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Rompetrol Rafinare, gross turnover of nearly 4 billion dollars and record operational results in the first nine months of 2019

Consolidated indicators*		T3 2019	T3 2018	%	9 months 2019	9 months 2018	%
Gross turnover	USD	1.041.480.755	1.533.869.684	-32%	3.906.680.039	4.138.011.919	-6%
EBITDA	USD	42.249.333	72.624.962	-42%	101.150.631	158.505.541	-36%
Net result	USD	(7.481.293)	30.519.163	N/A	(26.919.405)	33.297.905	N/A

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

Rompetrol Rafinare, member company of KMG International, recorded a gross turnover of over 3.9 billion USD in the first 9 months of 2019, down 6% compared to the same period last year. This was mainly influenced by the lower market shares of petroleum products compared to those recorded in the same period last year.

Consolidated operational profit (EBITDA) exceeded 100 million USD, and the consolidated net result recorded a loss of 26.9 million USD, strongly affected by the volatility of the profile market.

Independent of the operational activity, the consolidated results were impacted by the market environment and the pressure of the gross refining margins, which in the first months of the year decreased substantially, from 51.3 USD / t, to 37.6 USD / t.

The European refining margin decreased by -5.4 USD / MT (-11.5%) in the third quarter of 2019 compared to the third quarter of 2018 and by -12 USD / MT (-27.4%) in the first 9 months of 2019, compared to the similar period of 2018, as a result of significant pressure on them, caused by the increase in the price of the Urals crude oil and by the decrease of the European cracks on petrol and diesel.

In the January – September 2019 period, the company has continued the programs of optimization of the production processes and efficiency of the operating costs. The programs started in 2014 and have continued until now. At the same time, the outlook shows that in the fourth quarter of 2019 and the beginning of 2020, the refining margins will increase based on the new IMO (International Maritime Organization) regulation, which imposes a reduction from 3.5% (currently) to 0.5% of the sulfur content of marine fuel from 1 January 2020.

The company has proposed for this year total investments of over 60 million dollars in 3 production units from Navodari and Ploiesti. During January-September, several projects were implemented to improve the processes and the operational flow, among which are: Advanced Process Control (a digital solution that allowed improving the production activities), the modernization of the In-Line Blending plants (Petromidia Navodari) or the implementation of a modern vapor recovery system, by creating a new VRU installation (Vega Ploiesti).



The value of the exports made by the Petromidia Năvodari, Vega Ploiești and the Petrochemical Division of Rompetrol Rafinare, exceeded in the first 9 months of 2019 the threshold of 1 billion dollars (1.15 billion USD).

Rompetrol Rafinare continued to be one of the main contributors to Romania's state budget, paying over 453 million USD in the third quarter of 2019 and over 1.18 billion USD in the first 9 months of 2019.

The main shareholders of Rompetrol Rafinare SA are KMG International (54.63% - directly and indirectly) and the Romanian State, through the Ministry of Energy (44.7%).

Refining segment*

		T3 2019	T3 2018	%	9 months 2019	9 months 2018	%
Gross turnover	USD	1.159.418.402	1.312.724.103	-12%	3.314.068.814	3.560.653.420	-7%
EBITDA	USD	34.169.377	58.999.263	-42%	71.977.831	135.739.035	-47%
Net result	USD	(647.895)	30.224.109	N/A	(9.804.148)	47.695.112	N/A
Operational							
Processed feedstock - Petromidia	Kt	1.630	1.651	-1%	4.756	4.738	0%
Processed feedstock - Vega	Kt	123	120	3%	325	314	3%
Gasoline Production	Kt	408	421	-3%	1.212	1.277	-5%
Diesel & Jet Production	Kt	866	879	-1%	2.499	2.441	2%
Fuel sales- internal	Kt	707	646	9%	1.903	1.731	10%
Fuel sales - export	Kt	520	618	-16%	1.643	1.828	-10%

* The refining activity includes the results of Rompetrol Rafinare regarding the Petromidia and Vega refineries. Rompetrol Rafinare calculates the gross refining margin as follows - (Sales of petroleum products - Cost of raw materials) / Sales volume. The net refining margin is the operating profit (EBITDA) divided by the volume of sales.

In the refining segment, the company recorded a gross turnover of over 3.3 billion dollars in the first 9 months of 2019, down 7% compared to the level reached last year.

At the same time, EBITDA operating profit decreased from 135 million USD to almost 72 million USD during the period January - September 2019.

