

EN+ GROUP ANNOUNCES 1H AND 2Q 2020 TRADING UPDATE

En+ Group maintained a strong operational performance in 1H 2020, notwithstanding the unprecedented impact of COVID-19 lockdowns on the global economy. The Metals segment maintained stable production of aluminium, and increased sales of value-added products by 16% as compared to a year ago. The Power segment's hydro assets increased output on the back of favourable hydrological conditions and the large-scale modernization programme continued to drive their increased productivity. The Group continues to make safeguarding the health of its employees its top priority. Crisis mitigation plans implemented by our leadership team successfully prevented any material COVID-19 related impact on Group's operations.

27 July 2020 — En+ GROUP IPJSC (the "**Company**", "**En+ Group**" or "**the Group**") (LSE: ENPL; MOEX: ENPG), a leading international vertically integrated aluminium and power producer, today announces its operational results for the six month and three month periods ended 30 June 2020.

1H 2020 key highlights¹:

- Aluminium production was stable, totalling 1,867 kt.
- Aluminium sales decreased 4.4% y-o-y to 1,890 kt.
- The average aluminium realised price² decreased 10.4% y-o-y to USD 1,756 per tonne.
- The share of value added products³ (VAP) in the Metals segment's aluminium sales increased to 42% in 1H 2020 from 34% in 1H 2019, with VAP sales increasing 16.5% y-o-y to 785 kt.
- The Group's Power segment electricity production⁴ increased 6.5% y-o-y to 39.3 TWh.
- The Group's Power segment hydro power⁴ output increased 11.5% y-o-y to 32.0 TWh.

		1H'20	1H'19	chg,%	2Q'20	2Q'19	chg,%
Power segment							
Electricity production ⁴	TWh	39.3	36.9	6.5%	18.0	17.7	1.7%
Heat production	mn Gcal	14.5	15.1	(4.0%)	4.4	4.6	(4.3%)
Metals segment							
Aluminium production	kt	1,867	1,867	-	927	938	(1.2%)
Aluminium sales	kt	1,890	1,978	(4.4%)	976	1,082	(9.8%)
VAP sales ³	kt	785	673	16.5%	363	414	(12.3%)
Aluminium avg. realised price ²	USD/t	1,756	1,960	(10.4%)	1,654	1,970	(16.0%)

¹ Operating results are based on preliminary data and may be updated in the 2Q 2020 and 1H 2020 financial results. 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 VAP includes alloyed ingots, slabs, billets, wire rod, wheels, high and special purity aluminium.

⁴ 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:

“In these extremely difficult times, our top priority has been to preserve the health of our employees and the communities in which we operate. Our focus on addressing the spread of the COVID-19 infection – both at our facilities and in regions of presence – helped prevent any material operational impact.

The first half of the year underscored the unique benefits of our integrated low-carbon business model: the Group delivered strong operational results, reiterating our resilience even in such challenging times. This helped partially offset the impact of a weaker pricing environment during the second quarter of 2020, where prices in both the global aluminium and Russian power markets were placed under pressure and we therefore anticipate some headwinds for our financial results for 1H2020, which will be released on August, 18.

On the positive side we are witnessing signs of the beginning of the recovery of the global economy: China’s GDP increased in the second quarter, beating analyst forecasts; Europe agreed on a recovery plan in July, which we hope will support a rapid recovery of manufacturing industries across the region.

While the full longer term impact of the COVID-19 crisis is still to be fully determined and the threat of further economic disruption caused by the pandemic remains, we maintain commitment to our longer term development strategy, focused on the green economy of the future. In this respect, we launched a new foundry complex at the Boguchany aluminium smelter; with an annual capacity of 120 thousand tonnes, it will produce advanced alloys, which are in high demand by the automotive industry globally. Our New Energy modernization programme is also progressing steadily and we aim to announce the start of operations of a modernized hydropower unit at the Irkutsk HPP in the near term.

As countries around the world are planning their post-COVID-19 recovery, we see increased focus on greening the economies. We fully support those efforts: as the largest producer of low-carbon aluminium, we will be there to power the creation of a new and sustainable world.”

