Saudi Arabian Mining Company (Ma’aden)

Earnings Conference Call – Second Quarter 2018

July 26, 2018

Reem M. Asaad
Head of Investor Relations

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Darren C. Davis
President & Chief Executive Officer

Strong operational performance

PRODUCTION

- 103K ounces of gold, up 47% vs. Q2 2017
- 236K tonnes of primary aluminium, up 7% vs. Q2 2017
- 507K tonnes of ammonia, lower 8.6% vs. Q2 2017
- 789K tonnes of ammonium phosphate fertilizer, up 18% vs. Q2 2017
- 455K tonnes of alumina, up 30% vs. Q2 2017

STRONG FINANCIAL PERFORMANCE

- Improved prices across the portfolio, year-on-year
- Sales SAR 3,414 million, up 14% vs. Q2 2017
- Operating income SAR1,045 million, up 29% vs. Q2 2017
- Net profit SAR 630 million, up 45% vs. Q2 2017

STRONG COST PERFORMANCE

- Mixed picture on raw materials prices
- Phosphate benefiting from lower raw materials costs
- Aluminium business benefiting from full value chain integration and stable operations despite increased raw materials costs
- Underlying EBITDA Margin[1] decreased slightly to 53%

OUTLOOK

- Price outlook generally neutral but uncertainty due to trade tensions
- Mansourrah & Massarah Gold Project BFS completed
- International opportunities under review

1 see appendix for details

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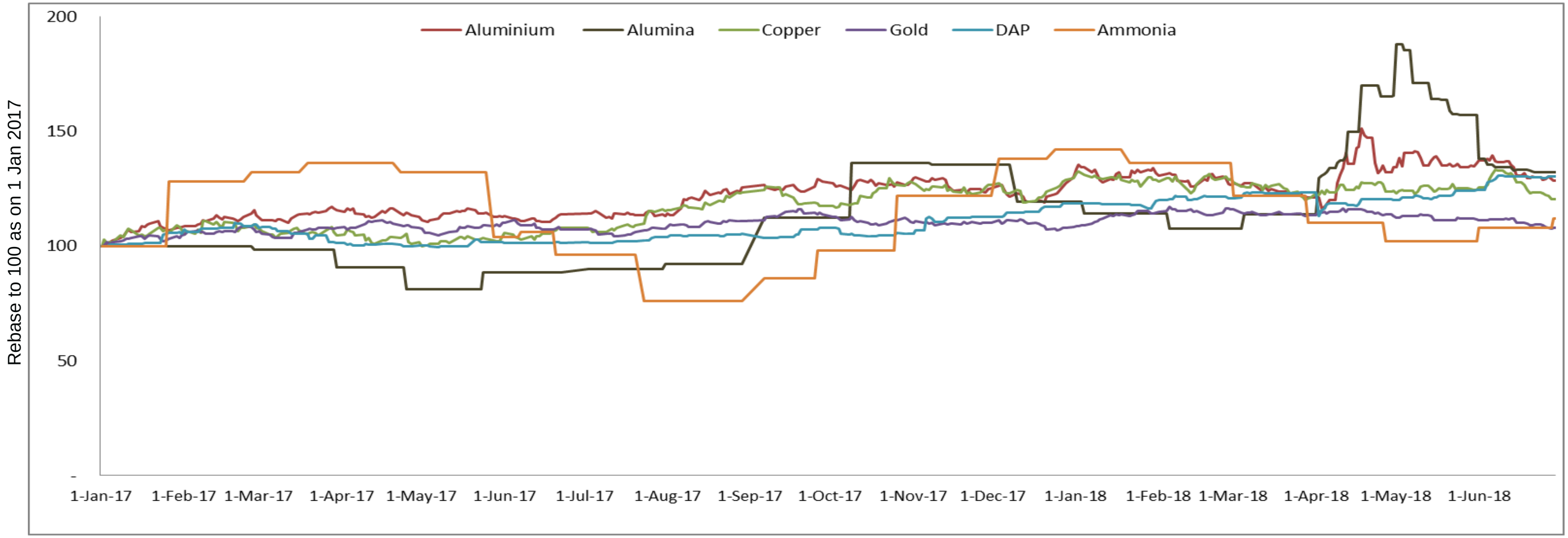
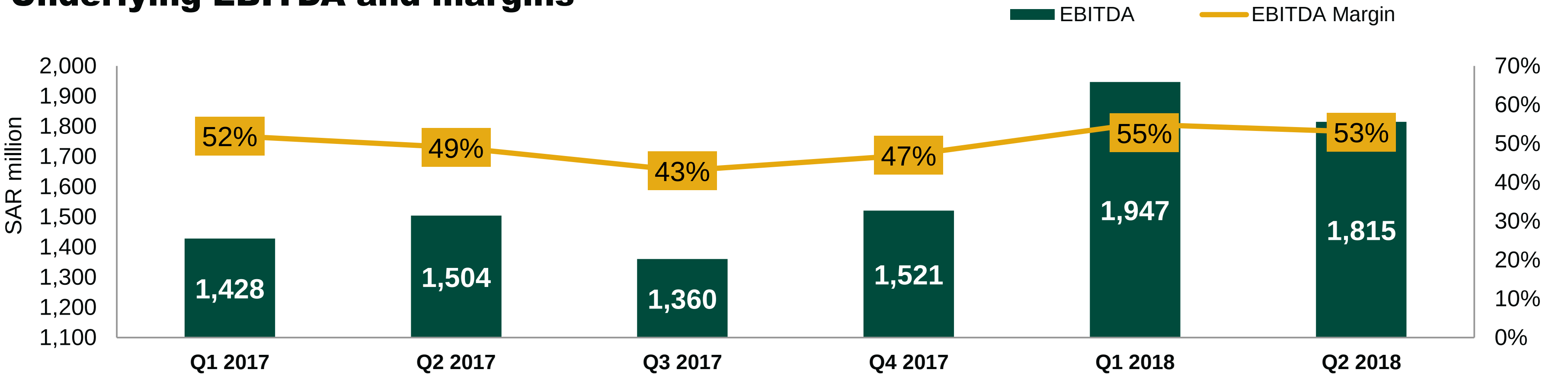
Mixed trends in the commodities markets despite volatility

