

# **Presentation for investors**

## **3rd round of Capital Increase**

### **2014/2015**



Kutina, January 2015

# Disclaimer - Statement on Management Liability

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- This Presentation may contain statements relating to the future business of Petrokemija, Plc. and Petrokemija Group, their strategy, plans and intentions, which express a certain degree of uncertainty.
- They reflect the current position of the Company with regard to risks, uncertainties and assumptions about the future. Currently, the results, effects and achievements of Petrokemija, Plc. or Petrokemija Group are heavily dependent on a large number of factors which may influence their being quite different from the originally set ones.

# Introduction



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- During July and August of 2014, Petrokemija, Plc. conducted first two rounds of capital increase where 8,434,733 shares were subscribed for at a single final price of HRK 30.00 per share and 253 million kunas were raised,
  - At that point, investors were presented information on the achieved business results, closing with the annual audited financial statements for 2013. Also, the key planned activities of Restructuring and Financial Consolidation for the 2014 – 2018 period were published,
  - With regard to the passing of time and business events that followed the issuing of previous Presentation to Investors, in this Presentation the Company has published additional information for the period Jan-Sept 2014, as well as key information from the revised Program of Restructuring and Financial Consolidation for the 2015-2019 period.
  - Changes in the concept of restructuring are a result of a new perception of the market environment, as well as of the evaluation of technical and technological possibilities to adapt to market requirements in the future.

# Revision of the Five-Year Restructuring Program



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- Program of Restructuring and Financial Consolidation for the 2014 – 2018 period was partially implemented in 2014,
  - The achieved result, as well as the observed discrepancies, open up the possibility of introducing new measures and adjustments of the existing ones to the new time frame of application in a new five-year period from 2015 to 2019,
  - Key determinants of the revised Program for the following period:
    - Change in the product and sales range at minimum investment,
    - Mobilizing internal reserves by re-starting Sulfuric Acid and NPK II Plants,
    - Finding long-term funding sources that will allow the necessary investment and stabilize the liquidity of the Company,
    - Achieving of natural gas prices at least 10% below the current level.

# Changes in key assumptions for future business



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## **Program 2014-2018**

- Sales of 1,050 thousand tons,
- Continue the redundancy program in 2016,
- Investments of HRK 1.0 billion,
- Relying on external funding sources.

## **Program 2015-2019**

- Sales from 1,100 to 1,300 thousand tons,
- Activating internal resources and changes in the product range,
- Slowdown in staff reduction to the level of natural outflow,
- Investments approximately HRK 700 million, partly from own resources.

# Capital Increase in 2014



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- At its 176th session of 17 July 2014, the Government adopted the Decision on Recapitalization of the Petrokemija, Plc. Company. The Restructuring and Sale Center was commissioned to carry out the subscription and payment of a maximum of 8,333,333 Company shares in the name and for the account of Republic of Croatia at a price ranging from HRK 30.00 to 100.00 per share, pursuant to Public Invitation for subscription and payment of new ordinary Company shares, published on 7 July 2014.
  - In the first round, which lasted from 12.00 hrs on 7 July 2014 to 12.00 hrs on 21 July 2014, the existing shareholders, who had their shares registered in dematerialized securities account with the Central Depository and Clearing Company Inc. on the date of the publication of Invitation to the General Meeting in the Official Gazette, subscribed and paid for a total of 434,733 shares
  - In the second round, the right to subscribe for all outstanding shares (maximum of 16,231,933 shares), belonged only to the existing shareholders of the Company who subscribed for new shares in the first round. Subscription of shares in 2nd round lasted from 21 August 2014 to 27 August 2014, and 8,000,000 shares worth HRK 240 million were subscribed.
  - Existing shareholders of the Company, who had the right to subscribe for new shares in the first and second round, subscribed and paid for a total of 8,434,733 new shares. Thus, in accordance with the resolution of the General Meeting, the requirement for the issue of new shares to be considered successfully completed if at least 8,333,333 new shares were subscribed and paid for in the set deadlines, was met.

# Starting the process of restructuring in 2014



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- Implementation of the Company recapitalization is the foundation for realization of the Program of Restructuring and Financial Consolidation of Petrokemija, Plc. from 2014 to 2018.
  - Objectives of the Program are to:
    - set up the foundations for long-term profitable business and financial stability of Petrokemija, Plc.
    - advance Petrokemija, Plc. to a modern and socially responsible employer, and thereby support the existence of more than 2000 families
    - ensure a high standard of application of fertilizers as a basis for the progress of the entire agricultural sector of Croatia
    - attract investors for a new investment cycle
  - Petrokemija's goal is to achieve a sustainable EBITDA margin of 10% by 2018.

# Summary of Program of Restructuring and Financial Consolidation 2014-2018



- The main challenges of Petrokemija are a significant drop in prices and sales of fertilizers in the home region, the high price of natural gas, energy inefficiency, high costs of procurement and low productivity of business processes.
- To respond to the strategic challenges that it is faced with, Petrokemija has prepared Program of Restructuring and Financial Consolidation, which will have the following main features:
  - Focus on three main product groups with the optimization of the annual production volume of approximately 1,050,000 tons per year
  - Access to the open natural gas market at a lower average price
  - Increase productivity of business processes by approximately 35%
  - Procurement cost reduction for strategic raw materials and other materials and services
  - Modernization of Ammonia Plant to reduce energy consumption by about 10%, or to a level achieved by most of its competitors
  - Compliance with the requirements of EU legislation through significant investment in facilities
  - Improve sales model in the domestic region
  - Outsourcing of non-core activities



# Outline of Program of Restructuring and Financial Consolidation 2014-2018

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- The program anticipated refinancing of existing debt by 2018, additional financing of working capital **and recapitalization (capital increase) totalling to about HRK 1.6 billion.**
- **In the first phase in 2014, the refinancing of debt in the amount of about HRK 400 million is planned, as well as a capital injection of HRK 500 million**
- **The second part is planned for the end of 2015 and early 2016 when the majority of investment activities are anticipated.**
- Additional financing and capital fundraising is needed to finance the investment program (about HRK 1 billion), the cost of the redundancy program (HRK 140 million) and financing of working capital
- The Program of Restructuring and Financial Consolidation should bring Petrokemija to the EBITDA margin of 10% by 2018

# Key indicators for Petrokemija, Plc. in 2013



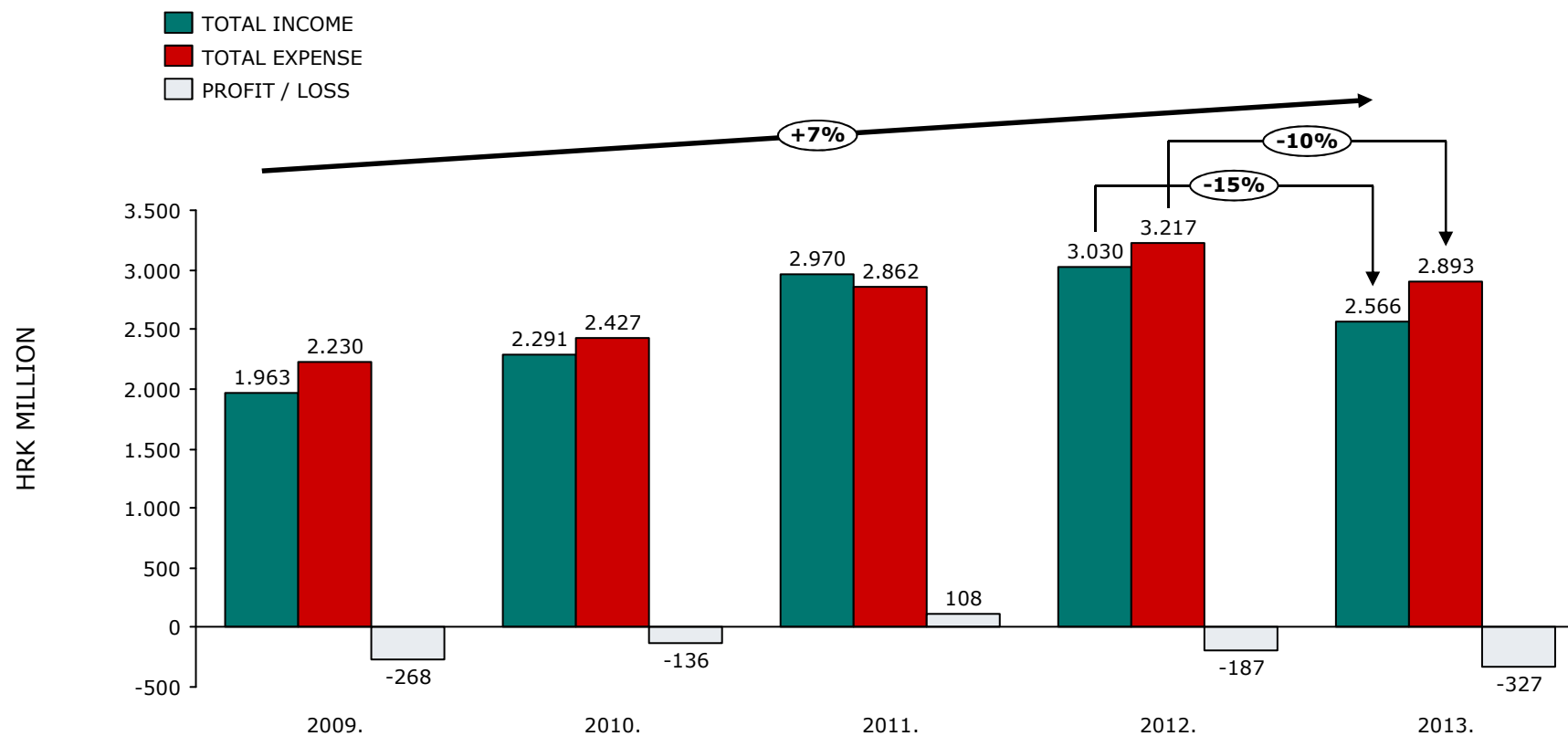
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- ❑ Produced fertilizers: 1,078 thousand tons
  - ❑ Yield of currently installed plant capacities: up to 80%
  - ❑ Sales of fertilizers: 1,102 thousand tons
  - ❑ Domestic sales: 312 thousand tons
  - ❑ Export: 790 thousand tons
  - ❑ Actual total revenues of Petrokemija, Plc.: HRK 2,565.9 million
  - ❑ Actual loss of Petrokemija, Plc.: HRK 327.4 million
  - ❑ EBITDA for Petrokemija, Plc.: HRK -200.9 million
  - ❑ Equity at 31 December 2013 for Petrokemija, Plc.: HRK 434.8 million
  - ❑ Invested in Petrokemija, Plc.: HRK 64.9 million
  - ❑ Number of employees at 31 Dec 2013: Petrokemija, Plc.: 2,119, Petrokemija Group: 2,294
  - ❑ 4<sup>th</sup> largest exporter in Croatia in 2013
  - ❑ Petrokemija has successfully implemented Product Management System - Product Stewardship, as a permanent member of Fertilizers Europe

# Key indicators for Petrokemija, Plc. Jan-Sept 2014



- ❑ Actual production of fertilizers - 814 thousand tons
- ❑ Yield of currently installed plant capacities: up to 80.4%
- ❑ Fertilizer sales – 756 thousand tons
- ❑ Domestic sales - 205 thousand tons
- ❑ Export - 551 thousand tons
- ❑ Total revenues of Petrokemija Plc HRK 1,616.5 million, total expenses of Petrokemija Plc HRK 1,903.3 million
- ❑ Loss of HRK 286,8 million. Out of the total loss, HRK 100.5 million accounts for severance payments costs
- ❑ EBITDA Petrokemija, Plc. HRK -177.1 million
- ❑ Equity and reserves at 30 September 2014 of Petrokemija, Plc. - HRK 400.7 million,
- ❑ Invested in Petrokemija, Plc. - HRK 36.1 million,
- ❑ Number of employees at 30 September 2014: Petrokemija, Plc. - 1,644, Petrokemija Group – 1,802,
- ❑ Monthly cost of gross salary in September 2014 / September 2013 reduced by HRK 3.8 million, or 20%,
- ❑ Despite the collected HRK 253 million in the first two rounds of recapitalization, current ratio is below recommended levels, with a decline compared to the same period of 2013 (negative working capital of HRK 99 million).

