

A photograph of an offshore oil rig at night, illuminated by warm lights. The rig is a complex structure of red steel beams and white platforms, situated in the dark blue sea. The sky is a deep twilight blue. The rig's lights create a strong contrast with the dark surroundings.

OMV Petrom Q3/16
conference call

Mariana Gheorghe, CEO

November 9, 2016



OMV Petrom

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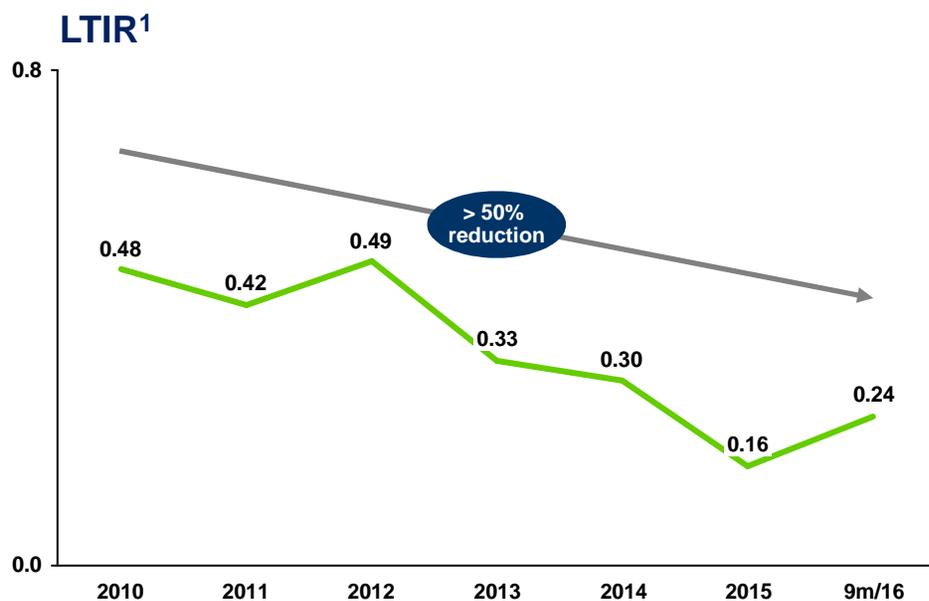


Key messages Q3/16

- ▶ Free cash flow at RON 1.1 bn, due to capex prioritization and solid operational performance
- ▶ Clean CCS EBIT at RON 602 mn, supported by Downstream contribution
- ▶ Upstream: hydrocarbon production at 174 kboe/d; efficiency measures continued
- ▶ Downstream Oil: high refinery utilization rate and good retail sales volumes
- ▶ Downstream Gas: high gas and power sales, challenging gas market
- ▶ Capex guidance for 2016 reduced by EUR 100 mn to EUR 0.6 bn
- ▶ Since 20 Oct 2016, OMV Petrom's GDRs are traded on the London Stock Exchange



High safety and efficiency focus



- ▶ Operational safety – our top priority
- ▶ LTIR substantially improved
 - ▶ In the last 12 months the Combined LTIR for Petrom Group was constantly under IOGP² benchmark

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

² International Association of Oil & Gas Producers - LTIR IOGP 2015=0.29



Romanian macroeconomic and fiscal environment

Macroeconomic environment

- ▶ **Q2/16 GDP growth**¹: +5.9%
- ▶ **CPI annual inflation**: -0.6% end-Sept; 12-month average: -1.7%
- ▶ **Budget balance**: -0.5% of GDP end Sept 2016
- ▶ **FDI**: EUR 2.7 bn in Jan-Aug, +19% higher yoy
- ▶ **Investment grade rating**: BBB- (S&P and Fitch), Baa3 (Moody's)
- ▶ **Demand in Q3/16 yoy**: Fuels² +5%; Gas -6%; Power³ +2%

