



Current Report: 62/2018

Date: 2018-11-23

Name of the Issuer: FERRUM S.A.

Title: Initial financial results for 9 months of 2018

Legal basis: Art. 17 item 1 MAR – inside information

Content of the Report:

The Management Board of FERRUM S.A. (Issuer, Company) informs that on 23rd November 2018, with regard to the completion of financial data aggregation process initiated in order to prepare extended consolidated for 9 months of 2018, it was decided to publish the initial standalone and consolidated financial results for the referred period.

Stand-alone net revenue from sales of products, goods and materials in 9 months of 2018 amounted to app. PLN 195 251 thousand and was by PLN 11 114 thousand higher than the revenue of comparable period of previous year. Higher sales revenue resulted mainly from higher revenue from sales of products by ca. PLN 31 070 thousand, which was influenced mainly by launching the new production line for spirally welded pipes in QII 2018 (production line). Meanwhile, revenue from sales of goods and materials was by ca. PLN 19 956 thousand lower. The Issuer recorded operating loss of app. PLN 2 611 thousand. This operating loss is significantly lower than the loss recorded in the comparable period of previous year, which indicates, inter alia, that the production line launching has the positive impact. Moreover, the Issuer's gross profit from sales in 9 months of 2018 was by app. PLN 7.8 mio. higher and profitability on sales of products increased by 4% points, comparing to comparable period of previous year. The net loss of ca. 6 456 thousand was mainly influenced by costs of external financing.

The Issuer reminds that in 9 months of 2017 the Company revaluated appraisal of the investment property. The result of this revaluation was presentation of single accounting operations in financial statements for the half-year 2017, which reduced the operating result by PLN 18 963 thousand and the net result by PLN 15 360 thousand, which influenced also the financial results of comparable period of previous year, covering 9 months of 2017.

In comparison to the analogous period of the previous year, without taking the aforementioned revaluation into account, in 9 months of 2018 the operating result increased by ca. PLN 9 295 thousand and the net result increased by ca. PLN 11 017 thousand.

Consolidated net revenue from sales of products, goods and materials in 9 months of 2018 amounted to app. PLN 252 354 thousand and was by PLN 12 627 thousand higher than the revenue of comparable period of previous year, which resulted from higher sales of products by PLN 33 393 thousand. Meanwhile, revenue from sales of goods and materials was by PLN 20 766 thousand lower, mainly in the parent company FERRUM S.A. Consolidated operating profit of FERRUM Capital Group in 9 months of 2018 amounted to app. PLN 6 069 thousand, whereas FERRUM Capital Group recorded minor net loss of app. PLN 168 thousand.



FERRUM S.A.

Steel pipes

Hollow sections

Coating

Established in 1874

At the same time the Issuer reminds that the detailed information on the final financial results of the Company and FERRUM Capital Group for 9 months of 2018 shall be made public on 29th November 2018.

SIGNATURES OF PERSONS REPRESENTING THE COMPANY

Date	Position	First name and surname
2018-11-23	President of the Management Board	Krzysztof Kasprzycki
2018-11-23	Vice-President of the Management Board	Honorata Szlachetka