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CORPORATE PARTICIPANTS

William F. Oplinger – *President and Chief Executive Officer*

OTHER PARTICIPANTS

Jason Fairclough – *Head of European Metals, Mining & Steel, Paper &
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Jason Fairclough: Well, let's get going on this session. So, our next fireside chat here is with Alcoa. Representing Alcoa, we have President and CEO, Bill Oplinger. Bill has been here many times. So, thanks for coming back, Bill. Why do you have me instead of Lawson? Lawson is next door with Franco-Nevada? So, Bill and I have known each other a while.

William F. Oplinger: Sure. And if you don't mind, I'll just start with a couple of opening comments

Jason Fairclough: Absolutely.

William F. Oplinger: Are you okay with that? Okay. Thanks for having me.

You know, I've lost track of how many of these conferences I've been to over the years, but it's always, always good to come back. When you're considering Alcoa Corp. as an investment, we've got a lot going on and a lot of favorable progress in the company over the last five years, currently very focused on safe operations and, knock on wood, we've had safe operations so far this year, strong stability and continuous improvement. So, we had a good first quarter. We're anticipating a strong second quarter. And so, those are really the day to day focus.

In addition to that, we've been executing on a number of strategic priorities. We're continuing to progress the Western Australia bauxite mining approvals. That's going well. In addition to that, we're in the process of monetizing some of our assets in the closing curtailed area. So, we've been looking, as we've said, we've been looking at selling the data centers and monetizing about \$500 million to \$1 billion. We anticipate the first of those to be very -- to happen soon. So, we're making progress. We announced in the first quarter that we're making progress with NYDIG at the Massena East site. So, we're anticipating that will happen quickly.

And on top of that, we're continuing to focus on growth. And we introduced the concept that we would consider growing really last year and we just announced in the last couple of days an investment in Northern Norway, where we're going to build out our recycling capability to meet customers' needs for recycled content. So, that's a \$65 million investment in our Mosjøen facility, great facility, low cost energy, wonderful smelter attached to it. So, adding recycling capability there to meet our customers' need in Europe.

So, lots going on in the world, lots going on in the industry. We're focused on, you know, running the operations extremely well, safely and executing on our strategic initiatives even while there's a lot of noise in the system.

Jason Fairclough: Okay, fantastic. Well, thanks for those opening comments, Bill. For our AV people, do you mind just setting that clock to the right time and starting it? Thank you.

So, I've got some questions here, and I'm going to just scramble them up a little bit just to continue to...

- William F. Oplinger:** I was only ready to have them in order.
- Jason Fairclough:** Exactly. So, let's start a really big picture here, so obviously the war. How do we think about the war? How do we think about the potential impacts on the aluminum market? How do we think about the potential impacts on your business?
- William F. Oplinger:** So, you know, clearly the conflict has had a big impact on the aluminum industry. I'm sure many of you know the numbers. Roughly within the Strait of Hormuz, there's about 9% of the world's aluminum smelting capacity when you look at it on a Western world basis. That's about 20% of the Western world capacity, and all of that capacity has been impacted to some extent. There's been around 2.5 million metric tons of capacity that's been publicly announced that has come offline. We believe it's probably a little bit larger than that. It just hasn't been publicly announced. I'll let each of the individual companies address how they've been impacted. But for instance, at EGA, obviously, EMAL is offline. Alba has been negatively impacted. Qatalum been negatively impacted. So that has clearly inflated aluminum prices in the short term, inflated premiums into both Europe and North America. In our case, we are a supplier of alumina into the region. At this point, our customers are continuing to take the product. They're just resourcing it, selling it on in other parts of the world. We think a lot of that's ultimately going into China.
- Jason Fairclough:** And just to sort of touch on that, so, if you think -- how is the aluminum market balancing? We're hearing sort of chatter that some of the Chinese alumina refineries are actually curtailing.
- William F. Oplinger:** So, right now, the aluminum market isn't balancing. And so, we would say that the aluminum market is around 13 million metric tons long. And we are seeing some of the Chinese capacity come offline. But with that excess capacity, we would anticipate that we'll see further actions from other companies.
- Jason Fairclough:** Okay. So, you talked a little bit about the premiums coming into the U.S., which is your home market. I think even before the Middle East kicked off, the market was pretty tight, and we had quite elevated premiums. So, can you talk a little bit about the dynamic that you're seeing on those Midwest premiums and how you're thinking about your product mix?
- William F. Oplinger:** So, you referenced our home market is in North America. We would say our home markets really are in two markets, Europe and North America. We've got very good positions in those two net-consuming, those two net-deficit markets, so strong asset positions. The Midwest premium, and if we just step back, prior to the conflict going into the year, we had a couple of curtailments that occurred on the supply side, specifically Mozal and some

