



rompetrol

KazMunayGas
Group
Member

ROMPETROL RAFINARE S.A.
Bulevardul Navodari, nr. 215.
Pavilion Administrativ,
Navodari, Judetul Constanta,
ROMANIA

phone: + (40)
+ (40)
fax: + (40)
office.rafinare@rompetrol.ro
www.rompetrol.ro
www.kmgintertek.com

2020

Romp petrol Rafinare S.A.

2020 BUDGET PRESENTATION



Table of Contents

1. BUSINESS PLAN EXECUTIVE SUMMARY	3
1.1 Key macroeconomic assumptions	3
1.2 Petromidia refinery	3
1.3 Vega refinery	4
1.4 Petrochemicals	4
2. PETROMIDIA REFINERY	5
2.1 Presentation	5
2.2 Short history	5
2.3 Marketing strategy	7
2.3.1 Portfolio of products	7
2.3.2 Competition	7
2.3.3 Market assumptions	8
2.3.4 Sales	10
2.4 Strategy and objectives	12
2.5 Production plan	13
2.6 Working capital	14
3. PETROCHEMICALS DIVISION	15
3.1 Company Overview	15
3.2 Marketing Strategy	15
3.2.1 Product Portfolio	15
3.2.2 Market Share	17
3.2.3 Market assumptions	17
3.2.4 Sales	18
3.2.5 Production plan	19
4. VEGA REFINERY	20
4.1 Company Overview	20
4.2 Marketing strategy	20
4.2.1 Portfolio of products	20
4.2.2 Market share	22



rompetrol

KazMunayGas
Group
Member

ROMPETROL RAFINARE S.A.
Bulevardul Navodari, nr. 215,
Pavilion Administrativ,
Navodari, Judetul Constanta,
ROMANIA

phone: + (40) 241 50 60 00
+ (40) 241 50 61 50
fax: + (40) 241 50 69 30
office.rafinare@rompetrol.com
www.rompetrol-rafinare.ro
www.kmginternational.com

4.2.3	Competition	22
4.2.4	Market assumptios.....	23
4.2.5	Sales	24
4.3	Strategy and objectives:.....	25
4.4	Production Plan.....	25
5.	CONSOLIDATED BUDGET INCOME STATEMENT (Petromidia Refinery, Vega Refinery and Petrochemicals division)	26
	THE BOARD OF DIRECTORS.....	0



rompetrol

KazMunayGas
Group
Member

ROMPETROL RAFINARE S.A.
Bulevardul Navodari, nr. 215,
Pavilion Administrativ,
Navodari, Judetul Constanta,
ROMANIA

phone: + (40) 241 50 60 00
+ (40) 241 50 61 50
fax: + (40) 241 50 69 30
office.rafinare@rompetrol.com
www.rompetrol-rafinare.ro
www.kmginternational.com

1. BUSINESS PLAN EXECUTIVE SUMMARY

1.1 Key macroeconomic assumptions

- **Market Refining Margin:** 2020 Market Refining Margin assumed at 39 \$/ton;
Market margin = weighted average production at market quotation, less (-) raw materials consumed weighted at average market quotation
- **Key Currencies** have been assumed as per latest market reality & most updated available forecasts, showing an overall depreciation of all key currencies:

EUR/USD	EUR/RON	USD/RON
1.15	4.78	4.16

1.2 Petromidia refinery

- Turnaround activities planned for 51 days starting March 15th, 2020, out of which mechanical works for 45 days;
- 5.49 million tons Total Feedstock Processed;
- 4.85 million tons crude oil processed during 2020, with a run rate of 15.40ktons/day (Crude Unit diet – 64.5% Ural, 26.6% Siberian, 6.5% CPC, 2.3% Other crude grades & alternative feedstock);
- Diesel: according to the current regulation, during summer and also winter period, the finished diesel which will be placed on the market assumed at bio component content level of 6.5%;
- Gasoline: according to the current regulation, gasoline for internal market will contain a level of 8% bio component.



rompetrol

KazMunayGas
Group
Member

ROMPETROL RAFINARE S.A.
Bulevardul Navodari, nr. 215,
Pavilion Administrativ,
Navodari, Judetul Constanta,
ROMANIA

phone: + (40) 241 50 60 00
+ (40) 241 50 61 50
fax: + (40) 241 50 69 30
office.rafinare@rompetrol.com
www.rompetrol-rafinare.ro
www.kmginternational.com

1.3 Vega refinery

- Total feedstock processed at a level of 403.1 ktons;
- The total production influenced by Petromidia availability (Turnaround);
- Bitumen unit in operation between March-December, in line with the seasonal market demand.

1.4 Petrochemicals

- Turnaround activities planned for 51 days starting March 15th;
- PP Unit: normal operation, full integration with PEM refinery;
- LDPE: full operation according also with continuous supply of Ethylene (raw material) from the new contract starting 1st of January;
- HDPE Units: will be under a transformation program for the HDPE swing to PP project and will restart in April 2021 under PP production with a daily run-rate of 144 t/day.



2. PETROMIDIA REFINERY

2.1 Presentation

Petromidia Refinery is one of the largest and most complex oil refineries in Eastern and Central Europe.

Petromidia Refinery is located on the Black Sea coast, having a competitive advantage due to access at shipping routes and inland waterways.

The crude oil supply is ensured through Midia Harbour, through the Midia Marine Terminal, company part of KMG International NV, pipeline which was given in use in February 2009. The terminal has an annual transfer capacity of 24 million tons of crude oil and ships up to 160,000 dwt can be unloaded. Alternatively, the crude oil supply can be ensured from Constanta Harbour through a 40 km long pipeline.

The crude oil processing capacity of the refinery is of 5 million tons annually. To deliver oil products, our company uses multiple loading/unloading facilities such as: rail carriage, vessel thru Midia Harbour and auto-tanks.

2.2 Short history

In 2012 Rompetrol Rafinare completed the last phase of its capacity increase program for the Petromidia Refinery, named "Package 2010", from 3.8 million tons/year, to over 5 million tons/year of crude oil processed. The refinery's capacity increase investment program allows the consolidation and development of Rompetrol's presence in Central and Western Europe.

The main objectives of the "2010 package" were the following:

- to increase the operational capacity of the refinery to 5 million crude oil tons/year;
- to meet the new EU & Romanian fuel specifications standards (Euro 5) (regulation COM(2005)683);
- to increase the Diesel yields with 8% (from 37% to 45%);
- to operate the Refinery according to EU and Romanian environmental requirements (BAT system) (Directive 70/220/EEC);
- to increase the mechanical availability and reliability of the refinery.



