

**Supervisory Board Report  
on S.C. OMV PETROM S.A.'s separate  
Financial Statements prepared in accordance with  
Ministry of Finance Order no. 1286/2012**

In 2014, the Supervisory Board thoroughly reviewed the position and prospects of the OMV Petrom S.A. ("OMV Petrom" or the "Company"), and performed its functions according to the relevant laws, the Articles of Association, the applicable Corporate Governance Code and the relevant internal regulations. We supervised the Executive Board on the management of OMV Petrom S.A., monitored its work and we were involved in the Company's key decisions. Where required by law, the Articles of Association, or internal regulations, the Supervisory Board adopted resolutions following a comprehensive analysis.

The Supervisory Board received detailed information, both verbally and in writing, on issues of fundamental importance for the Company, including its financial position, business strategy, planned investments and risk management. We discussed all transactions significant for OMV Petrom in the plenary meetings, based on the reports of the Executive Board.

The separate financial statements and audit report were presented for Supervisory Board examination in a timely manner. Ernst & Young audited the 2014 separate financial statements, reviewed the conformity of the Directors' Report with the separate financial statements and issued unqualified audit opinions. The auditors attended the relevant meeting of the Audit Committee convened to adopt the accounts. The Audit Committee discussed the separate financial statements with the auditors and examined them carefully. The Audit Committee reported to the Supervisory Board on its examination and recommended the approval of the annual separate financial statements, including the management report.

We have also reviewed and analyzed the attached Report of the Executive Board (Directors' Report) presented as Appendix 1 which gives a true and fair view of the development and performance of the business and the financial position of OMV Petrom, together with a description of the principal risks and associated uncertainties as of December 31, 2014.

Hence, the separate financial statements prepared in accordance with Ministry of Finance Order no. 1286/2012 were approved in today's Supervisory Board meeting in line with the Audit Committee's recommendation and will further be submitted for approval in the General Meeting of Shareholders to be held on April 28, 2015.

Bucharest, March 24, 2015

Gerhard Roiss

President of the Supervisory Board



## Appendix 1

### **Directors' Report on S.C. OMV PETROM S.A.'s separate Financial Statements prepared in accordance with Ministry of Finance Order no. 1286/2012 and in compliance with the Regulation no.1/2006, Appendix 32, issued by the National Securities Commission**

#### **Overview of the Company's nature**

The Company's headquarters is located at Coralilor Street no. 22, sector 1 Bucharest, Romania. The Company was set up according to the Government Ordinance no.49/Oct 1997, approved by Law no. 70/April 1998. The Company is registered with the Trade Register under number J40/8302/1997 and has as unique fiscal registration code RO1590082. The Company has as main activities in exploration and production of hydrocarbons and related services, refining and marketing, and gas and power. OMV Petrom unfolds its activity either directly or through its affiliates in Romania, Kazakhstan (only Exploration and Production) and Bulgaria, Serbia and Republic of Moldova (only Marketing).

A 9.36% stake of the Company's shares is free float, traded on the first tier of Bucharest Stock Exchange, under SNP symbol. Market capitalization as of December 30, 2014 was RON 23,110,796,201.

The Company is the parent of OMV Petrom Group ("the Group"). The annual consolidated financial statements are prepared by the Company in accordance with International Financial Reporting Standards (IFRS) as endorsed by European Union (EU). Separate individual financial statements for the year ended December 31, 2014 are also prepared in accordance with IFRS, as the Ministry of Finance Order (MOF) no. 1286/2012 stipulates that Romanian listed companies must prepare financial statements in accordance with IFRS as endorsed by EU, starting with the year ended December 31, 2012. In its turn, the parent Company OMV Petrom S.A. is part of the OMV Group which prepares consolidated financial statements at the level of OMV Aktiengesellschaft, which has its registered office at Trabrennstrasse 6-8, 1020 Vienna, Austria. These annual consolidated financial statements (both the Group's and Subgroup's) are public and may be obtained from the companies' websites, i.e. [www.omv.com](http://www.omv.com) and [www.omvpetrom.com](http://www.omvpetrom.com).

OMV Petrom S.A. ("OMV Petrom") has vertical integrated activities and presents the following reportable segments: Exploration and Production (E&P), Gas and Power (G&P), Refining and Marketing (R&M), Corporate and Other.

The total share capital amounts to RON 5,664,410,833.50 (December 31, 2013: same amount), representing 56,644,108,335 shares (December 31, 2013: same number) with a nominal value of RON 0.1 per share. During 2013, the Company used the inflation adjustment to share capital in amount of RON 13,318,955,276.50 (Romania was a hyperinflationary economy until January 2004) to cover the related accumulated loss. This was approved at the General Meeting of the Shareholders held on April 22, 2013.

The shareholders' structure as at December 31, 2014 is presented below:

	<u>No. of shares</u>	<u>Percent</u>
OMV Aktiengesellschaft	28,894,467,414	51.01%
Romanian State	11,690,694,418	20.64%
Property Fund S.A.	10,758,648,186	18.99%
Legal entities and private individuals	<u>5,300,298,317</u>	<u>9.36%</u>
<b>Total</b>	<b><u>56,644,108,335</u></b>	<b><u>100.00%</u></b>

## **1. Analysis of the company's activity**

### **1.1. a) The activity developed or which is to be developed by the company and its subsidiaries.**

OMV Petrom develops the following main activities:

- The exploration and production of crude and natural gas on fields located onshore and offshore;
- Emergency works, commissioning and repair of wells;
- Crude refining;
- The distribution, transport, storing, marketing, bunkering of ships and the supply of airships with crude oil products;
- Wholesale and retail trade in merchandise and miscellaneous products;
- The import and export of crude, petroleum products, petrochemicals and chemicals, equipment, machines and specific technologies;
- Production, transmission, distribution, trade of electricity;
- Medical and social activity for its own employees and third parties;
- Other activities established and detailed in the Constitutive Act of the company.

The detailed structure of the consolidated companies in OMV Petrom Group at December 31, 2014 is presented in annex a) to the current report.

### **b) The date when the company was established**

The company was established on October 27, 1997 and began its activity as of November 1, 1997, as per the Emergency Ordinance no. 49/1997 approved through Law no. 70/1998 under the name of S.N.P. Petrom S.A. (SNP – Societatea Nationala a Petrolului/ National Oil Company). In the General Extraordinary Meeting of Shareholders dated September 14, 2004 the change of the company's name from SNP Petrom SA to S.C. Petrom S.A. was approved.

Starting January 1, 2010, the company name is OMV Petrom S.A., based on the Resolution of the Extraordinary General Meeting of Shareholders dated October 20, 2009. The Company's brands and logo remain unchanged.

### **c) Mergers or significant reorganizations of the company, the subsidiaries or the companies controlled performed during the financial year.**

On March 26, OMV Petrom announced the consolidation of multiple support services into the service center OMV Petrom Global Solutions S.R.L. (OPGS), owned by OMV Petrom and OMV Solutions GmbH. In July 2014, OMV Petrom transferred its business related to IT and financial service center to the newly incorporated associated company OP GS, which provides multiple support services exclusively to OMV Group companies.

### **d) Asset acquisitions and/or alienation**

On July 31, 2014 OMV Petrom sold its 28.59% interest in the non-core gas distribution and supply company Congaz S.A. to GDF SUEZ Energy Romania S.A.

## **e) Overview of the main results of the company**

In 2014, OMV Petrom continued to successfully deliver on its strategic objectives across all business segments.

In E&P, 2014 was the second consecutive year of marginal production increase in Romania since privatization with good results from production optimization initiatives which successfully offset the natural decline of some key fields.

In 2014, OMV Petrom produced in Romania 3.89 mn t crude oil including condensate and 5.29 bcm natural gas, the equivalent of 62.57 mn boe total oil and gas. Offshore production accounted for approximately 7% of oil production and 26% of natural gas production. The daily average equivalent production has reached 171.41 kboe/d, compared to 171.36 kboe/d in 2013. New wells put on stream at the beginning of the year (in Totea and Mamu fields), continued with testing of new wells in Mamu on middle of the year, contributed to the annual production. A workover campaign which commenced in early 2014 at four offshore wells has significantly contributed to the stabilization and gradual increase of hydrocarbon production during the second half of the year. In 2014, the crude oil production obtained using enhanced oil recovery techniques accounted for approximately 25% of total domestic oil production. Heavy oil, representing crude oil with density greater than 900 kg/m<sup>3</sup> accounted for more than 35% of total production of crude oil including condensate.

In 2014, the average crude oil production was 76.7 kboe/d, below the level achieved in 2013 of 78.4 kboe/d due to planned workovers and weather conditions.

The domestic gas production was 94.8 kboe/d, higher than last year due to the results of new wells in the Totea and Mamu fields and successful offshore workover campaigns. The internal gas consumption for upstream operations accounted for approximately 11% of total production.

As part of OMV Petrom's exploration focus, intensive onshore and offshore drilling campaigns - both shallow and deep water - were developed in 2014 sustained by 76% seismic coverage (weighted average for onshore and offshore) of the exploration acreage. In 2014, we made the largest exploration investments since privatization.

As of December 31, 2014 the total proved oil and gas reserves in OMV Petrom's portfolio amounted to 671 mn boe, while the proved and probable oil and gas reserves amounted to 930 mn boe, in Romania.

In G&P segment, the Romanian gas and power market environment was challenging in 2014, but liberalization progressed. Despite the 9% drop in gas sales volumes to 4.42 bcm in 2014, OMV Petrom managed to maintain a strong position in the local market, supplying more than one-third of Romania's estimated gas consumption in 2014. The net electrical output halved versus 2013, to 1.3 TWh, due to negative average spark spreads in 2014, while the revised long-term market perspective led to partial impairments of the power assets. The focus was on strengthening the Brazi power plant's integration in the equity gas value chain.

In R&M segment, the modernization program of Petrobrazi was successfully completed in 2014. As part of the modernization process, the upgraded diesel hydrotreater and the fluid catalytic cracker units were commissioned during the mid-year planned refinery shutdown, with a positive impact on energy efficiency and environment. The refinery utilization rate stood at 89%, while energy consumption continued to improve. The fuel terminal network optimization program further progressed with the start of operations at Bacău terminal and by initiating modernization works at our Cluj facility.

In Marketing, the Group's market share decreased both in retail and commercial businesses, impacted by higher fuels taxation in Romania and increased competition in the operating region. Commercial sales reflected a negative trend in all products except gasoline and jet. Increasing brand awareness and customer loyalty continued to be the focus of the marketing campaigns.

### 1.1.1. General evaluation elements

Item, RON mn	2012	2013	2014
Net income	3,851	4,839	1,837
Net turnover	19,123	18,088	16,537
Operating result (EBIT)	5,068	5,332	3,541
Operating expenses	14,199	13,001	13,243
Liquidity (cash and cash equivalents)	557	1,083	946

In 2014, OMV Petrom's EBIT amounted to RON 3,541 mn, lower compared to previous year's level (2013: RON 5,332 mn), mainly due to the impact of lower selling prices for petroleum products following the decrease of international quotations, due to the impairment of the Brazi power plant in G&P and due to the introduction of the construction tax and higher additional tax on natural gas sales.

The net income decreased significantly by 62% to RON 1,837 mn, being negatively influenced by lower operating result and by the decrease in the net financial result. Please see section 5 for a detailed analysis of the financial statements.

### 1.1.2. Evaluation of the company's technical expertise

#### a) Main products and services

As OMV Petrom is an integrated oil and gas company, covering the full chain of upstream and downstream activities, the number of products can be grouped into the following categories representative for the company's activity:

- Crude oil;
- Natural gas;
- Petroleum products: gasoline, diesel, kerosene, heavy fuel oil, LPG;
- Electricity.

#### b) Main outlets for each product or service and the distribution methods

OMV Petrom is present on relevant markets as a producer and supplier of crude oil and natural gas, petroleum products and electricity.

- **Crude:** OMV Petrom accounts for almost the entire oil production in Romania which is mainly delivered to its own refinery - Petrobrazi; the crude transportation is handled by state owned company Conpet.
- **Natural gas:** OMV Petrom accounts for approximately half of the gas production in Romania. A small part of the natural gas produced by OMV Petrom is used in E&P activity. The remaining volume is partly delivered to internal consumers (like the Brazi power plant), while most of it is placed on the market. For the delivery of the natural gas, OMV Petrom uses the national pipeline system of Transgaz and also its own network. In 2014, OMV Petrom supplied more than one third of Romania's total estimated gas consumption.
- **Petroleum products:** These products are sold to both Romanian and international markets. The company uses both retail and wholesale distribution channels, directly or through affiliates, to sell its refined products. The Group's retail supply channel consists in a network of 780 fuel filling stations, both in Romania (with 544 operating filling stations at end of 2014) and in the neighboring countries: Bulgaria, Serbia and the Republic of Moldova. OMV Petrom Group total Romanian market share stood at 34% in 2014 while the overall market share in the operating region decreased to 24%.
- **Electricity:** OMV Petrom sells the electricity it produces on platforms managed by OPCOM S.A. (the electricity market operator), as well as to final clients. In 2014, OMV Petrom had a ~6% contribution to the balancing market, according to estimated available information.

