

## OMV Petrom Group results<sup>1</sup> for January – December and Q4 2018

including preliminary unaudited condensed consolidated financial statements as of and for the period ended December 31, 2018

### Highlights Q4/18

- ▶ Clean CCS Operating Result at RON 1.4 bn, more than double yoy
- ▶ Free cash flow after dividends at RON 0.7 bn
- ▶ Clean CCS ROACE at 14.3%

### Dividend proposal 2018<sup>2</sup>: RON 0.0270/share, up 35% yoy.

In Q4/18 we benefited from increased demand for electricity and fuels as well as higher commodity prices compared to Q4/17, while the refining margin continued the downward trend in Q4/18.

The full year 2018 Clean CCS Operating Result reached RON 4.8 bn, with Upstream contributing about two thirds. Upstream benefitted from better realized prices and lower OPEX, depreciation and exploration expenses, offsetting the impact of production decline. The Downstream Oil result reflects our strong sales performance, partly compensating the impact of the refinery turnaround in Q2/18 and the lower refining margin. The Downstream Gas result improved, supported by higher availability of the Brazi power plant and increasing number of end-customers. All the above led to an operating cash flow of RON 7.4 bn in 2018, 24% up yoy. During the year, we ramped up investments to RON 4.3 bn, mostly in Upstream. We drilled 110 wells, performed around 1,000 workovers and we brought our currently top producing oil well into production following a successful offshore campaign. As planned, we also invested in major Downstream projects: the Petrobrazi refinery turnaround, the Polyfuel project and the fuel storage modernization. We paid dividends of RON 1.1 bn; our free cash flow after dividends came in at RON 2 bn.

Based on the preliminary results and strong free cash flow achieved in 2018, the Executive Board proposes a dividend of RON 0.0270/share for the 2018 financial year, 35% up yoy, implying a 38% payout ratio. The final dividend proposal is to be submitted for approval by both the Supervisory Board and the subsequent April 2019 GMS.

Recent regulatory instability has led us to revisit our growth investment plans, while we seek clarity on the Romanian investment climate. We plan CAPEX of around RON 3.7 bn for 2019, with the majority routed to Upstream. Our focus remains on extracting the highest value from the existing Upstream portfolio, thus we estimate the daily average production decline to be contained at around 5% yoy, excluding portfolio optimization.

Q4/18	Q3/18	Q4/17	Δ% <sup>3</sup>	Key performance indicators (in RON mn)	2018	2017	Δ%
1,426	1,685	573	149	Clean CCS Operating Result <sup>4</sup>	4,804	3,273	47
1,751	1,681	820	113	Operating Result	5,213	3,270	59
1,131	1,382	434	161	Clean CCS net income attributable to stockholders <sup>4,5,6</sup>	3,728	2,488	50
1,411	1,379	642	120	Net income attributable to stockholders <sup>5</sup>	4,078	2,491	64
0.0200	0.0244	0.0077	161	Clean CCS EPS (RON) <sup>4,5,6</sup>	0.0658	0.0439	50
0.0249	0.0243	0.0113	120	EPS (RON) <sup>5</sup>	0.0720	0.0440	64
1,824	2,376	1,508	21	Cash flow from operating activities	7,385	5,954	24
692	1,217	664	4	Free cash flow after dividends	2,002	2,666	(25)
-	-	-	-	Dividend/share (RON)	0.027 <sup>2</sup>	0.020	35

<sup>1</sup> The financials are unaudited and represent OMV Petrom Group's (herein after also referred to as "the Group") preliminary consolidated results prepared according to IFRS; all the figures refer to OMV Petrom Group, unless otherwise stated; financials are expressed in RON mn and rounded to the closest integer value, so minor differences may result upon reconciliation; OMV Petrom uses the National Bank of Romania exchange rates for its consolidation process. Unless specified differently, amounts related to Downstream represent totals of Downstream Oil and Downstream Gas.

<sup>2</sup> Subject to approval by the Supervisory Board and the General Meeting of Shareholders.

<sup>3</sup> Q4/18 vs. Q4/17

<sup>4</sup> Adjusted for exceptional, non-recurring items; Clean CCS (current cost of supply) figures exclude special items and inventory holding effects (CCS effects) resulting from Downstream Oil; special items include temporary effects from commodity hedging (in order to mitigate Income Statement volatility).

<sup>5</sup> After deducting net result attributable to non-controlling interests.

<sup>6</sup> Excludes additional special income from a legal dispute reflected in the financial result.

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# Directors' report (condensed, unaudited)

## Financial highlights

Q4/18	Q3/18	Q4/17	Δ% <sup>1</sup>	in RON mn	2018	2017	Δ%
6,413	6,260	5,142	25	Sales <sup>2</sup>	22,523	19,435	16
<b>1,426</b>	<b>1,685</b>	<b>573</b>	<b>149</b>	<b>Clean CCS Operating Result<sup>3</sup></b>	<b>4,804</b>	<b>3,273</b>	<b>47</b>
794	965	340	134	Clean Operating Result Upstream <sup>3,4</sup>	3,224	1,674	93
514	639	360	43	Clean CCS Operating Result Downstream <sup>3</sup>	1,695	1,753	(3)
(29)	(18)	(28)	(5)	Clean Operating Result Co&O <sup>3</sup>	(87)	(74)	(17)
147	98	(99)	n.m.	Consolidation	(28)	(80)	65
17	16	1	n.m.	Clean Group effective tax rate (%)	17	14	22
1,131	1,383	434	161	Clean CCS net income <sup>3,7</sup>	3,728	2,487	50
<b>1,131</b>	<b>1,382</b>	<b>434</b>	<b>161</b>	<b>Clean CCS net income attributable to stockholders<sup>3,6,7</sup></b>	<b>3,728</b>	<b>2,488</b>	<b>50</b>
0.0200	0.0244	0.0077	161	Clean CCS EPS (RON) <sup>3,6,7</sup>	0.0658	0.0439	50
<b>1,426</b>	<b>1,685</b>	<b>573</b>	<b>149</b>	<b>Clean CCS Operating Result<sup>3</sup></b>	<b>4,804</b>	<b>3,273</b>	<b>47</b>
406	(63)	145	180	Special items <sup>5</sup>	223	(105)	n.m.
(81)	59	103	n.m.	CCS effects: Inventory holding gains/(losses)	186	102	82
<b>1,751</b>	<b>1,681</b>	<b>820</b>	<b>113</b>	<b>Operating Result Group</b>	<b>5,213</b>	<b>3,270</b>	<b>59</b>
1,134	951	442	156	Operating Result Upstream <sup>4</sup>	3,531	1,661	113
360	651	540	(33)	Operating Result Downstream	1,672	1,768	(5)
(37)	(19)	(28)	(31)	Operating Result Co&O	(106)	(76)	(39)
294	98	(134)	n.m.	Consolidation	116	(82)	n.m.
(71)	(30)	(134)	47	Net financial result	(299)	(366)	18
1,680	1,650	686	145	Profit before tax	4,914	2,904	69
16	16	6	149	Group effective tax rate (%)	17	14	19
1,411	1,379	642	120	Net income	4,078	2,489	64
<b>1,411</b>	<b>1,379</b>	<b>642</b>	<b>120</b>	<b>Net income attributable to stockholders<sup>6</sup></b>	<b>4,078</b>	<b>2,491</b>	<b>64</b>
0.0249	0.0243	0.0113	120	EPS (RON) <sup>6</sup>	0.0720	0.0440	64
-	-	-	-	Dividend/share (RON)	0.027 <sup>8</sup>	0.020	35
1,824	2,376	1,508	21	Cash flow from operating activities	7,385	5,954	24
692	1,217	664	4	Free cash flow after dividends	2,002	2,666	(25)
(4,891)	(4,205)	(2,897)	(69)	Net debt/(cash)	(4,891)	(2,897)	(69)
1,189	998	1,246	(5)	Capital expenditure	4,289	2,969	44
14.3	11.8	9.8	45	Clean CCS ROACE (%) <sup>3,7</sup>	14.3	9.8	45
15.6	12.9	9.9	59	ROACE (%)	15.6	9.9	59
13,201	13,249	13,790	(4)	OMV Petrom Group employees at end of period	13,201	13,790	(4)

<sup>1</sup> Q4/18 vs. Q4/17

<sup>2</sup> Sales excluding petroleum excise tax.

<sup>3</sup> Adjusted for special items; Clean CCS (current cost of supply) figures exclude special items and inventory holding effects (CCS effects) resulting from Downstream Oil; special items include temporary effects from commodity hedging (in order to mitigate Income Statement volatility).

<sup>4</sup> Excluding intersegmental profit elimination shown in the line "Consolidation".

<sup>5</sup> Special items, representing exceptional, non-recurring items, are added back or deducted from the Operating Result; for more details please refer to each specific segment.

<sup>6</sup> After deducting net result attributable to non-controlling interests.

<sup>7</sup> Excludes additional special income from a legal dispute reflected in the financial result.

<sup>8</sup> Subject to approval by the Supervisory Board and the General Meeting of Shareholders.

## Group performance

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### Fourth quarter 2018 (Q4/18) vs. fourth quarter 2017 (Q4/17)

Consolidated **sales** increased by 25% compared to Q4/17, supported by higher commodity prices and higher sales volumes of electricity and petroleum products, partially offset by lower sales volumes of natural gas. Downstream Oil represented 72% of total consolidated sales, while Downstream Gas accounted for 26% and Upstream for 2% (sales in Upstream being largely intra-group sales rather than third-party sales).

**Clean CCS Operating Result** increased in Q4/18 by 149% to RON 1,426 mn, supported by a more favorable market environment, both in Upstream, triggered by higher prices, and in Downstream, as a result of higher demand for fuels and electricity. The **Clean CCS net income attributable to stockholders** was RON 1,131 mn (Q4/17: RON 434 mn).

