ROMPETROL

ROMPETROL RAFINARE S.A.

2014 BUDGET PRESENTATION

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I. PETROMIDIA REFINERY

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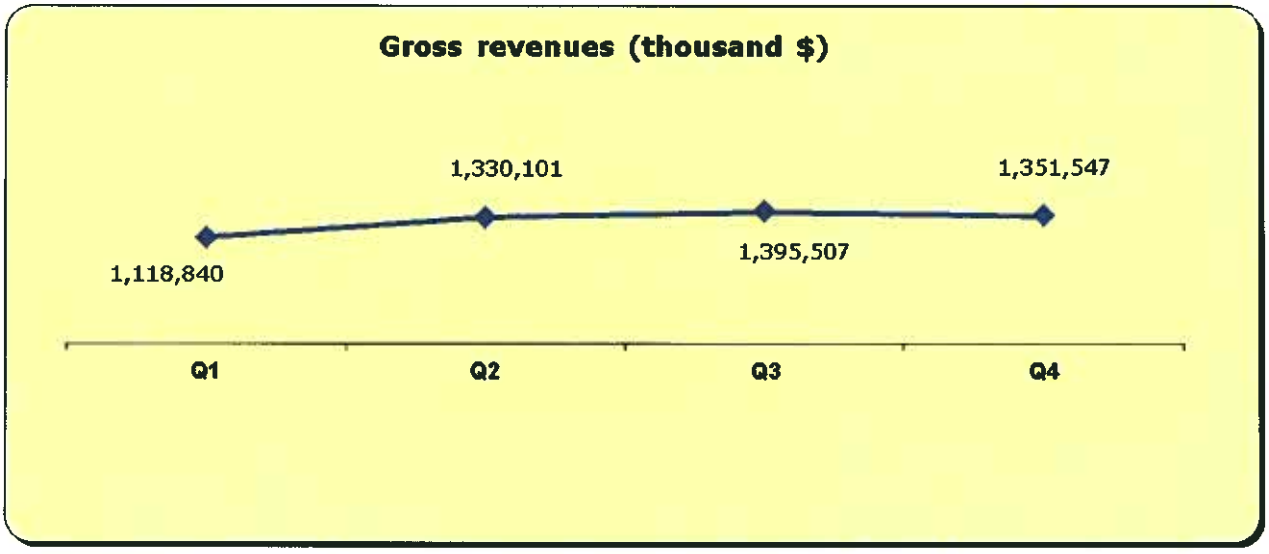
1. Executive summary

Rompetrol Rafinare SA will continue its development strategies in 2014, the final target being the expansion of activities on all levels from production to marketing, as follows:

- Gross revenues of 5,195 thousand USD as a result of selling 5,477 thousand tons of products
- Increase of petroleum sales domestic and European markets:Georgia, Ukraine, Israel, Bulgaria, Turkey, Slovenia, Moldavia, Greece, Lebanon, Egypt.



Gross revenues comprise also the products that will be transferred to Vega Refinery.

