

Press release

VIMETCO REPORTS FULL YEAR FINANCIAL RESULTS FOR THE 12 MONTHS ENDED 31 DECEMBER 2016

Amsterdam, 28 April 2017 – Vimetco N.V. (LSE: VICO), the global producer of primary and processed aluminium products, today announces its financial results for the 12 months ended 31 December 2016.

Financial highlights

- Sales of USD 2.7 billion, from USD 1.8 billion in 2015
- EBITDA of USD 314 million, compared to USD 181 million in 2015
- Net profit of USD 8 million, from a net loss of USD 437 million in 2015
- Total assets of USD 4.8 billion, down from USD 4.9 billion in 2015

Operational highlights

- Total production of electrolytic aluminium increased to 918,000 tonnes, from 889,000 tonnes in 2015
- Total production of processed products increased to 321,000 tonnes, from 137,000 tonnes in 2015

Vitali Machitski, Chairman of the Board, said:

“After many years of continuous efforts while facing several challenging situations, in 2016 we continued to invest in research and development to sustain our focus on high value-added products while placing innovation as a top priority in our plans to make aluminium products that are usable in the most sophisticated industries worldwide. And even though 2016 was a year marked by an unstable macroeconomic climate and quite low aluminium prices at international level, we finally had the confirmation that the measures taken in the past years were in the right direction, as our both segments reported improved results after several consecutive years of losses.

In 2016 Vimetco remained committed to its long-term strategy of becoming a fully vertically integrated aluminium producer that delivers high value-added products to its clients. This commitment, together with the measures taken during the latest years, are translated into innovative production facilities and into the recognition of our improvement ambitions by various partners: from the commissioning of the deep processing plant stage 1 in China, which is streaming our way to new markets with its installed capacity of 600,000 tpa of hot rolled products per annum, to the successful qualification for aerospace industry followed by a partnership with one of the leading players in the industry, and further to various awards and prizes received by many of our subsidiaries.

Even though the latest years were tough for the aluminium industry players, we kept our focus on the investment and innovation side of our operations, but nevertheless we did not lose sight of the fact that a key element of our business model is being sustainable and socially responsible. In line with this, in Romania we continued to expand the scrap recycling capacity, while in China the state-of-the-art equipment in our largest investment worth more than USD 850 million, namely the deep processing plant, has a major positive impact over the environment, resulting in fewer emissions and lower energy consumption rates.

Vimetco has recently announced its proposal to seek the cancellation of listing of its Global Depositary Receipts on the official list 2016, after nine years of being a listed company on the London Stock Exchange. The cancellation is still subject to your approval at the Extraordinary General Meeting, after which it is estimated to take effect on 6 June 2017. The background of the proposition was a complex

process of analyses of the current environment and of the future challenges and opportunities for the Company, with the final objective to reach the best solution for the Company and its stakeholders (including, but not limited to, its shareholders) in the current context. I, together with the entire Board team, encourage all shareholders to accompany us in the longer term vision for Vimetco by continuing to hold shares in Vimetco following cancellation of the listing. We believe that the cancellation of listing is in the best interests of all stakeholders to maximise potential strategic opportunities and near term objectives”.

Gheorghe Dobra, Chief Executive Officer, said:

“We believe in this business and our everyday operations are a proof of our commitment to the aluminium industry; we strive to become better and better each day and our latest results show that we are going in the right direction. Despite the fact that 2016 was marked by a highly volatile market, which continued to be impacted by pricing pressures due to an LME below 1,600 USD/tonne during H1 2016 and around 1,700 USD/tonne at the end of the year, combined with lower conversion premiums, we managed to achieve improved consolidated results. These figures are another proof that we have succeeded in adapting our business to evolving market conditions and that our measures regarding the overall reduction of the costs and efficiency improvement were the right ones.

Also, in order to overcome the difficult situations faced during 2016, the Chinese segment diversified slightly its business, in the sense that in 2016 an important amount of trading of commodities was also performed, in addition to the normal course of the business.

