

## Petrom in figures 2009



**PETROM**

Member of OMV Group

# Contents

Statement of the Chief Executive Officer.....	1
Executive Board .....	3
Supervisory Board.....	4
Petrom's strategic directions .....	5
Key figures for Petrom .....	6
Key figures by segments.....	8
Petrom personnel data.....	10
Market indicators.....	11
Exploration and Production .....	12
Refining and Marketing.....	14
Gas and Power.....	16
Key figures for Petrom shares .....	18
Petrom's stock exchange and privatization history.....	20
Petrom - Investor News 2009.....	22
Financial calendar 2010 .....	23
Abbreviations and definitions .....	24
Contact at Investor Relations.....	25

## **Note:**

The financials presented in this booklet are audited and prepared according to Romanian Accounting Standards; all the figures refer to Petrom S.A., unless otherwise specified.

# Statement of the Chief Executive Officer

Dear shareholders,

Since privatization, Petrom has embarked on a journey of reconstruction and investment to build a sustainable business that will add value to all of our stakeholders including our investors, our business partners and the communities within which we do our business. Therefore, we have made considerable progress in stabilizing oil production, improving our reserve replacement rate, bringing our products to European standards and in optimizing our filling station network and services.

2009 was a year during which we had to balance our long-term priorities with the short-term challenges of a major economic and financial crisis that affected Romania at least as much as the other economies that are important to us.

The overall context was that the national GDP contracted by 7% with the RON decreasing substantially in value against both the US dollar and the euro. Against this background of reduced demand, the management team was able to make a number of key decisions to mitigate the effects of these challenges while maintaining our strategic directions.

Lower price levels and volumes decreased our net turnover by 23%. EBIT decreased by 9% principally due to the unfavorable oil price environment and weak refining margins. This was partly offset by our cost reduction measures.

Our net profit was positively impacted by our decision to hedge against oil prices fluctuations (hedging gain of RON 524 mn) and increased by 34% to RON 1,368 mn.

We brought forward some cost reduction measures and restructuring decisions as part of the revaluation and prioritisation of our projects and activities in the deteriorating economic environment.

Investment was reduced in 2009 by 35% but remains high in historical terms. To maintain our progress, there is a continuing

need for investment of between EUR 1.2 bn and EUR 1.5 bn a year. To that end, we secured external financing to maintain our strong financial position and balance sheet, compliant with OMV Group's overall gearing policy.

In **Exploration and Production**, we made some significant improvements despite the challenging environment. For the second consecutive year, we maintained the reserves replacement rate at the level set as strategic objective for 2010 of 70%. We have two new offshore wells in production, the Midia gas processing plant has been commissioned and production has started in the Komsomolskoe oil field in Kazakhstan. Moreover, we reduced the production cost per barrel as a result of successful reorganization and restructuring activities. Following the acquisition of the oil service business of Petromservice in 2007, we are on track to deliver an additional reduction in production cost of USD 1.5/ boe thanks to the successful integration of E&P Services. E&P represented 68% of our investment in 2009 as we continue to focus on optimization of gas delivery and processing, the drilling of development and production wells, workovers and production facilities.

Although EBIT in **Refining and Marketing** remained negative, we improved it to RON (828) mn from RON (1,895) mn in 2008, despite depressed refining margins. This was achieved through continuing improvements in marketing and optimizing refinery utilization. Our retail sales increased by 12% in the Romanian market that declined 3% overall. The throughputs of our filling stations increased by 12% over the already high 2008 levels, thus exceeding our 2010 strategic objective. The medium-term outlook remains challenging with depressed refining margins and overcapacity across Europe. Our aim is to process 100% of domestic crude production. We have therefore adjusted our investment plans which are now based on a capacity of

4.2 mn t/year at Petrobrazî with an investment of EUR 750 mn between 2010 and 2014. We also took the decision to operate the Arpechim refinery on an 'as needed' basis while we review the options for its future.

**Gas and Power** was also impacted by lower demand. The gas prices for domestic producers remained unchanged in RON terms since February 2008, which means an effective 17% decrease in US dollar terms for Romanian producers in 2009 over 2008. Whilst Romanian gas demand dropped 15%, our gas sales decreased by 4% compared to 2008. In 2009 we made investments of RON 353 mn in the gas and power sector, including the construction of our Brazi power plant that is on schedule and on budget. We took the decision to close the Doljchim chemical plant by the end of 2010 because of prevailing market conditions, as well as due to the fact that the chemicals business is not core to our strategy.

Looking forward to 2010 we believe that the crude price, downstream margins and foreign exchange rates will all remain volatile and that market demand will remain under pressure as Romania begins a slow recovery from the financial and economic crisis.

Our task is to continue to focus on the fundamentals of the business while continuing the process of modernization and development, to pursue our strategic aim of transformation from a leading integrated oil and gas company to a key energy player in Southeastern Europe.

The restructuring and reorganizations that we are pursuing will deliver increased effectiveness and efficiencies in the years to come. We have committed to the introduction of a management culture based on performance, which will further improve our management capability to deal with the increasingly complex and demanding marketplace of the future.

