RUSAL

UNITED COMPANY RUSAL PLC

(Incorporated under the laws of Jersey with limited liability)

(Stock Code: 486)

RESULTS ANNOUNCEMENT FOR THE THREE MONTHS ENDED 31 MARCH 2019

Key highlights

- On 27 January 2019, the U.S. Department of the Treasury's Office of Foreign Assets Control ("**OFAC**") announced removal of United Company RUSAL Plc ("**RUSAL**" or the "**Company**", together with its subsidiaries, the "Group") and En+ Group Ltd. from OFAC's Specially Designated National ("SDN") List with immediate effect. The removal was subject to the satisfaction of a number of conditions including, but not limited to, corporate governance changes, including, inter alia, overhauling the composition of the Board to ensure that independent directors constitute the majority of the Board, and ongoing reporting and certifications.
- Revenue in the first quarter of 2019 dropped by 20.9% to USD2,170 million as compared to USD2,744 million for the same period of 2018 following the decrease in the London Metal Exchange ("**LME**") aluminium price by 13.9% to USD1,859 per tonne as compared with USD2,159 per tonne for the comparable period.
- Adjusted EBITDA fell by 60.5% to USD226 million for the first quarter of 2019, as compared to USD572 million for the corresponding period of 2018.
- Aluminium segment cost per tonne decreased by 3.1% to USD1,633 for the first quarter of 2019 as compared to USD1,686 for the same period of 2018 primarily due to depreciation of Russian Rouble against US dollar between the comparable periods.
- On 29 April 2019, placement of the exchange-traded rouble bonds in the amount of RUB15 billion with a coupon rate 9.0% was completed and the exchange-traded rouble bonds commenced trading on the Moscow Exchange. Maturity of the bonds is ten years subject to bondholders' put option exercisable in April 2022. In addition to the placement, RUSAL entered into the cross-currency interest rate swap, which resulted in the exchange-traded rouble bonds exposure being translated in full amount in the US-dollar exposure with the maturity of 3 years and the interest rate of 4.69%.

Statement of the Chief Executive Officer

"The first quarter of the year was significantly challenged by the past year's events, including the OFAC sanctions which were only lifted on 27 January 2019. The short OFAC General License extensions impacted the sales structure: in the first quarter of 2019, sales of value added products ("**VAP**") decreased by 29% to 259 thousand tonnes of total aluminium sales and resulted in a reduction of revenue and net profit, whereas in the first quarter of 2018, these sales accounted for 48% of total sales or 436 thousand tonnes.

Following the reduction of the London Metal Exchange aluminium price by 13.9% to USD1,859 per tonne, compared to USD2,159 per tonne between the comparable periods, revenue decreased by 20.9% to USD2,170 million in the first quarter of 2019 compared to USD2,744 million for the same period of 2018. RUSAL's net profit decreased by 49.8% and amounted to USD273 million, compared to USD544 million in the first quarter of 2018.

In the coming months RUSAL will focus on restoring its market position, including the share of VAPs, which will be vital due to ongoing price uncertainty in the global aluminium market and continued US-China tensions. We will redouble our efforts on stronger interaction with our current customers, as well as development of new competitive technologies, whilst continuing our cost reduction programs. Moreover, in the coming years, the Company will allocate considerable funds to implement investment projects which have already been announced, in order to continue modernizing key equipment at the Company's facilities. In addition, RUSAL will promote its products to foreign markets, such as its low carbon aluminium brand ALLOW, to reestablish and reinforce its high quality customer service."