# Profit and Loss 2009-2013



# Profit and Loss Jan-Sept 2009-2014

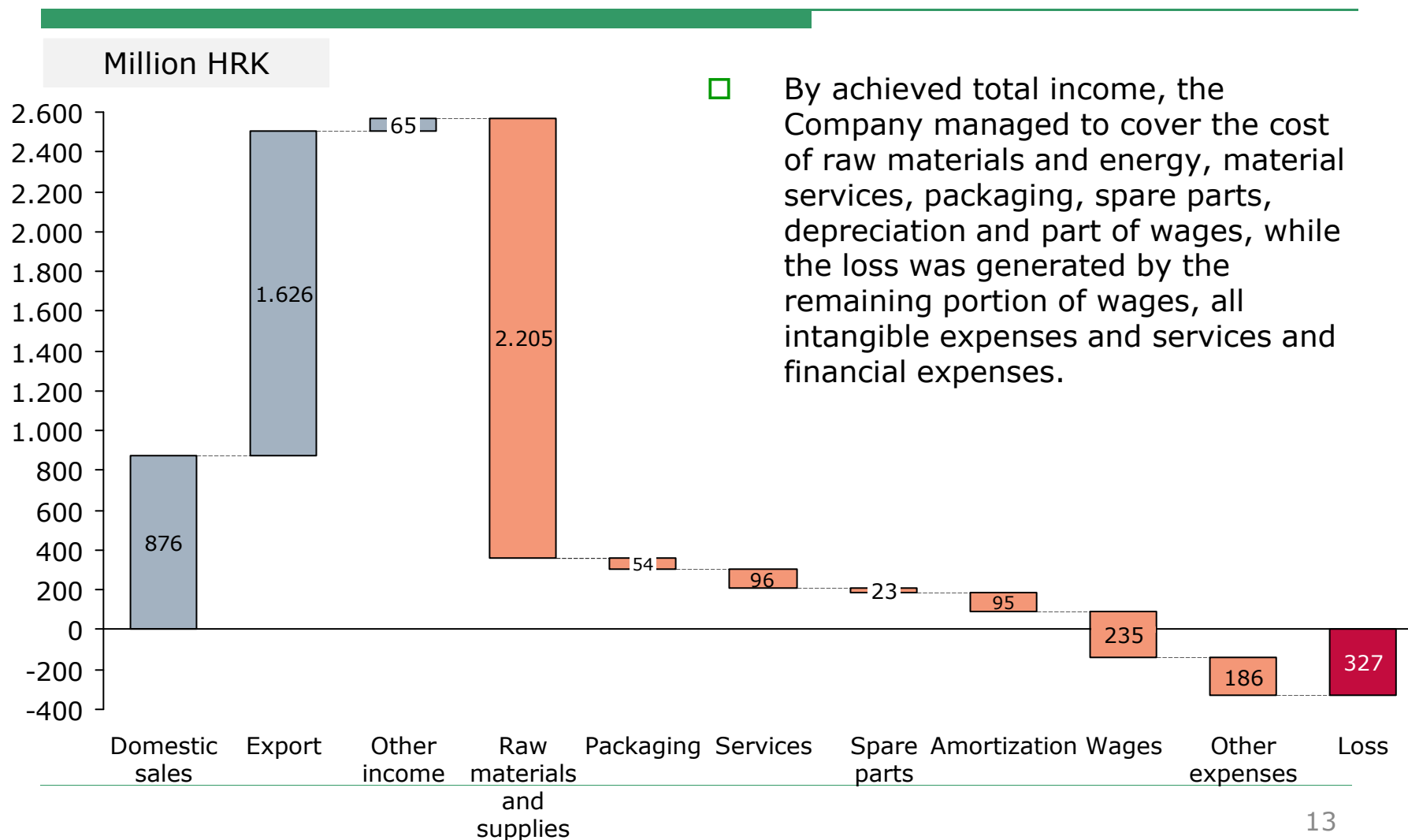


- Total income HRK 1,616.5 mln,
- Total expenses HRK 1,903.3 mln,
- Loss before taxation HRK -286.8 mln,
- Loss without provisions HRK -186,3 mln  
for payment of retirement incentives

■ TOTAL INCOME  
■ TOTAL EXPENSES  
□ PROFIT / LOSS

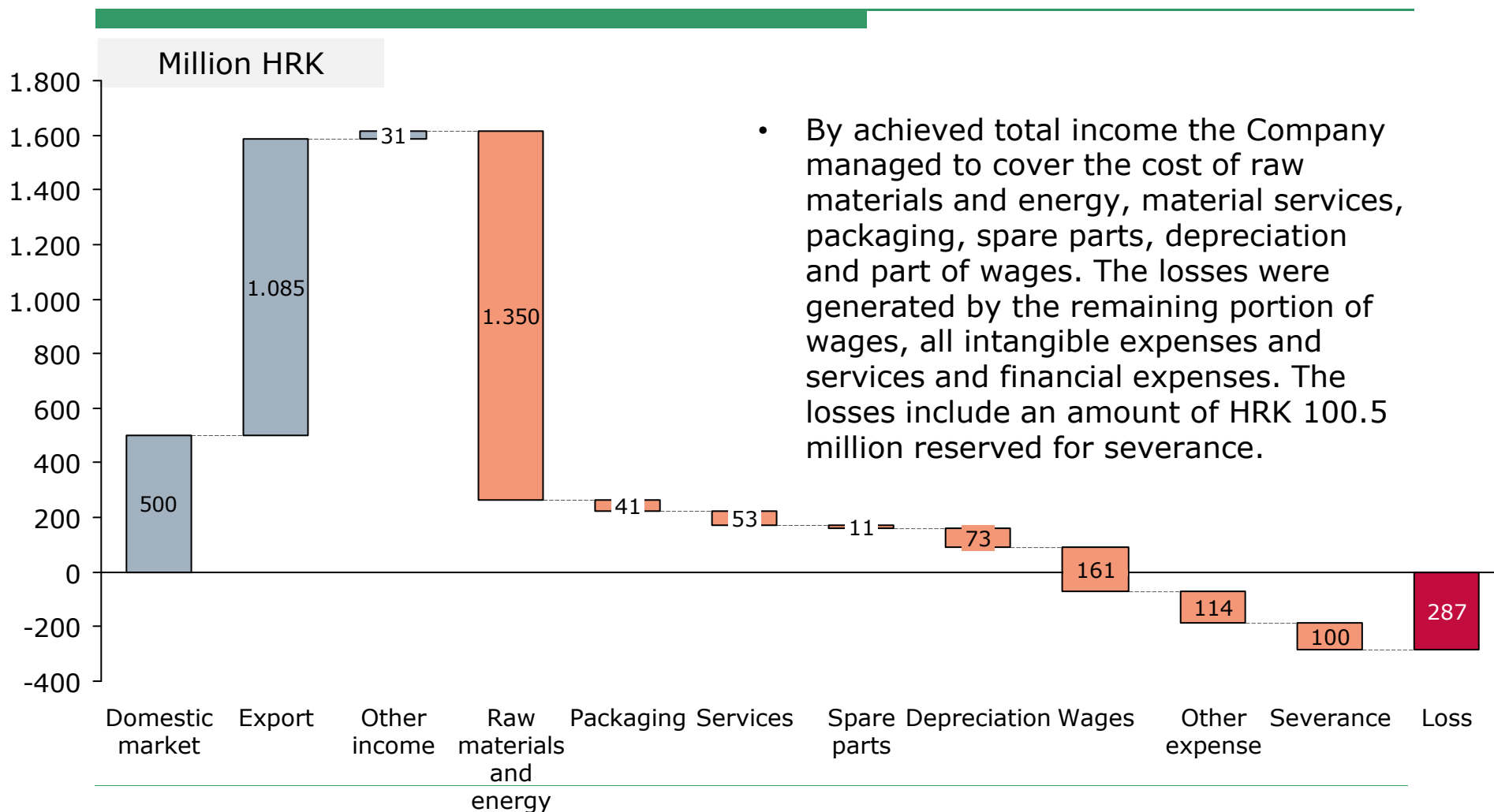


# Structure of Profit and Loss in 2013



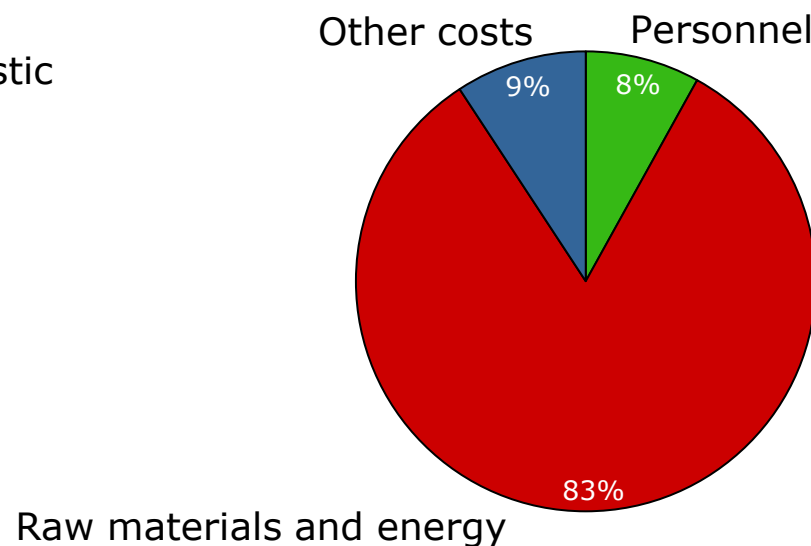
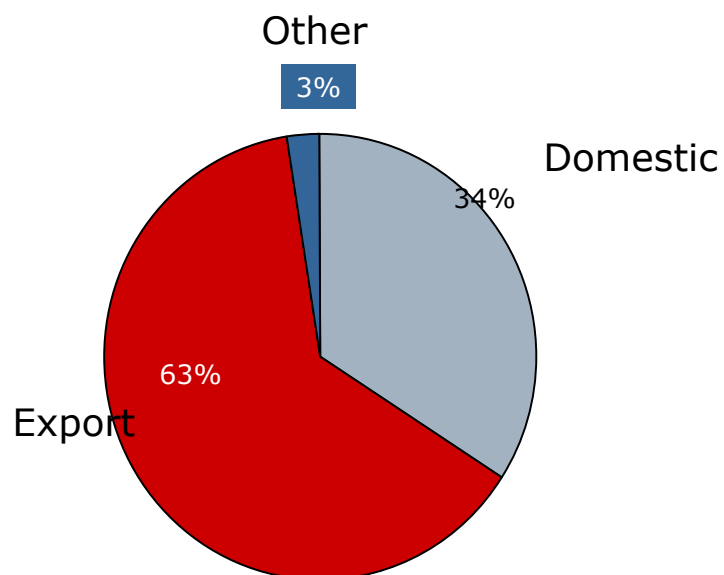
# Structure of Profit and Loss

