CENTURY ALUMINUM CO
Form 10-Q
November 02, 2018

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q
x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended September 30, 2018
OR
o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from _____ to _____.
Commission file number 001-34474
Century Aluminum Company
(Exact name of registrant as specified in its charter)

| | |
|---|---|
| Delaware | 13-3070826 |
| (State or other jurisdiction of incorporation or organization) | (IRS Employer Identification No.) |
| One South Wacker Drive<br>Suite 1000<br>Chicago, Illinois | 60606<br>(Zip Code) |
| (Address of principal executive offices) | |

Registrant’s telephone number, including area code: (312) 696-3101
Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. x Yes o No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). x Yes o No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer”, “smaller reporting company” and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

| | | | |
|---|---|---|---|
| Large accelerated filer | x | Accelerated filer | o |
| Non-accelerated filer | o | Smaller reporting company | o |
| | | Emerging growth company | o |

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).
o Yes x No

The registrant had 87,632,197 shares of common stock outstanding at October 26, 2018.

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PART I – FINANCIAL INFORMATION
Item 1. Financial Statements.

CENTURY ALUMINUM COMPANY
CONSOLIDATED STATEMENTS OF OPERATIONS
(in millions, except per share amounts)
(Unaudited)

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 |
| NET SALES: | | | | |
| Related parties | $305.3 | $299.2 | $884.2 | $876.1 |
| Other customers | 176.5 | 101.4 | 522.1 | 279.1 |
| Total net sales | 481.8 | 400.6 | 1,406.3 | 1,155.2 |
| Cost of goods sold | 493.6 | 359.2 | 1,369.9 | 1,074.5 |
| Gross profit (loss) | (11.8) | 41.4 | 36.4 | 80.7 |
| Selling, general and administrative expenses | 8.8 | 14.0 | 31.5 | 34.0 |
| Ravenswood (gains) | — | (5.5) | — | (5.5) |
| Helguvik (gains) | (4.5) | — | (4.5) | — |
| Other operating (income) expense - net | (0.5) | 0.4 | 0.0 | 1.6 |
| Operating income (loss) | (15.6) | 32.5 | 9.4 | 50.6 |
| Interest expense | (5.6) | (5.5) | (16.7) | (16.6) |
| Interest income | 0.4 | 0.4 | 1.3 | 0.9 |
| Net gain (loss) on forward and derivative contracts | 0.8 | (3.9) | 2.8 | (17.1) |
| Other income (expense) - net | 0.7 | 0.4 | 1.8 | (1.0) |
| Income (loss) before income taxes and equity in earnings of joint ventures | (19.3) | 23.9 | (1.4) | 16.8 |
| Income tax (expense) | (1.7) | (3.3) | (3.0) | (4.5) |
| Income (loss) before equity in earnings of joint ventures | (21.0) | 20.6 | (4.4) | 12.3 |
| Equity in earnings of joint ventures | 0.7 | 0.2 | 3.2 | 0.5 |
| Net income (loss) | $(20.3) | $20.8 | $(1.2) | $12.8 |
| | | | | |
| Net income (loss) allocated to common stockholders | $(20.3) | $19.1 | $(1.2) | $11.8 |
| EARNINGS (LOSS) PER COMMON SHARE: | | | | |
| Basic | $(0.23) | $0.22 | $(0.01) | $0.13 |
| Diluted | $(0.23) | $0.22 | $(0.01) | $0.13 |
| WEIGHTED AVERAGE COMMON SHARES OUTSTANDING: | | | | |
| Basic | 87.6 | 87.3 | 87.6 | 87.3 |
| Diluted | 87.6 | 88.3 | 87.6 | 88.1 |

See condensed notes to consolidated financial statements

CENTURY ALUMINUM COMPANY
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(in millions)
(Unaudited)

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 |
| Comprehensive income (loss): | | | | |
| Net income (loss) | $(20.3) | $20.8 | $(1.2) | $12.8 |
| Other comprehensive income before income tax effect: | | | | |
| Net loss on foreign currency cash flow hedges reclassified as income | (0.0) | (0.0) | (0.2) | (0.1) |
| Defined benefit plans and other postretirement benefits: | | | | |
| Amortization of prior service benefit during the period | (1.8) | (0.7) | (5.0) | (1.7) |
| Amortization of net loss during the period | 2.3 | 2.1 | 9.4 | 4.9 |
| Other comprehensive income before income tax effect | 0.5 | 1.4 | 4.2 | 3.1 |
| Income tax effect | (0.4) | (0.4) | (1.1) | (1.2) |
| Other comprehensive income | 0.1 | 1.0 | 3.1 | 1.9 |
| Total comprehensive income (loss) | $(20.2) | $21.8 | $1.9 | $14.7 |

See condensed notes to consolidated financial statements

CENTURY ALUMINUM COMPANY
CONSOLIDATED BALANCE SHEETS
(in millions)
(Unaudited)

| | September 30, 2018 | December 31, 2017 |
|---|---|---|
| ASSETS | | |
| Cash and cash equivalents | $ 73.4 | $ 167.2 |
| Restricted cash | 0.8 | 0.8 |
| Accounts receivable - net | 91.4 | 43.1 |
| Due from affiliates | 20.5 | 10.4 |
| Inventories | 390.4 | 317.5 |
| Prepaid and other current assets | 13.9 | 14.7 |
| Total current assets | 590.4 | 553.7 |
| Property, plant and equipment - net | 961.5 | 971.9 |
| Other assets | 61.8 | 56.0 |
| TOTAL | $ 1,613.7 | $ 1,581.6 |
| LIABILITIES AND SHAREHOLDERS' EQUITY | | |
| LIABILITIES: | | |
| Accounts payable, trade | $ 113.9 | $ 89.9 |
| Due to affiliates | 17.6 | 20.4 |
| Accrued and other current liabilities | 65.9 | 61.4 |
| Accrued employee benefits costs | 11.0 | 11.0 |
| Revolving credit facility | 14.3 | — |
| Industrial revenue bonds | 7.8 | 7.8 |
| Total current liabilities | 230.5 | 190.5 |
| Senior notes payable | 248.5 | 248.2 |
| Accrued pension benefits costs - less current portion | 34.2 | 38.9 |
| Accrued postretirement benefits costs - less current portion | 109.1 | 113.0 |
| Other liabilities | 50.8 | 57.9 |
| Deferred taxes | 107.1 | 103.5 |
| Total noncurrent liabilities | 549.7 | 561.5 |
| COMMITMENTS AND CONTINGENCIES (NOTE 10) | — | — |
| SHAREHOLDERS' EQUITY: | | |
| Preferred stock (Note 6) | 0.0 | 0.0 |
| Common stock (Note 6) | 0.9 | 0.9 |
| Additional paid-in capital | 2,519.5 | 2,517.4 |
| Treasury stock, at cost | (86.3) | (86.3) |
| Accumulated other comprehensive loss | (88.7) | (91.7) |
| Accumulated deficit | (1,511.9) | (1,510.7) |
| Total shareholders' equity | 833.5 | 829.6 |
| TOTAL | $ 1,613.7 | $ 1,581.6 |

See condensed notes to consolidated financial statements

CENTURY ALUMINUM COMPANY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in millions)
(Unaudited)

| | Nine months ended September 30, | |
|---|---|---|
| | 2018 | 2017 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net income (loss) | $(1.2) | $12.8 |
| Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities: | | |
| Unrealized (gain) loss on forward and derivative contracts | (1.9) | 6.9 |
| Lower of cost or NRV inventory adjustment | 5.9 | (4.1) |
| Depreciation and amortization | 67.5 | 63.1 |
| Helguvik (gains) | (4.5) | — |
| Ravenswood (gains) | — | (5.5) |
| Other non-cash items - net | (4.0) | 3.0 |
| Change in operating assets and liabilities: | | |
| Accounts receivable - net | (48.3) | (27.9) |
| Due from affiliates | (10.1) | 4.8 |
| Inventories | (78.8) | (24.1) |
| Prepaid and other current assets | 1.8 | 1.1 |
| Accounts payable, trade | 23.4 | 4.6 |
| Due to affiliates | (3.8) | 1.5 |
| Accrued and other current liabilities | 1.7 | 9.3 |
| Ravenswood retiree medical settlement | (2.0) | (5.0) |
| Other - net | (4.7) | 9.9 |
| Net cash provided by (used in) operating activities | (59.0) | 50.4 |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Purchase of property, plant and equipment | (49.3) | (23.6) |
| Proceeds from sales of property, plant & equipment | — | 14.5 |
| Net cash (used in) investing activities | (49.3) | (9.1) |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Borrowings under revolving credit facilities | 14.3 | 1.0 |
| Repayments under revolving credit facilities | — | (1.0) |
| Issuance of common stock | 0.2 | 0.3 |
| Net cash provided by financing activities | 14.5 | 0.3 |
| CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH | (93.8) | 41.6 |
| Cash, cash equivalents and restricted cash, beginning of period | 168.0 | 133.5 |
| Cash, cash equivalents and restricted cash, end of period | $74.2 | $175.1 |
| | | |
| Supplemental Cash Flow Information: | | |
| Cash paid for: | | |
| Interest | $9.9 | $10.0 |
| Taxes | 4.6 | 3.5 |
| Non-cash investing activities: | | |
| Capital expenditures | 6.5 | — |

See condensed notes to consolidated financial statements

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CENTURY ALUMINUM COMPANY
Condensed Notes to the Consolidated Financial Statements
Three and nine months ended September 30, 2018 and 2017
(amounts in millions, except share and per share amounts)
(Unaudited)

1. General

The accompanying unaudited interim consolidated financial statements of Century Aluminum Company should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2017. In management's opinion, the unaudited interim consolidated financial statements reflect all adjustments, which are of a normal and recurring nature, that are necessary for a fair presentation of financial results for the interim periods presented. Operating results for the first nine months of 2018 are not necessarily indicative of the results that may be expected for the year ending December 31, 2018. Throughout this Form 10-Q, and unless expressly stated otherwise or as the context otherwise requires, "Century Aluminum," "Century," the "Company", "we," "us," "our" and "ours" refer to Century Aluminum Company and its consolidated subsidiaries.

Hawesville Restart Project

During 2018, we began restarting the curtailed capacity at our Hawesville facility, which may ultimately involve rebuilding all five potlines. The nature, size and scope of this effort represents a discrete construction project. All associated costs that meet the capitalization criteria will be capitalized as a component of property, plant and equipment.

Recently Issued Accounting Standards

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, "Leases (Topic 842)". The objective of ASU 2016-02 is to provide enhanced transparency and comparability among organizations by, among other things, recognizing right-of-use assets and lease liabilities on the balance sheet for all leases other than those that meet the definition of short-term leases and disclosing qualitative and quantitative information about lease arrangements. The new standard continues to classify leases as either finance or operating, with classification affecting the pattern of expense recognition in the statement of operations. ASU 2016-02 is effective for Century beginning January 1, 2019.

Through September 30, 2018, we have determined the scope of arrangements impacted by the standard, and are evaluating the impact of adopting this standard to such arrangements. We are also in the process of determining the applicable key assumptions in applying the standard. In conjunction with the aforementioned implementation activities, we continue enhancing our internal processes and controls to capture arrangements that are likely to be in scope of the standard upon and post adoption. We anticipate the adoption of ASU 2016-02 to result in the recognition of right-of-use assets and lease liabilities for most leases currently accounted for as operating leases. We do not anticipate the adoption of this standard to have any impact to our cash flows. We continue to monitor modifications, clarifications or interpretations undertaken by the FASB and Securities and Exchange Commission ("SEC") and changes in our business and new arrangements, which may impact our current conclusions. We expect to adopt the standard on a modified retrospective basis.

2. Related party transactions

The significant related party transactions occurring during the nine months ended September 30, 2018 and 2017 are described below. We believe all of our transactions with Glencore and BHH are at prices that approximate market.

Glencore ownership

As of September 30, 2018, Glencore plc and its affiliates (together "Glencore") beneficially owned 42.9% of Century's outstanding common stock (47.4% on a fully-diluted basis assuming the conversion of all of the Series A Convertible Preferred Stock) and all of our outstanding Series A Convertible Preferred Stock. See Note 6. Shareholders' equity for a description of our outstanding Series A Convertible Preferred Stock. From time to time Century and Glencore enter into various transactions for the purchase and sale of primary aluminum, purchase and sale of alumina, and certain forward financial contracts.

CENTURY ALUMINUM COMPANY
Condensed Notes to the Consolidated Financial Statements (continued)
(amounts in millions, except share and per share amounts)
(Unaudited)

Sales to Glencore

For the three months ended September 30, 2018 and 2017 we derived approximately 63% and 75%, respectively, of our consolidated sales from Glencore, while for the nine months ended September 30, 2018 and 2017 we derived approximately 63% and 76%, respectively, of our consolidated sales from Glencore. Glencore purchases the aluminum we produce for resale.

We have entered into agreements with Glencore pursuant to which Glencore has agreed to purchase aluminum produced from our U.S. and Icelandic operations through 2018 and 2019, respectively. Glencore purchases aluminum produced at our North American smelters at prices based on the London Metal Exchange (the "LME") plus the Midwest regional delivery premium and any product premiums. Glencore purchases aluminum produced at our Grundartangi, Iceland smelter at prices based on the LME plus the European Duty Paid premium and any product premiums.

