

BSE REPORT

Preliminary Results 2020



12 Month Performance 2020 - Preliminary Results

- ☑ **40,11 milioane lei operational profit (EBITDA)**
- ☑ **Net Turnover: 125,25 million lei (25,7 million Euros)**
- ☑ **Cash 2.9 times higher than in December 2019**

General Manager Statement

"The year 2020 was indisputably marked by the pandemic and its effects. Especially in the period of sudden debut, both the decisions of the authorities and those in the business environment were very prudent and then influenced the performance of the rest of the year. Our decision was not to stop the activity, but to take advantage of this temporary calm in the market for the development of some maintenance works at the factories necessary for the increase of the production performances.

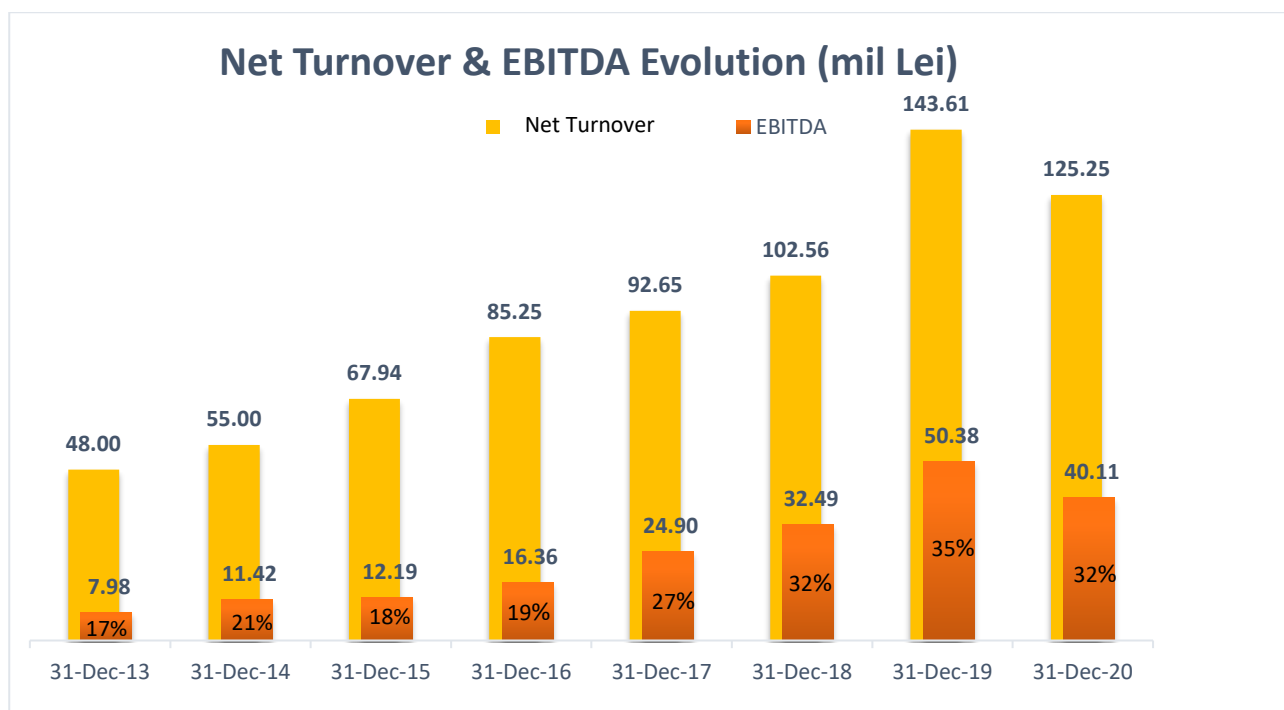
After the emergency period in April-May, at Cemacon, despite the uncertainties caused by the evolution of the pandemic, we maintained the objectives at an ambitious level. The reality in the residential construction sector supported us because, especially in the 3rd quarter, the masonry market performed at high demand levels.

