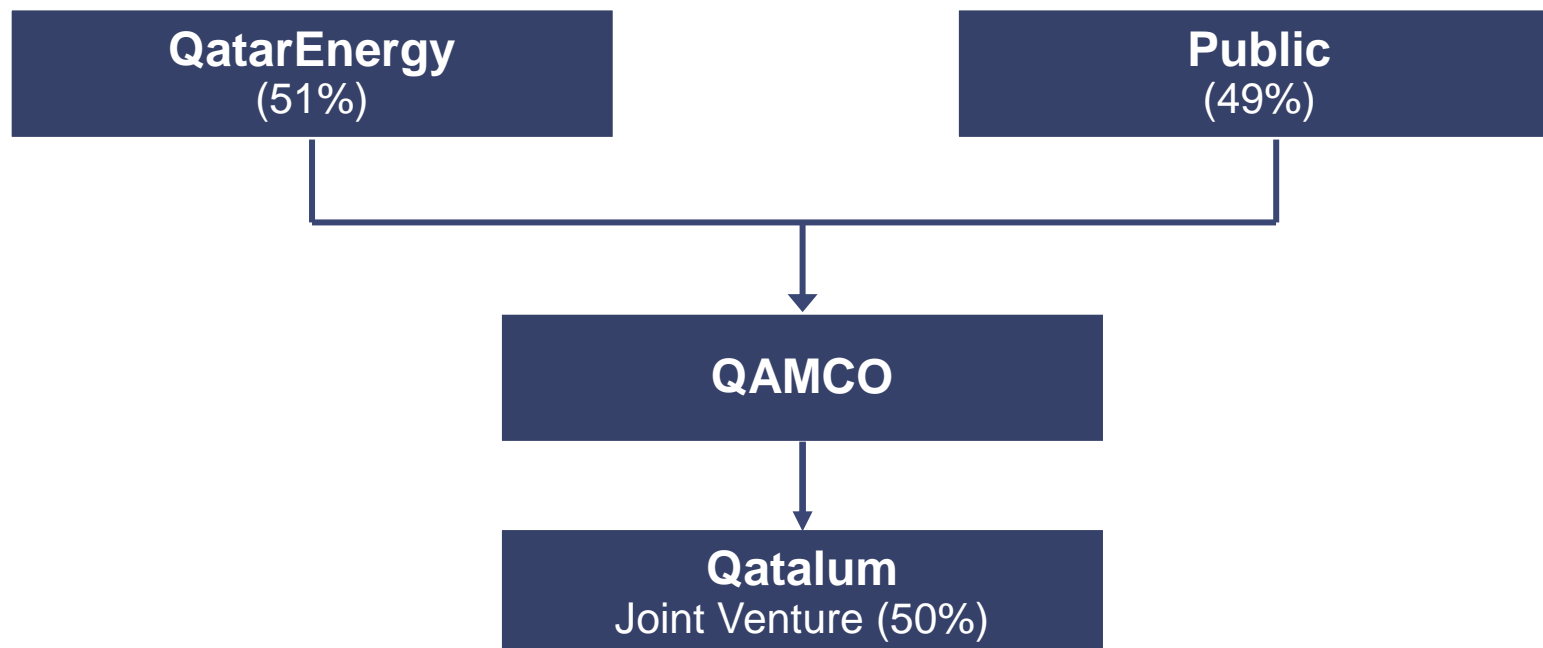
Core values





Ownership structure

Ownership Structure



- 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.

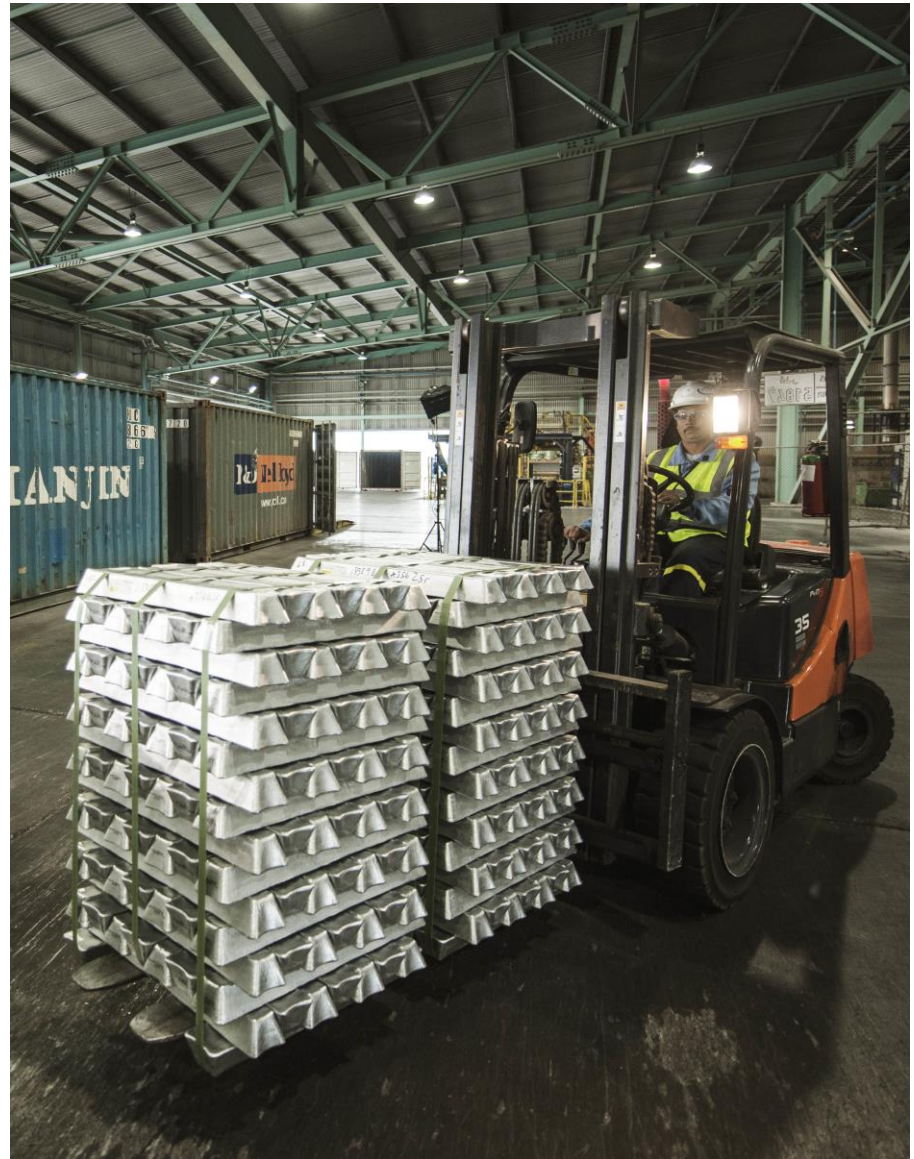




Operations of Joint Venture

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 one of the industry's most competitive profit margins and strong cash flow generation.
- Qatar Aluminium (Qatalum) has 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:

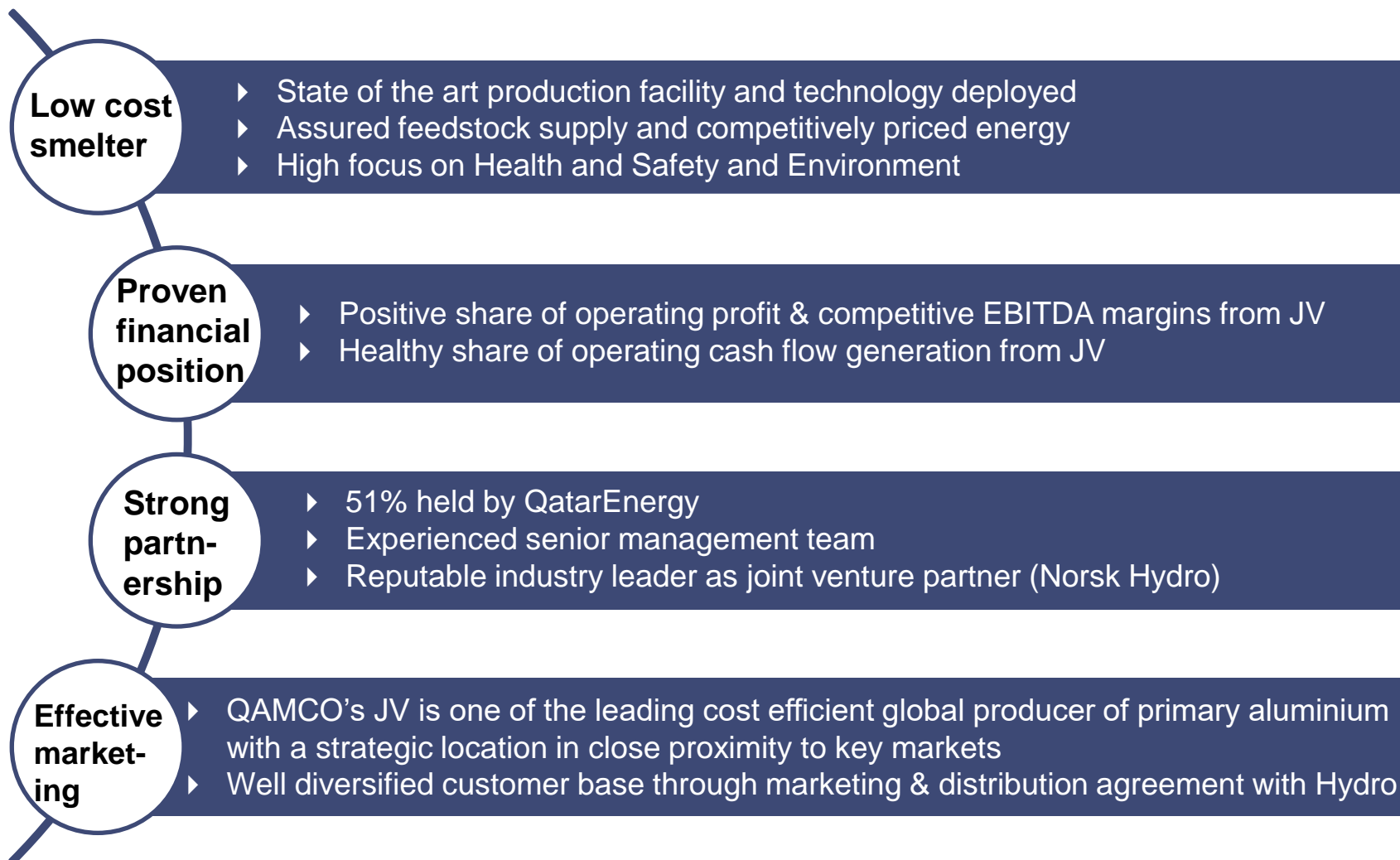
- With a Marketing and Offtake Agreement, Hydro Aluminium is responsible for the offtake and marketing of 100% of Qatar Aluminium product's. The Marketing and Offtake Agreement gives Qatar Aluminium (Qatalum) access to Hydro Aluminium's worldwide sales network on no less favourable treatment than other Hydro Aluminium smelters
- Qatar Aluminium (Qatalum) acts as Hydro Aluminium's representative for marketing aluminium products in Qatar.





