



ROMCARBON SA | Thinking forward
a company listed on **BVB**



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Romcarbon SA, one of the major plastic packages producers (Polystyrene, Polypropylene, Polyethylene) in Romania and the most important Romanian producer of regenerated polymers & compounds, recorded in 1st Semester of 2020 a net loss of LEI 35,941, - LEI 61,368 as compared with the same period of 2019, and net sales of LEI 89,315,554 decreased by 7% as compared with the previous year (1st Semester 2019: LEI 95,719,294). Considering the sales of finished products it was registered a decrease of 10% compared with the same period of the previous year (1st Semester 2019: LEI 71,143,343).

EBITDA Operational recorded in the reporting period an amount of **LEI 5,596,014**, slightly lower as compared with the same period of the previous year (- LEI 94,211; - 2%).

Regarding the decrease in Net Sales of finished products, a significant influence had the sector Regenerated polymers & compounds (- LEI 5,062,425; -30%), as one of its major market being the automotive industry that have delayed the orders in the first months of 2020 due to the lockdown policy in many countries due to COVID-19 pandemic.

Starting with June 2020 it was observed a rebound of this sector, the sales increasing by 53% compared with the previous month.

Although in the first quarter of 2020 the plastics processing sector recorded an increase of 3% in sales as compared with the same period last year, this trend was not maintained in the second quarter when there was a decrease of 11% as compared with 2019 this led to a decrease in sales in the 1st Semester of 2020 with - LEI 2,210,686, i.e. -4%, as compared with the similar period of the previous year. Within this sector, the polyethylene products recorded an increase of LEI 653,155 (+5%) as compared with the same period of 2019, while the other two groups of products recorded decreases of sales of - LEI 1,231,303 (-6%) - polystyrene products - and - LEI 1,632,548 (-9%) - polypropylene products.

An aspect that must be highlighted regarding polyethylene products is the beginning, in the last months of 2019, of **the production of biodegradable small bags**, Romcarbon obtaining for these products the certification regarding the biodegradability issued by TUV Austria.

The share of this subgroup of products in the total sales of the group in 2019 was relatively small (1.24%), but for 2020 it is expected to reach 13%, being one of the growth engines of the sector.

To reduce the impact of the decrease of orders the company had sent in average 108 employees for technical unemployment in April and 111 employees in May mainly from the sectors Compounds & regenerated polymers and Plastic processing.

The evolution of the company main indicators in the reporting period is shown in the following table:

Item	S12018	S12019	S12020	2020 vs. 2019	
Revenue (Sales)	100,366,485	95,719,294	89,315,554	▼ (6,403,740)	-7%
Investment income	2,407,168	968,183	903,944	▼ (64,239)	-7%
EBITDA	10,434,405	4,977,117	4,653,191	▼ (323,926)	-7%
EBITDA Operational¹	5,800,133	5,690,226	5,596,014	▼ (94,211)	-2%
Net profit	5,239,620	25,427	(35,941)	▲ (61,368)	-241%
Non-Current assets	202,860,951	170,236,729	159,005,429	▼ (11,231,300)	-7%
Current assets	72,849,333	86,016,505	79,639,218	▼ (6,377,287)	-7%
Total Equity	138,361,239	136,931,800	137,018,311	▲ 86,511	0%
Total Liabilities	137,349,045	119,321,434	101,626,336	▼ (17,695,098)	-15%
Debt ratio	50%	47%	43%	▼ -4%	-9%
Current liquidity	90%	111%	111%	▼ 0%	0%

¹ EBITDA Operational was calculated taking into account only the exploitation activity, excluding financial activity, sales of assets, depreciation and any other non-recurring items. From the point of view of evaluating the main activity of the company, this indicator is the most relevant.

About Romcarbon SA

The company has the following fields of activity:

- Plastic processing sector (**56%** of 2020 sales):
 - Polyethylene processing (virgin polymers and regenerated) :bags, small bags, covers, general use foil, thermo foil;
 - Polystyrene processing : trays for the food industry (standard, absorbent, catering) and products for constructions as plates and rolls;
 - Polypropylene processing: laminated and non-laminated woven bags in different sizes for packaging products used in agriculture, food and chemical industry;
- Regenerated polymers and compounds (**13%** of 2020 sales);
- Other production sectors (**3%** of 2020 sales) :automotive and industrial filters, active carbon, breathing protective equipment, PVC traffic base;
- Other activities (**28%** of 2020 sales): sales of goods, services, other sales.

Chairman of the Board and General Manager,
Huang Liang Neng

Financial Manager,
ec. Zainescu Viorica Ioana

Deputy General Manager for Administrative Operations,
Manaila Carmen