



Alcan Aluminium Limited

Highlights and Summary of the Year 1969

- Alcan's earnings rose 22 percent to a record \$2.62 per common share.
- Dividends paid on each share increased for the sixth consecutive year, with a new higher quarterly rate established in the fourth quarter.
- Consolidated shipments of aluminum totalled 1,363,400 tons, some 12 percent more than in 1968.
- Alcan's Canadian smelters showed improvements in efficiency and productivity; their annual operating rate was raised to slightly over 1,000,000 tons at year end.

- New smelters in Australia, India and Japan started up. Year-end smelter capacity of overseas subsidiary and related companies reached 875,000 tons.
- Important new aluminum fabricating facilities were acquired in North America and Europe; construction of a 100,000-ton capacity high speed, cold-rolling mill was completed at Oswego, New York; many other fabricating expansions are under way.
- A major bauxite mining project started in Brazil.

	Year ending 31 December	1969	1968
Sales of aluminum products		1,363,400 tons	1,219,800 tons
Gross revenues		\$1,346 million	\$1,102 million
Net income		\$88.9 million	\$71.6 million
Profit per common share		\$2.62	\$2.14
Dividends per common share		U.S. \$1.125	U.S. \$1.025
Additions to plant and investments		\$169 million	\$146 million
	As at 31 December	1969	1968
Total assets		\$2,150 million	\$1,954 million
Long-term debt		\$696 million	\$630 million
Common shareholders' equity		\$793 million	\$730 million
Book value per common share		\$24.07	\$22.61
Number of common shares outstanding		32,941,961	32,280,599
Number of common shareholders		72,381	72,873
Percentage of common shares held			
By residents of Canada		34.7%	35.9%
By residents of U.S.A.		55.0%	53.6%
By residents of other countries		10.3%	10.5%
Number of employees		61,900	60,600



Front cover: The world's fastest cold-rolling mill for aluminum sheet production is the key unit in the major additions just completed by Alcan Aluminum Corporation at Oswego, N.Y., where the hot mill's capacity is over 200,000 tons per annum. The cold-rolling mill has an approximate capacity of 100,000 t.p.a. of high quality sheet and is designed to reach rolling speeds up to 8,000 feet per minute.

Left: Cold mill's drive and power train in background.

Opposite: The containership ACT 2, stacked with land-sea containers made for the ACT-OCL group from aluminum sheet and extrusions supplied by Alcan Industries Limited in the U.K., plies the oceans between Britain and Australia. Containerization is rapidly advancing in marine, rail and road transportation thanks to savings in speedier handling and protection against pilferage, breakage and weather.



Alcan Aluminium Limited

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GEORGE O. MORGAN --- Assistant Treasurer

The Annual Meeting of the shareholders of Alcan Aluminium Limited will be held on Thursday, 2 April 1970, at 10:30 a.m. in Place Ville Marie, Montreal.

Terms: In this report, all amounts are in Canadian dollars and all quantities are in short tons of 2,000 pounds each, unless otherwise stated. "Subsidiary" indicates a company directly or indirectly more than 50 percent-owned whereas "related company" indicates a company 50 percent or less owned.

The term "Alcan" refers to the parent Alcan Aluminium Limited itself, or to one or more subsidiaries according to the context.

ALCAN ALUMINIUM LIMITED
1, Place Ville Marie, Montreal, Canada. Mail: Box 6090, Montreal 101

On pourra se procurer le texte français de ce rapport annuel en s'adressant au secrétariat de la Compagnie, case postale 6090, Montréal 101, Canada.

Report to the Shareholders

Alcan Aluminium Limited experienced a good year in 1969. Production, sales, assets, earnings and dividends all reached new highs. The increase in common share earnings to \$2.62 a share from \$2.14 a share in 1968 is particularly encouraging. The upward trend in prices received by the Company for aluminum products, the containment of rising costs through gains in productivity and output, and the improved earnings of Alcan's 50 percent-owned companies were largely responsible for the 22 percent increase in the Company's earnings in 1969.

In the final quarter of the year, the directors raised the quarterly dividend rate on Alcan common shares to U.S. \$0.30 a share or to an annual rate of U.S. \$1.20 a share. The total of cash dividends paid on each share during the calendar year was U.S. \$1.125. The dividend rate has been increased in five out of the last six years and is now double the rate in 1963.

Alcan Aluminium Limited's consolidated gross revenues totalled \$1,346 million in 1969 as compared with \$1,102 million in 1968. About one-half of the increase resulted from the consolidation of companies acquired, the balance being attributable to strong growth in the Company's existing business reflecting a year of vigorous expansion of aluminum consumption in almost all world markets.

To satisfy the demand for aluminum, the smelters of Alcan's subsidiary and related companies maximized their primary metal production throughout the year. The Canadian smelters of Aluminum Company of Canada, Ltd raised their output nearly 100,000 tons to 968,700 tons and are now operating at an annual rate of 1,020,000 tons. Smelters of subsidiary and related companies in other countries produced 724,200 tons in 1969. The latter figure includes for the first time the smelters of Empresa Nacional del Aluminio, S.A. in Spain, a company which is now 25 percent-owned by Alcan as a result of the merger of Alcan Aluminio Iberico, S.A. into Empresa Nacional del Aluminio, S.A.

Despite the substantial additional metal available to Alcan and consolidated subsidiaries from their own smelter production and other supply contract arrangements, consolidated aluminum sales of 1,363,400 tons in 1969, as compared with 1,219,800 tons in 1968, required significant supplementary purchases of aluminum from

third parties. Profits on the resale of such purchased metal are normally very limited at best. Metal inventories remained at low levels and declined as a percentage of sales.

The Company's share in the earnings of 50 percent-owned companies increased to \$10 million in 1969. The major companies in this category are Nippon Light Metal Company, Ltd and Toyo Aluminium K.K. in Japan, A/S Ardal og Sunndal Verk (ASV) in Norway, and James Booth Aluminium Limited in the United Kingdom. Excluding James Booth, in which Alcan acquired its interest towards the end of 1968, the combined earnings contribution of these companies to Alcan was up 39 percent in 1969. Although all had satisfactory results, ASV accounted for much of the gain. A separate section at the end of this report is devoted to ASV which is the largest Norwegian primary aluminum producer and the third largest industrial company in Norway.

Aluminum prices increased during the year in most world markets. As a result, Alcan's realizations advanced during each quarter of the year. It is perhaps noteworthy that the Company's average realizations on ingot sales measured in U.S. dollars during 1969 were no higher than the levels prevailing during 1960 and were less than in 1957. This is illustrated in the chart on page 5. While increased realizations helped the Company's profits for the year, it is quite apparent that aluminum prices have not risen in line with other prices.

On the cost side, modernization of plant facilities, improved operating techniques and improved productivity, combined with increasing volume, have so far contained costs at the plant level as shown in the chart on page 5. The myriad of other costs such as interest, rents, salaries and services of all types have continued to increase, making it increasingly difficult to attain a reasonable return on the assets invested. Considering the inflationary forces which have been at work, Alcan's operating ratios have been well maintained in its basic lines of business.

During the year the Company spent \$169 million on new plant and investment and added \$63 million to consolidated working capital. Cash generation for the year totalled \$173 million. As a consequence, additional financing was required as more fully explained in the Review of the Year and the Company ended the year with a net increase of \$66 million in long-term debt.

The decade of the 1960's has witnessed fundamental changes in the business life of Alcan. These changes are broader and deeper than the rather dramatic growth in the Company's total operations, which has seen aluminum sales tonnage more than double, gross revenues nearly triple and net income more than triple from 1959 through 1969.

During the 60's, as a result of forward integration into fabricating, Alcan has become far less reliant upon primary ingot sales to third parties and has at the same time increased the geographical diversification of its primary ingot sales. As a result of the foregoing changes and a healthy increase in the consumption of worldwide aluminum, Alcan enters the new decade with its Canadian smelters operating at capacity. In addition, Alcan's participation in overseas smelters has increased significantly and the groundwork has been laid for still greater growth and diversification in overseas smelters. This trend is illustrated in the chart on page 12. Assuming current construction schedules are maintained, the total smelter capacity of Alcan's subsidiary and related companies will rise to approximately 2.4 million tons by the end of 1973. Alcan's participation in the fabrication and finishing of aluminum products is also expected to move ahead in the coming years.

At this time we look forward to further improvement in financial results over a period, based on the strengths now built into Alcan. In the current year it seems unlikely the growth in Free World aluminum consumption will equal that of either 1968 or 1969. However, the geographic diversity of Alcan's markets should assist in offsetting such softening as may occur in specific national markets. The availability of additional primary aluminum production from the existing smelters in Canada and the new smelters in Australia and India may mean that purchases of ingot from third parties can be reduced, although at the moment we are purchasing metal to meet current demand. On the fabricating side, a wide range of facilities completed in 1969 and specifically the new high-speed cold-rolling mill at the Oswego plant in New York State should begin to make a contribution.

During 1969 the Company suffered the loss by death of two distinguished directors, The Earl Alexander of Tunis, and The Honourable Robert H. Winters. The

valuable contribution rendered by these men during their tenure as directors will be sorely missed. The vacancies thus created have been filled by the election of James T. Hill, Jr. of New York, a consultant, and by Donald D. MacKay who was recently appointed Executive Vice President of the Company, in charge of the Raw Materials Division, after 38 years of service in the Company. Both of these men will contribute significantly to the conduct of the Company's affairs as new members of our Board of directors.

During what was a busy and eventful year, employee relations have been good at all levels. On behalf of the Board of directors, may I express deep appreciation for the devotion to duty shown by the Company personnel.

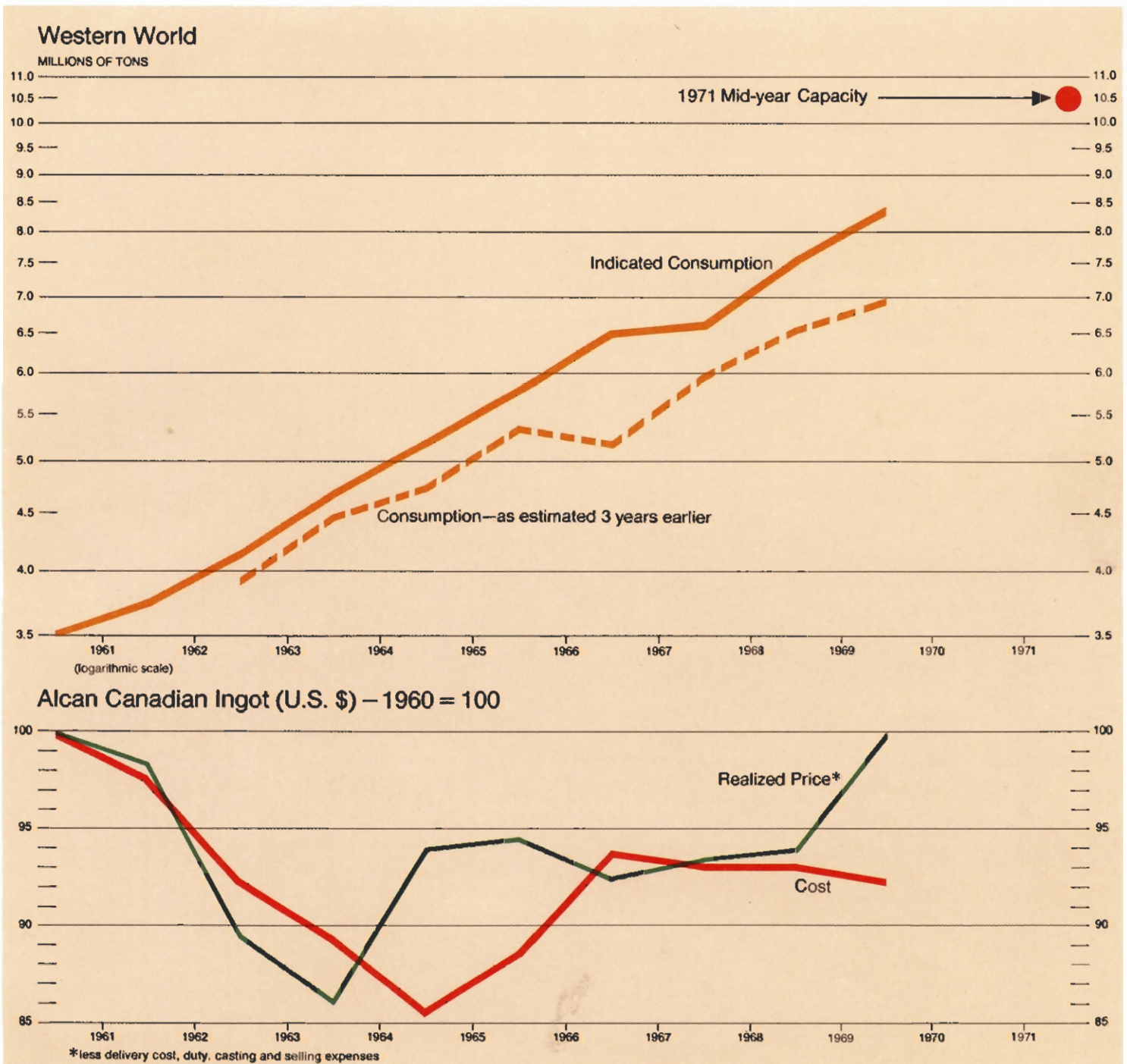
Respectfully submitted,

Nathaniel V. Davis

Montreal, Canada
11 February 1970

President

Primary Aluminum



Review of the Year 1969

Opposite page: Purchased by Alcan in 1969, Canada Foils, Limited operates two plants in Ontario. At its plant for flexible packaging and converting at Scarborough, near Toronto, this high-speed Halley gravure machine prints in eight colours laminated or unsupported foil or film for the packaging industry.

