

**ELECTROMAGNETICA S.A.**

**PRELIMINARY FINANCIAL RESULTS**

For the fiscal year ended at

**31 December 2018**

(unaudited)

**ELECTROMAGNETICA SA**  
**SEPARATE PROFIT OR LOSS STATEMENT – UNAUDITED**  
(all the amounts are expressed in RON, unless otherwise specified)

<b>T4 2018</b>	<b>T4 2017</b>		<b>Year 2018</b>	<b>Year 2017</b>
<b>62,407,226</b>	<b>72,279,840</b>	<b>Revenues</b>	<b>290,123,223</b>	<b>221,623,299</b>
484,979	(85,266)	Investment income	593,060	344,648
(1,316,261)	(11,306,934)	Other net income	3,670,920	(9,754,854)
4,605,479	5,433,205	Changes in inventories of finished goods and work in progress	19,745,239	13,407,878
443,397	71,786	Own work capitalized	769,737	1,617,287
(45,035,243)	(54,104,532)	Raw material and consumables used	(214,511,484)	(165,663,451)
(9,425,075)	(8,605,168)	Expenses related to employee	(32,896,983)	(33,915,814)
(12,033,817)	(2,796,573)	Expenses related to depreciation and impairment	(19,280,031)	(11,235,656)
(11,932,541)	(9,002,971)	Other expenses	(39,279,614)	(30,722,229)
(230,164)	(171,620)	Financial costs	(934,017)	(671,488)
<b>(12,032,019)</b>	<b>(8,288,233)</b>	<b>Profit / (Loss) before tax</b>	<b>8,000,050</b>	<b>(14,970,380)</b>
181,902	(264,512)	Income tax	(3,176,851)	(399,952)
<b>(11,850,118)</b>	<b>(8,552,744)</b>	<b>Profit / (Loss) for the period</b>	<b>4,823,198</b>	<b>(15,370,332)</b>

**Eugen Scheuşan**  
Managing Director

**Cristina Florea**  
Economic Manager

**ELECTROMAGNETICA SA**  
**SEPARATE STATEMENT OF FINANCIAL POSITION – UNAUDITED**  
(all the amounts are expressed in RON, unless otherwise specified)

	<u>31 December 2018</u>	<u>31 December 2017</u>
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	284,669,256	286,427,678
Investment property	4,709,859	4,555,912
Intangible assets	702,025	1,247,495
Investments in related entities	3,967,606	3,967,606
Other long term non-current assets	21,685,578	19,802,564
<b>Total non-current assets</b>	<b><u>315,734,324</u></b>	<b><u>316,001,253</u></b>
<b>Current assets</b>		
Inventories	17,183,417	16,763,968
Trade receivables	39,976,101	40,417,745
Cash and cash equivalents	29,360,465	16,362,058
Other current assets	2,861,289	2,429,955
Current tax assets	-	-
<b>Total current assets</b>	<b><u>89,381,273</u></b>	<b><u>75,973,726</u></b>
<b>Total assets</b>	<b><u>405,115,597</u></b>	<b><u>391,974,979</u></b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	67,603,870	67,603,870
Reserves and other equity	177,706,613	182,561,233
Retained earnings	88,933,829	65,939,348
<b>Total equity attributable to company's shareholders</b>	<b><u>334,244,312</u></b>	<b><u>316,104,451</u></b>
<b>Non-current liabilities</b>		
Trade payables and other liabilities	1,311,019	1,304,836
Investment subsidies	4,573,525	4,736,743
Deferred tax liabilities	17,782,339	16,088,691
<b>Total non-current liabilities</b>	<b><u>23,666,883</u></b>	<b><u>22,130,270</u></b>
<b>Current liabilities</b>		
Trade payables and other liabilities	43,092,649	39,319,304
Investment subsidies	163,219	163,219
Provisions	3,913,666	13,744,272
Current income tax liability	34,867	513,462
<b>Total current liabilities</b>	<b><u>47,204,402</u></b>	<b><u>53,740,257</u></b>
<b>Total liabilities</b>	<b><u>70,871,285</u></b>	<b><u>75,870,527</u></b>
<b>Total equity and liabilities</b>	<b><u>405,115,597</u></b>	<b><u>391,974,979</u></b>

**Eugen Scheuşan**  
Managing Director

**Cristina Florea**  
Economic Manager

**ELECTROMAGNETICA SA**  
**NOTES TO PRELIMINARY FINANCIAL RESULTS – UNAUDITED**  
**(all the amounts are expressed in RON, unless otherwise specified)**

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## **1. GENERAL INFORMATION**

Electromagnetica S.A. (“the Company” or “Electromagnetica”) is a joint stock company set up in 1930 and it carries out business in several areas of which the most important are:

- The activities related to energy efficiency (production of lighting fittings, lighting systems and LED lighting solutions, electricity distribution and metering equipment, telemanagement systems);
- Activities of production of tools, moulds, plastics, rail safety equipment and others;
- Production of electricity from renewable sources (in micro-hydropower plants) and electricity supply.
- Rental of office spaces, industrial spaces and lands and utility supply;

The shares of Electromagnetica S.A. are traded on Bucharest Stock Exchange under “ELMA” symbol. The registered office and administrative headquarters of the Company are located in Bucharest, district 5, 266-268 Calea Rahovei Street.

## **2. BASIS F REPORT PREPARATION**

The financial statements are prepared in accordance with the Order no. 2844/2016 of the Ministry of Public Finance, which are compliant with the International Financial Reporting Standards (IFRS) adopted by the European Union. The functional and presentational currency is the Romanian Leu (RON).

The financial information contained in this document has not been subject to an audit. The final and audited financial statements for 2018 may differ.

## **3. MAIN ACCOUNTING POLICY**

In this report we used the same accounting policies and calculation methods as those applied in the preparation of the Company’s interim individual financial statements as of 30 June 2018.

## **4. EXPLANATORY NOTES**

In 2018, the turnover of the Company had a positive variation of 31% (68,499,924 RON) as compared to the last year, first of all as a result of the development in the activities of electricity supply and production of electricity from renewable sources.

The Company recorded a gross profit of 8,000,050 RON, which is significantly better than the result reported in 2017 when it recorded a loss.

In comparison with the result recorded in the first 9 months, in the 4<sup>th</sup> quarter the profit decreased mainly because the decrease in value of certain assets, according to the evaluation report made by a licensed firm.

Following re-evaluation, the accounting profit decreased by 9,812,860 RON.

The cash and cash equivalents increased by 79%, of which 10,024,824 RON represents restricted cash (liquidities deposited in banks to secure certain obligations-collateral cash).

The Company also made use of credit lines during the reporting period, the withdrawn amounts being fully reimbursed until 31 December 2018.

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**Eugen Scheuşan**  
Managing Director

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**Cristina Florea**  
Economic Manager