

RUSAL



UC RUSAL

PACKAGING DIVISION: YESTERDAY, TODAY, TOMORROW

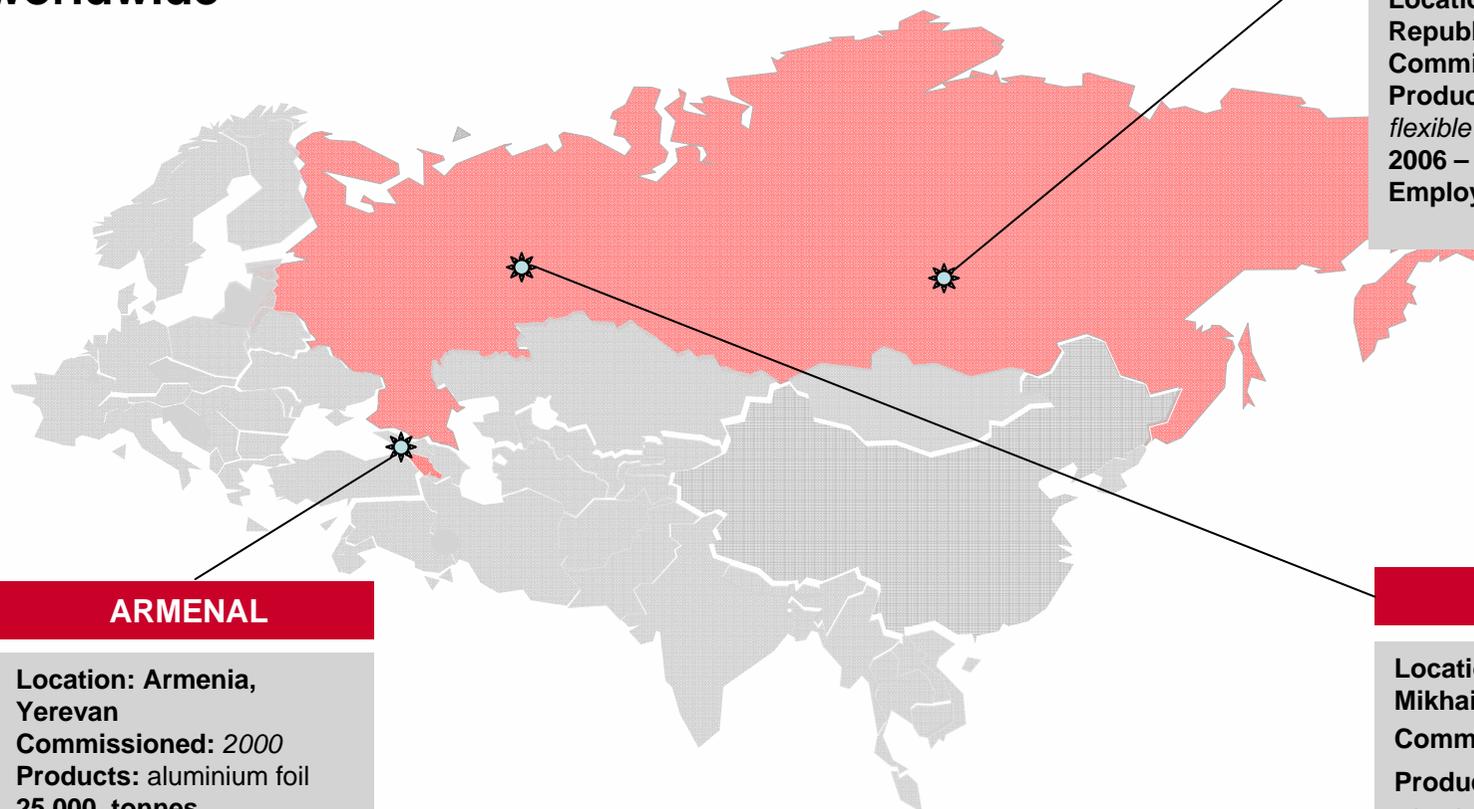
July 11th, 2007



WHAT IS PACKAGING DIVISION?



