Investor News

February 18, 2016, 8:30 am (local time), 7:30 am (CET), 6:30 am (GMT

OMV Petrom S.A.

OMV Petrom Group: results[1] for Q4 and January – December 2015

Q4/15 vs. Q4/14

- **Swift response to the drop in oil price: CAPEX down 49% yoy, OPEX in USD/boe down 29% yoy leading to neutral free cash flow**
- **Upstream: Group production down 3% yoy, due to offshore planned works and lower level of investments; impairments[2] of RON 1.9 bn were recorded in Q4/15**
- **Downstream Oil: improved performance on higher refining margins and oil product demand**
- **Downstream Gas: gas sales volumes down 7%, due to overall declining demand; double net electrical output**
- **Neptun Deep: exploration drilling in yet unchartered territory successfully completed; sufficiently encouraging results to continue assessment of commercial viability**
- **2016: further deterioration of the market environment will lead to reduced investments by 10-20% vs. 2015, portfolio optimization and further cost efficiency initiatives**

Mariana Gheorghe, CEO of OMV Petrom S.A.:

"In 2015, the steep drop in oil price severely affected our Group's financial results. The negative contribution from Upstream was partially compensated by the strong Downstream performance, which proves the benefits of our integrated business. Throughout the year, we responded swiftly to the weakening market fundamentals and successfully delivered on our promises to contain costs and maintain a competitive position, while reducing CAPEX by 38% compared to 2014. Nevertheless, we managed to maintain a broadly stable hydrocarbon production, capitalizing on previous years' investments and discoveries. Moreover, I am proud to announce that, together with our partner ExxonMobil, we completed the second exploration drilling campaign in the Neptun block, which included in total seven wells drilled, most of which encountered gas, and a successful well test of the Domino structure. The results are sufficiently encouraging to continue to assess the commercial viability for developing the discovered resources.

In response to the prolonged depressed market environment, we will continue to adjust our activity level, maintaining a strong balance sheet and protecting our free cash flow position. This includes management's intention to propose that no dividends will be distributed in respect of 2015. A stable, predictable and investment-friendly fiscal and regulatory framework is crucial to enable us to maintain future investments for both offsetting natural decline and further onshore and offshore development."

Q3/15	Q4/15	Q4/14	Δ%	Key performance indicators (in RON mn)	2015	2014	Δ%
34	(1,844)	(111)	n.m.	EBIT	(530)	3,338	n.m.
1,061	211	1,026	(79)	Clean CCS EBIT [3]	2,522	5,202	(52)
(43)	(1,675)	(304)	451	Net income/(loss) attributable to stockholders [4]	(676)	2,103	n.m.
820	68	668	(90)	Clean CCS net income attributable to stockholders [3,4]	1,801	3,764	(52)
(0.0008)	(0.0296)	(0.0054)	451	EPS (RON)	(0.0119)	0.0371	n.m.
0.0145	0.0012	0.0118	(90)	Clean CCS EPS (RON) [3]	0.0318	0.0665	(52)
1,729	1,104	1,851	(40)	Cash flow from operating activities	5,283	6,830	(23)
-	-	-	n.a.	Dividend/share (RON)	n.a.[5]	0.0112	n.a.

Starting with April 1, 2015 the business segments were renamed as follows: Exploration and Production to Upstream, Refining and Marketing to Downstream Oil, Gas and Power to Downstream Gas

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

[2] This amount refers to impairments booked for producing assets in Upstream, following revision of oil price assumptions

[3] Adjusted for exceptional, non-recurring items; Clean CCS figures exclude special items and inventory holding effects (CCS effects) resulting from Downstream Oil

[4] After deducting net result attributable to non-controlling interests

[5] Management's intention to propose to the Supervisory Board and the General Meeting of Shareholders that no dividends will be distributed.

Financial highlights

Q3/15	Q4/15	Q4/14	Δ%	in RON mn	2015	2014	Δ%
4,816	4,518	5,347	(15)	Sales [1]	18,145	21,541	(16)
(407)	(2,103)	369	n.m.	EBIT Upstream [2]	(1,815)	3,932	n.m.
121	127	(1,127)	n.m.	EBIT Downstream	1,014	(897)	n.m.
(23)	(16)	(40)	(60)	EBIT Co&O	(75)	(151)	(50)
343	148	687	(79)	Consolidation	346	454	(24)
34	**(1,844)**	**(111)**	**n.m.**	**EBIT Group**	**(530)**	**3,338**	**n.m.**
(833)	**(1,930)**	**(981)**	**97**	**Special items [3]**	**(2,689)**	**(1,592)**	**69**
(41)	(8)	(27)	(71)	thereof: Personnel and restructuring	(72)	(104)	(31)
(786)	(1,997)	(917)	118	Unscheduled depreciation	(2,791)	(1,412)	98
(5)	74	(38)	n.m.	Other	174	(76)	n.m.
(194)	(125)	(156)	(20)	CCS effects: Inventory holding gains/(losses)	(364)	(272)	34
416	(223)	532	n.m.	Clean EBIT Upstream [2, 4]	919	4,667	(80)
503	269	248	8	Clean CCS EBIT Downstream [4]	1,169	591	98
(23)	(17)	(40)	(59)	Clean EBIT Co&O [4]	(75)	(108)	(30)
164	181	285	(36)	Consolidation	509	52	n.m.
1,061	**211**	**1,026**	**(79)**	**Clean CCS EBIT [4]**	**2,522**	**5,202**	**(52)**
(48)	(1,979)	(277)	n.m.	Profit/(loss) from ordinary activities	(726)	2,909	n.m.
(46)	(1,680)	(307)	447	Net income/(loss)	(690)	2,100	n.m.
(43)	(1,675)	(304)	451	Net income/(loss) attributable to stockholders [5]	(676)	2,103	n.m.
820	**68**	**668**	**(90)**	**Clean CCS net income attributable to stockholders [4, 5]**	**1,801**	**3,764**	**(52)**
(0.0008)	(0.0296)	(0.0054)	451	EPS (RON)	(0.0119)	0.0371	n.m.
0.0145	0.0012	0.0118	(90)	Clean CCS EPS (RON) [4]	0.0318	0.0665	(52)
1,729	1,104	1,851	(40)	Cash flow from operating activities	5,283	6,830	(23)
0.0305	0.0195	0.0327	(40)	CFPS (RON)	0.0933	0.1206	(23)
1,253	1,286	890	44	Net debt	1,286	890	44
5	5	3	52	Gearing (%) [6]	5	3	52
928	898	1,758	(49)	Capital expenditure	3,895	6,239	(38)
-	-	-	n.a.	Dividend/share (RON)	n.a.[7]	0.0112	n.a.
-	-	-	n.a.	ROFA (%)	(1.6)	10.3	n.m.
-	-	-	n.a.	ROACE (%)	(2.2)	7.6	n.m.
-	-	-	n.a.	Clean CCS ROACE (%) [4]	6.5	13.6	(52)
-	-	-	n.a.	ROE (%)	(2.5)	7.8	n.m.
5	15	(11)	n.m.	Group tax rate (%)	5	28	(82)
16,217	16,038	16,948	(5)	OMV Petrom Group employees at the end of the period	16,038	16,948	(5)

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 Downstream Oil;
[5] After deducting net result attributable to non-controlling interests;
[6] Net debt divided by equity;
[7] Management's intention to propose to the Supervisory Board and the General Meeting of Shareholders that no dividends will be distributed.

Throughout the report, where not specified differently, amounts related to Downstream represent totals of Downstream Oil and Downstream Gas.

