

# Capital Markets Story

October 2017

Sustainable access to energy  
for everyday modern life



OMV Petrom

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# Contents

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Appendix

All figures throughout this presentation refer to OMV Petrom Group (herein after also referred to as “the Group”), unless otherwise stated. The financials represent OMV Petrom Group’s consolidated results prepared according to IFRS (Q2/17 financials are unaudited). The financials are expressed in RON mn and rounded to closest integer value, so minor differences may result upon reconciliation. Starting January 2017, OMV Petrom’s Consolidated Income Statement has been restructured in line with industry best practice in order to better reflect the operations of the Group and enhance transparency for investors. For more information, please see OMV Petrom’s Investor News published on April 6, 2017, which can be found on the company’s website [www.omvpetrom.com](http://www.omvpetrom.com), section OMV Petrom>Investor Relations>Investor News>Investor News 2017.







A photograph of a modern, curved glass building with a distinctive diamond-patterned facade. The building is illuminated from within, and the sky is a clear, light blue. In the foreground, there is a paved plaza with several vertical poles. A large yellow rectangular box is overlaid on the right side of the image, containing the text "At a glance".

**At a glance**



**OMV Petrom**

# We are the leading industrial company in Romania

	<b>One of the largest private employers</b> c.15,000 direct employees and more than 45,000 indirect jobs <sup>1</sup>		<b>#1 energy supplier</b> Accounts for ~40% of oil, gas and fuel supply, and can cover up to 10% of power generation in Romania
	<b>Substantial investor</b> Over EUR 1bn Capex spent per year since privatization		<b>Largest contributor to state budget</b> EUR 2.2 bn <sup>2</sup>

All data refers to 2016

<sup>1</sup> Source: internal data and analysis; <sup>2</sup> Includes: profit tax, royalties, employer social contributions, excises incl. custom duties, VAT, employee related taxes, other direct and indirect taxes paid to Romanian State



# Operating in the integrated oil and gas sector



## Upstream

### Romania



- ▶ 3.66 mn toe/yr crude oil and NGL
- ▶ 5.25 bcm/yr gas
- ▶ 582 mn boe proven reserves (~10 yrs of current production)

### Kazakhstan



- ▶ 0.36 mn toe/yr crude oil and NGL
- ▶ 0.05 bcm/yr gas
- ▶ 24 mn boe proven reserves



## Downstream Oil



- ▶ Petrobrazi refinery, 4.5 mn t/yr capacity
- ▶ 783 filling stations, operated via 2 brands: Petrom (479, Romania, Moldova) and OMV (304, Romania, Bulgaria, Serbia)
- ▶ 2.6 mn t retail sales



## Downstream Gas

- ▶ Gas sales 4.6 bcm/yr, meeting up to ~40% of Romania's demand
- ▶ Brazi gas-fired power plant (860 MW)

All data refers to 2016

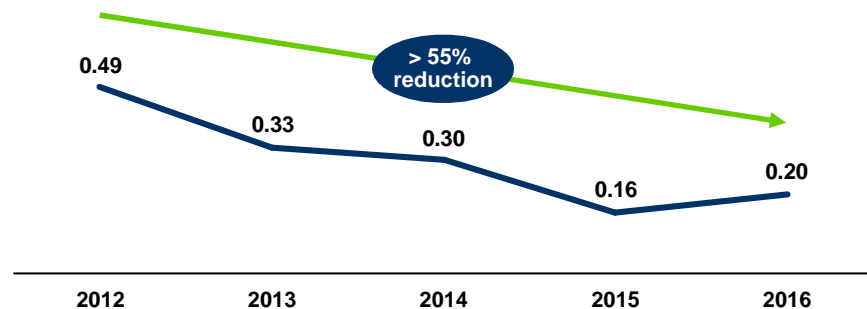


# Focused on safeguarding our employees and the environment

## Improved LTIR<sup>1</sup> in 2016 vs. 2012

- ▶ Offshore operations: more than 2 years without LTI<sup>2</sup>
- ▶ Downstream Oil LTIR: 0.09

### LTIR

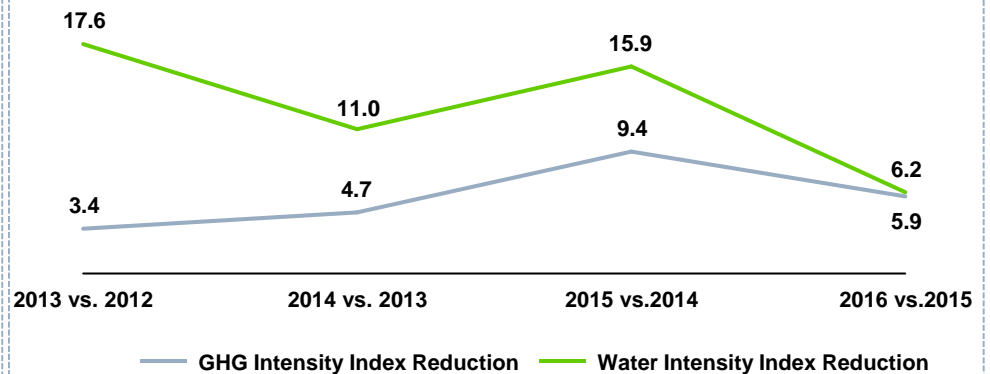


## Significant reduction of GHG<sup>3</sup> and Water Intensity

- ▶ GHG and Water Intensity Indices reduced by ~6% in 2016<sup>4</sup> vs. 2015
- ▶ Downstream Oil achieved the greatest GHG reduction: -23% in 2016<sup>4</sup> vs. 2012
- ▶ 31 G2P/CHP<sup>4</sup> units burning well gas met more than 50% of Upstream onshore electricity demand in 2016

## Reduction of GHG and Water Intensity Indices

2012 – 2016<sup>4</sup> (%)



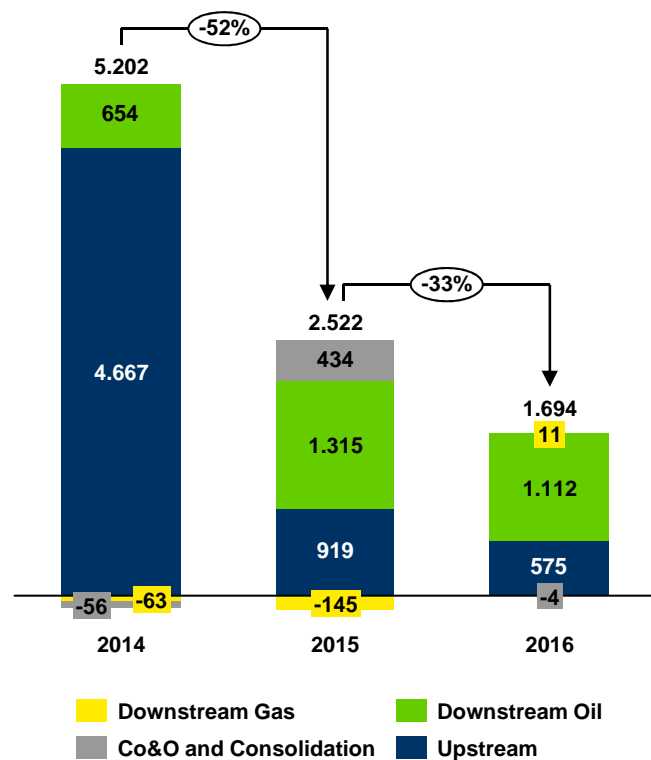
<sup>1</sup> Lost time injury rate (employees and contractors) for OMV Petrom Group, excluding Kazakhstan; <sup>2</sup> Lost time injury; <sup>3</sup> Greenhouse gases; <sup>4</sup> Gas to power/Combined heat and power



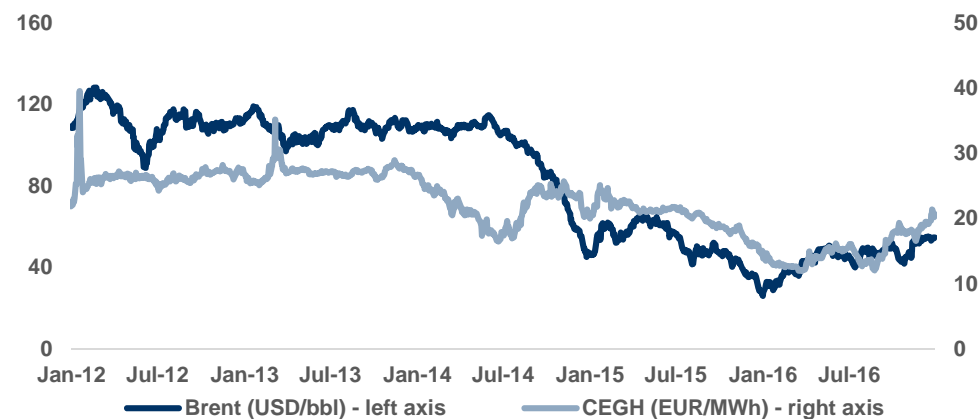
# Proving resilience in a challenging market

## Clean CCS EBIT 2014 - 2016

(RON mn)

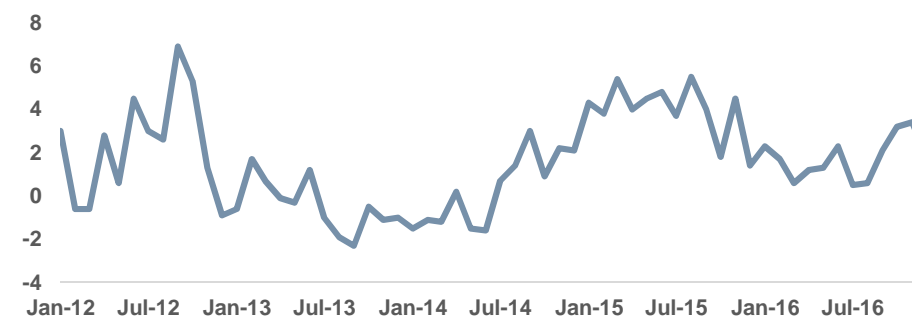


## Oil and Gas Price evolution (2012 - 2016)



## Indicative Refining Margins (2012 - 2016)<sup>1</sup>

(USD/bbl)



<sup>1</sup> Mediterranean region



# Strong execution of efficiency plans

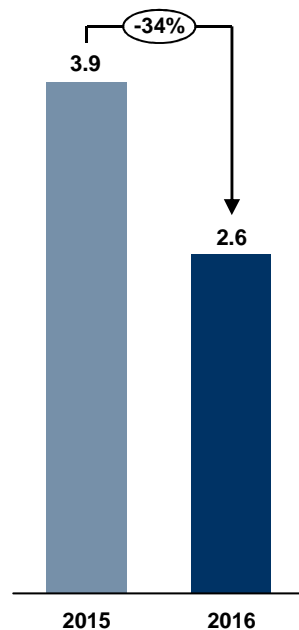
## Upstream

OPEX in USD/boe



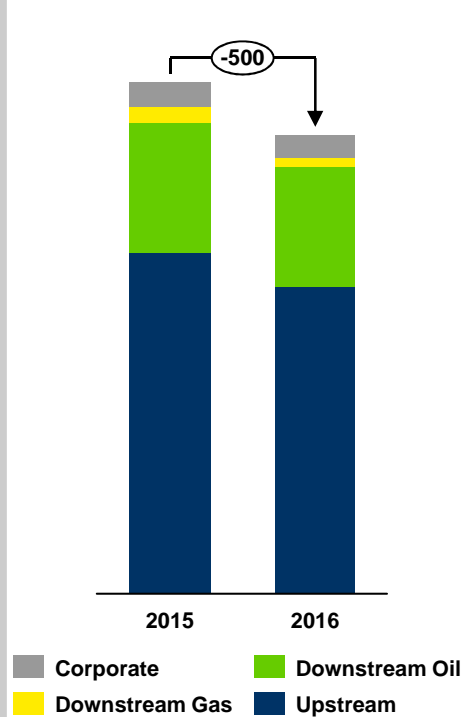
## CAPEX

RON bn



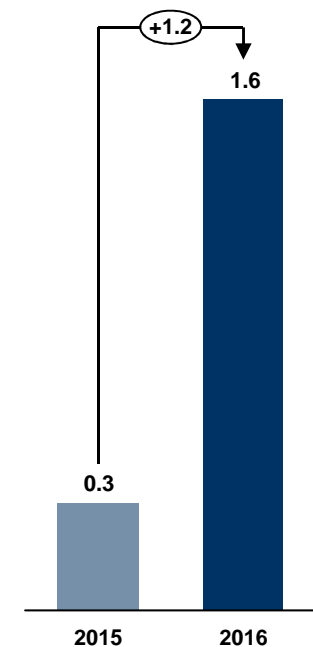
## Operating cost savings

RON mn



## FCF<sup>1</sup>

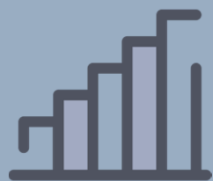
RON bn



<sup>1</sup> FCF before repayment of loans and dividend payments



# 2016 Strong financial resilience



## Profitability impacted by ongoing market backdrop

- ▶ RON 1.7 bn Clean CCS EBIT, -33% yoy
- ▶ RON 4.5 bn operating cash flow, -16% yoy
- ▶ Clean CCS EBIT margins decline partly mitigated by cost savings

