

FOR IMMEDIATE RELEASE

QAMCO posts net profit of QR 12 million for the nine months period ended 30 September 2020

- *QAMCO's share of JV's revenue for the nine months period ended 30 September 2020 amounted to QR 1.6 billion and share of EBITDA reached QR 439 million*
- *Resilient sales and production levels for QAMCO's JV despite challenging market*
- *Aluminum price trends witnessed recovery in prices after a sharp decline, with macroeconomic trends continuing to remain sluggish*
- *QAMCO's JV initiated numerous OPEX and CAPEX optimization measures to reduce cost against declining selling prices*
- *Robust cash position with QAMCO's closing cash balance stood at QAR 174 million, whilst share of cash in QAMCO's JV stood at QAR 496 million*

Doha, Qatar; 22 October 2020: Qatar Aluminium Manufacturing Company Q.P.S.C. (the Company or "QAMCO", QE: QAMC), a 50% joint venture partner in a successful smelter that produces premium high quality primary aluminum products in Qatar, today reported a net profit of QR 12.3 million for the nine months period ended 30 September 2020, with an earnings per share (EPS) of QR 0.002.

Financial and operational highlights

Financial performance of QAMCO during first nine months of 2020 continued to be impacted by external macroeconomic factors beyond the Company's control, which weighed on the Company's financial performance since last year. Results were also affected on account of the pandemic causing slowdown of major global industries across the automotive, transport jets and construction sectors.

During nine months period, QAMCO reported a net profit of QR 12.3 million, with an earnings per share (EPS) of QR 0.002. QAMCO's share of revenue for the financial period amounted to QR 1.6 billion, down by 14%, compared to nine months period of last year¹.

Sales volume for the nine months period was marginally higher by 1% than last year, as QAMCO's JV swiftly shifted the production to standard ingots, whereas, the demand for premium aluminum products and alloys used by various industries declined.

Weakened demand on the back of economic slowdown and continued production surplus negatively affected the selling prices during 2020. Although, there were some recoveries in prices noted in the latter part of Q3-20, while the overall price sentiments remained negative throughout the nine months period ended 30 September 2020.

QAMCO JV's average selling prices during 9M-20 fell by 16%, compared to the same period last year, and contributed QR 292 million negatively to the net profits for the nine months period ended 30 September 2020, as compared to the same period last year. This was partially offset by the sales volumes, which positively contributed QR 20 million to the 9M-20 net profits, as compared to last year.

QAMCO's share of joint venture's EBITDA stood at QR 439 million for the nine months period ended 30 September 2020, down by 15% compared to the same period last year¹, but the EBITDA margins remained resilient in the current turbulent market conditions and stood at 27.3%, as compared to 27.5% for 9M-19.

The Company's JV was able to successfully contain its raw materials, energy, manpower and other direct costs by 12% for 9M-20 versus 9M-19. The overall decline in cost of goods sold contributed QR 191 million positively to the net profits for the nine months period ended 30 September 2020, as compared to the same period of 2019.

¹ For purpose of comparability, 9M-19 financial data relates to the period from 01 January 2019 till 30 September 2019. Whereas, in actual, the published financial statements of September 2019 included financial data for the period from the date of QAMCO's incorporation (i.e. 3 December 2018) till 30 September 2019.

A summary of QAMCO's key financial indicators as reported in the financial statements and the financial indicators used for the purpose of current period's variance analysis is as follows:

Key financial indicators (Figures in QR Millions)	9M-2020	9M-2019² (as reported in the financial statements; includes 10 months from the date of incorporation)	9M-2019³ (used for the purpose of current period's variance analysis; includes 9 months from 01 January 2019)
Share of revenue	QR 1,607	QR 2,070	QR 1,877
Share of EBITDA	QR 439	QR 553	QR 517
Net profit	QR 12.3	QR 60.6	QR 76.4
EBITDA margins	27.3%	26.7%	27.5%

QAMCO's share of debt in the JV declined by 8% to reach QR 2.2 billion as at 30 September 2020, compared to the balance as at 31 December 2019. The decline was mainly on account of principal repayment during the period.

During Q1-20, QAMCO's JV successfully refinanced its outstanding loan amounting to USD 1.3 billion for a period of 5 years. This refinancing deal is not only expected to bring free cash flows to the JV, but will also provide new avenues of flexibility to endure market volatilities, which in turn is expected to maximize shareholder value.

QAMCO's financial position continue to remain robust despite several macroeconomic headwinds, with the liquidity position at the end of 30 September 2020 reaching QR 670 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 period, QAMCO's JV generated positive share of operating cash flows of QR 552 million, down by 43% compared to 9M-19, with a share of free cash flows of QR 346 million, up by 34% compared to the same period of last year.

Commenting on the financial and operational highlights, **Mr. Abdulrahman Ahmad Al-Shaibi, Chairman of the Board of Directors, QAMCO**, said: *"Despite of the macroeconomic headwinds affecting the global markets, QAMCO continued to rely on its core strengths, based on which QAMCO's JV managed to remain profitable in a market where global aluminium prices continued to show downwards trends amid unprecedented challenges posed to businesses globally due to COVID-19 pandemic.*

² Company's first financial year was from the date of its incorporation i.e. from 3 December 2018. Hence financial data reported in the financial statements for the period ended 30 September 2019, comprised of ten months period from the date of its incorporation.

