Saudi Arabian Mining Company (Ma’aden)

Earnings Conference Call YE 2017

February 1, 2017

MA'ADEN معادن
Saudi Arabian Mining Company شركة التعدين العربية السعودية

Reem Asaad

Manager of Investor Relations

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Non-IFRS Financial Measures

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Khalid Al-Mudaifer

President & Chief Executive Officer

Continued growth in production delivers strong results

PRODUCTION

- 332K ounces of gold, up 47% vs. 2016
- 916K tonnes of primary aluminium, up 5% vs. 2016
- 2,343K tonnes of ammonia, up 91% vs. 2016
- 2,859K tonnes of ammonium phosphate fertilizer, up 5% vs. 2016
- 1,484K tonnes of alumina, up 4% vs. 2016

STRONG COST PERFORMANCE

- Focus on increasing production from established and new facilities
- Downward momentum maintained in gold and fertilisers
- Aluminium benefiting from full integration with alumina production
- Underlying EBITDA Margin[1] increased to 48%

STRONG FINANCIAL PERFORMANCE

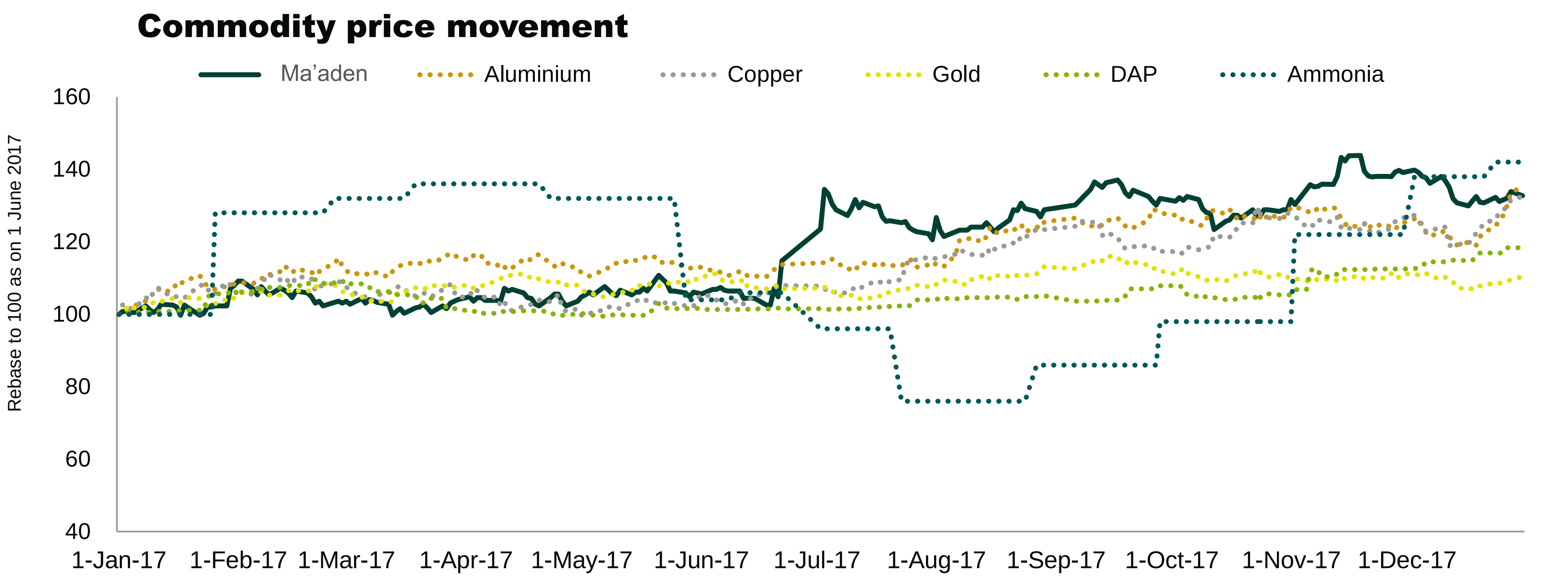
- Sales SAR 12.1 billion, up 28% vs. 2016
- Underlying EBITDA[1] SAR 5.8 billion, up 56% vs 2016
- Net income SAR 0.8 billlion, vs. net loss of SAR0.15 billion in 2016
- Operating Cashflow[1] SAR 3 billion, up 55% vs. 2016

GROWTH REMAINS A FOCUS

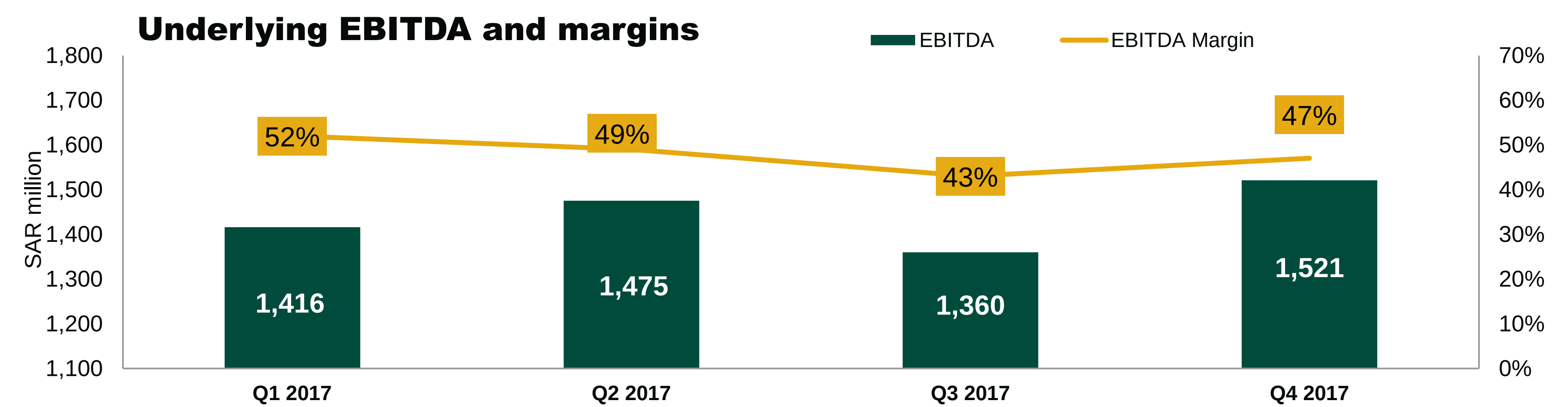
- Ammonium Phosphate fertilizer production from Wa’ad Al Shamal plant ramping up rapidly
- Development of new gold and phosphate projects progressing well
- International opportunities remain a target

