



## TURBOMECANICA

Bd. Iuliu Maniu Nr. 244 District 6 Zip Code 061126 Bucharest - Romania

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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**

**[www.turbomecanica.ro](http://www.turbomecanica.ro); e-mail: [office@turbomecanica.ro](mailto:office@turbomecanica.ro)**

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### CURRENT REPORT

No.11 of 22.07.2020

The current report in conformity with art 143 of ASF Regulation no. 5/2018

**Reporting date:** 22.07.2020

**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 Tier Standard Shares

#### **I. Important events to be reported**

1. The Board of Directors of the Company TURBOMECANICA SA has adopted the decision no. 137/22.07.2020 whereby it was approved:

The Board of Directors of the Company TURBOMECANICA S.A., with headquarters in Bucharest Bd Iuliu Maniu nr 244 sector 6 incorporated under no J40/533/1991, CUI 3156315, in accordance with the provisions of the Law no 31/1990 as republished with subsequent modification and amendments and of the Law no. 24/2017 , gathered on 22.07.2020 has decided to call on 25.08.2020 hour 11 in the Protocol Hall of Turbomecanica SA located in Bucharest Bd Iuliu Maniu no.244 sector 6 THE ORDINARY GENERAL MEETING OF SHAREHOLDERS registered in the shareholders' registry at the end of the day of 14.08.2020.

The ordinary general meeting will have the following agenda:

1. Approval of the development strategy of Turbomecanica – diversifying the services portfolio for maintenance and repairs for CFM56-7B engines which are used on Boeing 737NG aircrafts;
2. Approval of the investment plan for 2020;
3. Approval of the registration date for the purpose of identifying the shareholders for whom the decision of the general meeting of shareholders produces effects, being proposed the date of 24.09.2020.

4. Establishing the date of 23.09.2020 as „ex date”, the calendar day from which the shares issued by TURBOMECHANICA S.A., object of the Decisions of the ordinary general meeting of Shareholders are to be traded without the rights deriving out of that decision;

5. Empowering the President of the Board of Directors to sign the minutes and the decision of the ordinary general meeting of shareholders and the company’s legal counsellor to fulfill the formalities necessary for registering it with the Trade Registry Office and for publishing the decision of the ordinary general meeting of shareholders in the Official Gazette, Part IV.

In case at the first call the legal conditions for the quorum are not being fulfilled, the ordinary general meeting of shareholders shall be again convened for 26.08.2020 hours 11 in the same place with the same agenda.

The shareholders registered with the Central Depository as shareholders as of 14.08.2020, which is the reference date of the meetings as per the evidences issued by Central depository SA may participate to the general meeting directly or may be represented at the meeting either by their legal representatives or by other representatives who were granted a special or general power-of-attorney, under the conditions of art. 92 para 19 of Law no. 24/2017 on financial instruments issuers and market operations.

The minimum content of the power-of-attorney is as per art. 201 of ASF Regulation no. 5/2018. The preprinted form of the special power-of-attorney, in Romanian and English language, may be obtained upon request from the company’s headquarters or it can be downloaded from the web site <https://turbomecanica.ro/adunarea-general-a-actionarilor/>, starting with the date of 24.07.2020.

The shareholders may grant a general power-of-attorney valid for a period which will not exceed 3 years, allowing its representative to vote in all aspects under debate in the general meetings of shareholders of one or several companies identified in the power-of-attorney, including as regards to dispositive documents, given that the power-of-attorney is granted by the shareholder, as a client, to an agent defined as per the provisions of the Law no 24/2017 on financial instruments issuers and market operations, or to a lawyer.

The shareholders may not be represented in the general meetings of shareholders based on a general power-of-attorney by a person found in a situation of conflict of interests that may occur especially in one of the following cases:

a) he/she is a majority shareholder of the company or another entity controlled by the respective shareholder;

b) he/she is a member of a body of administration, management or surveillance of the company, of a majority shareholder or an entity controlled as per those provided at letter a);

c) he/she is an employee or auditor of the company or of a majority shareholder or an entity controlled as per those provided at letter a);

d) he/she is the husband, relative or affinitive up to the fourth degree including of one of the natural persons provided at letters a)-c).

The proxy may not be substituted by another person. If the proxy is a legal entity, it may exercise its mandate by means of any person who is a part of the administration or management body or of its employees.

The deadline for submitting the powers-of-attorney is 21.08.2020, 11 a.m. hours. One signed copy of the power-of-attorney, containing the mention of conformity with the original, signed by the representative (in Romanian or English language) together with a copy of the identity card or the registration certificate of the represented shareholder will be submitted at the company’s headquarters in Bucharest, Bd Iuliu Maniu no 244, District 6, or may be sent via e-mail with the extended electronic signature at the email address [office@turbomecanica.ro](mailto:office@turbomecanica.ro). Certified copies of the powers of attorney are withheld by the Company this being mentioned in the minutes of the shareholders’ meeting.

