

Information notice regarding the availability of the financial results for the 3-month period ended 31 March 2018

Electromagnetica SA (ELMA) notifies investors that the Report on the individual financial results for the 3-month period ended 31 March 2018, prepared in accordance with the provisions of Article 67 of Law no. 24/2017 on issuers of financial instruments and market operations and Order no. 2844/2016 of the Ministry of Public Finance approving the accounting regulations compliant with EU and International Financial Reporting Standards (IFRS-EU), report which includes:

- Individual loss or profit statement for the 3-month period ended 31 March 2018, unaudited,
- Individual statement of financial position as of 31 March 2018 – unaudited
- Notes to the quarterly report
- Economic and financial indicators, according to Annex 30 B to Regulation no. 1/2006 of the National Commission for Transferrable Securities (CNVM),

The report is available starting from 15 May 2018 at 8:00 a.m. at our Company's head office in Bucharest, 266-268 Calea Rahovei Street, district 5 and on www.electromagnetica.ro in the section Company/Investors/Financial Info /2018 as well as through the link below.

For further information please email to: juridic@electromagnetica.ro.

Eugen Scheusan,

Managing Director

ELECTROMAGNETICA SA
INDIVIDUAL PROFIT OR LOSS STATEMENT
FOR THE 3-MONTH PERIOD ENDED 31 MARCH 2018 – UNAUDITED
(all the amounts are expressed in RON, unless otherwise specified)

	3-month period ended on 31 Marth 2018	3-month period ended on 31 Marth 2017
Revenue	79,440,482	53,617,794
Revenue from investment	8,862	4,386
Other net revenues	859,340	880,494
Variation in stocks of finished goods and work in progress	4,760,086	2,678,982
Work performed by entity and capitalized	53,851	717,196
Raw material and consumables used	(57,201,523)	(44,466,521)
Personnel expenses	(7,413,540)	(8,405,066)
Expenses related to depreciation and impairment	(2,602,940)	(4,856,423)
Other net expenses	(7,970,141)	(6,504,921)
Financial expenses	(187,845)	(144,326)
Profit/(Loss) before taxation	9,746,633	(6,478,406)
Income tax	(1,610,172)	(339,043)
Profit/(Loss) of the period	8,136,461	(6,817,449)

Eugen Scheuşan
Managing Director

Cristina Florea
Economic Manager

ELECTROMAGNETICA SA
SEPARATE STATEMENT OF FINANCIAL POSITION
ON 31 MARCH 2018 – UNAUDITED
(all the amounts are expressed in RON, unless otherwise specified)

	31 Marth 2018	31 December 2017
ASSETS		
Non-current assets		
Tangible assets	284,014,606	286,427,678
Investment property	4,555,912	4,555,912
Intangible assets	1,111,222	1,247,495
Investments in related entities	3,967,606	3,967,606
Other long-term non-current assets	24,327,032	19,802,564
Total non-current assets	317,976,378	316,001,253
Current assets		
Inventories	16,413,231	16,763,968
Trade receivables	46,298,695	40,417,745
Cash and cash equivalents	22,243,319	16,362,058
Other current assets	2,279,254	2,429,955
Current tax asset	-	-
Total current assets	87,234,499	75,973,726
Total assets	405,210,877	391,974,979
EQUITY AND LIABILITIES		
Equity		
Share capital	67,603,870	67,603,870
Reserve and other equity items	182,050,008	182,561,233
Retained earnings	74,684,410	65,939,348
Total equity attributable to company shareholders	324,338,289	316,104,451
Non-current liabilities		
Trade payables and other liabilities	1,392,804	1,304,836
Investment subsidies	4,695,939	4,736,743
Deferred tax liabilities	15,926,759	16,088,691
Total non-current liabilities	22,015,502	22,130,270
Current liabilities		
Trade payables and other liabilities	43,302,797	39,319,304
Investment subsidies	163,219	163,219
Provisions	13,762,881	13,744,272
Current tax liabilities	1,628,190	513,462
Total current liabilities	58,857,087	53,740,257
Total liabilities	80,872,589	75,870,527
Total equity and liabilities	405,210,877	391,974,979

