

# Q2

Quarterly Report 2019



OMV Petrom S.A.

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## OMV Petrom Group results <sup>1</sup> for January – June and Q2 2019 including unaudited interim condensed consolidated financial statements as of and for the period ended June 30, 2019

### Highlights Q2/19 <sup>2</sup>

#### Group

- ▶ Clean CCS Operating Result at RON 1.0 bn, 36% higher
- ▶ Clean CCS net income attributable to stockholders at RON 0.85 bn, up 83%
- ▶ Cash flow from operating activities at RON 1.4 bn, 3% higher
- ▶ CAPEX at RON 0.9 bn, down 30%
- ▶ Dividends for the 2018 financial year paid, RON 1.5 bn
- ▶ Free cash flow after dividends at RON (1.1) bn, 65% lower
- ▶ Clean CCS ROACE at 16.4%, 7 pp higher

#### Upstream

- ▶ Clean Operating Result at RON 774 mn, weaker by 6%, mainly driven by lower oil prices and hydrocarbon volumes
- ▶ Production decreased by 5.6%, mostly due to natural decline and the transfer of marginal fields
- ▶ OPEX improved by 4% to USD 11.20/boe, reflecting favorable FX effects and cost optimization

#### Downstream Oil

- ▶ Clean CCS Operating Result at RON 339 mn, 74% higher, due to excellent operational performance, offsetting the weaker refining margins, while Q2/18 was impacted by the refinery turnaround
- ▶ OMV Petrom indicator refining margin at USD 3.85/bbl, down 43%
- ▶ Refinery utilization rate at 94%; retail volumes up 3%

#### Downstream Gas

- ▶ Clean Operating Result at RON (18) mn compared to RON 26 mn in Q2/18, with lower contribution from both gas and power activities
- ▶ 4% lower gas sales volumes to third parties; net electrical output at 0.05 TWh in the context of negative spark spreads
- ▶ Since May 2019, OMV Petrom has been supplying the gas regulated market; 2.94 TWh were delivered in Q2/19 to the households and district heating for households suppliers, as per the set allocation

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<sup>1</sup> 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.

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



## Directors' report (condensed, unaudited)

### Financial highlights

Q2/19	Q1/19	Q2/18	Δ% <sup>1</sup>	in RON mn	6m/19	6m/18	Δ%
5,900	5,420	4,976	19	Sales <sup>2</sup>	11,320	9,851	15
<b>998</b>	<b>1,227</b>	<b>735</b>	<b>36</b>	<b>Clean CCS Operating Result <sup>3</sup></b>	<b>2,224</b>	<b>1,694</b>	<b>31</b>
774	825	820	(6)	Clean Operating Result Upstream <sup>3,4</sup>	1,599	1,465	9
322	378	221	46	Clean CCS Operating Result Downstream <sup>3</sup>	699	542	29
(22)	(16)	(18)	(24)	Clean Operating Result Co&O <sup>3</sup>	(38)	(39)	5
(76)	40	(288)	74	Consolidation	(36)	(273)	87
18	15	23	(23)	Clean Group effective tax rate (%)	16	19	(13)
845	1,056	462	83	Clean CCS net income <sup>3,7</sup>	1,901	1,214	57
<b>845</b>	<b>1,056</b>	<b>462</b>	<b>83</b>	<b>Clean CCS net income attributable to stockholders <sup>3,6,7</sup></b>	<b>1,901</b>	<b>1,214</b>	<b>57</b>
0.0149	0.0186	0.0082	83	Clean CCS EPS (RON) <sup>3,6,7</sup>	0.0336	0.0214	57
<b>998</b>	<b>1,227</b>	<b>735</b>	<b>36</b>	<b>Clean CCS Operating Result <sup>3</sup></b>	<b>2,224</b>	<b>1,694</b>	<b>31</b>
<b>(59)</b>	<b>23</b>	<b>(191)</b>	<b>69</b>	<b>Special items <sup>5</sup></b>	<b>(35)</b>	<b>(120)</b>	<b>71</b>
30	38	157	(81)	CCS effects: Inventory holding gains/(losses)	69	207	(67)
<b>969</b>	<b>1,288</b>	<b>701</b>	<b>38</b>	<b>Operating Result Group</b>	<b>2,258</b>	<b>1,781</b>	<b>27</b>
707	875	813	(13)	Operating Result Upstream <sup>4</sup>	1,582	1,445	9
358	567	215	67	Operating Result Downstream	925	662	40
(26)	(64)	(28)	8	Operating Result Co&O	(90)	(50)	(81)
(71)	(89)	(299)	76	Consolidation	(160)	(276)	42
29	24	(135)	n.m.	Net financial result	53	(198)	n.m.
998	1,313	566	76	Profit before tax	2,310	1,583	46
17	12	23	(25)	Group effective tax rate (%)	15	19	(22)
823	1,151	434	90	Net income	1,975	1,288	53
<b>823</b>	<b>1,151</b>	<b>434</b>	<b>90</b>	<b>Net income attributable to stockholders <sup>6</sup></b>	<b>1,975</b>	<b>1,288</b>	<b>53</b>
0.0145	0.0203	0.0077	90	EPS (RON) <sup>6</sup>	0.0349	0.0227	53
1,429	1,505	1,388	3	Cash flow from operating activities	2,934	3,185	(8)
(1,053)	666	(637)	(65)	Free cash flow after dividends	(387)	93	n.m.
(4,160)	(5,237)	(2,987)	(39)	Net debt/(cash)	(4,160)	(2,987)	(39)
887	826	1,260	(30)	Capital expenditure	1,713	2,102	(19)
16.4	15.2	9.5	71	Clean CCS ROACE (%) <sup>3,7</sup>	16.4	9.5	71
17.7	16.5	10.1	75	ROACE (%)	17.7	10.1	75
<b>12,767</b>	<b>12,853</b>	<b>13,421</b>	<b>(5)</b>	<b>OMV Petrom Group employees at end of period</b>	<b>12,767</b>	<b>13,421</b>	<b>(5)</b>

<sup>1</sup> Q2/19 vs. Q2/18

<sup>2</sup> Sales excluding petroleum excise tax;

<sup>3</sup> 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);

<sup>4</sup> Excluding intersegmental profit elimination shown in the line "Consolidation";

<sup>5</sup> 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;

<sup>6</sup> After deducting net result attributable to non-controlling interests;

<sup>7</sup> Excludes additional special income related to field divestments reflected in the financial result.

## Group performance

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### Second quarter 2019 (Q2/19) vs. second quarter 2018 (Q2/18)

**Consolidated sales** increased by 19% compared to Q2/18, supported by higher volumes and prices for petroleum products and higher prices for natural gas, which compensated lower sales volumes of natural gas and electricity. Downstream Oil represented 80% of total consolidated sales, while Downstream Gas accounted for 17% and Upstream for 2% (sales in Upstream being largely intra-group sales rather than third-party sales).

The **Clean CCS Operating Result** of RON 998 mn in Q2/19 was higher than RON 735 mn in Q2/18, when results were negatively impacted by the effect of the Petrobrazi turnaround. The **Clean Group effective tax rate** was 18% (Q2/18: 23%). **Clean CCS net income attributable to stockholders** was RON 845 mn (Q2/18: RON 462 mn).

**Special items** comprised net charges of RON (59) mn, as the unrealized gain from the valuation of electricity forward contracts was more than offset by the effect from the reassessment of provisions, while **inventory holding gains** amounted to RON 30 mn in Q2/19. In Q2/18, we recorded net special charges of RON (191) mn and inventory holding gains of RON 157 mn.

The **Reported Operating Result** for Q2/19 amounted to RON 969 mn, higher by 38% than the Q2/18 reported result, which was affected by the Petrobrazi refinery turnaround and by the unrealized losses from the valuation of electricity forward contracts.

The **net financial result** improved to RON 29 mn in Q2/19 from a loss of RON (135) mn in Q2/18, following the positive impact from the discounting of receivables and higher interest income on bank deposits. In addition, the loss recognized in Q2/18 reflected the interest expenses in relation to the preliminary result of a fiscal review.

As a result, **profit before tax** for Q2/19 amounted to RON 998 mn, 76% higher than the Q2/18 value of RON 566 mn.

**Income tax** amounted to RON (174) mn, while the **effective tax rate** was 17% in Q2/19 (Q2/18: 23%).

**Net income attributable to stockholders of the parent** was RON 823 mn (Q2/18: RON 434 mn).

**Cash flow from operating activities** amounted to RON 1,429 mn, higher than RON 1,388 mn in Q2/18 as a result of an improved operational performance. **Free cash flow after dividends** resulted in a cash outflow of RON 1,053 mn (Q2/18: RON 637 mn).

