

# Century ALUMINUM



## Century Aluminum 4<sup>th</sup> Quarter Earnings Call

February 21, 2019

# Cautionary Statement

This presentation and comments made by Century Aluminum management on the quarterly conference call contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements are statements about future events and are based on our current expectations. These forward-looking statements may be identified by the words "believe," "expect," "hope," "target," "anticipate," "intend," "plan," "seek," "estimate," "potential," "project," "scheduled," "forecast" or words of similar meaning, or future or conditional verbs such as "will," "would," "should," "could," "might," or "may." Our forward-looking statements include, without limitation, statements with respect to: future global and local financial and economic conditions; our assessment of the aluminum market and aluminum prices (including premiums); our ability to procure alumina, carbon products and other raw materials and our assessment of pricing and costs and other terms relating thereto; our intention and ability to bring our Hawesville smelter back to full production and any plans, expectations, costs, or assumptions relating thereto; the future impact of any Section 232 relief, including tariffs or other trade remedies, to Century, on aluminum prices or more generally, the extent to which any such remedies may be changed, including through exclusions or exemptions, and the duration of any trade remedy; any future impact of the May 2018 equipment failure at our Sebree smelter, including our expectations with respect to insurance coverage relating thereto; future investments in new technology or other production improvements; our ability to hire and retain qualified employees for our operations; the future financial and operating performance of Century, its subsidiaries and its projects, including EBITDA projections or estimates from the anticipated restart of curtailed production, as a result of future raw material costs or otherwise; our ability to access our existing or future financing arrangements and the terms of any such future financing arrangements; our ability to repay debt in the future; our assessment of power pricing and our ability to successfully obtain and/or implement long-term competitive power arrangements for our operations and projects; our plans and expectations with respect to the future operation of our smelters and our other operations, including any plans and expectations to curtail or restart production at any of our operations; and our future business objectives, strategies and initiatives.

Where we express an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. However, our forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties which may cause actual results to differ materially from future results expressed, projected or implied by those forward-looking statements. Important factors that could cause actual results and events to differ from those described in such forward-looking statements can be found in the risk factors and forward-looking statements cautionary language contained in our Annual Report on Form 10-K, quarterly reports on Form 10-Q and in other filings made with the Securities and Exchange Commission. Although we have attempted to identify those material factors that could cause actual results or events to differ from those described in such forward-looking statements, there may be other factors that could cause results or events to differ from those anticipated, estimated or intended. Many of these factors are beyond our ability to control or predict. Given these uncertainties, investors are cautioned not to place undue reliance on our forward-looking statements. We undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events, or otherwise.

In addition, throughout this conference call, we will use non-GAAP financial measures. Reconciliations to the most comparable GAAP financial measures can be found in the Appendix of today's presentation.

# Speakers

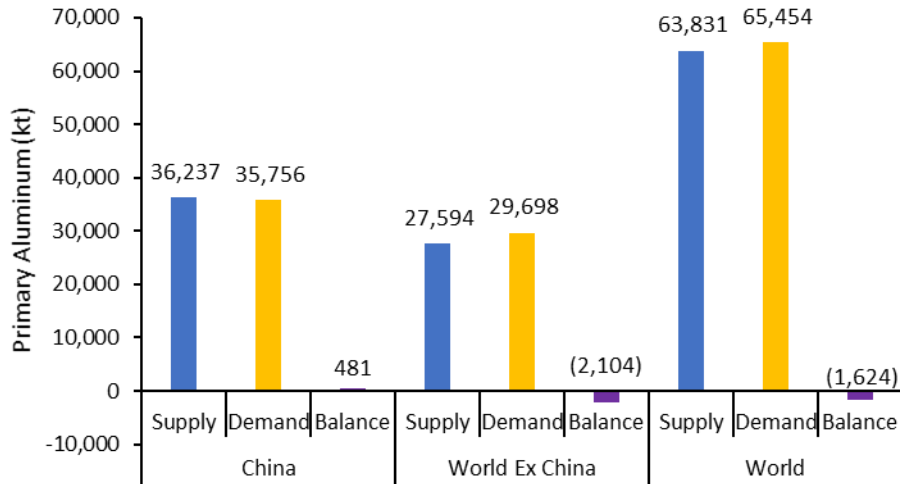
- Mike Bless, President and Chief Executive Officer
- Craig Conti, Executive Vice President and Chief Financial Officer
- Shelly Harrison, Senior Vice President, Finance and Treasurer
- Peter Trpkovski, Manager, Finance

