

PECHINEY  
Form 6-K  
November 07, 2003

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM 6-K**

**REPORT OF FOREIGN PRIVATE ISSUER**

**PURSUANT TO RULE 13a-16 or 15d-16 OF**

**THE SECURITIES EXCHANGE ACT OF 1934**

**Report on Form 6-K dated November 7, 2003**

**Commission File No. 1-14110**

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**PECHINEY**

**(Name of Registrant)**

**7, Place du Chancelier Adenauer**

**75218 Paris Cedex 16**

**France**

**(Address of Principal Executive Offices)**

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Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

**Form 20-F:**  **Form 40-F:**

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Yes:  No:

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Indicate by check mark whether the registrant by furnishing the information contained in this form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes:  No:

If **Yes** is marked, indicate below the file number assigned to the registrant in connection with

Rule 12g3-2(b): 82- \_\_\_\_\_

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Enclosure: Third Quarter Results for 2003.

Pechiney hereby incorporates this report on Form 6-K by reference into the Registration Statement on Form S-4 (Registration No. 333-106851) as amended, filed by Alcan Inc. under the Securities Act of 1933, as amended, to the extent not superseded by documents or reports subsequently filed by Pechiney under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended.

November 7, 2003

PRESS RELEASE

**Third Quarter Results 2003**

**Pechiney announces earnings from operations in the third quarter of 2003 of 58 million, down 37 million from the third quarter of 2002, and a net loss of 76 million. The net loss published includes exceptional writedowns during the third quarter for an amount before income tax of 84 million (of which 19 million of exceptional goodwill amortisation), with no cash impact, as well as exceptional expenses linked to the Alcan takeover bid, for an amount of 33 million. Excluding these items Net income would have amounted to a positive 6 million.**

**Highlights**

The main trends in the Group's earnings from operations were as follows.

- **Primary Aluminum**, which reported earnings from operations of 33 million, down from 70 million in the third quarter of 2002, was affected by the weakness of the U.S. dollar vis-à-vis the euro and, to a lesser extent, by the rise in energy costs.
- **Aluminum Conversion** reported earnings from operations of 10 million in the third quarter of 2003 versus earnings from operations close to zero in the third quarter of 2002. The recovery observed at the beginning of 2003 was confirmed, mainly as a result of the good level of sales volume in aerospace in Europe together with a yet improved operating performance and satisfactory cost control.
- **Packaging**, with earnings from operations of 23 million in the third quarter of 2003 versus 32 million in the same period in 2002, was affected by a sharp decline in sales volume and the weakness of the U.S. dollar vis-à-vis the euro in spite of a much reduced raw material cost/price squeeze impact. The sector significantly reduced costs in the third quarter.
- During the third quarter, the Group pursued successfully its implementation of the **Pechiney Continuous Improvement System**, with gains estimated at 47 million for the period, representing the cumulated sum of 228 million since January 1, 2002.

**Commentary and prospects**

At the announcement of Pechiney's third quarter results, Jean-Pierre Rodier declared: *The recent quarter underlines the strength of Pechiney's teams, which in a period of uncertainty demonstrated their ability to generate the greatest quarterly Continuous Improvement System gains reported since the program was launched in January 2002. The fourth quarter should be marked by a stabilization of earnings from operations, owing to improved results in primary aluminum, attributable, in particular, to a rise in prices on the LME and to the initial impact of the foreign exchange options taken by the Group, offset by a seasonal decline in aluminum conversion, while packaging is expected to continue to suffer from a difficult market environment.*

**Statement of income (French GAAP)**

<i>Millions of euros</i>	<b>9M 2002</b>	<b>9M 2002 (restated)*</b>	<b>9M 2003</b>	<i>Millions of euros</i>	<b>Q3 2002</b>	<b>Q2 2003</b>	<b>Q3 2003</b>
Net sales	9,231	9,231	8,001	Net sales	3,020	2,626	2,555
<b>Earnings from operations</b>	<b>336</b>	<b>336</b>	<b>196</b>	<b>Earnings from operations</b>	<b>95</b>	<b>67</b>	<b>58</b>
Restructuring expense,	(117)	(122)	(191)	Restructuring expense, other	(47)	(17)	(115)

