



Alcan's growing presence in Australia

*Richard Yank
President Pacific Operations
Alcan Bauxite and Alumina*

*Brisbane Mining Club
28 April 2005*

Australia and the aluminium sector

- > 40% of world's bauxite mined in Australia
- > 32% of world's alumina produced in Australia
- > Australia is largest exporter of alumina worldwide
- > Alcan alumina exports to Canada – value of AUD\$500 million in 2003



Alcan Inc. – the global company



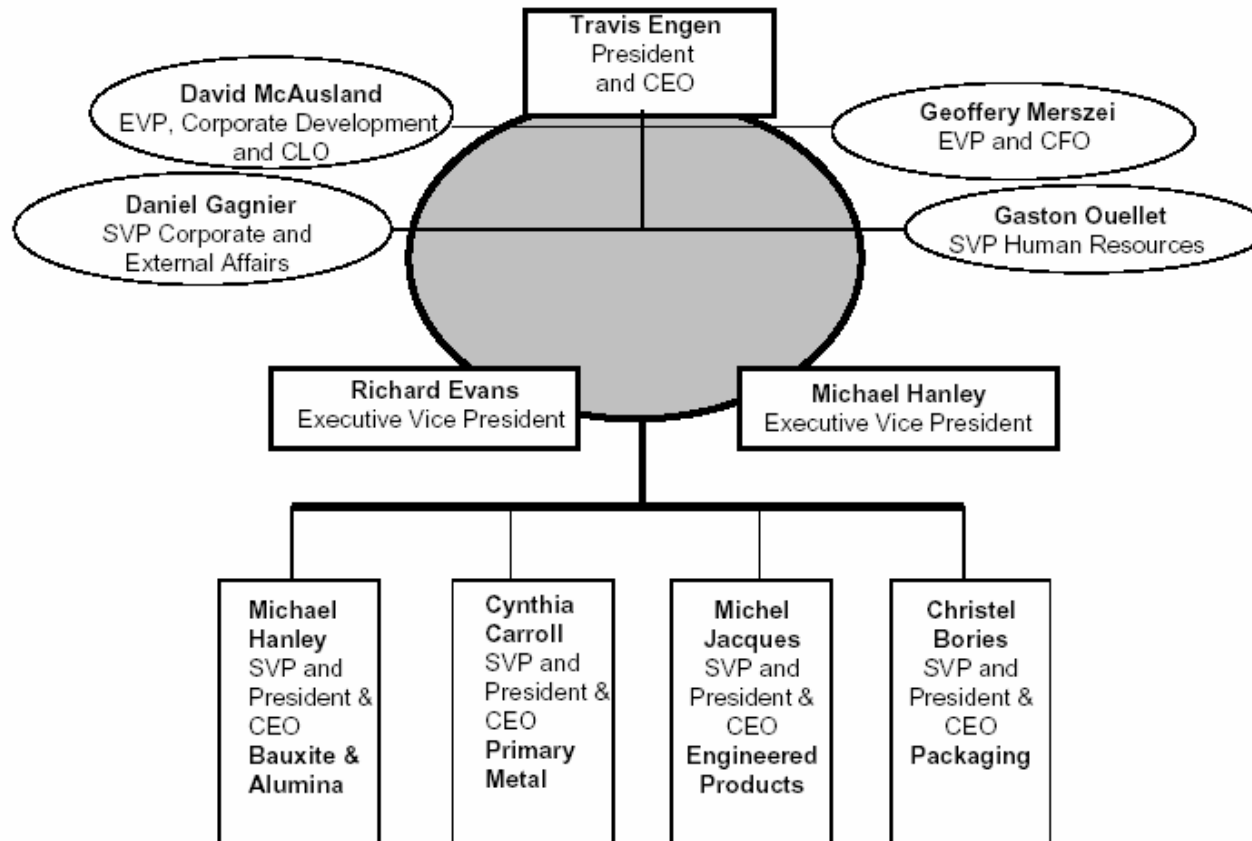
- > Global, multilingual company of 70,000 employees in 55 countries
- > 700 operating locations
- > Global leader in primary aluminium, fabricated aluminium, aluminium recycling, flexible and specialty packaging, aerospace applications, bauxite mining and alumina processing
- > World's second largest alumina producer (10% of alumina market), 60% of capacity in Australia
- > Stock exchanges: New York, Toronto, London, Paris and Swiss

| Alcan | 1999 | 2004 |
|-------------|---------|---------|
| Revenue | US\$7B | US\$25B |
| Asset value | US\$10B | US\$34B |

