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UNITED COMPANY RUSAL PLC

(Incorporated under the laws of Jersey with limited liability)

(Stock Code: 486)

FOURTH QUARTER AND FULL YEAR 2019 TRADING UPDATE

This announcement is made by United Company RUSAL Plc (“**UC RUSAL**” or the “**Company**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong).

Shareholders and potential investors are advised to exercise caution when dealing in the securities of UC RUSAL.

UC RUSAL announces its operating results for the fourth quarter of 2019 (“4Q19”) and for the 12 months ending 31 December 2019 (“12M19”)¹.

Key highlights

Aluminium

- Aluminium production² in 4Q19 totaled 949 thousand tonnes (+0.7% quarter-on-quarter (“QoQ”)), with Siberian smelters representing 93% of total aluminium output;

¹ Operating data is based on preliminary data and may be updated in the 4Q19 financial results.

² Aluminium production represented by salable products output (the number includes all facilities excluding Volgograd remelting of third parties metal).

- In 4Q19, aluminium sales amounted to 1,107 thousand tonnes (+1.5% QoQ). During that period, sales of value added products (VAP³) increased to 443 thousand tonnes (+3.1% QoQ) continuing the gradual recovery of VAP share in total sales mix to 40% in 4Q19 from 29% in 1Q19, that was then impacted by external market drivers related to the OFAC⁴ Sanctions⁵;
- In 4Q19 the regional sales geography remained largely unchanged compared to the previous quarter with European destination (55%) still dominating the mix. Although in 4Q19 Russia and America sales slightly increased in share to 24% and 7% respectively;
- In 4Q19, the average aluminium realized price⁶ decreased by 1.2% QoQ to USD1,873/t, as a result of decrease of the London Metal Exchange (“LME”) QP⁷ component (-1.2% QoQ to USD 1,730/t). While Commodity premium component declined by 6.5% QoQ to USD 74/t, this was offset by an increase of VAP upcharge component by 5.5%. As a result overall realised premium remained flat.
- In 12M19, aluminium production totaled 3,757 thousand tonnes, unchanged YoY;
- In 12M19, aluminium sales increased by 13.8% YoY, totaling 4,176 thousand tonnes. This growth was primarily due to partial sell down of surplus inventories of primary aluminum that were accumulated by the end of 2018 as a result of OFAC Sanctions and launch of the second part of the first potline of the Boguchansky aluminium smelter (BoAZ) in March 2019. VAP sales amounted to 1,547 thousand tonnes (-7.0% YoY). The share of VAP sales in total sales was 37%;
- In 12M19 share of Europe in Regional sales mix increased to 54% (+5pp YoY). That was due to a number of factors, including different demand dynamics in regional markets, reduction in primary aluminium market deficit in the US on smelters restarts and gradual recovery of Rusal’s sales in the US from its 1Q19 level (that was then affected by external market drivers related to the OFAC Sanctions).

³ VAP includes alloyed ingots, slabs, billets, wire rod, wheels, high and special purity aluminium.

⁴ “OFAC” — The Office of Foreign Assets Control of the Department of Treasury of the United States of America.

⁵ “Sanctions” — on 6 April 2018, the OFAC added the Company to its Specially Designated Nationals List.

⁶ The realised price includes three components: LME component, commodity premium and VAP upcharge.

⁷ QP (quotation period) prices differs from the real time LME quotes due to a time lag between LME quotes and sales recognition and due to contract formula speciality.

- In 12M19, the average aluminium realized price decreased by 15.0% YoY to USD1,920/t following negative dynamics demonstrated by the LME QP component (-15.3% YoY to USD 1,785/t) and average realized premium (-11.0% YoY to USD 135/t) that primarily declined as a result of lower VAP share in the total sales mix.

Alumina

- In 4Q19, total alumina production increased by 4.7% QoQ, to 2,050 thousand tonnes. The Company's Russian operations accounted for 35% of total output.
- In 12M19 alumina output totaled 7,858 thousand tonnes (+1.1% YoY). The Friguia bauxite and alumina complex increased output by 102% YoY as a result of the gradual ramp-up of production, which has reached 77% of the nameplate capacity as of 4Q19.

