

EN+ GROUP ANNOUNCES 1Q 2021 TRADING UPDATE

1Q 2021 saw positive performance from both the Metals and Power segments: HPP electricity production increased 12.8%, on the back of increased water reserves and the benefits of plant modernisation. Aluminium production in 1Q 2021 was stable. Aluminium sales increased 5.3% y-o-y, with the share of value added products increasing to 49% from 46% in 1Q 2020, in a greatly improved pricing environment.

27 April 2021 — En+ GROUP IPJSC (the "**Company**", "**En+ Group**" or "**the Group**") (LSE: ENPL; MOEX: ENPG), the world's largest producer of low-carbon aluminium and independent hydropower, today announces its operational results for the three month period ended 31 March 2021.

1Q 2021 key highlights¹:

- Aluminium production was broadly unchanged y-o-y, totalling 932 kt (down 0.8% y-o-y).
- Aluminium sales increased 5.3% y-o-y to 962 kt due to stronger market demand.
- The average aluminium realised price² increased 13.5% y-o-y to USD 2,116 per tonne. During the period, the London Metal Exchange (LME) QP³ component increased by 13.6% y-o-y to USD 1,940 per tonne, while realised premiums increased 12.8% to USD 176 per tonne.
- Sales of value added products⁴ (VAP) increased 10.9% y-o-y to 468 kt, representing 49% of aluminium sales against 46% in 1Q 2020.
- Electricity production⁵ by the Group's Power segment increased 8.9% y-o-y to 23.2 TWh.
- Hydro power⁵ output from the Group's Power segment increased 12.8% y-o-y to 18.5 TWh.

		1Q'21	1Q'20	chg, %
Power segment				
Electricity production ⁵	TWh	23.2	21.3	8.9%
Heat production	mn Gcal	11.3	10.1	11.9%
Metals segment				
Aluminium production	kt	932	940	(0.8%)
Aluminium sales	kt	962	914	5.3%
VAP sales ⁴	kt	468	422	10.9%
Aluminium avg. realised price ²	USD/t	2,116	1,864	13.5%

¹ Operating results are based on preliminary data. Please note, the text of this press release may contain inaccuracies in the calculation of proportions, percentages, and amounts when rounding estimated values.

² The realised price includes three components: LME component, commodity premium and VAP upcharge.

³ 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.

⁴ VAP includes alloyed ingots, slabs, billets, wire rod and special purity aluminium.

⁵ Excluding Onda HPP (installed capacity 0.08 GW), located in the European part of the Russian Federation, leased to RUSAL since October 2014.

Vladimir Kiriukhin, CEO of En+ Group, commented:

“Businesses are slowly returning to pre-Covid levels of activity. We are optimistic that the most challenging times are behind us so that we can focus fully on achieving our global goals. In January 2021, the En+ Group announced its ambition to become net zero by 2050 and to reduce greenhouse gas emissions by at least 35% by 2030 (scope 1 and 2, as benchmarked against the Group's 2018 GHG emissions). I'm proud to say we have already taken some important steps in this direction.

“For example, in April, En+ Group's Metals segment (RUSAL) successfully produced more than 3,000 tonnes of aluminium with the industry's lowest carbon footprint - less than 0.01 tonnes of CO₂ equivalent per tonne of metal (Scope 1, Scope 2 - direct and indirect energy emissions of aluminium smelters). The metal was produced at the Group's experimental industrial site for the Company's new-generation inert anode electrolyzers, located at the Krasnoyarsk Aluminium Plant (KrAZ). This reaffirms our commitment to those decarbonisation targets and our intention to lead our industry into the low carbon economy.

“The Power segment delivered stable results in the first quarter of the year, with hydro power sources representing 79.8% of total production and the continued progress of our HPP modernization programme. This programme will continue in 2021, and will continue to have a positive impact on the annual output of the entire En+ Group energy business, both in terms of output and also GHG reduction. In 2021, the Group will replace generating unit No. 1 at the Irkutsk HPP and the runner at generating unit No. 3 at the Bratskaya HPP, as well as prepare two runners at the Krasnoyarsk HPP for replacement in 2022. All of these initiatives will have a positive impact on the annual output of En+ Group's entire energy business.

