Petrom Investor News

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Petrom Group: results[1] for Q4 and January - December 2012

- **Q4/12 vs Q4/11: Clean CCS EBIT up 7% to RON 1,824 mn**
- **Clean CCS net income attributable to stockholders advanced 6% to RON 1,362 mn**
- **Broadly stable production in E&P, helped by new drilling and field redevelopment activities**
- **First full quarter with Brazi power plant in operation, covering 5% of Romania's electricity production in Q4/12**
- **Positive R&M Clean CCS EBIT benefited from improved refining margins vs. Q4/11**
- **E&P weight in total CAPEX of EUR 1.1 bn increased to 76% in 2012, in line with our strategy**
- **Strong balance sheet structure to support future growth projects, with gearing ratio at 7% by end-2012**

Mariana Gheorghe, CEO of OMV Petrom S.A.: "After a recent period of volatile crude prices and macroeconomic uncertainty, 2012 was a year of relative stability, with strong operational and financial performance for Petrom. This was the result of the preceding years of high capital investments in our core business and a focus on operational excellence. On the operating side, we largely offset the natural decline of hydrocarbon production and pursued exploration opportunities, started commercial operations at Brazi power plant and achieved incremental improvements of our refinery yield structure. The preliminary estimates of the first deepwater exploration well we drilled early 2012 in joint venture with ExxonMobil indicate a gas discovery. We also initiated the largest 3D seismic program in the Romanian sector of the Black Sea, in both deep and shallow waters. In 2013, our efforts will continue to focus on operational excellence, stabilize production volumes and capitalize growth opportunities via exploration works and exploration license acquisitions. To this end, one of our top priorities is the discussion with authorities to define a long-term, stable and reasonable fiscal and regulatory framework, prerequisite for the high, long-term investments required by the oil and gas industry."

Q3/12	Q4/12	Q4/11	Δ%	Key performance indicators (in RON mn)	2012	2011	Δ%
1,286	1,673	1,182	42	EBIT	5,662	4,936	15
1,326	1,824	1,710	7	Clean CCS EBIT [2]	5,855	5,475	7
870	1,056	838	26	Net income attributable to stockholders[3]	3,953	3,757	5
916	1,362	1,282	6	Clean CCS net income attributable to stockholders [2,3,4]	4,307	4,206	2
0.0153	0.0186	0.0148	26	EPS (RON)	0.0698	0.0663	5
0.0162	0.0240	0.0226	6	Clean CCS EPS (RON) [2, 4]	0.0760	0.0743	2
1,335	2,804	1,682	67	Cash flow from operations	7,185	6,442	12
-	-	-	n.a.	Dividend/share (RON)	n.a.[5]	0.031	n.a.

[1] *The financials are unaudited and represent Petrom Group's (herein after also referred to as "the Group") consolidated results prepared according to IFRS; all the figures refer to Petrom Group, unless otherwise stated; financials are expressed in RON mn and rounded to closest integer value, so minor differences may result upon reconciliation; Petrom uses the National Bank of Romania exchange rates for its consolidation process;*
[2] *Adjusted for exceptional, non-recurring items; clean CCS figures exclude special items and inventory holding effects (CCS effects) resulting from R&M*
[3] *After deducting net income attributable to non-controlling interests*
[4] *Excludes additional special charges of RON 209 mn recorded following fiscal review and reflected in the financial result*
[5] *Proposal to the Supervisory Board and Annual General Meeting currently under consideration*

PETROM
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Financial highlights

Q3/12	Q4/12	Q4/11	∆%	in RON mn	2012	2011	∆%
6,983	7,073	6,390	11	Sales [1]	26,258	22,614	16
1,289	1,281	1,461	(12)	EBIT E&P [2]	5,467	5,236	4
59	135	113	20	EBIT G&P	360	149	142
266	(18)	(376)	(95)	EBIT R&M	138	(187)	n.m.
(29)	(39)	(31)	26	EBIT Co&O	(117)	(79)	48
(299)	313	15	n.m.	Consolidation	(185)	(183)	1
1,286	**1,673**	**1,182**	**42**	**EBIT Group**	**5,662**	**4,936**	**15**
(117)	**(117)**	**(640)**	**(82)**	**Special items[3]**	**(362)**	**(852)**	**(57)**
(1)	(15)	(11)	35	thereof: Personnel and restructuring	(80)	(18)	353
-	(39)	(132)	(70)	Unscheduled depreciation	(39)	(151)	(74)
-	-	(504)	n.a.	Provision for Competition Council fine	-	(504)	n.a.
(116)	(62)	7	n.m.	Other	(242)	(178)	36
78	(34)	112	n.m.	CCS effects: Inventory holding gains/(losses)	169	312	(46)
1,405	1,329	1,547	(14)	Clean EBIT E&P [2, 4]	5,754	5,432	6
59	136	114	19	Clean EBIT G&P [4]	359	150	139
189	80	61	29	Clean CCS EBIT R&M [4]	31	152	79)
(28)	(33)	(28)	18	Clean EBIT Co&O [4]	(104)	(76)	37
(299)	313	15	n.m.	Consolidation	(185)	(183)	1
1,326	**1,824**	**1,710**	**7**	**Clean CCS EBIT [4]**	**5,855**	**5,475**	**7**
1,049	1,329	1,081	23	Income from ordinary activities	4,826	4,609	5
864	1,055	838	26	Net income	3,946	3,759	5
870	1,056	838	26	Net income attributable to stockholders[5]	3,953	3,757	5
916	1,362	1,282	6	Clean CCS net income attributable to stockholders [4,5,6]	4,307	4,206	2
0.0153	0.0186	0.0148	26	EPS (RON)	0.0698	0.0663	5
0.0162	0.0240	0.0226	6	Clean CCS EPS (RON) [4,6]	0.0760	0.0743	2
1,335	2,804	1,682	67	Cash flow from operations	7,185	6,442	12
0.0236	0.0495	0.0297	67	CFPS (RON)	0.1269	0.1137	12
3,234	1,711	1,955	(13)	Net debt	1,711	1,955	(13)
15	7	9	(21)	Gearing (%) [7]	7	9	(21)
1,178	1,424	1,873	(24)	Capital expenditures	4,930	4,803	3
-	-	-	n.a.	Dividend/share (RON) [8]	n.a.[8]	0.031	n.a.
-	-	-	n.a.	ROFA (%) [9]	19.8	19.2	3
-	-	-	n.a.	ROACE (%) [9,10]	16.5	17.3	(4)
-	-	-	n.a.	Clean CCS ROACE (%) [4]	18.0	19.3	(7)
-	-	-	n.a.	ROE (%) [9]	17.9	19.2	(7)
18	21	22	(8)	Group tax rate (%)	18	18	(1)
21,961	21,650	22,912	(6)	Petrom Group employees at the end of the period	21,650	22,912	(6)

Figures in this and the following tables may not add up due to rounding differences.
[1] Sales excluding petroleum excise tax; [2] Excluding intersegmental profit elimination shown in the line "Consolidation"; [3] Special items are added back or deducted from EBIT; for more details please refer to each specific segment; [4] Adjusted for exceptional, non-recurring items; clean CCS figures exclude special items and inventory holding effects (CCS effects) resulting from R&M; [5] After deducting net income attributable to non-controlling interests; [6] Excludes additional special charges of RON 209 mn recorded following fiscal review and reflected in the financial result; [7] Net debt divided by equity; [8] Proposal to the Supervisory Board and Annual General Meeting currently under consideration; [9] As of Q4/12, calculated on a rolling basis based on the previous four consecutive quarters. Historic figures were adjusted accordingly; [10] As of Q4/12, the definitions for NOPAT and capital employed were adjusted. Please see section "abbreviations and definitions" for details. Historic figures were adapted accordingly.