## Jan-Sept 2014



# Structure of income and expenses in 2013

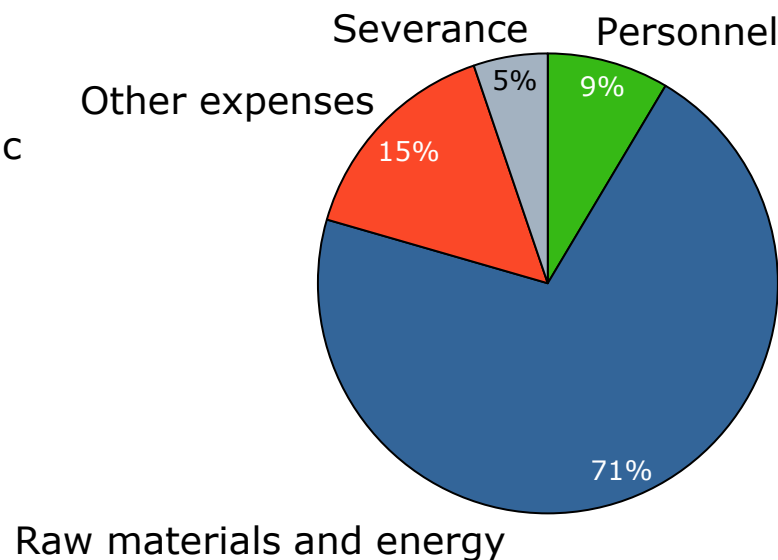
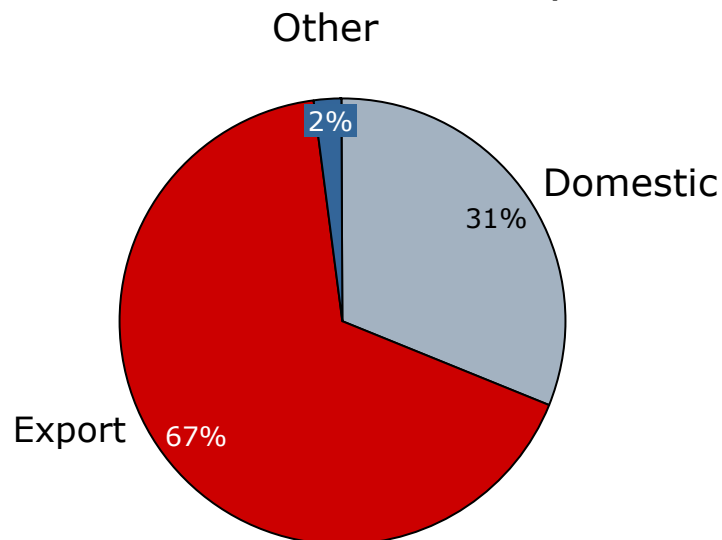
- In 2013 Petrokemija achieved 34% income at domestic market, 63% in export, and financial and other income was 3.0% of total income.
- In the structure of total expenses, dominant 83% is the cost of raw materials and energy, personnel accounts for 8%, while all other costs account for 9%.





# Structure of income and expenses Jan–Sept 2014

- In the January – September 2014 period, Petrokemija earned 31% income from domestic market, 67% income from export, and financial and other income accounted for 2.0% of total income
- In the structure of total expenses, the dominant 71% account for raw materials and energy; personnel costs for 8,5%, while all other costs make 20.5% (15.3% other costs and 5.2% severance)



# Key financial indicators 2013



(in HRK 000)

	<b>I-XII 2013.</b>	<b>I-XII 2012.</b>	Difference	% changes
Operating income	2.548.508	3.004.901	-456.393	-15,19%
Operating expense	2.844.108	3.157.005	-312.897	-9,91%
EBITDA *	-200.966	-53.310	-147.656	-276,98%
Amortization	94.634	98.794	-4.160	-4,21%
Net financial income (expenses)	-31.783	-35.068	3.285	9,37%
Net extraordinary income (expenses)	0	0	0	
Profit / loss / before taxation	-327.383	-187.172	-140.211	-74,91%
	<b>31. XII 2013</b>	<b>31. XII 2012</b>		
Fixed assets	738.156	767.586	-29.430	-3,83%
Current assets	856.005	1.162.341	-306.336	-26,36%
Capital and reserves	434.780	577.938	-143.158	-24,77%
Long-term liabilities + provisions	75.210	138.410	-63.200	-45,66%
Current liabilities + provisions	1.096.407	1.216.244	-119.837	-9,85%

\*EBITDA = profit before interest, taxation, depreciation and amortization

# Key financial indicators

## Jan-Sept 2014



(in HRK 000)

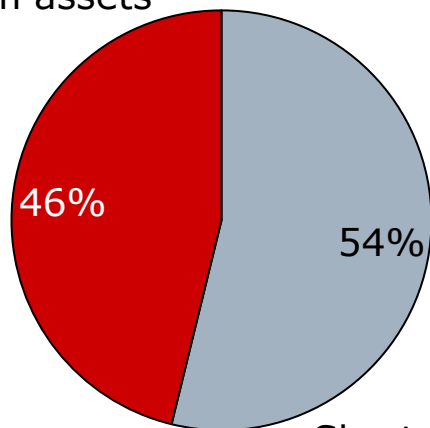
	I-IX 2014	I-IX 2013	Difference	% changes
Operating income	1.609.580	1.846.662	-237.082	-12,84%
Operating expense	1.859.307	2.010.470	-151.163	-7,52%
EBITDA *	-177.085	-91.898	-85.187	-92,70%
EBITDA without provisions for payment of retirement incentives	-76.574			
Amortization	72.642	71.910	732	1,02%
Net financial income (expenses)	-37.094	-25.546	-11.548	-45,20%
Net extraordinary income (expenses)	0	0	0	
Profit / loss / before taxation	-286.821	-189.354	-97.467	-51,47%
	30.IX 2014	31.XII 2013		
Fixed assets	702.100	738.156	-36.056	-4,88%
Current assets	900.363	868.240	32.123	3,70%
Capital and reserves	400.761	434.780	-34.019	-7,82%
Long-term liabilities + provisions*	202.271	75.210	127.061	168,94%
Current liabilities + provisions	999.431	1.096.406	-96.975	-8,84%

\* Included is the loan liability amounting to HRK 122.1 million, maturing in 2015, explained in more details in the Review of Financial Statements (page 5 and page 26, note 23), published on 30 October 2014, Auditor KPMG Croatia Auditing Company, Zagreb

# Structure of assets and liabilities at 31 December 2013

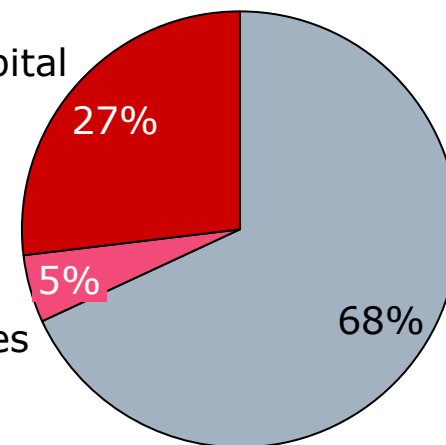
- At 31 Dec 2013, Petrokemija, Plc. had 54% in value of short-term and 46% in long-term assets, which can be attributed to relatively high depreciation and the age of production and auxiliary facilities.
- The level of capital is the result of capital increase in 2013 of HRK 186.2 million, and the liabilities structure is dominated by short-term debts, due to impossibility to obtain long-term loans in the domestic financial market (the global crisis, losses, ownership structure).