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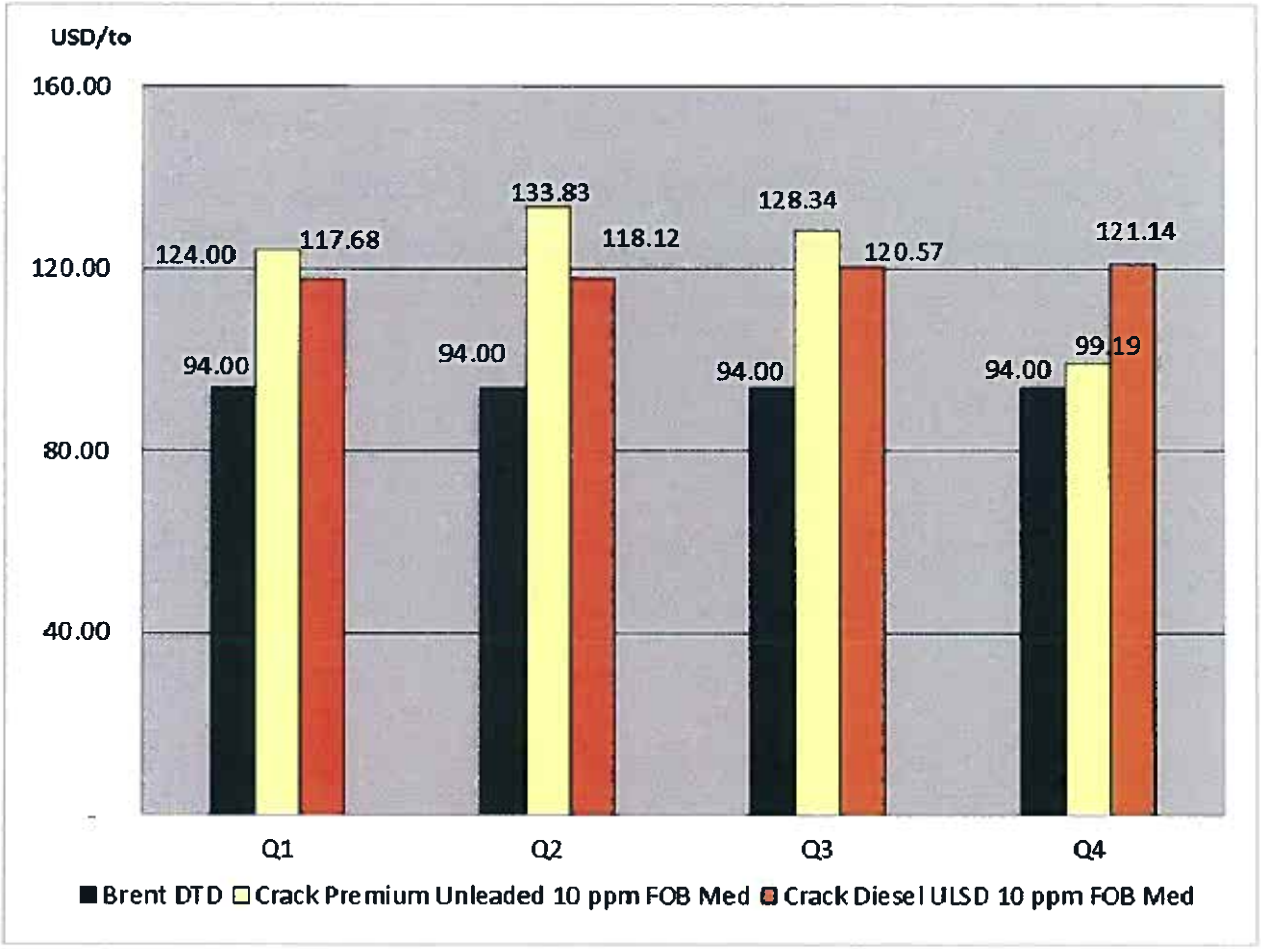
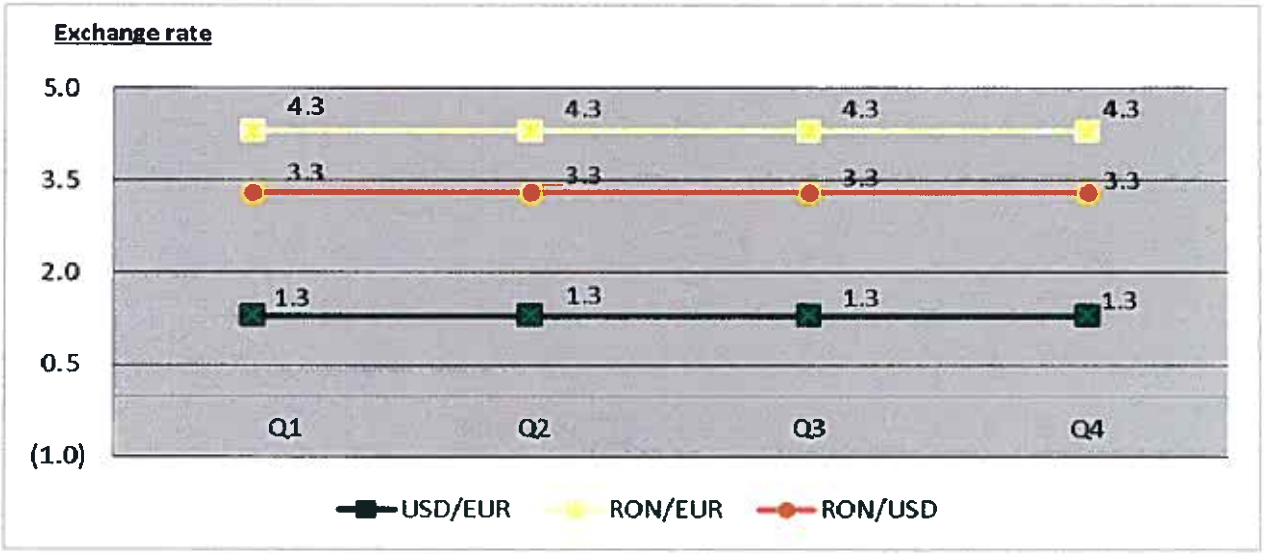
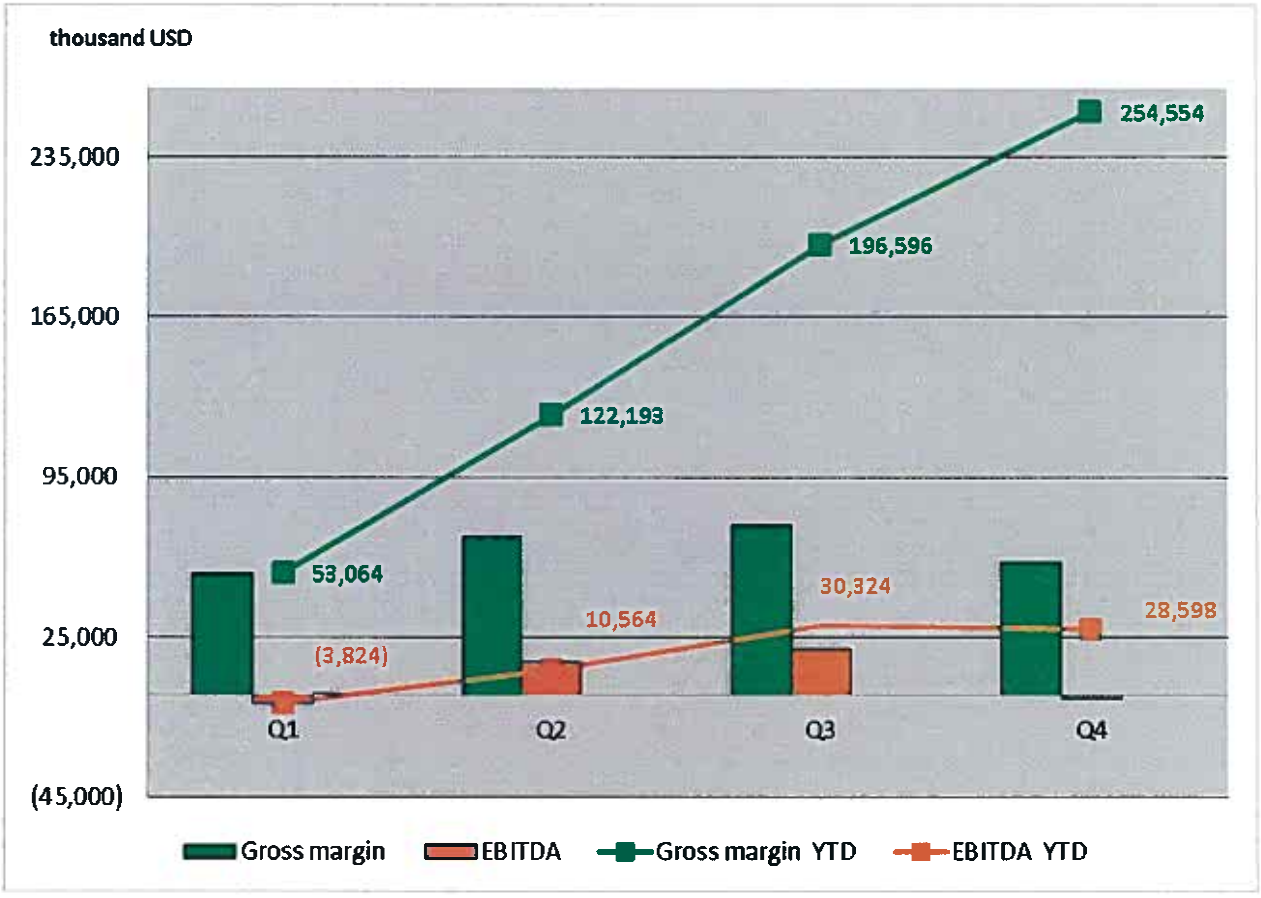
Environment Forecast







In 2014, based on the business forecasts regarding the international quotations of crude oil and petroleum products as well as based on the budgeted production and sales plans, the company estimates that the gross margin will reach 254,554 thousand USD and EBITDA will amount to 28,598 thousand USD.

2. Company overview

2.1. Company presentation

Petromidia Refinery is one of the largest and most complex oil refineries in Eastern and Central Europe.

Petromidia Refinery is the only refinery located on the Black Sea coast, having a competitive advantage due to access at shipping routes and inland waterways.

The crude oil supply is ensured through Midia Harbour, through the Midia Marine Terminal pipeline which was given in use in February 2009. The terminal has an annual transfer capacity of 24 million tons of crude oil and ships up to 160,000 dwt can be unloaded. Alternatively, the crude oil supply can be ensured through Constanta Harbour through a 40 km long pipeline.

The processing capacity of the refinery is of 5.1 million tons of raw materials annually (DAV). In order to deliver oil products, our company uses multiple loading/unloading facilities such as: rail carriage, oil-pipes and auto-tanks.

2.2. Company history

1975 – The construction of Petromidia Refinery began

1979 – Initial testing of the first installation of the refinery

2001 – Rompetrol Rafinare was purchased by The Rompetrol Group NV (TRG).

2003 – The refinery reached an agreement with the Ministry of Public Finance to restructure a historical tax liability.

2004 – The company (April) was listed on the Bucharest Stock Exchange and became 20% of Index (November).

2005 -The refinery underwent a general overhaul, a very complex project of 30 million USD that included 25,200 activities and consisted in the modernization of most of the installations of the refinery. The main purpose of 2005 modernization was the increase of the operational capacity by 10% up to 4 million tons. Another important objective of the modernization was the elimination of the causes for unplanned shutdowns from the past.

