



TMK-ARTROM S.A.

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EUID: ROONRC.J28/9/1991; J28/9/31.01.1991  
VAT No. RO 1510210/1992  
Subscribed and Paid Share Capital: 291.587.538,34 lei

No 102 / 251 from 09.11.2018

## SEPARATE AND CONSOLIDATED QUARTERLY FINANCIAL STATEMENTS AS AT 30th SEPTEMBER 2018

- unaudited -

### Statement of financial position at 30 September 2018

	Separate		Consolidated	
	30.09.2018	01.01.2018	30.09.2018	01.01.2018
	RON	RON	RON	RON
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	11.510.595	10.825.193	14.237.501	11.608.847
Trade and other receivables	349.331.724	238.496.231	349.902.265	239.221.345
Inventories	212.967.537	238.083.714	214.432.357	238.134.851
Prepayments	50.297.710	66.350.475	50.455.976	66.452.911
Other current assets	1.257.786	1.067.612	1.257.786	1.067.612
	<b>625.365.352</b>	<b>554.823.225</b>	<b>630.285.885</b>	<b>556.485.566</b>
<b>Non-current assets</b>				
Intangible assets	1.758.119	1.965.398	1.775.575	1.973.616
Property, plant and equipment	615.610.785	606.665.435	615.767.229	606.854.804
Financial assets	4.049.474	1.134.686	4.045.447	1.130.659
Deferred tax asset	-	-	83.704	68.780
Other non-current assets	3.315.176	4.225.686	3.346.404	4.255.909
	<b>624.733.554</b>	<b>613.991.205</b>	<b>625.018.359</b>	<b>614.283.768</b>
<b>Total assets</b>	<b>1.250.098.906</b>	<b>1.168.814.430</b>	<b>1.255.304.244</b>	<b>1.170.769.334</b>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade and other payables	198.259.150	217.413.772	195.907.144	215.353.950
Advances from customers	648.512	4.211.020	648.512	4.211.020
Provisions and accruals	5.811.302	6.939.141	6.367.935	7.461.547
Interest-bearing loans and borrowings	261.848.512	210.483.727	261.848.512	210.483.727
Finance lease liability	733.995	360.797	733.995	360.797
Income tax payable	2.270.536	-	2.246.987	-
<b>Total current liabilities</b>	<b>469.572.007</b>	<b>439.408.457</b>	<b>467.753.085</b>	<b>437.871.041</b>
<b>Non-current liabilities</b>				
Interest-bearing loans and borrowings	172.456.738	169.444.772	172.456.738	169.444.772
Finance lease liability	2.321.994	1.012.594	2.321.994	1.012.594
Deferred tax liability	37.014.481	34.540.322	37.014.481	34.540.322
Provisions and accruals	219.350	227.281	219.350	227.281
Employee benefits liability	3.180.647	3.034.324	3.180.647	3.034.324
Other long-term liabilities	123.870	729.080	123.870	729.080
<b>Total Non-current liabilities</b>	<b>215.317.080</b>	<b>208.988.373</b>	<b>215.317.080</b>	<b>208.988.373</b>
<b>Total liabilities</b>	<b>684.889.087</b>	<b>648.396.830</b>	<b>683.070.165</b>	<b>646.859.414</b>
<b>EQUITY</b>				
<b>Capital and reserves</b>				
<b>Share capital, from which:</b>	<b>291.587.538</b>	<b>291.587.538</b>	<b>291.587.538</b>	<b>291.587.538</b>
- Subscribed and paid share capital	291.587.538	291.587.538	291.587.538	291.587.538
Other items of equity	(804.074)	(804.074)	(804.074)	(804.074)
Legal and other reserves	50.830.846	50.830.846	50.830.846	50.830.846
Retained earnings	178.803.290	145.747.924	182.271.494	146.036.119
Foreign currency translation reserve	-	-	307.663	24.115
Profit of the year	44.792.219	33.055.366	48.040.612	36.235.376
<b>Total equity</b>	<b>565.209.819</b>	<b>520.417.600</b>	<b>572.234.079</b>	<b>523.909.920</b>
<b>Total liabilities and equity</b>	<b>1.250.098.906</b>	<b>1.168.814.430</b>	<b>1.255.304.244</b>	<b>1.170.769.334</b>