**Special items** comprise net income of RON 406 mn, mainly due to the reversal of an impairment in Upstream, while **inventory holding losses** amounted to RON (81) mn in Q4/18. In Q4/17, **special items** comprised a net income of RON 145 mn, mainly due to the reassessment of provisions, while **inventory holding gains** amounted to RON 103 mn.

**Reported Operating Result** for Q4/18 increased to RON 1,751 mn, compared to RON 820 mn in Q4/17, driven mainly by higher sales revenues, reflecting also the full availability of the Brazi power plant.

**Net financial result** improved from a loss of RON (134) mn in Q4/17 to a loss of RON (71) mn in Q4/18, reflecting mainly higher interest income on bank deposits and favorable FX effects.

As a result, the **profit before tax** for Q4/18 of RON 1,680 mn was significantly higher compared to RON 686 mn in Q4/17.

**Income tax** amounted to RON (269) mn, while the effective tax rate was 16% in Q4/18 (Q4/17: 6%).

**Net income attributable to stockholders** was RON 1,411 mn (Q4/17: RON 642 mn).

**Cash flow from operating activities** amounted to RON 1,824 mn, 21% higher yoy, driven by the higher operating result. **Free cash flow after dividends** resulted in a cash inflow of RON 692 mn (Q4/17: RON 664 mn).

**Capital expenditure** amounted to RON 1,189 mn in Q4/18 and was by 5% lower than in Q4/17. This consisted mainly of Upstream investments of RON 913 mn in Q4/18, compared to RON 962 mn in Q4/17. Downstream investments amounted to RON 276 mn (Q4/17: RON 283 mn), almost in full allocated to Downstream Oil (Q4/17: RON 219 mn in Downstream Oil).

OMV Petrom Group reported a **net cash** position of RON 4,891 mn at the end of Q4/18, up from RON 2,897 mn at the end of Q4/17.

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### January – December 2018 vs. January – December 2017

Consolidated **sales** for 2018 amounted to RON 22,523 mn, an increase of 16% compared to 2017, driven by higher commodity prices and electricity sales volumes, partially offset by lower sales volumes of gas and petroleum products. Downstream Oil represented 76% of total consolidated sales, Downstream Gas accounted for 22% and Upstream for approximately 2%.

**Clean CCS Operating result** increased by 47% to RON 4,804 mn, supported by a more favorable market environment leading to higher prices in Upstream and by higher availability of the Brazi power plant, offsetting the less supportive refining margin environment and the lower Petrobrazi refinery utilization due to the planned turnaround in Q2/18. **Clean CCS net income attributable to stockholders** was RON 3,728 mn, 50% higher compared to 2017.

**Special items** comprised net income of RON 223 mn, mainly due to a reversal of an impairment in Upstream, while **inventory holding gains** amounted to RON 186 mn in 2018. In 2017, **special items** comprised net charges of RON (105) mn, while **inventory holding gains** amounted to RON 102 mn.

**Group Operating result** for the year 2018 increased by 59% to RON 5,213 mn (2017: RON 3,270 mn), driven mainly by higher commodity prices and ongoing cost optimization.

**Net financial result** improved to a RON (299) mn loss from RON (366) mn in 2017, reflecting mainly higher interest income on bank deposits.

**Profit before tax** improved to RON 4,914 mn. The corporate income tax amounted to RON (836) mn, while the effective tax rate was 17% for 2018 (2017: 14%).

**Net income attributable to stockholders** was RON 4,078 mn in 2018, compared to RON 2,491 mn in 2017.

**Cash flow from operating activities** amounted to RON 7,385 mn, 24% above the 2017 level, driven by the higher operating result. **Free cash flow after dividends** amounted to RON 2,002 mn (2017: RON 2,666 mn).

**Capital expenditure** amounted to RON 4,289 mn in 2018, 44% higher than in 2017. This consisted mainly of Upstream investments of RON 3,150 mn in 2018, compared to RON 2,435 mn in 2017. Downstream investments amounted to RON 1,138 mn (2017: RON 533 mn), of which RON 1,112 mn in Downstream Oil (2017: RON 446 mn).

## Special items and CCS effect

Q4/18	Q3/18	Q4/17	Δ% <sup>1</sup>	Special items and CCS effect (in RON mn)	2018	2017	Δ%
1,426	1,685	573	149	<b>Clean CCS Operating Result</b>	4,804	3,273	47
406	(63)	145	180	<b>Special items</b>	223	(105)	n.m.
(24)	(8)	38	n.m.	thereof personnel and restructuring	(71)	(2)	n.m.
423	-	(75)	n.m.	thereof unscheduled depreciation	423	(132)	n.m.
6	(55)	182	(96)	thereof other	(130)	29	n.m.
(81)	59	103	n.m.	CCS effect: Inventory holding gains/(losses)	186	102	82
1,751	1,681	820	113	<b>Operating Result Group</b>	5,213	3,270	59

<sup>1</sup> Q4/18 vs. Q4/17

The disclosure of **Special items** is considered appropriate in order to facilitate the analysis of the ordinary business performance. To reflect comparable figures, certain items affecting the result are added back or deducted. They are being disclosed separately. These items can be divided into three categories: personnel and restructuring, unscheduled depreciation and other.

Furthermore, to enable effective performance management in an environment of volatile prices and comparability with peers, the **Current Cost of Supply (CCS)** effect is eliminated from the accounting result. The CCS effect also called inventory holding gains or losses, represents the difference between the cost of sales calculated using the current cost of supply and the cost of sales calculated using the weighted average method after adjusting for any changes in valuation allowances, in case the net realizable value of the inventory is lower than its cost. In volatile energy markets, measurement of the costs of petroleum products sold based on historical values (e.g. weighted average cost) can have a distorting effect on the reported results. This performance measurement enhances the transparency of the results and is commonly used in the oil industry. OMV Petrom, therefore, published this measurement in addition to the Operating Result determined according to IFRS.

## Cash flow

Q4/18	Q3/18	Q4/17	Δ% <sup>1</sup>	Summarized cash-flow statement (in RON mn)	2018	2017	Δ%
1,871	2,244	1,626	15	<b>Sources of funds</b>	7,353	6,153	19
1,824	2,376	1,508	21	Cash flow from operating activities	7,385	5,954	24
(1,131)	(1,159)	(844)	(34)	Cash flow from investing activities	(4,261)	(2,446)	(74)
693	1,218	664	4	<b>Free cash flow</b>	3,125	3,508	(11)
(35)	(64)	(526)	93	Cash flow from financing activities	(1,495)	(1,524)	2
0	0	0	37	Effect of exchange rates on cash and cash equivalents	1	(1)	n.m.
659	1,153	138	376	<b>Net increase in cash and cash equivalents</b>	1,630	1,983	(18)
4,951	3,797	3,841	29	Cash and cash equivalents beginning of period	3,979	1,996	99
5,609	4,951	3,979	41	<b>Cash and cash equivalents end of period</b>	5,609	3,979	41
692	1,217	664	4	<b>Free cash flow after dividends</b>	2,002	2,666	(25)

<sup>1</sup> Q4/18 vs. Q4/17

#### Fourth quarter 2018 (Q4/18) vs. fourth quarter 2017 (Q4/17)

In Q4/18, the inflow of funds from profit before tax, adjusted for non-cash items such as depreciation and impairments, net change of provisions and other non-cash adjustments, as well as net interest and income tax paid, was RON 1,871 mn (Q4/17: RON 1,626 mn). Changes in **net working capital** generated a cash outflow of RON 47 mn (Q4/17: RON 117 mn). **Cash flow from operating activities** increased by RON 315 mn compared to Q4/17, reaching RON 1,824 mn.

In Q4/18, **cash flow from investing activities** resulted in an outflow of RON 1,131 mn (Q4/17: RON 844 mn) mainly related to investments in intangible assets and property, plant and equipment, in the Upstream segment.

**Cash flow from financing activities** implied an outflow of funds amounting to RON 35 mn (Q4/17: RON 526 mn), mainly due to repayment of loans.

**Free cash flow** (defined as cash flow from operating activities less cash flow from investing activities) showed an inflow of funds of RON 693 mn (Q4/17: RON 664 mn). **Free cash flow less dividend payments** resulted in a cash inflow of RON 692 mn (Q4/17: RON 664 mn).

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#### January to December 2018 vs. January to December 2017

In 2018, the inflow of funds from profit before tax, adjusted for non-cash items such as depreciation and impairments, net change of provisions and other non-cash adjustments, as well as net interest and income tax paid was RON 7,353 mn (2017: RON 6,153 mn). Changes in **net working capital** generated a cash inflow of RON 32 mn (2017: outflow of RON 199 mn). **Cash flow from operating activities** increased by RON 1,431 mn compared to 2017, to RON 7,385 mn, reflecting the significantly higher operating result supported by the favorable commodity price developments and cost optimization.

In 2018, **cash flow from investing activities** resulted in an outflow of RON 4,261 mn (2017: RON 2,446 mn) mainly related to investments in intangible assets and property, plant and equipment, largely in the Upstream segment.

**Cash flow from financing activities** reflected an outflow of funds amounting to RON 1,495 mn (2017: RON 1,524 mn), mainly arising from the payment of dividends of RON 1,123 mn and the repayment of loans.

**Free cash flow** (defined as cash flow from operating activities less cash flow from investing activities) showed an inflow of funds of RON 3,125 mn (2017: RON 3,508 mn). **Free cash flow less dividend payments** resulted in a cash inflow of RON 2,002 mn (2017: RON 2,666 mn).

#### Risk management

The scope of OMV Petrom's business activity, both existing and planned, and the markets in which the company operates in naturally expose the company to significant commodity price, foreign exchange, operational and other risks. A detailed description of risks and risk management activities can be found in the 2017 Annual Report (pages 66-69).

According to the last OMV Petrom Group risk assessment exercise in September 2018, the main uncertainties which could impact the company's performance remain the commodity price risk, operational risks as well as political and regulatory risk.

