
EN+ GROUP ANNOUNCES 4Q AND FY 2020 TRADING UPDATE

The rapid spread of the COVID-19 virus from early 2020 led to a decline in business activity and a rapid deterioration of commodity markets, marked by considerable bouts of volatility. The second half of 2020 saw our end markets stabilise, and then show signs of recovery in 4Q 2020. Despite these challenges, En+ continued to move forward with confidence and maintained stable operating performance both in its Metals and Power segments. Aluminium production remained at the same level as 2019, while power generation delivered year on year production growth, in part driven by the benefits of our “New Energy” modernisation programme. Despite the pandemic, electricity demand in Siberia saw only an insignificant decline, prices remained broadly stable over the year and favourable hydrological conditions supported the Group’s power generation. In response to the challenging market environment caused by COVID-19, the Metals segment successfully adjusted its sales mix, with a material increase in sales to geographies where demand was stronger and increasing VAP sales to 44% of total sales, accompanied by an 8.3% increase in released premiums. The end of 2020 was marked by a recovery in global aluminium demand, with a positive impact on aluminium prices. Aluminium prices ended the year above \$2,000/t, compared to an LME average price of \$1,703/t over 2020. While there remains potential for further growth from current levels, due to the evolving COVID-19 situation, the aluminium market outlook going into 2021 remains uncertain.

8 February 2021 — 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 twelve month and three month periods ended 31 December 2020.

FY 2020 key highlights¹:

- Aluminium production was broadly unchanged y-o-y, totalling 3,755 kt.
- Aluminium sales decreased 6% y-o-y to 3,926 kt given higher sales in 2019 driven by the destocking of accumulated inventories from 2018.
- The average aluminium realised price² decreased 6% y-o-y to USD 1,805 per tonne. During the period, the London Metal Exchange (LME) QP³ component decreased by 7.1% y-o-y to USD 1,658 per tonne, while realised premium increased 8.3% to USD 147 per tonne.
- Sales of value added products⁴ (VAP) increased 11.3% y-o-y to 1,722 kt. VAP share in the Metals segment’s aluminium sales increased to 44% from 37% in 2019.
- Electricity production⁵ by the Group's Power segment increased 5.7% y-o-y to 82.2 TWh.
- Hydro power⁵ output from the Group's Power segment increased 7.9% y-o-y to 69.3 TWh.

¹ Operating results are based on preliminary data and may be updated in FY 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 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 specialty.

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.

		FY20	FY19	chg, %	4Q'20	4Q'19	chg, %
Power segment							
Electricity production ⁵	TWh	82.2	77.8	5.7%	23.5	21.9	7.3%
Heat production	mn Gcal	26.9	27.3	(1.5%)	9.6	9.5	1.1%
Metals segment							
Aluminium production	kt	3,755	3,757	(0.1%)	950	949	0.1%
Aluminium sales	kt	3,926	4,176	(6.0%)	1,028	1,107	(7.1%)
VAP sales ⁴	kt	1,722	1,547	11.3%	483	442	9.3%
Aluminium avg. realised price ²	USD/t	1,805	1,920	(6.0%)	1,940	1,873	3.6%

Vladimir Kiriukhin, CEO of En+ Group, commented:

“In early 2020 the magnitude of destructive impact of the coronavirus pandemic across the world was impossible to predict. The pandemic affected all sectors of the economy and all areas of activity, from manufacturing to logistics, as well as many human lives. According to the latest International Monetary Fund’s World Economic Outlook Update⁶, in 2020 global economy is estimated to contract by -3.5 percent as compared to 2019. The Russian economy also faced a forced business shutdown in the fight against COVID-19, oil prices collapsed, rouble depreciated and export demand fell. Despite the challenges brought on by the pandemic, En+ Group has remained resilient, demonstrating the sustainability of its business model, the talent of our management team as well as skill and selfless dedication of our employees.

The Group remained focused on its key business priorities, including ensuring the health and safety of its employees, maintaining stable operations and also providing support to the regions where we operate. In 2020, En+ Group allocated more than 1 billion roubles to efforts to fight the pandemic. The Company purchased personal protective equipment and medicines, regularly tested employees for COVID-19 and instilled strict protocols to ensure safe working conditions throughout our assets across the world.