# Overview

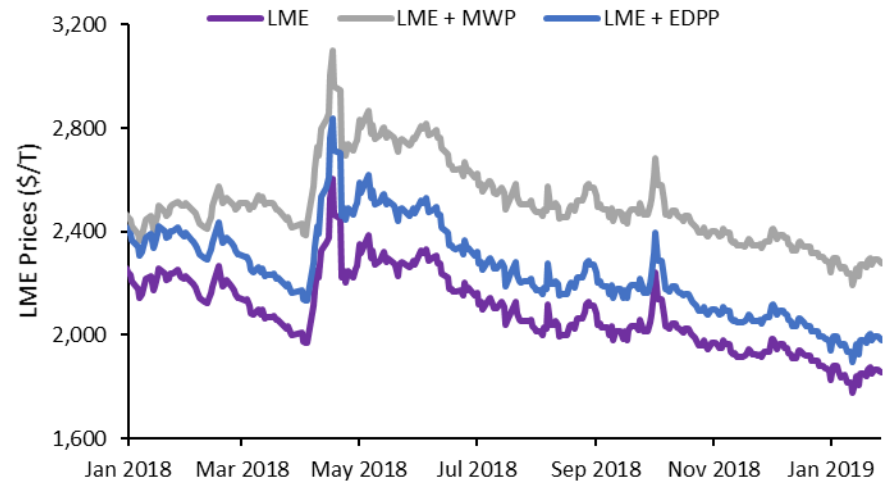
- Stable operations and strong safety performance
- Hawesville restart on schedule and budget
- Two-year extension to Mt. Holly power contract secured
- Investing in growth and value-added capacity of U.S. plants
- Trade remedy remains in place and accomplishing objectives