Below: The Commercial Union Building, London, officially opened early in 1970. It is clad with 600 tons of grey, anodized aluminum sheet and extrusions affording an interesting contrast with earlier British architecture.

Markets and Sales

Continuing strong growth took total Free World aluminum consumption over ten million tons in 1969 for the first time. Indicated usage of 10,450,000 tons was about 11 percent above the 9,420,000 tons of 1968 and 28 percent above the 8,160,000 tons of 1967. While the apparent 5.5 percent 1969 consumption increase in the United States was below the average of recent years, combined consumption in all other countries rose approximately 16 percent, reflecting substantial growth in the European Economic Community (E.E.C.) countries, Japan and many smaller markets. Total consumption in 1969 comprised an estimated 8,450,000 tons of primary metal and 2,000,000 tons of secondary metal produced from scrap, as compared with 7,620,000 tons and 1,800,000 tons respectively in 1968.

Production of primary aluminum in the Free World approximated 8,200,000 tons in 1969 as compared with 7,240,000 tons in 1968. When other sources of primary aluminum, including the 137,000 tons purchased from the United States government stockpile, are added to 1969 smelter production, it is apparent Free World primary aluminum inventories changed very little during the year, although the ratio of inventories to the higher consumption levels again declined.

Alcan aluminum sales tonnage up 12 percent, fabricated products two-thirds of dollar sales

Sales of aluminum in all forms by Alcan's consolidated subsidiaries totalled 1,363,400 tons in 1969 as compared with 1,219,800 tons in 1968. The indicated increase is 11.8 percent. However, to the extent that 1969 shipments include those of companies acquired during the year and exclude those of a former Spanish subsidiary merged into a non-consolidated related company, this direct year-to-year comparison is inappropriate. Adjusting for these developments, the indicated increase becomes 12.4 percent.

Semi-fabricated and finished products accounted for 621,400 tons out of consolidated 1969 aluminum sales. Making the same adjustments as on total consolidated sales, the indicated increase for the year is 5.2 percent. Fabricated products represented just under two-thirds of 1969 aluminum product dollar sales.

Sources of aluminum for Alcan's consolidated sales

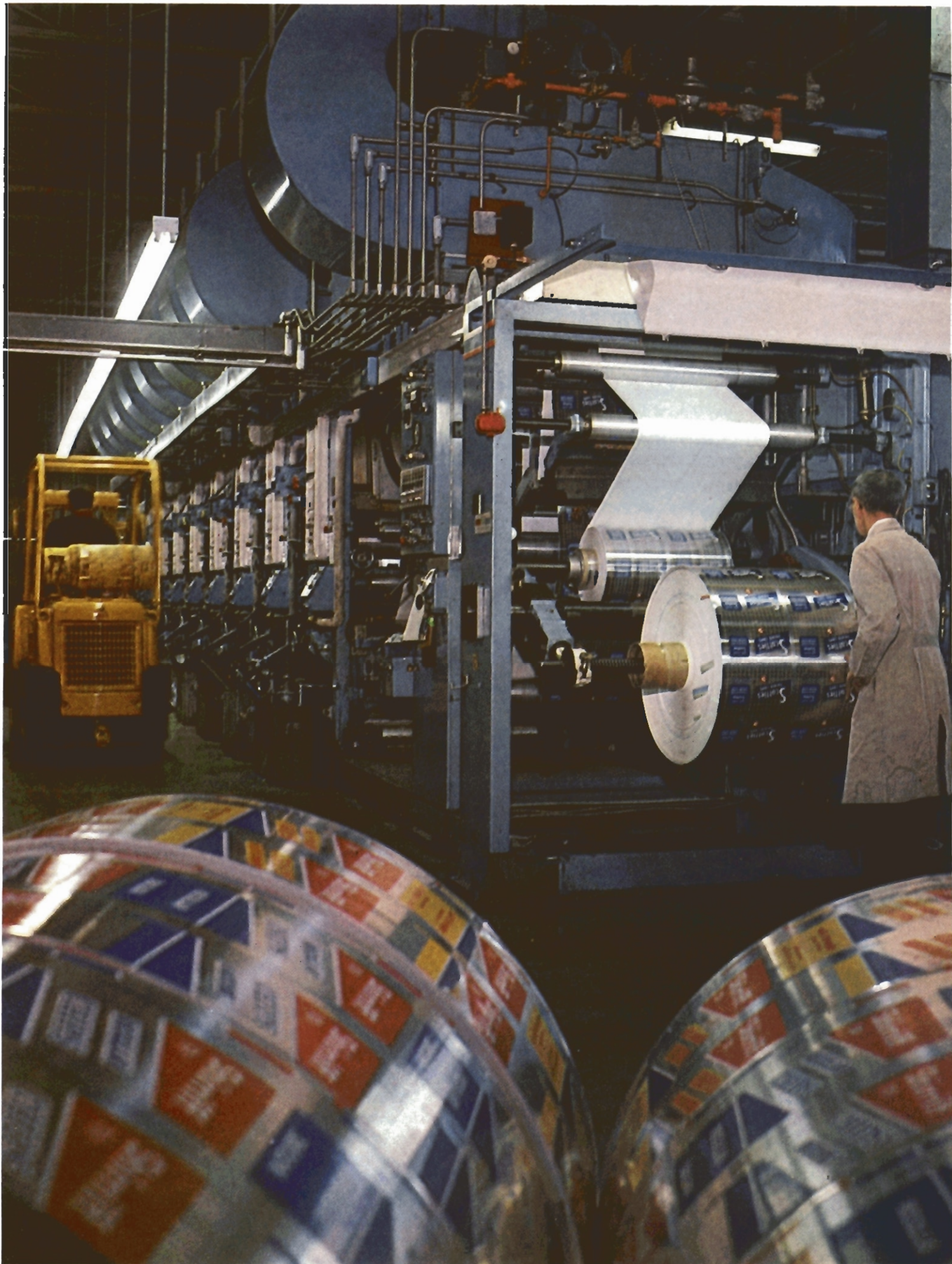
included primary metal produced by subsidiaries amounting to 968,700 tons in Canada and 83,000 tons in other countries. Related companies supplied 172,200 tons, of which 65,800 tons was obtained under alumina barter and tolling arrangements and 106,400 tons was purchased principally from A S Ardal og Sunndal Verk (ASV) and Alcan Enfield Alloys Limited. Metal purchases from the United States government stockpile amounted to 17,700 tons. On a comparable basis, purchases of metal from other third parties increased approximately



60,000 tons in 1969. Consolidated 1969 year-end metal inventories were 7,400 tons or two percent above the year earlier level.

Big sales gains in Europe and Japan exceeded growth in North America; prices improved.

Total 1969 aluminum product shipments to third parties by all Alcan subsidiary and related companies taken together approximated 1,900,000 tons as compared with 1,700,000 tons in the previous year. The metal for all but about 100,000 tons of these shipments was primary aluminum. Of the 1969 total, fabricated products represented 885,000 tons an increase of ten percent over the prior year. As indicated in the table on page 8, Alcan's 1969 sales in the United States market rose by just under two percent. Higher sales of ingot products accounted for this increase with a larger volume under long-term contracts more than offsetting reduced shipments to other ingot customers. The nominal gain in Alcan's tonnage sales in Canada largely reflected continuing efforts to eliminate less profitable fabricated product items and a reduced demand for rod and cable.

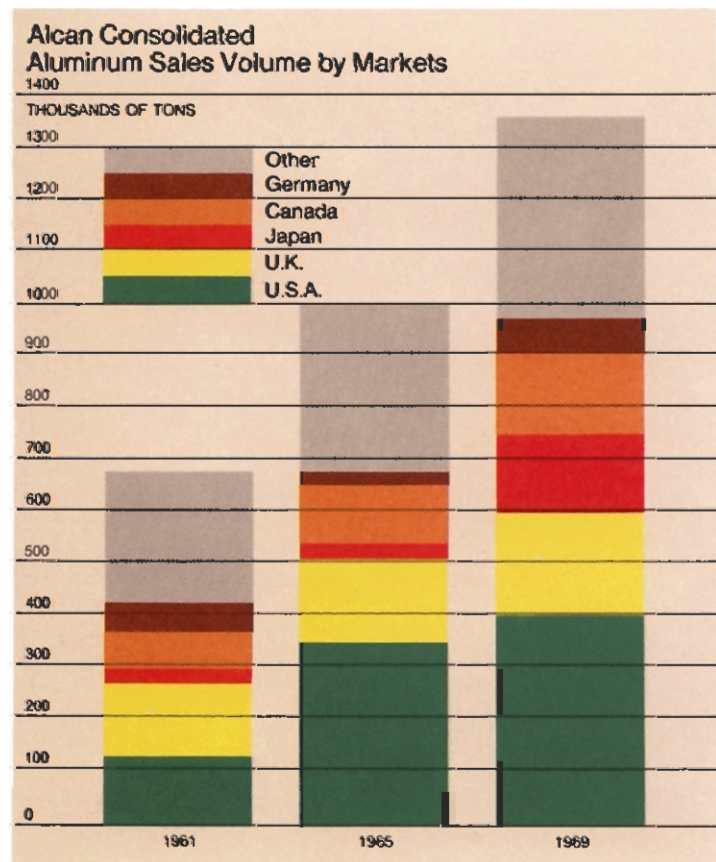


Below: Foil roughing mill at Aluminord A/S plant in Copenhagen. This company, in which Alcan holds close to a 50 percent interest, produces sheet, extrusions and plain and converted foil. Its foil rolling facilities were recently expanded and equipment is being installed to process ANOLOK finishes. Denmark represents a relatively small but growing market for aluminum, particularly in the country's important dairy and food industries.

ALCAN ALUMINIUM LIMITED GEOGRAPHIC DISTRIBUTION OF CONSOLIDATED SALES OF ALUMINUM

	in thousands of tons				
	1965	1966	1967	1968	1969
Canada	114	137	130	150	152
United States	342	395	332	393	399
United Kingdom	162	160	172	174	191
E.E.C.	83	97	102	121	158
All Others	292	326	368	382	463
Total	993	1,115	1,104	1,220	1,363

Despite only a minor growth in aluminum consumption in the United Kingdom for 1969, Alcan's sales in this market rose almost ten percent. Within the E.E.C. countries, tonnage gains of nearly 32 percent in Germany and 35 percent in Italy contributed most of the additional volume. Consolidated aluminum sales in all other markets increased 21 percent over the 1968 level. One-third of these 1969 sales was in Japan.



The net prices received by Alcan for aluminum products sold in most markets improved significantly during 1969. The average-per-pound received for ingot products was 24.8 cents as compared with 23.7 cents in 1968. For semi-fabricated and finished products, the 1969 average-per-pound was 52.9 cents or 3.3 cents above 1968's 49.6 cents, reflecting in part a change in product mix. These sales price realizations are after deducting all outward transportation charges and duties paid by Alcan.

The Company's basic list price on primary aluminum increased by one cent a pound in January and in October. As a result, the present basic list price is U.S. 28 cents per pound in the United States, Can. 29.5 cents in Canada and U.S. 27.5 cents in all other major markets. Related



adjustments to list prices of many fabricated aluminum products have taken place.

Alcan's sales of products other than aluminum amounted to \$233 million in 1969 as compared with \$128 million in 1968.

Accounting for most of the increase were sales of metal products other than aluminum in the United States, reflecting the acquisition and consolidation of Metal Goods Corporation's metals warehousing and distributing business as of 3 January 1969. Sales of residential housing in Canada amounted to \$34 million. Of the remaining approximately \$100 million of non-aluminum product sales, about one-half comprised calcined bauxite and alumina. Average selling prices for both these products improved.

Operating revenues amounted to \$63 million in 1969 as compared with \$61 million in 1968. Revenues from ocean transportation services to third parties, from wholesale distributorship activities in the Caribbean, and from miscellaneous other services increased modestly. The requirements of a higher level of metal production slightly reduced third party sales of electricity in Canada to \$22 million.