Century capacity in Iceland. At the same time, we have seen that the Chinese are limiting production to the 45 million metric ton cap. We had anticipated going into 2026 that the aluminum market would be in a slight deficit and would draw down inventory, so we were very constructive on the aluminum market going into the year.

Clearly, with an additional 2.5 million metric tons coming offline in the Middle East, that has put a lot of pressure on pricing and supply. We have not yet seen physical scarcity of metal, either in Europe or in North America. We think we could see real physical scarcity of metal over the next six months in Europe or in North America. What that means is that Midwest premium has elevated to, last time I looked, about \$1.16 a pound, so put that in dollars per ton, that's what, about \$2,400? I won't get my math right, \$2,400, \$2,500 a ton. So, premiums have been very strong.

We've seen Rotterdam premiums also go up. And just one side note, on the Rotterdam premium, we are estimating that we thought there would be about \$40 per ton built in related to the CBAM. We think there is, but it's hard to say, given all the dynamics in the market, how much of that's being driven by the conflict versus how much is being driven by CBAM.

Jason Fairclough:

So, if we just talk a little bit about demand, and again, so I cover Norsk Hydro, which is like a European aluminum company, and they saw a big pickup in some of their downstream activities. And we were trying to decide if that was people sort of pulling demand forward because they were worried about security of supply, or if it was actually really demand recovery. How are you seeing, what signals are you looking at for demand?

William F. Oplinger:

So, we look at all the traditional signals for demand. So, when we're looking at the demand picture, we start with the big picture and look at industrial production and some indicators within each of the end markets. Probably for me, the most important is looking at the order book and how strong the order book is. It's hard for me to answer, because I get the question, are you seeing demand destruction at this pricing level?

Probably very similar to the folks at Norsk Hydro. We're seeing a switch from customers who had supply chains that reached all the way back to the Middle East, and we're getting customers now coming saying, hey, we need supply security. And that's both in Europe and in North America.

So, while people have talked about demand destruction, we're just not seeing it, right? Our order books are improving every week, and we still have some excess capacity in North America that we can fill, but really strength in demand, and it's hard to parse out, is that related to underlying demand or is that related to the conflict?

Jason Fairclough: And again, we've started to talk about this a bit. Is there a mix thing going on here as well? Is there a shift to more VAP?

William F. Oplinger: There is. So, we took the action in the first quarter to reposition some metal into the North American market, and that frees up some VAP production capability in North America, and so we're seeing our VAP order book being very strong both in Europe and in North America.

Jason Fairclough: So, we talked about revenues a little bit. Let's talk about costs a little bit. So, if you think about the pressures on the business today, maybe you can just walk through some of the key ones.

William F. Oplinger: Let's start with energy, right? You know, everything starts with energy in our industry. We are exposed to less than 1% of our total electricity buy is exposed to spot markets. So, we're pretty well covered on the electricity side. Now, clearly we have contracts specifically in places like Quebec and Iceland that vary with LME prices. So, we share some of the positive upside with our power providers, but that's all built into the sensitivities that we provide on a quarterly basis.

If we then go to some of the direct consumers around natural gas, in Western Australia, we have long-term contracts on natural gas. In Spain, where our refinery would be exposed to spot natural gas, we've hedged that gas price through 2027, so that will provide some security of pricing in Spain. And then if you keep going, we have some oil exposure in Brazil, but not significant, and then come down to mining diesel. We've secured our mining diesel through the end of June, so we feel confident that we've got good security of supply on diesel. So, from an energy perspective, while the energy disruptions are driving a lot of the top-line impacts, we're pretty well covered on the cost side.

