Investor News
May 11, 2016, 8:30 am (local time), 7:30 am (CEST), 6:30 am (BST)

OMV Petrom S.A.

OMV Petrom Group: results[1] for January – March 2016

including interim financial statement as of March 31, 2016

Q1/16 vs. Q1/15

- **Group results negatively impacted by the decrease in oil prices, partly compensated by efficiency measures implemented across all business segments as well as business integration benefits**
- **Upstream: total group hydrocarbon production down 3% yoy, mainly due to reduced investments, increased number of uneconomic wells and planned maintenance at key wells**
- **Downstream Oil: refinery utilization rate improved to 94%; retail sales volumes up by 3%**
- **Downstream Gas: Gas sales impacted by lower volumes in storage and the decline of national demand**
- **Neptun Deep: exploration drilling activities finalized early January; ongoing data analysis and interpretation**

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

"In the first three months of 2016, the Group financial results were impacted by the steep drop in oil prices. In response, we have further implemented measures to reduce both operating costs and capital spending. Our investments were prioritized based on long-term value generation and CAPEX was reduced by approx. 28% yoy. This has naturally impacted the total hydrocarbon production in Upstream. However, on the back of our integrated business model, the negative Upstream result for Q1/16 was more than compensated by the positive contribution from both Downstream Oil and Gas.
Downstream Oil benefitted from increased demand for refined oil products and lower cost for own crude consumed, whereas Downstream Gas further experienced a challenging environment on both gas and power markets.
Considering a prolonged depressed price environment, we will continue to adjust our activity level, maintaining a strong balance sheet and protecting our free cash flow position. In this context, a stable, predictable and investment-friendly fiscal and regulatory framework is even more critical to continue investments for both managing natural decline and further onshore and offshore developments."

Q4/15	Q1/16	Q1/15	Δ%	Key performance indicators (in RON mn)	2015	2014	Δ%
(1,844)	343	494	(31)	EBIT	(530)	3,338	n.m.
211	408	594	(31)	Clean CCS EBIT [2]	2,522	5,202	(52)
(1,675)	291	349	(17)	Net income/(loss) attributable to stockholders [3]	(676)	2,103	n.m.
68	330	433	(24)	Clean CCS net income attributable to stockholders [2,3]	1,801	3,764	(52)
(0.0296)	0.0051	0.0062	(17)	EPS (RON)	(0.0119)	0.0371	n.m.
0.0012	0.0058	0.0076	(24)	Clean CCS EPS (RON) [2]	0.0318	0.0665	(52)
1,104	888	791	12	Cash flow from operating activities	5,283	6,830	(23)
-	-	-	n.a.	Dividend per share (RON)	-	0.0112	n.m.

[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] Adjusted for exceptional, non-recurring items; Clean CCS figures exclude special items and inventory holding effects (CCS effects) resulting from Downstream Oil
[3] After deducting net result attributable to non-controlling interests

Content

Directors' report (condensed, unaudited)

Financial highlights

Q4/15	Q1/16	Q1/15	Δ%	in RON mn	2015	2014	Δ%
4,518	3,559	4,271	(17)	Sales [1]	18,145	21,541	(16)
(2,103)	(80)	164	n.m.	EBIT Upstream [2]	(1,815)	3,932	n.m.
127	360	345	4	EBIT Downstream	1,014	(897)	n.m.
(16)	(17)	(26)	(34)	EBIT Co&O	(75)	(151)	(50)
148	80	11	n.m.	Consolidation	346	454	(24)
(1,844)	**343**	**494**	**(31)**	**EBIT Group**	**(530)**	**3,338**	**n.m.**
(1,930)	**111**	**(8)**	**n.m.**	**Special items [3]**	**(2,689)**	**(1,592)**	**69**
(8)	(7)	(8)	(8)	thereof: Personnel and restructuring	(72)	(104)	(31)
(1,997)	-	(3)	n.m.	Unscheduled depreciation	(2,791)	(1,412)	98
74	118	3	n.m.	Other	174	(76)	n.m.
(125)	(177)	(92)	93	CCS effects: Inventory holding gains/(losses)	(364)	(272)	34
(223)	(73)	175	n.m.	Clean EBIT Upstream [2, 4]	919	4,667	(80)
269	302	177	71	Clean CCS EBIT Downstream [4]	1,169	591	98
(17)	(17)	(26)	(34)	Clean EBIT Co&O [4]	(75)	(108)	(30)
181	196	268	(27)	Consolidation	509	52	n.m.
211	**408**	**594**	**(31)**	**Clean CCS EBIT [4]**	**2,522**	**5,202**	**(52)**
(135)	0	(22)	n.m.	Net financial result	(196)	(429)	(54)
(1,979)	343	472	(27)	Profit/(loss) before tax	(726)	2,909	n.m.
(1,680)	288	345	(17)	Net income/(loss)	(690)	2,100	n.m.
(1,675)	291	349	(17)	Net income/(loss) attributable to stockholders [5]	(676)	2,103	n.m.
68	**330**	**433**	**(24)**	**Clean CCS net income attributable to stockholders [4, 5]**	**1,801**	**3,764**	**(52)**
(0.0296)	0.0051	0.0062	(17)	EPS (RON)	(0.0119)	0.0371	n.m.
0.0012	0.0058	0.0076	(24)	Clean CCS EPS (RON) [4]	0.0318	0.0665	(52)
1,104	888	791	12	Cash flow from operating activities	5,283	6,830	(23)
0.0195	0.0157	0.0140	12	CFPS (RON)	0.0933	0.1206	(23)
1,286	1,366	1,528	(11)	Net debt	1,286	890	44
5	5	6	(6)	Gearing (%) [6]	5	3	52
898	769	1,062	(28)	Capital expenditure	3,895	6,239	(38)
-	-	-	n.a.	Dividend per share (RON)	-	0.0112	n.m.
-	(2.1)	7.1	n.m.	ROFA (%)	(1.6)	10.3	n.m.
-	(2.3)	4.8	n.m.	ROACE (%)	(2.2)	7.6	n.m.
-	6.3	11.0	(43)	Clean CCS ROACE (%) [4]	6.5	13.6	(52)
-	(2.7)	5.1	n.m.	ROE (%)	(2.5)	7.8	n.m.
15	16	27	(41)	Group effective tax rate (%)	5	28	(82)
16,038	15,677	16,726	(6)	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, representing exceptional, non-recurring items, are added back or deducted from EBIT; for more details please refer to each specific segment;
[4] Adjusted for special 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;

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

Group performance

First quarter 2016 (Q1/16) vs. first quarter 2015 (Q1/15)

Consolidated sales in Q1/16 amounted to RON 3,559 mn and were 17% below Q1/15, mainly due to the decrease of petroleum products sales revenues following the further sharp decline in oil prices, and due to lower sales of natural gas. This was partially offset by the increase in petroleum products quantities sold and by higher sales of electricity. Downstream Oil represented 64% of total consolidated sales, while Downstream Gas accounted for 33% and Upstream for 3% (sales in Upstream being largely intra-group sales rather than third-party sales).