The last five years have seen us invest in skills, technology, improved processes and new opportunities to create value.

These investments have considerably exceeded our contractual obligations stated in the privatization agreement. We believe that maintaining this program is essential to our future sustainability and, together with the strength of our cash flow and the health of our balance sheet, is the correct use of our financial resources. Management's proposal is that no dividends should be distributed for 2009. This recommendation, together with the investment budget is subject to shareholder approval at the General Meeting of Shareholders on April 29, 2010. Furthermore, in order to ensure the necessary funds to finance such an ambitious investment program, there is a reasonable probability that we will seek to raise additional capital in 2010.

Our investors require sustainable value creation and high levels of transparency to make their judgment about our progress. I am pleased to announce that, starting with the first quarter of 2010, Petrom will report its consolidated results in line with International Financial Reporting Standards in our quarterly, half-year and annual releases.

This success is down to the skill, teamwork and enterprise of the people who work for Petrom. The company has a leadership and management team that has evolved through handling rapid change in difficult times and many thousands of employees who consistently and successfully rise to the challenges that they are set. I thank them all.

2009 was a year that tested our commitment to our long-term concerns and our ability to confront immediate and short-term challenges. We were successful with this dual challenge in a manner that generates confidence for the years ahead.



Mariana Gheorghe

## Executive Board

**Mariana Gheorghe** - Chief Executive Officer and President of the Executive Board

Responsible for: Corporate Communications; Health, Safety, Security and Environment; Corporate Human Resources; Corporate Development and Investor Relations; Corporate Affairs and Compliance; Legal

**Reinhard Pichler** - Chief Financial Officer

Responsible for: Corporate Finance and Controlling; Corporate Internal Audit; Corporate Risk Management and Treasury; Corporate Real Estate Management (CREM); Corporate Information Office (CIO); Global Solutions

**Johann Pleininger**

Responsible for Exploration and Production

**Siegfried Gugu**

Responsible for Exploration and Production Services

**Gerald Kappes**

Responsible for Gas and Power (including Chemicals)

**Neil Anthony Morgan**

Responsible for Refining and Petrochemicals

**Rainer Schlang**

Responsible for Marketing, starting February 1, 2010  
Rainer Schlang has replaced **Tamas Mayer**, who took over new responsibilities at Petrol Ofisi, Turkey's leading fuel and lubricants distribution company, in which OMV holds a 41.58% stake. Tamas Mayer was a member of Petrom's Executive Board responsible for Marketing starting 2005.

# Supervisory Board

**Wolfgang Rutenstorfer** - President

Chief Executive Officer of OMV and Chairman of the OMV Executive Board

First elected at the GMS held on January 11, 2005

**Gerhard Roiss** - Deputy Chairman

Deputy Chairman of OMV Executive Board, responsible for Refining and Marketing including Petrochemicals and Chemicals

First elected at the GMS held on January 11, 2005

**David C. Davies**

Chief Financial Officer of OMV and member of OMV Executive Board

First elected at the GMS held on January 11, 2005

**Helmut Langanger**

Member of the OMV Executive Board, responsible for Exploration and Production

First elected at the GMS held on January 11, 2005

**Werner Auli**

Member of the OMV Executive Board, responsible for Gas and Power

First elected at the GMS held on April 25, 2006

**Marian Turlea**

Head of Minister of Economy Cabinet, representing the Ministry of Economy in Petrom's Supervisory Board

First elected at the GMS on April 28, 2009

**Gheorghe Ionescu**

Representative of the Ministry of Economy in Petrom's Supervisory Board replacing Emanoil Negut, who was member of Petrom's SB starting April 17, 2007

First elected at the GMS on April 28, 2009

**Daniel Costea**

Counselor to the executive management of EximBank SA; representative of Fondul Proprietatea SA (the Property Fund) in Petrom's Supervisory Board replacing Cristian Marian Olteanu, who was member of Petrom's SB starting April 17, 2007

First elected at the GMS on April 28, 2009

**Riccardo Puliti**

Business Group Director in charge of the energy and natural resources sectors within EBRD; representative of EBRD in Petrom's Supervisory Board replacing Kevin Bortz, who was member of Petrom's SB starting April 25, 2006

First elected at the GMS on April 28, 2009.

## Petrom's strategic directions

As a member of the OMV Group, Petrom has embedded in its operations the '3plus' strategy. The company's core activities are represented by the three business segments - Exploration & Production, Refining & Marketing, and Gas & Power - and operated with a focus on their sustainability. As a regional center within the OMV Group for Southeastern Europe, Petrom plays an essential role in delivering concrete economic results in one of OMV's three growth markets - CEE, SEE and Turkey. Additionally, Petrom focuses on the three values of the OMV Group - Pioneers, Professionals and Partnership - which distinguish us from our competitors, strengthening our competitive advantage in the technical and commercial activities

### **Exploration and Production**

- ▶ Increase recovery rates and minimize natural decline impact on production level
- ▶ Further integrate EPS into E&P
- ▶ De-bottleneck gas infrastructure
- ▶ Pursue the strengthening of market position in Kazakhstan

