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SHAREHOLDERS QUESTIONS

In regard to shareholders questions addressed to the company management team, regarding the activity of the company, ROMCARBON S.A. issues, in the form Q&A, the following opinion:

Question: As company shareholder I wish to express from the beginning my wish that the company reaches the objectives set and the values declared by the top management team are followed, while bringing advantages to all stakeholders.

I appreciate Romcarbon's management team opening for dialogue with shareholders through the relevant section of the company's website.

I hope this dialogue will be of substance in the sense of clarifying certain aspects of interest to all those interested in the well running of things.

In this respect I have to confess, I feel, that some answers given by the company to the previous questions of the shareholders are vaguely formulated or in such a way as not to transmit the required information or even to avoid the answer.

As can be seen from the Director's reports, its very positive the management's concern for new productive investments (including by accessing European non-reimbursable funds) and, in general, the upward trend in turnover over the past years. However, the performance indicators are less appreciated, leading to multiples of valuation of very small price for the shares.

I draw your attention to two documentary materials, one prepared by Ioana Sechel from BRK Financial Group Cluj-Napoca, "ROCE Company Review" from February 2017, and the other is an analysis report on the evolution of the Romanian private capital companies in 2016.

In the first material it is made a general evaluation of the company, finalized with the following conclusions:

*"A more efficient management of the expenses would be of interest especially when the company fails systematically to achieve its budget targets. I believe that the gross margin with which Romcarbon operates is inferior (**with much** - my emphasis) of its potential. Globally, the average of companies in the same industry are on 16-17% margin. We therefore ask ourselves about the accuracy of the expenses structure registered by the company. " **What is your view on this considerations?***

Reply: We are unable to give feedback on the material in question because we do not know the context in which the analysis was made and the data source used by the issuer of the analysis.

Question: In the second document, available on the website www.zf.ro, we take into account the following aspects:

a) The turnover in the Romanian economy was in 2016 of 1,225 billion lei, which means that at a net profit of 55 billion lei, the profitability per economy as a whole was of 4.5%.

- b) In 2016 there was a historical return on own capital per total economy of 13%.
- c) Private equity companies had a 22% return on capital higher by 4% compared to 2015.
- d) Overall the economy has a degree of indebtedness of 63%
- e) Romanian private companies reached a turnover of 571 billion lei in 2016, up 4% from 2015, but foreign companies increased by 5% to a turnover of 609 billion lei, show the data of the study "The Romanian Private Capital" conducted by ZF in collaboration with PIAROM – Organization of Local Employers' from Romania.
- f) In 2016 Romanian companies had a net result - net profits plus net losses - of 33 billion lei, 27% higher than in the previous year, which means profits, ie net result / turnover of almost 6%.

Thus, the main problem to be cleared is the effectiveness of Romcarbon's activity, which lies at all the above-mentioned indicators far away from the average in the economy. For this I formulate the following questions:

Question 1: How can be explained the poor performance of Romcarbon with regard to efficiency indicators, ROA, ROE, which also lead to multiples of valuation of extremely low stock prices. All performance indicators of activity are 5-9 times smaller compared to the field in which it operates and even to the average of the national private economy. What are the causes and if the measures adopted lead to better results? What are your plans to correct this situation? Do you consider that areas where you are doing activities can achieve near-average results.

Reply: In the last 3 years performance indicators have evolved as follows:

Indicator	Formula	31.12.2016	31.12.2017	31.12.2018
EBIT	Gross profit + Profit tax + Expenses with interest	5,977,645	7,325,990	6,168,893
EBITDA	EBIT + Depreciation - Subsidies for investments	13,353,431	15,768,480	14,702,843
EBITDA to sales ratio	EBITDA/Sales	7.37%	7.97%	7.33%
EBITDA to Equity ratio	EBITDA/Equity	10.25%	11.85%	10.72%
Gross profit margin	Gross profit/Sales	2.33%	2.90%	2.23%
Return on assets (ROA)	Net profit/Assets	1.79%	1.78%	1.89%
Return on equity (ROE)	Net profit/Equity	3.76%	3.60%	3.50%
Return on sales (ROS)	Net profit/Sales	2.71%	2.42%	2.39%

It may be considered that the level of these indicators is not high and we appreciate, given the specificity of our company's activity, that it would be more relevant to follow the evolution of EBITDA and profitability rates: EBITDA in Turnover and Equity.

In the period 2015-2018, it can be seen that the level of profitability indicators registered by our company is at a comparable level with certain fluctuations.