Business segments

Upstream

Q3/15	Q4/15	Q4/14	∆%	in RON mn	2015	2014	∆%
(407)	(2,103)	369	n.m.	EBIT [1]	(1,815)	3,932	n.m.
(823)	(1,879)	(164)	n.m.	Special items	(2,734)	(735)	n.m.
416	(223)	532	n.m.	Clean EBIT [1]	919	4,667	(80)
1,099	831	1,283	(35)	Clean EBITD	4,120	7,302	(44)
844	696	1,652	(58)	CAPEX	3,486	5,349	(35)

Q3/15	Q4/15	Q4/14	∆%	Key performance indicators	2015	2014	∆%
15.97	16.22	16.71	(3)	Total hydrocarbon production (mn boe)	65.19	65.82	(1)
174	176	182	(3)	Total hydrocarbon production (kboe/d)[2]	179	180	(1)
7.60	7.42	7.74	(4)	Crude oil and NGL production (mn bbl)	30.43	30.94	(2)
1.28	1.35	1.37	(2)	Natural gas production (bcm)	5.32	5.34	0
45.26	47.53	48.47	(2)	Natural gas production (bcf)	187.87	188.54	0
49.75	42.26	75.85	(44)	Average Urals price (USD/bbl)	51.45	97.95	(47)
44.70	36.07	64.25	(44)	Average Group realized crude price (USD/bbl)	45.00	86.67	(48)
321	312	426	(27)	Exploration expenditures (RON mn)	1,399	1,224	14
62	315	(5)	n.m.	Exploration expenses (RON mn)	577	156	269
13.11	12.10	17.02	(29)	OPEX (USD/boe)	13.16	17.27	(24)

[1] Excluding intersegmental profit elimination; [2] Production figures in kboe/d are rounded

Fourth quarter 2015 (Q4/15) vs. fourth quarter 2014 (Q4/14)

- **Clean EBIT impacted mainly by lower oil prices and higher exploration expenses**
- **Group production decreased by 3%, driven by revamp of Lebada NAG offshore gas compressors and lower investments**
- **OPEX in USD/boe down 29% supported by favorable FX rates and cost reduction measures**
- **Neptun Deep: exploration activities further progressed, with Domino 4 well finalized and Pelican South-2 well spudded in December completed in January 2016**

In Q4/15, the average Urals crude price stood at USD 42.26/bbl, 44% lower compared to Q4/14. The oil price hedges for Q4/15 have improved clean EBIT by RON 23 mn. The average realized crude price decreased by 44% to USD 36.07/bbl.

Clean EBIT declined to RON (223) mn in Q4/15, driven by significantly lower realized oil prices and higher exploration expenses, which were only partly compensated by lower production costs. Exploration expenses increased to RON 315 mn, mostly in relation to the write-off of two unsuccessful wells (one onshore and one offshore) and seismic acquisitions under the joint ventures with Hunt Oil and Repsol, while in Q4/14 they amounted to RON (5) mn, mostly due to a reclassification of project costs.

The further decline in oil prices and the market volatility have led to the review of OMV Petrom's oil price assumptions for both the short and long term. These revised assumptions have required impairments of some producing assets in Romania and Kazakhstan in Q4/15, which resulted in a reported EBIT of RON (2,103) mn in Q4/15.

Group production costs (OPEX) in USD/boe were 29% lower than in Q4/14, mainly due to lower services, materials and personnel costs as well as the reduction of the construction tax in Romania from 1.5% to 1% and the advantageous FX rates (USD 15% stronger against RON), which more than offset lower production available for sale. In Romania, production costs in USD/boe decreased by 28% to USD 11.78/boe, while in RON terms, they stood at RON 48.05/boe, 17% below the Q4/14 level.

Exploration expenditures decreased to RON 312 mn (Q4/14: RON 426 mn), mainly due to lower onshore exploration activities.

Group daily hydrocarbon production was 176.3 kboe/d (Romania: 167.8 kboe/d) and total production stood at 16.22 mn boe (Romania: 15.44 mn boe), down 3% yoy, due to lower production in both Romania and Kazakhstan. Domestic crude oil and NGL production was 6.72 mn bbl, 3% lower than in Q4/14, mainly affected by the shutdown at Lebada NAG and natural decline at key wells. Domestic gas production declined to 8.72 mn boe (Q4/14: 8.89 mn boe), as the additional contribution of the new wells put on stream and workovers performed during the year partly offset the impact of the planned revamp of the offshore gas compressors from Lebada NAG during Q4/15. In Kazakhstan, production amounted to 0.78 mn boe, 10% lower compared to the same period of 2014, mainly due to natural decline and pipeline integrity issues.

Group hydrocarbon sales volumes have decreased by 2% compared to Q4/14, as higher NGL sales in Romania were offset by the lower oil and gas sales and by the decreased sales volumes in Kazakhstan.

In Q4/15, we finalized drilling of 15 new wells and sidetracks, compared to 41 new wells and sidetracks in the same quarter last year.

Fourth quarter 2015 (Q4/15) vs. third quarter 2015 (Q3/15)

In Q4/15, the average Urals crude price decreased to USD 42.26/bbl, 15% lower compared to Q3/15. The average realized crude price decreased to USD 36.07/bbl in Q4/15, 19% lower than in Q3/15, the latter reflecting a higher positive impact from oil price hedges.

Clean EBIT decreased compared to the Q3/15 level, mostly due to higher exploration costs, lower realized oil prices and higher depreciation, only partly offset by higher sales volumes and lower production costs. Reported EBIT decreased to RON (2,103) mn reflecting mainly the impairment of producing assets in Romania and Kazakhstan.

Group production costs in USD/boe were 8% below the Q3/15 level. Production costs in Romania declined by 8% when expressed in USD/boe, and by 6% in RON/boe terms (RON 48.05/boe), as a result of lower services cost and increased production available for sale.

Group daily production increased by 2% to 176.3 kboe/d, driven by the positive impact of the planned workovers and surface works at key gas fields in Romania performed in Q3/15, offsetting the impact of the Lebada NAG planned shutdown in Q4/15. Total production amounted to 16.22 mn boe (Q3/15: 15.97 mn boe). Group sales volumes increased by 3% compared to the Q3/15 level, supported by higher sales in Romania.

January – December 2015 vs. January – December 2014

Average Urals crude prices decreased by 47% compared to 2014 to USD 51.45/bbl. The oil price hedges for the period Q4/15 through Q2/16 were monetized, which together with the oil price hedges for Q3/15, have improved the clean EBIT by RON 101 mn. The average Group realized crude price was USD 45.00/bbl, 48% lower than in 2014.

Clean EBIT decreased by 80% to RON 919 mn, mainly driven by lower oil prices, higher exploration expenses, higher depreciation and lower oil and gas sales volumes, which more than offset favorable FX rates, lower production costs and royalties. Exploration expenses increased to RON 577 mn in 2015 (2014: RON 156 mn), which reflected the write-off of four wells, as well as increased seismic acquisition.

Reported EBIT amounted to RON (1,815) mn in 2015, due to higher special charges. The further decline in oil prices and the market volatility have led to the review of OMV Petrom's oil price assumptions for both the short and long term. These revised assumptions have required impairments, mainly to production assets, which were recognized at the end of Q3/15 and Q4/15 in Romania and at the end of Q4/15 in Kazakhstan, totalling RON 2.7 bn, while 2014 was influenced mostly by impairments in Kazakhstan triggered by unsuccessful field redevelopment results in the TOC fields.

Group production costs in USD/boe were USD 13.16/boe, 24% down compared to 2014 level, mainly due to efforts made to simplify and adjust our organization, favorable FX rates as well as the reduction of tax on constructions in Romania from 1.5% to 1%. Production costs in Romania expressed in USD/boe were USD 12.79/boe, down 24% vs 2014, while in RON terms they decreased by 9% to RON 51.23/boe, mostly due to lower services cost, personnel and materials.

Exploration expenditures reached RON 1,399 mn, which mainly include the capitalized expenditures in relation with the drilling activities in the Black Sea associated with wells drilled in Neptun Deep, as well as onshore drilling activities performed within the joint venture with Repsol. Most of the wells drilled in Neptun Deep have encountered gas. Further interpretation and analysis of the data gathered is required to enhance our assessment of the reservoir's potential.

Group oil, gas and NGL production in 2015 totaled 65.19 mn boe, slightly lower than the 2014 level as a result of decreased production in Romania. In Romania, total oil, gas and NGL production amounted to 61.90 mn boe, lower by 1 % compared to the previous year. Domestic crude oil production was 27.43 mn bbl, 2% down compared to 2014 level due to planned workovers and surface works (both onshore and offshore). Domestic gas production was 34.48 mn boe, broadly in line with 2014 level. Oil and gas production in Kazakhstan increased by 1% to 3.29 mn boe, last year being influenced by technical constraints. Group sales volumes decreased by 1% compared to 2014 due to lower sales volumes in Kazakhstan and lower oil and gas sales in Romania despite higher NGL sales in Romania.

