ROMPETROL

ROMPETROL RAFINARE
Q3 AND 9M 2012 IFRS CONSOLIDATED UNAUDITED RESULTS

Positive operational and financial results in Q3 2012, much better than in 2011 and completion of the investment program in Q3 2012

Rompetrol Rafinare S.A. (symbols, Bucharest Stock Exchange: RRC, Reuters: ROMP.BX, Bloomberg: RRC RO) has released today its Third Quarter 2012 and 9 months financial and operational unaudited results. The figures include unaudited consolidated financial statements for this period prepared by the company in accordance with International Financial Reporting Standards („IFRS"). The IFRS financial results differ in some respects from the Romanian Standards of Accounting.

Consolidated financial statements of Rompetrol Rafinare include the results of the parent company Rompetrol Rafinare S.A and its subsidiaries Rompetrol Petrochemicals S.R.L, Rompetrol Quality Control S.R.L, Rom Oil SA, Rompetrol Downstream S.R.L, Rompetrol Logistics S.R.L and Rompetrol Gas S.R.L.

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HIGHLIGHTS – CONSOLIDATED

		Q3 2012	Q3 2011	%	9M 2012	9M 2011	%
Financial							
Gross Revenues	USD	1,155,960,110	1,373,851,854	-16%	3,425,213,853	3,795,691,114	-10%
Net Revenues	USD	947,824,595	1,100,822,719	-14%	2,857,964,847	3,107,200,322	-8%
EBITDA	USD	50,868,292	(6,741,583)		21,783,204	42,585,977	
EBITDA margin	%	5.4%	-0.6%		0.8%	1.4%	
EBIT	USD	30,885,337	(30,503,070)		(76,095,360)	(54,037,482)	
Net profit / (loss)	USD	16,846,637	(49,605,884)		(114,991,009)	(113,316,155)	
Net Profit / (loss) margin	%	1.8%	-4.5%		-4.0%	-3.6%	

The consolidated gross revenues reached USD 3.425 billion in the first nine months of 2012.

The consolidated operational results achieved in Q3 2012 were much better compared to last year, EBITDA increased to over USD 50 million, positively impacted by the significant margins increase for fuels against the same period last year.

ENVIRONMENT

		Q3 2012	Q3 2011	%	9M 2012	9M 2011	%
Brent Dated	USD/bbl	109.50	113.41	-3%	112.21	111.89	0%
Ural Med	USD/bbl	109.26	112.57	-3%	111.25	109.77	1%
Brent-Ural Differential	USD/bbl	0.24	0.84	-71%	0.96	2.13	-55%
Premium Unleaded 10 ppm FOB Med	USD/t	1,043	1,023	2%	1,039	995	5%
Diesel ULSD 10 ppm FOB Med	USD/t	970	969	0%	972	955	2%
RON/USD Average exchange rate		3.62	3.01	20%	3.46	2.99	16%
RON/USD Closing exchange rate		3.50	3.16	11%	3.50	3.16	11%
RON/EURO Average exchange rate		4.52	4.26	6%	4.43	4.20	5%
RON/EURO Closing exchange rate		4.53	4.32	5%	4.53	4.32	5%
USD/EURO Closing rate		1.29	1.37	-5%	1.29	1.37	-5%
Inflation in Romania*		2.30%	-0.91%	N/A	3.99%	1.81%	120%

*Source: Platts, * INSSE*

Despite bleak demand growth prospects for the near future, oil prices have continued to hover within their established comfort band of around 110USD/bbl for Brent. Geopolitical turmoil and worse case scenarios such as an intervention in Iran by Israeli and/or American military are too present to allow for prices to take the downturn market fundamentals would suggest. Crude prices averaged similar levels over Q3 as during Q2. EU sanctions diminished Iranian crude oil exports both to Europe and Asia, with Turkey remained the only country in Europe still buying Iranian origin crude oil. European buyers managed to replace its requirements with higher Urals volumes imported from Russia as well as Iraqi Basrah Light and Saudi grades. The increase of demand for Urals helped the grade trade at a premium to Brent in July and the greater part of August. In September, differentials have returned to their usual levels averaging slightly above 1 USD/bbl.

In major regions, gasoline cracks have shown remarkable performances during last quarter hard to explain based on moderate global demand growth. Market analysts consider that market is currently going through a structural change phase, brought about by the feedstock revolution in the US, which had substantial impact on the composition of steam-cracker feed typically used for ethylene and propylene production. Gasoline cracks moved from around 192 USD/mt in July to 229 USD/mt in August and 223 USD/mt in September, registering a significant year-on-year increase.

