



**TMK-ARTROM S.A.**

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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 2017

The planning of the economic and financial activity for 2017 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 2017 it is expected to achieve a turnover of 1.088.136.370 lei based on the revenues that will be obtained from the sale of the basic production, namely 190.000 tons of seamless steel pipes in the amount of 822.718.887 lei.

In the year 2017 the production program is 190.000 tons in full execution, of which: workshop no. 1 ASSEL - 97.400 tons, workshop no. 2 CPE - 66.000 tons, workshop no.3 Cold - 9.000 tons and workshop no.5 ACH- 17.600 tons.

The gross profit to be achieved in 2017 is 191.531.135 lei, and the profit before tax is 40.853.744 lei. For the year 2017, was calculated an income tax of 6.536.599 lei and the net profit was at the level of 34.317.145 lei.

For the year 2017 it is planned to make investments in value of 20.650.000 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 2017

(lei)

№ n/n	Activities	Plan 2017
1		3
<b>1.0</b>	<b>Goods, products, work and services sales proceeds</b>	<b>1,088,136,370</b>
1.1	Sales of main self-produced products	822,718,887
1.1.1	For domestic market	84,304,084
1.1.2	For export	738,414,803
1.2	Proceeds from other sales	23,742,216
1.3	Proceeds from sales of services	140,600
1.4	Proceeds from the goods / services for resale	241,534,667
1.4.1	Proceeds from resales of the finished products of the	240,934,667
1.4.2	Proceeds from resales of raw material for the enterprises of th	
1.4.3	Proceeds from resale of goods of third parties	600,000
1.4.4	Transport services	
<b>2.0</b>	<b>Cost of goods, products, work and services sold</b>	<b>896,605,235</b>
2.1	Direct expenses for main manufacturing	529,951,403
2.1.1	Main raw and materials	441,782,905
2.1.2	Utilities	46,257,407
2.1.3	Payroll expenses	29,374,387
2.1.4	Manufacturing services of outside companies	12,536,704
2.1.5	Other direct expenses for main manufacturing	
2.2	Production overheads	137,438,987
2.2.1	Repair and maintenance services	3,647,560
2.2.2	Supplies	13,169,500
	Other supplies	10,880,350
2.2.3	Utilities	5,555,126
2.2.4	Repair & maintenance supplies, special instruments	27,538,700
2.2.5	Rent, leasing	363,928
2.2.6	Insurance	2,372,556
2.2.7	Transportation	183,193
2.2.8	Payroll expenses	39,111,207
2.2.9	Other overheads	3,605,494
2.2.10	Depreciation	41,891,722
2.3	Cost of goods / services for resale	230,878,226
2.3.1	Cost of products of the Group for resale	230,378,226
2.3.2	cost of raw materials for resale to the companies of the	
2.3.3	cost of goods for resale to third parties	500,000
2.3.4	transport services	
2.4	Inventory adjustments	-1,663,380
	For reference: depreciation and amortization	43,734,227
<b>3.0</b>	<b>Gross profit</b>	<b>191,531,135</b>
4.0	Selling expenses	108,610,622
5.0	Advertising and product promotion expenses	
6.0	General and administration costs / management costs	32,218,400
7.0	Research and development expenses	974,041
<b>8.0</b>	<b>Sales profit (loss)</b>	<b>49,728,072</b>
9.0	Operating / non-operating profit and expense balance	-4,587,657
9.1	Other non-operating income	
9.2	Other non-operating expenses	4,587,657
	<b>Operating profit (loss) / EBIT</b>	<b>45,140,415</b>
10	Foreign exchange gain/ (loss)	
11	Financial income	5,839
12	Finance costs	4,292,510
<b>13</b>	<b>Income (loss) before tax</b>	<b>40,853,744</b>
14	Income tax expenses	6,536,599
<b>15</b>	<b>Net income (loss)</b>	<b>34,317,145</b>

## CASH FLOW BUDGET of TMK-ARTROM

2017

(lei)

Index		Plan 2017
Cash balance at the beginning of the period		19,367
Total cash received		1,215,018,782
A1	Cash receipt from day-to-day operation	1,139,785,174
1.0	Cash receipts from main product sales	807,746,042
2.0	Compensated railroad rate	0
3.0	Cash receipts from resale of main product	209,634,127
4.0	Cash receipts from resale of raw material, materials, spare parts and equipment	4,335,393
5.0	Cash receipts from other product and services sales	20,871,545
6.0	Other cash receipts from day-to-day operation	97,198,066
B1	Cash receipts from investment activities	305,607
C1	Cash receipt from financial activities	74,928,000
Total cash retirement		1,210,231,498
A2	Cash retirement from day-to-day operation	1,066,842,498
1.0	Raw material and materials	478,686,496
2.0	Auxiliary materials	25,265,078
3.0	Services of outside companies for production	16,223,265
4.0	Energy costs	62,540,379
5.0	Services of outside companies for maintenance and repair of fixed assets	3,174,206
6.0	Commercial costs	98,004,367
	1 Cost of sales	97,607,614
	2 Advertising and product promotion expenses	396,754
7.0	Management costs	18,253,653
	1 Communication services	1,126,960
	2 Information, consulting, auditing services	5,147,121
	3 Leasing and rent	3,027,589
	4 Insurance	3,608,389
	5 Settlements of accounts with the stuff	2,726,487
	6 Research and development costs	125,691
	7 Other management costs	2,491,415
8.0	Staff expenses (salary + assessments)	96,943,968
9.0	Borrowed funds formation expenses	4,928,092
10.0	Taxes and tax collections	8,271,328
11.0	Main products for resale	250,624,915
12.0	Raw material, materials, spare parts and equipment for resale	3,926,750
13.0	Returns	0
14.0	Penalties	0
15.0	Other payments on day-to-day operation	0
B2	Cash retirement through investment activity	92,099,000
C2	Cash retirement through financial activity	51,290,000
Cash balance at the end of the period		4,806,650

**Selling Program TMK-Artrom for 2017**

Sales team	TMK-Artrom				
	ASSEL	CPE	COLD	ACH	GRAND TOTAL
<b>TOTAL</b>	<b>97400</b>	<b>66000</b>	<b>9000</b>	<b>17600</b>	<b>190000</b>

Investment program TMK-ARTROM SA  
2017

EUR

№	Project	Plan 2017
1	Heat Treatment Plant and others investments	20,650,000