“Aluminium production remained stable and sales increased, with an increased share of VAP. Aluminium prices closed the quarter at approximately USD 2,300 per tonne against USD 1,500 per tonne 12 months previously. The outlook for low carbon 'green' aluminium is favourable, with pressure on high CO₂ producers to either reduce emissions or curtail production, plus increasing demand for low carbon aluminium across a range of industries.

“The coronavirus is still affecting the global economy. Nevertheless, we anticipate that the market situation will remain positive until the end of the year.”

POWER SEGMENT

		1Q'21	1Q'20	chg, %
Production volumes⁵				
Total Electricity Production	TWh	23.2	21.3	8.9%
HPPs, incl.	TWh	18.5	16.4	12.8%
Angara cascade ⁶	TWh	13.7	11.8	16.1%
Yenisei cascade ⁷	TWh	4.8	4.7	2.1%
CHPs	TWh	4.7	4.9	(4.1%)
Abakan SPP	GWh	1.1	1.1	-
Heat	mn Gcal	11.3	10.1	11.9%
Market prices				
Average electricity spot prices ⁸ :				
1 st price zone	RUB/MWh	1,360	1,222	11.3%
2 nd price zone:	RUB/MWh	917	906	1.2%
Irkutsk region	RUB/MWh	829	866	(4.3%)
Krasnoyarsk region	RUB/MWh	844	824	2.4%

Power segment operations update

The Group's power plants generated 23.2 TWh of electricity (up 8.9% y-o-y) in 1Q 2021. Hydro power output increased to 18.5 TWh in 1Q 2021 (up 12.8% y-o-y).

The Group's Angara cascade HPPs (Irkutsk, Bratsk and Ust-Ilimsk) increased power generation to 13.7 TWh in 1Q 2021 (up 16.1% y-o-y), reflecting increased water reserves in the HPPs' reservoirs of the Angara cascade.

Total power generation of the Group's Krasnoyarsk HPP increased to 4.8 TWh in 1Q 2021 (up 2.1% y-o-y). This increase was a result of a more intense state regulated forced drawdown in the Krasnoyarsk reservoir, in anticipation of projected inflows into the Krasnoyarsk reservoir in 2Q 2021, which are expected to be significantly above normal levels due to higher levels of snow storage. The lateral inflow to the Krasnoyarsk reservoir was 260 cubic meters per second in 1Q 2021 (101.2% of normal level), compared to 266 cubic meters per second in 1Q 2020 (103.5% of normal level).

In 1Q 2021, power generation at the Abakan Solar Power Plant was broadly the same y-o-y and amounted to 1.1 GWh.

Power generation at the Group's CHPs decreased to 4.7 TWh in 1Q 2021 (down 4.1% y-o-y) mainly due to increased generation by the HPPs of the Angara cascade.

⁶ Includes Irkutsk, Bratsk, Ust-Ilimsk HPPs.

⁷ Krasnoyarsk HPP.

⁸ Day ahead market prices, data from ATS and Association "NP Market Council". The prices average electricity spot prices are calculated as an average of the prices reported in the Monthly Day Ahead Prices Overview by Association "NP Market Council".

Heat generation at the Group's CHPs increased to 11.3 mn Gcal in 1Q 2021 (up 11.9% y-o-y) reflecting weather conditions - the average temperature during winter months at the beginning of 2021 was lower than during the same period last year.

"New Energy" HPP modernisation programme

The upgraded equipment at the Group's Bratsk, Ust-Ilimsk, Irkutsk and Krasnoyarsk HPPs supported an increase in hydropower production of 522.6 GWh in 1Q 2021, helping to prevent greenhouse gas emissions by approximately 606 thousand tonnes of CO₂e, due to the partial replacement of prior thermal power generation volumes.

