



ofc Aviation Fuel Services S.A.
Athens International Airport "El. Venizelos"
5th km Spata - Loutsas Road, 190 19 Spata
Tel.: +30 210 35 41 100, Fax: +30 210 35 41 120, email: info@ofc.gr, www.ofc.gr

MANAGEMENT REPORT
THE BOARD OF DIRECTORS
«OFC AVIATION FUEL SERVICES SA»
FOR THE TWENTY FIRST YEAR 01.01.2019 – 31.12.2019
TO THE ANNUAL GENERAL ASSEMBLY OF SHAREHOLDERS

Spata, 30 March 2020

Ladies and Gentlemen Shareholders,

In accordance with the provisions of Codified Law 4548/2018 , article 150, we are proud to submit for approval the Management Report of the Board of Directors and the attached financial statements of the company for the twenty first (21st) year, for the period 1.1.2019 to 31.12.2019.

A. COMPANY TURNOVER FOR THE YEAR 2019

The estimated fuel volume for 2019 was 760.000 m³, whereas the actual fuel volume amounted to 787.605,64 m³, noting an increase by 3,63% compared to the estimated one. Total Company income, as per the Statement of Comprehensive Income on 31 December 2019 amounted to 9.743.586,52 € and collectively came from:

- a. The amount of 5.513.239,20 € regarding the charge of Throughput Fee,
- b. The amount of 3.993.160,38 € regarding the Airport Fee which is collected from customers and is thereby attributed unchanged to AIA,
- c. The amount of 175.743,97 € regarding revenue from services to 3rd parties,
- d. The amount of 3.489,93 € regarding other revenue,
- e. The amount of 57.953,04 € regarding interest on bank deposits.

Total expenses realized for the year, including depreciations, amounted to 4.768.507,50€. It is noted that the afore mentioned amount does not include the expense of 3.993.160,38 € regarding the Airport Fee (mentioned in point –b- above) which is attributed unchanged to AIA.

Actual profits before taxes for the year 2019 amounted to 981.918,64 €

Based on the above, total comprehensive income for the year 2019 after taxes amounted to 718.819,95 €.

B. FIXED ASSETS

During 2019 expenditures on fixed equipment were effected which amount to 65.139,81 €, regarding fixed assets' improvements and additions.

Registered and conformed with:
ISO 9001 – Quality Management System
ISO 14001- Environmental Management System
ISO 45001 - Occupational Health & Safety Management System





C. DISTRIBUTION OF PROFITS - DIVIDENDS

The proposed dividend for distribution, according to the existing agreements with AIA, is 1.547.433€, which is suggested to be finally distributed to Company Shareholders.

D. OPERATIONAL RESULTS FOR THE YEAR 2019

OFC Operations Results for the year 2019 are as follows:

1. Quality of Operation Services

Implementation of 2019 goals. The main achievements were:

- a. Implementation of all inspections' recommendations and observations.
- b. Customer satisfaction.
Based on the requirements of the three Management Systems in place at OFC (i.e. ISO 9001, ISO 14001 & ISO 45001) the rating of OFC was requested by its customers and the results are the following:
 - b1. Rating by the Fuel Suppliers: 4,96 on a 5 point scale.
This is the highest rating ever achieved since the introduction of the scheme in OFC.
 - b2. Rating by Companies that received consulting services from OFC: 5 on a 5 point scale.
- c. Performance of HYDRANT FLUSHING in the main 20" lines as well as in all hydrant Loop lines. The duration was 2 weeks (3rd and 4th week of February) and the results were very good. An analytical report including all the stages of the project implementation was also developed and filed. The fuel that resulted from the FLUSHING procedure was temporarily stored in TK-1, and after filtration it was provided to aircraft refueling via the Hydrant Pump station filters with excellent quality control results. The majority of OFC personnel participated in the procedure, especially the company's Technical department.
- d. Activation of product (JET A-1) receipt by road tank trucks on the days and times that there was no product transfer via the A.A.F.P.C (EAKAA) Pipeline.
- e. Voluntary retirement of two (2) OFC employees. Recruitment and training of two (2) new employees.
- f. Replacement of the previous time keeping system (registering electronically the personnel working hours) with a new upgraded system that automatically monitors the correct arrival/departure of each employee against the approved working schedule, alerts management in case of deviations and at the same time calculates the respective actual working times for payroll purposes.
- g. Installation at the inlet of the oil water separator of a special device for the separation of fuel from rainwater collected from the Hydrant fuel pits by the CLEANER vehicle truck.
- h. Revision of 143 Work Instructions and Documentation Records, out of which the 5 were new ones.



