



# Alcan Investor Workshop

## Toronto, October 3, 2006



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# Forward Looking Statements



*Statements made in the course of this presentation which describe the Company's or management's objectives, projections, estimates, expectations or predictions may be "forward-looking statements" within the meaning of securities laws. All statements that address the Company's expectations or projections about the future including statements about the Company's growth, cost reduction goals, operations reorganization plans, expenditures and financial results are forward-looking statements. The Company cautions that, by their nature, forward-looking statements involve risk and uncertainty and actual actions or results could differ materially. Reference should be made to the most recent Form 10-Q for a summary of factors that could cause such differences. In addition, certain non-GAAP measures are used which are reconciled to the comparable GAAP measures herein or on the Company's website at [www.alcan.com](http://www.alcan.com) in the "Investors" section.*

# Agenda



- *Laying a solid foundation*
  - Group overview
  - An inter-connected network
  - Dressed for success
  - Competitive position
  - Enriching the portfolio
  - Driving operational excellence
  - Leveraging shared resources
  - Technology & innovation
- *Building on our strengths*
  - Strategic intent
  - Aerospace
  - Specialty Sheet
  - Cable
  - Composites
- *Committed to maximizing value*
  - Profitable growth
  - Financials
  - Summary

Laying a solid foundation

# Engineered Products



## Value-based diversification



**Aerospace, Transport & Industry (ATI)**



**Rolled Products Ravenswood**



**Specialty Sheet**



**Composites**



**Cable**



**Extruded Products**



**Automotive Solutions**



**Service Centers (ASC)**



	<u>2001</u>
Sales (3 <sup>rd</sup> ):	US\$ 1.6bn
Employees:	6,200
Sites:	30
Countries:	14

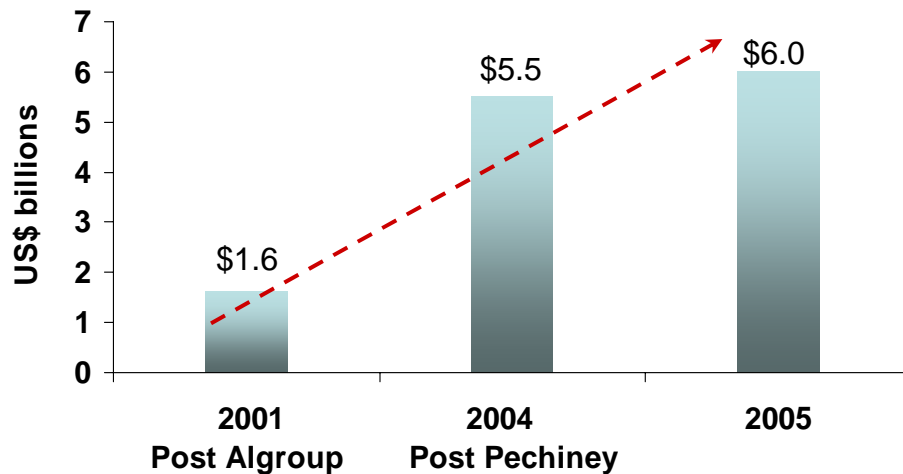
	<u>2005</u>
Sales (3 <sup>rd</sup> ):	US\$ 6.0bn
Employees:	15,000
Sites:	120
Countries:	32

