Bucharest
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# Petrom Group: results[1] for January – December 2013 and Q4 2013

**2013 vs 2012**

- **Clean CCS EBIT increased by 3% in 2013, despite the 24% drop in Q4/13 which was due to lower sales from stocks and negative FX effects**
- **E&P: first year-on-year increase of hydrocarbon production in Romania since privatization**
- **G&P: lower contribution due to weak gas and power demand and depressed electricity prices**
- **R&M: strong results driven by a higher refinery utilization rate; retail sales volumes in Romania stabilized in 2013, for the first time since 2009**
- **RON 5.3 bn CAPEX for the year; ROACE still improved further to 19%**
- **Highlights for 2014: E&P will focus on further stabilizing production and on progressing exploration initiatives onshore and in the Black Sea while in R&M the Petrobrazi modernization program will be finalized**

**Mariana Gheorghe, CEO of OMV Petrom S.A.:** "In 2013, Romania registered an economic growth better than expected, however consumption remained weak, while the fiscal burden increased further. In spite of the depressed demand in the gas and power sectors, lower refining margins and electricity prices, Petrom recorded another strong financial performance due to operational excellence, strict cost control initiatives as well as favorable crude price environment. On the operating side, we successfully increased our hydrocarbon production in Romania, offsetting the natural decline, and engaged in partnerships to unlock the onshore potential. In the Black Sea, we further pursued our exploration activities by completing the 3D seismic acquisition and prepared to resume the exploration campaign in mid-2014. Since privatization, we have secured the growth of our company and the future of the hydrocarbon production, by reinvesting approx. 85% of our operating profits, to a cumulative level of EUR 10 bn. Continuing this success story requires an investment-friendly environment and solid market fundamentals, to fully unlock our growth potential".

| Q3/13 | Q4/13 | Q4/12 | Δ% | Key performance indicators (in RON mn) | 2013 | 2012 | Δ% |
|---|---|---|---|---|---|---|---|
| 1,585 | 1,402 | 1,673 | (16) | EBIT | 5,958 | 5,662 | 5 |
| 1,619 | 1,378 | 1,824 | (24) | Clean CCS EBIT [2] | 6,015 | 5,855 | 3 |
| 1,272 | 1,158 | 1,056 | 10 | Net income attributable to stockholders [3] | 4,821 | 3,953 | 22 |
| 1,301 | 1,138 | 1,362 | (16) | Clean CCS net income attributable to stockholders [2,3] | 4,869 | 4,307 | 13 |
| 0.0225 | 0.0204 | 0.0186 | 10 | EPS (RON) | 0.0851 | 0.0698 | 22 |
| 0.0230 | 0.0201 | 0.0240 | (16) | Clean CCS EPS (RON) [2] | 0.0860 | 0.0760 | 13 |
| 2,399 | 1,841 | 2,804 | (34) | Cash flow from operating activities | 8,048 | 7,185 | 12 |
| - | - | - | n.a. | Dividend/share (RON) | n.a.[4] | 0.028 | n.a. |

[1] *The financials are unaudited and represent Petrom Group's (herein after also referred to as "the Group") consolidated results prepared according to IFRS; all the figures refer to Petrom Group, unless otherwise stated; financials are expressed in RON mn and rounded to closest integer value, so minor differences may result upon reconciliation; Petrom uses the National Bank of Romania exchange rates for its consolidation process*

[2] *Adjusted for exceptional, non-recurring items; Clean CCS figures exclude special items and inventory holding effects (CCS effects) resulting from R&M*

[3] *After deducting net income attributable to non-controlling interests*

[4] *Proposal to the Supervisory Board and General Meeting of Shareholders currently under consideration*

## Financial highlights

| Q3/13 | Q4/13 | Q4/12 | Δ% | in RON mn | 2013 | 2012 | Δ% |
|---|---|---|---|---|---|---|---|
| 6,574 | 6,035 | 7,073 | (15) | Sales [1] | 24,185 | 26,258 | (8) |
| 1,539 | 1,265 | 1,281 | (1) | EBIT E&P [2] | 5,529 | 5,467 | 1 |
| (2) | 10 | 135 | (93) | EBIT G&P | 112 | 360 | (69) |
| 111 | 107 | (18) | n.m. | EBIT R&M | 386 | 138 | 180 |
| (20) | (38) | (39) | (1) | EBIT Co&O | (97) | (117) | (17) |
| (44) | 59 | 313 | (81) | Consolidation | 29 | (185) | n.m. |
| **1,585** | **1,402** | **1,673** | **(16)** | **EBIT Group** | **5,958** | **5,662** | **5** |
| **(29)** | **37** | **(117)** | **n.m.** | **Special items[3]** | **(33)** | **(362)** | **(91)** |
| (4) | (17) | (15) | 8 | thereof: Personnel and restructuring | (21) | (80) | (74) |
| (25) | 0 | (39) | n.m. | Unscheduled depreciation | (66) | (39) | 69 |
| - | 54 | (62) | n.m. | Other | 54 | (242) | n.m. |
| (5) | (14) | (34) | (60) | CCS effects: Inventory holding gains/(losses) | (24) | 169 | n.m. |
| 1,544 | 1,274 | 1,329 | (4) | Clean EBIT E&P [2, 4] | 5,542 | 5,754 | (4) |
| (2) | 23 | 136 | (83) | Clean EBIT G&P [4] | 167 | 359 | (53) |
| 141 | 60 | 80 | (25) | Clean CCS EBIT R&M [4] | 374 | 31 | n.m. |
| (20) | (37) | (33) | 11 | Clean EBIT Co&O [4] | (96) | (104) | (7) |
| (44) | 59 | 313 | (81) | Consolidation | 29 | (185) | n.m. |
| **1,619** | **1,378** | **1,824** | **(24)** | **Clean CCS EBIT [4]** | **6,015** | **5,855** | **3** |
| 1,530 | 1,303 | 1,329 | (2) | Income from ordinary activities | 5,699 | 4,826 | 18 |
| 1,273 | 1,158 | 1,055 | 10 | Net income | 4,824 | 3,946 | 22 |
| 1,272 | 1,158 | 1,056 | 10 | Net income attributable to stockholders[5] | 4,821 | 3,953 | 22 |
| **1,301** | **1,138** | 1,362 | **(16)** | **Clean CCS net income attributable to stockholders [4, 5]** | **4,869** | 4,307 | **13** |
| 0.0225 | 0.0204 | 0.0186 | 10 | EPS (RON) | 0.0851 | 0.0698 | 22 |
| 0.0230 | 0.0201 | 0.0240 | (16) | Clean CCS EPS (RON) [4] | 0.0860 | 0.0760 | 13 |
| 2,399 | 1,841 | 2,804 | (34) | Cash flow from operating activities | 8,048 | 7,185 | 12 |
| 0.0423 | 0.0325 | 0.0495 | (34) | CFPS (RON) | 0.1421 | 0.1269 | 12 |
| 568 | 332 | 1,711 | (81) | Net debt | 332 | 1,711 | (81) |
| 2 | 1 | 7 | (83) | Gearing (%) [6] | 1 | 7 | (83) |
| 1,407 | 1,817 | 1,424 | 28 | Capital expenditure | 5,303 | 4,930 | 8 |
| - | - | - | n.a. | Dividend/share (RON) | n.a.[7] | 0.028 | n.a. |
| - | - | - | n.a. | ROFA (%) | 19.7 | 19.8 | (0) |
| - | - | - | n.a. | ROACE (%) | 19.0 | 16.5 | 15 |
| - | - | - | n.a. | Clean CCS ROACE (%) [4] | 19.2 | 18.0 | 7 |
| - | - | - | n.a. | ROE (%) | 19.4 | 17.9 | 8 |
| 17 | 11 | 21 | (46) | Group tax rate (%) | 15 | 18 | (16) |
| 20,017 | 19,619 | 21,650 | (9) | Petrom Group employees at the end of the period | 19,619 | 21,650 | (9) |

