

Alcoa Corporation

Third Quarter 2026 Earnings Presentation and Conference Call

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PRESENTATION

Operator

Good afternoon and welcome to the Alcoa Corporation Third Quarter 2026 Earnings Presentation and Conference Call. All participants will be in a listen-only mode. [Operator Instructions] After today's presentation, there will be an opportunity to ask questions. [Operator Instructions] Please note this event is being recorded.

I would now like to turn the conference over to Louis Langlois, Senior Vice President of Treasury and Capital Markets. Please go ahead.

Louis Langlois

Thank you, and good day everyone. I'm joined today by William Oplinger, Alcoa Corporation President and Chief Executive Officer, and Molly Beerman, Executive Vice President and Chief Financial Officer. We will take your questions after comments by Bill and Molly.

As a reminder, today's discussion will contain forward-looking statements relating to future events and expectations that are subject to various assumptions and caveats. Factors that may cause the company's actual results to differ materially from these statements are included in today's presentation and in our SEC filings.

In addition, we have included some non-GAAP financial measures in this presentation. For historical non-GAAP financial measures, reconciliations to the most directly comparable GAAP financial measures can be found in the appendix to today's presentation. We have not presented quantitative reconciliations of certain forward-looking non-GAAP financial measures for reasons noted on this slide. Any reference in our discussion today to EBITDA means Adjusted EBITDA.

Finally, as previously announced, the earnings press release and slide presentation are available on our website.

Now I'd like to turn over the call to Bill.

William Oplinger

Thank you, Louis. And welcome to our third quarter 2026 earnings conference call. Before discussing our results, I want to address the tragic fatality that occurred on September 16 at our Alumar smelter in Brazil. The loss of one of our colleagues has deeply affected all of us at Alcoa, and our thoughts remain with his family, friends, and coworkers. We are a company grounded in our values: act with integrity, operate with excellence, care for people, and lead with courage. Safety is fundamental to our values, and it guides how we run our business. There is no production target, financial result, or business objective that is more important than ensuring every employee and contractor returns home safely every day.

Over many years, we have strengthened our safety systems and dedicated significant resources to improving safety performance. Those efforts have resulted in meaningful progress in many areas of our business. But when we lose a colleague, progress is not enough. I am personally committed to ensuring we learn from this event and take the actions necessary to strengthen our safety culture, reduce risk across our operations, and hold ourselves accountable to the highest safety standards. This tragedy reinforces that safety requires relentless focus, constant vigilance, and an unwavering commitment from every one of us every day. With that commitment firmly in mind, I'll now turn to our third quarter results.

We continued to build operational momentum and delivered strong third quarter performance. We achieved six year-to-date production records, increased aluminum production by approximately 15,000 metric tons sequentially, completed the Alumar smelter restart, and delivered a significant performance recovery at the Pinjarra refinery. Together, these results demonstrate improving stability and disciplined execution across the portfolio.

We reached a definitive agreement for the sale of a portion of the Massena East site with potential cash proceeds of up to \$315 million. We expect to receive the first \$50 million to \$65 million at closing, which is anticipated within six months, subject to customary permitting, regulatory approvals, key development, and closing conditions. We expect to receive the remaining cash consideration before the end of the decade, although the agreement provides up to seven years for commissioning. This is the first transaction supporting our target to generate \$500 million to \$1 billion from asset monetization by 2030.

The AliGroup acquisition continues to advance. The asset's strong first half 2026 performance reinforces our confidence in the strategic and financial rationale for the transaction. South32 shareholders approved the transaction, bringing us another step closer to our expected closing in the first half of 2027. Let me now provide an update on our progress toward transaction closing. Since announcing the AliGroup acquisition on June 30, we have made meaningful progress towards closing. In September, we completed the \$2.6 billion debt financing and cancelled the bridge facility. Completing the financing early reduced execution risk and provides certainty around funding the cash consideration. We estimate that the locked box value was more than \$300 million at the end of the quarter based on publicly available information, including production guidance provided by South32.

