

Capital Market Story

September 2018

Sustainable access to energy
for everyday modern life

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Appendix

All figures throughout this presentation refer to OMV Petrom Group (herein after also referred to as “the Group”), unless otherwise stated. The financials represent OMV Petrom Group’s consolidated results prepared according to IFRS (Q2/18 financials are unaudited). The financials are expressed in RON mn and rounded to closest integer value, so minor differences may result upon reconciliation. Starting January 2017, 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. For more information, please see OMV Petrom’s Investor News published on April 6, 2017, which can be found on the company’s website www.omvpetrom.com, section OMV Petrom>Investor Relations>Investor News>Investor News 2017.



Investment proposition

OMV Petrom's Investment Proposition

Integrated oil and gas company

High safety standards

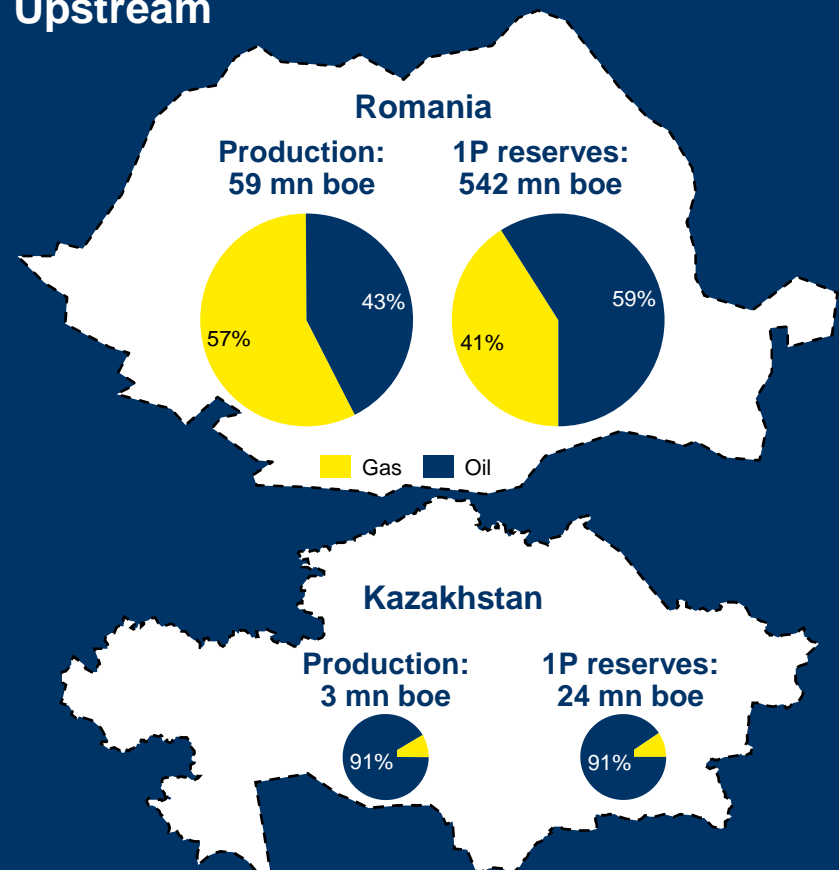
**Earnings resilience and
capital stewardship**

**Cost efficiency and
operational excellence**

**Strong cash conversion and
attractive shareholder return**

Operating in the integrated oil and gas sector

Upstream



Downstream

Petrobrazii refinery, 4.5 mn t/yr capacity
 786 filling stations, operated via 2 brands: Petrom and OMV
 5.1 mn t total refined product sales (thereof 2.7 mn t retail sales)
 Brazi gas-fired power plant (860 MW)
 Gas sales 4.8 bcm/yr (51.4 TWh/yr)



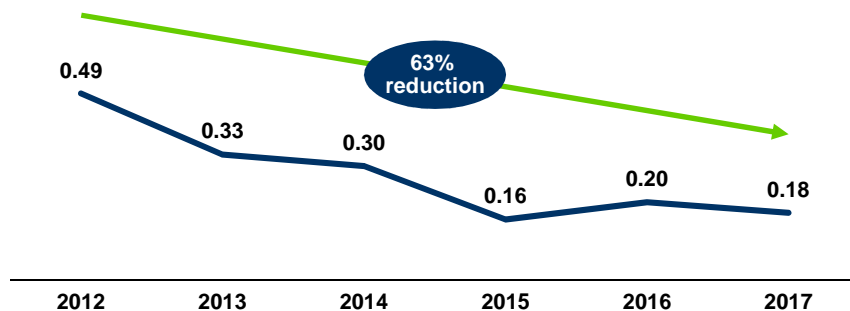
All data refers to 2017

Focused on safeguarding our employees and the environment

Improved LTIR¹ in 2017 vs. 2012

- ▶ 2017 LTIR well below international benchmarks (IOGP² 2017: 0.27)

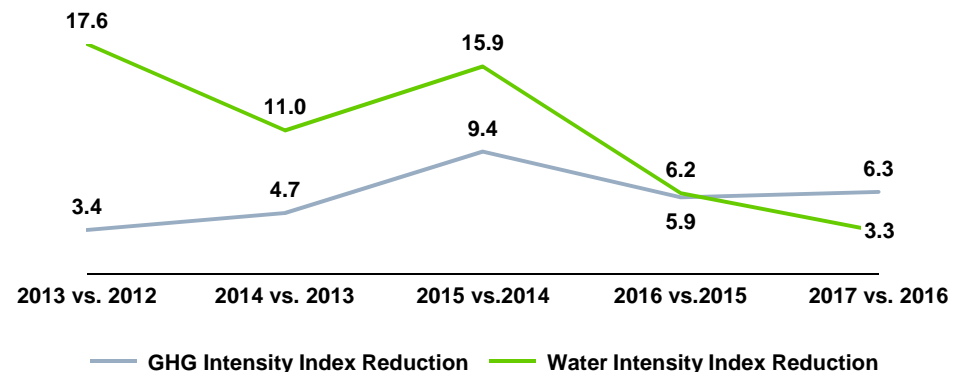
LTIR



Significant reduction of GHG³ and Water Intensity

- ▶ Upstream achieved the greatest GHG reduction: -43% in 2017 vs. 2012
- ▶ Water intensity reduced by ~36% vs. 2012
- ▶ 33 G2P/CHP⁴ units met more than 50% of Upstream onshore electricity demand in 2017

Reduction of GHG and Water Intensity Indices 2012 – 2017 (%)



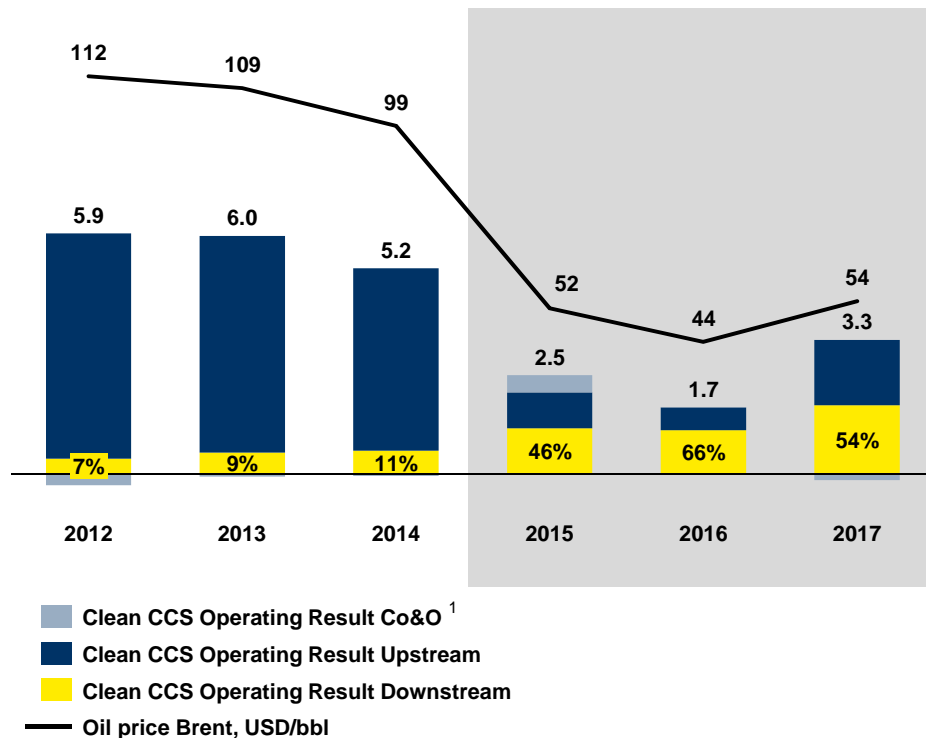
¹ Lost time injury rate (employees and contractors) for OMV Petrom Group, excluding Kazakhstan; ² International Association of Oil and Gas Producers; ³ Greenhouse gases; ⁴ Gas to power / Combined heat and power

Proven history of integration delivering value

Synergies and earnings resilience delivered in depressed oil price environment

Clean CCS Operating Result

RON bn



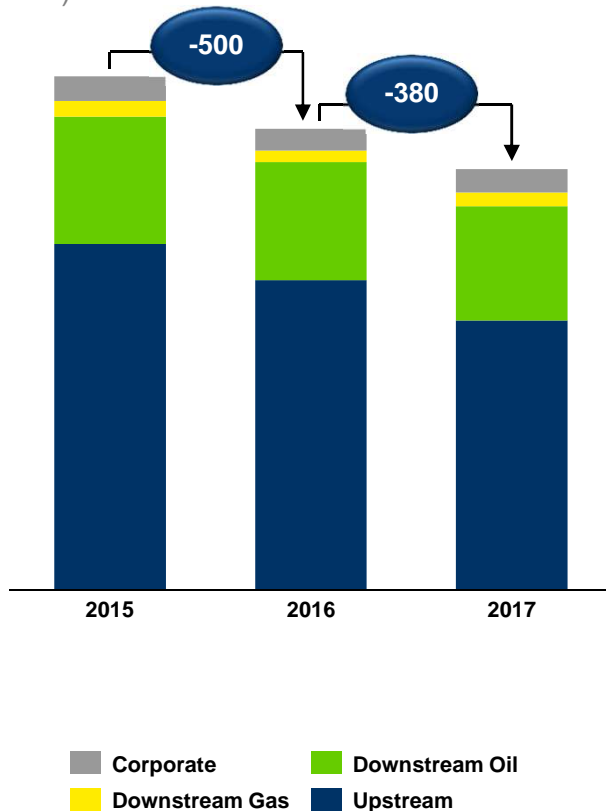
- ▶ Upstream 2015-2017: lower personnel, material and services costs
- ▶ Downstream result² 2.7 times higher during depressed oil price period

¹ Clean CCS Operating Result Corporate & Other and Consolidation; ² Average Downstream Clean CCS Operating Result in 2015-2017 compared to 2012-2014

Cost efficiency and operational excellence

Total operating cost¹

(RON mn)



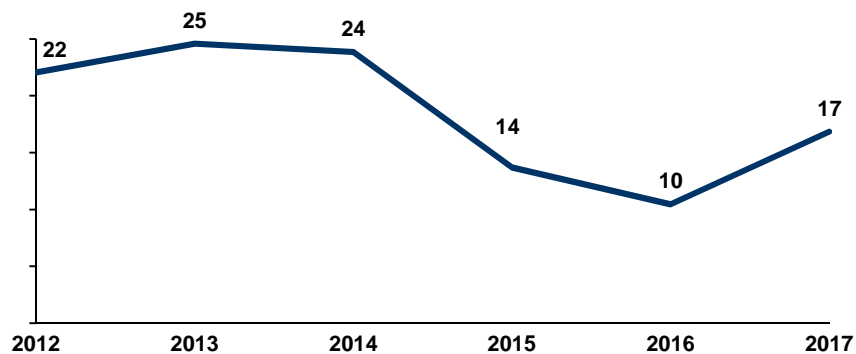
Key drivers 2017 vs. 2015

- ▶ **Upstream** cost base reduced by 22%
- ▶ **Downstream Direct Cash Costs:** reduced maintenance costs, energy efficiency improvements and 3rd party contracts renegotiation, -11%
- ▶ **Corporate Costs:** cutback of advertising and IT cost, -6%
- ▶ **Headcount:** further downsized, -14%

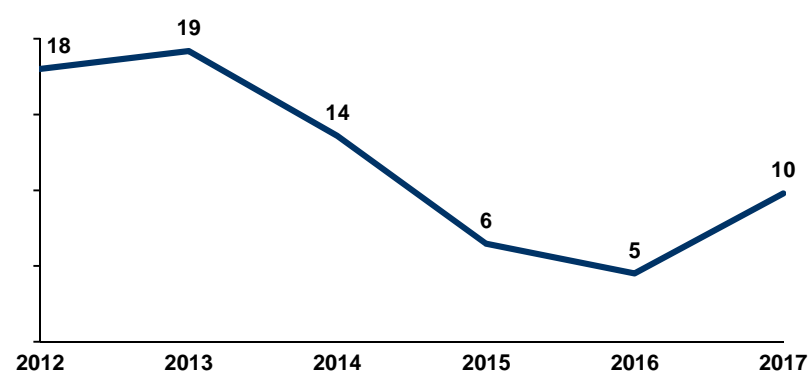
¹ On comparable basis with 2015

Turning efficiency savings into cash flow...

