

Romania: More financial losses at Rompetrol Rafinare in first half of 2020

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Due to the impact generated by the influences of the pandemic on the demand for petroleum products and unprecedented volatility in the oil market, Rompetrol Rafinare, a member company of the KMG International Group, recorded declining financial results in the first half of 2020.

In the context of the restrictive measures imposed with the onset of the pandemic that led to very low market demand, as well as the prolonged misunderstandings and negotiations by OPEC + members that led to a very low historical crude oil price, massive and cheap stocks of products were generated in the oil market. After the relaxation of measures and, in conjunction with the recovery of crude oil prices due to OPEC + agreements to reduce production, cheap oil products stored at full capacity, during the 2 months of isolation of the population in Europe, have created enormous pressure on refinery margins. These external factors brought a major negative effect on the company's gross refining margins, which reached 5.5 dollars/ton in the first half of the year.

In addition, the Petromidia Navodari refinery was shut down between March and April for the general turnaround, a mandatory and necessary measure to ensure the operation of production units in maximum safety. During this period, preventive and corrective maintenance works, technological inspections and verifications, catalyst replacement and other works related to refining and petrochemical installations were performed.

Rompetrol Rafinare's gross turnover in the first half of the year reached 1.52 billion dollars, the indicator being directly influenced by the evolution of quotations for raw materials and petroleum products, which recorded a decrease of about 40 % compared to the level for the similar period in 2019.

Against the background of unfavorable factors in the global environment, but also the rapid decline in domestic and regional demand for petroleum products (especially car and aviation fuels), caused by the restrictive measures imposed since the beginning of the pandemic with the new coronavirus, the company recorded EBITDA of - 43.7 million dollars and a net negative result of 126.5 million dollars.

The consolidated gross turnover for the distribution segment was over 1.04 billion dollars in H1 2020. Amid rising demand between April and June, as a result of increased mobility in large cities, the distribution segment recorded an EBITDA increase of 35 % - 15.5 million dollars in Q2 2020, and an increase of over 40 % in net profit - 8.5 million dollars in Q2 2020. Thus, the recovery in the second quarter offset the losses in the first quarter of the year, reaching a net profit of 5.5 million dollars in the first half of 2020.

In the first half of the year, the Petromidia Navodari refinery processed over 2.1 million tons of raw materials.