



Petro Welt
Technologies

**IFRS GROUP
FINANCIAL RESULTS
FOR THE FIRST
QUARTER OF 2020**

MANAGEMENT REPORT Q1 2020

PERFORMANCE OF THE PEWETE GROUP

Total Group revenue in the first quarter of 2020 rose by 36.4% to EUR 84.8 million (Q1 2019: EUR 62.2 million). Expressed in Russian rubles, revenue for the reporting period increased by 32.9%. The average EUR/RUB exchange rate in the first quarter of 2020 was RUB 73.23 per euro, a decrease of 2.6% compared with the first quarter of 2019 (RUB 75.17 per euro).

The Well Services and Stimulation segment made the biggest contribution to revenue, raising its job count by 48.8% to 1,400 jobs during the reporting period. Thanks to the segment's ability to keep average revenue per job on the same level year over year, its revenue jumped 48.6% to EUR 42.8 million, returning the segment to its 50%+ status in total Group operations (it accounted for 50.4% of total revenue in the first quarter of 2020 versus 46.3% in the first quarter of 2019). These positive dynamics were related to oil companies' stronger demand for stimulation treatments due to the very warm winter.

The Drilling, Sidetracking, and IPM segment posted growth of 32.1% in physical volumes. The job count climbed from 56 in the first quarter of 2019 to 74 in the first quarter of 2020. Improvements in this segment with respect to contracting levels and the operating efficiency of its sidetracking operations made this positive development possible. Segment revenue increased by 26.3% to EUR 38.9 million. The European branch of the PeWeTe Group completed several operations during the reporting period.

The Proppant Manufacturing segment contributed EUR 3.1 million to total Group revenue for the reporting period.

While the cost of sales corresponded to the revenue growth, the continuation of strict cost controls made it possible to slow the increase in the cost of sales to 27.8% in the first quarter of 2020 and thus to improve the gross profit margin to 16.6% (Q1 2019: 10.9%).

This development also had a positive effect on the operating result even though administrative expenses rose by 9.3%, an increase that was driven by the resurgent sidetracking subsegment as well as developments related to the Romanian and Omani subsidiaries.

Another positive effect on the profit before tax resulted from foreign exchange gains of EUR 2.5 million in the first quarter of 2020. By contrast, the Group posted foreign exchange losses of EUR 100,000 in the first quarter of 2019.

Income tax expense more than tripled in the reporting period to EUR 2.6 million (Q1 2019: EUR 0.9 million).

Net profit for the first quarter of 2020 amounted to EUR 8.7 million (Q1 2019: EUR 771,000), delivering earnings per share of EUR 0.18 (Q1 2019: EUR 0.02).

EXCERPTS OF THE CONSOLIDATED INCOME STATEMENT AS OF MARCH 31, 2020

TEUR	Q1 YTD 2020	Q1 YTD 2019	Q1 2020 YTD vs. Q1 2019 YTD
Revenue	84,849	62,196	36.4%
Cost of sales	(70,785)	(55,387)	27.8%
Gross profit	14,064	6,809	106.6%
Gross profit margin in %	16.6%	10.9%	
Operating result (EBIT)	8,067	189	x43
EBIT margin in %	9.5%	0.3%	
EBITDA	16,534	9,334	77.1%
EBITDA margin in %	19.5%	15.0%	
Profit before income tax	11,304	1,640	x7
PBT margin in %	13.3%	2.6%	
Income tax expense	(2,619)	(869)	x3
Profit	8,685	771	x11
Earnings per share in EUR	0.18	0.02	

The EBITDA margin is 19.5% for the reporting period, up from 15.0% in the previous year. The Group cash position (including deposits, cash, and cash equivalents) stood at EUR 120.1 million as of March 31, 2020, down 16.6% from EUR 144.0 million as of December 31, 2019. This decrease reflects the devaluation of the Russian ruble by 23.7% from RUB 69.34 per euro as of December 31, 2019, to RUB 85.74 per euro as of March 31, 2020, as well as the initial effects of the extension of the trade receivables cycle.

Property, plant and equipment decreased by 16.4% and total non-current assets by 15.9% as of March 31, 2020. This negative development resulted mainly from the devaluation of the Russian currency. Total equity fell by 22%, driven primarily by the currency translation reserve. The Group's retained earnings rose by 3.2% to EUR 277.3 million.

EXCERPTS OF THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF MARCH 31, 2020

TEUR	03/31/2020	12/31/2019
Assets		
Non-current assets, including	140,415	166,897
Property, plant and equipment	134,610	161,107
Current assets, including	247,860	285,844
Trade receivables	71,392	77,049
Total assets	388,275	452,741
Equity and liabilities		
Equity	198,271	254,272
Non-current liabilities, including	124,808	125,239
Non-current financial liabilities to affiliated parties	120,196	119,298
Current liabilities, including	65,196	73,230
Trade payables	40,731	44,344
Total equity and liabilities	388,275	452,741

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