Through the nature of its business of extracting, processing, transporting and selling hydrocarbons, OMV Petrom is inherently exposed to safety and environmental risks. Through its HSSE and risk management programs, OMV Petrom remains committed to be in line with industry standards.

In terms of regulatory risk, the company is in dialogue with the Romanian authorities on topics of relevance for the industry. In the latest months, we have seen a number of fiscal and regulatory initiatives put in discussion and/or implemented. This increases legislative volatility with influence on the overall business environment.

Also refer to the Outlook section of the Directors' report for more information on current risks.

## Outlook for the full year 2019

### Market environment

- ▶ For the full year 2019, OMV Petrom expects the **average Brent oil price** to be at USD 65/bbl;
- ▶ **Refining margins** are expected to be at a similar level as in 2018;
- ▶ **Demand for oil products, gas and power** is expected to be broadly similar to 2018.

### Taxation and regulatory environment

A stable, predictable and investment-friendly fiscal and regulatory framework is a key requirement for our future investments, both onshore and offshore.

- ▶ The Offshore Law entered into force in mid-November 2018;
- ▶ At the end of 2018, the Government approved the Emergency Ordinance no. 114, introducing measures impacting several sectors. The main aspects impacting our business include regulated gas and power pricing over a three-year period and an increased financial contribution applied to the gas and electricity turnover. We are currently assessing the impact on our operations, as secondary legislation is still to be issued.

### OMV Petrom Group

- ▶ We expect to generate a **positive free cash flow after dividends**;
- ▶ **CAPEX** (including capitalized exploration and appraisal) is currently anticipated to be around RON 3.7 bn, of which about 75% in Upstream;
- ▶ **Neptun Deep**: The current legislative environment does not provide the necessary prerequisites for a multi-billion investment decision. We remain keen to see the Black Sea developed and we will continue the dialogue with the authorities to understand the way forward;
- ▶ **Partnership with Auchan**: following the encouraging results of the pilot phase of 15 MyAuchan convenience stores in Petrom branded filling stations, we are looking forward to extend the partnership;
- ▶ A **sustainable cost base** supported by ongoing efficiency programs is even more crucial in the context of the current volatile regulatory environment.

### Upstream

- ▶ **Production**: is expected to decline by around 5% yoy, excluding portfolio optimization, mainly due to natural decline;
- ▶ **Portfolio optimization**: continue to focus on the most profitable barrels; closing the transfer of nine fields, as agreed with Mazarine Energy Romania in September 2018; divestment process for further fields ongoing;
- ▶ **Investments**: drill around 100 new wells and sidetracks and maintain a constant level of workovers yoy;
- ▶ **Exploration**: exploration expenditures are estimated to be around RON 380 mn.

### Downstream

- ▶ **The refinery utilization** rate of around 94%;
- ▶ Relatively similar **gas sales volumes** and higher **net electrical output** vs. 2018;
- ▶ Brazi power plant **planned shutdown** in Q2/19: two weeks for full capacity and two weeks for half capacity.

## Business segments

### Upstream

Q4/18	Q3/18	Q4/17	Δ% <sup>1</sup>	in RON mn	2018	2017	Δ%
1,464	1,581	1,177	24	Clean Operating Result before depreciation and amortization, impairments and write ups <sup>2</sup>	5,730	4,333	32
794	965	340	134	Clean Operating Result <sup>2</sup>	3,224	1,674	93
340	(14)	102	232	Special items	306	(13)	n.m.
1,134	951	442	156	Operating Result <sup>2</sup>	3,531	1,661	113
913	796	962	(5)	Capital expenditure	3,150	2,435	29
153	129	119	29	Exploration expenditures	466	235	98
81	9	221	(63)	Exploration expenses	174	308	(43)
10.73	10.41	12.44	(14)	OPEX (USD/boe)	11.18	10.90	3

Q4/18	Q3/18	Q4/17	Δ% <sup>1</sup>	Key performance indicators	2018	2017	Δ%
14.39	14.74	15.14	(5)	Total hydrocarbon production (mn boe)	58.30	61.18	(5)
156	160	165	(5)	Total hydrocarbon production (kboe/d)	160	168	(5)
6.66	6.77	6.68	(0)	Crude oil and NGL production (mn bbl)	26.78	27.33	(2)
1.18	1.22	1.30	(9)	Natural gas production (bcm)	4.83	5.18	(7)
41.81	43.04	45.73	(9)	Natural gas production (bcf)	170.39	182.95	(7)
13.3	13.7	14.3	(7)	Total hydrocarbon sales volume (mn boe)	54.3	57.8	(6)
68.33	74.16	60.77	12	Average Urals price (USD/bbl)	70.12	53.23	32
59.71	66.35	52.61	13	Average Group realized crude price (USD/bbl)	62.06	45.77	36

<sup>1</sup> Q4/18 vs. Q4/17

<sup>2</sup> Excluding intersegmental profit elimination.

#### Fourth quarter 2018 (Q4/18) vs. fourth quarter 2017 (Q4/17)

- ▶ **Clean Operating Result more than doubled, supported by higher oil and gas prices**
- ▶ **Daily production decreased by 5%, mainly due to natural decline and surface works in Romania**
- ▶ **OPEX of USD 10.73/boe reflects lower personnel costs and favorable FX effects**

**Clean Operating Result** improved to RON 794 mn, mainly driven by higher oil and gas prices, lower production costs and lower exploration expenses, which compensated for the lower oil and gas volumes and higher royalties.

In Q4/18 **Reported Operating Result** was impacted by special items, mainly the reversal of previously recorded impairment, while both quarters include reassessment of provisions.

Group **production cost** (OPEX) in USD/boe was 14% lower than in Q4/17, mainly due to lower personnel costs and favorable FX, partially offset by lower production available for sale. In Romania, production cost in USD/boe decreased by 9% to USD 11.23/boe, while in RON terms, it decreased to RON 45.86/boe, 6% below the Q4/17 level. The production cost in Q4/17 was impacted by one-time personnel-related expenses following the conclusion of the Collective Labor Agreement.

**Group hydrocarbon production** decreased by 5% due to natural decline and surface works in Romania (Hurezani area).

In **Romania**, daily hydrocarbon production was 150.2 kboe/d, down 5% yoy. Total production stood at 13.8 mn boe. Crude oil and NGL production in Romania was 6.17 mn bbl, broadly in line with Q4/17. This mainly reflected natural decline, which was almost compensated by the contribution from new wells. Gas production in Romania was 7.66 mn boe, 9% lower than Q4/17, being influenced by natural decline, surface maintenance works in the Hurezani area and unplanned shut-downs of gas facilities.

In **Kazakhstan**, total production amounted to 0.57 mn boe, 2% higher compared to the same period of 2017.

Group hydrocarbon **sales volumes** decreased by 7% compared to Q4/17, as the lower sales in Romania could not be compensated by the slight sales increase in Kazakhstan.

**Exploration expenses** decreased to RON 81 mn as a result of lower write-offs of unsuccessful exploration wells.



**Investments** in Upstream activities were 5% below the Q4/17 level, mainly due to fewer facilities projects and equipment deliveries, and a lower number of Fields Redevelopments in execution; these were partially compensated by higher drilling and workover activities.

**Exploration expenditures** increased to RON 153 mn as a result of the increased drilling activities, mainly for deep onshore exploration wells.

### January – December 2018 vs. January – December 2017

**Clean Operating Result** increased by 93% to RON 3,224 mn, mainly driven by higher prices and lower total production costs and exploration expenses, and partly offset by lower sales volumes and higher royalties.

**Reported Operating Result** amounted to RON 3,531 mn in 2018, influenced by special items, mainly the reversal of previously recorded impairment and personnel restructuring, while both periods included reassessment of receivables and provisions.

Group **production cost** was USD 11.18/boe, 3% higher compared to the 2017 level, mainly due to unfavorable FX and lower production available for sale, and partly offset by lower personnel costs and services expenses. Production cost in Romania was USD 11.38/boe, 4% higher vs. 2017; in RON terms, it increased by 2% to RON 44.83/boe.

**Group daily hydrocarbon production** was 159.7 kboe/d. Group oil, gas and NGL **production** in 2018 totaled 58.3 mn boe, lower than the 2017 level, as a result of natural decline, planned and unplanned surface works, the Mazarine transaction closed in 2017, as well as due to maintenance at key wells in Kazakhstan. Production decline excluding portfolio optimization stood at 4.4%.

In **Romania**, daily production declined by 5% compared to the previous year, to 152.9 kboe/d; total oil, gas and NGL production amounted to 55.82 mn boe. Domestic crude oil production was 24.58 mn bbl, 2% down compared with 2017, mainly due to natural decline and the Mazarine transaction closed in 2017, and partially compensated by the contribution from new wells. Domestic gas production was 31.24 mn boe, 7% lower compared to the 2017 level, due to natural decline in main fields as well as planned and unplanned surface works.

Oil and gas production in **Kazakhstan** decreased by 2.6% to 2.49 mn boe, mainly due to natural decline and maintenance at key wells.

Group hydrocarbon **sales volumes** decreased by 6% compared to 2017 due to lower sales volumes both in Romania and Kazakhstan.

In 2018, we finalized the drilling of 110 new wells and sidetracks, thereof seven exploration wells. We completed another successful shallow offshore drilling campaign, adding the first multilateral horizontal offshore well as top oil producer to our portfolio.

**Exploration expenses** decreased to RON 174 mn in 2018 as a result of lower write-offs of unsuccessful exploration wells.

**Investments** in Upstream activities of RON 3,150 mn represented 73% of total Group CAPEX for 2018, being 29% higher than in 2017, as a result of intensified drilling and workover activities, and partially offset by a lower number of Fields Redevelopments in execution.

**Exploration expenditures** increased to RON 466 mn as a result of the increased drilling activities in deep onshore exploration wells.

