

Preliminary Report

CONPET S.A.

January– December 2019

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1. COMPANY PRESENTATION

1.1 Report and issuer identification data

Preliminary Report prepared in compliance with:	Law no. 24/2017 and ASF Regulation no. 5/2018 regarding the issuers of financial instruments and market operations
Date of the report	21.02.2020
Company's name	CONPET S.A.
Registered Offices	No. 1-3 Anul 1848 Street, Ploiesti Prahova County, Zip Code 100559,
Telephone/facsimile number	0244 401360/0244 516451
E-mail/Internet	conpet@conpet.ro / www.conpet.ro
Tax Identification Number at the Trade Register Office	1350020
Trade Registry Number	J29/6/22.01.1991
The regulated market trading the issued securities	Bucharest Stock Exchange, Premium category
Subscribed and entirely paid-up share capital	28,569,842.40 RON
Main features of the issued securities	8,657,528 shares with a nominal value of 3.3 RON/share
Total market value	689,139,228.8RON (79.60 RON/share at 30.12.2019)
Applied accounting standard	The International Financial Reporting Standards
Auditing	The preliminary Financial Statements concluded at 31.12.2019 have not been audited

1.2 Main activities

CONPET is a strategic company, part of the architecture of the national energy system, being the operator of the crude oil National Transport System via pipelines. CONPET is a publicly owned company, listed at the Bucharest Stock Exchange, under COTE symbol.

Since 2002, CONPET is the concessionaire of the operation of the crude oil, rich gas, condensate and ethane National Transport System, based on the oil Concession Agreement concluded with the National Agency for Mineral Resources, approved pursuant to. 793/25.07.2002.

The Crude Oil, Rich Gas, Condensate and Ethane National Transport System (NTS) is being defined and regulated by Law no. 238/07.06.2004 - Petroleum Law and the Methodological Norms for the enforcement of the Petroleum Law approved under. 2075/2004 and is part of the state's public property, being of strategic importance.

1.3 The company's mission, vision and values

CONPET mission is the operation of the National Transport System via Pipelines under safe and secure conditions, free access to the system's available capacity to all the inquirers, authorized legal persons, under equal conditions, on a non-discriminatory and transparent basis as well as accessing the related markets corresponding to the segments of the value chain of the oil industry.

CONPET vision targets the maintenance of its position of strategic player in the Romanian oil industry, acting as crude oil, ethane and rich gas carrier via pipelines and by rail.

The company's Values are: professionalism, effectiveness and performance, social awareness and respect for the environment, ongoing training, adaptability and qualitative growth.

1.4 Shareholding

The synthetic structure in the shareholding, at reference date 31.12.2019, is as follows:

- 58.7162% - the Romanian State by the Ministry of Energy;
- 41.2838% - Free float

Shareholder's Name	Number of shares	Percentage%
The Romanian State by the Ministry of Energy*)	5,083,372	58.7162%
Legal persons	2,361,896	27.2814%
Natural Persons	1,212,260	14.0024%
Total	8,657,528	100.0000%

Table 1 - CONPET S.A. Shareholding Structure at December 31st, 2019

*) Following the application of EGO no.68/06.11.2019, on 11.02.2020 it was made the transfer of shares from the account of the Romanian State by the Ministry of Energy in the account of the Romanian State by the Ministry of Economy, Energy and Business Environment.

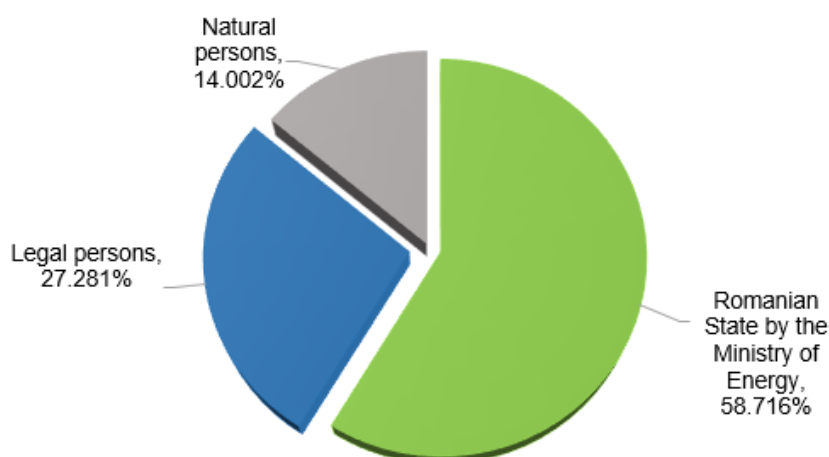


Chart 1 - CONPET S.A. Shareholding Structure at December 31, 2019

The number of CONPET SA shareholders registered at Depozitarul Central S.A. at the end of 2019 is of 12,887, increasing by 1.1% as compared to the end of 2018 (12,749 shareholders).

The share capital of CONPET SA at 31.12.2019 is of 28,569,842.40 RON and is divided into 8,657,528 nominative shares, each share with a nominal value of 3.3 RON/share.

CONPET did not perform transactions having as scope its own shares; consequently, the company does not hold own shares.

2. CONPET - EXECUTIVE SUMMARY - PRELIMINARY DATA

2.1 Company's Stock Market indicators

The market capitalization amounted to 689.14 million RON (79.60 RON/share) at 30.12.2019 and respectively 672.69 million RON (77.70 RON/share) at 31.12.2018.

The evolution of COTE share and market capitalization during 2015 - 2019 is as follows:

Indicators	MU	31.12.2015	31.12.2016	31.12.2017	31.12.2018	30.12.2019
COTE closing price	RON/share	77.00	78.80	99.40	77.70	79.60
Market capitalization	mRON	666.63	682.21	860.56	672.69	689.14
	mEuro	147.21	150.23	184.68	144.23	144.47

Table 2 - Evolution of COTE share and stock capitalization during 2015-2019

Currently, the company CONPET S.A. is included in 7 out of the total of 9 stock indices, respectively in BET, BET-TR, BET-XT, BET-XT-TR, BET-BK, BET-NG and BET Plus.

2.2. Financial Result Key Indicators

The key indicators of the preliminary financial results registered in 2019, as compared to the budget and the previous year results, are the followings:

Indicators	January- December 2019			Achieved January-December 2018	Variation% Achieved 2019/ Achieved 2018
	Achieved	Budget	Variation% Achieved/Budget		
Turnover (thousand RON)	407,822	385,257	▲ 5.9%	385,140	▲ 5.9%
Operating Revenues (thousand RON)	442,556	419,074	▲ 5.6%	418,711	▲ 5.7%
Operating Expenses (thousand RON)	381,142	371,510	▲ 2.6%	352,471	▲ 8.1%
Operating Profit (EBIT) (thousand RON)	61,414	47,564	▲ 29.1%	66,240	▼ 7.3%
Operating profit margin (%) (Operating profit/Operating Revenues)	13.9%	11.4%	▲ 2.5 p.p.	15.8%	▼ 1.9 p.p.
EBITDA (thousand RON)	108,256	93,467	▲ 15.8%	110,741	▼ 2.2%
Operating Expenses /Turnover (%)	93.5%	96.4%	▼ 2.9 p.p.	91.5%	▲ 2.0 p.p.
Total Revenues (thousand RON)	450,429	424,424	▲ 6.1%	424,173	▲ 6.2%
Total Expenses (thousand RON)	381,216	371,600	▲ 2.6%	352,482	▲ 8.2%
Gross profit (thousand RON)	69,213	52,824	▲ 31.0%	71,691	▼ 3.5%
Net profit (thousand RON)	57,568	43,803	▲ 31.4%	60,676	▼ 5.1%
Average number of employees (pers.)	1,587	1,612	▼ 1.6%	1,635	▼ 2.9%
Productivity (thousand RON/employee)	279	260	▲ 7.3%	256	▲ 9.0%

Table 3 - 2019 economic-financial results vs. BUDGET 2019 and 2018

In 2019, the turnover recorded an increase by 5.9% as compared to 2018 and to one budgeted for 2019.

The operating profit (EBIT) increased by 29.1% (13,850 thousand RON) as compared to Budget, favorably influencing the EBITDA indicator as well, that reached the level of 108,256 thousand RON.

Compared to 2018, the operating profit decreased by 4,826 thousand RON, influencing the EBITDA, that registers a decrease by 2.485 thousand RON (2.2%).

2.3 Operating Activity Indicators

The evolution of the product volumes of crude oil, condensate and rich gas, transported via the National Transport System (NTS), in 2019, as compared to the budget and to the previous year, on transport subsystems, is presented below:

Indicators	M.U.	January- December 2019			Achieved January-December 2018	Variation% Achieved 2019/2018
		Achieved	Budget	Variation% Achieved/Budget		
Quantities transported on the domestic subsystem	Thousand tons	3,487	3,430	▲ 1.7%	3,493	▼ 0.2%
Quantities transported on the import subsystem	Thousand tons	3,638	3,064	▲ 18.7%	3,362	▲ 8.2%
TOTAL TRANSPORTED QUANTITIES	Thousand tons	7,125	6,494	▲ 9.7%	6,855	▲ 3.9%

Table 4 - Evolution of transported quantities of crude oil, condensate and rich gas in 2019 vs. BUDGET 2019 and 2018

From the total quantity of crude oil, rich gas and condensate from the indigenous production of 3,487 thousand tons, transported and delivered in 2019, 1,155 thousand tons were transported by rail (33.1 % of the total transported quantity).

The technological consumptions registered during transport are according to the limits, provided in the transport contracts.

The evolution of technological consumption standardised on products, as compared to the level registered in 2019 and 2018 is as follows:

Products	2019			2018		
	Standardised	Achieved	Variation	Standardized	Achieved	Variation
Import crude oil:	0.253%	0.118%	-0.14 p.p.	0.256%	0.120%	-0.14 p.p.
Domestic crude oil, condensate and light condensate	0.367%	0.317%	-0.05 p.p.	0.371%	0.327%	-0.04 p.p.
Rich gas	7.383%	3.491%	-3.89 p.p.	7.383%	3.455%	-3.93 p.p.