The regulatory approval process is progressing well across the relevant jurisdictions. Earlier this month, I met with President, Ramaphosa, and other key stakeholders in South Africa. Our engagement with stakeholders has been positive, and we remain confident in securing the required approvals to meet our expected first half of 2027 closing time line.

Our transition and integration teams are actively preparing for ownership of the assets. This work spans the organization and is focused on maintaining operational continuity, positioning us to capture the value of the combined portfolio, and ensuring we are ready to execute following closing and beginning delivering synergies and broader benefits of the transaction. Until then, the businesses will continue to operate independently.

Now, I'll turn it over to Molly to review the financial results.

Molly Beerman

Thank you, Bill. Third quarter revenue was \$3.7 billion with the sequential change primarily reflecting lower metal prices. In the Alumina segment, third-party revenue increased by 7% to \$680 million, resulting from higher realized alumina prices and higher alumina shipping volumes. In the Aluminum segment, third-party revenue was \$3 billion, primarily reflecting lower metal prices and normalized shipment levels following the second quarter's inventory repositioning, partially offset by higher value-add product premiums.

Third quarter net income attributable to Alcoa was \$483 million versus the prior quarter of \$407 million, with earnings per common share increasing to \$1.81 per share. On an adjusted basis, net income attributable to Alcoa remained strong at \$485 million compared with \$562 million in the second quarter.

Let's discuss the factors affecting adjusted EBITDA. Adjusted EBITDA was \$789 million as strong operational performance and higher alumina prices partially offset lower metal prices. The Alumina segment adjusted EBITDA increased \$95 million on higher realized alumina prices and improved operational performance at Pinjarra as we regained stability in the third quarter.

The Aluminum segment continued to deliver productivity gains, including higher molten production, improved stability, and disciplined cost performance. These benefits were more than offset by the impact of lower metal prices, lower shipments, and higher carbon costs, resulting in segment adjusted EBITDA of \$862 million.

Moving to cash flow activities for the third quarter of 2026. We ended the third quarter with a cash balance of \$4.4 billion, which includes \$2.6 billion of cash proceeds from the bond issue completed in September. Together with cash on hand, the net proceeds from the bond issue will be used to fund the \$3.1 billion cash consideration for the AliGroup acquisition at closing.

Securing the financing now avoids access and pricing risks in a volatile bond market. The quantum issued also reflects the strength of our balance sheet and cash position, resulting from consecutive quarters of robust free cash flow generation. In the third quarter, cash from operations was \$643 million, and free cash flow was \$472 million, supported by strong EBITDA in the Aluminum segment where the company was able to deliver metal prices to the bottom line.

Turning to our key financial metrics for the third quarter and year-to-date 2026. Return on equity through the first nine months of 2026 was 25.3%. Year-to-date, we have returned \$80 million in cash to shareholders through our regular quarterly dividend. The company generated free cash flow of approximately \$600 million in the first nine months of the year. As we look toward closing the AliGroup acquisition, our strengthened balance sheet, secured financing and substantial cash position provide ample capacity to fund the transaction. This is the result of disciplined capital allocation, strong cash generation, and consistent operating performance.

Moving on to the outlook. For the full year outlook shown here, we have made only minor adjustments for transformation expenses, depreciation, interest expense and capital expenditures. For the fourth quarter, we continue to expect strong operating performance across both segments, continuing the momentum from the third quarter. We are expecting higher production and shipments in both segments as the improved refining system stability is maintained and the smelting portfolio continues to deliver productivity through incremental output and cost discipline. While we expect some higher direct input costs from elevated market prices and planned maintenance to support continued operational stability, the underlying performance remains very strong headed into the final quarter of the year. Please refer to the business considerations on slide 34 of this presentation for additional details on the fourth quarter outlook.

Now, I'll turn it back to Bill.

William Oplinger

Thanks, Molly. In Alumina, the market tightened outside China during the quarter, with the API increasing sequentially to approximately \$370 for a metric ton. We expect further tightening in the fourth quarter and into 2027, driven by announced curtailments and project delays and uncertainty in Indonesia around new supply additions. At the same time, recovering alumina production in the Middle East and continued smelter ramp-ups in Indonesia should support additional alumina demand. While the timing of some capacity coming online remains uncertain, the overall market condition is constructive.

