



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

№ 102/ 304 from 26.04.2018

Separate and Consolidated Current Report

According to the Law No. 297/2004 regarding capital market, CNVM Regulation No. 1/2006 and BVB Code approved by CNVM Decision, no.2602/14.09.2006

Report date: 26.04.2018

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



API:
5CT-0440
5L-0352

LRQA:
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TUV CPR:
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d) The economic and financial indicators mentioned in 30B Annex from CNVM Regulation 1/2006 obtained at 31.03.2018.

		Separate	Consolidated
Indicators	Calculation formula	Result	Result
Current liquidity ratio	Current assets / Current liabilities	1,28	1,29
Indebtness indicator	Borrowed capital / Equity *100	39,86%	39,52%
	Borrowed capital / Accrued capital *100	28,50%	28,33%
Rotation speed of debtors-clients	The average balance – clients / Turnover * 90	68	68
Rotation speed of non-current assets	Turnover / non-current assets	0,49	0,49

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,
Ec. Cristiana Vaduva**



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SEPARATE AND CONSOLIDATED QUARTERLY FINANCIAL STATEMENTS AS AT 31st MARCH 2018

- unaudited -

Statement of financial position at 31 March 2018

	Separate		Consolidated	
	31.03.2018 RON	01.01.2018 RON	31.03.2018 RON	01.01.2018 RON
ASSETS				
Current assets				
Cash and cash equivalents	7.609.346	10.825.193	10.063.894	11.608.847
Trade and other receivables	252.221.372	238.496.231	252.661.163	239.221.345
Inventories	230.932.353	238.083.714	230.983.490	238.134.851
Prepayments	60.048.615	66.350.475	60.405.423	66.452.911
Other current assets	1.067.131	1.067.612	1.067.131	1.067.612
	551.878.817	554.823.225	555.181.101	556.485.566
Assets classified as held for sale	416.959	-	416.959	-
Non-current assets				
Intangible assets	1.876.164	1.965.398	1.893.361	1.973.616
Property, plant and equipment	610.040.863	606.665.435	610.208.153	606.854.804
Financial assets	1.216.749	1.134.686	1.212.721	1.130.659
Deferred tax asset	-	-	-	68.780
Other non-current assets	4.388.694	4.225.686	4.418.034	4.255.909
	617.522.470	613.991.205	617.732.269	614.283.768
Total assets	1.169.818.246	1.168.814.430	1.173.330.329	1.170.769.334
LIABILITIES				
Current liabilities				
Trade and other payables	176.058.571	217.413.772	174.897.986	215.353.950
Advances from customers	1.796.975	4.211.020	1.796.975	4.211.020
Provisions and accruals	6.056.920	6.939.141	6.235.146	7.461.547
Interest-bearing loans and borrowings	247.146.461	210.483.727	247.146.461	210.483.727
Finance lease liability	347.694	360.797	347.694	360.797
Total current liabilities	431.406.621	439.408.457	430.424.262	437.871.041
Non-current liabilities				
Interest-bearing loans and borrowings	171.482.991	169.444.772	171.482.991	169.444.772
Finance lease liability	929.331	1.012.594	929.331	1.012.594
Deferred tax liability	34.447.073	34.540.322	34.448.514	34.540.322
Provisions and accruals	387.504	227.281	387.504	227.281
Employee benefits liability	3.098.913	3.034.324	3.098.913	3.034.324
Other long-term liabilities	87.401	729.080	87.401	729.080
Total Non-current liabilities	210.433.213	208.988.373	210.434.654	208.988.373
Total liabilities	641.839.834	648.396.830	640.858.916	646.859.414

EQUITY

Capital and reserves

Share capital, from which:

- Subscribed and paid share capital

291.587.538

291.587.538

291.587.538

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	Separate		Consolidated	
	31.03.2018 RON	01.01.2018 RON	31.03.2018 RON	01.01.2018 RON
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	-	-	(55.938)	24.115
Profit of the year	7.560.812	33.055.366	8.641.547	36.235.376
Total equity	527.978.412	520.417.600	532.471.413	523.909.920
Total liabilities and equity	1.169.818.246	1.168.814.430	1.173.330.329	1.170.769.334



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Statement of comprehensive income at 31 March 2018

	Separate		Consolidated	
	31.03.2018 RON	31.03.2017 RON	31.03.2018 RON	31.03.2017 RON
Turnover	300.698.187	222.010.583	301.459.902	224.290.239
Sales of goods	300.568.685	221.911.649	300.744.690	222.931.313
Rendering of services	129.502	98.934	715.212	1.358.926
Cost of sales	(254.954.555)	(184.447.898)	(254.952.783)	(185.311.700)
Gross profit	45.743.632	37.562.685	46.507.119	38.978.539
Selling and distribution expenses	(25.616.047)	(18.028.804)	(23.982.916)	(17.425.275)
Advertising and promotion expenses	(139.891)	(66.448)	(149.015)	(67.724)
General and administrative expenses	(9.640.648)	(8.154.649)	(10.601.971)	(8.951.398)
Research and development expenses	(25.423)	(23.954)	(25.423)	(23.955)
Other operating expenses	(889.912)	(1.013.264)	(889.912)	(1.016.448)
Other operating income	118.359	100	118.359	100
Income from operations	9.550.070	10.275.666	10.976.241	11.493.839
Foreign exchange (loss) / gain, net	1.410.112	(240.464)	1.410.112	(240.464)
Finance income	531	950	531	193
Finance costs	(2.001.450)	(1.737.432)	(2.001.450)	(1.737.432)
Profit before tax	8.959.263	8.298.720	10.385.434	9.516.136
Income Tax	(1.398.451)	(1.238.681)	(1.743.887)	(1.671.467)
Profit for the year	7.560.812	7.060.039	8.641.547	7.844.669
Other comprehensive income - which can be reclassified in profit or loss				
Foreign currency translation	-	-	(80.053)	9.669
Other comprehensive income (loss) for the year, net of tax	-	-	(80.053)	9.669
Total comprehensive income for the year, net of tax	7.560.812	7.060.039	8.561.494	7.854.338
Average number of shares	116.170.334	116.170.334	116.170.334	116.170.334
Earnings per share	0,07	0,06	0,07	0,07



