



OMV Petrom Group: results¹ for Q3 and January – September 2017

including interim condensed consolidated financial statements as of and for the period ended September 30, 2017

Highlights Q3/17

- ▶ Strong free cash flow of RON 959 mn
- ▶ Clean CCS Operating Result at RON 1,042 mn, of which around 60% from Downstream
- ▶ Excellent clean CCS EPS at RON 0.0137
- ▶ Free float increased to 18.35%

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

"In Q3/17, we enjoyed another quarter with strong macroeconomic fundamentals supporting higher demand for our products and higher sales volumes. We benefitted from increased commodity prices and very strong refining margins. In addition, we continued our strict cost discipline to increase our competitive position and moved forward with investments.

As a result, our 9m/17 Clean CCS Operating Result reached RON 2.7 bn, with both Upstream and Downstream showing significant increases. In Upstream, further reduced production costs overcompensated the impact of production decline. In Downstream Oil, the solid results reflected higher sales volumes, mostly in retail, and a continued high asset utilisation. Downstream Gas had an improved performance and benefitted from the booking of insurance revenues for the Brazi power plant. The free cash flow improvement was a result of higher operating cash flow and lower investments.

We expect 2017 CAPEX to be below EUR 0.7 bn, while maintaining the guidance for the daily average production decline.

On September 21, 2017, our free float increased to 18.35% as a result of the sale of a 2.56% stake by Fondul Proprietatea.

We have recently seen progress with respect to government proposals regarding the royalty regime, for both onshore and offshore, as well as the operational framework for offshore activities."

Q3/17	Q2/17	Q3/16	Δ% ²	Key performance indicators (in RON mn)	9m/17	9m/16	Δ%
1,042	892	604	72	Clean CCS Operating Result ³	2,701	1,247	117
873	779	575	52	Operating Result ⁴	2,450	1,141	115
778	690	442	76	Clean CCS net income attributable to stockholders ^{3,5,6}	2,054	899	128
639	592	473	35	Net income attributable to stockholders ⁵	1,849	882	110
0.0137	0.0122	0.0078	76	Clean CCS EPS (RON) ^{3,5,6}	0.0363	0.0159	128
0.0113	0.0104	0.0084	35	Earnings Per Share (RON) ⁵	0.0326	0.0156	110
1,470	1,714	1,613	(9)	Cash flow from operating activities	4,446	3,384	31
959	397	1,115	(14)	Free cash flow after dividends	2,002	1,126	78

¹The 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 Q3/17 vs. Q3/16

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

⁴ Income statement has been restructured in line with industry best practice. Further information to be found on page 15

⁵ After deducting net result attributable to non-controlling interests

⁶ Excludes additional special income from a legal dispute reflected in the financial result



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Directors' report (condensed, unaudited)

Financial highlights

Q3/17	Q2/17	Q3/16	Δ% ¹	in RON mn	9m/17	9m/16	Δ%
5,032	4,608	4,571	10	Sales ²	14,294	11,953	20
1,042	892	604	72	Clean CCS Operating Result ³	2,701	1,247	117
428	447	193	122	Clean Operating Result Upstream ^{3, 4}	1,334	330	305
651	431	393	66	Clean CCS Operating Result Downstream ³	1,394	830	68
(17)	(8)	(18)	2	Clean Operating Result Co&O ³	(46)	(37)	(25)
(20)	22	36	n.m.	Consolidation	19	124	(85)
16	17	15	8	Clean Group effective tax rate (%)	17	16	6
778	690	441	76	Clean CCS net income ^{3, 7}	2,053	895	129
778	690	442	76	Clean CCS net income attributable to stockholders ^{3, 6, 7}	2,054	899	128
0.0137	0.0122	0.0078	76	Clean CCS EPS (RON) ^{3, 6, 7}	0.0363	0.0159	128
1,042	892	604	72	Clean CCS Operating Result ³	2,701	1,247	117
(173)	(81)	11	n.m.	Special items ⁵	(250)	66	n.m.
5	(32)	(40)	n.m.	CCS effects: Inventory holding gains/(losses)	(0)	(172)	100
873	779	575	52	Operating Result Group	2,450	1,141	115
332	416	171	94	Operating Result Upstream ⁴	1,219	242	403
570	335	364	57	Operating Result Downstream	1,227	998	23
(19)	(8)	(18)	(4)	Operating Result Co&O	(48)	(37)	(29)
(11)	36	58	n.m.	Consolidation	52	(62)	n.m.
(111)	(65)	(18)	n.m.	Net financial result	(232)	(109)	(113)
762	714	557	37	Profit before tax	2,218	1,032	115
16	17	15	7	Group effective tax rate (%)	17	15	12
638	591	473	35	Net income	1,848	878	111
639	592	473	35	Net income attributable to stockholders ⁶	1,849	882	110
0.0113	0.0104	0.0084	35	Earnings Per Share (RON) ⁶	0.0326	0.0156	110
1,470	1,714	1,613	(9)	Cash flow from operating activities	4,446	3,384	31
959	397	1,115	(14)	Free cash flow after dividends	2,002	1,126	78
(2,258)	(1,302)	124	n.m.	Net debt/(cash)	(2,258)	124	n.m.
n.m.	n.m.	0	n.a.	Gearing ratio (%) ⁸	n.m.	0	n.a.
811	560	478	70	Capital expenditure	1,724	1,815	(5)
9.1	7.7	3.8	141	Clean CCS ROACE (%) ^{3, 7}	9.1	3.8	141
7.9	7.1	(2.7)	n.m.	ROACE (%)	7.9	(2.7)	n.m.
13,886	14,332	14,975	(7)	OMV Petrom Group employees at the end of the period	13,886	14,975	(7)

Figures in this and the following tables may not add up due to rounding differences.

¹ Q3/17 vs. Q3/16

² Sales excluding petroleum excise tax;

³ Adjusted for special items; Clean CCS (current cost of supply) figures exclude special items and inventory holding effects (CCS effects) resulting from Downstream Oil; starting with Q1/17, special items include temporary effects from commodity hedging (in order to mitigate Income Statement volatility);

⁴ Excluding intersegmental profit elimination shown in the line "Consolidation";

⁵ Special items, representing exceptional, non-recurring items, are added back or deducted from Operating Result; for more details please refer to each specific segment;

⁶ After deducting net result attributable to non-controlling interests;

⁷ Excludes additional special income from a legal dispute reflected in the financial result;

⁸ 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

Third quarter 2017 (Q3/17) vs. third quarter 2016 (Q3/16)

Consolidated sales increased by 10% compared to Q3/16, supported by higher oil and natural gas prices, increased petroleum product sales volumes, partially offset by lower sales volumes of natural gas and electricity. Downstream Oil represented 78% of total consolidated sales, while Downstream Gas accounted for 19% and Upstream for 3% (sales in Upstream being largely intra-group sales rather than third-party sales).

