

# CENTURY ALUMINUM COMPANY: 4<sup>th</sup> Quarter 2024 Earnings Call

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## SPEAKERS

Jesse Gary, President, Chief Executive Officer & Director  
Gerald Bialek, Executive Vice President and Chief Financial Officer  
Ryan Crawford, Investor Relations & Financial Planning and Analysis Manager

## ANALYSTS

John Tumazos, Analyst  
Katja Jancic, Analyst  
Nick Giles, Analyst  
Timna Tanners, Analyst

## PRESENTATION

### **Operator**

Good afternoon. Thank you for attending today's Century Aluminum Company Fourth Quarter 2024 Earnings Conference Call. My name is Sherlyn and I'll be your moderator for today. All lines will be muted during the presentation portion of the call with an opportunity for questions and answers at the end.

I'd now like to turn the conference over to our host, Ryan Crawford. Ryan, you may proceed.

### **Ryan Crawford**

Thank you, operator. Good afternoon, everyone, and welcome to the conference call. I'm joined here today by Jesse Gary, Century's President and Chief Executive Officer; Jerry Bialek, Executive Vice President and Chief Financial Officer; and Peter Trpkovski, Senior Vice President of Finance and Treasurer.

After our prepared comments, we will take your questions. As a reminder, today's presentation is available on our website at [www.centuryaluminum.com](http://www.centuryaluminum.com). We use our website as a means of disclosing material information about the company and for complying with Regulation FD.

Turning to Slide 1, please take a moment to review the cautionary statements shown here with respect to forward-looking statements and non-GAAP financial measures contained in today's discussion.

And with that, I'll hand the call to Jesse.

## **Jesse Gary**

Thanks Ryan and thanks to everyone for joining.

I'll start today by quickly reviewing our full year 2024 performance, before discussing our Q4 performance and the strong market conditions we are experiencing so far in 2025. Jerry will then take you through the details of the results and our first quarter outlook and then I'll finish with a discussion of the recent US Section 232 tariff announcements before turning the call over for questions.

Century produced strong results in 2024, generating Adjusted EBITDA of \$245MM for the year and \$82MM for the fourth quarter. Overall, strong realized aluminum prices, both at the LME and regional premium level, and low energy prices, drove increased profitability in the fourth quarter. Aluminum prices averaged \$2,575 for the quarter, and rose further in Q1 to date, with spot LME trading above \$2700 and Midwest Premium trading near \$0.39 today.

Turning to slide 4, Indy Hub power prices continued to be attractive in Q4, as a mild start to winter kept natural gas and power prices low. Cold snaps in January and February have led to higher US and European gas and energy prices so far in 2025, and we have experienced some of this normal seasonality in our own power prices at Sebree.

Turning to page 5, as you can see in the top left graph, strong global demand and continued constraints on new global supply, is expected to move the global market into deficit by over 600,000 tonnes in 2025.

Global aluminum supply remains challenged, with China approaching its 45 million tonne production cap, and limited announced new projects outside of China. We believe demand growth will continue to outpace supply in 2025 and for years to come. With inventories again at multiyear lows of 49 days, western demand growth in 2025 should be supporting higher aluminum prices as we move forward in the year and inventories continue to deplete.

Alumina supplies also remained tight in Q4, driving API alumina prices to all-time highs in late November and early December. Alumina prices have retreated somewhat in 2025, with spot API trading today around \$505. Our Jamalco acquisition and LME-linked commercial contracts continue to serve us well during this period of alumina price volatility.

During Q4, one of our major alumina suppliers declared a force majeure, which reduced deliveries under one of our supply contracts and required us to procure some spot API alumina in Q4. Fortunately, we were able to reach a financial settlement with the supplier that fully offset the additional costs of these cargoes.

Please just note that the \$12MM benefit from the financial settlement was booked in Q4, while the offsetting one-time costs associated with the replacement material will not roll through our results until Q1 due to FIFO accounting. Just to wrap this up, the FM was limited to Q4 and we do not expect any further impact from this beyond Q1. You can continue to use our 50% Jamalco/fixed and 50% LME-linked alumina sensitivity numbers for Q2 and beyond.

