ROMPETROL

ROMPETROL RAFINARE
Q2 and H1 2013 IFRS CONSOLIDATED UNAUDITED RESULTS

Better operational results in H1 2013 against H1 2012

Production at maximum capacity of the Petromidia Refinery and improvement of the net result by 40% in the first semester of 2013

Rompetrol Rafinare S.A. (symbols, Bucharest Stock Exchange: RRC, Reuters: ROMP.BX, Bloomberg: RRC RO) has released today its Second Quarter and First Semester 2013 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

		Q2 2013	Q2 2012	%	H1 2013	H1 2012	%
Financial							
Gross Revenues	USD	1,082,351,174	1,176,990,195	-8%	1,966,688,264	2,269,253,743	-13%
Net Revenues	USD	857,403,382	973,723,686	-12%	1,585,804,851	1,910,140,252	-17%
EBITDA	USD	(8,091,336)	(17,440,232)	N/A	(8,210,374)	(29,085,088)	N/A
EBITDA margin	%	-0.9%	-1.8%		-0.5%	-1.5%	
EBIT	USD	(33,766,250)	(67,510,790)	N/A	(45,748,477)	(106,980,697)	N/A
Net profit / (loss)	USD	(53,247,757)	(69,138,311)	N/A	(78,431,001)	(131,837,646)	N/A
Net Profit / (loss) margin	%	-6.2%	-7.1%		-4.9%	-6.9%	

Rompetrol Rafinare Constanta (RRC) gross revenues reached USD 1.082 billion in Q2 2013 and USD 1.966 billion in H1 2012. The decrease in gross revenues, compared to the same period last year, is mainly the result of lower international quotations for petroleum products and lower volume of petroleum products sold following the planned shutdown of Petromidia Refinery during March 2013.

ENVIRONMENT

		Q2 2013	Q2 2012	%	H1 2013	H1 2012	%
Brent Dated	USD/bbl	102	108	-5%	108	114	-5%
Ural Med	USD/bbl	102	107	-4%	107	112	-5%
Brent-Ural Differential	USD/bbl	0.28	1.58	-82%	0.74	1.33	-45%
Premium Unleaded 10 ppm FOB Med	USD/t	947	1,012	-6%	995	1,038	-4%
Diesel ULSD 10 ppm FOB Med	USD/t	880	937	-6%	922	973	-5%
RON/USD Average exchange rate		3.37	3.56	-5%	3.34	3.38	-1%
RON/USD Closing exchange rate		3.42	3.54	-3%	3.42	3.54	-3%
RON/EURO Average exchange rate		4.40	4.46	-1%	4.39	4.39	0%
RON/EURO Closing exchange rate		4.46	4.45	0%	4.46	4.45	0%
USD/EURO Closing rate		1.31	1.26	4%	1.31	1.26	4%
Inflation in Romania*		0.35%	0.23%	52%	2.08%	1.66%	25%

*Source: Platts, * INSSE*

Brent crude oil prices climbed during first few weeks of 2013 to reach nine months high of $119/bbl mid-February. The increase of more than $7/bbl compared to beginning of the year was mostly related to a premature optimism about an improvement in global economic markets. From there on, prices decreased over the rest of Q1 to mid-April, when Brent fell under $100/bbl for the first time in nine months. Double-digit Brent quotations were short lived and prices soon rebounded remaining fairly steady between $105 - $110/bbl for remainder of Q2.

Urals differentials to Brent showed typical volatility in H1 trading, but overall trend for spreads was that of a massive slump end-Q1 due to important peak levels for maintenance in north-west Europe and Mediterranean area, while close of Q2 saw start of a period of record bullishness. What stands out in differential development so far this year is that Russia's flag ship grade has traded at consistently tighter discounts to Brent Dated in both regions. Differentials drew support from tighter regional availability of sour crude based on following three factors: absence of Iranian crude exports due to economic sanctions in force, falling or halted Kirkuk exports plus Russia's shift of crude flows towards Asian market from Q2 onwards.