2006 - Rompetrol Rafinare finalized launching a Diesel In Line Blending system following a greenfield investment of about $7 million. In Line Blending is a technology which enables all components of a certain type of fuel to be simultaneously blended together in the correct proportions required to comply with certain standards. The mixing is done automatically and the entire system employs state-of-the-art software and in-line analysis equipment. As a result of employing this technology, a series of intermediate costs were cut down, durations for achieving end products were by far

shorter, and the proportions in which compounds undergo blending were kept under precise control.

Also, at the end of September 2006, the company completed tests on a new product developed for the domestic market – Efix, a new fuel based on an optimum blend of additives and active compounds that clean up deposits, protect against corrosion, optimize engine behavior, and push down consumption. Efix was launched on the market in October in all the gas stations operated by Rompetrol Downstream.

2007 - Rompetrol Rafinare started delivering in June on the domestic market Euro 4 grade diesel fuel with a 2% biodiesel content.

Thus Rompetrol strengthened its presence on the biofuel market, aiming also at building its own biodiesel producing installation at Petromidia Refinery.

Starting December 2007, the Vega branch office of Rompetrol SA became the branch office of Rompetrol Rafinare. The change was needed in order to meet the requirements of the Fiscal Code, which stipulated that production fiscal warehouses cannot be authorized and function unless they own the production means. Thus Rompetrol Rafinare, owner of most of the production facilities, took over the attribute of fiscal warehouse over Vega Refinery, its personnel and all its activities.

2008 – The company realised a historic record of raw materials processed (4.5 million tons) by 18% higher than in 2007 and a historic low of utilities consumed. At the end of 2008 the company started to produce Euro 5 fuels.

2009- White products yield achieved in 2009 was by 5.58% higher than in 2008, as a result of producing Euro 5 gasoline. This technological performance represented a new step in increasing the operational performances and the profitability of the refinery, in accordance with national and European regulations. During 2009 the company continued its efforts towards reducing the energy consumption, thus a decrease of 2.91% was recorded compared with 2008.

Rompetrol Rafinare celebrated in June 2009 30 years from the commissioning of the first installation on the Petromidia platform.

2010 – The refinery performed the general turnaround, a very complex project of 39 million USD, including 21,996 of activities / projects and has resulted in most of units modernization in order to eliminate the causes of unplanned shutdowns. The main objective of this general turnaround was also to make connections / activities in order to prepare the refinery for operation at 5 million tons of crude oil annually, the quality of fuel being in accord with European standards.

2011- The „Revamp of Claus" project was finished (and performance tested). After the project implementation, the units work according to designed requirements. Also, in 2011 Rompetrol implemented a new flare system for the existing units from refinery and for new units form „Investment Projects Package". The new project was comissioned and started in Q4.

Petromidia Refinery has previously initiated and continued projects grouped into "Refinery Investment Projects Package".
It was finalized the project of transforming VGO Hydrotreater unit in Diesel Hydrotreater unit.

The projects related to the units that are included in the programme of Petromidia refinery capacity increase to 5 mil t/year were continued.
During Q1 2011, beside the big projects included in the "Refinery Investment Projects Package", several other important projects have been totally or partially implemented:
Hexane loading in Berth 9 - a project which has started in February 2011 and the its objective was to assure needed facilities for hexane deliveries from Vega Refinery to Berth 9 operated by the Midia Marine Terminal, part of The Rompetrol Group. The project was finished in January 2012.

In order to reduce SO2 emission in accordance with Integrated Environmental Permit, a compressor has been installed. It redirects the sour vacuum gases from the atmospheric heater to the amine unit

In Q4 2011 the new HPN (High Purity Nitrogen) Unit started up toghether with the new facilities which provide emergency and back-up nitrogen, oxygen and instrument air for existing and future units from Refinery Investment Program. The new HPN is designed to produce 3000 Nmc/h nitrogen gas and 60 Nmc/h nitrogen liquid. Nitrogen liquid storage was upgraded and Nitrogen vaporizing capacity increased from 3000 Nmc/h to 7500 Nmc/h.
The projects is necessary in order to align to the EU environmental requirments, in terms of air emissions and hazardous waste disposal.

2012

1. The new Efix S products were introduced in Romania starting with October 2012:
- Gasoline ALTO RON 101 was replaced by Gasoline RON 98 / Gasoline EFIX S RON 98
- Diesel ALTO 55 was replaced by Diesel 55 / Diesel EFIX S 55.
2. The objectives of the packagewere the following:
-to increase the operational capacity of the refinery to 5 mil t/y
-to meet the new EU & Romanian fuel specifications standards (Euro 5) (regulation COM(2005)683)
-to increase the Diesel yields with 8% (from 37% to 45%)
-to operate the Refinery according to EU and Romanian environmental requirements (BAT system) (Directive 70/220/EEC)
-to increase the mechanical availability and reliability of the refinery.

The New Hydrogen Plant was put into operation, the advanced plant produces hydrogen with a purity of 99.98%, which is required in order to obtain the cleaner fuels by further processing in hydrotreating units.

The main equipment of the are the New Hydrogen Plant are the compressors and the reformer. The reformer have Ni catalyst on calcium aluminates support (Reformer Max 210/330 LDP). The compressors are made by Neuman & Esser. Each compressor have a power consumption of 3.45 MW. Maximum pressure of compressors is 90 barg. No additional compressors are required in downstream hydrotreating units.
The Hydrogen Plant is operation starting with 1st of May 2012.
The raw material is CH4 with a throughput of 96.800 tones/year, interval between planned shut-downs is 4 years.
The unit produces hydrogen at 100°C and 88 barg and High Pressure steam 346,000 tones/year at design conditions:38 barg and 400°C

Also, the New Mild Hydrocraking unit was put into operation. The plant is the core project of the package, a complex process that combines hydrotreating and cracking at high pressure and temperatures the heavy gasoil using hydrogen.
This hydrocracking process combines the necessity to convert hydrocarbons into valuable products (cracking) with the constrain of lowering sulfur in products (hydrotreating).

Typical operating temperatures:	372 - 425 °C
Hydrogen pressure (reactor):	71-78 barg
Mild conversion:	25-30%

On August 7th the start-up operations began. On August 14th the unit delivered products on specification routed to refinery units. The unit is fully integrated (feedstock, products, utilities) with the existing refinery.

The New Sulfur Recovery unit, process more sulfur crudes required in order to obtain more sulfur from fuels. The New unit is able to meet fuels new standards together with limiting the 1,000 mg/Nm3 SO2 emissions in air. The new SRU is designed to process amine gases and sour water stripped gas and is composed from two subunits: Sulfur Recovery unit and Tail Gas Treatment.
New SRU started up in October, 27th of 2012 when the first sulphur from New Sulphur Recovery Unit was obtained.

2013
Investments

Investments program of 2013 was oriented according to the existing program toward:

- increase refining capacity and obtaining of products conforming the European specifications and increasing the white products yields
- conforming the EU requirements concerning the environment, especially to reduce emissions

The amount invested during 2013 in Midia and Vega refineries totalized 55.2 Mio USD.

