Christina Verchere

Chief Executive Officer and President of the Executive Board

Alina Popa

Chief Financial Officer

The spoken word applies. Check against delivery.

Christina Verchere – OMV Petrom – CEO

Slide 1 – Intro

Good afternoon, ladies and gentlemen, and a warm welcome from my side.

It is a real pleasure to present to you today the second quarter of 2019 performance of OMV Petrom.

Legal Disclaimer

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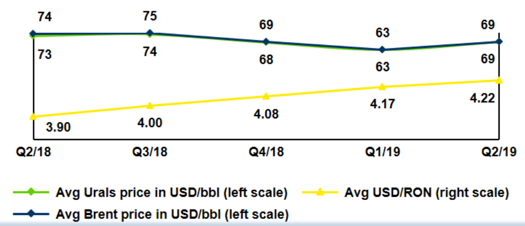
Slide 2 – Legal Disclaimer

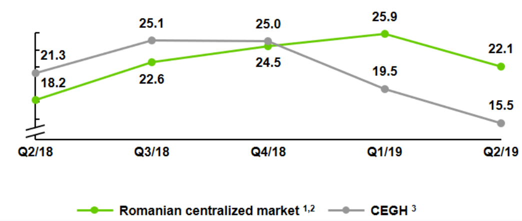
Before I start the actual presentation, please let me draw your attention to our Legal Disclaimer, which you can read in detail on slide 2.

Economic environment

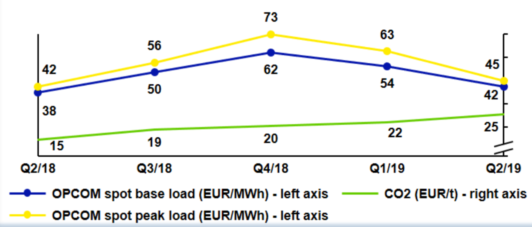
Oil price (USD/bbl)



Gas prices (EUR/MWh)



Power prices in Romania[1] and CO_2 prices



Romania

- **GDP growth[4]** Q1/19: 5.0% yoy; **CPI[4]**: Jun 19/Jun 18 +3.84%; Q2/19 +0.83%
- **Demand Q2/19 yoy:** Fuels[5] +4.5%; Gas[6] +2%; Power[7] +2%
- **Demand 6m/19 yoy:** Fuels[5] +5.3%; Gas[6] -3%; Power[7] -1%
- **New reference price** for oil royalties

[1] Prices translated at NBR average RON/EUR rate; [2] All transactions concluded on the Romanian commodities exchanges (BRM and OPCOM) in the respective quarter; includes various products in terms of storage costs, flexibility and timing; [3] Day-ahead market Central European Gas Hub; [4] Romanian National Institute of Statistics (INS); [5] Fuels refer only to retail diesel and gasoline; Company estimates based on INS data; [6] Company estimates; [7] Preliminary data from the grid operator

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Slide 3 – Economic environment

Let me start with slide 3, where we provide an overview of the commodities and exchange rates environment, as well as some macroeconomic, energy, and regulatory environment highlights for Romania in the second quarter of 2019.

Market conditions remained supportive for Upstream as the oil prices increased compared to the first quarter of 2019; however, they were below the levels recorded in the second quarter of 2018. Brent averaged 69 USD per barrel, 7 percent lower year-on-year. Urals decreased by 5 percent year-on-year and traded almost at parity with Brent.

Regarding the exchange rate, the USD was stronger versus the RON by 8 percent year-on-year.

On the Romanian centralized markets, for the various standard products traded in the second quarter, the price of natural gas averaged 105 RON or 22.1 EUR per megawatt-hour. The European day-ahead gas price averaged 15.5 EUR per megawatt-hour. Prices on CEGH as well as other Western Europe hubs have been on a decreasing trend in the context of large oversupply; however, the Romanian market is not sufficiently and efficiently interconnected to these markets to reflect the same pace of the decrease. As such, the prices on the Romanian Commodities Exchange reflect the supply-demand dynamics on the Romanian gas market, with the more expensive oil-indexed gas from Russia playing an important role in covering the consumption.

The base load prices for electricity in Romania were up by around 9 percent year-on-year in EUR terms. Despite this increase, the spark spreads for a gas power plant turned negative in this quarter, due to higher gas and CO_2 prices, the latter increasing by 76% year-on-year. In the second quarter of 2019, Romania switched back to a power net exporter from a marginal net importer in the first quarter.