Sales performed very well so that product stocks were under constant pressure, protecting sales prices. The annual turnover decreased by 13% compared to 2019, but considering the emergency period from April to May, the performance was a positive one. Thus, the operational profitability, which did not benefit from unique positive events, was 20% lower, given that 2019 was a peak economic cycle with record financial results. However, our satisfaction is the consistent exceeding of the 2018 benchmarks both in terms of business volume and operational profitability.

In addition, the sharp decrease in indebtedness, reached below the level of liquidities that have increased strongly, the degree of coverage with debt insurance measures, the low level of product stocks give a lot of financial solidity to the business.

In 2020, the implementation of projects with European non-reimbursable financing went very well, thus laying the foundations for improving profitability and quality in the next period. We are approaching 2021 with confidence and growth objectives and with a team prepared through competence and motivation. "

Profit and loss Account – Preliminary 12 Months Results 2020



In an economic context marked by the epidemiological situation generated by the Sars-Cov2 virus, Cemacon registered a net turnover of over 125 million lei. The main revenues were realized from the sale of finished products; ceramic blocks, lintels and from the sale of goods: basalt mineral wool, chimneys, mortars and masonry plasters.

The variation of inventories registers lower values than in the previous period as a result of the gap between the quantities produced and sold in the period; especially in the second half and the end of the year, there were continuous pressures on available stocks so that it came out of the year with lower stocks than at the beginning of 2020. The amounts related to other gains or losses highlight the cancellation of the provisions established in the previous year, as well as the establishment of provisions in the current year.

Expenditures on raw materials and materials, as well as operating expenses decreased compared to the same period of 2019, as a result of the decrease in production activity during the lockdown period of April-May 2020, when extensive maintenance works were carried out, for the first time in the last 5 years.

In the absence of one-off transactions, for the period ended December 30, 2020 CEMACON has an operating profit of 40,107,787 lei and a net profit of 22,853,070 lei.

Profit and loss Account – Preliminary 12 Months Results 2020

	31-Dec-20	31-Dec-19	2020 vs 2019	2020 vs 2019
	LEI	LEI	LEI	%
Gross Turnover	134,456,242	157,260,004	(22,803,762)	-15%
Net Turnover	125,249,908	143,607,041	(18,357,133)	-13%
Sales revenues	125,216,403	143,011,750	(17,795,347)	-12%
Other operating revenues	3,601,200	3,827,650	(226,450)	-6%
Other gains and losses	(1,860,289)	(3,250,883)	1,390,594	-43%
Change in inventories of FG & WIP	1,759,783	4,712,072	(2,952,289)	-63%
Raw materials and consumables	(22,031,384)	(28,797,496)	6,766,112	-23%
Personnel expenses	(28,637,701)	(24,836,226)	(3,801,475)	15%
Other operating expenses	(39,835,492)	(45,404,685)	5,569,193	-12%
EBITDA	40,107,787	50,379,235	(10,271,448)	-20%
Depreciation and amortization expenses	(11,739,237)	(10,738,341)	(1,000,896)	9%
Income impairment of assets	-	68,124	(68,124)	-100%
EBIT	26,473,283	38,523,841	(12,050,558)	-31%
Financial income	1,458,832	1,751,377	(292,545)	-17%
Financial expenses	(2,597,302)	(3,079,590)	482,288	-16%
Financial result	(1,138,468)	(1,328,213)	189,745	-14%
Profit before tax*	25,334,813	37,195,628	(11,860,816)	-32%
Income tax expenses	(2,481,743)	(3,098,057)	616,314	-20%
Profit after tax	22,853,070	34,097,571	(11,244,502)	-33%
Total other elements of other comprehensive income	-	3,339,698	(3,339,698)	-100%
Comprehensive income total	22,853,070	37,437,269	(14,584,200)	-39%

* At the time of presentation of the preliminary results for 2020, no other comprehensive income and deferred tax items have been computed.