**Capital expenditure** in Q2/19 amounted to RON 887 mn, 30% below the Q2/18 figure of RON 1,260 mn. Upstream investments in Q2/19 amounted to RON 683 mn, compared to RON 788 mn in Q2/18. Downstream investments amounted to RON 188 mn (Q2/18: RON 471 mn), thereof RON 116 mn in Downstream Oil (Q2/18: RON 446 mn). Corporate and Other investments were RON 16 mn (Q2/18: nil).

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### January to June 2019 (6m/19) vs. January to June 2018 (6m/18)

**Consolidated sales** of RON 11,320 mn for 6m/19 increased by 15% compared to 6m/18, following positive evolution of prices and volumes for petroleum products and electricity, partially offset by the decrease in natural gas volumes sold. Downstream Oil represented 75% of total consolidated sales, Downstream Gas accounted for 22%, and Upstream for 2% (sales in Upstream being largely intra-group sales rather than third-party sales).

The **Clean CCS Operating Result** amounted to RON 2,224 mn, 31% above RON 1,694 mn in 6m/18, as a result of higher sales that more than offset the increased purchases, the latter mainly due to higher imported crude. In turn, the result for 6m/18 was negatively impacted by the Petrobrazi refinery turnaround. The **Clean Group effective tax rate** was 16% (6m/18: 19%). **Clean CCS net income attributable to stockholders** was RON 1,901 mn (6m/18: RON 1,214 mn).

**Special items** comprised net charges of RON (35) mn (6m/18: RON (120) mn), reflecting mainly the impact from reassessment of provisions, while the 6m/18 values represented mainly unrealized losses from the valuation of electricity forward contracts. **Inventory holding gains** for 6m/19 amounted to RON 69 mn (6m/18: RON 207 mn).

The **Reported Operating Result** amounted to RON 2,258 mn, 27% above the 6m/18 level of RON 1,781 mn, supported by the favorable market conditions, while the 6m/18 result was impacted by the Petrobrazi refinery turnaround.

The **net financial result** improved to RON 53 mn in 6m/19 from RON (198) mn in 6m/18, reflecting mainly the positive impact from the discounting of receivables, higher interest income on bank deposits and interest income in relation to clarification of a tax-related topic recognized in Q1/19. In addition, the 6m/18 figure also included interest expenses in relation to the preliminary result of a fiscal review.

As a result, **profit before tax** for 6m/19 of RON 2,310 mn improved compared with the result for the similar period of the previous year of RON 1,583 mn.

**Income tax** amounted to RON (336) mn, while the **effective tax rate** was 15% in 6m/19 (6m/18: 19%).

**Net income attributable to stockholders of the parent** was RON 1,975 mn (6m/18: RON 1,288 mn).

**Cash flow from operating activities** amounted to RON 2,934 mn, lower than RON 3,185 mn in 6m/18, being influenced by the negative impact from changes in net working capital. **Free cash flow after dividends** resulted in a cash outflow of RON 387 mn (6m/18: inflow of RON 93 mn).

**Capital expenditure** was RON 1,713 mn in 6m/19, 19% lower than RON 2,102 mn in 6m/18, with the latter being influenced by the investment in the Petrobrazi refinery turnaround. Upstream investments in 6m/19 were RON 1,333 mn, compared to RON 1,441 mn in 6m/18. Downstream investments amounted to RON 356 mn (6m/18: RON 661 mn), thereof RON 275 mn in Downstream Oil (6m/18: RON 635 mn). Corporate and Other investments were RON 25 mn (6m/18: nil).

Due to the significant cash balance at June 30, 2019, OMV Petrom Group maintained a **net cash position** of RON 4,160 mn (December 31, 2018: RON 4,891 mn).

### Special items and CCS effect effect

Q2/19	Q1/19	Q2/18	Δ% <sup>1</sup>	Special items and CCS effect (in RON mn)	6m/19	6m/18	Δ%
998	1,227	735	36	Clean CCS Operating Result	2,224	1,694	31
(59)	23	(191)	69	Special items	(35)	(120)	71
(10)	(2)	(23)	57	thereof personnel and restructuring	(12)	(39)	69
-	-	-	n.a.	thereof unscheduled depreciation	-	-	n.a.
(49)	26	(168)	71	thereof other	(23)	(81)	72
30	38	157	(81)	CCS effect: Inventory holding gains/(losses)	69	207	(67)
969	1,288	701	38	Operating Result Group	2,258	1,781	27

<sup>1</sup> Q2/19 vs. Q2/18

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	June 30, 2019	December 31, 2018
<b>Assets</b>		
Non-current assets	34,230.86	33,548.66
Current assets (incl. Assets held for sale)	10,118.98	10,235.48
<b>Total assets</b>	<b>44,349.84</b>	<b>43,784.14</b>
<b>Equity and liabilities</b>		
Total equity	31,822.56	31,368.10
Non-current liabilities	7,535.32	6,867.43
Current liabilities (incl. Liab assoc with assets held for sale)	4,991.96	5,548.61
<b>Total equity and liabilities</b>	<b>44,349.84</b>	<b>43,784.14</b>

Compared to December 31, 2018, **non-current assets** increased by RON 682 mn, to RON 34,231 mn, mainly driven by the increase in intangible assets and property, plant and equipment, as the additions during the period, which also included the impact from IFRS 16 Leases implementation, exceeded depreciation and impairments.

The net reduction in **current assets (including assets held for sale)** was mainly due to a decrease in cash and cash equivalents following the payment of dividends, and partially compensated by higher inventories and trade receivables.

**Equity** increased to RON 31,823 mn as of June 30, 2019, compared to RON 31,368 mn as of December 31, 2018, as a result of the net profit generated in the current period less the dividend distribution for the fiscal year 2018. The Group's equity ratio stood at 72% as of end-June 2019, at the same level as of end-December 2018.

**Total interest bearing debts** increased to RON 831 mn as of June 30, 2019, from RON 549 mn as of December 31, 2018, mainly following the implementation of IFRS 16 Leases and the presentation of the lease liability under interest-bearing debts in amount of RON 468 mn. At December 31, 2018, finance lease liabilities of RON 169 mn were presented under "Other financial liabilities".

The Group's liabilities other than interest bearing debts decreased by RON 171 mn, predominantly as a consequence of lower **current liabilities (including liabilities associated with assets held for sale)**, mainly as a result of a decrease in trade payables in connection with investment projects.

## Cash flow

Q2/19	Q1/19	Q2/18	Δ% <sup>1</sup>	Summarized cash-flow statement (in RON mn)	6m/19	6m/18	Δ%
1,679	1,693	1,464	15	<b>Sources of funds</b>	3,372	3,239	4
1,429	1,505	1,388	3	Cash flow from operating activities	2,934	3,185	(8)
(967)	(839)	(904)	(7)	Cash flow from investing activities	(1,806)	(1,971)	8
461	666	485	(5)	<b>Free cash flow</b>	1,128	1,214	(7)
(1,548)	(198)	(1,359)	(14)	Cash flow from financing activities	(1,746)	(1,396)	(25)
(1)	1	1	n.m.	Effect of exchange rates on cash and cash equivalents	1	1	13
(1,087)	469	(873)	(25)	<b>Net increase / (decrease) in cash and cash equivalents</b>	(618)	(182)	(240)
6,079	5,609	4,670	30	Cash and cash equivalents at beginning of period	5,609	3,979	41
4,992	6,079	3,797	31	<b>Cash and cash equivalents at end of period</b>	4,992	3,797	31
(1,053)	666	(637)	(65)	<b>Free cash flow after dividends</b>	(387)	93	n.m.

<sup>1</sup> Q2/19 vs. Q2/18

### Second quarter 2019 (Q2/19) vs. second quarter 2018 (Q2/18)

In Q2/19, 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 received and income tax paid, was RON 1,679 mn (Q2/18: RON 1,464 mn). Changes in **net working capital** generated a cash outflow of RON 251 mn (Q2/18: RON 76 mn). **Cash flow from operating activities** increased by RON 40 mn compared to Q2/18, reaching RON 1,429 mn.

In Q2/19, **cash flow from investing activities** resulted in an outflow of RON 967 mn (Q2/18: RON 904 mn) mainly related to payments for investments in intangible assets and property, plant and equipment, largely in the Upstream segment.

**Cash flow from financing activities** reflects an outflow of funds amounting to RON 1,548 mn (Q2/18: RON 1,359 mn), mainly arising from payment of dividends to the amount of RON 1,514 mn.

**Free cash flow** (defined as cash flow from operating activities less cash flow from investing activities) showed an inflow of funds of RON 461 mn (Q2/18: RON 485 mn). **Free cash flow after dividends** resulted in a cash outflow of RON 1,053 mn (Q2/18: RON 637 mn).

