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Contact: Roxana Clinciu

Tel: 021/2723625

**Rompetrol Rafinare, operational profit of USD 182 million in 2016 and historical production records**

<b>Consolidated*</b>		<b>2016</b>	<b>2015</b>	<b>%</b>
Gross turnover	USD	3,566,449,386	3,836,585,175	-7%
EBITDA	USD	182,577,489	112,939,083	62%
Net result	USD	49,804,032	64,655,536	-23%

Rompetrol Rafinare, a company member of KMG International, registered a consolidated operational result EBITDA amounting to USD 182.5 million in 2016, higher by 62% as compared to 2015, on the background of the historical operational performances registered by the two refineries operated by the company, Petromidia Năvodari and Vega Ploiești.

*"The operational results marked by historical records of Petromidia and Vega refineries were achieved further to the constant programs for modernizing production installations, and those to optimize industrial processes and cut operation costs. In 2016, the Petromidia refinery registered a historical level of processed raw material, of 5.4 million tones/year, given the improvement of the energetic intensity index and the cutting of processing costs to the lowest level in the last 10 years, of USD 16.7/tonne. Also, the Vega refinery produced the highest annual quantity of bitumen of 91,000 tones, being the only producer in the country. The constant performances of Rompetrol Rafinare were made further to the investments supported by KMG International and its sole shareholder, the national oil and gas company in Kazakhstan, KazMunayGas, which amounted to USD 1.4 billion starting from 2007, the takeover time", as the general manager of Rompetrol Rafinare, Yedil Utekov, stated.*

In 2016, the quantity of raw material processed by the Petromidia refinery amounted to 15,700 tones/day, higher by 9% as compared to 2015. The production of car gas increased to 1.25 million tones, while the Diesel gas production amounted to 2.52 million tones in 2016, thus marking historical production records for these categories of products. Also, the propylene production reached the annual record level of 125,000 tones in 2016, and the produced quantity of MTBE (methyl tertiary butyl ether), a substance used in the gas production, was the highest one reached in the history of Petromidia refinery (41,000 tones). The quantity of reactor oil produced by the Petromidia refinery also reached a record level in 2016, of 237 thousand tones. The technological losses were reduced to 0.91% wt in 2016, the Energetic Intensity Index reached the level of 97.9%, and the mechanic availability increased to 96.9%.

The Vega refinery registered a historical record both in terms of the produced quantity of bitumen, and that of ecological solvents, of over 40 thousand tones, in 2016. The Vega Refinery registered a historical cost in the decrease of the processing cost, which reached the level of USD 39.7 / mt. Also in 2016, the hexane yield increased to 55%, the equivalent of 83,000 production tones.

Rompetrol Rafinare SA exported in 2016, through the refinery and petrochemistry divisions, a total quantity of products of 2.5 million tones, higher by 3.7% as compared to 2015, mainly to the partners in the Black Sea region. The company is the biggest exporter of oil products of Romania and the second exporter at a national level.



The net consolidated profit made by Rompetrol Rafinare in 2016 reached the level of USD 49.8 million, indicator negatively influenced by the evolution of international quotations for oil products, marking a decrease 23%.

Rompetrol Rafinare SA continued to be an important taxpayer to the Romanian state budget, paying more than USD 1.277 billion for 2016 and the value of the contribution to the state budget exceeding USD 12.5 billion in the 2007 – 2016 period.

The majority shareholder of Rompetrol Rafinare SA is the KMG International group, the Romanian State having 44.69% of the shares. The holdings of Rompetrol Rafinare SA automatically reflect on the companies controlled by the company, directly and indirectly, Rompetrol Downstream, operating the gas station network of the Rom Oil Group, the warehouse network plus the other companies directly or indirectly held: Rompetrol Logistics, Rom Oil, Rompetrol Gas.

## The refining segment

<b>Financial</b>		<b>2016</b>	<b>2015</b>	<b>%</b>
Gross turnover	USD	2,898,959,937	3,166,029,443	-8%
EBITDA	USD	120,746,837	63,103,975	91%
Net result	USD	37,340,784	119,408,751	-69%
<b>Operational</b>				
Processed raw materials	kt	5,408	4,950	9%
Sales of fuels-internally	kt	1,884	1,662	13%
Sales of fuels - export	kt	2,118	2,038	4%

*Note: The refining segment includes the results of Rompetrol Rafinare SA referring to the activity of Petromidia and Vega refineries)*

In the refining segment, the increasing operational indicators were supported by the historical production records registered by the Petromidia and Vega refineries. Thus, the EBITDA operational profit amounted to USD 120 million in 2016, higher by 91% as compared to 2015. The gross refining margin improved in 2016 as compared to the last year by 23%, reaching a level of USD 42.5 /t as compared to USD 34.4 /t in 2015. The company's financial results continued to be positively influenced by the more favorable market conditions.

