

Stamp: [NO. 91 / 16 JUN. 2020]

To be presented for approval
during the SGA meeting from

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

General Manager
Florin DIMITRESCU
Signature: [illegible]

CNAB SA ADMINISTRATORS' REPORT
on the financial statements as at December 31, 2019
drawn up pursuant to the provisions of Order of the Minister of Public Finance (OMFP) no. 2844/2016

A. STATEMENT ON FINANCIAL MATTERS (OMFP 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, 2019. 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:

	Number of shares	Amount	Percentage
		(lei)	(%)
Ministry of Transportation	11,501,772	115.017.720	80
Fondul Proprietatea	<u>2,875,443</u>	<u>28.754.430</u>	20
Total	<u>14,372,215</u>	<u>143.772.150</u>	<u>100</u>

Within CNAB, Bucharest - Henri Coandă International Airport (AIHCB) and Bucharest Băneasa - Aurel Vlaicu International Airport (AIBB) operate as places of business. During the year 2019, the company leadership was secured as follows:

- PANAIT TRAIAN – General Manager – until 03.02.2019, appointed pursuant to MB (*Management Board*) Decision no. 45/04.10.2018;
- STOE GABRIEL – General Manager – 04.02.2019 - 25.04.2019, appointed pursuant to MB Decision no. 2/01.02.2019;
- IVAN GEORGE ALEXANDRU – General Manager – 25.04.2019 - 28.01.2020, appointed pursuant to MB Decisions no. 8/25.04.2019, 12/01.08.2019 and 15/06.09.2019;

At the end of the 2019 fiscal year, the Management Board comprised 7 members. In 2019, 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, cautious and high-performing management

As at 01.01.2020, the membership of CNAB Management Board, appointed pursuant to SGOA (Shareholders' General Ordinary Assembly) Decisions no. 12/03.09.2019, 13/24.09.2019, 15/14.10.2019, 18/10.12.2019 and 19/20.12.2019, was the following:

1. BUMBAC GEORGETA
2. GEANTĂ FLORIAN DANIEL
3. ȘIRBU OVIDIU MARCEL
4. GHEORGHE DAN VALENTIN
5. NEAGA NARCIS ȘTEFAN
6. PREDA COSTEL

As at 31.12.2020, the membership of CNAB Management Board, appointed pursuant to SGOA Decisions no. 10/09.10.2020 and 11/ 02.01.2020, was the following:

1. BUMBAC GEORGETA
2. NEDELUCU CORVIN
3. ȘIRBU OVIDIU MARCEL
4. IONIȚĂ ȘTEFAN
5. DAN VALENTIN GHEORGHE
6. MACOVEI CORINA ANCA
7. POPOVICI CRISTIAN NICOLAE

II. GENERAL INFORMATION REGARDING THE ECONOMIC ENVIRONMENT IN 2019

The Gross Domestic Product achieved in Romania in 2019 showed a decrease – in real figures – by +4.1% compared with 2018, according to the data provided by the National Institute of Statistics. The monthly average inflation rate in 2019 was 3.8 %.

The monthly consumer-price index was, in December 2019, as opposed to December 2018, as follows:

Ongoing period	Reference period	TOTAL CPI (%)	Food commodities CPI (%)	Non-food commodities CPI (%)	Services CPI (%)
December 2019	December 2018	104.04	105.08	103.31	104.16

The average exchange rate for 2019 was 4.7452 Lei/Euro and 4.2379 Lei/USD, respectively, and 4.6535 Lei/Euro and 3.9416 Lei/USD, respectively for 2018. As opposed to 2018, the Leu showed a downward trend of -1.97% in relation to the EURO and of -7.51% in relation to the USD.

III. COMPANY ACTIVITY IN 2019

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 – implemented as per GD 799/2019 on commencing the land expropriation procedures for the real estate units under civilian property, which constitute the expropriation path spanning across the location of the public utility work of national interest regarding the “Strategic Program for Airport Infrastructure Development at Bucharest - Henri Coandă International Airport” investment objective;
 - **Stage II.3** – in progress – the Strategic Program is currently in 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” and efforts to secure project funding.

