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UNITED COMPANY RUSAL PLC

(Incorporated under the laws of Jersey with limited liability)

(Stock Code: 486)

CONTINUING CONNECTED TRANSACTIONS HEAT SUPPLY CONTRACT AND PRIMARY ALUMINIUM SALES CONTRACT

Reference is made to the announcements of the Company dated 29 December 2017, 2 February 2018, 28 December 2018, 30 August 2019 and 30 December 2019 in relation to the Previously Disclosed Heat Supply Contracts.

The Company announces that a member of the Group will enter into a contract with an associate of En+, pursuant to which the associate of En+ agreed to supply heat energy to the member of the Group (the “**New Heat Supply Contract**”).

The Company further announces that a member of the Group has entered into a primary aluminium sales contract with an associate of En+, pursuant to which the associate of En+ agreed to buy primary aluminium from the member of the Group (the “**Primary Aluminium Sales Contract**”).

THE NEW HEAT SUPPLY CONTRACT

Reference is made to the announcements of the Company dated 29 December 2017, 2 February 2018, 28 December 2018, 30 August 2019 and 30 December 2019 in relation to the Previously Disclosed Heat Supply Contracts.

The Company announces that a member of the Group will enter into the New Heat Supply Contract, details of which are set out below:

Date of the contract	Purchaser (member of the Group)	Supplier (associate of En+)	Term of contract	Form of heat	Estimated amount of heat to be supplied for each year (approximate)	Estimated consideration payable for each year ending 31 December	Payment terms
						excluding VAT (USD)	
1 18 February 2020	PJSC "RUSAL Bratsk" (Shelekhov)	JSC Irkutskenergo	Up to 31 December 2022	Purchase of heat (water, steam)	2020: 13.0 Gcal 2021: 15.5 Gcal 2022: 15.5 Gcal	2020: 184 2021: 228 2022: 236 (Note 1)	Payment to be made monthly no later than the 10th day of the month following the reporting period
Total estimated consideration payable (USD)						2020: 184 2021: 228 2022: 236	

Note:

- The thermal energy rate is in accordance with the thermal energy tariff. The heat energy tariff for 2020, 2021 and 2022 are: USD13.76 /Gcal (first half of 2020), USD14.52 /Gcal (second half of 2020), USD14.52 /Gcal (first half of 2021), USD14.86 /Gcal (second half of 2021), USD14.86 /Gcal (first half of 2022), USD15.68/Gcal (second half of 2022).

The consideration under the New Heat Supply Contract will be settled in cash via bank transfer.

THE ANNUAL AGGREGATE TRANSACTION AMOUNT

Pursuant to Rule 14A.81 of the Listing Rules, the continuing connected transactions contemplated under the New Heat Supply Contract and the Previously Disclosed Heat Supply Contracts should be aggregated, as they were entered into by members of the Group with associates of En+, and the subject matter of each contract relates to the heat supply by the associates of En+ to the Group.

The annual aggregate transaction amount that is payable by the Group to the associates of En+ under the New Heat Supply Contract and the Previously Disclosed Heat Supply Contracts for each of the financial years ending 31 December 2020, 31 December 2021 and 31 December 2022 are estimated to be approximately USD9.689 million, USD0.125 million and USD0.132 million respectively.

JSC Irkutskenergo is the only provider in generation of thermal energy in hot water in the Irkutsk region and the tariffs are regulated by the tariff service of the Irkutsk region, therefore the relevant New Heat Supply Contract was entered into.

The contract price of the New Heat Supply Contract has been arrived with reference to the market price and on terms no less favourable than those prevailing in the Russian market for the heat of the same type and quality and those offered by the associates of En+ to independent third parties. The annual aggregate transaction amount is derived from the total contract price under the New Heat Supply Contract and the Previously Disclosed Heat Supply Contracts, which was based on the need of heat by the Group for the year.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The New Heat Supply Contract has been entered into for the purpose of obtaining heat for the Group's production process and for its facilities. The Company considers that the transactions contemplated under the New Heat Supply Contract are for the benefit of the Company as there is no alternative supplier available in the region.

The Directors (including the independent non-executive Directors) consider that the New Heat Supply Contract is on normal commercial terms which are fair and reasonable and the transactions contemplated under the New Heat Supply Contract are in the ordinary and usual course of business of the Group and in the interests of the Company and its shareholders as a whole.

