

VIMETCO REPORTS FULL YEAR FINANCIAL RESULTS FOR THE 12 MONTHS ENDED 31 DECEMBER 2008

Amsterdam / Zurich, 28 April 2009: Vimetco NV (LSE: VICO), the global producer of primary and processed aluminium products, today announces its financial results for the 12 months ended 31 December 2008.

Financial highlights

- Sales increased 52% to USD 1,833 million (2007: USD 1,210 million)
- EBITDA was USD 259 million (2007: USD 295 million)
- Net profit before impairment charges for China was USD 71 million (2007: USD 194 million)
- Goodwill impairment was USD 215 million
- Net loss, as a result of impairment charges, for the year was USD 144 million
- Full consolidation of the China segment, including the Linfeng site from January 2008
- Acquisition of a bauxite mine for USD 30 million in Sierra Leone in July 2008
- Net cash at the end of the year USD 102 million (2007: USD 137 million)

Operational highlights

- Primary aluminium production in 2008 reached 691,000 tonnes (2007: 567,000 tonnes)
- With continued focus on higher added value products, processed aluminium production in 2008 was 91,000 tonnes (2007: 52,000 tonnes)
- Aluminium industry severely affected by the global financial crisis in the second half of year with aluminium price declining 56% between July 2008 and the end of the year – from USD 3,291/tonne to USD 1,454/tonne
- In the first half of year Vimetco continued to expand, meeting several important milestones including:
 - Greater vertical integration through acquisition of a bauxite mine in Sierra Leone and a stake in a Chinese coal mine; construction of a new 300 MW power plant in China scheduled for completion in 2009
 - Continuing expansion in China, primary aluminium producing and processing capacities grew by over 50%, introducing latest state-of-the-art 400 kA technology
 - Focus on higher added value products: upgrading and increasing the overall capacity of the cold rolling mill in Romania and quadrupling the capacity of continuously casted band in China
- In the second half year Vimetco responded rapidly and decisively to the fall in aluminium price:
 - Vimetco announced production cuts in China (October) and production cuts in Romania (November)

Post Period Update

- Additional responses to further decline in aluminium price:
 - January 2009 suspension of one pot line in Romania

- Group wide cost-cutting measures implemented in early 2009

Acting Chief Executive Officer, Frank Müller, said:

“Since 2007 Vimetco has been transformed from a regional company into a major, publicly listed, global supplier of a wide range of aluminium products, with operations on three continents. In the course of 2008 we were able to achieve a number of key milestones. The second half was dominated by the impact of the global financial crisis, which has significantly affected the aluminium price.

“We took rapid and decisive action to adjust to the fall in aluminium demand with a rigorous plan which involved a series of cost-cutting measures and adjusting the timing and execution of our business strategy.

“Despite a period of extraordinary market developments, Vimetco managed to meet many of its business objectives, including steps towards the goal of vertical integration, more focus on the higher added value products in China and Romania and continuing expansion in China, based on the introduction of the latest technologies.

“Looking ahead, Vimetco is committed to meeting the challenges of the current market where sizeable inventory surpluses are expected to grow throughout 2009, with aluminium prices continuing to be depressed for much of the year.

“Priorities are to adjust production levels and the product mix to meet demand levels in a timely manner; cost-cutting measures will be increased where required and the company will continue to source raw materials cost-effectively; and cash levels will be maintained to service debt repayments and interest.”

A conference call will be held today at 9.30am BST during which Frank Müller and Marian Nastase will present results. Please contact Simon Hockridge at Hogarth PR on telephone: 020 7357 9477 if you would like to participate or email: shockridge@hogarthpr.co.uk

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Notes to editors:

Vimetco N.V. is a global, vertically integrated producer of primary and processed aluminium products with major production assets in Romania, Sierra Leone and China, a holding company in The Netherlands and a management unit located in Switzerland. Vimetco N.V. controls an aluminium production capacity of 930,000 tonnes p.a. and employs some 10,100 staff. Vimetco's shares are listed on the London Stock Exchange. www.vimetco.com

Board of Directors' Review

Our business strategy since 2007 has enabled us to transform Vimetco from a regional company to a major, publicly listed global supplier of a wide range of aluminium products, with operations on three continents. The strategy is based on expanding production through organic growth as well as acquisitions, vertical integration, a focus on added value products and a continued commitment to ensuring high quality.

