

UC RUSAL ANNOUNCES FULL YEAR RESULTS FOR 2013

Moscow, 28 March 2014 – UC RUSAL (SEHK: 486, Euronext: RUSAL/RUAL, Moscow Exchange: RUALR/RUALRS), a leading, global aluminium producer, announces its results for the year ended 31 December 2013.

Key highlights

- Low LME aluminium price driven by the negative investor sentiment exerted further pressure on the aluminium industry throughout the year ended 31 December 2013. Average LME aluminium price decreased by 8.6% from USD2,018 per tonne for the year ended 31 December 2012 to USD1,845 per tonne for the same period of 2013. However, thanks to cost reduction measures, working capital optimization and ongoing rationalization programme undertaken by the management supported by product mix improvement, weakened local currency and continuously growing premiums, UC RUSAL demonstrated Aluminium segment EBITDA margin of 11.3%.
- Aluminium segment cost per tonne reduced to USD1,907 per tonne (by 2.0%) in 2013 as compared to USD1,946 in 2012 resulting from efficiency initiatives supported by depreciation of the Russian Rouble. Aluminium segment cost per tonne in the fourth quarter of 2013 achieved record low USD1,864 per tonne as compared to USD1,934 for the fourth quarter of 2012.
- Primary aluminium production decreased by 7.6% or by 316 thousand tonnes to 3,857 thousand tonnes for the year ended 31 December 2013 as compared to 4,173 thousand tonnes for the preceding year as a result of the Company's expansion of inefficient capacity curtailment programme. Total aluminium output in the fourth quarter of 2013 decreased by 12.9% or by 134 thousand tonnes to 904 thousand tonnes compared to 1,038 thousand tonnes in the fourth quarter of 2012.
- Share of value-added products output comprised a record 42% of total aluminium production in comparison with 39% for the previous year.
- Revenue decreased by USD1,131 million or 10.4% to USD9,760 million in 2013 compared to USD10,891 million in 2012 following the drop in LME aluminium prices coupled with the 9.9% reduction on sales volumes. The decrease was partially offset with historically high average realized premiums of USD271 per tonne.
- The Company maintained a robust cash position with USD1,386 million of free cash flow¹ generated for the year ended 31 December 2013 and a reduction in working capital by 15.8% primarily due to the capacity curtailment measures.
- Loss for the year ended 31 December 2013 amounted to USD3,222 million resulting primarily from the impairment and one-off restructuring charges of USD1,919 million in respect of goodwill and certain non-current assets.
- The Company decreased its net debt by USD720 million or 6.6% as at 31 December 2013 as compared to the beginning of the year.
- During the period, UC RUSAL successfully completed the sale of 3,873,537 shares of Norilsk Nickel to Crispian Investments Limited for a consideration of approximately USD620 million. The net proceeds of the sale were utilised as partial prepayment of debt owing to Sberbank. In September 2013, a new

¹ Free Cash Flow is defined as Net cash flow from operating activities plus Net cash flows from investing activities.

dividend policy of Norilsk Nickel was agreed by the shareholders of Norilsk Nickel, which will provide UC RUSAL with a stable dividend flow up to 2017 and beyond.

Commenting on the full year results, Oleg Deripaska, CEO of RUSAL said:

“2013 was another challenging year for the aluminium industry, which, despite consumption growth of 6% to 51.7 million tonnes, saw negative investor sentiment continue to weigh on LME prices which fell by 8.6%, to USD 1,845 per tonne – a level which takes an ever greater share of global production capacity to or below break-even level. In the second half of the year, the all-in price of aluminium was also influenced by the LME’s proposed warehouse policy changes, which added further to the market uncertainty and negatively affected market premiums.

RUSAL has continued to implement a disciplined focus on maintaining operational efficiencies and cost controls in order to counter these conditions. In line with its stated strategy, the Company has suspended aluminium production at its least-efficient smelting facilities, resulting in a 7.6% decrease in metal output year-on-year. Whilst the Company has already begun to see the results of these efficiencies, their main effect is expected in the current year as RUSAL’s results in 2013 include operations at these non-efficient facilities, and their associated mothballing costs. RUSAL’s loss for the year reached USD3.2 billion, with the majority of this figure represented by impairment and restructuring charges of approximately USD2 billion relating to a non-cash write-down of goodwill and impairment of certain non-current assets, including for the Taishet smelter project which is currently on hold due to the unfavourable market environment, as well as to the capacity optimization programme.