As of December 31, 2015 the total proved oil and gas reserves in OMV Petrom Group's portfolio amounted to 647 mn boe (of which Romania had 625 mn boe), while the proved and probable oil and gas reserves amounted to 917 mn boe (of which Romania had 873 mn boe). The Group's three-year average reserve replacement rate decreased to 35% in 2015 (2014: 39%), in Romania it also decreased to 33% (2014: 39%). For the single year 2015, the Group's rate was 33% (2014: 42%), while the reserve replacement rate in Romania was 25% (2014: 42%).

Downstream

Q3/15	Q4/15	Q4/14	Δ%	in RON mn	2015	2014	Δ%
121	127	(1,127)	n.m.	EBIT	1,014	(897)	n.m.
(9)	(51)	(818)	(94)	Special items	45	(815)	n.m.
(374)	(91)	(558)	(84)	CCS effect: Inventory holding gains/(losses) [1]	(201)	(674)	(70)
503	269	248	8	Clean CCS EBIT [1]	1,169	591	98
560	277	230	20	thereof Downstream Oil	1,315	654	101
(56)	(8)	18	n.m.	thereof Downstream Gas	(145)	(63)	130
690	465	436	7	Clean CCS EBITD [1]	1,915	1,300	47
82	199	101	96	CAPEX	402	797	(50)

Q3/15	Q4/15	Q4/14	Δ%	Downstream Oil KPIs	2015	2014	Δ%
9.87	7.75	5.90	31	Indicator refining margin (USD/bbl) [2]	8.71	1.89	362
1.13	1.09	1.14	(4)	Refining input (mn t) [3]	4.18	4.01	4
94	92	101	(8)	Refinery utilization rate (%)[4]	88	89	(1)
1.37	1.34	1.30	2	Total refined product sales (mn t)	5.03	4.81	5
0.71	0.66	0.62	7	thereof retail sales volumes (mn t) [5]	2.53	2.37	7
				Downstream Gas KPIs			
10.85	13.28	14.31	(7)	Gas sales volumes (TWh)	51.39	47.70	8
8.45	10.70	13.05	(18)	thereof to third parties (TWh)	45.24	44.29	2
60	60	53.3	13	Average regulated domestic gas price for households (RON/MWh)	56.7	52.3	8
1.12	1.13	0.55	107	Net electrical output (TWh)	2.65	1.32	100
183	174	189	(8)	OPCOM spot average electricity base load price (RON/MWh)	162	154	5

[1] Current cost of supply (CCS): Clean CCS EBIT eliminates special items and inventory holding gains/losses (CCS effects) resulting from Downstream Oil
[2] As of Q3/14, the standard yield for the calculation of the indicator refining margin has been updated following the finalization of the Petrobrazi modernization program; previously reported figures were not adjusted; the actual refining margins realized by OMV Petrom may vary from the indicator refining margin due to different crude slate, product yield and operating conditions
[3] Figures include crude and semi-finished products, in line with OMV Group reporting standard
[4] After the finalization of the Petrobrazi refinery modernization, the opportunity was taken to demonstrate the maximum throughput based on a timeframe of the best 30 consecutive days. As a result, the annual refining capacity has been updated from 4.2 mn t to 4.5 mn t as of Q1/15; previously reported figures were not adjusted accordingly
[5] Retail sales volumes include sales via Group's filling stations in Romania, Bulgaria, Serbia and Republic of Moldova

Fourth quarter 2015 (Q4/15) vs. fourth quarter 2014 (Q4/14)

- **Downstream Oil: Increased refining result mainly driven by lower cost for crude consumed and higher gasoline spreads**
- **Retail sales volumes advanced by 7% supported by improved oil product demand**
- **Downstream Gas: lower sales volumes due to decreased demand from the chemical industry**
- **Net electrical output doubled reflecting forward sales and optimized gas value chain**

Clean CCS EBIT increased to RON 269 mn in Q4/15 (Q4/14: RON 248 mn), driven by the strong performance of the Downstream Oil segment. Reported EBIT of RON 127 mn in Q4/15 reflected CCS effect of RON (91) mn and special items of RON (51) mn, mainly related to the reclassification of the Dorobantu wind park as asset held for sale due to envisaged divestment.

In Q4/15, the **Downstream Oil** Clean CCS EBIT increased to RON 277 mn compared to RON 230 mn in Q4/14, mainly driven by higher refining margins and improved oil product sales. The reported EBIT came in at RON 207 mn also reflecting negative CCS effects of RON (91) mn.

The indicator refining margin increased from USD 5.90/bbl in Q4/14 to USD 7.75/bbl in Q4/15 mainly driven by the lower cost for crude consumed and higher gasoline cracks.

The refinery utilization rate was 92% (Q4/14: 101% due to temporarily higher throughput run after the scheduled refinery turnaround from Q2/14) reflecting also the standard capacity adjustment to 4.5 mn t/y as of Q1/15 (previously 4.2 mn t/y).

Total refined product sales were 2% above the level of Q4/14 mainly reflecting the positive development of domestic demand.

Starting with Q3/15, the retail sales volumes, part of total refined product sales, are reported separately due to changes in the organizational structure in the Downstream Oil business, introduced for the optimization of sales channels.

In Q4/15, Group retail sales volumes, which accounted for 49% of total refined product sales, increased by 7% compared to Q4/14 due to higher demand mainly driven by lower product quotations. Non-retail sales volumes slightly decreased reflecting lower sales to export.

At the end of Q4/15, the total number of retail filling stations operated within OMV Petrom Group increased by 8 units compared to Q4/14 to 788, as a result of new business opportunities in Romania and network optimization in the other countries within the Group.

The **Downstream Gas** Clean EBIT stood at RON (8) mn in Q4/15 vs. RON 18 mn in Q4/14, when it was positively impacted by a RON 30 mn reversal of provision for outstanding receivables.

As per OMV Petrom's estimations, national gas consumption decreased by 9% compared to Q4/14. OMV Petrom's total gas sales volumes decreased by 7%, mainly due to lower demand from the chemical industry despite significantly higher off-take by the Brazi power plant.

OMV Petrom's storage level decreased to 1.9 TWh (175 mn cbm) at the end of Q4/15, compared to 4.3 TWh (405 mn cbm) at the end of Q4/14, in line with the company's objective to minimize the storage expenses while fully complying with the legal obligation to store.

Since January 2015, the import quota for non-households is no longer mandatory, whereas in Q4/14 the average import quota set by ANRE for non-households was 5%. The import quota for households was 1% in Q4/15, compared to 2% in Q4/14.

In Q4/15, the regulated domestic gas price for household consumers was RON 60/MWh vs. RON 53.3/MWh in Q4/14. On the Romanian centralized markets, which continue to see very low levels of liquidity, the price of natural gas from domestic production varied between RON 78.6/MWh and RON 109.9/MWh for gas deliveries in Q4/15 (0.6 TWh), while for deliveries in Q1/16 (0.4 TWh) the gas price varied between RON 80/MWh and RON 109.9/MWh[2].

According to preliminary data available from the grid operator, national gross electricity production and demand were on similar levels as in the same quarter of the previous year, reflecting stable macroeconomic environment.

According to OPCOM, the base load electricity price averaged RON 174/MWh (Q4/14: RON 189/MWh), while the peak load electricity price averaged RON 203/MWh (Q4/14: RON 227/MWh).

In Q4/15, the Brazi power plant generated a net electrical output of 1.10 TWh (Q4/14: 0.52 TWh) benefitting from forward sales. The Dorobantu wind park delivered a net electrical output of approx. 0.02 TWh, 20% lower than in Q4/14, receiving around 30,000 green certificates, half of them eligible for sale after January 1, 2018 (Q4/14: around 40,000 green certificates, half of them eligible for sale).