Commodity price movement



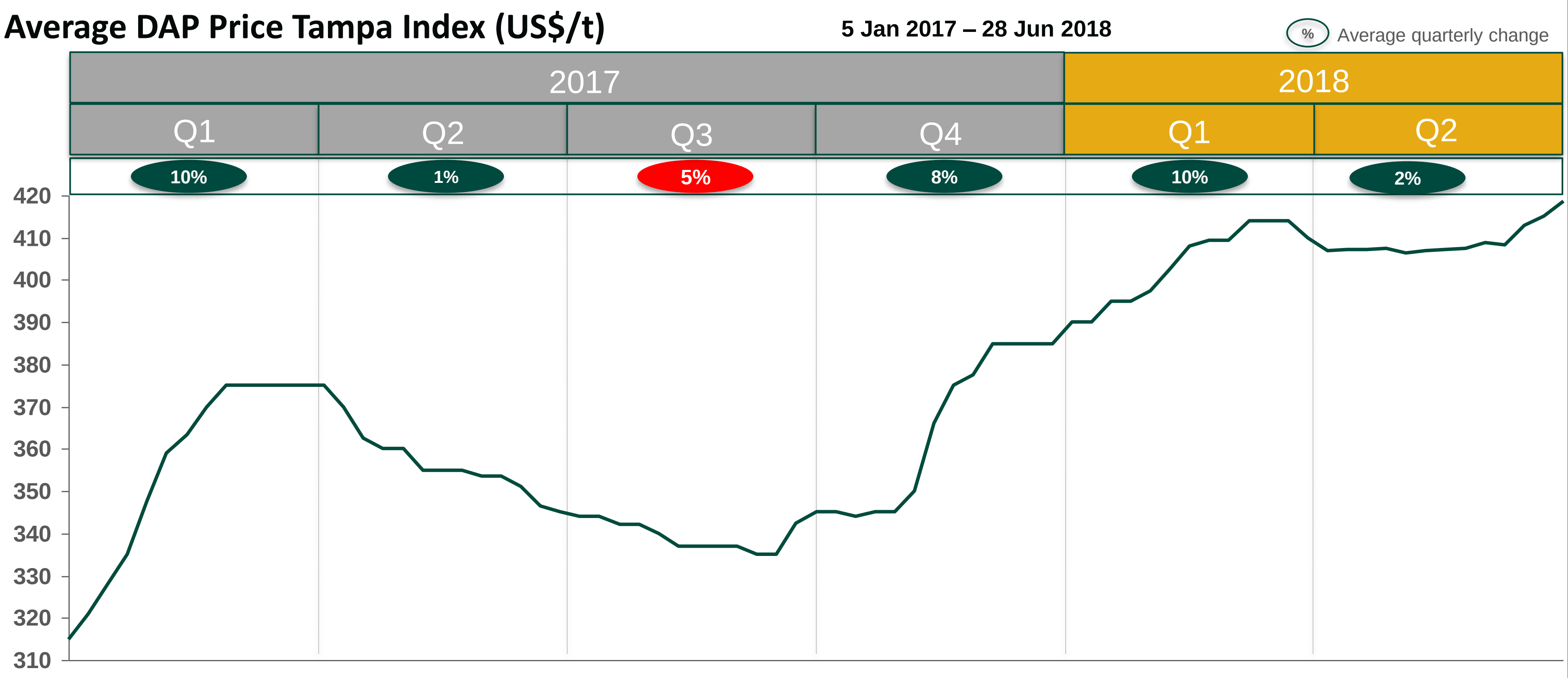
Source: Bloomberg

Underlying EBITDA and margins



Phosphate market remained strong in Q2

- DAP prices have continued to move up with a $13/tonne improvement in Q2 versus Q1 (+2%).
- Overall demand continues to be healthy including strong demand in India despite weakening of the Rupee.
- Supply growth has been slower than anticipated which has also helped to support prices.
- Chinese exports remain lower than 2017.
- Sulphur prices have fallen in Q2 as have ammonia prices.

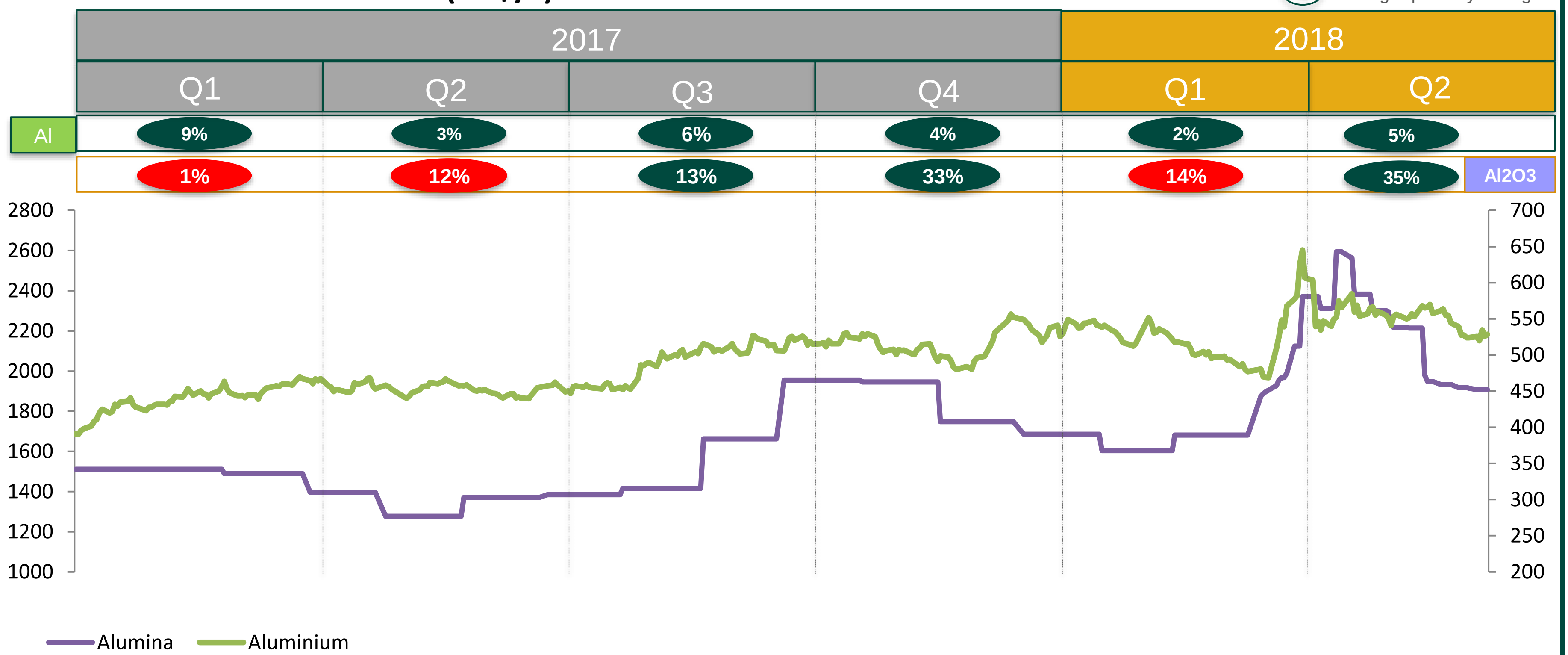


Source: Ma'aden SBU analysis, CRU , FMB and FERTECON

Aluminium market fundamentals remain strong

- Aluminium prices were broadly flat q-o-q (+5%) but considerable volatility seen during Q2.
- Some weakening in demand growth but slower growth in supply is offsetting and a small global deficit likely in 2018.
- Trade tensions could outweigh the market fundamentals.
- Alumina prices remain elevated (+35% in Q2) due to supply side issues which may take some time to resolve.
- Raw material prices remain a concern, notably caustic soda, coke and pitch.