Fiscal framework

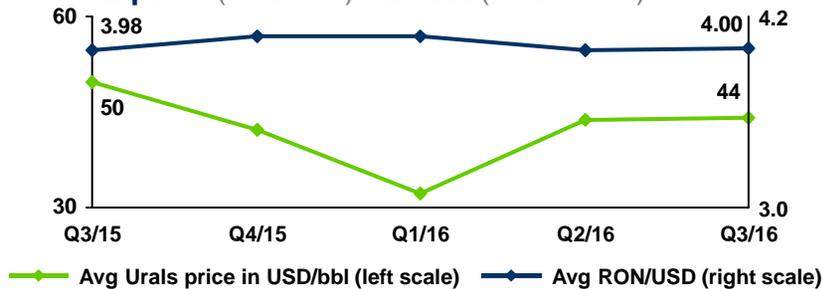
- ▶ **Tax on constructions** at 1%
- ▶ **Supplementary taxation**⁴ in place until end 2016
- ▶ Engagement with stakeholders on **taxation and regulatory framework**

¹ Romanian National Institute of Statistics; ² Fuels refer only to retail diesel and gasoline; ³ According to preliminary data available from the grid operator; ⁴ Introduced at the beginning of 2013 simultaneously with the start of gas price liberalization

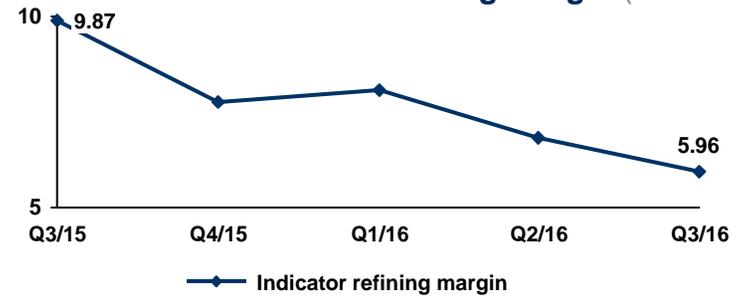


Economic environment

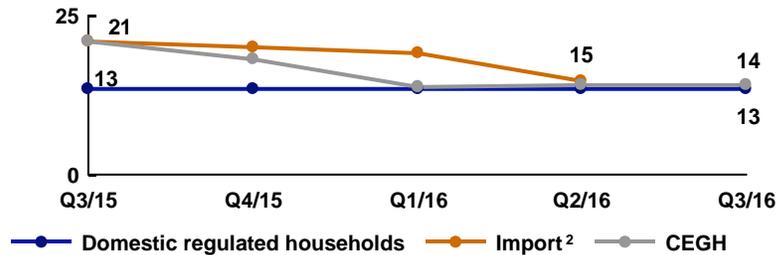
Oil price (USD/bbl) and FX (USD/RON)



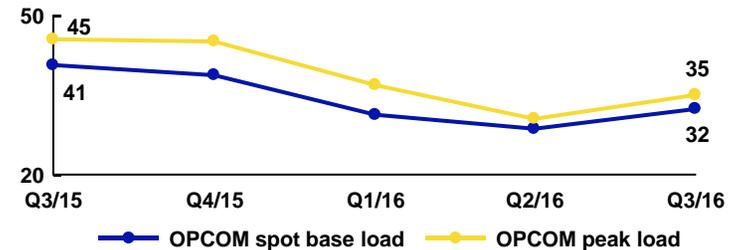
OMV Petrom Indicator refining margin (USD/bbl)



Gas prices (EUR/MWh)¹



Power prices in Romania (EUR/MWh)¹



¹ Converted from RON into EUR, FX rate: 4.5; ² Final prices published by ANRE; Q2/16 price is the extrapolation of Apr/16 price (latest published by ANRE)



Financial performance 9m/16

Key financials in RON mn	9m/16	9m/15	Δ (%)
EBIT	1,134	1,315	(14)
Net income attributable to stockholders ¹	882	999	(12)
Clean CCS EBIT ²	1,240	2,312	(46)
Clean CCS net income attributable to stockholders ^{1,2,3}	899	1,733	(48)
Clean CCS Earnings Per Share (RON) ^{2,3}	0.0159	0.0306	(48)
Cash flow from operating activities	3,384	4,179	(19)
Free cash flow before dividends	1,127	296	280
Free cash flow after dividends	1,126	(333)	n.m.

Figures on this and the following slides may not add up due to rounding differences.

