



## TURBOMECANICA

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European Unique Identifier (EUID) ROONRC.J40/533/1991

Commerce Registry Code J40/533/1991

Tax Code RO3156315 Unique Registration Code 3156315

Subscribed share fully paid capital 36,944,247.50 RON

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### Current Report No. 24 of 12.11.2020

Under the provisions of the ASF Regulation no. 5 / 2018 on the issuers of financial instruments and market operations and of the Law no. 24 / 2017 on the issuers of financial instruments and market operations

**Reporting date:** 12.11.2020

**Name issuing entity:** TURBOMECANICA SA

**Headquarters:** Bucharest, 244 Iuliu Maniu Blvd., district 6

**Phone no.:** 021 434 32 06 021 434 07 41 facsimile: 021 434 07 94

**Unique Registration Code** with the Trade Registry Office: RO 3156315

**Registration number** with the Trade Registry: J40/533/1991

**LEI Code** 52990005AIXHHACIZH85

**Subscribed and integrally paid in capital:** 36.944.247,50 lei

**Regulated market** where the issued receivables are traded: Bucharest Stock Exchange  
Capital Titles Standard Shares

Considering the requests for clarification received from investors during the telephone conference with investors and analysts related to the results for the third quarter of 2020 on 02.11.2020, we present below some clarifications requested during this meeting.

1. What are the reasons why the number of employees of the Company increases but the operating income decreases.

The employed staff of the Company is, as in all fields, fluctuating. The specificity of Turbomecanica is given by the high level of qualification and specialization that is necessary for each employee, especially from the sphere of personnel directly involved in the production / maintenance activity.

For example, an aviation mechanic is professionally trained for 2 years in order to carry out specific activities within the Company, and at the end of the training, he must be certified to meet the regulatory requirements.

Under these conditions, the human resources strategy considers the improper coverage of the risk of a staff fluctuation that would prevent the realization of the production plan, in the context in which the regulatory requirements in the civil and military field require that the personnel be qualified and authorised.

Consequently, considering the fact that the last years have registered a staff fluctuation of approximately 20%, a prudent approach is necessary, in order to ensure the optimal number of qualified employees for the occupied positions. The economic benefits of these measures will be seen only in 18-36 months.

2. If the estimates from the approved Revenue and Expenditure Budget for 2020 remain achievable or will be subject to change

We currently estimate that TBM will reach the Turnover target in BVC 2020. However, we expect the Turnover structure to undergo some changes, mainly due to the impact generated by COVID-19 which the company estimates will register in quarter IV 2020 in the area of external clients, where there are order delays or in isolated cases, cancellations.

Regarding the expenses, we anticipate the increase of their volume compared to the budgeted value for 2020 due to a cumulation of factors:

- Increase in staff costs, mainly due to the increase in the number of employees for the reasons detailed above
- Increase in service costs as a result of:
  - improving operations in the production cycle
  - increase the effort with training and certification of staff to meet EASA and RMAR standards
  - analysis in order to integrate new technologies and adapt existing ones to the development program
- Expenditures related to measures to prevent infection of employees with COVID-19.

3. Regarding the statement made in the management report, namely “There is an increase in these expenses compared to the same period last year, a situation that is considered justified because the dynamics of the amount of revenues amounting to 86.2 million lei, precedes the dynamics pre-tax expenses amounting to RON 75.8 million. ”, we specify the following:

The increase of expenses is justified by the fact that the company's main objective in this financial year is to increase / improve the production capacity:

a) by training new specialists in the field of civil and military aviation - hence the growing number of employees with an impact on wage costs as well as increasing spending on employee training - which increased from 46,937 lei Quarter III 2019, at 168,275 lei Trim III 2020

b) by the continuous improvement of the operations from the production process, by:

- staff training, related above
- significant investments, which the company ensured by purchasing new fixed assets (also mentioned in the reports from Quarter III)
- expenses regarding the repairs on the existing fixed assets, aiming to bring the morally used fixed assets, as close as possible to the initial state

All these expenses will generate future economic benefits, with a long-term impact, which will be found in the future year / years, in the revenues from the operational activity, in the context in which the Company is to expand its activity in the field of civil aviation. CFM 56-7B engine maintenance. This technological leap entails a series of improvements and mandatory authorizations for the realization of the product.

In these conditions, the Company registered in Quarter 2020 an operating profit of RON 11.7 million and a pre-tax profit of RON 10.2 million, this result demonstrates that the Company is able to support these expenses.

PRESIDENT OF THE BOARD GENERAL MANAGER,  
Eng. Radu VIEHMANN]