None of the Directors has a material interest in the transactions contemplated under the New Heat Supply Contract, save for Mr. Christopher Burnham and Mr. Nick Jordan who are directors of En+, Mr. Vyacheslav Solomin, who is the chief operating officer of En+, and Mr. Vladimir Kolmogorov, who is the first deputy chief executive officer for technical policy of En+, being the holding company of JSC Irkutskenergo. Mr. Vladimir Kolmogorov is also the head of technical supervision of JSC "EuroSibEnergo", a company which is owned by En+. Accordingly, Mr. Christopher Burnham, Mr. Nick Jordan, Mr. Vyacheslav Solomin and Mr. Vladimir Kolmogorov did not vote on the Board resolution approving the New Heat Supply Contract.

LISTING RULES IMPLICATIONS

The ultimate beneficial owner of JSC Irkutskenergo is En+, which holds more than 90% of the issued share capital of JSC Irkutskenergo.

JSC Irkutskenergo is held by En+ (being a substantial shareholder of the Company) as to more than 30% of the issued share capital and is therefore an associate of En+, which in turn is a substantial shareholder of the Company. Accordingly, JSC Irkutskenergo is a connected person of the Company under the Listing Rules. The transactions contemplated under the New Heat Supply Contract therefore constitute continuing connected transactions of the Company.

The estimated annual aggregate transaction amount of the continuing connected transactions under the New Heat Supply Contract and the Previously Disclosed Heat Supply Contracts for the financial year ending 31 December 2020 is more than 0.1% but less than 5% under the applicable percentage ratios. Accordingly, pursuant to Rule 14A.76 of the Listing Rules, the transactions contemplated under these contracts are only subject to the announcement requirements set out in Rules 14A.35 and 14A.68, the annual review requirements set out in Rules 14A.49, 14A.55 to 14A.59, 14A.71 and 14A.72 and the requirements set out in Rules 14A.34 and 14A.50 to 14A.54 of the Listing Rules. These transactions are exempt from the circular and the shareholders' approval requirements under Chapter 14A of the Listing Rules.

Details of the New Heat Supply Contract and the Previously Disclosed Heat Supply Contracts will be included in the next annual report and accounts of the Company in accordance with Rule 14A.71 of the Listing Rules where appropriate.

THE PRIMARY ALUMINIUM SALES CONTRACT

The Company announces that a member of the Group entered into a contract with an associate of En+, pursuant to which the associate of En+ agreed to buy primary aluminium from the member of the Group (the “**Primary Aluminium Sales Contract**”), with details as below.

Date of the contract	Customer (member of the Group)	Contractor (associate of En+)	Term of contract	Estimated volume to be supplied for each year (approximate)	Estimated consideration payable for the year ending 31 December 2020 excluding VAT (USD)	Payment terms
18 February 2020, which is an addendum to the original contract dated 14 December 2006; the term of this addendum commenced on 1 January 2020	JSC «UC RUSAL TH»	“KraMZ” Ltd.	Up to 31 December 2020	57,940 tons	115,880,000 (Note 1)	100% prepayment
Total estimated consideration payable (USD)					115,880,000	

Note:

1. The basis of calculation is in accordance with the original contract dated 14 December 2006, as disclosed in the circular of the Company dated 11 October 2016.

The consideration under the Primary Aluminium Sales Contract will be settled in cash via bank transfer.

THE ANNUAL AGGREGATE TRANSACTION AMOUNT

The contract price payable under the Primary Aluminium Sales Contract has been determined with reference to the market price and on terms no less favourable than those prevailing in the Russian market for primary aluminium of the same type and quality and those offered by members of the Group to independent third parties customers.

Based on the terms of the Primary Aluminium Sales Contract, the annual aggregate transaction amount that is payable by the associate of En+ to the Group for the financial year ended 31 December 2020 is estimated to be approximately USD115,880,000.

The original contract as mentioned in the table above was entered into on 14 December 2006 when the Company and SUAL Partners Limited merged. In accordance with the Order of Federal Antimonopoly Service of the Russian Federation, members of the Group do not have the right to unduly refuse to supply aluminium products to the buyers and are obliged to organise the work in such a way as to ensure the satisfaction of the needs of the buyers of aluminium products in the Russian market subject to the availability of the relevant production capacities, therefore the contract was entered into.

The annual aggregate transaction amount by the Group is estimated by the Directors based on the delivery volume estimated by Directors and the demand from the buyer.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The Directors consider that the Primary Aluminium Sales Contract is for the benefit of the Company, as the price of the aluminium supplied under these Primary Aluminium Sales Contracts is based on the market price of aluminium and according to the regulations, the Company must supply aluminium to Russian purchasers, otherwise the Company will be subject to fines.

