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## EN+ GROUP ANNOUNCES 9M AND 3Q 2020 TRADING UPDATE

*En+ Group demonstrated strong operational results in 3Q 2020, despite the uncertainty caused by COVID-19. Following the summer 'relief' in the global economy, the increase in COVID-19 cases across the world through early autumn led to the reinstatement of various restrictions in many countries and, in turn, seesaw trends in global recovery efforts. The Power segment increased low-carbon power generation at its HPPs due to favorable hydrological conditions. Aluminium production remained stable and the Group maintained effectively full production capacity utilisation. New approaches to marketing led to better geographical diversification of sales and an increased proportion of value added products. Overall, the situation in the aluminium market in 3Q improved driven by a recovery in the Chinese economy, in mid-October LME pricing for aluminium was at 1.5 year highs. While the global macro outlook remains uncertain, these positive results underscore the resilience of the Group's business model.*

**27 October 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 nine month and three month periods ended 30 September 2020.

### **9M 2020 key highlights<sup>1</sup>:**

- Aluminium production was broadly unchanged y-o-y, totalling 2,805 kt.
- Aluminium sales decreased 5.6% y-o-y to 2,898 kt given the higher sales through 2019 driven by destocking of accumulated inventories from 2018.
- The average aluminium realised price<sup>2</sup> decreased 9.2% y-o-y to USD 1,758 per tonne. During the period the London Metal Exchange (LME) QP<sup>3</sup> component decreased by 10.5% y-o-y to USD 1,616 per tonne, while realised premium increased 7.6% to USD 142 per tonne.
- Sales of value added products<sup>4</sup> (VAP) increased 12.3% y-o-y to 1,239 kt. VAP share in the Metals segment's aluminium sales increased to 43% in 9M 2020 from 36% in 9M 2019.
- The electricity production<sup>5</sup> by the Group's Power segment increased 5.2% y-o-y to 58.7 TWh.
- The hydro power<sup>5</sup> output from the Group's Power segment increased 7.5% y-o-y to 49.9 TWh.

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<sup>1</sup> 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.

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

<sup>3</sup> 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.

<sup>4</sup> VAP includes alloyed ingots, slabs, billets, wire rod, wheels, high and special purity aluminium.

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

		9M'20	9M'19	chg, %	3Q'20	3Q'19	chg, %
<b>Power segment</b>							
Electricity production <sup>5</sup>	TWh	58.7	55.8	5.2%	19.3	18.9	2.1%
Heat production	mn Gcal	17.3	17.9	(3.4%)	2.8	2.8	-
<b>Metals segment</b>							
Aluminium production	kt	2,805	2,808	(0.1%)	939	942	(0.3%)
Aluminium sales	kt	2,898	3,069	(5.6%)	1,008	1,091	(7.6%)
VAP sales <sup>4</sup>	kt	1,239	1,103	12.3%	455	430	5.8%
Aluminium avg. realised price <sup>2</sup>	USD/t	1,758	1,937	(9.2%)	1,762	1,896	(7.1%)

**Vladimir Kiriukhin, CEO of En+ Group, commented:**

*“The first 9 months of 2020 was perhaps one of the most volatile periods in recent global economic history. Following widespread lockdowns and border closures earlier in the year, the situation with the virus over the summer showed greater stability boosting the expected pace of recovery for key economies. However, today a second wave of COVID-19 is upon us, which in turn carries a significant risk of negative impacts on the end markets for our products. Though, the situation is uneven: Europe and US are facing renewed lockdowns, while China demonstrates increased recovery tempo – PMI for September is at 11 year highs, which supports the aluminium market.*

*Our key priorities remain unchanged: these are the health and safety of our workforce, maintaining uninterrupted operations at our facilities and continuing to fulfil our contractual obligations. In light of the current circumstances, it is critical that En+ Group demonstrates operational stability and the resilience of its business model.*