Bauxite and nepheline ore

- In 4Q19, bauxite production increased by 2.0% QoQ, to 4,026 thousand tonnes. QoQ growth of output of Guinea bauxite mines (Kindia and Dian-Dian) from a low comparison base of 3Q19 (effected by seasonal factors) was partially offset by maintenance works at the Timan mine in Russia. Nepheline production increased by 5.6% QoQ, to 1,074 thousand tonnes.
- In 12M19, bauxite output totaled 16,047 thousand tonnes (+15.9% YoY). The growth is largely attributed to reaching the full capacity of Dian-Dian (+231% YoY to 2,780 thousand tonnes) and Frigua bauxite and alumina complex (+81% YoY to 1,304 thousand tonnes of bauxite). Nepheline output decreased 1.1% YoY to 4,244 thousand tonnes.

Market overview⁸

- In January 2020, the global manufacturing PMI rose from 50.1 to 50.4, which is the highest level since April last year, demonstrating rebound in global economy. But issues related to COVID-19 might seriously affect this recovery and lead to deterioration of aluminum market fundamentals in 1H2020.
- In 2019 global aluminium demand rose by 0.1% to 65.3 million tonnes. In the world excluding China (“ex-China”), demand dropped by 2.6% to 28.5 million tonnes, while Chinese demand increased by 2.4% to 36.8 million tonnes. While uncertainty remains in place, the Transportation sector should contribute to aluminium demand growth in 2020 on the back of launching new models, including EVs, and the continued increase of aluminium content in cars. Given the above and possibility of fast recovery from COVID-19 issues, worldwide demand for primary aluminium is expected to show a 1.3% year-on-year growth to 66.1 million tonnes in 2020, driven by ex-China growth of 1.1% to 28.8 million tonnes and China growth of 1.5% to 37.3 million tonnes.
- The rest of the world (“RoW”) aluminium production grew during 2019 by 1.7% to 28.2 million tonnes.
- Overall, the RoW aluminum market was in a deficit of around 0.3 million tonnes during 2019.
- Looking at the cash cost curve in the RoW today, around 10% of smelters or 3 million tonnes operate at a loss despite the decline in cost of raw materials; more than half of RoW alumina producers suffer from losses.
- In 2019, China’s primary aluminum production fell by 1.8% YoY to 35.7 million tonnes and today most producers only generate slim margins. Some producers have decided to transfer closed capacity to other provinces due to environmental and bauxite feed issues. In December 2019 operating capacity rose by 575 thousand tonnes p.a. MoM, to 36,645 thousand tonnes p.a. Thus was due to restarts of 420 thousand tonnes and commissioning of new 185 thousand tonnes p.a., while 30 thousand tonnes cuts somewhat trimmed the growth.

⁸ Unless otherwise stated, data for the “Market overview” section is sourced from Bloomberg, CRU, CNIA, IAI and Antaike.

- As highlighted, the coronavirus will negatively affect aluminum market in China in 1H20 with expectation of bigger supply surplus and weak demand. Alumina refining, in certain area in particular, is suffering from logistics issues for both bauxite arrivals and shipping out of alumina. Lower aluminum demand in China and excessive inventories may affect prices and ultimately delay new aluminium smelting capacity ramp up.
- During 2019, China's exports of unwrought aluminum and aluminum semis declined 1.2% YoY to 5,733 thousand tonnes. As previously addressed, Chinese exports are expected to decline in January-February 2020 amid slowed trading activity due to the weeklong Chinese New Year holiday and coronavirus effects.

KEY OPERATING DATA

GROUP PRODUCTION DATA⁹

('000 tonnes)	4Q19	3Q19	Change, %		Change, %	
			(QoQ)	12M19	12M18	(YoY)
Aluminium	949	942	0.7%	3,757	3,756	—
<i>utilisation rate</i>	97%	96%	1pp	96%	96%	—
Aluminium foil and packaging products	25	25	—	98	89	10.2%
Alumina	2,050	1,957	4.7%	7,858	7,774	1.1%
Bauxite	4,026	3,948	2.0%	16,047	13,847	15.9%
Nepheline	1,074	1,017	5.6%	4,244	4,294	-1.1%

⁹ Unless stated otherwise the production volumes are calculated based on the pro rata share of the Company's (and its subsidiaries') ownership.