The Clean CCS Operating Result increased by 72% from RON 604 mn in Q3/16 to RON 1,042 mn in Q3/17, supported by a more favorable market environment, higher demand, lower costs and the elimination of the tax on special constructions starting in 2017. The **Clean Group effective tax rate** was 16% (Q3/16: 15%). The **Clean CCS net income attributable to stockholders** was RON 778 mn (Q3/16: RON 442 mn).

Special items comprise net charges of RON (173) mn, mainly due to the reassessment of receivables and provisions, while **inventory holding gains** amounted to RON 5 mn in Q3/17. In Q3/16, net special income amounted to RON 11 mn and inventory holding losses were RON (40) mn.

The Reported Operating Result for Q3/17 increased to RON 873 mn, compared to RON 575 mn in Q3/16, driven mainly by higher sales revenues and strict cost-management.

Net financial result deteriorated from a loss of RON (18) mn in Q3/16 to a loss of RON (111) mn in Q3/17, reflecting the special income from the settlement of a legal dispute booked in Q3/16 and the negative effect of exchange rates evolution in relation to bank loans denominated in EUR.

As a result, **profit before tax** for Q3/17 of RON 762 mn was by 37% higher compared to RON 557 mn in Q3/16.

The Income tax amounted to RON (124) mn, while the effective tax rate was 16% in Q3/17 (Q3/16: 15%).

Net income attributable to stockholders of the parent was RON 639 mn (Q3/16: RON 473 mn).

Cash flow from operating activities amounted to RON 1,470 mn, which is lower compared to Q3/16 (RON 1,613 mn), being impacted by the adverse development of net working capital. **Free cash flow after dividends** resulted in a cash inflow of RON 959 mn (Q3/16: RON 1,115 mn).

Capital expenditure in Q3/17 (RON 811 mn) was higher than in Q3/16 (RON 478 mn). This was composed of Upstream investments in Q3/17 being RON 675 mn, compared to RON 420 mn in Q3/16. In turn, Downstream investments amounted to RON 135 mn (Q3/16: RON 57 mn), of which RON 122 mn were in Downstream Oil (Q3/16: RON 56 mn).

OMV Petrom Group reported a **net cash** position of RON 2,258 mn at the end of Q3/17 compared to a net debt position of RON 124 mn at the end of Q3/16.

Cash flow

Q3/17	Q2/17	Q3/16	Δ% ¹	Summarized cash-flow statement (in RON mn)	9m/17	9m/16	Δ%
1,651	1,438	1,276	29	Sources of funds	4,527	3,221	41
1,470	1,714	1,613	(9)	Cash flow from operating activities	4,446	3,384	31
(511)	(475)	(498)	(2)	Cash flow from investing activities	(1,602)	(2,258)	29
959	1,239	1,115	(14)	Free cash flow	2,844	1,127	152
(55)	(952)	(36)	(54)	Cash flow from financing activities	(998)	(137)	n.m.
(0)	(1)	(0)	(71)	Effect of exchange rates on cash and cash equivalents	(1)	0	n.m.
904	286	1,078	(16)	Net increase in cash and cash equivalents	1,845	990	86
2,937	2,651	724	305	Cash and cash equivalents at beginning of the period	1,996	813	146
3,841	2,937	1,803	113	Cash and cash equivalents at end of the period	3,841	1,803	113
959	397	1,115	(14)	Free cash flow after dividends	2,002	1,126	78

¹ Q3/17 vs. Q3/16

Third quarter 2017 (Q3/17) vs. third quarter 2016 (Q3/16)

In Q3/17, 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 1,651 mn (Q3/16: RON 1,276 mn). **Net working capital** generated a cash outflow of RON 181 mn (Q3/16: inflow of RON 337 mn). **Cash flow from operating activities** decreased by RON 143 mn compared to Q3/16, reaching RON 1,470 mn.

In Q3/17, **Cash flow from investing activities** resulted in an outflow of RON 511 mn (Q3/16: RON 498 mn) mainly related to investments in intangible assets and property, plant and equipment, in the Upstream segment.

Cash flow from financing activities implied an outflow of funds amounting to RON 55 mn (Q3/16: RON 36 mn), mainly arising from repayment of loans.

Free cash flow (defined as cash flow from operating activities less cash flow from investing activities) showed an inflow of funds of RON 959 mn (Q3/16: RON 1,115 mn). **Free cash flow less dividend payments** resulted in a cash inflow of RON 959 mn (Q3/16: RON 1,115 mn).

Risk management

The scope of OMV Petrom's business activity, both existing and planned, and the markets in which the company operates in naturally expose the company to significant commodity price, foreign exchange, operational and other risks. A detailed description of risks and risk management activities can be found in the 2016 Annual Report (pages 55-57).

According to the last OMV Petrom Group risk assessment exercise in September 2017, the main uncertainties which could impact the company's performance remain the commodity price risk, operational risks as well as political and regulatory risk.

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 regulatory risk, the company is in dialogue with the Romanian authorities on topics of relevance for the industry. In the latest months, we have seen a number of fiscal and regulatory initiatives put in discussion. This increases legislative volatility with influence on the overall business environment.

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

Outlook for the full year 2017

Market, regulatory and fiscal environment

- ▶ For the full year 2017, OMV Petrom expects the **average Brent oil price** to be at USD 52/bbl. The Brent-Urals spread is anticipated to decrease yoy;
- ▶ Growing private consumption in Romania is estimated to continue to support the demand for oil products, despite the expected decline in Q4/17 due to seasonality and increased excise duties for fuels;
- ▶ **Refining margins** are projected to be significantly higher than in 2016;
- ▶ In Romania, we expect an increased **demand** for gas and fuels and a slight increase for power versus 2016;
- ▶ **Regulatory updates:** decisions by Parliament are pending with regards to the centralized market trading obligation and the supplementary taxation of revenues from gas price liberalization.
- ▶ **Taxation and royalties:**
 - The government approved the draft Offshore Law, covering operational and taxation topics; the law is in the process of being adopted by the Parliament;
 - The government has published the draft law on royalties; the public consultation phase was recently completed;
 - A stable, predictable and investment-friendly fiscal and regulatory framework is a key requirement for our future investments, both onshore and offshore.

OMV Petrom Group

- ▶ OMV Petrom expects to generate a **positive free cash flow after dividends**, through continuous cost discipline and supported by the favorable market environment;
- ▶ **CAPEX** (including capitalized exploration and appraisal) is currently anticipated to be below EUR 0.7 bn, of which more than 80% in Upstream;
- ▶ We aim for a **sustainable cost base** with potential upside from ongoing efficiency programs.

