Alcoa Corporation

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CORPORATE PARTICIPANTS

William Oplinger – *Executive Vice President and Chief Financial Officer*

OTHER PARTICIPANTS

Emily Chieng – *Analyst, Goldman Sachs & Co. LLC (U.S.) (Research)*

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Emily Chieng: Good morning, everyone. Thanks for attending our conference. We are pleased to have here today with us Bill Oplinger, EVP and CFO of Alcoa. Like our other panels, we will begin with some opening remarks from Bill before getting into some prepared Q&A and questions from the audience. As a reminder, you can submit questions via the webcast or you can email me at emily.chieng@gs.com. And so with that, I'll hand it over to Bill for some opening remarks.

William Oplinger: Thanks, Emily. Just some thoughts to start out. Hopefully most of you are familiar with our company, but we're a large vertically integrated aluminum company that has operations around the world. Our 3 segments of business, we have a bauxite business. It's one of the largest bauxite miners in the world. It's a very low-cost bauxite mining operation that's geographically diverse. We have an alumina refining business that produces around 13.5 million metric tons of alumina a year. Very low-cost system that is, again, geographically dispersed between three continents and we have three of the lowest cost alumina refineries in the world. And then we have an aluminum segment that is a second quartile aluminum smelting operation with aluminum smelters geographically dispersed and close to the end markets. We've also got a rolling mill that we run in the U.S.

As we think about the strategic priorities of the company, last year we launched three key strategic actions coming into 2021. Those three strategic actions, and it almost seems like a lifetime ago because they were launched in October of 2019, three things: we redesigned the organization to have a new operating model that eliminated our business unit structure and went to global operations and global commercial operations under a Chief Operations Officer and a Chief Commercial Officer. That's important because we've seen a lot of the benefits of that flowing through in 2020. That was executed at the end of last year, resulted in significant overhead savings, but probably more importantly, resulted in better operating structure and better management of working capital. Secondly, we launched the sale of non-core assets. We were targeting $500 million to a $1 billion of net proceeds. We gave ourselves to the first quarter of 2021. We executed on a sale of our Gum Springs facility, which ended up with an enterprise value of $250 million. $200 million of that was upfront cash proceeds. So, we're making progress on our non-core assets sales.

And then thirdly, probably most importantly, we put a number of assets under review. We have put 4 million metric tons of alumina assets under review, 1.5 million metric tons of smelting assets. And at the time we said we'd take five years to get that done. We're one year into it, we've already curtailed our smelter in the Pacific Northwest, the Intalco smelter. We have launched a collective dismissal process that's working its way through the system in Spain and for the San Ciprián smelter. We've permanently closed the Point Comfort refinery, and we've made good progress 13 months into our strategic review that's ongoing.

Then COVID occurred. And because of COVID, we took a number of actions. And I can tell you, we were very well-positioned to run through COVID. We've not had any significant operational issues. Very proud of the fact that our operations were ahead of that and immediately set up action plans to try to mitigate the actions, mitigate the impact of COVID. We launched a couple of additional actions, some additional savings, but probably most importantly, the deferral of our U.S. pension contribution under the CARES Act.

So, with that in mind, when I think about the future of the company, I think we have a really strong pathway to significantly improve our company. We've shown this year that we're lowering operating costs. We're managing capital, both capital expenditures and working capital, very effectively. We're repositioning the portfolio over the next four years. We've taken significant actions this year and that's just an indication of the actions that we will continue to take over the next four years, and we're focused on strengthening the balance sheet over time. Once we get through our portfolio review over the next number of years, we will have a first quartile, large bauxite business like we do today. We will have a first quartile cost position in refining similar to what we have today. And we will have a first quartile smelting portfolio that's probably smaller than the portfolio that we have today. In addition to that, we will be the lowest greenhouse gas emitter from an intensity perspective of any of the major aluminum companies, and we'll continue to have exposure to all three parts of the value chain within the primary upstream of aluminum value chain: bauxite, alumina and aluminum.