## Strengthened balance sheet

- ▶ Switched from RON 1.3 bn net debt at end 2015 to RON 0.2 bn net cash at end 2016
- ▶ FCF after dividends improved to RON 1.6 bn in 2016 vs. RON (0.3) bn in 2015
- ▶ Equity ratio up 2pp to 64%

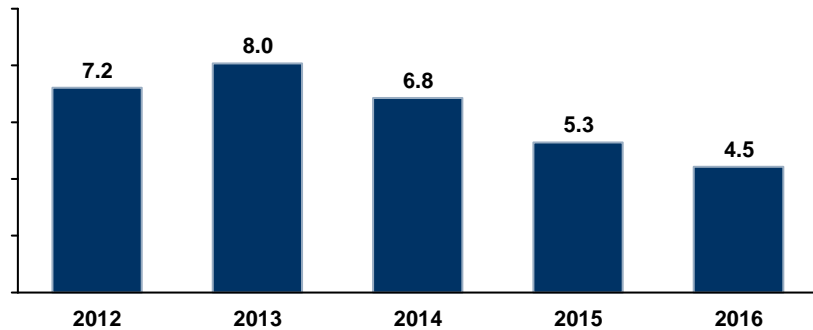
## Restoration of dividend distributions

- ▶ 2016 dividend: RON 0.015/share
- ▶ Dividend yield<sup>1</sup>: 4.5%
- ▶ 2016 FCF coverage of dividends: 1.8x

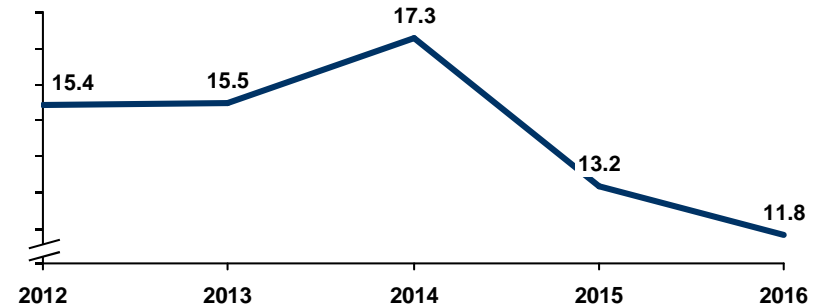
<sup>1</sup> Using a share price of RON 0.3365 as at 19 May 2016 (last cum-dividend date)

# Turning efficiency savings into cash flow...

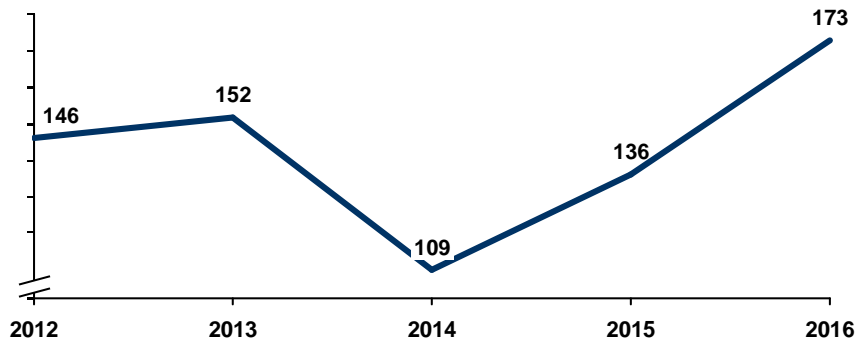
Operating cash flow (RON bn)



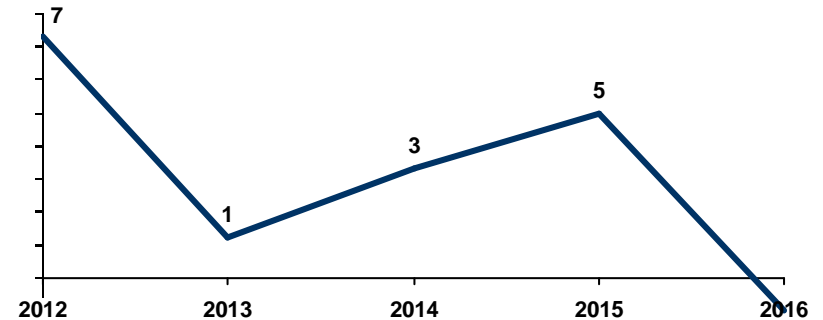
Lowered OPEX (USD/boe)



Operating cash flows / Capex (%)



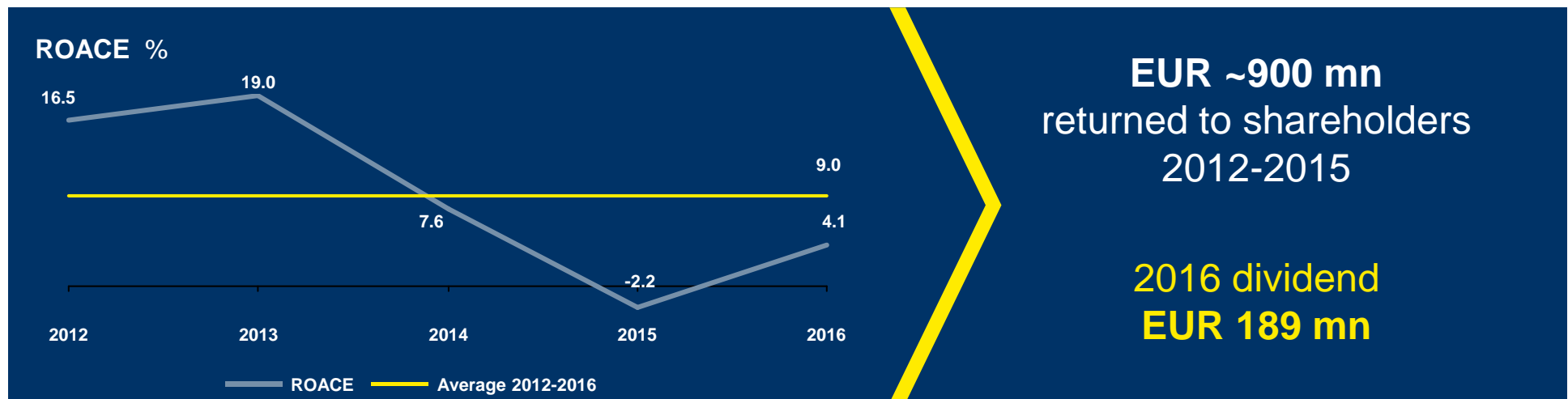
Gearing ratio (%)



# ...and cash flow into returns to shareholders

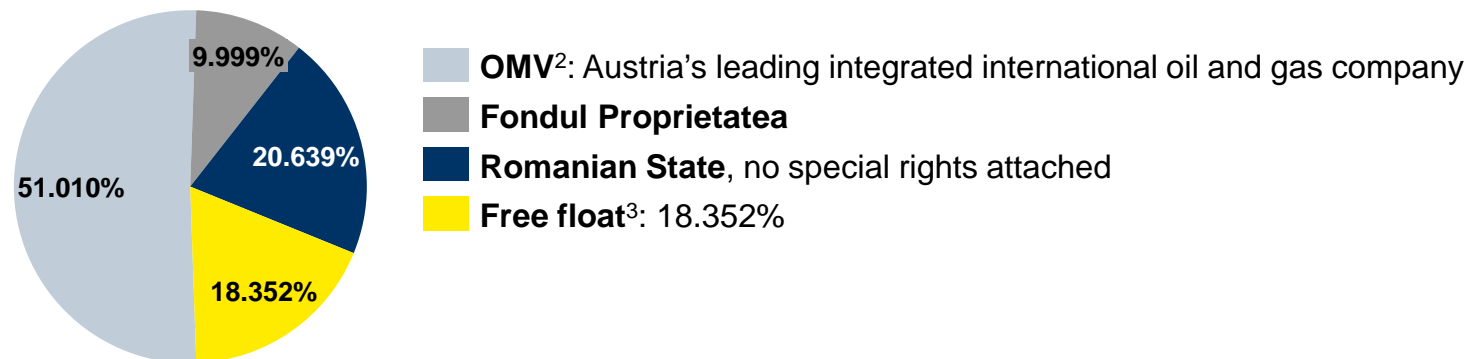
## Dividend Policy

OMV Petrom is committed to deliver a competitive shareholder return through the business cycle, including paying an attractive dividend, subject always to maintaining a strong balance sheet that will enable the Company to finance its investment needs and to the shareholders' approval.



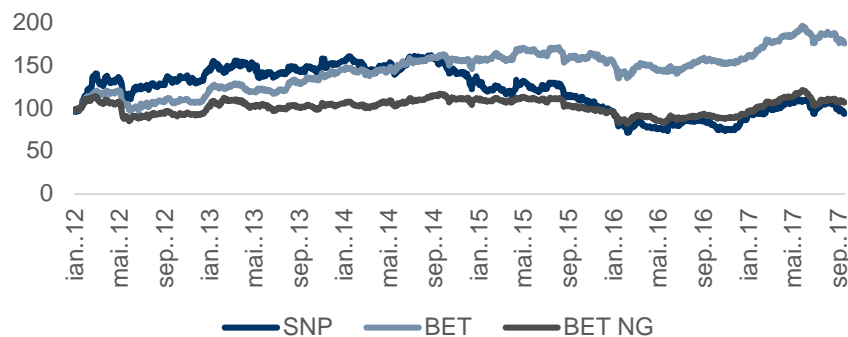
# Shareholder structure and capital market environment

## OMV Petrom S.A. shareholder structure<sup>1</sup> (%)



## Share price evolution<sup>4</sup>

Index Jan 2012 = 100



## Share information

Bucharest Stock Exchange Symbol	SNP
Ordinary shares outstanding	56,644,108,335
London Stock Exchange Symbol	PETB (GDR)
Initial GDRs <sup>5</sup> issued	2,492,328
GDRs outstanding as at end-Sept 2017	988,932

<sup>1</sup> As of September 30, 2017; <sup>2</sup> Shareholder since December 2004; <sup>3</sup> Premium tier on the Bucharest Stock Exchange and main market on the London Stock Exchange; <sup>4</sup> Rebased quotations on Bucharest Stock Exchange; <sup>5</sup> 1 GDR = 150 ordinary shares



A photograph of a modern, curved glass building with a distinctive geometric pattern on its facade. The building is illuminated from within, and the sky is a clear, light blue. A yellow rectangular box is overlaid on the lower right portion of the image, containing the text 'Strategy Update 2021+'.

# **Strategy Update 2021+**



**OMV Petrom**

## Our vision

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**Leading integrated  
regional player**

**Committed to enhance  
customer experience**

**Regional growth leveraging  
Romanian expertise**

**Sustainable access to energy for everyday modern life**

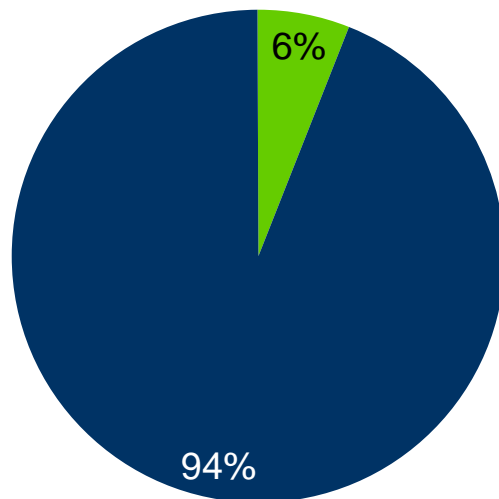


# Proven history of integration delivering value

Changes in performance contribution reflect market dynamics

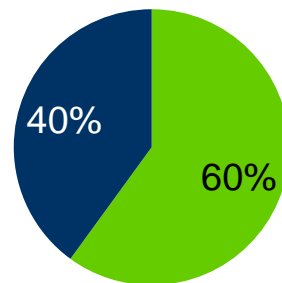
## Clean CCS EBIT evolution

2012-2014 Average



Brent average  
USD 106/bbl

2015-2016 Average







Brent average  
USD 48/bbl

■ Downstream Oil ■ Upstream, Downstream Gas and other

- Synergies and earnings resilience delivered in depressed oil price environment
- Downstream Oil clean CCS EBIT in 2016 up ~3x vs. EUR 85 mn in 2013

# Strong track record of capital management

## Performance 2012 - 2016

	UPSTREAM		DOWNSTREAM		
Improved operational efficiency	OPEX reduced from USD 15/boe to USD 12/boe		Refinery utilization rate increased from 73% to 89%		FCF <sup>3</sup> average for the period of EUR 375 mn
	Limited production decline to ~4.7% <sup>1</sup> while CAPEX reduced by 45% <sup>1</sup>		Indicative refinery margins improved from USD -1.4/bbl to USD 7.0/bbl <sup>2</sup>		
Delivered on significant projects	Totea Deep	Neptun block exploration	Modernization of Petrobrazili refinery	860MW Brazili power plant on stream	Gearing maintained below 10%
					

<sup>1</sup> 2016 vs. 2012; <sup>2</sup> Of which modernization of Petrobrazil refinery contributed USD ~5.0/bbl; <sup>3</sup> Free Cash Flow



# 2021+ Centered around three key pillars

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Enhancing  
competitiveness in  
the existing portfolio