Referring to middle distillates, the product group performance was also influenced by weaker economic results. Road diesel demand in Europe's main markets has been decreasing significantly lately, a fact that stands out even more because we are looking at peak holiday travel months. Cracks to Brent registered a 25% increase compared to last year's performance, while outright prices remained unchanged. During the coming months, Europe may be facing higher imports of ULSD from Russia since ten of its facilities are switching to low sulphur production.

Unexpectedly high gasoline cracks were main factors supporting refining margins improving performance in Q3 2012. Taking into account current global economic situation and market fundamentals, analysts expect refinery margins to weaken during Q4 as middle distillates will have a tough task to make up for declining gasoline performance.

REFINING

		Q3 2012	Q3 2011	%	9M 2012	9M 2011	%
Financial							
Gross Revenues	USD	1,082,072,081	1,178,274,540	-8%	3,169,681,442	3,338,576,923	-5%
Net Revenues	USD	889,221,194	942,554,368	-6%	2,650,084,901	2,728,240,542	-3%
EBITDA	USD	45,739,195	(18,190,699)		11,270,564	1,094,715	
EBITDA margin	%	5.1%	-1.9%		0.4%	0.0%	
EBIT	USD	36,174,243	(28,473,013)		(46,403,676)	(45,102,191)	
Net profit / (loss)	USD	24,394,469	(49,727,143)		(88,564,763)	(84,540,232)	
Net profit / (loss) margin	%	2.7%	-5.3%		-3.3%	-3.1%	
Gross cash refinery margin/tone	USD/t	79.81	13.20		37.26	38.45	
Gross cash refinery margin/bbl	USD/b	10.99	1.82		5.13	5.29	
Net cash refinery margin/tone	USD/t	53.92	(14.51)		6.62	5.65	
Net cash refinery margin/bbl	USD/b	7.42	(2.00)		0.91	0.78	
Operational							
Feedstock processed	Kt	1,029	1,047	-2%	2,995	3,125	-4%
Gasoline produced	Kt	323	335	-4%	966	1,020	-5%
Diesel & jet fuel produced	Kt	452	438	3%	1,248	1,268	-2%
Motor fuels sales - domestic	Kt	437	447	-2%	1,118	1,149	-3%
Motor fuels sales - export	Kt	283	288	-2%	967	1,007	-4%
Export	%	39%	39%		46%	47%	
Domestic	%	61%	61%		54%	53%	

Note:Refining segment comprises only the results of the refinery (parent company of Rompetrol Rafinare), including the operations of Vega.Rompetrol Rafinare computes Gross cash refinery margin as follows – (Oil Product Sales – Cost of Feedstock) / Quantity of Feedstock. Net Cash Refinery margin is the EBITDA of the refinery divided by quantity of feedstock.

Rompetrol Rafinare gross revenues reached USD 3.169 billion in the first 9 months of 2012 lower by 5% compared with the same period last year, mainly as a result of lower volumes of petroleum products sold.

In Q3 2012, the total throughput for refinery was 1.029 million tons by 2% lower compared with the same period last year. As a result, the total throughput of the refinery for the first 9 months of 2012 was 2.995 million tons lower by 4% than in the first 9 months of 2011, influenced by unfavorable market conditions and also by the severe weather conditions in Q1 2012.

In Q3 2012 the refining capacity utilization rate was 81.16% lower by 0.53% than in Q3 2011, negatively influenced by lower throughput.

In Q3 2012 operational results were positively affected by the significant increase of petroleum products margins against the same period last year.

Rompetrol Rafinare recorded in Q3 2012 munch better results compared to last year, EBITDA reaching USD 47.5 million, positively impacted by the significant margins increase for fuels against the same period last year, the cracks for gasoline increased by 50 USD/t up to 214 USD/t, while diesel cracks increased by 31 USD/t up to 142 USD/t.

Regarding Vega refinery, during January – September 2012, the throughput reached 236,253 tons by 8.6% lower compared with the same period last year when the throughput was 258,436 tons.
The decrease is due to lower quantities transferred from Petromidia refinery linked to a lower market demand for naphta gasoline, white spirit and bitumen. In Q3 2012, the production of n-hexane increased by 60% compared with Q3 2011, while the production of white spirit and bitumen decreased by 2.1 kt, respectively 4.3 kt due to low market demand. During the first 9 months of 2012, the production increased for n-hexane by 35.8%, while the production of white spirit and bitumen decreased by 1.6 kt, respectively 6.6 kt compared with the same period last year.

Rompetrol Rafinare continued to be an important contributor to Romania's fiscal budget with over USD 907 million in the first 9 months of 2012.

