

Q1

Quarterly Report 2020



OMV Petrom S.A.

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OMV Petrom Group results ¹ for January - March 2020

including unaudited interim condensed consolidated financial statements as of and for the period ended March 31, 2020

Highlights Q1/20 ²

Group

- ▶ Clean CCS Operating Result at RON 975 mn, 21% lower
- ▶ Clean CCS net income attributable to stockholders at RON 760 mn, down 28%
- ▶ Cash flow from operating activities at RON 1.4 bn, 10% lower
- ▶ CAPEX at RON 958 mn, up 16%
- ▶ Clean CCS ROACE at 12.5%, 2.6 pp lower
- ▶ LTIR: zero incidents ³

Upstream

- ▶ Clean Operating Result at RON 157 mn, down 81%, mainly due to lower oil and gas prices and higher depreciation
- ▶ Daily production decline below 2%, supported by increased production in Kazakhstan
- ▶ OPEX improved by 7% to USD 10.9/boe due to further operational efficiencies and favorable exchange rate
- ▶ Europe's largest onshore 3D seismic survey acquisition finalized ahead of schedule and on budget

Downstream Oil

- ▶ Clean CCS Operating Result at RON 514 mn, higher by 133% due to improved refining margins, as well as strong operational and sales performance, partly offset by the start of the pandemic crisis
- ▶ OMV Petrom indicator refining margin at USD 6.75/bbl, up 86%, due to better product spreads, except middle distillates, and lower crude price
- ▶ Refinery utilization rate at 96%; retail volumes up 1%

Downstream Gas

- ▶ Clean Operating Result at RON 147 mn, down 6%, as the impact from lower gas prices was largely offset by the positive effect from realized power forward contracts, reflecting the integrated model
- ▶ Gas sales volumes up 52%, covering all sales channels, supported by strong third party supply; net electrical output at 1.12 TWh, 3% higher, supported by lower, but positive spark spreads
- ▶ In Q1/20, OMV Petrom supplied the regulated gas market with 5.52 TWh. Brazi power plant did not receive an obligation to supply the regulated market in Q1/20

Response to COVID-19:

- ▶ The health of our employees re-emphasised as our top priority, implemented work from home and flexible working hours
- ▶ Operations continued while applying a comprehensive set of safety measures across the value chain to ensure security of supply of fuels, gas and power
- ▶ Financial measures:
 - CAPEX guidance for 2020 reduced by 30% or RON 1.2 bn to RON 3 bn
 - E&A and operational costs for 2020 cut yoy by around RON 320 mn

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 the closest integer value, so minor differences may result upon reconciliation; OMV Petrom uses the National Bank of Romania exchange rates for its consolidation process. Unless specified differently, amounts related to Downstream represent totals of Downstream Oil and Downstream Gas.

² All comparisons described relate to the same quarter in the previous year except where mentioned otherwise.

³ Lost-time injury rate (employees and contractors); this figure assists in the evaluation of the average injury frequency with more than one day of work lost related to the working time performed.

Directors' report (condensed, unaudited) Financial highlights

Q1/20	Q4/19	Q1/19	Δ% ¹	in RON mn	2019
6,086	7,296	5,420	12	Sales revenues ²	25,485
975	1,120	1,227	(21)	Clean CCS Operating Result ³	4,573
157	700	825	(81)	Clean Operating Result Upstream ^{3, 4}	2,845
661	447	378	75	Clean CCS Operating Result Downstream ³	1,783
(22)	(30)	(16)	(42)	Clean Operating Result Co&O ³	(89)
180	4	40	351	Consolidation	34
18	15	15	16	Clean Group effective tax rate (%)	16
760	938	1,056	(28)	Clean CCS net income ^{3, 7}	3,864
760	938	1,056	(28)	Clean CCS net income attributable to stockholders ^{3, 6, 7}	3,863
0.0134	0.0166	0.0186	(28)	Clean CCS EPS (RON) ^{3, 6, 7}	0.0682
975	1,120	1,227	(21)	Clean CCS Operating Result ³	4,573
94	(89)	23	303	Special items ⁵	(370)
(239)	17	38	n.m.	CCS effects: Inventory holding gains/(losses)	42
830	1,049	1,288	(36)	Operating Result Group	4,245
130	496	875	(85)	Operating Result Upstream ⁴	2,589
318	605	567	(44)	Operating Result Downstream	1,913
(43)	(38)	(64)	33	Operating Result Co&O	(156)
425	(14)	(89)	n.m.	Consolidation	(102)
(50)	(8)	24	n.m.	Net financial result	32
780	1,041	1,313	(41)	Profit before tax	4,277
16	16	12	32	Group effective tax rate (%)	15
653	875	1,151	(43)	Net income	3,635
653	875	1,151	(43)	Net income attributable to stockholders ⁶	3,635
0.0115	0.0154	0.0203	(43)	EPS (RON) ⁶	0.0642
-	-	-		Dividend/share (RON)	0.031
1,358	1,775	1,505	(10)	Cash flow from operating activities	6,803
136	734	666	(80)	Free cash flow after dividends	1,730
(6,095)	(5,982)	(5,237)	16	Net debt/(cash) including leases	(5,982)
(6,797)	(6,683)	(5,703)	19	Net debt/(cash) excluding leases	(6,683)
958	1,432	826	16	Capital expenditure	4,225
12.5	13.8	15.2	(17)	Clean CCS ROACE (%) ^{3, 7}	13.8
11.0	12.9	16.5	(33)	ROACE (%)	12.9
12,135	12,347	12,853	(6)	OMV Petrom Group employees end of period	12,347
0.00	0.17	0.28	n.m.	LTIR ⁸	0.31

¹ Q1/20 vs. Q1/19

² Sales excluding petroleum excise tax;

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

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

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

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

⁷ Excludes additional special income related to field divestments reflected in the financial result.

⁸ Lost-time injury rate (employees and contractors); this figure assists in the evaluation of the average injury frequency with more than one day of work lost related to the working time performed.

Group performance

First quarter 2020 (Q1/20) vs. first quarter 2019 (Q1/19)

Consolidated sales revenues increased by 12% compared to Q1/19, supported by higher sales volumes of natural gas, partially compensated by lower commodity prices and lower sales volumes of electricity. Downstream Oil represented 63% of total consolidated sales, while Downstream Gas accounted for 35% and Upstream for 1% (sales in Upstream being largely intra-group sales rather than third-party sales).

Clean CCS Operating Result decreased in Q1/20 by 21% to RON 975 mn, mainly due to negative evolution in Upstream, triggered by lower crude oil prices, partly compensated by higher positive contribution from Downstream, mainly as a result of higher refining margins, better sales performance and positive impact from hedges and forward contracts. The **Clean CCS net income attributable to stockholders** was RON 760 mn (Q1/19: RON 1,056 mn).

Special items comprise net income of RON 94 mn, mainly consisting of temporary gains from forward contracts in Downstream Gas. **Inventory holding losses** amounted to RON (239) mn in Q1/20, mainly as a result of a steep decline in crude oil prices. In Q1/19 **special items** comprised a net income of RON 23 mn, while **inventory holding gains** amounted to RON 38 mn.

Reported Operating Result for Q1/20 decreased to RON 830 mn, compared to RON 1,288 mn in Q1/19, driven mainly by the unfavorable market environment, as the lower prices and the start of the COVID-19 crisis had a negative impact on group performance.

