RUSAL

UNITED COMPANY RUSAL PLC

(Incorporated under the laws of Jersey with limited liability)

(Stock Code: 486)

RESULTS ANNOUNCEMENT FOR THE THREE AND NINE MONTHS ENDED 30 SEPTEMBER 2017

Key highlights

- Recovery in the London Metals Exchange ("**LME**") aluminium price in the nine months of 2017 by 22.6% to an average of USD1,924 per tonne as compared to USD1,569 per tonne in the nine months of 2016 as well as an increase in volumes of primary aluminium and alloys sold by 2.0% between the same periods resulted in the growth of United Company RUSAL Plc ("**UC RUSAL**" or the "**Company**", together with its subsidiaries, the "**Group**") revenue in the nine months of 2017 by 21.3% to USD7,224 million as compared to USD5,956 million in the nine months of 2016.

- Revenue in the third quarter of 2017 increased by 19.4% to USD2,460 million, as compared to USD2,060 million for the third quarter of 2016, following the improvement in the LME aluminium price and increase in the share of value added products ("**VAP**") in total aluminium sales to 50% in the third quarter of 2017 in comparison with 45% in the same quarter of 2016.

- UC RUSAL reported strong financial results thanks to the Company's commitment to operational efficiency and cost discipline, supported by robust LME prices. The Group's total Adjusted EBITDA in the third quarter of 2017 increased by 7.6% to USD549 million as compared to the second quarter of 2017 and increased by 42.4% to USD1,534 million in the nine months of 2017 compared to the same period of 2016. Aluminium segment cost per tonne increased by 1.5% to USD1,520 in the third quarter of 2017 in comparison with USD1,497 in the second quarter of 2017 as a result of the increase in key raw materials costs.

- The Company achieved Adjusted Net Profit and Recurring Net Profit of USD727 million and USD1,122 million, respectively, for the nine months of 2017 as compared to USD248 million and USD752 million for same period of 2016.

- In August 2017 the board of directors approved an interim dividend of USD299.3 million (USD 0.0197 per ordinary share) for 2017. The interim dividend was paid on 10 October 2017.

- The Company reduced its Net Debt to USD7.6 billion as at 30 September 2017. As part of commitment to continuous deleveraging, UC RUSAL has directed part of its strong 3Q17 cash flow to repayment of debt facilities and accumulated significant cash balance for further debt reduction.

- The Company's weighted average nominal interest rate on the credit portfolio reduced to 5% following series of successful refinancing.

Statement of the Chief Executive Officer

"3Q2017 was another successful period for UC RUSAL. On the back of robust aluminium demand and growing LME price, the Company reported strong financial results in the reporting quarter and in the first nine months of 2017.

Revenue growth for the first nine months of the year was 21.3%, reaching USD7.2 billion. In 3Q2017 UC RUSAL set another record in sales of value added products with the latter reaching 50% in total sales for the first time. The Company remains committed to its sales and marketing strategy and is on track to increase its share of VAP in the product mix to 60% by 2021.

3Q2017 EBITDA increased by 7.6% quarter-on-quarter ("**QoQ**"), demonstrating a very healthy margin of 22.3%. Recurring net profit for the third quarter impressively grew by 73.0% QoQ to USD436 million. Respective figures for the nine months of the year are also very strong with EBITDA growing by 42.4% year-on-year ("**YoY**") to USD1.5 billion and recurring net profit advancing to USD1.1 billion, up by 49.2%.

As consumers become more demanding about the provenance of the products they purchase and their associated carbon footprint, post reporting period end, UC RUSAL launched its new bespoke brand for low carbon aluminium — ALLOW with a certified carbon footprint of lower than 4 tonnes of CO2 per tonne of aluminium, significantly lower than the industry average. ALLOW will provide consumers and manufacturers alike with confidence that the aluminium from RUSAL used in their products has one of the lowest carbon footprints in the industry.

Looking ahead towards the end of the year, we maintain our positive forecast for global aluminium industry with the demand to reach 63.1 million tonnes and deficit to widen to 1.1 million tonnes."

Vladislav Soloviev
Chief Executive Officer

13 November 2017

Financial and Operating Highlights

	Three months ended 30 September 2017 unaudited	2016 unaudited	Change quarter on quarter, % (3Q to 3Q)	Three months ended 30 June 2017 unaudited	Change quarter on quarter, % (3Q to 2Q)	Nine months ended 30 September 2017 unaudited	2016 unaudited	Change nine months on nine months, %
Key operating data								
('000 tonnes)								
Aluminium	931	920	1.2%	921	1.1%	2,762	2,755	0.3%
Alumina	1,965	1,865	5.4%	1,928	1.9%	5,782	5,589	3.5%
Bauxite	2,742	3,211	(14.6%)	3,090	(11.3%)	8,701	9,346	(6.9%)
Key pricing and performance data								
('000 tonnes)								
Sales of primary aluminium and alloys	968	981	(1.3%)	1,002	(3.4%)	2,955	2,896	2.0%
(USD per tonne)								
Production cost per tonne in Aluminium segment[1]	1,520	1,330	14.3%	1,497	1.5%	1,477	1,330	11.1%
Aluminium price per tonne quoted on the LME[2]	2,011	1,621	24.1%	1,911	5.2%	1,924	1,569	22.6%
Average premiums over LME price[3]	162	150	8.0%	174	(6.9%)	163	161	1.2%
Average sales price	2,124	1,754	21,1%	2,081	2.1%	2,051	1,711	19.9%
Alumina price per tonne[4]	310	234	32.5%	296	4.7%	315	236	33.5%

