



**VRANCART S.A.**

625100 Adjud-Vrancea, România, Str. Ecaterina Teodoroiu 17  
RO 1454846, J39/239/1991  
Capital social subscris și vărsat 103.168.354,70 RON  
RO54 RNCB 0268 0087 9340 0001 - BCR Adjud  
RO95 RZBR 0000 0600 0094 5306 - Raiffeisen Bank Adjud  
T: 0237 64 08 00, F: 0237 64 17 20  
office@vrancart.com, www.vrancart.ro



To,

**The Financial Supervisory Authority  
The Bucharest Stock Exchange**

**Regular report according to the ASF Regulation no. 5/2018**

<b>Date of report:</b>	<b>February 28<sup>th</sup>, 2019</b>
<b>Name of the issuing entity:</b>	<b>VRANCART S.A.</b>
<b>Registered office:</b>	<b>Adjud, 17 Ecaterina Teodoroiu Street, Vrancea County</b>
<b>Telephone/fax no.:</b>	<b>0237-640.800 / 0237-641.720</b>
<b>Tax Identification Number:</b>	<b>1454846</b>
<b>Trade Registry registration no.:</b>	<b>J39/239/1991</b>
<b>Subscribed and paid-in share capital:</b>	<b>103.168.354,70 lei</b>
<b>The regulated trading market:</b>	<b>The Bucharest Stock Exchange</b>

**Major events to report:**

The company VRANCART S.A. Adjud informs its shareholders and investors of the fact that the (individual and consolidated) preliminary annual financial statements, not audited, for the financial year 2018, drawn up in accordance with the International Financial Reporting Standards (IFRS) (the Order of the Public Finance Ministry no. 881/2012 and the Order of the Public Finance Ministry no. 2844/2016 as subsequently amended and completed), with the provisions of Law no. 24/2017 and of the ASF Regulation no. 5/2018, may be consulted at the company's headquarters in Adjud, 17 Ecaterina Teodoroiu Street, Vrancea County or at the website [www.vrancart.ro](http://www.vrancart.ro), starting from February 28<sup>th</sup>, 2019, from 06<sup>30</sup> PM.

We enclose hereto the (individual and consolidated) preliminary annual financial statements, not audited, for the financial year ended on December 31<sup>st</sup>, 2018, according to IFRS.

**Chairman of the Board of Administrators:  
CIUCIOI IONEL-MARIAN**



*Translation for information purposes only*



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## **VRANCART S.A. INDIVIDUAL PRELIMINARY FINANCIAL RESULTS**

for the financial year ended on  
December 31<sup>st</sup>, 2018

Note:

The preliminary financial results presented in this document are individual results, being reported in accordance with the *Public Finance Ministry Order no. 2844/2016* as subsequently amended, which is in compliance with the *International Financial Reporting Standards (IFRS)* adopted by the European Union.

The individual preliminary financial results are not audited, as this process is still in progress. Therefore, the final audited financial statements for 2018 may be different from these.

The functional and presentation currency is the Romanian leu (RON).

