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UNITED COMPANY RUSAL PLC

(Incorporated under the laws of Jersey with limited liability)

(Stock Code: 486)

FOURTH QUARTER AND FULL YEAR 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 fourth quarter of 2017 (“4Q17”)¹ and for the 12 months ended 31 December 2017 (“12M17”).

Aluminium

- Aluminium production² in 4Q17 totaled 944 thousand tonnes (+1.4% quarter-on-quarter (“**QoQ**”)), with Siberian smelters representing 94% of total aluminium output. Total production dynamics remained largely stable with capacity utilization reaching 97%. The production of value added products (VAP³) in 4Q17 amounted to 469 thousand tonnes (+9.1% YoY), the company maintains VAP production levels as per its guidance at c.50% of total product mix;

¹ Operating data is based on preliminary data and maybe updated in the 4Q17 financial results.

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

³ VAP includes alloyed ingots, slabs, billets, wire rod, wheels, high and special purity aluminium.

- In 4Q17 aluminium sales increased (+3.3% QoQ) totaling 1 million tonnes. In 4Q17, sales of VAPs decreased to 462 thousand tonnes. (-3.4% QoQ). The QoQ decline in VAP sales dynamics is largely explained by a skew towards primary aluminium under existing contracts which led to a decline of VAP's share in total sales to 46%. The Company expects that the sales mix will trend towards the production mix and targets 50-52% share of VAPs through 2018 on the back of a solid backlog of end-customer product orders for 2018 and the launch of new VAPs capacities;
- In 4Q17 the average aluminium realized price⁴ increased by 6.5% QoQ to USD2,263/t. The increase was due to positive dynamics in London Metal Exchange (“LME”) QP⁵ component (+7.1% QoQ to USD2,102/t). The average realized premium component remained almost flat (-0.6% QoQ to USD161/t);
- In 12M17 aluminium production totaled 3,707 thousand tonnes (+0.6% year-on-year (“YoY”));
- In 12M17 aluminium sales increased (+3.6% YoY) totaling 3,955 thousand tonnes. This increase was achieved largely due to an increase in third party aluminium products sales (+91.3% YoY to 169 thousand tonnes);
- During 12M17, the company as per its strategy continued to grow VAP's sales, which totaled 1,869 thousand tonnes (+11.4% YoY). The share of VAP's sales in total sales now stands at 47% in comparison with 44% in 12M16; and
- In 12M17, the average aluminium realized price increased by 21.5% YoY to USD2,105/t due to positive dynamics in LME QP component (+23.5% YoY to USD1,942/t). The average realized premium component increased by 2.3% YoY to USD163/t).

Alumina

- In 4Q17, total alumina production increased by 1.3% QoQ, totaling 1,990 thousand tonnes. Russian operations accounted for 36% of the total output. The performance of the Company's alumina assets was largely in line with the production plan.
- The continuation of ramping up capacity at Russian (Urals Alumina Refinery) and Ukrainian (Nikolaev) based refineries post the completion of upgrades earlier in 2017 was largely behind the 12M17 YoY production increase of +3.3%, to 7,773 thousand tonnes.

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

⁵ 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.

Bauxite and nepheline ore

- In 4Q17, bauxite production increased by 7.4% QoQ to 2,945 thousand tonnes. This is due to a low comparison base in 3Q17 for mines of Bauxite Company of Guyana, Kindia and North Urals. In 4Q17, Nepheline output decreased by 7.4% to 1,041 thousand tonnes, due to seasonal decline in production.
- In 12M17 bauxite output totaled 11,645 thousand tonnes (-4.4% YoY). The decrease of bauxite production is largely attributed to a decline in output in 3Q17, due to abnormal weather conditions that affected the operational performance of Bauxite Company of Guyana and Windalco as well as scheduled operational equipment care and maintenance works at mines in Kindia and Timan. Nepheline ore output decreased by 2.3% YoY to 4,332 thousand tons.

Market overview⁶

- The LME aluminium price increased 30.8% YoY in 2017, reaching USD2,256/t on January 2, 2018, nearly a six-year high, consolidating at c. USD2,200/t as a result of widespread capacity cuts in China and a steady reduction of LME stocks - further evidence of a global market deficit. Rising cost inflation in China made a significant proportion of operating Chinese aluminium capacity barely breakeven by the end of 2017.
- According to the World Bank estimates, the global economy demonstrated robust growth in 2017, with GDP strengthening from 2.4% in 2016 to 3.0% in 2017. China's GDP in 2017 accelerated from 6.7% in 2016 to 6.9% according to National Bureau of Statistics. Global manufacturing PMI (Purchaser Managers Index) continued to stay significantly above the 50 level during 2017, rising to 54.5 in December 2017. Manufacturing activities increased in nearly all major economies and consumer confidence stayed at a high level during 2017.
- The reported aluminium inventories in the world ex-China fell further to ~ 2.9 million tonnes at the end of 2017, down ~ 1.0 million tonnes from the level at the end of 2016. The ratio of inventories to aluminium consumption continued to decline at a steady rate during 2017 and fell to ~ 36 days at the end of 2017 as compared to ~ 51 days at the end of 2016.