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other							
(expense) income				(expense) income			
Financial expense, net	(38)	(38)	(37)	Financial expense, net	(16)	(13)	(13)
Income tax expense	(78)	(78)	3	Income tax expense	(19)	(20)	18
Equity affiliates	4	4	8	Equity affiliates	0	3	3
Minority interests	(3)	(3)	(4)	Minority interests	(3)	(1)	(1)
<b>Net Income before goodwill</b>	<b>104</b>	<b>99</b>	<b>(25)</b>	<b>Net Income before goodwill</b>	<b>10</b>	<b>19</b>	<b>(50)</b>
Goodwill amortisation except. Goodwill amortisation	(25)	(25)	(21)	Goodwill amortisation except. Goodwill amortisation	(8)	(7)	(7)
	(47)	(47)	(19)		(16)	-	(19)
<b>Net income</b>	<b>32</b>	<b>27</b>	<b>(65)</b>	<b>Net income</b>	<b>(14)</b>	<b>12</b>	<b>(76)</b>
<b>Net Income Per share "A" ( )</b>	<b>0.39</b>	<b>0.33</b>	<b>(0.83)</b>	<b>Net Income Per share "A" ( )</b>	<b>(0.18)</b>	<b>0.15</b>	<b>(0.97)</b>

(\* ) As restated to reflect the elimination of the cumulative net income recorded upon the initial consolidation of the subsidiary Pechiney Far East as of January 1, 2002, to comply with the requirements of the United States Securities and Exchange Commission (see Note 1 to the consolidated financial statements in the Annual Report on Form 20-F/A filed with the SEC on October 24, 2003).

**Principal indicators**

	<b>Q3 2002</b>	<b>Q2 2003</b>	<b>Q3 2003</b>
Average euro/U.S. dollar	0.98	1.14	1.12
Realised /\$ (Primary Al.)	0.95	1.11	1.13
LME average price (\$/t)	1,329	1,380	1,421
Average realized price (\$/t)	1,360	1,390	1,394

Net Sales (Millions of euros)

Earnings from Operations (Millions of euros)

**Recent developments**

- On August 22, **Pechiney acquired Novacel**, the Mexican leader in specialty flexible packaging, for U.S.\$ 90 million. This acquisition enables Pechiney to gain a foothold in the Mexican flexible packaging market.
  - On August 26, **Baotou Aluminium and Pechiney signed an agreement to build a new high-purity aluminum production facility at Baotou** (Inner Mongolia, China). Pechiney and Baotou Aluminium plan to hold equity interests in the joint venture of 51% and 49% respectively. The total investment by both partners is estimated at U.S.\$ 13 million.
  - On September 12, **Pechiney's Board of Directors recommended Alcan's revised takeover bid**, which it considers to be in the best interest of the Company's shareholders, employees and customers.
  - On September 30, **Pechiney initiated application of the Coega project's electricity supply contract with Eskom.**
  - On October 2, **Pechiney announced that it had become part of the Europe and world FTSE4GOOD series of indexes specialized in sustainable development.** Pechiney's presence in this series illustrates the commitment of the Company and its teams to implement ambitious sustainable development initiatives.
- On November 4, Pechiney and Nela Harbin (Heilongzian Province) have reached **an agreement in principle to launch a joint venture in plates and sheets production** for general engineering markets. **The total investment could amount to 250 million**, of which Pechiney Rhenalu, a 100% subsidiary of Pechiney, would hold at least 51%.

## **Main trends Q3 2003**

### **Pechiney Continuous System Q3 2003**

#### **Improvement**

To cumulated gains, gross of inflation, of € 181 million reported at the end of June 2003, € 47 million can be added for the third quarter of 2003 (the rate of inflation used to compute continuous improvement gains was updated during the third quarter. This amount therefore includes a 2.3 million adjustment to first half gains. An equal amount will be recorded in the fourth quarter). Cumulated gains since January 1, 2002, thus total 228 million.

#### **Cumulated Continuous Improvement Gains at the end of September 2003**

#### **Market environment**

In the **primary aluminum market**, the average price of aluminum on the LME rose significantly during the quarter from 1,329 U.S.\$/metric ton in the third quarter of 2002 (and from 1,380 U.S.\$/metric ton in the second quarter of 2003) to 1,421 U.S.\$/metric ton in the third quarter of 2003, representing an increase of 7%.

