

2019 Third quarter Report

Issued on: 14/11/2019

Company name: COMELF SA

Registered Office: Bistrita, no. 4, Industriiei str.

Phone / fax number: 0263/234462; 0263/238092

VAT Code: 568 656

Registration number with the Trade Register: J06 / 02/1991

Subscribed and paid-up share capital: 13,036,325.34 lei

The regulated market on which the issued securities are traded: BSE

1. Presentation of important events that occurred during the relevant time period and the impact they have on the financial position of the issuer and its subsidiaries.

- ✓ On 18.04.2019, the OGMS took place, approving the distribution, from the net profit for the year 2018, of the amount of 1,405,750 lei for the payment of dividends to the shareholders of the company. The effective payment date was established as 15.07.2019;
- ✓ The OGMS approved on April 18, 2019, the BVC for the current year, the investment program for the year 2019, the company's organization chart and the maximum credit limit for the current year;
- ✓ Centralized coordination of the technology and production development activity by a deputy general technical and production director;
- ✓ Centralization of the Economic Direction;

2. The general description of the financial position and performance of the issuer and its subsidiaries for the relevant time period.

The main indicators, thousands lei	01.01.2019- 30.09.2019	01.01.2018- 30.09.2018	Δ%
Total operating revenues, of which:	110.951	114.110	(2.77)
Revenue from construction contracts	104.001	104.163	-
Profit / (Loss) of the period	2327	2,031	14.57
EBITDA	9,076	8,537	6.31
Interest bearing loans	35,856	37,310	(3.90)
The main indicators, thousands lei	Quarter III - 2019	Quarter III - 2018	Δ%
Total operating revenues, of which:	33,170	36,536	(9.21)
Revenue from construction contracts	31,303	33,696	(7.10)
Profit / (Loss) of the period	1,029	732	40.57
EBITDA	2,700	2,939	(8.13)

**The financial figures are not audited and present the individual results of Comelf SA, drawn up in accordance with International Financial Reporting Standards (IFRS);*

❖ **Operating revenues** of COMELF SA company were 111 million LEI on 30.09.2019, slightly decreasing (114 million LEI on 30.09.2018) compared to those achieved in the same period of the previous year. Regarding their evolution in Q3 / 2019 compared to Q3 / 2018, there is a more significant decrease in operating revenues (a reduction of 9.21%) compared to the evolution for the first 9 months (a reduction of only 2.77%); The decrease in revenues in the third quarter of 2019 compared to the third

quarter of 2018 was influenced by: (i) slowing the sales of our clients who have relied on larger volumes, have placed orders in the first semester but the initial estimates have not materialized, so they have stored some of the products ordered with effect in reducing the volume of orders in the third quarter of 2019, until the stocks are exhausted; (ii) some blockages of payments from our customers, for which, temporarily, until their solution, we decided to stop the manufacture and sales;

❖ **Profit for the period** was improved in the first 9 months 2019 compared to the one achieved in the similar period of the previous year by 14.57%, the main factors that favorably influenced the evolution of the profit being:

✓ Reduction of costs with the raw material in total revenues from the basic activity by 0.9% on the background of optimizing the consumption of material per product, possible thanks both to the experience accumulated in the manufacture of some products but also to the use of a software that optimizes the consumption of the material based on nesting diagrams;

✓ Reduction of other material costs as a result of tracking these costs and their acquisition only on the basis of budgets directly related to production;

The company's patrimony as of 30.09.2019 highlights that:

(i) Fixed assets: decreasing under the influence of monthly depreciation (cumulative effect on 30.09.2019: 5,497 thousand LEI), of the write-off / sale of fixed assets depreciated amounting to 1,222 thousand LEI. lei and the increase of new investments (2,038 thousand LEI);

(ii) current assets decreased slightly by 1.6% on 30.09.2019 compared to 31.12.2018, against the backdrop of stocks of finished materials, finished products and production in parallel with the growth of commercial receivables, so some of the product stocks have they were finalized and sold in debt;

(iii) The equity increased compared to 31.12.2018 with the amount related to the net profit realized during the period 01.01.2019-30.09.2019 but the increase is not at the level of the realized profit, this being diminished by the distribution of the result reported to the dividends;

(iv) Interest bearing loans on 30.09.2019 have decreased compared to 31.12.2018, due to the repayment of the loan for investments that had the final maturity on 31.12.2018 and, additionally, due to the monthly repayment of part of the loan for working capital;

(v) The working capital on 30.09.2019 is 35,628,750 lei (31.12.2018: 37,311,200 lei);

(vi) The debts to suppliers were significantly reduced compared to the beginning of 2019 (-3,689 thousand LEI), as a result of a prudent procurement policy and payments related to the procurement policy;

Report for the third quarter of 2019 may be consulted on the company website [www.comelf.ro/Update information /](http://www.comelf.ro/Update-information/) ,as well as in the link below.