Long-term assets



Short-term assets

Capital



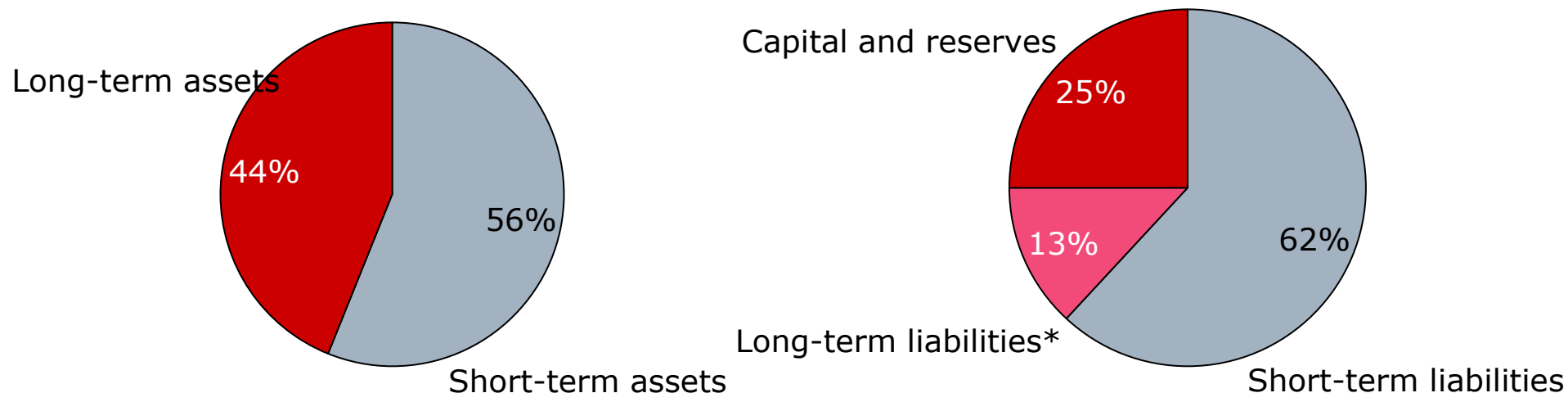
Long-term liabilities

Short-term liabilities

# Structure of assets and liabilities at 30 September 2014

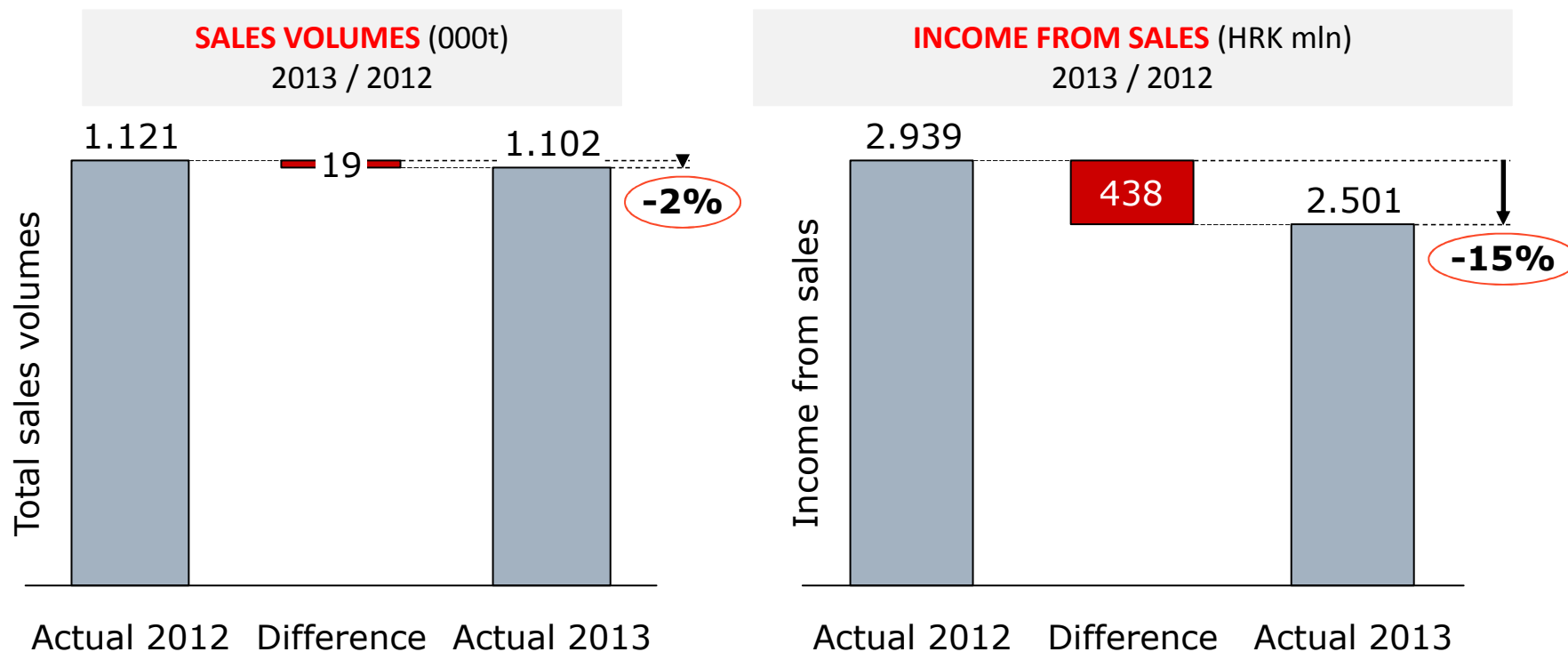


- At 30 September 2014 Petrokemija, Plc. had 56% in value of short-term and 44% in long-term assets, which can be interpreted as the result of relatively high depreciation and the age of production and auxiliary facilities.
- The level of capital with reserves and stake (investment) before incorporation in the Court Register reflects the capital reduction in 2014 and deduction for loss in the first half of 2014, followed by the increase in reserves of HRK 253 million from first two rounds of capital increase. The structure of debt is dominated by short-term sources of debt and failure to obtain long-term loans on the domestic financial market (global crisis, losses, ownership structure).



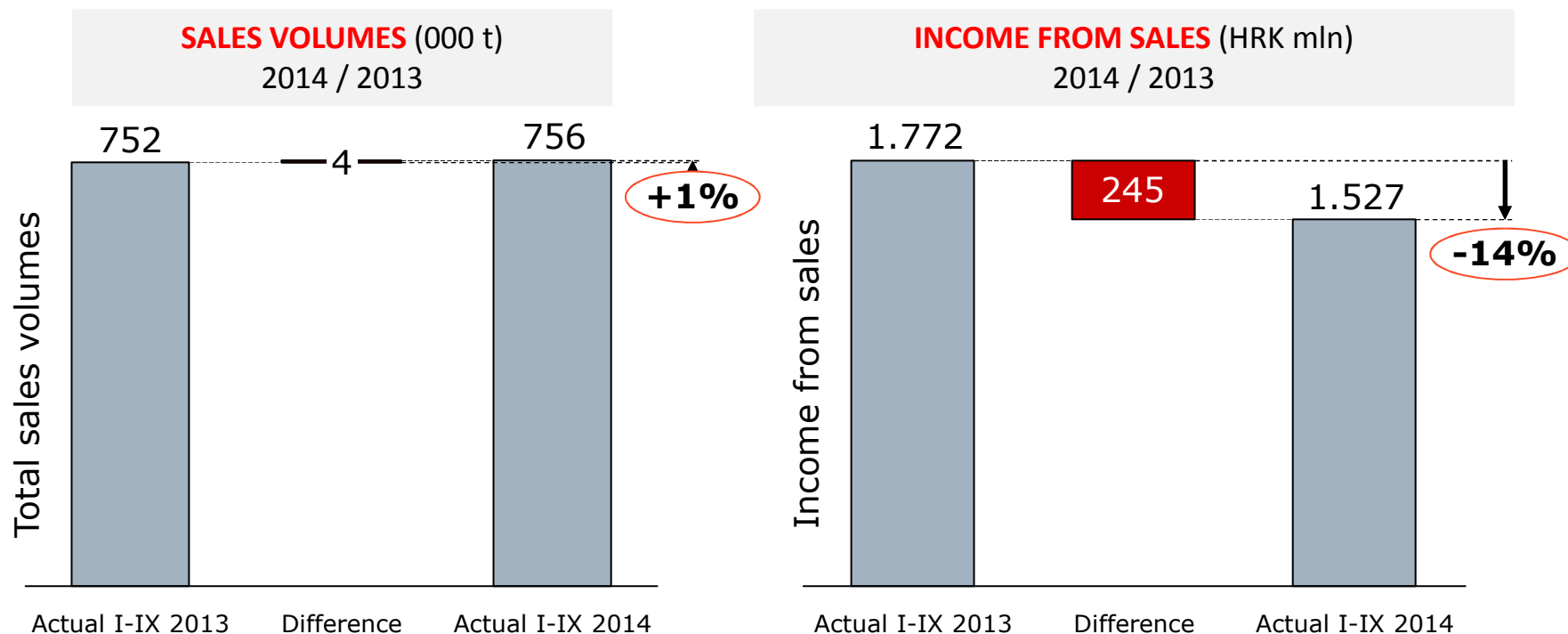
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# Total fertilizer sales in 2013



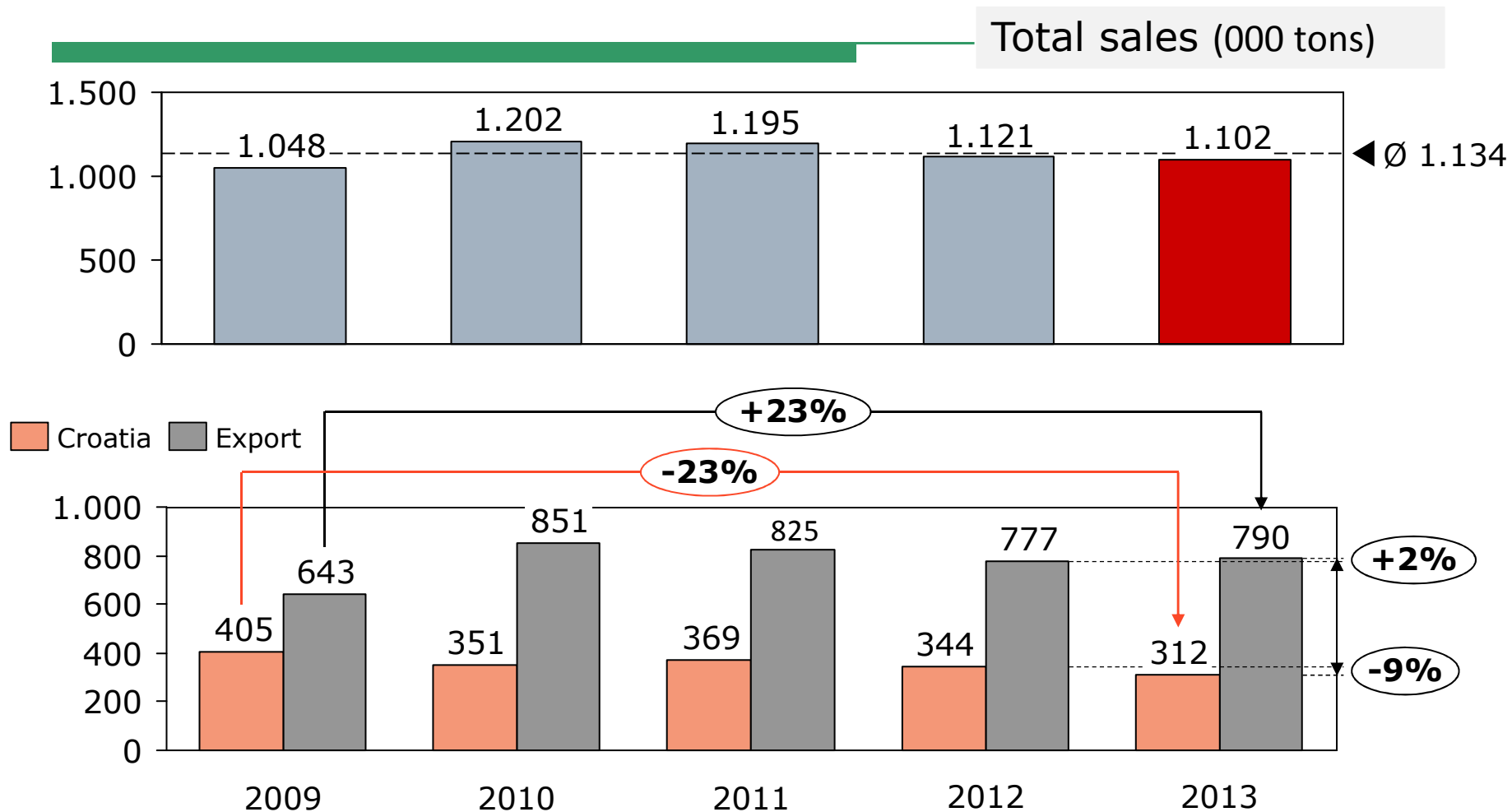
- Actual fall in sales volumes of 2% influenced the fall of income from sales by 15%, which indicates significant fall in average sales prices.

