

Capital Markets Story

May 2017

Sustainable access to energy
for everyday modern life



OMV Petrom

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Strategy Update 2021+

Q1/17 results review

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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 (Q1/17 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, section OMV Petrom›Investor Relations›Investor News›Investor News 2017.









At a glance



OMV Petrom

We are the leading industrial company in Romania

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

All data refers to 2016

¹ Source: internal data and analysis; ² 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

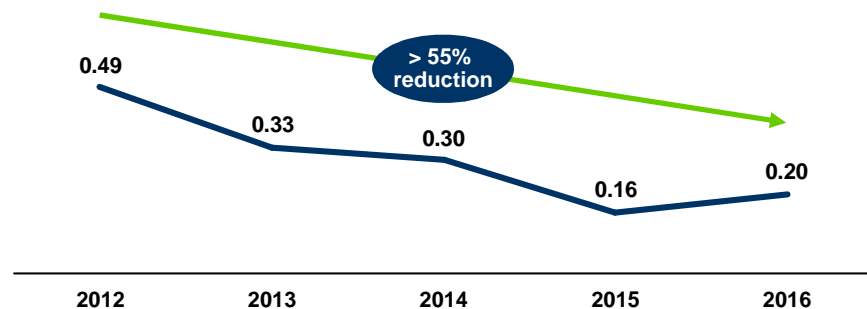


Focused on safeguarding our employees and the environment

Improved LTIR¹ in 2016 vs. 2012

- ▶ Offshore operations: more than 2 years without LTI²
- ▶ Downstream Oil LTIR: 0.09

LTIR

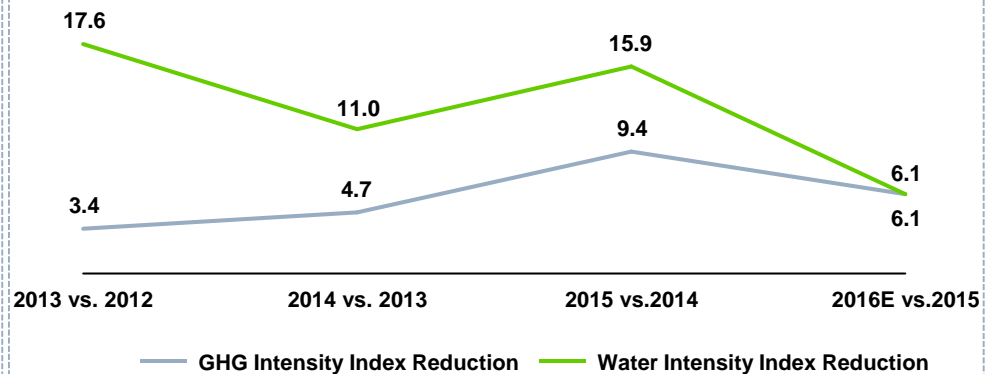


Significant reduction of GHG³ and Water Intensity

- ▶ GHG and Water Intensity Indices reduced by ~6% in 2016⁴ vs. 2015
- ▶ Downstream Oil achieved the greatest GHG reduction: -24% in 2016⁴ vs. 2012
- ▶ 31 G2P/CHP⁵ units burning well gas met more than 50% of Upstream onshore electricity demand in 2016

Reduction of GHG and Water Intensity Indices

2012 – 2016⁴ (%)



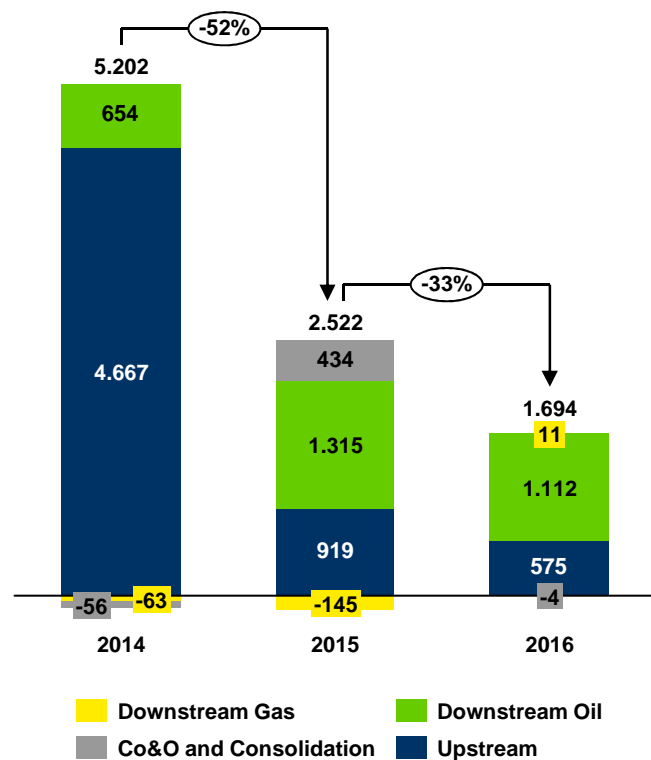
¹ Lost time injury rate (employees and contractors) for OMV Petrom Group, excluding Kazakhstan; ² Lost time injury; ³ Greenhouse gases; ⁴ Preliminary figures for 2016; ⁵ Gas to power/Combined heat and power



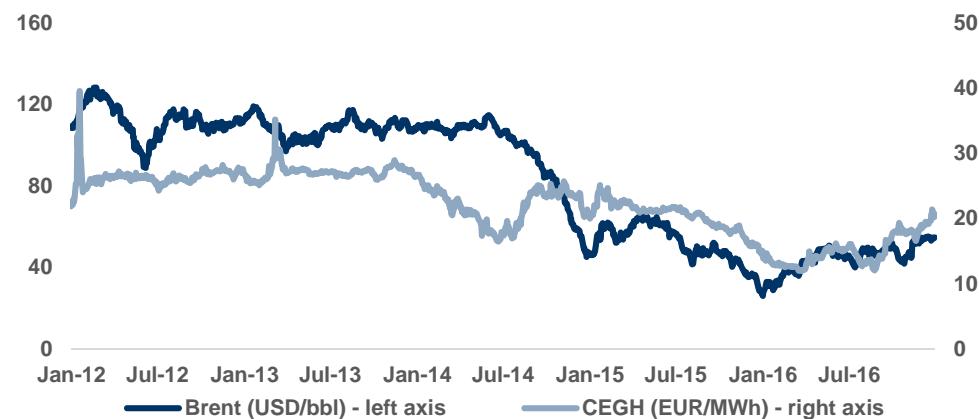
Proving resilience in a challenging market

Clean CCS EBIT 2014 - 2016

(RON mn)

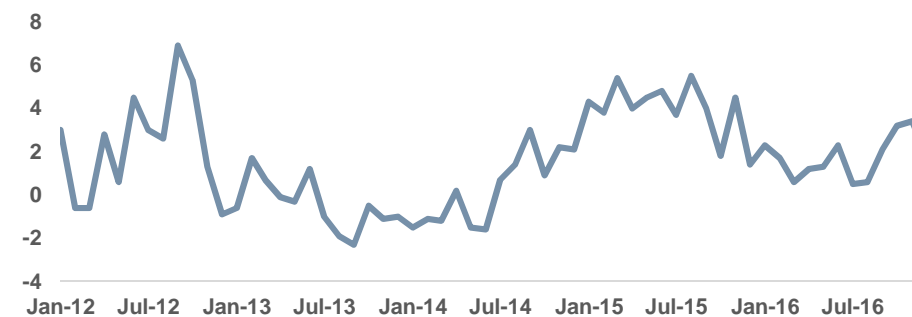


Oil and Gas Price evolution (2012 - 2016)



Indicative Refining Margins (2012 - 2016)¹

(USD/bbl)



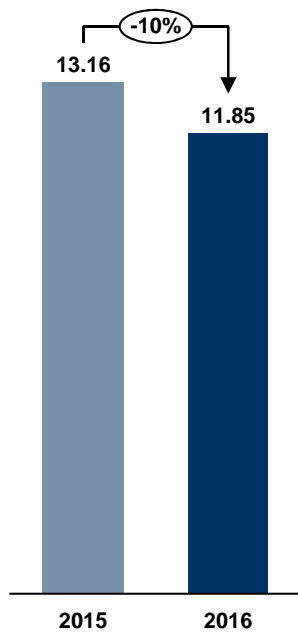
¹ Mediterranean region



Strong execution of efficiency plans

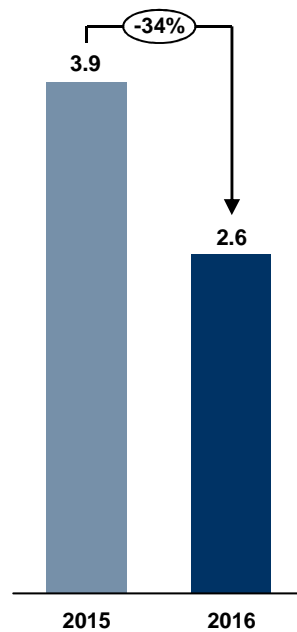
Upstream

OPEX in USD/boe



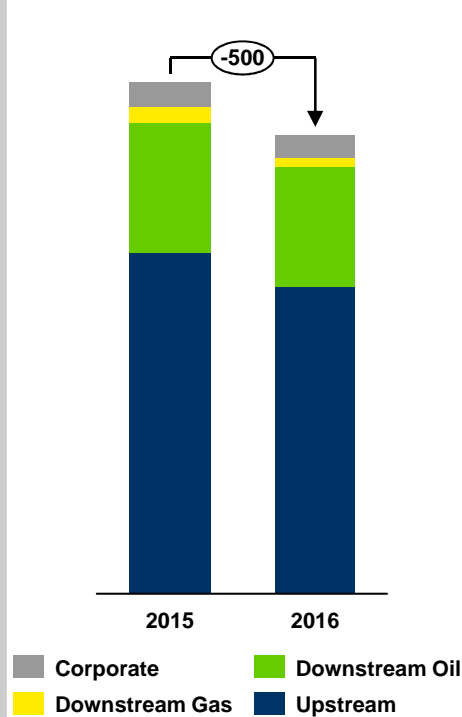
CAPEX

RON bn



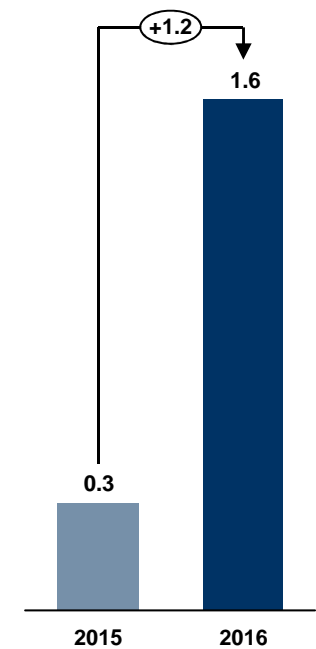
Operating cost savings

RON mn



FCF¹

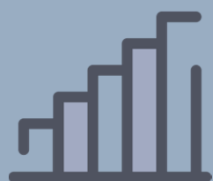
RON bn



¹ 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%

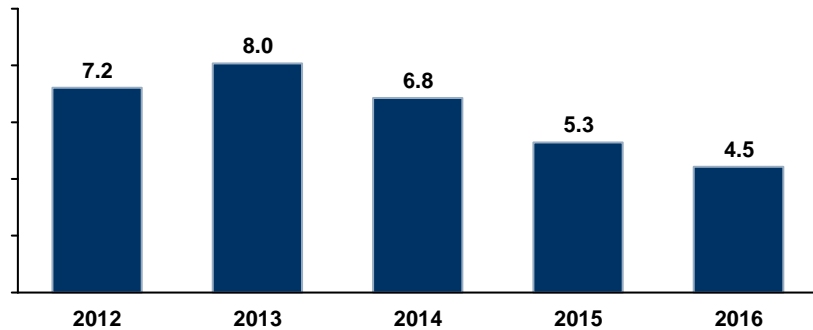
Restoration of dividend distributions

- ▶ 2016 dividend: RON 0.015/share
- ▶ Dividend yield¹: 4.7%
- ▶ 2016 FCF coverage of dividends: 1.8x

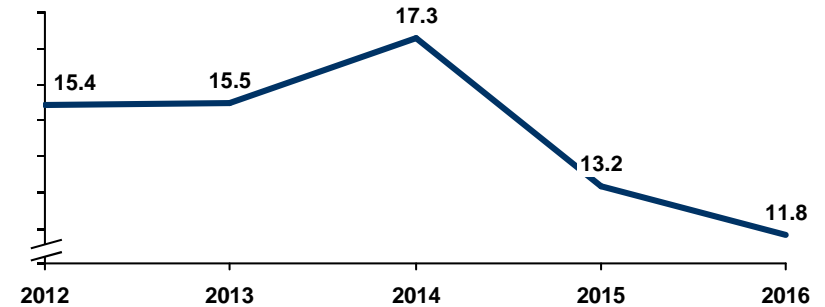
¹ Using a share price of RON 0.3205 as at 9 May 2016

Turning efficiency savings into cash flow...