1 see appendix for details

Rising markets and sustained profit margins



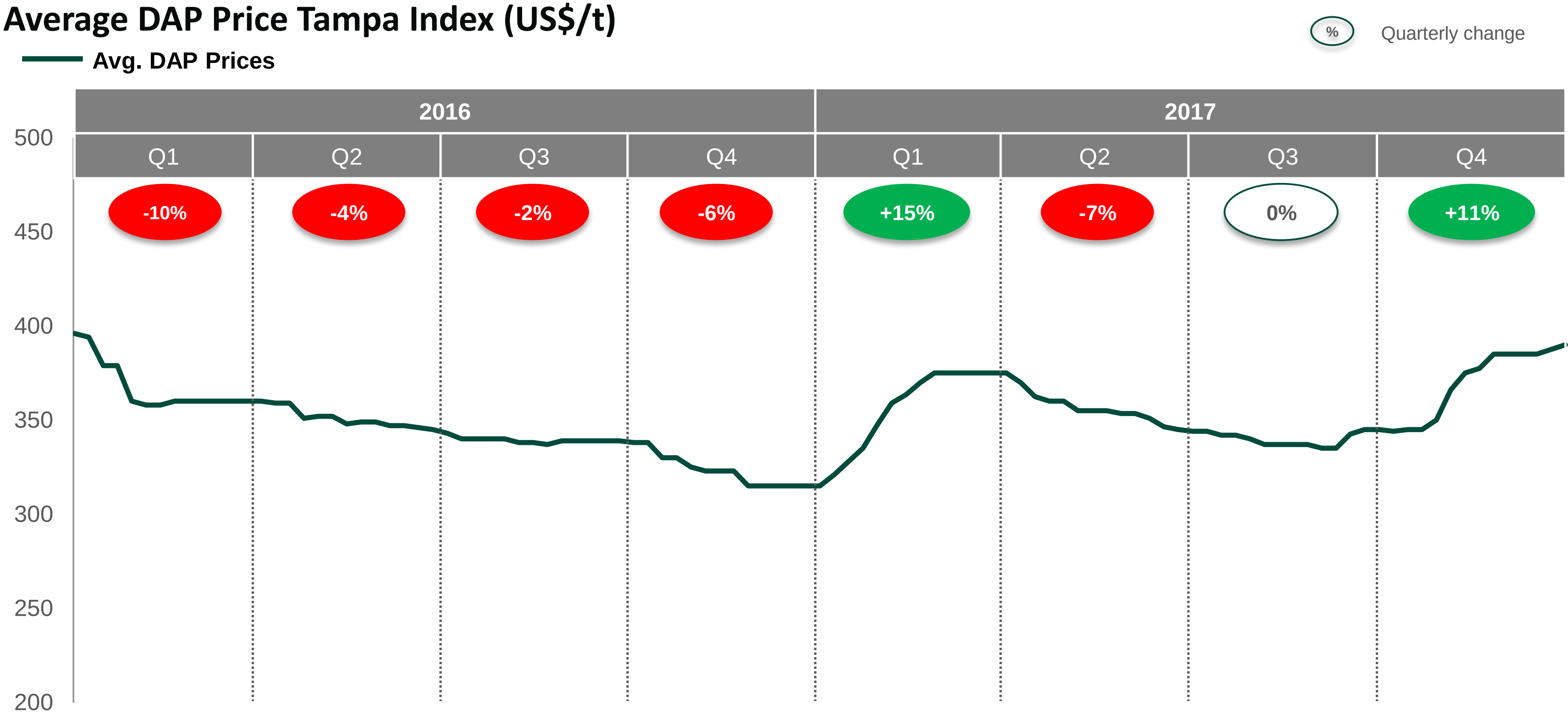
Source: Bloomberg



Phosphate market firmed in Q4 after a mixed year

- After a weak start to the year, DAP prices recorded an average price around US$20/t higher than in 2016
- Overall demand was healthy through the year with Q4 being supported by rising demand in the Indian sub-continent
- Plant closures and delays in project ramp-ups impacted supply and China exports slowed due to a buoyant local market
- Production input prices for phosphate fertilisers, notably Sulphur and ammonia, also increased late in the year which also impacted prices positively

Average DAP Price Tampa Index (US$/t)