Regarding the Romanian segment, 2016 was a historical year as all the intensive efforts made by the entire team during the last several years have paid-off, in the sense that profits were obtained after four years of making losses; the enhanced levels of output in terms of quantities, as well as costs reductions and increased efficiency of its processes were the main factors that led to these improved results. These significantly improved results were also directly impacted by the exemption of up to 85% from the obligation to acquire green certificates of which the Romanian segment fully benefited during 2016, while in 2015 it benefited only for the last seven months.

Another major achievement during 2016 was the fact that Airbus, a leading aircraft manufacturer has selected Alro, the Romanian subsidiary as a provider for aluminium. The agreement is for a multi-year period, starting 2017. Under the terms of this contract, Alro will supply aluminium flat rolled products for aircraft manufacturing. This partnership is yet another confirmation that the significant investments we made in upgrading our production facilities and extending our portfolio were successful. We are committed to offering our customers the best products available on the market and to meeting all their requirements and specifications in terms of quality, portfolio and supply. Moreover, in 2016, we succeeded to benefit from the raw materials and utilities cost reduction which was reflected in a higher EBITDA amounting to USD 314 million as compared to only USD 181 million in 2015 and in the end in improved net result of profit amounting to USD 8 million, as compared to a loss of USD 437 million in the previous year.

Looking to the future, we are confident that in 2017 we will have the capacity to maintain ourselves competitive on a complex and highly challenging international market and we will continue our efforts in the service of innovation, having the objective to expand our clients' portfolio and to enter new markets. We believe it is essential to remain focused on maintaining a strong and flexible balance sheet while achieving sustainable growth through consolidation of 2016 results. We will continue our investment strategy to reduce the costs of our inputs and the consumption rates, while monitoring the LME in international markets, so that we are able to adapt our business to the new market conditions.”

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About Vimetco

Vimetco N.V. is a global, vertically integrated producer of primary and processed aluminium products with production assets in China, Romania and Sierra Leone, and a holding company in The Netherlands. Vimetco N.V. controls annual production capacities of more than one million tonnes of electrolytic aluminium, 655,000 tonnes of hot rolled products, 530,000 tonnes of cold rolled products, 1.4 million tonnes of casting, 60,000 tonnes of secondary aluminium, 25,000 tonnes of extruded products, 600,000 tonnes of alumina, 1.7 million tonnes of bauxite, 2.1 million tonnes of coal, 900 Mega Watts of electricity, and 298,000 tonnes of baked anodes per annum. Vimetco's global depositary receipts are listed on the London Stock Exchange (LSE: VICO).

www.vimetco.com

Business review

In 2016, Vimetco's sales went up by 50% to USD 2.7 billion, while the net group profit was USD 8 million compared to a loss of USD 437 million in 2015. This significant increase in sales was mainly due to the Chinese segment that secured additional revenues from the trading of aluminium and coal. Lower LME prices and premiums were offset by higher quantities sold and increased trading in China, which amounted to USD 1,475 million during 2016 at a gross profit of USD 40 million (2015: trading sales of USD 483 million at a gross loss of USD 53 million).

The cost of goods sold also increased to USD 2.44 billion, in 2016, from USD 1.67 billion in 2015, as a direct consequence of higher quantities sold and trading. The Group's gross profit increased in 2016 by almost USD 145 million compared to 2015: the Chinese segment reported a gross profit almost 4.5 times higher than that achieved in 2015 due to higher sales, while in Romania it decreased by 9%.

The Group's gross profit margin was 11% in 2016 compared to 8% in 2015, mainly due to the Group's success in reducing its production costs and specific consumptions per aluminium tonne. In 2016, the Group reported an improved EBITDA of USD 314 million (up from USD 181 million in 2015), primarily due to the performance of the Chinese segment; the same trend was visible for the EBITDA margin that reached 11% in 2016, up from 10% in 2015, mainly due to the Chinese segment that improved its EBITDA margin for the reporting period.

Overall, the Group's operational results showed improvement compared to 2015 which is reflected in the Group's overall net result which amounts to a profit of USD 8 million compared to a loss of USD 437 million in 2015. This is a result of the efforts made during past years to achieve sustainable growth, the significant investments done in both segments to improve operational efficiency and to expand the product portfolio through innovation, thus being able to offer better services and more sophisticated products to clients and, finally, the negotiations conducted to achieve the best prices for raw materials.

