



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.rompetrol.com

ROMPETROL RAFINARE S.A.
2018 BUDGET PRESENTATION



CONTENTS

I. BUDGET PRESENTATION FOR PETROMIDIA REFINERY

1. Executive summary

2. Petromidia Refinery overview

- 2.1 Company presentation
- 2.2 Company history

3. Marketing strategy

- 3.1. Portfolio of products
- 3.2. Market share
- 3.3. Competition
- 3.4. Price strategy and sales

4. Strategy and Objectives

5. SWOT Analysis

6. Production Plan

II. BUDGET PRESENTATION OF PETROCHEMICALS DIVISION

1. Petrochemicals division overview

2. Marketing strategy

- 2.1. Portfolio of products
- 2.2. Market share
- 2.3. Sales strategy

3. Strategy and objectives

III. BUDGET PRESENTATION FOR VEGA REFINERY

1. Vega Refinery overview



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.rompetrol.com

2. Marketing strategy

- 2.1. Portfolio of products
- 2.2. Market share
- 2.3. Competition
- 2.4. Price strategy and sales

3. Strategy and Objectives

4. Production Plan

III. CONSOLIDATED BUDGET INCOME STATEMENT



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.rompetrol.com

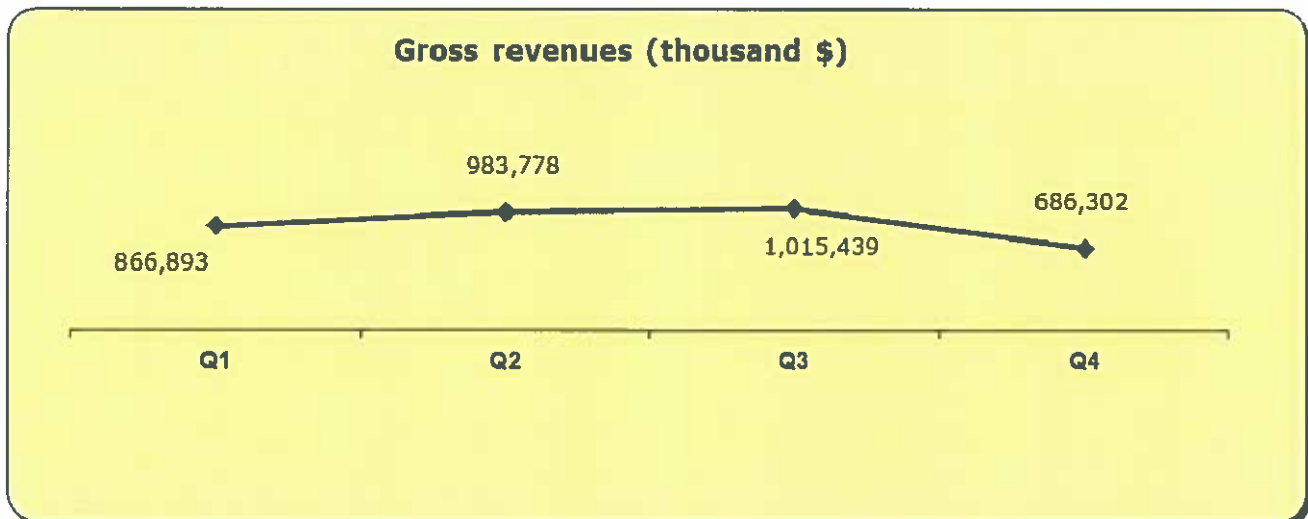
I. PETROMIDIA REFINERY



1. Executive summary

Rompetrol Rafinare SA- Petromidia Refinery will continue its development strategies in 2018, the final target being the expansion of activities on all levels from production to marketing, as follows:

- Gross revenues of 3.552 billion USD, of which internal market 2.397 billion USD (67%) and external market 1.155 billion USD (33%), as a result of selling 5,110 thousand tons of products
- Increase of petroleum sales on external markets (Georgia, Greece, Turkey, Lebanon, Bulgaria, Serbia, Moldavia) by 3% as against 2017 and decrease of petroleum sales on internal market by 5% as against 2017.



