

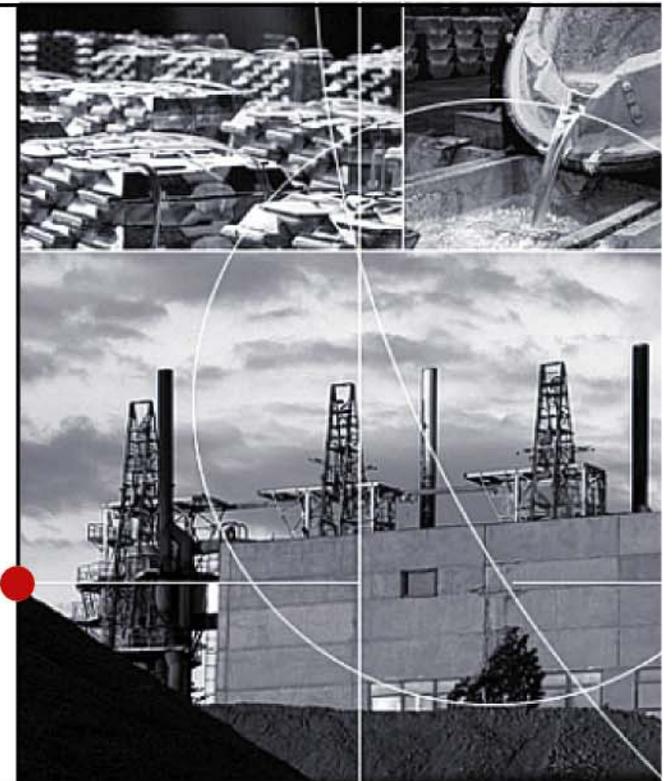
RUSAL

STRUCTURAL CHANGE IN THE ALUMINIUM INDUSTRY - A RUSSIAN PERSPECTIVE

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