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Chris LaFemina: All right. Hi, everybody. I'm Chris LaFemina from the Global Metals and Mining Research Team at Jefferies. Thanks for attending this fireside chat. It's Molly Beerman, who's the CFO at Alcoa. And Molly, thanks for coming. And, you know, the way the format here is going to be, fireside chat between me and Molly, I think there might be an opportunity at the end to answer some questions in the audience, but I have plenty of questions that I've written down here to ask Molly, so I think it should be a pretty good discussion.

So, Molly, thanks for coming, first of all, and just, kind of, big picture, my first question would be around the current state of the alumina and aluminum markets, where do you think things are heading, shorter term, and then longer term in terms of the outlook? And thank you for coming again.

Molly Beerman: Thanks for having us, Chris. And thanks to everyone here in the room and joining on the webcast, for your interest in Alcoa. We've been meeting with investors the last two days, and they have been asking us about the markets. As well as, I guess, we're going to get to tariffs and Australia, our Spain operations, as well as capital returns. So, happy to answer the question and we will kick off with the markets.

So, in alumina, we're seeing the market is in a surplus now. After the supply disruptions last year, we've seen the API price drop in 2025. At midyear we had all of the Canadian – sorry, all the Chinese refineries running, and probably about 85% to 90% of them underwater. We did see about 7 million metric tonnes to 10 million metric tonnes of capacity come offline in China, and that has stabilized the price. So, we've been hanging around $360 per metric tonne to $370 per metric tonne for Alumina for a while yet.

Again, we do expect the market to stay in surplus. We expect to see the Indonesian and Chinese projects come online either later this year or next year, and to remain in a surplus for 2026. However, as you know, alumina is always subject to supply disruptions and pricing can change. The product is not storable, so we do expect there could be risks, as well related to some of the mining, the bauxite mining, revocation of licenses in Guinea, that can also put pressure on the alumina price.

Chris LaFemina: Okay.

Molly Beerman: Do you want to move on to aluminum?

Chris LaFemina: Please, yes.

Molly Beerman: Okay. I'm going to start on aluminum, maybe with Alcoa specific, and then I'll go broader.

As we look at the pricing and the demand now for our value-add products, we are – even with the tariff uncertainty, we are seeing solid demand both in North America and Europe, which are our primary markets.

In North America, we have really strong demand for both slab and rod, and that's coming from the packaging and electrical markets. We do see weakness in foundry. Even though we're continuing to get spot orders, it has slowed down a bit. Foundry is going mostly to auto. So, lots of uncertainty there.

In Europe, really strong on the packaging and rod. In fact, we're getting more demand than we can fulfill, so we're sold-out there. Also, we're seeing a bit of weakness in Europe foundry.

As you look on the – in the mid-term, we see aluminum staying in balance with China, purchasing metal from the rest of the world, and North America and Europe staying in deficit. But the global market is in balance. And the longer term, we believe that we will have higher demand both for primary and secondary. We believe in those growth trends as going to be needed till we meet the decarbonization goals. We do expect to see some projects come online however they're needed, and we think they're going to have to have price response to incentivize those projects to come online.

Chris LaFemina: Thank you for that. And then you mentioned tariffs, which have been a big swing factor for Alcoa. Can you talk about just an update on the impact of tariffs, and what you're doing to offset additional associated costs?

Molly Beerman: So, we are continuing our advocacy on tariffs, with a primary focus now on getting a preferential rate for the Canadian metal moving into the U.S. If you think about Alcoa's configuration, we have two smelters in the U.S., two of only four running in the U.S. Of course, the U.S. needs 4 million metric tonnes of aluminum imports, almost 3 million metric tonnes of that are coming from Canada. So, really focused on getting a preferential rate for Canada.

We have 960,000 metric tonnes of production in Canada, but only 290,000 metric tonnes in the U.S. So, a Canadian preferred rate will be a great contribution to our financials.

So, we've been working advocacy on both sides of the border, both with the U.S. administration as well as the Canadian. If you look at how the Midwest premium has responded, currently at about $0.71, to Alcoa, it's somewhat neutral because we're picking up the benefit on our U.S. tonnes, and that is offsetting the impact of the margin compression that we're seeing on our Canadian tonnes. So, neutral at this pricing level.

