



FOUNDED IN 1851

SEVERNAV SHIPYARD



ANCHORED IN TRADITION QUALITY AND PERFORMANCE

RAPORTUL ADMINISTRATORILOR pentru exercitiul financiar 2018

I. PROFILUL SC SEVERNAV SA

SC SEVERNAV SA are sediul in localitatea Drobeta Turnu Severin, str. Timisoarei nr.204, Judetul Mehedinti.

SC SEVERNAV SA is located in Drobeta Turnu Severin, 204 Timisoarei str., Mehedinti county.

Societatea este inregistrata la Registrul Comertului sub nr. J25/3/1990, avand CUI nr.1606030, atribut fiscal RO.

The company is registered at the Registry of Commerce under no. J25/3/1990, having Fiscal Code no. 1606030, fiscal attribute RO.

Societatea isi desfasoara activitatea in localitatea Drobeta Turnu Severin.

The activity takes place in Drobeta Turnu Severin.

In componenta societatii nu se afla si puncte de lucru.

The company has no registered workstations

SC Severnav SA are un capital social de 12.603.865 lei impartit in 5.041.546 actiuni, cu o valoare nominala pe actiune de 2,5 lei.

Severnav's has a shareholders' equity of 12.603.865 lei, divided into 5.041.546 shares, each with a face value of 2,5 lei.

Actiunile societatii se tranzactioneaza pe piata bursiera AERO, avand simbolul SEVE. Valoarea nominala a unei actiuni este de 2,50 lei.

The company's shares are traded on the AERO stock exchange, having the symbol SEVE. The face value of each share is 2,50 lei.

Structura actionariatului la data de 31.12.2018 conform structurii sintetice consolidate a detinatorilor de instrumente financiare.

Ownership structure at 31.12.2018, according to the consolidated sintetic structure of the owners of financial intruments.

DENUMIRE ACTIONAR / SHAREHOLDER NAME	NUMAR ACTIUNI / NUMBER OF SHARES	PROCENT %	VALOARE CAPITAL SOCIAL (LEI) / SHAREHOLDERS' EQUITY VALUE (LEI)
TIRLEA VICTOR	1.587.036	31.4792%	3,967,590
CFR MARFA	1,464,388	29.0464%	3,660,970
MEROLA GIANCARLO MICHELE	1,460,000	28.9594%	3,650,000
ALTI ACTIONARI	530,122	10.5151%	1,325,305
TOTAL	5,041,546	100%	12,603,865

Principala activitate desfasurata de SC Severnav SA o reprezinta constructia de nave si structuri plutitoare. Severnav's main activity field is Construction of ships and floating structures.

Ponderea fiecarei categorii de activitati in totalul cifrei de afaceri 2018 este urmatoarea:
Each activity's share in the total 2018 turnover is as follows:

Indicatorul / Indicator	2017	Ponderea veniturilor in cifra de afaceri(%) / Income share in turnover (%)	2018	Ponderea veniturilor in cifra de afaceri(%) / Income share in turnover (%)
CIFRA DE AFACERI, total, din care: Total TURNOVER, out of which:	65.017.667	100,00%	82.588.676	100,00%
Venituri din constructia de nave Income from ship building	62.710.661	96,45%	79.980.743	96,84%
Venituri din constructii metalice diverse Income from various metal constructions	20.604	0,03%	373.419	0,45%
Venituri din servicii reparatii nave Income from ship repair	933.719	1,44%	225.474	0,27%
Venituri din vanzarea de produse reziduale Income from selling of residual products	1.231.650	1,89%	1.558.293	1,89%
Venituri din chirii Income from rent	17.647	0,03%	186.590	0,23%
Alte venituri Other income	103.386	0,16%	264.157	0,32%

II. CONDUCEREA SOCIETATII COMERCIALE / MANAGEMENT OF THE COMPANY

Conducerea executiva in anul 2018 a fost asigurata de o echipa de directori condusa de Dl. Tirlea Victor, in calitate de director general, Videscu Marilen – director productie, Borintis Grigore – director economic, Miu Cristian – director dezvoltare.

The executive management during 2018 has been performed by a team of directors lead by Mr. Tirlea Victor, as general Director, Mr. Videscu Marilen – production director, Mr. Borintis Grigore – financial director and cercetation director Mr. Miu Cristian.

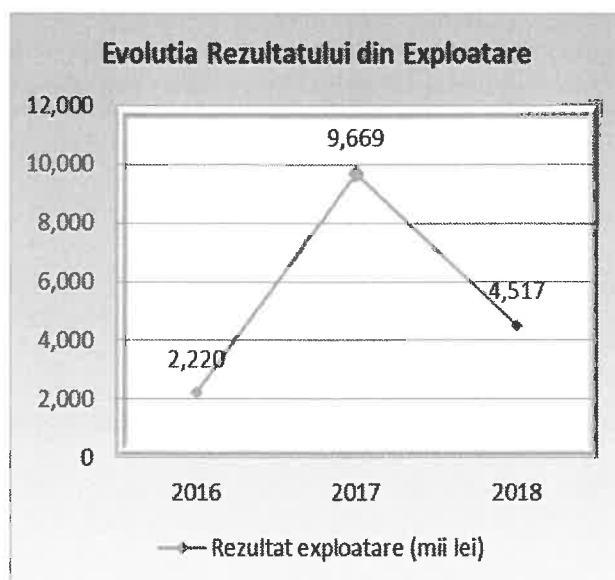
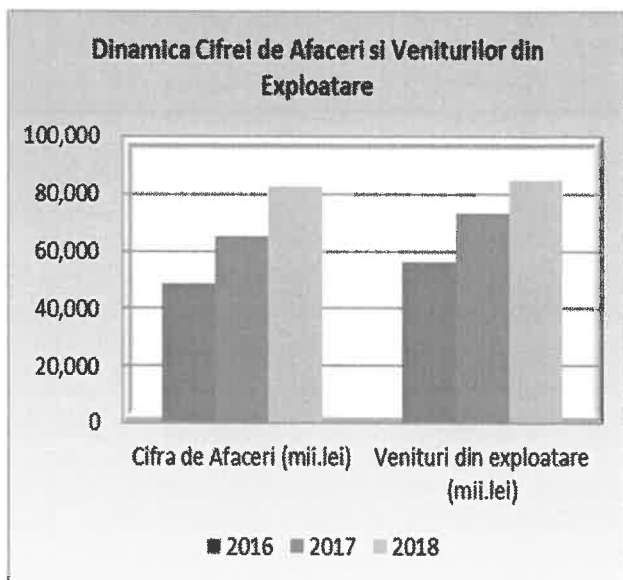
Societatea a fost administrata in perioada anului 2018 de un Consiliul de Administratie, aprobat de Adunarea Generala a Actionarilor, in urmatoare componenta : Tirlea Victor – presedinte, Merola Giancarlo Michele – membru, Negrescu Pericle – membru, Fanica Grigorie – membru, Kessler Mihai – membru.

The company has been administrated during 2018 by a Board of Director, approved in a General Shareholders' Meeting, with the following members: Tirlea Victor – president, Merola Giancarlo Michele – member, Negrescu Pericle – member, Fanica Grigorie – member, Kessler Mihai – member.

