Investor News

February 16, 2017, 8:30 am (local time), 7:30 am (CET), 6:30 am (GMT)

OMV Petrom S.A.

OMV Petrom Group: results[1] for Q4 and January – December 2016

Highlights Q4/16

- **Free cash flow at RON 432 mn on the back of lower investments and excellent operational performance**
- **Clean CCS EBIT at RON 454 mn, with yoy improved contributions from all business segments**
- **OMV Petrom GDRs traded on the London Stock Exchange since October 2016**

Highlights 2016

- **Free cash flow at RON 1.6 bn, due to investment prioritization and strict cost discipline**
- **Clean CCS EBIT at RON 1.7 bn, of which 2/3 from Downstream**
- **Executive Board proposes a dividend per share of RON 0.015, subject to approvals of Supervisory Board and General Meeting of Shareholders**

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

"In 2016, the market environment remained volatile and challenging, which translated into a decrease of Clean CCS EBIT, offsetting the benefits of our continued cost discipline. Cost savings of around RON 500 mn were achieved at Group level. In Upstream, we further reduced production costs, which more than compensated for the production decline impact, but could not fully offset the lower prices effect. Despite further reduced CAPEX, we managed to limit daily production decline to only 2.5% yoy, well below the upper limit of our guidance. The Downstream clean CCS EBIT decreased by 4% yoy, on declining Downstream Oil segment result, partly offset by improved result of the Downstream Gas segment. However, Downstream contribution in Group results was significantly higher vs. 2015, showing the benefits of our integrated business model.
Based on the preliminary results and strong free cash flow achieved in 2016, the Executive Board proposes a dividend of RON 0.015/share for the 2016 financial year. The final dividend proposal to be submitted to the approval of April 2017 General Meeting of Shareholders will be subject to the approval of the Supervisory Board."

Q3/16	Q4/16	Q4/15	∆%	Key performance indicators (in RON mn)	2016	2015	∆%
573	335	(1,844)	n.m.	EBIT	1,469	(530)	n.m.
602	454	211	115	Clean CCS EBIT [2]	1,694	2,522	(33)
473	162	(1,675)	n.m.	Net income / (loss) attributable to stockholders [3]	1,043	(676)	n.m.
442	263	68	287	Clean CCS net income attributable to stockholders [2,3,4]	1,162	1,801	(36)
0.0084	0.0029	(0.0296)	n.m.	EPS (RON)	0.0184	(0.0119)	n.m.
0.0078	0.0046	0.0012	287	Clean CCS EPS (RON) [2,4]	0.0205	0.0318	(36)
1,613	1,070	1,104	(3)	Cash flow from operating activities	4,454	5,283	(16)
1,115	432	32	n.m.	Free cash flow after dividends	1,558	(301)	n.m.
-	-	-	n.a.	Dividend/share (RON)	0.015 [5]	-	n.m.

[1] The financials are unaudited and represent OMV Petrom Group's (herein after also referred to as "the Group") consolidated results prepared according to IFRS; all the figures refer to OMV Petrom Group, unless otherwise stated; financials are expressed in RON mn and rounded to closest integer value, so minor differences may result upon reconciliation; OMV Petrom uses the National Bank of Romania exchange rates for its consolidation process
[2] Adjusted for exceptional, non-recurring items; Clean CCS figures exclude special items and inventory holding effects (CCS effects) resulting from Downstream Oil
[3] After deducting net result attributable to non-controlling interests
[4] Excludes additional special income of RON 67 mn from clearance of a legal dispute and reflected in the financial result
[5] Subject to approval of the Supervisory Board and the General Meeting of Shareholders

OMV Petrom

Content

Directors' report (condensed, unaudited)

Financial highlights

Q3/16	Q4/16	Q4/15	Δ%	in RON mn	2016	2015	Δ%
4,461	4,595	4,518	2	Sales [1]	16,247	18,145	(10)
171	159	(2,103)	n.m.	EBIT Upstream [2]	401	(1,815)	n.m.
364	295	127	133	EBIT Downstream	1,293	1,014	28
(20)	(27)	(16)	(72)	EBIT Co&O	(72)	(75)	4
58	(91)	148	n.m.	Consolidation	(153)	346	n.m.
573	**335**	**(1,844)**	**n.m.**	**EBIT Group**	**1,469**	**(530)**	**n.m.**
11	**(193)**	**(1,930)**	**90**	**Special items [3]**	**(127)**	**(2,689)**	**95**
(37)	(39)	(8)	(410)	thereof: Personnel and restructuring	(92)	(72)	(28)
(1)	-	(1,997)	n.m.	Unscheduled depreciation	(65)	(2,791)	98
49	(154)	74	n.m.	Other	30	174	(83)
(40)	75	(125)	n.m.	CCS effects: Inventory holding gains/(losses)	(98)	(364)	73
193	246	(223)	n.m.	Clean EBIT Upstream [2, 4]	575	919	(37)
393	292	269	9	Clean CCS EBIT Downstream [4]	1,122	1,169	(4)
(19)	(25)	(17)	(52)	Clean EBIT Co&O [4]	(69)	(75)	8
36	(60)	181	n.m.	Consolidation	65	509	(87)
602	**454**	**211**	**115**	**Clean CCS EBIT [4]**	**1,694**	**2,522**	**(33)**
(16)	(103)	(135)	24	Net financial result	(204)	(196)	(4)
557	233	(1,979)	n.m.	Profit/(loss) before tax	1,265	(726)	n.m.
473	160	(1,680)	n.m.	Net income/(loss)	1,038	(690)	n.m.
473	162	(1,675)	n.m.	Net income/(loss) attributable to stockholders [5]	1,043	(676)	n.m.
442	**263**	**68**	**287**	**Clean CCS net income attributable to stockholders [4, 5,7]**	**1,162**	**1,801**	**(36)**
0.0084	0.0029	(0.0296)	n.m.	EPS (RON)	0.0184	(0.0119)	n.m.
0.0078	0.0046	0.0012	287	Clean CCS EPS (RON) [4,7]	0.0205	0.0318	(36)
1,613	1,070	1,104	(3)	Cash flow from operating activities	4,454	5,283	(16)
0.0285	0.0189	0.0195	(3)	CFPS (RON)	0.0786	0.0933	(16)
124	(237)	1,286	n.m.	Net debt/(cash)	(237)	1,286	n.m.
0	n.m.	5	n.m.	Gearing (%) [6]	n.m.	5	n.m.
478	760	898	(15)	Capital expenditure	2,575	3,895	(34)
-	-	-	n.a.	Dividend/share (RON)	0.015[8]	-	n.m.
-	-	-	n.a.	ROFA (%)	4.7	(1.6)	n.m.
-	-	-	n.a.	ROACE (%)	4.1	(2.2)	n.m.
-	-	-	n.a.	Clean CCS ROACE (%) [4,7]	4.5	6.5	(30)
-	-	-	n.a.	ROE (%)	4.0	(2.5)	n.m.
15	31	15	107	Group effective tax rate (%)	18	5	259
14,975	14,769	16,038	(8)	OMV Petrom Group employees at the end of the period	14,769	16,038	(8)

Figures in this and the following tables may not add up due to rounding differences.
[1] Sales excluding petroleum excise tax;
[2] Excluding intersegmental profit elimination shown in the line "Consolidation";
[3] Special items, representing exceptional, non-recurring items, are added back or deducted from EBIT; for more details please refer to each specific segment;
[4] Adjusted for special items; Clean CCS (current cost of supply) figures exclude special items and inventory holding effects (CCS effects) resulting from Downstream Oil;
[5] After deducting net result attributable to non-controlling interests;
[6] Net debt divided by equity;
[7] Excludes additional special income of RON 67 mn from clearance of a legal dispute and reflected in the financial result8
[8]Subject to approval of the Supervisory Board and the General Meeting of Shareholders

Throughout the report, where not specified differently, amounts related to Downstream represent totals of Downstream Oil and Downstream Gas.

Group performance

Fourth quarter 2016 (Q4/16) vs. fourth quarter 2015 (Q4/15)

Compared to Q4/15, **sales** increased by 2%, helped by higher oil prices and increased gas sales volumes, which more than offset lower volumes of petroleum products sold and the decrease in gas and electricity prices. Downstream Oil represented 71% of total consolidated sales, while Downstream Gas accounted for 26% and Upstream for 3% (sales in Upstream being largely intra-group sales rather than third-party sales).

Clean CCS EBIT of RON 454 mn improved compared to Q4/15 of RON 211 mn, mainly as a result of a slightly better performance in Downstream Oil, lower exploration expenses and a decrease in depreciation compared to Q4/15. Clean CCS EBIT for Q4/16 is stated after eliminating net special charges of RON (193) mn, mainly due to a reassessment of receivables and provisions, and inventory holding gains of RON 75 mn. In turn, the Q4/15 figure was stated after eliminating net special charges of RON (1,930) mn (mainly in relation to the impairment of Upstream assets) and inventory holding losses of RON (125) mn.

Group EBIT for Q4/16 increased to RON 335 mn, compared to a loss of RON (1,844) mn in Q4/15 when impairments of producing assets in the Upstream segment were recorded, following reduced oil price assumptions.

The net financial result slightly improved from a loss of RON (135) mn in Q4/15 to a loss of RON (103) mn in Q4/16.

As a result, **profit before tax** for Q4/16 of RON 233 mn was significantly higher compared with the loss of RON (1,979) mn recorded in Q4/15.

Income tax was at the amount of RON (73) mn, while the effective tax rate was of 31% in Q4/16, resulting from non-deductible special charges.