1 For any period, "Production cost per tonne in Aluminium segment" is calculated as aluminium segment revenue (excluding sales of third parties' metal and other products sales) less aluminium segment results less amortisation and depreciation (excluding margin on sales of third parties' metal and intersegment margin) divided by sales volume of the aluminium segment (excluding volumes of third parties' aluminium sold).

2 Aluminium price per tonne quoted on the LME represents the average of the daily closing official London Metals Exchange ("LME") 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.

	Three months ended 30 September		Change quarter on quarter, % (3Q to 3Q)	Three months ended 30 June	Change quarter on quarter, % (3Q to 2Q)	Nine months ended 30 September		Change nine months on nine months, %
	2017	2016		2017		2017	2016	
	unaudited	*unaudited*		*unaudited*		*unaudited*	*unaudited*	
Key selected data from the consolidated interim condensed statement of income								
(USD million)								
Revenue	2,460	2,060	19.4%	2,467	(0.3%)	7,224	5,956	21.3%
Adjusted EBITDA	549	421	30.4%	510	7.6%	1,534	1,077	42.4%
margin (% of revenue)	22.3%	20.4%	NA	20.7%	NA	21.2%	18.1%	NA
Net Profit for the period	312	273	14.3%	283	10.2%	782	534	46.4%
margin (% of revenue)	12.7%	13.3%	NA	11.5%	NA	10.8%	9.0%	NA
Adjusted Net Profit for the period	262	181	44.8%	202	29.7%	727	248	193.1%
margin (% of revenue)	10.7%	8.8%	NA	11.5%	NA	10.1%	4.2%	NA
Recurring Net Profit for the period	436	327	33.3%	252	73.0%	1,122	752	49.2%
margin (% of revenue)	17.7%	15.9%	NA	10.2%	NA	15.5%	12.6%	NA

Key selected data from consolidated interim condensed statement of financial position

	As at		Change nine months on year end, %
	30 September 2017	31 December 2016	
	(unaudited)		
(USD million)			
Total assets	15,602	14,452	8.0%
Total working capital[5]	1,748	1,691	3.4%
Net Debt[6]	7,592	8,421	(9.8%)

Key selected data from consolidated interim condensed statement of cash flows

	Nine months ended 30 September 2017 *(unaudited)*	30 September 2016 *(unaudited)*	Change nine months on nine months, %
(USD million)			
Net cash flows generated from operating activities	1,181	966	22.3%
Net cash flows (used in)/generated from investing activities	112	(49)	NA
of which dividends from Norilsk Nickel	622	320	94.4%
of which CAPEX[7]	(547)	(407)	34.4%
Interest paid	(385)	(325)	18.5%

5 Total working capital is defined as inventories plus trade and other receivables minus trade and other 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 aluminium market trends for the first 9 months of 2017

- UC RUSAL estimates that global aluminium demand grew by 5.9% YoY in the nine months of 2017 to 47.8 million tonnes as a result of strong demand in China, Europe, Asia ex-China, North America and India.

- UC RUSAL forecasts that global aluminium demand will increase by 5.9% YoY to 63.1 million tonnes in 2017, driven by growth of 3.9% to 29.3 million tonnes ex-China and China growth of 7.7% to 33.8 million tonnes.

- Based on CRU estimates, global aluminium demand ex-China rose to 22.1 million tonnes while production (estimated based on IAI data plus CRU's estimate for production of eight non-reporting countries) increased by 0.9% year-on-year to 20.3 million tonnes. This left the rest of the world (ROW) aluminium market with approximately 1.8 million tonnes in deficit in the nine months of 2017.

- Announced smelting cuts by Chinese Regulators, driven by the necessity to stem industrial pollution, are expected to result in an annualized production loss of 1.1 million tonnes, according to UC Rusal's estimates. Deeper losses may take place in carbon materials supply including anodes, coking coal etc, including 100% closures in 26+2 cities during the winter season.

- Chinese semis export are expected to drop in 4Q17- 1H18 due to a tight domestic market and negative export arbitrage. China's exports of aluminium semis fell by 7.6% M-M (adjusted by a number of days in the months) to 358 thousand tonnes in August 2017 and for a second month in a row, fake extrusions exports dropped by 31% YoY during the eight months of 2017.

