

Current Report

No. 57/13.11.2020

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: **13 November 2020**

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

Headquarters: **Slatina, 116 Pitesti Street, Ilt 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

ALRO Group registered a net profit of RON 273 million in Q1-Q3 2020 and reported solid and safe operations including an effective anti-crisis program

Third Quarter Highlights

- ***In September, the compensation of RON 250 million for the year 2019 was received by the Group companies;***
- ***An effective anti-crisis program deployed and adequately implemented in 2020 showed good results in Q3;***
- ***Higher sales volumes of aluminium wire rod – ALRO remains one of the first suppliers in this competitive market;***
- ***In Q3, the extruded products showed a good performance, particularly within the solar panels market;***
- ***Positive net cash flow from operations of RON 230 million in Q3 2020, thanks to overall better inventories management, in line with the anti-crisis program;***
- ***In Q3 2020, the cash position increased by RON 173 million, as a result of effective cash management and the receiving of the subsidy which partially compensates the indirect emissions costs embedded in the energy price as incurred in 2019;***
- ***The CAPEX key-project, namely AP12LE smoothly run in Q3 with additional 14 pots being relined with this innovative technology;***

- ***All production facilities remain fully operational, as the comprehensive safety measures implemented by the Group proved to be adequate and effective.***

Slatina, 13 November 2020 – ALRO S.A. (BVB: ALR, “the Company” or “ALRO”), one of the largest vertically integrated aluminium producers in Europe, measured by production capacity, announces today its consolidated financial results for the nine months ended 30 September 2020. The Group's turnover slightly decreased by 10% (Q1-Q3 2020: RON 1,942 million vs. Q1-Q3 2019: RON 2,162 million), mainly due to market conditions and to the crisis caused by the COVID-19 pandemic that affected all players in the aluminium industry. The net profit of the ALRO Group was RON 273 million in Q1-Q3 2020 (Q1-Q3 2019: a loss of RON 23 million), and the operating result (EBIT) increased to RON 355 million in Q1-Q3 2020 (Q1-Q3 2019: RON 126 million) thanks to the implementation by the Romanian authorities of the EU-ETS compensation scheme based on the EU decision and receiving the subsidy in the form of a compensation for indirect emissions costs incurred by the Group as an energy-intensive consumer in 2019.

“In Q3 we managed to ensure the continuity of our activities in safe conditions and economic productivity, while maintaining the same high quality and added value that define ALRO products. The tough market conditions made us stronger as we assumed measures such as the anti-crisis program that showed good results and improved cash flows. As promised, we maintained unchanged our strategy even though we are facing a new reality with new game rules”, said Marian NĂSTASE, Chairman of the Board of Directors, ALRO.

“Moreover, the subsidy received in Q3 for partially compensating the indirect energy costs incurred in 2019, which other European companies have benefited from since the advent of legislation in the European space, has had a positive effect on current financial results. Thus, ALRO’s activity can maintain its competitive position within the EU market and implicitly for continuing the investments to improve energy efficiency, redirecting capital to long-term projects and sustainable from an environmental protection point of view, as well”, added Marian NĂSTASE.

COVID-19 and Market Update

In the first nine months of 2020, the aluminium industry faced a price decrease and reported an average of 1,633 USD/tonne, compared to an average of 1,804 USD/tonne in the similar period of 2019; the same LME descending evolution was maintained in Q3 2020 when the average LME was 1,704 USD/tonne, decreasing by 58 USD/tonne compared to Q3 2019 (Q3 2019: 1,762 USD/tonne). Finally, in October and November 2020, a rebound of the aluminium price is already visible, as the LME quotations reached values of over 1,850 USD/tonne and even over 1,900 USD/tonne.

In Q2 2020, most European countries applied gradual easing of the restrictions on movement and business activities, but in Q3 the second wave of COVID-19 started to hit even harder. This relaxation at the end of Q2 2020 have not brought visible signs of economic revival in the aluminium industry in Q3 2020, sales being influenced by the surplus created on the primary products’ market in the first part of 2020, as well as the lack of demand in the automotive and aerospace industries, severely affected during this period. In Q3, most European countries started again to apply restrictions or partial lockdowns to mitigate COVID-19 second wave’s impact. Moreover, the COVID-19 epidemiologic crisis came in addition to a continuous global slowdown in manufacturing industries, existing trade tensions and Brexit.

