EN+ GROUP ANNOUNCES 4Q AND FY 2017 FINANCIAL RESULTS

15 March 2018 — EN+ GROUP PLC (the "**Company**", "**En+ Group**" or together with its subsidiaries "**the Group**") (LSE: ENPL; MOEX: ENPL), a leading international vertically integrated aluminium and power producer, today announces its financial results for the three months and full year ended 31 December 2017.

2017 HIGHLIGHTS

- 2017 revenues increased by 23.7% y-o-y to USD 12,094 million
  - Electricity production almost flat y-o-y at 68.4[1] TWh with hydro power output down 2.5% y-o-y to 54.9TWh
  - Stable aluminium production y-o-y at 3,707 thousand tonnes, 21.5% y-o-y increase in average realised price[2] to USD 2,105 per tonne and share of value added products increased to 47%
- 2017 Adjusted EBITDA[3] increased by 39.5% y-o-y to USD 3,223 million
- 2017 net profit increased by 3.1% y-o-y to USD 1,403 million
- Strong free cash flow[4] generation in 2017 of USD 1,258 million
- Focus on deleveraging with net debt[5] reduced by USD 1,775 million during the year to USD 12,164 million as at 31 December 2017
- In November 2017, successfully completed the largest IPO in the Metals & Mining sector in 2017 on the London Stock Exchange and MOEX

Maxim Sokov, President of En+ Group, commented**:**

"We are pleased with En+ Group's 2017 financial results, as our revenues, EBITDA and net profit all demonstrate encouraging growth. Today's results are a clear illustration of the Group's solid business case and market leadership, strengths which were recognised by a wide array of global investors during our USD 1.5 billion initial public offering in November 2017. The offering proceeds have contributed to a significant reduction in our net debt in 2017, and the Group's ongoing commitment to deleveraging continues to be supported by our strong free cash flow generation. The Group's robust performance is underpinned by our ongoing modernisation programme, taking place as part of our continued efforts to boost efficiency and sustainability across the Energy and Metals segments[6], and positioning us to meet the increasing global demand for renewable power and clean aluminium. We look ahead to 2018 with excitement, and are determined to maintain and build on our strong position as an innovative company operating at the forefront of the power and metals industries."

Consolidated financial results

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[1] Excluding Ondskaya HPP, which produced 0.4 TWh in 12M 2017, remaining flat y-o-y.

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

[3] Adjusted EBITDA for any period represents the results from operating activities adjusted for amortisation and depreciation, impairment charges and loss on disposal of property, plant and equipment for the relevant period

[4] Calculated as operating cash flow less net interest paid and less capital expenditure adjusted for payments from settlement of derivative instruments plus dividends from associates and joint ventures

[5] Net debt – the sum of loans and borrowings and bonds outstanding, guarantee for a related party and deferred liability for acquisition of PJSC Irkutskenergo (the Group's subsidiary) shares less total cash and cash equivalents as at the end of the relevant period.

[6] For the purposes of this announcement, the Metals segment includes UC RUSAL (48.1% owned by En+ Group), the Energy segment is predominantly comprised of power assets and operations, owned by En+ Group, including, but not limited to coal mining, logistics and other.

USD million (except %)	FY 17	FY 16	Change	4Q 17	4Q 16	Change
Key operating data						
Primary aluminium and alloys sales	8,324	6,614	25.9%	2,263	1,659	36.4%
Alumina sales	769	622	23.6%	233	164	42.1%
Electricity sales	1,319	1,200	9.9%	393	399	(1.5%)
Heat sales	462	345	33.9%	140	89	57.3%
Key financial						
Revenue	12,094	9,776	23.7	3,378	2,573	31.3%
Adjusted EBITDA	3,223	2,311	39.5%	907	689	31.6%
Adjusted EBITDA margin	*27%*	*24%*	*3 pp*	*26.9%*	*26.8%*	*0.1 pp*
Net profit	1,403	1,361	3.1%	505	800	(36.9%)
Net profit margin	*12%*	*14%*	*(2 pp)*	*15%*	*31%*	*(16 pp)*
Net debt	12,164	13,939	(12.7%)	12,164	13,939	(12.7%)

Strong revenue growth driven by higher realised aluminium prices

In 2017, revenue increased by 23.7% to USD 12,094 million as compared to USD 9,776 million in 2016. In 4Q 2017, revenue increased by 31.3% to USD 3,378 million as compared to USD 2,573 million in 4Q 2016.