Russian energy market update⁹

- In 1Q 2021, according to the System Operator of the United Power System, power production in the Russian United Power System increased 4.9% y-o-y and amounted to 308.3 TWh. Consumption increased 3.9% y-o-y to 301.5 TWh (up 5.0% y-o-y excluding 29 February 2020)
- Power production in the integrated energy systems in the first price zone¹⁰ increased by 5.5% and accounted for 231 TWh in 1Q 2021 (up 6.6% y-o-y excluding 29 February 2020). Consumption in the first price zone increased 4.2% y-o-y to 224.6 TWh (up 5.3% y-o-y excluding 29 February 2020)
- In 1Q 2021, the Siberian integrated energy system (the Company's key region of operations) produced 59.3 TWh of electricity (up 3.0% y-o-y or up 4.1% y-o-y excluding 29 February 2020). In the same period, output from HPPs in Siberia increased by 8.2% y-o-y, while thermal power plants and captive power stations decreased their electricity production by 1.8% y-o-y
- In 1Q 2021, electricity consumption in the Siberian integrated energy system increased 2.9% y-o-y and accounted for 59.5 TWh (up 4.0% y-o-y excluding 29 February 2020)
- In 1Q 2021, the Group generated approximately 38.1% of the total electricity produced in the Siberian integrated energy system. The Group's HPPs generated approximately 63.0% of the total electricity produced by hydropower stations in the Siberian integrated energy system
- In 1Q 2021, the average electricity spot price on the day-ahead market in the second price zone increased 1.2% to 917 RUB/MWh. According to Association "NP Market Council" data, this reflected increased demand due to lower temperatures at a higher level than increased supply from HPPs, as well as transmission constraints on the transit between East and West Siberia and changes in the market demand structure in March 2021
- In 1Q 2021, average electricity spot prices in the Irkutsk region decreased 4.3% y-o-y to 829 RUB/MWh reflecting the increase in HPP generation as well as transmission constraints on the transit between East and West Siberia. In the same period, average electricity spot prices in the Krasnoyarsk region increased 2.4% y-o-y to 844 RUB/MWh,

⁹ According to the 1Q 2021 Report prepared by the System Operator of the Unified Power System of the Russian Federation (<https://so-ups.ru/>).

¹⁰ Comprises the Central, Central Volga, Urals, North-West and South energy systems.

reflecting an excess of demand over supply in the western part of Siberia, and ongoing transmission constraints on the transit

Projected water inflows into reservoirs

The Hydrometeorological Centre of Russia forecasts water inflows into the main reservoirs of En+ Group's generating assets in 2Q 2021, as follows:

- Useful water inflows into Lake Baikal are expected to be 3,000-3,600 cubic meters per second or 100-120% of normal levels. In 1Q 2021, the water inflow was 390 cubic meters per second, or 105.4% of normal levels, compared to 307 cubic meters per second in 1Q 2020 (up 27% y-o-y).
- Lateral inflows into the Bratsk Reservoir are expected to be 1,300-1,600 cubic meters per second or 89-110% of normal levels. In 1Q 2021, water inflows were measured at 190 cubic meters per second or 106.1% of normal level, compared to 210 cubic meters per second in 1Q 2020 (down 9.5% y-o-y).
- The lateral water inflows into the Krasnoyarsk Reservoir are expected to be 3,700-4,500 cubic meters per second or 126-153% of normal levels. In 1Q 2021, the lateral inflows were measured at 260 cubic meters per second or 101.2% of normal level, compared to 265 cubic meters per second in 1Q 2020 (down 1.9% y-o-y).

METALS SEGMENT

		1Q'21	1Q'20	chg,%
Production volumes				
Aluminium	kt	932	940	(0.8%)
<i>Utilisation rate</i>	%	97%	97%	-
Alumina	kt	2,045	2,013	1.6%
Bauxite	kt	3,801	3,577	6.3%
Nepheline	kt	1,062	1,083	(2.0%)
Sales volumes				
Aluminium, incl.	kt	962	914	5.3%
VAP sales ¹¹	kt	468	422	10.9%
<i>Share of VAP sales</i>	%	49%	46%	3 pp
Average prices				
Aluminium average realised price	USD/t	2,116	1,864	13.5%
LME QP component	USD/t	1,940	1,708	13.6%
Realised premium	USD/t	176	156	12.8%

Metals segment operations update

Aluminium

In 1Q 2021, aluminium production remained stable and amounted to 932 thousand tonnes (down 0.8% y-o-y), with Siberian smelters representing 93% of the Group's total aluminium output.