Evgenii Nikitin
Chief Executive Officer

14 May 2019

Financial and Operating Highlights

	Quarter ended 31 March 2019	2018	Change quarter on quarter,% (1Q to 1Q)	Quarter ended 31 December 2018	Change, quarter on quarter,% (1Q to 4Q)
	unaudited	*unaudited*		*unaudited*	
Key operating data					
(‘000 tonnes)					
Aluminium	928	931	(0.3%)	943	(1.6%)
Alumina	1,932	1,892	2.1%	1,958	(1.3%)
Bauxite	3,831	2,960	29.4%	3,719	3.0%
Key pricing and performance data					
(‘000 tonnes)					
Sales of primary aluminium and alloys	896	965	(7.2%)	877	2.2%
(USD per tonne)					
Aluminium segment cost per tonne[1]	1,633	1,686	(3.1%)	1,606	1.7%
Aluminium price per tonne quoted on the LME[2]	1,859	2,159	(13.9%)	1,968	(5.5%)
Average premiums over LME price[3]	100	173	(42.2%)	108	(7.4%)
Average sales price	1,949	2,326	(16.2%)	2,115	(7.8%)
Alumina price per tonne[4]	387	382	1.3%	444	(12.8%)
Key selected data from the consolidated interim condensed statement of income					
(USD million)					
Revenue	2,170	2,744	(20.9%)	2,365	(8.2%)
Adjusted EBITDA	226	572	(60.5%)	363	(37.7%)
margin (% of revenue)	10.4%	20.8%	NA	15.3%	NA
Adjusted (Loss)/Profit for the period	(103)	317	NA	(17)	505.9%
margin (% of revenue)	(4.7%)	11.6%	NA	(0.7%)	NA
Recurring Net Profit for the period	300	531	(43.5%)	101	197.0%
margin (% of revenue)	13.8%	19.4%	NA	4.3%	NA

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1 For any period, “Aluminium segment cost per tonne” is calculated as aluminium segment revenue (excluding sales of third parties’ metal) less aluminium segment results less amortisation and depreciation (excluding margin on sales of third parties’ metal and alumina intersegment margin) divided by sales volume of the aluminium segment (excluding volumes of third parties’ aluminium sold).

2 Aluminium price per tonne quoted on the LME representing the average of the daily closing official LME prices for each period.

3 Average premiums over LME realized by the Company based on management accounts.

4 The average alumina price per tonne provided in this table is based on the daily closing spot prices of alumina according to Non-ferrous Metal Alumina Index FOB Australia USD per tonne.

Key selected data from consolidated interim condensed statement of financial position

	As at		Change,
	31 March 2019 *(unaudited)*	**31 December 2018**	**quarter on year end**
(USD million)			
Total assets	16,808	15,777	6.5%
Total working capital[5]	2,730	2,834	(3.7%)
Net Debt[6]	7,555	7,442	1.5%

Key selected data from consolidated interim condensed statement of cash flows

	Quarter ended		Change quarter on quarter,
	31 March 2019 *(unaudited)*	**31 March 2018** *(unaudited)*	**(1Q to 1Q)**
(USD million)			
Net cash flows generated from operating activities	300	116	158.6%
Net cash flows used in investing activities	(135)	(225)	(40.0%)
of which CAPEX[7]	(136)	(220)	(38.2%)
Interest paid	(135)	(123)	9.8%

5 Total working capital is defined as inventories plus trade and other receivables minus trade and other payables.

6 Net Debt is calculated as Total Debt less cash and cash equivalents as at the end of any period. Total Debt refers to UC RUSAL's loans and borrowings and bonds outstanding at the end of any period.

7 CAPEX is defined as payment for the acquisition of property, plant and equipment and intangible assets.

Market overview

During 1Q19, the aluminum price came under continued pressure. This was due mainly to a seasonally weak period and the negative impact resulting from trade wars and US-China tensions, which significantly influenced the growth prospects in key aluminum consuming regions and sectors, particularly the automotive industry. We believe these trends will continue to negatively impact the aluminum price in 2Q19, despite the benefits expected to materialise from a potential agreement between China and the US and certain positive economic indicators demonstrated by both the US and Chinese economies in March.

During 1Q19, overall aluminum demand grew by 1.5% in 1Q19 year-on-year ("**YoY**") to 15.87 million tonnes, world ex-China primary aluminium demand grew by 1.5% to 7.4 million tonnes. The total deficit increased 1.7 times to 0.5 million tonnes in comparison with 4Q18, which was key to the decline in aluminium stock levels. In China, demand is slowly recovering and grew by 1.5% to 8.49 million tonnes.