**c) Overview of the turnover of the company in the last three years and analysis of various revenues types**

The majority of OMV Petrom's revenues resulted from the sale of petroleum products. The Company's net turnover in 2014 decreased by 9% to RON 16,537 mn compared to 2013, largely due to lower crude and petroleum products sales, that more than offset higher sales of natural gas.

The weight of each revenue category in total revenues is presented in the table below:

Item	Total value – RON mn			Percentage in revenues		
	2012	2013	2014	2012	2013	2014
Operating revenues <sup>1</sup>	19,267	18,333	16,784	97	95	96
thereof Turnover	19,123	18,088	16,537	-	-	-
Financial revenues	598	938	668	3	5	4
<b>TOTAL</b>	<b>19,865</b>	<b>19,271</b>	<b>17,452</b>	<b>100</b>	<b>100</b>	<b>100</b>

*Figures in this and the following tables may not add up due to rounding differences.*

<sup>1</sup> the difference to turnover represents other operating income.

**d) New products**

Not applicable.

**1.1.3 Evaluation of the provision of technical and material resources (domestic and imports)**

OMV Petrom is processing domestically produced crude oil in its Petrobrazi refinery in order to obtain petroleum products. During 2014 OMV Petrom did not acquire imported crude.

**1.1.4. Overview of the sale activity**

A breakdown of turnover per each business segment is presented in the table below:

Turnover per segments of activity, RON mn	Year ended December 31		
	2012	2013	2014
Exploration and Production	113	142	124
Gas and Power	2,583	3,303	3,653
Refining and Marketing	16,276	14,475	12,658
Corporate and Other	150	167	102
<b>Total</b>	<b>19,123</b>	<b>18,088</b>	<b>16,537</b>

*Turnover per segments refers to sales to third parties (excluding inter-segmental sales).*

The Company's **turnover** in 2014 decreased by 9% to RON 16,537 mn compared to 2013, largely due to lower crude and petroleum products sales in R&M, while G&P sales increased by 11% due to higher sales of natural gas.

As the Company's business model envisages the usage of several sales channels and subsidiaries we also present the turnover breakdown at OMV Petrom Group level:

Group turnover per segments of activity, RON mn	Year ended December 31		
	2012	2013	2014
Exploration and Production	920	1,108	861
Gas and Power	3,696	3,880	4,014
Refining and Marketing	21,587	19,128	16,602
Corporate and Other	55	70	65
<b>Total</b>	<b>26,258</b>	<b>24,185</b>	<b>21,541</b>

*Group turnover per segments refers to sales to third parties (excluding intra-group sales).*

## a) Sales evolution and outlook

The figures in the table below reflect OMV Petrom Group total sales of fuels, gas and electricity output.

Products	Year ended December 31			Changes in %		
	2012	2013	2014	14/13	14/12	13/12
Total refined product sales (kt)	5,004	5,222	4,807	(7.9)	(3.9)	4.4
<i>thereof Marketing sales (kt)</i>	<i>3,829</i>	<i>3,617</i>	<i>3,380</i>	<i>(6.6)</i>	<i>(11.8)</i>	<i>(5.5)</i>
Gas sales (mn cbm)	4,841	4,893	4,419	(9.0)	(8.7)	1.1
Total net electrical output (TWh) <sup>1</sup>	1.7	2.9	1.3	(54)	(24)	71

<sup>1</sup> Includes the net electrical output generated by the Brazi power plant during commissioning phase; the plant commenced commercial operations on August 1, 2012.

The turnover of the marketing business reflected the oil price environment, higher fuel taxation in Romania and increased competition in the region. OMV Petrom Group's total marketing sales amounted to 3,380 kt in 2014, 7% lower compared to 2013, driven by lower sales in both retail and commercial streams.

Group retail sales were 4% lower compared to the level of the previous year, reaching 2,970 mn liters, the negative trend being reflected in all countries. Retail sales in the domestic market reached 2,308 mn liters in 2014, 4% lower compared to 2013.

Group commercial sales amounted to 1,007 kt, 11% lower against 2013, with lower volumes in all products except gasoline and jet. In Romania, commercial volumes were 595 kt, 5% below the previous year's level (2013: 625 kt). The decrease is mainly attributable to increased competition in the market and higher sales in 2013 triggered by planned shutdowns of other domestic refineries. Starting with the third quarter 2014, diesel sales turned around, increasing 6% in the second half of 2014 compared to 2013. The positive trend was also seen in gasoline sales in the second part of the year.

OMV Petrom Group's **gas** sales volumes decreased by 9% compared to 2013 due to milder winter and reduced off-take by heat and power plants.

OMV Petrom Group's net electricity output volumes totaled 1.3 TWh in 2014, 54% lower versus 2013.

In 2015, refining margins are expected to come down from the recent highs, due to persisting overcapacity in local and European markets. Due to the decreased oil price, lower product prices are expected to support the demand in the marketing business, nevertheless with increased competition. In the local **gas and power** markets, demand is expected to be relatively weak.

## b) Company's market share. Main competitors

With daily hydrocarbon production rates of 171.4 kboe/d and an oil/gas split of roughly 45%/55% in 2014, OMV Petrom accounts for almost the entire crude oil production and for approximately half of the gas production in Romania.

The estimated Romanian gas consumption was 12 bcm in 2014, covered mainly from domestic production, but also by imported gas. OMV Petrom supplied more than one-third of Romania's total estimated gas consumption in 2014. The national domestic gas production was ensured mainly by Romgaz and OMV Petrom. Relatively small volumes were also provided by other private operators like Amromco Energy, Raffless Energy, Stratum Energy and Foraj Sonde. The main providers of import gas were: WIEE Romania, GDF Suez Energy Romania, E.ON Energie Romania, Romgaz etc. OMV Petrom placed import gas volumes on the market.

According to estimated available information, the Romanian gross electricity production was almost 64 TWh, while the electricity consumption amounted to more than 56 TWh. In 2014, Romania was a net exporter of electricity. The main power generators in 2014 were: Hidroelectrica, Nuclearelectrica, Complexul Energetic Oltenia (Turceni, Rovinari, Craiova). The thermal power stations covered ~42% of the total national electricity production, the hydropower stations ~30%, the nuclear-electric plants ~18%, while the wind parks covered ~10%. The Brazi power plant covered ~2% of Romania's electricity production in 2014.

The Romanian refining sector consists of ten refineries. Six of them are not operational: Astra, Darmanesti, Petrolsub, Steaua Romana (Omnimpex Chemicals), Rafo (Balkan Petroleum) and Arpechim. The rest of four refineries: Petrobrazii (owned by OMV Petrom), Petromidia and Vega (Rompetrol – majority owned by Kaz Munay Gas), Petrotel (Lukoil), have a total operational capacity of approximately 12 mn tons. In 2014, the refineries processed a total quantity of approximately 10.5 mn tons of crude, according to the data provided by the National Institute of Statistics (NIS).

In Marketing, total Romanian market share (retail and commercial sales) was broadly at the same level as in 2013, reaching 34% (2013: 33.8% and in 2014: 34.3%) mainly as a result of commercial business and product portfolio optimization, despite the 1% loss of market share in retail due to increased excise and higher competition.

**c) Description of any significant dependency of the company on a single customer or on a group of customers whose loss would have a negative impact on the company's income**

Given the wide range of products, OMV Petrom has a large base of customers. Therefore, there are no clients which can materially affect the activity of the Company.

In addition, as a member of OMV Group, OMV Petrom has broadened its customers' base with some of the affiliated companies within the Group. Transactions with affiliated companies are made on arm's length basis and are reported to the Bucharest Stock Exchange and Financial Supervisory Authority (ASF) as per latter's requirements.

**1.1.5. Evaluation of issues related to the company's employees/staff**

**a) The number and the expertise of the company's employees.**

The average number of employees, calculated as average of the month's end number of employees during the year is presented below.

	<b>The average number of employees</b>		
	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>
Average for the year	20,508	19,016	17,861

The average number of employees decreased in 2014 as a number of 1,141 employees was transferred to OMV Petrom Global Solutions and as a consequence of restructuring programs continued by the Company in order to improve efficiency.

The majority of the employees are members of trade union organizations affiliated to SNPE ("Sindicatul National Petrom-Energie"), while a reduced number of employees are members of trade unions affiliated to "Energetica" Federation and "Lazar Edeleanu" Federation.



**b) The relationship between management and employees as well as of any conflict elements which characterize this relationship**

The dialog between unions and management continues on a regular basis. The key elements of the framework outlining the relationship between management and employees are the Collective Labor Agreement (CLA), Internal Rules and Parity Commissions. All the steps of any reorganization process that the company has entered were discussed and agreed by both parties.

The wording of some provisions of the previous collective labor agreements (as such were amended) applicable within OMV Petrom ("CLA") led to a high number of labor litigations through which employees requested the granting of certain rights (*e.g.* payment of certain bonuses) deriving from the CLA, rights allegedly not granted to them. Most of the claims refer to provisions of the CLA prior to the privatization of OMV Petrom. Some of these types of litigations are still in progress at various stages, although in a decreasing number across the country. OMV Petrom's defense is based on the fact that the respective rights were granted (as regards bonuses, these were included and maintained in the base salary of the employees), therefore the claims are unjustified. This defense is considered by courts in the vast majority of the cases, as a result most cases have been won by OMV Petrom.

During 2014, OMV Petrom received a decreased number of claims related to some provisions of the CLA. Following the assessment of the potential liabilities with respect to ongoing cases, the provision booked in prior years to cover this litigation risk, in line with prudence principles, did not require any increase in 2014. OMV Petrom took all possible actions and contracted all necessary resources to defend against these lawsuits and also to prevent a further increase in litigation. In addition, in 2014 a new CLA was concluded at OMV Petrom. The provisions of such agreement were drafted and negotiated taking also into consideration the litigation experience and the view the courts have in interpreting the employees' rights as resulting from the CLA and are meant to mitigate further litigation deriving thereof. Furthermore, employees' information on this matter was substantially increased in order to raise awareness on the topic and a focus was put on clarifying discussions with claimants which resulted in mediation agreements.

**1.1.6. Evaluation of issues related to the impact of the issuer's main activity on the environment**

**Environment and energy management**

We manage our environmental impacts along our entire value chain. OMV Petrom's goal is to use natural resources efficiently and to minimize waste and emissions to air, water and land. We constantly strive to reduce our greenhouse gas (GHG) emissions and the amount of water we consume for our operations.

Hydrocarbon spillages are an important risk factor for our business due to the potential environmental damage they can cause. A key aim of OMV Petrom's E&P strategy is to be in better control of this risk. To address this, we carried out a broad range of activities, including creating spill risk maps which provide detailed information on critical points along pipelines and key risk areas in our operations. Some 80% of OMV Petrom E&P Assets are now covered by the maps. In 2014 the Risk Based Inspection and Pipeline Integrity Program software was finalized for roll out in 2015, this will allow us to proactively manage, inspect and repair our high risk pipelines before potential damage occurs. In 2014, HAZOP's were conducted on our top 43 High risk Facilities including parks, tank farms and compressor stations resulting in more than 1,250 actions. These have now been included in the 2015 Integrity Program and Asset risk reduction plans.

In order to strengthen the environmental culture we deployed the campaign "We cherish natural resources. Our future depends on them". Valuable talks were held on carbon and water management with around 200 employees across OMV Petrom.

**1.1.7 Evaluation of research and development activities**

In line with its strategic directions, the Company continued its efforts towards new exploration areas, in order to enhance new potential discoveries.

#### **1.1.8. Evaluation of the company's risk management activity**

As per the Code of Corporate Governance, OMV Petrom's Supervisory Board's role is to adopt strict rules and obtain assurance via its specialized Audit Committee that the company has an effective risk management system in force. Furthermore, OMV Petrom's Executive Board is continuously executing oversight and steers the company's risk management system by close involvement in the risk management process and its development.

To assess the risks associated with OMV Petrom's entire portfolio of operations, the Executive Board has empowered a dedicated Risk & Insurance Management Department with the objective to lead and coordinate the company's risk management related processes.

Furthermore, OMV Petrom's risk management system is part of the corporate decision-making process. For any new major projects, new strategies or market directions, workshops are organized for assessing the risks associated with the benefits of the respective opportunity, while the risk information collected in the workshops as well as any relevant third party opinions are used for taking informed decisions.

In 2014, OMV Petrom has implemented together with the Institute of Risk Management UK an award-winning internal company-wide training program called "Petrom Risk Academy" which contributed to the enhancement of the risk management competences within top and middle management, as well as within employees without managerial responsibilities. This program has won an International Award for Commitment to Learning and Development at the IRM Global Risk Awards 2015. Through its risk management process, OMV Petrom secures its liquidity and long-term sustainability, and decreases the uncertainty over its strategic objectives and financial targets.