*Figures in this and the following tables may not add up due to rounding differences.*
*[1] Sales excluding petroleum excise tax; [2] Excluding intersegmental profit elimination shown in the line "Consolidation";*
*[3] Special items are added back or deducted from EBIT; for more details please refer to each specific segment; [4] Adjusted for exceptional, non-recurring items; Clean CCS (current cost of supply) figures exclude special items and inventory holding effects (CCS effects) resulting from R&M; [5] After deducting net income attributable to non-controlling interests; [6] Net debt divided by equity; [7] Proposal to the Supervisory Board and General Meeting of Shareholders currently under consideration.*

## Business segments

### Exploration and Production (E&P)

| Q3/13 | Q4/13 | Q4/12 | Δ% | in RON mn | 2013 | 2012 | Δ% |
|---|---|---|---|---|---|---|---|
| 1,539 | 1,265 | 1,281 | (1) | EBIT [1] | 5,529 | 5,467 | 1 |
| (4) | (9) | (48) | (81) | Special items | (13) | (287) | (95) |
| 1,544 | 1,274 | 1,329 | (4) | Clean EBIT [1] | 5,542 | 5,754 | (4) |

| Q3/13 | Q4/13 | Q4/12 | Δ% | Key performance indicators | 2013 | 2012 | Δ% |
|---|---|---|---|---|---|---|---|
| 16.78 | 16.66 | 16.84 | (1) | Total hydrocarbon production (mn boe) | 66.64 | 66.87 | 0 |
| 182 | 181 | 183 | (1) | Total hydrocarbon production (kboe/day)[2] | 183 | 183 | 0 |
| 8.12 | 8.02 | 8.09 | (1) | Crude oil and NGL production (mn bbl) | 32.10 | 32.49 | (1) |
| 1.33 | 1.32 | 1.34 | (1) | Natural gas production (bcm) | 5.29 | 5.27 | 0 |
| 46.84 | 46.76 | 47.34 | (1) | Natural gas production (bcf) | 186.91 | 186.04 | 0 |
| 110.63 | 108.90 | 109.32 | 0 | Average Urals price (USD/bbl) | 108.30 | 110.76 | (2) |
| 98.10 | 97.79 | 93.61 | 4 | Average Group realized crude price (USD/bbl) [3] | 96.85 | 94.00 | 3 |
| 108 | 88 | 194 | (54) | Exploration expenditures (RON mn) | 453 | 530 | (14) |
| 84 | 70 | 159 | (56) | Exploration expenses (RON mn) | 423 | 328 | 29 |
| 14.94 | 17.52 | 15.51 | 13 | OPEX (USD/boe) | 15.45 | 15.37 | 0 |

*[1] Excluding intersegmental profit elimination; [2] Production figures in kboe/day are rounded; [3] Realized price includes hedging result (for 2012)*

**Fourth quarter 2013 (Q4/13) vs. fourth quarter 2012 (Q4/12)**

- **Clean EBIT decreased by 4% mainly due to unfavorable FX effects and higher depreciation**
- **Group hydrocarbon production slightly decreased by 1% due to lower volumes in Kazakhstan**
- **OPEX in USD/boe increased by 13%, triggered by RON appreciation against USD and one-off costs**

In Q4/13, the crude price environment continued to be favorable, with the average Urals crude price decreasing only slightly to USD 108.90/bbl. The average realized crude price increased by 4% to USD 97.79/bbl. No hedges were concluded in 2013, whereas the Q4/12 result included hedging losses of RON (84) mn.

Clean EBIT decreased by 4% to RON 1,274 mn, largely due to unfavorable FX effects (USD was 6% weaker against RON). The higher depreciation and operating costs were partially compensated by the positive effect of gas price liberalization and lower exploration expenses. Reported EBIT was 1% below the Q4/12 result, also reflecting special items of RON (9) mn.

Group production costs (OPEX) in USD/boe went up by 13%, mainly due to unfavorable FX effects (USD weaker against RON) and one-off costs. In Romania, production costs advanced 14% in USD/boe while in RON terms they were 7% above the Q4/12 level. This increase was triggered by higher services costs and also by non-recurrent costs, largely related to the reassessment of retirement benefit provisions.

Exploration expenditures decreased by 54%, mostly due to lower seismic expenses only partially offset by the drilling of one onshore exploration well. Exploration expenses were down 56%, also triggered by the lower seismic expenses.

In Q4/13, the drilling program comprised 38 new wells in Romania, compared to 34 new wells in Q4/12.

Group daily hydrocarbon production was 181.1 kboe/d (of which 170.4 kboe/d in Romania) and total production stood at 16.7 mn boe, slightly below Q4/12 (16.8 mn boe). In Romania, total oil and gas production stood at 15.7 mn boe, similarly to the Q4/12 level, which was mostly supported by workovers and drilling. Domestic crude oil production was 7.2 mn bbl, 2% above Q4/12. Domestic gas production reached 8.5 mn boe, 2% below Q4/12, mainly due to natural production decline of key onshore fields, which could not be fully compensated by the good results of the offshore workover campaigns. In Kazakhstan, oil and gas production amounted to 0.98 mn boe, which is 14% lower compared to the same period of 2012, reflecting some technical constraints in the TOC and Komsomolskoe fields. Sales volumes decreased by 1% compared to Q4/12, largely due to lower oil sales in Kazakhstan and lower gas sales in Romania.

**Fourth quarter 2013 (Q4/13) vs. third quarter 2013 (Q3/13)**

Clean EBIT decreased by 17% compared with the Q3/13 level, mostly due to unfavorable FX effects and higher production costs. Reported EBIT decreased by 18% to RON 1,265 mn. Group production costs in USD/boe increased by 17%, largely driven by unfavorable FX effects (USD weaker by 2% against RON) and one-off costs. In Romania, production costs expressed in USD/boe increased by 19%, while in RON/boe terms they advanced by 17% to RON 55.76/boe.

Exploration expenditures decreased by 18% while exploration expenses went down by 17% compared to Q3/13, the latter reflecting the relinquishment of some exploration blocks.

Group daily production stood at 181.1 kboe/d, slightly below Q3/13, mainly due to lower gas production in Romania. Group sales volumes decreased by 2% compared to Q3/13 level, triggered by lower oil sales in Romania and Kazakhstan.

**January – December 2013 vs. January – December 2012**

Average Urals crude prices decreased by 2% compared to 2012 to USD 108.30/bbl. The average Group realized crude price was USD 96.85/bbl, 3% higher than in 2012. In 2013, no hedging was concluded while the impact of hedging in 2012 amounted to RON (394) mn.

Clean EBIT went down by 4% to RON 5,542 mn, mainly driven by unfavorable FX effects (weaker USD against RON) and higher depreciation expenses. Reported EBIT reached RON 5,529 mn, 1% higher than 2012, due to lower special charges. The 2012 result reflected net special charges of RON (287) mn, mostly related to a legal case in Kazakhstan for uncollected receivables.

Group production costs in USD/boe stood at USD 15.45/boe, broadly similar to the 2012 level, in spite of unfavorable FX effects and slightly lower sales in Kazakhstan. Production costs in Romania expressed in USD/boe were similar to the 2012 level while in RON terms they decreased by 4% to RON 49.76/boe, mostly due to strict cost management and higher production available for sales.

Exploration expenditures reached RON 453 mn, which mainly include the 3D seismic campaigns performed in the Black Sea and expenses related to five onshore exploration wells. However, they were 14% lower compared to 2012, which reflected the drilling costs associated to the Domino-1 exploration well. Exploration expenses amounted to RON 423 mn in 2013 and were up by 29% mostly due to relinquishment of some exploration blocks and higher drilling exploration expenses.

Group oil, gas and NGL production in 2013 totaled 66.64 mn boe, similar to the 2012 level. In Romania, total oil, gas and NGL production increased to 62.5 mn boe, 0.26% higher compared to the previous year. Domestic crude oil production was 28.6 mn bbl, stable versus 2012 as the projects and workover programs compensated the effects of natural decline. Domestic gas production reached 33.9 mn boe, 1% higher compared to 2012. Oil and gas production in Kazakhstan decreased by 9% to 4.1 mn boe, as an effect of technical constraints. Group sales volumes were similar to the 2012 level.