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



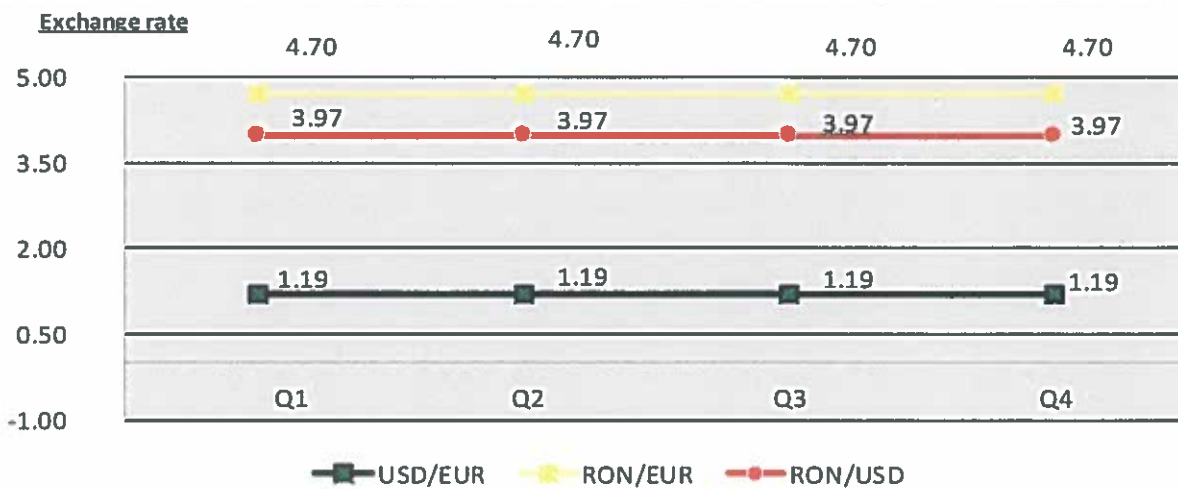
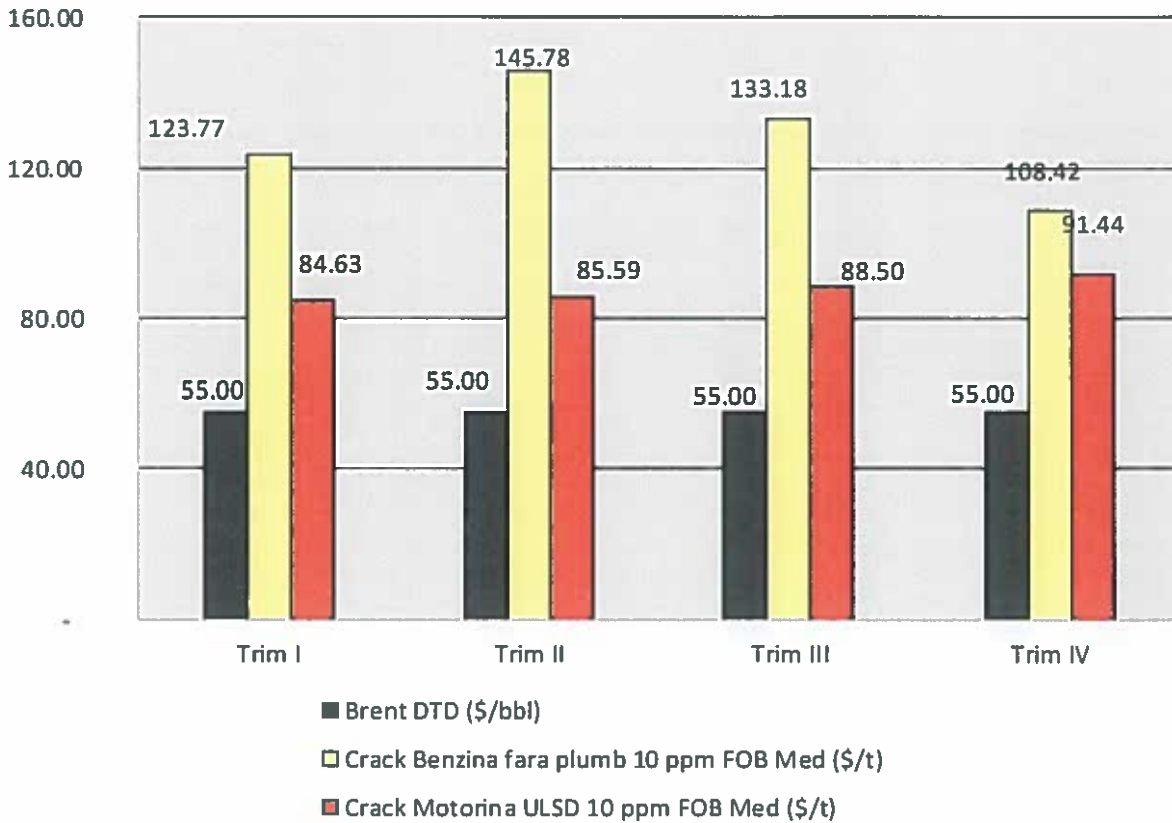
rompetrol

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.refinare@rompetrol.com
www.rompetrol-rafinare.ro
www.rompetrol.com