These measures allowed us to deliver stellar operational performance of the Group against all challenges. Our aluminum production remained stable and we increased sales of value-added products by 11% as compared to a year ago. The Power segment increased electricity output by 6%, and our HPP output increased by 8%.

The Company also made further progress on its large-scale “New Energy” modernisation programme aimed at increasing the production of environmentally friendly renewable energy. In 2020 we launched a new hydroelectric unit at the Irkutsk HPP and continued repair works at Krasnoyarsk and Bratsk HPPs. In 2020, En+ Group also launched modernisation projects at its CHPs. Our modernisation programmes are aimed at improving its reliability, productivity, safety as well as our environmental footprint.

Our performance in 2020 has only strengthened our confidence in our business strategy focused on sustainable development. This approach aims to ensure the balanced and successful development of the Group to meet the interests of its employees, shareholders, investors, and the local communities in the regions where we operate.”

⁶ <https://www.imf.org/en/Publications/WEO/Issues/2021/01/26/2021-world-economic-outlook-update>

POWER SEGMENT

		FY20	FY19	chg,%	4Q'20	4Q'19	chg,%
Production volumes⁵							
Total Electricity Production	TWh	82.2	77.8	5.7%	23.5	21.9	7.3%
HPPs, incl.	TWh	69.3	64.2	7.9%	19.5	17.8	9.6%
Angara cascade ⁷	TWh	47.3	44.5	6.3%	13.1	12.3	6.5%
Yenisei cascade ⁸	TWh	22.0	19.7	11.7%	6.4	5.5	16.4%
CHPs	TWh	12.9	13.6	(5.1%)	4.1	4.1	-
Abakan SPP	GWh	5.5	6.2	(11.3%)	0.6	0.7	(14.3%)
Heat	mn Gcal	26.9	27.3	(1.5%)	9.6	9.5	1.1%
Market prices							
Average electricity spot prices ⁹ :							
1 st price zone	RUB/MWh	1,211	1,288	(6.0%)	1,201	1,231	(2.4%)
2 nd price zone:	RUB/MWh	872	890	(2.0%)	823	809	1.7%
Irkutsk region	RUB/MWh	793	789	0.5%	705	669	5.4%
Krasnoyarsk region	RUB/MWh	789	784	0.6%	713	668	6.7%

Power segment operations update

The Group's power plants generated 82.2 TWh of electricity (up 5.7% y-o-y) in 2020 and 23.5 TWh (up 7.3% y-o-y) in 4Q 2020.

The Group's hydro power output increased to 69.3 TWh in 2020 (up 7.9% y-o-y) and 19.5 TWh in 4Q 2020 (up 9.6% y-o-y).

The Group's Angara cascade HPPs (Irkutsk, Bratsk and Ust-Ilimsk) increased power generation to 47.3 TWh in 2020 (up 6.3% y-o-y) and 13.1 TWh in 4Q 2020 (up 6.5% y-o-y). The increase was due to increased water reserves in the HPP reservoirs in the Angara cascade.

The total power generation of the Group's Krasnoyarsk HPP increased to 22.0 TWh in 2020 (up 11.7% y-o-y). In 4Q 2020, power generation at the Krasnoyarsk HPP was 6.4 TWh (up 16.4% y-o-y). This increase in generation levels was a result of higher water levels in the Krasnoyarsk reservoir. The lateral inflow to the Krasnoyarsk reservoir was 1,550 cubic meters per second in 2020 (114.8% of normal level), compared to 1,335 cubic meters per second in 2019 (98.9% of normal level).

In 2020, the Abakan Solar Power Plant generated 5.5 GWh (down 11.3% y-o-y), while in 4Q 2020 it generated 0.6 GWh (down 14.3% y-o-y), in both cases due to more overcast days during the reporting periods.

Power generation at the Group's CHPs decreased to 12.9 TWh in 2020 (down 5.1% y-o-y) and remained materially unchanged y-o-y in 4Q 2020 at 4.1 TWh.