# Industry Environment

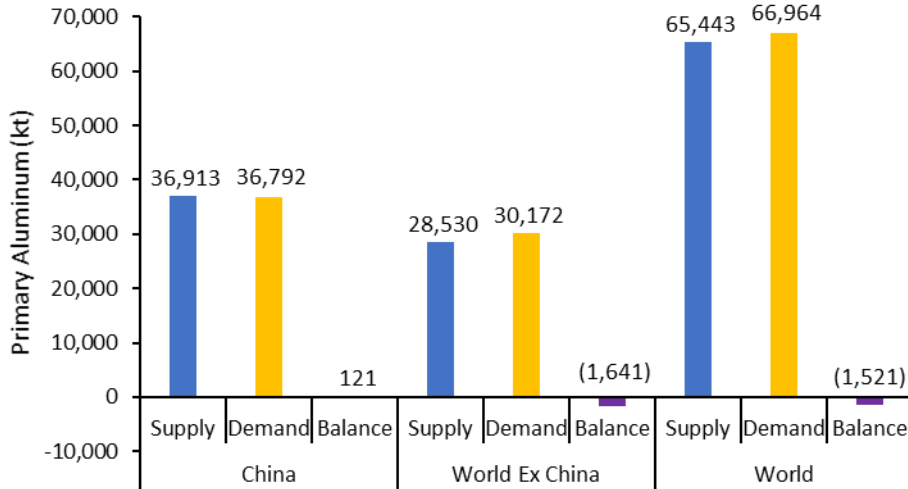
## FY 2018 Supply, Demand, Balance



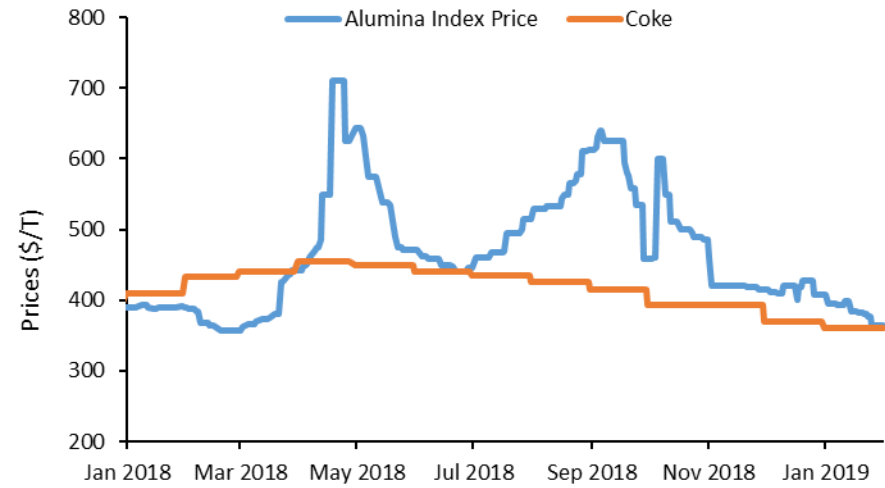
## LME, MWP, and EDPP



## FY 2019 Supply, Demand, Balance



## Alumina Index Price and Coke



# Q4 2018 vs. Q3 2018 Operations

	<u>Hawesville</u>	<u>Sebree</u>	<u>Mt. Holly</u>	<u>Grundartangi</u>
<b>Safety</b>				
<b>Production<sup>(1)</sup></b>	31%	18%	0%	0%
<b>KPIs</b>	Flat		Flat	
<b>Controllable cost<sup>(2)</sup></b>	-8%	-28%	11%	-7%

# Q4 2018 Summary Results

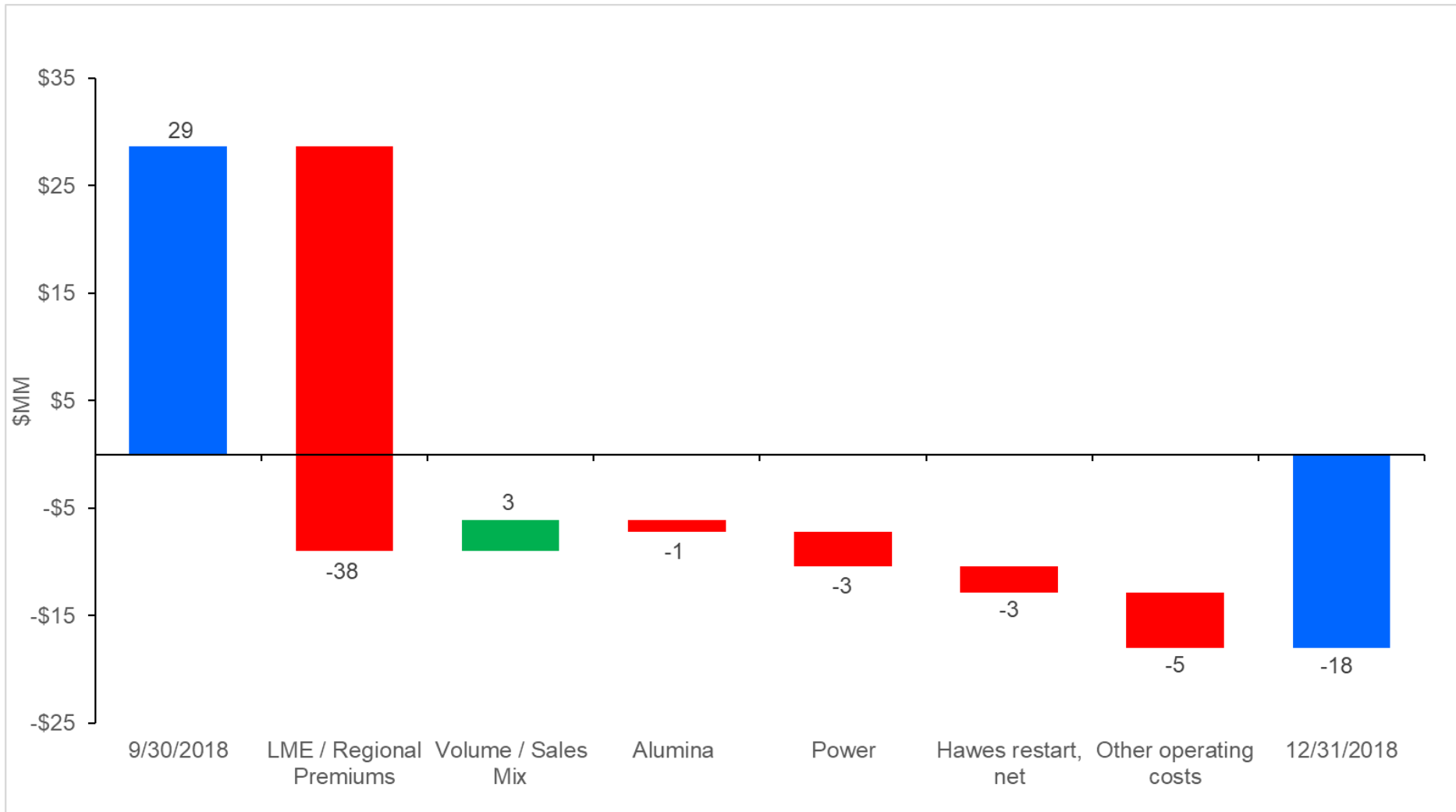
(\$MM, except per share and tonne amounts)	Q318	Q418
<b>Income statement</b>		
Shipments (tonnes)	182,926	199,466
Net sales	\$ 482	\$ 487
Net income/(loss)	(20)	(65)
Diluted earnings/(loss) per share	(0.23)	(0.74)
Adjusted net income/(loss) <sup>(1)</sup>	2	(41)
Adjusted earnings / (loss) per share <sup>(1)</sup>	0.02	(0.43)
Adjusted EBITDA <sup>(1)</sup>	29	(18)
<b>Liquidity</b>		
Cash	\$ 73	\$ 39
Revolver availability	171	157
Total	<u>\$ 244</u>	<u>\$ 196</u>
Total debt <sup>(2)</sup>	\$ 272	\$ 281
Net debt <sup>(3)</sup>	199	242

