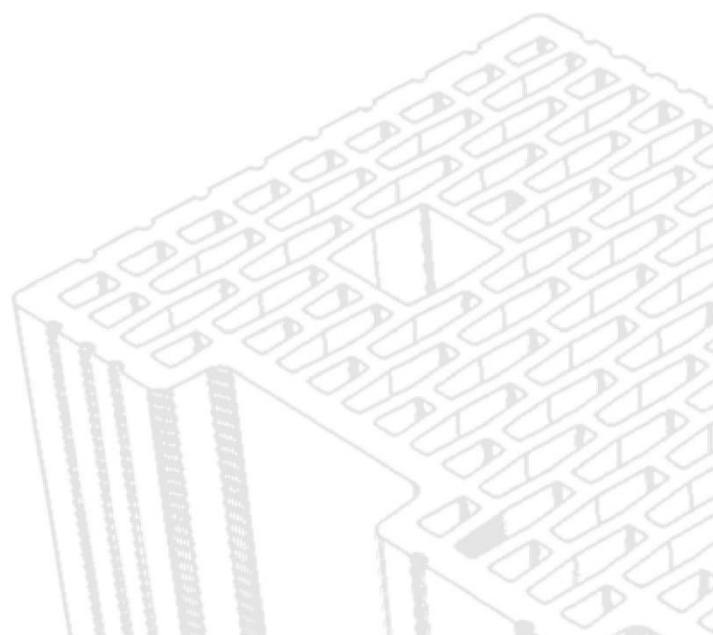


BSE Report Preliminary Results 2016

CLUJ-NAPOCA
FEBRUARY 06, 2017



Performance 2016

- ☑ **Business increase by 28% (on a yearly basis)**
- ☑ **Operating profit (EBITDA) of 16.4 million Ron**
- ☑ **Net profit of over 5 million Ron**

Declaration of the CEO

"We are closing a spectacular year, 2016 being the best year in the CEMACON history.

We have reached significant peaks, in all the business aspects: we have doubled the targeted increase for this year, with an advance of 28% of the turnover, following the exploitation of certain internal and market contexts, we have an EBITDA of 19%, in increase by 3% compared to last year, and a net result of over 5 million Ron, result which has not been affected by the financial restructuring.

