



rompetrol

KazMunayGas
Group
Member

ROMPETROL RAFINARE S.A.
Bulevardul Navodari, nr. 215,
Pavilion Administrativ,
Navodari, Judetul Constanta,
ROMANIA

phone + (40) 241 50 60 00
+ (40) 241 50 61 50
fax + (40) 241 50 69 30
office rafinare@rompetrol.com
www.rompetrol-rafinare.ro
www.rompetrol.com

ROMPETROL RAFINARE S.A.
2016 BUDGET PRESENTATION



rompetrol

KazMunayGas
Group
Member

ROMPETROL RAFINARE S.A.
Bulevardul Navodari, nr. 215,
Pavilion Administrativ,
Navodari, Judetul Constanta,
ROMANIA

phone + (40) 241 50 60 00
+ (40) 241 50 61 50
fax + (40) 241 50 69 30
office.refinare@rompetrol.com
www.rompetrol-rafinare.ro
www.rompetrol.com

CONTENTS

I. BUDGET PRESENTATION FOR PETROMIDIA REFINERY

1. Executive summary

2. Company overview

- 2.1 Company presentation
- 2.2 Company history

3. Marketing strategy

- 3.1. Portfolio of products
- 3.2. Market share
- 3.3. Competition
- 3.4. Price strategy and sales

4. Strategy and Objectives

5. SWOT Analysis

6. Production Plan

II. BUDGET PRESENTATION FOR VEGA REFINERY

1. Company overview

2. Marketing strategy

- 2.1. Portfolio of products
- 2.2. Market share
- 2.3. Competition
- 2.4. Price strategy and sales

3. Strategy and Objectives

4. Production Plan



rompetrol

KazMunayGas
Group
Member

ROMPETROL RAFINARE S.A.
Bulevardul Navodarii, nr. 215,
Pavilion Administrativ,
Navodarii, Judetul Constanta,
ROMANIA

phone: + (40) 241 50 60 00
+ (40) 241 50 61 50
fax: + (40) 241 50 69 30
office rafinare@rompetrol.com
www.rompetrol-rafinare.ro
www.rompetrol.com

III. CONSOLIDATED BUDGET INCOME STATEMENT

I. PETROMIDIA REFINERY



rompetrol

KazMunayGas
Group
Member

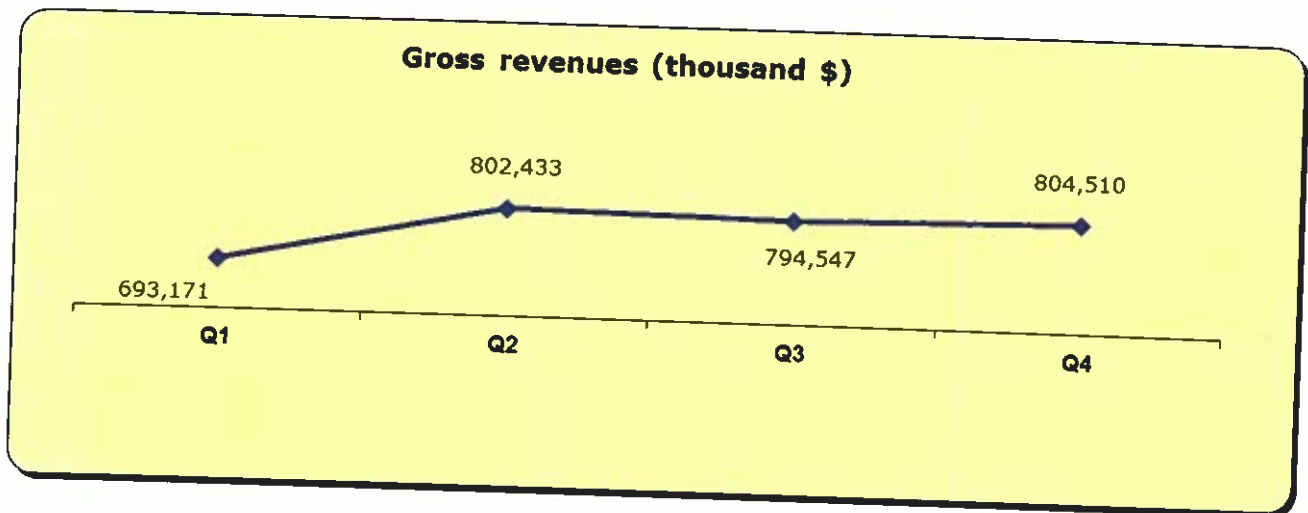
ROMPETROL RAFINARE S.A.
Bulevardul Navodari, nr. 215,
Pavilion Administrativ.
Navodari, Judetul Constanta,
ROMANIA

phone: + (40) 241 50 60 00
+ (40) 241 50 61 50
fax: + (40) 241 50 69 30
office.rafinare@rompetrol.com
www.rompetrol-rafinare.ro
www.rompetrol.com

1. Executive summary

Rompetrol Rafinare SA will continue its development strategies in 2016, the final target being the expansion of activities on all levels from production to marketing, as follows:

- Gross revenues of 3.094 billion USD as a result of selling 5,008 thousand tons of products
- Increase of petroleum sales domestic and external markets: Georgia, Greece, Turkey, Lebanon, Bulgaria, Moldavia.