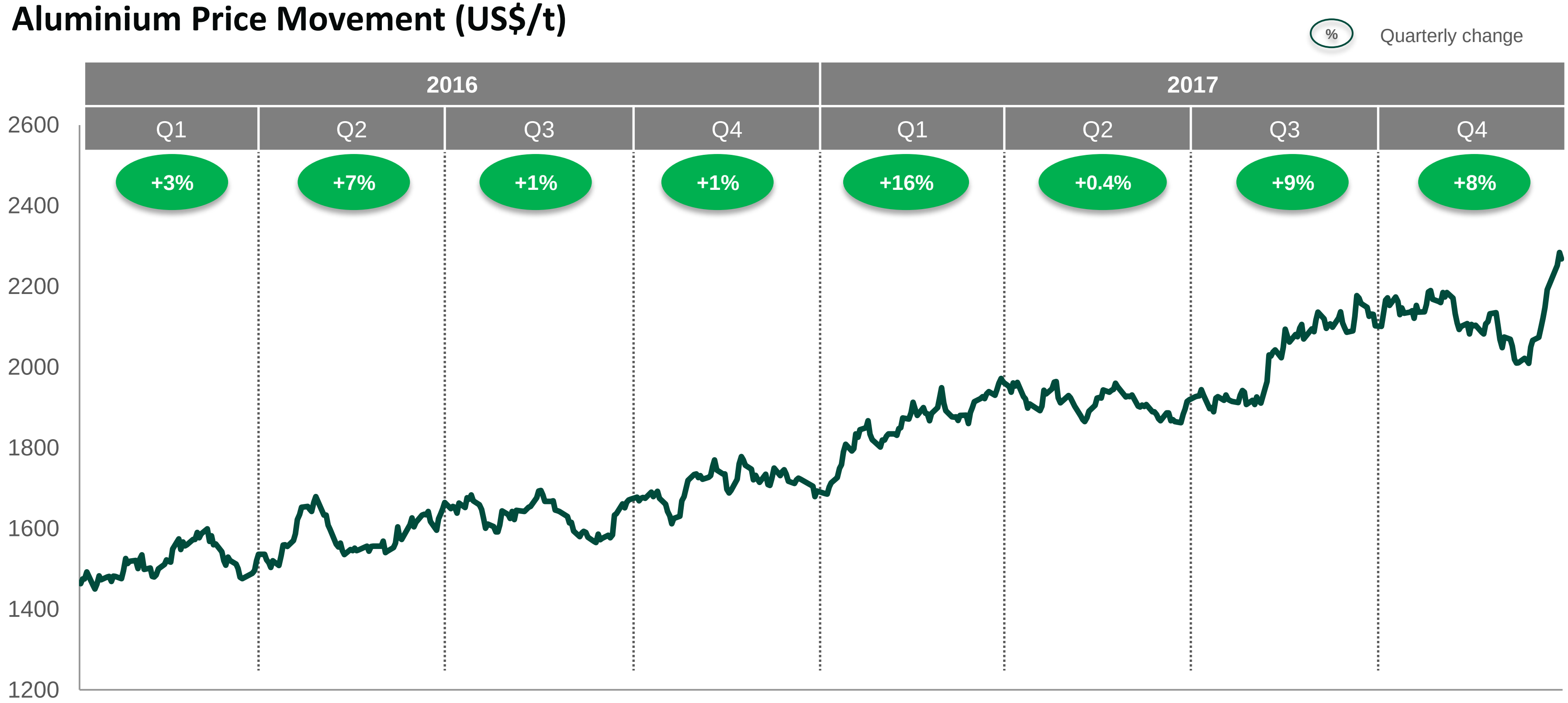


Source: Ma'aden SBU analysis, CRU , FMB and FERTECON

Aluminium prices recovered steadily during 2017

- Aluminium prices (LME) continued their recovery in 2017, showing an increase of around 25% over the course of the year
- Robust demand growth continued with estimates for 2017 of 4-5%
- Further rationalization in the industry, particularly with the impact of reforms in China towards the end of the year, supported the price recovery
- In addition, raw material costs helped push up the price of alumina and aluminium

Aluminium Price Movement (US$/t)

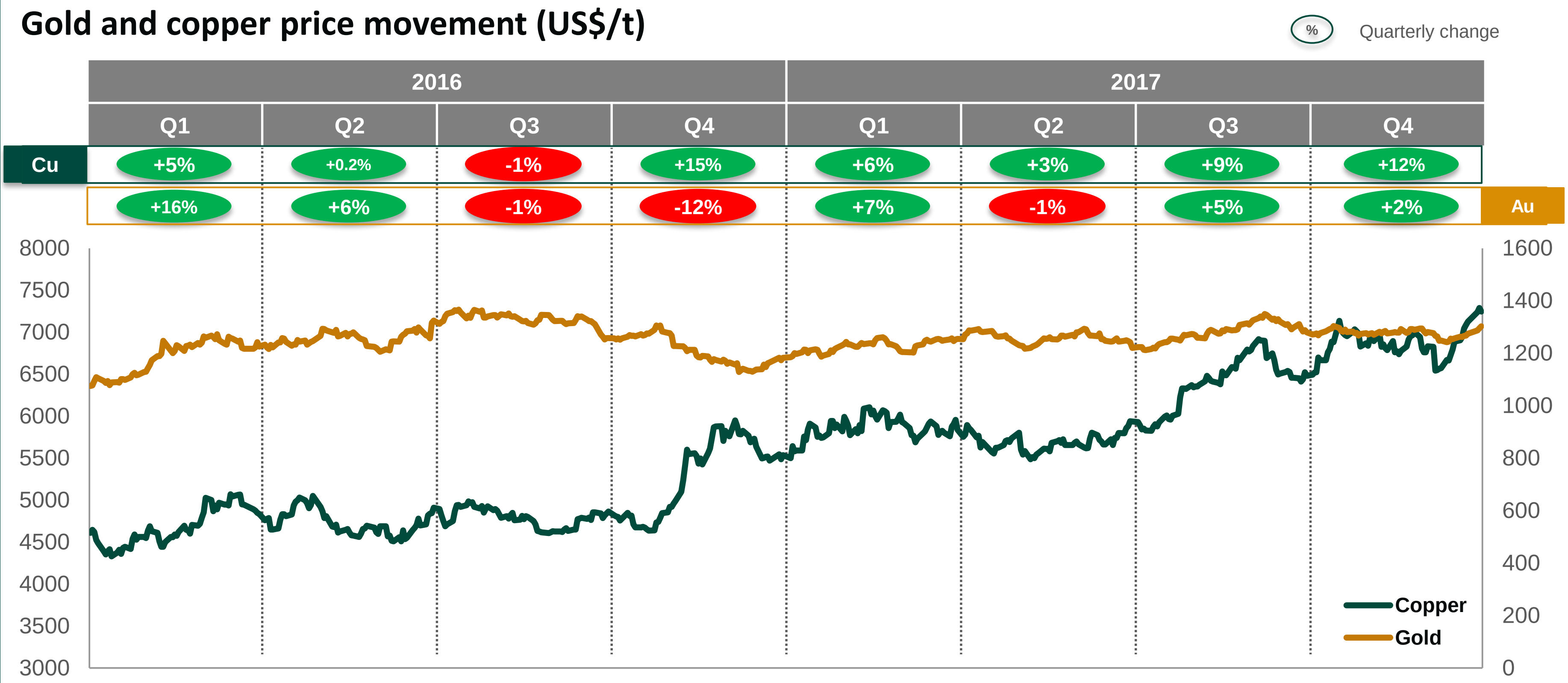


Source: Bloomberg, Ma'aden SBU analysis, CRU June 2017

Gold remained stable and copper made a strong recovery

- Gold prices remained in the range US$1,162 –1,349/oz for the year with no major change in sentiment
- Copper, however, staged a strong recovery, continuing the trend seen in Q4 2016
- Although still volatile, the outlook for copper remains positive on the back of robust demand and supply growth constraints

Gold and copper price movement (US$/t)



Source: Bloomberg, CRU June 2017, SBU secondary analysis

Darren C. Davis

Chief Financial Officer

2017 continued a strong year for Ma'aden

(All numbers are in SAR million, except as mentioned)