# Total fertilizer sales Jan-Sept 2014



Despite the actual growth in volume sales of 1%, the actual revenues from sales were lower by 14%, indicating a significant decline in average selling prices

# Actual fertilizer sales in 2013

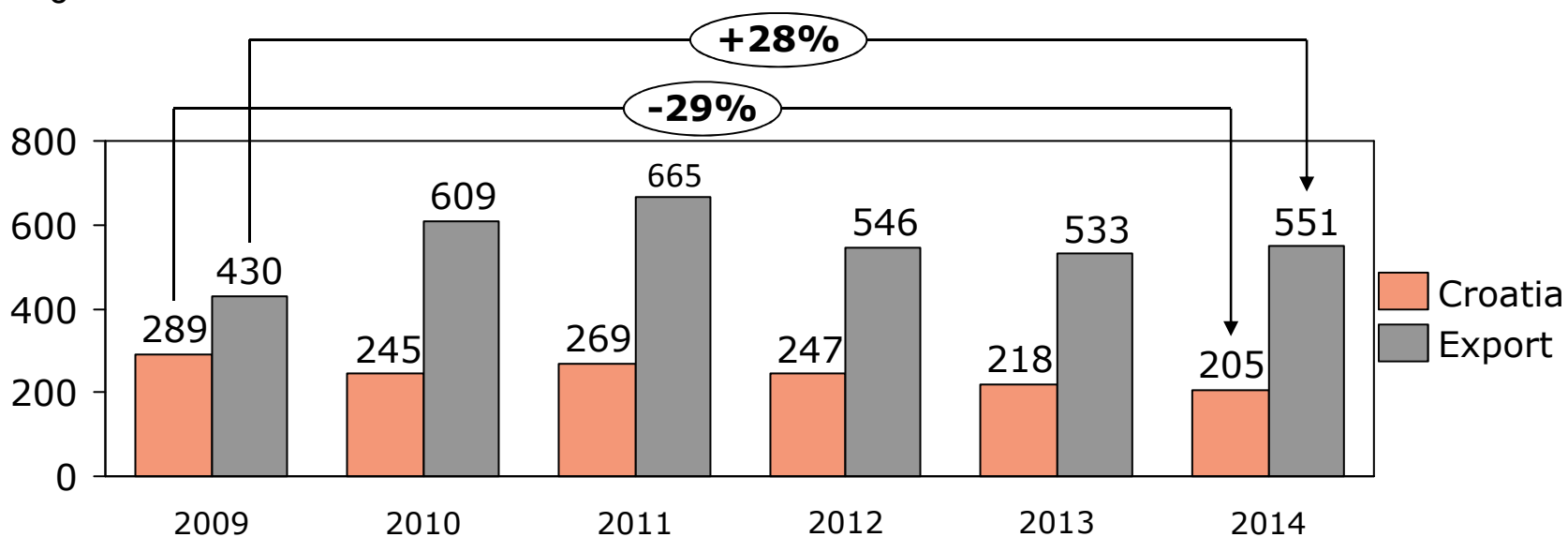
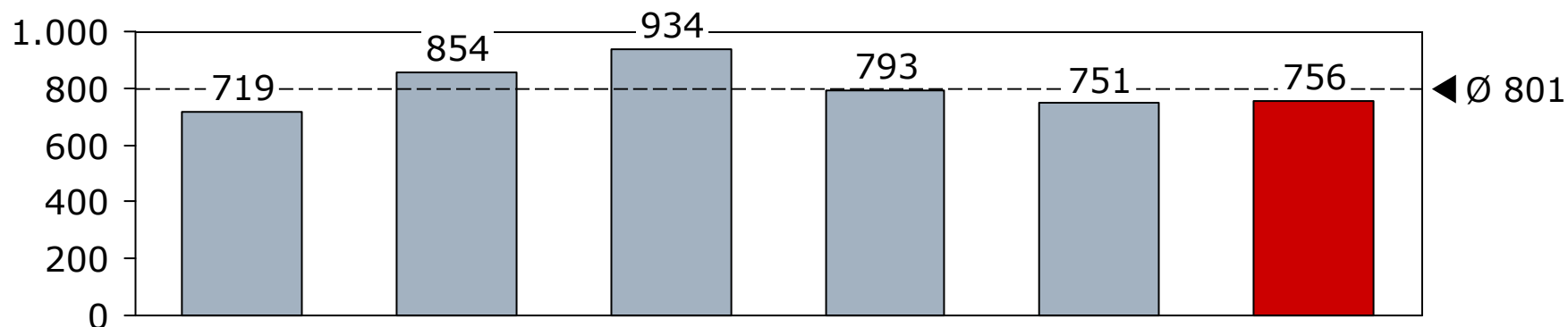




# Actual fertilizer sales Jan-Sept 2014



Total **sales** (000 tons)



# Business results of Petrokemija Group for Jan-Dec 2013



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- After the consolidation of financial results of Petrokemija, Plc. and its subsidiaries - Restaurant Petrokemija, Ltd. Kutina, Petrokemija, Ltd. Novi Sad, Petrokemija, Ltd. Novo Mesto and Luka Šibenik, Ltd.- the financial results for the **period January-December 2013 for Petrokemija Group were as follows:**

■ Total revenues	HRK 2,584.7 million,
■ Total expenses	HRK 2,914.9 million,
■ Loss before tax	HRK -330.2 million.

- EBITDA (earnings before interest, taxes and depreciation) was HRK 202.7 million in the negative.
- In the reporting period, one subsidiary operated at a loss – Luka Šibenik, Ltd. with HRK 3.4 million. Luka Šibenik reported loss due to the small volume of traffic and high fixed costs
- In February 2014, the subsidiary Petrokemija, Ltd. Novo Mesto was closed.
- The report on the Petrokemija Group's business includes detailed information on the operations of the subsidiaries.

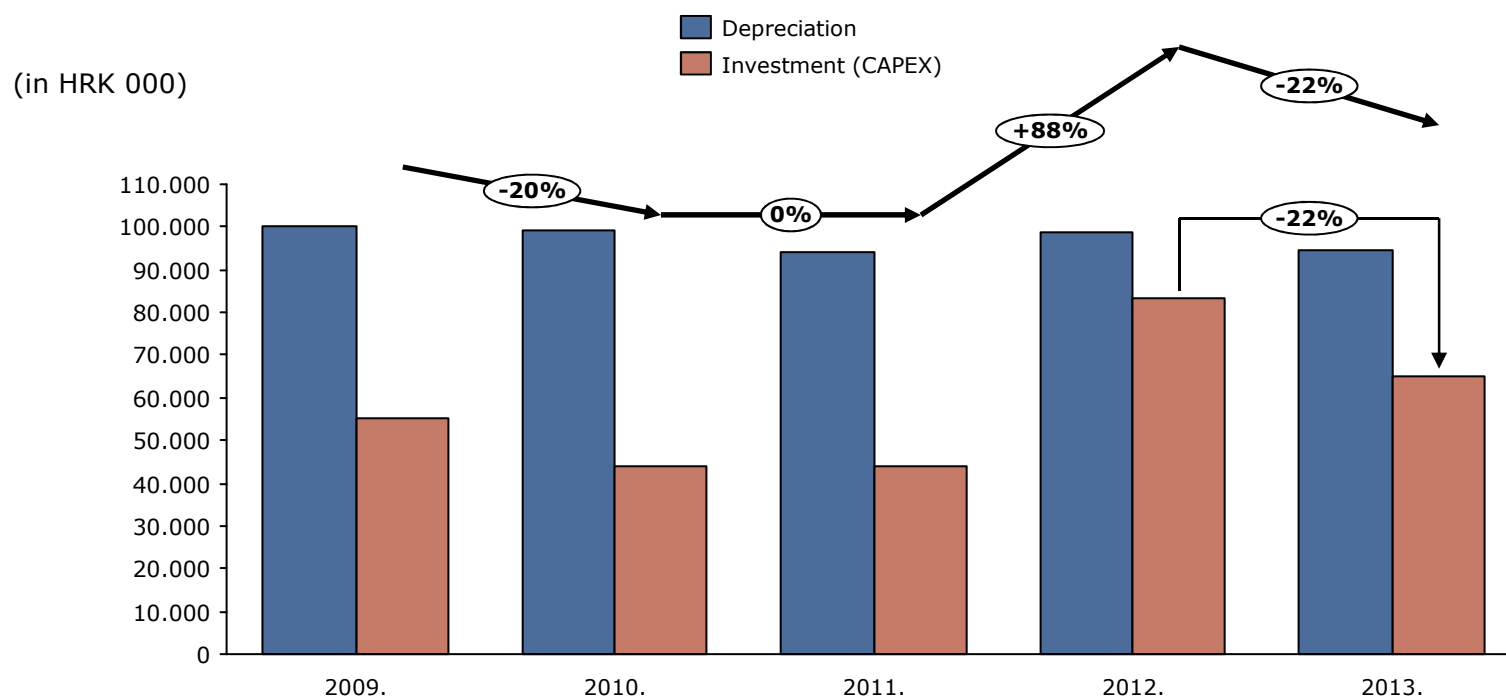
# Business results of Petrokemija Group for Jan-Sept 2014



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- After the consolidation of financial results of Petrokemija, Plc. and its subsidiaries Restoran Petrokemija, Ltd. Kutina, Petrokemija, Ltd. Novi Sad, Petrokemija, Ltd. Novo Mesto and Luka Šibenik, Ltd., the financial results of **Petrokemija Group for the period January-September 2014 are as follows:**
    - Total revenues HRK 1,623.6 million,
    - Total expenses HRK 1,911.2 million,
    - Loss before tax HRK -287.6 million,
  - EBITDA (earnings before interest, taxes and depreciation) was HRK 176.1 million in the negative.
  - Petrokemija, Ltd. Novi Sad made profit of HRK 1.669 thousand, while other companies operated with a loss (Restoran Petrokemija, Ltd. HRK -125 thousand, Luka Šibenik, Ltd. HRK -2.357 thousand). Luka Šibenik, Ltd. reported loss due to low volume of traffic and high fixed costs.
  - On February 20, 2014 subsidiary Petrokemija, Ltd. Novo Mesto was closed.
  - The report on the Petrokemija Group's business includes detailed information on the operations of the subsidiaries.

# Realized investment in 2013

Investment realized in the period January-December 2013 amounted to EUR 64.9 million - 18.2 million or 22% lower than in the previous year. Despite the high loss and limited funding sources, in 2013 necessary investment was made partly by funds from the recapitalization.