III. CIFRE PRINCIPALE 2018 / MAIN FIGURES 2018

a) Indicatori principali / Main Indicators

	2016	2017	2018
Cifra de Afaceri (mii.lei) Turnover (klei)	48.512	65.018	82.589
Venituri din exploatare (mii.lei) Operating income (klei)	56.347	73.064	84.766
Rezultat exploatare (mii.lei) Operating earnings (klei)	2.220	9.669	4.517
Rezultat financiar (mii.lei) Financial earnings (klei)	-1.061	-1.790	-2.036
Rezultat net (mii.lei) Net earnings (klei)	804	6.761	1.745
Capitaluri (mii.lei) Equity (klei)	84.217	92.177	93.922
Nr. mediu angajati Average no. of employees	440	496	523



Cifra de afaceri realizata in anul 2018 a fost 82.589 mii.lei, mai mare cu 17.571 mii.lei fata de cea realizata in anul 2017 (65.018 mii.lei), cresterea fiind rezultatul executiei si finalizarii unui numar mai mare de comenzi, vandute si incasate.

The 2018 **turnover** is 82.589 klei, higher by 17.571 klei than the 2017 one (65.018 klei), the drop being the result of long term manufacturing cycle, which registers the turnover at delivery and cashing the ships.

Veniturile din exploatare care includ productia de nave, productia diverselor constructii metalice si serviciile prestate pentru reparatii de nave, au evoluat crescator in ultimii 3 ani. Astfel, veniturile din exploatare au crescut de la 73.064 mii.lei in anul 2017 la 84.766 mii.lei in anul 2018 (crestere cu 16%). Cresterea in 2018 fata de 2016 a fost de 50%.

Operating income which include ship building, the production of various metal constructions and the services in ship repairs, have grown over the past 3 years. Operating income have increased from 73.064 klei in 2017 to 84.766 klei in 2018 (16% increase). The 2018 increase compared to the 2016 has been 50%.

Evolutia veniturilor a fost rezultatul repositionarii comerciale a societatii, reusind in acest fel sa obtina mai multe comenzi pentru productie.

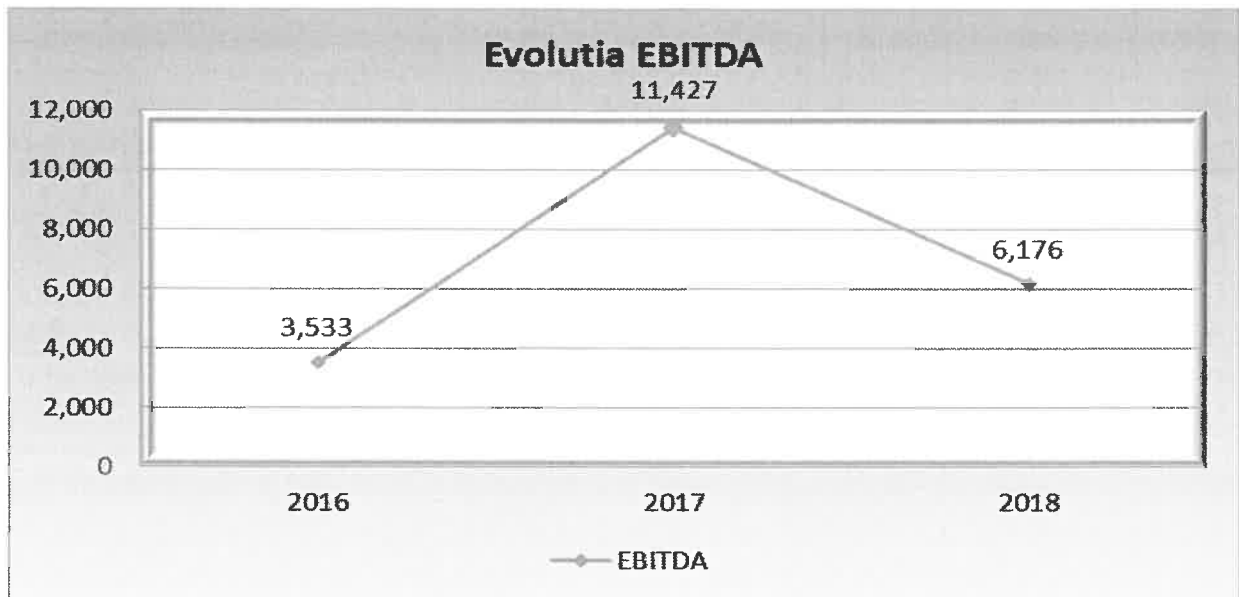
The positive trend of the income has been the result of the company's reorientation, by means of which more orders have been gained.

Rezultatul din exploatare a inregistrat un profit in anul 2018 de 4.517 mii.lei.

Operating earnings has registered profit in 2018 of 4.517 klei.

Rezultatul financiar a inregistrat pierdere in 2018 de 2.036 mii.lei, in crestere cu 246 mii.lei fata de anul 2017 (1.790 mii.lei), datorat in principal cheltuielilor ocazionale de imprumuturile bancare angajate pentru finantarea productiei.

Financial earnings has registered loss of 2.036 klei in 2018, decreasing by 246 klei compared to 2017 (1.790 klei), mainly due to occasional expenses and banking loans contracting for financing production.



Randamentul societatii, inainte de dobanzi, amortizari si deprecieri, a fost de 6.176 mii.lei (2017: 11.427 mii.lei, 2016: 3.533 mii.lei) in crestere fata de 2016 si in scadere fata de 2017. Scaderea din 2018 fata de 2017 a fost cauzata in cea mai mare parte de:

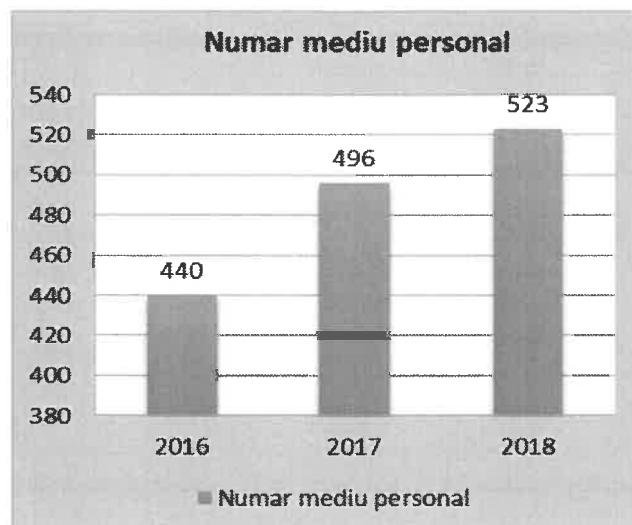
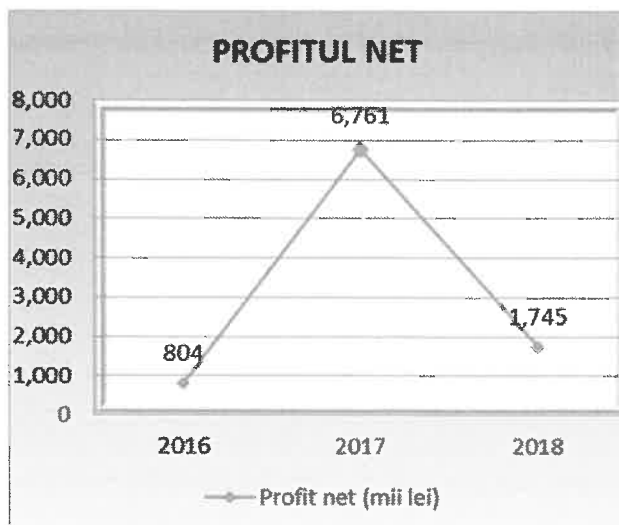
- a) costul cu infiintarea/angajarea/prepararea profesionala a ucenicilor, a personalului necalificat si incepator, neacoperit de productivitatea muncii, 2.300 mii.lei;
- b) costul materialelor si a energiei electrice consumate de catre ucenici/necalificati/incepatori, in scop didactic si/sau ineficient pentru productie, 380 mii.lei;
- c) costul angajarii transportului gratuit la/de la locul de munca acordat angajatilor incepand cu anul 2018, 600 mii.lei;
- d) costul suplimentar datorat bugetului de stat pentru contributia persoanelor cu handicap, pe baza noii legislatii in vigoare din 2018, 200 mii.lei;