In Europe, primary aluminium demand increased by 1.0% to 2.4 million tonnes in 1Q19 due to slowing economic growth. A slowdown in Germany's export-oriented economy imposed the strongest impact on aluminium demand, as a sharp decrease in international trade halved expected GDP growth to 0.5%.

In North America, primary aluminium demand grew by 1.5% to 1.7 million tonnes in 1Q19 despite a slowdown in both the construction and automotive sectors. Housing starts in the US has seen 1Q 2019 finish with the lowest annualized figures over 12 months and US light vehicle sales declined 3.2% YoY in 1Q 2019. Primary aluminium demand growth is mostly attributed to increasing aluminium usage in automotive sector and particularly in BiW.

Asian primary aluminium demand grew by 4.5% to 0.5 million tonnes in India and by 1.3% to 1.6 million tonnes in other parts of Asia in 1Q19. India remained one of the fastest growing economies with high aluminium demand despite a slight decrease in the pace of growth. In Japan, solid internal demand counteracted weak exports and continued to stimulate economic growth. In the ASEAN region, manufacturing production showed some growth in March after a couple of months of depreciation.

The first quarter for the Russian & CIS market was weak as compared with the previous year due to a very high base and adaptation to the higher VAT rate in Russia. This affected the purchase power of the customers. In absolute figures, the market showed a performance close to 1Q 2017 levels.

Aluminium production in 1Q19 outside of China decreased by 1.3% quarter-on-quarter ("**QoQ**") to 6.86 million tonnes. Based on the current aluminum price and premiums, approximately 50% of the aluminum production facilities outside of China and 20% in China are estimated to be lossmaking. Despite these circumstances, capacity restarts in the US continue and, along with an increase of aluminium capacity in the Middle East and Russia, production volumes outside of China may grow in 2Q19.

Production of primary aluminium in China in 1Q19 amounted to 8.63 million tonnes, down 1.2% YoY. Capacity cuts exceeded 800 thousand tonnes per year during 1Q19 and a sluggish market slowed the commissioning of new capacity as well as the recovery of idle capacity. At the same time there is still approximately 2.5 million tonnes of new capacity ready to enter the market and up to 1 million tonnes of idled capacity that can be restarted. The decline in overall costs specifically in terms of alumina and carbon materials prices, indicates that the recent price spike in China is unsustainable and that there exists a certain level of downside risk.

In the first quarter of 2019 aluminum inventories at LME warehouses dropped by 200 thousand tonnes to 1,074 thousand tonnes. LME live warrants remain at the level of 723 thousand tonnes. Following a spike in mid 1Q19, Chinese regional stocks renewed their decline in March 2019 and fell 3.8% by the end of the month, to 1.69 million tonnes.

Chinese unwrought aluminum and semis exports grew by 14% YoY in 1Q19 and remain unusually strong as a result of weak Chinese domestic consumption. This trend may continue in 2Q19 as domestic demand remains subdued and the aluminum deficit outside of China continues. The alumina market is expected to become more balanced with an anticipated full restart of the Alunorte alumina refinery and new refinery ramp-up in the Middle East. The alumina price in most regions is set to continue its downward trend although there is still potential for a correction due to the persisting high cost of alumina production, particularly in China.

Premiums in Europe and spots in Asia have shown an upward trend in 1Q19, while the MidWest Duty Paid premium was displaying a slight downward trajectory. The traditional seasonality factor in the winter months limited the potential growth of premiums as a response to low demand.

Outlook for 2019

The global aluminium demand growth rate is slowing, in response to economic challenges and uncertainty. We believe the global primary aluminium demand can rise by 3% YoY in 2019 to 68 million tonnes vs 3.6% growth in 2018 YoY to 65.6 million tonnes. Nevertheless, all above mentioned factors and risks can further downgrade the demand in 2019.