If we then go into some of the more aluminum-intensive raw materials, caustic prices we've seen are taking up a little bit. We've got a six-month lag on caustic prices, so we won't see those impacts until much later in the year. Coke and pitch prices have increased a little bit also, and those are typically on a one-quarter lag.

Jason Fairclough: Okay. So, so far, not that much, and we really would expect to see this come through with more of a lag.

William F. Oplinger: More of a lag toward the end of the year. In relation to the size of the revenue changes, these cost impacts are pretty minor.

Jason Fairclough: Just in terms of the alumina business, and I guess thinking about diesel as well, I mean, we're seeing this with iron ore as an example. Some of the really more marginal guys are actually shutting down because even though

the price has gone up a little bit, their costs have gone up so much that it's not worth producing, and particularly once you take the shipping into account. When do you get to that pressure point in your alumina operations, your bauxite operations?

William F. Oplinger: So, we have three large refineries currently in the world. We've got three large ones and two smaller ones. So, if I just cover those quickly, we've got Pinjarra and Wagerup in Western Australia, totally vertically integrated on the mining, connected via conveyor, historically very low cost, strong energy contracts. So, those are really, really good assets.

If we then go over to Brazil, the Alumar refinery has really performed exceedingly well. So, the Alumar refinery is running at a very high level. They've been able to drive costs out, so Alumar has been very successful. Pocos meets the needs of an NMA set of customers down in Brazil, and then we have Spain. And so, right now Spain is under pressure with the low alumina prices, and that offsets some of the positive that we've seen out of the smelter in Spain. So, with alumina prices at \$305, \$310 puts a lot of pressure on the Spain refinery.

Jason Fairclough: Yes, especially with that, you've also got the Euros a bit strong as well, which doesn't help.

William F. Oplinger: Doesn't help. And in the case of Spain, we're running at around 2,000 tons per day. So, what's that, around 700,000? So, the capacity isn't huge. A piece of that goes to the NMA market. Taking that capacity offline wouldn't have a big impact on the overall market conditions, but it is struggling at these lower alumina prices.

Jason Fairclough: So, I guess since we're starting to talk about the assets, can you just walk us through the 2026 sort of production shipment story in the main operational regions?

William F. Oplinger: Sure. As you can imagine, at these price levels, we are ramping up production just about everywhere we can in the world. You know, let me start with Spain since we talked about Spain on the refining side. We've ramped up the production in Spain. It's been a safe, successful, on-time, on-budget ramp up of Spain. The workforce there has done a fantastic job of running that facility. There's never been any question around the strength of that workforce. The issue in Spain is always energy prices. And so, we have a viability agreement in Spain; that said, we would ramp up the production. We've done that. We're running it at 100% capacity, very strong startup. We'll continue to do that through 2027. We have a viability agreement there with the union that ensures that we'll run that smelter through 2027.

If I then go to other parts of the world, we're ramping up capacity in small amounts in Australia. So, we are adding additional pots in Australia, not new pots, but turning the pots on. Similar case in southern Norway, so we've got a small plant in southern Norway fully ramped up. Down in Brazil, the smelter in Brazil, which has -- the startup has been very difficult over the years. We have very good, strong stability today. We're running at about 90% capacity, and we'll continue to ramp up that smelter over time. The real important part there is that we have stability because from time to time we've had issues where we lose production there. So, good stability today.

And then we come to Quebec. Quebec is running flat out. Quebec is one of the crown jewels of the company. It's running flat out. And then in the U.S., we've just re-signed a long-term power deal in Massena. It's a 10-year deal with two 5-year potential extensions. So that gives Massena a real line of sight to being successful over the next decade. And then in the case of Warrick, which is in southern Indiana, we still have 50,000 metric tons of capacity there. Actively looking at what scenarios it would take to restart Warrick. Warrick has been historically a difficult facility to run at four lines. And right now we have good stability running three lines, and we'll consider what it would take to restart the fourth line.

Jason Fairclough: What's the limiting factor there, Bill, just out of interest?

William F. Oplinger: It would be about a two-year startup time period. It would be about \$100 million of capital. And historically, the stability has been difficult running four lines because of lack of labor and being able to get labor to run that facility with stability.