Left: ANOLOK colour finishes, obtained by sealing colour-fast metallic oxides within a deep film of clear aluminum oxide, enhance the appearance of aluminum-clad buildings in Adelaide, Australia, and protect their exterior. ANOLOK finishes are now produced by about 50 licensed manufacturers in over 20 countries.

Below: Alcan Aluminium Raeren S.A. produces aluminum extrusions in Belgium. A second extrusion press, as well as an anodizing plant with ANOLOK facilities, were installed in 1969 to meet the increasing demand on Alcan's European extrusion plants.

Fabricating

The highlights of Alcan's aluminum fabricating operations in 1969 were improved profitability in Continental Europe, Canada and most smaller markets, a sustained high level of capital expenditures and implementation of a new management organization for operations centered in the E.E.C. countries and Switzerland.

As included in Alcan's consolidated accounts, net income of fabricating and sales subsidiaries in the E.E.C. countries and Switzerland increased substantially over the year earlier level. Operations in Germany contributed most of this improvement, reflecting favorable industry conditions, the utilization of facilities recently completed, and internal programs designed to improve profitability. Earnings results of the smaller fabricating subsidiaries in Belgium and Switzerland were also significantly better. Elsewhere in the world, profits on fabricating and sales operations in Canada, Latin America and South Africa showed distinct gains.

A further \$77 million invested in fabricating, of which 70 percent in North America.

Alcan and consolidated subsidiaries spent \$77 million in 1969 on plant and investments related to the fabrication and distribution of aluminum products. Outlays in North America accounted for 70 percent of the total. At the beginning of the year, Alcan Aluminum Corporation, the United States fabricating subsidiary of Alcan, acquired the aluminum and other metals warehousing, processing and distributing business of Metal Goods Corporation.

To broaden the existing metal service centre network, construction of two additional centres was undertaken during the year and more are planned.

Completion of the 100,000-ton annual capacity cold-rolling mill at the Oswego, New York, plant represented the other area of major capital expenditure in the

United States. This mill, which is now in its initial operating phase, is expected to produce a quality of products not attainable from existing mills and at the same time to achieve rolling costs significantly below those of older



facilities. Other outlays at the Oswego plant in 1969 went to install near-plate production equipment and to enhance existing facilities. The aluminum cable operations transferred an existing rod mill from Pennsylvania to California, thus providing adjoining rod production, wire drawing and cable stranding equipment in both California

and Pennsylvania with resulting freight savings.

Important developments in Canadian fabricating.

In Canada, Alcan Canada Products was formed as a new division of Aluminum Company of Canada, Ltd with offices in Toronto to manage the Canadian fabricating and sales operations. Other highlights included several moves to participate more fully in markets for finished aluminum products and to extend basic fabricating facilities. A manufacturer of foil and flexible packaging products and a group of affiliated companies manufacturing and distributing building products were acquired. A decision was also taken to enter the insulated and covered wire market and a multi-million dollar plant for this purpose is under construction. Another development was the addition of two-story town houses to the range of factory-assembled ALCAN UNIVERSAL homes.

At Arvida, in Quebec, construction of a tandem casting-rolling plant for the continuous production of re-roll coil was undertaken early in the year. To cost \$14 million and come into operation in 1971, this plant should provide significant operating cost reductions and permit greater flexibility in the scheduling and delivery of sheet products to the Canadian market. A new cable



Left: In Mexico, where the consumption of aluminum is increasing at a rapid pace, Alcan Aluminio S.A. produces for the local market a growing tonnage of aluminum sheet and extrusions for such uses as the popular Dina buses.

Opposite page: Canada's second satellite ground station for international space communications opened in 1969 at Mill Village, Nova Scotia. Owned and operated by Canadian Overseas Telecommunication Corporation, the station was built by RCA Limited using some 10,000 lb of Alcan aluminum products.

mill in Newfoundland began operation during the year's second quarter.

New facilities and investments in many areas.

In Europe, agreements were made to purchase majority participations in Angeletti & Ciucani Fonderia Laminatoio S.p.A. by early 1971, and in Hueck and Büren KG at the beginning of the current year. Located in Italy, Angeletti & Ciucani, in which Alcan has held a 26 percent equity interest for some years, has a cold-rolling sheet mill, a modern line for the painting of aluminum and steel sheet, and owns an extrusion company. Hueck and Büren is an important roller and converter of aluminum foil in Germany. The integration of these companies' production with that of Alcan's other facilities in the E.E.C. countries, and particularly Germany, is expected to strengthen Alcan's total position in European fabricating.

Elsewhere in the Free World, the South African subsidiary acquired a company with two extrusion presses, undertook installation of another extrusion press and made expenditures to increase sheet and foil capacity.



In Mexico, expenditures on expansion of sheet rolling facilities increased and in Brazil a new cable plant came into operation.

Alcan Australia Limited undertook the expansion and modernization of its extrusion operations.

Indian Aluminium Company, Limited began construction of the sheet rolling plant which forms part of its West Coast project. Alcan related companies in Japan significantly expanded extrusion, extrusion anodizing, and window sash manufacturing capabilities. ASV also undertook new fabricating operations as described in the section on ASV at the end of this report.

Effective 1 December 1969 a new management organization came into being for Alcan's operations in Continental Europe (excluding Scandinavia), the Near East and North Africa. While these operations continue to be conducted by national corporate entities, respons-

ibilities for production and sales activities now lie with the managers of five product divisions: Rolled Products, Extrusions, Foil and Packaging, Pistons and Castings, and Secondary Smelting. Division and corporate managers, who in some cases are the same persons, report to the Area General Manager at Alcan's European headquarters in Geneva, where he is assisted by a small staff. This move recognizes the growing interrelation between similar activities in different countries and the need to plan and direct operations on an increasingly multinational basis.

Smelting

Record primary metal production at existing smelters, the start-up of three new smelters, and a further slight reduction in average unit conversion costs at the major Canadian smelters highlighted 1969 smelter operations of Alcan's subsidiary and related companies. Primary aluminum output by all such companies totalled 1,692,900 tons as compared with 1,461,100 tons in the prior year. Aluminum Company of Canada, Ltd produced 968,700 tons, some 11 percent more than in 1968. Output by smelters outside Canada was 724,200 tons with the increase of 135,800 tons over the previous year including 64,800 tons produced by the Spanish company, Empresa Nacional del Aluminio, S.A., in which Alcan acquired a 25 percent interest effective at the beginning of the year.

The chart on page 12 illustrates the growth of Alcan's participation in primary aluminum smelting over the last 35 years. Alcan's share in the production of less than wholly-owned smelting companies is represented as being equivalent to Alcan's percentage equity ownership. The chart shows the increasing diversification of Alcan's profit base at the ingot level. This trend will continue based on present expansion plans.

Currently, the Canadian smelters are operating at an annual production rate of 1,020,000 tons and further modest increases are expected. As indicated in the chart on page 5, integrated Canadian ingot costs have not increased over the past decade.



Photographs: Two of the Alcan group's smelters which opened in 1969.

Below, potline at Indian Aluminium Company's 33,000-ton plant at Belgaum, 250 miles south of Bombay.

Opposite: Eucalyptus trees shade lawn and offices of Alcan Australia's smelter at Kurri-Kurri, New South Wales. Part of potline building shows at left. To supply independent customers as well as Alcan's own fabricating facilities, the most important in Australia, expansion of this potline from 30,000 tons to full capacity of 50,000 tons is now under way.

New smelters opened in Australia, India, Japan.

Outside Canada, two subsidiaries and one related company completed construction of, and started operating, new smelters in 1969. Late in the third quarter Alcan Australia Limited produced the first metal from the initial 30,000-ton stage of its new smelter. A few weeks later Indian Aluminium Company, Limited placed on power the first pots of a new 33,000-ton capacity smelter located in Mysore south of Bombay. About the same date Nippon Light Metal Company, Ltd (NKK) began the start-up of the first 65,000-ton stage of its new smelter at Tomakomai.

The approximate 1969 year-end annual capacity of primary aluminum smelters belonging to Alcan subsidiary and related companies outside Canada amounted to 875,000 tons. The 215,000-ton increase over the previous year-end comprises the



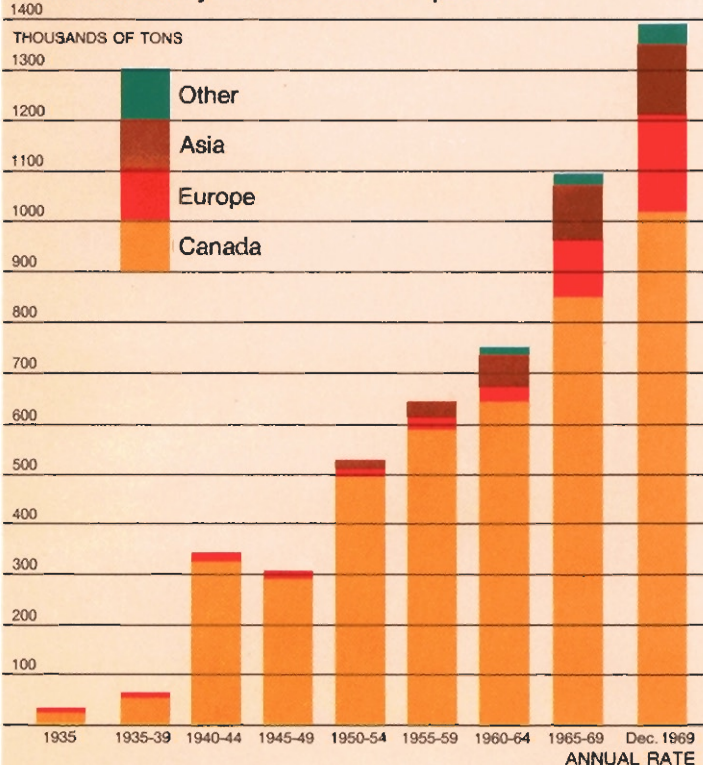
combined 128,000-ton capacity of the three above-noted smelters, the inclusion of Empresa Nacional del Aluminio's 66,000-ton capacity, and modest increments to smelter capacity by a subsidiary in Brazil and related companies in Norway and Sweden.

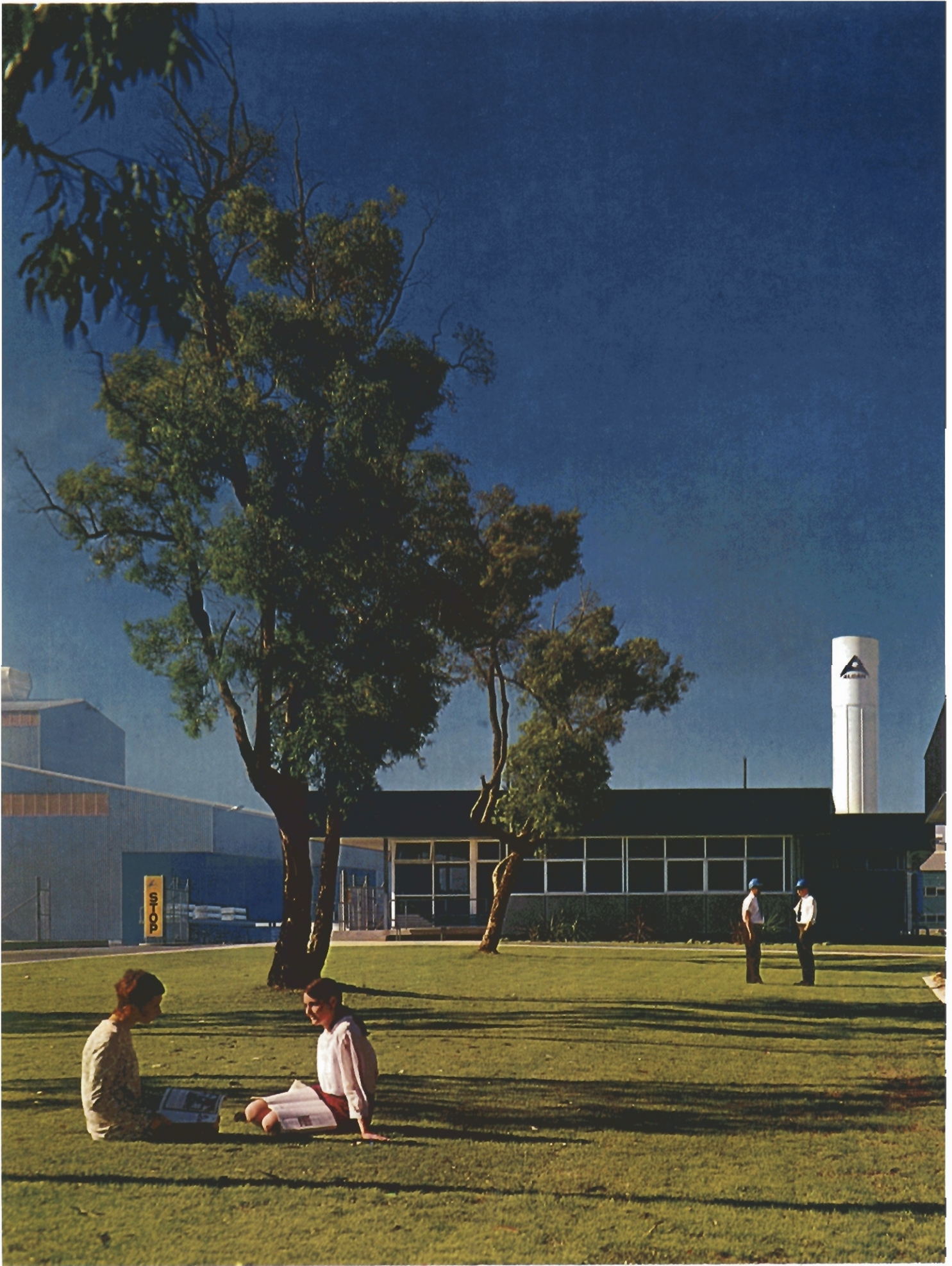
Expansion towards 2.4 million tons planned.