Upstream

- ▶ **Portfolio optimization:** further field divestments initiated; we intend to further divest 50-60 fields;
- ▶ **Daily average production:** decline around 3% yoy, not including portfolio optimization initiatives;
- ▶ **Production and development:** estimated 1,000 workovers and around 70 wells drilled in 2017;
- ▶ **Exploration:** eight wells planned to be spudded in 2017; **exploration expenditure** is expected to be below RON 300 mn.

Downstream

- ▶ **Refinery utilization** rate estimated above 90%;
- ▶ Relatively similar **gas sales volumes** expected compared to 2016; pressure on margins remains;
- ▶ Broadly stable **net electrical output** vs. 2016 and good spark spreads estimated;
- ▶ **The Brazi power plant** expected to become fully operational in November 2017;
- ▶ **Dorobantu wind park divestment:** the transaction was approved by the Competition Council as of October and is expected to be finalized by year-end, subject to further customary conditions precedent.

Business segments

Upstream

Q3/17	Q2/17	Q3/16	Δ% ¹	in RON mn	9m/17	9m/16	Δ%
1,044	1,054	841	24	Clean Operating Result before depreciation ²	3,156	2,288	38
428	447	193	122	Clean Operating Result ²	1,334	330	305
(96)	(31)	(22)	344	Special items	(115)	(87)	32
332	416	171	94	Operating Result ²	1,219	242	403
675	474	420	61	Capital expenditure	1,473	1,484	(1)
39	37	40	(2)	Exploration expenditures	117	282	(59)
18	19	19	(9)	Exploration expenses	88	163	(46)
10.23	10.42	11.11	(8)	OPEX (USD/boe) ³	10.39	11.72	(11)

Q3/17	Q2/17	Q3/16	Δ% ¹	Key performance indicators	9m/17	9m/16	Δ%
15.31	15.42	15.99	(4)	Total hydrocarbon production (mn boe)	46.04	48.07	(4)
166	169	174	(4)	Total hydrocarbon production (kboe/d) ⁴	169	175	(4)
6.84	6.96	7.25	(6)	Crude oil and NGL production (mn bbl)	20.65	21.98	(6)
1.30	1.30	1.34	(3)	Natural gas production (bcm)	3.89	3.99	(3)
45.79	45.74	47.23	(3)	Natural gas production (bcf)	137.22	141.02	(3)
14.6	14.6	15.1	(3)	Total hydrocarbon sales volume (mn boe)	43.5	45.1	(3)
51.36	48.49	44.10	16	Average Urals price (USD/bbl)	50.72	40.18	26
44.05	41.59	37.41	18	Average Group realized crude price (USD/bbl)	43.57	33.64	30

¹ Q3/17 vs. Q3/16;

² Excluding intersegmental profit elimination;

³ OMV Petrom aligned the production cost definition with its industry peers. Administrative expenses and selling and distribution costs are excluded from 2017 onwards. All 2016 OPEX figures were re-calculated accordingly;

⁴ Production figures in kboe/d are rounded.

Third quarter 2017 (Q3/17) vs. third quarter 2016 (Q3/16)

- Continued strong Clean Operating Result due to higher oil and gas prices and lower OPEX
- Daily production decreased by 4%, due to natural decline, effects coming from marginal fields' divestment and key well intervention in Kazakhstan
- OPEX in USD/boe down 8% mainly driven by the elimination of the tax on special constructions and cost efficiency measures

The Clean Operating Result improved to RON 428 mn, mainly driven by higher oil and gas prices, lower production costs and depreciation, which was partly offset by unfavorable FX effects (USD 2% weaker against RON) and lower oil and gas sales volumes.

The **reported Operating Result** was impacted by special items, mainly with regards to the reassessment of receivables and provisions in Q3/17 and restructuring provisions in Q3/16.

Group **production costs** (OPEX) in USD/boe were 8% lower than in Q3/16, mainly due to the elimination of the tax on special constructions, lower personnel, services and materials costs, which was partly offset by lower production available for sale and unfavorable FX. In Romania, production costs in USD/boe decreased by 9% to USD 10.24/boe, while in RON terms, they decreased to RON 39.68/boe, 11% below the Q3/16 level.

Group hydrocarbon production decreased by 4% due to lower production both in Romania and Kazakhstan.

In **Romania**, daily hydrocarbon **production** was 159.2 kboe/d and total production stood at 14.65 mn boe. Crude oil and NGL production in Romania was 6.24 mn bbl, 5% lower than in Q3/16. This mainly reflected natural decline and the closure of the Mazarine transaction. Gas production in Romania decreased by 3% to 8.41 mn boe due to the natural decline in main gas fields. Natural decline was partially counterbalanced by the positive impact coming from the successful workover campaigns.

In **Kazakhstan**, total production amounted to 0.66 mn boe, 10% lower compared to the same period of 2016, mainly due to key well intervention and natural decline.

Group hydrocarbon **sales volumes** decreased by 3% compared to Q3/16, as higher sales volumes in Kazakhstan could not fully offset lower quantities available for sale in Romania.

In 9m/17, we finalized drilling of 39 new wells and sidetracks, thereof 2 exploration wells.

Exploration expenses remained at a similar level as in Q3/16.

Investments in Upstream activities were 61% above the Q3/16 level, mainly due to the higher number of wells drilled and workovers performed, due to further progress of offshore and onshore safety projects as well as due to the Neptun project.

Exploration expenditures were RON 39 mn, roughly stable yoy.

Downstream

Q3/17	Q2/17	Q3/16	Δ% ¹	in RON mn	9m/17	9m/16	Δ%
849	618	588	45	Clean CCS Operating Result before depreciation ²	1,967	1,387	42
651	431	393	66	Clean CCS Operating Result ²	1,394	830	68
540	395	403	34	thereof Downstream Oil	1,214	824	47
112	36	(10)	n.m.	thereof Downstream Gas	179	6	n.m.
(76)	(50)	33	n.m.	Special items	(133)	154	n.m.
(5)	(46)	(61)	92	CCS effect: Inventory holding gains/(losses) ²	(33)	14	n.m.
570	335	364	57	Operating Result	1,227	998	23
135	86	57	136	Capital expenditure	250	328	(24)