### **Refining and Marketing**

- ▶ Modernization of Petrobrazî to enable the capabilities of processing 100% of domestic crude and adjust the capacity of the refinery to 4.2 mn t/year
- ▶ Continue energy efficiency and yield structure improvements R&M standard to consolidate market position and boost profitability
- ▶ Harmonization of the organizational structure within Petrom Group R&M activities towards OMV R&M standard to consolidate market position and boost profitability
- ▶ Increase LPG market share and strengthen Petrom's position in the aviation fuel market

### **Gas and Power**

- ▶ Pursue gas infrastructure modernization
- ▶ Set a sizeable gas business in the neighbouring countries
- ▶ Achieve sustainable growth into power and renewables
- ▶ Commission the Brazi gas-fired power plant in 2011

## Key figures for Petrom

<b>Key ratios and operating statistics</b>	2005	2006	2007	2008	<b>2009</b>
Revenues growth (% , yoy)	24	22	(7)	39	(24)
EBIT margin (%)	18	21	16	8	9
EBITDA margin (%)	26	28	25	21	23
ROFA (%)	13	17	11	5	6
ROACE (%)	22	21	16	7	9
ROE (%)	14	20	14	8	10
Current assets	3.2	2.8	1.9	1.5	1.26
Acid test	2.6	2.2	1.1	0.8	0.67

<b>Financial highlights (RON mn)</b>	2005	2006	2007	2008	<b>2009</b>
Fixed assets	10,609	13,093	16,375	19,806	22,243
Current assets (including prepayments)	7,204	6,366	4,786	5,121	4,470
Non-current liabilities	4,855	4,878	5,397	7,912	9,096
Current liabilities	2,231	2,258	2,580	3,446	3,561
Shareholders' Equity	10,727	12,325	13,184	13,569	14,056



<b>Financial results (RON mn)</b>	2005	2006	2007	2008	<b>2009</b>
Net turnover	10,760	13,078	12,284	16,751	12,842
EBITDA	2,775	3,596	3,111	3,565	2,950
EBIT	1,884	2,777	1,965	1,309	1,197
Net (loss)/ profit	1,416	2,285	1,778	1,022	1,368
Operating Cash flow	2,771	2,955	2,486	4,383	2,657
Investments <sup>1</sup>	1,117	2,937	3,820	6,404	4,145

<sup>1</sup>Investments also include increases of Petrom share participations

<b>Cash flow (RON mn)</b>	2005	2006	2007	2008	<b>2009</b>
Net cash flow from operating activities including change in Working Capital	2,771	2,955	2,486	4,383	2,657
Net cash used from investment activities	(2,170)	(3,168)	(3,761)	(5,529)	(4,058)
Net cash used for financial activities	(219)	(836)	(1,423)	654	1,420
Cash and cash equivalents at the end of the year	4,500	3,451	753	261	280

## Key figures by segments

<b>Investments (RON mn)</b>	2005	2006	2007	2008	<b>2009</b>
Exploration & Production <sup>1</sup>	531	1,336	2,465	4,524	2,806
Refining & Marketing	585	1,298	1,004	1,297	559
Gas & Power	-	1	32	386	353
Chemicals <sup>2</sup>	1.6	5.5	16	-	-
Corporate & Others	0	297	303	197	427
<b>TOTAL</b>	<b>1,117</b>	<b>2,937</b>	<b>3,820</b>	<b>6,404</b>	<b>4,145</b>

<sup>1</sup>Include the investments of Corporate (in 2005)

<sup>2</sup>As of January 1, 2008, Chemicals are included in the G&P segment.

<b>Net revenues (RON mn)</b>	2005	2006	2007	2008	<b>2009</b>
Exploration & Production	7,137	7,370	7,429	9,828	7,859
Refining & Marketing	12,012	14,525	10,574	13,689	9,854
Gas & Power <sup>1</sup>	-	2,030	2,462	3,258	2,627
Chemicals (Doljchim) <sup>1</sup>	374	418	470	-	-
Corporate & Others	-	-	3	2	17
Inter-segment elimination	(8,550)	(10,927)	(8,453)	(9,377)	(7,151)
<b>TOTAL</b>	<b>10,973</b>	<b>13,416</b>	<b>12,485</b>	<b>17,400</b>	<b>13,206</b>

<sup>1</sup>Gas revenues were included in E&P revenues in the previous years. The separate reporting started in 2006. As of January 1, 2008, the Gas division was renamed Gas and Power, and Chemicals were included as well

<b>EBIT (RON mn)</b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Exploration & Production	2,915	3,605	2,943	3,139	2,366
Refining & Marketing, including petrochemicals	(914)	(1,136)	(1,065)	(1,895)	(828)
Gas & Power <sup>1</sup>	-	118	123	104	7
Chemicals (Doljchim)	17	51	59	-	-
Corporate & Others <sup>2</sup>	-	-	-	(128)	(181)
EBIT Consolidation <sup>3</sup>	(134)	139	(95)	89	(167)
<b>TOTAL</b>	<b>1,884</b>	<b>2,777</b>	<b>1,965</b>	<b>1,309</b>	<b>1,197</b>

<sup>1</sup>The reporting of gas results started in 2006, previously included in E&P. Starting 2008, the Gas division was renamed Gas and Power, in order to reflect the activities in the Power area. In addition, as of January 1, 2008, Chemicals are included in the G&P segment.