Of course, this is not accomplishing what the U.S. administration wants, which is to enrich producers and incentivize us to invest in the U.S. smelting production.

So, our Alcoa cash flows have really remained neutral at this point based on the latest Midwest pricing.

In fact, it's challenging some of our investment decisions in Canada now, and we've postponed some of the decisions. Our Canadian smelters have traditionally generated substantial amounts of cash. Now, they're paying high tariffs, and so we're holding additional investment there until we see where the tariffs move.

Chris LaFemina: Can you remind us what portion of your Canadian sales are to the U.S. Is it 70%?

Molly Beerman: Yeah. So, of the – yeah, of the 960,000 metric tonnes, historically, 70% of that moved to the U.S. Of late though we've been running the netbacks and doing the calculations to see if the Rotterdam Premium, and the associated freight costs will give us more favorable margins to send the metal to Europe, or we've been keeping more metal inside Canada and serving Canadian customers.

So, now, if you look at our percentage, it's probably down to about 63% at this moment, because we have been redirecting some of the Canadian volumes out of the U.S.

A large majority of our Canadian volumes are on annual contracts to the U.S, so we will not stop sending metal into the U.S entirely. We'll absolutely make sure that our customers have their contracted volumes. But on the others, we're running the calculations to see where we have the best margin.

Chris LaFemina: Makes sense. And speaking of U.S. exposure, you have the Warrick smelter, which has some idle capacity. What's your latest thinking on possibly ramping that up?

Molly Beerman: Yeah, we have been running the calculations on the Warrick restarts. We have three lines running there with a fourth line, it's only about 50,000 metric tonnes. However, that line has not run since 2016. So, it'd be a very expensive restart, maybe looking at up to $100 million for that restart. We also have long lead times on some of the equipment that we would need, so it would not be a fast restart.

So, you have to look at, will the tariff stay in place the whole time? Will we have a payback for our investment? You know, obviously, any capacity expansion in the U.S. relies on economic energy as well. So, we have to solve for that. So, I don't see us making a decision on Warrick in the near-term.

Chris LaFemina: Okay.

Molly Beerman: And I want to make just another comment more broadly about tariffs. We are encouraged with the meetings that have been happening recently with the U.S. administration.

So, Secretary Lutnick met with the Minister of Trade from Canada last week, we had encouraging news coming out of those meetings. They really are focused on the key sectors for Canada and looking at easing tariff concerns.

So, aluminum is one of those sectors, and why we're so advocating for the preferential Canadian rate, we don't want to wait all the time until next year when they get to the USMC renegotiation that's scheduled by July of 2026. We're hoping to get the preferred rate in advance of that. And at this point, I'd say we're cautiously optimistic, that that can happen.

Chris LaFemina: Okay. So, maybe we could move to the land down under. Western Australia, which I mean, getting bauxite mine approvals there is important for you. Can you tell us, as this process progresses, what milestones we should look for? I think you said on the second quarter earnings call that timing of operating the new mines at Myara North and Holyoake had slipped back from 2027 to 2028. You have some contingency plans in case that gets extended beyond that. Can you just remind us what happened there, and discuss the risks of getting the approvals? And also what your contingency plans are if these are delayed further?

Molly Beerman: So, the next milestone which we have actually just passed, was the completion of the public comment period. So, we had considerable interest from the public, over 59,000 submissions. Now, about 5,000 of those, or only 10%, were unique. The others were more pro forma where we had many, many submissions of the same type. So, users signing on to the same issue that had already been logged.

The EPA will summarize those 5,000 unique submissions and provide them to us for response. So, we are preparing now to receive those probably within the next couple of weeks. We've actually deployed some AI tools so that we can very efficiently take those questions, apply them against the over 10,000 pages of our mine plan, and generate preliminary answers. Obviously, reviewed thoroughly by the team. But we feel like we're well-positioned. We're going to try to reply in a very expedited manner.

On the timeline, so the EPA did tell us, we announced this at the second quarter earnings, that it would be unlikely for us to have their recommendation in the first quarter of 2026, as we had originally hoped. Recently, they have been able to guide us that they expect that now will be mid-year 2026, so end of the second quarter. So, at that point, the EPA would provide their recommendation. There is an appeals process that has to happen as a part of the statutory protocol, and then it would move to the Minister of Environment for final approval.