General Manager,
eng. Cenusă Gheorghe

Economic Director,
Ec. Dana Tatar

COMELF SA report for the Third Quarter

According to the ASF Regulation no. 5/2018 Appendix no. 13

Date of report: 11/14/2019

Company name: COMELF SA

Registered Office: Bistrita, str. Industry no.4

Telephone / fax number: 0263234462/0263238092

VAT Code: 568 656

Registered business number: J06 / 2/1991

Subscribed and paid-up share capital: 13,036,325.34 lei

The regulated market on which the issued securities are traded: Bucharest Stock Exchange

A. Economic-financial indicators for the third quarter of 2019

Indicator name	Calculation model	09/30/2019	9/30/2018
<u>Current liquidity (general)</u>	Current assets / current liabilities (e.g. the recommended value for this indicator is around 2)	1.07	0.97
<i>The current (general) liquidity on 30.09.2019 is 1.07 and represents the degree of coverage of current liabilities through the current assets held by the company. This indicator is larger than 1 as compared to 30.09.2018 when it was less than one which means that at this moment the company can cover from its current assets all its short-term obligations and, moreover, it means that there is a short-term balance that has been rebalanced;</i>			
<u>The degree of indebtedness</u>	Borrowed capital / Employed capital	1.86	-
<i>The degree of indebtedness represents the share held by borrowed capital - debts over 1 year, in the employed capital; At the reporting date, the indebtedness degree of the company is 1.86, since the value of the company's credits with a repayment duration greater than 1 is small;</i>			
Duration of collection of customer-debits (days)	Average customer balance / Turnover X 270	88	90
Rotation speed of fixed assets	Turnover / Fixed assets	1.30	1.19

General Manager,
eng. Cenusă Gheorghe

Economic Director,
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STATEMENT OF FINANCIAL SITUATION on 30th September 2019

In Lei

Nr.		31.12.2018	30.09.2019
Crt.	DENUMIREA POZITIEI	IFRS	IFRS
1	<i>Actives</i>		
2	Intangible assets	591,703	455,604
3	Tangible assets	91,532,890	87,516,444
4	Financial assets available for sale	-	-
5	Total Fixed assets	92,124,593	87,972,048
6	Advance payments for tangible assets	670,205	141,113
7	Stocks	7,354,769	5,170,209
8	Account receivables from construction contracts	59,321,959	57,474,010
9	Commercial account receivables and of other types	2,198,146	3,159,650
10	Current tax account receivables	-	-
11	Cash and cash equivalents	3,737,985	5,850,129
12	Total Current Actives	73,283,064	71,795,111
13	Total Actives	165,407,657	159,767,159
14	Capital	13,036,325	13,036,325
15	Adjustments of the capital	8,812,271	8,812,271
16	Other elements of equity	(9,183,135)	(8,931,189)
17	Reserves	60,050,153	59,885,072
18	Repurchased own shares	-	-
19	Reported result	(3,593,366)	(2,971,850)
20	Year result	2,815,330	2,327,293
21	Total shareholder's equity	71,937,578	72,157,922
22	<i>Debts</i>		
23	Long term bank loans	3,497,925	1,187,150
24	Other loans and debts-leasing	54,840	177,912
25	Debts for postponed tax	9,692,465	9,947,721
26	Provisions for risks and expenses	190,059	190,059
27	Debts for postponed income	7,486,647	6,868,868
28	Total long term debts	20,921,936	18,371,710
29	Overdrafts	33,813,275	34,441,600
30	The current share for the long term loan	-	-
31	Defferend tax liabilities	413,272	83,982
32	The current other loans and liabilities - leasing	16,293	49,796
33	Commercial and other types of debts	35,394,366	31,894,960
34	Provisions for risks and expenses	1,316,293	1,214,157
35	Debts for postponed income	1,594,644	1,553,032
36	Total current debts	72,548,143	69,237,527
37	Total Debts	93,470,079	87,609,237
38	Total shareholder's equity and debts	165,407,657	159,767,159

PROFIT OR LOSS ACCOUNT STATEMENT AND OTHER ELEMENTS OF GLOBAL INCOME

Nr. crt.	DENUMIREA INDICATORILOR	30.09.2018	30.09.2019
1	Revenue from contracts with customers	104,163,583	104,001,039
2	Income from selling goods	630,474	6,506
3	Other income connected to turnover	6,583,518	5,046,400
4	Other income	2,732,028	1,896,944
5	Total operating income	114,109,603	110,950,889
	<i>of that: turnover</i>	112,351,876	114,524,756
6	Raw materials and consumables expenses	49,883,879	46,842,689
7	Goods expenses	609,903	6,374
8	Staff expenses	35,268,139	35,687,436
9	Rent expenses	425,946	575,539
10	Expenses with premiums asigurate	345,931	297,407
11	Transport costs	5,375,868	5,227,440
12	Amortization and depreciation of fixed assets costs	5,801,102	5,497,157
13	Adjustments for depreciation of current assets, net	170,000	-
14	Provisions costs for risks and expenses , net	(6,731,939)	(102,136)
15	Other operating expenses	20,159,092	13,237,679
16	Total expenses	111,307,921	107,269,585
17	Profit from exploitation	2,801,682	3,681,304
18	Financial income	1,621,029	1,885,274
19	Financial expenses	(2,236,714)	(2,901,047)
20	Financial loss	(615,685)	(1,015,773)
21	Total revenue	115,730,632	112,836,163
22	Total expenses	113,544,635	110,170,632
23	Profit before tax profit	2,185,997	2,665,531
24	Tax profit	154,781	338,238
25	Net income	2,031,216	2,327,293
26	Other elements of global results		
27	Revaluation of tangible assets		
28	Other comprehensive income , after tax		
29	Total profit of loss account and other elements of global result	2,031,216	2,327,293
30	Earnings per share		
31	Diluted earnings per share	0.09	0.10

Cenusa Gheorghe
General Manager

Tatar Dana
Economic Manager