<sup>2</sup>Starting 2008, the costs that relate to corporate functions which are carried out within Petrom were reported separately in the 'Corporate and Others' line, therefore no longer absorbed by the business.

<sup>3</sup>EBIT Consolidation result represents the intersegmental margin elimination which was reported until 2008 under E&P result; for reasons of comparability 2005 - 2008 numbers are adjusted accordingly

## Petrom personnel data

Activity	2005	2006	2007	2008	2009
Exploration and Production (E&P) <sup>1</sup>	22,598	18,604	16,520	25,356	21,058
Refining	6,492	4,893	4,001	3,050	2,406
Marketing	12,285	6,465	3,001	2,243	1,474
Doljchim	1,588	1,534	1,313	1,124	977
Gas & Power <sup>2</sup>	-	21	18	32	60
Petrom Solutions <sup>3</sup>	-	670	939	1,046	1,053
Corporate	583	650	605	460	442
<b>TOTAL</b>	<b>43,546</b>	<b>32,837</b>	<b>26,397</b>	<b>33,311</b>	<b>27,470</b>

Headcount as of December 31

<sup>1</sup>As of January 2008, E&P includes Exploration and Production Services (EPS) business division

<sup>2</sup>The reporting of gas results started in 2006, previously included in E&P. As of 2008, the Gas division was renamed Gas and Power to reflect the activities in the Power area

<sup>3</sup>Petrom Solutions was established in 2006

## Market indicators

	2005	2006	2007	2008	<b>2009</b>
Average crude price for Brent (USD/bbl)	54.38	65.14	72.39	97.26	61.67
Average crude price for Urals (USD/bbl)	50.87	61.35	69.38	94.77	61.18
Average exchange rate EUR/RON	3.62	3.53	3.34	3.68	4.24
Average realized crude price (USD/bbl)	49.43	55.65	63.00	84.11	54.99
Regulated gas price for domestic producers (USD/1,000 cbm)	110	122	184	196	162
World crude demand (mn bbl/d)	83.3	84.5	85.8	85.8	84.9
World crude output (mn bbl/d)	84.1	85.3	85.5	86.6	84.9

## Exploration and Production (E&P)

### Overview E&P activities

Our Exploration and Production business explores for and extracts oil and natural gas in Romania and other countries in the Caspian region (Russia and Kazakhstan). Petrom is the sole crude oil producer in Romania and accounts for approximately half of Romanian gas production. Our domestic and international oil and gas production amounted to around 187,000 boe/d (68 mn boe) in 2009. As of December 31, 2009, Petrom Group's total proved oil and gas reserves amounted to 854 mn boe (Romania 823 mn boe) while the proved and probable oil and gas reserves amounted to 1,254 mn boe (Romania 1,176 mn boe).

In **Romania**, Petrom holds exploration licenses for 15 onshore and 2 offshore blocks, with a total area of 59,100 km<sup>2</sup> (of which 13,730 km<sup>2</sup> is offshore) and operates 256 commercial oil and gas fields.

In **Kazakhstan**, Petrom holds exploration and production licenses for the fields Tasbulat, Aktas, Turkmenoi, Komsomolskoe and the new acquisition Kultuk. In 2009, Kazakhstan oil and gas production further increased to 6,300 boe/d (up 10% compared to 2008) driven by the production start-up of the Komsomolskoe oil field in June.

In **Russia**, Petrom explores eight blocks in the Saratov Region and two in the Komi area. In August 2009, the first exploration success in Russia was reported in well Lugovaya-1 located in the Kamenski license in the Saratov Region.

In 2009, some major achievements were accomplished. The domestic reserves replacement rate was successfully maintained at slightly above 70%, the target set for 2010, the natural production decline was partially offset mainly by starting production from the offshore wells Delta 6 and

Lebada Vest 4 and performing around 900 workovers in oil and gas wells. The new gas processing plant at Midia was commissioned in August and the construction works for the Hurezani gas de-bottlenecking project commenced and are progressing according to schedule. The 3D seismic survey in Neptun Block in partnership with ExxonMobil was completed in November and covered an area of approximately 3,200 km<sup>2</sup>. Domestic production cost in RON/boe decreased by 2% compared to 2008, due to strict cost management and successful integration of E&P Services (EPS).

The successful integration of EPS into Petrom in 2008 was confirmed by several important achievements in 2009. First and foremost, the successful integration of EPS was a key driver of the significant production cost reduction in 2009 and the Petromservice acquisition target to achieve an additional reduction of production costs by 1.5 USD/ boe is on track to be delivered.