Table 5 - The evolution of normed technological consumption as compared to achieved 2018-2019

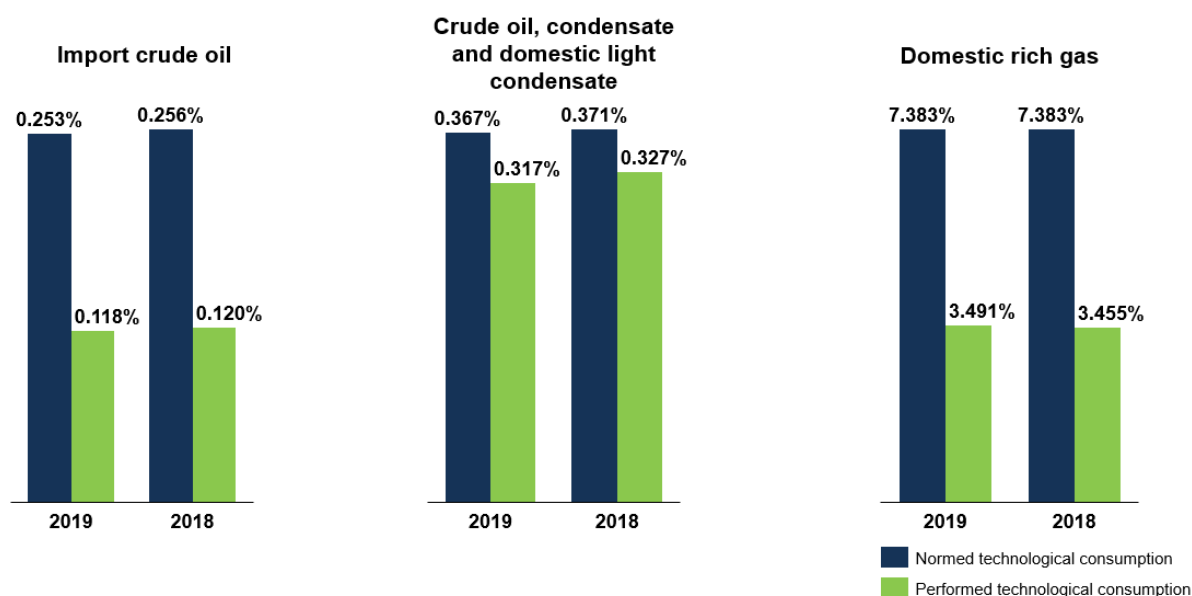


Chart 2 - Evolution of technological consumption on products 2018-2019

The situation of transport revenues achieved in 2019 as compared to Budget and the previous year, on transport subsystems, is presented below:

Indicators	M.U	January - December 2019			Achieved January-December 2018	Variation (%) Achieved 2019/2018
		Achieved	BUDGET	Variation (%) Achieved /Budget		
Revenues on domestic transport subsystem	kRON	295,632	290,918	▲ 1.6%	290,159	▲ 1.9%
Revenues on import transport subsystem	kRON	106,385	90,723	▲ 17.3%	90,420	▲ 17.7%
Total revenues from transport	kRON	402,017	381,641	▲ 5.3%	380,579	▲ 5.6%

Table 6 – evolution of revenues achieved from transport 2019 vs. Budget and year 2018

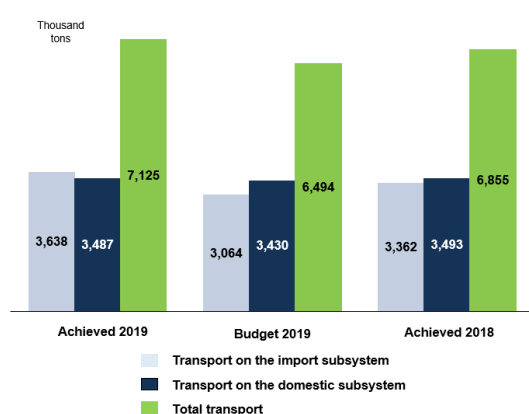


Chart 3 - Evolution of shipped quantities on domestic and import subsystems in 2019 vs. Budget 2019 and 2018 (thousand tons)

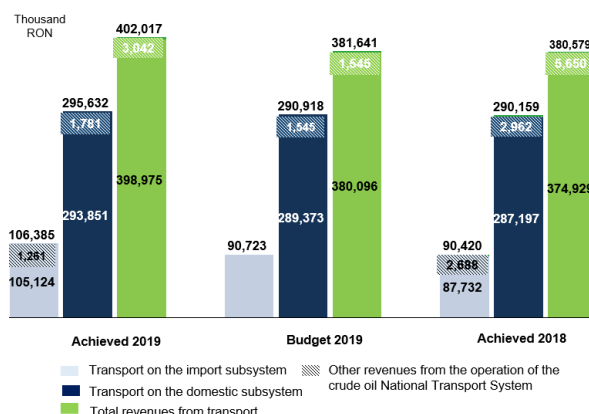


Chart 4 - Evolution of transport revenues on subsystems 2019 vs BUDGET 2019 and 2018 (mRON)

Transport services contracted and achieved in 2019, on beneficiaries, are as follows:

Customer name	Object of the contract	Duration months	Contracted quantity (tons)	Quantity Achieved (tons)
S.C. PETROM S.A.– OMV	Domestic crude oil, condensate and rich gas transport, import crude oil,	12 months	3,922,373	4,455,859
S.C. Rompetrol Rafinare S.A. - Petromidia Refinery	Import crude oil transport	12 months	120,000	160,430
S.C. Petrotel-Lukoil S.A	Import and domestic crude oil transport	12 months	2,492,555	2,503,285
NIS PETROL S.R.L.	Unloading road tanks, loading, storage tanks and loading in rail tanks	7 months	3,600	5,891
STANDARD LOGISTIC d.o.o.	Railway transport services for crude oil, on the route Biled -Stamora Moravița, beneficiary NIS a.d.	5 months	3,600	5,163 net crude oil/ 5,171 gross crude oil

Table 7 - Contracted transport services and achieved in 2019

Transport Tariffs

The tariffs for the supply of crude oil, rich gas, condensate and ethane are regulated and approved by the NAMR and are distinguished per transport subsystems.

The tariffs applied for the import transport subsystem vary according to the installment of transported quantity, being practiced the bracketing tariff model and per refinery-the hand-over site.

In 2018 and 2019 the following transport tariffs were applied:

➤ Tariffs for the transport services performed on domestic subsystem:

Period	Transport tariff (RON/ton)	Approved by NAMR Order no.
January 1st, 2018 - June 18th, 2018	79.75	32/2016
June 19th, 2018 – December 30th, 2019	84.37	117/2018
Starting December 31st, 2019	87.53	427/2019




➤ Tariffs for the transport services performed on domestic subsystem:

Period	Installments	Arpechim Refinery	Ploiesti Basin (Petrobrazii and Petrotel Lukoil refineries)	Petromidia Refinery	Approved by NAMR Order no.
	Thousand tons/month	RON/ton	RON/ton	RON/ton	
January 1st, 2018 - June 18th, 2018	< 100	38.85	38.00	8.00	32/2016
	>100	16.60	16.00	7.33	
June 19th, 2018 – December 30th, 2019	< 120	38.85	38.00	27.00*	117/2018
	>120	16.60	16.00	24.74*	
Starting December 31st, 2019	< 120	40.40	39.50	15.00	427/2019
	>120	17.25	17.00	12.85	

*) Starting 14.03.2019 up to December 30th, 2019, for the transport relation with Petromidia refinery it was applied a tariff of 14.00 RON/ton for installment up to 120 thousand tons and 12.00 RON/ton for installment bigger than 120 thousand tons (approved by NAMR Order no.172/2019).

The transport tariffs include a modernization quota meant exclusively for the financing of the investments related to the National Transport System.

The revenues achieved in 2019 from transport services are of 402 million RON, and are presented per beneficiaries, as follows:

CLIENTS	YEAR 2019	YEAR 2018	2019/2018 mil. RON	▲ %
 PETROM Member of OMV Group	328.3	305.0	+23.3	▲ 7.6%
 PETROTEL LUKOTIL	70.7	74.7	-4.0	▼ 5.4%
 ROMPETROL energie vie	2.6	0.9	+1.7	▲ 188.9%
OTHER CLIENTS	0.4	0.0	+0.4	-
TOTAL TRANSPORT REVENUES	402.0	380.6	+21.4	▲ 5.6%

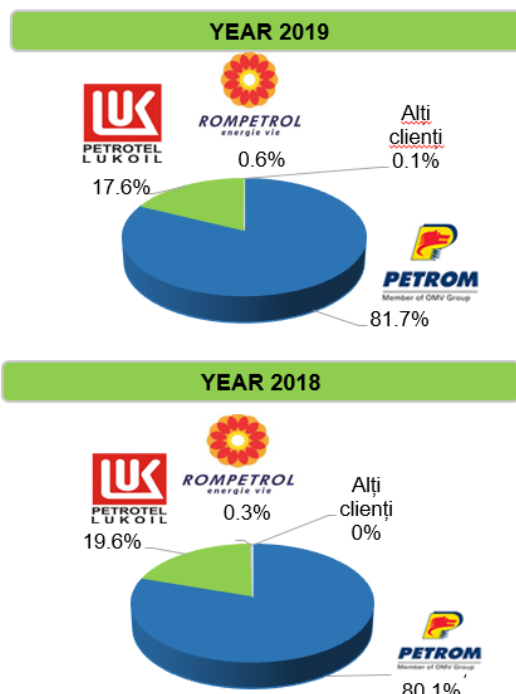


Chart 5 - Share of transport revenues per refineries in total transport revenues

The company holds a monopoly position on the market of crude oil transport via pipelines, having no competitors in its core business.

