

RUSAL ANNOUNCES ITS 2024 INTERIM RESULTS

Moscow, 29 August 2024 – RUSAL, one of the world's largest aluminium producers, announces its results for the six months ended 30 June 2024.

Key highlights

- In the first half of 2024, uncertainty in the global economy and weak demand, worsening market conditions and new restrictions imposed on Russian metal traded in global markets, primarily premium ones, as well as weak global prices continued to put pressure on the Company's operational and financial performance.
- Revenue for the first six months of 2024 went down by 4.2% compared to the same period in 2023 and amounted to USD 5,695 million (against USD 5,945 million over the same period in 2023). A key contribution to the negative dynamics of the indicator was mainly driven by a decrease in revenue from aluminum and alloys sales against the following backdrop:
 - aluminum sales decreased by 2.9% to 1,879 thousand tons (1,935 thousand tons over the same period in 2023);
 - VAP production went down by 7.0% to 740 thousand tons (796 thousand tons over the same period in 2023);
 - the weighted average premium to the aluminium price on the London Metal Exchange (LME) fell by 20.5% (to an average of \$159 per ton in the first half of 2024, compared to \$200 per ton in the first half of 2023);
 - the weighted average selling price of aluminum decreased by 2.2% to USD 2,447 per ton in the first six months of 2024 (against USD 2,501 over the same period in 2023).
- In these circumstances, the focus on strengthening raw material independence and efficiency of electricity purchases, reorientation to new sales markets and development of the domestic market, as well as efforts of the management to improve operational efficiency made it possible for RUSAL to maintain business resilience and continue development with an emphasis on capacity renewal and environmental modernization.
- Aluminum production grew by 2.3% to 1,957 thousand tons (1,913 thousand tons over the same period in 2023) as the Taishet Smelter has been gradually increasing output. Alumina production increased by 18.9% to 2,995 thousand tons (2,518 thousand tons over the same period in 2023) due to the acquisition of a 30% stake in the Chinese company Hebei Wenfeng New Materials and other contributing factors.
- Over the first six months of 2024 the total cash cost of products sold dropped by 15.9% to USD 4,385 million (against USD 5,217 million for the same period in 2023) due to the decrease in cost of raw materials and other costs between the periods as well as decrease in average electricity and transportation tariffs.
- The Company's CAPEX went up by 23.7% to USD 516 million (USD 417 million for the same period in 2023).
- Cash cost reduction made it possible to offset the drop in revenue and secure positive profit dynamics over the reporting period:
 - adjusted EBITDA grew by 171.0% to USD 786 million (against USD 290 million for the same period in 2023);
 - adjusted net profit increased by 41.6% to USD 446 million (USD 315 million for the same period in 2023).

Financial and operating performance

	Six months ended 30 June		Change, % (year-on-year)
	2024	2023	
Key operating data¹			
<i>(‘000 tonnes)</i>			
Primary aluminium	1,957	1,913	2.3%
Alumina	2,995	2,518	18.9%
Bauxite (wet)	7,940	6,754	17.6%
Sales of primary aluminium and alloys	1,879	1,935	(2.9%)
 <i>(USD per tonne)</i>			
Aluminium segment cost per tonne ²	1,975	2,297	(14.0%)
Aluminium price per tonne quoted on the LME ³	2,360	2,331	1.2%
Average premiums over LME price ⁴	159	200	(20.5%)
Alumina price per tonne ⁵	402	352	14.2%

Key selected data from the consolidated interim condensed statement of income

	Six months ended 30 June		Change, % (year-on-year)
	2024	2023	
<i>(USD million)</i>			
Revenue	5,695	5,945	(4.2%)
Cost of sales	(4,385)	(5,217)	(15.9%)
Gross profit	1,310	728	79.9%
Adjusted EBITDA	786	290	171.0%
<i>Margin (% of revenue)</i>	<i>13.8%</i>	<i>4.9%</i>	
Profit for the period	565	420	34.5%
<i>Margin (% of revenue)</i>	<i>9.9%</i>	<i>7.1%</i>	
Adjusted Net Profit for the period	446	315	41.6%
<i>Margin (% of revenue)</i>	<i>7.8%</i>	<i>5.3%</i>	
Recurring Net Profit	620	527	17.6%
<i>Margin (% of revenue)</i>	<i>10.9%</i>	<i>8.9%</i>	

¹ Figures based on total respective attributable output.

² For any period, “Aluminium segment cost per tonne” is calculated as aluminium segment revenue (excluding sales of third parties’ metal) less aluminium segment results less amortization and depreciation (excluding margin on sales of third parties’ metal and alumina intersegment margin) divided by sales volume of the aluminium segment (excluding volumes of third parties’ aluminium sold).