With a positive market evolution, estimated to 8-10%, CEMACOM has increased by 28% the volume of the sold ceramic blocks. We have improved thus our position on a national level, and our leadership on the Transilvania market is strongly consolidated. Our clients' trade approach strategy has borne fruit, we can rely now on strong, transparent and efficient partnerships.

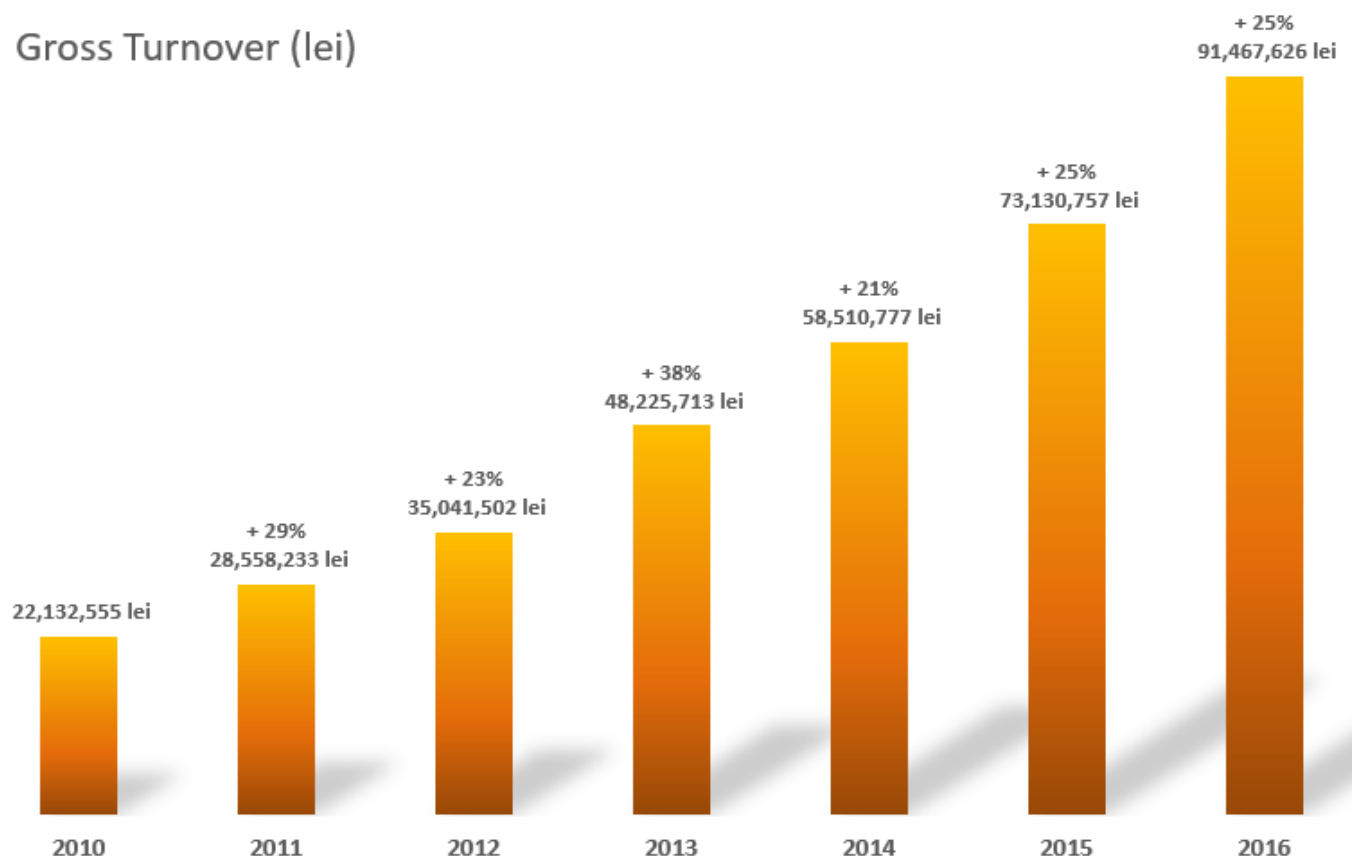
At the end of the year we have successfully completed the sale of a part of the lands existent on the Zalau industrial platform, complying with our liabilities towards the lending bank following the financial restructuring, concomitantly with the refinancing of the principal loan, under clearly superior conditions for CEMACON and the establishment of a partnership with a bank which will support us in business development.