Despite an eventful year marked by plummeting aluminium prices and record high inventory levels, Vimetco achieved a strong set of first half year results and subsequently reduced the impact of the financial crisis through rapid cost-saving measures. We recorded sales for the whole of 2008 of USD 1,833 million, an increase of 52% over 2007, resulting in EBITDA of USD 259 million and a net profit of USD 71 million before impairment charge for China of USD 215 million. The company also made progress in continuing to implement its vertical integration strategy.

In 2008 there was an unusually high volatility in the aluminium market, reflected in aluminium spot prices starting at USD 2,365 per tonne, peaking at USD 3,291 per tonne in July and subsequently dropping severely, as a result of the financial crisis, to end the year at USD 1,454 per tonne – a 56% decline from July's peak. Meanwhile inventories more than doubled to over 2.3 million tonnes by the end of the year, a level last seen in 1994. One positive consequence of the drop in aluminium prices was that input costs started falling as alumina prices are linked to the LME. Oil prices also reached low levels, while coal prices declined more smoothly.

Vimetco responded rapidly and decisively to the fall in aluminium prices with a rigorous plan which involved a series of timely cost-cutting measures and an adjustment in the execution of our business strategy to ensure greater stability for the Company. Production cuts were made in China in October, one of the first measures taken in the industry, along with reductions in capital expenditure. The second phase of a headcount reduction in Romania, begun in the first half of 2008, was also implemented and production cuts were announced in November followed by further cuts in January. Since then additional cost-cutting measures have been implemented across the whole Group.

Despite the extraordinary market developments, Vimetco was able to meet many of its business objectives, achieving several important milestones, especially in vertical integration. Highlights include the full consolidation of Linfeng Aluminium from January 2008; acquisition of a bauxite mine in Sierra Leone with a resource base of approximately 31 million tonnes; acquisition of a stake in a coal mine in Gongyi with workable reserves of 27 million tonnes, ensuring mining rights for 33 years; progress in the construction of another 300 MW power plant in China and establishment of a joint venture with InterAgro, to evaluate the construction of a power plant in Romania.

We have continued to increase our focus on higher added value products in Romania and China alongside the implementation of the latest technologies in our expansion in China. Primary aluminium producing and processing capacities grew by over 50% in China during the year with the construction of highly energy-efficient plants in Gongyi. More detail appears in the country segments below.

Business Review

Sales increased on a consolidated basis by 52% to USD 1,833 million (USD 1,210 million). Much of this was a result of an increase in sales from Chinese operations of 177% from USD 360 million to

USD 998 million, due to full consolidation of the China segment including the Linfeng acquisition, as well as higher production volumes at existing operations.

Total cost of goods sold increased by 78% from USD 876 million to USD 1,563 million. Cost of raw materials increased to reach USD 853 million, up 92% from 2007, mainly as a consequence of the full consolidation of the China segment and higher coal prices in China. Electricity, water and gas costs rose 32% to USD 303 million.

Gross profit at USD 270 million was down 19% from USD 334 million and as a result the gross margin was 15% down from 28% in 2007.

Vimetco recorded an impairment of USD 215 million for its Chinese operations. The acquisition price of these entities anticipated considerable growth in smelter and processing capacity, which has not occurred as projected because of the recent significant weakening of the global economy and the aluminium industry, resulting in the impairment charge.

The impairment charge for China led to a net loss for the period of USD 144 million (2007: profit of USD 194 million).

Net cash generated by operating activities was USD 328 million up from USD 253 million in 2007. Net cash used in investing activities increased 218% from USD 215 million to USD 682 million. Of this USD 453 million was primarily invested in property, plant and equipment in 2008, an increase of USD 220 million from 2007. Net cash from financing activities amounted to USD 325 million (2007: USD 31 million) as a result of the net proceeds and repayment of loans.

Financing

Total cash (including restricted cash) available at Group level at the end of 2008 amounted to USD 432 million. Most of the restricted cash, which totalled USD 330 million, is with the Chinese operation.

Net debt increased by USD 446 million to USD 1.12 billion as a result of significant investments in China. Vimetco established a shareholder loan of up to USD 250 million granted by the majority shareholder, Vi Holding N.V. in June 2008, due in 2013. Approximately USD 100 million of the shareholder loan was invested in China in the form of an intragroup loan while the rest of the loan was used to finance the acquisition of the bauxite mine in Sierra Leone.