Business segments

Exploration and Production (E&P)

Q3/12	Q4/12	Q4/11	Δ%	in RON mn	2012	2011	Δ%
1,289	1,281	1,461	(12)	EBIT [1]	5,467	5,236	4
(116)	(48)	(87)	(45)	Special items	(287)	(195)	47
1,405	1,329	1,547	(14)	Clean EBIT [1]	5,754	5,432	6

Q3/12	Q4/12	Q4/11	Δ%	Key performance indicators	2012	2011	Δ%
16.75	16.84	17.08	(1)	Total hydrocarbon production (mn boe)	66.87	67.77	(1)
182,000	183,000	186,000	(1)	Total hydrocarbon production (boe/day)[2]	183,000	186,000	(2)
8.13	8.09	8.26	(2)	Crude oil and NGL production (mn bbl)	32.49	33.08	(2)
1.32	1.34	1.35	(1)	Natural gas production (bcm)	5.27	5.32	(1)
46.69	47.34	47.74	(1)	Natural gas production (bcf)	186.04	187.69	(1)
109.26	109.32	109.12	0	Average Urals price (USD/bbl)	110.76	109.60	1
91.21	93.61	93.02	1	Average Group realized crude price (USD/bbl) [3]	94.00	93.30	1
136.75	141.73	153.81	(8)	Average gas price for domestic producers in Romania (USD/1,000 cbm)[4]	142.62	162.29	(12)
77	194	145	34	Exploration expenditures (RON mn)	530	436	21
69	159	37	329	Exploration expenses (RON mn)	328	420	(22)
14.67	15.51	15.52	-	OPEX (USD/boe)	15.37	16.22	(5)

[1] Excluding intersegmental profit elimination; [2] Production figures in boe/day are rounded; [3] Realized price includes hedging result; [4] For detailed information see G&P section on page 5

Fourth quarter 2012 (Q4/12) vs. fourth quarter 2011 (Q4/11)

- **Group hydrocarbon production broadly stable, despite lower oil volumes in Romania**
- **Production costs in USD/boe stable helped by stronger USD against RON**
- **Black Sea: largest 3D seismic campaigns initiated in shallow and deep-water sectors of the Neptun Block, leading to higher exploration expenses**

In Q4/12, the crude price environment was stable as the average Urals crude price was flat compared to the Q4/11 level, at USD 109.32/bbl. The average realized crude price increased by 1% to USD 93.61/bbl.

Clean EBIT decreased by 14% compared to Q4/11 to RON 1,329 mn, mainly due to higher exploration expenses partly counterbalanced by a favorable FX rate (stronger USD against RON). The result from hedging had a lower negative impact of RON (84) mn, compared to RON (95) mn in Q4/11. Reported EBIT shows a 12% decrease against Q4/11 level and also reflects net special charges of RON (48) mn mainly in relation to a community project.

Group production costs in USD/boe remained stable compared to Q4/11 helped by the positive FX effects, which compensated for the slightly lower production volumes and higher production costs in local currency. In Romania, production costs in USD/boe decreased by 2% compared to Q4/11, reaching USD 14.95/boe. When expressed in RON terms, production costs in Romania increased by 6% to RON 52.21/boe (Q4/11: RON 49.17/boe), mainly driven by higher personnel expenses following the finalization of the collective labor agreement negotiations in Q2/12.

Exploration expenditures amounted to RON 194 mn, 34% higher compared to Q4/11, due to seismic campaigns initiated in Q4/12 and the drilling of three onshore wells. Exploration expenses of RON 159 mn were four times higher compared to Q4/11 on the back of higher seismic activity. In December 2012, Petrom started the largest 3D seismic study in the deepwater sector of the Neptun block, operated in joint venture with ExxonMobil. The six-month study covers approximately 6,000 km^2. A separate 3D seismic campaign started in the shallow water sector of the Neptun block, conducted on an area of 1,600 km^2.

In Q4/12, the drilling program comprised 34 new wells in Romania, compared to 48 new wells in Q4/11.
Group oil, gas and NGL production amounted to 16.8 mn boe in Q4/12, 1% lower compared to Q4/11. In Romania, total oil, gas and NGL production decreased by 2% to 15.7 mn boe due to natural decline in some key fields. Domestic crude oil production was 7.1 mn bbl, 3% below the Q4/11 level, mainly triggered by lower volumes in the Suplac and Videle fields. Domestic gas production reached 8.6 mn boe, almost unchanged compared to Q4/11, as the decline in the Bulbuceni, Radinesti and Mamu fields was compensated by the incremental production in the Totea field. In Kazakhstan, oil and gas production went up by 3% compared to the same period of 2011, at 1.1 mn boe. Sales volumes advanced by 1% compared to Q4/11.

Fourth quarter 2012 (Q4/12) vs. third quarter 2012 (Q3/12)

Compared to Q3/12, clean EBIT decreased by 5%, mainly due to unfavorable FX rate (weaker USD against RON) and higher exploration expenses. The hedging result came in at RON (84) mn, broadly in line with Q3/12. Reported EBIT decreased by 1%, reflecting special items of RON (48) mn (Q3/12 included special charges of RON (116) mn). Group oil, gas and NGL production in Q4/12 was 1% above the Q3/12 level due to higher production volumes in both Romania and Kazakhstan. Group production costs in USD/boe increased by 6%, driven by unfavorable FX effects and higher nominal production costs in local currency. In Romania, production costs expressed in USD/boe were 5% higher compared to Q3/12, negatively affected by a 4% weaker USD against RON. When expressed in RON/boe, domestic production costs slightly went up by 1% to 52.21 RON/boe, mainly due to provision for obsolete materials. Group sales volumes increased by 1% compared to the Q3/12 level, in line with hydrocarbon production.

January – December 2012 vs. January – December 2011

Average Urals crude prices increased by 1% compared to 2011 to reach USD 110.76/bbl. The average Group realized crude price stood at USD 94.00/bbl, 1% higher than in 2011.

Clean EBIT went up by 6% compared to 2011 to RON 5,754 mn driven by favorable FX effects (stronger USD against RON) and higher oil prices. The impact of hedging on EBIT amounted to RON (394) mn, against RON (404) mn in 2011. Reported EBIT reached RON 5,467 mn, 4% higher than 2011, reflecting higher special charges amounting to RON (287) mn, mainly relating to a community project (Q4/12), a legal case in Kazakhstan for uncollected receivables (Q3/12) and restructuring charges (Q2/12).

Group production costs in USD/boe decreased by 5% against 2011 to USD 15.37/boe driven by a favorable FX rate. Production costs in Romania expressed in USD/boe decreased by 6% to USD 14.91/boe as USD strenghtened by 14% against RON. Domestic production costs in RON terms increased by 7% to RON 51.76/boe, mainly due to higher personnel expenses and costs of materials.

Exploration expenditures increased by 21% compared to 2011, amounting to RON 530 mn driven by increased seismic campaigns and onshore wells drilling. In 2012, exploration expenses accounted for RON 328 mn, down 22% compared to the 2011 level, which was affected by the Kultuk exploration license impairment in Kazakhstan and the write-off of eight unsuccessful wells in Romania.

