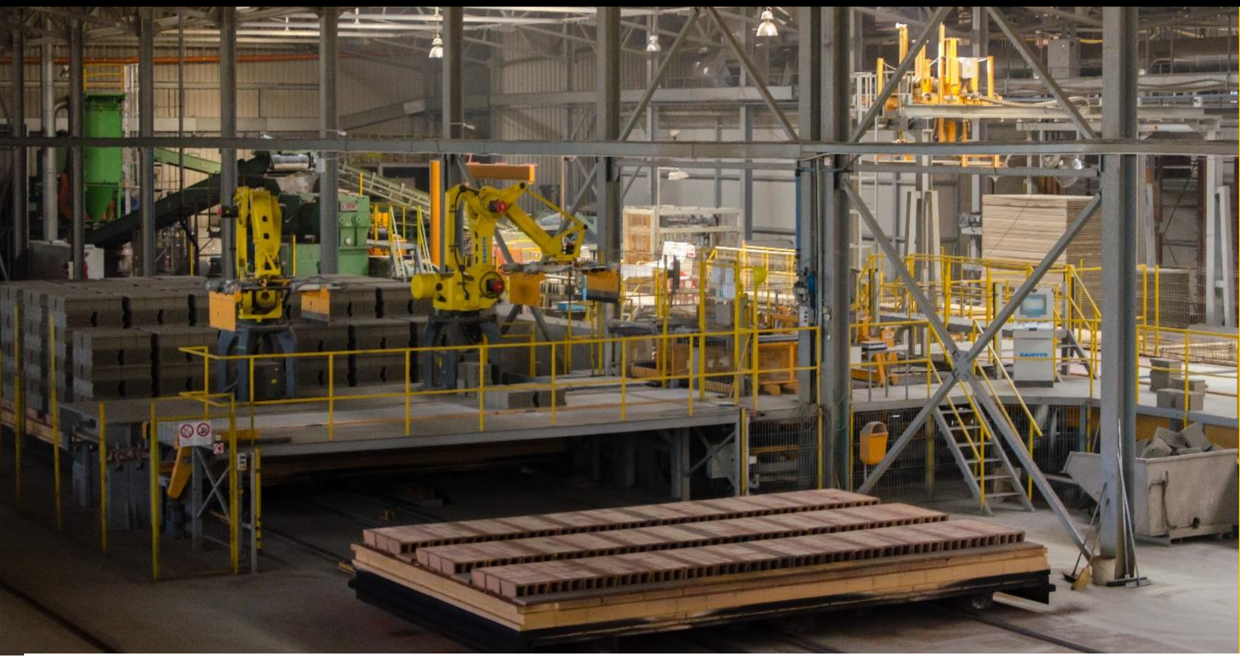
Cluj-Napoca
10th August 2016

CEMACON 2016: The sixth year of growth. +13% in Q1.

Report for Bucharest Stock Exchange

Results 30th June 2016



CEMACON
Clever bricks EVOCERAMIC

Cărămizi inteligente EVOCERAMIC

Performance Q1 2016

- ☑ **Increasing turnover by 13%**
- ☑ **Net positive result**
- ☑ **Sustainable growth for merchandise sales**

The statement of the General Manager

"CEMACON has had a solid evolution in the first quarter, registering a 13% increase of the turnover as compared to the same period of the previous year, with few percents over the forecasted evolution of the market.