Products are supplied to 400 clients in 40 countries worldwide



SAYANAL

Location: Russian Federation, Republic of Khakasia, Abakan
Commissioned: 1995
Products: aluminium foil and foil flexible packaging
2006 – 38,3001 tonnes
Employees: 705

ARMENAL

Location: Armenia, Yerevan
Commissioned: 2000
Products: aluminium foil
25,000 tonnes
Employees: 819

Ural Foil

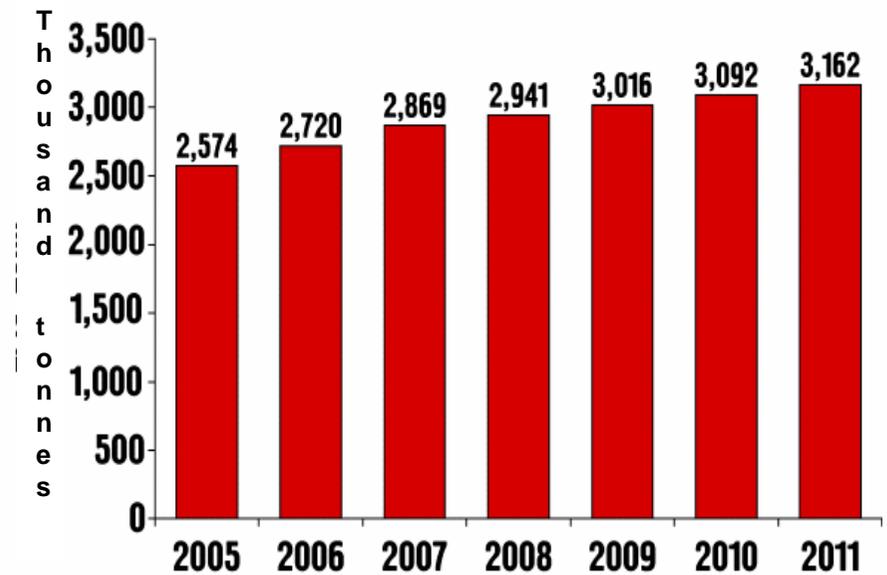
Location: Russian Federation, Mikhailovsk
Commissioned: 2003
Products: foil and band from aluminium and alloys
2006 – 15,536 tonnes
Employees: 792

GLOBAL ALUMINIUM FOIL MARKET



- Average annual growth of the market: 2.5%
- Market outlook: 3.2 mln tpa by 2011
- Key consumption sectors: food, packaging, production of flexible packaging, production of household foil, and technical sectors
- Key competitors: producers from Europe and China
- Major consumers: North America, Europe, and Middle East
- The fastest growing markets by product type:
 - flexible packing
 - foil for finishing

Global aluminium foil market dynamics, 2005 - 2011



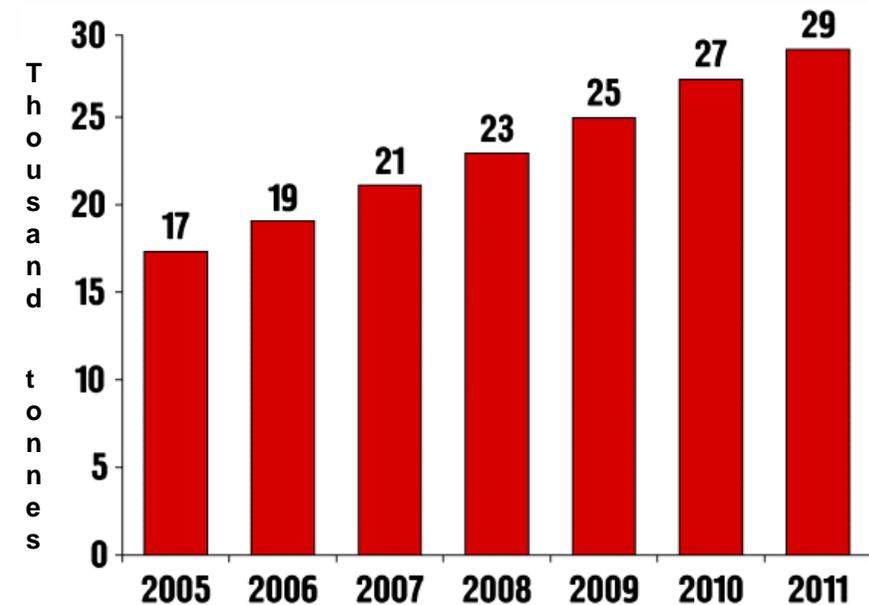
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RUSSIAN FOIL MARKET



- Average annual growth of the market: 9%
- Market outlook: 29,000 tpa by 2011
- Demand trend: upsurge of demand for household, container, technical and confectionary foil
- Key competitors: producers from Europe and China
- Average annual growth of the flexible packaging market: 6%
- Average annual growth of the aluminium band market: 15%