Present plans contemplate the addition of a further 65,000 tons in the aggregate in 1970. Other planned smelter projects in various stages of development will increase Canadian and overseas smelter capacity to a possible 2.4 million tons by the end of 1973. The most important of these are the 134,000-ton smelter in the United Kingdom where the first half should come into operation in 1971, and 170,000 tons of additional capacity for NKK in Japan.

Alcan's major hydro-electric generating plants operated at record levels during 1969. Electric power for the smelters of Alcan's overseas subsidiary and related companies continues to be supplied by a combination of wholly- and partially-owned generating plants and other sources.

Primary Aluminum Production*
Alcan Subsidiary and Related Companies





Left: A potline at Avilés, Spain, one of the two smelters of Empresa Nacional del Aluminio, S.A. Merger of Alcan's Spanish subsidiary with Empresa Nacional has given Alcan a 25 percent interest in the country's leading integrated producer.

Opposite page: Capacity of the Gladstone, Australia, alumina plant — in which Alcan's participation is over 20 percent — is being expanded to 1.4 million tons per annum. Bauxite shipped from Northern Queensland to the company's wharf is carried by a 6,000-foot conveyor belt to the stockpile area, upper right, thence to the alumina plant.

Raw Materials - Transportation

Highlighting 1969 activities in the raw materials area were increased metal grade bauxite, calcined bauxite and alumina production, the announcement of plans to undertake a major bauxite mining project in Brazil, and the carrying forward of other new and existing projects designed to make Alcan self-sufficient on a broad base.

Alcan's subsidiaries in the Caribbean produced 1,484,000 tons of alumina in 1969 as compared with 1,316,000 tons in the previous year. Over the next year, progress on a reinforcement program now under way at the Guyana alumina plant will add about 60,000 tons to the existing 1,545,000-ton annual rated capacity of the three Caribbean alumina plants. Production of metal grade bauxite and calcined bauxite in Guyana also increased during 1969. Planned production in 1970 is at higher levels.



The Arvida alumina plant in Canada produced approximately 1,100,000 tons in 1969. For this facility, purchases of bauxite from traditional sources again supplemented supplies from Alcan's own mines. Planned output at the Arvida plant this year will exceed presently rated capacity of 1,250,000 tons, which is being reinforced to an annual capacity approaching 1.4 million tons. During 1969 Alcan received more than 225,000 tons of alumina from Queensland Alumina Limited, in which Alcan has an interest of over 20 percent. A 420,000-ton expansion of this company's annual capacity to 1,428,000 tons is under construction for completion at the end of 1970. A further major expansion is currently being designed for possible completion in mid-1972.

Start-up of Indian Aluminium Company, Limited's new Belgaum alumina plant remains scheduled for mid-1970. In Brazil, the existing alumina plant is being expanded to supply the new 11,000-ton smelter currently

under construction. In Japan, NKK has completed one expansion of its existing alumina plant, has undertaken another expansion at the same plant, and is proceeding with the building of a second alumina plant at Tomakomai.

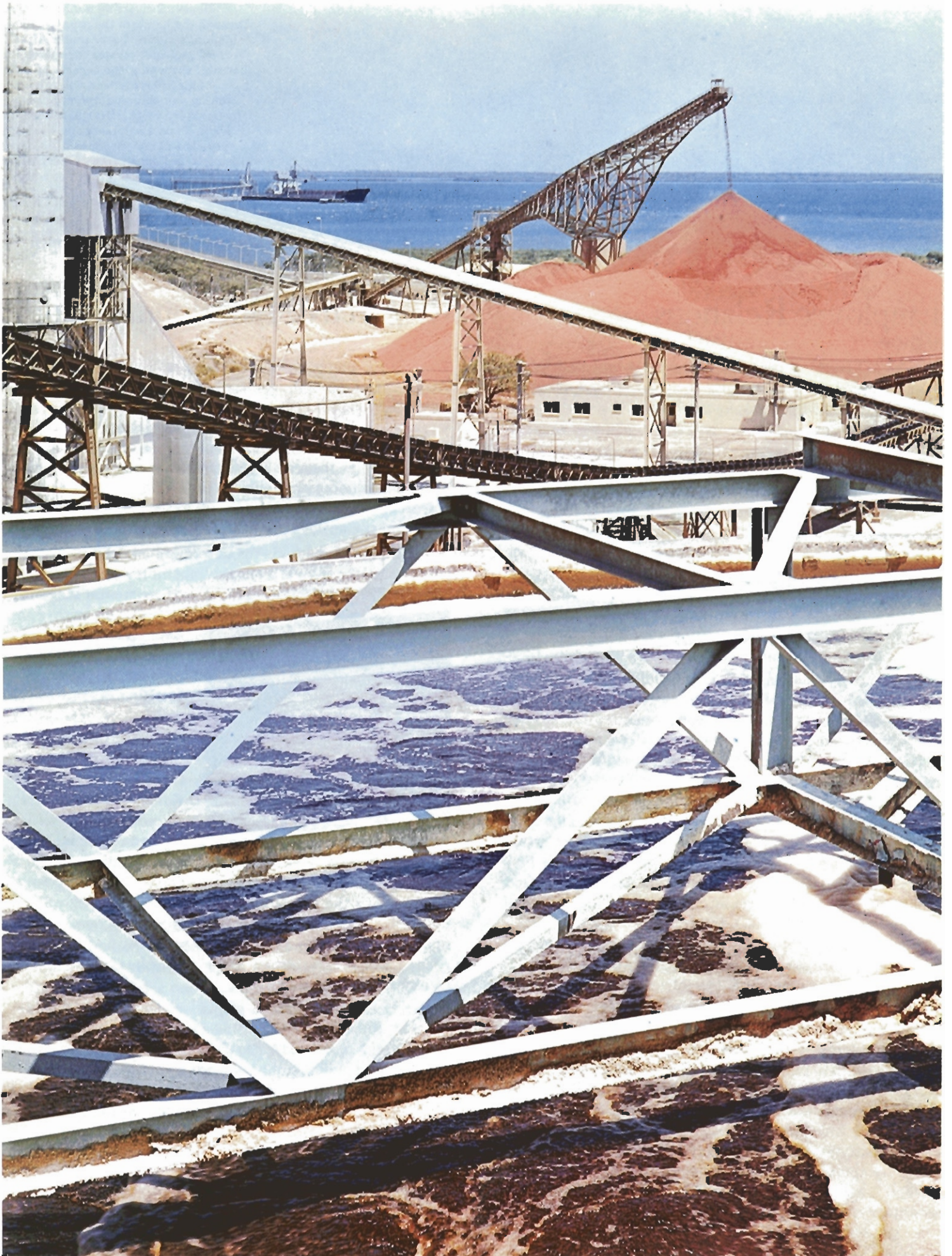
Broader raw materials base planned with new bauxite sources in Guinea and Brazil.

As a result of extensive exploration over the last five years, Alcan has confirmed major high-grade bauxite reserves in the Amazon basin of Brazil. Mining rights to develop these reserves have recently been received. Present plans call for the construction of facilities to mine, dry and ship one million tons of bauxite annually with production to start in 1973. This project will provide Alcan with an important new source of bauxite at a preliminary estimated cost of somewhat over \$30 million.

In the Republic of Guinea, West Africa, construction has started on the infrastructure necessary for bringing the Boké bauxite deposits into operation. Production is scheduled to begin in 1972 and to rise gradually to an annual level of nearly 10 million tons by about the sixth year of operation. Alcan has a 27 percent interest in this development.

Southeast Asia Bauxites Limited and Société Anonyme des Bauxites et Alumines de Provence together produced approximately 1,100,000 tons of bauxite in 1969 as compared with 906,000 tons in 1968. The major portion was sold to third parties.

Alcan's ocean and other transportation operations handled a larger tonnage for group companies in 1969. Programs for the upgrading of transportation facilities continue. The charter of two new ice-strengthened vessels for delivery around the end of the current year will permit extension of the shipping season on the Saguenay River.



Below: Traversing a difficult trail through the jungle of the Amazon River region, a survey party under Alcan's chief geologist presses the search for bauxite. Crowning the success of their long efforts, Alcan will establish mining and shipping operations close to the river in the Brazilian State of Pará. Export shipments on deep-sea vessels will commence in 1973, later rising to a planned rate of one million tons per annum.

Employee Relations

The higher levels of production and sales recorded by Alcan in 1969 were reached by the consolidated efforts of the Company's 62,000 employees around the world, nationals of many lands, and possessed of many tongues.

A favourable climate of employee-employer relations prevailed throughout the year. Three-year collective labour agreements between Alcan's Quebec installations and the unions representing their employees were ratified early in 1969.

Progress was made in the important area of employee training and development. Attention in the Canadian smelters was directed to increasing the contribution and capability of management personnel operating as work groups, as well as enhancing individual managerial skills. New instructional techniques also proved successful in training hourly-paid workers and foremen for the introduction of automated processes. In the Caribbean, intensive in-company training, supplemented by external courses, continued to upgrade the skills of employees at all levels and the Company again sponsored a Caribbean Management Seminar.

Attention to safety and retirement programs

Emphasis continued on training in safe work practices. A common approach to the surveillance of accident prevention programs in all Alcan locations was instituted four years ago, using National Safety Council standards to measure results. In 1969, improved records were recognized in concrete form on three occasions as Quebec smelters, Quebec power operations, and Alcan's Pietermaritzburg plant in South Africa were awarded reduced assessment for Workmen's Compensation.

Alcan started making provision for pension payments some 30 years ago. Because the Company has always followed the practice of "fully funding" its pension plans quickly, it is today well placed to deal with these commitments as they occur. It is Alcan's policy to ensure that some form of pension income is available to all its employees, and today some 45,000 of them participate in company-sponsored plans having assets worth \$250 million. Of this, nearly \$150 million is invested in equity securities in various parts of the world.

Research & Development

Despite the increasingly wide geographical distribution of Alcan's research and development activities, 1969 was marked by significant improvements in co-ordination of work being done at various plants and laboratories. The \$15 million R & D program concentrated principally on cost reduction through improvement of process efficiencies, although an increasing effort went to product-oriented research. For the current year, planned research and development outlays are at a higher level.

Improved methods for automatic analysis of alumina plant solutions moved from the laboratory to the plant



experimental stage during 1969 with development of large scale application to be pursued this year. In smelting operations, the application of a wide range of technical developments has permitted substantial increases in productivity.

Foil rolling procedures which promise an improved combination of rolling speed and product recovery were demonstrated and should see commercial application in 1970. In connection with the construction of a tandem casting-rolling plant at Arvida, advance installation and successful trial operation of the key production equipment was achieved. Alcan's range of insulated power cables has been extended to higher power rating levels.

Financial

Earnings and dividends at record highs.

Net income and common share earnings reached new highs in 1969. Consolidated net income at \$88.9 million was 24.2 percent above 1968's \$71.6 million and 14.4 percent higher than the previous record of \$77.7 million set in 1966. After provision for dividends on the Company's preferred stock, and based on the average number of common shares outstanding in each year, earnings amounted to \$2.62 a share in 1969 as compared with \$2.14 a share in 1968, an increase of 22.4 percent.

The dividend disbursement in 1969 was U.S. \$1.125 per share compared with U.S. \$1.025 in 1968. In the final quarter of the year, the directors raised the quarterly dividend rate on the common shares to U.S. \$0.30 for an indicated annual rate of U.S. \$1.20.

Gross revenues showed increase of \$244 million.

