



224 E Calea Bucureștilor  
Otopeni-Romania  
[www.bucharestairports.ro](http://www.bucharestairports.ro)



To be presented for favourable endorsement  
during the Management Board meeting from

To be presented for approval  
during the SGA meeting from

Gabriel STOE  
General Manager  
Signature: [illegible]

**CNAB SA ADMINISTRATORS' REPORT**  
**on the financial statements as at December 31, 2018**  
**drawn up pursuant to the provisions of OMFP no. 666/2015 and OMFP no. 2844/2016**

**A. STATEMENT ON FINANCIAL MATTERS (Order of the Minister of Public Finance (OMFP) no. 2844/2016)**

**I. COMPANY ADMINISTRATION**

C.N. Aeroporturi București S.A., set up as a joint-stock company, operates as a Romanian legal entity, with its headquarters at 224E Calea Bucureștilor str., Otopeni, Ilfov County. The Company was constituted pursuant to GD no. 1208/07.10.2009 by means of a merger between National Company "Aeroportul International Henri Coanda – București" S.A. and National Company "Aeroportul International București Băneasa – Aurel Vlaicu" S.A.

National Company "Aeroporturi București" S.A. (CNAB) has, as its main scope of business, the rendering of deliverables and services, the performance of operating, management, maintenance, repair, development and upgrading works on the items among its assets, items which it either owns or leases, in order to ensure the proper safety and security conditions required for the arrival, departure and on-the-ground handling of aircraft engaged in national and/or international air traffic, the provision of airport services for the transfer of persons, cargo and mail, as well as national public interest services.

National Company "Aeroporturi București" S.A. (CNAB) is a joint-stock majority state-owned trading company, organised and operating based on economic management and in accordance with its articles of incorporation. The amount of the share capital subscribed and paid, as at December 31, 2018, was 143,772,150 lei, representing 14,377,215 shares. All the shares are ordinary, were subscribed and paid-up as at December 31, 2018. All the shares are accompanied by the same voting right and have a nominal value of 10 lei/share.

The Shareholding structure as at December 31, 2019 appears as follows:

	<b>Number of shares</b>	<b>Amount</b>	<b>Percentage</b>
		<b>(lei)</b>	<b>(%)</b>
Ministry of Transportation	11,501,772	115.017.720	80

Fondul Proprietatea	<u>2.875.443</u>	<u>28.754.430</u>	20
<b>Total</b>	<b><u>14.372.215</u></b>	<b><u>143.772.150</u></b>	<b><u>100</u></b>

As per Decision no. 10 from 06.11.2018, the Shareholders' General Extraordinary Assembly within CN Aeroporturi București approved a share capital increase by a maximum value of 336,462,600 lei, representing a contribution in kind in the form of the lands for which the land ownership certificates were issued, amounting to 269,170,080 lei, and a cash contribution amounting to 67,292,520 lei, from the current value of 143,772,150 lei to the maximum value of 480,234,750 lei, through the issuance of a maximum number of 33,646,260 new dematerialised nominal shares, at a value of 10 lei/share (excluding the issuance premium), of which:

- a) 26,917,008 new shares amounting to 269,170,080 lei and representing the Romanian state's contribution in kind via the Ministry of Transportation, in the form of lands for which land ownership certificates were obtained. The value of the lands provided as contribution in kind was determined as per assessment report no. 2016245 registered with CNAB under no. 1503/12.04.2017, a report drawn up by MAPPS-MASTER APPRAISAL SRL, following the decision of the Trade Register Office attached to Ilfov County Court;
- b) 6,729,252 new shares amounting to 67,292,520 lei, provided for subscription purposes to Fondul Proprietatea shareholder, so that it should be able to maintain its participations in the company's share capital, according to art. 216 in Law no. 31/1990.

Furthermore, pursuant to this decision, the company's Management Board was unanimously mandated, in accordance with the provisions of art. 114 par 1 in Law 31/1990, to carry out any and all the formalities required to fulfil the SGEA decision, including, without limitation to, **ascertaining and validating subscriptions**, cancelling the unsubscribed shares, **registering and operating the share capital increase**, amending accordingly the articles of incorporation of CN Aeroporturi București after setting forth the actual value by which the share capital will increase, drawing up and signing all the documents and carrying out any formalities required to operate and register the share capital increase with the competent authorities.

SGEA Decision no. 10/06.11.2018 was published in the Official Gazette no. 44/07.01.2019, Part IV.

On 17.01.2019, Fondul Proprietatea SA, according to payment order no. 2019117113550916, transferred to CN Aeroporturi București SA the amount of 67,292,520 lei representing "the payment for share capital increase subscription of 6,729,252 Shares x 10 Ron/Share - participation to be maintained acc. to SGEA decision no. 10 from 06.11.2011". This amount was received into the account of CN Aeroporturi București as per bank statement no. 4790 from 18.01.2019.

According to report no. 261201 issued on 12.02.2019, at 14:01:01, generated by the National Trade Register Office, the subscribed share capital is 143,772,150 lei, paid in full. The column "Other mentions" highlights, under entry number 118190/05.12.2018, SGEA Decision no. 10/06.11.2018 on the capital increase/decrease.