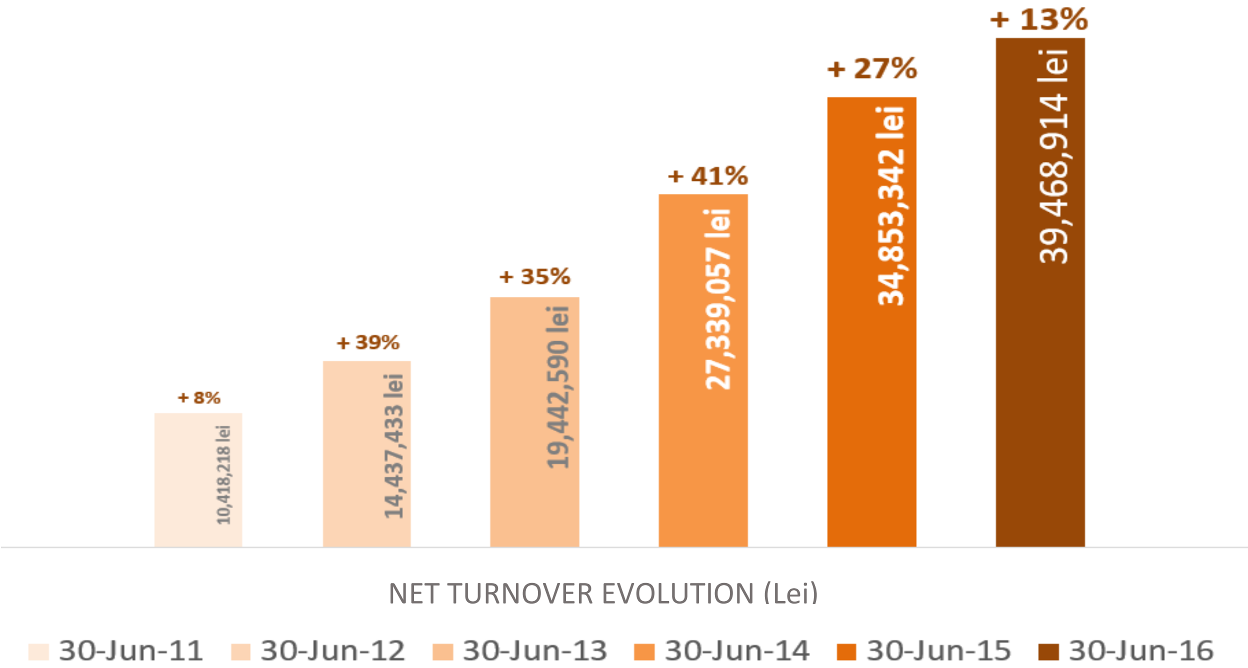
We stand over the budgeted assets level, being prepared for a quarter in which some market blockages shall be felt, as a result of the new regulations on the financing conditions.

We succeeded in selling ceramic blocks efficiently and, according to the medium-term objectives, we reached our sales targets for the complementary products. Moreover, we brought into the market highly performant lintels, superior to the previous version, fact proved by the increasing demand for this product.

Furthermore, having ensured the production and the commercial plan for the rest of the year, we are going to focus on capitalizing the held assets and on obtaining financing conditions for the company as advantageous as possible.

The evolution so far gives us confidence regarding the achievement of the objectives for the entire year, consolidating Cemacon's position in the market, as the most innovative and competitive player on the market of the masonry materials."

The turnover of the company increased by 13% as compared to the similar period of the year 2015, confirming thus the sixth year of growth for Cemacon.



Operational revenues, net from the impact of the financial restructuring realised in 2015, grew by 9%, main components generating the growth relate to sale of finished goods and sale of merchandise, both with growth rates of 2 digits. Change in inventory amounts have registered negative amounts due the fact that sales quantities exceeded the produced quantities from this period. Both production facilities – Recea (the newest brick factory from Romania) and Zalau – functioned at full capacity 100%, in competitive conditions for productivity, caloric efficiency and quality; Operating Zalau plant for 6 months 2016 compared to the three months in the first half of 2015 contributed substantially to increased operating expenses by 18%. Thus, 6 months EBITDA margin is at 15 %.

Profit and loss account January - June	Results 2016	Results 2015	Δ% 2016 vs 2015	Budgeted 2016	Δ% 2016 vs 2016ε
Net turnover (Ron)	**39,468,914**	**34,853,342**	**13%**	**33,811,160**	**17%**
*Total operating income (Ron) **	*41,092,483*	*37,556,855*	*9%*	*35,815,082*	*15%*
*Total operating expenses (Ron) **	*-34,946,404*	*-29,580,507*	*18%*	*(32,686,133)*	*7%*
EBITDA (Ron) - Without Restructuring Impact *	**6,146,079**	**7,976,348**	**-23%**	**3,239,949**	**90%**
EBITDA %	**15%**	**21%**		**9%**	
Financial result (Ron) *	(2,125,039)	(1,474,224)	44%	(1,705,502)	25%
Net result (Ron) *	829.771	3,636,087	-77%	(1,477,973)	-156%