Comparative analysis - year-to-date

	For the year ended Dec. 31		2016A vs. 2017A	
	2016*	2017	SR	%
Sales	**9,464**	**12,086**	**2,622**	**28%**
Cost of sales	-7,443	-8,154	-710	10%
Gross profit	**2,021**	**3,932**	**1,912**	**95%**
Gross profit margin%	*21%*	*33%*		
Selling, marketing and logistic expenses	-410	-531	-121	29%
General and administrative expenses	-325	-382	-57	18%
Exploration & technical services expenses	-49	-62	-13	26%
Write-off of plant and equipment + Impairment	-624	-522	102	-16%
Operating profit	**613**	**2,435**	**1,822**	**298%**
Operating income margin%	*6%*	*20%*		0%
Share in net income of subsidiaries.			0	0%
Share in net income / (loss) of jointly controlled entity	4	102	98	2628%
Income from short-term investments	152	77	-74	-49%
Financial charges	-890	-1,616	-726	81%
Other income / (expense)	33	-65	-98	-296%
Profit before zakat and income tax	**-89**	**933**	**1,023**	**1145%**
Zakat and income tax expense	-59	-149	-90	154%
Profit / (loss) for the period	**-148**	**784**	**932**	**630%**
Profit /(loss) %	*-2%*	*6%*		
Profit / (loss) attrib. to shareholders' of the parent co.	**-11**	**715**	**726**	**6756%**
Non-cont. interest's share of the period's profit / (loss)	-137	70	207	151%
EPS (SR)	*-0.01*	*0.61*	*0.6*	6756%

* 2016 comparative figures have been restated to comply with the implementation of IFRS reporting.

All of our businesses grew profitability in 2017

Consolidated

	FY2017	vs. Prev. Yr.
Revenue *(SRmn)*	12,086	↑ 28%
EBITDA* *(SRmn)*	5,762	↑ 56%
EBITDA margin	*48%*	

Phosphate

	FY2017	vs. Prev. Yr.
Revenue *(SRmn)*	5,461	↑ 31%
EBITDA* *(SRmn)*	2,465	↑ 58%
EBITDA margin	*45%*	

43% of Group EBITDA

Aluminium

	FY2017	vs. Prev. Yr.
Revenue *(SRmn)*	5,032	↑ 18%
EBITDA* *(SRmn)*	2,499	↑ 42%
EBITDA margin	*50%*	

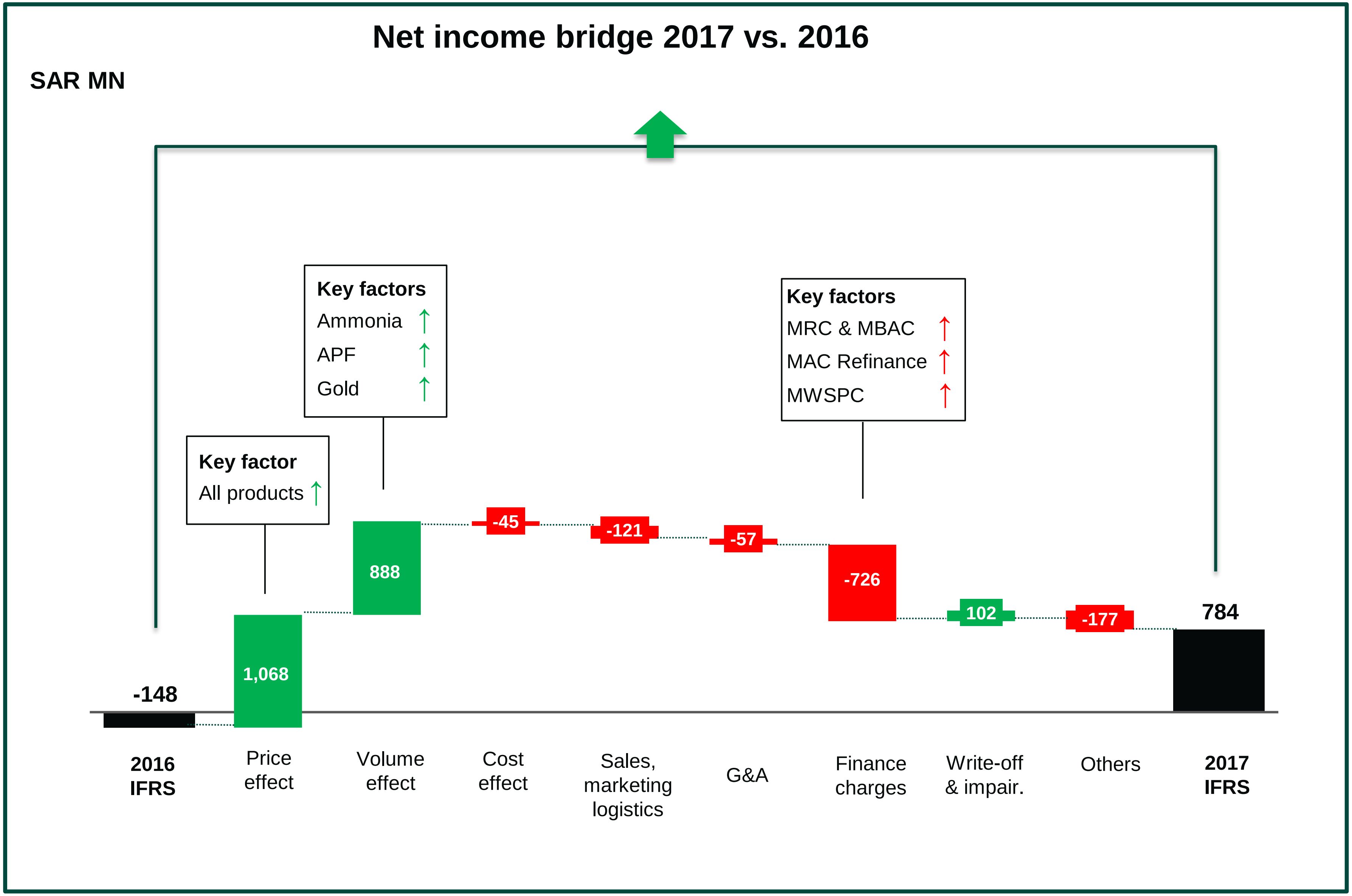
43% of Group EBITDA

Gold

	FY2017	vs. Prev. Yr.
Revenue *(SRmn)*	1,593	↑ 52%
EBITDA* *(SRmn)*	798	↑ 112%
EBITDA margin	*50%*	