³ Aluminium price per tonne quoted on the LME represents the average of the daily closing official London Metals Exchange (“LME”) prices for each period.

⁴ Average premiums over LME realized by the Company based on management accounts.

⁵ The average alumina price per tonne provided in this table is based on the daily closing spot prices of alumina according to Non-ferrous Metal Alumina Index FOB Australia USD per tonne.

Key selected data from the consolidated interim condensed statement of financial position

	As at 30 June 2024	As at 31 December 2023
<i>(USD million)</i>		
Total assets	22,032	21,464
Net Debt ⁶	6,365	5,779

Key selected data from the consolidated interim condensed statement of cash flows

	Six months ended 30 June	
	2024	2023
<i>(USD million)</i>		
Net cash (used in)/generated from operating activities	(403)	236
Net cash used in investing activities	(232)	(398)
Interest paid	(184)	(242)

Market overview⁷

- In the first half of 2024, global economic uncertainty continued to put pressure on healthy global recovery, and production activity remained in contraction in major regions outside of China. At the same time, prices of major base metals rallied during the first half of 2024 on expectation of ECB and FED rate cuts and Chinese stimulus policies.
- In the first half of 2024, the London Metal Exchange (“LME”) aluminium price rose by USD29 per tonne to USD2,360 per tonne, reaching USD2,677 per tonne at the end of May 2024, its highest point since June 2022.
- In the first half of 2024, global primary aluminium demand grew by 4.7% year-on-year to 35.6 million tonnes. In the rest of the world (excluding China) (“RoW Ex-China”), demand declined by 0.7% to 13.6 million tonnes, while demand in China grew by 8.2% to 22.0 million tonnes. Power sector and automobile industries supported consumption growth. Demand in China boosted after the Chinese Government introduced stimulation measures and program, but at the same time demand in the RoW Ex-China was weak due to global geopolitical tensions, pulling back economic recovery.
- The worldwide supply of primary aluminium increased by 4.1% year-on-year in the first half of 2024 to 35.7 million tonnes. The RoW Ex-China production increased by 1.8% comparing to first half of 2023 and comprised 14.6 million tonnes. Aluminium production in China grew by 5.7% to 21.2 million tonnes in the first half of 2024. China has restarted most of previously closed aluminium smelting capacity in Yunnan since April this year once the dry season was over and power supply stabilised.
- As a result of the above, the global aluminium market was balanced during the first half of 2024 with 0.9 million tonnes of surplus in the RoW Ex-China and 0.8 million tonnes deficit in China.
- Chinese export of downstream aluminium products has amounted 3.009 million tonnes during the first half of 2024 and has increased by 14.8% year-on-year. The largest growth in export orders was attributable to Flat Rolled Products, which recorded a 2.392 million tonnes, around 80% of total semis exports, up 15.9% year-on-year. The positive export arbitrage and uncertainty with Russian metal supply in the RoW Ex-China has been increasing the potential of semis export from China.
- During the first half of 2024, aluminium inventories at LME were trending mostly down until the end of April but jumped in May and declined modestly in June ending at 1,021 thousand tonnes. Metal held outside of LME warehouses (off-warrant reported stocks) recorded 200 thousand tonnes by the end of May 2024, being a reduction from 436 thousand tonnes at the end of December 2023.

⁶ Net Debt is calculated as Total Debt less cash and cash equivalents as at the end of any period. Total Debt refers to UC RUSAL’s loans and borrowings and bonds outstanding at the end of any period.

⁷ Если не указано иное, то источниками данных для раздела «Обзор рынка» являются Bloomberg, CRU, CNIA, IAI и Antaika.

- The regional aluminium premiums have started rebounding in 2024 amid an expectation of demand recovery, uncertainty with the Russian metal supply and high contango in nearby LME spreads. By end of June 2024, European Duty Unpaid premium increased to USD270 per tonne, European Duty Paid increased to USD337.5 per tonne, and US Midwest premium increased to 19.45 US cents per lb. Taking into account costs of metal replacement and demand increase, it is likely that premiums might continue growing in the second half of 2024.

Financial overview

Revenue

Revenue	Six months ended 30 June 2024 (unaudited)			Six months ended 30 June 2023 (unaudited)		
	USD million	thousand tonnes	Average sales price (USD per tonne)	USD million	thousand tonnes	Average sales price (USD per tonne)
Sales of primary aluminium and alloys	4,597	1,879	2,447	4,839	1,935	2,501
Sales of alumina	191	418	457	181	393	461
Sales of foil and other aluminium products	285			279		
Other revenue ⁸	622			646		
Total revenue	5,695			5,945		

Total revenue decreased by USD250 million, or 4.2% to USD5,695 million in the first six months of 2024 from USD5,945 million in the corresponding period of 2023.