On page 6, you can see that our other major raw material price inputs continued to be constructive, but we did see some uptick in coke and pitch prices as we enter 2025. Caustic prices and HFO continue to be at levels that are very constructive for Jamalco.

Turning to operations, across the company, our assets continued to deliver strong operating results into year end. Starting with Seabee, 2024 represented one of the smelters finest operating years ever, delivering strong results across their operating KPIs. We are very proud of the fine asset that the team has created there.

Mt. Holly did suffer some minor operational instability in Q4, as an excursion on the carbon side of the business increased operating costs and drove slightly lower production across the plant. The management team there has this issue well in hand and we expect the plant to return to normal performance over the course of Q1.

At Grundartangi and Jamalco, the respective teams delivered excellent operating quarters, and Jamalco notably is off to a very strong start to 2025 with January production at the highest monthly levels since we purchased the plant. The Jamalco team continues to focus on improvement, both through operational optimization and execution of our multi-year CapEx program that will aim to increase production at Jamalco towards 1.4MM tonnes of capacity.

In Q4, the Jamalco team took action to right size its workforce by implementing a 5% reduction in the plant's headcount. This step was necessary to lower the plants labor expense and increase productivity and continues our progress towards Jamalco's goal of producing in the second quartile of the global cost curve.

Our evaluation process at Hawesville made good progress, with strong interest and lots of due diligence ongoing. We will keep you updated on progress here as we move through the year.

Wrapping up with some very good news out of Iceland, recent rainfall and stronger than expected snow melt has improved reservoir levels in the hydro power schemes on the island. Given these improved reservoir levels, the national power company ended the power curtailments to Grundartangi in mid-February. The curtailments had originally been expected to last through May. The plant is now in the process of restoring operations to full production, which will have a partial benefit in Q1 and should result in full production levels for Grundartangi in Q2. The positive financial impact is included in our outlook on page 10 and our full-year volume guidance that is included later in this presentation.

Jerry will now walk you through the details on the quarter and our Q1 outlook.

### **Gerald "Jerry" Bialek**

Thank you, Jesse. Let's turn to slide 7 to review fourth quarter results. On a consolidated basis, fourth quarter global shipments were approximately 167,000 tonnes, slightly lower than last quarter due primarily to year-end cut off timing of shipments. Net sales for the quarter were \$631 million, an increase of \$92 million sequentially. This was driven by higher third-party alumina sales volume along with higher aluminum prices and regional premiums.

Adjusted net income was \$46 million or \$0.49 per share. The main adjusting items were add-backs of \$5 million for share-based compensation and \$2 million for lower of cost or net realizable value on inventory, partially offset by a \$6 million deduction for the unrealized impact of forward derivative contracts.

Looking at Q4 operating results, adjusted EBITDA attributable to Century was \$82 million. Liquidity was \$245 million to end the fourth quarter. This consisted of \$33 million in cash and \$212 million available on our credit facilities. Our liquidity position remains near target range but decreased last quarter primarily due to working capital dynamics within alumina sourcing.

Turning to slide 8 to explain fourth quarter sequential improvement in adjusted EBITDA on a normalized basis.

As a reminder, the Treasury Department published final 45X rules addressing carbon and other operating supplies in Q3. As a result, we recorded an incremental tax credit to true up the full-year 2023 and year-to-date 2024 periods in the third quarter.

Normalized adjusted EBITDA for the fourth quarter improved \$9 million to \$82 million. Realized LME of \$2,462 per tonne was up \$11 versus prior quarter, while realized US Midwest Premium of \$436 per tonne was up \$15 and European Delivery Premium of \$341 per tonne was up \$6. Together, higher metal prices and regional premiums contributed an incremental \$4 million compared with the prior quarter.

We also realized favorable energy costs adding \$2 million of EBITDA. In addition, as Jesse discussed, we recorded a \$12 million benefit after reaching a settlement with an external alumina supplier regarding a force majeure supply disruption in Q4. These benefits were partially offset by unfavorable other raw material costs of \$3 million and higher operating spend at Mt. Holly, a headwind of \$5 million. With that, let's turn to slide 9 for a look at cash flow.