Moving now to our macroeconomic environment, Romania continues to enjoy high GDP growth rates. Inflation in the second quarter of 2019 was 0.8 percent.

Looking at the Romanian energy sector, the market demand for all our products improved in the second quarter of 2019. Demand for retail fuels increased by 4.5 percent year-on-year, while the demand for gas and for power increased by an estimated 2 percent.

On the regulatory environment, there was an update in the methodology for the reference price for oil royalties. From May 10, this reference price is linked to Brent quotations, with adjustment coefficients defined based on density, sulfur content, and acidity.

The Emergency Ordinance 19/2019, issued at the end of March, was a first step towards the return to a liberalized gas market. As part of industry associations, we continue our dialogue with the regulators to find ways to return to a fully liberalized market, in line with EU principles.

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Key messages Q2/19

Financial performance

Clean CCS Operating result	Operating Cash Flow	Clean CCS ROACE
RON 1.0 bn	RON 1.4 bn	16.4%

Projects

Upstream:
- New shallow offshore drilling campaign started
- Hurezani gas treatment system completed

Downstream Oil:
- Optimization of fuel storage network completed: Arad depot modernization finalized
- Closed blowdown system in Coker unit implemented

Downstream Gas:
- Brazi shutdown finalized

HSSE

LTIR[1] July 2018 – June 2019: 0.25

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

Slide 4 – Key messages Q2/19

On slide 4, we present some key highlights regarding our performance in the second quarter of 2019 and the recent developments in our projects.

Clean CCS Operating Result was 1.0 billion RON, 36 percent higher than in the second quarter of 2018, when results were negatively impacted by the Petrobrazi turnaround.

Our operating cash flow increased to 1.4 billion RON, reflecting the improved operational performance.

I am particularly proud to report that the Clean CCS ROACE improved on a year-on-year basis by almost 7 percentage points, to 16.4 percent.

Moving forward to our projects, in Upstream we started a new offshore drilling campaign in the shallow waters of the Istria block in the Black Sea. Two new wells will be drilled by the end of the year, requiring investments of over 30 million EUR. The two wells target additional production of oil and associated gas from the Lebada East field, discovered in 1979.

We also completed the gas treatment system in Hurezani, a gas hub that serves four of the most important gas producing fields in OMV Petrom's portfolio. In 2018, production from the fields connected to the Hurezani centralized gas treatment hub amounted to 1.5 billion standard cubic meters.

In Downstream Oil, we completed the fuel storage network optimization, by finalizing the modernization of the Arad fuels terminal, the largest storage facility in West Romania.

A modern, closed blowdown system was implemented in the Coker unit of the Petrobrazi refinery, in order to eliminate any potential emissions of volatile organic compounds, thus supporting the reduction of the environmental impact.

In Downstream Gas, a planned outage for the Brazi power plant took place from March 30 to April 28. The works were completed on time and on budget.

Regarding our strategic growth project Neptun Deep, we reiterate that, to enable the development of any gas investment of this scale, the key requirements are: regulatory framework, fiscal stability, competitive terms, liberalized gas market and key infrastructure.

The current legislative status does not fulfill all these requirements. We remain keen to stay in dialogue with the authorities and we wait to see clarity of the regulatory framework, competitive and stable fiscal terms and a liberalized gas market. These are key requirements and should be provided as soon as possible, in order to allow multibillion investments so necessary for Romania's gas supply.

Finally, the Lost Time Injury Rate on a 12-month rolling basis was 0.25, slightly below international standards.