14% of Group EBITDA

Growing production and improved prices driving earnings



Operational performance

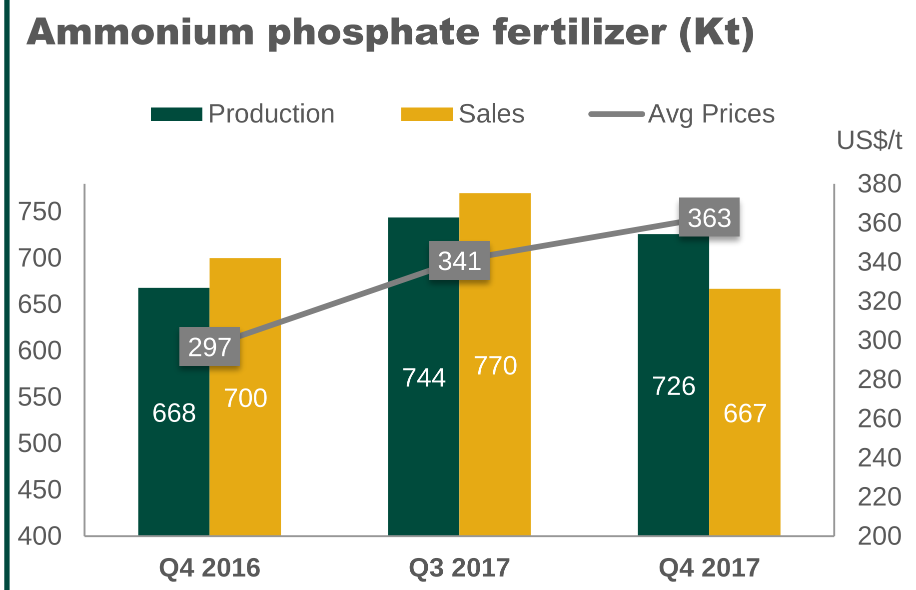
Phosphate Performance

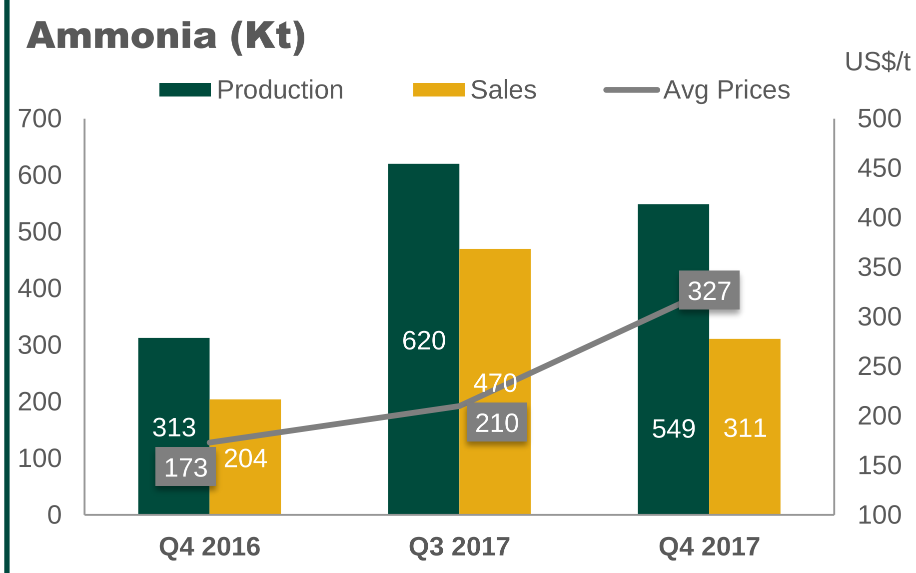
Operational performance

- Record 2,859K tonnes produced and 2,808K tonnes sold of ammonium phosphate fertilizer in 2017. Both production and sales increased by 5% compared to 2016.
- Record 2,343K tonnes of ammonia produced, an increase of 91% compared to 2016 with sales of 1,660K tonnes, an increase of 132% compared to last year.
- Ammonia volumes reflecting the start of commercial operations of the Ma'aden Wa'ad Al Shamal Phosphate Company ammonia plant.

Cost performance

- During the year, ammonium phosphate fertilizer average cash cost reduced by nearly 10% compared to previous year primarily driven by the reduction in fixed cash costs and the increase in production





Aluminium Performance

Operational performance

- During the year 2017, 916K tonnes of primary aluminium produced, an increase of 5% compared to last year.
- Record 1,484K tonnes of alumina produced, an increase of 4% compared to last year with the first export of 30K tonnes made during the year.
- Ma'aden continues to focus on increasing production from the alumina refinery which will help us optimize our cash costs and allow us to benefit from increased sales of excess alumina production.

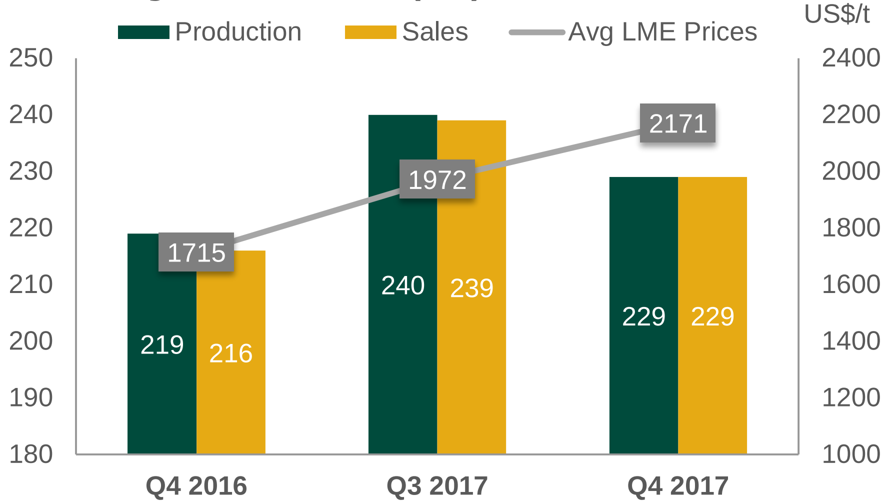
Cost performance

- During year, aluminium cash cost increased due to higher input costs.
- Alumina cash cost also increased due to the increase in key inputs, notably caustic soda.