Purchases from Glencore

We purchase a portion of our alumina requirements from Glencore. Alumina purchases from Glencore during the nine months ended September 30, 2018 were priced based on a published alumina index.

Financial contracts with Glencore

We have certain financial contracts with Glencore. See Note 13. Derivatives regarding these forward financial sales contracts.

Transactions with Baise Haohai Carbon Co., Ltd. ("BHH")

We own a 40% stake in BHH and purchase carbon anodes from them for use in our aluminum production operations.

Summary

A summary of the aforementioned significant related party transactions is as follows:

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 |
| Net sales to Glencore | $305.3 | $299.2 | $884.2 | $876.1 |
| Purchases from Glencore | 57.2 | 81.9 | 205.6 | 195.1 |
| Purchases from BHH | 5.9 | 3.2 | 21.4 | 9.1 |

3. Revenue

On January 1, 2018, we adopted ASC 606, “Revenue from Contracts with Customers” and the related amendments (“ASC 606”) to contracts not completed as of the adoption date using the modified retrospective method. Accordingly, the comparative information has not been restated and continues to be reported under the accounting standards in effect for those periods. The cumulative effect of initially applying this standard was zero. The adoption of ASC 606 did not result in a change to the amount or timing of our revenue recognition.

We disaggregate our revenue by geographical region as follows:

| Net Sales | For the three months ended September 30, 2018 | For the nine months ended September 30, 2018 |
|---|---|---|
| United States | $ 286.6 | $ 834.2 |
| Iceland | 195.2 | 572.1 |
| Total | $ 481.8 | $ 1,406.3 |

We enter into contracts to sell primary aluminum to our customers. Revenue is recognized when our contractual obligations with our customer are satisfied. Our obligations under the contracts are satisfied when we transfer control of our primary aluminum to our customer which is generally upon shipment or delivery to customer-directed locations. The amount

CENTURY ALUMINUM COMPANY
Condensed Notes to the Consolidated Financial Statements (continued)
(amounts in millions, except share and per share amounts)
(Unaudited)

of consideration we receive, thus the revenue we recognize, is a function of volume delivered, market price of primary aluminum, as determined on the LME, plus regional delivery premiums and any value-added product premiums.
The payment terms and conditions in our contracts vary and are not significant to our revenue. We complete an appropriate credit evaluation for each customer at contract inception. Customer payments are due in arrears and are recognized as accounts receivable - net and due from affiliates in our consolidated balance sheets. Accounts receivable - net increased $48.3 million from December 31, 2017 to September 30, 2018, driven primarily by the increase in direct sales to end users with longer payment terms than our related party customer.
When the customer-directed location is our plant site, revenue is recognized only when the customer has specifically requested delivery to such location and control over the goods transfers upon delivery to such location. The goods must be complete, ready for physical transfer, separated from other inventory and we retain no further obligations.

4. Fair value measurements

We measure certain of our assets and liabilities at fair value. Fair value represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.
The fair value hierarchy provides transparency regarding the inputs we use to measure fair value. We categorize each fair value measurement in its entirety into the following three levels, based on the lowest level input that is significant to the entire measurement:

- Level 1 Inputs - quoted prices (unadjusted) in active markets for identical assets or liabilities that the reporting entity can access at the measurement date.
- Level 2 Inputs - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 Inputs - unobservable inputs for the asset or liability.

| Recurring Fair Value Measurements | As of September 30, 2018 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| ASSETS: | | | | |
| Cash equivalents | $31.8 | $— | $— | $31.8 |
| Trust assets [1] | 0.5 | — | — | 0.5 |
| Surety bonds | 2.1 | — | — | 2.1 |
| Derivative instruments | — | 0.0 | 3.3 | 3.3 |
| TOTAL | $34.4 | $0.0 | $3.3 | $37.7 |
| | | | | |
| LIABILITIES: | | | | |
| Contingent obligation - net | $— | $— | $— | $— |
| Derivative instruments | — | 0.0 | 0.9 | 0.9 |
| TOTAL | $— | $0.0 | $0.9 | $0.9 |

[1] Trust assets are currently invested in money market funds. These trust assets are held to fund the non-qualified supplemental executive pension benefit obligations for certain of our officers.

CENTURY ALUMINUM COMPANY
Condensed Notes to the Consolidated Financial Statements (continued)
(amounts in millions, except share and per share amounts)
(Unaudited)

| Recurring Fair Value Measurements | As of December 31, 2017 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| ASSETS: | | | | |
| Cash equivalents | $142.8 | $ — | $ — | $142.8 |
| Trust assets [1] | 1.8 | — | — | 1.8 |
| Surety bonds | 1.6 | — | — | 1.6 |
| Derivative instruments | — | — | 1.7 | 1.7 |
| TOTAL | $146.2 | $ — | $ 1.7 | $147.9 |
| LIABILITIES: | | | | |
| Contingent obligation – net | $— | $ — | $ — | $— |
| Derivative instruments | — | — | 1.2 | 1.2 |
| TOTAL | $— | $ — | $ 1.2 | $1.2 |

[1] Trust assets are currently invested in money market funds. These trust assets are held to fund the non-qualified supplemental executive pension benefit obligations for certain of our officers.

The following section describes the valuation techniques and inputs used for fair value measurements categorized within Level 2 or Level 3 of the fair value hierarchy:
Level 2 and Level 3 Fair Value Measurements:

| Asset / Liability | Level | Valuation Techniques | Inputs |
|---|---|---|---|
| LME forward financial sales contracts | 3 | Discounted cash flows | Quoted LME forward market, discount rate |
| MWP financial sales contracts | 2 | Discounted cash flows | Quoted MWP forward market |
| Fixed for floating swaps | 2 | Discounted cash flows | Quoted LME forward market, quoted MWP forward market |
| Power price swaps | 3 | Discounted cash flows | Quoted Nordpool forward market, discount rate |
| fx swaps | 3 | Discounted cash flows | Euro/USD forward exchange rate, discount rate |
| Contingent obligation | 3 | Discounted cash flows | Quoted LME forward market, management’s estimates of the LME forward market prices for periods beyond the quoted periods, management’s estimates of future level of operations |

CENTURY ALUMINUM COMPANY
Condensed Notes to the Consolidated Financial Statements (continued)
(amounts in millions, except share and per share amounts)
(Unaudited)

5. Earnings (loss) per share

Basic earnings (loss) per share ("EPS") amounts are calculated by dividing net income (loss) allocated to common stockholders by the weighted average number of common shares outstanding during the period. Diluted EPS amounts assume the issuance of common stock for all dilutive securities.

The following table shows the basic and diluted earnings (loss) per share:

| | For the three months ended September 30, | | | | | |
|---|---|---|---|---|---|---|
| | 2018 | | | 2017 | | |
| | Loss | Shares (in millions) | Per Share | Income | Shares (in millions) | Per Share |
| Net income (loss) | $(20.3) | | | $20.8 | | |
| Amount allocated to common stockholders | 100.0 % | | | 92.06 % | | |
| Basic EPS: | | | | | | |
| Net income (loss) allocated to common stockholders | $(20.3) | 87.6 | $(0.23) | $19.1 | 87.3 | $0.22 |
| Effect of Dilutive Securities: | | | | | | |
| Share-based compensation | — | — | | — | 0.9 | |
| Diluted EPS: | | | | | | |
| Net income (loss) allocated to common stockholders with assumed conversion | $(20.3) | 87.6 | $(0.23) | $19.1 | 88.3 | $0.22 |

| | For the nine months ended September 30, | | | | | |
|---|---|---|---|---|---|---|
| | 2018 | | | 2017 | | |
| | Loss | Shares (in millions) | Per Share | Income | Shares (in millions) | Per Share |
| Net income (loss) | $(1.2) | | | $12.8 | | |
| Amount allocated to common stockholders | 100.0 % | | | 92.04 % | | |
| Basic EPS: | | | | | | |
| Net income (loss) allocated to common stockholders | $(1.2) | 87.6 | $(0.01) | $11.8 | 87.3 | $0.13 |
| Effect of Dilutive Securities: | | | | | | |
| Share-based compensation | — | — | | — | 0.8 | |
| Diluted EPS: | | | | | | |
| Net income (loss) allocated to common stockholders with assumed conversion | $(1.2) | 87.6 | $(0.01) | $11.8 | 88.1 | $0.13 |

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| Securities excluded from the calculation of diluted EPS (in millions): | 2018[1] | 2017 | 2018[1] | 2017 |
| Share-based compensation | 1.3 | 0.5 | 1.4 | 0.5 |

[1] In periods when we report a net loss, share-based compensation awards with antidilutive effect on the loss per share calculation are excluded from the calculation of diluted weighted average shares outstanding.

CENTURY ALUMINUM COMPANY
Condensed Notes to the Consolidated Financial Statements (continued)
(amounts in millions, except share and per share amounts)
(Unaudited)

6. Shareholders' equity

Common Stock

As of September 30, 2018 and December 31, 2017, we had 195,000,000 shares of common stock, $0.01 par value per share, authorized under our Restated Certificate of Incorporation, of which 94,794,827 shares were issued and 87,608,306 shares were outstanding at September 30, 2018; 94,731,298 shares were issued and 87,544,777 shares were outstanding at December 31, 2017.

The rights, preferences and privileges of holders of our common stock are subject to, and may be adversely affected by, the rights of the holders of shares of any series of our preferred stock which are currently outstanding, including our Series A Convertible Preferred Stock, or which we may designate and issue in the future.

Preferred Stock

At September 30, 2018 and December 31, 2017 we had 5,000,000 shares of preferred stock, $0.01 par value per share, authorized under our Restated Certificate of Incorporation. In 2008, we issued 160,000 shares of our Series A Convertible Preferred Stock. At September 30, 2018 and December 31, 2017, there were 74,092 and 74,364 shares of Series A Convertible Preferred Stock outstanding, respectively, and held by Glencore.

The issuance of common stock under our stock incentive programs, debt exchange transactions and any stock offering that excludes Glencore participation triggers anti-dilution provisions of the preferred stock agreement and results in the automatic conversion of Series A Convertible Preferred Stock shares into shares of common stock. The conversion of preferred to common shares is 100 shares of common for each share of preferred stock.

The Common and Preferred Stock table below contains additional information about preferred stock conversions during the nine months ended September 30, 2018 and 2017.

| | Preferred stock | Common stock | |
|---|---|---|---|
| Common and Preferred Stock Activity (in shares): | Series A convertible | Treasury | Outstanding |
| Beginning balance as of December 31, 2017 | 74,364 | 7,186,521 | 87,544,777 |
| Conversion of convertible preferred stock | (272) | — | 27,263 |
| Issuance for share-based compensation plans | — | — | 36,266 |
| Ending balance as of September 30, 2018 | 74,092 | 7,186,521 | 87,608,306 |
| | | | |
| Beginning balance as of December 31, 2016 | 75,625 | 7,186,521 | 87,250,897 |
| Conversion of convertible preferred stock | (326) | — | 32,619 |
| Issuance for share-based compensation plans | — | — | 43,436 |
| Ending balance as of September 30, 2017 | 75,299 | 7,186,521 | 87,326,952 |

Stock Repurchase Program

Our Board of Directors authorized a $60.0 million common stock repurchase program and during the first quarter of 2015, our Board of Directors increased the size of the program by $70.0 million. Under the program, Century is authorized to repurchase up to $130.0 million of our outstanding shares of common stock, from time to time, on the open market at prevailing market prices, in block trades or otherwise. The timing and amount of any shares repurchased will be determined by our management based on its evaluation of market conditions, the trading price of our common stock and other factors. The stock repurchase program may be suspended or discontinued at any time. Shares of common stock repurchased are recorded at cost as treasury stock and result in a reduction of shareholders' equity in the consolidated balance sheets. From time to time, treasury shares may be reissued as contributions to our employee benefit plans and for the conversion of convertible preferred stock. When shares are reissued, we use an average cost method for determining the cost. The difference between the cost of the shares and the reissuance price is

added to or deducted from additional paid-in capital.

CENTURY ALUMINUM COMPANY
Condensed Notes to the Consolidated Financial Statements (continued)
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Through September 30, 2018 we had repurchased 7,186,521 shares of common stock for an aggregate purchase price of $86.3 million. We have made no share repurchases since April 2015 and we have $43.7 million remaining under the repurchase program authorization as of September 30, 2018.

7. Income taxes

We recorded income tax expense of $1.7 million and $3.3 million for the three months ended September 30, 2018 and September 30, 2017, respectively, which primarily consisted of tax expense on earnings from foreign operations. For the nine months ended September 30, 2018 and 2017, we recorded income tax expense of $3.0 million and $4.5 million, respectively, which primarily consisted of tax expense on earnings from foreign operations.

Our income tax benefit or expense is based on an annual effective tax rate forecast, including estimates and assumptions that could change during the year. The application of the accounting requirements for income taxes in interim periods, after consideration of our valuation allowance, causes a significant variation in the typical relationship between income tax expense/benefit and pretax accounting income/loss.

