

## RUSAL ANNOUNCES FIRST QUARTER 2019 OPERATING RESULTS

Moscow, 30 April 2019 – RUSAL (SEHK: 486; Moscow Exchange: RUAL), a leading global aluminium producer, announces its operating results for the first quarter 2019 (“1Q19”)<sup>1</sup>.

### Key highlights

#### Aluminium

- Aluminium production<sup>2</sup> in 1Q19 totaled 928 thousand tonnes (-1.6% quarter-on-quarter (“QoQ”)), with Siberian smelters representing 93% of total aluminium output;
- In 1Q19, aluminium sales amounted to 896 thousand tonnes. In 1Q19 sales of value added products (VAP<sup>3</sup>) decreased to 259 thousand tonnes (-22.2% QoQ). This period was significantly challenged by short OFAC<sup>4</sup> General License extensions, as the Sanctions<sup>5</sup> were lifted only on 27 January 2019;
- In 1Q19, the average aluminium realised price<sup>6</sup> decreased by 7.8% QoQ to USD1,949/t. The decrease was driven both by the London Metal Exchange (“LME”) QP<sup>7</sup> component (-7.9% QoQ to USD1,849/t) and average realised premium component (-7.4% QoQ to USD100/t). The decline in premiums during 1Q19 is primarily attributed to decrease of VAP share in product sales mix due to external market drivers related to the Sanctions.

#### Alumina

- In 1Q19, total alumina production decreased by 1.3% QoQ, to 1,932 thousand tonnes. The Company’s Russian operations accounted for 35% of the total output.

#### Bauxite and nepheline ore

- In 1Q19, bauxite production increased by 3.0% QoQ, to 3,831 thousand tonnes. Nepheline production increased by 23.5% QoQ, to 1,009 thousand tonnes following completion of maintenance works carried out at the mine in 4Q18.

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<sup>1</sup> Operating data is based on preliminary data and may be updated in the 1Q19 financial results.

<sup>2</sup> Aluminium production represented by salable products output (the number includes all facilities excluding Volgograd remelting of third parties metal).

<sup>3</sup> VAP includes alloyed ingots, slabs, billets, wire rod, wheels, high and special purity aluminium.

<sup>4</sup> “OFAC” - The Office of Foreign Assets Control of the Department of Treasury of the United States of America.

<sup>5</sup> “Sanctions” - on 6 April 2018, the OFAC added the Company to its Specially Designated Nationals List.

<sup>6</sup> The realised price includes three components: LME component, commodity premium and VAP upcharge.

<sup>7</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.

## Market overview<sup>8</sup>

- During 1Q19, the aluminium price came under continued pressure. This was due mainly to a seasonally weak period and the negative impact resulting from trade wars and US-China tensions, which significantly influenced the growth prospects in key aluminium consuming regions and sectors, particularly the automotive industry. We believe these trends will continue to negatively impact the aluminium price in 2Q19, despite the prospect of a potential agreement between China and the US and certain stabilization of economic indicators demonstrated by both the US and Chinese economies in March;
- 1Q19 aluminium consumption outside of China was up 1.5% year-on-year (“YoY”) to 7.38 million tonnes. At the same time, demand in Europe remained weak and grew by only 0.9% YoY to 2.36 million tonnes. Consumption in North America grew by 1.5% to 1.73 million tonnes. In China, demand is slowly recovering and grew by 1.5% to 8.48 million tonnes. We expect total demand growth in 2019 to be around 3% YoY;
- Aluminium production in 1Q19 outside of China decreased by 1.3% QoQ to 6.86 million tonnes. Based on the current aluminium price and premiums, approximately 50% of the aluminium production facilities outside of China and 20% in China are estimated to be lossmaking. Despite these circumstances, capacity restarts in the US continue and, coupled with an increase of aluminium capacity in the Middle East and Russia, it is possible that the production volumes outside of China may grow in 2Q19;
- Production of primary aluminium in China in 1Q19 amounted to 8.63 million tonnes, down by 1.2% YoY. Capacity cuts exceeded 800 thousand tonnes per year during 1Q19 and a sluggish market slowed the commissioning of new capacity as well as the recovery of idle capacity. At the same time, there is still approximately 2.5 million tonnes of new capacity ready to enter the market and up to 1 million tonnes of idled capacity that can be restarted. Coupled with a decline in overall costs specifically in terms of alumina and carbon materials prices, this indicates that the recent price spike in China is unsustainable and that there exists a certain level of downside risk;
- In the first quarter of 2019 aluminium inventories at LME warehouses dropped by 200 thousand tonnes to 1,074 thousand tonnes. LME live warrants remain at the level of 723 thousand tonnes. Following a spike in mid 1Q19, Chinese regional stocks renewed their decline in March 2019 and fell 3.8% by the end of the month, to 1.69 million tonnes;
- Chinese unwrought aluminium and semis exports grew by 14% YoY in 1Q19 and remain unusually strong as a result of weak Chinese domestic consumption. This trend may continue in 2Q19 as domestic demand remains subdued and the aluminium deficit outside of China continues;
- The alumina price in most regions is set to continue on its downward trend although there remains the potential for a correction owing to the persisting high cost of alumina production, particularly in China.