Clean CCS EBIT of RON 408 mn is below the value recorded in Q1/15 of RON 594 mn, reflecting the unfavorable oil price environment. Clean CCS EBIT for Q1/16 is stated after eliminating net special income of RON 111 mn (mainly in relation to the final court decisions to reduce the fines imposed by the Competition Council in 2011) and inventory holding losses of RON (177) mn, while Q1/15 is stated after eliminating net special charges of RON (8) mn and inventory holding losses of RON (92) mn.

The Group's EBIT for Q1/16 amounted to RON 343 mn, lower than the result recorded in Q1/15 of RON 494 mn, driven by lower sales revenues as a result of the challenging market environment, partially offset by the positive effect in other operating income of the final court decisions to reduce the fines imposed by the Competition Council in 2011.

The net financial result was close to zero in Q1/16, as interest expenses were offset by the effect of the positive outcome of the company's appeal to the fiscal review decision in the Kazakh branch.

The profit before tax was at the amount of RON 343 mn and corporate income tax was RON 55 mn. Current tax expenses on the Group's income were RON 28 mn and deferred tax expenses amounted to RON 27 mn. The effective tax rate in Q1/16 was 16%.

The net result attributable to stockholders (i.e. net income attributable to stockholders of the parent) was RON 291 mn, while clean CCS net income attributable to stockholders was RON 330 mn. EPS was RON 0.0051 in Q1/16 vs. RON 0.0062 in Q1/15, while Clean CCS EPS was RON 0.0058 compared to RON 0.0076 in Q1/15.

First quarter 2016 (Q1/16) vs. fourth quarter 2015 (Q4/15)

Compared to Q4/15, sales decreased by 21%, mainly due to seasonally lower sales volumes of petroleum products and the further declining oil price environment, as well as lower sales of electricity, which more than offset the positive effect of the increase in natural gas quantities sold.

Clean CCS EBIT increased from RON 211 mn to RON 408 mn, reflecting mainly lower exploration expenses. The Group's EBIT increased to RON 343 mn, positively influenced by higher operating income driven by the final court decisions to reduce the fines imposed by the Competition Council in 2011 and by the lower exploration expenses, compared to a loss of RON (1,844) mn in Q4/15, when impairments of producing assets in the Upstream segment were recorded, following reduced oil price assumptions.

The net financial result was close to zero in Q1/16 (Q4/15: loss of RON (135) mn).

The net result attributable to stockholders in Q1/16 was RON 291 mn, compared to a loss of RON (1,675) mn in Q4/15, while Clean CCS net income attributable to stockholders increased to RON 330 mn from RON 68 mn in Q4/15.

Statement of financial position and capital expenditure

Summarized statement of financial position (in RON mn)	March 31, 2016	%	December 31, 2015	%
Assets				
Non-current assets	**35,758**	**88**	**36,020**	**88**
Intangible assets and property, plant and equipment	31,472	77	31,708	77
Investments in associated companies	44	0	41	0
Other non-current assets	2,710	7	2,708	7
Deferred tax assets	1,532	4	1,563	4
Current assets[1]	**5,088**	**12**	**5,098**	**12**
Inventories	1,729	4	1,965	5
Trade receivables	1,354	3	1,318	3
Assets held for sale	119	0	119	0
Other current assets	1,886	5	1,696	4
Total assets	**40,846**	**100**	**41,118**	**100**
Equity and liabilities				
Total equity	**25,980**	**64**	**25,688**	**62**
Non-current liabilities	**10,159**	**25**	**10,382**	**25**
Pensions and similar obligations	237	1	239	1
Interest-bearing debts	1,361	3	1,424	3
Decommissioning and restoration obligations	7,820	19	7,941	19
Provisions and other liabilities	734	2	765	2
Deferred tax liabilities	6	0	13	0
Current liabilities[2]	**4,707**	**12**	**5,049**	**12**
Trade payables	1,762	4	2,318	6
Interest-bearing debts	374	1	379	1
Liabilities associated with assets held for sale	10	0	10	0
Provisions and other liabilities	2,561	6	2,342	6
Total equity and liabilities	**40,846**	**100**	**41,118**	**100**

[1] *include assets held for sale*
[2] *include liabilities associated with assets held for sale*

Capital expenditure decreased in Q1/16 to RON 769 mn from RON 1,062 mn in Q1/15.

Investments in **Upstream** activities (RON 710 mn) represented 92% of total CAPEX for Q1/16, 30% below the Q1/15 level, as investments were further prioritized as a reaction to the falling oil prices. Upstream investments were focused on finalizing field redevelopments, workover and drilling activities, surface facilities modernization, as well as investments related to the Neptun Deep project.

Downstream Oil investments (RON 58 mn) were higher than in Q1/15 (RON 42 mn), mainly reflecting projects related to the refinery turnaround planned for Q2/16. The Q1/16 investments were mainly related to running business projects, as well as legal and environmental projects.

Compared to December 31, 2015, **total assets** decreased by RON 272 mn, to RON 40,846 mn, mainly driven by a net reduction in non-current assets. The increase in intangible assets by RON 214 mn, which is mostly related to the operations at the Neptun Deep block in the Black Sea, was more than offset by the net decrease of RON (450) mn in property, plant and equipment, as depreciation exceeded investments during the period.

Equity marginally increased to RON 25,980 mn as of March 31, 2016 compared to RON 25,688 mn as of December 31, 2015, as a result of the net profit generated in the current period. The Group's equity ratio[1] increased to 64% at the end of March 2016, slightly higher than the level of December 2015 (62%).

Total interest bearing debt decreased from RON 1,802 mn as of December 31, 2015 to RON 1,735 mn as of March 31, 2016, following partial reimbursements made in the first three months of 2016 and RON appreciation vs. USD and EUR between the end of 2015 and the end of Q1/16.

The Group's liabilities other than interest bearing debt decreased by RON 496 mn, predominantly as a consequence of lower trade payables, broadly reflecting the reduction in capital expenditure.

OMV Petrom Group's **net debt**[2] shows an increase from RON 1,286 mn as of December 31, 2015 to RON 1,366 mn as of March 31, 2016. Consequently, the **gearing ratio**[3] slightly increased to 5.26% (December 31, 2015: 5.01%).

