

## **UC RUSAL ANNOUNCES FOURTH QUARTER AND FULL YEAR 2015 OPERATING RESULTS**

**Moscow, 11 February 2016 – UC RUSAL (SEHK: 486; Euronext: RUSAL/RUAL; Moscow Exchange: RUAL/RUALR), a leading global aluminium producer, announces its operating results for the fourth quarter 2015 (“4Q15”) and full year 2015 (“12M15”).**

### **Key highlights**

#### **Aluminium**

- Aluminium production<sup>1</sup> in 4Q15 totalled 878 thousand tonnes (-4.0% QoQ) remaining flat on the YoY basis.
- 4Q15 aluminium sales<sup>2</sup> totalled 876 thousand tonnes (-6.7% QoQ). Sales reduction was attributable to a relatively high level of 3Q15 sales on export and domestic markets and a marginal increase of inventories (goods in transit) in 4Q15 to be distributed 1Q16.
- The share of VAP<sup>3</sup> in the overall aluminium sales portfolio in 4Q15 was 44%.
- 4Q15 realised price decreased by 6.2% QoQ to USD1,729/t reflecting the general downward trend of London Metal Exchange (“LME”) aluminium prices in the second half of 2015.
- 12M15 aluminium production totalled 3,603 thousand tonnes (flat YoY).
- 12M15 aluminium sales totalled 3,638 thousand tonnes (+3.2% YoY), with 43% share of VAP in the sales portfolio. Average realised price in 12M15 was at USD2,001/t (-9.8%, YoY).

#### **Alumina**

- 4Q15 alumina production totalled 1,906 thousand tonnes (+1.9% QoQ). International operations (including Aughinish, Nikolaev, Windalco and JV Queensland) accounted for the major part (66%) of the output. The production growth was largely attributable to stronger internal (intercompany) demand.
- 12M15 production totalled 7,402 thousand tonnes (+2.0% YoY).

#### **Bauxites**

- 4Q15 bauxite<sup>4</sup> and nepheline ores production totalled 2,850 thousand tonnes (-13.4% QoQ) and 952 thousand tonnes (-9.6% QoQ), respectively. Bauxite production volumes decline was largely attributable to seasonal factors in Russia where volumes were down QoQ due to weather conditions. In advance of the winter season, inventories were built in 3Q15 to keep supplies stable at Group aluminium smelters. International assets bauxite production totalled 1,713 thousand tonnes (-1.4% QoQ). Output at Windalco and Bauxite Company of Guyana were lower QoQ due to seasonal planned repairs and destocking.
- 12M15 production of bauxite and nepheline ore totalled 12,112 thousand tonnes (no change YoY) and 4,111 thousand tonnes (-6.5% YoY), accordingly.

#### **Production guidance**

- The Company does not plan on restarting the aluminium smelters idled in 2013 and is considering further aluminium production cuts totaling approximately 200 thousand tonnes per annum.

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<sup>1</sup> Aluminium production represented by salable products output. Production volumes are based on preliminary data and can be updated in 4Q15 financial results.

<sup>2</sup> Sales volume and realised sales price based on preliminary data and can be updated in 4Q15 financial results.

<sup>3</sup> VAP includes alloyed ingots, slabs, billets and wire rod.

<sup>4</sup> Bauxite production volumes differs from the volumes given in the 3Q15 trading update due to the exclusion of low grade bauxites from the output. Exclusion of low grade bauxites from supplementary operating data has no impact on financial results.