OMV Petrom's Enterprise Wide Risk Management (EWRM) system is recognized via various benchmarks of external consultants as part of best practice at international level. The EWRM system actively and formally pursues the identification, analysis, evaluation and treatment of all risks (market and financial, operational and strategic) in order to manage their effects on the company's cash flow up to an acceptable level agreed as per the risk appetite.

The EWRM system follows ISO31000 and comprises a dedicated risk organization working under a robust internal regulation framework with quantitative information technology infrastructure as well as assuring that the process is embedded into the day-to-day operational business and delivers against its intended purpose.

OMV Petrom has four levels of risk management roles in a pyramid-type risk organization. The first bottom layer comprises the risk owners represented in all areas of activity by managers of various areas, the second level are the business units and divisional risk coordinators who facilitate and coordinate the risk management process in their division, the third layer is the risk manager function represented by the Risk Management department who coordinates the entire risk management process assisted by the specialized corporate functions (HSSE, Compliance, Legal, Finance, Controlling). The top level role is represented by OMV Petrom's Executive Board which steers and approves OMV Petrom's consolidated risk profile in accordance with the company's objectives and risk appetite. The risk management system and its effectiveness are monitored by the Audit Committee of the Supervisory Board via regular reports.

The objective of OMV Petrom's risk management system is to secure its capacity to deliver positive economic value added for a medium-term horizon by managing the company's risks and their potential cash flow impact within the limits of the risk appetite. High potential single event risks as well as Long Term Strategic risks are also identified and managed consistently.

The risk categories currently used within OMV Petrom's EWRM system are organized in market and financial, operational and strategic categories, containing, among others, also market, financial, project, process, health, safety and security, tax, compliance, personnel, legal, regulatory and reputational risks.

In terms of tools and techniques, OMV Petrom follows the best international practices in risk management and uses stochastic quantitative models to measure the potential loss associated with the company's risk portfolio under a 95% confidence level and a three-year horizon. All risks are analyzed based on their causes, consequences, historical trends, volatilities and cash flow potential impact.

OMV Petrom's key financial and non-financial exposures are commodity market price risk, foreign exchange risk and single event hazard operational risks.

As regards to market price risk, OMV Petrom is naturally exposed to the price driven volatility of cash flows generated by production, refining and marketing activities associated with crude oil, oil products, gas and electricity. Market risk has core strategic importance within OMV Petrom's risk profile and liquidity. The market price risks of OMV Petrom commodities are closely analyzed, quantified and evaluated. In 2014, no financial instruments were used for commodity hedging.

Derivative financial instruments are used for the purposes of managing exposure to commodity price, currency, stocks, which are being evaluated, considering OMV Petrom's needs and being approved by OMV Petrom's Executive Board in consistency with the company's risk appetite.

In terms of foreign exchange risk management, OMV Petrom cash is essentially exposed to the volatility of RON against USD and also to EUR. The effect of foreign exchange risk on cash flows, as well as the correlation with the oil price, are regularly monitored.

From an operational risk perspective, OMV Petrom is an integrated company with a wide asset base, most of these assets being hydrocarbon production and processing plants. A special focus is awarded to process safety risks where OMV Petrom's policy is to "prevent incidents, ensure safe operations". The high potential single-event risks associated with the operational activity (e.g. blow outs, explosions, earthquakes etc.) are identified and for each of them incident scenarios are developed and assessed. Where required, treatment plans are developed for each specific location. Besides emergency, crisis and disaster recovery plans, OMV Petrom's policy with regard to insurable risks is to cover them via insurance instruments. These risks are closely analyzed, quantified and monitored by the risk organization and are managed via detailed internal procedures.

Counterparty credit risk management refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to OMV Petrom. The Group's counterparty credit risks are assessed, monitored and managed at company level using predetermined limits for specific countries, banks, business partners and suppliers. On the basis of creditworthiness and available rating information, all counterparties are assigned maximum permitted exposures in terms of credit limits (amounts and maturities), and the creditworthiness assessments and granted limits are reviewed on a regular basis.

For the purpose of assessing liquidity risk in the short term, the budgeted operating and financial cash inflows and outflows throughout OMV Petrom are monitored and analyzed on a monthly basis in order to establish the expected net change in liquidity. This analysis provides the basis for financing decisions and capital commitments. For mid-term risks, to ensure that OMV Petrom remains solvent at all times and retains the necessary financial flexibility, liquidity reserves in form of committed credit lines are maintained.

OMV Petrom is inherently exposed to interest rate risk due to its financing activities. The volatility of EURIBOR may trigger less or additional cash flow resources necessary to finance the interest payments associated with OMV Petrom's debt. The interest rate risks are closely analyzed, quantified and monitored.

In 2014, the internal risk analysis resulted in no need for hedging the interest rate risk, hence no financial instruments were used for interest rate hedging in 2014.

OMV Petrom's consolidated risk profile is regularly reported in comparison with the Company's risk appetite for the Executive Board's approval and for the Audit Committee's information. In 2014, in March and October, the consolidated risk profile was reported and approved by OMV Petrom's Executive Board in accordance with the company's risk appetite and was also presented for information to the Audit Committee which took notice of the information.

### 1.1.9. Estimates of the company's activity

#### a) Factors which affect or could affect the company's cash position

Cash flows generated from operations decreased as compared with 2013, largely due to lower sales and introduction of the construction tax. Cash outflows were used mainly to sustain high level of investments and also for payment of dividends.

#### Outlook for 2015

##### Market, regulatory and fiscal environment

For 2015 we expect the **Brent** oil price to average between USD 50-60/bbl. The Brent-Urals spread is anticipated to stay relatively tight.

The **gas and power markets and regulatory framework** are undergoing continuous changes that may adversely impact the company's financial and operating results.

In 2015, **gas** demand in Romania is not expected to recover, which will lead to increased competition and further margin pressure.

Regulated gas prices and import obligation for non-household consumers have been abolished starting January 2015, while the price for domestic production to be paid by regulated households during H1/15 was set at RON 53.3/MWh (EUR 12.0/MWh), unchanged since July 1, 2014. The same price applies for the domestic gas volumes which Romanian gas producers are obliged to supply to the district heating sector (only for the quantities used to produce heat for household consumption). In addition, gas producers must sell via Romanian centralized trading platforms approximately one third of their domestic gas quantities for the free market, which has proven to be a challenge in 2014.

In the **power** market, demand is anticipated to be relatively stable and prices remain under pressure.

In 2015, **refining** margins are expected to come down from the recent levels highs, due to persisting overcapacity in local and European markets.

The lower product prices resulting from the decline in the oil price are expected to support demand in the **marketing** business, though with increased competition.

The package of fiscal measures introduced in February 2013 imposing a supplementary taxation for oil and gas producers was extended for 2015. The constructions tax, however was reduced to 1.0% from 1.5% in 2014.

This year, we expect public consultations with respect to upstream oil and gas taxation envisaged to be applicable starting 2016, as publicly announced by the authorities. Our aim remains to achieve a long term, stable and investment-friendly taxation and regulatory framework, a key precondition for future investments.

##### Sizeable investments

In light of the volatile and potentially prolonged weaker market fundamentals, we are scaling back our investment plans for 2015 and have intensified cost optimization programs whilst maintaining our potential growth projects in the Black Sea. The Group CAPEX plans for 2015 is in the range of EUR 0.8 – 1.1 bn. of which approx. 85% will be dedicated to E&P.

On March 24, 2015, the Supervisory Board decided to rename OMV Petrom's business divisions with effect from April 1, 2015 as follows: Exploration and Production division to become Upstream; Refining and Marketing division to become Downstream Oil; Gas and Power division to become Downstream Gas.

#### b) Capital expenditures (CAPEX) and other additions

Investments <sup>1)</sup> , RON mn	2012	2013	2014
Exploration and Production	3,655	4,436	5,278
Gas and Power	307	39	3
Refining and Marketing	805	906	681
Corporate and Other	57	57	92
<b>Total</b>	<b>4,824</b>	<b>5,438</b>	<b>6,055</b>

<sup>1)</sup> Include amounts for fixed assets acquisitions, financial investments, land deeds, financial leasing and excludes increases from reassessment of provisions.

Investments made by OMV Petrom S.A. in 2014 amounted to RON 6,055 mn, higher by 11% compared to 2013.

Investments in E&P activities accounted for 87% of the total amount invested in 2014, being 19% above 2013 level. These were focused on activities related to drilling development wells, field redevelopment initiatives, work-over activities and sub-surface operations, surface facilities, as well as investments related to Black Sea projects.

R&M investments accounted for 11% of total investments and were mainly related to the planned Petrobrazil refinery shutdown for performing the works associated with the final milestones of the modernization program. In addition, investment funds were also directed to efficiency projects, as well as to legal and environmental compliance.

Corporate & Other investments amounted to RON 92 mn, mainly referring to investments directed to IT projects and the financial investment in the newly created OMV Petrom Global Solutions S.R.L., a service center which provides multiple support services exclusively to OMV Group companies.

**c) Factors which significantly affect the income generated by the company's main activity**

EBIT per segments of activity, RON mn	Year ended December 31		
	2012	2013	2014
Exploration and Production	5,388	5,375	4,496
Gas and Power	68	12	(853)
Refining and Marketing	(64)	18	(376)
Corporate and Others	(116)	(98)	(149)
EBIT Consolidation <sup>1</sup>	(208)	25	422
<b>Total</b>	<b>5,068</b>	<b>5,332</b>	<b>3,541</b>

<sup>1</sup> EBIT Consolidation result represents the inter-segmental profit elimination

In **E&P** segment, EBIT amounted to RON 4,496 mn, lower than the level reached in year 2013 when it was RON 5,375 mn, mainly driven by lower oil and NGL sales and higher production costs. Domestic crude oil production was 27.98 mn bbl, 2% lower than 2013 due to planned workovers and weather conditions. Domestic gas production reached 34.58 mn boe, 2% higher compared with 2013.

In **G&P** segment, EBIT was RON (853) mn, significantly lower than the prior year level, mainly reflecting the impairment of the Brazil power plant due to revised long term market perspective. In addition, EBIT was further affected by the negative power business contribution, as a result of negative average spark spreads triggered by higher gas prices and slightly lower average electricity price, and by the contribution of the gas business, that was lower versus 2013 mainly due to lower gas sales volumes and increased storage costs (new transportation tariff and higher volumes).

In **R&M** segment, EBIT amounted to RON (376) mn, as compared with RON 18 mn in 2013, mainly due to decreased crude oil prices and lower product quotations leading to a negative effect from adjustment of inventories to net realizable value, that more than offset the positive effect of increased refining margins, improved operational performance after the refinery modernization and good marketing result. In 2014, the Petrobrazil refinery utilization rate stood at 89% reflecting the one month planned refinery shutdown in Q2/2014.

EBIT in the **Corporate and Other** (Co&O) segment decreased to RON (149) mn, as compared with RON (98) mn in 2013.

## 2. Tangible Assets

### 2.1. The location and the main features of the production equipment owned by the company

OMV Petrom S.A. unfolds its activities in all the counties of the country, in Bucharest and in the Black Sea continental shelf, but also in Kazakhstan and the neighboring countries (Republic of Moldova, Bulgaria and Serbia), directly or via its subsidiaries.

#### Exploration and Production:

At the end of 2014, OMV Petrom operates 239 commercial oil and gas fields in Romania.

In September 2014, the exploration license for nine blocks covering an area of approx. 19,000 km<sup>2</sup> has been extended until September 2017 and one block was relinquished. All nine blocks currently in exploration are under a single concession agreement for exploration, development and production.

The Company has a significant asset base in its Exploration and Production business, in the form of property, plant and equipment used to exploit the Company's hydrocarbon reserves. This base also includes assets related to oil and gas service business, such as workover, maintenance and logistics activities.

#### Gas:

Being a marketing business, the Gas segment does not have production equipment or a significant asset base.

#### Power:

OMV Petrom has an 860 MW gas fired power plant located in Brazi.

#### Doljchim:

OMV Petrom continued the dismantling and decontamination activities at Doljchim in compliance with European environmental and safety standards, to prepare the site for future alternative use.

#### Refining:

OMV Petrom has two refineries: Petrobrazi and Arpechim.

In 2014, OMV Petrom exclusively operated its upstream integrated refinery at Petrobrazi, with a total operational capacity of 4.2 million tonnes /year.

Through Supply & Logistics function, in March 2014, the operational activity started at the newly revamped Bacău fuel terminal, following the two year reconstruction period. At the beginning of the second quarter of the year 2014, the revamp works at the Cluj terminal were initiated. This project is part of a broad investment program of six modern terminals in Romania: three new terminals (Jilava, Brazi, and Isalnita - all of them in operation) and three revamped terminals (Bacău already in operation).

#### Marketing:

Through its affiliates, OMV Petrom operates 544 retail filling stations in Romania and 236 stations in the neighboring countries of Bulgaria, Serbia and the Republic of Moldova.