Jason Fairclough: Okay. All right. Let's switch gears a little bit. We'll come back to the markets a little bit. In Q4, I guess you had Midwest premium strength offsetting the tariff costs. If you look at it now, you've got tariff costs, which are going to be rising, obviously, with the higher LME price. How do we think about the net impact here of Section 232 in a simple way for cavemen?

William F. Oplinger: It's never simple. Gross tariff expense bringing metal in from Canada into the U.S. is around \$1.1 billion. So that's our gross tariff expense. Our U.S. facilities are getting the benefit of the higher tariff rate Midwest premium. So they're getting a fairly significant benefit today. That puts them in a much better position. And so, the Midwest Premium is completely covering the tariff costs. So, when we talk about \$1.1 billion of gross tariff expense, obviously, the Midwest premium at \$1.16 a pound is covering that and more at this point.

Jason Fairclough: And more?

- William F. Oplinger:** And more.
- Jason Fairclough:** It's actually a net positive for the imported.
- William F. Oplinger:** It is. And that's not necessarily related to the tariffs. It's related to the overall strength of the demand, especially with the conflict in the Middle East, where customers are looking to reposition long supply chains out of the Middle East into more regional supply chains like North America and Europe.
- Jason Fairclough:** Okay. Let's talk a little bit about the European side of things. So, you've got CBAM as well. And again, that's another confusing thing for us analysts to figure out.
- William F. Oplinger:** I think it's confusing for most people. I guess our view of CBAM is that we think it's a net positive in the near term for Alcoa. We will get a benefit of about \$40 a ton on CBAM, which will be baked into the Rotterdam premium. Like I said earlier, it's hard to tell whether that's been baked in, given how the strength of the Rotterdam Premium in the face of the conflict. There's a couple of loopholes on CBAM that the European Commission has been trying to close. Those loopholes are associated with scrap. They made an attempt to close that toward the end of last year. And then the second one is around downstream. And we're continuing to pursue the closure of those loopholes. But at this point, CBAM is not having a negative impact. In fact, it's having a positive impact on Alcoa.
- Jason Fairclough:** Okay. I just want to offer anybody want to ask a question here? We can keep on trucking, but if someone's got to...
- William F. Oplinger:** Any questions from the group? There's a question.
- Audience member:** Thank you. So, you mentioned energy, obviously, as one of the key issues that you're thinking about every day. So, I wanted to maybe kind of bring the two topics together, one of them protectionism and energy, into the same question and kind of try to understand a little better as you look -- I mean, you run a global operation. You have smelters everywhere. How is this protectionism, like CBAM, 232, and energy interacting in your mind? I mean, are we -- because China's kind of topped out in terms of capacity. They're now, I believe, 45 million tons a year, so there's not much more scope for them to keep producing aluminum, at least the way I understand it. So, how does that feel look like in five years from your perspective, and where are you putting the next chips on the table where you think the main -- the biggest aluminum companies in the world are going to be investing in? Also, considering the Middle East has become hit by yet another problem, which is geopolitics and military. So, how do you see that

production growth evolving? We do need aluminum. I assume that, right? Because we're not going to get the production at this pace.

William F. Oplinger:

So, I think you answered a lot of the question there. So, I think you gave the components of a lot of the answer. If we step back and look at demand growth in aluminum, we think that demand growth in aluminum will be around 3% to 4% underlying demand growth. If you then bifurcate that between primary and secondary, secondary will clearly grow at a faster rate than primary. Secondary is advantaged to some extent, and therefore we see the growth in secondary. If we then -- and just to be brutally honest, we are very bullish on aluminum. We're an aluminum company. So, you know, of course we're very bullish on aluminum. We're bullish on the future of aluminum.

We see the demand. The issue if -- you know, I've been in this company for 26 years. I've been following the aluminum industry for 26 years. The issue has never really been demand growth. It's always been supply growth that matches that demand growth. The Chinese seem to be firmly capping at the 45 million metric tons. They've not deviated from that over the last couple of years. We're not seeing them deviate from that today. They are going outside of China and growing in places like Indonesia and having some success in Indonesia, but it's turning out not to be quite as easy in Indonesia as it is to grow in China.