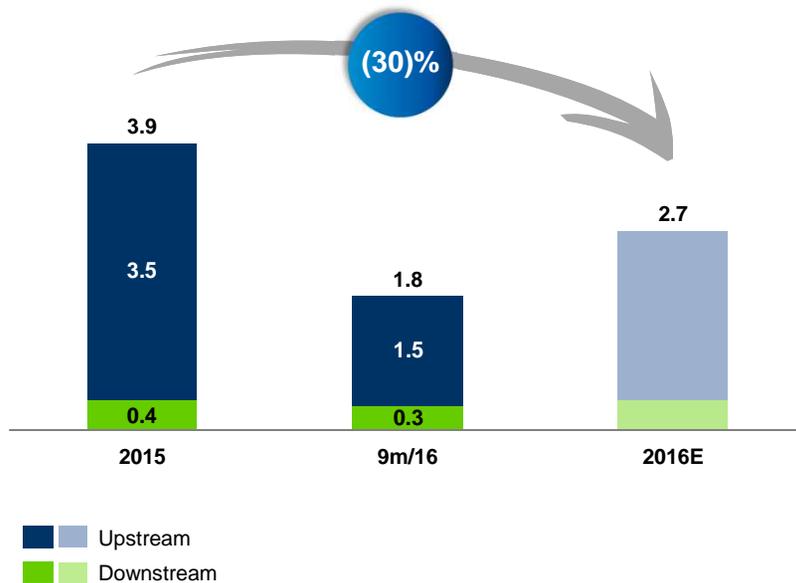
¹ After deducting net result attributable to non-controlling interests; ² Clean CCS figures exclude special items and inventory holding effects (CCS effects) resulting from Downstream Oil; ³ Excludes additional special income of RON 67 mn from clearance of a legal dispute and reflected in the financial result



2016 CAPEX guidance reduced to RON 2.7 bn

Group CAPEX

incl. capitalized E&A, in RON bn



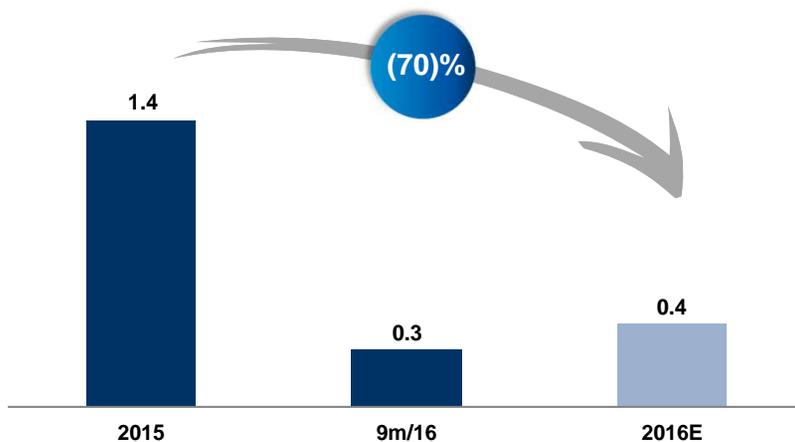
CAPEX cuts mainly driven by focus on profitable barrels

- ▶ 9m/16 CAPEX down by RON 1.2 bn, -39% yoy
 - ▶ Upstream CAPEX down by RON 1.3 bn mainly on projects prioritization
 - ▶ Downstream CAPEX up by RON 125 mn mainly due to planned refinery turnaround
- ▶ 2016 CAPEX guidance reduced to RON 2.7 bn from RON 3.2 bn



E&A spending further reduced in 2016

E&A expenditure
in RON bn



2016 E&A expenditure guidance reduced to RON 0.4 bn from previously RON 0.5 bn

- ▶ Peak level reached in 2015, due to Neptun Deep drilling campaign and onshore deep exploration (JV with Repsol)
- ▶ Lower activity level in the Black Sea due to finalization of drilling activities in January 2016



A photograph of an offshore oil rig at night, illuminated by warm lights. The rig has a complex structure of red steel beams and white platforms. The sky is a deep blue, and the water is dark. A yellow rectangular box is overlaid on the left side of the image, containing text.