The assumed objectives of the "2010 package" were fully realized. From the investments package we can mention:

- The New Hydrogen Plant was put into operation, the advanced plant produces hydrogen with a purity of 99.98%, which is required in order to obtain the cleaner fuels by further processing in hydrotreating units. The Hydrogen Plant is operation starting with 1st of May 2012. The raw material is CH₄ with a throughput of 96,800 tones/year.
- Also, the New Mild Hydrocracking unit was put into operation. The plant is the core project of the package, a complex process that combines hydrotreating and cracking at high pressure and temperatures the heavy gasoil using hydrogen. This hydrocracking process combines the necessity to convert hydrocarbons into valuable products (cracking) with the constrain of lowering sulfur in products (hydrotreating).
- The New Sulfur Recovery unit process more sulfur crudes required in order to obtain more sulfur from fuels. The New unit is able to meet fuels new standards together with limiting the 1,000 mg/Nm³ SO₂ emissions in air.

Were introduced in Romania starting with October 2012 the new Efix S products:

- Gasoline ALTO RON 101 was replaced by Gasoline RON 98 / Gasoline EFIX S RON 98;
- Diesel ALTO 55 was replaced by Diesel 55 / Diesel EFIX S 55.

Petromidia refinery managed to achieve in 2019 a very good operational performance, for its main technological and operational parameters such as:

- 2019 total feedstock processed of 6.33 million tons, the highest level reached by Petromidia refinery, +406 ktons above 2018 record;
- Crude oil processed 5.36 million tons, over the 2010 package plan by 0.36 million tons;
- Auto gasoline production of ~1.37 million tons, by +10 ktons above 2018 record;
- Jet group production reached a new record of 406 ktons (the highest Jet yield of 6.4%wt), by +89 ktons above previous year record due to production optimizations;
- Diesel production ~2.93 million tons, above last year record by 171 ktons;
- White finished products yield of 86.2%wt;
- The lowest technological Loss of 0.8%wt, better than previous year record by 0.03%;
- Energy consumption reached the lowest level of 2.9 GJ/mt, close to previous year.



rompetrol

KazMunayGas
Group
Member

ROMPETROL RAFINARE S.A.
Bulevardul Navodari, nr. 215,
Pavilion Administrativ,
Navodari, Judetul Constanta,
ROMANIA

phone: + (40) 241 50 60 00
+ (40) 241 50 61 50
fax: + (40) 241 50 69 30
office.rafinare@rompetrol.com
www.rompetrol-rafinare.ro
www.kmginternational.com

2.3 Marketing strategy

2.3.1 Portfolio of products

Rompetrol Rafinare SA produces a wide range of high-quality petroleum products which are distributed to a great number of customers from natural persons to large entities. Having a vast experience in this field, the company sells a great variety of petroleum products such as:

- Efix Gasoline and Euro plus unleaded Gasoline, Gasoline RON 98 / Gasoline EFIX S RON 98;
- Efix Diesel and Super Euro 5 Diesel, Diesel 55 / Diesel EFIX S 55;
- C5-C6 Gas and Fuel Propane;
- Propane-Propylene mixture;
- Jet fuel;
- Petroleum Coke;
- Sulphur;
- Liquefied petroleum gas GPL, Auto GPL and Commercial Propane-Butane;
- Vacuum distillate;

Rompetrol Rafinare has a unique offer of products that appeal to all types of customers, main concentration to be targeted on large companies, both on the domestic and export markets, ensuring highest profitability and inventory management potential.

The Rompetrol Group regional expansion in Greece, Georgia, Turkey, Bulgaria, Moldavia, Serbia, as well as in Lebanon will ensure the growth of the portfolio of clients.

2.3.2 Competition

The main competitors of Rompetrol Rafinare are OMV-Petrom (Petrobrazi refinery), Lukoil (Petrotel refinery) refineries that have developed along with Petromidia Refinery, oil products imported through Oil terminal and distributed in Romanian market.

2.3.3 Market assumptions

Proposed assumption for Crude quotations level assumed based on average JBC Base case scenario level:

Brent Dated	\$/bbl	60.0
Urals RCMB	\$/bbl	59.6
Urals Differential to Brent	\$/bbl	-0.4

In the 2020 budget, the following unit market margins – difference between market quotations of products sold less Urals market quotation (as main feedstock type) – assumptions for main products (accounting for almost 80% of the annual sales) have been thus taken:

- **Diesel** Market Margin unit level assumed in line with the historical 10 years average level;
- **Gasoline** Market Margin unit level assumed in line with the average unit market crack level of the last 2 years (2018-2019);
- **Jet** Market Margin unit level assumed in line with the average unit market crack level of the 3 years;
- **Naphtha** Market Margin unit level assumed in line with the average unit market crack level of the last two years (2018-2019).
- **LPG** quotation aligned to 0.85 x Naphtha (as per historical 5 years average correlation index of LPG quotation to Naphtha);
- **Propane-Propylene** price aligned to 1.4 x Naphtha (as per last 5 years index).

Key Products Market Cracks vs Urals - \$/ton

	Avg 10 y ('10-'19)	Avg 2 y ('18-'19)	2020 Budget
Diesel	131	126	129
Gasoline	176	143	134
Jet	158	156	160
Naphtha	85	47	51

Rompetrol Rafinare decided to take a prudent market margin for the 2020 budget, despite the high expectations of IMO 2020 effect (International Maritime Organization marine fuel Sulphur specification change, expecting to increase middle distillates market crack potential), of an historical level approach, given the big volatility triggered by the disruptive market events worldwide as of 2019:



rompetrol

KazMunayGas
Group
Member

ROMPETROL RAFINARE S.A.
Bulevardul Navodari, nr. 215.
Pavilion Administrativ,
Navodari, Judetul Constanta,
ROMANIA

phone: + (40) 241 50 60 00
+ (40) 241 50 61 50
fax: + (40) 241 50 69 30
office.rafinare@rompetrol.com
www.rompetrol-rafinare.ro
www.kmginternational.com

- unforeseen lower sour crude availability during Q4-2018 and 2019 to date which triggered an historically high Urals to Brent differential and negatively impacted market margin;
- recent 2019 US sanctions against Venezuela, alongside extended sanctions on Iran, which triggered supply constraints;
- Excess of gasoline into global markets, which added significant pressure within the refining market margins;
- global economic downturn accelerated by the US-China trade war.