POWER SEGMENT

		1H'20	1H'19	chg, %	2Q'20	2Q'19	chg, %
Production volumes⁴							
Total Electricity Production	TWh	39.3	36.9	6.5%	18.0	17.7	1.7%
HPPs, incl.	TWh	32.0	28.7	11.5%	15.6	14.6	6.8%
Angara cascade ⁵	TWh	22.3	19.6	13.8%	10.5	9.9	6.1%
Yenisei cascade ⁶	TWh	9.7	9.1	6.6%	5.0	4.7	6.4%
CHPs	TWh	7.3	8.2	(11.0%)	2.4	3.1	(22.6%)
Abakan SPP	GWh	3.2	3.5	(8.6%)	2.1	2.3	(8.7%)
Heat	mn Gcal	14.5	15.1	(4.0%)	4.4	4.6	(4.3%)
Market prices							
Average electricity spot prices ⁷ :							
1 st price zone	RUB/MWh	1,174	1,321	(11.1%)	1,125	1,333	(15.6%)
2 nd price zone:	RUB/MWh	904	1,033	(12.5%)	902	1,041	(13.3%)
Irkutsk region	RUB/MWh	856	989	(13.5%)	845	977	(13.5%)
Krasnoyarsk region	RUB/MWh	834	989	(15.6%)	844	994	(15.2%)

Power segment operations update

En+ Group power plants generated 39.3 TWh of electricity (up 6.5% y-o-y) in 1H 2020 and 18.0 TWh (up 1.7% y-o-y) in 2Q 2020.

The Group's hydro power output increased to 32.0 TWh (up 11.5% y-o-y) in 1H 2020 and to 15.6 TWh in 2Q 2020 (up 6.8% y-o-y).

The Group's Angara cascade HPPs (Irkutsk, Bratsk and Ust-Ilimsk HPPs) increased power generation to 22.3 TWh in 1H 2020 (up 13.8% y-o-y) and to 10.5 TWh in 2Q 2020 (up 6.1% y-o-y). This was due to increased water reserves in the HPPs' reservoirs of the Angara cascade (up 1.7 TWh compared to the long-term average as at 1 July 2020) as well as increased water levels in the Bratsk reservoir, which reached 397.67 meters as at 1 July 2020 vs. 397.20 meters at 1 July 2019.

The Group's Krasnoyarsk HPP's total power generation increased to 9.7 TWh in 1H 2020 (up 6.6% y-o-y). In 2Q 2020, power generation at the Krasnoyarsk HPP was 5.0 TWh (up 6.4% y-o-y). The increase in the generation levels was a result of higher water levels in the Krasnoyarsk reservoir. The lateral inflow to Krasnoyarsk reservoir was 1,930 cubic meters per second (121% of normal level) in 1H 2020, compared to 1,510 cubic meters per second (94% of normal level) in 1H 2019.

In 1H 2020, the Abakan Solar Power Plant generated 3.2 GWh (down 8.6% y-o-y) and 2.1 GWh (down 8.7% y-o-y) in 2Q 2020, due to more cloudy days during the reporting period.

Power generation at the Group's CHPs decreased to 7.3 TWh in 1H 2020 (down 11.0% y-o-y) and to 2.4 TWh in 2Q 2020 (down 22.6% y-o-y). Heat generation at the Group's CHPs decreased to 14.5 mn Gcal in 1H 2020 (down 4.0% y-o-y) and to 4.4 TWh in 2Q 2020

⁵ Includes Irkutsk, Bratsk, Ust-Ilimsk HPPs.

⁶ Krasnoyarsk HPP.

⁷ 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".

(down 4.3% y-o-y). The level of electricity and heat generation by the Group's CHPs was affected by weather conditions - the average temperature during winter months in the beginning of 2020 was higher than during the same period last year. Moreover, in 1H 2019 the power grid facilities of the Siberian UES underwent maintenance, which led to an increased load-factor of the Group's CHPs in 1H 2019 compared to the same period in 2020.

"New Energy" HPP modernisation program

The upgraded equipment at the Group's Bratsk, Ust-Ilimsk and Krasnoyarsk HPPs allowed for an increase in hydropower production of 410.4 GWh in 2Q 2020 (836.2 GWh in 1H 2020), helping to reduce greenhouse gas emissions by approximately 476 thousand tonnes of CO_{2e} due to the partial replacement of prior CHP generation volumes (969 thousand tonnes of CO_{2e} in 1H 2020).

Russian energy market update⁸

- In 1H 2020, according to the System Operator of the United Power System, power production in the Russian United Power System decreased 3.5% and accounted for 532.3 TWh. Consumption decreased 2.7% y-o-y to 526.3 TWh (down 3.3% y-o-y excluding 29 February 2020). According to the Ministry of Energy of Russian Federation, power consumption in Russia decreased as a result of the negative effect of COVID-19 and higher temperature compared to the previous year.
- Power production in the integrated energy systems in the first price zone⁹ decreased by 4.6% and accounted for 397.3 TWh in 1H 2020 (down 5.2% y-o-y excluding 29 February 2020). Consumption in the first price zone decreased 3.5% y-o-y to 391.4 TWh (down 4.1% y-o-y excluding 29 February 2020).
- In 1H 2020, the integrated energy system of Siberia (the Company's key region of operations) produced 103.9 TWh of electricity (down 0.7% y-o-y or down 1.3% y-o-y excluding 29 February 2020). In the same period, output from HPPs in Siberia increased by 16.4%, while thermal power plants and captive power stations decreased their electricity production by 14.8% y-o-y.
- Electricity consumption in the Siberian integrated energy system decreased 1.2% y-o-y and accounted for 105.3 TWh in 1H 2020 (down 1.8% y-o-y excluding 29 February 2020).
- In 1H 2020, the Group generated approximately 36.9% of the total electricity produced in the Siberian integrated energy system. The Group's HPPs generated approximately 58.6% of the total electricity produced by hydropower stations in the Siberian integrated energy system.
- In 1H 2020, the average electricity spot price on the day-ahead market in the second price zone was 904 RUB/MWh (down 12.5% y-o-y). According to Association "NP Market Council" data, the decrease reflected an increase in HPP generation, a change in