*In 9M and 3Q 2020 we increased power generation at our HPPs as a result of the modernized equipment and favorable weather conditions. Increased industrial production in China stimulated a positive pricing environment, which in turn supported the operations of our Metals segment: we maintained stable aluminium production and upped the share of VAPs in the sales’ mix. The resilience of these trends is not a given and will depend on the further developments in the epidemiological situation globally. Nonetheless we anticipate that the positive economic environment in 3Q 2020 will be supportive of a solid financial performance of the Group.*

*Also of note – additional positive development in the sustainability universe: LME proposed voluntary disclosure of carbon-related metrics for aluminium and proposed launching a new spot trading platform for low carbon aluminium. Coupled with corporate developments, this is in line with our drive to decarbonize the industry, further reiterating the significance of aluminium for a post-COVID-19 recovery”.*

## POWER SEGMENT

		9M'20	9M'19	chg, %	3Q'20	3Q'19	chg, %
<b>Production volumes<sup>5</sup></b>							
Total Electricity Production	TWh	58.7	55.8	5.2%	19.3	18.9	2.1%
HPPs, incl.	TWh	49.9	46.4	7.5%	17.9	17.7	1.1%
Angara cascade <sup>6</sup>	TWh	34.2	32.2	6.2%	11.9	12.6	(5.6%)
Yenisei cascade <sup>7</sup>	TWh	15.7	14.2	10.6%	6.0	5.1	17.6%
CHPs	TWh	8.8	9.4	(6.4%)	1.5	1.2	25.0%
Abakan SPP	GWh	4.8	5.5	(12.7%)	1.6	2.0	(20.0%)
Heat	mn Gcal	17.3	17.9	(3.4%)	2.8	2.8	-
<b>Market prices</b>							
Average electricity spot prices <sup>8</sup> :							
1 <sup>st</sup> price zone	RUB/MWh	1,214	1,307	(7.1%)	1,296	1,280	1.2%
2 <sup>nd</sup> price zone:	RUB/MWh	888	917	(3.1%)	857	685	25.2%
Irkutsk region	RUB/MWh	822	829	(0.8%)	756	509	48.6%
Krasnoyarsk region	RUB/MWh	814	823	(1.0%)	775	491	57.8%

### Power segment operations update

The Group's power plants generated 58.7 TWh of electricity (up 5.2% y-o-y) in 9M 2020 and 19.3 TWh (up 2.1% y-o-y) in 3Q 2020.

The Group's hydro power output increased to 49.9 TWh in 9M 2020 (up 7.5% y-o-y) and 17.9 TWh in 3Q 2020 (up 1.1% y-o-y).

The Group's Angara cascade HPPs (Irkutsk, Bratsk and Ust-Ilimsk HPPs) increased power generation to 34.2 TWh in 9M 2020 (up 6.2% y-o-y) and decreased to 11.9 TWh in 3Q 2020 (down 5.6% y-o-y). The increase in 9M 2020 was due to increased water reserves in the HPPs' reservoirs of the Angara cascade at the beginning of 2020. The decrease in 3Q 2020 was attributed to an increase in the energy output of the Bratsk and Ust-Ilimsk HPPs in 3Q 2019 due to heavy floods on the tributaries of the Bratsk reservoir.

The Group's Krasnoyarsk HPP's total power generation increased to 15.7 TWh in 9M 2020 (up 10.6% y-o-y). In 3Q 2020, power generation at the Krasnoyarsk HPP was 6.0 TWh (up 17.6% 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 1,810 cubic meters per second in 9M 2020 (114% of normal level), compared to 1,590 cubic meters per second in 9M 2019 (99.8% of normal level).

In 9M 2020, the Abakan Solar Power Plant generated 4.8 GWh (down 12.7% y-o-y) and 1.6 GWh in 3Q 2020 (down 20.0% y-o-y), due to more cloudy days during the reporting period.