1) See reconciliation to comparable GAAP financial measure in appendix

2) Principal amount

3) Net debt is a non-GAAP financial measure equal to total debt minus cash

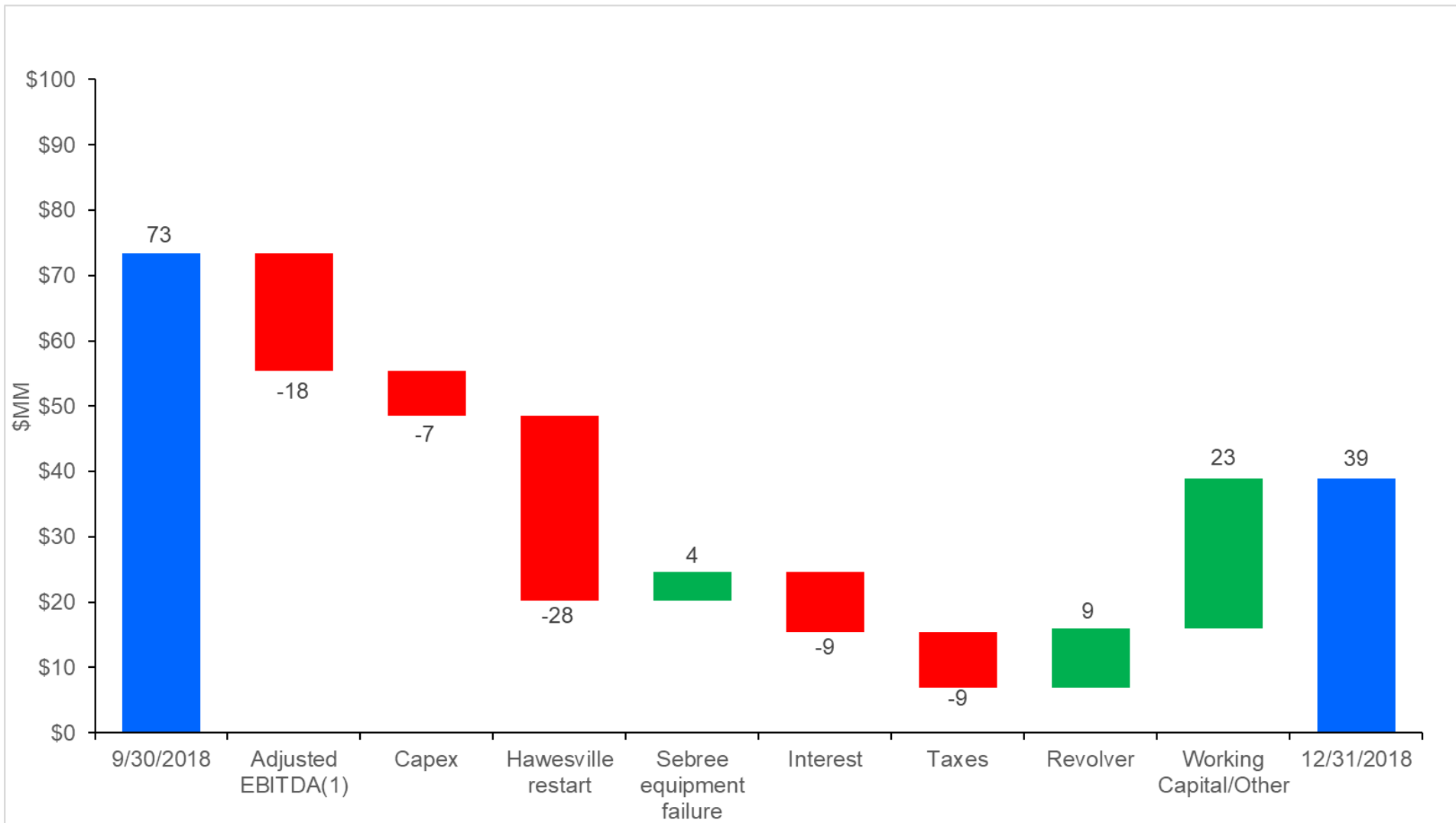
# Q4 2018 Adjusted EBITDA<sup>(1)</sup>



1) See reconciliation to comparable GAAP financial measure in appendix



# Q4 2018 Cash Flow



1) See reconciliation to comparable GAAP financial measure in appendix

# FY 2018 Summary

- Trade actions leveled playing field for US producers
- Commenced restart of 3 curtailed lines at Hawesville that had been idle since 2015
  - Project expected to conclude on budget/schedule in early 2019
- Reached new 5-year labor agreement at Sebree
- Alumina supply outages sent prices to unprecedented levels
  - Average 2018 alumina/aluminum relationship of 22% severely dislocated from historical norm
- Strong EBITDA despite challenging raw material markets

# 2019 Items – Price Assumptions

Assumptions	Units	Q1 2019	Q2-Q4 2019
Midwest Premium	(\$/T)	410	410
European Duty Paid Premium	(\$/T)	125	120
Alumina Price Index	(\$/T)	500	350
MISO Indiana Hub	(\$/MWh)	32.00	30.50
NYMEX Henry Hub Nat Gas	(\$/MMBtu)	2.95	2.90
Coke <sup>(1)</sup>	(\$/T)	410	390
Pitch <sup>(1)</sup>	(\$/T)	850	850

# 2019 Items

<b>Shipments</b>	<b>Hawesville</b> - ~195K tonnes <b>Sebree</b> - ~220K tonnes <b>Mt. Holly</b> - ~115K tonnes <b>Iceland</b> - ~320K tonnes
<b>Pricing<sup>(1)</sup></b>	<b>U.S. Standard</b> - Midwest Transaction with ~2 month lag <b>Iceland Standard</b> - LME plus European Duty Paid premium with 2 month lag <b>Value Added Products</b> - ~\$200/T over LME plus regional premium on average over all premium tonnes
<b>Power</b>	<b>Hawesville</b> - Market based power (Indiana Hub) <b>Sebree</b> - Market based power (Indiana Hub) <b>Mt. Holly</b> - Natural gas price dependent (Henry Hub) for 75% of current plant production level <b>Iceland</b> - Primarily % LME; price LME dependent
<b>Alumina</b>	<b>Book</b> - Primarily index price with 2-3 month lag <b>Cash</b> - Primarily index price with 1 month lag
<b>Carbon</b>	<b>Book</b> - Petroleum coke and coal tar pitch prices with 2-3 month lag <b>Cash</b> - Petroleum coke and coal tar pitch prices
<b>Plant cash costs<sup>(2)</sup></b>	<b>Q1</b> U.S. \$2,615 - \$2,665/T Iceland \$2,125 - \$2,175/T <b>Q2-Q4</b> U.S. \$2,175 - \$2,225/T Iceland \$1,850 - \$1,900/T
<b>Net plant cash costs<sup>(2)(3)</sup></b> (Direct comparative to LME)	<b>Q1</b> U.S. \$2,125 - \$2,175/T Iceland \$1,980 - \$2,030/T <b>Q2-Q4</b> U.S. \$1,675 - \$1,725/T Iceland \$1,715 - 1,765/T