China remains well supplied from within the region as new refinery capacity has increased production and inventories. This continues to create a clear divergence between softer market conditions in China and tightening fundamentals outside China. Bauxite prices also increased sequentially, with CIF China pricing reaching approximately \$73 per dry metric ton. The increase was driven primarily by higher freight costs. For Alcoa, strengthening alumina market conditions and improved operational execution create meaningful upside. Our focus remains on operating our refineries safely and reliably, sustaining the recent performance improvement at Pinjarra, and maintaining disciplined cost management.

Moving on to Aluminum. Aluminum prices moderated from recent highs, but remain supported by constructive market fundamentals. On the supply side, production is gradually recovering as Middle East smelters restart and Indonesian capacity ramps up. The timing of a full recovery to pre-conflict production levels in the Middle East remains uncertain. Global aluminum inventories remain historically low at approximately 42 days of consumption, leaving the market with limited capacity to absorb further supply disruptions or stronger than expected demand.

The Midwest, Rotterdam, and Japan regional premiums have moderated from elevated levels, but remain supported by low inventories and regional deficits. This tightness is particularly relevant in North America and Europe, both of which remain structurally short of metal. For Alcoa, our regional presence, reliable supply, and differentiated product portfolio are important elements of our commercial value proposition.

Our order book remains solid, with significantly less volume available for sale than at this point last year. Most products are sold out or tightly committed. Packaging and electrical markets continue to lead demand; transportation remains resilient; and construction, particularly in Europe, remains the softest end market.

Customer sentiment is cautious, but constructive, with continued interest in secure supply and long-term agreements.

Before we wrap up, I'd like to return to the three priorities we set at Investor Day nearly a year ago. First, operational excellence. As I stated at the top of our call, safety remains our top priority and the foundation of operational excellence. We are strengthening critical risk controls, leadership behaviors, and accountability. We're delivering greater stability across the portfolio, setting production records, and improving productivity.

We have now completed the restarts of both the San Ciprián and Alumar smelters. While the Western Australia EPA's review of our mine plan continues to advance, we are preparing our teams to execute the upcoming mine moves. The mining approvals are taking longer than expected. Several steps remain, including the appeals process and final ministerial decisions, and we now expect the process to extend into 2027.

Our confidence in ultimately securing the approvals has not changed. We've incorporated an additional six months of mining in current areas into our plans, and approvals by mid-2027 are not expected to further materially affect supply, quality, or cost. We also have contingency plans available if needed.

Second, value-creating growth. At Investor Day, we were clear that we would pursue growth only where we see a compelling path to long-term shareholder value. The AliGroup acquisition reflects that discipline, and we will apply the same standard to any future opportunities. We will not pursue growth for growth's sake.

Third, disciplined capital allocation. We ended the third quarter with a strong balance sheet, supported by robust year-to-date free cash flow. We structured the AliGroup consideration such that pro forma leverage approximates a manageable 1.5 times. Following closing of the acquisition, de-levering will be our priority.

We expect to use various sources of cash, such as free cash flow generation, locked box cash from the transaction, proceeds from additional transformation asset sales, and the monetization of our Ma'aden shares to reduce debt over time. Given the stronger through-cycle cash flow generation of the combined portfolio, we will update our adjusted net debt target at the transaction closing.

The Massena East agreement also represents meaningful progress against our asset monetization strategy. These actions demonstrate that we are executing the strategy we presented at Investor Day and strengthening Alcoa for long-term value creation.

To wrap up, we are proud of what we accomplished in the third quarter, excited about the opportunities ahead, and confident in our ability to deliver value for our shareholders.

With that, operator, please begin the Q&A session.

Operator

Thank you. We will now begin the question-and-answer session. [Operator Instructions] And our first question comes from Carlos de Alba with Morgan Stanley. Please go ahead.

Carlos de Alba

Yeah. Thank you very much. Good afternoon, Bill and Molly. So, the first question that I have is on the guidance. So, maybe flat alumina, it's a little bit surprising to us given what we believe has been higher spot prices in recent months. And I know there is some lagging effects there, but that was a little bit of a surprise to us. Maybe could you explain if there are any cost pressures that may be behind this offsetting some of the improved top line?