Endeavours carried out in 2019:

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.

The Ministry of Public Finance allocated the amounts required to pay the indemnifications pertaining to the civilian housing units that constitute the expropriation path of the PSDIA (Strategic Program for Airport Infrastructure Development) investment objective of national interest and public utility – 358,212 mii lei, for expropriations to be conducted in 2020;

In November 2018, CNAB finalised the documentations required to promote the Government Expropriation Decision, which were submitted to the Ministry of Transportation as per S.P.C. (*Public Community Service*) notice 1081/04.12.2018.

Government Decision no. 799/04.11.2019 approved the commencement of the land expropriation procedures for the real estate units under civilian property, which constitute the expropriation path spanning across the location of the

public utility work of national interest regarding the “Strategic Program for Airport Infrastructure Development at Bucharest - Henri Coandă International Airport” investment objective.

National Company “Aeroporturi București” S.A. commenced the land expropriation procedures and, in that respect:

- the step of notifying the property owners identified across the expropriation path was completed;
- National Company “Aeroporturi București” S.A. issued Expropriation decision 198/31.03.2020;
- National Company “Aeroporturi București” S.A. issued Decisions no. 205/06.04.2020 and 206/06.04.2020 on setting up the committees for reviewing ownership rights or other property rights and granting the indemnifications associated to the immovable properties located in Tunari Township and Otopeni city, respectively, in Ilfov county;
- the legal provisions on making public the expropriation decision and the decisions to set up the committees were complied with;
- the registration in the Land Register of the expropriation path, on behalf of the Romanian state represented by MTIC (*Ministry of Transportation, Infrastructure and Communications*) and CN AB SA, respectively, was requested
- Tunari and Otopeni TAUs (*Territorial Administrative Units*) were requested to freeze the immovable properties subject to expropriation;

The subsequent stages within PSDIA, which can be implemented upon the completion of the expropriation procedures:

- **Stage II.4** – Obtaining the permits, authorisations and approvals required to commence the works.
- **Stage III** – Carrying out the works within the Strategic Program for Airport Infrastructure Development.

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

To continue the endeavours carried out in 2018, design brief AB-SPDASP 240/23.04.2019 was drawn up in 2019, 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 Tender book was drawn up and is currently in the process of being signed.

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 2019, CNAB was invited to, and took part in, the biannual events organised by Fondul Proprietatea in collaboration with Woods&Co and BVB - “Romania Investors 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, but also 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. Modernisation of PDA2 – design and execution of works – *contract performance in progress*;