Net income attributable to stockholders (i.e. net income attributable to stockholders of the parent) was RON 162 mn, while **clean CCS net income attributable to stockholders** was RON 263 mn. **EPS** was RON 0.0029 in Q4/16 vs. a loss per share of RON (0.0296) in Q4/15, while **Clean CCS EPS** was RON 0.0046 compared to RON 0.0012 in Q4/15.

Cash flow from operating activities amounted to RON 1,070 mn and was slightly below the level in Q4/15 (RON 1,104 mn). **Free cash flow after dividends** amounted to RON 432 mn (Q4/15: RON 32 mn).

Fourth quarter 2016 (Q4/16) vs. third quarter 2016 (Q3/16)

Consolidated sales in Q4/16 amounted to RON 4,595 mn, 3% higher compared to Q3/16, supported by seasonally higher gas sales volumes and slightly better selling prices, which fully compensated for the seasonally lower petroleum product quantities sold and the decrease in electricity volumes.

Clean CCS EBIT decreased from RON 602 mn to RON 454 mn, mainly reflecting the Q3/16 seasonally high sales in Downstream Oil, only partially compensated by the better result in Downstream Gas. Clean CCS EBIT is stated after eliminating net special charges of RON (193) mn and inventory holding gains of RON 75 mn (Q3/16: net special income of RON 11 mn and inventory holding losses of RON (40) mn).

Group EBIT decreased to RON 335 mn (Q3/16: RON 573 mn), being also influenced by higher exploration expenses.

The net financial result was a loss at the amount of RON (103) mn, compared to a loss of RON (16) mn in Q3/16, due to the fact that Q3/16 was positively impacted by special income from the clearance of a legal dispute, and also due to the effect of exchange rates evolution in relation to bank loans denominated in EUR, which was negative in Q4/16 versus positive in Q3/16.

Consequently, **profit before tax** for Q4/16 of RON 233 mn was below the result of RON 557 mn recorded in Q3/16.

Net income attributable to stockholders (i.e. net income attributable to stockholders of the parent) in Q4/16 was RON 162 mn, compared to RON 473 mn in Q3/16, while **clean CCS net income attributable to stockholders** decreased to RON 263 mn from RON 442 mn in Q3/16. **EPS** was RON 0.0029 in Q4/16 vs. RON 0.0084 in Q3/16, while **Clean CCS EPS** was RON 0.0046 compared to RON 0.0078 in Q3/16.

Cash flow from operating activities decreased to RON 1,070 mn from Q3/16 level of RON 1,613 mn, being affected mainly by higher receivables influenced by seasonally higher sales and lower advances from customers in Downstream Gas in Q4/16, while Q3/16 was positively impacted by the encashment of the amounts by which the initial Competition Council fines had been reduced by Court decisions. **Free cash flow after dividends** amounted to RON 432 mn (Q3/16: RON 1,115 mn).

January – December 2016 vs. January – December 2015

Consolidated **sales** for 2016 decreased by 10% compared to 2015, to RON 16,247 mn, largely due to lower petroleum products sales, following a further decline in oil prices and slightly lower quantities sold, as well as reduced gas sales. These negative effects were partially offset by higher sales of electricity. Downstream Oil represented 72% of total consolidated sales, Downstream Gas accounted for 25% and Upstream for approximately 3%.

Clean CCS EBIT decreased by 33% to RON 1,694 mn, as a result of the challenging market environment described above. Clean CCS EBIT is stated after eliminating net special charges of RON (127) mn and inventory holding losses of RON (98) mn.

Group EBIT for the year 2016 was positive at RON 1,469 mn, compared to the loss of RON (530) mn in 2015, when impairments of producing assets in the Upstream segment were recorded, following reduced oil price assumptions.

The net financial result was broadly in line with the prior year, amounting to a loss of RON (204) mn in 2016 (loss of RON (196) mn in 2015).

Profit before tax improved to RON 1,265 mn. The corporate income tax was at the amount of RON (227) mn, while the effective tax rate was 18% for 2016.

The net result attributable to stockholders was RON 1,043 mn, compared to a negative RON (676) mn in 2015. **Clean CCS net income attributable to stockholders** was RON 1,162 mn, 36% lower compared to 2015 (RON 1,801 mn). Earnings per share in 2016 were RON 0.0184 (2015: loss per share RON (0.0119)) and **clean CCS EPS** was RON 0.0205 (2015: RON 0.0318).

Cash flow from operating activities amounted to RON 4,454 mn, below the 2015 level (RON 5,283 mn), reflecting mainly the lower pricing environment. **Free cash flow after dividends** amounted to RON 1,558 mn (2015: RON (301) mn).

Statement of financial position and capital expenditure

Summarized statement of financial position (in RON mn)	December 31, 2016	%	December 31, 2015	%
Assets				
Non-current assets	**35,129**	**85**	**36,020**	**88**
Intangible assets and property, plant and equipment	30,861	75	31,708	77
Investments in associated companies	44	0	41	0
Other non-current assets	2,672	6	2,708	7
Deferred tax assets	1,552	4	1,563	4
Current assets[1]	**6,285**	**15**	**5,098**	**12**
Inventories	1,950	5	1,965	5
Trade receivables	1,540	4	1,318	3
Assets held for sale	273	1	119	0
Other current assets	2,522	6	1,696	4
Total assets	**41,414**	**100**	**41,118**	**100**
Equity and liabilities				
Total equity	**26,706**	**64**	**25,688**	**62**
Non-current liabilities	**10,087**	**24**	**10,382**	**25**
Pensions and similar obligations	225	1	239	1
Interest-bearing debts	1,141	3	1,424	3
Decommissioning and restoration obligations	7,923	19	7,941	19
Provisions and other liabilities	798	2	765	2
Deferred tax liabilities	0	0	13	0
Current liabilities[2]	**4,621**	**11**	**5,049**	**12**
Trade payables	2,290	6	2,318	6
Interest-bearing debts	410	1	379	1
Liabilities associated with assets held for sale	136	0	10	0
Provisions and other liabilities	1,786	4	2,342	6
Total equity and liabilities	**41,414**	**100**	**41,118**	**100**

[1] *include assets held for sale*
[2] *include liabilities associated with assets held for sale*

Capital expenditure decreased to RON 2,575 mn (2015: RON 3,895 mn), mainly due to a substantial reduction in Upstream CAPEX.

Upstream investments in 2016 were RON 2,119 mn, compared to RON 3,486 mn in 2015. Downstream investments amounted to RON 453 mn (2015: RON 402 mn), thereof RON 440 mn in Downstream Oil (2015: RON 393 mn) and RON 13 mn in Downstream Gas (2015: RON 9 mn). Corporate & Other CAPEX was RON 3 mn (2015: RON 7 mn).

Compared to December 31, 2015, **total assets** increased by RON 296 mn, to RON 41,414 mn, mainly driven by a higher cash and cash equivalents position, which more than compensated the decrease in non-current assets. The increase in intangible assets by RON 106 mn, which is mostly related to the operations at the Neptun Deep block in the Black Sea, was more than offset by the net decrease of RON 953 mn in property, plant and equipment, as depreciation and impairments exceeded investments during the period and assets related to 19 marginal onshore fields were reclassified as held for sale in Q3/16.

Equity increased to RON 26,706 mn as of December 31, 2016 compared to RON 25,688 mn as of December 31, 2015, as a result of the net profit generated in the current period. The Group's equity ratio of 64% as of end-December 2016 was slightly higher than the level as of end-December 2015 (62%).

Total interest bearing debt decreased from RON 1,802 mn as of December 31, 2015 to RON 1,550 mn as of December 31, 2016, following partial loan reimbursements during the year, which was slightly offset by the RON depreciation vs. EUR and USD at the end of 2016 compared to the end of 2015.

The Group's liabilities other than interest bearing debt decreased by RON 470 mn, due to lower financial liabilities, broadly reflecting the reduction in capital expenditure and the completion of the exploration drilling campaign in the Black Sea.

Due to the significant cash balance at December 31, 2016, OMV Petrom Group switched to a **net cash** position of RON 237 mn, compared to the December 31, 2015 **net debt** position of RON 1,286 mn.

Cash flow

Summarized cash-flow statement (in RON mn)	2016	2015	Δ%
Sources of funds	**4,482**	**5,137**	**(13)**
Cash flow from operating activities	4,454	5,283	(16)
Cash flow from investing activities	(2,896)	(4,953)	42
Free cash flow	**1,559**	**329**	**373**
Cash flow from financing activities	(376)	(794)	53
Effect of exchange rates on cash and cash equivalents	0	10	(96)
Net increase / (decrease) in cash and cash equivalents	**1,183**	**(455)**	**n.m.**
Cash and cash equivalents at beginning of the period	813	1,268	(36)
Cash and cash equivalents at end of the period	**1,996**	**813**	**146**
Free cash flow after dividends	**1,558**	**(301)**	**n.m.**

In 2016, the inflow of funds from profit before tax, adjusted for non-cash items such as depreciation and impairments, net change of provisions and other non-cash adjustments, as well as net interest and income tax paid was RON 4,482 mn (2015: RON 5,137 mn), while **net working capital** generated a cash outflow of RON 27 mn (2015: inflow of RON 146 mn). **Cash flow from operating activities** decreased by RON 828 mn compared to 2015, reaching RON 4,454 mn.

In 2016, the **cash flow from investing activities** resulted in an outflow of RON 2,896 mn (2015: RON 4,953 mn) mainly related to payments for investments in intangible assets and property, plant and equipment.

