



HALF-YEARLY REPORT SYNTHESIS
According to A.S.F. Regulation No.5/2018
For the first semester of 2020

NAME OF SHARES ISSUER	: SOCEP SA
REGISTERED OFFICE	: CONSTANȚA, INCINTA PORT Dana 34
PHONE/FAX	: 0241/693856; 0241/693759
FISCAL CODE	: RO 1870767
COMPANY NUMBER IN THE TRADE REGISTER	: J 13/643/1991
TRADING MARKET	: B.V.B. Standard category, symbol SOCP
SUBSCRIBED SHARE CAPITAL	: 35,399,149 lei split in 353,991,490 registered dematerialized shares with a nominal value of 0.10 lei/share

1. SOCEP S.A. BUSINESS

1.1. OVERVIEW

a) THE MAIN BUSINESS of the company is port services providing, namely: loading operations, unloading operations, storage, forwarding of general cargo and containers and also other operations/services connected to maritime transport.

These services are defined as "handlings" under "5224" NACE (CAEN) Code.

b) COMPANY FOUNDATION DATE is 02/01/1991 under and according to H.G. (Government Decision) No.19/1991 based upon which the former operating company (the entire Port of Constanța) belonging to Ministry of Transport split up.

As result of splitting of this state company, several companies have been set up, with their share capital entirely state property, including SOCEP SA.

In 1996 SOCEP SA was fully privatized, 60% based on mass privatization program (free coupons awarded to Romanian citizens) and 40% based on buying the shares from the state by company employees, the Employee Association.

Presently, the Association was disbanded and the shares have been nominally distributed to association members.

c) MERGERS, SUBSIDIARIES, and REORGANIZATIONS: In 2012, SOCEP S.A. founded as sole shareholder the limited liability company - SOCEFIN S.R.L. Constanța, having as main business CAEN code 6420 – activities of the holdings and a share capital in an amount of 30,000,000 lei.

On 01.06.2020, the EGMS of SOCEP S.A., by Decision no.64, approved the merger by absorption of Casa de Expeditii Phoenix SA. The merger was completed in May 2020, by signing the Protocol for handling over the asset of the absorbed company.

I.2. FINANCIAL AND ECONOMIC STATE

a) The main elements of the Balance Sheet and of the Profit and Loss Account, compared to the same time period of the previous year, are below listed:

ECONOMIC INDICATORS		UNIT	06/30/2019	06/30/2020
I.	TOTAL ASSETS	lei	208,885,154	360.091.975
1.1.	Fixed Assets	”	153,481,182	321.587.228
1.2.	Stocks	”	996,781	1.227.913
1.3.	Receivables	”	15,349,969	17.245.706
1.4.	Cash and Bank Accounts	”	29,937,279	6.887.818
1.5.	Accruals and prepaid expenses	”	427,038	450.952
1.6.	Short Term Investments	”	8,692,905	12.692.358
II.	TOTAL LIABILITIES	lei	208,885,154	360.091.976
2.1.	Shareholders' Equity	”	177,712,829	177.774.790
2.2.	Total Debts	”	30,631,458	181.560.553
2.3.	Upfront Revenues	”	22,544	22.513
2.4.	Provisions	”	518,323	734.120

b) Profit and Loss Account

INDICATORS		UNIT	06/30/2019	06/30/2020
I.	TURNOVER	lei	37,181,612	33.782.099
II.	TOTAL REVENUES	”	48,983,871	35.988.577
III.	TOTAL EXPENSES	”	30,254,688	32.824.800
IV.	GROSS PROFIT	”	18,729,183	3.163.777

Following items are the assets with a minimum 5% share – out of total assets: buildings (8.96%) and installations&equipment (11.61%), the important share of 40.82%, being represented by the assets related to the right of use. Expense items with a minimum 15% share – out of net sales (turnover) - are the personnel expense (42.83%) and the amortization expense (21.74 %).

At the end of first semester of 2020, company recorded provisions in a total amount of lei , as follows:

- Provisions for employees benefits	= 548,796 lei
- Provision for unpaid rest leave	= 79,540 lei
- Provision for litigation	= 100.000 lei
- Other types of provisions	= 5,784 lei.

