



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
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**Quarterly report for the 3rd quarter of 2018
according to the Financial Supervisory Authority Regulation no. 5/2018**

Date of report	November 15th, 2018
Name of the issuing entity	VRANCART S.A.
Registered office	Adjud, 17 Ecaterina Teodoroiu Street, Vrancea county
Tel./fax no.:	0237-640.800; 0237-641.720
Tax Identification Number	1454846
Tax registry registration no.	J39/239/1991
Subscribed and paid-in share capital	RON 103.168.355
The regulated market onto which the securities issued are traded	the Bucharest Stock Exchange

1. The economic and financial situation of VRANCART S.A.

The results achieved by VRANCART S.A. (hereinafter referred to as “the Company”) in the first nine months of 2018 confirm the company’s ability to generate profit and its financial soundness.

During this period, the net profit recorded amounted to RON 18.056.190, 2% more than the level forecasted in the Revenues and Expenses Budget.

The Interim individual financial statements (simplified, not audited) as at September 30th, 2018, according to the Order of the Public Finance Ministry no. 2844/2016 for the approval of the Accounting regulations compliant with the International Financial reporting Standards applicable to trade companies whose securities are admitted to trading on a regulated market, are enclosed to this report.

The interim individual financial statements for the first 9 months of 2018 were not revised by an independent external auditor, as this is not a legal or statutory requirement.

1.1. Balance sheet items

<i>(all items are expressed in RON, unless otherwise stated)</i>	September 30th, 2018	December 31st, 2017	%
Non-current assets	294.372.013	270.287.497	9%
Current assets, out of which:	92.489.212	90.599.015	2%
- Trade receivables	54.688.411	50.541.065	8%
Total assets	386.861.224	360.886.512	7%
Total liabilities, out of which:	187.574.771	168.311.951	11%
<i>Current liabilities</i>	77.953.195	72.252.072	8%
Equity, out of which:	199.286.454	192.574.561	3%
- Reserves	74.596.680	74.618.851	
- Retained earnings	21.521.419	14.787.355	46%

As at September 30th, 2018 and during the period between January 1st – September 30th, 2018, the evolution of the main financial indicators was as follows:

- The Company's non-current assets increased by 9%, following the investments in tangible assets during the first 9 months of 2018. Fixed assets were purchased and the main production lines were upgraded: the paperboards production line, the tissue paper production line and the corrugated cardboard production line.
- The volume of the Company's current assets increased by 2% as at September 30th, 2018 from the year beginning, especially due to the increase of trade receivables and other receivables. In the "other receivables" category, the Company recorded dividends to be received from its branch Giant Prodimpex, amounting to RON 1 million, following the general meeting of the shareholders concerning the profit distribution.
- The trade receivables increased by 8% (RON 4 million) during the first nine months of 2018 from the year beginning, following the increase in the volume of deliveries, respectively the turnover increase.
- The total liabilities recorded as at September 30th, 2018 amount to RON 187.574.771, up by 11% from the amount recorded as at January 1st, 2018, due to the increase of long-term loans by 43%. The increase of long-term loans by approx. RON 15 million is due to the need to finance the investments in tangible assets.
- The equity amount as at September 30th, 2018 is RON 199.286.454, up by 3% from the amount recorded as at the year beginning, following the increase in retained earnings by 46% from the year beginning, due to the accumulation of profit from the current year.

1.2. The profit and loss account

<i>(all items are expressed in RON, unless otherwise stated)</i>	September 30th, 2018	September 30th, 2017	%
Operating income, out of which:	221.351.521	189.610.043	17%
<i>Income from turnover</i>	217.332.958	189.593.049	15%
Operating expenses	(200.033.236)	(169.770.476)	18%
Operating profit	21.318.285	19.839.567	7%
Financial income	1.001.401	(55.659)	
Financial expenses	(3.108.515)	(1.455.187)	
Total income	222.352.922	189.554.384	17%
Total expenses	(203.141.751)	(171.225.662)	19%
Gross profit	19.211.171	18.328.722	5%
Net profit	18.056.190	15.933.456	13%

During the first nine months of 2018 compared to the same period of the previous year, the main indicators of the Profit and loss account are as follows:

- The total income during the analysed period amounted to RON 222.352.922, up by 17% from the same period of the previous year, mainly due to the turnover increase by 15% during the same analysed period.
- The total expenses during the period amounted to RON 203.141.751, up by 19% from the same period of the previous year, due to the increase of expenses related to raw materials by 20%. The increase of expenses related to raw materials is mainly due to the increase of waste paper price by 50% during the first two months of 2018 compared to the same period of the previous year.
- The gross profit for the period amounted to RON 19.211.171, up by 5% from the same period of the previous year and 2% above the budgeted level for this period.
- The Company estimates that at the year end, the profitability indicators will be reached according to the forecasts in the Revenues and Expenses Budget, as approved during the Ordinary General Meeting of the Shareholders for 2018, and that they will not record any significant changes compared to the previous year.

1.3. Cash flows

<i>(all items are expressed in RON, unless otherwise stated)</i>	September 30th, 2018	September 30th, 2017
<i>Cash flows from the operating activity</i>		
Amounts collected from the operating activity	245.283.540	208.867.676
Payments from the operating activity	(213.773.764)	(180.159.548)
Net cash flows from the operating activity	31.509.776	28.708.128
<i>Cash flows from the investment activity</i>		

Amounts collected from the investment activity	723.301	14.002
Letters of credit for investment payments	(530.871)	-
Escrow account for the purchase of financial assets	-	8.899.753
Payments from the investment activity	(40.436.297)	(54.654.247)
Net cash flow from the investment activity	(40.243.867)	(45.740.491)
<i>Cash flows from the financing activity</i>		
Amounts collected from the financing activity (including bonds)	29.510.837	66.851.268
Payments from the financing activity	(20.840.328)	(59.066.369)
Net cash flow from the financing activity	8.670.509	7.784.899
Balance at the beginning of the period	1.901.568	24.287.793
Balance at the end of the period	1.837.986	15.040.329

The amount of cash and cash equivalents recorded as at September 30th, 2018 is positive, respectively RON 1.837.986. The cash amount reduction compared to the same period of the previous year is mainly due to the payments made both for the current activity and for investments. The investments were financed both from bank loans and from the company's own sources.

2. Economic and financial indicators as at September 30th, 2018, according to Appendix no. 13 to the Financial Supervisory Authority Regulation no. 5/2018

Indicator's name	Calculation modality	M.U.	Result
Current liquidity indicator	Current assets/Current liabilities	ratio	1,19
Indebtedness degree indicator	Borrowed capital/Equity ^x 100	%	57,74*
	Borrowed capital/Employed capital ^x 100	%	36,61*
Debts-customers turnover	Average customers balance/Turnover ^x 270	days	66,58
Non-current assets turnover	Turnover/Non-current assets	ratio	0,74

* Borrowed capital includes credit lines, short-term and long-term bank loans, long-term trade loans, short-term and long-term liabilities from financial leasing agreements, loans from bond issues.

CIUCIOI Ionel-Marian
Chairman of the Board of Administrators

ARSENE Vasilica-Monica
Financial Manager