Free cash flow (defined as cash flow from operating activities less cash flow from investing activities) showed an inflow of funds of RON 1,559 mn (2015: RON 329 mn). **Free cash flow less dividend payments** resulted in a cash inflow of RON 1,558 mn (2015: outflow of RON 301 mn).

Cash flow from financing activities reflected a net outflow of funds amounting to RON 376 mn (2015: RON 794 mn), mainly arising from the repayment of tranches from the loans from the European Investment Bank and the European Bank for Reconstruction and Development, with 2015 also including payments of dividends for the year 2014.

Risk management

The scope of OMV Petrom's business activity, both existing and planned, and the markets in which the company operates inherently expose it to significant commodity price, foreign exchange, operational and other risks. A detailed description of risks and risk management activities can be found in the 2015 Annual Report (pages 47-50).

In 2016, the main uncertainties which can influence the company's performance remain the commodity price risk, operational risks as well as political and regulatory risk. The commodity price risk is being monitored constantly for developments and, when appropriate, protective measures are undertaken (e.g. entering into hedging agreements).

Through the nature of its business of extracting, processing, transporting and selling hydrocarbons, OMV Petrom is inherently exposed to safety and environmental risks. Through the company's HSSE and risk management programs, OMV Petrom remains committed to be in line with industry standards.

In terms of political and regulatory risk, the company is in dialogue with the Romanian authorities on topics of relevance for the industry.

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

Outlook 2017

Market, regulatory and fiscal environment

For the year 2017, OMV Petrom expects the average **Brent oil price** to be at USD 55/bbl. The Brent-Urals spread is anticipated to slightly decrease compared to 2016.

In 2017, we expect **gas** demand in Romania to remain broadly flat as compared to 2016, with high competition and margin pressure.

In the **power** market, demand for 2017 is anticipated to be also relatively stable, with positive average spark spreads throughout the year.

Refining margins are projected to trend downwards in 2017 due to crude price recovery and persisting overcapacity in the market. However, lower product prices resulting from further fiscal easing in Romania (1pp VAT reduction and the elimination of the additional 7 eurocents/liter excise starting January 2017) will continue to support market demand in an environment with strong competition.

The supplementary **taxation** was extended until the end of 2017 and the special construction tax was eliminated as of January 1, 2017. In addition, as announced by the authorities, further developments are expected with respect to **upstream oil and gas taxation**, with public consultations envisaged to take place before new measures are applied.

As previously stated, a stable, predictable and investment-friendly fiscal and regulatory framework is a key requirement for our future investments, both onshore and offshore.

OMV Petrom Group

- OMV Petrom expects to generate a positive free cash flow after dividends in 2017, through a continuous focus on cost discipline;
- CAPEX (including capitalized exploration and appraisal) for 2017 is anticipated to be around EUR 0.8 bn, about 40% higher yoy, with approximately 85% dedicated to Upstream;
- Exploration expenditure is expected to increase by 15% compared to the previous year;
- The Executive Board proposes a dividend of RON 0.015/share for the 2016 financial year, subject to the approval of the Supervisory Board and General Meeting of Shareholders.

Upstream

- Group's full year average production decline is estimated to be up to 3% compared with 2016, not including new portfolio optimization initiatives;
- Portfolio optimization: transfer of 19 marginal fields is ongoing; we will initiate the assessment of the next round of fields divestment;
- Production and development: estimated 1,000 workovers and around 70 new wells for 2017;
- Exploration: six wells are planned to be drilled in 2017;
- Neptun Deep block (50% OMV Petrom; 50% ExxonMobil): extensive work is ongoing to determine the commercial viability of the project.

Downstream

- The refinery utilization rate is expected to be above 90% in 2017;
- We expect to maintain our strong position on the gas market, with sales volumes of around 50 TWh;
- One gas turbine of the Brazi power plant is expected to remain unavailable until Q3/17, resulting in lost market opportunities; acquisition of a new transformer will imply a single digit EUR mn CAPEX;
- A three-week shutdown is planned for the second gas turbine of the Brazi power plant in Q2/17;
- Dorobantu wind park divestment: process ongoing.

Business segments
Upstream

Q3/16	Q4/16	Q4/15	∆%	in RON mn	2016	2015	∆%
171	159	(2,103)	n.m.	EBIT [1]	401	(1,815)	n.m.
(22)	(87)	(1,879)	95	Special items	(174)	(2,734)	94
193	246	(223)	n.m.	Clean EBIT [1]	575	919	(37)
841	917	831	10	Clean EBITD	3,205	4,120	(22)
420	635	696	(9)	CAPEX	2,119	3,486	(39)

Q3/16	Q4/16	Q4/15	∆%	Key performance indicators	2016	2015	∆%
15.99	15.66	16.22	(3)	Total hydrocarbon production (mn boe)	63.74	65.19	(2)
174	170	176	(3)	Total hydrocarbon production (kboe/d)[2]	174	179	(3)
7.25	7.16	7.42	(3)	Crude oil and NGL production (mn bbl)	29.15	30.43	(4)
1.34	1.30	1.35	(3)	Natural gas production (bcm)	5.29	5.32	(0)
47.23	45.93	47.53	(3)	Natural gas production (bcf)	186.96	187.87	(0)
15.1	14.8	15.4	(4)	Total hydrocarbon sales volume (mn boe)	59.9	61.4	(3)
44.10	47.89	42.26	13	Average Urals price (USD/bbl)	42.10	51.45	(18)
37.41	41.55	36.07	15	Average Group realized crude price (USD/bbl)	35.58	45.00	(21)
40	57	312	(82)	Exploration expenditures (RON mn)	338	1,399	(76)
19	99	315	(69)	Exploration expenses (RON mn)	262	577	(55)
11.27	11.77	12.10	(3)	OPEX (USD/boe)	11.85	13.16	(10)

[1] Excluding intersegmental profit elimination; [2] Production figures in kboe/d are rounded

Fourth quarter 2016 (Q4/16) vs. fourth quarter 2015 (Q4/15)

- **Clean EBIT positively influenced by higher oil prices and lower exploration expenses**
- **Daily production decreased by 3%, reflecting also surface works in Totea Deep in Romania**
- **OPEX in USD/boe down 3% driven by cost reduction and efficiency measures**

In Q4/16, **Urals crude price** averaged at USD 47.89/bbl, 13% higher compared to Q4/15. The average **realized crude price** increased by 15% to USD 41.55/bbl.

Group daily hydrocarbon **production** was 170.3 kboe/d (Romania: 161.9 kboe/d). Total production stood at 15.66 mn boe (Romania: 14.90 mn boe). The lower production in Romania was due to the natural decline and surface facility works at the Totea Deep gas field, partly compensated by the gas output from the offshore compression project Lebada East NAG, commissioned in Q2/16. Crude oil and NGL production in Romania was 6.46 mn bbl, 4% lower than in Q4/15. This mainly reflected the natural decline, which could not be fully offset due to the reduced level of investments, the increased number of wells that became uneconomic due to the unfavorable oil price environment and the planned maintenance at key wells. Gas production in Romania decreased by 3% to 8.44 mn boe (Q4/15: 8.72 mn boe) due to natural decline and the surface facility upgrade in Totea Deep, which was partially compensated by the offshore Lebada Est NAG compression project. In Kazakhstan, total production amounted to 0.77 mn boe, 1.3% lower compared to the same period of 2015, mainly due to natural decline, while the workovers done in Q4/16 partially offset the decline.

Group hydrocarbon **sales volumes** decreased by 4% compared to Q4/15, as lower sales in Romania more than offset the higher oil volumes from Kazakhstan.

In Q4/16, we finalized drilling of 13 new wells and sidetracks, compared to 15 in the same period of 2015.

Group **production costs** (OPEX) in USD/boe were 3% lower than in Q4/15, mainly due to lower services, personnel and favorable FX rates, partly offset by lower production available for sale. In Romania, production costs in USD/boe decreased by 3% to USD 11.43/boe, while in RON terms, they stood at RON 47.76/boe, 1% below the Q4/15 level.

Clean EBIT improved to RON 246 mn, mainly driven by lower exploration expenses, depreciation, higher oil prices, lower royalties, favorable FX effects (USD 3% stronger against RON) and lower production costs, partly offset by lower gas prices and volumes.

Q4/16 **reported EBIT** was influenced by special charges, mainly in relation to the reassessment of receivables and personnel restructuring charges, whereas Q4/15 reflected special charges of RON (1,879) mn, predominantly impairments of production assets as a consequence of reduced oil price assumptions.

Exploration expenses decreased to RON 99 mn in Q4/16, compared to RON 315 mn in Q4/15, mainly due to lower write-offs in Q4/16 while Q4/15 included the write-off of two unsuccessful wells and seismic acquisitions under the joint ventures with Hunt Oil and Repsol.

Investments in Upstream activities were at the amount of RON 635 mn, 9% below Q4/15 level, mainly due to lower investments in field redevelopment projects and the Neptun Deep project (drilling campaign finalized in January 2016).

Exploration expenditures decreased to RON 57 mn, mainly due to finalized drilling activities in the Black Sea.

Fourth quarter 2016 (Q4/16) vs. third quarter 2016 (Q3/16)

In Q4/16, the **average Urals crude price** increased to USD 47.89/bbl, by 9% , while the **average realized crude price** increased to USD 41.55/bbl in Q4/16, by 11%.

Group daily production decreased to 170.3 kboe/d, while total production amounted to 15.66 mn boe (Q3/16: 15.99 mn boe). The decrease in production in Romania was due to natural decline and the surface facility upgrade in Totea Deep, partially compensated by workover results. In Kazakhstan the production was higher compared to Q3/16, due to positive results from the workover campaign performed in Q4/16 and planned facility maintenance in Q3/16.

