

# Q2

Quarterly Report 2020



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## OMV Petrom Group results <sup>1</sup> for January – June and Q2 2020

including unaudited interim condensed consolidated financial statements as of and for the period ended June 30, 2020

### Highlights Q2/20 <sup>2</sup>

#### Group

- ▶ Swift measures and the integrated business model partly counterbalanced the depressed environment
- ▶ Clean CCS Operating Result at RON 0.3 bn, 72% lower
- ▶ Clean CCS net income attributable to stockholders at RON 0.3 bn, down 62%
- ▶ Cash flow from operating activities at RON 1.2 bn, 14% lower
- ▶ CAPEX at RON 0.6 bn, down 31%
- ▶ Dividends for the 2019 financial year paid, RON 1.7 bn, 15% higher
- ▶ Free cash flow after dividends at RON (1.2) bn, 18% lower
- ▶ Clean CCS ROACE at 10.3%, 6 pp lower
- ▶ LTIR: 0.19 (Q2/19: 0.40)<sup>3</sup>

#### Upstream

- ▶ Clean Operating Result at RON (130) mn vs. RON 774 mn in Q2/19, mainly due to lower oil and gas prices
- ▶ Managed to contain production decline at 2.6%, supported by the contribution of the 4461 Totea South exploration well
- ▶ OPEX improved by 11% to USD 10.0/boe, reflecting further operational efficiencies and favorable FX

#### Downstream Oil

- ▶ Clean CCS Operating Result at RON 292 mn, 14% lower, on low refining margins and weak demand, partly counterbalanced by strong performance in all sales channels
- ▶ OMV Petrom indicator refining margin at USD 1.85/bbl, down 52%
- ▶ Refinery utilization rate at 89%; planned shutdown postponed for July; retail volumes lower by 25%

#### Downstream Gas

- ▶ Clean Operating Result at RON 150 mn compared to RON (18) mn in Q2/19, driven by the excellent power business performance
- ▶ Gas sales volumes up by 39%, covering all sales channels, supported by strong third party supply; net electrical output at 0.57 TWh, significantly higher; power plant planned shutdown shifted to Q4/20
- ▶ In Q2/20, OMV Petrom supplied the regulated gas market with 1.45 TWh

#### Key events

- ▶ OMV Petrom is the winning bidder for an oil and gas exploration block in the Black Sea, offshore Georgia
- ▶ OMV Petrom completed the installation of photovoltaic panels in all the 78 filling stations planned for 2020
- ▶ OMV Petrom and Eldrive concluded an agreement to install 30 fast charging stations for electric cars in filling stations in Romania and Bulgaria

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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.

<sup>3</sup> 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

Q2/20	Q1/20	Q2/19	Δ% <sup>1</sup>	in RON mn	6m/20	6m/19	Δ%
3,984	6,086	5,900	(32)	Sales revenues <sup>2</sup>	10,069	11,320	(11)
<b>276</b>	<b>975</b>	<b>998</b>	<b>(72)</b>	<b>Clean CCS Operating Result <sup>3</sup></b>	<b>1,250</b>	<b>2,224</b>	<b>(44)</b>
(130)	157	774	n.m.	Clean Operating Result Upstream <sup>3,4</sup>	27	1,599	(98)
443	661	322	38	Clean CCS Operating Result Downstream <sup>3</sup>	1,104	699	58
(9)	(22)	(22)	57	Clean Operating Result Co&O <sup>3</sup>	(32)	(38)	16
(28)	180	(76)	64	Consolidation	152	(36)	n.m.
12	18	18	(30)	Clean CCS Group effective tax rate (%)	16	16	-
318	760	845	(62)	Clean CCS net income <sup>3,7</sup>	1,077	1,901	(43)
<b>317</b>	<b>760</b>	<b>845</b>	<b>(62)</b>	<b>Clean CCS net income attributable to stockholders <sup>3,6,7</sup></b>	<b>1,077</b>	<b>1,901</b>	<b>(43)</b>
0.0056	0.0134	0.0149	(62)	Clean CCS EPS (RON) <sup>3,6,7</sup>	0.0190	0.0336	(43)
<b>276</b>	<b>975</b>	<b>998</b>	<b>(72)</b>	<b>Clean CCS Operating Result <sup>3</sup></b>	<b>1,250</b>	<b>2,224</b>	<b>(44)</b>
12	94	(59)	n.m.	Special items <sup>5</sup>	106	(35)	n.m.
(145)	(239)	30	n.m.	CCS effects: Inventory holding gains/(losses)	(384)	69	n.m.
<b>143</b>	<b>830</b>	<b>969</b>	<b>(85)</b>	<b>Operating Result Group</b>	<b>972</b>	<b>2,258</b>	<b>(57)</b>
(118)	130	707	n.m.	Operating Result Upstream <sup>4</sup>	12	1,582	(99)
435	318	358	21	Operating Result Downstream	753	925	(19)
(10)	(43)	(26)	61	Operating Result Co&O	(53)	(90)	41
(164)	425	(71)	(132)	Consolidation	260	(160)	n.m.
87	(50)	29	203	Net financial result	37	53	(30)
<b>229</b>	<b>780</b>	<b>998</b>	<b>(77)</b>	<b>Profit before tax</b>	<b>1,009</b>	<b>2,310</b>	<b>(56)</b>
7	16	17	(62)	Group effective tax rate (%)	14	15	(3)
214	653	823	(74)	Net income	867	1,975	(56)
<b>214</b>	<b>653</b>	<b>823</b>	<b>(74)</b>	<b>Net income attributable to stockholders <sup>6</sup></b>	<b>867</b>	<b>1,975</b>	<b>(56)</b>
0.0038	0.0115	0.0145	(74)	EPS (RON) <sup>6</sup>	0.0153	0.0349	(56)
1,230	1,358	1,429	(14)	Cash flow from operating activities	2,587	2,934	(12)
(1,239)	136	(1,053)	(18)	Free cash flow after dividends	(1,103)	(387)	(185)
(4,841)	(6,095)	(4,160)	16	Net debt/(cash) including leases	(4,841)	(4,160)	16
(5,517)	(6,797)	(4,628)	19	Net debt/(cash) excluding leases	(5,517)	(4,628)	19
611	958	887	(31)	Capital expenditure	1,569	1,713	(8)
10.3	12.5	16.4	(37)	Clean CCS ROACE (%) <sup>3,7</sup>	10.3	16.4	(37)
8.5	11.0	17.7	(52)	ROACE (%)	8.5	17.7	(52)
11,938	12,135	12,767	(6)	OMV Petrom Group employees end of period	11,938	12,767	(6)
0.19	0.00	0.40	(52)	LTIR <sup>8</sup>	0.09	0.34	(73)

<sup>1</sup> Q2/20 vs. Q2/19

<sup>2</sup> Sales revenues 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;

<sup>8</sup> 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

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### Second quarter 2020 (Q2/20) vs. second quarter 2019 (Q2/19)

**Consolidated sales** decreased by 32% compared to Q2/19, negatively impacted by lower commodity prices and lower sales volumes of petroleum products, only partially compensated by higher sales volumes of natural gas and electricity. Downstream Oil represented 68% of total consolidated sales, while Downstream Gas accounted for 30% and Upstream for 2% (sales in Upstream being largely intra-group sales rather than third-party sales).