Accounting for previously mentioned individual products assumptions - at 2020-year level mix of feedstock diet and products mix - weighted average level of Market Refining Margin 2020 assumed at a level of 39\$/ton processed, in line with the average unit market refining margin for the last 5 years (39\$/ton).

1F - SALES/PRODUCTION Market Margin @ IP 2020 Supply & Sales Mix

	Market margin (\$/t)	Production weight (%)
GASOLINE	111	25.00%
DIESEL	110	47.60%
JET	141	6.20%
NAPHTHA	30	0.00%
LPG	-51	4.30%
PROPYLENNE-PROPANE	225	2.30%
FUEL OIL	0	0.00%
RAFFINATE	30	3.60%
HEAVY FUEL	-138	2.90%
SLURRY	-122	0.02%
COKE (Price)	-318	4.10%
SULPHUR	-359	0.90%
FCC RESIDUE	-119	0.40%
FUEL GAS & LOSS	-451	2.80%
Market margin (\$/t)	39	100%

Market Refining Margin (1F) represents the difference between:

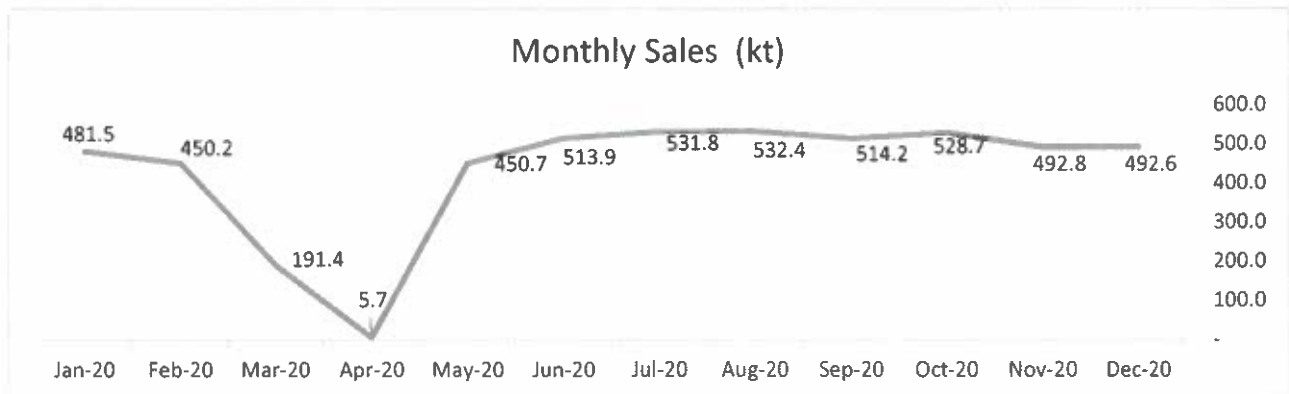
1) the market prices - international quotations – of all products refined, weighted at the planned level of production yields, and,

2) the market prices - international quotations – of all planned feedstock needed to produce the refined products, weighted at the planned diet.



2.3.4 Sales

During 2020 sales quantities are directly influenced by the 51 days of Turnaround activities.



About the market orientation/product placement strategy, within 2020 the company will follow the same direction as last year for the gasoline and diesel sales in Romania and decrease sales on external market by 27% versus 2019, with a monthly average rate of 272,844 tons on the domestic market and 159,351 tons on the export market.



Sales 2020 (ktons)	Domestic	Export	Total
Total products, out of which:	3,274	1,912	5,186
Gasoline	535	829	1,364
Jet fuel	280	60	340
Diesel fuel	1,909	701	2,610
Fuel oil	158	21	180
Gases	58		58
Propylene	127		127
Liquified petroleum gas	55	183	238
Petroleum coke	152	71	223
Sulfur	-	47	47

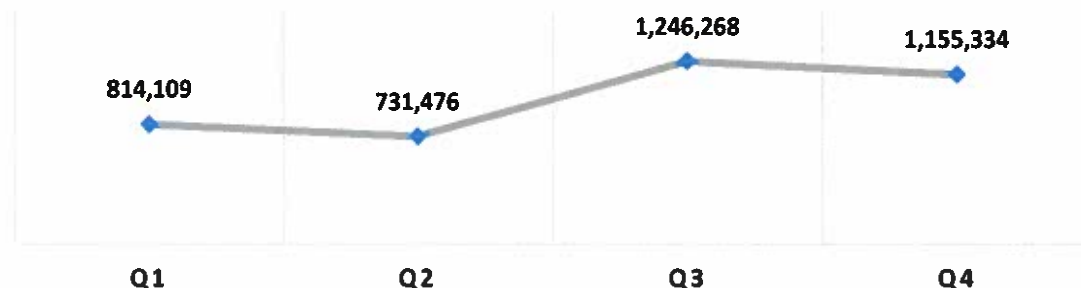
Rompetrol Rafinare S.A. - Petromidia Refinery will continue its development strategies in 2020, the final target being the expansion of activities on all levels from production to marketing, as follows:

- Gross revenues of 3.947 billion USD, of which internal market 2.966 billion USD (75%) and external market 981 billion USD (25%), as a result of selling 5,186 thousand tons of products;
- Increase of petroleum on sales internal market by 5% as against 2019 and decrease of petroleum sales on external market.

Internal market deliveries historical evolution:

	2015	2016	2017	2018	2019	2020 Budget
Internal market (%)	53%	54%	55%	56%	60%	63%
Export market (%)	47%	46%	45%	44%	40%	37%

GROSS REVENUES (THOUSAND \$)



*Gross revenues comprise also the value of the products that will be transferred to Vega Refinery.



rompetrol

KazMunayGas
Group
Member

ROMPETROL RAFINARE S.A.
Bulevardul Navodari, nr. 215,
Pavilion Administrativ,
Navodari, Judetul Constanta,
ROMANIA

phone: + (40) 241 50 60 00
+ (40) 241 50 61 50
fax: + (40) 241 50 69 30
office.rafinare@rompetrol.com
www.rompetrol-rafinare.ro
www.kmginternational.com

2.4 Strategy and objectives

The company strategy is to use the Group's distribution channels both on the domestic and external markets in order to increase its market share.

Major objectives:

- To maintain oil products quality in accordance with the European standards;
- To maximize profitability by targeting increase on the main profitable sales channels (domestic and regional markets);
- To continue the energy efficiency program and technological by implementation projects our internal team, Delfin;
- To decrease processing costs to an optimal level in order to counteract the negative uncontrollable market impact inside the refinery gross margin;
- To increase mechanical availability;
- To comply with the current environmental requirements and to align to the European ones;
- To maintain a high level of safety and work protection.