Alcan Inc. structure



Alcan Inc. Extended Executive Committee



CEO: Chief Executive Officer
CLO: Chief Legal Officer
CFO: Chief Financial Officer

EVP: Executive Vice President
SVP: Senior Vice President

AIMS – Alcan Integrated Management System



1. Committed to maximising value for all its stakeholders
2. Commitment to environment, health and safety
3. Continuous improvement of business processes



Sustainability



- > Sustainability and business value go hand in hand:
 - Improving performance: increasing social and economic benefits, reducing environmental impacts
 - Strengthening relationships and partnerships
 - Demonstrating integrity and commitment
- > TARGET
- > EHS excellence: *EHS FIRST*
- > Prize for sustainability
- > Best practice mine-site rehabilitation
- > Community relations and partnerships

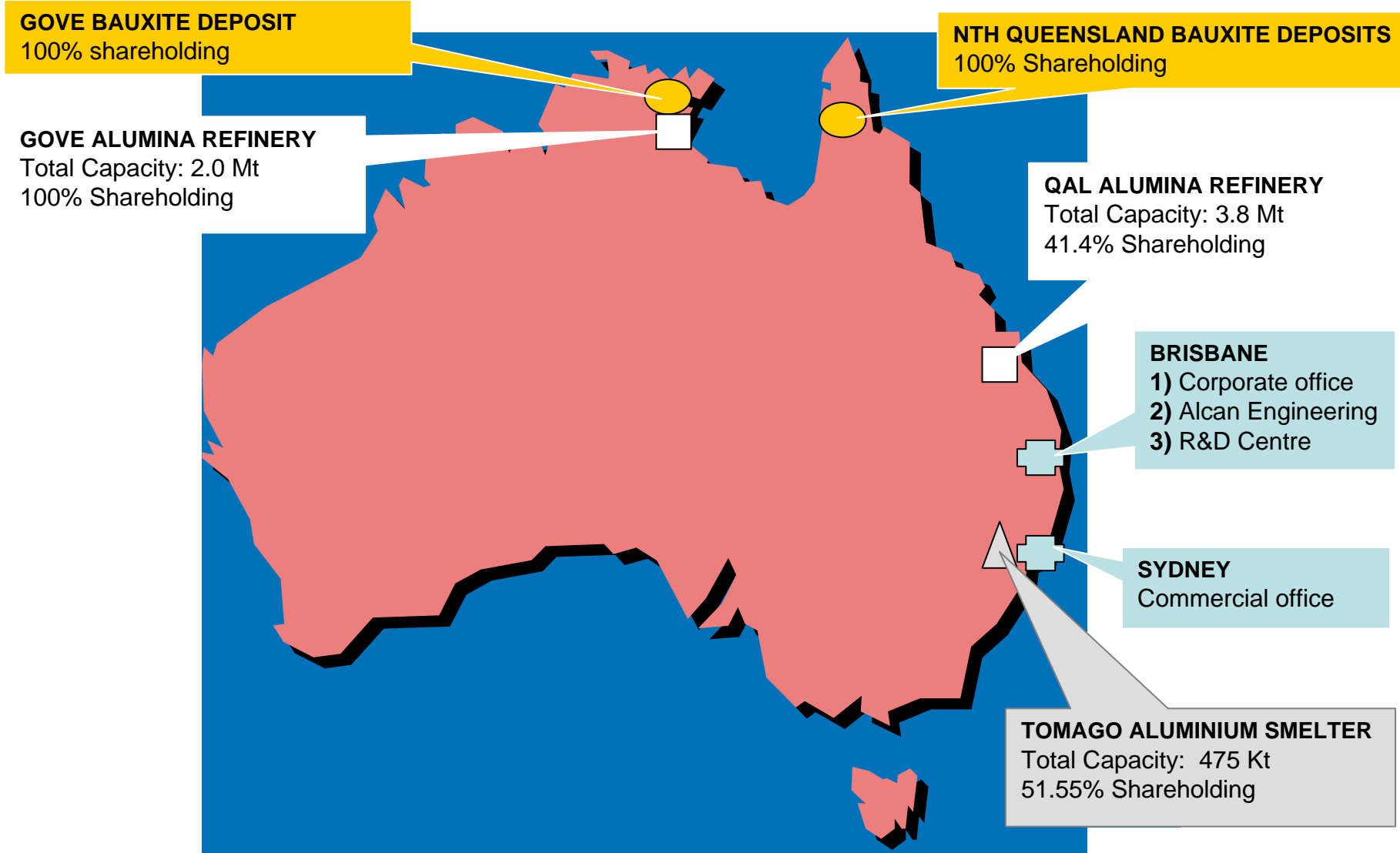


Alcan in Australia: brief history



- > **1939:** Invested in rolling and extrusion operations in NSW
- > **Mid-60s:** Acquired bauxite lease on Cape York
- > **Late-60s:** QAL and smelter investment in NSW
- > **2000:** Acquired 70% of Gove mine and refinery
- > **2001:** Shareholding in Gove increased from 70% to 100%
- > **2003:** Pechiney acquisition
- > **2004:** US\$1.3 billion investment in Gove refinery expansion

Alcan's Australian interests



Australian Operations: *Alcan Gove, NT*



> **Current operations**

- 1,100 employees (largest private employer in the Northern Territory)
- \$60m annual tax revenues
- \$9m annual Indigenous royalty payments

> **Refinery expansion**

- \$2 billion investment decision in Sept 2004
- 81% increase in alumina capacity (from 2 – 3.8 Mtpa)
- Improved efficiency, environmental performance, competitive position, costs
- Completion date early 2007



Alcan Gove expansion – key facts

- > Employ 1700 people at peak, with average of 750 people during two-year project
- > 18,000 tonnes of structural steel
- > 120 kms of pipe
- > 260 PAMS
- > 400+ 3D models



Alcan Gove expansion – ‘G3’ project



- > World-class integrated project team: four Constructors
- > *EHS FIRST*
- > Project milestones
- > Pre-assembled models (PAMs)
