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UNITED COMPANY RUSAL PLC

(Incorporated under the laws of Jersey with limited liability)

(Stock Code: 486)

CONTINUING CONNECTED TRANSACTIONS TRANSPORTATION CONTRACT AND HEAT SUPPLY CONTRACT

Reference is made to the announcements of the Company dated 14 November 2017, 29 December 2017 and 19 January 2018 in relation to the Previously Disclosed Transportation Contracts; and to the announcements of the Company dated 30 December 2016, 28 February 2017 and 29 December 2017 in relation to the Previously Disclosed Heat Supply Contracts.

The Company announces that a member of the Group entered into a contract with an associate of En+, pursuant to which the associate of En+ agreed to provide transportation services to the member of the Group.

The Company further announces that a member of the Group entered into a contract with an associate of En+, pursuant to which the associate of En+ agreed to supply heat energy to the member of the Group.

TRANSPORTATION CONTRACT

THE NEW TRANSPORTATION CONTRACT

Reference is made to the announcements of the Company dated 14 November 2017, 29 December 2017 and 19 January 2018 in relation to the Previously Disclosed Transportation Contracts.

The Company announces that a member of the Group entered into an addendum to the original contract with the associate of En+, pursuant to which the associate of En+ agreed to provide transportation services to the member of the Group (the “**New Transportation Contract**”) with major terms set out below:

					Estimated consideration payable for the year ending 31 December 2018, 31 December 2019 and 31 December 2020 excluding VAT (USD)	Scheduled termination date	Payment terms
1	1 February 2018 (addendum to the contract dated 28 December 2017)	Limited Liability Company “Russian Engineering Company”	Limited Liability Company “KraMZ-Auto”	Motor transportation services	2018: 228,072 2019: 229,613 2020: 232,148 (Note 1)	31 December 2020	Payment to be made in two equal installations of 50% of the consideration, one before the 15th of the month following the report month, and the other before the 30th of the month following the report month after receipt of the invoice on the basis of performed works and acceptance certificates signed by the parties
	Total estimated consideration payable for the year				2018: 228,072 2019: 229,613 2020: 232,148		

Note:

1. The basis of calculation is determined by the demand schedules for transportation services indicating vehicle types engaged, quantity of vehicle-hours and vehicle-hour cost (ranging from USD2 to USD39 depending on vehicle type).

The consideration under the New Transportation Contract is to be paid in cash via bank transfer or bilateral clearing or by the offsetting of reciprocal obligations.

THE ANNUAL AGGREGATE TRANSACTION AMOUNT

Pursuant to Rule 14A.81 of the Listing Rules, the continuing connected transactions contemplated under the New Transportation Contract and the Previously Disclosed Transportation Contracts should be aggregated for each of the financial years ending 31 December 2018, 31 December 2019 and 31 December 2020, as they were entered into by members of the Group with the associates of En+, and the subject matter of each contract relates to the provision of transportation services by the associates of En+ to the Group.

The annual aggregate transaction amounts that are payable by the Group to the associates of En+ under the New Transportation Contract and the Previously Disclosed Transportation Contracts for the financial years ending 31 December 2018, 31 December 2019 and 31 December 2020 are estimated to be approximately USD20.048 million, USD15.441 million and USD16.166 million respectively.

In accordance with the Company's procurement policies and using tools such as the Company's procurement portal, the Company invited several organizations to take part in the tender in relation to the required transportation services. The Company's procurement managers, in line with the best-in-class experience and know-how of the Company's procurement policies, with approval from the Company's bidding committee, chose the contractor offering the best terms and conditions (the service provider offered the lowest price, was able to provide all necessary inventory, is conveniently located and is able to meet the needs of the plant in full) and then entered into a contract with the chosen service provider.

The contract price under the New Transportation Contract has been arrived at after arm's length negotiation with reference to the market price and on terms no less favourable than those prevailing in the Russian market for transportation services of the same type and quality and those offered by the associate of En+ to independent third parties. The estimated annual aggregate transaction amounts were derived from the estimated total contract price under the New Transportation Contract, which was based on the need of transportation services by the Group for the relevant years.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The New Transportation Contract was entered into for the purpose of transporting goods, cargoes and/or passenger forwarding of the Group. The Company considers that the transactions contemplated under the New Transportation Contract are for the benefit of the Company, as the services provided are required in the production process of the Group and the service provider offered a competitive price and is capable of meeting the Group's transportation needs.

The Directors (including the independent non-executive Directors) consider that the New Transportation Contract is on normal commercial terms which are fair and reasonable and the transactions contemplated under the New Transportation Contract are in the ordinary and usual course of business of the Group and in the interests of the Company and its shareholders as a whole.