2.5 Production plan

Operational improvements assumed in the Business Plan 2020, as a result of the already implemented Delfin Program I, II & III and additional no cost/low cost initiatives of the New Delfin Program in place:

- Production Initiatives, assuring a higher performance in terms of yields and production performance (e.g. level of Jet Fuel production of 318 ktons assumed within the 2020 Budget; MTBE Yield 2020 performance of 31% vs 20% Yield on the year prior to Delfin implementation), increase Propylene yield, increase the synergy between entities: more fuel oil transfer from Vega to PEM refinery in order to be processed in Delayed Coker Unit and increasing performance on the Technological Loss versus previous years (i.e. 0.8% targeted for 2020 Budget, in line with the approved budget);
- Improving white products yield by implementing the following projects during turnaround 2020: Improve 180C2 Coker fractionator operation and 100C1 Atmospheric distillation column- increase heat removal from gasoil pump around;

Key Operational Drivers

Days of operations	days	315
Feedstock Processed, of which:	ktons	5,494
Crud unit consumption	ktons	4,849
Other feedstock	ktons	645
Feedstock run-rate	t/day	17,442
Crude run-rate	t/day	15,395
Production, of which main:	ktons	5,378
Diesel	ktons	2,614
Gasoline	ktons	1,374
Jet	ktons	341
Propylene	ktons	127
LPG	ktons	237
Fuel oil	ktons	180
Fuel gas	ktons	177
Petroleum coke	ktons	223
Sulphur	ktons	47
White products yield	%	86.49%
Technological loss	%	0.80%



The operating plan for 2020 involves processing 5,494 thousand tons of raw materials, of which 4,849 thousand tons crude oil and 645 thousand tons of other raw materials.

2.6 Working capital

The required working capital funding to be utilized for raw materials purchases will be financed through self-resources and by existing credit line facilities. Average lines utilization per each credit facility as follows:

Borrower	Bank / Facility	Average Year utilization (Million USD)
RRC	Banca Transilvania	13.18
RRC	Syndicated Loan (Unicredit, ING, BCR, Raiffeisen Bank)	140.00
RRC	Unicredit	7.50
RRC	Ing Bank	5.00
RRC	BCR	2.50
RRC	Raiffeisen Bank	2.50
KMGT (RRC lines)	BNP Storage	3.40
KMGT (RRC lines)	BNP Supplemental	34.83
KMGT (RRC lines)	Credit Agricole	34.72
KMGT (RRC lines)	Natixis	39.70
KMGT (RRC lines)	MUFG	39.18
Total Line Utilization		322.50



3. PETROCHEMICALS DIVISION

3.1 Company Overview

Petromidia Petrochemical Complex was designed and built in the mid 80s, being the newest facility in Romania at that moment, using Romanian technology and foreign technology (Mitsui, Snamprogetti, Heat Research Corporation, Pullman Kellogg etc.).

Technological flow is focused on the production of olefins (ethylene and propylene), later transformed into polyethylene and polypropylene.

The complex is split in four sections: Pyrolysis, Polypropylene, High Density Polyethylene (HDPE) and Low Density Polyethylene (LDPE). Now, operating with polypropylene (PP), Low Density Polyethylene (LDPE), while the steam cracker unit, the propane-propylene splitter, operates to provide the raw material for polypropylene plant and steam generator.

Favorable location, the high synergy of integration with refinery and upgrading works, make Petrochemicals division one of the most interesting companies in this field in Central and Eastern Europe.

3.2 Marketing Strategy

3.2.1 Product Portfolio

The Petrochemicals division activity is organized in several directions:

- production of Polypropylene (PP);
- producing Low Density Polyethylene (LDPE);
- producing High Density Polyethylene (HDPE);
- trading of others petrochemical products;
- ancillary activities (production of steam and brine).

Polypropylene (PP) is obtained by homopolymerization or copolymerization of propylene with microsphere or superactive catalysts at high pressure and low temperature.

Production capacity is 90,000 tons per year.

Grades produced are used for injection, blow molding, film, fiber.

- Injection grades use for: garden furniture, kitchen utensils, toys, crates, boxes, batteries, etc.
- Blow grades are used: blown bodies (drums, containers), pipes, etc.
- Film grades are used for: food packaging, clothing, bioriented film, etc.



rompetrol

KazMunayGas
Group
Member

ROMPETROL RAFINARE S.A.
Bulevardul Navodari, nr. 215,
Pavilion Administrativ,
Navodari, Judetul Constanta,
ROMANIA

phone: + (40) 241 50 60 00
+ (40) 241 50 61 50
fax: + (40) 241 50 69 30
office.rafinare@rompetrol.com
www.rompetrol-rafinare.ro
www.kmginternational.com

- Fibers grades are used for: multifilament's and textile fiber with bleach and ultraviolet resistance, etc.

The product can be supplied in bags of 25 Kg, 1,000 Kg big bags, bulk in tankers or CF.

High Density Polyethylene (HDPE) Mitsui technology consists in two continuous mixing reactor identical size that can be operated in parallel or series.

The production capacity of the plant is 60,000 tons per year of polyethylene.

Produces grades of high density polyethylene which can be processed by injection, blow molding, extrusion. The main applications are: thin film, molded bodies, pipes, drums.

The product can be delivered in 25 kg bags, palletized or 1 tons bags (big bags).

Low density polyethylene (LDPE) is based on technology in the polymerization of ethylene at pressures up to 2400 kg/cm²G and a temperature of maximum 300°C, in a tubular reactor in the presence of initiators: decanoyl peroxide and oxygen. The reaction is carried out with free radical mechanism and is exothermic.

The production capacity of the plant is 70,000 tones/year of polyethylene.

LDPE grades are used for superfine packaging film, high clarity packaging film with good transparency and luster, agricultural films, protective films, high-strength bags.

The product can be delivered in 25 kg bags, palletized or 1 tons bags (big bags).



3.2.2 Market Share

Petrochemicals Division continued in 2019 to be the sole producer of polymers in Romania, polypropylene and polyethylene of low and high density. The strategy developed allowed an increase of the market share.

The quality and diversity of products offered, location and route distribution/delivery, technical assistance, made Petrochemicals division a reliable partner in Romania and the Black Sea region.