Cash flow

Summarized cash-flow statement (in RON mn)	Q1/16	Q1/15	∆%
Sources of funds	**942**	**775**	**22**
Cash flow from operating activities	888	791	12
Cash flow from investing activities	(1,007)	(1,382)	(27)
Free cash flow	**(118)**	**(591)**	**(80)**
Cash flow from financing activities	(41)	(30)	39
Effect of exchange rates on cash and cash equivalents	0	8	(95)
Net (decrease)/increase in cash and cash equivalents	**(159)**	**(613)**	**(74)**
Cash and cash equivalents at beginning of the period	813	1,268	(36)
Cash and cash equivalents at end of the period	**653**	**655**	**0**

In Q1/16, the inflow of funds from profit before tax, 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 942 mn (Q1/15: RON 775 mn), while net working capital generated a cash outflow of RON 54 mn (Q1/15: inflow of RON 16 mn). Cash flow from operating activities increased by RON 98 mn, compared to Q1/15, reaching RON 888 mn.

In Q1/16, the cash flow from investing activities resulted in an outflow of RON 1,007 mn (Q1/15: RON 1,382 mn) mainly related to payments for investments in intangible assets and property, plant and equipment.

Free cash flow (defined as cash flow from operating activities less cash flow from investing activities) showed an outflow of funds of RON 118 mn (Q1/15: RON 591 mn). Free cash flow less dividend payments resulted in a cash outflow of RON 118 mn (Q1/15: RON 592 mn).

Cash flow from financing activities reflected a net outflow of funds amounting to RON 41 mn (Q1/15: RON 30 mn), mainly arising from the repayment of the tranche from the loan received from the European Investment Bank.

Risk management

The scope of OMV Petrom's business activity, both existing and planned, and the markets in which it operates are inherently exposing it to significant commodity price, foreign exchange, operational and other risks. A detailed description of risks and risk management activities can be found in the 2015 Annual Report (pages 47-50).

For 2016 the main uncertainties which can influence the company's performance remain the commodity price risk, operational risks as well as political and regulatory risk. The commodity price risk is being monitored constantly for developments and, when appropriate, protective measures are undertaken (e.g. entering into hedging agreements).

Through the nature of its business of extracting, processing, transporting and selling hydrocarbons, OMV Petrom is inherently exposed to safety and environmental risks. Through the company's HSSE and risk management programs, OMV Petrom remains committed to be in line with industry standards.

In terms of political and regulatory risk, the company is constantly in dialogue with the government and other authorities on topics of relevance for the industry.

Also refer to the Outlook section of Director's report for more information on the current risks.

[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*

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 decline vs. 2015, with stronger competition and margin pressure, which is also due to the increasing competitiveness of import gas. In the **power** market, we anticipate demand for 2016 to be relatively stable, but with weak spark spreads throughout the year.

In 2016, **refining** margins are expected to be below 2015 levels due to persisting overcapacity in European markets. The lower **oil product** prices together with increased private consumption in Romania, 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 from 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.

In the context of a prolonged depressed price environment, a stable, predictable and investment-friendly fiscal and regulatory framework is even more critical to continue investments for both managing natural decline and further onshore and offshore developments.

OMV Petrom Group

- CAPEX (including capitalized exploration and appraisal) for 2016 is expected to be approx. EUR 0.7 bn, around 20% down yoy, with approx. 85% dedicated to Upstream, which includes, among others drilling, workover activities and field redevelopment projects; 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.

Upstream

- Full year average Group production is expected to drop by up to 4% in 2016 compared with 2015, mostly driven by lower investments, increased number of uneconomic wells and due to the planned surface facilities upgrade at Totea Deep in H2/16;
- Operational activities will concentrate on safe and efficient production and implementation of integrity and investment programs; in addition, we plan to deliver around 950 workovers and around 40 new wells;
- Continue 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);
- Review portfolio of producing assets and optimize well stock which is leading to further shut-ins of uneconomical 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, the second exploration drilling campaign was completed, which included in total seven wells drilled, most of them having encountered gas, and a successful well test of the Domino structure. The results of the drilling campaign are sufficiently encouraging to progress more detailed work to determine if commercial development is viable. 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, workover activities to combat natural decline in TOC and Komsomolskoe fields will continue.

Downstream

- In the Petrobrazi refinery, a one-month planned shutdown and turnaround is scheduled starting at the end of May 2016 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;
- The declining gas demand and the increased competiveness of import gas will challenge our operational performance; nevertheless, we strive to maintain our position in the gas market through improved portfolio optimization and stronger 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;
- Three-week planned outage for the Brazi power plant in Q2/16;
- Dorobantu wind park: envisaged divestment, in line with company's strategy to focus on core business.

Business segments

Upstream

Q4/15	Q1/16	Q1/15	∆%	in RON mn	2015	2014	∆%
(2,103)	(80)	164	n.m.	EBIT [1]	(1,815)	3,932	n.m.
(1,879)	(7)	(11)	(35)	Special items	(2,734)	(735)	n.m.
(223)	(73)	175	n.m.	Clean EBIT [1]	919	4,667	(80)
831	576	862	(33)	Clean EBITD	4,120	7,302	(44)
696	710	1,018	(30)	CAPEX	3,486	5,349	(35)

Q4/15	Q1/16	Q1/15	∆%	Key performance indicators	2015	2014	∆%
16.22	15.94	16.52	(3)	Total hydrocarbon production (mn boe)	65.19	65.82	(1)
176	175	184	(5)	Total hydrocarbon production (kboe/d)[2]	179	180	(1)
7.42	7.37	7.67	(4)	Crude oil and NGL production (mn bbl)	30.43	30.94	(2)
1.35	1.31	1.36	(3)	Natural gas production (bcm)	5.32	5.34	0
47.53	46.36	47.85	(3)	Natural gas production (bcf)	187.87	188.54	0
42.26	32.29	52.89	(39)	Average Urals price (USD/bbl)	51.45	97.95	(47)
36.07	26.69	45.37	(41)	Average Group realized crude price (USD/bbl)	45.00	86.67	(48)
312	275	365	(25)	Exploration expenditures (RON mn)	1,399	1,224	14
315	57	66	(14)	Exploration expenses (RON mn)	577	156	269
12.10	12.25	14.23	(14)	OPEX (USD/boe)	13.16	17.27	(24)

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

First quarter 2016 (Q1/16) vs. first quarter 2015 (Q1/15)

- **Clean EBIT was negatively impacted by lower oil prices**
- **Lower group production due to reduced investments, increased number of uneconomic wells and planned maintenance at key wells**
- **OPEX in USD/boe down 14% driven by good delivery of cost reduction measures**
- **Neptun Deep: exploration drilling activities finalized early January; ongoing data analysis and interpretation**

In Q1/16, Urals crude price averaged at USD 32.29/bbl, 39% lower compared to Q1/15. The average realized crude price decreased by 41% to USD 26.69/bbl.