Heat generation at the Group's CHPs decreased to 26.9 mn Gcal in 2020 (down 1.5 % y-o-y) and increased to 9.6 mn Gcal (up 1.1% y-o-y) in 4Q 2020. The level of electricity and heat

⁷ Includes Irkutsk, Bratsk, Ust-Ilimsk HPPs.

⁸ Krasnoyarsk HPP.

⁹ 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".

generation at the Group's CHPs in 2020 compared to 2019 was affected by weather conditions - the average temperature during winter months at the beginning of 2020 was higher than during the same period last year.

"New Energy" HPP modernisation programme

The upgraded equipment at the Group's Bratsk, Ust-Ilimsk and Krasnoyarsk HPPs supported an increase in hydropower production of 454.2 GWh in 4Q 2020 (1,712.1 GWh in 2020), helping to prevent greenhouse gas emissions by approximately 526 thousand tonnes of CO_{2e}, due to the partial replacement of prior thermal power generation volumes (1,984 thousand tonnes of CO_{2e} for the entire 2020).

Russian energy market update¹⁰

- In 2020, according to the System Operator of the United Power System, power production in the Russian United Power System decreased 3.0% y-o-y and accounted for 1,063.7 TWh. Consumption decreased 2.3% y-o-y to 1,050.4 TWh (down 2.6% y-o-y excluding 29 February 2020)
- Power production in the integrated energy systems in the first price zone¹¹ decreased by 3.8% and accounted for 796.2 TWh in 2020 (down 4.1% y-o-y excluding 29 February 2020). Consumption in the first price zone decreased 3.0% y-o-y to 783.7 TWh (down 3.2% y-o-y excluding 29 February 2020)
- In 2020, the Siberian integrated energy system (the Company's key region of operations) produced 207 TWh of electricity (down 0.8% y-o-y or down 1.1% y-o-y excluding 29 February 2020). In the same period, output from HPPs in Siberia increased by 9.2% y-o-y, while thermal power plants and captive power stations decreased their electricity production by 11.7% y-o-y
- In 2020, electricity consumption in the Siberian integrated energy system decreased 1.0% y-o-y and accounted for 209.4 TWh (down 1.3% y-o-y excluding 29 February 2020)
- In 2020, the Group generated approximately 38.8% of the total electricity produced in the Siberian integrated energy system. The Group's HPPs generated approximately 58.9% of the total electricity produced by hydropower stations in the Siberian integrated energy system
- In 2020, the average electricity spot price on the day-ahead market in the second price zone decreased by 2.0% to 872 RUB/MWh. According to Association "NP Market Council" data, this decrease reflected an increase in HPP generation coupled with decreased demand. In 4Q 2020, the average electricity spot price on the day-ahead market in the second price zone increased by 1.7% to 823 RUB/MWh. According to Association "NP Market Council" data, the increase was due to changes in the market demand structure in October 2020.

¹⁰ According to the FY 2020 Report prepared by the System Operator of the Unified Power System of the Russian Federation (<https://so-ups.ru/>).

¹¹ Comprises the Central, Central Volga, Urals, North-West and South energy systems.

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- In 2020, average electricity spot prices in the Irkutsk region and Krasnoyarsk region increased by 0.5% to 793 RUB/MWh and by 0.6% to 789 RUB/MWh, respectively. In 4Q 2020, electricity spot price in the Irkutsk region and Krasnoyarsk region increased 5.4% to 705 RUB/MWh and 6.7% to 713 RUB/MWh, accordingly. These increases reflected changes in the demand structure and reduction of the impact of transmission constraints on the transit between East and West Siberia in the period from August to October in 2020 compared to 2019.