Business review

Aluminium production

Aluminium production in 1Q19 totaled 928 thousand tonnes (-1.6% QoQ), with VAP production of 388 thousand tonnes. Siberian smelters represented 93% of total aluminium output.

Alumina production

In 1Q19, total alumina production decreased by 1.3% QoQ, to 1,932 thousand tonnes. The Company's Russian operations accounted for 35% of the total output.

Bauxite production

In 1Q19, bauxite production increased by 3.0% QoQ, to 3,831 thousand tonnes. Nepheline production increased by 23.5% QoQ, to 1,009 thousand tonnes following completion of maintenance works carried out at the mine in 4Q18.

Financial Overview

Revenue

	Quarter ended 31 March 2019	Quarter ended 31 March 2018	Change, quarter on quarter, % (1Q to 1Q)	Quarter ended 31 December 2018	Change, quarter on quarter, % (1Q to 4Q)
	(unaudited)	*(unaudited)*		*(unaudited)*	
Sales of primary aluminium and alloys					
USD million	1,746	2,245	(22.2%)	1,855	(5.9%)
kt	896	965	(7.2%)	877	2.2%
Average sales price (USD/t)	1,949	2,326	(16.2%)	2,115	(7.8%)
Sales of alumina					
USD million	172	237	(27.4%)	256	(32.8%)
kt	395	553	(28.6%)	473	(16.5%)
Average sales price (USD/t)	435	429	1.4%	541	(19.6%)
Sales of foil and other aluminium products (USD million)	91	90	1.1%	72	26.4%
Other revenue (USD million)	161	172	(6.4%)	182	(11.5%)
Total revenue (USD million)	2,170	2,744	(20.9%)	2,365	(8.2%)

Total revenue decreased by USD574 million, or by 20.9%, to USD2,170 million in the first quarter of 2019, as compared to USD2,744 million for the corresponding period of 2018.

Revenue from sales of primary aluminium and alloys decreased by USD499 million, or by 22.2%, to USD1,746 million in the first quarter of 2019, as compared to USD2,245 million in the first quarter of 2018, primarily due to 16.2% decrease in the weighted-average realized aluminium price per tonne (to an average of USD1,949 per tonne in the first quarter of 2019 from USD2,326 per tonne in the first quarter of 2018) driven by a decrease in the LME aluminium price (to an average of USD1,859 per tonne in the first quarter of 2019 from USD2,159 per tonne in the first quarter of 2018), as well as a decrease in premiums above the LME prices in the different geographical segments (to an average of USD100 per tonne from USD173 per tonne in the first quarter of 2019 and 2018, respectively) and by a 7.2% decrease in primary aluminium sales volume.

Revenue from sales of alumina decreased by USD65 million, or by 27.4%, to USD172 million in the first quarter of 2019 from USD237 million in the same period of 2018. The decrease in revenue over the comparable periods was driven by a significant decrease in the sales volume by 28.6%, which was partially offset by a slight increase in the average sales price of alumina by 1.4%.

Revenue from sales of foil and other aluminium products was almost flat in the first quarter of 2019 and the first quarter of 2018.

Revenue from other sales, including sales of other products, bauxite and energy services decreased by 6.4% to USD161 million for the first quarter of 2019 as compared to USD172 million for the same period of the previous year, due to a 5.3% decrease in sales of other materials (such as bauxite by 99.3%, corundum by 17.2%).