Environment Forecast



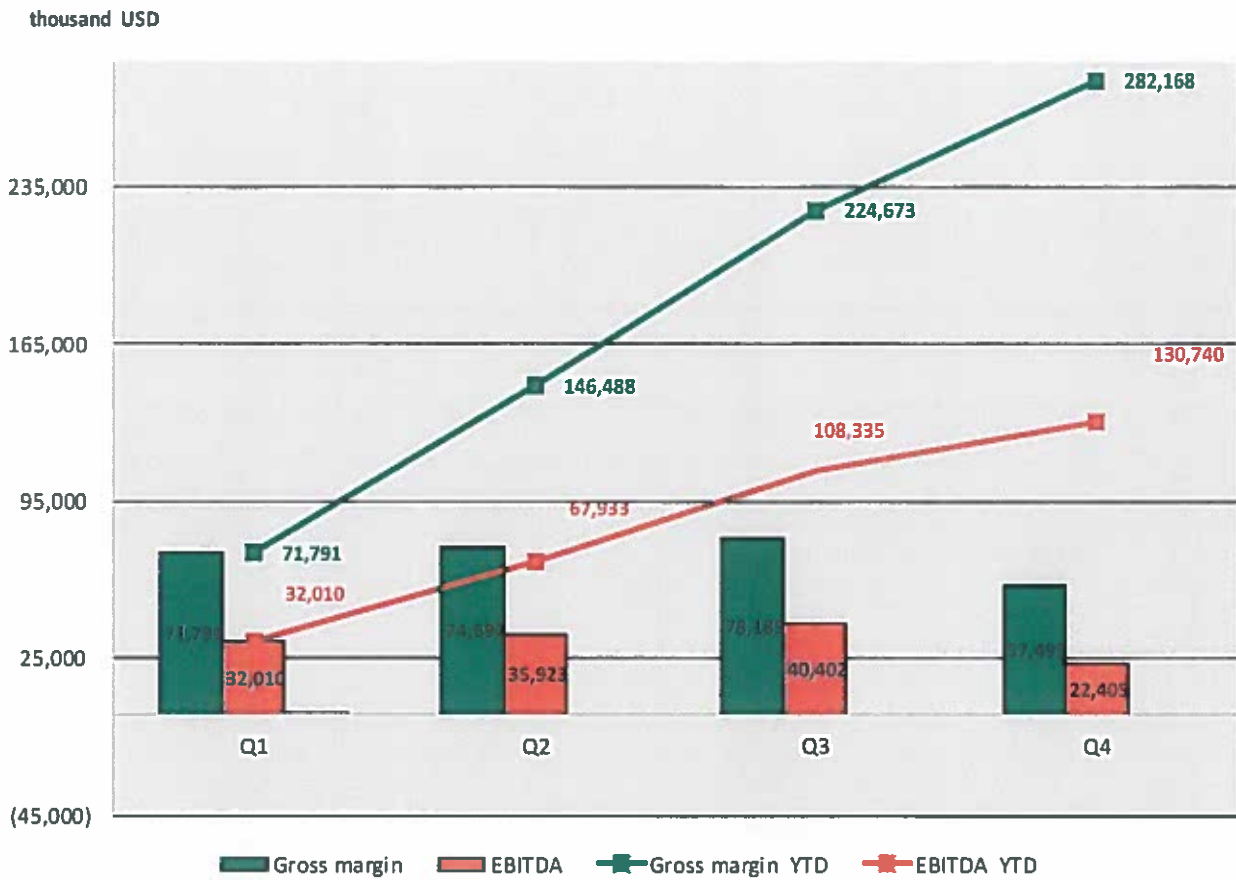


rompetrol

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.rompetrol.com



In 2018, based on the business forecasts regarding the international quotations of crude oil and petroleum products as well as based on the budgeted production and sales plans, the company estimates that the gross refinery margin will reach 282,168 thousand USD and EBITDA will amount to 130,740 thousand USD.



2. Petromidia Refinery overview

2.1. Presentation

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

Petromidia Refinery is the only refinery 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 through Constanta Harbour through a 40 km long pipeline.

The processing capacity of the refinery is of 5 million tons of crude oil annually. In order to deliver oil products, our company uses multiple loading/unloading facilities such as: rail carriage, oil-pipes and auto-tanks.

2.2. Short history

2012 - The new Efix S products were introduced in Romania starting with October 2012:

- 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.

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

- to increase the operational capacity of the refinery to 5 mil crude oil tonnes/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. The new SRU is designed to process amine gases and sour water stripped gas and is composed from two subunits: Sulfur Recovery unit and Tail Gas Treatment.

New SRU started up in October, 27th of 2012 when the first sulphur from New Sulphur Recovery Unit was obtained.

2013

Main projects finalized during 2013 in Petromidia :

❖ Delayed Coker modernization

The modernized unit was started-up in May 2013; performance test was performed in October 2013. All the parameters respected the licensor design values. Actually, the unit operates normally.

❖ Installation of low NOX burners to fired refinery heaters

In order to comply with the action plan included in the environmental permit for the Rompetrol Rafinare S.A., stating a maximum emission limit of 150 mg/Nmc for NO_x, the existing burners were replaced with new burners able to assure the reduction of NO_x emissions to atmosphere.

❖ Fuel-oil / diesel segregation in the automatic railcar loading facility

Railcar loading facility is loading Euro 5 diesel and fuel-oil.

Initially, product loading was performed using the same distributor and loader with the risk to contaminate the diesel.

By implementing this project, the risk of contamination is eliminated, together with the need to wash the distributor and loader after every delivery of fuel oil.

2014 - Petromidia, part of the RRC and KMG International NV, registered in 2014 a historical record of raw material processed - more than 5 million tons. The total amount of the processed 1979 - the year of startup of the Refinery till October 2014 has exceeded 100 million tons.

Some historical records recorded by the company in 2014 include increased production of diesel - 2.43 million tonnes (1.91 million tons in 2013 and 1.6 million tons in 2012), Diesel yield of - 48.8% (46% in 2013, 39.6% in 2012), and also white products yield - 85.7% (85.5% in 2013, 85.4% in 2012). At the same time, the



refinery has achieved an improvement in energy efficiency index - 99.8 (102.8 in 2013, 115 in 2012).

2015 - Petromidia Refinery part of Rompetrol Rafinare and KMG International NV reached in 2015 more than 15 kt/day total feedstock processed, a record at that time for Petromidia refinery since 1979.

Other records for the company are: 85.7%wt White products yield second year in a row when was reached historical level, 98.6 Energy Intensity Index, lower ever reached yearly in history and Good performance in terms of Mechanical availability, in 2015 reached the highest level of 96.9%. The highest yield of Diesel 50% and Jet 4.4% from history.