Number of retail filling stations per country	2012	2013	2014
Romania	546	545	544
Republic of Moldova	98	86	86
Bulgaria	93	93	89
Serbia	61	61	61
<b>Total</b>	<b>798</b>	<b>785</b>	<b>780</b>

**OMV Petrom S.A.**

<b>Fixed assets, tangible assets, RON mn (Net Book Value)</b>	<b>Balance at 31.12.2013</b>	<b>Balance at 31.12.2014</b>
Land, land rights and buildings, incl. buildings on third-party property	1,718	1,634
Oil and gas assets	19,032	22,020
Plant and machinery	5,191	4,979
Other fixtures and fittings, tools and equipment	139	111
Assets under construction	1,072	868
Payments in advance <sup>1</sup>	79	-
<b>Total fixed assets, tangible assets</b>	<b>27,232</b>	<b>29,613</b>

<sup>1</sup> shown in other assets from December 31, 2014

**2.2. The degree of wear-out for fixed assets**

Tangible and intangible assets are depreciated on a straight-line basis according to estimated useful life, starting with the following month to the put in function date, except for the core items within the Exploration & Production segment which are depreciated using the unit of production method.

Accumulated depreciation and impairments of the tangible assets is presented in the table below:

<b>Fixed assets, tangible assets, RON mn</b>	<b>Balance at 31.12.2013</b>	<b>Balance at 31.12.2014</b>
Land, land rights and buildings, incl. buildings on third- party property	643	709
Oil and gas assets	8,573	10,059
Plant and machinery	2,612	3,583
Other fixtures and fittings, tools and equipment	207	219
Assets under construction	49	104
<b>Total fixed assets, tangible assets</b>	<b>12,085</b>	<b>14,674</b>

**2.3. Potential issues related to ownership rights over the company's tangible assets**

The company has received notifications regarding the restitution of the assets confiscated by the Romanian State between March 6, 1945 and December 22, 1989, which falls under the incidence of Law no. 10/2001; this law provides the modalities, the terms and the legal framework for the restitution of these assets. The summarized status and the resolutions to these notifications as of December 31, 2014 are the following – 1,134 notifications were transmitted to OMV Petrom, out of which:

- ▶ 16 buildings were restored;
- ▶ 1,086 notifications were rejected due to the failure to comply with the requirement of Law no.10/2001;
- ▶ 28 notifications were redirected towards other entities;
- ▶ 4 notifications (files) are currently under analysis.

As per Article 7.2, in conjunction with the provisions of Article 26 of the Methodological Norms for the application of Law no. 10/2001, approved through Government Decision no. 498/2002, the City Halls or the notified Prefectures are under the obligation to identify the owning entity and to direct the notifications to these entities for resolution. At the same time, those who submitted the notifications are informed that the requested asset is not under administration of these entities and also the name of the entity in charge to solve the notification. Due to the fact that up to this date the activity of solving notifications within the City Halls' and Prefectures' Commissions is still in progress, part of the notifications received may be further directed to OMV Petrom.

### 3. The Market of the Securities issued by the Company

#### 3.1. The markets in Romania and in other countries where the securities issued by the company are traded

OMV Petrom shares are traded on the Bucharest Stock Exchange since September 3, 2001.

##### OMV Petrom share symbols

ISIN	ROSNPPACNOR9
Bucharest Stock Exchange	SNP
Bloomberg	SNP RO
Reuters	ROSNP.BX

Last year OMV Petrom's share price followed an upward trend until the end of August when it registered its year high of RON 0.49. Subsequently following the pressure on oil prices, the stock started to decline and registered the year low of RON 0.37 per share in mid December.

Overall, OMV Petrom's share price fell 13.2% on a full-year basis, below the performance of the BET index (representing the ten most liquid blue chip stocks listed on the BSE), which advanced by 9.1%, BET-NG sector index (comprising stocks in the energy and utilities sectors) moved up by 5.7% and the BET-BK index (designed as a benchmark for asset managers and institutional investors), which grew by 3.7% over the same period.

OMV Petrom's market capitalization at the end of 2014 stood at RON 23.1 bn (EUR 5.2 bn), accounting for 17.8% of the total market capitalization of the companies listed on the BSE.

In the international financial markets, the European and US indices rose slightly yoy (DAX +3%, FTSE Eurotop 100 +3%, Dow Jones +8%) while the FTSE Global Energy Index, comprising the world's largest oil and gas companies, decreased by 13%.

#### 3.2. Description of the company's dividend policy for the last 3 years.

Related to year	2012	2013	2014
Dividends allocated, RON mn	1,586.03	1,744.63	634.41 <sup>1</sup>

<sup>1</sup> Proposed dividend, subject to Ordinary General Meeting of Shareholders' approval

On March 21, 2013 the Supervisory Board endorsed management's proposal to distribute dividends of RON 0.028 per share, resulting in a payout ratio of 40% of the net income recorded in 2012. The dividend proposal was approved by the General Meeting of Shareholders on April 22, 2013. The payment of the dividends started on June 18, 2013.

On March 25, 2014, the Supervisory Board endorsed the management's proposal to distribute dividends of RON 0.0308 per share, increased by 10% compared to 2012, and resulting in a payout ratio of 36%. The dividend proposal was approved by the General Meeting of Shareholders, on April 29, 2014. The payment of the dividends started on June 5, 2014.

On March 24, 2015, the Supervisory Board endorsed the management's proposal to distribute dividends of RON 0.0112 per share, resulting in a payout ratio of 30%. The dividend proposal is subject to further approval by the Ordinary General Meeting of Shareholders, on April 28, 2015.

#### 3.3 Description of any activity involving the company's purchasing its own shares

As at year-end 2014, OMV Petrom held a total of 204,776 own shares, representing 0.0003% of issued share capital.

In 2014 OMV Petrom did not buy back or cancel any of its own shares.



**3.4. Where the company owns subsidiaries, mention of the number and the nominal value of the shares issued by the parent company and held by the branches**

OMV Petrom has subsidiaries, but none of them owns shares issued by the parent Company.

**3.5. Where the company has issued bonds and /or other debt securities, presentation of the way in which the company fulfilled its obligations towards the holders of such securities**

Not applicable.

**4. Company administration**

**Corporate Governance Report**

To remain competitive in a changing world, OMV Petrom develops and updates its corporate governance practices, so that it can meet new demands and opportunities.

A transparent decision-making process, relying on clear and objective rules, enhances shareholders' confidence in the company. It also contributes to the protection of shareholders' rights, improving the overall performance of the company and providing better access to capital and risk mitigation.

The company has, therefore, always placed great importance on good corporate governance and has adhered to the principles laid down in the Corporate Governance Code issued by the Bucharest Stock Exchange.

In April 2007, a two-tier system of governance was implemented in the company. Since then, OMV Petrom's governance has been run by an Executive Board, which manages the daily operations of the company, and a Supervisory Board elected by the shareholders to act as a monitoring body, supervising and controlling the Executive Board. The powers and duties of the above-mentioned bodies are described in the company's Articles of Association, available on our website (within the Corporate Governance section) and in the relevant internal regulations.

**Commitment to good corporate governance**

In accordance with best corporate governance practice, the company is managed in a climate of openness, based on honest discussions between the Executive Board and the Supervisory Board, as well as within each of these corporate bodies. Members of the aforementioned corporate bodies have a duty of care and loyalty towards the company. Hence, the Executive Board and the Supervisory Board pass their resolutions as required for the welfare of the company, primarily in consideration of the interests of shareholders and employees.

**General Meeting of Shareholders**

The General Meeting of Shareholders (GMS) shall be convened by the Executive Board whenever this is necessary, in accordance with the provisions of law. The date of the GMS may not be within less than 30 (thirty) days after publishing the convening notice in the Official Gazette of Romania, part IV. The convening notice shall be also published in one of the widely-distributed newspapers in Romania. In exceptional cases, when the company's interest requires it, the Supervisory Board may convene the GMS. The convening notice will be disseminated to the Bucharest Stock Exchange and the Financial Supervisory Authority in accordance with capital markets regulations. The convening notice will also be made available on the company's website, within the General Meeting of the Shareholders section, together with any explanatory document related to items included on the GMS agenda. The annual financial statements are made available starting with the date of the convening notice of the Ordinary GMS convened to resolve upon them.

**General Meeting of the Shareholders organization**

The GMS is usually chaired by the President of the Supervisory Board, who may designate another person to chair the meeting. The chairman of the GMS designates two or more technical secretaries to verify the fulfilment of the formalities required by law for carrying out the GMS and for drafting the minutes thereof.

The minutes, signed by the President and by the secretaries, shall ascertain the fulfilment of the formalities relating to the convening notice, the date and place of the GMS, the agenda, the shareholders present, the number of shares, a summary of the issues discussed, the resolutions passed and, upon the request of the shareholders, the statements made by such shareholders during the GMS.

The resolutions of the GMS shall be drafted pursuant to the minutes and shall be signed by the President of the Supervisory Board or by another person appointed by the President. In observance of capital market regulations, the resolutions of the GMS will be disseminated to the Bucharest Stock Exchange and the Financial Supervisory Authority (former National Securities Commission) within 24 hours after the event. The resolutions will also be made available on the company's website, within the General Meeting of the Shareholders section.

#### **General Meeting of the Shareholders main duties**

The main duties of the Ordinary GMS are the following:

- (a) to discuss, approve or modify the annual financial statements after having reviewed the reports of the Executive Board, of the Supervisory Board, of the financial auditor and of the internal auditors;
- (b) to distribute the profit and to establish the dividends;
- (c) to elect the members of the Supervisory Board and the financial auditor and to revoke the appointment of each of the foregoing; to approve the minimum term of the audit contract;
- (d) to establish the remuneration of the members of the Supervisory Board and of the financial auditor for the current fiscal year;
- (e) to assess the activity of the Executive Board members and of the Supervisory Board members, to evaluate their performance and to discharge them of their duties in accordance with the provisions of law;
- (f) to approve the income and expenditure budget, as well as the business program for the next fiscal year;
- (g) to approve the reports of the Supervisory Board with respect to the supervision activity performed by it.

The Extraordinary GMS is entitled to decide mainly upon:

- (a) changing the corporate form of the company;
- (b) altering the scope of business of the company;
- (c) increasing the share capital of the company;
- (d) reducing the share capital of the company;
- (e) merging with other companies;
- (f) spin-offs from the company;
- (g) an early dissolution of the company;
- (h) converting shares from one class into another;
- (i) any changes to the Articles of Association.

#### **Supervisory Board**

The Supervisory Board consists of nine members elected by the Ordinary GMS, in accordance with the provisions of company Law. The Supervisory Board's current mandate started in 2013 and runs until 2017. The members of the Supervisory Board may be shareholders of the company, but they cannot be members of the Executive Board.

#### **Supervisory Board members**

At the end of 2014, the membership of the Supervisory Board comprised the following individuals: Gerhard Roiss, David Charles Davies, Joseph Bernhard Mark Mobius, Manfred Leitner, Hans-Peter Floren, Riccardo Puliti, Lucian-Dan Vladescu, George Băeșu and Johann Pleininger.

#### **Supervisory Board main powers**

The Supervisory Board has the following main powers:

- (a) to exercise control over the management of the company by the Executive Board;
- (b) to determine the structure and the number of positions in the Executive Board; to appoint and revoke the members of the Executive Board;
- (c) to create an audit committee and other specialized committees, if appropriate;

- (d) to check that the acts undertaken in the course of the management of the company are compatible with law, the Articles of Association and any relevant resolutions of the General Meeting of Shareholders;
- (e) to submit to the General Meeting of Shareholders a report concerning the supervision activity undertaken;
- (f) to represent the company in relation to the Executive Board;
- (g) to verify the company's financial statements;
- (h) to verify the report of the members of the Executive Board;
- (i) to propose to the General Meeting of Shareholders the appointment and the revocation of the financial auditor, as well as the minimum term of the audit contract.

The responsibilities of the members of the Supervisory Board, as well as the working procedures and the approach to conflicts of interest and own account dealings are governed by relevant internal regulations.

As required by company Law, none of the Supervisory Board members holds an executive position in the company. During 2014 financial year, the Supervisory Board met five times in person and submitted its approval in writing on three occasions (more details are presented within the report of the Supervisory Board).

### **Special Committees**

The Supervisory Board may assign particular issues to certain of its members, acting individually or as part of special committees, and may also refer to experts to analyze certain issues. The task of the committees is to issue recommendations for the purpose of preparing resolutions to be passed by the Supervisory Board itself, without thereby preventing the entire Supervisory Board from dealing with matters assigned to the committees.

The Supervisory Board members are appointed by the Ordinary GMS, based on a transparent procedure of appointment and with the majority of votes of the shareholders. Likewise, the remuneration of the Supervisory Board members is established by the Ordinary GMS.

An **Audit Committee** composed of four Supervisory Board members was established to provide assistance to the governing bodies of the company in the area of risk management and financial reporting and to monitor the information provided by its internal auditors.

This committee reviews the annual accounts and the proposal for profit distribution.