The **Clean CCS Operating Result** of RON 276 mn in Q2/20 was lower than RON 998 mn in Q2/19, mainly due to negative evolution in Upstream, triggered by lower crude oil and gas prices, partly compensated by higher contribution from Downstream Gas, mainly as a result of higher sales. The **Clean CCS Group effective tax rate** was 12% (Q2/19: 18%). **Clean CCS net income attributable to stockholders** was RON 317 mn (Q2/19: RON 845 mn).

**Special items** comprised net income of RON 12 mn. **Inventory holding losses** amounted to RON (145) mn in Q2/20, mainly as a result of a steep decline in crude oil prices. In Q2/19, **special items** comprised special charges of RON (59) mn, while **inventory holding gains** amounted to RON 30 mn.

**Reported Operating Result** for Q2/20 decreased to RON 143 mn, compared to RON 969 mn in Q2/19 driven mainly by the unfavorable market environment, as the lower prices and the COVID-19 crisis had a negative impact on Group's performance.

**Net financial result** improved to RON 87 mn in Q2/20 from RON 29 mn in Q2/19, mainly following the recognition of an interest income from clearance of the arbitration proceedings initiated by OMV Aktiengesellschaft at the International Chamber of Commerce Paris against the Romanian Ministry of Environment.

As a result, the **profit before tax** for Q2/20 was RON 229 mn, lower compared to RON 998 mn in Q2/19.

**Income tax** amounted to RON (15) mn, while the **effective tax rate** was 7% in Q2/20 mainly due to fiscal credits (Q2/19: 17%).

**Net income attributable to stockholders of the parent** was RON 214 mn (Q2/19: RON 823 mn).

**Cash flow from operating activities** amounted to RON 1,230 mn, lower than RON 1,429 mn in Q2/19 mainly as a result of lower commodities prices in the current market environment. **Free cash flow after dividends** resulted in a cash outflow of RON 1,239 mn (Q2/19: RON 1,053 mn).

**Capital expenditure** amounted to RON 611 mn in Q2/20, 31% lower than in Q2/19, of which RON 485 mn were directed to Upstream (Q2/19: RON 683 mn). Downstream investments amounted to RON 124 mn (Q2/19: RON 188 mn), thereof RON 122 mn in Downstream Oil (Q2/19: RON 116 mn). Corporate and Other investments were RON 2 mn (Q2/19: RON 16 mn).

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### January to June 2020 (6m/20) vs. January to June 2019 (6m/19)

**Consolidated sales** of RON 10,069 mn for 6m/20 decreased by 11% compared to 6m/19, following negative evolution of commodity prices and lower sales volumes for petroleum products, partially offset by the increase in natural gas volumes sold. Downstream Oil represented 65% of total consolidated sales, Downstream Gas accounted for 33%, and Upstream for 1% (sales in Upstream being largely intra-group sales rather than third-party sales).

**Clean CCS Operating Result** amounted to RON 1,250 mn, 44% below RON 2,224 mn in 6m/19, mainly due to lower commodity prices. The negative evolution in Upstream, triggered by lower crude oil and gas prices, was partly compensated by higher positive contribution from Downstream, mainly as a result of higher sales of natural gas, power forward contracts, higher refining margins as well as positive impact related to middle distillate margin hedges. The **Clean CCS Group effective tax rate** was 16% (6m/19: 16%). **Clean CCS net income attributable to stockholders** was RON 1,077 mn (6m/19: RON 1,901 mn).

**Special items** comprise net income of RON 106 mn, mainly consisting of temporary gains from forward contracts in Downstream Gas. **Inventory holding losses** amounted to RON (384) mn in 6m/20, mainly as a result of a steep decline in crude oil prices. In 6m/19 **special items** comprised net charges of RON (35) mn, while **inventory holding gains** amounted to RON 69 mn.

**Reported Operating Result** for 6m/20 decreased to RON 972 mn, compared to RON 2,258 in 6m/19 driven mainly by the unfavorable market environment, as the lower prices and the COVID-19 crisis had a negative impact on Group's performance.

**Net financial result** slightly decreased to RON 37 mn in 6m/20 (6m/19: RON 53 mn).

As a result, the **profit before tax** for 6m/20 was RON 1,009 mn, lower compared to RON 2,310 mn in 6m/19.

**Income tax** amounted to RON (142) mn, while the **effective tax rate** was 14% in 6m/20 (6m/19: 15%).

**Net income attributable to stockholders of the parent** was RON 867 mn (6m/19: RON 1,975 mn).

**Cash flow from operating activities** amounted to RON 2,587 mn, lower than RON 2,934 mn in 6m/19, mainly as a result of lower commodities prices in the current market environment. **Free cash flow after dividends** resulted in a cash outflow of RON 1,103 mn (6m/19: RON 387 mn).

**Capital expenditure** amounted to RON 1,569 mn in 6m/20, 8% lower than in 6m/19 (RON 1,713 mn), mainly directed to Upstream investments of RON 1,142 mn (6m/19: RON 1,333 mn). Downstream investments amounted to RON 420 mn (6m/19: RON 356 mn), thereof RON 416 mn in Downstream Oil (6m/19: RON 275 mn). Corporate and Other investments were RON 8 mn (6m/19: RON 25 mn).

OMV Petrom Group reported a **net cash position including leases** of RON 4,841 mn as at June 30, 2020, down from RON 5,982 mn as at December 31, 2019 and higher than RON 4,160 mn as at June 30, 2019.