- > Strong relationships with Gove management and local community





Australian Operations: *Alcan Engineering, Brisbane*

- > One of only two engineering bases for Alcan Bauxite and Alumina globally
- > 510 employees (340 on G3 project)
- > Key provider to alumina industry – engineering services, technology, systems design, etc
- > Services Alcan and third-party clients worldwide





Australian Operations: *Trans Territory Pipeline*

- > 940km underground pipeline proposed, across Northern Territory
- > Natural gas from Wadeye, 250km SW of Darwin, to Gove refinery
- > Significant economic, environmental and social advantages
- > Reduction in greenhouse gas emissions from refinery
- > Opportunities for businesses in region and along the pipeline route
- > Preferred 'pipeliner' selected in March 2005
- > First gas targeted last quarter of 2007



Australian Operations: *Queensland R&D Centre*



- > International portfolio of projects
- > Links to global R&D network
- > Collaboration with Queensland Government and research organisations including CSIRO
- > Support to Alcan and alumina refineries worldwide





Australian Operations: *QAL, Gladstone*

- > World's largest refinery; Alcan has 41.4% holding
- > Bauxite sourced from Alcan's Ely reserves on Cape York
- > Produces 7% of world's alumina; 3.8mtpa capacity
- > Local workforce of 1,030 people
- > AUD\$175m Calcination Project – completed 2004
- > \$200m annual contribution to local economy
- > \$4m annually on R&D projects
- > \$50m annually on capital improvements





Australian Operations: *Tomago Aluminium, NSW*

- > One of largest in Australasia: 475Kt/annum
- > Alcan has 51.55% holding
- > Employs 1,000 people
- > Produces remelt ingots (75% of production) tee bars, extrusion billets and rolling slabs
- > Mainly exported to Asia
- > \$210m technology upgrade to increase production by 15%



Growing Queensland presence



- > Employ 725 Queenslanders directly (1,030 indirectly):
 1. B&A Pacific headquarters, Brisbane
 2. Alcan Engineering, Brisbane
 3. Alcan Qld R&D centre: new facility in Brisbane
 4. QAL, Gladstone: 41.4% shareholding
 5. Bauxite reserves

