



TMK-ARTROM S.A.

Draganesti Str. 30, Slatina, jud. OLT, Romania 230119
Tel: +40 (249) 436862, 434640, 434641
Fax: +40 (249) 434330, 437288
E-mail: office.slatina@tmk-artrom.eu www.tmk-artrom.eu
J 28/9/1991; VAT No. RO 1510210/1992
Subscribed and Paid Share Capital: 291.587.538,34 lei

PRESENTATION NOTE

ON THE INCOME AND EXPENSES BUDGET TMK ARTROM SA FOR THE YEAR 2016

The planning of the economic and financial activity for 2016 is based on the production capacity as well as on the current market conditions for the products that will be sold in the next period.

For the year 2016 it is expected to achieve a turnover of 988.235.963 lei based on the revenues that will be obtained from the sale of the basic production, namely 198.000 tons of seamless steel pipes in the amount of 806.002.383 lei.

In 2016 the production program is 198.000 tons in full execution, of which: workshop no. 1 ASSEL -103.000 tons, workshop no. 2 CPE – 67.500 tons, workshop no.3 Cold – 12.500 tons and workshop no.5 ACH- 15.000 tons.

The gross profit to be achieved in 2016 is of 164.390.860 lei, and the profit before tax is 49.433.943 lei. For the year 2016 was calculated an income tax of 7.909.431 lei, and the net profit was at the level of 41.524.512 lei.

For the year 2016 it is planned to make investments in value of 13.141.901 euro with VAT.

CHIEF EXECUTIVE OFFICER,
Ing.POPESCU ADRIAN

CHIEF ECONOMICAL AND ACCOUNTANCY OFFICER,
Ec.VADUVA CRISTIANA

ISO 9001
ISO 14001
OHSAS 18001

AD-2000 WO/W4
TRD 100/102
Vd TUV

LRS
DNV
GL-RULES

5CT-0440
5L-0352

PED 97/23/EC
EN 10297

EN 10210-1,2
EN 10255

DIN 1629
EN 10210

ISO/TS 16949

TMK EUROPEAN DIVISION Cod: FCU-01, Ed.3 Rev. 1/2014

Profit and Loss Budget TMK ARTROM for 2016

(lei)

No	Activities	Plan 2016
1	2	3
1.0	Goods, products, work and services sales proceeds	988,235,963
1.1	Sales of main self-produced products	806,002,383
1.1.1	For domestic market	124,960,570
1.1.2	For export	681,041,813
1.2	Proceeds from other sales	22,237,600
1.3	Proceeds from sales of services	372,454
1.4	Proceeds from the goods / services for resale	159,623,526
1.4.1	Proceeds from resales of the finished products of the Group	159,023,526
1.4.2	Proceeds from resales of raw material for the enterprises of the Group	
1.4.3	Proceeds from resale of goods of third parties	600,000
1.4.4	Transport services	
2.0	Cost of goods, products, work and services sold	823,845,103
2.1	Direct expenses for main manufacturing	535,397,286
2.1.1	Main raw and materials	442,790,929
2.1.2	Utilities	51,246,238
2.1.3	Payroll expenses	27,837,411
2.1.4	Manufacturing services of outside companies	13,522,708
2.1.5	Other direct expenses for main manufacturing	
2.2	Production overheads	135,203,298
2.2.1	Repair and maintenance services	5,379,053
2.2.2	Supplies	11,675,506
	other supplies	9,707,624
2.2.3	Utilities	5,687,349
2.2.4	Repair & maintenance supplies, special instruments	33,093,453
2.2.5	Rent, leasing	140,000
2.2.6	Insurance	2,233,869
2.2.7	Transportation	203,917
2.2.8	Payroll expenses	36,206,280
2.2.9	Other overheads	3,523,744
2.2.10	Depreciation	37,060,125
2.3	Cost of goods / services for resale	154,794,099
2.3.1	Cost of products of the Group for resale	154,294,099
2.3.2	cost of raw materials for resale to the companies of the Group	
2.3.3	cost of goods for resale to third parties	500,000
2.3.4	transport services	
2.4	Inventory adjustments	-1,549,579
	For reference: depreciation and amortization	38,543,292
3.0	Gross profit	164,390,860
4.0	Selling expenses	72,601,364
5.0	Advertising and product promotion expenses	
6.0	General and administration costs / management costs	32,186,433
7.0	Research and development expenses	1,151,233
8.0	Sales profit (loss)	58,451,829
9.0	Operating / non-operating profit and expense balance	-3,622,280
9.1	Other non-operating income	
9.2	Other non-operating expenses	3,622,280
	Operating profit (loss) / EBIT	54,829,549
10	Foreign exchange gain/ (loss)	
11	Financial income	
12	Finance costs	5,395,606
13	Income (loss) before tax	49,433,943.0
14	Income tax expenses	7,909,431
15	Net income (loss)	41,524,512