Developing  
growth options



Regional  
expansion



Commitment to deliver attractive shareholder returns

# Exploiting potential in existing upstream field portfolio



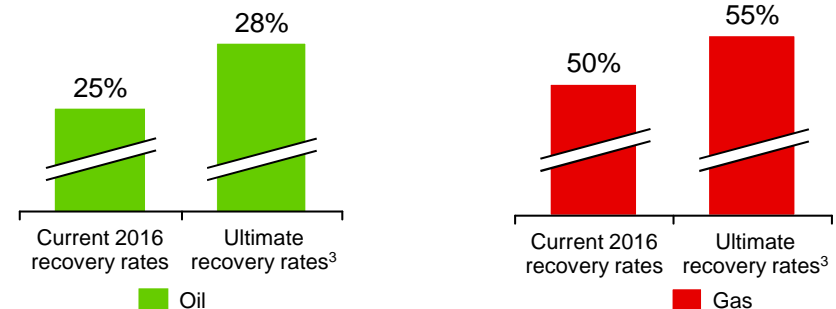
## Maximize economic recovery

- ▶ Mature contingent resources through:
  - ▶ infill drilling campaigns
  - ▶ selected field redevelopment programs
- ▶ Adding ~150 mn boe<sup>1</sup> reserves from existing fields
- ▶ Leading to improved ultimate recovery rates
- ▶ Key contributor to RRR<sup>2</sup> target

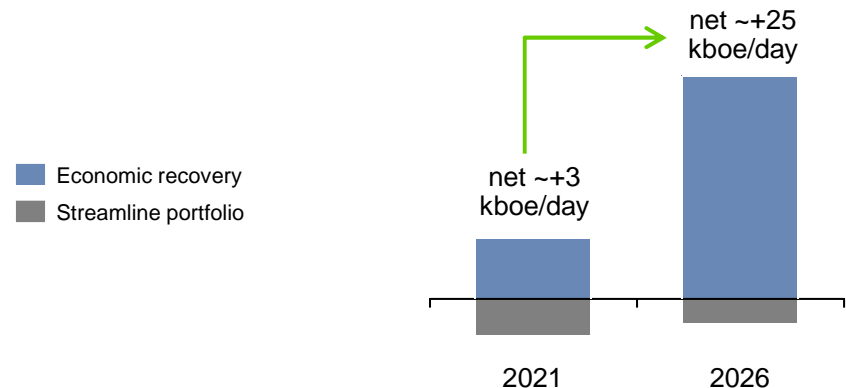
## Streamline portfolio

- ▶ Simplify footprint and reduce complexity
- ▶ Expect production loss of up to 6 kboe/day from 2018

## Oil and Gas recovery rates



## Additional production expected from economic recovery offsets loss from streamlining portfolio



<sup>1</sup> Life of field; <sup>2</sup> Reserves Replacement Rate; <sup>3</sup> Life of field including strategic ambitions

# Relentless pursuit of operating efficiencies



## Upstream

- ▶ Focus on the most profitable barrels
- ▶ Commitment to operational excellence
- ▶ Further reduction of unit costs
- ▶ Modernization and simplification of installations and facilities

## Downstream

- ▶ Capturing of highest integrated operational value
- ▶ Maximization of availability and utilization of downstream plants
- ▶ Further improvement of the refinery operations to international benchmarks
- ▶ Increase in throughput per filling station

## Group

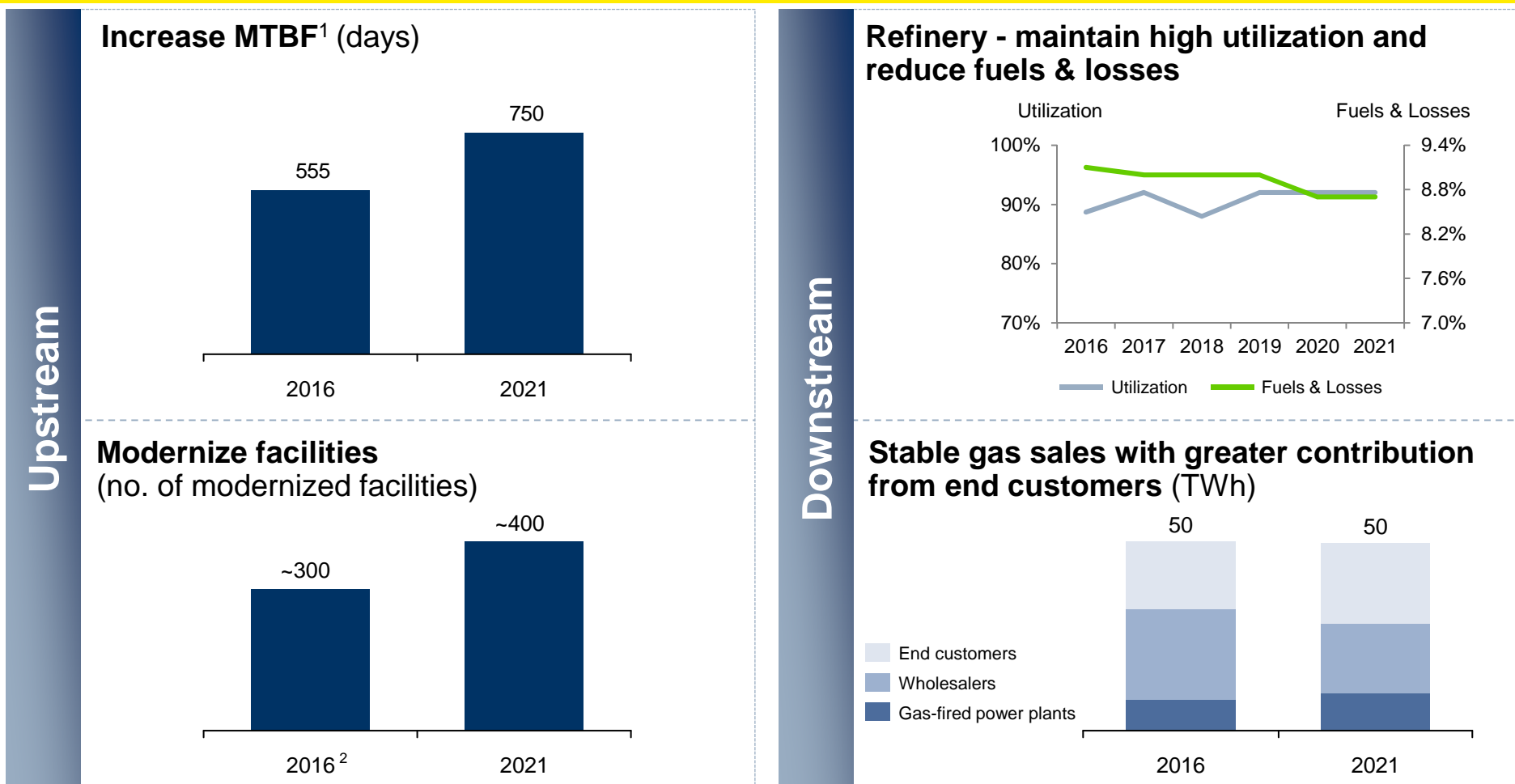
- ▶ Focus on value over volume
- ▶ Ongoing corporate SG&A<sup>1</sup> savings
- ▶ Agile and efficient organization
- ▶ Technology driven initiatives

<sup>1</sup> Selling, General and Administration Expenses





# Clear operational targets set

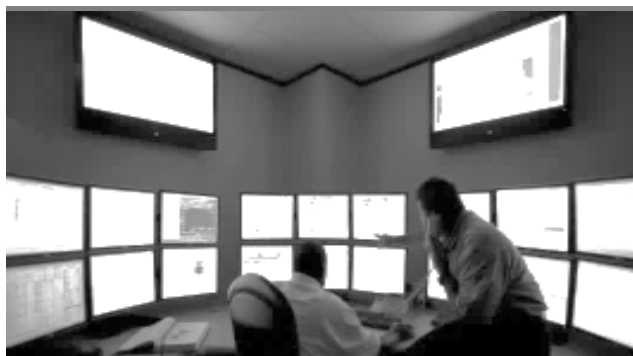


<sup>1</sup> Mean time between failures; <sup>2</sup> Total number of facilities modernized by 2016





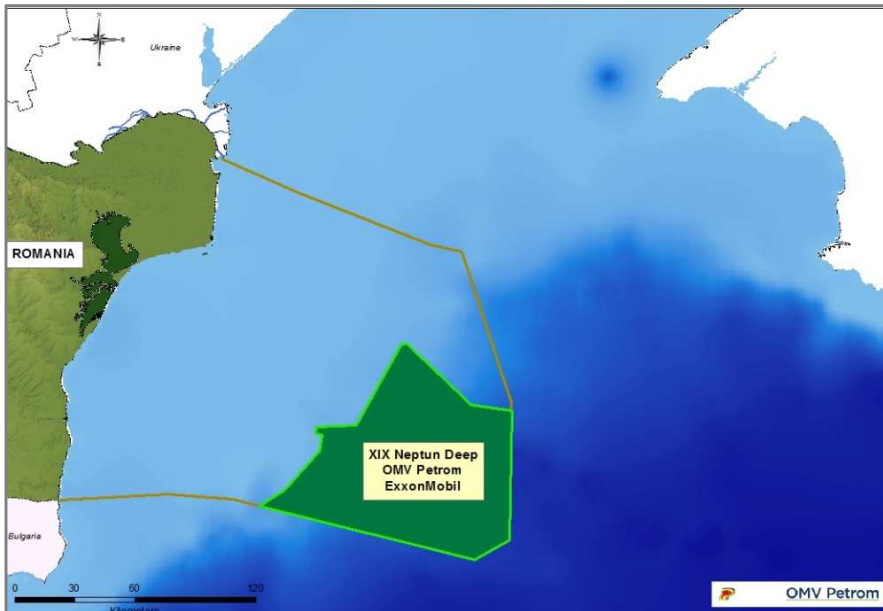
# Technology enabling efficiency progression



<b>Upstream</b>	<ul style="list-style-type: none"><li>▶ Digital Oil Field – well automation and online condition monitoring</li><li>▶ Drones used for aerial photogrammetry, imaging or videos</li></ul>	Automated processes and optimized predictive maintenance
<b>Downstream</b>	<ul style="list-style-type: none"><li>▶ Predictive Analytics – electronic coordination and management of the maintenance and operations processes</li><li>▶ Smart Aps and Price &amp; Portfolio Optimisation – automated self-service interface for customers and partners</li></ul>	Automated data processing
<b>Group</b>	<ul style="list-style-type: none"><li>▶ Digitalized and automated processes</li></ul>	Efficient and agile organization



# Mature Neptun Deep opportunity



- ▶ OMV Petrom (50%), ExxonMobil (50%, Operator)
- ▶ First exploration drilling campaign in 2011 – 2012
  - ▶ Domino-1 well gas discovery: a play opener
- ▶ Two seismic acquisition campaigns: 2009; 2012 – 2013
- ▶ Second exploration drilling campaign 2014 - 2016
  - ▶ Seven wells drilled; most of them encountered gas
  - ▶ Successful well test of Domino structure
- ▶ Continuing engineering activities
- ▶ Committed to assess commercial viability based on encouraging results
- ▶ Potential FID H2/18<sup>1</sup>
- ▶ Key contributor to RRR<sup>2</sup> target<sup>1</sup>

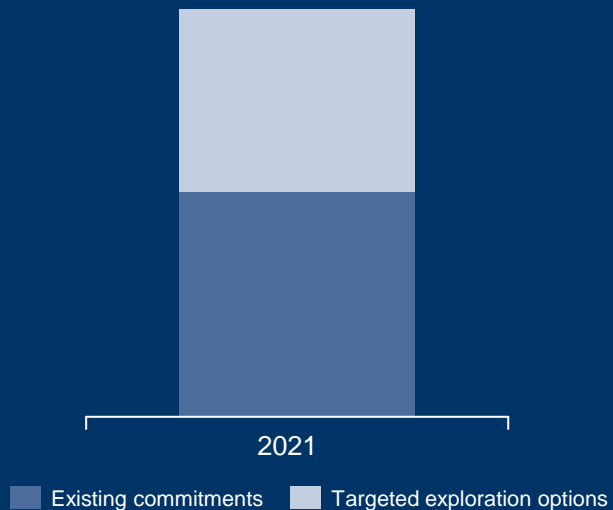
<sup>1</sup> If commercially viable; <sup>2</sup> Reserves Replacement Rate