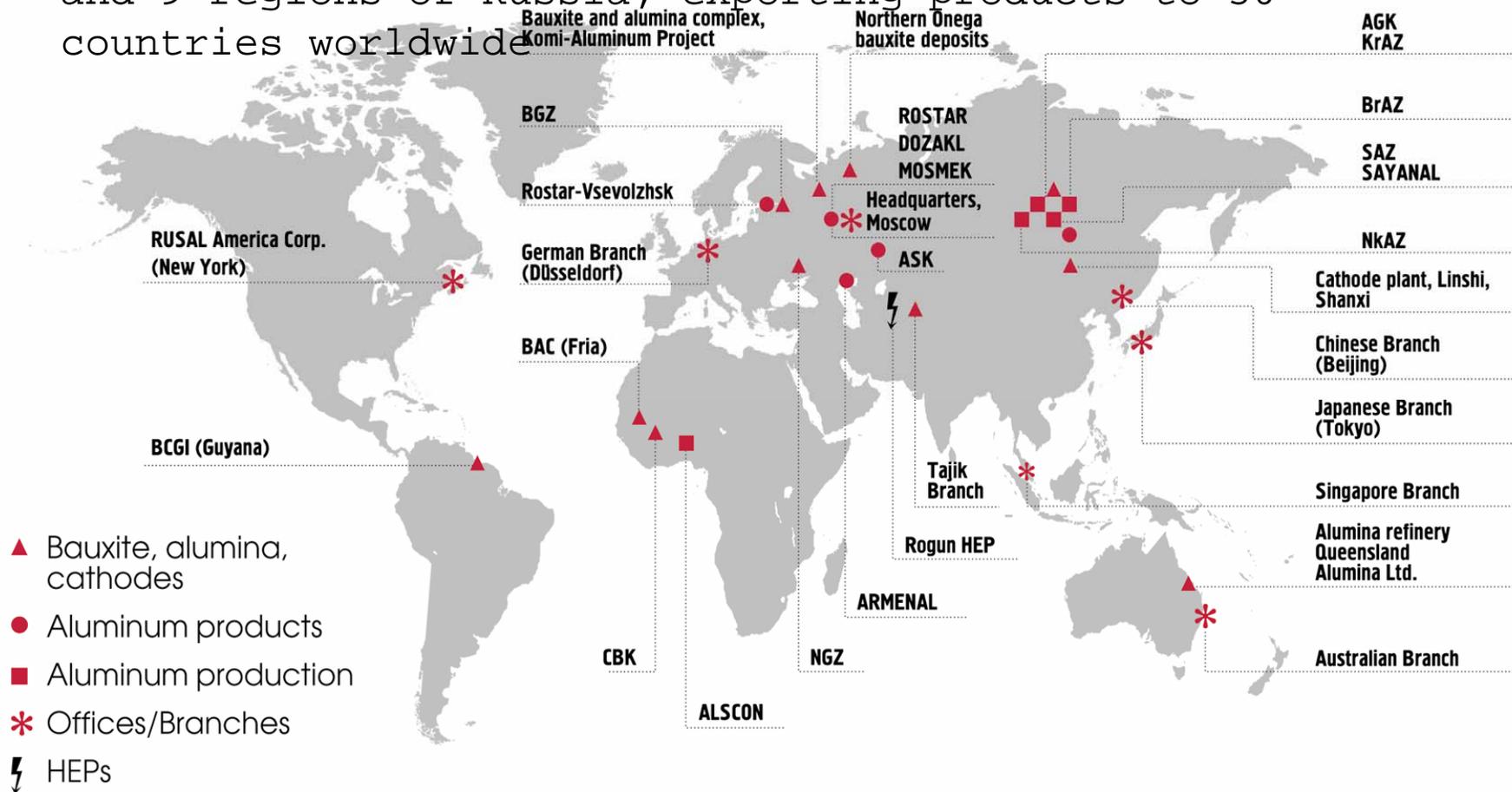
Platts Aluminum Symposium 2007
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RUSAL TODAY: FROM SIBERIA TO THE WORLD