In **aluminum conversion markets**, as in the previous quarter, European activities benefited from the continued good level of shipments to Airbus. Meanwhile, other rolled products markets, both in Europe and in the United States, and the extrusions market do not show any sign of recovery.

In **packaging**, during the third quarter, the markets remained weak, with signs of recovery in the United States in some food markets. Markets for beauty are likely to continue to have depressed volumes this year, except in care.

**Net Sales (new organization<sup>1</sup>)**

<i>Millions of euros</i>	<b>Q3 2002</b>	<b>Q2 2003</b>	<b>Q3 2003</b>
Primary Aluminium	468	460	419
Aluminium Conversion	612	618	565
Packaging	559	549	539
<b>Net sales from industrial operations</b>	<b>1,639</b>	<b>1,627</b>	<b>1,523</b>
International Trade	1,381	999	1,032
<b>Total</b>	<b>3,020</b>	<b>2,626</b>	<b>2,555</b>

**Earnings from operations (new organization<sup>1</sup>)**

<i>Millions of euros</i>	<b>Q3 2002</b>	<b>Q2 2003</b>	<b>Q3 2003</b>
Primary Aluminium	70	37	33
Aluminium Conversion	0	14	10
Packaging	32	26	23
International Trade	16	14	14
Holdings	(23)	(24)	(22)
<b>Total</b>	<b>95</b>	<b>67</b>	<b>58</b>

**Segment breakdown - Third quarter 2003****Primary Aluminum (Aluminum Metal, Bauxite Alumina and Ferroalloys)****Satisfactory operating performance masked by the continued weakness of the U.S. dollar vis-à-vis the euro**

At 33 million, earnings from operations in the third quarter of 2003 were down 37 million from the same period in 2002, and 4 million from the previous quarter.

This decline was mainly linked to the persistent weakness of the U.S. dollar vis-à-vis the euro. The euro/dollar parity realized thus continued to worsen during the quarter, rising from 1.11 to 1.13 between the second and the third quarters of 2003. The slight rise in the realized aluminum price on the LME from 1,360 U.S.\$/metric ton in the third quarter of 2002 and from 1,390 U.S.\$/metric ton in the second quarter of 2003 to 1,394 U.S.\$/metric ton in the third quarter of 2003 only offset the negative impact of the dollar to a very limited extent.

During the quarter, the sector reported satisfactory operating performance at its plants, except for the PNL smelter, which was particularly affected by energy cost overruns during the summer and low production volumes. In addition, the whole sector was impacted by higher energy prices.

Prospects for the fourth quarter will be marked, in the primary aluminum sector, by a rise in prices on the LME, which combined with the initial impact of the eurodollar foreign exchange options taken for 12 months will ensure a significant improvement in results.

## **Aluminum Conversion**

### **Good performance of European activities, improved cost control and further reduction in losses in the United States**

Earnings from operations in the Aluminum Conversion sector totaled 10 million in the third quarter of 2003, compared with zero in the third quarter of 2002.

Earnings from operations reported by **European activities** stood at 16 million in the third quarter of 2003 versus 12 million in the same period in 2002.

During the quarter, European aerospace activities continued to benefit from growth in invoice volume compared with those of 2002. Orders booked at the Issoire facility, which benefits from the start of the Airbus A380 and the excellent service quality of the factory, rose by 21% compared with the third quarter of 2002.

Although shipments in the beverage can, automotive and heat exchanger markets were satisfactory, they remained sluggish as far as extruded products are concerned. The sector was also affected by a negative price effect, in particular in thin foil and standard rolled products.

**In the United States (Ravenswood, Vernon and Aluminium Lithium)**, the operating loss totaled 6 million in the third quarter, a major improvement over the 12 million loss reported in the third quarter of 2002, and slightly better than the 7 million loss recorded in the second quarter of 2003. The reorganization of Aluminium Lithium and improved cost control at Ravenswood, following a restructuring plan launched at the end of 2002, made it possible to offset the weak sales volume reported in this region.