Group sales volumes were lower compared to the Q3/16 level, as the higher sales volumes in Kazakhstan could not fully compensate the lower sales in Romania.

Group **production costs** in USD/boe were 4% higher than in Q3/16. Production costs in Romania increased by 3% when expressed in USD/boe, and by 8% in RON/boe terms (RON 47.76/boe), due to higher materials and services costs and lower production available for sale.

Clean EBIT increased compared to the Q3/16 level, mostly due to higher prices and favorable FX rates, which were partly offset by higher exploration expenses, higher production costs and lower oil and gas quantities.

Reported EBIT decreased to RON 159 mn compared to RON 171 mn in Q3/16, as Q4/16 was affected by special charges, mainly in relation to the reassessment of receivables and provisions.

Exploration expenses increased to RON 99 mn in Q4/16, compared to RON 19 mn in Q3/16 mainly due to reservoir studies and the write-off of an offshore well.

Investments in Upstream activities, in the amount of RON 635 mn, accounted for 84% of OMV Petrom's total CAPEX in Q4/16 (Q3/16: RON 420 mn) and were mainly directed to workover activities and sub-surface operations, field redevelopments initiatives, drilling development wells and surface facilities projects.

Exploration expenditures increased to RON 57 mn from RON 40 mn, mainly due to higher exploration drilling in Q4/16.

January – December 2016 vs. January – December 2015

Average **Urals crude prices** decreased by 18% compared to 2015 to USD 42.10/bbl. The average Group **realized crude price** was USD 35.58/bbl, 21% lower than in 2015.

Group daily hydrocarbon **production** was 174.1 kboe/d (Romania: 165.8 kboe/d). Group oil, gas and NGL **production** in 2016 totaled 63.74 mn boe, lower than the 2015 level as a result of decreased production in Romania and in Kazakhstan. In Romania, total oil, gas and NGL production amounted to 60.66 mn boe, lower by 2% compared to the previous year. Domestic crude oil production was 26.34 mn bbl, 4% down compared to the 2015 level due to natural decline, planned workovers and surface works (both onshore and offshore). Domestic gas production was 34.32 mn boe, almost flat compared to the 2015 level. Oil and gas production in Kazakhstan decreased by 7% to 3.07 mn boe, due to natural decline and facility maintenance.

Group **sales volumes** decreased by 3% compared to 2015 due to lower sales volumes in Kazakhstan and lower oil and NGL sales in Romania, offsetting slightly higher gas sales in Romania.

Group **production costs** in USD/boe were USD 11.85/boe, 10% down compared to 2015 level, mainly due to efforts made to simplify and adjust our organization, favorable FX rates, lower services, personnel and material costs, partly offset by lower production available for sale. Production costs in Romania expressed in USD/boe were USD 11.69/boe, down 9% vs 2015, while in RON terms they decreased by 7% to RON 47.44/boe, mostly due to lower services, personnel and materials costs.

Clean EBIT decreased by 37% to RON 575 mn, mainly driven by lower prices and hydrocarbon volumes, which more than offset lower exploration expenses, production costs, depreciation and royalties. The oil price hedges for the period Q4/15 through Q2/16 were monetized in 2015, improving 2015 clean EBIT by RON 101 mn.

Reported EBIT amounted to RON 401 mn in 2016, due to special charges related to personnel restructuring, write-offs of exploration assets and the reassessment of receivables, while 2015 was influenced mostly by impairments of production assets in Romania and Kazakhstan, totaling RON 2.7 bn.

Exploration expenses decreased to RON 262 mn in 2016 (2015: RON 577 mn), mainly due to reduced activity at the Neptun block.

Investments in Upstream activities (RON 2,119 mn) represented 82% of total Group CAPEX for 2016, being 39% below the 2015 level, as the swift reaction to the oil price decrease led to the prioritization of investments. Upstream investments were focused on activities related to workovers and subsurface operations, finalizing field redevelopments, surface facilities, drilling development wells, as well as investments related to the Neptun Deep project.

Exploration expenditures reached RON 338 mn mainly due to finalized drilling activities in the Black Sea.

As of December 31, 2016 the total proved oil and gas **reserves** in OMV Petrom Group's portfolio amounted to 606 mn boe (of which Romania had 582 mn boe), while the proved and probable oil and gas reserves amounted to 879 mn boe (of which Romania had 829 mn boe). The Group's three-year average **reserve replacement rate** increased to 37% in 2016 (2015: 35%), while in Romania it stood at 32% (2015: 33%). For the single year 2016, the Group's reserves replacement rate was 36% (2015: 33%), while in Romania it was 29% (2015: 25%).

Downstream

Q3/16	Q4/16	Q4/15	Δ%	in RON mn	2016	2015	Δ%
364	295	127	133	EBIT	1,293	1,014	28
33	(103)	(51)	(103)	Special items	51	45	13
(61)	106	(91)	n.m.	CCS effect: Inventory holding gains/(losses) [1]	120	(201)	n.m.
393	292	269	9	Clean CCS EBIT [1]	1,122	1,169	(4)
403	288	277	4	thereof Downstream Oil	1,112	1,315	(15)
(10)	5	(8)	n.m.	thereof Downstream Gas	11	(145)	n.m.
588	479	465	3	Clean CCS EBITD [1]	1,866	1,915	(3)
57	125	199	(37)	CAPEX	453	402	13

Q3/16	Q4/16	Q4/15	Δ%	Downstream Oil KPIs	2016	2015	Δ%
5.96	7.14	7.75	(8)	Indicator refining margin (USD/bbl) [2]	6.98	8.71	(20)
1.16	1.15	1.09	5	Refining input (mn t) [3]	4.22	4.18	1
97	96	92	4	Refinery utilization rate (%)	89	88	0
1.39	1.27	1.34	(5)	Total refined product sales (mn t)	4.93	5.03	(2)
0.73	0.65	0.66	(2)	thereof retail sales volumes (mn t) [4]	2.56	2.53	1
				Downstream Gas KPIs			
11.44	14.17	13.28	7	Gas sales volumes (TWh)	50.36	51.39	(2)
8.89	12.41	10.70	16	thereof to third parties (TWh)	43.86	45.24	(3)
60.0	60.0	60.0	0	Average regulated domestic gas price for households (RON/MWh)	60.0	56.7	6
1.20	0.82	1.13	(28)	Net electrical output (TWh)	2.93	2.65	10
146	184	174	6	OPCOM spot average electricity base load price (RON/MWh)	150	162	(8)

[1] Current cost of supply (CCS): Clean CCS EBIT eliminates special items and inventory holding gains/losses (CCS effects) resulting from Downstream Oil
[2] The actual refining margins realized by OMV Petrom may vary from the indicator refining margin due to different crude slate, product yield and operating conditions
[3] Figures include crude and semi-finished products, in line with OMV Group reporting standard
[4] Retail sales volumes refer to sales via Group's filling stations in Romania, Bulgaria, Serbia and the Republic of Moldova. Figures also reflected wholesales in the Republic of Moldova until end-2015, when reporting changed; historical figures were not adjusted accordingly.

Fourth quarter 2016 (Q4/16) vs. fourth quarter 2015 (Q4/15)

- **Downstream Oil: Improved contribution from both refining and retail, despite challenging environment**
- **Retail sales volumes down 2% (up 2% like for like)**
- **Downstream Gas: Good performance of gas business despite competition from import gas**
- **Lower output of the Brazi power plant due to unplanned outage**

Clean CCS EBIT increased to RON 292 mn in Q4/16 (Q4/15: RON 269 mn), reflecting the improved contribution of both Downstream Oil and Gas segments, the latter turning positive. **Reported EBIT** was RON 295 mn, reflecting positive CCS effects of RON 106 mn, due to increased crude prices, which fully compensated special charges of RON (103) mn, mainly in relation to the reassessment of receivables and provisions.

In Q4/16, the **Downstream Oil** Clean CCS EBIT increased by 4% vs. Q4/15, mainly due to optimized performance in refining and all sales channels.

The OMV Petrom indicator refining margin decreased from USD 7.75/bbl in Q4/15 to USD 7.14/bbl in Q4/16, mainly driven by higher costs for crude consumed partially compensated by better product spreads. The refinery utilization rate increased to 96% (Q4/15: 92%).

Total refined product sales decreased by 5% compared with Q4/15, reflecting a high base derived from last year's market opportunities. Group retail sales volumes decreased by 2% compared to Q4/15. Until end-2015, Group retail sales volumes also included wholesales in the Republic of Moldova. On a comparable basis, Group retail sales volumes would have increased by 2% yoy. Non-retail sales dropped by 8% vs Q4/15, reflecting the base effect from prior year opportunities.

The **Downstream Gas** Clean EBIT was RON 5 mn in Q4/16, compared to RON (8) mn in Q4/15, reflecting improved contribution of the gas business, despite the deteriorated price environment, which offset the lower contribution from the power business. The latter was also due to the RON (8) mn cost triggered by the unavailability of one gas turbine of the Brazi power plant.

As per OMV Petrom's estimates, national gas demand increased by around 20% as compared to Q4/15 due to colder weather and higher demand from the fertilizer industry. OMV Petrom's total gas sales volumes went up by 7%, despite significant competition coming from import gas and a lower offtake by the Brazi power plant. At the end of Q4/16, OMV Petrom's storage level was 2.5 TWh (Q4/15: 1.9 TWh), thereof 0.6 TWh already contracted for sale with delivery in Q1/17.