# Engineered Products

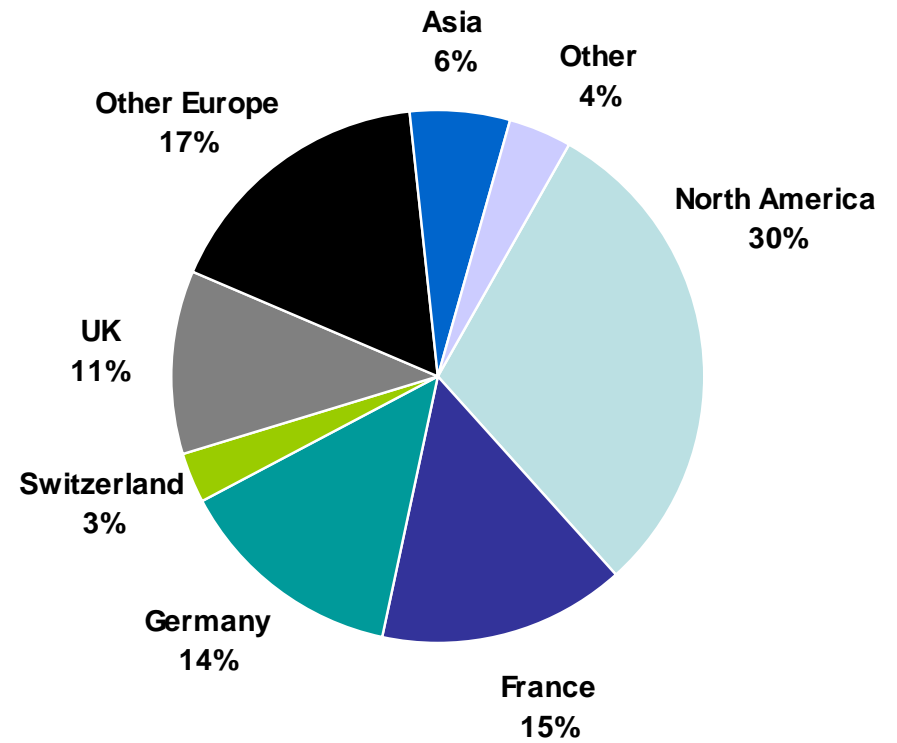


Rapid expansion; greater scope and wider geographic footprint

### Third-Party Sales Revenues



### Revenues by Geography - 2005



# An Inter-connected Network



## Common technology/processes, supply chain and markets

	Technology and Processes	Supply Chain	Markets, Applications
Specialty Sheet	<b>Casting</b> , <b>Rolling</b>		<b>Auto, Building, Ind</b>
ARP (Ravenswood)	<b>Casting</b> , <b>Rolling</b>		<b>Aero, Auto, Trans</b>
ATI	<b>Casting</b> , <b>Rolling</b> , <b>Extr.</b>		<b>Aero, Auto, Trans, Ind</b>
Extrusions	<b>Casting</b> , <b>Extrusion</b>		<b>Building, Trans, Ind</b>
Cable	<b>Casting</b> , <b>Plastics Extr.</b>		<b>Energy, Building</b>
Composites	<b>Plastics Extr.</b>		<b>Building, Energy, Trans</b>
Automotive Solutions			<b>Auto</b>
AIN			<b>All markets</b>
ASC			<b>Aero, Ind, Build, Trans</b>

*Laying a solid foundation*

# Dressed for Success



## EP...greater than the sum of its parts

- Important and valued customer relationships span BUs
- Unique portfolio of complementary capabilities and products
- Scale and scope to offer complete customer-specific solutions
- Deep knowledge of the properties of aluminium and other light-weight materials
- Extensive international sales and distribution networks
- World-class R&D facilities and technology networks to transfer best practices
- Alcan's name, reputation and management systems (AIMS)



# Competitive Position



## Good to excellent positions in most businesses

### Key Market Positions

#### Aerospace

- #1 in Europe, #2 in North America
- World-class R&D and unique equipment

#### Specialty Sheet

- #1 in European can stock
- Advantaged manufacturing configuration

#### Cable

- Strong market positions in North America
- Substitution growth/innovative products