In Aluminium Conversion overall, despite the good level of aerospace volume and the continuation of operational improvements, the economic environment does not show any sign of recovery, so that the traditional seasonal weakness of the last quarter will still be observed.

## **Packaging**

### **Lower sales volume and dollar drop partly offset by improved cost control and favorable perimeter effect**

In Packaging, earnings from operations totaled 23 million, down 9 million from the third quarter of 2002 and down 3 million from the previous quarter.

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<sup>1</sup> 2002 numbers have been restated according to the new organization launched on February 1<sup>st</sup> 2003.



Compared with the same period in 2002, the sector was affected by the dollar decline (40% of the earnings from operations fall) and by a drop in sales volume, particularly in the flexible packaging and tube markets in the United States, as well as in the makeup segment.

These declines were only partly offset by the fast pace of cost reductions linked to the Pechiney Continuous Improvement System, the implementation of restructuring measures launched in 2003 as well as the impact of realized acquisitions. Moreover, the raw materials cost / price squeeze effect was widely reduced in the third quarter.

Finally, the sector acquired Novacel, the Mexican leader in specialty flexible packaging.

For the next quarter, the good results achieved in cost control in Packaging should continue to be offset by mediocre volumes in the beauty and food segments.

### **International Trade**

In International Trade, earnings from operations totaled 14 million in the third quarter of 2003, down slightly from the third quarter of 2002 and stable compared with the previous quarter. The good performance of trading activities helped to offset the negative impact of the parity of the U.S. dollar to a great extent.

### **Other statement of income items**

In the third quarter of 2003, there was a **loss from operations** of 57 million, compared with income from operations of 48 million in the same period in 2002 and with income of 50 million in the second quarter of 2003. This figure included 115 million in restructuring expense and other (expense) income, of which 65 million of exceptional writedowns and 33 million in expenses linked to Alcan's takeover bid for Pechiney.

**Net financial expense** totaled 13 million in the third quarter of 2003, down from the third quarter of 2002 and stable compared with the second quarter of 2003.

**Current and deferred income taxes** represented income of 18 million in the third quarter of 2003, versus a charge of 19 millions in the same period in 2002.

### **Amortization of goodwill**

A charge of 7 million was recorded in the third quarter of 2003 for the goodwill amortisation in French GAAP, to which was added exceptional goodwill amortisation at Techpack and Eurofoil for a total amount of 19 million.

### **Cash flow**

The cash flow generated by operations totaled 401 million for the first nine months of the year. Net of investments and divestitures, the Group's financing needs stood at 98 million, before the payment of dividends in the amount of 110 million.

### **Financial structure**

As of September 30, 2003, net indebtedness totaled 1,604 million, up 167 million from December 31, 2002. Compared with shareholders' equity and minority interests of 2,927 million, the debt-to-equity ratio was 0.55, compared with 0.45 as of December 31, 2002.

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As of September 30, 2003, the total number of outstanding shares was 83,076,971, of which 4,767,044 were owned by the Company.

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Pursuant to article 7 of the COB Rule book n° 2002-04, this press release was disclosed to the Commission des Opérations de Bourse before its release.

Certain statements in this press release that describe Pechiney's intentions, expectations or projections may constitute forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause Pechiney's actual results, performance or achievement to be materially different from its intentions, expectations or projections. The forward-looking statements in this press release speak only as of its date and Pechiney undertakes no obligation to update or revise any forward-looking statement to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

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**Appendix****Comparison with American accounting standards (US GAAP)**

<b>Net income</b>			<b>Shareholders equity</b>		
<i>(in millions of euros)</i>	Q3 2002	Q3 2003	<i>(in millions of euros)</i>	31/12 2002	30/09 2003
<b>Net income under French GAAP</b>	<b>(14)</b>	<b>(76)</b>	<b>Shareholders equity under French GAAP</b>	<b>3 014</b>	<b>2 779</b>
Derivative instruments and hedging activities	(11)	13	Derivative instruments and hedging activities	15	46
Goodwill amortisation	7	1	Goodwill amortisation	21	35
			Additional minimum pension liability	(141)	(135)
<b>Income under USGAAP, before cumulative effect of change in accounting principle</b>	<b>(18)</b>	<b>(62)</b>	<b>Shareholders equity under USGAAP</b>	<b>2 909</b>	<b>2 725</b>
Change in accounting for asset retirement obligations as of January 1, 2003	-	1			
<b>Net income under US GAAP</b>	<b>(18)</b>	<b>(61)</b>			

The accounting principles applied by the Group in the preparation of its financial statements differ in certain points from generally accepted accounting principles in the United States (US GAAP). The impact of these differences is presented in the above tables and the differences are described below.