In 2016 Petromidia refinery managed to achieve a very good operational performance, at historically levels for its main technological and operational parameters such as:

- total feedstock processed of ~5.41 mil tons, an equivalent of 15.7 kt/day of operation total feedstock processed;
- Auto Gasoline production of 1.25 mil tons;
- Diesel production of 2.52 mil tons; Jet yield (4.4 %), equivalent of 237 kt production;
- the highest production of Propylene of 125 kt;
- the highest MTBE production of 41 kt reached in Petromidia refinery's history;
- technological loss of 0.91%wt;
- 97.9% Energy Intensity Index, lowest ever reached yearly in history;
- lowest processing cost in last 10 years (16.7 \$/ton);
- mechanical availability (96.9%).

In 2017 Petromidia refinery obtained a very good operational performance, recording new historical levels for the main technological and operational parameters, such as:

- Total feedstock processed of ~5.66 mil tons (16.7 kt/day of operation), the highest level reached in the company's history
- The highest production of white products of 4.88 mil tons (86.3%wt)
- The highest production of Auto Gasoline of 1.46 mil tons
- The highest production of Diesel of 2.74 mil tons
- Jet yield (4.4 %), equivalent of 251 kt production
- The highest production of Propylene of 133 kt
- Mechanical Availability (96.47%)
- Operational Availability (93.3%)
- Processing cost of (15.8) \$/mt, the lowest in the last 10 years.

3. Marketing strategy

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:

1. Efix Gasoline and Euro plus unleaded Gasoline, Gasoline RON 98 / Gasoline EFIX S RON 98
2. Efix Diesel and Super Euro 5 Diesel, Diesel 55 / Diesel EFIX S 55
3. C5-C6 Gas and Fuel Propane
4. Propylene
5. Jet fuel
6. Petroleum Coke
7. Sulphur
8. Liquefied petroleum gas GPL, Auto GPL and Commercial Propane-Butane
9. Vacuum distillate

Rompetrol Rafinare has a unique offer of products that appeal to all types of customers. The company will concentrate though on large companies, both on the domestic and export markets because they ensure the highest profitability potential.

The main clients on the domestic market are: Rompetrol Downstream SRL, Rompetrol Gas SRL, OMV Petrom, MOL Romania Petroleum, Air BP Sales, Elsid SA, Uzina Termoelectrica Midia, Oltchim. The main export partner is: KazMunayGas Trading AG.

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

3.2. Market share

Rompetrol Rafinare cover approx. 41% from the Romanian refining capacities, 5 mio tones raw materials.

Rompetrol Rafinare strengths:

- Technological modernizations which ensure the constant production of high-quality products;
- The capacity to produce oil products in accordance with the European standards using appropriate imported crude oil;
- Client-oriented business strategy.

3.3. Competition

The main competitors of Rompetrol Rafinare are OMV-Petrom (Petrobrazi refinery), Lukoil (Petrotel refinery) refineries that have developed along with Petromidia Refinery.

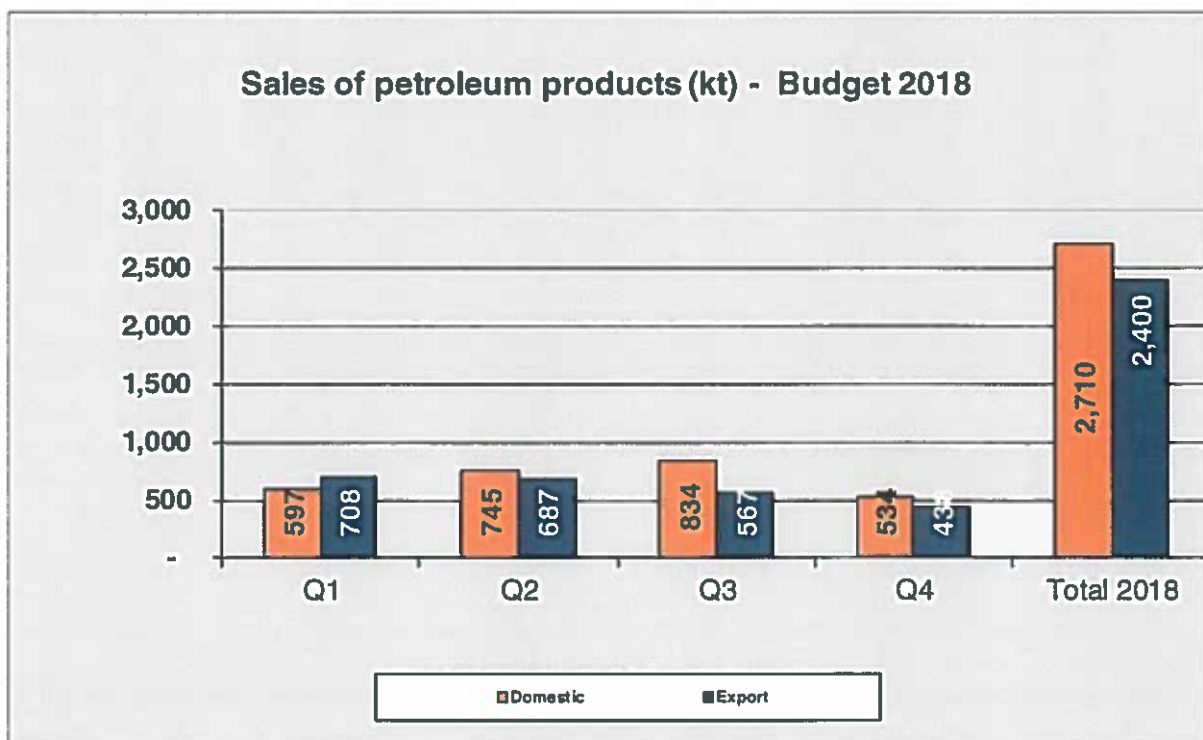


3.4. Price strategy and sales

In order to have an accurate estimation of the selling prices for 2018 and to avoid risks, special instruments of the stock markets were used with reference to historical and projected quotations and also to refining margins related to the quality of raw materials and products supplied.