The transport services are being performed according to contracts concluded with the clients, based on the frame contract approved annually by the National Agency for Mineral Resources.

The transport services supplied by CONPET SA are addressed to a reduced number of clients, the transported crude oil quantities being closely related to the trade policy applied thereof. OMV Petrom is the main client which holds the biggest share in the company's transport revenues. (81.7%)

3. ANALYSIS OF THE FINANCIAL STANDING

The financial information presented in this report are taken from preliminary financial statements for the period ended December 31st, 2019, prepared in accordance with Order no. 2844/2016 and unaudited (Annexes 1 and 2).

3.1 Statement of the Financial Standing at December 31st, 2019

In the synthesis, the statement of the Financial Standing at December 31st, 2019 is as follows:

Name of the element (thousand RON)	December, 31 2019 (unaudited)	31.12.2018 (audited)	Variation% 2019/2018
Fixed assets	471,999	437,351	▲ 7.9%
Current assets	290,318	313,777	▼ 7.5%
Total Assets	762,317	751,128	▲ 1.5%
Equities	652,707	661,552	▼ 1.3%
Accrued income	1,074	1,188	▼ 9.6%
Total liabilities	108,536	88,388	▲ 22.8%
Total equity and liabilities	762,317	751,128	▲ 1.5%

Table 8 - Synthesis of the company's financial standing at 31.12.2019 as compared to 31.12.2018

Statement of preliminary financial position at December 31st, 2019, in extended version is presented in Annex no.1.

The total assets of the company increased by 1.5% (11,189 thousand RON) as compared to the level recorded at December 31st, 2018 following the increase of the fixed assets.

Immovable assets have registered an increase of 7.9% than December 31st, 2018. The increase occurred as a result of the investments performed for the development and modernization of the National Transport System, their value being higher than the depreciation recorded in 2019.

The current assets decreased by 7.5% (23,459 thousand RON), from 313,777 thousand RON at 31.12.2018 to 290,318 thousand RON at 31.12.2019.

Registration of a higher number of investments generated mainly higher outflows of cash higher for their payment, being the main factor that led to the decrease of the current assets.

The availabilities in the modernization quota existing in bank accounts at 31.12.2019 were amounted to 152,021 thousand RON, lower by 31,431 thousand RON as compared to 31.12.2018 (183,452 thousand RON). The cash representing the modernization quota has a special usage regime, provided by GD no. 168/1998, this being destined exclusively to the financing of the modernization works and development works related to the goods belonging to the public domain.

The equity capital registered a slight decrease of 1.3% (8,845 thousand RON) to December 31st, 2018 reaching 652,707 thousand RON. In structure, the following equity elements showed changes:

- other reserves decreased by 399 thousand RON mainly due to the reduction of the reserve representing modernization quota;
- the retained earnings and also the year's result records a decrease in amount of 3,747 thousand RON;
- the revaluation reserves decreased by 4,699 thousand RON representing surplus achieved from these reserves acknowledged in the retained earnings.

Long-term liabilities record an increase of 2,242 thousand RON as compared to December 31st, 2018, due to the augmentation for the employees benefits.

Current liabilities, in amount of 90,641 thousand RON, are increasing by 17,907 thousand RON as compared to December 31st, 2018, mainly due to the increase of the trade liabilities and short-term provisions.

3.2 Profit & Loss Account for the period January - December 2019

The preliminary financial results for 2019, as compared to the budget and the achievements of the previous year are as follows:

Indicators (thousand RON)	January- December 2019			Achieved January-December 2018	Variation% Achieved 2019/2018
	Achieved	Budget	Variation% Achieved/Budget		
Turnover	407,822	385,257	▲ 5.9%	385,140	▲ 5.9%
Operating Revenues	442,556	419,074	▲ 5.6%	418,711	▲ 5.7%
Operating Expenses	381,142	371,510	▲ 2.6%	352,471	▲ 8.1%
Operating Profit (EBIT)	61,414	47,564	▲ 29.1%	66,240	▼ 7.3%
Financial Revenues	7,873	5,350	▲ 47.2%	5,462	▲ 44.1%
Total incomes	450,429	424,424	▲ 6.1%	424,173	▲ 6.2%
Financial Expenses	74	90	▼ 17.8%	11	▲ 572.7%
Total expenses	381,216	371,600	▲ 2.6%	352,482	▲ 8.2%
Gross Profit	69,213	52,824	▲ 31.0%	71,691	▼ 3.5%
Net Profit	57,568	43,803	▲ 31.4%	60,676	▼ 5.1%

Table 9 - The main economic-financial Indicators achieved in 2019, vs . Budget 2019 and the same period of 2018

The preliminary situation of profit and loss account for the period January-December 2019 is presented in detail in Annex no. 2.

Operating Revenues

As compared to the approved budget and to the same period of the previous year, the total revenues of the operating activity in 2019, is as follows:

Achieved 2019	Budget 2019	Variation (%) Achieved/ Budget 2019	Indicators (thousand RON)	Achieved 2019	Achieved 2018	Variation (%) Achieved 2019/2018
402,017	381,641	▲ 5.3%	Total revenues from transport services	402,017	380,579	▲ 5.6%
5,805	3,616	▲ 60.5%	Other Turnover Revenues	5,805	4,561	▲ 27.3%

Achieved 2019	Budget 2019	Variation (%) Achieved/ Budget 2019	Indicators (thousand RON)	Achieved 2019	Achieved 2018	Variation (%) Achieved 2019/2018
407,822	385,257	▲ 5.9%	Turnover	407,822	385,140	▲ 5.9%
31,946	30,886	▲ 3.4%	Write-back to revenues of the reserve constituted on the expenses with the modernization quota	31,946	28,826	▲ 10.8%
2,788	2,931	▼ 4.9%	Other revenues	2,788	4,745	▼ 41.2%
34,734	33,817	▲ 2.7%	Other operating revenues	34,734	33,571	▲ 3.5%
442,556	419,074	▲ 5.6%	Total Operating revenues	442,556	418,711	▲ 5.7%

Table 10 - Operating income statement year 2019 compared to Budget and the period between 2018-2019

The transport revenues hold a share of 98.6% in turnover, the difference of 1.4% (5,805 thousand RON) representing revenues from various activities such as: leases of lands and telecommunication equipments, rail shunting, sale of pipe material, etc.

The company recognizes monthly, in the operating revenues, reserves from the modernization quota at the level of the amortization of the tangible assets financed therefrom. In 2019, the value of these revenues is of 31,946 thousand RON.

Operating Expenses

The operating expenses achieved in 2019 compared to 2018 and the budgeted provisions are as follows:

Achieved 2019	Budget 2019	Variation (%) Achieved / Budget 2019	Indicators	Achieved 2019	Achieved 2018	Variation (%) Achieved 2019/2018
7,601	8,557	▼ 11.2%	Material expenses, out of which:	7,601	7,012	▲ 8.4%
4,022	4,418	▼ 9.0%	-expenses with consumables	4,022	3,620	▲ 11.1%
2,037	2,163	▼ 5.8%	- fuel expenses	2,037	1,930	▲ 5.5%
13,079	12,217	▲ 7.1%	Other external expenses (with energy and water)	13,079	11,163	▲ 17.2%
159,901	161,450	▼ 1.0%	Personnel expenses	159,901	140,266	▲ 14.0%
46,842	45,904	▲ 2.0%	Expenses with the amortization of tangible and intangible assets	46,842	44,502	▲ 5.3%
108,964	107,035	▲ 1.8%	Expenses with external services, out of which:	108,964	99,058	▲ 10.0%
2,541	3,200	▼ 20.6%	-Maintenance (maintenance, current and capital repairs)	2,541	1,921	▲ 32.3%
60,908	56,184	▲ 8.4%	- expenses with the crude oil transport by rail	60,908	54,440	▲ 11.9%
659	1,520	▼ 56.7%	- expenses with decontamination works	659	440	▲ 49.8%
31,308	30,277	▲ 3.4%	- oil royalty	31,308	29,560	▲ 5.9%
13,548	15,854	▼ 14.6%	- other services performed by third parties	13,548	12,697	▲ 6.7%

Achieved 2019	Budget 2019	Variation (%) Achieved / Budget 2019	Indicators	Achieved 2019	Achieved 2018	Variation (%) Achieved 2019/2018
10,321	3,090	▲ 234.0%	Adjustments regarding provisions and impairments of the current assets	10,321	5,538	▲ 86.4%
34,434	33,257	▲ 3.5%	Other operating expenses, out of which:	34,434	44,932	▼ 23.4%
31,080	29,328	▲ 6.0%	- modernization quota expenses	31,080	41,825	▼ 25.7%
381,142	371,510	▲ 2.6%	Total operating expenses	381,142	352,471	▲ 8.1%

Table 11 - Operating expenses 2019 vs. BUDGET 2019 and 2018

The operating expenses made in 2019, amounting to 381,142 thousand RON, record an increase of 8.1% over those recorded in 2018, due to increase in tariffs of materials, energy, gas and the tariff of rail transport, as well as increased personnel expenses.

In 2019 there were recorded expenditures below the budgeted level in the following types of expenses:

- 1,549 thousand RON personnel expenses;
- 956 thousand RON material expenses;
- 659 thousand RON maintenance expenses;
- 861 thousand RON decontamination works expenses.

The operating profit achieved in 2019, of 61,414 thousand RON decreased by 4,826 thousand RON (7.3%), as compared to year 2018.

As compared to the budget provisions, the operating revenues increased by 29.1%.