# Rejuvenated exploration portfolio in Romania



## Estimated production contribution<sup>1</sup>

~10 kboe/day



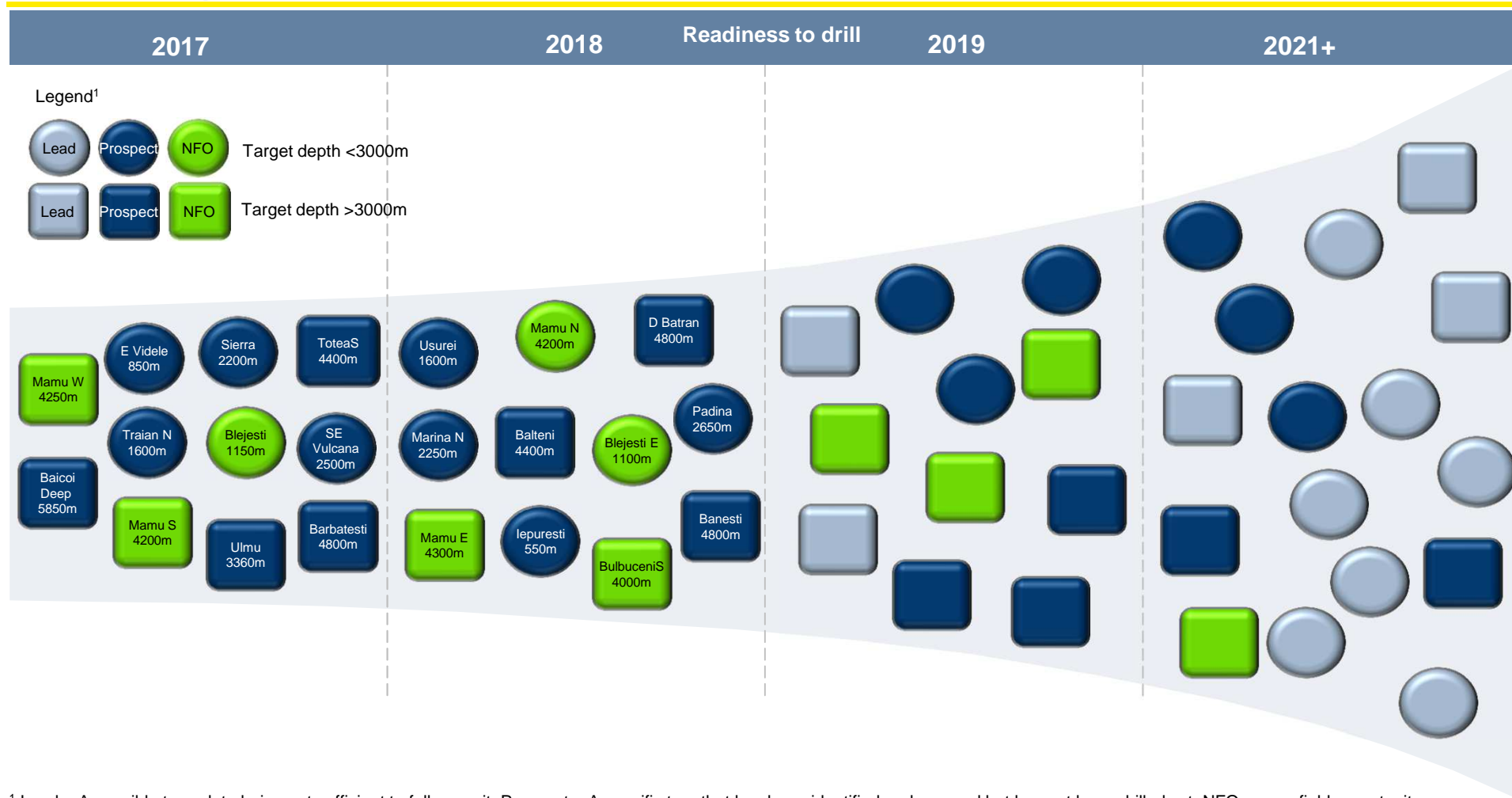
► Continue to unlock deep onshore opportunities in existing licenses

► Participate in new licensing rounds

► Contribution to RRR<sup>2</sup> target depending on timing and results of the new licensing rounds

<sup>1</sup> Risked production; <sup>2</sup> Reserves Replacement Rate

# Strong near-field and exploration opportunities in existing portfolio onshore and shallow offshore



<sup>1</sup> Lead = A possible trap, data being not sufficient to fully map it; Prospect = A specific trap that has been identified and mapped but has not been drilled yet; NFO = near-field opportunity





# Capture downstream opportunities



## Increase integrated value through refining and retail investments

- ▶ Polyfuel project to upgrade production mix (operative 2019)
- ▶ Invest in new retail stations in high traffic areas



## Conclude modernization of fuel storage network

- ▶ Finalise last depot modernization in 2018



## Explore value-adding opportunities for gas

## Explore technological opportunities capitalizing on skills and assets



# Enhance offer and customer experience

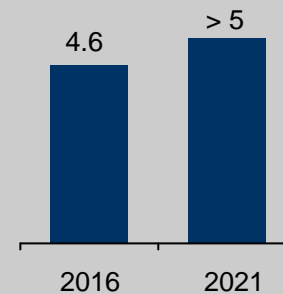
## Downstream Oil



Value for money



Increase throughput per  
filling station in Romania  
(mn l)



High quality leader



Innovation and partnerships to strengthen Petrom and OMV brand positioning

## Downstream Gas

Develop partnerships

Expanding domestic  
reach

Product innovation

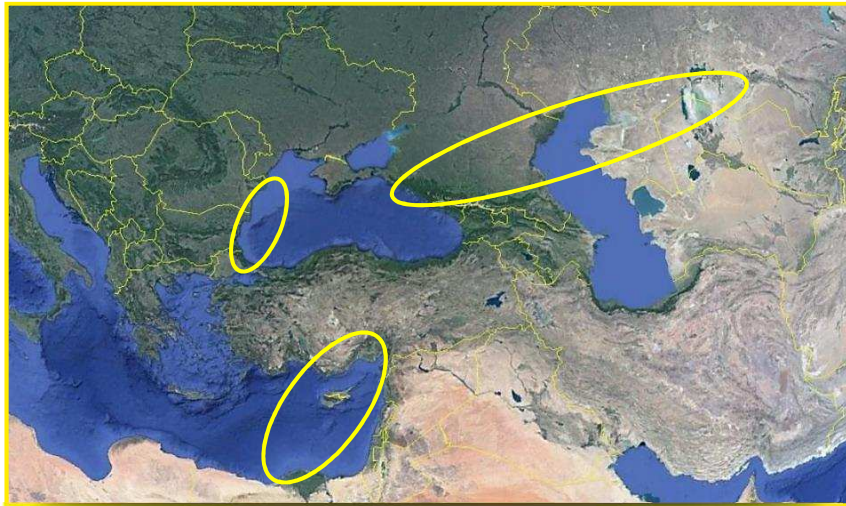


# Regional expansion to complement portfolio



## Leverage our local know-how

### Upstream



- ▶ Capture synergies with existing operations
- ▶ ~80 mn boe reserves targeted from near-term acquisitions
- ▶ Prioritise Caspian and Western Black Sea

### Downstream Gas



- ▶ Diversify sales channels for current production (subject to interconnectors development)
- ▶ Grow regionally with Neptun<sup>1</sup> volumes monetization

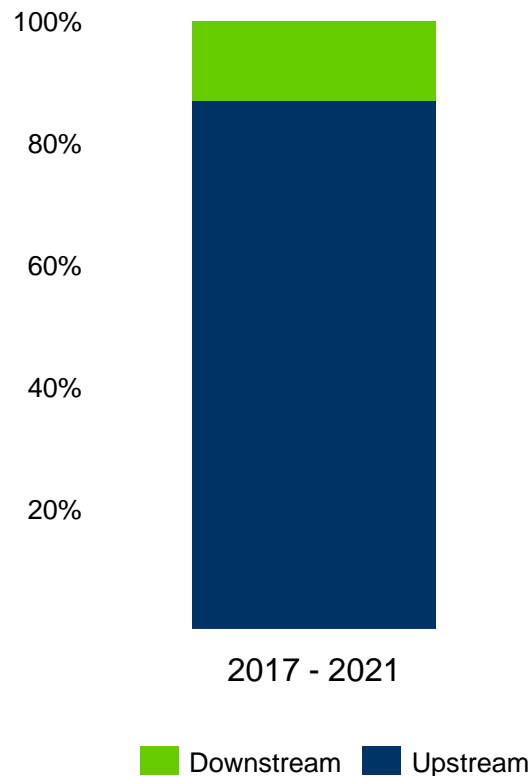
<sup>1</sup> If commercially viable

# Portfolio investments



EUR ~5 bn cumulative Capex anticipated over 2017 - 2021

## Cumulative Capex allocation



## Upstream portfolio

- ▶ Maximize value of current mature field portfolio
- ▶ Secure improved recovery from contingent resources
- ▶ Deliver further growth in Romania
- ▶ Drive regional expansion

## Downstream portfolio

- ▶ Continue operational efficiency programs
- ▶ Build new filling stations
- ▶ Perform planned turnarounds
- ▶ Secure long term growth

# Success built on three core strategic enablers



## People and Organizational Culture

We are the energy



## Sustainability

Respect the future



## Technology and Innovation

Innovate for the future

# Generate positive outcomes for shareholders

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**Enhanced  
profitability**

**Strong  
balance sheet**

**Attractive  
shareholder returns**



# 2021 Clear, robust targets

**RRR<sup>1</sup>**  
100% by 2021

**CAPEX**  
EUR ~1 bn p.a.

**FCF<sup>2</sup> after dividends**  
Positive for majority of period

**Clean CCS ROACE<sup>3</sup>**  
> 10% by 2021

**Gearing**  
Maintain a strong balance sheet

**Dividend**  
Attractive returns

<sup>1</sup> Reserves Replacement Rate; <sup>2</sup> Free Cash Flow; <sup>3</sup> Clean Current Cost of Supply Return on Average Capital Employed





# Dividend considerations

**Commitment to deliver a competitive shareholder return by paying an attractive dividend**

## Considerations

Earnings

Oil & Gas prices

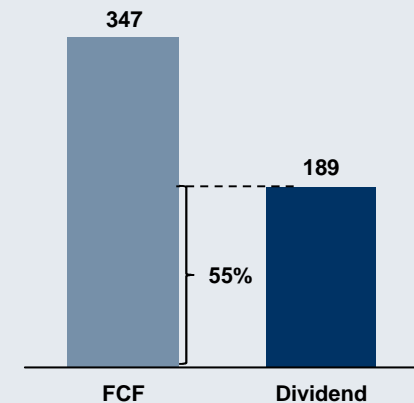
CAPEX

FCF and Balance sheet

- ▶ Stress tested forecasts under various pricing points and FX assumptions
- ▶ Upcoming CAPEX
- ▶ FCF<sup>1</sup> generation, cash buffer
- ▶ Debt structure, potential acquisitions

**2016 DPS<sup>2</sup>: RON 0.015**

EUR mn



**EUR ~900 mn returned to shareholders over 2012-2015**

**Confidence on 2021+ plan allows improved visibility toward shareholder returns**

<sup>1</sup> Free Cash Flow; <sup>2</sup> Dividend per share



# Our path to long-term success



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## **Q2/17 Results review**



**OMV Petrom**

# Key messages Q2/17



**Free cash flow** of RON 397 mn  
after RON 841 mn **dividend** paid



**Clean CCS Operating Result** at  
RON 892 mn



**Clean CCS EPS** up 5 times yoy



6m/17 **LTIR**<sup>1</sup> at 0.20 (6m/16: 0.17)



**Upstream:** production 169  
kboe/d; OPEX 10.4 USD/boe



**Downstream Oil:** refining  
margins +25% yoy; retail sales  
volumes +7% yoy



**Downstream Gas:** gas sales  
volumes +10% yoy

<sup>1</sup> Lost time injury rate (employees and contractors) for OMV Petrom Group excluding Kazakhstan

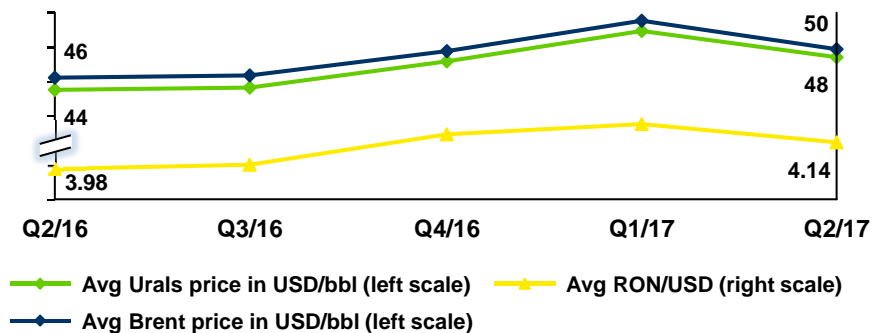


# Economic environment

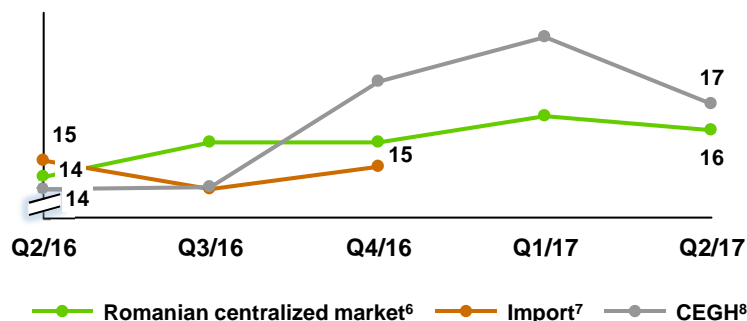
## Romania

- ▶ Q2/17 GDP growth<sup>1</sup>: 5.7% yoy
- ▶ Demand Q2/17 yoy:
  - ▶ Fuels<sup>2</sup>: 8%
  - ▶ Gas<sup>3</sup>: >15%
  - ▶ Power<sup>4</sup>: 7%
- ▶ Progress on **gas market liberalization**