Net financial result was a loss of RON (50) mn in Q1/20, compared with a gain of RON 24 mn in Q1/19, mainly due to higher interest expenses in relation to the discounting of receivables and lower interest income, as Q1/19 included a positive impact in relation to the clarification of a tax related topic.

As a result, the **profit before tax** for Q1/20 was RON 780 mn, lower compared to RON 1,313 mn in Q1/19.

Income tax amounted to RON (126) mn, while the **effective tax rate** was 16% in Q1/20 (Q1/19: 12%).

Net income attributable to stockholders was RON 653 mn (Q1/19: RON 1,151 mn).

Cash flow from operating activities amounted to RON 1,358 mn, 10% lower yoy, driven mainly by the lower operating result. **Free cash flow after dividends** resulted in a cash inflow of RON 136 mn (Q1/19: RON 666 mn).

Capital expenditure amounted to RON 958 mn in Q1/20, 16% higher than in Q1/19, mainly directed to Upstream investments of RON 657 mn (Q1/19: RON 650 mn). Downstream investments amounted to RON 295 mn (Q1/19: RON 168 mn), almost in full allocated to Downstream Oil (Q1/19: RON 158 mn).

OMV Petrom Group reported a **net cash position including leases** of RON 6,095 mn at the end of Q1/20, up from RON 5,982 mn at the end of Q4/19.

Special items and CCS effect

Q1/20	Q4/19	Q1/19	Δ% ¹	Special items and CCS effect (in RON mn)	2019
975	1,120	1,227	(21)	Clean CCS Operating Result	4,573
94	(89)	23	303	Special items	(370)
(10)	(1)	(2)	(326)	thereof personnel and restructuring	(53)
(28)	-	-	n.m.	thereof unscheduled depreciation	-
132	(88)	26	412	thereof other	(317)
(239)	17	38	n.m.	CCS effect: Inventory holding gains/(losses)	42
830	1,049	1,288	(36)	Operating Result Group	4,245

¹ Q1/20 vs. Q1/19

The disclosure of **Special items** is considered appropriate in order to facilitate the analysis of the ordinary business performance. To reflect comparable figures, certain items affecting the result are added back or deducted. They are being disclosed separately. These items can be divided into three categories: personnel and restructuring, unscheduled depreciation and other.

Furthermore, to enable effective performance management in an environment of volatile prices and comparability with peers, the **Current Cost of Supply (CCS)** effect is eliminated from the accounting result. The CCS effect, also called inventory holding gains or losses, represents 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 a distorting effect on the reported results. This performance measurement enhances the transparency of the results and is commonly used in the oil industry. OMV Petrom, therefore, published this measurement in addition to the Operating Result determined according to IFRS.

Summarized interim consolidated statement of financial position (unaudited)

in RON mn	March 31, 2020	December 31, 2019
Assets		
Non-current assets	34,727.79	34,932.64
Current assets (incl. Assets held for sale)	13,111.78	12,562.59
Total assets	47,839.57	47,495.23
Equity and liabilities		
Total equity	34,407.50	33,501.37
Non-current liabilities	7,779.74	8,197.30
Current liabilities (incl. Liab assoc with assets held for sale)	5,652.33	5,796.56
Total equity and liabilities	47,839.57	47,495.23

Compared to December 31, 2019, **non-current assets** slightly decreased by RON 205 mn, to RON 34,728 mn, as depreciation, impairments and decrease in decommissioning asset following reassessment exceeded the additions during the period.

The net increase in **current assets (including assets held for sale)** was mainly due to higher financial assets from margin hedges in the refinery, higher cash and cash equivalents, partly offset by lower trade receivables.

Equity increased to RON 34,408 mn as of March 31, 2020, compared to RON 33,501 mn as of December 31, 2019, mainly as a result of the net profit generated in the current period. The Group's equity ratio was 72% as of March 31, 2020, slightly higher than the level of 71% as of December 31, 2019.

As at March 31, 2020, **total liabilities** decreased by RON 562 mn compared to the December 31, 2019 value, mainly due to a decrease in **non-current liabilities** by RON 418 mn, as a consequence of the reassessment of provisions for decommissioning and restoration obligations following the increase in discount rate. **Current liabilities (including liabilities associated with assets held for sale)** slightly decreased by RON 144 mn, as lower trade payables were only partly compensated by higher financial liabilities from margin hedges in the refinery.

Cash flow

Q1/20	Q4/19	Q1/19	Δ% ¹	Summarized cash-flow statement (in RON mn)	2019
1,458	1,831	1,693	(14)	Sources of funds	7,059
1,358	1,775	1,505	(10)	Cash flow from operating activities	6,803
(1,222)	(1,040)	(839)	(46)	Cash flow from investing activities	(3,556)
136	735	666	(80)	Free cash flow	3,246
(19)	(63)	(198)	90	Cash flow from financing activities	(1,844)
4	(0)	1	193	Effect of exchange rates on cash and cash equivalents	1
121	672	469	(74)	Net increase in cash and cash equivalents	1,404
7,014	6,342	5,609	25	Cash and cash equivalents at beginning of period	5,609
7,134	7,014	6,079	17	Cash and cash equivalents at end of period	7,014
136	734	666	(80)	Free cash flow after dividends	1,730

¹ Q1/20 vs. Q1/19

First quarter 2020 (Q1/20) vs. first quarter 2019 (Q1/19)

In Q1/20, 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-monetary adjustments, as well as net interest received and income tax paid, was RON 1,458 mn (Q1/19: RON 1,693 mn). Changes in **net working capital** generated a cash outflow of RON 101 mn (Q1/19: RON 188 mn). **Cash flow from operating activities** decreased with RON 147 mn compared to Q1/19, reaching RON 1,358 mn.

In Q1/20, **cash flow from investing activities** resulted in an outflow of RON 1,222 mn (Q1/19: RON 839 mn) mainly related to investments in intangible assets and property, plant and equipment in the Upstream and Downstream Oil segments.

Cash flow from financing activities implied an outflow of funds amounting to RON 19 mn (Q1/19: RON 198 mn), mainly in relation to net payments for loans and leases.

Free cash flow (defined as cash flow from operating activities less cash flow from investing activities) showed an inflow of funds of RON 136 mn (Q1/19: RON 666 mn). **Free cash flow less dividend payments** resulted in a cash inflow of RON 136 mn (Q1/19: RON 666 mn).

Risk management

The scope of OMV Petrom's business activity, both existing and planned, and the markets in which the company operates expose the Group to significant commodity price, foreign exchange, operational and other risks. A detailed description of risks and risk management activities can be found in the 2019 Annual Report (pages 45-48).

According to the last OMV Petrom Group risk assessment exercise in February 2020, the main uncertainties which could impact the Group's performance remain the commodity price risk, operational risks, as well as political and regulatory risk.

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

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

The global spread of the coronavirus (COVID-19) has abruptly transformed people's lives and significantly worsened the economic environment. The related containment measures have a major impact on global economic development and have led to a sharp decline in demand for products and services. At the same time, oil supply was increased due to a conflict between major oil producers enforcing the effect of reduced demand for oil and oil products. The extent and duration of the economic impact cannot be reliably estimated from today's perspective. However, OMV Petrom is closely monitoring the development and regularly evaluating the impact on

the Group's cash flow and liquidity position. OMV Petrom is responding to the situation with targeted measures to safeguard the Group's economic stability and the secure supply of energy. The health and wellbeing of every employee is the top priority. At the same time, OMV Petrom is implementing targeted measures to safeguard the Group's financial strength, namely reduction of investments and cost cutting.