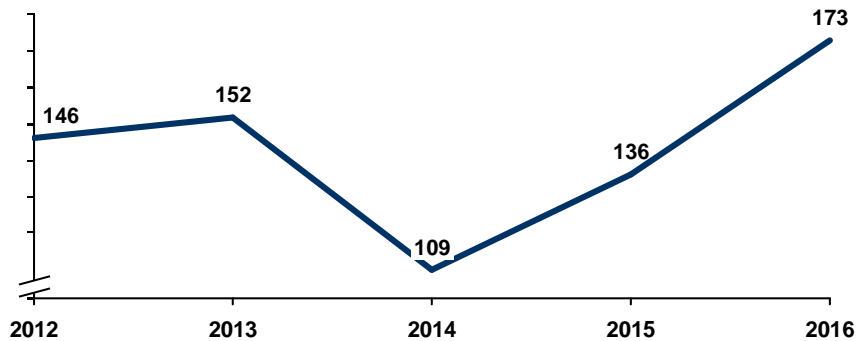
Operating cash flow (RON bn)



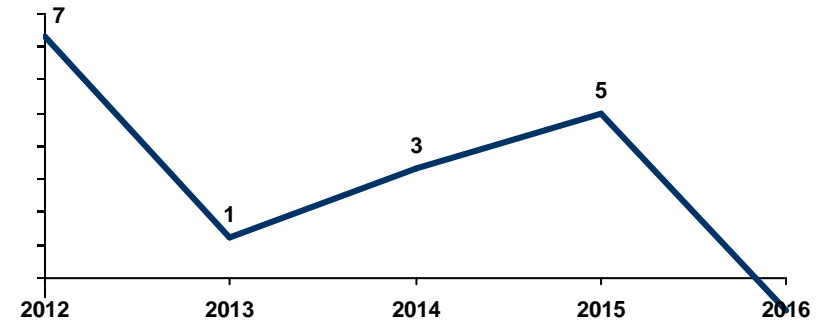
Lowered OPEX (USD/bbl)



Operating cash flows / Capex (%)



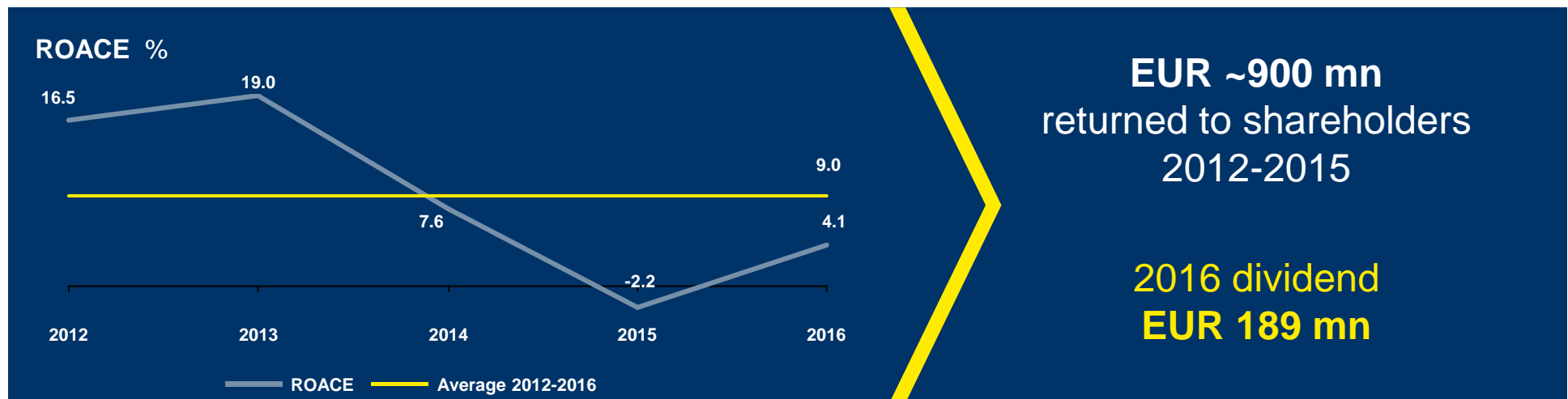
Gearing ratio (%)



...and cash flow into returns to shareholders

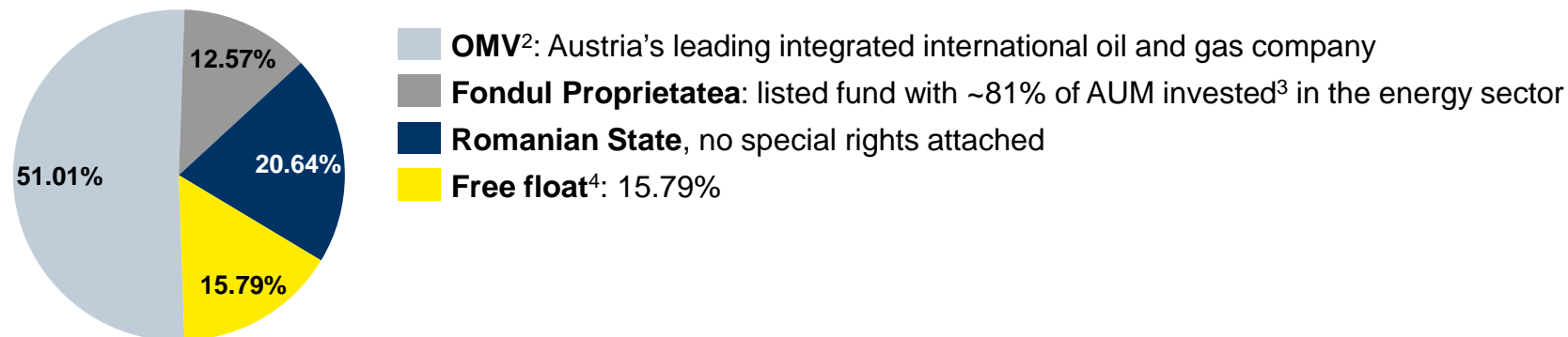
Dividend Policy

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.



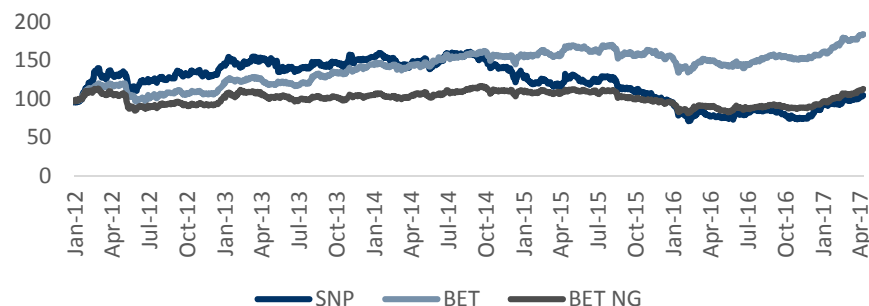
Shareholder structure and capital market environment

OMV Petrom S.A. shareholder structure¹ (%)



Share price evolution⁵

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 ⁶ issued	2,492,328
GDRs outstanding as at end-April 2017	1,423,203

¹ As of April 2017; ² Shareholder since December 2004; ³ As of March 31, 2017; ⁴ Premium tier on the Bucharest Stock Exchange and main market on the London Stock Exchange;

⁵ Rebased quotations on Bucharest Stock Exchange; ⁶ 1 GDR = 150 ordinary shares



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. A yellow rectangular overlay is positioned in the lower right of the image, containing the text 'Strategy Update 2021+'.

Strategy Update 2021+



OMV Petrom

Our vision

**Leading integrated
regional player**

**Committed to enhance
customer experience**

**Regional growth leveraging
Romanian expertise**

Sustainable access to energy for everyday modern life

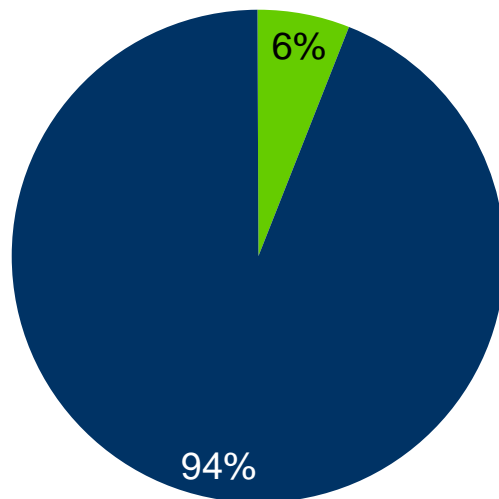


Proven history of integration delivering value

Changes in performance contribution reflect market dynamics

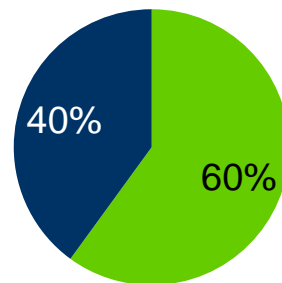
Clean CCS EBIT evolution

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 ³ average for the period of EUR 375 mn
	Limited production decline to ~4.7% ¹ while CAPEX reduced by 45% ¹		Indicative refinery margins improved from USD -1.4/bbl to USD 7.0/bbl ²		
Delivered on significant projects	Totea Deep	Neptun block exploration	Modernization of Petrobrazil refinery	860MW Brazil power plant on stream	Gearing maintained below 10%
					

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



2021+ Centered around three key pillars



Enhancing
competitiveness in
the existing portfolio



Developing
growth options



Regional
expansion



Commitment to deliver attractive shareholder returns

Exploiting potential in existing upstream field portfolio



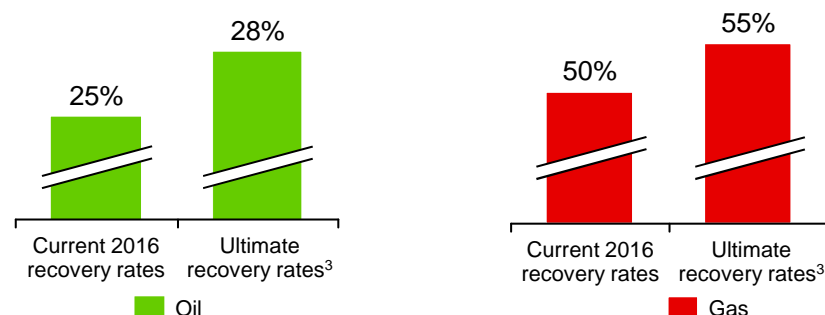
Maximize economic recovery

- ▶ Mature contingent resources through:
 - ▶ infill drilling campaigns
 - ▶ selected field redevelopment programs
- ▶ Adding ~150 mn boe¹ reserves from existing fields
- ▶ Leading to improved ultimate recovery rates
- ▶ Key contributor to RRR² target