The revenue from sales of primary aluminium and alloys for the first six months of 2024 decreased by USD242 million, or by 5.0%, to USD4,597 million, as compared to USD4,839 million of the same period in 2023. This was primarily due to a 2.9% decrease in primary aluminium and alloys sales volume, as well as a 2.2% decrease in the weighted-average realized aluminium price per tonne (to an average of USD2,447 per tonne for the first six months ended 30 June 2024 from USD2,501 per tonne of the same period in 2023) driven by a 20.5% decrease in the average premium over LME (to an average of USD159 per tonne in the first six months ended 30 June 2024 from USD200 per tonne of the same period in 2023).

The revenue from sales of alumina increased by 5.5% to USD191 million in the first six months ended 30 June 2024 from USD181 million of the same period in 2023. This was primarily due to a 6.4% increase in sales volumes.

The revenue from sales of foil and other aluminium product, as well as revenue from other sales, including sales of other products, bauxite and energy services, remained at the same level in the first six months ended 30 June 2024 as compared to the same period in 2023.

The table below shows the breakdown of the Group's revenues by geographic segment for the six months ended 30 June in both 2024 and 2023, showing the percentage of revenue attributable to each region:

⁸ Including energy and bauxite.

	Six months ended 30 June <i>(unaudited)</i>			
	2024		2023	
	USD million	% of revenue	USD million	% of revenue
Europe	1,258	22%	1,870	31%
CIS	1,956	34%	1,968	33%
America	72	1%	95	2%
Asia	2,371	42%	1,978	33%
Other	38	1%	34	1%
Total	5,695	100%	5,945	100%

Note: Data based on location of customers, which may differ from the location of final consumers.

Cost of sales

The following table demonstrates the breakdown of RUSAL's cost of sales for the six months ended 30 June 2024 and 2023:

	Six months ended 30 June		Change year-on-year, %	Share of costs,% (Six months ended 30 June 2024)
	2024 <i>(unaudited)</i>	2023 <i>(unaudited)</i>		
<i>(USD million)</i>				
Cost of alumina	992	1,045	(5.1%)	22.6%
Cost of bauxite	140	123	13.8%	3.2%
Cost of other raw materials and other costs	1,348	1,733	(22.2%)	30.7%
Purchases of primary aluminium from joint ventures	191	277	(31.0%)	4.4%
Energy costs	1,107	1,298	(14.7%)	25.3%
Depreciation and amortization	234	237	(1.3%)	5.3%
Personnel expenses	345	329	4.9%	7.9%
Repairs and maintenance	225	225	0.0%	5.1%
Net change in provisions for inventories	(9)	(9)	0.0%	(0.2%)
Change in finished goods	(188)	(41)	358.5%	(4.3%)
Total cost of sales	4,385	5,217	(15.9%)	100.0%

The total cost of sales decreased by USD832 million, or 15.9%, to USD4,385 million for the first six months ended 30 June 2024, as compared to USD5,217 million of the same period in 2023.

The dynamic was predominantly driven by the decrease in cost of raw materials and other costs between the periods as well as decrease in average electricity and transportation tariffs.

Cost of raw materials (other than alumina and bauxite) and other costs decreased by 22.2% for the first half of 2024 compared to the same period of 2023, due to a decrease in raw materials purchase price (prices for the anode blocks by 29.8%, raw petroleum coke by 34.7%, pitch by 18.4% and caustic soda by 30.6%).

The finished goods mainly consist of primary aluminium and alloys (approximately 96%). The dynamic of change between the reporting periods was driven by the fluctuations of primary aluminium and alloys physical inventory between the reporting dates: 15.3% increase for the first six months of 2024 and 4.1% increase for the same period in 2023.

Results from operations and Adjusted EBITDA

<i>(USD million)</i>	Six months ended 30 June		Change, year-on-year,%
	2024	2023	
	<i>(unaudited)</i>	<i>(unaudited)</i>	

Reconciliation of Adjusted EBITDA

Results from operating activities	440	(33)	NA
Add:			
Amortization and depreciation	249	251	(0.8%)
Impairment of non-current assets	96	67	43.3%
Loss on disposal of property, plant and equipment	1	5	(80.0%)
Adjusted EBITDA	786	290	171.0%

Adjusted EBITDA, defined as results from operating activities adjusted for amortization and depreciation, impairment charges and loss on disposal of property, plant and equipment, increased to USD786 million for the first six months ended 30 June 2024, as compared to USD290 million of the same period in 2023. The factors that contributed to the increase in Adjusted EBITDA were the same that influenced the operating results of the Company.

