



RUSAL

RUSSIAN ALUMINIUM IN THE 21 CENTURY

Peter Finnimore

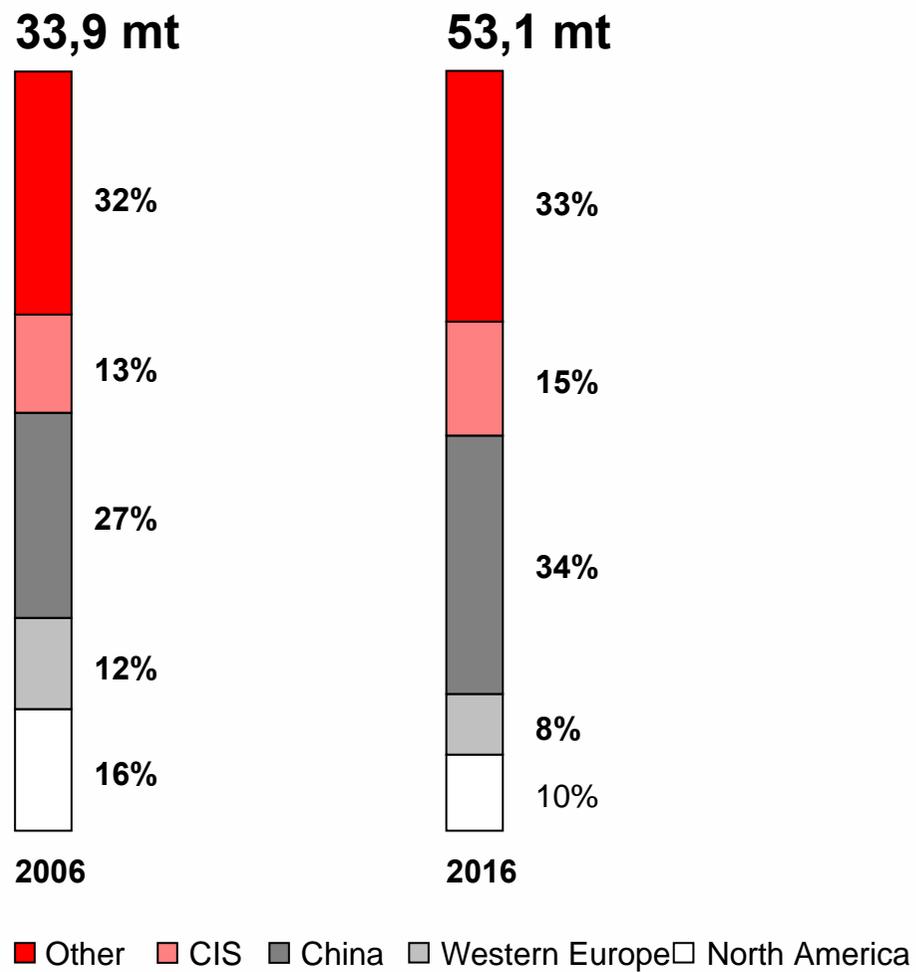
Sales Director of RUSAL

Metal Bulletin Conference
Moscow
September, 18-19



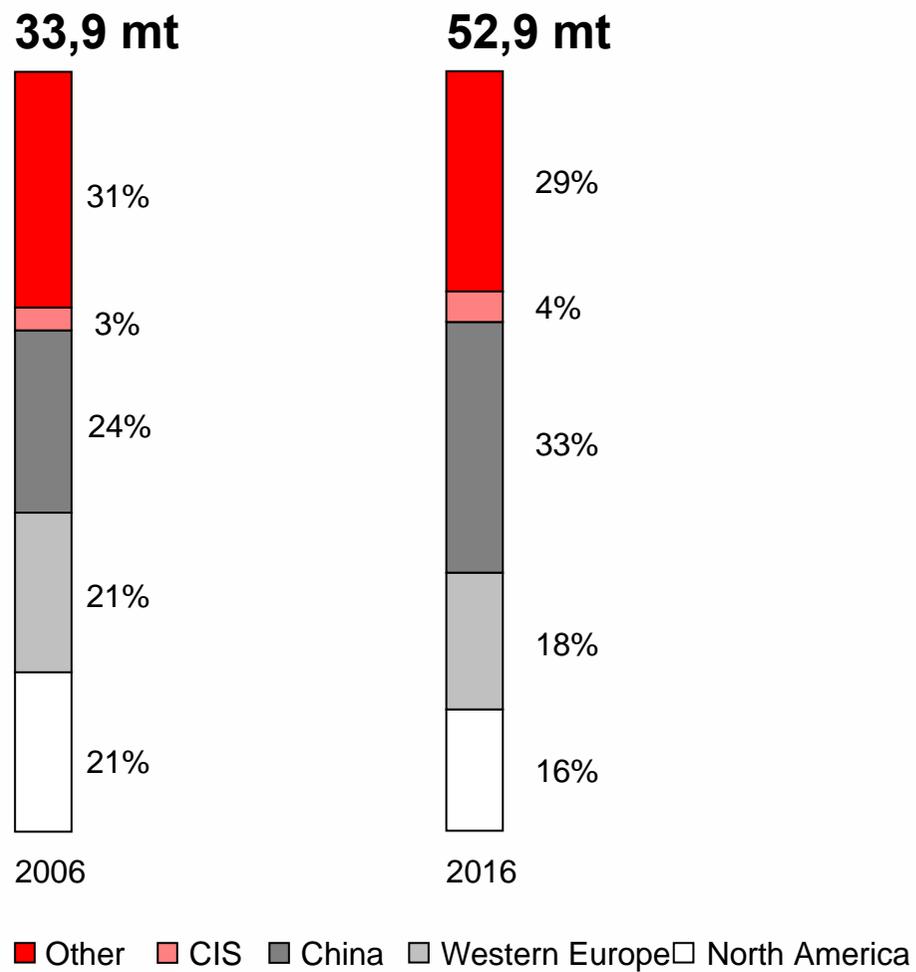
GLOBAL MARKET

GLOBAL PRIMARY ALUMINIUM PRODUCTION



Source: Brook Hunt, RUSAL estimates

GLOBAL PRIMARY ALUMINIUM CONSUMPTION

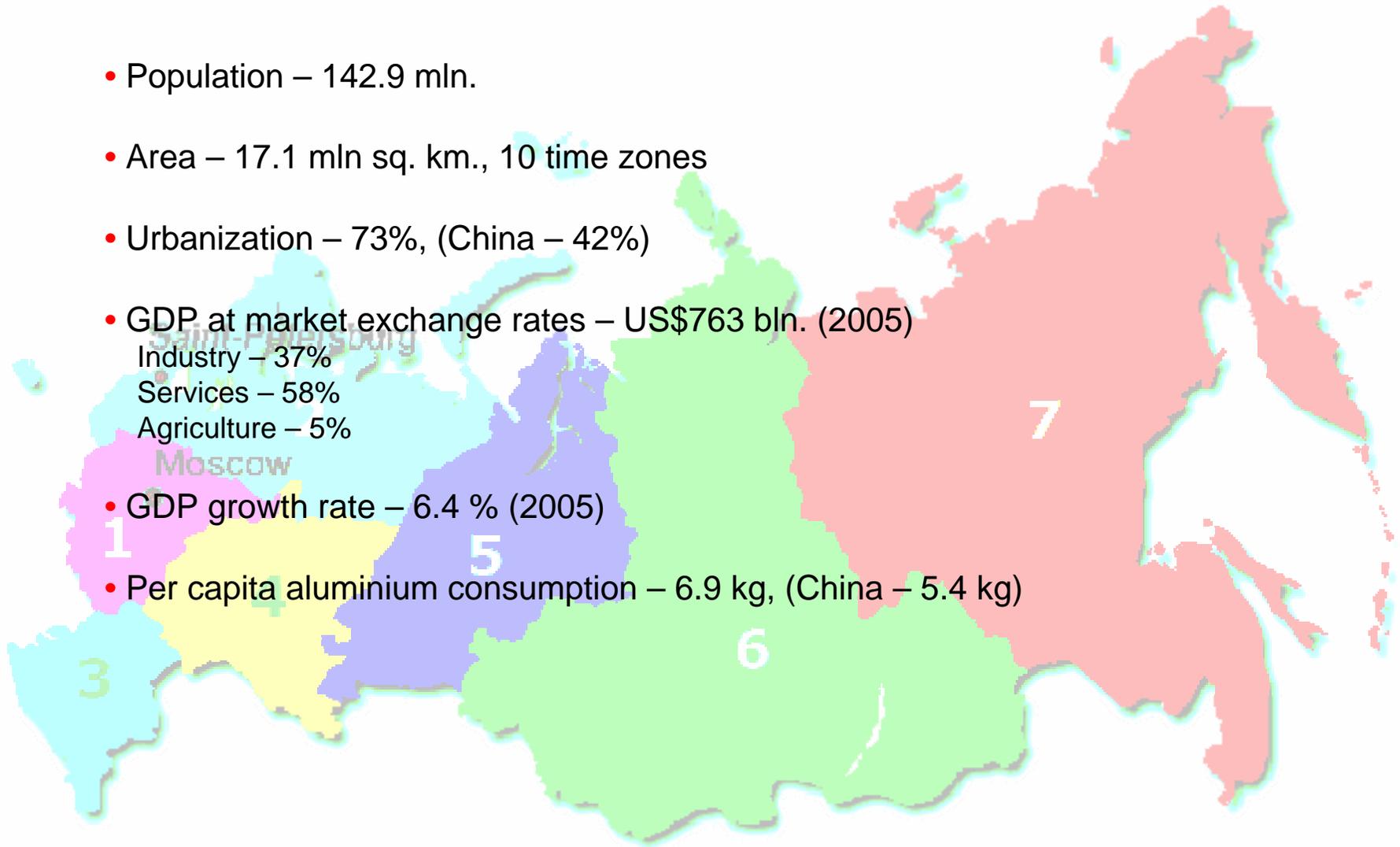