The company ended 2019 with a **net profit amounting to 57,568 thousand RON, 13,765 thousand RON higher than budgeted.**

3.3. Cash-flow

Statement of cash flows at December 31st, 2019 is as follows:

(DIRECT METHOD)

	Name of the element (thousand RON)	January–December 2019	January–December 2018
A	Net cash from operating activity	94,445	84,043
B	Net cash from investment activities	(53,030)	25,985
C	Net cash from financing activities	(62,520)	(60,193)
	Net increase of the cash and cash equivalents=A+B+C=D2-D1	(21,105)	49,835
D1	Cash and cash equivalents at the beginning of the period	259,682	209,847
D2	Cash and cash equivalents at the end of the period	238,577	259,682

Table 12 - Summary statement of cash flows in 2019 vs. 2018

Liquid assets available in bank accounts and cashier are down approximately 21 mil. RON compared to 2018, due to cash outflows for payments of purchases of higher assets as compared to 2018.

The detailed cash-flow statement is presented in detail in Annex no. 3.

4. INVESTMENTS

The 2019 Investments Program contained works for the rehabilitation of the major pipelines for the transport, as well as investment works for the installation and equipment related to the Crude Oil National Transport System.

The investment projects target, mainly, enhancing efficiency of the transport activity as well as operation, under safe conditions, of the National Transport System.

The annual investment program was carried out in proportion of 93% and by 10.5 million RON more than in 2018. The compared evolution of the achieved level of investments as compared to the level scheduled for 2019 and 2018, on affiliation of assets, is as follows:

Investment (Thousand RON)	2019			2018		
	Estimated achievement	Program	Degree of achievement %	Achieved	Program	Degree of achievement %
Total investments, out of which:	80,143	86,000	93%	69,649	76,625	91%
Public domain	66,674	71,375	93%	63,392	68,030	93%
Operating domain	13,469	14,625	92%	6,257	8,595	73%

Table 13 - Investments 2018-2019

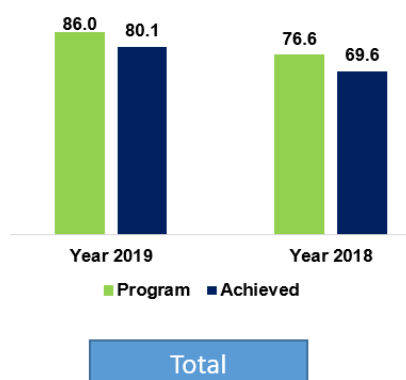


Chart no.6 Total investments

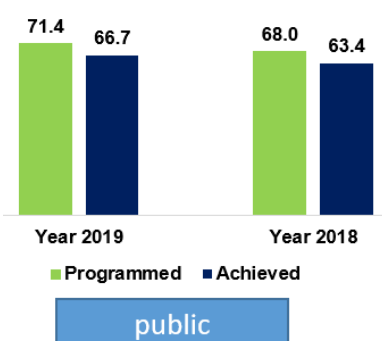


Chart no.7 Investments public domain

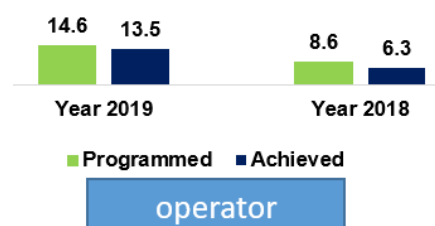


Chart no.8 Investments operating domain

Investments achieved in 2019, amounting to 80,143 thousand RON, were financed from the modernization quota 66,674 thousand RON and other own sources 13,469 thousand RON.

In 2019 there were performed commissionings amounting to 80,103 thousand RON, out of which: 70,468 thousand RON out of the modernization quota and 9,635 thousand RON out of other own sources.

Among the investments put into service, the most important completed in 2019 were the following:

- Replacement of the Ø 14 " C2 – C3 crude oil pipeline, on 8 sections in Balta Ialomitei area, Ialomita County, on a length of approximately 4037m;
- Smart pigging, inspection of Ø 28" Constanța – Bărăganu pipeline state;
- Safety disposal works for Arges river over crossing, Ratesti area, Arges County;
- Safe disposal works for the aerial crossing of Prahova river with the 12 3/4" and 14 3/4" pipelines Cartojani-Ploiesti, Stejaru village, Brazi commune, Prahova County;
- Modernization and monitoring of the cathodic protection system related to the National Transport System (Ro. SNT) domestic and import;
- Pilot system for detecting and locating leaks of product from the crude oil major pipeline transport system Poiana Lacului - Siliște – Ploiesti;
- Rehabilitation tank 9 Cartojani;
- Thermal power plant for technological steam production used in the warehouse and Barbatesti ramp;
- Rehabilitation of concrete platform Constanta Sud headquarters.

5. Other aspects

5.1 The Board of Administration

In 2019 the Company has been administered by a Board of Administration made of 7 non executive members.

The BoA members have been appointed by OGMS in the meeting dated 22.08.2018 following the selection procedure provided by the EGO no.109/2011, approved with amendments and completions by Law no. 111/2016.

The Board of Administration, appointed on 22.08.2018, consists of:

- Gheorghe Cristian – Florin, Chiarman;
- Iacob Constantin - Ciprian, member;
- Popa Claudiu - Aurelian, member;
- Gavrilă Florin - Daniel, member;
- Albulescu Mihai – Adrian, member;
- Meșca Darius – Dumitru, member;
- Pavăl Karina, member;

The mandate duration of the elected administrators is of 4 years, respectively starting with 22.08.2018 until 21.08.2022 (inclusive of).

In the meeting dated 28.08.2018, the Board of Administration of CONPET S.A. decided to appoint Mr. Gheorghe Cristian-Florin as chairman of the Board of Administration.

On July 4th, 2018, following the waiver of mandate and of the capacity of administrator of Ms. Pavăl Karina, the Board of Administration appointed as provisional Mr. Nicusor– Marian Buica, in the capacity of administrator, starting 05.07.2019 and until the date of convening of the OGMS. Appointment of provisional administrator is carried out in accordance with Art. 137² para. 1 of Law no. 31/1990 on companies, republished, with subsequent amendments, art. 19 para. (4) of the

Articles of Incorporation of CONPET SA, following the receipt of the registered address no. 26647/04.07.2019 of the shareholder DEDEMAN SRL.

On September 30th, 2019, the OGMS appointed as administrator Mr. Buică Nicușor – Marian, with a term of office starting 30.09.2019 and up to the end of the mandate of the current Board of Administration (21.08.2022, inclusive of).

The BoA has 3 consultative committees, as follows:

- The Nomination and Remuneration Committee: Mr. Albulescu Mihai-Adrian - President; Members: Mr. Iacob Constantin – Ciprian, Mr. Gavrilă Florin – Daniel, Mr. Meșca Darius-Dumitru; Mr. Buică Nicușor – Marian;
- The Audit Committee: Mr. Gavrilă Florin – Daniel - president; Members: Mr. Iacob Constantin – Ciprian, Mr. Meșca Darius-Dumitru;
- The Committee for Development and Relation with the Authorities: Mr. Popa Claudiu – Aurelian - president; Members: Mr. Meșca Darius-Dumitru; Mr. Albulescu Mihai - Adrian.

5.2 The Executive Management

Between 01.01.2019 - 31.12.2019, the executive management had the following composition:

Position	Name and Surname	Obs.
Director General	PhD Eng. CHIȘ Timur Vasile	Contract of mandate starting 07.11.2018
Deputy Director General	Legal Advisor DUMITRACHE Mihaela - Anamaria	Contract of mandate starting 18.02.2019
Deputy Director General 2	Eng. DRAGNE Laurențiu Marian	starting 03.04.2019 as per Director General's decision no. 198/02.04.2019
Economic Director	Econ. TOADER Sanda	Contract of mandate starting 07.11.2018

5.3. RELEVANT CORPORATE EVENTS IN 2019

March 26th, 2019

The General Meeting of Shareholders has approved the transaction with SNTFM CFR Marfă S.A. for the conclusion of a contract having as scope transport services by rail of crude oil and rich gas from the loading ramps to the destinations set by CONPET SA.

March 26th, 2019

The Extraordinary General Meeting of Shareholders approved the initiation of the procedure for the augmentation of the share capital of CONPET SA by the value of the land plots held based on 48 land ownership certificates;

April 9th, 2019

The General Meeting of Shareholders approved the rectified Revenues and Expenditure Budget for 2019.

April 23rd, 2019

The Ordinary General Meeting of Shareholders approved the annual financial statements for the financial year 2018 and the net profit distribution related to the financial year 2018.

July 4th, 2019

Took place the Extraordinary General Meeting of Shareholders with the agenda: Approval of the augmentation of the share capital by the maximum value of 101,763,954.60 RON representing contribution in kind (the lands) amounting to 59,751,935.10 RON and cash amounting to 42,012,019.50 RON, from the actual value of 28,569,842.40 RON to the value of maximum 130,333,797 RON by issuance of a maximum number of 30,837,562 new shares, registered, dematerialized, at a price of 3.3 RON/share, equal with the nominal values, without share premium, of which:

i) 18,106,647 new shares amounting 59,751,935.10 RON representing the contribution in kind of the Romanian State by representative the Ministry of Energy with lands in total area of 554,537.61 Sq.m subject to the 48 land ownership certificates for which CONPET has obtained, during 2001-2005 land ownership certificates.

(ii) 12,730,915 new shares in amount of 42,012,019.50 RON that will be offered within the exercise of the preemption right, for subscription, in exchange of the contribution in kind of the Romanian State (by representative the Ministry of Energy) to the other CONPET shareholders, namely to the persons entitled as shareholder at the registration date, in view of maintaining the shareholding held within CONPET at the registration date.

The EGMS has not met the presence quorum needed provided by the law for the augmentation of the share capital by contribution in kind.

July 5th, 2019

As in first call the presence quorum has not been met for holding the Extraordinary General Meeting of Shareholders on July 4th, 2019, the meeting took place in second call, namely on July 5th, 2019, with the same agenda.