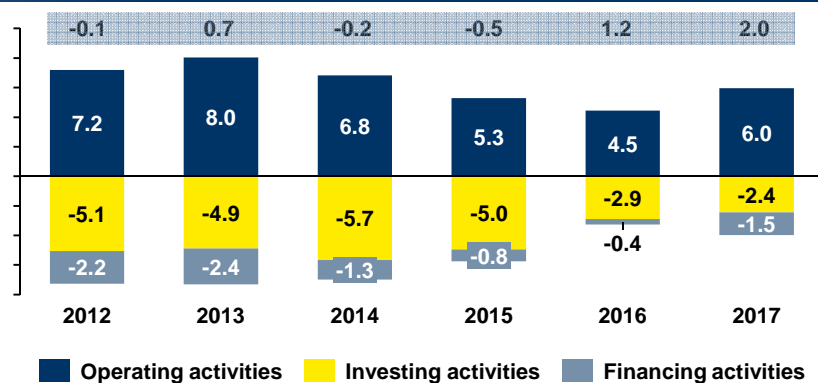
Clean CCS Operating Result margin¹ (%)



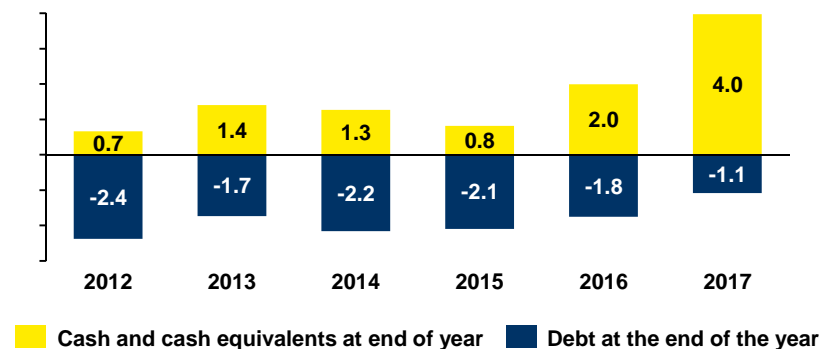
Clean CCS ROACE (%)



Cash flow (RON bn)



Net cash and Debt (RON bn)

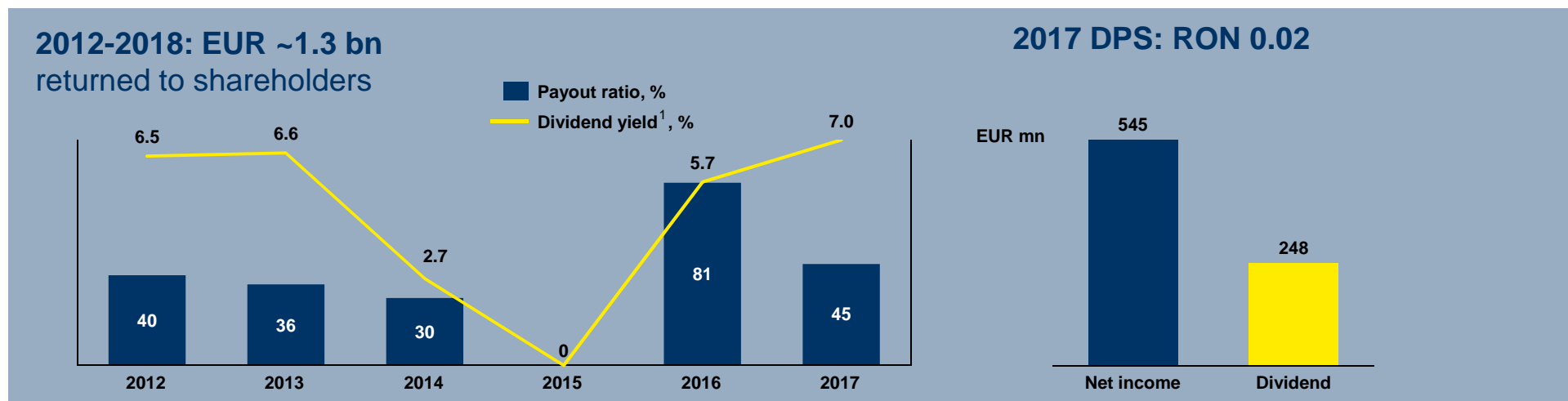


¹ Clean CCS Operating Result / Sales; Sales were restated to reflect the new Income Statement structure

...and cash flow into returns to shareholders

New Dividend Policy

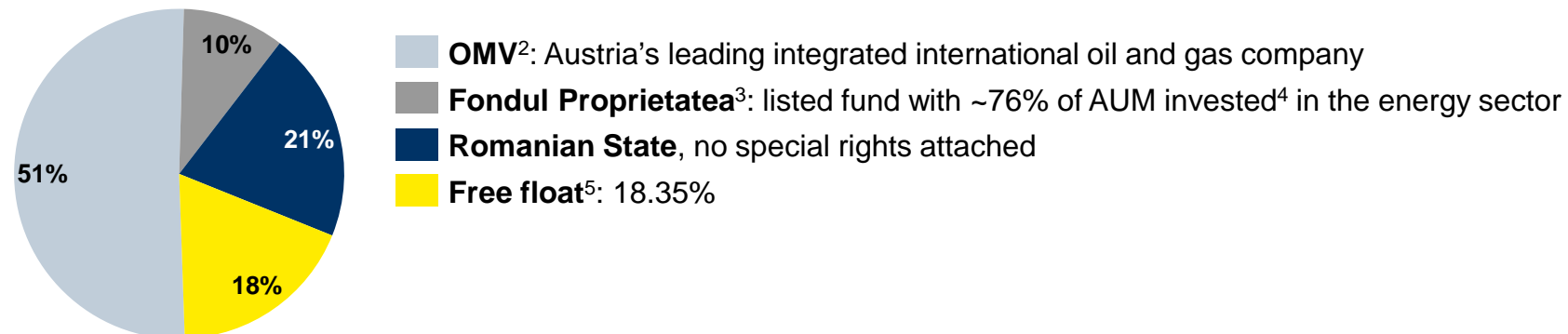
OMV Petrom S.A. is committed to deliver a competitive shareholder return throughout the business cycle, including paying a progressive dividend. We aim to increase our dividend each year or at least maintain it at the previous year's level, in line with the financial performance and investment needs, considering the long term financial health of the Company.



¹ Calculated based on the closing share price as of the last trading day of the respective year

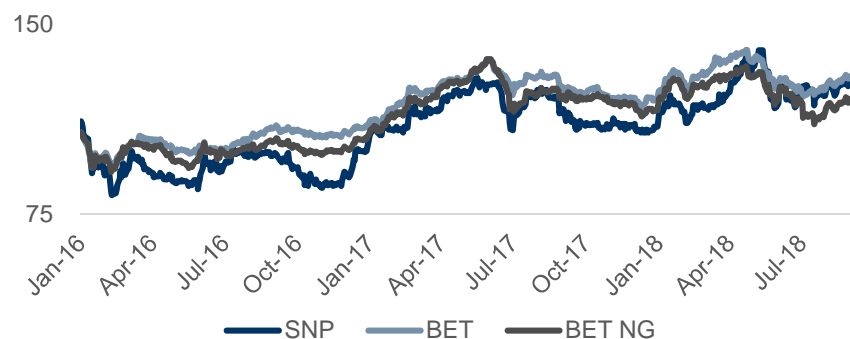
Shareholder structure and capital market environment

OMV Petrom S.A. shareholder structure¹ (%)



Share price performance⁶

Index Jan 2016 = 100



Share information

Bucharest Stock Exchange Symbol	SNP
Ordinary shares	56,644,108,335
London Stock Exchange Symbol	PETB (GDR)
GDRs⁷ outstanding as at end-Aug 2018	719,382

¹ As of June 30, 2018; ² Shareholder since December 2004; ³ Fondul Proprietatea holds 9.9985% of OMV Petrom shares; ⁴ As of end-July, 2018; ⁵ Premium tier on the Bucharest Stock Exchange and main market on the London Stock Exchange; ⁶ Rebased quotations on Bucharest Stock Exchange; ⁷ 1 GDR = 150 ordinary shares

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Strategy 2021+

OMV Petrom's strategic directions 2021+

Attractive shareholder return

**Sustainable
access to
energy
for everyday
modern life**



Enhancing competitiveness

- Highest integration value
- Operational excellence
- Improved recovery
- Streamlined producing portfolio



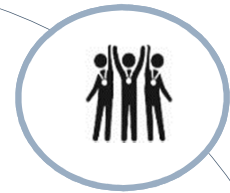
Developing growth options

- 100% Reserves Replacement Rate
- Exploration portfolio
- Enhanced offer
- Customer experience
- Technological opportunities



Regional expansion

- Selective investments
- Regional gas player



First progress towards achieving strategic objectives

2017 highlights

Enhancing competitiveness



- Drilling campaign ramped-up
- Operational efficiency increased
- Costs optimized
- Portfolio streamlining initiated

Developing growth options



- Development concept selected for Neptun¹
- Moving towards higher value product mix
- Developing retail offer

Regional expansion



- Opportunities in selected areas screened

Strong performance and attractive return

- **9.8%** Clean CCS ROACE
- **EUR 584 mn** FCF after dividends
- **33%** yoy dividend growth
- **6.8%** increase in share price²

¹ Development subject to confirmation of commercial viability; ² share price as of December 29, 2017 compared with share price as of December 30, 2016, adjusted for EUR/RON exchange rate

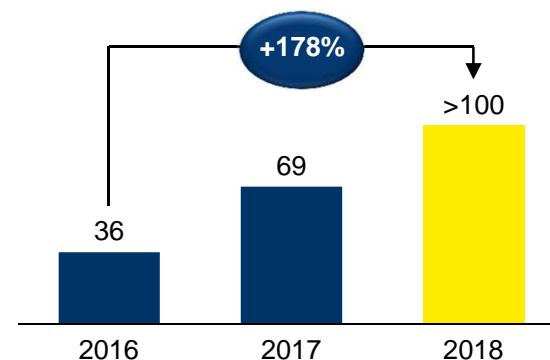
Upstream: maximize economic recovery to realize the potential of our current assets



Highlights 2017

- ▶ Drilling activities ramped-up, 14 drilling rigs being active in December 2017
- ▶ Over 1,000 workover jobs performed in 2017
- ▶ Field Development Totea Deep and FRD¹ Lebada East fully operational at the end of 2017
- ▶ First gas through Madulari gas treatment plant

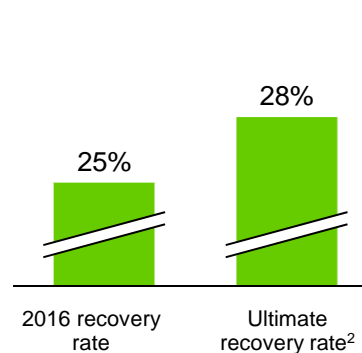
No. of drilled wells



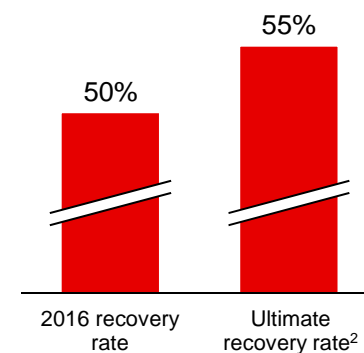
Going forward

- ▶ Mature 100 mn boe from resources into reserves, excluding deep water
- ▶ Drill 100 - 150 new development wells per year
- ▶ Maintain high workover activity mitigating natural decline

Oil recovery rate



Gas recovery rate



¹ Field Redevelopment; ² Life of field including strategic ambitions

Upstream: streamline producing asset portfolio to focus on most profitable barrels



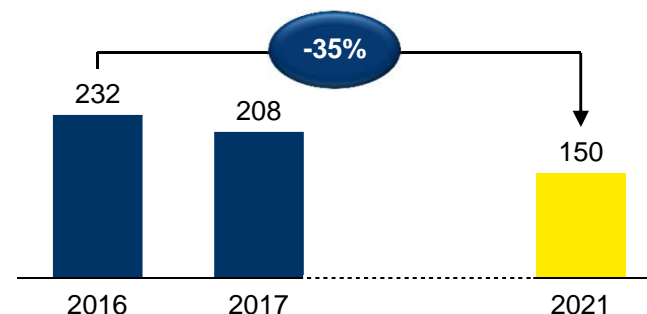
Highlights 2017

- ▶ 5 commercial fields relinquished
- ▶ Mazarine transaction finalized, 19 marginal fields divested
- ▶ New round of divestment initiated

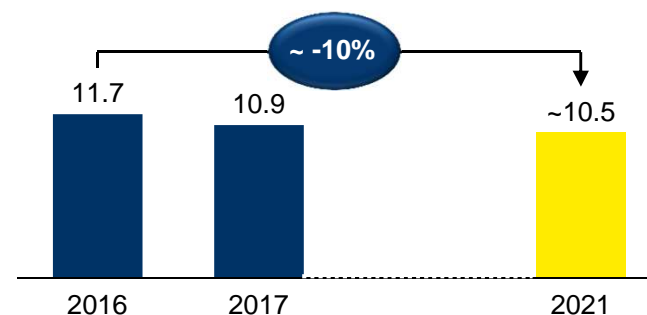
Going forward

- ▶ Simplify footprint and reduce complexity, approx. 50-60 fields to be divested
- ▶ Expect production loss of up to 6 kboe/day
- ▶ Focus on value over volume

Footprint development (no. of fields)



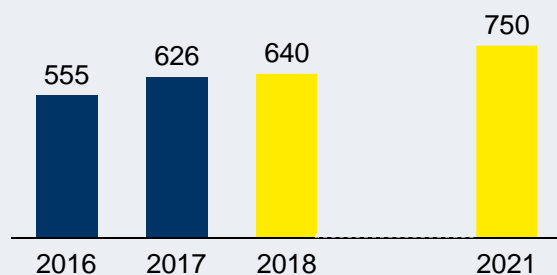
Unit cost development (USD/boe)



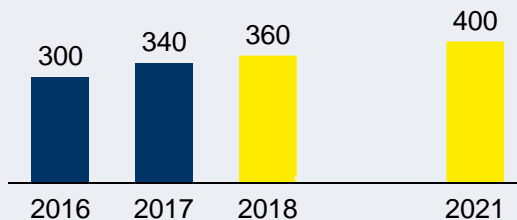
Upstream: continued operational excellence



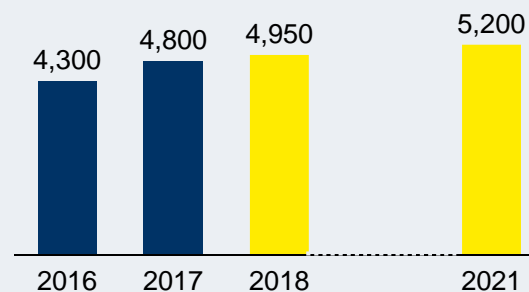
Increased MTBF¹
(days)