Molly Beerman

So, Carlos, our guidance of flat refers just to our performance elements and not the market. If you look at our Alumina segment, there are a couple of puts and takes. We have some maintenance moving between regions, but that is completely covered by our improved shipment performance. So, overall, the performance elements are a net of nothing, so flat and consistent with the strong performance in the third quarter.

Carlos de Alba

Right. And then...

William Oplinger

Just so it's clear... Carlos, it doesn't include – the guidance doesn't include pricing. Right? So, if prices get better during the course of the quarter, and they're better today than they were a quarter ago, it'll flow through.

Carlos de Alba

Right. Okay. Yeah. I got confused maybe when I was looking at the consensus and our estimates, and this is what I thought, but okay, that makes sense. Then, just I was curious to see aluminum production higher in the third quarter, but your aluminum shipments being a little bit lower. Was there any inventory buildup, any delays in shipments that maybe you will catch up a little bit more in this current quarter? Any color there would be great.

Molly Beerman

So, Carlos, remember in the second quarter, we sold the inventory that we had repositioned in the first quarter. So, that was about 30,000 metric tons. So, that did not repeat in the third quarter. But we had a strong third quarter in terms of shipment other than that repositioning that did not recur.

Carlos de Alba All right. Fair enough. Thank you very much.

Operator The next question will come from Timna Tanners with Wells Fargo. Please go ahead.

Timna Tanners Yeah. Hey, good afternoon. I think it's appropriate to touch base about the potential carve-out on aluminum prices or aluminum tariffs for Canada, because that happened during the quarter, and it would be great to get your take on anything you know about whether or not that's still in discussions and what that could mean for Alcoa?

William Oplinger Thanks, Timna. We don't know what discussions are going on between the U.S. and Canada. We've offered support to both governments to provide data and information and to help them come to a conclusion on any discussion that may be going on. What really matters is whether the U.S. will remain short, right? And if Canada were completely carved out or if Canada had a lower tariff, we believe that still the marginal tonne will come outside – from outside of North America, and therefore the Midwest premium still should remain strong. But at this point, it's just speculation.

Timna Tanners Okay. Fair. Thank you for that. And then I also wanted to get your take on how you get comfortable with the Indonesian ramp-up that you alluded to. Some of the forecasters put some pretty aggressive volume increases. Does Indonesian government seem to be aware of the risk to the aluminum price, like what they saw with the nickel price in the last several years? And what's your take on the additional supply and how much could come on in Indonesia and what timeframe? And it would be great to get also your latest thinking on China producing over its self-imposed cap on aluminum as well. Thanks.

William Oplinger Okay. Yeah. So, a lot of questions baked in there. When I look at the rest of this year, 2026, we've actually seen strength of alumina pricing due to the ramp-up of the smelters and the return of some of the capacity in the Middle East. So, that's actually a positive for us. In January, we'll give you a better view of what our full year supply demand picture looks like. But to give you a little bit of a highlight, we are thinking that we are going to see probably 1.5 million metric tons of smelting capacity come online in Indonesia next year. On a 75 million metric ton market, it's a material number, but we think that the market will be able to absorb it.

And then you asked about the China cap. Hey, you know the China – the Chinese smelters, it feels as if the China cap is more of a policy tool to set a limit than a firm cap in that they're allowing some of the Chinese smelters to creep a little bit, but not a massive jump in capacity. So, for instance, we're seeing China capacity being – or, production being around 45.8 million metric tons in 2026. That's 400,000 tons over than the nominal cap level, but it seems that they're holding from a capacity side and allowing maybe a little bit of production creep.

Timna Tanners Okay. Always appreciate your perspective. Thank you.

William Oplinger Thanks, Timna.

Operator The next question will come from Nick Giles with B. Riley. Please go ahead.

Nick Giles Yeah. Thanks, operator. Good afternoon, guys. The aluminum equities as a whole have been under significant pressure. So, Bill, I was just curious where, in terms of capital allocation, share repurchases would stand at this point? Thanks.