So, Alcoa is fully committed to doing everything within our power to still secure our approvals as early as possible within 2026, but the timeline has slipped a bit.

Bill Oplinger, our CEO, has been in Australia the last two weeks. He's been meeting with the authorities in Western Australia. Now he's over in Canberra meeting with the regulators there, making sure that we are getting their view, that we're doing absolutely everything possible to secure the mining license. Sorry, the mining approvals.

When we make our move into the new mining region, originally, we had said that we would start at the end of 2027 to make that transition. We would be working on the transition during 2028. And then, when we got into the new mine area fully in 2029, we would pick up 1 million metric tonnes of alumina production. So, as we move into the new area, we will have restored bauxite quality. That means a higher alumina content. So you're basically processing the same amount of bauxite, but you're able to produce more alumina out of the process.

So, we'd pick up 1 million metric tonnes of alumina, and we'd also save $15 per metric tonne to $20 per metric tonne of alumina produced, because we would be using less caustic soda, as well as lower energy costs. So, it's a big financial advantage for us when we get into the new mine region and complete that move. So, all resources are being applied to ensure that we can get there.

Chris LaFemina: That's a pretty significant impact, actually, on the bottom line when you deliver that. And then, just back to the point of about 5,000 submissions, is that, was that a surprising number of submissions to you? And does that delay the process having to go through these using AI? I mean...

Molly Beerman: They're...

Chris LaFemina: ...feels like pretty complicated step there.

Molly Beerman: So, everything about our approvals is a little bit more complicated. We actually have two mine plans before the EPA, so that's complicating things. Not only is our documentation voluminous, the EPA has commissioned their own studies. So, they have to review all of that coming in, and then the volume of the public response. So, that accumulation is really is what has caused the delay in the original timeline.

If you look at the number of responses, this is a record number of responses. We're not necessarily surprised at that. We recognize that we are mining in a sensitive area where there's a lot of public concern about the Jarrah forest. Now, we have been working in mining in this region for 60 years. We have been rehabilitating the mine areas as we've moved out, as we moved beyond them, but lots of public interest that's understandable.

So, we're going to take our time, even though we'll use our technology tools to assist us, but we will make thorough responses to each of the inquiries from the public.

Chris LaFemina: And there's lots of jobs in these mines and important for the WA economy as well.

Molly Beerman: Yeah. We employ over 4,000 employees in the region, and it's a major tax contribution to the region as well as to the country.

Chris LaFemina: And sorry, the point about – you have two mine plans, is there a separate submission process for each?

Molly Beerman: It is – two...

Chris LaFemina: So that 5,000 is two sets...

Molly Beerman: ...two mine plans, so remember, one, as our current mine plan was referred by the third-party. So that's undergoing review. At the same time the mine plan for the new region...

Chris LaFemina: Got it.

Molly Beerman: ...is being reviewed. The EPA felt that would be more expeditious for them, and we agree with that, so they're running the review process for both.

Chris LaFemina: Okay. Thank you for that. That's really helpful. Good luck with that. On to cash and capital allocation. You had a pretty big working capital release in the second quarter. So, free cash flow is notably strong. Can you talk about capital allocation approach and how we should expect you to deploy cash flow going forward? And maybe talk about working capital moves going forward as well.

Molly Beerman: Okay. So, we are still focused on further strengthening of the balance sheet and getting to our new net debt target. So, we recently announced we have an adjusted net debt target of $1 billion to $1.5 billion. We closed the second quarter at $1.7 billion, so we're within $200 million of that. And that was a notable decrease from the first quarter when we closed at $2.1 billion. So, we believe we still have some work to do on our debt. If you look at the adjusted debt component of our adjusted net debt, we're at $3.2 billion. So about $2.7 billion of gross debt, and $0.6 billion of pension and OPEB. Not much work to do on pension and OPEB, that's going to simply be paid down over time. Most of that is OPEB, but we'd like to get that gross debt reduced from the $2.7 billion.