### Outlook for 2010

In E&P, in order to cope with the challenging economic environment and the volatility of the international oil price, the focus on strict cost management and organizational streamlining will continue. In addition, the completion of the gas de-bottlenecking project in Hurezani as well as the identification, planning and execution of field re-development projects will be two additional focal points in E&P. In 2010, our investment program will focus on the optimization of gas delivery at Hurezani, drilling of development and production wells, well workovers, production facilities and infrastructure. Our efforts to minimize the natural decline of production will focus on reservoir management initiatives, infill drilling and maintaining the workover program at around the same number of operations as in 2009. Exploration activity is

expected to increase in 2010 compared to 2009. The 3D seismic data acquired in the offshore Neptun area will be processed and evaluated in 2010 to identify potential commercial prospects. In E&P Services (EPS), the turnaround program will continue in 2010 and will support E&P to achieve its production and cost targets.

In Kazakhstan, the Komsomolskoe oil field will be on stream for the full year and is expected to contribute significantly to overall production by reaching its plateau production of 10,000 boe/d in the course of 2010. Appraisal of the recently acquired Kultuk oilfield will commence with 3D seismic acquisition.

<b>Production and financial data<sup>1</sup></b>	<b>2005</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>
Total production (mn boe)	77.95	73.06	70.27	68.98	66.00
Crude and NGL production (mn t)	5.21	4.78	4.54	4.54	4.39
Gas production (bcm)	6.19	5.92	5.75	5.55	5.27
Total net revenues (RON mn)	7,137	9,399 <sup>2</sup>	7,429	9,828	7,859
EBITDA (RON mn) <sup>3</sup>	3,548	4,195	3,651	4,401	3,649
EBIT (RON mn) <sup>3</sup>	2,915	3,605	2,943	3,139	2,366
Exploration expences (RON mn)	150.6	140.9	230.0	450.0	191.3
Investments (RON mn) <sup>4</sup>	530.5	1,336	2,465	4,524	2,806

<sup>1</sup>Figures in the above table refer only to Petrom SA, excl. Kazakhstan affiliates. As of January 2008, E&P financials include the results of Exploration and Production Services (EPS) business division

<sup>2</sup>2006 E&P revenues in the above table include gas revenues

<sup>3</sup>Excluding intersegmental margin eliminations starting 2009; for reasons of comparability, 2005 - 2008 numbers are adjusted accordingly

<sup>4</sup>Investments also include increases of Petrom share participations and investments during the year in exploration wells that proved unsuccessful; 2005 figure includes the investments of Corporate

## Refining and Marketing (R&M)

We process our produced crude oil at two refineries, Petrobraz and Arpechim, with a total installed capacity of 8 mn t/year. We supply our products through a network of more than 800 filling stations operated together with our affiliates, both in Romania, where we have around 550 filling stations, and in the neighboring countries: Bulgaria, Serbia and the Republic of Moldova. We are also the leading provider of aviation fuel services in Romania and the number one player in the local LPG market. Our retail market share reached 40% in Romania.

In **Refining**, in 2009 we improved flexibility in refinery operation in adaptation to the challenging economic environment, by maintaining a low utilization rate of our refineries, we increased the middle distillates yield from 37% in 2008 to 38% in 2009 of refinery product slate, we successfully started-up the new FCC Gasoline Hydrotreater - Post Treatment unit in Petrobraz and we maintained the own-crude consumption at almost the same level as in 2008 (11.5%). Moreover, in 2009, we finalized the negotiations with Oltechim, for the transfer of non-core assets

related to the petrochemical activities of Arpechim.

The **Marketing** business saw an impressive increase in average throughput per filling station to 4.8 mn liters. Retail sales volumes increased by 12% over 2008 sales, despite a difficult economic environment, as a result of the investments in filling stations network optimization. Commercial sales amounted to 1,981 kt, in line with 2008 level. The non-oil business recorded an increase (up 9% over 2008), due to portfolio and purchase process optimization.

### Outlook for 2010

For 2010, we expect the market for refined products to remain challenging, with a deeply depressed margin environment given the overcapacity in the industry not only in Romania, but in all of Europe. Marketing volumes and margins are expected to remain under pressure until the economy shows clearer signs of improvement.

In **Refining**, given the currently depressed margin environment

Petroleum products (kt)	2005 <sup>2</sup>	2006	2007	2008	2009
Gasoline	2,308	2,094	1,570	1,654	1,518
Diesel	1,617	1,794	1,726	2,006	1,662
Kerosene/Jet fuel	132	192	187	224	212
HFO	1,124	753	737	752	593
LPG total	200	305	248	252	269
Bitumen	139	166	129	192	118
Petroleum coke	153	196	176	195	177

<sup>2</sup>2005 petroleum production includes internal transfers



and a medium-term outlook of overcapacity in the European industry, the scope of the original investment plan has been changed. As a result, the capacity of the Petrobrazi refinery will be adjusted to 4.2 mn t/year and some EUR 750 mn will be invested between 2010 and 2014 in modernizing and maintaining the facility. The Arpechim refinery - depending on the prevailing margin and supply conditions - will operate solely

on an 'as needed' basis during 2010 and alternative options will be assessed thereafter.