In accordance with the provisions of art. 219 par. 1 in Companies Law no. 31/1990, as subsequently amended and supplemented, "The decision of the general assembly regarding the increase of share capital shall be effective only to the extent to which it is fulfilled within one year from the date it was passed". As such, on the date of the present report, there were ongoing efforts to obtain, in authenticated form, SGEA Decision no. 10 from 06.11.2018, a measure that is required in for registering the mention on increasing the companies' share capital with the Trade Register and for publication in the Official Gazette of Romania.

Within CNAB, Bucharest - Henri Coandă International Airport (AIHCB) and Bucharest Băneasa - Aurel Vlaicu International Airport (AIBB) operate as places of business. During the year 2018, the company leadership was secured as follows:

- Mîndrescu Bogdan-Stelian – General Manager – until 08.02.2018, appointed pursuant to MB (*Management Board*) Decision no. 18/18.09.2017;
- Baci Dan-Dumitru – General Manager – 12.02.2018 - 11.12.2018, appointed pursuant to MB Decision no. 28/12.02.2018, pursuant to MB Decision no. 41/09.08.2018 and pursuant to MB Decision no. 45/04.10.2018;
- Panait Traian – General Manager – 04.10.2018 - 01.02.2019, appointed pursuant to MB Decision no. 45/04.10.2018.

The company-wide management team comprised as follows:

- 10 executive officers, as of 18.09.2017, following the implementation of Organisational chart no. 2654/25.07.2017.

At the end of the 2018 fiscal year, the Management Board comprised 6 members. In 2018, the administrators' activity was particularly focused on the following aspects:

- Strengthening the financial position, while pursuing to maintain high profitability and to effectively manage risks
- Promoting a dynamic commercial policy
- Managing effectively the company's assets and liabilities
- Executing the income and expenditure budget
- Modern and high-performing management.

As at 01.01.2018, the membership of CNAB Management Board, appointed pursuant to SGOA (*Shareholders' General Ordinary Assembly*) Decisions no. 12/16.11.2017, was the following:

1. DANIELESCU DORINA
2. GEANTĂ FLORIAN DANIEL
3. GHEORGHE DAN VALENTIN
4. SILAGHI CRISTIAN-IONEL
5. MÎNDRESCU BOGDAN
6. ILIE LAURENȚIU-ANDREI

As at 31.12.2018, the membership of CNAB Management Board, appointed pursuant to SGOA Decision no. 9/03.10.2018 and to SGA Decision no. 12/10.12.2018, was the following:

1. DAN VALENTIN GHEORGHE
2. BUMBAC GEORGETA
3. PEDA COSTEL
4. NEAGA NARCIS ȘTEFAN
5. ȘIRBU OVIDIU MARCEL

## **II. GENERAL INFORMATION REGARDING THE ECONOMIC ENVIRONMENT IN 2018**

The Gross Domestic Product achieved in Romania in 2018 showed an increase – in real figures – by +4.1% compared with 2017, according to the data provided by the National Institute of Statistics. The monthly average inflation rate in 2018 was 4.6 %.

The monthly consumer-price index was, in December 2018, as opposed to December 2017, as follows:

<b>Ongoing period</b>	<b>Reference period</b>	<b>TOTAL CPI (%)</b>	<b>Food commodities CPI (%)</b>	<b>Non-food commodities CPI (%)</b>	<b>Services CPI (%)</b>
<b>December 2018</b>	<b>December 2017</b>	103.27	103.10	103.72	102.44

The average exchange rate for 2018 was 4.6535 Lei/Euro and 3,9416 Lei/USD, respectively, and 4.5681 Lei/Euro and 4.0525 Lei/USD, respectively for 2017. As opposed to 2017, the Leu showed a downward trend of -1.87% in relation to the EURO and an upward trend of +2.74% in relation to the USD.

## **III. COMPANY ACTIVITY IN 2018**

### **III.1 AIRPORT DEVELOPMENT**

#### **A. Strategic Program for Airport Infrastructure Development at AIHCB**

The Strategic Program for Airport Infrastructure Development at AIHCB was defined and approved pursuant to Romanian Government Ordinance no. 64/1999, approved with amendments and additions by Law 220/2002, as subsequently amended and supplemented. The main objectives of the Strategic Program are:

- the development of land transportation infrastructures in order to ensure access in the eastern area of Bucharest - Henri Coandă International Airport;

- the development of the airport infrastructure required to process the passenger traffic by way of building a new terminal and the necessary system of airstrips and platforms;
- the development of the airport infrastructure required to take over the cargo and mail traffic by way of building a multimodal cargo platform;
- setting up a technology park to host the development of activities related to air transportation.

#### **Current status:**

- Stage I - Approval of the Zoning Urban Plan – **implemented**;
- Stage II - Development of the activities precursory to the Strategic Program for Airport Infrastructure Development – **partially implemented**;
  - Stage II.1 - Drawing up and approval of the feasibility studies – **implemented as per GD 655/29.08.2018** (approval of the technical and economic indicators for the “Strategic Program for Airport Infrastructure Development at Bucharest - Henri Coandă International Airport” investment objective of national interest and public utility);
  - Stage II.2 - Drawing up and approval of the technical and economic documentations for the approved feasibility studies – **completed at CNAB level, undergoing implementation within MT (Ministry of Transportation)**;

#### **Endeavours carried out in 2018:**

The feasibility study was debated upon in the meeting of the Technical and Economic Council (CTE) within the Ministry of Transportation and **CTE-MT Permit no. 1/10 from 23.01.2018 was issued**.