Fourth quarter 2015 (Q4/15) vs. third quarter 2015 (Q3/15)

Clean CCS EBIT significantly decreased compared to Q3/15, mainly due to lower Downstream Oil business contribution. Reported EBIT was RON 127 mn (Q3/15: RON 121 mn).

The **Downstream Oil** Clean CCS EBIT decreased in Q4/15 compared to Q3/15, impacted by seasonally lower oil product sales and lower refining margins.
The indicator refining margin dropped from USD 9.87/bbl in Q3/15 to USD 7.75/bbl in Q4/15, mainly due to deteriorated gasoline and diesel spreads despite lower cost for crude consumed.

[2] The gas price for transactions on the Romanian centralized markets could include storage related tariffs in connection with the gas volumes sold/extracted from storage.

The refinery utilization rate decreased to 92% in Q4/15 (94% in Q3/15), reflecting the seasonally lower demand.

The **Downstream Gas** Clean EBIT in Q4/15 was RON (8) mn vs. RON (56) mn in Q3/15, driven by the higher gas volumes and the positive impact from the revaluation of power forward contracts. Gas sales volumes seasonally increased by 22% compared to the previous quarter. The net electrical output of the Brazi power plant was stable at 1.10 TWh, while the Dorobantu wind park generated a net output of 0.02 TWh, 40% higher vs. Q3/15.

January – December 2015 vs. January – December 2014

Clean CCS EBIT significantly increased to RON 1,169 mn in 2015 (2014: RON 591 mn), driven by the strong performance of the Downstream Oil segment. Reported EBIT came in at RON 1,014 mn reflecting special items of RON 45 mn mainly related to the positive result of a legal dispute.

The **Downstream Oil** Clean CCS EBIT improved significantly to RON 1,315 mn compared to RON 654 mn in 2014, driven by high refining margins, improved operational performance after the refinery modernization and increased oil product sales. In 2015, we registered higher results in all business segments, reflecting the company's ability to capitalize on environment opportunities and our commitment to improve operational performance, to pursue cost discipline and optimization of the Downstream Oil business.

The indicator refining margin increased significantly to USD 8.71/bbl, from USD 1.89/bbl in 2014, reflecting lower cost for crude consumed, the updated standard yield (as of Q3/14) following the completion of the Petrobrazi refinery modernization program and higher product spreads.

In 2015, the refinery utilization rate stood at 88% (2014: 89%), reflecting the standard capacity adjustment to 4.5 mn t/y as of Q1/15 (previously 4.2 mn t/y).
Total refined product sales were up by 5% driven by higher oil product demand, which was supported by lower product quotations. Group retail sales volumes increased by 7%, the positive trend being reflected throughout the operating region. Non-retail sales volumes advanced by 3% on the back of higher demand for diesel and jet.

The **Downstream Gas** Clean EBIT deteriorated to RON (145) mn in 2015 from RON (63) mn in 2014 mainly due to RON (87) mn net impact from provisions for outstanding receivables in the gas business. Despite the challenging market environment, an improved performance of the gas business was recorded vs. 2014 resulting in higher sales and lower stored volumes.
As per OMV Petrom's estimations, national gas consumption decreased by around 5% vs. 2014, while OMV Petrom's consolidated gas sales increased by 8%, supported by higher offtake by the Brazi power plant, which reflects the integrated optimization of our gas and power portfolios, and by improved customer orientation.

According to preliminary data available from the grid operator, national gross electricity production and demand increased by around 2% in 2015 vs. 2014. According to OPCOM, the electricity price averaged RON 162/MWh (2014: RON 154/MWh) for base load and RON 185/MWh for peak load (2014: RON 187/MWh).

In 2015, the net electrical output of the Brazi power plant more than doubled vs. 2014, to 2.56 TWh (2014: 1.22 TWh), covering approx. 4% of Romania's electricity production and 11% of the balancing market, according to available information (2014: 2% of Romania's electricity production and 6% of the balancing market).
The Dorobantu wind park generated a net electrical output of 0.08 TWh in 2015, stable vs. 2014, receiving around 130,000 green certificates, half of them eligible for sale after January 1, 2018, similarly with 2014.

Outlook 2016

Market, regulatory and fiscal environment

For the year 2016, we expect the **Brent oil price** to average USD 40/bbl and the Brent-Urals spread is anticipated to be wider than in recent years.

We expect **gas** demand in Romania to remain broadly flat, with increased competition and margin pressure, also considering the increasing competitiveness of import gas. In the **power** market, we anticipate demand for 2016 to be also relatively stable, but with weak spark spreads throughout the year.

In 2016, **refining** margins are expected to decline from 2015 levels due to persisting overcapacity in European markets. The lower product prices resulting from the decrease in the international crude and oil product quotations, together with the reduced VAT in Romania starting 2016, are expected to support demand for oil products, though with increased competition.

Several amendments to the **Romanian general taxation framework** have been approved, scheduled to enter into force in 2016 - 2017. The tax on constructions is kept at 1% for 2016, and it is expected to be eliminated starting with 2017.

In addition, as announced by the authorities, further developments are expected with respect to **upstream oil and gas taxation**, with public consultations envisaged to take place before new measures are applied starting with 2017.

Moreover, a stable, predictable and investment-friendly fiscal and regulatory environment is crucial to enable us to maintain future investments for both offsetting natural decline and further onshore and offshore development.

OMV Petrom Group

- CAPEX (including capitalized exploration and appraisal) for 2016 is expected to range between EUR 0.7 - 0.8 bn, about 10-20% down yoy, with approx. 85% dedicated to Upstream; exploration expenditures are estimated to decrease by approx. 50% vs. the high level of 2015;
- In order to meet free cash flow (before dividends) neutrality in a prolonged low oil price environment, we will continue the cost and portfolio optimization programs across all business segments;
- Given the higher liquidity level required to sustain our investment needs, management's intention is to propose that no dividends will be distributed in respect of 2015.

Upstream

- Full year average Group production is expected to drop by up to 4% in 2016 compared with 2015, mostly driven by lower investments as well as the planned surface facilities upgrade at Totea Deep in H2/16;
- Operational activities will concentrate on maintaining the safety conditions and fulfillment of integrity and commitment programs;
- We will continue our operational excellence initiatives focusing on cost reductions and efficiency (e.g. reduced mean time between failures, costs per workover and rates for new wells drilled);
- We will review our portfolio of producing assets, which may result in further shutdown of uneconomic wells and/or sale of marginal fields;
- Partnership with Hunt Oil: installing facilities and pipeline for the experimental production, treatment and delivery of gas and condensate from exploration well Padina Nord 1;
- Neptun Deep block (50% OMV Petrom; 50% ExxonMobil): in January 2016, we completed the second exploration drilling campaign, which included in total seven wells drilled, most of them having encountered gas, and a successful well test of the Domino structure; program total investments in excess of USD 1.5 bn since 2008 (thereof 50% OMV Petrom). The results of the drilling campaign are sufficiently encouraging to progress more detailed work to determine if commercial development is viable. Partners will review, evaluate and optimize the development strategy with the aim to determine the most efficient development plan for the discovered resources. This could potentially include a phased development approach. At this stage, the final investments decision could be expected in around two years and first production would be achieved early next decade;

- In Kazakhstan, we will continue workover activities to combat natural decline and we aim to maintain production in TOC and Komsomolskoe fields.

Downstream

- In the Petrobrazi refinery, a one-month planned shutdown and turnaround is scheduled in Q2/16 with the main scope related to maintenance works and reauthorizations; the refinery utilization rate, adjusted for the turnaround, is targeted to remain high due to the strong performance in all sales channels and will support the stable profit and cash contribution from the Downstream Oil business; moreover, the focus on improving operational performance and delivering on economic energy efficiency upgrades will continue;
- We expect to maintain our position in the gas market by improved portfolio optimization and customer orientation;
- The Brazi power plant will continue to play an important role within our integrated gas value chain, a significant part of its production capacity being sold forward for 2016; additionally we always aim to capture available market opportunities by capitalizing on its operational flexibility;
- Two-week planned outage for the Brazi power plant in Q1/16;
- Dorobantu wind park: envisaged divestment, in line with company's strategy to focus on core business.