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



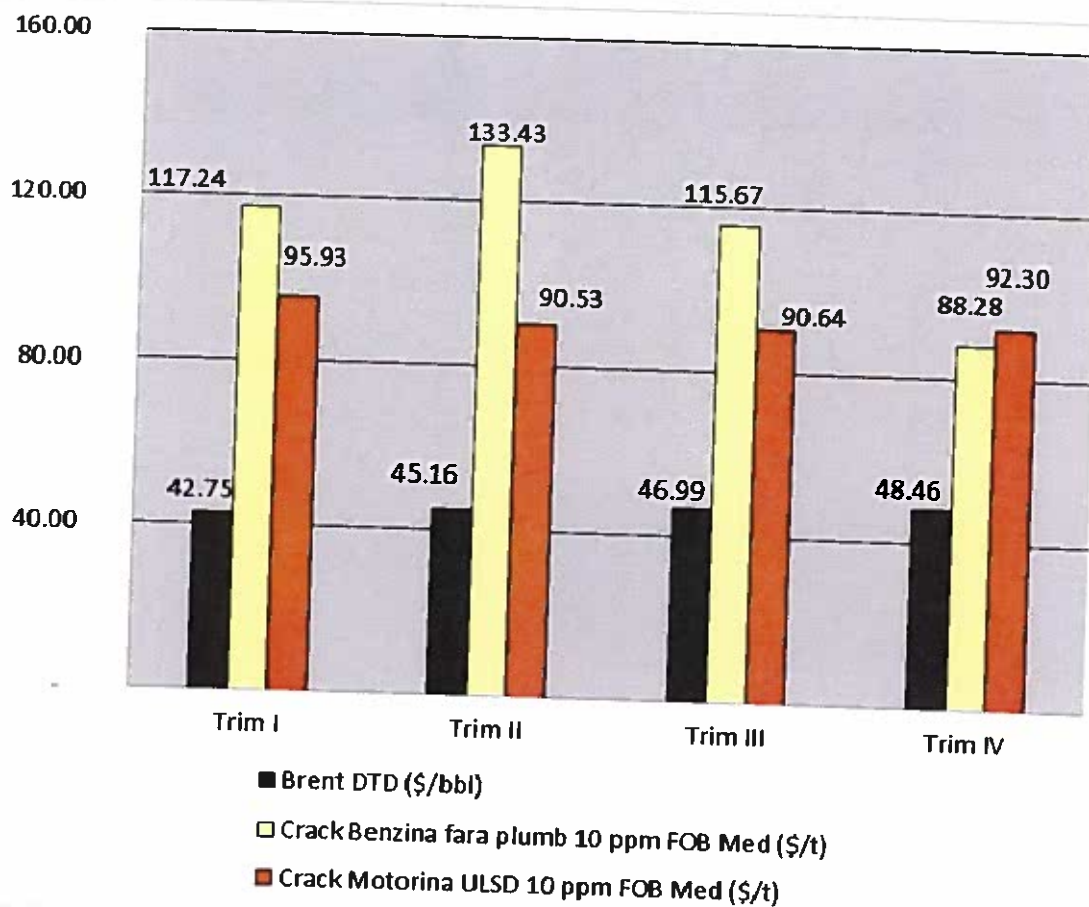
rompetrol

KazMunayGas
Group
Member

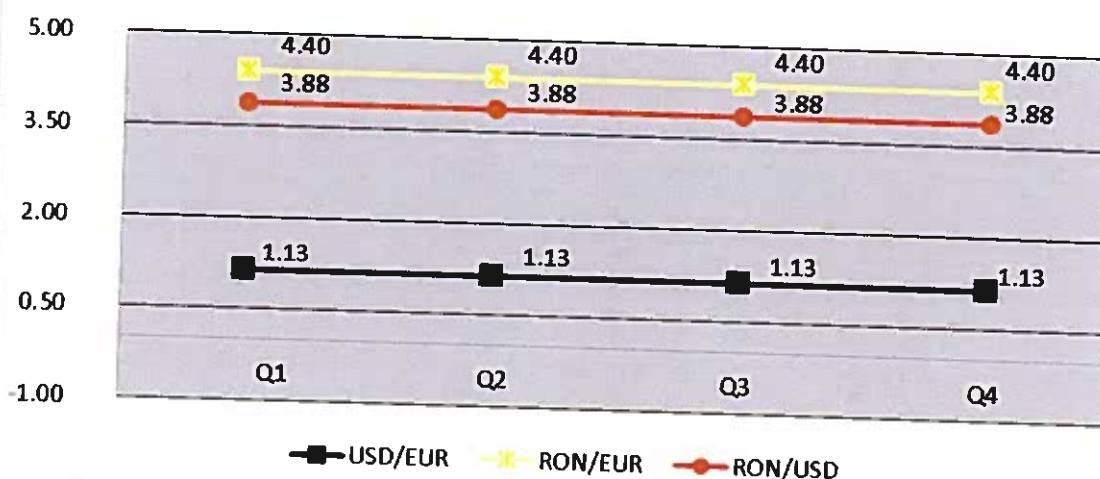
ROMPETROL RAFINARE S.A.
Bulevardul Navodari, nr. 215,
Pavilion Administrativ.
Navodari, Judetul Constanta,
ROMANIA

phone: + (40) 241 50 60 00
+ (40) 241 50 61 50
fax: + (40) 241 50 69 30
office rafinare@rompetrol.com
www.rompetrol-rafinare.ro
www.rompetrol.com