In addition, the Audit Committee prepares the proposal of the independent financial auditor to the Supervisory Board, which is to be elected by the Ordinary GMS.

Moreover, this committee supervises the company's risk management strategy and its financial performance and assesses the issues subject to the reports of the internal auditors.

The Executive Board reports to the Audit Committee at least once a year on the audit plan and any material findings.

In accordance with Company Law, the Audit Committee includes members that have the necessary expertise in the area of financial audit and accounting.

At the end of 2014 the Audit Committee consisted of the following members: David Charles Davies (President of the Audit Committee), Manfred Leitner (Deputy President of the Audit Committee), Riccardo Puliti (Member) and George Băeșu (Member).

During the 2014 financial year, the Audit Committee met three times (more details presented under the corresponding section within the report of the Supervisory Board).

### **Executive Board**

The Executive Board is appointed and/or revoked by the Supervisory Board. The number of members shall be determined by the Supervisory Board, provided that such number is not lower than three and not higher than seven. One Executive Board member is appointed as the President of the Executive Board (also named Chief Executive Officer of the company). The Executive Board's current mandate started in 2011 and runs until 2015.

The meetings of the Executive Board are held regularly (usually every week) and whenever necessary for the operative management of the company's daily business.

### **Executive Board members**

During 2014 the Executive Board of the company consisted of the following members: Mariana Gheorghe (President of the Executive Board and Chief Executive Officer), Andreas Matje (Executive Board member and Chief Financial Officer), Gabriel Selischi (Executive Board member in charge with Exploration and Production activity), Neil Anthony Morgan (Executive Board member in charge with Refining and Marketing activity), Cristian Nicolae Secoșan (Executive Board member in charge with Gas and Power activity).

On March 24, 2015, the Supervisory Board appointed the following OMV Petrom Executive Board members for a four year term starting April 17, 2015 until April 17, 2019: Mariana Gheorghe (Chief Executive Officer and President of the Executive Board); Andreas Matje (Chief Financial Officer and Executive Board member); Gabriel Selischi (Executive Board member in charge with the Upstream activity); Neil Anthony Morgan (Executive Board member in charge with the Downstream Oil activity); Lăcrămioara Diaconu-Pințea (Executive Board member in charge with the Downstream Gas activity)<sup>1</sup>.

Cristian Secoșan's mandate as member of the Executive Board will cease starting with April 17, 2015.

### **Executive Board main duties**

As provided by the Articles of Association, the main duties of the Executive Board, performed under the supervision and control of the Supervisory Board, are:

- (a) to establish the strategy and the policies regarding the development of the company, including the organizational structure of the company and the operational divisions;
- (b) to submit annually for the approval of the General Meeting of Shareholders, within four months of the end of the fiscal year, the report regarding the business activity of the company, the financial statements for the previous year, as well as the business activity and budget projects of the company for the current year;
- (c) to conclude legal acts on behalf of and for the account of the company, with observance of matters reserved to the General Meeting of Shareholders or to the Supervisory Board;
- (d) to hire and to dismiss, and to establish the duties and responsibilities of the company's personnel, in line with the company's overall personnel policy;
- (e) to undertake all the measures necessary and useful for the management of the company, implied by the daily management of each division or delegated by the General Meeting of Shareholders or by the Supervisory Board, with the exception of those reserved to the General Meeting of Shareholders or to the Supervisory Board through operation of law or of the Articles of Association;
- (f) to exercise any competence delegated by the Extraordinary General Meeting of Shareholders.

The Executive Board coordinates the strategic orientation of the company and reports to the Supervisory Board on a regular basis on all relevant issues concerning the course of business, strategy implementation, the risk situation and risk management of the company.

The Executive Board ensures that the provisions of the relevant Romanian capital markets legislation are complied with and implemented by the company, as earlier presented within this chapter. Likewise, the Executive Board ensures the implementation and operation of an accounting, risk management and internal controlling system which meets the requirements of the company.

The members of the Executive Board and persons closely related to them (the latter term as defined in the applicable capital markets regulations under the Romanian phrase of "*persoană aflată în relații apropiate cu persoane exercitând funcții de conducere*") have the duty to report to the Executive Board, to the Supervisory Board and to the Financial Supervisory Authority any and all trading/business performed for their own account involving (i) shares or other securities issued by the company and admitted for trading on regulated markets; and/or (ii) derivative financial instruments using securities issued by the company and/or (iii) any other instruments relating thereto.

---

<sup>1</sup> On March 24, 2015, the Supervisory Board decided to rename OMV Petrom's business divisions with effect from April 1, 2015 as follows: Exploration and Production division to become Upstream; Refining and Marketing division to become Downstream Oil; Gas and Power division to become Downstream Gas.

The members of the Executive Board have the duty to disclose immediately to the Supervisory Board any material personal interests they may have in transactions of the company as well as all other conflicts of interest. Furthermore, they have the duty to notify other Executive Board colleagues of such interests forthwith.

All business transactions between the company and the members of the Executive Board as well as persons or companies closely related to them must be in accordance with normal industry standards and applicable corporate regulation. Such business transactions as well as their terms and conditions require the prior approval of the Supervisory Board.

In 2014, 59 meetings of the Executive Board were held in order to pass resolutions on all matters requiring its approval in accordance with the Articles of Association and the company's internal regulations, as well as to allow the members of the Executive Board to be aware of all significant matters concerning the company and to inform each other about all relevant issues of their activity.

### **Shareholders' rights**

Rights of the company's minority shareholders are adequately protected according to relevant domestic legislation.

The shareholders have the right to obtain relevant information on the company on a timely and regular basis. They have the right to be informed about the decisions concerning fundamental corporate changes with the view to understand their rights.

Several key decisions are assigned to shareholders via the General Meeting of Shareholders. Among these decisions are included:

- appointment and revocation of the members of the Supervisory Board and auditors;
- approval of the remuneration for the members of the Supervisory Board and auditors;
- approval of the annual financial statements;
- approval of any amendments to the Articles of Association;
- resolutions on share capital increase / decrease, mergers and/or spin-offs.

Moreover, the shareholders have the right to participate effectively and vote in the GMS and to be informed of the rules, including voting procedures that govern the General Meetings of the Shareholders.

### **One share, one vote, one dividend**

OMV Petrom observes the one share, one vote, one dividend principle. There are no preference shares without voting rights or shares conferring the right to more than one vote.

### **GMS calling**

Shareholders holding at least 5% of the share capital may request that a GMS be called. Such shareholders have also the right to add new items to the agenda of a GMS, provided such proposals are accompanied by a justification or a draft resolution proposed for approval and copies of the identification documents of the shareholders who make the proposals. Proposals with respect to adding new items on the agenda of such GMS can be submitted at the headquarters of the company, or by e-mail having attached an extended electronic signature, in compliance with Law no. 455/2001 using a digital signature.

Likewise, shareholders holding at least 5% of the share capital are entitled to submit draft resolutions for the items listed on the agenda or proposed by other shareholders to be added on the agenda of such GMS.

### **GMS attendance**

The company actively promotes the participation of its shareholders in the GMS, as they are invited to raise questions concerning items to be debated during such meetings. The shareholders may attend in person or may be represented in the GMS either by their legal representatives or by representatives having a special proxy, based on the special proxy template made available by the company. Such proxy template may be obtained from the company headquarters and/ or can be found on the company's website, within the General Meeting of Shareholders section. A shareholder may appoint by proxy one or more alternate representatives to ensure its representation in the GMS, if the designated representative is unable to fulfill its mandate.

The shareholders duly registered in the shareholders' register may vote by correspondence, prior to the GMS, by using the voting bulletin for the votes by correspondence made available by the company at the headquarters and/ or on the company's website.

#### **Taking shareholders' questions**

The shareholders of the company, regardless of the stake of the share capital held, may submit written questions with respect to the items on the agenda of the GMS, provided that such questions are accompanied by copies of their valid identification at the headquarters of the company. The shareholders may also send such questions by e-mail having attached an extended electronic signature. The disclosure of commercially sensitive information that could result in a loss or competitive disadvantage for the company will be avoided when providing the answers, in order to protect the interests of our shareholders.

#### **Women's advancement**

The company supports gender diversity and promotion of women in management positions. While there are no female members of the Supervisory Board of the company, the President of the Executive Board is Mariana Gheorghe.

By the end of 2014, around 27% of the first line directors Executive Board were women whilst the percentage of women in middle management was around 39%. Given the strong industrial bias of our operations, the proportion of women in the Group as a whole by year end was 24%, which is in line with the equivalent figure for the OMV Group, of which OMV Petrom is part.

#### **Bucharest Stock Exchange Corporate Governance Code**

The company adheres to the Corporate Governance Code issued by the Bucharest Stock Exchange starting from the 2010 financial year. The details about the compliance with the principles and recommendations stipulated under the Corporate Governance Code issued by the Bucharest Stock Exchange are presented in the "Comply or Explain" statement, which is a part of this annual report.

#### **Internal control**

The Group has implemented an internal control system, which includes activities implemented in order to prevent or detect undesirable events and risks such as fraud, errors, damages, non-compliance, unauthorized transactions and misstatements in financial reporting.

OMV Petrom's internal control system covers all areas of group operations with the following goals:

- Compliance with laws and internal regulations
- Reliability of financial reporting (accuracy, completeness and correct disclosure)
- Prevention and detection of fraud and error
- Effective and efficient business operations

OMV Petrom's internal control system framework consists of the following elements:

Element	Description
Internal control environment	The existence of a control environment forms the basis for an effective internal control system. It consists of the definition and adherence to group-wide values and principles (e.g. business ethics) and of organizational measures (e.g. clear assignment of responsibility and authority, commitment to competence, signature rules and segregation of duties).
Assessment of process and compliance risks	Generally all business, management and support processes are within the scope of the internal control system. They are assessed to identify risky and critical activities as well as Process and Compliance risk.
Risk mitigation via control activities	Control activities and measures (such as segregation of duties, checks, approvals, IT access rights) are defined, implemented and performed to mitigate significant process and compliance risks.
Documentation and information	Related duties include the documentation of main processes and procedures containing a description of key control activities performed.
Monitoring and audit	Management and Internal Audit evaluate the effective implementation of the internal control system.

OMV Petrom's successful management and operation means creating value for all stakeholders and requires a systematic and transparent management of the Company and the Group, while applying the best corporate governance principles. To attain this objective it is very important to establish and to maintain a rigorous Business Management System (BMS).

BMS represents the set of policies, management objectives, directives and corporate standards whose purpose is the management and control of the organization, created to match the integrated set of processes and tools used by the Company and the Group for the development and implementation of its strategy.

Corporate Affairs & Compliance is responsible for the coordination of BMS and governance model for regulations at OMV Petrom Group level. Also, this department provides support to various entities of OMV Petrom to meet regulatory requirements, coordinates the elaboration of corporate regulations and performs the verification of their quality. Through the Directive "Regulation Management" the requirements for classification, definition and standardized structure of corporate regulations, have been set as well as for the development, approval, communication, monitoring and reporting thereof.

Internal Audit assesses the effectiveness and efficiency of the organization's policies, procedures and systems which are in place to ensure: proper identification and management of risks, reliability and integrity of information, compliance with laws and regulations, safeguarding of assets, economical and efficient use of resources and accomplishment of established objectives and goals.

Internal Audit carries out regular audits of individual group companies and informs the Audit Committee about the results of the audits performed.

The Group has an Accounting Manual that is applied consistently in all group companies in order to ensure uniform accounting treatment is applied for the same business cases. The Group Accounting Manual is updated regularly with changes in International Financial Reporting Standards. Furthermore, the organization of the accounting and financial reporting departments is set up in order to achieve a high quality financial reporting process. Roles and responsibilities are specifically defined and a revision process – the "four-eye principle" – is applied in order to ensure correctness and accuracy of the financial reporting process. The establishment of group-wide standards for the preparation of annual and interim financial statements by means of the Group Accounting Manual is also regulated by an internal Corporate Guideline.

**4.1. Presentation of the company's administrators and the following information for each administrator:**

**a) CV (family name, first name, age, skills, professional expertise, position and length of employment)**

As of January 1, 2015, the Supervisory Board of OMV Petrom consists of nine members, elected for a four-year mandate, effective as of 28 April 2013 and valid until 28 April 2017, as follows:

<b>Name</b>	<b>Age (years)</b>	<b>Position</b>	<b>Other information</b>
Gerhard Roiss	63	President of the Supervisory Board First elected at the GMS held on January 11, 2005	Economics studies at Vienna University of Economy, at Johannes-Kepler-University Linz and at U.S. Stanford University. Started to work at OMV in 1990. CEO and Chairman of the OMV Executive Board.
David Davies	60	Deputy-President First elected at the GMS held on January 11, 2005	Graduated Liverpool University. Since April 1, 2002, he is member of the Executive Board and Chief Financial Officer (CFO) of OMV.
Johann Pleininger	53	Member First elected at the GMS held on April 29, 2014	Graduated the Technical College for Mechanical Engineering and Economics in Vienna, obtained the International Project Management certificate and graduated in Industrial Engineering. Senior Vice-President of the CEE & Black Sea Region Division within OMV.
Manfred Leitner	55	Member First elected at the GMS held on April 26, 2011	Studied commerce at the Vienna University of Economics and Business and began his career with OMV in 1985 in the Exploration & Production division. Member of the OMV Executive Board, responsible for business segment Downstream.
Hans-Peter Floren	54	Member First elected at the GMS held on April 27, 2012	Holds an engineering degree and an economics degree from the University of Essen. Held various managerial roles in the energy sector since 1987, working in transport and storage management, dispatching and system planning. Most recently, worked as Board Member of E.ON Ruhrgas AG (Essen) and of E.ON Energy Trading SE (Düsseldorf).