The increase in the Group's 2017 revenue was driven by improved market sentiment following China's supply-side reforms, leading to a drop in global aluminium inventory levels. 2017 was further marked by strong aluminium demand growth across all geographies, which resulted in a 6% increase y-o-y in demand for primary aluminium and, as a consequence, the average realised price for aluminium[7] improved by 22.7% to USD 1,968 per tonne compared to USD 1,604 per tonne in 2016.

EBITDA and net profit growth driven by top-line growth and continuous focus on cost discipline

In 2017, Adjusted EBITDA increased by 39.5% to USD 3,223 million as compared to USD 2,311 million in 2016. In 4Q 2017, Adjusted EBITDA increased by 31.6% to USD 907 million as compared to USD 689 million in 4Q 2016. This growth was delivered despite significant inflationary pressure on the cost of production.

Full year 2017, net profit increased by 3.1% to USD 1,403 million as compared to USD 1,361 million in 2016. In 4Q 2017, net profit decreased by 36.9% to USD 505 million as compared to USD 800 million in 4Q 2016, principally due to a high base effect of 4Q 2016 –the Group completed the sale of its 100% stake in Alumina Partners of Jamaica for a consideration of USD 299 million in November 2016.

Strong cash flow generation supported by robust capital allocation framework and strong operating results

[7] Aluminium price per tonne quoted on the London Metals Exchange (**"LME"**) represents the average of the daily closing official LME prices for each period.

In 2017, free cash flow increased to USD 1,258 million due to higher operating cash flow of the Metals segment.

Capital expenditures[8]

Capital expenditures of the Group amounted to USD 990 million a 39% increase y-o-y compared to USD 713 million. The growth was mainly driven by an increase in capital intensive alumina capacity extension projects of the Metals segment.

Returns to shareholders through dividend policy enacted in 2Q 2017

The En+ Group dividend policy[9] is to pay on at least a semi-annual basis a dividend which will be equal to the sum of:

- 75% of Free Cash Flow of the Energy segment, subject to a minimum of USD 250 million per annum; and
- 100% of dividends received from UC RUSAL[10].

Dividends to be paid for 2017 from the Energy segment will amount to USD 250 million (including USD 68 million declared on 14th of March and to be paid no later than 28 March 2018 to shareholders on the record on 21 March 2018). Dividends from UC RUSAL for 2017 amounted USD 144 million. The Company does not plan to pay any further dividends in respect of 2017.

Therefore, total dividends payments for 2017 will amount to USD 394 million, the overall dividend payments since IPO will amount to USD 193 million in total.

Continued focus on deleveraging

In 2017 En+ Group strengthened its balance sheet, reducing net debt by 12.7% to USD 12,164 million compared to USD 13,939 million in 2016. The decrease was principally driven by the use of the IPO proceeds to pay down debt. In November, the Group fully repaid the loan provided to it by VTB Bank (PJSC) in the aggregate principal amount of USD 942 million prior to its specified maturity date.

In February 2018 UC RUSAL completed its third offering of Eurobonds with the following key terms: principal amount of USD 500 million, tenure of 5 years, coupon rate of 4.85% per annum. The bonds proceeds were applied for partial prepayment of UC RUSAL's existing debt.

The Metals segment has now seen a significant reduction in gross debt levels from approx. USD 11.3 billion in FY 2012 to USD 8.5 billion as of the end of 2017.

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[8] Capital expenditure represents cash flow related to investing activities – acquisition of property, plant and equipment and intangible assets

[9] Any future decision to declare and pay dividends will be subject to applicable law and commercial considerations.

