

Results for 2009 reflect swift management decisions in response to challenging environment

Bucharest, February 25, 2010



PETROM

Member of OMV Group

Challenging business environment ...

Crude oil

- ▶ World demand: decreased in 2009 by 1.5% compared to 2008, down to 84.9 mn bbl/d
- ▶ Global production: 84.9 mn bbl/d
- ▶ Urals price 2009 [USD 61.18/bbl], 35% lower compared to 2008

Romanian macro indicators

- ▶ Overall, in 2009 annual GDP * contracted by 7.2%
- ▶ 2009 end-year inflation stood at 4.75%, marginally higher than NBR's upper limit of its inflation targeting band.
- ▶ NBR benchmark interest rate was reduced in 2009 from 10.25% to 8%.
- ▶ Industrial production * fell by an estimated 6.5% compared to 2008

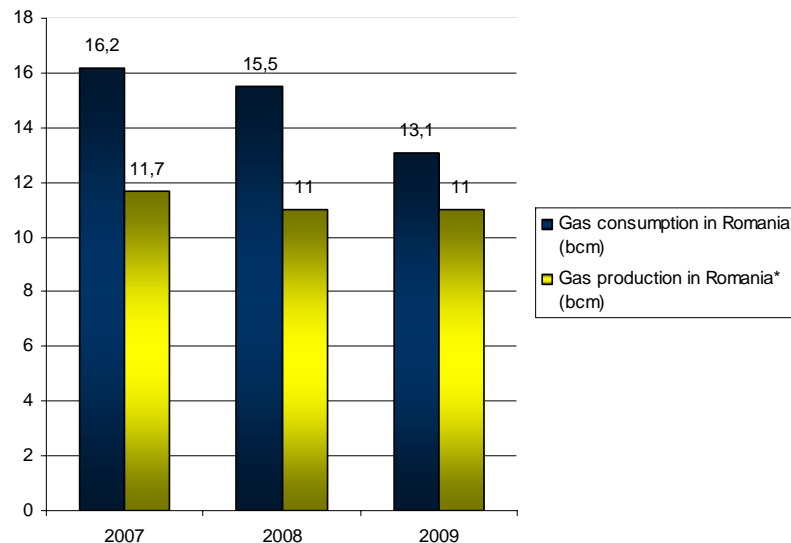
FX development

- ▶ USD/RON rate rose by 21% compared to the value recorded in 2008
- ▶ EUR/RON rate appreciated 15%, over the same period

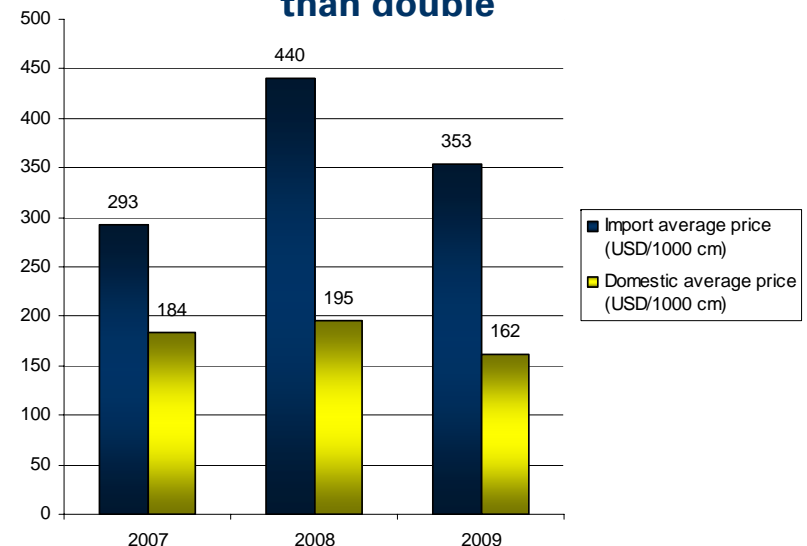
**According to National Statistics Institute estimates*

...with deteriorated market conditions for gas and fuels

Total gas consumption in Romania vs. domestic gas production



Average import gas price vs. average gas price for domestic producers : in 2009, more than double



► Total fuels demand in Romania* decreased by 6%, compared to 2009

► Retail * down by 3%

► Commercial * (excl. HFO) down by 14%

► Decrease demand trend registered in 2009 continued in January 2010

** According to Petrom's estimations*

Restructuring & modernization in the last 5 years consolidated the company's position

Consolidation of the hydrocarbons business

- ▶ RRR increased to 70% from 11% in 2004
- ▶ New discoveries in Romania and field redevelopment
- ▶ Joint venture with Exxon Mobil
- ▶ Expansions of the international activities