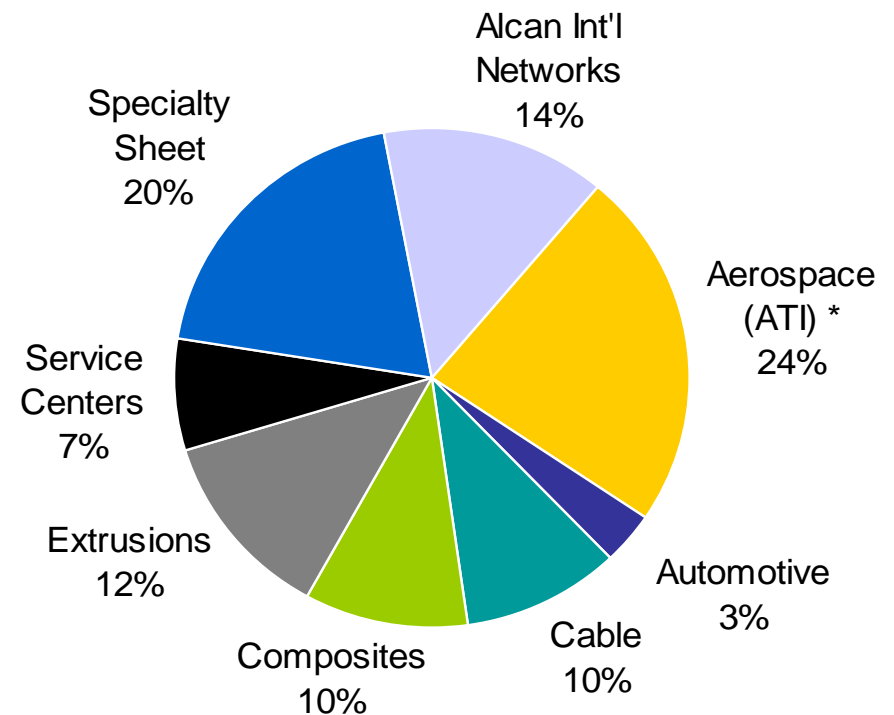
#### Composites

- Brand leader
- Unique portfolio and innovative products

#### Extrusions

- #1 in hard alloys and large profiles in Europe
- Strong market positions in soft alloys

### Revenues by Business Unit -2005



\* Includes Ravenswood



# Enriching the Portfolio



## Putting Value Based Management into action

### ■ Acquisitions:

- Composites (Baltek/Gatorcor - USA)
- Distribution (Almet - Germany)
- Building wire (Prewired Systems - USA)

### ■ Exits :

- General distribution (France)
- Air freight containers (Germany)
- Automotive castings (Germany)
- Roll-bond (France)
- High-purity smelting & rolling (France)
- Mass transport systems (Switzerland)
- Cast plate (USA)

### ■ Restructuring/Streamlining:

- Combined Singen and Sierre extrusion
- Focused automotive activities in Singen on crash management systems
- Optimized composites production in Singen improving utilization, competitiveness and customer service
- Closed balsa mill in Ecuador and improved productivity
- Announced restructuring of aero stringer business and closure of Workington

# Driving Operational Excellence



## Striving to be the best in all that we do – leveraging AIMS

- **EHS First** – non-negotiable component of growth strategy
- **Fit for Future**
  - Objective: accelerate pursuit of operational excellence
  - Focus on key operational levers
  - Structured approach, common language, shared methodologies, explicit operational targets and monitoring of results
  - Leveraging Alcan's CI system and tool box
  - 80 initiatives launched with significant value creation
- **I2P** – using the power of information to strengthen our competitive edge

# Leveraging Shared Resources



## Sales and technology networks

### ■ Extensive sales and distribution network

- Alcan International Network - global reach, materials and market expertise, strong positions in chemicals and in Asia - 32 locations serving 65 countries
- Alcan Service Centers - linkage value for composites and plate; provides access to smaller customers across Europe - 33 locations in 11 countries

### ■ World-class R&D Centers

- Unique know-how through two world-class R&D centers
- Mandate: Innovation to offer new sustainable solutions to EP and its customers
- Roadmaps govern the development of business critical technologies.

# Technology and Innovation



## Innovation.....as a source of growth

### Aluminum-Lithium Alloys

- Continuing development has given a lead position for 3rd generation Al-Li alloys.
- New design concepts meet targets for cost and weight reduction



### Building Wire Applications

- Acquisition of a start-up company gives access to new, externally developed technology.
- Complements existing value proposition in feeder and distribution cables.



### Crash Management Systems

- Co-development with customers' engineering teams with a focus on functional innovation has resulted in major new orders:

Mercedes CL  
Citroën C4 Picasso



### Structural Composites

- Customer focus and value innovation key to identifying target applications in wind energy, marine and road & rail markets.
- Prototyping, field testing and scale up are key capabilities.



*Building on our strengths*

# Strategic Intent



**With a solid foundation ...capitalize on most attractive growth options**

- Continuing drive towards operational excellence
- Streamlining and selective expansion of existing businesses
- Extension of geographic footprint
- Move into adjacent activities