Main projects finalized during 2013 in Petromidia :

Delayed Coker modernization

Objectives of the project were:

- Implementation of a closed blowdown system to replace the existing open blowdown system.
- The open blowdown system was technically obsolete, generating product losses and nonconforming with the actual environmental regulations.
- The new closed blowdown system assures complete vapor recovery, fully complying with the actual environmental regulations
- Implementation of a new system for decoking the heater coil using simultaneously and in a controlled manner air and steam in order to avoid thermal shocks onto the tubes and reducing the duration of decoking operation of the 180H1 heater.
- Improve the operation of the drums-fractionator system and automatization of coke cutting system

The modernized unit was started-up in May 2013; performance test was performed in October 2013. All the parameters respected the licensor design values. Actually, the unit operates normally.

Installation of low NOX burners to fired refinery heaters

In order to comply with the action plan included in the environmental permit for the Rompetrol Rafinare S.A., stating a maximum emission limit of 150 mg/Nmc for NOx, the existing burners were replaced with new burners able to assure the reduction of NOx emissions to atmosphere.
This project was finalized in May 2013; performance tests were performed in June 2013. These confirmed that NOx emissions on fired heaters are complying with environmental regulations. These new burners allowed the maximization of combustion efficiency, by improving the control of air/gas ratio; the result was a reduction in fuel gas consumption.

Fuel-oil / diesel segregation in the automatic railcar loading facility

Railcar loading facility is loading Euro 5 diesel and fuel-oil.
Initially, product loading was performed using the same distributor and loader with the risk to contaminate the diesel.
By implementing this project, the risk of contamination is eliminated, together with the need to wash the distributor and loader after every delivery of fuel oil.

Investment activity in Vega Refinery was concentrated on increasing energy efficiency, operation safety, and maintenance cost reduction by increase

3. Marketing strategy

3.1. Portfolio of products

Rompetrol Rafinare SA produces a wide range of high-quality petroleum products which are distributed to a great number of customers from natural persons to large entities.

Having a vast experience in this field, the company sells a great variety of petroleum products such as:

1. Efix Gasoline and Euro plus unleaded Gasoline,Gasoline RON 98 / Gasoline EFIX S RON 98
2. Efix Diesel and Super Euro 5 Diesel, Diesel 55 / Diesel EFIX S 55
3. C5-C6 Gas and Fuel Propane
4. Propylene
5. Jet fuel
6. Petroleum Coke
7. Sulphur
8. Liquefied petroleum gas GPL, Auto GPL and Commercial Propane-Butane
9. Vacuum distillate

Rompetrol Rafinare has a unique offer of products that appeal to all types of customers. The company will concentrate though on large companies, both on the domestic and export markets because they ensure the highest profitability potential.

The main clients on the domestic market are: Rompetrol Downstream, Rompetrol Petrochemicals, Rompetrol Gas SRL, Air BP Sales, Air Total Romania,Uzina Termoelectrica. The main export partners are: Vector Energy AG, Rompetrol Moldova, Calvi Trade Limited, Transamonia, Steuerman Investitions.

The Rompetrol Group regional expansion in Bulgaria, Moldavia, Turkey, Georgia, Serbia, Ukraine, as well as in Tunisia, Lebanon, Nigeria will ensure the growth of the portfolio of clients.

3.2. Market share

Rompetrol Rafinare intends to cover approx. 25% of the domestic demand and plays an important role in the Balkan region.

Rompetrol Rafinare strengths:

- Technological modernizations which ensure the constant production of high-quality products;

- The capacity to produce oil products in accordance with the European standards using appropriate imported crude oil;
- Client-oriented business strategy.

3.3. Competition

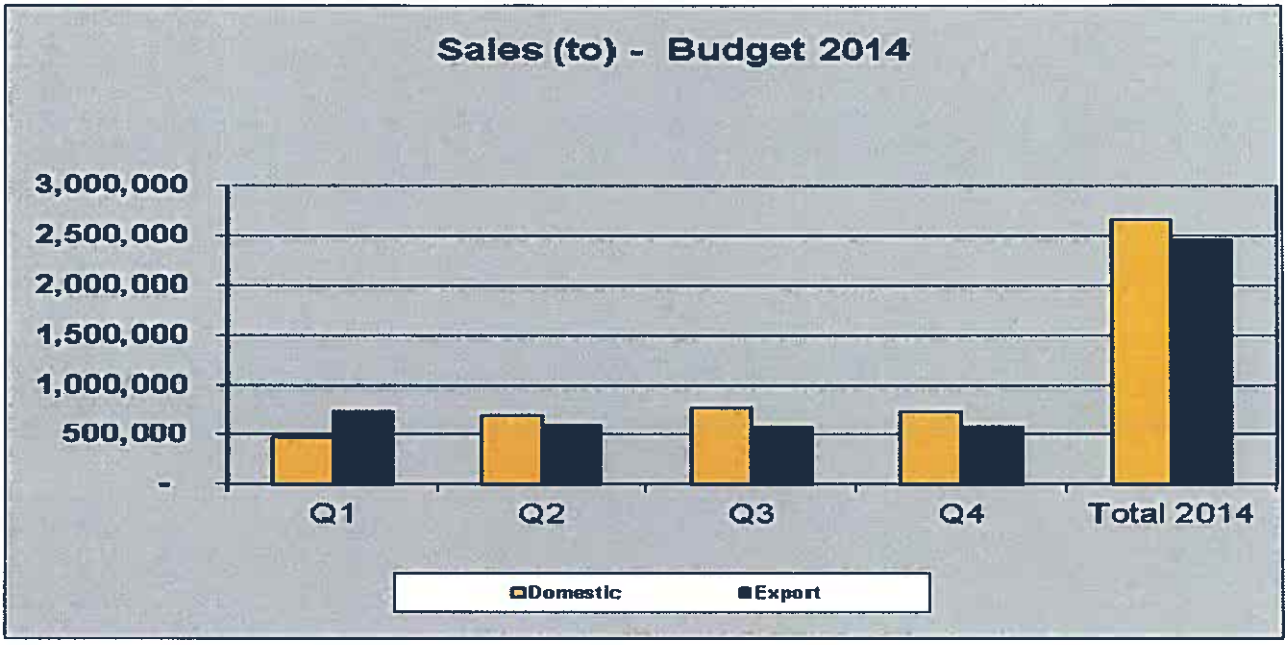
The main competitors of Rompetrol Rafinare are OMV-Petrom, Lukoil and Rafo refineries that have developed along with Petromidia Refinery.

3.4. Price strategy and sales

In order to have an accurate estimation of the selling prices for 2014 and to avoid risks, special instruments of the stock markets were used with reference to historical and projected quotations and also to refining margins related to the quality of raw materials and products supplied.

As regards the market orientation, in 2014 the company will follow the Group strategy and increase the gasoline and diesel sales in Romania by 22% with a monthly average rate of 221,243 tons on the domestic market and 204,926 tons on the export market.

Sales 2014 (kto)	Domestic	Export	Total
Total products out of which	**2,655**	**2,459**	**5,114**
Gasoline	454	987	1,441
Jet fuel	239	-	239
Diesel fuel	1,348	1,221	2,569
Fuel oil	75	21	96
Gases	54	-	54
Propylene	134	-	134
Liquified petroleum gas	159	122	281
Petroleum coke	192	59	251
Sulphur	-	48	48



4. Strategy and objectives:

The company strategy is to use the Group's distribution channels both on the domestic and external markets in order to increase its market share.