Environment Forecast



Exchange rate



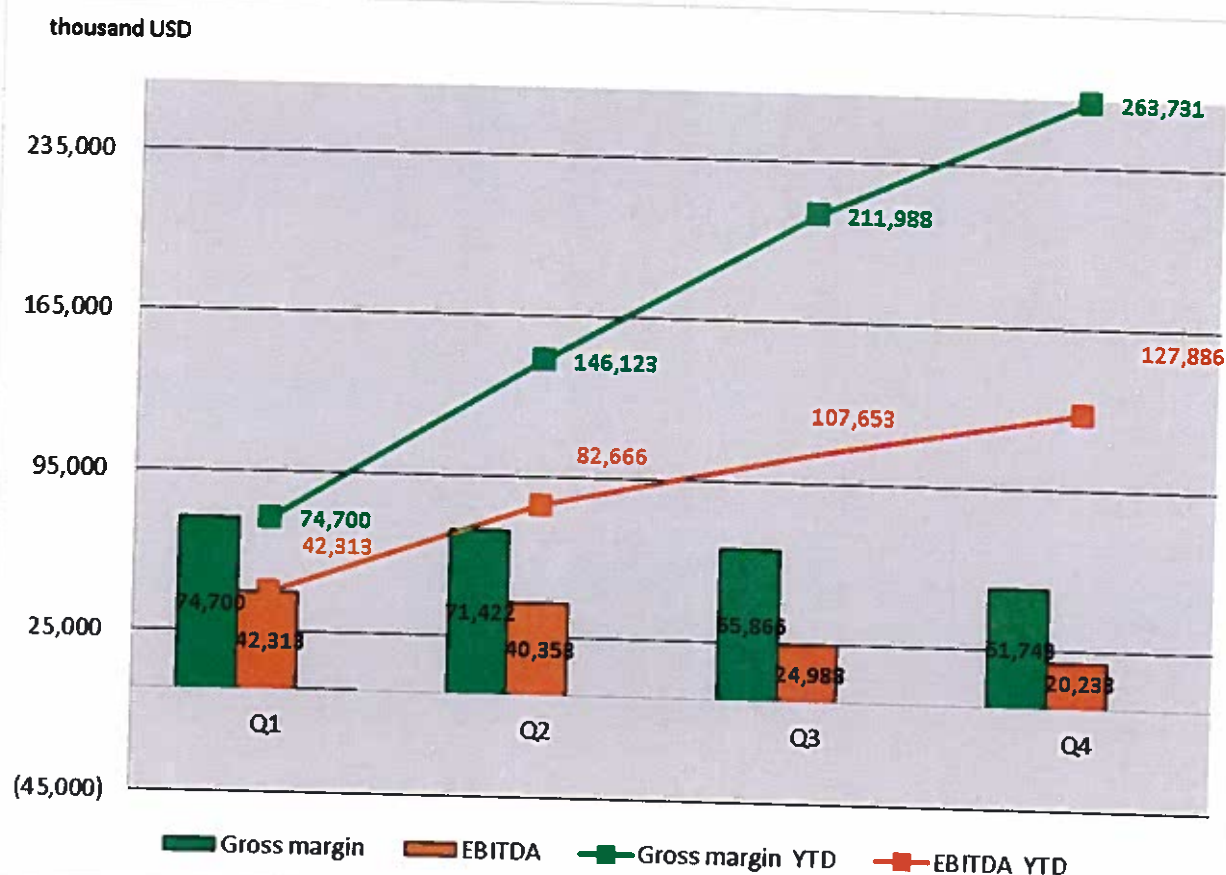


rompetrol

KazMunayGas
Group
Member

ROMPETROL RAFINARE S.A.
Bulevardul Navodari, nr. 215,
Pavilion Administrativ.
Navodari, Judetul Constanta,
ROMANIA

phone: + (40) 241 50 60 00
+ (40) 241 50 61 50
fax: + (40) 241 50 69 30
office.rafinare@rompetrol.com
www.rompetrol-rafinare.ro
www.rompetrol.com



In 2016, 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 263,731 thousand USD and EBITDA will amount to 127,886 thousand USD.



rompetrol

KazMunayGas
Group
Member

ROMPETROL RAFINARE S.A.
Bulevardul Navodari, nr. 215,
Pavilion Administrativ,
Navodari, Judetul Constanta,
ROMANIA

phone + (40) 241 50 60 00
+ (40) 241 50 61 50
fax: + (40) 241 50 69 30
office rafinare@rompetrol.com
www.rompetrol-rafinare.ro
www.rompetrol.com

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

2012 - 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.

The objectives of the package were 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 Hydrogen Plant is operation starting with 1st of May 2012. The raw material is CH₄ with a throughput of 96.800 tones/year.

Also, the New Mild Hydrocracking 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.



rompetrol

KazMunayGas
Group
Member

ROMPETROL RAFINARE S.A.
Bulevardul Navodari, nr. 215,
Pavilion Administrativ,
Navodari, Judetul Constanta,
ROMANIA

phone + (40) 241 50 60 00
+ (40) 241 50 61 50
fax + (40) 241 50 69 30
office.rafinare@rompetrol.com
www.rompetrol-rafinare.ro
www.rompetrol.com

This hydrocracking process combines the necessity to convert hydrocarbons into valuable products (cracking) with the constrain of lowering sulfur in products (hydrotreating).

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

Main projects finalized during 2013 in Petromidia :

❖ Delayed Coker modernization

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 NO_x, the existing burners were replaced with new burners able to assure the reduction of NO_x emissions to atmosphere.

❖ 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 and increasing yields and quality products from fuel oil cracking.

**rompetrol**KazMunayGas
Group
MemberROMPETROL RAFINARE S.A.
Bulevardul Navodari, nr. 215,
Pavilion Administrativ,
Navodari, Judetul Constanta,
ROMANIAphone: + (40) 241 50 60 00
+ (40) 241 50 61 50
fax: + (40) 241 50 69 30
office.rafinare@rompetrol.com
www.rompetrol-rafinare.ro
www.rompetrol.com

2014 - Petromidia, part of the RRC and KMG International, registered in 2014 a historical record of raw material processed - more than 5 million tons. The total amount of the processed 1979 - the year of startup of the Refinery till October 2014 has exceeded 100 million tons.

Some historical records recorded by the company in 2014 include increased production of diesel - 2.43 million tonnes (1.91 million tons in 2013 and 1.6 million tons in 2012), Diesel yield of - 48.8% (46% in 2013, 39.6% in 2012), and also white products yield - 85.7% (85.5% in 2013, 85.4% in 2012). At the same time, the refinery has achieved an improvement in energy efficiency index - 99.8 (102.8 in 2013, 115 in 2012). Also, the petrochemical division of RRC has reached maximum production capacity of polypropylene - 90 thousand tons in 2014 (79 800 tonnes in 2013 and 86.3 in 2012).