The shareholders may empower a credit institution which provides custodian services on the basis of a special power of attorney drafted under ASF Regulation no. 5/2018 and signed by the respective shareholder which shall be delivered together with a statement given on its own responsibility of the custodian institution which was so empowered where it shall be mentioned that:

- i) the credit institutions provides custodian services for the respective shareholder;
- ii) the instructions from the special power of attorney are identical with the instructions received through the SWIFT message received by the credit institutions in order to vote in the name of that shareholder;
- iii) the special power of attorney is signed by the respective shareholder.

The Special Power of attorney and the statement mentioned above shall be submitted at the Company's headquarters from Bucharest, Bd Iuliu Maniu no 244, District 6,, in original, signed and if applicable, stamped, or they can be sent by email with extended electronic signature attached at [office@turbomecanica.ro](mailto:office@turbomecanica.ro).

The shareholders registered on the reference date in the shareholders registry have the possibility to vote by correspondence, before the General Meeting of Shareholders, by using the preprinted form of correspondence vote, in Romanian or English language. The preprinted form of correspondence vote signed, in original, or bearing the extended electronic signature, together with a copy of the identity card or the registration certificate of the shareholder, will be sent in original to its headquarters until 21.08.2020, up to 11 a.m. hours. Under the provisions of art 92 para 20 of the Law no 24/2017 in case a shareholder whom has expressed its vote by correspondence participates personally or by proxy in the general meeting, the correspondence vote expressed for that general meeting will be annulled, being considered only the personal or by proxy expressed vote.

Legal entities shareholders shall evidence the legal representative quality by a certificate issued by the trade registry presented in original or certified copy or any other document in original or certified copy issued by the competent authority in the state where the shareholder is duly registered which mentions the quality as legal representative. The documents in this respect shall be issued with maximum 3 months before 24.07.2020.

The documents which attest the quality of legal representative drafted in a foreign language other than English Language shall be accompanied by a translation, by an authorized translator, in Romanian or English language, without other additional formalities.

The documents, materials regarding the agenda, draft decision and the correspondence vote form, available in both English and Romanian languages shall be at the shareholders' disposal to be analyzed and if the case might be amended as per the provisions of art 117 para 6 of the Law no 31/1990 starting with 24.07.2020, 10 a.m. hours, at Company's headquarters in Bucharest, Bd Iuliu Maniu no 244, District 6, at Company's secretariat during business days and on the website of the Company <https://turbomecanica.ro/adunarea-general-a-actionarilor/>.

The shareholders holding individually or jointly at least 5% of the social capital has/have the right:

- (i) to insert new items on the agenda of the Ordinary General Meeting of Shareholders, provided that each item is accompanied by a justification or a draft decision proposed to be adopted by the general meeting; and
- (ii) to submit draft decision for the items included or proposed to be included on the agenda of the general meeting.

These rights may be exercised in writing until 10.04.2020.

The company's shareholders may raise questions, in writing, concerning the items on the agenda, and they must be submitted at the company's headquarters or by email at the email address

[zaira.bamberger@turbomecanica.ro](mailto:zaira.bamberger@turbomecanica.ro) together with copies of the documents allowing the identification of the shareholder until 21.08.2020, 15 hours.

The company hereby informs the shareholders that it will strictly apply the restrictions in force at the date of the ordinary general meeting of the shareholders, regarding the limitation of the number of participants to events held in closed spaces, only according to the express decisions taken by the competent authorities. We inform specifically and expressly the shareholders of the Company that participation in public events / meetings held in confined spaces, under the conditions imposed by the authorities at that time, exposes the participants to a possible contamination with SAR-CoV-2 coronavirus, might represent a risk on which the Company and / or its management cannot be held responsible.

Taking into account the measures applied by the Company to ensure also the proper conduct of the general meetings of the shareholders, taking into account the legal provisions applicable due to the current epidemiologic situation in Romania, if the ordinary general meeting of the shareholders cannot be carried out by the physical presence of the shareholders, as a result of the specific decisions adopted by the authorities, the Company took all measures for the general meeting of the shareholders to take place by using the correspondence vote, and, as the case may be, by expressing the vote by using electronic means of data transmission, according to the legal provisions.

Thus, considering the provisions of the constitutive documents of TURBOMECANICA SA, as well as those of Law no. 31/1990 on companies, Law no. 24/2017 regarding issuers of financial instruments and market operations the Regulation of the Financial Supervisory Authority no. 5/2018 regarding the issuers of financial instruments and market operations and the Regulation of the Financial Supervisory Authority no. 5/2020 for implementing of measures regarding the general meeting of shareholders while the emergency status caused by COVID-19, we specifically request the shareholders and investors convened for the Ordinary General Meeting of the Shareholders of 25.08. 2020 to analyze the support materials for the items on the agenda of the ordinary general meetings of the shareholders available on the Company's website [www.turbomecanica.ro](http://www.turbomecanica.ro).

