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EN+ GROUP FY 2020 FINANCIAL RESULTS

STRONG EBITDA AND CASH FLOW DESPITE A CHALLENGING ENVIRONMENT

25 March 2021 — EN+ GROUP IPJSC (the “Company”, “En+ Group” or the “Group”) announces its financial results for the year ended 31 December 2020.

The Group delivered a robust financial performance in 2020 despite the challenges presented by the COVID-19 pandemic, which led to a significant decline in economic activity and considerable volatility in commodity markets across the globe.

While the Group’s priorities for the year were to keep its people safe and maintain business continuity, it also made progress, increasing the sales volume of value added products, improving cost efficiency in the Metals segment and making progress on an ambitious decarbonisation strategy.

Against a backdrop of lower aluminium prices and foreign exchange headwinds, Adjusted EBITDA was USD 1.9 billion, supported by a strong operational performance, with stable aluminium output from the Metals segment and increased output from the Power segment. The Group’s EBITDA margin remained strong at 18.0% reflecting the cost benefits of the Group’s vertically integrated model. Free cash flow¹ was USD 968 million.

- En+ maintained a stable operating performance: aluminium production was broadly unchanged y-o-y, totalling 3,755 kt, sales of value added products² (VAP) increased 11.3% y-o-y; electricity production³ increased 5.7% y-o-y and hydro power³ output increased by 7.9%.
- EBITDA margin remained stable at 18.0%, with effective cost management, supported by the positive impact of rouble depreciation on production costs. Total cost of sales decreased 12.0% y-o-y.
- The Company simplified its ownership structure through the USD 1.58 billion acquisition of VTB Group’s 21.37% stake in En+ Group.
- In 2020, the Group’s Metals segment, RUSAL, became one of the first aluminium producers globally to receive an ‘A’ level rating from CDP.
- The Group entered into partnerships with Hodaka, an innovative producer of high-quality aluminium alloys, and Henan Mingtai Aluminum Co., Ltd, a large-scale modern aluminium processing enterprise to deliver aluminium value added products with a defined low carbon footprint.
- The Group further enhanced its corporate governance structure, including the split of its Corporate Governance and Nominations Committee into two committees: the Corporate Governance

¹ 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.

² VAP includes alloyed ingots, slabs, billets, wire rod and special purity aluminium.

³ Excluding Onda HPP (installed capacity 0.08 GW), located in the European part of the Russian Federation, leased to RUSAL since October 2014.

Committee and the Nominations Committee. The Board of Directors has also refreshed composition of some of its committees.

- In January 2021, the Company announced the aluminium industry's most ambitious greenhouse gas (GHG) emissions reduction targets, of at least a 35% by 2030 (compared with 2018 levels) and to be net zero by 2050. The Group intends to publish a report on its reduction pathway in September 2021.⁴
- In February 2021, the Group's Metals segment announced the acquisition of the business and assets of Aluminium Rheinfelden GmbH, one of Germany's leading manufacturers of aluminium alloys, semis and carbon-based components and a major supplier to the global automotive industry, with a production capacity of 30 thousand tonnes of alloys per annum. This will allow the Company to reinforce its position as a world-leading supplier of low-carbon aluminium products and solutions to both automotive and non-automotive customers.

USD million (except %)	FY20	FY19	chg,%
Revenue	10,356	11,752	(11.9%)
Primary aluminium and alloys sales ⁵	6,969	7,906	(11.9%)
Alumina sales	533	664	(19.7%)
Electricity sales	1,169	1,300	(10.1%)
Heat sales	426	462	(7.8%)
Other	1,259	1,420	(11.3%)
Adjusted EBITDA ⁶	1,861	2,127	(12.5%)
<i>Adjusted EBITDA margin</i>	<i>18.0%</i>	<i>18.1%</i>	<i>(0.1pp)</i>
Net profit	1,016	1,304	(22.1%)
<i>Net profit margin</i>	<i>9.8%</i>	<i>11.1%</i>	<i>(1.3pp)</i>
Net debt ⁷	9,826	10,204	(3.7%)
Free cash flow ⁸	968	1,614	(40.0%)
LME aluminium price per tonne	1,702	1,792	(5.0%)

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

"2020 was a year unlike any other, yet despite the huge challenges of the COVID-19 pandemic, the En+ Group produced robust results against a backdrop of volatile prices and fluctuating economic trends. This is testament to the resilience and agility of our vertically integrated business model, but most of all to the remarkable resilience of our employees.