In **Marketing**, the focal points of this year's activities are the operations' optimization, efficiency increase, finalization of construction of the Brazi terminal and commencing construction of the third part of our Terminal Modernization Program - the Isalnita storage.

	2005	2006	2007	2008	2009
Crude input <sup>1</sup> (kt)	6,400	6,863	5,917	6,121	5,161
thereof: - imported crude (kt)	1,404	2,138	1,570	1,831	815
- Arpechim (kt)	3,290	3,437	2,798	3,078	2,170
- Petrobrazi (kt)	3,110	3,426	3,119	3,043	2,991
Refinery capacity utilization rate	80%	86%	74%	77%	65%
Marketing sales (kt)	5,046	5,465	4,707	5,210	4,823
thereof: Gasoline	1,849	2,120	1,587	1,716	1,566
Diesel	1,581	1,794	1,835	2,073	2,007
Number of operating filling stations within Petrom Group	635	804	807	819	814
thereof: in Romania	553	593	550	550	546
Total net revenues (RON mn)	8,914	14,525	10,574	13,689	9,854
EBITDA (RON mn)	(662)	(914)	(736)	(1,055)	(511)
EBIT (RON mn)	(914)	(1,136)	(1,065)	(1,895)	(828)
Investments (RON mn)	585.1	1,297.5	1,004	1,297	559

<sup>1</sup>Including condensate and natural gas-associated liquids

## Gas and Power (G&P)

### Overview G&P activities

We are an important player in the Romanian gas market, covering all gas market segments. In order to leverage the value of natural gas and ensure the sustainable development of the company, management decided to further expand the value chain by building the power plant at Brazi, developing a power generation business utilizing both conventional (gas) and renewable energy sources. G&P also includes chemicals, this segment being represented by the Doljchim chemical plant.

In 2009, Petrom Group maintained its strong presence in all sectors of the gas market, with a market share of around 40%. In Romania, gas demand decreased by 15% in 2009, while Petrom's consolidated sales dropped by only 9%, maintaining its strong position on the market.

The groundbreaking ceremony for the Brazi power plant took place in June and construction proceeded according to schedule for 2009.

As Petrom is considering entering the renewable energy sector, in 2009 several fully developed wind projects were evaluated the focus for this strategic move.

### Outlook for 2010

In **G&P**, the focus will remain on expanding the gas value chain, by continuing the construction of the power plant at Brazi according to plan, with the commissioning phase expected to complete in 2011. Moreover, Petrom is considering entering the renewable energy sector, with specific focus on wind power.

In the Gas business, total gas consumption in Romania is anticipated to stagnate in 2010. The consolidation of the gas supply and sales activities within Petrom Gas SRL will be a focus point in 2010. In line with management's decision to exit non-core segments, Petrom will close Doljchim by the end of

2010 and until then will run the operations on an 'as needed' basis and according to the company's integration needs. The dismantling and decontamination of the plant will be started, in compliance with European environmental standards.

	2005	2006	2007	2008	<b>2009</b>
Total net revenues (RON mn) <sup>1</sup>	n/a	2,030	2,462	3,258	2,627
EBIT (RON mn) <sup>1</sup>	-	117	123	104	7
Investments (RON mn) <sup>1</sup>	-	1	32	386	353
Consolidated gas sales (mn cbm) <sup>2</sup>	5,612	5,242	5,546	5,297	4,846
thereof Petrom SA	5,321	4,863	5,156	4,944	4,731
Regulated gas price for domestic producers (RON/1,000 cbm)	321	342	448	493	495
Regulated gas price for domestic producers (USD/1,000 cbm)	110	122	184	195	162
Import gas price (USD/1,000 cbm)	205	297	293	440	353

<sup>1</sup>Gas results were separated from E&P and started to be reported in 2006

<sup>2</sup>Consolidated gas sales include the sales of Petrom SA, Petrom Gas SRL and Petrom Distributie Gaze as well as internal transfers to other segments