2. Design and execution of rehabilitation works for CR (*airstrip*) Delta, with PCN increase to the level of PDA(*take-off and landing airstrip*)1 (including the Delta-Papa-Charley intersection and broadenings within inflection areas) and related facilities – *contract performance in progress; ongoing efforts to obtain the building permits/authorisation;*
3. Consultancy and site supervision services throughout the design, execution and works warranty period for the following works:
 - a) “Upgrades for 08L-26R airstrip and systematization of the safety area at AIHCB”
 - b) “Rehabilitation works for Delta Airstrip, with PCN increase to the level of PDA1 (including the Delta-Papa-Charley intersection and broadenings within inflection areas) and the related light signalling facilities” – *contract performance in progress;*
4. Northbound extension works for Platform no. 1 – contract for works performance in progress - *commissioning order issued on 18.03.2019;*
5. Technical assessment and Feasibility study – Systematisation of the rolling area at AIHCB, intended to increase the operating capacity and secure compliance with R139/2014 - *contract performance in progress; technical assessments received as per Protocol no. 1120/24.08.2018; preliminary acceptance of Feasibility study approved;*
6. Elaboration of the intervention works approval documentation (*DALI*) for the Rehabilitation of and re-rendering operational the interiors of Buildings A, B and the Rotunda at AIBB AV – design and execution – *completed contract, DALI documentation accepted;*
7. Rehabilitation of and re-rendering operational the interiors of Buildings A, B and the Rotunda at Bucharest Băneasa – Aurel Vlaicu International Airport – design and execution – *contract performance in progress – steps are being taken to obtain the building permits/authorisation;*
8. Elaboration of the technical assessment + DALI + PT (*technical design*) + DDE (*detailed execution plan*), required to execute the “Multi-storey GF(*ground floor*)+2 construction of West Department parking lot” investment – *contract performance in progress – technical assessment acceptance as per Protocol SI 786/06.05.2019;*
9. Connection of the AIBB AV energy system to the 20kV power supply grid – Design and execution of works – *power grid connection contract concluded with E-DISTRIBUȚIE MUNTENIA SA;*
10. Elaboration of the Feasibility study for the construction of a wastewater treatment plants for the waste water drained onto the AIHCB airport platform – *contract performance in progress; commenced procedures to obtain permits/approvals; preliminary acceptance of the Feasibility study;*
11. Licences for explorations with geothermal water probes – *ongoing steps to obtain the necessary permits; published in the Official Gazette by ANRM (National Authority for the Regulation and Monitoring of Public Procurement) – site perimeter; tender submitted to ANRM (National Agency for Mineral Resources) (opened on 10.10.2019); tender declared compliant as part of the procedure to obtain the licences;*
12. Overhauling of Generating station, at AIBB-AV – Technical assessment, DALI – *contract performance in progress; assessment accepted; the Urban Planning Certificate was obtained; DALI was submitted on 20.11.2019; CNAB requested that DALI be redone;*
13. Elaboration of the feasibility study, the technical execution project for the canopy at access control point “PCA1-AIBB-AV”, including the technical assistance provided by the designer – *contract performance in progress; the feasibility study, including the geotechnical survey and the topographic survey, was submitted;*
14. Elaboration of the feasibility study, the technical execution project for the canopy at access control points “PCA51-AIHCB and PCA19-AIHCB”, including the technical assistance provided by the designer – *contract performance in progress; the feasibility study, including the geotechnical survey and the topographic survey, was submitted;*
15. Elaboration of the feasibility study sand the technical documentations required to obtain the Urban Planning Certificate, as well as the documentations required to obtain the permits requested for in the Urban Planning Certificate and the permits requested pursuant to it, in order to execute the investment “*Light structure hall with thermoinsulated walls for machinery/special equipment parking lot at AIHCB*” – *contract performance in progress – the Urban Planning Certificate was issued and the Feasibility Study was submitted;*
16. Drawing up the technical documentation required to obtain the fire safety permit for the buildings within Bucharest - Henri Coandă International Airport and to comply with the provisions of Law. No. 33/2016 – *contract performance in progress;*
17. Technical assessment services for the construction of the AIHCB Training Centre and Crisis Centre, intended to determine the current technical state of the structure of the Security Guard buildings (Building A), buildings B+C, building D and the related facilities, as well as of the physical training fields, required in

order to execute rehabilitation and modernisation works for said buildings, the mapping, to set up facilities, to conduct tests on materials for the load-bearing structure, the geotechnical survey with exposures of foundation parts – *Completed contract*.

III.3 THE INVESTMENT UNDERTAKING DEGREE

- lei -

	2019 IEB <i>(income and expenditure budget)</i> Approved	Executed	% executed
1. Investment funding sources	325,560,750.00	38,018,396.15	11.68
a) own sources set up acc. to the regulations in force	190,880,360.00	38,018,396.15	19.92
b) state budget allowances			
b) other sources	134,680,390.00	0.00	0.00
c) loans			
2. Capital expenditure	325,560,750.00	38,018,396.15	11.68
a) independent facilities	149,767,767.00	34,225,165.30	22.85
b) investment works	175,792,983.00	3,793,230.85	2.16
c) repayment of domestic loans			

In 2019, according to the investment plan monitoring schedule, the following investment- and equipment-related objectives were fulfilled:

- ❖ For chapter „b) **investment works**”, the related amount, namely **3,793,230.85** lei, represents expenditure made for the following objectives:
 - Design and construction works for building operating as an FPE shed and FPE water reserve at AIBB-58,73832 lei;
 - Northbound extension of aircraft parking Platform no.1, at AIHCB - cnt. 14/C/26.01.2016 – 230,569.83 lei;
 - Integration of electric generator sets (G3, G4) for airstrips and internal services for the generating station in AIHCB – 25,310.00 lei;
 - Rehabilitation of and re-rendering operational the interiors of Buildings A, B and the Rotunda - cnt. 506/24.04.2018 IPTANA (*Design Institute of Road, Water and Air Transport*) – 121,761.98 lei;
 - Upgrades for SDCTS Tower/Dispatch, AIHCB – 83,800.00 lei;
 - Rehabilitation of restrooms in the public area (design, DE(*detailed execution plan*) and execution) – 85,000.00 lei;
 - Upgrades for distribution substation 20kv, initial technical assessment contract no. 291/c/22.08.2018 – 93,126.00 lei;
 - Upgrades and rehabilitation for the exterior lighting in the public and utility area within the AIBB – 438/C/18.12.2018 -- 79,050.00 lei;
 - Multi-storey GF+2 construction of West Department parking lot - cnt. 437/18.12.2018 – 15,404.42 lei;
 - Wastewater treatment plant – feasibility study – 4,230.00 lei;
 - Fees for the issuance of the UPC (*urban planning certificate*), permits/approvals, BP(*building permit*) and works execution fees – 844,415,57 lei;
 - Commissioning of geothermal water drillings (concession licences, technical assessment, design and works) – 12,867.00 lei;
 - Hall with a lightweight structure and sandwich panel walls, Area = 1800 sq m (design and execution) – 4,135.46 lei;
 - Perimeter security system – AIHCB building solution survey (fixed asset) – 488,347.44 lei;
- ❖ The chapter “**independent facilities**” comprises expenses which are required for conducting airport activities under proper conditions. As such, throughout 2019, the following were purchased:

Fixed asset designation	MU	Quant.	Executed 2019
1	2	3	
TOTAL			34,225,165.30
Of which:			
Sweeping machinery	pcs	1	2,931,900.00
Deicing fluid spreading machinery	pcs	1	2,641,600.00
Image processing software suites (Iwork, Apple Adobe CS5, Adobe Premiere After Effects, Final Studio) and Corel X6/X7, Sign Gallery, Fonts	pcs		165,000.00
Snowblower	pcs	2	4,324,289.20
Airport compact snow clearing machinery	pcs	2	1,145,500.00
Airport complete snow clearing machinery - towed	pcs	2	2,960,951.56
Snowplough	pcs	2	199,540.00
ULV GENERATOR			113,676.69
PMR (<i>persons with reduced mobility</i>) ambulift	pcs	1	1,654,000.00
Departure gate/passport control/ticketing counters	pcs	25	543,000.00
Computing equipment (workstations)			669,856.14
Computing equipment (workstations)			248,793.10
Facilities - data center (servers, storage, etc.)			301,000.00
Aircraft automatic docking equipment (+ installation)	pcs	5	2,252,980.60
FIDS system (peripherals, monitors, boards)			1,556,520.00
peripherals, monitors, boards			681,051.89
peripherals, monitors, boards			417,692.14
Greenery mowing/collection agricultural system	pcs	2	874,200.00
Tractor	pcs	1	1,270,450.00
Bush cutters	pcs	2	460,350.00
Upgrades for the low-voltage current systems of AIHCB (upgrades to the public address system, to access control for Departures + Logistics + AB)			1,020,775.81
Bosch central public address equipment			957,948.31
Electricity transformer	pcs	4	94,615.51
4x4 motor vehicles (trade-in program)	pcs	30	2,262,524.16
Motor vehicles with automatic gearbox (trade-in program)	pcs	6	399,403.08
Upgrades and optimisations for the access control system, AIHCB and AIBB-AV (implementation of turnstiles, one-way access gates, biometric readers)	pcs	1	659,653.62
Integrated access control system	pcs	1	737,228.77
Automatic door	pcs	1	102,233.00
Implementation of a GIS platform for AIHCB and AIBB	pcs	1	422,870.63
Mobile crisis centre	pcs	1	1,516,438.00
Provision of tow truck services	pcs	1	393,237.63
Video endoscope	pcs	2	236,960.00
Other facilities			1,279,375.53