From today's perspective, we assume that based on the measures listed above the Group's ability to continue as a going concern is not impacted.

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

Transactions with related parties

Please refer to the selected explanatory notes of the interim condensed consolidated financial statements on page 29 for disclosures on significant transactions with related parties.

Outlook for the full year 2020

The outbreak of the coronavirus (COVID-19) and the efforts to contain it affect the global economy and, as a result, have a negative impact on prices and demand for oil products, gas, power and crude oil. Based on the knowledge OMV Petrom had until publication date, the COVID-19 impact is included in the outlook.

Market environment

- ▶ For the full year 2020, OMV Petrom expects the **average Brent oil price** to be at USD 40/bbl (revised down from USD 60/bbl; 2019: USD 64/bbl);
- ▶ **Refining margins** are expected to be above USD 5/bbl (2019: USD 4.67/bbl);
- ▶ Following the COVID-19 outbreak, **demand for oil products, gas and power** is expected to be significantly lower than in 2019.

Taxation and regulatory environment

- ▶ A stable, predictable, and investment-friendly fiscal and regulatory framework remains a key requirement for our future investments, both onshore and offshore;
- ▶ The Romanian authorities delayed the decision to change the Offshore Law, which is intended to take place through a parliamentary process;
- ▶ Impact of price caps for fuels, gas and power introduced by Military Ordinances will be assessed once secondary legislation becomes available.

OMV Petrom Group

- ▶ **CAPEX** (including capitalized exploration and appraisal) is currently anticipated to be around RON 3 bn excluding acquisitions (vs. RON 4.2 bn previous guidance and 2019 level); the reduction would mainly come from drilling activity prioritisation, as well as postponement of petrochemical and retail projects;
- ▶ A **sustainable cost base**, supported by ongoing efficiency programs, is even more important in the context of the current market volatility and challenging regulatory environment; therefore a RON 320 mn yoy cut of operational costs and exploration and appraisal expenditures is currently planned for 2020;
- ▶ We expect a **positive free cash flow before dividends**; given our strong balance sheet, we kept unchanged the dividend proposal; consequently our **free cash flow after dividends is expected to turn negative** (revised from positive);
- ▶ **Neptun Deep**: we remain keen to see the Neptun Deep strategic project being developed. The final investment decision depends on a range of factors including stable and competitive fiscal framework and the right to freely market the gas;
- ▶ **Partnership with Auchan**: contractual negotiations ongoing;
- ▶ We are focused on energy efficiency and decreasing the emissions from our operations; we target to reduce carbon intensity by 27% until 2025 vs. 2010.

Upstream

- ▶ **Production**: maintain decline below 5% yoy, excluding portfolio optimization;
- ▶ **Portfolio optimization**: continue to focus on the most profitable barrels:
 - ▶ transfer 40 marginal fields to Dacian Petroleum, closing expected in H2/20;
 - ▶ simplify footprint and focus on our strategic assets.
- ▶ **Investments**: reduced to RON 2.0 bn (vs. RON 3.0 bn previous forecast; 2019: RON 3.2 bn):
 - ▶ drilling activities to slowdown in Q2/20, with drilling reduced along the creaming curve by more than 30% vs. the initial guidance of around 100 new wells and sidetracks;
 - ▶ maintain a constant level of workovers yoy.
- ▶ **Exploration**: exploration expenditures reduced to around RON 0.2 bn (vs. RON 0.3 bn previous forecast; 2019: RON 0.4 bn);
- ▶ **Regional expansion**: closing of the **acquisition of Han Asparuh** offshore Bulgaria interest expected in H2/20.

Downstream

- ▶ **The refinery utilization** rate is expected to be around 85% (previous forecast above 90%; 2019: 97%); this is to be impacted by a decrease in demand triggered by the pandemic crisis, and a two-week planned shutdown in Q3 for maintenance works (postponed from Q2/20);

- ▶ OMV Petrom Group has an allocation for Q2/20 to supply the regulated **gas** market with 5.06 TWh at the maximum price of RON 68/MWh; we estimate total gas sales volumes to be lower vs. 2019 (previously slightly lower);
- ▶ The Brazi power plant is no longer required to supply the regulated **power** market in 2020, as per current allocation; we estimate total net electrical output to be higher vs. 2019 (previously slightly lower);
- ▶ Brazi power plant: a two week planned shutdown for the entire capacity postponed from Q2/20 to Q4/20.

Business segments

Upstream

Q1/20	Q4/19	Q1/19	Δ% ¹	in RON mn	2019
772	1,359	1,375	(44)	Clean Operating Result before depreciation and amortization, impairments and write-ups ²	5,425
157	700	825	(81)	Clean Operating Result ²	2,845
(27)	(204)	50	(153)	Special items	(255)
130	496	875	(85)	Operating Result ²	2,589
657	996	650	1	Capital expenditure ³	3,269
72	105	93	(22)	Exploration expenditures	427
46	49	19	144	Exploration expenses	238
10.87	10.29	11.66	(7)	OPEX (USD/boe)	10.90

Q1/20	Q4/19	Q1/19	Δ% ¹	Key performance indicators	2019
150.3	151.8	153.2	(2)	Total hydrocarbon production (kboe/d)	151.6
71.7	72.2	71.2	1	thereof crude oil and NGL production (kbb/d)	71.6
78.6	79.5	82.0	(4)	thereof natural gas production (kboe/d)	80.1
13.68	13.96	13.79	(1)	Total hydrocarbon production (mn boe)	55.35
6.52	6.64	6.41	2	Crude oil and NGL production (mn bbl)	26.12
1.10	1.12	1.13	(3)	Natural gas production (bcm)	4.47
38.68	39.55	39.88	(3)	Natural gas production (bcf)	157.98
12.87	13.16	12.85	0	Total hydrocarbon sales volume (mn boe)	52.09
141.4	143.1	142.8	(1)	Total hydrocarbon sales volume (kboe/d)	142.7
73.9	75.2	74.4	(1)	thereof crude oil and NGL sales volume (kbb/d) ⁴	74.8
67.6	67.9	68.3	(1)	thereof natural gas sales volume (kboe/d)	67.9
48.10	62.80	63.42	(24)	Average Urals price (USD/bbl)	64.19
40.60	54.45	55.66	(27)	Average Group realized crude price (USD/bbl)	56.09

¹ Q1/20 vs. Q1/19

² Excluding intersegmental profit elimination;

³ Including capitalized exploration and appraisal;

⁴ Includes sales of liquids obtained from separation and processing of rich natural gas; rich natural gas production is included under natural gas production above.

First quarter 2020 (Q1/20) vs. first quarter 2019 (Q1/19)

- ▶ **Clean Operating Result at RON 157 mn, down 81%, mainly due to lower oil and gas prices and higher depreciation**
- ▶ **Daily production decline below 2%, supported by increased production in Kazakhstan**
- ▶ **OPEX improved by 7% to USD 10.9/boe due to further operational efficiencies and favorable exchange rate**

The **Clean Operating Result** decreased by 81% to RON 157 mn mainly due to lower oil and gas prices and higher depreciation. These were slightly compensated by favorable FX effects (USD 4% stronger against RON) and lower production cost.