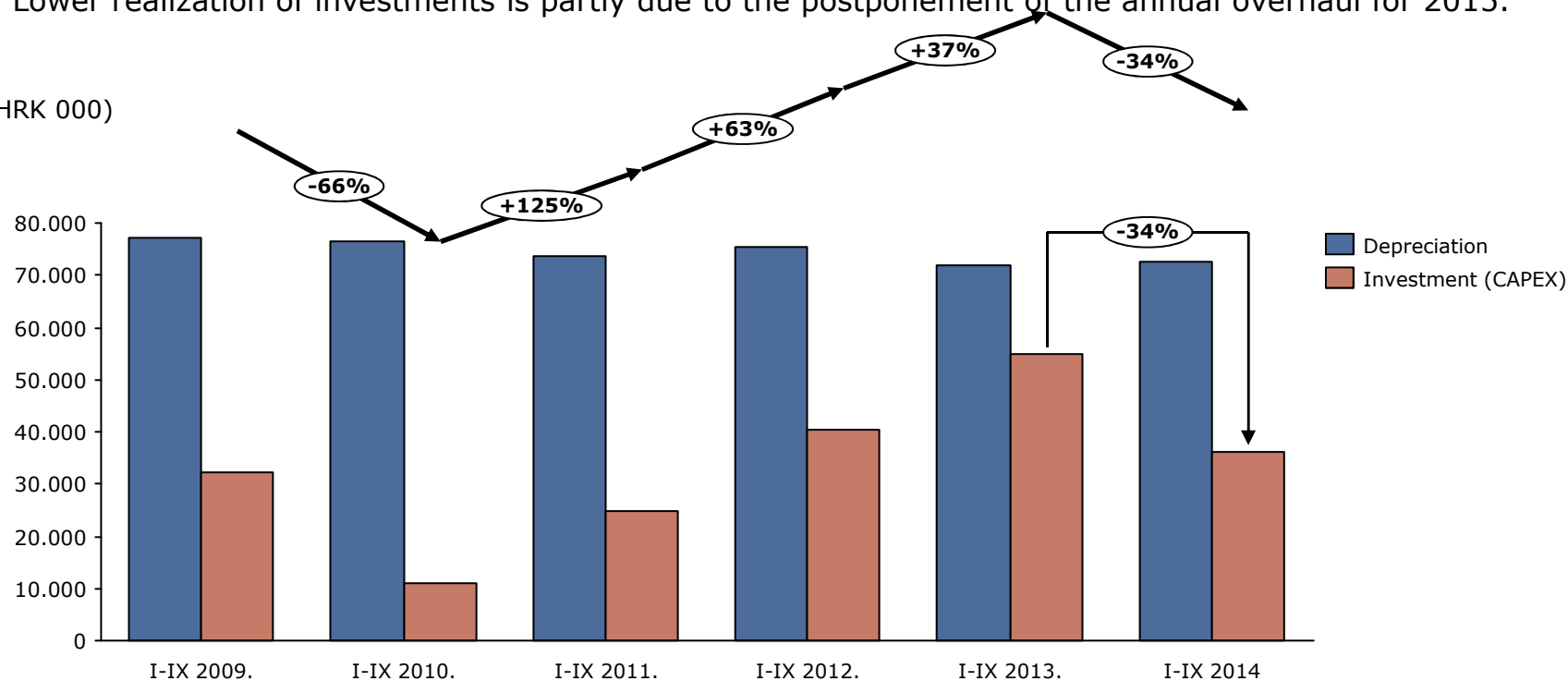


# Realized investment Jan-Sept 2014

Investment realized in the period January-September 2014 amounted to HRK 36.1. million, which is HRK 18.8 million or 34.3% lower than in the same time previous year.

Lower realization of investments is partly due to the postponement of the annual overhaul for 2015.

(in HRK 000)



# Financing of operational business

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- Financing of operational business is a key challenge in 2015 in which support is expected from:
    - Banks – maintaining the previously approved limits of short-term debt and converting part of the debt into a long-term loan for working capital,
    - Natural gas suppliers– delineation of outstanding debt for gas from the previous period and converting it to a loan.
  
  - In order to speed up inventory turnover and achieve business goals, it is crucial to eliminate the current practice of short-term loans by mortgage insurance stocks because this cancels out the effect of the very funding and significantly reduces operating space of the Management Board to take aggressive sales market activities during the season and more favorable prices.

# Financing of investments



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- Financing of investments completely failed due to losses in the previous period and the unwillingness of banks to take the risk,
  - Essential investments were financed from current operations, which further disrupted the balance of the funding sources of current liabilities,
  - Out of the comprehensive measures taken to restructure Petrokemija, Plc., it is necessary to:
    - arrange framework of financing the modernization of the Ammonia Plant in the amount of USD 35 million, for which the estimated time of return on investment through energy savings is about three years,
    - finance other investments by long-term bank loans and / or suppliers of equipment.

# Prerequisites for financing Revised Restructuring Program 2015 - 2019



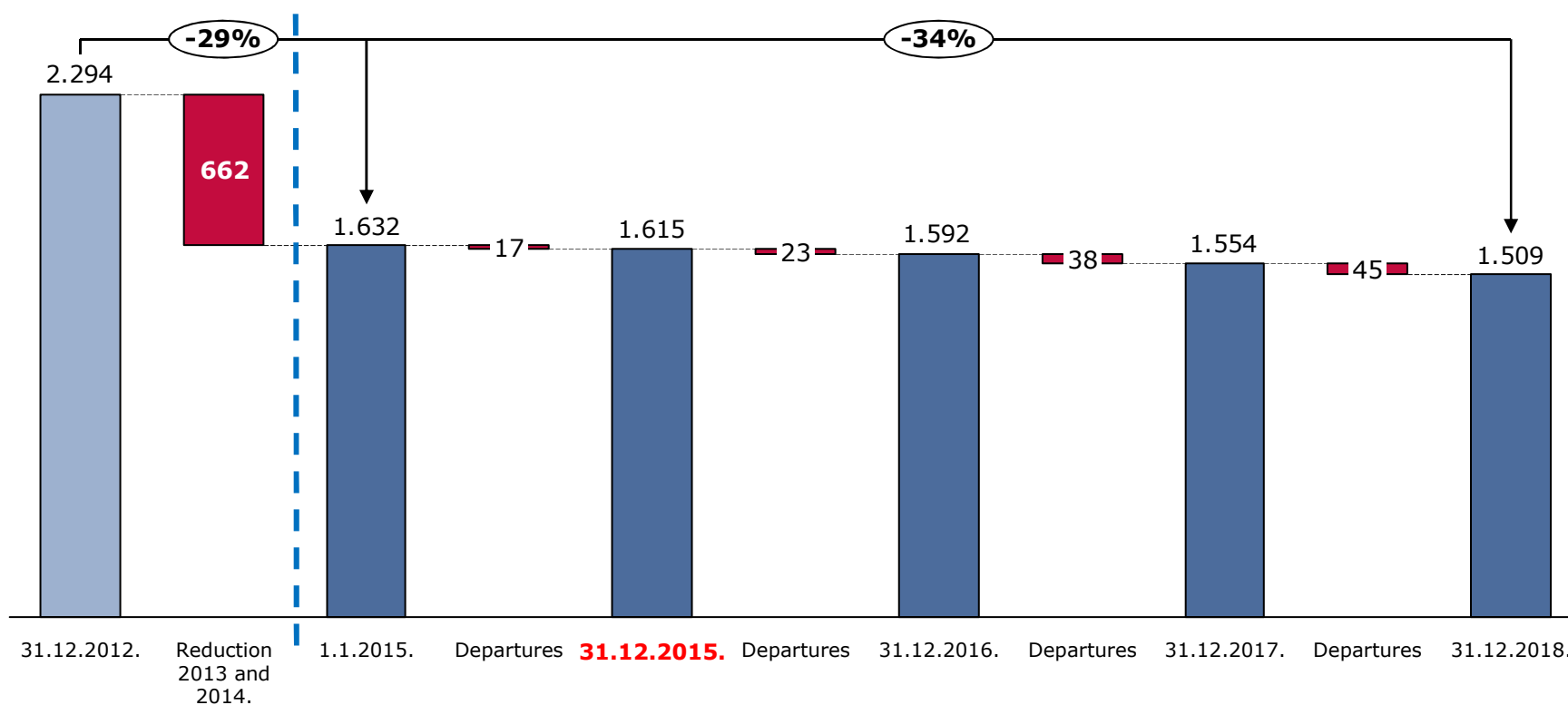
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- According to the current Program 2014-2018, financing plan was approximately **HRK 1.1 billion**,
  - The Revised Program of Restructuring and Financial Consolidation provides the necessary financing of HRK **700 million** out of which HRK 253 million is from the first two rounds of recapitalization in 2014 and the remaining HRK 447 million to be realized in the period 2015-2019.g
  - Refinancing of **HRK 269 million** of short-term loans from banks which fall due in the year 2015 (Croatian Postal Bank, Privredna Banka Zagreb and Croatian Bank for Reconstruction and Development),
  - Additional debt of **HRK 250 million** in 2015,
  - Because of the debt repayment to INA and launching investment of reconstructing Ammonia Plant, a new debt of **HRK 100 million** is necessary in 2016,
  - Continuation of investment requires additional debt of HRK **100 million** in 2017, with regular repayments of long-term and short-term loans.



# Rationalization of internal processes

- The rationalization of internal processes in the previous period was mainly implemented through:
  - reducing the number of employees by 662 or 29%, (average annual saving - about HRK 40 million) in 2013 and 2014
  - change of organization of internal maintenance.
- Changes in other organization units are partly the result of an obsolete system of information support and complex system of logistics and numerous activities, which do not have a significant financial share in the business, but make the process of internal organization and management complicated.
- A concession is expected for these activities in the next period with adequate protection of social rights of workers.
- In the period 2015-2019, a 5% reduction of the number of employees is planned.