And then on top of that, we will continue to have best in class governance, and we see today that's probably even more important than it has been in the past. So I think over the next few years, we are positioned to make the company extremely successful. With that, Emily, I'll turn it back over to you.

Emily Chieng: Great. Thanks, Bill, that was a really comprehensive overview. Maybe let's start bigger picture and set the scene here and talk a little bit about the macro. So what exactly are you seeing around the supply demand picture at each of your three segments, bauxite, alumina and aluminum? And maybe share what Alcoa's views are around each of these for 2021.

William Oplinger: In 2020, we're seeing an excess of bauxite. And the surplus of bauxite we believe in 2020 was around, will be around 11 million metric tons. And that essentially is adding to the stockpile growth that we see in China. That has resulted in some lower pricing on bauxite into China. And so, we continue to see stockpile growth on the bauxite side and that is coming out of Guinea and to some extent Indonesia and Australia.

On the alumina side, we're seeing that the alumina market is largely in balance, and in 2020 expecting that China has returned as a net importer of alumina. So we're projecting that alumina imports into China for the year are about 3.5 million metric tons. And then on the aluminum side, aluminum has been the one, the product that has been most impacted from COVID during the course of the year. Global surplus of aluminum in the 3 million to 4 million metric ton size for aluminum, that has resulted in some higher inventories during the course of the year. We're seeing third quarter inventories up to around 14.7 million metric tons and around 90 days of consumption, which results in about the same levels of consumptions that we saw back in 20 -- or same level of inventories that we saw in 2015.

However, with that said, we are starting to see strength in our markets. We gave a view at the beginning of the fourth quarter that was somewhat uncertain around value-add products markets globally. We are starting to see the value-add products markets strengthen globally and so our view is more favorable today going into the fourth quarter around value-add products specifically on the slab side than what we had been projecting just a month ago. Very strong recovery out of China, and you see that in many of the overall indicators of the Chinese economy and some strength in the rest of the world also, as we come through this first wave. With that said, it's hard to say what the impact of a second wave of COVID will be, but at this point, we are seeing stronger at least value-add product volumes than what we had been projecting in the third quarter.

Emily Chieng: Great. That makes a lot of sense. And then maybe just touching on the supply side of the equation, is there anything that you're seeing there in the market that could potentially concern you, or do you think perhaps China is acting a little more rationally? And also, from the bauxite and aluminum markets as well?

William Oplinger: The Chinese story around supply side, I guess on a couple of- on each one of our products, the Chinese bauxite supply is deteriorating. And as we had been projecting over the years, both quality is deteriorating and the volumes are starting to get less. And we're seeing strength in bauxite pricing within China, or for inner-China bauxite, and it's being continued to be imported from the rest of the world. On the alumina side, many of the large-scale coastal refineries were either delayed or deferred or canceled. So that has resulted in the balance that we're seeing on alumina.

And then on Chinese aluminum supply, we're seeing the transition from the western and the northern part of the country down to the south, trying to take advantage of some of the hydro energy down in the south. With that has come some higher prices for trading of aluminum expansion capacity. And so that's added some cost, but that transition is ongoing.

Emily Chieng: Great. And then maybe pivoting to the U.S., there has been a lot of moving pieces with the Section 232 tariffs over the last couple of months. What's the latest update here? And how do these impact Alcoa? And maybe any early thoughts on what the change in administration could mean for these tariffs?

William Oplinger: Let me address the first one, the last one first. And that is it's probably too early to say what an impact of change of the administration will be. And I think we believe that as far as changes to 232, it may not come quickly because it won't be one of the first things that the administration is focused on. The administration will be focused on other major priorities before that. Just to be clear on where we stand on 232, the tariff from Canada coming into the U.S. has been rescinded at this point. That is a difference again from what we were signaling in our third quarter update, in our third quarter earnings results. We, at the time, we're projecting that there would be tariffs coming in from Canada into the U.S. and we had projected that part of the deterioration in the fourth quarter versus the third quarter in our aluminum business was associated with those tariffs. Now that those tariffs are off, we will reverse the tariff accrual that we took in the third quarter for the September month which is about $4 million. We had built into our guidance $18 million of tariffs coming into -- from metal coming in from Canada. So we will not, at least at this moment, be recognizing that $18 million. So, it's about a $22 million benefit to our outlook from the third quarter. So, at this point, and we don't know whether this will change over time, but at this point, we're not seeing tariffs from Canadian metal coming over the border.