As regards the market orientation, in 2018 versus 2017, the company will follow the Group strategy and increase the gasoline and diesel sales in Romania by 2% and decrease to external market by 3%, with a monthly average rate of 225,802 tons on the domestic market and 200,024 tons on the export market.

Sales 2018 (kto)	Domestic	Export	Total
Total products, out of which:	2,710	2,400	5,110
Gasoline	459	906	1,365
Jet fuel	242	16	258
Diesel fuel	1,478	1,116	2,594
Fuel oil	134	14	148
Gases	62	-	62
Propylene	140	-	140
Liquified petroleum gas	57	185	243
Petroleum coke	136	121	257
Sulphur	-	43	43





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.rompetrol.com

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 produce petroleum products in accordance with European standards;
- To continue the energy efficiency program and technological by implementation projects our internal team, Delfin;
- To decrease processing costs;
- To maintain oil products quality in accordance with the European standards.
- 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.



5. SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> ✓ Has the highest white products yield in the Black Sea region (86.3%); Strategic location on the Black Sea coast; ✓ Direct access to the Danube-Black Sea Channel, the Midia port, and Constanta port (one of the largest harbours on the Black Sea); ✓ Multiple facilities allowing crude oil reception and shipment of liquid products by railway tankers; ✓ The new maritime terminal use for crude oil discharge, group owned; ✓ Flexibility in obtaining various kinds of petroleum products; 	<ul style="list-style-type: none"> ✓ High energy costs compared with other refineries in the region because the company does not have its own energy sources ✓ Migration of specialized staff
Opportunities	Threats
<ul style="list-style-type: none"> ✓ Expansion of the retail and wholesale Group networks; ✓ Integration of the refinery Vega's niche products ✓ Increase refinery processing capacity 	<ul style="list-style-type: none"> ✓ Major dependency on utilities providers ✓ Oil market significant volatility

**rompetrol**KazMunayGas
Group
MemberROMPETROL RAFINARE S.A.
Bulevardul Navodari, nr 215,
Pavilion Administrativ,
Navodari, Judetul Constanta,
ROMANIAphone: + (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.rompetrol.com

6. Production Plan

	2018
Kto	
RAW MATERIALS	5,446
Crude oil	4,846
Other raw materials	600
PRODUCTS	5,110
Gasoline	1,367
Jet fuel	258
Diesel fuel	2,591
Light fuel oil	-
Fuel oil	147
Distilat de vid	-
Gases	62
Propylene	140
Liquified petroleum gas	243
Petroleum coke	257
Sulphur	44

The operating plan for 2018 involves processing 5,446 thousand tons of raw materials, of which 4,846 thousand tons crude oil and 600 thousand tons of other raw materials.

Crude oil & other feedstock – daily average qty (mt), from which:	15,970
Crude oil – daily average qty (mt)	14,211
Other feedstock - daily average qty (mt)	1,759
Function-no of days	341

The necessary working capital for purchasing raw materials will be financed mainly through self-resources.

The budget for the processing costs was prepared considering the following: consumption norms, production plans and seasonality for utilities and auxiliary materials expenses; contracts concluded with suppliers.



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.rompetrol.com

PETROCHEMICALS DIVISION



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.rompetrol.com

1. Company Overview

Petromidia Petrochemical Complex was designed and built in the mid of 80s , being the newest 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.

2. Marketing Strategy

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.
- Fibers grades are used for: multifilaments 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 tonnes / year of polyethylene.

Produces grades of high density polyethylene which can be processed by



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.rompetrol.com

injection, blow molding, extrusion. The main applications are: thin film, molded bodies, pipes, drums.

The product can be delivered in 25 kg bags, palletised or 1 tonne 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 tonnes/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, palletised or 1 tonne bags (big bags).

2.2 . Market Share

Petrochemicals Division continued in 2017 to be the sole producer of polymers in Romania, polypropylene and polyethylene of low and high density. Strategy developed allowed an increase in 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.