UC RUSAL estimates global demand for primary aluminium of 47.8 million tonnes during the first three quarters of the year, representing growth of 5.9% compared to the same period of 2016. This has been led by developed economies maintaining their solid pace of growth from earlier in the year, while demand in developing economies has accelerated in many cases. ROW aluminium demand in the nine months 2017 grew by 3.9% YoY to 22.1 million tonnes. Demand for aluminium in China in the nine months 2017 grew by 7.7% to 25.7 million tonnes compared to the same period of last year.

North America's industrial recovery is advancing apace, reflected by September's manufacturing PMI in the US, hitting its highest level since 2004. This is driving demand for aluminium across a range of end use sectors, in particular the construction and the transport sectors, which are also enjoying the intensity of use gains, outweighing sluggish auto sales and production. Overall, North American demand is estimated at 5.1 million tonnes in the first nine months of this year, an increase of 3.4% on the same period a year ago.

In the Eurozone, manufacturing PMIs are at multiyear highs. Demand for aluminium has mirrored the underlying economic improvement as consumption accelerated through the year, with residential construction supporting strong growth in building sheet and extrusions. In other end use sectors, the consumption of aluminium is running ahead of underlying activities, with substitution boosting both the automotive and can stock sectors in Europe. The net result is that primary demand has risen by an estimated 3.6% in Europe to 7.2 million tonnes in the first nine months of the year.

In Asia, industrial activity in Japan began to re-accelerate in August, before extending gains in September, as evidenced by manufacturing PMI reaching its highest level in four months. It has been the automotive sector that has been the key driver of demand though, amid strength in automotive production and the intensity of use gains. In the rest of Asia region Ex China & India, growth has followed a similar pattern, with light-weighting trends in automotive applications leading demand. As a consequence, demand in the region grew to 4.8 million tonnes, an increase of 3.6% on the first three quarters of last year. In the other regional major, India, demand has accelerated through the year, with the packaging sector particularly strong amid the increasing domestic production of foil. This has resulted in Indian demand growth of 6.7% in the January to September period to 1.7 million tonnes.

In the rest of the world, South America is enjoying a strong recovery, led by a sharp increase in vehicle production, which surged by 27% in the first three quarters of the year. This has lifted demand for castings, rolled products and extrusions from the sector and breathed new life into the region after a period of stagnation. This has led to growth in demand for aluminium of 3.6% in South America as a whole, amounting to 0.8 million tonnes.

The Chinese economy continued to show strong growth through the nine months of 2017. The official PMI reached 52.4 in September 2017, its highest since April 2012, and the Caixin Manufacturing PMI stood at a 51.0 level in September. GDP grew by 6.8% in 3Q17 YoY after 6.9% growth in 2Q17. Industrial profits grew 6.6% YoY, while retail sales jumped 10.3% YoY in September. Fixed-asset investment climbed 7.5% YoY in the nine months of 2017. Infrastructure investment surged 19.8% YoY in the nine months of 2017. Investment in property development expanded at a faster pace of 8.1% in the nine months 2017, up from 7.9% in the eight months of 2017. The fixed asset investment in urban in China totaled RMB 45,850 billion in the nine months of 2017, representing a 7.5% YoY growth. Investment in power grid was RMB 325 billion, up by 7.9% YoY.

Demand of the primary aluminium on the Russian market is growing +17.5% as the result for the nine months 2017 YoY due to: the recovery of industries after the recession, development of export and the growth on the cable market. The light vehicle production has grown by 18% in September and by 10.6% in total for the nine months of 2017.

The reported inventories of aluminium in the World ex-China declined further to 3.0 million tonnes at the end of September 2017, down 0.99 million tonnes from the inventories level at the end of 2016. The days of consumption continued to decline at a steady rate during the nine months of 2017 and at the end of September 2017 it fell to 36 days as compared to 58 days at the end of 2016.

On the contrary, during the eight months 2017 China′s total reported stocks including social warehouses stocks rose by 1.0 million tonnes to 3.0 million tonnes, the highest since March 2015. The growth of stocks can be attributed to the expectation of capacity cuts with the result being a push to secure future materials supply. As expected most of accumulated stocks are to be consumed during the winter supply shortage.

Aluminium supply out of China continue to be very modest. According to IAI production figures and CRU’s estimation of 8 countries production data, ROW primary aluminium annualized production fell by 0.11 million tonnes M-M to 27.02 million tonnes in August 2017. At the same time the possible restarts of closed smelting capacity is limited due to a lack of competitive power supply, the high restarting cost and the shortage of carbon raw materials supply.

The announcement by the Chinese regulator regarding winter capacity cuts which is now underway in several provinces was implemented due to the necessity to curb industrial pollution. As expected winter smelting cuts will result in an annualized production loss of around 1 million tonnes and alumina around 3.3 million tonnes, according to UC Rusal estimates. Deeper losses may take place in carbon materials supply including anodes, coking coal etc, including 100% closures in 26+2 cities during the winter season.