As of December 31, 2013, total proved oil and gas reserves in Petrom Group's portfolio amounted to 728 mn boe (Romania: 707 mn boe), while proved and probable oil and gas reserves amounted to 1,025 mn boe (Romania: 977 mn boe). The Group's three-year average reserve replacement rate stood at 48% in 2013 (2012: 61%); in Romania it was also 48% (2012: 61%). For the single year 2013, the Group's reserve replacement rate was 31% (2012: 44%), while the reserve replacement rate in Romania was 32% (2012: 42%), mostly as a result of exploration and appraisal wells and reservoir studies performed.

## Gas and Power (G&P)

| Q3/13 | Q4/13 | Q4/12 | Δ% | in RON mn | 2013 | 2012 | Δ% |
|---|---|---|---|---|---|---|---|
| (2) | 10 | 135 | (93) | EBIT | 112 | 360 | (69) |
| - | (13) | (1) | n.m. | Special items | (55) | 1 | n.m. |
| (2) | 23 | 136 | (83) | Clean EBIT | 167 | 359 | (53) |

| Q3/13 | Q4/13 | Q4/12 | Δ% | Key performance indicators | 2013 | 2012 | Δ% |
|---|---|---|---|---|---|---|---|
| 1,043 | 1,260 | 1,344 | (6) | Gas sales volumes (mn cbm) [1] | 4,893 | 4,841 | 1 |
| 11.24 | 13.56 | 14.44 | (6) | Gas sales volumes (TWh) [1] | 52.70 | 52.16 | 1 |
| 48.5 | 49.8 | 45.7 | 9 | Average regulated domestic gas price for households (RON/MWh) [2] | 47.4 | 45.7 | 4 |
| 63.4 | 68.3 | 45.7 | 49 | Average regulated domestic gas price for non-households (RON/MWh) [2] | 58.7 | 45.7 | 28 |
| 129 | 131 | 134 | (3) | Average import gas price (RON/MWh) [3] | 131 | 143 | (8) |
| 0.78 | 1.03 | 0.77 | 33 | Net electrical output (TWh) | 2.86 | 1.68 | 70 |
| 173 | 172 | 196 | (12) | OPCOM spot average electricity base load price (RON/MWh) [4] | 156 | 217 | (28) |
| 215 | 215 | 258 | (17) | OPCOM average electricity peak load price (RON/MWh) [4] | 197 | 275 | (29) |

[1] *Including internal transfers within OMV Petrom S.A. (e.g. Brazi power plant)*
[2] *According to gas price liberalization roadmap enforced by the Government starting February 1, 2013. ANRE recommended prices for prior periods*
[3] *Q3/13, Q4/13 and 2013 data represent ANRE assumptions*
[4] *Q4/13 and 2013 data are preliminary*

**Fourth quarter 2013 (Q4/13) vs. fourth quarter 2012 (Q4/12)**

- **Clean EBIT impacted by lower contribution of both gas and power businesses**
- **Gas sales volumes went down by 6% on lower margins**
- **Brazi power plant net electrical output of 1.0 TWh, covering around 6% of national electricity production**

Clean EBIT declined by 83% compared to Q4/12, mainly reflecting the lower contribution of the gas business, as the upside from gas price liberalization is reflected in E&P starting February 2013. Additionally, the power business was affected by adverse market conditions. The reported result was impacted by special charges of RON (13) mn for decontamination activities related to the historical asset base.

Estimated natural **gas** consumption in Romania decreased by 8% compared to Q4/12 due to weak demand from the industrial sector and milder winter, while Petrom gas sales volumes decreased by 6%.

At the end of Q4/13, the total volume of natural gas stored by Petrom amounted to 160 mn cbm compared to 398 mn cbm at the end of Q4/12.

In Q4/13, the regulated domestic gas price was RON 68.3/MWh for the non-household sector and RON 49.8/MWh for households, while the estimated average import gas price based on ANRE assumptions was USD 420/1,000 cbm (or the equivalent of RON 131/MWh).

The average import quota set by ANRE for the non-household sector was 18% in Q4/13, lower compared to an average of 33% in Q4/12.

Estimated Romanian gross **electricity** production increased by approximately 8% versus Q4/12, while national electricity demand decreased by around 2%, the surplus output being exported. Increased production from hydro and renewable sources compared to the same quarter of last year contributed to the decrease in Romanian day-ahead market prices, which averaged RON 172/MWh for base load and RON 215/MWh for peak load, according to preliminary data published by OPCOM.

With a net availability of 98% and a net electrical output of 1.00 TWh (34% higher compared to Q4/12), the Brazi power plant covered around 6% of Romania's estimated electricity production, delivering 0.49 TWh on the regulated market.

In Q4/13, the Dorobantu wind park, with a net availability of 99%, delivered a net electrical output of 0.02 TWh (6% higher than in Q4/12). For the electricity produced and delivered to suppliers, OMV Petrom Wind Power S.R.L. was allocated 39,150 green certificates. Pursuant to the legislation in force, half of these green certificates will become eligible for sale after January 1, 2018.

**Fourth quarter 2013 (Q4/13) vs. third quarter 2013 (Q3/13)**

Compared to Q3/13, Clean EBIT significantly improved, mainly driven by the higher contribution of the gas business and the Dorobantu wind park.

The seasonal increase in Petrom **gas** sales volumes was 21% versus the 114% increase in the estimated Romanian gas consumption, as Petrom managed to sell significantly higher domestic gas volumes in Q3/13 as compared to other gas market players.

The net **electrical** output of the Brazi power plant improved by 32% compared to Q3/13, while estimated Romanian electricity production increased by 22%. The net electrical output of the Dorobantu wind park seasonally increased by 37%.

**January – December 2013 vs. January - December 2012**

Clean EBIT declined by 53% compared to 2012, largely due to lower gas business contribution as the upside from gas price liberalization is reflected in E&P starting February 2013. The reported result was impacted by special charges of RON (55) mn, reflecting mostly the RON (42) mn non-core assets impairment in Q1/13.

Total gas consumption in Romania decreased by around 8% in 2013, while Petrom's consolidated gas sales were slightly higher than in 2012 driven by the integrated gas supply to the gas fired power plant Brazi.

Estimated Romanian gross electricity production decreased by 2% in 2013 versus 2012, while the estimated consumption decreased by 5%; Romania was therefore a net exporter of electricity in 2013. According to preliminary data published by OPCOM, electricity prices on the Romanian day-ahead market averaged RON 156/MWh for base load and RON 197/MWh for peak load in 2013.

In 2013, the total net electrical output of Brazi power plant was 2.74 TWh, covering approximately 5% of Romania's electricity production over the full year, with approximately 9% contribution to the balancing market.

The Dorobantu wind park generated net electrical output of 0.10 TWh. For the electricity produced and delivered to suppliers, OMV Petrom Wind Power S.R.L. was allocated 178,488 green certificates. Pursuant to the legislation in force, 32,297 of these green certificates will become eligible for sale after January 1, 2018.