None of the Directors has a material interest in the transactions contemplated under the New Transportation Contract, save for Mr. Deripaska, Mr. Vladislav Soloviev, Mr. Maxim Sokov, Ms. Olga Mashkovskaya and Ms. Gulzhan Moldazhanova, who are directors of En+, being the holding company of Limited Liability Company “KraMZ-Auto”. Mr. Deripaska is also indirectly interested in more than 50% of the issued share capital of En+. Accordingly, Mr. Deripaska, Mr. Vladislav Soloviev, Mr. Maxim Sokov, Ms. Olga Mashkovskaya and Ms. Gulzhan Moldazhanova did not vote on the Board resolution approving the New Transportation Contract.

LISTING RULES IMPLICATIONS

Limited Liability Company “KraMZ-Auto” is an indirect subsidiary of En+, and is therefore an associate of En+, which in turn is a substantial shareholder of the Company. Accordingly, Limited Liability Company “KraMZ-Auto” is a connected person of the Company under the Listing Rules.

Accordingly, the transactions contemplated under the New Transportation Contract constitute continuing connected transactions of the Company.

The estimated annual aggregate transaction amount of the continuing connected transactions under the New Transportation Contract and the Previously Disclosed Transportation Contract for each of the financial years ending 31 December 2018, 31 December 2019 and 31 December 2020 is more than 0.1% but less than 5% under the applicable percentage ratios. Accordingly, pursuant to Rule 14A.76 of the Listing Rules, the transactions contemplated under these contracts are only subject to the announcement requirements set out in Rules 14A.35 and 14A.68, the annual review requirements set out in Rules 14A.49, 14A.55 to 14A.59, 14A.71 and 14A.72 and the requirements set out in Rules 14A.34 and 14A.50 to 14A.54 of the Listing Rules. These transactions are exempt from the circular and shareholders’ approval requirements under Chapter 14A of the Listing Rules.

Details of the New Transportation Contract will be included in the relevant annual report and accounts of the Company in accordance with Rule 14A.71 of the Listing Rules where appropriate.

HEAT SUPPLY CONTRACT

THE NEW HEAT SUPPLY CONTRACT

Reference is made to the announcements of the Company dated 30 December 2016, 28 February 2017 and 29 December 2017 in relation to the Previously Disclosed Heat Supply Contracts.

The Company announces that a member of the Group entered into a contract with an associate of En+, pursuant to which the associate of En+ agreed to supply heat energy to the member of the Group (the “**New Heat Supply Contract**”). The major terms of the New Heat Supply Contract are set out below:

						Estimated consideration payable each year excluding VAT (USD)	Payment terms
Date of contract	Purchaser (member of the Group)	Supplier (associate of En+)	Term of contract	Form of heat	Estimated amount of heat to be supplied for each year (approximate)		
1 1 February 2018	Limited Liability Company “RUSAL Taishet Aluminium Smelter”	JSC Baykalenergo	Up to 31 December 2020	Thermal power	2018 - Approximately 620.08 Gcal. 2019 - Approximately 620.08 Gcal. 2020 - Approximately 620.08 Gcal	2018: 19,074 2019: 21,761 2020: 24,447 (Note 1)	First payment of 35% of the total price no later than the 18th day of the current month; second payment of 50% no later than the last day of the current month; and no later than the 10th day of the month following the settlement month payment for actually consumed thermal power amount with allowance for earlier payments.
	Total estimated consideration for the year:					2018: 19,074 2019: 21,761 2020: 24,447	

Note:

- The thermal energy rate is in accordance with the thermal energy tariff. The thermal energy tariff for each year is as follows: from 1 January 2018 to 30 June 2018 — USD28.89/Gcal; from 1 July 2018 to 30 June 2019 — USD33.22/Gcal; from 1 July 2019 to 30 June 2020 — USD37.56/Gcal; from 1 July 2020 to 31 December 2020 — USD41.89/Gcal.

The consideration under the New Heat Supply Contract will be settled in cash via wire transfer.

THE ANNUAL AGGREGATE TRANSACTION AMOUNT

Pursuant to Rule 14A.81 of the Listing Rules, the continuing connected transactions contemplated under the New Heat Supply Contract and the Previously Disclosed Heat Supply Contracts should be aggregated, as they were entered into by members of the Group with the associates of En+, and the subject matter of each contract relates to the heat supply by the associates of En+ to the Group.

The annual aggregate transaction amount that is payable by the Group to the associates of En+ under the New Heat Supply Contracts and the Previously Disclosed Heat Supply Contracts for each of the financial years ending 31 December 2018, 31 December 2019 and 31 December 2020 is estimated to be approximately USD8.969 million, USD4.357 million and USD4.66 million respectively.

JSC Baykalenergo is the only provider in generation of thermal energy in the Taishet region and has necessary licenses and permits to render services of heat supply in Taishet, therefore the relevant New Heat Supply Contract was entered into.

The contract price under the New Heat Supply Contract has been arrived at after arm's length negotiation with reference to the market price and on terms no less favourable than those prevailing in the Russian market for the heat of the same type and quality and those offered by the associates of En+ to independent third parties. The annual aggregate transaction amount is derived from the total contract price under the New Heat Supply Contract and the Previously Disclosed Heat Supply Contracts, which was based on the need of heat by the Group for the year.