Clean EBIT declined to RON (73) mn, mainly driven by significantly lower oil prices as well as decreased sales volumes, partly compensated by lower production costs, favorable FX effects (USD 3% stronger against RON) and lower depreciation (due to a lower asset base, following the impairments booked in H2/15). Reported EBIT decreased to RON (80) mn in Q1/16 (Q1/15: RON 164 mn), also reflecting special charges due to personnel restructuring.

Exploration expenses decreased to RON 57 mn in Q1/16, mostly related to lower G&G costs and seismic activities, compared to RON 66 mn in Q1/15.

Group production costs (OPEX) in USD/boe were 14% lower than in Q1/15, mainly due to lower services, personnel and materials costs and the favorable FX rates, which more than offset lower production available for sale. In Romania, production costs in USD/boe decreased by 12% to USD 12.21/boe, while in RON terms, they stood at RON 49.79/boe, 9% below the Q1/15 level.

Exploration expenditures decreased to RON 275 mn, mainly due to the finalization of exploration drilling activities in the Black Sea (the Q1/15 level of RON 365 mn mostly reflected the drilling activity in the Neptun Deep block together with the operator ExxonMobil).

Group daily hydrocarbon production was 175.2 kboe/d (Romania: 166.5 kboe/d) and total production stood at 15.94 mn boe (Romania: 15.15 mn boe), down 3% yoy, due to lower production in both Romania and Kazakhstan. Domestic crude oil and NGL production was 6.64 mn bbl, 4% lower than in Q1/15. This mainly reflected the natural decline which could not be fully offset due to reduced level of investments, the increased number of wells which became uneconomic due to the unfavorable oil price environment, and the planned maintenance at key wells. Domestic gas production was 8.5 mn boe (Q1/15: 8.8 mn boe), as a result of the natural decline of main fields (Bulbuceni, Bustuchin, Lebada Est), in spite of additional contribution from the new wells put on stream and workovers performed during the year.

In Kazakhstan, production amounted to 0.79 mn boe, 5% lower compared to the same period of 2015, mainly due to natural decline and pipeline integrity issues.

Group hydrocarbon sales volumes have decreased by 4% compared to Q1/15, as lower sales volumes from Romania and decreased gas sales volumes from Kazakhstan more than offset higher oil sales in Kazakhstan.

In Q1/16, we finalized drilling of 10 new wells and sidetracks, compared to 37 new wells and sidetracks in the same quarter last year.

First quarter 2016 (Q1/16) vs. fourth quarter 2015 (Q4/15)

In Q1/16, the average Urals crude price decreased to USD 32.29/bbl, 24% lower compared to Q4/15 while the average realized crude price decreased to USD 26.69/bbl in Q1/16, 26% lower than in Q4/15.

Clean EBIT improved compared to the Q4/15 level, mostly due to lower exploration costs and depreciation, only partly offset by lower realized oil prices and lower sales volumes. Reported EBIT improved at RON (80) mn compared with RON (2,103) mn in Q4/15, the latter being affected by impairments booked for some producing assets in Romania and Kazakhstan, as a result of the revision of OMV Petrom's oil price assumptions for both the short and long term.

Group production costs in USD/boe were 1% higher than in Q4/15 level. Production costs in Romania increased by 4% when expressed in USD/boe, and by 4% in RON/boe terms (RON 49.79/boe), as a result of decreased production available for sale, which was only partly offset by lower services and lower materials costs.

Group daily production slightly decreased to 175.2 kboe/d, while total production amounted to 15.94 mn boe (Q4/15: 16.22 mn boe). Group sales volumes decreased by 3% compared to the Q4/15 level, mainly triggered by lower sales volumes in Romania which more than offset higher oil sales in Kazakhstan.

Downstream

Q4/15	Q1/16	Q1/15	Δ%	in RON mn	2015	2014	Δ%
127	360	345	4	EBIT	1,014	(897)	n.m.
(51)	118	3	n.m.	Special items	45	(815)	n.m.
(91)	(61)	165	n.m.	CCS effect: Inventory holding gains/(losses) [1]	(201)	(674)	(70)
269	302	177	71	Clean CCS EBIT [1]	1,169	591	98
277	255	174	47	thereof Downstream Oil	1,315	654	101
(8)	47	3	n.m.	thereof Downstream Gas	(145)	(63)	130
465	478	354	35	Clean CCS EBITD [1]	1,915	1,300	47
199	59	44	33	CAPEX	402	797	(50)

Q4/15	Q1/16	Q1/15	Δ%	Downstream Oil KPIs	2015	2014	Δ%
7.75	8.06	8.24	(2)	Indicator refining margin (USD/bbl)	8.71	1.89	362
1.09	1.10	1.00	10	Refining input (mn t) [2]	4.18	4.01	4
92	94	86	9	Refinery utilization rate (%)	88	89	(1)
1.34	1.14	1.10	4	Total refined product sales (mn t)	5.03	4.81	5
0.66	0.55	0.54	3	thereof retail sales volumes (mn t) [3]	2.53	2.37	7
				Downstream Gas KPIs			
13.28	14.01	16.69	(16)	Gas sales volumes (TWh)	51.39	47.70	8
10.70	12.88	15.95	(19)	thereof to third parties (TWh)	45.24	44.29	2
60.0	60.0	53.3	13	Average regulated domestic gas price for households (RON/MWh)	56.7	52.3	8
1.13	0.42	0.29	46	Net electrical output (TWh)	2.65	1.32	100
174	140	162	(14)	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] Figures include crude and semi-finished products, in line with OMV Group reporting standard
[3] Retail sales volumes include sales via Group's filling stations in Romania, Bulgaria, Serbia and Republic of Moldova

First quarter 2016 (Q1/16) vs. first quarter 2015 (Q1/15)

- **Downstream Oil: Significantly increased result mainly driven by higher oil product sales and lower cost for own crude consumed**
- **Refinery utilization rate improved to 94%; retail sales volumes advanced by 3%**
- **Downstream Gas: Gas sales impacted by lower volumes in storage and the decline of national demand**
- **Higher Brazi power plant output, capitalizing on the forward position**

Clean CCS EBIT increased to RON 302 mn in Q1/16 (Q1/15: RON 177 mn), driven by the strong performance of the Downstream Oil segment. Reported EBIT of RON 360 mn in Q1/16 reflected CCS effect of RON (61) mn and special items of RON 118 mn.

In Q1/16, the **Downstream Oil** Clean CCS EBIT increased to RON 255 mn compared to RON 174 mn in Q1/15, mainly driven by improved oil product sales as well as a better operational performance. Net special items of RON 118 mn were recognized in Q1/16 mainly driven by the final court decisions to reduce the fines imposed by the Competition Council in 2011. The reported EBIT came in at RON 312 mn, with negative CCS effects of RON (61) mn.

The indicator refining margin slightly decreased from USD 8.24/bbl in Q1/15 to USD 8.06/bbl in Q1/16 mainly due to lower product spreads, partially compensated by lower cost for own crude consumed.