During the meeting of the Interministerial Council for the Approval of Nationally Significant and Housing Public Works (the CI) from 03.04.2018, the Strategic Program for Airport Infrastructure Development at Bucharest – Henri Coandă International Airport was approved without observations.

The **Interministerial Council issued CI Permit no. 8/29.05.2018** for the “Strategic Program for Airport Infrastructure Development at Bucharest - Henri Coandă International Airport” investment objective”.

On August 29, 2018, **Government Decision no. 655/29.08.2018 was issued**, on the approval of the technical and economic indicators for the “Strategic Program for Airport Infrastructure Development at Bucharest - Henri Coandă International Airport” investment objective of national interest and public utility”.

Following the approval of the technical and economic indicators of the above-mentioned investment objective, CNAB communicated to the Ministry of Transportation the need to secure the funding sources required to pay the indemnifications for the civilian housing units that constitute the expropriation path of the “Strategic Program for Airport Infrastructure Development at Bucharest - Henri Coandă International Airport” investment objective of national interest and public utility and the sheets bearing codes 28, 29 and 02, as well as the substantiation note pertaining to the request for the above-mentioned amounts.

In November 2018, CNAB finalised the documentations required to promote the Government Expropriation Decision, whereas C.N. A.B. S.A. MB Decision no. 50/16.11.2018 and SGEA Decision no. 11/27.11.2018 a C.N. A.B. S.A. approved and ordered that the documentation be submitted to the Ministry of Transportation in order to have a Government Decision issued on commencing the expropriation procedure for the real estate units under civilian property, which constitute the expropriation path of the “Strategic Program for Airport Infrastructure Development at Bucharest - Henri Coandă International Airport” investment objective of national interest and public utility. The entire documentation was submitted to the Ministry of Transportation by means of S.P.C. (*Public Community Service*) notice 1081/04.12.2018.

On 20.12.2018, the Ministry of Transportation, in a decision-making transparency endeavour, published on its website the Government Decision draft on commencing the expropriation procedure for the real estate units under civilian property, which constitute the expropriation path of the “Strategic Program for Airport Infrastructure Development at Bucharest - Henri Coandă International Airport” investment objective of national interest and public utility”, the deadline for submitting proposals/observations being 25.01.2019.

#### **The subsequent stages within PSDIA, which can be implemented following the issuance of the Government decision on expropriation:**

- Stage II.3 – The purchase of the lands required to implement the approved investment objective and their removal from agricultural use, as the case may be
- Stage II.4 – Obtaining the permits, authorisations and approvals required to commence the works.

## **B. Medium- and long-term development of airport infrastructure at AIBB-AV**

To continue the endeavours carried out in 2017, design note AB-SPDASP 329/15.06.2018 and report AB-SPDASP 343/18.06.2018 were drawn up in 2018, on the procurement of the services for the elaboration of the pre-feasibility study specific to the medium- and long-term development path of airport infrastructure within AIBB-AV.

In order to pursue the specific procedures required to start the procurement, the CNAB personnel drew up and submitted, for consultation purposes, the design brief, in correlation with the legal provisions on the investment legislation, with the provisions of the internal procedures in force, with the specifications in Doc ICAO 9184 – the Airport Planning Manual and IATA Airport Development Reference Manual – Edition 10.

## **III.2 PRIVATISATION**

### **LEGAL FRAMEWORK**

- **Law no. 297/2004** on the capital market, *as subsequently amended and supplemented*;
- **Law no. 247/2005** on reforms in the areas of property and justice, and certain adjacent measures, *as subsequently amended and supplemented*;
- **Government Decision no. 574/2006** for the approval of the first stage in the strategy to privatise certain trading companies under the authority of MTCT (*Ministry of Transportation, Constructions and Tourism*), *as subsequently amended and supplemented*;
- **Government Emergency Ordinance no. 81/2007** on accelerating the procedure of granting indemnifications for abusively confiscated real estate units;
- **GD no. 1208/2009 from 07/10/2009** on setting up National Company “Aeroporturi București” - S.A. by means of a merger between National Company “Aeroportul International Henri Coanda – București” S.A. and National Company “Aeroportul International București Băneasa – Aurel Vlaicu” S.A.;

In 2018, CNAB was invited to, and took part in, the events organised by Fondul Proprietatea - “FP Investor Days”, in February and September, continuing to develop relations with possible investors interested in the company’s activity and financial performance. CNAB attended with a presentation of the company, focused on the financial, commercial and operating performance, which also included a presentation of the Strategic Program for Airport Infrastructure Development at AIHCB.