Group oil, gas and NGL production in 2012 totaled 66.9 mn boe, 1% below the 2011 level. In Romania, total oil, gas and NGL production decreased to 62.4 mn boe, 2% lower compared to the previous year. Domestic crude oil production was 28.7 mn bbl, 2% lower than in 2011, as the new drilling and workover programs could not fully offset the effects of harsh winter conditions at the beginning of the year and natural decline. Domestic gas production reached 33.7 mn boe, 1% lower compared to 2011. Oil and gas production in Kazakhstan increased by 3% to 4.5 mn boe. Group sales volumes decreased by 1% compared to 2011, in line with production.
As of December 31, 2012, Petrom Group's total proved oil and gas reserves amounted to 775 mn boe (Romania: 750 mn boe), while proved and probable oil and gas reserves amounted to 1,091 mn boe (Romania: 1,039 mn boe). The Group's three-year average reserve replacement rate stood at 61% in 2012 (2011: 70%), while in Romania it stood at 61% (2011: 71%). For the single year 2012, the Group's rate was 44% (2011: 70%), while the reserve replacement rate in Romania was 42% (2011 rate stood at 70%, mainly as a result of reservoir studies performed).

Gas and Power (G&P)

Q3/12	Q4/12	Q4/11	∆%	in RON mn	2012	2011	∆%
59	135	113	20	EBIT	360	149	142
-	(1)	(1)	0	Special items	1	(1)	n.m.
59	136	114	19	Clean EBIT	359	150	139

Q3/12	Q4/12	Q4/11	∆%	Key performance indicators	2012	2011	∆%
855	1,344	1,518	(11)	Consolidated gas sales (mn cbm)	4,841	5,055	(4)
9.2	14.4	16.2	(11)	Consolidated gas sales (TWh)	52.2	54.2	(4)
137	142	154	(8)	Average gas price for domestic producers in Romania (USD/1,000 cbm)	143	162	(12)
495	495	495	0	Average gas price for domestic producers in Romania (RON/1,000 cbm)	495	495	0
420	409	485	(16)	Import gas price (USD/1,000 cbm)[1]	442	442	0

[1] The actual import gas prices published retrospectively by ANRE on a monthly basis are presented in the table. As of the date of this report, the latest available data is for November 2012, hence the Q4/12 and 2012 figures are Petrom's estimates.

Fourth quarter 2012 (Q4/12) vs. fourth quarter 2011 (Q4/11)

- **EBIT increased due to contribution of power business and the optimization of cost management**
- **Good operational performance of gas business as better terms for gas sales largely offset lower volumes**
- **First full quarter with Brazi power plant in operation, covering approximately 5% of Romania's electricity production in Q4/12**

Estimated natural gas consumption in Romania decreased by 6% in Q4/12 as compared to the same period of the previous year, due to lower industry demand and warmer weather. Petrom's consolidated gas sales volumes decreased by 11%, but the margins remained favorable. The deviation from the market has to be considered in conjunction with a slightly higher import quota in Q4/12, compared to the previous year and the fact that Petrom sold predominantly domestic gas.

Clean EBIT generated by the G&P business in Q4/12 increased compared to Q4/11, thanks to a positive contribution of the power business and the optimization of cost management. Albeit the contribution to EBIT was slightly below Q4/11, the gas business had a good operational performance, as the negative impact of lower volumes was largely offset by the better terms for gas sales.

The domestic gas price recognized by ANRE remained unchanged at RON 495/1,000 cbm (or the equivalent RON 45.71/MWh). The actual import price published retrospectively by ANRE for October and November 2012 (latest available data) averaged USD 409/1,000 cbm (or the equivalent of RON 136.21 /MWh).

In Q4/12, the average import quota set by ANRE for the non-household sector stood at 33% (with a maximum of 35% in December), slightly higher compared to 31.5% in Q4/11.

After starting commercial operations in August 2012, Q4/12 was the first full quarter of operations at our Brazi power plant. The Brazi power plant delivers electricity on a commercial basis to the national grid, depending on the power market and observing the regulatory environment in Romania. In Q4/12, the total net electrical output of Brazi was 0.75 TWh, of which 45% was sold on the regulated market. In Q4/12, Brazi power plant covered approximately 5% of Romania's electricity production.

In Q4/12, the net electrical output of Dorobantu reached 0.02 TWh, for which Petrom received 44,183 green certificates, 34% more compared to Q4/11.

According to preliminary data published by OPCOM, the electricity prices on the Romanian day ahead market averaged RON 196/MWh for base load and RON 258/MWh for peak load in Q4/12.

Petrom continued the closure process of Doljchim and made further progress with the dismantling and decontamination of the plant in compliance with European environmental and safety standards.

Fourth quarter 2012 (Q4/12) vs. third quarter 2012 (Q3/12)

Compared to Q3/12, clean EBIT increased by 130%, mainly driven by the positive contribution of the gas business. Petrom's consolidated gas sales volumes seasonally increased by 56%, whereas the estimated Romanian total consumption increased by 108% supported by a higher import quota. The net electrical output of the Dorobantu wind park seasonally increased by 16% as compared to Q3/12, which led to a 16% increase in the number of green certificates received by Petrom. The net electrical output of the Brazi power plant was 4% lower than in Q3/12 due to extended repair works performed by the national grid operator, in its switchyard as well as some scheduled preventative maintenance works at one gas turbine.

January - December 2012 vs. January - December 2011

In 2012, Petrom's consolidated gas sales were slightly lower than in 2011, in line with estimated total gas consumption in Romania, which decreased by 4% due to overall lower market demand.

At the end of 2012, the total volume of natural gas in storage owned by Petrom amounted to 398 mn cbm compared to 406 mn cbm at the end of 2011.

Clean EBIT generated by the G&P business significantly increased as compared to 2011, driven by better terms for domestic gas sales, contribution of the power business (Dorobantu wind park and Brazi power plant, which started commercial operations in Q4/11, respectively in August 2012), as well as by the optimization of cost management.

In 2012, the total net electrical output of Brazi power plant was 1.58 TWh (including the commissioning phase). Since its start of commercial operations in August 2012, Brazi covered approximately 6% of Romania's electricity production over the same period. From September 2012 onwards, the Brazi power plant has been supplied only with equity gas.

The Dorobantu wind park generated net electrical output of 0.09 TWh for which Petrom received 182,784 green certificates.

The estimated Romanian gross electricity production decreased by 5% in 2012 versus 2011, while the estimated consumption increased by 0.2%, thus turning Romania from a net exporter into a net importer of electricity. According to preliminary data published by OPCOM, the electricity prices on the Romanian day ahead market averaged RON 217/MWh for base load and RON 275/MWh for peak load in 2012.

Refining and Marketing (R&M)

Q3/12	Q4/12	Q4/11	∆%	in RON mn	2012	2011	∆%
266	(18)	(376)	(95)	EBIT	138	(187)	n.m.
-	(63)	(550)	(89)	Special items	(63)	(651)	(90)
78	(34)	112	n.m.	CCS effect: Inventory holding gains/(losses) [1]	169	312	(46)
189	80	61	29	Clean CCS EBIT [1]	31	152	(79)

Q3/12	Q4/12	Q4/11	∆%	Key performance indicators	2012	2011	∆%
(0.46)	(2.51)	(4.62)	(46)	Indicator refining margin (USD/bbl) [2]	(1.39)	(2.40)	(42)
0.86	1.05	1.00	5	Refining input (mn t) [3]	3.34	3.79	(12)
76	93	83	12	Refinery utilization rate (%) [4]	73	79	(8)
0.68	0.97	0.91	7	Refining output (mn t) [5]	3.06	3.58	(15)
1.29	1.38	1.37	1	Total refined product sales (mn t) [6]	5.00	5.23	(4)
1.09	0.97	1.10	(12)	thereof Marketing sales volumes (mn t) [7]	3.83	4.07	(6)
799	798	793	1	Marketing retail stations	798	793	1