## Special items and CCS effect

Q2/20	Q1/20	Q2/19	Δ% <sup>1</sup>	Special items and CCS effect (in RON mn)	6m/20	6m/19	Δ%
276	975	998	(72)	<b>Clean CCS Operating Result</b>	1,250	2,224	(44)
12	94	(59)	n.m.	<b>Special items</b>	106	(35)	n.m.
(1)	(10)	(10)	87	thereof personnel and restructuring	(11)	(12)	10
0	(28)	-	n.m.	thereof unscheduled depreciation	(27)	-	n.m.
13	132	(49)	n.m.	thereof other	144	(23)	n.m.
(145)	(239)	30	n.m.	CCS effect: Inventory holding gains/(losses)	(384)	69	n.m.
143	830	969	(85)	<b>Operating Result Group</b>	972	2,258	(57)

<sup>1</sup> Q2/20 vs. Q2/19

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	June 30, 2020	December 31, 2019
<b>Assets</b>		
<b>Non-current assets</b>	35,068.49	34,932.64
<b>Current assets (incl. Assets held for sale)</b>	11,431.90	12,562.59
<b>Total assets</b>	46,500.39	47,495.23
<b>Equity and liabilities</b>		
<b>Total equity</b>	32,804.35	33,501.37
<b>Non-current liabilities</b>	8,135.89	8,197.30
<b>Current liabilities (incl. Liab assoc with assets held for sale)</b>	5,560.15	5,796.56
<b>Total equity and liabilities</b>	46,500.39	47,495.23

Compared to December 31, 2019, **non-current assets** slightly increased by RON 136 mn, to RON 35,068 mn, mainly due to higher financial assets in relation to margin hedges in the refinery, partly offset by the decrease in property, plant and equipment, as depreciation, impairments and decrease in decommissioning asset following reassessment exceeded the additions during the period.

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 lower trade receivables due to lower sales, partially compensated by higher financial assets in relation to margin hedges in the refinery.

**Equity** decreased to RON 32,804 mn as of June 30, 2020, compared to RON 33,501 mn as of December 31, 2019, mainly as a result of dividend distribution for the fiscal year 2019, partly offset by the net profit generated in the current period. The Group's equity ratio stood at 71% as of June 30, 2020, at the same the level as of December 31, 2019.

As at June 30, 2020, **total liabilities** decreased by RON 298 mn compared to December 31, 2019, mainly due to a decrease in **current liabilities (including liabilities associated with assets held for sale)** by RON 236 mn, largely from lower trade payables following lower acquisitions, partly compensated by higher financial liabilities in relation to margin hedges in the refinery. **Non-current liabilities** slightly decreased mainly due to the reassessment of provisions for decommissioning and restoration obligations following the increase in net discount rate.

## Cash flow

Q2/20	Q1/20	Q2/19	Δ% <sup>1</sup>	Summarized cash-flow statement (in RON mn)	6m/20	6m/19	Δ%
774	1,458	1,679	(54)	<b>Sources of funds</b>	2,233	3,372	(34)
1,230	1,358	1,429	(14)	Cash flow from operating activities	2,587	2,934	(12)
(730)	(1,222)	(967)	24	Cash flow from investing activities	(1,952)	(1,806)	(8)
499	136	461	8	<b>Free cash flow</b>	635	1,128	(44)
(1,785)	(19)	(1,548)	(15)	Cash flow from financing activities	(1,804)	(1,746)	(3)
(1)	4	(1)	(111)	Effect of exchange rate changes on cash and cash equivalents	2	1	254
(1,287)	121	(1,087)	(18)	<b>Net (decrease)/increase in cash and cash equivalents</b>	(1,166)	(618)	(89)
7,134	7,014	6,079	17	Cash and cash equivalents at beginning of period	7,014	5,609	25
5,847	7,134	4,992	17	<b>Cash and cash equivalents at end of period</b>	5,847	4,992	17
(1,239)	136	(1,053)	(18)	<b>Free cash flow after dividends</b>	(1,103)	(387)	(185)

<sup>1</sup> Q2/20 vs. Q2/19

### Second quarter 2020 (Q2/20) vs. second quarter 2019 (Q2/19)

In Q2/20, 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-cash adjustments, as well as net interest received and income tax paid, was RON 774 mn (Q2/19: RON 1,679 mn). Changes in **net working capital** generated a cash inflow of RON 455 mn (Q2/19: outflow of RON 251 mn). **Cash flow from operating activities** decreased by RON 199 mn compared to Q2/19, reaching RON 1,230 mn.

In Q2/20, **cash flow from investing activities** resulted in an outflow of RON 730 mn (Q2/19: RON 967 mn) mainly related to payments for investments in intangible assets and property, plant and equipment, largely in the Upstream segment.

**Free cash flow** (defined as cash flow from operating activities less cash flow from investing activities) showed an inflow of funds of RON 499 mn (Q2/19: RON 461 mn).

**Cash flow from financing activities** reflects an outflow of funds amounting to RON 1,785 mn (Q2/19: RON 1,548 mn), mainly arising from payment of dividends in the amount of RON 1,738 mn.

**Free cash flow after dividends** resulted in a cash outflow of RON 1,239 mn (Q2/19: RON 1,053 mn).

### January to June 2020 (6m/20) vs. January to June 2019 (6m/19)

In 6m/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-cash adjustments, as well as net interest received and

income tax paid was RON 2,233 mn (6m/19: RON 3,372 mn). Changes in **net working capital** generated a cash inflow of RON 355 mn (6m/19: outflow of RON 438 mn). **Cash flow from operating activities** decreased by RON 346 mn compared to 6m/19, reaching RON 2,587 mn.

In 6m/20, **cash flow from investing activities** resulted in an outflow of RON 1,952 mn (6m/19: RON 1,806 mn) mainly related to payments for investments in intangible assets and property, plant and equipment, largely in the Upstream segment.

**Free cash flow** (defined as cash flow from operating activities less cash flow from investing activities) showed an inflow of funds of RON 635 mn (6m/19: RON 1,128 mn).

**Cash flow from financing activities** reflected an outflow of funds amounting to RON 1,804 mn (6m/19: RON 1,746 mn), mainly arising from the payment of dividends of RON 1,739 mn.

**Free cash flow after dividends** resulted in a cash outflow of RON 1,103 mn (6m/19: RON 387 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 strategic 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 outbreak of the COVID-19 pandemic continues to have a major impact on global economic development. While oil prices slightly increased during the second quarter following supply reductions, they still remain significantly volatile. Recent increases in COVID-19 cases around the world could lead to delays in the assumed demand recovery, following the response of governments and citizens. Thus, the consequences of the COVID-19 pandemic and 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

All the below is based on the assumption of no further lockdowns or other mobility restrictions by year end.