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<sup>8</sup> Unless otherwise stated data for the Market overview section is sourced from Bloomberg, CRU, CNIA, IAI and Antaika.

<b>Key operating data<sup>9</sup></b> (‘000 tonnes)	<b>1Q19</b>	<b>4Q18</b>	<b>Change, % (QoQ)</b>	<b>1Q18</b>	<b>Change, % (YoY)</b>
Aluminium	928	943	-1.6%	931	-0.3%
<i>Utilisation rate</i>	97%	96%		97%	
Aluminium foil and packaging products	24	19	23.7%	25	-6.2%
Alumina	1,932	1,958	-1.3%	1,891	2.1%
Bauxite	3,831	3,719	3.0%	2,960	29.4%
Nepheline	1,009	817	23.5%	1,089	-7.4%

<b>Sales data</b> (‘000 tonnes)	<b>1Q19</b>	<b>4Q18</b>	<b>Change, % (QoQ)</b>	<b>1Q18</b>	<b>Change, % (YoY)</b>
Aluminium sales, including	896	877	2.2%	965	-7.2%
<i>BOAZ aluminium product sales</i>	39	32	19.4%	33	16.4%
<i>other third party aluminium products sales</i>	1.4	6.6	-79.4%	47	-97.1%
Aluminium realised price, USD/ tonne	1,949	2,115	-7.8%	2,326	-16.2%
<i>LME QP component</i>	1,849	2,007	-7.9%	2,153	-14.1%
<i>Realised premium</i>	100	108	-7.4%	173	-42.1%
VAP sales (included in the total aluminium sales)	259	333	-22.2%	463	-44.1%
<i>Share of VAP</i>	29%	38%		48%	

### Aluminium production results

(‘000 tonnes )	<b>Interest</b>	<b>1Q19</b>	<b>4Q18</b>	<b>Change, % (QoQ)</b>	<b>1Q18</b>	<b>Change, % (YoY)</b>
<b>Russia – Siberia</b>						
Bratsk aluminium smelter	100%	250	254	-1.8%	250	-
Krasnoyarsk aluminium smelter	100%	249	256	-2.8%	253	-1.6%
Sayanogorsk aluminium smelter	100%	133	136	-2.5%	132	-
Novokuznetsk aluminium smelter	100%	53	54	-2.3%	53	-
Irkutsk aluminium smelter	100%	105	105	-	104	0.7%
Khakas aluminium smelter	100%	73	73	-	73	-
<b>Russia – Other</b>						
Volgograd aluminium smelter	100%	17	17	-	13	35.1%
Nadvoitsy aluminium smelter	100%	-	-	-	3	-
Kandalaksha aluminium smelter	100%	18	18	-	18	-
<b>Sweden</b>						
Kubikenborg Aluminium (KUBAL)	100%	32	29	8.5%	33	-3.9%
<b>Total production<sup>10</sup></b>		<b>928</b>	<b>943</b>	<b>-1.6%</b>	<b>931</b>	<b>-0.3%</b>

<sup>9</sup> Unless stated otherwise the production data throughout the report is presented on equity-adjusted basis (for exceptions, please, refer to the data of the Boguchansky smelter and Boguchanskaya HPP). Production volumes are calculated based on the pro rata share of the Company’s (and its subsidiaries’) ownership.