III.4 STATISTICAL INDICATORS. TRAFFIC DATA

CNAB

Indicator	2017	2018	2019	% 2019/2018
Number of passengers	12,824,655	13,845,381	14,729,894	6.4%
Aircraft movements	129,916	137,784	145,002	5.2%
Cargo	37,416	39,533	38,607	-2.3%

III.5 BUSINESS ACTIVITY

III.5.1 AERONAUTIC BUSINESS TYPES

New OTP routes

	OTP
No. of new destinations (2019)	123
No. of airlines (2019)	57

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

- Wizz Air: Castellon – April 2019,
- Wizz Air: Memmingen – April 2019,
- Wizz Air: Edinburgh – December 2019
- Wiz Air: Southend (East London) – November 2019
- Wizz Air: Santander – April 2019
- LOT: Cracow – April 2019
- Ryanair - Tel Aviv – May 2019
- Ryanair: Chania – April 2019
- Ryanair: Southend (East London) – December 2019
- Ryanair: Edinburgh – December 2019
- Tarom - Erevan – April 2019
- Tarom: Lyon – December 2019 (resumed after suspension since 2013)
- Tarom: Torino – December 2019
- Tarom: Cairo April 2019 (resumed after suspension since 2013)

New airlines that started operating on OTP in 2019:

- Get Jet - charter flights to Vilnius and Tanger via OTP

III.5.2 NON-AERONAUTIC BUSINESS TYPES

III.5.2.1 PROVISION OF HOSPITALITY AND BUSINESS SERVICES

Throughout 2019, 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), 493 contracts were performed, of which:

- 211 Hospitality contracts with Officials
- 272 Hospitality contracts with Economic Operators
- 10 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 SRI, 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.

For the retail activity throughout 2019, business premises upgrading and revamping activities were carried out. We will also mention that a new “Obsentum” concept was implemented by means of opening a store in the internal departures area and two limousine order placing terminals were installed in the public arrivals area on the 1st floor.

The total area intended for retail activities, resulted to this joint venture, was 1,783.39 sq m in 2019.

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

- “Bagel to Fly” 1 bicycle - in the public area, international departures;
- “Bagel to Fly” 2 bicycle - in the public area, international departures.

The total area intended for public catering activities, resulted to this joint venture, was 2,181 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.

Partnership agreement no. 365/2008 with MILLENIUM PRO DESIGN SRL, for the “Crew shop” business type, expired on 22.12.2019. The commercial area intended for this joint venture was 106 sq m.

At the end of 2019, the commercial area intended for conducting activities under the three joint ventures (retail, public catering and crew shop) was **4,070.39 sq m**.

For 2019, the net outturn of joint ventures appears as follows:

Dnata Catering – public catering, 30,487,909.02 lei

Millenium Pro Design – retail, 30,413,986.15 lei

Millenium Pro Design – crewshop, 2,895,902.95 lei

The net outturn of these joint ventures appeared as profit, 63,797,798.12 lei, showing a 22.3197% increase from 2018.

III.5.2.3 ADVERTISING

Throughout 2019, lease agreements were managed, for the display of commercial advertisements, as follows:

- medium-term advertisement display - 9 contracts (8 contracts at AIHCB, 1 contract at AIBB-AV);
 - occasional commercial advertisement display over a period of no more than 30 days - 43 contracts;
 - distribution of promotional materials on the AIHCB premises - 5 contracts;
 - allocation of guest reception desk - 6 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 - 15 contracts.

III.5.2.4 LEASES FOR OTHER COMMERCIAL BUSINESS TYPES

Throughout 2019, contracts were managed for the following types of activities:

- 31 lease contracts at AIHCB – (of which 8 new contracts) – all the 31 contracts concluded for the following business types: business premises for pharmacy, post office, rent-a-car, foreign exchange, banking activities, hairdresser services, petrol station, luggage wrapping, retail, VAT refund, supermarket, ATM, press & stationery, coffee machine, telephony antennae, STB (*Bucharest Transportation Company*) counter;
- 4 lease contracts at AIBB AV, for the following business types: land for car show-room, land for petrol station, land for a restaurant, ATM.
- Commercial activity management for the BIAS 2019 aviation event.