## Refining and Marketing (R&M)

| Q3/13 | Q4/13 | Q4/12 | Δ% | in RON mn | 2013 | 2012 | Δ% |
|---|---|---|---|---|---|---|---|
| 111 | 107 | (18) | n.m. | EBIT | 386 | 138 | 180 |
| (25) | 61 | (63) | n.m. | Special items | 36 | (63) | n.m. |
| (5) | (14) | (34) | (60) | CCS effect: Inventory holding gains/(losses) [1] | (24) | 169 | n.m. |
| 141 | 60 | 80 | (25) | Clean CCS EBIT [1] | 374 | 31 | n.m. |

| Q3/13 | Q4/13 | Q4/12 | Δ% | Key performance indicators | 2013 | 2012 | Δ% |
|---|---|---|---|---|---|---|---|
| (4.31) | (4.39) | (2.51) | 75 | Indicator refining margin (USD/bbl) [2] | (2.83) | (1.39) | 104 |
| 1.03 | 1.01 | 1.05 | (3) | Refining input (mn t) [3] | 4.01 | 3.34 | 20 |
| 90 | 90 | 93 | (3) | Refinery utilization rate (%) [4] | 90 | 73 | 23 |
| 1.46 | 1.31 | 1.38 | (5) | Total refined product sales (mn t) [5] | 5.22 | 5.00 | 4 |
| 1.03 | 0.93 | 0.97 | (4) | thereof Marketing sales volumes (mn t) [6] | 3.62 | 3.83 | (6) |
| 785 | 785 | 798 | (2) | Marketing retail stations | 785 | 798 | (2) |

*[1] Current cost of supply (CCS): Clean CCS EBIT eliminates special items and inventory holding gains/losses (CCS effects) resulting from R&M*
*[2] The indicator refining margin is based on the international quotations for products [Augusta] and Urals crude and a standard yield set typically for Petrobrazi refinery as of Q1/11 (indicator expected to be adapted after completion of Petrobrazi modernization program); actual refining margins realized by Petrom may vary from the indicator refining margin as well as from the market margins due to factors including a different crude slate, product yield and operating conditions*
*[3] Figure includes crude and semi-finished products, in line with OMV Group reporting standard*
*[4] Reflects Petrobrazi refinery nameplate capacity adjustment to 4.2 mn t/y starting Q3/12 (previously 4.5 mn t/y)*
*[5] Includes all products sold by Petrom Group*
*[6] Excludes export sales which are included in total refined product sales*

### Fourth quarter 2013 (Q4/13) vs. fourth quarter 2012 (Q4/12)

- **R&M clean CCS EBIT decreased mainly due to lower gasoline and middle distillates spreads**
- **Good operational performance with a refinery utilization rate of 90%**
- **Strong marketing result supported by strict cost management**

Clean CCS EBIT decreased to RON 60 mn mostly due to depressed refining margins, only partially offset by incremental yield structure improvements in the Petrobrazi refinery and stringent cost management. Decreasing crude oil and product quotations led to negative CCS effects of RON (14) mn. Net special items were RON 61 mn positive, mainly related to damages for termination of land sale agreements, which led to a reported EBIT of RON 107 mn vs. RON (18) mn in Q4/12.

The indicator **refining** margin was USD (4.39)/bbl, lower compared to Q4/12 due to lower spreads for oil products, especially gasoline and middle distillates.

The refinery utilization rate stood at 90%, optimized to capitalize on the market demand and operational performance.

Total group **marketing** sales volumes in Q4/13 were 4% below the Q4/12 level. Group retail sales, which amounted to 68% of total group marketing sales, are 1% above the Q4/12 volumes, largely due to higher sales in Bulgaria. Commercial sales dropped by 12% compared to the same quarter last year, due to lower sales in Romania and Serbia and also due to the Petrom LPG divestment in January 2013.

At the end of December 2013, the total number of filling stations operated within Petrom Group stood at 785, which is 13 units lower compared to Q4/12, mainly as a result of retail network optimization in the Republic of Moldova.

**Fourth quarter 2013 (Q4/13) vs. third quarter 2013 (Q3/13)**

Clean CCS EBIT decreased compared to Q3/13 mostly triggered by seasonally lower volumes and depressed refining margins. The latter was mainly due to lower gasoline spreads. The result of the marketing business was in line with the previous quarter, despite lower sales volumes compensated by reduced fixed costs.

**January – December 2013 vs. January – December 2012**

Clean CCS EBIT significantly improved to RON 374 mn compared to RON 31 mn in 2012, due to the impact of the Petrobrazi refinery shutdown on both volumes and costs in Q2/12. The strong marketing performance, incremental improvements in product yield structure and strict cost management in 2013 also contributed to the overall result.

The indicator **refining** margin decreased to USD (2.83)/bbl, from USD (1.39)/bbl in 2012 reflecting lower margins for main products.

The Petrobrazi refinery utilization rate increased to 90% in 2013 as compared to 73% in 2012, as the latter was impacted by the planned shutdown at Petrobrazi in Q2/12. As a result of higher utilization, total refining output increased by 19% to 3.6 mn t.

Total **marketing** sales volumes decreased by 6% compared to 2012, broadly in line with the market demand in our operating region. In retail, Group sales volumes were similar to the level of last year, while commercial sales volumes dropped by 15%; a negative trend reflected in all products except gasoline. To a relatively large extent, the decrease is also attributable to the completion of the Petrom LPG divestment.

The clean marketing result increased compared to 2012 due to effective cost management and stable retail volumes.

## Outlook 2014

**Market, regulatory and fiscal environment**

We expect the average **Brent oil price** to remain above USD 100/bbl and the Brent-Urals spread to stay relatively tight.

In Romania, **gas and power** market demand is anticipated to remain under pressure. The gas price liberalization calendars foresee four domestic gas price increases to occur this year for both households and non-households (first in January, already implemented). The Energy Law no. 123/2012 stipulates the option to postpone the gas price liberalization for non-households by one year.

In the **power** market, prices are expected to be under pressure due to supply dynamics, with additional capacity coming on stream from renewables, as well as low electricity demand, which reflects, in part, prospective energy efficiency measures.

**Refining** margins and **marketing** volumes are expected to be further challenged by high price levels for international crude and oil products, marginal economic recovery in our operating region and fiscal measures mainly in Romania.

With regard to the **regulatory and fiscal environment**, we anticipate discussions with respect to the implementation of the gas deregulation calendars and the extraordinary taxation measures introduced at the beginning of 2013 with a view to be applied until the end of 2014, which will have an impact on our financial results. Moreover, this year we are prepared to continue our discussions with the Romanian authorities to achieve a long term, stable and investment-friendly taxation and regulatory framework.

Given the long term cycle of investments in the oil and gas sector, the recent changes in the fiscal regime have a direct impact on the company's business. These affect both market supply and demand and impact the company's financials and the operating performance. The newly introduced tax of 1.5% applied to the gross value of special constructions, will have a direct negative impact on the operating costs in all segments (mostly in E&P) as well as on the business cases of some of our investment projects.

**Petrom Group**

- OMV Petrom S.A. management is considering an investment plan for 2014 of over EUR 1 bn, of which approx. 85% will be dedicated to E&P (drilling development wells, field redevelopment projects, workover activities / subsurface operations and the Neptun Deep project) and intends to propose allocation of dividends for the 2013 financial year, both subject to further approval by the Supervisory Board and Annual General Meeting of Shareholders;
- Strive for high HSSE standards and continue reducing the lost-time injury rate.

**Exploration and Production**

- In order to stabilize production in Romania, we will further progress field redevelopment, drilling and workovers as well as operational excellence initiatives;
- Continue our intensive operational activities: perform more than 1,600 workovers; drill more than 140 wells, of which more than half dedicated to field redevelopment projects; bring four redevelopment projects in execution phase by year-end;
- In Kazakhstan – further implement water injection scheme in Komsomolskoe field and carry out TOC (Tasbulat, Aktas, Turkmenoi) field re-development plan to sustain production levels;
- Joint-ventures with ExxonMobil: Neptun Deep – resume drilling campaign mid-2014; Midia - seismic data interpretation;
- Growth opportunities via exploration acreage acquisition in the Black Sea: further pursue negotiations on the Production Sharing Agreement for Skifska block (Ukraine).

**Gas and Power**

- Gas demand in Romania is expected to further decrease which will lead to increased competition and margin pressure;
- Gas value chain will be optimized to address challenges in the market and maximize value creation;

- Further deterioration of spark spreads is expected, leading to a negative result of the power business in 2014, but we try to mitigate this by consolidating Brazi power plant position in the balancing and ancillary services markets, capitalizing on the plant flexibility.

**Refining and Marketing**

- In the Petrobrazi refinery, a 30-day planned shutdown and turnaround is scheduled starting end of May in order to upgrade the Diesel Hydrotreater and Fluid Catalytic Cracking conversion units. This will improve product yields (higher share of middle distillates) and energy efficiency;
- Continue energy efficiency improvements and reduce $CO_2$ emissions;
- Fuel terminal network optimization program: start operations at revamped Bacau terminal in Q1 2014 and commence reconstruction of the Cluj terminal;
- Further pursue stringent cost discipline and optimization of the downstream business.

