

FOR IMMEDIATE RELEASE

QAMCO posts net profit of QR 14.6 million for the six months period ended 30 June 2020

- *QAMCO's share of the JV's revenue for the six months period ended 30 June 2020 amounted to QR 1,121 million and share of EBITDA reached QR 306 million*
- *Sales volumes for QAMCO's JV improved despite pronounced volatility in global aluminium demand and prices*
- *Production levels for QAMCO's JV remained at par, with no impacts due to COVID-19 pandemic*
- *Global aluminium prices witnessed a sharp decline in April-20 and May-20*
- *QAMCO's JV initiated numerous OPEX and CAPEX optimization measures to reduce its cost base*

Doha, Qatar; 23 July 2020: Qatar Aluminium Manufacturing Company Q.P.S.C. (the Company or "QAMCO", QE: QAMC), a 50% joint venture partner in one of the most cost efficient aluminium smelters globally, based in Qatar, today announced a net profit of QR 14.6 million for the six months period ended 30 June 2020.

Financial and operational highlights

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

During the six months period, QAMCO reported a net profit of QR 14.6 million, while earnings per share (EPS) stood at QR 0.003. QAMCO's share of revenue for the financial period amounted to

QR 1,121 million, down by 9%, compared to 1H-19¹, as the global pandemic impacted major industries across the automotive, transport jets and construction sectors.

Sales volume for the six months period ended 30 June 2020, increased by 7%, compared to 1H-19¹, 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 prospect, 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 month of June 2020, while the overall price sentiments remained negative throughout the six months period ended 30 June 2020.

QAMCO's average selling prices during 1H-20 declined by 15%, compared to 1H-19, and contributed QR 186 million negatively to the net profits for the six months period ended 30 June 2020, as compared to the same period last year. This was partially offset by an upside in the sales volumes, which contributed QR 71 million to the 1H-20 net profits, as compared to last year.

Decrease in share of revenues was largely driven by the decline in market prices for primary aluminum along with a change in the product mix. During the six months period ended 30 June 2020, the share of revenues declined by 9% as compared to the same period of 2019, to reach QR 1,121 million.

QAMCO's share of joint venture's EBITDA stood at QR 306 million for the six months period ended 30 June 2020, down by 10% as compared to 1H-19¹, although EBITDA margins remained resilient in the current turbulent market conditions and stood at 27.3% as compared to EBITDA margin of 27.9% relating to 1H-19¹.

QAMCO's JV was able to successfully contain cost of goods sold, comprising of lowered raw materials and energy costs which declined by 18% versus 1H-19 and depreciation costs which declined by 10%. The overall decline in cost of goods sold contributed QR 105 million positively to the net profits for the six months period ended 30 June 2020, as compared to the same period of 2019.

¹ For purpose of comparability, 1H-2019 financial data relates to the period from 01 January 2019 till 30 June 2019. Whereas, in actual, the financial statements published for the first half of 2019 included financial data for the period from the date of QAMCO's incorporation i.e. 3 December 2018 till 30 June 2019.

A summary of QAMCO's 2019 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 QAR Millions) | 1H-2020 | 1H-2019² (as reported in the financial statements; includes 7 months from the date of incorporation) | 1H-2019¹ (used for the purpose of current period's variance analysis; includes 6 months from 01 January 2019) |
|--|----------------|---|--|
| Share of revenue | QR 1,121 | QR 1,430 | QR 1,237 |
| Share of EBITDA | QR 306 | QR 375 | QR 339 |
| Net profit | QR 14.6 | QR 5.2 | QR 21.0 |
| EBITDA margins | 27.3% | 26.2% | 27.9% |

QAMCO's share of debt in the JV declined by 8%, to reach QR 2,218 million as at 30 June 2020, as compared to the balance as at 31 December 2019, on account of principal repayment during the period.

QAMCO's JV concluded refinancing of its outstanding loan amounting to USD 1.3 billion during the first quarter of 2020. 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.