On the Romanian centralized markets, which were characterized by slightly improved liquidity, the domestic gas price varied between RON 68/MWh and RON 93/MWh for deliveries in Q4/16 (1.2 TWh), while for deliveries in Q1/17 (4.1 TWh), the gas price varied between RON 69/MWh and RON 77/MWh[2].

As per currently available information from the grid operator, national gross electricity production increased by 4% compared to the same quarter of 2015, while national demand increased by 6%; the net export balance decreased by 16%.

In Q4/16, due to the unplanned outage of one gas turbine, the Brazi power plant generated a 29% lower net electrical output. The Dorobantu wind park delivered the historically highest output recorded in a fourth quarter, on favorable weather conditions, and received around 40,000 green certificates, half of them eligible for sale after January 1, 2018.

Total Downstream investments amounted to RON 125 mn (Q4/15: RON 199 mn), thereof RON 120 mn in Downstream Oil (Q4/15: RON 194 mn). This decrease was driven mainly by the fact that many of the refinery projects were finalized during the Q2/16 turnaround.

Fourth quarter 2016 (Q4/16) vs. third quarter 2016 (Q3/16)

Clean CCS EBIT of RON 292 mn significantly decreased compared to RON 393 mn in Q3/16, on lower Downstream Oil segment results.

The **Downstream Oil** Clean CCS EBIT of RON 288 mn in Q4/16 decreased after the seasonally higher Q3/16 sales in all channels, partly offset by higher refining margins.

The OMV Petrom indicator refining margin increased from USD 5.96/bbl in Q3/16 to USD 7.14/bbl in Q4/16, triggered by better product spreads, offsetting the increase in cost of own crude consumption. The refinery utilization rate stood at 96% (Q3/16: 97%).

Total refined product sales decreased by 8%, following seasonally higher sales in Q3/16. Group retail sales volumes, which accounted for 51% of total refined product sales, decreased by 12% vs. Q3/16, when there was a seasonally higher demand. In addition, the increased competition in the operating region affected the non-retail sales volumes, which were lower by 4% vs. Q3/16.

The **Downstream Gas** Clean EBIT in Q4/16 was RON 5 mn vs. RON (10) mn in Q3/16 driven by the higher contribution of the gas business.

National gas demand significantly increased vs. Q3/16 on the back of seasonality and higher demand from the fertilizer industry. An important part of the increase was covered by import gas. OMV Petrom's total gas sales volumes seasonally rose by 24%.

As per currently available information from the grid operator, national gross electricity production increased by 14%, while demand increased by 16%; the net export balance was stable vs. Q3/16.

In Q4/16, due to the unplanned outage of one gas turbine, the Brazi power plant net electrical output decreased to 0.79 TWh (Q3/16: 1.18 TWh), sold on both forward and spot markets. The Dorobantu wind park generated a seasonally higher net output of 0.03 TWh.

Total **Downstream investments** amounted to RON 125 mn (Q3/16: RON 57 mn), thereof RON 120 mn in Downstream Oil (Q3/16: RON 56 mn). The increase was driven mainly by investments in filling stations for fulfilling the legal requirements.

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[2] *The gas price for transactions on the Romanian centralized markets could include storage related tariffs in connection with the gas volumes sold/extracted from storage*

January – December 2016 vs. January – December 2015

Clean CCS EBIT decreased to RON 1,122 mn in 2016 (2015: RON 1,169 mn) on the back of a declining Downstream Oil segment result, partly offset by the improved result of the Downstream Gas segment. **Reported EBIT** came in at RON 1,293 mn reflecting special items of RON 51 mn as a gain, mainly related to the final Court decisions in Q1/16 to reduce the fines imposed by the Competition Council and the positive result of a legal dispute in Q3/16, which was partially offset by the reassessment of receivables in Q4/16 and positive CCS inventory holding gains of RON 120 mn vs. RON (201) mn loss in 2015.

Clean CCS EBIT in **Downstream Oil** decreased to RON 1,112 mn compared to RON 1,315 mn in 2015, largely driven by lower refining margins despite improved cost management.

The indicator refining margin decreased to USD 6.98/bbl, from USD 8.71/bbl in 2015, reflecting a challenging refining environment, with lower product spreads despite lower cost for crude consumed. The utilization rate was slightly higher than the 2015 level (89% in 2016 compared to 88% in 2015), supported by better domestic demand of petroleum products, despite the one-month planned turnaround of the refinery.

Group total refined product sales amounted to 4.93 mn t in 2016, 2% lower compared to 2015, reflecting lower export sales. In addition, OMV Petrom had to prepare for an increased level of compulsory stock. Group retail sales were 1% higher compared to the previous year's level, reaching 2.56 mn t, the positive trend being reflected within domestic market. Until end-2015, Group retail sales volumes also included wholesales in the Republic of Moldova. On a comparable basis, in 2016, Group retail sales volumes would have increased by 4% yoy. Group non-retail sales decreased 5% below 2015 level, reflecting increased market competition.

The **Downstream Gas** Clean EBIT was RON 11 mn in 2016 vs. RON (145) mn in 2015, when it was impacted by RON (87) mn net provisions for outstanding receivables, whereas, in 2016, the net impact from provisions was favorable, at RON 13 mn. The gas business experienced persistent pressure on volumes and margins, while the power business contribution significantly improved, as a result of a good mix of spot and forward sales and supported by higher spark spreads.

As per OMV Petrom's estimations, national gas consumption increased by around 3% vs. 2015, with import gas covering a significantly higher share in the supply mix. OMV Petrom's gas sales decreased by 2% as compared to 2015, due to lower volumes available in storage at the beginning of 2016 (according to the company's objective to minimize storage expenses). The integration with the Brazi power plant played a key role, particularly in the summer time.

According to preliminary data available from the grid operator, national gross electricity production decreased by 2%, while demand slightly increased, by 1% in 2016; the net export balance decreased by around 26%.

In 2016, the net electrical output of the Brazi power plant increased to 2.83 TWh (2015: 2.56 TWh), covering approximately 5% of Romania's electricity production and 7% of the balancing market, according to available information (2015: 4% of Romania's electricity production and 11% of the balancing market). The Dorobantu wind park generated a net electrical output of 0.08 TWh in 2016, stable vs. 2015, receiving around 128,000 green certificates, half of them eligible for sale after January 1, 2018.

Downstream investments amounted to RON 453 mn (2015: RON 402 mn). Downstream Oil investments amounted to RON 440 mn (2015: RON 393 mn), mainly reflecting the planned refinery turnaround and investments directed to efficiency and growth opportunities, as well as for legal and environmental compliance projects.

Group interim condensed consolidated financial statements as of and for the period ended December 31, 2016 (unaudited)

Interim condensed consolidated income statement (unaudited)

Q3/16	Q4/16	Q4/15	Interim condensed consolidated income statement (in RON mn)	2016	2015
4,460.51	4,594.78	4,518.20	Sales revenues	16,246.92	18,144.98
(66.06)	(91.73)	(83.06)	Direct selling expenses	(303.45)	(383.10)
(3,475.85)	(3,581.28)	(5,678.08)	Production costs of sales	(12,940.55)	(16,402.56)
918.60	**921.77**	**(1,242.94)**	**Gross profit**	**3,002.92**	**1,359.32**
71.37	70.85	85.57	Other operating income	488.14	501.45
(246.00)	(222.44)	(239.67)	Selling expenses	(928.03)	(939.13)
(35.94)	(36.06)	(38.50)	Administrative expenses	(135.90)	(182.86)
(19.46)	(99.13)	(315.42)	Exploration expenses	(262.19)	(576.61)
(115.41)	(299.54)	(93.51)	Other operating expenses	(695.67)	(691.92)
573.16	**335.45**	**(1,844.47)**	**Earnings before interest and taxes (EBIT)**	**1,469.27**	**(529.75)**
1.81	(0.21)	(0.42)	Income/(loss) from associated companies	6.93	7.40
85.79	3.15	16.06	Interest income	172.78	234.82
(113.37)	(82.92)	(127.75)	Interest expenses	(357.24)	(430.99)
9.84	(22.65)	(22.57)	Other financial income and expenses	(26.81)	(7.45)
(15.93)	**(102.63)**	**(134.68)**	**Net financial result**	**(204.34)**	**(196.22)**
557.23	**232.82**	**(1,979.15)**	**Profit/(loss) before tax**	**1,264.93**	**(725.97)**
(84.40)	(72.86)	298.76	Taxes on income	(227.28)	36.32
472.83	**159.96**	**(1,680.39)**	**Net income/(loss) for the period**	**1,037.65**	**(689.65)**
473.27	**161.67**	**(1,674.59)**	**thereof attributable to stockholders of the parent**	**1,043.21**	**(675.99)**
(0.44)	(1.71)	(5.80)	thereof attributable to non-controlling interests	(5.56)	(13.66)
0.0084	**0.0029**	**(0.0296)**	**Basic earnings/(loss) per share (RON)**	**0.0184**	**(0.0119)**

Interim condensed consolidated statement of comprehensive income (unaudited)