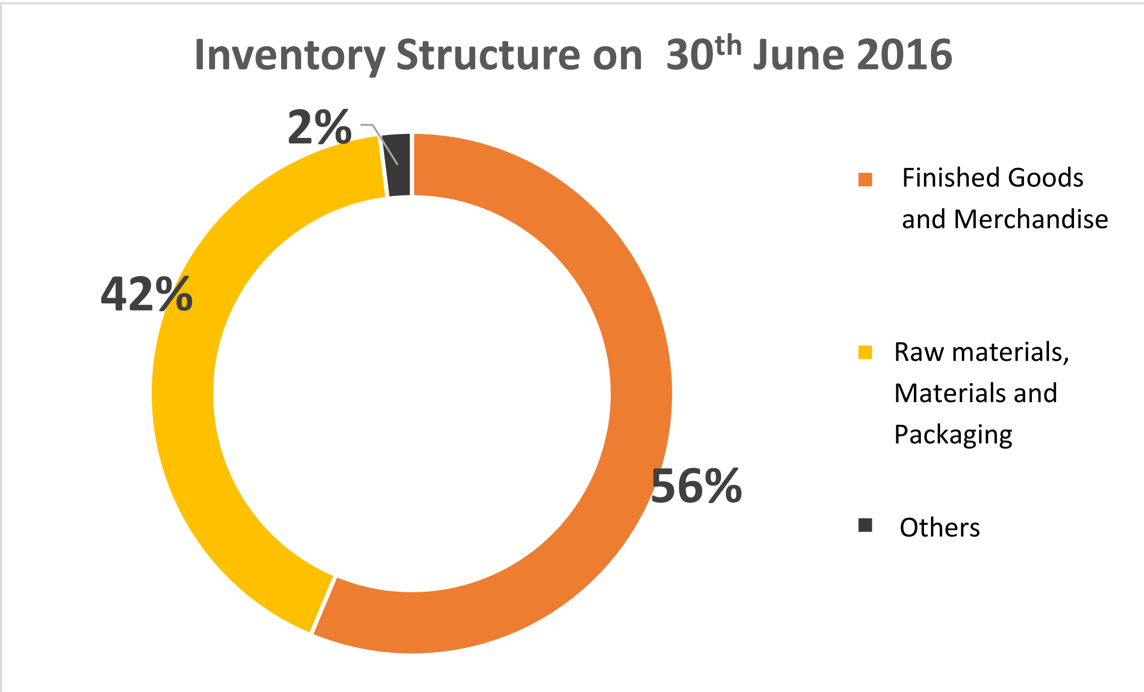
*** For comparison, the sums associated with the year 2015 are presented net of the impact of restructuring**

**Total Operating Income and Expenses include income and expenses associated with value adjustments and provisions

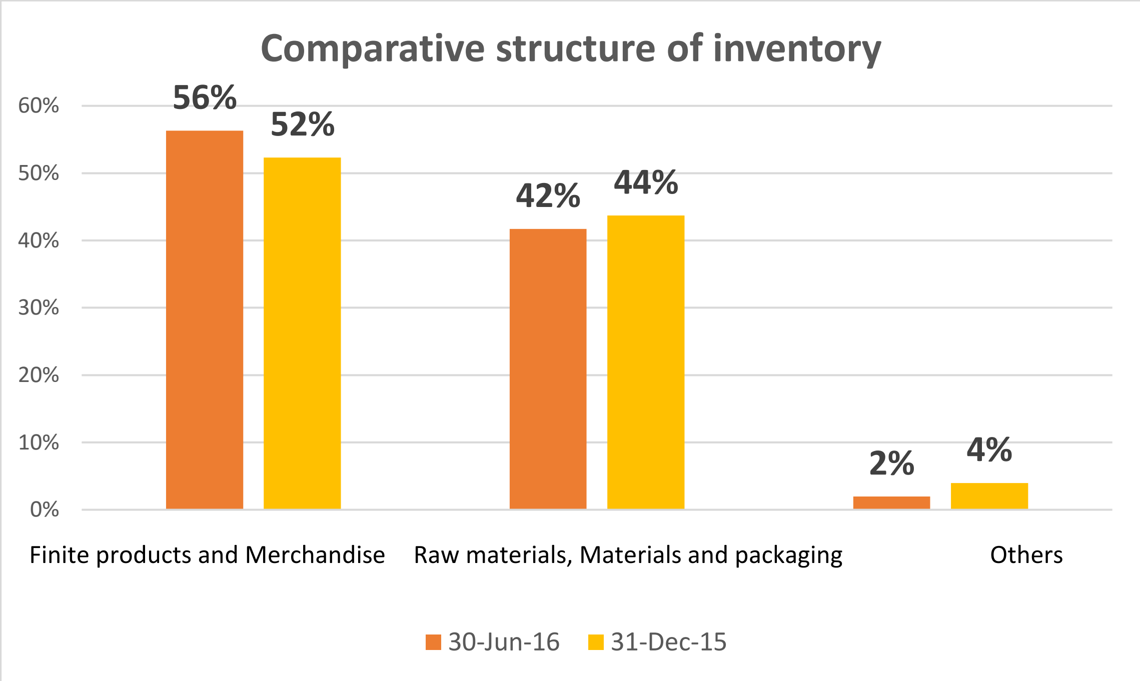
Statement of Financial Position - Results 30th June 2016