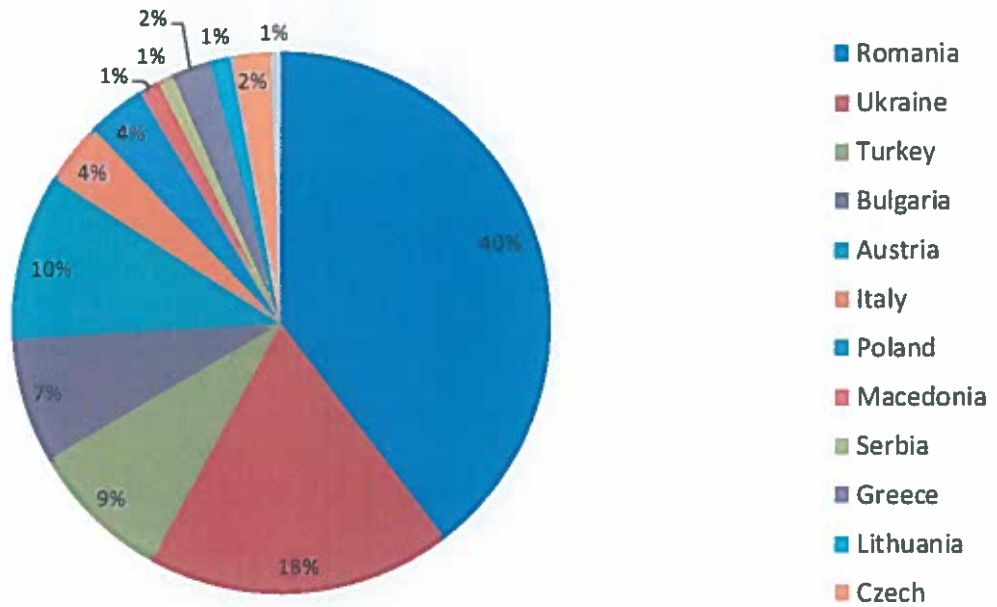
2.3. Sales Policy

Sales of finished goods are expected to grow in 2018 with almost 43% vs. last year (from 143,105 to in 2017 to 205,180 to in 2018) as a result of HDPE restart from april 2018.

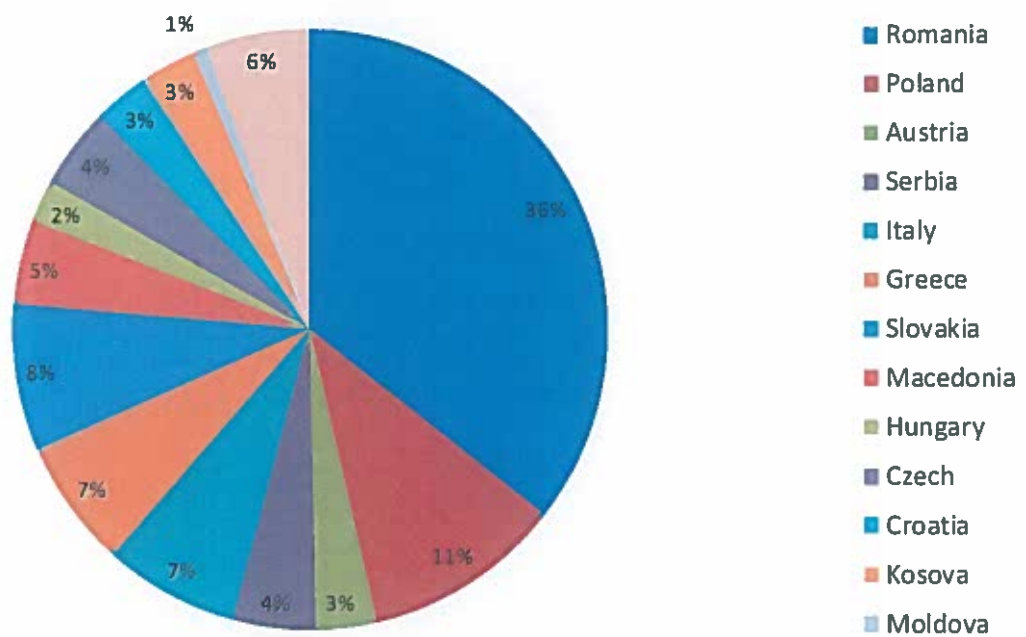
	Budget 2018	Actual 2017	2018 vs 2017	%
Total Polymers	205,180	143,105	62,075	43%
PP	86,410	82,767	3,643	4%
LDPE	72,600	60,338	12,262	20%
HDPE	46,170	-	46,170	N/A



PP Sales by Distribution Channels

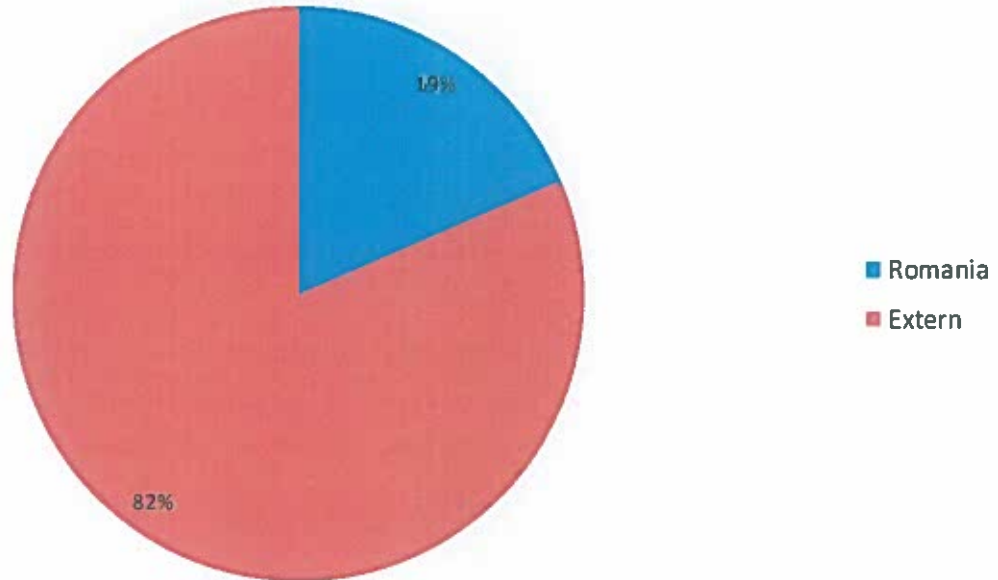


LDPE Sales by Distribution Channels





HDPE Sales by Distribution Channels



3. Strategy and objectives

Company strategy is to consolidate actual distribution channels, increase internal market share and lowering the quantities sold by intermediaries.