### January to June 2019 (6m/19) vs. January to June 2018 (6m/18)

In 6m/19, 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 received and income tax paid was RON 3,372 mn (6m/18: RON 3,239 mn). Changes in **net working capital** generated a cash outflow of RON 438 mn (6m/18: RON 54 mn). **Cash flow from operating activities** decreased by RON 251 mn compared to 6m/18, reaching RON 2,934 mn.

In 6m/19, **cash flow from investing activities** resulted in an outflow of RON 1,806 mn (6m/18: RON 1,971 mn) mainly related to payments for investments in intangible assets and property, plant and equipment, largely in the Upstream segment.

**Cash flow from financing activities** reflected an outflow of funds amounting to RON 1,746 mn (6m/18: RON 1,396 mn), mainly arising from the payment of dividends of RON 1,514 mn.

**Free cash flow** (defined as cash flow from operating activities less cash flow from investing activities) showed an inflow of funds of RON 1,128 mn (6m/18: RON 1,214 mn). **Free cash flow after dividends** resulted in a cash outflow of RON 387 mn (6m/18: inflow of RON 93 mn).

### Risk management

The scope of OMV Petrom's business activity, both existing and planned, and the markets in which the company operates in naturally expose the company to significant commodity price, foreign exchange, operational and other risks. A detailed description of risks and risk management activities can be found in the 2018 Annual Report (pages 42-44).

According to the last OMV Petrom Group risk assessment exercise in February 2019, the main uncertainties which could impact the company'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 latest months, 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.

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 30 for disclosures on significant transactions with related parties.



## Outlook for the full year 2019

### Market environment

- ▶ For the full year 2019, OMV Petrom expects the **average Brent oil price** to be at USD 65/bbl (2018: USD 71/bbl);
- ▶ **Refining margins** are expected to be around USD 5/bbl (revised from below USD 6/bbl; 2018: USD 6.28/bbl);
- ▶ **Demand for oil products** is expected to be above the 2018 level; **demand for gas and power** is expected to be broadly similar to 2018.

### Taxation and regulatory environment

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

- ▶ At the end of March 2019, the Government approved the Emergency Ordinance no. 19 to amend the Emergency Ordinance 114/2018 following consultation with market players. We consider Emergency Ordinance no. 19 a first step towards the return to a liberalized gas market. We estimate the net impact of these measures on OMV Petrom Group's 2019 Operating Result at around EUR (40) mn;
- ▶ On May 10, the methodology for the reference price for crude oil royalties was changed; the reference price is now linked to Brent quotations.

### OMV Petrom Group

- ▶ We expect to generate a **positive free cash flow after dividends**;
- ▶ **CAPEX** (including capitalized exploration and appraisal) is currently anticipated to be around RON 4.0 bn (revised up from RON 3.7 bn) mainly due to the IFRS 16 accounting treatment of a long-term contract in Upstream; of this amount about 75% is to be routed to Upstream;
- ▶ **Neptun Deep**: the current legislative environment does not provide the necessary prerequisites for a multi-billion investment decision. We remain keen to see the Black Sea developed and we are in dialogue with the authorities to understand the way forward;
- ▶ **Partnership with Auchan**: contractual negotiations are in progress;
- ▶ A **sustainable cost base** supported by ongoing efficiency programs is even more crucial in the context of the current volatile regulatory environment.

### Upstream

- ▶ **Production**: is expected to decline by around 5% yoy, excluding portfolio optimization, mainly due to natural decline and maintenance activities;
- ▶ **Portfolio optimization**: continue to focus on the most profitable barrels; divestment process for further fields ongoing;
- ▶ **Investments**: we plan to drill around 100 new wells and sidetracks and to maintain a constant level of workovers yoy;
- ▶ **Exploration**: exploration expenditures are estimated to be around RON 0.4 bn.

### Downstream

- ▶ **The refinery utilization** rate is expected at around 95%;
- ▶ OMV Petrom Group must supply the regulated market with 12.5 TWh of **gas** for the period May-December 2019 at a maximum price of RON 68/MWh; we estimate total gas sales volumes to be higher vs. 2018;
- ▶ The Brazi power plant must supply the regulated market with 1.14 TWh of **power** for the period March-December 2019 at the price of RON 259.58/MWh; we estimate total net electrical output to be lower vs. 2018.

## Business segments

### Upstream

Q2/19	Q1/19	Q2/18	Δ% <sup>1</sup>	in RON mn	6m/19	6m/18	Δ%
1,456	1,375	1,426	2	Clean Operating Result before Depreciation and amortization, impairments and write-ups <sup>2</sup>	2,830	2,685	5
774	825	820	(6)	Clean Operating Result <sup>2</sup>	1,599	1,465	9
(67)	50	(6)	n.m.	Special items	(17)	(19)	12
707	875	813	(13)	Operating Result <sup>2</sup>	1,582	1,445	9
683	650	788	(13)	Capital expenditure <sup>3</sup>	1,333	1,441	(8)
138	93	119	16	Exploration expenditures	231	184	25
75	19	53	42	Exploration expenses	94	85	11
11.20	11.66	11.67	(4)	OPEX (USD/boe)	11.43	11.78	(3)

Q2/19	Q1/19	Q2/18	Δ% <sup>1</sup>	Key performance indicators	6m/19	6m/18	Δ%
13.77	13.79	14.59	(6)	Total hydrocarbon production (mn boe)	27.56	29.18	(6)
151	153	160	(6)	Total hydrocarbon production (kboe/d)	152	161	(6)
6.55	6.41	6.75	(3)	Crude oil and NGL production (mn bbl)	12.96	13.35	(3)
1.11	1.13	1.20	(8)	Natural gas production (bcm)	2.24	2.42	(8)
39.06	39.88	42.34	(8)	Natural gas production (bcf)	78.95	85.53	(8)
13.0	12.8	13.7	(5)	Total hydrocarbon sales volume (mn boe)	25.8	27.2	(5)
68.82	63.42	72.74	(5)	Average Urals price (USD/bbl)	66.08	68.93	(4)
60.26	55.66	64.65	(7)	Average Group realized crude price (USD/bbl)	57.98	61.08	(5)

<sup>1</sup> Q2/19 vs. Q2/18

<sup>2</sup> Excluding intersegmental profit elimination;

<sup>3</sup> Including capitalized exploration and appraisal.

### Second quarter 2019 (Q2/19) vs. second quarter 2018 (Q2/18)

- ▶ **Clean Operating Result weaker by 6%, mainly driven by lower oil prices and hydrocarbon volumes**
- ▶ **Production decreased by 5.6%, mostly due to natural decline and the transfer of marginal fields**
- ▶ **OPEX improved by 4% to USD 11.20/boe, reflecting favorable FX effects and cost optimization**

The **Clean Operating Result** decreased by 6% to RON 774 mn mainly driven by lower oil prices, lower hydrocarbon volumes, and higher depreciation and exploration expenses, which were partly compensated by favorable FX effects (USD 8% stronger against RON) and higher gas prices.

In Q2/19, **special items** amounted to RON (67) mn, mainly reflecting the reassessment of provisions. The **Reported Operating Result** declined by 13% to RON 707 mn.

Group **production costs** (OPEX) in USD/boe improved by 4% mainly due to favorable FX effects and ongoing cost optimization, which more than offset the lower production available for sale. In Romania, production costs in USD improved by 5% to USD 11.27/boe, while in RON terms they increased by 3% to RON 47.62/boe.

**Group hydrocarbon production** decreased by 5.6% due to lower production both in Romania and Kazakhstan.

In **Romania**, hydrocarbon production was 13.14 mn boe or 144.4 kboe/d (Q2/18: 13.89 mn boe or 152.7 kboe/d). Crude oil and NGL production in Romania declined by 2.2% to 6.0 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 8% to 7.14 mn boe due to natural decline in the main fields (Totea Deep and Lebada East) and the impact of maintenance activities.

In **Kazakhstan**, hydrocarbon production decreased by 8.8% to 0.63 mn boe mainly due to the increased number of wells waiting for workover / intervention jobs.

**Group hydrocarbon sales volumes** decreased by 5% due to lower production in Romania.

**Exploration expenditures** increased to RON 138 mn mainly due to the higher share in costs for the drilling of deep wells, as a result of Repsol's withdrawal from the joint operating agreement.

**Exploration expenses** increased to RON 75 mn due to the write-off of one exploration well.

**Capital expenditure including capitalized E&A** declined by 13% mainly due to lower investments for Neptun development and lower exploration drilling.