<i>(‘000 tonnes )</i>	<b>Interest</b>	<b>1Q19</b>	<b>4Q18</b>	<b>Change, % (QoQ)</b>	<b>1Q18</b>	<b>Change, % (YoY)</b>
<i>Remelting of third-party primary aluminium at Volgograd smelter</i>		-	0.7	-	0.7	-

<b>Total aluminium products output including remelting</b>		<b>928</b>	<b>944</b>	<b>-1.7%</b>	<b>932</b>	<b>-0.4%</b>
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### Alumina production results

<i>(‘000 tonnes)</i>	<b>Interest</b>	<b>1Q19</b>	<b>4Q18</b>	<b>Change, % (QoQ)</b>	<b>1Q18</b>	<b>Change, % (YoY)</b>
<b>Ireland</b>						
Aughinish Alumina	100%	479	468	2.4%	470	2.0%
<b>Jamaica</b>						
Winalco	100%	109	130	-16.4%	131	-16.9%
<b>Ukraine</b>						
Nikolaev Alumina Refinery	100%	423	439	-3.5%	423	-
<b>Russia</b>						
Bogoslovsk Alumina Refinery	100%	253	255	-0.7%	243	4.2%
Achinsk Alumina Refinery	100%	190	172	10.4%	221	-13.9%
Urals Alumina Refinery	100%	225	228	-1.5%	225	-
<b>Guinea</b>						
Friguia Alumina Refinery	100%	76	81	-5.9%	-	-
<b>Australia (JV)</b>						
Queensland Alumina Ltd <sup>11</sup>	20%	177	186	-4.6%	180	-1.4%
<b>Total alumina production</b>		<b>1,932</b>	<b>1,958</b>	<b>-1.3%</b>	<b>1,892</b>	<b>2.1%</b>

### Bauxite mining results

<i>(‘000 tonnes wet)</i>	<b>Interest</b>	<b>1Q19</b>	<b>4Q18</b>	<b>Change, % (QoQ)</b>	<b>1Q18</b>	<b>Change, % (YoY)</b>
<b>Jamaica</b>						
Winalco	100%	491	480	2.2%	445	10.3%
<b>Russia</b>						
North Urals	100%	529	625	-15.3%	555	-4.7%
Timan	100%	663	639	3.7%	699	-5.1%
<b>Guinea</b>						
Friguia	100%	259	245	5.7%	-	-
Kindia	100%	904	909	-0.5%	918	-1.5%

<sup>10</sup> Here and further “total production” may not equal to the arithmetic addition of the numbers above presented in the table. The difference arises due to the roundoff of exact numbers (incl. decimals).

<sup>11</sup> The alumina production volume of Queensland Alumina Ltd is presented by 20% of its output i.e. based on an ownership pro rata basis.

<i>('000 tonnes wet)</i>	<b>Interest</b>	<b>1Q19</b>	<b>4Q18</b>	<b>Change, % (QoQ)</b>	<b>1Q18</b>	<b>Change, % (YoY)</b>
Dian-Dian	100%	732	476	53.8%	-	-
<b>Guyana</b> Bauxite Company of Guyana Inc.	90%	253	345	-26.6%	344	-26.4%
<b>Total production</b>		<b>3,831</b>	<b>3,719</b>	<b>3.0%</b>	<b>2,960</b>	<b>29.4%</b>

