RUSAL

UNITED COMPANY RUSAL PLC

(Incorporated under the laws of Jersey with limited liability)

(Stock Code: 486)

ANNUAL RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 31 DECEMBER 2014

Key highlights

- Positive trends in the aluminium market observed during the year ended 31 December 2014 with recovering London Metals Exchange ("**LME**") aluminium prices and growing premiums, coupled with weakening local currency had significant positive effect on the profitability and financial results of United Company RUSAL Plc (the "**Company**" or "**UC RUSAL**"). Net Profit for 2014 comprised USD293 million as compare to Net Loss of USD3,322 million for 2013.

- In August 2014 the Company successfully completed refinancing of its' debt portfolio including PXF and bilateral facilities. Terms of the refinancing allow the Company to postpone the scheduled repayments of principal until January 2016. However, in December 2014, the Company made an early repayment of USD300 million of the outstanding debt in addition to USD53 million repaid in 2014 through the cash sweep mechanism. As a result of these efforts supported by the strong financial results, the Company achieved a leverage ratio below 4.5:1 as at 31 December 2014 that will decrease interest rate margin starting from March 2015.

- Focus on strict production discipline, procurement optimization and product mix improvement resulted in Adjusted Net Profit of USD387 million for the fourth quarter of 2014, more than ten-folds higher as compared to USD25 million for the third quarter of the same year. Recurring Net Profit for the year ended 31 December 2014 comprised USD870 million as compared to Recurring Net Loss of USD598 million for the preceding year.

- Primary aluminium production decreased by 6.6% or by 256 thousand tonnes to 3,601 thousand tonnes for the year ended 31 December 2014 as compared to 3,857 thousand tonnes for the preceding year as a result of successful completion of the inefficient capacity curtailment programme.

- Aluminium segment cash cost per tonne reduced to USD1,729 per tonne (by 9.3%) in 2014 as compared to USD1,907 in 2013 resulting from efficiency initiatives supported by depreciation of Russian Ruble and Ukranian Hryvna. Aluminium segment cash cost per tonne in the fourth quarter of 2014 achieved record low of USD1,671 per tonne as compared to USD1,864 for the last quarter of the preceding year.

- Share of value-added products continued to grow and reached a record high 45% of total aluminium production in 2014 in comparison with 42% for the previous year.

- All these factors resulted in the increase of Adjusted EBITDA by USD863 million or by 132.6% to USD1,514 for the year ended 31 December 2014 as compare to USD651 million for the preceding year.

Statement of the CEO

The period under review was mixed for the aluminium sector, in the first quarter the aluminium price fell to its lowest level in almost five years, however positive market price dynamics supported by growing demand and ex-China deficit helped the sector recover in the middle of the year. In the fourth quarter of 2014, the slump in global oil prices coupled with a strengthening US Dollar depressed most commodities' prices, with the LME price for aluminium declining to levels below USD1,900 per tonne.

Against the backdrop of such a volatile environment, UC RUSAL focused on the key elements of its operational strategy in order to return to profitability. These remain: efficiency enhancement, stringent cost control through the whole production chain, and increasing production of highly marginal value-added products. With all these efforts, the Company achieved robust financial results with Adjusted EBITDA improving to USD1,514 million and Recurring net profit of USD870 million as compared to loss of USD598 million in 2013.

With the ramifications of the 2009 industry crisis firmly in our mindset, the Company has no plans to restart any mothballed aluminium capacity, regardless of the LME price. Optimisation of production capacity is a long-term way of ensuring the industry does not face another overproduction crisis, and the Company is committed to maintaining stable aluminium output albeit with marginal increases following the commencement of operations at the Boguchansky smelter.

Looking at the industry as a whole, we believe that global aluminum demand will grow by 6.5% in 2015 to 59 million tonnes, while production growth outside of China will continue to be limited, with 1.1 million tonnes remaining in supply deficit. We have recently witnessed LME stocks decline below a psychologically important mark of 4 million tonnes and based on the current supply and demand balance, we estimate that inventories will return to their historically normal level in 2016.

During the period, UC RUSAL demonstrated its ability to respond to very challenging market conditions and our steadfast adherence to our corporate strategy, led to in a strong set of results. Thanks to this discipline, we are well positioned to continue our growth trajectory into the next reporting period.