[1] Current cost of supply (CCS): Clean CCS EBIT eliminates special items and inventory holding gains/losses (CCS effects) resulting from R&M
[2] The indicator refining margin is based on the international quotations for products [Augusta] and Urals crude and a standard yield set typical for Petrobrazi refinery; actual refining margins realized by Petrom may vary from the indicator refining margin as well as from the market margins due to factors including a different crude slate, product yield and operating conditions
[3] Figure includes crude and semi-finished products, in line with OMV Group reporting standard
[4] Reflects Petrobrazi refinery nameplate capacity adjustment to 4.2 mn t/y starting Q3/12 (previously 4.5 mn t/y)
[5] Represents Refining sales volumes excluding traded goods sourced externally by Refining
[6] Includes all products sold by Petrom Group
[7] Excludes export sales which are included in total refined product sales

Fourth quarter 2012 (Q4/12) vs. fourth quarter 2011 (Q4/11)

- **Higher R&M result driven by good operational performance**
- **Refining margin indicator improved, driven by higher product cracks, while refinery utilization rate increased to 93%**
- **Marketing business affected by high international price environment, with impact on marketing volumes, mainly commercial**

Clean CCS EBIT increased by 29% compared to Q4/11 to RON 80 mn, mainly due to better refining margins and incremental improvements in yield structure. Net special charges were RON (63) mn mainly related to the impairment of marketing assets in the Republic of Moldova, while Q4/11 net special charges stood at RON (550) mn reflecting provisions for the fine imposed by the Competition Council. Decreasing crude oil and product quotations over the last three months of 2012 led to inventory losses (CCS effects) of RON (34) mn.

The indicator refining margin improved to USD (2.51)/bbl in Q4/12 mainly due to higher product quotations for gasoline and LPG, partially offset by a slightly higher crude price in comparison to Q4/11. The clean CCS refining result contributed positively, being overall supported by incremental yield structure improvements after the scheduled six-week shutdown in the Petrobrazi refinery in Q2/12. Total quantity of refining input in Q4/12 was slightly higher compared to the level recorded in Q4/11. Total refining output in Q4/12 was 7% higher compared to Q4/11 as a result of higher exports from own production, compensating for the logistics restrictions on export in Q3/12. Total refined product sales also increased by 1% on higher exports.

The refinery utilization rate stood at 93%, compared with 83% in the same period of last year. The higher utilization rate also reflected the nameplate capacity adjustment to 4.2 mn t/y after the modernization of the crude vacuum distillation unit performed in Q2/12 (previously 4.5 mn t/y).

Clean marketing EBIT was lower compared to Q4/11, mainly triggered by a 12% decrease in sales volumes on the back of a persisting unfavorable market environment. Group retail sales amounted to 65% of total group marketing sales, higher than in Q4/11 (when it represented 58%) due to the steep decrease in commercial sales. Compared to Q4/11, group retail sales shrank by 2%, in line with the retail market development. Commercial sales fell by 27% compared with Q4/11, with a decrease in all products except for LPG, as a result of sales portfolio performance optimization in the challenging environment.

Fourth quarter 2012 (Q4/12) vs. third quarter 2012 (Q3/12)

Clean CCS EBIT came in significantly lower compared to Q3/12, mainly driven by lower margins in Refining. As the refinery gradually increased activity after the Q2/12 planned shutdown, Petrobrazi utilization improved and led to 44% higher refining output compared to the previous quarter. The indicator refining margin went down to USD (2.51)/bbl from USD (0.46)/bbl in Q3/12, mainly due to lower cracks for gasoline compared with the previous quarter, partially offset by a lower crude price. The marketing business result increased compared to the previous quarter as margin improvement fully compensated for seasonally lower retail volumes.

January – December 2012 vs. January – December 2011

Clean CCS EBIT was 79% below 2011 due to the weak economic environment which negatively affected the marketing result. Both margins and volumes dropped, as a result of the lower demand in Q1/12 due to extreme bad weather conditions, as well as a challenging price environment. Net special charges amounted to RON (63) mn, significantly improved compared with 2011, which was burdened by a provision for the Competition Council fine.

The indicator refining margin improved compared with 2011 as higher gasoline and middle distillates cracks were only partially offset by the slightly higher crude prices.

The utilization rate at the Petrobrazi refinery stood at 73% compared to 79% in 2011 due to the scheduled refinery shut-down and lower demand in Q1/12.

Total marketing sales volumes decreased by 6% compared to 2011, broadly in line with the market demand in our operating region. In retail, Group sales volumes were 2% lower, mostly due to harsh winter conditions and demand burdened by the high oil price environment. The commercial sales volume came in 13% lower than in 2011, a negative trend reflected in all products.

The clean marketing result decreased significantly compared to 2011 due to the difficult market environment, negatively affecting both retail margins and volumes.

Outlook 2013

Market environment

For 2013, we expect the average Brent oil price to be above USD 100/bbl and the Brent-Urals spread to stay relatively tight.

In the local gas market, we anticipate a stable demand, albeit not without challenges. The effects of the fragile economic growth are expected to be counterbalanced by industry's efficiency improvement measures, in the context of the gas price liberalization. In terms of gas prices, the Government enforced a roadmap for the gradual increase of regulated domestic gas prices during 2013-2014, in line with the provisions of the new electricity and gas law and the 7th review of the IMF and the European Commission of Romania's economic program. The first increase applies to the non-household sector starting in February 2013. According to law, the deadline for full gas market liberalization envisaged for the non-household sector is end of 2014, with possibility of extension until 2015, while a deadline of end-2018 is anticipated for the household sector. Starting February 2013, the Government also introduced a package of fiscal measures that impacts oil and gas producers, imposing a 60% tax on additional revenues resulting from domestic gas price liberalization net of corresponding royalties and upstream investments (the latter capped at 30% of the additional revenues) and a 0.5% tax on extraction of crude. While the secondary legislation still needs to be defined, we do not expect a substantial impact on 2013 financials from gas liberalization and implementation of the new fiscal and regulatory measures. This is mainly due to the fact that Petrom 2012 results already reflected better commercial terms for domestic gas sales, above the officially introduced baseline of RON 495/1,000 cm for regulated domestic gas price. The two measures are enforced until the end of 2014, which coincides with the expiry of the current oil and gas taxation regime.

In the power market, prices are expected to be under pressure due to supply dynamics, with additional capacity coming on stream from renewables, as well as lingering demand, which reflects the weak economic growth and prospective energy efficiency measures.

In Refining and Marketing, margins and volumes are expected to be further challenged by high price levels for international crude and oil products and the marginal economic recovery in our operating region.

Petrom Group

- OMV Petrom S.A. management considers an investment plan for 2013 of over EUR 1 bn and intends to propose allocation of dividends for 2012 financial year, both subject to further approval by the Supervisory Board and Annual General Meeting of Shareholders
- Strive for high HSSE standards including zero fatalities and to continue reducing the lost-time injury rate
- Focus on growth opportunities in E&P and on implementing performance improvement initiatives throughout the organization
- Engage in discussions with the Romanian authorities to define a long term, stable and investment-friendly taxation and regulatory framework

Exploration & Production

- In order to ensure production stability in Romania, we will further progress several field redevelopment projects focusing on drilling, workovers, water and steam injection
- Plan for five field redevelopment projects in implementation phase by year-end
- Drill more than 110 wells, of which two will be appraisal wells in the Totea field
- E&P capital expenditure will represent approx. 80% of Group CAPEX; we foresee higher exploration and appraisal expenditure vs. 2012. The bulk of E&P CAPEX will be directed to the Neptun Deep, Totea Deep and field redevelopment projects, as well as drilling development wells
- In Romania, a large 3D seismic survey of the Neptun block is ongoing. Following data interpretation, further exploration is anticipated to start end of 2013
- Kazakhstan - implement water injection scheme in Komsomolskoe field and carry out TOC (Tasbulat, Aktas, Turkmenoi) field re-development plan to sustain production levels
- Pursue growth opportunities via exploration acreage acquisition in the Black Sea: finalize Transfer Agreement for the purchase with ExxonMobil of an 85% interest in the Midia Block