Toate acestea, la care se adauga cresterea salariilor impusa de numarul tot mai redus de personal calificat sau chiar necalificat, au erodat rentabilitate generala a societatii in anul 2018.

The company's return before interest, depreciation and amortization was 6,176 klei (2017: 11,427 klei, 2016: 3,533 klei) increasing compared to 2016 and decreasing compared to 2017. The decrease in 2018 compared to 2017 was caused mostly by:

- a) the cost of setting up / hiring / professional training of apprentices, unskilled and beginner, not covered by labor productivity, 2,300 klei;
- b) cost of materials and electricity consumed by apprentices / unskilled / beginners, for didactic and / or inefficient production purposes, 380 klei;
- c) the cost of employing free transportation to / from the workplace provided to employees starting with 2018, 600 klei.
- d) the additional cost due to the state budget for the contribution of disabled people, based on the new legislation in force from 2018, 200 klei;

All this, plus the increase in wages imposed by the lower number of qualified or even unqualified staff, eroded the overall profitability of the company in 2018.



Profitul net de repartizat a fost de 1.745 mii.lei si a fost rezervat in cea mai mare parte pentru consolidarea patrimoniului (2017: 6.761 mii.lei, 2016: 804 mii.lei)
 The company's 2018 **net profit**, of 1.745 klei was mostly reserved for heritage consolidation (2017: 6.761 klei, 2016: 804 klei)

Numarul mediu de personal a crescut fata de anul anterior cu 27 persoane, de la 496 la 523 angajati, corelat nu numai cu productia in crestere, dar si cu nevoia de a reorganiza si dezvolta activitatile de inginerie ale santierului.

The **average no. of employees** has increased by 27 people compared to the previous year, from 496 to 523 employees, in relation not only with the increase in production, but also with the need to reorganize and develop the engineering activities of the yard.

IV. ACTIVITATEA COMERCIALA / COMMERCIAL ACTIVITY

Cea mai mare parte a cifrei de afaceri (96,84%) a fost realizata din vanzarea de nave fluviale, urmata de venituri din vanzare produse reziduale (1,89%), veniturile din reparatii nave si structuri plutitoare (0,27%), alte venituri (1,00%).

The most important part of the turnover (96,84%) has been achieved from selling of inland vessels, followed by the income out of various metal constructions (1,89%), income from ship repair and floating structures (0,27%), other income (1,00%).

Intersele societatii au continuat sa fie promovate pe piata europeana a constructiilor de nave, fie direct catre clienti, fie prin participarea la targurile specializate organizate in Olanda si Germania. Pentru acest scop au fost alocate bugete adecvate. Pentru anii urmasori strategia comerciala a societatii se va pastra in directia promovarii pe piata, pe de o parte a experientei acumulata in constructia de nave pentru transport gaze lichefiate (santierul a construit de-a lungul timpului 19 nave pentru transport gaze cu o valoare cumulata de circa 323.000.000 EUR), pe de alta parte a experientei castigate in realizarea navelor fluviale pentru transport marfuri si pasageri.

The company's entrances continued to be promoted on the European shipbuilding market, either directly to customers or by participating in specialized fairs organized in the Netherlands and Germany. Appropriate budgets have been allocated for this purpose. For the coming years, the company's commercial strategy will remain in the direction of market promotion, on the one hand, of the experience gained in the construction of vessels for the transport of liquefied gases (the site has built over the years 19 gas transport vessels with a cumulative value of about EUR 323,000,000), on the other hand, the experience gained in the development of river and goods vessels for the transport of goods and passengers.

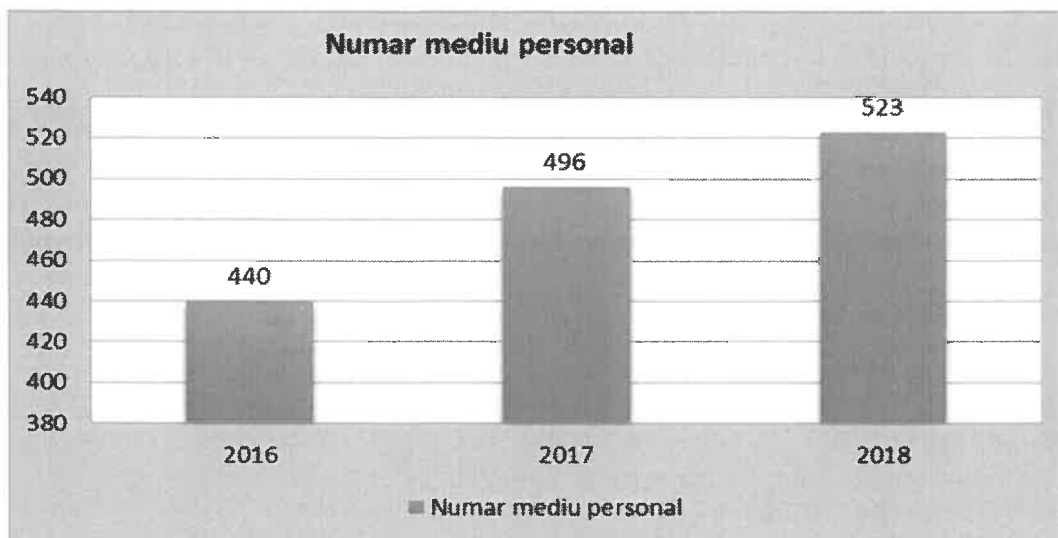
In portofoliu societatea are nu numar de 14 contracte ferm incheiate, cu o valoare cumulata de 31.109.000 EUR, care asigura capacitatea de productie programata pentru 2019, unele din acestea extinzindu-se si in anul 2020.

In the portfolio, the company has 14 firmly concluded contracts, with a cumulative 31.109.000 EUR value, which ensures production capacity scheduled for 2019, some of them expanding in 2020.

V. RESURSE UMANE / HUMAN RESOURCES

Numarul mediu de angajati a evoluat in crestere de la 440 persoane in 2016, la 496 persoane in 2017 si 523 persoane in 2018, in concordanta cu dinamica cifrei de afaceri si a portofoliului de contracte comerciale.