Competitive strengths

Competitive strengths

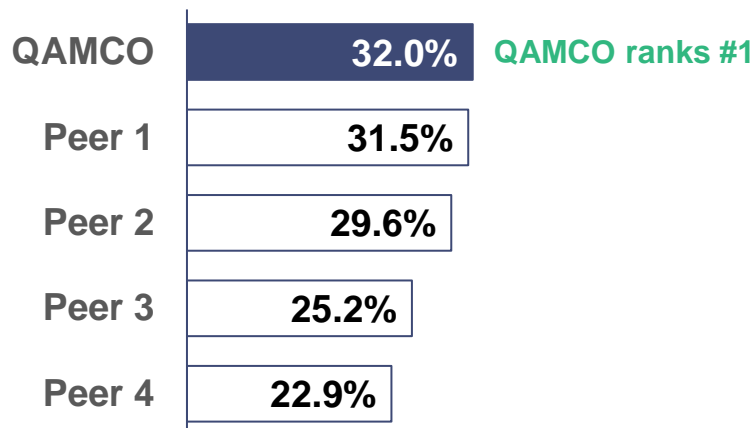




Peer review

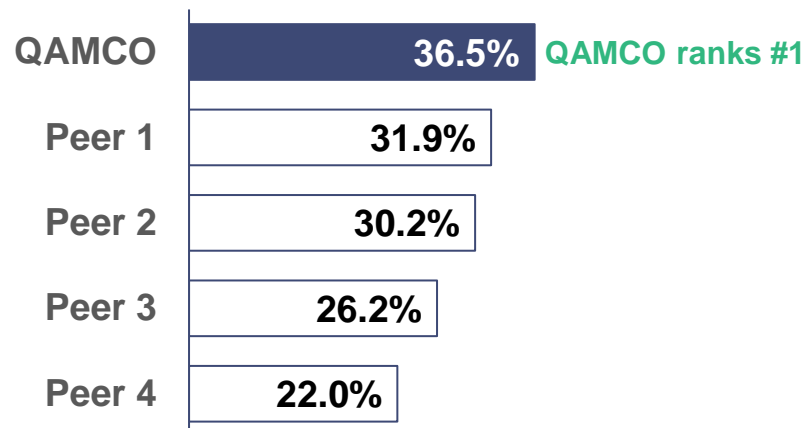
QAMCO's competitive positioning versus global peers

Gross profit margin (%)



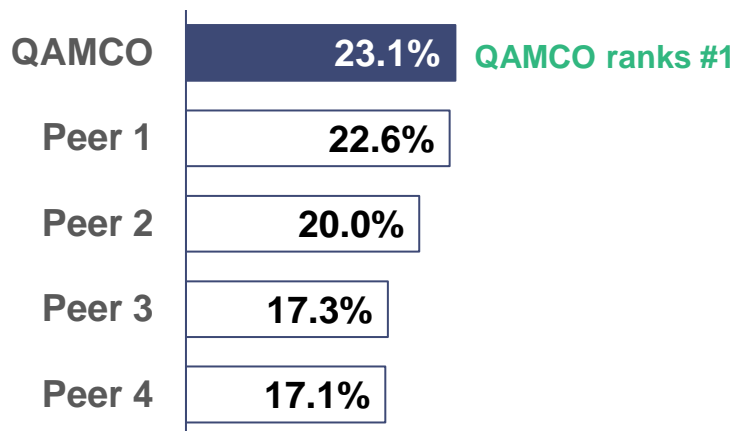
Note: Data as of YE-22

EBITDA margin (%)



Note: Data as of YE-22

Net profit margin (%)



Note: Data as of YE-22

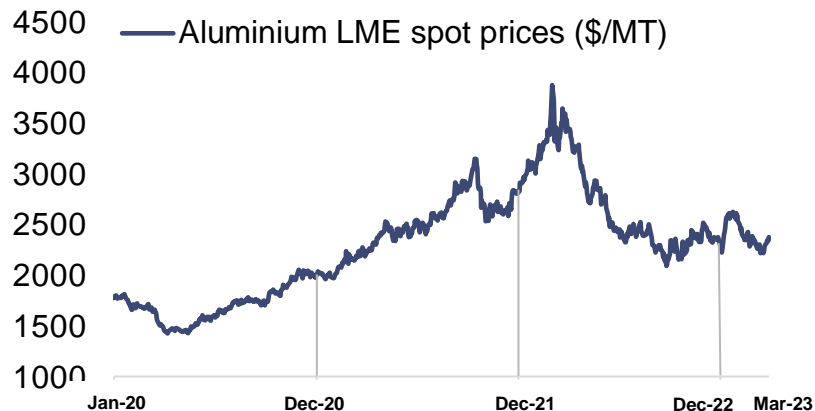




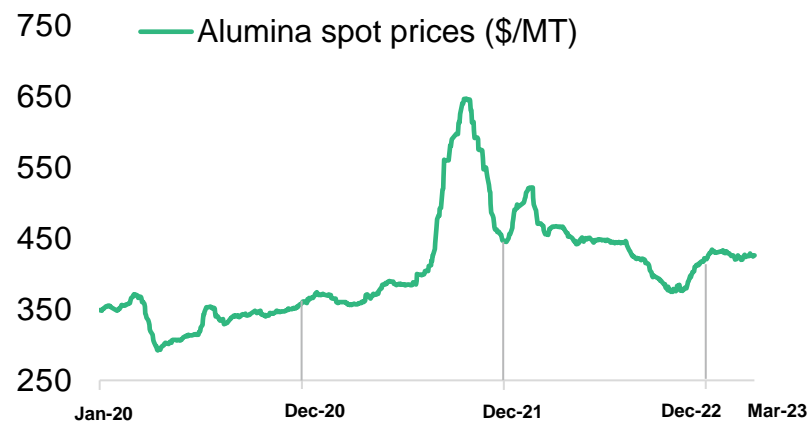
Macroeconomic updates

Macroeconomic updates

Aluminium prices (\$/MT)



Alumina prices (\$/MT)



- During the first quarter of 2023, the macroeconomic context for the aluminium markets remained volatile. Several factors affected the commodity markets, which cascaded down to the supply-demand dynamics of aluminium and led to volatilities in prices, including:
 - ▶ demand for aluminium was overshadowed by China's slow paced post-COVID recovery phase, coupled with persistent weakness in the Chinese construction sector.;
 - ▶ high inflation and monetary tightening by most of the Central Banks continue to weigh on industrial demand for most of the commodities, including aluminium;
 - ▶ operating rates for European smelters improved following a recent fall in natural gas prices;
 - ▶ geo-political tensions on account of Russia-Ukraine conflict continue bring an additional layer of uncertainty to the commodity markets.
- On an overall basis, aluminium prices for 1Q-23 demonstrated declining trends versus 1Q-22, amid macroeconomic headwinds. However, aluminium prices remained essentially stable versus 4Q-22.



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 structures. In the foreground, there are paved areas with some vehicles, including trucks and forklifts. The overall scene is industrial and somewhat desaturated, with a greyish-blue tint.

