



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



Quarterly report for the 3rd quarter of 2019 according to the Financial Supervisory Authority Regulation no. 5/2018

Date of report	November 15th, 2019
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
Trade Registry registration number	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”) during the first nine months of 2019 confirm the company’s ability to generate profit and its financial soundness.

During this period, the net profit recorded amounted to RON 15.439.831, approximately 10% below the level forecasted in the Revenues and Expenses Budget. This failure to achieve the forecasted profit is mainly due to the shutdown of the corrugated cardboard machine in Călimănești, following the investments made.

The Interim individual financial statements (simplified, not audited) as at September 30th, 2019, 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 2019 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, 2019	December 31st, 2018	%
Non-current assets	288.553.070	286.873.046	1%
Current assets, out of which:	116.861.442	103.091.061	13%
- Trade receivables	67.248.273	59.884.485	12%
Total assets	405.414.512	389.964.107	4%
Total liabilities, out of which:	199.172.174	189.364.149	5%
<i>Current liabilities</i>	98.623.139	80.319.701	23%
Equity, out of which:	206.242.338	200.599.958	3%
- Reserves	84.748.783	84.767.377	
- Retained earnings	18.325.200	12.664.226	45%

As at September 30th, 2019 and during the period between January 1st – September 30th, 2019, the evolution of the main financial indicators was as follows:

- The Company's non-current assets increased by 1%, following the investments in tangible assets during the first 9 months of 2019. Fixed assets were purchased and the all the activity sectors were upgraded: the paperboards, the tissue paper and the corrugated cardboard production sectors.
- The volume of the Company's current assets increased by 13% as at September 30th, 2019 from the year beginning, especially due to the increase of trade receivables by 12% and of the inventories by 15%. The trade receivables increased during the first nine months of 2019 from the year beginning by 7.363.788, following the increase of the deliveries volume.
- The total liabilities recorded as at September 30th, 2019 amount to RON 199.172.174, up by 5% from the amount recorded as at January 1st, 2019, due to the increase of short-term loans by 28%. The increase of short-term loans by approx. RON 11 million is due to the need to finance the current activity.
- The equity amount as at September 30th, 2019 is RON 206.242.338, up by 3% from the amount recorded as at the year beginning, following the increase in retained earnings by 45% 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, 2019	September 30th, 2018	%
Operating income, out of which:	237.705.937	221.351.521	7%
<i>Income from turnover</i>	225.333.749	217.332.958	4%
Operating expenses	(216.481.449)	(200.033.236)	8%
Operating profit	21.224.488	21.318.285	-0,4%
Financial income	1.216	1.001.401	
Financial expenses	(4.574.158)	(3.108.515)	
Total income	237.707.153	222.352.922	7%
Total expenses	(221.055.607)	(203.141.751)	9%
Gross profit	16.651.546	19.211.171	-13%
Net profit	15.439.831	18.056.190	-14%

Starting from the month of July of this year, the company is implementing a wide program for the modernisation and increase of the cardboard production capacity at the work point in Călimănești, Vâlcea county.

Thus, the project includes:

- a new hall for corrugated cardboard production of approx. 5000 m²
- the installation of a new corrugated cardboard production machine with a capacity of over 4.000 to/month (double compared to the previous machine)
- the expansion and modernisation of the storage areas
- the increase of the corrugated cardboard packaging production capacity (including through new corrugated cardboard converting equipment)

The project implementation also involved the temporary shutdown of the corrugated cardboard machine (starting from June 22nd, 2019), as well as disturbances of the activity in the corrugated cardboard packaging production division and these had an impact onto the company's income and profit during this period.

The project will be implemented over a period of 6 months and the company estimates that starting from January 2020, the production division in Călimănești will operate once again at full capacity.

Thus, during the first nine months of 2019 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 237.707.153, up by 7% from the same period of the previous year, due to the turnover increase by 4% during the same analysed period and the increase of other income by 5%.
- The total expenses during the period amounted to RON 221.055.607, up by 9% from the same period of the previous year, due to the increase of third party expenses by 16% and of the personnel-related expenses by 14%.
- The gross profit for the period amounted to RON 16.651.546, down by 13% from the same period of the previous year. The profit reduction is due to the shutdown of the corrugated cardboard machine in Călimănești, following the investment works in progress.

1.3. Cash flows

(all items are expressed in RON,
unless otherwise stated)

	September 30 th , 2019	September 30 th , 2018
<i>Cash flows from the operating activity</i>		
Amounts collected from the operating activity	254.603.122	245.283.540
Payments from the operating activity	(232.336.650)	(213.773.764)
Net cash flows from the operating activity	22.266.472	31.509.776
<i>Cash flows from the investment activity</i>		
Amounts collected from the investment activity	141.664	723.301
Letters of credit for investment payments	-	(530.871)
Payments from the investment activity	(22.501.282)	(40.436.297)
Net cash flows from the investment activity	(22.359.618)	(40.243.867)
<i>Cash flows from the financing activity</i>		
Amounts collected from the financing activity (including bonds)	21.026.981	29.510.837
Payments from the financing activity	(20.534.320)	(20.840.328)
Net cash flows from the financing activity	492.661	8.670.509
Balance at the beginning of the period	2.064.372	1.901.568
Balance at the end of the period	2.463.887	1.837.986

The amount of cash and cash equivalents recorded as at September 30th, 2019 is positive, respectively RON 2.463.887. The investments were financed both from bank loans and from the company's own sources.

2. Economic and financial indicators as at September 30th, 2019, according to Appendix no. 13/the Financial Supervisory Authority Regulation no. 5/2018

Indicator's name	Calculation modality	M.U.	Result
Current liquidity indicator	Current assets/Current liabilities	ratio	1,18
Indebtedness degree indicator	Borrowed capital /Equity ^x 100	%	65,20*
	Borrowed capital/Employed capital ^x 100	%	39,47*
Debts-customers turnover	Average customers balance/Turnover ^x 270	days	75,71
Non-current assets turnover	Turnover/Non-current assets	ratio	0,78

* 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 Directors

ARSENE Vasilica-Monica
Financial Manager