The average number of employees has grown from 440 persons in 2016 to 496 persons in 2017 and 523 persons in 2018, in accordance with the growth of the commercial contracts' portfolio.

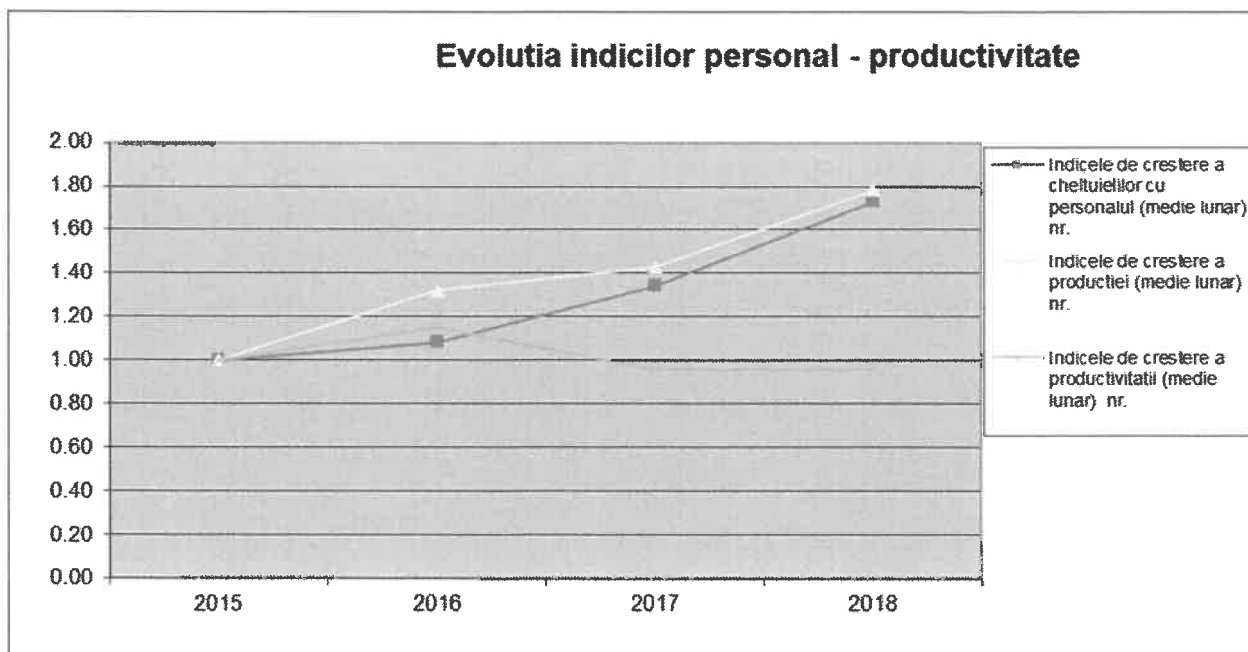


Salariatii societatii sunt organizati intr-un sindicat si au incheiat un contract colectiv de munca valabil pentru perioada 2016 -2018 inregistrat la Directia Muncii si Protectiei Sociale Mehedinti.

The company's employees are organized in a trade union and have a valid collective labor contract for the period 2016-2018 registered at Mehedinti Directorate of Labor.

Evolutia indicilor productivitatii muncii pe intervalul 2015 -2018 este:

The evolution of labor productivity indicators for 2015-2018 is:



Incepand cu anul 2018 piata resurselor umane disponibila constructiei de nave a devenit foarte limitata in volum si calitate. Urmare a disparitiei scolilor profesionale, nu mai exista persoane disponibile sau calificate pentru a fi recrutate. Prima optiune este de a recruta si pregati pe costurile proprii persoane necalificate, asumand in acelasi timp scaderea productivitatii muncii si randamentul global al societatii.

Starting in 2018, the human resources market available for shipbuilding has become very limited in volume and quality. As a result of the disappearance of vocational schools, there are no longer available or qualified persons to be recruited. The first option is to recruit and prepare unskilled people on their own costs, while at the same time taking down labor productivity and the overall performance of the company.

Astfel, incepand cu anul 2018 a fost infiintata propria scoala de ucenici sudori si lacatusi, iar in parteneriat cu un liceu local am dezvoltat doua clase pentru invatamant profesional tehnic.

Thus, starting with 2018, our own school of welders and locksmiths was set up and in partnership with a local high school we developed two classes for technical vocational education.

Cea mai mare provocare intampinata de societate in exercitiul financiar 2018 a fost recrutarea fortei de munca necesare sustinerii cresterii cifrei de afaceri, care a condus la costuri mai mari in conditii de productivitate redusa. La un numar mediu de personal in 2018 de 523 angajati, fluctuatia personalului a fost: 248 nou angajati si 162 plecati, respectiv o fluctuatie a personalului de peste 30%.

The biggest challenge facing society in the financial year 2018 was the recruitment of the workforce needed to sustain the increase in turnover, which led to higher costs in conditions of reduced productivity. At an average number of staff in 2018 of 523 employees, staff turnover was: 248 new employees and 162 outgoing employees, respectively a staff turnover of over 30%.

VI. ANALIZA SITUATIILOR FINANCIARE / FINANCIAL REPORTS ANALYSIS

1. SITUATIA ACTIVELOR IMOBILIZATE / FIX ASSETS REPORT

SC Severnav SA dispune de (lei) / Severnav's disposes of (lei):

Denumirea activului imobilizat / Fix asset's name	Valoare bruta / Gross value		Valoare contabila neta / Net accounting value	
	Sold la / Balance at 01.01.2018	Sold la / Balance at 31.12.2018	Sold la / Balance at 01.01.2018	Sold la / Balance at 31.12.2018
0	1	2	3	4
a) Imobilizari necorporale/Intangible assets				
Cheltuieli de constituire si dezvoltare, brevete, concesiuni, fond comercial / Setting-up and development expences, patents, concessions, commercial resources	-	152.295	-	145.950
Alte imobilizari necorporale / Intangible assets	469.971	467.680	0	-
Avansuri si imobilizari necorporale in curs / Advances and intangible assets in progress	-	-	-	-
Total imobilizari necorporale / Total intangible assets	469.971	619.975	0	145.950
b) Imobilizari corporale / Tangible assets				
Terenuri si amenajari teren / Land and land development	60.066.211	60.269.701	60.066.211	60.269.701
Constructii / Buildings	28.889.313	30.399.591	24.855.644	25.459.253
Echipamente tehnologice si masini / Technological equipment and machinery	21.663.958	23.588.413	3.097.333	4.532.339
Alte imobilizari corporale / Other tangible assets	201.974	234.396	82.198	95.104
Imobilizari in curs / Assets in progress	358.898	602.898	358.898	602.898
Avansuri pentru imobilizari corporale/ Advances	120.000	224.465	120.000	224.465
Total imobilizari corporale / Total tangible assets	111.300.354	115.319.464	88.580.284	91.183.760
c) Imobilizari financiare / Financial assets	23.476	9.153	23.476	9.153
Total / Total	111.793.801	115.948.592	88.603.760	91.338.863

Potrivit celor de mai sus, patrimonial societatea detine structura de mai jos:

- Terenuri in suprafata de 315.873,94 mp, si cu o valoare actualizata la piata de 60.270 mii.lei, reprezentand 67% din totalul activelor imobilizate nete;
- Constructii cu o valoare actualizata la piata de 25.459 mii.lei, reprezentand 28% din activul total imobilizat net;
- Echipamente tehnologice si masini cu o valoare neta de 4.532 mii.lei, reprezentand 4% din activul total imobilizat net.