As of September 30, 2018, all of Century's U.S. and certain foreign deferred tax assets, net of deferred tax liabilities, continue to be subject to a valuation allowance. We continue to assess the impact of the recently enacted Tax Cuts and Jobs Act (the “Act”) on our business and our consolidated financial statements through the measurement period allowed under Staff Accounting Bulletin ("SAB") 118. Adjustments to provisional amounts, if any, that are identified during the measurement period will be recorded in the reporting period in which the adjustment is determined. As of September 30, 2018, our accounting for the following element has not been finalized. However, we are able to reasonably estimate certain effects and, therefore, recorded provisional adjustments as follows:

Deemed Repatriation Transition Tax: The deemed repatriation transition tax (the “Transition Tax”) is a tax on certain previously untaxed accumulated and current earnings and profits ("E&P") of our foreign subsidiaries. We were able to reasonably estimate the Transition Tax and recorded no provisional Transition Tax obligation for the year ended December 31, 2017. On the basis of revised E&P computations that were calculated during the reporting period, we recognized an additional measurement-period adjustment of $0.9 million to the Transition Tax obligation, a refundable Alternative Minimum Tax Credit of $0.8 million, resulting in an immaterial net adjustment to income tax expense during the period. However, we are continuing to gather additional information to more precisely compute the amount of the Transition Tax, and our accounting for this item has not been finalized. We expect to finalize our accounting within the prescribed measurement period.

8. Inventories

| Inventories consist of the following: | September 30, 2018 | December 31, 2017 |
|---|---|---|
| Raw materials | $ 142.1 | $ 106.2 |
| Work-in-process | 58.7 | 49.6 |
| Finished goods | 41.9 | 40.9 |
| Operating and other supplies | 147.7 | 120.8 |
| Total inventories | $ 390.4 | $ 317.5 |

Inventories are stated at the lower of cost or Net Realizable Value ("NRV") using the first-in, first-out ("FIFO") or the weighted average cost method.

CENTURY ALUMINUM COMPANY
Condensed Notes to the Consolidated Financial Statements (continued)
(amounts in millions, except share and per share amounts)
(Unaudited)

9. Debt

| | September 30, 2018 | December 31, 2017 |
|---|---|---|
| Debt classified as current liabilities: | | |
| Hancock County industrial revenue bonds ("IRBs") due April 1, 2028, interest payable quarterly (variable interest rates (not to exceed 12%)) [1] | $ 7.8 | $ 7.8 |
| U.S. revolving credit facility [2] | 14.3 | — |
| Debt classified as non-current liabilities: | | |
| 7.5% senior secured notes due June 1, 2021, net of debt discount of $1.5 million and $1.8 million, respectively, interest payable semiannually | 248.5 | 248.2 |
| Total | $ 270.6 | $ 256.0 |

[1] The IRBs are classified as current liabilities because they are remarketed weekly and could be required to be repaid upon demand if there is a failed remarketing. The IRB interest rate at September 30, 2018 was 1.76%.

[2] The U.S. revolving credit facility is classified as a current liability because we repay amounts outstanding and reborrow funds based on our working capital requirements. Borrowings under the U.S. revolving credit facility expected to be repaid within a month bear interest based on the prime rate plus applicable margin as defined within the agreement. The interest rate at September 30, 2018 was 5.5%.

7.5% Notes due 2021

General. On June 4, 2013, we issued $250.0 million of our 7.5% Notes due June 1, 2021 (the "2021 Notes") in a private offering exempt from the registration requirements of the Securities Act of 1933, as amended. The 2021 Notes were issued at a discount and bear interest at the rate of 7.5% per annum on the principal amount, payable semi-annually in arrears in cash on June 1st and December 1st of each year.

Fair Value. Fair value for our 2021 Notes was based on the latest trading data available and was $252.0 million and $258.3 million, as of September 30, 2018 and December 31, 2017, respectively. Although we use quoted market prices for identical debt instruments, the markets on which they trade are not considered to be active and are therefore considered Level 2 fair value measurements.

U.S. Revolving Credit Facility

We and certain of our direct and indirect domestic subsidiaries have a senior secured revolving credit facility with a syndicate of lenders (the "U.S. revolving credit facility"). The U.S. revolving credit facility provides for borrowings of up to $175.0 million in the aggregate, including up to $110.0 million under a letter of credit sub-facility, and also includes an uncommitted accordion feature whereby borrowers may increase the capacity of the U.S. revolving credit facility by up to $50.0 million, subject to agreement with the lenders. The U.S. revolving credit facility matures May 16, 2023. Any letters of credit issued and outstanding under the U.S. revolving credit facility reduce our borrowing availability on a dollar-for-dollar basis. The availability of funds under the U.S. revolving credit facility is limited by a specified borrowing base consisting of certain percentages of accounts receivable and inventory which meet certain eligibility criteria.

| Status of our U.S. revolving credit facility: | September 30, 2018 |
|---|---|
| Credit facility maximum amount | $ 175.0 |
| Borrowing availability | 175.0 |
| Outstanding letters of credit issued | 40.1 |
| Outstanding borrowings | 14.3 |
| Borrowing availability, net of outstanding letters of credit and borrowings | 120.6 |

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CENTURY ALUMINUM COMPANY
Condensed Notes to the Consolidated Financial Statements (continued)
(amounts in millions, except share and per share amounts)
(Unaudited)

Iceland Revolving Credit Facility

We have also entered into, through our wholly-owned subsidiary Nordural Grundartangi ehf, a $50.0 million revolving credit facility, dated November 27, 2013, as amended (the "Iceland revolving credit facility"). The Iceland revolving credit facility expires on November 27, 2020. The availability of funds under the Iceland revolving credit facility is limited by a specified borrowing base consisting of certain percentages of accounts receivable and inventory of Grundartangi.

| Status of our Iceland revolving credit facility: | September 30, 2018 |
|---|---|
| Credit facility maximum amount | $ 50.0 |
| Borrowing availability | 50.0 |
| Outstanding borrowings | — |
| Borrowing availability, net of borrowings | 50.0 |

CENTURY ALUMINUM COMPANY
Condensed Notes to the Consolidated Financial Statements (continued)
(amounts in millions, except share and per share amounts)
(Unaudited)

10. Commitments and contingencies

Environmental Contingencies

Based upon all available information, we believe our current environmental liabilities do not have, and are not likely to have, a material adverse effect on our financial condition, results of operations or liquidity. However, because of the inherent uncertainties in estimating environmental liabilities primarily due to unknown facts and circumstances and changing governmental regulations and legal standards regarding liability, there can be no assurance that future capital expenditures and costs for environmental compliance at currently or formerly owned or operated properties will not result in liabilities that may have a material adverse effect on our financial condition, results of operations or liquidity. It is our policy to accrue for costs associated with environmental assessments and remedial efforts when it becomes probable that a liability has been incurred and the costs can be reasonably estimated. All accrued amounts have been recorded without giving effect to any possible future recoveries. Costs for ongoing environmental compliance, including maintenance and monitoring are expensed as incurred.

Vernon

In July 2006, we were named as a defendant, together with certain affiliates of Alcan Inc., in a lawsuit brought by Alcoa Inc. seeking to determine responsibility for certain environmental indemnity obligations related to the sale of a cast aluminum plate manufacturing facility located in Vernon, California, which we purchased from Alcoa Inc. in December 1998, and sold to Alcan Rolled Products-Ravenswood LLC in July 1999. The complaint also seeks costs and attorney fees. The matter was stayed by the court in 2008 to allow for the remediation of environmental areas at the site. On June 30, 2016 the U.S. District Court for the District of Delaware ordered the stay lifted and reopened the case. Discovery is expected to be completed in the first quarter of 2019, and trial is currently set to begin in the second quarter of 2020. At this stage, we cannot predict the ultimate outcome of this action or estimate a range of possible losses related to this matter at this time.

Matters relating to the St. Croix Alumina Refining Facility

We are a party to a United States Environmental Protection Agency Administrative Order on Consent pursuant to which certain past and present owners of an alumina refining facility at St. Croix, Virgin Islands (the "St. Croix Alumina Refinery") have agreed to carry out a Hydrocarbon Recovery Plan to remove and manage hydrocarbons floating on groundwater underlying the facility. Through September 30, 2018, our affiliate, Virgin Islands Alumina Corporation LLC, has expended approximately $1.1 million on the Hydrocarbon Recovery Plan. At this time, we are not able to estimate the amount of any future potential payments, but we do not anticipate that any such amounts will have a material adverse effect on our financial condition, results of operations or liquidity, regardless of the final outcome.

In December 2010, Century was among several defendants named in a lawsuit filed by plaintiffs who either worked, resided or owned property in the area downwind from the St. Croix Alumina Refinery. In March 2011, Century was also named a defendant in a nearly identical suit brought by certain additional plaintiffs. The plaintiffs in both suits allege damages caused by the presence of red mud and other particulates coming from the alumina facility and are seeking unspecified monetary damages, costs and attorney fees as well as certain injunctive relief. We tendered indemnity and defense to St. Croix Alumina LLC and Alcoa Alumina & Chemical LLC under the terms of an acquisition agreement relating to the facility and have filed motions to dismiss plaintiffs' claims. In August 2015, the Superior Court of the Virgin Islands, Division of St. Croix denied the motions to dismiss but ordered all plaintiffs to refile individual complaints. On February 28, 2018, plaintiffs in both cases filed a Motion for Voluntary Dismissal of Century without prejudice to refiling. At this time, it is not possible to predict the ultimate outcome of or to estimate a range of possible losses for any of the foregoing actions relating to the St. Croix Alumina Refinery.

Legal Contingencies

In addition to the foregoing matters, we have pending against us or may be subject to various lawsuits, claims and proceedings related primarily to employment, commercial, stockholder, safety and health matters. While the results of

such litigation matters and claims cannot be predicted with certainty, we believe that the final outcome of such matters will not have a material adverse impact on our financial condition, results of operations or liquidity. However, because of the nature and inherent uncertainties of litigation, should the outcome of these actions be unfavorable, our business, financial condition, results of operations and liquidity could be materially and adversely affected.

CENTURY ALUMINUM COMPANY
Condensed Notes to the Consolidated Financial Statements (continued)
(amounts in millions, except share and per share amounts)
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In evaluating whether to accrue for losses associated with legal contingencies, it is our policy to take into consideration factors such as the facts and circumstances asserted, our historical experience with contingencies of a similar nature, the likelihood of our prevailing and the severity of any potential loss. For some matters, no accrual is established because we have assessed our risk of loss to be remote. Where the risk of loss is probable and the amount of the loss can be reasonably estimated, we record an accrual, either on an individual basis or with respect to a group of matters involving similar claims, based on the factors set forth above.

When we have assessed that a loss associated with legal contingencies is reasonably possible, we determine if estimates of possible losses or ranges of possible losses are in excess of related accrued liabilities, if any. Based on current knowledge, management has ascertained estimates for losses that are reasonably possible and management does not believe that any reasonably possible outcomes in excess of our accruals, if any, either individually or in aggregate, would be material to our financial condition, results of operations or liquidity. We reevaluate and update our assessments and accruals as matters progress over time.

Ravenswood Retiree Medical Benefits changes

In November 2009, Century Aluminum of West Virginia ("CAWV") filed a class action complaint for declaratory judgment against the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union ("USW"), the USW's local and certain CAWV retirees, individually and as class representatives ("CAWV Retirees"), seeking a declaration of CAWV's rights to modify/terminate retiree medical benefits. Later in November 2009, the USW and representatives of a retiree class filed a separate suit against CAWV, Century Aluminum Company, Century Aluminum Master Welfare Benefit Plan, and various John Does with respect to the foregoing.

On August 18, 2017, the District Court for the Southern District of West Virginia approved a settlement agreement in respect of these actions. Under the terms of the settlement agreement, CAWV agreed to make payments into a trust for the benefit of the CAWV Retirees in the aggregate amount of $23.0 million over the course of 10 years. Upon approval of the settlement, we paid $5.0 million to the aforementioned trust in September 2017 and agreed to pay the remaining amounts under the settlement agreement in annual increments of $2.0 million for nine years. At September 30, 2018, we had $2.0 million in other current liabilities and $9.6 million in other liabilities related to this agreement.

PBGC Settlement

In 2013, we entered into a settlement agreement with the Pension Benefit Guarantee Corporation ("PBGC") regarding an alleged "cessation of operations" at our Ravenswood facility. Pursuant to the terms of the agreement, we agreed to make additional contributions (above any minimum required contributions) to our defined benefit pension plans totaling approximately $17.4 million. Under certain circumstances, in periods of lower primary aluminum prices relative to our cost of operations, we are able to defer one or more of these payments provided that we provide the PBGC with acceptable security for such deferred payments. We did not make any contributions for the nine month periods ended September 30, 2018 and 2017. We have elected to defer certain payments under the PBGC agreement and have provided the PBGC with the appropriate security. The remaining contributions under this agreement are approximately $9.6 million.