Source: Brook Hunt, RUSAL estimates

RUSSIAN ALUMINIUM OVERVIEW

RUSSIA AT GLANCE

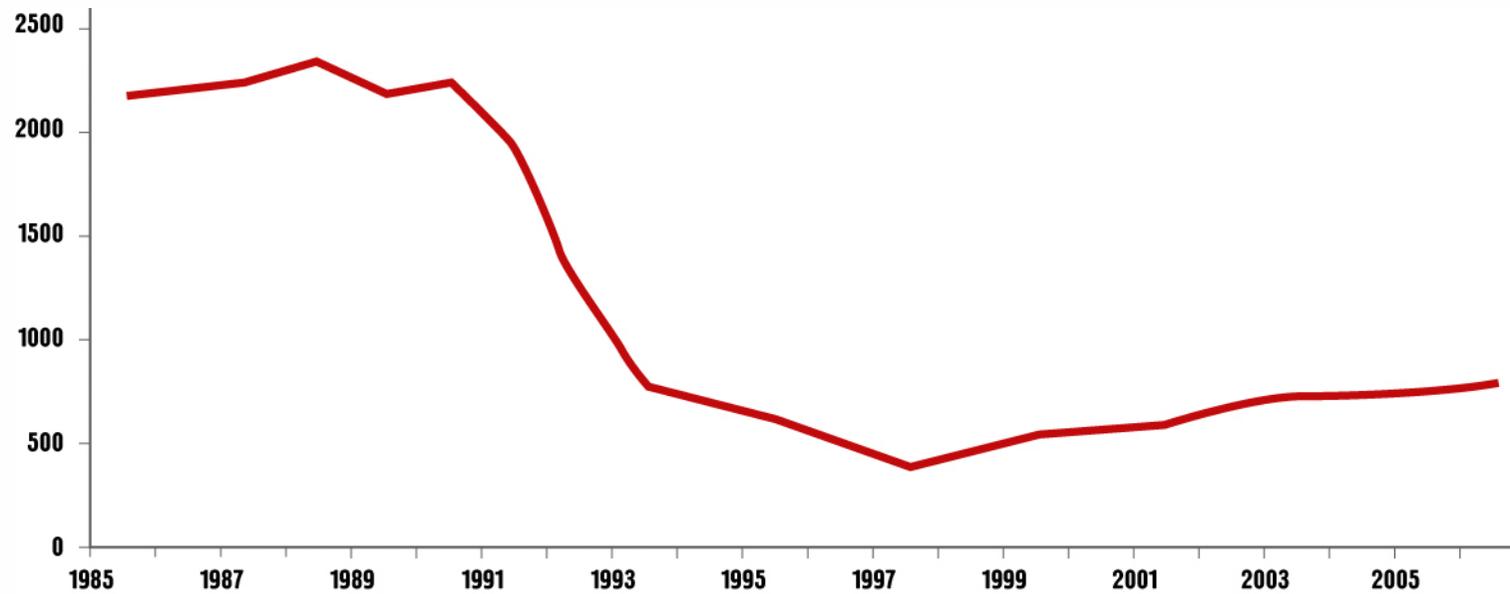
- Population – 142.9 mln.
- Area – 17.1 mln sq. km., 10 time zones
- Urbanization – 73%, (China – 42%)
- GDP at market exchange rates – US\$763 bln. (2005)
 - Industry – 37%
 - Services – 58%
 - Agriculture – 5%
- GDP growth rate – 6.4 % (2005)
