

2019 Third quarter Report

Issued on: 14/11/2019

Company name: COMELF SA

Registered Office: Bistrita, no. 4, Industriei 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