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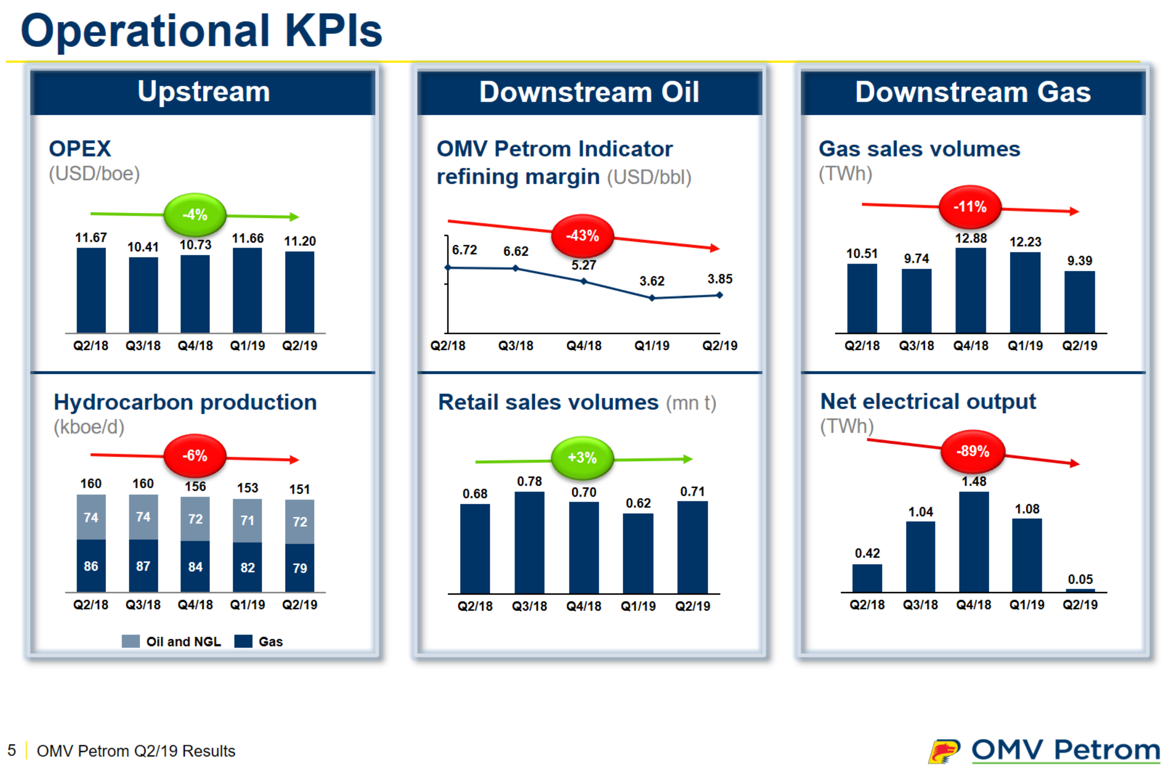

Operational KPIs
Upstream
OPEX
(USD/boe)
-4%
11.67
10.41
10.73
11.66
11.20
Q2/18
Q3/18
Q4/18
Q1/19
Q2/19
Hydrocarbon production
(kboe/d)
-6%
160
160
156
153
151
74
74
72
71
72
86
87
84
82
79
Q2/18
Q3/18
Q4/18
Q1/19
Q2/19
Oil and NGL
Gas
Downstream Oil
OMV Petrom Indicator refining margin (USD/bbl)
-43%
6.72
6.62
5.27
3.62
3.85
Q2/18
Q3/18
Q4/18
Q1/19
Q2/19
Retail sales volumes (mn t)
+3%
0.68
0.78
0.70
0.62
0.71
Q2/18
Q3/18
Q4/18
Q1/19
Q2/19
Downstream Gas
Gas sales volumes
(TWh)
-11%
10.51
9.74
12.88
12.23
9.39
Q2/18
Q3/18
Q4/18
Q1/19
Q2/19
Net electrical output
(TWh)
-89%
0.42
1.04
1.48
1.08
0.05
Q2/18
Q3/18
Q4/18
Q1/19
Q2/19
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Slide 5 – Operational KPIs

On slide 5, I would like to present to you the evolution of some operational KPIs in the second quarter of 2019 for each business segment.

Let me start with Upstream.

Our OPEX in USD per barrel of oil equivalent was 11.20, 4 percent lower year-on-year. The OPEX improvement was driven by the stronger USD versus RON and ongoing cost optimization, which more than compensated the lower production volumes.

The total hydrocarbon production decreased by 5.6 percent year-on-year and by 5.0 percent, if we exclude the effect of the nine fields transferred to Mazarine in March 2019.

Crude oil production stabilized throughout the first half of 2019. Compared to the second quarter of last year, it decreased by 3 percent, mainly due to natural decline and the Mazarine transaction.

Gas production had a steeper decrease, of 8 percent year-on-year, due to natural decline in the main gas fields, as well as maintenance activities.