### Market environment

- ▶ For the full year 2020, OMV Petrom expects the **average Brent oil price** to be at USD 40/bbl (2019: USD 64/bbl);
- ▶ **Refining margins** are expected to be below USD 4/bbl (previously: above USD 5/bbl; 2019: USD 4.67/bbl);
- ▶ Following the COVID-19 outbreak, **demand for oil products** and **power** is expected to be below 2019, while **demand for gas** is expected to be broadly similar to 2019, supported by gas intensive industries (previously: significantly lower).

### Taxation and regulatory environment

- ▶ According to public statements, the Offshore Law is intended to be changed through a parliamentary process to be initiated after the next parliamentary elections;
- ▶ In June 2020, a gas release program (GRP) was put in place, and subsequently the centralized market obligation was eliminated. While we acknowledge the steps forward towards a fully liberalized market, there are some challenges with regards to the GRP application.

### OMV Petrom Group

- ▶ **CAPEX** (including capitalized exploration and appraisal) is anticipated to be around RON 3 bn excluding acquisitions (2019: RON 4.2 bn); **operational costs and exploration and appraisal expenditures** are planned to be cut by RON 320 mn yoy;
- ▶ We expect a **positive free cash flow before dividends**; given our strong balance sheet, we paid in June RON 1.74 bn dividends for FY 2019, thus our **free cash flow after dividends turned negative and is expected to remain so for the FY**;
- ▶ **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 are 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**: around RON 2.0 bn (2019: RON 3.2 bn):
  - ▶ drill around 60 new wells and sidetracks and maintain a constant level of workovers yoy;
- ▶ **Exploration**: exploration expenditures around RON 0.2 bn (2019: RON 0.4 bn);
- ▶ **Regional expansion**:
  - ▶ closing of the **acquisition of Han Asparuh** offshore Bulgaria interest expected in H2/20;
  - ▶ following successful bidding procedure, ongoing negotiations of production sharing contract for **Georgia Offshore Exploration Block II** estimated to be finalized by year-end.

### Downstream

- ▶ The **refinery utilization rate** is estimated to be around 90% (previous forecast around 85%; 2019: 97%). We expect the utilization rate to be supported by a gradual recovery of demand after the easing of mobility restrictions, being impacted by a two-week planned shutdown in Q3 for maintenance works;
- ▶ OMV Petrom no longer has an allocation to supply the regulated **gas** market in H2/20 following market liberalization as of July 1; we estimate total gas sales volumes to be at similar level to 2019;
- ▶ The Brazi power plant has received a 0.18 TWh allocation to supply the regulated **power** market in H2/20 at a RON 223/MWh regulated price; we estimate total net electrical output to be higher vs. 2019;
- ▶ Brazi power plant: a two week planned shutdown for the entire capacity to take place in Q4/20.

## Business segments

### Upstream

Q2/20	Q1/20	Q2/19	Δ% <sup>1</sup>	in RON mn	6m/20	6m/19	Δ%
461	772	1,456	(68)	Clean Operating Result before depreciation and amortization, impairments and write-ups <sup>2</sup>	1,233	2,830	(56)
(130)	157	774	n.m.	Clean Operating Result <sup>2</sup>	27	1,599	(98)
12	(27)	(67)	n.m.	Special items	(15)	(17)	15
(118)	130	707	n.m.	Operating Result <sup>2</sup>	12	1,582	(99)
485	657	683	(29)	Capital expenditure <sup>3</sup>	1,142	1,333	(14)
19	72	138	(86)	Exploration expenditures	91	231	(61)
18	46	75	(76)	Exploration expenses	64	94	(32)
10.02	10.87	11.20	(11)	OPEX (USD/boe)	10.45	11.43	(9)

Q2/20	Q1/20	Q2/19	Δ% <sup>1</sup>	Key performance indicators	6m/20	6m/19	Δ%
147.3	150.3	151.3	(3)	Total hydrocarbon production (kboe/d)	148.8	152.3	(2)
71.1	71.7	71.9	(1)	thereof crude oil and NGL production (kbb/d)	71.4	71.6	(0)
76.2	78.6	79.4	(4)	thereof natural gas production (kboe/d)	77.4	80.7	(4)
13.41	13.68	13.77	(3)	Total hydrocarbon production (mn boe)	27.09	27.56	(2)
6.47	6.52	6.55	(1)	Crude oil and NGL production (mn bbl)	13.00	12.96	0
1.06	1.10	1.11	(4)	Natural gas production (bcm)	2.16	2.24	(4)
37.49	38.68	39.06	(4)	Natural gas production (bcf)	76.17	78.95	(4)
12.93	12.87	12.99	(0)	Total hydrocarbon sales volume (mn boe)	25.80	25.84	(0)
142.1	141.4	142.8	(0)	Total hydrocarbon sales volume (kboe/d)	141.8	142.8	(1)
76.0	73.9	75.3	1	thereof crude oil and NGL sales volume (kbb/d) <sup>4</sup>	74.9	74.9	0
66.1	67.6	67.5	(2)	thereof natural gas sales volume (kboe/d)	66.8	67.9	(2)
29.86	48.10	68.82	(57)	Average Urals price (USD/bbl)	39.20	66.08	(41)
24.45	40.60	60.26	(59)	Average Group realized crude price (USD/bbl)	32.39	57.98	(44)

<sup>1</sup> Q2/20 vs. Q2/19

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

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

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

### Second quarter 2020 (Q2/20) vs. second quarter 2019 (Q2/19)

- ▶ **Clean Operating Result at RON (130) mn, vs. RON 774 mn in Q2/19, mainly due to lower oil and gas prices**
- ▶ **Managed to contain production decline at 2.6%, supported by the contribution of the 4461 Totea South exploration well**
- ▶ **OPEX improved by 11% to USD 10.02/boe, reflecting further operational efficiencies and favorable FX rate**

**Clean Operating Result** was a RON (130) mn loss vs. a RON 774 mn profit in Q2/19 mainly driven by lower oil and gas prices, which were partly compensated by lower production costs, royalties and exploration expenses.

**Special items** amounted to RON 12 mn reflecting mainly reassessment of provisions. **Reported Operating Result** was RON (118) mn vs. a RON 707 mn profit in Q2/19.

**Group production costs (OPEX)** in USD improved by 11% to USD 10.02/boe mainly due to ongoing cost optimization and favorable FX effects, which more than offset the effect of lower production available for sale. In Romania, production costs in USD improved by 11% to USD 10.04/boe, while in RON terms they improved by 7% to RON 44.14/boe.

**Group hydrocarbon production** decreased by 2.6% due to lower production in Romania, while production in Kazakhstan was stable.

