

# Current Report

No. 59/11.08.2021

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: 11 August 2021

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 Group registered a consolidated turnover of over RON 1.5 billion in H1 2021**

- **Strong aluminum pricing with more than a 40 percent year-over-year increase in LME pricing**
- **Solid demand levels starting February 2021: from growing gradually in the first half of 2021 to currently exceeding the available supply**
- **ALRO Group obtained a gross profit of RON 192 million in H1 2021 as compared to a negative gross profit of RON -3.8 million reported in H1 2020**
- **Results for the period affected by the anomalies that governed the energy market in H1 2021**
- **ALRO's downstream subsidiary, Vimetco Extrusion, starts several investment projects to acquire a state-of-the-art aluminium profiles extrusion line and to automate the products' packaging**
- **The Group took further actions against the COVID-19 pandemic spreading and opened vaccination centres in Slatina and Tulcea**

*Slatina, 11 August 2021 – 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 six months ended 30 June 2021. The Group’s turnover increased to RON 1.5 billion in H1 2021, compared to RON 1.4 billion, on the background of higher demand levels and improved LME levels. The higher aluminium price and*

focus on the production and sales of high and very high value-added products secured a positive EBITDA<sup>1</sup> for the Group, despite the surge in electricity prices that significantly impacted the overall financial results. Thus, ALRO Group registered a positive EBITDA of RON 144 million (H1 2020: RON 430 million), while the final result was a net loss of RON 48 million in H1 2021 (H1 2020: net profit of RON 254 million).

*“The international aluminium market provided a good and sound platform to increase both production and sales of aluminium and validated our long-term strategy of focusing on high, very high value-added and sustainable products. This approach offered us the tools to take advantage of the improved market conditions for industrial sectors such as building&construction and automotive”* said Marian NĂSTASE, Chairman of the Board of Directors, ALRO. *“However, our efforts were offset mainly by the prohibitive electricity prices, resulting from unprecedented developments in the local energy market, from insolvencies of some suppliers to unilateral dissolution of supply contracts or insufficient quantities available. While we are confident that the aluminium market will continue its positive trend, we intensify our efforts to develop our energy generation facilities in Slatina and Tulcea,”* added Marian NĂSTASE.

## **Market Update**

The average LME quotation for H1 2021 was 2,246 USD/tonne, 650 USD/tonne higher than the level reported in H1 2020: 1,595 USD/tonne. Current level of LME is over 2,500 USD/tonne.

The financial programs implemented by European governments to boost the economy affected by the pandemic, the positive news about the anti-COVID-19 vaccine's availability, and the antidumping tariffs applied for the Chinese products, generated solid demand levels starting February 2021. The estimations are favorable for the rest of the year, too. Sound signals were already visible from the main industrial sectors, such as building & construction, automotive, general engineering, and restocking among the European distributors/ service centres.

However, locally, ALRO faced a surge in electricity prices with suppliers of electricity claiming the modification of prices contracted in advance by the Group, diminishing quantities, and terms of payment. At the same time, a few of them declined the contracts ultimately. Thus, in the analyzed period, ALRO continued its plans to develop its energy generation sources on-site through a mix of a gas-fueled power plant and photovoltaic panels, at ALRO's facilities in Slatina and ALUM's facilities in Tulcea, a highly efficient CCPP ("Combined cycle power plant") designed to the best available technology.

## **Financial and Operational Review**

The Group's consolidated sales in the first half-year of 2021 were RON 1,537,911 thousand (H1 2020: RON 1,360,942 thousand). The Group's Net Result for the first half of 2021 is a loss of 47,577 thousand, compared to a profit of 253,662 thousand registered in H1 2020. Consolidated EBITDA for the analyzed period was RON 144,367 thousand with a margin of 9% (H1 2020: EBITDA of RON 439,259 thousand, a margin of 32%). In H1 2021, the Group did not record any income from subsidies related to the indirect emissions for 2021, as Europe entered into a new phase of ETS legislation, namely Phase 4, valid for the period 2021-2030. The Romanian authorities need to implement the European Guide ETS post 2021, in the Romanian legislation, and only afterwards we will be entitled to recognise income from indirect emissions subsidies.

In the analysed period, the Group realized investments of USD 13 million (about RON 53 million) versus H1 2020: consolidated CAPEX spending USD 8 million aimed to secure the business activity and improve energy efficiency by reducing the consumption rates.

*The comprehensive measures implemented by the Group proved their efficiency, and despite the crisis caused by the COVID-19 pandemic, ALRO Group reported steady results in H1 2021 versus H1 2020 and 100% functional production facilities throughout the analysed period.*

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:

<sup>1</sup> EBITDA earnings before interest, taxes, depreciation, amortization and impairment

Figures for ALRO and ALRO Group included in this press release are reported based on the interim condensed consolidated financial statements of ALRO and its subsidiaries (further named Condensed financial statements) for the 6 months ended 30 June 2021, are unaudited and have been prepared in accordance with IAS 34 Interim financial reporting as adopted by the European Union (EU). The accounting policies are in accordance with the Ministry of Public Finance Order no. 2844/2016, with subsequent amendments, which is in accordance with the International Financial Reporting Standards (IFRS) adopted by the European Union (EU), except for IAS 21 The effects of changes in foreign exchange rates regarding functional currency, except for the provisions of IAS 20 Accounting for Government Grants regarding the recognition of revenue from green certificates, and except for the provisions of IFRS 15 Revenue from contracts with customers regarding the revenue from taxes of connection to the distribution grid.

**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 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 in the Cast-House 335,000 tonnes per annum of 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.

Since 16 November 2020, ALRO is a member of ASI (Aluminium Stewardship Initiative), an international association that contributes to enhancing sustainability in the global aluminium sector.