Historically, if you'd asked me a year ago, I could have told you that in the Middle East, we will see potential for supply growth. In the Middle East, I think the conflict throws that into uncertainty. And so, then you match a market that has underlying demand growth that grows year in and year out. Everything you touch, everything you -- whether you fly, you drive, you work in a building, you drink out of a can, everything has aluminum in it, and that will continue to grow, and the supply is now limited. So, we're seeing what we view as a constructive market for aluminum over the next five years.

And so we -- and just to talk about us a little while, and that is we're long in all three of our markets. So, we're long in bauxite, we're long in alumina, we're long in aluminum. If you follow this industry long enough, you will realize that you never quite know where the value will accrue in that supply chain. Sometimes the value accrues to bauxite. We've seen it in times like 2018 where significant value accrues to the refining. Today, a lot of the value in the industry is accruing to smelting. We like to be long in all three of those to be able to capture those market changes over time.

So, just from real short to sum it up, we think that the dynamics are different. I hate to say they're different this time, but we actually see some limitation of supply specifically out of China that will allow that demand growth to really have a constructive picture for the aluminum industry.

Okay, well, now we've prompted some questions. Maybe somebody's going to argue with me.

Audience Member: There's been some talk about as part of the USMCA developing a fortress North America with equal tariffs in Canada and Mexico, which would make moving material between Canada and the US much more -- the tariffs would go away. Do you think that's likely? Is there much hope for that?

William F. Oplinger: I'm not going to predict what's going to happen in USMCA. My crystal ball is not that good. What I can tell you is there are dedicated supply lines that go from our Quebec plants to our customers via rail that it makes a lot of sense for, in my view, for both Canada and the US to ensure that the first metal that comes into the US is always Canadian metal.

And so as they work through USMCA, we'll let them work on that. But our customers need Canadian metal. Now, with today's pricing, the prices are high enough that it still incents our Canadian metal to come in to the US. But as they look at USMCA, it does not make sense for Quebec metal to be going to Europe. Quebec metal should be coming into the United States.

Audience Member: How about the push by the administration for building new aluminum smelters in the US? Century is planning one. What are your thoughts on that?

William F. Oplinger: So, I'll tell you the exact same thing I think I tell the administration. If we can get globally competitive power in the United States, we will consider building a smelter in the United States. Globally competitive power looks like \$30 to \$35 a megawatt hour, right? If we can get \$30 to \$35 a megawatt hour anywhere around the world, we will consider building a smelter there. But that has not been the case in the US. You look at the hollowing out of the aluminum industry in the United States over the last 20 years, it's been solely due to the lack of inexpensive, available long-term power in the US.

If that reverses, which does not show any signs of reversing at this point, with the data center demand in the United States, put it in perspective, and I think most of this is public information, the data centers are able to pay \$110 to \$120 a megawatt hour for a 20-year take or pay, right? Nobody builds a smelter in the world at half of that. And so, that's the issue that the United States has. It's all around cheap electricity.

Audience Member: Since the door was opened on politics, let me ask a general question.

William F. Oplinger: I've dodged those questions pretty well.

Audience Member: Do you see or feel any improvement in the relationship between government agencies and the company as it relates to just general business repeal of regulations or the environmental look forward?

William F. Oplinger: So, Dan, thanks for the question. We have three types of businesses. We have mining, refining, and smelting. In regions where you have mining, it is

so clear that license to operate is critically important. I've been pretty public around some of the approvals issues that we've had in Western Australia. Those approvals issues were really, in my view, self-inflicted, right?

We need to have very strong regional leadership that can be attuned to stakeholder requirements and be able to act on those stakeholder requirements. In Western Australia, we saw stakeholder needs really escalating quickly. We weren't in a position to be able to react to those stakeholder needs. So, in the mining area, license to operate is critically important. I think you can say the same thing around refining and smelting. And so, for our business, one of our key, and probably if you talk to any large aluminum business in the world, it's having successful relationships with all of our stakeholders in the regions in which we operate, and that includes governments.

And so, we have spent over the last couple of years, really a lot of effort trying to improve our stakeholder relationships to ensure that we have the license to operate in all the regions we work in.

Jason Fairclough: Look, I think we're out of time. So, could you join with me please...

William F. Oplinger: Good. You did a great job stepping in.

Jason Fairclough: Thanks a lot.

William F. Oplinger: Thanks.