Vladislav Soloviev
Chief Executive Officer
24 February 2015

Financial and Operating Highlights

	Quarter ended 31 December		Change, quarter on quarter, (4Q to 4Q)	Quarter ended 30 September	Change, quarter on quarter, (4Q to 3Q)	Year ended 31 December		Change, year-on-year
	2014	2013				2014	2013	
	unaudited	unaudited		unaudited				
Key operating data								
('000 tonnes)								
Aluminium	915	904	1.2%	903	1.3%	3,601	3,857	(6.6%)
Alumina	1,818	1,870	(2.8%)	1,817	0.1%	7,253	7,310	(0.8%)
Bauxite	2,932	2,698	8.7%	3,291	(10.9%)	12,108	11,770	2.9%
('000 tonnes)								
Sales of primary aluminium and alloys	874	821	6.4%	904	(3.3%)	3,525	3,788	(6.9%)
(USD per tonne)								
Aluminium segment cost per tonne[1]	1,671	1,864	(10.4%)	1,739	(3.9%)	1,729	1,907	(9.3%)
Aluminium price per tonne quoted on the LME[2]	1,968	1,769	11.2%	1,987	(1.0%)	1,866	1,845	1.1%
Average premiums over LME price[3]	429	281	52.7%	397	8.1%	380	267	42.3%
Average sales price	2,419	2,062	17.3%	2,298	5.3%	2,219	2,154	3.0%
Alumina price per tonne[4]	354	322	9.9%	319	11.0%	330	327	0.9%
Key selected data from the consolidated statement of income								
(USD million)								
Revenue	2,496	2,125	17.5%	2,477	0.8%	9,357	9,760	(4.1%)
Adjusted EBITDA	651	101	544.6%	470	38.5%	1,514	651	132.6%
margin (% of revenue)	*26.1%*	*4.8%*	*NA*	*19.0%*	*NA*	*16.2%*	*6.7%*	*NA*
Profit/(Loss) for the period	282	(2,711)	NA	220	28.2%	293	(3,322)	NA
margin (% of revenue)	*11.3%*	*(127.6%)*	*NA*	*8.9%*	*NA*	*3.1%*	*(34.0%)*	*NA*
Adjusted Net Profit/(Loss) for the period	387	(196)	NA	25	1,448.0%	17	(666)	NA
margin (% of revenue)	*15.5%*	*(9.2%)*	*NA*	*1.0%*	*NA*	*0.2%*	*(6.8%)*	*NA*
Recurring Net Profit/(Loss) for the period	660	(310)	NA	250	164.0%	870	(598)	NA
margin (% of revenue)	*26.4%*	*(14.6%)*	*NA*	*10.1%*	*NA*	*9.3%*	*(6.1%)*	*NA*

1 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.

2 Aluminium price per tonne quoted on the LME representing the average of the daily closing official prices for each period.

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

4 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 consolidated statement of financial position

	As at 31 December 2014	As at 31 December 2013	Change year-on-year
(USD million)			
Total assets	14,540	20,480	(29.0%)
Total working capital[5]	1,363	1,593	(14.4%)
Net Debt[6]	8,837	10,109	(12.6%)

Key selected data from consolidated statement of cash flows

	Year ended 31 December 2014	Year ended 31 December 2013	Change year-on-year
(USD million)			
Net cash flows generated from operating activities	1,398	408	242.6%
Net cash flows generated from investing activities	514	978	(47.4%)
of which dividends from Norilsk Nickel	*884*	*803*	*10.1%*
of which CAPEX[7]	*(479)*	*(553)*	*(13.4%)*
of which proceeds from partial disposal of Norilsk Nickel shares	—	*620*	*(100.0%)*
Interest paid	(677)	(631)	7.3%

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

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

Global aluminum market trends in 2015

- The slump in global oil prices and the strengthening of US Dollar may negatively affect commodities in the short-term but in the mid-term, the lower oil price will boost economic growth in oil importing countries including the G7 and China, therefore industrial metals consumption will increase.

- Global aluminum demand is forecast to grow by 6.5% in 2015 to 59 million tonnes.

- The production growth outside of China will continue remaining at 1.1 million supply deficit.

- Aluminum LME stocks are forecast to further decline reaching 2.6 million tonnes by the end of 2015 based on the current supply/demand balance and the new LME warehouse policy. LME stocks are expected to return to a normal historical level in 2016.

- Premiums continue to be supported by the regional market deficits, particularly in North America and Europe.

- The Chinese domestic aluminum market continues to be oversupplied by fast growing capacity, which translates into a low Shanghai Futures Exchange ("**SHFE**") price. The situation should improve in 2015 with a possible 1.5-2 million tonnes of production cuts and slower capacity growth.

Global aluminum demand

Global aluminium demand rose to 55.2 million tonnes, or 7%, during 2014 and over the same period as last year. This is above UC RUSAL's latest forecast of 55 million tonnes, mainly as a result of stronger demand in North America and China in the fourth quarter of 2014. At the same time, demand in emerging markets including Russia, Latin America and India showed lower consumption in the fourth quarter of 2014 as a result missed expectations for the entire 2014 forecast.

UC RUSAL expects another 6.5% global aluminium demand growth in 2015 to 59 million tonnes, including 9.5% growth in China and 3.4% out of China with the possibility of stronger growth in the second half of 2015, particularly due to the EU Quantitative Easing stimulus program to be started in the beginning of the first half of 2015. North American demand will show the strongest growth in 2015 growing 5.4% year-on-year.

UC RUSAL sees aluminium demand from carmakers will be growing by 7% in 2015 as car sales combined with the aluminium content in cars rising significantly. Automakers consumed a record amount of aluminum last year as plummeting prices and technological breakthroughs made it a viable alternative to steel. Temporal plunge in oil price will create additional demand for cars as US market statistics in January 2015 a nearly 14% January sales increase and over half of sales comprised of high priced pickups and sport-utility vehicles.

China

China's primary aluminum consumption was 28 million tonnes in 2014, increased by 11% year-on-year.

According to data provided by the China Association of Automobile Manufacturing ("**CAAM**"), China produced 21.431 million units of automobile between January and November 2014, a growth of 7.2% from the same period in 2013, and 21.079 million units were sold in the same period in 2014, increased by 6.1% year-on-year.

The performance of the domestic real estate industry was still weak in 2014 under macro-control measures. The real estate industry completed an investment of Renminbi 9.5036 trillion with a year-on-year rise of 10.5% during January to December 2014 and the growth rate was 1.4 percentage points lower than that for the first eleven months of 2014.

In the electric power industry, investments in power grid projects decreased in 2014. The data provided by the National Energy Administration indicate that Renminbi 346.0 billion of fixed-asset investments were completed in power grid projects in China in the first eleven months of 2014, rising 2.6% from a year earlier.