Improved services & products, network expansion

- ▶ Products meet European standards
- ▶ Throughput/FS/year at 4.8 mn litres, from app. 2 mn litres (2005)
- ▶ Total no. of FS (group) of 814 from 682
- ▶ Refineries turnaround to 1 every 4 yrs from 1/year; refineries own crude consumption improved

Business diversification

- ▶ **on the way to become an energy player from an exclusive oil & gas company**

Role model company in Romania

- ▶ Largest contributor to the State budget & always in time
- ▶ Contribution to secure the energy supply – the largest investor in the energy sector
- ▶ European standards & principles
- ▶ CSR + stakeholders dialogue

...and we fulfilled the privatization obligations

- ▶ **Investments: 5 times higher** (RON 18.4 bn vs. RON 3.6 bn)

- ▶ **Production:** over fulfilled each year
 - ▶ Obligation: Minimum annual oil production of 4.2 mn tons
 - ▶ Obligation: Minimum gas production of 4.5 bn cubic meters

- ▶ **Market share:** over fulfilled each year
 - ▶ Obligation: Total market share of 30%
 - ▶ Obligation: Retail market share of 20%

Swift management decisions to mitigate the economic crisis effects

- ▶ Optimized cash flow management
- ▶ Secure external financing and hedging instruments
 - ▶ Medium & long term financing (EUR 1.6 bn) from financial market
 - ▶ Cash impact of oil price hedging in 2009 Financial result of RON 524 mn
- ▶ Cost reduction & business restructuring
 - ▶ Adjust refining capacity to Petrom's domestic production
 - ▶ Exit chemicals business
 - ▶ Sell of petrochemicals activity within Arpechim
 - ▶ Results of cost reduction visible in all divisions, especially in E&P
- ▶ Re-evaluation and prioritization of projects

Results for 2009 supported by swift management decisions & restructuring

- ▶ **Net turnover** decreased by 23% mainly driven by the lower price levels and volumes
- ▶ **EBIT** decreased by 9%, mainly due to unfavorable crude oil prices environment and an unfavorable refining margin environment and offset by cost reduction measures
- ▶ **Net profit** increased by 34%, strongly positively impacted by oil price hedging
- ▶ **Investments** of RON 4,145 mn, 35% lower than in 2008 (2008=highest invest. level)
- ▶ **Contribution to the State budget:** RON 6,720 mn, 4% over 2008

Q3/09	Q4/09	Q4/08	Δ%	Key performance indicators (RON mn)	2009	2008	Δ%
705	38	(1,200)	n.m.	EBIT	1,197	1,309	(9)
1,139	575	(664)	n.m.	EBITDA	2,950	3,565	(17)
615	(171)	(1,269)	87	Net profit	1,368	1,022	34
3,530	3,387	3,744	(10)	Net turnover	12,842	16,751	(23)
675	1,432	1,766	(19)	Investments*	4,145	6,404	(35)
28,215	27,470	33,311	(18)	Employees at the end of period	27,470	33,311	(18)

* Investments also include increases of Petrom share participations/acquisitions

Fresh capital needed to support business sustainability and growth potential

Annualized investments in the last 5 years: EUR 1 bn/year

- ▶ Capital increase at privatization
- ▶ Favorable operational cash flow
- ▶ Strict cost management
- ▶ Long terms loans for strategic projects

Consolidated company's position

Investments needs at a higher level: EUR 1.2 – 1.5 bn/year

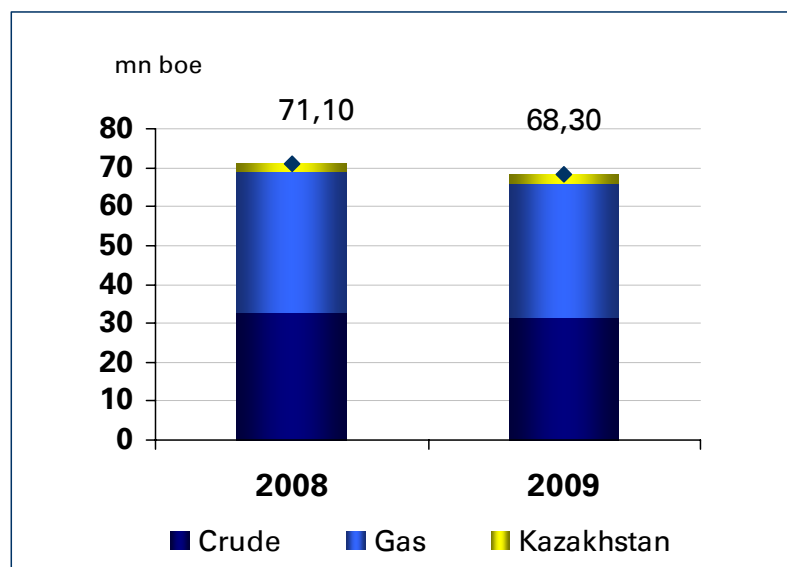
- ▶ Strict cost management
- ▶ Gas price alignment
- ▶ Potential capital increase
- ▶ Financial & capital markets