Having gone through a difficult, but important transformation, the Company now has the lowest level of cash cost per tonne of USD1,864 (in Q4 2013) in recent years and is continuing to focus on higher margin value added products in its portfolio. UC RUSAL estimates that global demand for aluminium will demonstrate resilient growth, with a 6% annual growth forecast, from 2014 to 2015 backed by clear signs of a strengthening global economy. A growing deficit in the market in the years ahead will help unwind stocks and allow the industry to become more fit and healthy for a new period of growth.”

Financial and operating highlights

	Quarter ended 31 December		Change, quarter on quarter, % (4Q to 4Q)	Quarter ended 30 Septem- ber	Change, quarter on quarter, % (4Q to 3Q)	Year ended 31 December		Change, year-on- year, %
	2013	2012		2013		2013	2012	
	<i>unaudited</i>	<i>unaudited</i>		<i>unaudited</i>				
Key operating data								
<i>(‘000 tonnes)</i>								
Aluminium	904	1,038	(12.9%)	954	(5.2%)	3,857	4,173	(7.6%)
Alumina	1,870	1,806	3.5%	1,802	3.8%	7,310	7,477	(2.2%)
Bauxite	2,601	2,788	(6.7%)	3,067	(15.2%)	11,418	12,365	(7.7%)
<i>(‘000 tonnes)</i>								
Sales of primary aluminium and alloys	821	1,011	(18.8%)	969	(15.3%)	3,788	4,203	(9.9%)
<i>(USD per tonne)</i>								
Aluminium segment cost per tonne ²	1,864	1,934	(3.6%)	1,872	(0.4%)	1,907	1,946	(2.0%)
Aluminium price per tonne quoted on the LME ³	1,769	1,997	(11.4%)	1,781	(0.7%)	1,845	2,018	(8.6%)

² For any period, “Aluminium segment cost per tonne” is calculated as aluminium segment revenue less aluminium segment results less amortisation and depreciation divided on sales volume of the aluminium segment.

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.

Average premiums over LME price ⁴	277	249	11.2%	272	1.8%	271	208	30.3%
Average sales price	2,062	2,222	(7.2%)	2,078	(0.8%)	2,154	2,218	(2.9%)
Alumina price per tonne ⁵	322	326	(1.2%)	352	(8.5%)	327	319	2.5%

Key selected data from consolidated statement of income

(USD million)

Revenue	2,125	2,624	(19.0%)	2,432	(12.6%)	9,760	10,891	(10.4%)
Adjusted EBITDA	101	221	(54.3%)	130	(22.3%)	651	915	(28.9%)
margin (% of revenue)	4.8%	8.4%	NA	5.3%	NA	6.7%	8.4%	NA
Loss for the period	(2,611)	(411)	535.3%	(172)	1,418.0%	(3,222)	(528)	510.2%
margin (% of revenue)	(122.9%)	(15.7%)	NA	(7.1%)	NA	(33.0%)	(4.8%)	NA
Adjusted Loss for the period	(192)	(138)	39.1%	(232)	(17.2%)	(662)	(498)	32.9%
margin (% of revenue)	(9.0%)	(5.3%)	NA	(9.5%)	NA	(6.8%)	(4.6%)	NA
Recurring Loss for the period	(206)	(151)	36.4%	(132)	56.1%	(494)	(8)	NA
margin (% of revenue)	(9.7%)	(5.8%)	NA	(5.4%)	NA	(5.1%)	(0.1%)	NA

Key selected data from consolidated statement of financial position

	As at		Change
	31 December	31 December	year-on-year, %
	2013	2012	
(USD million)			
Total assets	20,580	25,210	(18.4%)
Total working capital ⁶	1,593	1,893	(15.8%)
Net Debt ⁷	10,109	10,829	(6.6%)

Key selected data from consolidated statement of cash flows

	Year ended		Change
	31 December	31 December	year-on-year, %
	2013	2012	
(USD million)			
Net cash flows generated from operating activities	408	1,092	(62.6%)
Net cash flows generated from/(used in) investing activities	978	(93)	NA
of which dividends from Norilsk Nickel	803	267	200.7%
of which CAPEX ⁸	(553)	(501)	10.4%
of which proceeds from partial disposal of Norilsk Nickel shares	620	—	100.0%
Interest paid	(631)	(610)	3.4%

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.