Net finance costs (finance costs less finance income) slightly increased to USD 222 million in 2016 from USD 221 million, in 2015, due primarily to the interest expense in the Chinese segment where the first stage of the deep processing plant was put into operation at the end of 2015 and thus the segment stopped capitalising the corresponding borrowing costs which were no longer eligible for capitalisation in 2016. For more details, please see Note 6 "Finance costs" of the Consolidated Financial Statements attached to this report.

The Group's total assets reported as at 31 December 2016 slightly decreased by USD 56 million, from USD 4,875 million in 2015 to USD 4,818 million, out of which the non-current assets amounted to USD 3,236 million (31 December 2015: USD 3,351 million). The most significant decrease resulted from the value of the property, plant and equipment which was affected by the depreciation of the CNY against the USD (from an exchange rate of 6.4936 CNY/USD as of 31 December 2015 to a rate of 6.9370 CNY/USD as of 31 December 2016).

Cash and cash equivalents at the end of 2016 were USD 719 million, down from USD 783 million at the end of 2015, mainly due to a decrease in the restricted cash that amounted to USD 620 million at the end of 2016 (31 December 2015: USD 740 million). The net cash used in operating activities was USD

124 million in 2016, compared to USD 121 million in 2015. The most important element within operating cash-flow is interest paid, which decreased by approximately 11% in 2016 as compared to 2015.

In 2016, the Group's total liabilities decreased by USD 53 million to USD 4,579 million (31 December 2015: USD 4,632 million), with total non-current liabilities at Vimetco level being USD 1,065 million as at 31 December 2015, down from USD 1,102 million as at 31 December 2015 with long-term loans from third parties being USD 674 million compared to USD 739 million as at 31 December 2015. Short-term loans increased to USD 1,866 million (31 December 2015: USD 1,717 million), mainly due to the increase in the current portion of the Group's loans and borrowings position at 31 December 2016, especially in China. However important efforts were made in order to obtain better terms for the short term facilities in China – both prolongations of the tenor and/or reduction in the interest rates.

The Romanian subsidiaries are paying special attention to environmental projects as responsibility with regards to the environment are an integral part of the Vimetco business and operations. This mantra has become embedded in daily operations over the last years. A proof of this fact is represented by the honorary diploma awarded to Alum in September 2016 at the XXIInd Conference, "Aluminium of Siberia", held at Krasnoyarsk, for its project "Bauxite residue safety disposal and possibilities to further utilization". In this paper the results obtained by Alum in the bauxite residue safety disposal resulted from alumina production are presented, along with the possibilities of its further utilization in various industrial sectors. This green project of bauxite residue safety disposal was realised in collaboration with specialists from Hatch Ltd. Australia, the Bucharest Technical University of Construction and IPROLAM SA, with the main objective to finalize the safety storage and disposal installation, which had as a direct result the partial closing of the old system used, while 35,000 trees were also planted in the area.

At the end of 2016, Vimetco employed more than 13,700 people in Asia, Europe and Africa, a significantly increased number compared to 31 December 2015: 12,900 employees, mainly due to growth in the Chinese segment. Within Vimetco employees are considered a key asset and therefore management is permanently investing in safety and protection equipment, safety materials and health & safety training programmes. Vimetco's aim is to ensure the continuing professional development of its employees and offers training to future employees in order to secure the necessary qualified personnel to achieve its goals.

Liquidity, financial position, investments

Considering the challenging aluminium environment, Vimetco's management continued its focus on liquidity and cash flow, paying special attention to incremental improvements in procurement efficiencies, overhead rationalization, working capital, and disciplined capital spending. All of these measures are essential components of current business practices to enable a strengthened balance sheet and to ensure sustainable growth.