Name	Age (years)	Position	Other information
Riccardo Puliti	53	Member First elected at the GMS held on April 28, 2009	He is an MBA alumnus of Instituto de Estudios Superiores de la Empresa (IESE) and a postgraduate alumnus of the Kennedy School of Government (Harvard University) and Imperial College. He started working for EBRD in 1996. Business Group Director in charge of the energy and natural resources sectors within EBRD.
George Băeșu	45	Member First elected at the GMS held on April 22, 2013	Graduated from the Faculty of Law within the Petre Andrei University, sustained his graduation paperwork at the Lucian Blaga University in Sibiu, and was awarded the MA Degree in Business Law by the Nicolae Titulescu University. In 2011 he was awarded the PhD Degree in Law by the University of Bucharest. President of the National Authority for Property Restitution.
Lucian-Dan Vlădescu	42	Member First elected at the GMS held on April 22, 2013	Graduated from the Faculty of Law within the University of Bucharest.
Joseph Bernhard Mark Mobius	79	Member First elected at the GMS held on April 29, 2010	Mr. Mobius earned Bachelors and Masters degrees from Boston University and a PhD in economics and political science from the Massachusetts Institute of Technology. Executive Chairman, Templeton Asset Management Ltd.

Starting January 9, 2015 Christoph Trentini was appointed as interim member of the Supervisory Board, following Hans – Peter Floren’s waiver of the mandate as member of the Supervisory Board.

In accordance with art. 17.4 of OMV Petrom S.A.’s Articles of Association, Christoph Trentini was appointed as interim member of the Supervisory Board until the next General Meeting of Shareholders.

**b) Any agreements, understanding or family connection between the respective administrators and another person who is responsible for appointing of the respective person in the position of Director.**

OMV Petrom’s governance follows a two-tier system, with the Executive Board ensuring the management of the company under the control and supervision of the Supervisory Board. The members of the Supervisory Board are not appointed by certain persons or certain shareholders. They are appointed by the Ordinary General Meeting of Shareholders based on shareholders’ votes and in compliance with the statutory requirements relating to quorum and majority. Therefore, there are no such agreements and understandings to be disclosed herein.

**c) The participation of the Supervisory Board members at the share capital of the company.**

Lucian - Dan Vlădescu holds a number of 985 company shares. OMV Petrom does not have knowledge of any other member of the Supervisory Board holding shares issued by the company during the year under review.

**d) The list of related parties to the company**

Please see annex b).

**4.2. Executive Board**

**a) Terms of office for the person who is member of the executive management**

The Executive Board's current mandate started in April 2011 and runs until April 2015.

As of January 1, 2015, OMV Petrom's Executive Board is composed of the following members:

Name	Position
Mariana Gheorghe	Chief Executive Officer of OMV Petrom, President of the Executive Board
Andreas Matje	Chief Financial Officer
Gabriel Selischi	Member of the Executive Board responsible for Exploration and Production
Cristian Secoșan	Member of the Executive Board, responsible for Gas and Power
Neil Anthony Morgan	Member of the Executive Board, responsible for Refining and Marketing

On March 24, 2015, the Supervisory Board appointed the following OMV Petrom Executive Board members for a four year term starting April 17, 2015 until April 17, 2019: Mariana Gheorghe (Chief Executive Officer and President of the Executive Board); Andreas Matje (Chief Financial Officer and Executive Board member); Gabriel Selischi (Executive Board member in charge with the Upstream activity); Neil Anthony Morgan (Executive Board member in charge with the Downstream Oil activity); Lăcrămioara Diaconu-Pințea (Executive Board member in charge with the Downstream Gas activity)<sup>1</sup>.

Cristian Secoșan's mandate as member of the Executive Board will cease starting with April 17, 2015.

**b) Any agreement, understanding or family connection between Executive Board members and another person who is responsible for appointing him/her member of the executive management**

OMV Petrom does not have knowledge of any such agreement or understanding.

**c) The participation of the respective person at the share capital of the company.**

Following the share buy-back program, 100 shares were assigned to Mariana Gheorghe, President of the Executive Board. Likewise, as a matter of good corporate governance, we outline that Mariana Gheorghe's husband holds 60,000 shares issued by OMV Petrom.

**4.3. The potential litigations and administrative procedures in which the persons presented under Sections 4.1 and 4.2 were involved over the last 5 years**

To the best of our knowledge at the time of drafting this report, in 2014 there were no litigations or administrative procedures against any members of the Executive or Supervisory Board of the Company directly linked with their activity in the company having a significant impact upon the price of the Company shares or the capacity to hold the position of members of such corporate bodies. However, members of the Executive Board might be involved in some court cases or preliminary procedures which do not fall under the aforementioned categories.

<sup>1</sup> On March 24, 2015, the Supervisory Board decided to rename OMV Petrom's business divisions with effect from April 1, 2015 as follows: Exploration and Production division to become Upstream; Refining and Marketing division to become Downstream Oil; Gas and Power division to become Downstream Gas.

## 5. Analysis of the Financial Position, Performance and Cash Flows of the Company

Financial highlights, RON mn	Year ended December 31		
	2012	2013	2014
Sales revenues	19,123	18,088	16,537
Gross profit	6,447	6,495	4,610
EBIT	5,068	5,332	3,541
Net financial result	(484)	335	(998)
Net income	3,851	4,839	1,837
Non-current assets	32,719	34,461	37,494
Current assets (including assets held for sale)	4,692	4,434	5,680
Equity	22,911	26,165	26,316
Non-current liabilities	8,459	8,073	10,624
Current liabilities	6,040	4,657	6,235
Cash and cash equivalents at the beginning of the year	567	557	1,083
Net cash generated from operating activities	6,665	7,579	5,726
Net cash from investment activities	(4,596)	(4,024)	(4,637)
Net cash from financing activities	(2,081)	(3,029)	(1,247)
Effect of foreign exchange rate changes on cash and cash equivalents	2	0	21
Cash and cash equivalents at the end of the year	557	1,083	946

Ratios	Year ended December 31		
	2012	2013	2014
<b>Liquidity ratios</b>			
Current ratio	0.78	0.95	0.91
Acid test	0.49	0.62	0.62
<b>Risk ratios</b>			
Gearing ratio	12%	4%	6%
Indebtness ratio	7%	5%	4%
<b>Operational ratios</b>			
Stock turnover – days	50	51	51
Days in receivables – days	35	31	37
Tangible assets turnover	0.77	0.66	0.56
Total assets turnover	0.51	0.47	0.38
<b>Profitability ratios</b>			
Net profit margin	20%	27%	11%
EBIT margin	27%	29%	21%
EBITDA margin	39%	45%	44%
Return on fixed assets (ROFA)	21%	20%	12%
Return on equity (ROE)	18%	20%	7%

*Please see annex c) for definitions of the above ratios.*

Compared to 2013, **sales revenues** decreased by 9% to RON 16,537 mn, largely due to lower crude and petroleum products sales, that more than offset higher sales of natural gas in 2014. **OMV Petrom** is an integrated oil and gas company. As oil produced by the E&P segment is mainly processed at the Petrobrazi refinery, the R&M business segment represents the largest share of total sales to external customers: 77% or RON 12,658 mn (2013: RON 14,475 mn). After elimination of intra-group sales, the **G&P** segment's contribution was RON 3,653 mn or approximately 22% of total sales, 11% above 2013.

**EBIT** amounted to RON 3,541 mn, with RON (1,791) mn lower than in 2013, being influenced also by the following more significant evolutions:

- **Sales revenues** decreased by 9%.
- **Cost of sales**, which include variable and fixed production costs, as well as costs of goods and materials employed, increased with RON 351 mn. This was mainly due to higher impairments and construction tax in 2014.
- **Other operating expenses** increased with RON 110 mn compared to 2013, due mainly to restructuring expenses.
- **Exploration expenses** decreased with RON 270 mn, as 2013 figures were influenced by the intensive 2D and 3D acquisition campaigns.

The Company's **net financial result** shows a loss of RON (998) mn and has decreased in comparison with the previous year (2013: gain of RON 335 mn). The negative result from the year 2014 was driven mainly by additional provision for risk and charges amounting to RON 846 mn in relation to the parent company guarantees issued by OMV Petrom S.A. for loans granted by OMV Petrom Marketing S.R.L. and OMV Petrom Gas S.R.L. to Tasbulat Oil Corporation LLP and Kom Munai LLP and also by alleged late payment interest charges following a tax review of the years 2009 and 2010 in OMV Petrom S.A.

**Net income** decreased by 62% in 2014 compared to 2013, to RON 1,837 mn due to the negative impact of both the operational and financial results.

As a result of its business activities, OMV Petrom contributed RON 10,318 mn to the Romanian State budget. Out of this amount, direct taxes represent RON 2,864 mn and indirect taxes RON 7,454 mn.

OMV Petrom's contribution to the State budget via direct taxes was mainly represented by profit tax that amounted to RON 784 mn, royalties that amounted to RON 848 mn, social contributions that reached RON 399 mn, additional revenue tax on natural gas that amounted to RON 417 mn and tax on special construction that amounted to RON 315 mn.

OMV Petrom's contribution to the State budget via indirect taxes was mainly represented by excise (including custom excise) in amount of RON 5,069 mn, VAT (including custom VAT) in amount of RON 1,950 mn and also employees related taxes amounting to RON 417 mn.

**Total assets** amounted to RON 43,174 mn as of December 31, 2014, up by 11% compared to the end of 2013 (RON 38,895 mn), mainly as a result of investments realized in 2014.

**Non-current assets** increased by 9% to RON 37,494 mn, mainly due to extension of operations in Black Sea, by resuming the drilling in Neptun Deep perimeter and by acquisition of exploration license for Midia perimeter, and due to drilling development wells and field redevelopment initiatives.

The ratio of intangible assets and property, plant and equipment to total assets amounted to 72% (2013: 72%).

**Total current assets**, including assets held for sale, increased by 28% to RON 5,680 mn compared to RON 4,434 mn at the end of 2013, mainly as a result of increase in inventories, due to a decline in sales and higher compulsory stock, and increase in trade receivables related to gas sales. Increases in other assets, mainly related to receivable from taxes, were partially offset by the reduction in cash and cash equivalents.

The increase in **equity** by RON 151 mn resulted from net income of the year, which was partially offset by the dividends distributed for the 2013 financial year (RON 1,745 mn). The equity ratio stood at 61% at the end of December 2014, slightly lower than the level of December 2013 (2013: 67%).

**Total liabilities** increased by 32% to RON 16,859 mn as of December 31, 2014, mainly due to increase in decommissioning and restoration provisions with RON 1,383 mn and due to long-term provision in relation to the parent company guarantees issued by OMV Petrom for loans granted by OMV Petrom Marketing S.R.L. and OMV Petrom Gas S.R.L. to Tasbulat Oil Corporation LLP and Kom Munai LLP, that amounted RON 1,345 million. **Short-term interest-bearing debts** largely represent amounts due to affiliates from cash pooling that increased from RON 343 mn at the end of 2013 to RON 1,055 mn at December 31, 2014. Other increases in **current liabilities** are related mainly to increased liabilities in connection with investment activities (mainly in Black Sea) and increase in other provision driven primarily by alleged debts and late payment interest charges following a tax review of the years 2009 and 2010.

The annual stock count of assets, liabilities and equity was performed according with Romanian legislation (Order no. 2861/2009) and the results were recorded in the financial statements as at December 31, 2014.

### **Cash flow**

The cash flow statement of the Company was prepared using the indirect method, whereby adjustments were made for other non-cash transactions.

**Net cash flow from operating activities** decreased with RON 1,853 mn or 24%, from RON 7,579 mn in 2013, to RON 5,726 mn.

**Net cash outflow from investment activities** increased with RON 612 mn or 15%, from RON 4,024 mn in 2013 to RON 4,637 mn in 2014.

**Net cash outflow from financing activities** decreased with RON 1,782 or 59% mn from RON 3,029 mn in 2013 to RON 1,247 mn in 2014.

During the year ended December 31, 2014 the Company maintained the investments at a high level and paid dividends, using the positive cash flow from operations.

## 6. "Comply or Explain" statement

### BSE Corporate Governance Code

The "Comply or Explain" statement below was prepared taking into account the particularities of the two-tier system applicable to OMV Petrom S.A. ("OMV Petrom", or "the company" or "the Issuer"), whereas the statement template is structured according to the one-tier management system.

