



# ofc Aviation Fuel Services S.A.

Athens International Airport "El. Venizelos"

5<sup>th</sup> km Spata - Loutsas Road, 190 19 Spata

Tel.: +30 210 35 41 100, Fax: +30 210 35 41 120, email: [info@ofc.gr](mailto:info@ofc.gr), [www.ofc.gr](http://www.ofc.gr)

**MANAGEMENT REPORT  
THE BOARD OF DIRECTORS  
« OFC AVIATION FUEL SERVICES S.A. »  
FOR THE NINETEENTH YEAR 01.01.2017 – 31.12.2017  
TO  
THE ANNUAL GENERAL ASSEMBLY OF SHAREHOLDERS**

Spata, 29/3/2018

Ladies and Gentlemen Shareholders,

In accordance with the provisions of Codified Law 2190/20, article 43<sup>o</sup>, par.3, we are proud to submit for approval the Management Report of the Board of Directors and the attached financial statements for the nineteenth (19<sup>th</sup>) year, for the period 1.1.2017 to 31.12.2017.

## **A. COMPANY TURNOVER FOR THE YEAR 2017**

The estimated fuel volume for 2017 was 590.000 m<sup>3</sup>, whereas the actual fuel volume amounted to 646.056 m<sup>3</sup>, noting an increase by 9.50% compared to the estimated one. The total Company revenue, as per the Statement of Comprehensive Income on 31 December 2017 amounted to 9.765.644,72 € and collectively came from:

- a. The amount of 6.395.950,44 € regarding the charge of Throughput Fee,
- b. The amount of 3.275.501,89 € regarding the Airport Fee which is collected from customers and is thereby attributed unchanged to AIA,
- c. The amount of 72.468,86 € regarding revenue deriving from services provided to 3<sup>rd</sup> parties,
- d. The amount of 21.723,52 € regarding other revenue and interest on bank deposits.

The total expenses realized for the year, including depreciations, as well as provisions for unforeseen risks, amounted to 4.591.304,47 €. It is noted that the above mentioned amount does not include the amount of 3.275.501,89 € regarding the Airport Fee (mentioned above in point –b-) which is attributed unchanged to AIA.

Actual profits before taxes for the year 2017 amounted to 1.898.838,36 €.

Based on the above, the total comprehensive income for the year 2017 after taxes, amounted to 1.337.903,75 €.

Following the deduction of income tax and the addition of previous years' profits, retained earnings total 7.280.301,11 €.

## **B. FIXED ASSETS**

Within the year 2017, expenditures on fixed equipment were effected which sum to 42.412,83 €, regarding fixed assets improvements and additions.



## **C. DISTRIBUTION OF PROFITS - DIVIDENDS**

The proposed dividend for distribution, according to the current agreements with AIA, totals 1.447.875€, which is suggested to be finally distributed to the Shareholders.

## **D. BOND LOAN**

The balance of the Bond Loan on 31/12/2017 is 1.676.206,00 €.

## **E. OPERATIONAL RESULTS FOR THE YEAR 2017**

### **1. Quality of Operation Services**

Implementation of all objectives for 2017.

The main accomplishments were:

- a. Implementation of all inspections' recommendations.
- b. Fuel receipt by Tank Trucks for the period September to December.
- c. As per JIG Bulletin 90, it is required to replace all fuel pit lids so as to lay flat at 180°. Therefore, 50% of the lids were ordered and received in 2017 whereas it was decided that the remaining would be supplied in the beginning of 2018, in order to proceed with their replacement during the months of low air traffic.
- d. Software installation for the management of the Facility Maintenance Programme.
- e. TRV installation in the sampling pipeline network of Tanks TK1, 2, 3 and 4.
- f. 10-year maintenance of Water Tank for Fire safety (internal inspection by diver).
- g. 5-year maintenance of the oil-water separator.
- h. Installation of a 2<sup>nd</sup> Server (redundant) and interconnection with the existing Server.
- i. Revision of 156 Work Instructions and Documentation Records, of which 36 are new.

### **1.1 Fuel Quality (JIG)**

Uninterrupted aircraft fueling meeting all JIG requirements.

### **1.2 Execution of Operation & Maintenance Budget**

Operation and Maintenance actual costs for 2017 amounted to 239.816 € compared to 330.800€ of the annual budget. The reduction by 27,5% (90.984 €) in expenses is due to the fact that no major equipment faults were observed, as well as the participation of OFC Technical staff in project execution.



### **1.3 Training**

The annual training program was executed by 103,5%.