Power Commitments and Contingencies

Hawesville

Hawesville has a power supply arrangement with Kenergy and EDF Trading North America, LLC (“EDF") which provides market-based power to the Hawesville smelter. Under this arrangement, the power companies purchase power on the open market and pass it through to Hawesville at Midcontinent Independent System Operator ("MISO") pricing plus transmission and other costs. The power supply arrangement with Kenergy has an effective term through December 2023. The arrangement with EDF to act as our market participant with MISO has an effective term through May 2019, extending year to year thereafter unless a one year notice is given.

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CENTURY ALUMINUM COMPANY
Condensed Notes to the Consolidated Financial Statements (continued)
(amounts in millions, except share and per share amounts)
(Unaudited)

Sebree

Sebree has a power supply arrangement with Kenergy and EDF which provides market-based power to the Sebree smelter. Similar to the arrangement at Hawesville, the power companies purchase power on the open market and pass it through to Sebree at MISO pricing plus transmission and other costs. The power supply arrangement with Kenergy has an effective term through December 2023. The arrangement with EDF to act as our market participant with MISO has an effective term through May 2019, extending year to year thereafter unless a one year notice is given.

Mt. Holly

Mt. Holly has a power supply arrangement pursuant to which 25% of the Mt. Holly load is served from the South Carolina Public Service Authority’s ("Santee Cooper") generation at a cost-based industrial rate and 75% of the Mt. Holly load is sourced from a supplier that is outside Santee Cooper’s service territory at market prices that are tied to natural gas prices. The Santee Cooper power supply agreement for Mt. Holly expires on December 31, 2020 and may be terminated by Mt. Holly on 120 days' notice.

Grundartangi

Grundartangi has power purchase agreements for approximately 525 MW with HS Orka hf ("HS"), Landsvirkjun and Orkuveita Reykjavikur ("OR") to provide power to its Grundartangi smelter. These power purchase agreements expire on various dates from 2023 through 2036 (subject to extension). The power purchase agreements with HS and OR both provide power at LME-based variable rates for the duration of these agreements. The power purchase agreement with Landsvirkjun for 161 MW provides power at LME-based variable rates through October 2019 and at rates linked to the Nord Pool power market from November 2019 through the expiration of the agreement on December 31, 2023.

Helguvik

Nordural Helguvik ehf ("Helguvik") has a power purchase agreement with OR to provide a portion of the power requirements to the Helguvik project. The agreement would provide power at LME-based variable rates and contain take-or-pay obligations with respect to a significant percentage of the total committed and available power under such agreements. The first stage of power under the OR purchase agreement (approximately 47.5 MW) became available in the fourth quarter of 2011 and is currently being utilized at Grundartangi. The agreement contains certain conditions to OR’s obligations with respect to the remaining phases and OR has alleged that certain of these conditions have not been satisfied. We are in discussions with OR with respect to such conditions and other matters pertaining to this agreement.

Other Commitments and Contingencies

Labor Commitments

The bargaining unit employees at our Grundartangi, Vlissingen, Hawesville and Sebree facilities are represented by labor unions, representing 65% of our total workforce.

Approximately 84% of Grundartangi’s work force is represented by five labor unions, governed by a labor agreement which is effective through December 31, 2019 that establishes wages and work rules for covered employees. 100% of Vlissingen's work force is represented by the Federation for the Metal and Electrical Industry ("FME"), and they operate under a labor agreement that expired June 1, 2018. The workers are continuing to operate under the terms of the original agreement while the contract is being renegotiated with the FME. The FME negotiates working conditions with trade unions on behalf of its members.

Approximately 56% of our U.S. based work force is represented by the USW. The labor agreement for Hawesville employees is effective through April 1, 2020. Century Sebree's labor agreement with the USW for its employees is effective through October 28, 2023. Mt. Holly employees are not represented by a labor union.

CENTURY ALUMINUM COMPANY
Condensed Notes to the Consolidated Financial Statements (continued)
(amounts in millions, except share and per share amounts)
(Unaudited)

11. Components of accumulated other comprehensive loss

| | September 30, 2018 | December 31, 2017 |
|---|---|---|
| Defined benefit plan liabilities | $ (97.7) | $ (102.1) |
| Unrealized loss on financial instruments | 2.5 | 2.7 |
| Other comprehensive loss before income tax effect | (95.2) | (99.4) |
| Income tax effect [1] | 6.5 | 7.7 |
| Accumulated other comprehensive loss | $ (88.7) | $ (91.7) |

[1] The allocation of the income tax effect to the components of other comprehensive loss is as follows:

| | September 30, 2018 | December 31, 2017 |
|---|---|---|
| Defined benefit plan liabilities | $ 7.0 | $ 8.2 |
| Unrealized loss on financial instruments | (0.5) | (0.5) |

The following table summarizes the changes in the accumulated balances for each component of accumulated other comprehensive loss ("AOCL"):

| | Defined benefit plan and other postretirement liabilities | Unrealized gain (loss) on financial instruments | Total, net of tax |
|---|---|---|---|
| Balance, July 1, 2018 | $ (90.8) | $ 2.1 | $(88.7) |
| Net amount reclassified to net income (loss) | 0.1 | 0.0 | 0.1 |
| Balance, September 30, 2018 | $ (90.7) | $ 2.1 | $(88.7) |
| | | | |
| Balance, July 1, 2017 | $ (115.2) | $ 2.2 | $(113.0) |
| Net amount reclassified to net income (loss) | 1.0 | 0.0 | 1.0 |
| Balance, September 30, 2017 | $ (114.2) | $ 2.2 | $(112.0) |
| | | | |
| Balance, January 1, 2018 | $ (93.8) | $ 2.1 | $(91.7) |
| Net amount reclassified to net income (loss) | 3.2 | (0.1) | 3.1 |
| Balance, September 30, 2018 | $ (90.7) | $ 2.1 | $(88.7) |
| | | | |
| Balance, January 1, 2017 | $ (116.2) | $ 2.3 | $(113.9) |
| Net amount reclassified to net income (loss) | 2.0 | (0.1) | 1.9 |
| Balance, September 30, 2017 | $ (114.2) | $ 2.2 | $(112.0) |

CENTURY ALUMINUM COMPANY
Condensed Notes to the Consolidated Financial Statements (continued)
(amounts in millions, except share and per share amounts)
(Unaudited)

Reclassifications out of AOCL were included in the consolidated statements of operations as follows:

| | | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|---|
| AOCL Components | Location | 2018 | 2017 | 2018 | 2017 |
| Defined benefit plan and other postretirement liabilities | Cost of goods sold | $0.5 | $1.0 | $3.9 | $0.8 |
| | Selling, general and administrative expenses | (0.4) | 0.1 | (0.9) | 1.1 |
| | Other operating expense, net | 0.4 | 0.4 | 1.3 | 1.3 |
| | Income tax effect | (0.4) | (0.4) | (1.1) | (1.2) |
| | Net of tax | $0.1 | $1.1 | $3.2 | $2.0 |
| Unrealized loss on financial instruments | Cost of goods sold | $0.0 | $0.0 | $(0.1) | $(0.1) |
| | Income tax effect | 0.0 | 0.0 | 0.0 | 0.0 |
| | Net of tax | $0.0 | $0.0 | $(0.1) | $(0.1) |

12. Components of net periodic benefit cost

| | Pension Benefits | | | |
|---|---|---|---|---|
| | Three months ended September 30, | | Nine months ended September 30, | |
| | 2018 | 2017 | 2018 | 2017 |
| Service cost | $1.1 | $1.1 | $3.2 | $3.3 |
| Interest cost | 3.1 | 3.3 | 9.2 | 10.0 |
| Expected return on plan assets | (5.3) | (4.8) | (15.8) | (14.6) |
| Amortization of prior service costs | 0.0 | 0.0 | 0.1 | 0.1 |
| Amortization of net loss | 1.3 | 1.2 | 3.9 | 3.9 |
| Net periodic benefit cost | $0.2 | $0.8 | $0.6 | $2.7 |

| | Other Postretirement Benefits ("OPEB") | | | |
|---|---|---|---|---|
| | Three months ended September 30, | | Nine months ended September 30, | |
| | 2018 | 2017 | 2018 | 2017 |
| Service cost | $0.1 | $0.2 | $0.2 | $0.7 |
| Interest cost | 1.0 | 1.4 | 0.4 | 5.7 |
| Amortization of prior service cost | (1.8) | (0.7) | (5.1) | (1.7) |

| | | | | |
|---|---|---|---|---|
| Amortization of net loss | 1.0 | 1.0 | 5.4 | 0.9 |
| Net periodic benefit cost | $0.3 | $1.9 | $0.9 | $5.6 |

13. Derivatives

As of September 30, 2018, we had an open position of 3,090 tonnes related to LME forward financial sales contracts, all of which are with Glencore, to fix the forward LME price. These contracts are expected to settle monthly, between November 1, 2019 and December 31, 2020. During the quarter ended September 30, 2018, we also entered into Midwest Premium ("MWP") forward financial sales contracts to fix the forward MWP. These contracts are expected to settle monthly through December 2019. As of September 30, 2018, we had an open position of 35,250 tonnes.

CENTURY ALUMINUM COMPANY
Condensed Notes to the Consolidated Financial Statements (continued)
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(Unaudited)

We have financial contracts with various counterparties, including Glencore, to offset fixed price sales arrangements with certain of our customers (the “fixed for floating swaps”) to remain exposed to the LME price. As of September 30, 2018, we had open positions related to such arrangements of 9,255 tonnes settling at various dates through November 2019.

In 2017, we entered into financial contracts to fix the forward price of approximately 4% of Grundartangi's total power requirements for the period November 1, 2019 through December 31, 2020 (the “power price swaps”). As of September 30, 2018, we had an open position of 256,200 MWh related to the power price swaps. Because the power price swaps are settled in euros, in 2018 we entered into financial contracts to hedge the risk of fluctuations associated with the euro (the "fx swaps"). As of September 30, 2018, we had open positions related to the fx swaps for €2.8 million euros that settle monthly from November 1, 2019 through December 31, 2020.

As of September 30, 2018, we had a derivative asset and liability of $3.3 million and $0.9 million, respectively, in the consolidated balance sheet. At December 31, 2017, we had a derivative asset and liability of $1.7 million and $1.2 million, respectively, in the consolidated balance sheets.

For the three and nine months ended September 30, 2018, we recognized gains of $0.8 million and $2.8 million, respectively, related to our derivative instruments in the consolidated statements of operations, a portion of which related to transactions with Glencore. For the three months ended September 30, 2017, we recognized a loss of $3.9 million and for the nine months ended September 30, 2017, we recognized a loss of $17.1 million in the consolidated statements of operations, substantially all of which related to transactions with Glencore.

14. Condensed consolidating financial information

Our 2021 Notes are guaranteed by each of our material existing and future domestic subsidiaries (The "Guarantor Subsidiaries"), except for Nordural US LLC, Century Aluminum Development LLC and Century Aluminum of West Virginia, Inc. The Guarantor Subsidiaries are 100% owned by Century. All guarantees are full and unconditional; all guarantees are joint and several. These notes are not guaranteed by our foreign subsidiaries (such foreign subsidiaries, Nordural US LLC, Century Aluminum Development LLC and Century Aluminum of West Virginia, Inc., collectively the “Non-Guarantor Subsidiaries”). We allocate corporate expenses or income to our subsidiaries and charge interest on certain intercompany balances.

The following summarized condensed consolidating statements of comprehensive income (loss) for the three and nine months ended September 30, 2018 and 2017, condensed consolidating balance sheets as of September 30, 2018 and December 31, 2017 and the condensed consolidating statements of cash flows for the nine months ended September 30, 2018 and 2017 present separate results for Century, the Guarantor Subsidiaries, the Non-Guarantor Subsidiaries, consolidating adjustments and total consolidated amounts.