Vega refinery reached historical record production Hexane (66,400 tons) and bitumen (61,400 tons).

2015 - Petromidia Refinery part of Rompetrol Rafinare and KMG International reached in 2015 more than 15 kt/day total feedstock processed , a record for Petromidia refinery since 1979.

Other records for the company are: 85.7%wt White products yield second year in a row when was reached historical level, 98.6 Energy Intensity Index, lower ever reached yearly in history and Good performance in terms of Mechanical availability, in 2015 reached the highest level of 96.9%. The highest yield of Diesel 50% and Jet 4.4% from history.

Also Petrochemicals develop new grades in 2015, 6.8% from total PP production is represented by new grades.

Vega Refinery reached a production in 2015 over 80 ktons of Bitumen and 71 ktons of Hexane, highest in history.

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

KazMunayGas
Group
Member

ROMPETROL RAFINARE S.A.
Bulevardul Navodari, nr. 215,
Pavilion Administrativ,
Navodari, Judetul Constanta,
ROMANIA

phone + (40) 241 50 60 00
+ (40) 241 50 61 50
fax + (40) 241 50 69 30
office.rafinare@rompetrol.com
www.rompetrol-rafinare.ro
www.rompetrol.com

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 Gas SRL, Air BP Sales, Carpatcement Holding SA, Elsid SA, Uzina Termoelectrica Midia, OMV Petrom. The main export partner is: KazMunayGas Trading AG.

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

3.2. Market share

Rompetrol Rafinare cover approx. 40% from the Romanian refining capacities, 5.1 mio tones raw materials.

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 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 2016 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.



rompetrol

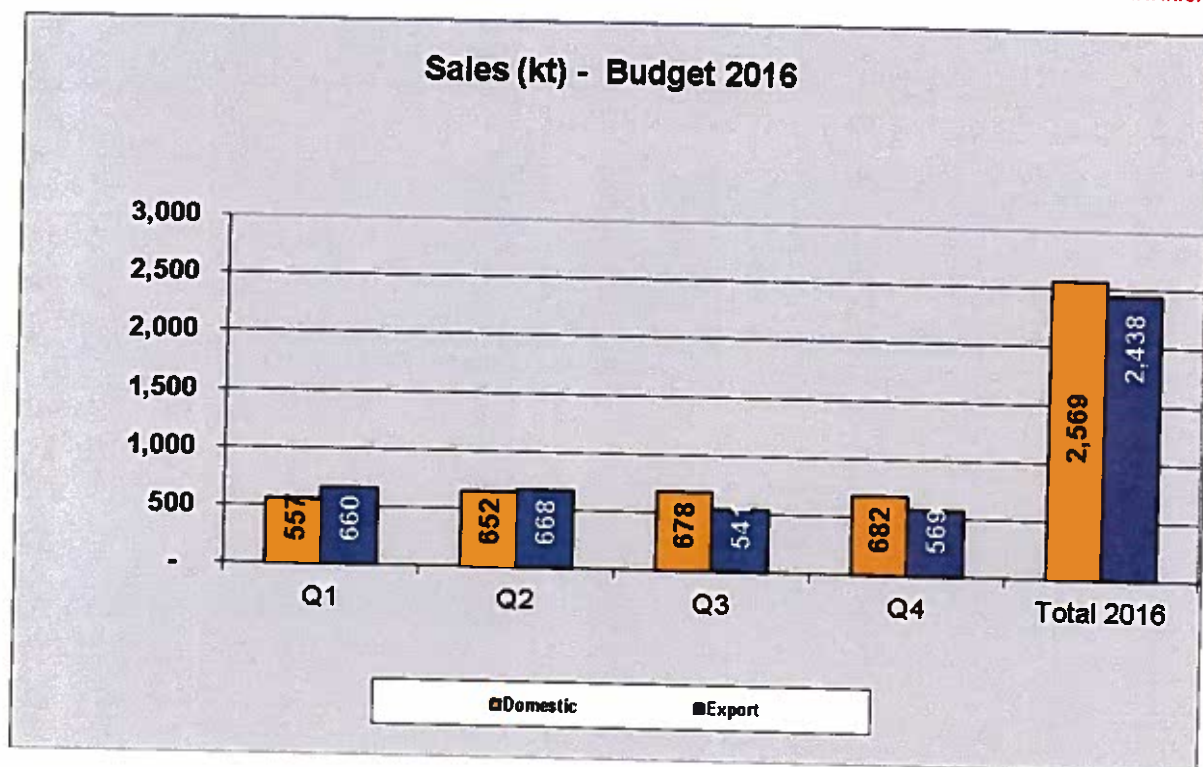
KazMunayGas
Group
Member

ROMPETROL RAFINARE S.A.
Bulevardul Navodari, nr. 215,
Pavilion Administrativ,
Navodari, Judetul Constanta,
ROMANIA

phone + (40) 241 50 60 00
+ (40) 241 50 61 50
fax + (40) 241 50 69 30
office rafinare@rompetrol.com
www.rompetrol-rafinare.ro
www.rompetrol.com

As regards the market orientation, in 2016 versus 2015, the company will follow the Group strategy and increase the gasoline and diesel sales in Romania by 15% and external market by 10%, with a monthly average rate of 214,089 tons on the domestic market and 203,205 tons on the export market.