William Oplinger So, we're going to – and Nick, thanks for the question. We're pursuing the closure of the South32 AliGroup transaction in the first half of next year. Clearly, we went out and raised debt in order to be able to pay the cash component of that. Recognize the fact that cash component of that is \$3.1 billion, we only raised \$2.6 billion because we're going to use some of the cash from the balance sheet. We will get that deal – well, we anticipate getting that deal closed in the first half, and then the priority after that closure will be rapid de-levering. And clearly, the cash generation that we are seeing today will allow us to de-lever rather quickly. We alluded to the fact that we think there's \$300 million of cash in the locked box. That will certainly go into the cash consideration. But at this point, the target is de-levering.

Nick Giles Understood. No, I appreciate that perspective, Bill. My second question was, you made a comment about the WA EPA approvals being pushed out by six months and that there were some contingencies baked in there. I was hoping you could expand on what those contingencies were and what you would do in case that drags on further? Thank you.

William Oplinger So, the contingencies are clearly that we are re-sequencing and modifying our mining activities. We're looking at different production schedules and really going to continue to dig in the mines that we're in, and we feel confident that we'll not have a negative impact – or, I should say, a further negative impact on the bauxite supply or quality. Beyond the first six months, we'll have to make some harder decisions, and we're confident that we will get those approvals within the first six months of next year.

Nick Giles Okay. Good to hear. Appreciate the color and continued best of luck.

William Oplinger Thanks.

Operator The next question will come from Katja Jancic with BMO Capital Markets. Please go ahead.

Katja Jancic Hi. Thank you for taking my questions. Maybe starting on the contingency value as part of the acquisition. Is it fair to assume that that is starting to accrue on the alumina side since the alumina price is now above the strike, or how should we think about that?

Molly Beerman Yeah. Katja, if the current – the third quarter average LME was about \$3,220s, I can't remember the exact number, but that would yield about a \$13 million payment for the first period. So, not substantial.

William Oplinger But Katja was referencing alumina prices.

Molly Beerman The alumina price, sorry, there's nothing due on alumina.

William Oplinger Yeah... Katja, \$370 – I'm sorry, \$387 today, we're not at the strike price yet.

Molly Beerman We've not reached that strike price yet.

Katja Jancic Okay. And then maybe on the asset monetization, I think in the past you said that there are two other assets that could quickly follow Massena East. Can you provide an update on that?

William Oplinger There's two other assets that could quickly follow Massena East. Yeah, I'm just joking around, Katja.

We just got – we're pleased to be able to announce the Massena East transaction. And you can see from the way it's structured, it's somewhat of a complex transaction. It gives us some cash up-front, but it will give us cash further over the next five years as that data center first gets built and then gets increased in size. So, it gives us a lot of upside.

There are two other ones that we believe that could happen quickly after that. We've not named those publicly. But now that we at least have an agreement and we have to get it closed, at least we have an agreement on Massena East, we're going to focus on those next two. So, more to come.

Katja Jancic Perfect. Thank you.

Operator The next question will come from Bill Peterson with JPMorgan. Please go ahead.

Bill Peterson Yeah. Hi. Good afternoon, and thanks for taking the question. Maybe actually piggybacking on this Massena East agreement. Will you know, I guess, the final amount upon the approval of the capacity, or is this something that, as it grows, the potential for, I guess, up to the \$250 million additional? I'm just trying to get a sense of when we'll know what kind of value you get. And I guess, maybe more importantly, is this going to be kind of a similar template for these future agreements, or is this may be viewed as more of a one-off?

Molly Beerman Bill, I'll start with the – on the size, we do have a – or, the permitting where initially the minimum will be 180 megawatts. And then we have two step-ups potentially, another 300 megawatts and then another 200 megawatts. So, the site could be up to 635 megawatts. So, depending on how the permitting and approvals go, then we will know the size. But the first payment at closing will be based on the initial permitting and will be at that minimum level initially.