Cost of sales

The following table demonstrates the breakdown of UC RUSAL's cost of sales for the first quarter of 2019 and 2018:

	Quarter ended 31 March 2019 *(unaudited)*	2018 *(unaudited)*	Change, quarter on quarter, %	Share of costs, %
(USD million)				
Cost of alumina	181	233	(22.3%)	10.0%
Cost of bauxite	128	119	7.6%	7.1%
Cost of other raw materials and other costs	682	799	(14.6%)	37.8%
Purchases of primary aluminium from JV	76	77	(1.3%)	4.2%
Energy costs	554	606	(8.6%)	30.7%
Depreciation and amortization	121	124	(2.4%)	6.7%
Personnel expenses	141	158	(10.8%)	7.8%
Repairs and maintenance	47	15	213.3%	2.6%
Net change in provisions for inventories	(3)	2	NA	(0.2%)
Change in finished goods	(122)	(111)	9.9%	(6.7%)
Total cost of sales	1,805	2,022	(10.7%)	100.0%

Total cost of sales decreased by USD217 million, or 10.7%, to USD1,805 million for the first quarter of 2019, as compared to USD2,022 million for the corresponding period of 2018. The decrease was primarily driven by the lower volumes of primary aluminium and alloys sold, as well as depreciation of Russian Rouble against US dollar between the comparable periods.

Cost of alumina decreased by 22.3% for the first quarter of 2019 compared to the first quarter of 2018, primarily as a result of a decrease in the volumes of primary aluminium and alloys sold and a decrease in the alumina purchase prices between the comparable periods.

Cost of bauxite increased by 7.6% to USD128 million for the first quarter of 2019 compared to USD119 million for the first quarter of 2018, primarily due to the increase in bauxite purchase volume between the periods.

Cost of raw materials (other than alumina and bauxite) and other costs decreased by 14.6% for the first quarter of 2019 compared to the same reporting period of 2018, due to a decreased in raw materials purchase price (prices for the calcined petroleum coke by 5.3%, caustic soda by 36.0%).

Energy costs decreased by 8.6% for the first quarter of 2019 compared to the first quarter of 2018 due to depreciation of Russian Rouble against US dollar between the comparable periods, which was partially offset by a slight increase in the average electricity prices between the same periods.

The finish goods mainly consist of primary aluminium and alloys (app.94%). The dynamic of change between the reporting periods was driven by the fluctuations of primary aluminium and alloys physical inventory between the reporting dates: 9.2% increase in the first quarter of 2019 and 11.0% increase in the same period of 2018.

Gross profit

As a result of the foregoing factors, UC RUSAL reports a gross profit of USD365 million for the first quarter of 2019 compared to USD722 million for the same period in 2018, representing gross margins of 16.8% and 26.3%, respectively.

Adjusted EBITDA and results from operating activities

(USD million)	Quarter ended 31 March 2019 *(unaudited)*	Quarter ended 31 March 2018 *(unaudited)*	Change, quarter on quarter, % (1Q to 1Q)
Reconciliation of Adjusted EBITDA			
Results from operating activities	73	393	(81.4%)
Add:			
Amortisation and depreciation	125	128	(2.3%)
Impairment of non-current assets	25	49	(49.0%)
Loss on disposal of property, plant and equipment	3	2	50.0%
Adjusted EBITDA	226	572	(60.5%)

Adjusted EBITDA, defined as results from operating activities adjusted for amortisation and depreciation, impairment charges and loss on disposal of property, plant and equipment, decreased to USD226 million for the first quarter of 2019, as compared to USD572 million for the corresponding period of 2018.

Results from operating activities decreased for the first quarter of 2019 by 81.4% to USD73 million, as compared to USD393 million for the corresponding period of 2018, representing operating margins of 3.4% and 14.3%, respectively.

Finance income and expenses

(USD million)	Quarter ended 31 March 2019 *(unaudited)*	2018 *(unaudited)*	Change, quarter on quarter, % (1Q to 1Q)
Finance income			
Interest income on third party loans and deposits	9	3	200.0%
Interest income on loans to related party — companies related through parent company	1	1	0.0%
Change in fair value of derivative financial instruments, including:	—	69	(100.0%)
Change in fair value of embedded derivatives	—	37	(100.0%)
Change in other derivatives instruments	—	32	(100.0%)
	10	73	(86.3%)
Finance expenses			
Interest expense on bank and company loans, bonds and other bank charges, including:	(154)	(120)	28.3%
Interest expense	(133)	(107)	24.2%
Bank charges	(21)	(13)	61.5%
Interest expense on company loans from related parties — companies exerting significant influence	(1)	(1)	0.0%
Interest expense on provisions	(1)	(1)	0.0%
Net foreign exchange loss	(32)	(7)	357.1%
Change in fair value of derivative financial instruments, including:	(4)	—	100.0%
Change in fair value of embedded derivatives	(10)	—	100.0%
Change in other derivatives instruments	6	—	100.0%
Leases interest cost	2	—	100.0%
	(194)	(129)	50.4%