Group interim condensed consolidated financial statements and notes as of and for the period ended December 31, 2015 (unaudited)

Legal principles and general accounting policies

The interim condensed consolidated financial statements as of and for the period ended December 31, 2015 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as of December 31, 2014.

The accounting policies and valuation methods adopted in preparation of the interim condensed consolidated financial statements are consistent with those followed in preparation of the Group's annual consolidated financial statements for the year ended December 31, 2014, except for the adoption of new standards and interpretations effective as of January 1, 2015 or early adopted by the Group.

The following new and amended standards and interpretations have been implemented / early adopted since January 1, 2015. None has had a material impact on the interim condensed consolidated financial statements.

- Amendments to IAS 19 Defined Benefit plans: Employee Contribution (early adopted)
- Annual Improvements to IFRSs 2010-2012 Cycle (early adopted)
- Annual Improvements to IFRSs 2011-2013 Cycle

The detailed structure of the consolidated companies in OMV Petrom Group at December 31, 2015 is presented in the Appendix 1 to the current report.

The interim condensed consolidated financial statements as of and for the period ended December 31, 2015 included in this report are unaudited.

Seasonality and cyclicality

Seasonality is of particular significance in downstream; for details please refer to the relevant section in the business segments.

In addition to the interim condensed consolidated financial statements and notes, further information on main factors affecting the interim condensed consolidated financial statements as of and for the year ended December 31, 2015 is given as part of the description of OMV Petrom Group's business segments performance.

Exchange rates

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

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

Q3/15	Q4/15	Q4/14	Δ%	NBR FX rates	2015	2014	Δ%
4.429	4.457	4.433	1	Average EUR/RON FX rate	4.445	4.444	0
3.982	4.067	3.547	15	Average USD/RON FX rate	4.006	3.349	20
4.417	4.525	4.482	1	Closing EUR/RON FX rate	4.525	4.482	1
3.934	4.148	3.687	13	Closing USD/RON FX rate	4.148	3.687	13

Interim condensed consolidated income statement

Q3/15	Q4/15	Q4/14	Interim condensed consolidated income statement (in RON mn)	2015	2014
4,815.80	4,518.20	5,346.70	Sales revenues	18,144.98	21,541.26
(88.85)	(83.06)	(124.21)	Direct selling expenses	(383.10)	(479.70)
(4,325.65)	(5,678.08)	(4,829.00)	Production costs of sales	(16,402.56)	(15,815.11)
401.30	**(1,242.94)**	**393.49**	**Gross profit**	**1,359.32**	**5,246.45**
129.27	85.57	67.18	Other operating income	501.45	315.73
(233.89)	(239.67)	(317.28)	Selling expenses	(939.13)	(1,077.68)
(45.57)	(38.50)	(47.62)	Administrative expenses	(182.86)	(189.21)
(61.64)	(315.42)	4.77	Exploration expenses	(576.61)	(156.17)
(155.02)	(93.51)	(211.36)	Other operating expenses	(691.92)	(800.82)
34.45	**(1,844.47)**	**(110.82)**	**Earnings before interest and taxes (EBIT)**	**(529.75)**	**3,338.30**
4.08	(0.42)	1.46	Income / (loss) from associated companies	7.40	10.67
69.66	16.06	8.36	Interest income	234.82	72.33
(151.06)	(127.75)	(185.66)	Interest expenses	(430.99)	(549.15)
(5.30)	(22.57)	9.18	Other financial income and expenses	(7.45)	37.03
(82.62)	**(134.68)**	**(166.66)**	**Net financial result**	**(196.22)**	**(429.12)**
(48.17)	**(1,979.15)**	**(277.48)**	**Profit/(loss) from ordinary activities**	**(725.97)**	**2,909.18**
2.57	298.76	(29.53)	Taxes on income	36.32	(809.51)
(45.60)	**(1,680.39)**	**(307.01)**	**Net income/(loss) for the period**	**(689.65)**	**2,099.67**
(42.76)	**(1,674.59)**	**(304.01)**	**thereof attributable to stockholders of the parent**	**(675.99)**	**2,102.67**
(2.84)	(5.80)	(3.00)	thereof attributable to non-controlling interests	(13.66)	(3.00)
(0.0008)	**(0.0296)**	**(0.0054)**	**Basic earnings/(loss) per share (RON)**	**(0.0119)**	**0.0371**

Interim condensed consolidated statement of other comprehensive income

Q3/15	Q4/15	Q4/14	Interim condensed consolidated statement of other comprehensive income (in RON mn)	2015	2014
(45.60)	**(1,680.39)**	**(307.01)**	**Net income/(loss) for the period**	**(689.65)**	**2,099.67**
(6.22)	(0.12)	1.31	Exchange differences from translation of foreign operations	(6.86)	(29.73)
47.05	(22.70)	-	Gains/(losses) on hedges	14.21	-
40.83	**(22.82)**	**1.31**	**Total of items that may be reclassified ("recycled") subsequently to the income statement**	**7.35**	**(29.73)**
-	34.56	(21.01)	**Remeasurement gains/ (losses) on defined benefit plans**	34.56	(21.01)
-	**34.56**	**(21.01)**	**Total of items that will not be reclassified ("recycled") subsequently to the income statement**	**34.56**	**(21.01)**
(3.85)	(9.15)	(8.83)	Income tax relating to items that may be reclassified ("recycled") subsequently to the income statement	(29.49)	(19.21)
-	(5.53)	3.36	Income tax relating to items that will not be reclassified ("recycled") subsequently to the income statement	(5.53)	3.36
(3.85)	**(14.68)**	**(5.47)**	**Total income taxes relating to components of other comprehensive income**	**(35.02)**	**(15.85)**
36.98	**(2.94)**	**(25.17)**	**Other comprehensive income/(loss) for the period, net of tax**	**6.89**	**(66.59)**
(8.62)	**(1,683.33)**	**(332.18)**	**Total comprehensive income/(loss) for the period**	**(682.76)**	**2,033.08**
(6.51)	(1,674.83)	(327.16)	**thereof attributable to stockholders of the parent**	(664.03)	2,040.50
(2.11)	(8.50)	(5.02)	thereof attributable to non-controlling interests	(18.73)	(7.42)

Notes to the interim condensed consolidated income statement

Fourth quarter 2015 (Q4/15) vs. fourth quarter 2014 (Q4/14)

Consolidated sales in Q4/15 amounted to RON 4,518 mn and were 15% below Q4/14, mainly due to the decrease of petroleum products sales revenues, following the steep decline in oil prices, partially offset by the slight increase in quantities sold and by the higher sales of electricity. Downstream Oil represented 69% of total consolidated sales, Downstream Gas accounted for 27% and Upstream for 3% (sales in Upstream being largely intra-group sales rather than third-party sales).

The Group's EBIT for Q4/15 further deteriorated to RON (1,844) mn, compared to RON (111) mn in Q4/14, driven by lower sales revenues as a result of the challenging market environment and by higher impairment of producing assets in Upstream, predominantly as a consequence of the revision of oil price assumptions both for the short and long term. Exploration expenses amounting to RON 315 mn in Q4/15, mainly in relation with unsuccessful exploration wells, also negatively influenced the result.

Clean CCS EBIT of RON 211 mn is below the value recorded in Q4/14 of RON 1,026 mn, reflecting unfavorable oil price environment. The clean CCS EBIT for Q4/15 is stated after eliminating net special charges of RON (1,930) mn (mainly in relation to impairment of producing assets in Upstream) and inventory holding losses of RON (125) mn, while Q4/14 is stated after eliminating net special charges of RON (981) mn and inventory holding losses of RON (156) mn.

The net financial result slightly improved in Q4/15 to RON (135) mn compared with RON (167) mn in Q4/14, mainly due to the fact that Q4/14 was affected by interest on taxes due following the fiscal review in OMV Petrom.

The result from ordinary activities was a loss of RON (1,979) mn and corporate income tax was positive at RON 299 mn reflecting the positive effect of deferred tax. Current tax expenses on the Group's income were RON 56 mn and deferred tax revenues amounted to RON 355 mn, due to the impact from impairment of assets in Upstream.