Training hours for 2017 totaled 799,5, of which 159 hours of training were provided by 3<sup>rd</sup> parties.

Certification of OFC's Technical personnel was implemented in the following subjects:

- a. Hydrant Pit Valves' Maintenance.
- b. ATEX equipment Maintenance.

## **2 SAFETY, HEALTH, ENVIRONMENT**

Major accomplishments:

### **SAFETY - HEALTH**

- 2.1** No personnel or other human accident.
- 2.2** Limited fuel leakage (less than 20 litres) in Fuel Pit No.D21 due to equipment failure. Corrective measures were taken and improvement suggestions were forwarded to JIG.
- 2.3** Development of suitable ΣATAME (Large Scale Technological Accidents Response Plan) for OFC with the aid of an external Consultant of Attica Prefecture and AIA.
- 2.4** Annual large scale fire exercise.  
On 7/3/2017 the annual fire exercise was successfully performed with the participation of all relevant stakeholders (AIA Fire Brigade, AIA, Greek Police, EKAV – the National Centre of Emergency Rescue, Civil Aviation Authority, etc.) and numerous external observers.
- 2.5** Safety Day  
Two Safety Days were performed on 10/5/2017 and 1/11/2017 for OFC Staff using visual material provided by "SHELL & MOH Aviation" Company. This year's topic was "Risk Normalization".
- 2.6** Purchase of a mobile phone device featuring ATEX and man-down lone worker technology following JIG Bulletin 101 requirements.
- 2.7** Business Risk Assessment (BRA) implementation as per JIG.
- 2.8** Participation in tabletop simulation implemented by KEMEA (Centre for Security Studies) on 21.11.2017 focusing on responding to a crisis in case of a multiple emergency.
- 2.9** JIG HSSE External Audit implementation on 15.9.2017 with very good results.
- 2.10** 38 Improvement suggestions were recorded (unsafe conditions, actions, near misses etc.)



## **ENVIRONMENTAL MANAGEMENT**

- 2.11** OFC was awarded with the prize of the best company in AIA's Environmental Department competition organized for the first time among companies doing business in Athens International Airport.
- 2.12** Construction of 2 new monitoring wells in the oil-water separator for the periodic monitoring of the subsoil to prevent possible pollution.
- 2.13** 5-year oil-water separator maintenance implementation during the months of July and August.
- 2.14** Ensuring analysis results of surface and groundwater, as well as waste within the limits of the respective legislation.

## **3 INSPECTIONS**

Eight (8) inspections took place:

1. Insurance Company AIG on 21/2/2017, with nil findings.
2. IFQP/IATA on behalf of Aegean Airlines and Aeroflot on 2/5/2017, with excellent results (nil findings).
3. Fire safety Systems by AIA on 22/2/2017 with 2 improvement suggestions.
4. Management Systems (Annual) ISO 9001, ISO 14001 and OHSAS 18001 by TÜV Austria (Hellas) on 11/1/2017 with nil findings.
5. American Airlines on 21/9/2017 with nil findings.
6. Security by AIA's Safety Department, with nil findings and excellent results.
7. JIG, on behalf on HAFCO, on 18/10/2017, with nil findings and excellent results. OFC is the only company worldwide presenting excellent results for the 10<sup>th</sup> consecutive year.
8. Environmental by AIA's competent department, with very good results.

## **4 FUEL STOCK MANAGEMENT**

The Fuel Inventory audits conducted by the State Authorities (Customs and the General Chemical State Laboratory) resulted in a surplus equal to 104,55 m<sup>3</sup>, i.e. 0,016% on the fuel volume transferred to aircrafts in 2017, which presents a very efficient stock management within the contractual limits of the Fuel Supplier Agreement, also complying with JIG Standards.

## **5 ADDITIONAL RESULTS AND SERVICES:**

### **5.1 Provision of Consultancy Services**

**5.1.1** Provision of JIG technical services to AAFPC, to ensure that JIG requirements are met in the Pipeline Receiving Station located in OFC facilities.