The refinery utilization rate was 94% (Q1/15: 86%) being optimized to capitalize on the market demand and operational performance.

Total refined product sales were 4% above the level of Q1/15 mainly reflecting the positive development of demand in the operating region.

In Q1/16, Group retail sales volumes, which accounted for 49% of total refined product sales, increased by 3% compared to Q1/15 due to improved demand mainly driven by lower product quotations. Non-retail sales volumes increased by 4% reflecting higher domestic sales.

At the end of Q1/16, the total number of retail filling stations operated within OMV Petrom Group increased by 5 units compared to Q1/15 to 783, as a result of new business opportunities in Romania and network optimization in the other countries within the Group.

The **Downstream Gas** Clean EBIT increased to RON 47 mn in Q1/16 vs. RON 3 mn in Q1/15, mainly driven by a RON 15 mn reversal of provisions for outstanding receivables in Q1/16, whereas the Q1/15 result was negatively impacted by provisions.

As per OMV Petrom's estimations, national gas demand decreased by almost 6% compared to Q1/15. OMV Petrom's total gas sales volumes dropped by 16% yoy impacted by lower volumes available in storage at the beginning of Q1/16 (according to the company's objective to minimize storage expenses). By the end of Q1/16, OMV Petrom has sold all the available stored gas volumes.

In Q1/16, the regulated domestic gas price for household consumers was RON 60.0/MWh vs. RON 53.3/MWh in Q1/15. 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 73.9/MWh and RON 110.0/MWh for gas deliveries in Q1/16 (0.6 TWh), while for deliveries in Q2/16 (0.3 TWh) the gas price varied between RON 66.0/MWh and RON 89.7/MWh[2].

As per currently available information from the grid operator, national gross electricity production was 5% lower yoy, while demand was flat compared to the same quarter of the previous year.

According to OPCOM, the base load electricity price averaged RON 140/MWh (Q1/15: RON 162/MWh), while the peak load electricity price averaged RON 166/MWh (Q1/15: RON 197/MWh).

In Q1/16, the Brazi power plant generated a net electrical output of 0.40 TWh (Q1/15: 0.26 TWh) capitalizing on the forward position. Additionally, the improved portfolio optimization, both on forward and spot markets, contributed to significantly higher power sales. The Dorobantu wind park delivered approx. 0.03 TWh of net electrical output, similarly to Q1/15, receiving around 42,000 green certificates, half of them eligible for sale after January 1, 2018 (Q1/15: around 45,900 green certificates, half of them eligible for sale).

First quarter 2016 (Q1/16) vs. fourth quarter 2015 (Q4/15)

Clean CCS EBIT increased compared to Q4/15, mainly due to the Downstream Gas business contribution. Reported EBIT was RON 360 mn (Q4/15: RON 127 mn).

The **Downstream Oil** Clean CCS EBIT decreased in Q1/16 compared to Q4/15, impacted by seasonally lower oil product sales.
The indicator refining margin slightly increased from USD 7.75/bbl in Q4/15 to USD 8.06/bbl in Q1/16, mainly driven by better gasoline spreads and lower cost for own crude consumed, despite decreased middle distillates spreads.
The refinery utilization rate increased to 94% in Q1/16 (92% in Q4/15), reflecting better operational performance. The retail business saw decreased sales volumes due to seasonality.

The **Downstream Gas** Clean EBIT in Q1/16 was RON 47 mn vs. RON (8) mn in Q4/15, driven by higher gas sales volumes and the reversal of provisions for outstanding receivables. Gas sales volumes seasonally increased by 5%, despite the lower off-take by the Brazi power plant. In the context of lower electricity prices, the Brazi power plant net electrical output decreased by 64% as compared to the previous quarter. The Dorobantu wind park generated a slightly higher net output.

[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.

Group interim condensed consolidated financial statements as of and for the period ended March 31, 2016 (unaudited)

Interim condensed consolidated income statement (unaudited)

Q4/15	Q1/16	Q1/15	Interim condensed consolidated income statement (in RON mn)	2015	2014
4,518.20	3,558.54	4,270.74	Sales revenues	18,144.98	21,541.26
(83.06)	(78.70)	(108.54)	Direct selling expenses	(383.10)	(479.70)
(5,678.08)	(2,916.76)	(3,143.08)	Production costs of sales	(16,402.56)	(15,815.11)
(1,242.94)	**563.08**	**1,019.12**	**Gross profit**	**1,359.32**	**5,246.45**
85.57	266.70	53.68	Other operating income	501.45	315.73
(239.67)	(213.84)	(231.82)	Selling expenses	(939.13)	(1,077.68)
(38.50)	(37.42)	(53.39)	Administrative expenses	(182.86)	(189.21)
(315.42)	(56.82)	(66.28)	Exploration expenses	(576.61)	(156.17)
(93.51)	(179.10)	(227.16)	Other operating expenses	(691.92)	(800.82)
(1,844.47)	**342.60**	**494.15**	**Earnings before interest and taxes (EBIT)**	**(529.75)**	**3,338.30**
(0.42)	3.23	1.67	Income / (loss) from associated companies	7.40	10.67
16.06	69.35	9.14	Interest income	234.82	72.33
(127.75)	(75.64)	(79.20)	Interest expenses	(430.99)	(549.15)
(22.57)	3.46	46.51	Other financial income and expenses	(7.45)	37.03
(134.68)	0.40	**(21.88)**	**Net financial result**	**(196.22)**	**(429.12)**
(1,979.15)	**343.00**	**472.27**	**Profit/(loss) before tax**	**(725.97)**	**2,909.18**
298.76	(54.78)	(127.01)	Taxes on income	36.32	(809.51)
(1,680.39)	**288.22**	**345.26**	**Net income/(loss) for the period**	**(689.65)**	**2,099.67**
(1,674.59)	**290.54**	**348.82**	**thereof attributable to stockholders of the parent**	**(675.99)**	**2,102.67**
(5.80)	(2.32)	(3.56)	thereof attributable to non-controlling interests	(13.66)	(3.00)
(0.0296)	**0.0051**	**0.0062**	**Basic earnings/(loss) per share (RON)**	**(0.0119)**	**0.0371**
-	**-**	**-**	**Dividend per share (RON)**	**-**	**0.0112**

Interim condensed consolidated statement of comprehensive income (unaudited)