## **III.3 THE INVESTMENT ACTIVITY**

Throughout 2019, the investment activity was mainly represented by:

1. Northbound extension of aircraft parking Platform no.1, at AIHCB – *contracting of works completed and contract signed on 22.10.2018*;
2. Upgrades for the parking lot system (*intervention works approval documentation – DALI*) – *acceptance of DALI documentation completed*;
3. Design and construction works for building operating as an FPE shed and FPE water reserve – the Feasibility Study was accepted and the Technical Design was drawn up;
4. Rehabilitation of and re-rendering operational the interiors of Buildings A, B and the Rotunda – *the contract for executing the DALI phase of the project was signed and the documentation was handed over for acceptance purposes*;
5. Development works on the land hosting the PDA (*take-off and landing airstrip*) safety area and other airstrips - AIBB-AV – *a contract on drawing up the DALI and the technical design was signed, and the documentations were submitted and accepted*;
6. Overhauling of Generating station, at AIBB-AV – *the procedure to procure Technical assessment services and the DALI procedure were commenced*;
7. Upgrades to the interior air ventilation and distribution systems at Arrivals + Departures + Finger - AIHCB (technical assessment) – *procurement procedure and contract signing in progress. The Technical assessment was drawn up*;

8. Multi-storey GF(ground floor)+2 construction of West Department personnel parking lot – *Procurement procedure completed, Contract for Technical assessment, DALI and PTE (technical execution project) signed.*
9. Upgrades and rehabilitation for the exterior lighting in the public and utility area within the AIBB AV (technical assessment, DALI, PT(technical design) + DDE(detailed execution plan)) – *procedure to procure design services completed and Contract signed;*
10. Systematisation of the rolling areas at AIHCB, intended to increase the operating capacity and secure compliance with R139/2014 (design) – *Design contract in progress. Technical assessment completed and accepted;*
11. Modernisation of PDA 2 and re-systematisation of the related safety area (including for N, V, W, O airstrips) – *Design contract, DALI phase in progress. DALI phase documentation completed, accepted and approved by CTE MT. Procurement of technical design services and works in progress;*
12. Rehabilitation works for Delta Airstrip, with PCN increase to the level of PDA 1 (design and execution) - *Procurement of technical design services and works completed;*

### **III.3 THE INVESTMENT UNDERTAKING DEGREE**

- lei -

	<b>2018 IEB</b> <i>(income and expenditure budget)</i> <b>Draft</b>	<b>Executed</b>	<b>% executed</b>
<b>1. Investment funding sources</b>	<b>338,738,650.00</b>	<b>14,604,082.77</b>	<b>4.31%</b>
a) own sources set up acc. to the regulations in force	136,222,380.00	14,604,082.77	10.72%
b) other sources	202,516,270.00	0.00	0.00%
c) loans	-		
<b>2. Capital expenditure</b>	<b>338,738,650.00</b>	<b>14,604,082.77</b>	<b>4.31%</b>
a) independent facilities	193,480,448.00	11,359,653.36	<b>5.87%</b>
b) investment works	143,984,329.00	1,940,095.86	<b>1.35%</b>
c) repayment of domestic loans	1,273,873.00	1,304,333.55	102.39%

In 2018, according to the investment plan monitoring schedule, the following investment- and equipment-related objectives were fulfilled:

- ❖ For chapter „b) **investment works**”, the execution degree was 1.35%. The related amount, namely **1,940,095.86** lei, represents expenditure made with the taxes and approvals related to the following objectives:
  - Systematisation of the rolling areas at AIHCB, intended to increase the operating capacity and secure compliance with R139/2014 (design + execution of works);
  - Modernisation of PDA 2 and re-systematisation of the related safety area (including for N, V, W, O airstrips) - design and execution;
  - Overhauling of T, Arrivals multi-storey parking lot - AIHCB (technical assessment, design, execution);
  - Integration of electric generator sets for airstrips and internal services for the generating station in AIHCB (DALI + PT) + execution;
  - Light signalling works for compliance with EC Regulation 139 (technical assessment + DALI + execution);
  - Rehabilitation of and re-rendering operational the interiors of Buildings A, B and the Rotunda (design and execution);
  - Modernisation of the parking lot system at AIHCB;
  - Development of bunker access road (design);
  - Design and construction works for building operating as an FPE shed and FPE water reserve.
- ❖ The chapter “**independent facilities**” has a 5.87% execution degree and comprises expenses which are strictly required for conducting airport activities under proper conditions. As such, throughout 2018, the following were purchased in compliance with the regulations in force:

- Image processing software suites (Iwork, Apple Adobe CS5, Adobe Premiere After Effects, Final Studio) and Corel X6/X7, Sign Gallery, Fonts - 158,468 lei;
- PMR (*persons with reduced mobility*) ambulift - 1,629,915 lei
- Multipurpose machinery for snow clearing on airport platforms, fitted with snowblower - 965,676 lei;
- Airport complex snow clearing machinery - towed - 2,922,994 lei;
- Tow truck, without tow bars, with nosewheel leg elevation, for aircraft towing and pushing - 2,330,700 lei;
- Conventional tow truck with tow bar - 1,769,318 lei
- Upgrades for the low-voltage current systems of AIHCB (upgrades to the public address system, to access control for Departures + Logistics + AB) - 235,724 lei;
- Other facilities - 1,346,858 lei