Power generation at the Group's CHPs decreased to 8.8 TWh in 9M 2020 (down 6.4% y-o-y) and increased to 1.5 TWh in 3Q 2020 (up 25% y-o-y). Heat generation at the Group's CHPs decreased to 17.3 mn Gcal in 9M 2020 (down 3.4 % y-o-y) and remained

<sup>6</sup> Includes Irkutsk, Bratsk, Ust-Ilimsk HPPs.

<sup>7</sup> Krasnoyarsk HPP.

<sup>8</sup> 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".

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unchanged y-o-y in 3Q 2020 at the level of 2.8 mn Gcal. The level of electricity and heat generation at the Group's CHPs 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 program**

The upgraded equipment at the Group's Bratsk, Ust-Ilimsk and Krasnoyarsk HPPs supported an increase in hydropower production of 421.7 GWh in 3Q 2020 (1,257.9 GWh in 9M 2020), helping to reduce greenhouse gas emissions by approximately 489 thousand tonnes of CO<sub>2</sub>e due to the partial replacement of prior CHP generation volumes (1,458 thousand tonnes of CO<sub>2</sub>e in 9M 2020).

### **Russian energy market update<sup>9</sup>**

- In 9M 2020, according to the System Operator of the United Power System, power production in the Russian United Power System decreased 3.4% and accounted for 772.3 TWh. Consumption decreased 2.8% y-o-y to 762.8 TWh (down 3.3% y-o-y excluding 29 February 2020)
- Power production in the integrated energy systems in the first price zone<sup>10</sup> decreased by 4.5% and accounted for 578 TWh in 9M 2020 (down 4.9% y-o-y excluding 29 February 2020). Consumption in the first price zone decreased 3.7% y-o-y to 569.1 TWh (down 4.1% y-o-y excluding 29 February 2020)
- In 9M 2020, the integrated energy system of Siberia (the Company's key region of operations) produced 150.5 TWh of electricity (down 0.7% 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 9.1%, while thermal power plants and captive power stations decreased their electricity production by 11.7% y-o-y
- Electricity consumption in the Siberian integrated energy system decreased 1.0% y-o-y and accounted for 152.3 TWh in 9M 2020 (down 1.4% y-o-y excluding 29 February 2020)
- In 9M 2020, the Group generated approximately 38.1% of the total electricity produced in the Siberian integrated energy system. The Group's HPPs generated approximately 57.9% of the total electricity produced by hydropower stations in the Siberian integrated energy system
- In 9M 2020, the average electricity spot price on the day-ahead market in the second price zone was 888 RUB/MWh (down 3.1% y-o-y). According to Association “NP Market Council” data, the decrease reflected an increase in HPP generation, which in turn was due to decreased demand, transmission constraints on the transit between East and West Siberia and changes in the supply and demand structure

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<sup>9</sup> According to the 9M 2020 Report prepared by the System Operator of the Unified Power System of the Russian Federation (<https://so-ups.ru/>).

<sup>10</sup> Comprises the Central, Central Volga, Urals, North-West and South energy systems.

## Projected water inflows into reservoirs

The Hydrometeorological Centre of Russia forecasts water inflows into the main reservoirs of En+ Group's generating assets in 4Q 2020 as follows:

- The useful water inflows into Lake Baikal are expected to be 350-550 cubic meters per second or 125-196% of normal level. In 3Q 2020, the water inflow was 4,167 cubic meters per second, or 102% of normal levels, compared to 3,233 cubic meters per second in 3Q 2019 (up 29% y-o-y)
- The lateral inflows into the Bratsk Reservoir are expected to be 670-750 cubic meters per second or 137-153% of normal level. In 3Q 2020, water inflow was measured at 2,237 cubic meters per second or 109% of normal level (2,687 cubic meters per second in 3Q 2019, down 17% y-o-y)
- The lateral water inflows into the Krasnoyarsk Reservoir are expected to be 590-830 cubic meters per second or 94-132% of normal levels. In 3Q 2020, the lateral inflows were measured at 1,607 cubic meters per second or 102% of the normal level (down 16% y-o-y)