Overall, we have reached, and in some cases, we have even exceeded the objectives for the year 2016. In 2017 we will consolidate the company through efficiency measures; we do not have the pressure related to the increase of ceramic blocks sales, the production capacities being employed at 100%, and we will focus on improving sales quality. Moreover, we are planning investment project to support or average-term increase."

Under a positive market context, with fully employed production capacities, under cost efficiency conditions, Cemacon has reached in 2016 a record business dimension, both in terms of turnover, and in terms of operating profit.

The company's gross turnover has exceeded the threshold of Euro 20 million, being in increase by 25% compared to 2015, registering the 6th year of consecutive increase.

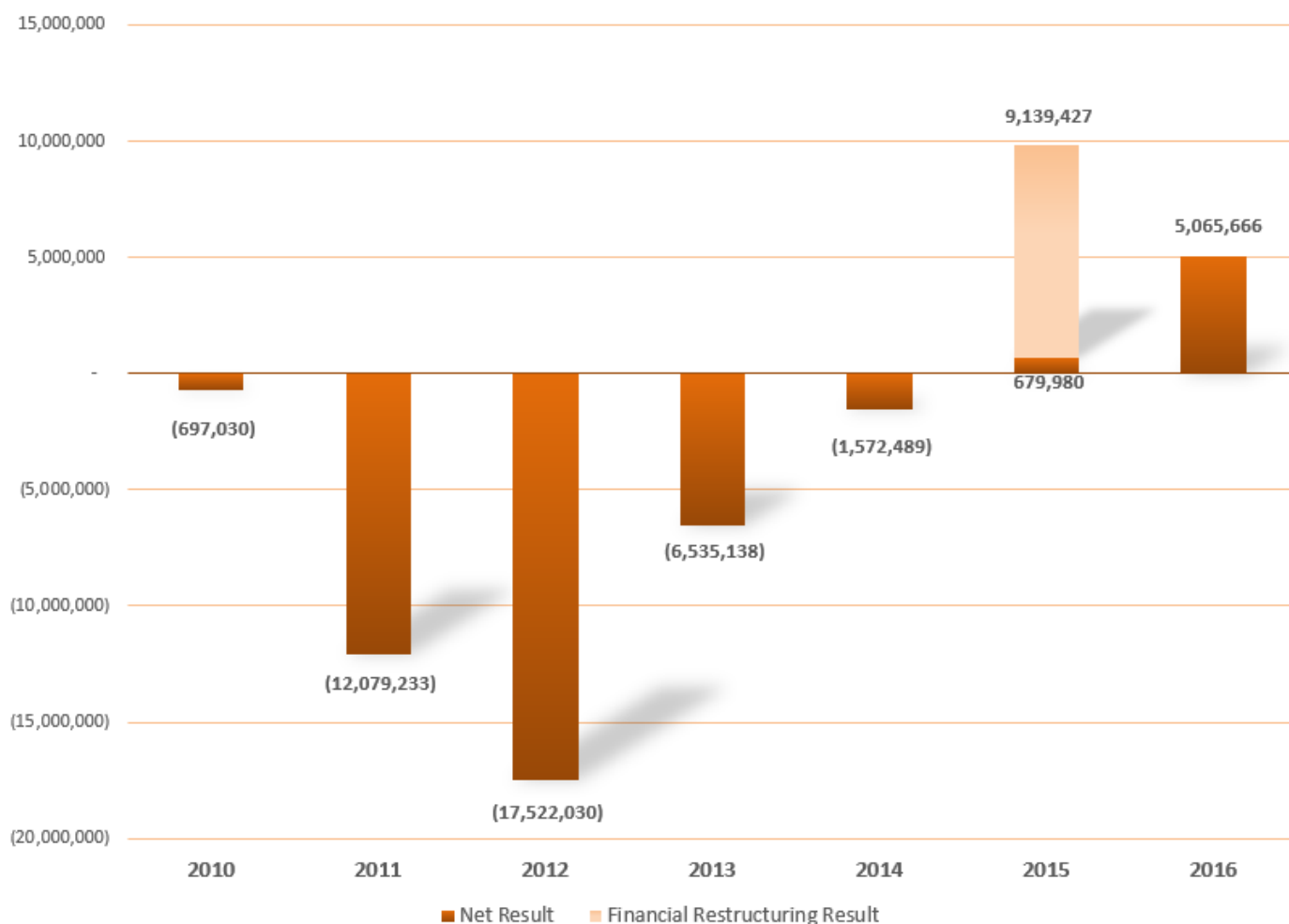
Gross Turnover (lei)



Profit and Loss Account Jan - Dec	Results 2016	Results 2015	Δ % 2016 vs 2015
Gross Turnover (Ron)	91,467,626	73,130,757	25%
Net Turnover (Ron)	86,838,187	67,940,657	28%
<i>Total operational revenues (Ron)*</i>	<i>86,896,412</i>	<i>74,903,421</i>	<i>16%</i>
<i>Total operational expenditure (Ron)*</i>	<i>-70,542,970</i>	<i>-62,709,720</i>	<i>12%</i>
EBITDA (Ron) *	16,353,443	12,193,701	34%
EBITDA %	19%	16%	
Financial gain/loss (Ron)*	(3,953,595)	5,299,437	-175%
Net result (Ron)*	5,065,666	9,819,407	-48%
Restructuring-related financial revenues		8,964,114	
Financial result without restructuring impact	(3,953,595)	(3,664,677)	8%
Net result without impact of loan restructuring	5,065,666	679.980	645%

* Upon the date of presentation of the Preliminary Results were not calculated other elements of the global outcome and the deferred tax

Net Result



Synthetically, operating incomes have increased by 16%, the main components being the sale of finished products and the sale of goods, where a strongly positive dynamics has been registered. Both production facilities - Recea (the newest brick factory of Romania) and Zalau - operated at a 100% capacity under competitive productivity, caloric efficiency and quality conditions; the operation of the Zalau factory for 12 months in 2016 compared to 9 months in 2015 has substantially contributed to business expansion, generating moreover also the increase of the operating costs by 12%.

Thus, the EBITDA margin is of 19%, with an absolute value of Ron 16.4 million, exploiting thus both the positive context existent on the building materials market, and the one on the energy market; through efficiency measures was limited the impact of the increase of salary costs and raw materials pressure. Compared to the previous year, the financial outcome, on a net basis without the impact of the financial restructuring implemented in 2015, was maintained under the value of 4 million, the impact of the exchange rate differences being significantly diminished through the conversion in Ron of the company's loans.