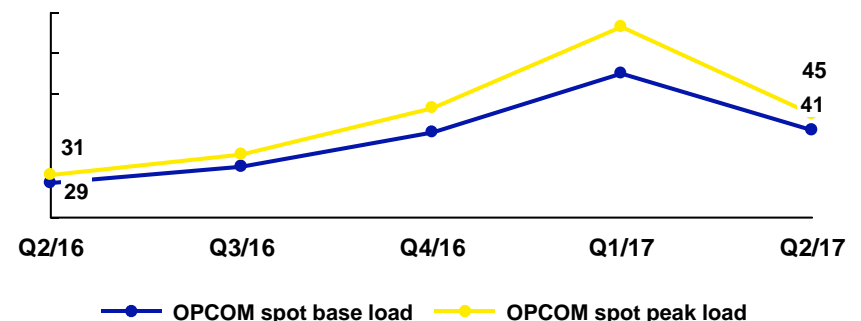
## Oil price (USD/bbl) and FX (USD/RON)



## Gas prices (EUR/MWh)<sup>5</sup>



## Power prices in Romania (EUR/MWh)<sup>5</sup>



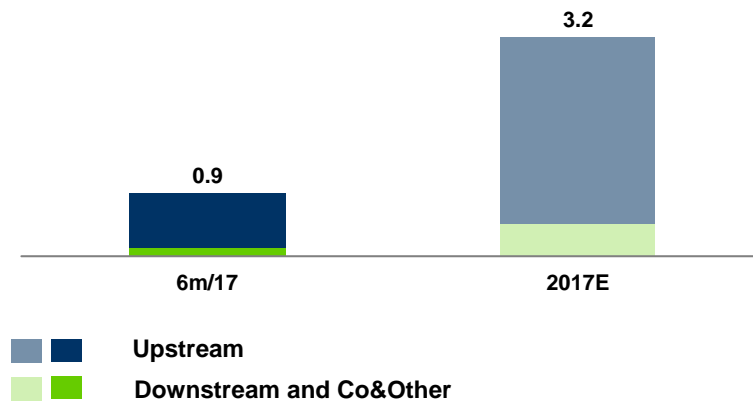
<sup>1</sup> Romanian National Institute of Statistics; <sup>2</sup> Fuels refer only to retail diesel and gasoline; <sup>3</sup> According to company estimates; <sup>4</sup> According to preliminary data available from the grid operator;

<sup>5</sup> Converted from RON into EUR, FX rate: 4.5; <sup>6</sup> Prices estimated by OMV Petrom based on available public information; <sup>7</sup> As published by ANRE (Q4/16 price has been extrapolated from the October 2016 price, latest published by ANRE); <sup>8</sup> Central European Gas Hub



# CAPEX and E&A – guidance revised downwards

## Group CAPEX incl. capitalized E&A (RON bn)



## CAPEX incl. capitalized E&A

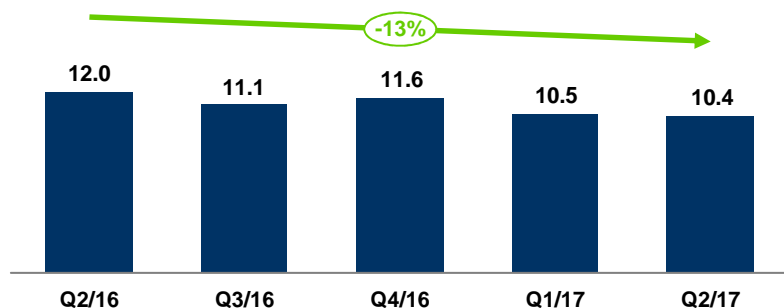
- ▶ 6m/17 at RON 0.9 bn:
  - ▶ 19 development wells and sidetracks drilled
  - ▶ ~500 workovers
  - ▶ FRDs: 5 in development, 7 under appraisal
- ▶ **2017E revised downwards** due to portfolio optimization, savings and projects revisions:
  - ▶ drilling ~70 development wells and sidetracks
  - ▶ workovers ~1,000
  - ▶ selected FRDs

## E&A

- ▶ Two wells spudded (thereof 1 finalized) in 6m/17
- ▶ 2017E: 10 wells to be spudded
- ▶ 2017E exploration expenditure in line with 2016

# Upstream KPIs – improved OPEX/boe

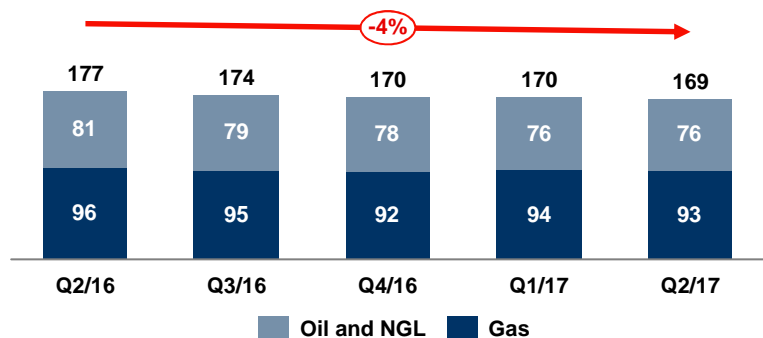
## OPEX<sup>1</sup> (USD/boe)



## Key drivers Q2/17 vs. Q2/16

- ▶ Improved OPEX, in USD/boe terms, -13%:
  - ▶ abolition of tax on special constructions
  - ▶ MTBF 592 days; lower services and personnel costs
  - ▶ favorable FX development

## Hydrocarbon production (kboe/d)



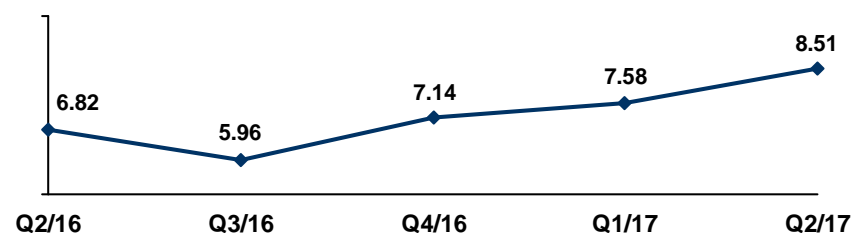
- ▶ Total Upstream production -4%, due to:
  - ▶ natural decline
  - ▶ maintenance works
  - ▶ adverse weather

<sup>1</sup> OMV Petrom aligned the production cost definition with its industry peers. Administrative expenses and selling and distribution costs are excluded from 2017 onwards. 2016 OPEX figures were re-calculated accordingly.



# Downstream Oil KPIs – strong refining margins and sales

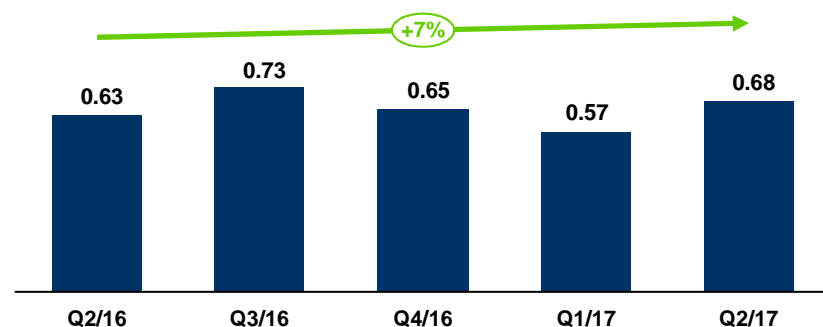
OMV Petrom Indicator refining margin  
(USD/bbl)



Key drivers Q2/17 vs. Q2/16

- ▶ Very strong refining margin +25% yoy
- ▶ Growth in retail sales of 7% yoy
- ▶ Refining utilization rate at 94%

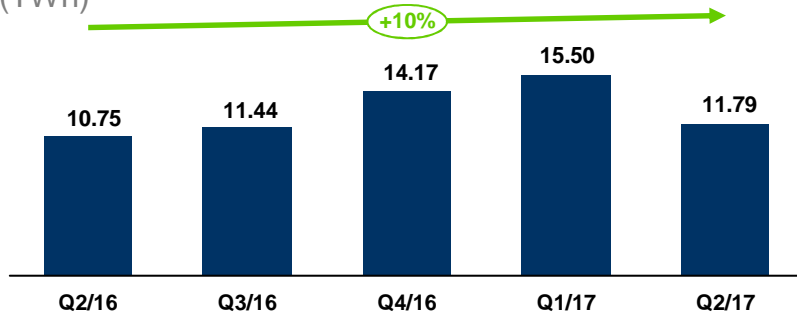
Retail sales volumes (mn t)



# Downstream Gas KPIs – higher gas volumes

## Gas sales volumes

(TWh)

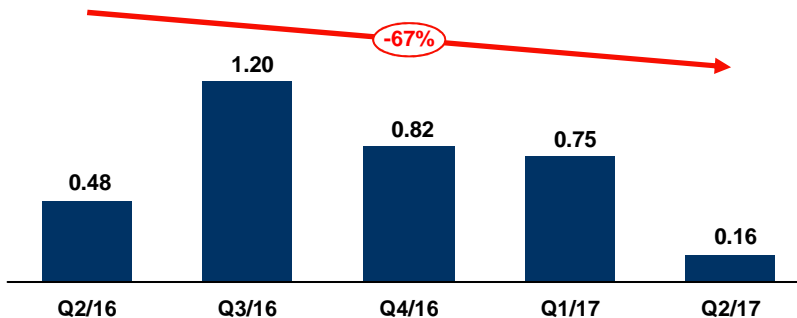


## Key drivers Q2/17 vs. Q2/16

- ▶ Higher gas volumes mainly to wholesalers and chemical industry
- ▶ Significant gas volumes on centralized markets

## Net electrical output

(TWh)



- ▶ Lower net electrical output due to Brazi power plant being offline

# Strong FCF generation

## Cash flow Statement

RON mn	Q2/17	Q2/16	6m/17	6m/16
Cash flow from operating activities (CFO)	1,714	883	2,976	1,771
Thereof, Depreciation, amortization and impairments including write-ups	809	917	1,601	1,747
Change in net working capital (NWC)	275	(120)	99	(174)
Cash flow from investing activities (CFI)	(475)	(753)	(1,091)	(1,759)
Cash flow from financing activities (CFF), of which	(952)	(59)	(943)	(101)
Dividends paid	(841)	(0)	(841)	(0)
Cash and equivalents at end of period	2,937	724	2,937	724
Free cash flow (FCF)	1,239	130	1,884	12
Free cash flow after dividends	397	130	1,043	12

## Q2/17 vs. Q2/16

- ▶ Operating cash flow up 94% due to:
  - ▶ higher revenues and operating result
  - ▶ continued cost savings
  - ▶ favorable NWC developments
- ▶ FCF at RON 1.2 bn vs. RON 0.1 bn in Q2/16
- ▶ Dividends paid: RON 0.8 bn

# Q2/17 net income five times higher yoy

## Income Statement

RON mn	Q2/17	Q2/16	6m/17	6m/16
Sales	4,608	3,733	9,261	7,382
Clean CCS Operating Result	892	231	1,659	643
Thereof Upstream	447	210	907	137
Downstream Oil	395	166	675	421
Downstream Gas	36	(31)	68	16
Corporate and Other	(8)	(6)	(29)	(19)
Consolidation	22	(108)	39	88
Operating Result	779	220	1,577	566
Financial result	(65)	(88)	(121)	(91)
Taxes	(123)	(15)	(247)	(70)
Net income <sup>1</sup>	592	118	1,210	408
Clean CCS net income <sup>1</sup>	690	127	1,276	458

## Q2/17 vs. Q2/16

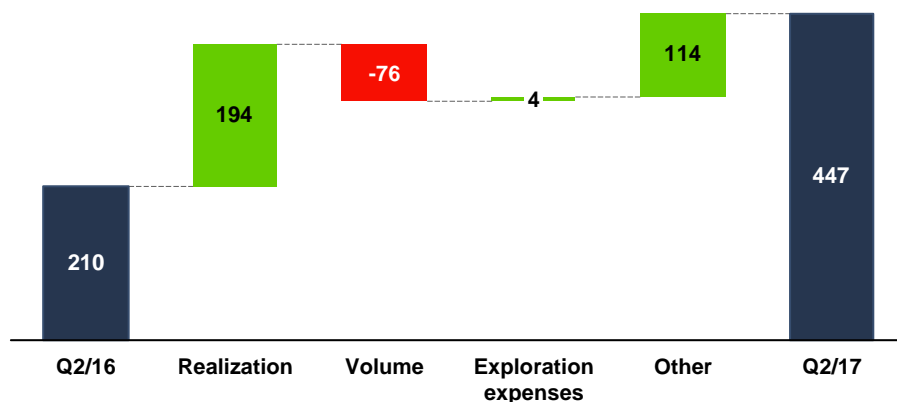
- ▶ Significantly improved Clean CCS Operating Result
- ▶ Upstream result supported by increased crude prices and lower OPEX, despite lower production
- ▶ Solid Downstream Oil result benefiting from favorable market conditions
- ▶ Downstream Gas: higher sales, insurance revenues
- ▶ Consolidation: positive effect is mainly a result of yoy decrease in oil and gas inventories