"The safety and health of our employees is the absolute priority of En+ Group. The Company purchased substantial amounts of personal protective equipment, medical equipment and medicines for medical

⁴ Scope 1 and 2, as benchmarked against the Group's 2018 GHG emissions

⁵ Consolidated data.

⁶ 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.

⁷ The sum of loans and borrowings and bonds outstanding less total cash and cash equivalents as at the end of the relevant period.

⁸ 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.

institutions in the regions, in which we operate. We conducted free testing and initiated a vaccination programme for employees in Russia and other countries.

"We also sustained our investment in enhanced operational efficiency, delivered by our New Energy programme, which contributed to the robust performance of our Power segment in 2020. We also stayed close to our customers and were able to maintain overall aluminium sales volumes, actually increasing market share and sales of value-added product to our clients in countries where the impact of COVID-19 was less severe.

"Furthermore, despite COVID-19, the Group did not falter in its commitment to leading the aluminium industry into the low-carbon economy. This culminated in the announcement in January 2021 of our commitment to become a 'Net Zero' emitter of GHGs by 2050. This over-arching ambition now informs every aspect of Group strategy going forward – net zero is both our biggest challenge and our greatest commercial opportunity. Coupled with our new commitment to reduce GHG emissions by at least 35% by 2030, we believe these are the boldest carbon reduction targets yet seen in the global aluminium industry. In the year of the Glasgow Climate Conference, we intend to reinforce further our climate leadership role, with industrial innovation at the heart of our approach.

"In 2020 we continued to make the case for greater transparency in the carbon content of aluminium, pressing the London Metal Exchange to impose mandatory, as opposed to voluntary, disclosure of the carbon content of all metals traded on the exchange. We also highlighted the unique potential for low-carbon aluminium to help power Europe's COVID-19 recovery package and the European Union's climate transition strategy.

"We are working hard engaging with customers, regulators and other key decision makers in major aluminium markets to take measures that will incentivise producers to reduce the carbon footprint of their metals more aggressively.

"Despite the continuing uncertainty as markets recover at different rates around the world, aluminium markets showed improving dynamics as the effect of the pandemic lessened over the second half of 2020, with a strong price recovery in the early part of 2021. We are confident in both the long and the short-term drivers for demand for low carbon aluminium across a diverse range of end use markets. As the world looks to 'build back better' from the economic crisis left by the pandemic, our clean metals will be a vital and sustainable resource.

"More broadly, En+ remains committed to market leading standards of corporate governance and to rigorous ongoing compliance with the "Barker Plan" agreed with OFAC in 2019.

"In summary, as we cautiously emerge from the worst impacts of the COVID-19 pandemic, our group faces the future with increasing confidence. Therefore, knowing how important the resumption of dividends is for our shareholders, I very much hope that if the global recovery is sustained through this year that we will be in a position to recommend a return to our full dividend policy on the back of our first half results for 2021."

Consolidated results

Revenue

In 2020, revenue decreased by 11.9% y-o-y to USD 10,356 million, reflecting a 5.0% decline in the average LME aluminium price during the period, a 6.0% decline in sales volumes of primary

aluminium and alloys given normalised levels of inventories of primary aluminium in 2020. The revenues from the Power segment were impacted by 11.4% rouble depreciation.

EBITDA

In 2020, the Group's Adjusted EBITDA decreased 12.5% y-o-y to USD 1,861 million, reflecting the revenue impacts described above, offset by tight cost control and the positive effect of rouble depreciation on production costs. The Group's Adjusted EBITDA margin for the reporting period remained almost unchanged at 18.0%.

Net profit

Net profit decreased by 22.1% in 2020 to USD 1,016 million (USD 1,304 million in 2019). The decrease was driven mainly by the same factors that influenced the decrease in EBITDA, as well as a decrease in the share of profit obtained by the Group from its associates and joint ventures, impacted by provisions made in respect of environmental costs.

Capital expenditure

The Group's capital expenditure amounted to USD 1,128 million in 2020 (up 6.3% y-o-y).

The Power segment's capital expenditure accounted for USD 237 million in 2020, as compared to USD 236 million in 2019. The Metals segment's capital expenditure amounted to USD 897 million in 2020 as compared to USD 848 million in 2019.⁹ See below for more detail on capex spent in each segment.

