

[Link to financial statement](#)

EN+ GROUP 1H 2021 FINANCIAL RESULTS

19 August 2021 — EN+ GROUP IPJSC (the “**Company**”, “**En+ Group**” or the “**Group**”) today announces its financial results for the six-month period ended 30 June 2021 (“1H 2021”).

The period saw recovery from the impact of the COVID-19 pandemic with continued fiscal and monetary stimulus driving a significant increase in the price of aluminium and demand for the commodities to which the Group is exposed. In this exceptional market environment, En+ Group delivered growth in sales across both the Power and Metals segments.

- Reflecting the improved pricing environment, Adjusted EBITDA increased to USD 1,890 million from USD 756 million, driven by a 41.0% y-o-y increase in London Metal Exchange (LME) aluminium prices, as well as a 5.8% y-o-y increase in sales of aluminium and a 12.0% y-o-y increase in electricity production. EBITDA margin reached 29.1% compared to 15.3% in 1H 2020. Free cash flow was USD 692 million.
- En+ Group maintained a stable operating performance: aluminium production was broadly unchanged y-o-y, totalling 1,868 kt, while sales of value-added products¹ (VAP) increased 28.6% y-o-y; electricity production² increased 12.0% y-o-y and hydro power output increased by 15.3% y-o-y.
- In June 2021, Mubadala, the Abu Dhabi-based sovereign investor, purchased 2.6% of the Group’s shares, resulting in the Company’s free float increase. As at 30 June 2021, the Group’s free float was 12.5%.
- The Group’s net profit amounted to USD 2,231 million, of which USD 1,124 million was attributable to a share in Norilsk Nickel's profit.
- In 1H 2021, RUSAL also participated in the Norilsk Nickel buyback, resulting in a net gain of USD 492 million and cash proceeds in the amount of USD 1,421 million.

The Company has declared its intention to lead the aluminium industry into the low carbon economy. In January 2021, the Company announced the industry’s most ambitious greenhouse gas (GHG) Scope 1 and 2 emission reduction targets - a fall of at least 35% by 2030 (compared with 2018 levels) and net zero by 2050. The Group intends to publish a decarbonisation report in September 2021 and host a webinar on its decarbonisation roadmap across its entire value chain to reach net zero on 22 September 2021.³

The Group continued to invest in key projects to increase efficiency across its vertically integrated model, not least in ground-breaking inert anode technology for the production of ultra-low carbon aluminium. In April 2021, the Group started test shipments of the world’s lowest carbon footprint aluminium produced by the revolutionary technology on inert anode cells. The use of an inert anode in the electrolysis process makes it possible to almost completely eliminate greenhouse gas emissions.

In June 2021, the Metals segment announced the intention to overhaul the largest aluminium smelters in Krasnoyarsk, Bratsk, Irkutsk and Novokuznetsk. The programme consists of the construction of new facilities using the most modern and environmentally friendly technology whilst simultaneously dismantling or modernizing the old workshops. Together with the expansion of the capacity of the Taishet Anode Plant, the cost of the programme is estimated at USD 4,900 million (including VAT) until 2030.

¹ VAP includes alloyed ingots, slabs, billets, wire rod and special purity aluminium.

² Excluding Onda HPP (installed capacity 0.08 GW), located in the European part of the Russian Federation, leased to RUSAL since October 2014.

³ Scope 1 and 2, as benchmarked against the Group’s 2018 GHG emissions.

In July 2021, the Group's Metals segment entered into an agreement with Ball Corporation, one of the world's leading providers of sustainable aluminium packaging solutions, to produce aerosols and other containers made using the inert anode technology.

At the end of June 2021, the Russian government approved a temporary export tax on ferrous and base metals, valid until December 31, 2021. The taxes will be calculated using a base rate (15%) and an additional coefficient, which will result in a charge of USD 254 per tonne of aluminium. The Company will see the impact of these new taxes on the financial results in the second half of 2021.

USD million (except %)	1H'21	1H'20	chg,%
Revenue	6,506	4,948	31.5%
Primary aluminium and alloys sales ⁴	4,488	3,268	37.3%
Alumina sales	276	242	14.0%
Electricity sales	720	595	21.0%
Heat sales	250	238	5.0%
Other	772	605	27.6%
Adjusted EBITDA ⁵	1,890	756	150.0%
Adjusted EBITDA margin	29.1%	15.3%	13.8 pp
Net profit	2,231	20	-
Net profit margin	34.3%	0.4%	33.9 pp
Free cash flow ⁶	692	446	55.2%
LME aluminium price per tonne	2,245	1,592	41.0%

	30 June 2021	31 December 2020	chg,%
Net debt	8,116	9,826	(17.4%)
USD/RUB Rate as at the reporting date	72.37	73.88	(2.0%)

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

“The Company has demonstrated stable operational and financial results despite the continuing impact of the coronavirus pandemic. This performance is a testament to the hard work and commitment of colleagues across the global markets in which we operate.