Consolidated revenues from sales and other sources amounted to \$1,346 million for the year as compared with \$1,102 million in 1968. Approximately one-half of the indicated increase reflects the acquisition and consolidation of Metal Goods Corporation's assets and business as of 3 January 1969. The growth of existing business and generally higher price realizations contributed more than the remaining revenues increase, since there were eliminations from consolidation during the year.

Alcan recorded equity in income of companies 50 percent-owned totalling \$10 million in 1969 as compared with \$6.8 million in 1968. ASV accounted for nearly half of this increase reflecting higher production and sales with improved price realizations. The contribution of NKK in Japan was also higher despite costs associated with the start-up of new smelting facilities, while Alcan's share of earnings of James Booth Aluminium Limited in the United Kingdom is included for the first time. "Other income" for 1969 includes a smaller amount of gains on the redemption of debt.

Gross profit advanced 22 percent.

For Alcan's basic Caribbean raw materials and Canadian smelter operations, fuller utilization of capacity and productivity improvements more than offset operating cost increases during the past year. As a result, integrated Canadian primary aluminum costs declined as indicated

in the chart on page 5 of this report. As illustrated in the chart on page 31, total gross profit from aluminum operations on an integrated back-to-raw-materials basis increased by 18 percent to \$246 million in 1969. Gross profits on fabricated products amounted to \$133 million and on ingot products were \$113 million as compared with \$121 million and \$87 million respectively in 1968. The profit margin improvements on a per ton basis reflected the higher average prices received for aluminum products and the containment of Canadian ingot costs referred to above, and were achieved despite the purchase for re-sale at low margins of substantially greater quantities of ingot than in the previous year. Total consolidated 1969 gross profit including equity in income of companies 50 percent-owned and "Other income" was \$324 million as compared with \$266 million in 1968.

Selling, research and administrative expenses amounted to \$97 million in 1969 as against \$81 million in 1968, with such expenses pertaining to the acquired business of Metal Goods accounting for \$10 million of the increase. Nevertheless, these expenses declined slightly as a percentage of sales and operating revenues. Reflecting unusually high interest rates in major financial centres during the year and a higher average level of long-term debt and short-term borrowings outstanding, interest cost of Alcan and consolidated subsidiaries rose substantially.

Capital expenditures reached \$169 million; new capital raised in Britain, Germany and other countries.

Alcan spent \$169 million on fixed assets and investments in 1969 as compared with \$146 million in 1968. Some \$77 million of these outlays went to aluminum fabricating and distribution projects and included the purchase of the assets of Metal Goods Corporation. A further \$70 million represented expenditures on the new smelter projects in Australia, Brazil, India and the United Kingdom, on the modernization and expansion of the Canadian smelter system, and on a \$4.9 million subscription to additional shares in NKK under a rights offering. The balance went largely to a variety of raw materials projects and the purchase of the remaining minority interest in Saguenay Power Company, Ltd.

Cash generation, including an \$87 million provision for depreciation and depletion, and after paying off \$3 million of prior years' provision for deferred taxes, totalled \$173 million as compared with \$155 million in 1968. Alcan's consolidated working capital increased \$63 million in 1969 and at year end included \$113 million of cash and time deposits.

Reflecting gross long-term borrowings of \$132 million, long-term debt outstanding increased \$66 million in 1969 after repayments. In the United Kingdom, Alcan Aluminium (U.K.) Limited arranged £38.2 million of net outside borrowings for the smelter and power station under construction in Northern England. This financing, which was partly taken down during the year, includes guaranteed loan stock, convertible unsecured loan stock, and medium-term loans. The conversion privilege attached to the second mentioned runs for four years starting 31 May 1976 and is intended to provide the holders, on conversion, with around 22.5 percent of the ordinary shares of this company. In Germany, Alcan Aluminiumwerke GmbH made medium-term borrowings amounting to DM 60 million. Aluminum Company of Canada, Ltd undertook obligations totalling \$19.5 million in connection with acquisitions made during the year. Other subsidiaries received funds in 1969 under previously arranged financings. Two other financings carried out were the sale of minority equity participations in Alcan subsidiaries located in South Africa and Malaysia to local residents of these countries.

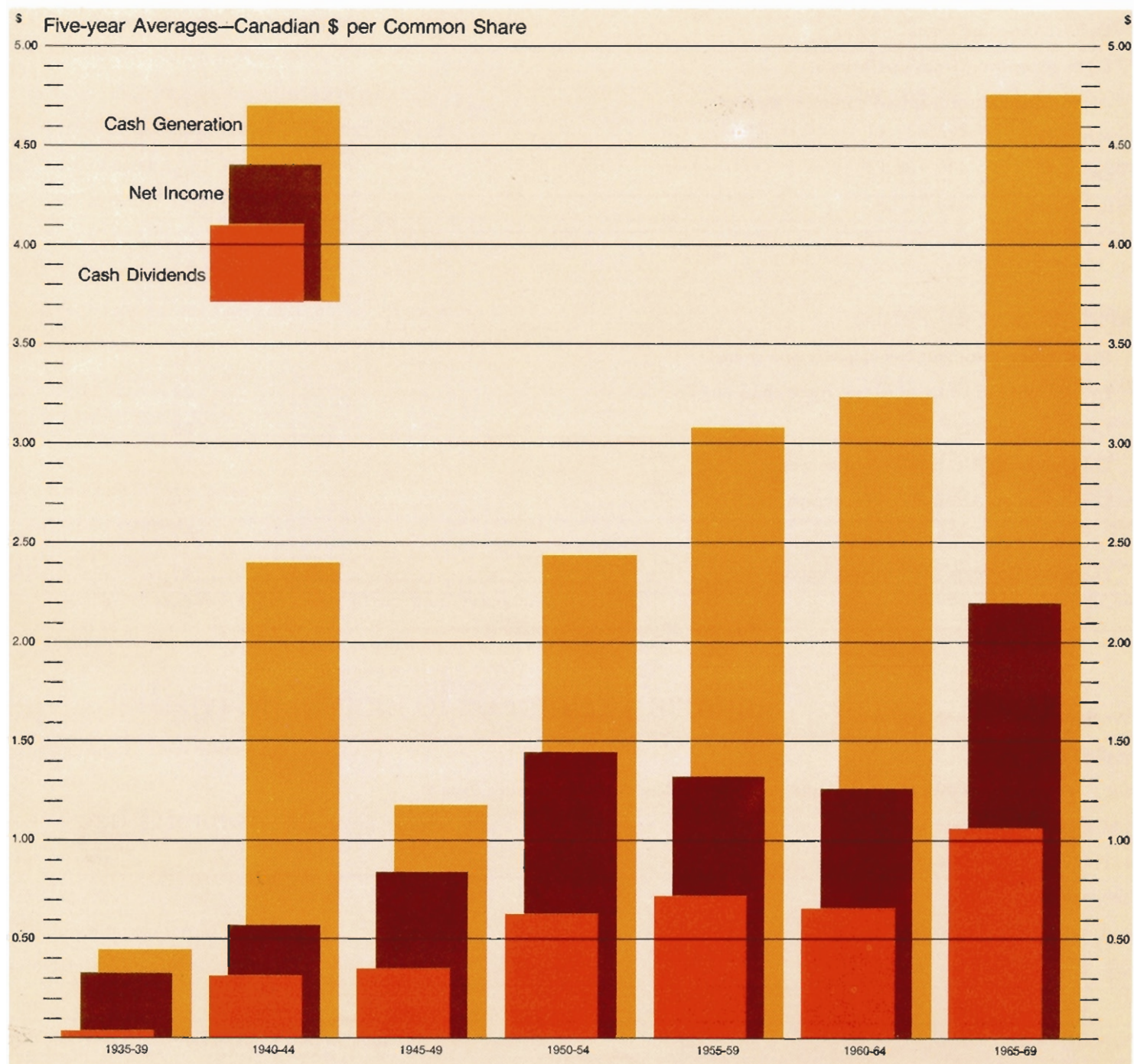
Capital spending projected at \$215 million for 1970.

Present plans contemplate 1970 capital expenditures of some \$215 million. The largest single project is the United Kingdom smelter and power plant on which the 1970 outlay could approach \$60 million. While internal cash generation and borrowings already arranged are expected to provide most of the funds for planned requirements, certain long-term debt financing is contemplated this year, given appropriate circumstances.

Thirty-five years' results trace growth in cash generation, earnings and dividends.

The chart on the opposite page summarizes Alcan's financial results expressed in terms of dollars per common share for the average of each five-year period from 1935 through 1969. The relatively sustained growth in cash generation and dividend payout is seen. On the other hand, the impact of substantial excess smelter capacity on both Alcan and the world aluminum industry is clearly evident in the period 1955 through 1964. This period also bore the first major costs involved in establishing greatly expanded fabricating operations. The new highs achieved in the last half of the 1960's largely reflect the fuller utilization of the basic investment in Canadian power and smelter facilities, the geographic broadening of the profit base at the ingot level, and somewhat improved price levels on an expanded volume of business. They were realized despite the continuing costs of establishing a fabricating base and still generally less than satisfactory prices for aluminum products.

Alcan Consolidated Financial Results



Alcan Aluminium Limited and Subsidiary Companies

Consolidated Statement of Source and Application of Funds

year ending 31 December 1969

in millions of Canadian dollars

	1969	1968
Working capital -- beginning of year	\$345	\$431
SOURCE OF FUNDS		
Net income	89	72
Depreciation and depletion	87	85
Deferred income taxes	(3)	(2)
Cash generation from operations	173	155
Alcan Aluminium Limited common shares*	17	—
New debt	132	48
Other	18	12
	340	215
APPLICATION OF FUNDS		
Plant and equipment (net of government grants)	147	104
Investments in companies not more than 50% owned	22	42
Debt repayments	66	117
Dividends on Alcan preferred shares	2	2
Dividends on Alcan common shares	40	36
	277	301
Increase (decrease) in working capital	63	(86)
	340	215
Working capital — end of year	\$408	\$345

*Principally the issue of shares for the acquisition of Metal Goods Corporation (note 8).

Alcan Aluminium Limited and Subsidiary Companies

Consolidated Statement of Income

year ending 31 December 1969

in Canadian dollars

	1969	1968
REVENUES		
Sales	\$1,259,406,547	\$1,020,268,033
Operating revenues	62,670,433	61,181,773
Equity in income of companies 50% owned (notes 1 and 3)	9,985,596	6,802,900
Other income (note 12)	13,915,787	13,887,040
	<u>1,345,978,363</u>	<u>1,102,139,746</u>
COSTS AND EXPENSES		
Cost of sales and operating expenses	934,867,979	751,695,960
Depreciation and depletion (note 5)	87,191,359	84,792,623
Selling, research and administrative expenses	97,328,792	80,663,768
Interest on debt not maturing within one year	39,669,595	34,224,747
Other interest	13,801,062	8,162,565
Other expenses (note 13)	8,997,846	3,793,223
	<u>1,181,856,633</u>	<u>963,332,886</u>
Income before income taxes and minority interests	164,121,730	138,806,860
Income taxes		
Current	73,425,162	65,506,625
Deferred (note 5)	(2,789,897)	(1,658,266)
	<u>70,635,265</u>	<u>63,848,359</u>
Income after income taxes	93,486,465	74,958,501
Minority interests	4,572,534	3,381,307
NET INCOME	<u>\$ 88,913,931</u>	<u>\$ 71,577,194</u>
Net income per common share (after preferred dividends)	\$2.62	\$2.14

There would be no significant reduction of net income per common share if all the outstanding options and the conversion privileges, as described in note 8, had been exercised.