CENTURY ALUMINUM COMPANY
Condensed Notes to the Consolidated Financial Statements (continued)
(amounts in millions)
(Unaudited)

Condensed Consolidating Statements of Comprehensive Income (Loss)
For the three months ended September 30, 2018

| | The Company | Combined Guarantor Subsidiaries | Combined Non-Guarantor Subsidiaries | Consolidating Adjustments | Total Consolidated |
|---|---|---|---|---|---|
| NET SALES: | | | | | |
| Related parties | $ — | $ 110.8 | $ 194.5 | $ — | $ 305.3 |
| Other customers | — | 175.8 | 0.7 | — | 176.5 |
| Total net sales | — | 286.6 | 195.2 | — | 481.8 |
| Cost of goods sold | — | 301.5 | 192.1 | — | 493.6 |
| Gross profit (loss) | — | (14.9) | 3.1 | — | (11.8) |
| Selling, general and administrative expenses | 8.4 | — | 0.4 | — | 8.8 |
| Helguvik (gains) losses | — | — | (4.5) | — | (4.5) |
| Other operating (income) expense - net | — | — | (0.5) | — | (0.5) |
| Operating income (loss) | (8.4) | (14.9) | 7.7 | — | (15.6) |
| Interest expense | (5.0) | (0.4) | (0.2) | — | (5.6) |
| Intercompany interest | 9.3 | 2.4 | (11.7) | — | — |
| Interest income | 0.1 | — | 0.3 | — | 0.4 |
| Net gain (loss) on forward and derivative contracts | (0.2) | 0.4 | 0.6 | — | 0.8 |
| Other income (expense) - net | — | — | 0.7 | — | 0.7 |
| Income (loss) before income taxes and equity in earnings of joint ventures | (4.2) | (12.5) | (2.6) | — | (19.3) |
| Income tax (expense) benefit | 0.5 | — | (2.2) | — | (1.7) |
| Income (loss) before equity in earnings of joint ventures | (3.7) | (12.5) | (4.8) | — | (21.0) |
| Equity in earnings (loss) of joint ventures | (16.6) | 2.8 | 0.7 | 13.8 | 0.7 |
| Net income (loss) | (20.3) | (9.7) | (4.1) | 13.8 | (20.3) |
| Other comprehensive income (loss) before income tax effect | 0.5 | 0.5 | 0.4 | (0.9) | 0.5 |
| Income tax effect | (0.4) | — | — | — | (0.4) |
| Other comprehensive income (loss) | 0.1 | 0.5 | 0.4 | (0.9) | 0.1 |
| Total comprehensive income (loss) | $ (20.2) | $ (9.2) | $ (3.7) | $ 12.9 | $ (20.2) |

CENTURY ALUMINUM COMPANY
Condensed Notes to the Consolidated Financial Statements (continued)
(amounts in millions)
(Unaudited)

Condensed Consolidating Statements of Comprehensive Income (Loss)
For the three months ended September 30, 2017

| | The Company | Combined Guarantor Subsidiaries | Combined Non-Guarantor Subsidiaries | Consolidating Adjustments | Total Consolidated |
|---|---|---|---|---|---|
| NET SALES: | | | | | |
| Related parties | $ — | $ 138.2 | $ 161.0 | $ — | $ 299.2 |
| Other customers | — | 101.4 | 0.0 | — | 101.4 |
| Total net sales | — | 239.6 | 161.0 | — | 400.6 |
| Cost of goods sold | — | 220.7 | 138.5 | — | 359.2 |
| Gross profit (loss) | — | 18.9 | 22.5 | — | 41.4 |
| Selling, general and administrative expenses | 13.7 | — | 0.3 | — | 14.0 |
| Ravenswood (gains) losses | — | — | (5.5) | — | (5.5) |
| Other operating (income) expense - net | — | — | 0.4 | — | 0.4 |
| Operating income (loss) | (13.7) | 18.9 | 27.3 | — | 32.5 |
| Interest expense | (5.1) | (0.4) | 0.0 | — | (5.5) |
| Intercompany interest | 8.9 | 2.2 | (11.1) | — | — |
| Interest income | 0.2 | — | 0.2 | — | 0.4 |
| Net gain (loss) on forward and derivative contracts | — | (3.9) | 0.0 | — | (3.9) |
| Other income (expense) - net | — | 0.0 | 0.4 | — | 0.4 |
| Income (loss) before income taxes and equity in earnings of joint ventures | (9.7) | 16.8 | 16.8 | — | 23.9 |
| Income tax (expense) benefit | 0.0 | — | (3.3) | — | (3.3) |
| Income (loss) before equity in earnings of joint ventures | (9.7) | 16.8 | 13.5 | — | 20.6 |
| Equity in earnings (loss) of joint ventures | 30.5 | 1.4 | 0.2 | (31.9) | 0.2 |
| Net income (loss) | 20.8 | 18.2 | 13.7 | (31.9) | 20.8 |
| Other comprehensive income (loss) before income tax effect | 1.4 | 1.0 | 0.3 | (1.3) | 1.4 |
| Income tax effect | (0.4) | — | 0.0 | 0.0 | (0.4) |
| Other comprehensive income (loss) | 1.0 | 1.0 | 0.3 | (1.3) | 1.0 |
| Total comprehensive income (loss) | $ 21.8 | $ 19.2 | $ 14.0 | $ (33.2) | $ 21.8 |

CENTURY ALUMINUM COMPANY
Condensed Notes to the Consolidated Financial Statements (continued)
(amounts in millions)
(Unaudited)

Condensed Consolidating Statements of Comprehensive Income (Loss)
For the nine months ended September 30, 2018

| | The Company | Combined Guarantor Subsidiaries | Combined Non-Guarantor Subsidiaries | Consolidating Adjustments | Total Consolidated |
|---|---|---|---|---|---|
| NET SALES: | | | | | |
| Related parties | $ — | $ 315.1 | $ 569.1 | $ — | $ 884.2 |
| Other customers | — | 519.1 | 3.0 | — | 522.1 |
| Total net sales | — | 834.2 | 572.1 | — | 1,406.3 |
| Cost of goods sold | — | 821.1 | 548.8 | — | 1,369.9 |
| Gross profit (loss) | — | 13.1 | 23.3 | — | 36.4 |
| Selling, general and administrative expenses | 29.8 | — | 1.7 | — | 31.5 |
| Helguvik (gains) losses | — | — | (4.5) | — | (4.5) |
| Other operating (income) expense - net | — | — | 0.0 | — | 0.0 |
| Operating income (loss) | (29.8) | 13.1 | 26.1 | — | 9.4 |
| Interest expense | (15.4) | (1.2) | (0.1) | — | (16.7) |
| Intercompany interest | 27.4 | 7.0 | (34.4) | — | — |
| Interest income | 0.3 | — | 1.0 | — | 1.3 |
| Net gain (loss) on forward and derivative contracts | (0.2) | 1.1 | 1.9 | — | 2.8 |
| Other income (expense) - net | 0.6 | (0.2) | 1.4 | — | 1.8 |
| Income (loss) before income taxes and equity in earnings of joint ventures | (17.1) | 19.8 | (4.1) | — | (1.4) |
| Income tax (expense) benefit | 0.7 | — | (3.7) | — | (3.0) |
| Income (loss) before equity in earnings of joint ventures | (16.4) | 19.8 | (7.8) | — | (4.4) |
| Equity in earnings (loss) of joint ventures | 15.2 | (0.3) | 3.2 | (14.9) | 3.2 |
| Net income (loss) | (1.2) | 19.5 | (4.6) | (14.9) | (1.2) |
| Other comprehensive income (loss) before income tax effect | 4.2 | 3.9 | 1.2 | (5.1) | 4.2 |
| Income tax effect | (1.1) | — | — | — | (1.1) |
| Other comprehensive income (loss) | 3.1 | 3.9 | 1.2 | (5.1) | 3.1 |
| Total comprehensive income (loss) | $ 1.9 | $ 23.4 | $ (3.4) | $ (20.0) | $ 1.9 |

CENTURY ALUMINUM COMPANY
Condensed Notes to the Consolidated Financial Statements (continued)
(amounts in millions)
(Unaudited)

Condensed Consolidating Statements of Comprehensive Income (Loss)
For the nine months ended September 30, 2017

| | The Company | Combined Guarantor Subsidiaries | Combined Non-Guarantor Subsidiaries | Consolidating Adjustments | Total Consolidated |
|---|---|---|---|---|---|
| NET SALES: | | | | | |
| Related parties | $ — | $ 404.1 | $ 472.0 | $ — | $ 876.1 |
| Other customers | — | 279.1 | 0.0 | — | 279.1 |
| Total net sales | — | 683.2 | 472.0 | — | 1,155.2 |
| Cost of goods sold | — | 655.0 | 419.5 | — | 1,074.5 |
| Gross profit (loss) | — | 28.2 | 52.5 | — | 80.7 |
| Selling, general and administrative expenses | 32.8 | — | 1.2 | — | 34.0 |
| Ravenswood (gains) losses | — | — | (5.5) | — | (5.5) |
| Other operating (income) expense - net | — | — | 1.6 | — | 1.6 |
| Operating income (loss) | (32.8) | 28.2 | 55.2 | — | 50.6 |
| Interest expense | (15.3) | (1.2) | (0.1) | — | (16.6) |
| Intercompany interest | 27.1 | 6.4 | (33.5) | — | — |
| Interest income | 0.3 | 0.0 | 0.6 | — | 0.9 |
| Net gain (loss) on forward and derivative contracts | — | (17.1) | 0.0 | — | (17.1) |
| Other income (expense) - net | 0.7 | 0.2 | (1.9) | — | (1.0) |
| Income (loss) before income taxes and equity in earnings of joint ventures | (20.0) | 16.5 | 20.3 | — | 16.8 |
| Income tax (expense) benefit | 1.1 | — | (5.6) | — | (4.5) |
| Income (loss) before equity in earnings of joint ventures | (18.9) | 16.5 | 14.7 | — | 12.3 |
| Equity in earnings (loss) of joint ventures | 31.7 | 3.9 | 0.5 | (35.6) | 0.5 |
| Net income (loss) | 12.8 | 20.4 | 15.2 | (35.6) | 12.8 |
| Other comprehensive income (loss) before income tax effect | 3.1 | 0.8 | 1.2 | (2.0) | 3.1 |
| Income tax effect | (1.2) | — | 0.0 | 0.0 | (1.2) |
| Other comprehensive income (loss) | 1.9 | 0.8 | 1.2 | (2.0) | 1.9 |
| Total comprehensive income (loss) | $ 14.7 | $ 21.2 | $ 16.4 | $ (37.6) | $ 14.7 |

CENTURY ALUMINUM COMPANY
Condensed Notes to the Consolidated Financial Statements (continued)
(amounts in millions)
(Unaudited)

Condensed Consolidating Balance Sheet
As of September 30, 2018

| | The Company | Combined Guarantor Subsidiaries | Combined Non-Guarantor Subsidiaries | Consolidating Adjustments | Total Consolidated |
|---|---|---|---|---|---|
| Cash & cash equivalents | $26.0 | $ (0.3) | $ 47.7 | $ — | $ 73.4 |
| Restricted cash | — | 0.8 | — | — | 0.8 |
| Accounts receivable - net | 0.1 | 90.9 | 0.4 | — | 91.4 |
| Due from affiliates | — | 17.5 | 3.0 | — | 20.5 |
| Inventories | — | 236.0 | 154.4 | — | 390.4 |
| Prepaid and other current assets | 0.6 | 0.7 | 12.6 | — | 13.9 |
| Total current assets | 26.7 | 345.6 | 218.1 | — | 590.4 |
| Property, plant and equipment - net | 21.1 | 309.7 | 630.7 | — | 961.5 |
| Investment in subsidiaries | 772.3 | 53.7 | — | (826.0) | — |
| Due from affiliates - long term | 653.7 | 458.0 | 9.9 | (1,121.6) | — |
| Other assets | 29.4 | 34.6 | 30.3 | (32.5) | 61.8 |
| TOTAL | $1,503.2 | $ 1,201.6 | $ 889.0 | $ (1,980.1) | $ 1,613.7 |
| | | | | | |
| Accounts payable, trade | $2.0 | $ 80.2 | $ 31.7 | $ — | $ 113.9 |
| Due to affiliates | — | 15.0 | 2.6 | — | 17.6 |
| Accrued and other current liabilities | 19.5 | 23.9 | 22.5 | — | 65.9 |
| Accrued employee benefits costs | 1.9 | 8.3 | 0.8 | — | 11.0 |
| Revolving credit facility | 14.3 | — | — | — | 14.3 |
| Industrial revenue bonds | — | 7.8 | — | — | 7.8 |
| Total current liabilities | 37.7 | 135.2 | 57.6 | — | 230.5 |
| Senior notes payable | 248.5 | — | — | — | 248.5 |
| Accrued pension benefits costs - less current portion | 38.3 | 17.2 | 11.2 | (32.5) | 34.2 |
| Accrued postretirement benefits costs - less current portion | 0.8 | 106.7 | 1.6 | — | 109.1 |
| Due to affiliates - long term | 339.3 | 204.9 | 577.3 | (1,121.5) | — |
| Other liabilities | 5.3 | 24.8 | 20.7 | — | 50.8 |
| Deferred taxes | (0.2) | 1.7 | 105.6 | — | 107.1 |
| Total noncurrent liabilities | 632.0 | 355.3 | 716.4 | (1,154.0) | 549.7 |
| Preferred stock | 0.0 | — | — | — | 0.0 |
| Common stock | 0.9 | — | 0.1 | (0.1) | 0.9 |
| Other shareholders' equity | 832.6 | 711.1 | 114.9 | (826.0) | 832.6 |
| Total shareholders' equity | 833.5 | 711.1 | 115.0 | (826.1) | 833.5 |
| TOTAL | $1,503.2 | $ 1,201.6 | $ 889.0 | $ (1,980.1) | $ 1,613.7 |

CENTURY ALUMINUM COMPANY
Condensed Notes to the Consolidated Financial Statements (continued)
(amounts in millions)
(Unaudited)