Indicator - *value in Ron*	30th June 2016	31st December 2015	Δ%
Fixed assets -Total (of which)	**112,781,292**	**115,091,710**	**-2%**
Tangible assets	112,250,394	114,502,556	-2%
Other assets	530.898	589.154	-10%
Current assets - Total	**46,683,068**	**44,871,029**	**4%**
Stocks	15,482,010	18,588,284	-17%
Assets held for sale	1,163,439	1,163,439	0%
Receivables - Total	9,048,700	13,250,919	-32%
Other financial assets	528.402	1,027,799	-49%
Cash and cash equivalents	20,460,517	10,840,588	89%
Total Assets	**159,464,360**	**159,962,739**	**0%**
Total current liabilities (of which)	**19,014,640**	**18,915,912**	1%
Debts as credit institutions loan (up to a year)	4,417,093	4,137,464	7%
Commercial and similar liabilities (up to a year)	**10,552,992**	**9,566,655**	10%
Other current liabilities, provisions	4,044,555	5,211,793	-22%
Current assets/net current liabilities	**2.46**	**2.37**	
Total assets minus current liabilities	**140,449,720**	**141,046,827**	**0%**
Long term liabilities (over a year) Total of which	**52,567,386**	**54,321,178**	-3%
Debts to credit institutions (exceeding a year)	51,370,728	53,086,699	-3%
Other commercial and similar liabilities		-	0%
Grant	1,196,658	1,234,479	-3%
Share Capital	20,613,371	20,613,371	0%
Equity- Total	**87,882,334**	**86,725,650**	1%

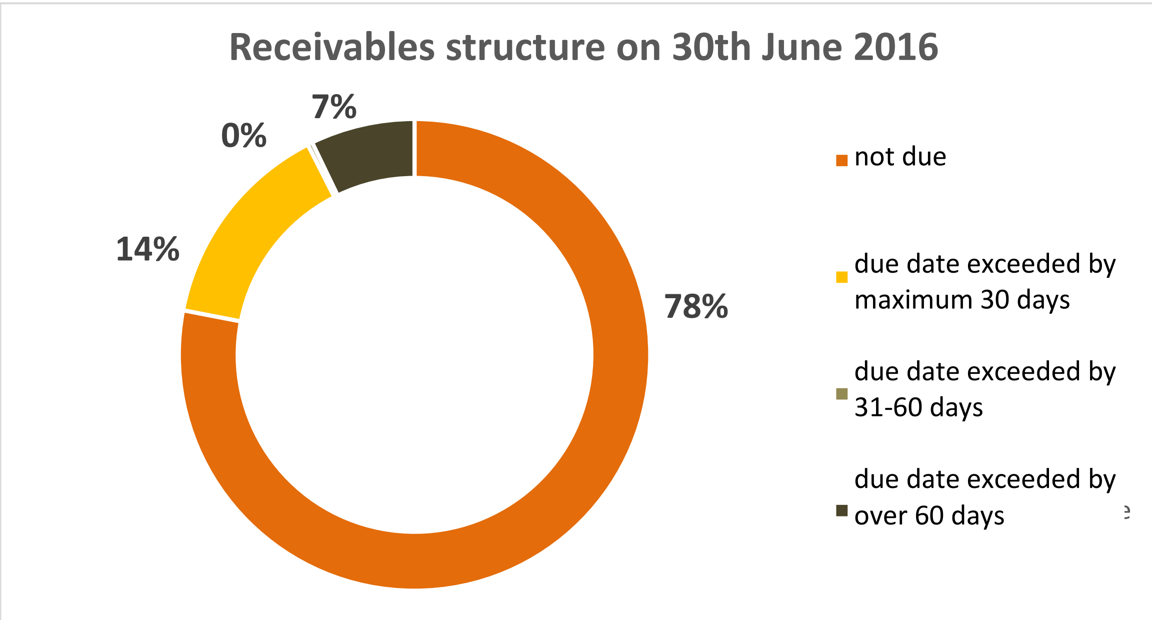
Regarding the fixed assets, a 2% decrease is recorded as a result of the amortizations recorded in the 1st Quarter of 2016.