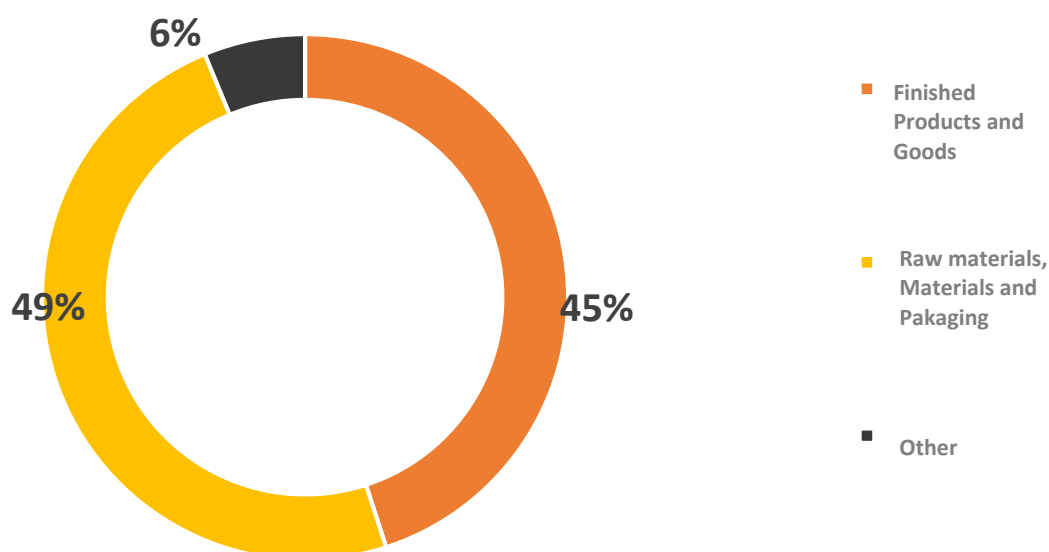
The net result exceeded the threshold of Ron 5 million, and is 7.5 times higher compared to the previous year, on a net basis without the impact of the financial restructuring implemented in 2015, including operational elements (production costs optimizations, operating costs optimizations) and financial elements as a result of development of a loan facility restructured in 2015 at more competitive costs.

Statement of financial position - Preliminary Results December 31, 2016

Indicator - amounts in Ron	31-Dec-16	31-Dec-15	Δ %
Non-current assets - Total (out of which)	112,226,470	115,091,710	-2%
Fixed assets	111,743,336	114,502,556	-2%
Other assets	483.134	589.154	-18%
Current Assets - Total	51,195,365	44,871,029	14%
Inventory	10,942,409	18,588,284	-41%
Assets held for sale	1,277,495	1,163,439	10%
Receivables - Total	9,748,441	13,250,919	-26%
Other financial assets	490.721	1,027,799	-52%
Cash and cash equivalents	28,736,299	10,840,588	165%
Total Assets	163,421,836	159,962,739	2%
Current Debts - Total (out of which)	20,494,408	18,915,912	8%
Short term loans	4,566,727	4,137,464	10%
Payables and similar liabilities	10,671,943	9,566,655	12%
Other current liabilities, Provisions	5,255,738	5,211,793	1%
Net circulating assets/current liabilities	2.50	2.37	
Total assets minus current liabilities	142,927,428	141,046,827	1%
Long-term liabilities, out of which	50,419,535	54,321,178	-7%
Long term loans	49,260,698	53,086,699	-7%
Other commercial liabilities and similar	-	-	0%
Grants	1,158,837	1,234,479	-6%
Share capital	20,613,371	20,613,371	0%
Equity - Total	92,507,893	86,725,650	7%