Aluminium Price Movement (US$/t)



Source: Bloomberg, Ma'aden SBU analysis, CRU June 2018

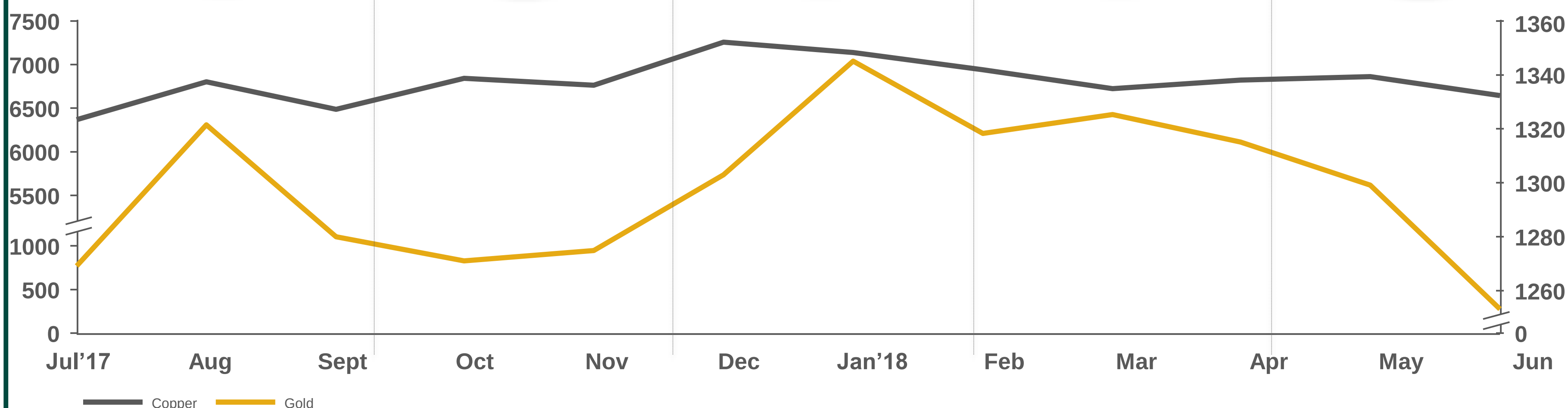
Both gold and copper prices under pressure

- Gold prices have continued to move downwards, driven by rising interest rates.
- Gold prices were -5% lower q-o-q.
- In Q2 copper prices remained under pressure as fears over trade impacted demand expectations.
- Fundamentals remain strong over the medium term but volatility in prices can be expected to continue.

Gold (US$/oz) and copper (US$/t) price movement

% Average quarterly change

	2017			2018	
	Q2	Q3	Q4	Q1	Q2
Cu	2%	9%	12%	-7%	-1%
Au	-1%	3%	2%	2%	-5%



Source: Bloomberg, CRU June 2018, SBU secondary analysis

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Ali S. Al-Qahtani
Chief Financial Officer

All of our businesses except phosphate grew profitability in Q2-2018 compare to same quarter last year

Consolidated

	Q2-18	vs. LY Qtr.	vs. Prev. Qtr.
Sales (SRmn)	3,414	↑ 14%	↓ -4%
EBITDA* (SRmn)	1,815	↑ 21%	↓ -7%
EBITDA margin	*53%*	↑ 3%	↓ -1%

Phosphate

	Q2-18	vs. LY Qtr.	vs. Prev. Qtr.
Sales (SRmn)	1,484	↓ 0%	↓ -4%
EBITDA* (SRmn)	725	↓ -6%	↓ -6%
EBITDA margin	*49%*	↓ -3%	↓ -1%

40% of Group EBITDA

Aluminium

	Q2-18	vs. LY Qtr.	vs. Prev. Qtr.
Sales (SRmn)	1,435	↑ 23%	↑ 1%
EBITDA* (SRmn)	826	↑ 43%	↓ -1%
EBITDA margin	*58%*	↑ 8%	↓ -1%

46% of Group EBITDA

Gold

	Q2-18	vs. LY Qtr.	vs. Prev. Qtr.
Sales (SRmn)	495	↑ 51%	↓ -17%
EBITDA* (SRmn)	263	↑ 72%	↓ -22%
EBITDA margin	*53%*	↑ 7%	↓ -4%