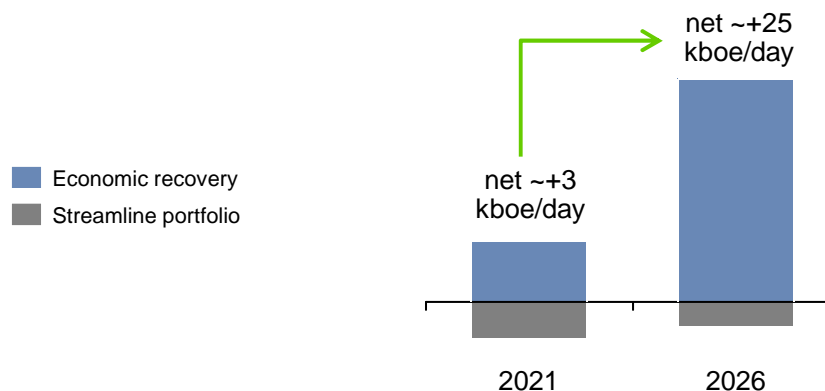
Streamline portfolio

- ▶ 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



¹ Life of field; ² Reserves Replacement Rate; ³ 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

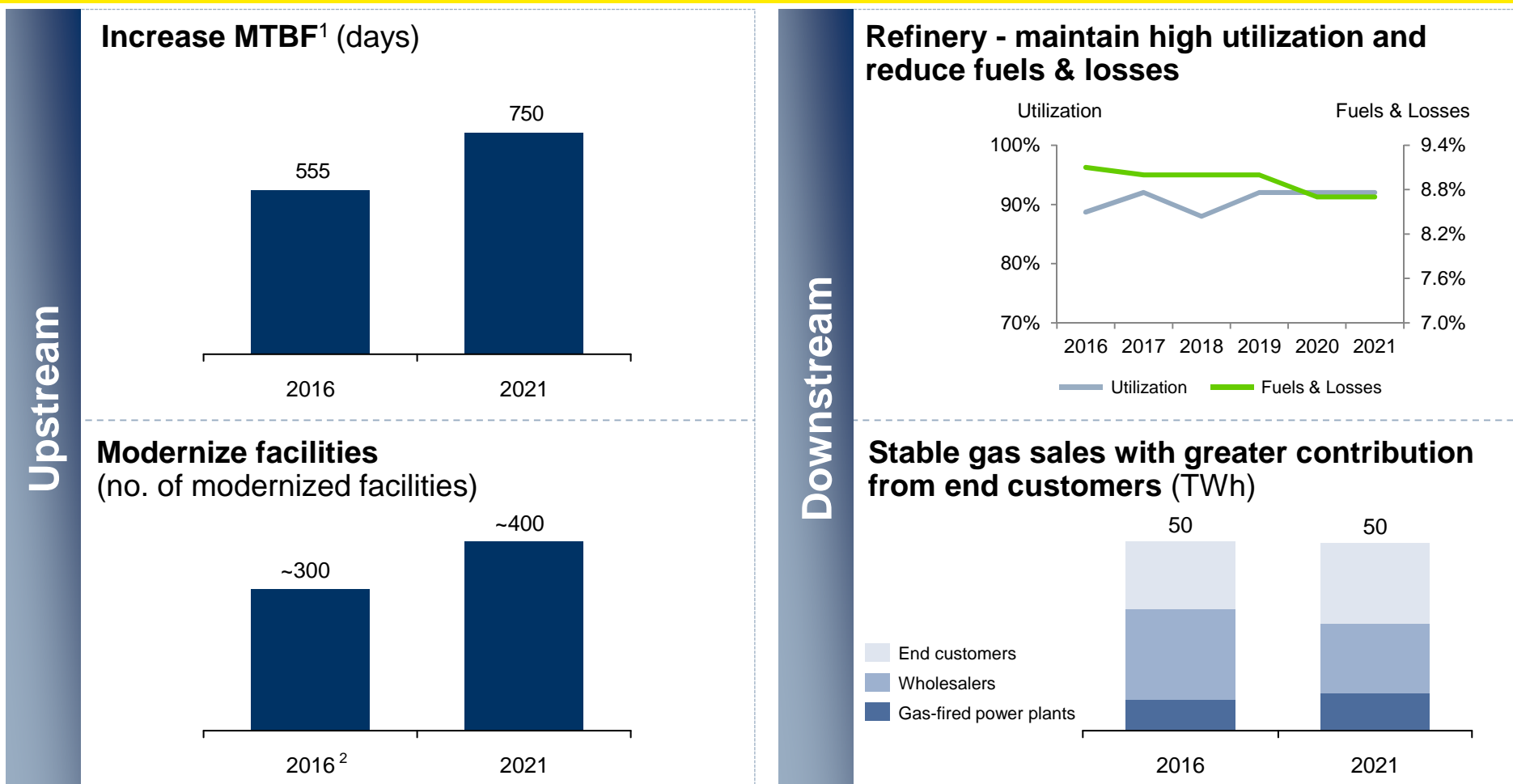
- ▶ Focus on value over volume
- ▶ Ongoing corporate SG&A¹ savings
- ▶ Agile and efficient organization
- ▶ Technology driven initiatives

¹ Selling, General and Administration Expenses





Clear operational targets set

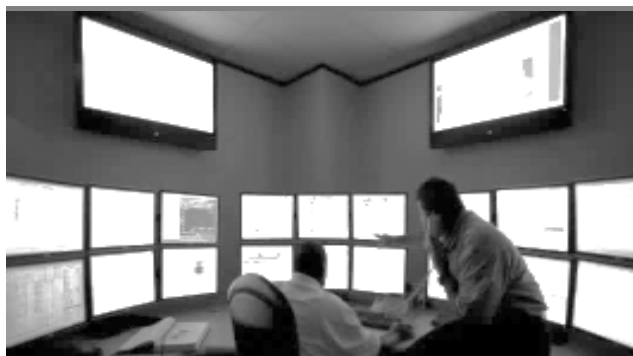


¹ Mean time between failures; ² Total number of facilities modernized by 2016





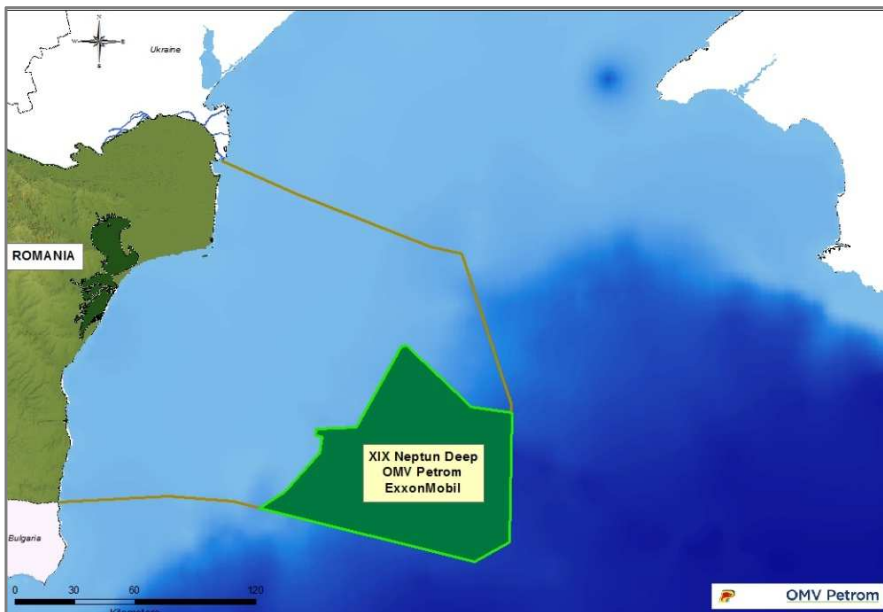
Technology enabling efficiency progression



Upstream	<ul style="list-style-type: none">▶ Digital Oil Field – well automation and online condition monitoring▶ Drones used for aerial photogrammetry, imaging or videos	▶ Automated processes and optimized predictive maintenance
Downstream	<ul style="list-style-type: none">▶ Predictive Analytics – electronic coordination and management of the maintenance and operations processes▶ Smart Aps and Price & Portfolio Optimisation – automated self-service interface for customers and partners	
Group	<ul style="list-style-type: none">▶ Digitalized and automated processes	▶ 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
- ▶ Committed to assess commercial viability based on encouraging results
- ▶ Key contributor to RRR¹ target²

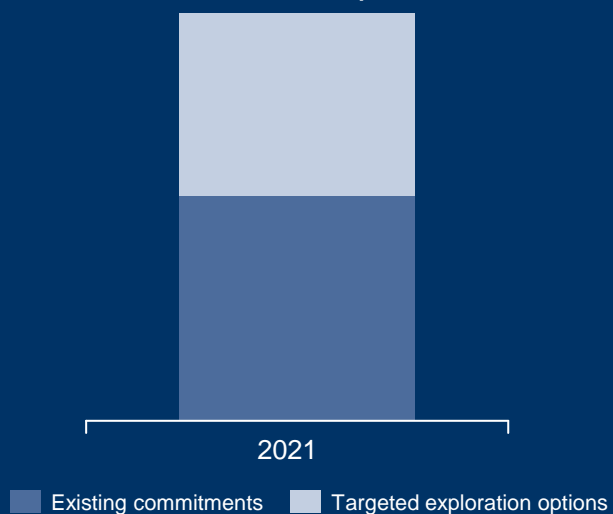
¹ Reserves Replacement Rate; ² If commercially viable