1) Assumes ~335K of value add premium tonnes, of which 275K tonnes in the US and 60K tonnes in Iceland

2) See assumptions on pg. 10; assumes LME price of ~\$1,900/T

3) Net of all premiums. Direct comparative to LME. Excludes interest, capex and corporate SG&A. See reconciliation in appendix

# 2019 Items (cont.)

<b>SG&amp;A</b>	<b>Book</b> - ~\$41MM <b>Cash</b> - ~\$33MM
<b>Interest, net</b>	<b>Book</b> - ~\$22MM <b>Cash</b> - ~\$21MM
<b>Capex</b>	<b>Maintenance</b> - \$10-15MM <b>Investment</b> - \$20-25MM
<b>Depreciation</b>	\$85-95MM
<b>Income tax</b>	<b>U.S.</b> - book/cash < \$1MM <b>Iceland</b> - book - 20%; < \$1MM cash income tax payment
<b>Cash flow break-even<sup>(1)</sup></b>	<b>Q2-Q4:</b> ~\$1,800/T



# Non-GAAP Financial Measures

Adjusted EBITDA, adjusted net income / (loss) and adjusted earnings / (loss) per share and net debt are non-GAAP financial measures that management uses to evaluate Century's financial performance. These non-GAAP financial measures facilitate comparisons of this period's results with prior periods on a consistent basis by adjusting for items that management does not believe are indicative of Century's ongoing operating performance and ability to generate cash. Management believes these non-GAAP financial measures enhance an overall understanding of Century's performance and our investors' ability to review Century's business from the same perspective as management.

The following slides provide a reconciliation of adjusted EBITDA, adjusted net income / (loss) and adjusted earnings / (loss) to the most directly comparable GAAP financial measure. Non-GAAP financial measures should be viewed in addition to, and not as an alternative for, the Company's reported results prepared in accordance with GAAP. In addition, because not all companies use identical calculations, adjusted EBITDA, adjusted net income / (loss) and adjusted earnings / (loss) per share included in the following slides may not be comparable to similarly titled measures of other companies. Investors are encouraged to review the reconciliations in conjunction with the presentation of these non-GAAP financial measures.

# Adjusted Net Income/(Loss) Non-GAAP Reconciliation

	Q318		Q418	
	\$MM	EPS	\$MM	EPS
<b>Net loss as reported</b>	<b>\$(20.3)</b>	<b>\$ (0.23)</b>	<b>\$(65.0)</b>	<b>\$ (0.74)</b>
Lower of cost or NRV inventory adjustment, net of tax	9.2	0.10	29.1	0.33
Helguvik (gains)	(4.5)	(0.05)	-	-
Sebree equipment failure	16.9	0.19	(4.3)	(0.05)
Sebree signing bonus	1.7	0.02	-	-
Hawesville restart project	(0.7)	(0.01)	2.7	0.03
Net (gain) on forward and derivative contracts	-	-	(3.2)	(0.04)
Impact of preferred shares	-	-	-	0.04
<b>Adjusted net income/(loss)</b>	<b><u>\$ 2.3</u></b>	<b><u>\$ 0.02</u></b>	<b><u>\$(40.7)</u></b>	<b><u>\$ (0.43)</u></b>



# Adjusted FY Net Income/(Loss) Non-GAAP Reconciliation

	2017		2018	
	\$MM	EPS	\$MM	EPS
<b>Net income/(loss) as reported</b>	<b>\$ 48.6</b>	<b>\$ 0.51</b>	<b>\$ (66.2)</b>	<b>\$ (0.76)</b>
Lower of cost or NRV inventory adjustment, net of tax	(1.1)	(0.01)	35.0	0.40
Net (gain) on forward and derivative contracts	-	-	(5.1)	(0.06)
Helguvik (gains)	(7.3)	(0.08)	(4.5)	(0.05)
Sebree equipment failure	-	-	21.1	0.24
Hawesville restart project	-	-	5.0	0.06
Sebree signing bonus	-	-	1.7	0.02
Ravenswood (gains)	(5.5)	(0.06)	-	-
Impact of preferred shares	-	-	-	0.01
<b>Adjusted net income/(loss)</b>	<b><u>\$ 34.7</u></b>	<b><u>\$ 0.36</u></b>	<b><u>\$ (13.0)</u></b>	<b><u>\$ (0.14)</u></b>