In **Romania**, hydrocarbon production was 12.77 mn boe or 140.4 kboe/d (Q2/19: 13.14 mn boe or 144.4 kboe/d). Crude oil and NGL production in Romania declined by 1.2% to 5.92 mn bbl mainly due to natural decline. Gas production in Romania decreased by 4.1% to 6.85 mn boe due to natural decline in the main fields (Totea Deep and Lebada East) and maintenance activities, partly counterbalanced by the contribution of exploration well 4461 Totea South.

In **Kazakhstan**, hydrocarbon production was stable at 0.63 mn boe.

**Group hydrocarbon sales volumes** were relatively stable, supported by lower own consumption and stock optimization.

**Exploration expenditures** decreased to RON 19 mn as no drilling activities were performed.

**Exploration expenses** decreased to RON 18 mn as no write-off of exploration wells was recorded.

**Capital expenditure including capitalized E&A** declined by 29% mainly due to reduced development drilling and exploration activities.

### January to June 2020 (6m/20) vs. January to June 2019 (6m/19)

**Clean Operating Result** decreased to RON 27 mn (6m/19: RON 1,599 mn) mainly driven by lower oil and gas prices, which were partly compensated by lower production costs, royalties and exploration expenses.

**Special items** amounted RON (15) mn mainly reflecting impairment of production assets in Q1/20. **Reported Operating Result** was RON 12 mn.

**Group production costs** (OPEX) in USD improved by 9% to USD 10.45/boe mainly due to favorable FX effects and cost optimization, which compensated for the lower production available for sale. In Romania, production costs in USD improved by 9% to USD 10.49/boe, while in RON terms they improved by 5% to RON 45.87/boe.

**Group hydrocarbon production** declined by 2.3% to 27.09 mn boe.

In **Romania**, hydrocarbon production was 25.81 mn boe or 141.8 kboe/d (6m/19: 26.45 mn boe or 146.1 kboe/d). Crude oil and NGL production in Romania was relatively stable at 11.89 mn bbl. Gas production in Romania decreased by 3.6% to 13.93 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, partly counterbalanced by the contribution of exploration well 4461 Totea South.

In **Kazakhstan**, hydrocarbon production increased by 14.7% to 1.27 mn boe due to higher level of workovers/interventions.

**Group hydrocarbon sales volumes** were relatively stable, supported by lower own consumption and stock optimization.

**Exploration expenditures** decreased to RON 91 mn as no drilling activities were performed, partly counterbalanced by 3D seismic acquisition in Q1/20.

**Exploration expenses** decreased to RON 64 mn as no write-off of exploration wells was recorded, partly counterbalanced by 3D seismic acquisition in Q1/20.

**Capital expenditure including capitalized E&A** declined by 14% to RON 1,142 mn and represented 73% of the Group's total CAPEX for 6m/20. The decline was mainly due to lower development drilling and exploration activities as a response to the current environment.

In 6m/20, we finalized the drilling of 28 new wells and sidetracks (6m/19: 45 new wells and sidetracks, including one exploration well).

## Downstream

Q2/20	Q1/20	Q2/19	Δ% <sup>1</sup>	in RON mn	6m/20	6m/19	Δ%
653	873	528	24	Clean CCS Operating Result before depreciation and amortization, impairments and write-ups <sup>2</sup>	1,526	1,100	39
443	661	322	38	Clean CCS Operating Result <sup>2</sup>	1,104	699	58
292	514	339	(14)	thereof Downstream Oil	806	560	44
150	147	(18)	n.m.	thereof Downstream Gas	297	140	113
1	142	12	(95)	Special items	142	34	314
(9)	(484)	25	n.a.	CCS effect: Inventory holding gains/(losses) <sup>2</sup>	(493)	192	n.a.
435	318	358	21	Operating Result	753	925	(19)
124	295	188	(34)	Capital expenditure	420	356	18

Q2/20	Q1/20	Q2/19	Δ% <sup>1</sup>	Key performance indicators Downstream Oil	6m/20	6m/19	Δ%
1.85	6.75	3.85	(52)	Indicator refining margin (USD/bbl) <sup>3</sup>	4.36	3.74	17
1.09	1.17	1.14	(5)	Refining input (mn t) <sup>4</sup>	2.26	2.29	(1)
89	96	94	(5)	Refinery utilization rate (%)	92	95	(2)
1.15	1.20	1.39	(17)	Total refined product sales (mn t)	2.34	2.57	(9)
0.53	0.62	0.71	(25)	thereof retail sales volumes (mn t) <sup>5</sup>	1.15	1.32	(13)
				<b>Key performance indicators Downstream Gas</b>			
13.06	18.61	9.39	39	Gas sales volumes (TWh)	31.67	21.63	46
11.77	16.08	9.11	29	thereof to third parties (TWh)	27.85	18.91	47
1.45	5.52	2.97 <sup>6</sup>	(51)	thereof to the regulated market (TWh)	6.97	2.97 <sup>6</sup>	135
0.57	1.12	0.05	n.m.	Net electrical output (TWh)	1.68	1.13	49
130	196	197	(34)	OPCOM spot average electricity base load price (RON/MWh)	163	226	(28)

<sup>1</sup> Q2/20 vs. Q2/19;

<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, Moldova;

<sup>6</sup> Compared to the figure published in Q2/19, the figures for Q2/19 and 6m/19 were updated in order to include the sales through the affiliate company.

### Second quarter 2020 (Q2/20) vs. second quarter 2019 (Q2/19)

- ▶ **Downstream Oil: Clean CCS Operating Result at RON 292 mn, 14% lower on low refining margins and weak demand, partly counterbalanced by strong performance in all sales channels; refinery utilization rate at 89%; planned shutdown postponed for July; retail sales volumes down by 25%**
- ▶ **Downstream Gas: Very strong contribution to the Group results, built on excellent power business performance, proving the benefits of the integrated business model**

**Clean CCS Operating Result** increased to RON 443 mn in Q2/20 (Q2/19: RON 322 mn), reflecting the significant improvement of the Downstream Gas result, offsetting the weaker result in Downstream Oil. **Reported Operating Result** of RON 435 mn mainly reflected negative **CCS effects** of RON 9 mn.

In Q2/20, **Downstream Oil Clean CCS Operating Result** decreased to RON 292 mn (Q2/19: RON 339 mn), due to market development as a result of the pandemic crisis with impact on volumes, utilization rate and refining margin, counterbalanced to some extent by positive impact related to middle distillate margin hedges and strict cost management.