<sup>1</sup> Attributable to stockholders of the parent



# Upstream Clean Operating Result supported by higher realization

## Upstream Clean Operating Result (RON mn)

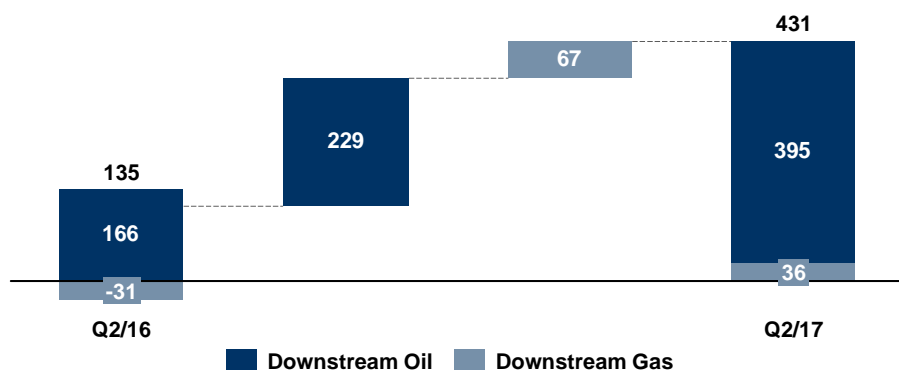


## Key drivers Q2/17 vs. Q2/16

- ↑ Higher realized prices
- ↑ Decreased production costs and depreciation
- ↓ Sales volumes -4%

# Downstream Clean CCS Operating Result more than tripled

## Downstream Clean CCS Operating Result (RON mn)



## Key drivers Q2/17 vs. Q2/16

- ▶ Improved Downstream Oil result on the back of strong refining margins and retail sales
- ▶ Improved gas business performance
- ▶ RON 73 mn insurance revenues related to Brazi power plant
- ▶ Brazi power plant offline

# OMV Petrom Strategy Update 2021+



## Divestment

**Streamline producing assets portfolio**  
**Improve profitability**

- ▶ Mazarine transaction effective as of Aug 1
- ▶ New rounds of divestments initiated



## Dorobantu Wind park

**Optimize business portfolio**  
**Focus on core activities**

- ▶ Sale contract signed
- ▶ Completion estimated by year end



**Enhance offer and customer experience**  
**Petrom “value for money” brand**



- ▶ 4 myAuchan stores opened in Q2
- ▶ A total of 15 stores for the pilot



## MyAuchan store

**Developing growth options**

- ▶ Continuing engineering activities
- ▶ Potential FID H2/18<sup>1</sup>



## Neptun Deep



**Commitment to deliver attractive shareholder returns**

<sup>1</sup> If commercially viable





# Outlook 2017



OMV Petrom

# Outlook 2017

Indicators	Actual 2016	Assumptions/Targets
Brent oil price	USD 43.7/bbl	USD 52/bbl
Refining margin	USD 6.98/bbl	> USD 7/bbl
Production	174 kboe/d	~ (3)% yoy <sup>2</sup>
CAPEX	EUR 0.6 bn	EUR 0.7 bn
FCF after dividends <sup>1</sup>	RON 1.56 bn	positive

<sup>1</sup> No dividends paid in 2016; <sup>2</sup> Not including portfolio optimization initiatives



# Sensitivities in 2017

OMV Petrom Group main sensitivities		Operating Result impact
Brent oil price	USD +1/bbl	EUR +20 mn
OMV Petrom indicator refining margin	USD +1/bbl	EUR +25 mn
Exchange rates (EUR/USD)	USD appreciation by 5 USD cents	EUR +46 mn

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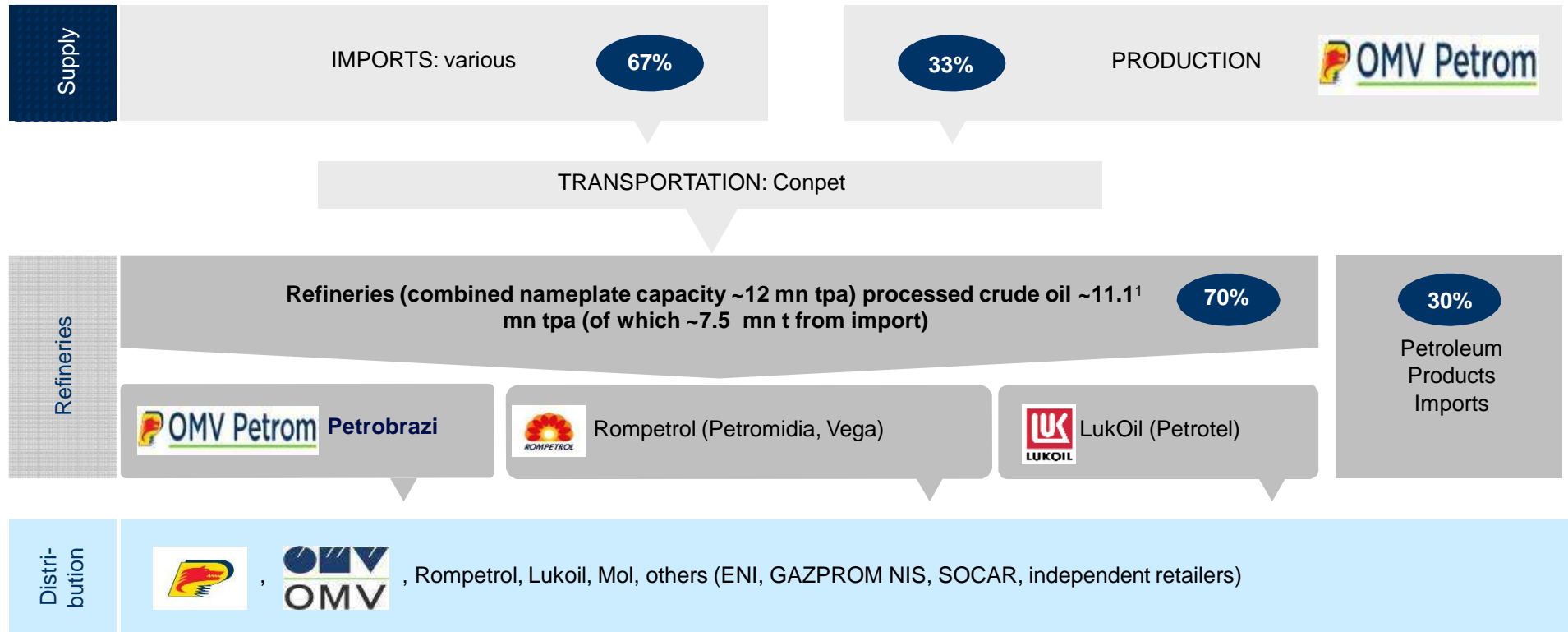


# Appendix



OMV Petrom

# Romanian oil market overview in 2016



<sup>1</sup> Only crude oil processed (other feedstock not included). Data source: National Institute of Statistics (INS) and OMV Petrom calculations

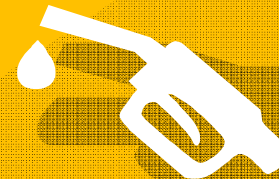
# Downstream Oil market environment in 2016

## Our operating region<sup>1</sup>

- ▶ Declining refining margins throughout 2016
- ▶ Higher oil product demand vs. 2015
- ▶ Persistent overcapacity
- ▶ Competitive fuel prices
- ▶ Long on both diesel and gasoline

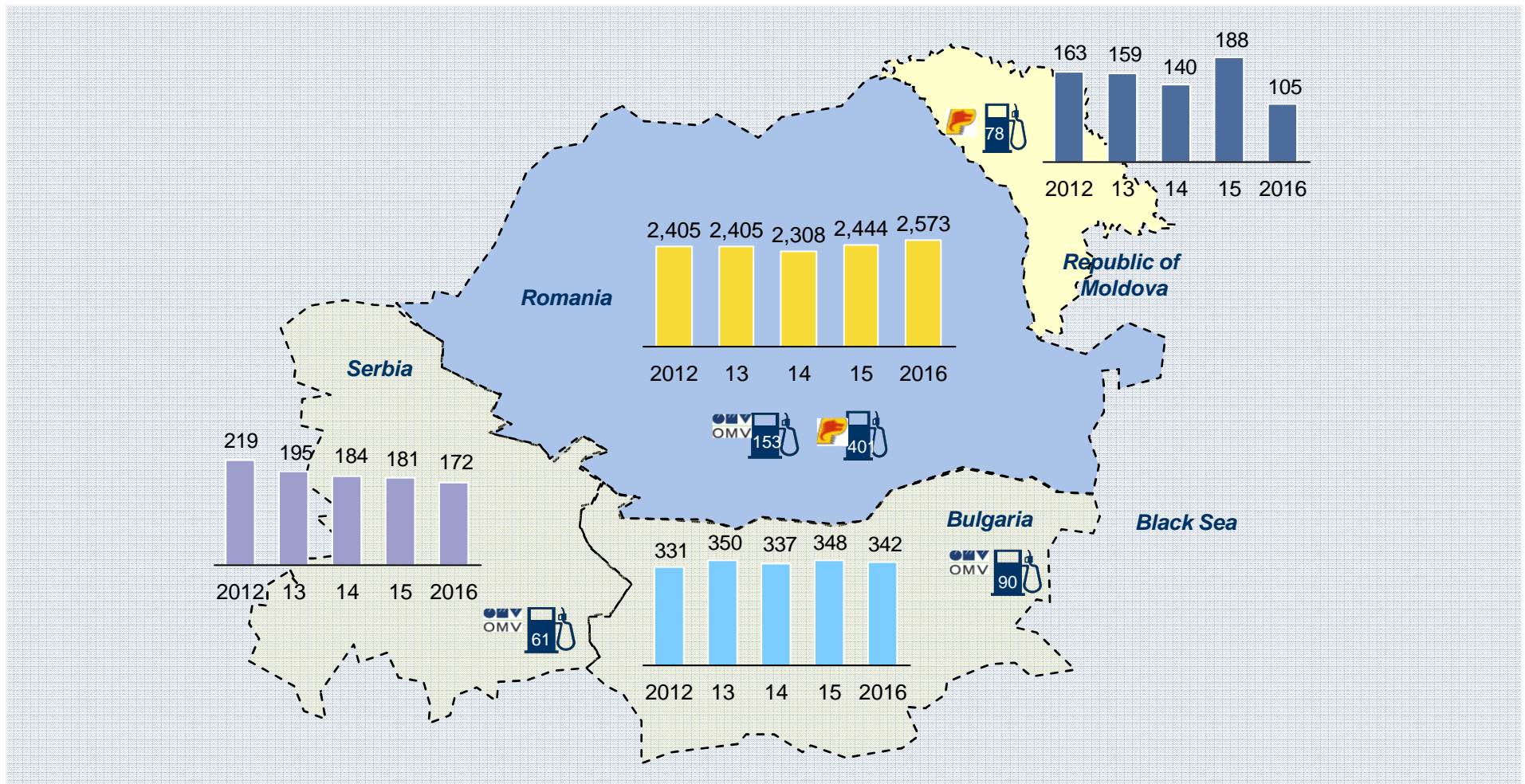
## Romania

- ▶ Increased oil product demand vs. 2015
- ▶ Strong market competition
- ▶ Long on both diesel and gasoline
- ▶ Higher crude oil imports
- ▶ Compulsory stock obligation maintained