Major objectives:

- ✓ To produce petroleum products in accordance with European standards;
- ✓ To continue the energy efficiency program;
- ✓ To increase the quantity of petroleum products in accordance with European standards;
- ✓ To eliminate the causes of unplanned shutdown
- ✓ To comply with the current environmental requirements and to align to the European ones;
- ✓ To maintain a high level of safety and work protection.

5. SWOT Analysis

Strengths	Weaknesses
✓ Has the highest (84.03%) white products yield in the Black Sea region ✓ Strategic location on the Black Sea coast ✓ Direct access to the Danube-Black Sea Channel, the Midia port, and Constanta port (one of the largest harbours on the Black Sea) ✓ Its own railway yard ✓ Facilities allowing crude oil reception and shipment of liquid products by railway tankers. ✓ The new maritime terminal use for crude oil discharge.	✓ High energy costs compared with other refineries in the region because the company does not have its own energy sources
Opportunities	**Threats**
✓ Expansion of the retail and wholesale Group networks; ✓ Integration of the refinery with the petrochemical plant and also integration of Vega's niche products	✓ Major dependency on utilities providers ✓ Oil market volatility

6. Production Plan

Kto	Year 2014
RAW MATERIALS	**5,477**
Crude oil and alternative feedstock	5,176
Other raw materials	302
PRODUCTS	**5,115**
Gasoline	1,443
Jet fuel	240
Diesel fuel	2,570
Fuel oil	91
Gases	54
Propylene	134
Liquified petroleum gas	281
Petroleum coke	252
Sulphur	49

The operating plan for 2014 involves processing 5,477 thousand tons of raw materials, of which 5,176 thousand tons crude oil, including alternative feedstock and 302 thousand tons of other raw materials.

Crude oil & other feedstock – daily average qty (mt), from which:	15,007
Crude oil and alternative feedstock – daily average qty (mt)	14,180
Other feedstock - daily average qty (mt))	827
Function-no of days	365

The necessary working capital for purchasing raw materials will be financed through self resources and short term loans.

The budget for the processing costs was prepared considering the following: consumption norms, production plans and seasonality for utilities and auxiliary materials expenses; contracts concluded with suppliers.

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ROMPETROL PETROCHEMICALS S.R.L.

1. Company Overview

Established in December 2002 by separating Pyrolysis , polyolefins and other ancillary departments from Petromidia refinery , SC Rompetrol Petrochemicals is owned by Rompetrol Rafinare in 100% .

Petromidia Petrochemical Complex was designed and built in the mid of 80s , beeng the newest in Romania, using Romanian technology and foreign technology (Mitsui , Snamprogetti , Heat Research Corporation , Pullman Kellogg etc .) .

Technological flow is focused on the production of olefins (ethylene and propylene), later transformed into polyethylene and polypropylene .

The complex is split in four sections : Pyrolysis, polypropylene, High Density Polyethylene(HDPE) and Low Density Polyethylene(LDPE) . Now, operating with polypropylene(PP), Low Density Polyethylene (LDPE) and High Density Polyethylene (HDPE) while from the steam cracker only prpane-propylene splitter column (to provide feedstock for polypropylene plant) and steam generators works.

Favorable location, the high synergy of integration with refininery and upgrading works, make Rompetrol Petrochemicals one of the most interesting companies in this field in Central and Eastern Europe.

2. Marketing Strategy

2.1 . Product Portfolio

The Rompetrol Petrochemicals activity is organized in several directions:

- production of polypropylene (PP) ;
- producing Low Density Polyethylene (LDPE)
- producing High Density Polyethylene (HDPE)
- trading of others petrochemical products ;
- ancillary activities(production of steam and brine) .

Polypropylene (PP) is obtained by homopolymerization or copolymerization of propylene with microsphere or superactive catalysts at high pressure and low temperature

Production capacity is 90,000 tons per year

Grades Produced are used for injection , blow molding, film , fiber

-Injection grades use for : garden furniture, kitchen utensils, toys, crates, boxes, batteries, etc. .

- Blow grades are used: blown bodies (drums, containers), pipes, etc. .
- Film grades are used for: food packaging, clothing, bioriented film , etc. .

-Fibers grades are used for: multifilaments and textile fiber with bleach and ultraviolet resistance , etc. .

The product can be supplied in bags of 25 Kg , 1000 Kg big bags , bulk in tankers or CF .

High Density Polyethylene (HDPE) Mitsui technology consists in two continuous mixing reactor identical size that can be operated in parallel or series .

The production capacity of the plant is 60,000 tonnes / year of polyethylene.

Produces grades of high density polyethylene which can be processed by injection, blow molding, extrusion . The main applications are: thin film, molded bodies, pipes , drums.

The product can be delivered in 25 kg bags, palletised or 1 tonne bags (big bags).

Low density polyethylene (LDPE) is based on technology in the polymerization of ethylene at pressures up to 2400 kg/cm2G and a temperature of maximum 300°C, in a tubular reactor in the presence of initiators: decanoyl peroxide and oxygen. The reaction is carried out with free radical mechanism and is exothermic.

The production capacity of the plant is 70,000 tonnes/year of polyethylene.

LDPE grades are used for superfine packaging film , high clarity packaging film with good transparency and luster, agricultural films, protective films, high-strength bags.

The product can be delivered in 25 kg bags, palletised or 1 tonne bags (big bags).

2.2 . Market Share

Rompetrol Petrochemicals continued in 2013 to be the sole producer of polymers in Romania, polypropylene and polyethylene of low and high density. Strategy developed allowed an increase in market share.

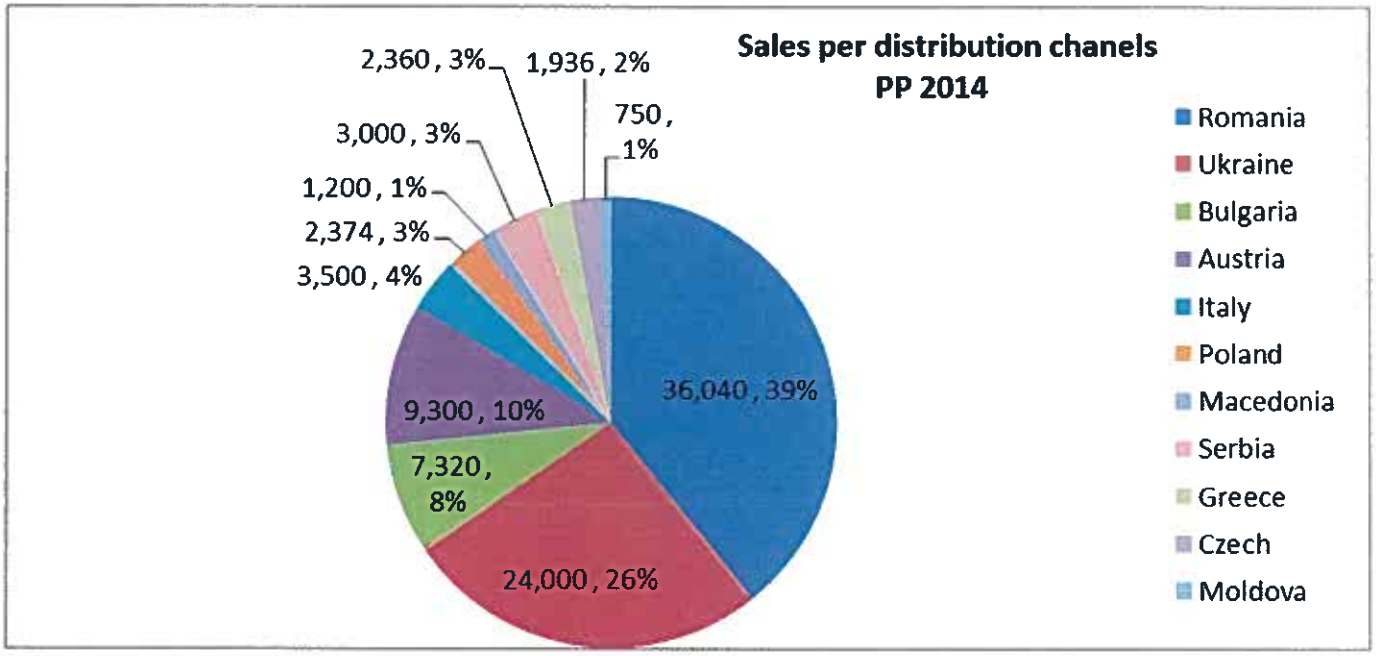
The quality and diversity of products offered, location and route distribution/delivery, technical assistance, made Rompetrol Petrochemicals a reliable partner in Romania and the Black Sea region.

