Press release

RUSAL announces fourth quarter and full year 2021 operating results

Moscow, 9 February 2022 – RUSAL (SEHK: 486, Moscow Exchange: RUAL), a leading global aluminium producer, announces its operating results for the fourth quarter of 2021 ("4Q21") and for the 12 months ending 31 December 2021 ("12M21").

Key highlights

Aluminium

- Aluminium production in 4Q21 totaled 953 thousand tonnes (+1.0% quarter-on-quarter ("QoQ")), with Siberian smelters representing 93% of total aluminium output;
- In 4Q21, aluminium sales amounted to 989 thousand tonnes (+8.1% QoQ from a low base in 3Q21). In 4Q21 sales of value added products ("VAP"[1]) totaled 527 thousand tonnes (+5.9% QoQ) and VAP's share of total sales remained almost unchanged at 53%;
- In 4Q21 European destination still dominated the sales geography mix, increasing in share to 42% (+3pp QoQ), while American and Russian & CIS sales decreased to 8% (vs 10% in 3Q21) and 28% (vs 29% in 3Q21) respectively;
- In 4Q21, the average aluminium realized price[2] increased by 7.3% QoQ to USD 2,927/t. The increase was driven by positive dynamics in the London Metal Exchange (**"**LME**"**) QP[3] component (+7.7% QoQ to USD 2,622/t) and the average realized premium component growth (+3.8% QoQ to USD 305/t);
- In 12M21, aluminium production totaled 3,764 thousand tonnes, almost unchanged (+0.2% year-on-year ("YoY"));
- In 12M21, aluminium sales decreased by 0.5% YoY, totaling 3,904 thousand tonnes. During this period sales of VAP increased by 18.1% to 2,034 thousand tonnes, demonstrating the recovery of VAP share in total sales mix to 52% in 12M21, compared to 44% in 12M20, that was then affected by market volatility caused by the COVID-19 pandemic;
- In 12M21 the share of Europe in sales mix decreased to 41% (vs 45% in 12M20). The shift was toward Russian & CIS and American sales that increased to 27% (vs 23% in 12M20) and 8% (vs 7% in 12M20) respectively;
- In 12M21 aluminium sales in Russia alone amounted to 865 thousand tonnes (+18.8% YoY). Should we include the volumes of aluminium allocated to internal downstream production of foil, wheels and powder, the total volume of deliveries within Russia was 957 thousand tonnes (+18.8% YoY). Sales in Russia and CIS increased to a record 1.2 million tons;
- In 12M21, the average aluminium realized price increased by 41.4% YoY to USD 2,553/t. The increase was driven both by the LME QP component (+38.9% YoY to USD 2,303/t) and the average realized premium component (+70.4% YoY to USD 250/t). The increase of realized premium during 12M21 is attributed to the improved commodity component, as well as the growth of the VAP share in product sales mix and a positive shift in VAP upcharge. Together these factors reflect the significant change of global market conditions further discussed in detail in the Market overview section below;

Alumina

- In 4Q21, total alumina production increased by 3.5% QoQ, to 2,138 thousand tonnes. The Company's Russian operations accounted for 36% of total output;

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

[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.

- In 12M21 alumina output totaled 8,304 thousand tonnes (+1.5% YoY). The performance of the Company's alumina assets was largely in line with the production plan.

Bauxite and nepheline ore

- In 4Q21, bauxite production decreased by 5.0% QoQ, to 3,602 thousand tonnes. The decrease is largely attributed to seasonal weather factor that affected the operational performance of Timan (-39.4% QoQ) and North Urals (-11.3% QoQ). Nepheline production decreased by 1.1% QoQ to 1,108 thousand tonnes;
- In 12M21, bauxite output totaled 15,031 thousand tonnes (+1.3% YoY). Nepheline output decreased by 4.6% YoY to 4,390 thousand tonnes.