(Romania); Production Sharing Agreement for Skifska block (Ukraine) is being negotiated with Ukrainian Government
- Drive operational excellence through long-term partnerships

Gas & Power

- Maintaining the leading position in the free gas market whilst adapting sales strategy to the expected liberalization under new energy law
- Enhance the value of equity gas by further optimizing the gas-fired power plant Brazi operations and consolidating its position in the market
- Realize synergies by bundling electricity sales with natural gas sales to existing customer base
- A one month shutdown of Brazi power plant for the installation of a gas treatment plant is planned for Q2/13, subject to further alignment with the Romanian grid operator

Refining & Marketing

- Implement further steps within Petrobrazi refinery modernization program, due for completion in 2014: after the Coker unit upgrade in January 2013, pursue commissioning the new Gas Desulfurization unit
- Continue energy efficiency improvements and reduce CO_2 emissions
- Finalize Bacau terminal modernization and commence operations by end of 2013
- Further pursue stringent cost management and business optimization of the underlying operational performance of the downstream business

Group financial statements and notes

(condensed, unaudited)

Legal principles and general accounting policies

The condensed consolidated financial statements for 2012 have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union.

The detailed structure of the consolidated companies in Petrom Group at December 31, 2012 is presented in the Appendix 1 to the current report.

Changes in the consolidated Group

In Q4/12, OMV Petrom disposed of the Korned LLP company.

Seasonality and cyclicality

Seasonality is of particular significance in G&P and R&M; for details please refer to the relevant section in the business segments.

Exchange rates

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

Q3/12	Q4/12	Q4/11	∆%	NBR FX rates	2012	2011	∆%
4.522	4.527	4.335	4	Average EUR/RON FX rate	4.457	4.238	5
3.617	3.492	3.216	9	Average USD/RON FX rate	3.470	3.048	14
4.533	4.429	4.320	3	Closing EUR/RON FX rate	4.429	4.320	3
3.503	3.358	3.339	1	Closing USD/RON FX rate	3.358	3.339	1

Income statement (unaudited)

Q3/12	Q4/12	Q4/11	Consolidated statement of income (in RON mn)	2012	2011
6,983.30	7,072.85	6,390.03	Sales revenues	26,258.13	22,613.65
(164.08)	(180.57)	(133.60)	Direct selling expenses	(696.04)	(564.14)
(4,859.64)	(4,396.10)	(4,145.00)	Production costs of sales	(17,305.65)	(14,320.74)
1,959.58	**2,496.18**	**2,111.43**	**Gross profit**	**8,256.44**	**7,728.77**
56.80	50.13	123.47	Other operating income	186.58	432.51
(280.94)	(335.86)	(356.64)	Selling expenses	(1,172.77)	(1,160.71)
(56.48)	(67.14)	(55.72)	Administrative expenses	(242.12)	(237.36)
(68.67)	(159.24)	(37.00)	Exploration expenses	(327.72)	(420.25)
(324.04)	(310.91)	(603.85)	Other operating expenses	(1,038.41)	(1,407.20)
1,286.25	**1,673.16**	**1,181.69**	**Earnings before interest and taxes (EBIT)**	**5,662.00**	**4,935.76**
(1.18)	(1.61)	(1.71)	Income from associated companies	2.18	3.12
(185.34)	(322.78)	(158.52)	Net interest expense	(765.73)	(332.88)
(50.74)	(19.70)	59.53	Other financial income and expenses	(72.19)	2.59
(237.26)	**(344.09)**	**(100.70)**	**Net financial result**	**(835.74)**	**(327.17)**
1,048.99	**1,329.07**	**1,080.99**	**Profit from ordinary activities**	**4,826.26**	**4,608.59**
(184.50)	(274.56)	(243.08)	Taxes on income	(880.16)	(849.97)
864.49	**1,054.51**	**837.91**	**Net income for the period**	**3,946.10**	**3,758.62**
870.16	**1,056.40**	**837.96**	**thereof attributable to stockholders of the parent**	**3,953.31**	**3,756.75**
(5.67)	(1.89)	(0.05)	thereof attributable to non-controlling interests	(7.21)	1.87
0.0153	**0.0186**	**0.0148**	**Basic earnings per share (RON)**	**0.0698**	**0.0663**

Statement of comprehensive income (unaudited)

Q3/12	Q4/12	Q4/11	Consolidated statement of comprehensive income (in RON mn)	2012	2011
864.49	**1,054.51**	**837.91**	**Net income for the period**	**3,946.10**	**3,758.62**
10.49	(7.21)	(34.77)	Exchange differences from translation of foreign operations	3.79	(10.78)
(212.18)	96.72	(181.59)	Gains/(losses) on hedges	151.89	(151.89)
28.77	(11.60)	29.05	Income tax relating to components of other comprehensive income	(25.61)	24.30
(172.92)	**77.91**	**(187.31)**	**Other comprehensive income for the period, net of tax**	**130.07**	**(138.37)**
691.57	**1,132.42**	**650.60**	**Total comprehensive income for the period**	**4,076.17**	**3,620.25**
697.00	**1,132.89**	**652.14**	**thereof attributable to stockholders of the parent**	**4,083.30**	**3,619.42**
(5.43)	(0.47)	(1.54)	thereof attributable to non-controlling interests	(7.13)	0.83

Notes to the income statement

Fourth quarter 2012 (Q4/12) vs. fourth quarter 2011 (Q4/11)

Consolidated sales in Q4/12 increased by 11% compared to Q4/11, amounting to RON 7,073 mn, mainly driven by higher product prices, influenced by the stronger USD against RON. R&M represented 82% of total consolidated sales, G&P accounted for 15% and E&P for approximately 3% (sales in E&P being largely intra-group sales rather than third-party sales).

The Group's EBIT amounted to RON 1,673 mn, 42% higher than the result recorded in Q4/11 (RON 1,182 mn), due to significantly lower special charges in Q4/12 (the fine received from the Competition Council burdened Q4/11) partly offset by higher exploration expenses in Q4/12. The Group's EBIT recorded in Q4/12 was also influenced by a positive effect at the Consolidation line (intersegment profit elimination/realization[1]), amounting to RON 313 mn (Q4/11: RON 15 mn) mainly due to the decrease of oil quantities on stock as well as the seasonal decrease of gas quantities in storage. Clean CCS EBIT of RON 1,824 mn is 7% above the value of RON 1,710 mn recorded in Q4/11. The clean CCS EBIT is stated after eliminating inventory holding losses of RON 34 mn and net special charges of RON 117 mn mainly relating to a community project in E&P and impairment of marketing assets in the Republic of Moldova.

The net financial result of RON (344) mn significantly decreased compared to RON (101) mn in Q4/11. This was mainly the consequence of special charges amounting to RON 209 mn recorded for alleged late payment interest following the receipt of the preliminary results of the fiscal review for the years 2009 and 2010 and FX losses on USD loans granted by Petrom to its Kazakh subsidiaries due to devaluation of USD against RON in Q4/12. The preliminary results of the fiscal audit have been received by OMV Petrom SA in February 2013 and represent an adjusting subsequent event in accordance with IAS10. However, depending on the final outcome, we will take all necessary steps to contest the fiscal review result.

The profit from ordinary activities amounted to RON 1,329 mn and corporate income tax was RON 275 mn in Q4/12. Current tax expenses on the Group's income were RON 273 mn and deferred tax expenses amounted to RON 2 mn. The effective tax rate in Q4/12 is 21%, slightly lower than in Q4/11, as Q4/11 was burdened by the non tax-deductible fine imposed by the Competition Council, while Q4/12 included the expenses for the fiscal review.