Principle/ Recommendation	Question	YES	NO	Please EXPLAIN
<b>P19</b>	Is the Issuer managed in a two tier system?	*		Since April 2007, OMV Petrom is managed in a two-tier system by an Executive Board, which manages the daily operations under the supervision of the Supervisory Board.
<b>P1</b>	<b>R1</b> Has the Issuer drawn up a Statute/Corporate Governance Regulation which describes the main aspects of the corporate governance principles?	*		The corporate governance principles are also laid down in the Issuer's Articles of Association, the internal rules of the Supervisory Board and the Executive Board, as well as in other internal regulations. The Issuer has drawn up a Corporate Governance Statute which describes the overall picture of the company's corporate governance.
	Is the Statute/Corporate Governance Regulation (mentioning the date of its last update) posted on the website of the Issuer?	*		The Corporate Governance Statute is posted on the website of the Issuer bearing the date of its last update.
	<b>R2</b> In the Statute/Corporate Governance Regulation, are there defined corporate governance structures, positions, competences and responsibilities of the Supervisory Board and of the Executive Board?	*		The corporate governance structures, positions, competences and responsibilities of the Supervisory Board and of the Executive Board are defined in the Articles of Association of the Issuer. They are also laid out in the Corporate Governance Statute.

Principle/ Recommendation	Question	YES	NO	Please EXPLAIN
<b>R 3</b>	Does the Annual Report of the Issuer contain a chapter referring to corporate governance, which describes all the relevant events related to corporate governance registered in the previous financial year?	*		OMV Petrom's 2014 Annual Report has a chapter describing all the relevant events related to the corporate governance issues in the 2014 financial year.
	Does the Issuer disclose on its website the information related to the following aspects of its corporate governance: a) a description of the Issuer's corporate governance structures?	*		OMV Petrom's website has a special section where details about corporate governance bodies are entered. The structure of the Executive Board and of the Supervisory Board is presented on the website. Likewise, the details regarding the organization of the GMS of the company are also presented on the website.
	b) the updated Articles of Association?	*		The last version of OMV Petrom's Articles of Association is posted on its website, under the Corporate Governance section.
	c) the internal regulation governing the functioning /its essential aspects for each special commission/ specialized committee?	*		The rules governing the functioning of each special commission/committee are bundled in the Corporate Governance Statute which is posted on the website of the Issuer.
	d) the "Comply or Explain" Statement?	*		"Comply or Explain" Statements are posted on OMV Petrom's website.

Principle/ Recommendation	Question	YES	NO	Please EXPLAIN
	e) the list of the Supervisory Board members specifying which members are independent, of the Executive Board and of the special commissions/committees?	*		Details about the members of the Supervisory Board, the Executive Board and the Audit Committee are presented on the Issuer's website.
	f) a brief version of the CV of each Supervisory Board and Executive Board member?	*		OMV Petrom has a special section on its website where short versions of the CVs of the members of the corporate bodies are posted.
P2	Does the Issuer respect the rights of the holders of the financial instruments issued by the Issuer, ensuring equal treatment for them while also submitting any change of the granted rights for approval by the special meetings of such holders?	*		The Issuer complies with the regulations setting forth the rights of the shareholders. Any changes of the already granted rights are submitted for the approval of the shareholders.
P3	R 4 Does the Issuer publish in a special section of its website the details of the holding of the General Meetings of Shareholders ("GMS"):  a) the GMS convening notice?	*		OMV Petrom's website has a special section where the GMS convening notices are posted.
	R 4 b) the materials/documents relating to the items on the agenda, as well as any other information about the items on the agenda?	*		OMV Petrom's website has a special section where materials/ documents / any other information relating to the items on the agenda of the GMS are posted.



Principle/ Recommendation	Question	YES	NO	Please EXPLAIN
	<b>R 4</b> c) the templates of the special power of attorney?	*		OMV Petrom's website has a special section where the templates of the special power of attorney can be found.
	<b>R 6</b> Has the Issuer drawn up and submitted for the GMS approval procedures for an efficient and methodical holding of the GMS according to procedure, however without prejudice to the right of any shareholder to freely express their opinion on the topics subject to the debates?	*		The details of the organization of the GMS are mentioned in the Issuer's Articles of Association and Statute of Corporate Governance. Likewise, OMV Petrom publishes at every GMS extensive convening notices describing in detail the procedure to be followed for the respective meeting. In this manner, the Issuer ensures that the General Meetings of Shareholders are adequately conducted and well organized while the shareholders' rights are duly communicated and observed.
	<b>R 8</b> Does the Issuer disclose in a special section of its website the shareholders' rights as well as the rules and procedures for the attendance at GMS?	*		The rights of the shareholders are outlined on the Issuer's website. Likewise, the rules and procedures for attendance at the GMS, as well as the rights of the shareholders, are always described in the convening notice which is always posted on Issuer's website. The rights of the shareholders are laid down in each and every annual report.
	Does the Issuer provide the information in due time (immediately after the GMS) to all shareholders through the special section on the Issuer's website:  a) the resolutions passed by GMS?	*		OMV Petrom's website has a special section where the resolutions passed by the GMS are posted in due time.

Principle/ Recommendation	Question	YES	NO	Please EXPLAIN
	b) the detailed results of voting?	*		OMV Petrom's website has a special section where detailed results of voting are posted in due time.
	Does the Issuer disseminate through the special section of the Issuer's website, which is easily identifiable and accessible:  a) ad-hoc reports/official statements?	*		OMV Petrom's website has special section where ad-hoc reports and official statements are posted.
	b) the financial calendar, the annual, quarterly and half-yearly reports?	*		OMV Petrom's website has an easily accessible special section where the financial calendar and periodical reports are posted.
	<b>R 9</b> Has the Issuer set-up a special department or has appointed a person dedicated to the relation with investors?	*		OMV Petrom has set up a special department dedicated to investor relations that can be contacted at phone number +40 (0) 214022206 or via e-mail: <a href="mailto:investor.relations.petrom@petrom.com">investor.relations.petrom@petrom.com</a> . Likewise, a special section of the company's website is dedicated to investors.
<b>P4, P5</b>	<b>R 10</b> Does the Supervisory Board meet at least once a quarter for supervising the activity of the Issuer?	*		The Supervisory Board meets whenever necessary, but at least once every three months. In 2014, the Supervisory Board met five times in person and passed resolutions by circulation on three additional occasions.

Principle/ Recommendation	Question	YES	NO	Please EXPLAIN
	<b>R 1</b> Has the Issuer a set of rules referring to the conduct and the reporting obligations relating to the trading of the shares or of other financial instruments issued by the Issuer (" <b>issuer securities</b> ") made on their account by the members of the Executive Board and other related natural persons?	*		Such rules are laid down in the internal regulations of the Issuer, while the Issuer has set up special structures to follow the implementation of such internal regulations.
	<b>2</b> Are the trades with the issuer's securities made by the members of Supervisory Board, Executive Board or any other insiders on their own account disclosed via the Issuer's website, according to applicable rules?	*		All these transactions are posted on the Bucharest Stock Exchange website, in the section dedicated to the market news related to OMV Petrom. OMV Petrom's website also contains a link to the Bucharest Stock Exchange website, in the section OMV Petrom>Investor Relations>Corporate Governance>Insider Trading.
<b>P6</b>	Does the structure of the corporate bodies of the Issuer ensure a balance between the executive and non-executive members (and especially independent non-executive members) so that the decision-making is not to be dominated by a single person or a group of persons?	*		The Supervisory Board comprises nine members who are non-executives and who supervise the activity of the five members of the Executive Board. Therefore, the balance between executives and non-executives is ensured.

Principle/ Recommendation	Question	YES	NO	Please EXPLAIN
<b>P7</b>	Does the structure of the Supervisory Board provide a sufficient number of independent members?	*		The membership of the Supervisory Board considers the Company Law no. 31/1990 specific provisions on independence criteria and the number of independent members.
<b>P8</b>	<b>R15</b> In the course of its activity, is the Supervisory Board supported by any consultative commissions/committees nominated by the Supervisory Board, which deal with the analysis of some specific subjects in order to counsel the Supervisory Board on such topics?	*		The Audit Committee supports the Supervisory Board by performing the following main activities: <ul style="list-style-type: none"> <li>• reviews and prepares the adoption of the annual accounts,</li> <li>• prepares the proposal for the distribution of profits</li> <li>• prepares a proposal of an independent financial auditor</li> <li>• supervises OMV Petrom's risk management arrangements and its financial performance</li> <li>• monitors the reports delivered by the internal auditors.</li> </ul>
	Do the consultative commissions/committees submit activity reports to the Supervisory Board on the specific subjects assigned to them?	*		The Audit Committee submits activity reports to the Supervisory Board on the specific subjects assigned to it.
	<b>R16</b> For the assessment of the independence of their members, does the Supervisory Board use the assessment criteria listed in Recommendation 16?	*		The criteria used for the assessment of Supervisory Board independence are those mentioned in Company Law no. 31/1990, which are substantially similar to those provided by Corporate Governance Code.

Principle/ Recommendation	Question	YES	NO	Please EXPLAIN
	<b>R 1 7</b> Do Executive Board members permanently improve their knowledge through training/information in the corporate governance field?	*		The Executive Board members permanently improve their corporate governance knowledge via training/ roundtable discussion meant to enhance the corporate governance practice in the company. The CEO is also President of the Corporate Governance Institute at the Bucharest Stock Exchange and regularly attends conferences on this topic.
<b>P9</b>	Is the appointment of the Supervisory Board members based on a transparent procedure (objective criteria regarding personal/ professional qualifications etc.)?	*		The Supervisory Board members are appointed by the GMS, based on a transparent procedure of appointment and with the majority of votes of the shareholders, as provided for in the Issuer's Articles of Association and applicable law. Prior to the GMS, their CVs are available for the shareholders for consultation, while the shareholders are allowed to supplement the candidates list for the position of member of the Supervisory Board
<b>P10</b>	Is there a Nomination Committee within the Issuer set-up?		*	Establishment of the Nomination Committee is a pending subject for the assessment of the corporate bodies of the company.
<b>P11</b>	<b>R 2 1</b> Does the Supervisory Board assess the necessity to have a Remuneration Committee/remuneration policy for the Supervisory Board and Executive Board members at least once a year?		*	The remuneration of the Supervisory Board members is resolved upon by the GMS every year. The setting up of a Remuneration Committee is being considered.
	Has the remuneration policy been approved by the GMS?		*	The remuneration of the Supervisory Board members is resolved upon by the GMS and it is made public.
	<b>R 2 2</b> Is there a Remuneration Committee made exclusively of non-executive members of the Supervisory Board?		*	The Remuneration Committee has not been established yet.

Principle/ Recommendation	Question	YES	NO	Please EXPLAIN
	<b>R 2 4</b> Is the remuneration policy of the Issuer mentioned in the Statute/Corporate Governance Regulation?		*	Please see above.
<b>P12 , P13</b>	<b>R 2 5</b> Does the Issuer disclose the information subject of the reporting requirements in English: a) periodical information (regular providing information)?	*		OMV Petrom discloses periodical information in English.
	b) permanent information (continuous providing information)?	*		OMV Petrom discloses permanent information in English.
	Does the Issuer prepare and make public the financial report according to the IFRS standards?	*		OMV Petrom has prepared and published consolidated financial statements in accordance with IFRS for the year ended December 31, 2006 for the first time. Starting 2010, OMV Petrom also reports on a quarterly basis the condensed consolidated interim financial statements in accordance with the IFRS standards. Furthermore, in line with Romanian legal requirements applicable for listed companies, starting December 31, 2012 OMV Petrom also prepares separate individual financial statements in accordance with IFRS.

Principle/ Recommendation	Question	YES	NO	Please EXPLAIN
	<b>R 26</b> Does the Issuer organize, at least once a year, meetings with financial analysts, brokers, rating agencies and other market specialists with the view to presenting the financial elements relevant for the investment decision?	*		OMV Petrom organizes one-to-one meetings and conference calls with financial analysts, investors, brokers and other market specialists with a view to presenting the financial elements relevant for investment decision. A total of more than 100 one-to-one or group meetings and presentations were held throughout 2014. The company also attended analyst and investor conferences, organized in Romania and abroad.
	<b>R 27</b> Is there an Audit Committee within the Issuer?	*		OMV Petrom's Supervisory Board has set up an Audit Committee.
	<b>R 28</b> Does the Supervisory Board or the Audit Committee, as the case may be, assess on a regular basis the efficiency of financial reporting, internal control and the risk management system implemented by the Issuer?	*		The Audit Committee assesses on a regular basis the efficiency of financial reporting and the risk management system implemented by OMV Petrom.
	<b>R 29</b> Is the Audit Committee comprised exclusively of non-executive members of the Supervisory Board and is it comprised of a sufficient number of independent members of the Supervisory Board?	*		The Audit Committee comprises exclusively non-executive members of the corporate bodies and a sufficient number of independent members of the Supervisory Board, as provided for by Company Law no. 31/1990.
	<b>R 30</b> Does the Audit Committee meet at least twice a year, with the view to draw up and disclose to the shareholders half-yearly and annual financial statements?	*		OMV Petrom's Audit Committee met three times in 2014 in order to deal with significant accounting, reporting and risk management issues as well as with the review on the financial statements.

