



Interview

ALTUR: 40 YEARS OF EXPERIENCE, PASSION, RESULTS

SERGIU BURCĂ, Principal CEO, ALTUR

1. The global economy is projected to further slowdown in 2023. Many companies brace for near-term resilience amid persistent challenges. What are the main achievements of ALTUR in 2023? What strategies helped you outperform in the current business environment?

Due to its strong customer relationships and long-term collaborations, Altur has significantly increased added value in response to the global rise in production costs and pronounced inflation since 2022, which continues into 2023. Furthermore, Altur has continued identifying and implementing measures to enhance productivity to maintain a competitive position in the aluminum casting parts market.

Altur's strategy involves strengthening relationships with existing customers, securing new projects, expanding existing ones, and diversifying the portfolio by identifying new growth opportunities in industries other than the automotive sector.

2. Economic conditions can significantly impact raw materials, the supply chain, and market demand. How does ALTUR navigate through variable economic conditions to maintain stability and growth?

In the current macroeconomic and political conditions, with specific reference to the situation in Ukraine, Altur strictly adheres to all measures imposed by the EU concerning the procurement of raw materials from restricted areas. Altur maintains collaborations with several raw material suppliers to mitigate the risk of supply chain disruption, which could impede Altur's ability to deliver parts to its customers on time. During this challenging period, Altur aims to secure long-term contracts for energy and raw materials to minimize associated risks and maintain a competitive position to fully utilize its production capacity, both from existing and new projects.

3. How does ALTUR navigate and mitigate the pressures stemming from demands for higher wages and escalating energy prices?

Altur recognizes the need for salary increases and maintaining a fair compensation level for its employees. Ensuring a stable workforce in the current economic conditions is a definite asset that translates into positive financial results. Salary increases directly contribute to the rise in production costs. These increases are offset by improved productivity and a well-defined procurement policy for energy, raw materials, and auxiliary materials based on long-term contracts with the most favorable commercial terms.

4. The metallurgy industry faces various challenges. What are the key challenges ALTUR anticipates in 2024, and how is the company prepared to address them?

A potential decline in production volume beyond the typical seasonal fluctuations, a more significant negative impact due to the evolving situation in Ukraine compared to what we have already observed in 2023, and potential additional government-mandated salary increases are challenges that Altur is prepared to address. The approach Altur will take to address these challenges has been detailed in the responses to previous questions.

5. Can you outline ALTUR's recent strategies for managing the rising cost of financing, especially considering your preference for using internal resources to fund activities?

Altur has considered the increase in financing costs during the negotiations regarding the value-added services with portfolio clients that occurred at the beginning of this year. Simultaneously, Altur continuously seeks ways to improve payment terms with its clients.

6. Considering the changes to the fiscal regulations, what implications do they hold for ALTUR and the broader economy, and where do you see growth opportunities?

Recent changes in the tax legislation have

implications for ALTUR SA. These changes include a new form of taxation for large companies, which will be required to pay a 1% turnover tax if their profit tax rate of 16% is lower than this figure, provided they have a turnover exceeding 50 million euros. These tax changes also extend to other segments, such as additional taxes on individuals, the IT sector, and removing tax incentives in agriculture and construction. These changes are expected to impact consumer spending directly.

The turnover tax will have the most significant impact on companies, especially those in sectors such as energy, automotive, and construction. This could likely result in price increases to cover the additional tax costs. Therefore, inflation is expected to rise. The combination of increased taxes, rising prices, and minimum wage hikes will impact the procurement and selling prices of the company.

At a national level, this translates to a decrease in purchasing power, discouragement of short and medium-term investments, inflationary pressures as costs are passed on to end consumers, and a reduction in Romania's competitiveness, affecting exports.

Although SC ALTUR SA is not subject to this specific tax, it may indirectly be affected by the pricing strategies of large companies subject to the turnover tax. SC ALTUR SA plans to periodically analyze all production costs rigorously negotiate procurement and selling prices to maintain competitiveness in domestic and international markets.

7. How do you foresee the industry's future, especially considering the dynamic market conditions and economic variables that influence it?

In the immediate future, we anticipate that the industry will maintain its focus on the following key areas:

Cost Reduction in Production:

Acknowledging the pressure exerted by OEMs in the automotive industry on parts and subassembly suppliers is essential. This pressure will compel suppliers to explore inventive ways to sustain competitiveness and avoid being eliminated from the market. Players with solid financial positions will have the opportunity to acquire financially distressed competitors on favorable terms.



Diversification is a crucial part of Altur's risk management strategy.



People, innovation, quality, adaptability to change and clear vision are the secrets to our success.

Transition to 100% Green Energy:

The industry's shift towards 100% green energy soon will likely lead to additional cost increases for suppliers, which must be absorbed with internal resources.

Possible Temporary Reduction in Aluminum Casting Production:

The challenging access of OEMs to semiconductors and processors for the automotive industry, one of the most significant industries for aluminum parts, may result in a temporary decline in aluminum casting production.

8. ALTUR has been a stalwart in the industry for 40 years. What factors do you attribute to the company's enduring success and longevity in a competitive market?

Long-term partnerships are built on understanding the ever-changing needs of customers, consistent product quality, continuous improvement, and a team of adaptable individuals whose experience and expertise enable them to respond positively even in the most challenging situations.

9. With 515 motivated employees, how does ALTUR foster a work environment that encourages motivation and performance among its staff?

Altur has always promoted and encouraged all employees' involvement in the manufacturing workflow's continuous improvement process. Every improvement idea from the staff has been carefully analyzed and implemented in practice, where it has been shown to add value. Investments in current, new technology have instilled a sense of professional pride in employees as they work for a company that has proven its position as a cornerstone of the aluminum casting parts industry over the past 40 years and will continue to operate as one of the most critical players in the field for many years to come.

10. ALTUR is a traditional supplier to various industrial sectors. How does the company approach diversification to serve different sectors, and what benefits does this bring?

Diversification is a crucial part of Altur's

risk management strategy. This becomes even more significant in the current economic conditions characterized by high volatility, uncertain customer demand, EU-imposed restrictions, significant inflation, and fierce competition. Diversification is one of the control mechanisms through which Altur addresses market uncertainty, maintains its competitive position, and enhances business predictability in the upcoming period.

11. ALTUR emphasizes responsibility in social and ecological aspects. Could you elaborate on the company's sustainable business practices and their impact on the community and environment?

Altur has been and will remain one of the largest employers in the Slatina industrial area. It will continue to collaborate with local high schools specializing in the field to hire young graduates who aspire to a career in a company that has withstood the test of time and established itself as a leader in the aluminum casting parts industry. Many of Altur's employees have worked here for many decades, and some have even passed the torch to their children. This further confirms the positive image created by Altur in the Slatina area and throughout the industry.

Altur responsibly recycles all residual products resulting from the manufacturing process. Altur's staff continually seeks methods to minimize these residues to reduce their environmental impact.

12. Looking ahead to 2024, what opportunities does ALTUR foresee in the industry, and what strategies are in place to capitalize on these opportunities?

The global shift in recent years from internal combustion engine vehicles to electric vehicles has created opportunities for initiating new projects, both with existing customers and potential new clients. Altur has incorporated such projects into its growth and development strategy. Additionally, diversifying into other industries that utilize aluminum casting parts and demonstrate growth potential in the current economic environment is a risk mitigation, growth, and market position consolidation strategy.