Global aluminium foil market dynamics, 2005 – 2011



PACKAGING DIVISION PERFORMANCE IN 2006*



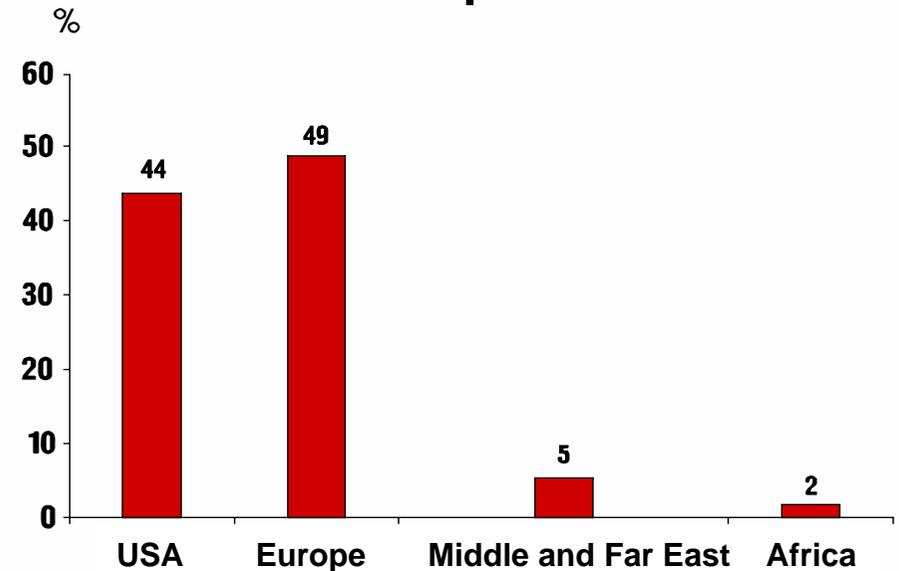
- Sales revenue: USD 240 mln
- Market indicators:
 - Total product output – 56,000 tonnes
 - Russian market share – 47%
 - Global market share – 1.6%
- Export: USA, Europe, Middle and Far East, Africa

Key events

- Start-up of ARMENAL
- Modernisation of SAYANAL (the programme was launched in 2003)

*Aggregate data including Ural Foil

Export



ARMENAL: BACKGROUND



- 1940 – a decree to build the Kanaker Aluminium Smelter (KanAZ) was approved
- 1950 – first production output. In 2 years KanAZ became one of the leaders in the non-ferrous metallurgy in the USSR
- 1970s – reconstruction of KanAZ and expansion of foil rolling cycle
- 1980s – foil rolling mill increases its capacities fivefold and outputs 22 types of products
- 1990 - interruption of funding
- 1991 - nearly full shutdown
- May 2000 – signing of an agreement to create a Russo-Armenian company - ARMENAL.
- January 2003 – RUSAL bought out 100% of shares in ARMENAL
- October 2004 – start of a full-scale modernisation programme



ARMENAL: MODERNISATION



- Investments: USD 70 mln
- Record implementation period: 23 months
- Full shutdown for complex modernisation: from 2004 to 2006
- Changing the line of business: output of thin foil - 6 to 9 micron
- Complex re-equipment, technical development and automation
- Transition to a closed process cycle
- Start-up after modernisation: October 2006
- Equipment: German firm ACHENBACH, continuous casting and rolling
- People employed for modernisation: more than 1,000



ARMENAL: AFTER MODERNISATION



- 25,000 tonnes of foil annually, including 18,000 tonnes of 6 to 9 micron foil
- 28% of thin foil production in the CIS and 2.5% worldwide
- The most state-of-the-art foil mill in Europe
- One of the most environmentally friendly foil mills worldwide
- Certified in compliance with the Quality Management System - ISO 9001:2000
- One of the largest enterprises in Armenia, the only aluminium foil producer in the Caucasus and Central Asia



PLANNED INVESTMENT IN 2007



Investment into the development of the Packaging Division in 2007 will amount to USD 9 mln

Production in 2007

SAYANAL	USD 3.8 mln	44,000 tonnes
ARMENAL	USD 4.6 mln	25,000 tonnes
URAL FOIL	USD 0.6 mln	16,000 tonnes

52% production increase

PACKAGING DIVISION IN 2007



2007 INVESTMENTS WILL BE USED TO:

ARMENAL:

- Start thin foil production;
- Bring plant to full capacity.

SAYANAL:

- Change polishing plant for increased quality and volume of products;
- Continue plant modernisation.

SAYAN FOIL:

- Upgrade informational and inventory structure;
- Start work on technical refurbishin;
- Improve working conditions.

URAL FOIL:

- Expand production by installing third casting line;
- Install modern length cuttin line;
- Prepare for complex modernisation of storage mill KVARTO-1800

Strengthening of market power: planned results

Market share	2006	2007
Russian aluminium foil market	47%	50%
Russian flexible packing and foil packing materials market	29%	31%
European foil market	6%	9%
Global aluminium foil market	1.6%	2.4%

Long term:

Commissioning new capacities;

Further increase of world market share

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THANK YOU !

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