API:  
5CT-0440  
5L-0352

LRQA:  
ISO 9001  
ISO 14001  
OHSAS 18001

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

TUV CPR:  
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EN 10255

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TMK EUROPEAN DIVISION Cod: FCU-01, Ed. 3 Rev. 2/2017

## Statement of comprehensive income at 30 September 2018

	Separate		Consolidated	
	30.09.2018 RON	30.09.2017 RON	30.09.2018 RON	30.09.2017 RON
<b>Turnover</b>	<b>1.046.616.275</b>	<b>756.892.449</b>	<b>1.046.399.774</b>	<b>766.900.821</b>
Sales of goods	1.046.247.388	756.459.628	1.044.549.365	762.952.590
Rendering of services	368.887	432.821	1.850.409	3.948.231
Cost of sales	(853.345.450)	(632.013.633)	(852.002.638)	(638.090.441)
<b>Gross profit</b>	<b>193.270.825</b>	<b>124.878.816</b>	<b>194.397.136</b>	<b>128.810.380</b>
Selling and distribution expenses	(97.605.453)	(65.736.615)	(91.353.657)	(63.619.403)
Advertising and promotion expenses	(278.880)	(189.927)	(300.220)	(208.685)
General and administrative expenses	(28.735.973)	(26.059.510)	(31.595.648)	(28.205.361)
Research and development expenses	(191.029)	(90.676)	(191.029)	(90.676)
Other operating expenses	(2.464.636)	(3.145.168)	(2.474.396)	(3.153.269)
Other operating income	681.377	2.512	681.377	2.512
<b>Income from operations</b>	<b>64.676.231</b>	<b>29.659.432</b>	<b>69.163.563</b>	<b>33.535.498</b>
Foreign exchange (loss) / gain, net	(1.921.341)	2.522.317	(1.921.341)	2.522.317
Finance income	2.462	1.232	2.462	474
Finance costs	(8.610.898)	(6.230.975)	(8.610.898)	(6.230.975)
<b>Profit before tax</b>	<b>54.146.454</b>	<b>25.952.006</b>	<b>58.633.786</b>	<b>29.827.314</b>
Income Tax	(9.354.235)	(3.955.358)	(10.593.174)	(5.359.950)
<b>Profit for the year</b>	<b>44.792.219</b>	<b>21.996.648</b>	<b>48.040.612</b>	<b>24.467.364</b>
<b>Other comprehensive income - which can be reclassified in profit or loss</b>				
Foreign currency translation	-	-	283.547	(53.078)
<b>Other comprehensive income (loss) for the year, net of tax</b>	<b>-</b>	<b>-</b>	<b>283.547</b>	<b>(53.078)</b>
<b>Total comprehensive income for the year, net of tax</b>	<b>44.792.219</b>	<b>21.996.648</b>	<b>48.324.159</b>	<b>24.414.286</b>
Average number of shares	116.170.334	116.170.334	116.170.334	116.170.334
<b>Earnings per share</b>	<b>0,39</b>	<b>0,19</b>	<b>0,41</b>	<b>0,21</b>



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## Statement of changes in equity at 30 September 2018

Separate	Share capital	Legal reserves	Other reserves	Retained earnings	Other elements of equity - from applying IAS 19	Total equity
	RON	RON	RON	RON	RON	RON
<b>For nine-month period ended as at 30 September 2018</b>						
<b>As at 1 January 2018</b>	<b>291.587.538</b>	<b>16.839.532</b>	<b>33.991.314</b>	<b>178.803.289</b>	<b>(804.073)</b>	<b>520.417.600</b>
Profit of the period	-	-	-	44.792.219	-	<b>44.792.219</b>
Other comprehensive income / (loss) for the period, net of tax	-	-	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>44.792.219</b>	<b>-</b>	<b>44.792.219</b>
<b>At 30 September 2018</b>	<b>291.587.538</b>	<b>16.839.532</b>	<b>33.991.314</b>	<b>223.595.508</b>	<b>(804.073)</b>	<b>565.209.819</b>
<b>For nine-month period ended as at 30 September 2017</b>						
<b>As at 1 January 2017</b>	<b>291.587.538</b>	<b>15.184.422</b>	<b>2.591.058</b>	<b>178.803.289</b>	<b>(840.114)</b>	<b>487.326.193</b>
Profit of the period	-	-	-	21.996.648	-	<b>21.996.648</b>
Other comprehensive income / (loss) for the period, net of tax	-	-	-	-	-	-
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>21.996.648</b>	<b>-</b>	<b>21.996.648</b>
<b>At 30 September 2017</b>	<b>291.587.538</b>	<b>15.184.422</b>	<b>2.591.058</b>	<b>200.799.937</b>	<b>(840.114)</b>	<b>509.322.841</b>



