



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

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

102/289 from 28/02/2020

No

Current Report

in accordance with Law no. 24/2017 on issuers of financial instruments and market operations and with Regulation no. 5/2018 on issuers of financial instruments and market operations

Date of the Report: 28 February 2020

Name of the issuing entity: TMK- ARTROM S.A.

Registered office: 30 Draganesti Street, Slatina, Olt County, Romania

Telephone/fax number: +40249436862/ +40249434330

Registered in the Trade Register under no: J28/9/1991

Tax Identification Number: RO1510210

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

Code LEI: 315700M25SMOU44FAN52

Subscribed and paid up share capital: 291,587,538.34 RON

Regulated market where the issued securities are traded: Bucharest Stock Exchange - STANDARD Category (market symbol ART)

Important events to be reported:

TMK-Artrom SA, one of the leading European producers and suppliers of industrial seamless steel pipes, with a production of 200 thousand tonnes of pipes per year, has published Friday 28.02.2020 the preliminary yearly consolidated and separate financial results as of 31.12.2019 and restated consolidated financial reports for 2018 and 2017, considering the acquisition of TMK-Italia srl in February 2019 and the IFRS "pooling of interests" consolidation method.

The Group's total consolidated revenues decreased by 18.6% in the year ended at 31 December 2019 (1,165 millions lei) compared to the year ended at 31 December 2018 (1,431 millions lei) as a result of revenue decrease from contracts with customers from the sold production by 14.8% (RON 167 mil), which was off-set by the decrease of TMK-Resita sales of blooms and billets to third parties (by 90.5% or RON 41,4 mil) and also due to the decrease of other sales (with 22.6% or RON 57,6 million) out of which the sales of metallurgical products from companies within the TMK group decreased by 23.5%, respectively RON 58.8 million.

As a result of the decrease in the sales volumes of the company and its subsidiaries, the decrease of the sale prices at a greater rate than the decrease of the prices of raw materials and materials, the increase of the prices for energy and gas, during the year ended 31 December 2019, the main indicators, (net) profit for the period and Adjusted EBITDA decreased compared to the period ended 31 December 2018.

Consolidated Adjusted EBITDA decreased by RON 105.1 million as compared to the same period ended 31 December 2018 (a decrease representing 51.1% from RON 205.6 million to RON 100.5 million).

Consolidated Adjusted EBITDA margin for the year ended 31 December 2019 is 8.6% as compared to 14.4% corresponding to the year ended 31 December 2018.

The profit of the year(net) was negatively influenced as a result of the increase of the expenses with unfavorable exchange rate differences due to the depreciation of the national currency against EUR and USD.

TMK EUROPEAN DIVISION Cod: FCU-01, Ed. 3 Rev. 3/2019



API:
5CT-0440
5L-0352

LR:
ISO 9001
ISO 14001
ISO 45001

TUV:
PED/AD-2000 W0/W4
TRD 100/102
Vd TUV

TUV CPR:
EN 10210-1,2
EN 10255

LR
DNV-GL Rules
RINA

LR:
IATF 16949

The (net) consolidated profit for the year ended 31 December 2019 decreased by RON 95.2 million compared to the period ended 30 December 2018 (an 117.3% decrease, from a profit of RON 81.2 million to RON to a loss of RON 14.09 million)

Regarding the factors affecting the local market in Romania, especially the energy prices, at the end of December 2019, the Government of Romania issued in December 2019 Emergency Ordinance no 81/2019 amending the GEO no. 115/2011 by which the Government of Romania undertakes to implement a state aid scheme to offset large energy consumers in respect of part of their indirect emission costs, a state aid scheme which is a transposition of the provisions resulting from the EU ETS Guide 2012 / C 158/04 . The European guide defines the list of the industrial sectors that qualify for the direct subsidy, as well as the implementation formula, in the smallest details and GEO 81/2019 has fully taken over the provisions of this European regulation.

Such European schemes have been in place since 2012 and have already being implemented in 12 European states including Germany, France, Spain where TMK-ARTROM has strong competitors. This system offers direct subsidies to offset the costs related to the emissions of greenhouse gases passed in the price of electricity, for the economic agents from different fields of activity, in order to maintain their competitiveness. As our competitors in Western Europe, especially in Germany, France and Spain have benefited from these subsidies for years and the companies in Romania have not, this unequal application in the European Union has created an imbalance in terms of equal opportunities in the competition between the producers of steel and pipes from Romania and those from the countries that have applied this European regulation since 2012. The new OUG81 / 2019 is meant to repair part of this imbalance and to bring the Romanian companies in a situation of competition equal to those of the countries that have applied this scheme for years.

For TMK-ARTROM and TMK-RESITA, as well as for companies from 15 other Romanian industrial sectors, and eight sub-sectors (as regulated by the EU ETS Guide 2012 / C 158/04), these compensations have the role of counteracting the very high price of energy in total costs. Moreover, the funds for the effective compensation come from the revenues obtained from the auctioning of the greenhouse gas emission certificates awarded free of charge by the EU to Romania. Thus, the scheme is directly supported by this mechanism implemented in the European Union and does not affect the rest of the Romanian consumers.

Chief Executive Officer,
Eng. Popescu Adrian

Chief Economical and
Accountancy Officer
Ec. Vaduva Cristiana



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