⁶ Unless otherwise stated data for the "Market overview" section is sourced from Bloomberg, CRU, CNIA, IAI and Antaike.

- UC RUSAL's preliminary estimates show that global aluminium demand grew by 6% YoY in 2017 to 64 million tonnes as a result of strong demand across all geographical regions. Robust demand growth left the global aluminum market balance in a deficit of around 1 million tonnes in 2017.
- UC RUSAL estimated demand for aluminum in China in 2017 grew by 7.8% to 34.9 million tonnes compared to 32.4 million tonnes a year ago. Ex-China demand grew by 3.7% to 29.2 million tonnes for the same period.
- There is strong evidence of the implementation of supply side reform in the Chinese aluminum industry in 2017 with more than 10 million tonnes of illegal operating capacity and project cuts. As a result, according to data from Aladdiny, industry information provider, annualized Chinese aluminum production in November 2017 has dropped to 35.4 million tonnes from its maximum of 38.6 million tonnes in July of 2017.
- The announcement by the Chinese regulator regarding winter capacity cuts, which has now been implemented, will result in annualized production losses of approximately 1 million tonnes of metal, and 4.4 million tonnes of alumina, according to UC RUSAL estimates. Larger losses may take place in the carbon material supply chain, including anodes and coking coal, which would exert upward pressure on the costs base of aluminium producers due to increasing raw material prices.
- China continues to focus on implementing strong anti-pollution controls and environmental measures on energy intensive industries and intends to further cap and reduce CO2 emissions. Starting this year, Chinese aluminum smelters will start paying environmental tax, potentially increasing production costs by 70-100 RMB/tonne for big producers.
- In addition to Chinese domestic regulatory measures, Chinese semis exports stay under significant pressure from international anti-dumping initiatives and there have been recent announcements calling for further investigations under Section 232 of the Trade Expansion Act of 1962 of the US, alongside the possible introduction of new duties on Chinese semis exported to the US. This could result in a continued drop of exports of Chinese flat rolled products and other aluminium semis products to United States, the second largest Chinese semis consuming market.

KEY OPERATING DATA

GROUP PRODUCTION DATA⁷

('000 tonnes)	4Q17	3Q17	Change, % (QoQ)	12M17	12M16	Change, % (YoY)
Aluminium	944	931	1.4%	3,707	3,685	0.6%
<i>utilisation rate</i>	97%	95%		96%	95%	
Aluminium foil and packaging products	26.1	25.5	2.1%	100.7	84.7	18.9%
Alumina	1,990	1,965	1.3%	7,773	7,527	3.3%
Bauxite	2,945	2,742	7.4%	11,645	12,187	-4.4%
Nepheline	1,041	1,125	-7.4%	4,332	4,432	-2.3%

GROUP SALES DATA

('000 tonnes)	4Q17	3Q17	Change, % (QoQ)	12M17	12M16	Change, % (YoY)
Aluminium sales	1,000	968	3.3%	3,955	3,818	3.6%
incl						
BOAZ aluminium product sales	39	37	6.7%	147	140	5.1%
Other third parties aluminium products sales	41.6	41.5	0.1%	169	88	91.3%
<i>Realized price,</i>						
<i>US\$/tonne</i>	2,263	2,124	6.5%	2,105	1,732	21.5%
<i>LME QP</i>						
<i>component</i>	2,102	1,962	7.1%	1,942	1,573	23.5%
<i>Realised premium</i>	161	162	-0.6%	163	159	2.3%
VAP sales in tonnes	462	479	-3.4%	1,869	1,677	11.4%
<i>Share of VAP</i>	46%	50%		47%	44%	

⁷ 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	4Q17	3Q17	Change, %		Change, %	
				(QoQ)	12M17	12M16	(YoY)
Russia (Siberia)							
Bratsk aluminium smelter	100%	255	254	0.5%	1,008	1,005	0.2%
Krasnoyarsk aluminium smelter	100%	258	255	1.3%	1,019	1,024	-0.5%
Sayanogorsk aluminium smelter	100%	135	134	0.8%	533	530	0.6%
Novokuznetsk aluminium smelter	100%	54.4	54.1	0.6%	215	213	1.0%
Irkutsk aluminium smelter	100%	106	105	0.9%	419	415	0.9%
Khakas aluminium smelter	100%	74	73	1.6%	292	293	-0.2%
Russia — Other							
Volgograd aluminium smelter	100%	8	4	85.3%	13	—	—
Nadvoitsy aluminium smelter	100%	2.9	3.1	-7.8%	12	13	-4.1%
Kandalaksha aluminium smelter	100%	18.4	18.1	1.4%	72	68	5.3%
Sweden							
Kubikenborg Aluminium (KUBAL)	100%	32	31	3.5%	123	124	-0.6%
Total production		944	931	1.4%	3,707	3,685	0.6%
<i>Remelting of third-party primary aluminium at Volgograd smelter</i>		4	6	-35.2%	22	39	-44.0%
Total aluminium products output including remelting		948	937	1.2%	3,728	3,724	0.1%