- Per capita aluminium consumption – 6.9 kg, (China – 5.4 kg)



RUSSIA'S CONSUMPTION HISTORY



Russian aluminium consumption ('000 tonnes)



RUSSIAN ALUMINIUM INDUSTRY

- 11 smelters
- 27 extruders (56 extrusion presses)
- 6 wheel plants
- 3 can plants
- 25 cable plants
- 4 rolling mills
- 3 foil plants

A good size industry!

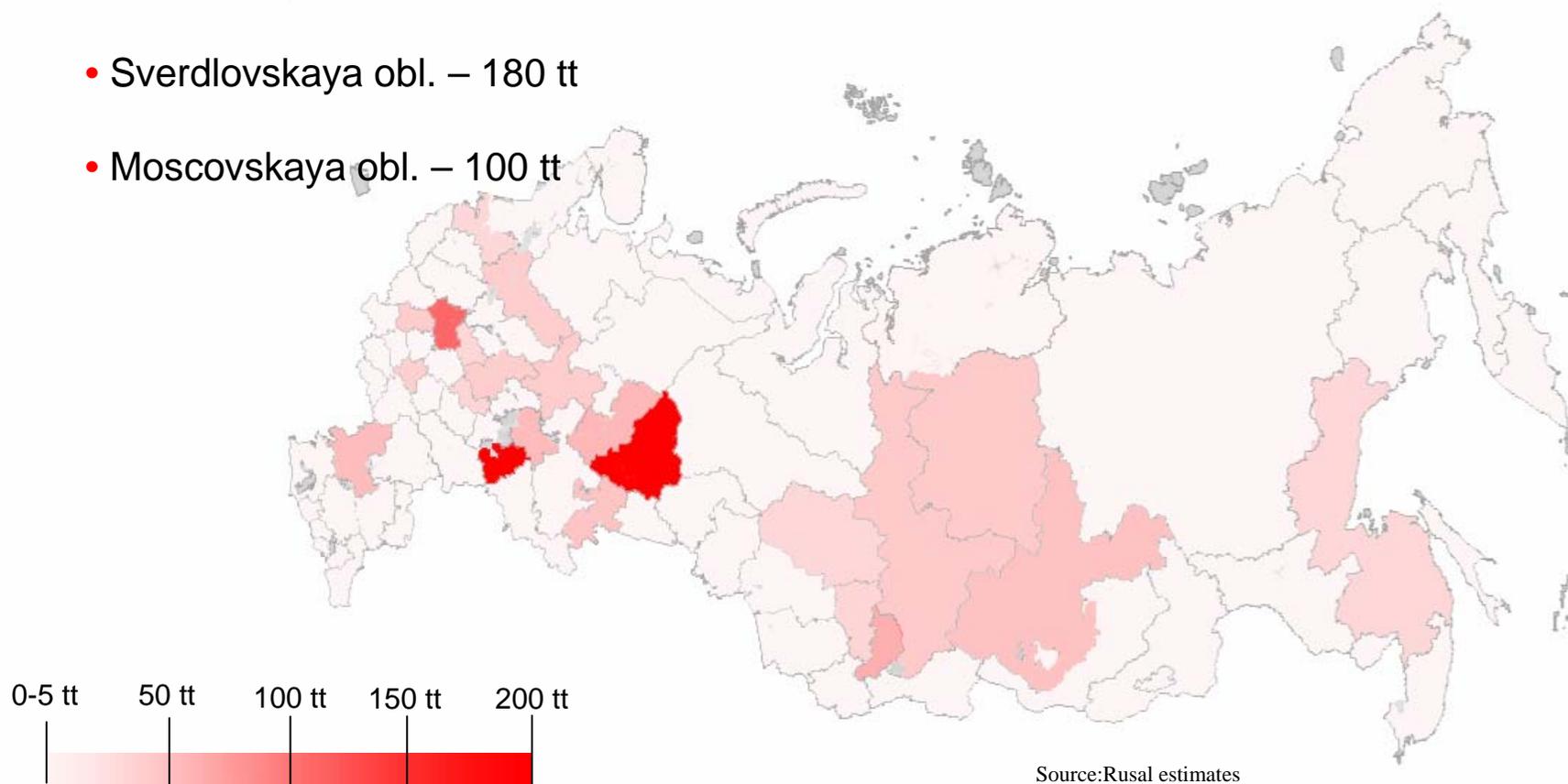
RUSSIAN PRIMARY ALUMINIUM CONSUMPTION BY REGIONS



