

EN+ GROUP 9M AND 3Q 2019 FINANCIAL RESULTS

Focus on efficiency for a sustainable future

14 November 2019 — EN+ GROUP IPJSC (the “Company”, “En+ Group” or the “Group”) announces its financial results for the nine month and the three month periods ended 30 September 2019.

Efficiency, cost reduction and continued investment in low carbon assets remains an overriding focus of En+ Group in a turbulent macro environment. The strong synergies between the separate businesses continue to demonstrate significant advantages of the highly integrated business model despite the depressed global demand for aluminium amid a global economic slowdown. Notwithstanding the decline in the London Metals Exchange (“LME”) aluminium price during the period, which reached 3-year lows, the Group reinforced its position as one of the leaders of the global aluminium industry in terms of Adj. EBITDA margins. En+ Group further believes that the long-term outlook for the aluminium market remains strong. The Group continues to invest in improvements to its operational performance, with plans to invest over USD 715 million in environmentally focused capex programs at its aluminium smelters and alumina refineries over the next five years. En+ Group is determined to increase its share of the global low carbon aluminium market and, ultimately, to build on its place in the green economy of the future.

Highlights for the nine month and the three month periods ended 30 September 2019:

- Continued international trade war rhetoric increased market uncertainty and negatively impacted demand, driving down aluminium and alumina average sales prices by c. 16% and c.18% y-o-y respectively in 9M 2019
- Primary aluminium and alloys sales volumes both increased by c. 10%, helping to offset the impact of the decline in the LME aluminium price
- Stable EBITDA margin in the Power segment at c. 38% continued to support the Group during a period of weak aluminium prices
- Launched multiple long term sustainability initiatives in 3Q 2019

USD million (except %)	9M'19	9M'18	chg,%	3Q'19	3Q'18	chg,%
Revenue	8,673	9,434	(8.1%)	2,870	3,298	(13.0%)
Primary aluminium and alloys sales ¹	5,857	6,332	(7.5%)	2,040	2,358	(13.5%)
Alumina sales	502	719	(30.2%)	162	272	(40.4%)
Electricity sales	927	957	(3.1%)	243	247	(1.6%)
Heat sales	316	323	(2.2%)	63	55	14.5%
Other	1,071	1,103	(2.9%)	362	366	(1.1%)
Adjusted EBITDA ²	1,617	2,618	(38.2%)	432	927	(53.4%)
Adjusted EBITDA margin	18.6%	27.8%	(9.2 pp)	15.1%	28.1%	(13.0 pp)
Net profit	1,073	1,623	(33.9%)	210	586	(64.2%)
Net profit margin	12.4%	17.2%	(4.8 pp)	7.3%	17.8%	(10.5pp)
LME aluminium price per tonne	1,804	2,158	(16.4%)	1,761	2,056	(14.3%)

¹ After consolidation adjustments.

² Adjusted EBITDA for any period represents the results from operating activities adjusted for amortisation and depreciation, impairment charges and loss on disposal of property, plant and equipment for the relevant period.

Lord Barker, Executive Chairman of En+ Group, said:

“Challenging market conditions continued into the third quarter, further impacting aluminium trading which has inevitably been reflected in our results. The ongoing US-China trade dispute as well as subdued demand from the automotive sector on the back of weaker global economic conditions, has driven down aluminium prices. As a result, the average LME aluminium price in the period, at USD 1,761 per tonne was at its lowest since 2016.

Against this backdrop and an additional adverse currency impact, we have delivered a robust result, which reflects the underlying strengths of our vertically integrated business model. We have continued to invest, ensuring En+ Group is efficient and well positioned for the future. Net debt has remained stable.

The period has also seen En+ Group further develop its position as a global leader in low-carbon aluminium production and renewable energy. We took an active role at the UN Climate Summit in September and will play an increasingly important part in the emerging global low carbon economy. We will strengthen further our leadership capacity to help drive our sector to a low carbon future, as befits the world’s largest producer of low carbon aluminium. Those companies which continue to resist greater transparency for the carbon content of their products, or continue to invest in high carbon production models, are on the wrong side of history. The transition to a low carbon future will not be smooth but it is irreversible.”

Vladimir Kiriukhin, CEO of En+ Group, commented:

“A combination of lower aluminium prices on global markets and lower electricity prices made the third quarter of 2019 a demanding period for the Group. However, our efforts and performance earlier this year created a strong foundation to ensure a robust result for the nine-month period.

Aluminium and electricity production in the quarter were both higher than the same period last year. We continue to focus on value added products and low-carbon aluminium to provide some shielding against a volatile prices.