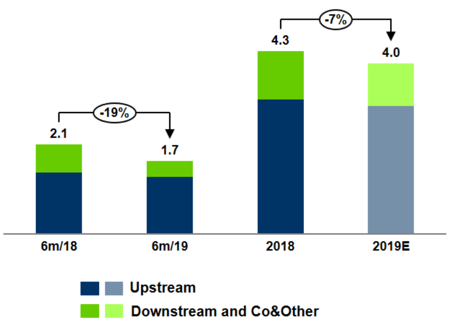
In Downstream Oil, the indicator refining margin decreased by 2.9 USD per barrel year-on-year, due to lower products spreads, mostly for middle distillates and gasoline. Despite this decrease, we had an excellent refinery utilization rate, at 94 percent. Total refined product sales were 23 percent higher year-on-year, reflecting a low base due to the Petrobrazi turnaround in 2018. Our retail sales volumes were 3 percent higher year-on-year supported by higher demand, particularly in Romania.

In Downstream Gas, gas volumes sold to third parties were 4 percent lower year-on-year. Total gas sales volumes decreased by 11 percent year-on-year, in the context of a lower offtake by the Brazi power plant and an adjustment of the gas storing schedule. Since May 2019, we have been supplying the regulated gas market: 2.94 terawatt-hours were delivered in May and June to the households and district heating for households suppliers, as per the set allocation.

Net electrical output decreased to 0.05 terawatt-hours due to the planned shutdown as well as the negative margins, given the rising prices of gas and CO_2.

CAPEX and E&A

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



CAPEX incl. capitalized E&A

- **6m/19** at RON 1.7 bn:
  - 45 new wells and sidetracks drilled
  - ~480 workovers performed
  - Coker Closed Blowdown system
  - CCPP Brazi planned shut down

2019E RON ~4.0 bn:
  - Drilling ~100 wells and sidetracks
  - Maintain a constant level of workovers yoy
  - IFRS 16 treatment of a long term contract

E&A

- 2 wells spud in 6m/19
- 2 wells in experimental production
- Testing completed for 1 well
- 2019E exploration expenditure RON ~0.4 bn

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Slide 6 – CAPEX and E&A

Slide 6 provides an overview of CAPEX and exploration and appraisal activities for the first six months of 2019 and the outlook for the full year.

In the first six months of 2019, our total CAPEX was around 1.7 billion RON, 19 percent lower year-on-year.

The majority was spent in Upstream. We continued our drilling activities, with an average of 10 drilling rigs being active in our operated licenses during the second quarter. In the first half of 2019, we finalized the drilling of 45 new wells and sidetracks and performed almost 480 workover jobs.

Downstream investments were directed mainly to Downstream Oil. As mentioned earlier, we implemented a closed blowdown system in the Coker unit and we finalized the modernization of the Arad fuels terminal.

Investments in Downstream Gas were mainly in relation to the planned shutdown of the Brazi power plant.

For 2019, we increase our guidance for CAPEX (including capitalized exploration and appraisal) from 3.7 billion RON to about 4.0 billion RON. This increase is mainly due to the IFRS 16 accounting treatment of a long-term contract in Upstream. As previously guided, around 75 percent will be spent in Upstream, where we plan to drill around 100 new wells and sidetracks and to carry out a similar number of workovers compared to 2018.

Moving to exploration activities, in the first half of 2019, we successfully tested a well drilled in 2018 and we plan to start experimental production this year. We also spud two wells; one was found dry and therefore plugged and abandoned; the other one is still in drilling.

In 2019, we expect exploration expenditures to be around 0.4 billion RON, in line with our guidance at the beginning of the year.

Let me now hand over to Alina, who will go into the financials and the outlook for the year 2019 in greater detail.

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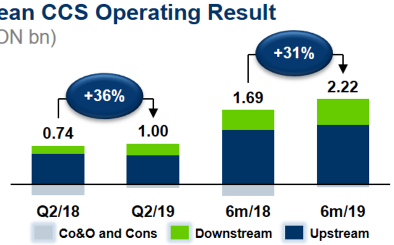
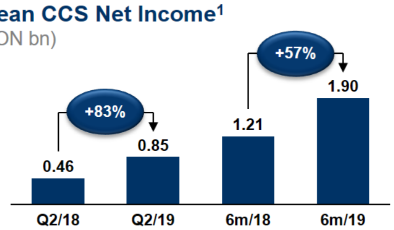
Income Statement highlights

Clean CCS Operating Result
(RON bn)



- Clean CCS Operating Result reflects:
  - Favorable FX development and prices for fuel products and natural gas
  - Higher sales volumes of fuels
  - Low base effect due to refinery turnaround in Q2/18

Clean CCS Net Income[1]
(RON bn)



- Financial result reflects:
  - Positive impact from discounting of receivables
  - Higher interest income

[1] Attributable to stockholders of the parent

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Slide 8 – Income Statement highlights

Thank you, Christina, and good afternoon to you all.