Q3/17	Q2/17	Q3/16	Δ% ¹	Key performance indicators Downstream Oil	9m/17	9m/16	Δ%
8.75	8.51	5.96	47	Indicator refining margin (USD/bbl) ³	8.28	6.92	20
1.15	1.13	1.16	(1)	Refining input (mn t) ⁴	3.39	3.07	10
93	94	97	(4)	Refinery utilization rate (%)	94	86	9
1.40	1.28	1.39	1	Total refined product sales (mn t)	3.81	3.66	4
0.78	0.68	0.73	7	thereof retail sales volumes (mn t) ⁵	2.03	1.92	6
				Key performance indicators Downstream Gas			
10.70	11.79	11.44	(6)	Gas sales volumes (TWh)	37.99	36.19	5
9.09	11.33	8.89	2	thereof to third parties (TWh)	34.17	31.45	9
0.75	0.16	1.20	(38)	Net electrical output (TWh)	1.65	2.11	(22)
230	187	146	57	OPCOM spot average electricity base load price (RON/MWh)	222	138	61

¹ Q3/17 vs. Q3/16;

² Current cost of supply (CCS): the Clean CCS Operating Result eliminates special items and inventory holding gains/losses (CCS effects) resulting from Downstream Oil;

³ The actual refining margins realized by OMV Petrom may vary from the indicator refining margin due to different crude slate, product yield and operating conditions;

⁴ Figures include crude and semi-finished products, in line with the OMV Group reporting standard;

⁵ Retail sales volumes refer to sales via Group's filling stations in Romania, Bulgaria, Serbia and Moldova.

Third quarter 2017 (Q3/17) vs. third quarter 2016 (Q3/16)

- ▶ **Downstream Oil: Strong result reflecting favorable refining margin environment**
- ▶ **Increased demand led to higher retail sales by 7%**
- ▶ **Downstream Gas: improved business performance; additional RON 80 mn booked as estimated insurance revenues for Brazi power plant**
- ▶ **Higher gas sales volumes to third parties reflecting portfolio optimization; power plant operational at half capacity**

The **Clean CCS Operating Result** increased to RON 651 mn in Q3/17 from RON 393 mn in Q3/16, on improved contribution from both Downstream Oil and Downstream Gas. The **Reported Operating Result** was RON 570 mn, including special charges of RON (76) mn and inventory holding losses of RON (5) mn, while the Q3/16 figure reflected net special income of RON 33 mn and inventory holding losses of RON (61) mn.

In Q3/17, the **Downstream Oil Clean CCS Operating Result** increased to RON 540 mn, mainly as a result of the stronger refining environment and higher demand for retail products.

The **OMV Petrom indicator refining margin** significantly increased to USD 8.75/bbl in Q3/17, mainly as a result of better product quotations, especially for diesel and jet fuel, which fully compensated the negative effect of the increased crude oil price. The **refinery utilization rate** was 93%, below Q3/16 (97%), as an effect of a temporarily higher throughput run after the refinery turnaround in Q2/16.

Total **refined product sales** were marginally higher compared to Q3/16. Group retail sales volumes, which accounted for 56% of total refined product sales, increased by 7% versus Q3/16 as a result of improved demand. The Retail result was also supported by an excellent non-oil business contribution. Q3/17 non-retail sales volumes decreased by 6% yoy as a result of sales channels optimization.

The Downstream Gas Clean Operating result was RON 112 mn in Q3/17, compared to RON (10) mn in Q3/16. The Q3/17 result was due to improved performance of the power business driven by better market conditions and the booking of additional RON 80 mn estimated insurance revenues related to the Brazi power plant.

As per OMV Petrom's estimates, national **gas** demand slightly decreased compared to Q3/16. On the Romanian centralized markets, the weighted average price¹ of natural gas for transactions closed in Q3/17 (10.7 TWh²), with delivery until end-Q3/18, was RON 74/ MWh².

In Q3/17, OMV Petrom's gas sales volumes to third parties increased by 2% versus Q3/16 as a result of portfolio optimisation, while total sales volumes decreased by 6% mainly as a result of the reduced Brazi power plant offtake. On the centralized markets, OMV Petrom sold 2.2 TWh in Q3/17, with delivery until end-Q3/18, at an average price¹ in line with the market price. At the end of Q3/17, OMV Petrom had 2.7 TWh in storage, compared to 3.3 TWh at the end of Q3/16.

As per currently available information from the grid operator, national gross **electricity** production decreased by 2% compared to the same quarter of 2016 on the basis of low hydro power generation, while national demand increased by 10%; the net export balance decreased significantly.

The Brazi power plant resumed operation at half capacity at the beginning of July, generating a 39% lower net electrical output in Q3/17 versus Q3/16. The Dorobantu wind park delivered a 53% higher output in Q3/17 versus Q3/16 and received around 34,200 green certificates (Q3/16: around 21,200 green certificates, half of them eligible for sale after January 1, 2018).

Total **Downstream investments** amounted to RON 135 mn (Q3/16: RON 57 mn), of which RON 122 mn were in Downstream Oil (Q3/16: RON 56 mn). The Q3/17 investments were mostly directed to the Polyfuel growth project in Downstream Oil and acquisition of the steam turbine transformer in Downstream Gas, while the Q3/16 low level of investments was a result of the completion of the refinery turnaround projects in Q2/16.

¹ 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

² OMV Petrom estimates based on available public information

Group interim condensed consolidated financial statements as of and for the period ended September 30, 2017 (unaudited)

Interim condensed consolidated income statement (unaudited)

Q3/17	Q2/17	Q3/16	in RON mn	9m/17	9m/16
5,032.41	4,608.48	4,570.82	Sales revenues	14,293.52	11,952.97
141.69	111.90	71.37	Other operating income	308.19	417.29
3.23	1.36	1.81	Net income from equity-accounted investments	6.83	7.14
5,177.33	4,721.74	4,644.00	Total revenues and other income	14,608.54	12,377.40
(1,837.20)	(1,596.89)	(1,606.69)	Purchases (net of inventory variation)	(4,994.79)	(3,702.38)
(709.43)	(792.37)	(827.80)	Production and operating expenses	(2,293.05)	(2,677.27)
(211.65)	(231.31)	(218.74)	Production and similar taxes	(691.92)	(681.84)
(864.69)	(809.18)	(854.41)	Depreciation, amortization and impairment charges	(2,436.19)	(2,510.52)
(507.91)	(456.94)	(488.17)	Selling, distribution and administrative expenses	(1,425.79)	(1,328.74)
(17.67)	(18.87)	(19.46)	Exploration expenses	(87.70)	(163.06)
(155.87)	(37.18)	(53.76)	Other operating expenses	(228.88)	(172.63)
872.91	779.00	574.97	Operating Result	2,450.22	1,140.96
28.90	14.05	85.79	Interest income	67.10	169.63
(126.73)	(69.46)	(113.37)	Interest expenses	(266.59)	(274.32)
(13.05)	(9.16)	9.84	Other financial income and expenses	(32.40)	(4.16)
(110.88)	(64.57)	(17.74)	Net financial result	(231.89)	(108.85)
762.03	714.43	557.23	Profit before tax	2,218.33	1,032.11
(123.85)	(123.05)	(84.40)	Taxes on income	(370.64)	(154.42)
638.18	591.38	472.83	Net income for the period	1,847.69	877.69
638.55	591.79	473.27	thereof attributable to stockholders of the parent	1,848.84	881.54
(0.37)	(0.41)	(0.44)	thereof attributable to non-controlling interests	(1.15)	(3.85)
0.0113	0.0104	0.0084	Basic earnings per share (RON)	0.0326	0.0156