In February 2008, a 15 year term loan in CNY of around USD 270 million, was secured against the two existing power plants in China. Further conversion of short-term debt into longer-term debt will be continued, with the intention of securing another loan after completion of an additional power plant in 2009. Romanian operations have low levels of debt, most of which is long-term, with repayments covered out of operating cash flow. At the holding level, beside the shareholder loan, there is a five year loan of USD 190 million, which is amortised annually, with repayments due in May after Alro's dividend payment.

Major projects and investments

Vimetco budgeted approximately USD 800 million to be spent in 2008 on expansion projects and acquisitions in order to achieve the company's objectives. Actual expenditure was USD 542 million of

which USD 480 million was spent in China on expansion projects, including a cast house, processing facilities and a power plant (to be completed). USD 60 million was spent in Romania to further strengthen Alro's position in added value products.

The remainder was held ready for acquisition of coal and bauxite mines. In July 2008, Vimetco announced the purchase of a bauxite mine in Sierra Leone for USD 30 million in total. The bauxite mining lease covers an area of 322 square kilometres located approximately 150 km south east of Freetown. The mine produces high grade metallurgical bauxite. Vimetco was also granted exploration licenses in Guinea in autumn 2008.

In October 2008 Vimetco announced the acquisition of a stake in a coal mine in Henan province, China, close to the power plants of Zhongfu Power.

Dividend

The Board of Directors proposes not to pay a dividend for the financial year 2008.

Operational Review

Romania

In 2008, Romania made sales of cast aluminium of nearly 214,000 tonnes compared with 220,000 tonnes in 2007, with sales of processed products at 35,000, a similar level to 2007. Sales reached USD 825 million (2007: USD 850 million) while costs were USD 599 million, resulting in a gross profit of USD 226 million with a gross margin of 27.3%. Profit for the year amounted to USD 83 million, a margin of 10%.

Cost-saving measures were initiated early in Romania, well before the financial downturn. The headcount was reduced by 936 employees in two phases during 2008. In November, production was cut by reducing amperage in the pot lines and not re-commissioning single pots in need of regular maintenance. In December, it was agreed to reduce production further as the market conditions continued to deteriorate and at the end of 2008 one of the six pot lines in operation was suspended.

Vimetco's investment in Romania during the year focused on introducing modern equipment, including the upgrading of the processing facilities, the replacement of rectifiers, a new aluminium silo as well as the support of environmental protection projects. As a result the company now has greater flexibility in adapting the product mix to meet customer needs and meeting specific customer requests.

In line with the company's increasing shift towards higher added value products, the cold rolling mill was upgraded during the first quarter, doubling the production capacity for cold rolled products from 18,000 tonnes p.a. to 36,000 tonnes p.a. and further improving quality. Despite the resulting interruption to production, output increased by 13.8% over the full year to 11,215 tonnes of coils and sheets (2007: 9,864 tonnes).

Significant progress was also made to improving overall quality of flat rolled products, as a result of a long term systematic investment programme covering the whole production chain.

In April, Vimetco announced the launch of a joint venture with Interagro – TM Power – to evaluate the construction of a power plant in Romania.

China

During the year China achieved sales of cast aluminium of 374,000 tonnes compared to 303,000 tonnes in 2007. Sales of processed products at 55,000 tonnes were over three times higher than 2007 (17,000 tonnes). Sales revenue reached USD 998 million in 2008 (up 177% from 2007), while costs were USD 952 million, resulting in a gross profit of USD 45 million, and a gross profit margin of 4.6%. Due to the goodwill impairment of USD 215 million (see Business Review), Chinese operations made a loss for the year of USD 226 million.

Vimetco decided to reduce output at the end of September and in October announced a cut of 80,000 tonnes p.a., to which was added a further cut of 15,000 tonnes p.a. in November. Less efficient capacities, mainly smaller pots based on older technology, were taken out of production. Smaller, less efficient power plants were also taken out of operation so that by the end of 2008 electricity was being generated mainly by the two 300 MW power plants.

Vimetco's investment in China during 2008 resulted in an increase in primary and processed aluminium production capacity of 50%. At the Yinhu site in Gongyi, capacity for processed products, specifically casted band and foil production, increased from 20,000 tonnes p.a. to 80,000 tonnes p.a., in line with the Company's strategic focus on processed, value added products. An energy-efficient, state-of-the-art 400 kA technology facility was completed ten months after work commenced in January 2008. A cast house using advanced processing equipment with a capacity of 300,000 tonnes p.a. is scheduled for completion in 2009. Construction of a third 300 MW power plant has also progressed as planned, with completion expected in the second quarter of 2009. In Linzhou, construction of an additional facility with a capacity of 250,000 tonnes p.a. was postponed, although existing commitments will be completed.