⁸ According to the 1H 2020 Report prepared by the System Operator of the Unified Power System of the Russian Federation (<https://so-ups.ru/>).

⁹ Comprises the Central, Central Volga, Urals, North-West and South energy systems.

consumption structure as well as transmission constraints on the transit between East and West Siberia.

Projected water inflows into reservoirs

The Hydrometeorological Centre of Russia forecasts water inflows into the main reservoirs of En+ Group's generating assets in 3Q 2020 as follows:

- The useful water inflows into Lake Baikal are expected to be 2,800-3,800 cubic meters per second or 69-94% of normal level. In 2Q 2020, the water inflow was 2,550 cubic meters per second or 86% of normal levels, compared to 2,700 cubic meters per second in 2Q 2019.
- The lateral inflows into the Bratsk Reservoir are expected to be 1,550-1,950 cubic meters per second or 76-95% of normal level. In 2Q 2020, water inflow was measured at 1,150 cubic meters per second or 80% of normal level (1,110 cubic meters per second in 2Q 2019).
- The lateral water inflows into the Krasnoyarsk Reservoir are expected to be 1,150 – 1,650 cubic meters per second or 73-104% of normal levels. In 2Q 2020, the lateral inflows were measured at 3,565 cubic meters per second or 120% of the normal level (up 38% y-o-y).

METALS SEGMENT

		1H'20	1H'19	chg, %	2Q'20	2Q'19	chg, %
Production volumes							
Aluminium	kt	1,867	1,867	-	927	938	(1.2%)
Utilisation rate	%	96%	96%	-	95%	97%	(2pp)
Alumina	kt	4,022	3,850	4.5%	2,009	1,918	4.7%
Bauxite	kt	7,469	8,073	(7.5%)	3,892	4,242	(8.3%)
Nepheline	kt	2,264	2,153	5.1%	1,181	1,144	3.2%
Sales volumes							
Aluminium, incl.	kt	1,890	1,978	(4.4%)	976	1,082	(9.8%)
VAP sales ¹⁰	kt	785	673	16.5%	363	414	(12.3%)
Share of VAP sales	%	42%	34%	8pp	37%	38%	(1pp)
Average prices							
Aluminium average realised price	USD/t	1,756	1,960	(10.4%)	1,654	1,970	(16.0%)
LME QP component	USD/t	1,615	1,835	(12.0%)	1,526	1,824	(16.3%)
Realised premium	USD/t	141	125	12.8%	128	146	(12.3%)

¹⁰ VAP includes alloyed ingots, slabs, billets, wire rod, wheels, high and special purity aluminium.

Metals segment operations update

Aluminium

In 1H 2020, aluminium production¹¹ remained stable and totalled 1,867 thousand tonnes, with Siberian smelters representing 93% of total aluminium output. In 2Q 2020, aluminium production remained broadly unchanged y-o-y and amounted to 927 thousand tonnes (down 1.2% y-o-y).

In 1H 2020, aluminium sales decreased 4.4% y-o-y totalling 1,890 thousand tonnes. In 2Q 2020, sales were 976 thousand tonnes (down 9.8% y-o-y). The sales reduction is attributable mostly to a higher base of 2Q 2019, when the sales volumes were above normal levels due to the partial sell down of surplus inventories of primary aluminium that were accumulated over 2018 as a result of OFAC¹² Sanctions¹³.

In 1H 2020, VAP sales amounted to 785 thousand tonnes (up 16.5% y-o-y), and the share of VAP sales in total sales was 42% (up by 8 percentage points y-o-y) due to the recovery in 1Q 2020 following the renewal of VAP contracts after the sanctions. In 2Q 2020, VAP sales decreased to 363 thousand tonnes (down 12.3% compared to 2Q 2019) due to market disruptions caused by the COVID-19 pandemic.

In 2Q 2020 on the back of diversified client base, Metals segment successfully adjusted the regional sales geography in line with the new environment on the markets caused by COVID-19. European destination still dominates the mix, however it decreased in share, while Asia's share increased. This shift reflects less severe lockdown measures in Asia and an arbitrage opportunity in China.