Gasoline group of products had a moderate performance during H1 from demand point of view, but cracks registered quite elevated levels. Results were influenced by shrinking demand in key markets: -4% in France for January-May and -4.4% in Germany for January-April compared year-on-year. Low margin environment in both in the Mediterranean and north-west Europe over May contributed to June strength based on tightening supply, however analysts expect effect to have run its course with overproduction in anticipation of high consumption during summer season to push cracks lower.
Mediterranean middle distillates cracks showed a mixed development starting 2013 on a positive note but declining until May before rebounding towards end H1. Concerning trade flows, Mediterranean ULSD cracks were seen trading at a premium compared to north-west Europe towards end-Q2, which may have lead US refiners to ship arbitrage volumes to south Europe rather than north. One factor to consider in the near future is

Russian exports to north-west Europe, which have already increased over last few months, which explains shift of US exports towards southern Europe.

Cracking margins in the Mediterranean started 2013 at low levels due to narrow gasoline crack and lack of support from rest of the products. However, consolidation and adjustment process in the Mediterranean refining sector has started to influence outcome later in the quarter with total product stocks decreasing by 7,3 million barrels at the end of 2013 Q1 compared to end of 2012 Q4. As a result, cracks rebounded mid-Q1. Second quarter presented a much tougher environment with significant returns from maintenance of refining capacities across the region. Yet, Q2 ended on a high note with margins at their highest level since beginning-March and refining runs increasing accordingly.

Looking ahead, analysts expect domestic demand to improve inducing a correction in current level of product cracks. Support is expected later in the year when heavy maintenance for Russian refineries will result in withdrawal of product volumes from the international market.

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REFINING

Financial		Q2 2013	Q2 2012	%	H1 2013	H1 2012	%
Gross Revenues	USD	963,804,122	1,082,393,759	-11%	1,717,745,183	2,087,609,361	-18%
Net Revenues	USD	767,666,221	896,065,219	-14%	1,391,671,763	1,760,863,707	-21%
EBITDA	USD	(14,694,135)	(22,948,980)	N/A	(24,489,285)	(34,468,631)	-29%
EBITDA margin	%	-1.9%	-2.6%		-1.8%	-2.0%	
EBIT	USD	(34,832,642)	(55,643,309)	N/A	(46,031,348)	(82,577,919)	N/A
Net profit / (loss)	USD	(48,076,772)	(67,423,668)	N/A	(71,204,605)	(112,959,232)	N/A
Net profit / (loss) margin	%	-6.3%	-7.5%		-5.1%	-6.4%	
Gross cash refinery margin/tone (PEM)	USD/t	14.85	6.41	132%	20.38	15.11	35%
Gross cash refinery margin/bbl (PEM)	USD/b	2.04	0.88	132%	2.81	2.08	35%
Net cash refinery margin/tone (PEM)	USD/t	(16.0)	(23.0)	N/A	(15.4)	(20.3)	N/A
Net cash refinery margin/bbl (PEM)	USD/b	(2.2)	(3.2)	N/A	(2.1)	(2.8)	N/A
Operational							
Feedstock processed	Kt	1,038	1,031	1%	1,658	1,966	-16%
Gasoline produced	Kt	276	325	-15%	492	643	-23%
Diesel & jet fuel produced	Kt	479	427	12%	772	797	-3%
Motor fuels sales - domestic	Kt	376	396	-5%	617	682	-9%
Motor fuels sales - export	Kt	334	321	4%	584	684	-15%
Export	%	47%	45%		49%	50%	
Domestic	%	53%	55%		51%	50%	

Note:Refining segment comprises the results of the company Rompetrol Rafinare (which operates Petromidia and Vega refineries). Rompetrol Rafinare computes Gross refinery margin as follows – (Oil Product Sales – Cost of Feedstock) / Quantity of sales. Net Refinery margin is the EBITDA of the refinery divided by quantity of sales.

The gross revenues of the refining segment reached USD 1.717 billion in H1 2013 lower by 18% compared with H1 2012, as a result of lower international quotations for petroleum products and lower volume sold as a result of the planned shutdown during March - April 2013.