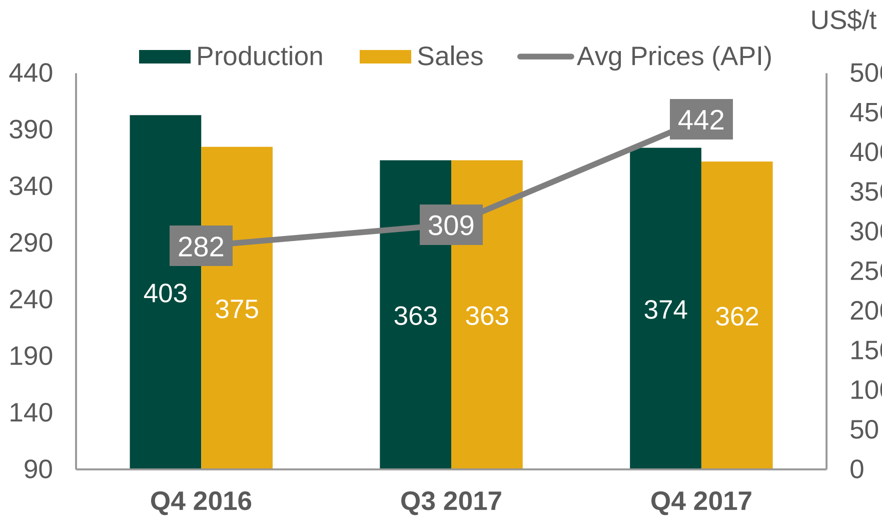
Projects

- The rolling mill operation continues to ramp up production

Primary aluminium (Kt)



Alumina production (Kt)



Gold and Copper Performance

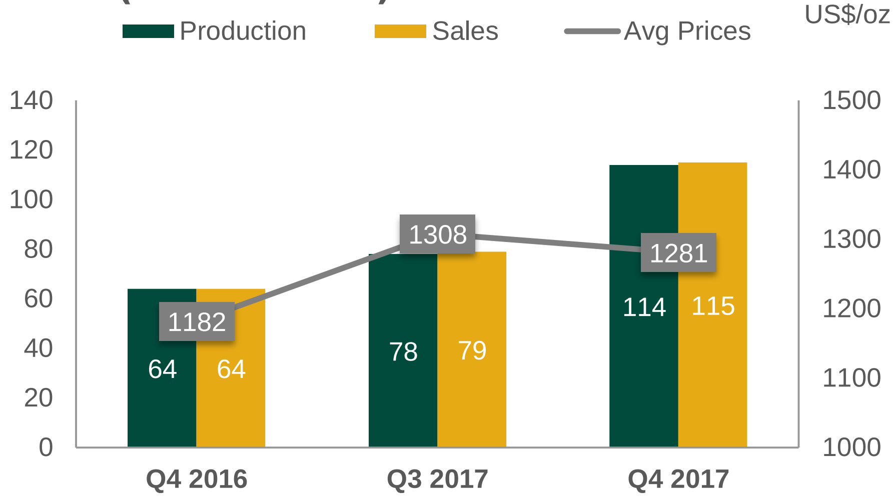
Operational performance

- Gold production reached a new record for Ma'aden, at 332k ounces, a 47% increase compared to last year
- Production growth reflects the continued ramping up of the Ad Duwayhi mine
- Copper production reached 38,600 tonnes of copper concentrate from the Jabal Sayid copper mine, an increase of 34%.

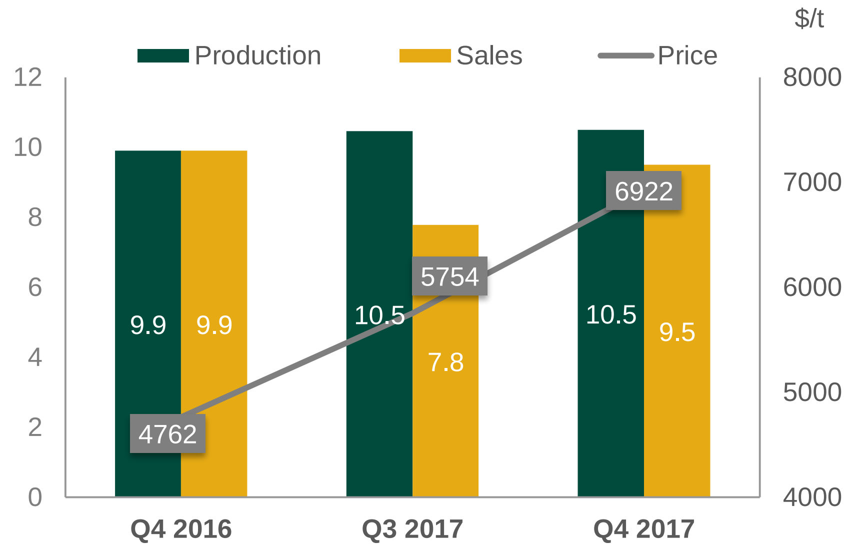
Cost performance

- Due to the continuous focus on costs and the increase in production, gold cash costs decreased by 11% compared to last year.
- Copper cash costs fell by 28% as production increased

Gold ('000 ounces)



Copper volumes (Kt) [1]