**Accounting for derivatives and hedging operations**

Pechiney's US GAAP financial statements reflect the application of SFAS 133, which requires that derivative instruments (foreign exchange, interest rates, commodities) be recognized in the balance sheet at fair value, and sets criteria to define transactions that may be accounted for as hedging operations.

On the basis of these criteria, certain hedging operations, although efficient from an economic point of view, are not recognized as hedging activities. As a result, gains and losses due to the mark to market of certain hedging instruments are recorded in net income or in equity, with no recognition of the inverse effect of the mark to market of the hedged items. For this reason, the impact of this standard on results varies according to market conditions and is difficult to forecast. The application of SFAS 133 generated a net accounting gain (with no impact on cash flow) of 13 million in the third quarter of 2003.

### **Amortisation of goodwill**

In Pechiney's US GAAP financial statements reflect the application of SFAS 142, which requires that goodwill be not amortised on a recurring basis, but be regularly tested for impairment, leading, if necessary to non-recurring amortisation. In the third quarter of 2003, the application of SFAS 142 led to the cancellation of recurring amortisation (7 million euros) and to goodwill impairment higher than that recorded under French GAAP by 6 million euros.

### **Cumulative effect of initially applying SFAS 143**

In Pechiney's US GAAP financial statements and French GAAP financial statements, the accounting standard SFAS 143, Accounting for asset retirement obligation, was adopted effective January 1, 2003. In the USGAAP financial statements, the cumulative effect adjustment at January 1, 2003 is presented on a specific line, at the bottom of the statement of income for the first quarter of 2003. In the French GAAP financial statements, the cumulative effect adjustment is directly recognized in equity.

SFAS 143 requires that legal obligations associated with the retirement of long-lived assets and resulting from normal activities be recognized as liabilities, at fair value, when incurred. These asset retirement costs are capitalized by increasing the carrying amount of the related asset and are depreciated over the useful life of the asset. For Pechiney, the main change relates to the cost of disposal of spent pot lining of aluminum pots in operation, which is now recognized as a liability and capitalized from the time the lining is placed into service. As a consequence, since January 1, 2003, the cost of replacing pot lining, which was previously charged to income, has also been capitalized and depreciated over the useful life of the lining, including for pots in operation at January 1, 2003.

The positive cumulative effect at January 1, 2003 was adjusted in the third quarter of 2003 by 1 million euros, from 36 million euros to 37 million euros, corresponding to an increase of net property plant and equipment, environmental reserves, investment in equity affiliates and minority interest by respectively 88, 31, 4 and 4 million euros and a decrease of net deferred tax assets by 20 million euros.

**Balance-sheet** The differences in the balance sheet as of September 30, 2003 included the impacts of SFAS 133, SFAS 142 and SFAS 87 (reduction in shareholders' equity due to the different way complementary retirement provisions are recorded in US and in French GAAP). These differences amounted to a net reduction in shareholders equity of 54 million as of June 30, 2003 in US GAAP, down from 105 million as of December 31, 2002.