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### January to June 2019 (6m/19) vs. January to June 2018 (6m/18)

The **Clean Operating Result** increased by 9% to RON 1,599 mn mainly due to a favorable FX effect (USD 9% stronger against RON) and higher gas prices, which were partly offset by lower oil prices and hydrocarbon volumes.

In 6m/19, **special items** amounted to RON (17) mn mainly reflecting the reassessment of provisions, which were partly compensated by the positive effect related to the transfer of nine marginal fields to Mazarine Energy Romania in March 2019. The **Reported Operating Result** increased by 9% to RON 1,582 mn.

Group **production costs** (OPEX) in USD/boe improved by 3% mainly due to favorable FX effects, which compensated for the lower production available for sale. In Romania, production costs in USD improved by 3% to USD 11.47/boe, while in RON terms they increased by 5% to RON 48.14 /boe.

**Group hydrocarbon production** declined by 5.5% to 27.56 mn boe.

In **Romania**, hydrocarbon production was 26.45 mn boe or 146.1 kboe/d (6m/18: 27.90 mn boe or 154.1 kboe/d). Crude oil and NGL production in Romania declined by 1.6% to 12.0 mn bbl mainly due to natural decline. Gas production in Romania decreased by 8.0% to 14.45 mn boe due to natural decline in the main gas fields (Totea Deep and Lebada East), the one-time effect of surface works in the Totea-Hurezani area and maintenance activities.

In **Kazakhstan**, hydrocarbon production decreased by 13.5% to 1.11 mn boe due to the increased number of wells waiting for workover/intervention jobs.

**Group hydrocarbon sales volumes** decreased by 5% due to lower production both in Romania and Kazakhstan.

**Exploration expenditures** increased to RON 231 mn mainly due to the higher share in costs for the drilling of deep wells, as a result of Repsol's withdrawal from the joint operating agreement.

**Exploration expenses** increased to RON 94 mn due to higher write-offs.

**Capital expenditure including capitalized E&A** declined by 8% to RON 1,333 mn and represented 78% of the Group's total CAPEX for 6m/19. Lower investments for Neptun development and lower offshore drilling were partly compensated by higher workover activities.

In 6m/19, we finalized the drilling of 45 new wells and sidetracks, including one exploration well.

## Downstream

Q2/19	Q1/19	Q2/18	Δ% <sup>1</sup>	in RON mn	6m/19	6m/18	Δ%
528	572	407	30	Clean CCS Operating Result before Depreciation and amortization, impairments and write-ups <sup>2</sup>	1,100	921	19
322	378	221	46	Clean CCS Operating Result <sup>2</sup>	699	542	29
339	221	195	74	thereof Downstream Oil	560	438	28
(18)	157	26	n.m.	thereof Downstream Gas	140	104	34
12	22	(174)	n.m.	Special items	34	(90)	n.m.
25	167	168	(85)	CCS effect: Inventory holding gains/(losses) <sup>2</sup>	192	210	(9)
358	567	215	67	Operating Result	925	662	40
188	168	471	(60)	Capital expenditure	356	661	(46)

Q2/19	Q1/19	Q2/18	Δ% <sup>1</sup>	Key performance indicators Downstream Oil	6m/19	6m/18	Δ%
3.85	3.62	6.72	(43)	Indicator refining margin (USD/bbl) <sup>3</sup>	3.74	6.64	(44)
1.14	1.15	0.59	93	Refining input (mn t) <sup>4</sup>	2.29	1.70	35
94	96	49	92	Refinery utilization rate (%)	95	71	32
1.39	1.18	1.13	23	Total refined product sales (mn t)	2.57	2.25	14
0.71	0.62	0.68	3	thereof retail sales volumes (mn t) <sup>5</sup>	1.32	1.27	4
				<b>Key performance indicators Downstream Gas</b>			
9.39	12.23	10.51	(11)	Gas sales volumes (TWh)	21.63	24.70	(12)
9.11	9.79	9.51	(4)	thereof to third parties (TWh)	18.91	21.64	(13)
2.94	-	-	n.m.	thereof to the regulated market (TWh)	2.94	-	n.m.
0.05	1.08	0.42	(89)	Net electrical output (TWh)	1.13	1.31	(14)
197	255	178	11	OPCOM spot average electricity base load price (RON/MWh)	226	170	33

<sup>1</sup> Q2/19 vs. Q2/18;

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

<sup>3</sup> 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;

<sup>4</sup> Figures include crude and semi-finished products, in line with the OMV Group reporting standard;

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

### Second quarter 2019 (Q2/19) vs. second quarter 2018 (Q2/18)

- ▶ **Downstream Oil: Clean CCS Operating Result at RON 339 mn, 74% higher, due to excellent operational performance, offsetting the weaker refining margins, while Q2/18 was impacted by the refinery turnaround; retail sales volumes up by 3%**
- ▶ **Downstream Gas: Operating result impacted by unfavorable power market conditions; since May, OMV Petrom has been supplying the gas regulated market**

The **Clean CCS Operating Result** increased to RON 322 mn in Q2/19 (Q2/18: RON 221 mn), reflecting the significant improvement of the Downstream Oil result, offsetting the weaker result of the Downstream Gas segment. The **Reported Operating Result** of RON 358 mn reflected a **special gain** of RON 12 mn (mainly unrealized gains from the valuation of electricity forward contracts), and positive **CCS effects** of RON 25 mn (due to higher quotations in the first two months of the quarter).

In Q2/19, the **Downstream Oil Clean CCS Operating Result** increased to RON 339 mn (Q2/18: RON 195 mn), supported by excellent operational performance, in the context of a base effect from the Q2/18 refinery turnaround, which more than compensated for the deteriorated refining margin environment.

The **OMV Petrom indicator refining margin** decreased by USD 2.87/bbl to USD 3.85/bbl in Q2/19, as a result of the lower product spreads, mainly for middle distillates and gasoline. The **refinery utilization rate** was 94% in Q2/19 (Q2/18: 49%, impacted by the refinery turnaround).

Total **refined product sales** volumes were higher by 23% vs. Q2/18, reflecting the increase in both retail and non-retail sales channels. Group retail sales volumes, which accounted for 51% of total refined product sales, increased by 3% compared to Q2/18 as a result of higher demand, particularly in Romania. The Retail result was also supported by a higher non-oil business contribution. Q2/19 non-retail sales volumes increased by 52% yoy, due to seized regional opportunities.



The **Downstream Gas Clean Operating Result** was RON (18) mn in Q2/19, impacted by unfavorable power market conditions and lower gas sales volumes; for comparison, the Q2/18 result was RON 26 mn.

As per OMV Petrom's estimates, national **gas** demand increased by almost 2% compared to Q2/18. On the Romanian centralized markets, the weighted average price of natural gas for transactions closed in Q2/19 (5.35 TWh) of various standard products was RON 105/MWh<sup>3,4</sup>.

In Q2/19 OMV Petrom's gas volumes sold to third parties were 4% lower vs. Q2/18. Total gas sales volumes, down by 11% to 9.39 TWh, were impacted by the power market context triggering a lower Brazi power plant offtake and an adjustment of the gas storing schedule. At the end of Q2/19, OMV Petrom had 3.4 TWh in storage, compared to 1.3 TWh at the end of Q2/18. Since May 2019, OMV Petrom has been supplying the gas regulated market; 2.94 TWh were delivered in Q2/19 to the households and district heating for households suppliers, as per the set allocation. In addition, on the centralized markets, OMV Petrom sold 3.2 TWh in standard products in Q2/19 at an average price in line with the market price<sup>4</sup>.

As per currently available information from the grid operator, national **electricity** consumption was 2% higher compared to the same quarter of 2018, while national production increased by 4%; net exports increased by 82%.

The Brazi power plant generated a low net electrical output of 0.04 TWh in Q2/19, compared to 0.41 TWh in Q2/18, due to negative margins given the rising prices of gas and CO<sub>2</sub>. The 2019 planned outage for the Brazi power plant took place from March 30 to April 14 for full capacity and from April 15 to April 28 for half capacity. The works were completed on time and on budget.

Total **Downstream investments** amounted to RON 188 mn (Q2/18: RON 471 mn), thereof RON 116 mn in Downstream Oil (Q2/18: RON 446 mn). In Downstream Oil, most amounts were routed to the completion of a modern, closed blowdown system at the Coker unit in the Petrobrazi refinery; the yoy decrease was a result of a high base effect, with Q2/18 investments mainly directed to the Petrobrazi refinery turnaround and tie-in projects. In Downstream Gas, the Q2/19 investments amounted to RON 72 mn (Q2/18: RON 26 mn) and were mainly in relation to the planned shutdown of the Brazi power plant.