Modernized facilities
(no. of modernized facilities²)



Automated wells³
(no. of automated wells)



Going forward

- ▶ Maintain competitive cost base
- ▶ Be committed to operational excellence
- ▶ Increase degree of automation and digitalization
- ▶ Modernize and simplify facilities
- ▶ Implement cost savings initiatives



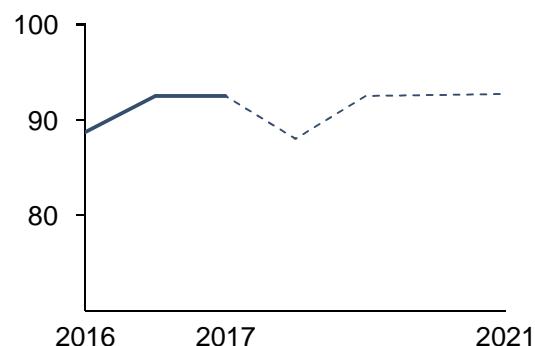
¹ Mean time between failures; ² all numbers are rounded; ³ oil and gas producing and water injection wells



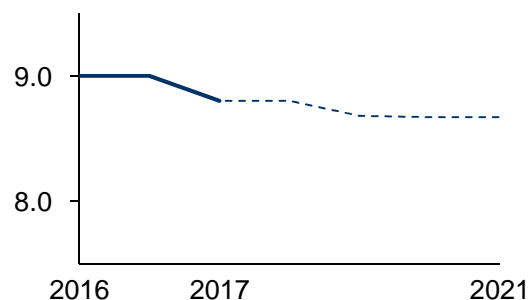
Downstream Oil: high level of performance

Refining

Utilization rate (%)



Fuels and losses (%)



Going forward

- ▶ Focus on operational excellence
- ▶ Improve refinery operations to international benchmarks
- ▶ Maintain cost discipline
- ▶ 4-year turnaround cycle starting 2018
- ▶ Implement digital technologies in refinery to automate processes for maintenance and operations
- ▶ Conclude modernization of fuel storage network by finalizing Arad depot

Fuel storage network

2005



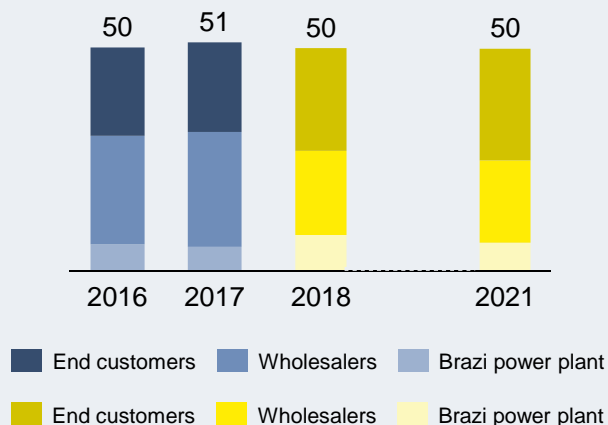
2017



Downstream Gas: consolidate leading position in Romanian gas market



Stable gas sales (TWh)



Capture the highest integrated gas and power value

- ▶ 150 new end customers added to the portfolio with 1.6 TWh gas and power sales in 2017
- ▶ Net electrical output of 2.6 TWh for Brazi power plant despite its limited availability in 2017

Optimize business portfolio. Focus on core activities

- ▶ Dorobantu Wind park divested



Going forward

- ▶ Enhance offer and customer experience
- ▶ Improve agility, automate processes
- ▶ Be the supplier of choice for the large industrial gas consumers
- ▶ Maximize availability of Brazi power plant



Upstream: Neptun Deep opportunity, the most important growth option



- ▶ OMV Petrom (50%), ExxonMobil (50%, Operator)
- ▶ First exploration drilling campaign in 2011 – 2012
 - ▶ Domino-1 well gas discovery: a play opener
- ▶ Two seismic acquisition campaigns: 2009; 2012 – 2013
- ▶ Second exploration drilling campaign 2014 - 2016
 - ▶ Seven wells drilled; most of them encountered gas
 - ▶ Successful well test of Domino structure
- ▶ Matured through concept selection phase
- ▶ Potential FID^{1,2} by end of 2018
- ▶ Key contributor to RRR³ target²

¹ Final Investment Decision; ² If commercially viable; ³ Reserves Replacement Rate

Downstream Oil: growth and technological opportunities in refining



Polyfuel project

- ▶ Increase output of high-demand and high-value products
- ▶ Total investment estimated at approx. EUR 60 mn
- ▶ Construction started in 2017
- ▶ Fully operational in 2019

Explore technological opportunities capitalizing on skills and assets in Petrobrás

- ▶ 100 kt aromatics exploit capacity
- ▶ Evaluate petrochemical potential

Downstream Oil: enhance offer and customer experience in retail



Secure strong positioning on the retail market by clearly differentiating two brands



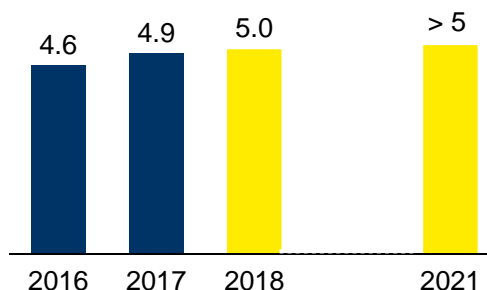
Value for money

Diversification of the services offered

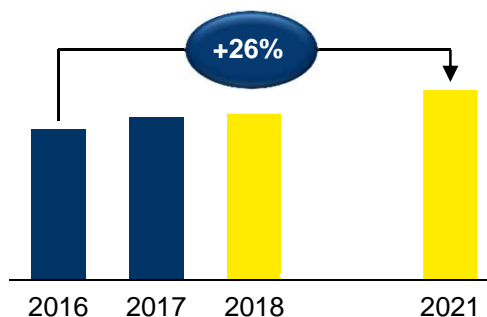
- Strategic partnerships and programs generating additional benefits and increasing customer loyalty
- Auchan: 15 convenience stores in pilot phase
- Subway: 9 locations opened, 4 locations planned
- Ford: newly produced cars supplied with Petrom fuels



Increase throughput per filling station in Romania (mn l)



Non-oil Business sales



High quality leader

We care more

- OMV MaxxMotion quality-differentiating fuels
- “VIVA” experience - refreshed gastro concept
- Environmentally friendly car wash services
- Additional services (e.g. banking)

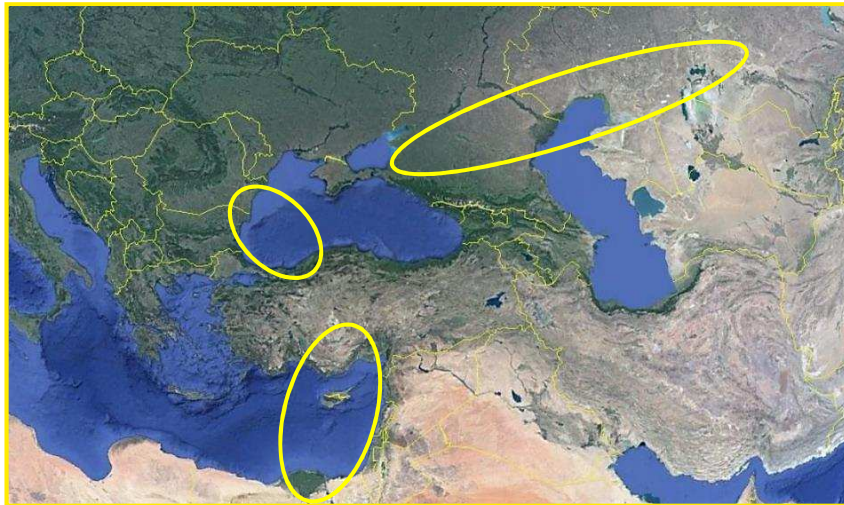


Regional expansion to complement portfolio



Leverage our local know-how

Upstream



- ▶ Capture synergies with existing operations
- ▶ ~80 mn boe reserves targeted from near-term acquisitions
- ▶ Prioritise Caspian and Western Black Sea

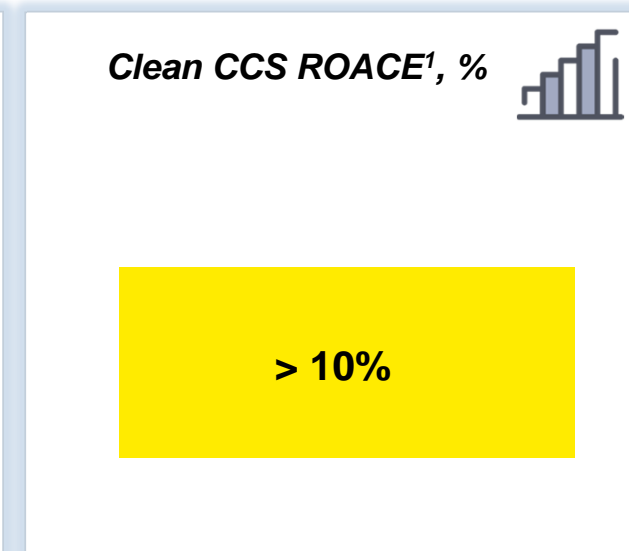
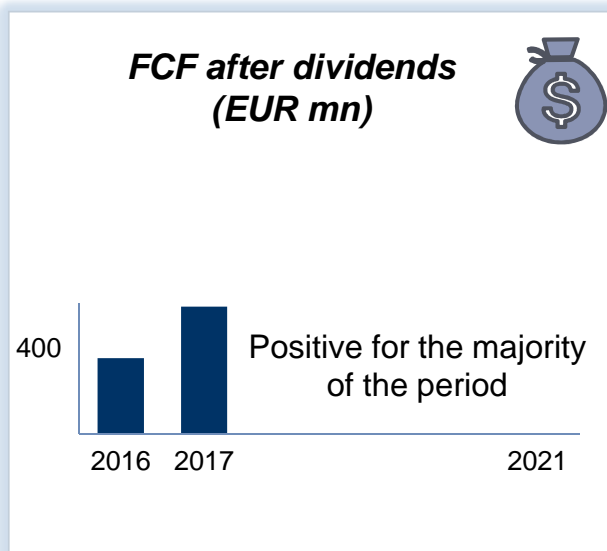
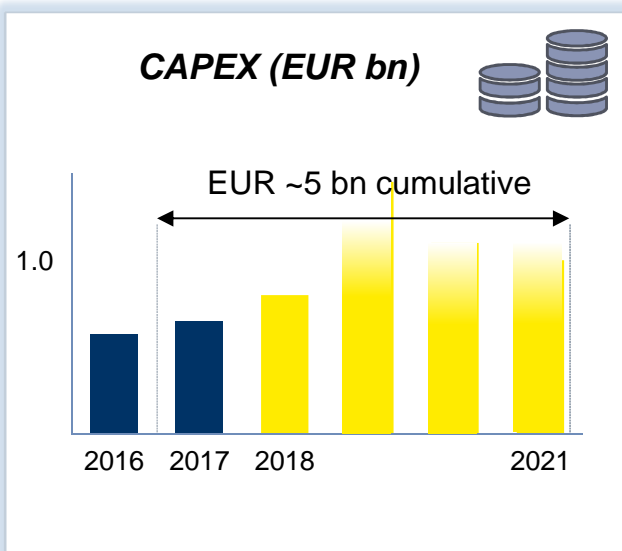
Downstream Gas



- ▶ Diversify sales channels for current production (subject to interconnectors' development)
- ▶ Grow regionally with Neptun¹ volumes monetization

¹ if commercially viable

2021 Clear targets sustained by high investments

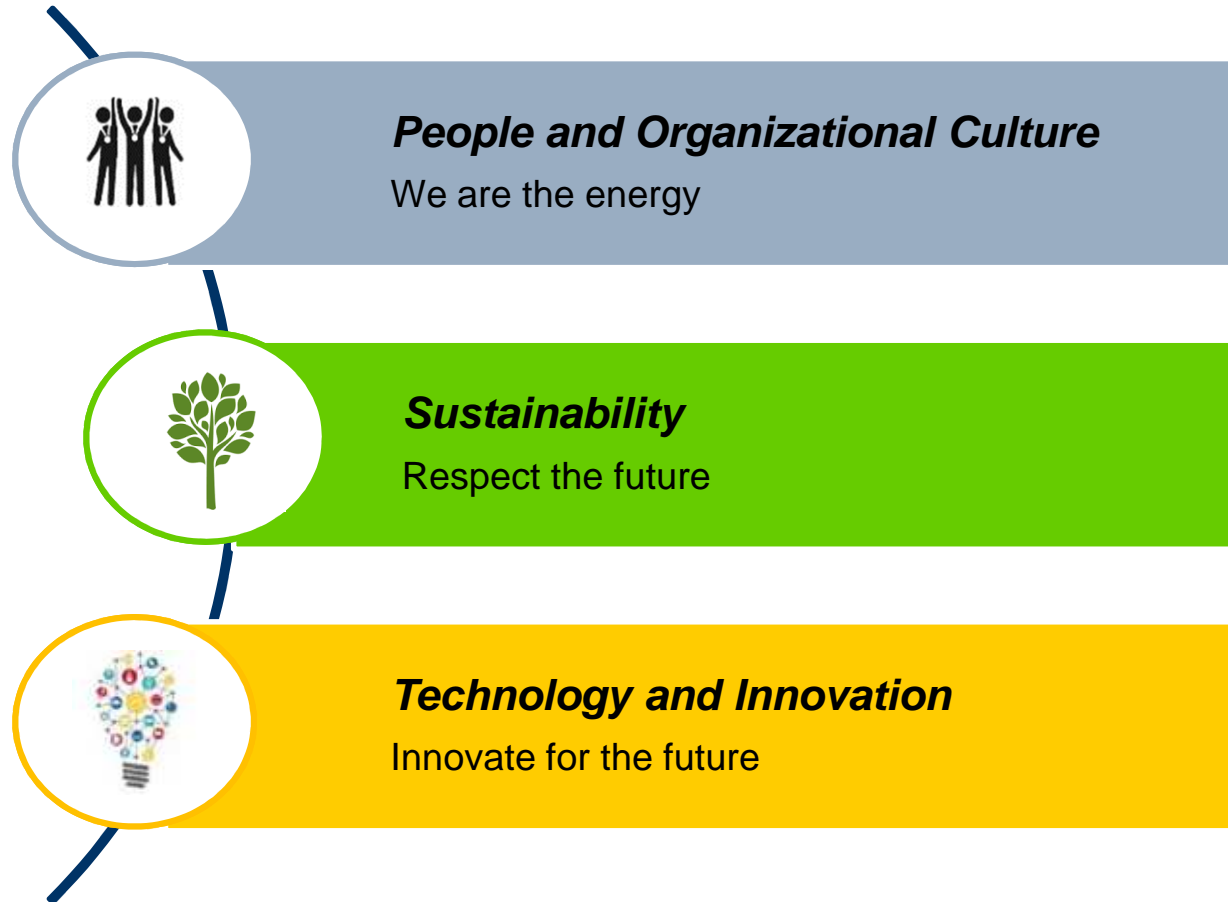


Strong net cash position supporting Neptun Deep and regional expansion investments as well as an attractive dividend