According to the above, patrimonial society has the following structure:

- A land area of 315.873,94 sqm, having an actual market value of 60.270 klei, representing 67% of the total net assets;
- Buildings having an actual market value of 25.459 klei, representing 28% of the total net assets;
- Technological equipment and machinery having a gross value of 4.532 klei, representing 4% of the total net assets.

Severnav SA a folosit in anul 2018 pentru investitii 4.359.491 lei, din care pentru investitii noi 3.781.114 lei si modernizari 578.377 lei.

During 2018 the company has invested in working equipment and in modernizing of some buildings, their cumulated value being of 4.359.491 lei.

2. SITUATIA ACTIVELOR CIRCULANTE / CURRENT ASSETS REPORT

a) Situatia stocurilor la 31.12.2018 a fost urmatoarea (lei) / At 31.12.2018 the Stocks' situation was as follows:

Denumire / Name	2017	2018
Materii prime si materiale consumabile / Raw materials and consumables	13.447.109	17.965.467
Productie in curs de executie / Production in progress	17.705.893	18.060.998
Produse finite si marfuri / Finished goods and merchandise	0	0
Avansuri/ Advances	1.897.453	959.289
TOTAL / TOTAL	33.050.455	36.985.754

Stocurile de materii si materiale au reprezentat 49% din totalul activelor circulante inregistrate la 31.12.2018.

The stocks of raw materials and consumables have represented 49% of the current assets registered at 31.12.2018.

Productia in curs de executie in valoare de 18.061 mii.lei se refera la navele aflate in executie, cu termene de livrare in anul 2019.

Production in progress, in value of 18.061 klei, refers to vessels launched in production, but with the delivery term in 2019.

Avansul stocurilor 959 mii.lei se refera la avansurile achitate pentru achizitia metalului pentru constructia de nave.

The advance of inventories 959 klei refers to advances paid for the acquisition of metal for shipbuilding.

b) Situatia inventarierii / Inventory Report

Organizarea si efectuarea inventarierii s-a realizat potrivit Legii Contabilitatii nr.82/1991, a OMFP nr. 2861/2009 privind inventarierea si in baza deciziei nr. 223/02.10.2018 emisa de catre directorul general al societatii.

The planning and development of the inventory process have been made according to the Accounting Law no. 82/1991, to OMFP no. 2861/2009 regarding inventory and on the basis of decision no. 223/02.10.2018 issued by the general director of the company.

Au fost inventariate in baza acestei decizii toate elementele de natura activelor, datoriilor si capitalurilor proprii.

According to this decision, all assets, liabilities and own capital have been inventoried.

Rezultatele inventarierii au fost inregistrate in situatiile financiare anuale.

The inventory results have been registered in the annual financial situations.

c) Situatia creantelor / Receivables report

Valoarea creantelor nete inregistrate de societate la 31.12.2018 au fost de 14.811 mii.lei, dintre care / The value of the company's net receivables at 31.12.2018 was of 14.811 klei, out of which:

	Creante / Receivables	Sold la / Balance at 31.12.2017	Sold la / Balance at 31.12.2018
1	Creante comerciale-cu entitatile afiliate / alte parti legate / Commercial receivables – including affiliated entities / other involved parties	0	0
2	Creante comerciale – terti / Commercial receivables – third parties	3.971.429	13.791.820
	Total creante comerciale / Total commercial receivables	3.971.429	13.791.820
3	Provizioane creante comerciale/ Commercial receivable provisions	(43.020)	(1.138)
4	Creante comerciale, net / Net commercial receivables	3.928.409	13.790.682
5	Alte creante / Other receivables	512.775	1.021.621
6	Provizioane alte creante / Other receivables provisions	(85.331)	(1.222)
7	Alte creante, net / Net other receivables	427.444	1.020.399
8	Total creante comerciale si alte creante / Total other commercial receivables and other receivables	4.355.853	14.811.081

Soldul creantelor catre terti la decembrie 2018 contine sume de incasat pentru constructia navelor care au termen de livrare in anul 2018.

Commercial receivable towards third parties includes mostly for the construction of the vessels to be delivered in 2018.

In structura altor creante sunt incluse, in principal: TVA de recuperat de la bugetul statului 588.770 lei (solicitat si aprobat la compensare cu obligatiile catre stat), TVA neexigibila 25.647 lei, debitori diversi, etc. In cazul debitorilor cu recuperare incerta au fost constituite provizioane in suma de 1.222 lei.

Other receivables include mainly: VAT to be recovered from the state budget 588.770 lei (asked and agreed to be compensated with state payables), VAT under settlement 25.647 lei, sundry debtors, etc. For the debtors with a questionable collection provisions of 1.222 lei have been registered.

3. SITUATIA DATORIILOR SOCIETATII / COMPANY'S DEBT REPORT

La data de 31.12.2018 societatea a inregistrat datorii dupa cum urmeaza (lei) / On 31.12.2018 the company has registered the following debts (lei):

	Datorii / Debts	Sold la / Balance at 31.12.2017	Sold la / Balance at 31.12.2018	Termen de exigibilitate pentru soldul de la / Maturity of the balance at 31.12.2018	
				Sub 1 an / Under 1 year	Peste 1 an / Over 1 year
1	Imprumuturi din emisiunea de obligatiuni / Debenture loans	0	0	0	0
2	Sume datorate institutiilor de credit / Amounts owed to credit institutions	22.693.325	40.254.776	40.254.776	0
3	Avansuri incasate in contul comenzilor / Advances cashed for orders	11.148.535	9.548.364	9.548.364	0
4	Datorii comerciale - furnizori entitati afiliate si alte parti legate / Commercial debts – suppliers, affiliated entities and other connected parties	0	0	0	0
5	Datorii comerciale - furnizori terti / Commercial debts – third party suppliers	1.849.333	1.695.877	1.695.877	0

6	Efecte de comert de platit / Commercial effects to be paid	0	0	0	0
7	Sume datorate entitatilor affiliate / Amounts owed to related parties	0	0	0	0
8	Datorii fata de bugetul statului / Debts to the state budget	1.065.127	1.114.450	1.114.450	0
9	Alte datorii / Other debts	1.390.573	1.802.449	1.065.262	737.187
11	Total / Total	38.146.893	54.415.916	53.678.729	737.187

- a) 74% sunt credite curente catre banci. Din acestea 1.574 mii lei reprezinta o linie de credit pentru activitatea curenta si 38.681 mii.lei sunt credite angajate pentru productie, in cadrul contractelor comerciale incheiate;
74% are current banks loans. Out of these 1.574 klei are current activity credit line and 38.681 klei are production loans, contracted for the signed commercial contracts;
- b) 18% sunt creante curente incasate sub forma de avansuri de la clienti (clienti creditor), inregistrate tranzitoriu in datorii pana la livrarea navelor;
18% are current receivables cashed as advances from clients (crediting clients), temporary registered in debts until the delivery of the ships;
- c) 4% sunt datorii fata de furnizori;
4% are debts to suppliers;
- d) 2% sunt datorii curente fata de bugetul statului;
2% are current debts towards the state budget;
- e) 2% sunt alte datorii curente (salarii personal, retineri salariale, etc).
2% are current debts (salaries, wage withholdings, etc).