[10] UC Rusal dividend policy: annual payout of up to 15% of Covenant EBITDA subject to compliance with relevant regulation and loan agreements. Covenant EBITDA is defined as UC Rusal EBITDA on LTM basis as defined in the relevant credit agreements, adding dividends declared by Norilsk Nickel and attributable to the shares owned by UC Rusal.

Strategic outlook

The Group anticipates that primary aluminium demand will grow at a compound annual rate of 4-5% to 2021 and that the market will stay in deficit from 2018-2021. This is based on the Group's assessment of modest additions to production capacity linked largely to known projects outside China and possible restarts of capacity in the Middle East, while supply side and environmental reforms in China are expected to contribute to higher production discipline in the country.

The Group is planning to maintain stable aluminium production of 3.8 million tonnes for 2018 and anticipates production of up to 4.4 million tonnes in 2021, including the effect from BEMO and Taishet. In addition, the Group is targeting an increase in the share of value added products ("VAP")[11] in its product mix to approximately 50% by 2020, and expects that VAP output to reach 2.5 million tonnes in 2020. Electricity production is expected to remain stable at around 68 TWh in 2018.

Notwithstanding macroeconomic factors indicating cost inflation in the aluminium industry, the Group believes that its vertically integrated business model will enable it to remain in the first quartile of the global cash cost curve, providing the business with a stable and sustainable margin outlook. The management believes that En+ Group is strongly positioned to maintain its record of costs running below the broader sector level.

Additionally, the Group expects to complete its share conversion transaction with Glencore by the end of April 2018, which has been approved by the Board of Directors of the Group. Following the conversion, the Group will increase its shareholding in UC RUSAL from 48.13% to 56.88% and Glencore (or its designated subsidiary) will be issued with new global depositary receipts representing 10.55% of the Group's ordinary shares. The conversion is subject to all necessary governmental and regulatory approvals in all applicable jurisdictions.

[11] VAP includes alloyed ingots, slabs, billets, wire rod, high and special purity aluminium.

ENERGY SEGMENT

USD million (except %)	FY 17	FY 16	Change	4Q 17	4Q 16	Change
Revenue, including	3,235	2,482	30.3%	927	771	20.2%
Sales of electricity	1,928	1,431	34.7%	552	442	24.9%
Sales of heat	422	352	19.9%	127	118	7.6%
Other revenue	885	699	26.6%	248	211	17.5%
Adjusted EBITDA	1,147	822	39.5%	318	277	14.8%
Adjusted EBITDA margin	*35%*	*33%*	*2 pp*	*34%*	*36%*	*(2 pp)*
Net profit[12]	223	182	22.5%	63	155	(59.4%)
Net profit margin	*7%*	*7%*	-	*7%*	*20%*	*(13 pp)*

In 2017, En+ Group's Energy segment revenue increased by 30.3% y-o-y to USD 3,235 million as compared to USD 2,482 million in 2016. This growth was underpinned by the liberalisation of the HPP capacity market in the second pricing zone of the wholesale electricity market, as well as the new power supply contract with UC RUSAL[13] signed in late 2016, leading to a change in the sales structure with competitive market prices being the key driver of the pricing formula.

In 2017, the segment's Adjusted EBITDA increased by 39.5% y-o-y to USD 1,147 million as compared to USD 822 million in 2016, despite a reduction in the volumes of hydro power generation (down by 2.5% to 54.9 TWh due to low water levels at the HPPs of the Angara cascade). In order to partially compensate for the lower HPP output, power generation at the Group's combined heat and power plants increased by 6.3% y-o-y to 13.6 TWh in 2017. Adjusted EBITDA margins of the Energy segment increased in 2017 by 2 pp to 35%.

In 2017, the segment's net profit grew by 22.5% y-o-y to USD 223 million as compared to USD 182 million in 2016, driven by increased power and coal sales.