GROUP SALES DATA

('000 tonnes)	4Q19	3Q19	Change, % (QoQ)	12M19	12M18	Change, % (YoY)
Aluminium sales	1,107	1,091	1.5%	4,176	3,671	13.8%
BOAZ ¹⁰	85	70	21.9%	261	131	99.7%
Other third parties	2	8	-74.2%	13	60	-78.2%
Realized price, USD/t	1,873	1,896	-1.2%	1,920	2,259	-15.0%
LME QP component	1,730	1,751	-1.2%	1,785	2,107	-15.3%
Realised premium	143	145	-1.0%	135	152	-11.0%
Commodity component (100% of sales)	74	79	-6.5%	70	74	-5.9%
VAP upcharge component (100% of sales)	70	66	5.5%	66	78	-15.3%
VAP upcharge over commodity (VAP products only)	173	167	3.9%	177	171	3.0%
VAP sales in tonnes	443	430	3.1%	1,547	1,664	-7.0%
Share of VAP	40%	39%	1pp	37%	45%	-8pp
Sales geography, %						
Europe	55%	57%	-3pp	54%	49%	5pp
Russia & CIS	24%	21%	3pp	21%	24%	-3pp
Asia	13%	16%	-3pp	17%	16%	1pp
America	7%	5%	2pp	8%	11%	-3pp
Alumina third party sales ¹¹	512	450	13.8%	1,753	1,930	-9.2%
Bauxite third party sales	50	32	58.2%	148	198	-25.2%

GROUP EXTERNAL PURCHASES DATA

('000 tonnes)	4Q19	3Q19	Change, % (QoQ)	12M19	12M18	Change, % (YoY)
Alumina	351	571	-38.5%	1,772	1,708	3.8%
Bauxite	1,590	1,483	7.3%	6,150	6,550	-6.1%

¹⁰ "BOAZ" - Boguchansky aluminium smelter.

¹¹ Alumina third party sales excluding swaps.

ALUMINIUM PRODUCTION

('000 tonnes)	4Q19	3Q19	Change, % (QoQ)	12M19	12M18	Change, % (YoY)
Russia (Siberia)						
Bratsk aluminium smelter	253	253	0.1%	1,007	1,009	-0.2%
Krasnoyarsk aluminium smelter	258	256	0.6%	1,018	1,015	0.3%
Sayanogorsk aluminium smelter	138	136	1.5%	539	536	0.7%
Novokuznetsk aluminium smelter	54.2	54.1	0.2%	215	215	—
Irkutsk aluminium smelter	106.3	105.6	0.7%	422	419	0.6%
Khakas aluminium smelter	75.0	72.7	3.1%	294	291	0.8%
Russia — Other						
Volgograd aluminium smelter	17.4	17.7	-1.4%	69.5	63.9	8.9%
Nadvoitsy aluminium smelter	—	—	—	—	6	—
Kandalaksha aluminium smelter	18.1	18.2	-0.5%	72.3	72.1	0.3%
Sweden						
Kubikenborg Aluminium (KUBAL)	28.9	28.7	0.9%	120	125	-4.2%
Total production¹²	949	942	0.7%	3,757	3,753	—
Remelting of third-party primary aluminium at Volgograd smelter	—	—	—	—	3	—
Total aluminium products output including remelting	949	942	0.7%	3,757	3,756	—

¹² Here and further “total production” may not equal to the arithmetic addition of the numbers presented above in the table. The difference arises due to the roundoff of exact numbers (incl. decimals).

Foil and packaging production results

('000 tonnes)	4Q19	3Q19	Change, %	12M19	12M18	Change, %
			(QoQ)			(YoY)
Russia						
Sayanal	9.6	9.6	0.9%	39.3	34.8	13.1%
Ural Foil	6.5	6.3	3.2%	24.0	21.7	11.0%
Sayana Foil	1.2	0.9	35.6%	4.1	4.0	1.9%
Armenia						
Armenal	7.3	7.9	-7.5%	30.6	28.5	7.1%
Total production	24.6	24.6	—	98.0	89.0	10.2%

Other aluminium products output and silicon output

('000 tonnes)	4Q19	3Q19	Change, %	12M19	12M18	Change, %
			(QoQ)			(YoY)
Secondary alloys	7.2	2.8	151.5%	18.2	8.8	106.4%
Silicon	9.9	11.7	-15.5%	48.1	56.8	-15.2%
Powder	5.6	6.3	-10.9%	23.2	25.8	-10.0%
Wheels ('000 units)	713	711.5	0.3%	3,053 ¹³	970.1	214.7%

¹³ The Company is gradually increasing its capacity in wheels production. SKAD was acquired in April 2017 and K&K - in December 2018.