RUSAL has operations in 5 continents, 13 countries of the world and 9 regions of Russia, exporting products to 50 countries worldwide

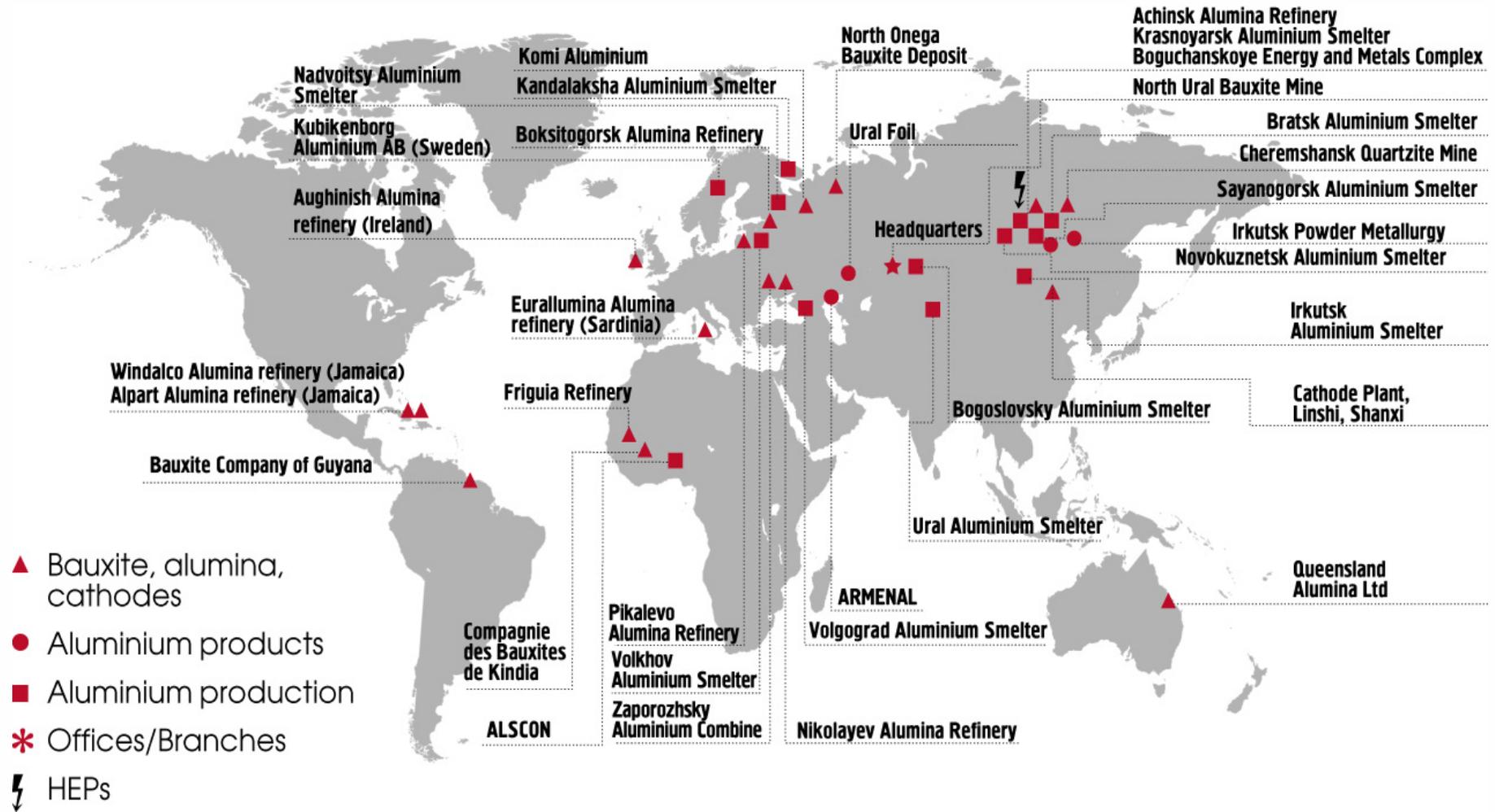


RUSAL MERGER

On October 9, RUSAL announced outright merger with SUAL, Russia's second largest aluminium company, and the alumina business of Glencore, the Swiss commodities group



THE ENLARGED COMPANY: TRULY GLOBAL PRESENCE



IMPORTANCE OF THE DEAL

- Emergence of the first Russian global corporation, world leader in aluminium, meets the key trends of the world economy: consolidation and globalisation
- Consolidation of positions of Russian aluminium industry, balanced on basis of own raw material base, having up-to-date technologies, and meeting the highest international environmental requirements
- Important step in recognition of the role of the Russian business as an active participant in the international economical integration
- Access to world reserves of high quality raw materials, necessary for aluminium production and historically lacking in Russia
- Raising competitive abilities through the concentration of investment, integration of technologies and know how
- Major competitive advantages of the united company are global presence in the key markets, access to energy and raw materials, unique manufacturing capability and financial strength

THE RUSSIANS ARE COMING

The research, commissioned recently by RUSAL together with the Economist Intelligence Unit has revealed a number of important issues on the prospects of the Russian business globalization

- **Emergence of Russian multinationals is part of broader global phenomenon**
- **Russia now ranks 3rd among emerging markets as source of outward foreign direct investment, moving up from 12th place in 2000**
- **Globalising Russian companies enjoy significant competitive advantages to drive growth**