One of the advantages of the company is determined by its proximity to clients, providing products in Just-In-Time system, also offering technical advice and assisted monitoring of their production cycle.

3.2.3 Market assumptions

In the 2020 budget, the following unit market quotations assumptions for main products have been thus taken:

- **Propane-Propylene** price aligned to 1.4 x Naphtha (as per last 5 years average index);
- **Ethylene** price was assumed according with the new supply contract at Low Density Polyethylene quotations minus 250 \$/t, thus eliminating the basis risk (ethylene supply quot in USD vs. LDPE quot in EUR);
- **Low Density Polyethylene** price assumed as average of last year Rompetrol Rafinare prices;
- **Polypropylene** price was determined according the last year average crack (the difference between the raw materials and sales price) 459 \$/t for internal market and 362 \$/t for export.



rompetrol

KazMunayGas
Group
Member

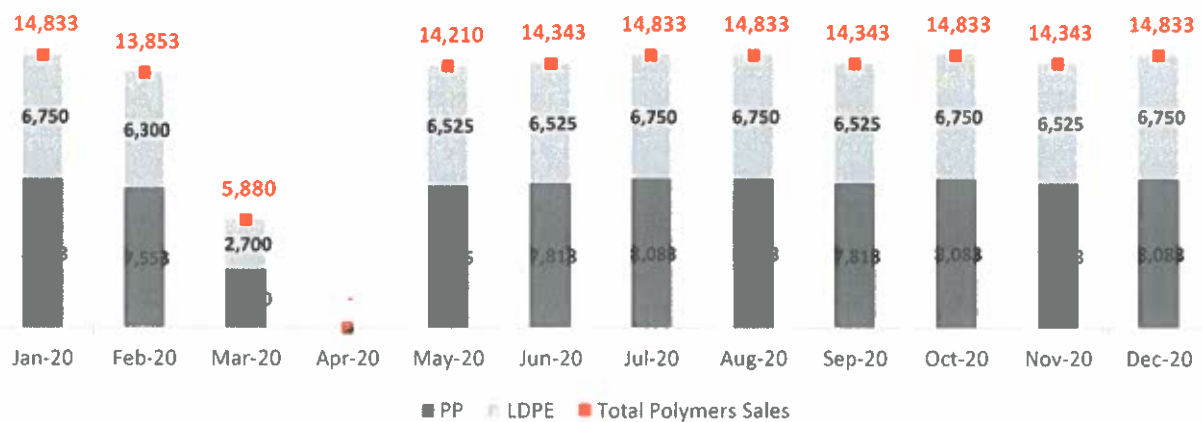
ROMPETROL RAFINARE S.A.
Bulevardul Navodari, nr. 215,
Pavilion Administrativ,
Navodari, Judetul Constanta,
ROMANIA

phone: + (40) 241 50 60 00
+ (40) 241 50 61 50
fax: + (40) 241 50 69 30
office.rafinare@rompetrol.com
www.rompetrol-rafinare.ro
www.kmginternational.com

3.2.4 Sales

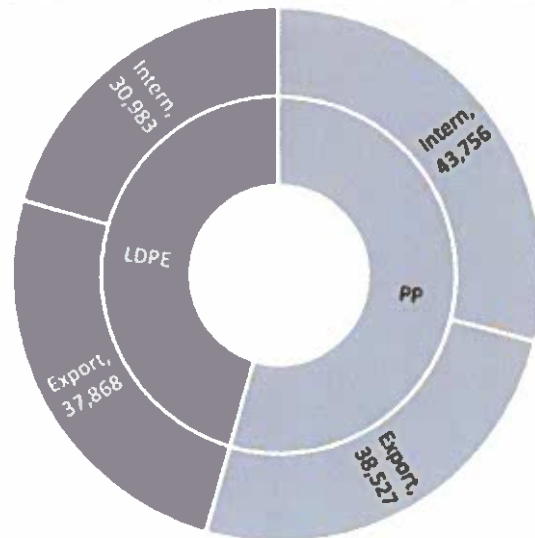
Total sales of Polymers in 2020 are planned to reach 151,133 tons, of which 82,283 tons of Polypropylene, representing 54.4%, and 68,850 tons of Low Density Polyethylene representing 45.6%, according with plants production capacity, considering also the 51 days of general turnaround March-May.

Petrochemicals Polymers Sales (to)



	Chanel	Quantity	%
PP	Intern	43,756	53.2%
	Export	38,527	46.8%
LDPE	Intern	30,983	45.0%
	Export	37,868	55.0%

For the internal market it is planned to be delivered 74,738 tons i.e. 53.2% of Polypropylene and 45% of Low Density Polyethylene.





3.2.5 Production plan

- **Turnaround for 51 days**, according with the planned general turnaround of the Petromidia refinery;
- **PP production** - 265 tons/day*(n-0.5);
- **LDPE production** - 225 tons/day*(n-1);
- **Swing HDPE into PP production** in order to improve Petrochemicals financial indicators - **project estimated to be implemented in April 2021**;
- Production grade:
 - PP
 - *normal grade (raffie, injection) 73%*
 - *special grade (thermoforming, fibers, spunbond, film) 27%*
 - LDPE
 - *normal grade (film) 99.5%*
 - *special grade (for UV film) 0.5%*

Days of Operation PP Unit	days	311
Days of Operation LDPE	days	306
Days of Operation HDPE	days	-
<hr/>		
Feedstock Processed, of which:	ktons	198
Propane-Propylene	ktons	127.3
Ethylene	ktons	70.4
<hr/>		
Production	ktons	193.6
PP	ktons	82.3
LDPE	ktons	68.9
HDPE	ktons	0
Propane	ktons	25.3
Propylene P	ktons	17.2
<hr/>		
PP unit run-rate	t/day	265
LDPE Unit run-rate	t/day	225



rompetrol

KazMunayGas
Group
Member

ROMPETROL RAFINARE S.A.
Bulevardul Navodari, nr. 215.
Pavilion Administrativ.
Navodari, Judetul Constanta.
ROMANIA

phone: + (40) 241 50 60 00
+ (40) 241 50 61 50
fax: + (40) 241 50 69 30
office.rafinare@rompetrol.com
www.rompetrol-rafinare.ro
www.kmginternational.com

4. VEGA REFINERY

4.1 Company Overview

Rompetrol Refinery - Vega Ploiesti is a refinery that focuses on obtaining niche **special products: normal hexane, ecological solvents, heating oil, fuel oil, bitumen**, etc.