Building on our strengths

# Aerospace, Transportation & Industry



A leading global supplier of aerospace products

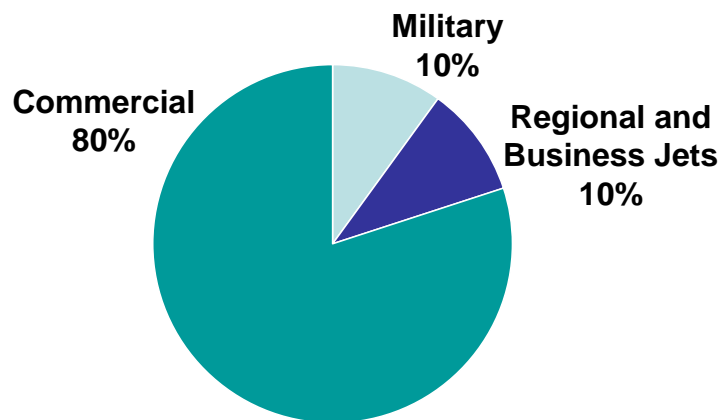


## Key Statistics

- Sales revenues\*: \$1.4 B
- Capital employed: \$460 M
- Sites: 9
- Employees: 4,000

\* 2005 3<sup>rd</sup> party sales; all stats include Ravenswood

## Aerospace Revenues by Market - 2005



## Competitive Position - Aerospace

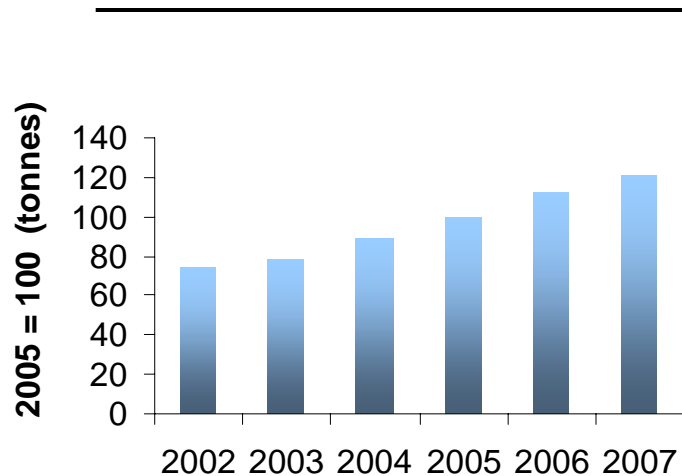
- Unique capabilities and equipment
- Proprietary alloys, including Al-Li
- Full offering: plate, sheet, hard-alloy extrusions
- Expanded capacity
- Able to serve customers in all major markets
- #1 supplier in Europe and #2 in NA

# Aerospace Plate Expansions



## Growing with our customers

### Aircraft Plate Market



### Ravenswood, USA

- Capex: \$29 million
- 20% increase in plate capacity
- Start-up: Aug to Oct 2006



### Issoire, France

- Capex: \$28 million
- 20% increase in plate capacity
- Commissioned June 2006



*Building on our strengths*

# Aerospace



## Capitalizing on our unique capabilities and strong customer relations

- Long-term supply agreements with Boeing, Airbus and other commercial aircraft manufacturers
- Newly signed multi-year agreement for heavy gauge plate for F-35 fighter
- Increased plate capacity in Europe and North America to meet demand
- Continuing R&D effort for 3rd generation aluminium-lithium solutions – already the most active supplier
- Development of specialized solutions for industrial plate and increased capacity and branding efforts
- Expansion opportunities in new geographic market

# Cable



An integrated producer of rod, strip, wire and cable

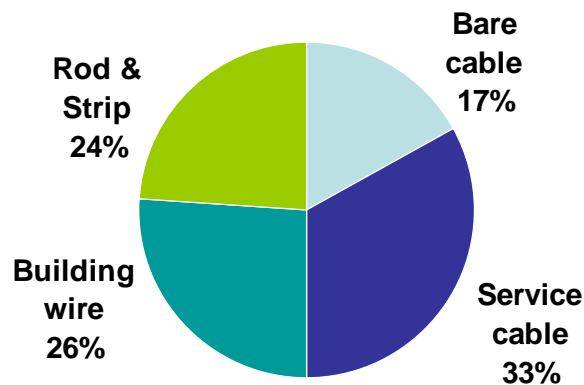


## Key Statistics

- Sales revenues\*: \$618 M
- Capital employed: \$110 M
- Sites: 8
- Employees: 1,000