We began the quarter with \$33 million in cash. Adjusted EBITDA contributed \$82 million. Increased borrowings of \$42 million was used to support the working capital build. Capital expenditures totaled \$13 million. Interest and taxes were \$14 million and \$9 million, respectively. The force majeure settlement was recorded in Adjusted EBITDA for the fourth quarter, but as Jesse already noted the offsetting cost will run through inventory in Q1.

Finally, the regular 45X tax credit booked in the quarter increased the tax credit receivable on our balance sheet until direct cash payments from the federal government are received. Through December 31, we have a 45X receivable of \$152 million related to full year 2023 and 2024 operations. At the end of quarter 4, we had \$33 million in cash.

Let's turn to slide 10 for insights into our expectations for the first quarter of 2025. For Q1, the lagged LME of \$2,575 per tonne is expected to be up about \$113 versus Q4 realized prices. The Q1 lagged US Midwest Premium is forecast to be \$600 per tonne, up \$165. Remember the realized MWP is on an approximately 1-month lag so the recent significant premium increase will be reflected primarily in Q2 results. The European delivery premium is expected at \$345 per tonne, or up about \$5 per tonne versus the fourth quarter. Taken

together, the lagged LME, and delivery premium changes are expected to have a \$35 to \$40 million increase to Q1 EBITDA compared with Q4 levels.

Normal seasonality will impact power prices and should be an approximate \$15 million EBITDA headwind in Q1 after a mild start to winter in Q4. We expect carbon and other material prices to increase by \$5 million.

The force majeure notice from one of our alumina suppliers caused us to purchase some alumina cargoes at spot prices during Q4. The additional cost of these cargoes was fully offset by a \$12 million financial settlement that we reached with our supplier in Q4. Note the benefit of the financial settlement was realized in Q4, but due to FIFO accounting, the higher cost of the cargoes will flow through our results in Q1. So, while we are showing a one-time \$10 to \$15 million alumina headwind in Q1, the impact of this was really offset by the financial settlement we recorded in Q4. To be clear, we do not expect this will repeat in Q2 or beyond.

We will incur approximately \$5 million of higher OpEx from pot reline costs to return to full pot complement at Grundartangi and trailing restructuring costs associated with the Jamalco workforce changes. Volume and mix will add an incremental \$10 million benefit. All factors considered, our outlook for Q1 adjusted EBITDA is expected to be in a range between \$75 to \$85 million.

As previously discussed, this outlook does not include the full quarter impact of the significant increase in Midwest Regional Premium since the announcement of the revised Section 232 tariffs. Using the sensitivities provided in our appendix, you can see that this will have a significant effect on the profitability of our US business, which each penny of increase in MWP equates to an additional \$9 million of EBITDA on an annualized basis. When you apply that to the nearly 20 cents increase, we have already experienced since Q4, you can see the material impact of this action on our American operations. Please just remember that due to our contractual pricing agreements, MWP will run through our financial results on a one-month lag, which means the vast majority of the benefit from the increased Section 232 tariffs will not hit our financial results until Q2.

Now referring to slide 11 for full year 2025 financial assumptions. We expect shipments to improve to 700 thousand tons in 2025 as all plants operate at targeted utilization levels. We expect to spend approximately \$45 to \$50 million in sustaining CapEx. This is in line with historical sustaining CapEx for the smelter assets and now includes Jamalco. We also plan to invest \$25 to \$30 million in various projects across the asset base that meet or exceed our return threshold. The investment CapEx will focus on improving operating efficiencies at Jamalco and our current U.S. and European facilities. The impact of the hedge book will vary with market conditions throughout the year, but to assist with anticipating these impacts on a go-forward basis, we have updated our previously reviewed Financial Hedge Landscape which can be found on page 16 in the appendix.

With that, I will hand the call back over to Jesse.

**Jesse Gary**

Thanks Jerry. Turning to slide 12, I'd like to end the prepared portion of our call by thanking President Trump for so quickly taking action to strengthen the Section 232 tariffs on

aluminum. When President Trump originally created the Section 232 program in 2018, it allowed the US aluminum industry to steady itself and begin to invest again in US production. We were proud to do our part as we invested in U.S. production and became the largest producer of primary aluminum in the United States.

