



rompetrol

KazMunayGas
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Rompetrol Rafinare continues to increase net profit, by 23% during the first half of 2016

Consolidated		1 st semester 2016	1 st semester 2015	%
Gross turnover	USD	1,702,624,994	1,986,067,239	-14%
EBITDA	USD	90,198,125	56,283,332	60%
Net result	USD	22,031,313	17,960,730	23%

Note: Consolidated financial statements of Rompetrol Rafinare include the financial results of Rompetrol Rafinare S.A., including petrochemistry activities and activities of subsidiaries of 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.

Rompetrol Rafinare, company member of KMG International, reported a consolidated net profit* amounting to USD 22 million during the first half of 2016, an increase by 23% compared to the same period of 2015. The consolidated operating income (EBITDA)* also showed an increase by 60% during the first 6 months of 2016 compared to the same period of 2015, amounting to USD 90 million.

The positive trend of company's KPIs was supported by the quantities of raw materials processed during the first half of 2016 by Petromidia și Vega refineries (+4%), after the processes optimization programs. The fuel sales also increased, mainly on the domestic market (+10% in 1st half of 2016 compared to similar period of 2015).

"The consistent performances of Rompetrol Rafinare were achieved following investments supported by KMG International and its sole shareholder, KazMunayGas, the Kazakhstan national oil and gas company, to increase processing capacities of Petromidia refinery - in excess of 5 million tons per year and its flexibility, as well as to upgrade the industrial plants. Given its refining capacity availability, and also its logistics developed into the Black Sea for transfer of processed crude and export and trading activities, KMG International is a stable energy root, considering the safety of provision of raw materials, and also considering the balance of national fuel consumption", stated Yedil Utekov, general manager of Rompetrol Rafinare.

The Petromidia refinery reached a new production record for the first half of 2016. The quantity of raw materials processed exceeded 17 thousand tons per day in June, the largest daily capacity since commissioning (1979). Petromidia reached a new record for reduction of power consumption, EII (Energy Intensity Index) reaching the lowest level in the history of this production facility – 90.8 points. Also, Vega refinery processed 35.8 thousand tons of bitumen, more than initially estimated, supported by a regional increase of demand.

Rompetrol Rafinare exported a total of over 1,3 million tons of products in the first half of 2016, a similar level to the similar period of 2015. The company is Romania's largest exporter of oil products and the second national exporter.

In developing its activities, Rompetrol Rafinare remained an important tax payer to Romania's national budget, paying in excess of USD 343 million in the second quarter of 2016 and in excess of USD 608 million during the first quarter of 2016. KMG International had paid, since 2007, in excess of USD 13 billion to Romania's state budget.



The majority shareholder of the company Rompetrol Rafinare is the group KMG International, the Romanian state having 44,69% of the shares. Rompetrol Rafinare shareholders holdings are reflected automatically on the companies that Rompetrol Rafinare has directly and indirectly control. Rompetrol Rafinare operates the Petromidia refinery, Vega refinery and the petrochemical division, Rompetrol Downstream operates the gas station network of the Group and Rom Oil the warehouse network.

Accounting over 40% of Romania's refining capacity and over 30% of the regional fuel consumption, Petromidia is the most state-of-the-art refinery in this country, and total investments made by KMG International and KazMunayGas for this platform exceed USD 1.4 billion.

Refining segment

Financial		1 st semester 2016	1 st semester 2015	%
Gross turnover	USD	1,392,259,088	1,728,212,159	-19%
EBITDA	USD	58,042,466	36,438,143	59%
Net result	USD	9,492,502	44,451,332	-79%
Operational				
Processed raw materials	kt	2,779	2,673	4%
Domestic fuel sales	kt	906	821	10%
Export fuel sales	kt	1,143	1,133	1%

Note: The refining and petrochemistry segment includes the results of Rompetrol Rafinare SA (who operates Petromidia and Vega refineries) together with petrochemical activities and results of Rompetrol Petrochemicals SRL.

For the refining segment, the operating income (EBITDA) showed a significant increase, by 59% during the first half of 2016 compared to the same period of previous year, supported by an improvement of operational KPIs, as well as by the positive impact of net refining margins during the first half of 2016 (+35%). Financial indicators, and also the net result and the turnover, who showed a descending trend during the first half of 2016, were influenced by a decline of international quotations for oil products.

This refinery processed 2.79 million tons during the first quarter of 2016, exceeding by 4,3% the same period of 2015. The degree of use of refining capacity amounted to 87.98% during the first half of 2016, increasing by 1.9% compared to same period of 2015.