Even if our efforts are constantly aimed at increasing the level of profitability, the markets we operate - mainly plastic packaging (polyethylene, polypropylene and polystyrene) accounting for 55% of the

company's sales and using 27% of assets and recycled material plastic (Compounds) that generate 17% of the company's sales and use 36% of the company's assets - do not have very high profit margins.

Therefore, any relevant comparison to the performance of other companies must be made taking into account the two CAEN codes (CAEN code 2222 - Manufacture of plastic packaging articles and CAEN code 3832 - Recovery of sorted recyclable materials), these activities being those with the higher share in the structure of our production activity.

We also consider that in recent years the company has had a considerable impact in diminishing the profitability of the activity caused by:

- increase of the minimum wage on the economy and of the related salary taxes;
- high fluctuations in the raw materials market
- modification of tax legislation (for example, the solidarity tax we pay from October 2017 to the sum of 842 thousand lei in 2018 compared to 2017 (228 thousand lei) and 2016 (24 thousand lei);
- the increase of utilities expenses, as a result of the increase in the price of electricity, gas and water;

Question 2: In view of the company's announcement regarding the sale of land in Iasi, what measures does the management of the company intend to take to increase the value of the shares (buyback of shares, dividends, new investments)? Având în vedere anunțul companiei privind vânzare a terenului din Iași ce măsuri are în vedere conducerea societății pentru creșterea valorii acțiunilor (răscumpărarea de acțiuni, dividende, noi investiții)? Can you detail at least the principle of approach/vision?

Reply: At principle level, as approach/vision, it can be stated that the main destination of the amount to be cashed should be the financing of the investments that are included in the Draft Investment Plan proposed in the GMS of 24/25 April 2019 as well as the reimbursement the entire loan remaining to be paid to the financing bank of approx. 400,000 Euro.

We maintain our point of view, stated before, ie it should be taken into account that any distribution of dividends reduces the company's equity, affecting the company's cash and liquidity indicators.

Decisions on the distribution of dividends are taken by the General Shareholders' Meeting and, for more predictability and transparency, by the end of 2019, the Board of Directors of Romcarbon SA intends to develop and adopt the dividend policy of Romcarbon SA, the policy that will have in view, including, the possibility provided by art. 67 of Law no. 31/1990, regarding the quarterly distribution of dividends.

Question 3: In a previous question regarding the profitability, where I have shown that BFG operates with a margin of more than 10%, I was told that Romcarbon also has a similar margin on that line of business but that the company's business has seven business lines in different stages of the business cycle. Under these circumstances, did the management of the company consider the opportunity of abandoning less profitable business lines and possibly addressing higher technology and better margins?

Reply: The main activity of S.C. Romcarbon S.A takes place in seven profit centers, which we can group

on two major business lines: plastics processing and recycling of plastics.

Within the plastics processing sector, we are active on the expanded polystyrene packaging market, polypropylene and polyethylene packaging, but because each of these markets has a different dynamics, also our company's results are different.

In the polystyrene sector, we have invested in technology and we can say that a competitive margin of profitability comparable with the competition (BFG) is achieved.

In recent years, investments have also been made in the field of polyethylene products, so at present we produce household bags made of recycled plastic but also general purpose foils, the raw material being generated by our other important business line, the recycling sector plastics - compounds.

As far as the polypropylene sector is concerned, we analyze the possibility of investing in the acquisition of extrusion machines and performing machines so as to create productivity and, implicitly, the profitability of this sector.

Regarding the recycled plastic products (Compounds), the share of this sector reached about 17.35% of the total turnover, almost double the year 2016, as a result of the investments made both in equipments and in production spaces.

Apart from these business lines, Romcarbon also has 3 sectors of activity with a lower share (3% of the total turnover and 2.5% of the company's assets), namely: the production of automotive and industrial filters, the production of Activated Coal and Protective Materials, and the production of recycled PVC stands for road traffic signs.

For these sectors, management analyzes were carried out during 2018, taking measures to relocate the production activity in appropriate spaces, reducing indirect costs and sizing an optimal level of activity.

Question 4: In the periodic reports its mentioned the holding of control of two companies established in Ukraine. We note that although important financial resources have been fixed, their results are very modest. What are the prospects for these companies? Ukraine's market is very big. You plan to expand the activities on this market eventually by taking advantage of the listed companies registered in Odessa.

Reply: In all periodical reports on Financial assets, the information on value adjustments of financial investments is presented, and it can be seen that the total investment of 2,687,755 lei (equivalent to 709,000 euros) in Grinfield LLC Ukraine (the company where we own 62.62% of the capital) has been provisioned since August 2016, reasonably estimating that there is a probability that this loss-making investment will no longer be recoverable.