Market overview[4]

- In 4Q21, the LME aluminium price again reached levels above USD 3,000/tonne. This was a result of soaring power prices in Europe due to significantly increased natural gas prices and low renewable power supply levels. Also a number of European aluminium smelters faced a significant smelting cost pressure and negative margins. As a result, more than 720 thousand tonnes of EU aluminium smelting capacity was fully or partly closed from the beginning of 4Q21. This has triggered a strong growth in EU aluminium ingot premiums, which rose by 30% on average over Nov-Dec 2021 period.
- In 2021, global primary aluminium demand grew by 8.8% YoY to 69.0 million tonnes. In the Rest of the World ("RoW") demand increased by 12.8% to 28.6 million tonnes, while demand in China increased by 6.1% to 40.4 million tonnes. Demand in China, which was suppressed in August to November due to power rationing policy, but strongly rebounded in December amid normalization of power supply.
- The worldwide supply of primary aluminium continued to grow in 2021, increasing by 3.9% YoY to 67.8 million tonnes. At the same time, RoW production increased by only 2.8% to 28.9 million tonnes. High gas prices in Europe have caused significant disruption to the aluminium smelting production due to smelters' negative cash margins. Nine European smelters with 1.46 Mtpa capacity executed or announced ~ 720 ktpa of operating aluminium capacity cuts starting from 4Q21, which is equal to ~14.4% of total installed aluminium capacity in the region (~ 5.02 Mtpa).
- Supply growth in China slowed significantly from 7.6% in 9M2021 to 4.7% for FY2021 and the resulting supply in China was 39.0 million tonnes. Despite easing of power supply tightness in China and a drop in domestic thermal coal prices, significant smelting capacity cuts are still in place due to power constraints in some provinces and dual control for decorbanization targets. As a result, Chinese primary aluminium production fell steadily since July 2021.
- Chinese unwrought aluminium and semis exports continued to recover during 4Q21 and numbers for the full year 2021 demonstrate strong growth of 15.6% YoY to 5.6 million tonnes. This result was largely due to attractive export arbitrage and rising overseas demand. At the same time Chinese import of unwrought aluminium and products, which include primary metal and unwrought, alloyed aluminium was 3.2 million tonnes in 2021, a new record high and up from 2.7 million tonnes in 2020;
- During 2021 aluminium inventories were mostly falling, starting from March, with total LME stocks staying below 0.9 million tonnes at the end of the year. Metal held outside of LME warehouses (off-warrant reported stocks) fell to 447 thousand tonnes by the end of November 2021;
- Regional premiums remained strong and elevated with Midwest Al premium reaching levels above 32.0 cents/lb and EU DU premium - above USD 360/tonne. This growth occurred against the backdrop of sellers raising quotations on expectations that the premium will continue to climb in line with strong physical demand, and in anticipation of possible further smelting disruptions in Europe following a significant rise in the cost of power;
- Overall, the global market recorded a deficit of 1.2 million tonnes in 2021 compared to the 1.9 million tonnes of surplus observed during the same period of 2020.

[4] Unless otherwise stated, data for the "Market overview" section is sourced from Bloomberg, CRU, CNIA, IAI and Antaike.

KEY OPERATING DATA

GROUP PRODUCTION DATA[5]

('000 tonnes)	4Q21	3Q21	Change, % (QoQ)	12M21	12M20	Change, % (YoY)
Aluminium	953	943	1.0%	3,764	3,755	0.2%
utilisation rate[6]	*99%*	*98%*	*1pp*	*99%*	*96%*	*3pp*
Aluminium foil and packaging products	27.7	27.4	1.1%	109	103	5.2%
Alumina	2,138	2,064	3.5%	8,304	8,182	1.5%
Bauxite	3,602	3,792	-5.0%	15,031	14,838	1.3%
Nepheline	1,108	1,120	-1.1%	4,390	4,599	-4.6%

GROUP SALES DATA

('000 tonnes)	4Q21	3Q21	Change, % (QoQ)	12M21	12M20	Change, % (YoY)
Aluminium sales	989	915	8.1%	3,904	3,926	-0.5%
including						
BoAZ	63	59	6.7%	256	281	-8.8%
Other third parties	81	45	78.7%	203	66	208.8%
Realized price, USD/t	2,927	2,729	7.3%	2,553	1,805	41.4%
LME QP component	2,622	2,435	7.7%	2,303	1,658	38.9%
Realised premium	305	294	3.8%	250	147	70.4%
Commodity component (100% of sales)	159	149	6.4%	125	73	71.2%
VAP upcharge component (100% of sales)	146	145	1.1%	124	74	67.5%
VAP upcharge over commodity (VAP products only)	*270*	*264*	*2.2%*	*236*	*167*	*41.7%*
VAP sales in tonnes	527	498	5.9%	2,034	1,722	18.1%
Share of VAP	53%	54%	-1pp	52%	44%	8pp
Sales geography, %						
Europe	42%	39%	3pp	41%	45%	-4pp
Russia & CIS	28%	29%	-1pp	27%	23%	4pp
Asia	22%	22%	-	24%	25%	-1pp
America	8%	10%	-2pp	8%	7%	1pp
Alumina third party sales[7]	392	455	-13.8%	1,677	1,729	-3.0%
Bauxite third party sales	20	46	-56.5%	178	118	50.8%

[5] Unless stated otherwise the production volumes are calculated based on the pro rata share of the Company´s (and its subsidiaries´) ownership.