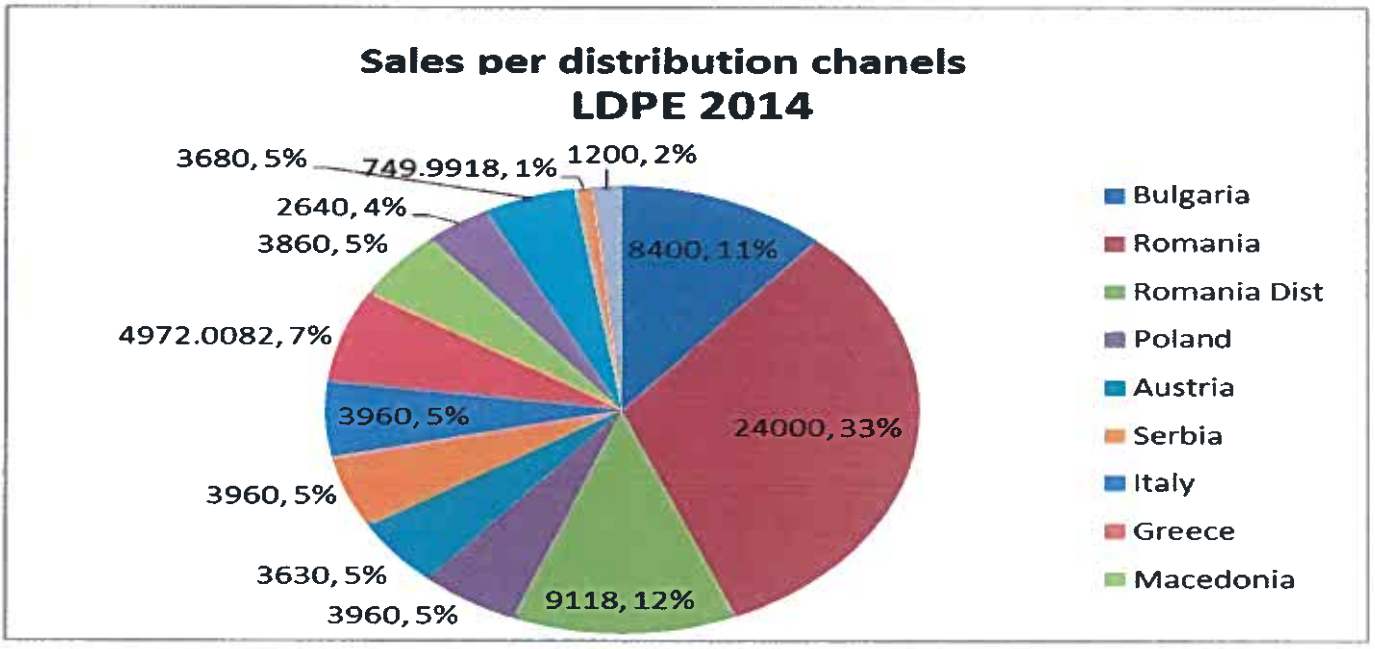
One of the advantages of the company is determined by its proximity to clients, providing products in Just -In- Time system, also offering technical advice and assisted monitoring of their production cycle.

2.3. Sales Policy

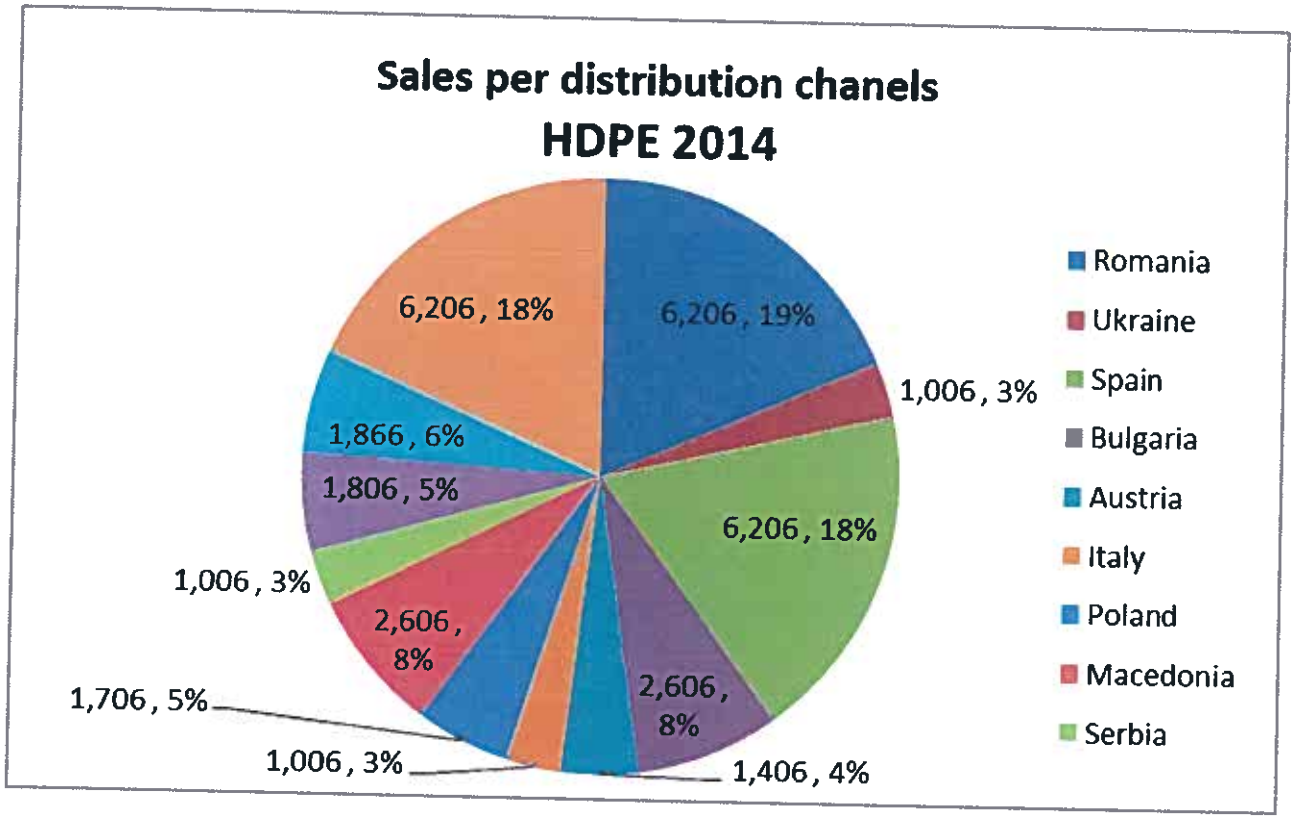
Sales of finished goods are expected to grow in 2014 with more than 49% vs. last year (from 133.592 to in 2013-199.945 to in 2014) mainly by restarting in the second quarter of High Density Polyethylene plant for six months.