As of December 31, 2018, the total **proved** oil and gas **reserves** in OMV Petrom Group's portfolio amounted to 532 mn boe (of which 509 mn boe in Romania), while the **proved and probable** oil and gas reserves amounted to 810 mn boe (of which 766 mn boe in Romania). The Group's three-year average **Reserve Replacement Rate** increased to 38% in 2018 (2017: 34%), and in Romania it increased to 34% (2017: 29%). For the single year 2018, the Group's Reserve Replacement Rate increased to 42% in 2018 (2017: 34%) and in Romania it increased to 40% (2017: 33%).

## Downstream

Q4/18	Q3/18	Q4/17	Δ% <sup>1</sup>	in RON mn	2018	2017	Δ%
715	826	557	28	Clean CCS Operating Result before depreciation and amortization, impairments and write ups <sup>2</sup>	2,462	2,524	(2)
514	639	360	43	Clean CCS Operating Result <sup>2</sup>	1,695	1,753	(3)
354	544	319	11	thereof Downstream Oil	1,335	1,533	(13)
160	95	41	293	thereof Downstream Gas	360	220	64
73	(48)	43	70	Special items	(65)	(90)	28
(227)	59	138	n.m.	CCS effect: Inventory holding gains/(losses) <sup>2</sup>	42	104	(60)
360	651	540	(33)	Operating Result	1,672	1,768	(5)
276	201	283	(3)	Capital expenditure	1,138	533	114

Q4/18	Q3/18	Q4/17	Δ% <sup>1</sup>	Key performance indicators Downstream Oil	2018	2017	Δ%
5.27	6.62	6.16	(14)	Indicator refining margin (USD/bbl) <sup>3</sup>	6.28	7.75	(19)
1.19	1.20	1.10	8	Refining input (mn t) <sup>4</sup>	4.08	4.48	(9)
99	98	91	8	Refinery utilization rate (%)	85	93	(9)
1.35	1.39	1.26	7	Total refined product sales (mn t)	4.99	5.07	(2)
0.70	0.78	0.67	3	thereof retail sales volumes (mn t) <sup>5</sup>	2.74	2.70	1
<b>Key performance indicators Downstream Gas</b>							
12.88	9.74	13.41	(4)	Gas sales volumes (TWh)	47.32	51.40	(8)
9.74	7.54	11.13	(13)	thereof to third parties (TWh)	38.92	45.30	(14)
1.48	1.04	1.05	40	Net electrical output (TWh)	3.82	2.71	41
290	233	215	35	OPCOM spot average electricity base load price (RON/MWh)	216	220	(2)

<sup>1</sup> Q4/18 vs. Q4/17;

<sup>2</sup> Current cost of supply (CCS): the Clean CCS Operating Result eliminates special items and inventory holding gains/losses (CCS effects) resulting from Downstream Oil;

<sup>3</sup> The actual refining margins realized by OMV Petrom may vary from the indicator refining margin due to different crude slate, product yield and operating conditions;

<sup>4</sup> Figures include crude and semi-finished products, in line with the OMV Group reporting standard;

<sup>5</sup> Retail sales volumes refer to sales via the OMV Petrom Group's filling stations in Romania, Bulgaria, Serbia and Moldova.

### Fourth quarter 2018 (Q4/18) vs. fourth quarter 2017 (Q4/17)

- ▶ **Downstream Oil: Clean CCS Operating Result increased by 11% driven by higher retail contribution offsetting the deteriorated refining margin environment; retail volumes up 3%**
- ▶ **Downstream Gas: significantly higher result, mainly on improved power business performance**

The **Clean CCS Operating Result** increased to RON 514 mn in Q4/18 (Q4/17: RON 360 mn), due to the higher results of both Downstream Oil and Downstream Gas segments. The **Reported Operating Result** of RON 360 mn, was lower yoy and reflected **negative CCS effects** of RON (227) mn due to lower crude quotations towards the end of the quarter and a **special income** of RON 73 mn (mainly from the valuation of electricity forward contracts).

In Q4/18, **Downstream Oil Clean CCS Operating Result** increased to RON 354 mn, supported by the higher retail result, in spite of the unfavorable refining margin development.

**OMV Petrom indicator refining margin** decreased yoy by USD 0.89/bbl to USD 5.27/bbl in Q4/18, due to the higher cost for crude consumed and lower product spreads, mainly for gasoline. The **refinery utilization rate** was 99% (Q4/17: 91%), reflecting the temporarily higher throughput run after the refinery turnaround in Q2/18 and in order to capture the increased domestic demand.

**Total refined product sales** were 7% higher compared to Q4/17. Group retail sales volumes, which accounted for 52% of total refined product sales, increased by 3% yoy as a result of higher demand. The Retail result was also supported by the increased non-oil business contribution. Q4/18 non-retail sales volumes increased by 11% yoy as a result of market opportunities being seized.

**Downstream Gas Clean Operating Result** increased to RON 160 mn in Q4/18, from RON 41 mn in Q4/17, mainly due to improved performance of the power business, enabled by better market conditions and the full availability of the Brazi power plant in Q4/18. The Q4/18 result also included RON 34 mn insurance revenues related to the Brazi power plant, following the finalization of the negotiations with the insurer.

As per OMV Petrom's estimates, national **gas** demand increased by around 2% yoy due to colder weather. On the Romanian centralized markets, the weighted average price of natural gas for transactions closed in Q4/18 (21.5 TWh<sup>1</sup>), with delivery until end-2019, was RON 114/MWh<sup>1,2</sup>.

In Q4/18, OMV Petrom's gas sales volume decreased by 4% yoy, due to lower equity production. On the centralized markets, OMV Petrom sold 5.4 TWh in Q4/18, with delivery until end-2019, at an average price in line with the market price. At the end of Q4/18, OMV Petrom had 1.9 TWh of gas in storage.

As per currently available information from the grid operator, national **electricity** demand increased by 2%, while national production was lower by 3% yoy; net exports decreased significantly.

The net electrical output was 1.48 TWh in Q4/18, 40% higher vs. Q4/17, as the Brazi power plant was functional at full capacity and benefited from higher spark spreads.

**Total Downstream investments** amounted to RON 276 mn (Q4/17: RON 283 mn) and were directed to Downstream Oil, primarily in the retail network and for ongoing projects in Petrobrazi refinery.

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### January – December 2018 vs. January – December 2017

The **Clean CCS Operating Result** decreased to RON 1,695 mn in 2018 (2017: RON 1,753 mn), due to a lower result of the Downstream Oil segment, partly offset by the higher result in Downstream Gas. The **Reported Operating Result** of RON 1,672 mn reflected **special charges** of RON (65) mn (mainly from the valuation of electricity forward contracts), partly counterbalanced by positive **CCS effects** of RON 42 mn.

**Clean CCS Operating Result in Downstream Oil** decreased to RON 1,335 mn compared to RON 1,533 mn in 2017, reflecting the impact of the Petrobrazi six-week full-site planned turnaround in Q2/18 and the lower refining margin, which offset the higher retail contribution.

In 2018, the **OMV Petrom indicator refining margin** decreased vs. 2017 by USD 1.47/bbl to USD 6.28/bbl, as a result of the higher cost of crude oil. The **refinery utilization rate** came in at 85%, impacted by the six-week planned turnaround (2017: 93%).

Group **total refined product sales** amounted to 4.99 mn t in 2018, 2% lower compared to 2017, mainly reflecting the decrease in non-retail sales. Group retail sales were 1% higher yoy, reaching 2.74 mn t, as a result of a positive trend in the domestic market, despite the competition network growth. Group non-retail sales decreased by 5% compared to 2017, as an effect of lower product availability due to the refinery turnaround.

**Downstream Gas Clean Operating Result** increased to RON 360 mn in 2018 from RON 220 mn in 2017, reflecting the optimization of products and clients portfolios, as well as the improved performance of the power business supported by higher availability of the Brazi power plant. The total insurance revenues related to the Brazi power plant booked in 2018 were RON 82 mn (2017: RON 161 mn, of which RON 137 in Clean result and RON 24 mn as special item).

As per OMV Petrom's estimates, national **gas** consumption remained stable compared to 2017 and was covered by lower domestic production and higher imports. On the Romanian centralized markets, the weighted average price of natural gas for transactions closed in 2018 (68.5 TWh<sup>1</sup>), with delivery until end-2019, was RON 92/MWh<sup>1,2</sup>.

In 2018, OMV Petrom's gas sales volume decreased by 8% yoy, mainly due to lower equity production. On the centralized markets, OMV Petrom sold 13.8 TWh in 2018, with delivery until end-2019, at an average price in line with the market price.

As per currently available information from the grid operator, national **electricity** demand increased by 2%, while national production remained relatively stable vs. 2017, leading to a decrease in net exports.

The net electrical output increased to 3.82 TWh in 2018 (2017: 2.71 TWh), covering approximately 6% of Romania's electricity production (2017: 4%).

Total **Downstream investments** amounted to RON 1,138 mn (2017: RON 533 mn), thereof RON 1,112 mn in Downstream Oil (2017: RON 446 mn) and RON 26 mn in Downstream Gas (2017: RON 87 mn). In Downstream Oil, the increase was mainly due to investments directed to the Petrobrazi refinery turnaround, tie-in projects and the Polyfuel growth project. In Downstream Gas, investments were mainly in relation to the planned shutdown of the Brazi power plant and the acquisition of a back-up transformer.

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<sup>1</sup> OMV Petrom estimates based on available public information.

<sup>2</sup> The gas price for transactions on the Romanian centralized markets refers to various products in terms of storage costs, flexibility and timing.