In 1H 2020, the average aluminium realised price¹⁴ decreased 10.4% y-o-y to USD 1,756 per tonne. The London Metal Exchange ("LME") QP¹⁵ component decreased by 12.0% y-o-y to USD 1,615 per tonne in 1H 2020. This was offset by the realized premium, which went up 12.8% to USD 141 per tonne in 1H 2020 amid a higher share of VAP in the total sales mix (42% in 1H 2020 vs 34% in 1H 2019). In 2Q 2020, the average aluminium realised price decreased 16.0% y-o-y to USD 1,654 per tonne. The decrease was driven both by LME QP component (down 16.3% y-o-y to USD 1,526 per tonne) and average realised premium component (down 12.3% y-o-y to USD 128 per tonne). The decline in premiums during 2Q 2020 is attributed to the decrease of VAP share in product sales mix and overall market conditions related to the pandemic. Over the course of 1H 2020 LME price was under pressure from COVID-19, but following relative improvement of the general market conditions at the end of 2Q 2020 has demonstrated gradual recovery towards 3Q 2020.

¹¹ Aluminium production represented by saleable products output (the number includes all facilities excluding Volgograd remelting of third parties metal).

¹² "OFAC" - The Office of Foreign Assets Control of the Department of Treasury of the United States of America.

¹³ "Sanctions" - on 6 April 2018, the OFAC added the Company to its Specially Designated Nationals List.

¹⁴ The realised price includes three components: LME component, commodity premium and VAP upcharge.

¹⁵ 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.

Alumina

In 1H 2020, alumina production increased 4.5% y-o-y to 4,022 thousand tonnes. In 2Q 2020, it increased 4.7% y-o-y, to 2,009 thousand tonnes. The Company's Russian operations accounted for 35% of the total output.

Bauxite and nepheline ore

In 1H 2020, bauxite output decreased 7.5% y-o-y to 7,469 thousand tonnes. In 2Q 2020, bauxite production decreased 8.3% y-o-y to 3,892 thousand tonnes. The decline of output is primarily attributed to the suspension of operations of business in Guyana, as announced at the beginning of February 2020.

In 1H 2020, nepheline production increased 5.1% y-o-y to 2,264 thousand tonnes. In 2Q 2020 it increased 3.2% y-o-y to 1,181 thousand tonnes.

Aluminium market overview¹⁶

- According to the JP Morgan Global Manufacturing PMI, global manufacturing activity increased from 42.4 in May to a 5-month high of 47.8 in June. It is still below 50 points, indicating a contraction in output, but at a slower pace. Global manufacturing conditions have generally started demonstrating signs of recovery in May and June 2020 following the severe disruption caused by COVID-19 in earlier months this year.
- Yet global recovery is highly uneven while in the US, Brazil, France, Turkey and China manufacturing production expanded recently at the highest rates seen in several months, other national economies experienced severe declines. A potential second wave of COVID-19 continues to cause some uncertainty in the market. Macroeconomic backdrop in 2H 2020 may be more constructive if current expansionary trend would be sustained across multiple countries.
- In 1H 2020, global primary aluminium demand was down by 6.6% y-o-y to 30.3 million tonnes. Ex-China demand contracted by 15.4% to 12.3 million tonnes, while Chinese demand remained almost unchanged and down only 0.5% to 18 million tonnes.
- Global aluminium production in 1H 2020 grew by 1.8% to 32.1 million tonnes, including Rest of the World ex-China ("RoW") growth at 0.5% y-o-y to 13.9 million tonnes. In China, a 2.8% growth y-o-y to 18.2 million tonnes was seen for the same period. Overall, the global market was in surplus by 1.8 million tonnes during 1H 2020.
- With regards to cost curve, around 12% of smelters in the RoW still operate at a loss as at the end of 2Q 2020. Approximately 3.5 million tonnes of capacity outside of China is currently operating with costs higher than current prices. Since the beginning of this year, around 0.6 million tonnes of RoW capacity was curtailed.
- Operating capacity in China reached 37.2 million tonnes by the end of 1H 2020. Chinese unwrought aluminum and products exports collapsed by 20.6% in 1H 2020 y-o-y to 2.37 million tonnes on a strongly negative export price arbitrage.

¹⁶ Unless otherwise stated, data for the "Market overview" section is sourced from Bloomberg, CRU, CNIA, IAI and Antaike.

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- In 1H 2020, aluminium inventories at LME warehouses went above 1.6 million tonnes, with an overall increase of 165 thousand tonnes compared to the level at the end of last year. LME live warrants grew to 1.47 million tonnes. Chinese regional stocks continued to decline steeply in June 2020, and fell 960 thousand tonnes to 0.7 million tonnes from its highest level this year of 1.68 million tonnes as of the beginning of April 2020.

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