The Extraordinary General Meeting of Shareholders has ascertained that in second call has not been met either the presence quorum provided by law necessary to decide the augmentation of the share capital by contribution in kind held based on the land ownership certificates.

September 30th, 2019

The General Meeting of Shareholders approved:

- The Revenues and Expenditure Budget and the Investments Program related to 2019;
- Nomination of the company BDO Audit SRL Bucharest, as financial auditor of the company for a period of 3 years starting the date of appointment by the OGMS, namely for the years 2019, 2020 and 2021;
- The appointment of Mr. Buică Nicușor - Marian in the Board of Administration of the Company CONPET S.A., the mandate duration being from the date of OGMS Resolution and up to the date of completion of mandate of this Board of Administration (21.08.2022 inclusive of).

Annexes:

Anexa no. 1 Statement of the Financial Standing at December 31st, 2019 - preliminary data

Annex no. 2 Statement of profit and loss and other elements of the global result for the year ended on December 31st, 2019 - preliminary data

Annex no. 3 Cash-flow Statement at December 31st, 2019 (unaudited) – preliminary data

Annex no. 4 Statement of services procurement contracts with values higher than 100.000 Euro, concluded during 01.01.2019-31.12.2019

Annex no. 5 Statement of works and products procurement contracts with values higher than 500.000 Euro, concluded during 01.01.2019-31.12.2019

**CHAIRMAN OF THE BOARD OF ADMINISTRATION
GHEORGHE Cristian - Florin**

**Director General
PhD. Eng. CHIȘ Timur - Vasile**

**Economic Director
Econ. TOADER Sanda**

Annex no. 1

**Statement of the Financial Standing at December 31st, 2019
- PRELIMINARY DATA -**

- RON-	December 31, 2019	December 31, 2018
ASSETS		
Intangible assets		
Tangible assets	463,635,969	430,599,587
Intangible assets	2,998,268	2,843,604
Financial Assets	810,598	860,582
Receivables related to the deferred corporate tax	4,553,991	3,047,153
Non-current assets	471,998,826	437,350,926
Current assets		
Stocks	7,617,305	9,168,429
Trade receivables and other receivables	42,261,170	43,155,623
Cash and cash equivalents	238,576,951	259,682,354
Accrued expenses	1,862,719	1,770,972
Total current assets	290,318,145	313,777,378
TOTAL ASSETS	762,316,971	751,128,304
Equities and liabilities		
Equities		
Subscribed and paid-up share capital	28,569,842	28,569,842
Legal reserves	5,713,968	5,713,968
Revaluation reserves	21,111,902	25,810,840
Other reserves	495,692,795	496,092,345
Retained earnings	44,050,204	44,689,400
Year's Result	57,567,929	60,676,014
Total Equities	652,706,640	661,552,409
Accrued income		
Investment Subsidies	1,065,921	1,178,489
Accrued income	8,171	9,849
Total Accrued Income	1,074,092	1,188,338
Long-term liabilities		
Long-term provisions	16,268,908	14,760,148
Long-term trade liabilities	-	892,912
Other long-term liabilities	1,626,351	-
Total long-term liabilities	17,895,259	15,653,060
Current liabilities		
Trade liabilities	27,162,320	19,154,131
Current Corporate Tax	3,027,623	3,786,286
Other liabilities	37,405,740	36,699,081
Short-term provisions	23,045,297	13,094,999
Total current liabilities	90,640,980	72,734,497
Total liabilities	108,536,239	88,387,557
TOTAL EQUITIES AND LIABILITIES	762,316,971	751,128,304

Annex no. 2

**STATEMENT OF PROFIT AND LOSS AND OTHER ELEMENTS OF THE GLOBAL RESULT
FOR THE YEAR ENDED DECEMBER 31st, 2019
- PRELIMINARY DATA -**

- RON-	December 31, 2019	December 31, 2018
Operating Revenues		
Turnover	407,822,341	385,140,170
Earnings from disposal of assets	-	63,539
Other revenues	34,733,200	33,507,125
Total Operating Expenses	442,555,541	418,710,834
Operating Expenses		
Expenses on stocks	7,600,707	7,012,090
Expenses with energy and water	13,078,689	11,163,549
Personnel expenses	159,900,933	140,265,630
Impairments on current, non-current assets	46,841,954	44,501,655
Impairments of current assets	33,174	1,265,669
Expenses related to external services	108,964,192	99,057,990
Losses from disposal of assets	10,580	-
Impairments related to provisions	10,288,017	4,273,064
Other expenses	34,423,217	44,931,769
Total operating expenses	381,141,463	352,471,416
Operating Profit	61,414,078	66,239,418
Financial Revenues	7,873,876	5,462,355
Financial Expenses	74,793	10,790
Financial profit	7,799,083	5,451,565
Profit before corporate tax	69,213,161	71,690,983
Expenses with current corporate tax	12,908,263	12,759,911
Expenses with (revenues from) deferred corporate tax	(1,263,031)	(1,744,942)
Profit of the period	57,567,929	60,676,014
Actuarial loss from discounted benefits granted upon retirement	(983,674)	(1,035,596)
Loss from depreciation of tangible assets	(13,315)	-
Total other global result elements	(996,989)	(1,035,596)
TOTAL GLOBAL RESULT	56,570,940	59,640,418
Result per share	6.65	7.01

Annex no. 3

STATEMENT OF THE CASH FLOWS AT DECEMBER 31, 2019 (UNAUDITED)
-PRELIMINARY DATA-

(DIRECT METHOD)

	Name of the Item	12 months 2019	12 months 2018
	Cash flows from operating activities:		
+	Proceeds from services supply	451,818,164	415,156,770
+	Proceeds from interests related to banking placements	7,956,249	4,331,871
+	Other proceeds	6,614,327	4,618,053
-	Payments to the suppliers of goods and services	(119,161,438)	(111,031,473)
-	Payments by and on behalf of the employees	(155,943,944)	(134,419,650)
-	VAT Payments	(46,787,643)	(44,487,623)
-	Corporate tax payments and specific tax	(13,666,926)	(12,735,611)
-	Other payments regarding operating activities	(36,384,142)	(37,389,340)
A	Net cash from operating activity	94,444,647	84,042,997
	Cash flows from investment activities:		
+	Proceeds from sale of tangible assets	38,310	449,704
+	Proceeds from modernization quota	31,080,415	41,825,050
+	Proceeds from short-term financial investments	-	70,309,618
+	Proceeds from security investments	-	917,582
-	Payments for purchase of tangible assets	(84,149,146)	(87,517,315)
B	Net cash from investment activities	(53,030,421)	25,984,639
	Cash-flows from financing activities		
+	Proceeds of dividends transferred to Depozitarul Central	2,786,508	9,479,683
-	Paid dividends	(65,172,691)	(69,672,230)
-	Payments against the debt related to the financial leasing	(133,446)	-
C	Net cash from financing activities	(62,519,629)	(60,192,547)
	Net increase of the cash and cash equivalents=A+B+C=D2-D1	(21,105,403)	49,835,089
D1	Cash and cash equivalents at the beginning of the period	259,682,354	209,847,265
D2	Cash and cash equivalents at the end of the period	238,576,951	259,682,354

Annex no. 4 Statement of services procurement contracts with values higher than 100.000 Euro, concluded during 01.01.2019-31.12.2019

Crt .no	Name of the Contractor	Scope of Contract	Title of the Contract	The applied procurement procedure	Name of Beneficiary (if different from the contracting authority)	Contract notice number	Initial contract value (RON)	Contract value after potential addenda (in RON)	Start of the contract	Initially set contract duration (in months)	Final contract duration (in months)
1	BRILIANT TECHNOLOGIES S.R.L	Integrated Satellite Surveillance and Monitoring System, GPS, for the auto fleet and the locomotives park of CONPET S.A.	S-CA 61/28.03.2019	Tender		43245/07.11.2018	704,160.00	690,160.00	April 1st, 2019	37	
2	SERVICE FAUR SRL	RR planned repair to locomotive LDH 92530810803-2	S-CA 68/04.04.2019	Tender		4719/06.02.2019	499,916.00	540,337.86	April 4th, 2019	12	
3	SERVICE FAUR SRL	RG planned repair to locomotive LDH 92530810834-7	S-CA 69/04.04.2019	Tender		4719/06.02.2020	535,618.00		April 4th, 2019	12	
4	ROMANIA EUROEST SA	RR-type reparation services and compliance of a locomotive LDH, 1250 PH for electric action	S-CA 100/06.05.2019	Tender		10390/15.03.2019	2,821,000.00	2,973,631.00	May 6th, 2019	12	
5	PETROSTAR S.A.	Solution study and design regarding the placement of a smart pigging receiving station in Pietroșani area, along the pipeline 24" Călăreți- Pietroșani and optimization of connections between this pipeline and line 1 and 2, 12" Călăreți - Teleajen	S-CA 115/22.05.2019	Tender		10392/15.03.2019	549,000.00		May 22nd, 2019	3.5	
6	DIRECTOR SPECIAL TROOPS D.S.T. SRL	Providing security, protection, intervention services in relation to CONPET SA objectives and assets	S-CA 146/07.06.2019	Tender		14563/10.04.2019	1,716,854.4		June 7th, 2019	24	
7	ENVIROTECH SRL	Frame-contract of services related to the recovery of the environment and contaminated water courses, take-over contaminated field	S-CA 149/11.06.2019	Tender		17287/06.05.2019	4,734,628.64		June 11th, 2019	26	
8	SNTFM CFR Marfă SA	Transport services by rail of the crude oil and rich gas from the loading ramps to the destinations settled by CONPET	S-CA 57/28.03.2019	Negotiation		OGMS no.1/26.03.2019	242,420,640.00		April 1st, 2019	48	