I will continue the presentation with slide 8, starting with some highlights of the Income Statement, with focus on the developments of the second quarter of 2019 versus the similar one of 2018.

Sales increased by 19 percent year-on-year, driven by higher volumes for petroleum products and higher prices for petroleum products and natural gas, which compensated the lower sales volumes of natural gas and electricity.

In the second quarter of 2019, the Clean CCS Operating Result increased by 36 percent year-on-year, which – as Christina outlined earlier – was supported by capturing the increased demand for fuel products, strong operational performance, as well as our continued commitment to efficiency improvement and cost discipline. The second quarter of last year was impacted by the Petrobrazi turnaround.

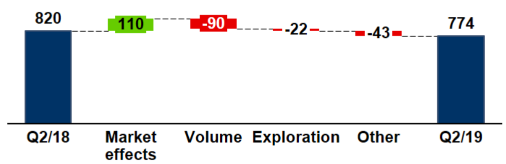
The negative Clean consolidation line of 76 million RON in the second quarter of this year reflects the elimination of the intragroup margin, mainly as a result of the gas storage injection. In turn, the Consolidation line in the second quarter of last year reflected the higher crude stocks built during the Petrobrazi turnaround.

The net financial result improved from a loss of (135) million RON in the second quarter of 2018 to a gain of 29 million RON in the second quarter of 2019, following the positive impact from the discounting of receivables and the higher interest income on bank deposits. In turn, the loss recognized in the second quarter of last year reflected the interest expense in relation to the preliminary result of a fiscal review.

As a result, the Clean CCS net income attributable to stockholders increased by 83 percent year-on-year to 845 million RON.

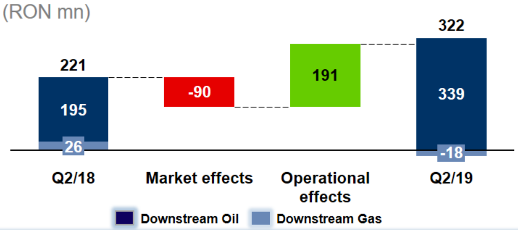
Clean CCS Operating Result

Upstream
(RON mn)



- Favourable FX
- Higher realized gas prices
- Lower crude prices
- Sales volumes -5%
- Higher exploration expenses

Downstream
(RON mn)



- 94% refining utilization rate
- Q2/18 refinery turnaround low base
- Refined products sales +23%
- Lower refining margins
- Lower gas sales volumes
- Lower electrical output

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Slide 9 – Clean CCS Operating Result

Let me go on to slide 9, which shows the major building blocks for the development of the Clean CCS Operating Result in the second quarter of 2019.

I will start with Upstream, where the positive market effect deviation of 110 million RON reflects a stronger USD versus RON and higher gas prices, partly offset by lower crude oil quotations.

Hydrocarbon sales volumes were 5 percent lower year-on-year, generating a negative effect of (90) million RON.

Exploration expenses were higher by 22 million RON, due to the write-off of one exploration well.

Other deviations include higher impairments, partly compensated by the positive effect of lower production costs.

As a result, Upstream's Clean Operating Result decreased by 6 percent year-on-year to 774 million RON.

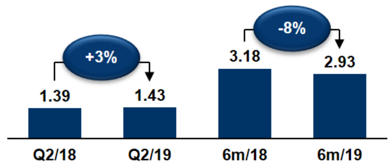
Looking at the lower chart, in the second quarter of 2019 the Clean CCS Operating Result of Downstream increased by 46 percent year-on-year.

In Downstream Oil, the result in the second quarter of the previous year reflected the effects of the Petrobrazi turnaround. For the second quarter of 2019, as shown in the slide, the negative market effects in Refining were more than compensated by the excellent operational performance. This achievement was supported by the refinery utilization rate of 94 percent, improved fuel and losses, and higher refined products sales volumes by 23 percent year-on-year, reflecting the increase in both retail and non-retail sales channels.