REASONS FOR AND BENEFITS OF THE TRANSACTIONS

The New Heat Supply Contract will be entered into for the purpose of obtaining heat for the Group's production process and for its facilities. The Company considers that the transactions contemplated under the New Heat Supply Contract are for the benefit of the Company as there is no alternative supplier available in the respective regions.

The Directors (including the independent non-executive Directors) consider that the New Heat Supply Contract is on normal commercial terms which are fair and reasonable and the transactions contemplated under the New Heat Supply Contract are in the ordinary and usual course of business of the Group and in the interests of the Company and its shareholders as a whole.

None of the Directors has a material interest in the transactions contemplated under the New Heat Supply Contract, save for Mr. Deripaska, Mr. Vladislav Soloviev, Mr. Maxim Sokov, Ms. Olga Mashkovskaya and Ms. Gulzhan Moldazhanova, who are directors of En+, being the holding company of JSC Baykalenergo. Mr. Deripaska is also indirectly interested in more than 50% of the issued share capital of En+. Accordingly, Mr. Deripaska, Mr. Vladislav Soloviev, Mr. Maxim Sokov, Ms. Olga Mashkovskaya and Ms. Gulzhan Moldazhanova did not vote on the Board resolution approving the New Heat Supply Contract.

LISTING RULES IMPLICATIONS

JSC Baykalenergo is held as to more than 30% of the issued share capital by En+ and is therefore an associate of En+, which in turn is a substantial shareholder of the Company. Accordingly, JSC Baykalenergo is a connected person of the Company under the Listing Rules. The transactions contemplated under the New Heat Supply Contract therefore constitute continuing connected transactions of the Company.

The estimated annual aggregate transaction amount of the continuing connected transactions under the New Heat Supply Contract and the Previously Disclosed Heat Supply Contracts for the financial year ending 31 December 2018 is more than 0.1% but less than 5% under the applicable percentage ratios. Accordingly, pursuant to Rule 14A.76 of the Listing Rules, the transactions contemplated under these contracts are only subject to the announcement requirements set out in Rules 14A.35 and 14A.68, the annual review requirements set out in Rules 14A.49, 14A.55 to 14A.59, 14A.71 and 14A.72 and the requirements set out in Rules 14A.34 and 14A.50 to 14A.54 of the Listing Rules. These transactions are exempt from the circular and the shareholders' approval requirements under Chapter 14A of the Listing Rules.

Details of the New Heat Supply Contract and the Previously Disclosed Heat Supply Contracts will be included in the next annual report and accounts of the Company in accordance with Rule 14A.71 of the Listing Rules where appropriate.

PRINCIPAL BUSINESS ACTIVITIES

The Company is principally engaged in the production and sale of aluminium, including alloys and value-added products, and alumina.

Limited Liability Company “KraMZ-Auto” is principally engaged in the provision of transportation services.

JSC Baykalenergo is principally engaged in generating heat and electricity.

DEFINITIONS

In this announcement, the following expressions have the following meanings, unless the context otherwise requires:

“associate(s)”	has the same meaning ascribed thereto under the Listing Rules.
“Board”	the board of Directors.
“Company”	United Company RUSAL Plc, a limited liability company incorporated in Jersey, the shares of which are listed on the Main Board of the Stock Exchange of Hong Kong Limited.
“connected person”	has the same meaning ascribed thereto under the Listing Rules.
“continuing connected transactions”	has the same meaning ascribed thereto under the Listing Rules.
“Director(s)”	the director(s) of the Company.
“En+”	En+ Group Limited, a company incorporated in Jersey, a substantial shareholder of the Company.
“Group”	the Company and its subsidiaries.
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.
“Mr. Deripaska”	Mr. Oleg Deripaska, an executive Director.
“percentage ratios”	the percentage ratios under Rule 14.07 of the Listing Rules.
“Previously Disclosed Transportation Contracts”	the transportation contracts between the members of the Group and an associate of En+, pursuant to which the associate of En+ agreed to provide transportation services to the member of the Group during each of the three financial years ending 31 December 2018, 31 December 2019 and 31 December 2020, as disclosed in the announcements of the Company dated 14 November 2017, 29 December 2017 and 19 January 2018.

“Previously Disclosed Heat Supply Contracts”	the heat supply contracts entered into between members of the Group and associates of En+, pursuant to which the associates of En+ agreed to supply heat energy to the members of the Group as disclosed in the announcements of the Company dated 30 December 2016, 28 February 2017 and 29 December 2017.
“substantial shareholder”	has the same meaning ascribed thereto under the Listing Rules.
“USD”	United States dollars, the lawful currency of the United States of America.
“VAT”	value added tax.

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

2 February 2018

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.

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.