**5.1.2** Maintenance of JET A-1 installations located in AIA's area 21B.

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**Registered and conformed with:**  
**ISO 9001 – Quality Management System**  
**ISO 14001- Environmental Management System**  
**OHSAS 18001-Occupational Health & Safety Management System**





## 5.2 Participations and Technical Presentations at Conferences/Committees

5.2.1 IATA Fuel group Committee, 3 presentations

5.2.2 JIG Technical Forum, 2 presentations

5.2.3 JIG Common Processes Committee.

5.2.4 JIG HSSE Committee

## F. PENDING COMPANY LITIGATIONS AND PENDING COMPANY CASES

Following No. 5206/2014 Decision of the First Instance Court of Athens, the Company has a call to pay 768.081,37 € plus statutory interest to a supplier, for a case dating back to the construction period of the fuel hydrant facility. The Company appealed against the decision of the First Instance Court of Athens, which was discussed in Athens Court of Appeal on 2/3/2017 and the judgement is expected to be handed down. A cumulative provision amounting to 2.070.514,20 € has been formed for this case.

Additionally, following No. 1573/2015 Decision of the Athens Court of Appeal, legal action against the Company amounting 223.730,32 € was dismissed, for which the opposite party has filed a further appeal which was determined for 8/11/2016. On 8/11/2016 a request for adjournment was filed by the counter party and the new hearing took place on 25/4/2017. The final judgement is now anticipated the relevant amount is presented in contingent liabilities in the Company's financial statements. For the latter case no provision has been formed as it is not considered possible that the outcome will be to the detriment of the Company and the amount of the contingent liability cannot be reliably estimated.

## G. FINANCIAL RISK MANAGEMENT

The Company's Management has thoroughly evaluated the impacts in managing financial risk that may result because 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.

### 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.

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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 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. There are no arrears. The company easily fulfils its obligations to banks and suppliers.

**H. KEY FINANCIAL RATIOS (Compared to previous year)**

	<b>2017</b>	<b>2016</b>
1. $\frac{\text{Current Assets}}{\text{Total Assets}}$	59,65 %	54 %
2. $\frac{\text{Tangible Fixed Assets}}{\text{Total Assets}}$	40,35 %	46 %

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

3. $\frac{\text{Equity}}{\text{Total \_ Liabilities}}$	304,57 %	241,50 %
4. $\frac{\text{Total \_ Liabilities}}{\text{Total \_ Liabilities and \_ Equity}}$	24,72 %	29,30%
5. $\frac{\text{Equity}}{\text{Total \_ Liabilities \_ and \_ Equity}}$	75,28 %	70,70 %
6. $\frac{\text{Current \_ Assets}}{\text{Short – Term \_ Liabilities}}$	255,01 %	261,60%

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

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7.	$\frac{\text{Cash}}{\text{Short-term Liabilities}}$	249,53 %	249,1%
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Depicts the special liquidity of the Company.  
It determines whether the maturing liabilities are covered at a given time (31.12.17) by Company Cash.

#### **RETURN ON EQUITY RATIOS:**

8.	$\frac{\text{Net Income before tax}}{\text{Equity}}$	12,38%	12,30%
9.	$\frac{\text{Gross Income}}{\text{Sales(Inventory \& Services)}}$	31,15 %	30,90 %
10.	<u>Net Profit margin ratio:</u> $\frac{\text{Net Profits}}{\text{Sales(Inventory \& Sales)}}$	16,63 %	20,60 %

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 (2017)	0,84 days (2016)
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12. Creditors' ratio:

$\frac{\text{Trade Payables}}{\text{Purchases on credit(Inventory \& Services)}} \times 360$	50,18 days (2017)	40,43 days (2016)
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The above mentioned ratios depict Company credit policy towards customers and suppliers.



## **I. ANTICIPATED COURSE OF THE COMPANY IN 2018**

For the current year, there has been a forecast for fuel volume to be handled through the facility of approximately 680.000 m<sup>3</sup>, while the fuel volume transferred in 2017 was 646.056 m<sup>3</sup>.

The forecast is primarily based on data supplied by AIA for a further increase in flight numbers in 2018, whereas in support of this forecast, during the first two months of the current year a significant upward trend in fuel consumption has already been observed compared to the respective period of last year, therefore leading to the conclusion that – barring unforeseen incidents – the total annual volume will exceed the forecasted one.

Based on the above mentioned forecasts, the Throughput Fee was decreased as of 1/1/2018 to 8,50€/m<sup>3</sup> and provided that a greater fuel volume increase than the expected is achieved during 2018, a further decrease of the Throughput Fee will also be achieved, effective in the beginning of 2019.

## **J. Events after the Reporting Period**

No event has occurred that has a significant effect on the financial structure or business performance of the Company from 31/12/2017 until the date of writing.

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

**CHAIRMAN  
OF THE BOARD**

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

**MANAGING  
DIRECTOR**

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

**FINANCIAL  
MANAGER**

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

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