Provision for employees benefits in an amount of 548,796 lei has been created for the bonuses granted to the employees at the retirement date – according to SOCEP Collective Labor Contract (*Contract Colectiv de Muncă la nivel de societate*) – meaning the equivalent of three basic wages.

c) Cash flows

	= lei = 06/30/2020
CASH FLOWS FROM PORT OPERATIONS	
Receipts from clients	37.179.317
Payments to suppliers and employees	-19.686.403
Interest paid	0
VAT and other taxes -except income tax	-663.079
Income tax paid	0
Other receipts	351.951
Other payments	-721.728
I. NET CASH FROM PORT OPERATIONS	16.460.058
CASH FLOWS FROM INVESTMENTS	
Payments for acquisition of intangible assets	0
Payments for acquisition of tangible assets	-29.606.103
Payments for acquisition of own share from merger	-4.084.532
Receipts from sale of tangible assets	0
Cash receipts during from merger	1.596.391
Interests received	60.250
Dividends received	4.557
II. NET CASH FROM INVESTMENTS	-32.029.437
CASH FLOWS FROM FINANCING ACTIVITIES	
Receipts from long-term loans	16.100.941
Payments related to long term loans	-23.057.278
Interest related to loan	-144.063
Dividends paid	-5.667

III. NET CASH FROM FINANCING ACTIVITIES	-7.106.067
IV. NET INCREASE IN CASH AND CASH EQUIVALENTS (I+II+III)	-22.675.446
V. IMPACT OF EXCHANGE RATE VARIATIONS	288.993
VI. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF FINANCIAL SEMESTER	41.966.630
VII. CASH AND CASH EQUIVALENTS AS AT 06/30	19.580.176

d) Financial and Economic Indicators

INDICATORS	CALCULATION PROCEDURE	RESULTS	
		06/30/2019	06/30/2020
1. Current liquidity	Current assets/Current debts	4.49	1.73
	Borrowed capital ----- x 100	10.60%	90.05%
2. Indebtedness degree	Equity Borrowed capital ----- x 100	9.59%	47.38%
	Committed capital		
3. Rotation speed of customers debts	Average balance of customers ----- x 180 Turnover	73.41	84.84
4. Rotation speed of fixed assets	Turnover/Fixed assets	0.24	0.11

I.3. BUSINESS ANALYSIS

I.3.1. During the reported period the harbor cargo traffic decreased with 3,52% compared to same period of previous year, meaning 482 thousand tons of cargo. The benchmarking on different types of cargo is below listed:

TYPES OF CARGO	UNIT	06/30/2019	06/30/2020
I. HARBOR CARGO TRAFFIC	thousand tons	1,422	1,372
1.1. General Cargo	thousand tons	488	689
1.3. Mineral bulk cargo	thousand tons	354	205

1.4. Containers	thousand tons	580	478
II. TOTAL NUMBER OF CONTAINERS	pcs.	42,154	34,581
III. TOTAL TEU-s	TEU	72,272	54,499

By comparatively analyzing the evolution in the two quarters from the point of view of the dynamics of the structure by types of cargo, can notice a slight delay of bulk cargo, mineral bulk cargo, and an easy advance to containers.

The benchmarking on different types of services is below presented:

TYPES OF SERVICES		UNIT	06/30/2019	06/30/2020
I.	TOTAL CIFRA DE AFACERI	lei	37,181,612	33,782,099
1.1.	Handling operation	"	28,668,085	29,873,706
1.2.	Storage operation	"	7,992,582	3,409,799
1.3.	Other types of services	"	520,945	498,594

In the first semester of current year the turnover decreased by 9.14%, compared to the first semester of last year, against the background of the increase of revenues from handling by 4.20%, of the reduction of revenues from storage activities by 57.33% and of those from other services by 4.29%. Within the total turnover, each service type maintained – more or less – its share, namely the handlings have a 88.43% share. the storage has an 10.09% share, and other types of services 1.48% share in the total turnover amount.