Net income attributable to stockholders (i.e. net income attributable to stockholders of the parent) was RON 1,056 mn, 26% higher than Q4/11 at RON 838 mn. Clean CCS net income attributable to stockholders was RON 1,362 mn. EPS was RON 0.0186 in Q4/12, versus RON 0.0148 in Q4/11, while clean CCS EPS was RON 0.0240 compared to RON 0.0226 in Q4/11.

Fourth quarter 2012 (Q4/12) vs. third quarter 2012 (Q3/12)

Compared to Q3/12, sales increased slightly by 1%, mainly due to seasonally higher volumes sold in G&P partially offset by the decreasing price environment of petroleum products sold. Lower quantities of petroleum products acquired in Q4/12 and positive effects from intersegment profit elimination led to an EBIT increase of 30% to RON 1,673 mn (Q3/12: RON 1,286 mn). Clean CCS EBIT increased by 38% compared to Q3/12 to reach RON 1,824 mn (Q3/12: RON 1,326 mn). The net financial result decreased to RON (344) mn in Q4/12 from RON (237) mn in Q3/12. The decrease mainly includes the special charges of RON 209 mn for alleged late payment interest following the receipt of the preliminary results of the fiscal review for the years 2009 and 2010.

The corporate income tax amounted to RON 275 mn (Q3/12: RON 185 mn). The effective corporate tax rate increased to 21%, as result in Q4/12 was burdened by expenses for the fiscal review, while Q3/12 has been affected by higher deferred tax charges in Kazakhstan. Net income attributable to stockholders was RON 1,056 mn, 21% higher than the RON 870 mn in Q3/12, while clean CCS net income attributable to stockholders increased by 49 % from RON 916 mn in Q3/12 to RON 1,362 mn in Q4/12.

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[1] *This margin elimination/realization represents the (un)realized profit related to the oil and gas which was transferred by E&P, but is still in the stocks of the other Petrom Group's segments, as raw materials or finished products.*

January – December 2012 vs. January – December 2011

Consolidated sales for 2012 increased by 16% compared to 2011, to RON 26,258 mn, mainly driven by the increase in product prices. R&M represented 82% of total consolidated sales, G&P accounted for 14% and E&P for approximately 4%.
The Group's EBIT amounted to RON 5,662 mn, 15% higher than 2011, mainly due to the positive price environment and lower special charges (2011 was burdened by the fine received from the Competition Council) as well as lower exploration expenses.
Clean CCS EBIT increased to RON 5,855 mn in 2012. Clean CCS EBIT is stated after eliminating net special expenses of RON 362 mn and inventory holding gains of RON 169 mn.
The significantly lower net financial result of RON (836) mn was negatively influenced by the special charges of RON 209 mn for alleged late payment interest following the receipt of the preliminary results of the fiscal review for the years 2009 and 2010, the discounting of receivables and lower FX gains in 2012 related to USD loans given by Petrom to its Kazakh subsidiaries as well as negative FX effects related to the EUR bank loans.
Profits from ordinary activities increased to RON 4,826 in 2012 mn and the related corporate tax charge of RON 880 mn increased accordingly compared to 2011. The effective corporate tax rate remained at 18% as the result of 2012 was burdened by the expenses for the fiscal audit, while the prior year included higher non tax-deductible expenses for the fine imposed by the Competition Council.

Net income attributable to stockholders (i.e. net income attributable to stockholders of the parent) was RON 3,953 mn, by 5% higher compared to 2011 (RON 3,757 mn). Clean CCS net income attributable to stockholders was RON 4,307 mn, 2 % higher compared to 2011 (RON 4,206 mn). EPS was RON 0.0698 in 2012 (2011: RON 0.0663) and clean CCS EPS was RON 0.0760 (2011: RON 0.0743).

Statement of financial position, capital expenditure and gearing (unaudited)

Consolidated statement of financial position (in RON mn)	Dec 31, 2012	Dec 31, 2011
Assets		
Intangible assets	966.51	1,120.98
Property, plant and equipment	28,512.59	26,334.28
Investments in associated companies	39.44	40.91
Other financial assets	2,357.23	2,669.22
Other assets	34.72	48.90
Deferred tax assets	866.16	807.22
Non-current assets	**32,776.65**	**31,021.51**
Inventories	2,250.54	2,349.04
Trade receivables	1,968.09	1,825.72
Other financial assets	98.93	112.10
Other assets	210.82	349.79
Cash and cash equivalents	666.65	753.84
Assets held for sale	172.94	76.44
Current assets	**5,367.97**	**5,466.93**
Total assets	**38,144.62**	**36,488.44**
Equity and liabilities		
Capital stock	18,983.37	18,983.37
Reserves	4,454.90	2,119.03
Stockholders' equity	**23,438.27**	**21,102.40**
Non-controlling interests	(32.93)	(25.79)
Equity	**23,405.34**	**21,076.61**
Provisions for pensions and similar obligations	241.33	195.23
Interest-bearing debts	1,717.05	2,173.30
Provisions for decommissioning and restoration obligations	5,866.10	5,897.65
Other provisions	644.88	860.09
Other financial liabilities	168.29	148.54
Deferred tax liabilities	8.24	12.27
Non-current liabilities	**8,645.89**	**9,287.08**
Trade payables	2,880.08	2,982.58
Interest-bearing debts	524.64	463.95
Current income tax payable	261.21	276.05
Other provisions and decommissioning	1,210.27	1,311.45
Other financial liabilities	360.85	479.16
Other liabilities	764.96	611.56
Liabilities associated with assets held for sale	91.38	-
Current liabilities	**6,093.39**	**6,124.75**
Total equity and liabilities	**38,144.62**	**36,488.44**

Notes to the statement of the financial position as of December 31, 2012

Capital expenditure increased to RON 4,930 mn (2011: RON 4,803 mn) influenced by substantially higher CAPEX in E&P.

Investments in E&P activities (RON 3,753 mn) represented 76% of total CAPEX for 2012 and were focused on activities related to drilling development wells, workover activities and sub-surface operations and surface facilities, field redevelopment initiatives, as well as investments related to the Neptun Deep and Totea Deep projects.

Approximately 4% of investments were realized in G&P (RON 221 mn) and focused mainly on the Brazi power plant, which started commercial operations on August 1.

R&M investments (RON 899 mn) accounted for 18% of total investments in 2012, mainly related to the Petrobrazi refinery modernization program (including the crude and vacuum distillation unit modernization and coker installation). In addition, investment funds were also directed to efficiency projects as well as to legal and environmental compliance projects.

CAPEX for the Corporate & Other (Co&O) segment was RON 57 mn, mainly referring to investments directed to IT projects.

Compared to the year-end 2011, total assets increased by RON 1,656 mn, to RON 38,145 mn. The change was mainly driven by the net increase of RON 2,024 mn in property, plant and equipment and intangible assets, as investments exceeded depreciation and impairments. This increase was partially offset by the decrease of other financial assets and of cash and cash equivalents, following dividend payments and bank loan reimbursements.

Equity increased to RON 23,405 mn as of December 31, 2012, as a result of the net profit generated in the current period, which was partially offset by the dividends distributed for the 2011 financial year (RON 1,756 mn). The Group's equity ratio[1] increased to 61 % at the end of December 2012, higher compared to level recorded at the end of December 2011 (58%).

Total interest bearing debt decreased from RON 2,637 mn as of December 31, 2011 to RON 2,242 mn as of December 31, 2012, mainly as a result of reimbursements made in Q4/12. This decrease was partially diminished by an increase of interest bearing debts following the RON depreciation versus EUR between the end of 2011 and end of 2012.

The Group's liabilities other than interest bearing debt decreased by RON 277 mn, mainly due to a decrease in other provisions and trade payables.