Sales 2016 (kto)	Domestic	Export	Total
Total products, out of which:	2,569	2,438	5,008
Gasoline	439	880	1,319
Jet fuel	142	105	247
Diesel fuel	1,330	1,273	2,603
Fuel oil	94	39	133
Gases	42	-	42
Propylene	125	-	125
Liquified petroleum gas	181	67	248
Petroleum coke	215	22	237
Sulphur	-	54	54

**rompetrol**KazMunayGas
Group
MemberROMPETROL RAFINARE S.A.
Bulevardul Navodari, nr. 215,
Pavilion Administrativ,
Navodari, Judetul Constanta,
ROMANIAphone: + (40) 241 50 60 00
+ (40) 241 50 61 50
fax: + (40) 241 50 69 30
office.rafinare@rompetrol.com
www.rompetrol-rafinare.ro
www.rompetrol.com

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 and technological by implementation projects our internal team, Delfin;
- To decrease processing costs;
- To maintain oil products quality in accordance with the European standards.
- To increase mechanical availability;
- To comply with the current environmental requirements and to align to the European ones;
- To maintain a high level of safety and work protection.



rompetrol

KazMunayGas
Group
Member

ROMPETROL RAFINARE S.A.
Bulevardul Navodari, nr. 215,
Pavilion Administrativ,
Navodari, Judetul Constanta,
ROMANIA

phone + (40) 241 50 60 00
+ (40) 241 50 61 50
fax + (40) 241 50 69 30
office rafinare@rompetrol.com
www.rompetrol-rafinare.ro
www.rompetrol.com

5. SWOT Analysis

<p style="text-align: center;">Strengths</p> <ul style="list-style-type: none"> ✓ Has the highest (85.7%) 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 ✓ Flexibility in obtaining various kinds of petroleum products 	<p style="text-align: center;">Weaknesses</p> <ul style="list-style-type: none"> ✓ High energy costs compared with other refineries in the region because the company does not have its own energy sources ✓ Migration of specialized staff
<p style="text-align: center;">Opportunities</p> <ul style="list-style-type: none"> ✓ Expansion of the retail and wholesale Group networks; ✓ Integration of the refinery Vega's niche products ✓ Increase refinery processing capacity 	<p style="text-align: center;">Threats</p> <ul style="list-style-type: none"> ✓ Major dependency on utilities providers ✓ Oil market volatility



rompetrol

KazMunayGas
Group
Member

ROMPETROL RAFINARE S.A.
Bulevardul Navodari, nr. 215,
Pavilion Administrativ,
Navodari, Judetul Constanta,
ROMANIA

phone: + (40) 241 50 60 00
+ (40) 241 50 01 50
fax: + (40) 241 50 69 30
office.rafinare@rompetrol.com
www.rompetrol-rafinare.ro
www.rompetrol.com

6. Production Plan

Kto	2016
RAW MATERIALS	
Crude oil	5,349
Other raw materials	4,822
PRODUCTS	527
Gasoline	5,012
Jet fuel	1,324
Diesel fuel	247
Light fuel oil	2,602
Fuel oil	-
Distilat de vid	133
Gases	-
Propylene	42
Liquified petroleum gas	125
Petroleum coke	248
Sulphur	237
	53

The operating plan for 2016 involves processing 5,349 thousand tons of raw materials, of which 4,822 thousand tons crude oil and 527 thousand tons of other raw materials.

Crude oil & other feedstock – daily average qty (mt), from which:	
	15,026
Crude oil – daily average qty (mt)	13,546
Other feedstock - daily average qty (mt))	1,480
Function-no of days	356

The necessary working capital for purchasing raw materials will be financed mainly through self-resources.

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.



rompetrol

KazMunayGas
Group
Member

ROMPETROL RAFINARE S.A.
Bulevardul Navodari, nr. 215,
Pavilion Administrativ,
Navodari, Judetul Constanta,
ROMANIA

phone + (40) 241 50 60 00
+ (40) 241 50 61 50
fax + (40) 241 50 69 30
office rafinare@rompetrol.com
www.rompetrol-rafinare.ro
www.rompetrol.com

PETROCHEMICALS DIVISION



rompetrol

KazMunayGas
Group
Member

ROMPETROL RAFINARE S.A.
Bulevardul Navodari, nr. 215,
Pavilion Administrativ.
Navodari, Judetul Constanta,
ROMANIA

phone + (40) 241 50 60 00
+ (40) 241 50 61 50
fax + (40) 241 50 69 30
office rafinare@rompetrol.com
www.rompetrol-rafinare.ro
www.rompetrol.com

1. Company Overview

Petromidia Petrochemical Complex was designed and built in the mid of 80s , being 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 the steam cracker unit, the propane-propylene splitter, operates to provide the raw material for polypropylene plant and steam generator.

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

2. Marketing Strategy

2.1 . Product Portfolio

The Petrochemicals division 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.



rompetrol

KazMunayGas
Group
Member

ROMPETROL RAFINARE S.A.
Bulevardul Navodari, nr. 215,
Pavilion Administrativ,
Navodari, Judetul Constanta,
ROMANIA

phone: + (40) 241 50 60 00
+ (40) 241 50 61 50
fax: + (40) 241 50 69 30
office.rafinare@rompetrol.com
www.rompetrol-rafinare.ro
www.rompetrol.com

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

Petrochemicals Division continued in 2015 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 Petrochemicals division 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 2016 with almost 14% vs. last year (from 141,755 to in 2015 to 161,210 to in 2016).

	Budget 2016	Actual 2015	2016 vs 2015	%
Total Polymers	161,210	141,755	19,455	14%
PP	89,180	82,603	6,577	8%
LDPE	72,030	59,152	12,878	22%