#### III.4 STATISTICAL INDICATORS. TRAFFIC DATA

CNAB

Indicator	2016	2017	2018	2018/2017
<b>Number of passengers</b>	10,990,145	12,824,655	13,845,381	<b>6.4%</b>
<b>Aircraft movements</b>	120,734	129,916	137,784	<b>5.2%</b>
<b>Cargo</b>	34,125	37,416	39,533	<b>-2.3%</b>

#### III.5 BUSINESS ACTIVITY

##### III.5.1 AERONAUTIC BUSINESS TYPES

##### New OTP routes

	OTP
No. of new destinations (2018)	128
No. of airlines (2018)	57

##### New destinations within the portfolios of airlines operating on a regular basis on OTP:

- Adria Airways: Ljubljana – March 27, 2018
- WIZZ Air: Athens – March 25, 2018
- Blue Air: Bacău – April 2018
- Air Malta: Malta (regular operation) – May 17, 2018
- TAROM: Sibiu (route reopening) – July 15, 2018
- TAROM: Odessa – September
- TAROM: Tbilisi – September
- TAROM: Baia Mare (route reopening) – September 6, 2018
- Wizz Air: Eilat (Ovda) – October 28, 2018
- Blue Air: Paris Charles de Gaulle – October 28, 2018
- WIZZ Air: Liverpool – October 30, 2018
- Blue Air: Marrakech – November 3, 2018
- TAROM: Târgu Mureş – November 22, 2018

##### New airlines that started operating on OTP in 2018:

- Jordan Aviation, Bucharest to Jordan.
- Ernest Airlines, Bucharest to Genoa and Verona.
- Air Canada Rouge, Bucharest to Montreal and Toronto, flights available during the summer flight schedule
- AlMasria Universal Airlines, charter flights on the Bucharest – Hurghada route.
- OnurAir, charter flights on the Bucharest – Antalya route.
- Laudamotion, Bucharest – Wien.

- Fly Egypt, charter flights on the Bucharest – Hurghada and Sharm El Sheikh routes.

#### **Cargo airlines that started operating on OTP in 2018**

- West Atlantic Cargo
- Cargo air

### **III.5.2 NON-AERONAUTIC BUSINESS TYPES**

#### **III.5.2.1 PROVISION OF HOSPITALITY AND BUSINESS SERVICES**

Throughout 2018, in relation to the rendering of hospitality services (economic operators and official institutions) and business services (for banking institutions and companies that issue special access cards for business lounges), 427 contracts were performed, of which:

- 198 Hospitality contracts with Officials
- 218 Hospitality contracts with Economic Operators
- 11 business lounge contracts for banking institutions and other entities issuing special access cards

#### **III.5.2.2 JOINT VENTURES**

As a result of concluding the joint venture contracts concluded with Autogrill SpA via Alpha Rocas SRL, no. 527/C/27.10.2010, for public catering, and with Millenium Pro Design SRL, no. 528/C/27.10.2010, for retail, commercial areas were added to AIHCB in accordance with the agreed-upon Masterplan.

At the end of 2018, the total area intended for conducting retail activities under these joint ventures was 1,638.38 sq m.

For the retail activity throughout 2018, business premises upgrading and revamping activities were carried out. We will also mention that the “Delicatess” (*Delicacies*) concept was implemented by means of opening a store in the jet bridge area of AIHCB, on the 1<sup>st</sup> floor.

For public catering activities, the following new concepts were implemented:

- Ted’s mobile coffee shop in the area reserved for domestic flights.
- All the machines reserved for vending activities (sandwich and cold/hot beverage vending machines) were refurbished/upgraded and embedded in modern casings.

At the end of 2018, the total area intended for public catering activities, resulted to this joint venture, was 2,180.5 sq m.

We will mention that, at the end of 2018, the total cumulated commercial area (joint ventures and leases – supermarket) for “public catering activities”, is 2,699.5 sq m.

Throughout the year, following the monitoring of business activities included in the above-mentioned joint venture contracts, and considering Tripartite agreement no. 529/C/27.10.2010 on collaboration and consultancy for the distribution, development and operation of the business establishments on the CNAB premises – AIHCB place of business, the tasks below were managed:

- receiving requests and following up on the procedures to obtain permits for technical designs;
- ensuring the monitoring of services rendered to passengers;
- monitoring the amenities and services in the hospitality/business lounges;
- submitting requests to associates in order to settle issues notified by passengers in relation to the retail and public catering services;
- permanent monitoring of compliance with contractual discipline as per the clauses stipulated in contracts.

Pursuant to Partnership agreement no. 365/2008 with MILLENIUM PRO DESIGN SRL, for the “Crew shop” activity, the commercial area is 106 sq m. As such, the total area intended for retail activities, under the two joint ventures, was 1,744.38 sq m. We will mention that, at the end of 2018, the total cumulated commercial area (joint ventures and leases – business premises within the terminals) for the “retail” activity is 2,074.33 sq m.

At the end of 2018, the net outturn of these joint ventures, for the public catering and crew shop business types, was 52,156,620.59 lei, an increase by +10.11% from 2017.