## Group financial statements and notes

## (condensed, unaudited)

### Legal principles and general accounting policies

The condensed consolidated financial statements for 2013 have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union.

The detailed structure of the consolidated companies in Petrom Group at December 31, 2013 is presented in the Appendix 1 to the current report.

### Changes in the consolidated Group

The sale of Petrom LPG SA subsidiary was closed on January 7, 2013.

During Q4/13, OMV Petrom SA sold its 99.99% interest in the subsidiary Petrom Distribuție Gaze SRL.

During Q3/13 and Q4/13, OMV Petrom SA acquired from OMV Exploration & Production GmbH the companies OMV Petrom Ukraine E&P GmbH and OMV Petrom Ukraine Finance Services GmbH.

### Seasonality and cyclicality

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

### Exchange rates

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

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

| Q3/13 | Q4/13 | Q4/12 | Δ% | NBR FX rates | 2013 | 2012 | Δ% |
|---|---|---|---|---|---|---|---|
| 4.440 | 4.451 | 4.527 | (2) | Average EUR/RON FX rate | 4.419 | 4.457 | (1) |
| 3.354 | 3.271 | 3.492 | (6) | Average USD/RON FX rate | 3.328 | 3.470 | (4) |
| 4.460 | 4.485 | 4.429 | 1 | Closing EUR/RON FX rate | 4.485 | 4.429 | 1 |
| 3.305 | 3.255 | 3.358 | (3) | Closing USD/RON FX rate | 3.255 | 3.358 | (3) |

## Income statement (unaudited)

| Q3/13 | Q4/13 | Q4/12 | Consolidated income statement (in RON mn) | 2013 | 2012 |
|---|---|---|---|---|---|
| 6,574.20 | 6,034.91 | 7,072.85 | Sales revenues | 24,185.22 | 26,258.13 |
| (180.91) | (173.42) | (180.57) | Direct selling expenses | (646.20) | (696.04) |
| (4,300.28) | (3,975.84) | (4,396.10) | Production costs of sales | (15,484.69) | (17,305.65) |
| **2,093.01** | **1,885.65** | **2,496.18** | **Gross profit** | **8,054.33** | **8,256.44** |
| 58.64 | 137.77 | 50.13 | Other operating income | 298.26 | 186.58 |
| (300.07) | (240.15) | (335.86) | Selling expenses | (1,090.38) | (1,172.77) |
| (43.28) | (54.26) | (67.14) | Administrative expenses | (193.56) | (242.12) |
| (84.22) | (69.74) | (159.24) | Exploration expenses | (423.45) | (327.72) |
| (138.59) | (257.20) | (310.91) | Other operating expenses | (687.34) | (1,038.41) |
| **1,585.49** | **1,402.07** | **1,673.16** | **Earnings before interest and taxes (EBIT)** | **5,957.86** | **5,662.00** |
| 0.12 | (1.40) | (1.61) | Income from associated companies | 4.40 | 2.18 |
| 98.40 | 23.21 | 20.22 | Interest income | 205.90 | 59.86 |
| (97.65) | (74.56) | (343.00) | Interest expenses | (360.20) | (825.59) |
| (56.66) | (46.55) | (19.70) | Other financial income and expenses | (109.36) | (72.19) |
| **(55.79)** | **(99.30)** | **(344.09)** | **Net financial result** | **(259.26)** | **(835.74)** |
| **1,529.70** | **1,302.77** | **1,329.07** | **Profit from ordinary activities** | **5,698.60** | **4,826.26** |
| (256.78) | (144.46) | (274.56) | Taxes on income | (874.56) | (880.16) |
| **1,272.92** | **1,158.31** | **1,054.51** | **Net income for the period** | **4,824.04** | **3,946.10** |
| **1,272.06** | **1,157.69** | **1,056.40** | **thereof attributable to stockholders of the parent** | **4,820.85** | **3,953.31** |
| 0.86 | 0.62 | (1.89) | thereof attributable to non-controlling interests | 3.19 | (7.21) |
| **0.0225** | **0.0204** | **0.0186** | **Basic earnings per share (RON)** | **0.0851** | **0.0698** |

## Statement of comprehensive income (condensed, unaudited)

| Q3/13 | Q4/13 | Q4/12 | Consolidated statement of comprehensive income (in RON mn) | 2013 | 2012 |
|---|---|---|---|---|---|
| **1,272.92** | **1,158.31** | **1,054.51** | **Net income for the period** | **4,824.04** | **3,946.10** |
| (4.25) | (0.87) | (7.21) | Exchange differences from translation of foreign operations | (4.36) | 3.79 |
| - | - | 96.72 | Gains/(losses) on hedges | - | 151.89 |
| **(4.25)** | **(0.87)** | **89.51** | **Total of items that may be reclassified ("recycled") subsequently to the income statement** | **(4.36)** | **155.68** |
| 2.92 | 1.34 | (11.60) | Income tax relating to components of other comprehensive income | 2.73 | (25.61) |
| **(1.33)** | **0.47** | **77.91** | **Other comprehensive income for the period, net of tax** | **(1.63)** | **130.07** |
| **1,271.59** | **1,158.78** | **1,132.42** | **Total comprehensive income for the period** | **4,822.41** | **4,076.17** |
| **1,269.68** | **1,157.71** | **1,132.89** | **thereof attributable to stockholders of the parent** | **4,818.27** | **4,083.30** |
| 1.91 | 1.07 | (0.47) | thereof attributable to non-controlling interests | 4.14 | (7.13) |

## Notes to the income statement

**Fourth quarter 2013 (Q4/13) vs. fourth quarter 2012 (Q4/12)**

Consolidated sales in Q4/13 amounted to RON 6,035 mn and were 15% lower compared to Q4/12, mainly due to lower sales of petroleum products, partially offset by an increase in electricity sales. R&M represented 78% of total consolidated sales, G&P accounted for 18% and E&P for 4% (sales in E&P being largely intra-group sales rather than third-party sales).

The Group's EBIT amounted to RON 1,402 mn, 16% lower compared to the result recorded in Q4/12 (RON 1,673 mn), mostly due to higher depreciation and lower refining margin. Also at the consolidation line (intersegmental profit elimination[1]) the positive result was lower in Q4/13 compared to Q4/12, when the decrease of oil quantities in stock was significant. Q4/13 also includes other positive effects related to higher operating income mainly from damages for termination of land sales agreements, to lower exploration and lower operating expenses.

Clean CCS EBIT of RON 1,378 mn is also lower compared to the value of RON 1,824 mn recorded in Q4/12. Clean CCS EBIT is stated after eliminating inventory holding losses of RON (14) mn and a net special gain of RON 37 mn.

The net financial result of RON (99) mn significantly improved compared to RON (344) mn in Q4/12. The latter was burdened by special charges amounting to RON (209) mn recorded for alleged late payment interest following the receipt of the preliminary results of the fiscal review for the years 2009 and 2010 in OMV Petrom S.A.

The profit from ordinary activities amounted to RON 1,303 mn and corporate income tax was RON 144 mn in Q4/13. Current tax expenses on the Group's income were RON 233 mn and deferred tax revenues amounted to RON 89 mn. The effective tax rate in Q4/13 was 11% (influenced by positive deferred tax effects in Petrom's Kazakhstan subsidiaries), significantly lower than 21% in Q4/12, which was affected by special charges related to OMV Petrom S.A. fiscal review.

Net income attributable to stockholders (i.e. net income attributable to stockholders of the parent) was RON 1,158 mn, 10% higher than RON 1,056 mn in Q4/12. Clean CCS net income attributable to stockholders was RON 1,138 mn. EPS was RON 0.0204 in Q4/13, versus RON 0.0186 in Q4/12, while Clean CCS EPS was RON 0.0201 compared to RON 0.0240 in Q4/12.

**Fourth quarter 2013 (Q4/13) vs. third quarter 2013 (Q3/13)**

Compared to Q3/13, sales decreased by 8%, negatively influenced by lower volumes of petroleum products sold, partially offset by seasonal increase in quantities of gas sold. Consequently, EBIT in Q4/13 further decreased by 12% (Q3/13: RON 1,585 mn), also impacted also by higher retirement and restructuring provisions. Clean CCS EBIT decreased by 15% compared to Q3/13 (Q3/13: RON 1,619 mn).