We continue to invest in our business, increasing capital expenditure, focusing on increasing the efficiency of our HPPs and building up the production of low-carbon aluminium. We are already seeing the benefits of these investments, with the upgraded equipment delivering more renewable hydropower production and contributing to a reduction of our greenhouse gas emissions. We are also on track to start operations of the Taishet aluminium smelter next year, thus increasing our foothold in the low-carbon aluminium market.

This continued investment underlines our focus on delivering value to shareholders and all stakeholders.”

Consolidated financial results

Revenue

In 9M 2019, revenue decreased by 8.1% y-o-y to USD 8,673 million (USD 9,434 million in 9M 2018), mainly due to the continued decline in the LME aluminium price during the period, which was partially offset by an increase in the Group’s aluminium sales volumes. In 9M 2019 the

average LME price was USD 1,804 per tonne, 16.4% lower versus the prior year, while the Group's sales volumes of primary aluminium and alloys increased by 9.8% and reached 3,069 thousand tonnes.

In 3Q 2019 revenue decreased y-o-y to USD 2,870 million (down 13.0% y-o-y), which was largely driven by both lower aluminium prices on the LME (down 14.3% y-o-y) and lower electricity sales prices in Siberia (down 17.6% y-o-y).

EBITDA

In 9M 2019 the Group's Adjusted EBITDA decreased 38.2% y-o-y to USD 1,617 million, mainly due to lower LME prices. The Group's Adjusted EBITDA margin for 9M 2019 decreased 9.2 percentage points y-o-y to 18.6% in 9M 2019.

In 3Q 2019, the Group's Adjusted EBITDA was USD 432 million, 53.4% lower compared to 3Q 2018. The Group's Adjusted EBITDA margin for 3Q 2019 decreased 13.0 percentage points y-o-y to 15.1% in 3Q 2019.

Net profit

The Group's net profit dropped 33.9% in 9M 2019 to USD 1,073 million (USD 1,623 million in 9M 2018). The decrease was driven mainly by the same factors that influenced the decrease in EBITDA, partially offset by an increase in the share of profit obtained by the Group from its associates and joint ventures.

Capital expenditure

The Group's capital expenditure amounted to USD 727 million in 9M 2019 (up 9.7% y-o-y).

The Power segment's capital expenditures accounted for USD 183 million in 9M 2019, compared to USD 94 million in 9M 2018. The Metals segment's capital expenditures decreased to USD 556 million in 9M 2019 from USD 580 million in 9M 2018.³

Debt position

The Group's net debt⁴ as of 30 September 2019 decreased by 4.6% compared to 31 December 2018 and amounted to USD 10,588 million. The net debt attributable to the Metals segment decreased by 8.2% to USD 6,833 million. The net debt attributable to the Power segment rose 2.8% to USD 3,755 million as of 30 September 2019, mainly due to rouble appreciation. As at 30 September 2019, the RUB/USD rate was 64.42 compared to 69.47 as at 31 December 2018.

³ Before consolidation adjustments

⁴ Net debt – the sum of loans and borrowings and bonds outstanding less total cash and cash equivalents as at the end of the relevant period.

Power segment 9M and 3Q 2019 financial results

USD million (except %)	9M'19	9M'18	chg,%	3Q'19	3Q'18	chg,%
Revenue	2,173	2,315	(6.1%)	576	604	(4.6%)
Sales of electricity	1,009	1,066	(5.3%)	231	281	(17.8%)
Sales of capacity	352	343	2.6%	111	102	8.8%
Sales of heat	291	298	(2.3%)	58	52	11.5%
Other	521	608	(14.3%)	176	169	4.1%
Adjusted EBITDA	829	863	(3.9%)	169	237	(28.7%)
<i>Adjusted EBITDA margin</i>	38.2%	37.3%	0.9 pp	29.3%	39.2%	(9.9 pp)
Net profit	232	116	100%	(9)	(23)	-
<i>Net profit margin</i>	10.7%	5.0%	5.7 pp	-	-	-
RUB/USD rates						
Rate as at the reporting date	64.42	65.59	(1.8%)	64.42	65.59	(1.8%)
Average rate for the period	65.08	61.44	5.9%	64.57	65.53	(1.5%)

Power segment revenues decreased by 6.1% y-o-y to USD 2,173 million in 9M 2019, reflecting rouble depreciation⁵ in 9M 2019 compared to 9M 2018 (the average RUB/USD exchange rate went up 5.9%). On a rouble-denominated basis, the Power segment revenues remained almost flat.