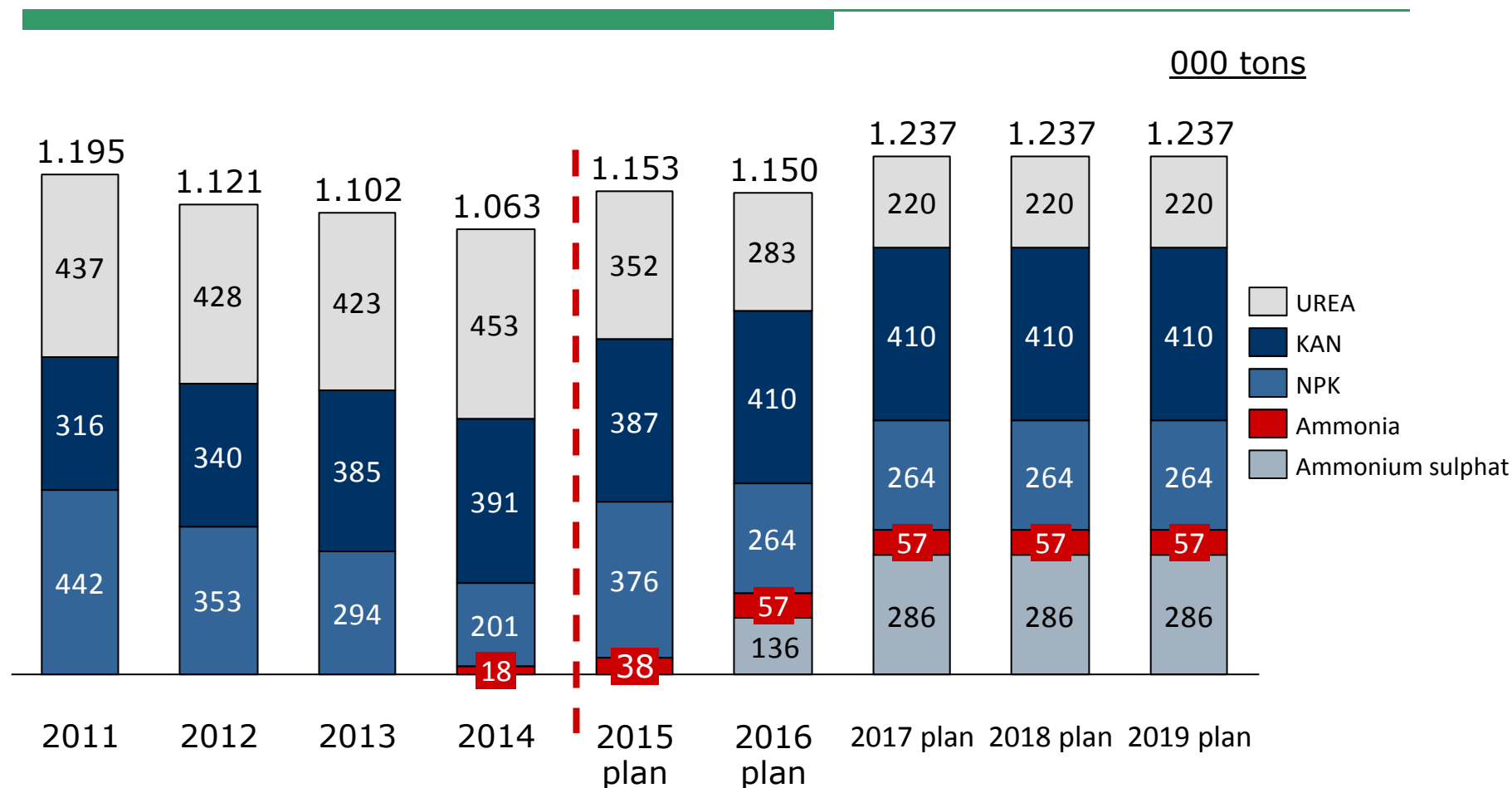
# Actual staff reduction in 2013 and 2014 and Program for 2015-2019



# Change of product range

- The revised Program of restructuring for the 2015 -2019 period provides for significant changes in the product range:
  - introduction of a new product - granulated ammonium sulfate, in volumes of 140 thousand tons in 2016, i.e. 280 thousand tons in 2017 and the coming years,
  - reducing the volumes of sales of Urea nitrogen fertilizer due to unfavorable prices on the world market, with addition of sulfur as an additional factor of quality,
  - changes in the range of NPK fertilizer product and the addition of sulfur and microelements to further improve the quality.

# Actual sales by product 2011-2014 and Plan for 2015-2019



# Conclusion

- In **2015**, the primary three tasks are:
  - balance the cash flows and overcome the lack of liquidity from the previous period,
  - reduce the price of natural gas by a minimum of 10% compared to the current level,
  - start technical and technological activities on the change of product range and process optimization.
- Change in product range will ensure:
  - Responding to market demand, reducing the share of products that only marginally cover the direct costs of production in the market and introduction of new products which will ensure added value,
  - optimum use of existing capacities and the use of energy obtained by continuous production of sulfuric acid,
  - long-term savings in energy costs.
- In **2016 and 2017**, market evaluation of undertaken measures is expected, as well as stabilization of business that would allow repayment of long-term loans and the necessary investment from profit and depreciation by the end of the observed 2015-2019 period,
- In **2018 and 2019**, positive effects of completed investment of Ammonia Plant 2 modernization is expected, with HRK 100 million average annual positive effect on the cost of natural gas.

# Share Capital Increase

- The Company share capital can be increased **from HRK 133,093,410.00 by a maximum of HRK 499,999,980.00 up to HRK 633,093,390.00.**
- The share capital increase will be implemented by payment in cash by issuing **a minimum of 8,333,333 up to a maximum of 16,666,666 new ordinary registered shares, with a nominal value of HRK 30.00 each.**

Number of shares		Nominal value		Share capital
4,436,447				HRK 133,093,410.00
+				+
8,333,333-16,666,666				HRK 249,999,990.00 –
=				HRK 499,999,980.00
				=
<b>12,769,780–21,103,113</b>	<b>×</b>	<b>HRK 30.00</b>	<b>=</b>	<b>HRK 383,093,400.00 –</b>
				<b>HRK 633,093,390.00</b>

## Share Capital Increase (cont)



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- ❑ The final amount of the share capital increase will depend on the success of the issue, i.e. the number of shares subscribed and paid for.
  - ❑ The issue of shares will be successfully completed if at least 50 % of the total issue amount, or at least 8,333,333 shares are subscribed and paid for in the set deadlines for subscription and payment.
  - ❑ The Company share capital increase is implemented with the partial exclusion of pre-emptive rights of the existing Company shareholders on condition of payment for subscribed shares of not less than EUR 100,000.00 in Kuna equivalent per Company shareholder at the middle exchange rate of the Croatian National Bank.
  - ❑ In accordance with Article 351, Paragraph 1, Item 3 of the Capital Market Act, the Company is issuing shares with the use of exception to the prospectus publication, and therefore will not publish the prospectus for the public offering of shares. However, before the listing of the new shares on the Official Market of the Zagreb Stock Exchange, the Company will submit the prospectus to HANFA for approval and will publish the prospectus.

# Use of proceeds from Capital Increase



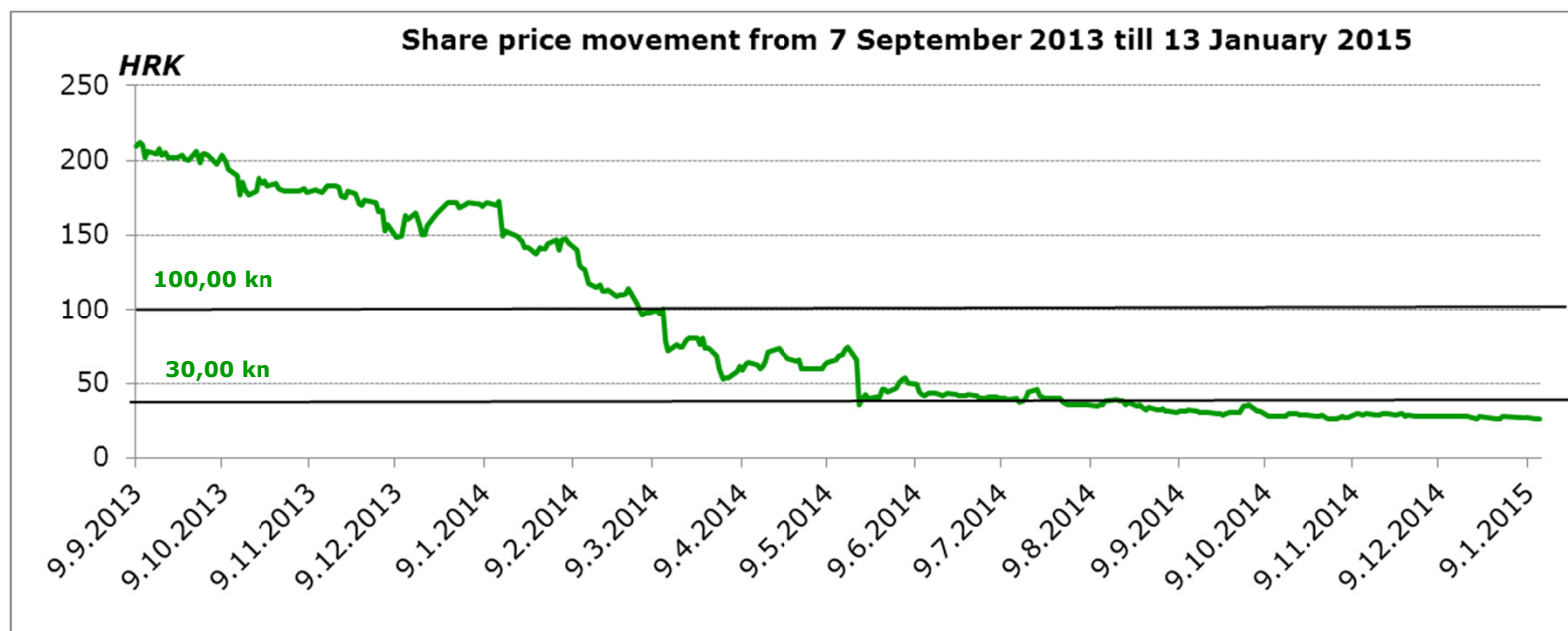
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- Funds raised by issuing new shares in the first two rounds of capital increase were used by the company as follows:
    - Optimizing operational personnel costs HRK - **99 million for severance payments to employees** who left the company in 2014,
    - Current investments and preparations for overhaul in 2015 – **HRK 30 million,**
    - Financing of business operations and liquidity - the remaining **HRK 124 million.**
  
  - Funds to be collected in the third round of recapitalization (total of HRK 247 million) are planned to be spent on:
    - Investment and overhaul costs in January 2015 (works in progress at preparation of this report) – **HRK 70 million**
    - financing of current business operations and liquidity, payment to natural gas suppliers - the remaining **HRK 177 million.**



# Share price



- New shares were offered for sale within the price range from **HRK 30.00 to HRK 100.00 per share**.
- Upon the completion of the collection of offers for subscription and payment of shares in the first and second round, the Management Board, subject to the approval of the Supervisory Board, established **the final price of New Shares of HRK 30.00**.



Source: ZSE.

# Share Capital Increase – 1<sup>st</sup> Round



- In the first round, **the right of subscription** for shares was with the existing Company shareholders who had their **shares registered** in their dematerialized securities account with the Central Depository and Clearing Company Inc. (CDCC) on the date of publishing the Invitation to the General Meeting in the Official Gazette (**i.e. 11 April 2014**).
- In the first round the shares were subscribed for **14 days from the date of the Public Invitation** to Subscribe for Shares in the first round.
- The existing shareholders of the Company were allowed to subscribe and pay for **a maximum of 100 % of the offered shares, i.e. up to 16,666,666 shares**.
- **The minimum number of shares** that each existing shareholder could subscribe and pay for was obtained by dividing EUR 100,000.00 in Kuna equivalent by the lower limit of the new share price range of the issue and rounding up the number to the next greater multiple of 100 (Minimum Subscription).
- **The maximum number of shares** that each existing shareholder could subscribe for in the first round (Maximum Subscription Right) was obtained by dividing 16,666,666 by 4,436,447 and multiplying by the number of shares that the existing shareholder had on 11 April 2014, rounded down to the closest integer. In the event that such Maximum Subscription Right was less than the Minimum Subscription, the Maximum Subscription Right was equal to the Minimum Subscription.