## METALS SEGMENT

		9M'20	9M'19	chg, %	3Q'20	3Q'19	chg, %
<b>Production volumes</b>							
Aluminium	kt	2,805	2,808	(0.1%)	939	942	(0.3%)
Utilisation rate	%	96%	96%	-	96%	96%	-
Alumina	kt	6,040	5,808	4.0%	2,018	1,957	3.1%
Bauxite	kt	11,298	12,021	(6.0%)	3,829	3,948	(3.0%)
Nepheline	kt	3,478	3,170	9.7%	1,214	1,017	19.4%
<b>Sales volumes</b>							
Aluminium, incl.	kt	2,898	3,069	(5.6%)	1,008	1,091	(7.6%)
VAP sales <sup>11</sup>	kt	1,239	1,103	12.3%	455	430	5.8%
Share of VAP sales	%	43%	36%	7pp	45%	39%	6pp
<b>Average prices</b>							
Aluminium average realised price	USD/t	1,758	1,937	(9.2%)	1,762	1,896	(7.1%)
LME QP component	USD/t	1,616	1,805	(10.5%)	1,618	1,751	(7.6%)
Realised premium	USD/t	142	132	7.6%	144	145	(0.7%)

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

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## **Metals segment operations update**

### **Aluminium**

In 9M 2020, aluminium production<sup>12</sup> remained stable and amounted to 2,805 thousand tonnes (down 0.1% y-o-y), with Siberian smelters representing 93% of total aluminium output. In 3Q 2020, aluminium production remained broadly unchanged y-o-y and amounted to 939 thousand tonnes (down 0.3% y-o-y).

In 9M 2020, aluminium sales decreased 5.6% y-o-y totalling 2,898 thousand tonnes. In 3Q 2020, sales were 1,008 thousand tonnes (down 7.6% y-o-y). This reduction in sales is attributable mostly to a higher base in 3Q 2019, when 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 OFAC<sup>13</sup> Sanctions<sup>14</sup>.

In 9M 2020, VAP sales amounted to 1,239 thousand tonnes (up 12.3% y-o-y), and the share of VAP sales in total sales was 43% (up by 7 percentage points y-o-y). In 3Q 2020, VAP sales increased to 455 thousand tonnes (up 5.8% compared to 3Q 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.

In 3Q 2020, the Metals segment continued to successfully adjust its regional sales geography in line with existing markets conditions. While the proportion of sales into Europe decreased, sales grew in Asia and Russia & CIS.

In 9M 2020, the average aluminium realised price<sup>15</sup> decreased 9.2% y-o-y to USD 1,758 per tonne. The LME QP<sup>16</sup> component decreased by 10.5% y-o-y to USD 1,616 per tonne in 9M 2020. This was partially offset by the realised premium, which increased 7.6% to USD 142 per tonne in 9M 2020 given a higher share of VAP in the total sales mix (43% in 9M 2020 vs 36% in 9M 2019). In 3Q 2020, the average aluminium realised price decreased 7.1% y-o-y to USD 1,762 per tonne. The decrease was driven both by the LME QP component (down 7.6% y-o-y to USD 1,618 per tonne) and the average realised premium component (down 0.7% y-o-y to USD 144 per tonne).

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<sup>12</sup> Aluminium production represented by saleable products output (the number includes all facilities excluding Volgograd remelting of third parties metal).

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

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

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

<sup>16</sup> 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.

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## Alumina

In 9M 2020, alumina production increased 4.0% y-o-y to 6,040 thousand tonnes. In 3Q 2020, it increased 3.1% y-o-y, to 2,018 thousand tonnes. The Group's operations in Russia accounted for 35% of the total output.