Consolidated Statement of Retained Earnings

year ending 31 December 1969

in Canadian dollars

	1969	1968
RETAINED EARNINGS — beginning of year	\$528,709,690	\$495,359,802
Net income	88,913,931	71,577,194
	<u>617,623,621</u>	<u>566,936,996</u>
Dividends on preferred shares	2,550,000	2,550,000
Dividends on common shares	39,909,258	35,677,306
	<u>42,459,258</u>	<u>38,227,306</u>
RETAINED EARNINGS — end of year (note 9)	<u>\$575,164,363</u>	<u>\$528,709,690</u>

Alcan Aluminium Limited and Subsidiary Companies

Consolidated Balance Sheet — Assets

31 December 1969

in Canadian dollars

	1969	1968
Current assets		
Cash	\$ 54,950,977	\$ 48,015,404
Time deposits	57,829,196	45,521,160
Receivables	268,114,265	222,216,862
Inventories of aluminum and other materials (note 2)	390,372,001	330,352,828
	<hr/>	<hr/>
	771,266,439	646,106,254
Deferred receivables	12,311,031	11,425,610
Deferred charges	9,633,787	12,545,792
Investments in companies not more than 50% owned (notes 1 and 3)	185,921,973	163,544,506
Property, plant and equipment, at cost (note 4)	2,272,415,766	2,148,735,875
Less: Accumulated depreciation and depletion (note 5)	1,101,004,908	1,028,325,411
	<hr/>	<hr/>
	1,171,410,858	1,120,410,464
	<hr/>	<hr/>
	\$2,150,544,088	\$1,954,032,626
	<hr/>	<hr/>

Approved by the Board

Nathanael V. Davis, Director

Dana T. Bartholomew, Director

Alcan Aluminium Limited and Subsidiary Companies

Consolidated Balance Sheet – Liabilities

31 December 1969

in Canadian dollars

	1969	1968
Current liabilities		
Payables	\$ 143,580,521	\$ 120,909,866
Short-term bank borrowings (principally in foreign currencies)	130,589,106	86,053,825
Income and other taxes	48,746,817	51,758,055
Debt maturing within one year (note 6)	39,894,281	42,118,179
	<hr/>	<hr/>
	362,810,725	300,839,925
Debt not maturing within one year (note 6)	696,023,639	629,981,444
Deferred income taxes (note 5)	144,494,303	148,116,138
Minority interests (note 7)	94,210,113	85,095,265
Capital stock and retained earnings		
4¼% Cumulative redeemable convertible preferred shares, par \$40 (note 8)		
Authorized and outstanding — 1,500,000 shares	60,000,000	60,000,000
Common shares, without nominal or par value (note 8)		
Authorized — 60,000,000 shares, Outstanding — 32,941,961 shares (1968 — 32,280,599)	217,840,945	201,290,164
Retained earnings (note 9)	575,164,363	528,709,690
	<hr/>	<hr/>
	853,005,308	789,999,854
	<hr/>	<hr/>
	\$2,150,544,088	\$1,954,032,626
	<hr/>	<hr/>

Alcan Aluminium Limited and Subsidiary Companies

Notes to Financial Statements

in millions of Canadian dollars

1. PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of all companies more than 50% owned. In addition, under the equity accounting principle, consolidated net income includes Alcan's equity in the aggregate net income of all companies 50% owned and the investments in these companies have been increased by 50% of their undistributed net income since acquisition (see note 3).

When the cost of an investment exceeds the book value of Alcan's equity therein at date of acquisition, the excess is amortized over the estimated useful life of the related fixed assets. All intercompany items and transactions between consolidated companies, including profits in inventories, have been eliminated.

Accounts, other than Canadian currency accounts, included in the consolidated balance sheet are translated into Canadian dollars at rates of exchange current at 31 December 1969 except that (a) certain fixed bank deposits, inventories, investments, fixed assets and accumulated depreciation and depletion are at rates current at dates of acquisition, and (b) debts not maturing within one year are at rates current at dates of original borrowing. Accounts in the consolidated statement of income, except depreciation and depletion, are translated at average exchange rates prevailing during the year.

2. INVENTORIES OF ALUMINUM AND OTHER MATERIALS

	1969	1968
Inventories, as summarized opposite, are stated at cost (determined for the most part on the monthly average method) or net realizable value, whichever is the lower.		
Aluminum	\$ 207	\$ 190
Raw materials	96	76
Other	87	64
	<u>\$ 390</u>	<u>\$ 330</u>

3. INVESTMENTS IN COMPANIES NOT MORE THAN 50% OWNED

	1969	1968
Companies 50% owned — cost (1969 — \$104 million; 1968 — \$98 million) plus equity in undistributed net income since acquisition (note 1)	\$ 139	\$ 128
Companies less than 50% owned, at cost	47	36
	<u>\$ 186</u>	<u>\$ 164</u>

Alcan's share in the net income of the companies 50% owned amounted to \$10.0 million in 1969 (\$6.8 in 1968); dividends received from these companies amounted to \$3.9 million in 1969 (\$3.0 in 1968). Summarized below are the assets and liabilities of the companies 50% owned, located principally in Germany, Japan, Norway and the United Kingdom.

ASSETS		LIABILITIES	
Current assets	\$287	Current liabilities	\$230
Investments	60	Debt	246
Fixed assets	673	Deferred income taxes	53
Less: Accumulated depreciation	(247)	Equity	
		Alcan	122
		Other shareholders	122
	<u>\$773</u>		<u>\$773</u>

Alcan has investments in several non-consolidated companies which operate as joint ventures supplying materials to each participant on a cost-sharing basis. The results of their operations are included in the consolidated financial statements as a cost of the materials so obtained.

4. PROPERTY, PLANT AND EQUIPMENT

	1969	1968
Land and water rights	\$ 59	\$ 59
Mineral properties, rights and development	18	17
Buildings, machinery and equipment	2,067	1,982
	<u>2,144</u>	<u>2,058</u>
Construction work in progress	128	91
	<u>\$2,272</u>	<u>\$2,149</u>

Capital projects are expected to involve the expenditure of some \$215 million during 1970.

Alcan Aluminium Limited and Subsidiary Companies

Notes to Financial Statements

in millions of Canadian dollars

5. DEPRECIATION POLICY AND DEFERRED INCOME TAXES

Depreciation, as recorded in the accounts, is calculated on the straight-line method using rates based on the estimated useful lives of the respective assets. Depletion, not significant in amount, is calculated on the unit of production basis.

Income tax regulations in Canada, and in certain other countries, permit the use (for the purpose of determining income taxes) of various forms of capital cost allowances which do not coincide with the amount of depreciation recorded in the accounts. These allowances generally exceed straight-line depreciation during the early life of new assets and later fall short of it.

When capital cost allowances utilized for determining income taxes exceed straight-line depreciation, an amount equivalent to the resultant reduction in current income taxes is charged to income and credited to Deferred Income Taxes. When the allowances so utilized fall short of straight-line depreciation, resulting in higher current income taxes than would otherwise be payable, an appropriate portion of the amount previously deferred is transferred back to income.

6. DEBT NOT MATURING WITHIN ONE YEAR

	1969	1968
Aluminum Company of Canada, Ltd		
Bank loans under U.S. \$160 million revolving credit agreement, due 1973/1977 (U.S. \$160 million).....	\$ 171	\$ 171
3½% Sinking fund debentures, due 1971.....	17	18
4½% Sinking fund debentures, due 1973.....	22	22
4½% Sinking fund debentures, due 1980 (U.S. \$64 million).....	62	64
5.10% Notes, due 1970/1992 (U.S. \$96 million).....	94	96
3½% Redeemable notes payable to the U.K. Government, due 1971 and 1974 (\$20 million to be repaid in 1970).....	60	77
Other debt.....	23	22
Alcan Aluminum Corporation		
4¾% Notes, due 1970/1984 (U.S. \$40 million).....	43	43
Non-interest notes, due 1970/1975 (U.S. \$17 million).....	18	21
Other debt.....	4	1
Alcan Aluminium (U.K.) Limited		
9% Convertible loan stock, due 1989/1994 (£12 million).....	31	—
10½% Guaranteed loan stock, due 1989/1994 (£8 million).....	20	—
Loan, due 1979 (£3 million).....	8	—
Alcan Aluminiumwerke GmbH		
Bank loans, due 1971/1981 (DM 83 million).....	23	3
Alcan Australia Limited		
Various secured borrowings, due 1972/1988 (A \$19 million).....	22	14
Alcan (Bermuda) Limited		
7¾% Notes, due 1971/1978 (Lire 12 billion).....	21	10
Alcan Industries Limited		
Notes, due 1970/1973 (£4 million).....	10	13
6% Debentures, due 1970/1983 (£3 million).....	8	8
Other debt.....	—	9
Indian Aluminium Company, Limited		
Various secured borrowings, due 1970/1983 (principally rupees).....	33	22
Other companies		
Bank loans (principally Jamaica and United Kingdom).....	19	41
Debt (principally Canada, South Africa and United States).....	26	17
	735	672
Less: Debt maturing within one year included in current liabilities (equivalent to \$40 million at year-end rates of exchange).....	39	42
	\$ 696	\$ 630

After allowing for prepayments, sinking fund and other requirements over the next five years amount to approximately \$39 million in 1970, \$62 in 1971, \$39 in 1972, \$86 in 1973 and \$102 in 1974.

Alcan Aluminium Limited and Subsidiary Companies

Notes to Financial Statements

in millions of Canadian dollars

7. MINORITY INTERESTS

Preferred shares	1969	1968
Aluminum Company of Canada, Ltd		
4% First preferred shares.....	\$ 7.1	\$ 7.4
4½% Second preferred shares.....	43.3	45.4
Other companies.....	4.1	1.9
	54.5	54.7
Minority interests in equity of subsidiaries.....	39.7	30.4
	\$94.2	\$85.1

8. CAPITAL STOCK

During 1969, Alcan issued 3,800 common shares, as indicated below, from the exercise of options granted to officers and other employees under Share Option Plans approved by the shareholders, at prices fixed at market prices at times of grant. No options were granted under these plans during 1969.

Option price, in dollars	Year of grant	Number of Shares			Expiry dates of options
		Shares under option 1 January 1969	Options exercised in 1969	Options expired or cancelled in 1969	
\$36.50	1959	91,160	—	91,160	—
30.75	1960	43,490	2,750	2,000	1970
33.875	1961	750	—	—	1971
25.875	1963	58,150	1,050	—	1973
33.0625	1967	52,500	—	—	1972
33.0625	1967	117,500	—	—	1977
		363,550	3,800	93,160	266,590

*Including 2,000 shares under options granted to directors and officers of Alcan in 1960, 26,100 shares in 1963 and 42,500 shares in 1967.

At 31 December 1969, 130,000 shares were available until 15 April 1971 for the granting of options under one of the Share Option Plans and 1,500,000 common shares were subject to issuance under the conversion privileges of the 4¼% cumulative redeemable convertible preferred shares. The preferred shares may be converted into common shares on a share per share basis at any time prior to 15 July 1973 and may be redeemed in whole or in part at any time at the option of the Board of directors on thirty days' notice at \$43 per share.

In January 1969, a subsidiary company, Alcan Aluminum Corporation, acquired Metal Goods Corporation, a distributor of metals in the United States, in exchange for 654,807 common shares of Alcan valued at \$16.4 million. As part of the same transaction, options for 9,117 common shares of Alcan were reserved for officers and employees of Metal Goods Corporation against the exercise of options granted by that company under its 1965 Stock Option Plan. During 1969, options for 2,755 shares were exercised, options for 275 shares lapsed, leaving options for 6,087 shares outstanding at 31 December 1969. Based on the average market price of Alcan's shares during the period of negotiation, Capital Stock is increased by \$25 per share at date of issuance of these shares.

9. DIVIDEND RESTRICTIONS

Consolidated retained earnings at 31 December 1969 include \$153 million which, pursuant to the provisions of certain debt issues of Aluminum Company of Canada, Ltd, is not distributable as dividends either in cash or in kind to Alcan, the holder of its common shares.

Alcan Aluminium Limited and Subsidiary Companies

Notes to Financial Statements

in millions of Canadian dollars

10. COMMITMENTS

Certain subsidiaries have financial commitments, long-term leases, purchase agreements and tolling arrangements. These include long-term cost sharing joint ventures with other aluminum companies in respect of bauxite mining, alumina production and the semi-fabrication of aluminum. Under these arrangements, the companies are required to pay their respective share of the operating costs of the facilities, including the amount required to service the long-term debt issues of the joint ventures, and in one case to contribute towards the capital cost of the project. The fixed portion of the commitments under these arrangements amounts to \$7.1 million in 1970, \$8.8 in 1971, \$6.1 in 1972, \$5.2 in 1973, \$9.4 in 1974 and lesser annual amounts up to 1992.

In addition, commitments for charter hire of ships are \$10.5 million in 1970, \$7.2 in 1971, \$5.0 in 1972 and lesser annual amounts up to 1978. See also reference to capital expenditures in note 4 and debt repayments in note 6.

11. GEOGRAPHICAL DISTRIBUTION OF ASSETS AND LIABILITIES

The following is a condensed analysis of the consolidated balance sheet at 31 December 1969, according to the domicile of the constituent companies and their branches.