# Share Capital Increase – 2nd Round



- 
- In the second round, the **existing shareholders who had already subscribed for shares in the first round**, had the right to subscribe for all remaining shares not subscribed and paid for in the first round (Shares Offered in the Second Round).
  - The Subscription of shares in the second round lasted **5 business days from the date of the Public Invitation** to Subscribe for Shares in the second round.
  - **The minimum number of shares** that each shareholder could subscribe and pay for was obtained by dividing EUR 100,000.00 in Kuna equivalent by the lower limit of the new shares price range and rounding up the number to the next greater multiple of 100 (**Minimum Subscription**)
  - **The Maximum Subscription Right** in the second round was limited to the number of shares offered in that round, i.e. a maximum of 16,231,933 New Shares of the Issuer.

# Results of 1<sup>st</sup> and 2<sup>nd</sup> Round of Capital Increase



- In the **first and second round** of Capital Increase in July and August 2014, a total of **8,434,733 new shares** were **subscribed and paid for**, whereby in accordance with the Decision of the General Assembly on share capital increase, **the success threshold of minimum 8,333,333 shares was exceeded.**
- **Thus, a total of HRK 253.0 million was raised at the final price of HRK 30.00 per share**
- In the first and second round, shareholders of Petrokemija only had the right to participate, while **all investors could participate, in the third round of recapitalization**, regardless of whether they were shareholders of Petrokemija Plc. or not.
- For the **third round**, a total of **8,231,933 shares or HRK 247.00 million** was left unsubscribed and unpaid for.

# Share Capital Increase – 3rd Round



- 
- In the third round, **all investors have** the right to subscribe for all remaining shares not subscribed and paid for in the first and second round (Shares offered in the third round).
  - The subscription of shares in the third round will last for **eight days from the date of the Public Invitation** to subscribe for shares in the third round.
  - **The minimum number of shares** the individual investor can subscribe and pay for is obtained by dividing EUR 100,000.00 in Kuna equivalent by the lower limit of the price range new shares issue and by rounding the result up to the nearest multiple of 100.
  - **The Maximum Subscription Right** in the third round is limited to the number of Shares offered in the third round, or 8,231,933 new ordinary shares of the Issuer.

# Capital Increase

## □ Before the capital increase

Capital and reserves (31.03.2014.)  
**HRK 374.158.300**

## □ After the capital increase

**Minimum** 8,434,733 x HRK 30.00 = **HRK 253,041,990.00**

**Maximum** 16,666,666 x HRK 30.00 = **HRK 499,999,980.00**

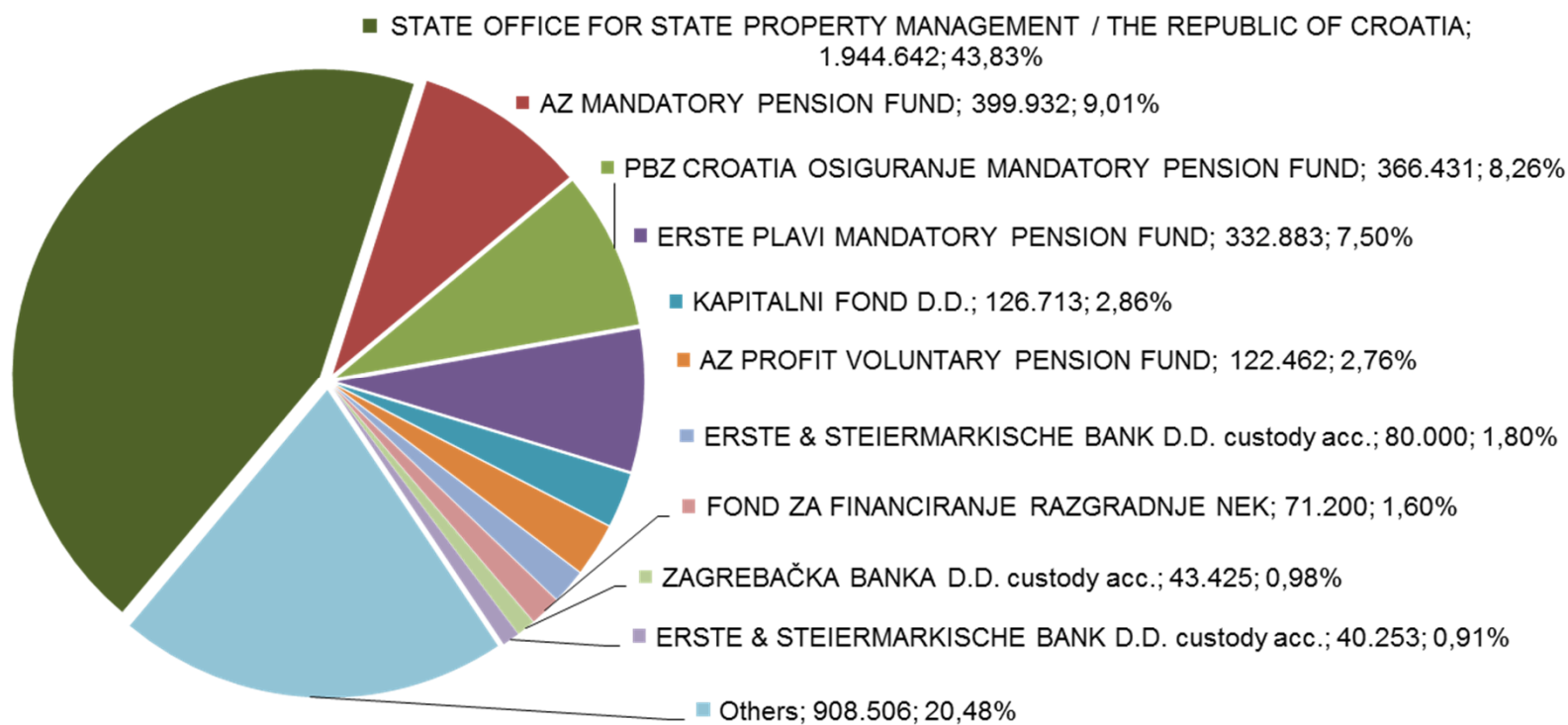
Capital and reserves (31.3.2014.) **HRK 374.2 mln** + from **HRK 253.0 mln** to **HRK 500.0 mln** — Loss (31.3.-30.9.2014.) **HRK 226.2 mln** = **From HRK 401.0 mln to 648.0 mln**

# Authorized Share Capital



- 
- The Company Management Board is authorized, with the approval of the Supervisory Board, to pass one or more decisions to increase the share capital by issuing new shares, over a period of five years from the date of incorporation of the amendments into the Articles of Association pursuant to the decision of the General Meeting of 20 May 2014, provided that the aggregate amount of such Company share capital increase does not exceed 10% of the nominal amount of the share capital on the date of adoption of the amendments (authorized capital).
  - The Management Board is authorized, with the approval of the Supervisory Board, to exclude shareholders' pre-emptive right to subscribe for new shares.
  - The rights of the new shares to be issued are decided on by the Company Management Board with the consent of the Supervisory Board.

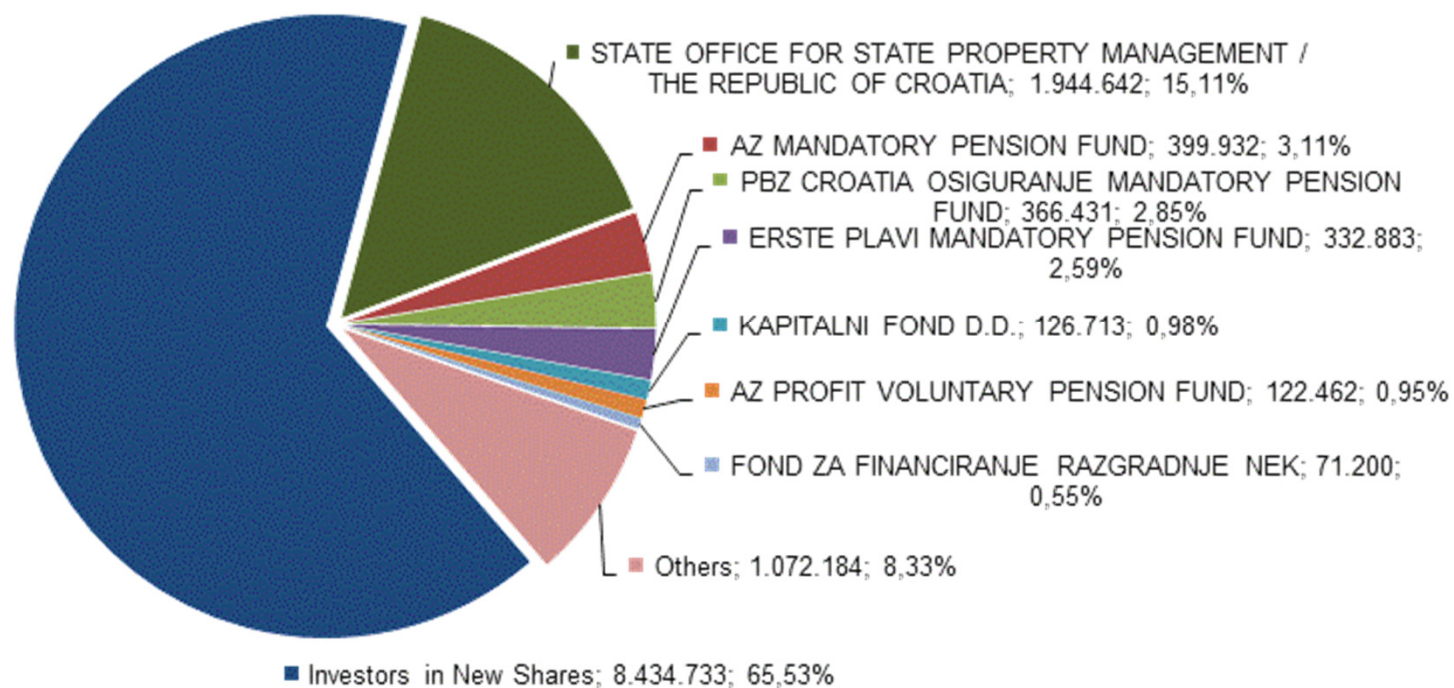
# Ownership Structure (11 April 2014)



Source: CDCC



# Ownership Structure after 2nd round of recapitalization



# Time schedule



	Date and time
Supervisory Board Meeting	9 April 2014
General Meeting	20 May 2014 / 12:00
1 <sup>st</sup> Round	7 July 2014 / 12:00 noon – 21 July 2014 / 12:00 noon
2 <sup>nd</sup> Round	21 August 2014/ 8:30 – 27 August 2014 / 14:00
3 <sup>rd</sup> Round	27 January 2015 / 8:30 – 3 February 2015 / 16:30

# Contact Details



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