



Media Release – 28 July 2019

FOR IMMEDIATE RELEASE  
MANAMA (ALBH)

Aluminium Bahrain B.S.C. (Alba) (Ticker Code: ALBH) presents its financial results as per the International Financial Reporting Standards (IFRS) accounting rules. All investors and reporters are requested to read Alba's Condensed Consolidated Interim Financial Statements as at 30 June 2019 which are posted at [www.albasmelter.com](http://www.albasmelter.com).

Alba's official Press Release and full set of Financial Statements are also available on [Bahrain Bourse website](#).

Alba's results for the Second Quarter & First Half of 2019 are summarised below:

## ***Alba Reports its Financial Results for Q2 and First Half of 2019***

### **Q2 2019 and H1 2019 Financial Performance**

Alba's top-line and bottom-line for the second quarter and first-half of 2019 were primarily impacted by lower LME price - a drop of 21% Year-over-Year [US\$1,793/t in Q2 2019 versus US\$2,259/t in Q2 2018] - and partially offset by higher Sales' volume.

The Company generated a Total Comprehensive Loss of **BD3.3 million (US\$8.8 million)** in the second quarter of 2019 versus a Total Comprehensive Income of BD29.1 million (US\$77.4 million) for the same period in 2018, down by 112% YoY. The Company posted a Gross Profit of **BD15.4 million (US\$40.9 million)** versus BD34.3 million (US\$ 91.4 million) in Q2 2018, down by 55% YoY. With regards to Total Sales/Revenues, Alba reported **BD245.0 million (US\$651.8 million)** in Q2 2019, up by 0.4% YoY, compared to BD243.9 million (US\$648.9 million) in Q2 2018. Earnings per share (EPS) in this quarter were **fiils (2)** versus fiils 21 in Q2 2018.

With regards to the First Half of 2019, Alba reported a Total Comprehensive Loss of **BD19.1 million (US\$50.9 million)**, down by 130% YoY, compared to a Total Comprehensive Profit of BD62.9million (US\$167.4 million) in H1 2018. The Company posted a Gross Profit of **BD16.2 million (US\$43.2 million)** versus BD74.3 million (US\$ 197.7 million) for H1 2018, down by 78% YoY. Total Sales/Revenues reached **BD448.6 million (US\$1,193 million)**, down by 4% YoY, compared to BD465.2 million (US\$1,237.2 million). Earnings per share were **fiils (14)** versus fiils 44 in H1 2018.

Alba's Total Assets as at 30 June 2019 stood at **BD 2,384.2 million (US\$6,341 million)** versus BD 2,208.7 million (US\$5,874.3 million) as at 31 December 2018, up by 8% YoY. Total Shareholders' Equity as at 30 June 2019



stood at **BD1,054.1 million (US\$2,803.5 million)**, down by 2% YoY, versus BD1,073.5 million (US\$2,855 million) as at December 31, 2018.

## Q2 2019 Industry Highlights

- US-China trade-tensions and geopolitical events have taken its toll on investors and added bearish dimension to the overall market sentiment. Primary demand dropped in North America and Europe due to cyclical slowdown in economic activity; stimulus measures adopted by the Chinese Government have failed to create activity in key market-sectors such as auto and construction [+1% Year-over-Year (YoY)] and MENA consumption slowed down (+1% YoY) on the back of weaker construction activities. Consumption in Saudi Arabia retreated to 1-digit growth of 5% YoY with Ma'aden rolling-mill full ramp-up completion.
- Global production had a modest growth of 1% YoY. Russia, India and Bahrain were the largest contributors to the world ex-China smelter production increase. On the other hand, the North America supply growth gained momentum after 2018 lacklustre (+8% YoY).
- World market in deficit with China (529 Kt) & (205 Kt) without China.
- LME inventories at ~1 million metric tonne (mt) as of June-end (down by 11% YoY). LME-Cash averaged US \$1,793/t - down by 21% YoY and physical premium prices remain under pressure.
- Alumina price is still relatively high – 20% of LME price.

## Q2 2019 Alba Highlights

- Achieved 8 Million working-hours without Lost Time Injuries on 08 July 2019.
- Production up by 21% YoY to reach 305,727 metric tonnes (mt) while Sales' volume up by 25% YoY to top 311,928 mt and Value-Added Sales averaged 52 % of total shipments in Q2 2019.
- Line 6 Expansion Project Milestones:
  - Line 6 Smelter: Handover of remaining pots for Safe Start-Up
  - Line 6 Smelter's Overall Progress advanced by > 96%
  - Power Expansion Project [PS5 > 95% & PDS > 99%]
- The achieved benefits of Titan – Phase IV are **US\$12 million**



## 2019 Alba Priorities

- Ensure the Safe Start-up of Last Hot Metal with a strong focus on Safety.
- Deputy CEO Mr. Ali Al Baqali to be Acting CEO effective 01 August 2019.
- Deliver on Project Titan -Phase IV [US\$40 million by 2019-end].
- Value-Added Sales' Product Qualification Associated with Line 6 Ramp-up.
- Develop Upstream Opportunities on Alumina.

The Chairman of Alba's Board of Directors, Shaikh Daij Bin Salman Bin Daij Al Khalifa said:

"Alba will soon be transformed into the world's largest aluminium smelter with the smooth integration of Potline 6 into its existing operations in the upcoming weeks.

Alongside this transformation, we will also see the change of reign in the top management from Tim Murray to Ali Al Baqali who will lead Alba as the Acting CEO, effective 1<sup>st</sup> August, as we continue to seek further efficiency and growth."