We have several opportunities for efficient debt repayment now. We've got a $75 million term loan that's coming due in November, and we'll likely not renew that. We also have our 2027 notes are callable now with no premium, that's about $140 million. And then, our 2028 notes are callable with a very low premium now, that's about $220 million. So, we'd like to get some debt reductions down.

We do feel that as we approach the top end of our adjusted net debt target though, we can look at changes to our returns to shareholders.

At the same time, we'll look at the other branches of our capital allocation. So, we'll look at investment opportunities as well as any additional portfolio optimization.

On working capital, I was just looking at the cash generation forecast for the second half of the year. It's solid, coming in strong. I will say though, it's a little bit lumpy. When we look at the third quarter, we did have a large increase in metal prices. So, my AR is shooting up. So, typically, I reduce working capital throughout the year. Working capital is probably going to look a little bit flat in the third quarter, but when we get to the fourth quarter, I will have lower inventories, I'll have higher AP, and that will clearly offset the AR, and we'll be generating cash from working capital, as well as generating cash from the operations. So, a little bit lumpy, but good cash generation expected for the second half of the year.

Chris LaFemina: So, since Bill took over as CEO, the strategy seems to have been, kind of, streamline the portfolio, improve operational performance. Now we're focused on getting the WA mining licenses sorted out. Balance sheet deleveraging was important as well. You're kind of, you know, the stuff is progressing now, and it was notable on your last earnings call that you started to get questions about capital returns, right? Because you're getting to the point now where you can deliver capital returns.

But, so we know that one option that you have is more capital returns, and I would assume that's going to be a relevant factor going forward, but you also have the, kind of, financial capacity over time to invest in growth. So, in particular, if markets are stronger than you expect or than we expect, how do you consider deploying capital? And what sort of growth will you be looking at? Do you have projects in the portfolio today that we might not be as aware of? Or would you even look at M&A as an option?

Molly Beerman: Yeah. So, a little bit on capital allocation before I go to the growth. We do have a dividend today that, while modest, it's a dividend that we can pay across all market cycles. We also have a $500 million authorization for share buybacks, so that's an option to us as well. We do not target a share price when we do buybacks. We simply, if we have excess cash, it's our intention to return that to the shareholders.

When we look across – when we have excess cash and we're looking across capital allocation, we're obviously looking at growth opportunity as well. We always have an M&A team looking at deals. As you look across the industry, there's always opportunities available to us. I don't necessarily want to comment on the specifics, except to say that we're active. We talk to our peers. We talk about high level opportunities. We also talk about specific asset-based opportunities.

You know, we don't have a big play in recycling now. I don't see us necessarily buying a recycler.

We don't have expertise in the collection and sorting, but we do have expertise in remelt. So, opportunities for us can look like an expansion of our recycling. That would be very specifically aligned with where we have customer needs. For us, we have a large pull from the auto customers, especially in Europe, for more recycled content. So, that's an area that we also explore for growth opportunities, perhaps inside CapEx, as well if an M&A opportunity might help us to fill that.

Chris LaFemina: So, I think the target had been $600 million of cost and productivity improvements, which, you know, looks like that's potentially beatable. So, I just wanted to understand what the further operational upside potential is. And we still have, you know, trying to find a good solution at San Ciprián. Kwinana has been closed, so you're going to get some benefits from that flowing through. Improvements at Alumar. Can you kind of walk through, we have a bit of time here, so maybe walk through the portfolio and talk about where you can deliver additional benefits here?

Molly Beerman: Yeah. When we look at our costs and productivity going forward, there's a couple main branches. The first thing, running stably. And I'm very happy to say that we have been running stably now for quite a while. If you look at some of our cost pressures in the past, it's because we've spent money on rework or corrections. So, operating stably is one of the biggest value drivers that we have completely within our control.

Last year we did run the $645 million profitability improvement program. That has gone very successful. We're actually revisiting some of those initiatives now, to see what can be accelerated further, or even additionally leverage. So, we are looking for additional savings in that program.

One of the biggest drivers for us on long-term profitability, is related to WA and improving our situation when we get to the new mine region. However, if you look at today's operations, we are mining bauxite, that in the past we would have left it in the ground. It was just such a low quality. Our teams in Western Australia are amazing. They are getting production, they're finding ways to cut costs. And so, the maintenance of our volumes there, and the cost controls that we're seeing, will continue to be a focus because they're paying off for us.