In the current context, the management of TURBOMECANICA SA recommends to its shareholders, to the extent possible:

- To access the support materials for the OGMS in electronic format, available on the company's website, rather than the copies available at the company's headquarters;
- To vote by correspondence using the voting ballot by correspondence also available on the Company's website;
- To use all the electronic means of communication indicated in the call (e-mail at the addresses [office@turbomecanica.ro](mailto:office@turbomecanica.ro) or [zaira.bamberger@turbomecanica.ro](mailto:zaira.bamberger@turbomecanica.ro)) rather than the post or the courier at the Company's headquarters, when submitting (i) proposals with respect to adding new items on the OGMS agenda, (ii) draft resolutions, (iii) written questions before OGMS, (iv) the powers of attorney for representation in the OGMS or (v) the correspondence voting ballot.

B. The Board of Directors of Turbomecanica SA adopted the Decision no. 137/22.07.2020 by submitting to the approval of the shareholders of the Company the development strategy of the company TURBOMECANICA S.A. by - diversification of the portfolio of maintenance and repair services ("MRO") performed for CFM56-7B engines used on Boeing 737NG civil aircraft

The Board of Directors of Turbomecanica SA adopted Decision no. 137/ 22.07.2020 by submitting to the approval of the shareholders of the Company the development strategy of the company

TURBOMECANICA S.A. by - diversification of the portfolio of maintenance and repair services ("MRO") performed for CFM56-7B engines that equip Boeing 737NG civil aircraft

The year 2020 marks 45 years of activity in the aeronautical field for Turbomecanica - which opened its doors in 1975 and began its activity producing turbomotors, mechanical assemblies for PUMA 330L helicopters and turbojet engines for equipping the IAR 93 aircraft, and later IAR 99 Falcon , also ensuring the periodic maintenance necessary for their good functioning. The company has been performing maintenance and repair services for 40-year-old engines: annually, on average, 25 engines and 14 sets of helicopter mechanical assemblies, ensuring the compliance and proper functioning of these equipment that endow the Romanian military fleet.

The MRO segment for civil engines represents the market with the greatest potential for developing the Company's business and at the same time it is the main market not accessed so far, the Company having technical and human resources capabilities to cover this field of activity.

At this moment, for Turbomecanica the most logical strategic option to enter the market of MRO (manufacturing, repair and overhaul) for civil engines is related to the CFM56-7B engine which is the best selling engine in the history of aviation, it equips B737NG aircraft . The forecasts for this market indicate a favorable potential for the company, a fact confirmed by the specialized independent consultants who have worked with the company's management in order to establish the parameters of this new development strategy.

The development of this new capability at national level through the import of know-how represents a significant potential for the economic development of Romania in a top industry and can represent an extraordinary asset for serving the national defense requirements.

In addition to assimilating new technologies, the benefits of this project are: creating new jobs (highly qualified), supporting the capitalization of Romanian industry, increasing exports (servicing foreign fleets), reducing imports.

The two national air carriers are equipped with aircraft equipped with CFM56-7B engines, and Romania could benefit from the advantages of a national cooperation to ensure the technical maintenance of the fleets.

This type of engine is designed to run an average of 25,000 hours between two major repairs. As a result, the sales volume for the start period (2023-2026) provides a maximum volume of up to 12 engines / year. Subsequently, it is planned to expand the existing facilities for a volume of 30-35 engines in the early 2030s.

Although aviation is in a critical period due to COVID-19, IATA estimates indicate the return of passenger traffic in 2019 only from 2023. The Company's business plan provides for the effective start of the new business in 2023, which represents a major opportunity to use the period 2020-2023 as an investment implementation period and become a major player in the region at the time of the relaunch of air transport.

Currently in Eastern Europe there are no economic agents to carry out such activities, most of the MROs for civil engines being located in Western Europe, which creates an increase in the attractiveness of this project.

Aircraft maintenance costs are about 10-15% of an airline's total expenses, which is a significant share for an industry operating with a profit margin of about 2-3%. Given that engine repairs have the largest share of total repair costs, the provision of high quality services at slightly lower rates than competitors in Western Europe, will be attractive on the market, especially in the post-war period. COVID.

This investment project will allow the Company to position itself on the selected club of MRO type service providers internationally.

The investment needs approx. 2.5 years for implementation (including certification of the quality management system in accordance with EASA Part 145B and training) and then approx. 3 years to reach the break-even point.

The Company conducted feasibility studies and analyses on the integration of this type of engine in the existing testing capacity, which revealed the opportunity to use the existing test bench in the Company's assets, which only proposed changes and upgrades by specialized companies.

Increasing turnover, as well as a technological flow that allows maintenance and repairs for a volume of 30 engines annually involves investments in know-how in all operational and organizational aspects (technological processes and procedures, technological flow, re-architecture of internal IT application, financial and accounting processes), complex process in terms of human resources (selection, recruitment, training and certifications) , identification (since the implementation period) of suppliers of parts and materials. All investments to be further made in relation with this new development strategy, including funding opportunities and other significant aspects shall be submitted in due time for the approval for the shareholders.

All these challenges have been identified and analysed and are to be addressed during the implementation period.

RADU VIEHMANN

President of the Board of Directors