

# Petro Welt Technologies AG: Weaker performance with respect to gross sales and net profit in 2018 due to challenging industrial environment

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- In 2018 gross sales decreased by 7.2% in RUB and by 17.3% in EUR.
- EBITDA fell by 36.8% from EUR 83.1 to EUR 52.5. The consolidated net profit dropped by 65,2% to EUR 10.8 million.
- Equity ratio remained stable at 53.8%. Net debt to EBITDA is 0.51 and was kept under secure threshold below 2. Moody's rating confirmed at Baa3.
- WellProp, the proppant manufacturer, contributed EUR 10.9 million to gross sales. Project documentation aimed to double volume of proppant manufacturing from 50 th. tonnes to 100 th. tonnes.

Vienna, 29 April 2018. In 2018 the leading oil companies in the Russian Federation continued to put pressure on prices in oilfield services, especially in fracturing. This trend is similar for the most part of oilfield service industry in the global context. Thus, [Petro Welt Technologies AG](#), Vienna (which is listed on the Frankfurt Stock Exchange) delivered a weaker performance with respect to gross sales in the Russian OFS market for top oil-producing clients.

In the Drilling, Sidetracking, and Integrated Project Management (IPM) segment the number of service jobs at [Petro Welt Technologies AG](#) fell by 36.4% to 218 jobs in 2018 (2017: 343). The well services segment experienced a reduction of the number of jobs by 15.9% resulting in a 7.9% decline in gross sales to EUR 170.0 million (2017: EUR 184.6 million). Additionally, the ruble depreciated by 12.2% compared to 2017 resulting in a gross sales decrease by 17.3% in euro.

During the reporting period the EBITDA margin declined to 18.0% compared to 23.5% year-on-year. Determined by the lower EBITDA and the profit before tax the cash flow from operating activities was EUR 41.9 million, down 46.1% from EUR 77.7 million in 2017. The operating result, which is reported as earnings before interest and taxes (EBIT), declined by 69.8% to EUR 11.1 million (2017: EUR 36.8 million) due to the reduction of revenues coupled with the increase in administrative costs also related to the international expansion and the recognition of provisions for several accounting issues such as impairment of goodwill and other write-offs.

By lowering trade receivables in order to reduce the aforementioned effects on the cash flow the management kept the working capital relatively stable. Cash flow from investing activities was EUR 27.1 million in 2018. The cash flow from operating activities was cut in half to EUR 41.9 million in the reporting period (down 46.1% year on year).

The operating expenses fell by 13.2% to EUR 251.7 million in 2018, down from EUR 290.0 million in 2017. This decrease is in line with the 2018 decrease in gross sales (-17.3%) and even reductions across all cost components. The expenses of raw materials declined year on year by 16.9% to EUR 81.1 million due to the excluded costs proppant supplied from customers.

Due to reductions in both non-current and current assets total assets decreased by 12.8% to EUR 381.8 as at 31 December 2018. Equity was EUR 205.4 million (minus 15.1% year on year). This is mainly due to the decrease by 27.8% in the currency translation reserve, from minus EUR 171.0 million in 2017 to minus EUR 218.5 million in 2018. The non-current liabilities of [Petro Welt Technologies AG](#) rose sharply as at 31 December 2018, whereas the current liabilities decreased by 70.8% due to the extension of the loan from Petro Welt HOLDING (CYPRUS) LIMITED. As at 31 December 2018, total net debt was EUR 26.8 million, which corresponds to a net debt/EBITDA ratio of 51.0%

#### Establishment of PEWETE EVO EUROPE S.R.L in Bucharest, Romania

Based on the rising demand in Russia and internationally as well as with the use of a cheaper yet equal raw material at our production lines in Kopeysk sales revenues through proppant can double to around 27 to 30 million euros by 2022. To further foster [Petro Welt Technologies AG](#)'s access to new markets PEWETE EVO EUROPE S.R.L in Bucharest, Romania has been established in 2018. This is a first step in the Group's aim to competently serve the important European domestic market from an EU member state through the highly specialized offerings and services of Petro Welt Technologies.

#### Outlook for 2019

The Company's management expects gross sales to reach about EUR 302 to EUR 306 million in 2019 and hopes to achieve an EBITDA margin between 17% and 19%. This forecast does not take into account potential external economic shocks.

The 2018 Annual Report of [Petro Welt Technologies AG](#) is available for download on our corporate website at [www.pewete.com](http://www.pewete.com)

Key positions		2018	2017	+/-%
Gross Sales	in EUR million	291.8	353.0	-17.3%
EBITDA	in EUR million	52.5	83.1	-36.8%
EBIT	in EUR million	11.1	36.8	-69.8%
EBITDA margin		18.0%	23.5%	
EBIT margin		3.8%	10.4%	
Group result	in EUR million	10.8	31.0	-65.2%
Earnings per share	in EUR	0.22	0.63	-65.1%
Equity	in EUR million	205.4	241.9	-15.1%
Operating cash flow	In EUR million	41.9	77.7	-46.1%
Employees		3,112	3,535	-12.0%

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