Profit for the period

As a result of the above, profit for the period comprised of USD565 million for the first six months ended 30 June 2024 as compared USD420 million of the same period in 2023.

Adjusted and Recurring Net Profit

	Six months ended		Change, year-on-year, %
	2024	30 June	
	(unaudited)	2023	
		(unaudited)	
<i>(USD million)</i>			
Reconciliation of Adjusted Net Profit			
Profit for the period	565	420	34.5%
Adjusted for:			
Share of profits and other gains and losses attributable to Norilsk Nickel, net of tax effect	(174)	(212)	(17.9%)
Change in the fair value of derivative financial liabilities, net of tax (20%)	(41)	40	NA
Impairment of non-current assets	96	67	43.3%
Adjusted Net Profit	446	315	41.6%
Add back:			
Share of Profit of Norilsk Nickel, net of tax	174	212	(17.9%)
Recurring Net Profit	620	527	17.6%

Adjusted Net Profit for any period is defined as the Net Profit, adjusted for the net effect of the Company's investment in Norilsk Nickel, the net effect of derivative financial instruments and the net effect of impairment of non-current assets. Recurring Net Profit for any period is defined as Adjusted Net Profit plus the Company's net effective share in Norilsk Nickel's results.

Segment reporting

The Group has four reportable segments, as described in the Annual Report, which are the Group's strategic business units: Aluminium, Alumina, Energy and Mining and Metals. These business units are managed separately and results of their operations are reviewed by the General Director on a regular basis. The core segments are Aluminium and Alumina.

	Six months ended				
	30 June				
	2024		2023		
	<i>(unaudited)</i>		<i>(unaudited)</i>		
<i>(USD million)</i>	Aluminium	Alumina	Aluminium	Alumina	
Segment revenue					
	<i>thousand tonnes</i>	1,846	2,262	1,873	2,175
	<i>USD million</i>	4,499	900	4,676	1,036
Segment result		695	(13)	205	22
Segment result margin		15.4%	(1.4%)	4.4%	2.1%
Segment EBITDA ⁹		853	5	373	48
Segment EBITDA margin		19.0%	0.6%	8.0%	4.6%
Capital expenditure		(343)	(136)	(267)	(95)

The Company presents two metrics for Aluminium segment: (1) total segment information and (2) information on own aluminium production. The difference between the two metrics relates to the intersegment margins, sales of third parties' metal and related costs and other non-production costs and expenses. Segment information for the first six months ended 30 June 2024 presented above relates to the Group's own aluminium production which is different from the relevant segment information presented in the Company's consolidated financial statements for the for the first six months ended 30 June 2024.

Key drivers for the increase in margin in the aluminium segment are disclosed in "Revenue", "Cost of sales" and "Results from operations and Adjusted EBITDA" sections above. Detailed segment reporting can be found in the unaudited consolidated interim condensed financial information included in this Interim Report.

Capital expenditure

RUSAL recorded capital expenditure (which constitute payments for the acquisition of property, plant and equipment and intangible assets) of USD516 million in the first six months ended 30 June 2024. RUSAL's capital expenditure for the first six months ended 30 June 2024 was primarily aimed at maintaining existing production facilities.

The table below shows the breakdown of RUSAL's capital expenditure for the first six months ended 30 June in both 2024 and 2023:

	Six months ended	
	30 June	
	2024	2023
	<i>(unaudited)</i>	<i>(unaudited)</i>
<i>(USD million)</i>		
Development capital expenditure	207	142
Maintenance, including:		
Pot rebuild costs	95	74
Re-equipment	214	201
Total capital expenditure	516	417

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

⁹ Segment EBITDA for any period means segment result adjusted for amortization and depreciation for the segment.

statements. Accordingly, any reliance you place on such forward-looking statements will be at your sole risk.

About RUSAL

RUSAL (www.rusal.com; SEHK: 486) is a leader in the global aluminium industry and a leading low-carbon aluminium producer. In 2023, the Company accounted for about 5.5% of global production of aluminium, 3.8% of alumina production. RUSAL's offices and production facilities are located in over 20 countries all over the world and across 5 continents. RUSAL's ordinary shares are traded on the Hong Kong Stock Exchange (trading code 486) and on the Moscow RUSAL Exchange (trading code RUAL)

Disclaimer

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