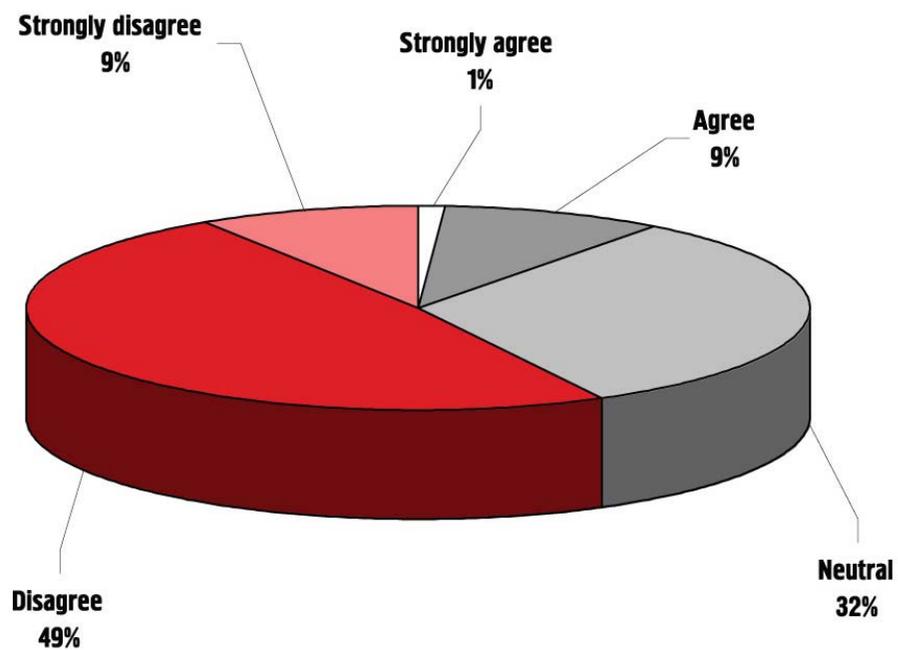
Top 100 global challengers by country of origin



Source: Boston Consulting Group

HOW COMPETITIVE?

Are Russian companies world-class competitors?
% of total respondents



CHALLENGES

Perception of Russia in the West comparable with that of other

BRIC countries:

- Complicated ownership structures
 - Lack of transparency
 - Shallow management capacities
 - Poor understanding of modern environmental, health & safety standards
-
- Reputation legacy from the 1990s
 - Post-Soviet cold war prejudice

STRENGTHS

- **Emerging markets know-how**
 - In-depth knowledge of some of the world's largest and most difficult markets
 - Low-cost resources
 - Efficient models to push down costs
- **Financial strength (liquidity/cash-flow)**
 - Enormously ambitious expansion strategies due to rising commodity prices, domestic economic growth, and access to low-cost resources
- **Strong but flexible structures: high concentration of ownership**
 - Critical mass
 - Extremely quick strategic decision-making
 - Operating on the basis of long-term competitive advantage vs quarterly results

AN ALUMINIUM PERSPECTIVE – MARKET DRIVERS



- **Ascending global demand for aluminium:** fuelled by the growth of emerging markets
- Need for better economies of scale due to:
 - **rising energy prices**
 - **increased competition for access to bauxites/ alumina**
- The **China** factor - predicted by 2015 to:
 - consume one third of global aluminium output
 - account for half of growing global demand

Global consolidation in the industry - a natural move forward

OUTCOME OF THE MERGER

New enlarged and unified RUSAL entity creates No. 1 global leader:

- Capable of producing 4 million tonnes of aluminium and 11 million tonnes of alumina a year
- Sales in excess of \$12.2 billion
- Employing 111,000 employees in 17 countries on 5 continents
- 12.5% of global aluminium production
- 16% of world alumina output

CONSOLIDATION BENEFITS

- Control over timing of production growth
- Synergy in production and sales pipeline
- Economy of scale (cost reduction)
- Strengthening the company's competitive advantages
- Integration of technologies and know how
- Access to the world resources of high quality bauxites
- Expansion of sales markets