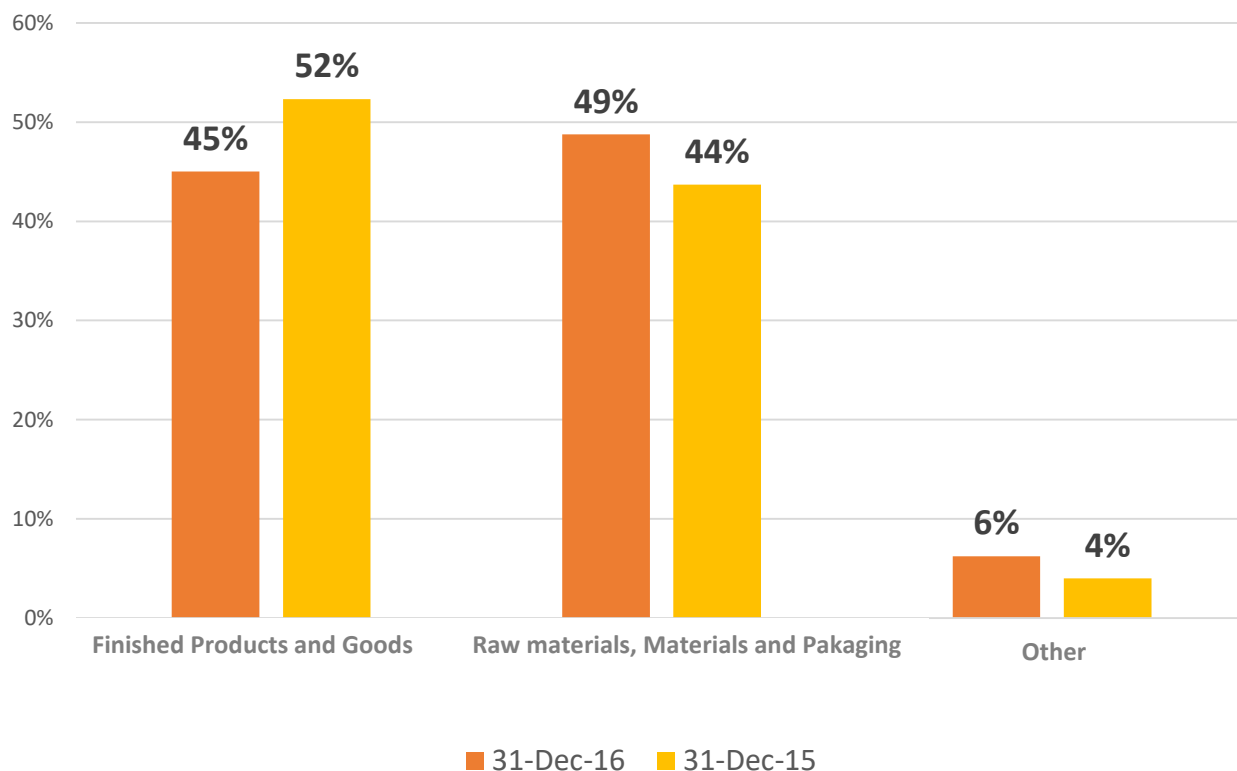
In terms of the balance sheet, the total assets variation is of 1%, while debts register a strong decrease in correlation with the own equity in increase. Fixed assets register a 2% decrease, as a result of the amortisations registered as compensated but partially through investments achieved during the period.

Structure of inventory on December 31, 2016



Year-end inventory register a significant decrease, with an increase of the share of raw materials, materials and packaging.

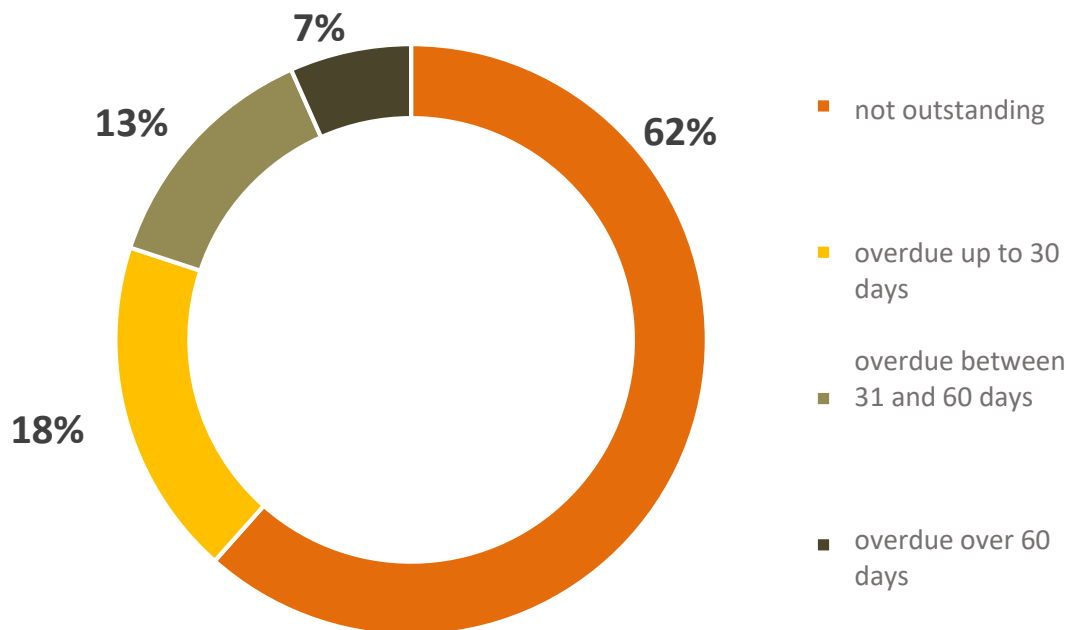
Comparative Inventory Structure



On the whole, at the level of the current assets may be noticed the 14% increase (Ron 6,324,336) and the structure improvement through the increase of the current asset liquidity: the inventory decrease by 41% and the improvement of the inventory turnover due to a quantitative sale significantly higher than the production registered during the year; the commercial receivables diminished by 26% under the conditions of a net turnover higher by 28%, as a result of the improvement of the collection process and of a commercial policy which has stimulated collection; the cash existent at the end of the period, of Ron 28.7, is by 165% higher compared to the end of 2015 and represents 1.76 times the EBITDA value, the company having thus an increased liquidity level, a pre-condition for the approach of the future large development projects. Among other financial assets are registered the certificates for greenhouse gas emissions in stock, the decrease by 52% (Ron 537,078) has been generated by the compliance process, attained in 2016 for 2015.