¹ Clean Current Cost of Supply Return on Average Capital Employed

Success built on three core strategic enablers



People and Organizational Culture at the core of our strategy



Long-term sustainability of our business and value for the stakeholders



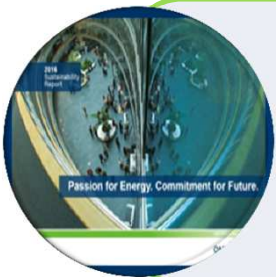
Environment & Eco-Efficiency: Manage carbon emissions sustainably

- ▶ ~6% reduction of GHG intensity in 2017 vs. 2016
- ▶ 4% reduction of flaring and venting in 2017 vs. 2016; **Zero routine flaring and venting by 2030**
- ▶ **“Zero harm-no losses”** HSSE culture of excellence by 2020



Social Responsibility: 10 years of responsibility for Romania

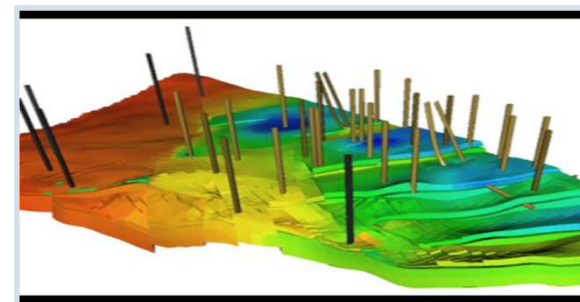
- ▶ **“Andrei’s Country”** social project inspiring Romanian communities
- ▶ **“Vocational Romania”** part of the presidential platform “Educated Romania” supporting vocational education
- ▶ **Golden Award for Excellence** at the Romanian PR Awards
- ▶ **“Best corporate citizen”** in the Romanian energy industry at Energynomics Awards



Sustainability Reporting: Improvement towards highest standards

- ▶ 2016 Sustainability Report published under Global Reporting Initiative (GRI) G4 guidelines
- ▶ 2017 Sustainability Report published under Directive 2004/95/EU and GRI Standard guidelines

Technology and Innovation for a sustainable future and valuable customer experience



Upstream	<ul style="list-style-type: none"> ▶ Digital Oil Field - well automation and online condition monitoring ▶ Standardized NarrowBand-Internet of Things (NB-IoT) - connectivity for the wells located in isolated areas ▶ Production automated forecasting - improved process and data availability 	COMPETITIVENESS AGILE ORGANIZATION NEW GROWTH OPTIONS
Downstream	<ul style="list-style-type: none"> ▶ Predictive technologies - electronic coordination and management of the maintenance and operations processes ▶ Predictive analysis solutions - patterns of the customer behavior ▶ Smart Apps - automated self-service interface for customers and partners 	
Group	<ul style="list-style-type: none"> ▶ Digitalized and automated processes 	

Our path to long-term success





Q2/18 and 6m/18 Results review

Key messages Q2/18

Financial performance



Operating Cash Flow
RON 1.4 mn



Clean CCS Operating result
RON 735 mn



Clean CCS ROACE
9.5%

Operational drivers



Production 160 kboe/d, -5% yoy
OPEX USD 11.7/boe, +12% yoy



Petrobrazil turnaround successfully completed
Retail sales volumes +1% yoy; non-retail sales volumes -26% yoy



Gas sales volumes -11% yoy
Higher net electrical output

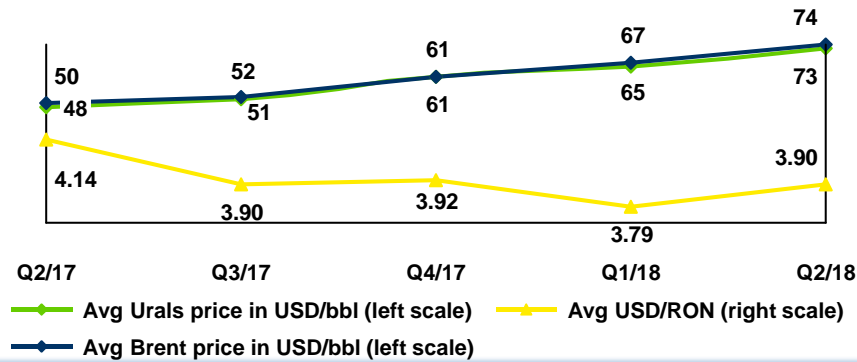
HSSE

LTIR¹ 6m/18: 0.34
12-month rolling average LTIR¹ below industry benchmark

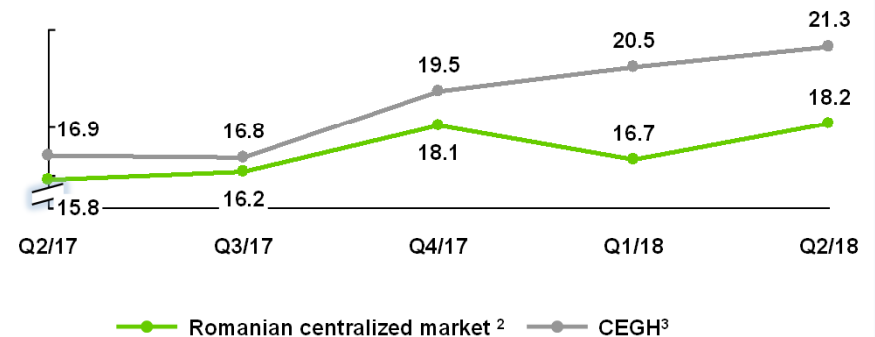
¹ Lost time injury rate (employees and contractors) for OMV Petrom Group

Economic environment

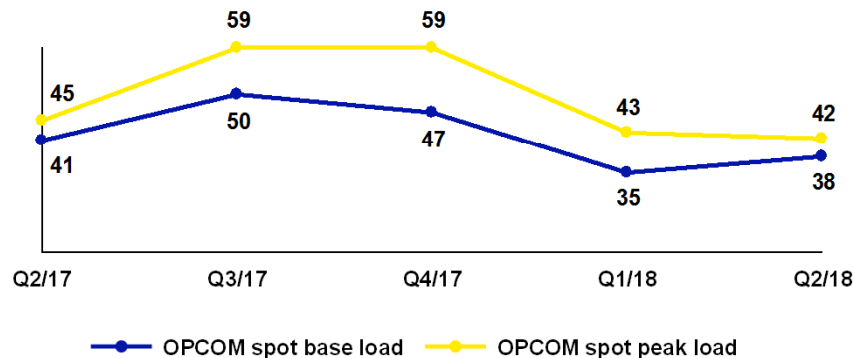
Oil price (USD/bbl)



Gas prices¹ (EUR/MWh)



Power prices in Romania¹ (EUR/MWh)



Romania

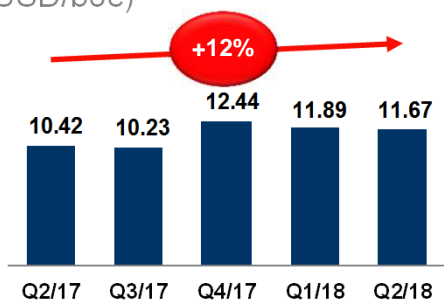
- **GDP growth⁴** Q2/18: 4.2% yoy; **CPI⁴**: June 18/June 17 +5.4%; Q2/18 +1.03%
- **Demand Q2/18 yoy**: Fuels⁵ +1.7%; Gas⁶ -9%; Power⁷ +1%
- **Offshore Law**
- **Energy Law amended**

¹ Prices estimated by OMV Petrom based on available public information; the prices in EUR/MWh are translated at the NBR average RON/EUR rate; ² All transactions concluded in the respective quarter, irrespective of delivery period and product type; ³ Day-ahead market Central European Gas Hub; ⁴ Romanian National Institute of Statistics; ⁵ Fuels refer only to retail diesel and gasoline; OMV Petrom estimates based on Romanian National Institute of Statistics data; ⁶ According to Romanian Energy Regulatory Agency reports until April 2018 and company estimates; ⁷ According to preliminary data available from the grid operator

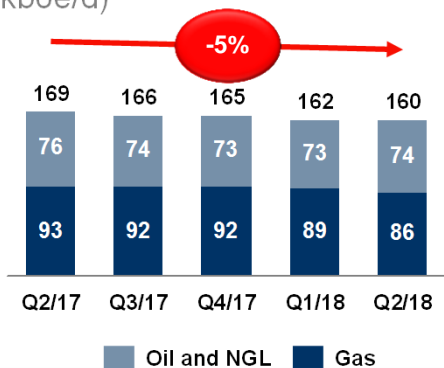
Operational KPIs

Upstream

OPEX (USD/boe)

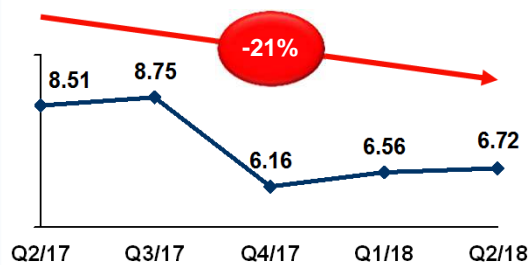


Hydrocarbon production (kboe/d)

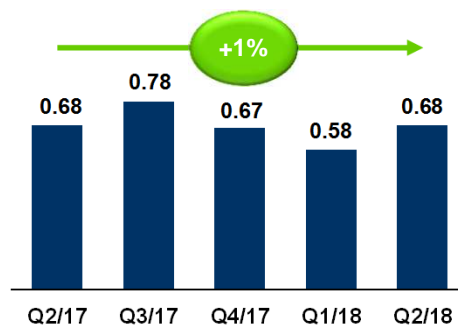


Downstream Oil

OMV Petrom Indicator refining margin (USD/bbl)

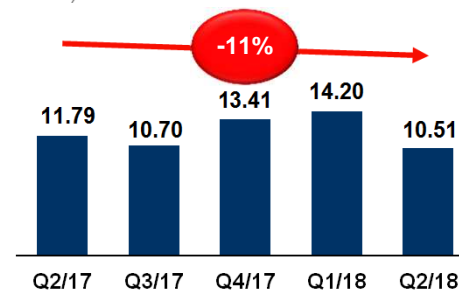


Retail sales volumes (mn t)

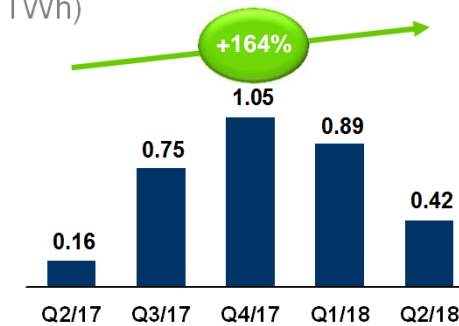


Downstream Gas

Gas sales volumes (TWh)



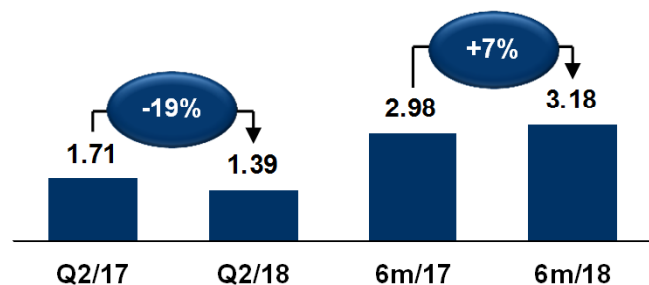
Net electrical output (TWh)



Cash Flow highlights

Operating Cash Flow

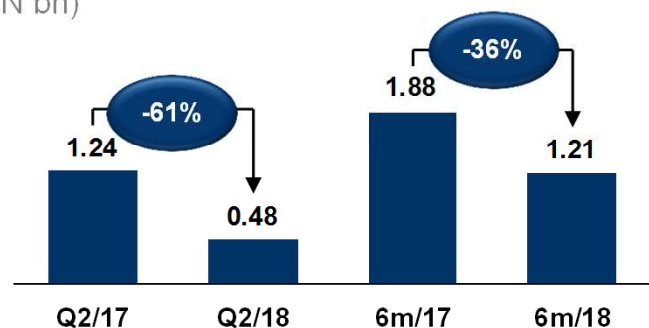
(RON bn)



- ▶ Q2/18 OCF¹ down due to lower Operating Result
- ▶ Q2/18 NWC²: cash outflow RON 76 mn
- ▶ Q2/17 NWC²: cash inflow RON 275 mn

Free Cash Flow

(RON bn)