1.1 Fuel Quality Control (JIG)

Uninterrupted aircraft fueling meeting all JIG requirements.

1.2 Execution of Operation and Maintenance Budget

Operations and Maintenance expenses amounted to 307.174€ compared to 532.700€ of the annual budget, i.e. reduced by 57,7%. The reduction is mainly due to the following reasons:

1. Further reduction of electrical power consumption by replacing lighting equipment with LED type fixtures.
2. HYDRANT FLUSHING performance resulting to a significant reduction of JET A-1 filter consumption.
3. Prevention of unexpected equipment breakdowns due to the strict implementation of a comprehensive preventive maintenance programme performed by OFC's technical department personnel.
4. Significant cost reduction of the annual certification of the HYDRANT Tightness Control.
5. Reduction of waste management expenses.
6. Preventive maintenance of the firefighting systems executed by OFC's technical department personnel.
7. Reduction of the fuel quality control expenses due to the quality improvement of the fuel product received. This was achieved by following an effective collaboration with the fuel transportation companies which further enhanced their installations.

1.3 Training

The annual training program was executed in full.

Training hours amounted to 858, out of which 221 were provided by 3rd parties (Fire department, the National Centre for Emergency Assistance/EKAB, Occupational Safety Officer, AIA's Environmental Department, AIA's Crisis Management Department).

2. SAFETY, HEALTH, ENVIRONMENT

Major results:

2.1 No personnel or other human accident.

2.2 Fire exercises

2.2.1 Annual Fire Exercise

On 26/3/2019 at 11 am, the annual scheduled fire exercise took place with the participation of all Stakeholders (AIA Fire Department, AIA, Greek Police, EKAV-the National Centre of Emergency Assistance, Civil Aviation Authority, etc.) and a significant number of observers from the Fire Corps Administration, the Fire Academy, neighboring Fire departments, the Greek Navy Helicopters' base, the airport community, Fuel Suppliers, etc. As every year, the exercise was very successful.



2.2.2 Unannounced Fire Exercises

On 29/5/2019 at 9:28 am, the first 6-monthly unannounced fire exercise was activated by telephone communication from AIA's Crisis Management Supervisor. All OFC personnel in charge of fire safety as well as one fire-fighting vehicle of AIA's Fire Department were immediately mobilized. The exercise was successfully ended at 09:39 am by OFC's confirmation to AIA of the excellent readiness results.

On 4/12/2019 at 8:29 am, the second 6-monthly unannounced fire exercise took place, activated as above. The exercise was successfully ended at 09:49 am and again by OFC's confirmation to AIA of the excellent readiness results.

2.3 Safety day

The annual Safety Day for OFC personnel was performed on 4/4/19 using interactive audio visual material provided by "SHELL & MOH AVIATION". This year's moto was «**I am Goal Zero**». During the course of the event, OFC employees also made some brief presentations on safety issues, observed during their duties at OFC.

2.4 2nd ICSI programme implementation

Due to the very good results of the 1st ICSI (Involvement for Continuous Safety Improvement) in 2018 and on the occasion of the recruitment of 4 new employees, it was decided to proceed with the implementation of the 2nd ICSI programme, organized and monitored by the specialized partner of Management Force; the programme started in November 2019 and is expected to be completed in April 2020.

2.5 Ensure that the analysis results of underground and ground water samples, as well as of waste were found within the limits of relevant legislation with the satisfaction of AIA's environmental department.

2.6 24 improvement suggestions (unsafe conditions and actions, near misses, etc.) identified and proposed by personnel.

3. EXTERNAL INSPECTIONS

The following inspections by external parties were performed as follows:

3.1 Management Systems (annual) ISO 9001, ISO 14001 & ISO 45001 by TÜV Austria (Hellas) on 15/7/2019, with zero findings.

3.2 JIG, on behalf of Air BP, on 15/10/2019 with zero findings and excellent results. OFC is still the only company worldwide with 12 consecutive excellence awards.