Main regions

- Samarskaya obl. – 180 tt
- Sverdlovskaya obl. – 180 tt
- Moscovskaya obl. – 100 tt

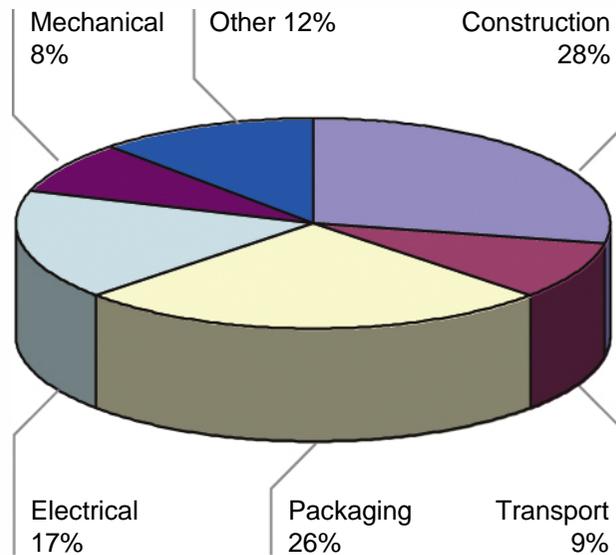
Total consumption – 760 000 tons



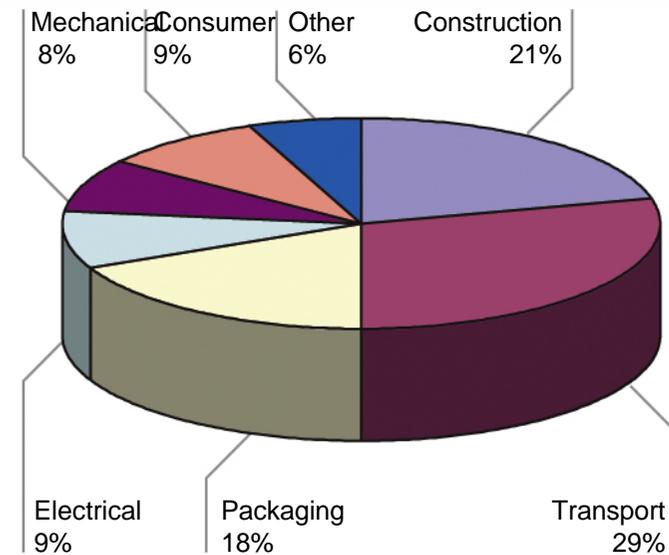
PRIMARY ALUMINIUM CONSUMPTION BY END USE



Russian Consumption by Industry



Western World Consumption by Industry

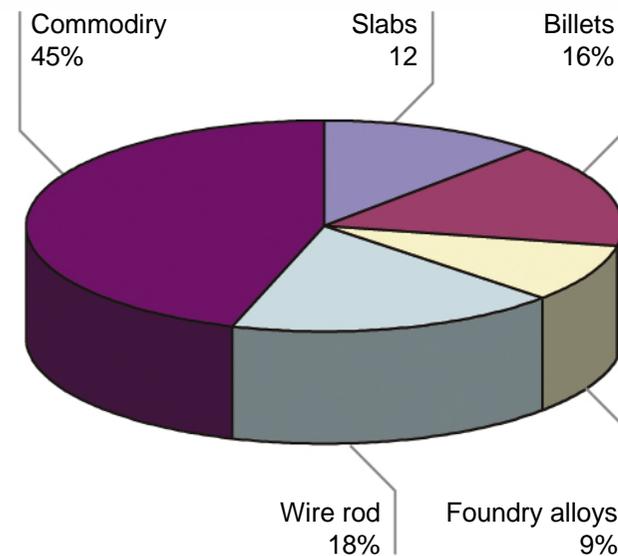
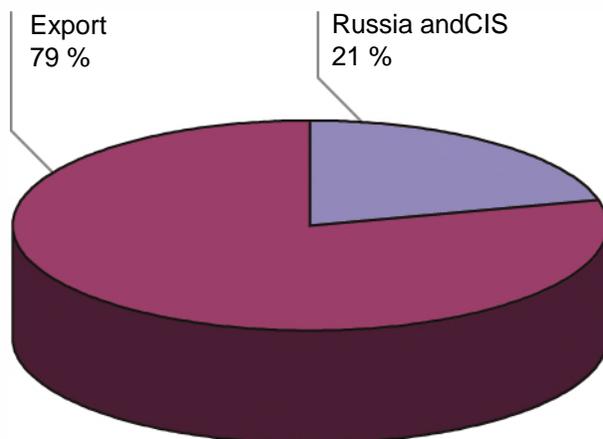