In 2019 Vega Refinery managed to achieve operational performances such as:

- historical record for throughput of 436 ktons;
- historical record for hexane production of 92 ktons;
- historical record for bitumen production of 120 ktons;
- lowest technological consumption ever reached: 0.83% wt;
- lowest energy consumption the level of 2.39 GJ/to.

In 2020 Vega Refinery will only process alternative raw materials (such as **naphtha gasoline, C5-C6 cut, slurry, jet and fuel oil**), the only units that will be functional are: Hexane, Rectification, De-aromatization, AFP, Vacuum Distillation and Bitumen.

4.2 Marketing strategy

4.2.1 Portfolio of products

Vega Refinery obtains the following range of **special products**:

- Solvents: Ecological Solvents–Rompetrol SE, Light Solvents and Normal Hexane;
- White spirit;
- Fuel Oil;
- Bitumen: Bitumen and polymer modified bitumen.



rompetrol

KazMunayGas
Group
Member

ROMPETROL RAFINARE S.A.
Bulevardul Navodari, nr. 215,
Pavilion Administrativ,
Navodari, Judetul Constanta,
ROMANIA

phone: + (40) 241 50 60 00
+ (40) 241 50 61 50
fax: + (40) 241 50 69 30
office.rafinare@rompetrol.com
www.rompetrol-rafinare.ro
www.kmginternational.com

Ecological solvents are obtained in De-aromatization unit using Halterman technology (the most important manufacturer of solvents and special products in Europe).

These new products for domestic and export markets are distinguished primarily by their special qualities, being a range of solvents:

- colourless, with vapor pressures higher or lower depending on the distillation range, which allows to obtain high quality paints;
- with a low content of olefins which allows these solvents to have good stability in time;
- slight smell, with a low degree of toxicity, low content of aromatic hydrocarbons, especially benzene, and low-sulphur, therefore these solvents are in the range of organic products with high degree of dearomatization.

These solvents may be used without limitation in all industries from the chemical industry to the food, pharmaceutical and cosmetics industries also as cleaning agents in textile, leather and shoes industries. Solvent is used in order to obtain varnishes, paints and adhesives, it's a composite in polish and also is used as degreasing agent in the machine building industry, in chemical reaction media, is a component for the petrochemical industry, as well in rubber processing, allowing an organic and safe use.

Normal Hexane is used in polypropylene production and vegetable oil extraction in the food industry. The new quality of n-hexane obtain by Vega Refinery allows a diversification of applications, including: manufacturing and refining of fats, palm and coconut oils which result in products with low content of protein, and respectively defatted cereal germs.

White Spirit is used as solvent in varnishes and dyes industry, in rubber processing and in insecticide conditioning.

The fuel group includes:

- Heating fuel: Rompetrol Calor extra 1 and Rompetrol Calor Economic 3;
- Liquid fuel: liquid fuel type 3 (CLU).

Heating fuel have a quality that is up to European standards, being at the level of any product in its class Heating Oil, which sells in the Western countries. These products are delivered directly to end users, the service being offered by Rompetrol Downstream SRL, member of Rompetrol Group.

The advantages of these products are:

- compliance with European quality standards;
- burn a long time;
- produce a high quantity of heat;
- produce fewer emissions;
- have anti-ageing features against plant depreciation;
- distribution to end users;
- financial consulting for tax incentives provided by legislation;
- territorial coverage at national level.



rompetrol

KazMunayGas
Group
Member

ROMPETROL RAFINARE S.A.
Bulevardul Navodari, nr. 215,
Pavilion Administrativ,
Navodari, Judetul Constanta,
ROMANIA

phone: + (40) 241 50 60 00
+ (40) 241 50 61 50
fax: + (40) 241 50 69 30
office.rafinare@rompetrol.com
www.rompetrol-rafinare.ro
www.kmginternational.com

In 2020 bitumen sales are estimated to 116,938 tonnes, by 3% lower than the previous year, in 2019 Vega refinery reached historical record bitumen sales, of 120,199 tonnes.

The hydro-isolation bitumen is used in the fabrication process of bituminous cement and for waterproofing works in constructions. The Citom is used as bitumen coating for metal pipes to protect them against corrosion.

4.2.2 Market share

Vega Refinery is **the only Romanian producer of Ecological Solvents** – Rompetrol SE and Bitumen.

Vega is also the only producer of normal Hexane in Eastern Europe, this product is used in polypropylene production and vegetable oil extraction in the food industry.

The markets and products that are sold in UE are:

- Hungary, Poland and Bulgaria for naphtha;
- Germany and Poland for ecological solvents;
- Bulgaria for heating oils, gasoil and white spirit;
- Austria, Bulgaria, Poland and Hungary for n-hexane.

Other markets:

- India, Turkey, Russia, Moldova Republic, Belarus and Uzbekistan for n-hexane;
- Ukraine and Moldova Republic for naphtha, ecological solvents and white spirit;
- India for n-hexane;
- Kazakhstan, Uzbekistan and Pakistan for n-hexane.

Naphtha sales represent 29% of total sales for 2020

4.2.3 Competition

Competitors on domestic market:

- OMV Petrom – Brazi Refinery – for fuel oil and heating oil;
- MOL Ungaria, Basell Polonia, Eni Italia, Haifa Israel – for hexane, SBP, white spirit;
- Sargent Marine SRL Agigea, Transbitum SRL Mangalia, MOL Ungaria, Total SRL - Ozun, Lotus Polonia, Burgas Bulgaria, Lotos Asphalt – Terminal Sabauani, Gazprom – Rafinaria Pancevo Serbia, Orlen Asphalt – Terminal Floresti, Rafinaria Trzebinia Polonia – for bitumen.



rompetrol

KazMunayGas
Group
Member

ROMPETROL RAFINARE S.A.
Bulevardul Navodari, nr. 215,
Pavilion Administrativ,
Navodari, Judetul Constanta,
ROMANIA

phone: + (40) 241 50 60 00
+ (40) 241 50 61 50
fax: + (40) 241 50 69 30
office.rafinare@rompetrol.com
www.rompetrol-rafinare.ro
www.kmginternational.com

4.2.4 Market assumptions

In the 2020 budget Rompetrol Rafinare decided to take a prudent approach through usage of an historical level of the market proposed:

- **Naphtha** Market quotations, used for sales of normal Hexane, Ecological solvents and Naphtha, level assumed in line with the average unit market crack level of the last two years (2018-2019);
- **Jet** Market quotation used for sales of White spirit, level assumed in line with the average unit market crack level of the last past years;
- **Gasoil 0.1** market quotations used for sales of Calor, level assumed in line with the average unit market crack level of the last past years;
- **Heavy Fuel Oil** market quotation used for sales of Bitumen, level assumed in line with the average unit market crack level of the last past years.