## Bauxite and nepheline ore

In 9M 2020, bauxite output decreased 6.0% y-o-y to 11,298 thousand tonnes. In 3Q 2020, bauxite production decreased 3.0% y-o-y to 3,829 thousand tonnes. The decline in output is primarily attributed to the suspension of operations of business in Guyana, as announced at the beginning of February 2020, as well as unfavorable weather conditions in Guinea and Jamaica.

In 9M 2020, nepheline production increased 9.7% y-o-y to 3,478 thousand tonnes. In 3Q 2020 it increased 19.4% y-o-y to 1,214 thousand tonnes.

## Aluminium market overview<sup>17</sup>

- As at the end of 9M 2020, global economic activity has been demonstrating signs of recovery, whereby several datapoints have exceeded expectations and forecasts made in 2Q 2020 as COVID-19 was severely impacting the global economy.
- As reported by J.P. Morgan Global Manufacturing PMI, global manufacturing activity rose to a 25-month high of 52.3 in September, up from 51.8 in August. New order intakes grew at the fastest rate for almost two and a half years, export business expanded for the first time in over two years and business sentiment hit the highest level since May 2018. Manufacturing expansion in Brazil, India, Germany, Canada and Australia hit record highs of above the 55.0 level. This upswing trend continued for several months across all regions, signaling the stabilisation of operating conditions. Given the unprecedented high current PMI levels we currently expect the industry to normalise through 2021.
- In 9M 2020, global aluminum demand declined by 2.6% y-o-y to 46.7 million tonnes, an improvement compared to the 6.6% y-o-y decline observed during 1H 2020. A contraction in demand in the rest of the world ex-China (RoW) by 11.1% to 18.6 million tonnes was offset by strong demand growth in China of 3.9% y-o-y to 28.1 million tonnes.
- Global aluminium production in 9M 2020 grew by 1.5% to 48.4 million tonnes, taking into account the RoW decline of 0.1% y-o-y to 20.9 million tonnes and the 2.8% growth y-o-y in China, to 27.5 million tonnes. Overall, the global market was in surplus of 1.7 million tonnes during 9M 2020.
- Operating capacity in China exceeded 38.0 million tonnes by the end of 9M 2020. Chinese unwrought aluminum and products exports collapsed by 18.6% y-o-y to 3.6 million tonnes in 9M 2020, while unwrought aluminum import during 9M 2020 amounted to 892 thousand tonnes (as compared to 57 thousand tonnes for the same period of 2019). This shift followed a strongly negative export price arbitrage and reduced demand overseas due to the pandemic. Therefore, China is becoming an important balancing force for the global

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<sup>17</sup> Unless otherwise stated, data for the "Market overview" section is sourced from Bloomberg, CRU, CNIA, IAI and Antaike.

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aluminum industry by absorbing excess supply from the RoW markets.

- In 9M 2020, aluminium inventories at LME warehouses declined by 22 thousand tonnes to 1.45 million tonnes. LME live warrants increased to 1.20 million tonnes. Chinese regional stocks moved in a downward trend over the period from April to September and fell by 1.0 million tonnes from its highest level this year of 1.68 million tonnes (marked at the beginning of April 2020), to a total of 0.66 million tonnes.
- Aluminium industry continued its development with a strong commitment to transition to a low carbon economy. As the world is seeking to find more environmentally friendly ways for a strong recovery from COVID-19 pandemic, multiple participants escalated efforts to create a new asset class – low carbon aluminium.
- In August, the LME issued a discussion paper on its sustainability plans. Among the proposed measures, it outlined its intention to leverage the LME passport to enable voluntary disclosure of carbon-related metrics for aluminium. The LME also proposed the launch of a new spot trading platform to provide price discovery and trading of low carbon aluminium.
- In September, Trafigura launched a USD 500 million low carbon aluminium financing platform. Developed with support from Natixis and Rabobank, the platform will enable the trader to access financing at a preferential interest rate and, in turn, to pay a premium to low carbon aluminium producers.

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All announcements and press releases published by the Company are available on its website under the link: <https://www.enplusgroup.com/en/investors/>

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