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## Statement of changes in equity at 30 September 2018 (continued)

Consolidated	Share capital	Legal reserves	Foreign currency translation reserve	Other reserves	Retained earnings	Other elements of equity - from applying IAS 19	Total equity
	RON	RON	RON	RON	RON	RON	RON
<b>For nine-month period ended as at 30 September 2018</b>							
<b>As at 1 January 2018</b>	<b>291.587.538</b>	<b>16.839.532</b>	<b>24.115</b>	<b>33.991.314</b>	<b>182.271.494</b>	<b>(804.073)</b>	<b>523.909.920</b>
Profit of the period	-	-	-	-	48.040.612	-	<b>48.040.612</b>
Other comprehensive income / (loss) for the period, net of tax	-	-	283.547	-	-	-	<b>283.547</b>
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>283.547</b>	<b>-</b>	<b>48.040.612</b>	<b>-</b>	<b>48.324.159</b>
<b>At 30 September 2018</b>	<b>291.587.538</b>	<b>16.839.532</b>	<b>307.662</b>	<b>33.991.314</b>	<b>230.312.106</b>	<b>(804.073)</b>	<b>572.234.079</b>
<b>For nine-month period ended as at 30 September 2017</b>							
<b>As at 1 January 2017</b>	<b>291.587.538</b>	<b>15.184.422</b>	<b>31.980</b>	<b>2.591.058</b>	<b>179.091.485</b>	<b>(840.114)</b>	<b>487.646.369</b>
Profit of the period	-	-	-	-	24.467.364	-	<b>24.467.364</b>
Other comprehensive income / (loss) for the period, net of tax	-	-	(66.636)	-	13.558	-	<b>(53.078)</b>
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>(66.636)</b>	<b>-</b>	<b>24.480.922</b>	<b>-</b>	<b>24.414.286</b>
<b>At 30 September 2017</b>	<b>291.587.538</b>	<b>15.184.422</b>	<b>(34.656)</b>	<b>2.591.058</b>	<b>203.572.407</b>	<b>(840.114)</b>	<b>512.060.655</b>



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## Statement of cash flows at 30 September 2018

Indirect method	Separate		Consolidated	
	1 January - 30 September 2018 RON	1 January - 30 September 2017 RON	1 January - 30 September 2018 RON	1 January - 30 September 2017 RON
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
<b>Profit / (Loss) before tax</b>	<b>54.146.454</b>	<b>25.952.006</b>	<b>58.633.786</b>	<b>29.827.314</b>
<b>Plus / minus adjustments for:</b>				
Depreciation and amortisation	34.656.630	31.109.474	34.710.043	31.157.856
Increase / (reversal) of provisions	(1.135.770)	717.016	(1.119.458)	1.042.642
Increase / (reversal) of allowances for current assets	(795.731)	(950.566)	(795.731)	(950.566)
Exchange rate differences for financing activities	2.568.560	3.880.342	2.568.560	3.880.342
Variation of retirement benefits	253.020	222.678	253.020	222.678
Result from disposal of non-current assets	731.481	3.075.318	731.481	3.075.318
Interest and related expenses	8.160.973	5.848.658	8.160.973	5.849.415
Exchange rate differences for cash and cash equivalents	-	-	292.383	(10.233)
<b>Plus / minus adjustments for changes in working capital related to operating activities:</b>				
Decrease / (increase) in inventories	21.941.435	(74.781.314)	20.527.752	(74.781.314)
Decrease / (increase) in trade and other receivables and prepayments	(102.331.681)	(20.794.293)	(102.302.623)	(22.171.119)
(Decrease) / increase in payables (except banks)	(8.056.144)	62.142.596	(8.348.328)	62.099.250
<b>less:</b>				
Interest paid	(8.047.579)	(5.589.708)	(8.047.579)	(5.589.708)
Income tax paid	-	(2.007.076)	(1.198.648)	(3.351.675)
<b>Total inflows / (outflows) from operating activities (a)</b>	<b>2.091.648</b>	<b>28.825.131</b>	<b>4.065.631</b>	<b>30.300.200</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Amount received from disposal of non-current assets	4.002.339	(1.144.772)	4.002.339	(1.144.772)
Purchase of tangible and intangible assets	(56.709.217)	(103.848.872)	(56.739.948)	(103.834.367)
Repayment of given loans	-	313.671	-	-
Interest received	2.462	1.232	2.462	474
<b>Total inflows / (outflows) from investing activities (b)</b>	<b>(52.704.416)</b>	<b>(104.678.741)</b>	<b>(52.735.147)</b>	<b>(104.978.665)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>				
Loans received	66.554.125	102.624.359	66.554.125	102.624.359
Repayment of loans	(14.849.051)	(39.110.373)	(14.849.051)	(39.110.372)
Repayment of finance leases (amortisation)	(406.904)	(250.654)	(406.904)	(250.654)
<b>Total inflows / (outflows) from financing activities (c)</b>	<b>51.298.170</b>	<b>63.263.332</b>	<b>51.298.170</b>	<b>63.263.333</b>
<b>Net increase / (decrease) in cash and cash equivalents (a) + (b) + (c)</b>	<b>685.402</b>	<b>(12.590.278)</b>	<b>2.628.654</b>	<b>(11.415.132)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>10.825.193</b>	<b>16.771.796</b>	<b>11.608.847</b>	<b>18.076.998</b>
<b>Cash and cash equivalents at end of period</b>	<b>11.510.595</b>	<b>4.181.518</b>	<b>14.237.501</b>	<b>6.661.866</b>

