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Rompetrol Rafinare continues to report profit in Q1 2016

Consolidated		Q1 2016	Q1 2015	%
Gross turnover	USD	714,807,226	877,993,568	-19%
EBITDA	USD	34,977,045	(10,720,590)	N/A
Net result	USD	40,237	(517,852)	N/A

Rompetrol Rafinare, a company member of KMG International Group, recorded a net consolidated* result in amount of over USD 40 thousand in Q1 2016. The company thus maintained the trend of positive results achieved by Petromidia and Vega refineries in 2015, a historic peak of the past 11 years. More than 15,000 tons of raw materials were processed daily in 2015, the largest amount processed since the refinery commissioning in 1979. Therefore, the company became profitable, with a net consolidated result of USD 64,7 million in 2015 according to the audited financial results.

"The constant improvement of financial and operational results of Rompetrol Rafinare uphold successful sustainable investment strategies of KMG International and of its sole shareholder, KazMunayGas, the national oil and gas company of Kazakhstan, in Romania's refining industry. We remind that the investments in the upgrading and building of production capacities and in aligning our products to international standards exceeded USD 1.4 billion in 2007 – 2015. The performance of the production entities reconfirms KMG International's status as a major and constant investor in the local economy", said Azamat Zhangulov, Senior Vice President of KMG International.

The consolidated operational result (EBITDA) amounted to approximately USD 35 million due to an increased amount of processed raw materials by Petromidia and Vega refineries (approximately 1.3 million tons in Q1 2016, 3% higher than in the same period of 2015). Covering more than 40% of Romania's production facilities, Petromidia refinery continued the implementation of programs such as production process optimization and business operations streamlining.

By the end of 2015 Petromidia ranked 9th among 250 refineries in Europe, CIS and Africa and first in Romania in a Wood Mackenzie ranking regarding the level of flexibility and complexity. The Wood Mackenzie ranking took into consideration the Nelson index (reference frame used to assign values to oil refineries on the basis of their complexity), flexibility of production processes, investments in developing production capacities and quality of finished petroleum products.

In Q1 2016, Petromidia refinery produced 379 kt of gasoline, 18% as compared to Q1 2015. Moreover, domestic fuel sales increased by 9% in volumes, up to 377 kt in 2016.

Rompetrol Rafinare exported a total of 660 kt of products in Q1 2016, a similar level to Q1 2015. The company is Romania's largest exporter of oil products and the second national exporter.

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Rompetrol Rafinare remained a major contributor to Romania's state budget, paying more than USD 265 million in Q1 2016 and nearly USD 1.4 billion in 2015. KMG International Group paid during 2007 – 2014 more than USD 12 billion to the Romanian state budget.

Refining

Financial		Q1 2016	Q1 2015	%
Gross turnover	USD	576,368,166	758,304,385	-24%
EBITDA	USD	20,684,805	(8,422,658)	N/A
Net result	USD	(10,411,135)	19,565,159	N/A
Operational result				
Processed raw materials	kt	1,291	1,256	3%
Domestic fuel sales	kt	377	347	9%
International fuel sales	kt	559	547	-3%

Note: The refining segment includes the results of Rompetrol Rafinare SA (which operates the Petromidia and Vega refineries)

In Q1, Rompetrol Rafinare reached an EBITDA ratio of USD 20.7 million, against the background of a 2.8% increase of fuel output, up to 996 kt, and of the positive refining margins of Q1 2016.

Moreover, fuel sales increased by 1.7% (936kt) both at internal and regional level.

The gross turnover of Rompetrol Rafinare reached USD 576 million in Q1 2016, a 24% drop from the same period of 2015, mainly influenced by the slumping international oil prices, despite an increase in volumes sold.

In Q1, Petromidia refinery processed 1.297 million tons of raw materials, a 3.12% increase from the same period last year, while the refining capacity utilization trailed close to last year's level, i.e. 83.27%. Vega refinery saw an increase in processed raw materials in Q1 2016, up to 66,231 thousand tons, concurrently with an increase of capacity utilization to 80.28%.

Vega refinery is the longest standing processing plant in Romania (1905), the only national bitumen producer and also one of the most important solvents and hexane manufacturers in Central and Eastern Europe.

Petrochemicals

Financial		Q1 2016	Q1 2015	%
Gross turnover	USD	50,431,130	50,023,587	1%
EBITDA	USD	3,216,390	(7,819,972)	N/A
Net result	USD	3,183,119	(20,016,551)	N/A
Operational result				
Processed propylene	kt	33	31	-32%
Processed ethylene	kt	17	15	-19%
Total sales	Kt	55	54	3%

Note: The petrochemistry segment includes the results of the petrochemical plant within Rompetrol Rafinare SA and those of the subsidiary Rompetrol Petrochemicals SRL



In the first 3 months of the year, the company became profitable, recording an operational result (EBITDA) of USD 3,2 million and a net result of approximately USD 3,2 million due to an increase of petrochemical product margins.

Also, the total production of polymers was over 38 thousand tons, increasing by 3.13% over the same period last year; sales were also on an ascendant trend.

The petrochemical division of Rompetrol Rafinare is the only manufacturer of polypropylene in Romania, constantly managing to increase its market share on secondary product categories as well. The dynamic development strategy enables the company to maintain a competitive market position on both the domestic and regional market, in the Black Sea, Mediterranean and Central and Eastern Europe regions.

Distribution

Financial		Q1 2016	Q1 2015	%
Gross turnover	USD	427,584,342	467,170,432	-8%
EBITDA	USD	11,910,512	7,887,103	51%
Net result	USD	9,176,632	(4,756,186)	N/A
Operational result				
Fuel retail sales	kt	136	132	3%
Fuel wholesales	kt	226	189	19%
LPG sales	Kt	67	66	2%

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

The distribution segment recorded an operational result (EBITDA) of approximately USD 12 million and a net result of USD 9 million thanks to an increase of production sold (fuels, LPG) by around 11% in Q1 2016 as compared with the previous period of 2015.

Moreover, the Platts quotations (FOB Med Italy – expressed in USD) were nearly 27% lower on average for gas and 40% lower for Diesel. The approximately 3% appreciation of the RON against the dollar led to an effective decrease of the two quotations of approx. 24% for petrol and 38% for Diesel.

Thus, against the background of lower international prices for oil and petroleum products, the prices charged by Rompetrol's own stations in the analyzed period were below those of the same period of 2015.

Rompetrol Downstream, the retail arm of KMG International in Romania, continued optimizing the fuel distribution channels, cutting operational costs and implementing a flexible, customer-oriented policy. The company maintained its business and operational streamlining program in 2016, by transferring Rompetrol filling stations from the company's management to that of partner/dealers.

Moreover, the company opened a new filling station in Sibiu and completed the upgrade of another 8 filling stations in Romania and continued the rebranding of stations in Georgia, Bulgaria and Moldova under the new Rompetrol concept.



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At the end of March 2016, the distribution business of Rompetrol Downstream consisted of 705 selling points, including its own stations network, the partner stations and the mobile stations: Express and internal bases of 9 and 20 cubic meters.

** The consolidated financial statements of Rompetrol Rafinare include the results of Rompetrol Rafinare S.A. and the results of the subsidiaries Rompetrol Quality Control S.R.L, Rom Oil S.A., Rompetrol Downstream S.R.L., Rompetrol Logistics S.R.L. and Rompetrol Gas S.R.L. and Rompetrol Petrochemicals S.R.L.*

*** The presented results are unaudited and consolidated, and the reporting was carried out pursuant to the International Financial Reporting Standards (IFRS).*

The Communication and Public Relations Department

KMG International