**OMV Petrom indicator refining margin** decreased by USD 2.01/bbl to USD 1.85/bbl in Q2/20, as a result of falling product spreads, partially compensated by lower cost for crude consumed. The **refinery utilization rate** was 89% in Q2/20 (Q2/19: 94%) reflecting the lower demand in first half of the quarter, gradual elimination of restrictions thereafter, and preparations for the July planned shut-down.

Total **refined product sales** volumes were down 17% vs. Q2/19, reflecting the lower demand during the pandemic-related movement restrictions. Group retail sales volumes, which accounted for 46% of total refined

product sales, decreased by 25% compared to Q2/19 as an effect of traffic restrictions. Q2/20 non-retail sales volumes decreased by only 10% yoy, reflecting higher exports of equity petroleum products volumes.

**Downstream Gas Clean Operating Result** was RON 150 mn in Q2/20 (Q2/19: RON (18) mn), boosted by the contribution from power forward contracts complemented by balancing market and ancillary services revenues; the results also reflect one off revenues representing the compensation for higher costs incurred in 2019 for the power regulated sales. The gas business was negatively impacted by declining gas prices.

As per OMV Petrom's estimates, national **gas** consumption increased by approximately 11% compared to Q2/19. On the Romanian centralized markets, the weighted average price of natural gas for transactions with medium and long-term standardized products closed in Q2/20 (6.2 TWh) was RON 58/MWh<sup>4,5</sup> (Q2/19: RON 105/MWh for standard products traded). Regarding short-term deliveries, on BRM day-ahead market, the average price<sup>6</sup> in Q2/20 was RON 46/MWh (Q2/19: RON 98/MWh).

In Q2/20, OMV Petrom's total gas sales volumes increased by 39% to 13.06 TWh, both on higher offtake by the Brazi power plant and increased consumption from some industrial consumers. Gas volumes sold to third parties were 29% higher vs. Q2/19.

Since May 2019, OMV Petrom has been supplying the gas regulated market: 1.45 TWh were delivered in Q2/20 to the households and district heating for households suppliers, as per the demand from the suppliers of this segment. On the centralized markets, OMV Petrom sold 3 TWh in standard products in Q2/20 at an average price in line with the market price<sup>4</sup>. At the end of Q2/20, OMV Petrom had 1.4 TWh natural gas in storage, compared to 3.4 TWh at the end of Q2/19.

As per currently available information from the grid operator, national **electricity** consumption was 11% lower compared to the same quarter of 2019, while national production decreased by 20%, thus leading to a net importer position in Q2/20.

The Brazi power plant generated in Q2/20 a net electrical output of 0.56 TWh, significantly higher compared to 0.04 TWh in Q2/19, when the plant also had a planned shutdown.

Total **Downstream investments** amounted to RON 124 mn (Q2/19: RON 188 mn), thereof RON 122 mn in Downstream Oil (Q2/19: RON 116 mn). Most amounts in Downstream Oil were routed to catalysts replacements, to the upgrade of unloading and storage facilities for bio-blending components and to the tank farm automation projects in the refinery, while in retail we invested in the installation of photovoltaic panels. In Q2/19, investments were mainly directed to the Coker closed blowdown system and Polyfuel projects.

### January to June 2020 (6m/20) vs. January to June 2019 (6m/19)

**Clean CCS Operating Result** increased to RON 1,104 mn in 6m/20 (6m/19: RON 699 mn), reflecting higher results of both Downstream segments. **Reported Operating Result** was RON 753 mn, reflecting **special gains** of RON 142 mn (mainly consisting of temporary gains from forward contracts) and negative **CCS effects** of RON 493 mn, due to the steep decline in crude quotations.

**Downstream Oil Clean CCS Operating Result** increased to RON 806 mn in 6m/20 (6m/19: RON 560 mn) supported by the good operational performance, better refining margin, as well as positive impact from CO2 certificates sale in Q1/20 and in relation to middle distillate margin hedges, offsetting the drop in demand.

**OMV Petrom indicator refining margin** increased by USD 0.62/bbl to USD 4.36/bbl in 6m/20, due to lower crude price balancing the falling products spreads. **Refinery utilization rate** decreased to 92% (6m/19: 95%).

**Total refined product sales** decreased by 9% compared to 6m/19. Group retail sales volumes were down by 13% triggered by the lower demand. Non-retail sales decreased by only 5% reflecting higher sales of available production to export markets, partly compensating the reduced domestic demand.

**Downstream Gas Clean Operating Result** significantly improved to RON 297 mn in 6m/20 from RON 140 mn in 6m/19, supported by the strong power business performance, more than compensating the negative impact from the decline in gas prices. The results also reflect one off revenues representing the compensation for higher costs incurred in 2019 for the power regulated sales.

As per OMV Petrom's estimates, Romania's **gas** consumption slightly increased by approximately 1% yoy.

OMV Petrom's gas sales volumes were 46% higher vs. 6m/19, mainly on higher sales to wholesalers, rather stable end-user portfolio sales, as well as a higher offtake by the Brazi power plant.

<sup>4</sup> OMV Petrom estimates based on available public information

<sup>5</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

<sup>6</sup> Average computed based on daily trades published on BRM platform

As per currently available information from the grid operator, national **electricity** consumption was 7% lower yoy, while electricity production was down by 12% yoy; Romania was a net importer of electricity in 6m/20.

The Brazi power plant generated a net electrical output of 1.67 TWh vs. 1.12 TWh in 6m/19, as in Q2/19, the plant also had a planned shutdown; the power plant had in addition an important contribution on the balancing and ancillary services markets, enabled by its technical capabilities.

**Downstream investments** amounted to RON 420 mn in 6m/20 (6m/19: RON 356 mn), thereof RON 416 mn in Downstream Oil (6m/19: RON 275 mn) and RON 3 mn in Downstream Gas (6m/18: RON 81 mn). In Downstream Oil, in addition to the projects mentioned in the Q2/20 section, investments were performed mostly for securing long-term logistic access through railway lines at Petrobrazi refinery.