William Oplinger And as far as your question goes on whether this is a template, I think the answer, Bill, is a resounding no, that there is not a particular template for data center sales. What we are finding is that in order to maximize value out of each site, you have to really negotiate particular parts of the agreement on each site. And so, there may be, out of one of those two that are coming up, similar structures, but we would also be pushing structures

that would be more cash up-front and less future value. So, there's not a single template for these transactions because each site has its own complexity.

- Bill Peterson** Okay. Well understood. Appreciate that. And then I want to kind of understand some of the cost guidance for alumina and aluminum. And I think it's around \$30 million for each, but I'm trying to get a sense for how sticky they are and I guess one in the case of aluminum try to unpack what higher the raw materials costs are and then similarly with alumina with presumably caustic and how sticky that may be?
- Molly Beerman** Yeah. Bill, if you think back, I'll start with caustic. In the second quarter, early after the war began, we saw the caustic price shoot up. That didn't stay, though. It moderated pretty quickly. And so, as I look at now caustic rolling through the P&L from those high purchase prices, we are not seeing a material sequential impact from that. On the carbon prices, though, we are seeing elevation. When we guided in the third – or, sorry, in the second quarter for the third, we thought it would only be about a \$15 million impact. It ended up being just over \$20 million. So, carbon prices rolling through the P&L perspective, just over \$20 million in the third quarter, and I have about \$10 million more in carbon prices coming up further in the fourth quarter. Now, fourth quarter purchase prices are still coming up, but very slightly. So, we're not seeing the price escalation.
- Bill Peterson** Okay. Thanks for that.
- William Oplinger** And I just wanted to make sure I'm following back up. I thought your comment was something to the effect that \$30 million increase in each segment, that's not the case.
- Molly Beerman** No.
- William Oplinger** It's flat in Alumina and a \$30 million increase in Aluminum. So, I just wanted to make sure that that's clear.
- Molly Beerman** And of that \$30 million in Aluminum, \$10 million is the carbon.
- Bill Peterson** Okay. Yeah, no, that's fair enough. Thank you.
- Operator** The next question will come from Lawson Winder with Bank of America. Please go ahead.
- Lawson Winder** Thank you, operator. And good evening, Bill and Molly. Thank you for today's update. If I could just follow up on the Massena East sale. One thing that wasn't clear is, after closing, are there any environmental remediation or demolition or any sort of other legacy liabilities that sit with Alcoa, or does that just pass on to the buyer?
- Molly Beerman** No, we will keep the remediation responsibilities. We're continuing to remediate at the site. We are selling the parts of the land that has already completed all of our environmental and remediation work.

Lawson Winder Oh, okay, fantastic. Thank you. And then just one additional question. Again, of course, quite a bit of talk about the AliGroup opportunity and what an opportunity it is. When you look at the potential M&A opportunity set globally, I mean, do you continue to see other unique opportunities like AliGroup? And what sort of appetite does Alcoa have for further acquisitions post the closing of AliGroup?

William Oplinger AliGroup's a big acquisition for us. Let us get this one closed before we start talking about other opportunities. What I really want to prove to the world through this acquisition is that; number one, we can grow this company; and number two, we can successfully integrate an acquisition. We have a pretty large team that's already in place that's working toward the integration so that when we close on day one, we're going to be ready to integrate this.

And I mentioned in my prepared remarks that I was already over in South Africa, met with the President of South Africa, President Ramaphosa, got a very good greeting introduction from him to the country and impressed on him that we're an aluminum company, we want to own Hillside, we want to be in Hillside for the long term, and we're committed to the aluminum industry. So, we're going to focus on getting this one done first before we talk about other opportunities.

Lawson Winder Okay. I appreciate that commentary. Thank you both very much.

Operator The next question will come from Richard Garchitorena with Barclays. Please go ahead.

Richard Garchitorena Great. Thanks for taking my question. First question was, basically, when you think about the acquisition, and you've gotten approvals from South32 shareholders, looking ahead, is there anything – what are you doing right now in terms of potentially preparing for the eventual integration? Can you do some preplanning, or do you have to wait for any country approvals, contracts on the procurement side, anything that you can sort of do to help accelerate the capture of synergies?