CASH FLOW budget of TMK Artrom for 2016

(lei)

No	Name of the indicator	Plan 2016
1	2	3
	Cash balance at the beginning of the period	500,000
	Total cash received	1,157,269,923
A1	Cash receipt from day-to-day operation	1,113,003,123
1.0	Cash receipts from main product sales	793,983,941
1.1	cash receipt from sale on domestic market	149,854,611
1.2	cash receipt from sale on export	644,129,331
2.0	Cash receipt from sale of goods	197,042,186
2.1	from the sale of Group's basic production	142,293,789
2.2	from the sale of raw material for companies within the Group	54,028,397
2.3	from the sale of other goods	720,000
3.0	Cash receipt from sale of other production and services	22,665,662
4.0	Other cash receipt from day-to-day operation	99,311,333
B1	Cash receipt from investment activities	
C1	Cash receipt from financial activities	44,266,800
	TOTAL PAYMENT	1,145,907,235
A2	Payments related to current activity	1,015,068,155
1.0	Raw materials and materials	643,163,961
1.1	Billets	493,219,646
1.2	Rough	
1.3	Auxiliary materials for production	37,608,802
1.4	Production services provided by third parties	23,292,160
1.5	Ensuring energy	68,703,311
1.6	Other auxiliary materials purchased	20,340,042
2.0	Other non-production (commercial) expenses	69,706,169
2.1	Costs with delivery of finished goods	69,128,081
2.3	Product presentation, exhibitions, media	578,088
3.0	Other general expenses	19,838,309
3.1	Communications services	1,292,160
3.2	Professional services of third parties	4,876,792
3.3	Leasing and renting	2,934,785
3.4	Insurance	3,376,822
3.5	Expenses for attracting borrowed sources	722,000
3.6	Other administrative expenses	6,635,750
4.0	Research and development expenses	125,127
5.0	Staff expenses (salaries + related taxes)	84,370,597
6.0	Interest on loans and borrowings (current activity)	5,103,738
7.0	Payment of taxes	9,422,285
8.0	Other payments for current activity	3,622,280
8.1	Social expenses	3,622,280
8.2	Other current expenses	
9.0	Payments for goods purchase for sale	179,715,689
9.1	Of the Group's core production	128,168,461
9.2	Raw material for the Group's companies	50,947,228
9.3	Other goods for sale	600,000
B2	Payments for investments	57,916,415
1.0	Purchase of fixed assets and intangible assets	
2.0	Financial investments	
3.0	Capital constructions	
4.0	Reconstruction (modernization) and upgrading of production	
5.0	Capital expenses for research, scientific investigations and experimental works	
6.0	Interest on loans and borrowings (for investments)	2,595,386
7.0	Other investment expenses, facilities, mini-projects	55,321,028
C2	Payments related to financial activity	72,922,665
	Total income - expenses	11,362,688
	Final cash balance	11,862,688