⁶ Total working capital is defined as inventories plus trade and other receivables minus trade and other payables.

⁷ 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.

⁸ CAPEX is defined as payment for the acquisition of property, plant and equipment and intangible assets.

Overview of trends in the aluminium industry

UC RUSAL forecasts that:

- Global demand for aluminium will trend upwards its growth and is expected to increase by 6% reaching 55 million tonnes in 2014, primarily driven by China, other Asian countries, United States (US) and European Union (EU);
- Global aluminium deficit excluding China reaches 1.3 million tonnes in 2014 from 455 thousand tonnes in 2013. About 1.0-1.5 million tonnes of the global aluminium production out of China is expected to be idled in 2014;
- Aluminium premiums will continue to be strong in 2014 due to physical market tightness and robust financial demand;
- The Chinese aluminium market will remain balanced in 2014. Approximately 3.0 million tonnes of Chinese aluminum production is expected to be cut in 2014 as a result of low aluminum prices. Chinese semis exports are not expected to have a significant impact on the global primary metal balance outside of China.

Financial overview

Revenue

	Year ended 31 December 2013			Year ended 31 December 2012		
	USD million	kt	Average sales price (USD/t)	USD million	kt	Average sales price (USD/t)
Sales of primary aluminium and alloys	8,159	3,788	2,154	9,323	4,203	2,218
Sales of alumina	507	1,595	318	503	1,582	318
Sales of foil	313	86	3,640	302	80	3,775
Other revenue	781	—	—	763	—	—
Total revenue	9,760			10,891		

Total revenue decreased by USD1,131 million or 10.4% to USD9,760 million in 2013 compared to USD10,891 million in 2012. The decrease in total revenue was primarily due to the decreased sales of primary aluminium and alloys, which accounted for 83.6% and 85.6% of UC RUSAL's revenue for the years 2013 and 2012, respectively.

	Quarter ended 31 December		Change quarter on quarter, % (4Q to 4Q)	Quarter ended 30 Septem- ber unaudited 2013	Change quarter on quarter, % (4Q to 3Q)	Year ended 31 December		Change year-on- year, %
	unaudited 2013	unaudited 2012				2013	2012	
Sales of primary aluminium and alloys								
USD million	1,693	2,246	(24.6%)	2,014	(15.9%)	8,159	9,323	(12.5%)
kt	821	1,011	(18.8%)	969	(15.3%)	3,788	4,203	(9.9%)
Average sales price (USD/t)	2,062	2,222	(7.2%)	2,078	(0.8%)	2,154	2,218	(2.9%)
Sales of alumina								
USD million	130	89	46.1%	151	(13.9%)	507	503	0.8%
kt	419	283	48.1%	494	(15.2%)	1,595	1,582	0.8%
Average sales price (USD/t)	310	314	(1.3%)	306	1.3%	318	318	0.0%
Sales of foil (USD million)	81	82	(1.2%)	77	5.2%	313	302	3.6%

Other revenue (USD million)	221	207	6.8%	190	16.3%	781	763	2.4%
Total revenue (USD million)	2,125	2,624	(19.0%)	2,432	(12.6%)	9,760	10,891	(10.4%)

Revenue from sales of primary aluminium and alloys decreased by USD1,164 million, or by 12.5%, to USD8,159 million in 2013, as compared to USD9,323 million in 2012, primarily due to a decrease in volumes of the primary aluminium and alloys sold. This decrease was a result of the Company's inefficient capacity curtailment programme. The decline in weighted-average realised aluminium price by 2.9% in 2013 as compared to 2012, due to the weak LME aluminium price performance also contributed to revenue decrease. The decrease in average LME aluminium price by 8.6% to USD1,845 per tonne in 2013 from USD2,018 per tonne in 2012 was partially offset by a 30.3% growth in premiums above the LME price in the different geographical segments (to an average of USD271 per tonne from USD208 per tonne for the years 2013 and 2012, respectively).

