

PROJECT ALKANE

Large Integrated (Green) Petrochemical Project in Romania

PROJECT ALKANE OVERVIEW

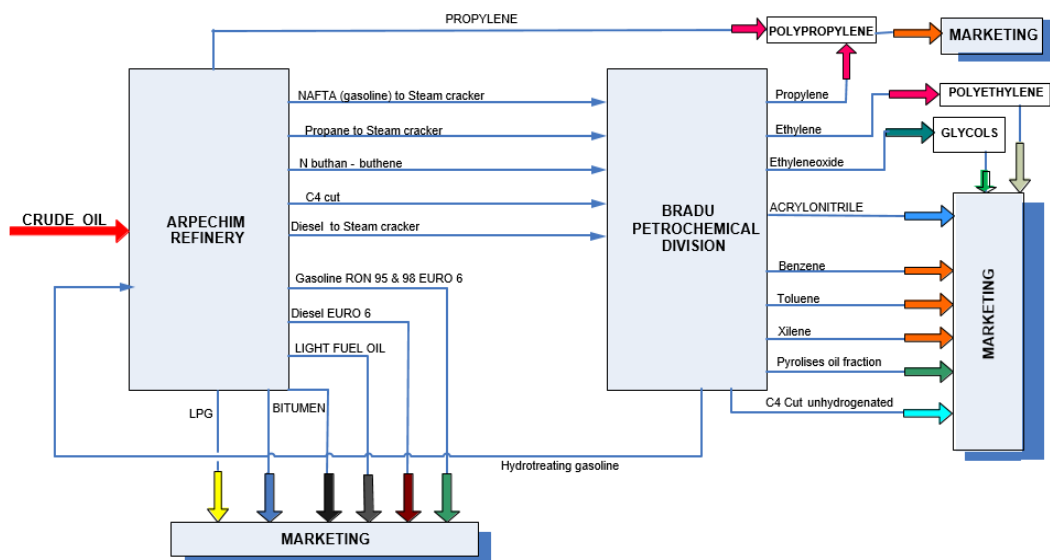
PROJECT HIGHLIGHTS

Alkane, a reputable Romanian petrochemical company, is looking to raise ca. €160M in order to finance the acquisition of a large integrated petrochemical complex.

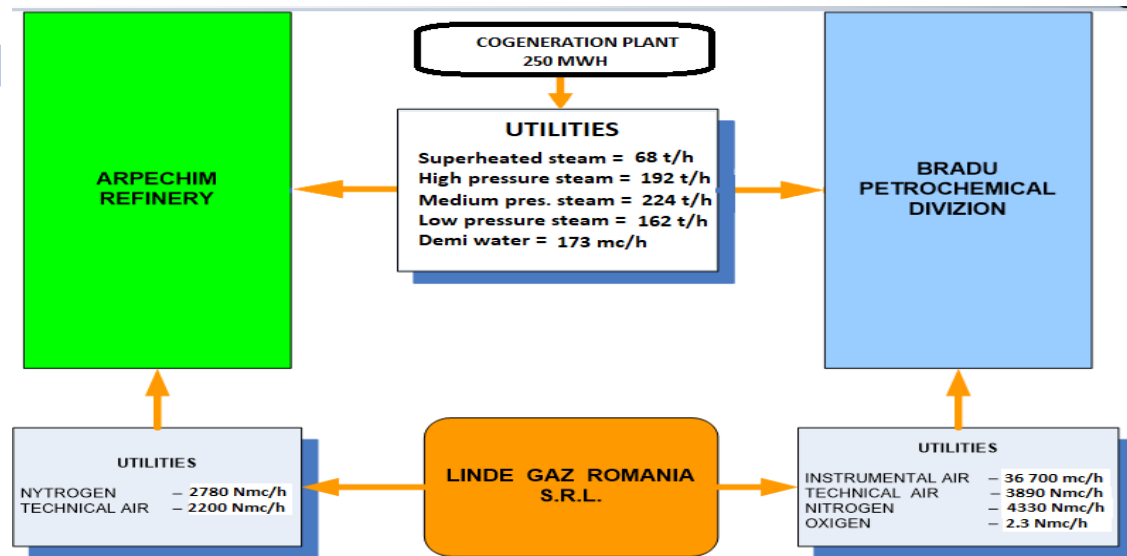
Key project highlights include:

- **Green project, as all the CO2 emissions are captured back in the production of biofuels;**
- Integrated project, with crude oil refining, petrochemical, biofuel, power generation and natural gas E&P units;
- Ongoing discussions with major worldwide oil & gas company, interested to establish a long-term commercial partnership and purchase a large share of the production output;
- Entire overhaul process to be supervised by UOP Honeywell;
- Forecasted to generate over €4.5B in revenues and €1.5B in EBITDA starting with Y3.

Integrated process flow after upgrade



Utilities supply flow diagram after upgrade



PROJECT ALKANE – KEY FIGURES

OPPORTUNITY PROFILE

Est. 1967, Arpechim was the 4th largest crude refinery in Romania. After the privatization of Petrom (owner of the asset), the new owner decided to stop the refinery in 2008. The petrochemical division was transferred to Oltchim in 2010 and further stopped in 2012.

Alkane is looking to raise funding in order to acquire from their current owners, restart and re-authorize the assets of the former Arpechim Pitesti crude oil refinery and petrochemical complex.

Alkane is planning to build an integrated complex, which will include:

- A crude oil refinery, with a capacity of 4.5 million tons/year (increased from current installed output of 3.5 million tons/year), to produce EURO 7 fuels;
- A petrochemical division to produce, among others, ca. 750,000 tons of ethylene/year, 400,000 tons of polypropylene/year and 150,000 tons of acrylonitrile;
- A 350 MW gas fired, combined cycle gas turbine CHPP (combined heat and power plant) – the entire steam production and ca. 220 MWh of electricity in base load are to be used for own consumption needs;
- A 250,000 tons biofuel plant; and
- A natural gas E&P company.

In the first stage of the project (estimated to be completed within 12 months upon acquisition of the petrochemical and refining divisions), Alkane plans to restart and reauthorize the refinery at its installed capacity of 3.5M tons/year, in order to produce EURO 6 fuels, to reauthorize the petrochemical division and operate only the aromatic extraction/separation complex, propylene fraction and the tank farm.

The second stage of the project (estimated to be completed in ca. 2 years after completion of stage 1) will cost ca. €4.9B and can be financed through a combination of bank loans and supplier credit. The entire modernization and overhaul process will be supervised by UOP Honeywell (USA).

FINANCIAL INFORMATION

The first stage of the Project will cost ca €400 million, as follows:

1. ca €160 million for the acquisition of:
 - a. the crude oil refinery from current shareholders (ca. €60M);
 - b. the petrochemical division from current shareholders (ca. €50M);
 - c. a 49% equity stake in the company operating the 200 gas stations (ca. €40M)
2. ca. € 50M for the reauthorization and restart of operations;
3. ca. €200M for working capital and capex needs for the first 2 years of operation

Alkane is in advanced discussions with a major worldwide oil & gas group, which is planning to enter the Romanian market by opening a network of 200 gas stations and thus sign a long-term commercial partnership with Project Alkane, aiming to purchase ca. 1.5 million tons of fuels per year, as well as biofuels. Alkane is also invited to acquire a 49% equity stake in the SPV which will operate the gas stations.

The table below summarizes the key financials of the Project in the first 5 years of operation, as detailed in the Feasibility Study prepared for the Project.

