

# Current Report

No. 64/09.10.2018

To: **Financial Supervisory Authority  
Bucharest Stock Exchange**

**Current report in compliance with the stipulations of the Law no. 24/2017 and of the FSA Regulation no.5/2018 regarding the Issuers of financial instruments and market operations**

Date of report: **October 9, 2018**

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

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

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

Sole 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 – Premium Tier Category** (market symbol: **ALR**)

We hereby inform all persons who may be interested about the following **important event to be reported**:

## Press Release

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### **ALRO continues its investment programme in high value-added and very high value-added aluminium products**

- **One of ALRO's main objectives is to focus on high-value added products ("HVAP") within Processed, and very high value-added products ("VHVAP"<sup>1</sup>) within HVAP**
- **The Company focuses on increasing market share, enhancing hot-rolled products quality and reducing production costs**
- **During 9-11 October 2018, ALRO participates to the 12<sup>th</sup> World Trade Fair and Conference - ALUMINIUM 2018 that takes place once again in Messe Düsseldorf, Germany**

Slatina, 9 October 2018 – ALRO S.A. (BSE: ALR, "the Company" or "ALRO"), one of the largest vertically integrated aluminium producers, by capacity, in Europe, continues its USD 61 million investment programme for 2018, focusing on extending client portfolio, enhancing the hot rolled products quality and reducing energy dependency.

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<sup>1</sup> VHVAP represent products for special applications such as aerospace and automotive industries with very high profit margin

*"We continue to implement our complex investment strategy which covers three major areas: products quality and production mix with a focus on sophisticated markets, operational efficiency and cost control, as well as increasing the market share", said Marian Năstase, Chairman of the Board of Directors of ALRO. "We remain committed to supplying high value-added products for selected industries, such as aerospace and automotive, where the quality is a key-factor in maintaining a long-term business relationship. At the same time, we invest in reducing production costs and, thus, we succeeded keeping our competitive edge on the international markets, while we put a strong emphasis on presenting our product range to the current and potential customers, in order to increase the market share" added Mr. Năstase.*

In the processed aluminium segment, ALRO is modernizing the cold rolling mill no. 2, and the grinding machine, in order to increase the production of flat rolled aluminium products to 120,000 tonnes per year by 2022 (from 90,000 tonnes per year at the end of 2017) and to increase the heat-treated plates production share, in line with the market demand. At the same time, the Company intends to implement a profile control system for hot rolled products, with the main objective to improve these products quality. Moreover, in order to increase competitiveness, the Company focuses on optimizing the delivery terms for the hot-rolled products (good, on-time delivery without backlogs) and on monitoring and controlling the entire production planning system in a centralized manner by implementing a production planning system (Planning Tool) for the Processed Aluminium Division.

In terms of cost efficiency, Alro aims at developing the Eco Recycling programme, by optimizing and increasing the scrap processing capacity through the implementation of a scrap processing line from shredding up to melting, with the purpose of reaching a capacity of 100,000 tonnes per year by 2020 (from 32,000 tonnes per year at the end of 2017), and increasing the energy efficiency of the existing processes.

The optimization of the products mix and the quality increase, along with the overall efficiency increase will support ALRO's goals to boost its market share. The Company supports its operational improvements with a strong marketing strategy that includes ALRO being present to one of the most important worldwide trade fairs, namely ALUMINIUM 2018, the 12th World Trade Fair & Conference, held in Dusseldorf during 9-11 October 2018, which features more than 1,000 exhibitors from the aluminium industry, and has over 27,500 visitors in each edition.

ALRO Group registered a net profit of RON 154 million, in H1 2018, compared to a net profit of RON 187 million, in H1 2017. The Group's turnover increased in H1 2018 to RON 1.56 billion, compared RON 1.38 billion, in H1 2017. The primary aluminium production reached 144,962 tonnes, in H1 2018, from 139,459 tonnes, in H1 2017, while processed aluminium production stood at 56,000 tonnes.

**For further information, please contact:**

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**Notes to the Editors:**

**ALRO Group**

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

## **ALRO**

ALRO is subsidiary of Vimetco N.V., a global, vertically-integrated primary and processed aluminium producer. ALRO is one of the largest vertically integrated aluminium producers, by capacity, in Europe, 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.