Interim condensed consolidated statement of comprehensive income (unaudited)

Q3/17	Q2/17	Q3/16	in RON mn	9m/17	9m/16
638.18	591.38	472.83	Net income for the period	1,847.69	877.69
9.14	18.75	(6.10)	Exchange differences from translation of foreign operations	30.09	(7.92)
-	-	-	Gains/(losses) on hedges	-	(14.21)
9.14	18.75	(6.10)	Total of items that may be reclassified ("recycled") subsequently to the income statement	30.09	(22.13)
-	-	-	Re-measurement gains on defined benefit plans	-	-
-	-	-	Total of items that will not be reclassified ("recycled") subsequently to the income statement	-	-
5.06	16.73	5.52	Income tax relating to items that may be reclassified ("recycled") subsequently to the income statement	24.67	13.70
-	-	-	Income tax relating to items that will not be reclassified ("recycled") subsequently to the income statement	-	-
5.06	16.73	5.52	Total income taxes relating to components of other comprehensive income	24.67	13.70
14.20	35.48	(0.58)	Other comprehensive income/(loss) for the period, net of tax	54.76	(8.43)
652.38	626.86	472.25	Total comprehensive income for the period	1,902.45	869.26
651.36	623.29	471.57	thereof attributable to stockholders of the parent	1,897.60	870.87
1.02	3.57	0.68	thereof attributable to non-controlling interests	4.85	(1.61)

Interim condensed consolidated statement of financial position (unaudited)

in RON mn	September 30, 2017	December 31, 2016
Assets		
Intangible assets	2,659.18	2,535.87
Property, plant and equipment	26,909.86	28,325.55
Investments in associated companies	48.30	43.69
Other financial assets	2,157.38	2,592.93
Other assets	62.71	78.88
Deferred tax assets	1,532.45	1,552.27
Non-current assets	33,369.88	35,129.19
Inventories	2,159.92	1,950.01
Trade receivables	1,268.88	1,540.04
Other financial assets	446.92	211.07
Other assets	332.29	314.88
Cash and cash equivalents	3,840.79	1,996.00
Current assets	8,048.80	6,012.00
Assets held for sale	98.66	272.92
Total assets	41,517.34	41,414.11
Equity and liabilities		
Capital stock	5,664.41	5,664.41
Reserves	22,152.92	21,104.94
Stockholders' equity	27,817.33	26,769.35
Non-controlling interests	(58.38)	(63.16)
Total equity	27,758.95	26,706.19
Provisions for pensions and similar obligations	221.91	224.55
Interest-bearing debts	615.09	1,140.70
Provisions for decommissioning and restoration obligations	7,271.41	7,923.46
Other provisions	380.15	620.84
Other financial liabilities	155.24	177.25
Deferred tax liabilities	1.12	0.00
Non-current liabilities	8,644.92	10,086.80
Trade payables	2,408.67	2,289.75
Interest-bearing debts	777.33	409.62
Income tax liabilities	114.54	130.57
Other provisions and decommissioning	845.02	729.27
Other financial liabilities	302.30	220.29
Other liabilities	658.67	705.80
Current liabilities	5,106.53	4,485.30
Liabilities associated with assets held for sale	6.94	135.82
Total equity and liabilities	41,517.34	41,414.11

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, 2017	5,664.41	21,116.26	(11.30)	(0.02)	26,769.35	(63.16)	26,706.19
Net income/(loss) for the period	-	1,848.84	-	-	1,848.84	(1.15)	1,847.69
Other comprehensive income for the period	-	-	48.76	-	48.76	6.00	54.76
Total comprehensive income for the period	-	1,848.84	48.76	-	1,897.60	4.85	1,902.45
Dividend distribution	-	(849.66)	-	-	(849.66)	(0.07)	(849.73)
September 30, 2017	5,664.41	22,115.44	37.50	(0.02)	27,817.33	(58.38)	27,758.95

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 income/(loss) for the period	-	881.54	-	-	881.54	(3.85)	877.69
Other comprehensive income/(loss) for the period	-	-	(10.67)	-	(10.67)	2.24	(8.43)
Total comprehensive income/(loss) for the period	-	881.54	(10.67)	-	870.87	(1.61)	869.26
Dividend distribution	-	-	-	-	-	(0.08)	(0.08)
Other increases	-	-	0.31	-	0.31	-	0.31
September 30, 2016	5,664.41	20,941.34	8.58	(0.02)	26,614.31	(56.79)	26,557.52

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)

Q3/17	Q2/17	Q3/16	Summarized statement of cash flows (in RON mn)	9m/17	9m/16
762.03	714.43	557.23	Profit before tax	2,218.33	1,032.11
59.83	11.32	(61.09)	Net change in provisions	60.94	(208.50)
(11.99)	(6.52)	0.01	(Gains)/ losses on the disposal of non-current assets	(19.26)	(8.32)
864.38	809.20	850.36	Depreciation, amortization and impairments including write-ups	2,465.75	2,597.33
0.68	(12.66)	(9.48)	Net interest (paid)/received	(18.88)	(42.94)
(116.76)	(126.77)	(27.80)	Tax on profit paid	(335.72)	(134.17)
92.49	49.44	(33.59)	Other non-monetary adjustments	156.31	(14.66)
1,650.66	1,438.44	1,275.64	Sources of funds ¹	4,527.47	3,220.85
(184.35)	(106.23)	(35.21)	Increase in inventories	(241.96)	(34.53)
(116.61)	281.45	72.18	(Increase)/Decrease in receivables	137.79	104.71
120.29	100.08	300.41	Increase in liabilities	22.61	93.25
1,469.99	1,713.74	1,613.02	Cash flow from operating activities	4,445.91	3,384.28
(582.70)	(482.35)	(500.52)	Intangible assets and property, plant and equipment	(1,682.58)	(2,265.85)
12.70	7.13	2.13	Proceeds from sale of non-current assets	21.15	8.34
59.32	0	0	Proceeds from the sale of subsidiaries and businesses, net of cash disposed	59.32	0
(510.68)	(475.22)	(498.39)	Cash flow from investing activities	(1,602.11)	(2,257.51)
(55.03)	(110.58)	(35.92)	Decrease in borrowings	(156.57)	(136.35)
(0.37)	(841.19)	(0.10)	Dividends paid	(841.61)	(0.50)
(55.40)	(951.77)	(36.02)	Cash flow from financing activities	(998.18)	(136.85)
(0.04)	(0.72)	(0.14)	Effect of exchange rate changes on cash and cash equivalents	(0.83)	0.45
903.87	286.03	1,078.47	Net increase in cash and cash equivalents	1,844.79	990.37
2,936.92	2,650.89	724.46	Cash and cash equivalents at beginning of period	1,996.00	812.56
3,840.79	2,936.92	1,802.93	Cash and cash equivalents at end of period	3,840.79	1,802.93
959.31	1,238.52	1,114.63	Free cash flow	2,843.80	1,126.77
958.94	397.33	1,114.53	Free cash flow after dividends	2,002.19	1,126.27