Q4/15	Q1/16	Q1/15	Interim condensed consolidated statement of comprehensive income (in RON mn)	2015	2014
(1,680.39)	**288.22**	**345.26**	**Net income/(loss) for the period**	**(689.65)**	**2,099.67**
(0.12)	(1.76)	(12.95)	Exchange differences from translation of foreign operations	(6.86)	(29.73)
(22.70)	(11.47)	3.65	Gains/(losses) on hedges	14.21	-
(22.82)	**(13.23)**	**(9.30)**	**Total of items that may be reclassified ("recycled") subsequently to the income statement**	**7.35**	**(29.73)**
34.56	-	-	Remeasurement gains/ (losses) on defined benefit plans	34.56	(21.01)
34.56	**-**	**-**	**Total of items that will not be reclassified ("recycled") subsequently to the income statement**	**34.56**	**(21.01)**
(9.15)	16.53	(25.37)	Income tax relating to items that may be reclassified ("recycled") subsequently to the income statement	(29.49)	(19.21)
(5.53)	-	-	Income tax relating to items that will not be reclassified ("recycled") subsequently to the income statement	(5.53)	3.36
(14.68)	**16.53**	**(25.37)**	**Total income taxes relating to components of other comprehensive income**	**(35.02)**	**(15.85)**
(2.94)	**3.30**	**(34.67)**	**Other comprehensive income/(loss) for the period, net of tax**	**6.89**	**(66.59)**
(1,683.33)	**291.52**	**310.59**	**Total comprehensive income/(loss) for the period**	**(682.76)**	**2,033.08**
(1,674.83)	290.91	318.53	thereof attributable to stockholders of the parent	(664.03)	2,040.50
(8.50)	0.61	(7.94)	thereof attributable to non-controlling interests	(18.73)	(7.42)

Interim condensed consolidated statement of financial position (unaudited)

Interim condensed consolidated statement of financial position (in RON mn)	March 31, 2016	December 31, 2015
Assets		
Intangible assets	2,643.78	2,430.02
Property, plant and equipment	28,828.52	29,278.19
Investments in associated companies	43.91	40.69
Other financial assets	2,631.91	2,627.56
Other assets	78.45	80.29
Deferred tax assets	1,531.66	1,562.88
Non-current assets	**35,758.23**	**36,019.63**
Inventories	1,729.17	1,965.12
Trade receivables	1,354.39	1,318.28
Other financial assets	322.01	257.09
Other assets	910.22	626.90
Cash and cash equivalents	653.38	812.56
Current assets	**4,969.17**	**4,979.95**
Assets held for sale	118.57	118.58
Total assets	**40,845.97**	**41,118.16**
Equity and liabilities		
Capital stock	5,664.41	5,664.41
Reserves	20,369.63	20,078.72
Stockholders' equity	**26,034.04**	**25,743.13**
Non-controlling interests	(54.49)	(55.10)
Total equity	**25,979.55**	**25,688.03**
Provisions for pensions and similar obligations	237.45	238.72
Interest-bearing debts	1,361.08	1,423.70
Provisions for decommissioning and restoration obligations	7,820.00	7,941.21
Other provisions	490.82	498.99
Other financial liabilities	243.47	266.26
Deferred tax liabilities	6.24	12.72
Non-current liabilities	**10,159.06**	**10,381.60**
Trade payables	1,761.96	2,317.81
Interest-bearing debts	373.97	378.72
Income tax liabilities	35.56	107.10
Other provisions and decommissioning	829.68	911.08
Other financial liabilities	676.56	548.13
Other liabilities	1,019.21	775.27
Current liabilities	**4,696.94**	**5,038.11**
Liabilities associated with assets held for sale	10.42	10.42
Total equity and liabilities	**40,845.97**	**41,118.16**

Interim condensed consolidated statement of changes in equity (unaudited)

in RON mn	Share capital	Revenue reserves	Other reserves[1]	Treasury shares	Stockholders' equity	Non-controlling interests	Total Equity
January 1, 2016	**5,664.41**	**20,059.80**	**18.94**	**(0.02)**	**25,743.13**	**(55.10)**	**25,688.03**
Net profit/(loss) for the period	-	290.54	-	-	290.54	(2.32)	288.22
Other comprehensive income for the period	-	-	0.37	-	0.37	2.93	3.30
Total comprehensive income for the period	**-**	**290.54**	**0.37**	**-**	**290.91**	**0.61**	**291.52**
Dividend distribution	-	-	-	-	-	-	-
March 31, 2016	**5,664.41**	**20,350.34**	**19.31**	**(0.02)**	**26,034.04**	**(54.49)**	**25,979.55**

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	-	348.82	-	-	348.82	(3.56)	345.26
Other comprehensive income/(loss) for the period	-	-	(30.29)	-	(30.29)	(4.38)	(34.67)
Total comprehensive income/(loss) for the period	**-**	**348.82**	**(30.29)**	**-**	**318.53**	**(7.94)**	**310.59**
Dividend distribution	-	-	-	-	-	-	-
March 31, 2015	**5,664.41**	**21,689.89**	**5.82**	**(0.02)**	**27,360.10**	**(44.23)**	**27,315.87**

[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.

Interim condensed consolidated statement of cash flows (unaudited)

Q4/15	Q1/16	Q1/15	Summarized interim condensed consolidated statement of cash flows (in RON mn)	2015	2014
(1,979.15)	**343.00**	**472.27**	**Profit/(loss) before tax**	**(725.97)**	**2,909.18**
147.27	(132.38)	(252.30)	Net change in provisions	(87.30)	256.47
0.84	1.60	(1.55)	Losses/(gains) on the disposal of non-current assets	(4.38)	(20.15)
3,252.54	830.46	873.27	Depreciation, amortization and impairments including write-ups	6,761.11	4,806.30
(220.28)	(12.51)	(17.17)	Net interest paid	(103.88)	(60.97)
(129.83)	(80.95)	(273.52)	Tax on profit paid	(728.57)	(926.57)
62.99	(7.19)	(26.12)	Other non-monetary adjustments	25.71	185.25
1,134.38	**942.03**	**774.88**	**Sources of funds** [1]	**5,136.72**	**7,149.51**
56.20	208.75	164.93	(Increase)/decrease in inventories	230.69	(314.57)
174.52	(178.15)	(94.88)	(Increase)/decrease in receivables	20.85	(152.02)
(261.38)	(84.35)	(54.25)	(Decrease)/increase in liabilities	(105.36)	146.92
1,103.72	**888.28**	**790.68**	**Cash flow from operating activities**	**5,282.90**	**6,829.84**
(1,095.90)	(1,010.80)	(1,394.91)	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)
25.61	4.29	13.17	Proceeds from sale of non-current assets	71.90	280.73
-	-	-	Proceeds from sale of subsidiaries, net of cash disposed	-	15.99
(1,070.42)	**(1,006.51)**	**(1,381.74)**	**Cash flow from investing activities**	**(4,953.46)**	**(5,658.09)**
(46.96)	(41.17)	(29.15)	(Decrease) / increase in borrowings	(163.81)	397.49
(1.45)	(0.18)	(0.56)	Dividends paid	(630.68)	(1,731.04)
(48.41)	**(41.35)**	**(29.71)**	**Cash flow from financing activities**	**(794.49)**	**(1,333.55)**
5.08	0.40	8.09	Effect of exchange rate changes on cash and cash equivalents	9.63	21.54
(10.03)	**(159.18)**	**(612.68)**	**Net decrease in cash and cash equivalents**	**(455.42)**	**(140.26)**
822.59	812.56	1,267.98	Cash and cash equivalents at beginning of period	1,267.98	1,408.24
812.56	**653.38**	**655.30**	**Cash and cash equivalents at end of period**	**812.56**	**1,267.98**

[1] *representing cash generated from operating activities before working capital movements*

Selected notes to the interim consolidated financial statements as of and for the period ended March 31, 2016

Legal principles

The interim condensed consolidated financial statements as of and for the three month period ended March 31, 2016 (Q1/16) 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, 2015.