Rejuvenated exploration portfolio in Romania



Estimated production contribution¹

~10 kboe/day



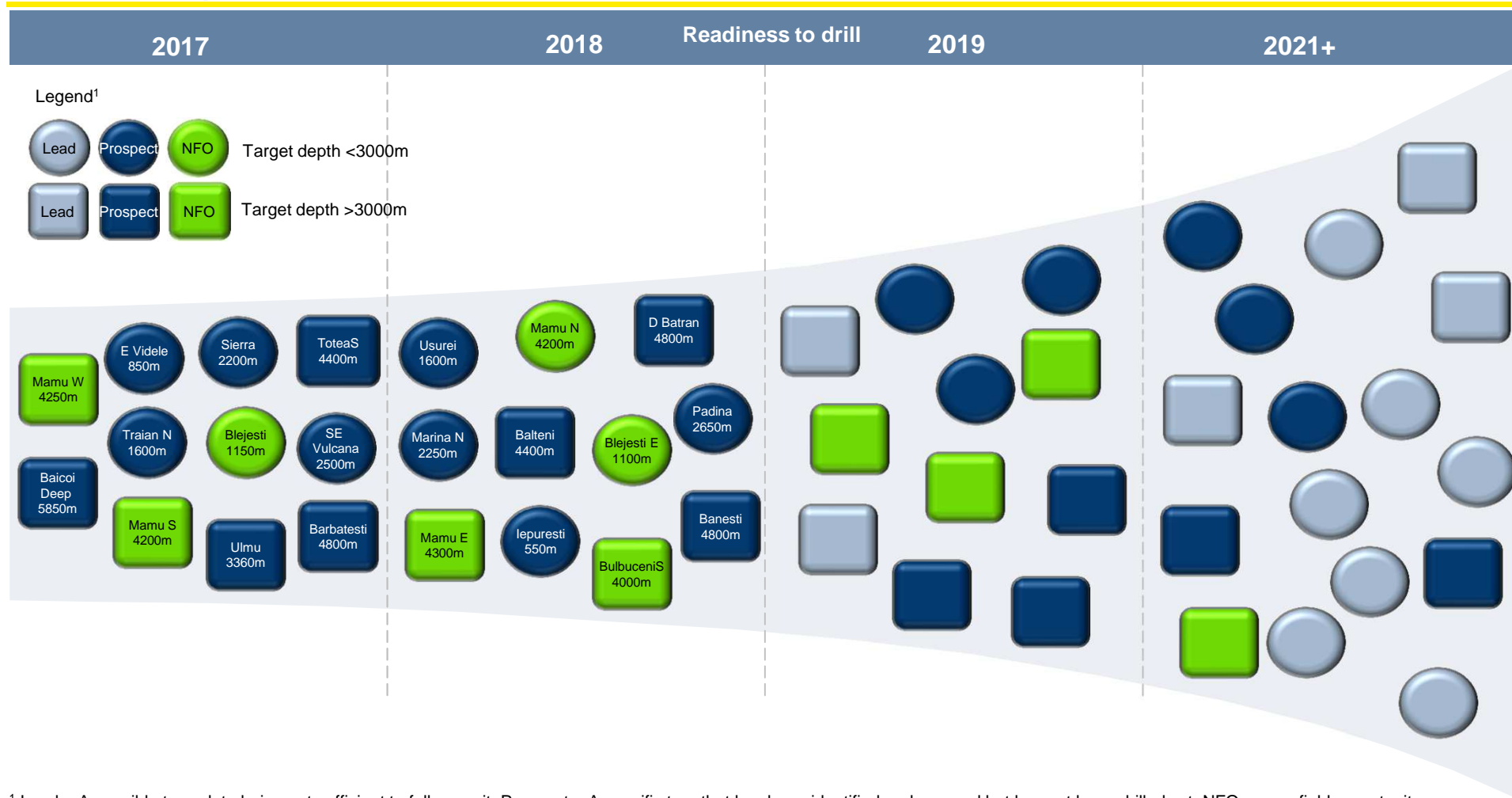
► Continue to unlock deep onshore opportunities in existing licenses

► Participate in new licensing rounds

► Contribution to RRR² target depending on timing and results of the new licensing rounds

¹ Risked production; ² Reserves Replacement Rate

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



¹ 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

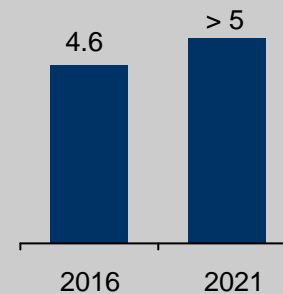
Downstream Oil



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

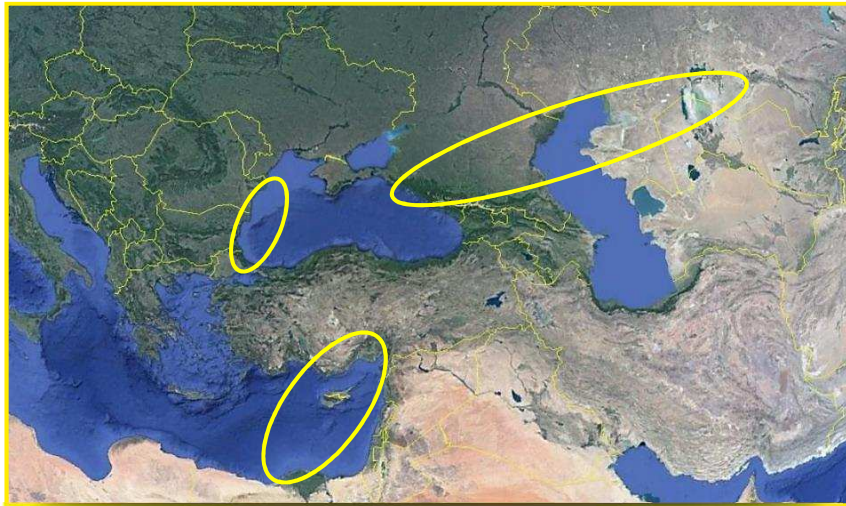


Regional expansion to complement portfolio



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 Neptun¹ volumes monetization

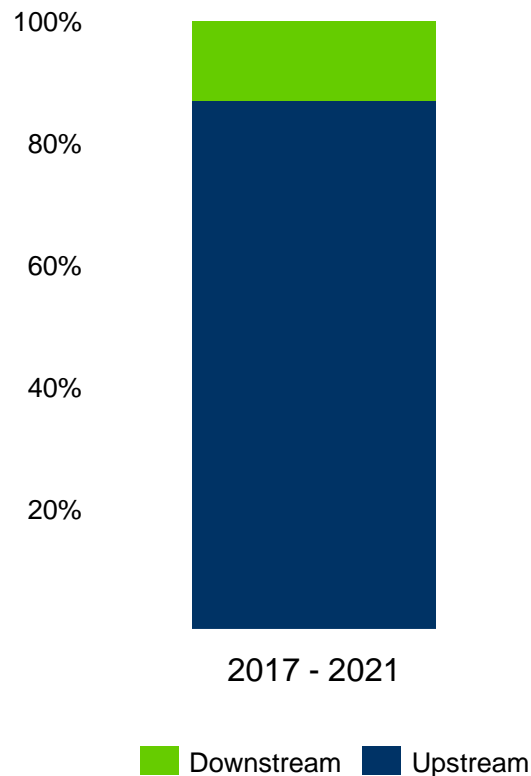
¹ If commercially viable

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

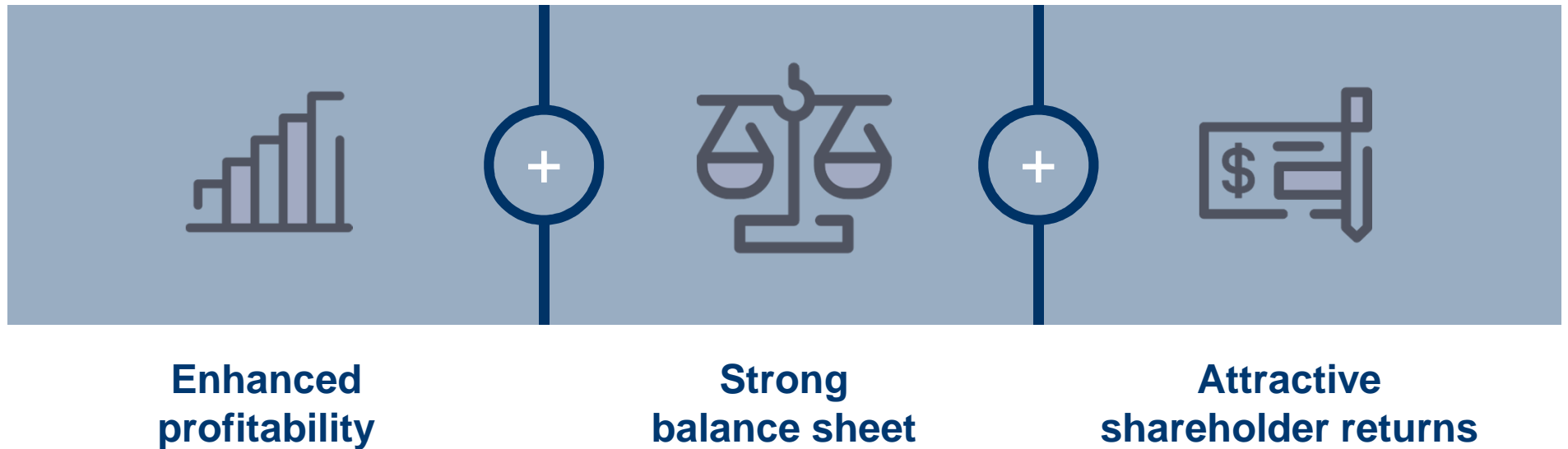
Respect the future



Technology and Innovation

Innovate for the future

Generate positive outcomes for shareholders



2021 Clear, robust targets

RRR¹
100% by 2021

CAPEX
EUR ~1 bn p.a.

FCF² after dividends
Positive for majority of period

Clean CCS ROACE³
> 10% by 2021

Gearing
Maintain a strong balance sheet

Dividend
Attractive returns

¹ Reserves Replacement Rate; ² Free Cash Flow; ³ 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

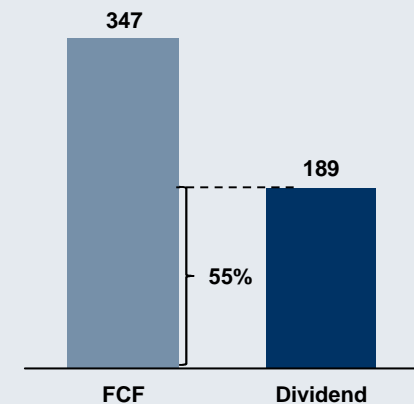
CAPEX

FCF and Balance sheet

- ▶ Stress tested forecasts under various pricing points and FX assumptions
- ▶ Upcoming CAPEX
- ▶ FCF¹ generation, cash buffer
- ▶ Debt structure, potential acquisitions

2016 DPS²: RON 0.015

EUR mn



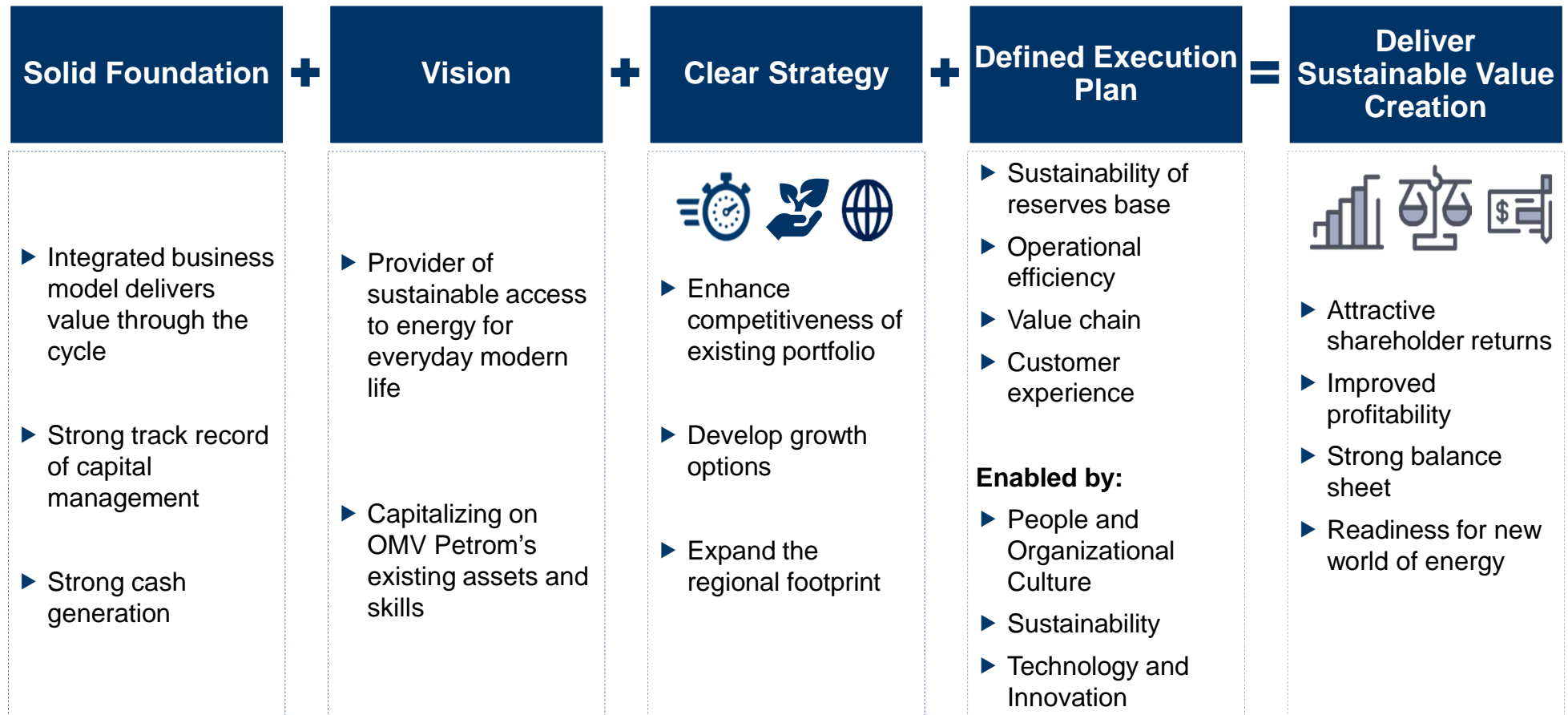
EUR ~900 mn returned to shareholders over 2012-2015