As for the Vega refinery, the total quantity of processed raw materials amounted to 171.5 thousand tons during the first half of 2016, increasing by 9.4% compared to same period of previous year. The level of use of the refining capacity amounted to 104% during the first half, increasing by 9% compared to same period of 2015.

"Despite the difficult market conditions, Rompetrol Rafinare reached the positive operational and financial results due to the management efforts for the implementation of the optimization programs that fulfilled their scope – a higher grade of efficiency in regard the production processes. The programs led to significant reduction of operating costs and to the increase of the output for the main products", added the general manager Yedil Utekov.

Petrochemical segment

Financial		1 st semester 2016	1 st semester 2015	%
Gross turnover	USD	91,069,411	96,879,413	-6%
EBITDA	USD	7,045,456	(3,204,321)	N/A
Net result	USD	992,488	(16,813,004)	N/A
Operational				



Propylene processed	kt	65	62	4%
Ethylene processed	kt	31	29	7%
Total sales	Kt	98	92	6%

Starting on January 1st 2014, the petrochemical activity was provided by Rompetrol Rafinare SA., being completely integrated in the propylene flow, utilities and logistics.

The petrochemical segment is the only polyethylene and polypropylene manufacturer in Romania, consistently increasing its market share also for ancillary products.

The company processed 65 thousand tons of propylene in the first half of 2016, a 4% increase compared to the same period of 2015. Also, the quantity of ethylene processed was higher in the first half of 2016 by 7% (31 thousand tons).

Supported by the increase of production for these two raw materials, the sales in petrochemistry increased by 6% in the first half of 2016 compared to the first half of 2015, and by 11% in the second quarter of 2016 compared to the second quarter of 2015. The dynamic development strategy provides to this company a competitive position on the internal market, but also on the regional marketing, in Black Sea and Mediterranean Sea area, and in Central and Eastern Europe.

Distribution segment

Financial		1 st semester 2016	1 st semester 2015	%
Gross turnover	USD	1,033,754,848	1,112,444,968	-7%
EBITDA	USD	26,521,498	25,819,137	3%
Net result	USD	15,532,992	4,225,826	268%
Operational				
Fuel quantities - retail	kt	294	289	2%
Fuel quantities - wholesale	kt	556	468	19%
GPL sales	Kt	145	138	5%

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

On the distribution segment, the operating income EBITDA amounted to USD 26.5 million USD in the first half of 2016, increasing by 3% compared to the same period of 2015. During the first 6 months of 2016, the gross turnover for the distribution segment, exceeding USD 1 billion, showed a decrease by 7% compared to the first 6 months of 2015, based on the descending trend of international quotations for oil products.

During the second quarter of 2016, compared to the similar period of 2015, Platts quotations (FOB Med Italy), expressed in USD currency of reference, were - in average - lower by 26% for gasoline and by 29% for diesel. Also, the app. 1% depreciation of RON to USD determined an actual decline - in domestic currency - of the two quotation of app. 27% for gasoline and 29% for diesel.

Excises remained unchanged both for gasoline and diesel, compared to 2015. Therefore, based on the descending trend of international quotations for crude and oil products, Rompetrol prices in its own stations during the entire first half of 2016 were 12% lower for gasoline and 16% lower for diesel, compared to the same period of 2015.

The fuel showed a significant increase, mainly on the wholesale market (+19% in 1st half of 2016 compared to similar period of 2015). Also, the sales of liquefied petroleum gas (LPG) increased by 5% during the first semester of 2016, compared to similar period of 2015.

KMG International, through Rompetrol Downstream, opened two new gas stations in the first half of 2016, and continued to upgrade the existing stations, these investments currently exceeding USD 7 million. Until the end of 2016, the company intends to extend its Romanian network by nine new gas stations and to



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continue upgrading existing stations, and also to continue the optimization and improvement plan for financial and operational performances.

At the end of June 2016, Rompetrol Downstream's distribution segment included 716 outlets, of which 137 own network stations (97 of which were operated by dealers), 118 partner stations and 461 mobile stations operated by clients and dealers.

Retail activities of KMG International are developed in more than 1,000 fuel distribution stations held and operated in countries like Romania, Georgia, Bulgaria, and Moldova.

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*** Results shown herein are unaudited and consolidated, and reporting was performed as per International Financial Reporting Standards (IFRS).*

Public Relations and Corporate Communication Department

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