Condensed Consolidating Balance Sheet
As of December 31, 2017

| | The Company | Combined Guarantor Subsidiaries | Combined Non-Guarantor Subsidiaries | Consolidating Adjustments | Total Consolidated |
|---|---|---|---|---|---|
| Cash & cash equivalents | $ 64.3 | $ (0.1) | $ 103.0 | $ — | $ 167.2 |
| Restricted cash | — | 0.8 | — | — | 0.8 |
| Accounts receivable - net | — | 42.8 | 0.3 | — | 43.1 |
| Due from affiliates | 0.1 | 10.3 | — | — | 10.4 |
| Inventories | 0.2 | 205.1 | 112.2 | — | 317.5 |
| Prepaid and other current assets | 3.3 | 0.8 | 10.6 | — | 14.7 |
| Total current assets | 67.9 | 259.7 | 226.1 | — | 553.7 |
| Property, plant and equipment - net | 19.4 | 295.8 | 656.7 | — | 971.9 |
| Investment in subsidiaries | 751.8 | 54.0 | — | (805.8) | — |
| Due from affiliates - long term | 513.3 | 349.6 | 9.4 | (872.3) | — |
| Other assets | 28.0 | 34.1 | 25.9 | (32.0) | 56.0 |
| TOTAL | $ 1,380.4 | $ 993.2 | $ 918.1 | $ (1,710.1) | $ 1,581.6 |
| | | | | | |
| Accounts payable, trade | $ 6.3 | $ 51.4 | $ 32.2 | $ — | $ 89.9 |
| Due to affiliates | 0.4 | 2.6 | 17.4 | — | 20.4 |
| Accrued and other current liabilities | 16.0 | 19.3 | 26.1 | — | 61.4 |
| Accrued employee benefits costs | 1.9 | 8.3 | 0.8 | — | 11.0 |
| Industrial revenue bonds | — | 7.8 | — | — | 7.8 |
| Total current liabilities | 24.6 | 89.4 | 76.5 | — | 190.5 |
| Senior notes payable | 248.2 | — | — | — | 248.2 |
| Accrued pension benefits costs - less current portion | 39.5 | 18.3 | 13.1 | (32.0) | 38.9 |
| Accrued postretirement benefits costs - less current portion | 0.9 | 110.4 | 1.7 | — | 113.0 |
| Other liabilities | 3.5 | 32.0 | 22.4 | — | 57.9 |
| Due to affiliates - long term | 234.1 | 53.8 | 584.4 | (872.3) | — |
| Deferred taxes | — | 1.7 | 101.8 | — | 103.5 |
| Total noncurrent liabilities | 526.2 | 216.2 | 723.4 | (904.3) | 561.5 |
| Preferred stock | 0.0 | — | — | — | 0.0 |
| Common stock | 0.9 | — | 0.1 | (0.1) | 0.9 |
| Other shareholders' equity | 828.7 | 687.6 | 118.1 | (805.7) | 828.7 |
| Total shareholders' equity | 829.6 | 687.6 | 118.2 | (805.8) | 829.6 |
| TOTAL | $ 1,380.4 | $ 993.2 | $ 918.1 | $ (1,710.1) | $ 1,581.6 |

CENTURY ALUMINUM COMPANY
Condensed Notes to the Consolidated Financial Statements (continued)
(amounts in millions)
(Unaudited)

Condensed Consolidating Statement of Cash Flows
For the nine months ended September 30, 2018

| | The Company | Combined Guarantor Subsidiaries | Combined Non-Guarantor Subsidiaries | Consolidating Adjustments | Total Consolidated |
|---|---|---|---|---|---|
| Net cash provided by (used in) operating activities | $ (51.2) | $ (0.5) | $ (7.3) | $ — | $ (59.0) |
| Purchase of property, plant and equipment | (4.0) | (38.9) | (6.4) | — | (49.3) |
| Intercompany transactions | 39.5 | 40.9 | (0.4) | (80.0) | — |
| Net cash provided by (used in) investing activities | 35.5 | 2.0 | (6.8) | (80.0) | (49.3) |
| Revolving credit facility | 14.3 | — | — | — | 14.3 |
| Issuance of common stock | 0.2 | — | — | — | 0.2 |
| Intercompany transactions | (37.1) | (1.7) | (41.2) | 80.0 | — |
| Net cash provided by (used in) financing activities | (22.6) | (1.7) | (41.2) | 80.0 | 14.5 |
| CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH | (38.3) | (0.2) | (55.3) | — | (93.8) |
| Cash, cash equivalents and restricted cash, beginning of period | 64.3 | 0.7 | 103.0 | — | 168.0 |
| Cash, cash equivalents and restricted cash, end of period | $ 26.0 | $ 0.5 | $ 47.7 | $ — | $ 74.2 |

CENTURY ALUMINUM COMPANY
Condensed Notes to the Consolidated Financial Statements (continued)
(amounts in millions)
(Unaudited)

Condensed Consolidating Statement of Cash Flows
For the nine months ended September 30, 2017

| | The Company | Combined Guarantor Subsidiaries | Combined Non-Guarantor Subsidiaries | Consolidating Adjustments | Total Consolidated |
|---|---|---|---|---|---|
| Net cash provided by (used in) operating activities | $ (25.5) | $ 14.3 | $ 61.6 | $ — | $ 50.4 |
| Purchase of property, plant and equipment | (8.8) | (5.9) | (8.9) | — | (23.6) |
| Proceeds from sale of property, plant and equipment | — | 0.9 | 13.6 | — | 14.5 |
| Intercompany transactions | 34.2 | (26.0) | (7.6) | (0.6) | — |
| Net cash provided by (used in) investing activities | 25.4 | (31.0) | (2.9) | (0.6) | (9.1) |
| Borrowings under revolving credit facilities | 1.0 | — | — | — | 1.0 |
| Repayments under revolving credit facilities | (1.0) | — | — | — | (1.0) |
| Issuance of common stock | 0.3 | — | — | — | 0.3 |
| Intercompany transactions | 33.6 | 16.8 | (51.0) | 0.6 | — |
| Net cash provided by (used in) financing activities | 33.9 | 16.8 | (51.0) | 0.6 | 0.3 |
| CHANGE IN CASH, CASH EQUIVALENTS AND RESTRICTED CASH | 33.8 | 0.1 | 7.7 | — | 41.6 |
| Cash, cash equivalents and restricted cash, beginning of period | 36.8 | 0.5 | 96.2 | — | 133.5 |
| Cash, cash equivalents and restricted cash, end of period | $ 70.6 | $ 0.6 | $ 103.9 | $ — | $ 175.1 |

FORWARD-LOOKING STATEMENTS

This quarterly report includes "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, which are subject to the "safe harbor" created by section 27A of the Securities Act of 1933, as amended, and section 21E of the Securities Exchange Act of 1934 (the "Exchange Act"), as amended.

Forward-looking statements are statements about future events and are based on our current expectations. These forward-looking statements may be identified by the words “believe,” “expect,” “target,” “anticipate,” “intend,” “plan,” “seek,” “estimate,” “potential,” “project,” “scheduled,” “forecast” or words of similar meaning, or future or conditional verbs such as “will,” “would,” “should,” “could,” “might,” or “may.”

Forward-looking statements in this quarterly report and in our other reports filed with the Securities and Exchange Commission (the "SEC"), for example, may include statements regarding:

- Future global and local financial and economic conditions;
- Our assessment of the aluminum market and aluminum prices (including premiums);
- Our ability to procure alumina, carbon products and other raw materials and our assessment of pricing and costs and other terms relating thereto;
- The future impact of any Section 232 relief, including tariffs or other trade remedies, to Century, on aluminum prices or more generally, the extent to which any such remedies may be changed, including through exclusions or exemptions, and the duration of any trade remedy;
- The impact of any new or changed law, regulation or other action affecting our business, including, without limitation, the impact of any trade actions, sanctions or other similar remedies or restrictions implemented by the U.S. or foreign governments;
- Our assessment of power pricing and our ability to successfully obtain and/or implement long-term competitive power arrangements for our operations and projects;
- Our ability to successfully manage transmission issues and market power price risk and to control or reduce power costs;
- Our plans and expectations with respect to the future operation of our smelters and our other operations, including any plans and expectations to curtail or restart production at any of our operations;
- Our intention and ability to bring our Hawesville smelter back to full production and any plans, expectations, costs or assumptions with respect thereto;
- Any future impact of the May 2018 equipment failure at Sebree and related events on our financial and operating performance, including our expectations with respect to insurance coverage relating thereto;
- Future investments in new technology or other production improvements;
- Our ability to hire and retain qualified employees for our operations;
- Our plans and expectations with respect to the sale or other disposition of our 40% interest in BHH;
- The future financial and operating performance of the Company, its subsidiaries and its projects;
- Future inventory, production, sales, cash costs and capital expenditures;
- Future impairment charges or restructuring costs;
- Our anticipated tax liabilities, benefits or refunds including the realization of U.S. and certain foreign deferred tax assets and liabilities and the impact of recent tax reform in the U.S. and foreign jurisdictions;
- Access to existing or future financing arrangements and the terms of any such future financing arrangements;
- Our ability to refinance or repay debt in the future;
- Estimates of our pension and other postretirement liabilities and future payments, property plant and equipment impairment, environmental liabilities and other contingent liabilities and contractual commitments;
- Future construction investment and development, including our expansion project at our Grundartangi smelter and our plans and expectations with respect thereto;
- The anticipated impact of recent accounting pronouncements or changes in accounting principles;
- Our assessment of the ultimate outcome of outstanding litigation and environmental matters and liabilities relating thereto;
- Negotiations with labor unions representing certain of our employees; and

- Our future business objectives, plans, strategies and initiatives, including our competitive position and prospects.

Where we express an expectation or belief as to future events or results, such expectation or belief is expressed in good faith and believed to have a reasonable basis. However, our forward-looking statements are based on current expectations and assumptions that are subject to risks and uncertainties which may cause actual results to differ materially from future results expressed, projected or implied by those forward-looking statements. Important factors that could cause actual results and events to differ from those described in such forward-looking statements can be found in the risk factors and forward-looking statements cautionary language contained in our Annual Report on Form 10-K, quarterly reports on Form 10-Q and in other

filings made with the SEC. Although we have attempted to identify those material factors that could cause actual results or events to differ from those described in such forward-looking statements, there may be other factors that could cause actual results or events to differ from those anticipated, estimated or intended. Many of these factors are beyond our ability to control or predict. Given these uncertainties, the reader is cautioned not to place undue reliance on our forward-looking statements. We undertake no obligation to update or revise publicly any forward-looking statements, whether as a result of new information, future events, or otherwise.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations.

This Management's Discussion and Analysis ("MD&A") provides information that management believes is relevant to an assessment and understanding of the consolidated financial condition and results of operations of Century Aluminum and should be read in conjunction with the accompanying consolidated financial statements and related notes thereto. This MD&A contains "forward-looking statements" - see "Forward-Looking Statements" above.

Overview

We are a global producer of primary aluminum with aluminum reduction facilities, or "smelters," in the United States and Iceland. The key determinants of our results of operations and cash flow from operations are as follows:

- The price of primary aluminum, which is based on the LME or other exchanges, regional delivery premiums and any value-added product premiums;
- The cost of goods sold, the principal components of which include electrical power, alumina, carbon products and labor; and
- Our production and shipment volumes.

Results of Operations

The following discussion for the three and nine months ended September 30, 2018 reflects the return of our Sebree smelter to full capacity and initial incremental production from the restart of one line at Hawesville. Results for the quarter reflect no change in Mt. Holly and Grundartangi production capacity.

Our net sales are impacted primarily by the LME price for aluminum, regional and value-added premiums, and the volume and product mix of aluminum we ship during the period. In general, our results reflect the LME and regional premium pricing on an approximately two-month lag basis reflecting contractual terms with our customers.

Electrical power, alumina, carbon anodes and labor are the principal components of our cost of goods sold. These components together represented over 75% of our cost of goods sold for the year ended December 31, 2017. In general, our results reflect the market cost of alumina on an approximately three-month lag reflecting the terms of our alumina contracts and inventory levels.

| | Three months ended September 30, | | Nine months ended September 30, | |
|---|---|---|---|---|
| | 2018 | 2017 | 2018 | 2017 |
| | (in millions, except per share data) | | | |
| NET SALES: | | | | |
| Related parties | $305.3 | $299.2 | $884.2 | $876.1 |
| Other customers | 176.5 | 101.4 | 522.1 | 279.1 |
| Total net sales | 481.8 | 400.6 | 1,406.3 | 1,155.2 |
| Gross profit (loss) | (11.8) | 41.4 | 36.4 | 80.7 |
| Net income (loss) | (20.3) | 20.8 | (1.2) | 12.8 |
| EARNINGS (LOSS) PER COMMON SHARE: | | | | |
| Basic | $(0.23) | $0.22 | $(0.01) | $0.13 |
| Diluted | $(0.23) | $0.22 | $(0.01) | $0.13 |

SHIPMENTS - PRIMARY ALUMINUM[1]

| | United States | | Iceland | | Total | |
|---|---|---|---|---|---|---|
| | Tonnes | Net Sales (in millions) | Tonnes | Net Sales (in millions) | Tonnes | Net Sales (in millions) |
| 2018 | | | | | | |
| 3rd Quarter | 103,103 | $ 283.3 | 79,823 | $ 194.5 | 182,926 | $ 477.8 |
| 2nd Quarter | 100,458 | $ 279.4 | 79,762 | $ 189.1 | 180,220 | $ 468.6 |
| 1st Quarter | 107,145 | $ 266.4 | 80,093 | $ 185.6 | 187,238 | $ 451.9 |
| Total | 310,706 | $ 829.1 | 239,678 | $ 569.2 | 550,384 | $ 1,398.3 |
| | | | | | | |
| 2017 | | | | | | |
| 3rd Quarter | 106,192 | $ 235.8 | 78,782 | $ 161.1 | 184,974 | $ 396.9 |
| 2nd Quarter | 103,762 | $ 225.6 | 79,067 | $ 161.5 | 182,829 | $ 387.0 |
| 1st Quarter | 106,961 | $ 214.7 | 79,434 | $ 149.5 | 186,395 | $ 364.2 |
| Total | 316,915 | $ 676.1 | 237,283 | $ 472.1 | 554,198 | $ 1,148.1 |

[1] Excludes scrap aluminum sales.

| Net sales (in millions) | 2018 | 2017 |
|---|---|---|
| Three months ended September 30, | $481.8 | $400.6 |
| Nine months ended September 30, | $1,406.3 | $1,155.2 |

Net sales for the three months ended September 30, 2018 improved $81.2 million compared to the same period in 2017 driven primarily by favorable price realizations of $84.0 million partially offset by unfavorable volume and product mix of $2.8 million.