Sierra Leone

The acquisition of the bauxite mine in Sierra Leone contributed a further USD 11 million to Group sales through the sale of bauxite to third parties. Costs amounted to almost USD 12 million resulting in a gross loss of USD 1 million and a net loss of USD 2.7 million. On a full year basis, sales volumes decreased 23% compared to 2007, while the sale price was 8% higher.

Outlook for 2009

As of January 2009, experts calculated production cuts of 5.5 million tonnes globally, of which 3.5 million tonnes were in China. Following on from the global financial crisis and dramatic economic developments, aluminium demand is expected to fall by 2% - 3% in 2009, with no relief for aluminium prices in the first half of 2009. A sizeable inventory surplus is expected to grow throughout 2009, with aluminium prices remaining depressed until inventory levels start falling

The actions taken by governments to support local and global economies will play an influential, if ambivalent, role for the aluminium industry in 2009. On the one hand support for domestic production in excess of current demand may lead to increases in inventory levels and further pressure on prices. On the other hand, several governments have promised very large stimulus packages, mainly focused

on infrastructure, which will increase demand for aluminium. However, this could take 12-15 months until the aluminium industry begins to feel benefits.

Vimetco is committed to meeting the challenges. Production levels and the product mix will continue to be adjusted to meet demand levels in a timely manner; cost-cutting measures will be continued and increased if required; the company will continue to source raw materials cost-effectively; and cash levels will be maintained to service debt repayment and interest.

We will seek to stabilise sales premia in Romania as much as possible, while in China the emphasis will be on achieving the best price for the value added casted products such as wire rod, slabs and billets. Vimetco will also continue to develop new products that it can make available to the respective sales teams and gain new customers in new and growing market segments, rather than continuing to depend on sales to intermediaries.

Consolidated Income Statement

Vimetco N.V.

Consolidated Income Statement for the year ended 31 December 2008
in USD '000, except per share data

	Note	2008	2007 *
Sales	3	1,833,349	1,210,207
Cost of goods sold	4	(1,563,293)	(876,423)
Gross profit		270,056	333,784
General and administrative expenses	5	(98,993)	(93,893)
Restructuring charge	6	(17,499)	(5,818)
Reversal of impairment of property, plant and equipment	12	1,602	-
Impairment of goodwill	14	(214,683)	-
Gain on disposal of subsidiaries	7	-	1,339
Share of result of associates	16	1,500	8,460
Other income	8	29,940	17,140
Other expenses	8	(19,434)	(13,478)
Operating profit / (loss)		(47,511)	247,534
Finance costs, net	9	(71,549)	(34,866)
Foreign exchange (loss) / gain		(14,168)	28,707
Profit / (loss) before income taxes		(133,228)	241,375
Income tax expense	10	(10,915)	(47,565)
Profit / (loss) for the year		(144,143)	193,810
Attributable to:			
Shareholders of Vimetco N.V.		(165,268)	160,936
Minority interest		21,125	32,874
Earnings per share			
Basic and diluted (USD)	11	(0.753)	0.812

* Certain items in the prior year figures have been reclassified to facilitate comparison with the current year figures, see Notes 4, 5, 8 and 9.

The full version including notes is available as a separate file on the website www.vimetco.com and the notes are an integral part of these Consolidated Financial Statements.

Consolidated Balance Sheet

Vimetco N.V.

Consolidated Balance Sheet as at 31 December 2008

in USD '000

	Note	2008	2007 *
Assets			
Non-current assets			
Property, plant and equipment	12	1,836,909	1,306,574
Intangible assets	13	12,297	11,335
Goodwill	14	95,296	265,934
Land use rights	15	55,483	52,137
Investments	16	38,205	20,825
Derivative financial instruments	29	-	347
Deferred tax asset	25	31,919	2,246
Total non-current assets		2,070,109	1,659,398
Current assets			
Inventories	17	326,831	265,883
Trade receivables, net	18	57,158	47,770
Accounts receivable from related parties	27	1,277	1,299
Current income tax receivable		295	-
Other assets	19	149,670	131,741
Derivative financial instruments	29	53,706	10,659
Restricted cash	20	330,009	126,525
Cash and cash equivalents	20	101,561	137,081
Total current assets		1,020,507	720,958
Total assets		3,090,616	2,380,356
Shareholders' Equity and Liabilities			
Shareholders' equity			
Share capital		27,917	27,917
Share premium		366,126	366,126
Other reserves		84,877	110,591
Retained earnings		351,999	166,521
Profit / (loss) for the year		(165,268)	160,936
Equity attributable to shareholders of Vimetco N.V.		665,651	832,091
Minority interest		281,374	303,178
Total shareholders' equity		947,025	1,135,269