	2013 Actual	2014 Budget	2014 vs, 2013	%
Polymers	133,592	199,540	65,948	49%
PP	79,839	91,780	11,941	15%
LDPE	50,759	74,130	23,371	46%
HDPE	2,994	33,630	30,636	1023%





For 2014 was taken into account restarting of High Density Polyethylene plant for quarters two and three for return these products to market. Through the performance test from July 2013 have met all the techical premises for proper function.



3. Strategy and objectives

Company strategy is to consolidate actual distribution chanels, increase internal market share and lowaring the quantities sold by intermediaries.

Major objectives:

- Increasing the percentage of conformes products, which in 2013 reached 97.7%;
- Continuation of energy efficiency programs;
- Minimizing accidental stops;
- Environmental compliance;
- Maintaining a high level of safety and protection in work.

II. VEGA REFINERY

1. Company overview

Rompetrol Refinery - Vega Ploiesti is a refinery that focuses on obtaining niche **special products**: ***ecological solvents, heating oil fuels, special bitumen,*** etc.

In 2014 Vega Refinery will only process alternative raw materials (such as **naphtha gasoline, C5-C6 cut, slurry, jet and fuel oil**), the only units that will be functional are: Hexane, Rectification, De-aromatization, Refining, AFP, Vacuum Distillation and Bitumen.

2. Marketing strategy

2.1.Portfolio of products

Vega Refinery obtains the following range of ***special products***:

- Solvents: Ecological Solvents–Rompetrol SE, Light Solvents and Normal Hexane;
- White spirit;
- Fuel Oils;
- Bitumen: Special Bitumen and polymer modified bitumen.

Ecological solvents are obtained in De-aromatization unit using Halterman technology (the most important manufacturer of solvents and special products in Europe).
These new products for domestic and export markets are distinguished primarily by their special qualities, being a range of solvents:

- colourless, with vapour pressures higher or lower depending on the distillation range, which allows to obtain high quality paints;
- with a low content of olefins which allows these solvents to have good stability in time;
- slight smell, with a low degree of toxicity, low content of aromatic hydrocarbons, especially benzene, and low-sulphur, therefore these solvents are in the range of organic products with high degree of dezaromatization.

These solvents may be used without limitation in all industries from the chemical industry to the food, pharmaceutical and cosmetics industries also as cleaning agents in textile, leather and shoes industries.Solvent is used in order to obtain varnishes, paints and adhesives,it's a composite in polish and also is used as degreasing agent in the machine building industry, in chemical reaction media, is a component for the petrochemical industry, as well in rubber processing, allowing an organic and safe use.
Normal Hexane is used in polypropylene production and vegetable oil extraction in the food industry.The new quality of n-hexane obtain by Vega Refiney allows a diversification of applications, including:manufacturing and refining of fats, palm and coconut oils which result in products with low content of protein,and respectively defatted cereal germs.
White Spirit is used as solvent in varnishes and dyes industry, in rubber processing and in insecticide conditioning.

The fuel group includes:

- Heating fuels: an extra Calor Rompetrol Rompetrol Economic Calor 3;
- Liquid fuels: liquid fuels type 3 (CLU).

Heating fuels have a quality that is up to European standards, being at the level of any product in its class Heating Oil, which sells in the Western countries. These products are delivered directly to end users, the service being offered by Rompetrol Downstream SRL, member of Rompetrol Group.

The advantages of these products are:

- compliance with European quality standards;
- burn a long time;
- produce a high quantity of heat;
- produce fewer emissions;
- have anti-ageing features against plant depreciation;
- distribution to end users;
- financial consulting for tax incentives provided by legislation;
- territorial coverage at national level.

Bitumen sales are estimated to increase in 2014 by more than 11% (from 46,261 tons in 2013 to 51,146 tons in 2014) as a result of identifying new customers on the domestic market.

The presence of polymer in bitumen leads to an increase in performance of the asphaltic sheet made with this type of binder, namely:

- increase of endurence;
- increase of toughness at constant deformations;
- increase of resistance at cracking at low temperatures;
- increase of resistance at wear and ageing;
- maintain the roughness of the rolling surface;
- improve the adherence between bitumen and cover stone.

The hydro-isolation bitumen is used in the fabrication process of bituminous cement and for waterproofing works in constructions. The citom is used as bitumen coating for metal pipes in order to protect them against corrosion.

Finished product sales are estimated to increase in 2014 by more than 17% (from 254,570 tons in 2013 up to 298,784 tons in 2014) as a result of identifying new customers on the external and domestic market.

Product	Actual 2013		Buget 2014		2014 vs. 2013	
	[tone]	%	[tone]	%	[tone]	%
Naphtha gasoline	88,859	0.35	104,472	34.97%	15,614	18%
Hexane	53,344	0.21	75,426	25.24%	22,082	41%
Ecological Solvents	25,783	0.10	38,197	12.78%	12,414	48%
White spirit	6,155	0.02	8,157	2.73%	2,002	33%
Gasoil & Heating Oils	4,315	0.02	4,191	1.40%	(124)	-3%
Light liquid fuel	5,067	0.02	4,167	1.39%	(900)	-18%
Bitumen	46,261	0.18	51,146	17.12%	4,886	11%
Fuel oil	24,787	0.10	13,027	4.36%	(11,760)	-47%
ADD	0	0.00	0	0.00%	0	0%
Total	**254,570**	**100**	**298,784**	**100**	**44,214**	**17%**

2.2.Market share

Vega Refinery is **the only Romanian producer of**:

- *Ecological Solvents – Rompetrol SE* – in 2014 the unit is estimated to function at the planned processing capacity – sales are expected to increase by 48% (from 25,783 tons in 2013 to 38,197 tons in 2014).

Vega is also the only producer of normal Hexan in Eastern Europe, this product is used in polypropylene production and vegetable oil extraction in the food industry.

All bitumen sales are estimated to increase by 11% compared to last year (from 46,261 tons in 2013 to 51,146 tons in 2014, out of which *bitumen modified with polymer* from 1,958 tons in 2013 to 3,000 tons in 2014).

2.3. Competition

Competitors on domestic market:

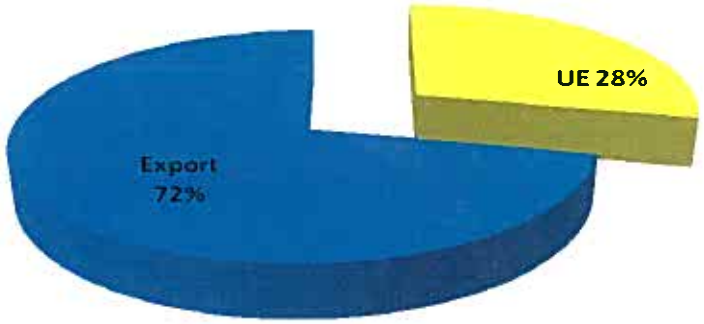
- OMV Petrom –Brazi Ploiesti Refinery– for fuel oil and heating oil;
- MOL Ungaria, Basell Polonia, Eni Italia, Haifa Israel – for hexane, SBP, white spirit;
- Sargent Marine SRL Agigea, Transbitum SRL Mangalia, MOL Ungaria, Romasfalt SRL - Ozun, Lotus Polonia, Burgas Bulgaria– for bitumen.