Within the Vimetco Group, each segment is managing its liquidity needs, while ensuring sufficient funds are available to cover the Group's operational requirements. In 2016, cash used in operating activities was USD 124 million, compared USD 121 million in 2015. The cash generated from financing activities was USD 211 million in 2016 (2015: cash generated from financing activities was USD 278 million). Net debt at the end of 2016 was similar with that reported at the end of 2015, amounting to USD 2.7 billion, which led to a similar gearing ratio of 92% at the end of 2016 and 2015. However, at the end of 2016 important efforts have been made in order to improve the terms of the current financing structure, which may lead to positive effects in the future.

The liquidity level improved significantly in Romania as the exemption scheme for the big electricity consumers from paying a percentage of 85% of the green certificates mandatory quota was implemented and impacted the 2016 results. As expected, this measure allowed the Romanian subsidiary to compete in an equitable manner with all other aluminium producers in the European Union, where similar measures were already implemented and started several years ago.

The 2016 results are proof that the tight control of costs implemented during recent years and the disciplined approach to cash management have paid off and contributed to the Company's sustainable growth. However, this tight cost control and austerity measures implemented in prior years are to be continued and although the Group is operating efficiently, the main objectives remain the significant improvement of the cost structure and liquidity.

The level of capital expenditure has to be maintained or increased given the cyclical industry Vimetco operates in. Investment in state-of-the-art technology therefore remains a key strategic priority.

Investment in modern equipment and technology increases operational efficiency and, at the same time, decreases production costs, while expanding the range of products, improving quality and reducing delivery time, as well as fulfilling customer demands, remain top priorities for the Group.

In December 2015, the Company signed a loan facility of USD 60 million with Black Sea Trade and Development Bank (BSTDB) for sustaining its investment program and successfully finalized the refinancing of its working capital facility of USD 137 million which was signed with a syndicate of banks and reaches its maturity in November 2017. The loan facility for investments was not fully used during 2016 as some of these investments were postponed until 2017. In respect of the working capital facility, Alro's management has already started the negotiations with the banks to agree the terms and conditions for extending the facility and having a revolving facility of approximate USD 40 million.

In China, the Group made its most significant investment in recent years with the construction of a deep processing plant. The six roll, wholly hydraulic mill, located in Henan Province, can produce coils with a standard width in the range of 900 – 2,400 mm, the highest performance in terms of standard width reached at present in China. The Group has invested more than USD 850 million in this project, which has state-of-the-art technology and facilities. At the end of 2015, this plant was partially put into operation (i.e. the first stage of the project) and during 2016 it started to have a positive impact in coils output and sales volumes. Moreover, the hot rolling mill capacity has now reached 600,000 tpa, while the cold rolling mill has a 490,000 tpa capacity (the latter one still being in trial mode), which led to higher sales to third parties during 2016.

In China, Zhongfu Industrial is in the process of obtaining the necessary approvals for the issuance of a private placement of 553,602,806 shares for approximately USD 454 million. The issue considers six target investors at a price of CNY 5.69 per share, with the amount planned to be spent on the investment in an Internet Data Center project (i.e. USD 274 million) and the repayment of the Group's borrowings (i.e. USD 180 million). During 2016, there were no significant changes in the economic context, neither in the Company's activity that might affect the fair value of the Company's assets and liabilities, except for the normal volatility of the aluminium price on international markets and of exchange rates.

Outlook

Our focus during 2017 will be to look back and continue the successful measures implemented during recent years that have supported the Group in overcoming a number of difficult external factors which have affected the aluminium industry for almost a decade.

In terms of the international aluminium price and overall market sentiment, 2017 began more positively with the LME aluminium price rising to over 1,900 USD/tonne after the second half of 2016 during which it oscillated between 1,600 USD/tonne and 1,725 USD/tonne. The Group will continue to build on the positive results achieved so far through even more discipline and innovation. The measures implemented in relation to the reduction of energy consumption, to ensure operational efficiency, and the investment made, both in equipment and in research, will be continued and will represent a key component of the Group's sustainable growth strategy in future.

2016 was marked by high volatility, mainly during the first half, but also by low input prices. Nevertheless the longer-term economic outlook continues to look uncertain, which may lead to significant revisions in long-term metal price forecasts and, as a direct consequence, planning for the future and setting medium and long term objectives will become even harder. Vimetco will continue to closely monitor the evolution of the aluminium price on the international markets (LME and SME), the energy prices and FX rates, thus being able to review and adjust its business forecasts and take the necessary decisions to preserve the Group's stability and viability.