Foil and packaging production results

('000 tonnes)	Interest	4Q17	3Q17	Change, %		12M17	12M16	Change, % (YoY)
				(QoQ)				
Russia								
Sayanal	100%	9.3	9.7	-3.7%		38.2	34.4	11.1%
Ural Foil	100%	6.9	6.3	10.8%		25.3	17.8	42.3%
Sayana Foil	100%	1.2	1.0	24.9%		3.8	3.5	8.5%
Armenia								
Armenal	100%	8.9	8.6	3.4%		33.7	29.0	16.2%
Total production		26.4	25.5	3.3%		101.1	84.7	19.3%

Other aluminium products output and silicon output

('000 tonnes)	4Q17	3Q17	Change, %		12M17	12M16	Change, % (YoY)
			(QoQ)				
Secondary alloys	7.4	7.2	2.4%		28.3	25.0	13.2%
Silicon	15.4	14.1	9.2%		56.0	59.3	-5.5%
Powder	3.9	5.0	-21.3%		18.5	18.7	-0.8%
Wheels ('000 units) ⁸	215	191	12.8%		—	—	—

⁸ SKAD operations, engaged in wheels production, were consolidated in April 2017. Taking into account production volumes before the date of acquisition, output in 12M17 significantly grew by 28.4% YoY, up to 842 thousand wheels from 656 thousand wheels in 12M16.

ALUMINA PRODUCTION

('000 tonnes)	Interest	4Q17	3Q17	Change, %		Change, %	
				(QoQ)	12M17	12M16	(YoY)
Ireland							
Aughinish Alumina	100%	490	497	-1.5%	1,937	1,967	-1.5%
Jamaica							
Alpart	100%	—	—	—	—	—	—
Windalco	100%	153	149	2.8%	582	609	-4.5%
Ukraine							
Nikolaev Alumina Refinery	100%	431	416	3.7%	1,676	1,510	10.9%
Italy							
Eurallumina	100%	—	—	—	—	—	—
Russia							
Bogoslovsk Alumina Refinery	100%	258	252	2.5%	983	961	2.3%
Achinsk Alumina Refinery	100%	238	234	1.9%	945	916	3.2%
Urals Alumina Refinery	100%	228	230	-1.0%	894	803	11.3%
Boxitogorsk Alumina Refinery	100%	—	—	—	—	—	—
Guinea							
Friguia Alumina Refinery	100%	—	—	—	—	—	—
Australia (JV)							
Queensland Alumina Ltd	20%	192	187	2.7%	756	760	-0.6%
Total alumina production		1,990	1,965	1.3%	7,773	7,527	3.3%

BAUXITE MINING

('000 tonnes)	Interest	4Q17	3Q17	Change, %		Change, %	
				(QoQ)	12M17	12M16	(YoY)
Jamaica							
Alpart	100%	—	—	—	—	69	—
Windalco	100%	471	476	-1.1%	1,954	2,054	-4.9%
Russia							
North Urals	100%	608	548	10.9%	2,360	2,367	-0.3%
Timan	100%	714	839	-14.9%	3,163	3,064	3.2%
Guinea							
Friguia	100%	—	—	—	—	—	—
Kindia	100%	829	717	15.6%	3,124	3,538	-11.7%
Guyana							
Bauxite Company of Guyana Inc.	90%	324	161	100.4%	1,045	1,094	-4.5%
Total bauxite production		2,945	2,742	7.4%	11,645	12,187	-4.4%

Nepheline ore production⁹

('000 tonnes wet)	Interest	4Q17	3Q17	Change, %		Change, %	
				(QoQ)	12M17	12M16	(YoY)
Kiya Shaltyr Nepheline Syenite	100%	1,041	1,125	-7.4%	4,332	4,432	-2.3%

⁹ Nepheline ore used as a feedstock for alumina production at the Achinsk alumina refinery.

JOINT VENTURE OPERATING RESULTS

('000 tonnes wet)	Interest	4Q17	3Q17	Change, %		Change, %	
				(QoQ)	12M17	12M16	(YoY)
Boguchanskaya HP							
Electricity generation, mwh	50%	2,824	3,716	-24.0%	13,287	13,969	-4.9%
Boguchanskiy aluminium smelter							
Aluminium production ('000 tons)	50%	37.4	37.3	0.1%	148	149	-0.6%
Bogatyr Komir and Bogatyr Trans							
Coal production (50%) (Kt)	50%	5,807	5,212	11.4%	20,204	17,525	15.3%
Transportation volumes (50%) (Kt of transportation)	50%	1,698	1,499	13.3%	6,222	6,236	-0.2%

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

5 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 Glaserberg, Mr. Maksim Goldman, Ms. Gulzhan Moldazhanova, Mr. Daniel Lesin Wolfe, Ms. Olga Mashkovskaya and 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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