Regarding the current assets, there is a 4% increase (1,812,039 Ron). The inventory decrease by 17% as a result of the sales during the period, of the raw materials and materials used in the production process. Commercial liabilities decrease, based on the earnings, by 32%. Cash and cash equivalents record a significant increase of 89% (9,619,929 Ron).
Within other financial assets are recorded the certificates for greenhouse gas emissions in stock, the 49% (499,397 Ron) decrease was triggered by the compliance process, carried out in 2016 for the year 2015.

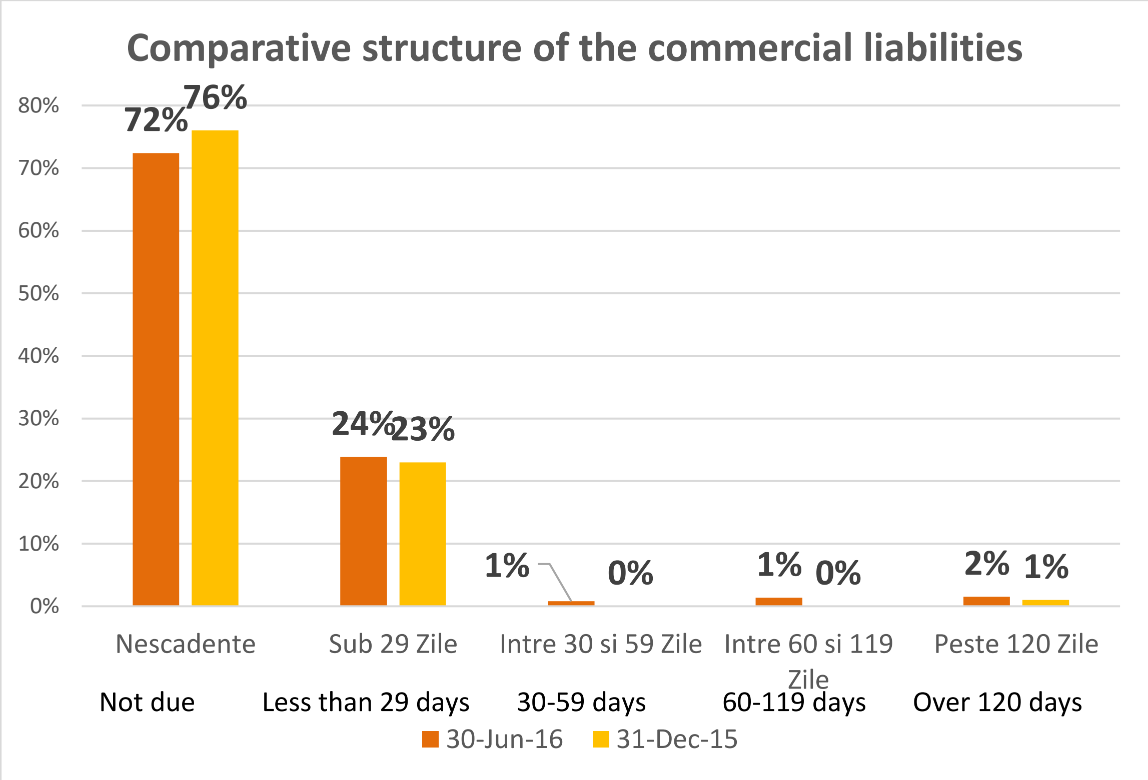


Cemacon SA has a commercial credit management system, implemented in 2013 and developed during the following years. Within the financial department, there is a specialised person acting as credit controller and in order to minimise the risk, the company has still used in 2016, for the fourth consecutive year, insurance for the commercial credit, from the market leader- the French company Coface-, as well as retainage guarantees from clients, including letters of bank guarantee, mortgages, pledges and guaranteed payment instruments.