Industry opportunities

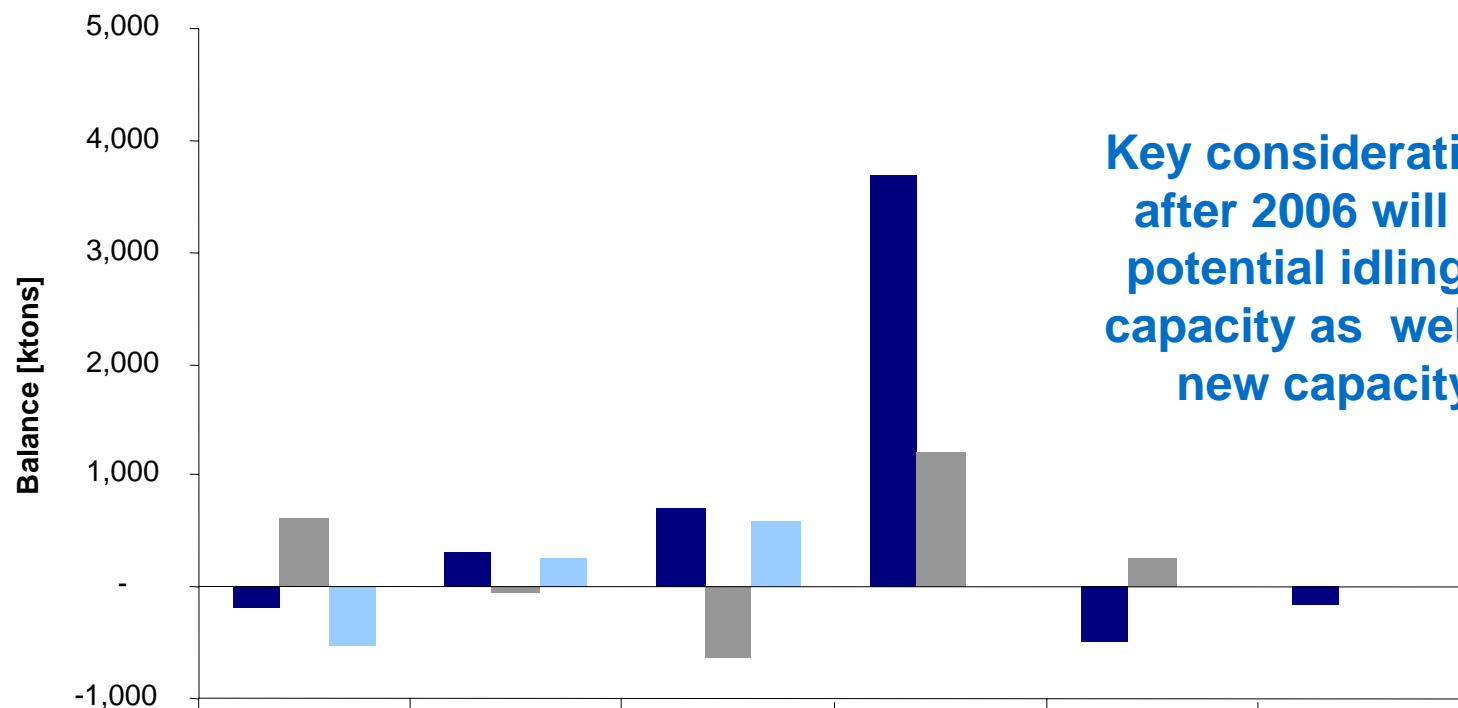


- > World economy has strengthened since 2003/04
- > Alumina market balance forecast to be tight until 2006
- > Massive increase in Chinese demand