Emily Chieng: Great, that's clear. Maybe moving onto each segment then, let's start with aluminum. As part of your portfolio review process, you're talking about, you're looking at options for around about 1.5 million metric tons of capacity here. But we've seen a little bit of movement from the backend quarter start, the curtailment of Intalco and San Ciprián. Can you frame out the puts and takes here in terms of financial benefits or any cost considerations we need to think about? Any sort of timelines around the San Ciprián curtailment there as well?

William Oplinger: Yeah, so let me start with the big picture. We put 1.5 million metric tons under review of smelting capacity in October. Out of that 1.5 million metric tons, I believe around 900,000 metric tons was currently operating, 600,000 metric tons was already curtailed. Out of the currently operating metric tons of our capacity, we have curtailed the Intalco smelter. That curtailment occurred in the third quarter of 2020. We typically don't provide plant-level details around earnings either on a go-forward basis or a backward basis.

But to put it into perspective, Intalco was losing about $25 million on a pretax/post-tax basis in the first quarter of 2020. That's why we needed to take action at that facility. We then transitioned to ABI. We were coming out of a lockout in ABI. We now have a six-year agreement for labor stability in ABI, which really puts the company in a better position. ABI should be one of our premier facilities, and if we have labor stability in ABI, we can invest in it and really make it a premier facility. We were losing significant money during the lockout. We said that we would spend money on the restart. We have completed that restart in the third quarter of the year and we also went out and said we expected ABI to be EBITDA positive in the third quarter of the year. And it did, it turned EBITDA positive both in the third and projected to be in the fourth quarter, so offsetting significant losses there.

If we then go to Spain, we initiated the collective dismissal process earlier in this year. There's a very formal process for executing a collective dismissal. We're following that formal process, and we will give further updates as we have better information around when that curtailment will take place. But we're following that to make sure that we follow all the laws of Spain and try to effectively get that collected dismissal done.

We gave ourselves 5 years, we've made considerable progress over the course of the first year, and we'll continue to execute on that restructuring program.

Emily Chieng: Great. And maybe while we're on the topic of aluminum, maybe also touch on Portland as well. I think the power contract with AGL that ends early next year, I'm seeing some headlines that renewable energy may be part of the solution here. What's the latest update you can provide on any of that?

William Oplinger: The power contract ends, if you recall and just to give a little bit of history, Portland was curtailed by a power supply interruption at the very, very end of 2016. We made the decision to restart Portland at the very beginning of 2017. We're committed to running it for 4 years. We've got significant governmental support to continue to operate that facility. All of that comes to an end in the middle part of 2021. And so we have to renegotiate a power supply that can make that facility successful over the midterm. Putting it in perspective, Portland is a great facility. It's good technology. It's one of our newer facilities, it has a tremendous labor force, creative, hardworking, but the issue there is getting a power contract. So we are in the process of having discussions with power generators. We have an idea of what we need to get to be able to continue to operate that facility. We want to put that facility in a position of success over the midterm. Not just breaking even. We want to be able to invest in that facility and make it a facility that is there for the mid- to long-term. So we're going through those discussions now with the power suppliers and we should know something over the next few months.

Emily Chieng: Great. Moving on to alumina, I think you're also looking at options for around 4 million metric tons of refining capacity there. Your alumina assets are top quartile, but maybe what's the latest update on that business in a way you could you potentially see some movement in terms of capacity?