## Appendix

## PECHINEY

## Consolidated Statement of Income

*French GAAP*

(in millions of euros)	Q3 2002	Q3 2003
<b>Net sales</b>	<b>3,020</b>	<b>2,555</b>
Other operating revenues	35	41
Cost of goods sold (excluding depreciation)	(2,717)	(2,280)
Selling, general and administrative expense	(142)	(144)
Research and development expense	(22)	(21)
Amortisation (excluding goodwill)	(79)	(93)
<b>Earnings from operations</b>	<b>95</b>	<b>58</b>
Restructuring expense and Long-lived assets writedowns	(7)	(68)
Other (expense) income	(40)	(47)
<b>Income from operations</b>	<b>48</b>	<b>(57)</b>
Financial expense, net	(16)	(13)
<b>Income before income taxes</b>	<b>32</b>	<b>(70)</b>
Income tax benefit (expense)	(19)	18
<b>Income from consolidated companies</b>	<b>13</b>	<b>(52)</b>
Equity in net earnings of affiliates	0	3
Minority interests	(3)	(1)
<b>Net Income before goodwill</b>	<b>10</b>	<b>(50)</b>
Goodwill amortisation	(8)	(7)
Exceptional Goodwill amortisation	(16)	(19)
<b>Net Income</b>	<b>(14)</b>	<b>(76)</b>
<b>Net Income per share "A" ( ) (*)</b>	<b>(0.18)</b>	<b>(0.97)</b>

(\*) Computed on the average number of shares, i.e. 77.942.144 for the third quarter of 2003 (excluding treasury shares).

**Consolidated Statement of Cash Flow**

(in millions of euros)	Q3 2002	Q3 2003
<b>Resources from Operations</b>	<b>176</b>	<b>111</b>
Change in working capital requirements	73	72

Utilisation of provisions and other	(31)	(50)
<b>Cash provided by Operations</b>	<b>218</b>	<b>133</b>
Capital expenditures	(119)	(100)
Financial investments	(6)	(94)
Divestitures and other	14	1
<b>Net Cash-flow</b>	<b>107</b>	<b>(60)</b>
Dividends paid	(23)	(23)
Purchase of treasury shares	(22)	-
Increase in capital	-	-
<b>Increase (decrease) in Cash</b>	<b>62</b>	<b>(83)</b>

## Appendix

## PECHINEY

## Consolidated Statement of Income

*French GAAP*

(in millions of euros)	2002					2003			
	Q1	Q1 (restated)*	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Net sales	2,814	2,814	3,397	3,020	2,678	2,820	2,626	2,555	
Other operating revenues	30	30	41	35	38	30	51	41	
Cost of goods sold (excluding depreciation)	(2,473)	(2,473)	(3,042)	(2,717)	(2,379)	(2,513)	(2,344)	(2,280)	
Selling, general and administrative expense	(153)	(153)	(152)	(142)	(163)	(148)	(144)	(144)	
Research and development expense	(24)	(24)	(20)	(22)	(24)	(24)	(24)	(21)	
Amortisation (excluding goodwill)	(90)	(90)	(87)	(79)	(79)	(94)	(98)	(93)	
<b>Earnings from operations</b>	<b>104</b>	<b>104</b>	<b>137</b>	<b>95</b>	<b>71</b>	<b>71</b>	<b>67</b>	<b>58</b>	
Restructuring expense and Long-lived assets writedowns	(10)	(10)	(43)	(7)	(85)	(50)	(10)	(68)	
Other (expense) income	(6)	(11)	(11)	(40)	(41)	(9)	(7)	(47)	
<b>Income from operations</b>	<b>88</b>	<b>83</b>	<b>83</b>	<b>48</b>	<b>(55)</b>	<b>12</b>	<b>50</b>	<b>(57)</b>	
Financial expense, net	(11)	(11)	(11)	(16)	(11)	(11)	(13)	(13)	
<b>Income before income taxes</b>	<b>77</b>	<b>72</b>	<b>72</b>	<b>32</b>	<b>(66)</b>	<b>1</b>	<b>37</b>	<b>(70)</b>	
Income tax benefit (expense)	(28)	(28)	(31)	(19)	39	5	(20)	18	
<b>Income from consolidated companies</b>	<b>49</b>	<b>44</b>	<b>41</b>	<b>13</b>	<b>(27)</b>	<b>6</b>	<b>17</b>	<b>(52)</b>	
Equity in net earnings of affiliates	1	1	3	0	(1)	2	3	3	
Minority interests	(4)	(4)	4	(3)	3	(2)	(1)	(1)	
<b>Net Income before goodwill</b>	<b>46</b>	<b>41</b>	<b>48</b>	<b>10</b>	<b>(25)</b>	<b>6</b>	<b>19</b>	<b>(50)</b>	
Goodwill amortisation	(9)	(9)	(8)	(8)	(7)	(7)	(7)	(7)	
Exceptional Goodwill amortisation	-	-	(31)	(16)	(50)	-	-	(19)	
<b>Net Income</b>	<b>37</b>	<b>32</b>	<b>9</b>	<b>(14)</b>	<b>(82)</b>	<b>(1)</b>	<b>12</b>	<b>(76)</b>	