The Company's financial position continue to remain robust despite several macroeconomic headwinds, with the liquidity position at the end of 30 June 2020 reaching QR 589 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, the Company's JV generated positive share of operating cash flows of QR 108 million, up by 79% compared to 1H-19, with share of free cash flows of QR 81 million, up by 83% compared to the same period of last year. QAMCO JV's ability to generate positive operating cash flows in such distressed market conditions, is a testament of efficient cash flow generation capabilities, effective cost structures and robust working capital management, which could safeguard the Company against any unexpected adversities.

¹ For purpose of comparability, 1H-2019 financial data relates to the period from 01 January 2019 till 30 June 2019. Whereas, in actual, the financial statements published for the first half of 2019 included financial data for the period from the date of QAMCO's incorporation i.e. 3 December 2018 till 30 June 2019.

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 June 2019, comprised of seven months from the date of its incorporation.

Commenting on the financial and operational highlights, **Mr. Abdulrahman Ahmad Al-Shaibi, Chairman of the Board of Directors, QAMCO**, said: *“Despite the macroeconomic headwinds since the start of 2020, the Company continued to demonstrate its underlying strengths being one of the world’s lowest-cost and most-efficient aluminium smelters. During the period, with an adverse market sentiments, QAMCO’s JV managed to remain profitable with continued declining trends in the global aluminium prices and unprecedented challenges faced amid spread of COVID-19 pandemic.*

In response to limit the spread of COVID-19 pandemic, our joint venture continued with the measures implemented to ensure safety of employees and business continuity. As the pandemic evolved, our sales and marketing partner, diligently monitored the market position, and acted effectively to minimize the risk of disruptions to the supply chain. With these measures in place, there were no disruptions noted in the production processes nor to the distribution and marketing activities due to the COVID-19 pandemic, where our teams continued to outperform the market adversities.

Going forward, adaptation will be a key to ever-evolving market dynamics which will bring in increased flexibility and would better position the Company for the long-term and maintain its market standing as one of the world’s lowest cost aluminium smelters. ”

Key product analysis

QAMCO's JV continued to witness unprecedented pressure on aluminum product prices and a declining global trend in demand for aluminium products, which led to a shift in the product mix from premium value added products towards standard ingots during 1H-20. The proactive response to evolving market dynamics, supported QAMCO's JV to witness substantial growth in sales volumes. Although, the shift in product mix from premium value added products to standard ingot, has resulted in lowered LME premiums for the Company's JV, yet ensuring no interruption in our production plans and sales activities.

Business performance and outlook

Aluminum prices continued a downward trajectory since mid-2018, on the back of US China trade friction, 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 after the outbreak of COVID-19 pandemic, as the demand for aluminium have witnessed enormous pressure, due to lockdown situation 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 in response to market recovery 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 11% in global aluminium prices was noted as compared to the same period of 2019.

QAMCO's JV business performance for 1H-20 continued to witness the challenging macroeconomic environment attributable to declining demand for aluminium products on account of continued uncertainty over COVID-19 pandemic and slowdown across all leading industries such as automotive, aerospace and construction.

The sales volumes for QAMCO's JV increased by 7% compared to 1H-19, which is a testament to the Company's strategic marketing partnership assuring continued sales, along with an altered product mix, supported the market share during this difficult economic environment and assisted in generating robust EBITDA margins.

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 initiated various optimization measures to reduce controllable operating expenses and defer some of the capital expenditures, which will enable the JV to limit the cost spending and conserve cash on an overall basis.

Impacts of COVID-19

To address the downside business and financial risks, amid COVID-19 pandemic, QAMCO's JV have initiated numerous measures including formation of HSE committees, activation of business continuity plans and has implemented all safety measures to safeguard its employees and contractors' by initiating various health awareness campaigns.

During 1H-20, QAMCO's JV operated at its optimum levels with minimal impact from COVID-19 to its supply chain and production.

Earnings Call

QAMCO will host an IR earnings call to discuss its six months results for 2020, business outlook and other matters with investors on Sunday, 26 July 2020 at 1:30 p.m. Doha time. 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.

This press release 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 realization of these forward-looking statements such as: (a) price fluctuations in crude oil and natural gas, (b) changes in demand or market conditions for the Company's 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 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