### January to June 2019 (6m/19) vs. January to June 2018 (6m/18)

The **Clean CCS Operating Result** increased to RON 699 mn in 6m/19 (6m/18: RON 542 mn), reflecting higher results of both the Downstream Oil and Downstream Gas segments. The **Reported Operating Result** was RON 925 mn, reflecting **special gains** of RON 34 mn (mainly unrealized gains from the valuation of electricity forward contracts) and positive **CCS effects** of RON 60 mn, due to higher quotations towards the end of the period.

The **Downstream Oil Clean CCS Operating Result** increased to RON 560 mn in 6m/19 (6m/18: RON 438 mn) due to excellent operational performance, in the context of a base effect from last year's refinery turnaround, despite a significant deterioration of the refining margin environment in 6m/2019.

The **OMV Petrom indicator refining margin** decreased by USD 2.9/bbl to USD 3.74/bbl in 6m/19, as a result of lower product spreads, mainly for gasoline. The **refinery utilization rate** increased to 95% (6m/18: 71%, impacted by the refinery turnaround).

**Total refined product sales** increased by 14% compared to 6m/18. Group retail sales volumes were up by 4% driven by higher demand. Non-retail sales increased by 26% reflecting the seized regional opportunities and the lower product availability in Q2/18 following the refinery turnaround.

The **Downstream Gas Clean Operating Result** improved to RON 140 mn in 6m/19 from RON 104 mn in 6m/18, supported by the first quarter performance in both the power and gas business lines, enabled by better market conditions.

As per OMV Petrom's estimates, Romania's **gas** consumption in 6m/19 recorded a 3% decrease yoy. OMV Petrom's gas sales volumes were 12% lower vs. 6m/18, mainly due to lower equity production and the adjusted schedule for the mandatory gas storing process, in the context of a weak power market.

As per currently available information from the grid operator, national **electricity** consumption was only 1% lower yoy, while electricity production was down by 4% yoy; net exports decreased by 70% yoy.

The Brazi power plant generated a net electrical output of 1.12 TWh vs. 1.30 TWh in 6m/18, negatively impacted by the low production recorded in Q2/19 due to the planned shutdown and market conditions (negative spark spreads).

<sup>3</sup> OMV Petrom estimates based on available public information

<sup>4</sup> 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

**Downstream investments** amounted to RON 356 mn in 6m/19 (6m/18: RON 661 mn), thereof RON 275 mn in Downstream Oil (6m/18: RON 635 mn) and RON 81 mn in Downstream Gas (6m/18: RON 27 mn). In Downstream Oil, most amounts were routed to the completion of a modern, closed blowdown system at the Coker unit in the Petrobrazi refinery; the yoy decrease was a result of a high base effect, with 6m/18 investments mainly directed to the Petrobrazi refinery turnaround and tie-in projects. In Downstream Gas, 6m/19 investments were mainly in relation to the planned shutdown of the Brazi power plant.

## Group interim condensed consolidated financial statements as of and for the period ended June 30, 2019 (unaudited)

### Interim consolidated income statement (unaudited)

Q2/19	Q1/19	Q2/18	in RON mn	6m/19	6m/18
5,899.67	5,420.07	4,975.95	Sales revenues	11,319.74	9,850.74
25.72	167.76	52.73	Other operating income	193.48	82.10
1.11	0.46	3.00	Net income from equity-accounted investments	1.57	5.80
<b>5,926.50</b>	<b>5,588.29</b>	<b>5,031.68</b>	<b>Total revenues and other income</b>	<b>11,514.79</b>	<b>9,938.64</b>
(2,331.78)	(1,878.47)	(1,806.47)	Purchases (net of inventory variation)	(4,210.25)	(3,279.47)
(797.13)	(794.27)	(850.86)	Production and operating expenses	(1,591.40)	(1,629.37)
(270.34)	(320.92)	(302.88)	Production and similar taxes	(591.26)	(581.03)
(848.42)	(757.76)	(763.58)	Depreciation, amortization and impairment charges	(1,606.18)	(1,543.24)
(550.05)	(519.67)	(497.08)	Selling, distribution and administrative expenses	(1,069.72)	(951.34)
(74.84)	(18.84)	(52.62)	Exploration expenses	(93.68)	(84.56)
(84.90)	(9.90)	(56.96)	Other operating expenses	(94.80)	(88.38)
<b>969.04</b>	<b>1,288.46</b>	<b>701.23</b>	<b>Operating Result</b>	<b>2,257.50</b>	<b>1,781.25</b>
104.99	96.42	34.48	Interest income	201.41	63.59
(68.27)	(71.92)	(183.24)	Interest expenses	(140.19)	(255.50)
(8.21)	(0.43)	13.51	Other financial income and expenses	(8.64)	(6.01)
<b>28.51</b>	<b>24.07</b>	<b>(135.25)</b>	<b>Net financial result</b>	<b>52.58</b>	<b>(197.92)</b>
<b>997.55</b>	<b>1,312.53</b>	<b>565.98</b>	<b>Profit before tax</b>	<b>2,310.08</b>	<b>1,583.33</b>
(174.19)	(161.35)	(132.32)	Taxes on income	(335.54)	(295.59)
<b>823.36</b>	<b>1,151.18</b>	<b>433.66</b>	<b>Net income for the period</b>	<b>1,974.54</b>	<b>1,287.74</b>
<b>823.34</b>	<b>1,151.17</b>	<b>433.86</b>	<b>thereof attributable to stockholders of the parent</b>	<b>1,974.51</b>	<b>1,288.09</b>
0.02	0.01	(0.20)	thereof attributable to non-controlling interests	0.03	(0.35)
<b>0.0145</b>	<b>0.0203</b>	<b>0.0077</b>	<b>Basic earnings per share (RON)</b>	<b>0.0349</b>	<b>0.0227</b>

### Interim consolidated statement of comprehensive income (unaudited)

Q2/19	Q1/19	Q2/18	in RON mn	6m/19	6m/18
<b>823.36</b>	<b>1,151.18</b>	<b>433.66</b>	<b>Net income for the period</b>	<b>1,974.54</b>	<b>1,287.74</b>
(8.80)	21.77	1.76	Exchange differences from translation of foreign operations	12.97	2.71
(1.33)	(2.52)	-	Gains/(losses) on hedges	(3.85)	-
<b>(10.13)</b>	<b>19.25</b>	<b>1.76</b>	<b>Total of items that may be reclassified ("recycled") subsequently to the income statement</b>	<b>9.12</b>	<b>2.71</b>
-	-	-	Re-measurement gains on defined benefit plans	-	-
-	-	-	<b>Total of items that will not be reclassified("recycled") subsequently to the income statement</b>	-	-
0.43	(0.19)	(11.98)	Income tax relating to items that may be reclassified ("recycled") subsequently to the income statement	0.24	(6.01)
-	-	-	Income tax relating to items that will not be reclassified ("recycled") subsequently to the income statement	-	-
<b>0.43</b>	<b>(0.19)</b>	<b>(11.98)</b>	<b>Total income taxes relating to components of other comprehensive income</b>	<b>0.24</b>	<b>(6.01)</b>
<b>(9.70)</b>	<b>19.06</b>	<b>(10.22)</b>	<b>Other comprehensive income/(loss) for the period, net of tax</b>	<b>9.36</b>	<b>(3.30)</b>
<b>813.66</b>	<b>1,170.24</b>	<b>423.44</b>	<b>Total comprehensive income for the period</b>	<b>1,983.90</b>	<b>1,284.44</b>
813.64	1,170.22	427.09	thereof attributable to stockholders of the parent	1,983.86	1,286.51
0.02	0.02	(3.65)	thereof attributable to non-controlling interests	0.04	(2.07)

