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HALF-YEAR REPORT
OF THE BOARD OF DIRECTORS

prepared in accordance with Regulation FSA no.5/2018
for the first half-year of 2020

Company
ROMPETROL WELL SERVICES S.A.

Registered office:	Ploieşti - str. Clopoţei no. 2 bis
Telephone no.:	0244/544321, 0244/544101
Fax no.:	0244/522913
Tax identity code:	RO 1346607
Trade Registry no.:	J29/110/March 05, 1991
Trading market:	BUCHAREST STOCK EXCHANGE
Subscribed and paid in share capital:	RON 27,819,090

Main characteristics of the securities issued by the company

No. of shares:	278,190,900
Nominal value (RON/share):	RON 0.10
Class and type of securities:	“A” nominative

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Rompetrol Well Services S.A. (**PTR**) is one of the major suppliers of well services in Romania. The company offers a wide range of services for oil and gas wells. These services include cementing, stimulation, , tubular running operations and sand control services, etc.

Together with the global oil and gas industry, the Company faced in 2020 challenges coming from COVID-19 pandemic and crude oil quotations dive. Despite the serious challenges, the Company kept its operations profitable, ensuring safety measures during increasing pandemic curve rise.

1. Economic and financial position

1.1. *Presentation of a current economic and financial analysis in comparison with the same period of the last year, with reference to at least the following:*

a) *balance sheet items: assets accounting for at least 10% of total assets; cash and other available funds; reinvested profits; total current assets; company's debts situation;company total current liabilities;*

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	At **30.06.2020**	At **31.12.2019**
Fixed assets	De	37,643,571
Current assets, of which:	124,427,709	126,635,380
Cash and availabilities in cash-pooling system	97,075,357	98,221,212
Total assets	**163,668,670**	**164,278,951**
Equity, of which:	139,134,062	148,703,614
Current year profit	2,600,556	12,170,108
Long term liabilities	2,773,234	2,460,521
Current liabilities	21,227,007	12,561,905
Total equity and liabilities	**163,668,670**	**164,278,951**

The net value of fixed assets had recorded an increasing trend, the significant impact being given by the increase in Right-of-use assets, represented by leased operational equipments.
The variation in current assets is mainly given by the impact of decreased activity in the market on the working capital elements, mainly trade receivables.
The decrease in equity is the direct consequence of previous year profit distributed to dividends in full (12 mil lei), partially netted off by current year profit (2,6 mil lei).
The current liabilities increase was generated by the recognision of the dividents granting obligation in amount of 12 milion lei established based on the Annual General Meeting of Shareholders on April 27, 2020. The due date for the obligation settlement towards the shareholders of the company was established on July 9, 2020.

b) *the profit and loss account: net sales; gross income; cost and expenditure items representing for at least 20% of net sales or of gross income ; provisions for risks and various expenses ; reference to any sale or discontinuation in one activity segment during the last 6 months or during the following 6 months ; dividends declared and paid;*

Economic and financial indicators achieved in the first six months of this year, shows the direct effects of current economic crisis generated by the drop in the oil prices.

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	H1 2020	H1 2019
Operating income, out of which:	26,975,556	32,689,593
Services performed	26,668,025	32,400,186
Operating expenses	(25,863,442)	(26,978,955)
Operating result	**1,112,114**	**5,710,638**
Net financial income	1,976,440	2,439,294
Net Result	**2,600,556**	**6,848,548**

Changes in absolute terms and in the structure of costs presented are determined by:

- orders received under existing framework contracts for services;
- optimizing the technical and personnel functional structures;
- maintaining concern for providing complex services;
- the payment without delay of debts to the state budget, local budgets and suppliers;

c) *cash flow: all the changes occurred in the cash flow generated by the main activity, by investments and financial activities, the cash flow at the beginning and at the and of the period.*

Statement of Cash Flows
Indirect method

- lei

	Date 30.06.2020	Date 30.06.2019
Net cash flow (used in) generated by operating activities	371.814	6,549,397
Net cash from investments	3.425.050	(2,338,574)
Net cash flows from financing activities:	(1.463.425)	(651,299)
Net increase / (decrease) of cash and cash equivalents	2.333.107	3,540,267
Cash and cash equivalents at the beginning of the financial year	2.211.024	2,118,125
Cash and cash equivalents at the end of reported period	**4.544.462**	**5,677,650**

During the first six months of the year 2020, all the company's commitments were respected, managed in financial equilibrium, ensuring the cash availability for full and timely payment of commercial commitments, salaries, budgetary obligations and dividends. Solid liquidity position allowed the Company to address working capital requiments in full from own sources. In addition to the cash presented at the end of the reporting period, the Company can use also without restrictions the own cash resources from cash-pooling master account, in amount of 92,221,450 lei at 30.06.2020, respectively 89,439,990 lei at 30.06.2019.