(\*) As restated to reflect the elimination of the cumulative net income recorded upon the initial consolidation of the subsidiary Pechiney Far East as of January 1, 2002, to comply with the requirements of the United States Securities and Exchange Commission (see Note 1 to the consolidated financial statements in the Annual Report on Form 20-F/A filed with the SEC on October 24, 2003).

**Earnings from operations (new organization)**

	2002				2003			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Primary Aluminium	69	93	70	50	42	37	33	
Aluminium Conversion	4	9	0	0	15	14	10	
Packaging	33	40	32	24	26	26	23	
International Trade	19	18	16	20	14	14	14	
Holdings	(21)	(23)	(23)	(23)	(26)	(24)	(22)	
<b>Total</b>	<b>104</b>	<b>137</b>	<b>95</b>	<b>71</b>	<b>71</b>	<b>67</b>	<b>58</b>	
<b>Depreciation</b>	<b>(90)</b>	<b>(87)</b>	<b>(79)</b>	<b>(79)</b>	<b>(94)</b>	<b>(98)</b>	<b>(93)</b>	
<b>Consolidated primary Aluminium Prod.(kt)</b>	<b>215</b>	<b>219</b>	<b>221</b>	<b>222</b>	<b>217</b>	<b>210</b>	<b>212</b>	
Average realised LME price (\$/t)(*)	1,354	1,385	1,360	1,334	1,368	1,390	1,394	
Realised /\$ Primary Aluminium	0.88	0.90	0.95	0.98	1.04	1.11	1.13	
Average euro/U.S. dollar	0.88	0.92	0.98	1.00	1.07	1.14	1.12	

(\*) Average actual selling price of a metric ton of primary aluminium (excluding premiums) negotiated by the Group during the quarter.



## Appendix

### Consolidated Balance Sheet

#### *French GAAP*

(in millions of euros)	As of 31/12/2002	As of 30/09/2003
<b>ASSETS</b>		
<b>Long-term assets</b>		
Property, plant and equipment, net	2,832	2,921
Goodwill, net	637	597
Other intangible assets, net	163	129
Investments in equity affiliates	285	290
Long-term investments	139	100
Deferred income taxes	505	536
Other long-term assets	279	337
	<b>4,840</b>	<b>4,910</b>
<b>Current assets</b>		
Inventories, net	1,525	1,440
Accounts receivable Trade	1,281	1,319
Deferred income taxes	51	54
Prepaid expenses	72	69
Other receivables	29	27
Marketable securities	153	58
Cash	283	329
	<b>3,394</b>	<b>3,296</b>
<b>Total assets</b>	<b>8,234</b>	<b>8,206</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Shareholder's equity</b>		
Capital stock		
- Common shares "A"	1,242	1,260
- Preferred shares "B"	16	-
Treasury shares	(180)	(181)
Share premium	790	790
Retained earnings	1,297	1,165
Cumulative translation adjustment	(151)	(255)
	<b>3,014</b>	<b>2,779</b>
<b>Minority interests</b>	<b>149</b>	<b>148</b>

<b>Long-term liabilities</b>		
Deferred income taxes	195	214
Other long-term liabilities	1,142	1,180
	<b>1,337</b>	<b>1,394</b>
<b>Long-term debt</b>	<b>1,465</b>	<b>1,338</b>
<b>Current liabilities</b>		
Accounts payable Trade	1,456	1,513
Accrued liabilities	376	354
Other payables	8	14
Current portion of long-term debt	39	178
Short-term bank loans	390	488
	<b>2,269</b>	<b>2,547</b>
<b>Total liabilities and shareholders' equity</b>	<b>8,234</b>	<b>8,206</b>
<b>Net Debt</b>	<b>1,437</b>	<b>1,604</b>
<b>Shareholder's equity + Minority interests</b>	<b>3,163</b>	<b>2,927</b>
<b>Gearing</b>	<b>0.45</b>	<b>0.55</b>