#### **III.5.2.3 ADVERTISING**



Throughout 2018, contracts were concluded for:

- advertisement display over a 6-month period: in effect (15 contracts at AIHCB, 1 contract at AIBB-AV);
- occasional commercial advertisement display over a period of no more than 30 days (35 contracts);
- distribution of promotional materials on the AIHCB premises (7 contracts);
- allocation of guest reception desk (4 contracts);
- promotion of taxi services at AIHCB;
- 1. protocol on the locations of taxi ordering touch-screen terminals – 4 protocols of this type were concluded (Clever Tech, Point Taxi, F.O.R.T., C.O.T.A.R.) pursuant to which 8 touch screen terminals were set up, enabling the operation of the taxi ordering service.
- 2. contracts for the application of pictograms of taxi ordering terminals passenger can use to benefit from taxi ordering services (19 contracts).

### III.5.2.4 OTHER ACTIVITIES

Throughout 2018, the following types of activities were carried out:

- the conclusion of 27 lease contracts at AIHCB (business premises for pharmacy, post office, rent-a-car, foreign exchange, banking activities, hairdresser services, petrol station, luggage wrapping);
- the conclusion of 3 lease contracts at AIBB AV (lands for petrol station, restaurant, land for car sales/show-room).
- Commercial activity management for the BIAS 2018 aviation event;
- Events organised by third parties: drive test, drift show, etc.

## IV. CN AB SA ECONOMIC AND FINANCIAL RESULTS

### IV.1.1 MAIN ECONOMIC INDICATORS

Indicator designation	Approved IEB (IFRS implemented)	31.12.2018	% execution
<i>0</i>	<i>1</i>	<i>2</i>	
<b>Net turnover</b>	1,026,396,936	972,932,742	<b>94.79%</b>
<b>Operating income</b>	1,040,899,936	992,560,984	<b>95.36%</b>
<b>Operating costs</b>	760,792,160	546,659,927	<b>71.85%</b>
<b>Operating profit/loss</b>	280,107,776	445,901,057	<b>159.19%</b>
<b>Financial revenues</b>	26,190,000	13,243,533	<b>50.57%</b>
<b>Financial expenses</b>	15,105,000	19,378,138	<b>128.29%</b>
<b>Total revenues</b>	1,067,089,936	1,005,804,517	<b>94.26%</b>
<b>Total expenditure</b>	775,897,160	566,038,065	<b>72.95%</b>
<b>Gross outturn</b>	291,192,776	439,766,452	<b>151.02%</b>
<b>Corporate income tax</b>	71,108,050	75,255,473	<b>105.78%</b>
<b>Deferred tax income</b>	0	7,311,414	
<b>Fiscal year net outturn</b>	220,084,726	371,822,393	<b>165.64%</b>

### IV.1.2 FINANCIAL PERFORMANCE

#### Revenues

In 2018, the company achieved total revenues amounting to 1,005,804,517 lei which, compared with 2017, is an increase by 91,862,182.00 lei and +10.05%, respectively.

The operating activity produced revenues amounting to 992,590,986 lei, of which:

- revenues obtained from the core activity, which is providing conditions for the arrival, departure or on-the-ground handling of aircraft, airport services for the transit of persons, cargo and mail, amounting to 808,244,680 lei;
- revenues from the sale of residual products – 7,258.65 lei;
- revenues from royalties, leases and rentals (including joint ventures), amounting to 84,990,903.10 lei;
- revenues from sales of various goods, amounting to 2,019,069 lei;
- revenues from related activities, amounting to 77,670,831 lei;
- other operating revenues obtained from asset disposals, indemnifications and penalties under the commercial contracts concluded, amounting to 3,293,842 lei;
- revenues from investment subsidies – 15,725,399 lei;

The financial activity produced revenues amounting to 13,243,533 lei.

### Expenditure

In 2018, the total expenditure reached 566,038,065 lei, a slight decrease by -4,702,713.00 lei and -0.82%, respectively, compared with 2018.

The operating activity produced expenses amounting to 546,659,927 lei, of which:

- expenses for materials, amounting in total to 19,792,775 lei;
- other external expenses – utilities, amounting to 17,145,133 lei;
- expenses with various goods, amounting to 1,864,779 lei;
- expenses for external deliverables, amounting to 137,071,508 lei;
- expenses related to taxes, dues and levies – 17,764,034 lei;
- staff expenditure, amounting in total to 210,625,944 lei;
- other operating expenses, amounting in total to 176,775,912 lei;
- expenses related to depreciations, amounting to 109,641,737 lei.

The financial activity produced expenses amounting to 19,378,138 lei.