Unfortunately, after President Trump left office, the effectiveness of the program was degraded through a number of country exemptions that allowed foreign producers to bypass the program and even increase their imports to all-time high levels, including imports from exempted countries increasing by over 25% since 2018.

Effective March 12, President's Trump actions will restore the original effectiveness of the Section 232 program by revoking all country and product exemptions and raising the tariff rate from 10 to 25%.

The effects of President Trump's action is beginning to be reflected in the Midwest premium, which has already risen from the 20 cents we realized in Q4 to 39 cents spot today. We believe that the MWP has room to increase further following the effective date of the program in March.

As the largest producer of primary aluminum in the United States, Century is doing its part to build and secure the aluminum production that is so essential to US national security needs. When complete, our new smelter project will represent the first new smelter built in the US in 50 years and will double the size of the existing US industry. The new Century smelter will build on our leading market position to fulfill the ever-growing strategic need for a secure, American supplier of cutting-edge primary aluminum alloys and value-added products. The new Century smelter will also provide our US customer base with a secure domestic source of military grade primary aluminum as well as a full suite of value-added products produced with best-in-class technology. The new smelter will create over 1,000 full-time direct jobs and over 5,500 construction jobs here in the United States.

We continue to make good progress on the project, having completed the second phase of engineering work and nearing completion of site selection and energy supply negotiations.

We are grateful to President Trump and his Administration for recognizing the vital importance of a strong domestic primary aluminum industry to US national security. These actions will help to underpin further investment in our industry, strengthen domestic supply chains and ensure the US industry will be able to meet US needs for this critical mineral.

With that, we are ready for your questions and will turn the call over now to the operator.

## **Questions and Answers**

### **Operator**

Thank you. We will now begin the Q&A session. (Operator Instructions) Our first question today comes from Lucas Pipes with B. Riley Securities. Your line is now open.

**Nick Giles**

Thank you very much, operator, and good afternoon, everyone. Guys, congrats on all the progress here as of late. My first question is, you noted that the more recent rise in Midwest premiums won't be reflected until 2Q, so I was wondering if you could help bridge us to your earnings power in the current environment. I believe Midwest premium in your 1Q guide versus spot today could imply an annual impact of around \$100 million. So wanted to confirm that and see how we might think about other moving parts. Thanks a lot.

**Jesse Gary**

Yeah, first, Nick, congrats on the new role. Glad to have you covering us and look-forward to working with you. Second, good question. So far, we've seen Midwest go from the \$0.20 we realized in Q4 to the \$0.39 we're seeing in spot today. And in our Q1 outlook, we've assumed a realized Midwest premium of \$0.27. So, if you update to current spot, you're right in the ballpark where that could be. Ultimately, we think that Midwest premium will go higher.

We don't think it's fully reflecting the value of the tariff today and we could see another \$0.05 to \$0.10 upside to what you see today. So, if you take that altogether, you could see about \$0.20 to \$0.25 from what we realized in Q4, looking somewhere in the \$0.45 to \$0.50 range on a measured basis.

**Nick Giles**

Got it, got it. Jesse, I really appreciate that and maybe as a follow-up, I was hoping to get an update on how you're viewing a potential Mt. Holly restart given current Midwest premiums and the implication of 232 tariffs? And then I had the same question for Hawesville, has this impacted your ongoing strategic process? Thanks a lot.

**Jesse Gary**

Yeah, sure. Great question, Nick. So obviously, since the announcement, which was just last week, we have been updating our analysis at Mt. Holly. Obviously, the tariff program is extremely constructive for the smelter. And as we mentioned, we did experience a little instability in the operations in Q4. That will get cleaned up over Q1. And we also see continued high spot allot prices, those should also come down.

So, we'll continue to update you, but we're definitely moving in the right direction for a restart at Mt. Holly. The Hawesville prices continues and valuation ongoing. We've seen strong continued interest in the site, but obviously, we'll continue to look at the new environment as we make a decision of what to do there. But as we've said before, I think first to come will be a Mt. Holly restart and then we'll go from there.