Major objectives:

- Increasing the percentage of conformes products, which in 2017 reached 97.89%;
- Continuing energy and operational efficiency programs;
- Minimizing accidental stops;
- Environmental compliance;
- Maintaining a high level of safety and protection in work.



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.rompetrol.com

II. 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.rompetrol.com

1. Company overview

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

In 2017 Vega Refinery managed to achieve operational performances such as:

- historical record for bitumen production of 96 kt;
- highest ecological solvent production of 41 kt;
- processing cost of 38.5 \$/mt (lowest processing cost ever attained by the refinery);
- lowest technological consumption ever reached: 1.04% wt;
- energy consumption reached the level of 2.65, lowest value in the last 5 years.

In 2018 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.

2. Marketing strategy

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 Oils;
- Bitumen: Special Bitumen and polymer modified bitumen.

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:

- colorless, 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 de-aromatization.

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



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.rompetrol.com

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 obtained 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 fuels: an extra Calor Rompetrol Rompetrol Economic Calor 3;
- Liquid fuels: liquid fuels type 3 (CLU).

Heating fuels 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.

In 2018 bitumen sales are estimated to 99,569 tonnes, by 3% higher than the previous year, in 2017 Vega refinery reached historical record bitumen sales, of 96,470 tonnes.

The presence of polymer in bitumen leads to an increase in performance of the asphaltic sheet made with this type of binder, namely:

- increase of endurance;
- increase of toughness at constant deformations;
- increase of resistance at cracking at low temperatures;
- increase of resistance at wear and ageing;
- maintain the roughness of the rolling surface;
- improve the adherence between bitumen and cover stone.

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



Finished product sales are estimated to increase in 2018 vs 2017 by 4% (from 371,145 tonnes in 2017 to 385,331 tonnes in 2018) due to planned revisions.

Product	Actual 2017		Budget 2018		2018 vs. 2017	
	[tone]	%	[tone]	%	[tone]	%
Naphtha gasoline	110,228	30%	105,613	27%	(4,615)	-4%
Hexane	81,968	22%	82,604	21%	636	1%
Ecological Solvents	41,484	11%	47,869	12%	6,385	15%
White spirit	8,302	2%	13,983	4%	5,681	68%
Gasoil & Heating Oils	4,714	1%	3,970	1%	(744)	-16%
Light liquid fuel	2,751	1%	4,797	1%	2,046	74%
Bitumen	96,470	26%	99,569	26%	3,099	3%
Fuel oil	25,228	7%	26,926	7%	1,698	7%
Total	371,145	100	385,331	100	14,186	4%

2.2. Market share

Vega Refinery is the **only Romanian producer of:**

- *Ecological Solvents – Rompetrol SE* – in 2018 the unit is estimated to function at the planned processing capacity – sales are expected to increase by 15% (from 41,484 tonnes in 2017 up to 47,869 tonnes in 2018 due to market demand).

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

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.



2.4. Price strategy and sales

In accordance with the budget assumptions, the sales markets are as follows:

Sales 2018 Total products out of which	Budget quantity 2018 [tons]			[%]	
	DOMESTIC	EXPORT	TOTAL	DOMESTIC	EXPORT
Naphtha gasoline	33,000	72,613	105,613	31%	69%
Hexane	4,188	78,416	82,604	5%	95%
Ecological Solvents	825	47,044	47,869	2%	98%
White spirit	9,461	4,522	13,983	68%	32%
Gasoil & Heating Oils	3,970	0	3,970	100%	0%
Light liquid fuel	4,797	0	4,797	100%	0%
Bitumen	99,569	0	99,569	100%	0%
Fuel oil	20,926	6,000	26,926	78%	22%
Total	176,736	208,595	385,331	46%	54%

Export assumptions sales 2018



The markets and products that are sold in UE are:

- Hungary for naphtha and n-hexane;
- Germany and Italy for ecological solvents and n-hexane;
- Bulgary for heating oils, gasoil, white spirit and n-hexane;
- Poland for n-hexane and SBP's ;
- Austria for n-hexane.

**Other markets:**

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

Naphtha sales represent 27% of total sales for 2018, decreased by 4,615 tonnes vs. 2017, due to good performance of the Hexane Unit.