3.3 IFQP, by 3 inspectors of Aegean Airlines, on 11/6/2019, with zero findings.

3.4 The following airlines, with zero findings:

1. Ryanair, on 16/1/2019
2. FedEx, on 13/3/2019
3. Scoot, on 20/6/2019

3.5 Safety Management System on 21/6/2019, by AIA's inspectors with zero findings.



3.6 Environmental Management System, on 12/12/2019, by AIA's inspectors with very good results and zero non-compliances.

4. FUEL STOCK MANAGEMENT

The two Fuel Stock audits performed bi-annually by Customs at OFC resulted in a surplus of 104.022lt over 787.606 m³ of fuel transferred to aircraft, i.e. 0,13%, which is significantly lower than the limit of 1%, set by JIG for JET A-1.

5. ADDITIONAL RESULTS AND SERVICES

5.1 Consultancy Services

5.1.1 Performance of Training Seminars:

1. JIG: 24-28/6/2019 (8 participants, 5 days).
2. 3 day visit/training of a 6-member executives' delegation from SERAM Company (Tank Farm & Hydrant Rome Airport), 26-28/3/2019.
3. IFQP: 30/9-4/10 (18 participants, 5 days).

5.2 Participations and Conferences, Presentations and OFC Awards

5.2.1 JIG Members Technical Forum (MTF):

1. Rome, 9-10/4/2019: presentation of two topics (Fuel Contingency Plan & Hydrant Flushing Challenges).

During the works of the MTF, OFC was awarded with the international Sustained Performance Award (SPA), thanks to the excellent inspection results of the past 3 years (2016, 2017 & 2018), as well as the performance in health, safety and environment (HSSE).

OFC is still the only company worldwide that receives, from 2008 to 2019, the highest distinction by JIG. The 2019 award will be presented to OFC during the JIG Conference in April 2020.

2. London, 5-6/4/2019: presentation of the topic Hydrant Emergency Shut Down System at OFC.

5.2.2 JIG Workshop:

Stockholm, 4-5/6/2019: presentation of "Technical issues and solutions regarding Hydrant Pit Valves".

5.2.3 IATA Forums (Technical Fuel Group):

1. Athens, 21-23/5/2019: presentation of the topic "Hydrant Flushing Challenges".
2. New Orleans, USA, 12-15/11/2019 including the Sustained Aviation Fuel Symposium.



5.2.4 OFC's active participation in two JIG Committees:

- Common Processes and Best Industry Practices
- HSSE

5.2.5 OFC's active participation in two AIA Committees:

- Airport Safety Committee
- Crisis Management Committee

E. PENDING COMPANY LITIGATIONS AND PENDING COMPANY CASES

There are no pending claims of third parties against the Company, which may be expected to incur financial burdens in the year 2019.

F. FINANCIAL RISK MANAGEMENT

The Company's Management has thoroughly evaluated the impacts in managing financial risk that may result due to the general situation of the Greek business environment. Generally as reported below in the management of individual risks, it does not consider that any negative developments in the Greek Economy will considerably influence the smooth operation of the Company. Regarding the COVID-19 pandemic, the Company's Management considers that the air fuel (JET A-1) storage and distribution sector belongs to those business categories that are expected to be affected, as most sectors of the Greek economy, due to the spread of the virus disease. Consequently, the sales volume is expected to decline in the current year. However, this effect cannot be quantified at this stage, since it undoubtedly depends on the length of time it will take to restore normal conditions globally. The Company has taken all necessary measures aiming at the protection of its employees' health and at the same time, to the extent possible, ensuring the Company's uninterrupted operations.

a. Capital Risk Management

The Company manages its capital so as to ensure that it remains viable. Under the current Concession Agreement existing between the Company and AIA, on one hand, the share capital of the Company is fully ensured and is gradually saved up in a dedicated bank account, in order to be attributed unchanged to the Company's shareholders at the Concession's expiry date, and on the other hand, the Company's annual returns in the form of dividends are also ensured, provided that the Company meets its contractual obligations towards AIA, which up to date is fully achieved.

b. Financial Risk Management

The Company does not engage in financial instruments transactions, including financial derivatives, for speculative purposes. On the contrary, it ensures the maximum possible return on cash, through deposit rates at zero risk.

c. Credit Risk

The Credit Risk of the Company concerns mainly receivables from customers and other receivables and is considerably limited because:

- Cash is deposited in branches of the National Bank of Greece, in Greece and abroad, which is considered one of the most reliable Greek banks



- The Company has a significant concentration of its assets, a good percentage of which regards a limited number of customers.
- The Company has signed contracts defining transactions with its customers, according to which collection of receivables is realized simultaneously with the completion of services provided per month.
- The Company receives Bank Letters of Guarantee from its customers, to ensure its assets equal to at least double their monthly debt.

d. Liquidity Risk

There is no liquidity risk because of the high level of cash balance available in the Company's bank accounts.