## Interim consolidated statement of financial position (unaudited)

in RON mn	June 30, 2019	December 31, 2018
<b>Assets</b>		
Intangible assets	3,212.05	3,058.95
Property, plant and equipment	27,252.42	26,749.09
Investments in associated companies	21.49	58.29
Other financial assets	2,084.85	2,165.22
Other assets	226.87	84.11
Deferred tax assets	1,433.18	1,433.00
<b>Non-current assets</b>	<b>34,230.86</b>	<b>33,548.66</b>
Inventories	2,465.11	2,151.54
Trade receivables	1,865.15	1,674.23
Other financial assets	370.49	195.19
Other assets	425.63	476.14
Cash and cash equivalents	4,991.55	5,609.43
<b>Current assets</b>	<b>10,117.93</b>	<b>10,106.53</b>
Assets held for sale	1.05	128.95
<b>Total assets</b>	<b>44,349.84</b>	<b>43,784.14</b>
<b>Equity and liabilities</b>		
Share capital	5,664.41	5,664.41
Reserves	26,157.69	25,703.21
<b>Stockholders' equity</b>	<b>31,822.10</b>	<b>31,367.62</b>
Non-controlling interests	0.46	0.48
<b>Total equity</b>	<b>31,822.56</b>	<b>31,368.10</b>
Provisions for pensions and similar obligations	210.90	211.38
Interest-bearing debts	615.12	281.87
Provisions for decommissioning and restoration obligations	6,253.73	5,992.95
Other provisions	326.21	190.27
Other financial liabilities	97.48	155.63
Other liabilities	14.37	14.84
Deferred tax liabilities	17.51	20.49
<b>Non-current liabilities</b>	<b>7,535.32</b>	<b>6,867.43</b>
Trade payables	2,736.39	3,049.66
Interest-bearing debts	216.22	267.43
Income tax liabilities	176.24	228.47
Other provisions and decommissioning	677.76	690.29
Other financial liabilities	347.21	388.34
Other liabilities	838.14	821.36
<b>Current liabilities</b>	<b>4,991.96</b>	<b>5,445.55</b>
Liabilities associated with assets held for sale	0.00	103.06
<b>Total equity and liabilities</b>	<b>44,349.84</b>	<b>43,784.14</b>



## Interim condensed consolidated statement of changes in equity (unaudited)

in RON mn	Share capital	Revenue reserves	Other reserves <sup>1</sup>	Treasury shares	Stockholders' equity	Non-controlling interests	Total equity
<b>January 1, 2019</b>	<b>5,664.41</b>	<b>25,653.10</b>	<b>50.13</b>	<b>(0.02)</b>	<b>31,367.62</b>	<b>0.48</b>	<b>31,368.10</b>
Net income for the period	-	1,974.51	-	-	1,974.51	0.03	1,974.54
Other comprehensive income for the period	-	-	9.35	-	9.35	0.01	9.36
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>1,974.51</b>	<b>9.35</b>	<b>-</b>	<b>1,983.86</b>	<b>0.04</b>	<b>1,983.90</b>
Dividend distribution	-	(1,529.38)	-	-	(1,529.38)	(0.06)	(1,529.44)
Change in non-controlling interests and other	-	-	-	-	-	-	-
<b>June 30, 2019</b>	<b>5,664.41</b>	<b>26,098.23</b>	<b>59.48</b>	<b>(0.02)</b>	<b>31,822.10</b>	<b>0.46</b>	<b>31,822.56</b>

in RON mn	Share capital	Revenue reserves	Other reserves <sup>1</sup>	Treasury shares	Stockholders' equity	Non-controlling interests	Total equity
<b>January 1, 2018</b>	<b>5,664.41</b>	<b>22,765.94</b>	<b>49.34</b>	<b>(0.02)</b>	<b>28,479.67</b>	<b>(58.64)</b>	<b>28,421.03</b>
Net income/(loss) for the period	-	1,288.09	-	-	1,288.09	(0.35)	1,287.74
Other comprehensive income for the period	-	-	(1.58)	-	(1.58)	(1.72)	(3.30)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>1,288.09</b>	<b>(1.58)</b>	<b>-</b>	<b>1,286.51</b>	<b>(2.07)</b>	<b>1,284.44</b>
Dividend distribution	-	(1,132.88)	-	-	(1,132.88)	(0.08)	(1,132.96)
Change in non-controlling interests and other	-	(65.63)	(9.39)	-	(75.03)	61.23	(13.80)
<b>June 30, 2018</b>	<b>5,664.41</b>	<b>22,855.52</b>	<b>38.37</b>	<b>(0.02)</b>	<b>28,558.27</b>	<b>0.44</b>	<b>28,558.71</b>

<sup>1</sup>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)

Q2/19	Q1/19	Q2/18	Summarized statement of cash flows (in RON mn)	6m/19	6m/18
997.55	1,312.53	565.98	<b>Profit before tax</b>	2,310.08	1,583.33
52.05	(7.96)	27.10	Net change in provisions	44.09	68.22
(4.96)	(54.85)	1.09	Losses/(Gains) on the disposal of non-current assets	(59.81)	1.27
898.75	753.44	797.78	Depreciation, amortization and impairments including write-ups	1,652.19	1,611.25
32.48	25.62	15.13	Net interest received	58.10	15.76
(189.79)	(203.14)	(162.91)	Tax on profit paid	(392.93)	(206.67)
(106.61)	(133.09)	219.79	Other non-monetary adjustments	(239.70)	165.34
<b>1,679.47</b>	<b>1,692.55</b>	<b>1,463.96</b>	<b>Sources of funds <sup>1</sup></b>	<b>3,372.02</b>	<b>3,238.50</b>
(106.22)	(228.51)	(129.53)	Increase in inventories	(334.73)	(185.66)
(84.01)	(17.67)	(51.13)	Increase in receivables	(101.68)	(56.78)
(60.66)	58.66	105.14	Increase/(Decrease) in liabilities	(2.00)	188.79
<b>1,428.58</b>	<b>1,505.03</b>	<b>1,388.44</b>	<b>Cash flow from operating activities</b>	<b>2,933.61</b>	<b>3,184.85</b>
(1,009.58)	(960.71)	(911.68)	Intangible assets and property, plant and equipment	(1,970.29)	(1,992.51)
(0.05)	38.24	-	Investments, loans and other financial assets	38.19	-
42.53	5.03	8.04	Proceeds in relation to non-current assets	47.56	8.49
-	78.58	-	Proceeds from the sale of subsidiaries and businesses, net of cash disposed	78.58	13.21
<b>(967.10)</b>	<b>(838.86)</b>	<b>(903.64)</b>	<b>Cash flow from investing activities</b>	<b>(1,805.96)</b>	<b>(1,970.81)</b>
(34.15)	(197.88)	(236.42)	Decrease in borrowings	(232.03)	(273.70)
(1,514.08)	(0.12)	(1,121.46)	Dividends paid	(1,514.20)	(1,121.54)
-	-	(1.01)	Decrease in non-controlling interest	-	(1.01)
<b>(1,548.23)</b>	<b>(198.00)</b>	<b>(1,358.89)</b>	<b>Cash flow from financing activities</b>	<b>(1,746.23)</b>	<b>(1,396.25)</b>
(0.53)	1.23	1.27	Effect of exchange rate changes on cash and cash equivalents	0.70	0.62
<b>(1,087.28)</b>	<b>469.40</b>	<b>(872.82)</b>	<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(617.88)</b>	<b>(181.59)</b>
6,078.83	5,609.43	4,670.28	Cash and cash equivalents beginning of period	5,609.43	3,979.05
<b>4,991.55</b>	<b>6,078.83</b>	<b>3,797.46</b>	<b>Cash and cash equivalents end of period</b>	<b>4,991.55</b>	<b>3,797.46</b>
<b>461.48</b>	<b>666.17</b>	<b>484.80</b>	<b>Free cash flow</b>	<b>1,127.65</b>	<b>1,214.04</b>
<b>(1,052.60)</b>	<b>666.05</b>	<b>(636.66)</b>	<b>Free cash flow after dividends</b>	<b>(386.55)</b>	<b>92.50</b>

<sup>1</sup> 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 June 30, 2019 (unaudited)**

### **Legal principles**

The interim condensed unaudited consolidated financial statements as of and for the six-month period ended 30 June 2019 ("Q2/19") 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, 2018.

The interim condensed consolidated financial statements for Q2/19 included in this report are unaudited and an external limited review by an auditor was not performed.

The interim condensed consolidated financial statements for Q2/19 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 financial statements as of June 30, 2019 is given as part of the description of 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, 2018, except for the adoption of new standards effective as of January 1, 2019. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group has initially adopted IFRS 16 Leases from January 1, 2019.

A number of other amendments and interpretations have been effective since January 1, 2019, but they do not have a material effect on the Group's interim condensed consolidated financial statements.

### **IFRS 16 Leases**

This standard replaces IAS 17 and sets out new rules for lease accounting. For the lessee's accounting, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as was required by IAS 17 and, instead, introduces a single lessee accounting model. Applying that model, a lessee is required to recognize right-of-use assets and liabilities for leases in the scope of IFRS 16 and depreciation of the right-of-use assets separately from interest on lease liabilities in the income statement. The right-of-use assets are depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term. Interest expense is charged to profit or loss over the lease period on the remaining balance of the lease liability for each period. For lessors, there are minor changes compared to IAS 17.

On transition to IFRS 16, OMV Petrom applied the practical expedient to grandfather the assessment of which transactions are leases. This means it applied IFRS 16 only to contracts that were previously identified as leases. Contracts that were not identified as leases under the previous standard were not reassessed for whether they are leases. Additionally, OMV Petrom did not recognize any right-of-use assets and lease liabilities for contracts which expire in 2019.