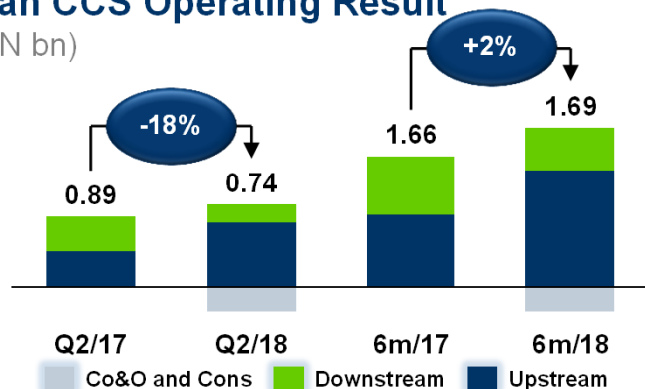
- ▶ Q2/18 CAPEX more than double yoy
- ▶ CFI³ following CAPEX trend
- ▶ Dividends paid in Q2/18: RON 1.1 bn

¹ Operating Cash Flow; ² Net Working Capital; ³ Cash flow from investing activities

Income Statement highlights

Clean CCS Operating Result

(RON bn)

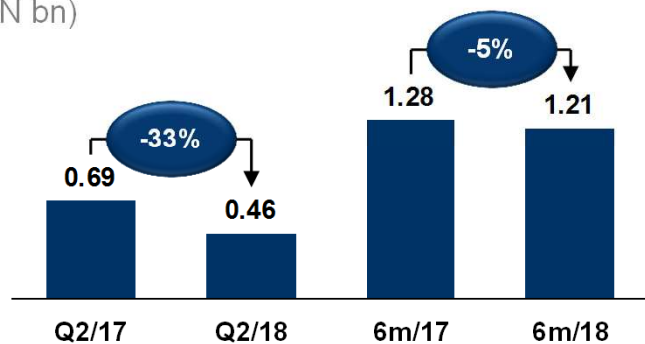


► Clean CCS Operating Result reflects:

- Favorable commodities prices
- Petrobrazili turnaround
- RON 73 mn insurance revenues booked in Q2/17
- Consolidation reflects mainly crude oil stocks due to Petrobrazili turnaround

Clean CCS Net Income¹

(RON bn)

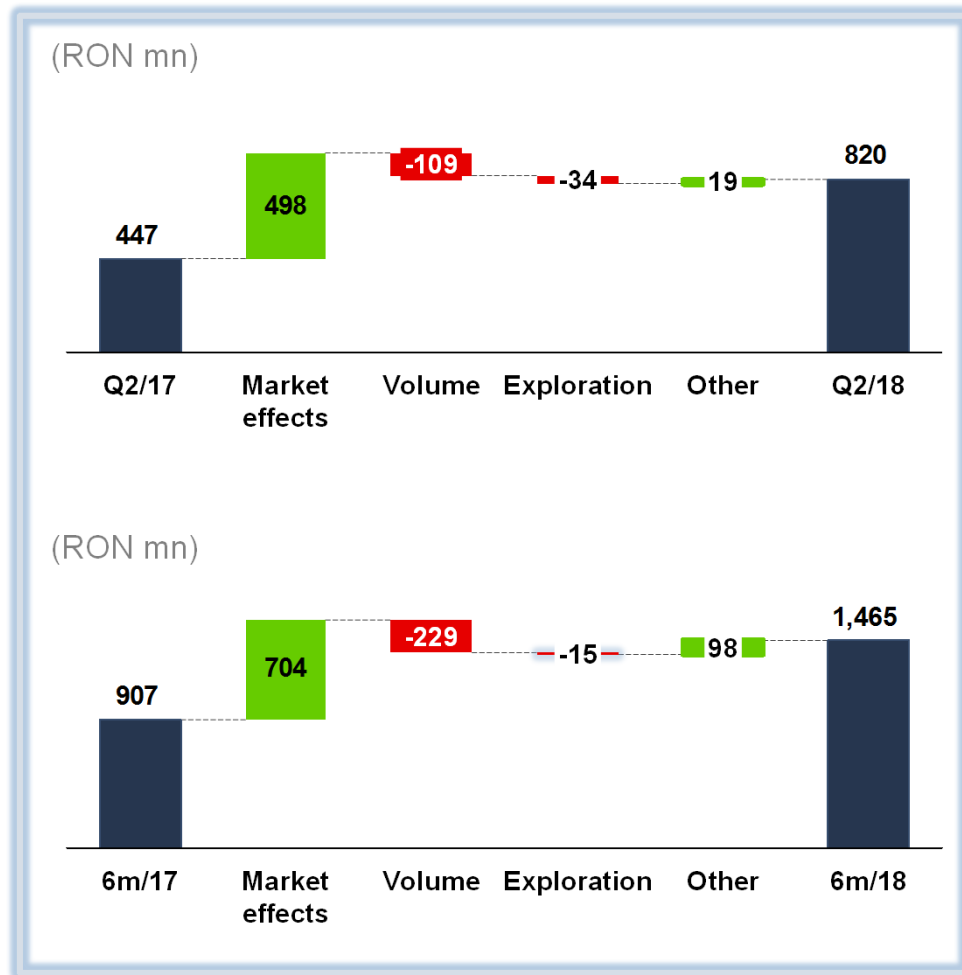


► Clean CCS Net Income lower:

- Higher net financial loss
- Effective tax rate 23% in Q2/18 (17% in Q2/17)

¹ Attributable to stockholders of the parent

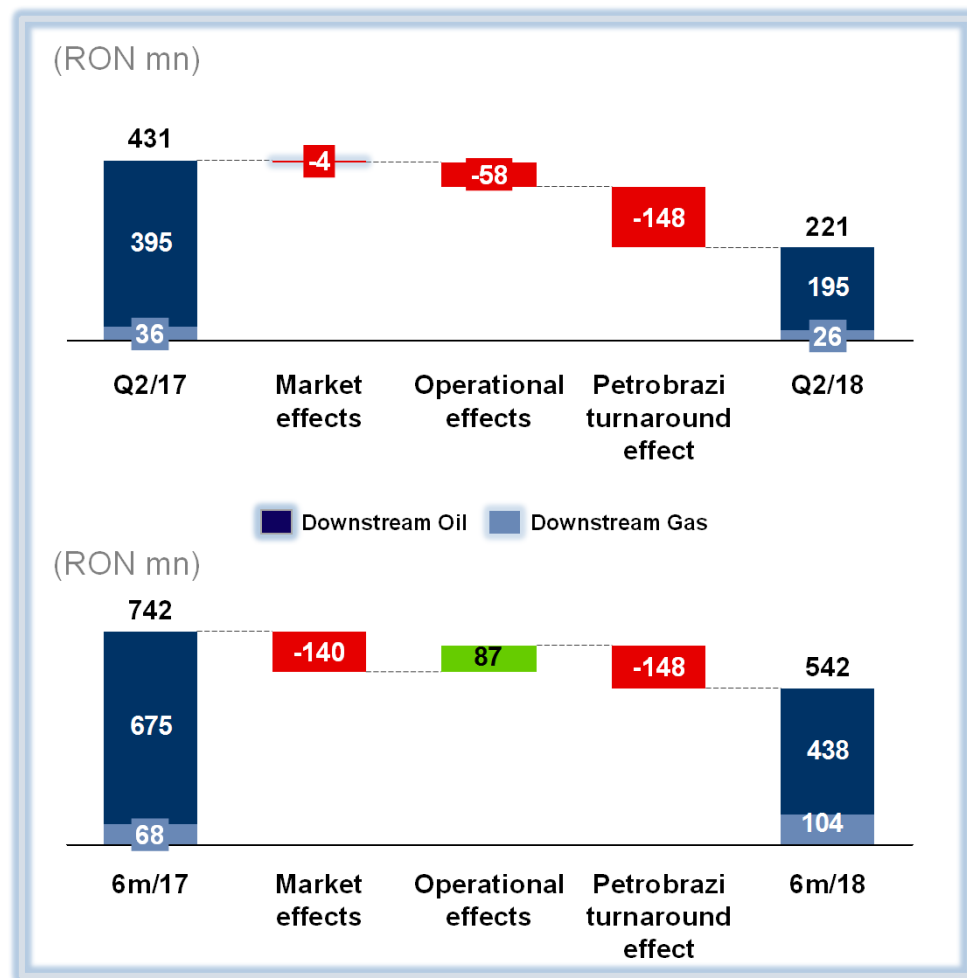
Upstream Clean Operating Result



- ↑
 - ▶ Higher realized oil prices
 - ▶ Lower total production costs

- ↓
 - ▶ Negative FX development
 - ▶ Sales volumes -6%
 - ▶ Higher exploration expenses

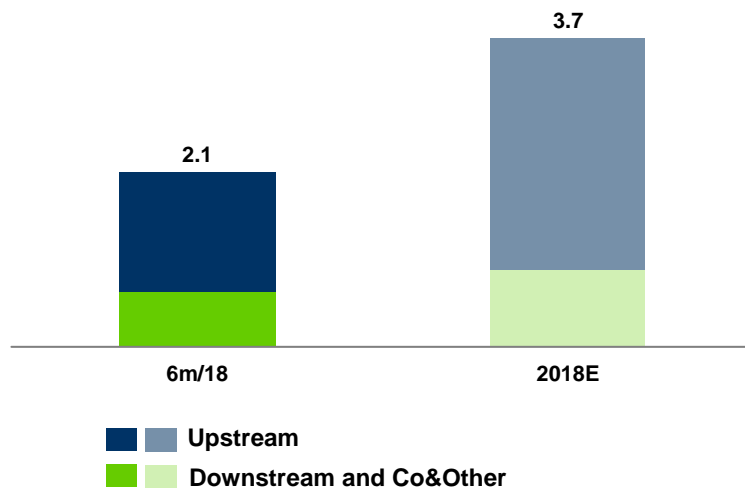
Downstream Clean CCS Operating Result



- Higher Brazi power plant availability
- Positive realized contribution from forward contracts
- Lower refining margins
- Lower refined product sales due to Petrobrazzi turnaround
- Lower spark spreads
- Lower gas sales volumes
- 2017 included RON 73 mn insurance revenues

CAPEX and E&A

Group CAPEX incl. capitalized E&A (RON bn)



CAPEX incl. capitalized E&A

- ▶ **6m/18** at RON 2.1 bn:
 - ▶ 45 new wells and sidetracks drilled
 - ▶ ~470 workovers performed
 - ▶ Refinery turnaround
 - ▶ Brazi power plant partial shut-down
- ▶ **2018E maintained** at RON 3.7 bn:
 - ▶ Drilling >100 development wells and sidetracks
 - ▶ ~1,000 workovers
 - ▶ Polyfuel project

E&A expenditure

- ▶ 3 wells spudded in 6m/18
- ▶ 3 wells in testing
- ▶ 2018E exploration expenditure RON ~460 mn

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Outlook 2018

Outlook 2018

Indicators	Actual 2017	Assumptions/Targets 2018
Brent oil price	USD 54/bbl	USD 70/bbl (previous: USD 68/bbl)
Refining margin	USD 7.75/bbl	<USD 7.75/bbl
Production	168 kboe/d	~ -4% yoy ¹
CAPEX	RON 3.0 bn	RON 3.7 bn
FCF after dividends	RON 2.7 bn	positive

¹ Not including portfolio optimization initiatives

Sensitivities in 2018

OMV Petrom Group main sensitivities		Operating Result impact
Brent oil price	USD +1/bbl	EUR +20 mn
OMV Petrom indicator refining margin	USD +1/bbl	EUR +24 mn
Exchange rates (EUR/USD)	USD appreciation by 5 USD cents	EUR +46 mn

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FY17 Results review

Key messages 2017



Free cash flow of RON 2.7 bn
after RON 0.8 bn **dividend** paid

Clean CCS Operating Result at
RON 3.3 bn

Clean CCS EPS up > 2 times yoy

Dividend: RON 0.02/share, 33%
higher yoy

2017 LTIR¹ at 0.17 (2016: 0.21)



Upstream: production 168
kboe/d, -4% yoy; OPEX USD
10.9/boe, -7% yoy



Downstream Oil: refining
margins USD +0.8/bbl yoy;
retail sales volumes +6% yoy

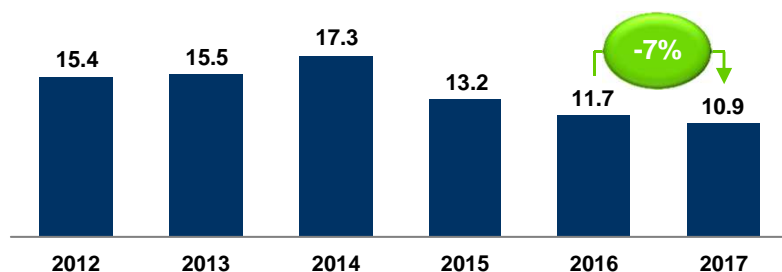


Downstream Gas: gas sales
volumes +2% yoy; net
electrical output: -7% yoy

¹ Lost time injury rate (employees and contractors) for OMV Petrom Group

Upstream KPIs: improved OPEX/boe

OPEX¹ (USD/boe)

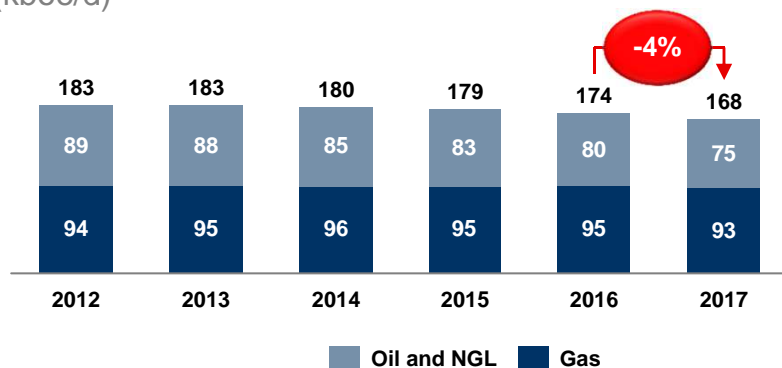


Key drivers 2017 vs. 2016

Improved OPEX, in USD/boe terms, -7%:

- ▶ Abolition of tax on special constructions
- ▶ MTBF 626 days; lower services costs
- ▶ One-off personnel-related expense

Hydrocarbon production (kboe/d)



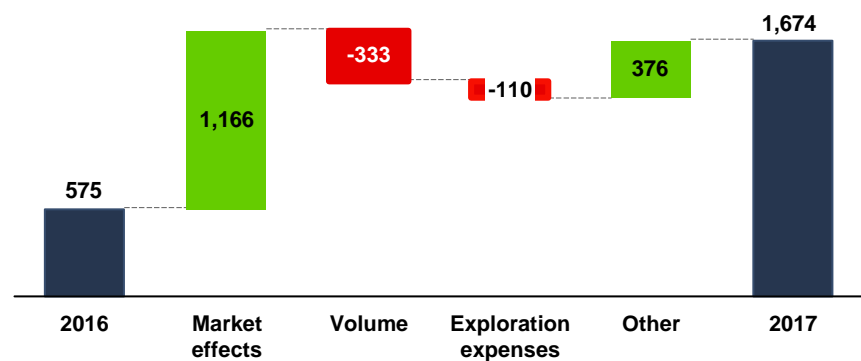
Total Upstream production -4%, due to:

- ▶ Natural decline
- ▶ Maintenance works
- ▶ Interventions at key wells in Kazakhstan
- ▶ Fields divestments
- ▶ Successful workover campaign

¹ OMV Petrom aligned the production cost definition with its industry peers. Administrative expenses and selling and distribution costs are excluded from 2017 onwards. 2016 OPEX figures were re-calculated accordingly.