[6] The basis for capacity utilization rate calculation is different between reporting periods since it is directly related to the number of calendar days. Hence utilization rate may be lower in certain period even when actual output is higher than during the period with which it is being compared to.

[7] Alumina third party sales excluding swaps.

GROUP EXTERNAL PURCHASES DATA

('000 tonnes)	4Q21	3Q21	Change, % (QoQ)	12M21	12M20	Change, % (YoY)
Alumina[8]	213	202	5.4%	836	682	22.6%
Bauxite	1,386	1,387	-0.1%	5,152	4,847	6.3%

ALUMINIUM PRODUCTION

('000 tonnes)	4Q21	3Q21	Change, % (QoQ)	12M21	12M20	Change, % (YoY)
Russia (Siberia)						
Bratsk aluminium smelter	255	253	0.6%	1,009	1,004	0.5%
Krasnoyarsk aluminium smelter	257	256	0.6%	1,019	1,021	-0.2%
Sayanogorsk aluminium smelter	136	135	0.9%	536	529	1.4%
Novokuznetsk aluminium smelter	54.3	53.8	0.9%	214.8	214.9	-0.1%
Irkutsk aluminium smelter	107.3	106.1	1.1%	424	422	0.4%
Khakas aluminium smelter	76.1	74.9	1.6%	303	308	-1.3%
Russia — Other						
Volgograd aluminium smelter	18.0	17.9	0.4%	70.2	69.9	0.8%
Kandalaksha aluminium smelter	16.3	15.6	4.7%	63	70	-10.1%
Sweden						
Kubikenborg Aluminium (KUBAL)	32.2	30.8	4.7%	124	117	5.8%
Total production[9]	**953**	**943**	**1.0%**	**3,764**	**3,755**	**0.2%**

Foil and packaging production results

('000 tonness)	4Q21	3Q21	Change, % (QoQ)	12M21	12M20	Change, % (YoY)
Russia						
Sayanal	10.2	9.8	4.1%	39.3	37.0	6.0%
Ural Foil	7.77	7.73	0.6%	30.4	25.9	17.2%
Sayana Foil	1.5	1.3	16.0%	5.7	5.0	14.1%
Armenia						
Armenal	8.1	8.5	-4.4%	33.5	35.5	-5.6%
Total production	**27.7**	**27.4**	**1.1%**	**109**	**103**	**5.2%**

Other aluminium products output and silicon output

('000 toness)	4Q21	3Q21	Change, % (QoQ)	12M21	12M20	Change, % (YoY)
Secondary alloys	13.6	13.2	3.3%	51	25	103.1%
Silicon	11.6	9.7	19.2%	34.5	27	27.2%
Powder	7.9	8.1	-1.3%	30.3	22.4	34.9%
Wheels ('000 units)	910	668	36.2%	3,034	2,140	41.8%

[8] Alumina external purchase data excluding swaps.

[9] Above and below "total production" figures may not equal to the mathematical addition of the numbers presented in the table above. The difference is due to the rounding up of exact numbers (incl. decimals).

ALUMINA PRODUCTION

('000 tonnes)	4Q21	3Q21	Change, % (QoQ)	12M21	12M20	Change, % (YoY)
Ireland						
Aughinish Alumina	504	457	10.3%	1,878	1,883	-0.2%
Jamaica						
Windalco	104	112	-7.6%	448	523	-14.4%
Ukraine						
Nikolaev Alumina Refinery	466	438	6.5%	1,769	1,725	2.6%
Russia						
Bogoslovsk Alumina Refinery	243	258	-5.9%	977	990	-1.4%
Achinsk Alumina Refinery	234	226	3.6%	907	900	0.8%
Urals Alumina Refinery	232	231	0.7%	917	916	0.1%
Pglz Alumina Refinery	65	64	1.5%	253	67	279.3%
Guinea						
Friguia Alumina Refinery	108	96	12.6%	414	439	-5.7%
Australia (JV)						
Queensland Alumina Ltd[10]	182	184	-0.7%	742	740	0.3%
Total alumina production	**2,138**	**2,064**	**3.5%**	**8,304**	**8,182**	**1.5%**