In Q1/20, **special items** amounted to RON (27) mn, mainly due to impairment of production assets. In Q1/19, the result reflected special income of RON 50 mn, mainly with regards to fields divested to Mazarine Energy Romania. The **Reported Operating Result** declined by 85% to RON 130 mn in Q1/20.

Group **production costs** (OPEX) in USD/boe improved by 7% to USD 10.87/boe, mainly due to further operational efficiencies and favorable FX effect. In Romania, production costs in USD improved by 6% to USD 10.94/boe, while in RON terms they improved by 2% to RON 47.58/boe.

Total Group hydrocarbon production decreased by 0.8% to 13.68 mn boe, while **daily production** declined by 1.9% (or by 1.5% excluding impact from portfolio optimization) to 150.3 kboe/d, reflecting the leap day in Q1/20.

In **Romania**, hydrocarbon production stood at 13.04 mn boe or 143.3 kboe/d (Q1/19: 13.31 mn boe or 147.9 kboe/d). Crude oil and NGL production in Romania declined by 0.7% to 5.97 mn bbl mainly due to natural decline and the transfer of nine marginal fields to Mazarine Energy Romania in March 2019. Gas production in Romania decreased by 3.2% to 7.07 mn boe due to natural decline in the main fields (Totea Deep and Lebada East) and the impact of maintenance activities, partly compensated by the contribution of the exploration well 4461 Totea South, which started production in Q4/19, and the workover jobs results.

In **Kazakhstan**, hydrocarbon production increased by 34.3% to 0.64 mn boe mainly due to the increased level of interventions and workover activities.

Group hydrocarbon sales volumes was fairly in line with Q1/19 level, reflecting lower own consumption which compensated for the lower hydrocarbon production.

Exploration expenditures decreased to RON 72 mn due to lower exploration drilling and testing activity, partially counterbalanced by the 3D seismic acquisition in VIII - Urziceni East block which was finalized in Q1/20, ahead of schedule and on budget (1,583 km² acquired - largest onshore seismic survey in Europe, together with Hunt Oil Company of Romania S.R.L. as operator).

Exploration expenses increased to RON 46 mn due to seismic acquisition in VIII - Urziceni East block.

Capital expenditure including capitalized E&A was in line with the Q1/19 level.

In Q1/20, we finalized the drilling of 20 new wells and sidetracks (Q1/19: 21 new wells and sidetracks).

Downstream

Q1/20	Q4/19	Q1/19	Δ% ¹	in RON mn	2019
873	665	572	53	Clean CCS Operating Result before depreciation and amortization, impairments and write-ups ²	2,623
661	447	378	75	Clean CCS Operating Result ²	1,783
514	362	221	133	thereof Downstream Oil	1,501
147	85	157	(6)	thereof Downstream Gas	282
142	123	22	n.m.	Special items	(48)
(484)	35	167	n.m.	CCS effect: Inventory holding gains/(losses) ²	178
318	605	567	(44)	Operating Result	1,913
295	430	168	76	Capital expenditure	903

Q1/20	Q4/19	Q1/19	Δ% ¹	Key performance indicators Downstream Oil	2019
6.75	4.68	3.62	86	Indicator refining margin (USD/bbl) ³	4.67
1.17	1.21	1.15	2	Refining input (mn t) ⁴	4.73
96	98	96	0	Refinery utilization rate (%)	97
1.20	1.41	1.18	1	Total refined product sales (mn t)	5.46
0.62	0.71	0.62	1	thereof retail sales volumes (mn t) ⁵	2.85
Key performance indicators Downstream Gas					
18.61	19.85	12.23	52	Gas sales volumes (TWh)	54.84
16.08	17.11	9.79	64	thereof to third parties (TWh)	47.24
5.52	5.07	-	n.m.	thereof to the regulated market (TWh)	12.51
1.12	1.26	1.08	3	Net electrical output (TWh)	3.40
196	224	255	(23)	OPCOM spot average electricity base load price (RON/MWh)	239

¹ Q1/20 vs. Q1/19;

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

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

⁴ Figures include crude and other raw materials, in line with the OMV Group reporting standard;

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

First quarter 2020 (Q1/20) vs. first quarter 2019 (Q1/19)

- ▶ **Downstream Oil: Clean CCS Operating Result at RON 514 mn, higher by 133% due to improved refining margins, as well as strong operational and sales performance, partly offset by the start of the pandemic crisis**
- ▶ **Downstream Gas: Clean Operating Result at RON 147 mn, down 6%, as the impact from lower gas prices was largely offset by the positive effect from realized power forward contracts, reflecting the integrated model**

The **Clean CCS Operating Result** increased to RON 661 mn in Q1/20 (Q1/19: RON 378 mn), reflecting significantly higher Downstream Oil result and marginally lower Downstream Gas result. The **Reported Operating Result** of RON 318 mn reflected a **special gain** of RON 142 mn (mainly consisting of temporary positive effects from forward contracts in Downstream Gas) and negative **CCS effects** of RON 484 mn (mainly due to inventory net realizable value effect and decreasing crude quotations during the quarter).

In Q1/20, the **Downstream Oil Clean CCS Operating Result** increased to RON 514 mn (Q1/19: RON 221 mn), supported by improved refining margins, excellent operational and sales performance, as well as positive effects from hedging and the sale of CO2 certificates, partly offset by the start of the COVID-19 outbreak.

The **OMV Petrom indicator refining margin** increased by USD 3.13/bbl to USD 6.75/bbl in Q1/20, as an effect of better product spreads, except for middle distillates, and of lower crude price. The **refinery utilization rate** stood at the same level of 96% in Q1/20 as in Q1/19.

Total **refined product sales** volumes were higher by 1% vs. Q1/19, reflecting the favorable market conditions (mild winter and extra excise elimination) from the first two months of the year, the effect of COVID-19 outbreak being visible only towards the end of March. Group retail sales volumes, which accounted for 52% of total refined

product sales, increased by 1% compared to Q1/19 as a result of higher demand until mid-March, particularly in Romania. Q1/20 non-retail sales volumes increased by 2% yoy, as a result of capturing market opportunities in the context of reduced supply in the domestic market.

The Downstream Gas Clean Operating Result was RON 147 mn in Q1/20, reflecting the integrated model, as the weaker gas performance impacted by volumes sold at the regulated price and also by the lower prices on the free market was largely compensated by an improved power performance built on forward contracts; for comparison, the clean operating result in Q1/19 was RON 157 mn.

As per OMV Petrom's estimates, national **gas** consumption decreased by approximately 2% compared to the same quarter of last year. On the Romanian centralized markets, the weighted average price of natural gas for transactions closed in Q1/20 (10.7 TWh) for various standard products was RON 71/MWh^{4,5} (Q1/19: RON 100/MWh for standard products traded). Regarding short-term deliveries, on BRM day-ahead market, the average price⁶ in Q1/20 was RON 66 /MWh (Q1/19: RON 107 /MWh).

In Q1/20, OMV Petrom's total gas sales volumes increased by 52% yoy to 18.61 TWh and the gas sales volumes sold to third parties were 64% higher yoy; enabled by third-party supply, OMV Petrom successfully maintained its customer portfolio in the context of the regulated market allocation and centralized market obligation. At the end of Q1/20, OMV Petrom had 0.3 TWh in underground storage, similar to Q1/19.