ALUMINA PRODUCTION

('000 tonnes)	4Q19	3Q19	Change, % (QoQ)	12M19	12M18	Change, % (YoY)
Ireland						
Aughinish Alumina	469	475	-1.3%	1,893	1,874	1.0%
Jamaica						
Windalco	123	120	2.7%	461	502	-8.0%
Ukraine						
Nikolaev Alumina Refinery	443	414	6.9%	1,690	1,715	-1.5%
Russia						
Bogoslovsk Alumina Refinery	253	257	1.3%	1,017	1,002	1.5%
Achinsk Alumina Refinery	224	207	8.6%	823	851	-3.2%
Urals Alumina Refinery	232	229	1.2%	915	910	0.5%
Guinea						
Friguia Alumina Refinery	126	88	42.9%	368	182	101.7%
Australia (JV)						
Queensland Alumina Ltd ¹⁴	180	168	7.1%	691	738	-6.4%
Total alumina production	2,050	1,957	4.7%	7,858	7,774	1.1%

¹⁴ The alumina production volume of Queensland Alumina Ltd is presented by 20% of its output i.e. based on an ownership pro rata basis

BAUXITE MINING

('000 tonnes)	4Q19	3Q19	Change, %	12M19	12M18	Change, %
			(QoQ)			(YoY)
Jamaica						
Windalco	429	467	-8.2%	1,856	1,791	3.6%
Russia						
North Urals	594	628	-5.4%	2,353	2,326	1.2%
Timan	653	978	-33.2%	3,221	3,325	-3%
Guinea						
Friguia	383	377	1.5%	1,304	720	81.0%
Kindia	813	519	56.7%	3,121	3,451	-9.6%
Dian-Dian	749	621	20.6%	2,780	840	231.1%
Guyana						
Bauxite Company of Guyana Inc.	404	358	12.8%	1,412	1,394	1.4%
Total bauxite production	4,026	3,948	2.0%	16,047	13,847	15.9%
Nepheline ore production¹⁵						
('000 tonnes wet)	4Q19	3Q19	Change, %	12M19	12M18	Change, %
			(QoQ)			(YoY)
Kiya Shaltyr Nepheline Syenite	1,074	1,017	5.6%	4,244	4,294	-1.1%

¹⁵ Nepheline ore used as a feedstock for alumina production at the Achinsk alumina refinery.

JOINT VENTURE OPERATING RESULTS

('000 tonnes wet)	Interest	4Q19	3Q19	Change, %		Change, %	
				(QoQ)	12M19	12M18	(YoY)
Boguchanskaya HPP							
Electricity generation, mwh ¹⁶	50%	4,318	4,425	-2.4%	16,104	13,610	18.3%
Boguchanskiy aluminium smelter							
Aluminium production ('000 tonnes) ¹⁷	50%	72.8	74.2	-1.8%	258	147	75.7%
Bogatyr Komir and Bogatyr Trans							
Coal production (Kt) ¹⁸	50%	6,338	5,574	13.7%	22,424	22,433	—
Transportation volumes (Kt of transportation) ¹⁹	50%	783	836	-6.3%	3,783	5,773	-34.5%

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

28 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.

¹⁶ The energy generation volume of Boguchanskaya HPP is presented by 100% of its output (not on an ownership pro rata basis).

¹⁷ The aluminium production volume of Boguchanskiy aluminium smelter is presented by 100% of its output (not on an ownership pro rata basis).

¹⁸ The coal production volume of Bogatyr Komir is presented by 50% of its output i.e. based on an ownership pro rata basis.

¹⁹ The transportation volume of Bogatyr Trans is presented by 50% of its output i.e. based on an ownership pro rata basis.