Non-current liabilities			
Bank and other loans	22	460,379	265,922
Loans from related parties	22, 27	171,388	168
Finance leases	22	5,756	4,940
Provisions	23	7,068	7,855
Post-employment benefit obligations	24	7,135	8,575
Other non-current liabilities		523	2,071
Derivative financial instruments	29	60,317	16,546
Deferred tax liabilities	25	18,955	12,865
Total non-current liabilities		731,521	318,942
Current liabilities			
Bank loans, overdrafts and other loans	22	580,498	536,935
Loans from related parties	22, 27	314	36
Finance leases	22	3,013	2,386
Trade and other payables	26	793,232	364,103
Trade and other payables to related parties	27	1,523	152
Provisions	23	5,538	4,523
Current income taxes payable		12,742	17,530
Derivative financial instruments	29	15,210	480
Total current liabilities		1,412,070	926,145
Total liabilities		2,143,591	1,245,087
Total shareholders' equity and liabilities		3,090,616	2,380,356

* Certain items in the prior year figures have been reclassified to facilitate comparison with the current year figures, see Notes 18, 19, 23 and 26.

The full version including notes is available as a separate file on the website www.vimetco.com and the notes are an integral part of these Consolidated Financial Statements.

Consolidated Statement of Cash Flow

Vimetco N.V.

Consolidated Statement of Cash Flow for the year ended 31 December 2008

in USD '000

	Note	2008	2007
Cash flow from operating activities			
Profit / (loss) before income taxes		(133,228)	241,375
Adjustments for:			
Depreciation and amortisation		93,889	57,302
Interest and guarantee income	9	(18,521)	(10,463)
Net foreign exchange losses / (gains)		19,778	(20,938)
(Gain) / loss on disposal of property, plant and equipment	8	2,224	668
Gain on disposal of subsidiaries	7	-	(1,339)
Impairment of goodwill	14	214,683	-
Reversal of impairment of property, plant and equipment	12	(1,602)	-
Provisions	23	1,502	2,032
Interest and guarantee expense	9	82,435	43,320
Share of result of associates	16	(1,500)	(8,460)
Effect of derivative financial instruments		11,902	6,020
Changes in working capital:			
(Increase) / decrease in inventories		(51,368)	(22,132)
(Increase) / decrease in trade receivables and other assets		8,200	26,649
Increase / (decrease) in trade and other payables		244,917	22,630
Income taxes paid		(59,669)	(39,932)
Interest paid		(86,124)	(43,577)
Net cash generated by operating activities		327,518	253,155
Cash flow from investing activities			
Purchase of property, plant and equipment and intangible assets, net		(453,327)	(233,694)
Proceeds from sale of property, plant and equipment		999	4,244
Acquisition of Everwide	28	-	21,883
Acquisition of investments	28	(50,479)	(37,549)
Proceeds from sale of subsidiaries	7	-	3,775
Other cash flows from investing activities		1,875	-
(Increase) / decrease in restricted cash		(192,547)	16,130
Interest received		11,429	10,463
Net cash used in investing activities		(682,050)	(214,748)
Cash flow from financing activities			
Proceeds from Initial Public Offer, net		-	89,560
Proceeds from loans		1,194,031	508,558
Repayment of loans		(843,353)	(456,551)
Dividends paid		(25,839)	(110,207)
Net cash provided by financing activities		324,839	31,360

Net increase in cash and cash equivalents	(29,693)	69,767
Cash and cash equivalents at beginning of year	137,081	72,066
Effect of exchange rate differences on cash and cash equivalents	(5,827)	(4,752)
Cash and cash equivalents at end of year	101,561	137,081

* "Settlement of derivative instruments" which was included in the "net cash used in investing activities" in the prior year figures has now been reported as "effect of derivative financial instruments" within "net cash generated by operating activities".

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