OMV Petrom supplied the gas regulated market, delivering 5.52 TWh to the households and district heating for households suppliers in Q1/20, as per the set allocation. In addition, on the centralized markets, OMV Petrom sold 4.7 TWh in standard products in Q1/20 at an average price in line with the market price⁴.

As per currently available information from the grid operator, national **electricity** consumption decreased by 3% compared to the same quarter of 2019, while national production decreased by 4%; thus Romania was a net power importer in Q1/20, same as in Q1/19.

The Brazi power plant generated in Q1/20 a slightly higher net electrical output of 1.11 TWh (Q1/19: 1.08 TWh); no quantities were supplied to the regulated power market, as there was no allocation in this respect.

Total Downstream investments amounted to RON 295 mn (Q1/19: RON 168 mn), almost all amounts spent in the Downstream Oil segment in both Q1/20 and Q1/19. The Q1/20 investments were mostly directed to refining, mainly for securing long term logistic access through railway lines at Petrobrazi refinery and for the upgrade of unloading and storage facilities for bio-blending components project, while in Q1/19 they were directed to the completion of the Polyfuel and Coker closed blowdown system projects.

⁴ OMV Petrom estimates based on available public information

⁵ Standard products refers to all products offered on the BRM and OPCOM trading platforms i.e. weekly products, monthly products, quarterly products, gas-year products etc. and the price could include storage related tariffs in connection with the gas volumes sold/extracted from storage

⁶ Average computed based on daily trades published on BRM platform

Group interim condensed consolidated financial statements as of and for the period ended March 31, 2020 (unaudited)

Interim condensed consolidated income statement (unaudited)

Q1/20	Q4/19	Q1/19	in RON mn	2019
6,085.65	7,296.36	5,420.07	Sales revenues	25,485.47
208.39	36.67	167.76	Other operating income	263.95
3.88	3.21	0.46	Net income from equity-accounted investments	7.36
6,297.92	7,336.24	5,588.29	Total revenues and other income	25,756.78
(2,694.11)	(3,362.91)	(1,878.47)	Purchases (net of inventory variation)	(10,680.68)
(944.20)	(860.82)	(794.27)	Production and operating expenses	(3,469.59)
(325.01)	(333.35)	(320.92)	Production and similar taxes	(1,187.33)
(868.28)	(1,059.66)	(757.76)	Depreciation, amortization and impairment charges	(3,511.88)
(528.00)	(515.42)	(519.67)	Selling, distribution and administrative expenses	(2,140.17)
(45.90)	(49.48)	(18.84)	Exploration expenses	(237.66)
(62.82)	(105.73)	(9.90)	Other operating expenses	(284.41)
829.60	1,048.87	1,288.46	Operating Result	4,245.06
52.46	69.97	96.42	Interest income	317.63
(107.40)	(67.79)	(71.92)	Interest expenses	(276.98)
5.25	(10.13)	(0.43)	Other financial income and expenses	(8.91)
(49.69)	(7.95)	24.07	Net financial result	31.74
779.91	1,040.92	1,312.53	Profit before tax	4,276.80
(126.48)	(166.09)	(161.35)	Taxes on income	(642.12)
653.43	874.83	1,151.18	Net income for the period	3,634.68
653.43	874.81	1,151.17	thereof attributable to stockholders of the parent	3,634.59
0.00	0.02	0.01	thereof attributable to non-controlling interests	0.09
0.0115	0.0154	0.0203	Basic earnings per share (RON)	0.0642

Interim condensed consolidated statement of comprehensive income (unaudited)

Q1/20	Q4/19	Q1/19	in RON mn	2019
653.43	874.83	1,151.18	Net income for the period	3,634.68
10.93	1.03	21.77	Exchange differences from translation of foreign operations	26.69
414.22	32.91	(2.52)	Gains/(losses) on hedges	27.95
425.15	33.94	19.25	Total of items that may be reclassified ("recycled") subsequently to the income statement	54.64
-	(25.61)	-	Re-measurement gains/(losses) on defined benefit plans	(25.61)
(186.81)	-	-	Gains/(losses) on hedges that are subsequently transferred to the carrying amount of the hedged item	-
(186.81)	(25.61)	-	Total of items that will not be reclassified ("recycled") subsequently to the income statement	(25.61)
(66.38)	(5.05)	(0.19)	Income tax relating to items that may be reclassified ("recycled") subsequently to the income statement	(5.10)
29.89	4.11	-	Income tax relating to items that will not be reclassified ("recycled") subsequently to the income statement	4.11
(36.49)	(0.94)	(0.19)	Total income taxes relating to components of other comprehensive income	(0.99)
201.85	7.39	19.06	Other comprehensive income for the period, net of tax	28.04
855.28	882.22	1,170.24	Total comprehensive income for the period	3,662.72
855.28	882.20	1,170.22	thereof attributable to stockholders of the parent	3,662.62
0.00	0.02	0.02	thereof attributable to non-controlling interests	0.10

Interim condensed consolidated statement of financial position (unaudited)

in RON mn	March 31, 2020	December 31, 2019
Assets		
Intangible assets	3,157.54	3,132.01
Property, plant and equipment	27,611.57	27,944.72
Investments in associated companies	30.82	26.94
Other financial assets	2,256.24	2,122.57
Other assets	222.19	215.47
Deferred tax assets	1,449.43	1,490.93
Non-current assets	34,727.79	34,932.64
Inventories	2,385.10	2,464.45
Trade receivables	1,648.72	1,891.86
Other financial assets	1,251.47	486.10
Other assets	483.81	489.44
Cash and cash equivalents	7,134.38	7,013.54
Current assets	12,903.48	12,345.39
Assets held for sale	208.30	217.20
Total assets	47,839.57	47,495.23
Equity and liabilities		
Share capital	5,664.41	5,664.41
Reserves	28,742.58	27,836.45
Stockholders' equity	34,406.99	33,500.86
Non-controlling interests	0.51	0.51
Total equity	34,407.50	33,501.37
Provisions for pensions and similar obligations	238.66	240.70
Interest-bearing debts	169.94	197.88
Lease liabilities	551.51	572.15
Provisions for decommissioning and restoration obligations	5,986.82	6,456.08
Other provisions	572.61	588.87
Other financial liabilities	218.00	106.82
Other liabilities	13.65	13.89
Deferred tax liabilities	28.55	20.91
Non-current liabilities	7,779.74	8,197.30
Trade payables	2,657.43	3,372.35
Interest-bearing debts	167.89	132.25
Lease liabilities	149.71	128.79
Income tax liabilities	155.11	205.21
Other provisions and decommissioning	681.13	623.31
Other financial liabilities	819.79	372.54
Other liabilities	810.38	738.36
Current liabilities	5,441.44	5,572.81
Liabilities associated with assets held for sale	210.89	223.75
Total equity and liabilities	47,839.57	47,495.23