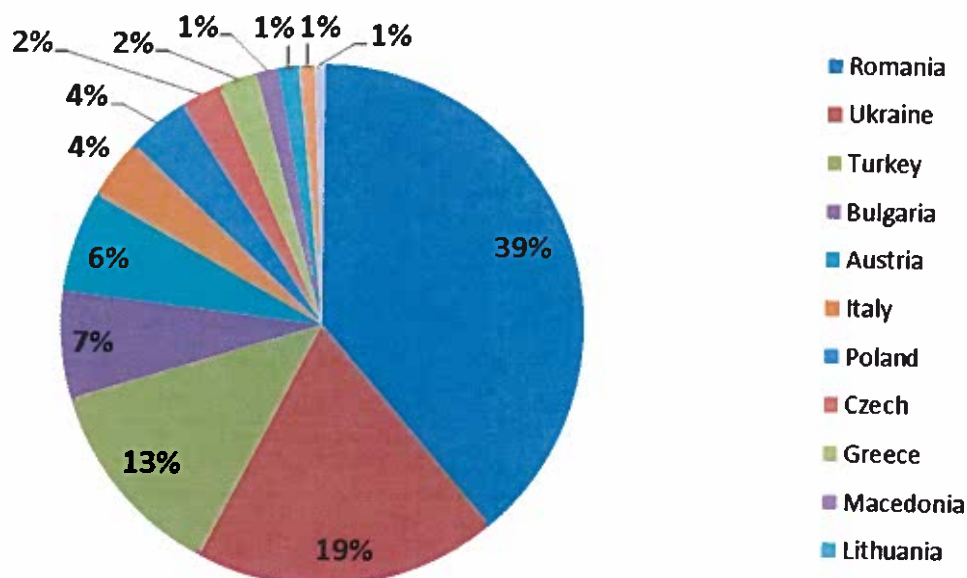
rompetrol

KazMunayGas
Group
Member

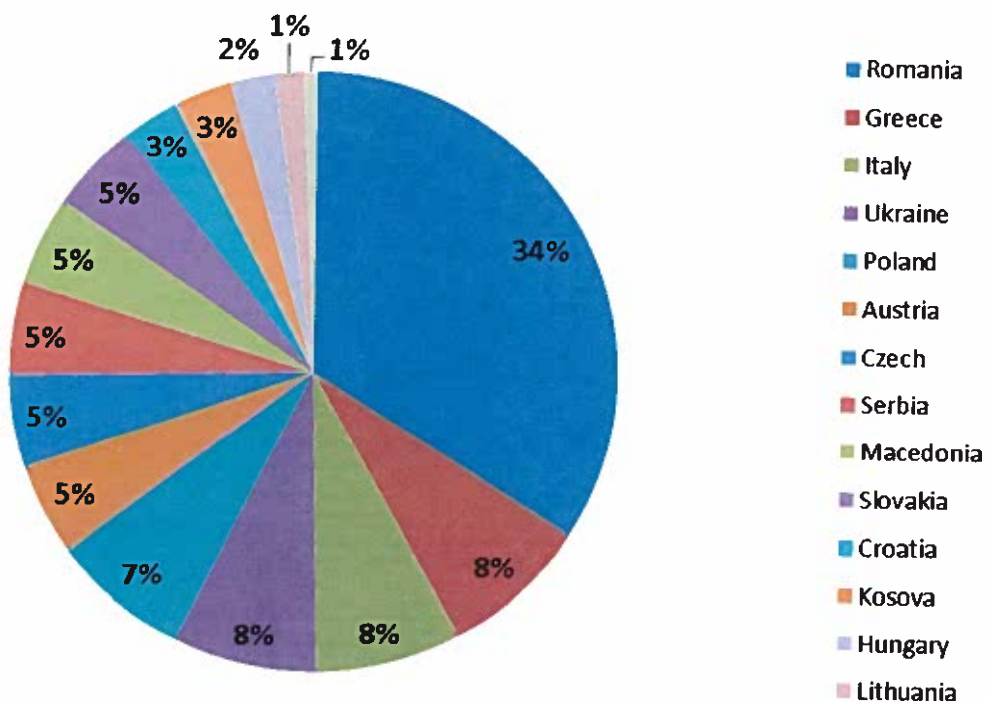
ROMPETROL RAFINARE S.A.
Bulevardul Navodari, nr. 215,
Pavilion Administrativ,
Navodari, Judetul Constanta,
ROMANIA

phone + (40) 241 50 60 00
+ (40) 241 50 61 50
fax + (40) 241 50 69 30
office rafinare@rompetrol.com
www.rompetrol-rafinare.ro
www.rompetrol.com

PP Sales by Distribution Channels



LDPE Sales by Distribution Channels





rompetrol

KazMunayGas
Group
Member

ROMPETROL RAFINARE S.A.
Bulevardul Navodari, nr. 215,
Pavilion Administrativ,
Navodari, Judetul Constanta,
ROMANIA

phone: + (40) 241 50 60 00
+ (40) 241 50 61 50
fax: + (40) 241 50 69 30
office.rafinare@rompetrol.com
www.rompetrol-rafinare.ro
www.rompetrol.com

3. Strategy and objectives

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

Major objectives:

- Increasing the percentage of conformes products, which in 2015 reached 97.41%;
- Continuing energy and operational efficiency programs;
- Minimizing accidental stops;
- Environmental compliance;
- Maintaining a high level of safety and protection in work.



rompetrol

KazMunayGas
Group
Member

ROMPETROL RAFINARE S.A.
Bulevardul Navodari, nr. 215.
Pavilion Administrativ.
Navodari, Judetul Constanta,
ROMANIA

phone: + (40) 241 50 60 00
+ (40) 241 50 61 50
fax: + (40) 241 50 69 30
office.rafinare@rompetrol.com
www.rompetrol-rafinare.ro
www.rompetrol.com

II. VEGA REFINERY



rompetrol

KazMunayGas
Group
Member

ROMPETROL RAFINARE S.A.
Bulevardul Navodari, nr. 215,
Pavilion Administrativ,
Navodari, Judetul Constanta,
ROMANIA

phone: + (40) 241 50 60 00
+ (40) 241 50 61 50
fax: + (40) 241 50 69 30
office.rafinare@rompetrol.com
www.rompetrol-rafinare.ro
www.rompetrol.com

1. Company overview

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

In 2016 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, 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 Haltermann 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:

- colorless, with vapor 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 de-aromatization.