The net result attributable to stockholders in 2015 was a loss of RON (1,675) mn, while clean CCS net income attributable to stockholders was RON 68 mn. The loss per share was RON (0.0296) in Q4/15 vs. a loss of RON (0.0054) in Q4/14, while Clean CCS EPS was RON 0.0012 compared to RON 0.0118 in Q4/14.

Fourth quarter 2015 (Q4/15) vs. third quarter 2015 (Q3/15)

Compared to Q3/15, sales decreased by 6%, mainly due to the further drop in selling prices, which more than offset higher sales of electricity and natural gas. The Group's EBIT was a loss of RON (1,844) mn (Q3/15: profit of RON 34 mn), mainly due to further impairment of assets in the Upstream segment, following reduced oil price assumptions. Clean CCS EBIT decreased from RON 1,061 mn to RON 211 mn, reflecting reduction of selling prices and higher exploration costs.

The net financial result slightly deteriorated to RON (135) mn (Q3/15: RON (83) mn).

The net result attributable to stockholders in Q4/15 was a loss of RON (1,675) mn, compared to a loss of RON (43) mn in Q3/15, while Clean CCS net income attributable to stockholders decreased by 92% to RON 68 mn.

January – December 2015 vs. January – December 2014

Consolidated sales for 2015 decreased by 16% compared to 2014, to RON 18,145 mn, largely due to lower petroleum products sales revenues, following the steep decline in oil prices, which more than offset the increase in quantities sold as a result of higher market demand and higher sales of electricity. Downstream Oil represented 73% of total consolidated sales, Downstream Gas accounted for 23% and Upstream for approximately 4%.

The Group's EBIT for the year 2015 was a loss of RON (530) mn, compared to the positive result of RON 3,338 mn in 2014, mainly due to lower sales revenues and higher impairment of producing assets in Upstream, following revision of oil price assumptions for short and long term (in Q3/15 and Q4/15). Exploration expenses amounting to RON 577 mn mainly in relation with unsuccessful exploration wells (RON 408 mn) also negatively influenced the result.

Clean CCS EBIT decreased by 52% to RON 2,522 mn. Clean CCS EBIT is stated after eliminating net special charges of RON (2,689) mn and inventory holding losses of RON (364) mn.

Improvement in the financial result to RON (196) mn in 2015 from RON (429) mn in 2014 is mainly related to the positive outcome of a litigation dispute during 2015 and to the fact that 2014 was affected by provisions for fiscal review in OMV Petrom.

Profits from ordinary activities decreased to a loss of RON (726) mn in 2015. The corporate income tax was positive at the amount of RON 36 mn, due to the deferred tax revenues generated by impairments of assets in Upstream. The net result attributable to stockholders was a loss of RON (676) mn, compared to a net income of RON 2,103 mn in 2014. Clean CCS net income attributable to stockholders was RON 1,801 mn, 52% lower compared to 2014 (RON 3,764 mn). The loss per share in 2015 was RON (0.0119) (2014: earnings per share RON 0.0371) and clean CCS EPS was RON 0.0318 (2014: RON 0.0665).

Interim condensed consolidated statement of financial position, capital expenditure and gearing

Interim condensed consolidated statement of financial position (in RON mn)	December 31, 2015	December 31, 2014
Assets		
Intangible assets	2,430.02	1,656.88
Property, plant and equipment	29,278.19	32,289.64
Investments in associated companies	40.69	35.30
Other financial assets	2,627.56	2,191.79
Other assets	80.29	21.34
Deferred tax assets	1,562.88	1,047.78
Non-current assets	**36,019.63**	**37,242.73**
Inventories	1,965.12	2,250.05
Trade receivables	1,318.28	1,424.37
Other financial assets	257.09	388.87
Other assets	626.90	537.06
Cash and cash equivalents	812.56	1,267.98
Current assets	**4,979.95**	**5,868.33**
Assets held for sale	118.58	13.71
Total assets	**41,118.16**	**43,124.77**
Equity and liabilities		
Capital stock	5,664.41	5,664.41
Reserves	20,078.72	21,377.16
Stockholders' equity	**25,743.13**	**27,041.57**
Non-controlling interests	(55.10)	(36.29)
Total equity	**25,688.03**	**27,005.28**
Provisions for pensions and similar obligations	238.72	283.01
Interest-bearing debts	1,423.70	1,588.96
Provisions for decommissioning and restoration obligations	7,941.21	7,254.92
Other provisions	498.99	553.85
Other financial liabilities	266.26	279.10
Deferred tax liabilities	12.72	-
Non-current liabilities	**10,381.60**	**9,959.84**
Trade payables	2,317.81	2,899.24
Interest-bearing debts	378.72	273.67
Income tax liabilities	107.10	329.09
Other provisions and decommissioning	911.08	1,108.93
Other financial liabilities	548.13	664.46
Other liabilities	775.27	884.26
Current liabilities	**5,038.11**	**6,159.65**
Liabilities associated with assets held for sales	10.42	-
Total equity and liabilities	**41,118.16**	**43,124.77**

Notes to the interim condensed consolidated statement of financial position as of December 31, 2015

Capital expenditure decreased to RON 3,895 mn from RON 6,239 mn in 2014.

Investments in Upstream activities (RON 3,486 mn) represented 90% of total CAPEX for 2015, being 35% below the 2014 level, as the swift reaction to the oil price decrease led to the prioritization of investments. Upstream investments were focused on activities related to field redevelopments, workover activities and subsurface operations, surface facilities, drilling development wells, as well as investments related to the Neptun Deep project.

Downstream Oil investments (RON 393 mn) were significantly lower than in 2014 (RON 794 mn), as the Petrobrazi refinery modernization program was finalized. 2015 investments were mainly related to the fuel terminal network optimization program (reconstruction works at the Cluj terminal). Investment funds were also directed to efficiency projects, as well as to legal and environmental projects.

Compared to December 31, 2014, total assets decreased by RON 2,007 mn, to RON 41,118 mn, driven by the net reduction in both non-current and current assets. The increase in intangible assets, which is mostly related to the drilling operations at the Neptun Deep block in the Black Sea, was more than offset by the impairment of producing assets in the Upstream segment, as a result of revised oil price assumptions. The reduction in current assets was mostly driven by lower cash and cash equivalents, as a result of lower operational cash flows and dividend distribution, and by the decrease in inventories due to higher quantities sold.

The increase in assets and liabilities held for sale is related to the envisaged sale of the stake in the subsidiary OMV Petrom Wind Power S.R.L. (Downstream Gas segment), in line with OMV Petrom's strategy to focus on the core activities of the Group.

Equity decreased to RON 25,688 mn as of December 31, 2015 compared to RON 27,005 mn as of December 31, 2014, mainly as a consequence of the negative current year result driven by impairments recognized in Q3/15 and Q4/15, and of the dividends distributed for the 2014 financial year. The Group's equity ratio[1] stood at 62% at the end of December 2015 (December 31, 2014: 63%).

Total interest bearing debt slightly decreased from RON 1,863 mn as of December 31, 2014 to RON 1,802 mn as of December 31, 2015, following partial reimbursements made in 2015, partially offset by the RON depreciation vs. EUR and USD between the end of 2014 and end of 2015.

The Group's liabilities other than interest bearing debt decreased by RON 629 mn, mainly as a result of payments in relation to the fiscal review finalization in OMV Petrom and of the reduction in trade payables, partially offset by the increase of decommissioning provisions.

OMV Petrom Group's net debt[2] shows an increase from RON 890 mn as of December 31, 2014 to RON 1,286 mn as of December 31, 2015. Consequently, the gearing ratio[3] increased to 5.01% (December 31, 2014: 3.30%).