As it results from the structure illustrated below, the receivables and mainly current or with short overruns over the due date, the company not registering in 2016 major incidents related to non-collection, the total commercial losses being maintained at values below 0.5% from the turnover.

Structure of Commercial Claims on December 31, 2016



The current liabilities have increased by 8%, as a result of the operational activity and of the operation in parallel of the two production facilities (Recea and Zalau), being not registered delayed payments at suppliers or other similar incidents; Cemacon benefits from significantly improved creditworthiness with the biggest commercial credit insurers. Financial debts have decreased against the background of compliance with the debt repayment schedule of the company's loans. The 10% increase at the level of short-term loans is generated by the structure of the maturity schedule relative to the long-term loan contracted by the entity, loan which was refinanced in 2016.

In terms of the long-term debts, the main modification is at the loans level, generated both by the maturity schedule structure, and by the performance of the loan reimbursements in 2016, the later having diminished by 7% (Ron 3,826,001).

The share capital was not subjected to variations compared to the end of 2015, but the own equity have significantly increased following the registered net result.

Statement of comprehensive income - Preliminary Results December 31, 2016

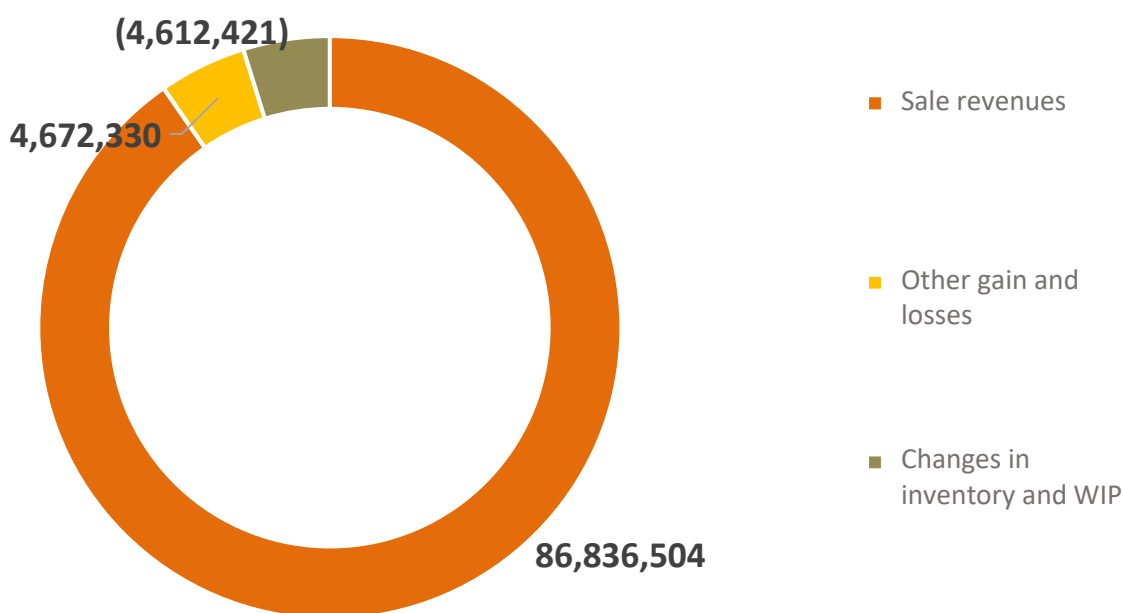
Indicator	31-Dec-16	31-Dec-15	Δ %
Net turnover	86,838,187	67,940,657	28%
Operating revenues	86,896,412	74,903,421	16%
Operating expenditures	(70,542,970)	(62,709,720)	12%
EBITDA	16,353,443	12,193,701	34%
EBITDA	19%	16%	
Amortizations and depreciations	(6,711,193)	(6,039,638)	11%
EBIT	9,642,250	6,154,063	
Financial ganis/losses	(3,953,595)	5,299,437	-175%
Gross result*	5,688,655	11,453,500	-50%
Income / (Expenditure) tax on profit	(622.989)	(2,362,547)	-74%
Profit after Taxes	5,065,666	9,090,953	-44%
Other elements of comprehensive income	-	728.454	-100%
Net result*	5,065,666	9,819,407	-48%
Net result without impact of loan restructuring	5,065,666	679,980	645%

* Upon the date of presentation of the Preliminary Results were not calculated other elements of the global outcome and the deferred tax

Compared to the previous year, the company registered an increase by 16% of the operational incomes in correlation with an increase by 12% of operating expenditures, the later being determined mainly by the operation with an additional 3-months period of the Zalau line in 2016.