<i>Sales prices 2020</i>	<i>Sales prices (USD/to)</i>		
	Domestic	Export	Average
<i>Naphtha gasoline</i>	446.58	459.77	454.54
<i>Hexane</i>	650.95	636.77	637.22
<i>Ecological Solvents</i>	681.85	511.59	513.67
<i>White spirit</i>	673.66	766.79	701.22
<i>Gasoil & Heating Oils</i>	611.67	0.00	611.67
<i>Light liquid fuel</i>	439.87	0.00	439.87
<i>Bitumen</i>	411.51	355.58	411.03
<i>Fuel oil</i>	355.77	343.61	355.50
Total	424.15	544.07	483.45



rompetrol

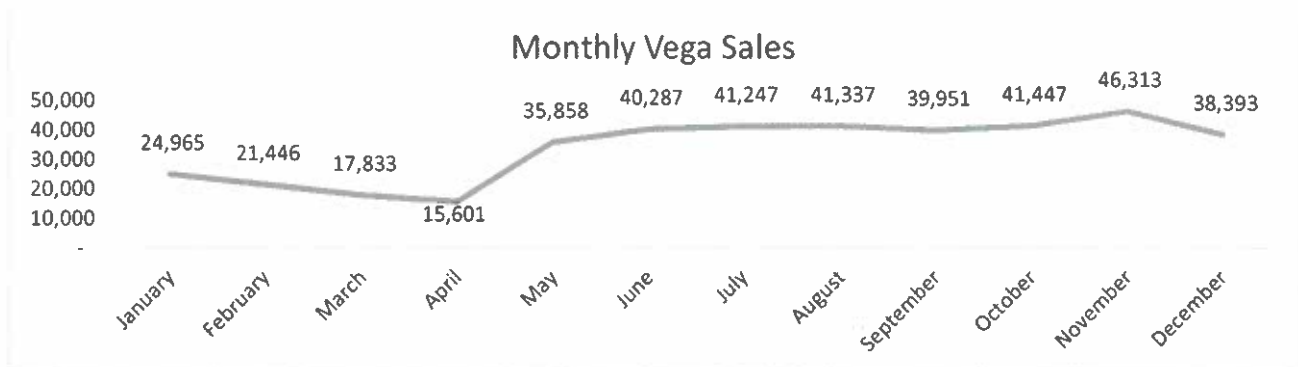
KazMunayGas
Group
Member

ROMPETROL RAFINARE S.A.
Bulevardul Navodari, nr. 215,
Pavilion Administrativ,
Navodari, Judetul Constanta,
ROMANIA

phone: + (40) 241 50 60 00
+ (40) 241 50 61 50
fax: + (40) 241 50 69 30
office.rafinare@rompetrol.com
www.rompetrol-rafinare.ro
www.kmginternational.com

4.2.5 Sales

Vega sales will be affected during Petromidia refinery March – April general turnaround, also Vega refinery energetic turnaround for 12 days. Bitumen sales are influenced by weather due to seasonal market demand and sales are considered between March – December.



Sales 2020	Domestic	Export	Total
Total products, out of which:	204,567	200,111	404,678
<i>Naphtha gasoline</i>	47,049	71,760	118,809
<i>Hexane</i>	2,611	80,871	83,482
<i>Ecological Solvents</i>	550	44,502	45,052
<i>White spirit</i>	3,277	1,378	4,655
<i>Gasoil & Heating Oils</i>	3,245	0	3,245
<i>Light liquid fuel</i>	5,125	0	5,125
<i>Bitumen</i>	115,938	1,000	116,938
<i>Fuel oil</i>	26,772	600	27,372



rompetrol

KazMunayGas
Group
Member

ROMPETROL RAFINARE S.A.
Bulevardul Navodari, nr. 215,
Pavilion Administrativ,
Navodari, Judetul Constanta,
ROMANIA

phone: + (40) 241 50 60 00
+ (40) 241 50 61 50
fax: + (40) 241 50 69 30
office.rafinare@rompetrol.com
www.rompetrol-rafinare.ro
www.kmginternational.com

4.3 Strategy and objectives:

- To maximize the gross margin for the niche products to bring added value to the business
- Developing near abroad markets for niche products to obtain higher premium price;
- To increase Bitumen production, starting 2015 (production 80 ktons) Vega refinery develop programs in order to achieve 140 ktons/year, while in 2019 managing to reach a level of 120ktons;
- Higher recovery hexane level due to good quality of Raffinate feedstock received from Petromidia refinery;
- To continue the investment program in order to: reduce the consumption of utilities, technology and to follow the foresights of environmental standards.

4.4 Production Plan

Key Highlights:

- **2020 Turnaround for 12 days**, according with the planned general turnaround of the Petromidia refinery and **5 days** for energetic turnaround;
- **Naphtha from Vega refinery to PEM of ~ 4 ktons/month** starting with 2020;
- **Fuel oil from Vega refinery to PEM of ~ 18 ktons/year**;
- **Bitumen and Vacuum Distillation unit in operation** between March-December due to seasonal market demand.

Days of operations	days	361
Capacity Utilization	%	121.20%
Feedstock Run-rate	ktons/day	1,108
Feedstock Processed	ktons	400
Production, of which:	ktons	396
Naphtha	ktons	119
Bitumen	ktons	117
Hexane	ktons	78
Fuel Oil	ktons	24
Solvents	ktons	45
Technological Loss	%	0.90%



KazMunayGas
Group
Member

ROMPETROL RAFINARE S.A.
Bulevardul Navodari, nr. 215,
Pavilion Administrativ,
Navodari, Judetul Constanta,
ROMANIA

phone: + (40) 241 50 60 00
+ (40) 241 50 61 50
fax: + (40) 241 50 69 30
office: rafinare@rompetrol.com
www.rompetrol-rafinare.ro
www.kmginternational.com