** EBITDA = Operating profit + Expenses with depreciation + Financial discounts granted - Income impairment of non-current assets

Statement of financial position – Preliminary Results 31 Decembrie 2020

	31-Dec-20	31-Dec-19	2020 vs 2019	2020 vs 2019
	LEI	LEI	LEI	%
NON-CURRENT ASSETS				
Property, plant and equipment	138,657,142	131,986,455	6,670,687	5%
Investment property	8,202,483	8,202,483	-	0%
Intangible	5,237,579	4,750,087	487,492	10%
Rights of use assets	20,309,922	22,081,760	(1,771,838)	-8%
Investments	45,200	45,200	-	0%
Other non-current assets	347,162	339,627	7,535	2%
NON-CURRENT ASSETS TOTAL	172,799,488	167,405,612	5,393,877	3%
CURRENT ASSETS				
Inventories	18,314,302	20,307,951	(1,993,649)	-10%
Trade and other receivables	26,767,338	49,205,783	(22,438,445)	-46%
Cash and cash equivalents	51,314,569	17,663,070	33,651,499	191%
CURRENT ASSETS TOTAL	96,396,209	87,176,804	9,219,405	11%
TOTAL ASSETS	269,195,697	254,582,416	14,613,281	6%
CURRENT LIABILITIES				
Trade and other payables	20,260,545	21,623,217	(1,362,672)	-6%
Loans and borrowings	10,167,693	7,823,481	2,344,212	30%
Lease liabilities	726,176	916,882	(190,706)	-21%
Obligations under finance leases	2,183,262	2,189,889	(6,627)	0%
Grants received	114,072	99,911	14,161	14%
Tax liability	157,353	989,652	(832,299)	-84%
Provisions	7,791,760	9,091,664	(1,299,904)	-14%
CURRENT LIABILITIES TOTAL	41,400,861	42,734,696	(1,333,835)	-3%
NON-CURRENT LIABILITIES				
Non-current trade and other liabilities	-	-	-	0%
Loans and borrowings	21,363,341	27,941,650	(6,578,309)	-24%
Lease liabilities	5,809,774	6,326,946	(517,171)	-8%
Obligations under finance leases	5,971,820	7,831,473	(1,859,653)	-24%
Grants received	2,808,666	893,569	1,915,097	214%
Deferred tax	555,530	555,530	(0)	0%
Provisions	2,367,976	2,233,892	134,084	6%
NON-CURRENT LIABILITIES TOTAL	38,877,107	45,783,060	(6,905,952)	-15%

	31-Dec-20 LEI	31-Dec-19 LEI	2020 vs 2019 LEI	2020 vs 2019 %
TOTAL LIABILITIES	80,277,968	88,517,756	(11,044,600)	-9%
NET ASSETS	188,917,729	166,064,660	22,732,182	14%
EQUITY				
Issued capital as per IFRS	59,779,702	59,779,702	-	0%
TOTAL EQUITY	188,917,729	166,064,660	22,732,182	14%

Fixed assets, reported as of December 31, 2019, did not register significant changes - these are determined by investments made during the period and partially offset by depreciation, one of the most important investment projects being the Cogeneration Plant being implemented through the Large Infrastructure Operational Program 6.4.

Current assets increased by 11% compared to the end of 2019, stocks remaining at the optimal level to ensure the need for ceramic blocks in the next period and cash increased significantly due to the collection of receivables at the end of 2019.

At the level of debts, there is a decrease of 15%, mainly due to the repayment of loans and interest to the financing entities. Following the application of the IFRS 16 standard, the company recognized the leasing debt related to the lease agreements, corroborated with the increase of assets.

At the end of the period ended December 30, 2020, the company's net assets register an increase of 14% compared to the end of 2019, exceeding the amount of 188 million lei.

Main Financial Ratios

Main Financial Ratios	31-Dec-20
1. Current liquidity indicator	2.33
2. Leverage indicator	17%
3. Turnover speed for client debit items (days)	103
4. Turnover speed for total assets	78%

Consolidated Results of the CEMACON Group

Information on the presentation of the CEMACON SA Group:

CEMACON SA is a Romanian legal entity founded as a joint stock company based on Government Decision no.1200/1991 with its registered office in Cluj-Napoca, no. 178K, Calea Turzii Street, Hexagon Offices, 1st floor, Cluj county. The company's main object of activity is "Manufacture of bricks, tiles and other construction products made from burnt clay".