**Nick Giles**

Got it. That's great to hear. Maybe one more if I could. Maybe a more point of clarification.

The 1Q guide is almost taking a double hit from the non-recurring settlement plus the alumina spot purchase given the lags as you outlined, and is it fair to assume that this kind of negative \$10 billion to \$15 billion hit will reverse in 2Q or am I thinking about that wrong?

**Jesse Gary**

No, you're absolutely right, Nick, and there's just a little bit of accounting noise running through that. There's a couple of ways of looking at it. One, if instead of booking the financial settlement in Q4, you booked that in Q1, you actually wouldn't see a headwind in the alloy price in Q1. Those do fully offset as Jerry said. And secondly, you're completely correct, you won't see that repeat in Q2, so that should all come back in Q2.

**Nick Giles**

Guys, I really appreciate all the color. So again, congrats on the progress and continued best of luck.

**Jesse Gary**

Thanks, Nick.

**Operator**

The next question comes from Katja Jancic with the company BMO. Katja, your line is now open.

**Katja Jancic**

Hi, thank you for taking my questions. Maybe going back to Mount Holly, if you do decide to restart it, how long it would take you and what would the investment needed be?

**Jesse Gary**

Yeah. So, we're updating all that analysis, Katja, as I said since the news came last week. As we've said before, you're probably looking at somewhere around a nine-month timeline from decision to restart somewhere in that range. And we'll give you an update on the cost of a restart once we make that decision and announce the restart.

**Katja Jancic**

Maybe if I remember correctly, when you were restarting the potline at Hawesville a few years ago, did it cost about \$45 million to \$50 million per potline? Am I remembering that correctly?

**Jesse Gary**

Yeah, that's not exactly what it was, but again, there's obviously been a lot of changes since 2018 when those restarts were done, we're about seven years down the line, so we'll just go ahead and give you that full analysis once we've made the decision at Mount Holly.

**Katja Jancic**

And maybe you mentioned the new smelter, you're making progress there, and I know that this is a multiyear type of project, but can you talk a bit more about how much it would actually cost to build a new smelter in US?

**Jesse Gary**

Yeah, we have made really good progress on the new smelter. And we've -- in January, we finished up the process to finalize the terms of the award and went formally under award with the Department of Energy for the \$500 million grant that we've talked about before. Now we've also finished up the second phase of engineering work for the project. And really the next step for the project will be to finalize the energy contract negotiations and site selection, which is ongoing today and we'd expect that gets done by the end of Q2 or so. And so, we'll give you a further update on that project after we've made that -- finish that work and made a decision to move forward into the next step.

**Katja Jancic**

Okay, thank you.

**Operator**

Our next question comes from Timna Tanners with the company Wolfe Research. Timna, your line is now open.

**Timna Tanners**

Yeah, hi, good evening. I wanted to kind of hit back on some of the topics that have been mentioned.

**Jesse Gary**

Hey, Timna.

**Timna Tanners**

Hey, there. So, I guess to circle back on Hawesville, just the one sentence in your prepared remarks that made me wonder, is there less conviction on that process? Do you have anything in terms of timing or progress that you can update us on? And just to circle back, is it possible that it restarts or are you pursuing this sale alternative 100%? Thank you.

**Jesse Gary**

No, nothing to read into that update other than the process continues to be going well, very strong continued interest in the site and lots of people performing due diligence. As I said on the last call, it is a complicated process and it's a little bit different than some of the other

transactions that you've seen done in this space. Where here we're going from an industrial site to a potential different use case.

And as you might imagine, given the capital scale of what a potential purchaser would be looking at, they want to do their due diligence first. And so that's really ongoing with the process still going well and we'd expect to continue to keep you updated. To the second part of your question, Timna, what we said all along is we will always measure whatever comes out of this process versus the potential value of the site under our restart scenario. And obviously, the recent actions will help the second part of that analysis.

We will go ahead and continue to pursue the process. And once we've finished it, we'll give everyone an update. But nothing to read into, process continues to go well, and we're excited about it.