\*2005 3<sup>rd</sup> party sales

## Revenues by Market - 2005



## Competitive Position

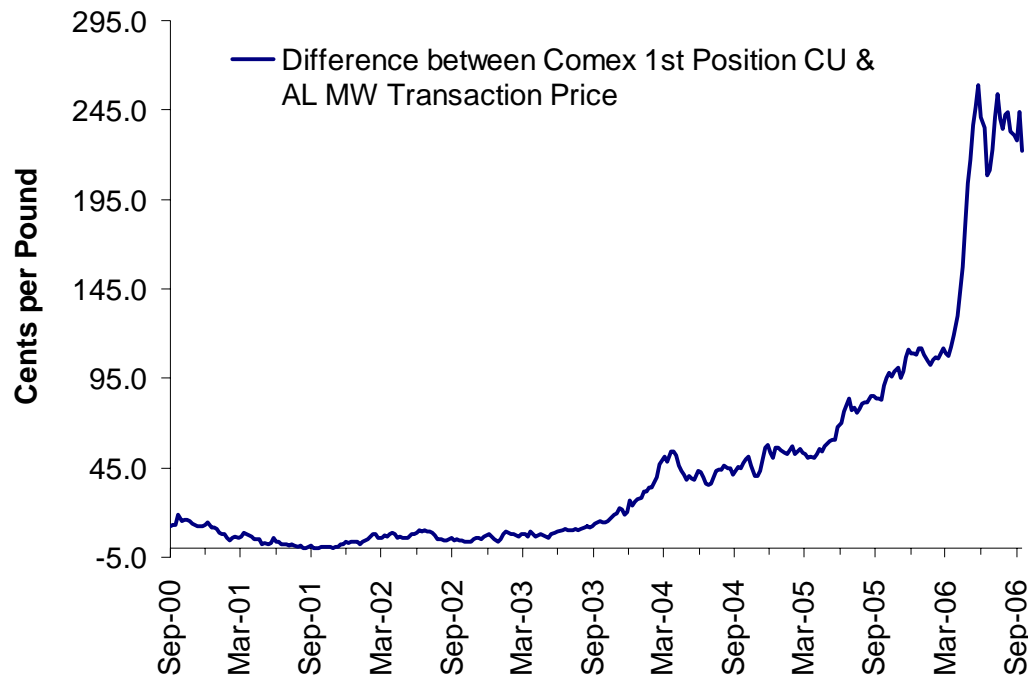
- Strong positions in key markets of service cable, building wire and strip
- Vertically integrated supply chain
- World-class technical expertise
- Excellent customer service
- Innovative products

# Cable



## Exploit growth opportunities resulting from material substitution

### Copper vs Aluminum Spread



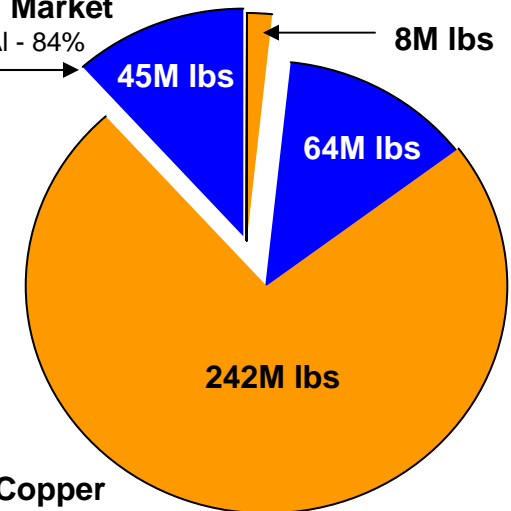
### Building Wire market 2005 (US)

359M pounds\*

Cu - 70% Al - 30%

#### Residential Market

Cu - 16% Al - 84%



#### Non-Residential Market

Cu - 79% Al - 21%



\*Source: Census Bureau with Copper market converted to represent feeder sizes in equivalent Aluminum weight

# Cable



## Building on a strong and growing base

- Strong base business
- Exploit the growing NA building market demand by:
  - Strengthen market presence; increase field application engineers
  - Improving productivity in building wire
  - Increase strip capacity
  - Extending downstream into pre-wired systems (Modex)
- Develop export markets (Mexico, China)
- Develop new products (eg: **N2 MC Nual®** launched in August '06)

# Composites



## Growth through innovation, geographic expansion and acquisitions

### ■ Architecture

- Paint-line in China acquired in Q1-06
- Profitability improvements achieved in Q2-06
- Expansion into new geographies under evaluation

### ■ Display

- 14 new products launched since the beginning of 2005
- Potential acquisitions being evaluated

### ■ Core materials

- Capacity increases and productivity improvements to meet strong market demand
- Portfolio extension through innovation and potential acquisitions

