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## **UNITED COMPANY RUSAL PLC**

*(Incorporated under the laws of Jersey with limited liability)*

**(Stock Code: 486)**

### **FIRST QUARTER 2017 TRADING UPDATE**

This announcement is made by United Company RUSAL Plc (“**UC RUSAL**” or the “**Company**”) pursuant to Rule 13.09 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, the Inside Information Provisions under Part XIVA of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and applicable French laws and regulations.

Shareholders and potential investors are advised to exercise caution when dealing in the securities of UC RUSAL.

**UC RUSAL announces its operating results for the first quarter (“1Q17”) 2017<sup>1</sup>.**

#### **Aluminium**

- Aluminium production<sup>2</sup> in 1Q17 totaled 910 thousand tonnes (-2.1% QoQ), with Siberian smelters representing 94% of total aluminium output. The total production dynamics is largely explained by the number of calendar days in the periods (92 days in 4Q16 and 90 days in 1Q17). Smelters utilization remained on average at a high of 95%.

<sup>1</sup> Operating data is based on preliminary data and may be updated in the 1Q17 financial results.

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

- In 1Q17 aluminium sales totaled 985 thousand tonnes (+6.8% QoQ), including value added product (VAP<sup>3</sup>) sales of 436 thousand tonnes (+7.8% QoQ). The increased level of inventories in 4Q16 which were subsequently sold out in 1Q17 was largely behind the QoQ total sales dynamics.
- In 1Q17 the average aluminium realized price<sup>4</sup> increased by 8.3% QoQ to USD1,949/t. The increase was driven by positive dynamics in London Metal Exchange (“LME”) QP<sup>5</sup> component (+9.0% QoQ to USD1,796/t) and average realized premium component growth (+1.4% QoQ to USD153/t).

## **Alumina**

- In 1Q17, total alumina production declined by 2.6% QoQ, totaling 1,889 thousand tonnes. Russian operations accounted for 37% of total output. Production volumes at refineries were largely in line with production plans. Seasonal repair works performed at Windalco, Auginish and Bogoslovsk were offset by production performance at Achinsk and Urals.
- Capacity upgrades which were completed at Nikolaev and Urals refineries were largely behind the YoY production increase at refineries in 1Q17.

## **Bauxite and nepheline ore**

- In 1Q17, bauxite output totaled 2,869 thousand tonnes (+1.0% QoQ). Nepheline output increased by 7.9% QoQ to 1,056 thousand tonnes. Production volumes at Timan and Kia Shaltyr (nepheline ore<sup>6</sup>) increased by 8.0% and 7.9% QoQ to meet the production plan needs of the Urals and Achinsk alumina refineries, respectively. North Urals production volumes were also driven by the performance of Bogoslovsk refinery. Kindia production in 1Q17 remained below the historic average but according to mining works schedule we anticipate the volumes to improve in 2H17. Bauxite Company of Guyana production increased by 13.2% QoQ, which is largely explained by a low base effect.

<sup>3</sup> VAP includes alloyed ingots, slabs, billets, wire rod and high, super, medium purity aluminium. The VAP sales for 1Q16 were updated as a result of addition of high, super, medium purity aluminium volumes.

<sup>4</sup> The realised price includes three components: LME component, commodity premium and VAP upcharge.

<sup>5</sup> QP (quotation period) prices differs from the real time LME quotes due to a time lag between LME quotes and sales recognition and due to contract formula speciality.

<sup>6</sup> Kiya Shaltyr Nepheline ore is used as a feedstock for alumina production at Achinsk alumina refinery.