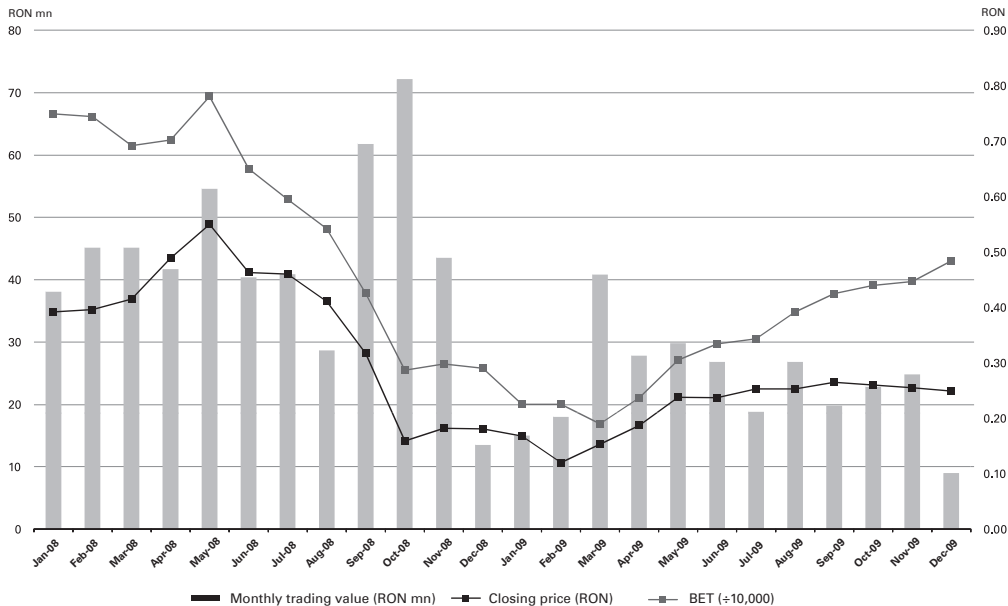
## Key figures for Petrom shares

	2005	2006	2007	2008	2009
Number of shares	56,000,506,078	56,644,108,335	56,644,108,335	56,644,108,335	56,644,108,335
Market capitalization (RON mn) <sup>1</sup>	26,712	32,004	28,152	10,253	14,104
Market capitalization (EUR mn) <sup>1</sup>	7,264	9,077	8,056	2,609	3,356
Year's high (RON)	0.5300	0.6550	0.6200	0.5600	0.2920
Year's low (RON)	0.2760	0.4410	0.4790	0.1290	0.1160
Year end (RON)	0.4770	0.5650	0.4970	0.1810	0.2490
EPS (RON/share)	0.0253	0.0405	0.0314	0.0180	0.0241
Dividend per share (RON)	0.0130	0.0179	0.0191	0	0 <sup>2</sup>
Dividend yield <sup>1</sup>	2.4%	3.2%	3.8%	0	0
Payout ratio	52%	44%	61%	0	0

<sup>1</sup>Calculated based on the share price as of the last trading day of the respective year

<sup>2</sup>Proposed dividend

## Evolution of Petrom share price and BET



## Petrom's stock exchange and privatization history

**2001:** Petrom is listed on the Bucharest Stock Exchange (BSE). The SNP shares started trading on September 3 and close at 0.0720 RON.

**2004:** On July 23, MEC and OMV signed the privatization contract whereby OMV acquired 51% stake in Petrom through a combination of a direct purchase of 33.34% (EUR 669 mn) and a simultaneous capital increase in Petrom (EUR 831mn). On December 7, OMV paid EUR 1.5 bn for 51% of Petrom share capital and on December 14 the Closing of the Privatization Agreement took place. Thus, OMV became the majority shareholder and Petrom's share capital increased as of December 31 to 5,600,050,608 RON with a nominal value of RON 0.1 per share. EBRD converted USD 73 mn of the Loan Agreement concluded with Petrom in 2002 into 2.03% of the Company's share capital.

**2005:** On November 22, the General Meeting of Shareholders (GMS) approved the share capital increase, giving to the existing shareholders the right to subscribe shares, with the nominal value of 0.1 RON, in order to keep their holdings. The Ministry of Economy and Commerce (MEC) has received 266,977,088 shares representing the value of the land for which the Company has obtained ownership titles between December 16, 2004 and October 10, 2005.

The trading period of the preference rights started on December 14, 2005 and ended on December 23, 2005. During this period, almost 198 mn Petrom rights were traded on the Bucharest Stock Exchange, the daily volume being between 12 mn and 58 mn rights. The price fluctuated between RON 0.0040 and RON 0.0046.

During the subscription period (January 9 – February 9, 2006), OMV subscribed 334,209,314 shares, EBRD subscribed

13,275,740 shares, and a number of 3,924 shareholders, natural persons and legal entities, subscribed 29,140,115 shares. Same year, on March 15, ROTX index was launched on Vienna Stock Exchange. The index reflected in real-time the movement of the seven liquid blue chip stocks traded at the BSE, Petrom included with a weight representing approx. 24%.

**2006:** On February 27, at the request of Fondul Proprietatea S.A., 5,600,050,608 shares, issued by Petrom S.A were transferred from the account of the Ministry of Economy and Commerce into the account of Fondul Proprietatea S.A.

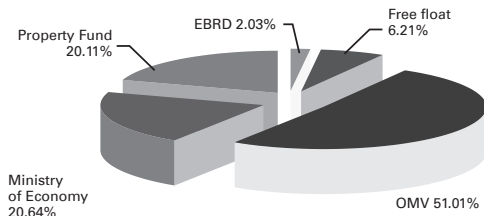
Fondul Proprietatea is a fund created by the Romanian state in order to compensate the persons who suffered from the nationalization of their assets during the communist regime. Following the transfer and the share capital increase, the Ministry of Economy and Commerce now owns 17,481,773,996 shares and S.C. Fondul Proprietatea S.A. 5,600,050,608 shares, representing 30.87% and 9.89%, respectively, of the share capital. As of the end of the year, Petrom's main shareholder is OMV AG, with 51.01% of the share capital, followed by the Ministry of Economy and Commerce, with 30.87%, EBRD with 2.02%, while 6.21% of the share capital is free-float traded on the Bucharest Stock Exchange, being held by around 500,000 private and institutional investors from Romania and from abroad.