Net sales for the nine months ended September 30, 2018 improved $251.1 million compared to the same period in 2017 driven primarily by favorable price realizations of $240.0 million and product mix of $11.1 million.

Net sales for the three and nine months ended September 30, 2018 reflected incremental volume of 6,900 MT from the restart of one line at Hawesville.

| Gross profit (loss) (in millions) | 2018 | 2017 |
|---|---|---|
| Three months ended September 30, | $(11.8) | $41.4 |
| Nine months ended September 30, | $36.4 | $80.7 |

Gross profit for the three months ended September 30, 2018 decreased $53.2 million compared to the same period in 2017 driven primarily by unfavorable raw material prices of $106.0 million and operating expenses of $19.6 million. These expenses were partially offset by favorable price realizations of $84.0 million.

Gross profit for the nine months ended September 30, 2018 decreased $44.3 million compared to the same period in 2017 driven primarily by unfavorable raw material prices of $216.1 million, operating expense of $42.5 million, and power prices of $17.9 million. These expenses were partially offset by favorable price realizations of $240.0 million.

Operating expenses in 2018 included incremental expenses related to equipment failure at our Sebree facility, Hawesville restart project and labor inflation in Iceland.

| Selling, general and administrative expenses (in millions) | 2018 | 2017 |
|---|---|---|
| Three months ended September 30, | $8.8 | $14.0 |
| Nine months ended September 30, | $31.5 | $34.0 |

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Selling, general and administrative expenses for the three months ended September 30, 2018 decreased $5.2 million compared to the same period in 2017 driven primarily by decreases in share-based compensation expense and professional fees.

Selling, general and administrative expenses for the nine months ended September 30, 2018 decreased $2.5 million primarily resulting from a decrease in share-based compensation expense.

| Net gain (loss) on forward and derivative contracts (in millions) | 2018 | 2017 |
|---|---|---|
| Three months ended September 30, | $0.8 | $(3.9) |
| Nine months ended September 30, | $2.8 | $(17.1) |

The period to period changes in net gain (loss) on forward and derivative contracts were primarily due to forward financial sales contracts which settled in December 2017. See Note 13. Derivatives to the consolidated financial statements included herein for additional information.

| Income tax (expense) (in millions) | 2018 | 2017 |
|---|---|---|
| Three months ended September 30, | $(1.7) | $(3.3) |
| Nine months ended September 30, | $(3.0) | $(4.5) |

We have a valuation allowance against all of our U.S. and certain foreign deferred tax assets. The period to period differences in income tax expense are primarily due to the change in earnings at our foreign entities that are not subject to a valuation allowance. See Note 7. Income taxes to the consolidated financial statements included herein for additional information.

Liquidity and Capital Resources

Liquidity

Our principal sources of liquidity are available cash, cash flow from operations and borrowing capacity under our existing revolving credit facilities. We have also raised capital in the past through the public equity and debt markets, and we regularly explore various other financing alternatives. Our principal uses of cash include the funding of operating costs (including post-retirement benefits), debt service requirements, the funding of capital expenditures, investments in our growth activities and in related businesses, working capital and other general corporate requirements. We believe cash provided from operations and financing activities will be adequate to cover our operations and business needs over the next 12 months.

Available Cash

Our available cash and cash equivalents balance at September 30, 2018 was $73.4 million compared to $167.2 million at December 31, 2017.

Sources and Uses of Cash

Our statements of cash flows are summarized below:

| | Nine months ended September 30, | |
|---|---|---|
| | 2018 | 2017 |
| | (in millions) | |
| Net cash provided by (used in) provided by operating activities | $(59.0) | $50.4 |
| Net cash (used in) investing activities | (49.3) | (9.1) |
| Net cash provided by financing activities | 14.5 | 0.3 |
| Change in cash, cash equivalents and restricted cash | $(93.8) | $41.6 |

The increase in net cash used in operating activities was driven by the year to date net loss compared to net income in the prior year, and an investment in working capital. The investment in working capital was mainly driven by an increase in inventory due to higher raw material prices and timing of raw material receipts, as well as an increase in accounts receivable, resulting from longer payment terms with our customers as we increase direct sales to end users.

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The increase in net cash used in investing activities was due to investment in the Hawesville restart project in 2018, compared with proceeds of $13.6 million received in 2017 from the sale of our Ravenswood facility that partially offset purchases of property, plant and equipment.

The increase in net cash provided by financing activities was due to outstanding borrowings in 2018 on our U.S. revolving credit facility. Borrowings are short term in nature to fund working capital requirements and are repaid continually.

Availability Under Our Credit Facilities

The U.S. revolving credit facility, dated May 16, 2018, provides for borrowings of up to $175.0 million in the aggregate including up to $110.0 million under a letter of credit sub-facility, and also includes an uncommitted accordion feature whereby borrowers may increase the capacity of the U.S. revolving credit facility by up to $50.0 million, subject to agreement with the lenders. The U.S. revolving credit facility matures May 16, 2023. Any letters of credit issued and outstanding under the U.S. revolving credit facility reduce our borrowing availability on a dollar-for-dollar basis.

We have also entered into, through our wholly-owned subsidiary Nordural Grundartangi ehf, a $50.0 million revolving credit facility, dated November 27, 2013, as amended (the "Iceland revolving credit facility"). The Iceland revolving credit facility matures in November 2020.

The availability of funds under our credit facilities is limited by a specified borrowing base consisting of certain accounts receivable, inventory and qualified cash deposits which meet the lenders' eligibility criteria. Restarts of previously curtailed operations increase our borrowing base by increasing our accounts receivable and inventory balances. As of September 30, 2018, our credit facilities had $170.5 million of net availability after consideration of our outstanding letters of credit. We may borrow and make repayments under our credit facilities in the ordinary course based on a number of factors, including the timing of payments from our customers and payments to our suppliers.

As of September 30, 2018, we had $40.1 million of letters of credit outstanding under our U.S. revolving credit facility with approximately 57% related to our domestic power commitments and the remainder primarily securing certain debt and workers' compensation commitments.

Our credit facilities contain customary covenants, including restrictions on mergers and acquisitions, indebtedness, affiliate transactions, liens, dividends and distributions, dispositions of collateral, investments and prepayments of indebtedness, including in the U.S. revolving credit facility, a springing financial covenant that requires us to maintain a fixed charge coverage ratio of at least 1.0 to 1.0 any time availability under the U.S. revolving credit facility is less than or equal to $17.5 million. Our Icelandic credit facility also contains a covenant that requires Grundartangi to maintain a minimum equity ratio. As of September 30, 2018, we were in compliance with all such covenants.

Senior Secured Notes

We have $250.0 million in 7.5% senior secured notes payable that will mature on June 1, 2021 (the "2021 Notes"). Interest on the 2021 Notes is payable semi-annually. The indenture governing the 2021 Notes contains customary covenants which may limit our ability, and the ability of certain of our subsidiaries, to: (i) incur additional debt; (ii) incur additional liens; (iii) pay dividends or make distributions in respect of capital stock; (iv) purchase or redeem capital stock; (v) make investments or certain other restricted payments; (vi) sell assets; (vii) issue or sell stock of certain subsidiaries; (viii) enter into transactions with shareholders or affiliates; and (ix) effect a consolidation or merger.

Contingent Commitments

We have a contingent obligation in connection with the "unwind" of a contractual arrangement from 2009 between CAKY, Big Rivers and a third party and the execution of a long-term cost-based power contract with Kenergy, a member of a cooperative of Big Rivers. This contingent obligation consists of the aggregate payments made to Big Rivers by the third party on CAKY’s behalf in excess of the agreed upon base amount under the long-term cost-based power contract with Kenergy. As of September 30, 2018, the principal and accrued interest for the contingent obligation was $23.5 million, which was fully offset by a derivative asset. We may be required to make installment payments for the contingent obligation in the future. These payments are contingent based on the LME price of primary aluminum and the level of Hawesville’s operations. Based on the LME forward market at September 30, 2018

and management's estimate of the LME forward market beyond the quoted market period, we have assessed that we will not be required to make payments on the contingent obligation during the term of the agreement through 2028. There can be no assurance that circumstances will not change, thus accelerating the timing of such payments.

Employee Benefit Plan Contributions

In 2013, we entered into a settlement agreement with the PBGC regarding an alleged "cessation of operations" at our Ravenswood facility as a result of the 2009 curtailment of operations at the facility. Pursuant to the terms of the agreement, we will make additional contributions (above any minimum required contributions) to our defined benefit pension plans over the term of the agreement. Under certain circumstances, in periods of lower primary aluminum prices relative to our cost of operations, we are able to defer one or more of these payments, but would then be required to provide the PBGC with acceptable security for deferred payments. We did not make any contributions in the nine month periods ended September 30, 2018 and 2017. We have elected to defer certain payments under the PBGC agreement and have provided the PBGC with the appropriate security. The remaining contributions under this agreement are approximately $9.6 million.

Section 232 Aluminum Tariff

On March 23, 2018, the U.S. implemented a 10% tariff on imported primary aluminum products into the U.S. These tariffs are intended to protect U.S. national security by incentivizing the restart of primary aluminum production in the U.S., reducing reliance on imports and ensuring that domestic producers, like Century, can supply all the aluminum necessary for critical industries and national defense. In addition to primary aluminum products, the tariffs also cover certain other semi-finished products. All imports that directly compete with our products are covered by the tariff, with the exception of imports from Australia (which are not subject to a tariff) and Argentina (which are subject to a quota) or imports that receive a product exclusion from the Department of Commerce.

Other Items

We previously announced our intention to return our Hawesville smelter to full production and upgrade its existing reduction technology. We project total cash requirements for the restart project, including the technology upgrade, will be approximately $150.0 million through 2020. The first phase of the project is expected to restart 150,000 tonnes of curtailed production by early 2019 and cost approximately $75.0 million. The second phase is expected to cost an additional $75.0 million to rebuild the pots associated with the 100,000 tonnes of existing production and implement new anode and rodding technology across all production, expected to occur during 2019 or 2020. Through September 30, 2018, we have invested $39.4 million on the first phase of the Hawesville restart project. We expect to fund the entire project through operating cash flows and existing cash.

In May, we temporarily curtailed one potline at our Sebree aluminum smelter due to an equipment failure. We have returned to full capacity at Sebree as of the end of the third quarter. We expect those losses arising from the Sebree equipment failure will be covered under our insurance policies, less $7.0 million in deductibles.

Under our outstanding share repurchase program, Century is authorized to repurchase up to $130.0 million of our outstanding shares of common stock, from time to time, on the open market at prevailing market prices, in block trades or otherwise. The timing and amount of any shares repurchased will be determined by our management based on its evaluation of market conditions, the trading price of our common stock and other factors. Through September 30, 2018, we have expended $86.3 million under the program. There have been no share repurchases since April 2015 and as of September 30, 2018, we had $43.7 million remaining under the repurchase program authorization. The repurchase program may be expanded, suspended or discontinued by our Board, in its sole discretion, at any time.

In November 2009, Century Aluminum of West Virginia ("CAWV") filed a class action complaint for declaratory judgment against the United Steel, Paper and Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union ("USW"), the USW’s local and certain CAWV retirees, individually and as class representatives ("CAWV Retirees"), seeking a declaration of CAWV’s rights to modify/terminate retiree medical benefits. Later in November 2009, the USW and representatives of a retiree class filed a separate suit against CAWV, Century Aluminum Company, Century Aluminum Master Welfare Benefit Plan, and various John Does with respect to the foregoing.

On August 18, 2017, the District Court for the Southern District of West Virginia approved a settlement agreement in respect of these actions. Under the terms of the settlement agreement, CAWV agreed to make payments into a trust for the benefit of the CAWV Retirees in the aggregate amount of $23.0 million over the course of ten years. Upon

approval of the settlement, we paid $5.0 million to the aforementioned trust in September 2017 and agreed to pay the remaining amounts under the settlement agreement in annual increments of $2.0 million for nine years. At September 30, 2018, we had $2.0 million in other current liabilities and $9.6 million in other liabilities related to this agreement.