“In January we doubled down on our long standing commitment to the low carbon economy with ambitious Net Zero announcements. We have set sector-beating climate targets that will be delivered through our constant focus on scientific innovation and further improvements and efficiencies which together will drive down the carbon footprint of our whole business. We reached an important milestone on our zero carbon journey in April with the launch of our home-grown inert anode technology that produces aluminium with the lowest carbon footprint ever made, and we have already secured our first customer for the initial volumes.

“The deal for the world's lowest ever carbon aluminium with Ball Corporation, reflects the growing demand from manufacturing industries for our ultra-low-carbon products, which is being driven ultimately by an increasingly climate-conscious and sustainability motivated end-consumer.

“The increasing pace of decarbonisation of the industrial markets to which we are exposed provides a positive longer-term outlook for our business, with our powerful combination of

⁴ Consolidated data.

⁵ 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.

⁶ Calculated as operating cash flow less net interest paid and less capital expenditure adjusted for payments from settlement of derivative instruments, less restructuring fees and other payments related to issuance of shares and plus dividends from associates and joint ventures.

renewable power and high quality, low-cost low carbon aluminium products. However in the nearer term, we anticipate our financial results in the second half of 2021 will be significantly impacted by the introduction of new export taxes by the Russian government and cannot be immune to continuing global uncertainty, but the long term outlook remains robust.

“Finally, our focus on Health and Safety continues. Some 50% of our employees are now vaccinated against COVID-19. In addition the lost time injury frequency rate of both Metals and Power segments showed a reduction as the result of developing an improved safety culture.”

Consolidated results

Revenue

In 1H 2021, revenue increased by 31.5% y-o-y to USD 6,506 million, reflecting a 30.2% increase in the weighted-average realized aluminium price per tonne, driven by an increase in the LME aluminium price, and a 5.8% increase in sales volumes of primary aluminium and alloys; as well as a 12% increase in electricity production volumes, which was partially offset by rouble depreciation.

EBITDA

In 1H 2021, the Group's Adjusted EBITDA increased to USD 1,890 million from USD 756 million in 1H2020, reflecting the revenue impacts described above and the positive effect of rouble depreciation on production costs. The Group's Adjusted EBITDA margin for the reporting period improved by 13.8 pp (compared to 1H2020) and reached 29.1%.

Net profit

Net profit increased to USD 2,231 million compared to USD 20 million in 1H 2020, noting that net profit in 1H 2020 included provisions made in respect of environmental costs by Norilsk Nickel in 2020. In 1H 2021, the Group recognised a gain from disposal in the amount of USD 492 million resulting from RUSAL's participation in Norilsk Nickel's buyback. Otherwise, the underlying increase was driven mainly by the same factors that influenced the increase in Adjusted EBITDA, as well as an increase in the share of profit obtained by the Group from its associates and joint ventures. In 1H 2021, the share of profit obtained from Norilsk Nickel accounted for USD 1,124 million compared to loss in the amount of USD 13 million in 1H 2020.

Capital expenditure

The Group's capital expenditure amounted to USD 693 million in 1H 2021 (up 40.9% y-o-y).

The Power segment's capital expenditure accounted for USD 139 million in 1H 2021, compared to USD 101 million in 1H 2020. The Metals segment's capital expenditure amounted to USD 554 million in 1H 2021 compared to USD 401 million in 1H 2020.⁷ See below for more detail on capex spent in each segment.

Debt position

The Group's net debt as at 30 June 2021 decreased by 17.4% compared to 31 December 2020, and amounted to USD 8,116 million. The net debt attributable to the Metals segment decreased by 26.3% y-o-y, to USD 4,099 million as at 30 June 2021. The net debt attributable to the Power segment decreased by 5.8% y-o-y and accounted for USD 4,017 million as at 30 June 2021. The Group's net debt position benefited from the USD 1,421 million of one-off proceeds received in connection with the repurchase of shares by Norilsk Nickel in June 2021.

Free cash flow

⁷ Before consolidation adjustments.

In 1H 2021, the Group's free cash flow increased to USD 692 million from USD 446 million in 1H 2020, mainly reflecting higher cash flow from operating activities which was partially offset by the increase in working capital.