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 component 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 obtained by Vega Refinery 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.



rompetrol

KazMunayGas
Group
Member

ROMPETROL RAFINARE S.A.
Bulevardul Navodari, nr. 215,
Pavilion Administrativ,
Navodari, Judetul Constanta,
ROMANIA

phone: + (40) 241 50 60 00
+ (40) 241 50 61 50
fax: + (40) 241 50 69 30
office.refinare@rompetrol.com
www.rompetrol-rafinare.ro
www.rompetrol.com

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.

In 2016 bitumen sales are estimated to 60,411 tonnes, if weather conditions allow, can be reached historical record by 80.792 tons from the previous year.

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 endurance;
- 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 decrease in 2016 vs. 2015 by 7% (from 328,713 tonnes in 2015 to 306,735 tonnes in 2016) due to lower throughput.

**rompetrol**KazMunayGas
Group
MemberROMPETROL RAFINARE S.A.
Bulevardul Navodari, nr. 215,
Pavilion Administrativ,
Navodari, Judetul Constanta,
ROMANIAphone + (40) 241 50 60 00
+ (40) 241 50 61 50
fax + (40) 241 50 69 30
office rafinare@rompetrol.com
www.rompetrol-rafinare.ro
www.rompetrol.com

Product	Actual 2015		Budget 2016		2016 vs. 2015	
	[tone]	%	[tone]	%	[tone]	%
Naphtha gasoline	97,256	30%	86,487	28%	(10,769)	-11%
Hexane	72,944	22%	78,651	26%	5,707	8%
Ecological Solvents	33,424	10%	40,788	13%	7,364	22%
White spirit	8,744	3%	8,986	3%	242	3%
Gasoil & Heating Oils	4,050	1%	3,890	1%	(160)	-4%
Light liquid fuel	3,508	1%	4,259	1%	751	21%
Bitumen	80,792	25%	60,411	20%	(20,382)	-25%
Fuel oil	27,996	9%	23,264	8%	(4,731)	-17%
Total	328,713	100	306,735	100	-21,978	-7%

2.2. Market share

Vega Refinery is the only Romanian producer of ecological Solvents - Rompetrol SE - in 2016 the unit is estimated to function at the planned processing capacity - sales are expected to increase by 22% (from 33,424 tonnes in 2015 up to 40,788 tonnes in 2016 due to market demand).

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.

2.3. Competition

Competitors on domestic market:

- OMV Petrom - Brazi 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, Total SRL - Ozun, Lotus Polonia, Burgas Bulgaria, Lotos Asphalt - Terminal Sabauani, Gazprom - Rafinaria Pancevo Serbia, Orlen Asphalt - Terminal Floresti, Rafinaria Trzebinia Polonia - for bitumen.

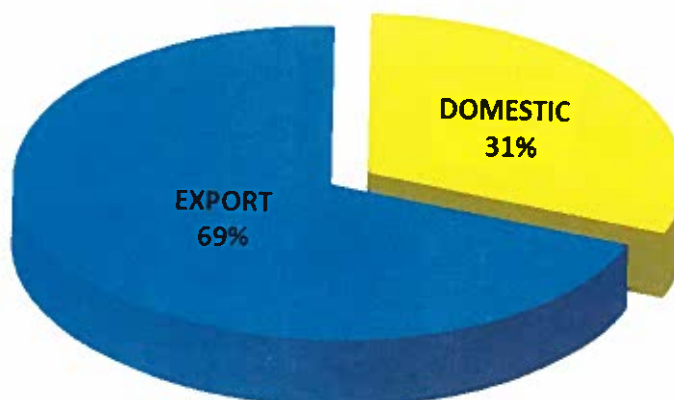
**rompetrol**KazMunayGas
Group
MemberROMPETROL RAFINARE S.A.
Bulevardul Navodari, nr. 215,
Pavilion Administrativ,
Navodari, Judetul Constanta,
ROMANIAphone: + (40) 241 50 60 00
+ (40) 241 50 61 50
fax: + (40) 241 50 69 30
office.refinare@rompetrol.com
www.rompetrol-rafinare.ro
www.rompetrol.com

2.4. Price strategy and sales

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

Sales 2016	Budget quantity 2016 [tons]			[%]	
Total products out of which	DOMESTIC	EXPORT	TOTAL	DOMESTIC	EXPORT
Naphtha gasoline	0	86,487	86,487	0%	100%
Hexane	2,606	76,044	78,651	3%	97%
Ecological Solvents	300	40,488	40,788	1%	99%
White spirit	7,486	1,500	8,986	83%	17%
Gasoil & Heating Oils	3,890	0	3,890	100%	0%
Light liquid fuel	4,259	0	4,259	100%	0%
Bitumen	60,411	0	60,411	100%	0%
Fuel oil	14,964	8,300	23,264	64%	36%
Total	93,916	212,819	306,735	31%	69%

Export assumptions sales 2016



The markets and products that are sold in UE are:

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

**rompetrol**KazMunayGas
Group
MemberROMPETROL RAFINARE S.A.
Bulevardul Navodari, nr. 215,
Pavilion Administrativ,
Navodari, Judetul Constanta,
ROMANIAphone: + (40) 241 50 60 00
+ (40) 241 50 61 50
fax: + (40) 241 50 69 30
office.refinare@rompetrol.com
www.rompetrol-rafinare.ro
www.rompetrol.com**Other markets:**

- Turkey for n-hexane;
- Serbia, Ukraine, Russia and Moldova Republic for naphtha, n-hexane, ecological solvents and white spirit;
- India for n-hexane;
- Kazakhstan, Uzbekistan and Pakistan for n-hexane.

Naphtha sales represent 28% of total sales for 2016, decreased by 11,000 tonnes vs. 2015, due to good performance of the Hexane Unit.