14% of Group EBITDA

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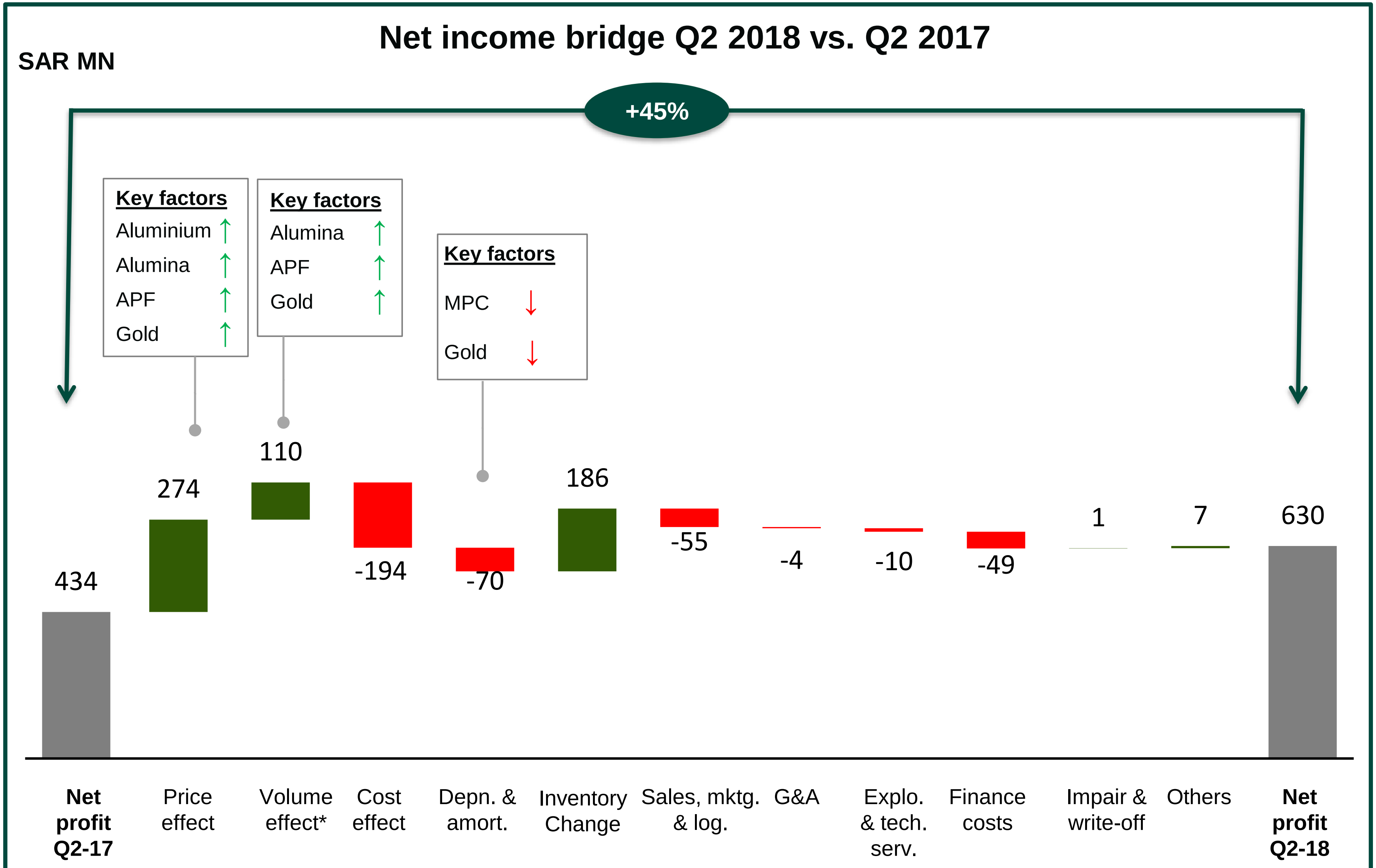
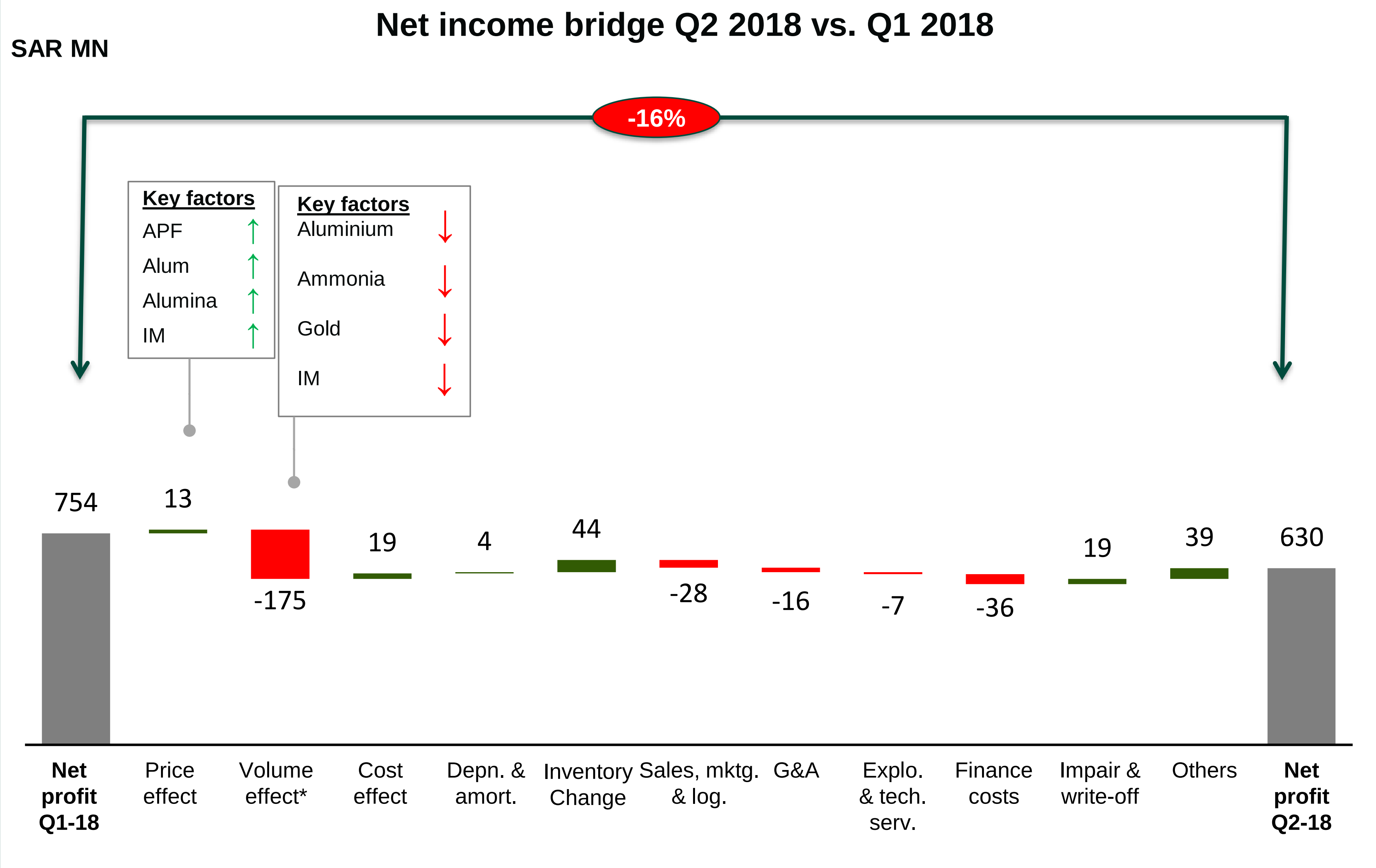
Growing volumes and improved prices driving earnings