QAMCO results **(For the three-month period** **ended 31 December 2022)**

1Q-23 results at a Glance

Growth vs. 1Q-22

Revenue  -23%
QR 736 million

EBITDA  -38%
QR 223 million

Net profit  -61%
QR 93 million

EBITDA Margin: 30%

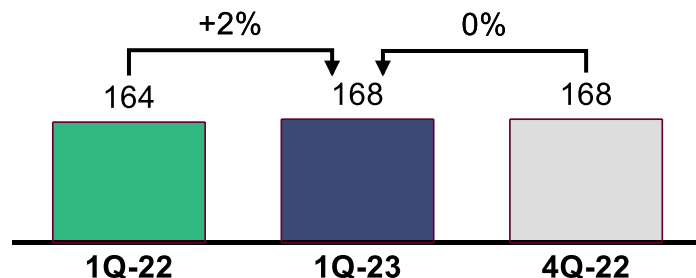
EPS: QR 0.017 RoAE: 12.0%

- 1Q-23 prices declined versus 1Q-22 amid macroeconomic headwinds, however, prices for the JV stabilized versus 4Q-22
- QAMCO's closing cash balance (including share of cash in QAMCO's JV) stood at QAR 1.66 billion



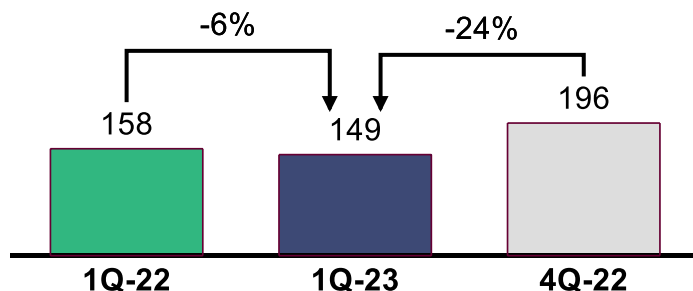
Operational Performance review

Production (MT' 000) – 100%



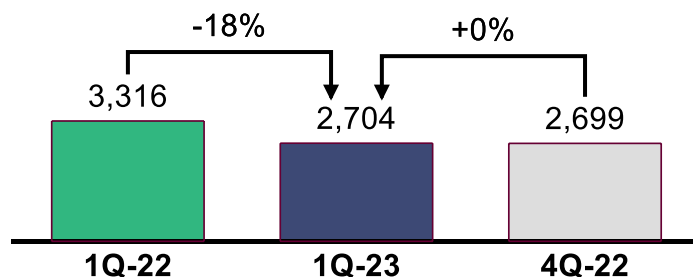
- 1Q-23 production volumes slightly inched higher compared to 1Q-22, due to increase in liquid metal production amid higher amperage.
- 1Q-23 production volumes remained flat compared to 4Q-22.

Sales volumes (MT' 000) – 100%



- 1Q-23 sales volumes declined as compared to 1Q-22 due to relatively lower sales of extrusion ingots versus last year's same period.
- 1Q-23 sales volumes declined significantly by 24% versus 4Q-22, amid exceptionally high sales volumes reported during 4Q-22 due to carry over of inventories from previous quarter.

Selling prices (\$/MT)

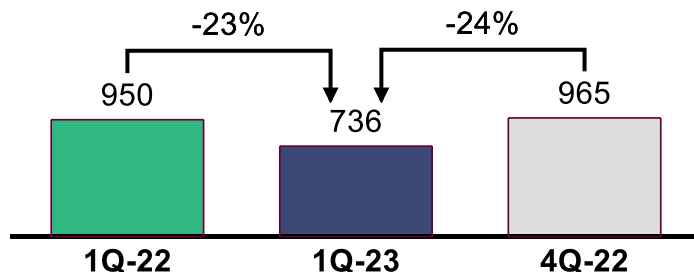


- 1Q-23 vs 1Q-22: selling prices declined on account of continued macroeconomic uncertainty weighing on global aluminium prices.
- 1Q-23 vs 4Q-22: realized selling prices remained unchanged inline with global aluminum prices.



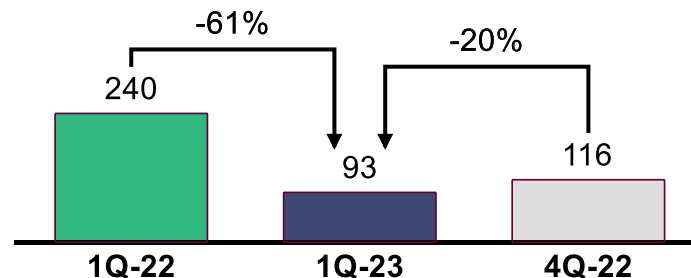
Financial performance review

Share of Revenue (QR million)



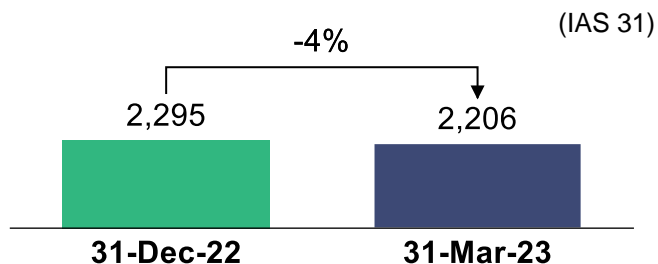
- 1Q-23 vs 1Q-22: Share of JV's revenue declined, mainly due to lower selling price trajectories along with lesser sales volumes.
- 1Q-23 vs 4Q-22: Share of JV's revenue decreased, mainly due to significantly lower sales volumes.

QAMCO's Net Profit (QR million)



- 1Q-23 vs 1Q-22: Profitability declined mainly due to lowered revenue, partially offset by lower OPEX, mainly pertaining to lower raw material cost and favorable inventory movements.
- 1Q-23 vs 4Q-22: Profitability declined on account of lower sales volumes which led the overall decline in revenue. This was partially offset by lower OPEX.

