The Ripple Effect of Aluminum Recycling

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Alcoa Corporation is a global industry leader in bauxite, alumina and aluminum products

- **At-a-glance:**
  - 14,000 employees
  - 44 manufacturing locations
  - 10 countries

- Built on a foundation of strong values and operating excellence dating back nearly 130 years

- Invented the aluminum industry, making aluminum an affordable and vital part of modern life
Warrick Operations is a strategic part of Alcoa Corporation’s worldwide portfolio

One of the world’s largest aluminum fabricating facilities, primarily serving the food and beverage industry with flat-rolled aluminum.

- Located in Newburgh, IN
- Home of one of the world’s largest ingot plants
- Rolling mills reduce ingot thickness from 21 inches thick x 30 feet long to 0.007 inches thick x 12 miles long in 12 minutes production time
- Highest coating capacity plant in the world
- Only lithographic sheet producer in North America
Plant transformation has affected supply chain

Transition to cold metal plant and additional capacity has significantly increased use of scrap aluminum

- Activated two idled furnaces
- Operational metal supply plan in place to meet current and anticipated needs
Aluminum is 100 percent recyclable and retains its properties indefinitely

- Nearly 75 percent of all aluminum ever produced is still in use today
- Demand continues to grow
  - Energy drinks
  - Microbreweries
- The U.S. industry can recycling rate is only about 67 percent, which means we are throwing away almost $1 billion worth of cans every year
- Recycling aluminum saves more than 90 percent of the energy needed to make new aluminum

Source: The Aluminum Association
Ripple effects of 2016 aluminum price decrease continue to affect industry

- 2016 saw sharp decline in aluminum prices
- Low prices drove numerous scrap yard and recycle center closures
- Many Municipal Recycling Facilities (MRFs) stopped can recycling programs and switched to landfills as cheaper disposal alternative
- Lack of available used beverage can (UBC) scrap created increased use of more expensive pure aluminum
Market conditions in 2017 are improving

- Prices up about $0.15/lb since June 2016
- Underlying commodity price increase helps to support recycling streams
- Flow of scrap aluminum metal has improved with the higher commodity prices
- Additionally, the ferrous markets have stabilized over the last year and the knock-on effect also supports scrap metal flows through scrap yards
Aluminum recycling promotes environmental as well as economic sustainability

- Almost $1 billion worth of aluminum is buried each year in the U.S., largely due to lack of infrastructure and public education

- Increased aluminum recycling …
  - helps the industry reduce its environmental footprint
  - supports healthy supply chain
  - diverts resources from landfills
  - saves energy for the future

- Community policies and programs that encourage and enable recycling activity are good for everyone
Thank you!