III.5.2.5 UTILITY CONTRACTS

In April 2019, the Commercial Service took over the management of utility contracts, ancillary to commodate deeds, joint venture contracts, lease contracts or standalone, as follows:

- 16 contracts for the provision of sanitation services, of which 1 contract concluded with a new beneficiary
- 13 contracts for the provision of cleaning services

- 67 contracts for the provision of telecommunications services, of which 3 contracts concluded with new beneficiaries
- 3 contracts for the lease of data lines
- 88 contracts for the provision of electricity supply services, of which 4 contracts concluded with new beneficiaries
- 49 contracts for the provision of district heating services, of which 5 contracts concluded with new beneficiaries
- 66 contracts for the provision of water supply and sewage services, of which 5 contracts concluded with new beneficiaries
- 19 contracts for leasing trunking radiocommunications equipment (of which 16 contracts at AIHCB and 3 contracts at AIBB-AV)
- service contracts for granting access to:
 - “T” parking lot - 22 contracts
 - building “A” parking lot - 4 contracts
 - rent-a-car parking lot - 6 contracts (5 in force)
- 1 contract for the provision of land maintenance services at AIBB AV
- 1 contract for the provision of FPE services at AIBB AV
- 1 contract for parking lot access, AIBB AV
- 1 contract for platform access, AIBB AV
- 14 annexes on the provision of utilities to AIBB AV contracts

IV. CN AB SA ECONOMIC AND FINANCIAL RESULTS

IV.1.1 MAIN ECONOMIC INDICATORS

Indicator designation	Approved IEB	31.12.2019	% execution
<i>0</i>	<i>1</i>	<i>2</i>	
Net turnover	1,049,523,439	1,041,135,217	99.20%
Operating income	1,067,123,439	1,066,595,051	99.95%
Operating costs	667,133,347	667,604,456	100.07%
Operating profit/loss	399,990,092	398,990,595	99.75%
Financial revenues	15,674,811	17,650,298	112.60%
Financial expenses	6,500,000	5,558,621	85.52%
Total revenues	1,082,798,250	1,084,245,349	100.13%
Total expenditure	673,633,347	673,163,077	99.93%
Gross outturn	409,164,903	411,082,272	100.47%
Corporate income tax	90,238,701	80,753,025	89.49%
Deferred tax income	0	29,288,074	0.00%
Fiscal year net outturn	318,926,202	359,617,321	112.76%

IV.1.2 FINANCIAL PERFORMANCE

Revenues

In 2019, the company achieved total revenues amounting to 1,084,245,340.96 lei which, compared with 2018, is an increase by 78,440,832 lei and +7.8%, respectively.

The operating activity produced revenues amounting to 1,066,595,043.67 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 847,299,238.40 lei;
- revenues from the sale of residual products – 40,042.95 lei;
- revenues from royalties, leases and rentals (including joint ventures), amounting to 102,828,838.27 lei;

- revenues from sales of various goods, amounting to 1,721,716.42 lei;
- revenues from related activities, amounting to 89,245,380.84 lei;
- other operating revenues obtained from asset disposals, indemnifications and penalties under the commercial contracts concluded, amounting to 9,881,395.91 lei;
- revenues from investment subsidies – 15,578,430.88 lei;

The financial activity produced revenues amounting to 17,650,297.29 lei.

Expenditure

In 2019, the total expenditure reached 673,163,077 lei, an increase by +122,043,762 lei and +18.9%, respectively, compared with 2018.

The operating activity produced expenses amounting to 667,604,456 lei, of which:

- expenses for materials, amounting in total to 19,480,390.38 lei;
- other external expenses – utilities, amounting to 20,173,122.59 lei;
- expenses with various goods, amounting to 1,546,953.84 lei;
- expenses for external deliverables, amounting to 156,964,951.71 lei;
- expenses related to taxes, dues and levies – 18,710,157.99 lei;
- staff expenditure, amounting in total to 232,974,545.03 lei;
- other operating expenses, amounting in total to 80,765,595.86 lei;
- expenses related to depreciations, amounting to 155,698,895.46 lei.