When considering the expected curtailments of the so-called "illegal capacities" on top of winter cuts, UC Rusal expects that during the winter season, the Chinese aluminium market balance may become very tight. As of the date of this announcement, according to SMM, around 4.2 million tonnes of illegal operating capacity have been closed.

As expected Chinese semis export are to drop in 4Q17- 1H18 due to the tight domestic market and negative export arbitrage. Thus China's exports of aluminium semis fell by 7.6% M-M (adjusted by a number of days in the months) to 0.36 million tonnes in August 2017 and for second month in a row, fake extrusions exports dropped 31% YoY during the eight months of 2017.

Forecast for 2017

- Global aluminium demand is expected to grow by 5.9% from 5.7% in 2017 to 63.1 million tonnes as a result of strong growth in Russia and EU. Chinese demand to grow by 7.7% to 33.8 million tonnes and ex-China by 3.9% to 29.3 million tonnes driven by growth in EMEA, EU and Asian economies;

- Global aluminium supply will grow by 5.3% to 62.4 million tonnes;

- The global aluminium market deficit is expected to grow 1.1 million tonnes in 2017 as compared to 0.4 million tonnes in 2016.

Business review

Aluminium production

- Aluminium production in 3Q17 totaled 931 thousand tonnes (+1.1% QoQ), with Siberian smelters representing 94% of total aluminium output. The total production dynamics remained largely stable with cap a city utilization rate standing at 95%;

- In 3Q17 sales of value added products (VAP) stood at 479 thousand tonnes. The Company as per its strategy continued to grow the VAP's share in total sales, which now stands at 50% in comparison with 49% in 2Q17 sales;

Alumina production

- In 3Q17, total alumina production increased by 1.9% QoQ, totaling 1,965 thousand tonnes.

- The continuation of capacities ramp up at Russia-based refineries post completion of upgrades earlier in 2017 couple with growing production at Aughinish refinery on improved quality of purchased bauxites were largely behind the QoQ production increase for the Company overall, while Nikolaev refinery output was 3.5% down QoQ on the back of scheduled maintenance works.

Bauxite production

- In 3Q17 nepheline output was stable marginally growing by 1.2% QoQ to 1,125 thousand tonnes, while consolidated bauxites output decreased by 11.3% totaling 2,742 thousand tonnes. The Company covered alumina refineries consumption needs in relevant feedstock using the available inventory at its operations at Achinsk, Bogoslovsk, Urals and Windalco operations and additional purchased bauxite elsewhere.

- Production volumes at Timan decreased by 5.4% QoQ totaling 839 thousand tonnes and Kindia production volumes decreased by 11.0% QoQ to 717 thousand tonnes due to scheduled operational equipment care and maintenance works.

- The abnormal weather conditions affected operational performance of Bauxite Company of Guyana production which decreased to 161 thousand tonnes (-41.7% QoQ) and Windalco production which decreased to 476 thousand tonnes (-5.6% QoQ).

- North Urals bauxite production declined by 11.0% QoQ to 548 thousand tonnes to match the needs of Urals alumina refinery where as part of working capital management the feed from accumulated inventory was prioritized during the quarter.

Financial Overview

Revenue

	Three months ended 30 September 2017 (unaudited)	Three months ended 30 September 2016 (unaudited)	Change quarter on quarter, % (3Q to 3Q)	Three months ended 30 June 2017 (unaudited)	Change quarter on quarter, % (3Q to 2Q)	Nine months ended 30 September 2017 (unaudited)	Nine months ended 30 September 2016 (unaudited)	Change nine months on nine months, %
Sales of primary aluminium and alloys								
USD million	2,056	1,721	19.5%	2,085	(1.4%)	6,061	4,955	22.3%
Kt	968	981	(1.3%)	1,002	(3.4%)	2,955	2,896	2.0%
Average sales price (USD/t)	2,124	1,754	21.1%	2,081	2.1%	2,051	1,711	19.9%
Sales of alumina								
USD million	172	157	9.6%	175	(1.7%)	536	458	17.0%
Kt	502	566	(11.3%)	515	(2.5%)	1,526	1,697	(10.1%)
Average sales price (USD/t)	343	277	23.8%	340	0.9%	351	270	30.0%
Sales of foil and other aluminium products (USD million)	91	62	46.8%	82	11.0%	232	175	32.6%
Other revenue (USD million)	141	120	17.5%	125	12.8%	395	368	7.3%
Total revenue (USD million)	**2,460**	**2,060**	**19.4%**	**2,467**	**(0.3%)**	**7,224**	**5,956**	**21.3%**

Total revenue increased by USD1,268 million, or 21.3% to USD7,224 million in the nine months ended 30 September of 2017, from USD5,956 million in the corresponding period of 2016. The increase in total revenue was mainly due to the growth of sales of primary aluminium and alloys, which accounted for 83.9% and 83.2% of UC RUSAL's revenue for the nine months ended 30 September of 2017 and 2016, respectively.