	North America	South America and Caribbean	United Kingdom and Continental Europe	All Other	Total
ASSETS					
Current assets.....	\$ 427	\$ 86	\$ 169	\$ 89	\$ 771
Investments.....	15	8	119	44	186
Fixed assets.....	1,535	360	177	200	2,272
Less: Accumulated depreciation.....	(776)	(185)	(76)	(64)	(1,101)
Other assets.....	11	10	1	—	22
	<u>1,212</u>	<u>279</u>	<u>390</u>	<u>269</u>	<u>2,150</u>
LIABILITIES					
Current liabilities.....	222	50	55	36	363
Debt.....	502	31	100	63	696
Deferred income taxes.....	127	8	5	4	144
Minority interests.....	55	3	1	35	94
Alcan preferred shares.....	60	—	—	—	60
	<u>966</u>	<u>92</u>	<u>161</u>	<u>138</u>	<u>1,357</u>
COMMON SHAREHOLDERS' EQUITY.....	\$ 246	\$ 187	\$ 229	\$ 131	\$ 793

12. OTHER INCOME

	1969	1968
Income from time deposits.....	\$ 5.7	\$ 5.8
Gain on redemption of debt.....	3.4	4.8
Gain on disposal of fixed assets and investments.....	2.0	1.6
Income from companies less than 50% owned.....	1.4	.9
Other.....	1.4	.8
	<u>\$13.9</u>	<u>\$13.9</u>

13. OTHER EXPENSES

	1969	1968
Supplemental Compensation Plan.....	\$ 4.0	\$ 1.8
Financing expenses of subsidiaries.....	2.8	.8
Other.....	2.2	1.2
	<u>\$ 9.0</u>	<u>\$ 3.8</u>

Alcan Aluminium Limited and Subsidiary Companies

Notes to Financial Statements

in millions of Canadian dollars

14. PENSION PLANS

Alcan and its subsidiaries (with some exceptions) have established pension plans in the principal countries where they operate, for the greater part contributory and generally open to all employees. With respect to these plans, Alcan and its subsidiaries incurred a pension expense of \$12.1 million in 1969 (\$13.1 in 1968). Assets in the pension funds are virtually in balance with the liabilities for pension benefits accrued to 31 December 1969.

15. STATUTORY INFORMATION

Total remuneration received by the directors of Alcan (including the salaries of officers who are also directors) amounted to \$891,501 in 1969 (\$837,373 in 1968).

Auditors' Report

PRICE WATERHOUSE & CO.

5 PLACE VILLE MARIE, MONTREAL 113

To the Shareholders of Alcan Aluminium Limited

We have examined the consolidated balance sheet of Alcan Aluminium Limited and subsidiary companies as at 31 December 1969 and the consolidated statements of income, retained earnings, and source and application of funds for the year then ended. Our examination was made in accordance with generally accepted auditing standards and accordingly included such tests of accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the consolidated financial position of the companies as at 31 December 1969 and the results of their operations and the source and application of their funds for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.



Chartered Accountants
Montreal, 10 February 1970.

Transfer Agents and Registrars

TRANSFER AGENTS

PREFERRED SHARES

National Trust Company, Limited, Montreal, Toronto, Vancouver

COMMON SHARES

National Trust Company, Limited, Montreal, Toronto, Calgary, Vancouver

Mellon National Bank and Trust Company, Pittsburgh

First National City Bank, New York

Morgan Grenfell & Co. Limited, London

REGISTRARS

PREFERRED SHARES

The Royal Trust Company, Montreal, Toronto, Vancouver

COMMON SHARES

The Royal Trust Company, Montreal, Toronto, Calgary, Vancouver, London (Eng.)

Pittsburgh National Bank, Pittsburgh

Manufacturers Hanover Trust Company, New York

Alcan Aluminium Limited

Principal Operating Subsidiaries and Related Companies

31 December 1969

NORTH AMERICA

CANADA

Aluminum Company of Canada, Ltd
Alcan Canada Products (Division)
ALCAN UNIVERSAL Homes (Division)
Alcan Building Products Limited
Almetco (Division)
Alcan Design Homes Limited
*Alcan Pipe Limited
Alma & Jonquière Railway Company, The
Aluminum Goods Limited
*Canada Foils, Limited
Newfoundland Fluorspar Limited
Roberval and Saguenay Railway Company, The
Saguenay Power Company, Ltd
Saguenay Shipping Limited
Saguenay Terminals Limited
Saguenay Transmission Company, Limited
***Supreme Aluminum Industries Limited

UNITED STATES

Alcan Aluminum Corporation
Alcan Cable Division
Alcan Metal Powders Division
Alcan Sales Division
Metal Goods Division
**Fabral Corporation

BERMUDA

Alcan (Bermuda) Limited

CARIBBEAN

GUYANA

Demerara Bauxite Company, Limited
Sprostons (Guyana) Limited

JAMAICA

Alcan Jamaica Limited
Alcan Products of Jamaica Limited
Sprostons (Jamaica) Limited

TRINIDAD

Chaguaramas Terminals Limited
Sprostons (Trinidad) Limited

LATIN AMERICA

ARGENTINA

***Camea S.A.I.C.

BRAZIL

Alcan Alumínio do Brasil S.A.
Alumínio do Brasil Nordeste S.A.
Alumínio Minas Gerais S.A.
Mineração Rio do Norte S.A.

COLOMBIA

*Alumínio Alcan de Colombia, S.A.

MEXICO

*Alcan Alumínio, S.A.

URUGUAY

*Alcan Alumínio del Uruguay S.A.

VENEZUELA

Alcan de Venezuela, S.A.

EUROPE

BELGIUM

Alcan Aluminium Raeren S.A.

DENMARK

***Aluminord A/S
***Dansk Aluminium Industri A/S

FRANCE

Aluminium Alcan de France
*Alcan-Schwartz, Filage et Oxydation
S.A. des Bauxites et Alumines de Provence
***Société Industrielle de Transformation et de
Construction (SITRACO)

GERMANY

Alcan Aluminiumwerke GmbH
*(1)Alcan Folienwerke GmbH & Co. KG
**Aluminium Norf GmbH

IRELAND

***Unidare Limited

ITALY

Alcan Alluminio Italiano S.p.A.
****(2)Angeletti & Ciucani Fonderia Laminatoio S.p.A.

NETHERLANDS

***N.V. Nederlandsche Aluminium Maatschappij

NORWAY

**A/S Ardal og Sunndal Verk (ASV)
** Aktieselskapet Norsk Aluminium Company
** A/S Nordisk Aluminiumindustri
**Det Norske Nitridaktieselskap

SPAIN

**Empresa Nacional del Aluminio, S.A. (ENDASA)

SWEDEN

**A/B Svenska Metallverken

SWITZERLAND

Aluminiumwerke A.-G. Rorschach

UNITED KINGDOM

Alcan Industries Limited
Alcan Castings and Forgings Limited
*(1)Alcan Design Products Limited
**Alcan Enfield Alloys Limited
Alcan Foils Limited
Alcan Polyfoil Limited
Alcan (U.K.) Limited
*Alcan Wire Limited
**James Booth Aluminium Limited
Saguenay Shipping (U.K.) Limited

AFRICA

GHANA

*Ghana Aluminium Products Limited

GUINEA

***Halco (Mining) Inc.

NIGERIA

*Alcan Aluminium of Nigeria Limited
*Flag Aluminium Products Limited

SOUTH AFRICA

*Alcan Aluminium of South Africa Limited
*Republic Aluminium Company (Pty) Limited

ASIA

INDIA

*Indian Aluminium Company, Limited

JAPAN

**Nippon Light Metal Company, Ltd (NKK)
**Toyo Aluminium K.K.

MALAYSIA

*Alcan Malaysia Berhad
*Southeast Asia Bauxites Limited
*Johore Mining and Stevedoring Co. Ltd

THAILAND

**Alcan Thai Company Limited

SOUTH PACIFIC

AUSTRALIA

*Alcan Australia Limited
**Queensland Alumina Limited
*Wm. Breit & Company Pty Ltd

NEW ZEALAND

Alcan New Zealand Limited
*Aluminium Conductors Limited

INTERNATIONAL SALES

Alcan Africa Limited — Africa
Alcan Asia Limited — Japan, Afghanistan, India, Pakistan and
certain areas of Asia
Alcan Southeast Asia Limited — Hong Kong, Philippines and
certain areas of Asia
Alcan S.A. — Continental Europe (excluding Germany and
Scandinavia), Middle East, North Africa
Alcan Metall GmbH — Germany
Alcan (U.K.) Limited — U.K., Scandinavia
Alcan Sales — U.S.A., Caribbean and Latin America
Magnesium Company of Canada, Ltd

Unless otherwise indicated, companies are 100% owned

*Less than 100% owned but more than 50%

**50% owned

***Less than 50% owned

(1)Effective January 1970

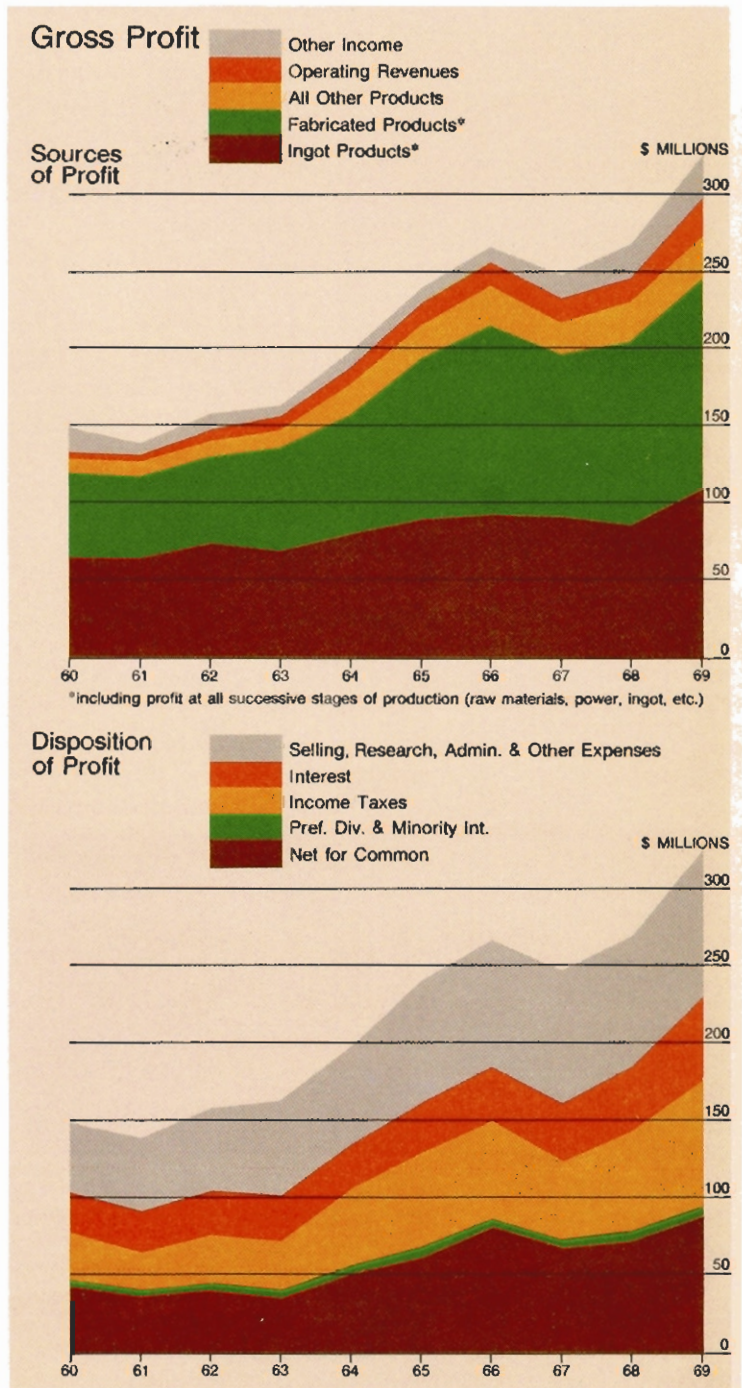
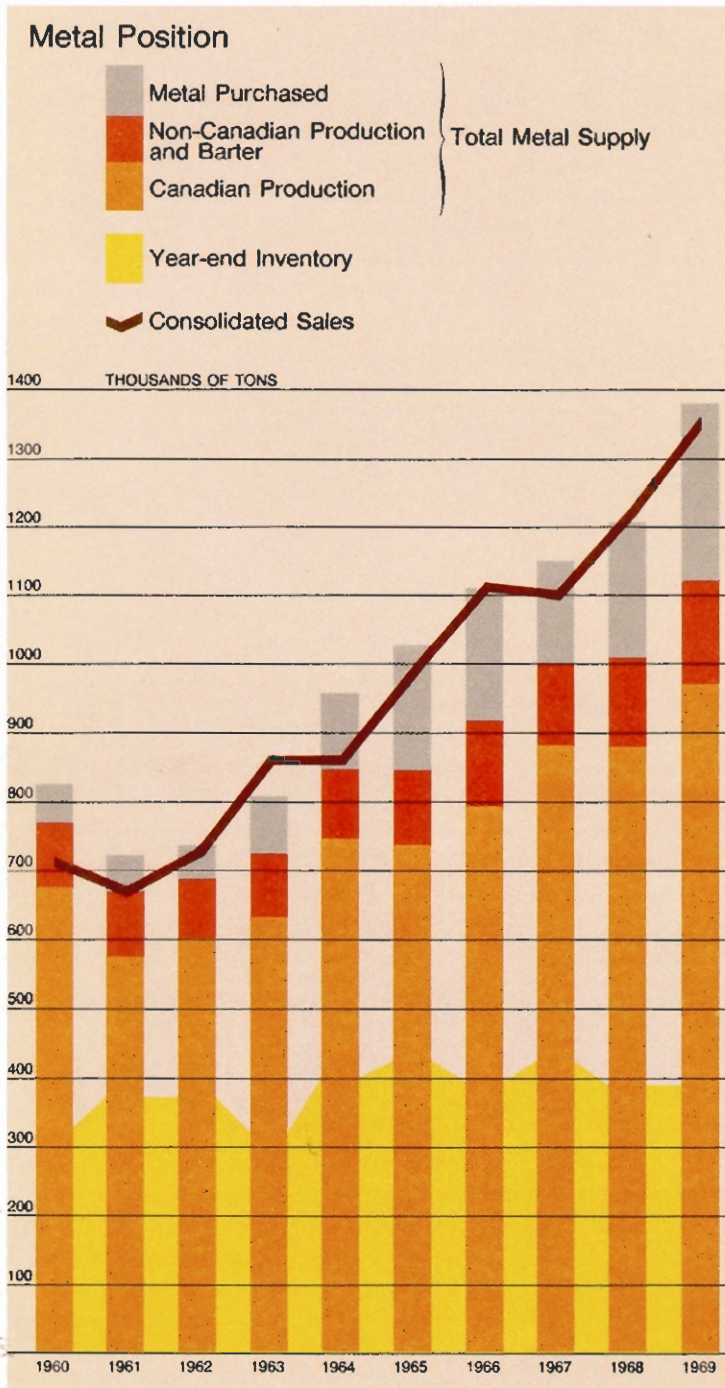
(2)Participation to gradually increase to a majority ownership