The financial activity produced expenses amounting to 5,558,620.56 lei.

IV.2 SUMMARY INDICATORS

Liquidity indicators	2018	2019
1. General liquidity = Current assets / Current liabilities	3.41	3.18
	431,081,325/ 126,496,124	515,151,319/ 161,827,137
2. Immediate liquidity = (Current assets - Stocks) / Current liabilities	3.26	3.07
	411,836,773/126,496,124	496,016,347/161,827,137
3. Global solvency ratio = Total assets / Total liabilities	10.03	9.45
	4,568,491,557 / 455,292,590	4,746,598,009 / 502,032,523

Financial balance rates	2018	2019
1. Fixed asset financing rate = Permanent capital/Fixed assets	1.07	1.08
	4,441,995.433 / 4,136,095,198	4,584,770,872 / 4,230,749,782
2. Current asset financing rate = Net working capital x 100 / Current assets	71.18	68.81
	305,900,193*100/429,766,333	354,021,090*100/514,454,411
3. Financial autonomy rate = Equity / Permanent capital	0.93	0.93
	4,113,198,967 / 4,441,995,433	4,244,565,486/4,584,770,872

Activity indicators	2018	2019
1. Receivable collection period = Trade receivable average balance * 365 / Turnover	34.84	41.92
	$92,878,722 * 365 / 972,932,742$	$119,573,000 * 365 / 1,041,135,217$
2. Debt repayment period = Trade payable average balance * 365 / Turnover	9.86	11.74
	$26,272,795 * 365 / 972,932,742$	$33,475,163 * 365 / 1,041,135,217$
3. Fixed asset turnover = Turnover / Fixed assets	0.24	0.25
	$972,932,742 / 4,136,095,198$	$1,041,135,217 / 4,230,749,782$
4. Total asset turnover = Turnover / Total assets	0.21	0.22
	$972,932,742 / 4,568,491,557$	$1,041,135,217 / 4,746,598,009$
5. Stock turnover = Turnover/Average inventory level	59.36	54.25
	$972,932,742 / 16,389,338$	$1,041,135,217 / 19,189,762$

Profitability indicators	2018	2019
1. Income rate of return = (Net profit / Total income) * 100	36.97	33.17
	$371,822,393 / 1,005,804,517 * 100$	$359,617,321 / 1,084,245,349 * 100$
2. Financial rate of return = (Net profit / Equity) * 100	9.04	8.47
	$371,822,393 / 4,113,198,967 * 100$	$359,617,321 / 4,244,565,486 * 100$
3. Economic rate of return = (Net profit / Permanent capital) * 100	8.37	7.84
	$371,822,393 / 4,441,995,433 * 100$	$359,617,321 / 4,584,770,872 * 100$
4. Rate of return of total assets = (Net profit / Total assets) * 100	8.14	7.58
	$371,822,393 / 4,568,491,557 * 100$	$359,617,321 / 4,746,598,009 * 100$
5. Gross operating margin = Operating profit/loss *100 / Turnover	45.83	38.32
	$445,901,057 / 972,932,742 * 100$	$398,990,595 / 1,041,135,217 * 100$

Rate of debt indicators	2018	2019
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	N/A	266.10
	N/A	412,632,941/1,550,669
3. Overall rate of debt = (Total liabilities/Total assets)*100	9.97	10.58
	455,292,590/4,568,491,557*100	502,032,523/4,746,598.009*100

Working capital analysis	2018	2019
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)	306,182,454	354,633,217
2. Own working capital (F.R.P.) = Equity – Fixed assets	152,962,120	13,815,704
3. Borrowed working capital (F.R.I.) = F.R.F. – F.R.P.	153,220,334	340,817,513