Leases to explore for and use oil and natural gas, which comprise mainly land leases used for such activities, are not in the scope of IAS 17 and IFRS 16. In addition, some commitments are covered by the exceptions for short-term and low-value leases. Consequently, right-of-use assets and lease liabilities were not recognized for these contracts. Moreover, non-lease components are separated from the lease components for measurement of right-of-use assets and lease liabilities.

OMV Petrom initially applied IFRS 16 on January 1, 2019 using the modified retrospective approach for transition, thus not restating comparative amounts for the comparative period presented. The right-of-use assets for previous operating leases were measured at the date of initial application at the amount of the lease liability, adjusted by prepaid or accrued lease payments. The lease liabilities were measured at the present value of the lease payments over the remaining lease term, discounted using the incremental borrowing rate as of January 1, 2019. The weighted average lessee's incremental borrowing rate applied to these lease liabilities on January 1, 2019 was 1.34%. The first-time application of IFRS 16 resulted in recognizing RON 300 mn as right-of-use assets and RON 285 mn as lease liabilities for previous operating leases. For leases previously classified as finance leases

the Group recognized the carrying amount of the lease asset and lease liability before transition as the carrying amount of the right-of-use asset and lease liability at the date of initial application. In the statement of financial position, the right-of-use assets are presented within the Property, plant and equipment line and lease liabilities within the Interest-bearing debts lines.

**Reconciliation of future operating lease commitments as at December 31, 2018 to lease liability as at January 1, 2019**

In RON mn	January 1, 2019
<b>Future minimum lease payments under non-cancellable operating leases as at December 31, 2018</b>	<b>197</b>
less minimum lease payments for short-term leases	(27)
less minimum lease payments for low value leases	-
plus minimum lease payments under reasonably certain prolongation or termination options	156
<b>Gross lease liability for previously unrecognized operating lease commitments as at January 1, 2019</b>	<b>326</b>
less discounting effect as at January 1, 2019	(41)
<b>Lease liability for previously unrecognized operating lease commitments as at January 1, 2019</b>	<b>285</b>
<b>Finance lease liability recognized as at 31 December, 2018</b>	<b>169</b>
<b>Lease liability recognized as at January 1, 2019</b>	<b>454</b>

**Leasing overview**

In RON mn	June 30, 2019
<b>Right of use assets</b>	
Right of use assets - land and buildings	202
Right of use assets - plant and machinery	116
Right of use assets - other fixtures, fittings and equipment	122
<b>Total right of use assets – carrying amount</b>	<b>441</b>
<b>In RON mn</b>	<b>6m/19</b>
<b>Depreciation of right-of-use assets</b>	<b>47</b>
<b>Lease liabilities</b>	<b>June 30, 2019</b>
Non-current lease liabilities	374
Current lease liabilities	94
<b>Total lease liabilities</b>	<b>468</b>

**Changes in the consolidated Group**

Compared with the annual consolidated financial statements as of December 31, 2018, there were no changes in the consolidated Group.

The detailed structure of the consolidated companies in OMV Petrom Group at June 30, 2019 is presented in Appendix 1 to the current report.

**Seasonality and cyclicalities**

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.



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 six-month period ended June 30, 2019 is given as part of the description of OMV Petrom Group's Business Segments in the Directors' 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 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.

Q2/19	Q1/19	Q2/18	Δ% <sup>1</sup>	NBR FX rates	6m/19	6m/18	Δ%
4.748	4.735	4.652	2	Average EUR/RON FX rate	4.742	4.654	2
4.225	4.169	3.904	8	Average USD/RON FX rate	4.197	3.844	9
4.735	4.763	4.661	2	Closing EUR/RON FX rate	4.735	4.661	2
4.159	4.243	4.003	4	Closing USD/RON FX rate	4.159	4.003	4

<sup>1</sup> Q2/19 vs. Q2/18

### Notes to the income statement

#### Sales revenues

in RON mn	6m/19	6m/18
Revenues from contracts with customers	11,319.47	9,926.05
Revenues from other sources	0.27	(75.31)
<b>Total sales revenues</b>	<b>11,319.74</b>	<b>9,850.74</b>

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						6m/19
	Upstream	Downstream	thereof Downstream Oil	thereof Downstream Gas	Corporate & Other	Total
Crude oil and NGL	200.30	39.60	39.60	-	-	239.90
Natural gas, LNG and power	3.32	2,550.89	6.69	2,544.20	-	2,554.21
Fuels and heating oil	-	6,562.66	6,562.66	-	-	6,562.66
Other goods and services	27.68	1,927.46	1,926.53	0.93	7.56	1,962.70
<b>Total</b>	<b>231.30</b>	<b>11,080.61</b>	<b>8,535.48</b>	<b>2,545.13</b>	<b>7.56</b>	<b>11,319.47</b>

  

in RON mn						6m/18
	Upstream	Downstream	thereof Downstream Oil	thereof Downstream Gas	Corporate & Other	Total
Crude oil and NGL	222.63	66.16	66.16	-	-	288.79
Natural gas, LNG and power	2.80	2,225.09	4.83	2,220.26	-	2,227.89
Fuels and heating oil	-	5,771.78	5,771.78	-	-	5,771.78
Other goods and services	26.99	1,598.73	1,597.33	1.40	11.87	1,637.59
<b>Total</b>	<b>252.42</b>	<b>9,661.76</b>	<b>7,440.10</b>	<b>2,221.66</b>	<b>11.87</b>	<b>9,926.05</b>

## Income tax

Q2/19	Q1/19	Q2/18	In RON mn	6m/19	6m/18
174.19	161.35	132.32	<b>Taxes on income</b>	335.54	295.59
158.30	179.56	109.48	Current taxes	337.86	277.79
15.89	(18.21)	22.84	Deferred taxes – expense / (revenue)	(2.32)	17.80
17%	12%	23%	Group effective tax rate	15%	19%

## Notes to the statement of financial position

### Commitments

As at June 30, 2019 OMV Petrom Group's commitments for investments amounted to RON 1,276 mn (December 31, 2018: RON 1,001 mn), mainly relating to exploration and production activities in Upstream.

### Inventories

During the six months ended June 30, 2019, there were no material write-downs of inventories.

### Equity

At the Annual General Meeting of Shareholders held on April 19, 2019, the shareholders of OMV Petrom S.A. approved the distribution of dividends for the financial year 2018 for the gross amount of RON 1,529 mn (gross dividend per share of RON 0.027).

The total number of own shares held by the Company as of June 30, 2019 amounted to 204,776 (December 31, 2018: 204,776).

### Financial liabilities

As of June 30, 2019, short and long-term interest bearing debts amounted to RON 831 mn, thereof RON 468 mn lease liabilities. Starting with January 1, 2019 lease liabilities are included in the line "Interest-bearing debts" in the Interim consolidated statement of financial position due to implementation of IFRS 16.

As of December 31, 2018, short and long-term interest bearing debts and finance leases amounted to RON 719 mn, thereof RON 169 mn liabilities for finance leases.

### 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 instruments on asset side (in RON mn)	June 30, 2019				December 31, 2018			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Derivatives designated and effective as hedging instruments	-	3.28	-	3.28	-	5.78	-	5.78
Other derivatives	-	53.30	-	53.30	-	45.01	-	45.01
<b>Total</b>	-	<b>56.58</b>	-	<b>56.58</b>	-	<b>50.79</b>	-	<b>50.79</b>

Financial instruments on liability side (in RON mn)	June 30, 2019				December 31, 2018			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Liabilities on derivatives designated and effective as hedging instruments	-	(2.11)	-	(2.11)	-	(0.75)	-	(0.75)
Liabilities on other derivatives	-	(151.59)	-	(151.59)		(162.78)	-	(162.78)
Other financial liabilities	-	-	(11.41)	(11.41)	-	-	(11.41)	(11.41)
<b>Total</b>	<b>-</b>	<b>(153.70)</b>	<b>(11.41)</b>	<b>(165.11)</b>		<b>(163.53)</b>	<b>(11.41)</b>	<b>(174.94)</b>

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 other than lease liabilities amount to RON 364 mn (December 31, 2018: RON 549 mn). The estimated fair value of these liabilities was RON 367 mn (December 31, 2018: RON 554 mn). The carrying amount of all other financial assets and financial liabilities approximates their fair value.