**2007:** According to the provisions of the E.G.O. no 101/2006, on February 26, 2007 SC Depozitarul Central transferred the Petrom shares owned by the Ministry of Economy and Commerce in the account of The Authority for State Assets Recovery (AVAS). Subsequent to the transfer, the AVAS owns 17,481,773,996 shares representing 30.862% of the Petrom share capital.

On July 11, 2007, in compliance with the stipulations of the Government's Emergency Statutory Order no. 81/2007, Depozitarul Central transferred 5,791,079,578 shares, representing 10.223% of Petrom's share capital, held by the AVAS, into the account of S.C Fondul Proprietatea SA. Subsequent to the transfer, AVAS owns 11,690,694,418 shares representing 20.64% of the share capital and S.C. Fondul Proprietatea SA owns 11,391,130,186 shares, representing 20.11% of the share capital.

**2009:** The Ministry of Economy (ME) replaced AVAS in its position as Petrom shareholder, according to the provisions of Law no 308/30.12.2008, on January 15 2009.

#### The shareholders' structure



#### Petrom shares symbols

ISIN	SNPPACNOR9
Bucharest Stock Exchange	SNP
Bloomberg	SNP RO
Reuters	SNPP.BX

## Petrom - Investor News 2009

- 06.01. Petrom supplies additional natural gas to Romanian consumers
- 09.01. Petrom guarantees heavy fuel supply for cogeneration power plants
- 20.01. The Ministry of Economy becomes Petrom's shareholder replacing AVAS
- 27.01. Petrom expects to book additional expense provisions mainly for further legal claims from employees in Q4/08
- 12.02. Changes within Petrom's Supervisory Board: Mr. Marian Turlea was appointed as interim member
- 25.02. Results for Q4 and January - December 2008
- 31.03. Petrom secures by means of EBRD a corporate senior unsecured loan of up to EUR 300 million
- 09.04. Petrom commissioned a new FCC (fluid catalytic cracker) post-treater plant with low sulphur content at Petrobrazi
- 08.05. Results for January - March 2009
- 08.05. Petrom ensures the funding of the first fully private power generation project
- 03.06. Petrom began the construction of the Brazi power plant
- 25.06. Petrom started oil production on Komsomolskoe field in Kazakhstan
- 03.08. Petrom has registered its first exploration success in Russia
- 05.08. Results for Q2 and January - June 2009
- 10.08. Petrom commences exploration activities in the Black Sea
- 14.09. Petrom started production on two new offshore wells: Delta 6 and Lebada Vest 4
- 29.10. Petrom inaugurated a new gas processing plant within the oil terminal at Midia
- 10.11. Results for Q3 and January – September 2009
- 16.12. Petrom adapts the business to prosper in a challenging environment
- 18.12. Petrom finalized negotiations with Oltchim for the transfer of petrochemical activities from Arpechim
- 21.12. Petrom maintains its strong financial position by securing a new credit facility



## Financial calendar 2010

Financial events	Date
Presentation of the results for January-December and Q4 2009 <sup>1</sup>	February 25, 2010
Publication of the Annual Report 2009	April 29, 2010
The General Meeting of Shareholders	April 29, 2010
The presentation of the results for January-March 2010	May 7, 2010
The presentation of the results for January-June and Q2 2010	August 4, 2010
The presentation of the results for January-September and Q3 2010	November 10, 2010

<sup>1</sup>Preliminary result according to Romanian Accounting Standards

## Abbreviations and definitions

bbl; boe	barrel; barrel of oil equivalent
bn	billion
cbm	cubic meters
GMS	General Meeting of Shareholders
HFO	Heavy Fuel Oil
kt	thousand tonnes
LPG	Liquefied Petroleum Gas
mn	million
Q	quarter
RON,lei	New Romanian leu
NGL	Natural Gas Liquids
Capital employed	Equity + (Financial Current liabilities + Financial Non-current liabilities – Cash)
EBIT	Earnings Before Interest and Taxes
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortization
NOPAT	Net Operating Profit After Taxes = Net income + (Interest expense – Interest income) * (1 – tax rate)
ROACE	Return On Average Capital Employed = NOPAT / Average Capital Employed
ROFA	Return On Fixed Assets = EBIT / Average Fixed Assets
ROE	Return On Equity = Net Profit / Average Equity
Current assets	(Total Current Assets + Prepayments) / Current Liabilities
Acid test	(Total Current Assets + Prepayments - Inventories) / Current Liabilities

## Contact at Investor Relations

### **Sorana Baci**

Corporate Development & Investor Relations

239, Calea Dorobantilor, Bucharest

Tel: +40 (0) 372 868 930; Fax: +40 (0) 372 868 518

E-mail: [investor.relations.petrom@petrom.com](mailto:investor.relations.petrom@petrom.com)

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**OMV PETROM S.A.**

239 Calea Dorobanților, district 1

Bucharest, Romania

Phone: +40 (0) 372 868 930

Fax: +40 (0) 372 868 518

[www.petrom.com](http://www.petrom.com)