Ensure business sustainability and growth potential

E&P – Significant achievements despite challenging environment

- ▶ Domestic realised crude price of USD 54.99/bbl, 35% lower than in 2008
- ▶ Despite lower volumes, production costs decreased to 14.61 USD/bbl
- ▶ EBIT down by 25%, due to significantly lower oil price and lower volumes, offset by cost reduction measures

Oil & gas production 2009 vs. 2008

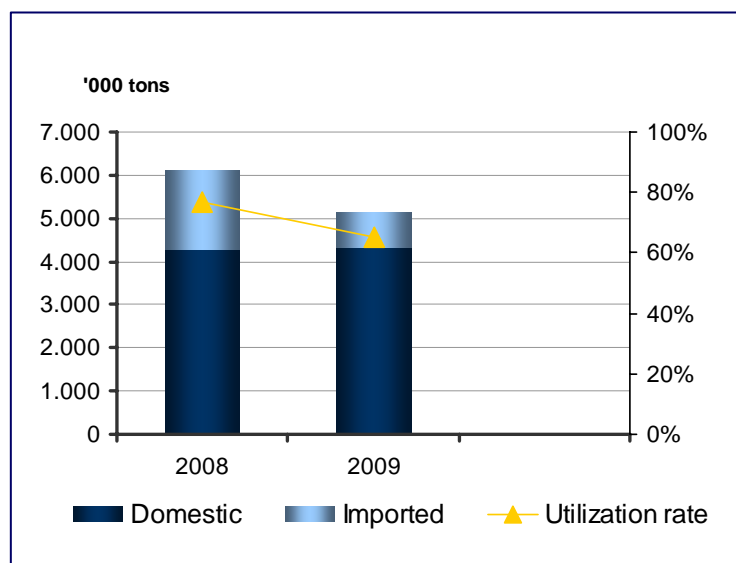


Good results of operational activities

- ▶ New offshore wells in production
- ▶ Gas processing plant in Midia commissioned
- ▶ Production started on Komsomolskoe
- ▶ Discovery in Russia
- ▶ Acquisition of Kultuk field
- ▶ RRR at 70% (73% at group level)

R&M – Optimized utilization of refineries & better than the market performance in Marketing

- ▶ EBIT still negative but improved to RON (828) mn, despite depressed refining margins, due to optimized utilization of refineries, improvements in the marketing business & petrochemicals decisions
- ▶ Arpechim bulk refinery economic shut down during November
- ▶ Imported crude in 2009 represented 16% of the total processed crude vs. 30% in 2008



Decreasing fuels demand

- ▶ Retail sales increased by 12%, while retail market in Romanian down by 3%
- ▶ Commercial sales (excl. HFO) down by 10% vs. 14%, commercial sales in Romania (excl. HFO)
- ▶ Throughput/FS/year increased 12% over 2008

G&P – Lower gas sales due to demand contraction and exit of chemicals

- ▶ EBIT decreased by 93%, to RON 7 mn, affected by the losses in Doljchim and adverse market conditions
 - ▶ Doljchim EBIT=RON (148) mn
- ▶ Doljchim to be closed by the end of 2010
- ▶ Gas sales of Petrom SA decreased by 4% compared to 2008
- ▶ Average gas price for Romanian producers unchanged in RON terms since February 2008 (down by 17% in USD)
- ▶ Brazi power plant construction continues according to schedule and budget
 - ▶ Investments stood at RON 346 mn

Outlook 2010

Main market drivers

- ▶ Crude price, downstream margins and FX to remain volatile
- ▶ Market demand under pressure

Petrom focus

- ▶ E&P: drilling of development & production wells, reservoir management initiatives, exploration activity expected to increase
- ▶ R&M: modernization of the crude distillation unit and 1 month turnaround (Petrobrazi), operations' optimization in Marketing and 2 completed terminals by year's end
- ▶ G&P: continue construction of Brazi power plant; gas alignment to be a priority topic in the dialogue with the Romanian authorities
- ▶ Need for fresh capital

Challenges & opportunities to ensure a stabile business environment in Romania

In order to stimulate investments (incl. foreign investments) Romania needs structural reforms and improvements in areas such as:

- ▶ Physical infrastructure (transportation & energy)
- ▶ Flexible labor legislation
- ▶ Fiscal stability and predictability
- ▶ Justice reform

Thank you.



PETROM

Member of OMV Group