Revenue from sales of primary aluminium and alloys increased by USD1,106 million, or 22.3% to USD6,061 million in the nine months ended 30 September of 2017, from USD4,955 million for the corresponding period in 2016, primarily due to a 19.9% increase in the weighted-average realized aluminium price per tonne driven by an increase in the LME aluminium price (to an average of USD1,924 per tonne in the first nine months of 2017 from USD1,569 per tonne in the same period of 2016), as well as an increase in the sales volumes by 2.0% and slight improvement in premiums above the LME prices in the different geographical segments (to an average of USD163 per tonne from USD161 per tonne in the first nine months of 2017 and 2016, respectively).

Revenue from sales of alumina increased by 17.0% to USD536 million during the nine months of 2017 from USD458 million in the corresponding period of 2016 primarily due to an increase in the average sales price by 30.0%, which was partially offset by a decrease in the sales volumes by 10.1%.

Revenue from sales of foil and other aluminium products increased by USD57 million, or by 32.6%, to USD232 million in the nine months ended 30 September of 2017, as compared to USD175 million for the corresponding period in 2016, primarily due to a 20.2% increase in sales volumes of foil.

Revenue from other sales, including sales of bauxite and energy services increased by 7.3% to USD395 million for the nine months ended 30 September of 2017 from USD368 million in the same period of 2016, due to an increase in sales of other materials.

Cost of sales

The following table demonstrates the breakdown of UC RUSAL's cost of sales for the nine months ended 30 September 2017 and 2016:

	Nine months ended 30 September		Change, %	Share of costs, %
	2017	**2016**		
	(unaudited)	*(unaudited)*		
(USD million)				
Cost of alumina	543	547	(0.7%)	10.3%
Cost of bauxite	340	267	27.3%	6.5%
Cost of other raw materials and other costs	1,878	1,579	18.9%	35.8%
Purchases of primary aluminium from JV	202	170	18.8%	3.8%
Energy costs	1,571	1,187	32.4%	29.9%
Depreciation and amortisation	351	334	5.1%	6.7%
Personnel expenses	430	358	20.1%	8.2%
Repairs and maintenance	51	44	15.9%	1.0%
Net change in provisions for inventories	(3)	—	100%	(0.1%)
Change in finished goods	(115)	69	NA	(2.2%)
Total cost of sales	**5,248**	**4,555**	**15.2%**	**100.0%**

Total cost of sales increased by USD693 million, or 15.2%, to USD5,248 million for the nine months of 2017, as compared to USD4,555 million for the corresponding period of 2016. The increase was driven by the increase in volumes of primary aluminium and alloys sold as well as significant increase in electricity prices, railway transportation tariffs and other raw material costs in Russian Ruble in the nine months of 2017.

Cost of alumina was almost flat during the nine months of 2017 compared to the same period of 2016.

Cost of bauxite increased by 27.3% in the nine months of 2017 compared to the same period of the previous year, primarily as a result of an increase in purchase volume and a slight increase in purchase prices.

Cost of raw materials (other than alumina and bauxite) and other costs increased by 18.9% in the nine months of 2017 compared to the same period of previous year, due to a rising raw materials purchase price (prices for raw pitch coke increased by 90.6%, raw petroleum coke by 13.0%, pitch by 38.0%, soda by 44.2%).

Energy costs increased by 32.4% in the nine months of 2017 compared to the same period of 2016, primarily due to 14.7% appreciation of Russian Ruble against US dollar between the comparable periods. Increase was also a result of change in terms of long-term electricity contracts and overall market price growth.

The finished goods mainly consist of primary aluminium and alloys (approximately 94%). The dynamic of change between the reporting periods was primarily driven by the fluctuations of primary aluminium and alloys physical inventory between the reporting dates: 16.4% increase for the nine months of 2017 as compared to 8.3% decrease for the same period of 2016.

Gross profit

As a result of the foregoing factors, UC RUSAL reports a gross profit of USD1,976 million for the nine months ended 30 September 2017 as compared with USD1,401 million for the same period of 2016, representing gross margins over the periods of 27.4% and 23.5%, respectively.

Adjusted EBITDA and Results from operating activities

(USD million)	**Nine months ended 30 September**		**Change nine months on nine months, %**
	2017 *(unaudited)*	**2016** *(unaudited)*	
Reconciliation of Adjusted EBITDA			
Results from operating activities	1,023	624	63.9%
Add:			
Amortisation and depreciation	364	349	4.3%
Impairment of non-current assets	139	101	37.6%
Loss on disposal of property, plant and equipment	8	3	166.7%
Adjusted EBITDA	**1,534**	**1,077**	**42.4%**

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 USD1,534 million in the nine months ended 30 September of 2017, as compared to USD1,077 million for the corresponding period of 2016. The factors that contributed to the increase in Adjusted EBITDA margin were the same that influenced the operating results of the Company.

Results from operating activities increased in the nine months ended 30 September of 2017 by 63.9% to USD1,023 million, as compared to USD624 million for the corresponding period of 2016, representing operating margins of 14.2% and 10.5%, respectively.