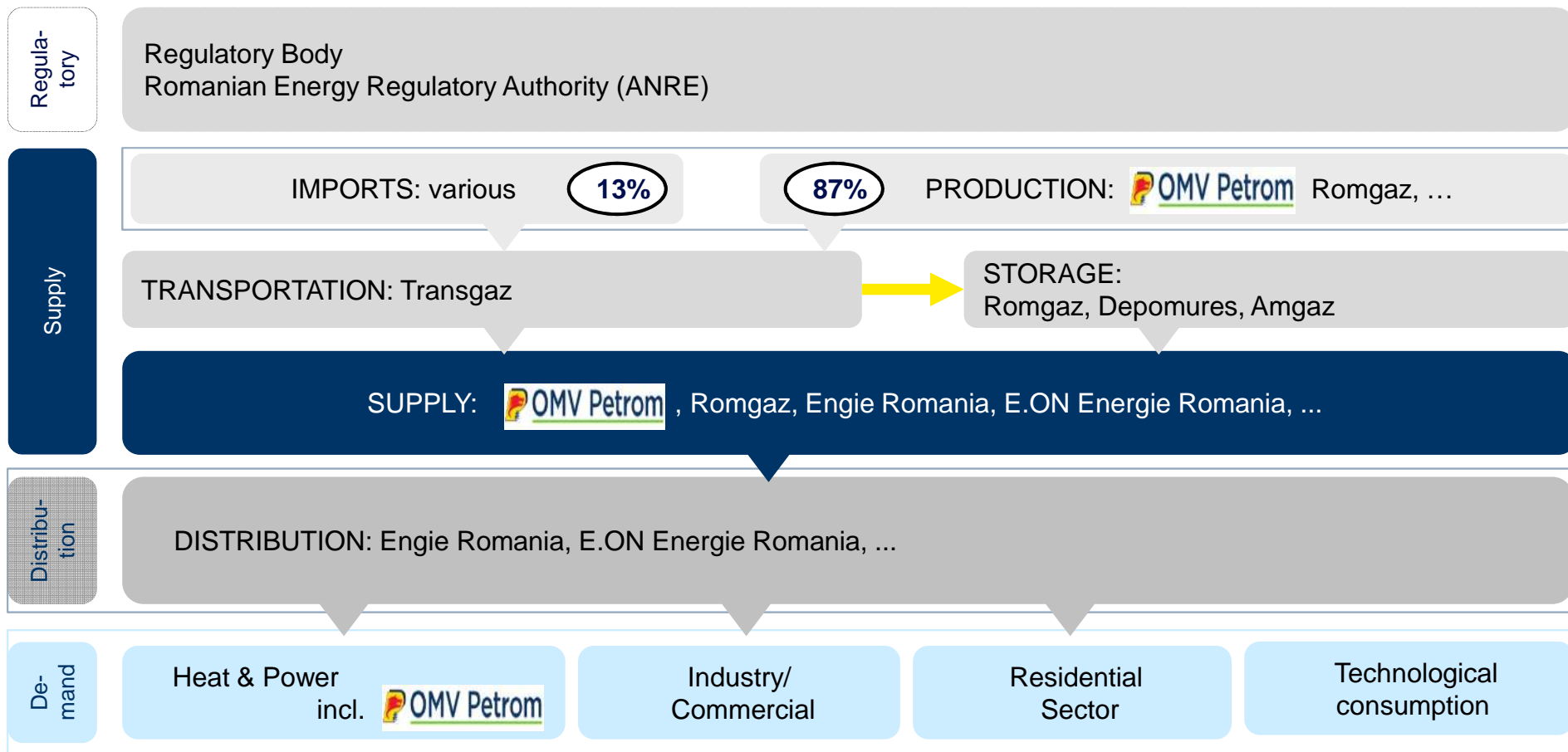


<sup>1</sup> Romania, Bulgaria, Serbia and Moldova

# OMV Petrom Group fuel retail sales (mn l) in 2016



# Romanian gas market overview in 2016

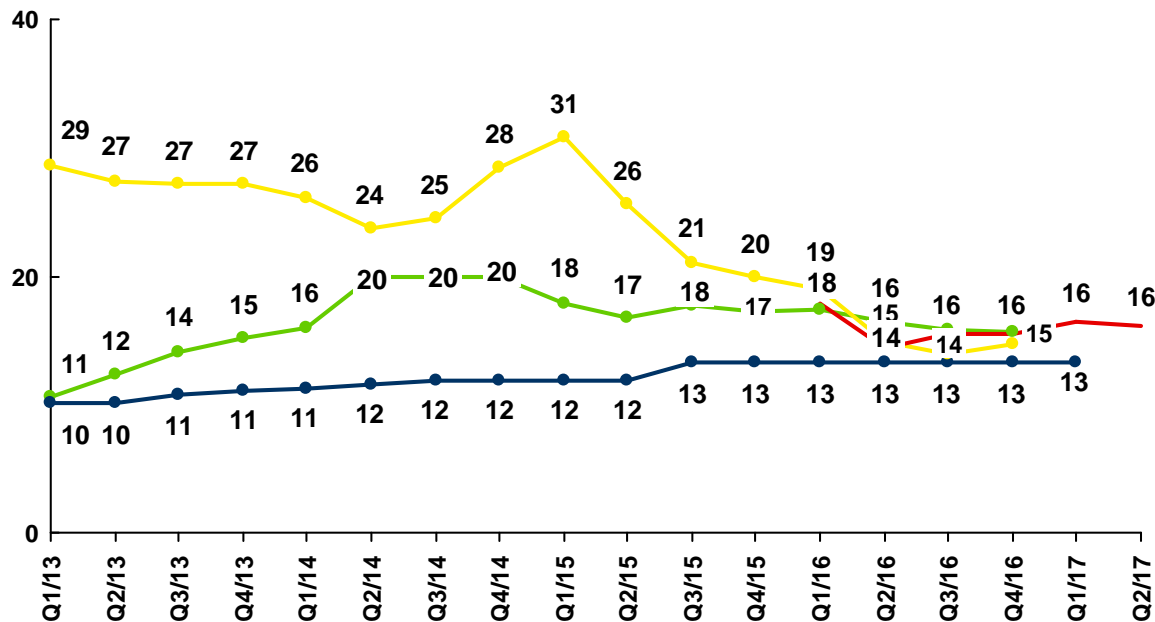


Data source: OMV Petrom estimates based on data available as of end-May 2017, subject to change



# Romanian gas market liberalization

Gas prices in Romania (EUR/MWh<sup>1</sup>)



- Prices for non-households liberalized since January 2015
- Producer price for households liberalized since April 2017; end-price for households still regulated
- Gas producers and suppliers must sell/buy certain gas quantities via centralized market
- On the Romanian centralized market, the average gas price for transactions concluded in Q2/17 and delivery until end Q3/18 was RON 72/MWh (EUR 16/MWh)<sup>1, 4</sup>
- 60% tax on net<sup>5</sup> additional revenues resulting from domestic gas price liberalization in place until end-2017

- Domestic gas price for non-households<sup>2</sup>
- Domestic gas price for regulated households
- Import gas price<sup>3</sup>
- Romanian centralized market gas price<sup>4</sup>

<sup>1</sup> Converted from RON into EUR, FX rate: 4.5

<sup>2</sup> Chart shows the regulated price for non-households until Q4/14 and, subsequently, the average price for gas sold by producers to the suppliers of end-users in the free market as published by ANRE; Q4/16 price is the extrapolation of Oct/16 price (latest published by ANRE)

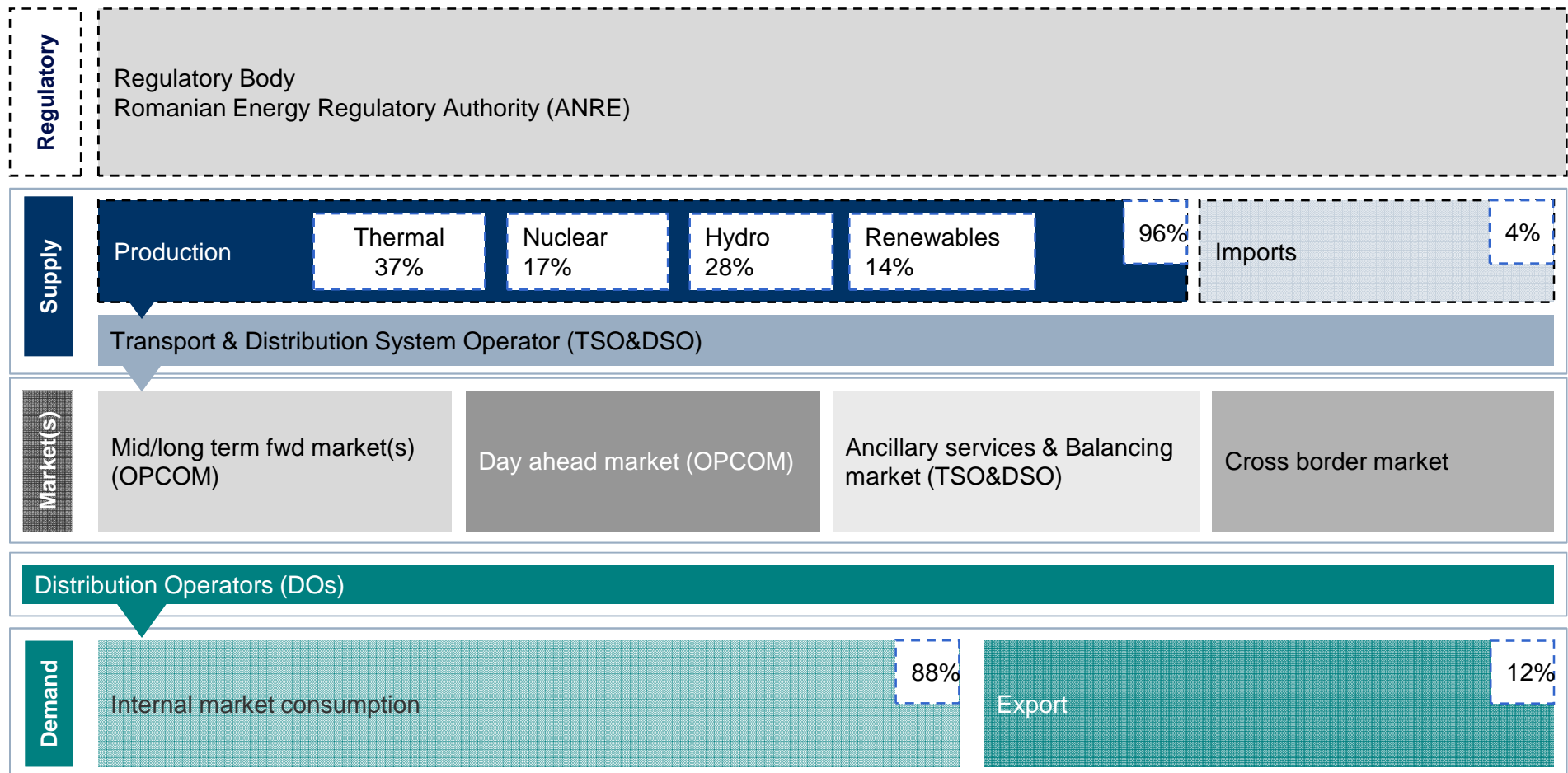
<sup>3</sup> Final prices published by ANRE; Q4/16 price is the extrapolation of Oct/16 price (latest published by ANRE)

<sup>4</sup> OMV Petrom's estimates based on available public information; prices on centralized markets could include storage related tariffs in connection with the gas volumes sold/extracted from storage

<sup>5</sup> Net of incremental royalties and upstream investments (the latter capped at 30% of the additional revenues) and considering realized gas price (with a floor of RON 72/MWh for gas volumes sold to the free sector of the market other than via centralized markets until March 31, 2017)



# Romanian power market overview in 2016

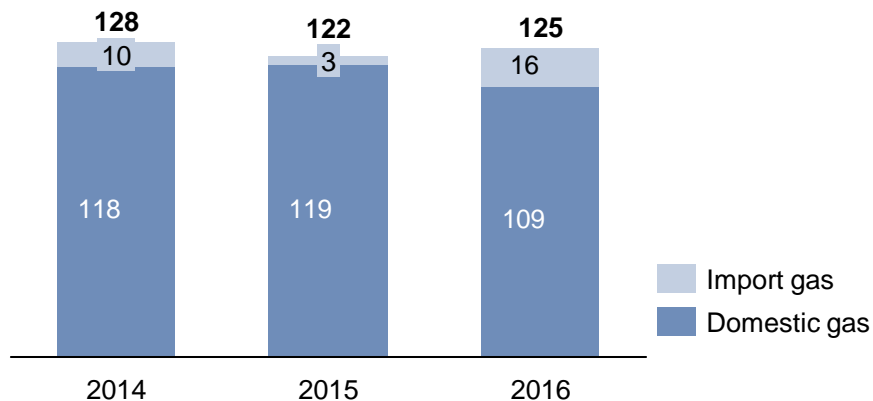


Data source: Transelectrica



# Romanian gas and power markets overview in 2016

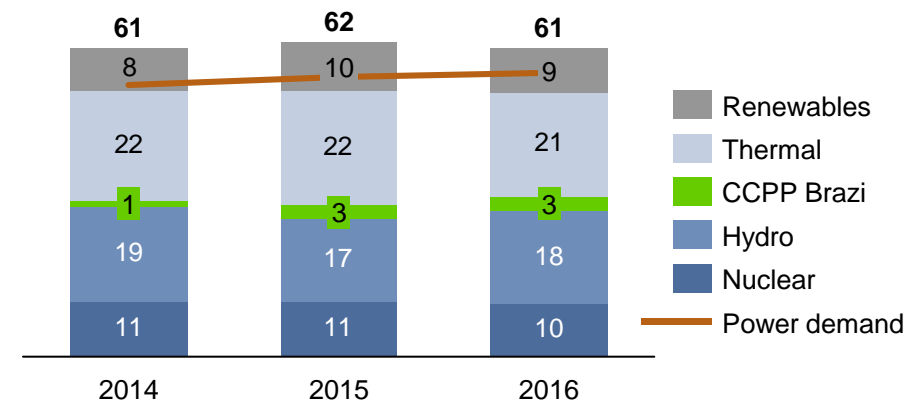
## Gas demand<sup>1</sup> (TWh)



### Gas market in 2016:

- **Demand<sup>1</sup>**: +3% yoy
- **Prices** under pressure
- ~5x higher **import volumes** yoy
- Slightly improved liquidity on **centralized market**

## Power production and demand (TWh)



### Power market in 2016:

- **Demand**: +1% yoy; **production**: -2% yoy
- Lower net **exports** yoy
- OPCOM **baseload** prices: -8% yoy
- Improved **clean spark spreads**

Data sources: ANRE, OPCOM, Transelectrica

<sup>1</sup> OMV Petrom estimates for 2016 (ANRE reports available only for Jan-Oct 2016)