The gross turnover on the refining segment reached a level of over USD 2.898 billion for 2016, lower by 8% as compared to 2015 on the background of the decrease of international quotations of oil products.

The use degree of the refining capacity for the Petromidia refinery was 83.96% in 2016, higher by 9.78% as compared to the last year. In addition to the historical records registered for the produced quantities of gas and Diesel oil, the Petromidia refinery reported a jet yield of 4.4%, a historical level for this type of product, the equivalent of 237 thousand tones of production.

As regards the Vega refinery, the total surplus of raw material was 354.3 thousand tones in 2016, higher by 7.78% as compared to the same period last year, when 328.7 thousand tones were processed. The use degree of the refining capacity for the Vega refinery was 107% in 2016, higher by 7.7% as compared to 2015. In addition to production records for bitumen and hexane, the Vega refinery registered the highest production of ecological solvents in 2016, of 40 thousand tones. In the same year, the Vega Refinery registered the lowest ever reached technological loss, of 1.1% wt.

The sales of fuels in the refining segment amounted to 1.8 million tones in 2016 on the internal market, higher by 13% as compared to 2015, while the sales of fuels for export increased by 4% in 2016 as compared to 2015, to over 2.1 million tones.



## The petrochemistry segment

<b>Financial</b>		<b>2016</b>	<b>2015</b>	<b>%</b>
Gross turnover	USD	180,271,804	189,392,593	-5%
EBITDA	USD	6,320,969	(6,729,546)	N/A
Net result	USD	(11,264,121)	(29,833,264)	-62%
<b>Operational</b>				
Processed propylene	kt	124	113	9%
Processed ethylene	kt	65	62	5%
Total sales	Kt	190	174	9%

Note: the petrochemistry segment includes the petrochemical activity in Rompetrol Rafinare SA and the activity of Rompetrol Petrochemicals SRL.

Starting with January 1, 2014, the petrochemical activity was taken over by Rompetrol Rafinare SA., being completely integrated on the propylene, utilities and logistics flow with the Petromidia Refinery.

In 2016, the total polymer production in the petrochemistry segment was 149.5 thousand tones, higher by 5% as compared to the last year, when 142.2 thousand tones were produced.

In 2016, the petrochemistry activity was marked by new historical records: the total polymer production was 150 thousand tones, the highest in the last 5 years, and the processing cost reached the minimum level of \$ 269 /mt.

The petrochemistry segment is the Romanian unique propylene producer, constantly succeeding in increasing its market share also for the secondary product categories. In 2016, the company developed 3 new types of polymers, and its dynamic development strategy ensures to the company a competitive position on the internal and regional market in the Black Sea and Mediterranean Sea, Central and Eastern Europe area.

## The distribution segment

<b>Financial</b>		<b>2016</b>	<b>2015</b>	<b>%</b>
Gross turnover	USD	2,196,231,269	2,311,311,224	-5%
EBITDA	USD	55,320,638	56,760,757	-3%
Net result	USD	24,733,512	(18,622,552)	N/A
<b>Operational</b>				
Fuel quantities - retail	kt	636	621	2%
Fuel quantities – wholesale	kt	1,126	1,014	11%
Sold LPG quantities	Kt	273	248	10%

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

The gross turnover consolidated for the distribution segment was USD 2.19 billion in 2016, lower by 5% as compared to the 2015 year, on the background of the decrease of the quotations for the oil products. The Platts quotations (FOB Med Italy-mean) decreased on an average by 17% in gas and decreased by 20% in Diesel oil on the background of an average RON/USD exchange rate higher by 1% as compared to the similar period of last 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](http://www.rompetrol-rafinare.ro)  
[www.rompetrol.com](http://www.rompetrol.com)

The sales of fuels registered a significant increase in the wholesale segment (increase by 11% in 2016 as compared to 2015), while in the retail segment the volume of sales of fuels increased by 2% in 2016 as compared to the same period of last year. Also, the LPG quantities sold in 2016 increased significantly, by 10% as compared to those in 2015, on the background of the increase of the demand for this type of product.

At the end of December 2016 the distribution segment of Rompetrol Downstream included 734 merchandising points, including the network of own stations, partner stations operated by the client and dealers, mobile stations.

The retail activities of KMG International are performed in more than 1,000 fuel distribution points held and operated in countries such as Romania, Georgia, Bulgaria, Moldova. The KMG International Group, through Rompetrol Downstream, continued to modernize the existing stations, the investments until now amounting to over USD 7 million.

*\* The consolidated financial statements of Rompetrol Rafinare include the results of Rompetrol Rafinare S.A. and those of 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.*

*\* The presented results are unaudited and consolidated, and the reporting was made according to the International Financial Reporting Standards (IFRS).*

## **Public Relations and Communication Department**

### **KMG International**