The Rompetrol Group
Corporate Presentation
The Rompetrol Group: A solid investment and a long term commitment
Our Strategy

Romania, the bridge for the Kazakhstani resources to Western Markets
Rompetrol acquisition is the first step of the expansion strategy into the European refining and distribution segment and a critical strategic move to build the energy bridge between Kazakhstan and Europe. This requires a long term commitment to Romania and a clear partnership relationship.
Our Strategy

Romania, the bridge for the Kazakhstani resources to Western Markets

**Kazakhstan facts**

- 5,300 million tones reserves of crude oil (representing 3% of the world total);
- 80 million tones production in 2010;
- 130 million tones production by 2015 (75% for export);
- 12 million tones/year refining capacity of existing three Kazakhstan refineries;

**KazMunayGas is pursuing**

- Access to international capital to finance operations expansion;
- Logistical outlets to sell crude oil and products outside land-locked Central Asia closer to final consumers;
Add value to natural resources and bring this value closer to clients. The following objectives are critical in order to achieve a sustainable growth of the Kazakh economy:

- Crude oil value:
- Logistics from oil field to refinery;
- Refining margin;
- Distribution and retail service level;
- Petrochemicals;
- Power generation;
- Capitalize on Romania as a geo-strategic location to bridge Eastern resources and Western markets

Kazakhstan Oil Consumption and Production
Black Sea Region: A getaway to Europe

Romania – A strategic position

- Black Sea region counts 160 million people;
- Bosporus has become bottleneck for access to Western Europe for sea transport. However, pipeline projects north of Bosporus are in progress, supported by central and western European countries and EU leadership;
- Emerging economies, like those surrounding Black Sea, are growing at fastest rate in Europe.

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Rompetrol: The right expertise in the right place

The energetic bridge between Asia and Europe

- Rompetrol enters Western and Central Europe through fluvial transportation (via Danube)
- Educated and cost competitive labor
- Vast experience in oil and gas industry
- Over 150 years of crude production and refining operations

- Higher technical standards compared to capacities in neighboring countries, e.g. Turkey and Ukraine lacking Euro5 standards, preventing access to European market;
- Excess capacity in Romania allows better quality/price ratio at acquisition;
- Actively pursuing partnerships to diversify its oil and gas supply sources from Russian predominance;
- Good political relations between Romania and Kazakhstan. Romania was the first to recognize independent Kazakhstan;
The Rompetrol Group: General Presentation
• Operations in **12 countries worldwide**: Romania, Republic of Moldova, Georgia, Bulgaria, Spain, France, Kazakhstan, Ukraine, Russia, Libya, The Netherlands and Switzerland;

• Activities in almost every field of the oil & gas industry and a European retail network of almost **1,100 fuel distribution points**;

• **9,000 employees** in the whole Group;

• A turnover of roughly **7 billion USD** in 2010.
• **Mission**: we create value by offering competitive fuel supply solutions to individuals and businesses, through cost efficient distribution channels, promoting innovation and acting responsibly on the way of delivering return on investments to our shareholders.

• **Vision**: we strive to be highly efficient, profitable and competitive marketing and sales organization in the oil and gas industry, within the markets of today and in the future. Through our integrated supply chain we aim to achieve the highest operational, safety and environmental standards.

**STRATEGIC DIRECTIONS:**

• Major contribution to the vertical integration of its sole shareholder, provide access to European petroleum markets.

• Efficient, profitable and quality competitive refinery of the Kazakh crude.

• Integrated value chain trader of high petroleum and petrochemical products.

• Create competitive fuel supply solutions to individual and business through cost efficient retail channels.

• Operate under highest safety, environment and corporate social responsibility (CSR) standards.

**VALUES:**

• Our people
• Care, Integrity and Responsibility
• Courage
• Applied Creativity
• Determination
Aims at increasing the refining capacity up to 5 million tons for Petromidia Refinery.

Total storage capacity of 1.3 million cubic meters in Europe.

1,100 fuel distribution points spread in the whole Europe.

Expansion in existing markets through capital investments, partnerships and acquisitions.

Investments of over 240 million USD in 2010.
The Rompetrol Group:
Retail Business Unit
• 1,100 fuel distribution points (Romania, Bulgaria, Republic of Moldova, Georgia, France and Spain).
• Innovative products and services: Efix, Alto, Fill&Go, Litro, Hei.