**Group preliminary condensed consolidated financial statements as of and for the period ended December 31, 2018 (unaudited)**

**Consolidated income statement (unaudited)**

Q4/18	Q3/18	Q4/17	in RON mn	2018	2017
6,412.63	6,259.87	5,141.56	Sales revenues	22,523.24	19,435.08
515.60	74.40	55.38	Other operating income	672.10	363.57
0.38	3.33	1.53	Net income from equity-accounted investments	9.51	8.36
<b>6,928.61</b>	<b>6,337.60</b>	<b>5,198.47</b>	<b>Total revenues and other income</b>	<b>23,204.85</b>	<b>19,807.01</b>
(2,516.89)	(2,243.88)	(1,702.74)	Purchases (net of inventory variation)	(8,040.24)	(6,697.53)
(769.18)	(741.24)	(868.52)	Production and operating expenses	(3,139.79)	(3,161.57)
(358.98)	(300.54)	(237.46)	Production and similar taxes	(1,240.55)	(929.38)
(824.71)	(812.18)	(909.18)	Depreciation, amortization and impairment charges	(3,180.13)	(3,345.37)
(526.50)	(499.63)	(545.25)	Selling, distribution and administrative expenses	(1,977.47)	(1,971.04)
(80.64)	(9.07)	(220.58)	Exploration expenses	(174.27)	(308.28)
(100.77)	(50.26)	105.39	Other operating expenses	(239.41)	(123.49)
<b>1,750.94</b>	<b>1,680.80</b>	<b>820.13</b>	<b>Operating Result</b>	<b>5,212.99</b>	<b>3,270.35</b>
44.60	54.05	25.60	Interest income	162.24	92.70
(99.21)	(80.89)	(132.17)	Interest expenses	(435.60)	(398.76)
(16.52)	(3.53)	(27.77)	Other financial income and expenses	(26.06)	(60.17)
<b>(71.13)</b>	<b>(30.37)</b>	<b>(134.34)</b>	<b>Net financial result</b>	<b>(299.42)</b>	<b>(366.23)</b>
<b>1,679.81</b>	<b>1,650.43</b>	<b>685.79</b>	<b>Profit before tax</b>	<b>4,913.57</b>	<b>2,904.12</b>
(269.17)	(271.02)	(44.17)	Taxes on income	(835.78)	(414.81)
<b>1,410.64</b>	<b>1,379.41</b>	<b>641.62</b>	<b>Net income for the period</b>	<b>4,077.79</b>	<b>2,489.31</b>
<b>1,410.63</b>	<b>1,379.06</b>	<b>641.97</b>	<b>thereof attributable to stockholders of the parent</b>	<b>4,078.10</b>	<b>2,490.81</b>
0.01	0.35	(0.35)	thereof attributable to non-controlling interests	(0.31)	(1.50)
<b>0.0249</b>	<b>0.0243</b>	<b>0.0113</b>	<b>Basic earnings per share (RON)</b>	<b>0.0720</b>	<b>0.0440</b>

**Consolidated statement of comprehensive income (unaudited)**

Q4/18	Q3/18	Q4/17	in RON mn	2018	2017
<b>1,410.64</b>	<b>1,379.41</b>	<b>641.62</b>	<b>Net income for the period</b>	<b>4,077.79</b>	<b>2,489.31</b>
13.69	(0.56)	11.44	Exchange differences from translation of foreign operations	15.84	41.53
5.02	-	-	Unrealized gains on hedges	5.02	-
<b>18.71</b>	<b>(0.56)</b>	<b>11.44</b>	<b>Total of items that may be reclassified ("recycled") subsequently to the income statement</b>	<b>20.86</b>	<b>41.53</b>
9.03	-	10.16	Re-measurement gains on defined benefit plans	9.03	10.16
<b>9.03</b>	<b>-</b>	<b>10.16</b>	<b>Total of items that will not be reclassified ("recycled") subsequently to the income statement</b>	<b>9.03</b>	<b>10.16</b>
(5.55)	(0.94)	0.49	Income tax relating to items that may be reclassified ("recycled") subsequently to the income statement	(12.50)	25.16
(1.46)	-	(1.63)	Income tax relating to items that will not be reclassified ("recycled") subsequently to the income statement	(1.46)	(1.63)
<b>(7.01)</b>	<b>(0.94)</b>	<b>(1.14)</b>	<b>Total income taxes relating to components of other comprehensive income</b>	<b>(13.96)</b>	<b>23.53</b>
<b>20.73</b>	<b>(1.50)</b>	<b>20.46</b>	<b>Other comprehensive income/(loss) for the period, net of tax</b>	<b>15.93</b>	<b>75.22</b>
<b>1,431.37</b>	<b>1,377.91</b>	<b>662.08</b>	<b>Total comprehensive income/ (loss) for the period</b>	<b>4,093.72</b>	<b>2,564.53</b>
<b>1,431.36</b>	<b>1,377.88</b>	<b>662.34</b>	<b>thereof attributable to stockholders of the parent</b>	<b>4,095.75</b>	<b>2,559.94</b>
0.01	0.03	(0.26)	thereof attributable to non-controlling interests	(2.03)	4.59

## Consolidated statement of financial position (unaudited)

in RON mn	December 31, 2018	December 31, 2017
<b>Assets</b>		
Intangible assets	3,058.95	2,611.13
Property, plant and equipment	26,749.09	27,143.50
Investments in associated companies	58.29	49.62
Other financial assets	2,165.22	2,317.15
Other assets	84.11	59.94
Deferred tax assets	1,433.00	1,545.35
<b>Non-current assets</b>	<b>33,548.66</b>	<b>33,726.69</b>
Inventories	2,151.54	2,082.80
Trade receivables	1,674.23	1,513.03
Other financial assets	195.19	243.96
Other assets	476.14	507.83
Cash and cash equivalents	5,609.43	3,979.05
<b>Current assets</b>	<b>10,106.53</b>	<b>8,326.67</b>
Assets held for sale	128.95	5.43
<b>Total assets</b>	<b>43,784.14</b>	<b>42,058.79</b>
<b>Equity and liabilities</b>		
Share capital	5,664.41	5,664.41
Reserves	25,703.21	22,815.26
<b>Stockholders' equity</b>	<b>31,367.62</b>	<b>28,479.67</b>
Non-controlling interests	0.48	(58.64)
<b>Total equity</b>	<b>31,368.10</b>	<b>28,421.03</b>
Provisions for pensions and similar obligations	211.38	224.84
Interest-bearing debts	281.87	558.68
Provisions for decommissioning and restoration obligations	5,992.95	7,274.81
Other provisions	190.27	274.24
Other financial liabilities	155.63	160.51
Other liabilities	14.84	16.08
Deferred tax liabilities	20.49	-
<b>Non-current liabilities</b>	<b>6,867.43</b>	<b>8,509.16</b>
Trade payables	3,049.66	2,805.44
Interest-bearing debts	267.43	328.62
Income tax liabilities	228.47	80.70
Other provisions and decommissioning	690.29	904.33
Other financial liabilities	388.34	371.25
Other liabilities	821.36	638.26
<b>Current liabilities</b>	<b>5,445.55</b>	<b>5,128.60</b>
Liabilities associated with assets held for sale	103.06	-
<b>Total equity and liabilities</b>	<b>43,784.14</b>	<b>42,058.79</b>

## Condensed consolidated statement of changes in equity (unaudited)

in RON mn	Share capital	Revenue reserves	Other reserves <sup>1</sup>	Treasury shares	Stockholders' equity	Non-controlling interests	Total Equity
<b>January 1, 2018</b>	<b>5,664.41</b>	<b>22,765.94</b>	<b>49.34</b>	<b>(0.02)</b>	<b>28,479.67</b>	<b>(58.64)</b>	<b>28,421.03</b>
Net income/(loss) for the period	-	4,078.10	-	-	4,078.10	(0.31)	4,077.79
Other comprehensive income/(loss) for the period	-	7.58	10.07	-	17.65	(1.72)	15.93
<b>Total comprehensive income/ (loss) for the period</b>	<b>-</b>	<b>4,085.68</b>	<b>10.07</b>	<b>-</b>	<b>4,095.75</b>	<b>(2.03)</b>	<b>4,093.72</b>
Dividend distribution	-	(1,132.88)	-	-	(1,132.88)	(0.08)	(1,132.96)
Change in non-controlling interests and other	-	(65.64)	(9.28)	-	(74.92)	61.23	(13.69)
<b>December 31, 2018</b>	<b>5,664.41</b>	<b>25,653.10</b>	<b>50.13</b>	<b>(0.02)</b>	<b>31,367.62</b>	<b>0.48</b>	<b>31,368.10</b>

in RON mn	Share capital	Revenue reserves	Other reserves <sup>1</sup>	Treasury shares	Stockholders' equity	Non-controlling interests	Total Equity
<b>January 1, 2017</b>	<b>5,664.41</b>	<b>21,116.26</b>	<b>(11.30)</b>	<b>(0.02)</b>	<b>26,769.35</b>	<b>(63.16)</b>	<b>26,706.19</b>
Net income/(loss) for the period	-	2,490.81	-	-	2,490.81	(1.50)	2,489.31
Other comprehensive income for the period	-	8.53	60.60	-	69.13	6.09	75.22
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>2,499.34</b>	<b>60.60</b>	<b>-</b>	<b>2,559.94</b>	<b>4.59</b>	<b>2,564.53</b>
Dividend distribution	-	(849.66)	-	-	(849.66)	(0.07)	(849.73)
Change in non-controlling interests and other	-	-	0.04	-	0.04	0.00	0.04
<b>December 31, 2017</b>	<b>5,664.41</b>	<b>22,765.94</b>	<b>49.34</b>	<b>(0.02)</b>	<b>28,479.67</b>	<b>(58.64)</b>	<b>28,421.03</b>

<sup>1</sup> Other reserves contain mainly exchange rate differences from the translation of foreign operations, reserves from business combinations in stages, unrealized gains and losses from hedges, exchange differences on loans considered net investment in a foreign operation and land for which ownership was obtained but was not included in share capital.