OMV Petrom Q3/16 conference call

Andreas Matje, CFO

November 9, 2016

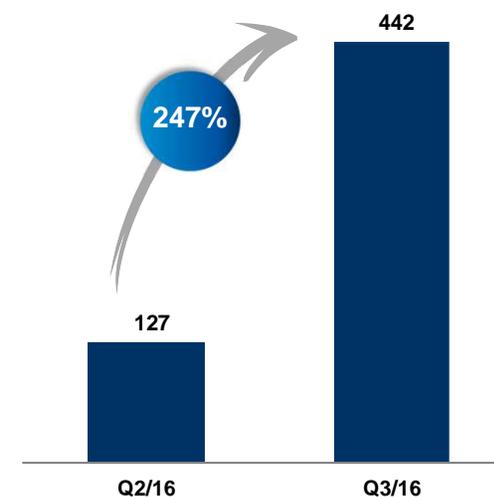


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Income statement summary

in RON mn	Q3/16	Q2/16	Δ (%)	Q3/15
EBIT	573	218	163	34
Financial result	(16)	(86)	82	(83)
Taxes	(84)	(15)	(454)	3
Net income	473	117	305	(46)
thereof attributable to non-controlling interests	(0.4)	(1.1)	60	(2.8)
thereof attributable to stockholders of the parent	473	118	302	(43)
Clean CCS net income attributable to stockholders	442	127	247	820

Clean CCS net income attributable to stockholders
in RON mn



Cash flow

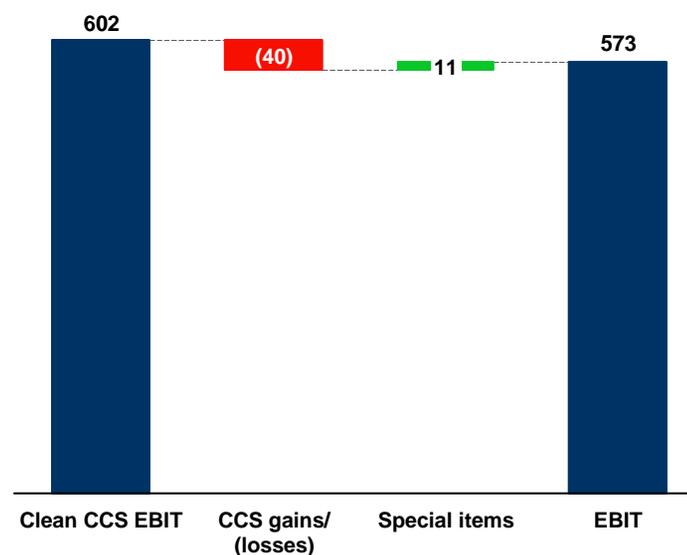
in RON mn	Q3/16	Q2/16	Q3/15
Profit/(loss) before tax	557	132	(48)
Depreciation, amortization and net impairments	850	917	1,661
Net interest paid	(9)	(21)	(8)
Tax on profit paid	(28)	(25)	(179)
Other	(95)	1	67
Sources of funds	1,276	1,003	1,493
Change in net working capital	337	(120)	236
Cash flow from operating activities (CFO)	1,613	883	1,729
Cash flow from investing activities (CFI)	(498)	(753)	(1,009)
Decrease in borrowings	(36)	(59)	(266)
Dividends paid	(0)	(0)	(1)
Cash flow from financing activities (CFF)	(36)	(59)	(267)
Cash and equivalents at end of period	1,803	724	823
Free cash flow	1,115	130	720
Free cash flow after dividends	1,115	130	719