Chris LaFemina: And, sorry, back to WA, kind of contingency plans. Bill talked about 18 months of, you can kind of – if things get delayed up to 18 months, you can continue to mine low grade bauxite, and then it becomes a bit more challenging. But, can you just talk about that? I mean, how would that work operationally?

Molly Beerman: So, we have multiple contingency plans, assuming the approval. So, we had originally set up the contingency plans assuming we'd have the approval in the first quarter of 2026. So, the timelines we're providing, 15

to 18 months, I mean, that we'll be able to run at the same level of bauxite grade that we're currently mining for that period of time. If we get beyond delay, say, that 15 to 18 months, then we would be looking at adjusting some of the operating levels for the Pinjarra refinery.

What we don't want to do, is run out of ore. And we want to keep the refining operations going smoothly. We have no indication that we're going to be in delays to that length of time, but we do have multiple game plans if we get into that situation where the approvals are taking longer than expected, that we will have the continuity of operations.

Chris LaFemina: So, if we fast-forward three, four or five years from now, assuming the WA approvals come through, portfolio's totally cleaned up, you may be investing in some growth. If we can go back to just the markets. I mean, we have this hard cap on Chinese domestic aluminum production, which we're very close to today. You know, I think a point that you and Bill have made is that, building the smelters in the U.S., or really anywhere in the world, is going to be really challenging. Power constraints are a problem or an issue around that. So, you know, are we heading into a world where we have a persistent deficit in the aluminum market? You're going to have a demand growth in the power sector, AI, datacenters, etcetera. And it looks like supply constraints are becoming material.

And the reason why I think this is so relevant is that, over the last 25 years, aluminum has – I think it's been disappointing because of the supply growth. I mean, if you look at China, China went from being a net importer of aluminum 25 years ago, to being a net exporter by the end of the China supercycle. It's consuming all these imports of other raw materials. But aluminum, they had a domestic solution, and were able to be, you know, maintained self-sufficiency. But, if that supply growth stops, the demand for aluminum has always been – it's kind of the magic metal, right? I mean, it's better than copper. It's just that the supply side is hurt. So, do you think we could be heading into a very different environment structurally in the aluminum market because of supply constraints, finally, due to power shortages?

Molly Beerman: Yeah, we absolutely do think we're going to have to have response both in terms of price to incentivize the investment. Power is absolutely going to be a factor. As we've talked to the U.S. administration around tariffs, they obviously would like us to build a smelter in the U.S. We've made clear to them, though, that one of the key components to that, is having – the U.S. having an industrial energy policy.

We are now, today, competing with Amazon and Microsoft, who are willing to pay over $100 per megawatt-hour for power. But to run an economical smelter, we need to be down in that $30 per megawatt-hour range.

So, they absolutely have, you know, some willingness and openness to address that. Not in the near term, but I think you could see projects possibly in the U.S. or North America if we can get the energy for it.

Chris LaFemina: Right.

Molly Beerman: And I think you'll still continue to see the Chinese funded developments in Indonesia. So, that will continue, and I think that supply will be needed. Unfortunately, that's probably running on coal or – so, it's not necessarily the greenest solution we'd like to see. We'd like to see the renewable energy behind the smelters who are producing low-carbon aluminum. But we do need the growth.

Chris LaFemina: So, we have a few minutes left. I wanted to ask about just the, you know, Alcoa's share price and the market, the equity markets and, you know, what do you think people might be missing? I mean, because I think, a lot of metals and mining companies, it's a very simple story. Leveraging one commodity, you might have growth, you might not have growth, but there's not a lot of moving parts in the mix. And whereas with Alcoa, there's been pretty dramatic changes in the last five years. So, you know, it's not as clean maybe, and I think it's becoming cleaner, but it also probably presents an opportunity for people who kind of get in the weeds a little bit and understand what's happening here. So, I would think that the market might be missing the, you know, a lot of the potential operational upside that you have already delivered and will continue to deliver. But what else do you think the market might be missing about Alcoa?