## Condensed consolidated statement of cash flows (unaudited)

Q4/18	Q3/18	Q4/17	Summarized statement of cash flows (in RON mn)	2018	2017
<b>1,679.81</b>	<b>1,650.43</b>	<b>685.79</b>	<b>Profit before tax</b>	<b>4,913.57</b>	<b>2,904.12</b>
2.17	(72.08)	(153.90)	Net change in provisions	(1.69)	(92.96)
5.36	(13.45)	(2.32)	Losses/(Gains) on the disposal of non-current assets	(6.82)	(21.58)
453.08	807.99	1,114.60	Depreciation, amortization and impairments including write-ups	2,872.32	3,580.35
31.96	(31.32)	(8.50)	Net interest (paid)/received	16.40	(27.38)
(233.29)	(95.82)	(111.32)	Tax on profit paid	(535.78)	(447.04)
(68.59)	(2.21)	101.21	Other non-monetary adjustments	94.63	257.52
<b>1,870.50</b>	<b>2,243.54</b>	<b>1,625.56</b>	<b>Sources of funds <sup>1</sup></b>	<b>7,352.63</b>	<b>6,153.03</b>
27.30	70.36	63.00	(Increase)/Decrease in inventories	(88.00)	(178.96)
(60.16)	(100.84)	(350.73)	Increase in receivables	(217.78)	(212.94)
(13.76)	163.20	170.59	Increase/(Decrease) in liabilities	338.23	193.20
<b>1,823.88</b>	<b>2,376.26</b>	<b>1,508.42</b>	<b>Cash flow from operating activities</b>	<b>7,385.08</b>	<b>5,954.33</b>
(1,148.14)	(1,186.79)	(924.14)	Intangible assets and property, plant and equipment	(4,327.44)	(2,606.72)
17.08	28.16	7.06	Proceeds in relation to non-current assets	53.73	28.21
-	-	72.94	Proceeds from the sale of subsidiaries and businesses, net of cash disposed	13.21	132.26
<b>(1,131.06)</b>	<b>(1,158.63)</b>	<b>(844.14)</b>	<b>Cash flow from investing activities</b>	<b>(4,260.50)</b>	<b>(2,446.25)</b>
(33.79)	(63.96)	(525.72)	Decrease in borrowings	(371.45)	(682.29)
(0.74)	(0.52)	(0.57)	Dividends paid	(1,122.80)	(842.18)
-	-	-	Decrease in non-controlling interest	(1.01)	-
<b>(34.53)</b>	<b>(64.48)</b>	<b>(526.29)</b>	<b>Cash flow from financing activities</b>	<b>(1,495.26)</b>	<b>(1,524.47)</b>
0.37	0.16	0.27	Effect of exchange rate changes on cash and cash equivalents	1.06	(0.56)
<b>658.66</b>	<b>1,153.31</b>	<b>138.26</b>	<b>Net increase in cash and cash equivalents</b>	<b>1,630.38</b>	<b>1,983.05</b>
4,950.77	3,797.46	3,840.79	Cash and cash equivalents beginning of period	3,979.05	1,996.00
<b>5,609.43</b>	<b>4,950.77</b>	<b>3,979.05</b>	<b>Cash and cash equivalents end of period</b>	<b>5,609.43</b>	<b>3,979.05</b>
<b>692.82</b>	<b>1,217.63</b>	<b>664.28</b>	<b>Free cash flow</b>	<b>3,124.58</b>	<b>3,508.08</b>
<b>692.08</b>	<b>1,217.11</b>	<b>663.71</b>	<b>Free cash flow after dividends</b>	<b>2,001.78</b>	<b>2,665.90</b>

<sup>1</sup> Representing cash generated from operating activities before working capital movements

## **Selected notes to the preliminary condensed consolidated financial statements as of and for the period ended December 31, 2018 (unaudited)**

### **Legal principles**

The preliminary condensed unaudited consolidated financial statements for 2018 have been prepared in line with the accounting policies that will be used in preparing the 2018 annual consolidated financial statements, which are consistent with those used in preparation of the 2017 annual consolidated financial statements, except as described herein. The audited annual consolidated financial statements will be published in March 2019.

The preliminary condensed consolidated financial statements do not include all the information and disclosures required in the annual consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as of December 31, 2017.

The preliminary condensed consolidated financial statements for 2018 included in this report are unaudited and an external limited review by an auditor was not performed.

The preliminary condensed consolidated financial statements for 2018 have been prepared in million RON (RON mn, RON 1,000,000). Accordingly there may be rounding differences.

### **General accounting policies**

The accounting policies and valuation methods adopted in the preparation of the preliminary condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2017, except for the adoption of new standards effective as of January 1, 2018. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group has initially adopted IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers from January 1, 2018.

A number of other amendments and interpretations have been effective since January 1, 2018, but they do not have a material effect on the Group's preliminary condensed consolidated financial statements.

The Group is required to adopt IFRS 16 Leases from January 1, 2019.

### **IFRS 9 Financial Instruments**

IFRS 9 introduces key changes to the classification and measurement of financial assets being based on a business model and contractual cash flows approach and implements a new impairment model based on expected credit losses. In addition, changes to hedge accounting have been made with the objective of better representing the effect of risk management activities that an entity adopts to manage exposures.

Except for hedge accounting, IFRS 9 is to be applied retrospectively. As permitted by IFRS 9, OMV Petrom Group did not restate the figures of the comparative period. The retrospective impact of applying IFRS 9 was accounted for through adjustments to the opening balances of the respective positions in equity as at January 1, 2018.

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVTPL).

As explained in the notes below, there are no significant differences between the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for classes of the Group's financial assets as at January 1, 2018.

Under IAS 39 all trade receivables were measured at amortized cost less any impairment. Upon the application of IFRS 9, however, few receivables eligible for factoring are measured at FVTPL as they are held within a business model with an objective to sell them.

Available-for-sale financial assets in OMV Petrom Group include investments. As a general rule, IFRS 9 requires that equity instruments be measured at fair value through profit or loss. At initial recognition, the Group may make an irrevocable election to present in other comprehensive income (OCI) subsequent changes in the fair value of an investment in an equity instrument within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies. Under IFRS 9, all equity investments will be designated as measured at fair value through OCI. Consequently, all fair



value gains and losses will be reported in OCI; no impairment losses will be recognized in profit or loss and no gains or losses will be reclassified to profit or loss on disposal.

There is no impact on the Group's classification and measurement of financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss. The Group does not have any such liabilities.

The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses, as is the case under IAS 39. Financial assets measured at amortized cost are subject to the impairment provisions of IFRS 9. In general, the application of the expected credit loss model results in earlier recognition of credit losses and increases the amount of loss allowance recognized for the relevant items. Impairment losses are calculated based on a three-stage model using the credit default swap, internal or external counterparty rating and the associated probability of default. For certain financial instruments such as trade receivables, impairment losses are assessed under a simplified approach recognizing lifetime expected credit losses. The related impact in OMV Petrom Group's equity upon initial application of IFRS 9 is RON (5) mn.

Measurement category (in RON mn)	Loss allowance under IAS39	Remeasurement	Loss allowance under IFRS 9
<b>Loans and receivables (IAS 39)/ Financial assets at amortized cost (IFRS 9)</b>			
Cash and cash equivalents	-	-	-
Trade receivables	251.63	0.62	252.25
Other financial assets	884.84	4.38	889.22
<b>Total</b>	<b>1,136.47</b>	<b>5.00</b>	<b>1,141.47</b>

Under IFRS 9, generally more hedging instruments and hedged items will qualify for hedge accounting. As at December 31, 2017, the Group had no hedging relationships for which hedge accounting was applied, therefore the adoption of IFRS 9 has no impact on the financial statements in respect of hedge accounting.

### IFRS 15 Revenue from Contracts with Customers

IFRS 15 replaced the previous revenue recognition requirements in IFRS and applies to all revenue arising from contracts with customers. According to the new standard, revenue is recognized to depict the transfer of promised goods or services to a customer in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Revenue is recognized when, or as, the customer obtains control of the goods or services.

The Group adopted the new standard on January 1, 2018 using the modified retrospective method, with the cumulated adjustment from initially applying this standard recognized at January 1, 2018. As a result, the Group has not applied the requirements of IFRS 15 to the comparative periods presented.

Initial application of IFRS 15 does not have an impact on the Group's retained earnings.

Under IFRS 15, there are more transactions in which OMV Petrom Group acts in the capacity of an agent. An agent recognizes revenue for the commission or fee earned for facilitating the transfer of goods or services. The assessment according to the new standard is based on whether the Group controls the specific goods or services before transferring to the customer, rather than whether it has exposure to significant risks and rewards associated with the sale of the goods or services. Furthermore, under IFRS 15 more transactions have to be considered as non-monetary exchanges between entities in the same line of business that do not qualify for revenue recognition. Without the adoption of IFRS 15, sales revenues and related costs would have been higher by RON 325 mn, without any impact on the margin. Besides this change, IFRS 15 did not have any material impact on OMV Petrom Group's preliminary condensed consolidated financial statements.

### Estimated impact of the adoption of IFRS 16 Leases

This standard will replace IAS 17 and sets out new rules for lease accounting. The most significant impact is that the Group will recognize new assets and liabilities for its operating leases, unless an exemption from IFRS 16 is applicable.

IFRS 16 is effective for annual periods beginning on or after January 1, 2019. OMV Petrom will initially apply IFRS 16 on January 1, 2019 using the modified retrospective approach for transition.

The recognition of a right-of-use asset and lease liability for the existing contracts as at 31 December 2018 will lead to an increase in property, plant and equipment and debt of approximately RON 300 mn on January 1, 2019.

In the income statement, depreciation charges and interest expense will be reported instead of lease expense. This will lead to a slight increase in the operating result which will be offset by higher interest expense.