William Oplinger Right. So, we're really focused on two things currently between now and closing. One is gaining the required regulatory approvals. And there's about a dozen of those and we have we have gotten some of those, and at this point, we do not see any red flags associated with getting the regulatory approvals. Secondly, we have taken the last 60 days or so to stand up a significant integration management office, and they are preparing to be able to run those assets from day one. And you think about the complexity of buying assets of this size, it's not a small undertaking. And so, they're focused on being able to sell, make, account for bauxite, alumina, and aluminum. And so, it's not a small undertaking, and we're very focused on it.

Molly, I know you're very close to this also. Do you want to make any other comments?

- Molly Beerman** I'll just add that we do have an 18-month transition service agreement with South32. So, we will have coverage past legal day one, but we're preparing now for all that work ahead so that we can, as soon as we close, start working closely with the teams on integrating the organization, the systems, processes, and leveraging all of the synergies that we have identified.
- William Oplinger** And I should have made it clear, even pre-close, the two companies are working together to make sure that it's a successful, in their case, disposition; in our case, acquisition.
- Richard Garchitorena** Thanks. That's very helpful. And then maybe if I could ask a question on the industry in general. You talked about the Middle East looking at ramping up smelting capacity. My question is, is there any constraints to that? Do they have adequate levels of raw materials to run those smelters at full capacity by what they're targeting as the first quarter of next year? With the ongoing impacts on shipping through the Hormuz, how does that impact their ability to get to those levels? Thank you.
- William Oplinger** I don't have a good answer for that question. You really are going to have to ask them how they plan to be able to do that. I think the one thing if I wax philosophically just for a second, I think the world has changed when it comes to aluminum within the Strait of Hormuz. And I think it's going to be a while before that completely gets normalized of flows in and out. And so, I think it is a big impact. You see it in pricing today, even though prices are off from where they were, we're still sitting at close to \$3,000 a tonne. And so, it has had a big impact, and I think it will still have a big impact going forward.
- Richard Garchitorena** Right.
- Operator** The next question is a follow-up from Timna Tanners of Wells Fargo. Please go ahead.
- Timna Tanners** Yeah. Hey, I just wanted to follow up, if I could, on working capital. There's a big seasonal use in Q1. We really haven't seen much release. If we see aluminum prices stay at this level, I would imagine you could see a pretty nice release. I just wondered, to the extent possible, if you could give us any color about what you might expect at these prices hold into the fourth quarter?
- Molly Beerman** Timna, if you look at on a days working capital basis and look back in history, we traditionally stepped down from like that 50-day level down into the 35 to 40 level. So, I would expect we'll release about 10 days at least going into the fourth quarter. Now, obviously, the quantum there will depend on the pricing at the end of the year, but that's our expectation.
- Timna Tanners** Got it. That was all for me. Thank you.
- Operator** The next question is a follow-up from Carlos de Alba with Morgan Stanley. Please go ahead.

Carlos de Alba Yeah. Just on the approval for the AliGroup transaction, do you require China approval?

William Oplinger No.

Carlos de Alba All right. Thanks. And then, on the Massena East transaction, the step-ups in capacity, is that solely based on regulatory – like, regulatory approval, or how do you make sure that it is not a decision of the data center, or maybe the economics change, and they don't want to do the step one or step two of the increased capacity?

William Oplinger Carlos, in my view, they are very interested in putting the maximum capacity within Massena East. The economics for them work much better as the facility gets larger. So, it will be based on how quickly – I guess, a couple of things – how much demand there is, how much regulatory approvals that they get? So, those are the two real big issues and I guess how much capital they ultimately have. But my view is they want to see this as large as it possibly can be because I believe their economics get significantly better as it gets larger.

Carlos de Alba Thanks for the clarification, Bill.

Operator This concludes our question-and-answer session. I would like to turn the conference back over to Mr. Oplinger for closing remarks.

William Oplinger Thanks, operator. And thank you all for joining our call. Molly and I look forward to sharing further progress when we speak again in January. This concludes the call. Thank you.

Operator The conference has now concluded. Thank you for attending today's presentation. You may now disconnect.