Molly Beerman: Yeah, Alcoa has solid fundamentals. We are operating very stably now. We're reducing debt, and we're maintaining our financial discipline. We're also keeping to our action orientation to address our challenges. So, we talked today about Western Australia, we didn't talk about our Spanish operations, but those have been challenged, and we're doing everything possible to get the smelter to a level of profitability, and to minimize the losses at the refinery.

Active advocates on tariffs trying very hard to work with both administrations to get the differential on the Canadian rates that we need. So, we're going to continue our action orientation on the business. We believe that we are well-positioned to deliver value. Recall last year we completed the strategic acquisition of Alumina Limited. This year we completed the sale of our Ma'aden joint venture. We're increasing aluminum production from our current smelting portfolio in 10 of the last 11 quarters, we've increased production. We delivered our profitability program – profitability improvement program early last year. We're continuing to leverage that. And now, we're approaching the top of our new adjusted net debt target. And that gives us flexibility to consider changes to shareholder returns, additional growth opportunities, as well as portfolio optimization.

So, we feel like we are well-positioned, you know, despite some of the external factors like the tariffs, like the market sentiment, we believe that our roadmap really positions us well to deliver value into the future.

Chris LaFemina: And just to be clear, the adjusted net debt does not include the value of the shares in Ma'aden right?

Molly Beerman: Correct.

Chris LaFemina: Which is $1 billion or something...

Molly Beerman: Correct.

Molly Beerman: Hey, I should've mentioned, you commented on Alumar, but then I didn't address it. So, the Alumar smelter has finally moved into profitability. So, you know, we've been on the road for a long time. We're about mid-90% of the way through the restart, but we're finally getting profits out of the Alumar smelter. So, tremendously happy about that news. So, that's another, it's a cost improvement, and actually delivering cash value.

Chris LaFemina: And then you mentioned San Ciprián again. Can you just give us an update, or just maybe just remind us of the history there, and where we are today and where things are going?

Molly Beerman: So, the long history, I'd have to go back to 2018 to tell you the whole history of it, but that's too far back. So, you know, Spain is so challenged on energy prices, and so it's been a struggle for us with those operations. We don't have full flexibility to curtail them. So, we're trying to run them in the best configuration possible for everyone. We had restarted the smelter. It had been curtailed. We have to restart it under the viability agreement that we have with the workers.

Unfortunately, the restart that we attempted in the first quarter, the line went down when Spain had the countrywide power outage. So, we spent some time working with the government, talking to them about what was the cause of the power outage, what are they doing to correct it, how much is that going to cost us? And eventually decided that we needed to move forward with the restart. So, in July we restarted the restart, and we are moving, fortunately, very well operationally on that.

Spain and the employees there are a tremendous asset. Really skilled employees. They really know how to run both the smelter and the refinery. If it weren't for the energy problems in Spain, we'd love to be running that asset. But really pleased to say that the restart is going well. Unfortunately though, it's later than we had expected. So, we had expected to be at full capacity by October of 2025, we're now delayed till the middle of 2026. At full capacity, the smelter will be profitable. It'll generate cash, and it eventually will generate enough cash to cover the refinery losses.

The refinery losses in today's environment is losing money. And more importantly, it's losing cash because we're spending a lot of capital there.

We're positioning the residue storage area for both expansion, as well as positioning it for eventual closure down the line. So, we've got work going on at the at the refinery.

So, the good news is, the restart is going well. The bad news is, we're going to have some cash pressure there until we get fully restarted.

Chris LaFemina: Sorry, so when you get the smelter to full capacity, between the smelter and the refinery, could this be a free cash flow breakeven business on current prices? Or is it going to be free cash negative even on current prices?

Molly Beerman: At current prices, it will be negative. But again, as we look at the outlook for, you know, ahead to 2027, 2028, we absolutely see a possibility where the smelter will cover.

Chris LaFemina: Okay, that's good. We're running low on time. Is there anything else that you want to conclude with here?

Molly Beerman: I think we've hit the items, Chris, everything that the investors have been asking me about in the last two days, you've covered. I'll take any questions from the audience if there's anything further.

Chris LaFemina: I think we covered it all. It's very clear.

Molly Beerman: Thank you very much for your time.

Chris LaFemina: Thank you so much.