## Market overview<sup>7</sup>

- The world economy witnessed a broader based growth in 1Q17, with an increase in business activity, particularly in the advanced economies. Consumer spending particularly for cars, durable goods sales and fixed asset investments continue to be the main driver for metal demand.
- In the Eurozone, household spendings increased, unemployment fell, consumer confidence grew and interest rates remained low. Fixed asset investments in the US are expected to grow by 3.5% in 2017 YoY, boosted by the possibility of approval of USD1 trillion investment plan. Japanese industrial production continues to rise and exports are expected to grow by 4.5% in 2017 YoY boosted by the strong demand in the neighbouring Chinese economy.
- The Chinese economy showed strong growth at the beginning of the year. The official PMI reached 51.8 in March 2017, while industrial production grew 7.6% in March YoY and GDP in 1Q17 went up 6.9% YoY vs 6.8% estimated growth.
- The LME aluminium price reached its highest level of USD1,955/t in March 2017 and has, on average remained stable above USD1,900/t in 1Q17. This was attributable to a growing global metal deficit driven by the US, EU and the expectation of supply disruptions in China coupled with significant production cost inflation.
- Aluminum premiums in key consuming regions continued to improve in 1Q17 with, on average, a 27.8% rise compared to 4Q16. This was due to strong demand and a reduced supply in key regions after various smelting capacity reduction/closures (North America, Australia).
- The ROW (rest of the world) reported that inventories have approached to pre-crisis levels of 3.6 mn tonnes in March 2017 and the days of consumption decreased to 46 days from 110 days in 2014-15 and continue to decline at rapid pace.
- Based on CRU estimates, aluminium demand excluding China rose by a strong 3.4% in 1Q17 YoY to 7.1 mn tonnes while production (including eight non-reporting countries) increased by 1.2% YoY to 6.7 mn tonnes, leaving the ROW aluminium market with approximately 0.4 mn tonnes deficit in 1Q17.

<sup>7</sup> Unless otherwise stated data for the “Market overview” section is sourced from Bloomberg, CRU, CNIA, IAI and Antaike.

- According to the CNIA's production figures, in 1Q17 China's primary aluminum production rose 14.2% Y-Y to 8.191 Mt. However, the annualized production fell in February by 4.9% MoM and in March by 3.5% MoM, which may witness the beginning of supply matching process in line with China's policy to strictly control overproduction
- In terms of additional regulatory measures on April 12, 2017, a joint regulation was issued by the NDRC, MIIT, Ministry of lands and resources, MEP "On the word to streamline the situation with illegal projects in the primary aluminium industry". The preamble of the regulation states the necessity to take measures to standardize investment in the construction of aluminium projects and to strictly control overproduction. The government of Changji country (Xinjiang) subsequently issued a notice that the construction of three aluminium smelters with total capacity of 2 mn tonnes per annum is illegal and should be suspended immediately. Other projects and capacities are potentially under risk of termination.
- In addition, a significant aluminium cost push in China by more than 40% in 1Q17 and continued cost pressure mainly in carbon raw materials prices brought in a significant impact on high cost non-integrated Chinese smelters operating on thin margins or losses.

## KEY OPERATING DATA

### GROUP PRODUCTION DATA<sup>8</sup>

( <i>'000 tonnes</i> )	1Q17	4Q16	Change, % (QoQ)	1Q16	Change, % (YoY)
Aluminium	910	930	-2.1%	916	-0.6%
<i>utilisation rate</i>	95%	95%		95%	
Aluminium foil and packaging products	23.1	22.5	2.8%	18.8	22.9%
Alumina	1,889	1,939	-2.6%	1,873	0.4%
Bauxite	2,869	2,841	1.0%	3,009	-4.6%
Nepheline	1,056	978	7.9%	1,111	-5.0%

### GROUP SALES DATA

( <i>'000 tonnes</i> )	1Q17	4Q16	Change, % (QoQ)	1Q16	Change, % (YoY)
Aluminium sales including BOAZ aluminium product sales other third party aluminium products sales	985	922	6.8%	957	2.9%
	33	31	6.0%	38	-14.2%
	46	39	18.5%	5	
VAP sales (included in the total aluminium sales)	436	405	7.7%	390	11.7%
<i>Realized price, USD/ton</i>	1,949	1,799	8.3%	1,666	17.0%

<sup>8</sup> Unless stated otherwise the production data throughout the report is presented on equity-adjusted basis (for exceptions please refer to the data of the Boguchansky smelter and Boguchanskaya HPP). Production volumes are calculated based on the pro rata share of the Company's (and its subsidiaries') ownership.