Thus, at the EBITDA level is registered a 34% (Ron 4,159,742) increase, with a margin of 19% in increase by 3 percentage points compared to the previous year, maintaining the company at a competitive level in the sector in which the later operates.

Revenue structure on December 31, 2016



The main changes in inventory and WIP is generated by the same of finished products and of goods, which has registered a positive dynamics of 28% (Ron 18,951,072) compared to 2016.

The increases registered in terms of other operating incomes are mainly due to the provisions outflows, outflows which must be corroborated with the provisions-derived expenditures registered in 2016, the later having generating a net impact in the profit and loss account, amounting to Ron -0.3 mill.

The variation of inventory registers significantly negative values (Ron 4,612,421) due to the gap between the volumes produced and the ones sold in 2016 and impacts the dynamics of total revenues.

Due to the specific field of activity and to the commercial practices in the field, during 2016 the company performed "Bill & Hold"-type of sales. Such sales have complied with the principles of acknowledgement of the incomes from the sale of finished products as a result of the enforcement of this type of policy; moreover, such sales were collected within the average collection terms.

The 12% increase of operating costs is determined by the operation at full capacity of both production facilities (Recea and Zalau), the Zalau line operating for the entire year 2016, compared to 9 months in 2015.

In terms of the produced quantities, were achieved costs savings with the energy and with the raw materials, through optimizations of the fabrication recipes and through the operational optimization of the manufacturing process.

The quantities carried in excess have led to a significant increase of the transport costs, the unitary average cost being lower than the one from 2015.

The wage cost, which must be correlated with the values registered as provisions for annual bonuses (both establishment of provision and as reversal for the previous year), was influenced by the extended operation of the Zalau factory and by the pressures existent on the labour market.

The EBITDA y/y dynamics (34% increase), under the circumstances of an increasing turnover, is determined by the significantly negative impact of inventory variation (account 711) amounting to (Ron 4,612,421) explained through the quantitative sale superior to the quantitative production.

Thus, the EBITDA margin is of 19%, with an absolute value of Ron 16.4 million and with an annual dynamics of +34%.

The costs with the amortisation increased by 11% compared to the same period of the previous year, due to the fixed assets commissioned at the end of 2015 and in 2016.

The financial result is influenced mainly by a decrease of the financial revenues, basically due to the conversion in Ron of the loan in Euro existent with BCR in 2015, so that in 2016 disappears the effect of Ron 1.4 mill. Incomes from exchange rate differences. In terms of financial costs, is registered a 21% decrease (Ron 1.2 mill), basically from the interest costs, as a result of the loan restructuring in 2015.

At the end of the period which ended on December 31, the company registers a positive outcome of Ron 5,065,666, the highest one registered after 2010.

Upon the date of presentation of the preliminary financial statements, the analyses regarding the updating of the calculation of non-current assets depreciation (plants, equipment and machinery) from the Recea factory, for which on January 1, 2016 was registered a Ron 4,653,447 depreciation, are not completed and implicitly are not reflected in the preliminary financial statements. The company analyses certain preconditions which may lead to the partial or total reversal of such depreciation and to the reflection as such in the annual financial statements. The final analysis will make the scope of review by the financial auditor during the mission of auditing of the financial statements of SC Cemacon SA relative to the fiscal year 2016.

The main Economic - Financial Indicators

The operational efficiency together with the implementation of the bank debts restructuring have positively determined the financial indicators, leading to the significant improvement of the indebtedness degree and of the liquidity.

Relevant financial indicators	2016	2015
1. Current ratio indicator	2.50	2.37
2. Degree of indebtedness indicator	53%	61%
3. Days sales outstanding (DSO) (days)	48	53
4. RA - Total assets turnover	77%	48%

Targets for 2017

For 2017, CEMACON aims to strengthen business and its top player position on the construction materials market, by attaining the following targets:

- Turnover increase by 5%;
- Maintaining the leadership position of the Transilvania brick market;
- Performing investments to support growth;
- The continuation to capitalize non-productive assets from Cemacon Real Estate SRL

Consolidated statements of the CEMACON SA Group

Information regarding the presentation of the CEMACON SA Group:

CEMACON SA is a Romanian legal person, established as a stock trade company under the GD no. 1200/1991 with registered office in Cluj-Napoca, 48, Dorobantilor Str., Silver Business Center building, floor 1, Cluj county. The company has as a main activity scope "The manufacturing of bricks, tiles and other products for constructions, made of fired clay". The company SC CEMACON Real Estate was established as a result of the agreement signed between SC CEMACON SA and Banca Comerciala Romana for the taking-over of a part of the debt and of the assets, according to the restructuring process. The individual financial statements of the company SC CEMACON Real Estate are elaborated pursuant to the Public Finances Minister Order (OMFP) 1802/2012.