Capital expenditures by the Group's Energy segment amounted to USD 148 million in 2017, broadly flat year-on-year in rouble terms, however representing a 7.2% increase y-o-y in dollars terms (capex for 12M 2016 was USD 138 million[14]). The modernisation programme of HPPs ('New energy' programme) is the key strategic priority of the Energy segment's investment programme.

As part of the 'New Energy' programme, from 2022, the Group's HPPs (Krasnoyarsk, Bratsk, Ust-Ilimsk and Irkutsk) will increase their green energy production by 1.9 TWh per year, using the same volume of water. This will enable HPP output to partially replace energy from coal-fired power stations, helping to reduce the Group's greenhouse gas emissions by 2.3 million tonnes per year.

[12] Excluding dividends from UC RUSAL.
[13] The contract provides for the supply of up to 37.6 TWh in 2017 with a 3.5% discount to the day-ahead market price
[14] Excluding the payments for the acquisition of dams from RusHydro amount USD 138 million excluding VAT

Overall capex expectations for the Energy segment in 2017-2021 remain unchanged with the investment programme not expected to exceed RUB 12 billion (approximately USD 205 million per annum).

METALS SEGMENT

USD million (except %)	FY 17	FY 16	Change	4Q 17	4Q 16	Change
Revenue, including	9,969	7,983	24.9%	2,745	2,027	35.4%
Sales of primary aluminium and alloys	8,324	6,614	25.9%	2,263	1,659	36.4%
Sales of alumina	769	622	23.6%	233	164	42.1%
Sales of foil and other aluminium products	323	240	34.6%	91	65	40.0%
Other revenue	553	507	9.1%	158	139	13.7%
Adjusted EBITDA	2,120	1,489	42.4%	586	412	42.2%
Adjusted EBITDA margin	*21%*	*19%*	*2 pp*	*21%*	*20%*	*1 pp*
Net profit	1,222	1,179	3.6%	440	645	(31.8%)
Net profit margin	*12%*	*15%*	*(3 pp)*	*16%*	*31%*	*(15 pp)*

In 2017, the pricing environment was favourable for the aluminium industry. The LME aluminium price increased 22.7% to an average of USD 1,968 per tonne compared to USD 1,604 per tonne in 2016, together with an increase in volumes of primary aluminium and alloys sold of 3.6% over the same period. In addition the segment increased the share of VAP in total aluminium sales to 47.3% compared to 44.0% in 2016. As a result, Metals segment revenues in 2017 increased 24.9% to USD 9,969 million as compared to USD 7,983 million in 2016.

On the back of strong LME prices and healthy demand the Metals segment’s Adjusted EBITDA increased to USD 2,120 million in 2017, an increase of 42.4% as compared to 2016 and the highest result since 2012.

The Metals segment achieved Adjusted Net Profit and Recurring Net Profit of USD 1,077 million and USD 1,573 million, respectively, in 2017, as compared to USD 292 million and USD 959 million in 2016.

Capital expenditure at the Metals segment amounted to USD 842 million (up by 46.4% due to increased investment in capital intensive alumina capacity extension projects). Focus areas of the segment remained on continuing its investment in the following key projects as per its strategic priorities. For example:

- Bauxite self-sufficiency (Dian-Dian in Guinea);
- Expansion of alumina capacity (Friguia relaunch in Guinea);
- Carbon materials self-sufficiency (Volgograd calcined coke and anode plant and Taishet anode plant).

In 2018 the Metals segment is planning for capex of approximately USD 800-900 million, driven by the development of capital intensive projects including Dian-Dian and the Taishet Anode Plant.

For further information, please visit http://enplus.ru or contact:

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About En+ Group plc

***En+ Group** is a leading international vertically integrated aluminium and hydro power producer. The Company combines power plants with a total installed capacity of 19.7 GW (including 15.1 GW of hydro power assets), and 3.9 mtpa of annual aluminium production capacity (through a controlling stake in UC RUSAL plc, the world's largest aluminium producer outside of China in 2016) which is the major consumer of En+ Group's hydroelectricity.*

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