Debt position

The Group's net debt as of 31 December 2020 decreased by 3.7% as compared to 31 December 2019, and amounted to USD 9,826 million. The net debt attributable to the Metals segment decreased by 14.0% y-o-y, to USD 5,563 million as of 31 December 2020. The net debt attributable to the Power segment increased by 14.0% y-o-y and accounted for USD 4,263 million as of 31 December 2020.

Free cash flow

In 2020, the Group's free cash flow decreased by 40.0% to USD 968 million from USD 1,614 million in 2019, reflecting a combination of lower cash flow from operating activities and higher capital expenditures.

Net-zero Pathway Update

The Company has moved forward since the announcement in January of its commitment to targets of at least a 35% reduction in Carbon emissions by 2030 and to be net zero by 2050 (scope 1 and 2) as benchmarked against the Group's 2018 emissions. The Climate Change Taskforce is in place, it will report to the Board in due course and is on target to publish the Group's roadmap to net zero in September 2021 as planned.

Dividends

The Group's dividend policy, approved by the Board on 14th November 2019, remains unchanged. The policy stipulates that when determining the size of the dividends recommended to the General Shareholders Meeting the Board shall calculate the minimum dividends as:

- 75% of free cash flow of the Power segment, subject to a minimum of USD 250 million per annum; and
- 100% of dividends received from UC RUSAL.

⁹ Before consolidation adjustments

Due to the unprecedented challenges created by the COVID-19 pandemic, and the corresponding impact on the Group's business, the Board has preliminarily discussed and intends not to recommend the payment of a dividend in respect of the financial year ended 31 December 2020. The final decision will be made in April 2021 before the announcement of the Annual shareholder meeting.

The Board has however been encouraged by the improved performance of the Group's end markets in the first two months of 2021, and expectations that the economic impact of COVID-19 will diminish over the remainder of the year. On the assumption that there continues to be sufficient momentum to a recovery in our end markets, it is therefore the Board's intention to reinstate dividend payments in accordance with the Group's dividend policy for the financial year ending 31 December 2021.

The timing of future dividends will be kept under review and dividend payments only restarted when it is considered prudent to do so. A further update will be provided to the market at our interim 1H 2021 results in August and the Board will determine thereafter whether an interim dividend is recommended for shareholder approval. Any future decision to declare and pay dividends will continue to be subject to applicable law and regulation and commercial considerations, including the requirement that any dividend payment is subject to approval at a general meeting of shareholders.

Strategic outlook

Looking ahead to 2021, demand for primary aluminium is estimated to grow by 5-6%¹⁰, however, this remains dependent on the speed of vaccine rollouts, successful government stimulus packages and the ability to contain future outbreaks. Long-term, it is expected that the acceleration of green technology trends will help drive aluminium demand over the coming years.

The Group plans to maintain stable aluminium production of 3.8 million tonnes in 2021.

Electricity production is also expected to remain stable at around 70-80 TWh in 2021.

The Group anticipates capital expenditure for the Power segment to be up to USD 350 million in 2021 as the CHP modernisation programme enters the active phase this year. The Metals segment's capital expenditure is expected to be approximately USD 1.0-1.1 billion.

Notwithstanding current macroeconomic factors, the Group believes that its vertically integrated business model will ensure it remains in the first quartile of the global cash cost curve for aluminium, providing the business with a stable and sustainable margin outlook.

Corporate Governance and Compliance

The Company is committed to high standards of corporate governance and to adhering to internationally recognised standards of corporate governance, transparency, disclosure and accountability applicable to listed companies. The Board of Directors composes seven independent non-executive directors out of twelve, while all Board committees are chaired by independent non-executive directors.

Since February 2020, En+ ordinary shares have been listed on the Level One Quotation List of the Moscow Exchange, while the GDRs continue to be listed on London Stock Exchange.

In December 2020, the Company reorganised its Corporate Governance and Nominations Committee by splitting it into two committees: the Corporate Governance Committee and the Nominations Committee.

En+ Group continues the active development of its corporate compliance systems. The Board of Directors has a Compliance Committee, which ensures development of and control over the Group's compliance management.