# Profitable Growth



**Some already realized.....many more opportunities ahead**

- **Selective expansion of existing businesses**

- Aerospace: Issoire, Ravenswood
- Engineered plate: Sierre
- Specialty Sheet: can body and auto body Europe

- **Extension of geographic footprint**

- Eastern Europe: extrusion plant in Slovakia
- China/India: projects under review

- **Move into adjacent activities**

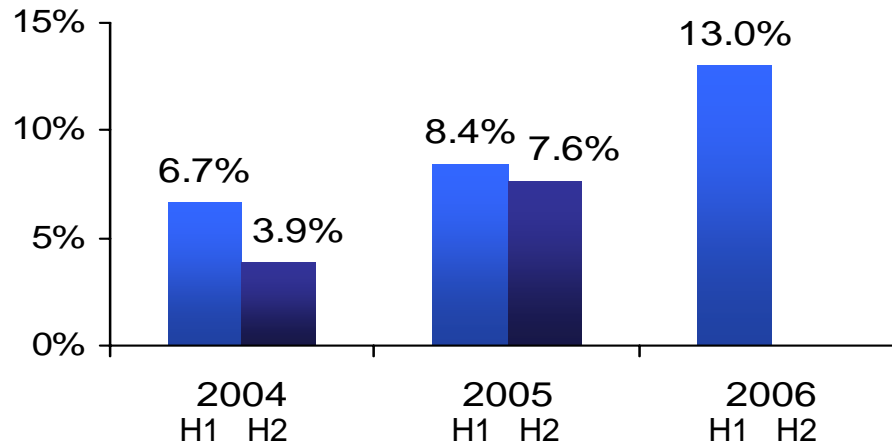
- Composites
- New businesses: other light-weight materials or services
- Innovation: customer-focused R&D