North America

North American demand for aluminium grew by 7.5% (year-on-year) in the fourth quarter of 2014. UC RUSAL estimates that North American aluminium consumption increased roughly 4.8% in 2014 compared to 2013.

The transport sector remained as the main driver of aluminium consumption growth in the region. Light-vehicle sales for 2014 amounted to 16.4 million units, up 5.8% from 2013, making 2014 the year with the highest sales since 2006. North American light vehicle production rose 5.2% in 2014, the highest result since 2000. The drop in gasoline prices is also adding to the already favorable outlook for vehicle sales. The key theme continues to be the increased demand for automotive body sheet.

Recovery in the building and construction sector supported the demand for aluminium in 2014. The US housing statistics increased to 1,089 thousand units in December 2014. In the year of 2014, there were groundbreaking increases of 8.8% to 1.01 million units, it is the highest since 2007.

Excluding can sheet, North American production of aluminium sheet and plate has grown by 6.7% year to year to 1.6 million tonnes during January to November 2014. Extrusion orders in January to November 2014 were up by 8.6%.

Europe

GDP rose by 0.8% in the Eurozone in 2014 compared to 2013 and in December 2014, the Eurozone manufacturing PMI climbed to a 31 month high to 50.6 with both output and new orders for goods producers rising for the sixth successive month.

Aluminium demand in Europe improved throughout 2014 growing by 3.0% year-on-year compared to 2013. The biggest rise came from Turkey (5.8%), Germany (3.4%), Spain (5.4%) and Italy (4.1%).

Construction output slipped in November 2014 month on month, both throughout the EU (down 0.2%) and in the Eurozone (down 0.1%).

The West European car market edged up in December 2014 and posted 4.7% growth for the year. December's market growth was the 16th consecutive month of growth in Western Europe and the 2014 calendar year market was up 4.7% to 12.1 million units.

Asia

Japan moved into recession in the third quarter of 2014 as the impact of the sales tax hike in April 2014 resulted in a sharp decline in household consumption. However, real GDP growth in Japan is expected to be at 0.2% in 2014. PMI in Japan stayed in expansion territory since June 2014 and ended 2014 at 52.0.

Aluminium demand from the transportation and construction sectors is estimated to account for 43% and 15% respectively of total Japanese aluminium demand in 2014. Construction orders rose in October by 15.7% and November by 16.9% suggests industry recovering in the near future. Automotive production in Japan has decreased since July 2014 year-on-year. Despite the decrease, the strong automotive output in the first half of 2014 has brought 1.7% growth for 11 months in comparison to the previous year.

South Korea's economy expanded just 0.4% during the fourth quarter of 2014 on sequential terms, down from 0.9% in the third quarter of 2014, as government spending fell and exports growth lagged. On an annual basis, the economy is expected to have grown 2.8% in 2014. HSBC South Korea manufacturing PMI improved for the third month, which increased from 48.7 in October 2014 to 51.1 in January 2015. South Korea's automotive output during 2014 increased by just 0.1% from the previous year to 4.525 million vehicles. Vehicle exports fell by 0.9% to 3.061 million units whilst domestic sales increased by 6.5% to 1.211 million in 2014. South Korea primary aluminium consumption rose by 2.4% in 2014 compared to 2013.

India's GDP growth is projected to be 5.5% in 2014. Indian goods producers ended 2014 strongly, with business conditions improving at the quickest pace in two years in December 2014. India's manufacturing PMI for December climbed to 54.5, up from 53.3 in the prior month. Car sales in India got back into positive territory in 2014 with a 2.46% increase on excise duty reductions brought in by the government to propel the struggling industry.

Global aluminum supply

Aluminum production in Ex.China declined by 0.2% in 2014 year-on-year to 25.6 million tonnes, after a 0.3% decline in 2013 year-on-year. More than 1.3 million tonnes of capacity out of China was cut in 2014, but at the same time around 200K tonnes of capacity was restarted. Production outside China in 2015 is expected to increase by 4% due to continued growth in Middle East, other Asian countries and India. Around 320K tonnes of Western smelters may be restarted in 2015. At the same time, around 700K tonnes of capacity may be curtailed due to low LME prices and high power tariffs.

In 2014, the Ex.China aluminum market was in shortfall of 1.2 million tonnes and we expect another 1.1 million tonnes of shortfall in 2015 from Ex.China.

Overcapacity in Chinese aluminium market will persist for the coming months, weighing on local prices and boosting the appeal of shipping aluminium products overseas. Aluminium capacity in China rose by 4.5 million tonnes in 2014 to 35.4 million tonnes. More than 1.45 million tonnes of capacity was restarted for the same period. This created additional supply pressures in domestic markets and the SHFE price has dropped by 16% since mid-September 2014. This contributed around 47% of Chinese aluminium production, or 13.3 million tonnes, loss making at current SHFE prices.

The continuation of aluminium at a low price may encourage around 1.5 to 2 million tonnes of capacity closures in China in 2015. More than 500K tonnes of production is already set to be closed in the first quarter of 2015. There are market rumors of 1.2 million tonnes of stockpiling from the market. At the same time, around 3 million tonnes of new capacity is still in the pipeline for 2015.

Aluminum premiums and stocks

US Midwest premiums steadily rose and achieved 24.0 US cents/lb by the end of December 2014.

European duty-unpaid primary ingots premium grew to 400 to 430 US$/t at the end of December 2014.

Premiums for aluminium in Asia, as reflected by the CIF MJP remained firm in 2014. The quarterly CIF MJP indicator grew steadily from 255 to 256 US$/t in Q1 2014 to 420 US$/t in Q4 2014.