Revenue from electricity sales decreased by 5.3% y-o-y to USD 1,009 million in 9M 2019 and by 17.8% y-o-y to USD 231 million in 3Q 2019. The decrease was mainly driven by rouble depreciation in 9M 2019 and lower electricity sales prices in 3Q 2019. This was partially offset by improved electricity generation volumes, which increased by 4.9% y-o-y to 55.8 TWh in 9M 2019 and by 3.3% y-o-y to 18.9 TWh in 3M 2019.

In 3Q 2019, the average electricity spot price on the day-ahead market in the second price zone accounted for 685 RUB/MWh (down 17.6% y-o-y), while in the Irkutsk region the price went down 28.8% y-o-y and in the Krasnoyarsk region the price declined 34.7% y-o-y. In 9M 2019, the average electricity spot price on the day-ahead market in the second price zone accounted for 866 RUB/MWh (up 5.9% y-o-y), and was almost unchanged in the Irkutsk (up 1.1% y-o-y) and Krasnoyarsk (up 1.9% y-o-y) regions.

Capacity sales improved by 2.6% y-o-y to USD 352 million in 9M 2019 and by 8.8% y-o-y in 3Q 2019 to reach USD 111 million, due to an increase in capacity sales prices and volumes.

Heat sales decreased y-o-y by 2.3% to USD 291 million in 9M 2019 due to lower sales volumes related to weather conditions, although sales improved 11.5% to USD 58 million in 3Q 2019, reflecting increases in heating tariffs.

The Power segment's Adjusted EBITDA in 9M 2019 decreased to USD 829 million (down 3.9% y-o-y) and in 3Q 2019 decreased to USD 169 million (down 28.7% y-o-y). Adjusted EBITDA decline was driven by a decrease in average electricity spot prices and rouble depreciation, which was partially offset by the increase in electricity generation volumes.

⁵ In 9M 2019, the average for the period RUB/USD exchange rate increased by 5.9% to 65.08 compared to 61.44 in 9M 2018. As at 30 September 2019, the RUB/USD rate accounted for 64.42 compared to 65.59 as at 30 September 2018 (down 1.8% y-o-y).

In 9M 2019, the Power segment's net profit increased to USD 232 million from USD 116 million for the same period in 2018, mainly as a result of a reduction in reported net finance expense.

In 9M 2019, capital expenditure by the Group's Power segment amounted to USD 183 million (up 94.7% y-o-y). Maintenance capex accounted for approximately 52% of total capital expenditure. The increase reflected investment in: (i) projects related to technical connections to power supply infrastructure, including a new substation for the Taishet aluminium smelter; and (ii) improvements in CHP efficiency, continuing the HPP 'New Energy' modernisation program. The increase was also driven by the rescheduling of capital expenditure into 2019 from 2018.

The Power segment's net debt increased 2.8% to USD 3,755 million as at 30 September 2019, from USD 3,652 million as at 31 December 2018. The increase was driven by rouble appreciation, as the RUB/USD rate moved from 69.47 as at 31 December 2018 to 64.42 as at 30 September 2019. In 9M 2019, net repayment of the Power segment's debt amounted to USD 133 million. In rouble terms the Power segment's net debt declined 4.7% compared to the beginning of the year.

Metals segment 9M and 3Q 2019 financial results

USD million (except %)	9M'19	9M'18	chg,%	3Q'19	3Q'18	chg,%
Revenue	7,222	7,915	(8.8%)	2,486	2,918	(14.8%)
Sales of primary aluminium and alloys	5,946	6,438	(7.6%)	2,069	2,379	(13.0%)
Sales of alumina	502	719	(30.2%)	162	272	(40.4%)
Sales of foil and other aluminium products	317	274	15.7%	113	104	8.7%
Other	457	484	(5.6%)	142	163	(12.9%)
Adjusted EBITDA	765	1,800	(57.5%)	237	676	(64.9%)
Adjusted EBITDA margin	10.6%	22.7%	(12.1 pp)	9.5%	23.2%	(13.7pp)
Net profit	819	1,549	(47.1%)	194	597	(67.5%)
Net profit margin	11.3%	19.6%	(8.3 pp)	7.8%	20.5%	(12.7 pp)

In 9M 2019, revenue dropped by 8.8% y-o-y to USD 7,222 million, compared to USD 7,915 million for the same period in 2018, reflecting a 16.4% decrease in the LME aluminium price to USD 1,804 per tonne, compared with USD 2,158 per tonne for the comparable period in 2018. This was partially offset by a 9.8% increase in primary aluminium sales volumes.