¹ Representing cash generated from operating activities before working capital movements

Selected notes to the interim condensed consolidated financial statements as of and for the period ended September 30, 2017

Legal principles

The interim condensed consolidated financial statements as of and for the nine month period ended September 30, 2017 (9m/17) 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, 2016.

The interim condensed consolidated financial statements for 9m/17 included in this report are unaudited and an external limited review by an auditor was not performed.

The interim condensed consolidated financial statements for 9m/17 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, 2016.

The following amendments to standards have been effective since January 1, 2017. At the time of the preparation of these condensed interim financial statements, the EU endorsement was still pending, and these changes are not expected to have any material impact.

- Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealized Losses;
- Amendments to IAS 7 Disclosure Initiative;
- Annual Improvements to IFRSs 2014–2016 Cycle.

New Income Statement structure

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.

The main changes to the Consolidated Income Statement are:

1. **Net income/(loss) from equity-accounted investments** is now part of **"Total revenues and other income"**.
 - Previously, net income/(loss) from equity accounted investments was included within the net financial result;
 - Starting from Q1/17, the net income/(loss) from equity accounted investments is included in "Total revenues and other income" and contributes to the "Operating result". The **"Operating result"** includes the former indicator "Earnings Before Interest and Taxes" and the net result from equity-accounted investments. Thus, the "Operating result" reflects the operational result of OMV Petrom Group including contributions from associates (OMV Petrom Global Solutions SRL).
2. The line items **"purchases (net of inventory variation)"**, **"production and operating expenses"** and **"production and similar taxes"** are now shown separately.
 - These items were previously disclosed mainly within the line "production cost of sales";
 - Purchases (net of inventory variation): this line item includes cost of goods and materials that are used for conversion into finished or intermediary products, as well as goods purchased for reselling. This position also includes inventory changes and write-offs;
 - Production and operating expenses: this line item contains all costs incurred when manufacturing a good or providing a service;
 - Production and similar taxes: this line item contains production taxes, royalties and other taxes related to hydrocarbon production.
3. **"Selling, distribution and administrative expenses"** are now combined and reported in one line item.
 - These costs were previously disclosed as part of selling expenses and administrative expenses;
 - The new selling, distribution and administrative expenses line item includes all costs directly related to marketing and selling of products and administrative costs and also dealer commission costs which were previously presented as deduction from sales.

4. **“Depreciation, amortization and impairment charges”** are now disclosed as a separate line item.
- Previously, “depreciation, amortization and impairment charges” were included in “production cost of sales”, “selling expenses” and “administrative expenses”.
 - Impairments related to exploration assets remain part of “exploration expenses”.

For comparability reasons, figures of previous periods were restated.

Changes in the consolidated Group

Compared with the consolidated financial statements as of December 31, 2016, on April 3, 2017 was approved the sale of 100% shares in Tasbulat LLP from Tasbulat BVI to OMV Petrom S.A. and on May 24, 2017 was approved the sale of 1 (one) share in OMV Petrom Aviation S.A. from OMV Refining & Marketing GmbH to OMV Petrom Marketing S.R.L., both changes having an immaterial effect on the Group's financials.

The detailed structure of the consolidated companies in OMV Petrom Group at September 30, 2017 is presented in the Appendix 1 to the current report.

Seasonality and cyclicity

Seasonality is of particular significance in Downstream.

Consumption of natural gas, electricity, heat and certain oil products is seasonal and is significantly affected by climatic conditions. Natural gas consumption is higher during the cold winter months. Electricity consumption is also generally higher during winter as a supplementary measure to produce heat and due to fewer daylight hours and the need for more artificial lighting. However, during very hot summer periods, the increased usage of air cooling systems can also significantly increase electricity consumption. Natural gas sales and electricity generation may also be significantly affected by climatic conditions, such as unusually hot or cold temperatures. Consequently, the results reflect the seasonal character of the demand for natural gas and electricity, and may be influenced by variations in climatic conditions.

Accordingly, the results of operations of the Downstream Gas business segment and, to a lesser extent, the Downstream Oil business segment, as well as the comparability of results over different periods, may be affected by changes in weather conditions.

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 nine month period ended September 30, 2017 is given as part of the description of OMV Petrom Group's Business Segments in the Directors' Report.

Exchange rates

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

Q3/17	Q2/17	Q3/16	Δ% ¹	NBR FX rates	9m/17	9m/16	Δ%
4.581	4.552	4.465	3	Average EUR/RON FX rate	4.552	4.485	2
3.901	4.138	3.999	(2)	Average USD/RON FX rate	4.094	4.019	2
4.599	4.554	4.452	3	Closing EUR/RON FX rate	4.599	4.452	3
3.898	3.992	3.982	(2)	Closing USD/RON FX rate	3.898	3.982	(2)

¹ Q3/17 vs. Q3/16

Notes to the income statement

Income tax

Q3/17	Q2/17	Q3/16	In RON mn	9m/17	9m/16
123.85	123.05	84.40	Taxes on income	370.64	154.42
111.80	119.58	68.23	Current taxes	347.12	133.01
12.05	3.47	16.17	Deferred taxes – expense / (revenue)	23.52	21.41
16%	17%	15%	Group effective tax rate	17%	15%

Notes to the statement of financial position

Commitments

As at September 30, 2017 OMV Petrom Group's commitments for investments amounted to RON 1,138 mn (December 31, 2016: RON 712 mn), mainly relating to exploration and production activities in Upstream.

Inventories

During the nine months ended September 30, 2017, there were no material write-downs of inventories.

Equity

At the Annual General Meeting of Shareholders held on April 25, 2017, the shareholders of OMV Petrom S.A. approved the distribution of dividends for the financial year 2016 for the gross amount of RON 850 mn (gross dividend per share of RON 0.015). Payment of the dividends started on June 12, 2017 and was largely completed in Q2/17.