I.3.2. In the first semester of 2020 investments amounting a total of 7,315,090 lei were put into operation, having as source:

Main acquisitions put into operation during this first semester were:

- merger 7,270,870 lei
- purchase 38,457 lei
- own construction 5.762 lei

Compared to the same period of the previous year, capital expenditure state is below presented:

ASSETS		Unit	06/30/2019	06/30/2019
I.	TOTAL EXPENSES	lei	107,353	7,315,090
1.1.	Intangible Assets	"	0	61,314
1.2.	Buildings	"	13,751	2,621,130
1.3.	Transportation equipment	"	0	110,920
1.4.	Vehicles	"	84,429	4,337,629
1.5.	Other assets	"	9,173	117,920
1.6.	Re-treatment of estate investment	"	0	66,538

In the course of this year the construction of The First Phase of Cereal Terminal was continued. Also, the investment in a new 84 Tons crane is in commissioning.

These important investments are a continuation of the program started in 2015 with the PACECO project. Project started, for which following purchases were made: one 22 rows-POSTPANAMAX type container crane, two RTG-s and one TOS (software). PACECO Project has been completed at the end of 2017.

I.3.3. We estimate that in the near future there will be the same events, transactions, economic changes that significantly affect revenues coming from port operation - the main business, during the first semester.

I.4. MANAGEMENT OF SOCEP S.A.

According to General Meeting of Shareholders' Decision issued on 14-th of December 2012, the company is managed in a dual system, by a Supervisory Board and an Executive Board. Both Managing Boards carry out their activity in absolute compliance with the law in force.

Until June 11-th 2018, the Supervisory Board consisted of 3 members, as result of OGMS decision dated 04/26/2018. They are below presented:

- in
- DUȘU NICULAE - President, age 64 years, economist, over 25 years experience leading positions;
 - DUȘU ION - Vice-president, age 62 years, engineer, over 25 years experience in leading positions;
 - SAMARA STERE - Member, age 67 years, economist, over 25 years experience in leading positions;

The Executive Board consists of 5 members.

At 06/30/2020 structure of SOCEP SA Executive Board is:

- Dorinel Cazacu - General Manager and Chairman of Executive Board;
- Ramona Pavlicu - Member of the Executive Board
- Gabriel Codeț - Member of the Executive Board
- Cristian Mihai Ududec- Member of the Executive Board
- Stefanescu Niculaie - Member of the Executive Board

Members of the Executive Board have been appointed according to the provisions of the Constitutive Act of SOCEP SA, based on Supervisory Board decisions.

Members of the Executive Board carry out their activity based on mandate contracts approved by the Supervisory Board.

Mr. Dorinel Cazacu holds the position of chairman of the Executive Board. Managers carry out their activity based on mandate contracts agreed in total compliance with the legislation in force. They have not been and are not involved in court litigations or administrative proceedings.

I.5. CHANGES AFFECTING COMPANY CAPITAL AND MANAGING PROCESS

Within the reporting period there were no events of infringement of company payment obligations towards creditors or employees.

Compared to 06/30/2019, the status of major significant shareholders or groups of shareholders, as at 06/30/2020 is as follows:

SHAREHOLDERS (GROUPS)		06/30/2019	06/30/2019
1.	GRUPUL DD SA CONSTANȚA	% 32.3737	55.3145
2.	CELCO SA	% 24.6427	0
3.	SAMARA STERE	% 11.5887	11.2429
4.	INDIVIDUALS	% 24.7863	24.8366
5.	LEGAL ENTITIES	% 6.6086	8.6080
TOTAL		% 100.0000	100.0000

EVENTS AFTER THE REPORTING PERIOD

We mention that subsequent to preparation of financial statements, no events have occurred which could significantly influence the financial position and performance of the company. Financial Statements are not audited.

We specify that, after the date of preparation of the financial statements, significant events have occurred that influence the financial position and performance of the company, which may be affected, in which case it will be found that it is necessary to reconsider the application of IFRS 16 "Leasing" Regarding the acquisition of an interest in a joint operation, being required the revaluation of "Leasing debts related to the rights of use", which would generate;

- Increase of "Leasing debts related to usage rights" with the value of 1,960,042 lei;
- Decrease of the profit related to the exercise with the value of 1,846,774 lei;

The report for the first semester of the year 2020 is available starting with August 31, 2020, at 18.00 as follows:

- in electronic format on the company's website, under the heading „Investors relation - BVB Reports – Semestriale” <http://www.socep.ro/rapoarte-bvb.htm>;
- can be accessed at the link below.

GENERAL MANAGER

DORINEL CAZACU

FINANCIAL MANAGER,

CRISTIAN MIHAI UDUDEC