* Including the volume effect of main raw materials

Decline in sales volumes and average realized prices resulted in lower earnings



* Including the volume effect of main raw materials

Operational performance

Phosphate Performance

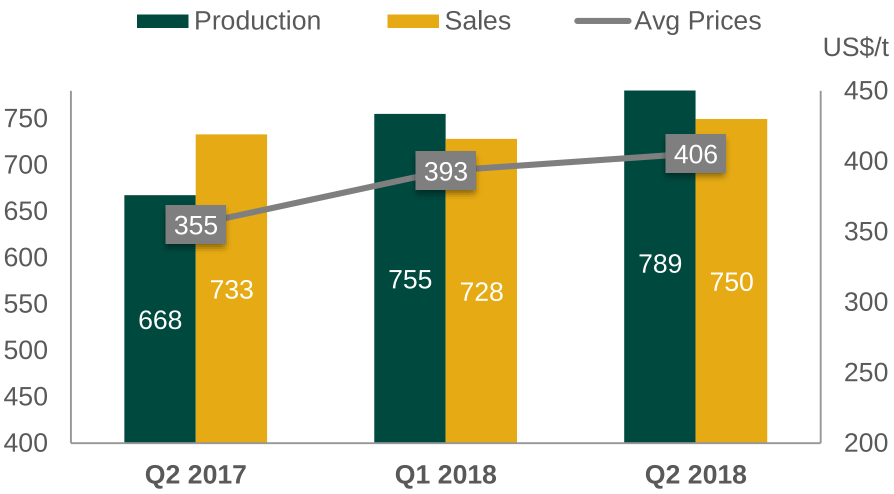
Operational performance

- Record production and sales volume of DAP both q-o-q and over corresponding quarter of last year.
- Ammonia production is consistent but low in Q2 2018 due to a planned turnaround shutdown.
- Ammonia sales volume is lower in line with the production and increased consumption in non-commercial DAP from MWSPC.

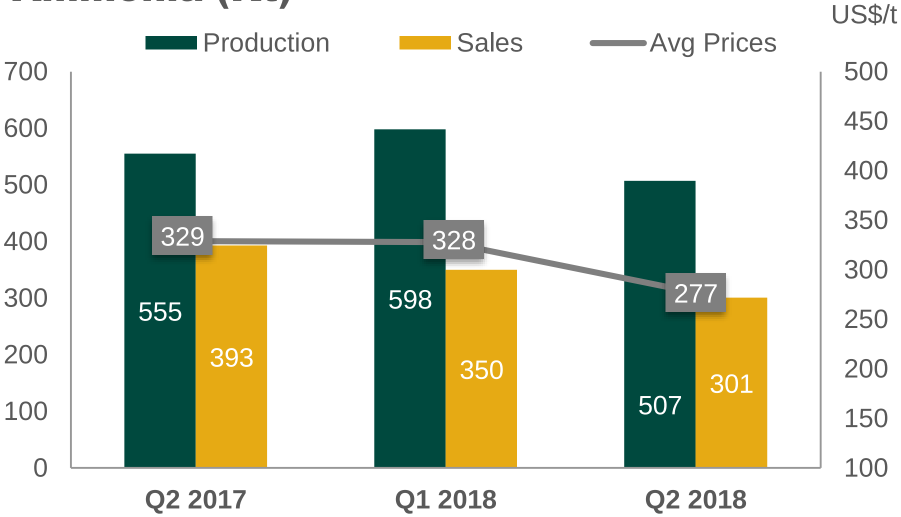
Cost performance

- During Q2, cash cost of ammonium phosphate fertilizer was lower compared to Q1 in line with softening in sulfur price.

Ammonium phosphate fertilizer (Kt)



Ammonia (Kt)



Aluminium Performance

Operational performance

- During the Q2 2018, 236K tonnes of primary aluminium were produced, an increase of 8% compared to the same quarter last year.
- Produced 455K tonnes of alumina, an increase of 30% compared to same quarter last year and exports of 63K tonnes made during this quarter.
- Ma’aden continues to focus on increasing production from both the smelter and the alumina refinery above nameplate capacity.

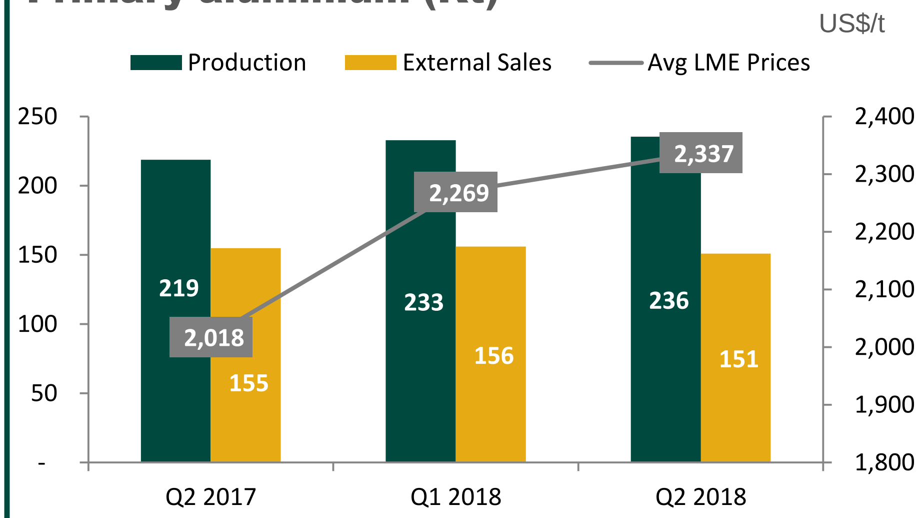
Cost performance

- During the quarter, aluminium cash costs increased due to higher input costs, in particular alumina, pitch and coke prices.
- Alumina cash cost also increased due to the higher production despite key input prices notably caustic soda compare to same quarter last year.