Whilst aluminum premiums continue to be supported by the deficit of metal supply in certain regions including North America and Europe, the premiums in Asia may come under pressure from increasing Chinese aluminum semis exports. Globally, greater volatility in the forward contango may also incentivise some aluminum stocks from LME and off-warrant warehouses into consumption, although in general this is expected to balance out the current aluminum market deficit.

Since the beginning of 2014, LME stocks have dropped by 1.247 million tonnes to 4.15 million tonnes, the lowest level recorded since December 2011. This is in line with the market deficit outside of China in 2014. 60% of total stocks were canceled at the LME, maintaining high physical market demand. Aluminum LME stocks are forecast to decline to 2.6 million tonnes by the end of 2015 based on the current supply and demand balance and the new LME warehouse policy. The LME aluminum stocks are expected to reach historically normalized levels in 2016.

The Chinese market showed a continued decline in aluminum stocks. Chinese visible inventories are currently at a one year low of 415,328 metric tonnes, marking a 803,375 metric tonnes decline over the past 39 weeks (down from a four year high to 1,218,703 metric tonnes). On the first week of 2015, SHFE inventories experienced a 5,100 metric tonnes decline week on week (the sixth consecutive weekly decline), to an 11-month low of 202,328 metric tonnes. SHFE inventories have declined by half since peaking last May at 409,137 metric tonnes. Additionally, the Wuxi and Nanhai spot market inventories fell by 1,000 mertic tonnes to a total of 213,000 metric tonnes (a one year low).

It should be noted that more Chinese smelters have become direct suppliers of liquid metal to semis producers thus the relationship between the aluminum stocks and the domestic demand for aluminum has weakened somewhat.

Business review

Aluminium production

Primary aluminium production for the year ended 31 December 2014 reached 3,601 thousand tonnes demonstrating a decrease of 6.6% or 256 thousand tonnes as compared to 3,857 thousand tonnes in 2013.

Aluminium capacity curtailment program, performed by the Company in 2013 through mothballing such smelters as NkAZ (1st line), BAZ, UAZ, VgAZ, VAZ, Alscon and partially NAZ, allowed the Company to decrease aluminium production volumes in 2014 as compared to 2013 by 256 thousand tonnes (-7% year-on-year). The aluminium production in 2015 is expected to be flat on year-on-year basis at approximately 3.6 million tonnes.

Alumina production

Alumina output for the year ended 31 December 2014 amounted to 7,253 thousand tonnes demonstrating a decrease of 0.8% or 57 thousand tonnes as compared to 7,310 thousand tonnes in 2013.

UC RUSAL demonstrated stable alumina production volumes in 2014. The modernization and organic growth projects on Company's alumina refineries may result in 2015 alumina output growth.

Bauxite production

Bauxite production for the year ended 31 December 2014 was 12,108 thousand tonnes demonstrating an increase of 2.9% or 338 thousand tonnes as compared to 11,770 thousand tonnes in 2013.

Bauxite production growth in 2014 as compared to 2013 was driven by third party sales and replacement of third party volumes with supply from own deposits.

Financial Overview

Revenue

	Year ended 31 December 2014			Year ended 31 December 2013		
	USD million	*kt*	*Average sales price (USD/tonne)*	*USD million*	*kt*	*Average sales price (USD/tonne)*
Sales of primary aluminium and alloys	7,823	3,525	2,219	8,159	3,788	2,154
Sales of alumina	569	1,743	326	507	1,595	318
Sales of foil	303	88	3,443	313	86	3,640
Other revenue	662	—	—	781	—	—
Total revenue	**9,357**			**9,760**		

Total revenue decreased by USD403 million or by 4.1% to USD9,357 million in 2014 compared to USD9,760 million in 2013. The decrease in total revenue was primarily due to the lower sales of primary aluminium and alloys, which accounted for 83.6% of UC RUSAL's revenue for the years 2014 and 2013.

	Quarter ended 31 December		Change, quarter on quarter, (4Q to 4Q)	Quarter ended 30 September	Change, quarter on quarter, (4Q to 3Q)	Year ended 31 December		Change, year-on-year
	2014	2013		2014	2014	2014	2013	
	unaudited	*unaudited*		*unaudited*				
(USD million)								
Sales of primary aluminium and alloys								
USD million	2,114	1,693	24.9%	2,077	1.8%	7,823	8,159	(4.1%)
kt	874	821	6.4%	904	(3.3%)	3,525	3,788	(6.9%)
Average sales price (USD/t)	2,419	2,062	17.3%	2,298	5.3%	2,219	2,154	3.0%
Sales of alumina								
USD million	149	130	14.6%	157	(5.1%)	569	507	12.2%
kt	434	419	3.6%	489	(11.2%)	1,743	1,595	9.3%
Average sales price (USD/t)	343	310	10.6%	321	6.9%	326	318	2.5%
Sales of foil (USD million)	80	81	(1.2%)	74	8.1%	303	313	(3.2%)
Other revenue (USD million)	153	221	(30.8%)	169	(9.5%)	662	781	(15.2%)
Total revenue (USD million)	**2,496**	**2,125**	**17.5%**	**2,477**	**0.8%**	**9,357**	**9,760**	**(4.1%)**

Revenue from sales of primary aluminium and alloys decreased by USD336 million, or by 4.1%, to USD7,823 million in 2014, as compared to USD8,159 million in 2013, primarily due to 6.9% decrease in volumes of the primary aluminium and alloys sold as a result of completion of the inefficient capacity curtailment programme. The decrease was mostly offset by the growth in weighted-average realised aluminium price by 3.0% in 2014 as compared to 2013, due to the improved LME aluminium price performance, as well as 42.3% growth in premiums above the LME price in the different geographical segments (to an average of USD380 per tonne from USD267 per tonne for the years 2014 and 2013, respectively).