From an operational point of view, Rompetrol Rafinare continued to achieve record results. At the level of the Petromidia refinery, 4.756 million tons of raw material were processed, the highest result reached by the Petromidia refinery, for a period of 9 months, with an additional 18 thousand tons compared to the historical record last year.

At the same time, the highest production of special aviation fuel was obtained, as a result of the optimization of the production processes. In the first 9 months of 2019, 312 thousand tons of Jet A1 resulted, close to the level reached during the whole of 2018.

Petromidia also achieved important results in terms of white product yield (86.1% wt), mechanical availability (97.5%), technological loss (0.814% wt) and energy intensity index (96.9%).



In September, Petromidia celebrated 40 years since the first installation (Atmospheric Distillation) was put into operation. In the four decades, the largest refinery in Romania processed a total of over 125 million tons of crude oil. Of the total, almost half (59.6 million tons) was processed between 2007 and September 2019, under the management of KazMunayGas.

A recent study made by one of the most important rating agencies in the field shows that Petromidia has reached a complexity index of 11.4 and is one of the youngest refineries in Europe (by international standards).

As for the Vega refinery (the oldest processing unit in Romania - since 1905 - and the only domestic producer of bitumen and hexane), the total processing of raw materials in the first months of 2019 was 324,663 tons, a record for January - September.

Also, record levels were reached for the production of hexane (72 thousand tons) and bitumen (84 thousand tons), based on the high market demand.

The two refineries in the Rompetrol Rafinare portfolio, Petromidia Navodari and Vega Ploiesti, operate in perfect synergy and are capable of supplying the raw material / semi-finished products needed to obtain value-added products.

Petrochemicals segment*

		T3 2019	T3 2018	%	9 months 2019	9 months 2018	%
Gross turnover	USD	44.304.554	50.717.970	-13%	134.954.909	165.070.378	-18%
EBITDA	USD	(9.099.238)	(4.014.283)	127%	(19.192.523)	(12.845.829)	49%
Net profit / (loss)	USD	(16.192.587)	(8.274.813)	96%	(35.737.813)	(27.365.090)	31%
Operational							
Processed polypropylene	kt	40	37	6%	116	115	1%
Processed ethylene	kt	10	14	-29%	27	48	-45%
Total sales	kt	50	48	4%	145	156	-7%

* The petrochemical segment comprises the petrochemical activity of Rompetrol Rafinare company and the activity of the company Rompetrol Petrochemicals SRL.

The total production of polymers in the petrochemical segment was 92.2 kt, down 22.4% from the first 9 months of 2018. The decrease of the production of polymers was mainly determined by the low operating rate in the poly-polyethylene installations, as a result of unfavorable market conditions.

The results of the petrochemical division continued to be affected by market pressure on margins, reaching the lowest level in the last decade in the first 9 months of 2019.

The low-density polyethylene (LDPE) plant in the petrochemical segment operates 100% with imported ethylene, and the polypropylene (PP) plant operates with raw material produced and delivered internally by the Petromidia refinery.

The petrochemicals segment is the only producer of polypropylene and polyethylene in Romania, constantly managing to increase its market share in the secondary product categories. Its dynamic



development strategy assures the company a competitive position on the internal market, but also on the regional one - the Black Sea and Mediterranean area, Central and Eastern Europe, aiming to maintain the competitive advantage, once the market stabilizes.

Distribution segment*

		T3 2019	T3 2018	%	9 months 2019	9 months 2018	%
Gross turnover	USD	876.630.346	896.905.679	-2%	2.298.552.271	2.352.458.955	-2%
EBITDA	USD	22.630.529	18.194.519	24%	49.523.015	37.324.728	33%
Net profit / (loss)	USD	10.730.300	11.405.114	-6%	22.028.198	16.834.158	31%
Operational - sales							
Fuels retail	Kt	228	203	12%	583	532	10%
Fuels engross	Kt	373	364	2%	967	962	0%
LPG sales	Kt	112	103	9%	321	329	-2%

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

The consolidated gross turnover for the distribution segment reached over 2.2 billion USD in the first 9 months of 2019, down 2% compared to the same period of 2018. Also, the distribution segment reached in the first months of 2019 an EBITDA indicator level of 49.5 million USD, up 33% over January - September 2018.

The opening of more than 70 new sale points (fuel stations and internal bases) in the last year, but also the significant growth on the NFR segment (non-fuel retail), have supported the evolution of the distribution segment. Total domestic sales amounted to 1.87 million tons, up 2.5% compared to January - September 2018.

At the end of September 2019, the distribution segment of Rompetrol Downstream comprised 944 sales points - own stations, partner stations, express stations and internal bases.

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