Crt .no	Name of the Contractor	Scope of Contract	Title of the Contract	The applied procurement procedure	Name of Beneficiary (if different from the contracting authority)	Contract notice number	Initial contract value (RON)	Contract value after potential addenda (in RON)	Start of the contract	Initially set contract duration (in months)	Final contract duration (in months)
9	ENVIROTECH SRL	Subsequent contract of services related to the recovery of the environment and contaminated water courses, take-over contaminated field	S-CA 150/11.06.2019	Tender		17287/06.05.2020	2,185,213.95		June 11th, 2019	12	
10	RELOC SA	Transformation LDH locomotive, 700PH, in LDE with electric transmission	S-CA 157/21.06.2019	Tender		15218/15.04.2019	3,736,600.00		June 21st, 2019	1	
11	METROSENZOR SRL	Functional verification, repair and metrological verification electronic weighing systems of the rail tanks	S-CA 162/24.06.2019	Tender		17802/08.05.2019	508,920.00		June 24th, 2019	36	
12	TERMOKLIMA SRL	Check, adjustment and repair of safety valves	S-CA 306/26.09.2019	Tender		32342/13.08.2019	658,665.00		October 8th, 2019	36	
13	QUALITY BUSINESS SOLUTIONS SRL	Geographical patrimonial inventory system (GIS)	S-CA 277/28.08.2019	Tender		19116/16.05.2019	2,999,745.00		August 28th, 2019	48	
14	VTG RAIL EUROPE GMBH	Lease of 15 tank cars for gaseous hydrocarbons transport	S-CA 283/03.09.2019	Tender		27608/09.07.2019	176,407.5		September 3rd, 2019	18	
15	SNIF PROIECT SA	Design for: BATCH 1 pipeline replacement 20" C4 - Baraganu on 3 sections, C2-C3 on 6 sections and Baraganu - Calareti on 6 sections	S-CA 335/07.10.2019	Tender		30995/02.08.2019	870,000.00		October 30th, 2019	4.6	
16	CON METAL CF SRL	Overhaul, current maintenance and repair of industrial rail lines CONPET SA	S-CA 393/06.11.2019	Tender		36003/12.09.2019	695,161.32		November 27th, 2019	24	
17	SIGNAL IDUNA ASIGURARE REASIGURARE S.A.	Voluntary health insurance services for CONPET SA employees	S-CA 474/18.12.2019	Tender		41925/29.10.2019	1,450,612.8		December 29th, 2019	12	
CUMULATED TOTAL - 17 CONTRACTS Cumulated value =267,442,195.47 RON											

Annex no. 5 Statement of services procurement contracts and products with values higher than 500.000 Euro, concluded during 01.01.2019-31.12.2019

Crt.no.	Name of the Contractor	Scope of Contract	Title of the Contract	The applied procurement procedure	Name of Beneficiary (if different from the contracting authority)	Contract notice number	Initial contract value (RON)	Contract value after potential addenda (RON)	Start of the contract	Initially set contract duration (in months).	Final contract duration (in months)
1	ARGENTA SRL CONSTANTA	Execution tank construction works for the crude oil storage, 2,500 cb.m, inside the pumping Stations Orlesti and Poiana Lacului	L-CA 136/03.06.2017	Tender		9222/07.03.2019	12,776,354.35	13,425,237.53	July 3rd, 2019	18	22
2	INVEST GENERAL CONSTRUCT SRL	Design and execution of crude oil pipeline replacement 24" Călăreți-Pietroșani (7 routs) in total length of 5920 liniar meters	L-CA 116/22.05.2019	Tender		12524/28.03.2019	12,182,310.1		June 21st, 2019	10,5	
3	EUROSTING AAW INDUSTRY SRL	Rehabilitation crude oil loading ramp Berca and rehabilitation crude oil loading ramp Ciresu	L-CA 75/03.04.2019	Tender		5396/11.02.2019	9,316,695.88		May 2nd, 2019	30	
4	EUROSTING AAW INDUSTRY SRL	Rehabilitation of crude oil loading ramp Marghita and rehabilitation crude oil loading ramp Imeci	L-CA 95/23.04.2019	Tender		5401/11.02.2019	9,054,032.56		May 6th, 2019	24	
5	ARGENTA SRL CONSTANTA	Objective 1: Replacement of the crude oil transport Ø10 3/4", Siliste - Ploiesti, in the area Brazi Stadium - interior, on a length of approx. 1170 m and replacement of the cleaning installation. Replacement of the crude oil transport 8 5/8", new Refinery Vega-Brazi, in the Petrobrazi Refinery area keyboard SKIDs, Prahova County, on a length of approx. 800 m and replacement of the cleaning installation.	L-CA 186/09.07.2019	TENDER		19086/15.05.2019	7,360,117.7		August 5th, 2019	12	
6	CEZ VÂNZARE	Electricity Supply Batch 1	P-CA 168/26.06.2019	Tender		19159/16.05.2019	5,624,621.03	5,723,945.75	July 1st, 2019	12	

Crt.no.	Name of the Contractor	Scope of Contract	Title of the Contract	The applied procurement procedure	Name of Beneficiary (if different from the contracting authority)	Contract notice number	Initial contract value (RON)	Contract value after potential addenda (RON)	Start of the contract	Initially set contract duration (in months).	Final contract duration (in months)
7	CONSTR FERROVIARE DRUMURI ȘI PODURI	Design and execution safety disposal works for Prahova river over crossing with the 12 3/4" and 14 3/4" pipelines Cartojani-Ploiesti, Stejaru village, Brazi commune, Prahova County	L-CA 148/10.06.2019	Tender		16839/ 24.04.2019	5,449,500		June 26th, 2019	8.5	
8	TINMAR ENERGY S.A.	Natural Gas Acquisition	P-CA 94/07.03.2019	Tender		10817/19.03.2019	2,470,405.24	2,512,950.12	April 24th, 2019	12	
9	LIDER GLENCER SRL	Design + Modernization execution and monitoring of cathodic protection system at central level and of sector related to the import crude oil transport pipelines and domestic crude oil transport - Phase II for a total of 30 cathodic protection stations	L-CA 425/06.12.2019	Tender		42546/04.11.2019	6,179,019.42		December 6th, 2019	30	
10	TALPAC SRL	Design for Replacement of the 14" Baraganu-Calareti crude oil pipeline, resulting from intelligent pigging (per sections) in length of 15,972 m, with estimated repair coefficient higher than 0.8	L-CA 431/11.12.2019	Tender		41700/28.10.2019	15,289,739.96		Site delivery date	13	
11	PRODREP STAR SRL	Replacement of crude oil transport pipeline 10 3/4" Icoana-Cartojani, in lenght of aprox. 4000m, in the area Bucov forest, Raca locality, Arges county and replacement of crude oil transport pipeline 10 3/4 Icoana - Cartojani, in lenght of aprox. 1500 m, in the area Plescari forest, Mirosi locality, Arges county	L-CA 476/18.12.2019	Tender		41881/29.10.2019	2,729,935.98		Site delivery date	8	
12	RCI LEASING ROMANIA IFN SA	Purchase of 30 4x4 SUVs in financial leasing system.	P-CA 405/18.11.2019	Tender		37447/25.09.2019	2,736,000		November 18th, 2019	48	

Crt.no.	Name of the Contractor	Scope of Contract	Title of the Contract	The applied procurement procedure	Name of Beneficiary (if different from the contracting authority)	Contract notice number	Initial contract value (RON)	Contract value after potential addenda (RON)	Start of the contract	Initially set contract duration (in months).	Final contract duration (in months)
CUMULATED TOTAL - 12 CONTRACTS Cumulated value =91,959,485.00 RON											

PRELIMINARY UNAUDITED FINANCIAL STATEMENTS
at the date and for the financial year ended at
December 31st, 2019

Prepared in compliance with the accounting regulations in accordance with
the International Financial Reporting Standards
approved by the Ministry of Public Finance Order no. 2844/2016

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**Statement of the Financial Standing at December 31st, 2019
- PRELIMINARY DATA -**

	Note:	December 31, 2019	December 31, 2018
ASSETS			
Fixed assets	4		
Tangible assets		463,635,969	430,599,587
Intangible assets		2,998,268	2,843,604
Financial Assets		810,598	860,582
Receivables related to the deferred corporate tax		4,553,991	3,047,153
Non-current assets		471,998,826	437,350,926
Current assets	5		
Stocks		7,617,305	9,168,429
Trade liabilities and other liabilities		42,261,170	43,155,623
Cash and cash equivalents		238,576,951	259,682,354
Prepaid expenses		1,862,719	1,770,972
Total current assets		290,318,145	313,777,378
TOTAL ASSETS		762,316,971	751,128,304
Equities and liabilities			
Equities	6		
Subscribed and paid-up share capital		28,569,842	28,569,842
Legal reserves		5,713,968	5,713,968
Revaluation reserves		21,111,902	25,810,840
Other reserves		495,692,795	496,092,345
Retained earnings		44,050,204	44,689,400
Year's Result		57,567,929	60,676,014
Total Equities		652,706,640	661,552,409
Accrued revenues			
Investment Subsidies		1,065,921	1,178,489
Accrued revenues		8,171	9,849
Total Accrued Revenues		1,074,092	1,188,338
Long-term liabilities	7		
Long-term provisions		16,268,908	14,760,148
Long-term trade liabilities		-	892,912
Other long-term liabilities		1,626,351	-
Total long-term liabilities		17,895,259	15,653,060

The Company CONPET S.A.