Power segment 1H 2021 financial results

USD million (except %)	1H'21	1H'20	chg,%
Revenue	1,513	1,415	6.9%
Sales of electricity	695	676	2.8%
Sales of capacity	250	228	9.6%
Sales of heat	229	220	4.1%
Other	339	291	16.5%
Adjusted EBITDA	580	542	7.0%
<i>Adjusted EBITDA margin</i>	38.3%	38.3%	-
Net profit	216	148	45.9%
<i>Net profit margin</i>	14.3%	10.5%	3.8 pp
USD/RUB Average rate for the period	74.28	69.37	7.1%

	30 June 2021	31 December 2020	chg,%
Net debt	4,017	4,263	(5.8%)
USD/RUB Rate as at the reporting date	72.37	73.88	(2.0%)

Power segment revenues increased by 6.9% y-o-y to USD 1,513 million in 1H 2021, mainly driven by an increase in electricity sales volumes and an increase in capacity prices y-o-y. The increase was partially offset by rouble depreciation (the average USD/RUB exchange rate went up 7.1%) and a slight decrease in electricity sales prices.

Revenue from electricity sales increased by 2.8% y-o-y to USD 695 million in 1H 2021. The increase was mainly driven by improved electricity generation volumes, which increased by 12.0% y-o-y to 44.0 TWh in 1H 2021, and offset by rouble depreciation y-o-y. We observed increased water reserves in Lake Baikal, Bratsk, and Krasnoyarsk reservoirs and also benefited from the investment into efficiency improvements under our "New Energy" programme which brought an additional 936.3 GWh of hydropower production in 1H 2021.

Capacity sales increased by 9.6% y-o-y to USD 250 million in 1H 2021, mainly reflecting an increase in capacity prices. Heat sales increased 4.1% y-o-y to USD 229 million in 1H 2021, reflecting a 9.1% y-o-y increase in heat sales volumes to 16.1 million Gcal.

The Power segment's Adjusted EBITDA in 1H 2021 increased to USD 580 million (up 7.0% y-o-y). The improvement was mainly driven by an increase in sales volumes which was partially offset by rouble depreciation. Adjusted EBITDA margin remained constant at 38.3%

Overall, in 1H 2021 the Power segment's net profit increased to USD 216 million from USD 148 million in 1H 2020. The increase was driven mainly by the same factors that influenced the increase in Adjusted EBITDA, as well as a decrease in net interest expenses to USD 135 million (by 18.2%) from USD 165 million in 1H 2020 following scheduled repayment of debt, the slight decrease of average key rate of the bank of Russia compared to 1H 2020 and rouble depreciation.

In 1H 2021, capital expenditure by the Group's Power segment increased to USD 139 million from USD 101 million in 1H 2020. Maintenance capex accounted for 47% of total capital expenditure by the Power Segment. The increase was mainly attributable to the partial rescheduling of works from the previous year and the beginning of our CHP modernization programme. The Group's Power segment continued to invest in technical connections to its power supply infrastructure and improving the efficiency of the Group's CHPs, further progressing the HPP 'New Energy' modernisation programme.

In March 2021, the Group launched the Ozernaya substation, which will provide the Taishet aluminium smelter with hydropower.

The Company began work on the next hydroelectric unit replacement at the Irkutsk HPP, the old hydroelectric unit has been disassembled, and work is currently underway to install a new one. In 1H 2021, a new runner was delivered to the Bratsk HPP, and installation works have begun.

The Power segment's net debt decreased by 5.8% y-o-y to USD 4,017 million as at 30 June 2021, from USD 4,263 million as at 31 December 2020, mainly resulting from scheduled repayments of existing debt and increase of cash and cash equivalents on the back of appreciation of rouble (rate as at the reporting date decreased by 2%). In 1H 2021, net repayment of the Power segment's debt amounted to USD 252 million.

Metals segment 1H 2021 financial results

USD million (except %)	1H'21	1H'20	chg,%
Revenue	5,449	4,015	35.7%
Sales of primary aluminium and alloys	4,574	3,318	37.9%
Sales of alumina	276	242	14.0%
Sales of foil and other aluminium products	232	178	30.3%
Other	367	277	32.5%
Adjusted EBITDA	1,315	219	500.5%
<i>Adjusted EBITDA margin</i>	<i>24.1%</i>	<i>5.5%</i>	<i>18.6 pp</i>
Net profit	2,018	(124)	-
<i>Net profit margin</i>	<i>37.0%</i>	-	-

	30 June 2021	31 December 2020	chg,%
Net debt	4,099	5,563	(26.3%)

The Metals segment's revenue increased by 35.7% y-o-y to USD 5,449 million in 1H 2021 from USD 4,015 million in 1H 2020.