Confidence on 2021+ plan allows improved visibility toward shareholder returns

¹ Free Cash Flow; ² Dividend per share



Our path to long-term success



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Q1/17 Results review



OMV Petrom

Key messages Q1/17



Continued to deliver a strong **free cash flow** of RON 646 mn



Clean CCS Operating Result at RON 767 mn; more than half contribution from Upstream



Clean CCS EPS up 77% yoy



Q1/17 **LTIR**¹ at 0.17 (2016: 0.20)



Upstream: production 170 kboe/d; OPEX 10.5 USD/boe



Downstream Oil: retail sales +4% yoy; refinery utilization rate at 95%



Downstream Gas: gas sales +11% yoy; net electrical output +77% yoy

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

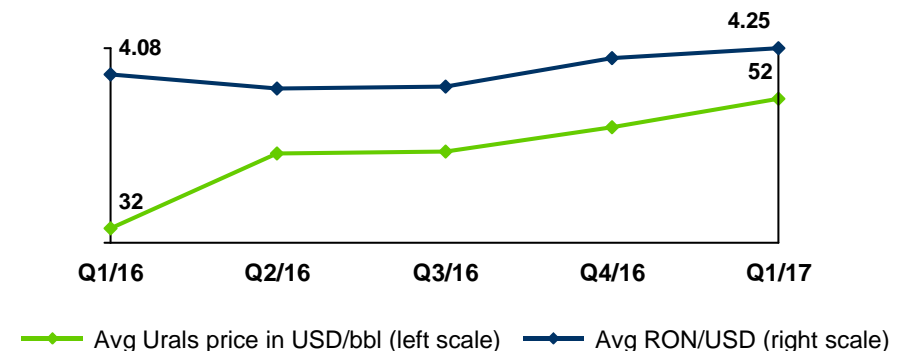


Economic environment

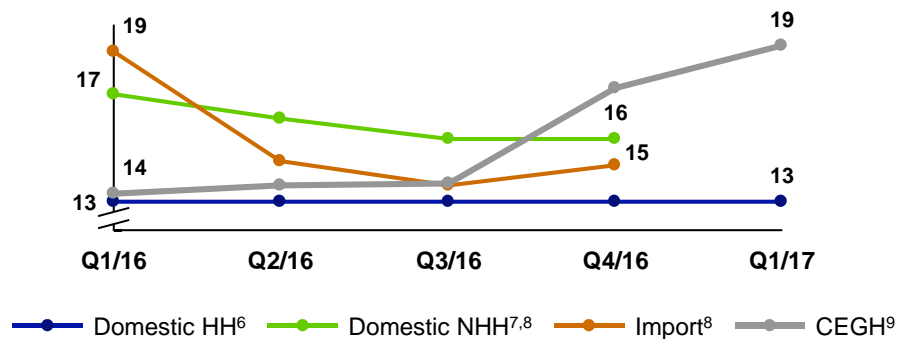
Romanian macroeconomic environment

- ▶ **2016 GDP growth**¹: 4.8% yoy
- ▶ **Q1/17 average monthly CPI**: -0.1% yoy
- ▶ **Budget balance**: +0.2% of GDP end March 2017
- ▶ **FDI**: EUR 655 mn in Jan-Feb, -1% yoy
- ▶ **Investment grade rating**: Moody's revised prospect from "positive" to "stable"
- ▶ **Demand Q1/17 yoy**: Fuels² 4.5%; Gas³ 18%; Power⁴ 10%

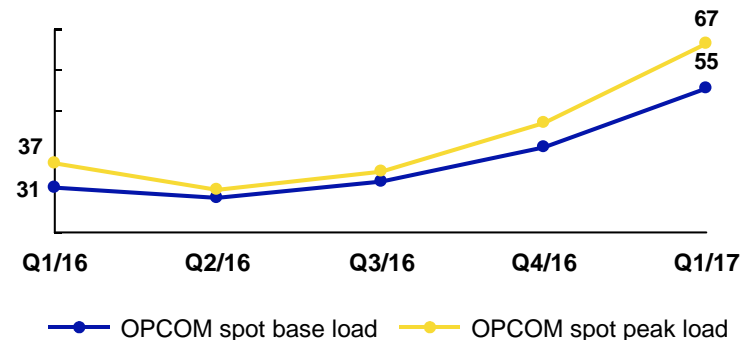
Oil price (USD/bbl) and FX (USD/RON)



Gas prices (EUR/MWh)⁵



Power prices in Romania (EUR/MWh)⁵



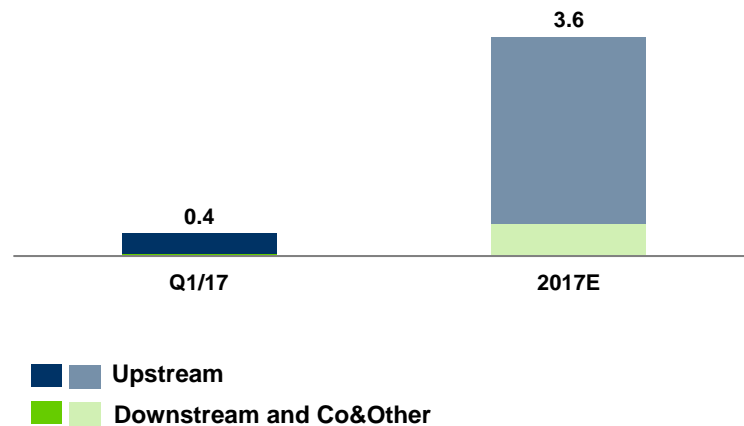
¹ Romanian National Institute of Statistics; ² Fuels refer only to retail diesel and gasoline; ³ According to company estimates; ⁴ According to preliminary data available from the grid operator;

⁵ Converted from RON into EUR, FX rate: 4.5; ⁶ Regulated price for households; ⁷ Price for gas sold by producers to the suppliers of end-users in the free market; ⁸ As published by ANRE (Q4/16 price has been extrapolated from the October 2016 price, latest published by ANRE); ⁹ Central European Gas Hub



CAPEX and E&A – guidance maintained

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



CAPEX incl. capitalized E&A

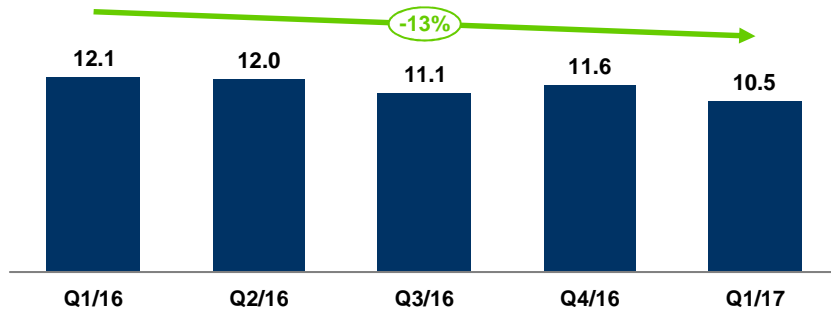
- ▶ **Q1/17 at RON 0.35 bn:**
 - ▶ Lower drilling activity
 - ▶ Permitting delays
- ▶ **2017E maintained**
 - ▶ Focusing on drilling, workovers and FRDs
 - ▶ Around 70 wells planned to be drilled, of which 11 drilled in Q1/17

E&A

- ▶ One well spudded by the end of Q1/17
- ▶ 2017E activities: 10 wells to be spudded

Upstream KPIs – improved OPEX/boe

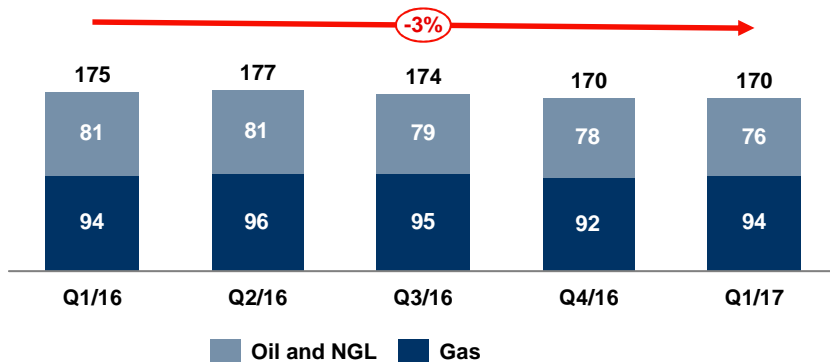
OPEX¹ (USD/boe)



Key drivers Q1/17 vs. Q1/16

- ▶ Improved OPEX, in USD/boe terms, -13%:
 - ▶ elimination of tax on special constructions
 - ▶ MTBF 595 days; lower personnel, services and materials costs
 - ▶ favorable FX evolution

Hydrocarbon production (kboe/d)



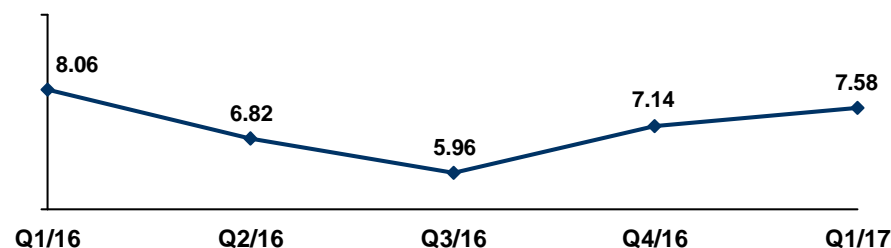
- ▶ Total Upstream production -3%, due to:
 - ▶ natural decline
 - ▶ adverse weather
 - ▶ partially compensated by Lebada East NAG

¹ 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 – retail sales volumes up

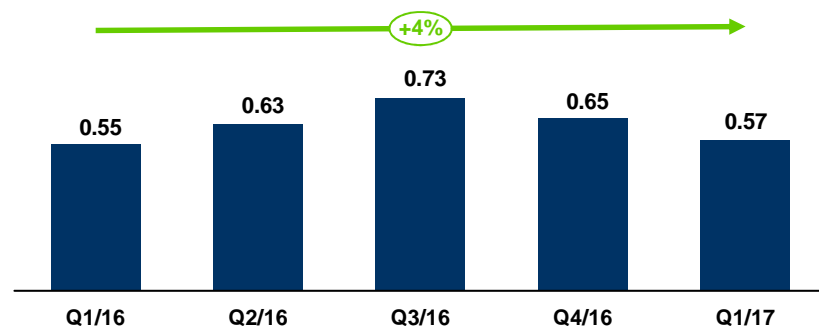
OMV Petrom Indicator refining margin (USD/bbl)