In Q3, ALRO continued to manage effectively the COVID-19 pandemic and the comprehensive protocols and procedures implemented since an early stage of this epidemiologic context ensured business continuity, in safety conditions.

Financial and Operational Review

The Group's consolidated sales in the first nine months of 2020 were RON 1,942 million, approximately 10% lower compared to the level reported in the similar period of 2019 (respectively RON 2,162 million), mainly due to the adverse market conditions and to COVID-19 crisis that affected all companies in the aluminium industry. In the same period, ALRO's sales were of RON 1,764 million (Q1-Q3 2019: RON 1,931 million).

The Group's net result for the first nine months of 2020 is a profit of RON 273 million, a higher value compared to the loss of RON 23 million reported in the similar period of 2019, mainly attributed to the subsidy received for partially compensating the indirect energy costs embedded in the energy price, in compliance with EU legislation, as well as thanks to the cost-saving actions continued in Q3 2020 with even greater caution and tenacity. The decrease of inventories by RON 229 million as of 30 September 2020 compared to the end of 2019 significantly improved the cash flow. In this way, the Group managed to maintain its business competitiveness, all production sites operational and partially to off-set the descending trend of the LME quotations and demand levels caused by COVID-19 pandemic lockdown while maintaining as scheduled the obligations towards its financiers.

ALRO Group's sales of primary products increased by 2% in Q1-Q3 2020 compared to the same period of 2019, mainly thanks to wire rod sales, as ALRO remains one of the first suppliers in this competitive market, being the biggest producer of aluminium wire rod in Europe. Another range of primary products, for which the Group recorded a sales growth, especially in Q3 2020, is billets. In this field, the Group managed to sell over 670 tonnes of billets more in Q3 2020 as compared to Q3 2019, due to the demand increase extruded division starting with September 2020 as the deliveries of profiles to the solar panels market increased.

Sales of extruded products were higher by more than 3,500 tonnes in Q1-Q3 2020 compared to the similar period of 2019, meaning 21% and by more than 1,400 tonnes in Q3 2020 as compared to Q3 2019, consisting mainly of deliveries of standard and customized profiles for installations used in the solar panels market. Volume sales of processed products decreased slightly by 3% in Q1-Q3 2020 compared to the same period of 2019, mainly due to low demand for coils, in line with the reduced customers' activity in the aerospace and automotive industries. However, signs of recovery have been noticed since Q2 2020 for plates sales, one of the Group's products with the highest added value, which increased in Q3 2020 by more than 790 tonnes compared to Q3 2019.

In Q3, the main CAPEX project, namely AP12LE ("Aluminium Pechiney 12 Low Energy") continued; as of now, 56 pots were relined with this new technology and all the technical parameters are met. It is estimated that ALRO will situate within the first 10 worldwide aluminium producers (except China) from an energy efficiency perspective for the electrolysis area, after this project completion.

These financial results are available in a separate document on the Company's website, Investor Relations category, Reports section: <http://www.alro.ro/en/reports> and at the below link:

¹ **EBITDA** earnings before interest, taxes, depreciation, amortization and impairment;

² **Adjusted Net Result:** Net result plus/(minus) non-current assets impairment, plus/(minus) the loss/(gain) from derivative financial instruments for which hedge accounting was not applied, plus/(minus) deferred tax.

For further information, please contact:

www.alro.ro

Florența Ghiță

Bucharest

Phone: +40 744 644 004

Email: investor.relations@alro.ro

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 a subsidiary of Vimetco N.V., (the Netherlands), 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 annum of electrolytic aluminium, 35,000 tonnes per annum of recycled aluminium and 325,000 tonnes per annum primary cast aluminium.

The main market 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.

Starting from 18 March 2019, the Index Committee of the Bucharest Stock Exchange approved the inclusion of ALRO (code ALR) in BET, the main index of the market, and in BET-TR, the total return version of BET. ALRO's shares have been listed on the Bucharest Stock Exchange since October 1997 and ALRO represents the first company in the aluminium industry present in these two indices.