Finance income and expenses

(USD million)	**Nine months ended 30 September** **2017** *(unaudited)*	**2016** *(unaudited)*	**Change, year-on- year**
Finance income			
Interest income on third party loans and deposits	8	16	(50.0%)
Interest income on loans to related party — *companies under common control*	1	1	0.0%
Foreign exchange gain	9	—	100.0%
	18	**17**	**5.9%**
Finance expenses			
Interest expense on bank loans and company loans, bonds and other bank charges, including	(480)	(440)	9.1%
Interest expense	(376)	(392)	(4.1%)
Bank charges	(104)	(48)	116.7%
Interest expense on company loans from related parties — *companies exerting significant influence*	(2)	(6)	(66.7%)
Interest expense on provisions	(4)	(6)	(33.3%)
Net foreign exchange loss	—	(130)	(100.0%)
Change in fair value of derivative financial instruments, including	(214)	(133)	60.9%
Change in fair value of embedded derivatives	(68)	(79)	(13.9%)
Change in other derivatives instruments	(146)	(54)	170.4%
	(700)	**(715)**	**(2.1%)**

Finance income increased by USD1 million, or 5.9% to USD18 million in the nine months of 2017 compared to USD17 million for the same period of 2016 due to an increase in foreign exchange gain which was partially offset by a decrease in interest income on third party loans and deposits as a result to the lower interest income on time deposits at several subsidiaries of the Group.

Finance expenses decreased by USD15 million or 2.1% to USD700 million for the nine months of 2017 from USD715 million for the same period of 2016 primarily due to a decrease in the net foreign exchange result that was partially offset by an increase in the net loss from the change in fair value of derivative financial instruments and an increase in bank charges.

Interest expenses for the nine months of 2017 decreased by USD16 million to USD376 million from USD392 million for the nine months of 2016 following the successful restructuring of the Group's loan portfolio. The same factor caused an increase in bank charges as a result of amortization of previously capitalized arrangement fees.

The net loss from the change in fair value of derivative financial instruments increased to USD214 million for the nine months of 2017 from USD133 million for the same period of 2016 following significant LME and other commodities price improvement between the comparable periods that negatively affected the fair value of respective hedging instruments.

Share of profits of associates and joint ventures

	Nine months ended 30 September		**Change, year-on- year**
	2017	**2016**	
(USD million)	*(unaudited)*	*(unaudited)*	
Share of profits of Norilsk Nickel, *with Effective shareholding of*	427 *27.82%*	516 *28.05%*	(17.2%)
Share of profits/(losses) of other associates	—	1	(100.0%)
Share of profits of associates	**427**	**517**	**(17.4%)**
Share of profits of joint ventures	**68**	**138**	**(50.7%)**

Share of profits of associates was USD427 million in the nine months ended 30 September 2017 and USD517 million for the corresponding period in 2016. This was resulted primarily from the Company's investment in Norilsk Nickel, which amounted to profit of USD427 million and USD516 million for the nine months ended 30 September 2017 and 2016, respectively.

As stated in Note 10 to the consolidated interim condensed financial information for the three- and nine-month periods ended 30 September 2017, at the date of this consolidated interim condensed financial information, the Group was unable to obtain consolidated interim financial information of Norilsk Nickel as at and for the three- and nine-month periods ended 30 September 2017. Consequently, the Group estimated its share in the profits, other comprehensive income and foreign currency translation reserve of Norilsk Nickel for the three- and nine-month periods ended 30 September 2017 based on publicly available information reported by Norilsk Nickel. The information used as a basis for these estimates is incomplete in many aspects. Once the consolidated interim financial information for Norilsk Nickel becomes 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 in profit, other comprehensive income, foreign currency translation reserve and the carrying value of the investment in Norilsk Nickel reported in the consolidated interim condensed financial information.

The market value of the investment in Norilsk Nickel at 30 September 2017 was USD7,529 million as compared to USD7,348 million as at 31 December 2016.

Share of profits of joint ventures was USD68 million in the nine months of 2017 compared to a profit of USD138 million for the same period in 2016. This represents the Company's share of profits in joint ventures, namely BEMO, LLP Bogatyr Komir and Mega Business and Alliance (transportation business in Kazakhstan).

Net Profit for the period

As a result of the above, the Company recorded a profit of USD782 million for the nine months ended 30 September of 2017, as compared to USD534 million for the same period of 2016.