Key drivers Q1/17 vs. Q1/16

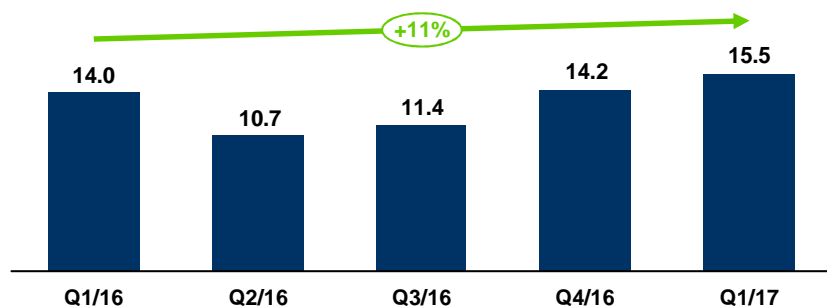
- ▶ Refining utilization rate at 95%
 - ▶ Growth in retail sales of +4% yoy
-
- ▶ Strong refining margin, though slightly lower

Retail sales volumes (mn t)



Downstream Gas KPIs – higher gas & power volumes

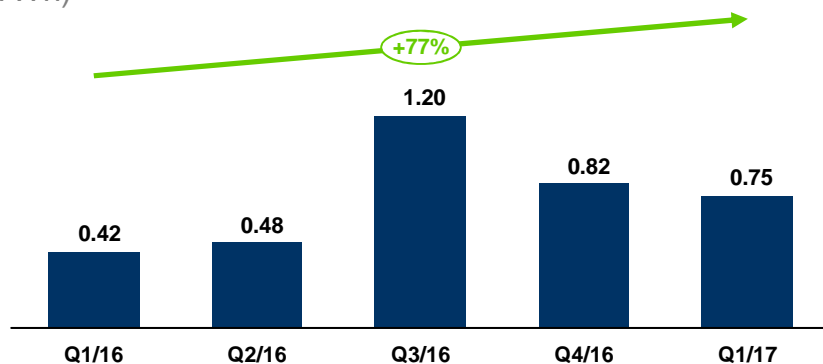
Gas sales volumes (TWh)



Key drivers Q1/17 vs. Q1/16

- ▶ Higher gas sales volumes due to colder weather and increased offtake by the Brazi power plant
- ▶ Higher net electrical output on the back of stronger forward position

Net electrical output (TWh)



- ▶ Half of the Brazi power plant capacity unavailable



Strong FCF generation in Q1/17

RON mn	Q1/16	Q4/16	Q1/17
Cash flow from operating activities (CFO)	888	1,070	1,262
Thereof, Depreciation, amortization and impairments including write-ups	830	866	792
Change in net working capital (NWC)	(54)	(191)	(176)
Cash flow from investing activities (CFI)	(1,007)	(638)	(616)
Cash flow from financing activities (CFF)	(41)	(239)	9
Cash and equivalents at end of period	653	1,996	2,651
Free cash flow	(118)	432	646

Q1/17 vs. Q1/16

- ▶ Q1/17 operating cash flow up 42% due to:
 - ▶ higher revenues and operating profits on improved oil prices, higher gas and power volumes
 - ▶ continued cost savings
 - ▶ partly offset by unfavorable NWC developments
- ▶ Cash flow from investments down 39%, mainly due to Neptun Deep and completion of FRD projects in 2016
- ▶ FCF turned positive at RON 646 mn
- ▶ Net cash position increased to RON 872 mn

Results summary – Net income more than double

Income Statement

RON mn	Q1/16	Q4/16	Q1/17
Sales	3,649	4,694	4,653
Clean CCS Operating Result	412	453	767
Thereof Upstream	(73)	246	460
Downstream Oil	255	288	280
Downstream Gas	47	5	32
Corporate and Other	(14)	(25)	(21)
Consolidation	196	(60)	17
Operating Result	346	335	798
Financial result	(3)	(102)	(56)
Taxes	(55)	(73)	(124)
Net income ¹	291	162	619
Clean CCS net income ¹	330	263	586

Q1/17 vs. Q1/16

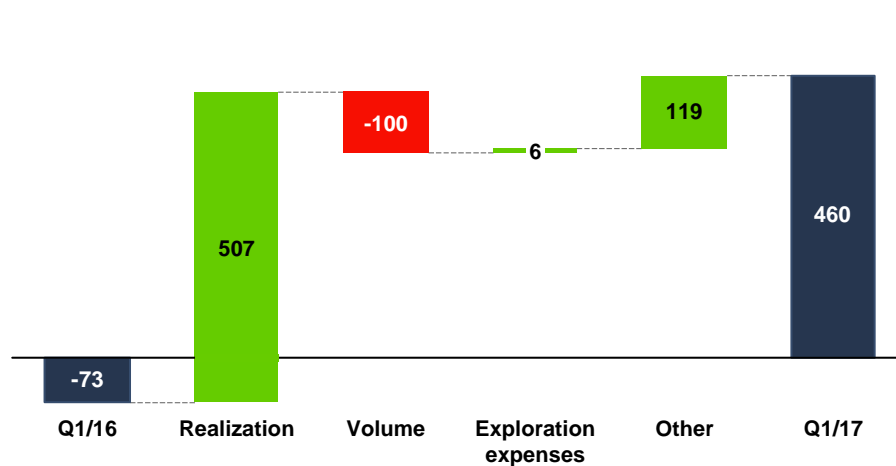
- ▶ Improved Clean CCS Operating Result by 86%
- ▶ Elimination of construction tax: favorable effect of RON 63 mn
- ▶ Upstream result supported by Urals up 62% and lower OPEX
- ▶ Downstream Oil result improved following strict cost management and higher sales
- ▶ Downstream Gas: overall improved operational performance offset by provisions for receivables
- ▶ Consolidation: much lower positive effect following increase of crude oil quotations

¹ Attributable to stockholders of the parent



Higher realized prices in Upstream

Upstream Clean Operating Result (RON mn)

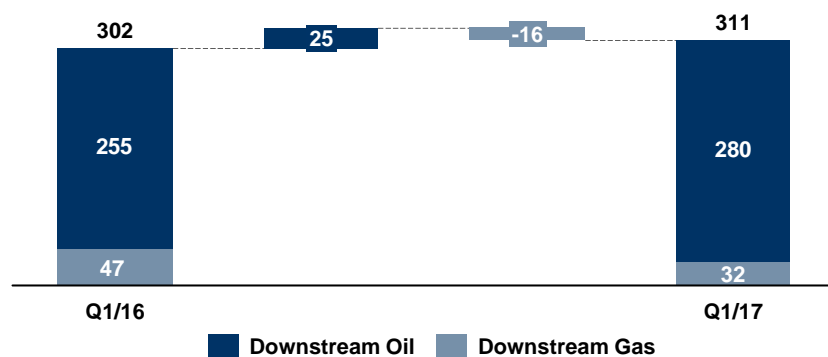


Key drivers Q1/17 vs. Q1/16

- ▶ Realized oil price +69%
- ▶ Decreased production costs and depreciation
- ▶ Daily production -3%; quantity effect offset by OPEX reduction

Increased Downstream Clean CCS Operating Result

Downstream Clean CCS Operating Result (RON mn)



Key drivers Q1/17 vs. Q1/16

- ▶ Improved Oil result on the basis of Retail and tight cost control
- ▶ Higher segment sales in Downstream Gas
- ▶ Refining margins -6%, impacted by higher cost of crude offsetting better product spreads
- ▶ Unfavorable development of provisions in Downstream Gas

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Outlook 2017



OMV Petrom

Outlook 2017

Assumptions

Targets

- ▶ **Brent** at USD 55/bbl
- ▶ **Refining** margins downward trend for the rest of the year
- ▶ **Fuel** demand on an upward trend
- ▶ **Gas** demand broadly flat; high competition and margin pressure
- ▶ **Power** demand relatively stable; positive average spark spreads

- ▶ **Production** decline up to 3% yoy
- ▶ **CAPEX** budget increased to EUR 0.8 bn (~85% in Upstream)
- ▶ Positive **FCF** after dividends
- ▶ Strong **balance sheet** maintained
- ▶ Attractive dividend

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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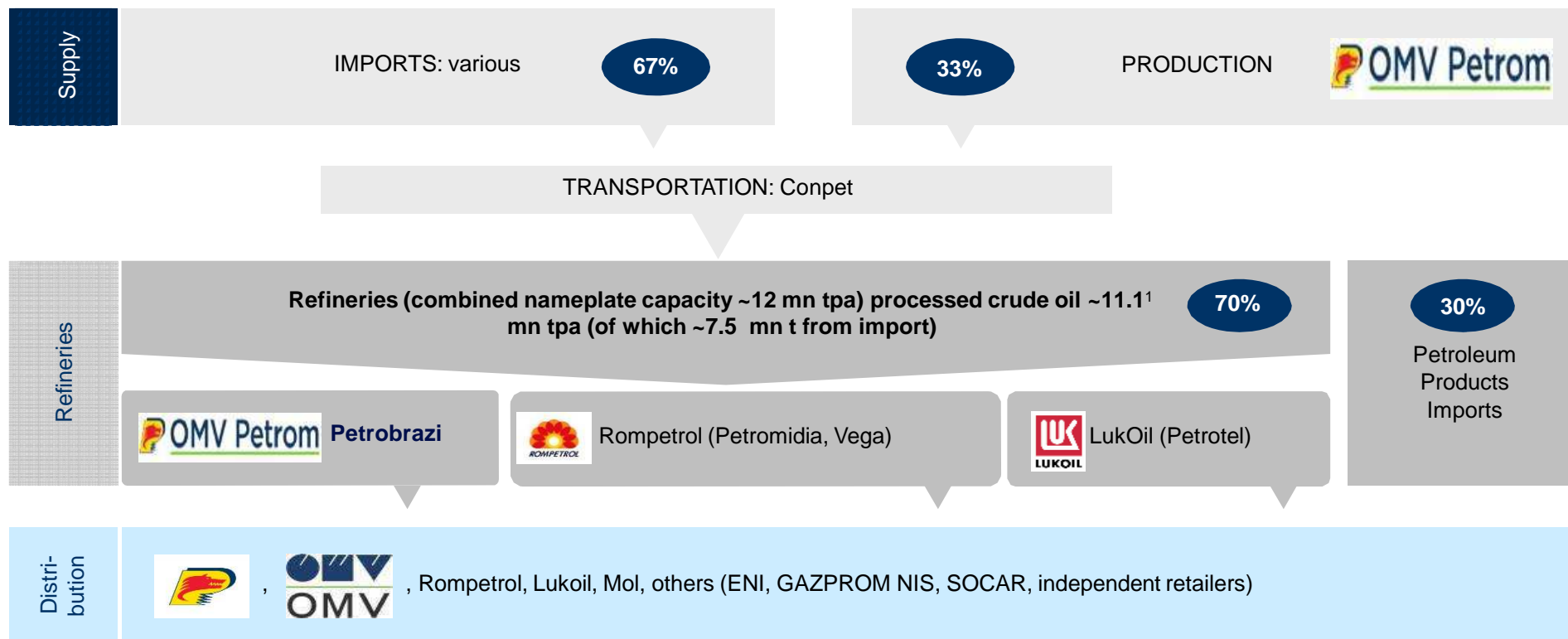


Appendix



OMV Petrom

Romanian oil market overview in 2016



¹ Only crude oil processed (other feedstock not included). Source: 2016 figures, National Institute of Statistics (INS) and OMV Petrom calculations

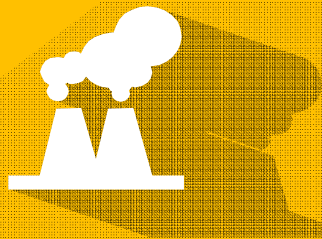
Downstream Oil market environment in 2016