In functie de termenul de exigibilitate datoriile sunt in proportie de 99% pana la 1 an si 1% peste 1 an. / According to their maturity, the debts are 99% under 1 year and 1% over 1 year.

Pe acest interval de timp evolutia datoriilor a fost subordonata nevoii de sustinere a productiei societatii, si alocarea unor resurse in investitii de echipament.

During this whole period of time the debt evolution has been determined by the need to support the production.

Toate datoriile societatii sunt strict corelate cu productia si vanzarea acesteia, fiecare datorie si scadenta avand identificate sursa de plata.

4. SITUATIA CONTULUI DE PROFIT / PROFIT AND LOSS ACCOUNT REPORT

	Denumirea indicatorilor / Name of the indicators	Exercitiul financiar / Financial year		
		2017	2018	2018/2017(%)
1	VENITURI DIN EXPLOATARE / OPERATING INCOME	73.064.348	84.766.003	115%
2	CHELTUIELI DE EXPLOATARE, din care / OPERATING EXPENCES, out of which:	63.395.386	80.249.493	126%
	a) Cheltuieli cu materiile prime, materialele consumabile si alte material / Raw materials, consumables and other materials expenses	31.232.879	39.812.201	127%
	b) Cheltuieli externe (cu energie și apă) / External expenses (with electricity and water)	1.100.513	1.468.732	133%
	c) Cheltuieli privind mărfurile / Merchandise expenses	3.892	143.212	3.680%
	d) Cheltuieli cu personalul / Personnel expences	21.962.632	27.215.362	124%
	e) Ajustări de valoare privind imobilizările corporale și necorporale / Adjusted value regarding tangible and intangible assets	1.758.137	1.659.941	94%
	f) Ajustări de valoare privind activele circulante / Adjusted value regarding current assets	(508.202)	(13.541)	
	g) Cheltuieli privind prestațiile externe / External services expenses	7.043.422	7.621.497	108%
	h) Cheltuieli cu alte impozite, taxe și vărsăminte assimilate / Expenses regarding other income taxes, taxes and related payments	736.239	932.660	127%

	i) Alte cheltuieli / Other expenses	968.738	1.544.590	159%
	j) Ajustări privind provizioanele / Adjusted value regarding provisions	(901.979)	(133.370)	
3	PROFIT DIN EXPLOATARE / OPERATING PROFIT	9.668.962	4.516.510	47%
4	VENITURI FINANCIARE / FINANCIAL INCOME	735.403	1.124.722	153%
5	CHELTUIELI FINANCIARE / FINANCIAL EXPENSES	2.525.009	3.160.800	125%
6	PIERDERE FINANCIARA / FINANCIAL LOSS	1.789.606	2.036.078	114%
7	Impozitul pe profit / Income tax	1.118.365	735.423	66%
8	PROFIT NET / NET PROFIT	6.760.991	1.745.009	26%

Venituri totale din exploatare realizate in anul 2018 in valoare de 84.766 mii.lei au crescut cu 15% fata de cele realizate in anul 2017. In aceeași perioadă cheltuielile din exploatare au fost in suma de 80.249 mii.lei, in crestere cu 26% fata de cele ale anului 2017. Veniturile din exploatare au relationat astfel cu cheltuielile:

- cheltuielile cu materiile prime, materiale consumabile si alte materiale au crescut cu 27%, de la 31.233 mii.lei la 39.812 mii.lei. evolutie conjuncturala generata in principal de tipologia constructiei de nave, respectiv de momentu lansarii navelor in executie;
- cheltuielile cu energia au crescut cu 33%, de la 1.101 mii.lei la 1.469 mii.lei, crestere peste ritmul veniturilor, determinata de ineficienta personalului incepator necalificat si a ucenicilor scolarizati;
- cheltuielile cu personalul au crescut cu 24%, de la 21.963 mii.lei la 27.215 mii.lei, urmare a angajarii de personal pentru acoperirea cresterii de productie (numarul mediu de personal a crescut in 2018 fata de 2017 cu 27 persoane), dar ce mai mult fiind internalizate costurile celor necalificati/inceptatori/ucenici si a fluctuatiei foarte mare de personal. Acestea nu au reusit sa fie compensate cu o productie adecvata.
- cheltuielile cu prestatiile externe au crescut de la 7.043 mii lei in anul 2017 la 7.621 mii lei anul 2018, sub ritmul dinamicii veniturilor;
- cheltuielile cu alte impozite si taxe (impozite si taxe pe proprietate, taxe mediu, contributii pentru persoanele cu handicap) au crescut cu 27%, de la 736 mii.lei in 2017 la 933 mii.lei in 2018, crestere determinata de schimbarile legislative intervenite.

Total operating income in 2018 amounting to 84,766 klei have increased by 15% compared to the ones realized in 2017. During the same period, the operating expenses were in the amount of 80,249 klei, up 26% of those of 2017. Operating income have interacted with expenses in the following manner:

- expenditures on raw materials, consumables and other materials increased by 27%, from 31,233 thousand lei to 39,812 thousand lei. contextual evolution generated mainly by the shipbuilding typology and the moment of launching of the ships in execution;
- energy expenditures increased by 33%, from 1,101 thousand lei to 1,469 thousand lei, increase over the rate of income, determined by the inefficiency of the unskilled beginner and the apprentices trained;
- the personnel expenses increased by 24% from 21,963 thousand lei to 27,215 thousand lei as a result of employing staff to cover the production increase (the average number of staff increased in 2018 compared to 2017 by 27 persons), but the more that the costs of the unskilled / beginners / apprentices and the great fluctuation of staff were internalized. These were not compensated with adequate production.
- expenditures with external benefits increased from 7.043 thousand lei in 2017 to 7,621 thousand lei in 2018, under the dynamics of income;
- the expenses with other taxes and duties (property taxes and fees, average taxes, disability contributions) increased by 27%, from 736 thousand lei in 2017 to 933 thousand lei in 2018, increase due to legislative changes occurred.

Veniturile financiare, in cea mai mare parte formate din diferente favorabile de curs valutar, au crescut cu 390 mii.lei in anul 2018 fata de anul 2017, de la 735 mii.lei la 1.125 mii.lei, cauzat pe de o parte de evolutia cursului de schimb eur/ron, si pe de alta parte de specificul productiei cu ciclu lung de fabricatie, finantata partial cu avansuri de la clienti.

Financial income, mostly due to positive foreign exchange rate differences, have decreased by 390 klei in 2018 compared to 2017, from 735 klei to 1.125 klei, caused on one hand by the eur/ron exchange rate evolution and on the other hand by the specificity of long term production, partially financed by advances from clients.

Cheltuielile financiare in suma de 3.161 mii.lei au crescut cu 636 mii.lei fata de cele din anul 2017. In 2018 acestea au inclus cheltuieli cu diferente de curs valutar 1.586 mii.lei si 1.575 mii.lei cheltuieli cu dobanzile bancare.

Financial expenses, in the amount of 3.161 klei have decreased by 636 klei compared to 2017. In 2018 they included exchange rate expences in value of 1.586 klei and 1.575 klei expenses with banking interests.