Moreover, in 2017 the Group will continue its investment policy in areas such as waste reduction, CO2 emissions reduction, recycling, health, safety and environment and will focus its efforts in increasing the

sales level within the industries that are consuming large quantities of aluminium, such as the construction, automotive, cable, food and aero industries.

Considering the Group's exposure to China, Europe and Africa, careful attention is to be paid to developments in each region as the business mindset, culture and market evolution are very different. Moreover, the impact of China and emerging markets demand is also difficult to predict.

In 2017, Vimetco will remain committed to its vertical integration strategy and will keep a focus on strong leadership and culture. Having talented and inspirational management is critical for the Vimetco organization as they are the main drivers for transforming a business and ensuring its success. Moreover, we are aware that the results achieved in 2016 represent just the beginning in respect of the expectations of the market, of potential investors and of other third parties interested in the business of the Group. Therefore, our main objective for the next period is the consolidation of these results to ensure sustainable growth, while monitoring the evolution of international markets to take advantage of any opportunities that might appear and thus, increasing the Company's value.

Vimetco N.V.

Consolidated Statement of Profit or Loss and Other Comprehensive Income for the year ended 31 December

in USD '000, except per share data

	Note	2016	2015
Sales	3	2,734,509	1,818,104
Cost of goods sold		-2,443,376	-1,672,008
Gross profit		291,133	146,096
General and administrative expenses	4	-100,763	-110,161
Impairment of property, plant and equipment	9	30,237	-125,543
Impairment of mineral rights	10	23,494	-138,151
Share of result of associates	14	-1,093	1,511
Other income	5	22,639	41,092
Other expenses	5	-8,587	-9,268
Operating result		257,060	-194,424
Finance costs	6	-251,764	-258,110
Finance income	6	30,014	36,796
Fair value gains/(losses) from derivative financial instruments	27	-2,990	-15,662
Foreign exchange gain/(loss)		-19,479	-28,545
Profit / (loss) before income taxes		12,841	-459,945
Income tax	7	-4,536	22,512
Profit / (loss) for the year		8,305	-437,433

Other comprehensive income / (expense):

Items that will not be reclassified subsequently to profit or loss

Remeasurements of post-employment benefit obligations	-94	1,746
Income tax on items that will not be reclassified	24	-274

Items that may be reclassified subsequently to profit or loss:			
Translation adjustment		-11,959	-45,127
Other comprehensive income / (expense) for the year, net of tax		-12,029	-43,655
Total comprehensive income / (expense) for the year		-3,724	-481,088
Profit / (loss) attributable to:			
Shareholders of Vimetco N.V.		-8,364	-266,849
Non-controlling interest		16,669	-170,584
		8,305	-437,433
Total comprehensive income / (expense) attributable to:			
Shareholders of Vimetco N.V.		7,333	-287,369
Non-controlling interest		-11,057	-193,719
		-3,724	-481,088
Earnings per share			
Basic and diluted (USD)	8	-0.038	-1.216

The full version including notes is available as a separate file on the website www.vimetco.com

Vimetco N.V.

Consolidated Statement of Financial Position as at in USD '000

	Note	31 December 2016	31 December 2015
Assets			
Non-current assets			
Property, plant and equipment	9	2,493,627	2,585,305
Mineral rights	10	241,461	240,069
Goodwill	11	169,982	179,510
Land use rights	12	57,939	63,532
Other intangible assets	13	2,500	3,045
Investments in associates	14	76,574	75,724
Derivative financial instruments asset, non-current	27	-	3,277
Deferred tax asset	23	126,990	120,417
Long-term loans to related parties	25	22,756	23,223
Other non-current assets		44,279	57,277
Total non-current assets		3,236,108	3,351,379
Current assets			
Inventories	15	357,121	343,630
Trade receivables, net	16	243,081	153,853