# Financials

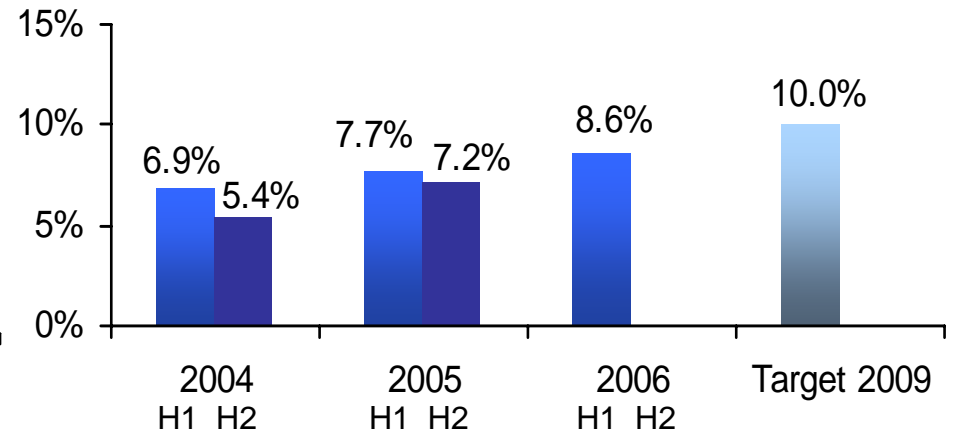


## Significant value creation potential

ROCE – after tax



Operating BGP Margin





# Summary



## Committed to maximizing value

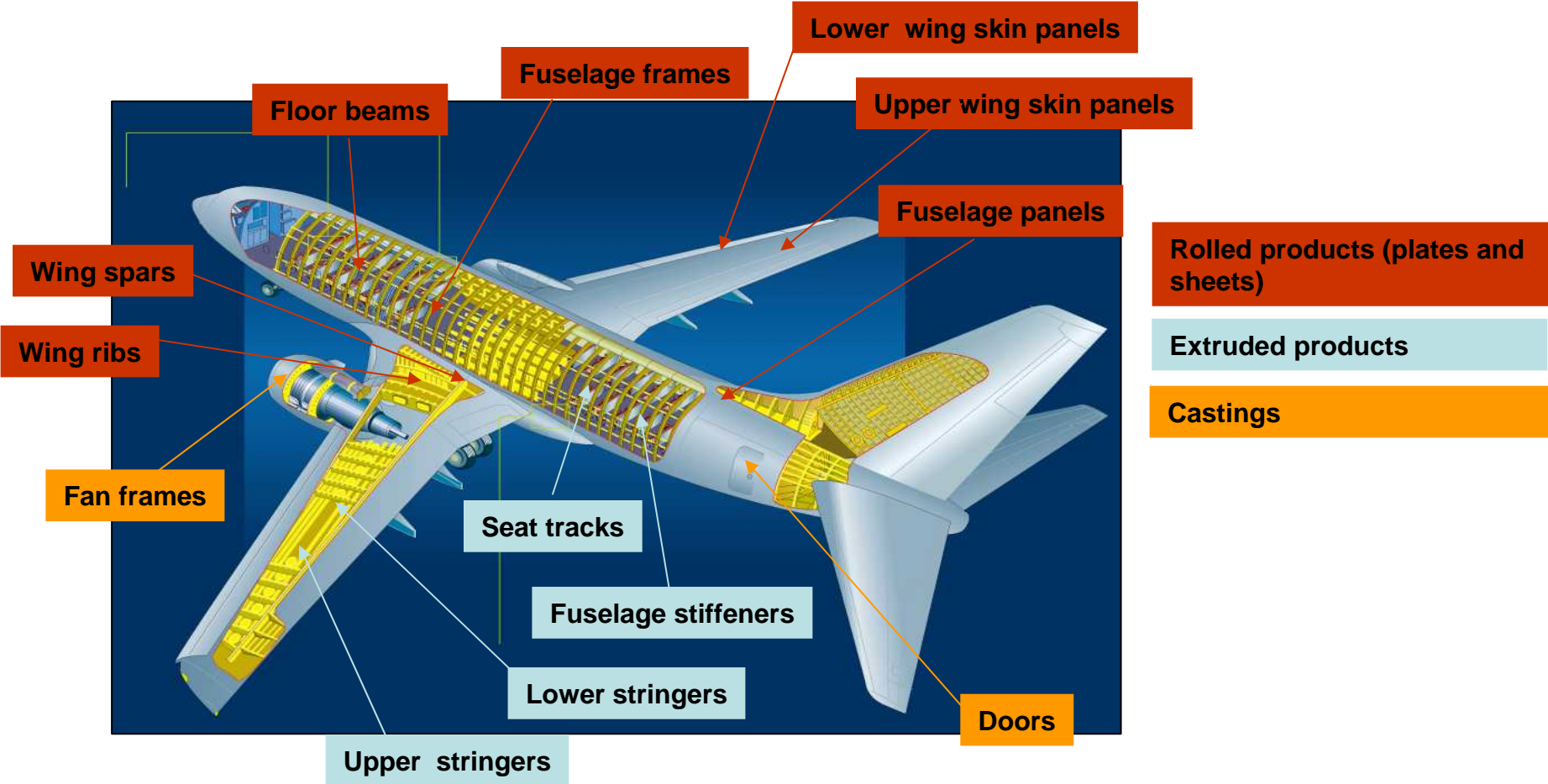
- **Enrich portfolio and maintain capital discipline**
  - Exit businesses with no potential to create value; almost completed
  - Direct capital to best growth options; capital discipline in traditional businesses
- **Leverage scale and scope**
  - Share resources and expertise in procurement, metal management, EHS, R&D, CI
  - Implement a new integrated management information system (I2P)
  - Improve operational performance through Fit For Future initiative
  - Share knowledge through technology and best practice networks, market forums
- **Capitalize on profitable and sustainable growth opportunities**
  - Allocate capital and resources to grow most attractive end markets
  - Foster innovation as a source of growth
  - Build capabilities to enter emerging and fast-growing geographic markets
  - Seek opportunities to consolidate capacity in profitable mature markets

# APPENDIX

# Aluminum Applications



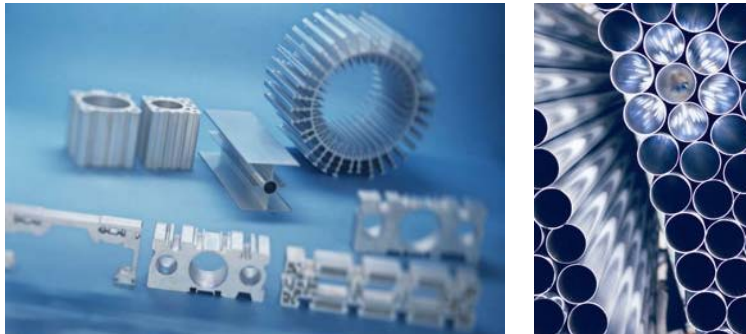
Profitable market with high entry barriers