Principle/ Recommendation	Question	YES	NO	Please EXPLAIN
	<b>R 3 2</b> Does the Audit Committee make proposals to the Supervisory Board regarding the selection, the appointment, the re-appointment and the replacement of the financial auditor, as well as the terms and conditions of its remuneration?	*		OMV Petrom's Audit Committee makes proposals to the Supervisory Board regarding the selection, the appointment, the re-appointment and the replacement of the financial auditor, as well as the terms and conditions of its remuneration.
<b>P14</b>	Has the Issuer approved a procedure with a view to identifying and to settling any conflicts of interest?	*		The Issuer has established internal rules on how to deal with conflicts of interest.
<b>P15</b>	<b>R 3 3</b> Do the members of the Supervisory Board inform the Supervisory Board on conflicts of interests as they occur and do they refrain from debates and the vote on such matters, according to relevant legal provisions?	*		OMV Petrom Supervisory Board has put in place rules relating to conflicts of interest as well as the approach in this respect.
<b>P16</b>	<b>R 3 4 /</b> Has the Issuer approved the specific procedures in order to provide procedural compliance (criteria to identify the significant impact of transactions, transparency, impartiality, non-competition, etc.) with the view to identify the transactions between related parties? <b>R 3 5</b>	*		OMV Petrom has internal regulations in place and submits reports on transactions with related parties to the Financial Supervisory Authority and to the Bucharest Stock Exchange.



Principle/ Recommendation	Question	YES	NO	Please EXPLAIN
<b>P17</b>	<b>R</b> <b>3</b> <b>6</b> Has the Issuer approved a procedure regarding the internal flow and disclosure to third parties of the documents and information referring to the Issuer, considering especially inside information?	*		OMV Petrom has internal regulations in place for such matters.
<b>P18</b>	<b>R</b> <b>3</b> <b>7</b> <b>/</b>  <b>R</b> <b>3</b> <b>8</b> Does the Issuer carry on activities regarding the Issuer's social and environmental responsibility?	*		OMV Petrom conducts various activities regarding social and environmental responsibility. Please see the Annual Report's section relating to community involvement.

## Declaration of the management

We confirm to the best of our knowledge that the separate financial statements prepared in accordance with IFRS as requested by Ministry of Finance Order no. 1286/2012 give a true and fair view of the financial position of OMV Petrom S.A. as of December 31, 2014, its financial performance and cash flows for the year then ended, in accordance with applicable accounting standards, and that the Directors' report gives a true and fair view of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties associated with the expected development of the Company.

**Bucharest, March 24, 2015**

### The Executive Board



---

**Mariana Gheorghe**  
Chief Executive Officer  
President of the Executive Board



---

**Andreas Matje**  
Chief Financial Officer  
Member of the Executive Board



---

**Gabriel Selischi**  
Member of the Executive Board  
Exploration & Production



---

**Cristian Secoșan**  
Member of the Executive Board  
Gas & Power



---

**Neil Anthony Morgan**  
Member of the Executive Board  
Refining & Marketing

## 7. Annexes

### a. List of consolidated companies in OMV Petrom Group at December 31, 2014

<b>Parent company</b>			
<b>OMV Petrom S.A.</b>			
<b>Subsidiaries</b>			
<b>EXPLORATION &amp; PRODUCTION</b>		<b>REFINING &amp; MARKETING</b>	
Tasbulat Oil Corporation LLP <sup>†</sup>	100.00%	OMV Petrom Marketing S.R.L.	100.00%
OMV Petrom Ukraine E&P GmbH	100.00%	ICS Petrom-Moldova S.A.	100.00%
OMV Petrom Ukraine Finance Services GmbH	100.00%	OMV Petrom Aviation S.A.	99.99%
Kom Munai LLP	95.00%	OMV Srbija DOO	99.96%
Petrom Exploration & Production Ltd.	50.00%	OMV Bulgaria OOD	99.90%
<b>GAS &amp; POWER</b>		<b>CORPORATE &amp; OTHER</b>	
OMV Petrom Gas S.R.L.	99.99%	Petromed Solutions S.R.L.	99.99%
OMV Petrom Wind Power S.R.L.	99.99%		
<b>Associated company, accounted for at equity</b>			
OMV Petrom Global Solutions S.R.L.			25.00%

<sup>†</sup> Owned through Tasbulat Oil Corporation BVI as holding company.

**b. The list of the persons affiliated to the company**

<b>Code of Company</b>	<b>OMV Group consolidated companies - including OMV Petrom Group consolidated companies as of 31 December 2014</b>
OMV	OMV Aktiengesellschaft
KONAI	Kom Munai LLP
TASBU	Tasbulat Oil Corporation LLP
TOCBVI	Tasbulat Oil Corporation BVI
OPEPUA	OMV Petrom Ukraine E&P GmbH
OPFSUA	OMV Petrom Ukraine Finance Services GmbH
PEPL	Petrom Exploration & Production Limited
OFARO	OMV (Faroe Islands) Exploration GmbH
OIRAN	OMV (Iran) onshore Exploration GmbH
ONOR	OMV (Norge) AS
OTNPRO	OMV (Tunesien) Production GmbH
OTNSID	OMV (Tunesien) Sidi Mansour GmbH
OUK	OMV (U.K.) Limited
YEM2	OMV (Yemen Block S 2) Exploration GmbH
YEALMA	OMV (Yemen) Al Mabbar Exploration GmbH
OAUST	OMV Australia PTY LTD
OEPA	OMV Austria Exploration & Production GmbH
OBINA	OMV Bina Bawi GmbH
OYEM70	OMV Block 70 Upstream GmbH
OMVEP	OMV Exploration & Production GmbH
MAURI	OMV Maurice Energy GmbH
NZEA	OMV New Zealand Limited
OLIB	OMV of Libya Limited
OGEX	OMV Oil and Gas Exploration GmbH
OILEXP	OMV Oil Exploration GmbH
OILPRO	OMV Oil Production GmbH
PETEX	OMV Petroleum Exploration GmbH
OUPi	OMV Upstream International GmbH
PIL	Petroleum Infrastructure Limited
OPEI	Preussag Energie International GmbH
OJA3	OMV Jordan Block 3 Upstream GmbH
MAURIL	OMV Maurice Energy Limited
ABU	OMV Abu Dhabi E&P GmbH
OFFBLG	OMV Offshore Bulgaria GmbH
OEOIL	OMV Tellal Hydrocarbons GmbH (former OMV (Egypt) Oil & Gas Exploration GmbH)
OFFMOR	OMV Offshore Morondava GmbH
OYEM86	OMV Myrre Block 86 Upstream GmbH
OPK	OMV (Pakistan) Exploration Gesellschaft m.b.H.
AGGM	AGGM Austrian Gas Grid Management AG
HUB	Central European Gas Hub AG
ECONDE	EconGas Deutschland GmbH
ECOGAS	EconGas GmbH
ECONHU	EconGas Hungária Földgázkereskedelmi Kft.
ECONIT	EconGas Italia S.r.l.
OGI	OMV Gas & Power GmbH
OGSG	OMV Gas Storage Germany GmbH
OGSA	OMV Gas Storage GmbH
GASTR	OMV Enerji Ticaret Limited Şirketi
OKH	OMV Kraftwerk Haiming GmbH
PETGAS	OMV Petrom GAS S.R.L.
WINDPP	OMV Petrom Wind Power S.R.L.
BORASC	OMV Samsun Elektrik Üretim Sanayi ve Ticaret A.Ş.
GPTHOL	OMV Gaz ve Enerji Holding Anonim Şirketi
GPTRAD	OMV Trading GmbH
POGI	Petrol Ofisi Gaz İletim A.Ş.
ECONHR	EconGas d.o.o. za opskrbu plinom
OGG	Gas Connect Austria GmbH
ENERCO	Enerco Enerji Sanayi Ve Ticaret A.Ş.
FREYKG	Freya Bunde-Etzel GmbH&Co
ROMAN	OMV Petrom Marketing S.R.L.

<b>Code of Company</b>	<b>OMV Group consolidated companies - including OMV Petrom Group consolidated companies as of 31 December 2014</b>
PETAV	OMV Petrom Aviation S.A.
BULG	OMV Bulgaria OOD
OSERB	OMV Srbija d.o.o.
MOLDO	ICS Petrom Moldova SA
AWPIP	Adria-Wien Pipeline GmbH
ISERV	OMV - International Services Ges.m.b.H.
OTCH	OMV Česká republika, s.r.o.
OMVD	OMV Deutschland GmbH
OHUN	OMV Hungária Ásványolaj Korlátolt Felelősségű Társaság
OMVRM	OMV Refining & Marketing GmbH
SLOVJA	OMV SLOVENIJA trgovina z nafto in naftnimi derivati, d.o.o.
OMVSK	OMV Slovensko s.r.o.
OSUP	OMV Supply & Trading AG
VIVTS	VIVA International Marketing- und Handels-GmbH
ERK	Erk Petrol Yatırımları A.Ş.
POAS	OMV Petrol Ofisi A.Ş.
PORAF	Petrol Ofisi Havacılık Operasyonları A.Ş.
BORA	Borealis AG
DTAL	Deutsche Transalpine Oelleitung GmbH
EPSKG	EPS Etylen-Pipeline-Süd GmbH & Co KG
GENOL	GENOL Gesellschaft m.b.H. & Co
SIOT	SIOT Società Italiana per l'Oleodotto Transalpino SpA
OETAL	Transalpine Ölleitung in Österreich Gesellschaft m.b.H.
ELG	Erdöl-Lagergesellschaft m.b.H.
PETMED	Petromed Solutions S.R.L.
AMIC	Amical Insurance Limited
DIRA	Diramic Insurance Limited
OCTS	OMV Clearing und Treasury GmbH
OTHOLD	OMV Petrol Ofisi Holding Anonim Şirketi
OFIN	OMV Finance Limited
OFS	OMV Finance Services GmbH
OFSNOK	OMV Finance Services NOK GmbH
SNO	OMV Solutions GmbH
OMVINT	OMV International Oil & Gas GmbH
OFSUSD	OMV Finance Solutions USD GmbH
OPGSOL	OMV Petrom Global Solutions S.R.L.
OAFR	OMV (AFRICA) Exploration & Production GmbH
BERMG	OMV (Berenty) Exploration GmbH
OGNOND	OMV (Gnondo) Exploration GmbH
OMANGA	OMV (Manga) Exploration GmbH
OMANMG	OMV (Mandabe) Exploration GmbH
OMBELI	OMV (Mbeli) Exploration GmbH
ONT SIN	OMV (Ntsina) Exploration GmbH
OOYSFO	OMV Oystercatcher Exploration GmbH
OWEAFR	OMV (WEST AFRICA) Exploration & Production GmbH
MARDEP	Marmara Depoculuk Hizmetleri Sanayi ve Ticaret Anonim Şirketi
OTRAD	OMV Supply & Trading Limited
ALAIN	OMV East Abu Dhabi Exploration GmbH
ONAMEX	OMV (Namibia) Exploration GmbH
OGNOGA	OMV (Gnondo) Exploration S.A.
OMAGA	OMV (Manga) Exploration S.A.
OMBEGA	OMV (Mbeli) Exploration S.A.
ONAFRU	OMV Offshore (Namibia) GmbH
ONTSGA	OMV (Ntsina) Exploration S.A.
PEARL	Pearl Petroleum Company Limited
TAG	Trans Austria Gasleitung GmbH

### c. Definitions

---

#### Liquidity ratios

Current ratio = Current assets/ Current liabilities

Acid test = (Current assets - Inventories)/ Current liabilities

#### Risk ratios

Gearing ratio = Net debt/ Equity in %

Net debt = Interest- bearing debts + Liabilities on finance leases- Cash and cash equivalents

Indebtness ratio = Interest- bearing debts (long term)/ Equity in %

Equity ratio = Equity/ (Total Assets) in %

#### Operational ratios

Stock turnover – days = Average inventories/ Cost of sales in days

Days in receivables – days = Average trade receivables/ Sales revenues in days

Tangible assets turnover = Sales revenues/ Tangible assets

Total assets turnover = Sales revenues/ Total assets

#### Profitability ratios

Net profit margin = Net income for the year/ Sales revenues in %

EBIT margin = EBIT/ Sales revenues in %

EBIT = Earnings before interest and taxes

EBITDA margin = EBITDA/ Sales revenues in %

EBITDA = EBIT + Depreciation and amortization + Net impairment losses

Return on fixed assets (ROFA) = EBIT/ Average fixed assets in %

Return on equity (ROE) = Net income for the year/ Average equity in %

---