[10] The alumina production volume of Queensland Alumina Ltd is presented by 20% of its output i.e. based on an ownership pro rata basis

BAUXITE MINING

('000 tonnes)	4Q21	3Q21	Change, % (QoQ)	12M21	12M20	Change, % (YoY)
Jamaica						
Windalco	428	369	15.9%	1,863	1,752	6.4%
Russia						
North Urals	547	617	-11.3%	2,274	2,260	0.6%
Timan	674	1,113	-39.4%	3,405	3,310	2.9%
Guinea						
Friguia	382	378	1.2%	1,544	1,423	8.5%
Kindia	635	631	0.6%	2,652	2,941	-9.8%
Dian-Dian	936	685	36.6%	3,293	3,071	7.3%
Guyana						
Bauxite Company of Guyana Inc.[11]		-	-		81	-
Total bauxite production	**3,602**	**3,792**	**-5.0%**	**15,031**	**14,838**	**1.3%**

Nepheline ore production[12]

('000 tonnes wet)	4Q21	3Q21	Change, % (QoQ)	12M21	12M20	Change, % (YoY)
Kiya Shaltyr Nepheline Syenite	1,108	1,120	-1.1%	4,390	4,599	-4.6%

[11] In February 2020 the Company announced the suspension of operations of bauxite business in Guyana

[12] Nepheline ore is used as a feedstock for alumina production at the Achinsk alumina refinery.

JOINT VENTURE OPERATING RESULTS

('000 tonnes wet)	Interest	4Q21	3Q21	Change, % (QoQ)	12M21	12M20	Change, % (YoY)
Boguchanskaya HPP							
Electricity generation, mwh[13]	50%	4,717	3,112	51.6%	17,238	17,638	-2.3%
Boguchansky aluminium smelter							
Aluminium production ('000 tonnes)[14]	50%	74.0	73.7	0.4%	292	290	0.7%
Bogatyr Komir and Bogatyr Trans							
Coal production (Kt)[15]	50%	5,820	5,374	8.3%	22,316	21,669	3.0%
Transportation volumes (Kt of transportation)[16]	50%	273	325	-16.0%	1,371	2,815	-51.3%

Forward-looking statements

This press-release contains statements about future events, projections, forecasts and expectations that are forward-looking statements. Any statement in this announcement that is not a statement of historical fact is a forward-looking statement that involves known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. These risks and uncertainties include those discussed or identified in the prospectus for RUSAL. In addition, past performance of RUSAL cannot be relied on as a guide to future performance. RUSAL makes no representation on the accuracy and completeness of any of the forward-looking statements, and, except as may be required by applicable law, assumes no obligations to supplement, amend, update or revise any such statements or any opinion expressed to reflect actual results, changes in assumptions or in RUSAL's expectations or changes in factors affecting these statements. Accordingly, any reliance you place on such forward-looking statements will be at your sole risk.

About RUSAL

RUSAL (www.rusal.com) is the leader of the global aluminium industry and a leading low-carbon aluminium producer. In 2021, the Company accounted for about 5.6% of global production of aluminium, 6.3% of alumina production and 52% of RUSAL's production accounts for value added products. RUSAL's offices are operating in 20 countries all over the world and across 5 continents. The carbon footprint of the Company's low-carbon aluminium ALLOW is 5 times lower than the industry's average (Scope 1 and 2, at the smelter). RUSAL common stock is traded on the Hong Kong Stock Exchange (trade code – 486). RUSAL's ordinary shares are traded on the Moscow Exchange (trade code – RUAL).

[13] The energy generation volume of Boguchanskaya HPP is presented by 100% of its output (not on an ownership pro rata basis).

[14] The aluminium production volume of Boguchansky aluminium smelter is presented by 100% of its output (not on an ownership pro rata basis).

[15] The coal production volume of Bogatyr Komir is presented by 50% of its output i.e. based on an ownership pro rata basis.

[16] The transportation volume of Bogatyr Trans is presented by 50% of its output i.e. based on an ownership pro rata basis.

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