### Changes in the consolidated Group

Compared with the annual consolidated financial statements as of December 31, 2017, the consolidated Group changed as follows:

In Q2/18 OMV Petrom SA increased its interest in Kom Munai LLP (Kazakhstan) to 100%, by acquiring the remaining 5% non-controlling interest.

The detailed structure of the consolidated companies in OMV Petrom Group at December 31, 2018 is presented in Appendix 1 to the current report.

### Seasonality and cyclicality

Seasonality is of particular significance in Downstream.

Consumption of natural gas, electricity, heat and certain oil products is seasonal and is significantly affected by climatic conditions. Natural gas consumption is higher during the cold winter months. Electricity consumption is also generally higher during winter as a supplementary measure to produce heat and due to fewer daylight hours and the need for more artificial lighting. In addition, during very hot summer periods, the increased usage of air cooling systems can also significantly increase electricity consumption. Natural gas sales and electricity generation may also be significantly affected by climatic conditions, such as unusually hot or cold temperatures. Consequently, the results reflect the seasonal character of the demand for natural gas and electricity, and may be influenced by variations in climatic conditions.

Accordingly, the results of operations of the Downstream Gas business segment and, to a lesser extent, the Downstream Oil business segment, as well as the comparability of results over different periods, may be affected by changes in weather conditions.

In addition to the preliminary condensed consolidated financial statements and notes, further information on main factors affecting the preliminary condensed consolidated financial statements as of and for the year ended December 31, 2018 is given as part of the description of OMV Petrom Group's Business Segments in the Directors' Report.

### Exchange rates

OMV Petrom uses the National Bank of Romania (NBR) exchange rates in its consolidation process. Income statements of foreign subsidiaries are translated to RON using the average of daily exchange rates published by the National Bank of Romania, detailed below.

Statements of the financial position of foreign subsidiaries are translated to RON using the closing rate method based on exchange rates published by the National Bank of Romania, and are detailed below.

Q4/18	Q3/18	Q4/17	Δ% <sup>1</sup>	NBR FX rates	2018	2017	Δ%
4.660	4.647	4.617	1	Average EUR/RON FX rate	4.654	4.568	2
4.083	3.995	3.923	4	Average USD/RON FX rate	3.943	4.051	-3
4.664	4.664	4.660	0	Closing EUR/RON FX rate	4.664	4.660	0
4.074	4.021	3.892	5	Closing USD/RON FX rate	4.074	3.892	5

<sup>1</sup> Q4/18 vs. Q4/17

## Notes to the income statement

### Revenues

in RON mn	2018
Revenues from contracts with customers	22,547.15
Revenues from other sources	(23.91)
<b>Total sales revenues</b>	<b>22,523.24</b>

Revenues from other sources include mainly the impact from commodity sales transactions that are within the scope of IFRS 9 Financial Instruments, as well as rental and lease revenues.

### Revenues from contracts with customers

in RON mn						2018
	Upstream	Downstream	thereof Downstream Oil	thereof Downstream Gas	Corporate & Other	Total
Crude oil and NGL	453.03	75.97	75.97	-	-	529.00
Natural gas, LNG and power	5.29	4,981.06	10.20	4,970.86	-	4,986.35
Fuels and heating oil	-	13,277.20	13,277.20	-	-	13,277.20
Other goods and services	62.81	3,670.09	3,668.04	2.05	21.69	3,754.60
<b>Total</b>	<b>521.13</b>	<b>22,004.32</b>	<b>17,031.41</b>	<b>4,972.91</b>	<b>21.69</b>	<b>22,547.15</b>

### Other operating income

In Q4/18, Other operating income include mainly the reversal of past impairments in Upstream amounting to RON 430 mn.

### Income tax

Q4/18	Q3/18	Q4/17	In RON mn	2018	2017
269.17	271.02	44.17	Taxes on income	835.78	414.81
193.75	233.83	59.60	Current taxes	705.37	406.72
75.42	37.19	(15.43)	Deferred taxes – expense / (revenue)	130.41	8.09
16%	16%	6%	Group effective tax rate	17%	14%

## Notes to the statement of financial position

### Commitments

As at December 31, 2018 OMV Petrom Group's commitments for investments amounted to RON 1,001 mn (December 31, 2017: RON 978 mn), mainly relating to exploration and production activities in Upstream.

### Inventories

During the year ended December 31, 2018, there were no material write-downs of inventories.

### Equity

At the Annual General Meeting of Shareholders held on April 26, 2018, the shareholders of OMV Petrom S.A. approved the distribution of dividends for the financial year 2017 for the gross amount of RON 1,133 mn (gross dividend per share of RON 0.020). Payment of the dividends started on June 19, 2018 and was largely completed in Q2/18.

The total number of own shares held by the Company as of December 31, 2018 amounted to 204,776 (December 31, 2017: 204,776).

## Financial liabilities

As of December 31, 2018, short and long-term interest bearing debts and finance leases amounted to RON 719 mn (December 31, 2017: RON 1,082 mn), thereof RON 169 mn liabilities for finance leases (December 31, 2017: RON 195 mn).

## Fair value measurement

Financial instruments recognized at fair value are disclosed according to the following fair value measurement hierarchy:

Level 1: Using quoted prices in active markets for identical assets or liabilities.

Level 2: Using inputs for the asset or liability, other than quoted prices, that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Using inputs for the asset or liability that are not based on observable market data such as prices, but on internal models or other valuation methods.

Financial instruments on asset side (in RON mn)	December 31, 2018				December 31, 2017			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Derivatives designated and effective as hedging instruments	-	5.78	-	5.78	-	-	-	-
Other derivatives	-	45.01	-	45.01	-	7.86	-	7.86
<b>Total</b>	<b>-</b>	<b>50.79</b>	<b>-</b>	<b>50.79</b>	<b>-</b>	<b>7.86</b>	<b>-</b>	<b>7.86</b>

Financial instruments on liability side (in RON mn)	December 31, 2018				December 31, 2017			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Liabilities on derivatives designated and effective as hedging instruments	-	(0.75)	-	(0.75)	-	-	-	-
Liabilities on other derivatives	-	(162.78)	-	(162.78)	-	(56.96)	-	(56.96)
Other financial liabilities	-	-	(11.41)	(11.41)	-	-	-	-
<b>Total</b>	<b>-</b>	<b>(163.53)</b>	<b>(11.41)</b>	<b>(174.94)</b>	<b>-</b>	<b>(56.96)</b>	<b>-</b>	<b>(56.96)</b>

There were no transfers between levels of the fair value hierarchy. There were no changes in the fair value measurement techniques for assets and liabilities that are measured at fair value.

Interest-bearing debts and finance leases amounting to RON 719 mn (December 31, 2017: RON 1,082 mn) are valued at amortized cost. The estimated fair value of these liabilities was RON 732 mn (December 31, 2017: RON 1,089 mn). The carrying amount of all other financial assets and financial liabilities that were measured at amortized cost approximates their fair value.

## Segment reporting

### Intersegmental sales

Q4/18	Q3/18	Q4/17	Δ% <sup>1</sup>	in RON mn	2018	2017	Δ%
2,334.00	2,417.05	2,103.23	11	Upstream	9,214.71	7,758.41	19
62.50	57.17	54.00	16	Downstream <sup>2</sup>	234.86	232.98	1
34.83	31.38	20.55	69	thereof Downstream Oil	132.44	80.04	65
55.24	41.84	63.29	(13)	thereof Downstream Gas	195.67	264.07	(26)
(27.57)	(16.05)	(29.84)	8	thereof intersegmental elimination Downstream Oil and Downstream Gas	(93.25)	(111.13)	16
52.33	41.83	49.43	6	Corporate and Other	185.00	173.29	7
<b>2,448.83</b>	<b>2,516.05</b>	<b>2,206.66</b>	<b>11</b>	<b>Total</b>	<b>9,634.57</b>	<b>8,164.68</b>	<b>18</b>

<sup>1</sup> Q4/18 vs. Q4/17;

<sup>2</sup> Sales Downstream = Sales Downstream Oil + Sales Downstream Gas – intersegmental elimination Downstream Oil and Downstream Gas

### Sales to external customers

Q4/18	Q3/18	Q4/17	Δ% <sup>1</sup>	in RON mn	2018	2017	Δ%
141.90	130.07	111.29	28	Upstream	527.74	458.30	15
6,261.64	6,122.35	5,022.06	25	Downstream	21,958.85	18,943.17	16
4,587.73	5,042.37	3,746.32	22	thereof Downstream Oil	17,075.07	14,470.20	18
1,673.91	1,079.98	1,275.74	31	thereof Downstream Gas	4,883.78	4,472.97	9
9.09	7.45	8.21	11	Corporate and Other	36.65	33.61	9
<b>6,412.63</b>	<b>6,259.87</b>	<b>5,141.56</b>	<b>25</b>	<b>Total</b>	<b>22,523.24</b>	<b>19,435.08</b>	<b>16</b>

<sup>1</sup> Q4/18 vs. Q4/17

### Total sales (not consolidated)

Q4/18	Q3/18	Q4/17	Δ% <sup>1</sup>	in RON mn	2018	2017	Δ%
2,475.90	2,547.12	2,214.52	12	Upstream	9,742.45	8,216.71	19
6,324.14	6,179.52	5,076.06	25	Downstream <sup>2</sup>	22,193.71	19,176.15	16
4,622.56	5,073.75	3,766.87	23	thereof Downstream Oil	17,207.51	14,550.24	18
1,729.15	1,121.82	1,339.03	29	thereof Downstream Gas	5,079.45	4,737.04	7
(27.57)	(16.05)	(29.84)	8	thereof intersegmental elimination Downstream Oil and Downstream Gas	(93.25)	(111.13)	16
61.42	49.28	57.64	7	Corporate and Other	221.65	206.90	7
<b>8,861.46</b>	<b>8,775.92</b>	<b>7,348.22</b>	<b>21</b>	<b>Total</b>	<b>32,157.81</b>	<b>27,599.76</b>	<b>17</b>