Projected water inflows into reservoirs

The Hydrometeorological Centre of Russia forecasts water inflows into the main reservoirs of En+ Group's generating assets in 1Q 2021, as follows:

- The useful water inflows into Lake Baikal are expected to be 300-500 cubic meters per second or 81-135% of normal levels. In 4Q 2020, the water inflow was 570 cubic meters per second, or 204% of normal levels, compared to 50 cubic meters per second in 4Q 2019. In 2020 the useful water inflows were 1,896 cubic meters per second (up 18.6% y-o-y).
- The lateral inflows into the Bratsk Reservoir are expected to be 185-215 cubic meters per second or 103-120% of normal levels. In 4Q 2020, water inflows were measured at 750 cubic meters per second or 153% of normal level (608 cubic meters per second in 4Q 2019). In 2020 the water inflows were 1,089 cubic meters per second (down 10.4% y-o-y).
- The lateral water inflows into the Krasnoyarsk Reservoir are expected to be 220-280 cubic meters per second or 86-109% of normal levels. In 4Q 2020, the lateral inflows were measured at 762 cubic meters per second or 120.8% of normal level (down 2.1% y-o-y). In 2020, the water inflows were 1,550 cubic meters per second (up 16.1% y-o-y).

METALS SEGMENT

		FY20	FY19	chg,%	4Q'20	4Q'19	chg,%
Production volumes							
Aluminium	kt	3,755	3,757	(0.1%)	950	949	0.1%
Utilisation rate	%	96%	96%	-	97%	97%	-
Alumina	kt	8,182	7,858	4.1%	2,142	2,050	4.5%
Bauxite	kt	14,838	16,047	(7.5%)	3,539	4,026	(12.1%)
Nepheline	kt	4,599	4,244	8.4%	1,121	1,074	4.4%
Sales volumes							
Aluminium, incl.	kt	3,926	4,176	(6.0%)	1,028	1,107	(7.1%)
VAP sales ¹²	kt	1,722	1,547	11.3%	483	442	9.3%
Share of VAP sales	%	44%	37%	7pp	47%	40%	7pp
Average prices							
Aluminium average realised price	USD/t	1,805	1,920	(6.0%)	1,940	1,873	3.6%
LME QP component	USD/t	1,658	1,785	(7.1%)	1,781	1,730	2.9%
Realised premium	USD/t	147	135	8.3%	159	143	11.2%

Metals segment operations update

Aluminium

In 2020, aluminium production remained stable and amounted to 3,755 thousand tonnes (down 0.1% y-o-y), with Siberian smelters representing 93% of total aluminium output. In 4Q 2020, aluminium production remained broadly unchanged y-o-y and amounted to 950 thousand tonnes (up 0.1% y-o-y).

In 2020, aluminium sales decreased 6.0% y-o-y totalling 3,926 thousand tonnes. In 4Q 2020, sales were 1,028 thousand tonnes (down 7.1% y-o-y). This reduction in sales is mainly attributable to sales volumes having been above normal levels in 2019 due to the partial sell down of surplus inventories of primary aluminium, which were accumulated over 2018 as a result of OFAC¹³ Sanctions¹⁴.

In 2020, VAP sales amounted to 1,722 thousand tonnes (up 11.3% y-o-y), and the share of VAP sales in total sales was 44% (up by 7 percentage points y-o-y). In 4Q 2020, VAP sales increased to 483 thousand tonnes (up 9.3% compared to 4Q 2019). The current performance demonstrates a gradual recovery of the share of VAP from the low base of the equivalent periods of 2019, which were affected by shifts in sales mix due to the Sanctions that were imposed on the Company during 2018. This improvement of VAP sales during 2020 was achieved amid market volatility and a decline in global demand for aluminium caused by the COVID-19 pandemic.

¹² VAP includes alloyed ingots, slabs, billets, wire rod and special purity aluminium.

¹³ "OFAC" - The Office of Foreign Assets Control of the Department of Treasury of the United States of America.

¹⁴ "Sanctions" - on 6 April 2018, the OFAC added the Company to its Specially Designated Nationals List.

In 2020, on the back of a diversified client base and prompt managerial actions, the Metals segment successfully adjusted its regional sales geography in line with the new market environment caused by COVID-19. European destinations continued to dominate the mix at 45%, but were down 9 pp y-o-y, while sales to Asia grew to 25% of total sales (up 8 pp y-o-y). This shift reflected the metals segment reacting quickly to less severe lockdown measures in Asia and an arbitrage opportunity in China underpinned by the country's fast economic recovery.