In 1Q 2021, aluminium sales increased 5.3% y-o-y totalling 962 thousand tonnes, on the back of intensified market demand.

During this period, VAP sales amounted to 468 thousand tonnes (up 10.9% y-o-y). In line with its strategy, the Group continued to grow the share of VAPs in total sales, increasing the share to 49% in 1Q 2021 compared to 46% in 1Q 2020.

In 1Q 2021, European destinations continued to dominate the sales mix at 42%, but were down 14 pp y-o-y, while sales to Asia grew to 26% of total sales (up 11 pp y-o-y).

In 1Q 2021, the average aluminium realised price¹² increased 13.5% y-o-y to USD 2,116 per tonne. The increase was driven both by the LME QP¹³ component (up 13.6% y-o-y to USD 1,940 per tonne) and the average realised premium component (up 12.8% y-o-y to USD 176 per tonne).

Alumina

In 1Q 2021, alumina production increased 1.6% y-o-y to 2,045 thousand tonnes. The Group's operations in Russia accounted for 36% of the total output.

¹¹ VAP includes alloyed ingots, slabs, billets, wire rod, wheels, high and special purity aluminium.

¹² The realised price includes three components: LME component, commodity premium and VAP upcharge.

¹³ 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.

Bauxite and nepheline ore

In 1Q 2021, bauxite output increased 6.3% y-o-y to 3,801 thousand tonnes, driven by the Friguia bauxite and alumina complex gradual ramp-up of production.

In 1Q 2021, nepheline production decreased 2.0% y-o-y to 1,062 thousand tonnes.

Aluminium market overview¹⁴

- The aluminium market continued its strong rebound in 1Q 2021 from a weaker 2020 driven by the effects of the COVID-19 pandemic. Both the LME price and premiums soared on strong demand recovery and the expectation of supply disruptions in the short and the medium term. At the end of 1Q 2021, the LME price approached USD 2,300/tonne, up from USD 1,500/tonne for the same period last year. The Chinese SHFE price, supported by strong fundamentals, remained above the RMB 17,500/tonne level despite the traditionally weak 1Q demand season
- Aluminium ingot premiums across all regional markets outside of China grew by 130-150% y-o-y at the end of 1Q 2021 following a strong demand recovery and pressure from increasing freight costs
- In 1Q 2021, global primary aluminium demand grew by 11% y-o-y (days adjusted) to 16.4 million tonnes. In the Rest of the World ex-China (RoW) demand increased by 5.2% to 7.2 million tonnes, while Chinese demand increased by 15.4% to 9.2 million tonnes. Among aluminium end-user industries, transport demonstrates the most dynamic growth. The launch of new auto models, including EVs and strong stimulus packages for new ESG developments also supported the use of aluminum in the packaging, renewable energy and power efficient construction segments
- Global supply of primary aluminium continued to grow in 1Q 2021 increasing by 5.9% y-o-y to 16.75 million tonnes, mostly driven by Chinese growth of 9.6% to 9.8 million tonnes, while in RoW production grew by just 1.0% to 7 million tonnes. At the same time, the recent announcement by the Chinese government of its intention to reach peak carbon emissions by 2025 to further reduce its power intensity per unit of GDP as well as reduce the proportion of coal usage may cause supply disruptions in certain coal abundant provinces, and lead among other things to aluminum capacity cuts. Overall, strict ESG measures in China and the announced aluminium capacity cap in China of 45 million tonnes may fundamentally change the structure of the global aluminium industry, with significant reductions in supply
- China continues to be a significant importer of aluminium. In 1Q 2021 Chinese unwrought primary aluminum net imports are estimated to have reached 331 thousand tonnes. In 2020, Chinese unwrought primary aluminium net import was 1 064 million tonnes. As a result the global market demonstrated a much lower 0.33 million tonnes surplus during 1Q 2021 compared to 1.0 million tonnes for the same period of last year. The ex-China market went into 0.25 million tonnes of deficit in 1Q 2021

¹⁴ Unless otherwise stated, data for the “Market overview” section is sourced from Bloomberg, CRU, CNIA, IAI and Antaike.

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