Q3/16	Q4/16	Q4/15	Interim condensed consolidated statement of comprehensive income (in RON mn)	2016	2015
472.83	**159.96**	**(1,680.39)**	**Net income/(loss) for the period**	**1,037.65**	**(689.65)**
(6.10)	(2.52)	(0.12)	Exchange differences from translation of foreign operations	(10.44)	(6.86)
-	-	(22.70)	Gains/(losses) on hedges	(14.21)	14.21
(6.10)	**(2.52)**	**(22.82)**	**Total of items that may be reclassified (“recycled”) subsequently to the income statement**	**(24.65)**	**7.35**
-	15.78	34.56	Re-measurement gains/ (losses) on defined benefit plans	15.78	34.56
-	**15.78**	**34.56**	**Total of items that will not be reclassified ("recycled") subsequently to the income statement**	**15.78**	**34.56**
5.52	(22.03)	(9.15)	Income tax relating to items that may be reclassified (“recycled”) subsequently to the income statement	(8.33)	(29.49)
-	(2.52)	(5.53)	Income tax relating to items that will not be reclassified ("recycled") subsequently to the income statement	(2.52)	(5.53)
5.52	**(24.55)**	**(14.68)**	**Total income taxes relating to components of other comprehensive income**	**(10.85)**	**(35.02)**
(0.58)	**(11.29)**	(2.94)	**Other comprehensive income/(loss) for the period, net of tax**	(19.72)	6.89
472.25	**148.67**	**(1,683.33)**	**Total comprehensive income/(loss) for the period**	**1,017.93**	**(682.76)**
471.57	155.04	(1,674.83)	thereof attributable to stockholders of the parent	1,025.91	(664.03)
0.68	(6.37)	(8.50)	thereof attributable to non-controlling interests	(7.98)	(18.73)

Interim condensed consolidated statement of financial position (unaudited)

Interim condensed consolidated statement of financial position (in RON mn)	December 31, 2016	December 31, 2015
Assets		
Intangible assets	2,535.87	2,430.02
Property, plant and equipment	28,325.55	29,278.19
Investments in associated companies	43.69	40.69
Other financial assets	2,592.93	2,627.56
Other assets	78.88	80.29
Deferred tax assets	1,552.27	1,562.88
Non-current assets	**35,129.19**	**36,019.63**
Inventories	1,950.01	1,965.12
Trade receivables	1,540.04	1,318.28
Other financial assets	211.07	257.09
Other assets	314.88	626.90
Cash and cash equivalents	1,996.00	812.56
Current assets	**6,012.00**	**4,979.95**
Assets held for sale	272.92	118.58
Total assets	**41,414.11**	**41,118.16**
Equity and liabilities		
Capital stock	5,664.41	5,664.41
Reserves	21,104.94	20,078.72
Stockholders' equity	**26,769.35**	**25,743.13**
Non-controlling interests	(63.16)	(55.10)
Total equity	**26,706.19**	**25,688.03**
Provisions for pensions and similar obligations	224.55	238.72
Interest-bearing debts	1,140.70	1,423.70
Provisions for decommissioning and restoration obligations	7,923.46	7,941.21
Other provisions	620.84	498.99
Other financial liabilities	177.25	266.26
Deferred tax liabilities	-	12.72
Non-current liabilities	**10,086.80**	**10,381.60**
Trade payables	2,289.75	2,317.81
Interest-bearing debts	409.62	378.72
Income tax liabilities	130.57	107.10
Other provisions and decommissioning	729.27	911.08
Other financial liabilities	220.29	548.13
Other liabilities	705.80	775.27
Current liabilities	**4,485.30**	**5,038.11**
Liabilities associated with assets held for sale	135.82	10.42
Total equity and liabilities	**41,414.11**	**41,118.16**

Interim condensed consolidated statement of changes in equity (unaudited)

in RON mn	Share capital	Revenue reserves	Other reserves[1]	Treasury shares	Stockholders' equity	Non-controlling interests	Total Equity
January 1, 2016	**5,664.41**	**20,059.80**	**18.94**	**(0.02)**	**25,743.13**	**(55.10)**	**25,688.03**
Net income/(loss) for the period	-	1,043.21	-	-	1,043.21	(5.56)	1,037.65
Other comprehensive income/(loss) for the period	-	13.25	(30.55)	-	(17.30)	(2.42)	(19.72)
Total comprehensive income/(loss) for the period	**-**	**1,056.46**	**(30.55)**	**-**	**1,025.91**	**(7.98)**	**1,017.93**
Dividend distribution	-	-	-	-	-	(0.08)	(0.08)
Other increases	-	-	0.31	-	0.31	-	0.31
December 31, 2016	**5,664.41**	**21,116.26**	**(11.30)**	**(0.02)**	**26,769.35**	**(63.16)**	**26,706.19**

in RON mn	Share capital	Revenue reserves	Other reserves[1]	Treasury shares	Stockholders' equity	Non-controlling interests	Total Equity
January 1, 2015	**5,664.41**	**21,341.07**	**36.11**	**(0.02)**	**27,041.57**	**(36.29)**	**27,005.28**
Net income/(loss) for the period	-	(675.99)	-	-	(675.99)	(13.66)	(689.65)
Other comprehensive income/(loss) for the period	-	29.03	(17.07)	-	11.96	(5.07)	6.89
Total comprehensive income/(loss) for the period	**-**	**(646.96)**	**(17.07)**	**-**	**(664.03)**	**(18.73)**	**(682.76)**
Dividend distribution	-	(634.41)	-	-	(634.41)	(0.09)	(634.50)
Change in interests	-	0.10	(0.10)	-	-	0.01	0.01
December 31, 2015	**5,664.41**	**20,059.80**	**18.94**	**(0.02)**	**25,743.13**	**(55.10)**	**25,688.03**

[1]Other reserves contain mainly exchange rate differences from the translation of foreign operations, reserves from business combinations in stages, unrealized gains and losses from hedges, exchange differences on loans considered net investment in a foreign operation and land for which ownership was obtained but was not included in share capital.

Interim condensed consolidated statement of cash flows (unaudited)

Q3/16	Q4/16	Q4/15	Summarized interim condensed consolidated statement of cash flows (in RON mn)	2016	2015
557.23	**232.82**	**(1,979.15)**	**Profit/(loss) before tax**	**1,264.93**	**(725.97)**
(61.09)	235.21	147.27	Net change in provisions	26.71	(87.30)
0.01	(0.69)	0.84	Losses/(gains) on the disposal of non-current assets	(9.01)	(4.38)
850.36	866.35	3,252.54	Depreciation, amortization and impairments including write-ups	3,463.68	6,761.11
(9.48)	(19.94)	(220.28)	Net interest paid	(62.88)	(103.88)
(27.80)	(70.70)	(129.83)	Tax on profit paid	(204.87)	(728.57)
(33.59)	18.02	62.99	Other non-monetary adjustments	3.36	25.71
1,275.64	**1,261.07**	**1,134.38**	**Sources of funds** [1]	**4,481.92**	**5,136.72**
(35.21)	43.09	56.20	(Increase)/decrease in inventories	8.56	230.69
72.18	(166.73)	174.52	(Increase)/decrease in receivables	(62.02)	20.85
300.41	(67.28)	(261.38)	(Decrease)/increase in liabilities	25.97	(105.36)
1,613.02	**1,070.15**	**1,103.72**	**Cash flow from operating activities**	**4,454.43**	**5,282.90**
(500.52)	(651.59)	(1,095.90)	Intangible assets and property, plant and equipment	(2,917.44)	(5,025.23)
-	(0.67)	(0.13)	Investments, loans and other financial assets	(0.67)	(0.13)
2.13	14.26	25.61	Proceeds from sale of non-current assets	22.60	71.90
(498.39)	**(638.00)**	**(1,070.42)**	**Cash flow from investing activities**	**(2,895.51)**	**(4,953.46)**
(35.92)	(238.94)	(46.96)	Decrease in borrowings	(375.29)	(163.81)
(0.10)	(0.09)	(1.45)	Dividends paid	(0.59)	(630.68)
(36.02)	**(239.03)**	**(48.41)**	**Cash flow from financing activities**	**(375.88)**	**(794.49)**
(0.14)	(0.05)	5.08	Effect of exchange rate changes on cash and cash equivalents	0.40	9.63
1,078.47	**193.07**	**(10.03)**	**Net increase/(decrease) in cash and cash equivalents**	**1,183.44**	**(455.42)**
724.46	1,802.93	822.59	Cash and cash equivalents at beginning of period	812.56	1,267.98
1,802.93	**1,996.00**	**812.56**	**Cash and cash equivalents at end of period**	**1,996.00**	**812.56**
1,114.63	**432.15**	**33.30**	**Free cash flow**	**1,558.92**	**329.44**
1,114.53	**432.06**	**31.85**	**Free cash flow after dividends**	**1,558.33**	**(301.24)**

[1] *representing cash generated from operating activities before working capital movements*

Selected notes to the interim consolidated financial statements as of and for the period ended December 31, 2016

Legal principles

The interim condensed consolidated financial statements as of and for year ended December 31, 2016 have been prepared in accordance with IAS 34 Interim Financial Reporting.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as of December 31, 2015.

The interim condensed consolidated financial statements for 2016 included in this report are unaudited and an external limited review by an auditor was not performed.

The interim condensed consolidated financial statements for 2016 have been prepared in million RON (RON mn, RON 1,000,000). Accordingly there may be rounding differences.

General accounting policies

The accounting policies and valuation methods adopted in preparation of the interim condensed consolidated financial statements are consistent with those followed in preparation of the Group's annual consolidated financial statements for the year ended December 31, 2015, except as described herein.

The following new and amended standards and interpretations have been implemented since January 1, 2016. None has had a material impact on the interim condensed consolidated financial statements.

- Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations
- Amendments to IAS 1 Disclosure Initiative
- Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortization
- Amendments to IAS 27 Equity Method in Separate Financial Statements
- Annual Improvements to IFRSs 2012-2014 Cycle
- Amendments to IFRS 10, IFRS 12 and IAS 28 Investments Entities: Applying the Consolidation Exception

In addition to those presented in the Group's annual consolidated financial statements for the year ended December 31, 2015, the following standards, revisions and interpretations were issued by IASB, but are not yet effective, were not yet adopted by the EU and were not early adopted by the Group:

- Clarifications to IFRS 15 Revenue from Contracts with Customers
- Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealized Losses
- Amendments to IAS 7 Disclosure Initiative
- Amendments to IFRS 2 Classification and Measurement of Share based Payment Transactions
- IFRIC interpretation 22: Foreign Currency Transactions and Advance Consideration
- Annual Improvements to IFRSs 2014 – 2016 Cycle

Potential effects in the respective years of initial application are currently being evaluated by management.

Changes in the consolidated Group

Compared with the consolidated financial statements as of December 31, 2015, the subsidiaries OMV Petrom Ukraine E&P GmbH and OMV Petrom Ukraine Finance Services GmbH were liquidated during Q2/16, having an immaterial effect on the Group's financials.

The detailed structure of the consolidated companies in OMV Petrom Group at December 31, 2016 is presented in the Appendix 1 to the current report.

Seasonality and cyclicality

Seasonality is of particular significance in Downstream.

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

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

In addition to the interim condensed consolidated financial statements and notes, further information on main factors affecting the interim condensed consolidated financial statements as of and for the year ended December 31, 2016 is given as part of the description of OMV Petrom Group's Business Segments in the Director's Report.

Exchange rates

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

Statements of the financial position of foreign subsidiaries are translated to RON using the closing rate method based on exchange rates published by the National Bank of Romania, detailed below.

Q3/16	Q4/16	Q4/15	Δ%	NBR FX rates	2016	2015	Δ%
4.465	4.507	4.457	1	Average EUR/RON FX rate	4.490	4.445	1
3.999	4.175	4.067	3	Average USD/RON FX rate	4.057	4.006	1
4.452	4.541	4.525	0	Closing EUR/RON FX rate	4.541	4.525	0
3.982	4.303	4.148	4	Closing USD/RON FX rate	4.303	4.148	4

Notes to the income statement

Income tax

Q3/16	Q4/16	Q4/15	In RON mn	2016	2015
84.40	**72.86**	**(298.76)**	**Taxes on income**	**227.28**	**(36.32)**
68.23	95.54	55.93	Current taxes	228.55	475.95
16.17	(22.68)	(354.69)	Deferred taxes– expense / (revenue)	(1.27)	(512.27)
15%	31%	15%	Group effective tax rate	18%	5%

Notes to the statement of financial position

Commitments

As at December 31, 2016 OMV Petrom Group had commitments for investments of RON 712 mn (December 31, 2015: RON 1,261 mn) mainly relating to exploration and production activities in Upstream.

Inventories

During the year ended December 31, 2016, there were no material write downs of inventories.

Equity

At the Annual General Meeting of Shareholders held on April 26, 2016, the shareholders of OMV Petrom S.A. approved the Executive Board's proposal not to distribute dividends for the financial year 2015.

Financial liabilities

As of December 31, 2016, short- and long-term interest bearing debts and finance leases amounted to RON 1,759 mn (December 31, 2015: RON 2,099 mn), thereof RON 209 mn liabilities for finance leases (December 31, 2015: RON 296 mn).

Fair value measurement

Financial instruments recognized at fair value are disclosed according to the following fair value measurement hierarchy:

Level 1: Using quoted prices in active markets for identical assets or liabilities.

Level 2: Using inputs for the asset or liability, other than quoted prices, that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: Using inputs for the asset or liability that are not based on observable market data such as prices, but on internal models or other valuation methods.

	December 31, 2016				December 31, 2015			
Financial instruments on asset side (in RON mn)	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Derivatives designated and effective as hedging instruments	-	-	-	-	-	-	-	-
Other derivatives	-	0.05	-	**0.05**	-	105.16	-	**105.16**
Total	**-**	**0.05**	**-**	**0.05**	**-**	**105.16**	**-**	**105.16**

	December 31, 2016				December 31, 2015			
Financial instruments on liability side (in RON mn)	**Level 1**	**Level 2**	**Level 3**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Liabilities on derivatives designated and effective as hedging instruments	-	-	-	**-**	-	-	-	-
Liabilities on other derivatives	-	(9.41)	-	**(9.41)**	-	(102.05)	-	**(102.05)**
Total	**-**	**(9.41)**	**-**	**(9.41)**	**-**	**(102.05)**	**-**	**(102.05)**

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

Interest-bearing debts amounting to RON 1,550 mn (December 31, 2015: RON 1,802 mn) are valued at amortized cost. The estimated fair value of these liabilities was RON 1,538 mn (December 31, 2015: RON 1,812 mn). The carrying amount of all other financial assets and financial liabilities that were measured at amortized cost approximates their fair value.

Segment reporting

Intersegmental sales

Q3/16	Q4/16	Q4/15	Δ%	in RON mn	2016	2015	Δ%
1,723.14	1,839.74	1,874.46	(2)	Upstream	6,866.90	8,297.17	(17)
58.52	66.17	71.58	(8)	Downstream [1]	253.03	305.63	(17)
17.34	21.76	24.04	(9)	thereof Downstream Oil	76.18	98.37	(23)
63.79	76.91	84.84	(9)	thereof Downstream Gas	292.87	330.54	(11)
(22.61)	(32.50)	(37.30)	13	thereof intersegmental elimination Downstream Oil and Downstream Gas	(116.02)	(123.28)	6
37.83	47.84	53.41	(10)	Corporate and Other	169.37	195.05	(13)
1,819.49	**1,953.75**	**1,999.45**	**(2)**	**Total**	**7,289.30**	**8,797.85**	**(17)**

Sales to external customers

Q3/16	Q4/16	Q4/15	Δ%	in RON mn	2016	2015	Δ%
96.05	123.44	147.82	(16)	Upstream	436.01	681.75	(36)
4,355.60	4,460.58	4,353.40	2	Downstream	15,773.11	17,429.38	(10)
3,389.71	3,270.46	3,129.77	4	thereof Downstream Oil	11,655.01	13,223.76	(12)
965.89	1,190.12	1,223.63	(3)	thereof Downstream Gas	4,118.10	4,205.62	(2)
8.86	10.76	16.98	(37)	Corporate and Other	37.80	33.85	12
4,460.51	**4,594.78**	**4,518.20**	**2**	**Total**	**16,246.92**	**18,144.98**	**(10)**

Total sales (not consolidated)

Q3/16	Q4/16	Q4/15	Δ%	in RON mn	2016	2015	Δ%
1,819.19	1,963.18	2,022.28	(3)	Upstream	7,302.91	8,978.92	(19)
4,414.12	4,526.75	4,424.98	2	Downstream[1]	16,026.14	17,735.01	(10)
3,407.05	3,292.22	3,153.81	4	thereof Downstream Oil	11,731.19	13,322.13	(12)
1,029.68	1,267.03	1,308.47	(3)	thereof Downstream Gas	4,410.97	4,536.16	(3)
(22.61)	(32.50)	(37.30)	13	thereof intersegmental elimination Downstream Oil and Downstream Gas	(116.02)	(123.28)	6
46.69	58.60	70.39	(17)	Corporate and Other	207.17	228.90	(9)
6,280.00	**6,548.53**	**6,517.65**	**0**	**Total**	**23,536.22**	**26,942.83**	**(13)**

[1] *Sales Downstream = Sales Downstream Oil + Sales Downstream Gas – intersegmental elimination Downstream Oil and Downstream Gas*

Segment and Group profit

Q3/16	Q4/16	Q4/15	Δ%	in RON mn	2016	2015	Δ%
171.15	158.55	(2,102.87)	n.m.	EBIT Upstream	400.99	(1,814.60)	n.m.
363.75	294.98	126.72	133	EBIT Downstream	1,292.90	1,013.65	28
373.83	298.78	207.42	44	thereof EBIT Downstream Oil	1,289.45	1,229.70	5
(10.08)	(3.80)	(80.70)	95	thereof EBIT Downstream Gas	3.45	(216.05)	n.m.
(19.69)	(27.48)	(15.99)	(72)	EBIT Corporate and Other	(71.83)	(74.67)	4
515.21	**426.05**	**(1,992.14)**	**n.m.**	**EBIT segment total**	**1,622.06**	**(875.62)**	**n.m.**
57.95	(90.60)	147.67	n.m.	Consolidation: Elimination of intersegmental profits	(152.79)	345.87	n.m.
573.16	**335.45**	**(1,844.47)**	**n.m.**	**OMV Petrom Group EBIT**	**1,469.27**	**(529.75)**	**n.m.**
(15.93)	**(102.63)**	**(134.68)**	**24**	**Net financial result**	**(204.34)**	**(196.22)**	**(4)**
557.23	**232.82**	**(1,979.15)**	**n.m.**	**OMV Petrom Group profit/(loss) before tax**	**1,264.93**	**(725.97)**	**n.m.**

Assets[1]

in RON mn	December 31, 2016	December 31, 2015
Upstream	23,690.47	24,003.63
Downstream	6,689.54	7,197.07
thereof Downstream Oil	5,217.79	5,420.51
thereof Downstream Gas	1,471.75	1,776.56
Corporate and Other	481.41	507.51
Total	**30,861.42**	**31,708.21**

[1] *Segment assets consist of intangible assets and property, plant and equipment*

Other notes

Significant transactions with related parties

Significant transactions in form of supplies of goods and services take place on a constant and regular basis with companies from OMV Group. The most significant are disclosed in the Appendix 2.

