

Current Report

No. 43/10.09.2020

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: **10 September 2020**

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

ALRO Group is welcoming the implementation of the first stage of the state aid scheme adopted through the Emergency Ordinance 81/2019 for compensating the indirect emissions costs embedded in the energy price

Slatina, 10 September 2020 – ALRO S.A. (BSE: ALR, “the Company” or “ALRO”), one of the largest vertically integrated aluminium producers in Europe, measured by production capacity, announces the receipt of the compensation payment for the indirect emissions costs incurred in 2019 by energy intensive companies. The compensation payment was made in full compliance with the provisions of Emergency Ordinance 81/2019 amending and completing G.E.O. 115/2011 for the establishment of a state aid scheme supporting sectors exposed to carbon leakage as a result of indirect emissions costs passed on in the electricity price. The state aid scheme was prepared in accordance with the provisions of the Guidelines on certain State aid measures in the context of the greenhouse gas emission allowance trading scheme post-2012¹ and it was approved by the European Commission on 8 May 2020.

The implementation of the indirect costs compensation scheme in Romania represents a much-needed step towards using all the tools provided by European legislation for ensuring competitiveness of national companies on both global and EU internal market.

“Levelling the playing field between the Romanian and other EU-based companies that benefitted from the early implementation of the ETS State Aid Guidelines’ measures compensating for the indirect emissions costs passed on by electricity producers in the final price paid by energy intensive consumers was a much needed and awaited decision; during the absence of this decision, we have seen first-hand how the

¹ SWD (2012) 130 final

competitiveness of Romanian companies in 15 industrial sectors has been slowly declining, with negative effects on the yearly turnover, job count, respectively investments programs”, said Marian NĂSTASE, Chairman of the Board of Directors of ALRO.

“For almost eight years now, ALRO and our entire Group were forced to act on the international markets having a competitive disadvantage represented by the indirect emissions costs; until now we have managed to partially mitigate this disadvantage through a very complex investment programme focused on reducing energy consumption, achieving an energy efficiency level of 99% for the electrolysis technology and we have permanently expanded the share and range of high and very high value-added products. However, over the past years, the aluminium market registered a significant downturn evolution and thus we have faced the danger of losing our competitiveness particularly in relation to other EU producers benefitting for many years already from national schemes compensating for indirect emissions costs determined by the EU ETS framework”, added Marian NĂSTASE.

As stated in the ETS State Aid Guidelines, **the financing source for the compensation comes from the revenues obtained by Romania from auctioning the greenhouse gas emission certificates attributed by the EU legislation to our country. Therefore, the implementation of the compensation scheme for Romanian energy intensive companies does not have any impact on the electricity costs incurred by other Romanian consumers.**

The implementation of the ETS State Aid Guidelines comes at a moment when the international aluminium market continues to report a slowdown, being severely affected by the COVID 19 pandemic, the aluminium price standing at levels around 1,700 USD/tonne, from an average for 2019 of 1,791 USD/tonne, and 2,110 USD/tonne, in 2018. In addition, at national level, high taxes on electricity and the significant increase in CO₂ emission prices subsequently translated into prohibitively high prices for electricity.

The Guidelines also provide the eligible industry sectors entitled to receive compensation, respectively the rules and methodology for calculating the indirect emissions costs in the total electricity price. Based on the Guidelines’ provisions, Emergency Ordinance 81/2019 (subsequently completed and amended) specifies an estimated number of 170 Romanian companies eligible to benefit from the total amount of compensation of approximately EUR 291 million.

The Company would like to thank to the Romanian Government, to the Romanian authorities from all levels, as well as to the European Commission, for the efficient promotion and implementation of the state aid scheme, showing their firm commitment to support the Romanian industry, the national economy and preservation of thousands of jobs in such challenging times.

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., 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 of electrolytic aluminium per annum, 35,000 tonnes of recycled aluminium, and 325,000 tonnes primary cast aluminium per annum per year.

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 following this decision ALRO becomes the first company in the aluminium industry present in the two indices.