3. Strategy and objectives:

- To maximize the gross margin for the niche products in order to bring added value to the business
- Developing near abroad markets for niche products in order to obtain higher premium price;
- 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. Production Plan:

VGA 2018	tones
Feedstock	387,095
Crude oil	-
Other feedstock	387,095
Finished products	382,832
Ecological solvents	47,869
Hexane	82,604
Naphtha gasoline	105,613
White spirit	13,983
Gasoil	3,971
Light liquid fuel	4,797
Fuel oil	24,426
Bitumen	99,569
Total consumption	4,263



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.rompetrol.com

III. CONSOLIDATED BUDGET INCOME STATEMENT (Petromidia Refinery, Vega Refinery and petrochemicals division)

(Amounts in thousands USD)

Budget Income Statement for 2018					
(Thousand USD)	Year 2018	Q1	Q2	Q3	Q4
Description					
GROSS REVENUES	3,780,923	903,340	1,051,705	1,083,417	742,460
SALES TAXES	(1,015,189)	(220,513)	(270,048)	(318,409)	(206,218)
Net revenues	2,765,734	682,827	781,657	765,008	536,242
COST OF SALES	(2,639,213)	(654,959)	(744,467)	(722,938)	(516,849)
GROSS MARGIN	126,521	27,869	37,190	42,069	19,393
SELLING, GENERAL & ADMINISTRATION	(59,427)	(13,582)	(15,509)	(15,091)	(15,244)
OTHER, NET	0	0	0	0	0
ADJUSTMENT Depreciation & Amortization	78,749	19,879	19,618	19,621	19,632
EBITDA	145,843	34,165	41,299	46,599	23,781
PROVISIONS	(266)	0	0	0	(266)
EBIT/Operating Profit/(Loss)	66,828	14,286	21,681	26,978	3,882
Interest & commissions, net	(31,572)	(8,182)	(8,479)	(7,674)	(7,237)
PROFIT/(LOSS) Before Income Tax	35,256	6,105	13,203	19,303	(3,355)
Profit tax	0	0	0	0	0
Minority interest	0	0	0	0	0
NET PROFIT/(LOSS)	35,256	6,105	13,203	19,303	(3,355)



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.rompetrol.com

In current market conditions, the management of Rompetrol Rafinare forecasts that the company will record in 2018 a positive operational profit (EBITDA) in amount of 145.84 million USD and net result in amount of 35.3 million USD

THE BOARD OF DIRECTORS:

**Chairman
Catalin Dumitru**

**Member
Alexey Golovin**

**Member and General Manager
Yedil Utekov**

**Member
Mihai-Liviu Mihalache**

**Member
Nicoleta-Viorica Soisun**

Prepared by:

**FINANCIAL MANAGER
Vasile-Gabriel Manole**

**Planning and Performance Management Director
Alexandru Stavarache**

**Planning and Production Optimization Director
Raluca Lainer Gavril**

Rompetrol Rafinare
Income Statement

USD

	BUDGET
	Year, 2018
GROSS REVENUES	3,780,922,629
SALES TAXES	(1,015,188,663)
Net revenues	2,765,733,967
Purchases	(2,397,654,083)
Purchases - crude oil and equivalents	(1,936,446,468)
Purchases - other raw materials	(452,678,082)
Purchases - auxiliary materials	(7,615,709)
Purchases - petrochemical products finished goods	(884,582)
Customs duties and commissions	(29,242)
Change in inventories Purchases	16,053,504
= Gross Margin	384,133,388
Variable logistics Costs	(33,357,121)
Variable logistics Costs Inbound	(22,206,772)
Variable logistics Costs Outbound	(11,150,349)
= Contribution	350,776,267
Conversion&Service Costs Cash	(163,144,230)
Utilities	(89,276,473)
Maintenance	(28,400,827)
Staff costs	(24,503,609)
Other expenses	(20,963,320)
Depreciation Conversion	(76,429,216)
Change in Inventories Production	4,167,629
Add back Capitalised Expenses to Capex	-
= Gross Profit	115,370,450
Selling & Distribution Cash	(4,682,349)
Staff costs	(1,200,190)
Rent	(67,931)
Utilities	(436,120)
Maintenance	(922,384)
Insurance	(289,790)
IT&C	(336,131)
Other selling & distribution Cash	(1,429,803)
Depreciation Selling & Distribution	(618,552)
General & Admin Cash	(41,274,301)
Staff costs and salary related taxes	(2,871,637)
Rent	(733,079)
Utilities	(455,144)
Maintenance	(808,484)
Security services (only ADMIN - Global Security Sistem)	(250,693)
Insurance	(19,968)
Local Taxes (impozitul pe cladire - ADMIN + other taxes)	(727,952)
IT&C	(1,133,557)
Consulting & professional fees & Management fees	(21,547,442)
Sponsorships	(4,541)
Environmental services	(7,407,681)
Marketing	(6,825)
Fire protection services (Buoy, tank farm, other)	(81,611)
Other general & admin Cash	(5,225,687)
Depreciation General & Admin	(1,701,232)
Other operating revenues/expenses	-
Add back Depreciation	78,749,000
= EBITDA	145,843,016
Provisions	(266,405)
= EBIT/Operating Profit/(Loss)	66,827,611
Interest & commissions, net	(31,571,855)
=EBT	35,255,756
Profit tax	-
Minority interest	-
= Net profit/(Loss)	35,255,756

THE BOARD OF DIRECTORS:

Chairman
Catalin Dumitru

Member
Alexey Golovin

Member and General Manager
Yedii Utekov

Member
Mihal-Liviu Mihalache

Member
Nicoleta-Viorica Solsun

Prepared by:

FINANCIAL MANAGER
Vasile-Gabriel Manole

Planning and Performance Management Director
Alexandru Stavarache

Planning and Production Optimization Director
Raluca Lainer Gavril