	H I 2020	H I 2019
1. Liquidity indicators		
Current liquidity indicator	5.72	8.27
2. Gearing ratio	0.5%	0.4%
3. Activity indicators		
Turnover speed of debits - clients (days)	114.76	127.00
Turnover speed of fixed assets	0.68	1.02

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The indicators presented above reflect the preservation of financial independence, even in the conditions of decreased activity.
We specify that financial information for the reported period January 1st 2020 – June 30st 2020 was not audited. The auditor's report shall be prepared only annually at the end of each year - calendar year. Financial auditor of the Company is Ernst & Young Assurance Services SRL, a company specialized and recognized as independent auditor and audit of annual statements is made in purpose of offering a clear view in all material respects, of the financial position of the company, of the results of its operations, of the situation changes in equity, as well as of the situation cash flow statement.

2. Analysis of the company's activity
2.1. *Presentation and analysis of trends, elements, events or uncertainty factors which affect or could affect the company's liquidity position, in comparison with the same period of the last year.*

Due to the rapid crude oil price drop in first half of 2020, Company's customers significantly decreased their spending programms with regards to new wells development. However the Company managed to partially offset this event by getting involved in more stimulation services, that allowed to reach positive financial results.
Because of decreased revenue generation, the Company engaged in an attentive approach to the expeditures, maintaining its social responsibilites in the complex global enviroment.

To ensure success in service quality, health and safety of employees and environment protection, Rompetrol Well Services has implemented and maintains since 2006 an integrated management system certified according to ISO 9001, ISO 14001 and OHSAS 18001.

2.2. *Presentation and analysis of the effects on the company's financial position of all capital expenditure, either current or anticipated (by mentioning the purpose and the source of finance for the expenditure), in comparison with the same period of the last year.*

The company operated through the use of its own financing sources, without engaging credits from banking institutions or other legal persons. The debt category does not include overdue debts such as interest or other credits engaged from banking institutions, but only the effect of applying the new leasing standard.

The Company will continue with the investment programm for the year, in order to maintain the high quality of equipments and continue to offer services with a high degree of complexity to its customers.

2.3. *Presentation and analysis of the events, transactions, economic changes which significantly affect the income generated by the main activity. Mention of the extent to which the income has been affected by each element identified. Comparison with the same period of the last year.*

The decresing trend in the upstream industry is directly reflected in the level of turnover recorded in the first six months of 2020, whose level was 18% lower than the one recorded in the same period of previous year.
The Covid-19 epidemic crisis has affected the economy both globally and nationally. The measures to limit the spread of the virus have directly impacted the international markets, including a drop in the oil price, with possible negative impact including on the upstream market in Romania.
In the short term, the Company's activity experienced a decrease in orders for the provision of well services. In the medium and long term, taking into account similar episodes of sharp drops in oil prices recorded in the past, we expect that the Romanian market will return to normal conditions.

3. Changes which affect the company's capital and administration
3.1. *Description of the situations when the company was unable to fulfil its financial obligations within that period.*

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The Company was able to meet all its financial obligations, having permanently liquidities, the obligations being paid within the deadlines set by the legislative norms or the contractual clauses.

3.2. *Description of any change in the rights of holders of securities issued by the company.*
The transferable securities issued by SC Rompetrol Well Services S.A. are admitted to the Bucharest Stock Exchange, under category II, starting with 18.06.1998 and are traded on this market under the symbol PTR.
The registered capital at June 30st 2010 is 27,819,090 RON equivalent to 278,190,900 shares with a nominal value of 0.10 RON / share.
During the first half of 2020 there was no change as regards the rights of holders of securities issued by the Company.

At June 30st, 2020, no person from the Company's management participates in the share capital of the company.

4. Significant transactions
In the case of issuers of shares, information on major transactions concluded by the issuer with the persons that act in concert or in which these persons have been involved in the relevant time period.

The new major transactions have been identified on contracts, and reported, if the case, as provided by Law 24/2017 - article 82 and ASF Regulation No. 5/2018.

Chairman of the Board of Directors,

Saduokhas Meraliyev

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Saduokhas Meraliyev
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General Manager,

Timur Zhetpisbayev

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Timur Zhetpisbayev
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Finance Manager,

Luiza Roxana Moise

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