**Timna Tanners**

Okay. That's great. Appreciate the additional color. Also, really -- the industry environment forecast that you have here for Midwest premium staying high and alumina prices were helpful. The assumption here does include a 25% Section 232 effectiveness on March 12. But is there any assumption of an additional tariff on Canada? Is that in your thought process of what could play out going forward with that debate or I guess that dialog is ongoing?

**Jesse Gary**

Yeah, we continue to watch that dialog as well. And just to be clear, that's not included either in our guidance or my views on where Midwest premium can go that I gave when we were speaking to Nick earlier. So again, we think fundamentally, if the 25% tariff goes on, you'll see a Midwest premium somewhere in the \$0.45 to \$0.50 range and that does not include any other additional tariffs that may come.

**Timna Tanners**

Okay. Helpful. And then last one from me. Jamalco, you've been talking about expanding in this alumina environment, that sounds great, and I think that would be part of the support for Mount Holly, so just want to make sure I'm thinking about that properly, but you talked about the capital cost and timing for that expansion?

**Jesse Gary**

Yes, we have -- and just as a reminder, the investment CapEx at Jamalco, we estimate will be somewhere in the \$15 million to \$20 million range in 2025. You'll probably see a similar range in 2026 as we continue to invest in projects that are needed to bring that production capacity back up. And that's included in the investment CapEx that's in the back of our deck.

**Timna Tanners**

But is that part of the process of thinking about the Mount Holly restart is to secure that additional alumina capacity? Are they not necessarily linked?

**Jesse Gary**

They're not necessarily linked. We can secure that in the marketplace, Timna. But of course, as we look to keep our book balanced. We're excited to have that additional production within our portfolio.

**Timna Tanners**

Okay. Many thanks.

**Operator**

The next question comes from John Tumazos with the company Very Independent Research. John, your line is now open.

**John Tumazos**

Thank you. Today, the International Aluminum Institute reported record daily global output, up 2.5%, and with inventories falling, it implies about a 3.5% demand growth rate in the early part of this year, and last year's apparent demand growth rate was about the same 3.5%, do you think demand is growing that rapidly, or do you think that there's some inventory building maybe because of alumina worries less Russia exports, less China exports, maybe lower interest rates encourages some restocking or some tariff uncertainties?

**Jesse Gary**

No, John, we really haven't seen any evidence of any sort of shadow stockpiling, if you will, if that's what the question is. We think that 49-day inventory number has been very stable, and you can continue to see that tick down over the past several quarters. I can't speak to IAI's exact numbers, but I think the ballpark that you gave and the analysis there is largely correct. As I said in my prepared remarks, we think aluminum demand will outpace aluminum supply growth over the next several years.

**John Tumazos**

If I could follow-up, the IAI reported a record Chinese output for January, 120,645 tonnes a day. And it used to be that they would cut output in the winter to reduce urban pollution, but they've migrated and changed their energy sources a little bit. How do you interpret the Chinese output at a record in the middle of the winter? And with 6 million tonnes of alumina capacity being idled, should we adjust that 45 million tonne cap to 48 million or 50?

**Jesse Gary**

No, absolutely not, John. I think both our view and I think widely the marketplace view is that the Chinese are respecting the 45 million tonne cap, and we would expect that will be where it goes going forward. And I think one thing that hasn't been talked about a lot, but the decision back in the fall to eliminate the VAT rebate on export is actually a sign of their intention to recognize that 45 million tonne cap. So, in other words, as they look to meet their own downstream demand, they're going to keep all those semi-products within China that

used to leave.

So, we view those as actually supportive of the 45 million tonne cap and really bolsters and supports that is the intention of the Chinese government. Of course, we'll see, but that's our view for now.

**John Tumazos**

Thank you.

**Operator**

At this time, there are no more questions registered in queue. (Operator Instructions) There are no more questions registered in queue; I'd like to pass the conference back over to our hosting team for closing remarks.

**Jesse Gary**

Okay. Thanks everyone for joining the call. We're really excited about what's to come in 2025 for Century. We think the market sets up very well for our company and we're glad to continue our role that we play both in the United States and Europe in producing aluminum that's needed.

Thank you very much. Talk to you next quarter.

**Operator**

That will conclude today's conference call. Thank you for your participation and enjoy the rest of your day.