# Extruded Products



## Differentiation through strong position in specialty extrusions

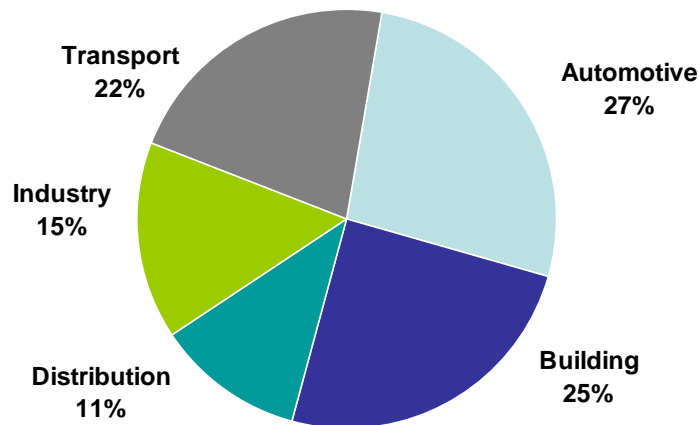


### Key Statistics

- Sales revenues\*: \$737 M
- Capital employed: \$250 M
- Sites:10\*\*
- Employees:3,000

\*2005 3<sup>rd</sup> party sales    \*\* Slovakia under construction

### Revenues by Market - 2005



### Strategic Position

- #1 in hard alloys and large profiles
- Strong presence in soft alloys mainly in France and Germany
- Growth opportunities in Eastern Europe and Asia

# Extruded Products



## Streamline operations in W. Europe, expand in E. Europe and Asia

- A key player in Europe, maintaining its focus on speciality products
- Strong customer relationships
- Asset optimization in Western Europe
  - Extrusions in France
  - Combination of large profile activities in Germany and Switzerland
- Growing in the East
  - Build on highly successful operation in Decin (Czech Republic)
  - Expand soft alloy business in Eastern Europe (Slovakia 2007)
  - Develop presence in China

# Specialty Sheet



## Advantaged manufacturing configuration

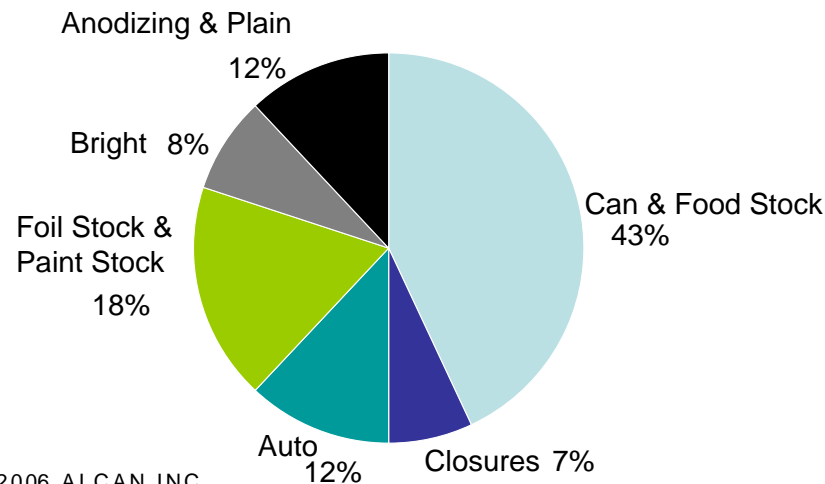


### Key Statistics

- Sales revenues\*: \$1.1 B
- Capital employed: \$590 M
- Sites: 2
- Employees: 2,400

\*2005 3<sup>rd</sup> party sales

### Revenues by Market - 2005



### Competitive Position

- Advantaged manufacturing configuration
- Experienced and well located
- #1 can body
- #1 bright sheet and closure stock
- #3 auto body sheet
- Recycling capabilities

# Specialty Sheet



## Selective participation, differentiated value proposition

- Strengthen leadership position in the European can and closure business
- Exploit market growth resulting from steel can substitution in Europe
- Grow selectively auto business through innovative and customized solutions
- Grow in new geographic markets
- Strengthen participation in the bright and foil stock business
- Leverage unique recycling capabilities
- Align manufacturing system with participation strategy, supported by operational excellence programs