Revenue from sales of alumina increased by USD62 million or by 12.2% to USD569 million for the year ended 31 December 2014 as compared to USD507 million for the previous year. The increase was mostly attributable to 9.3% growth in sales volumes.

Revenue from sales of foil decreased by 3.2% to USD303 million in 2014, as compared to USD313 million in 2013, primarily due to a 5.4% decrease in the weighted average sales price, partially compensated by 2.3% increase in sales volumes.

Revenue from other sales, including sales of other products, bauxite and energy services decreased by 15.2% to USD662 million for the year ended 31 December 2014 as compared to USD781 million for the previous year, due to a 26.3% decrease in sales of bauxite and a 12.4% decrease in sales of other materials.

Cost of sales

The following table shows the breakdown of UC RUSAL's cost of sales for the years ended 31 December 2014 and 2013, respectively:

	Year ended 31 December 2014	2013	Change, year-on-year	Share of costs
(USD million)				
Cost of alumina	863	1,004	(14.0%)	11.9%
Cost of bauxite	604	592	2.0%	8.4%
Cost of other raw materials and other costs	2,606	2,990	(12.8%)	36.1%
Energy costs	1,929	2,374	(18.7%)	26.7%
Depreciation and amortisation	435	493	(11.8%)	6.0%
Personnel expenses	708	844	(16.1%)	9.8%
Repairs and maintenance	70	94	(25.5%)	1.0%
Net change in provisions for inventories	8	38	(78.9%)	0.1%
Total cost of sales	**7,223**	**8,429**	**(14.3%)**	**100.0%**

Total cost of sales decreased by USD1,206 million, or by 14.3%, to USD7,223 million in 2014, as compared to USD8,429 million in 2013. The decrease was primarily driven by the 6.9% (or 263 thousand tonnes) reduction in the aggregate aluminium sales volumes following the completion of capacity curtailment programme at the least efficient smelters as well as and significant depreciation of the Russian Ruble and Ukrainian Hryvna against the US Dollar.

Cost of alumina decreased in the reporting period (as compared to 2013) by 14.0%, primarily as a result of a decrease in alumina purchase volumes.

Cost of bauxite was almost flat during 2014 (as compared to 2013).

Cost of raw materials (other than alumina and bauxite) and other costs decreased by 12.8% due to the lower raw materials purchase price (such as raw petroleum coke by 10.4%, calcined petroleum coke by 18.1%, raw pitch coke by 34.9%, pitch by 19.3%) and lower purchase volumes in 2014 as compared to 2013.

Energy cost decreased in 2014 by 18.7% to USD1,929 million compared to USD2,374 million in 2013 primarily due to the decrease in aggregate aluminium sales volumes and depreciation of the Russian Ruble against the US Dollar.

Distribution, administrative and other expenses

Distribution expenses decreased by 17.6% to USD402 million in 2014, compared to USD488 million in 2013, primarily due to the decrease in aggregate aluminium sales volumes supported by the depreciation of the Russian Ruble to the US Dollar within the comparable periods.

Administrative expenses decreased by 6.2% to USD605 million in 2014, compared to USD645 million in 2013 primarily resulted from the depreciation of the Russian Ruble to the US Dollar within the comparable periods.

Impairment of non-current assets and restructuring expenses decreased by USD1,816 million in 2014 to USD103 million due to the impairment charges and restructuring expenses recognized by the Company in the aggregate amount of USD1,919 million for the year ended 31 December 2013. For details please refer to the Annual Results Announcement for the year ended 31 December 2013: *http://www.rusal.ru/upload/uf/d8d/E%20RUSAL%20annual%20results%2028Mar2014.pdf*.

Other operating expenses were almost flat in 2014 as compared to 2013.

Gross profit

As a result of the foregoing factors, UC RUSAL reports a gross profit of USD2,134 million for the reporting period as compared with USD1,331 million for 2013, representing gross margins over the periods of 22.8% and 13.6%, respectively.

Adjusted EBITDA and results from operating activities

	Year ended 31 December		Change
	2014	**2013**	**year-on-year**
(USD million)			
Reconciliation of Adjusted EBITDA			
Results from operating activities	942	(1,804)	NA
Add:			
Amortisation and depreciation	459	520	(11.7%)
Impairment of non-current assets and restructuring expenses	103	1,919	(94.6%)
Loss on disposal of property, plant and equipment	10	16	(37.5%)
Adjusted EBITDA	**1,514**	**651**	**132.6%**

As a result of the factors discussed above the Company demonstrated a significant increase in the results from operating activities and Adjusted EBITDA for the year ended 31 December 2014 to USD942 million and USD1,514 million, respectively, as compared to the results from operating activities and Adjusted EBITDA of negative USD1,804 million and positive USD651 million, respectively, for the previous year.

Finance income and expenses

	Year ended 31 December 2014	2013	Change year-on-year
(USD million)			
Finance income			
Interest income on loans and deposits	30	17	76.5%
Net foreign exchange gain	—	29	(100.0%)
Interest income on provisions	—	5	(100.0%)
	30	**51**	**(41.2%)**
Finance expenses			
Interest expense on bank loans, bonds and other bank charges, including	(836)	(754)	10.9%
Nominal interest expense	*(724)*	*(652)*	*11.0%*
Bank charges	*(112)*	*(102)*	*9.8%*
Net foreign exchange loss	(27)	—	100.0%
Change in fair value of derivative financial instruments, including	(487)	(12)	3,958.3%
Change in fair value of embedded derivatives	*8*	*(17)*	*NA*
Change in other derivatives instruments	*(495)*	*5*	*NA*
Interest expense on provisions	(11)	(21)	(47.6%)
	(1,361)	**(787)**	**72.9%**

Finance income decreased by USD21 million to USD30 million in 2014 as compared to USD51 million in 2013, due to the net foreign exchange loss for the 2014 as compared to the net foreign exchange gain for the previous year.