G. KEY FINANCIAL RATIOS (Compared to previous year)

	2019	2018
1. $\frac{\text{Current Assets}}{\text{Total Assets}}$	75,58 %	66,65 %
2. $\frac{\text{Tangible Fixed Assets}}{\text{Total Assets}}$	24,42 %	33,35 %

The above mentioned ratios show the proportion of capital that has been allocated in these two categories.

3. $\frac{\text{Equity}}{\text{Total Liabilities}}$	1.373,04 %	1.187,45 %
4. $\frac{\text{Total Liabilities}}{\text{Total Liabilities \& Equity}}$	6,79 %	7,77 %
5. $\frac{\text{Equity}}{\text{Total Liabilities \& Equity}}$	93,21 %	92,23 %
6. $\frac{\text{Current Assets}}{\text{Short-Term Liabilities}}$	1.526,11 %	1.068,35 %

Depicts the general Company liquidity, i.e. the percentage by which current assets can cover for short term liabilities.

7. $\frac{\text{Cash}}{\text{Short-Term Liabilities}}$	1.478,47 %	1.037,94 %
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Depicts the special liquidity of the Company. It determines whether the maturing liabilities are covered at a given time (31.12.19) by Company Cash.



RETURN ON EQUITY RATIOS:

8.	$\frac{\text{Net Income before tax}}{\text{Equity}}$	6,30 %	21,35 %
9.	$\frac{\text{Gross Income}}{\text{Sales Inventory \& Services}}$	20,99 %	27,51 %
10.	<i><u>Net Profit margin ratio:</u></i>		
	$\frac{\text{Net profits (before taxes)}}{\text{Sales Inventory \& Services}}$	10,15 %	34,68 %

The above mentioned ratios depict the Company's gross and net profit margin. The higher the ratios, the better is the Company's financial position, in terms of profit.

MANAGEMENT POLICY RATIOS:

11. *Debtors' Ratio:*

$$\frac{\text{Trade Receivables}}{\text{Sales on credit (Inventory \& Services)}} \times 360$$

0,20 days (2019) 0,18 days (2018)

12. *Creditors' ratio:*

$$\frac{\text{Trade payables}}{\text{Purchases on credit (Inventory \& Services)}} \times 360$$

26,77 days (2019) 28,89 days (2018)

The above mentioned ratios depict Company credit policy towards customers and suppliers.

H. ANTICIPATED COURSE OF THE COMPANY IN 2020

For the current year, there has been a forecast for fuel volume to be handled through the facility of approximately 800.000 m³, while the fuel volume transferred in 2019 was 787.605,54 m³.

This forecast was primarily based on AIA foreseeing a further increase in flight numbers for the year 2019. However, due to COVID-19 pandemic, the above forecast will be revised downwards. Its extent at this stage cannot be calculated because the phenomenon is in progress.

Based on the above hypotheses, the Throughput Fee for the year 2020 is maintained at 7,00 €/m³ provided the Greek economy is back in a relatively short time. In a different situation, there will be a reassessment of facts for its possible increase.



I. Events after the Reporting Period

Following the relevant decisions of the Greek government in March 2020 for the temporary suspension of business operations in the whole range of economic activity, but also the restrictions on the movement of the population taken in order to limit the spread of corona virus (COVID 19), it is certain that the sales volume of the Company will be affected. The magnitude of the effects will depend on factors such as the duration of the pandemic as well as its possible recurrence later in the year, the duration of the applicable restrictive measures and the possible additional measures taken, therefore it cannot be quantified at this time. Any negative effects on the Company's revenues are expected to be largely offset by a corresponding reduction in costs, having as a result that the Company's financial position as well as its ability to continue its activities will not be significantly affected.

By authorization of the Board of Directors of «OFC Aviation Fuel Services S.A.»

**CHAIRMAN
OF THE BOARD**

**MANAGING
DIRECTOR**

**FINANCIAL
MANAGER**

**VASILIOS TSIATOURAS
ID No.: AI 100209**

**NIKOLAOS KONTAXIS
ID No.: AB 594320**

**PETROS KATROS
ID No.: AM 638650
Lic.No.: OEE 2830/
A' CLASS**

Registered and conformed with:
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ISO 14001- Environmental Management System
ISO 45001 - Occupational Health & Safety Management System