<sup>1</sup> Q4/18 vs. Q4/17;

<sup>2</sup> Sales Downstream = Sales Downstream Oil + Sales Downstream Gas – intersegmental elimination Downstream Oil and Downstream Gas

### Segment and Group profit

Q4/18	Q3/18	Q4/17	Δ% <sup>1</sup>	in RON mn	2018	2017	Δ%
1,134.21	951.07	442.33	156	Operating Result Upstream	3,530.52	1,661.34	113
359.68	650.56	540.47	(33)	Operating Result Downstream	1,671.74	1,767.65	(5)
139.46	604.59	507.06	(72)	thereof Operating Result Downstream Oil	1,385.40	1,681.34	(18)
220.22	45.97	33.41	n.m.	thereof Operating Result Downstream Gas	286.34	86.31	232
(36.97)	(18.83)	(28.26)	(31)	Operating Result Corporate and Other	(105.63)	(76.25)	(39)
<b>1,456.92</b>	<b>1,582.80</b>	<b>954.54</b>	<b>53</b>	<b>Operating Result segment total</b>	<b>5,096.63</b>	<b>3,352.74</b>	<b>52</b>
294.02	98.00	(134.41)	n.m.	Consolidation: Elimination of intersegmental profits	116.36	(82.39)	n.m.
<b>1,750.94</b>	<b>1,680.80</b>	<b>820.13</b>	<b>113</b>	<b>OMV Petrom Group Operating Result</b>	<b>5,212.99</b>	<b>3,270.35</b>	<b>59</b>
<b>(71.13)</b>	<b>(30.37)</b>	<b>(134.34)</b>	<b>47</b>	<b>Net financial result</b>	<b>(299.42)</b>	<b>(366.23)</b>	<b>18</b>
<b>1,679.81</b>	<b>1,650.43</b>	<b>685.79</b>	<b>145</b>	<b>OMV Petrom Group profit before tax</b>	<b>4,913.57</b>	<b>2,904.12</b>	<b>69</b>

<sup>1</sup> Q4/18 vs. Q4/17

**Assets<sup>1</sup>**

<b>in RON mn</b>	<b>December 31, 2018</b>	<b>December 31, 2017</b>
Upstream	22,866.45	23,083.23
Downstream	6,521.73	6,211.02
thereof Downstream Oil	5,440.16	4,993.73
thereof Downstream Gas	1,081.57	1,217.29
Corporate and Other	419.86	460.38
<b>Total</b>	<b>29,808.04</b>	<b>29,754.63</b>

<sup>1</sup> Segment assets consist of intangible assets and property, plant and equipment

**Other notes****Significant transactions with related parties**

Significant transactions in form of supplies of goods and services take place on a constant and regular basis with companies from OMV Group. The most significant are disclosed in the Appendix 2.

## Declaration of the management

We confirm to the best of our knowledge that the preliminary unaudited condensed consolidated financial statements for the year ended December 31, 2018 give a true and fair view of OMV Petrom Group's assets, liabilities, financial position and profit or loss, as required by the applicable accounting standards, and that the Directors' Report gives a true and fair view of important events that have occurred during the financial year 2018 and their impact on the preliminary condensed consolidated financial statements, as well as a description of the principal risks and uncertainties.

Bucharest, February 6, 2019

### The Executive Board



**Christina Verchere**  
Chief Executive Officer  
President of the Executive Board



**Stefan Waldner**  
Chief Financial Officer  
Member of the Executive Board



**Peter Zeilinger**  
Member of the Executive Board  
Upstream



**Franck Neel**  
Member of the Executive Board  
Downstream Gas



**Radu Caprau**  
Member of the Executive Board  
Downstream Oil

## Further information

### Abbreviation and definitions

bbl	barrel(s), i.e. 159 liters
bcf	billion cubic feet; 1 bcm = 35.3147 bcf for Romania or 34.7793 bcf for Kazakhstan
boe; kboe; kboe/d	barrels of oil equivalent; thousand barrels of oil equivalent; kboe per day
bn	billion
bcm	billion cubic meters
Capital employed	equity including minorities plus net debt/(cash)
CEO	Chief Executive Officer
Co&O	Corporate and Other
CAPEX	Capital expenditure
Clean CCS Operating Result	Operating Result adjusted for special items and CCS effects. Group clean CCS Operating Result is calculated by adding the clean CCS Operating Result of Downstream Oil, the clean Operating Result of the other segments and the reported consolidation effect adjusted for changes in valuation allowances, in case the net realizable value of the inventory is lower than its cost.
Clean CCS net income attributable to stockholders	Net income attributable to stockholders, adjusted for the after tax effect of special items and CCS
Clean CCS EPS	Clean CCS Earnings per share = Clean CCS net income attributable to stockholders divided by weighted number of shares
Clean CCS ROACE	Clean CCS Return On Average Capital Employed = NOPAT (as a sum of current and last three quarters) adjusted for the after tax effect of special items and CCS, divided by average Capital Employed (on a rolling basis, as an average of last four quarters) (%)
Clean effective tax rate	Taxes on income adjusted for the tax effect of special items and CCS, divided by Clean CCS Profit before tax (%)
EPS	Earnings per share = Net income attributable to stockholders divided by weighted number of shares
Effective tax rate	Taxes on income divided by Profit before tax (%)
EUR	euro
E&A	Exploration and appraisal
FX	Foreign Exchange
HSSE	Health, Safety, Security and Environment
IFRSs; IASs	International Financial Reporting Standards; International Accounting Standards
LNG	Liquefied natural gas
mn	million
MWh	megawatt hour
NBR	National Bank of Romania
Net debt/(cash)	Interest bearing debts plus finance lease liabilities less cash and cash equivalents
NGL	Natural Gas Liquids
n.a.	not applicable/not available (as the case may be)
n.m.	not meaningful i.e. deviation exceeds (+/-) 500% or comparison is made between positive and negative values
NOPAT	Net Operating Profit After Tax = Net income attributable to stockholders of the parent, adjusted for net interest on net borrowings, +/- result from discontinued operations, +/- tax effect of adjustments
OPCOM	The administrator of the Romanian electricity market
Operating Result	The "Operating result" includes the former indicator EBIT ("Earnings Before Interest and



Taxes”) and the net result from equity-accounted investments.

Operating Result before depreciation	Former EBITD = Operating Result Before Interest, Taxes, Depreciation and amortization, impairments and write-ups of fixed assets, including reversals
OPEX	Operating Expenses
Q	quarter
ROACE	Return On Average Capital Employed = NOPAT (as a sum of current and last three quarters) divided by average Capital Employed (on a rolling basis, as an average of last four quarters) (%)
RON	Romanian leu
S.A.; S.R.L.	Societate pe Actiuni (Joint-stock company); Societate cu Raspundere Limitata (Limited liability company)
t	metric tonne(s)
TWh	terawatt hour
USD	United States dollar
yoy	year-on-year

## Appendix 1

### Consolidated companies in OMV Petrom Group at December 31, 2018

#### Parent company

OMV Petrom S.A.

#### Subsidiaries

Upstream		Downstream Oil	
Tasbulat Oil Corporation LLP (Kazakhstan)	100.00%	OMV Petrom Marketing S.R.L.	100.00%
Kom Munai LLP (Kazakhstan)	100.00%	OMV Petrom Aviation S.A. <sup>1</sup>	100.00%
Petrom Exploration & Production Ltd.	99.99%	Petrom Moldova S.R.L. (Moldova)	100.00%
		OMV Bulgaria OOD (Bulgaria)	99.90%
		OMV Srbija DOO (Serbia)	99.96%
Downstream Gas		Corporate & Other	
OMV Petrom Gas S.R.L.	99.99%	Petromed Solutions S.R.L.	99.99%

<sup>1</sup> (one) share owned through OMV Petrom Marketing S.R.L.

#### Associated company, accounted for at equity

OMV Petrom Global Solutions S.R.L.	25.00%
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Appendices 1 and 2 form part of the preliminary unaudited condensed consolidated financial statements

## Appendix 2

### Significant transactions with related parties

During the financial year 2018, OMV Petrom Group had the following significant transactions with related parties (including significant balances as of December 31, 2018):

Related party (in RON mn)	Purchases 2018	Balances payable December 31, 2018
OMV Supply & Trading Limited	1,008.74	141.37
OMV Petrom Global Solutions S.R.L.	489.89	116.05
OMV Refining & Marketing GmbH	245.77	50.57
OMV Exploration & Production GmbH	83.41	26.48

Related party (in RON mn)	Revenues 2018	Balances receivable December 31, 2018
OMV Deutschland GmbH	366.73	63.95
OMV Refining & Marketing GmbH	132.56	1.94
OMV Gas Marketing & Trading GmbH	93.65	6.37
OMV International Services GmbH	-	12.53

During the financial year 2017, OMV Petrom Group had the following significant transactions with related parties (including significant balances as of December 31, 2017):

Related party (in RON mn)	Purchases 2017	Balances payable December 31, 2017
OMV Supply & Trading Limited	1,065.37	0.97
OMV Petrom Global Solutions S.R.L.	441.38	92.33
OMV Refining & Marketing GmbH	204.04	68.14
OMV Exploration & Production GmbH	61.27	15.35

Related party (in RON mn)	Revenues 2017	Balances receivable December 31, 2017
OMV Supply & Trading Limited	309.73	-
OMV Deutschland GmbH	279.76	44.27
OMV Refining & Marketing GmbH	133.72	22.66
OMV International Services GmbH	1.00	26.73

Appendices 1 and 2 form part of the preliminary unaudited condensed consolidated financial statements

### Contact

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### The next events:

- ▶ Ordinary Annual General Meeting: April 19, 2019
- ▶ OMV Petrom Grup report for Q1 2019: May 3, 2019.

### Disclaimer

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