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ELECTROMAGNETICA SA
NOTES TO QUARTERLY REPORT
FOR THE 3-MOTH PERIOD ENDED 31 MARCH 2018 – UNAUDITED
(all the amounts are expressed in RON, unless otherwise specified)

INDIVIDUAL PROFIT OR LOSS STATEMENT

Revenues from sales

	3-month period ended on 31 Marth 2018	3-month period ended on 31 Marth 2017
Revenues from non-licensed activities	28,424,006	24,754,042
Revenues from licensed activities	51,016,476	28,863,752
Total	79,440,482	53,617,794

Our Company's turnover during the 3-month period ended 31 March 2018 recorded a positive variation of 48% (RON 25,822,688) as compared to the same period of the last year, notably as a result of the development of the electricity supply business.

The revenues from electricity production and supply increased by RON 22,152,724.

Between January and March 2018, our Company recorded a quantitative sales growth of LED luminaires, particularly based on agreements concluded for the sale of lighting solution systems. The higher revenues achieved from the sales of LED luminaires contributed most to the increase of revenues from unlicensed activities. In comparison with the same period of the previous year, these revenues increased by RON 3,669,964.

Following the measures for the restructuring and reorganization of the Company, which were implemented during the first months of the years, the staff expenditure decreased. The cost of provisions for doubtful clients and other assets also declined.

In the context of these favorable factors, the Company achieved a net profit of RON 8,136,461 which is significantly better than the result reported for the similar period of the last year, when we recorded a loss.

INDIVIDUAL STATEMENT ON FINANCIAL POSITION

Non-current assets

As of 31 March 2018, the *Tangible assets* category in the *Statement of financial position* were 1% less due to the amortization charge for the period, no significant entry of assets being recorded in the first quarter of the year.

The reduction of the *Intangible assets* by 11% is also attributable to the same amortization charge.

The *Other long term non-current assets* increased by 22% as a result of sales for which the payment term was longer than one year.

Current assets

The current assets recorded a significant increase of 15% on 31 December 2017, mainly as a result of the higher *trade receivables, cash flow and cash flow equivalents*.

Trade receivables were 15% higher due to increased supplier credit sales and also delayed collection from some clients, the main cause being the delayed approval of funds which the town halls and municipalities should have received from the state budget.

The *cash flow and cash flow equivalents* increased by 36%.

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During the reporting period, the Company also opted for credit lines, the amount to be reimbursed, as of 31 March 2018, being RON 2,316,018.

Equity

As of 31 March 2018, equity reached a level of RON 324,338,289, meaning an increase of 2.6% as compared to the end of 2017, as a result of the net profit of RON 8,136,461 generated during the reporting period.

Liabilities

The long term liabilities had no significant variations (less than 1%) as compared to the end of 2017. Their composition is also similar with that recorded at 31 December 2017.

The current liabilities increased by 9.5% due to the option for the credit line, the higher trade payables and corporate tax. In fact, this increase is normal given the increased sales, and implicitly, the higher receivables.

ELECTROMAGNETICA SA
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Financial and economic ratios

Ratios	Calculation formula	Value
Current ratio ¹	$\frac{\text{Current assets}}{\text{Current liabilities}}$	1.46
Debt ratio ²		
a.	$\frac{\text{Debt capital}}{\text{Equity}} \times 100$	-
b.	$\frac{\text{Debt capital}}{\text{Committed capital}} \times 100$	-
Days sales outstanding ³	$\frac{\text{Average client balance}}{\text{Turnover}} \times 90$	49.2
Assets turnover ratio ⁴	$\frac{\text{Turnover}}{\text{Non – current assets}}$	0.25

Note:

1. The **Current ratio** guarantees the coverage of the current debt from the current assets.
2. **Debt ratio** expresses the effectiveness of the credit risk management, indicating potential financing, liquidity problems which may affect the compliance with commitments made.

Debt capital = Credits over 1 year

Committed capital = Debt capital + Equity

3. **Days sales outstanding** expresses the effectiveness of the company in receivables collection, respectively the number of days until the debtors pay their debt to the company.
4. **Assets turnover ratio** expresses the effectiveness of non-current asset management, analyzing the turnover generated by a certain quantity of non-current assets.

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