Contingencies

In Q1/2016, Bulgarian Commission for Protection of Competition (CPC) announced the initiation of several investigations about the infringement of competition rules on fuel market, OMV Bulgaria being one of the investigated companies. In Q4/2016, the CPC issued a general Statement of Objections and six Disclosure Rulings addressed to each investigated company. OMV Bulgaria OOD appealed against the Disclosure Ruling issued by CPC. Taking into account all legal ways of attack, a final Court decision on a potential fine (limited to maximum 10% of the total turnover of the respective undertaking for the financial year preceding the date of the fining decision) should not be expected earlier than 3 years. At the date of these financial statements, a reliable estimation of the potential outflow of resources cannot be made, though such outflow of resources is not considered probable by the management and no provision was recorded in this respect.

Group activities related to refining of petroleum products could lead to obligations related to soil remediation activities, depending on the requirements of environmental agencies, when these activities are closed. With reference to Arpechim refinery site, at the date of these financial statements, a reliable estimation of the amount required to settle a potential remediation obligation cannot be made, as the performance of specialized studies to determine the degree of contamination, if any, is prevented by the physical existence of the installations; consequently, no provision has been booked by the company in this respect.

OMV Petrom SA is subject to a partial tax audit having as scope the oil and gas royalties for the period 2011-2015. Due to various interpretations of the legal provisions with regard to calculation of gas royalties, the tax audit has been suspended until clarification of such legal basis. The Company considers it fully observed all relevant legal provisions enforced by competent regulatory authorities and therefore assesses that it is not probable that an outflow of resources embodying economic benefits will be required. Considering all the above, the Company did not reflect any provision in the financial statements in relation to this matter.

Declaration of the management

We confirm to the best of our knowledge that the unaudited interim condensed consolidated financial statements for the year ended December 31, 2016 give a true and fair view of OMV Petrom Group's assets, liabilities, financial position and profit or loss, as required by the applicable accounting standards, and that the Directors' Report gives a true and fair view of important events that have occurred during the financial year 2016 and their impact on the interim condensed consolidated financial statements, and a description of the principal risks and uncertainties.

Bucharest, February 16, 2017

The Executive Board

Mariana Gheorghe
Chief Executive Officer
President of the Executive Board

Andreas Matje
Chief Financial Officer
Member of the Executive Board

Peter Zeilinger
Member of the Executive Board
Upstream

Lacramioara Diaconu-Pintea
Member of the Executive Board
Downstream Gas

Neil Anthony Morgan
Member of the Executive Board
Downstream Oil

Further information

Abbreviation and definitions

bbl	barrel(s), i.e. 159 liters
bcf	billion cubic feet; 1 bcm = 35.3147 bcf for Romania or 34.7793 bcf for Kazakhstan
boe; kboe; kboe/d	barrels of oil equivalent; thousand barrels of oil equivalent; kboe per day
bn	billion
bcm	billion cubic meters
capital employed	equity including minorities plus net debt
CEO	Chief Executive Officer
Co&O	Corporate and Other
CAPEX	Capital expenditure
CCS / CCS effects / Inventory holding gains / (losses)	Current cost of supply Inventory holding gains and losses represent the difference between the cost of sales calculated using the current cost of supply and the cost of sales calculated using the weighted average method after adjusting for any changes in valuation allowances, in case the net realizable value of the inventory is lower than its cost. In volatile energy markets, measurement of the costs of petroleum products sold based on historical values (e.g. weighted average cost) can have distorting effect on reported results (EBIT, Net income, etc.). The amount disclosed as CCS effects represents the difference between the charge to the income statement for inventory on a weighted average basis (adjusted for the change in valuation allowances related to realizable value) and the charge based on the current cost of supply. The current cost of supply is calculated monthly using data from our refinery's supply and production systems at Downstream Oil level.
Clean CCS EBIT	Earnings before interest and tax adjusted for special items and CCS effects. Group clean CCS EBIT is calculated by adding the clean CCS EBIT of Downstream Oil, the clean EBIT of the other segments and the reported consolidation effect adjusted for changes in valuation allowances, in case the net realizable value of the inventory is lower than its cost.
Clean CCS net income attributable to stockholders	Net income attributable to stockholders, adjusted for the after tax effect of special items and CCS
Clean CCS EPS	Clean CCS Earnings per share = Clean CCS net income attributable to stockholders divided by weighted number of shares
Clean CCS ROACE	Clean CCS Return On Average Capital Employed = NOPAT (as a sum of current and last three quarters) adjusted for the after tax effect of special items and CCS, divided by average Capital Employed (on a rolling basis, as an average of last four quarters) (%)
CFPS	Cash Flow Per Share = Cash flow from operating activities divided by weighted number of shares
EBIT	Earnings before interest and tax
EBITD	Earnings Before Interest, Taxes, Depreciation and amortization, impairments and write-ups of fixed assets
EPS	Earnings per share = Net income attributable to stockholders divided by weighted number of shares

Effective tax rate	Taxes on income divided by Profit before tax (%)
Equity ratio	Total equity divided by total assets (%)
EUR	euro
ExxonMobil	ExxonMobil Exploration and Production Romania Limited
FX	Foreign Exchange
GDR	Global Depositary Receipts
Gearing ratio	Net debt divided by total equity (%)
HSSE	Health, Safety, Security and Environment
IFRSs; IASs	International Financial Reporting Standards; International Accounting Standards
mn	million
MWh	megawatt hour
NAG	Non-Associated Gas
NBR	National Bank of Romania
Net debt	Interest bearing debts plus finance lease liabilities less cash and cash equivalents
NGL	Natural Gas Liquids
n.a.	not applicable/not available (as the case may be)
n.m.	not meaningful i.e. deviation exceeds (+/-) 500% or comparison is made between positive and negative values
NOPAT	Net Operating Profit After Tax =Net income attributable to stockholders of the parent, adjusted for net interest on net borrowings, +/– result from discontinued operations, +/– tax effect of adjustments
OPCOM	The administrator of the Romanian electricity market
OPEX	Operating Expenses
Q	quarter
ROACE	Return On Average Capital Employed = NOPAT (as a sum of current and last three quarters) divided by average Capital Employed (on a rolling basis, as an average of last four quarters) (%)
ROE	Return On Equity = Net income attributable to stockholders (as a sum of current and last three quarters) divided by average equity (on a rolling basis, as an average of last four quarters) (%)
ROFA	Return On Fixed Assets = EBIT (as a sum of current and last three quarters) divided by average intangible assets and property plant and equipment (on a rolling basis, as an average of last four quarters) (%)
RON	Romanian leu
S.A.; S.R.L.	Societate pe Actiuni (Joint-stock company); Societate cu Raspundere Limitata (Limited liability company)
Special items	Special items are expenses and income reflected in the financial statements that are disclosed separately, as they are not part of underlying ordinary business operations. They are being disclosed separately in order to enable investors to better understand and evaluate OMV Petrom Group’s reported financial performance.
TOC	Tasbulat Oil Corporation
t	metric tonne(s)
TWh	terawatt hour
USD	United States dollar
yoy	year-on-year

Appendix 1

Consolidated companies in OMV Petrom Group at December 31, 2016

Parent company
OMV Petrom S.A.

Subsidiaries

Upstream		**Downstream Oil**	
Tasbulat Oil Corporation LLP (Kazakhstan)[1]	100.00%	OMV Petrom Marketing S.R.L.	100.00%
Kom Munai LLP (Kazakhstan)	95.00%	OMV Petrom Aviation S.A.	99.99%
Petrom Exploration & Production Ltd.	99.99%	Petrom Moldova S.R.L. (Republic of Moldova)	100.00%
		OMV Bulgaria OOD (Bulgaria)	99.90%
		OMV Srbija DOO (Serbia)	99.96%

Downstream Gas		**Corporate & Other**	
OMV Petrom Gas S.R.L.	99.99%	Petromed Solutions S.R.L.	99.99%
OMV Petrom Wind Power S.R.L.	99.99%		

[1] Owned through Tasbulat Oil Corporation BVI as holding company

Associated company, accounted for at equity	
OMV Petrom Global Solutions S.R.L.	25.00%

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

Appendix 2

Significant transactions with related parties

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

Related party (in RON mn)	Purchases 2016	Balances payable December 31, 2016
OMV Petrom Global Solutions S.R.L.	443.35	92.10
OMV Supply & Trading Limited	399.26	28.29
OMV Refining & Marketing GmbH	128.16	40.26
OMV Exploration & Production GmbH	57.93	14.26

Related party (in RON mn)	Revenues 2016	Balances receivable December 31, 2016
OMV Supply & Trading Limited	648.79	66.49
OMV Deutschland GmbH	178.05	30.16
OMV Trading GmbH	63.14	-
OMV International Services GmbH	1.08	20.80

During the financial year 2015, OMV Petrom Group had the following significant transactions with related parties (including significant balances as of December 31, 2015):

Related party (in RON mn)	Purchases 2015	Balances payable December 31, 2015
OMV Petrom Global Solutions S.R.L.	492.30	31.20
OMV Supply & Trading Limited	235.06	0.84
OMV Refining & Marketing GmbH	211.48	54.88
OMV Exploration & Production GmbH	79.20	17.73

Related party (in RON mn)	Revenues 2015	Balances receivable December 31, 2015
OMV Supply & Trading Limited	957.41	12.37
OMV Deutschland GmbH	228.89	22.15
OMV Supply & Trading AG	59.98	0.65

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

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Next release: The next results announcement for January – March 2017 will be released on May 11, 2017, presenting OMV Petrom consolidated results prepared according to IFRS.