In 2020, the average aluminium realised price¹⁵ decreased 6.0% y-o-y to USD 1,805 per tonne. The LME QP¹⁶ component decreased by 7.1% y-o-y to USD 1,658 per tonne. This was partially offset by the realised premium, which increased 8.3% to USD 147 per tonne, primarily due to a higher share of VAP in the total sales mix (44% in 2020 vs 37% in 2019). In 4Q 2020, the average aluminium realised price increased 3.6% y-o-y to USD 1,940 per tonne. The increase was driven both by the LME QP component (up 2.9% y-o-y to USD 1,781 per tonne) and the average realised premium component (up 11.2% y-o-y to USD 159 per tonne).

Alumina

In 2020, alumina production increased 4.1% y-o-y to 8,182 thousand tonnes. In 4Q 2020, it increased 4.5% y-o-y, to 2,142 thousand tonnes. The Group's operations in Russia accounted for 36% of the total output.

Bauxite and nepheline ore

In 2020, bauxite output decreased 7.5% y-o-y to 14,838 thousand tonnes. In 4Q 2020, bauxite production decreased 12.1% y-o-y to 3,539 thousand tonnes. The decline in output is primarily attributed to the suspension of business operations in Guyana, as announced at the beginning of February 2020, as well as a decrease in shipment volume at the Timan refinery in December, due to unfavorable weather conditions.

In 2020, nepheline production increased 8.4% y-o-y to 4,599 thousand tonnes, while in 4Q 2020 it increased 4.4% y-o-y to 1,121 thousand tonnes.

Aluminium market overview¹⁷

- Global manufacturing output continued its recovery in December despite the latest wave of the pandemic. December's PMIs revealed that advanced economy manufacturing was still expanding. Global PMI remained at 53.8 in December, unchanged month over month. Meanwhile, a weaker dollar, strong manufacturing data, positive news about the development of a vaccine and expectations of the U.S. economic stimulus package continued to support commodity prices. In December, the aluminum price continued to trade above USD 2000/t level.
- For the full year 2020, global aluminum demand was down by 1.7% y-o-y to 63.9 million tonnes, improving from a 2.6% decline y-o-y during 9M 2020. Rest of the world ex-China

¹⁵ The realised price includes three components: LME component, commodity premium and VAP upcharge.

¹⁶ 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 specialty.

¹⁷ Unless otherwise stated, data for the "Market overview" section is sourced from Bloomberg, CRU, CNIA, IAI and Antaika.

(RoW) demand contracted by 8.9% to 26.0 million tonnes. However, China offset this with continuous robust demand, demonstrating a strong growth of 3.9% to 37.9 million tonnes.

- Global aluminium production in 2020 grew by 2.3% to 65.3 million tonnes, taking into account (i) small RoW growth of 0.2% y-o-y to 28.0 million tonnes and (ii) 3.9% growth y-o-y in China to 37.2 million tonnes. Overall, the global market was in surplus by 1.4 million tonnes during 2020.
- Operating capacity in China exceeded 38.7 million tonnes. Chinese unwrought aluminum/alloys and products exports declined by 15.2% y-o-y to 4.84 million tonnes in 2020, while unwrought aluminum import during 2020 amounted to approximately 1.06 million tonnes, compared to 75 thousand tonnes for 2019. This shift followed a strongly negative export price arbitrage and reduced demand overseas due to the pandemic. Thus, the Group believes that China is becoming an important balancing force for the global aluminum industry, absorbing excessive supply from the RoW markets.
- In 2020, aluminium inventories at LME warehouses declined by approximately 133 thousand tonnes to 1.34 million tonnes. LME live warrants increased to the level of 1.19 million tonnes. Chinese regional stocks were moving in a downward trend over the period from April through December, falling by 1.06 million tonnes to a total of 0.61 million tonnes (from its highest level this year of 1.68 million tonnes, marked at the beginning of April 2020).
- By the end of 2020 aluminium premiums had risen in the U.S., Europe and Asia, with strong demand fundamentals and aluminum scrap shortages outside of China supporting a further increase in demand for primary metal.

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