William Oplinger: We have put 4 million metric tons under review. We immediately took action on permanently closing the Point Comfort Refinery. Point Comfort Refinery historically was a complex refinery that used imported bauxite. And at the height of some of the aluminum prices that we saw in 2018 where alumina prices went as high as $800 a ton, we did not restart that facility, so we've decided to permanently close it. We're in the process of working through demolition of that facility now. That leaves around 1.5 million metric tons of capacity under review within our refining system. We haven't said which refinery that is. We continue to work through the analysis of that. So at this point, as you said, just to kind of bring it back to where we stand, we are first quartile on the cost curve. We've got 3 facilities that are bouncing in and out of the first decile of the cost curve. That's Wagerup, Pinjarra and São Luís. And so we have 3 great refineries and we're well-positioned to serve the smelting market around the world. So I think we have an extremely strong refining system and you can't forget that it's got in situ bauxite that is really valuable in today's world.

Emily Chieng: Great. Let's move to capital allocation. When you think about the full priorities, balance sheet, existing portfolio, growth spend and capital returns, what do you expect the timeframe is for achieving a capital allocation strategy that better resonates with the vision you have for the company? And I think you've also got $1.7 billion of cash on the balance sheet at the end of that the third quarter. Where do you think the next use of your cash will be?

William Oplinger: Yeah. You alluded to the fact that we've got $1.7 billion of cash on the balance sheet. We have come through this first wave of COVID with a very strong liquidity position. We went out and borrowed at the beginning of the third quarter $750 million. We got the lowest coupon rate that we've ever had as an independent company and that gave us some flexibility around the capital structure as we were going through the COVID pandemic.

As we progress into 2021, we will follow our capital allocation structure. You highlighted there's 4 excess uses of free cash flow, but let me start at the very top of the capital allocation structure model. We like to keep $1 billion of cash on the balance sheet. The reason why we keep $1 billion of cash on the balance sheet is we're a cyclical industry. We saw that in the middle part of this year where metal prices and alumina prices declined dramatically, having a $1 billion of cash on the balance sheet allows the company to weather the storm.

Secondly, we invest in our businesses, in our plants. So we spend around 300, between $300 million and $400 million of sustaining capital a year, and we will sustain the operations. As far as we look out, there will be some higher sustaining capital in the near term because of some of the mine moves that we have going on in our bauxite business and some of the residue deposit areas that we're building in the refining business. But that is really just maintaining, sustaining and strengthening a first quartile set of assets. Beyond that, as you said, we have four potential uses for free cash flow. Strengthening the balance sheet, shareholder returns, moderate growth projects, and repositioning the portfolio. Repositioning the portfolio is a new use of cash flow that we announced back in October, because it will cost us money to curtail some of these sites. You see that it cost us a little bit of money in Intalco, will cost us some more money in Spain when we curtail.

But to come back to your question, near term I think the greatest value creation for our company is to continue to paydown debt and continue to work on the pension that we have. Our pension is large in relation to the size of our company. I think it's complex. And it's not -- I don't say it's more complex than other pensions, but having a pension obligation that's large in relation to the size, and people have to understand pension accounting, we will actively go after both the pension and the debt side in the near term, because we think that's the thing that creates greatest equity value. We target a lowest WACC and we have a net debt target. We are higher than our net debt target today. We're sitting at around $3.3 billion of proportional net debt, but we would like to get that down to $2.5 billion over the next few years. So that's what we believe unlocks the greatest equity value is actually by addressing the balance sheet.

Emily Chieng: Great. Maybe digging into a couple of the comments you made there. first, on the CapEx front, do you have any early views on 2021 CapEx? I know you mentioned sustaining was about $300 million to $400 million over the sort of the long-term, but how do you think about the return seeking CapEx and where that would shake out?

William Oplinger: Yeah, so we haven't put out our 2021 estimates yet, we will do that in January of 2021. As we've alluded to over the last year or so, we do have some large mine moves that are ongoing in Australia and one in Brazil. So those are fairly expensive and we will be a big part of the investment that we make on the sustaining side. On top of that, we're spending some money around residue deposit areas, building new residue deposit areas. And then thirdly, we are spending more capital around impoundment management. Impoundments is a huge issue for our industry. We believe we have a world-class impoundment management process and are continuing to invest in our impoundments to make sure that we have minimal risk there.