Upstream Clean Operating Result supported by higher realized prices

Upstream Clean Operating Result (RON mn)

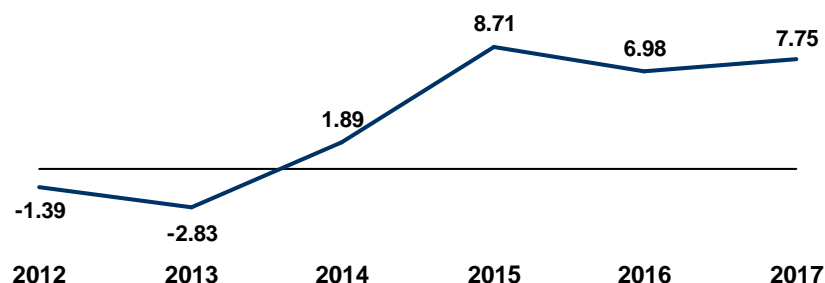


Key drivers 2017 vs. 2016

- ↑ Higher realized oil prices, +29%
- ↑ Decreased production costs and depreciation
- ↓ Sales volumes -3%
- ↓ Higher exploration expenses

Downstream Oil KPIs: strong refining margins and sales

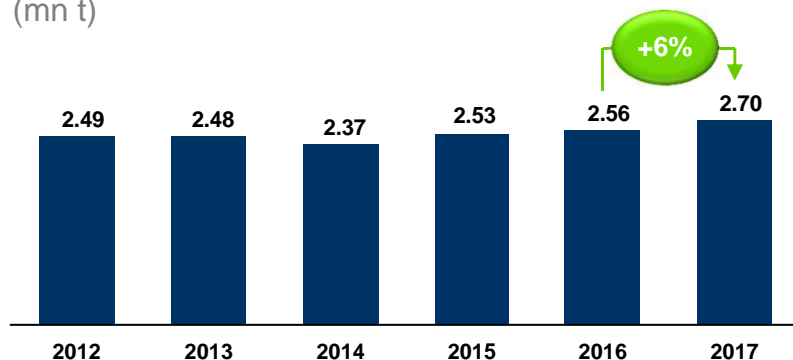
OMV Petrom Indicator refining margin
(USD/bbl)



Key drivers 2017 vs. 2016

- ▶ Strong refining margin, +11% yoy
- ▶ Refinery utilization rate at 93%

Retail sales volumes
(mn t)

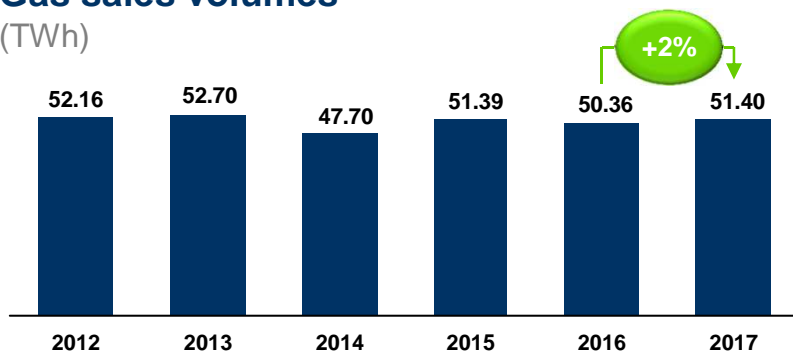


- ▶ Refined product sales up 3% following 2016 turnaround
- ▶ Retail sales up 6% yoy

Downstream Gas KPIs: higher gas sales volumes

Gas sales volumes

(TWh)



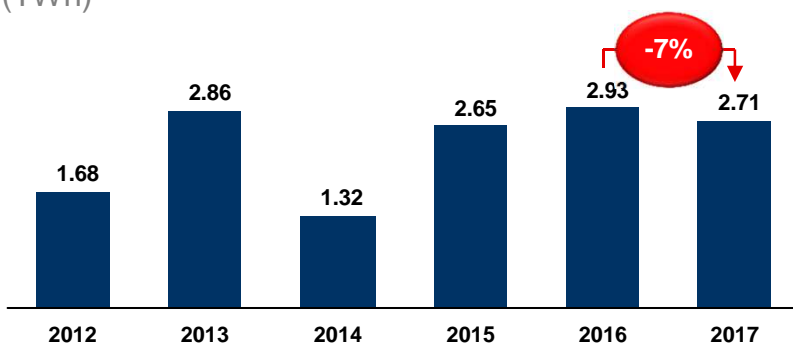
Key drivers 2017 vs. 2016



- ▶ Higher gas volumes, built on sale portfolio optimization

Net electrical output

(TWh)



- ▶ Higher spark spreads supported by baseload prices

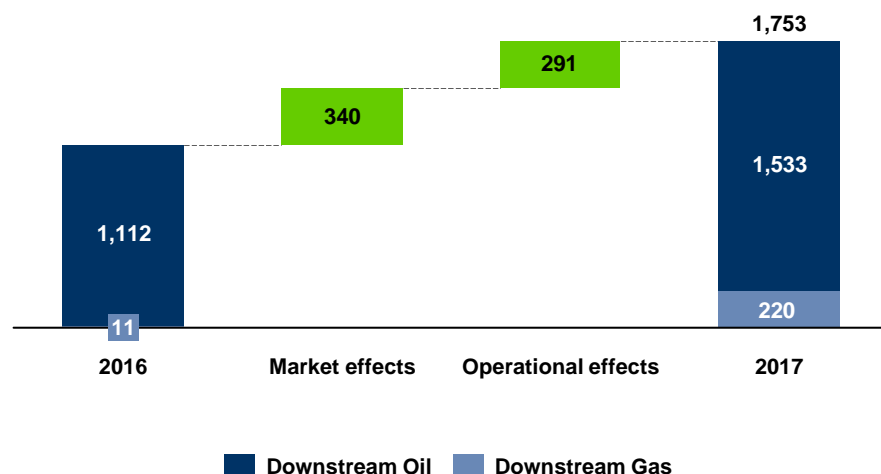


- ▶ Lower net electrical output due to Brazi power plant limited availability

Downstream Clean CCS Operating Result

Improved performance in both segments

Downstream Clean CCS Operating Result
(RON mn)



Key drivers 2017 vs. 2016

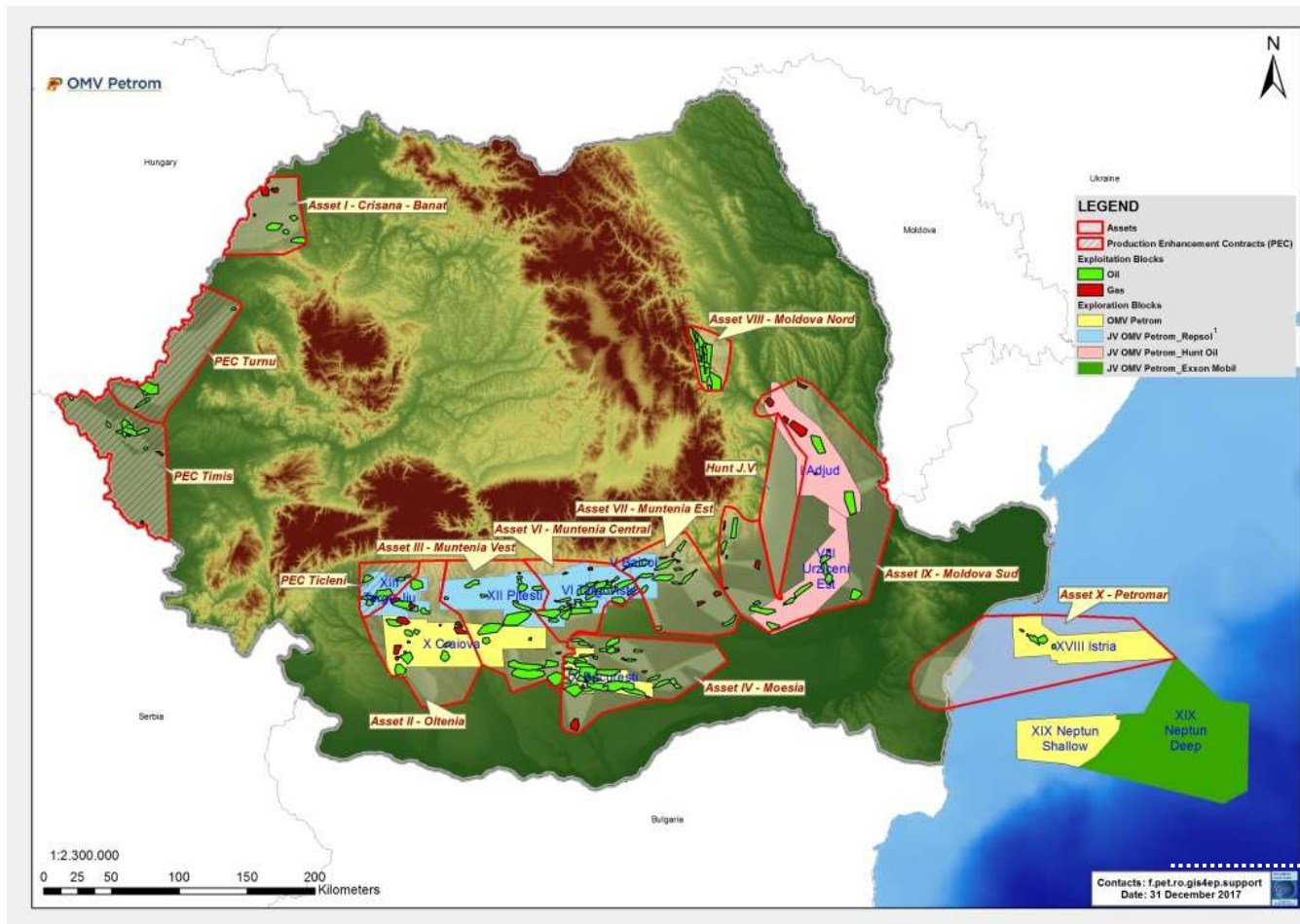
- ▶ Strong refining margins
- ▶ Low base effect from 2016 turnaround
- ▶ Higher retail sales volumes following increase in demand
- ▶ Improved non-oil business contribution
- ▶ Improved performance of both power and gas businesses
- ▶ RON 161 mn insurance revenues related to Brazil power plant, of which RON 137 mn in Clean Operating Result

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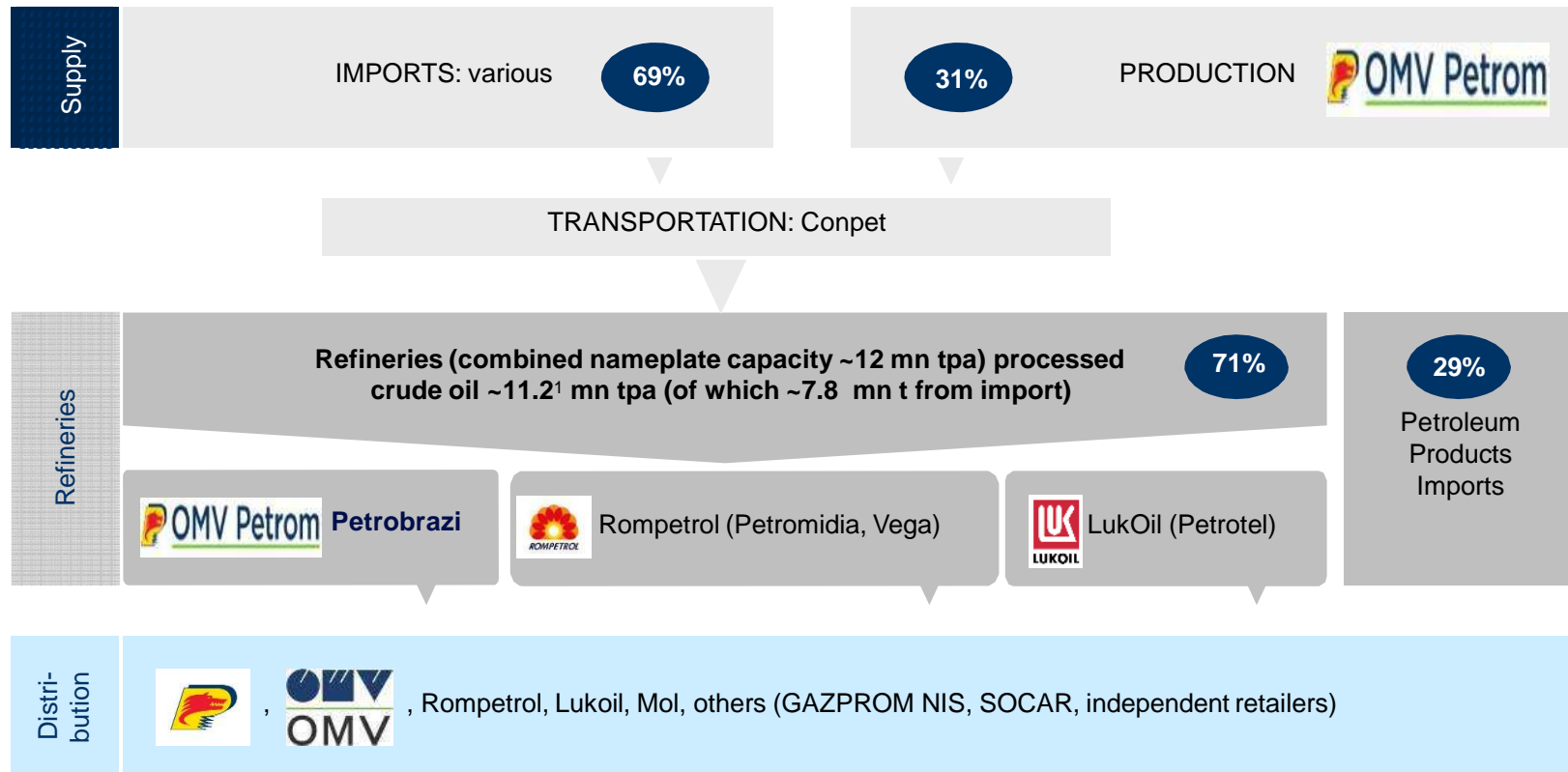
Appendix