³ For purpose of comparability, 9M-19 financial data relates to the period from 01 January 2019 till 30 September 2019. Whereas, in actual, the published financial statements of September 2019 included financial data for the period from the date of QAMCO's incorporation (i.e. 3 December 2018) till 30 September 2019.

In response to limit the spread of COVID-19 pandemic, our joint venture continued to implement measures to ensure safety and business continuity. On the other hand, our sales and marketing partner, diligently monitored the market situation, and acted effectively to minimize the risk of disruptions to the supply chain. Given all of these efforts, there were no plant disruptions noted nor were there any effects on the JV's supply chain activities and our teams continued to outperform the market challenges.

Going forward, adaptation will be a key to ever-evolving market dynamics which will bring in increased flexibility and would better position us for the long-term outlook and maintain our market standing. ”

Key product analysis

As the Company's JV witnessed unprecedented pressure on aluminum product prices amid slowdown in global economies and existing supply surplus in the market. In order to continue same levels of production levels, QAMCO's JV shifted the product mix from value added products toward standard ingots. This shift in product mix resulted in lower realized LME premiums for the Company's JV, however it reflects management's flexibility in sales and production to overcome such situation.

On the other side, given the demand for value-added products showing signs of recovery, especially towards end of Q3-2020, going forward it is expected that the product mix would reinstate back to the value added products from standard ingots, potentially resulting in higher premiums and higher average selling prices.

Macroeconomic environment and business performance

Unprecedented measures taken by countries to contain the spread of COVID-19 pandemic has negatively affected the global economies, leading to a slowdown in major industries that relies on primary aluminum products as a key raw material, including manufacturing, construction, automotive and transport jets sectors. This was in addition to the pre-COVID conditions, where the aluminum industry since mid-2018 remained under pressure, on the back of US China trade friction, Chinese and Middle Eastern capacity expansions and weakening global aluminium demand due to slowdown in global economies and GDP growth.

Based on these macroeconomic conditions, prices continued to hit new lows. Global aluminium prices declined sharply in months of April and May of 2020, followed by some noticeable recoveries starting the third quarter of 2020, where positive rebalancing was noted to build up in response to market recovery on account of continuous unprecedented stimulus by most of the governments and lifting of lockdowns in major markets. However, on overall basis, the price trends remained negative throughout 2020 compared with the previous years, and on an average a decline of 12% in global aluminium prices was noted as compared to the same period of 2019.

However, QAMCO's JV is well prepared to implement pro-active measures for optimizing its production cost, in response to declining selling prices. Nonetheless, QAMCO's JV continued to remain profitable, a testament to the JV's efficient cost base, mainly due to its lower input cost

elements, including the power costs and long term raw materials agreements, which allows production flexibility and output maximization.

OPEX and CAPEX Optimization measures

QAMCO's JV have successfully implemented various optimization measures in order to reduce controllable operating expenses and defer some of the capital expenditures, which has enabled the Company to optimize its overall cost spending and conserve cash. These measures will continue to contribute towards making QAMCO's JV as one of the lowest cost aluminium smelters globally.

Impacts of COVID-19

To address the downside business and financial risks, amid COVID-19 pandemic, QAMCO's JV initiated numerous measures including formation of HSE committees, activation of business continuity plan and implemented all safety measures for safeguarding the health of its employees and contractor staff by initiating various awareness campaigns.

During 9M-20, QAMCO's JV operated at its optimum level with minimal impact from COVID-19 pandemic to its supply chain and production.

Earnings Call

QAMCO will host an IR earnings call to discuss its results for the period ended 30 September 2020, business outlook and other matters with investors on 29 October 2020. The IR presentation that accompanies the conference call will be posted on the publications page of QAMCO's website.

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About QAMCO

Qatar Aluminium Manufacturing Company Q.P.S.C. (QAMCO) was incorporated on 3 December 2018 as a Qatari shareholding company. The registered office is located at P.O. Box 3212, Doha, State of Qatar. QAMCO is a 50% shareholder in Qatalum (a joint venture of QAMCO), which is a producer and marketer of primary aluminium. QAMCO owns 50% of Qatalum's issued capital with the remaining 50% being held by Hydro Aluminium Qatalum Holding B.V.

For more information about this press release, email qamco@qp.com.qa or visit www.qamco.com.qa

DISCLAIMER

The companies in which Qatar Aluminium Manufacturing Company Q.P.S.C. directly and indirectly owns investments are separate entities. In this press release, "QAMCO" and "the Company" are sometimes used for convenience in reference to Qatar Aluminium Manufacturing Company Q.P.S.C.

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GENERAL NOTES

Qatar Aluminium Manufacturing Company's accounting year follows the calendar year. However, QAMCO's first financial year was consisted of 13 months from 3 December 2018 to 31 December 2019. No adjustment has been made for leap years. Where applicable, all values refer to Qatar Aluminium Manufacturing Company's share of interest in its joint venture. Values expressed in QR millions and/or billions. All other values have been rounded to the nearest whole number. 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 • **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/period end) • **Free Cash Flow:** Cash Flow From Operations - Total CAPEX • **KMT:** Thousand Metric Tons • **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 • **\$:** United States Dollar