The interim condensed consolidated financial statements for Q1/16 included in this report are unaudited and an external review by an auditor was not performed.

The interim condensed consolidated financial statements for Q1/16 have been prepared in million RON (RON mn, RON 1,000,000). Accordingly there may be rounding differences.

General accounting policies

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, 2015, except as described herein.

The following new and amended standards and interpretations have been implemented since January 1, 2016. None has had a material impact on the interim condensed consolidated financial statements.

- Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations
- Amendments to IAS 1 Disclosure Initiative
- Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortization
- Amendments to IAS 27 Equity Method in Separate Financial Statements
- Annual Improvements to IFRSs 2012-2014 Cycle
- Amendments to IFRS 10, IFRS 12 and IAS 28 Investments Entities: Applying the Consolidation Exception

Changes in the consolidated Group

Compared with the consolidated financial statements as of December 31, 2015, there were no changes in the consolidated Group.

The detailed structure of the consolidated companies in OMV Petrom Group at March 31, 2016 is presented in the Appendix 1 to the current report.

Seasonality and cyclicality

Seasonality is of particular significance in downstream; for details please refer to the relevant section in "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 three month period ended March 31, 2016 is given as part of the description of OMV Petrom Group's Business Segments in the Director's Report.

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.

Q4/15	Q1/16	Q1/15	Δ%	NBR FX rates	2015	2014	Δ%
4.457	4.491	4.450	1	Average EUR/RON FX rate	4.445	4.444	0
4.067	4.073	3.959	3	Average USD/RON FX rate	4.006	3.349	20
4.525	4.474	4.410	1	Closing EUR/RON FX rate	4.525	4.482	1
4.148	3.935	4.112	(4)	Closing USD/RON FX rate	4.148	3.687	13

Notes to the income statement

Income tax

Q4/15	Q1/16	Q1/15	In RON mn	2015	2014
(298.76)	**54.78**	**127.01**	**Taxes on income**	**(36.32)**	**809.51**
55.93	27.51	113.86	Current taxes	475.95	981.63
(354.69)	27.27	13.15	Deferred taxes	(512.27)	(172.12)
15%	16%	27%	Group effective tax rate	5%	28%

Notes to the statement of financial position

Commitments
As at March 31, 2016 OMV Petrom Group had commitments for investments of RON 912 mn (December 31, 2015: RON 1,261 mn) mainly relating to exploration and production activities in Upstream.

Inventories
During the three months ended March 31, 2016, there were no material write downs of inventories.

Equity
At the Annual General Meeting of Shareholders held on April 26, 2016, the shareholders of OMV Petrom S.A. approved the Executive Board's proposal not to distribute dividends for the financial year 2015.

Financial liabilities

As of March 31, 2016, short- and long-term interest bearing debts and finance leases amounted to RON 2,019 mn (December 31, 2015: RON 2,099 mn), thereof RON 284 mn liabilities for finance leases (December 31, 2015: RON 296 mn).

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.

Financial instruments on asset side (in RON mn)	March 31, 2016 Level 1	Level 2	Level 3	Total	December 31, 2015 Level 1	Level 2	Level 3	Total
Derivatives designated and effective as hedging instruments	-	-	-	-	-	-	-	-
Other derivatives	-	32.72	-	**32.72**	-	105.16	-	**105.16**
Total	**-**	**32.72**	**-**	**32.72**	**-**	**105.16**	**-**	**105.16**

Financial instruments on liability side (in RON mn)	March 31, 2016 Level 1	Level 2	Level 3	Total	December 31, 2015 Level 1	Level 2	Level 3	Total
Liabilities on derivatives designated and effective as hedging instruments	-	-	-	**-**	-	-	-	-
Liabilities on other derivatives	-	(27.17)	-	**(27.17)**	-	(102.05)	-	**(102.05)**
Total	**-**	**(27.17)**	**-**	**(27.17)**	**-**	**(102.05)**	**-**	**(102.05)**

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

Interest-bearing debts amounting to RON 1,735 mn (December 31, 2015: RON 1,802 mn) are valued at amortized cost. The estimated fair value of these liabilities was RON 1,777 mn (December 31, 2015: RON 1,812 mn). The carrying amount of all other financial assets and financial liabilities that were measured at amortized cost approximates their fair value.

Segment reporting

Intersegmental sales

Q4/15	Q1/16	Q1/15	Δ%	in RON mn	2015	2014	Δ%
1,874.46	1,531.16	2,053.07	(25)	Upstream	8,297.17	12,028.28	(31)
71.58	69.39	86.81	(20)	Downstream [1]	305.63	385.30	(21)
24.04	20.44	27.31	(25)	thereof Downstream Oil	98.37	152.54	(36)
84.84	87.15	95.52	(9)	thereof Downstream Gas	330.54	361.30	(9)
(37.30)	(38.20)	(36.02)	6	thereof intersegmental elimination Downstream Oil and Downstream Gas	(123.28)	(128.54)	(4)
53.41	40.58	47.41	(14)	Corporate and Other	195.05	393.07	(50)
1,999.45	**1,641.13**	**2,187.29**	**(25)**	**Total**	**8,797.85**	**12,806.65**	(31)

Sales to external customers

Q4/15	Q1/16	Q1/15	Δ%	in RON mn	2015	2014	Δ%
147.82	111.35	141.05	(21)	Upstream	681.75	860.77	(21)
4,353.40	3,439.90	4,124.31	(17)	Downstream	17,429.38	20,615.90	(15)
3,129.77	2,281.88	2,821.88	(19)	thereof Downstream Oil	13,223.76	16,601.99	(20)
1,223.63	1,158.02	1,302.43	(11)	thereof Downstream Gas	4,205.62	4,013.91	5
16.98	7.29	5.38	36	Corporate and Other	33.85	64.59	(48)
4,518.20	**3,558.54**	**4,270.74**	**(17)**	**Total**	**18,144.98**	**21,541.26**	**(16)**

Total sales (not consolidated)