Our operating region¹

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

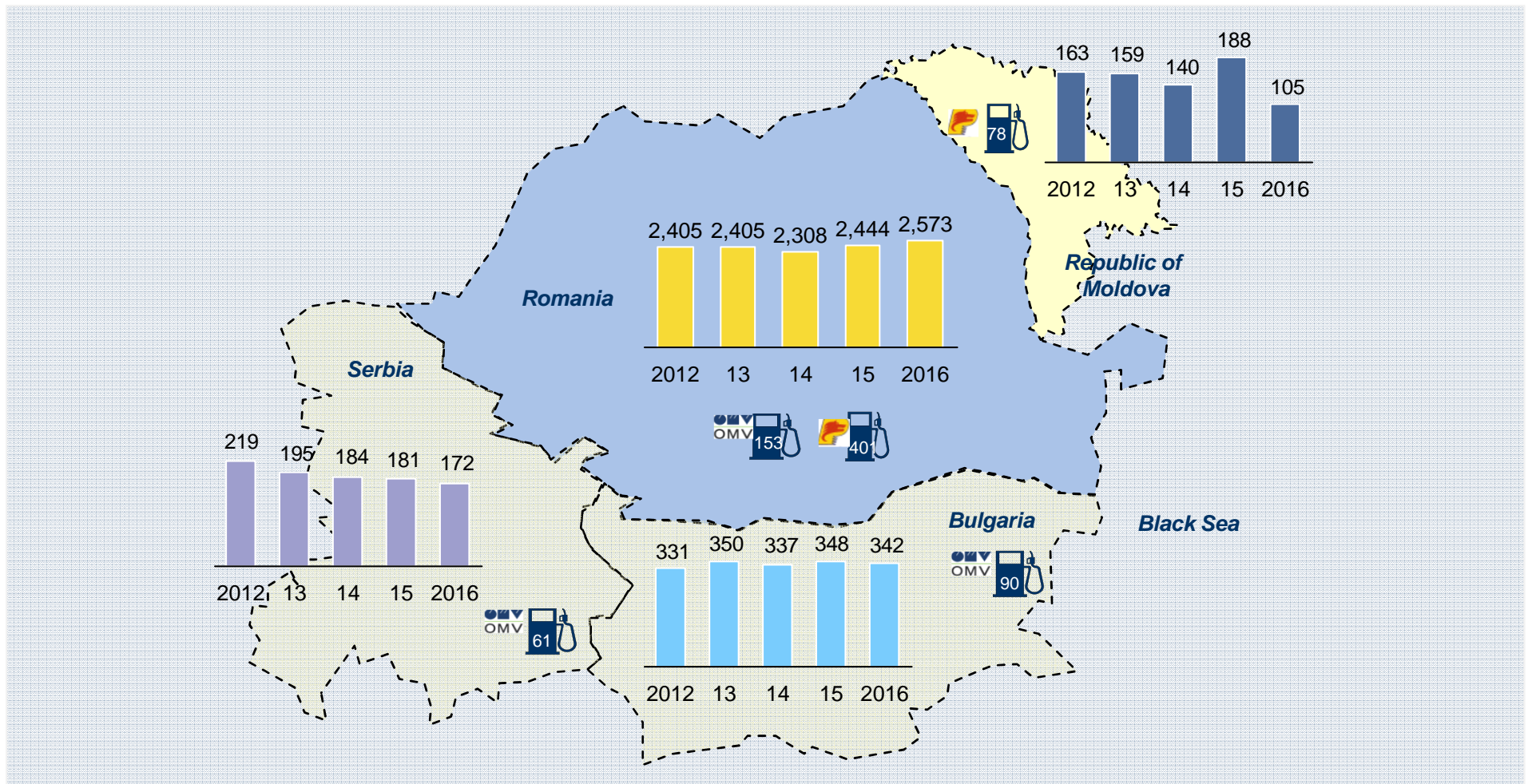
Romania

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

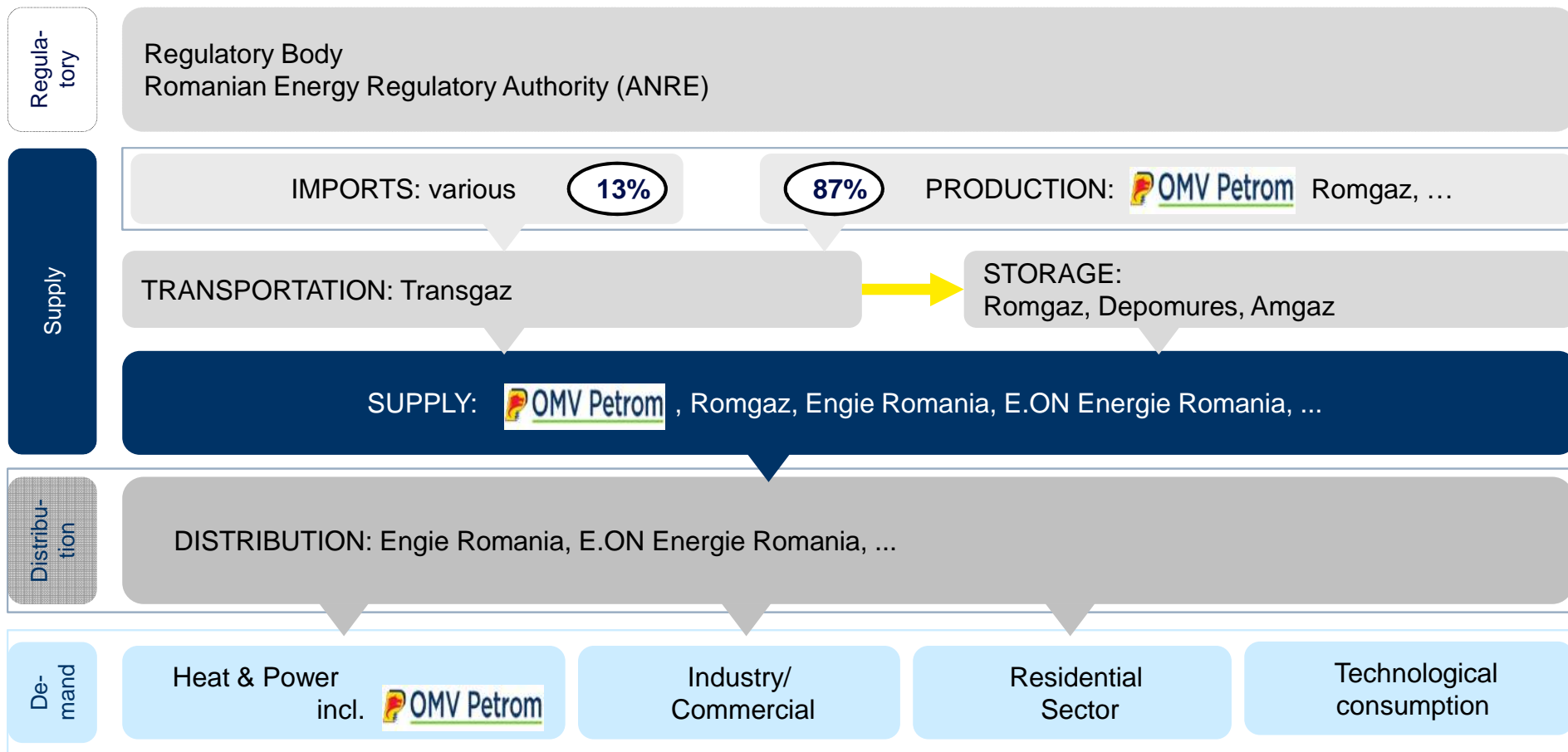


¹ Romania, Bulgaria, Serbia and Moldova

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



Romanian gas market overview in 2016

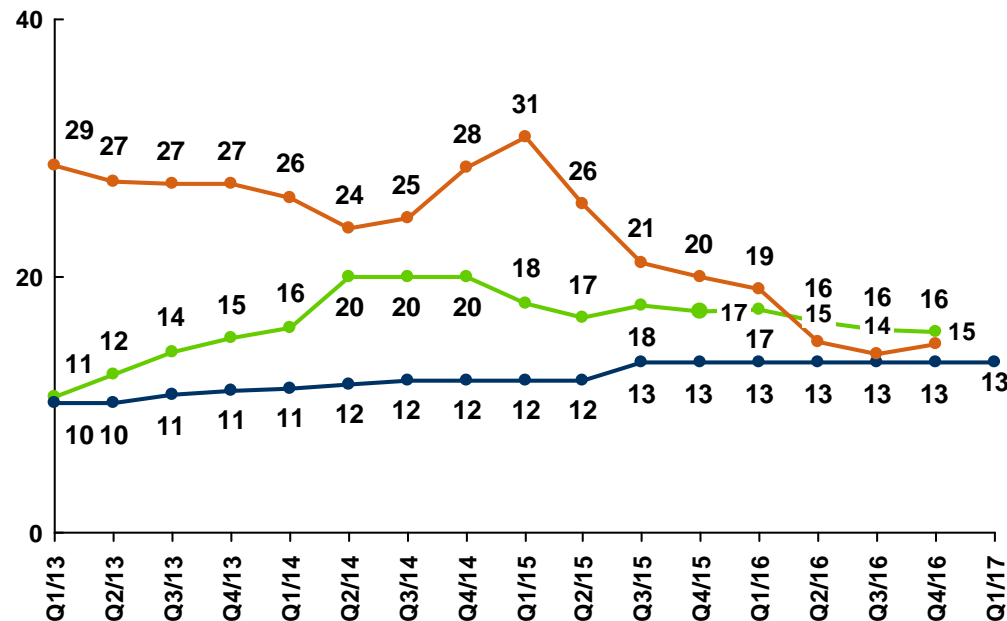


Company estimates based on 2016 data available as of May 9, 2017, subject to change



Romanian gas market liberalization

Gas prices in Romania (EUR/MWh¹)



- ▶ 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, which lacks liquidity
- ▶ On the Romanian centralized market, the price of natural gas from domestic production varied between RON 61/MWh (EUR 14/MWh) and RON 90/MWh (EUR 20/MWh)^{1,4} for gas delivered in Q1-Q2/17
- ▶ 60% tax on net⁵ additional revenues resulting from domestic gas price liberalization in place until end-2017

- Domestic gas price for non-households ²
- Domestic gas price for regulated households
- Import gas price ³