Adjusted and Recurring Net Profit

(USD million)	Three months ended 30 September 2017 unaudited	Three months ended 30 September 2016 unaudited	Change quarter-on-quarter, % (3Q to 3Q)	Three months ended 30 June 2017 unaudited	Change quarter on quarter, % (3Q to 2Q)	Nine months ended 30 September 2017 unaudited	Nine months ended 30 September 2016 unaudited	Change, year-on-year
Reconciliation of Adjusted Net Profit								
Net profit for the period	312	273	14.3%	283	10.2%	782	534	46.4%
Adjusted for:								
Share of profits and other gains and losses attributable to Norilsk Nickel, net of tax effect	(174)	(146)	19.2%	(50)	248.0%	(395)	(504)	(21.6%)
Change in the fair value of derivative financial liabilities, net of tax (20%)	66	8	725.0%	(95)	NA	201	117	71.8%
Impairment of non-current assets, net of tax	58	46	26.1%	64	(9.4%)	139	101	37.6%
Adjusted Net Profit	**262**	**181**	**44.8%**	**202**	**29.7%**	**727**	**248**	**193.1%**
Add back:								
Share of profits of Norilsk Nickel, net of tax	174	146	19.2%	50	248.0%	395	504	(21.6%)
Recurring Net Profit	**436**	**327**	**33.3%**	**252**	**73.0%**	**1,122**	**752**	**49.2%**

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 non-current assets impairment. Recurring Net Profit for any period is defined as Adjusted Net Profit plus the Company's net effective share in Norilsk Nickel 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 CEO on a regular basis.

The core segments are Aluminium and Alumina.

	Nine months ended 30 September			
	2017*		2016	
	Aluminium	**Alumina**	**Aluminium**	**Alumina**
(USD million)	*(unaudited)*	*(unaudited)*	*(unaudited)*	*(unaudited)*
Segment revenue				
kt	2,794	5,719	2,948	6,128
USD million	5,724	1,668	5,021	1,531
Segment result	1,331	67	815	3
Segment EBITDA[8]	1,598	140	1,099	65
Segment EBITDA margin	*27.9%*	*8.3%*	*21.9%*	*4.2%*
Total capital expenditure	219	216	228	98

* Starting 2017 the Company presents two metrics for Aluminium segment: (1) total segment information and (2) information on own aluminium production. The difference between 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 nine months ended 30 September 2017 presented above relates to the own aluminium production, that is different from relevant segment information presented in the Company's consolidated interim condensed financial information for the nine months ended 30 September 2017.

In the nine months ended 30 September 2017 and 2016, respectively, segment result margins (calculated as the percentage of segment result to total segment revenue) from continuing operations were positive 23.3% and 16.2% for the aluminium segment, and positive 4.0% and 0.2% for the alumina segment. Key drivers for the increase in margin in the aluminium segment are disclosed in "Cost of sales" and "Results from operations and Adjusted EBITDA" above. Detailed segment reporting can be found in the consolidated interim condensed financial information as at and for the three- and nine-month periods ended 30 September 2017.

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

Capital expenditure

UC RUSAL recorded total capital expenditures of USD547 million for the nine months ended 30 September 2017. UC RUSAL's capital expenditure for the nine months of 2017 was primarily due to maintaining existing production facilities.

	Nine months ended 30 September	
	2017	**2016**
(USD million)	*(unaudited)*	*(unaudited)*
Development capex	176	113
Maintenance		
Pot rebuilds costs	80	65
Re-equipment	291	229
Total capital expenditure	**547**	**407**

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.

Auditors' conclusion on the review of consolidated interim condensed financial information

The Company notes that its auditor, JSC KPMG, has provided a qualified conclusion in its review of the unaudited consolidated interim condensed financial information of the Company for the three and nine months ended 30 September 2017 as it was unable to obtain and review the consolidated interim financial information of Norilsk Nickel. An extract from the review report provided by JSC KPMG on the consolidated interim condensed financial information of the Company dated 10 November 2017 is as follows:

Basis for Qualified Conclusion

We were unable to obtain and review consolidated interim financial information of the Group's equity investee, PJSC MMC Norilsk Nickel ("Norilsk Nickel"), supporting the Group's estimate of the share of profit of USD183 million and USD427 million for the three- and nine-month periods ended 30 September 2017 and USD146 million and USD516 million for the three- and nine-month periods ended 30

September 2016, respectively, other comprehensive income of USD nil million and USD28 million loss for the three- and nine-month periods ended 30 September 2017 and USD nil million for both the three- and nine-month periods ended 30 September 2016, respectively, the foreign currency translation gain in relation to that investee of USD78 million and gain of USD185 million for the three- and nine-month periods ended 30 September 2017 and foreign currency translation gain of USD16 million and USD444 million for the three- and nine-month periods ended 30 September 2016, respectively, and the carrying value of the Group's investment in the investee stated at USD3,664 million as at 30 September 2017 and USD3,580 million as at 30 September 2016. Had we been able to complete our review procedures in respect of interests in associates, matters might have come to our attention indicating that adjustments might be necessary to this consolidated interim condensed financial information.

Qualified Conclusion

Based on our review, except for the possible effects of the matter described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the consolidated interim condensed financial information as at 30 September 2017 and for the three- and nine-month periods then ended is not prepared, in all material respects, in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting.