## IV.2 SUMMARY INDICATORS

Liquidity indicators	2017	2018
1. General liquidity = Current assets / Current liabilities	3.45	3.41
	416,894,011/ 120,920,762	431,081,325/ 126,496,124
2. Immediate liquidity = (Current assets - Stocks) / Current liabilities	3.34	3.26
	403,359,887/120,920,762	411,836,773/126,496,124
3. Global solvency ratio = Total assets / Total liabilities	8.03	8.29
	4,516,086,336/362,458,052	4,568,491,557/378,852,233

Financial balance rates	2017	2018
1. Fixed asset financing rate = Permanent capital/Fixed assets	1.07	1.07
	4,395,165,574 / 4,098,629,702	4,441,995,433/4,136,095,198
2. Current asset financing rate = Net working capital x 100 / Current assets	70.99	70.65
	295,973,250 * 100/416,894,011	304,585,201*100/431,081,325
	0.93	0.93

3. Financial autonomy rate = Equity / Permanent capital	4,084,401,247/4,395,165,574	4,113,198,967 / 4,441,995,433
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Activity indicators	2017	2018
1. Receivable collection period = Trade receivable average balance * 365 / Turnover	29.58	30.81
	70,936,711 * 365 / 875,220,802	82,128,243*365 /972,932,742
2. Debt repayment period = Trade payable average balance * 365 / Turnover	10.04	9.86
	24,080,097*365 / 875,220,802	26,272,795 *365 / 972,932,742
3. Fixed asset turnover = Turnover / Fixed assets	0.21	0.24
	875,220,802 / 4,098,629,702	972,932,742/4,136,095,198
4. Total asset turnover = Turnover / Total assets	0.19	0.21
	875,220,802 / 4,516,086,335	972,932,742/4,568,491,557

Profitability indicators	2017	2018
1. Income rate of return = (Net profit / Total income) * 100	31.81	36.97
	290,685,038/913,942,335*100	371,822,393/1,005,804,517 *100
2. Financial rate of return = (Net profit / Equity) * 100	7.12	9.03
	290,685,038/4,084,401,247*100	371,822,393/4,113,198,967*100
3. Economic rate of return = (Net profit / Permanent capital) * 100	6.61	8.37
	290,685,038 / 4,395,165,574 * 100	371,822,393/4,441,995,433 *100
4. Rate of return of total assets = (Net profit / Total assets) * 100	6.44	8.14
	290,685,038/4,516,086,335 * 100	371,822,393 /4,568,491,557 *100
5. Gross operating margin = Operating profit/loss *100 / Turnover	38.57	45.83
	337,551,840/875,220,802* 100	445,901,057/972,932,742 *100

<b>Rate of debt indicators</b>	<b>2017</b>	<b>2018</b>
1. Rate of debt indicator - Borrowed capital x 100/ Equity	N/A	N/A
	N/A	N/A
2. Interest coverage indicator = Profit before interest and the corporate income tax / Interest expenses	200.94	N/A
	344,918,057/1,716,500	N/A
3. Overall rate of debt = (Total liabilities/Total assets)*100	8.03	8.29
	362,458,052/4,516,086,335*100	378,852,233/4,516,086,335*100

<b>Working capital analysis</b>	<b>2017</b>	<b>2018</b>
1. Net or permanent working capital (F.R.F.) = Current assets + Deferred expenses – Debts payable within one year – Deferred income (amounts to be carried over < 1 year)	296,533,128	305,900,193
2. Own working capital (F.R.P.) = Equity – Fixed assets	-14,228,456	-22,896,231
3. Borrowed working capital (F.R.I.) = F.R.F. – F.R.P.	310,761,584	328,796,424

<b>Analysis of the need for working capital</b>	<b>2017</b>	<b>2018</b>
1. Current assets	417,456,633	432,396,359
2. Cash	255,451,252	270,072,426
3. Short-term liabilities minus the amounts due to credit institutions in the short run	120,920,762	126,496,124
4. N.F.R. (need for working capital) (1-2-3)	41,084,619	35,827,809
5. F.R.N (net working capital)	296,535,871	305,900,235
6. T.N. (net treasury) (F.R.N. – N.F.R.) (5-4)	255,451,252	270,072,426

The Company conducted profitable business, achieving as at December 2018 a net profit of **net 371,822,393 lei** and an 9.03% **financial rate of return of own equity**, which expresses effectiveness in the use of invested capital.

## **V. RISK ANALYSIS**

Risk represents the uncertainty around the occurrence of a phenomenon which, if does occur, can have an influence upon the objectives set forth. Risk refers, in particular, to the degree of uncertainty hovering over future events. The first stage in a risk analysis focuses on identifying CNAB's exposure to events of an uncertain nature and with a possible impact upon the airport's normal activity. In that respect, the main activities carried out by CNAB, as well as the internal and external factors that can exert an influence upon the company were taken into account. This preliminary analysis led to identifying a series of risks, which were clustered, depending on their typology, into five categories detailed below.

### **Negative developments across the general economic context**

The development of CNAB's activity depends, to a significant extent, on the macroeconomic developments both domestically and worldwide, the general economic context having a significant impact upon passenger traffic and, thereby, upon the company. The occurrence of negative trends in economy on a global scale, such as the economic crisis, is a potential short-term risk, however, with relatively low predictability, considering the multitude of determinants.

### **Business risks**

The main business is represented by airlines cancelling some of their flights or an airline shutting down its business. Considering that most passengers fall into the "origin/final destination" category, the flights run by an airline can be relatively easily taken over by other airlines and would not entail financial difficulties for CNAB.

Other possible business risks are: a low occupancy degree of business premises to lease, a decrease of revenues from leases, a low usage degree of new parking spots, a low usage degree of available locations for advertising purposes, a decrease of revenues from joint venture contracts. Given the small share of non-aeronautic revenues, such risks becoming real would not have a significant impact upon the company.