If I then transition to return seeking, we put all return seeking capital on hold in 2020 due to the pandemic. That resulted in a total return seeking spend of around $35 million, because we had already spent some at the beginning of the year and there were some projects that had trailing costs. We are evaluating small return seeking projects going into 2021, and we will follow our capital allocation model. But I'm talking tens of millions of dollars, not hundreds of millions of dollars. These are not the mid-sized return seeking projects that we had for instance, in Australia. Those are currently on hold. So, the expansions for Wagerup and Pinjarra at this point are on hold, and the return seeking may be in the tens of millions in 2021. And I should say it's important to note that when we talk about return seeking, it's a combination of cost savings and growth, so a lot of focus around spending money to save costs.

Emily Chieng: Got it. That makes sense. I know you touched on this early on in your opening remarks, but I want to come back to the pension payments. And you mentioned with the CARES Act, you were able to defer about $200 million of payments until 2021. Maybe walk us through when you have to pay that amount, how you're thinking about utilizing the $380 million of pre-funded pension that you have available, and any early indications of what total required pension funding might be in 2021 as well?

William Oplinger: When I think about pension, we did defer major payments into the U.S. plan because of the CARES Act this year. We deferred around $200 million of pension contributions. What that means is that for 2021, we will have to make those contributions. And if you look at our most recent 10-K, we were projecting around, for 2021, around $355 million of pension contributions. Pension and OPEB, I should say. And that has actually increased because of the deferral of pension contributions that we have.

So just to put it in rough numbers, I think the pension and OPEB contributions for 2021 could be about $560 million. With that said, we have a prefunding balance set up in the pension. We can use that prefunding balance. The prefunding balance we're projecting to be approximately $380 million at the end of 2020. We can use that pre-funding balance to offset the pension contributions going into 2021. So, if we were to choose to use all of that prefunding balance, we would take our pension contributions down from $560 million to around $180 million, and that's both for pension and OPEB. So that's the overall size of the issue for us on pension. It will really depend on cash flows. If cash flows come in strong, we may not use all of our prefunding balance. We may make cash contributions to the pension as I said, and I sound like a broken record, we aggressively want to get our pension liability under control so that it makes it easier for investors to understand us and that actually becomes less of a use of cash flow in the future.

Emily Chieng: Got it, that makes sense. And then maybe coming back to some of the initiatives that you talked about for 2020, and one of them was a number of cash actions totaling $900 million. Maybe give us the latest update here on where you are?

William Oplinger: Yeah. So, the $900 million in cash actions included a number of things. First of all, it included the pension deferral which we elected to do, so that one is done. It included sales of assets and we sold the Gum Springs asset for total consideration of $250 million, cash consideration at the time of $200 million with contingent payment of $50 million. We had, we were projecting working capital savings of approximately $100 million and cost/volume productivity improvements of about $100 million. Through the first nine months, we were ahead of our working capital target, and we were projecting that we would be able to meet our working capital target at the end of the year. We were slightly behind on our year-to-date for the cost and volume productivity, but anticipating a strong fourth quarter. So, the combination of the two results in about $200 million of cash. I think when you look at those two in aggregate, we will generate $200 million of cash from those two sets of actions. So those were the big pieces of the $900 million that we had going on during the year.

Emily Chieng: Great. And maybe just coming full circle back to your portfolio review, just remind us of timing. I know you mentioned that you gave yourself 5 years, now you've made great progress in the first year. Does the 5-year timelines still hold? And then also on the divestment process, I think that concludes at the end of 1Q, 2021. Any signs that that might potentially extend a little further there?