5. CONSOLIDATED BUDGET INCOME STATEMENT (Petromidia Refinery, Vega Refinery and Petrochemicals division)

Budget Income Statement for 2020*						
(Thousand USD)	Year 2020	Q1	Q2	Q3	Q4	
GROSS REVENUES	4,051,999	832,337	758,319	1,273,751	1,187,592	
SALES TAXES	(1,096,729)	(202,720)	(197,744)	(370,382)	(325,882)	
Net revenues	2,955,269	629,616	560,575	903,369	861,710	
COST OF SALES	(2,845,115)	(629,584)	(539,379)	(848,903)	(827,248)	
GROSS MARGIN	110,155	32	21,196	54,465	34,462	
SELLING, GENERAL & ADMINISTRATION	(55,030)	(12,590)	(12,789)	(13,476)	(16,175)	
ADJUSTMENT Depreciation & Amortization	91,302	22,764	22,783	22,871	22,884	
EBITDA	146,427	10,206	31,190	63,860	41,170	
PROVISIONS	(1,317)	(329)	(329)	(329)	(329)	
EBIT/Operating Profit/(Loss)	53,808	(12,887)	8,077	40,661	17,957	
Interest & commissions, net	(48,658)	(10,793)	(12,291)	(11,576)	(13,998)	
PROFIT/(LOSS) Before Income Tax	5,150	(23,680)	(4,214)	29,085	3,959	
Deferred tax	(9,851)	0	0	0	(9,851)	
NET PROFIT/(LOSS)	(4,701)	(23,680)	(4,214)	29,085	(5,892)	

* Internal Plan 2020 for approved by board of directors Rompetrol Rafinare



rompetrol

KazMunayGas
Group
Member

ROMPETROL RAFINARE S.A.
Bulevardul Navodari, nr. 215,
Pavilion Administrativ,
Navodari, Judetul Constanta,
ROMANIA

phone: + (40) 241 50 60 00
+ (40) 241 50 61 50
fax: + (40) 241 50 69 30
office.rafinare@rompetrol.com
www.rompetrol-rafinare.ro
www.kmginternational.com

Income and expenses budget of Rompetrol Rafinare S.A. for 2020 will be subject to approval at the Ordinary General Assembly of Shareholders scheduled for March 17, 2020.

THE BOARD OF DIRECTORS:

Chairman


Saduokhas Meraliyev

DocuSigned by:

6E619FA422D54FF...

Member

Alexey Golovin

DocuSigned by:

8B1EC6E050874EF...

Member

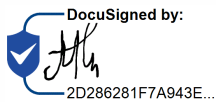
Yedil Utekov

DocuSigned by:

2D8DB454E0ED4A0...

Member

Mihai-Liviu Mihalache

DocuSigned by:

2D286281F7A943E...

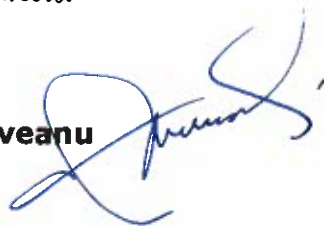
Member

Nicolae Bogdan Codruț Stănescu

DocuSigned by:

889201E6A5B34F8...

**General Manager
Felix Crudu-Tesloveanu**



**Finance Manager
Mircea-Ștefan Stănescu**



**Planning and Performance Management Director
Alexandru Stăvărache**



**Rompetrol Rafinare
Income Statement**

USD

	BUDGET*
	Year, 2020
GROSS REVENUES	4,051,998,537
SALES TAXES	(1,096,729,139)
Net revenues	2,955,269,398
Purchases	(2,545,105,210)
Purchases - crude oil and equivalents	(2,085,628,692)
Purchases - other raw materials	(454,889,665)
Purchases - auxiliary materials	(4,586,854)
Purchases - petrochemical products finished goods	-
Customs duties and commissions	-
Change in inventories Purchases	(6,941,416)
= Gross Margin	403,222,771
Variable logistics Costs	(37,929,485)
Variable logistics Costs Inbound	(23,237,886)
Variable logistics Costs Outbound	(14,691,599)
= Contribution	365,293,286
Conversion&Service Costs Cash	(189,456,026)
Utilities	(106,245,996)
Maintenance	(24,408,252)
Staff costs	(28,683,914)
Other expenses	(30,117,863.57)
Depreciation Conversion	(87,522,517)
Change in inventories Production	5,138,524
Add back Capitalised Expenses to Capex	2,010,000
= Gross Profit	95,463,267
Selling & Distribution Cash	(7,611,230)
Staff costs	(1,597,904)
Rent	(67,066)
Utilities	(511,508)
Maintenance	(941,261)
Insurance	(316,948)
IT&C	(348,585)
Other selling & distribution Cash	(3,827,958)
Depreciation Selling & Distribution	(591,055)
General & Admin Cash	(28,947,553)
Staff costs and salary related taxes	(3,844,630)
Rent	73,048
Utilities	(519,211)
Maintenance	(990,918)
Security services (only ADMIN - Global Security Sistem)	(246,807)
Insurance	(21,177)
Local Taxes (impozitul pe cladire - ADMIN + other taxes)	(888,504)
IT&C	(1,479,054)
Consulting & professional fees & Management fees	(15,843,977)
Sponsorships	(14,200)
Environmental services	(12,657)
Marketing	(54,776)
Fire protection services (Buoy, tank farm, other)	(224,767)
Other general & admin Cash	(4,879,921.06)
Depreciation General & Admin	(3,188,426)
Other operating revenues/expenses	-
Add back Depreciation	91,301,997
= EBITDA	146,427,001
Provisions	(1,316,774)
= EBIT/Operating Profit/(Loss)	53,808,230
Interest & commissions, net	(48,658,039)
=EBT	5,150,191
Profit tax (Deferred tax)	(9,851,021)
Minority interest	-
= Net profit/(Loss)	(4,700,830)

* Internal Plan 2020 for approved by board of directors Rompetrol

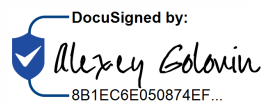
THE BOARD OF DIRECTORS:

Chairman
Saduokhas Meraliyev

DocuSigned by:

6E619FA422D54FF...

Member
Alexey Golovin

DocuSigned by:

8B1EC6E050874EF...

Member
Yedil Utekov



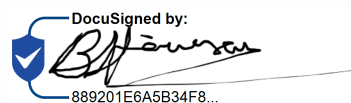
General Manager
Felix Crudu-Tesloveanu

Member
Mihai-Liviu Mihalache

DocuSigned by:

2D286281F7A943E...

Member
Nicolae Bogdan Codruț Stănescu

DocuSigned by:

889201E6A5B34F8...

Prepared by:

FINANCIAL MANAGER
Mircea-Ștefan Stănescu



Planning and Performance Management Director
Alexandru Stavarache

DocuSigned by:

FF7CED4BEE047B...