In 3Q 2019 the LME aluminium price continued its decline and reached an average of USD 1,761 per tonne, a record low since the end of 2016 and a 14.3% decrease compared to USD 2,056 per tonne in 3Q 2018. This negative trend was compounded by a decrease in realized premiums over the LME aluminium price benchmark, down to an average of USD 145 per tonne in 3Q 2019, 13.2% lower than USD 167 per tonne in 3Q 2018. These factors resulted in a decrease in revenue in 3Q 2019 of 14.8%, to USD 2,486 million compared to USD 2,918 million in 3Q 2018.

In 9M 2019, revenue from sales of primary aluminium and alloys decreased by 7.6% y-o-y, to USD 5,946 million compared to USD 6,438 million in 9M 2018, primarily due to a 15.9% decrease in the weighted-average realized aluminium price per tonne (to an average of USD 1,937 per tonne in 9M 2019 from USD 2,304 per tonne in 9M 2018) driven by a decrease

in the LME aluminium price, which was partially offset by a 9.8% increase in primary aluminium and allows sales volume.

Revenue from sales of alumina decreased by 30.2% to USD 502 million in 9M 2019 from USD 719 million in 9M 2018 due to a decrease in sales volumes of 14.8% together with a decrease in the average sales price by 17.8%. Alumina sales in 3Q 2019 were broadly flat when compared to sales in 2Q 2019.

Revenue from sales of foil and other aluminium products increased by 15.7%, to USD 317 million in 9M 2019, as compared to USD 274 million in 9M 2018, due to an increase in sales of aluminium wheels by USD 58 million between the comparable periods, although this was partially offset by a 6.0% decrease in sales of foil due to the lower realized prices in the reporting period as compared to the same period of the prior year.

Revenue from other sales, including sales of bauxite and energy services, decreased by 5.6% y-o-y to USD 457 million in 9M 2019 from USD 484 million in 9M 2018, due to a decrease in sales of other materials.

Adjusted EBITDA attributable to the Metals segment decreased 57.5% to US\$ 765 million y-o-y, (US\$ 1,800 million in 9M 2018). The Metals segment's profit in 9M 2019 decreased by 47.1% to US\$ 819 million (US\$ 1,549 million in 9M 2018).

The capital expenditure of the Metals segment in 9M 2019 amounted to USD 556 million, decreasing 4.1% y-o-y (USD 580 million in 9M 2018). In 9M 2019, maintenance costs amounted to c. 53% of aggregated capex.

The Metals segment's net debt decreased 8.2% to USD 6,833 million as at 30 September 2019 (USD 7,442 million as at 31 December 2018) reflecting ongoing improvements in the segment's cash and cash equivalents.

In September 2019, the Group completed the placement of exchange-traded rouble bonds in PJSC RUSAL Bratsk for an amount of RUB 15 billion, with a coupon rate of 8.25% and a ten years maturity, subject to a bondholders' put option exercisable in September 2022. In addition to the placement, the Group simultaneously entered into a cross-currency and interest rate swap, resulting in the exchange-traded rouble bonds exposure being translated in full into US-dollar exposure with a maturity of 3 years and an interest rate of 3.835%.

In October 2019, UC Rusal, the Group's core subsidiary, entered into a new sustainability-linked pre-export finance facility (PXF2019) for USD 1,085 million, with a 5 year maturity (repayment starting from the 27th calendar month). The interest rate is subject to a sustainability discount or premium depending on the Company's fulfilment of certain sustainability key performance indicators. The proceeds of the facility were used to partly refinance the Group's PXF facility dated 24 May 2017.

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About EN+ GROUP IPJSC

En+ Group is a leading international vertically integrated aluminium and hydropower producer. The Company combines power plants with a total installed capacity of 19.5 GW (including 15.1 GW of hydro power assets), and 3.9 Mt of annual aluminium production capacity (through a controlling stake in UC RUSAL plc, the world's largest aluminium producer outside of China in 2018) which is the major consumer of En+ Group's hydroelectricity.

The information presented in this announcement only reflects the position of the Company during the review period from 1 January to 30 September 2019, unless otherwise specified.

This announcement may include statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements may be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "plans", "projects", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology, or by discussions of strategy, plans, objectives, goals, future events or intentions. Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements reflect the Company's current view with respect to future events and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Group's business, results of operations, financial position, liquidity, prospects, growth or strategies. Forward-looking statements speak only as of the date they are made.