In Q3 2012 Rompetrol Rafinare completed the last phase of its capacity increase program for the Petromidia Refinery, from 3.8 million tons/year, to over 5 million tons/year of processed raw materials. The refinery's capacity increase investment program allows the consolidation and development of Rompetrol's presence in Central and Western Europe, in Romania, Bulgaria, Republic of Moldova, Ukraine and Georgia, where we have Rompetrol gas-stations, as well as in countries such as Turkey, Serbia or Greece. Initiated in 2006, the package aimed at carrying out nine major projects, such as the construction of five new plants (the mild hydro-cracking installation, the hydrogen production plant, the sulphur recovery unit, the nitrogen production plant and a new flare system), as well as the modernization/extension of other four such plants that were already in place (the gas desulphurization plant, the transformation of the vacuum distillate hydrotreating plant into a diesel hydrotreating plant, the catalytic cracking plant, sulphur recovery plant).

In parallel with the program for increasing the production capacity, the Rompetrol Group also developed other projects needed in order to sustain this program: building the terminal for crude oil procurement located offshore in the Black Sea, the tripling of oil products transit capacities through Berth 9 in Midia Port, the rehabilitation of crude oil park and finished products tanks, the construction of the liquefied petroleum gas import-export terminal. Furthermore, the company has allotted an additional amount of over USD 50 million for environmental projects, permanently observing European standards regarding fuels and the latest legal provisions on environmental protection.

MARKETING

		Q3 2012	Q3 2011	%	9M 2012	9M 2011	%
Financial							
Gross Revenues	USD	725,637,326	870,044,725	-17%	1,954,726,289	2,186,322,247	-11%
EBITDA	USD	14,454,691	14,639,698	-1%	21,154,449	32,597,161	-35%
EBIT	USD	4,797,703	5,221,470	-8%	(7,865,482)	(2,203,857)	N/A
Net profit / (loss)	USD	(3,529,359)	3,740,902	N/A	(26,424,692)	(26,851,630)	N/A
Operational							
Quantities sold in retail	Kt	194	205	-5%	508	527	-4%
Quantities sold in wholesale	Kt	201	246	-18%	528	598	-12%
Retail Gross Margin	Kt	86	120	-28%	91	128	-29%
Wholesale Gross Margin	USD/t	34	50	-31%	30	51	-41%

Note: Marketing segment includes the results of Rompetrol Downstream, Rom Oil, Rompetrol Quality Control Rompetrol Logistics and Rompetrol Gas

The financial results of the marketing segment were influenced during the period January - September 2012 by: lower volumes sold by 8% in 2012 and lower commercial margins, both for the retail and wholesale segments, by 29% and 41% respectively.

In Q3 2012 vs Q3 2011 the Platts quotations (Platts Med Fob Italy) increased by 2% for gasoline, but remained at the same level for diesel, in the context of a higher USD/RON exchange rate by 20%.

In the first 9 months of 2012 compared with the same period last year: the quotations increased by 5% for gasoline and 2% for diesel, while USD/RON exchange rate increased by 16%.

Internationally, in Q3 2012 were both elements that influenced the increase of oil and oil products prices, such as: the increase of fuel demand due to the summer season, positive economic results and possible measures to relaunch the global economy, the sanctions imposed on Iran and the tropical storm in the Mexic Gulf at the end of August, as well as some elements that reversed the upward trend of quotations, mainly correlated to the extended economic crisis

As of the end of September 2012, the distribution network of Rompetrol Downstream operates a number of 741 stations (own stations, partner stations, mobile stations: expres, cuves and internal bases).

PETROCHEMICALS

		Q3 2012	Q3 2011	%	9M 2012	9M 2011	%
Financial							
Revenues	USD	47,027,175	94,779,003	-50%	179,046,285	292,267,342	-39%
EBITDA	USD	(3,670,152)	(3,324,414)	N/A	(8,445,932)	5,708,116	N/A
EBIT	USD	(3,573,007)	(6,527,199)	N/A	(17,055,845)	(7,342,939)	N/A
Net profit / (loss)	USD	(4,704,160)	(2,895,315)	N/A	(16,193,854)	(2,535,798)	N/A
Operational							
Propylene processed	kt	32	30	6%	91	95	-4%
Ethylene processed	kt	4	29	-87%	37	88	-58%
Sold from own production	kt	35	61	-42%	121	172	-30%
Sold from trading	kt	3	4	-23%	9	10	-11%
Total sold		38	64	-41%	130	183	-29%
Export	%	52%	62%		54%	60%	
Domestic	%	48%	38%		46%	40%	

Rompetrol Petrochemicals gross revenues reached USD 179 million during the period January-September 2012, by 39% lower compared with the same period last year. The decrease in gross revenues is mainly the result of lower quantities sold and also due to the decrease in prices for petrochemicals products in the third quarter of 2012.

In the first nine months of 2012 versus the same period last year, the company's financial results were negatively influenced by lower margins, mainly due to unfavorable market conditions, therefore EBITDA reached USD (8.4) million and USD (3.6) million in Q3 2012.