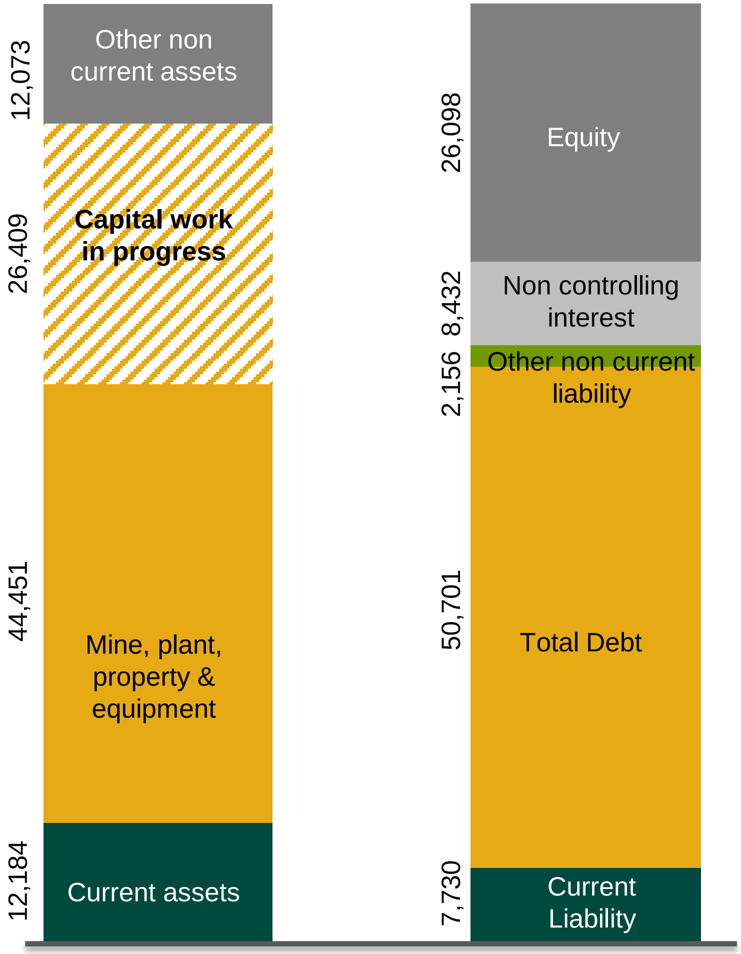
[1] *Ma'aden attributable production & sales @ 50%*