## Segment reporting

### Intersegmental sales

Q2/19	Q1/19	Q2/18	Δ% <sup>1</sup>	in RON mn	6m/19	6m/18	Δ%
2,327.85	2,274.84	2,349.46	(1)	Upstream	4,602.69	4,463.66	3
57.20	64.02	60.51	(5)	Downstream <sup>2</sup>	121.22	115.19	5
26.60	29.42	40.52	(34)	thereof Downstream Oil	56.02	66.23	(15)
60.59	72.35	43.76	38	thereof Downstream Gas	132.94	98.59	35
(29.99)	(37.75)	(23.77)	(26)	thereof intersegmental elimination Downstream Oil and Downstream Gas	(67.74)	(49.63)	(36)
50.84	49.11	50.65	0	Corporate and Other	99.95	90.84	10
<b>2,435.89</b>	<b>2,387.97</b>	<b>2,460.62</b>	<b>(1)</b>	<b>Total</b>	<b>4,823.86</b>	<b>4,669.69</b>	<b>3</b>

<sup>1</sup> Q2/19 vs. Q2/18;

<sup>2</sup> Sales Downstream = Sales Downstream Oil + Sales Downstream Gas – intersegmental elimination Downstream Oil and Downstream Gas

### Sales to external customers

Q2/19	Q1/19	Q2/18	Δ% <sup>1</sup>	in RON mn	6m/19	6m/18	Δ%
147.41	87.04	138.53	6	Upstream	234.45	255.77	(8)
5,743.85	5,325.50	4,827.58	19	Downstream	11,069.35	9,574.86	16
4,746.80	3,793.04	4,054.28	17	thereof Downstream Oil	8,539.84	7,444.97	15
997.05	1,532.46	773.30	29	thereof Downstream Gas	2,529.51	2,129.89	19
8.41	7.53	9.84	(15)	Corporate and Other	15.94	20.11	(21)
<b>5,899.67</b>	<b>5,420.07</b>	<b>4,975.95</b>	<b>19</b>	<b>Total</b>	<b>11,319.74</b>	<b>9,850.74</b>	<b>15</b>

<sup>1</sup> Q2/19 vs. Q2/18

### Total sales (not consolidated)

Q2/19	Q1/19	Q2/18	Δ% <sup>1</sup>	in RON mn	6m/19	6m/18	Δ%
2,475.26	2,361.88	2,487.99	(1)	Upstream	4,837.14	4,719.43	2
5,801.05	5,389.52	4,888.09	19	Downstream <sup>2</sup>	11,190.57	9,690.05	15
4,773.40	3,822.46	4,094.80	17	thereof Downstream Oil	8,595.86	7,511.20	14
1,057.64	1,604.81	817.06	29	thereof Downstream Gas	2,662.45	2,228.48	19
(29.99)	(37.75)	(23.77)	(26)	thereof intersegmental elimination Downstream Oil and Downstream Gas	(67.74)	(49.63)	(36)
59.25	56.64	60.49	(2)	Corporate and Other	115.89	110.95	4
<b>8,335.56</b>	<b>7,808.04</b>	<b>7,436.57</b>	<b>12</b>	<b>Total</b>	<b>16,143.60</b>	<b>14,520.43</b>	<b>11</b>

<sup>1</sup> Q2/19 vs. Q2/18;

<sup>2</sup> Sales Downstream = Sales Downstream Oil + Sales Downstream Gas – intersegmental elimination Downstream Oil and Downstream Gas

### Segment and Group profit

Q2/19	Q1/19	Q2/18	Δ% <sup>1</sup>	in RON mn	6m/19	6m/18	Δ%
707.06	874.63	813.35	(13)	Operating Result Upstream	1,581.69	1,445.24	9
358.40	567.07	214.74	67	Operating Result Downstream	925.47	661.50	40
359.56	408.84	350.52	3	thereof Operating Result Downstream Oil	768.40	641.35	20
(1.16)	158.23	(135.78)	99	thereof Operating Result Downstream Gas	157.07	20.15	n.m.
(25.72)	(64.41)	(28.02)	8	Operating Result Corporate and Other	(90.13)	(49.83)	(81)
<b>1,039.74</b>	<b>1,377.29</b>	<b>1,000.07</b>	<b>4</b>	<b>Operating Result segment total</b>	<b>2,417.03</b>	<b>2,056.91</b>	<b>18</b>
(70.70)	(88.83)	(298.84)	76	Consolidation: Elimination of intersegmental profits	(159.53)	(275.66)	42
<b>969.04</b>	<b>1,288.46</b>	<b>701.23</b>	<b>38</b>	<b>OMV Petrom Group Operating Result</b>	<b>2,257.50</b>	<b>1,781.25</b>	<b>27</b>
<b>28.51</b>	<b>24.07</b>	<b>(135.25)</b>	<b>n.m.</b>	<b>Net financial result</b>	<b>52.58</b>	<b>(197.92)</b>	<b>n.m.</b>
<b>997.55</b>	<b>1,312.53</b>	<b>565.98</b>	<b>76</b>	<b>OMV Petrom Group profit before tax</b>	<b>2,310.08</b>	<b>1,583.33</b>	<b>46</b>

<sup>1</sup> Q2/19 vs. Q2/18



## Assets<sup>1</sup>

in RON mn	June 30, 2019	December 31, 2018
Upstream	23,308.58	22,866.45
Downstream	6,694.95	6,521.73
thereof Downstream Oil	5,569.29	5,440.16
thereof Downstream Gas	1,125.66	1,081.57
Corporate and Other	460.94	419.86
<b>Total</b>	<b>30,464.47</b>	<b>29,808.04</b>

<sup>1</sup> Segment assets consist of intangible assets and property, plant and equipment. Not including assets reclassified to held for sale. Since January 1, 2019 right-of-use assets based on the IFRS 16 implementation are 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.

## Declaration of the management

We confirm to the best of our knowledge that the unaudited interim condensed consolidated financial statements for the six-month period ended June 30, 2019 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 six months of the 2019 financial year and their impact on the interim condensed consolidated financial statements, as well as a description of the principal risks and uncertainties.

**Bucharest, July 31, 2019**

### 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

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/(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 (%)
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 (%)
EUR	euro
E&A	Exploration and appraisal
FX	Foreign Exchange
HSSE	Health, Safety, Security and Environment
IFRSs; IASs	International Financial Reporting Standards; International Accounting Standards
LNG	Liquefied natural gas
mn	million
MWh	megawatt hour
NBR	National Bank of Romania
Net debt/(cash)	Interest bearing-debts less cash and cash equivalents. Before January 1, 2019 Net debt/(cash) was calculated as interest bearing debts plus finance lease liabilities less cash and cash equivalents. Starting with January 1, 2019 lease liabilities are included in "Interest-bearing debts" lines.
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.
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
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 June 30, 2019

#### Parent company

**OMV Petrom S.A.**

#### Subsidiaries

<b>Upstream</b>		<b>Downstream Oil</b>	
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. <sup>1</sup>	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%
<b>Downstream Gas</b>		<b>Corporate &amp; Other</b>	
OMV Petrom Gas S.R.L.	99.99%	Petromed Solutions S.R.L.	99.99%

<sup>1</sup> (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%

## Appendix 2

### Significant transactions with related parties

During the first six months of the financial year 2019, OMV Petrom Group had the following significant transactions with related parties and balances as of June 30, 2019:

Related party (in RON mn)	Purchases 6m/19	Balances payable June 30, 2019
OMV Supply & Trading Limited	951.57	13.88
OMV Petrom Global Solutions S.R.L.	255.35	100.98
OMV Refining & Marketing GmbH	109.42	35.61
OMV Gas Marketing & Trading GmbH	107.88	38.49
OMV Exploration & Production GmbH	33.87	38.44

Related party (in RON mn)	Revenues 6m/19	Balances receivable June 30, 2019
OMV Deutschland GmbH	143.10	41.75
OMV Gas Marketing & Trading GmbH	78.35	10.93
OMV Refining & Marketing GmbH	14.21	8.66
OMV International Services GmbH	-	22.47

During the first six months of the financial year 2018, OMV Petrom Group had the following significant transactions with related parties and balances as of December 31, 2018):

Related party (in RON mn)	Purchases 6m/18	Balances payable December 31, 2018
OMV Supply & Trading Limited	196.81	141.37
OMV Petrom Global Solutions S.R.L.	228.58	116.05
OMV Refining & Marketing GmbH	150.56	50.57
OMV Exploration & Production GmbH	37.81	26.48

Related party (in RON mn)	Revenues 6m/18	Balances receivable December 31, 2018
OMV Deutschland GmbH	169.48	63.95
OMV Refining & Marketing GmbH	72.60	1.94
OMV Gas Marketing & Trading GmbH	43.59	6.37
OMV International Services GmbH	-	12.53

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

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### Next release:

- ▶ OMV Petrom Group report for January-September and Q3 2019: October 30, 2019.