Q4/15	Q1/16	Q1/15	Δ%	in RON mn	2015	2014	Δ%
2,022.28	1,642.51	2,194.12	(25)	Upstream	8,978.92	12,889.05	(30)
4,424.98	3,509.29	4,211.12	(17)	Downstream[1]	17,735.01	21,001.20	(16)
3,153.81	2,302.32	2,849.19	(19)	thereof Downstream Oil	13,322.13	16,754.53	(20)
1,308.47	1,245.17	1,397.95	(11)	thereof Downstream Gas	4,536.16	4,375.21	4
(37.30)	(38.20)	(36.02)	6	thereof intersegmental elimination Downstream Oil and Downstream Gas	(123.28)	(128.54)	(4)
70.39	47.87	52.79	(9)	Corporate and Other	228.90	457.66	(50)
6,517.65	**5,199.67**	**6,458.03**	**(19)**	**Total**	**26,942.83**	**34,347.91**	**(22)**

[1] *Sales Downstream = Sales Downstream Oil + Sales Downstream Gas – intersegmental elimination Downstream Oil and Downstream Gas*

Segment and Group profit/(loss)

Q4/15	Q1/16	Q1/15	Δ%	in RON mn	2015	2014	Δ%
(2,102.87)	(80.00)	164.08	n.m.	EBIT Upstream	(1,814.60)	3,932.33	n.m.
126.72	359.60	344.73	4	EBIT Downstream	1,013.65	(897.44)	n.m.
207.42	312.20	341.58	(9)	thereof EBIT Downstream Oil	1,229.70	(79.37)	n.m.
(80.70)	47.40	3.15	n.m.	thereof EBIT Downstream Gas	(216.05)	(818.07)	(74)
(15.99)	(16.87)	(25.61)	(34)	EBIT Corporate and Other	(74.67)	(150.50)	(50)
(1,992.14)	**262.73**	**483.20**	**(46)**	**EBIT segment total**	**(875.62)**	**2,884.39**	**n.m.**
147.67	79.87	10.95	n.m.	Consolidation: Elimination of intersegmental profits	345.87	453.91	(24)
(1,844.47)	**342.60**	**494.15**	**(31)**	**OMV Petrom Group EBIT**	**(529.75)**	**3,338.30**	**n.m.**
(134.68)	**0.40**	**(21.88)**	**n.m.**	**Net financial result**	**(196.22)**	**(429.12)**	**(54)**
(1,979.15)	**343.00**	**472.27**	**(27)**	**OMV Petrom Group profit/(loss) before tax**	**(725.97)**	**2,909.18**	**n.m.**

Assets[1]

in RON mn	March 31, 2016	December 31, 2015
Upstream	23,904.01	24,003.63
Downstream	7,065.73	7,197.07
thereof Downstream Oil	5,314.12	5,420.51
thereof Downstream Gas	1,751.61	1,776.56
Corporate and Other	502.56	507.51
Total	**31,472.30**	**31,708.21**

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

Other notes

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.

Financial Ratios (presented in accordance with National Securities Commission Instruction No. 1/2006 requirements)

Financial ratio	Formula	Value
Current ratio	Current Assets / Current Liabilities	1.08
Gearing Ratio (%)	Net debt / Equity*100	5.26
Days in receivables	Receivables average balance / Turnover*90	33.80
Fixed assets turnover [1]	Turnover / Fixed assets	0.45

[1] *Fixed assets turnover is calculated based on turnover for Q1/16*(360/90) days.*

Subsequent events

On April 26, the Ordinary General Meeting of Shareholders (OGMS) approved OMV Petrom S.A.'s Revenues and Expenditures Budget for the financial year 2016, with investments estimated at RON 3.8 bn (which also include OMV Petrom S.A. contribution to share participation in OMV Petrom Group's subsidiaries, which are eliminated at Group level). The OGMS reappointed Ernst & Young Assurance Service S.R.L. as the company's financial auditor for 2016 and appointed Dan Manolescu as the new member of the Supervisory Board for the remaining term of Bogdan-Nicolae Badea's mandate, respectively until 28 April 2017.
The Extraordinary General Meeting of Shareholders (EGMS) approved the extension of the approval and related Executive Board empowerment for the secondary listing of OMV Petrom S.A. on the London Stock Exchange, until December 31, 2017.

Declaration of the management

We confirm to the best of our knowledge that the unaudited interim condensed consolidated financial statements for the three month period ended March 31, 2016 give a true and fair view of OMV Petrom Group's assets, liabilities, financial position and profit or loss, as required by the applicable accounting standards, and that the Directors' Report gives a true and fair view of important events that have occurred during the first three months of the financial year 2016 and their impact on the interim condensed consolidated financial statements, and a description of the principal risks and uncertainties.

Bucharest, May 11, 2016

The Executive Board

Mariana Gheorghe
Chief Executive Officer
President of the Executive Board

Andreas Matje
Chief Financial Officer
Member of the Executive Board

Peter Zeilinger
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

Further information

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
G&G	Geological and geophysical
HSSE	Health, Safety, Security and Environment
IFRSs; IASs	International Financial Reporting Standards; International Accounting Standards
mn	million
MWh	megawatt hour
NBR	National Bank of Romania
NGL	Natural Gas Liquids
n.a.	not applicable/not available (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 March 31, 2016

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%

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

Appendix 2

Significant transactions with related parties

During the first three months of the financial year 2016, OMV Petrom Group had the following significant transactions with related parties (including significant balances as of March 31, 2016):

Related party (in RON mn)	Purchases Q1/16	Balances payable March 31, 2016
OMV Petrom Global Solutions S.R.L.	119.23	49.62
OMV Refining & Marketing GmbH	17.74	28.17
OMV International Services Ges.m.b.H.	1.36	32.16

Related party (in RON mn)	Revenues Q1/16	Balances receivable March 31, 2016
OMV Supply & Trading Limited	190.79	48.57
OMV Deutschland GmbH	38.35	19.88
OMV Trading GmbH	34.41	-
OMV International Services Ges.m.b.H.	0.47	22.98

During the first three months of 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 Q1/15	Balances payable December 31, 2015
OMV Petrom Global Solutions S.R.L.	130.23	31.20
OMV Supply & Trading Limited	79.60	0.84
OMV Refining & Marketing GmbH	33.93	54.88
OMV Exploration & Production GmbH	24.89	17.73

Related party (in RON mn)	Revenues Q1/15	Balances receivable December 31, 2015
OMV Supply & Trading Limited	207.75	12.37
OMV Deutschland GmbH	55.84	22.15
OMV Supply & Trading AG	59.98	0.65

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

Contact

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Next release:

The next results announcement for January – June and Q2 2016 will be released on August 10, 2016, presenting OMV Petrom consolidated results prepared according to IFRS.