¹⁰ The Company's internal analysis

The Group maintains strict discipline in following the requirements set by the terms of sanctions removal. Since 2019, the Compliance Committee, led by Christopher Burnham, Senior Independent Director ensures development of and control over the Group's compliance management procedures. The Company certifies on a monthly basis that it remains in full compliance with the terms of removal from the SDN list, provides to OFAC any information required by the terms of the removal and maintains a regular dialogue with OFAC.

Power segment FY 2020 financial results

USD million (except %)	FY20	FY19	chg,%
Revenue	2,697	2,989	(9.8%)
Sales of electricity	1,262	1,376	(8.3%)
Sales of capacity	434	487	(10.9%)
Sales of heat	393	425	(7.5%)
Other	608	701	(13.3%)
Adjusted EBITDA	993	1,127	(11.9%)
<i>Adjusted EBITDA margin</i>	36.8%	37.7%	(0.9 pp)
Net profit	257	311	(17.4%)
<i>Net profit margin</i>	9.5%	10.4%	(0.9 pp)
Net debt	4,263	3,738	14.0%
USD/RUB rates			
Rate as at the reporting date	73.88	61.91	19.3%
Average rate for the period	72.15	64.74	11.4%

Power segment revenues decreased by 9.8% y-o-y to USD 2,697 million in 2020, mainly reflecting rouble depreciation in 2020 compared with 2019 (the average USD/RUB exchange rate went up 11.4%).

Revenue from electricity sales decreased by 8.3% y-o-y to USD 1,262 million in 2020. The decrease was mainly driven by rouble depreciation in 2020. This was partially offset by improved electricity generation volumes, which increased by 5.7% y-o-y to 82.2 TWh in 2020.

Capacity sales decreased by 10.9% y-o-y to USD 434 million in 2020, while heat sales decreased 7.5% y-o-y to USD 393 million in 2020, again reflecting rouble depreciation.

The Power segment's Adjusted EBITDA in 2020 decreased to USD 993 million (down 11.9% y-o-y). The decline was mainly driven by rouble depreciation and COVID-19 expenditure, which was partially offset by the increase in electricity generation volumes.

Overall, in 2020, the Power segment's net profit decreased to USD 257 million from USD 311 million in 2019.

In 2020, capital expenditure by the Group's Power segment amounted to USD 237 million (up 0.4% y-o-y). Maintenance capex accounted for 51% of total capital expenditure. The Group's Power segment continued investment in technical connections to its power supply infrastructure (including a new substation for the Taishtet aluminium smelter) and improving the efficiency of the Group's CHPs, continuing the HPP 'New Energy' modernisation programme, which drove the increase in electricity generation volumes.

In 2020, the Company launched a new hydroelectric unit at the Irkutsk HPP, and began works on the next hydroelectric unit replacement. Major repair works began at the Krasnoyarsk HPP as well as a project to replace seven of the plant's power transformers. The Company completed a review of all equipment at the Bratsk HPP and hydraulic power unit wheels were subsequently ordered.

In 2020, the Company signed a contract for the supply of three new-generation turbo generators with a total capacity of 450 MW to CHP-10 in Irkutsk. At CHP-6 in Bratsk, Group aims to replace the main equipment by 2022, which will increase the plant's capacity by 5 MW.

In March 2021, the Group launched the Ozernaya substation, which will provide the Taishet aluminium smelter with hydropower. It is expected that the Taishet aluminium smelter is to be commissioned in 2021 with an electricity supply of 390 MW, which will increase in 2022 up to 780 MW.

The Power segment's net debt increased by 14.0% y-o-y to USD 4,263 million as at 31 December 2020, from USD 3,738 million as at 31 December 2019. This was mainly due to new loan agreements with Sberbank in the amount of RUB 100.8 million to finance the acquisition of a 21.37% stake in the En+ Group for USD 1.6 billion, purchased from VTB in February 2020. This was partially offset by rouble depreciation and scheduled repayments of existing debt. In 2020, net repayment of the Power segment's debt, excluding new loan agreements, amounted to USD 350 million.