## Market review

- In 4Q15 average aluminium LME Cash price was on average at USD1,495 /t (-5.9% QoQ). LME prices remained volatile (trading in the range of USD1,425/t - USD1,597/t) during the quarter amid remaining concerns over continuing reduction in the oil price and negative Chinese economy scenarios accompanied by an aggressive yuan devaluation and mounting aluminium exports.
- Commodity grade premiums recovered during 4Q15 after they dipped below transportation / insurance component levels in September and October 2015. EU premium (duty unpaid) increased from USD65/t to USD117/t during the 4Q15 and stabilized at USD100/t in the middle of January 2016. Japan's 1Q16 aluminium premiums were set at USD110/t growing 22% QoQ on falling local inventory and higher premiums across other regions.
- Following several announcements on aluminium capacity cuts in China in 4Q15 with total closures of 4.4 mn tonnes/year in 2015 aluminium production started to decline in December 2015 (-8.7% MoM), indicating an improving supply discipline in the region. Ex-China production in December 2015 was remained flat (-0.3% MoM). Domestic inventories at the largest warehouses in China fell 7 kt to 663 kt in the period of January which shows evidence of capacity cuts and improving balance and despite traditional restocking in the begging of each year. From its pick of 1.2 mn tonnes in May 2015 stocks have dropped by 45%.
- China added 3.7 mn tonnes of new capacity into operation thus net operating capacity growth of China in 2015 changed insignificantly. In 2016 it is expected China to ramp up around 3 mn tonnes of new capacity and close around 1.5 mn tonnes thus capacity growth for 2015-2016 to be much lower compared to last 5 years.
- Chinese net semis export grew by 17.5% in 2015 to 3.7 mn tonnes. As expected Chinese semis exports will slowdown in 2016 compared to 2015 on lower arbitrage and tight domestic metal supply.
- Global aluminum demand grew by 5.6% in 2015 YoY to 56.4 mn tonnes. As expected global aluminum demand continue growth at a healthy 5.7% growth in 2016 to 59.5 mn tonnes as a result of strong ex-China demand growth in North America, Europe and Asia. Chinese growth is expected to continue to be strong at 7% YoY.
- Manufacturing PMI's in the end of 2015 became more constructive in Japan, Korea and Taiwan, as well as Southern Europe to further support aluminum consumption growth in 1H16.
- Around 1 mn tonnes of ex-China production was cut in 2015 and another 0.5 mn tonnes will be cut in 1H of 2016, maintaining a strong 2 mn tonnes deficit from 2016-2020. Overall we expect 1.2 mn tonnes of global aluminum market deficit in 2016 compared to 0.6 mn tonnes of surplus in 2015.
- The news on aluminium capacity curtailments are supporting the LME aluminium price and premiums are expected to stabilize at current levels in 1Q16. The upside of the aluminium “all-in” price on the short-term horizon will be dependent on FX rates, underlying energy prices and the positioning of commodity funds based on their views of the Chinese economy.

<b>Key operating data<sup>5</sup></b> (‘000 tonnes)	<b>4Q15</b>	<b>3Q15</b>	<b>Change, % (QoQ)</b>	<b>2015</b>	<b>2014</b>	<b>Change, % (YoY)</b>
Aluminium	878	916	(4.0%)	3,603	3,601	0.0%
Aluminium foil and packaging products	22.4	22.1	1.4%	89.1	93.6	(4.8%)
Alumina	1,906	1,870	1.9%	7,402	7,253	2.0%
Bauxite	2,850	3,290	(13.4%)	12,112	12,108	0.0%
Nepheline	952	1,053	(9.6%)	4,111	4,396	(6.5%)
<b>Sales data</b>	<b>4Q15</b>	<b>3Q15</b>	<b>Change, % (QoQ)</b>	<b>2015</b>	<b>2014</b>	<b>Change, % (YoY)</b>
Aluminium sales, thousand tonnes	876	939	(6.7%)	3,638	3,525	3.2%
Share of VAP	44%	46%		43%	46%	
Aluminium realized price, USD/tonne	1,729	1,843	(6.2%)	2,001	2,219	(9.8%)

<sup>5</sup> The production data throughout the report is presented on equity-adjusted basis. Production volumes are calculated based on the pro rata share of the Company's (and its subsidiaries') ownership.

### **Forward-looking statements**

This press-release contains statements about future events, projections, forecasts and expectations that are forward-looking statements. Any statement in this press-release 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.

### **About RUSAL**

UC RUSAL ([www.rusal.com](http://www.rusal.com)) is a leading, global producer of aluminium, in 2014 accounting for approximately 7% of global production of aluminium and 7% of alumina. UC RUSAL employs over 61,000 people in 19 countries, across 5 continents. UC RUSAL markets and sells its products primarily in the European, Japanese, Korean, Chinese, South East Asian and North American markets. UC RUSAL's ordinary shares are listed on The Stock Exchange of Hong Kong Limited (Stock code: 486), global depositary shares representing UC RUSAL's ordinary shares are listed on the professional compartment of Euronext Paris (RUSAL for Reg S GDSs and RUAL for Rule 144A GDSs). UC RUSAL's ordinary shares and Russian depositary receipts that are issued on common shares of the Company are listed on Moscow Exchange (RUAL/RUALR).

### ***Disclaimer***

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