### **Operational risks**

The operational risks identified are reflected from a series of events that can negatively influence the proper business processes conducted by CNAB, these events being related to the existing airport infrastructure, the ongoing/planned investment programs, as well as the structure and number of employed personnel.

### **Financial risks**

Significant financial risks are the interest rate risk and the foreign exchange risk. CNAB has a low debt-to-equity ratio, whereas the structure of receipts and releases, from a currency standpoint, is balanced. Under these conditions, this risk remains low in the medium term.

### **Legal risks**

Based on the experts' opinions, provisions were set up for the most significant litigations in terms of plaintiff claims (with CNAB acting as the defendant).

Considering that the level of provisions was set forth in a cautious manner, and the litigations are in various settlement stages, it is unlikely we will see a scenario where CNAB is bound to pay indemnifications which, in terms of amount and duration, could yield financial difficulties for the company, particularly in regard to cash flows.

## **B. NON-FINANCIAL STATEMENT (OMFP 2844/2016, art. 39 par. (1) - (8))**

### **STAFF NUMBER EVOLUTION**

The human resources policy focused primarily on the main aspects:

- the management of the human resources in line with fulfilling the company's major objectives;
- selection, recruitment and integration of the human resources;
- retaining and promoting the current human resources;
- maintaining the employee financial incentivising system, materialised in the Collective Labour Agreement, provided that the economic targets are achieved;
- monitoring working hours and restoring work capacity;

In view of the above-mentioned principles, the following objectives were formulated:

- sound and coherent management of the human resources required to carry out airport activities under proper conditions;
- setting up the personnel recruitment and selection process based on the competency principle;
- quick integration of new employees;
- stability and retention of human resources.

Considering these objectives, the company's activity in 2018 was carried out with an average number of 1447 employees.

**STAFF RECRUITMENT AND EMPLOYMENT** took place in accordance with the company's memorandum of association and procedures. The vacancies put out to competition were notified internally throughout the company and externally, to the County Employment Agency, as provided by Law no. 76/2002 on unemployment benefits and employment stimulation.

**PROFESSIONAL TRAINING** was carried out throughout 2018 in accordance with the legal and procedural provisions and pursuant to the Annual Internal Professional Training Plan, drawn up in relation to the Individual on-the-job training plans, but also in line with the Annual External Professional Training Plan.

The purpose of training activities was to maintain and develop the company employees' competencies, in order to support the company's activity carried out in the best possible conditions, while complying at the same time with the legal provisions in the field.

In 2018, **1473 salaried employees** benefitted from **in-house training**, either a recurring training for the salaried employees or the induction training, which is carried out for each individual salaried employee. The average number of in-house training hours within CNAB was approximately **60 training hours/employee**.

The average number of **external training** hours per employee, at the end of 2018, was **35.30 hours** (15,331 hours in total), with **an attendance of 434 participants at courses held by visiting professors**.

### **Occupational health and safety**

In this area, the efforts of CN AB management focused primarily on maintaining compliance with the legal provisions stipulated by GD 1425/2006 for the approval of the methodological rules on implementing the provisions of Law no. 319/2006 on occupational health and safety.

The training activity was permanently ensured for all the stages provided by the law, namely the induction training, on-the-job and regular trainings. These trainings were added specific collective trainings in relation to the activities conducted by companies with which CN AB concluded service agreements and contracts for works, respectively.

In 2018, the induction training was attended by 242 persons, whereas the collective training, which included the salaried employees of the service providing companies at an airport platform level, by 1801 persons.

The assessment of professional risks was kept up to date, by means of a reassessment performed pursuant to a contract by an accredited provider of external protection and prevention services, whereas the overall level of occupational risks across CN Aeroporturi București SA was determined to be 2.82 (low risk level = acceptable).

In 2018, a number of occupational accidents were communicated to ITM (*Territorial Labour Inspectorate*) – 2, of which occupation accidents on route – 1 and light injuries – 11, respectively. The cost of providing the workers with personal protective equipment and protective nutrition, as well as hygiene and sanitary supplies, in 2018 was 83,097 lei.

### **Environmental activity**

CN "Aeroporturi București" acknowledges its obligation to protect the environment. The approach within the company is that of development that is "sustainable and considerate" towards the environment, an approach which pursues not only safeguarding public health and the natural environment, but also the continuity of air transport over time.

The Company's environmental policy is permanently connected to the global environmental protection trends, as they appear following international events. In addition, involvement in national and international environmental programs turns the company into a promoter of integrating research and development and of implementing their results throughout the airport platform.

CN "Aeroporturi București" SA sets forth, documents, implements and maintains an integrated quality/environment/OHS management system, in accordance with the requirements of ISO 9001, ISO 14001 and OHSAS 18001 standards, and pays special attention to decreasing the environmental impact, permanently trying to balance the requirements in the field of aviation with the environmental protection ones. The company is developed and managed in accordance with all the national and international regulations in the industry.

### **PRESIDENT OF THE MANAGEMENT BOARD**

**Signature,**

**Georgeta BUMBAC**