Source: Brook Hunt, Rusal estimates/2005

RUSSIAN PRIMARY ALUMINIUM SALES



Total production – 3 760 000 tons

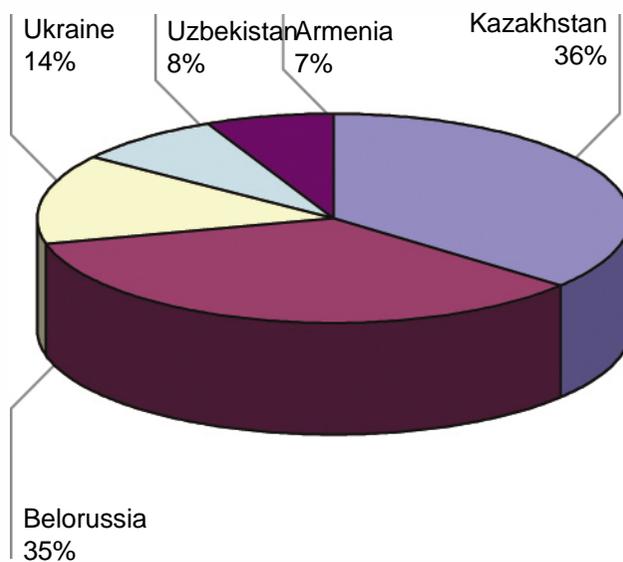


Source: Brook Hunt, Rusal estimates/2005

RUSSIAN PRIMARY ALUMINIUM SALES TO CIS



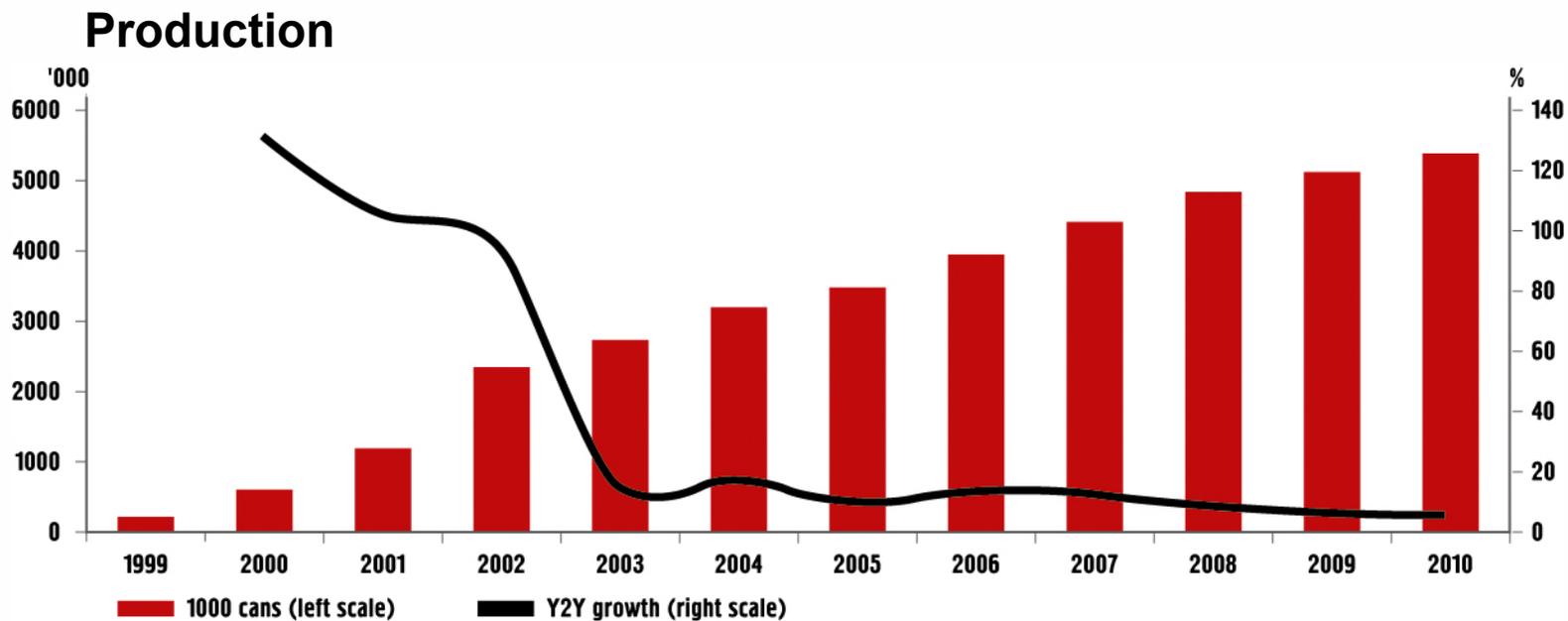
Total sales – 40 000 MT



Source:Rusal estimates

RUSSIAN CAN MARKET

CANS OUTPUT IN RUSSIA



- Most rapidly developing industry sector
- Currently ~50% of can stock being imported
- So opportunity for domestic producers
- Estimate that market has potential to double over coming 3-5 years

BUILDING THE MARKET FOR CANS

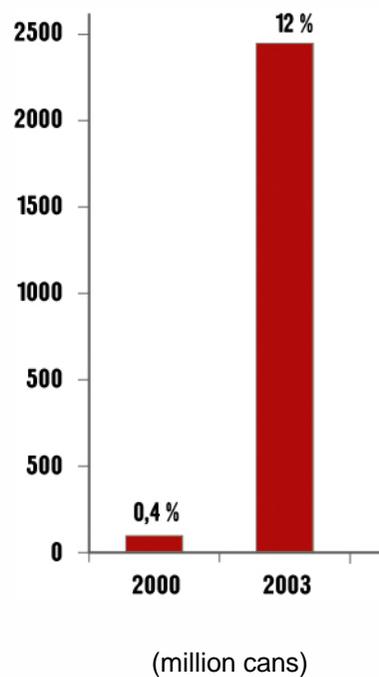


RUSAL supported a 5 years promo campaign (2000-2005) to stimulate development of the aluminium can market in Russia