With these investments, it was planned to manufacture expanded polystyrene packages in Ukraine, but due to the Ukrainian legislation and the increased risks generated by the political instability, with consequences on the conditions in the economy, failed to put into operation a factory, other business opportunities at the moment being inexistent.

Question 5: What was the analysis, the reasoning, when deciding not to participate in the capital increase of ROMGREEN Cyprus in order to preserve the holding in Green Group's shareholders because it is my consideration, as shown by the ABRIS CAPITAL valuation at the purchase price of the control package , that

the allocation of the company's funds should be made taking into account, first and foremost, the potential benefits and return on each investment.

Thus, at a rough calculation it would appear that the profitable decision for the company was the participation in the increase of the share capital. The decrease in the holding percentage is about 7% (from 25 to 18). Abris paid for about 82% of GG shares about 60 million euros. It results that the 7% would be worth about 5.2 million euros while the capital increase would have been about 1.8 million euros. So what was the reasoning behind the decision to opt out?

Reply: It should be noted that two conditions have to be met cumulatively in order to make an investment: (i) the source of funding is available when the investment is appropriate and (ii) the expectations of the investment can be reasonably assessed.

Following the company's strategy for 2015-2016 to invest in production, a series of investment in production lines was implemented by accessing non-reimbursable EU funds, investments that involved consistent outflows of cash flows from company resources.

Therefore, the decision was to direct the company's resources / cash to finance production investments and not to participate in the share capital increase of Green Group.

Question:6. It was often discussed of Next Eco Recycling, but I still did not understand how much Romcarbon received from the sale of the holding in this company and if at least the acquisition value was recovered, and why in the consolidated statements the influence of holding these shares was negative when it could observe, public information, on www.mfinante.ro, that Next Eco Recycling registered profit in 2016 of 3,660,335 lei with 15 employees.

Perhaps it is the transfer prices between affiliated companies ? Moreover, its object of activity is similar to that of other companies owned by Romcarbon (which are permanently loss-making), so what was the purpose of this transaction? The question is not why you bought, but why the ownership was not retained if it was so profitable, realizing with 15 employees a profit of Romcarbon and Livingjumbo Industry SRL in one place with 1,600 employees?

Reply: The investment in Next Eco Reciclyng SA was made by Livingjunbo Industry SA in December 2015, by acquiring 70% of the company's shares, and in July 2016, due to the below detailed reasons, the ownership was sold.

On 30.06.2016 from the information we received for the preparation of the Consolidated Financial Statements, the Company recorded a Net Loss of 503,202 lei and own equity of 77,581 lei; the profit you refer to is for 2016, information that was not available and could not be evaluated at the time of the sale.

Regarding the grounding of the decision to sell, in the first half of 2016, due to the uncertainty of the regulations applicable to the activities of OTR companies, there was a disruption in the activity of the companies in this field. This situation could have resulted in increased risks with a possible significant impact. Because of the difficulty of continuing such a business, due to the lack of clear regulation in the

field, the sale of Next Eco Recycling SA was a responsible decision in the given context.

Question:7. What actions does the management of the company have for the development of the business and the profitability of the business lines in which it operates? Can you specifically list what you have done and what you plan on in this direction? Do you consider new business lines?

Reply: In both current and future plans, concrete actions for improvement of results are targeted, depending on the specific activity and markets with high competition on which we operate. On the other hand, it is important to counteract the limitations and negative influences in the activity of the company due to changes in the labor market, legislative, fiscal, etc.

In our production activity, our actions are focused on reducing costs, increasing the efficiency of the use of labor force, equipment, utilities and consumables:

- **At the level of each production department, the most efficient organizational and training changes for personnel insurance are identified in the full service of all equipments / workplaces and in order to maintain a lower cost with the salaries for the produced production. The 4% increase in production value in 2018 compared to 2017 was achieved under the conditions that the number of production personnel dropped by 6.4%.**
- **The salary policy must take into account the city/county salary offer and the fact that many employees choose the option to leave abroad. In the context of the "narrowing" of the labor supply, as well as the additional increase of the minimum wage (10% in January 2019 plus the increases announced for the next years in the governance plan), we envisage possible punctual automation in certain areas, staffing needs;**
- **Intensify internal training and external collaborations aimed both at maintaining the required level of theoretical and practical knowledge of the staff, as well as preparing for work on several places of work and ensuring staff flexibility in internal allocation according to the needs of each sector, without us employment.**
- **We are in the process of reorganizing company-level maintenance of production equipment to ensure maximum availability of production capacities, reducing downtime, reducing repairs and spare parts;**
- **We consider improvements to certain equipment for a more efficient raw material processability and reduction of the amount of waste (homogenizing raw materials for polyethylene extrusion, especially for recycled material sheets, increasing the working speed on automatic machines for making bags in the production of recycled material bags, additional mill for grinding rigid extruded waste in the recycling sector, for processing of this type of waste and collected from the market);**
- **We target the increase in sorting capacity in the recycling sector - compounds, the basis of increased production capacity and efficiency of the sector;**
- **Continuous improvement of manufacturing recipe and identification of new high margin**

products;