Financial position

Financial position

Balance sheet

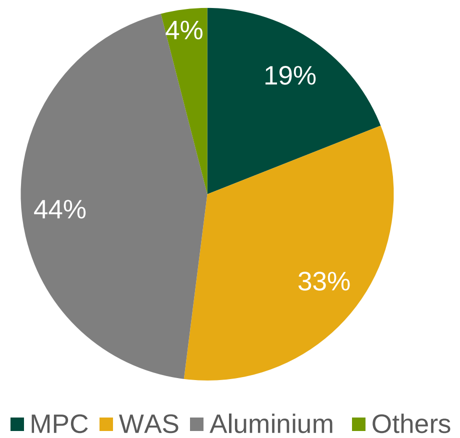
All numbers are in SAR millions



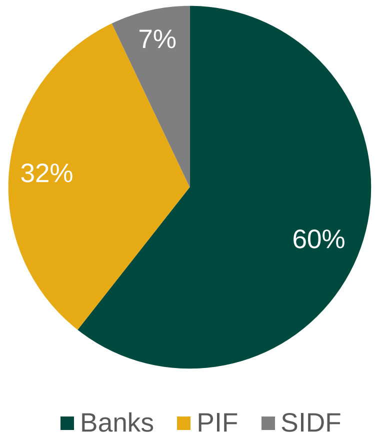
As at 31 December 2017

Long term borrowing

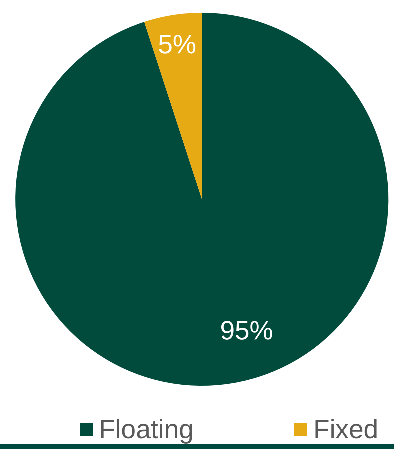
By business

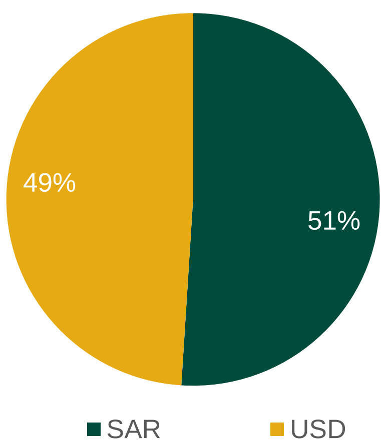


By source



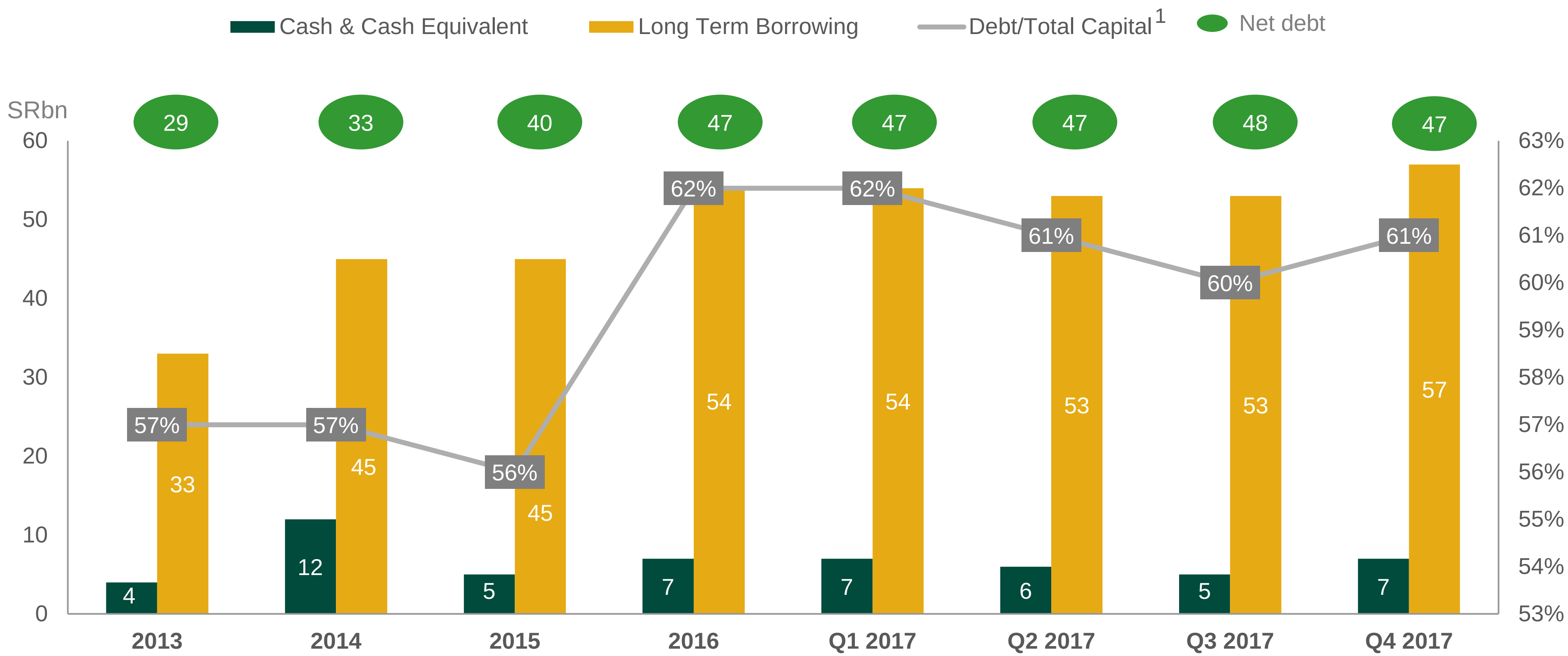
Type of loan





Capital Structure

- We continue to improve our debt structure and successfully refinanced the debt of Ma'aden Aluminium Company in 2017 with better terms including lower margins
- Maintaining an appropriate liquidity cushion and successfully renewed our corporate revolver in 2017
- Reviewing options to optimize our debt structure



1 see appendix
2 2016 restated as per IFRS

Summary

Fundamentally attractive commodities now recovering from recent weakness

- Our belief in the long term fundamentals of our core products remains and the outlook is now more positive than a year ago
- 2017 showed signs of recovery and we are optimistic that this can be sustained

Growing production

- Growth in production from established assets and ramping up our new facilities remains a priority and will help to ensure we optimise our cash costs per unit

Maintaining pressure on costs

- Controlling our costs has helped to ensure that better commodity prices translate directly to higher profitability notwithstanding pressure on input costs

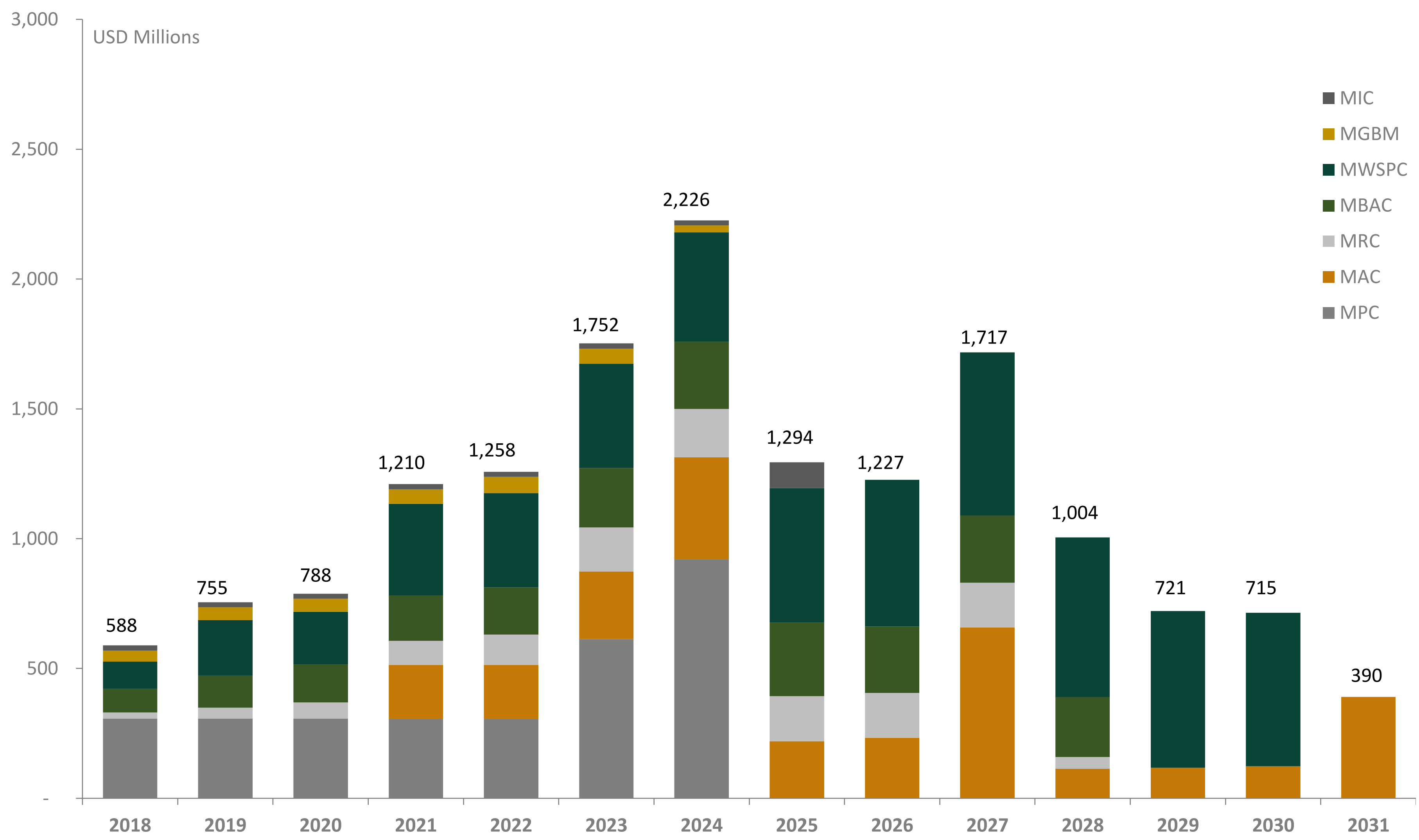
Outlook for growth is positive

- Wa'ad Al Shamal ramping up fertiliser production steadily
- Development of new gold and phosphate projects progressing well
- International opportunities remain a target

Q&A

Appendix

Debt repayment profile



As at 31 December 2017

MA'ADEN معادن

Sales summary

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

Particulars	2017	2016	% change
Phosphate business			
Ammonium phosphate fertilizer	**2808**	2676	5%
Ammonia MPC	**591**	715	-17%
Ammonia MWSPC	**1070**	-	-
Aluminium business			
Alumina	**30**	-	-
Primary Aluminium	**653**	871	-25%
Precious and base metals business			
Gold ('000 ounces)	**333**	225	48%
Copper	**38.6**	24.8	43%

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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



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Thank You!