Key financials

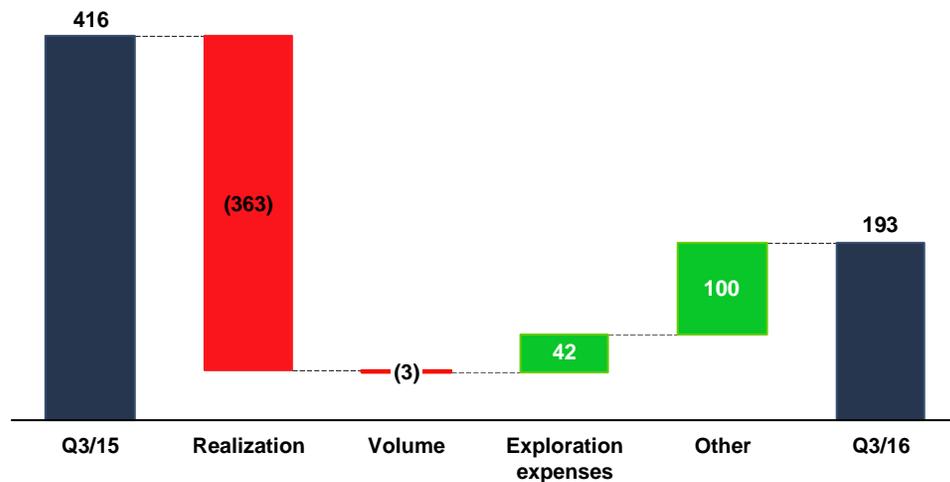
in RON mn	Q3/16	Q2/16	Q3/15
Clean CCS EBIT	602	229	1,061
Thereof Upstream	193	210	416
Downstream	393	135	503
Thereof Downstream Oil	403	166	560
Downstream Gas	(10)	(31)	(56)
Corporate and Other	(19)	(8)	(23)
Consolidation	36	(108)	164

Special items and CCS effect in Q3/16
in RON mn



Upstream – Clean EBIT impacted by lower prices

Clean EBIT
in RON mn



Q3/16 vs. Q3/15

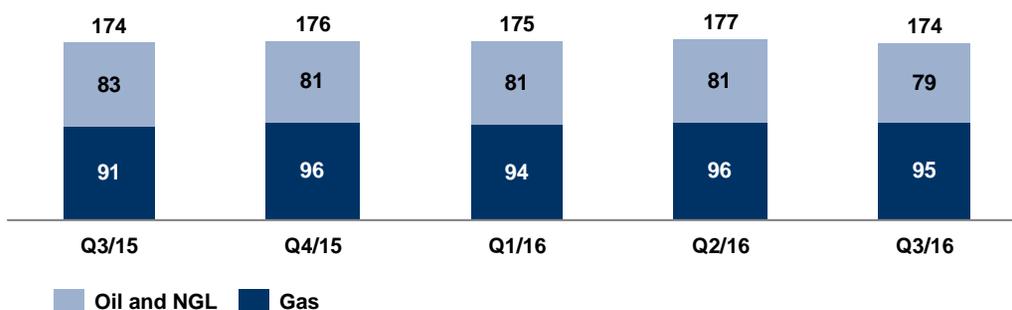
- ▶ Realized oil price in USD/bbl down by 16%; Q3/15 included hedging effect of RON 84 mn
- ▶ Group hydrocarbon production almost flat
- ▶ Decreased exploration expenses due to lower activity in Neptun block
- ▶ Other: lower production cost, royalties and depreciation