• Strategic priorities are to consolidate and expand the distribution network (locally and internationally), launch ergonomic distribution concepts and constantly improve the quality of services and products.
Retail Network in Romania

COCO* Network
- Network: 131 locations
- Coverage: all counties

DODO** Network
- Network: 156 locations
- Coverage: 39 counties

Express Network
- Network: 126 locations
- Coverage: 28 counties

RBI & “Cuve” Network – business solutions
- Network: 353 locations
- Coverage: 42 counties
- Customers: 220 customers

*COCO station – company owned, company operated
**DODO station – dealer owned, dealer operated
Dyneff France and Spain

**RETAIL**
(gas stations)

140 gas stations in France and Spain

**DETAIL**
(commercial agencies)

10 commercial agencies in France and Spain

**WHOLESALE**
(wholesale agencies)

2 wholesale agencies in France and Spain
Established in 2002, **Rompetrol Bulgaria** operates at this time a retail network of 57 gas-stations, spread all over the country.

Focused on wholesale and retail activities, **Rompetrol Georgia** has in its portfolio 55 gas-stations and a fuel storage capacity of 9,500 cubic meters.

The third national fuel retailer, **Rompetrol Moldova** focused in the last years on a fast network expansion, reaching 30 stations.
Third LPG terminal in Romania, following an investment of 11 million USD made by Rompetrol Gas (bottling capacity of 20,000 tons / year, and storage capacity is 1,500 cubic meters).

Rompetrol Georgia, extended its storage capacity from 6,000 to 9,500 cubic meters.

Dyneff, opened at the beginning of 2011 the 8th highway gas-station. Moreover, Dyneff increase its oil storage capacity from 780,000 cubic meters, to 860,000 cubic meters.

Rompetrol Moldova increased its network with 15 new gas-stations in 2010 and 2011.
The Rompetrol Group: Trading Business Unit
General Presentation of Trading

- Trading BU is in charge with **optimizing the entire distribution chain** (from raw materials supply, to sale of the final products) of The Rompetrol Group;

- Operations that span from the Caspian Sea to the Mediterranean

- Fuel depots with a **total storage capacity of 1.3 million cubic meters** (France, Spain, Romania, Bulgaria, Georgia and Ukraine)

- Trading **managed to reach a turnover of over 3.7 billion USD in 2010**
Vector Energy AG
- Optimizes the overall supply chain of the Group;
- Establishes synergies with KazMunayGas Trade House – the main oil supplier for Petromidia Refinery.

Byron Shipping Ltd
- Shipping transportation subsidiary of Vector Energy;
- Aims at optimizing the flows amongst TRG entities and Rompetrol Rafinare.

Midia Marine Terminal
- Consolidates the link between Eastern oil resources and the Western markets;
- Strengthens the presence of KMG and Rompetrol in the geographical arch linking the Caspian Sea area, the Black Sea area and Western Europe.
The Rompetrol Group: Finance Business Unit
Finance Business Unit

Achievements

Restructuring & Cross Functions
- Manage MPTO & Hybrid
- Logistics Outsource
- Shared Service implementation
- SAP Implementation
- Business Model assessment

Accounting & Reporting
- Fast Close starting with Sept 2010
- Mid/Year End Audits on time and with clean auditor’s report
- PPA computation
- Cognos BI and Cognos Controller full integration and further developments
- Controlling Department, Accounting Manual and Procedures

Budget Control & Planning
- Budget Execution Analyses based on new SCoA
- Budget prepared and submitted in time
- Strategic Plan Review
- Budget Automation
- Analyses by Cost Center

Risk Management
- Design/approve Hedge Policy
- Start implementation
- Extend execution to all areas
- Reduce cash and P&L volatility

Procurement
- Over $30m Savings
- Implement Procurement Policy
- Procurement Plan and Tender Calendar in place
- DoA Chapter 10 fully operational
- Further $10m savings targeted
- Sourcing strategies to be developed
2010 – 2012 Strategy

- Build a strong corporate culture by providing clear directions and implementation of Group procedures
- Accomplish timely the 2010 Package and the investments into HDPE plant
- Optimize gas stations network in countries of operations

Future plans

- Streamline current operations, focus on costs and efficiency, finalize Refinery 2010 project
- Expansion in existing markets through capital investments, partnerships and acquisitions
- Expansion in new markets through acquisitions and capitalizing on synergies

2010 – 2012

2013 – 2015

2016 – 2020

Finance Business Unit

Future development plans
The Rompetrol Group: Business Development Unit
STRATEGIC DIRECTIONS

• Develop the upstream activity through alliances with third-party contractors;

• Provide predictive maintenance services and industrial turn – key solutions;

• Expand services and product deliveries based on collaboration with KazMunayGas;

• Expand the lab analyses range of services.

