rompetrol
well services

ANNOUNCEMENT
concerning the preliminary financial results for the year 2020

Rompetrol Well Services S.A. (PTR) is one of the most important well services companies in Romania. It provides a wide range of services for oil and gas wells in Romania and Eastern Europe (cementing, gravel pack, stimulation, testing, equipment rental, tubular casing, etc.).

Annually PTR on average performs about 500 cementing operations at depths down to 5,000 meters and over 400 matrix stimulation operations.

The regional market and demand for well services registered during 2020 a significant drop on the background of effects generated by COVID-19 pandemic, as well as due to a negative trend, registered by the petroleum industry.

The upstream sector was directly impacted by the crude dynamics, quotations volatility for oil products, production reduction measures or suspension of some major exploration and production projects. Additionally count geopolitical tensions (USA, Russia, Saudi Arabia, Iran) and OPEC decisions for limiting or reducing the crude production, Brent quotation in year 2020 being at a level of 42 USD / barrel, 35% down in comparison with 64 USD/barrel recorded in year 2019.

Within the COVID-19 pandemic context, measures for limiting virus spreading and population mobility were reflected in a dramatic and sudden drop of demand for oil products, decreased refining margins, generating overstocks of raw materials and products.

This market context, as well as medium and long-term perspectives have determined big upstream sector companies to change their strategies and development plans, reduce investments and take other actions like postponing or canceling of some exploration projects, reduction of crude oil production, implementing of programs for cutting costs and staff, measures for maintaining economic sustainability.

Company managed to implement in 2020 some measures and programs for optimizing costs, improving current activities and employees' protection. From operational point of view, the Company honored all its contracts and commitments in respect to its partners. All this significantly contributed towards the registered financial results, including a positive net result.

All Company's commitments were managed in conditions of financial equilibrium, ensuring all cash availabilities for full and timely payment of commercial commitments, salaries and state budget obligations. The sound liquidity position has allowed the Company to fully finance working capital from own sources.

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	12 months 2020	12 months 2019	QIV 2020	QIV 2019
Operating income, out of which:	48.595.858	66.981.161	12.411.789	17.204.151
Services performed	47.249.182	65.678.479	11.678.612	16.413.964
Operating expenses	(47.713.572)	(57.844.704)	(11.857.246)	(16.145.872)
Operating result	**882.286**	**9.136.457**	**554.543**	**1.058.279**
Net financial income	3.747.231	4.518.132	835.167	1.042.510
NET RESULT	**4.362.955**	**12.170.108**	**1.612.083**	**2.337.609**

In year 2020, the activity of the Company experienced a reduction of orders for rendering well services, particularly in the first 10 months. Having in mind the increasing trend of crude quotation and start of COVID-19 vaccination campaign from last quarter, as well as past experience with similar events of crude price sudden drop registered in the past, we expect that in the medium and long-term perspective, the market will recover up to normal conditions.

The integral version of the report on the preliminary financial results of Rompetrol Well Services S.A together with the Statement of Financial Position and Statement of Financial Performance as at 31.12.2019 (currently under audit), shall be accessible on the company's website at *https://petros.ro/en/investor-relations/financial-results-and-reports/annual-reports* or on the website of the Bucharest Stock Exchange at the link below starting with 26.02.2021.

Rompetrol Well Services S.A was established in 1951 as a state owned company, subordinated to the Ministry of Oil and Chemistry, under the name "ICOTS" (*Întreprinderea de Cimentări, Operaţiuni si Transporturi Speciale – Enterprise for cementing, Operations and Special Transports*). Since 1990, the Company became Petros Ploiesti and in 1998 it was listed at the Bucharest Stock Exchange. In 2000 "The Rompetrol Group" (now KMG International) has taken over the majority stake, now holding a participation share of 73%.

GENERAL MANAGER,

Abzal Doszhanov

ROMPETROL WELL SERVICES S.A. PLOIEȘTI