# Individual statement of financial position *(not audited)*

*Preliminary data as at December 31<sup>st</sup>, 2018*

*(all the amounts are expressed in RON, unless otherwise stated)*

	December 31 <sup>st</sup> , 2018	December 31 <sup>st</sup> , 2017
<b>ASSETS</b>		
Tangible assets	253.882.844	234.894.331
Intangible assets	4.123.474	184.069
Financial assets	28.866.728	35.209.097
<b>Total non-current assets</b>	<b>286.873.046</b>	<b>270.287.497</b>
Inventories	40.212.707	36.348.609
Trade receivables	59.884.485	50.541.065
Prepaid expenses	836.013	664.619
Restricted cash	2.064.372	1.901.568
Cash and cash equivalents	-	1.002.646
Other receivables	93.484	140.508
<b>Total current assets</b>	<b>103.091.061</b>	<b>90.599.015</b>
<b>TOTAL ASSETS</b>	<b>389.964.107</b>	<b>360.886.512</b>
<b>EQUITY</b>		
Share capital	103.168.355	103.168.355
Reserves	83.919.878	74.618.850
Retained earnings	13.312.065	14.787.355
<b>Total equity</b>	<b>200.400.298</b>	<b>192.574.560</b>
<b>LIABILITIES</b>		
Long-term loans	51.495.657	36.158.067
Long-term loans from bond issues	37.887.400	37.232.800
Long-term deferred income	15.657.558	17.878.001
Long-term provisions	372.440	376.015
Debts related to deferred profit tax	3.328.214	3.397.797
Other long-term liabilities	362.600	1.017.200
<b>Total long-term liabilities</b>	<b>109.103.869</b>	<b>96.059.880</b>
Short-term trade liabilities	27.737.837	24.564.192
Short-term loans	39.840.140	31.485.882
Short-term deferred income	2.551.123	3.026.330
Debts related to current profit tax	132.960	-
Other debts	10.197.880	13.175.668
<b>Total current liabilities</b>	<b>80.459.940</b>	<b>72.252.072</b>
<b>TOTAL LIABILITIES</b>	<b>189.563.809</b>	<b>168.311.952</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>389.964.107</b>	<b>360.886.512</b>

**Ciucioi Ionel-Marian**  
General Manager

**Arsene Vasilica-Monica**  
Financial Manager

## Individual statement of comprehensive income *(not audited)*

*Preliminary data as at December 31<sup>st</sup>, 2018*

*(all the amounts are expressed in RON, unless otherwise stated)*

	2018	2017
Income from turnover	294.416.947	260.003.622
Other income	3.921.449	3.249.175
Variation of finished products inventories and production in progress	3.707.380	300.749
Expenses related to raw materials and consumables	(156.581.210)	(137.251.472)
Expenses related to commodities	(4.421.436)	(3.172.455)
Third party expenses	(19.342.395)	(19.124.258)
Personnel-related expenses	(57.913.683)	(51.463.150)
Expenses related to the amortisation and depreciation of assets	(22.580.131)	(19.882.617)
Other expenses	(11.621.184)	(5.966.824)
<b>Operating profit from the current activity</b>	<b>29.585.737</b>	<b>26.692.770</b>
Exceptional loss from the cassation of tangible assets	(7.088.434)	0
<b>Operating profit (EBIT)</b>	<b>22.497.303</b>	<b>26.692.770</b>
Financial income	1.033.936	1.202.113
Financial expenses	(4.510.375)	(2.956.489)
<b>Profit before taxation</b>	<b>19.020.864</b>	<b>24.938.394</b>
Profit tax expenses	(1.483.168)	(2.609.941)
<b>Profit for the year</b>	<b>17.537.696</b>	<b>22.328.453</b>
<b>Other comprehensive income items</b>		
Increases in the reserve from the revaluation of tangible assets, net of deferred tax	1.026.055	18.136.748
Transfer of the revaluation reserve to retained assets following the cassation of tangible assets	(66.475)	(666.280)
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>18.497.276</b>	<b>39.798.921</b>
<b>Earnings per share</b>		
Profit (loss) attributable to ordinary shareholders	17.537.696	22.328.453
Weighted average number of ordinary shares	1.031.683.547	1.031.683.547
<b>Base earnings per share (RON/share)</b>	<b>0,017</b>	<b>0,022</b>