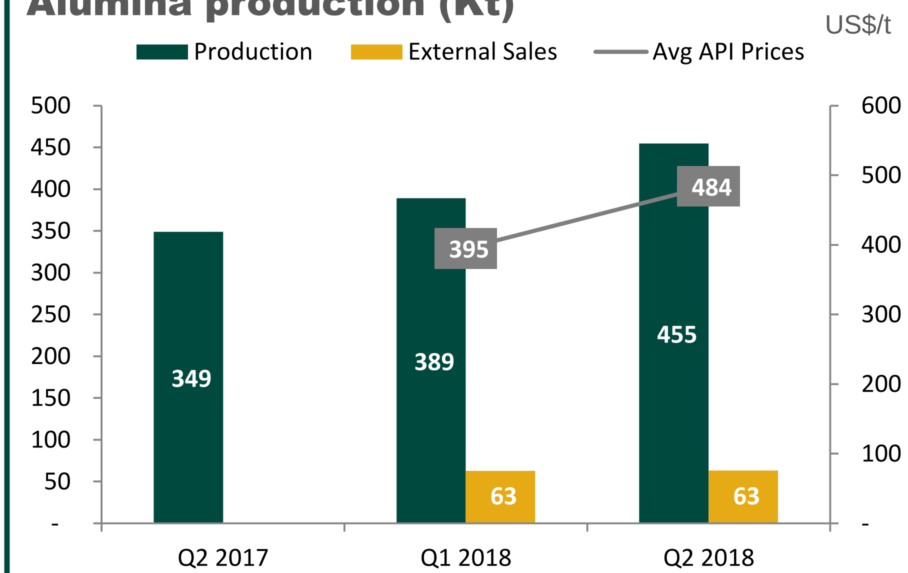
Projects

- The rolling mill operation continues to ramp up production.

Primary aluminium (Kt)



Alumina production (Kt)



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Gold and Copper Performance

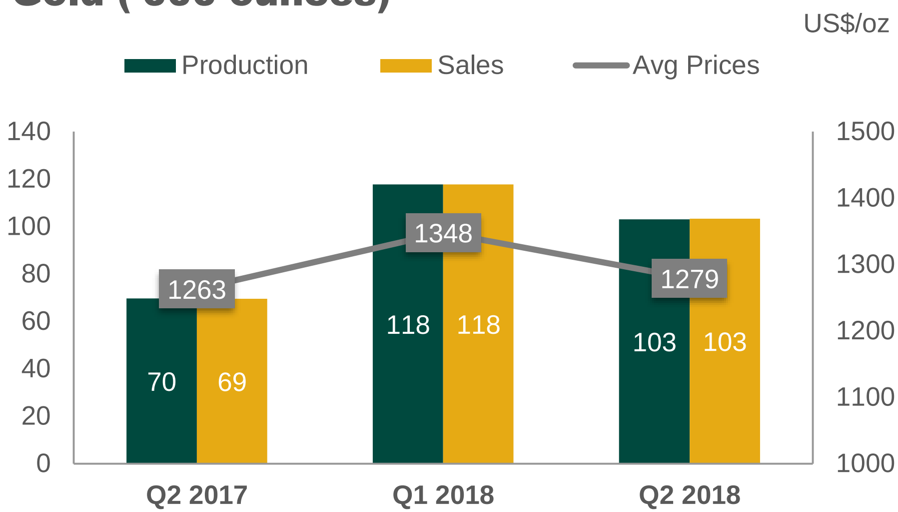
Operational performance

- Gold production reached 103k ounces in Q2, a 47% increase compared to the same quarter last year.
- Production growth reflects the continued ramping up of the Ad Duwayhi mine compared to the same quarter last year.
- Copper production reached 12kt of copper from the Jabal Sayid operations, a 13% increase compared to the same quarter last year.

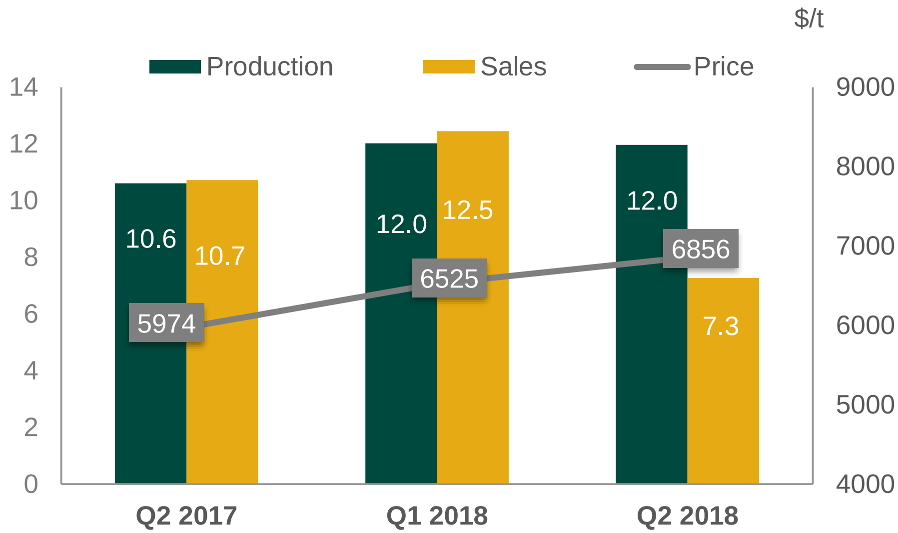
Cost performance

- Cash costs per ounce of gold decreased, primarily as a result of higher volumes and higher grades at the Ad Duwayhi mine compared to the same quarter last year.
- Cash costs of copper also continued to decline.

Gold ('000 ounces)



Copper volumes (Kt)[1]



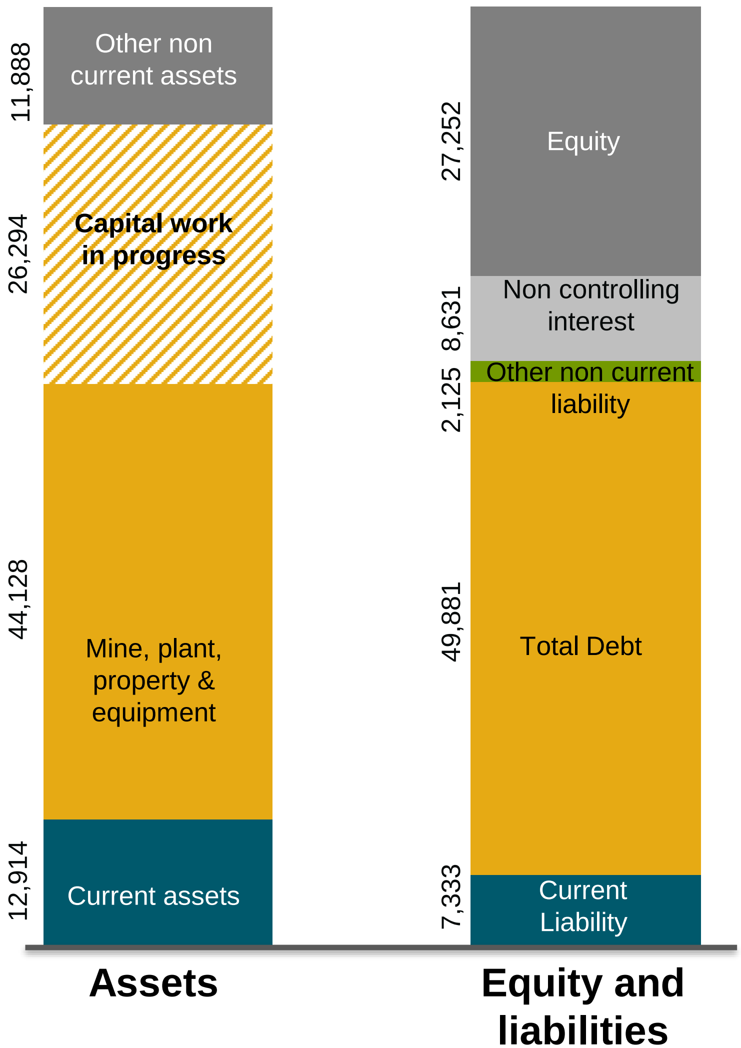
[1] *Ma'aden attributable production & sales @ 50%*