Share of JV's Debt (QR million)



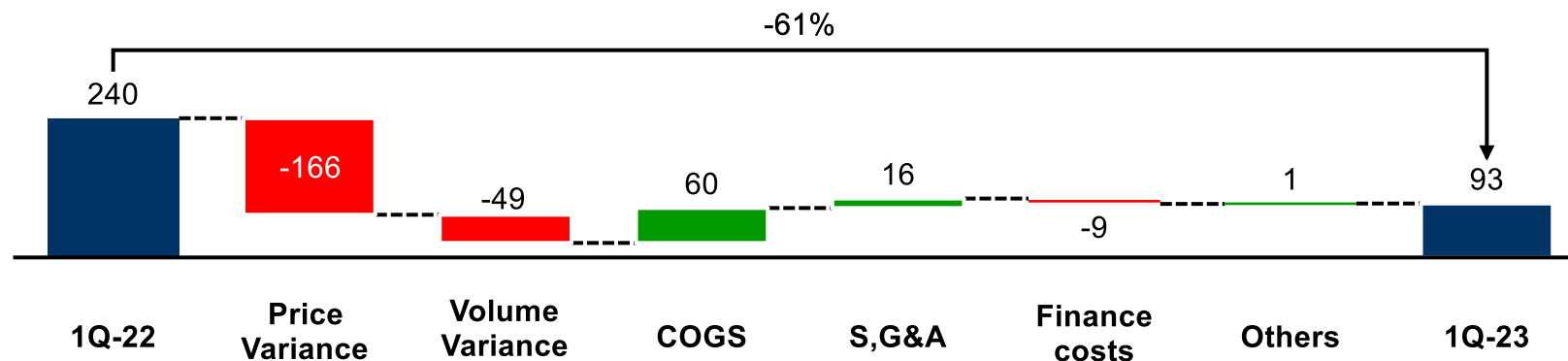
Share of debt as of 31 March 2023 declined by 4% versus 31 December 2022, mainly due to net repayments on the loan facility.



Net Profit Variance Analysis

1Q-23 vs. 1Q-22

(Amounts in QR' million)



QAMCO reported a net profit of **QR 93 million**, a decline in profitability by 61% compared to 1Q-22.

QAMCO's 1Q-23 results were impacted by JV's performance mainly due to:

► Unfavorable movements

- a) Lower average realized prices (-19%), along with lowered premiums;
- b) Lower sales volumes (-6%);
- c) Higher finance cost due to increased floating lending rates, linked to overall hike in global interest rates.

► Favorable movements

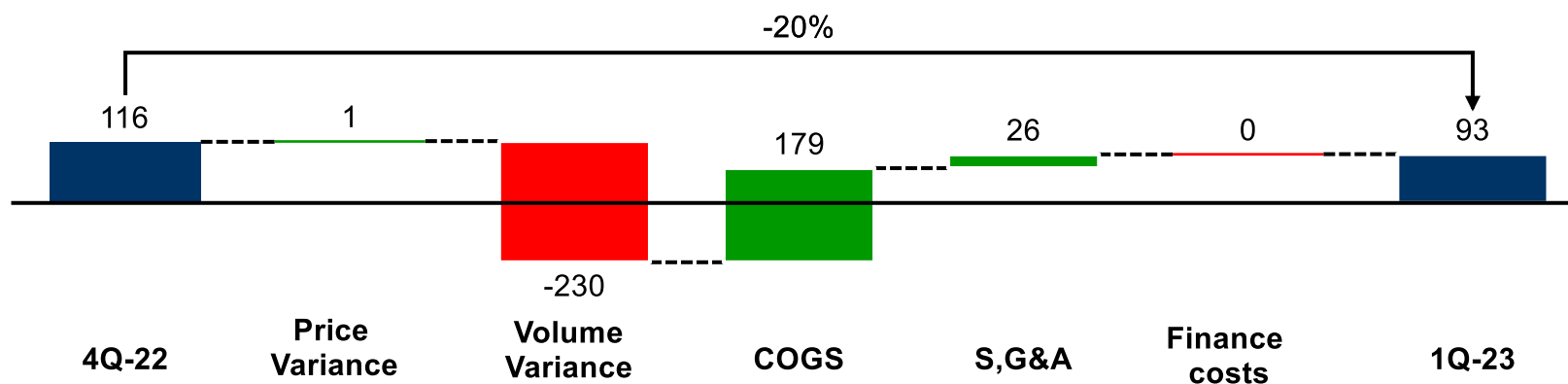
- a) Lower cost of goods sold, mainly on account lower raw material costs and favorable inventory movements due to lowered sales volumes;
- b) Lower marketing fees due to lowered volumes;



Net Profit Variance Analysis

1Q-23 vs. 4Q-22

(Amounts in QR' million)



QAMCO reported a net profit of **QR 93 million**, a decline in net profits by 20% compared to 4Q-22.

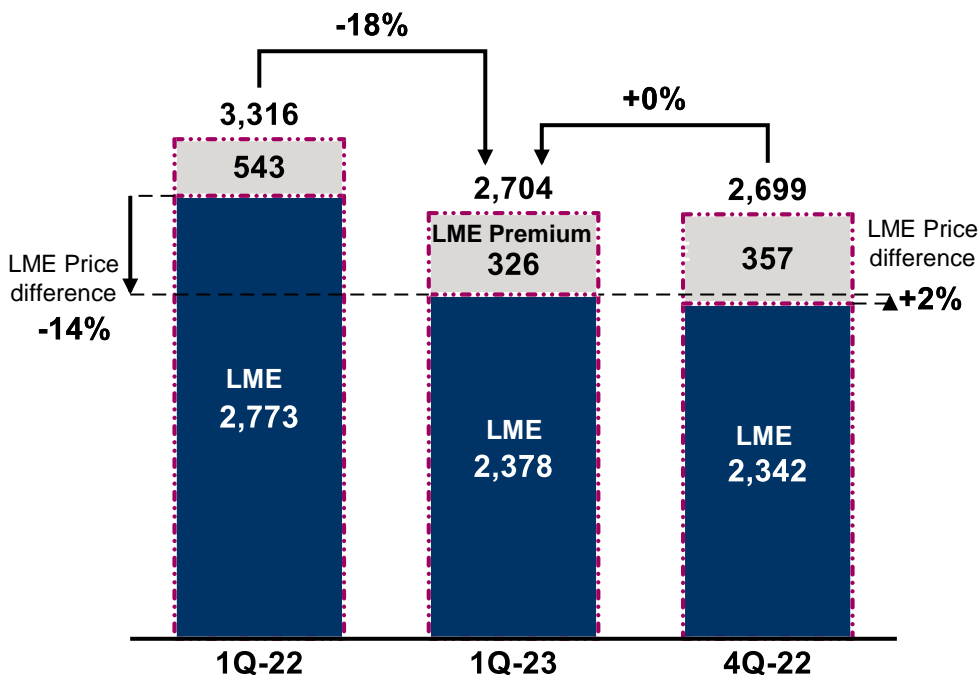
QAMCO's 1Q-23 results were impacted by JV's performance mainly due to:

- ▶ Unfavorable movements
 - a) Lower sales volumes (-24%);
- ▶ Favorable movements
 - a) Lower cost of goods sold, mainly on account favorable inventory movements;
 - b) Lower selling and G&A expenses.