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, 2020	5,664.41	27,736.81	99.66	(0.02)	33,500.86	0.51	33,501.37
Net income for the period	-	653.43	-	-	653.43	-	653.43
Other comprehensive income for the period	-	-	201.85	-	201.85	-	201.85
Total comprehensive income for the period	-	653.43	201.85	-	855.28	-	855.28
Reclassification of cash flow hedges to balance sheet	-	-	50.85	-	50.85	-	50.85
March 31, 2020	5,664.41	28,390.24	352.36	(0.02)	34,406.99	0.51	34,407.50

in RON mn	Share capital	Revenue reserves	Other reserves ¹	Treasury shares	Stockholders' equity	Non-controlling interests	Total Equity
January 1, 2019	5,664.41	25,653.10	50.13	(0.02)	31,367.62	0.48	31,368.10
Net income for the period	-	1,151.17	-	-	1,151.17	0.01	1,151.18
Other comprehensive income for the period	-	-	19.05	-	19.05	0.01	19.06
Total comprehensive income for the period	-	1,151.17	19.05	-	1,170.22	0.02	1,170.24
March 31, 2019	5,664.41	26,804.27	69.18	(0.02)	32,537.84	0.50	32,538.34

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)

Q1/20	Q4/19	Q1/19	Summarized statement of cash flows (in RON mn)	2019
779.91	1,040.92	1,312.53	Profit before tax	4,276.80
79.14	(65.32)	(7.96)	Net change in provisions	208.05
(0.57)	(3.32)	(54.85)	Net gains on the disposal of non-current assets	(77.21)
868.18	1,063.12	753.44	Depreciation, amortization and impairments including write-ups	3,637.67
39.97	64.07	25.62	Net interest received	150.96
(179.11)	(174.18)	(203.14)	Tax on profit paid	(720.58)
(129.07)	(94.44)	(133.09)	Other non-monetary adjustments	(417.03)
1,458.45	1,830.85	1,692.55	Sources of funds ¹	7,058.66
(9.71)	(86.76)	(228.51)	Increase in inventories	(326.56)
157.95	(168.53)	(17.67)	(Increase)/decrease in receivables	(192.55)
(248.77)	199.77	58.66	Increase/(decrease) in liabilities	262.97
1,357.92	1,775.33	1,505.03	Cash flow from operating activities	6,802.52
(1,224.34)	(1,047.80)	(960.71)	Intangible assets and property, plant and equipment	(3,935.26)
-	-	38.24	Investments and other financial assets	38.19
2.51	7.77	5.03	Proceeds in relation to non-current assets	262.24
-	-	78.58	Proceeds from the sale of subsidiaries and businesses, net of cash disposed	78.58
(1,221.83)	(1,040.03)	(838.86)	Cash flow from investing activities	(3,556.25)
(18.67)	(62.14)	(197.88)	Net decrease in borrowings	(327.65)
(0.18)	(1.11)	(0.12)	Dividends paid	(1,515.89)
(18.85)	(63.25)	(198.00)	Cash flow from financing activities	(1,843.54)
3.60	(0.32)	1.23	Effect of exchange rate changes on cash and cash equivalents	1.38
120.84	671.73	469.40	Net increase in cash and cash equivalents	1,404.11
7,013.54	6,341.81	5,609.43	Cash and cash equivalents at beginning of period	5,609.43
7,134.38	7,013.54	6,078.83	Cash and cash equivalents at end of period	7,013.54
136.09	735.30	666.17	Free cash flow	3,246.27
135.91	734.19	666.05	Free cash flow after dividends	1,730.38

¹ Representing cash generated from operating activities before working capital movements.

Selected notes to the interim condensed consolidated financial statements as of and for the period ended March 31, 2020 (unaudited)

Legal principles

The unaudited interim condensed consolidated financial statements as of and for the three-month period ended March 31, 2020 (Q1/20) 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 consolidated financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as of December 31, 2019.

The interim condensed consolidated financial statements for Q1/20 included in this report are unaudited and an external limited review by an auditor was not performed.

The interim condensed consolidated financial statements for Q1/20 have been prepared in million RON (RON mn, RON 1,000,000). Accordingly there may be rounding differences.

In addition to the interim condensed consolidated financial statements, further information on main items affecting the interim condensed consolidated financial statements as of March 31, 2020 is given as part of the description of Group performance and Business segments in the Directors' Report.

General accounting policies

The accounting policies and valuation methods adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended December 31, 2019.

The amendments effective since January 1, 2020 do not have a material effect on the Group's interim condensed consolidated financial statements.

Changes in the consolidated Group

Compared with the annual consolidated financial statements as of December 31, 2019, there were no changes in the consolidated Group.

The detailed structure of the consolidated companies in OMV Petrom Group at March 31, 2020 is presented in Appendix 1 to the current report.

Seasonality and cyclicity

Seasonality is of particular significance in Downstream.

Consumption of natural gas, electricity, heat and certain oil products is seasonal and is significantly affected by climatic conditions. Natural gas consumption is higher during the cold winter months. Electricity consumption is also generally higher during winter as a supplementary measure to produce heat and due to fewer daylight hours and the need for more artificial lighting. In addition, 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.

For details, please refer to the section "Business Segments."

Exchange rates

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

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

Q1/20	Q4/19	Q1/19	Δ% ¹	NBR FX rates	2019
4.797	4.766	4.735	1	Average EUR/RON FX rate	4.745
4.352	4.305	4.169	4	Average USD/RON FX rate	4.239
4.825	4.779	4.763	1	Closing EUR/RON FX rate	4.779
4.398	4.261	4.243	4	Closing USD/RON FX rate	4.261

¹ Q1/20 vs. Q1/19

Notes to the interim condensed consolidated income statement

Impairment charges

Upstream

The global outbreak of the coronavirus (COVID-19) and the related containment measures had a major impact on the global economic development and have led to a sharp decline in demand for products and services. As a consequence, there is a significant downward pressure on oil and gas prices, which resulted in the update of OMV Petrom Group's short-term oil and gas price assumptions. The Brent oil price assumptions are USD 40/bbl for 2020 (reduced from USD 60/bbl) and USD 50/bbl for 2021 (reduced from USD 70/bbl). The change in the short term assumptions led to impairment of RON 28 mn to property, plant and equipment. The change in the short-term expected oil and gas prices is not considered to have an immediate effect on the E&A portfolio, as none of the major assets is planned to come on stream in the near term.

The extent and duration of the economic impact of the crisis cannot be reliably estimated from today's perspective. OMV Petrom Group continues to analyze the market developments and plans to assess the impacts on the long-term price assumptions during the next quarters. Furthermore, long-term price assumptions of USD 60/bbl of Brent crude would lead to additional impairments to property, plant and equipment of RON 1.2 bn to RON 1.5 bn, without taking into account cost and CAPEX reduction measures and any other changes in the broader environment.

Sales revenues

in RON mn	Q1/20	Q1/19
Revenues from contracts with customers	5,768.39	5,401.54
Revenues from other sources	317.26	18.53
Total sales revenues	6,085.65	5,420.07

Revenues from other sources include mainly the impact from commodity sales/purchases transactions that are within the scope of IFRS 9 Financial Instruments, as well as rental and lease revenues.