Finance income decreased by USD63 million, or 86.3% to USD10 million for the first quarter of 2019 compared to USD73 million for the same period of 2018 primarily due to the net profit from change in fair value of derivative financial instruments for the first three months of 2018 as compared to the net loss on this item for the first three months of 2019.

Finance expenses increased by USD65 million or by 50.4% to USD194 million in the first quarter of 2019 as compared to USD129 million for the corresponding period of 2018, primarily due to the reason described above as well as 28.3% increase of interest expense and other bank charges and increase in foreign exchange loss between the comparable periods.

Share of profits of associates and joint ventures

	Quarter ended 31 March		**Change, quarter on quarter, %**
	2019	**2018**	**(1Q to 1Q)**
(USD million)	*(unaudited)*	*(unaudited)*	
Share of profits of Norilsk Nickel, with	403	214	88.3%
Effective shareholding of	27.82%	27.82%	
Share of profits of associates	403	214	88.3%
Share of profits of joint ventures	24	24	(0.0%)

Share of profits of associates was USD403 million in the quarter ended 31 March 2019 and USD214 million for the corresponding period in 2018. Share in results of associates in both periods resulted primarily from the Company's investment in PJSC MMC Norilsk Nickel ("**Norilsk Nickel**").

As stated in Note 10 to the consolidated interim condensed financial information for the three-month period ended 31 March 2019, at the date of this consolidated interim condensed financial information the Group was unable to obtain consolidated interim financial information of Norilsk Nickel as at and for three-month period ended 31 March 2019. Consequently the Group estimated its share in the profits, other comprehensive income and foreign currency translation of Norilsk Nickel for the three-month period ended 31 March 2019 based on publicly available information, reported by Norilsk Nickel. The information used as a basis for these estimates is incomplete in many aspects.

Once the consolidated interim financial information for Norilsk Nickel becomes available, it will be compared to management's estimates. If there are significant differences, adjustments may be required to restate the Group's share in profit, other comprehensive income, foreign currency translation and the carrying value of the investment in Norilsk Nickel which has been previously reported.

The market value of UC RUSAL's stake in Norilsk Nickel was USD 9,332 million as at 31 March 2019, as compared to USD8,286 million as at 31 December 2018.

Share of profits of joint ventures was USD24 million for the first quarter of 2019 as compared to USD24 million for the same period of 2018. The Company's joint ventures include investments in BEMO, LLP Bogatyr Komir, Mega Business and Alliance (transportation business in Kazakhstan).

Profit for the period

As a result of the above, the Company recorded a profit of USD273 million for the quarter ended 31 March 2019, as compared to USD544 million for the same period of 2018.

Adjusted and Recurring Net Profit

(USD million)	Quarter ended 31 March 2019 *(unaudited)*	Quarter ended 31 March 2018 *(unaudited)*	Change, quarter on quarter, % (1Q to 1Q)
Reconciliation of Adjusted Net Profit			
Profit for the period	273	544	(49.8%)
Adjusted for:			
Share of profits and other gains and losses attributable to Norilsk Nickel, net of tax effect, with	(403)	(214)	88.3%
Change in derivative financial instruments, net of tax (20.0%)	2	(62)	NA
Impairment of non-current assets, net of tax	25	49	(49.0%)
Adjusted (Loss)/Profit	(103)	317	NA
Add back:			
Share of profits of Norilsk Nickel, net of tax	403	214	88.3%
Recurring Net Profit	300	531	(43.5%)

Adjusted Net Profit for any period is defined as the Net Profit adjusted for the net effect of the Company's investment in Norilsk Nickel, the net effect of derivative financial instruments and the net effect of impairment of non-current assets. Recurring Net Profit for any period is defined as Adjusted Net Profit plus the Company's net effective share in Norilsk Nickel's results.