Upstream Romania map



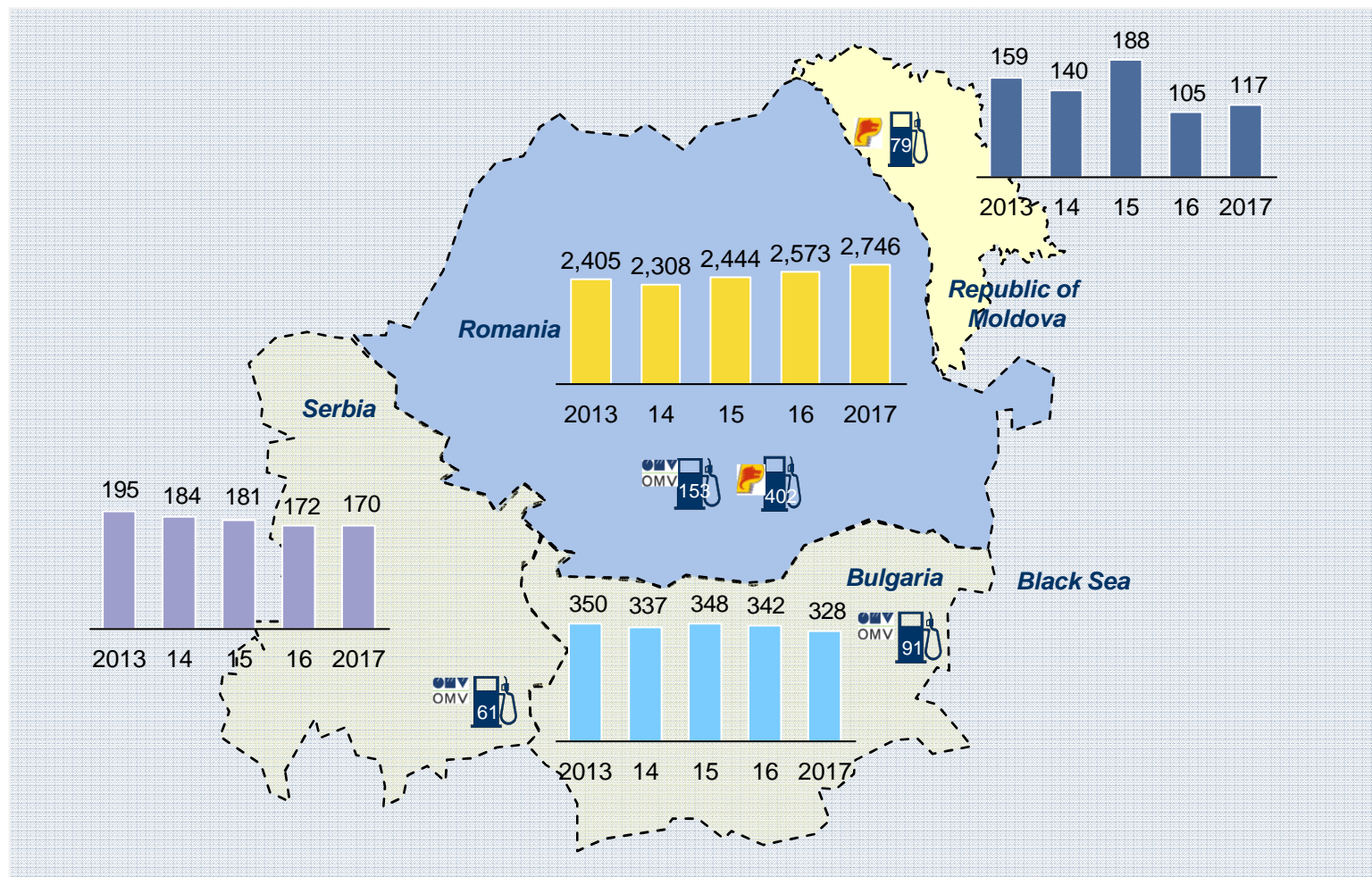
¹ Following the agreement of the parties and subject to NAMR approval, OMV Petrom SA will take over the entire interest in all four joint operating agreements with Repsol.

Romanian oil market overview in 2017

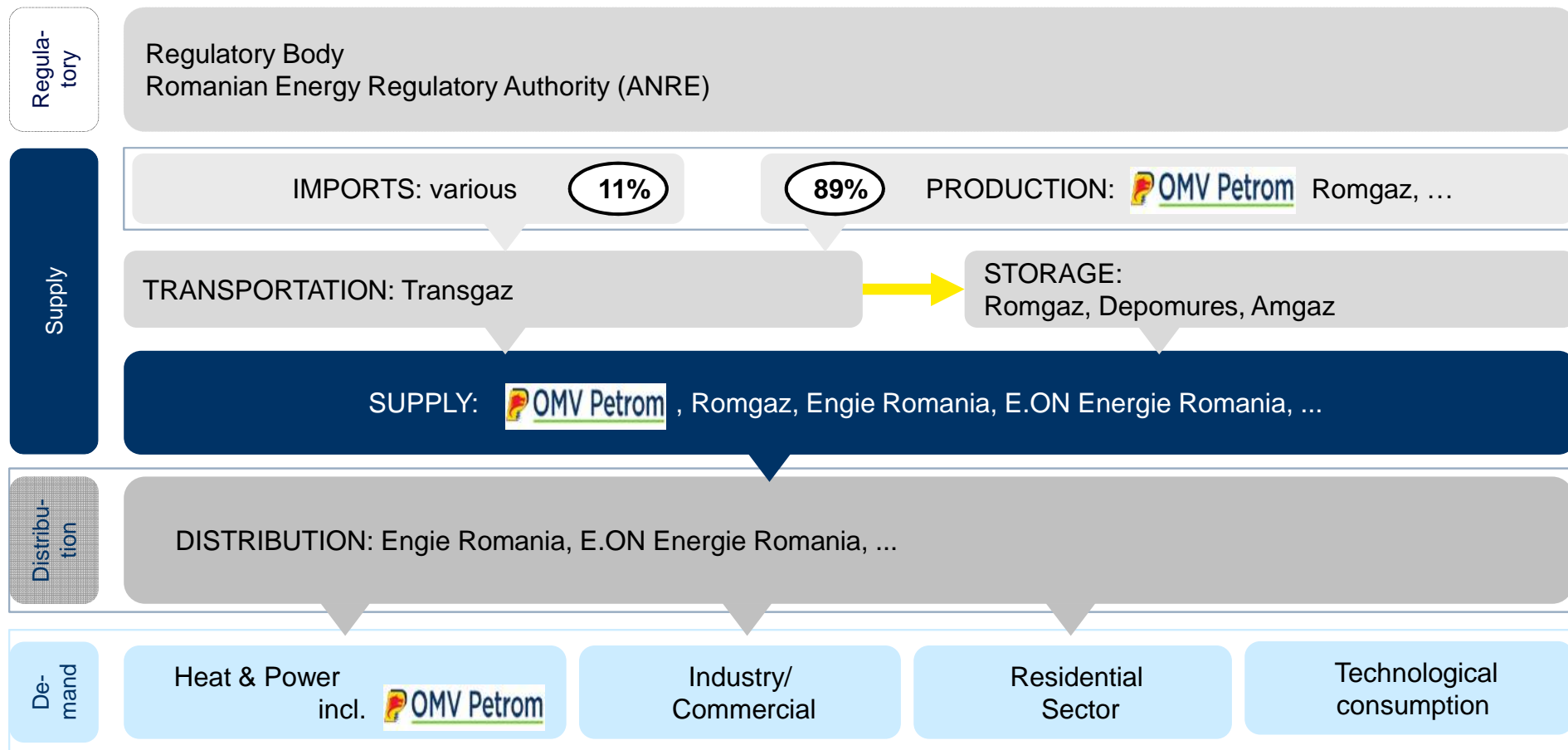


¹ Only crude oil processed (other feedstock not included). Data source: National Institute of Statistics (INS) and OMV Petrom calculations

OMV Petrom Group fuel retail sales (mn l)



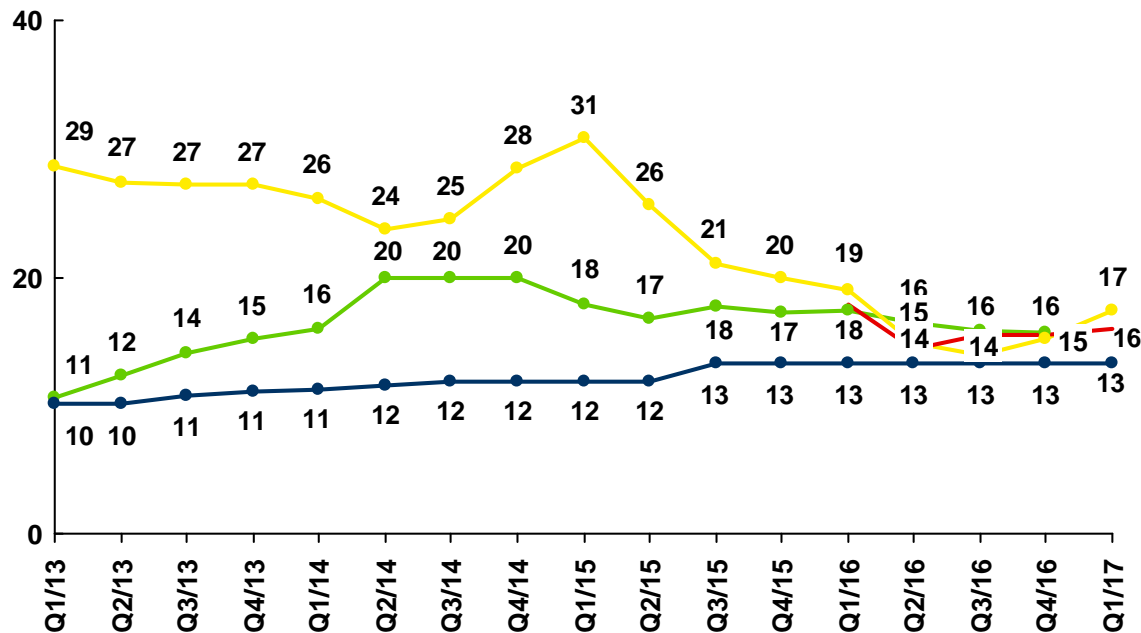
Romanian gas market overview in 2017



Data source: ANRE Monthly Market Monitoring Reports

History of the Romanian gas market liberalization

Gas prices in Romania¹ (EUR/MWh)



- ▶ Producer price for households liberalized since April 2017; end-price for households still regulated
- ▶ Prices for non-households liberalized since January 2015
- ▶ Gas producers and suppliers must sell/buy certain gas quantities via Romanian centralized market
- ▶ Tax⁵ on net additional revenues resulting from domestic gas price liberalization made permanent

- Domestic gas price for non-households²
- Domestic gas price for regulated households
- Import gas price³
- Romanian centralized market gas price⁴

¹ The prices in EUR/MWh are translated at the exchange rate 4.5 RON/EUR;