Chief Executive Officer,  
Eng. Adrian Popescu

Chief Economical and Accountancy Officer,  
Ec. Cristiana Vaduva



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Subscribed and Paid Share Capital: 291.587.538,34 lei

No 102 / 250 from 09.11.2018

## Separate and Consolidated Current Report

According to the Law No. 297/2004 and Regulation no. 5/2018 on issuers of financial instruments and market operations

Report date: 09.11.2018

Company's name: TMK- ARTROM S.A. Slatina

Localization: Draganesti street, no. 30, Slatina, Olt

Phone/fax: +40249436862/ +40249434330

Registered at Trade Register: J28/9/1991

Unique Registration Code: RO1510210

Unique Identifier at European Level (EUID): ROONRC.J28/9/1991

LEI code: 315700M25SMOU44FAN52

Subscribed capital: 291.587.538,34 RON

Subscribed and paid capital: 291.587.538,34 RON

Regulated market on which issued securities are traded: Bucharest Stock Exchange Regulated market - Category Standard (market symbol ART)

Events to be reported: The financial statements of first quarter of year 2018.

- a) Changes in leading company: it is not the case
- b) Acquisitions or alienations of assets: The Company and the Group are still in the investment process "Heat Treatment Complex", a project in amount of 35.2 million euro with equipment acquisitions from the SMS Group. On the 16th of February 2018 the official commissioning of the new heat-treatment line took place. This new equipment allows the company to increase the portion of the Premium products in the Company's portfolio. The large scale investment project allows to perform heat-treatment operations with long pipes, which is quite rare in Europe. The annual capacity of the new line is over 160 thousand tones of pipes. Engineering works and equipment supply was realized by SMS Group, one of the global leaders in manufacturing equipment of metallurgical industry.
- c) Bankruptcy proceeding: it is not the case



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- d) The economic and financial indicators mentioned in 13 Annex from Regulation no. 5/2018 obtained at 30.09.2018.

		Separate	Consolidated
Indicators	Calculation formula	Result	Result
Current liquidity ratio	Current assets / Current liabilities	1,33	1,35
Indebtness indicator	Borrowed capital / Equity *100	38,10%	37,63%
	Borrowed capital / Accrued capital *100	27,59%	27,34%
Rotation speed of debtors-clients	The average balance – clients / Turnover * 270	71	71
Rotation speed of non-current assets	Turnover / non-current assets	1,68	1,67

Note:

- 1) It is offering the guarantee for coverage of the debts from current assets. The recommended value acceptable is about 2.
- 2) It is expressing the efficacy of the credit risk management, showing the potential problems of financing, liquidity, with influences in respecting the assumed commitments.
- 3) It is expressing the efficacy of the company in collecting its debts, respective the number of days until the date on which the debtors pay the debts to the company.
- 4) It is expressing the efficacy of the immobilized assets, by checking the turnover generated by a certain quantity of assets.

Chief Executive Officer,  
Eng. Adrian Popescu

Chief Economical and Accountancy Officer,  
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