Financial expenses increased by 72.9% to USD1,361 million in 2014 as compared to USD787 million in 2013 primarily due to the net loss from change in fair value of derivative financial instruments, due to the significant depreciation of the Russian Ruble against the US Dollar resulting in revaluation of certain cross-currency instruments.

Interest expenses on bank loans increased by USD82 million to USD836 million for the reporting period as compared to the USD754 million for the previous year primarily due to the higher interest rate margin and negative effect of interest rate swap.

Share of profits/(losses) of associates and joint ventures

	Year ended 31 December 2014	**Year ended 31 December 2013**	**Change year-on-year**
(USD million)			
Share of profits of Norilsk Nickel, *with Effective shareholding of*	899 *27.82%*	105 *27.82%*	756.2%
Share of losses of other associates	(15)	(21)	(28.6%)
Share of profits of associates	**884**	**84**	**952.4%**
Share of profits/(losses) of joint ventures	**36**	**(551)**	**NA**

The Company's share in profits of associates for the years ended 31 December 2014 and 2013 comprised USD884 million and USD84 million, respectively. Share in results of associates in both periods resulted primarily from the profit from the Company's investment in Norilsk Nickel, which amounted to USD899 million and USD105 million for 2014 and 2013, respectively.

Share of profits of joint ventures was USD36 million for the year ended 31 December 2014 as compared to losses of USD551 million for the same period in 2013. This represents the Company's share of results in the Company's joint ventures — BEMO, LLP Bogatyr Komir, Mega Business and Alliance (transportation business in Kazakhstan) and North United Aluminium Shenzhen Co., Ltd.

The Company's share of losses in joint ventures for the year ended 31 December 2013 includes impairment losses relating to property, plant and equipment of the BEMO project entities - the Boguchansky Aluminium Smelter ("**BoAZ**') and the Boguchansky Hydro Power Plant ("**BOGES**"). UC RUSAL together with its subsidiaries (the "**Group**") recognised its share of impairment losses in BEMO project entities to the extent of its investment in the corresponding entity and made the necessary adjustments to the carrying values of each investment. The Group's share of losses related to BOGES and BoAZ were recognized in amount of USD352 million and USD248 million respectively. Loss related to BoAZ was recognised to the extent of Group's investment. At 31 December 2013, additional losses of USD309 million related to impairment charges have not been recognised because the Group's investment has been fully written down to nil.

Loss recycled from other comprehensive income

On 24 April 2013 the Group completed its disposal of 3,873,537 shares in Norilsk Nickel to Crispian Investments Limited for approximately USD620 million which was settled in cash.

On the date of disposal the Group recycled USD230 million of accumulated foreign currency translation losses and USD4 million of other losses relating to shares sold from other comprehensive income recognized in equity to the statement of income. The accumulated foreign currency translation losses of USD230 million and USD4 million of other losses were accumulated while the shares were recognized as part of the Group's investment in an associate.

Profit/(Loss) before income tax

UC RUSAL incurred a profit before income tax of USD531 million for the year ended 31 December 2014, as compared to a loss before income tax USD3,241 million for the year ended 31 December 2013 for the reasons set out above.

Income tax

Income tax expense increased by USD157 million to USD238 million in 2014, as compared to USD81 million in 2013.

Current tax expenses decreased by USD32 million, or 17.7%, to USD149 million for the year ended 31 December 2014, as compared to USD181 million for the previous year mainly due to the tax paid on cumulative intergroup transfer of Norilsk Nickel dividends in 2013 partially compensated with utilization of tax losses accumulated for prior years.

The same factor drove the increase in deferred tax expense to USD89 million in 2014 as compared to a deferred tax benefit of USD100 million in 2013. The deferred tax expense for the year ended 31 December 2014 was also affected by the increase in deferred tax liability related to property, plant and equipment due to the significant Russian Ruble depreciation against US Dollar.

Profit/(Loss) for the period

As a result of the above, the Company recorded a profit of USD293 million in 2014, as compared to a loss of USD3,322 million in 2013.

Adjusted and Recurring Net Profit/(Loss)

(USD million)	Year ended 31 December 2014	2013	Change, year-on-year
Reconciliation of Adjusted Net Profit/(Loss)			
Net Profit/(Loss) for the period	293	(3,322)	NA
Adjusted for:			
Share of profits and other gains and losses attributable to Norilsk Nickel, net of tax effect, *with*	(853)	166	NA
Share of profits, net of tax	*(853)*	*(68)*	*1,154.4%*
Loss on disposal of Norilsk Nickel recycled from other comprehensive income	—	*234*	*(100.0%)*
Impairment of joint ventures	—	600	(100.0%)
Change in derivative financial instruments, net of tax (20.0%)	474	(29)	NA
Impairment of non-current assets, net of tax	103	1,919	(94.6%)
Adjusted Net Profit/(Loss)	**17**	**(666)**	**NA**
Add back:			
Share of profits of Norilsk Nickel, net of tax	853	68	1,154.4%
Recurring Net Profit/(Loss)	**870**	**(598)**	**NA**

Adjusted Net Profit/(Loss) for any period is defined as the profit/(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 Net Profit/(Loss) for any period is defined as Adjusted Net Profit/(Loss) plus the Company's net effective share in Norilsk Nickel results. Improvement in Adjusted and Recurring Results in 2014 in comparison with the prior year were primarily driven by stronger results from operating activities.