WHAT IT MEANS FOR RUSAL IN THE MARKET



- **Build greater confidence in long-term viability of Russian supply.**
 - with leadership comes responsibility
- **No change to overall strategy.**
 - value - added focus
 - target end - user customers
- **Plans to broaden global market presence**
 - build on success of Rusal America, Japan, etc.
- **Optimise cast house product / mix allocation customer**
 - logistics opportunities

WHAT IT WILL MEAN FOR THE MARKET / COMPETITION



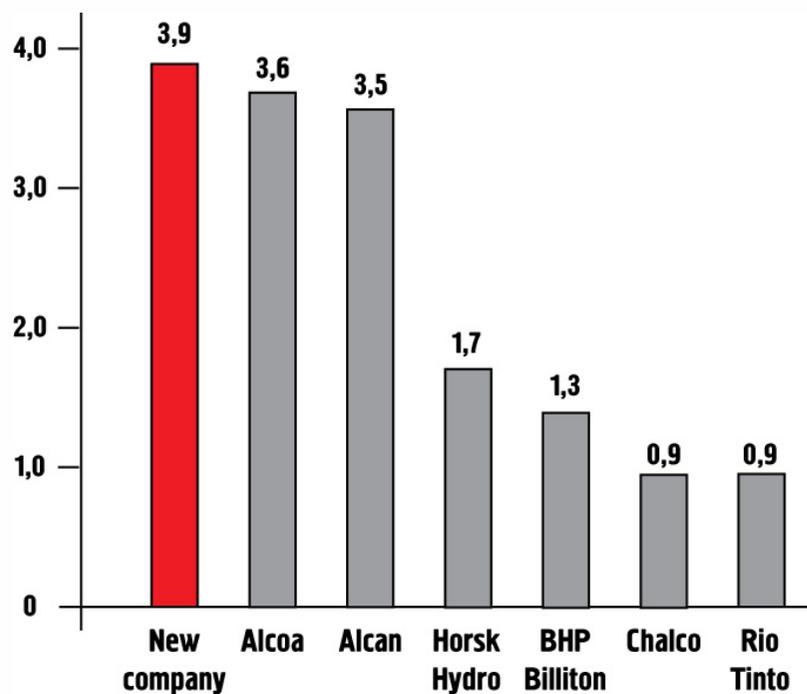
- **No change in pricing / premium structures**
 - Big, but not that big!
- **There will be a competitive response**
 - Chalco activity
 - 'Majors' response in Middle East/Africa/Iceland etc.
 - Aditya Birla (Hindalco) - investing outside of India
 - Steel consolidation will keep pressure on aluminium
- **May lead to further diversification**
 - Attractive to investor community

THE FUTURE

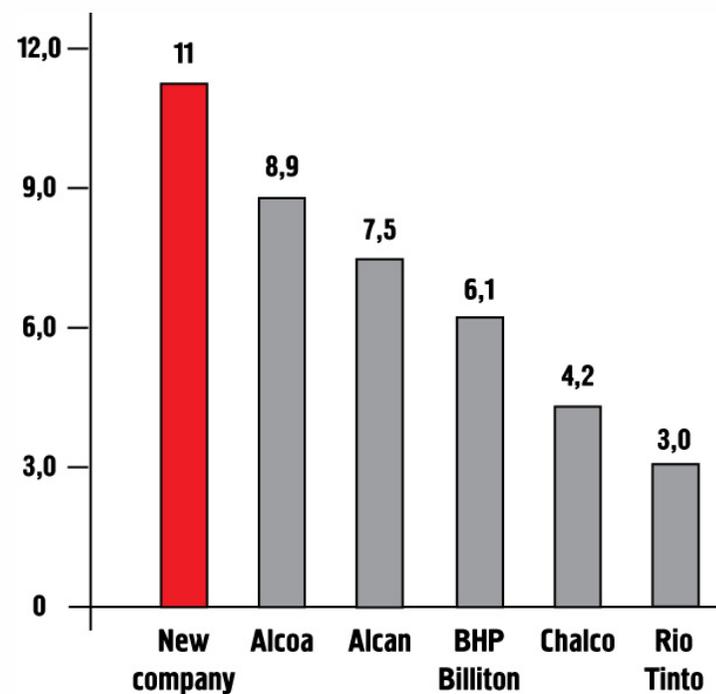
- Increasing share of international aluminium production through vertical integration
- Driving higher-value products to customers
- Maintaining cost-competitiveness
- Reinforcing sustainable development
- Further acquisitions to complement and diversify the business