In the second quarter of 2013, the total throughput for refinery was 1.044 million tons by 1% higher compared with the same period last year, due to the positive influence in May and June when the total throughput reach 14,000 tons per day.
In Q2 2013 the refining capacity utilization was 81.98% higher by 0.62% compared with Q2 2012.

Regarding Vega refinery, in Q2 2013 the throughput was 60.108 tons lower by 35% compared with the same period in 2012 when the throughput was 92.655 tons. The decrease is due to lower quantities transferred from Petromidia refinery and lower market demand for the niche products.

Although the gross refinery margin improved in H1 2013 compared with the same period last year, the company's financial results were negatively influenced by unfavorable market conditions resulting in lower cracks value for petroleum products.

Starting with 2007, when The Rompetrol Group was purchased by KazMunayGaz, the processing capacity of Petromidia and Vega refineries increased from 3.8 million tons to 5 million tons and also the technological processes were optimised. Therefore, in May and June 2013, Petromidia refinery reached a maximum throughput of 14.000 tons per day.

Through the investment program completed last year by The Rompetrol Group, Petromidia refinery became the largest and the most efficient refinery in the country. Petromidia refinery is concentrating more than 40% of Romania's total refining capacity and the total investment completed by KazMunayGaz – an oil and gas company from Kazakhtan, amounted to 700 million EURO.

Rompetrol Rafinare S.A. continued to be an important contributor to Romania's fiscal budget with over USD 542 million in H1 2013.

MARKETING

		Q2 2013	Q2 2012	%	H1 2013	H1 2012	%
Financial							
Gross Revenues	USD	667,769,633	686,646,594	-3%	1,170,980,482	1,229,088,963	-5%
EBITDA	USD	8,105,614	5,038,089	61%	15,490,308	6,699,758	131%
EBIT	USD	6,851,238	(4,672,638)	N/A	8,146,028	(12,663,185)	N/A
Net profit / (loss)	USD	1,391,753	(11,454,481)	N/A	324,136	(22,895,333)	N/A
Operational							
Quantities sold in retail	Kt	167	175	-5%	301	314	-4%
Quantities sold in wholesale	Kt	205	191	7%	322	327	-2%

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

In H1 2013 Rompetrol Downstream gross revenues reached USD 1,170 billion lower by 5% compared with H1 2012, negatively influenced by lower volume sold by 4% in retail and by 2% in wholesale compared with the same period last year, and also due to lower international quotations for petroleum products.

In H1 2013 versus H1 2012 the Platts quotations (Platts Fob Med Italy) decreased by 4% for gasoline and 5% for diesel in the context of a USD/RON exchange rate that also decreased by 1%.

The financial results of the distribution segment were positively influenced mainly by sales channel optimisation and the cost cutting program.

As of the end of June 2013, the distribution network of Rompetrol Downstream comprised 753 stations (own stations, partner stations, mobile stations: express, cuves and internal bases).

PETROCHEMICALS

		Q2 2013	Q2 2012	%	H1 2013	H1 2012	%
Financial							
Revenues	USD	46,346,275	60,556,579	-23%	103,161,763	132,019,110	-22%
EBITDA	USD	(713,243)	(3,840,611)	N/A	(609,517)	(4,775,780)	N/A
EBIT	USD	(4,137,114)	(10,647,953)	N/A	(7,544,957)	(13,482,838)	N/A
Net profit / (loss)	USD	(4,848,695)	(7,476,838)	N/A	(7,166,021)	(11,489,694)	N/A
Operational							
Propylene processed	kt	24	27	-8%	46	58	-22%
Ethylene processed	kt	12	18	-31%	19	33	-43%
Sold from own production	kt	31	39	-22%	66	86	-23%
Sold from trading	kt	2	3	-13%	4	6	-32%
Total sold		33	42	-21%	71	92	-23%
Export	%	50%	58%		56%	55%	
Domestic	%	50%	42%		44%	45%	

Rompetrol Petrochemicals gross revenues reached USD 103 million in in H1 2012 lower by 22% compared with the same period last year. The decrease in gross revenues is mainly the result of lower quantities sold as a result of the planned shutdown during March 2013.

In H1 2013 versus the same period last year the quantity of raw materials processed decreased by 31% due to the planned shutdown during March - April 2013 in order to perform the scheduled technological works.