Segment reporting

The Group has four reportable segments, as described in the annual report of the Company, which are the Group's strategic business units: Aluminium, Alumina, Energy, Mining and Metals. These business units are managed separately and the results of their operations are reviewed by the CEO on a regular basis.

The core segments are Aluminium and Alumina. Segment information presented below excludes margin on sales of third parties' metal and alumina intersegment margin that is different from relevant segment information presented in the Company's consolidated interim condensed financial information for the three months ended 31 March 2019.

	Quarter ended 31 March			
	2019		**2018**	
	Aluminium	**Alumina**	**Aluminium**	**Alumina**
(USD million)	*(unaudited)*	*(unaudited)*	*(unaudited)*	*(unaudited)*
Segment revenue				
kt	891	1,904	913	1,849
USD million	1,732	654	2,110	652
Segment result	196	1	486	54
Segment EBITDA[8]	277	28	571	81
Segment EBITDA margin	16.0%	4.3%	27.1%	12.4%
Total capital expenditure	42	49	67	87

For the quarters ended 31 March 2019 and 2018, respectively, segment result margins (calculated as the percentage of segment result to total segment revenue) from continuing operations were 11.3% and 23.0% for the aluminium segment, and 0.2% and 8.3% for the alumina segment. Key drivers for the decrease in margin in the aluminium segment are disclosed in "Revenue", "Cost of sales" and "Adjusted EBITDA and results from operating activities" sections above.

8 Segment EBITDA for any period is defined as segment result adjusted for amortization and depreciation for the segment.

Capital expenditure

UC RUSAL recorded total capital expenditures of USD136 million for the three months ended 31 March 2019. UC RUSAL's capital expenditure for the first quarter of 2019 was aimed at maintaining existing production facilities.

	Quarter ended 31 March	
	2019	**2018**
(USD million)	*(unaudited)*	*(unaudited)*
Development capital expenditure	68	105
Maintenance		
Pot rebuilds costs	26	27
Re-equipment	42	88
Total capital expenditure	136	220

The BEMO project companies utilise the project financing proceeds to make necessary contributions to the ongoing construction projects and do not require contributions from the joint ventures partners at this time.

Auditors' conclusion on the review of consolidated interim condensed financial information

The Company notes that its auditor, JSC KPMG, has provided a qualified conclusion in its review of the unaudited consolidated interim condensed financial information of the Company for the three months ended 31 March 2019 as it was unable to obtain and review the consolidated interim financial information of Norilsk Nickel. An extract from the review report provided by JSC KPMG on the consolidated interim condensed financial information of the Company dated 13 May 2019 is as follows:

Basis for Qualified Conclusion

We were unable to obtain and review consolidated interim condensed financial information of the Group's equity investee, PJSC MMC Norilsk Nickel ("Norilsk Nickel"), supporting the Group's estimate of the share of profit, other comprehensive income and foreign currency translation gain of USD403 million, USD nil million and USD256 million, respectively, for the three-month period ended 31 March 2019 and the carrying value of the Group's investment in the investee stated at USD3,760 million as at 31 March 2019. Had we been able to complete our review procedures in respect of interests in associates, matters might have come to our attention indicating that adjustments might be necessary to this consolidated interim condensed financial information.

Qualified Conclusion

Based on our review, except for the possible effects of the matter described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the consolidated interim condensed financial information as at 31 March 2019 and for the three-month period then ended is not prepared, in all material respects, in accordance with IAS 34 Interim Financial Reporting.

Consolidated interim condensed financial information

The unaudited consolidated interim condensed financial information of UC RUSAL for the three months ended 31 March 2019 was approved by the Directors of UC RUSAL on 13 May 2019.