Current liabilities have been levelling since 31st December 2015, as a result of the operating activities and parallel functioning of the two production facilities (Recea and Zalau).

The 7% increase of the short term loans is triggered by the structure of the payment schedule associated with the long term loan contracted by the entity, this increase being compensated by a 3% decrease of the long term loans.



Regarding the long term liabilities, the main change is related to loans, triggered both by the structure of the payment schedule and by the credit reimbursements in the 1st quarter of 2016.

Share capital has not suffered any changes in relation to the end of the year 2015.

Statement of Comprehensive Income - Results 30th June 2016

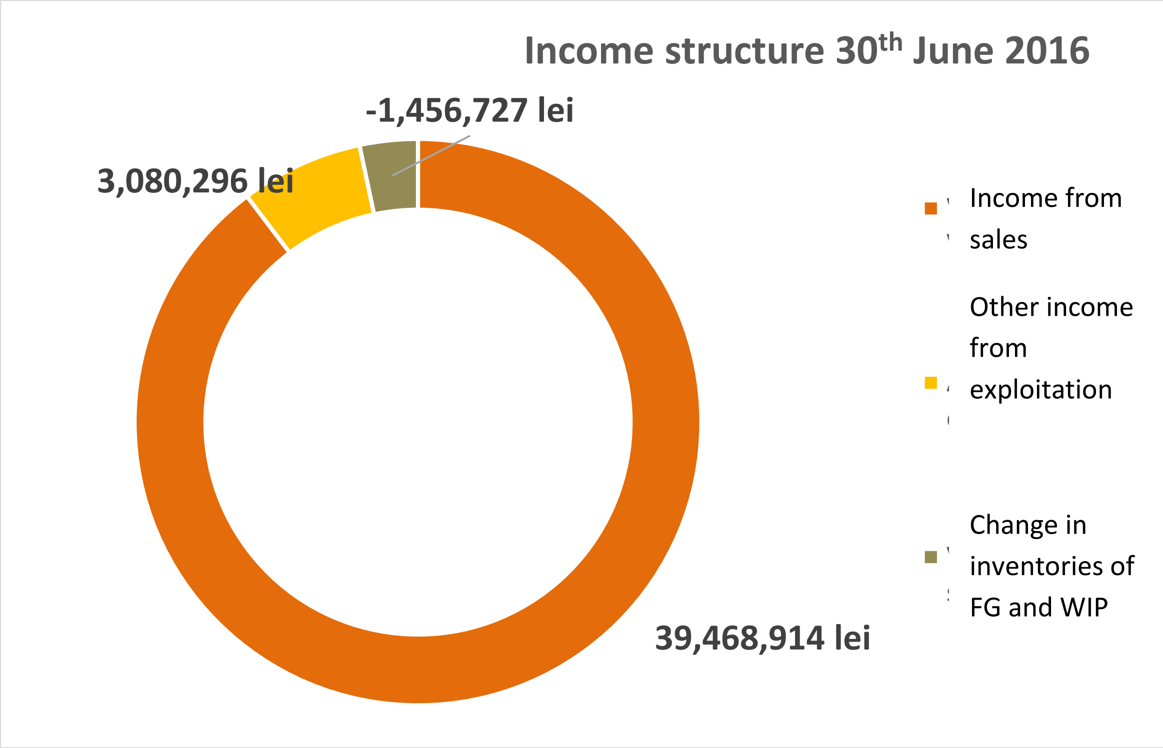
Indicator	30th June 2016	30th June 2015	Δ%
Net turnover	**39,468,914**	**34,853,342**	**13%**
Operating income *	41,092,483	37,556,855	9%
Operating expenses *	(34,946,404)	(29,580,507)	18%
Earnings from assets sales	9.285	(706.878)	-101%
EBITDA-R*	**6,155,364**	**7,976,346**	**-23%**
EBITDA-R%	***15%***	***21%***	
Amortizations and depreciations	(3,200,554)	(2,866,035)	12%
EBIT-R*	**2,954,810**	**5,110,311**	
Financial income - Total *	46.532	1,472,300	-97%
Financial expenses- Total *	(2,171,571)	(2,946,524)	-26%
Financial result	**(2,125,039)**	**(1,474,224)**	**44%**
Total income *	41,148,300	39,029,155	5%
Total expenses *	(40,318,529)	(35,393,066)	14%
Gross result *	**829.771**	**3,636,087**	**-77%**
Income/(expense) corporate tax	-	-	
Other elements of the Global result	-	-	
Net result *	**829.771**	**3,636,087**	**-77%**
Income related to Restructuring	-	31,198,568	
Expenses related to Restructuring	-	(23,207,983)	
Result of Restructuring	**-**	**7,990,585**	
Result of the time period	**829.771**	**11,626,672**	**-93%**