In the first six months of 2013 versus the same period last year, the company's financial results were positively influenced by the good margins, for petrochemicals products, incurred especially in January and June when EBITDA reached a positive level of USD 1.5 million and USD 0.9 million.

In H1 2013 the weight of high quality rated polymers products reached 97%.

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 2013, UNAUDITED

Amounts in USD

	Q2 2013	Q2 2012	%	H1 2013	H1 2012	%
Gross Revenues	1,082,351,174	1,176,990,195	-8%	1,966,688,264	2,269,253,743	-13%
Sales taxes and discounts	(224,947,792)	(203,266,509)	11%	(380,883,413)	(359,113,491)	6%
Net revenues	**857,403,382**	**973,723,686**	**-12%**	**1,585,804,851**	**1,910,140,252**	**-17%**
Cost of sales	(834,642,377)	(959,991,730)	-13%	(1,529,317,255)	(1,879,941,819)	-19%
Gross margin	**22,761,005**	**13,731,956**	**66%**	**56,487,596**	**30,198,433**	**87%**
Selling, general and administration	(51,798,685)	(58,474,333)	-11%	(106,316,896)	(114,424,678)	-7%
Other expenses, net	(4,728,570)	(22,768,413)	N/A	4,080,823	(22,754,452)	N/A
EBIT	**(33,766,250)**	**(67,510,790)**	**-50%**	**(45,748,477)**	**(106,980,697)**	**-57%**
Finance, net	(17,468,614)	(12,788,565)	37%	(28,264,858)	(33,114,559)	-15%
Net foreign exchange gains / (losses)	(2,025,944)	10,859,962	N/A	(4,429,603)	8,014,050	N/A
EBT	**(53,260,808)**	**(69,439,393)**	**-23%**	**(78,442,938)**	**(132,081,206)**	**N/A**
Income tax	13,051	301,082	-96%	11,937	243,560	-95%
Net result	**(53,247,757)**	**(69,138,311)**	**N/A**	**(78,431,001)**	**(131,837,646)**	**N/A**
EBITDA	**(8,091,336)**	**(17,440,232)**	**N/A**	**(8,210,374)**	**(29,085,088)**	**N/A**

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APPENDIX 2 – CONSOLIDATED BALANCE SHEET JUNE 30, 2013, UNAUDITED

Amounts in USD

	June 30, 2013	December 31, 2012	%
Assets			
Non-current assets			
Intangible assets	9,930,480	11,715,765	-15%
Goodwill	82,871,706	82,871,706	0%
Property, plant and equipment	1,162,075,407	1,150,819,800	1%
Financial assets and other	1,737,055	7,594,750	-77%
Total Non Current Assets	**1,256,614,648**	**1,253,002,021**	**0%**
Current assets			
Inventories	384,855,752	446,917,386	-14%
Trade and other receivables	433,176,062	284,613,763	52%
Derivative financial Instruments	232,001	-	N/A
Cash and cash equivalents	107,269,846	159,264,897	-33%
Total current assets	**925,533,661**	**890,796,046**	**4%**
Total assets	**2,182,148,309**	**2,143,798,067**	**2%**
Equity and liabilities			
Total Equity	**481,992,248**	**361,897,872**	**33%**
Non-current liabilities			
Provisions	70,562,819	68,797,216	3%
Other	4,562,612	869,785	425%
Total non-current liabilities	**75,125,431**	**69,667,001**	**8%**
Current Liabilities			
Trade and other payables	1,078,572,598	917,143,556	18%
Derivative financial instruments	200,352	2,520,211	-92%
Provisions - current portion	4,189,349	11,501,341	-64%
Short-term debt	542,068,331	781,068,086	-31%
Total current liabilities	**1,625,030,630**	**1,712,233,194**	**-5%**
Total equity and liabilities	**2,182,148,309**	**2,143,798,067**	**2%**

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

Board of Directors
President
Azamat Zhangulov

Chief Executive Officer
Sorin Graure

Chief Financial Officer
Kacic Giani-Iulian

ROMPETROL RAFINARE S.A.