2.4. Price strategy and sales

In accordance with the budget assumptions, the export sales are as follows:

Sales 2014	Budget quantity 2014 [tons]			[%]	
Total products out of which	UE	EXPORT	TOTAL	UE	EXPORT
Naphtha gasoline	6,324	56,914	63,238	10	90
Hexane	7,162	64,455	71,617	10	90
Ecological Solvents	35,765	1,882	37,647	95	5
White spirit	60	1,137	1,196	5	95
Total	**49,310**	**124,388**	**173,698**	**28**	**72**

Export assumptions sales 2014



The markets and products that are sold in UE are:

- Hungary for naphtha;
- Germany for ecological solvents;
- Bulgary for heating oils,gasoil, white spirit and n-hexan;
- Poland for n-hexan and SBP's ;
- Austria for n-hexan.

Other markets:

- Turkey for n-hexan , naphtha , white spirit;
- Serbia, Ukraine and Moldovia Republic for naphtha, n-hexan, ecological solvents and white spirit;
- India for n-hexan andecological solvents;
- Kazakhstan and Pakistan for n-hexan;
- UAE for hexane .

Naphtha sales represent 35% of total sales for 2014.

3. Strategy and objectives:

- To maximize the gross margin for the niche products in order to bring added value to the business
- To develop new Rompetrol products by diversifying the production, selling and distribution activities;
- To continue the investment programme in order to:reduce the consumption of utilities, technology and to follow the foresights of environmental standards.

4. Production Plan:

VGA 2014	tones
Feedstock	**304,066**
Crude oil	-
Other feedstock	304,066
Finished products	**298,784**
Ecological solvents	38,197
Hexane	75,426
Naphtha gasoline	104,472
White spirit	8,157
Gasoil	4,191
Light liquid fuel	4,167
Fuel oil	13,027
Bitumen	51,146
Octane Booster ADD 8	-
Total consumption	**5,283**

ROMPETROL

III. CONSOLIDATED BUDGET INCOME STATEMENT (including Vega Refinery and petrochemicals division)

(Amounts in thousand USD)

Budget Income Statement for 2014					
(Thousand USD)					
Descriere	Year 2014	Q1	Q2	Q3	Q4
GROSS REVENUES	5,361,065	1,148,868	1,381,097	1,448,076	1,383,024
SALES TAXES	(1,178,426)	(186,658)	(313,554)	(343,147)	(335,068)
Net revenues	4,182,639	962,210	1,067,543	1,104,929	1,047,957
COST OF SALES	(4,169,075)	(969,288)	(1,056,907)	(1,089,284)	(1,053,596)
GROSS MARGIN	13,564	(7,078)	10,636	15,645	(5,639)
SELLING, GENERAL & ADMINISTRATION	(49,652)	(10,642)	(10,800)	(17,329)	(10,880)
OTHER, NET	0	0	0	0	0
ADJUSTMENT Depreciation & Amortization	64,509	16,062	16,032	16,201	16,214
EBITDA	28,421	(1,658)	15,867	14,517	(304)
PROVISIONS	6,500	0	0	6,500	0
EBIT/Operating Profit/(Loss)	(29,588)	(17,721)	(165)	4,816	(16,519)
FINANCE, NET	(34,334)	(8,417)	(8,597)	(8,663)	(8,657)
PROFIT/(LOSS) Before Income Tax	(63,923)	(26,138)	(8,762)	(3,847)	(25,176)
Tax revenues	0	0	0	0	0
NET PROFIT/(LOSS)	(63,923)	(26,138)	(8,762)	(3,847)	(25,176)

ROMPETROL

Despite the international crisis, when most companies are reducing or shutting down their activities, the management of Rompetrol Rafinare forecasts that the company will record in 2014 a positive operational profit (EBITDA) in amount of 28,42 million USD.

PRESIDENT OF BOARD OF DIRECTORS:
Azamat Zhangulov

ROMPETROL RAFINARE S.A.

MEMBERS OF THE BOARD OF DIRECTORS:

Alexandru Nicolcioiu

Sorin Graure

Iulian-Marian Butnaru

Gabriel Dumitrascu

CHIEF FINANCIAL OFFICER
Giani-Iulian Kacic

Rompetrol Rafinare
Income Statement

	BUDGET Year, 2014
GROSS REVENUES	**5,361,064,833**
SALES TAXES	**(1,178,425,980)**
Net revenues	**4,182,638,853**
Purchases	**(3,867,727,943)**
Purchases - crude oil and equivalents	(3,448,945,604)
Purchases - other raw materials	(380,132,241)
Purchases - auxiliary materials	(16,824,967)
Purchases - petrochemical products finished goods	(20,990,229)
Customs duties and commissions	(834,902)
Change in inventories Purchases	**(1,617,673)**
= Gross Margin	**313,293,237**
Variable logistics Costs	**(31,629,061)**
Variable logistics Costs Inbound	(22,963,935)
Variable logistics Costs Outbound	(8,665,126)
= Contribution	**281,664,176**
Conversion&Service Costs Cash	**(215,025,970)**
Utilities	(146,978,930)
Maintenance	(22,217,820)
Staff costs	(22,467,627)
Other expenses	(23,361,592)
Depreciation Conversion	**(62,617,907)**
Change in inventories Production	**736,407**
Add back **Capitalised Expenses to Capex**	**141,705**
= Gross Profit	**4,898,411**
Selling & Distribution Cash	**(7,092,677)**
Staff costs	(2,359,069)
Rent	(60,739)
Utilities	(665,492)
Maintenance	(900,434)
Insurance	(366,228)
IT&C	(411,334)
Other selling & distribution Cash	(2,329,381)
Depreciation Selling & Distribution	**(507,577)**
General & Admin Cash	**(32,002,591)**
Staff costs and salary related taxes	(3,833,085)
Rent	(741,998)
Utilities	(781,666)
Maintenance	(325,049)
Security services	(236,697)
Insurance	(71,420)
Local Taxes	(1,228,971)
IT&C	(3,698,134)
Consulting & professional fees & Management fees	(10,391,665)
Sponsorships	(209,625)
Environmental services	(8,854,072)
Marketing	(172,913)
Fire protection services	(90,600)
Other general & admin Cash	(1,366,698)
Depreciation General & Admin	**(1,383,861)**
Other operating revenues/expenses	-
Add back **Depreciation**	**64,509,345**
= EBITDA	**28,421,049**
Provisions	**6,500,000**
= EBIT	**(29,588,297)**
Interest & commissions, net	**(34,334,499)**
=EBT	**(63,922,796)**
Revenue tax	-
= Net Result	**(63,922,796)**

PRESIDENT OF THE MANAGEMENT BOARD
Azamat Zhangulov

MEMBERS OF THE MANAGEMENT BOARD:
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