Financial liabilities

As of September 30, 2017, short and long-term interest bearing debts and finance leases amounted to RON 1,583 mn (December 31, 2016: RON 1,759 mn), thereof RON 190 mn liabilities for finance leases (December 31, 2016: RON 209 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)	September 30, 2017				December 31, 2016			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Derivatives designated and effective as hedging instruments	-	-	-	-	-	-	-	-
Other derivatives	-	0.97	-	0.97	-	0.05	-	0.05
Total	-	0.97	-	0.97	-	0.05	-	0.05

Financial instruments on liability side (in RON mn)	September 30, 2017				December 31, 2016			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Liabilities on derivatives designated and effective as hedging instruments	-	-	-	-	-	-	-	-
Liabilities on other derivatives	-	(86.41)	-	(86.41)	-	(9.41)	-	(9.41)
Total	-	(86.41)	-	(86.41)	-	(9.41)	-	(9.41)

There were no transfers between levels of the fair value hierarchy. There were no changes in the fair value measurement techniques for assets and liabilities that are measured at fair value.

Interest-bearing debts amounting to RON 1,392 mn (December 31, 2016: RON 1,550 mn) are valued at amortized cost. The estimated fair value of these liabilities was RON 1,390 mn (December 31, 2016: RON 1,538 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

Q3/17	Q2/17	Q3/16	Δ% ¹	in RON mn	9m/17	9m/16	Δ%
1,807.83	1,910.87	1,723.14	5	Upstream	5,655.18	5,027.16	12
56.72	55.85	58.52	(3)	Downstream ²	178.98	186.86	(4)
20.09	17.46	17.34	16	thereof Downstream Oil	59.49	54.42	9
57.16	64.90	63.79	(10)	thereof Downstream Gas	200.78	215.96	(7)
(20.53)	(26.51)	(22.61)	9	thereof intersegmental elimination Downstream Oil and Downstream Gas	(81.29)	(83.52)	3
46.74	36.81	37.83	24	Corporate and Other	123.86	121.53	2
1,911.29	2,003.53	1,819.49	5	Total	5,958.02	5,335.55	12

¹ Q3/17 vs. Q3/16;

² Sales Downstream = Sales Downstream Oil + Sales Downstream Gas – intersegmental elimination Downstream Oil and Downstream Gas

Sales to external customers

Q3/17	Q2/17	Q3/16	Δ% ¹	in RON mn	9m/17	9m/16	Δ%
145.54	88.95	96.05	52	Upstream	347.01	312.57	11
4,877.80	4,511.11	4,465.91	9	Downstream	13,921.11	11,613.36	20
3,930.90	3,577.67	3,500.02	12	thereof Downstream Oil	10,723.88	8,685.38	23
946.90	933.44	965.89	(2)	thereof Downstream Gas	3,197.23	2,927.98	9
9.07	8.42	8.86	2	Corporate and Other	25.40	27.04	(6)
5,032.41	4,608.48	4,570.82	10	Total	14,293.52	11,952.97	20

¹ Q3/17 vs. Q3/16

Total sales (not consolidated)

Q3/17	Q2/17	Q3/16	Δ% ¹	in RON mn	9m/17	9m/16	Δ%
1,953.37	1,999.82	1,819.19	7	Upstream	6,002.19	5,339.73	12
4,934.52	4,566.96	4,524.43	9	Downstream ²	14,100.09	11,499.39	23
3,950.99	3,595.13	3,517.36	12	thereof Downstream Oil	10,783.37	8,438.97	28
1,004.06	998.34	1,029.68	(2)	thereof Downstream Gas	3,398.01	3,143.94	8
(20.53)	(26.51)	(22.61)	9	thereof intersegmental elimination Downstream Oil and Downstream Gas	(81.29)	(83.52)	3
55.81	45.23	46.69	20	Corporate and Other	149.26	148.57	0
6,943.70	6,612.01	6,390.31	9	Total	20,251.54	16,987.69	19

¹ Q3/17 vs. Q3/16;

² Sales Downstream = Sales Downstream Oil + Sales Downstream Gas – intersegmental elimination Downstream Oil and Downstream Gas

Segment and Group profit

Q3/17	Q2/17	Q3/16	Δ% ¹	in RON mn	9m/17	9m/16	Δ%
332.20	415.74	171.15	94	Operating Result Upstream	1,219.01	242.44	403
569.92	335.06	363.75	57	Operating Result Downstream	1,227.18	997.92	23
523.02	349.24	373.83	40	thereof Operating Result Downstream Oil	1,174.28	990.67	19
46.90	(14.18)	(10.08)	n.m.	thereof Operating Result Downstream Gas	52.90	7.25	n.m.
(18.52)	(8.05)	(17.88)	(4)	Operating Result Corporate and Other	(47.99)	(37.21)	(29)
883.60	742.75	517.02	71	Operating Result segment total	2,398.20	1,203.15	99
(10.69)	36.25	57.95	n.m.	Consolidation: Elimination of intersegmental profits	52.02	(62.19)	n.m.
872.91	779.00	574.97	52	OMV Petrom Group Operating Result	2,450.22	1,140.96	115
(110.88)	(64.57)	(17.74)	n.m.	Net financial result	(231.89)	(108.85)	(113)
762.03	714.43	557.23	37	OMV Petrom Group profit before tax	2,218.33	1,032.11	115

¹ Q3/17 vs. Q3/16

Assets¹

in RON mn	September 30, 2017	December 31, 2016
Upstream	22,859.10	23,690.47
Downstream	6,244.57	6,689.54
thereof Downstream Oil	4,951.36	5,217.79
thereof Downstream Gas	1,293.21	1,471.75
Corporate and Other	465.37	481.41
Total	29,569.04	30,861.42

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 are disclosed in the Appendix 2.

Material changes in contingencies

In relation to the Bulgarian Commission for Protection of Competition (CPC) investigation initiated in 2016, on 30 March 2017 CPC terminated the proceedings against OMV Bulgaria OOD and the other companies without a finding of violation, on condition that they comply with specific commitments. OMV Bulgaria OOD is committed to designing and implementing internal regulations to achieve compliance with such commitments, which were presented to the CPC on April 28, 2017.

During Q2/17, the tax audit of OMV Petrom SA, having the oil and gas royalties for the period 2011–2015 as its scope, was closed without any findings.

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	1.59
Indebtness Ratio (%)	Interest- bearing debts (long term)/ Equity*100	2.22
Days in receivables	Receivables average balance / Turnover*270	75.35
Fixed assets turnover ²	Turnover / Fixed assets	0.23

¹ Current Assets include Assets held for sale and Current Liabilities include Liabilities associated with assets held for sale

² Fixed assets turnover is calculated based on turnover for Q3/17*(360/270) days.

