

3rd Quarter Report of COMELF SA

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

Date of report: 14.11.2018

Company Name: COMELF SA

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

Telephone/fax number:

Unique Registration Code at the Trade Registry Office: 568656

Order number in the Trade Register: J06/2/1991

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

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

A. Economic and Financial Indicators for 3rd Quarter 2018

Indicator Name	Calculation model	30.09.2018	30.09.2017
<u>Current Ratio (general)</u>	Current assets/Current liabilities (the recommended value for this indicator is around 2)	0.97	1.06
<i>The current (general) ratio on September 30, 2018 is 0.97 and represents the coverage of current debts by the current assets held by the company. This indicator is subunit since in February 2018, the company made a cash payment amounting to 5.573.477 (current assets) for the payment of the loss due in the file 21/D/P/2013, the amount that was on September 30, 2017 in provisions with a maturity of more than one year;</i>			
<u>Degree of indebtedness</u>	Borrowed Capital/Employed Capital	-	7,11%
<i>The debt ratio represents the ratio of borrowed capital -debts over 1 year in the capital employed; At the reporting date, the debt ratio of the company is null as the company does not have credits with a repayment term greater than 1;</i>			
Debt collection time -client (days)	Customer Balance / Turnover X 270	90	85
Rotation Speed of fixed assets	Turnover/Fixed Assets	1.19	1.38

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

- ✓ In February 2018, the sum of RON 5,573,477 was paid to the state consolidated budget, the amount representing the loss in file 21/D/P/2013; The amount was recognized as a provision in the financial statements of 2015 and the actual outflow of resources was made in 2018;
- ✓ On 19.04.2018 the OGMS was held, approving the allocation of the amount of 1.622.000 lei from the net profit for the year 2017 for the payment of dividends to the shareholders of the company. The actual payment date was set on 16.07.2018;
- ✓ OGMS has approved on 19.04.2018, the IEB for the current year, the Investment Program for 2018, the organization chart and the maximum credit limit for the current year;

- ✓ merging the activity of two factories: FFE and FUET in a single product entity, with only one functional structure in terms of administrative and financial-accounting;
- ✓ Establishing a Centralized Commercial Department to manage customer relationships as optimally as possible;

2. Detailed description of the financial position and performance of the issuer and its subsidiaries relevant to the relevant time period.

- ❖ **The operational revenues** of COMELF SA amounted to RON 114 million as at 30.09.2018, down from the same period of the previous year. In terms of their evolution in Q3/2018 compared to Q3/2017, there was an improvement in their level (15.19% reduction) compared to the first nine months (17.61% reduction);
- ❖ **The profit of the period** was lower in the first nine months of the year 2018 compared to the one realized in the same period of the previous year by 41.77%, the main factors that had unfavourable influence on the profit evolution were:
 - Additional salary costs for maintaining blue collar staff in the context of high personnel fluctuations, in a market strongly influenced by lack of qualified staff (welders, fitters, machining operators, etc.). Also, the evolution of the minimum wage, as well as the increase in salaries in the budgetary sector, put pressure on the wage costs of private companies, given the need to apply the salary increases necessary to maintain the employees;
 - Fixed expenses (insurance, maintenance, taxes and other services) which, although decreased in absolute amount, their percentage evolution is above the evolution of operational revenues, which leads to the value decrease of the profit;
 - current utilities prices;

General Manager,
eng. Cenușă Gheorghe

Economic Director,
Ec. Dana Tatar