Commenting on Alba's performance in Q2 2019, Alba's Chief Executive Officer Tim Murray stated:

"The economic uncertainty and lower LME prices have taken its toll on the aluminium industry but in Alba, we have emerged stronger with progressing the ramp-up of Line 6. I also thank all Alba employees and contractors for their unwavering support and focus on Safety at all times."

Alba's Deputy CEO Ali Al Baqali added:

"As we progress with Line 6 full ramp-up, we look forward to finish 2019 strong in our top-line and bottom-line results.

I also take this opportunity to thank our Chairman Shaikh Daij Bin Salman Bin Daij Al Khalifa and Alba's Board of Directors for placing their trust in me to lead Alba as we begin this new chapter of growth. I also thank Tim Murray for his leadership and guidance as the CEO as well as the Executive Management team for their support."

Alba Management will be holding the quarterly conference call on Monday 29 July 2019 to present and discuss Alba's financial performance for the second quarter of 2019 as well as outline the Company's priorities for the remainder of the year.

**ENDS**



### Photo Caption

- 1) Chairman of Alba's Board of Directors Shaikh Daij Bin Salman Bin Daij Al Khalifa,
- 2) Alba's Chief Executive Officer Tim Murray
- 3) Alba's Deputy Chief Executive Officer Ali Al Baqali

### About Alba

Aluminium Bahrain B.S.C. (Alba), one of the 1 million-metric tonnes smelters in the world, is one of the largest aluminium producers in the world. Alba is listed on both the Bahrain Bourse and London Stock Exchange, and the Company's shareholders are Bahrain Mumtalakat Holding Company (69.38%), SABIC Industrial Investment Company (20.62%) and the General Public (10%).

Starting-out as a 120,000 metric tonne per annum (mtpa) smelter in 1971, Alba's production for 2018 stood at plus-1 million metric tonnes. Alba's product portfolio comprises high-grade aluminium and Value-Added Products that include standard and T-ingots, extrusion billets, rolling slabs, properzi ingots and molten aluminium. The Company is well-known for its strong Safety culture, employee development and work culture for value-creation and sustainable operations.

### About Line 6 Expansion Project

The pride of the Kingdom of Bahrain, the Line 6 Expansion Project will make Alba the world's largest aluminium smelter.

With the First Hot Metal from Potline 6 achieved on 13 December 2018, Alba is now amongst the 1 million-metric tonne smelters in the world. Upon completion in 2019, the Line 6 Expansion Project will boost Alba's per-annum production by 540,000 metric tonnes, bringing Alba's total production capacity to 1.5 million metric tonnes per year.

Alba's Line 6 Expansion Project is one of the biggest brownfield developments in the Middle East Region. With a CAPEX of approximately US\$ 3 billion, the Line 6 Expansion Project involves the construction of a sixth pot line using EGA's proprietary DX+ Ultra Technology, a 1,792 MW Power Station (Power Station 5) utilising the world's first H-class General Electric (GE) 9HA Gas Turbine (GT) and other industrial services.

Bechtel is the EPCM contractor for the Line 6 Expansion Project smelter. For Power Station 5 (PS 5), GE and GAMA Consortium was awarded the EPC contract, while Siemens is the Power Distribution System contractor. J.P. Morgan, Gulf International Bank (GIB) and National Bank of Bahrain (NBB) are the Financial Advisors for this Project. In June 2015, Alba Board approved the Line 6 Expansion Project and in November 2015, Alba secured the natural gas supply for this Project.

Alba successfully closed a US\$ 1.5 Billion syndicated term-loan facility comprising two tranches Conventional Facility & Islamic Facility in October 2016. The 1st tranche of the Export Credit Agencies (ECA) Financing of c. US\$ 700 million for Euler Hermes and SERV-covered facilities was closed in July 2017 while the first part of 2nd ECA-tranche of EUR 204.5 million for Bpifrance Assurance Export ("BpiAE") and Euler Hermes-covered facilities was secured in April 2018. Alba successfully closed the final instalment of the 2nd ECA-tranche - c.US\$136 million and c. EUR90 million from ECA supported-facilities - by end of 2018.

As of 30 June 2019, Line 6 Smelter's Overall Progress advanced by 96% (Engineering advanced by 99.97% while Contracts and Procurement by 98.95%); Power Station 5 & Power Distribution System Overall Progress exceeded 95% and by over 99% respectively.

Line 6 Expansion Project will be transformational for the Kingdom of Bahrain as it will significantly boost employment opportunities for Bahrainis at both Alba and the local downstream market. It will also present many co-investment opportunities through local and foreign aluminium investments in the Kingdom of Bahrain.

### Alba External Grievance Mechanism



Alba, in line with the Performance Standards of the International Finance Corporation (IFC), a World Bank affiliated lending organisation, has launched its External Grievance Mechanism to receive and facilitate the resolution of the affected communities' concerns and grievances about Alba's Environment and Social (E&S) performance.

External grievances about Alba's E&S performance can be logged via the [Alba Integrity Line](#) - an independently operated confidential reporting hotline in multiple languages - via a toll-free phone system or via the intranet 24 hours a day, every day

**For further details, please contact:**

Eline Hilal

Senior Manager, Investor Relations & Corporate Secretary

Investor Relations Department

**Tel:** (973) 1783 5100

**E-mail:** [eline.hilal@alba.com.bh](mailto:eline.hilal@alba.com.bh)

**Website:** [www.albasmelter.com](http://www.albasmelter.com)

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