Consolidated interim condensed financial information

The unaudited consolidated interim condensed financial information of UC RUSAL for the three and nine months ended 30 September 2017 was approved by the Directors of UC RUSAL on 10 November 2017, and reviewed by the Audit Committee (the **"Audit Committee"**). It has also been filed with the French Autorité des marchés financiers on the date hereof and is accessible on UC RUSAL's website at http://www.rusal.ru/en/investors/ financial_stat.aspx.

Audit Committee

The Board established an Audit Committee to assist it in providing an independent view of the effectiveness of the Company's financial reporting process, risk management and internal control systems, and internal audit function, to oversee the audit process and to perform other duties and responsibilities as are assigned to the Audit Committee by the Board. The Audit Committee is assisted by the Company's internal audit function which undertakes both regular and ad hoc reviews of risk management, internal controls and procedures, the results of which are reported to the Audit Committee. The Audit Committee consists of a majority of independent non-executive Directors. The members are as follows: Mr. Bernard Zonneveld (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); Dr. Elsie Leung Oi-sie (independent non-executive Director); Mr. Daniel Lesin Wolfe (non-executive Director), Ms. Olga Mashkovskaya (non-executive Director) and Mr. Dmitry Vasiliev (independent non-executive Director).

On 10 November 2017, the Audit Committee has reviewed the financial results of the Company for the nine months ended 30 September 2017.

Material events over the third quarter of 2017 and since the end of that period

The following is a summary of the key events that have taken place over the third quarter of 2017 and since the end of that period. All information regarding key events that has been made public by the Company for the three months ended 30 September 2017 and since the end of that period pursuant to legislative or regulatory requirements, including announcements and press releases, is available on the Company's website (www.rusal.com).

18 July 2017	UC RUSAL announced that the Company and Sberbank had agreed to cancel the agreement on the Russian Depository Receipts.
11 August 2017	UC RUSAL announced that it was notified by Zonoville Investments Ltd that it (as purchaser) has entered into a sale and purchase agreement with Dimosenco Holdings Co. Ltd (as seller), Mr. Mikhail Dmitrievich Prokhorov (as the Seller's guarantor) and Mr. Viktor Vekselberg (as the Purchaser's guarantor) for the sale and the purchase of approximately 7% of the issued share capital of the Company.
25 August 2017	UC RUSAL announced agreement to novate the Existing Agreements with Sberbank of Russia and enter into the new combined credit facility agreement with the final maturity extension for 3 years until 24 December 2024, quarterly repayments starting from March 2021.

25 August 2017	UC RUSAL announced the update to its dividend policy intending to provide shareholders with dividends on a quarterly basis. As before, the total amount of dividends in a year cannot exceed 15% of the Company's Covenant EBITDA. Interim dividend for the year of 2017 declared at USD 0.0197 per ordinary share.
01 September 2017	UC RUSAL announced completion of the closure of the Russian Depository Receipts ("RDR") Program which occurred on 31 August 2017.
01 September 2017	UC RUSAL announced pricing of the second tranche of the Panda Bonds at principal amount of RMB 500 million, with a tenor of 2+1 years and a coupon rate of 5.5 per cent per annum.
01 September 2017	UC RUSAL announced that the Combined Credit Facility Agreement with the Sberbank of Russia was executed by the parties and came into force on 31 August 2017.
18 September 2017	UC RUSAL announced agreements with the Republic of Guinea to extend the Dian-Dian Concession Agreement and to extend the Kindia Bauxite Agreement in the Republic. Both agreements provide for the new term of 25 years following the Expiration of the initial term.
29 September 2017	UC RUSAL announced an Extraordinary General Meeting on 02 November 2017 to adopt the Chinese name "俄鋁" as the Chinese version of the Company's name.
05 October 2017	UC RUSAL announced that on 5 October 2017 En+, a substantial shareholder of the Company, announced its intention to proceed with an IPO of global depositary receipts representing ordinary shares of En+ for trading on the main markets of the LSE and Moscow Exchange.

19 October 2017	UC RUSAL announced that on 18 October 2017, En+ announced that En+ and Amokenga entered into a non-binding term sheet in relation to a possible share transfer whereby Amokenga will subscribe for a certain number of GDRs in En+ and as consideration for the subscription, Amokenga will transfer approximately 8.75% of the total issued share capital of the Company to En+. If the Possible Share Transfer materializes, En+'s shareholding in UC RUSAL will increase from approximately 48.13% to approximately 56.88%.

Compliance

Pursuant to Article L.451-1-2 IV of the French Code monétaire et financier, the Company is required to publish quarterly financial information for the first and third quarters of the financial year.

The Directors confirm that the information contained in this announcement does not contain any false statements, misleading representations or material omissions, and all of them jointly and severally accept responsibility as to the truthfulness, accuracy and completeness of the content of this announcement.

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

13 November 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. Bernard Zonneveld and Mr. Dmitry Vasiliev.

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, http://rusal.ru/investors/info/moex/ and http://www.rusal.ru/en/press-center/ press-releases.aspx, respectively.