Fulfilled of planned sales for TMK-ARTROM 2016

Anexa 3

Curs lei / usd

4.04

Curs lei / eur

4.44

Destination, customer				Selling 2016 plan			
				Q-ty (to)	Price (lei/to)	Price (\$/€/to)	Value (lei)
			2	4	6	8	
TOTAL EXPORT(EU+Non -EU)	Workshop 1 -ASSEL HOT	Hot mechanical tubes	90,670	4,198		380,617,755	
		Hot line tubes	1,630	3,795		6,186,602	
		OCTG	0	0		0	
	Workshop 2 - CPE HOT	Hot mech. tubes	39,480	3,464		136,774,234	
		OCTG	0	0		0	
		Hot line tubes	14,820	3,448		51,103,587	
	Workshop 3 - COLD	Cold drawn tubes	800	5,610		4,487,681	
		Precision tubes	6,665	5,506		36,695,766	
	WS 5	Automotive	300	4,119		1,235,594	
		Cylinder&pistons	9,750	6,165		60,108,437	
		Over rolling	1,600	2,395		3,832,158	
	TOTAL EXPORT(EU+Non-EU)		165,715	4,110		681,041,813	
TMK Artrom sales team Domestic market (Romania)	Workshop 1 -ASSEL HOT	Hot mechanical tubes	7,800	3,570		27,844,872	
		Hot line tubes	800	3,660		2,928,347	
		OCTG	0			0	
	Workshop 2 - CPE HOT	Hot mech. tubes	8,090	3,435		27,785,619	
		OCTG	0			0	
		Hot line tubes	2,100	3,480		7,308,061	
	Workshop 3 - COLD	Cold drawn tubes	1,000	5,581		5,581,032	
		Precision tubes	4,035	5,152		20,787,586	
	WS 5	Automotive	1,900	4,383		8,327,672	
		Cylinder&pistons	3,050	5,644		17,215,290	
		Over rolling	2,000	2,124		4,247,911	
		Second Choice	1,510	1,943		2,934,180	
SUBTOTAL DOMESTIC			32,285	3,871		124,960,570	
Subtotal WS1 hot		Hot mechanical tubes	98,470	4,148		408,462,627	
		Hot line tubes	2,430	3,751		9,114,949	
		OCTG	0	0		0	
Subtotal WS2 hot		Hot mech. tubes	47,570	3,459		164,559,853	
		OCTG	0	0		0	
Subtotal WS3 cold		Hot line tubes	16,920	3,452		58,411,648	
		Cold drawn tubes	1,800	5,594		10,068,713	
		Precision tubes	10,700	5,372		57,483,352	
Subtotal WS 5		Automotive	2,200	4,347		9,563,265	
		Cylinder&pistons	12,800	6,041		77,323,727	
Subtotal second choice			1,510	1,943		2,934,180	
Over rolling			3,600	2,244		8,080,069	
GRAND TOTAL			198,000	4,071	€ 917	806,002,383	

Domestic market 32,285 124,960,570

Total Export, incl: 165,715 681,041,813

Export EU market 124,050 474,403,033

Export Non EU market 41,665 206,638,780

PRODUCTION PROGRAM FOR 2016 TMK - ARTROM

Workshop	Q-ty (to)
WORKSHOP 1-ASSEL	103000
WORKSHOP 2 - CPE	67500
WORKSHOP 3 - COLD	12500
WORKSHOP 5	15000
TOTAL	198000

Investment program

Annex 5

TMK-ARTROM SA Slatina
2016
EUR incl VAT
approved

№	Workshop	Project (Measure), Stage	Effect of Investment						PIF
				Plan for 2016	1st quarter	2 nd quarter	3rd quarter	4th quarter	Term of input (year)
1. Strategic investment projects and measures				13,141,901	2,078,600	1,483,840	3,834,780	5,744,681	
1.1.Transitional investment projects				9,970,401	877,100	873,840	2,694,780	5,524,681	
	P.2. Modernization, reconstruction, technical re-engineering of the current production process			9,970,401	877,100	873,840	2,694,780	5,524,681	
1.1.1	ASSEL	Heat Treatment Complex	Increase Production Capacity	9,970,401	877,100	873,840	2,694,780	5,524,681	2018
1.2. Transitional investment measures				456,500	456,500	0	0	0	
1.2.1	ASSEL	Modernization of the US installation	Safety in exploitation	456,500	456,500				2016
	M 2. Creation / acquisition of social assets, ecological measures, measures to protect labor and to meet the requirements of the supervisory bodies			0	0	0	0	0	
1.3. New Investments				2,715,000	745,000	610,000	1,140,000	220,000	
	M 1.Replacement of used physical equipment, modernization, reconstruction, technical re-engineering of the production process			2,715,000	745,000	610,000	1,140,000	220,000	
1.3.2.	General services	Facilities and small upgrades	Safety in exploitation	350,000	50,000	220,000	50,000	30,000	2016
1.3.1.	General services	IT projects	Safety in exploitation	365,000	95,000	90,000	90,000	90,000	2016
1.3.3.	General services	capitalization	Safety in exploitation	2,000,000	600,000	300,000	1,000,000	100,000	2016
TOTAL on company				13,141,901	2,078,600	1,483,840	3,834,780	5,744,681	