Analysis of Selling Prices

Selling prices (\$/MT)



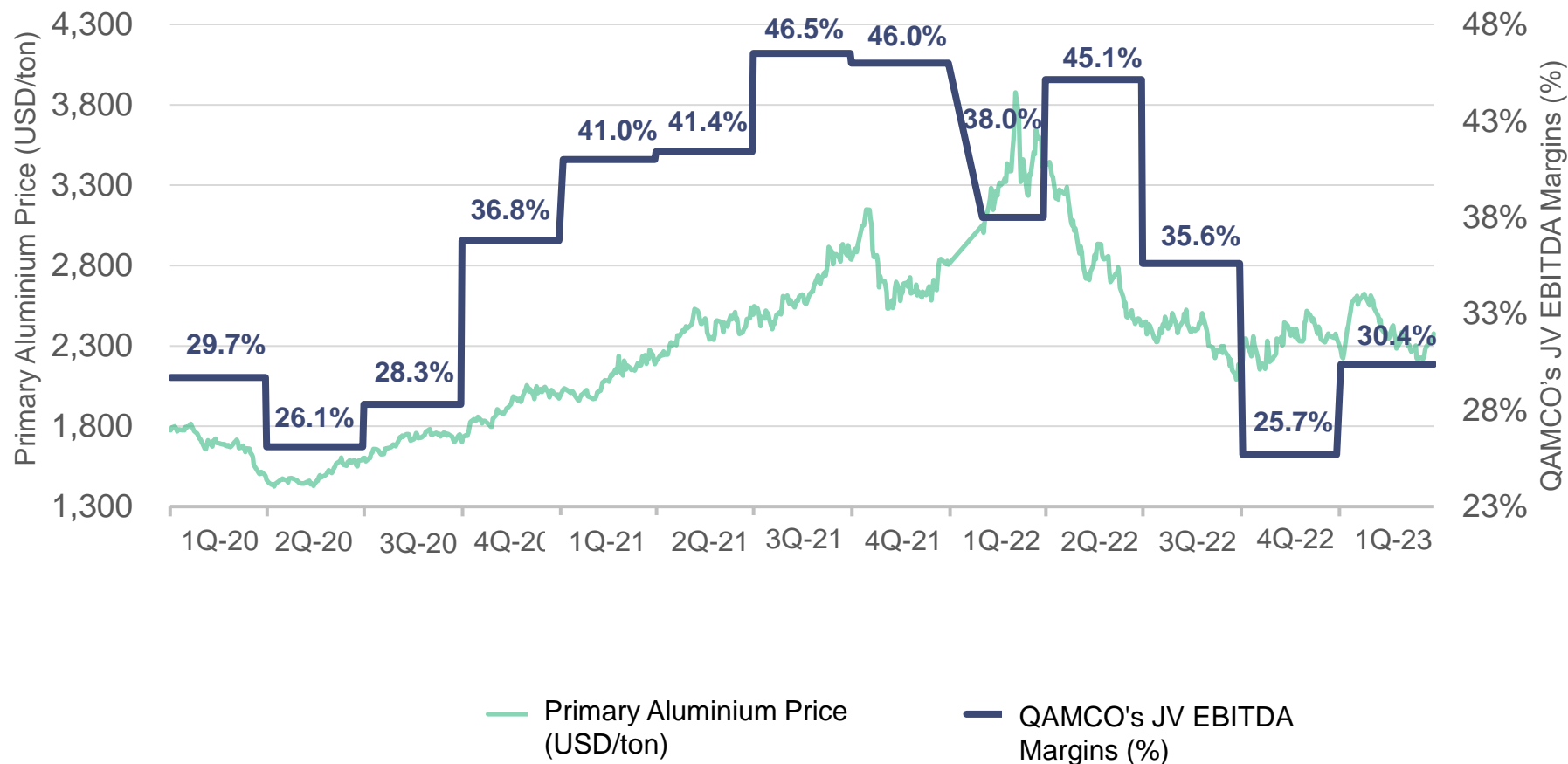
- Average selling prices declined versus 1Q-22 due to persistent macroeconomic headwinds. However, av. realized prices stabilized in comparison to 4Q-22, inline with global aluminium prices.
- LME premiums declined mainly due to a negative macroeconomic context weighing on the global aluminium markets and affecting underlying supply-demand dynamics for the primary aluminium products.