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Statement of changes in equity at 31 March 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
For three-month period ended as at 31 March 2018						
As at 1 January 2018	291.587.538	16.839.532	33.991.314	178.803.289	(804.073)	520.417.600
Profit of the period	-	-	-	7.560.812	-	7.560.812
Total comprehensive income	-	-	-	7.560.812	-	7.560.812
At 31 March 2018	291.587.538	16.839.532	33.991.314	186.364.101	(804.073)	527.978.412
For three-month period ended as at 31 March 2017						
As at 1 January 2017	291.587.538	15.184.422	2.591.058	178.803.289	(840.114)	487.326.193
Profit of the period	-	-	-	7.060.039	-	7.060.039
Total comprehensive income	-	-	-	7.060.039	-	7.060.039
At 31 March 2017	291.587.538	15.184.422	2.591.058	185.863.328	(840.114)	494.386.232



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Statement of changes in equity at 31 March 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
For three-month period ended as at 31 March 2018							
As at 1 January 2018	291.587.538	16.839.532	24.115	33.991.314	182.271.494	(804.073)	523.909.920
Profit of the period	-	-	-	-	8.641.547	-	8.641.547
Other comprehensive income / (loss) for the period, net of tax	-	-	(80.053)	-	-	-	(80.053)
Total comprehensive income	-	-	(80.053)	-	8.641.547	-	8.561.494
At 31 March 2018	291.587.538	16.839.532	(55.938)	33.991.314	190.913.041	(804.073)	532.471.414
For three-month period ended as at 31 March 2017							
As at 1 January 2017	291.587.538	15.184.422	31.980	2.591.058	179.091.484	(840.114)	487.646.368
Profit of the period	-	-	-	-	7.844.669	-	7.844.669
Other comprehensive income / (loss) for the period, net of tax	-	-	9.669	-	-	-	9.669
Total comprehensive income	-	-	9.669	-	7.844.669	-	7.854.338
At 31 March 2017	291.587.538	15.184.422	41.649	2.591.058	186.936.153	(840.114)	495.500.706



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Statement of cash flows at 31 March 2018

Indirect method	Separate		Consolidated	
	1 January - 31 March 2018 RON	1 January - 31 March 2017 RON	1 January - 31 March 2018 RON	1 January - 31 March 2017 RON
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit / (Loss) before tax	8.959.263	8.298.720	10.385.434	9.516.136
Plus / minus adjustments for:				
Depreciation and amortisation	10.939.547	10.429.945	10.956.712	10.447.363
Increase / (reversal) of provisions	(721.998)	(1.029.925)	(1.051.633)	(988.821)
Increase / (reversal) of allowances for current assets	(157.335)	(1.322.384)	(157.335)	(5.509)
Exchange rate differences for financing activities	(2.010.340)	(115.259)	(2.010.340)	(326.431)
Variation of retirement benefits	84.340	74.226	84.340	74.226
Result from disposal of non-current assets	289.234	419.073	289.234	419.073
Interest and related expenses	2.577.588	1.593.114	2.577.588	1.593.872
Exchange rate differences for cash and cash equivalents	-	-	(92.736)	9.737
Plus / minus adjustments for changes in working capital related to operating activities:				
Decrease / (increase) in inventories	6.734.402	(26.114.558)	6.734.402	(26.114.558)
Decrease / (increase) in trade and other receivables and prepayments	(8.839.228)	13.275.266	(9.077.797)	9.412.484
(Decrease) / increase in payables (except banks)	(24.807.497)	(6.546.794)	(23.908.261)	9.091.992
less:				
Interest paid	(2.534.824)	(1.463.007)	(2.534.824)	(1.466.400)
Income tax paid	-	-	(7.556)	(13.658)
Total inflows / (outflows) from operating activities (a)	(9.486.848)	(2.501.583)	(7.812.772)	11.649.506
CASH FLOWS FROM INVESTING ACTIVITIES				
Amount received from disposal of non-current assets	9.483	29.368	9.483	29.368
Purchase of tangible and intangible assets	(34.310.645)	(43.652.313)	(34.313.827)	(58.763.183)
Interest received	531	950	531	193
Total inflows / (outflows) from investing activities (b)	(34.300.631)	(43.621.995)	(34.303.813)	(58.733.622)
CASH FLOWS FROM FINANCING ACTIVITIES				
Loans received	154.195.539	66.318.480	154.195.539	64.835.135
Repayment of loans	(113.526.639)	(29.139.300)	(113.526.639)	(27.441.392)
Repayment of finance leases (amortisation)	(97.268)	(50.788)	(97.268)	(50.786)
Total inflows / (outflows) from financing activities (c)	40.571.632	37.128.392	40.571.632	37.342.957
Net increase / (decrease) in cash and cash equivalents (a) + (b) + (c)	(3.215.847)	(8.995.186)	(1.544.953)	(9.741.159)
Cash and cash equivalents at beginning of period	10.825.193	16.771.796	11.608.847	18.076.998
Cash and cash equivalents at end of period	7.609.346	7.776.610	10.063.894	8.335.839

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Eng. Adrian Popescu

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