The Directors (including the independent non-executive Directors) consider that the Primary Aluminium Sales Contract has been negotiated on an arm's length basis and on normal commercial terms which are fair and reasonable and the transactions contemplated under the Primary Aluminium Sales Contract are in the ordinary and usual course of business of the Group and in the interests of the Company and its shareholders as a whole.

None of the Directors has a material interest in the transactions contemplated under the Primary Aluminium Sales Contract, save for Mr. Christopher Burnham and Mr. Nick Jordan who are directors of En+, Mr. Vyacheslav Solomin, who is the chief operating officer of En+, and Mr. Vladimir Kolmogorov, who is the first deputy chief executive officer for technical policy of En+, being the holding company of “KraMZ” Ltd. Mr. Vladimir Kolmogorov is also the head of technical supervision of JSC “EuroSibEnergo”, a company which is owned by En+. Accordingly, Mr. Christopher Burnham, Mr. Nick Jordan, Mr. Vyacheslav Solomin and Mr. Vladimir Kolmogorov did not vote on the Board resolution approving the Primary Aluminium Sales Contract.

LISTING RULES IMPLICATIONS

The ultimate beneficial owner of “KraMZ” Ltd. is En+, which holds more than 90% of the issued share capital of this entity.

“KraMZ” Ltd. is an indirect subsidiary of En+, and is therefore an associate of En+, which is a substantial shareholder of the Company. Accordingly, “KraMZ” Ltd. is a connected person of the Company under the Listing Rules.

The estimated annual aggregate transaction amount of the continuing connected transactions under the Primary Aluminium Sales Contract for the financial year ending 31 December 2020 is more than 0.1% but less than 5% under the applicable percentage ratios. Accordingly, pursuant to Rule 14A.76 of the Listing Rules, the transactions contemplated under these contracts are only subject to the announcement requirements set out in Rules 14A.35 and 14A.68, the annual review requirements set out in Rules 14A.49, 14A.55 to 14A.59, 14A.71 and 14A.72 and the requirements set out in Rules 14A.34 and 14A.50 to 14A.54 of the Listing Rules. These transactions are exempt from the circular and the independent shareholders’ approval requirements under Chapter 14A of the Listing Rules.

Details of the Primary Aluminium Sales Contract will be included in the next annual report and accounts of the Company in accordance with Rule 14A.71 of the Listing Rules where appropriate.

PRINCIPAL BUSINESS ACTIVITIES

The Company is principally engaged in the production and sale of aluminium, including alloys and value-added products, and alumina.

JSC Irkutskenergo is principally engaged in generating heat and electricity.

“KraMZ” Ltd is principally engaged in aluminium processing.

En+ is a parent company for vertically integrated aluminium and power group, engaged in aluminium production and energy generation.

DEFINITIONS

In this announcement, the following expressions have the following meanings, unless the context otherwise requires:

“associate(s)”	has the same meaning ascribed thereto under the Listing Rules.
“Board”	the board of Directors.
“Company”	United Company RUSAL Plc, a limited liability company incorporated in Jersey, the shares of which are listed on the Main Board of the Stock Exchange of Hong Kong Limited.
“connected person(s)”	has the same meaning ascribed thereto under the Listing Rules.
“continuing connected transactions”	has the same meaning ascribed thereto under the Listing Rules.
“Director(s)”	the director(s) of the Company.
“En+”	EN+ GROUP International public joint-stock company (formerly En+ Group Plc, a company initially registered in Jersey that continued as legal entity in Russia in 2019), a company registered in accordance with the procedure established by the laws of the Russian Federation, in accordance with the Federal Law of the Russian Federation “On International Companies”, and which is a Shareholder of the Company.
“Group”	the Company and its subsidiaries.
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.
“percentage ratios”	the percentage ratios under Rule 14.07 of the Listing Rules.

“Previously Disclosed Heat Supply Contracts”	the heat supply contracts entered into between members of the Group and associates of En+, pursuant to which the associates of En+ agreed to supply heat energy to members of the Group as disclosed in the announcements of the Company dated 29 December 2017, 2 February 2018, 28 December 2018, 30 August 2019 and 30 December 2019.
“substantial shareholder”	has the same meaning ascribed thereto under the Listing Rules.
“USD”	United States dollars, the lawful currency of the United States of America.
“VAT”	value added tax.

By Order of the Board of Directors of
United Company RUSAL Plc
Aby Wong Po Ying
Company Secretary

19 February 2020

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

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.