*** For comparison the sums associated with the year 2015 are presented net of the impact of financial restructuring**

**Total Operating Income and Expenses include income and expenses associated with value adjustments and provisions

*** At the date the Preliminary Results were presented, other elements of the global result and the deferred tax have not been calculated.

In comparison with the similar period of 2015, excluding the expenses and income related to restructuring, the company recorded a 9% increase of the operating income and a 18% increase of the operating expenses, triggered mainly by the functioning of Zalau line, this being operational during the entire 1st Quarter of 2016.



The main change in income is triggered by the finite products and merchandise sales, which recorded a 13% increase. The 46% (971,163 Ron) increase of the income from exploitation is triggered by the reversion of the provisions constituted at the end of 2015. The stock fluctuation records strong negative values triggered by the difference between the production and sales.

Due to the activity specific during 2016, the company performed "Bill & Hold" sales. These sales complied with the principles of recognising the income from the finite products sales following the application of this type of policy, moreover, the products were delivered to clients, complying with the medium delivery deadlines they were cashed within medium cashing deadlines.

Significant changes in the operating expenses are determined by the 9% (718,519) increase of the expenses concerning raw materials and materials and by the 30% increase of the expenses related to personnel (1,916,145), combined with the increase in provisions and the 15% (678,365 Ron) increase of the expenses regarding energy. The increase is attributed to the operating activity more developed than in the similar period of 2016, by operating the line in Zalau, which, in the first quarter of 2015 operated only for a month.

The y / y EBITDA dynamics, net of the impact of debt restructuring implemented in 2015, in terms of turnover growth, is driven by the impact of significant negative changes in inventories (account 711) to (2,044,111) explained by higher quantities sold than those produced, the production clay is lower than the similar period of 2015. Additional quantities transported also caused a significant increase in transport expenditure

Amortization expenses increased by 12% as compared to the same period of the previous year, due to the fixed assets activated at the end of 2015 and the beginning of 2016.

Following the financial audit at the end of 2015, the income related to the cancellation of debt in amount of 8.9 mil. Ron were reclassified from operating income in financial income, existing thus a significant drop regarding the financial income, implicit the financial result, which at the end of the period closed on 30th June 2016 is negative, totalling (2,125,039) Ron.

The decrease in the financial expenses is mainly pointed out by reducing the expenses related to interests from 2,319,841 Ron to 1,233,730 Ron, as a result of implementing the new restructured credit at the end of the first quarter of 2015.

At the end of the period closed on 30th June 2016 the company closed with a positive net result of 829,771 Ron.

Main Economical Financial Indicators

Operating efficiency together with the implementation of the banking debts restructuring determined positively the financial indicators, improving the indebtedness degree and liquidity.

Relevant financial indicators	2016	2015
1. Current liquidity indicator	2.46	0.56
2. Degree of indebtedness indicator	58%	184%
3. Turnover speed for client debit items (days)	51	56
4. Turnover speed for total assets	35%	29%

Objectives for 2016

For 2016, Cemacon aims at achieving the following objectives:

- ☑ Increasing the turnover by minimum 13%
- ☑ Consolidating the market share at the national level
- ☑ Capitalizing the non-productive assets held
- ☑ Materialising the growing opportunities in the construction materials market, to ensure business development on medium and long term.

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*** The results presented are drawn up in compliance with the IFRS standards and have preliminary character, going to be subjected to financial audit, in accordance with the legal provisions.**

CEMACON SA is the second largest ceramic masonry systems producer in Romania and one of the market leaders in Transylvania.
The company operates the largest and most modern production capacity, with premium quality products obtained at highly competitive production costs.

CEMACON SA is a company listed with Bucharest Stock Exchange and held, predominantly, by institutional shareholders, Romanian and foreign investment funds; the company's management is a professional one, independent and with strong expertise in the field.