Analysis of the need for working capital	2018	2019
1. Current assets	431,081,325	515,151,319
2. Cash	270,072,426	343,334,694
3. Short-term liabilities minus the amounts due to credit institutions in the short run	126,496,124	161,827,137
4. N.F.R. (need for working capital) (1-2-3)	34,512,775	9,989,488
5. F.R.N (net working capital)	305,900,193	354,021,090
6. T.N. (net treasury) (F.R.N. – N.F.R.) (5-4)	271,387,418	344,031,602

The Company conducted profitable business, achieving as at December 2019 a net profit of **359,617,321 lei** and an 8.5% **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 risks are those related to demand and revenues. Within CNAB, they may take the following shapes: a drop in revenues due to the conjectural decrease of air traffic (epidemics, accidents, etc), 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

Operational risk is the risk of incurring direct or indirect financial losses as a result of:

- erroneous or inadequate internal processes;
- persons taking the wrong course of action;
- systems displaying implementation deficiencies;
- undesirable external events.

The operational risks identified within CNAB are reflected from a series of events that can negatively influence the proper business processes conducted by the company, these events being related to the existing airport infrastructure, the ongoing/planned investment programs, as well as the structure and number of employed personnel. The main goal is to identify potential risks before they might produce events with negative outcomes.

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 2019 was carried out with an average number of 1432 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 2019 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 2019, **1470 salaried employees** benefitted from **in-house training**, on the specific procedures concerning the airport activity or other related activities, this being 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 **45 training hours/employee**, for the management personnel, and approximately **40 training hours/employee** for the operating personnel.

In order to maintain or develop their occupational skills and update the knowledge in their field of work, 449 CNAB employees attended, in 2019, 93 courses or other professional training activities. Among these, CNAB – ACI Training Centre hosted 6 courses with international attendance.

The courses required to obtain or renew the radiotelephony certificate for ground-to-air communications of ground dispatchers enjoyed the attendance of 12 CNAB salaried employees to certification or recertification courses. In 2019, there were 8 examination-based certification and recertification activities, in line with the internal procedures, for ground dispatchers or ground dispatcher trainers.

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 2019, the induction training was attended by 64 persons, whereas the collective training, which included the salaried employees of the service providing companies at an airport platform level, by 1744 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 (acceptable risk level).

In 2019, a number of occupational accidents were communicated to ITM (*Territorial Labour Inspectorate*) – 6, of which light injuries – 4, occupational illnesses – 0. The cost of providing the workers with personal protective equipment and protective nutrition, as well as hygiene and sanitary supplies, in 2018 was 38,764 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.

The company's environmental policy is communicated to partners, suppliers, employees, as well as to all stakeholders. There are permanently operational customer services tasked with replying to comments and suggestions made by them. All the works carried out across the airport platform rely on enhancing performance in the areas of: noise, air quality, energy consumption, water protection, waste management, soil protection.

CN "Aeroporturi București" permanently monitors the **quality of environmental factors**. The performance of measurements to determine / monitor the quality of environmental factors is a requirement imposed via the Environmental Permits related to the activities carried out within the two business premises and Airport Club.

In the field of **waste management**, the approach of CN "Aeroporturi București" takes into account the following aspects:

- Decreasing the amount of waste generated and disposed of into the environment, while implementing the principles pertaining to source reduction, waste selective collection, recycling, reuse and recovery
- Identifying possibilities to effectively recover and/or dispose of waste generated from activities
- Adapting management practices so that there should be compliance with the legal requirements on waste management

CN "Aeroporturi București" takes part, with both airports, in *Airport Carbon Accreditation* global program. *Airport Carbon Accreditation* is one of the most important programs of ACI Europe, launched in 2009 and managed by an independent structure the members of which are representatives of the European Commission, the UN Environment Programme, the International Civil Aviation Organisation, the European Civil Aviation Conference, the European Organisation for the Safety of Air Navigation. In 2019, CN "Aeroporturi București" obtained:

- Recertification of Bucharest - Henri Coandă International Airport under the ACI Program - Airport Carbon Accreditation, *Level 3 – Optimisation*;
- Recertification of Bucharest Băneasa - Aurel Vlaicu International Airport under the ACI Program - Airport Carbon Accreditation, *Level 1 – Mapping*.

PRESIDENT OF THE MANAGEMENT BOARD

Signature,