The Downstream Gas Clean Operating Result was impacted by unfavorable power market conditions and lower gas sales volumes.

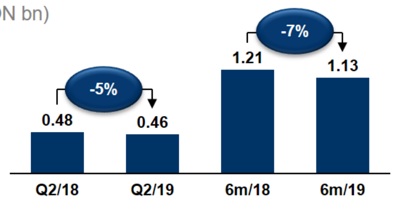
Cash Flow highlights: Dividends paid RON 1.5 bn

Operating Cash Flow
(RON bn)



- Q2/19 Net working capital: cash outflow RON 251 mn
- Adjustments for Other non-cash income

Free Cash Flow
(RON bn)



- Q2/19 OCF[1] +3% yoy
- Q2/19 CFI[2] +7% yoy

[1] Operating Cash Flow; [2] Cash flow from investing activities

Slide 10 – Cash Flow highlights

On slide 10, I would like to continue with the highlights of our cash flow statement.

In the second quarter of 2019, we achieved an operating cash flow of about 1.4 billion RON, 3 percent higher year-on-year. This lower growth compared to the increase in Operating Result was mainly driven by the higher net working capital and other non-cash income.

We recorded a cash outflow from net working capital of 251 million RON in the second quarter of 2019, compared to an outflow of 76 million RON in the second quarter of 2018. This evolution was mainly driven by decreased liabilities and increased inventories.

Our total payments for investments amounted to around 1 billion RON in the second quarter of 2019 versus around 0.9 billion RON in the second quarter of 2018.

The payment of dividends for 2018 started on the 13th of June and in the second quarter of 2019 we paid 35% more dividends year-on-year.

The net cash position remained strong at approximately 4.2 billion RON at the end of June 2019.

Outlook 2019

Indicators	Actual 2018	Assumptions/Targets 2019
Brent oil price	USD 71/bbl	USD 65/bbl
Refining margin	USD 6.28/bbl	USD ~5.00/bbl (previously USD <6.00/bbl)
Production	160 kboe/d	~ -5% yoy [1]
CAPEX	RON 4.3 bn	RON 4.0 bn (previously RON 3.7 bn)
FCF after dividends	RON 2.0 bn	positive

[1] *Not including portfolio optimization*

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Slide 11 – Outlook 2019

Let me finish our presentation with the outlook for the full year 2019, on slide 11.

Here I would like to highlight our main market assumptions for the full year and how they compare to the actual figures for 2018.

For 2019, we expect the average Brent oil price to be at 65 USD per barrel.

Given the year-to-date developments of the refining margins, we revised our guidance for refining margins downwards to around 5 USD per barrel.

We aim to contain the hydrocarbon production decline versus 2018 at around 5 percent, not including portfolio optimization.

As Christina mentioned already, CAPEX (including capitalized exploration and appraisal) is anticipated to be around 4.0 billion RON, of which around 75 percent will be in Upstream.

A sustainable cost base supported by ongoing efficiency programs is even more crucial in the context of the current volatile and challenging regulatory environment.

With this, I close our presentation and thank you for your attention.

We are now available for your questions.


Q&A
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Back-up
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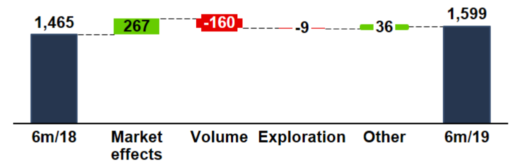
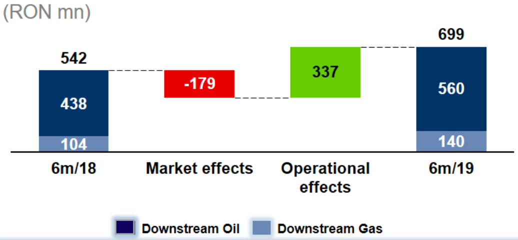
Clean CCS Operating Result

Upstream
(RON mn)



- Favourable FX
- Higher realized gas prices
- Clarification of a tax topic
- Lower crude prices
- Sales volumes -5%

Downstream
(RON mn)



- 95% refining utilization rate;
- 2018 refinery turnaround low base
- Refined products sales +14%
- Higher spark spreads
- Lower refining margins
- Lower gas sales volumes

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