

HALF-YEAR REPORT

**prepared in accordance with Regulation ASF no.5/2018
for the first semester 2018**

Date of the report:	14.08.2018
Company name:	ROMPETROL WELL SERVICES S.A.
Registered office:	Ploiesti, str. Clopotei nr. 2 bis
Telephone/fax number:	0244.544101; 524261 / 522913
Fiscal Registration Code:	1346607
Number with the Trade Register:	J29/ 110/ 05.03.1991
Subscribed and paid share capital:	27.819.090 lei
Regulated market where the securities issued are traded:	Bucharest Stock Exchange
Main characteristics of securities issued by the company:	
No. of shares:	278.190.900
Nominal value (lei/share):	0,10
Class and type of securities:	"A" nominative

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, consolidation and sand control services, stimulation, testing, slick-line, tubular running operations, etc.

The results recorded by the Company in the first semester of 2018 confirms the ascending trend, which global and Romanian upstream industry is experiencing starting the second half of 2017. Thus, sustainable operations, positive upstream global momentum and Company's operational performance, lead to a positive result.

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;

	-lei	
	At 30.06.2018	At 31.12.2017
Fixed assets	28.836.456	30.790.131
Current assets	109.766.946	103.406.545
Total assets	138.603.402	134.196.676
Equity	125.436.744	122.401.738
Long term liabilities	1.506.826	1.529.326
Current liabilities	11.659.832	10.265.612
Total equity and liabilities	138.603.402	134.196.676

Regarding the evolution of net value of fixed assets the significant impact is given by the current depreciation and the realized investment projects. The reduced level of capital investments during 2016-2017 was strictly determined by the oil price decline and the level of upstream activity during that period. The variation in current assets is mainly given by accumulation in cash pooling master account. The increase in equity is the direct consequence of the accounting profit recorded for the first semester of 2018, as well as the capitalization of 1,7 million lei from 2017 profit. The Company is in the process of analysing the assets in order to increase efficiency on own resources utilization.

b) the profit and loss account: net sales; gross income; cost and expenditure items accounting for at least 20% of net sales or of gross income ; risk provisions for various expenses ; reference to any sale or stop 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 positive evolution of oil price, which lead to the relaunch of upstream industry.

	- lei	
	H1 2018	H1 2017
Operating income, out of which:	27.731.396	15.071.058
Services performed	27.472.747	14.961.240
Operating expenses	(24.567.177)	(16.798.631)
Operating result	3.164.219	(1.727.572)
Net financial income	1.775.529	1.107.852
Net Result	4.035.658	(619.721)

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 with good quality imported auxiliary materials;
- evolution of foreign exchange rate;
- the payment without delay of debts to the state budget, local budgets and suppliers;

Regarding dividends for fiscal year 2017, 136.765 lei were paid until June 30, 2018 from the gross dividend approved (723.296 lei).

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 end of the period.

Statement of Cash Flows

Indirect method

	- lei	
	Date	Date
	30.06.2018	30.06.2017
Net cash flow (used in) generated by operating activities	1.587.633	1.728.104
Net cash from investments	1.126.395	1.000.767
Net cash flows from financing activities:	(2.014.960)	(6.854.926)
Net increase / (decrease) of cash and cash equivalents	690.156	(2.652.191)
Cash and cash equivalents at the beginning of the financial year	3.535.339	7.547.147
Cash and cash equivalents at the end reported period	4.234.406	4.894.956

In the value of the cash and of the cash equivalents at end of reported period were also included collateral deposits amounting 2.188.428 lei at June 30th, 2018 (2.662.659 lei at June 30th, 2017).

During the first six months of the year 2018, all the company's commitments were 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 Company to address working capital requirements in full from own sources. In addition to the cash presented at the end of the reporting period, the Company can use without restrictions the own cash resources from cash-pooling master account, in amount of 43.900.310 lei la 30.06.2018, respectively 37.845.405 lei la 30.06.2017.

	H I 2018	H I 2017
1. Liquidity Indicators		
Current liquidity indicator	9.41	10,34
Immediate liquidity indicator	9.07	10,02
2. Activity Indicators		
Turnover speed of debts - clients (days)	129.35	217,10
Turnover speed of fixed assets	0.95	0.44

The indicators presented above reflect the preservation of financial independence, even in the conditions of low rate of debt collection.

We specify that financial information for the reported period January 1st 2018 – June 30st 2018 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.

Starting with second semester of 2017, when the oil price became more stable, it was recorded a moderate relaunch of drilling projects as well as of workover activity for the productive wells. In this context, adapting the offer of the Company to the current structure of services demand and maintaining the market share in Romania are the priorities for the next period.

The company owns a varied and complex range of operational capabilities, which enables it to offer a wide range of activities and services, the guarantee consisting in the long experience and high qualification of employees. The Company is still opened to developing and implementing efficient cementing and stimulation technologie, in order to meet the need of our customers to reduce their production cost.

The Company gives great importance to adapting its price policies to the evolution of the current competitive environment and to identify potential new strategic partners.

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 own objectives and organizational measures have a high degree of similarity with the ones from the oilfield industry sector that it provides for: revamping in order to identify the offer of services with a high degree of complexity and elaboration of strategies for bidding in the tenders organized by significant customers.

Company's Management is aware of the current situation in the market, and believes that the necessary measures have been taken for the continuance of the Company's activity with financing from own sources and continuous monitoring of both operational and administrative costs.

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 increasing trend in the upstream industry is directly reflected in the level of turnover recorded in the first semester of 2018, whose level was 84% higher than the one recorded in the same period of previous year.

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.

The commitments towards suppliers were paid with rhythmicity. The overdue payables don't present the risk of significant penalties and the Company is not involved in any dispute for the payment of such debts.

In the period under review the Company employed its own sources for the financing of all activities, without contracting loans from banks or other legal entities. There are no debts such as interest or any other credits contracted from banking institutions from previous years.

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 and are traded on this market category II in the securities sector issued by Romanian legal entities, starting with 18.06.1998, under the symbol PTR.

The transferable securities issued by the company are Class A – nominative shares.

The registered capital at June 30st 2018 is 27,819,090 RON equivalent to 278,190,900 shares with a nominal value of 0.10 RON / share.

The structure of shareholders according to consolidated Shareholder Register at June 30th, 2018, issued by Depozitarul Central S.A. is the following:

Shareholder	Number of shares	Percentage in share capital
KMG International N.V.	203.110.150	73,0111 %
KJK FUND II SICAV-SIF	29.709.950	10,6796 %
Other shareholders	45.370.800	16,3092 %
Total	278.190.900	100 %

At June 30st, 2018, no person from the Company's management participates in the share capital of the company.

On 06.07.2018, the Company was notified by KJK FUND II SICAV - SIF and KJK BALKAN HOLDING S.a.r.l regarding the transfer of the shares held by KJK FUND II SICAV - SIF and an increase in the share capital, through contribution in kind, to KJK BALKAN HOLDING S.a.r.l with the same number of shares.

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

**Member of the Board of Directors,
General Manager,**

Zhetpisbayev Timur



Finance Manager,

Dumitru Valerica