Consilul de administratie propune spre aprobare AGA repartizarea profitului net astfel:

- 124.022 lei rezerva legala;
- 1.396.699 lei rezerve din profitul reinvestit in anul 2018;
- 224.288 lei pentru alte rezerve;

The Board of Directors submits to the approval of the General Shareholders' Meeting the following distribution of net profit:

- 124.022 lei for legal reservation;
- 1.396.699 lei for reserves from reinvested earnings;
- 224.288 lei for other reservs.

5. SITUATIA CAPITALURILOR / CAPITAL REPORT

	INDICATORI / INDICATORS	31.12.2017	31.12.2018
1	TOTAL CAPITALURI, din care / TOTAL CAPITALS, out of which:	92.176.919	93.921.928
2	Capital social subscris si varsat / Subscribed and paid share capital	12.603.865	12.603.865
3	Rezerve din reevaluare / Reevaluation reserves	77.081.454	76.321.563
4	Rezerve legale / Legal reserves	1.565.488	1.689.510
5	Alte rezerve / Other reserves	6.288.767	12.281.705
6	Rezultat reportat – pierdere din anii anteriori / Retained earnings – loss from previous years	(23.921.855)	(23.921.855)
7	Rezultat reportat – corectare erori contabile / Retained earning – accounting errors correction	1.808.961	1.808.961
8	Rezultatul reportat – rezerve din reevaluare / Retained earnings – reevaluation reserves	10.335.442	11.095.333
9	Profit curent / Current profit	6.760.991	1.745.009

Capitalurile proprii au crescut fata de perioada precedenta cu 1.745 mii.lei, de la 92.177 mii.lei la 93.921 mii.lei.

Own capital have increased by 1.745 klei compared to the previus period, from 92.177 klei to 93.921 klei.

Rezultatul reportat include si este influentat in mare parte de pierderile inregistrate in perioada 2007-2008, nerecuperate pana la 31.12.2018:

- Pierdere provenita din exercitiul financiar 2007: 5.972.707 lei.
- Pierdere provenita din exercitiul financiar 2008: 17.949.148 lei.

Retained earnings mostly includes the losses registered during 2007-2008 and unrecovered until 31.12.2018:

- Loss generated during 2007 financial year: 5.972.707 lei
- Loss generated during 2008 financial year: 17.949.148 lei.

6. PRINCIPALII INDICATORI ECONOMICI FINANCIARI / MAIN ECONOMIC-FINANCIAL INDICATORS

	An / Year 2017	An / Year 2018
1. Indicatori de lichiditate / Liquidity indicators		
Indicatorul lichiditatii curente / Quick ratio indicator	1.11	1.06
Indicatorul lichiditatii imediate / Immediately liquidity indicator	0.23	0.49
2. Indicatori de risc / Risc indicators		
Indicatorul gradului de indatorare / Indebtedness ratio	29%	42%
3. Indicatori de activitate / Activity indicators		
Viteza de rotatie a debitelor clienti / Clients turnover ratio	15	40
Viteza de rotatie a creditelor furnizor / Suppliers turnover ratio	18	11
Viteza de rotatie a activelor imobilizate / Fix assets turnover ratio	0.73	0.91
Viteza de rotatie a activelor totale / Assets turnover ratio	0.50	0.52

Lichiditatea curenta s-a diminuat, inregistrand o scadere cu 5%, de la 1,11 la 1,06, activele curente evoluand sub ritmul indatorarii, cauzat de o productivitate a muncii mai redusa si costuri de operare mai mari.

Quick ratio declined by 5%, from 1.11 to 1.06, with current assets evolving below debt, driven by lower labor productivity and higher operating costs.

Lichiditatea imediata a inregistrat crestere, de la 0.23 la 0.49 determinata de stocarea productiei in curs de executie mai mari, ce urmeaza sa fie livrata in 2019.

Immediately liquidity has registered an increase from 0.23 to 0.49 due to the stockpiling of higher production, to be delivered in 2019.

Gradul de indatorarea a crescut, de la 29% in 2017 la 42% in 2018, urmare a cresterii soldului avasurilor incasate in anul 2018 pentru navele in curs de executie ce au termene de livrare in anul 2019 si datoriilor catre banci necesare executiei productiei contractate.

Indebtedness ratio has increased from 29% in 2017 to 42% in 2018, as a result of the increase in the balance of receipts collected in 2018 for ships under execution which have delivery deadlines in 2019 and debts to banks required to execute the contracted production.

VII. GUVERNATA CORPORATIVA / THE CORPORATE MANAGEMENT

VII.1. Prevederi generale / VII.1. General Provisions

(1)Sistemul de guvernanta corporativa al SEVERNAV SA cuprinde ansamblul regulilor prevazute de Actul constitutiv, si de celelalte reglementari interne, prin care se reglementeaza conducerea si controlul activitatii SEVERNAV SA.

(1) The corporate governance system of SEVERNAV SA includes the set of rules set out in the Articles of Incorporation and other internal regulations regulating the management and control of the SEVERNAV SA activity.

(2)Sistemul de guvernanta corporativa al SEVERNAV SA are in vedere realizarea urmatoarelor obiective generale:

- a) Respectarea drepturilor si intereselor legitime ale actionarilor;
- b) Tratamentul echitabil, egal si corect al actionarilor;
- c) Respectarea drepturilor si intereselor legitime ale detinatorilor de interese;
- d) Definirea de roluri, competente si responsabilitati clare pentru Consiliul de Administratie si conducerea executiva;
- e) Integritatea, comportamentul etic si competenta profesionala a echipei de management si a salariaților SEVERNAV SA;

- f) Transparența activității și prezentarea corectă a rezultatelor și perspectivei viitoare ale SEVERNAV SA;
- g) Dezvoltarea durabilă a SEVERNAV SA.
- h) Implementarea și aplicarea Codului de Governanță Corporativă al Bursei de Valori București

(2) The corporate governance system of SEVERNAV SA aims at achieving the following general objectives:

- a) Respecting the rights and legitimate interests of shareholders;
- b) fair, equal and fair treatment of shareholders;
- c) Respecting the legitimate rights and interests of interest holders;
- d) Defining clear roles, skills and responsibilities for the Board of Directors and executive management;
- e) Integrity, ethical behavior and professional competence of the management team and employees of SEVERNAV SA;
- f) Transparency of activity and correct presentation of future results and prospects of SEVERNAV SA;
- g) Sustainable development of SEVERNAV SA.
- h) Implementation and application of the Corporate Governance Code of the Bucharest Stock Exchange

VII.2. Conducerea companiei / VII.2. Company leadership

1. Adunarea Generală a Acționarilor poate fi Ordinara sau Extraordinară. Competențele și condițiile de intrunire ale adunărilor generale sunt prezentate în Actul Constitutiv al Severnav SA, în cuprinsul Capitolului V, articolele 12 – 22.

Ultima actualizare a Actului Constitutiv a fost realizată în decursul anului 2017 și a intrat în vigoare la data de 25.04.2017. Actul Constitutiv al Severnav SA poate fi consultat public pe site-ul companiei (www.severnav.ro)

1. The General Meeting of Shareholders may be Ordinary or Extraordinary. The powers and conditions for the meeting of the general meetings are presented in the Articles of Incorporation of Severnav SA, in the contents of Chapter V, Articles 12-22.