Upstream – Key performance indicators

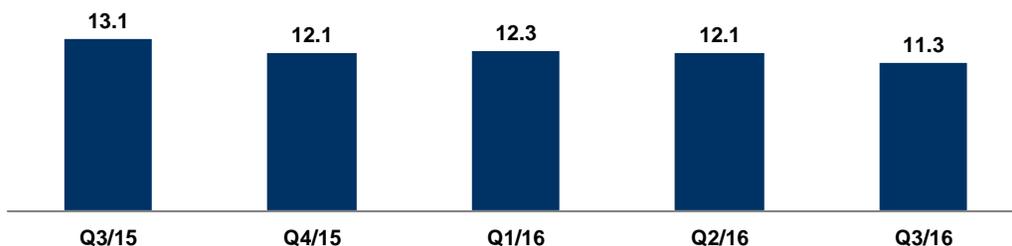
Hydrocarbon production

in kboe/d



OPEX

in USD/boe



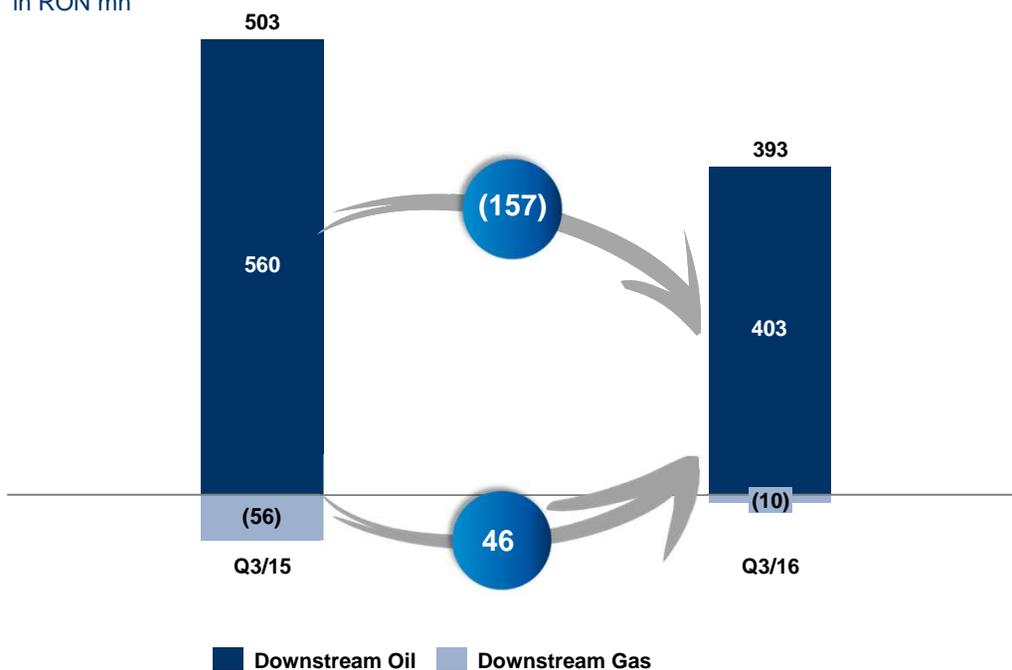
Q3/16 vs. Q3/15

- ▶ Total hydrocarbon production stable due to higher production in Romania:
 - ▶ low base effect – works at Totea Deep in Q3/15
 - ▶ additional production from Lebada Est NAG, commissioned in Q2/16
- ▶ OPEX in USD/boe decreased by 14% due to:
 - ▶ lower services, personnel and materials costs



Downstream – Good operational performance

Clean CCS EBIT
in RON mn



Q3/16 vs. Q3/15

Downstream Oil

- ▶ Indicator refining margin down by 40%, impacted by lower product spreads
- ▶ Retail volumes up by 2% supported by improved market demand

Downstream Gas

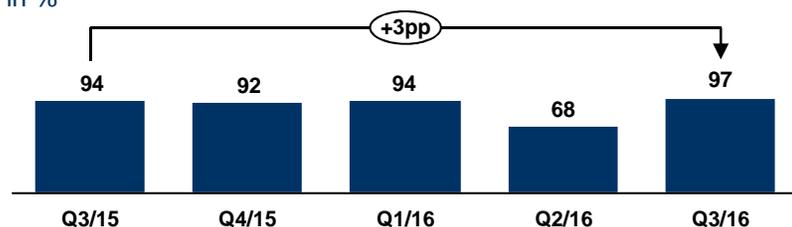
- ▶ Higher sales revenues despite weaker market environment
- ▶ Improved operational performance of both gas and power businesses



Downstream Oil – Key performance indicators

Refinery utilization rate

in %

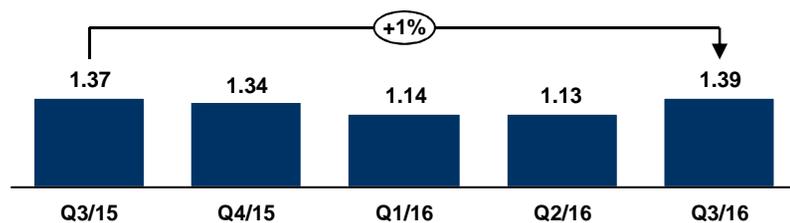


Q3/16 vs. Q3/15

- ▶ Refinery utilization rate up to 97%
- ▶ Fuel and losses below 9%
- ▶ Improved total refined product sales volumes due to higher retail sales by 2%