Revenue from sales of alumina was flat during the reporting period as compared to the same period of 2012.

Revenue from sales of foil increased by 3.6% to USD313 million in 2013, as compared to USD302 million in 2012, primarily due to an increase in foil sales volume.

Revenue from other sales, including sales of other products, bauxite and energy services were almost flat during the reporting period as compared to the same period of 2012.

Cost of sales

The following table shows the breakdown of UC RUSAL's cost of sales for the years ended 31 December 2013 and 2012, respectively:

	Year ended 31 December		Change year-on-year, %	Share of costs for the year ended 31 December 2013, %
	2013	2012		
<i>(USD million)</i>				
Cost of alumina	1,004	1,352	(25.7%)	11.9%
Cost of bauxite	592	530	11.7%	7.0%
Cost of other raw materials and other costs	2,990	3,148	(5.0%)	35.5%
Energy costs	2,374	2,592	(8.4%)	28.2%
Depreciation and amortisation	493	515	(4.3%)	5.8%
Personnel expenses	844	914	(7.7%)	10.0%
Repairs and maintenance	94	147	(36.1%)	1.1%
Change in asset retirement obligations	—	(2)	(100.0%)	0.0%
Net change in provisions for inventories	38	36	5.6%	0.5%
Total cost of sales	8,429	9,232	(8.7%)	100.0%

Total cost of sales decreased by USD803 million, or 8.7%, to USD8,429 million in 2013, as compared to USD9,232 million in 2012. The decrease was primarily driven by the 9.9% (or 415 thousand tonnes) reduction in the aggregate aluminium sales volumes following mothballing of production at the least efficient smelters in line with the ongoing capacity curtailment programme and continuing depreciation of the Russian Rouble against the US dollar.

Cost of alumina decreased in the reporting period (as compared to 2012) by 25.7%, primarily as a result of a decrease in both alumina purchase volumes and average alumina purchase price.

Cost of bauxite increased by 11.7% in 2013 as compared to 2012, due to 10.6% growth in purchased volume.

Cost of raw materials (other than alumina and bauxite) and other costs decreased by 5.0% following the aluminium sales volume dynamic that caused the decrease in purchased volumes partially compensated by the higher purchase prices for certain materials (such as coal tar pitch for 5.7%, caustic soda for 9.1%, ligature and legating materials for 15.3%) in 2013 as compared to 2012.

Energy cost decreased in 2013 by 8.4% to USD2,374 million compared to USD2,592 million in 2012 primarily due to the decrease in aggregate aluminium sales volumes and depreciation of the Russian Rouble against the US dollar partially compensated with the insignificant increase in the weighted-average electricity tariffs.

Adjusted EBITDA and Results from operating activities

	Year ended 31 December		Change year on year, %
	2013	2012	
<i>(USD million)</i>			
Reconciliation of Adjusted EBITDA			
Results from operating activities	(1,804)	60	NA
Add:			
Amortisation and depreciation	520	543	(4.2%)
Impairment of non-current assets and restructuring expenses	1,919	304	531.3%
Loss on disposal of property, plant and equipment	16	8	100.0%
Adjusted EBITDA	651	915	(28.9%)

As a result of the factors discussed above the Company demonstrated a sharp decrease in the results from operating activities and Adjusted EBITDA for the year ended 31 December 2013 to negative USD1,804 million and positive USD651 million, respectively, as compared to the results from operating activities and Adjusted EBITDA of USD60 million and USD915 million, respectively, for the previous year.

Loss for the period

The Company recorded a loss of USD3,222 million in 2013, as compared to a loss of USD528 million in 2012.