## Appendix

## PECHINEY

## Consolidated Statement of Income

*US GAAP*

(in millions of euros)	Q3 2002	Q3 2003
<b>Net sales</b>	<b>3,021</b>	<b>2,557</b>
Other operating revenues	35	41
Cost of goods sold (excluding depreciation)	(2,738)	(2,264)
Selling, general and administrative expense	(142)	(144)
Research and development expense	(22)	(21)
Amortisation (excluding goodwill)	(79)	(93)
Restructuring expense and Long-lived assets writedown	(7)	(68)
Other (expense) income	(40)	(47)
Goodwill amortisation	-	-
Exceptional Goodwill amortisation	(17)	(25)
Financial expense, net	(12)	(13)
Income tax benefit (expense)	(14)	13
Equity in net earnings of affiliates	0	3
Minority interests	(3)	(1)
<b>Net Income before cumulative effect of accounting change</b>	<b>(18)</b>	<b>(62)</b>
Cumulative effect of accounting change	-	1
<b>Net income</b>	<b>(18)</b>	<b>(61)</b>
<b>Net Income per share "A" ( ) (*)</b>	<b>(0.23)</b>	<b>(0.78)</b>

(\*) Computed on the average number of shares, i.e. 77.942.144 for the third quarter of 2003 (excluding treasury shares).

## Consolidated Statement of Cash Flow

(in millions of euros)	Q3 2002	Q3 2003
<b>Resources from Operations</b>	<b>160</b>	<b>128</b>
Change in working capital requirements	118	43
Utilisation of provisions and other	(60)	(38)
<b>Cash provided by Operations</b>	<b>218</b>	<b>133</b>
Capital expenditures	(119)	(100)
Financial investments	(6)	(94)
Divestitures and other	14	1
<b>Net Cash-flow</b>	<b>107</b>	<b>(60)</b>

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Dividends paid	(23)	(23)
Purchase of treasury shares	(22)	-
Increase in capital	-	-
<b>Increase (decrease) in Cash</b>	<b>62</b>	<b>(83)</b>

## Appendix

## Consolidated Balance Sheet

*US GAAP*

(in millions of euros)

As of 31/12/2002

As of 30/09/2003

**ASSETS****Current assets**

Cash	283	328
Marketable securities	153	58
Other receivables	11	8
Prepaid expenses	309	302
Deferred income taxes	47	38
Accounts receivable Trade	1,269	1,312
Inventories, net	1,524	1,442

**Long-term assets**

Other long-term assets	201	275
Deferred income taxes	499	529
Long-term investments	139	100
Investments in equity affiliates	285	292
Other intangible assets, net	163	129
Goodwill, net	659	633
Property, plant and equipment, net	2,832	2,921

**4,778****4,879****Total assets****8,374****8,367****LIABILITIES AND SHAREHOLDERS' EQUITY****Short term debt**

Short term bank loans	392	488
Current portion of long term debt	39	178
Other payables	8	14
Accrued liabilities	579	518
Accounts payable Trade	1,451	1,513

**Other long term liabilities****2,469****2,711****Long term Debt****45****51****Long term Liabilities****1,465****1,338**

Other long term liabilities

1,142

1,180

Deferred income taxes

195

214

<b>Minority Interests</b>	<b>1,337</b>	<b>1,394</b>
<b>Shareholder's equity</b>	<b>149</b>	<b>148</b>
Fair value of derivative instruments	33	43
Cumulative translation adjustment	(151)	(254)
Additional minimum pension liability	(141)	(135)
Retained earnings	1,300	1,202
Share premium	790	790
Treasury shares	(180)	(181)
Capital stock	1,258	1,260
- Common shares "A"	1,242	1,260
- Preferred shares "B"	16	
	<b>2,909</b>	<b>2,725</b>
<b>Total liabilities and shareholders' equity</b>	<b>8,374</b>	<b>8,367</b>

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, Pechiney has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: November 7, 2003

**PECHINEY**

By: /s/ OLIVIER MALLET

Name: Olivier MALLET

Title: Chief Financial Officer