SC CEMACON Real Estate Company was founded as a result of the agreement signed by SC CEMACON SA and the Romanian Commercial Bank in order to take over part of the liabilities and assets, according to the reorganization process. The individual financial statements of SC CEMACON Real Estate Company are prepared in accordance with Order of the Minister of Public Finance 1802/2012.

The financial statements of the controlled branch have been prepared for the same reporting period as those of the parent company, using the same accounting policies. Even if the financial statements of SC CEMACON Real Estate have been prepared in accordance with Order of the Minister of Public Finance 1802/2012, the necessary adjustments have been made in order to reflect the accounting policies of the parent company with a view to consolidating.

The International Financial Reporting Standards (IFRS) have been applied when preparing the consolidated financial statements.

According to the Decision of the Extraordinary General Meeting of Shareholders of Cemacon SA, dated 29.10.2020, it was approved in principle the merger by absorption by CEMACON SA of Cemacon Real Estate SRL.

Consolidated Statement of Financial Position – Preliminary Results 31st of December 2020

ASSETS	31-Dec-20	31-Dec-19	2020 vs 2019	2020 vs 2019
NON-CURRENT ASSETS	LEI	LEI	LEI	%
Property, plant and equipment	151,367,188	144,632,737	6,734,451	5%
Investment property	8,411,176	8,442,499	(31,323)	0%
Intangible	5,442,684	4,955,192	487,492	10%
Right of use assets	20,190,324	21,603,368	(1,413,044)	-7%
Investments	-	-	-	0%
Other non-current assets	1,656,731	1,649,196	7,535	0%
NON-CURRENT ASSETS TOTAL	187,068,103	181,282,992	5,785,112	3%
CURRENT ASSETS				
Inventories	18,314,302	20,307,951	(1,993,649)	-10%
Trade and other receivables	6,568,357	30,047,150	(23,478,793)	-78%
Cash and cash equivalents	51,333,604	17,724,260	33,609,345	190%
CURRENT ASSETS TOTAL	76,216,263	68,079,361	8,136,903	12%
<i>Assets classified as held for sale</i>	-	-	-	0%
TOTAL ASSETS	263,284,367	249,362,352	13,922,014	6%
LIABILITIES				
CURRENT LIABILITIES				
Trade and other payables	20,230,824	21,679,228	(1,448,404)	-7%
Loans and borrowings	10,167,693	7,823,481	2,344,212	30%
Lease liabilities	606,578	555,171	51,406	9%
Obligations under finance leases	2,183,262	2,189,889	(6,627)	0%
Grants received	114,072	99,911	14,161	14%
Tax liability	157,353	989,652	(832,299)	-84%
Provisions	7,791,760	9,091,664	(1,299,904)	-14%
CURRENT LIABILITIES TOTAL	41,251,542	42,428,997	(1,177,455)	-3%
NON-CURRENT LIABILITIES				
Non-current trade and other liabilities	-	-	-	0%
Loans and borrowings	21,363,341	27,941,650	(6,578,309)	-24%
Lease liabilities	5,809,774	6,210,264	(400,489)	-6%
Obligations under finance leases	5,971,820	7,831,473	(1,859,653)	-24%
Grants received	2,808,666	893,569	1,915,067	214%
Deferred tax	-	-	-	0%
Provisions	2,367,976	2,233,892	134,084	6%
NON-CURRENT LIABILITIES TOTAL	38,321,577	45,110,849	(6,789,272)	-15%
TOTAL LIABILITIES	79,573,120	87,539,845	(7,966,725)	-9%

	31-Dec-20	31-Dec-19	2020 vs 2019	2020 vs 2019
	LEI	LEI	LEI	%
NET ASSETS	183,711,247	161,822,507	21,888,740	14%
EQUITY				
Issued capital as per IFRS	59,779,702	59,779,702	-	0%
TOTAL EQUITY	183,711,247	161,822,507	21,888,740	14%