The last update of the Constitutive Act was made in 2017 and entered into force on 25.04.2017. The Articles of Incorporation of Severnav SA can be consulted publicly on the company's website (www.severnav.ro)

Competențele generale ale adunărilor generale sunt cele stipulate de Legea nr.31/1990 a Societăților Comerciale. Competențele și limitele specifice acordate de acționarii Severnav SA sunt reprezentate de acordul AGEA pentru aprobarea de plafoane de creditare mai mari de 10 mil EUR și de un necesar de 2/3 din drepturile de vot prezente și reprezentate la AGEA pentru schimbarea obiectului principal de activitate, modificarea valorii capitalului social, schimbarea formei juridice, fuziunea, divizarea sau lichidarea voluntară a companiei.

The general powers of the general meetings are those stipulated by the Law no. 31/1990 of the Commercial Companies. The specific competencies and limits agreed by the shareholders of Severnav SA are represented by the AGEA approval for the approval of credit ceilings exceeding EUR 10 million and by a 2/3 of the voting rights present and represented at the EGMS for the change of the main object of activity, changing the value of the share capital, changing the legal form, merging, dividing or voluntarily liquidating the company.

2. Consiliul de Administrație al Severnav SA este format dintr-un număr de 5 membri, 4 membri neexecutivi iar Președintele CA detine și funcția de Director General. Membri CA sunt aleși pe o durată a mandatului de 4 ani.

Atribuțiile CA sunt cuprinse în Actul Constitutiv la Capitolul VI, art. 24-28.

În decursul exercitiului financiar 2018, Consiliul de Administrație al Severnav SA s-a întrunit într-un număr de 8 ședințe.

2. The Board of Directors of Severnav SA consists of 5 members, 4 non-executive members and the President of the Board of Directors holds the position of General Manager. Members of the CA are elected for a term of office of 4 years.

The powers of CA are contained in the Articles of Incorporation at Chapter VI, art. 24-28.

During the financial year 2018, the Board of Directors of Severnav SA met in a number of 8 sessions.

VII.3. Codul de Governanță Corporativă al BVB / VII.3. The Corporate Governance Code of the BVB

Severnav SA a aderat la Codul de Governanță Corporativă al BVB în anul 2016. Codul reprezintă un set de reguli recomandate companiilor emitente ale caror acțiuni se tranzacționează pe piața AeRO a BVB, guvernate de principiul "Aplici sau Explici", care obligă compania la a da explicații atunci când consideră că o regulă nu este oportuna sau necesară.

Severnav SA adhered to the Corporate Governance Code of the BVB in 2016. The code represents a set of rules recommended to issuers whose shares are traded on the AeRO market of the BSE, governed by the "Apply or Explain" principle, which obliges the company to give explanations when he considers that a rule is not appropriate or necessary.

Din cuprinsul prevederilor Sectiunii A – Responsabilitati ale Consiliului de Administratie si B – Sistemul de Control Intern, Severnav SA indeplineste toate cerintele Codului.

From the provisions of Section A - Responsibilities of the Administration Council and B - Internal Control System, Severnav SA fulfills all the requirements of the Code.

Referitor la Sectiunea C, Severnav SA nu a publicat remuneratia membrilor CA si a Directorului General, avand in vedere ca acestea sunt stabilite de Adunarea Generala Ordinara a Actionarilor iar eventualele bonificatii financiare sunt aprobate in acelasi for.

Concerning Section C, Severnav SA did not publish the remuneration of the CA members and the General Manager, given that they are established by the Ordinary General Meeting of Shareholders and any financial bonuses are approved in the same forum.

Privitor la Sectiunea D a Codului de Guvernanta Corporativa al BVB, societatea nu a publicat materiale privitoare la informarea continua in limba engleza avand in vedere ca nu a fost determinat un interes al investitorilor straini in legatura cu actiunile societatii. Societatea detine insa un site de internet in limba engleza. Website-ul societatii contine prevederile cuprinse la punctele D.1.1. - D.1.7 ale codului.

Regarding Section D of the Corporate Governance Code of the BVB, the company did not publish materials on continuous information in English as no interest of foreign investors in the company's shares was determined. The company owns an English website. The company website contains the provisions of paragraphs D.1.1. - D.1.7 of the code.

Adunarea Generala nu a implementat o politica de dividende, deoarece Societatea nu a definitivat procesul de restructurare si reinnoire a capacitatilor de productie. Eventuala acordare de dividende va fi propusa de Consiliul de Administratie si aprobata de AGOA, insa nu este vizata in acest moment elaborarea unei politici specifice.

The General Assembly did not implement a dividend policy because the Company did not complete the process of building and renewing its production capacities. The eventual allocation of dividends will be proposed by the Board of Directors and approved by the OGAS, but it is not intended at this time to develop a specific policy.

In legatura cu politica de prognoze precizata la punctul D.3 al Codului, Severnav SA nu a elaborat o astfel de politica, dificil de realizat in contextul specificului activitatii de constructie de nave de tonaj mediu, in care constructia unui reper se intinde pe o durata de timp de mai multe luni sau ani.

In relation to the forecasting policy specified in point D.3 of the Code, Severnav SA did not elaborate such a policy, which is difficult to achieve in the context of the specific activity of building medium-sized ships, where the construction of a landmark is a long- for several months or years.

Severnav SA respecta prevederile punctului D.4 al Codului si face eforturi in a atrage cat mai multi actionari la sedintele Adunarilor Generale.

Severnav SA observes the provisions of point D.4 of the Code and strives to attract as many shareholders as possible to the meetings of the General Assemblies.

Societatea nu vizeaza in acest moment publicarea de materiale in limba engleza si intalniri cu analistii financiari, deoarece nu a fost identificat pana in acest moment un interes semnificativ al investitorilor straini sau al celor institutionali privind achizitiile de instrumente financiare ale companiei.

The company is not currently targeting the publication of English materials and meetings with financial analysts, as no significant interest of foreign or institutional investors in the acquisition of financial instruments has been identified so far.

VIII. MODIFICARI SURVENITE IN SOCIETATE / COMPANY MODIFICATIONS

Bilantul contabil si contul de profit si pierdere, au fost intocmite pe baza Balantei de verificare la 31 decembrie 2018, iar registrele si jurnalele obligatorii sunt operate la zi.

The balance sheet and the profit and loss account have been completed on the basis of the 31st December 2018 trial balance and the compulsorily registers and journals are operated to the current day.

Evidenta contabila a societatii se tine in conformitate cu:

- Legea Contabilitatii 82/1991 (republicata).
- Reglementarile contabile conforme cu Directiva a IV-a a Comunitatii Economice Europene si Standardele Internationale de Contabilitate.
- Ordinul Ministerului de Finante 1802/2014 privind aprobarea reglementarilor contabile conforme cu directivele europene.

The Company's accounting evidence is kept according to:

- Accounting Law 82/1991 (republished)
- Accounting regulations complying with the 4th Directive of the Economic European Community and International Accounting Standards
- The Ministry of Finance Order 1802/2014 concerning the approval of accounting regulations complying with the European directives.

Presedinte Consiliul de Administratie,

Tirlea Victor

