

# Current Report

Nr. 21/27.03.2018

To: **The Financial Regulating Authority  
Bucharest Stock Exchange**

**Current report in compliance with Regulation no. 1/2006 of NSC**

Date of report: **March 27, 2018**

Name of issuer: **Alro S.A.**

Headquarters: **Slatina, 116 Pitesti Street, Ilt County**

Telephone/ fax number: **+40 249 431 901 / +40 249 437 500**

Tax registration number at the Trade Register Office: **RO 1515374**

Trade Register Number: **J28/8/1991**

The European Unique Identifier (EUID): **ROONRCJ28/8/1991**

Legal Entity Identifier (LEI): **5493008G6W6SORM2JG98**

Subscribed and paid-in share capital: **356,889,567.5 RON**

Regulated market on which the issued shares are traded: **Bucharest Stock Exchange-Standard Category** (market symbol: **ALR**)

## Press Release

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### **Alro registered a record consolidated net profit of RON 391 million in 2017**

#### **Alro Group**

- Net profit of RON 391 million in 2017, compared to a net profit of RON 71.5 million, in 2016
- EBITDA of RON 566 million in 2017, compared to RON 292 million, in 2016
- Adjusted net profit of RON 403 million in 2017, from RON 100 million, in 2016
- Turnover of RON 2.7 billion in 2017, compared to RON 2.3 billion, in 2016

#### **Alro**

- Net profit of RON 318 million in 2017, compared to a net profit of RON 67 million, in 2016
- EBITDA of RON 456 million in 2017, compared to RON 247 million, in 2016
- Adjusted net profit of RON 355 million in 2017, up from an adjusted net profit of RON 101 million, in 2016
- Turnover of RON 2.47 billion in 2017, compared to RON 2.13 billion, in 2016
- Primary aluminium sales of 151,000 tonnes in 2017, compared to 154,000 tonnes, in 2016
- Processed aluminium sales of 82,000 tonnes, compared to 77,000 tonnes, in 2016

Slatina, 27 March 2018 – Alro S.A. (BVB: ALR, “the Company” or “Alro”), the largest aluminium producer, in terms of capacity, in Continental Europe (excluding Russia and the Scandinavian Peninsula), announces today its financial results for the year ended 31 December 2017. The Company registered a net profit of

RON 318 million, in 2017 compared to a net profit of RON 67 million, in 2016. The adjusted net profit\* was of RON 355 million, in 2017, up from RON 101 million, registered in 2016. The Company's turnover also increased to RON 2.47 billion, from RON 2.13 billion, in 2016.

*"In 2017 after comprehensive and sustained efforts, we succeeded to obtain significantly improved profits for all our business lines. Alro Group recorded the highest results in the last ten years, reflecting the improved operating activity that generated an EBITDA of RON 566 million. The Group's turnover boosted as well, by 18%, being the result of our successful growth and development strategies, all along with our teams' sustained efforts, while the market environment was a positive one in 2017", said Marian Năstase, Chairman of the Board of Directors of Alro S.A. "At the same time, this positive development was reflected by the capital market, as well, as the share price appreciated throughout the year, by 178% since the beginning of the year, Alro share being one of the top performers on Bucharest Stock Exchange. We aim to continue our long-term vertical-integration strategy and reach the target to become Green Factory, Next Generation Factory, Innovating and Sustainable, while we take all necessary steps to create sustainable value for our shareholders and for our business partners".*

In the financial year 2017, the international aluminium market environment was a positive one and the price of aluminium kept growing, with the LME average price being of USD 1,969/tonne, as compared to USD 1,605/tonne, in 2016. This upward trend reached higher levels in the last quarter of 2017, with an average price of USD 2,102/tonne, meaning USD 392/tonne more than in Q4 2016 when it stood at USD 1,710/tonne.

In 2017, Alro had also focused on supplying high and very high value-added products in both the primary and the processed aluminium segments. Thus, the sales of processed aluminium increased from 77,000 tonnes in 2016 to 82,000 tonnes, in 2017, while primary aluminium sales slightly decreased to 151,000 tonnes from 154,000 tonnes in 2016.

In its turn, Alro Group achieved improved results, as well with a net profit of RON 391 million, compared to RON 71.5 million, in 2016. Group sales reached RON 2.7 billion, in 2017, an increased level compared to 2016, when they stood at RON 2.3 billion. The operating result of the Group appreciated, as well, amounting to RON 566 million, from RON 292 million, in 2016.

These improved financial results of Alro Group were sustained by the investment strategy that included last year projects to increase the share of high value-added products and the expansion of the production mix. The Group has also implemented new technologies for the production of hot-rolled aluminium plates for high-tech industrial applications, as well as for the aeronautic and automotive industry.

In addition, the Group continued to closely monitor its production costs, reducing costs for coke, aluminium fluoride and pitch. Moreover, the Group recorded a decrease in production costs through the acquisition of aluminium waste. The investments done throughout 2017, targeted as well the overall reduction of production costs and energy efficiency projects in the primary aluminium production sector.

In the 2017 financial year, Alro continued its social responsibility programs, developing partnerships with the Romanian Red Cross, equipping the laboratories at the Slatina Metallurgical Technical College and supporting education through partnerships for dual education.

*"We want our activity to have a positive impact on the communities in which we operate", added Marian Năstase, Chairman of the Board of Directors of Alro S.A. "We therefore remained committed to the community and we constantly offer financial and materials donations and other tangible assets and support for both local and national actions targeting socially less favoured people, while we also contribute to and promote those educational initiatives that are an investment in the future of all of us".*

In 2018, as part of its investment strategy, the Group will continue to target a reduction in consumption rates and an increase in its operational efficiency. Thus, Alro's stand-alone budget for 2018, as approved by the

Ordinary Shareholders' Meeting on 2 February 2018, stipulates a turnover of USD 663 million, an EBITDA of USD 94 million and a net profit of approximately USD 43 million.

*\* Adjusted Net Result: Company's net result plus/(minus) non-current assets impairment expense/(income), plus/(minus) the loss/(gain) from derivative financial instruments that do not qualify for hedge accounting, plus/(minus) deferred tax expense/(income).*

*Figures for Alro S.A. included in this press release are reported in accordance with the Order of the Minister of Public Finance no. 2844/2016, which is in line with the International Financial Reporting Standards (IFRS) adopted by the European Union, with the exception of IAS 21 "The Effects of Changes in Foreign Exchange Rates" on the Functional Currency.*

**For further information, please contact:**

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**Notes to the Editors:**

**Alro**

Alro is subsidiary of Vimetco N.V., a global, vertically-integrated primary and processed aluminium producer. Alro is the largest aluminium producer in Continental Europe (excluding Russia and the Scandinavian Peninsula), having an installed production capacity of 265,000 tonnes per year.

The main markets for Alro products is represented by the European Union; the Company exports its products to the USA and Asia, as well. Alro is ISO 9001 certified for quality management and has NADCAP and EN 9100 certificates for aerospace production organizations, Alro's products adhere to the quality standards for primary aluminium on the LME, as well as international standards for flat rolled products.

**Alro Group**

The companies part of Alro Group are: Alro – the aluminium producer, Alum S.A. – the alumina producer, Sierra Mineral Holdings I, Ltd. – the bauxite mining company, Vimetco Extrusion S.R.L. – extrusion processing business line, Conef S.A. – Alro share portfolio management, Global Aluminium Ltd. – holding entity and Bauxite Marketing Ltd. Having this structure, the Group created an integrated production chain, assuring the raw materials for Alro.