The quantity of raw materials processed decreased by 30% in the first nine months of 2012 and by 39% in the third quarter of 2012 compared with the same periods last year, due to HDPE unit shutdown.

In Q3 and in the first nine months of 2012 Rompetrol Petrochemicals maintained the quality of its products, thus the weight of high quality rated polymers products remained 98%.

Rompetrol Petrochemicals is the sole polypropylene producer in Romania; starting with 2010 the company was also the sole producer of polyethylene, given the economic circumstances on the market, thus constantly increasing its market share. Its dynamic development strategy has secured the company a competitive position on the domestic and regional markets – in the Balkans Region. One of the advantages of the company is determined by its proximity to its customers, providing the products required Just - In – Time, as well as offering technical consulting and monitoring of their production cycle.

APPENDIX 1 – CONSOLIDATED INCOME STATEMENT 2012, UNAUDITED

Amounts in USD

	Q3 2012	Q3 2011	%	9M 2012	9M 2011	%
Gross Revenues	1,155,960,110	1,373,851,854	-16%	3,425,213,853	3,795,691,114	-10%
Sales taxes and discounts	(208,135,515)	(273,029,135)	-24%	(567,249,006)	(688,490,792)	-18%
Net revenues	**947,824,595**	**1,100,822,719**	**-14%**	**2,857,964,847**	**3,107,200,322**	**-8%**
Cost of sales	(873,396,885)	(1,069,049,875)	-18%	(2,753,338,704)	(2,952,164,722)	-7%
Gross margin	**74,427,710**	**31,772,844**	**134%**	**104,626,143**	**155,035,600**	**-33%**
Selling, general and administration	(50,848,661)	(69,986,520)	-27%	(165,273,339)	(200,125,871)	-17%
Other expenses, net	7,306,288	7,710,606	-5%	(15,448,164)	(8,947,211)	73%
EBIT	**30,885,337**	**(30,503,070)**	**N/A**	**(76,095,360)**	**(54,037,482)**	**41%**
Finance, net	(16,061,290)	(21,409,334)	-25%	(49,175,849)	(64,412,387)	-24%
Net foreign exchange gains / (losses)	2,462,011	2,051,520	20%	10,476,061	5,195,422	102%
EBT	**17,286,058**	**(49,860,884)**	**N/A**	**(114,795,148)**	**(113,254,447)**	**N/A**
Income tax	(439,421)	255,000	N/A	(195,861)	(61,708)	N/A
Net result	**16,846,637**	**(49,605,884)**	**N/A**	**(114,991,009)**	**(113,316,155)**	**N/A**
EBITDA	**50,868,292**	**(6,741,583)**	**N/A**	**21,783,204**	**42,585,977**	**N/A**

APPENDIX 2 – CONSOLIDATED BALANCE SHEET SEPTEMBER 30, 2012, UNAUDITED

Amounts in USD

	September 30, 2012	December 31, 2011	%
Assets			
Non-current assets			
Intangible assets	8,295,053	15,869,666	-48%
Goodwill	82,871,706	82,871,706	0%
Property, plant and equipment	1,097,602,940	1,079,404,528	2%
Financial assets and other	6,446,411	5,084,463	27%
Total Non Current Assets	**1,195,216,110**	**1,183,230,363**	**1%**
Current assets			
Inventories	396,955,162	341,849,388	16%
Trade and other receivables	343,843,591	308,347,816	12%
Derivative financial Instruments	-	5,832,080	
Cash and cash equivalents	59,099,187	53,058,268	11%
Total current assets	**799,897,940**	**709,087,552**	**13%**
Total assets	**1,995,114,050**	**1,892,317,915**	**5%**
Equity and liabilities			
Total Equity	**385,122,864**	**(274,950,767)**	**N/A**
Non-current liabilities			
Long-term debt	-	-	
Hybrid instrument - long-term portion	23,213,000	-	
Other	18,833,264	22,904,807	-18%
Total non-current liabilities	**42,046,264**	**22,904,807**	**84%**
Current Liabilities			
Trade and other payables	869,382,776	866,114,149	0%
Derivative financial instruments	4,975,231	-	
Provisions - current portion	2,168,761	3,279,571	
Short-term debt	691,418,154	1,274,970,155	-46%
Total current liabilities	**1,567,944,922**	**2,144,363,875**	**-27%**
Total equity and liabilities	**1,995,114,050**	**1,892,317,915**	**5%**

The financial figures are extracted from Company's unaudited IFRS financial reports

Board of Directors

President
Azamat Zhangulov

Chief Executive Officer
Arman Kairdenov

ROMPETROL RAFINARE S.A.

Chief Financial Officer
Vasile-Gabriel Manole

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