The net financial result decreased to RON (99) mn in Q4/13 compared to RON (56) mn in Q3/13, mainly due to lower net interest income in relation to the discounting effects of receivables.

Corporate income tax amounted to RON 144 mn (Q3/13: RON 257 mn) and the effective tax rate in Q4/13 was 11%, lower than 17% in Q3/13. Net income attributable to stockholders was 9% lower than in Q3/13, while Clean CCS net income attributable to stockholders decreased by 13% from RON 1,301 mn in Q3/13 to RON 1,138 mn in Q4/13.

**January – December 2013 vs. January - December 2012**

Consolidated sales for 2013 decreased by 8% compared to 2012, to RON 24,185 mn, largely due to lower crude and petroleum products sales, that more than offset higher sales of electricity. R&M represented 79% of total consolidated sales, G&P accounted for 16% and E&P for approximately 5%.

The Group's EBIT amounted to RON 5,958 mn, 5% higher than 2012, mainly due to the impact of Petrobrazi refinery shutdown on volumes in 2012 and strict overall cost management, partially offset by lower spark spreads. Clean CCS EBIT increased to RON 6,015 mn in 2013. Clean CCS EBIT

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

is stated after eliminating net special expenses of RON (33) mn and inventory holding losses of RON (24) mn.

The net financial result improved to RON (259) mn in 2013 compared to RON (836) mn in 2012, when it was negatively influenced by the special charges of RON (209) mn for alleged late payment interest following the receipt of the preliminary results of the fiscal review for the years 2009 and 2010 and by the discounting effect of receivables.

Profits from ordinary activities increased to RON 5,699 mn in 2013. The corporate tax charge amounted to RON 875 mn, slightly lower than 2012, being positively impacted by a deferred tax asset in Petrom's Kazakhstan subsidiaries. Consequently, the effective corporate tax rate decreased to 15% in 2013, compared to 18% in 2012 when it was burdened by the expenses for the fiscal audit. Net income attributable to stockholders (i.e. net income attributable to stockholders of the parent) was RON 4,821 mn, 22% higher compared to 2012 (RON 3,953 mn). Clean CCS net income attributable to stockholders was RON 4,869 mn, 13 % higher compared to 2012 (RON 4,307 mn). EPS was RON 0.0851 in 2013 (2012: RON 0.0698) and clean CCS EPS was RON 0.0860 (2012: RON 0.0760).

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

| Consolidated statement of financial position (in RON mn) | Dec 31, 2013 | Dec 31, 2012 |
|---|---|---|
| **Assets** | | |
| | | |
| Intangible assets | 814.73 | 966.51 |
| Property, plant and equipment | 30,659.38 | 28,512.59 |
| Investments in associated companies | 42.71 | 39.44 |
| Other financial assets | 2,143.45 | 2,357.23 |
| Other assets | 22.34 | 34.72 |
| Deferred tax assets | 877.28 | 866.16 |
| **Non-current assets** | **34,559.89** | **32,776.65** |
| | | |
| Inventories | 1,996.29 | 2,250.54 |
| Trade receivables | 1,429.24 | 1,968.09 |
| Other financial assets | 302.67 | 98.93 |
| Other assets | 314.67 | 210.82 |
| Cash and cash equivalents | 1,408.24 | 666.65 |
| **Current assets** | **5,451.11** | **5,195.03** |
| Assets held for sale | 35.87 | 172.94 |
| | | |
| **Total assets** | **40,046.87** | **38,144.62** |
| | | |
| **Equity and liabilities** | | |
| Capital stock | 5,664.41 | 18,983.37 |
| Reserves | 21,006.10 | 4,454.90 |
| **Stockholders' equity** | **26,670.51** | **23,438.27** |
| Non-controlling interests | (28.83) | (32.93) |
| **Equity** | **26,641.68** | **23,405.34** |
| | | |
| Provisions for pensions and similar obligations | 303.95 | 241.33 |
| Interest-bearing debts | 1,253.73 | 1,717.05 |
| Provisions for decommissioning and restoration obligations | 5,778.13 | 5,866.10 |
| Other provisions | 601.80 | 644.88 |
| Other financial liabilities | 289.28 | 168.29 |
| Deferred tax liabilities | 11.05 | 8.24 |
| **Non-current liabilities** | **8,237.94** | **8,645.89** |
| | | |
| Trade payables | 2,958.26 | 2,880.08 |
| Interest-bearing debts | 189.04 | 524.64 |
| Current income tax payable | 258.76 | 261.21 |
| Other provisions and decommissioning | 651.84 | 1,210.27 |
| Other financial liabilities | 318.87 | 360.85 |
| Other liabilities | 790.37 | 764.96 |
| **Current liabilities** | **5,167.14** | **6,002.01** |
| Liabilities associated with assets held for sale | 0.11 | 91.38 |
| | | |
| **Total equity and liabilities** | **40,046.87** | **38,144.62** |

## Notes to the statement of the financial position as of December 31, 2013

Capital expenditure increased to RON 5,303 mn (2012: RON 4,930 mn) influenced by substantially higher CAPEX in E&P, partially compensated by lower investments in G&P and R&M.

Investments in E&P activities (RON 4,401 mn), represented 83% of total CAPEX for 2013, being 17% above 2012 level. These were focused on activities related to drilling development wells, integrated field redevelopment initiatives, workover activities and sub-surface operations, surface facilities, as well as investments related to Totea Deep project.

Investments in G&P in 2013 (RON 18 mn) were significantly below 2012, as the Brazi power plant started commercial operations in August 2012.

R&M investments (RON 827 mn) accounted for 16% of total investments in 2013 and were mainly related to the Petrobrazi modernization program (including modernization of the Gas Desulfurization with Sulfur Recovery unit and of the Vacuum Gas Oil conversion). In addition, investment funds were also directed to efficiency projects, as well as to legal and environmental compliance projects.

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

Compared to the year-end 2012, total assets increased by RON 1,902 mn, to RON 40,047 mn. The change was mostly driven by the net increase of RON 1,995 mn in property, plant and equipment and intangible assets, as investments exceeded depreciation and impairments. Increase in cash and cash equivalents, partially offset by the decrease of inventories and trade receivables led to a higher value of current assets compared with last year.
The decrease of assets and liabilities held for sale is mainly due to the finalization at the beginning of 2013 of the sale transaction of Petrom LPG subsidiary and due to the reclassifications to land following termination of the asset sale agreements in Q4/13 in OMV Petrom S.A.

Equity amounted to RON 26,642 mn as of December 31, 2013, continuing the increasing trend generated by the net profit in the current period, partially offset by the dividends distributed for the 2012 financial year (RON 1,586 mn). The Group's equity ratio[1] increased to 67% at the end of December 2013 compared to the level of 61% recorded at the end of December 2012.

Following the reimbursements of several loans to the EBRD and EIB banks made in 2013, total interest bearing debt decreased from RON 2,242 mn as of December 31, 2012 to RON 1,443 mn as of December 31, 2013.

The Group's liabilities other than interest bearing debt decreased by RON 535 mn, mostly due to the payments made in Q1/13 related to the fiscal review for the years 2009 and 2010 concluded in Petrom in 2012, due to the decrease in provisions and reduction of liabilities associated with assets held for sale after finalization of the sale of the Petrom LPG subsidiary. OMV Petrom S.A. initiated necessary legal steps to contest the result of the fiscal review.

Petrom Group's net debt[2] shows a significant decrease to RON 332 mn, compared to RON 1,711 mn at the end of 2012, as the cash flows generated by operations more than exceeded the cash outflows from investments and financing. As of December 31, 2013, the gearing ratio[3] decreased to 1.25%, from 7.31% in December 2012, being positively influenced by the decrease in net debt and also by an increase in equity in line with profit of the year.