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

Interim condensed consolidated statement of cash flows

Q3/15	Q4/15	Q4/14	Summarized interim condensed consolidated statement of cash flows (in RON mn)	2015	2014
(48.17)	**(1,979.15)**	**(277.48)**	**Profit/(loss) before taxation**	**(725.97)**	**2,909.18**
(8.13)	147.27	240.40	Net change in provisions	(87.30)	256.47
(0.64)	0.84	(3.83)	Losses/(gains) on the disposal of non-current assets	(4.38)	(20.15)
1,661.10	3,252.54	1,860.88	Depreciation, amortization and impairments including write-ups	6,761.11	4,806.30
(8.39)	(220.28)	(25.74)	Net interest paid	(103.88)	(60.97)
(178.71)	(129.83)	(274.00)	Tax on profit paid	(728.57)	(926.57)
75.54	62.99	78.71	Other non-monetary adjustments	25.71	185.25
1,492.60	**1,134.38**	**1,598.93**	**Sources of funds ***	**5,136.72**	**7,149.51**
118.25	56.20	5.68	(Increase)/decrease in inventories	230.69	(314.57)
(50.55)	174.52	259.57	(Increase)/decrease in receivables	20.85	(152.02)
168.54	(261.38)	(13.21)	(Decrease)/increase in liabilities	(105.36)	146.92
1,728.84	**1,103.72**	**1,850.97**	**Net cash from operating activities**	**5,282.90**	**6,829.84**
(1,030.99)	(1,095.90)	(1,670.13)	Intangible assets and property, plant and equipment	(5,025.23)	(5,909.53)
-	(0.13)	-	Investments, loans and other financial assets	(0.13)	(45.28)
21.66	25.61	19.64	Proceeds from sale of non-current assets	71.90	280.73
-	-	-	Proceeds from sale of subsidiaries, net of cash disposed	-	15.99
(1,009.33)	**(1,070.42)**	**(1,650.49)**	**Net cash from investing activities**	**(4,953.46)**	**(5,658.09)**
(266.42)	(46.96)	495.82	Increase / (decrease) in borrowings	(163.81)	397.49
(0.88)	(1.45)	(15.13)	Dividends paid	(630.68)	(1,731.04)
(267.30)	**(48.41)**	**480.69**	**Net cash from financing activities**	**(794.49)**	**(1,333.55)**
(1.67)	5.08	15.26	Effect of exchange rate changes on cash and cash equivalents	9.63	21.54
450.54	**(10.03)**	**696.43**	**Net (decrease)/increase in cash and cash equivalents**	**(455.42)**	**(140.26)**
372.06	822.59	571.55	Cash and cash equivalents at beginning of period	1,267.98	1,408.24
822.60	**812.56**	**1,267.98**	**Cash and cash equivalents at end of period**	**812.56**	**1,267.98**

* representing cash generated from operating activities before working capital movements

Notes to the interim condensed consolidated statement of cash flows January to December 2015 vs. January to December 2014

In 2015, free cash flow (defined as net cash from operating activities less net cash from investing activities) showed an inflow of funds of RON 329 mn (2014: RON 1,172 mn). Free cash flow less dividend payments resulted in a cash outflow of RON 301 mn (2014: RON 559 mn).

The inflow of funds from profit before taxation, adjusted for non-cash items such as depreciation and impairments, net change of provisions and other non-cash adjustments, as well as net interest and income tax paid was RON 5,137 mn (2014: RON 7,150 mn), while net working capital generated a cash inflow of RON 146 mn (2014: outflow of RON 320 mn).

Net cash flow from investing activities (outflow of RON 4,953 mn; 2014: RON 5,658 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 794 mn (2014: RON 1,334 mn), mainly arising from the payment of dividends of RON 631 mn.

Interim condensed consolidated statement of changes in equity

in RON mn	Share capital	Revenue reserves	Other reserves[1]	Treasury shares	Stockholders' equity	Non-controlling interests	Total Equity
January 1, 2015	**5,664.41**	**21,341.07**	**36.11**	**(0.02)**	**27,041.57**	**(36.29)**	**27,005.28**
Net loss for the period	-	(675.99)	-	-	(675.99)	(13.66)	(689.65)
Other comprehensive income/(loss) for the period	-	29.03	(17.07)	-	11.96	(5.07)	6.89
Total comprehensive income/(loss) for the period	**-**	**(646.96)**	**(17.07)**	**-**	**(664.03)**	**(18.73)**	**(682.76)**
Dividend distribution	-	(634.41)	-	-	(634.41)	(0.09)	(634.50)
Other changes	-	0.10	(0.10)	-	-	0.01	0.01
December 31, 2015	**5,664.41**	**20,059.80**	**18.94**	**(0.02)**	**25,743.13**	**(55.10)**	**25,688.03**

in RON mn	Share capital	Revenue reserves	Other reserves[1]	Treasury shares	Stockholders' equity	Non-controlling interests	Total Equity
January 1, 2014	**5,664.41**	**21,000.68**	**5.44**	**(0.02)**	**26,670.51**	**(28.83)**	**26,641.68**
Net income for the period	-	2,102.67	-	-	2,102.67	(3.00)	2,099.67
Other comprehensive income/(loss) for the period	-	(17.65)	(44.52)	-	(62.17)	(4.42)	(66.59)
Total comprehensive income/(loss) for the period	**-**	**2,085.02**	**(44.52)**	**-**	**2,040.50**	**(7.42)**	**2,033.08**
Dividend distribution	-	(1,744.63)	-	-	(1,744.63)	(0.04)	(1,744.67)
Other increases	-	-	75.19	-	75.19	-	75.19
December 31, 2014	**5,664.41**	**21,341.07**	**36.11**	**(0.02)**	**27,041.57**	**(36.29)**	**27,005.28**

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

Dividends

At the Annual General Meeting of Shareholders held on April 28, 2015, the shareholders of OMV Petrom S.A. approved the distribution of dividends for the financial year 2014 for the gross amount of RON 634 mn (RON 0.0112 per share). Payment of the dividends started on June 12, 2015.

Segment reporting

Intersegmental sales

Q3/15	Q4/15	Q4/14	Δ%	in RON mn	2015	2014	Δ%
1,968.85	1,874.46	2,627.89	(29)	Upstream	8,297.17	12,028.28	(31)
68.21	71.58	89.10	(20)	Downstream *	305.63	385.30	(21)
21.39	24.04	33.01	(27)	thereof Downstream Oil	98.37	152.54	(36)
66.69	84.84	88.42	(4)	thereof Downstream Gas	330.54	361.30	(9)
(19.87)	(37.30)	(32.33)	15	thereof intersegmental elimination Downstream Oil and Downstream Gas	(123.28)	(128.54)	(4)
44.03	53.41	61.01	(12)	Corporate and Other	195.05	393.07	(50)
2,081.09	**1,999.45**	**2,778.00**	**(28)**	**Total**	**8,797.85**	**12,806.65**	(31)

Sales to external customers

Q3/15	Q4/15	Q4/14	Δ%	in RON mn	2015	2014	Δ%
223.27	147.82	194.32	(24)	Upstream	681.75	860.77	(21)
4,587.21	4,353.40	5,146.48	(15)	Downstream	17,429.38	20,615.90	(15)
3,673.14	3,129.77	3,891.11	(20)	thereof Downstream Oil	13,223.76	16,601.99	(20)
914.07	1,223.63	1,255.37	(3)	thereof Downstream Gas	4,205.62	4,013.91	5
5.32	16.98	5.90	188	Corporate and Other	33.85	64.59	(48)
4,815.80	**4,518.20**	**5,346.70**	**(15)**	**Total**	**18,144.98**	**21,541.26**	**(16)**

Total sales (not consolidated)

Q3/15	Q4/15	Q4/14	Δ%	in RON mn	2015	2014	Δ%
2,192.12	2,022.28	2,822.21	(28)	Upstream	8,978.92	12,889.05	(30)
4,655.42	4,424.98	5,235.58	(15)	Downstream*	17,735.01	21,001.20	(16)
3,694.53	3,153.81	3,924.12	(20)	thereof Downstream Oil	13,322.13	16,754.53	(20)
980.76	1,308.47	1,343.79	(3)	thereof Downstream Gas	4,536.16	4,375.21	4
(19.87)	(37.30)	(32.33)	15	thereof intersegmental elimination Downstream Oil and Downstream Gas	(123.28)	(128.54)	(4)
49.35	70.39	66.91	5	Corporate and Other	228.90	457.66	(50)
6,896.89	**6,517.65**	**8,124.70**	**(20)**	**Total**	**26,942.83**	**34,347.91**	**(22)**

* Sales Downstream = Sales Downstream Oil + Sales Downstream Gas – intersegmental elimination Downstream Oil and Downstream Gas