Revenues from contracts with customers

in RON mn						Q1/20
	Upstream	Downstream	thereof Downstream Oil	thereof Downstream Gas	Corporate & Other	Total
Crude oil and NGL	64.59	28.11	28.11	-	-	92.70
Natural gas, LNG and power	1.69	1,906.60	2.94	1,903.66	-	1,908.29
Fuels and heating oil	-	2,892.12	2,892.12	-	-	2,892.12
Other goods and services	9.87	862.01	842.32	19.69	3.40	875.28
Total	76.15	5,688.84	3,765.49	1,923.35	3.40	5,768.39

in RON mn						Q1/19
	Upstream	Downstream	thereof Downstream Oil	thereof Downstream Gas	Corporate & Other	Total
Crude oil and NGL	71.10	24.88	24.88	-	-	95.98
Natural gas, LNG and power	2.09	1,517.95	3.26	1,514.69	-	1,520.04
Fuels and heating oil	-	2,933.10	2,933.10	-	-	2,933.10
Other goods and services	12.26	836.91	836.52	0.39	3.25	852.42
Total	85.45	5,312.84	3,797.76	1,515.08	3.25	5,401.54

Income tax

Q1/20	Q4/19	Q1/19	In RON mn	2019
126.48	166.09	161.35	Taxes on income	642.12
123.64	197.04	179.56	Current taxes	699.81
2.84	(30.95)	(18.21)	Deferred taxes – expense / (revenue)	(57.69)
16%	16%	12%	Group effective tax rate in %	15%

Notes to the interim condensed consolidated statement of financial position

Commitments

As at March 31, 2020 OMV Petrom Group's commitments for the acquisition of intangible assets and property, plant and equipment amounted to RON 1,118 mn (December 31, 2019: RON 972 mn), mainly relating to exploration and production activities in Upstream.

Inventories

Q1/20 was impacted by net impairments of inventories amounting to RON 67 mn driven mainly by a significant price decrease.

Equity

At the Annual General Meeting of Shareholders held on April 27, 2020, the shareholders of OMV Petrom S.A. approved the distribution of dividends for the financial year 2019 for the gross amount of RON 1,756 mn (gross dividend per share of RON 0.031).

The total number of own shares held by the Company as of March 31, 2020 amounted to 204,776 (December 31, 2019: 204,776).

Financial liabilities

As of March 31, 2020, short and long-term interest-bearing debts and lease liabilities amounted to RON 1,039 mn (December 31, 2019: RON 1,031 mn), thereof RON 701 mn lease liabilities (December 31, 2019: RON 701 mn).

Fair value measurement

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

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

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

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

Financial assets (in RON mn)	March 31, 2020				December 31, 2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Derivatives designated and effective as hedging instruments	-	898.74	-	898.74	-	227.01	-	227.01
Other derivatives	-	252.17	-	252.17	-	54.63	-	54.63
Total	-	1,150.91	-	1,150.91	-	281.64	-	281.64

Financial liabilities and liabilities associated with assets held for sale (in RON mn)	March 31, 2020				December 31, 2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Derivatives designated and effective as hedging instruments	-	(577.80)	-	(577.80)	-	(194.03)	-	(194.03)
Other derivatives	-	(86.84)	-	(86.84)	-	(19.69)	-	(19.69)
Net amount of assets and liabilities associated with assets held for sale	-	(2.59)	-	(2.59)	-	(6.55)	-	(6.55)
Other financial liabilities	-	-	(14.31)	(14.31)	-	-	(14.31)	(14.31)
Total	-	(667.23)	(14.31)	(681.54)	-	(220.27)	(14.31)	(234.58)

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 amount to RON 338 mn (December 31, 2019: RON 330 mn). The estimated fair value of these liabilities was RON 342 mn (December 31, 2019: RON 336 mn). The carrying amount of other financial assets and financial liabilities approximates their fair value.

Segment reporting

Intersegmental sales

Q1/20	Q4/19	Q1/19	Δ% ¹	in RON mn	2019
1,839.25	2,312.77	2,274.84	(19)	Upstream	9,059.89
61.30	54.61	64.02	(4)	Downstream ²	234.00
25.58	26.94	29.42	(13)	thereof Downstream Oil	109.00
80.43	61.13	72.35	11	thereof Downstream Gas	241.52
(44.71)	(33.46)	(37.75)	(18)	thereof intersegmental elimination Downstream	(116.52)
51.86	49.52	49.11	6	Corporate and Other	199.70
1,952.41	2,416.90	2,387.97	(18)	Total	9,493.59

¹ Q1/20 vs. Q1/19;

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

Sales to external customers

Q1/20	Q4/19	Q1/19	Δ% ¹	in RON mn	2019
77.58	130.49	87.04	(11)	Upstream	481.49
6,000.77	7,159.62	5,325.50	13	Downstream	24,973.93
3,853.19	4,598.38	3,793.04	2	thereof Downstream Oil	18,236.98
2,147.58	2,561.24	1,532.46	40	thereof Downstream Gas	6,736.95
7.30	6.25	7.53	(3)	Corporate and Other	30.05
6,085.65	7,296.36	5,420.07	12	Total	25,485.47

¹ Q1/20 vs. Q1/19

Total sales (not consolidated)

Q1/20	Q4/19	Q1/19	Δ% ¹	in RON mn	2019
1,916.83	2,443.26	2,361.88	(19)	Upstream	9,541.38
6,062.07	7,214.23	5,389.52	12	Downstream ²	25,207.93
3,878.77	4,625.32	3,822.46	1	thereof Downstream Oil	18,345.98
2,228.01	2,622.37	1,604.81	39	thereof Downstream Gas	6,978.47
(44.71)	(33.46)	(37.75)	(18)	thereof intersegmental elimination Downstream	(116.52)
59.16	55.77	56.64	4	Corporate and Other	229.75
8,038.06	9,713.26	7,808.04	3	Total	34,979.06

¹ Q1/20 vs. Q1/19;

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

Segment and Group profit

Q1/20	Q4/19	Q1/19	Δ% ¹	in RON mn	2019
130.10	495.99	874.63	(85)	Operating Result Upstream	2,589.46
318.20	604.55	567.07	(44)	Operating Result Downstream	1,913.18
56.56	390.10	408.84	(86)	thereof Operating Result Downstream Oil	1,475.38
261.64	214.45	158.23	65	thereof Operating Result Downstream Gas	437.80
(43.20)	(37.83)	(64.41)	33	Operating Result Corporate and Other	(156.00)
405.10	1,062.71	1,377.29	(71)	Operating Result segment total	4,346.64
424.50	(13.84)	(88.83)	n.m.	Consolidation: Elimination of intersegmental profits	(101.58)
829.60	1,048.87	1,288.46	(36)	OMV Petrom Group Operating Result	4,245.06
(49.69)	(7.95)	24.07	n.m.	Net financial result	31.74
779.91	1,040.92	1,312.53	(41)	OMV Petrom Group profit before tax	4,276.80

¹ Q1/20 vs. Q1/19

Assets¹

in RON mn	March 31, 2020	December 31, 2019
Upstream	23,416.59	23,802.46
Downstream	6,893.71	6,808.65
thereof Downstream Oil	5,847.40	5,738.25
thereof Downstream Gas	1,046.31	1,070.40
Corporate and Other	458.81	465.62
Total	30,769.11	31,076.73

¹ Segment assets consist of intangible assets and property, plant and equipment. Assets reclassified to held for sale are not included. Starting January 1, 2019 the right-of-use assets based on the IFRS 16 implementation is also included.

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.