Revenue from sales of primary aluminium and alloys in 1H 2021 increased by 37.9% y-o-y to USD 4,574 million, primarily due to a 30.2% increase in the weighted-average realized aluminium price per tonne (to an average of USD 2,287 per tonne in 1H 2021 from USD 1,756 per tonne in 1H 2020) driven by an increase in the LME aluminium price (to an average of USD 2,245 per tonne in 1H 2021 from USD 1,592 per tonne in 1H 2020), as well as the 5.8% increase in sales volumes.

Revenue from sales of alumina increased by 14.0% y-o-y to USD 276 million in 1H 2021 from USD 242 million in 1H 2020 primarily due to a 6.7% increase in the average sales price together with a 7.0% increase in sales volumes.

Revenue from sales of foil and other aluminium products increased by 30.3% y-o-y to USD 232 million in 1H 2021, primarily due to an increase in sales volumes of foil and aluminium wheels between the comparable periods.

Revenue from other sales, including sales of other products, bauxite and energy services, increased by 32.5% y-o-y to USD 367 million in 1H 2021, due to a 31.5% increase in sales of other materials (such as hydrate by 149.9%, silicon by 66.2%, aluminium powder by 30.6%).

Adjusted EBITDA increased to USD 1,315 million in 1H 2021, as compared to USD 219 million in 1H 2020. The increase in Adjusted EBITDA reflected the increase in sales revenues, and resulted in an Adjusted EBITDA margin of 24.1%. At the same time, the total cost of sales increased to USD 3,819 million compared with USD 3,520 million in 1H 2020.

The Metals segment's profit in 1H 2021 was USD 2,018 million compared to a net loss of USD 124 million in 1H 2020. The increase was driven mainly by the same factors that influenced the increase in EBITDA, as well as an increase in the share of profit obtained by the Group from its associates and joint ventures (1H 2020 results were affected by provisions made in respect of environmental costs by Norilsk Nickel) and a one-off gain from the partial disposal of investment in an associate resulting from participation in the Norilsk Nickel buyback.

In 1H 2021, the Metals segment's capital expenditure amounted to USD 554 million (up 38.2% y-o-y), with maintenance capex amounting to 67% of this total. The Metals segment continued its investment in key development projects as per its strategic priority of preserving its competitive advantages of vertical integration into raw materials and product mix enhancements. Among the core projects are the Taishet aluminium smelter and the Taishet anode plant.

The Taishet aluminium smelter is expected to produce its first metal in 2021. Once ramped up to full capacity, the smelter will add almost 430 thousand tonnes to En+ Group's total production output.

In June 2021, the Metals segment announced its intention to rebuild large aluminium smelters (Krasnoyarsk, Bratsk, Irkutsk and Novokuznetsk). This modernization programme assumes the implementation of new modern and environmentally friendly technology. Together with the Taishet Anode plant capacity expansion, the capex is estimated at USD 4,900 million (including VAT) until 2030.

The Metals segment's total debt marginally increased to USD 7,865 million as at 30 June 2021 compared to USD 7,792 million as at 31 December 2020 (up 0.9% y-o-y). By the end of 2022, the Metals segment will have to repay loans totalling USD 2,000 million.

The Metals segment's net debt decreased 26.3% y-o-y to USD 4,099 million as at 30 June 2021 (USD 5,563 million as at 31 December 2020) mainly due to an increase in cash and cash equivalents. The Company received USD 618 million in dividends and USD 1,421 million from the Norilsk Nickel's buyback programme.

In 1H 2021 the Metals segment signed a sustainability linked pre-export finance facility with Société Générale for up to USD 200 million with a three-year maturity in order to refinance more expensive debt. The new facility is priced at 3mLibor+1.8%, with the possibility to reduce the margin if sustainability KPIs are fulfilled.

In March, RUSAL announced the signing and commencement of the drawdown of a syndicated loan agreement for an amount of up to RUB 45 billion with VTB and Gazprombank. As part of the loan agreement, VTB will provide RUB30 billion, whilst Gazprombank will provide RUB 15 billion. The term of financing is up to 15 years. The funds raised will be used to finance the completion of the start-up phase of the TaAZ smelter and partial refinancing of investments made in 2020.

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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 3.8 Mt of annual aluminium production capacity (through a controlling stake in UC RUSAL IPJSC, the world's largest aluminium producer outside of China in 2020, 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 June 2021, 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.