3.Strategy and objectives:

- To maximize the gross margin for the niche products in order to bring added value to the business
- Higher recovery hexane level due to good quality of Raffinate feedstock received from Petromidia refinery;
- 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 2016	tones
Feedstock	311,671
Crude oil	-
Other feedstock	311,671
Finished products	306,735
Ecological solvents	40,788
Hexane	78,651
Naphtha gasoline	86,487
White spirit	8,986
Gasoil	3,890
Light liquid fuel	4,259
Fuel oil	23,264
Bitumen	60,411



ROMPETROL RAFINARE S.A.
Bulevardul Navodari, nr. 215,
Pavilion Administrativ,
Navodari, Județul Constanța,
ROMANIA

phone: + (40) 241 50 60 00
+ (40) 241 50 61 50
fax: + (40) 241 50 69 30
office.rafinare@rompetrol.com
www.rompetrol-rafinare.ro
www.rompetrol.com

Budget Income Statement for 2016					
(Thousand USD)					
Description	Year 2016	Q1	Q2	Q3	Q4
GROSS REVENUES	3,268,236	732,890	848,342	836,622	850,383
SALES TAXES	(977,849)	(199,674)	(245,867)	(269,345)	(262,963)
Net revenues	2,290,387	533,215	602,475	567,277	587,420
COST OF SALES	(2,190,821)	(498,921)	(568,213)	(549,742)	(573,945)
GROSS MARGIN	99,566	34,294	34,262	17,535	13,475
SELLING, GENERAL & ADMINISTRATION	(47,504)	(10,208)	(16,399)	(10,384)	(10,513)
OTHER, NET	0	0	0	0	0
ADJUSTMENT Depreciation & Amortization	82,860	20,664	20,684	20,740	20,772
EBITDA	134,922	44,750	38,547	27,891	23,734
PROVISIONS	(729)	0	0	0	(729)
EBIT/Operating Profit/(Loss)	51,332	24,086	17,863	7,151	2,232
Interest & commissions, net	(28,529)	(7,179)	(7,300)	(7,184)	(6,866)
PROFIT/(LOSS) Before Income Tax	22,803	16,906	10,563	(33)	(4,634)
Tax revenues	0	0	0	0	0
Minority interest	8,771	7,670	1,973	(6)	(866)
NET PROFIT/(LOSS)	14,032	9,237	8,590	(27)	(3,768)



rompetrol

KazMunayGas
Group
Member

ROMPETROL RAFINARE S.A.
Bulevardul Navodari, nr. 215,
Pavilion Administrativ,
Navodari, Judetul Constanta,
ROMANIA

phone + (40) 241 50 60 00
+ (40) 241 50 61 50
fax: + (40) 241 50 69 30
office.rafinare@rompetrol.com
www.rompetrol-rafinare.ro
www.rompetrol.com

In current market conditions, the management of Rompetrol Rafinare forecasts that the company will record in 2016 a positive operational profit (EBITDA) in amount of 134,92 million USD.

PRESIDENT OF BOARD OF DIRECTORS:
Azamat Zhangulov

MEMBERS OF THE BOARD OF DIRECTORS:

Alexandru Nicolciopu

Yedil Utekov

Nicolae Bogdan Codrut Stănescu

Mihai-Liviu Mihalache

CHIEF FINANCIAL OFFICER
Giani-Iulian Kacic

Rompotrol Rafinare
Income Statement

USD

	BUDGET
	Year 2016
GROSS REVENUES	3,268,235,827
SALES TAXES	(977,849,205)
Net revenues	2,290,386,622
Purchases	(1,974,889,720)
Purchases - crude oil and equivalents	(1,554,148,223)
Purchases - other raw materials	(389,818,070)
Purchases - auxiliary materials	(12,528,983)
Purchases - petrochemical products finished goods	(17,805,822)
Customs duties and commissions	(588,622)
Change in inventories Purchases	28,464,292
= Gross Margin	343,961,194
Variable logistics Costs	(32,781,869)
Variable logistics Costs Inbound	(21,595,403)
Variable logistics Costs Outbound	(11,186,466)
= Contribution	311,179,324
Conversion&Service Costs Cash	(145,797,565)
Utilities	(78,391,252)
Maintenance	(21,902,879)
Staff costs	(21,287,609)
Other expenses	(24,215,824,31)
Depreciation Conversion	(81,086,943)
Change in inventories Production	4,084,589
Add back Capitalised Expenses to Capex	-
= Gross Profit	88,379,406
Selling & Distribution Cash	(5,370,083)
Staff costs	(1,293,843)
Rent	(53,670)
Utilities	(428,476)
Maintenance	(824,778)
Insurance	(313,647)
IT&C	(858,691)
Other selling & distribution Cash	(1,596,977)
Depreciation Selling & Distribution	(482,270)
General & Admin Cash	(29,174,500)
Staff costs and salary related taxes	(3,367,276)
Rent	(703,694)
Utilities	(492,962)
Maintenance	(351,126)
Security services (only ADMIN - Global Security Sistem SA)	(230,148)
Insurance	(33,150)
Local Taxes (impozitul pe cladire - ADMIN + other taxes)	(886,727)
IT&C	(2,066,664)
Consulting & professional fees & Management fees	(10,312,431)
Sponsorships	(209,625)
Environmental services	(8,175,685)
Marketing	(247,364)
Fire protection services (Buoy, tank farm, other operational	(76,331)
Other general & admin Cash	(2,021,317,19)
Depreciation General & Admin	(1,291,096)
Other operating revenues/expenses	-
Add back Depreciation	82,860,309
= EBITDA	134,921,765
Provisions	(729,289)
= EBIT/Operating Profit/(Loss)	51,332,168
Interest & commissions, net	(28,529,164)
= EBT	22,803,003
Revenue tax	-
Minority interest	8,771,185
= Net profit/(Loss)	14,031,819

PRESIDENT OF THE MANAGEMENT BOARD
Azamat Zhanbulov

MEMBERS OF THE MANAGEMENT BOARD:
Alexandru Nicolciok

Yedil Utekov

Nicolae Bogdan Codrut Stancu

Mihai-Liviu Mihalache

CHIEF FINANCIAL OFFICER
Giani-Iulian Kacic