

Report on the third quarter of 2018

Report date: 14.11.2018

Company Name: COMELF SA

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

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

Unique Registration Code at the Trade Registry Office: 568656

Registration number in 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: B.V.B. (Bucharest Stock Exchange)

The main indicators, thousands of lei	01.01.2018-30.09.2018	01.01.2017-30.09.2017	Δ %
Total operating revenues, out of which:	114,110	138,499	(17,61)
Revenue from construction contracts	104,163	128,699	(19,06)
Profit / (Loss) of the period	2,031	3,488	(41,77)
EBITDA	8,537	12,856	(33,60)
Interest-bearing loans	37,310	37,657	(0,9)
The main indicators, thousands of lei	IIIrd Quarter-2018	IIIrd Quarter-2017	Δ %
Total operating revenues, out of which:	36,536	43,079	(15,19)
Revenue from construction contracts	33,696	40,615	(17,04)
Profit / (Loss) of the period	732	1,031	(28,97)
EBITDA	2,939	4,040	(27,26)

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

❖ **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);

❖ **Income generated by the Company's core** business dropped to 104 million LEI on September 30, 2018 compared to 129 million ROL on 30 September 2017, with the main causes being: (i) the structure of products sold in the first 9 months of 2018, with an average sales price/ton of product lower by 3%, specific to the product groups manufactured and sold; (ii) the decrease of the direct productive staff by 15% 9 months 2018 compared to the first 9 months of 2017.

At the quarterly level, the evolution of the revenues generated by the core activity shows a slight improvement, as mentioned in the case of operational revenues, the decrease is 17.04%, comparing the quarterly data against a 19.06% decrease of the period from the beginning of the financial year to 30.09.

❖ **The profit of the period** was lower in the first nine months of the year 2018 compared to the one achieved in the same period of the previous year by 41.77%, the main factors that had unfavourable influence on the profit evolution were:

i) Additional salary costs to maintain staff directly involved in the manufacturing in the context of high staff 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 state-owned companies and institutions, put pressure on the wage costs of private companies, given the need to apply the salary increases necessary to maintain the employees;

- ii) Fixed expenses (insurance, maintenance, taxes and other third-party 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;
- iii) current utilities prices;
- ❖ **The profit achieved in the third quarter of 2018** is lower than in the third quarter of 2017, but it has a positive evolution when compared to the previous periods;

The report for the third quarter of 2018 can be found on the company's website [www.comelf.ro/Informatii la zi /](http://www.comelf.ro/Informatii_la_zi/) , as well as in the link below.