



OMV Petrom denies allegations of manipulating energy prices

OMV Petrom rejects the allegations of market manipulation and causing vulnerability to the national energy system, as they were reflected recently in the public space. Such allegations are likely to impact the company's reputation and therefore its commercial activities. OMV Petrom is acting in full observance of the Romanian legislation, based on commercial and transparency principles.

Over the latest 12 years, OMV Petrom has contributed significantly to the development of the energy sector through high investments in the sector, including new power generation capacities: Brazi power plant is the largest private greenfield power generation project in Romania after 1989.

A deliberate interruption of energy production and trading is contrary to the business rationale of any energy company.

We deny the allegations regarding electricity prices manipulation. Not only the company did not benefit from high prices in January 2017, but on the contrary, it was negatively impacted:

- ▶ Due to technical failures, as we informed the relevant authorities, Brazi power plant was functioning at 50% of its capacity since October 2016, three months before the peak of power prices, recorded in January 2017.
- ▶ OMV Petrom recorded losses due to power price increases. The company had ongoing forward contracts for the electricity that was to be produced at Brazi power plant. Due to the plant's half capacity being offline, the company had to purchase the respective quantities from the market, at higher prices, in order to fulfill its contractual obligations.
- ▶ Moreover, as per REMIT, production capacities in other 15 facilities were unavailable during the entire month of January 2017, similarly with Brazi power plant, with a cumulated capacity of more than 3,000 MW; Brazi power plant capacity accounted for approximately 14% of this unavailability.

We mention that following the increase of the electricity prices in January 2017, the Romanian Energy Regulatory Authority (ANRE) and the Competition Council (CC) undertook an analysis. According to public statements from ANRE and CC officials, the analysis has not identified indications of market manipulation or agreements between sector players.

Until now, and implicitly prior to the launch in the public space of the above mentioned allegations, the company was not requested by the Parliamentary Commission of the Chamber of Deputies and Senate for the investigation of ANRE activities, any point of view regarding all the above.

About OMV Petrom

OMV Petrom is the largest integrated oil and gas group in Southeastern Europe, with an annual oil and gas production of approximately 64 mn boe in 2016. The Group has a refining capacity of 4.5 mn tons / year and operates an 860 MW high efficiency power plant. The group is present on the oil products retail markets in Romania and neighboring countries through 785 filling stations, as of end June 2017, under two brands – Petrom and OMV.

OMV, one of Austria's largest listed industrial companies, holds a 51.01% stake in OMV Petrom. The Romanian state, via the Ministry of Energy, holds 20.64% of OMV Petrom shares, Fondul Proprietatea holds 9.9985%, and 18.35% is free float on the Bucharest Stock Exchange and London Stock Exchange.

Starting 2007, OMV Petrom has integrated the principles of corporate responsibility into its business strategy. In this period, the company has allocated approx. EUR 49 mn for the development of communities in Romania, focusing on environmental protection, education, health and local development.

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