**Ciucioi Ionel-Marian**  
General Manager

**Arsene Vasilica-Monica**  
Financial Manager

## Individual statement of cash flows *(not audited)*

*Preliminary data as at December 31<sup>st</sup>, 2018*

*(all the amounts are expressed in RON, unless otherwise stated)*

	<b>2018</b>	<b>2017</b>
<b>Cash flows from the operating activity</b>		
Collection from customers	331.550.289	291.364.214
Payments to suppliers	(207.815.066)	(189.194.533)
Payments to employees	(37.320.782)	(39.840.847)
Payments to the state budget	(45.866.104)	(30.865.839)
Profit tax paid	(1.573.323)	(3.236.156)
<b>Net cash flow from operating activities</b>	<b>38.975.014</b>	<b>28.226.839</b>
<b>Cash flows from investment activities</b>		
Payments for the purchase of tangible and intangible assets	(44.131.637)	(50.661.376)
Letters of credit for the purchase of tangible assets	(530.871)	-
Escrow account for the purchase of financial assets	-	8.899.753
Payments for the purchase of financial assets	(5.074.273)	(23.790.688)
Collections from the sale of tangible assets	712.768	84.962
Interests collected	32.393	1.193
<b>Net cash flow from investment activities</b>	<b>(48.991.620)</b>	<b>(65.466.156)</b>
<b>Cash flows from financing activities</b>		
Collections from loans	43.118.451	21.664.726
Collections from bonds	-	38.250.000
Interests paid and loans reimbursed	(21.779.957)	(31.275.435)
Dividends paid	(11.159.080)	(13.786.199)
<b>Net cash flow from financing activities</b>	<b>10.179.414</b>	<b>14.853.092</b>
	<b>162.808</b>	<b>(22.386.225)</b>
<b>Net increase/(reduction) of cash and cash equivalents</b>		
<b>Cash and cash equivalents at the financial year beginning</b>	<b>1.901.568</b>	<b>24.287.793</b>
<b>Cash and cash equivalents at the financial year end</b>	<b>2.064.376</b>	<b>1.901.568</b>

**Ciucioi Ionel-Marian**  
General Manager

**Arsene Vasilica-Monica**  
Financial Manager

## **Explanatory notes**

### ***Preliminary individual financial results as at December 31<sup>st</sup>, 2018 (not audited)***

During the financial year ended on December 31<sup>st</sup>, 2018, the Company continued developing its activity in all of its three lines of business where it operates (paperboards, corrugated cardboard packaging and tissue paper), which led to the turnover increase by 13% and the operating profit increase (before the impact of loss from extraordinary activities) by 10%.

But following:

- the physical and moral wear of some equipment related to the business line of waste paper-based tissue paper, whose product range did not meet the current market demands, being economically ineffective and which did not meet the quality standards imposed by the final consumers, and
- the investments made by the company, which led to the decommissioning of some fixed assets that were no longer effective from an economic and technical point of view,

the company recorded an exceptional loss equal to the amount remained not amortised as at December 31<sup>st</sup>, 2018, corresponding to the decommissioned equipment, in the total amount of RON 7.088.434 (see row "Exceptional loss from the cassation of tangible assets" from the Individual statement of comprehensive income).

Also, it must be stated that during this period, the Company managed to make significant investments and a new corrugated cardboard machine, with a high level of automation and high productivity and quality was put into operation in November 2018 and currently it is one of the most modern machines in this industry. This, along with the auxiliary equipment, is installed in a new, modern production space which has all the facilities required. The total investments in this facility exceed EUR 7 million.

The increase of labour efficiency and productivity also enabled the increase of the benefits granted to the Company's employees, which contributed to a maintenance and increase of the technical expertise, being also reflected by the increase of productivity per employee.

Also, the process of modernisation and increase of the production capacities will continue in 2019 as well, when major investment projects are provided, with the purpose to consolidate the Company's position on the market and its capacity to generate profit.

Overall evaluation elements:

<b>a) gross book result</b>	<b>RON 19.021 thousand</b>
<b>b) turnover</b>	<b>RON 294.417 thousand</b>
<b>c) export</b>	<b>RON 45.115 thousand</b>
<b>d) operating costs</b>	<b>RON 272.460 thousand</b>
<b>e) % of the market held</b>	

2018	Tissue paper	- 10%
	Paperboards	- 18%
	Corrugated cardboard	- 16%

<b>f) liquidity as at the year-end</b>	<b>RON 2.064 thousand</b>
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General Manager

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Financial Manager