Group refined product sales volumes

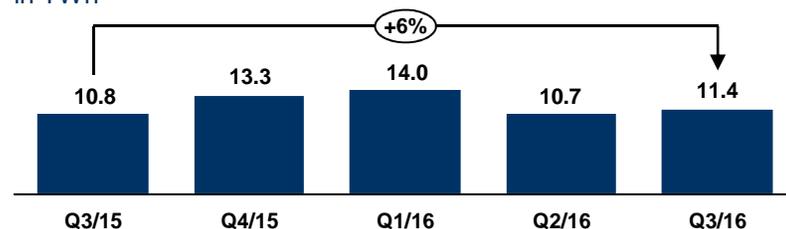
in mn t



Downstream Gas – Key performance indicators

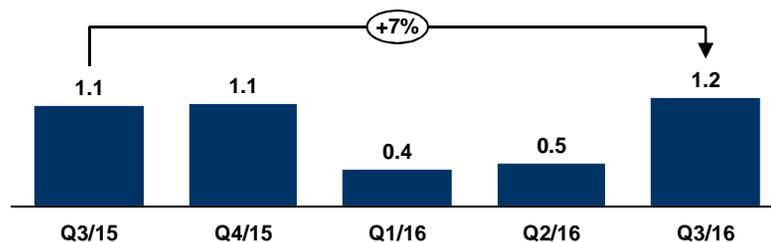
Gas sales volumes¹

in TWh



Net electrical output

in TWh



Q3/16 vs. Q3/15

- ▶ Higher gas sales volumes, despite the 6% drop in national demand² and increased imports
- ▶ Higher power output, benefitting from improved portfolio optimization

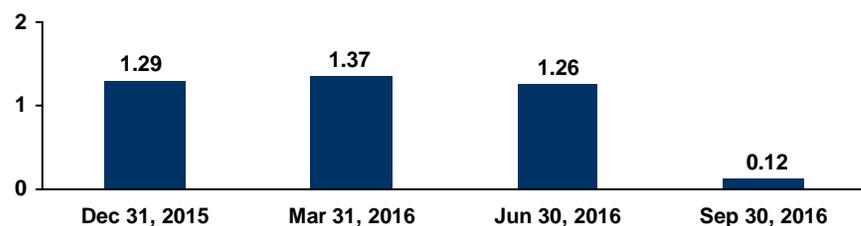
¹ Including internal transfers within OMV Petrom (e.g. Brazi power plant); ² Company estimation



Strong balance sheet despite difficult market conditions

Net debt development

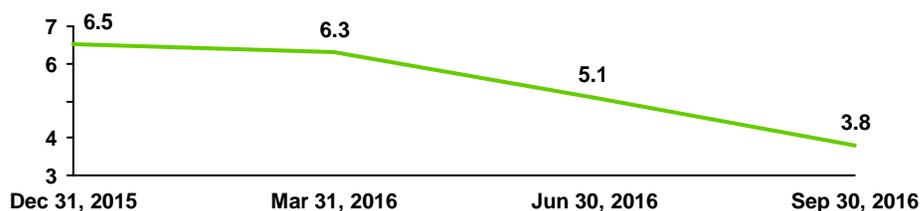
in RON bn



Gearing ratio¹



Clean CCS ROACE, %



Main developments

- ▶ Gearing ratio decreased
- ▶ Equity ratio
 - ▶ end 2015: 62%
 - ▶ end Sep 2016: 64%
- ▶ ROACE evolution reflects the challenging environment

¹Net debt divided by equity



Outlook 2016

- ▶ **Oil price:** Brent annual average estimated at USD 44/bbl
- ▶ **Refining margins:** Q4/16 expected to be above Q3/16 level
- ▶ **Fuels market:** Demand supported by low oil prices and increased private consumption; higher competition
- ▶ **Gas market:** Demand to be lower; imports to increase; prices to reflect strong competition
- ▶ **Power market:** Demand relatively stable, improved spark spreads
- ▶ **CAPEX:** EUR 0.6 bn, with ~85% in Upstream
- ▶ **Production:** Decline up to 4%, driven by lower investments and planned surface facilities upgrade at Totea Deep
- ▶ **Dividend¹:** Target a dividend from the 2016 net earnings of a minimum of 30%²

¹subject to adverse developments in the external market
²in the case it is fully covered by the free cash flows before dividends



Q&A



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2017 Financial Calendar

February 16: Q4 and FY 2016 results
April 25: Annual General Meeting of Shareholders
May 11: Q1 2017 results
August 10: Q2 and HY 2017 results
November 9: Q3 2017 results