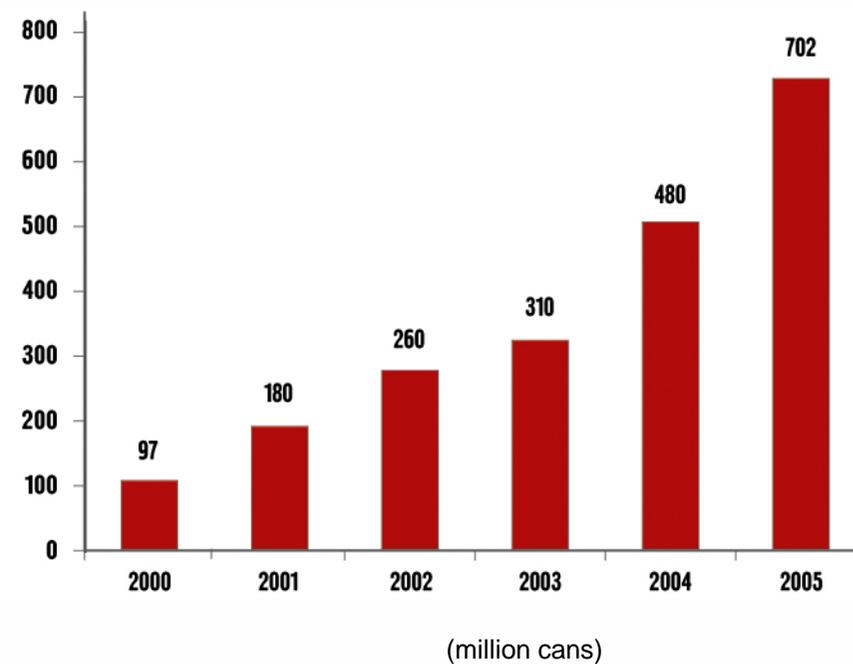


BUILDING THE MARKET FOR CANS

Can package share in Russian beer market:



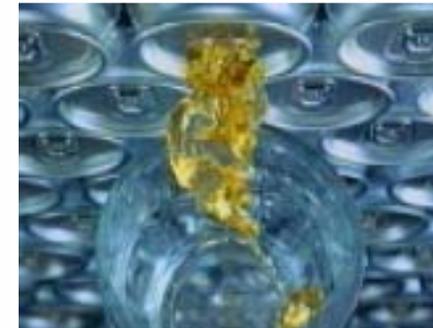
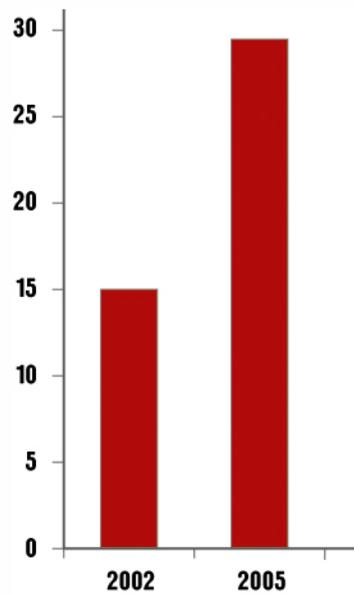
Russia's canned soft drink market dynamics:



BUILDING THE MARKET FOR CANS



RUSAL beer can market share

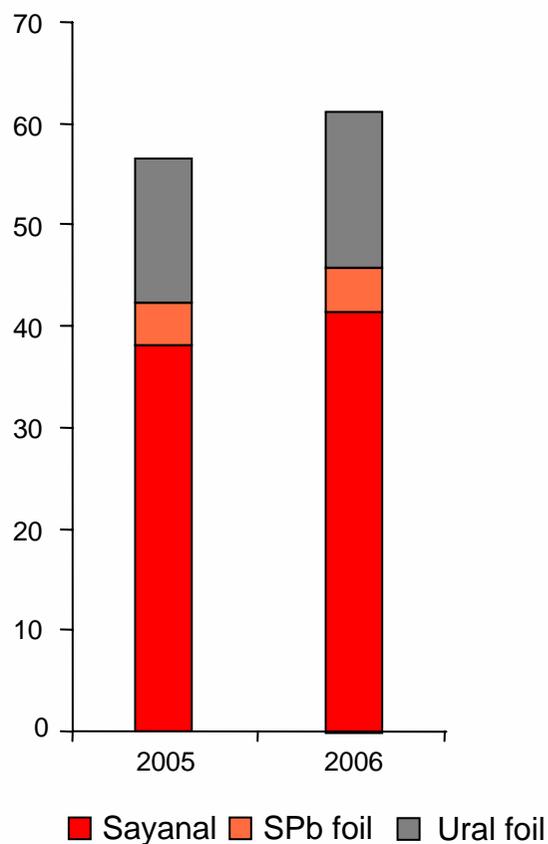


RUSSIAN ALUMINIUM FOIL MARKET

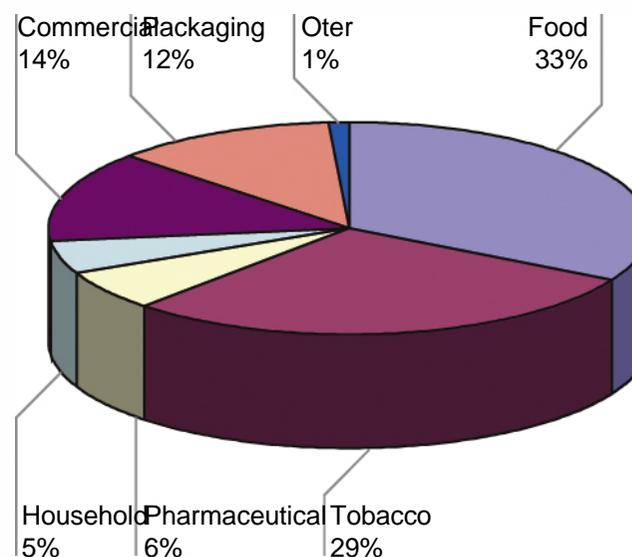
ALUMINIUM FOIL OUTPUT IN RUSSIA



Total production in 2005 – 56,6 kt.



The structure of aluminium foil consumption

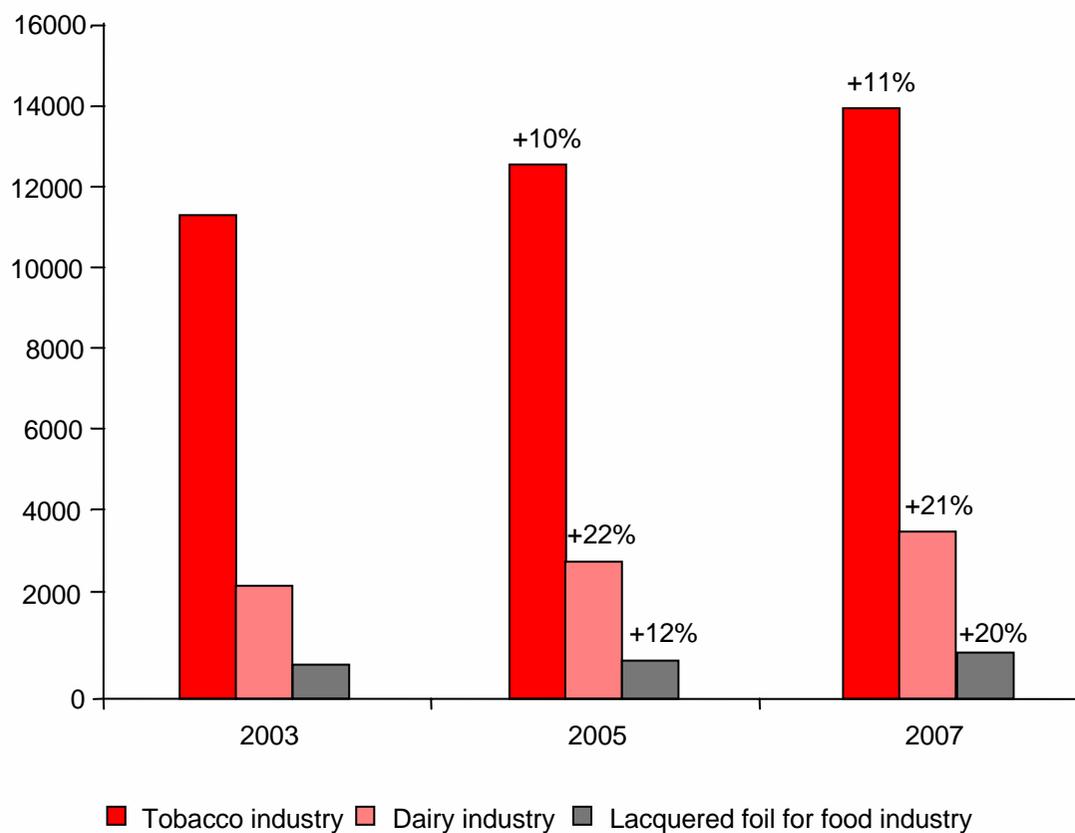


In 2005 principal demand was generated by the plants in food and tobacco industry
 Total consumption volume of these industries made up **62%**.

FOIL CONSUMPTION BY SECTORS



Total consumption in 2005 – 50,1 kt.



RUSAL'S FOIL ASSETS

RUSAL SAYANAL

Located in the Republic of Khakasia, is the largest producer of foil and foil-based packing materials in Russia.

- More than 350 Russian enterprises use SAYANAL's
- Foil in production
65% of production is exported



ARMENAL Foil Mill

Located in Yerevan, Armenia, is one of the largest manufacturing facilities in Armenia and the sole company producing aluminium foil in the Caucasus and Central Asia.

RUSSIAN CABLE MARKET

CABLE MARKET

- Significant deterioration in generation and transmission facilities in Russia
- Federal Grid plans to spend US\$12.7 billion to construct over 33,200 km of transmission lines of 220 kV and above in 2004-2013 period (in 2005 the company constructed only 563 km of those lines)



CABLE MARKET – DYNAMIC GROWTH



Podolsk, Saransk

In 2006 two new wire rod production mills 1200 ton capacity each were commissioned in Russia. VMS plant is to start full scale production in September 2006, Tsvetlit – in June – July 2006.

Uglich

Nexans is working on construction of its first cable plant in Russia (planned consumption is about 400 tons per month).

Kolchugino

Electrokabel have commissioned new equipment for production of medium and high voltage cables with polyethylene insulation.

Rybinsk

Rybinskakabel have opened a new facility for production of coated energy cable. Expected rate of aluminium consumption is 195 tons per month.

Perm

Kamkabel has completed its facility for medium voltage cable production (polyethylene coating).