Subsequent events

On October 27, OMV Petrom announced the appointment of Sevil Shhaideh as interim member of the Supervisory Board of OMV Petrom, as well as member of the Audit Committee and member of the Presidential and Nomination Committee of OMV Petrom, following Mihai Busuioc's waiver of his mandate in the above mentioned positions, starting with the date of the approval of her appointment by the Supervisory Board, namely 26 October 2017, and until the next General Meeting of Shareholders.

Declaration of the management

We confirm to the best of our knowledge that the unaudited interim condensed consolidated financial statements for the nine month period ended September 30, 2017 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 nine months of the financial year 2017 and their impact on the interim condensed consolidated financial statements, as well as a description of the principal risks and uncertainties.

Bucharest, November 9, 2017

The Executive Board

Mariana Gheorghe
Chief Executive Officer
President of the Executive Board



Stefan Waldner
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

Abbreviation and definitions

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
CEO	Chief Executive Officer
Co&O	Corporate and Other
CAPEX	Capital expenditure
CCS / CCS effects / Inventory holding gains / (losses)	Current cost of supply
	Inventory holding gains and losses represent the difference between the cost of sales calculated using the current cost of supply and the cost of sales calculated using the weighted average method after adjusting for any changes in valuation allowances, in case the net realizable value of the inventory is lower than its cost.
	In volatile energy markets, measurement of the costs of petroleum products sold based on historical values (e.g. weighted average cost) can have distorting effect on reported results (Operating Result, Net income, etc.).
	The amount disclosed as CCS effects represents the difference between the charge to the income statement for inventory on a weighted average basis (adjusted for the change in valuation allowances related to realizable value) and the charge based on the current cost of supply.
The current cost of supply is calculated monthly using data from our refinery's supply and production systems at Downstream Oil level.	
Clean CCS Operating Result	Operating Result adjusted for special items and CCS effects. Group clean CCS Operating Result is calculated by adding the clean CCS Operating Result of Downstream Oil, the clean Operating Result of the other segments and the reported consolidation effect adjusted for changes in valuation allowances, in case the net realizable value of the inventory is lower than its cost.
Clean CCS net income attributable to stockholders	Net income attributable to stockholders, adjusted for the after tax effect of special items and CCS
Clean CCS EPS	Clean CCS Earnings per share = Clean CCS net income attributable to stockholders divided by weighted number of shares
Clean CCS ROACE	Clean CCS Return On Average Capital Employed = NOPAT (as a sum of current and last three quarters) adjusted for the after tax effect of special items and CCS, divided by average Capital Employed (on a rolling basis, as an average of last four quarters) (%)
Clean effective tax rate	Taxes on income adjusted for the tax effect of special items and CCS, divided by Clean CCS Profit before tax (%)
EPS	Earnings per share = Net income attributable to stockholders divided by weighted number of shares
Effective tax rate	Taxes on income divided by Profit before tax (%)
EUR	euro
FX	Foreign Exchange
Gearing ratio	Net debt divided by total equity (%)

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
Net debt	Interest bearing debts plus finance lease liabilities less cash and cash equivalents
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 = Net income attributable to stockholders of the parent, adjusted for net interest on net borrowings, +/- result from discontinued operations, +/- tax effect of adjustments
OPCOM	The administrator of the Romanian electricity market
Operating Result	The "Operating result" includes the former indicator EBIT ("Earnings Before Interest and Taxes") and the net result from equity-accounted investments.
Operating Result before depreciation	Former EBITD = Operating Result Before Interest, Taxes, Depreciation and amortization, impairments and write-ups of fixed assets
OPEX	Operating Expenses
Q	quarter
ROACE	Return On Average Capital Employed = NOPAT (as a sum of current and last three quarters) divided by average Capital Employed (on a rolling basis, as an average of last four quarters) (%)
RON	Romanian leu
S.A.; S.R.L.	Societate pe Actiuni (Joint-stock company); Societate cu Raspundere Limitata (Limited liability company)
Special items	Special items are expenses and income reflected in the financial statements that are disclosed separately, as they are not part of underlying ordinary business operations. They are being disclosed separately in order to enable investors to better understand and evaluate OMV Petrom Group's reported financial performance.
t	metric tonne(s)
TWh	terawatt hour
USD	United States dollar
yoy	year-on-year

Appendix 1

Consolidated companies in OMV Petrom Group at September 30, 2017

Parent company

OMV Petrom S.A.

Subsidiaries

Upstream		Downstream Oil	
Tasbulat Oil Corporation LLP (Kazakhstan)	100.00%	OMV Petrom Marketing S.R.L.	100.00%
Kom Munai LLP (Kazakhstan)	95.00%	OMV Petrom Aviation S.A. ¹	100.00%
Petrom Exploration & Production Ltd.	99.99%	Petrom Moldova S.R.L. (Republic of Moldova)	100.00%
		OMV Bulgaria OOD (Bulgaria)	99.90%
		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 1 (one) share owned through OMV Petrom Marketing S.R.L.

Associated company, accounted for at equity

OMV Petrom Global Solutions S.R.L.	25.00%
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Appendices 1 and 2 form part of the interim condensed consolidated financial statements

Appendix 2

Significant transactions with related parties

During the first nine months of the financial year 2017, OMV Petrom Group had the following significant transactions with related parties (including significant balances as of September 30, 2017):

Related party (in RON mn)	Purchases 9m/17	Balances payable September 30, 2017
OMV Supply & Trading Limited	968.26	144.82
OMV Petrom Global Solutions S.R.L.	323.58	78.57
OMV Refining & Marketing GmbH	131.08	42.92
OMV Aktiengesellschaft	35.79	44.19

Related party (in RON mn)	Revenues 9m/17	Balances receivable September 30, 2017
OMV Supply & Trading Limited	309.64	-
OMV Deutschland GmbH	206.09	36.54
OMV Refining & Marketing GmbH	97.66	6.05
OMV International Services GmbH	0.75	15.20

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

Related party (in RON mn)	Purchases 9m/16	Balances payable December 31, 2016
OMV Petrom Global Solutions SRL	334.24	92.10
OMV Supply & Trading Limited	138.80	28.29
OMV Refining & Marketing GmbH	104.41	40.26
OMV International Services GmbH	4.37	37.48

Related party (in RON mn)	Revenues 9m/16	Balances receivable December 31, 2016
OMV Supply & Trading Limited	441.59	66.49
OMV Deutschland GmbH	119.79	30.16
OMV Trading GmbH	63.12	-
OMV International Services GmbH	0.92	20.80

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

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Next release: The next results announcement for January-December and Q4 2017 will be released on February 21, 2018, presenting OMV Petrom preliminary consolidated results prepared according to IFRS.

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