# Key financial indicators (consolidated)

in RON mn	2008	2009	2010	2011	2012	2013	2014	2015	2016
Sales	20,127	16,090	18,616	22,614	26,258	24,185	21,541	18,145	16,247
EBIT <sup>1</sup>	1,205	1,620	2,986	4,936	5,662	5,958	3,338	-530	1,469
EBITD	3,875	4,109	5,797	7,766	8,514	9,313	8,145	6,231	4,933
Net income (loss)	896	833	2,190	3,759	3,946	4,824	2,100	-690	1,038
Net income (loss) attributable to stockholders	978	860	2,201	3,757	3,953	4,821	2,103	-676	1,043
Cash flow from operating activities	4,297	2,726	4,630	6,442	7,185	8,048	6,830	5,283	4,454
Non-current assets	23,320	25,940	28,459	31,022	32,777	34,560	37,243	36,020	35,129
Current assets <sup>2</sup>	5,597	4,586	6,306	5,467	5,368	5,487	5,882	5,098	6,285
Total liabilities	12,928	14,336	16,306	15,412	14,739	13,405	16,119	15,430	14,708
Total equity	15,990	16,191	18,459	21,077	23,405	26,642	27,005	25,688	26,706
Net debt / (cash)	1,253	2,614	2,299	1,955	1,711	332	890	1,286	-237
Gearing ratio	7.8	16.2	12.4	9.3	7.3	1.2	3.3	5.0	n.m.
EPS (RON)	0.0173	0.0152	0.0389	0.0663	0.0698	0.0851	0.0371	(0.0119)	0.0184
Payout ratio	-	-	46%	47%	40%	36%	30%	-	81%
Dividend per share (gross, RON)	-	-	0.0177	0.0310	0.0280	0.0308	0.0112	-	0.0150
EBITD /CAPEX	0.57	0.97	1.19	1.62	1.73	1.75	1.31	1.60	1.92
<b>NBR rates</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>
EUR/RON average	3.680	4.238	4.211	4.238	4.457	4.419	4.444	4.445	4.490
USD/RON average	2.515	3.047	3.180	3.048	3.470	3.328	3.349	4.006	4.057
EUR/RON closing	3.986	4.228	4.285	4.320	4.429	4.485	4.482	4.525	4.541
USD/RON closing	2.805	2.936	3.205	3.339	3.358	3.255	3.687	4.148	4.303

<sup>1</sup> Specific Upstream taxes in Romania for the year 2016 amounted to RON 1,092 mn, representing 15.9% of total Upstream hydrocarbon revenues, and include royalties (RON 551 mn), supplementary oil and gas taxation (RON 329 mn) and construction tax (RON 212 mn); <sup>2</sup> Include assets held for sale



# Key financial indicators (consolidated) – restated<sup>1</sup>

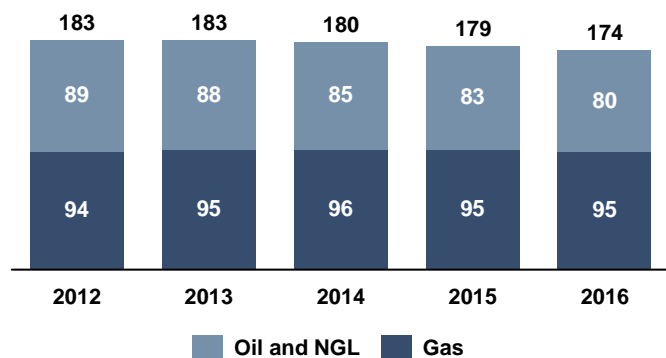
in RON mn	2016	Q1/16	Q2/16	Q3/16	Q4/16	Q1/17	Q2/17
Sales	16,647	3,649	3,733	4,571	4,694	4,653	4,608
Clean CCS Operating Result	1,700	412	231	604	453	767	892
Operating Result <sup>2</sup>	1,476	346	220	575	335	798	779
Operating result before depreciation	4,940	1,176	1,137	1,425	1,202	1,590	1,588
Net income	1,038	288	117	473	160	618	591
Clean CCS net income attributable to stockholders	1,162	330	127	442	263	586	690
Net income attributable to stockholders	1,043	291	118	473	162	619	592
Cash flow from operating activities	4,454	888	883	1,613	1,070	1,262	1,714
Free cash flow after dividends	1,558	-118	130	1,115	432	646	397
Non-current assets	35,129	35,758	35,698	35,378	35,129	34,700	34,422
Total equity	26,706	25,980	26,085	26,558	26,706	27,329	27,107
Net debt / (cash)	-237	1,366	1,261	124	-237	-872	-1,302
Gearing ratio	n.m.	5%	5%	0%	n.m.	n.m.	n.m.
Clean CCS EPS (RON)	0.0205	0.0058	0.0022	0.0078	0.0046	0.0103	0.0122
EPS (RON)	0.0184	0.0051	0.0021	0.0084	0.0029	0.0109	0.0104
Clean CCS ROACE	5%	6%	5%	4%	5%	6%	8%
Payout ratio	81%						
Dividend per share (gross, RON)	0.0150						
<b>NBR rates</b>	<b>2016</b>	<b>Q1/16</b>	<b>Q2/16</b>	<b>Q3/16</b>	<b>Q4/16</b>	<b>Q1/17</b>	<b>Q2/17</b>
EUR/RON average	4.490	4.491	4.498	4.465	4.507	4.522	4.552
USD/RON average	4.057	4.073	3.984	3.999	4.175	4.246	4.138

<sup>1</sup> Restated to reflect the new Income Statement structure; <sup>2</sup> Specific Upstream taxes in Romania for Q2/17 amounted to RON 225 mn, representing 11.8% of total Upstream hydrocarbon revenues, and include royalties (RON 149 mn) and supplementary oil and gas taxation (RON 77 mn); <sup>3</sup> Include assets held for sale

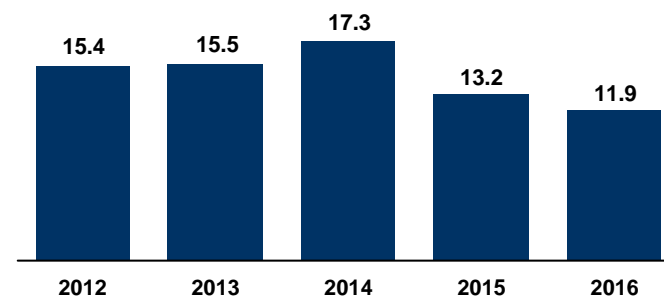


# Key operational indicators – Upstream

Hydrocarbon production (kboe/d)

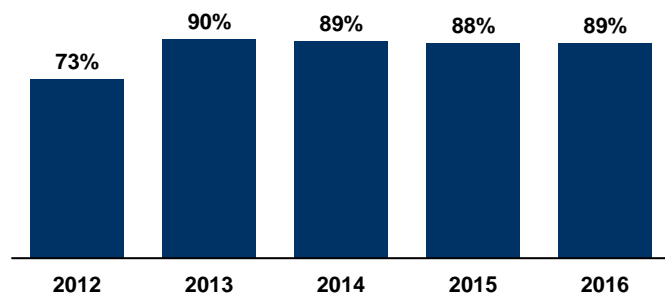


OPEX (USD/boe)

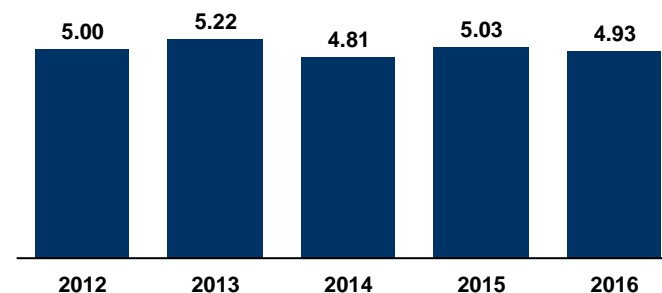


# Key operational indicators – Downstream

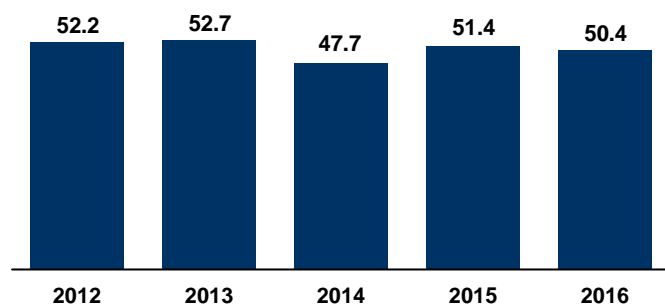
Refinery utilization rate (%)



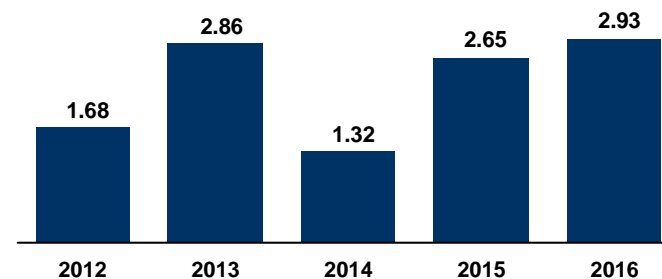
Refined product sales volumes (mn t)



Gas sales volumes (TWh)



Net electrical output (TWh)



# Strong FCF generation

## Cash flow Statement

RON mn	Q2/17	Q2/16	6m/17	6m/16
Cash flow from operating activities (CFO)	1,714	883	2,976	1,771
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Free cash flow (FCF)	1,239	130	1,884	12
Free cash flow after dividends	397	130	1,043	12

## 6m/17 vs. 6m/16

- ▶ Operating cash flow up 68% due to:
  - ▶ higher revenues and operating profits
  - ▶ continued cost savings
  - ▶ favourable NWC developments
- ▶ FCF at RON 1.9 bn vs. neutral FCF in 6m/16
- ▶ Dividends paid: RON 0.8 bn

# 6m/17 Net income almost tripled yoy

## Income Statement

RON mn	Q2/17	Q2/16	6m/17	6m/16
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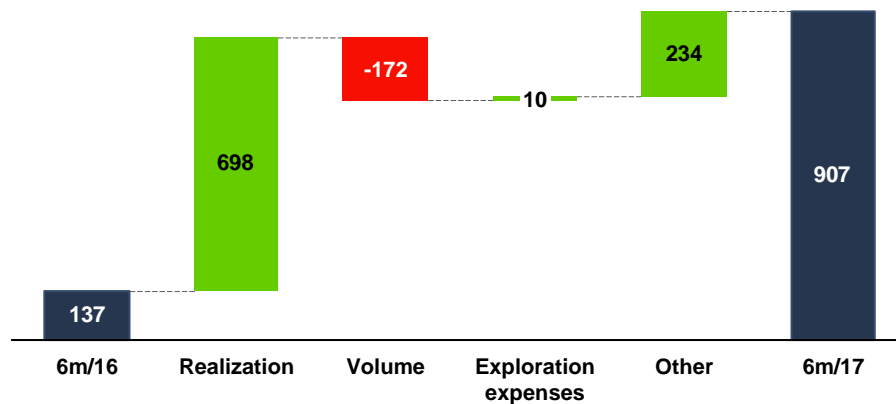
## 6m/17 vs. 6m/16

- ▶ Improved Clean CCS Operating Result by 158%
- ▶ Upstream result supported by Urals up 32% and lower OPEX, despite lower production
- ▶ Solid Downstream Oil result benefiting from favorable environment, cost optimisation
- ▶ Downstream Gas: higher sales, insurance revenue
- ▶ Consolidation: lower positive effect influenced by prices evolution

<sup>1</sup> Attributable to stockholders of the parent



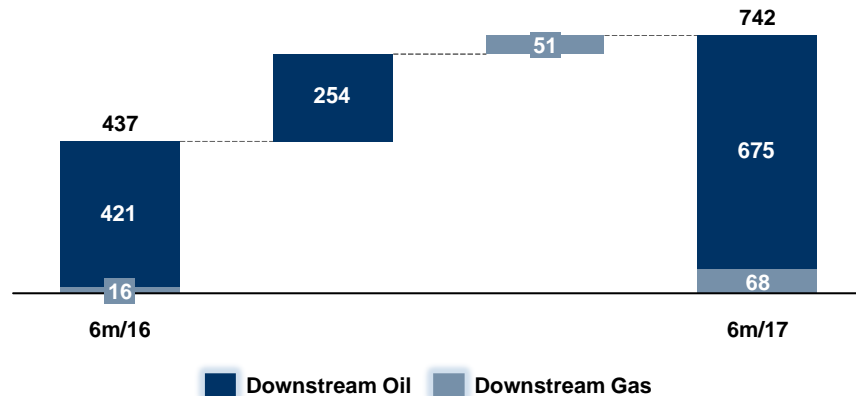
# Upstream Clean Operating Result (RON mn)



## Key drivers 6m/17 vs. 6m/16

- ▶ Realized oil price +36%
- ▶ Decreased production costs and depreciation
- ▶ Group sales -4%
- ▶ Lower gas prices

# Downstream Clean CCS Operating Result (RON mn)



## Key drivers 6m/17 vs. 6m/16

- ▶ Improved Downstream Oil result: favourable market, cost optimisation and low base due to Q2/16 turnaround
- ▶ Improved gas business performance
- ▶ RON 73 mn insurance revenues related to Brazi power plant
- ▶ Brazi power plant being offline

# Contact Investor Relations

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### 2017 Financial Calendar

November 9: Q3 2017 results