Indicator / Year	INVESTMENT (EUR)			OPERATIONAL + PERPETUAL (EUR)		
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Turnover	0	2,650,383,500	2,650,383,500	4,551,168,760	4,551,168,760	4,551,168,760
OPEX	294,000,000	2,057,037,862	2,351,037,862	3,168,851,292	3,168,896,475	3,168,896,475
Depreciation		49,250,000	49,250,000	181,250,000	181,250,000	181,250,000
Operational Profit		593,345,638	299,345,638	1,382,317,468	1,382,272,285	1,382,272,285
EBITDA		759,745,638	465,745,638	1,593,395,593	1,584,725,411	1,576,100,411

* OPEX for Year 0 includes acquisition finance (ca. €250M) and reauthorization and restart of operations (ca. € 50M).

PROJECT ALKANE – PROPOSED TRANSACTION

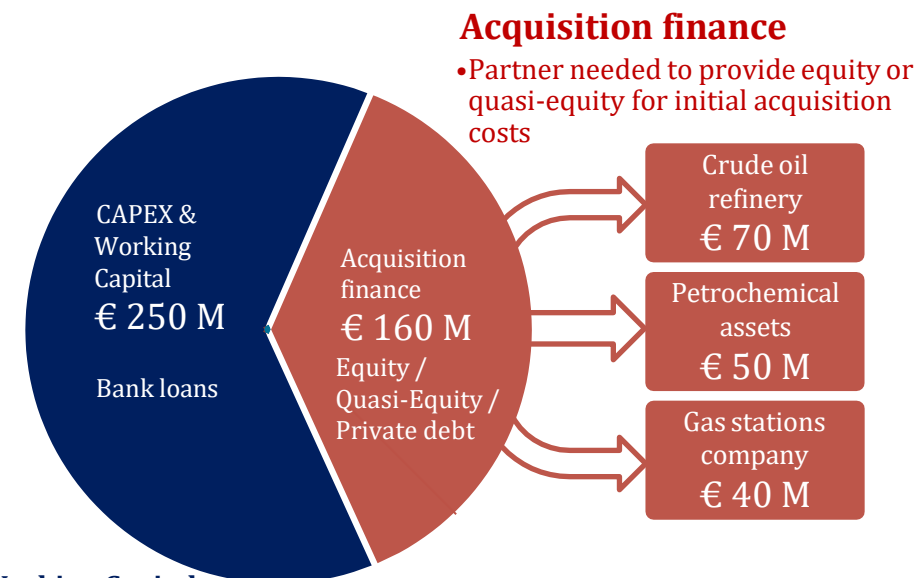
MARKET SNAPSHOT

The table below provides information about existing crude oil refining capacities in the region (2021 data, all capacity and production figures in million tons / year)*:

Refinery Name / Owner	Capacity	Production	Utilization rate	Nelson index (%)
Petromidia (Romp petrol)	6.4	6.3	98%	11.4
Petrobrazi (OMV)	4.5	4.4	98%	11.5
Petrotel (Lukoil)	2.5	2.4	99%	10
TOTAL ROMANIA	13.2	13.1	98%	n/a
Danube (MOL)	8.1	7.7	95%	10.6
NIS (Gazprom)	4.8	3.8	79%	9.2
Burgas (Lukoil)	9.8	6.8	69%	13.0
TOTAL SEE	22.7	18.3	81%	n/a

* Due to ongoing embargo on Russian fuels, the entire region is currently facing a shortage of crude products supplies.

FINANCING STRUCTURE



TRANSACTION

Structure: Alkane is looking for a strong partner, which will contribute ca. €160 million to finance the acquisition of selected assets. Alkane is currently in the final stages of completing the acquisition of a leading Romanian natural gas E&P company, which is forecasted to generate an EBITDA of ca. €16M in Year 3 after acquisition, in order to supply with natural gas the planned power generator. Also, Alkane is currently building a 50,000 t/year biofuel facility (investment in progress). Both investments will be contributed in-kind by Alkane to the Project.

Next steps: Upon execution of a Non-Disclosure Agreement, prospective investors will receive additional information, including a copy of the Feasibility Study, and will be requested to submit a non-binding offer.

Advisor: Alkane has mandated MEM Corporate Finance Advisors (the “Adviser”) to assist in the capital raising project. Alkane cannot be directly contacted without the prior written consent of the Adviser.