# Adjusted EBITDA Non-GAAP Reconciliation

(\$MM)	Q318	Q418
<b>Net loss as reported</b>	<b>\$ (20.3)</b>	<b>\$ (65.0)</b>
Interest expense	5.6	5.7
Interest income	(0.4)	(0.2)
Net (gain) on forward and derivative contracts	(0.8)	(3.6)
Other (income) - net	(0.7)	(1.1)
Income tax expense/(benefit)	1.7	(3.2)
Equity in earnings of joint ventures	<u>(0.7)</u>	<u>(1.0)</u>
<b>Operating income/(loss)</b>	<b><u>\$ (15.6)</u></b>	<b><u>\$ (68.4)</u></b>
Lower of cost or NRV inventory adjustment	9.2	30.6
Helguvik (gains)	(4.5)	-
Sebree equipment failure	16.9	(4.3)
Sebree signing bonus	1.7	-
Hawesville restart project	(2.9)	0.6
Depreciation and amortization	<u>23.9</u>	<u>23.4</u>
<b>Adjusted EBITDA</b>	<b><u><u>\$ 28.7</u></u></b>	<b><u><u>\$ (18.1)</u></u></b>

# Adjusted FY EBITDA Non-GAAP Reconciliation

(\$MM)	2017 <sup>(1)</sup>	2018
<b>Net income/(loss) as reported</b>	<b>\$ 48.6</b>	<b>\$ (66.2)</b>
Interest expense	22.2	22.4
Interest income	(1.4)	(1.5)
Net (gain)/loss on forward and derivative contracts	16.5	(6.3)
Other (income)/expense - net	4.5	(3.0)
Income tax expense/(benefit)	7.6	(0.2)
Equity in earnings of joint ventures	(0.8)	(4.2)
<b>Operating income/(loss)</b>	<b>\$ 97.2</b>	<b>\$ (59.0)</b>
Lower of cost or NRV inventory adjustment	(1.1)	36.5
Helguvik (gains)	(7.3)	(4.5)
Sebree equipment failure	-	21.1
Sebree signing bonus	-	1.7
Ravenswood (gains)	(5.5)	-
Hawesville restart project	-	0.1
Depreciation and amortization	84.2	90.1
<b>Adjusted EBITDA</b>	<b>\$ 167.5</b>	<b>\$ 86.0</b>

# Reconciliation to 2019 Net Plant Cash Costs

Q1 (\$/T)	U.S.		Iceland	
<b>Plant operating cash costs (\$/T)</b>	\$ 2,615	\$ 2,665	\$ 2,125	\$ 2,175
Regional premium	(410)	(410)	(125)	(125)
Value-added product premium, net <sup>(1)</sup>	<u>(80)</u>	<u>(80)</u>	<u>(20)</u>	<u>(20)</u>
<b>Net plant operating cash costs (\$/T)</b>	<u>\$ 2,125</u>	<u>\$ 2,175</u>	<u>\$ 1,980</u>	<u>\$ 2,030</u>

Q2-Q4 (\$/T)	U.S.		Iceland	
<b>Plant operating cash costs (\$/T)</b>	\$ 2,175	\$ 2,225	\$ 1,850	\$ 1,900
Regional premium	(410)	(410)	(120)	(120)
Value-added product premium, net <sup>(1)</sup>	<u>(90)</u>	<u>(90)</u>	<u>(15)</u>	<u>(15)</u>
<b>Net plant operating cash costs (\$/T)</b>	<u>\$ 1,675</u>	<u>\$ 1,725</u>	<u>\$ 1,715</u>	<u>\$ 1,765</u>

# 2019 Sensitivities

(\$MM)	Variance	Annual EBITDA <sup>(6)</sup>
LME	+/- \$100/T	\$ 76
MWP <sup>(1)</sup>	+/- \$0.01/lb	8
EDPP <sup>(2)</sup>	+/- \$22.04/T	7
MISO Indiana Hub <sup>(3)</sup>	+/- \$1/MWh	6
NYMEX Henry Hub Nat Gas <sup>(4)</sup>	+/- \$0.10/MMBtu	1
Alumina Price Index	+/- \$10/T	14
Coke <sup>(5)</sup>	+/- \$10/T	3
Pitch <sup>(5)</sup>	+/- \$10/T	1

# For Additional Information

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