Compliance

The Directors confirm that the information contained in this announcement does not contain any false statements, misleading representations or material omissions, and all of them jointly and severally accept responsibility as to the truthfulness, accuracy and completeness of the content of this announcement.

Material events over the first quarter of 2019 and since the end of that period

The following is a summary of the key events that have taken place over the first quarter of 2019 and since the end of that period. All information regarding key events that has been made public by the Company for the three months ended 31 March 2019 and since the end of that period pursuant to legislative or regulatory requirements, including announcements and press releases, is available on the Company's website (www.rusal.com).

20 March 2019	RUSAL announced the construction of a pilot plant, producing fine precipitated aluminium hydroxide (FPAH) for the cable industry. Project investments will exceed RUB 500 mln
25 March 2019	Fitch Ratings assigned to the Company a Long-Term Issuer Default Rating (IDR) of 'BB-'. The Outlook is Stable

29 March 2019	RUSAL and RusHydro have launched the first production line of Boguchansky aluminium smelter (BoAZ), part of the Boguchansky Energy and Metals Complex (BEMO). The investment in the first stage of the smelter with an annual capacity of 298 thousand tonnes amounts to USD 1.6 billion.
04 April 2019	Moody's Investors Service Ltd assigned to the Company a corporate family rating of Ba3 and probability of default rating of Ba3-PD. The outlook is stable.
15 April 2019	RUSAL and Braidy Industries will construct a green field aluminium rolling mill in Ashland, Kentucky, USA. The annual design capacity of the rolling mill will amount to 500 thousand tonnes of hot rolled band and 300 thousand tonness of fully finished cold rolled products. In exchange for its USD200 million investment RUSAL will earn a 40% share. Braidy Industries will keep the balance 60%.
25 April 2019	RUSAL announced placement of its 10-year rouble-denominated bond with a 3 year put option on the Moscow Exchange with the nominal value of 15 billion rubles. Coupon rate of 9% p.a. was fixed at the lower level of the initial price guidance. The issuer is OJSC RUSAL Bratsk. In addition to the placement, the Group entered into the cross-currency interest rate swap, which resulted in the exchange-traded rouble bonds exposure being translated in full amount in the US-dollar exposure with the maturity of 3 years and the interest rate of 4.69%.
29 April 2019	RUSAL published its Annual Report 2018.

Forward-looking statements

This announcement contains statements about future events, projections, forecasts and expectations that are forward-looking statements. Any statement in this announcement that is not a statement of historical fact is a forward-looking statement that involves known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These risks and uncertainties include those discussed or identified in the prospectus for UC RUSAL. In addition, past performance of UC RUSAL cannot be relied on as a guide to future performance. UC RUSAL makes no representation on the accuracy and completeness of any of the forward-looking statements, and, except as may be required by applicable law, assumes no obligations to supplement, amend, update or revise any such statements or any opinion expressed to reflect actual results, changes in assumptions or in UC RUSAL's expectations or changes in factors affecting these statements. Accordingly, any reliance you place on such forward-looking statements will be at your sole risk.

By Order of the board of directors of
United Company RUSAL Plc
Aby Wong Po Ying
Company Secretary

14 May 2019

As at the date of this announcement, the executive Directors are Mr. Evgenii Nikitin, Mr. Evgenii Vavilov and Mr. Evgeny Kuryanov, the non-executive Directors are Mr. Marco Musetti, Mr. Vyacheslav Solomin and Mr. Timur Valiev, and the independent non-executive Directors are Mr. Kevin Parker, Mr. Nick Jordan, Mr. Christopher Burnham, Mr. Maxim Poletaev, Mr. Randolph N. Reynolds, Dr. Elsie Leung Oi-sie, Mr. Dmitry Vasiliev and Mr. Bernard Zonneveld (Chairman).

All announcements published by the Company are available on its website under the links: http://www.rusal.ru/en/investors/info.aspx and http://rusal.ru/investors/info/moex, respectively.