Accounts receivable from related parties	25	23,175	50,270
Current income tax receivable		7,050	496
Other current assets	17	233,043	190,733
Derivative financial instruments asset, current	27	159	916
Restricted cash	18	620,229	739,590
Cash and cash equivalents	18	98,388	43,779
Total current assets		1,582,246	1,523,267
Total assets		4,818,354	4,874,646
Shareholders' Equity and Liabilities			
Shareholders' equity			
Share capital	19	27,917	27,917
Share premium		348,568	348,568
Other reserves		-43,436	-59,193
Retained earnings		-453,508	-164,474
Loss for the year		-8,364	-266,849
Equity attributable to shareholders of Vimetco N.V.		-128,823	-114,031
Non-controlling interest		368,018	356,724
Total equity		239,195	242,693
Non-current liabilities			
Loans and borrowings, non-current	20	674,309	739,009
Loans from related parties, non-current	25	227,405	213,915
Finance leases, non-current	20	1,119	478
Provisions, non-current	21	16,268	11,801
Post-employment benefit obligations	22	8,571	8,723
Other non-current liabilities		20,227	17,524
Deferred tax liabilities	23	116,820	110,434
Total non-current liabilities		1,064,719	1,101,884
Current liabilities			
Loans and borrowings, current	20	1,866,272	1,717,203
Loans from related parties, current	25	22,102	55,905
Finance leases, current	20	458	175
Trade and other payables	24	1,589,004	1,713,301
Accounts payable to related parties	25	20,672	20,952
Provisions, current	21	9,685	16,209
Current income taxes payable		6,247	6,299
Derivative financial instruments liability, current		-	25
Total current liabilities		3,514,440	3,530,069
Total liabilities			

	4,579,159	4,631,953
Total shareholders' equity and liabilities	4,818,354	4,874,646

The full version including notes is available as a separate file on the website www.vimetco.com

Vimetco N.V.

Consolidated Statement of Cash Flows for the year ended 31 December
in USD '000

	Note	2016	2015
Cash flow from operating activities			
Profit / (loss) before income taxes		12,841	-459,945
Adjustments for:			
Depreciation and amortisation		110,903	111,254
Interest and guarantee income	6	-30,014	-36,796
Net foreign exchange losses / (gains)		15,309	26,577
Disposal of property, plant and equipment	5	408	1,486
Disposal of land use rights	5	-9,447	-
Impairment of property, plant and equipment	9	-30,237	125,543
Impairment of mineral rights	10	-23,494	138,151
Charge / (Release) of provisions	21	-6,029	4,761
Interest and guarantee expense	6	242,275	248,261
Share of result of associates	14	1,093	-1,511
Effect of derivative financial instruments		5,332	16,821
Changes in working capital:			
(Increase) / decrease in inventories		-18,452	12,631
(Increase) / decrease in trade receivables and other assets		-139,835	-71,888
Increase / (decrease) in trade and other payables		-12,519	36,157
Income taxes paid		-11,037	-12,928
Interest paid		-230,531	-259,025
Proceeds / (payments) from derivatives, net		-665	-573
Net cash from / (used in) operating activities		-124,099	-121,024
Cash flow from investing activities			
Purchase of property, plant and equipment and intangible assets		-133,644	-119,591
Proceeds from sale of property, plant and equipment		2,940	728
Proceeds from sale of land use rights		9,447	-
Acquisition of associates	14	-11,549	-3,693
Dividends from associates	14	4,520	-
Acquisition of shares in subsidiaries	26	-	-336
Sale of shares in subsidiaries	26	-	49,371
Sale / (acquisition) of available-for-sale financial assets	17	-	1,445
(Increase) / decrease in restricted cash		86,260	-106,347
Interest received		14,935	19,461
Net cash from / (used in) investing activities		-27,091	-158,962

Cash flow from financing activities		
Proceeds from loans	2,128,494	2,006,349
Repayment of loans	-1,917,702	-1,728,692
Net cash from / (used in) financing activities	210,793	277,657
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Net increase / (decrease) in cash and cash equivalents	59,603	-2,329
Cash and cash equivalents at beginning of year	43,779	50,456
Effect of exchange rate differences on cash and cash equivalents	-4,994	-4,348
Cash and cash equivalents at end of year	98,388	43,779

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