Assets and liabilities

UC RUSAL's total assets decreased by USD5,940 million, or 29.0% to USD14,540 million as at 31 December 2014 as compared to USD20,480 million as at 31 December 2013. The decrease in total assets mainly resulted from the decrease in the carrying value of the investment in Norilsk Nickel.

Total liabilities decreased by USD1,310 million, or 9.4%, to USD12,620 million as at 31 December 2014 as compared to USD13,930 million as at 31 December 2013. The decrease was mainly due to the decrease in the outstanding debt of the Group.

Cash flows

The Company generated net cash from operating activities of USD1,398 million for the year ended 31 December 2014 as compared to USD408 for the previous year. Net increase in working capital and provisions comprised USD29 million for 2014 as compared to USD173 million for the previous year.

Net cash generated from the investing activities for 2014 decreased to USD514 million as compared to USD978 million for 2013 primarily due to proceeds from the disposal of Norilsk Nickel shares to Crispian Investments Limited in the previous year. The decrease was partially compensated with the 10% or USD81 million increase in dividends received form Norilsk Nickel in amount USD884 million for 2014 as compared to USD803 million for the prior year.

The above mentioned factors allowed the Company to assign USD640 million of its own cash flows for the debt repayment that together with the interest payments of USD677 million represent the main components of the cash used in the financing activities with the total amount of USD1,900 million for 2014.

Segment reporting

The Group has four reportable segments, as described in the annual report of the Company, which are the Group'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			
	2014		**2013**	
	Aluminium	**Alumina**	**Aluminium**	**Alumina**
(USD million)				
Segment revenue				
kt	*3,638*	*6,077*	*3,869*	*6,049*
USD million	*7,985*	*1,879*	*8,314*	*2,035*
Segment result	1,330	(60)	523	(270)
Segment EBITDA[8]	1,695	25	937	(174)
Segment EBITDA margin	21.2%	1.3%	11.3%	(8.6%)
Total capital expenditure	**257**	**195**	**332**	**197**

For the year ended 31 December 2014 and 2013 respectively, segment result margins (calculated as the percentage of segment result to total segment revenue) from continuing operations were 16.7% and 6.3% for the aluminium segment, and negative 3.2% and 13.3% for the alumina segment. Key drivers for the increase 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 2014.

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

Capital expenditure

UC RUSAL recorded a total capital expenditure of USD479 million for the year ended 31 December 2014. UC RUSAL's capital expenditure in 2014 was aimed at maintaining existing production facilities.

	Year ended 31 December	
	2014	**2013**
(USD million)		
Development capex	115	112
Maintenance		
Pot rebuilds costs	143	157
Re-equipment	221	284
Total capital expenditure	**479**	**553**

The BEMO project companies utilise the project financing proceeds to make necessary contributions to the ongoing construction projects and do not require contributions from the joint ventures partners at this time.

Norilsk Nickel investment

The market value of UC RUSAL's stake in Norilsk Nickel was USD6,388 million as at 31 December 2014, as compared to USD7,261 million as at 31 December 2013 due to a negative share price performance between the relevant dates.

As at the date of these consolidated financial statements, the Group was unable to obtain consolidated financial statements of Norilsk Nickel for the year ended 31 December 2014. Consequently, the Group estimated its share in the profits, other comprehensive income and foreign currency translation of Norilsk Nickel for the year ended 31 December 2014 based on publicly available information reported by Norilsk Nickel. The information used as a basis for these estimates is incomplete in many respects. Once the consolidated financial statements of Norilsk Nickel for the year ended 31 December 2014 become available, they will be compared to the management's estimates. If there are significant differences, adjustments may be required to restate the Group's share of profits, other comprehensive income, and foreign currency translation and the carrying value of the investment in Norilsk Nickel which has been previously reported.

The Company noted that its auditor, ZAO KPMG, has provided a qualified opinion on its audit of the consolidated financial statements of the Company for the year ended 31 December 2014. As it was unable to obtain and audit the consolidated financial statements of Norilsk Nickel for the year ended 31 December 2014, an extract from the audit report provided by ZAO KPMG on the consolidated financial statements of the Company is as follows:

"***Basis for Qualified Opinion***

As explained in Note 18 to the consolidated financial statements, the Group has estimated its share of profit and other comprehensive income of its associate, OJSC MMC Norilsk Nickel ("Norilsk Nickel") for the year ended 31 December 2014 based on the latest publicly available information reported by Norilsk Nickel adjusted by the Group to account for Norilsk Nickel's performance in the remaining part of the reporting period. As a result of the consolidated financial statements of Norilsk Nickel for the year ended 31 December 2014 not being available, we were unable to obtain sufficient appropriate audit evidence in relation to the Group's estimate of the share of profit, other comprehensive income and foreign currency translation loss in relation to that investee of USD899 million, USD1 million and USD3,945 million, respectively, for the year ended 31 December 2014, and the carrying value of the Group's investment in Norilsk Nickel of USD3,824 million as at 31 December 2014 and the summary financial information of associates disclosed in Note 18. As a result, we were unable to determine whether adjustments might have been found to be necessary in respect of interests in associates, and the elements making up the Consolidated Statements of Income, Comprehensive Income, Changes in Equity and Cash Flows.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and of the Group's net profit and its cash flows for the year then ended in accordance with International Financial Reporting Standards, and have been prepared in accordance with the requirements of the Companies (Jersey) Law 1991 and the disclosure requirements of the Hong Kong Companies Ordinance."