Financial position

Financial position

Balance sheet

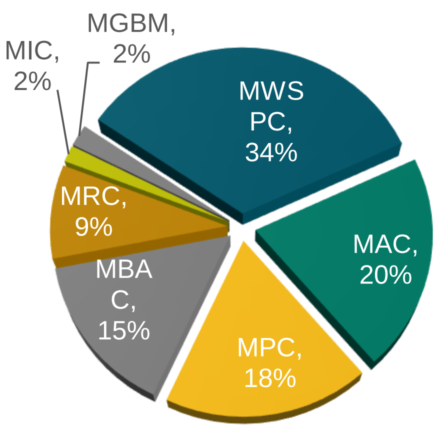
All numbers are in SAR millions



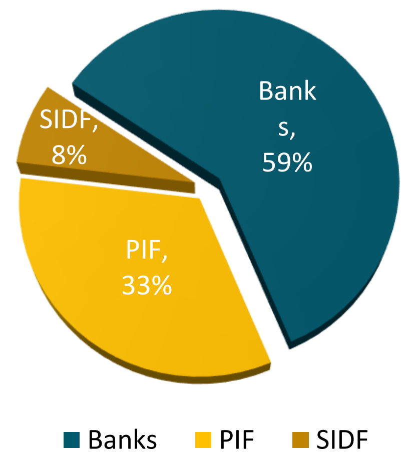
As at 30 June 2018

Long term borrowing

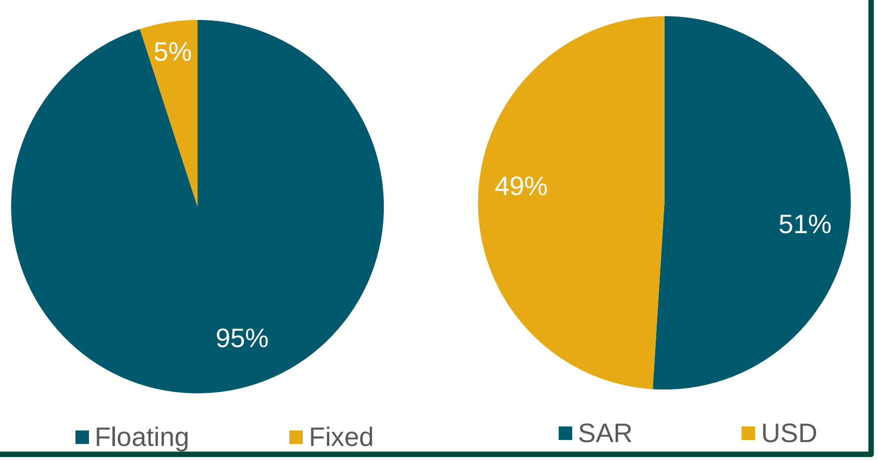
By business



By source

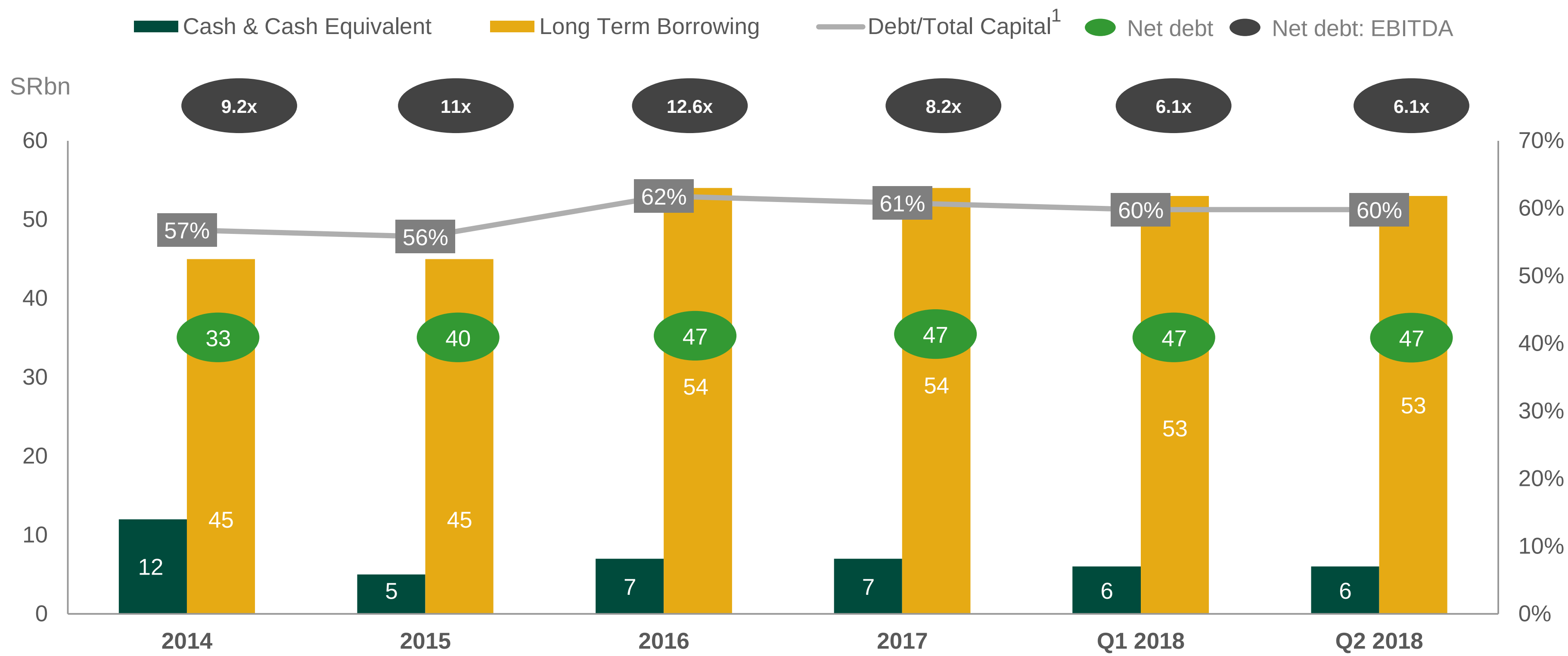


Type of loan



Capital Structure

- Our ongoing refinancing program continues and in July 2018 we successfully closed the refinancing of Ma'aden Bauxite & Alumina Company on much improved terms
- Also in July we executed the first of a series of interest rate hedges
- Our liquidity position remains strong with cash on hand of SAR6B and our undrawn SAR7.5B corporate revolver