## Group interim condensed consolidated financial statements as of and for the period ended June 30, 2020 (unaudited)

### Interim condensed consolidated income statement (unaudited)

Q2/20	Q1/20	Q2/19	in RON mn	6m/20	6m/19
3,983.54	6,085.65	5,899.67	Sales revenues	10,069.19	11,319.74
87.80	208.39	25.72	Other operating income	296.19	193.48
(1.03)	3.88	1.11	Net income/(loss) from equity-accounted investments	2.85	1.57
<b>4,070.31</b>	<b>6,297.92</b>	<b>5,926.50</b>	<b>Total revenues and other income</b>	<b>10,368.23</b>	<b>11,514.79</b>
(1,621.63)	(2,694.11)	(2,331.78)	Purchases (net of inventory variation)	(4,315.74)	(4,210.25)
(731.23)	(944.20)	(797.13)	Production and operating expenses	(1,675.43)	(1,591.40)
(210.78)	(325.01)	(270.34)	Production and similar taxes	(535.79)	(591.26)
(809.91)	(868.28)	(848.42)	Depreciation, amortization and impairment charges	(1,678.19)	(1,606.18)
(441.23)	(528.00)	(550.05)	Selling, distribution and administrative expenses	(969.23)	(1,069.72)
(17.90)	(45.90)	(74.84)	Exploration expenses	(63.80)	(93.68)
(95.13)	(62.82)	(84.90)	Other operating expenses	(157.95)	(94.80)
<b>142.50</b>	<b>829.60</b>	<b>969.04</b>	<b>Operating Result</b>	<b>972.10</b>	<b>2,257.50</b>
147.45	52.46	104.99	Interest income	199.91	201.41
(52.35)	(107.40)	(68.27)	Interest expenses	(159.75)	(140.19)
(8.60)	5.25	(8.21)	Other financial income and expenses	(3.35)	(8.64)
<b>86.50</b>	<b>(49.69)</b>	<b>28.51</b>	<b>Net financial result</b>	<b>36.81</b>	<b>52.58</b>
<b>229.00</b>	<b>779.91</b>	<b>997.55</b>	<b>Profit before tax</b>	<b>1,008.91</b>	<b>2,310.08</b>
(15.39)	(126.48)	(174.19)	Taxes on income	(141.87)	(335.54)
<b>213.61</b>	<b>653.43</b>	<b>823.36</b>	<b>Net income for the period</b>	<b>867.04</b>	<b>1,974.54</b>
<b>213.60</b>	<b>653.43</b>	<b>823.34</b>	<b>thereof attributable to stockholders of the parent</b>	<b>867.03</b>	<b>1,974.51</b>
0.01	0.00	0.02	thereof attributable to non-controlling interests	0.01	0.03
<b>0.0038</b>	<b>0.0115</b>	<b>0.0145</b>	<b>Basic earnings per share (RON)</b>	<b>0.0153</b>	<b>0.0349</b>

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

Q2/20	Q1/20	Q2/19	in RON mn	6m/20	6m/19
<b>213.61</b>	<b>653.43</b>	<b>823.36</b>	<b>Net income for the period</b>	<b>867.04</b>	<b>1,974.54</b>
0.33	10.93	(8.80)	Exchange differences from translation of foreign operations	11.26	12.97
(112.09)	414.22	(1.33)	Gains/(losses) on hedges	302.13	(3.85)
<b>(111.76)</b>	<b>425.15</b>	<b>(10.13)</b>	<b>Total of items that may be reclassified ("recycled") subsequently to the income statement</b>	<b>313.39</b>	<b>9.12</b>
-	-	-	Re-measurement gains on defined benefit plans	-	-
10.10	(186.81)	-	Gains/(losses) on hedges that are subsequently transferred to the carrying amount of the hedged item	(176.71)	-
<b>10.10</b>	<b>(186.81)</b>	-	<b>Total of items that will not be reclassified ("recycled") subsequently to the income statement</b>	<b>(176.71)</b>	-
18.03	(66.38)	0.43	Income tax relating to items that may be reclassified ("recycled") subsequently to the income statement	(48.35)	0.24
(1.62)	29.89	-	Income tax relating to items that will not be reclassified ("recycled") subsequently to the income statement	28.27	-
<b>16.41</b>	<b>(36.49)</b>	<b>0.43</b>	<b>Total income taxes relating to components of other comprehensive income</b>	<b>(20.08)</b>	<b>0.24</b>
<b>(85.25)</b>	<b>201.85</b>	<b>(9.70)</b>	<b>Other comprehensive income/(loss) for the period, net of tax</b>	<b>116.60</b>	<b>9.36</b>
<b>128.36</b>	<b>855.28</b>	<b>813.66</b>	<b>Total comprehensive income for the period</b>	<b>983.64</b>	<b>1,983.90</b>
128.34	855.28	813.64	thereof attributable to stockholders of the parent	983.62	1,983.86
0.02	0.00	0.02	thereof attributable to non-controlling interests	0.02	0.04

## Interim condensed consolidated statement of financial position (unaudited)

in RON mn	June 30, 2020	December 31, 2019
<b>Assets</b>		
Intangible assets	3,162.11	3,132.01
Property, plant and equipment	27,727.82	27,944.72
Investments in associated companies	29.79	26.94
Other financial assets	2,474.66	2,122.57
Other assets	232.03	215.47
Deferred tax assets	1,442.08	1,490.93
<b>Non-current assets</b>	<b>35,068.49</b>	<b>34,932.64</b>
Inventories	2,358.39	2,464.45
Trade receivables	1,335.18	1,891.86
Other financial assets	1,306.07	486.10
Other assets	366.29	489.44
Cash and cash equivalents	5,847.46	7,013.54
<b>Current assets</b>	<b>11,213.39</b>	<b>12,345.39</b>
Assets held for sale	218.51	217.20
<b>Total assets</b>	<b>46,500.39</b>	<b>47,495.23</b>
<b>Equity and liabilities</b>		
Share capital	5,664.41	5,664.41
Reserves	27,139.48	27,836.45
<b>Stockholders' equity</b>	<b>32,803.89</b>	<b>33,500.86</b>
Non-controlling interests	0.46	0.51
<b>Total equity</b>	<b>32,804.35</b>	<b>33,501.37</b>
Provisions for pensions and similar obligations	234.99	240.70
Interest-bearing debts	154.41	197.88
Lease liabilities	531.55	572.15
Provisions for decommissioning and restoration obligations	6,351.69	6,456.08
Other provisions	597.61	588.87
Other financial liabilities	230.30	106.82
Other liabilities	13.41	13.89
Deferred tax liabilities	21.93	20.91
<b>Non-current liabilities</b>	<b>8,135.89</b>	<b>8,197.30</b>
Trade payables	2,351.76	3,372.35
Interest-bearing debts	176.33	132.25
Lease liabilities	143.76	128.79
Income tax liabilities	34.76	205.21
Other provisions and decommissioning	821.00	623.31
Other financial liabilities	1,029.84	372.54
Other liabilities	778.77	738.36
<b>Current liabilities</b>	<b>5,336.22</b>	<b>5,572.81</b>
Liabilities associated with assets held for sale	223.93	223.75
<b>Total equity and liabilities</b>	<b>46,500.39</b>	<b>47,495.23</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, 2020</b>	<b>5,664.41</b>	<b>27,736.81</b>	<b>99.66</b>	<b>(0.02)</b>	<b>33,500.86</b>	<b>0.51</b>	<b>33,501.37</b>
Net income for the period	-	867.03	-	-	867.03	0.01	867.04
Other comprehensive income for the period	-	-	116.59	-	116.59	0.01	116.60
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>867.03</b>	<b>116.59</b>	<b>-</b>	<b>983.62</b>	<b>0.02</b>	<b>983.64</b>
Dividend distribution	-	(1,755.96)	-	-	(1,755.96)	(0.07)	(1,756.03)
Reclassification of cash flow hedges to balance sheet	-	-	75.37	-	75.37	-	75.37
<b>June 30, 2020</b>	<b>5,664.41</b>	<b>26,847.88</b>	<b>291.62</b>	<b>(0.02)</b>	<b>32,803.89</b>	<b>0.46</b>	<b>32,804.35</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, 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)
<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>