Alumina market balance

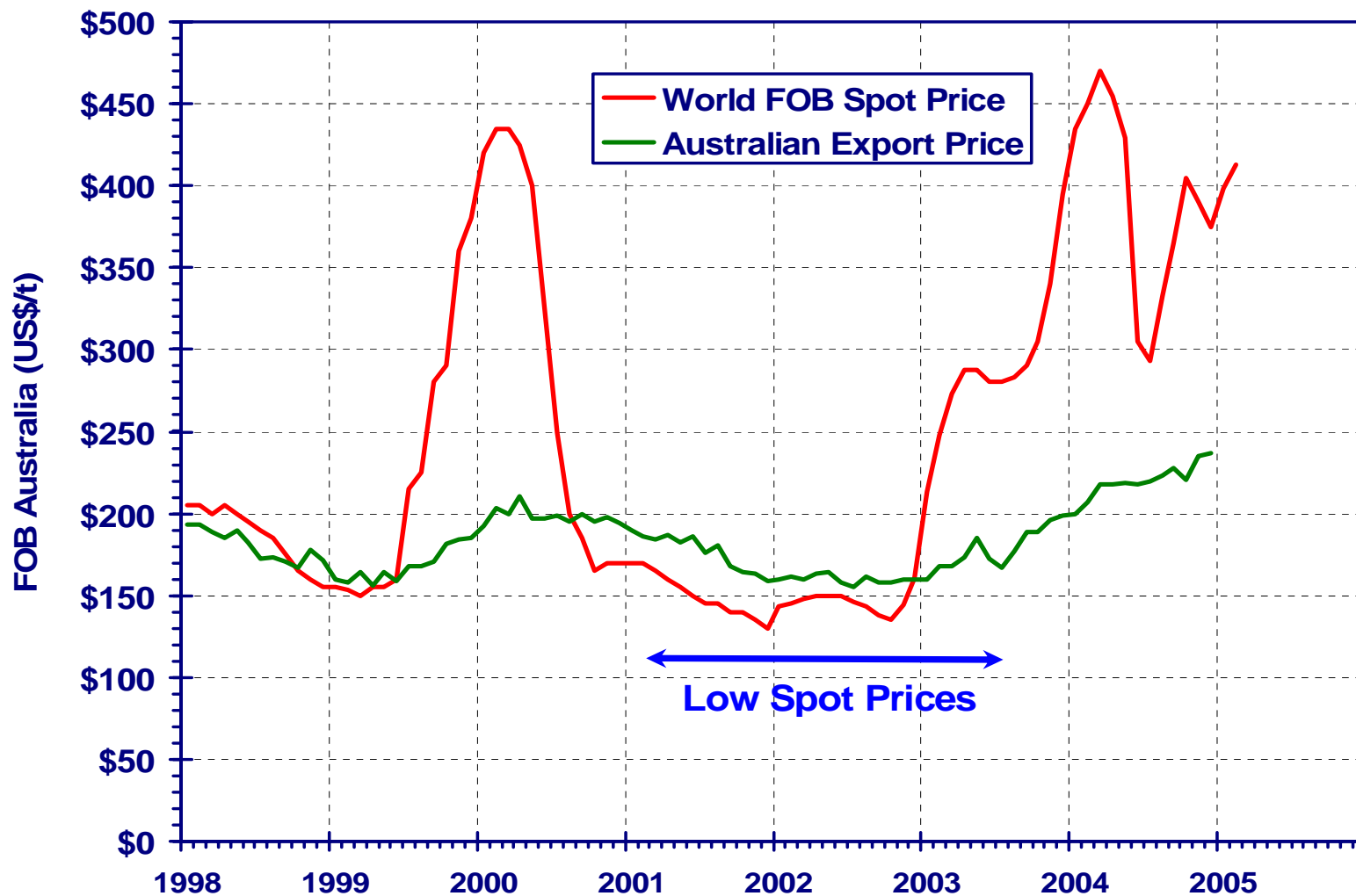


Market balance forecast to be quite tight until 2006

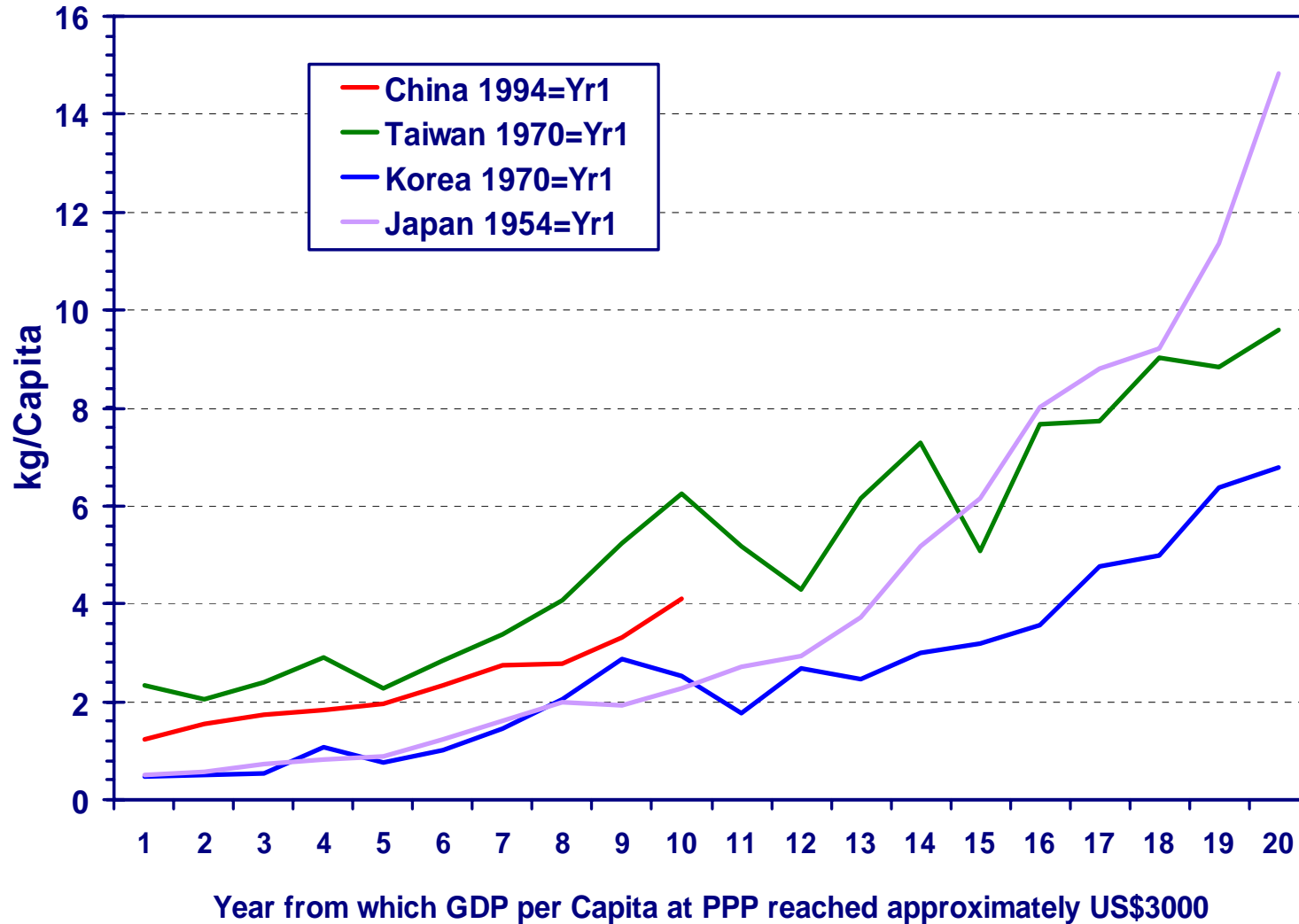


| | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 |
|--------------|------|------|------|-------|------|------|
| ■ James King | -204 | 318 | 709 | 3,677 | -495 | -162 |
| ■ CRU | 608 | -41 | -645 | 1,195 | 259 | N/A |
| ■ Brook Hunt | -525 | 268 | 577 | N/A | N/A | N/A |