Chuvashia

Tchuvashkabel has SAMP-2 project underway that is intended to expand the range of manufactured products, increase production capacity, and pave the way for further development

RUSSIAN EXTRUSION MARKET

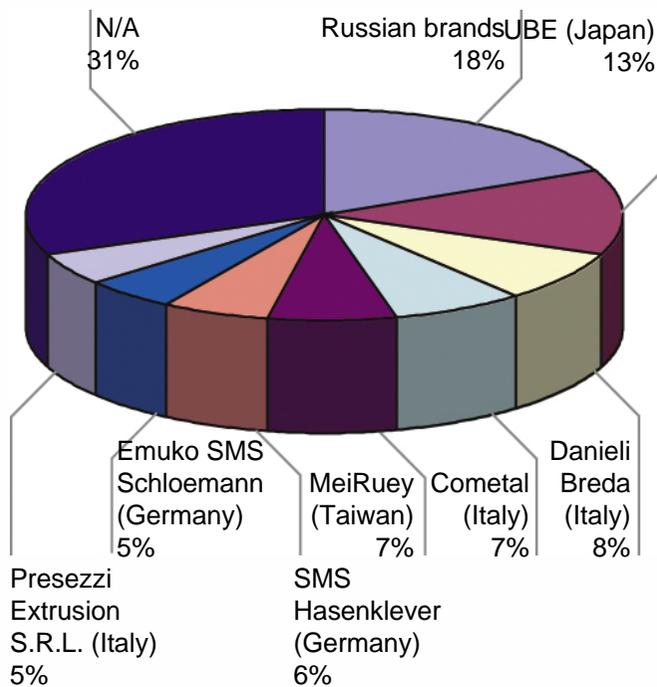
EXTRUSION MARKET



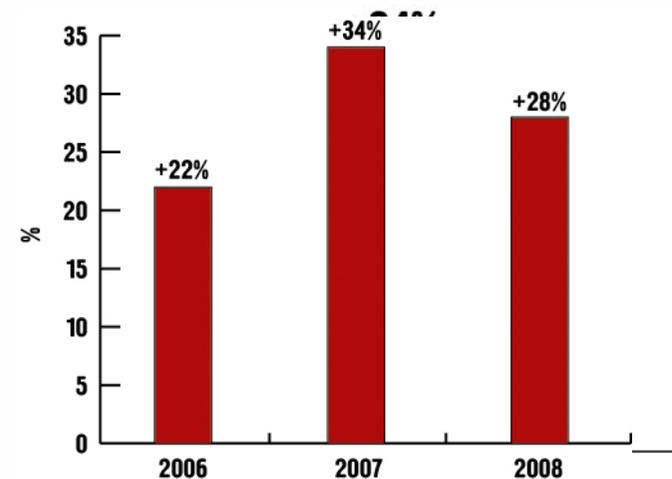
Number of plants – **27**
 Number of presses – **56**

Capacity – optimal product mix
 (expert evaluation) – **185 000 mT**

Equipment by manufactures



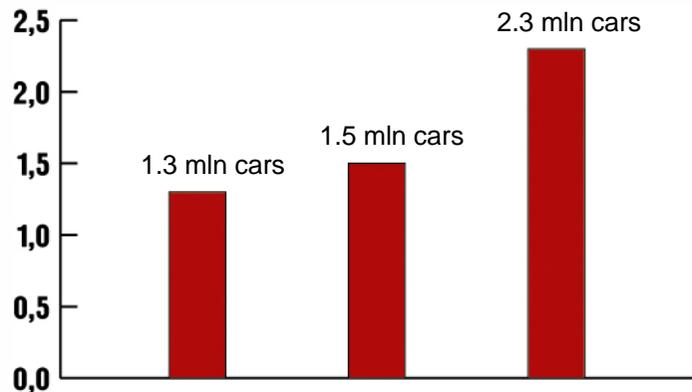
Extrusions output growth forecast



- One of the most dynamical sectors in the Russian market
- Nearly all extruders are actively working commissioning new mills.

RUSSIAN TRANSPORT MARKET

TRANSPORT – CAR INDUSTRY



- Currently BMW, Ford, Renault, Kia, Hyundai, GM, Ssang Yong have assembly plants in Russia
- Toyota, VW & Nissan have announced plans to open assembly plants
- Chinese manufacturers view Russian market as one with a big potential.
- In H1-2006 Russia increased car production by 10.3%



Ford plant in Vsevolozhsk



Hyundai assembly line in TAGAZ plant



RUSSIAN SECONDARY ALUMINIUM MARKET

RECYCLING

- Rusal is currently expanding secondary aluminium production with a corporate target to produce 400 000 tons/year of secondary aluminium
- 3 casthouses using “re-melted metal” with a total capacity of 180 000 tons
- Casthouses located in European part of Russia / Siberia
- Output includes billets. Si alloys, secondary ingot

RUSAL ROSTAR RECYCLING

- Every 2nd can in the world is produced from used aluminium cans
- Can recycling level is ~75-80% - it is the most recycled drinks container in the world
- UBC (used beverage cans) are also used by other industries – construction, automobile, etc.



RUSAL ROSTAR actively participate in organization of aluminium cans recycling in Russia. RUALTA company, found in 1997, is responsible for UBC collecting and recycling

- Operates Moscow and Moscow region
- Additionally some volumes come from Central region, Volga region and Tatarstan
- ~18% share of the Moscow UBC market
- Dealing with ~70 collecting points in Moscow
- Own separation and press equipment

RUSSIA TODAY

Russia now:

- The 14th economy in the world
- The highest GDP per capita in BRICs – about 50% higher than Brazil
- A country with huge potential!

RUSSIA TOMORROW

Russia by 2025:

- The 7th economy in the world
- The 4th largest car park in the world
- The major European market for durable goods
- GDP per capita 4,5 times higher than today





THANK YOU!

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