¹ Converted from RON into EUR, FX rate: 4.5

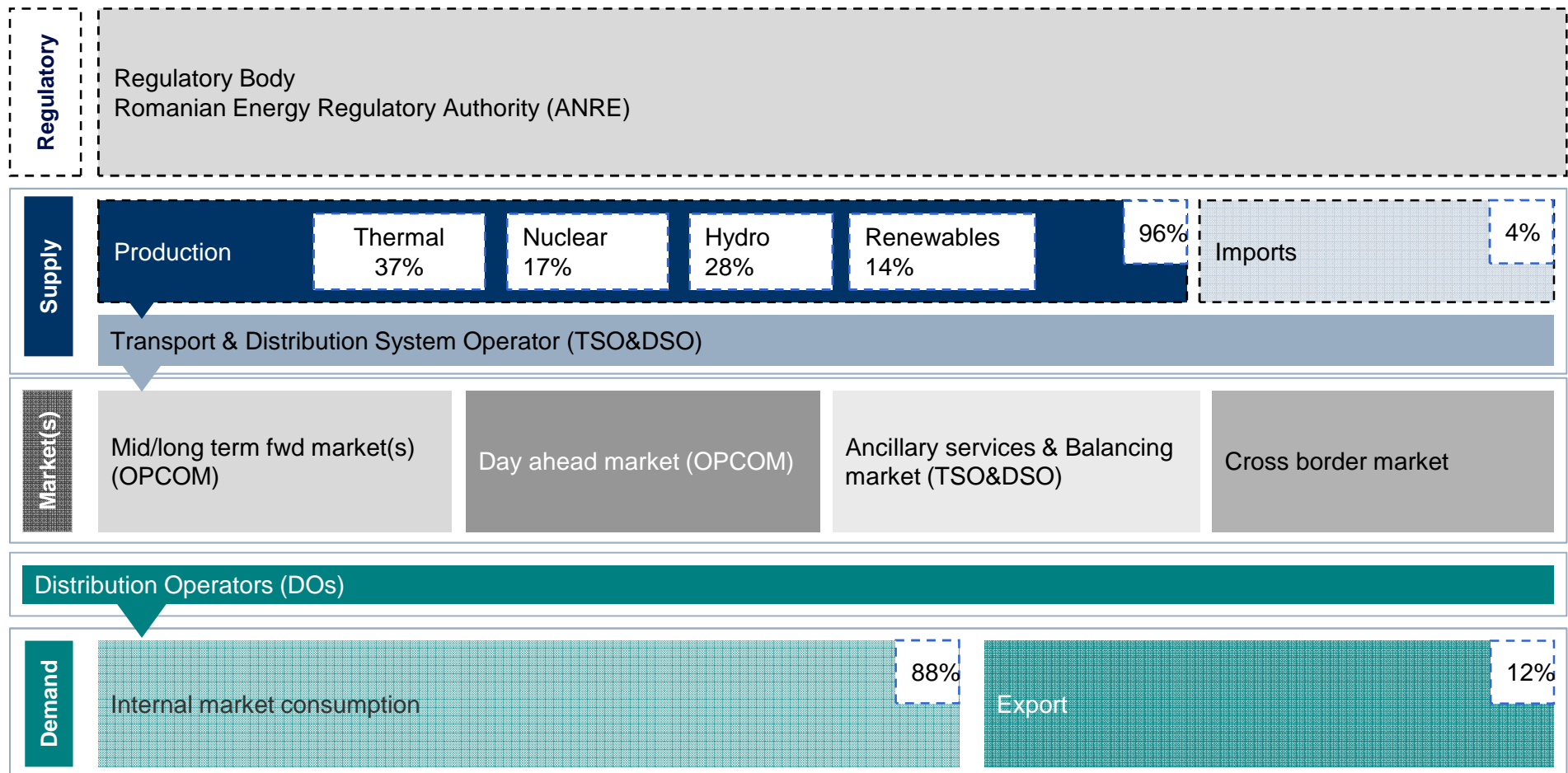
² Chart shows the regulated price for non-households until Q4/14 and, subsequently, the average price for gas sold by producers to the suppliers of end-users in the free market as published by ANRE; Q4/16 price is the extrapolation of Oct/16 price (latest published by ANRE)

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

⁴ Prices could include storage related tariffs in connection with the gas volumes sold/extracted from storage

⁵ 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

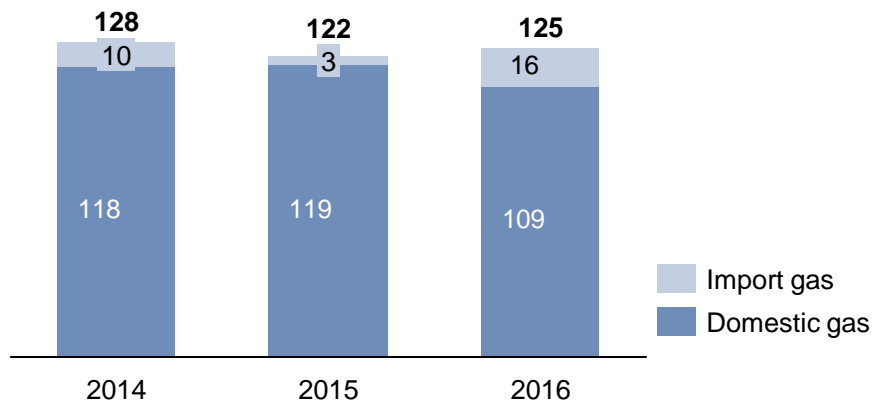


Data source: Transelectrica final report for 2016



Romanian gas and power markets overview in 2016

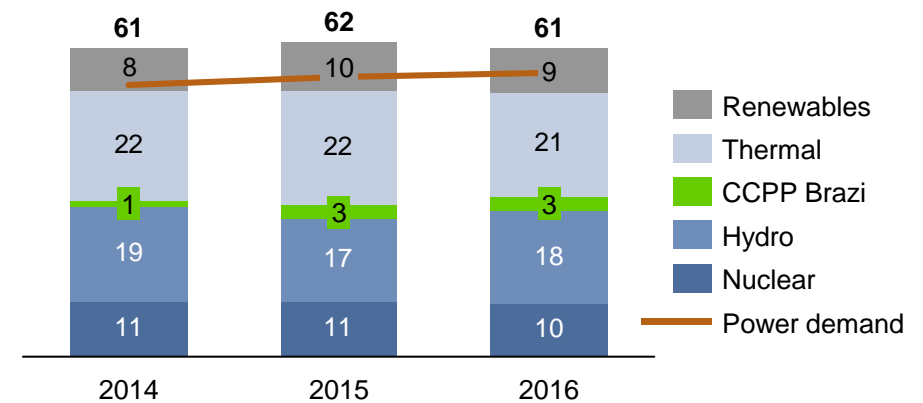
Gas demand¹ (TWh)



Gas market in 2016:

- **Demand¹**: +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

¹ Company 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 ¹	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 ²	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
NBR rates	2008	2009	2010	2011	2012	2013	2014	2015	2016
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

¹ 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); ² Include assets held for sale



Key financial indicators (consolidated) – restated¹

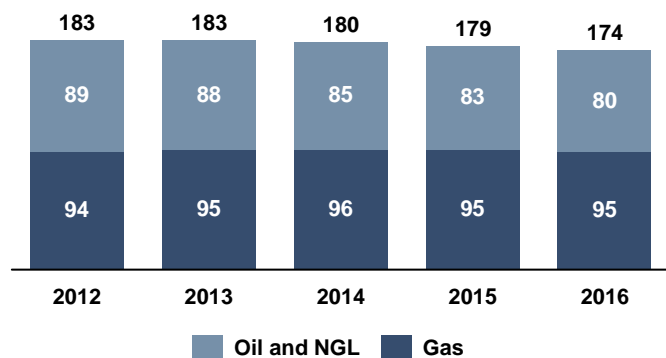
in RON mn	2016	Q1/16	Q2/16	Q3/16	Q4/16	Q1/17
Sales	16,647	3,649	3,733	4,571	4,694	4,653
Operating Result ²	1,476	346	220	575	335	798
Operating result before depreciation	4,940	1,176	1,137	1,425	1,202	1,590
Net income (loss)	1,038	288	117	473	160	618
Net income (loss) attributable to stockholders	1,043	291	118	473	162	619
Cash flow from operating activities	4,454	888	883	1,613	1,070	1,262
Non-current assets	35,129	35,758	35,698	35,378	35,129	34,700
Current assets ³	6,285	5,088	4,904	6,029	6,285	6,900
Total liabilities	14,708	14,866	14,516	14,849	14,708	14,271
Total equity	26,706	25,980	26,085	26,558	26,706	27,329
Net debt / (cash)	-237	1,366	1,261	124	-237	-872
Gearing ratio	n.m.	5%	5%	0%	n.m.	n.m.
EPS (RON)	0.0184	0.0051	0.0021	0.0084	0.0029	0.0109
Payout ratio	81%					
Dividend per share (gross, RON)	0.0150					
Operating result before depreciation /CAPEX	1.92	1.53	2.00	2.98	1.58	4.51
NBR rates	2016	Q1/16	Q2/16	Q3/16	Q4/16	Q1/17
EUR/RON average	4.490	4.491	4.498	4.465	4.507	4.522
USD/RON average	4.057	4.073	3.984	3.999	4.175	4.246
EUR/RON closing	4.541	4.474	4.521	4.452	4.541	4.551
USD/RON closing	4.303	3.935	4.062	3.982	4.303	4.262

¹ Restated to reflect the new Income Statement structure; ² Specific Upstream taxes in Romania for the year Q1/17 amounted to RON 247 mn, representing 12.7% of total Upstream hydrocarbon revenues, and include royalties (RON 146 mn) and supplementary oil and gas taxation (RON 101 mn); ³ Include assets held for sale

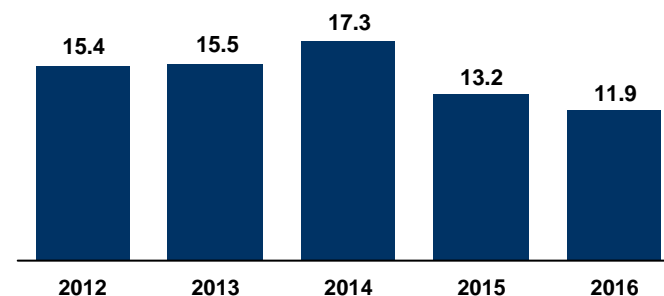


Key operational indicators – Upstream

Hydrocarbon production (kboe/d)

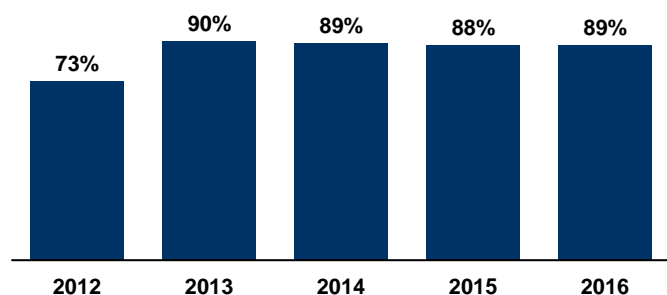


OPEX (USD/boe)

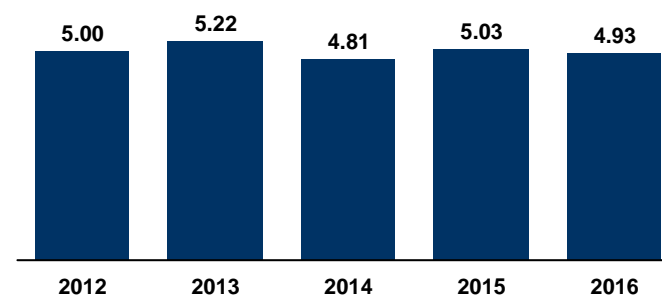


Key operational indicators – Downstream

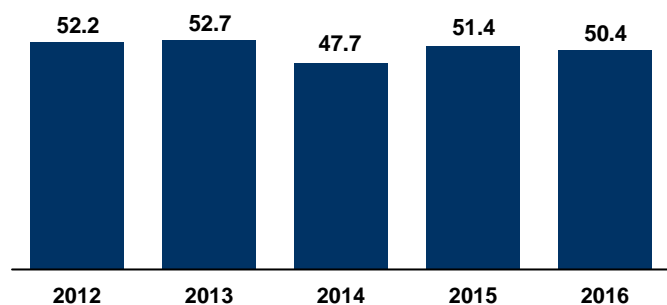
Refinery utilization rate (%)



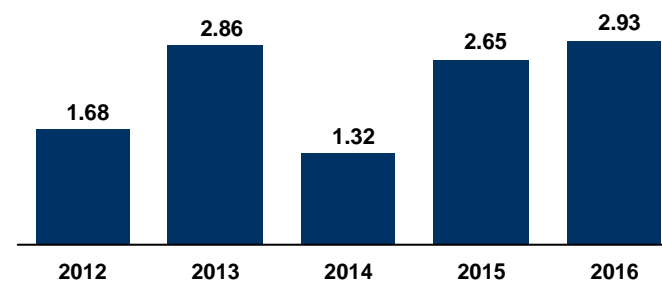
Refined product sales volumes (mn t)



Gas sales volumes (TWh)



Net electrical output (TWh)



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2017 Financial Calendar

August 10: Q2 and HY 2017 results

November 9: Q3 2017 results