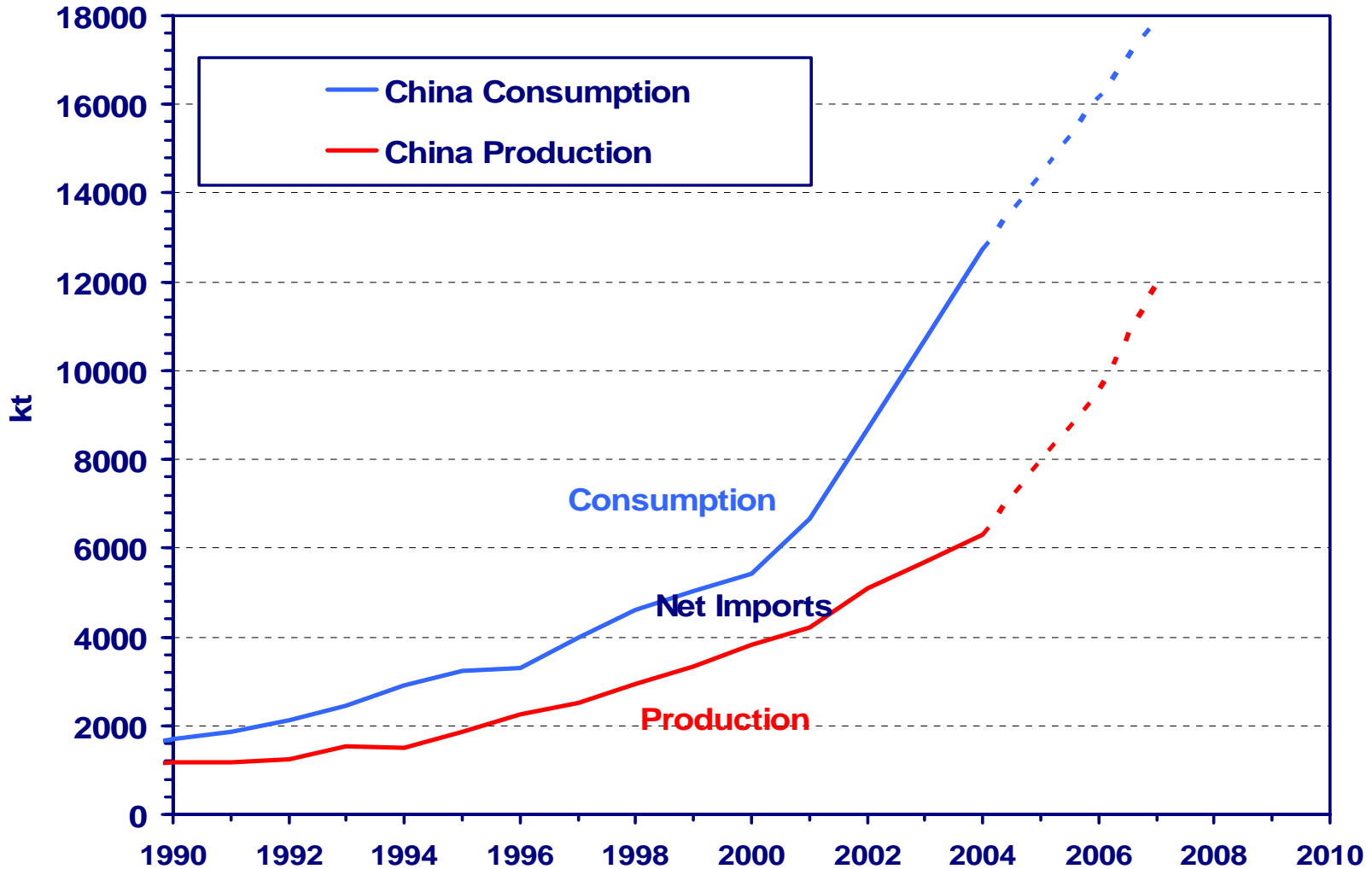
Spot vs average export alumina prices



Growth in per capita aluminium consumption



Alumina supply/demand



Sources of competitive advantage are changing



20th Century sources of value

- > Production inputs
- > Access to capital
- > Market domination
- > Proprietary information

21st Century sources of value

- > Human capital:
 - knowledge
 - innovation
 - capabilities
- > Intellectual capital:
 - brands
 - know-how
- > Social capital:
 - reputation
 - relationships

Source: Dr. David Wheeler, Schulich School of Business, York University

Industry challenges: skills shortage



> Attracting and retaining most talented, motivated employees

- Globally competitive compensation package
- Annual global employee survey
- Clear defined values
- Corporate recognition program
- International career opportunities
- Ongoing corporate training
 - Corporate Leadership Program
 - Corporate Management Development Program
 - International Master in Practicing Management
 - Specific functional excellence programs
- Challenging and rewarding jobs



Conclusion



- > Long-term commitment to adding value in Australia
- > Strongly value integrity and sustainability in operations
- > People-focused
- > Diversity and imagination to deliver
- > Commitment to long-term sustainable growth
- > “Grow with us”





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