Consolidated Profit and Loss Account – Preliminary Results 12 Months 2020

	31-Dec-20	31-Dec-19	2020 vs 2019	2020 vs 2019
	LEI	LEI	LEI	%
Sales revenues	125,216,403	143,011,750	(17,795,347)	-12%
Other operating revenues	3,641,117	3,938,403	(297,286)	-8%
Other gains and losses	(1,671,914)	(5,584,245)	3,912,331	-70%
Change in inventories of FG & WIP	1,759,783	4,712,072	(2,952,289)	-63%
Raw material and consumables used	(22,031,384)	(28,797,496)	6,766,112	-23%
Personnel Expenses	(28,721,100)	(24,922,738)	(3,798,362)	15%
Other operating expenses	(40,183,191)	(45,910,198)	5,727,007	-12%
EBITDA	39,904,981	45,381,041	(5,476,060)	-12%
Depreciation and amortization expenses	(11,380,443)	(16,998,644)	5,618,202	-33%
Income impairment of assets	-	2,251,684	(2,251,684)	-100%
EBIT	26,629,271	29,448,904	(2,819,633)	-10%
Financial income	279,926	261,502	18,424	7%
Financial expenses	(2,538,712)	(2,965,798)	427,086	-14%
Financial result	(2,258,786)	(2,704,296)	445,510	-16%
Profit before tax	24,370,485	26,744,608	(2,374,123)	-9%
Income tax expenses	(2,481,743)	(1,460,479)	(1,021,264)	70%
Profit after tax	21,888,742	25,284,129	(3,395,387)	-13%
Total other elements of other comprehensive income	-	10,201,409	(10,201,409)	-100%
Comprehensive income total	21,888,742	35,485,538	(13,596,796)	-38%

* At the time of presentation of the preliminary results 2020, no other comprehensive income and deferred tax items have been computed.

** EBITDA = Operating profit + Expenses with depreciation + Financial discounts granted - Income impairment of non-current assets

Consolidated Statement of Changes in Equity – Preliminary Results for 31st December 2020

	Capital subscris si ajustari	Prime de emisiune	Rezerve din reevaluare aferente active detinute spre vanzare	Rezerve din reevaluare	Rezerve legale	Alte rezerve	Rezultat nedistribuit	Alte elemente ale capitalurilor proprii	Prima aplicare a IAS29	Total
	Issued capital and adjustments	Share Premium	Reevaluation reserve for HFS assets	Reevaluation reserves	Legal reserves	Other reserves	Undistributed result	Accumulated Other comprehensive income	1st application of IAS 29	
31-Dec-19	59,779,703	253,004	-	27,964,004	5,263,630	20,966,082	48,910,900	(1,314,816)	-	161,822,507
Rezultatul global curent <i>Current global result</i>	-	-	-	-	-	-	21,888,742	-	-	21,888,742
Diferente capitalizate impozitului amanat <i>Capitalised differences related to deferred tax</i>	-	-	-	-	-	-	-	-	-	-
Majorare capital social <i>Increase in equity</i>	-	-	-	-	-	-	-	-	-	-
Acoperire pierdere <i>Loss coverage</i>	-	-	-	-	-	-	-	-	-	-
Alte elemente de capitaluri proprii (beneficii angajati) <i>Accumulated Other comprehensive income (employee benefits)</i>	-	-	-	-	-	-	-	-	-	-
Rezerva din reevaluare realizata aferenta vanzarilor <i>Reevaluation reserve related to sales</i>	-	-	-	-	-	-	-	-	-	-
Constituire rezerva legala <i>Legal reserve</i>	-	-	-	-	1,266,741	-	(1,266,741)	-	-	-
Alte rezerve <i>Other reserve</i>	-	-	-	-	-	2,698,980	(2,698,980)	-	-	-
31-Dec-20	59,779,703	253,004	-	27,964,004	6,530,371	23,665,062	66,833,921	(1,314,816)	-	183,711,247