Consolidated financial statements

The following section contains the audited consolidated financial statements of UC RUSAL for the year ended 31 December 2014 which were approved by the directors of UC RUSAL (the "**Directors**") on 24 February 2015, and reviewed by the Audit Committee.

The full set of audited consolidated financial statements of UC RUSAL, together with the report of the independent auditor is available on UC RUSAL's website at *http://www.rusal.ru/en/investors/financial_stat.aspx*.

Purchase, sale or redemption of UC RUSAL's listed securities

There has been no purchase, sale or redemption of UC RUSAL's listed securities during 2014 by UC RUSAL or any of its subsidiaries.

Code of Corporate Governance Practices

UC RUSAL adopted a Corporate Code of Ethics on 7 February 2005. Based on the recommendations of the European Bank for Reconstruction and Development and the International Finance Corporation, UC RUSAL further amended the Corporate Code of Ethics in July 2007. The Corporate Code of Ethics sets out UC RUSAL's values and principles for many of its areas of operations.

UC RUSAL formally adopted a corporate governance code which is based on the Code on Corporate Governance Practices as set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("**Hong Kong Listing Rules**") then in force on 11 November 2010. The Directors consider that save for code provisions A.1.7 (physical board meetings at which Directors have material interests), A.4.1 (specific term of non-executive directors) and A.4.2 (specific term of directors) for reasons set out below and also on page 86 of UC RUSAL's interim report for the six months ended 30 June 2014, UC RUSAL has complied with the code provisions as set out in the Corporate Governance Code and Corporate Governance Report in Appendix 14 to the Hong Kong Listing Rules during the period from 1 January 2014 to 31 December 2014.

The Board had generally endeavoured throughout the twelve-month period ended 31 December 2014 to ensure that it did not deal with business by way of written resolution where a substantial shareholder or a Director had disclosed an interest in a matter to be considered by the Board which the Board determined to be material.As a result, there were only two occurrences (out of the twenty-four written resolutions the Board passed during the period) when urgent business was dealt with by the Board by way of written resolution where a material interest of a Director was stated to have been disclosed. In both of those instances, the interest of the Director was a potential conflict of interest by virtue of a board position held by a director with the entity contracting with the Company. On both occurrences, the written resolutions were supplemental to the approval of the matter which had been approved by previous Board meetings that had been held rather than an approval of a new transaction. In each case, the resolution was passed by the requisite majority excluding any of the materially interested Directors.

Of the thirteen Board meetings held in the twelve-month period ended 31 December 2014 where one or more Director(s) had disclosed a material interest, all the independent non-executive Directors (who had not disclosed material interests in the transaction) were present at nine of the Board meetings held. Four Board meetings were held where one of the five independent non-executive Directors was absent from the meeting. Given the size of the Board and the amount of urgent business transacted by the Company where Directors and substantial shareholders have material interests, it is difficult to rearrange any scheduled Board meeting or postpone the discussion of such business in order to ensure all of the independent non-executive Directors are present. The Board meetings on those occasions were therefore proceeded with despite the fact that certain independent non-executive Directors were not able to attend but on each occasion most of the independent non-executive Directors (none of whom had disclosed material interests on any of those occasions) was present.

Audit Committee

The Board established an audit committee (the "**Audit Committee**") to assist it in providing an independent view of the effectiveness of the Company's financial reporting process, internal control and risk management systems and to oversee the audit process. The Audit Committee consists of a majority of independent non-executive Directors. The members are as follows: Dr. Peter Nigel Kenny (chairman of the committee, independent non-executive Director, with relevant professional qualifications and knowledge related to accounting and financial management); Mr. Philip Lader (independent non-executive Director); Ms. Elsie Leung Oi-sie (independent non-executive Director); Mr. Daniel Lesin Wolfe (non-executive Director) and Ms. Olga Mashkovskaya (non-executive Director).

Material events since the end of the year

19 January 2015	UC RUSAL announced that construction of the "Centre for epidemic and microbiological research and treatment" in the Kindia administrative region of the Republic of Guinea had completed. The Centre will support Guinea's national health system and help fight the spread of the Ebola virus.
30 January 2015	UC RUSAL announced its operating results for the fourth quarter and full year 2014.

Forward-looking statements

This announcement 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 expectations or changes in factors affecting these statements. Accordingly, any reliance you place on such forward-looking statements will be at your sole risk.

By Order of the board of directors of
United Company RUSAL Plc
Vladislav Soloviev
Director

24 February 2015

As at the date of this announcement, the executive Directors are Mr. Oleg Deripaska, Ms. Vera Kurochkina, Mr. Vladislav Soloviev and Mr. Stalbek Mishakov, the non-executive Directors are Mr. Maxim Sokov, Mr. Dmitry Afanasiev, Mr. Len Blavatnik, Mr. Ivan Glasenberg, Mr. Maksim Goldman, Ms. Gulzhan Moldazhanova, Mr. Daniel Lesin Wolfe, Ms. Olga Mashkovskaya and Ms. Ekaterina Nikitina, and the independent non-executive Directors are Mr. Matthias Warnig (Chairman), Dr. Peter Nigel Kenny, Mr. Philip Lader, Ms. Elsie Leung Oi-sie and Mr. Mark Garber.

All announcements and press releases published by the Company are available on its website under the links http://www.rusal.ru/en/investors/info.aspx and http://www.rusal.ru/en/press-center/press-releases.aspx, respectively.