ENLARGED RUSAL

Leader in aluminium production



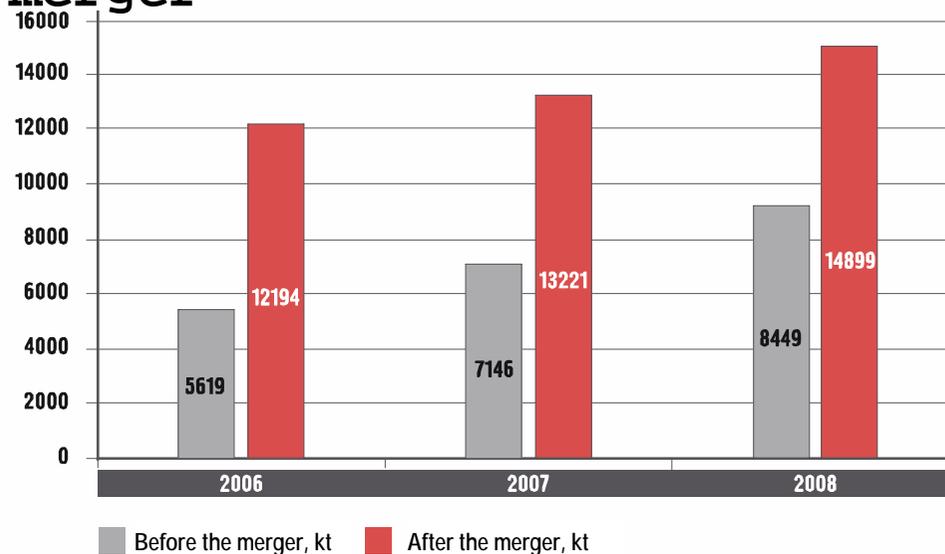
Leader in alumina production



ACCESS TO WORLD BAUXITE RESOURCES



Supply of bauxites before and after the merger



- There is a lack of high-grade bauxite deposits in Russia
- The merger provides access to the following world sources of high-grade bauxites:

- Jamaica
- Guyana
- Guinea

PROVISION WITH ALUMINA



Access to world processing capacities:

Access to new alumina production capacities, unavailable in Russia

Efficiency:

Improvement of logistic chains and absence of a dependence on price fluctuations

Provision with raw materials:

Full provision of the company with raw materials. Positive alumina balance give a chance to build new aluminium smelters in Russia and intensify the influence in world markets.

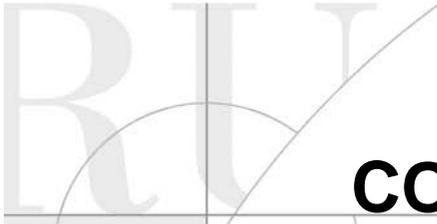
New technologies:

The United Company, after integration of Glencore's assets, receives access to new advanced technologies : for example, the Aughinish Refinery (Ireland) is one of the most efficient alumina refineries worldwide.

IMPACT ON THE ALUMINIUM MARKET



- Emergence of the new global leader in aluminium from Russia
- Possibility for full load of Russian aluminium smelters and increase of production volumes through self-sufficiency in raw materials
- Presence in key sales markets
- Increase of aluminium supply as a result of expanded production volume
- Increase of reliability and flexibility of aluminium supplies
- Integration of technology resources for production of new kinds of products
- Creation of conditions for diversification and development of high value-added processing technologies



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