The financial statements of the controlled subsidiary were elaborated for the same reporting period as the ones of the parent company, using the same accounting policies.

At the elaboration of the consolidated financial statements were applied the International Financial Reporting Standard (IFRS).

Even if the financial statements of SC CEMACON Real Estate have been elaborated after the Public Finances Minister Order (OMFP) 1802/2012, for consolidation purposes have been performed the necessary adjustments in order to reflect the accounting policies of the parent company.

The Consolidated Statement of Financial Position - Preliminary Results December 31, 2016

Indicator - amounts in Ron	31-Dec-16	31-Dec-15	Δ %
Non-current assets - Total (out of which)	112,439,097	115,249,838	-2%
Fixed assets	111,743,336	114,509,038	-2%
Other assets	695.761	740.800	-6%
Current Assets - Total	68,804,573	67,009,673	3%
inventory	10,942,409	18,588,284	-41%
Assets held for sale	19,179,185	23,452,457	-18%
Receivables - Total	8,235,047	13,097,909	-37%
Other financial assets	490.721	1,027,799	-52%
Cash and cash equivalents	29,957,212	10,843,224	176%
Total Assets	181,243,670	182,259,511	-1%
Current Debts Total (out of which)	21,490,780	19,331,224	11%
Short term loans	4,566,727	4,137,991	10%
Commercial liabilities and similar	11,668,315	9,981,440	17%
Other current liabilities, Provisions	5,255,738	5,211,793	1%
Net circulating assets/current liabilities	3.20	3.47	
Total assets minus current liabilities	159,752,890	162,928,287	-2%
Long-term liabilities, out of which	67,199,832	76,943,151	-13%
Long term loans	66,040,995	75,708,672	-13%
Other commercial debts and similar	-	-	0%
Grants	1,158,837	1,234,479	-6%
Share capital	20,613,371	20,613,371	0%
Equity - Total	92,553,058	85,985,136	8%

Consolidated statement of comprehensive income - Preliminary Results December 31, 2016

Indicator	31-Dec-16	31-Dec-15	Δ %
Net turnover	87,034,629	67,994,067	28%
Operating revenues	89,257,564	75,033,840	19%
Operating expenditures	(71,441,190)	(62,905,650)	14%
EBITDA	17,816,375	12,128,190	47%
EBITDA %	20%	16%	
Amortizations and depreciations	(6,711,192)	(6,055,537)	11%
EBIT	11,105,183	6,072,653	
Financial Gain/Loss	(4,633,275)	4,497,790	-203%
Gross result*	6,471,908	10,570,442	-39%
Income / (Expenditure) tax on profit	(622.989)	(2,218,139)	-72%
Profit after Taxes	5,848,919	8,352,303	-30%
Other elements of comprehensive income		728.454	-100%
Net result*	5,848,919	9,080,757	-36%

* Upon the date of presentation of the Preliminary Results were not calculated other elements of the global outcome and the deferred tax

** This document was translated from Romanian to English by an authorized translator. Cemacon SA is not responsible for any translation errors or misinterpretation of information contained in this document. Reporting language is Romanian and in case of misinterpretation the Financial Statements issued in Romanian shall apply.

The report, together with the relative documents, may be consulted starting **February 6, 2017, hours 8:00** at the registered office of the company in 48, Dorobantilor Str., Cluj-Napoca or electronically on the company's website: www.cemacon.ro and on the Bucharest Stock Exchange site: www.bvb.ro

*** The presented results are elaborated pursuant to the International Financial Reporting Standard (IFRS) standards, and have a preliminary character, having to be subjected to financial auditing pursuant to the legal provisions.**

CEMACON SA ranks on the 11th position in the top of ceramic blocks manufacturers of Romania, and is one of the leaders on the Transylvanian market.

The company operates the most modern and large production facility of Romania with innovating products, which provide added-value to their users, and which are obtained at highly competitive production costs.

CEMACON SA is a company listed on the Bucharest Stock Exchange and owned mainly, by institutional stakeholders, Romanian and foreign investment funds; the company's management is a professional, independent one, with an extensive expertise in the field.