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

## Cash flows (condensed, unaudited)

| Q3/13 | Q4/13 | Q4/12 | Summarized statement of cash flows (in RON mn) | 2013 | 2012 |
|---|---|---|---|---|---|
| **1,529.70** | **1,302.77** | **1,329.07** | **Profit before taxation** | **5,698.60** | 4,826.26 |
| (50.59) | 83.18 | (10.80) | Net change in provisions | (60.31) | (227.36) |
| 1.46 | 0.27 | 67.12 | Losses/(gains) on the disposal of non-current assets | (1.50) | 74.38 |
| 867.15 | 917.12 | 777.11 | Depreciation, amortization including write-ups | 3,354.72 | 2,852.22 |
| (8.33) | (25.23) | (39.23) | Net interest paid | (64.18) | (67.79) |
| (175.83) | (241.43) | (234.99) | Tax on profit paid | (904.74) | (985.70) |
| (14.32) | 90.94 | 368.98 | Other adjustments | 102.25 | 706.31 |
| **2,149.24** | **2,127.62** | **2,257.26** | **Sources of funds** | **8,124.84** | **7,178.32** |
| (29.66) | (24.54) | 446.35 | (Increase)/decrease in inventories | 145.53 | (25.46) |
| 160.91 | (32.47) | 74.86 | (Increase)/decrease in receivables | 339.72 | (161.54) |
| 118.09 | (229.26) | 25.61 | (Decrease)/increase in liabilities | (562.10) | 194.12 |
| **2,398.58** | **1,841.35** | **2,804.08** | **Net cash from operating activities** | **8,047.99** | **7,185.44** |
| (1,240.33) | (1,434.46) | (1,269.53) | Intangible assets and property, plant and equipment | (4,995.37) | (5,129.65) |
| - | - | - | Investments, loans and other financial assets | (0.10) | - |
| 12.87 | 11.60 | 19.30 | Proceeds from sale of non-current assets | 47.14 | 64.42 |
| - | (0.02) | 9.92 | Proceeds from sale of subsidiaries, net of cash disposed | 53.74 | 9.92 |
| **(1,227.46)** | **(1,422.88)** | **(1,240.31)** | **Net cash used in investing activities** | **(4,894.59)** | **(5,055.31)** |
| (32.60) | (547.30) | (1,203.98) | Decrease in borrowings | (837.34) | (478.15) |
| (35.09) | (9.35) | (3.64) | Dividends paid | (1,574.31) | (1,741.39) |
| **(67.69)** | **(556.65)** | **(1,207.62)** | **Net cash from financing activities** | **(2,411.65)** | **(2,219.54)** |
| (0.41) | (0.09) | (3.96) | Effect of exchange rate changes on cash and cash equivalents | (0.16) | 2.22 |
| **1,103.02** | **(138.27)** | **352.19** | **Net (decrease)/increase in cash and cash equivalents** | **741.59** | **(87.19)** |
| 443.49 | 1,546.51 | 314.46 | Cash and cash equivalents at beginning of period | 666.65 | 753.84 |
| **1,546.51** | **1,408.24** | **666.65** | **Cash and cash equivalents at end of period** | **1,408.24** | **666.65** |

*Note: Starting Q1/13, net interest paid and tax on profit were reclassified as sources of funds items. Historic figures were reclassified accordingly.*

### Notes to the cash flows

In 2013, free cash flow (defined as net cash from operating activities less net cash used in investing activities) showed an inflow of funds of RON 3,153 mn (2012: RON 2,130 mn). Free cash flow less dividend payments resulted in a cash inflow of RON 1,579 mn (2012: RON 389 mn).

The inflow of funds from profit before tax, adjusted for non-cash items such as depreciation, net change of provisions and other non-cash adjustments, as well as net interest and income tax paid was RON 8,125 mn (2012: RON 7,178 mn).

Net working capital generated a cash outflow of RON 77 mn (2012: inflow of RON 7 mn), reflecting the decrease of liabilities, including the payments made following the receipt of the preliminary results of the fiscal review for the years 2009 and 2010, partially compensated by decrease of inventories and receivables.

Net cash flow from investing activities (outflow of RON 4,895 mn; 2012: RON 5,055 mn) mainly includes payments for investments in intangible assets and property, plant and equipment.

Net cash flow from financing activities shows an outflow of funds amounting to RON 2,412 mn (2012: RON 2,220 mn), due to payment of dividends in the amount of RON 1,574 mn and also due to significant repayments of bank loans.

## Condensed statement of changes in equity (unaudited)

| in RON mn | Share capital | Revenue reserves | Other reserves[1] | Treasury shares | Stockholders' equity | Non-controlling interests | Total Equity |
|---|---|---|---|---|---|---|---|
| **January 1, 2013** | **18,983.37** | **4,396.08** | **58.84** | **(0.02)** | **23,438.27** | **(32.93)** | **23,405.34** |
| Net income for the period | - | 4,820.85 | - | - | 4,820.85 | 3.19 | 4,824.04 |
| Other comprehensive income for the period | - | - | (2.58) | - | (2.58) | 0.95 | (1.63) |
| **Total comprehensive income for the period** | **-** | **4,820.85** | **(2.58)** | **-** | **4,818.27** | **4.14** | **4,822.41** |
| Dividend distribution | - | (1,586.03) | - | - | (1,586.03) | (0.03) | (1,586.06) |
| Adjustments to share capital and revenue reserves [2] | (13,318.96) | 13,318.96 | - | - | - | - | - |
| Purchase of own shares | - | - | - | - | - | - | - |
| Distribution of own shares | - | - | - | - | - | - | - |
| Change in interests | - | 50.82 | (50.82) | - | - | (0.01) | (0.01) |
| **December 31, 2013** | **5,664.41** | **21,000.68** | **5.44** | **(0.02)** | **26,670.51** | **(28.83)** | **26,641.68** |

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

[1] *Other reserves contain mainly exchange differences from the translation of foreign operations and unrealized gains and losses from hedges.*
[2] *Usage of the restatement of share capital arising from the first time adoption of IAS 29 "Reporting in hyperinflationary economics" to cover the accumulated loss resulted from IAS 29 implementation. This was approved at the Annual General Meeting of Shareholders held on April 22, 2013.*

### Dividends

At the Annual General Meeting of Shareholders held on April 22, 2013, the shareholders of OMV Petrom S.A. approved the distribution of dividends for the financial year 2012 at the amount of RON 1,586 mn (RON 0.028/share). The payment of dividends started on June 18, 2013.

## Segment reporting

### Intersegmental sales

| Q3/13 | Q4/13 | Q4/12 | ∆% | in RON mn | 2013 | 2012 | ∆% |
|---|---|---|---|---|---|---|---|
| 3,180.33 | 3,115.23 | 3,049.79 | 2 | Exploration and Production | 12,112.56 | 12,071.98 | 0 |
| 93.23 | 101.46 | 119.84 | (15) | Gas and Power | 435.56 | 446.63 | (2) |
| 45.40 | 49.98 | 42.64 | 17 | Refining and Marketing | 180.65 | 162.36 | 11 |
| 137.62 | 140.18 | 148.92 | (6) | Corporate and Other | 553.25 | 561.49 | (1) |
| **3,456.58** | **3,406.85** | **3,361.19** | **1** | **Total** | **13,282.02** | **13,242.46** | **0** |

### Sales to external customers

| Q3/13 | Q4/13 | Q4/12 | ∆% | in RON mn | 2013 | 2012 | ∆% |
|---|---|---|---|---|---|---|---|
| 305.44 | 254.82 | 207.28 | 23 | Exploration and Production | 1,107.85 | 919.94 | 20 |
| 858.35 | 1,077.08 | 1,031.10 | 4 | Gas and Power | 3,879.91 | 3,696.19 | 5 |
| 5,393.23 | 4,684.98 | 5,817.93 | (19) | Refining and Marketing | 19,127.63 | 21,587.19 | (11) |
| 17.18 | 18.03 | 16.54 | 9 | Corporate and Other | 69.83 | 54.81 | 27 |
| **6,574.20** | **6,034.91** | **7,072.85** | **(15)** | **Total** | **24,185.22** | **26,258.13** | **(8)** |