- **Incorporating and adapting to the trends and legal requirements of the markets we operate at national and European level is both a necessity and an opportunity. Besides the development of the recycling sector - cpmpounds, the basic sector in the company, we take into consideration the changes in the plastics market dictated by the European Directives by incorporating in the production and sale range of biodegradable materials**

The efficiency of the activity is not limited to the production sector but it is pursued in all the auxiliary centers and the cost centers that support the activity of the company (warehouses, logistics, laboratory, financial, legal etc.)

Question 8: The vision of the company's management is that Romcarbon will reach the top 100 private companies in Romania. How do you assess the stage of achieving this goal? Is it realistic? What do you rely on to achieve this goal?

Reply: If we relate to the national ranking of companies by turnover, regardless of the field of activity (CAEN code), the objective is unrealistic. When we say this, we take into account that at the level of 2017 (for which there are balances at this moment), on spot 100 is Celestica (Romania) SRL that has a turnover of RON 1,149,043,844.

If we take into account the same top nation by turnover, but taking into account the main CAEN code, Romcarbon is ranked No. 3. At the same national top, after net profit, Romcarbon is ranked 11-th.

Question 9: Increasing added value is the central element in achieving the proposed objectives in which innovation and research is needed and is supported, inter alia, through tax incentives. From the cost structure, we notice that this type of expenditure is very small. What is the explanation?

Reply: The activity of innovation and research development takes place within the company as well as through collaborations with partners outside the company, being briefly described in the annual report available on our website. Regarding the fiscal facilities for these activities, we mention that the tax exemption is granted to the taxpayers who carry out exclusively innovation activity, research and development, defined according to the Government Ordinance no. 57/2002 on scientific research and technological development, as subsequently amended and supplemented, as well as related activities, in the first 10 years of activity, according to the Law 227/2015 regarding the Fiscal Code, Art.221.

Question 10: Regarding the tax incentives for these activities, we will specify that if you had the intention to sell the land and the buildings in IAȘI, why did you have a loan to buy the COMBETON assets (the canteen and the land). Was it not more efficient to use this funding to participate in the Romgreen capital increase to keep the GG share? Do you sell all your assets in Iași or do you keep them at the end of the transactions?

Reply: The purpose for which it was purchased in 2016, Combeton's assets in Iasi, represented the increase in the attractiveness and the market value of the entire assets held in Iasi, and implicitly the increase in the probability of finding a buyer / investor for this asset. The transaction with Romgreen (Green-Group) shares between Green Group Romania Holdings Limited and Gren Holding took place in July 2016.

The transaction with the Romgreen shares (Green-Group) between Green Group Romania Holdings Limited and Gren Holding took place in July 2016. The decision not to participate in the share capital increase of Romgreen LTD Cyprus was taken in a context mentioned before, a series of investments in production lines being implemented at the time, by accessing non-reimbursable EU funds, which also involved the company's own contribution.

At the end of the transaction, the company will still have a very small part of the Iasi asset, which will also try to capitalize on the real estate market.

Question 11: Green Group is making significant profits every year, so far reinvested. Do they have any intention to distribute dividends? Representatives of Abris Capital said in 2016 that in the coming years they intend to list the group on the BSE. Do you have any additional information?

Reply: We have no information on these issues.

Question 12: With regard to LivingJumbo Industry SA, we find that after significant investment in flexible packaging machinery, its been recorded significant losses for two consecutive years. This is explained by the fact that entering new market segments and reaching a sales volume to cover depreciation and other costs is sometimes made more difficult. When do you estimate that you will be able to reach the break-even point and that the company returns profitable?

Reply: Both the market and the products made through the new investment are complex, the pace at which the sector moves to positive financial results proving to be slower than the initial estimates. During 2018, efforts focused on increasing turnover and on measures to increase efficiency and reduce production costs.

Year 2019 represents the year of consolidation and stabilization of PET activity, coupled with the development of the flexible film category. We have established a stable customer base, we have new projects in progress and / or negotiation, targeting a turnover of at least EUR 800,000 per month, which, corroborated with the optimal cost structure, is the break-even point for this sector, on which we want to achieve in the second half of this year.

ROMCARBON S.A MANAGEMENT TEAM