Petrom Group's net debt[2] shows a decrease to RON 1,711 mn, compared to RON 1,955 mn at the end of 2011. As of December 31, 2012, the gearing ratio[3] decreased to 7.31 %, from 9.28% in December 2011, being positively influenced by the net debt decrease in 2012 and current period results.

[1] *Equity ratio is calculated as Equity/(Total Assets) x 100*
[2] *Net debt is calculated as interest bearing debts including financial lease liability less cash and cash equivalents*
[3] *Gearing ratio is calculated as Net debt/(Equity) x 100*

Cash flows (unaudited)

Q3/12	Q4/12	Q4/11	Summarized statement of cash flows (in RON mn)	2012	2011
1,048.99	1,329.07	1,080.99	Profit before taxation	4,826.26	4,608.59
120.96	(10.80)	373.62	Net change in provisions	(227.36)	200.07
16.43	67.12	1.97	Losses/(gains) on the disposal of non-current assets	74.38	(4.68)
748.23	777.11	733.74	Depreciation, amortization including write-ups	2,852.22	2,830.21
169.33	368.98	19.56	Other adjustments	706.31	203.86
2,103.94	**2,531.48**	**2,209.88**	**Sources of funds**	**8,231.81**	**7,838.05**
(260.75)	446.35	110.19	(Increase)/decrease in inventories	(25.46)	33.61
(277.39)	74.86	(462.94)	(Increase)/decrease in receivables	(161.54)	(432.42)
(13.15)	25.61	132.72	(Decrease)/increase in liabilities	194.12	(53.45)
(18.40)	(39.23)	(81.21)	Net interest received/(paid)	(67.79)	(99.70)
(199.22)	(234.99)	(226.31)	Tax on profit paid	(985.70)	(844.47)
1,335.03	**2,804.08**	**1,682.33**	**Net cash from operating activities**	**7,185.44**	**6,441.62**
(1,361.78)	(1,269.53)	(1,542.58)	Intangible assets and property, plant and equipment	(5,129.65)	(5,264.87)
18.97	19.30	74.17	Proceeds from sale of non-current assets	64.42	113.17
-	9.92	-	Proceeds from sale of subsidiaries, net of cash disposed	9.92	59.25
(1,342.81)	**(1,240.31)**	**(1,468.41)**	**Net cash used in investing activities**	**(5,055.31)**	**(5,092.45)**
37.04	(1,203.98)	(213.62)	(Decrease)/increase in borrowings	(478.15)	(1,199.23)
(51.95)	(3.64)	(2.46)	Dividends paid	(1,741.39)	(993.32)
(14.91)	**(1,207.62)**	**(216.08)**	**Net cash from financing activities**	**(2,219.54)**	**(2,192.55)**
1.04	(3.96)	10.31	Effect of exchange rate changes on cash and cash equivalents	2.22	8.62
(21.65)	**352.19**	**8.15**	**Net (decrease)/increase in cash and cash equivalents**	**(87.19)**	**(834.76)**
336.11	314.46	745.69	Cash and cash equivalents at beginning of period	753.84	1,588.60
314.46	**666.65**	**753.84**	**Cash and cash equivalents at end of period**	**666.65**	**753.84**

Notes to the cash flows

In 2012, free cash flow (defined as net cash from operating activities less net cash used in investing activities) showed an inflow of funds of RON 2,130 mn (2011: RON 1,349 mn). Free cash flow less dividend payments resulted in a cash inflow of RON 389 mn (2011: RON 356 mn).

The inflow of funds from profit before tax, adjusted for non-cash items such as depreciation, net change of provisions and other non-cash adjustments was RON 8,232 mn (2011: RON 7,838 mn). Net change in provisions shows a negative amount of RON 227 mn in 2012, mainly due to the payment of fines from the Competition Council amounting to RON 504 mn. This was compensated by an increase in other provisions, including unwinding of the decommissioning provision. Other adjustments show an amount of RON 706 mn including increased net interest expenses and discounting of receivables.

Net working capital, interest and taxes generated a cash outflow of RON 1,046 mn (2011: RON 1,396 mn).

Net cash flow from investing activities (outflow of RON 5,055 mn; 2011: RON 5,092 mn) mainly includes payments for investments in intangible assets and property, plant and equipment.

Net cash flow from financing activities shows an outflow of funds amounting to RON 2,220 mn (2011: outflow of RON 2,193 mn), mainly coming from the payment of dividends at the amount of RON 1,741 mn and also from repayment of tranches from the European Bank for Reconstruction and Development, the European Investment Bank, and the Black Sea Trade and Development Bank which became due during the year.

Condensed statement of changes in equity (unaudited)

in RON mn	Share capital	Revenue reserves	Other reserves[1]	Treasury shares	Stockholders' equity	Non-controlling interests	Total equity
January 1, 2012	**18,983.37**	**2,198.73**	**(79.68)**	**(0.02)**	**21,102.40**	**(25.79)**	**21,076.61**
Net income for the period	-	3,953.31	-	-	3,953.31	(7.21)	3,946.10
Other comprehensive income for the period	-	-	129.99	-	129.99	0.08	130.07
Total comprehensive income for the period	**-**	**3,953.31**	**129.99**	**-**	**4,083.30**	**(7.13)**	**4,076.17**
Dividend distribution	-	(1,755.96)	-	-	(1,755.96)	(0.01)	(1,755.97)
Purchase of own shares	-	-	-	-	-	-	-
Distribution of own shares	-	-	-	-	-	-	-
Change in non-controlling interests	-	-	8.53	-	8.53	-	8.53
December 31, 2012	**18,983.37**	**4,396.08**	**58.84**	**(0.02)**	**23,438.27**	**(32.93)**	**23,405.34**

in RON mn	Share capital	Revenue reserves	Other reserves[1]	Treasury shares	Stockholders' equity	Non-controlling interests	Total equity
January 1, 2011	**18,983.37**	**(555.42)**	**57.65**	**(0.02)**	**18,485.58**	**(26.54)**	**18,459.04**
Net income for the period	-	3,756.75	-	-	3,756.75	1.87	3,758.62
Other comprehensive income for the period	-	-	(137.33)	-	(137.33)	(1.04)	(138.37)
Total comprehensive income for the period	**-**	**3,756.75**	**(137.33)**	**-**	**3,619.42**	**0.83**	**3,620.25**
Dividend distribution	-	(1,002.60)	-	-	(1,002.60)	(0.08)	(1,002.68)
Purchase of own shares	-	-	-	-	-	-	-
Distribution of own shares	-	-	-	-	-	-	-
Change in non-controlling interests	-	-	-	-	-	-	-
December 31, 2011	**18,983.37**	**2,198.73**	**(79.68)**	**(0.02)**	**21,102.40**	**(25.79)**	**21,076.61**

[1] Other reserves contain mainly exchange differences from the translation of foreign operations and unrealized gains and losses from hedges.

Dividends

At the Annual General Meeting of Shareholders held on April 27, 2012, the shareholders of OMV Petrom S.A. approved the distribution of dividends for the financial year 2011 for the amount of RON 1,756 mn. The payment of the dividends started on June 18, 2012.