Alcan Aluminium Limited

A Ten-Year Summary

OPERATING DATA (in thousands of tons)	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969
Aluminum sales by consolidated subsidiaries										
Ingot and ingot products	487	429	471	531	508	503	561	563	614	742
Fabricated products	229	242	259	331	354	490	554	541	606	621
Total	716	671	730	862	862	993	1,115	1,104	1,220	1,363
Fabricated product sales by all subsidiary and related companies	310	346	370	497	590	633	724	703	805	885
Production of primary aluminum										
Canada	672	569	596	626	740	728	788	878	873	969
Subsidiary and related companies outside Canada	156	171	194	214	245	269	286	521	588	724
CONSOLIDATED INCOME STATEMENT ITEMS (in millions of \$)										
Revenues										
Sales of aluminum ingot and ingot products	209	192	211	232	236	242	272	270	291	368
Sales of aluminum fabricated products	207	226	250	326	358	497	565	556	601	658
Sales of all other products	29	34	35	51	68	86	97	103	128	233
Operating revenues	56	57	55	57	65	68	68	64	61	63
Equity in income of companies 50% owned	3	4	3	3	4	3	3	7	7	10
Other income	12	3	7	4	6	6	5	8	14	14
	516	516	561	673	737	902	1,010	1,008	1,102	1,346
Income before income taxes	76	62	75	71	105	129	145	117	139	164
Income taxes	31	24	31	32	48	60	63	48	64	71
Minority interests and Alcan preferred dividends	4	4	5	6	8	9	7	7	6	7
Net income for common stock	41	33	39	33	49	60	75	63	69	86
CONSOLIDATED BALANCE SHEET ITEMS (in millions of \$)										
Working capital	212	216	236	298	297	331	332	431	345	408
Property, plant and equipment (net)	958	950	951	955	951	1,024	1,069	1,107	1,120	1,171
Investments in companies not more than 50% owned	37	48	54	56	63	58	58	122	164	186
Long-term debt	557	559	565	552	526	587	579	699	630	599
Deferred income taxes	132	131	130	134	135	137	146	150	148	144
Minority interests	76	78	79	78	79	83	82	82	85	94
Shareholders' equity	470	464	484	565	593	626	684	756	790	853
Total assets	1,369	1,375	1,414	1,485	1,512	1,645	1,736	1,911	1,954	2,150
PER SHARE OF COMMON STOCK (in Canadian dollars)										
Net income (after preferred dividends)	1.34	1.08	1.27	1.07	1.57	1.93	2.41	1.94	2.14	2.62
Dividends paid	0.68	0.61	0.64	0.65	0.70	0.89	1.00	1.08	1.11	1.21
Cash generation	3.25	2.87	3.17	3.16	3.74	4.32	5.09	4.54	4.72	5.18
Book value	15.73	15.13	15.77	16.27	17.16	18.21	20.04	21.58	22.61	24.07
OTHER STATISTICS										
Capital expenditures (in millions of \$)	72	81	66	70	72	143	122	190	146	169
Cash generation (in millions of \$)	99	88	97	99	119	137	161	149	155	173
Return on average equity (as a percentage)	8.9	7.1	8.2	6.6	8.9	10.2	11.9	9.0	9.3	10.8
Number of common stock shareholders at year end (thousands)	61	54	54	51	50	52	57	67	73	72
Number of employees at year end (thousands)	49	47	50	53	54	60	64	63	61	62

Alcan Consolidated



Upper left: Sunndal Works. Crust breaker at work in the newest potroom, Sunndal III.

Lower left: The ÅSV Group's key fabricating unit, A/S Nordisk Aluminiumindustri, produces sheet, strip, wire, roll bond, packaging, building panels and kitchen utensils at Holmestrand.

Below: Aluminum collapsible tubes on their way to the annealing furnace at the Stange plant.

Map page 33: Locations of smelters, fabricating plants and areas of two of ÅSV's three power stations. The company also owns mines and quarries in Norway.

Norway's Leading Aluminum Producer



From initial operation of a small smelter in the Stang Fjord, Sunnfjord, in 1908, the Norwegian primary aluminum industry has grown to a present annual capacity of approximately 600,000 short tons. The industry's output places Norway as the fourth largest producer in the Free World. The benefits

of abundant water resources suitable for the development of economical hydro-electric power, natural deep water fjord harbours and a strategic location close to major markets have played an important part in supporting this growth.

A/S Årdal og Sunndal Verk (ÅSV) is the largest primary aluminum producer and third largest industrial company in Norway. Founded in 1947, ÅSV's current smelter capacity is 292,000 tons. Metal production in 1969 amounted to approximately 275,000 tons.

Alcan's association with the Norwegian aluminum industry extends back more than four decades through shareholdings in Aktieselskapet Norsk Aluminium Company

(NACO), one of the first smelter companies in Norway. In early 1967, Alcan entered into an agreement with the Kingdom of Norway whereby Alcan's 50 per cent share interests in NACO and the Norwegian fabricating company, A/S Nordisk Aluminiumindustri, were transferred to ÅSV; Alcan acquired one half of ÅSV's share capital, and the Kingdom of Norway received 1,100,000 shares of Alcan common stock.



Since that time, co-operation between the two companies has developed in a number of spheres beyond the then existing alumina supply contracts. Under various barter and sales arrangements, Alcan now supplies

most of ÅSV's alumina requirements and takes a large proportion of its metal output. An interchange of directorships has placed Alcan representatives on the Board of ÅSV, has led to Alcan electing a representative of the Kingdom of Norway to its Board, and has given ÅSV representation on the Boards of Alcan Industries Limited, U.K., Alcan Aluminiumwerke GmbH, West Germany, and Alcan Jamaica Limited. The companies also enjoy a worthwhile exchange of research and development experience, and have undertaken a number of joint studies.

ÅSV has three primary aluminum smelters. Those at Sunndalsøra and Årdal are the largest in Western Europe and have annual capacities of about 132,000 and 128,000 tons, respectively. The smelter of NACO at Høyanger has an annual capacity of 32,000 tons. The present annual rate of electric power consumption at ÅSV's smelters is about 4.5 billion kilowatt-hours. Of this, company-owned generating plants supply approximately two-thirds and State-owned plants the balance.



Extensive modernization now under way on the oldest potline at Årdal will add 57,000 tons to the company's annual capacity by the end of 1971. Other plans for expansion and modernization of smelter facilities are in various stages of development.

The ÅSV Group has several plants engaged in the fabrication of aluminum products. Important semi-fabricated products made are can stock, largely for the fish canning industry, cold-rolled sheet for general industrial uses, sheet and plate for the shipbuilding industry, and "roll bond" used by refrigerator manufacturers. Finished

see overleaf

Opposite:
Upper left: Loading aluminum ingot
at Sunndal.

Upper right: Høyanger. The smelter ships
most of its aluminum output
to Holmestrand for fabricating.

Bottom: Aluminum ingot ready for
shipment at Årdalstangen harbour.

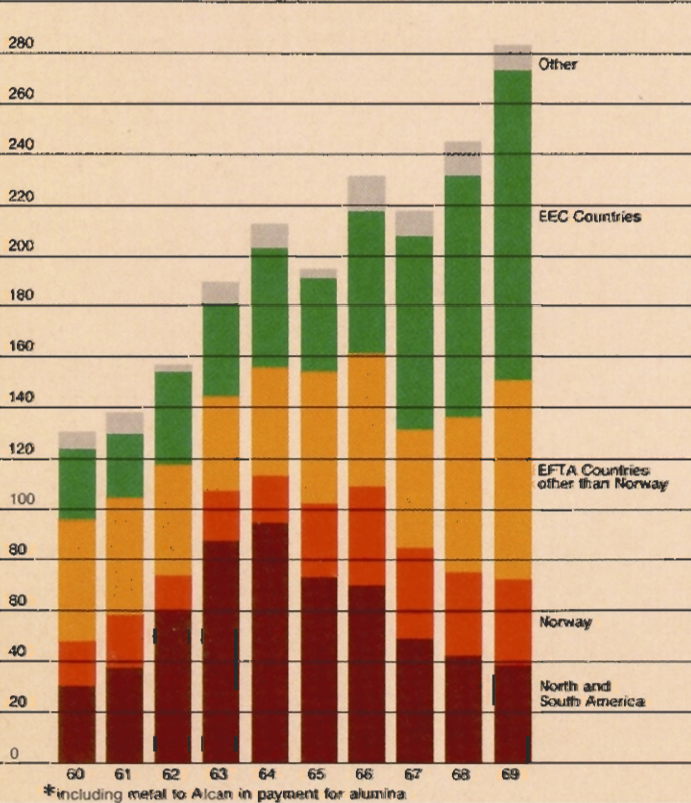
Overleaf: Cross-country race at
world-famous Holmenkollen ski jump,
Oslo, attracts large crowds.

Back Cover: Sunndal, the largest
aluminum smelter in Western Europe.
The Sunndal fjord is free

The Sunndal fjord is free
of ice the year round.

Metal Shipments of the ÅSV Group Showing Market Distribution*

THOUSANDS OF TONS
300



products made include collapsible tubes, aerosol cans, kitchen utensils, building panels, and road safety equipment. Total production of fabricated products in 1969 amounted to some 28,500 tons, of which approximately 3,500 tons were finished products. ÅSV recently acquired a 50 percent interest in facilities for the production of extrusions and a 45 percent interest in facilities for the manufacture of pleasure boats. A major expansion of lacquered strip and building panels capacity is under construction.

The chart above illustrates the growth in ÅSV's total metal shipments and their distribution by major markets over the past decade. A large part of the 1969 shipments were to Alcan under the above-noted barter

A/S ÅRDAL OG SUNNDAL VERK CONDENSED CONSOLIDATED BALANCE SHEET 31 DECEMBER 1968 — in thousands of Norwegian kroner

ASSETS		LIABILITIES	
Cash	61,932	Payables	234,849
Receivables	185,477	Tax reserve	36,431
Inventories	165,570	Long-term debt	363,468
Investments	32,593	Share Capital and Retained Earnings	
Property, plant and equipment, at cost	1,758,301	Preference shares	33,601
Less: accumulated depreciation	(1,197,317)	Ordinary shares	150,000
	<u>1,006,556</u>	Legal and Special Reserves	188,207
			<u>1,006,556</u>

One Canadian dollar equals approximately 6.7 Norwegian kroner.

and sales arrangements. Most of this metal went to supply Alcan's growing fabricating and sales activities in the Common Market countries and the United Kingdom. ÅSV's largest other customers for ingot and ingot products are independent fabricators in Germany, the U.S.A., Scandinavia and certain other markets, with whom ÅSV has long-standing supply arrangements. The company's fabricated aluminum products are sold both in Norway and export markets.

The net profit of ÅSV amounted to 36.0 million N.kr. in 1968. Translating this amount into Canadian dollars, adjusting the accounts to conform with Canadian accounting practices and allowing for the write-off of goodwill arising on Alcan's purchase of ÅSV shares, Alcan has included in its corporate accounts \$2.3 million for 1968, representing its 50 percent equity interest in the earnings of ÅSV. Cash dividends paid to Alcan in respect of 1968 earnings amounted to 7.5 million N.kr.