### Total sales

| Q3/13 | Q4/13 | Q4/12 | ∆% | in RON mn | 2013 | 2012 | ∆% |
|---|---|---|---|---|---|---|---|
| 3,485.77 | 3,370.05 | 3,257.07 | 3 | Exploration and Production | 13,220.41 | 12,991.92 | 2 |
| 951.58 | 1,178.54 | 1,150.94 | 2 | Gas and Power | 4,315.47 | 4,142.82 | 4 |
| 5,438.63 | 4,734.96 | 5,860.57 | (19) | Refining and Marketing | 19,308.28 | 21,749.55 | (11) |
| 154.80 | 158.21 | 165.46 | (4) | Corporate and Other | 623.08 | 616.30 | 1 |
| **10,030.78** | **9,441.76** | **10,434.04** | **(10)** | **Total** | **37,467.24** | **39,500.59** | **(5)** |

### Segment and Group profit

| Q3/13 | Q4/13 | Q4/12 | ∆% | in RON mn | 2013 | 2012 | ∆% |
|---|---|---|---|---|---|---|---|
| 1,539.41 | 1,265.21 | 1,281.34 | (1) | EBIT Exploration and Production | 5,528.61 | 5,466.57 | 1 |
| (1.84) | 9.56 | 135.40 | (93) | EBIT Gas and Power | 112.43 | 359.80 | (69) |
| 111.22 | 106.92 | (17.71) | n.m. | EBIT Refining and Marketing | 385.53 | 137.52 | 180 |
| (19.75) | (38.22) | (38.77) | (1) | EBIT Corporate and Other | (97.25) | (116.52) | (17) |
| **1,629.04** | **1,343.47** | **1,360.26** | **(1)** | **EBIT segment total** | **5,929.32** | **5,847.37** | **1** |
| (43.55) | 58.60 | 312.90 | (81) | Consolidation: Elimination of intersegmental profits | 28.54 | (185.37) | n.m. |
| **1,585.49** | **1,402.07** | **1,673.16** | **(16)** | **Petrom Group EBIT** | **5,957.86** | **5,662.00** | **5** |
| **(55.79)** | **(99.30)** | **(344.09)** | **(71)** | **Net financial result** | **(259.26)** | **(835.74)** | **(69)** |
| **1,529.70** | **1,302.77** | **1,329.07** | **(2)** | **Petrom Group profit from ordinary activities** | **5,698.60** | **4,826.26** | **18** |

## Assets[1]

| in RON mn | Dec 31, 2013 | Dec 31, 2012 |
|---|---|---|
| Exploration and Production | 22,296.95 | 20,364.83 |
| Gas and Power | 2,948.54 | 3,146.14 |
| Refining and Marketing | 5,491.25 | 5,277.72 |
| Corporate and Other | 737.37 | 690.41 |
| **Total** | **31,474.11** | **29,479.10** |

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

## Other notes

### Significant transactions with related parties

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

### Subsequent events

On January 29, 2014 ExxonMobil Exploration and Production Romania Limited ("ExxonMobil"), OMV Petrom S.A. ("OMV Petrom") and Gas Plus International B.V. ("Gas Plus"), announced that following the Romanian Government Decision no. 43 dated January 22, 2014 and published in the Official Gazette on January 28, 2014, the Transfer Agreement signed in October 2012 by ExxonMobil and OMV Petrom with Sterling Resources Ltd. and Petro Ventures Europe B.V. for the purchase of hydrocarbon exploration and production rights to the deep water portion of the XV Midia Block became effective. Gas Plus opted to retain its 15% interest in both deep water and shallow water portions of the XV Midia Block.

## Declaration of the management

We confirm to the best of our knowledge that the preliminary and unaudited consolidated financial statements for the year ended December 31, 2013, prepared in accordance with the International Financial Reporting Standards, offer a true and fair view of Petrom Group's assets, liabilities, financial position and profit or loss of the Group as required by the applicable accounting standards and that the statements of operations and the information presented in this report give a true and fair view of important events that have occurred during the financial year 2013 and their impact on the condensed financial statements.

**Bucharest, February 19, 2014**

**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 and Production**

**Cristian Secosan**
**Member of the Executive Board**
**Gas and Power**

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

**Abbreviations and definitions**

| | |
|---|---|
| ANRE | Romanian Energy Regulatory Authority |
| bbl | barrel(s), i.e. 159 liters |
| bcf | billion cubic feet; 1 bcm= 35.3147 bcf for Romania or 34.7793 bcf for Kazakhstan |
| boe; kboe | barrels of oil equivalent; thousand barrels of oil equivalent |
| bn | billion |
| bcm | billion cubic meters |
| capital employed | equity including minorities plus net debt |
| cbm | cubic meters |
| CEO | Chief Executive Officer |
| Co&O | Corporate and Other |
| CAPEX | Capital expenditure |
| CCS | Current cost of supply |
| CFPS | Cash Flow Per Share |
| $CO_2$ | carbon dioxide |
| EBIT | Earnings before interest and tax |
| EBRD | European Bank for Reconstruction and Development |
| EIB | European Investment Bank |
| E&P | Exploration and Production |
| EPS | Earnings per share |
| EUR | euro |
| ExxonMobil | ExxonMobil Exploration and Production Romania Limited (“ExxonMobil”) |
| FX | Foreign Exchange |
| G&P | Gas and Power |
| HSSE | Health, Safety, Security and Environment |
| IFRSs; IASs | International Financial Reporting Standards; International Accounting Standards |
| mn | million |
| MWh | megawatt hour |
| NBR | National Bank of Romania |
| NGL | Natural Gas Liquids |
| n.a. | not applicable/not available (after case) |
| n.m. | not meaningful i.e. deviation exceeds (+/-)500% or comparison is made between positive and negative values |
| NOPAT | Net Operating Profit After Tax. Profit on ordinary activities after taxes plus net interest on net borrowings, +/– result from discontinued operations, +/– tax effect of adjustments |
| OPCOM | The administrator of the Romanian electricity market |
| OPEX | Operating Expenditures |
| Q | quarter |
| ROACE | Return On Average Capital Employed = NOPAT/Average Capital Employed (%) |
| ROE | Return On Equity = Net Profit/Average Equity (%) |
| ROFA | Return On Fixed Assets = EBIT/Average Fixed Assets (%) |
| RON | Romanian leu |
| R&M | Refining and Marketing |
| S.A.; S.R.L. | Societate pe Actiuni (Joint-stock company); Societate cu Raspundere Limitata (Limited liability company) |
| TOC | Tasbulat Oil Corporation |
| t/y | tons/year |
| TWh | terawatt hour |
| USD | United States dollar |

## Appendix 1

### Consolidated companies in Petrom Group at December 31, 2013

**Parent company**

| |
|---|
| **OMV Petrom S.A.** |

**Subsidiaries**

| **EXPLORATION & PRODUCTION** | | **REFINING & MARKETING** | |
|---|---|---|---|
| Tasbulat Oil Corporation LLP (Kazakhstan)[1] | 100.00% | OMV Petrom Marketing S.R.L. (Romania) | 100.00% |
| OMV Petrom Ukraine E&P GmbH | 100.00% | Petrom Aviation S.A. (Romania) | 99.99% |
| OMV Petrom Ukraine Finance Services GmbH | 100.00% | ICS Petrom-Moldova S.A. (Republic of Moldova) | 100.00% |
| Kom Munai LLP (Kazakhstan) | 95.00% | OMV Bulgaria OOD (Bulgaria) | 99.90% |
| Petrom Exploration & Production Ltd. | 50.00% | OMV Srbija DOO (Serbia) | 99.96% |

| **GAS & POWER** | | **CORPORATE & OTHER** | |
|---|---|---|---|
| OMV Petrom Gas S.R.L. | 99.99% | Petromed Solutions S.R.L. | 99.99% |
| OMV Petrom Wind Power S.R.L. | 99.99% | | |

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

**Associated company, accounted for at equity**

| | |
|---|---|
| Congaz S.A. (Romania) | 28.59% |

### Contact

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**Next release:**

The next results announcement for January – March 2014 will be released on May 13, 2014, presenting Petrom Group consolidated results prepared according to IFRS.