## ALUMINIUM PRODUCTION

(‘000 tonnes)	Interest	1Q17	4Q16	Change, % (QoQ)	1Q16	Change, % (YoY)
<b>Russia (Siberia)</b>						
Bratsk aluminium smelter	100%	248	254	-2.2%	251	-1.1%
Krasnoyarsk aluminium smelter	100%	253	257	-1.4%	256	-1.0%
Sayanogorsk aluminium smelter	100%	131	135	-3.3%	130	0.3%
Novokuznetsk aluminium smelter	100%	53	54	-1.1%	53	0.0%
Irkutsk aluminium smelter	100%	103	105	-1.7%	103	0.3%
Khakas aluminium smelter	100%	72	74	-2.4%	73	-1.7%
<b>Russia — Other</b>						
Nadvoitsy aluminium smelter	100%	3	3	-2.1%	3	-8.6%
Kandalaksha aluminium smelter	100%	18	18	-0.2%	17	5.2%
<b>Sweden</b>						
Kubikenborg Aluminium (KUBAL) <sup>9</sup>	100%	30	31	-4.0%	30	-2.1%
<b>Total production</b>		<b>910</b>	<b>930</b>	<b>-2.1%</b>	<b>916</b>	<b>-0.6%</b>
<i>Remelting of third-party primary aluminium at Volgograd smelter</i>		6	9	-33.6%	12	-50.8%
<b>Total aluminium products output including remelting<sup>10</sup></b>		<b>916</b>	<b>939</b>	<b>-2.4%</b>	<b>928</b>	<b>-1.3%</b>

<sup>9</sup> Does not include remelting of the metal from other UC RUSAL smelters

<sup>10</sup> Here and further “total production” may not be equal to the arithmetic addition of the numbers above presented in the table. The differences arise due to the rounding of exact numbers (including decimals).

## Foil and packaging production results

<i>(‘000 tonnes)</i>	<b>Interest</b>	<b>1Q17</b>	<b>4Q16</b>	<b>Change, % (QoQ)</b>	<b>1Q16</b>	<b>Change, % (YoY)</b>
<b>Russia</b>						
Sayanal	100%	9.0	9.2	-2.1%	6.9	31.0%
Ural Foil	100%	5.9	5.3	11.8%	3.9	53.0%
Sayana Foil	100%	0.8	1.1	-26.8%	0.8	-3.7%
<b>Armenia</b>						
Armenal	100%	7.4	6.9	7.2%	7.2	2.1%
<b>Total production</b>		<b>23.1</b>	<b>22.5</b>	<b>2.8%</b>	<b>18.8</b>	<b>22.9%</b>

## Other aluminium products output and silicon output

<i>(‘000 tonnes)</i>	<b>1Q17</b>	<b>4Q16</b>	<b>Change, % (QoQ)</b>	<b>1Q16</b>	<b>Change, % (YoY)</b>
Secondary alloys	7.2	6.3	13.9%	5.6	29.2%
Silicon	14.3	15.5	-7.6%	15.2	-6.2%
Powder	4.6	4.3	9.2%	4.0	15.9%

## ALUMINA PRODUCTION

('000 tonnes)	Interest	1Q17	4Q16	Change, % (QoQ)	1Q16	Change, % (YoY)
<b>Ireland</b>						
Aughinish Alumina	100%	471	509	-7.5%	488	-3.4%
<b>Jamaica</b>						
Alpart <sup>11</sup>	100%		—		—	
Windalco	100%	146	155	-6.0%	154	-5.0%
<b>Ukraine</b>						
Nikolaev Alumina Refinery	100%	397	407	-2.4%	370	7.4%
<b>Italy</b>						
Eurallumina	100%		—	—	—	
<b>Russia</b>						
Bogoslovsk Alumina Refinery	100%	234	250	-6.0%	235	-0.3%
Achinsk Alumina Refinery	100%	243	214	13.5%	244	-0.4%
Urals Alumina Refinery	100%	209	205	2.1%	197	6.2%
Boxitogorsk Alumina Refinery	100%		—	—	—	
<b>Guinea</b>						
Friguia Alumina Refinery	100%		—	—	—	
<b>Australia (JV)</b>						
Queensland Alumina Ltd (20%)	20%	187	198	-5.2%	184	-1.6%
<b>Total alumina production</b>		<b>1,889</b>	<b>1,939</b>	<b>-2.6%</b>	<b>1,873</b>	<b>0.9%</b>