Segment and Group profit/loss

Q3/15	Q4/15	Q4/14	Δ%	in RON mn	2015	2014	Δ%
(407.01)	(2,102.87)	368.67	n.m.	EBIT Upstream	(1,814.60)	3,932.33	n.m.
120.63	126.72	(1,126.59)	n.m.	EBIT Downstream	1,013.65	(897.44)	n.m.
175.06	207.42	(390.14)	n.m.	thereof EBIT Downstream Oil	1,229.70	(79.37)	n.m.
(54.43)	(80.70)	(736.45)	(89)	thereof EBIT Downstream Gas	(216.05)	(818.07)	(74)
(22.59)	(15.99)	(40.36)	(60)	EBIT Corporate and Other	(74.67)	(150.50)	(50)
(308.97)	**(1,992.14)**	**(798.28)**	**150**	**EBIT segment total**	**(875.62)**	**2,884.39**	**n.m.**
343.42	147.67	687.46	(79)	Consolidation: Elimination of intersegmental profits	345.87	453.91	(24)
34.45	**(1,844.47)**	**(110.82)**	**n.m.**	**OMV Petrom Group EBIT**	**(529.75)**	**3,338.30**	**n.m.**
(82.62)	**(134.68)**	**(166.66)**	**(19)**	**Net financial result**	**(196.22)**	**(429.12)**	**(54)**
(48.17)	**(1,979.15)**	**(277.48)**	**n.m.**	**OMV Petrom Group profit/(loss) from ordinary activities**	**(725.97)**	**2,909.18**	**n.m.**

Assets[1]

in RON mn	Dec 31, 2015	Dec 31, 2014
Upstream	24,003.63	25,703.71
Downstream	7,197.07	7,717.88
thereof Downstream Oil	5,420.51	5,629.47
thereof Downstream Gas	1,776.56	2,088.41
Corporate and Other	507.51	524.93
Total	**31,708.21**	**33,946.52**

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

Other notes to the interim condensed consolidated financial statements

i) Significant transactions with related parties

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

ii) Impairments

The further decline in oil prices and the market volatility have led to the review of OMV Petrom's oil assumptions for both the short and long term. The updated assumptions for Brent crude price are now for 2016 at USD 40/bbl, for 2017 at USD 55/bbl, for 2018 at USD 65/bbl, for 2019 at USD 70/bbl and then USD 75/bbl from 2020 onwards. These revised assumptions led to impairments of RON 1,918 mn recognized in Q4/15 for the producing assets in Upstream business, in addition to the RON 786 mn impairments recognized in Q3/15.

iii) Fair value measurement

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

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

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

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

	December 31, 2015				December 31, 2014			
Financial instruments on asset side (in RON mn)	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Derivatives designated and effective as hedging instruments	-	-	-	-	-	-	-	-
Other derivatives	-	105.16	-	**105.16**	-	3.24	-	**3.24**
Total	**-**	**105.16**	**-**	**105.16**	**-**	**3.24**	**-**	**3.24**

	December 31, 2015				December 31, 2014			
Financial instruments on liability side (in RON mn)	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Liabilities on derivatives designated and effective as hedging instruments	-	-	-	**-**	-	-	-	-
Liabilities on other derivatives	-	(102.05)	-	**(102.05)**	-	-	-	-
Total	**-**	**(102.05)**	**-**	**(102.05)**	**-**	**-**	**-**	**-**

There were no transfers between levels of the fair value hierarchy.

Interest-bearing debts amounting to RON 1,802.42 mn (December 31, 2014: RON 1,862.63 mn) are valued at amortized cost. The estimated fair value of these liabilities was RON 1,812.37 mn (December 31, 2014: RON 1,826.83 mn). The carrying amount of all other financial assets and financial liabilities that were measured at amortized cost approximates their fair value.

Subsequent events

On January 13, 2016 OMV Petrom announced the appointment of Peter Rudolf Zeilinger as member of the Executive Board in charge with Upstream activity starting with April 1st, 2016, following Gabriel Selischi's waiver of mandate as member of the Executive Board.

Declaration of the management

We confirm to the best of our knowledge that the preliminary and unaudited condensed consolidated financial statements for the period ended December 31, 2015, prepared in accordance with the International Financial Reporting Standards, offer a true and fair view of OMV 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 2015 and their impact on the condensed consolidated financial statements.

Bucharest, February 18, 2016

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
Upstream

Lacramioara Diaconu-Pintea
Member of the Executive Board
Downstream Gas

Neil Anthony Morgan
Member of the Executive Board
Downstream Oil

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; kboe/d	barrels of oil equivalent; thousand barrels of oil equivalent; kboe per day
bn	billion
bcm	billion cubic meters
capital employed	equity including minorities plus net debt
cbm	cubic meters
CEO	Chief Executive Officer
Co&O	Corporate and Other
CAPEX	Capital expenditure
CCS	Current cost of supply
CFPS	Cash Flow Per Share
EBIT	Earnings before interest and tax
EBITD	Earnings Before Interest, Taxes, Depreciation and amortization, impairments and write-ups of fixed assets
EPS	Earnings per share
EUR	euro
ExxonMobil	ExxonMobil Exploration and Production Romania Limited
FX	Foreign Exchange
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 (as the case may be)
n.m.	not meaningful i.e. deviation exceeds (+/-) 500% or comparison is made between positive and negative values
NOPAT	Net Operating Profit After Tax. 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
S.A.; S.R.L.	Societate pe Actiuni (Joint-stock company); Societate cu Raspundere Limitata (Limited liability company)
TOC	Tasbulat Oil Corporation
t	metric tonne(s)
TWh	terawatt hour
USD	United States dollar
yoy	year-on-year

Appendix 1

Consolidated companies in OMV Petrom Group at December 31, 2015

Parent company
OMV Petrom S.A.

Subsidiaries

Upstream		**Downstream Oil**	
Tasbulat Oil Corporation LLP (Kazakhstan)[1]	100.00%	OMV Petrom Marketing S.R.L.	100.00%
OMV Petrom Ukraine E&P GmbH	100.00%	OMV Petrom Aviation S.A.	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.	99.99%	OMV Srbija DOO (Serbia)	99.96%

Downstream Gas		**Corporate & Other**	
OMV Petrom Gas S.R.L.	99.99%	Petromed Solutions S.R.L.	99.99%
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	
OMV Petrom Global Solutions S.R.L.	25.00%

Appendixes 1 and 2 form part of the interim condensed consolidated financial statements

Appendix 2

Significant transactions with related parties

During the financial year 2015, OMV Petrom Group had the following significant transactions with related parties (including significant balances as of December 31, 2015):

Related party (in RON mn)	Purchases 2015	Balances payable Dec 31, 2015
OMV Petrom Global Solutions S.R.L.	492.30	31.20
OMV Supply & Trading Limited	235.06	0.84
OMV Refining & Marketing GmbH	211.48	54.88
OMV Exploration & Production GmbH	79.20	17.73

Related party (in RON mn)	Revenues 2015	Balances receivable Dec 31, 2015
OMV Supply & Trading Limited	957.41	12.37
OMV Deutschland GmbH	228.89	22.15
OMV Supply & Trading AG	59.98	0.65

During the financial year 2014, OMV Petrom Group had the following significant transactions with related parties (including significant balances as of December 31, 2014):

Related party (in RON mn)	Purchases 2014	Balances payable December 31, 2014
OMV Refining & Marketing GmbH	347.44	71.65
OMV Petrom Global Solutions S.R.L.	257.31	79.62
OMV Exploration & Production GmbH	95.76	52.98

Related party (in RON mn)	Revenues 2014	Balances receivable December 31, 2014
OMV Supply & Trading AG	1,569.66	3.46
OMV Deutschland GmbH	193.11	20.65

Appendixes 1 and 2 form part of the interim condensed consolidated financial statements

Contact

OMV Petrom Investor Relations

Tel: +40 372 088406; Fax: +40 21 30 68518

E-mail address: investor.relations.petrom@petrom.com

Next release:

The next results announcement for January – March 2016 will be released on May 11, 2016, presenting OMV Petrom consolidated results prepared according to IFRS.