Consolidated Statement of Cash Flow – Preliminary Results for 31st December 2020

	31-Dec-20	31-Dec-19
	LEI	LEI
Fluxuri din activitati de exploatare		
Cash flow from operating activities		
Incasari de la clienti	173,592,840	144,439,695
<i>Customer encashments</i>		
Plati catre furnizori	(67,349,514)	(82,507,721)
<i>Supplier payments</i>		
Plati catre angajati	(20,505,777)	(17,721,016)
<i>Payments to employees</i>		
Plati impozite si taxe	(23,623,185)	(19,604,489)
<i>Tax Payments</i>		
Impozit pe profit platit	(3,314,043)	(2,329,537)
<i>Income Tax Paid</i>		
Incasari din asigurari	-	154,135
<i>Insurance encashments</i>		
Plati de asigurari	(633,814)	(500,884)
<i>Insurance payments</i>		
Dobanzi platite	(1,516,992)	(2,243,425)
<i>Interest Paid</i>		
Alte incasari	1,359,141	132,525
<i>Other Encashments</i>		
Alte plati	-	-
<i>Other Payments</i>		
Plati ctr. leasing pe termen scurt si active de valoare mica	(122,902)	(306,681)
<i>Payments for short term leasing contracts and low value assets</i>		
	57,885,754	19,512,602
Trezoreria neta din activitati de exploatare		
Cash from operating activities		
Fluxuri de trezorerie din activitati de investitii		
Cash flow from investing activities		
Plati pentru achizitionarea de actiuni	-	-
<i>Payments for acquiring shares</i>		
Plati pentru achizitionarea de imobilizari corporale	(17,740,937)	(12,761,054)
<i>Payments for acquiring assets</i>		
Incasari din vanzarea de imobilizari corporale	315,048	516,684
<i>Encashments from sold assets</i>		
Dobanzi incasate	207,089	115,356
<i>Encashments from interest</i>		
Credite catre parti afiliate	-	-
<i>Loans to affiliated parties</i>		
Alte incasari – subventii pentru investitii	1,957,261	-
<i>Other encashments</i>		
	(15,261,539)	(12,129,014)
Trezoreria neta din activitati de investitie		
Cash from investing activities		

Consolidated Statement of Cash Flow – Preliminary Results for 31st December 2020 (continued)

	31-Dec-20	31-Dec-19
	LEI	LEI
Fluxuri din activitati de exploatare		
Cash flow from operating activities		
Fluxuri de trezorerie din activitati de finantare		
Cash flow from financing activities		
Incasari din aport de capital	-	110,320
<i>Encashments from share capital increase</i>		
Incasari din imprumuturi	-	-
<i>Encashments from loans</i>		
Plata datoriilor aferente leasing-ului financiar - capital	(3,817,091)	(1,905,695)
<i>Payments for financial lease</i>		
Plata datoriilor aferente leasing-ului financiar-dobanda	(1,001,731)	(691,108)
<i>Payments for financial lease - interest</i>		
Rambursari credite	(4,187,615)	(6,666,000)
<i>Dividends paid and bank interest paid</i>		
Incasari garantie achizitionare actiuni	-	-
<i>Encashments from share purchase</i>		
Plata garantie achizitionare actiuni	(7,541)	(12,035)
<i>Payment for share purchase</i>		
	(9,013,978)	(9,164,518)
Trezoreria neta din activitati de finantare		
Cash from financing activities		
Efectul variatiilor cursului de schimb	(893)	(18,210)
Effect of exchange rate changes		
Crestere /scadere neta de numerar	33,609,344	(1,799,140)
Net increase/decrease in cash and cash equivalents		
Numerar si echivalente de numerar la inceputul perioadei	17,724,260	19,523,400
Cash and cash equivalents at beginning of period		
Numerar si echivalente de numerar la sfarsitul perioadei	51,333,604	17,724,260
Cash and cash equivalents at end of period		

The report, together with the related documents, can be consulted starting with **26 February 2021 at 18:00** at the company headquarters on Calea Turzii Street, no. 178K, Hexagon Offices, Cluj-Napoca or electronically on the company's website: www.cemacon.ro and on the Bucharest Stock Exchange website: www.bvb.ro

The results presented are prepared in accordance with IFRS and have a preliminary nature, and will be subject to financial auditing in accordance with legal provisions.

CEMACON SA ranks second in the top of masonry manufacturers in Romania and is the market leader in Transylvania.

The company operates the most modern and largest manufacturing capacity in Romania with innovative, differentiated products that bring added value to users, at very competitive production costs. CEMACON SA is a company listed on the Bucharest Stock Exchange; the company management is professional, independent, having strong sector expertise.