Statement of the Financial Standing at December 31st, 2019 - preliminary data

(All amounts are expressed in LEI, if not otherwise indicated)

Current liabilities	7		
Trade liabilities		27,162,320	19,154,131
Ordinary Corporate Tax		3,027,623	3,786,286
Other liabilities		37,405,740	36,699,081
Short-term provisions		23,045,297	13,094,999
Total current liabilities		90,640,980	72,734,497
Total liabilities		108,536,239	88,387,557
Total EQUITIES AND LIABILITIES		762,316,971	751,128,304

These interim financial statements and the related notes, from page 1 to page 14 were authorized for issue and signed by the company's management at February 20, 2020

Director General Economic Director
Ph.D timur-Vasile Chiş Econ. Sanda Toader

**STATEMENT OF PROFIT and LOSS AND OTHER ELEMENTS OF THE GLOBAL RESULT
FOR THE YEAR ENDED DECEMBER 31st, 2019,
- PRELIMINARY DATA -**

	December, 31 2019	December, 31 2019
Operating Revenues 8		
Turnover	407,822,341	385,140,170
Earnings from disposal of assets	-	63,539
Other revenues	34,733,200	33,507,125
Total Operating Expenses	442,555,541	418,710,834
Operating Expenses 9		
Expenditure on stocks	7,600,707	7,012,090
Expenses with energy and water	13,078,689	11,163,549
Personnel expenses	159,900,933	140,265,630
Impairments on intangible, tangible assets	46,841,954	44,501,655
Impairments of current assets	33,174	1,265,669
Expenses with external services	108,964,192	99,057,990
Losses from disposal of assets	10,580	-
Impairments related to provisions	10,288,017	4,273,064
Other expenses	34,423,217	44,931,769
Total Operating Expenses	381,141,463	352,471,416
Operating profit	61,414,078	66,239,418
Financial Revenues	7,873,876	5,462,355
Financial Expenses	74,793	10,790
Financial profit	7,799,083	5,451,565
Profit before corporate tax	69,213,161	71,690,983
Expenses with ordinary income tax	12,908,263	12,759,911
Expenses with (revenues from) deferred corporate tax	(1,263,031)	(1,744,942)
Profit of the year	57,567,929	60,676,014
Actuarial loss from discounted benefits granted upon retirement	(983,674)	(1,035,596)
Loss from depreciation of tangible assets	(13,315)	-
Total other global result elements	(996,989)	(1,035,596)
TOTAL GLOBAL RESULT	56,570,940	59,640,418
Result per share	6.65	7.01

These interim financial statements and the related notes, from page 1 to page 14, have been authorized for issue and signed by the company's management at February 20, 2020.

**Director General Economic Director,
Ph.D. Timur-Vasile Chiş Econ Sanda Toader**

STATEMENT OF CHANGES IN EQUITIES AT DECEMBER 31, 2019 (unaudited) - PRELIMINARY DATA

	Share capital	Legal reserves	Revaluation reserves	Other reserves	Retained Earnings	Year's profit or loss	Total Equities
Balance at January 1, 2019	28,569,842	5,713,968	25,810,840	496,092,345	44,689,400	60,676,014	661,552,409
Net result of the period						57,567,929	57,567,929
Actuarial gains/(loss) of the period	-	-	-	-	(983,674)	-	(983,674)
Loss from depreciation of tangible assets			(13,315)	-	-	-	(13,315)
Total other global result elements	-	-	(13,315)	-	(983,674)	57,567,929	56,570,940
Net reduction of the modernization quota reserve	-	-	-	(865,333)	-	-	(865,333)
Surplus achieved from revaluation	-	-	(4,399,430)	-	4,399,430	-	-
Retained earnings from the correction of various elements that have affected the profit of the previous years	-	-	-	-	45,106	-	45,106
Reunification reserve from revaluation of the land plots not included in share capital	-	-	(342,634)	452,315	(109,681)	-	-
Deferred corporate tax recognized at the expense equity	-	-	56,441	-	-	-	56,441
Dividends due to shareholders	-	-	-	(1,105,807)	(4,304,887)	(59,242,229)	(64,652,923)
Allocation of profit provided by law - tax exemption of the reinvested profit	-	-	-	1,119,275	314,510	(1,433,785)	-
Balance at December 31, 2019	28,569,842	5,713,968	21,111,902	495,692,795	44,050,204	57,567,929	652,706,640

STATEMENT OF THE CHANGES IN SHAREHOLDERS' EQUITIES AT DECEMBER 31st, 2018 (AUDITED)

	Share capital	Legal reserves	Revaluation reserves	Other reserves	Retained Earnings	Year's profit or loss	Total Equities
Balance at January 1, 2018	28,569,842	5,713,968	31,016,763	478,500,458	40,211,069	74,387,774	658,399,874
Net result of the period	-	-	-	-	-	60,676,014	60,676,014
Actuarial gains/(loss) of the period					(1,035,596)		(1,035,596)
Total other global result elements					(1,035,596)	60,676,014	59,640,418
Net increase of the modernization quota reserve	-	-	-	12,998,654	-	-	12,998,654
Surplus achieved from revaluation	-	-	(5,340,483)	-	5,340,483	-	-
Allocation from profit provided by law - reinvested income	-	-	-	1,433,785	(81,693)	(1,352,092)	-
Other allocations from the preceding year's result	-	-	-	3,159,448	255,137	(3,414,585)	-
Deferred corporate tax			134,560				134,560
Dividends due to shareholders	-	-	-	-	-	(69,621,097)	(69,621,097)
Balance at December 31, 2018	28,569,842	5,713,968	25,810,840	496,092,345	44,689,400	60,676,014	661,552,409

Note: The position „Other reserves” includes also the reserve representing the modernization quota in amount of 458,076,493 RON at 31.12.2019, namely 458,941,825 RON at 31.12.2018. This reserve has a special using regime, provided in GD no. 168/1998, this being destined exclusively to the financing of the modernization works and development works related to the goods belonging to the public domain. The modernization quota is being collected at the extent of capitalization and proceeds of the production and is being reflected in reserves accounts, as expenses. On a monthly basis is being written back to the revenues the modernization quota at the level of depreciation of the fix assets financed out of this source.

Director General Economic Director,

PhD. Eng Timur-Vasile Chis

Ec. Sanda Toader

STATEMENT OF THE CASH FLOWS AT DECEMBER 31, 2019 (UNAUDITED)
- PRELIMINARY DATA -

(DIRECT METHOD)

	Name of the Item	12 months 2019	12 months 2018
	Cash flows from operating activities:		
+	Proceeds from services supply	451,818,164	415,156,770
+	Proceeds from interests related to banking placements	7,956,249	4,331,871
+	Other proceeds	6,614,327	4,618,053
-	Payments to the suppliers of goods and services	(119,161,438)	(111,031,473)
-	Payments to and on behalf of the employees	(155,943,944)	(134,419,650)
-	VAT Payments	(46,787,643)	(44,487,623)
-	Expenses with corporate tax and specific tax	(13,666,926)	(12,735,611)
-	Other payments regarding operating activities	(36,384,142)	(37,389,340)
A	Net cash from operating activity	94,444,647	84,042,997
	Cash flows from investment activities:		
+	Proceeds from sale of tangible assets	38,310	449,704
+	Proceeds from modernization quota	31,080,415	41,825,050
+	Proceeds from investments in government securities	-	70,309,618
+	Proceeds from interests related to government securities	-	917,582
-	Payments for purchase of tangible assets	(84,149,146)	(87,517,315)
B	Net cash from investment activity	(53,030,421)	25,984,639
	Cash-flows from financing activities		
+	Proceeds of dividends transferred to Depozitarul Central	2,786,508	9,479,683
-	Paid Dividends	(65,172,691)	(69,672,230)
-	Payments against the financial leasing-related debt	(133,446)	-
C	Net cash from financing activities	(62,519,629)	(60,192,547)
	Net increase of the cash and cash equivalents=A+B+C=D2-D1	(21,105,403)	49,835,089
D1	Cash and cash equivalents at the beginning of the period	259,682,354	209,847,265
D2	Cash and cash equivalents at the end of the period	238,576,951	259,682,354

Director General,
Ph.D Eng. Timur-Vasile Chis

Economic Director,

Econ. Sanda Toader

1. Business Description and General Information

The company "CONPET" S.A. ("The Company") is a joint-stock company, with a unitary system administration, as per Law no. 31/1990 on the companies, republished, subsequent amendments, is registered at the Prahova Trade Registry under no. J29/6/1991, and the Financial Supervisory Authority by the registration certificate no. 7227/1997.

Address of the registered offices is Ploiesti Municipality, No. 1-3, Anul 1848 Street, Prahova County.

CONPET S.A. is the concessionaire of operation activity of the crude oil, rich gas, condensate and ethane National Transport System, capacity acquired, in 2002, following the conclusion, with the National Agency of Mineral Resources, the competent authority representing the State's interests in the oil resources sector, of an Oil Concession Agreement, approved by GD no.793/25.07.2002.

The company's shares are traded at the Bucharest Stock Exchange (BSE) on September 5, 2013, under the "COTE" symbol.

Currently, CONPET S.A. is included in 7 indexes of the total of 9, namely **BET, BET-TR, BET-XT, BET-XT-TR, BET-BK, BET-NG AND BET Plus**.

At 31.12.2019, CONPET S.A. had a market capitalization of 689.1 mRON (144.2 mEURO), occupying position 21 in "Top 25 of the issuers after capitalization".

Company Set-up

CONPET is set up based on GD 1213/20.11.1990 regarding the set-up of the joint stock commercial companies in the industry, pursuant to Law no.15/1990 regarding the reorganization of the public economic units as autonomous administrations and joint stock companies, by taking over all assets and liabilities of the former Crude Oil Pipeline Transport Enterprise (Rom.I.T.T.C.).

The shareholders structure and the number of voting rights at the date of 31.12.2019 are the followings:

- The Romanian State by the Ministry of Energy, small, medium enterprises and business environment, holder of a number of 5,083,372 shareholders representing 58.72% out of the share capital;
- legal persons, with 2,361,896 shares representing 27.28 % and
- natural persons, with 1,212,260 shares representing 14.00 %.

Company's Mission

CONPET mission is the operation of the National Transport System via Pipelines under safe and secure conditions, free access to the system's available capacity to all the inquirers, authorized legal persons, under equal conditions, on a non-discriminatory and transparent basis.