• Make use of all capacities and facilities for waste collecting, treating and disposal in large non-group projects existing on the market.

Corporate functions under the BU administration

• Legal
• Human Resources
• Marketing
• Corporate Governance
Division of the Business Development Unit

**Rompetrol Upstream**: coordinates the E&P activities of the Group. It has over 30 years of experience in many traditional markets including the Middle East and Caspian Sea regions and focuses on upstream activities in Romania, Russia, Middle East and North Africa.

**E&P**: controls exploration and production licenses for blocks Satu Mare and Zegujani and exploration for Gresu, Nereju, Focsani, in Romania.

**Rompetrol Well Services**: offers specialized services of well drilling for crude oil and natural gas extraction.

**Drilling**: Drilling and workover services are Rompetrol’s field of action in which it has accumulated the largest and most extensive work experience.
**Rominserv**: The general contractor of the Group, integrates industrial maintenance services, project management, technical and technological development services; at the end of 2008, the company opened a subsidiary in Kazakhstan.

**Rominserv Valves**: Specialized in the design, production and distribution of a wide range of industrial cast iron, steel fittings and safety valves.

**Palplast**: Manufacturer of high-density polyethylene pipes and fittings with a wide range of applications, as well as sprinkler and drip irrigation systems.

**Rompetrol Quality Control**: has 6 modern laboratories that offer specialized quality and environmental testing services.

**Ecomaster**: integrated provider of industrial ecological services; with a 9 years experience on the local market, the company has accumulated the expertise that make it one of the innovators in the field.
In 2010, The Rompetrol Group developed the online campaign “Concert at the Injectors”, a fresh and innovative marketing concept, that succeeded to increase significantly our brand awareness in the online environment.

**Awards - Internetics**
- The Best Viral of the Year
- The Best Promotional Website (Auto)
- Bronze – Promotional Websites (Overall)

**Awards – Effie**
- Gold Prize – Media promotion efficiency
- Silver Prize – Other products category

The Rompetrol Group was awarded in 2010 and in 2011 with the Romania Superbrands Award, offered to the most powerful companies in the Romanian economy, that have shown innovativeness and openness in all the fields they’re operating.
Rominserv Kazakhstan was hired as the general contractor for two large projects at the Atyrau Refinery in Kazakhstan: the reconstruction and modernization of the Void Atmospheric Distillation (VAD) and of the Cooking Installation. The total value of both projects reaches 75 million USD.

Through TRG’s social responsibility plan, “Together for each and everyone”, offered SMURD (the Emergency Mobile Reanimation and Extrication Service) a sponsorship consisting of Jet A1 helicopter fuel in the amount of 240,000 USD.

Ecomaster opened Ecopark – an ecological park, designed to collect, store and treat dangerous industrial waste, after an initial investment of 2.5 million USD. Half a year later, Ecomater invested another 2 million USD and has put into commission the second cell of Ecopark.

Transfer of all TRG employees in Romania to a new office building (City Gate). Part of the larger optimization process started by the company, which aimed at the improvement of the overall results, this improved substantially the communication flow between the companies.
Going Forward: our Vision, our Plan, our Partnership
• The Rompetrol Group is the bridgehead in KMG’s expansion in Europe

• Increased refining capacities and retail network expansion following in the coming years

• KMG takes a long term commitment on opportunities for integration along the value chain

• Kazakhstan is on the strategic path shifting from being a natural resource producer, to a value adding manufacturer

• Future objectives include integration along the supply chain, increasing industrial expertise and expanding commercial coverage of its national products

• Over and beyond jobs creation and an increasing stream of tax revenues, such leadership position will further consolidate Romania as a centre of excellence in the Oil and Gas sector

A strong, long term partnership between Romania and Kazakhstan is essential to leverage the role of both countries in creating the energetic bridge.

Rompetrol is the key asset in realizing this partnership.
Thank you!