Analysis of EBITDA margins

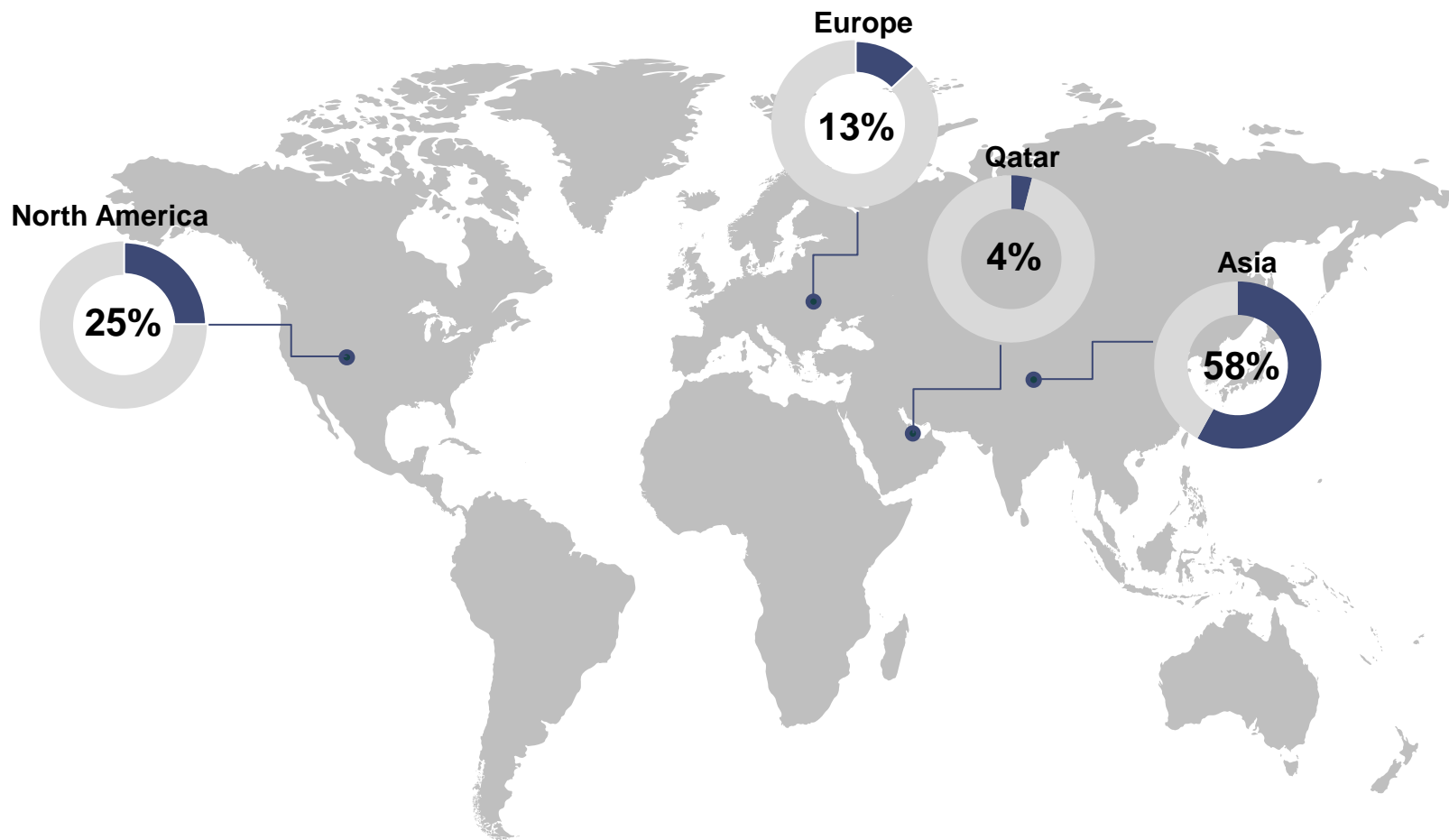
Despite macroeconomic volatilities, QAMCO's JV EBITDA margins continue to remain robust & resilient

*Recent decline in EBITDA margins is mainly due to declining selling prices,
while, raw material price remained stronger despite recent shortfalls*



Geographic analysis – QAMCO JV revenue

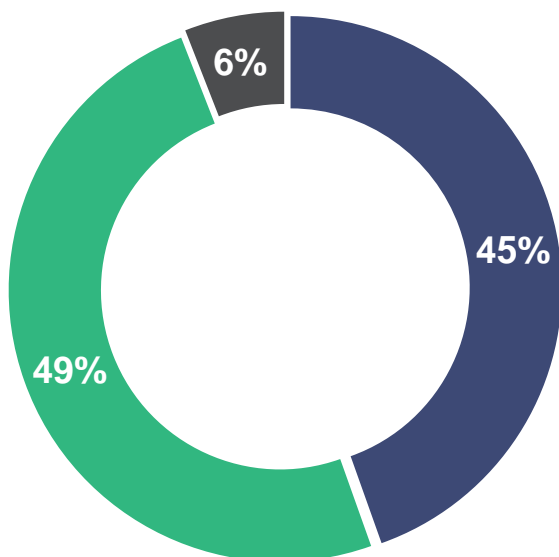
Asia remained QAMCO JV's largest market, while its presence in Europe and US continued to be substantial



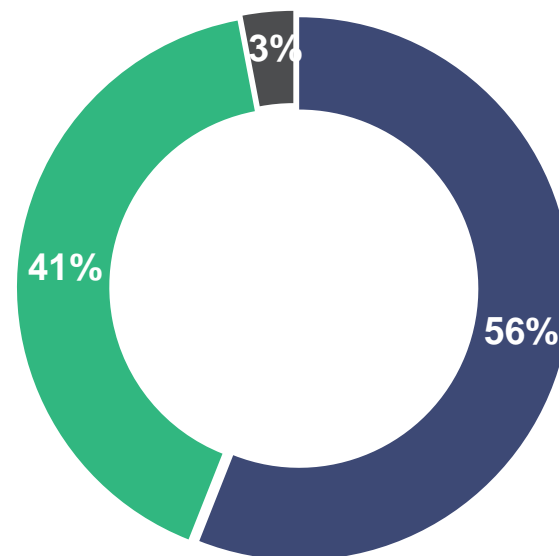
QAMCO JV revenue – product mix (%)

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

**1Q-23 QAMCO JV Sales
Volumes – Product mix (%)**



**1Q-22 QAMCO JV Sales
Volumes – Product mix (%)**



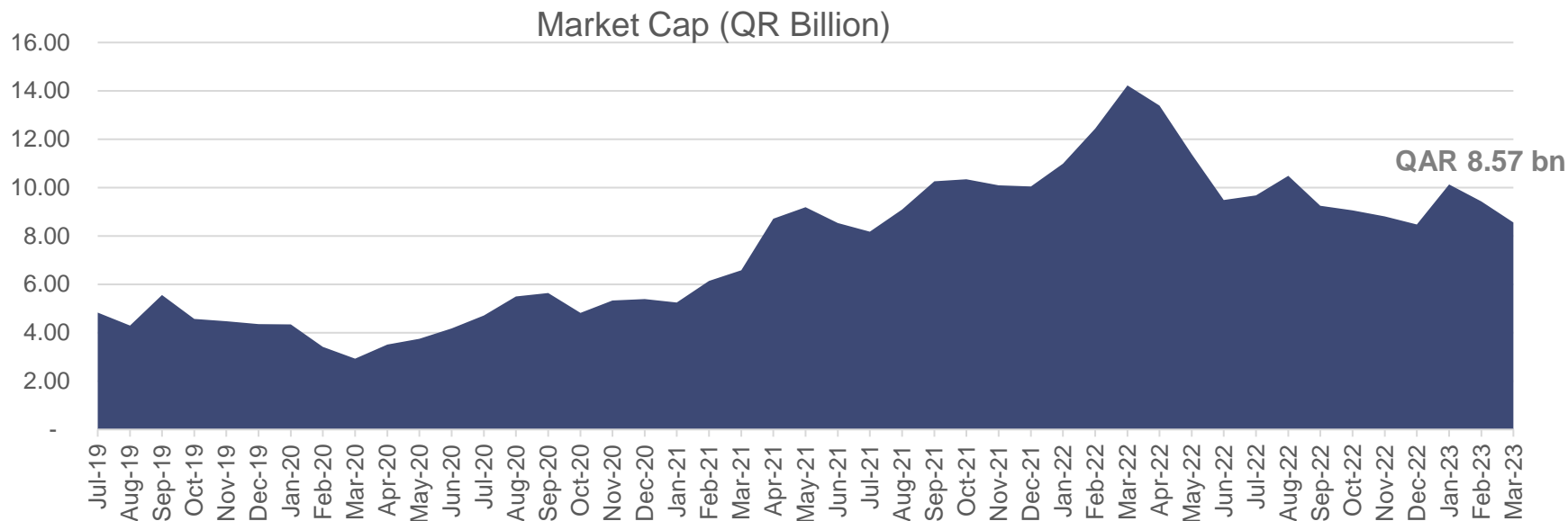
■ Extrusion Ingots ■ Foundry Alloys ■ Standard Ingots & precision tubes