#### **Nepheline ore production<sup>12</sup>**

<i>('000 tonnes wet)</i>	<b>Interest</b>	<b>1Q19</b>	<b>4Q18</b>	<b>Change, % (QoQ)</b>	<b>1Q18</b>	<b>Change, % (YoY)</b>
Kiya Shaltyr Nepheline Syenite	100%	1,009	817	23.5%	1,089	-7.4%
<b>Total production</b>		<b>1,009</b>	<b>817</b>	<b>23.5%</b>	<b>1,089</b>	<b>-7.4%</b>

#### **Foil and packaging production results**

<i>('000 tonnes)</i>	<b>Interest</b>	<b>1Q19</b>	<b>4Q18</b>	<b>Change, % (QoQ)</b>	<b>1Q18</b>	<b>Change, % (YoY)</b>
<b>Russia</b>						
Sayanal	100%	9.6	7.8	22.9%	9.3	3.2%
Ural Foil	100%	5.5	4.2	31.0%	6.1	-10.5%
Sayana Foil	100%	1.0	1.2	-22.0%	0.8	15.5%
<b>Armenia</b>						
Armenal	100%	7.6	5.9	29.4%	9.0	-15.1%
<b>Total production</b>		<b>23.7</b>	<b>19.1</b>	<b>23.7%</b>	<b>25.2</b>	<b>-6.2%</b>

#### **Joint venture operating results**

	<b>Interest</b>	<b>1Q19</b>	<b>4Q18</b>	<b>Change, % (QoQ)</b>	<b>1Q18</b>	<b>Change, % (YoY)</b>
<b>Boguchanskaya HPP<sup>13</sup></b>						
Electricity generation, mwh	50%	3,741	3,324	12.6%	2,803	33.5%
<b>Boguchansky aluminium smelter<sup>14</sup></b>						
Aluminium production ('000 tonnes)	50%	46.1	36.7	25.4%	36.6	26.0%
<b>Bogatyr Komir and Bogatyr Trans</b>						
Coal production (Kt) <sup>15</sup>	50%	6,207	6,154	0.9%	5,881	5.5%

<sup>12</sup> Nepheline ore used as a feedstock for alumina production at the Achinsk alumina refinery.

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

<sup>14</sup> The aluminium production volume of Boguchanskiy aluminium smelter is presented by 100% of its output (not on an ownership pro rata basis).

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

Transportation volumes (Kt of transportation) <sup>16</sup>	50%	1,235	1,440	-14.2%	1,319	-6.4%
<b>Other aluminium products output and silicon output ('000 tonnes)</b>	<b>Interest</b>	<b>1Q19</b>	<b>4Q18</b>	<b>Change, % (QoQ)</b>	<b>1Q18</b>	<b>Change, % (YoY)</b>
Secondary alloys <sup>17</sup>		-	-	-	5.8	-
Silicon		12.1	14.0	-13.9%	14.8	-18.6%
Powder		5.2	6.4	-18.8%	5.5	-6.9%
Wheels ('000 units)		803.7 <sup>18</sup>	277.6	189.5%	235.0	242.0%

### **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.ru](http://www.rusal.ru)) is the leader of the global aluminium industry. In 2018, the Company accounted for about 5.8% of global production of aluminium and 6.2% of alumina production. The Company employs about 64,000 people RUSAL's offices are operating in 20 countries all over the world and across 5 continents. RUSAL common stock is traded at the Hong Kong Stock Exchange (trade code – 486). RUSAL's ordinary shares are traded on the Moscow Exchange (trade code is: RUAL).

### ***Disclaimer***

***The information contained in this press release is for media advice only. The contents are true and accurate at the time of publishing, however, may change over time.***

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

<sup>17</sup> In 2018, the Company has moved dross processing to third parties.

<sup>18</sup> The Company is gradually increasing its capacity in wheels production. SKAD was acquired in April 2017, and K&K – in December 2018. Out of 803.7 thousand wheels produced during 1Q19, SKAD contributed 277.6 thousand wheels and K&K – 568.7 thousand wheels.