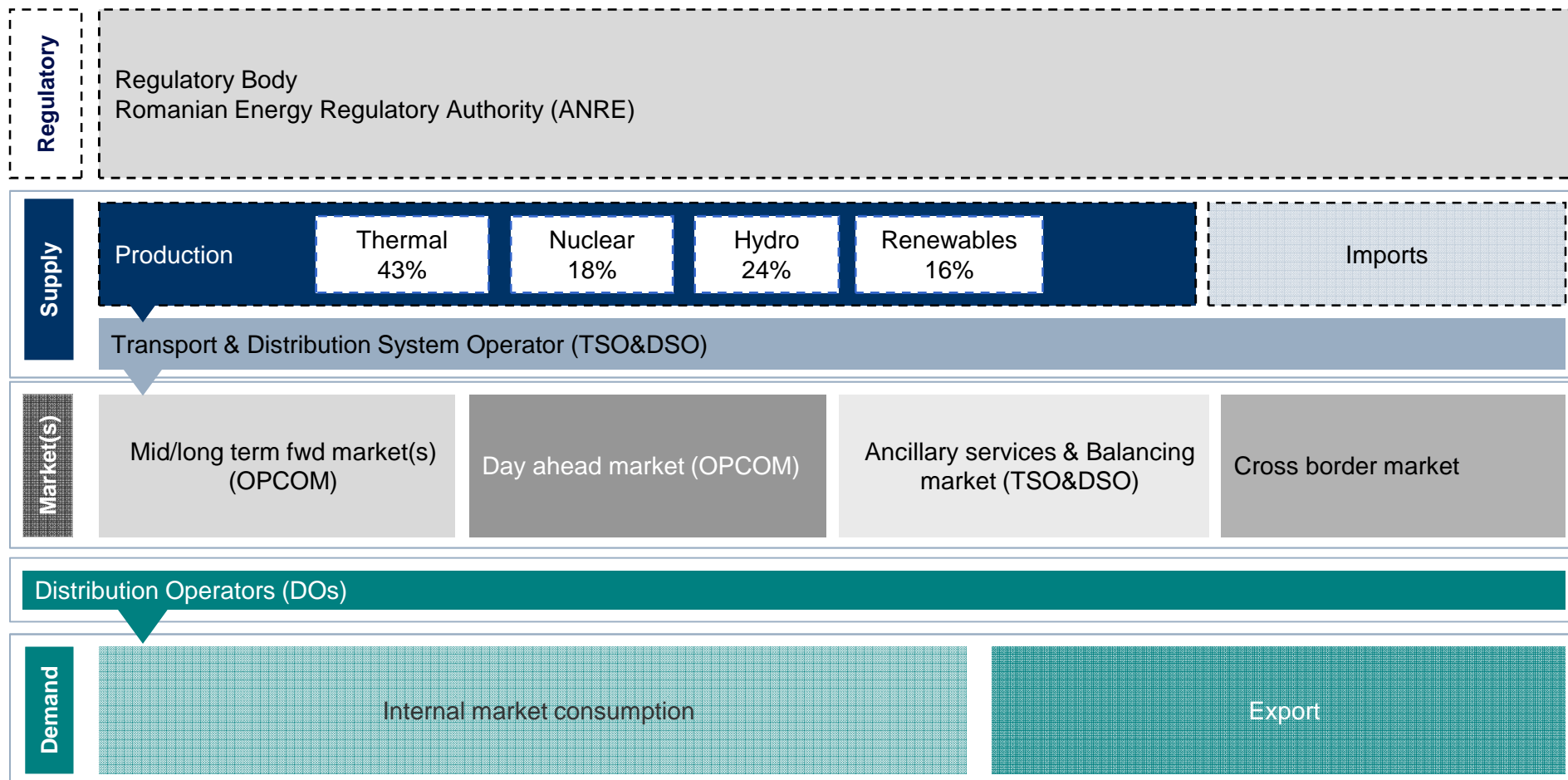
² Chart shows the regulated price for non-households until Q4/14 and, subsequently, the average price for gas sold by producers to the suppliers of end-users in the free market as published by ANRE;

³ Prices published by ANRE;

⁴ All transactions concluded in the respective quarter, irrespective of delivery period and product type;

⁵ Introduced at the beginning of 2013 simultaneously with the start of gas price liberalization.

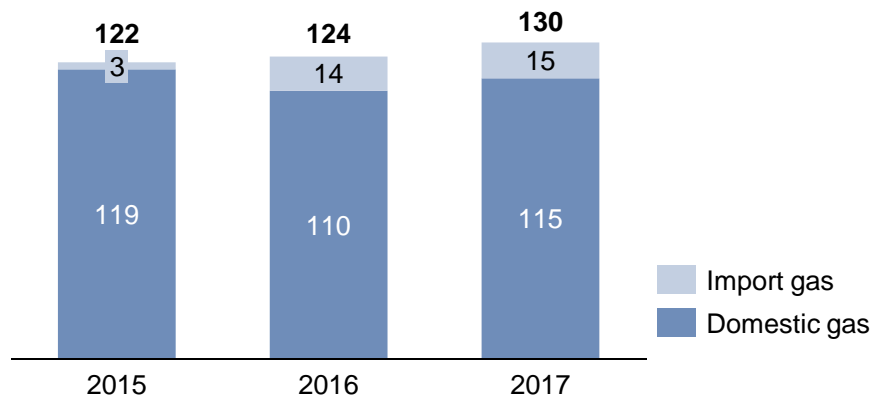
Romanian power market overview in 2017



Data source: Transelectrica quarterly reports 2017, subject to change

Romanian gas and power markets overview in 2017

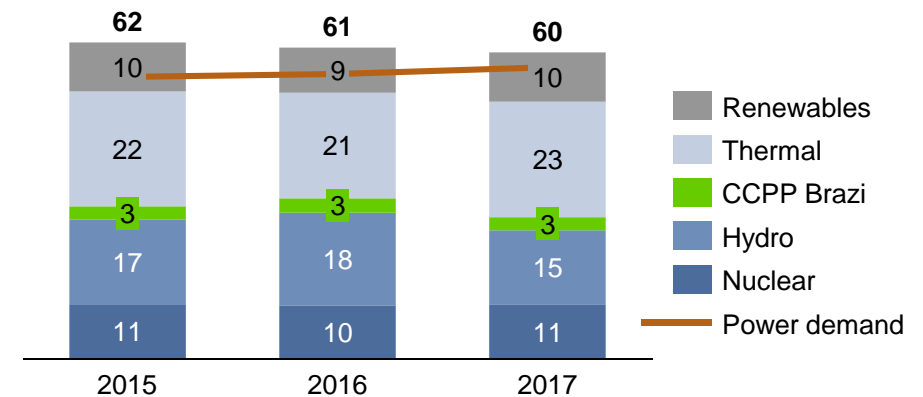
Gas demand¹
(TWh)



Gas market in 2017:

- **Demand:** +5% yoy
- Improved liquidity on **centralized market**

Power production and demand²
(TWh)



Power market in 2017:

- **Demand:** +2.3% yoy; **production:** -1.4% yoy
- Net **exports** -40% yoy
- OPCOM **baseload** prices: +47% yoy
- Strong **clean spark spreads**

¹ ANRE Monthly Market Monitoring Reports; ² Transelectrica quarterly reports 2017, subject to change

Cash flow Statement

RON mn	2012	2013	2014	2015	2016	2017
Cash flow from operating activities (CFO)	7,185	8,048	6,830	5,283	4,454	5,954
Thereof, Depreciation, amortization and impairments including write-ups	2,852	3,355	4,806	6,761	3,464	3,580
Change in net working capital (NWC)	7	-77	-320	146	-27	-199
Cash flow from investing activities (CFI)	-5,055	-4,895	-5,658	-4,953	-2,896	-2,446
Cash flow from financing activities (CFF), of which	-2,220	-2,412	-1,334	-794	-376	-1,524
Dividends paid	-1,741	-1,574	-1,731	-631	-1	-842
Cash and equivalents at end of period	667	1,408	1,268	813	1,996	3,979
Free cash flow (FCF)	2,130	3,153	1,172	329	1,559	3,508
Free cash flow after dividends	389	1,579	-559	-301	1,558	2,666

Income Statement

RON mn	2012	2013	2014	2015	2016	2017
Sales ¹	26,574	24,492	21,862	18,493	16,647	19,435
Clean CCS Operating Result	5,857	6,019	5,213	2,529	1,700	3,273
Thereof Upstream	5,754	5,542	4,667	919	575	1,674
Downstream Oil	31	374	654	1,315	1,112	1,533
Downstream Gas	361	171	-60	-145	11	220
Corporate and Other	-104	-96	-100	-68	-62	-74
Consolidation	-185	29	52	509	65	-80
Operating Result	5,664	5,962	3,349	-522	1,476	3,270
Financial result ¹	-838	-264	-440	-204	-211	-366
Taxes	-880	-875	-810	36	-227	-415
Net income ²	3,953	4,821	2,103	-676	1,043	2,491
Clean CCS net income ²	4,307	4,869	3,764	1,801	1,162	2,488

¹ Restated to reflect the new Income Statement structure; ² Attributable to stockholders of the parent

Operating Result

RON mn		2012	2013	2014	2015	2016	2017
Clean CCS Operating Result		5,857	6,019	5,213	2,529	1,700	3,273
Thereof	Upstream	5,754	5,542	4,667	919	575	1,674
	Downstream Oil	31	374	654	1,315	1,112	1,533
	Downstream Gas	361	171	-60	-145	11	220
	Corporate and Other	-104	-96	-100	-68	-62	-74
	Consolidation	-185	29	52	509	65	-80
Operating Result		5,664	5,962	3,349	-522	1,476	3,270
Thereof	Upstream	5,467	5,529	3,932	-1,815	401	1,661
	Downstream Oil	138	386	-79	1,230	1,289	1,681
	Downstream Gas	362	116	-815	-216	3	86
	Corporate and Other	-117	-97	-143	-68	-65	-76
	Consolidation	-185	29	454	346	-153	-82

Key financial indicators (consolidated)

in RON mn	2008	2009	2010	2011	2012	2013	2014	2015	2016
Sales	20,127	16,090	18,616	22,614	26,258	24,185	21,541	18,145	16,247
Clean CCS EBIT	3,815	1,870	3,325	5,475	5,855	6,015	5,202	2,522	1,694
EBIT ¹	1,205	1,620	2,986	4,936	5,662	5,958	3,338	-530	1,469
EBITD	3,875	4,109	5,797	7,766	8,514	9,313	8,145	6,231	4,933
Clean CCS net income attributable to stockholders	3,149	1,056	2,457	4,206	4,307	4,869	3,764	1,801	1,162
Net income (loss) attributable to stockholders	978	860	2,201	3,757	3,953	4,821	2,103	-676	1,043
Cash flow from operating activities	4,297	2,726	4,630	6,442	7,185	8,048	6,830	5,283	4,454
Free cash flow after dividends	-2,621	-1,360	366	356	389	1,579	-559	-301	1,558
Non-current assets	23,320	25,940	28,459	31,022	32,777	34,560	37,243	36,020	35,129
Total equity	15,990	16,191	18,459	21,077	23,405	26,642	27,005	25,688	26,706
Net debt / (cash)	1,253	2,614	2,299	1,955	1,711	332	890	1,286	-237
CAPEX	6,759	4,219	4,863	4,803	4,930	5,303	6,239	3,895	2,575
Gearing ratio, %	7.8	16.2	12.4	9.3	7.3	1.2	3.3	5.0	n.m.
Clean CCS EPS (RON)	0.0556	0.0186	0.0434	0.0743	0.0760	0.0860	0.0665	0.0318	0.0205
EPS (RON)	0.0173	0.0152	0.0389	0.0663	0.0698	0.0851	0.0371	-0.0119	0.0184
Clean CCS ROACE	25%	11%	12%	19%	18%	19%	14%	6%	5%
Payout ratio	-	-	46%	47%	40%	36%	30%	-	81%
Dividend per share (gross, RON)	-	-	0.0177	0.0310	0.0280	0.0308	0.0112	-	0.0150
Employees at the end of the period	35,588	28,984	24,662	22,912	21,650	19,619	16,948	16,038	14,769
NBR rates	2008	2009	2010	2011	2012	2013	2014	2015	2016
EUR/RON average	3.68	4.24	4.21	4.24	4.46	4.42	4.44	4.45	4.49
USD/RON average	2.52	3.05	3.18	3.05	3.47	3.33	3.35	4.01	4.06

¹ Specific Upstream taxes in Romania for the year 2016 amounted to RON 1,092 mn, representing 15.9% of total Upstream hydrocarbon revenues, and include royalties (RON 551 mn), supplementary oil and gas taxation (RON 329 mn) and construction tax (RON 212 mn)

Key financial indicators (consolidated) – restated¹

in RON mn	2016	Q1/16	Q2/16	Q3/16	Q4/16	2017	Q1/17	Q2/17	Q3/17	Q4/17	Q1/18	Q2/18
Sales	16,647	3,649	3,733	4,571	4,694	19,435	4,653	4,608	5,032	5,142	4,875	4,976
Clean CCS Operating Result	1,700	412	231	604	453	3,273	767	892	1,042	573	958	735
Operating Result ²	1,476	346	220	575	335	3,270	798	779	873	820	1,080	701
Operating result before depreciation	4,940	1,176	1,137	1,425	1,202	6,854	1,590	1,588	1,741	1,935	1,893	1,499
Clean CCS net income attributable to stockholders	1,162	330	127	442	263	2,488	586	690	778	434	752	462
Net income attributable to stockholders	1,043	291	118	473	162	2,491	619	592	639	642	854	434
Cash flow from operating activities	4,454	888	883	1,613	1,070	5,954	1,262	1,714	1,470	1,508	1,796	1,388
Free cash flow after dividends	1,558	-118	130	1,115	432	2,666	646	397	959	664	729	-637
Non-current assets	35,129	35,758	35,698	35,378	35,129	33,727	34,700	34,422	33,370	33,727	33,805	33,917
Total equity	26,706	25,980	26,085	26,558	26,706	28,421	27,329	27,107	27,759	28,421	29,277	28,558
Net debt / (cash)	-237	1,366	1,261	124	-237	-2,897	-872	-1,302	-2,258	-2,897	-3,626	-2,987
CAPEX	2,575	769	568	478	760	2,969	353	560	811	1,246	843	1,260
Gearing ratio	n.m.	5%	5%	0%	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Clean CCS EPS (RON)	0.0205	0.0058	0.0022	0.0078	0.0046	0.0439	0.0103	0.0122	0.0137	0.0077	0.0133	0.0082
EPS (RON)	0.0184	0.0051	0.0021	0.0084	0.0029	0.0440	0.0109	0.0104	0.0113	0.0113	0.0151	0.0077
Clean CCS ROACE	5%	6%	5%	4%	5%	10%	6%	8%	9%	10%	11%	10%
Payout ratio	81%					45%						
Dividend per share (gross, RON)	0.0150					0.0200						
Employees at the end of the period	14,769	15,677	15,237	14,975	14,769	13,790	14,532	14,332	13,886	13,790	13,606	13,421
NBR rates	2016	Q1/16	Q2/16	Q3/16	Q4/16	2017	Q1/17	Q2/17	Q3/17	Q4/17	Q1/18	Q2/18
EUR/RON average	4.49	4.49	4.50	4.47	4.51	4.57	4.52	4.55	4.58	4.62	4.66	4.65
USD/RON average	4.06	4.07	3.98	4.00	4.18	4.05	4.25	4.14	3.90	3.92	3.79	3.90

¹ Restated to reflect the new Income Statement structure; ² Specific Upstream taxes in Romania for 6m/18 amounted to RON 560 mn, representing 12.5% of total Upstream hydrocarbon revenues, and include royalties (RON 381 mn) and supplementary oil and gas taxation (RON 179 mn)

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2018 Financial Calendar

October 31: Q3 2018 results