<sup>11</sup> The Alpart was sold to an external party (see UC RUSAL's announcement dated 19 July 2016). The results of Alpart are excluded from UC RUSAL Consolidated Financial



## BAUXITE MINING

<i>(‘000 tonnes wet)</i>	<b>Interest</b>	<b>1Q17</b>	<b>4Q16</b>	<b>Change, % (QoQ)</b>	<b>1Q16</b>	<b>Change, % (YoY)</b>
<b>Jamaica</b>						
Alpart	100%	—	—		44	
Windalco	100%	503	510	-1.3%	488	3.1%
<b>Russia</b>						
North Urals	100%	589	607	-3.0%	551	7.0%
Timan	100%	723	669	8.0%	683	5.7%
<b>Guinea</b>						
Friguia	100%	—	—	—	—	
Kindia	100%	771	805	-4.1%	925	-16.6%
<b>Guyana</b>						
Bauxite Company of Guyana Inc	90%	283	250	13.2%	319	-11.1%
<b>Total bauxite production</b>		<b>2,869</b>	<b>2,841</b>	<b>1.0%</b>	<b>3,009</b>	<b>-4.6%</b>

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

<i>(‘000 tonnes wet)</i>	<b>Interest</b>	<b>1Q17</b>	<b>4Q16</b>	<b>Change, % (QoQ)</b>	<b>1Q16</b>	<b>Change, % (YoY)</b>
Kiya Shaltyr Nepheline Syenite	100%	1,056	978	7.9%	1,111	-5.0%

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

## JOINT VENTURE OPERATING RESULTS

		1Q17	4Q16	Change, % (QoQ)	1Q16	Change, % (YoY)
<b>Boguchanskaya HPP<sup>13</sup></b>						
Electricity generation, mwh	50%	3,176	3,452	-8.0%	3,127	1.6%
<b>Boguchansky aluminium smelter<sup>14</sup></b>						
Aluminium production (’000 tonnes)	50%	37	37	-1.5%	38	-2.5%
<b>Bogatyr Komir and Bogatyr Trans</b>						
Coal production (50%) (Kt)	50%	5,071	6,023	-15.8%	4,465	13.6%
Transportation volumes (50%) (Kt of transportation)	50%	1,571	1,663	-5.5%	1,516	3.6%

<sup>13</sup> Boguchanskaya HPP data is represented by 100% of energy generated (not on an ownership pro rata basis).

<sup>14</sup> Boguchansky aluminium smelter data is represented by 100% of volumes produced (not on an ownership pro rata basis).

**By order of the Board of Directors of  
United Company RUSAL Plc  
Aby Wong Po Ying  
Company Secretary**

24 April 2017

As at the date of this announcement, the executive Directors are Mr. Oleg Deripaska, Mr. Vladislav Soloviev and Mr. Siegfried Wolf, the non-executive Directors are Mr. Maxim Sokov, Mr. Dmitry Afanasiev, Mr. Ivan Glasenberg, Mr. Maksim Goldman, Ms. Gulzhan Moldazhanova, Mr. Daniel Lesin Wolfe, Ms. Olga Mashkovskaya, Ms. Ekaterina Nikitina and Mr. Marco Musetti, and the independent non-executive Directors are Mr. Matthias Warnig (Chairman), Mr. Philip Lader, Dr. Elsie Leung Oi-sie, Mr. Mark Garber, Mr. Dmitry Vasiliev and Mr. Bernard Zonneveld.

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