William Oplinger: Yeah. So, three timelines that are important to keep in mind. We have a set of 2020 actions, that's the $900 million. Those will be completed, and at this point, projecting that we will meet that $900 million in 2020. The second timeline, and kind of going in chronological order here, is the non-core asset sales. At the time of announcing the $500 million to $1 billion of non-core asset sales, we were saying it would take us until the end of the first quarter of 2021. At the time, we didn't know that COVID was going to happen and COVID makes things more difficult to get asset sales done. But we got our first major asset sale done with Gum Springs, depending on how you look at it, $200 million to $250 million. We haven't walked away from our timeline on asset sales. We're still projecting that we will meet that timeline by the end of the first quarter to have accomplished the $500 million to $1 billion of net proceeds. But more to come on that by the end of the first quarter of 2021.

And then the asset review, the asset repositioning, we gave ourselves 5 years. So 5 years from October of 2019. Again, first year made major progress in the first year on that review, and we'll continue to move forward on that repositioning. One thing, and I know I made this in the opening comments, but after that review is done, we will have a really strong portfolio, not only from a financial perspective, but from a sustainability perspective. As sustainability issues become much more important around the world, we're positioning the company to be the most sustainable aluminum company --primary business -- of any out there. We will continue to have a very strong greenhouse gas position and we just launched our EcoSource™ product. That's an alumina product that's low greenhouse gas emissions. But we will have a much stronger portfolio, a much stronger smelting portfolio on the sustainability side after these actions are taken.

Emily Chieng: Great. I think that's a fantastic segue into our next set of questions. And this is really around ESG. Alcoa has really done a great job here with being on the lower side of the carbon emission intensity curve relative to your global peers out there. But maybe let's dig into the Sustana™ business a little bit more. I know you have a number of green alumina and aluminum products out there. Maybe talk a little bit about those. What kind of demand you're seeing for some of those green products, and we can dig into that as we go over to some questions.

William Oplinger: Okay. We have the entire Sustana™ line of products. The Sustana™ line of products includes the EcoSource™ product, which is a low carbon alumina that is certified to be low carbon. We believe at this point it's the only low carbon alumina product out there. And as smelters around the world consider their carbon emissions, it's much easier to change your alumina source than it is to change your energy source. So, energy sources maybe have more impact on carbon emissions, but they're much more expensive than simply calling us up and buying alumina from AWAC. And the EcoSource™ product has a maximum 0.6 metric tons of CO_2 emissions per ton alumina produced and it's better than 90% of the global refineries out there. And so it's a certified product that is low carbon.
We then have the EcoLum™ product, which is a low carbon primary aluminum product, and that guarantees a maximum of 4 metric tons of CO_2 emissions per aluminum ton produced. Those are scope 1 and scope 2 emissions and that's significantly better than the average CO_2 emission out there from a ton of aluminum.

And then thirdly, we've got an eco-product called EcoDura™, which is a cast product that uses 50% post-industrial scrap. So, we have, in our view, the broadest line of green aluminum and alumina products out there. And as far as the demand, we're very early in the transition from standard aluminum products into more sustainable aluminum products. The industry is just now starting to get behind having green products, and so we are starting to see some demand for the products, but it's very early.

I would expand though, that our view of sustainability is broader than just greenhouse gas. When you consider our products, you can get ASI certified products. We have very much focused around some of the community impacts that we have. And so our view is that sustainability is broader than just greenhouse gases, but we do offer a great line of green products.

Emily Chieng: Great. And maybe to dig in on the demand side again, what do you think we need to see from customers or the market to start to seeing demand for these products pick up? And any views on the green aluminum contract that the LME is proposing right now? Do you think that helps or doesn't help?

William Oplinger: I'll answer the second one first. We support any move towards having a green aluminum standard and we would be supportive of the industry trying to value carbon correctly. So, we're supportive of that. What will it take to move the industry? I think probably two things. One is demand from our customers. Our customers need to demand low carbon products. They're starting to do that. And then I'm actually going to change it, maybe three things. So, we're starting to see demand from end customers. Secondly, we're starting to see investors more focused on ESG issues, so that impacts us from the investing side. And then the third would be some type of government action. And we are starting to see around the world governments more focused around carbon taxes and we believe that the price for carbon globally, as long as it's fairly applied around the globe, as long as there's not leakage in other areas, would drive towards more green aluminum industry.