Adjusted and Recurring Loss

	Year ended 31 December		Change year on year, %
	2013	2012	
<i>(USD million)</i>			
Reconciliation of Adjusted Loss			
Loss for the period	(3,222)	(528)	510.2%
Adjusted for:			
Share of profits and other gains and losses attributable to Norilsk Nickel, net of tax effect, with	66	(299)	NA
<i>Share of profits, net of tax</i>	<i>(168)</i>	<i>(490)</i>	<i>(65.7%)</i>
<i>Impairment of Norilsk Nickel shares classified as held-for-sale</i>	<i>—</i>	<i>191</i>	<i>(100.0%)</i>
<i>Loss recycled from other reserves</i>	<i>234</i>	<i>—</i>	<i>100.0%</i>
Impairment of joint ventures	600	—	100.0%
Change in fair value of embedded derivative financial instruments, net of tax (20.0%)	(25)	25	NA
Impairment of non-current assets and restructuring costs, net of tax	1,919	304	531.3%

Adjusted Loss	(662)	(498)	32.9%
Add back:			
Share of profits of Norilsk Nickel, net of tax	168	490	(65.7%)
Recurring Loss	(494)	(8)	NA

Adjusted Loss for any period is defined as the loss adjusted for the net effect of the Company's investment in Norilsk Nickel, the net effect of embedded derivative financial instruments, gains and losses recycled from other reserves and the net effect of non-current assets impairment and restructuring costs. Recurring Loss for any period is defined as Adjusted Loss plus the Company's net effective share in Norilsk Nickel results. Increase in Adjusted and Recurring Losses in 2013 in comparison with the prior year were primarily driven by the decrease in the Company's result from operating activities.

Segment reporting

The Company has four reportable segments, which are the Company's strategic business units: Aluminium, Alumina, Energy, Mining and Metals. These business units are managed separately and results of their operations are reviewed by the CEO on a regular basis.

The core segments are Aluminium and Alumina.

	Year ended 31 December			
	2013		2012	
	Aluminium	Alumina	Aluminium	Alumina
<i>(USD million)</i>				
Segment revenue				
<i>kt</i>	3,869	6,049	4,299	6,122
<i>USD million</i>	8,314	2,035	9,515	2,043
Segment result	523	(270)	722	(190)
Segment EBITDA ⁹	937	(174)	1,150	(86)
Segment EBITDA margin	11.3%	(8.6%)	12.1%	(4.2%)
Total capital expenditure	332	197	327	155

For the year ended 31 December 2013 and 2012 respectively, segment result margins (calculated as the percentage of segment result to total segment revenue) from continuing operations were 6.3% and 7.6% for the aluminium segment, and negative 13.3% and 9.3% for the alumina segment. Key drivers for the decrease in margin in the aluminium segment are disclosed in "Revenue", "Cost of sales" and "Adjusted EBITDA and Results from operating activities" sections above. Detailed segment reporting can be found in the consolidated financial statements for the year ended 31 December 2013.

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 risk and uncertainties include those discussed or identified in the prospectus for UC RUSAL. In addition, past performance of UC RUSAL cannot be relied on as a guide to future performance. UC 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 UC RUSAL's

⁹ Segment EBITDA for any period is defined as segment result adjusted for amortisation and depreciation for the segment.

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

UC RUSAL (www.rusal.com) is a leading, global producer of aluminium, in 2013 accounting for approximately 8% of global production of aluminium and 7% of alumina. UC RUSAL employs over 69,000 people in 19 countries, across 5 continents. UC RUSAL markets and sells its products primarily in the European, Japanese, Korean, Chinese, South East Asian and North American markets. UC RUSAL's ordinary shares are listed on The Stock Exchange of Hong Kong Limited (Stock code: 486), global depository shares representing UC RUSAL's ordinary shares are listed on the professional compartment of Euronext Paris (RUSAL for Reg S GDSs and RUAL for Rule 144A GDSs), and Russian depository receipts that are issued on common shares of the Company are listed on Moscow Exchange (RUALR/RUALRS).

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.

Contacts:

Elena Morenko

+7 (495) 720-51-70

elena.morenko@rusal.com