The background image is a grayscale photograph of a large industrial facility, possibly a refinery or chemical plant. It features several large, dark storage tanks, a complex network of pipes and scaffolding, and a tall smokestack. 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, hand-drawn-style graphic is overlaid on the left side of the image, partially obscuring the industrial scene.

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



**Dividend -
2022**

QR 502.2 m
QR 0.09 per
share



Total

QR 1,311.3 m
QR 0.235 per
share

- The total dividends paid from the date of incorporation amounted to QR 1.3 billion representing a payout of 23.5% of the nominal value of the shares.





CAPEX (2023-2027)

CAPEX (2023-2027) – (QAMCO's Share)

CAPEX:

- Planned CAPEX (2023-27) include routine operations such as pot relining and other maintenance pertaining to power plant and anode plant.

CAPEX overview (QAR' m)	2023	2024	2025	2026	2027
Pot relining	72	19	31	79	133
CAPEX <\$5m - operational CAPEX	25	17	-	-	-
CAPEX - <\$5M other projects	41	96	85	75	62
Capex >\$5m	107	30	-	-	-
Turbines / Fluewall / HRSG LP Tube harps / GT 11 & 12 Rotor refurbishments / networks & others	47	49	51	48	31
Total Capex Cash Outflow (QAMCO's share)	292	211	167	202	226

Note: The CAPEX figures for the years 2023-27 are based on the 2023 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 forecasts for 2023-2027 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.

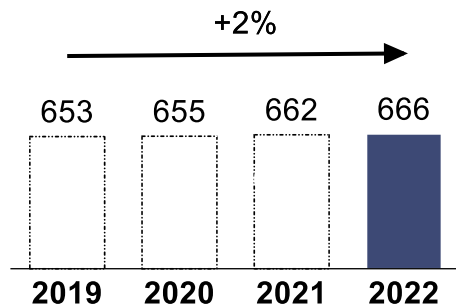




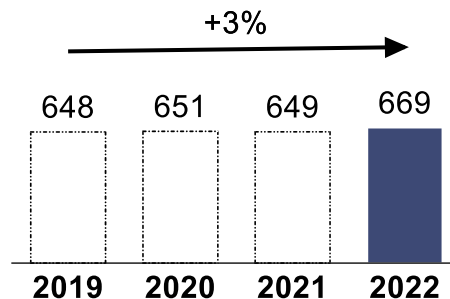
Historical performance (2019 - 2022)

Key Performance Indicators

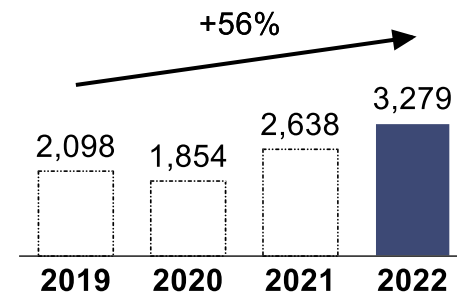
Production (MT'000) – 100%



Sales Volumes (MT'000) – 100%

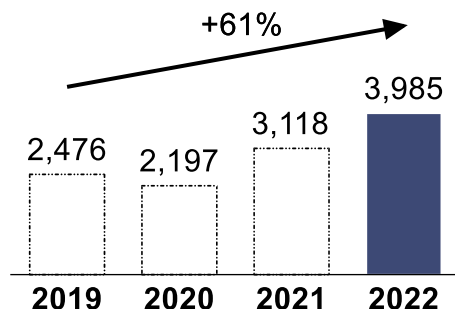


Selling Prices (\$ / MT)

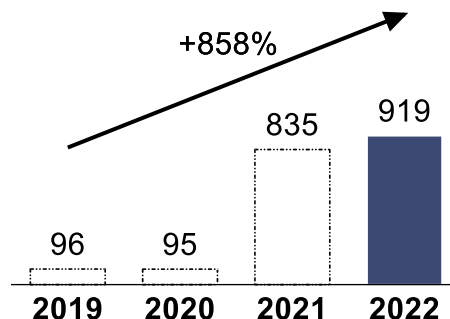


- 2022 Production remained highest since QAMCO's incorporation.
- 2022 Selling prices remained highest amid constructive macroeconomic context.

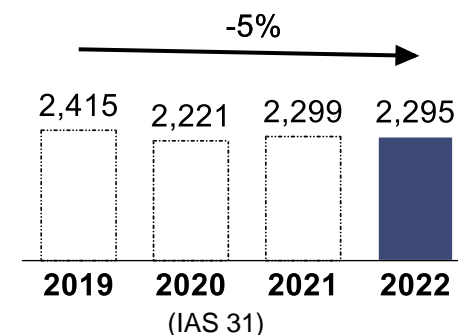
Share of Revenue (QR million)



QAMCO's Net Profit (QR million)



Share of JV's Debt (QR million)



- Revenue growth continue to remain linked to selling price trends.
- 2022 Net profits were the highest reported earnings for QAMCO since incorporation, mainly linked to the benefits captured from elevated selling prices.

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 “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

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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