Other Information on the Company's Business

As per the Articles of Incorporation, the company's core business is the transport of crude oil, rich gas, ethane and condensate via pipelines aiming at supplying the refineries with crude oil and derivatives out of domestic production, as well as with imported crude oil (NACE code 4950-"transports via pipelines").

CONPET supplies transport services for its clients both via the National Transport System concessioned based on the oil concession agreement of the National Transport System of crude oil, gasoline, condensate and ethane, as well as by railway tanks, from the loading ramps to the refineries, for the oil areas not connected to the transport major pipelines.

The crude oil National Transport System represents the ensemble of the major interconnected pipelines ensuring the collection of the oil extracted from the exploitation areas or of the imported, from the delivery sites to the processing units.

CONPET, as concessionaire of the crude oil National Transport System entitles as common carrier and has the obligation to provide, as per the legal provisions, free access to the system's available capacity to all the inquirers, authorized legal persons, under equal conditions, on a non-discriminatory and transparent basis.

The crude oil National Transport System belongs to the Romanian State public domain and is being administered by NAMR. (as per the Oil Law provisions). It comprises a pipeline system of approx. 3,800 km and a transport throughput of 18.5 million tons/year.

The Legal Environment

The activity in the oil sector is being regulated by the Oil Law no. 238/2004. As per the Oil Law, the National Agency for Mineral Resources entitles as Concession Provider of the goods belonging to the public domain, concessioned to the operators acting in the oil industry.

The main responsibilities of NAMR are the followings:

- negotiates and concludes, on behalf of the State, oil agreements;
- awards mining concession licenses and exploitation permits;
- issues regulatory acts, norms, instructions, orders and regulations;
- controls the compliance, by the holders of the concession agreements with the concession licenses and exploitation permits conditions;
- manages the Crude Oil and Natural Gas National Pipeline Transport Systems and regulates the exploitation activities thereof by the system's concession agreements concluded;
- annuls the concession/administration acts;
- approves the tariffs and the frame-contract for the transport of crude oil, rich gas, condensate and ethane.

The tariff for the supply of the transport service via the National Transport System of crude oil, rich gas, condensate and ethane

The transport tariff stands for the exchange value of the transport service supplied by the holder of the oil concession, as common carrier for the transport, via the crude oil National Transport System, of an oil ton along the oil take-over sites from the domestic producers or import and the delivery sites to the refineries.

The transport tariffs are being established in accordance with NAMR Order no.53/2008 for the approval of the guidelines regarding the criteria, methodology and settlement procedure of the regulated for the transport via the National Transport System and are being approved by NAMR as competent authority.

The company practices different transport tariffs for the two subsystems belonging to the National Transport System, namely the subsystem for the transport of crude oil, condensate, rich gas and ethane from the internal production and the subsystem for the transport of the imported crude oil. For the transport on the import subsystem are being settled tariffs per refineries and per transported quantity installments, being applied the bracket tariff model.

The transport tariffs are determined by the value of transmission allocation of the amount of oil transported for the beneficiaries, using a methodology based on the determination of the cost of service, defined as all the revenue required to cover the transportation system operations, including:

- the operating cost, including: material expenses, personnel expenses, pipeline maintenance expenses, expenses with energy, costs related to the amortization of the fixed assets, the royalty and other taxes applicable to the transporter, expenses related to the provision of pipeline guard, sums owed to the land owners, other expenses, etc.;
- modernization and development quota;
- reasonable profit margin.

2. Preparation Grounds

(a) Declaration of Conformity

The preliminary financial statements have been drafted as per the Order of the Ministry of Public Finances no.2844/2016 for the approval of the accounting Regulations as per the International Financial Reporting Standards ("IFRS") ("OMPF 2844/2016").

These preliminary financial situations do not include all the necessary information in order to provide a complete set of financial statements in compliance with the International Financial Reporting Standards and must be read together with the annual financial statements of the Company, issued at December 31, 2018. Nevertheless, certain explanatory selected notes are included for explaining the events and the transactions that are significant for understanding the amendments occurred in the financial standing and the company's performance since the last annual financial statements prepared at the date and for the financial year concluded at December 31, 2018.

The preliminary financial statements are not being audited and have not been revised by an independent auditor. These preliminary financial statements have been authorized for issue and signed by the company's management at February 20, 2020.

(b) Accounting Estimates and Professional Reasonings

The preparation of the interim financial statements implies the use, by the Company management, of estimates, professional reasoning and hypotheses affecting the reported value related to assets, liabilities, revenues and expenses. Estimates and assumptions are continuously evaluated and are based on historical experience and other factors, including predictions of future events that are believed to be reasonable under certain circumstances. The results of these estimates set the grounds for the professional reasonings regarding the accounting value of the assets and liabilities that cannot be obtained from other information sources. The actual results may be different from the estimates values.

The significant reasoning used by the management for the application of the Company's accounting policies and the main sources of uncertainty regarding the estimates have been the same with those applied to the financial statements related to 2018.

3. Accounting Policies

The accounting policies applied in these interim financial statements are the same with those applied in the financial statements of the Company at the date and for the financial period ended at December 31, 2018, except for the adoption of new standards effective from January 1, 2019.

4. Fixed assets

Fixed assets have increased by 7.9 % at the end of December 2019 compared to December 31th, 2018 (472 mRON to 437.4 mRON), mainly due to achieving a higher investment volume, superior to the recorded depreciation.

At December 31st, 2019, the company holds fixed assets consisting in 30 vehicles in financial-leasing system, necessary for the carry out of the company's activity. The duration of the financial leasing contract is of 4 years and the value of the rights of use of the assets taken in leasing registered is of 2.2 mRON.

Moreover, within fixed assets it is recognized the oil operating product amounted to 42.1 mil. RON. The oil product is determined at the cost of re-evaluation performed according to the GD no.26 from January 22nd, 1992, restated by applying IAS 29, "Financial reporting in hyperinflationary

economies”.

5. Current assets

Current assets decreased by 7.5% from December 31st, 2019 compared to the value recorded at December 31st, 2018 (290.3 million RON to 313.8 million RON), mainly due to decrease in cash equivalents.

Trade liabilities and other liabilities

At December 31, 2019 and December 31, 2018 the trade receivables and other receivables are the followings:

	December 31, 2019	December 31, 2018
Trade receivables	39,221,458	37,422,317
Other receivables	3,039,712	5,733,306
Total receivables	42,261,170	43,155,623

Over 81.4 % of the total short-term receivables at December 31, 2019 represent the consideration of the services to be collected from the main client of the Company, OMV PETROM S.A., in amount of 34.4 mRON.

The position *Other receivables*, in amount of 3 mRON includes the amounts to be recovered from various natural and legal persons, the majority pending before the law courts (2.3 mRON, namely 76.1%).

Cash and cash equivalents

At December 31, 2019 the cash and cash equivalents have decreased by 8.1% as compared to December 31, 2018 (238.6 mRON, compared to 259.7 mRON), fact due to the payment of dividends from the net profit related to the financial year 2018 (64.7mRON) in 2019, as well as to higher payments due to suppliers of fixed assets.

Cash includes the available quota for the modernization, amounting to 152 mRON.

The cash representing the modernization quota has a special use regime, provided by GD no.168/1998, being destined exclusively to the financing of the modernization and development works related to the goods belonging to the public domain.

Short-term investments

At the end of 2019, the company does not record government bonds investments.

6. Equities

Shareholders' Equities decreased slightly from 1.3 % at December 31st, 2019 compared to December 31st, 2018 (652.7 million RON to 661.6 million RON), particularly due to the reduction of the result of the exercise.

Share capital

During the reporting period, the share capital of the company has not changed, remaining at the value of 28,569,842 RON, being divided into 8,657,528 ordinary shares with a nominal value of 3.3 RON/share and corresponds to the one registered at the Trade Register Office.

Retained earnings

At December 31st, 2019, a major share in the Retained earnings is hold by the result derived from the first adoption of IAS 29 relating to fixed assets representing oil operating product, recognized in tangible assets: 41.8 mRON (94.9%).

Profit of the year

The profit for the year has decreased by 5.1% compared to profit for the year 2018 (57.6 million RON to 60.7 million RON).

7. Liabilities

Long-term liabilities

Long-term liabilities have increased by 14 % in 2019 compared to 2018 (17.9 mil RON to 15.7 mil RON), driven by both higher provisions and recording of long-term commercial debt.

Short-term liabilities

Short-term liabilities increased by 24.6 % at the end of December 2019 compared to December 31st, 2018 (90.6 mil RON to 72.7 mil. RON), due to increase in the commercial debts and provisions.

8. Revenues

Company revenues are achieved, mainly, from transport services via the National Transport System of crude oil and by rail.

Operating Revenues

Operating revenues register an increase of 5.7% in 2019 compared to 2018 (442.6 mRON to 418.7 mil RON), due to the increase by 3.9% of the total transported quantity (7.124 thousand tons to 6.855 thousand tons).

9. Expenditures

Operating expenses have accounted for 97% of total expenses and increased by 8.1% compared to 2018 (381.1 million RON to 352.5 million RON). The increase was determined by higher prices and tariffs of materials, energy, gas, by applying the new provisions of the Collective Labor Agreement in force from January 1st, 2019 and due to granting various benefits higher than the previous year, such as awards and the employees share of profit (personnel expenses increased from 140.3 mRON to 159.9 mRON). The increase of the operating expenses was also due to record of provisions higher by 6 million in 2019, as compared to 2018.

10. Ulterior Events

There have not been registered significant events ulterior to the conclusion of the financial year 2019.

These preliminary financial statements and the related notes, from page 3 to page 14 have been authorized for issue and signed by the company management at February 20th, 2020.

Director General
PhD Eng. Timur-Vasile Chis

Economic Director,
Econ. Sanda Toader