We are also a defendant in several other actions relating to various aspects of our business. While it is impossible to predict the ultimate disposition of any litigation, we do not believe that any of these lawsuits, either individually or in the aggregate, will have a material adverse effect on our financial condition, results of operations or liquidity. See Note 10. Commitments and contingencies to the consolidated financial statements included herein for additional information.

Capital Resources

We intend to finance our future recurring capital expenditures from available cash, cash flow from operations and available borrowing capacity under our existing revolving credit facilities. For major investment projects we would likely seek financing from various capital and loan markets, and may potentially pursue the formation of strategic alliances. We may be unable, however, to issue additional debt or equity securities, or enter into other financing arrangements on attractive terms, or at all, due to a number of factors including a lack of demand, unfavorable pricing, poor economic conditions, unfavorable interest rates, or our financial condition or credit rating at the time. Future uncertainty in the U.S. and international markets and economies may adversely affect our liquidity, our ability to access the debt or capital markets and our financial condition.

Capital expenditures for the nine months ended September 30, 2018 were $15.9 million, excluding expenditures associated with the restart at Hawesville. We currently estimate our total capital spending in 2018 will be approximately $30 million, primarily related to our ongoing maintenance and investment projects at our smelters and excluding costs associated with the restart at Hawesville.

Item 3. Quantitative and Qualitative Disclosures about Market Risk.

Commodity Price Sensitivity

We are exposed to price risk for primary aluminum. From time to time, we may manage our exposure to fluctuations in the price of primary aluminum through financial instruments designed to protect our downside price risk exposure. As of September 30, 2018, we had open LME forward financial sales contracts to fix the forward LME price of approximately 3,090 tonnes of primary aluminum which contracts settle monthly from November 2019 through December 31, 2020. We also had open MWP forward financial sales contracts to fix the forward MWP of approximately 35,250 tonnes of primary aluminum which settle monthly through December 2019. With respect to the LME forward financial sales contract, we were in a liability position at September 30, 2018 with a fair value of approximately $0.7 million. The fair value of the MWP forward financial sales contracts was not material at September 30, 2018.

From time to time, we also enter into financial contracts to offset fixed price sales arrangements with certain of our customers. As of September 30, 2018, we had open positions related to such arrangements of 9,255 tonnes of primary aluminum which settle on various dates through November 2019. These financial contracts have equal and offsetting asset and liability positions, resulting in a net zero fair value.

We are also exposed to price risk for alumina which is a large component of our cost of goods sold. We may from time to time manage our exposure to fluctuations in our alumina costs by purchasing certain of our alumina requirements under supply contracts with prices tied to the same indices as our aluminum sales contracts (the LME price of primary aluminum). Our alumina contracts for 2018 supply are priced based on a published alumina index. Our risk management activities do not include any trading or speculative transactions.

Market-Based Power Price Sensitivity

Market-Based Electrical Power Agreements

Hawesville and Sebree have market-based electrical power agreements pursuant to which EDF and Kenergy purchase electrical power on the open market and pass it through at MISO energy pricing, plus transmission and other costs incurred by them. 75% of Mt. Holly's electric power requirements were supplied at rates based on natural gas prices. See Note 10 Commitments and contingencies to the consolidated financial statements included herein for additional information about these market-based power agreements.

Power is supplied to Grundartangi from hydroelectric and geothermal sources under long-term power purchase agreements. These power purchase agreements, which will expire on various dates from 2023 through 2036 (subject to extension), primarily provide power at LME-based variable rates. However, Grundartangi has agreed to pay a portion of its power from November 1, 2019 through December 31, 2023 at prices linked to the Nord Pool power

market.

Electrical Power Price Sensitivity

With the movement toward market-based power supply agreements, we have increased our electrical power price risk for our operations, whether due to fluctuations in the price of power available on the MISO or Nord Pool power markets or the price of natural gas. Power represents our single largest operating cost, so changes in the price and/or availability of market power could significantly impact the profitability and viability of our operations. Transmission line outages, problems with grid stability or limitations on energy import capability could also increase power prices, disrupt production through pot instability or force a curtailment of all or part of the production at these facilities. In addition, indirect factors that lead to power cost increases, such as any increasing prices for natural gas or coal, fluctuations in or extremes in weather patterns or new or more stringent environmental regulations may severely impact our financial condition, results of operations and liquidity.

From time to time, we may manage our exposure to fluctuations in the market price of power through financial instruments designed to protect our downside risk exposure. During 2017, we entered into financial contracts to fix the forward price of approximately 4% of Grundartangi's total power requirements for the period November 1, 2019 through December 31, 2020 (the “power price swaps”). As of September 30, 2018, we had an open asset position of $3.3 million related to power price swaps for 256,200 MWh.

The consumption shown in the table below is at normal capacity levels and does not reflect partial production curtailments.

| | Hawesville | Sebree | Mt. Holly | Grundartangi | Total |
|---|---|---|---|---|---|
| Expected average load (in megawatts ("MW")) | 482 | 385 | 400 | 537 | 1,804 |
| Quarterly estimated electrical power usage (in megawatt hours ("MWh")) | 1,055,580 | 843,150 | 876,000 | 1,176,030 | 3,950,760 |
| Quarterly cost impact of an increase or decrease of $1 per MWh (in millions) | $ 1.1 | $ 0.8 | $ 0.9 | $ 1.2 | $ 4.0 |
| Annual expected electrical power usage (in MWh) | 4,222,320 | 3,372,600 | 3,504,000 | 4,704,120 | 15,803,040 |
| Annual cost impact of an increase or decrease of $1 per MWh (in millions) | $ 4.2 | $ 3.4 | $ 3.5 | $ 4.7 | $ 15.8 |

Foreign Currency

We are exposed to foreign currency risk due to fluctuations in the value of the U.S. dollar as compared to the Iceland krona ("ISK"), the euro, the Chinese renminbi and other currencies. Grundartangi’s labor costs, part of its maintenance costs and other local services are denominated in ISK and a portion of its anode costs are denominated in euros and Chinese renminbi. We have deposits denominated in ISK in Icelandic banks; in addition, our estimated payments of Icelandic income taxes and any associated refunds are denominated in ISK. Further, some of Vlissingen's operating costs are denominated in euros. As a result, an increase or decrease in the value of those currencies relative to the U.S. dollar would affect Grundartangi’s operating margins.

We may manage our exposure by entering into foreign currency forward contracts or option contracts for forecasted transactions and projected cash flows for foreign currencies in future periods. As of September 30, 2018, we had forward financial contracts to purchase €2.8 million that had an immaterial fair value.

Natural Economic Hedges

Any analysis of our exposure to the commodity price of aluminum should consider the impact of natural hedges provided by certain contracts that contain pricing indexed to the LME price for primary aluminum. A substantial portion of Grundartangi’s electrical power requirements are indexed to the LME price for primary aluminum and provide a natural hedge for a portion of our production.

Risk Management

Any metals, power, natural gas and foreign currency risk management activities are subject to the control and direction of senior management within guidelines established by Century’s Board of Directors. These activities are regularly reported to Century’s Board of Directors.

Item 4. Controls and Procedures.

a. Evaluation of Disclosure Controls and Procedures

As of September 30, 2018, we carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of our disclosure controls and procedures. Based upon that evaluation, our management, including the Chief Executive Officer and Chief Financial Officer, concluded that our disclosure controls and procedures were effective as of September 30, 2018.

b. Changes in Internal Control over Financial Reporting

During the three months ended September 30, 2018, there were no changes in our internal control over financial reporting that materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II – OTHER INFORMATION

Item 1. Legal Proceedings.

We are a party from time to time in various legal actions arising in the normal course of business, the outcomes of which, in the opinion of management, neither individually nor in the aggregate are likely to result in a material adverse effect on our financial condition, results of operations or liquidity. For information regarding legal proceedings pending against us at September 30, 2018, refer to Note 10. Commitments and contingencies to the consolidated financial statements included herein.

Item 1A. Risk Factors.

Our operations and financial results are subject to various risks and uncertainties, including those described in Part I, Item 1A. "Risk Factors" in our Annual Report on Form 10-K for the fiscal year ended December 31, 2017 and Part II, Item 1A. "Risk Factors" in our Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2018, which could adversely affect our business, financial condition, results of operations, cash flows, and the trading price of our common and capital stock. There have been no material changes in our risk factors since our Quarterly Report on Form 10-Q for the fiscal quarter ended March 31, 2018.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.

None.

Item 5. Other Information.

Disclosure pursuant to Section 219 of the Iran Threat Reduction and Syria Human Rights Act

Section 219 of the Iran Threat Reduction and Syria Human Rights Act of 2012 ("ITRA"), effective August 10, 2012, added a new subsection (r) to Section 13 of the Exchange Act, which requires issuers that file periodic reports with the SEC to disclose in their annual and quarterly reports whether, during the reporting period, they or any of their "affiliates" (as defined in Rule 12b-2 under the Exchange Act) have knowingly engaged in specified activities or transactions relating to Iran, including activities not prohibited by U.S. law and conducted outside the U.S. by non-U.S. affiliates in compliance with applicable laws. Issuers must also file a notice with the SEC if any disclosable activity under ITRA has been included in an annual or quarterly report.

Because the SEC defines the term "affiliate" broadly, our largest stockholder may be considered an affiliate of the Company despite the fact that the Company has no control over its largest stockholder's actions or the actions of its affiliates. As such, pursuant to Section 13(r)(1)(D)(iii) of the Exchange Act, the Company hereby discloses the following information provided by our largest stockholder regarding transactions or dealings with entities controlled by the Government of Iran ("the GOI"):

During the quarter ended September 30, 2018, non-U.S. affiliates of the largest stockholder of the Company ("the non-U.S. Stockholder Affiliates") entered into sales and purchase contracts for agricultural products, metals, minerals, and energy products with, or for delivery to or from Iranian entities wholly or majority owned by the GOI. The non-U.S. Stockholder Affiliates performed their obligations under the contracts in compliance with applicable sanction laws and, where required, with the necessary prior approvals by the relevant governmental authorities.

The gross revenue of the non-U.S Stockholder Affiliates related to the contracts did not exceed the value of U.S. $138 million for the quarter ended September 30, 2018.

The non-U.S. Stockholder Affiliates do not allocate net profit on a country-by-country or activity-by-activity basis, but estimate that the net profit attributable to the contracts would not exceed a small fraction of the gross revenue from such contracts. It is not possible to determine accurately the precise net profit attributable to such contracts.

The contracts disclosed above do not violate applicable sanctions laws administered by the U.S. Department of the Treasury, Office of Foreign Assets Control, and are not the subject of any enforcement action under Iran sanction laws.

In response to the re-imposition of certain U.S. secondary sanctions, the non-U.S. Stockholder Affiliates are winding down such activities to the extent necessary to avoid any sanctionable activity after such sanctions take effect.

The Company and its global subsidiaries had no transactions or activities requiring disclosure under ITRA, nor were we involved in the transactions described in this section. As of the date of this report, the Company is not aware of any other activity, transaction or dealing by it or any of its affiliates during the quarter ended September 30, 2018 that requires disclosure in this report under Section 13(r) of the Exchange Act.

Item 6. Exhibits.

| Exhibit Number | Description of Exhibit | Incorporated by Reference | | | Filed Herewith |
|---|---|---|---|---|---|
| | | Form | File No. | Filing Date | |
| 10.1 | Seconded Amended and Restated Loan and Security Agreement, dated as of May 16, 2018, among Century Aluminum Company, Century Aluminum of South Carolina, Inc., Century Aluminum of Kentucky General Partnership, NSA General Partnership and Century Aluminum Sebree LLC, as borrowers, and Wells Fargo Capital Finance, LLC, as agent and lender. | | | | X |
| 31.1 | Rule 13a-14(a)/15d-14(a) Certification of the Chief Executive Officer | | | | X |
| 31.2 | Rule 13a-14(a)/15d-14(a) Certification of the Chief Financial Officer | | | | X |
| 32.1 | Section 1350 Certification (pursuant to Sarbanes-Oxley Section 906) by Chief Executive Officer | | | | X |
| 32.2 | Section 1350 Certification (pursuant to Sarbanes-Oxley Section 906) by Chief Financial Officer | | | | X |
| 101.INS | XBRL Instance Document | | | | X |
| 101.SCH | XBRL Taxonomy Extension Schema | | | | X |
| 101.CAL | XBRL Taxonomy Extension Calculation Linkbase | | | | X |
| 101.DEF | XBRL Taxonomy Extension Definition Linkbase | | | | X |
| 101.LAB | XBRL Taxonomy Extension Label Linkbase | | | | X |
| 101.PRE | XBRL Taxonomy Extension Presentation Linkbase | | | | X |

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Century Aluminum Company

Date: November 2, 2018 By: /s/ CRAIG CONTI
Craig Conti
Executive Vice President and Chief Financial Officer
(Principal Financial Officer)

Date: November 2, 2018 By: /s/ ELISABETH INDRIANI
Elisabeth Indriani
Global Controller
(Principal Accounting Officer)