Metals segment FY 2020 financial results

USD million (except %)	FY20	FY19	chg,%
Revenue	8,566	9,711	(11.8%)
Sales of primary aluminium and alloys	7,088	8,019	(11.6%)
Sales of alumina	533	664	(19.7%)
Sales of foil and other aluminium products	381	410	(7.1%)
Other	564	618	(8.7%)
Adjusted EBITDA	871	966	(9.8%)
<i>Adjusted EBITDA margin</i>	10.2%	9.9%	0.3 pp
Net profit	759	960	(20.9%)
<i>Net profit margin</i>	8.9%	9.9%	(1 pp)
Net debt	5,563	6,466	(14.0%)

The Metals segment's revenue in 2020 decreased by 11.8% to USD 8,566 million as compared to USD 9,711 million in 2019. This was due to a 5.0% decrease in the average LME aluminium price from USD 1,792 per tonne in 2019 to USD 1,702 per tonne in 2020, as well as a 6.0% decline in the sales volume of primary aluminium and alloys. The reduction in sales volumes is mostly attributed to a higher baseline of sales volumes in 2019, which was 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 Sanctions.

Revenue from sales of primary aluminium and alloys decreased by 11.6% to USD 7,088 million in 2020, as compared to USD 8,019 million in 2019. This reflected a 6.0% decrease in the weighted-average realised aluminium price per tonne (to an average of USD 1,805 per tonne in 2020 from USD 1,920 per tonne in 2019), driven by a decrease in the LME aluminium price as well as lower sales volumes as described above.

Revenue from sales of alumina decreased by 19.7% to USD 533 million in 2020 from USD 664 million in 2019 due a decrease in the average sales price by 18.7%.

Revenue from sales of foil and other aluminium products decreased by 7.1% to USD 381 million in 2020, as compared to USD 410 million in 2019, primarily due to a decrease in sales of aluminium wheels between the comparable periods.

Revenue from other sales, including sales of other products, bauxite and energy services decreased by 8.7% to USD 564 million in 2020 as compared to USD 618 million for the previous year, due to a 9.4% decrease in sales of other materials (such as silicon by 39.1%, soda by 26.3%, aluminium powder by 11.9%).

Adjusted EBITDA decreased to USD 871 million in 2020, as compared to USD 966 million in 2019. The factors that contributed to the decrease in Adjusted EBITDA were the same factors that influenced the operating results of the Company.

The Metals segment's profit in 2020 decreased to USD 759 million from USD 960 million in 2019. The decrease was driven mainly by the same factors that influenced the decrease in EBITDA, as well as a decrease in the share of profit obtained by the Group from its associates and joint ventures.

In 2020, the Metals segment's capital expenditure amounted to USD 897 million (up 5.8% y-o-y), with maintenance capex amounting to 56% 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 first metal in 2021. Once ramped up to full capacity, the smelter will add almost 430 thousand tons to En+ Group's total production output. The new high-tech facility will become one of the key assets of En+ Group's metal business in Siberia and is expected to be one of the most environmentally friendly in the global aluminium industry, with the plan to create around 3,000 jobs.

In February 2021, the Metals segment, RUSAL, agreed to acquire the business and assets of Aluminium Rheinfelden GmbH, following its insolvency. Aluminium Rheinfelden is one of Germany's leading manufacturers of aluminium alloys, semis and carbon-based components and a major supplier to the global automotive industry. Production capacity is 30 thousand tonnes of alloys per annum.

The transaction is expected to deliver strong commercial synergies by matching Aluminium Rheinfelden's high-end, niche product focus with RUSAL's global scale low-carbon aluminium alloy production.

The Metals segment's net debt decreased 14.0% y-o-y to USD 5,563 million as at 31 December 2020 (USD 6,466 million as at 31 December 2019).

In November 2020 the Company negotiated new terms in relation to its bilateral credit facility with Sberbank backed by Norilsk Nickel shares. The final maturity was extended from 2024 to 2027, while the interest rate was reduced: on the US dollar tranche to 3mLibor+3.0% (without floor on Libor) and on the rouble tranche to the key rate of Bank of Russia¹¹+ 1.9%;

In December 2020, Group signed a 15 years syndicated loan agreement for up to RUB 45 billion with VTB and Gazprombank to finance project construction, including refinancing of its own expenses incurred in 2020.

At the beginning of 2021, the Group signed the sustainability linked pre-export finance facility with Societe Generale for up to USD 200 million, with 3 years maturity to refinance more expensive existing debt. The new facility is priced at 3mLibor+1.8%, with the possibility to reduce the margin if the sustainability KPIs are fulfilled.

¹¹ The key rate of Bank of Russia is 4,25% as of 17.03.2021

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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 plc, 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 31 December 2020, 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.