1 see appendix
2 2016 restated as per IFRS

Summary

Fundamentals for our commodities remain strong

- Fundamentals in phosphate, aluminium, alumina and copper all remain strong
- Some weakness in gold and ammonia but both remain highly profitable
- Global trade tensions are a concern for the balance of the year

Strong production performance

- Gold production levels stabilising after ramp up of the Ad-Duwayhi mine
- Strong production outlook at MPC, Aluminium Smelter and Alumina Refinery
- Some challenges in Wa'ad Al Shamal production but ramp up continues

Maintaining pressure on costs

- With stable production, focus continues on efficiency and cost reduction
- Focus on digitisation initiatives to improve performance

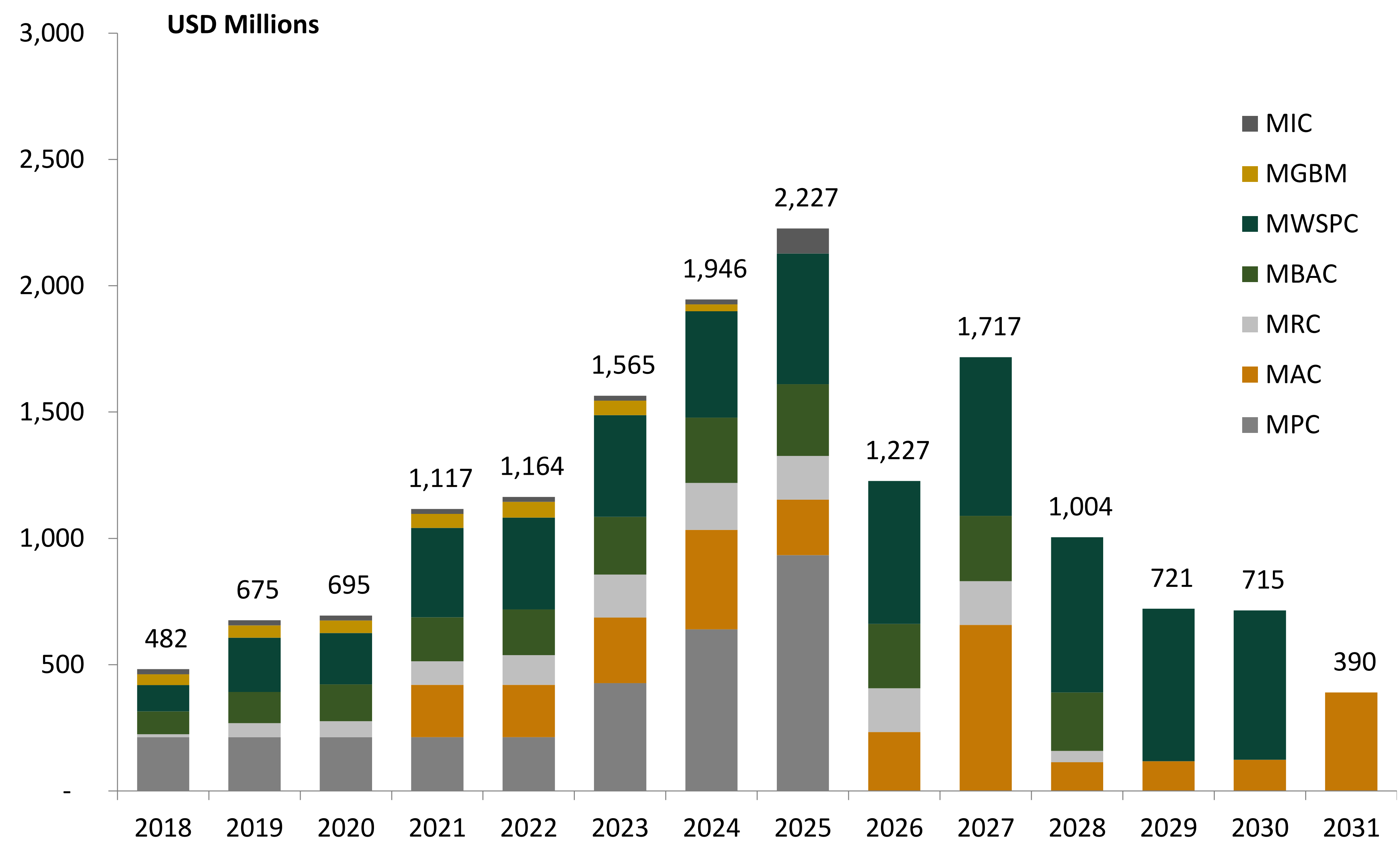
Outlook for growth remains strong

- Mansourrah & Massarah Gold project BFS completed
- International opportunities under review

Q&A

Appendix

Schedule debt repayment profile



As at 30 June 2018

Sales summary

(All numbers are in '000 tonnes except as mentioned)

Particulars	Q2 2018	Q2 2017	% change
Phosphate business			
Ammonium phosphate fertilizer	750	733	2%
Ammonia MPC	107	111	-4%
Ammonia MWSPC	194	282	-31%
Aluminium business			
Alumina	63	0	100%
Primary Aluminium	151	155	-3%
Precious and base metals business			
Gold ('000 ounces)	103	69	49%
Copper	7.3	10.7	-32%

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- **Debt / Total Capital** = (Long-term borrowings + Current portion long-term borrowings) / (Long-term borrowings + Current portion of long-term borrowings + Total equity)
- **Operating Cashflow** = Net cash generated from operating activities
- **Underlying EBITDA** Earnings before interest, tax, depreciation and amortization, impairment and asset write offs.
- **Underlying EBITDA Margin:** Underlying EBITDA / Sales
- **Net Debt** = (Short-Term Debt + Long-Term Debt) - Cash and Cash Equivalents



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Saudi Arabian Mining Company شركة التعدين العربية السعودية

Thank You!