Segment reporting

Intersegmental sales

Q3/12	Q4/12	Q4/11	Δ%	in RON mn	2012	2011	Δ%
2,988.00	3,049.79	2,872.17	6	Exploration and Production	12,071.98	11,172.10	8
105.64	119.84	133.83	(10)	Gas and Power	446.63	436.24	2
35.88	42.64	43.46	(2)	Refining and Marketing	162.36	161.96	0
138.03	148.92	272.33	(45)	Corporate and Other	561.49	576.91	(3)
3,267.55	**3,361.19**	**3,321.79**	**1**	**Total**	**13,242.46**	**12,347.21**	**7**

Sales to external customers

Q3/12	Q4/12	Q4/11	Δ%	in RON mn	2012	2011	Δ%
239.98	207.28	106.99	94	Exploration and Production	919.94	571.34	61
717.80	1,031.10	1,049.72	(2)	Gas and Power	3,696.19	3,190.68	16
6,010.22	5,817.93	5,211.12	12	Refining and Marketing	21,587.19	18,795.16	15
15.30	16.54	22.20	(25)	Corporate and Other	54.81	56.47	(3)
6,983.30	**7,072.85**	**6,390.03**	**11**	**Total**	**26,258.13**	**22,613.65**	**16**

Total sales

Q3/12	Q4/12	Q4/11	Δ%	in RON mn	2012	2011	Δ%
3,227.98	3,257.07	2,979.16	9	Exploration and Production	12,991.92	11,743.44	11
823.44	1,150.94	1,183.55	(3)	Gas and Power	4,142.82	3,626.92	14
6,046.10	5,860.57	5,254.58	12	Refining and Marketing	21,749.55	18,957.12	15
153.33	165.46	294.53	(44)	Corporate and Other	616.30	633.38	(3)
10,250.85	**10,434.04**	**9,711.82**	**7**	**Total**	**39,500.59**	**34,960.86**	**13**

Segment and Group profit

Q3/12	Q4/12	Q4/11	Δ%	in RON mn	2012	2011	Δ%
1,289.03	1,281.34	1,460.84	(12)	EBIT Exploration and Production	5,466.57	5,236.32	4
59.25	135.40	112.60	20	EBIT Gas and Power	359.80	148.84	142
266.47	(17.71)	(376.13)	(95)	EBIT Refining and Marketing	137.52	(187.37)	n.m.
(29.03)	(38.77)	(30.86)	26	EBIT Corporate and Other	(116.52)	(78.98)	48
1,585.72	**1,360.26**	**1,166.46**	**17**	**EBIT segment total**	**5,847.37**	**5,118.82**	**14**
(299.47)	312.90	15.23	n.m.	Consolidation: Elimination of intercompany profits	(185.37)	(183.06)	1
1,286.25	**1,673.16**	**1,181.69**	**42**	**Petrom Group EBIT**	**5,662.00**	**4,935.76**	**15**
(237.26)	**(344.09)**	**(100.70)**	**242**	**Net financial result**	**(835.74)**	**(327.17)**	**155**
1,048.99	**1,329.07**	**1,080.99**	**23**	**Petrom Group profit from ordinary activities**	**4,826.26**	**4,608.59**	**5**

Assets[1]

in RON mn	Dec 31, 2012	Dec 31, 2011
Exploration and Production	20,364.83	18,716.01
Gas and Power	3,146.14	2,930.96
Refining and Marketing	5,277.72	5,079.04
Corporate and Other	690.41	729.25
Total	**29,479.10**	**27,455.26**

[1] *Segment assets consist of intangible assets and property, plant and equipment*

Other notes

Significant transactions with related parties

Business transactions in the form of supplies of goods and services take place on a constant and regular basis with companies from OMV Group such as OMV Supply & Trading AG and OMV Refining & Marketing GmbH.

Subsequent events

On January 7, 2013 OMV Petrom finalized the sale of the interest percentage of 99.99% in Petrom LPG subsidiary to Crimbo Gas International. The sale of this participation is in line with Petrom strategy to focus on the core activities of the Group.

Declaration of the management

We confirm to the best of our knowledge that the preliminary and unaudited consolidated financial statements for the year ended December 31, 2012, prepared in accordance with the International Financial Reporting Standards, offer a true and fair view of Petrom Group's assets, liabilities, financial position and profit or loss of the Group as required by the applicable accounting standards and that the statements of operations and the information presented in this report give a true and fair view of important events that have occurred during the financial year and their impact on the condensed financial statements.

Bucharest, February 21, 2013

The Executive Board

Mariana Gheorghe
Chief Executive Officer
President of the Executive Board

Andreas Matje
Chief Financial Officer
Member of the Executive Board

Johann Pleininger
Member of the Executive Board
Exploration & Production

Cristian Secosan
Member of the Executive Board
Gas & Power

Neil Anthony Morgan
Member of the Executive Board
Refining & Marketing

Abbreviations and definitions

ANRE	Romanian Energy Regulatory Authority
AGM	Annual General Meeting (of Shareholders)
bbl	barrel(s), i.e. 159 liters
bcf	billion cubic feet; 1,000 standard cubic meters = 35.3147 bcf for Romania or 34.7793 bcf for Kazakhstan
boe	barrels of oil equivalent
bn	billion
bcm	billion cubic meters
capital employed	equity including minorities plus net debt
cbm	cubic meters
CEO	Chief Executive Officer
Co&O	Corporate and Other
CAPEX	Capital expenditure
CCS	Current cost of supply
CFPS	Cash Flow Per Share
EBIT	Earnings before interest and tax
EC	European Commission
E&P	Exploration and Production
EPS	Earnings per share
EUR	euro
FX	Foreign Exchange
G&P	Gas and Power
HSSE	Health, Safety, Security and Environment
IMF	International Monetary Fund
IFRSs; IASs	International Financial Reporting Standards; International Accounting Standards
mn	million
NBR	National Bank of Romania
NGL	Natural Gas Liquids
n.a.	not applicable/not available (after case)
n.m.	not meaningful i.e. deviation exceeds (+/-)500% or comparison is made between positive and negative values
NOPAT	Net Operating Profit After Tax. Profit on ordinary activities after taxes plus net interest on net borrowings, +/– result from discontinued operations, +/– tax effect of adjustments
OPCOM	The administrator of the Romanian electricity market
OPEX	Operating Expenditures
Q	quarter
ROACE	Return On Average Capital Employed = NOPAT/Average Capital Employed (%)
ROE	Return On Equity = Net Profit/Average Equity (%)
ROFA	Return On Fixed Assets = EBIT/Average Fixed Assets (%)
RON	Romanian leu
R&M	Refining and Marketing
S.A.; S.R.L.	Societate pe Actiuni (Joint-stock company); Societate cu Raspundere Limitata (Limited liability company)
TOC	Tasbulat Oil Corporation
t/y	Tons/year
TWh	terawatt hours
USD	United States dollar

Appendix 1

Consolidated companies in Petrom Group at December 31, 2012

Parent company	
OMV Petrom S.A.	

Subsidiaries

EXPLORATION & PRODUCTION		REFINING & MARKETING	
Tasbulat Oil Corporation LLP (Kazakhstan)[1]	100.00%	OMV Petrom Marketing S.R.L. (Romania)	100.00%
Kom Munai LLP (Kazakhstan)	95.00%	Petrom Aviation S.A. (Romania)	99.99%
Petrom Exploration & Production Ltd.	50.00%	Petrom LPG S.A. (Romania)	99.99%
		ICS Petrom-Moldova S.A. (Republic of Moldova)	100.00%
		OMV Bulgaria OOD (Bulgaria)	99.90%
GAS & POWER		OMV Srbija DOO (Serbia)	99.90%
OMV Petrom Gas S.R.L.	99.99%		
Petrom Distributie Gaze S.R.L.	99.99%	**CORPORATE & OTHER**	
OMV Petrom Wind Power S.R.L.	99.99%	Petromed Solutions S.R.L.	99.99%

[1] *Owned through Tasbulat Oil Corporation BVI as holding company.*

Associated company, accounted for at equity	
Congaz S.A. (Romania)	28.59%

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Next release:

The next results announcement for January – March 2013 will be released on May 14, 2013, presenting Petrom Group consolidated results prepared according to IFRS.