Emily Chieng: Great. And then I also want to touch on ELYSIS™, your joint venture with Rio Tinto. You're making great head roads, and again, sort of greening out your process, what's the latest update you have for us, and maybe is there a timeline to commerciality of that product as well?

William Oplinger: Yeah, so at the time when we announced the ELYSIS™ joint venture, we had given ourselves six years to come up with a commercialized product. We're about two years into that at this point. We have started the R&D. I should say we're nearing the completion of the R&D center in Quebec. That was a little bit slowed down because of COVID-19. If you put it in perspective, and let me make a last comment around timing, we still have a focus around planned commercialization of the product by 2024. So, that's the timing. If you step back and look at ELYSIS™, ELYSIS™ is a truly revolutionary breakthrough product that the industry has been working on for decades. Alcoa has been working on it for decades. It would truly be a carbon-free process for making aluminum. Still depends on the energy source, right? So, it would need to be combined with a low-carbon or no carbon energy source. But the actual process itself generates oxygen and not carbon dioxide, so it's a truly revolutionary breakthrough.

Emily Chieng: Fantastic. So, we are coming towards the end of our allotted time slot. So maybe let's end with some bigger picture questions. The first is, it's been about four years since the separation from Arconic. How do you think about the progress you've made there? And maybe what are sort of the next steps you see for the Alcoa story?

William Oplinger: We've made great progress in the four years since separation and it's really been a fun time for our company. There's been some interesting times where we saw alumina prices and aluminum prices strengthened. We've gone through COVID now. I think if Roy Harvey were here, he would agree with me that we're very proud of the progress that the company has made over the course of the four years. Been very focused on balance sheet, been focused on modernizing some of our labor contracts around the world, ensuring that we meet our legacy liabilities, both for pensioners and for cleaning up some of the facilities that we've had, and really made significant progress for the company. That's great, but now we're focused on the future. And I believe our company has a very, very clear roadmap of where we're going. And I'll reiterate it again, and that is we will have a stronger balance sheet in the future. We will have first quartile cost position of the three products. We'll continue to take action to make us the most sustainable aluminum company going into the future, and really repositioning the company to be much stronger than we have been. And it's a journey and we've been on that journey for four years, and we'll continue on it to reposition the company.

Emily Chieng: Great. And then last one from us. What's the final message you want to leave us today? Or what perhaps in your view is under appreciated about Alcoa?

William Oplinger: I think we've hit on most of them, Emily. I think that if we bifurcate between the near term and the mid term, in the near term we're seeing strength. That's positive. So our value-add products volumes are stronger, the tariffs are off coming out of Canada, so that adds to the fourth quarter. Metal prices are higher. People need to understand that the dynamic in our business is that when metal prices are higher, with higher metal price, first of all, we have significant leverage to higher metal price sensitivity for $100 change in metal prices, about $196 million of EBITDA. A lot of that falls through to the bottom line as opposed to higher alumina prices which get shared with our joint venture partner and gets taxed in Australia. A higher metal price typically falls to the bottom line in larger proportion than a higher alumina price.

And then I would couple that with the fact that we have changed the organization in a way that I believe has provided tremendous value in that our operations are running much better than they had been over the last few years. We're getting back to a really strong focus around operational excellence, and I combine that with an end-to-end commercial organization, that is able to optimize working capital, able to optimize marketing across the entire company. So the near term, we're seeing some really good dynamics. Couple that with a mid to long term where we know where we're going and we're going to a position of real strength. I think that the company is in a substantially better position today than it was four years ago.

Emily Chieng: Fantastic, Bill. We appreciate the time and we're looking forward to seeing the story unfold. Thank you again.

William Oplinger: Thanks, Emily. Thank you. Bye-bye.

Emily Chieng: Okay. Bye.