Financial Ratios (presented in accordance with the requirements of the Financial Supervisory Authority's Regulation no. 5/2018 on issuers of financial instruments and market operations)

Financial ratio	Formula	Value
Current ratio	Current Assets / Current Liabilities ¹	2.32
Indebtness Ratio (%)	Interest-bearing debts (long term)/ Equity*100	0.49
	Interest-bearing debts (long term)/ (Interest-bearing debts (long term)+Equity)*100	0.49
Days in receivables	Receivables average balance / Turnover*90	26.18
Fixed assets turnover ²	Turnover / Fixed assets	0.79

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

² Fixed assets turnover is calculated based on turnover for Q1/20*(360/90) days.

Subsequent events

On **April 27, the Ordinary General Meeting of Shareholders (OGMS)** approved the 2020 Income and Expenditure Budget of OMV Petrom S.A. with investments estimated at RON 5.8 bn (which also include OMV Petrom S.A. contribution to share participation in OMV Petrom Group's subsidiaries, which are eliminated at Group level and acquisitions). These budgets do not include the impact of COVID-19 pandemic.

The OGMS approved the distribution of dividends for the financial year 2019 for the gross amount of RON 1,756 mn (gross dividend per share of RON 0.031).

The OGMS reappointed Ernst & Young Assurance Service S.R.L. as the Company's financial auditor for 2020.

Declaration of the management

We confirm to the best of our knowledge that the unaudited interim condensed consolidated financial statements for the three month period ended March 31, 2020 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 Group Directors' Report gives a true and fair view of important events that have occurred during the first three months of the financial year 2020 and their impact on the interim condensed consolidated financial statements, as well as a description of the principal risks and uncertainties.

Bucharest, April 29, 2020

The Executive Board

Christina Verchere
Chief Executive Officer
President of the Executive Board

Alina Popa
Chief Financial Officer
Member of the Executive Board

Peter Zeilinger
Member of the Executive Board
Upstream

Franck Neel
Member of the Executive Board
Downstream Gas

Radu Caprau
Member of the Executive Board
Downstream Oil

Further information

Abbreviation and definitions

ANRE	Romanian Energy Regulatory Authority
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
BRM	Bursa Romana de Marfuri (Romanian Commodities Exchange)
Capital employed	equity including minorities plus net debt/(cash)
CEO	Chief Executive Officer
Co&O	Corporate and Other
CAPEX	Capital expenditure
Clean CCS Operating Result	Operating Result adjusted for special items and CCS effects. Group Clean CCS Operating Result is calculated by adding the clean CCS Operating Result of Downstream Oil, the clean Operating Result of the other segments and the reported consolidation effect adjusted for changes in valuation allowances, in case the net realizable value of the inventory is lower than its cost.
Clean CCS net income attributable to stockholders	Net income attributable to stockholders, adjusted for the after tax effect of special items and CCS
Clean CCS EPS	Clean CCS Earnings per share = Clean CCS net income attributable to stockholders divided by weighted number of shares
Clean CCS ROACE	Clean CCS Return On Average Capital Employed = NOPAT (as a sum of current and last three quarters) adjusted for the after tax effect of special items and CCS, divided by average Capital Employed (on a rolling basis, as an average of last four quarters) (%)
Clean effective tax rate	Taxes on income adjusted for the tax effect of special items and CCS, divided by Clean CCS Profit before tax (%)
Clean Operating Result before depreciation and amortization, impairments and write-ups	Former EBITD adjusted for special items and CCS effects = Operating Result Before Interest, Taxes, Depreciation and amortization, impairments and write-ups of fixed assets, including reversals adjusted for special items and CCS effects
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 (%)
EOR	Enhanced Oil Recovery
EUR	euro
E&A	Exploration and appraisal
FX	Foreign Exchange
GEO	Government Emergency Ordinance
G&G	geological and geophysical
HSSE	Health, Safety, Security and Environment
IFRSs; IASs	International Financial Reporting Standards; International Accounting Standards
LNG	Liquified natural gas
mn	million
MWh	megawatt hour
NBR	National Bank of Romania

Net debt/(cash) including leases	Interest-bearing debts plus lease liabilities less cash and cash equivalents
Net debt/(cash) excluding leases	Interest-bearing debts less cash and cash equivalents
NGL	Natural Gas Liquids
n.a.	not applicable/not available (as the case may be)
n.m.	not meaningful i.e. deviation exceeds (+/-) 500% or comparison is made between positive and negative values
NOPAT	Net Operating Profit After Tax = Net income attributable to stockholders of the parent, adjusted for net interest on net borrowings, +/- result from discontinued operations, +/- tax effect of adjustments
OPCOM	The administrator of the Romanian electricity market
Operating Result	The "Operating result" includes the former indicator EBIT ("Earnings Before Interest and Taxes") and the net result from equity-accounted investments.
OPEX	Operating Expenses
Q	quarter
ROACE	Return On Average Capital Employed = NOPAT (as a sum of current and last three quarters) divided by average Capital Employed (on a rolling basis, as an average of last four quarters) (%)
RON	Romanian leu
S.A.; S.R.L.	Societate pe Actiuni (Joint-stock company); Societate cu Raspundere Limitata (Limited liability company)
t	metric tonne(s)
TWh	terawatt hour
USD	United States dollar
yoy	year-on-year

Appendix 1

Consolidated companies in OMV Petrom Group at March 31, 2020

Parent company

OMV Petrom S.A.

Subsidiaries

Upstream		Downstream Oil	
Tasbulat Oil Corporation LLP (Kazakhstan)	100.00%	OMV Petrom Marketing S.R.L.	100.00%
Kom Munai LLP (Kazakhstan)	100.00%	OMV Petrom Aviation S.R.L. ¹	100.00%
Petrom Exploration & Production Ltd.	99.99%	Petrom Moldova S.R.L. (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%

¹ (one) equity interest owned through OMV Petrom Marketing S.R.L.

Associated company, accounted for at equity

OMV Petrom Global Solutions S.R.L. 25.00%

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

Appendix 2

Significant transactions with related parties

During the first three months of the financial year 2020, OMV Petrom Group had the following significant transactions with related parties and balances as of March 31, 2020:

Related party (in RON mn)	Purchases Q1/20	Balances payable March 31, 2020
OMV Supply & Trading Limited	493.69	100.01
OMV Petrom Global Solutions S.R.L.	135.90	90.71
OMV Gas Marketing & Trading GmbH	88.20	31.90
OMV Refining & Marketing GmbH	41.38	67.39
OMV Exploration & Production GmbH	24.35	37.78

Related party (in RON mn)	Revenues Q1/20	Balances receivable March 31, 2020
OMV Gas Marketing & Trading GmbH	197.33	11.22
OMV Deutschland GmbH	68.59	36.85
OMV Refining & Marketing GmbH	26.22	5.54
OMV International Services GmbH	-	20.19

During the first three months of the financial year 2019, OMV Petrom Group had the following significant transactions with related parties and balances as of December 31, 2019:

Related party (in RON mn)	Purchases Q1/19	Balances payable December 31, 2019
OMV Supply & Trading Limited	471.79	204.02
OMV Petrom Global Solutions S.R.L.	126.28	116.65
OMV Refining & Marketing GmbH	31.30	49.24
OMV Exploration & Production GmbH	14.51	35.54

Related party (in RON mn)	Revenues Q1/19	Balances receivable December 31, 2019
OMV Deutschland GmbH	74.78	44.57
OMV Gas Marketing & Trading GmbH	45.18	36.37
OMV Refining & Marketing GmbH	5.44	14.68
OMV International Services GmbH	-	12.75

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

Contact

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