<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)

Q2/20	Q1/20	Q2/19	Summarized statement of cash flows (in RON mn)	6m/20	6m/19
<b>229.00</b>	<b>779.91</b>	<b>997.55</b>	<b>Profit before tax</b>	<b>1,008.91</b>	<b>2,310.08</b>
72.54	79.14	52.05	Net change in provisions	151.68	44.09
(15.09)	(0.57)	(4.96)	Net gains on the disposal of non-current assets	(15.66)	(59.81)
813.87	868.18	898.75	Depreciation, amortization and impairments including write-ups	1,682.05	1,652.19
35.90	39.97	32.48	Net interest received	75.87	58.10
(122.11)	(179.11)	(189.79)	Tax on profit paid	(301.22)	(392.93)
(239.94)	(129.07)	(106.61)	Other non-monetary adjustments	(369.01)	(239.70)
<b>774.17</b>	<b>1,458.45</b>	<b>1,679.47</b>	<b>Sources of funds<sup>1</sup></b>	<b>2,232.62</b>	<b>3,372.02</b>
210.06	(9.71)	(106.22)	(Increase)/decrease in inventories	200.35	(334.73)
334.45	157.95	(84.01)	(Increase)/decrease in receivables	492.40	(101.68)
(89.11)	(248.77)	(60.66)	Decrease in liabilities	(337.88)	(2.00)
<b>1,229.57</b>	<b>1,357.92</b>	<b>1,428.58</b>	<b>Cash flow from operating activities</b>	<b>2,587.49</b>	<b>2,933.61</b>
(748.36)	(1,224.34)	(1,009.58)	Intangible assets and property, plant and equipment	(1,972.70)	(1,970.29)
-	-	(0.05)	Investments, loans and other financial assets	-	38.19
17.94	2.51	42.53	Proceeds in relation to non-current assets	20.45	47.56
-	-	-	Proceeds from the sale of subsidiaries and businesses, net of cash disposed	-	78.58
<b>(730.42)</b>	<b>(1,221.83)</b>	<b>(967.10)</b>	<b>Cash flow from investing activities</b>	<b>(1,952.25)</b>	<b>(1,805.96)</b>
(46.48)	(18.67)	(34.15)	Net decrease in borrowings	(65.15)	(232.03)
(1,738.47)	(0.18)	(1,514.08)	Dividends paid	(1,738.65)	(1,514.20)
<b>(1,784.95)</b>	<b>(18.85)</b>	<b>(1,548.23)</b>	<b>Cash flow from financing activities</b>	<b>(1,803.80)</b>	<b>(1,746.23)</b>
(1.12)	3.60	(0.53)	Effect of exchange rate changes on cash and cash equivalents	2.48	0.70
<b>(1,286.92)</b>	<b>120.84</b>	<b>(1,087.28)</b>	<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>(1,166.08)</b>	<b>(617.88)</b>
7,134.38	7,013.54	6,078.83	Cash and cash equivalents at beginning of period	7,013.54	5,609.43
<b>5,847.46</b>	<b>7,134.38</b>	<b>4,991.55</b>	<b>Cash and cash equivalents at end of period</b>	<b>5,847.46</b>	<b>4,991.55</b>
<b>499.15</b>	<b>136.09</b>	<b>461.48</b>	<b>Free cash flow</b>	<b>635.24</b>	<b>1,127.65</b>
<b>(1,239.32)</b>	<b>135.91</b>	<b>(1,052.60)</b>	<b>Free cash flow after dividends</b>	<b>(1,103.41)</b>	<b>(386.55)</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, 2020 (unaudited)**

### **Legal principles**

The unaudited interim condensed consolidated financial statements as of and for the six-month period ended June 30, 2020 ("6m/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 6m/20 included in this report are unaudited and an external review by an auditor was not performed.

The interim condensed consolidated financial statements for 6m/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 June 30, 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 June 30, 2020 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.

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.

Q2/20	Q1/20	Q2/19	Δ% <sup>1</sup>	NBR FX rates	6m/20	6m/19	Δ%
4.837	4.797	4.748	2	Average EUR/RON FX rate	4.816	4.742	2
4.394	4.352	4.225	4	Average USD/RON FX rate	4.373	4.197	4
4.842	4.825	4.735	2	Closing EUR/RON FX rate	4.842	4.735	2
4.323	4.398	4.159	4	Closing USD/RON FX rate	4.323	4.159	4

<sup>1</sup> Q2/20 vs. Q2/19

## Notes to the income statement

### Impairment charges

#### Upstream

The COVID-19 pandemic continues to have a major impact on the global economic development. While oil prices slightly increased during the second quarter following supply reductions, they still remain significantly volatile. Recent increases in COVID-19 cases around the world could lead to delays in the assumed demand recovery, following the response of governments and citizens. While OMV Petrom Group updated its short-term oil and gas price assumptions already during the first quarter, the consequences of the COVID-19 pandemic and the resulting long-term operational and economic impact cannot be reliably estimated from today's perspective. OMV Petrom Group continues to analyze the market developments and to assess the impacts on the long-term price assumptions during the next quarters.

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 in Q1/20 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.

A potential change of OMV Petrom Group's long-term price assumptions to 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. The impact does not take into account cost and CAPEX reduction measures and any other changes in the broader environment.

### Sales revenues

in RON mn	6m/20	6m/19
Revenues from contracts with customers	9,537.89	11,319.47
Revenues from other sources	531.30	0.27
<b>Total sales revenues</b>	<b>10,069.19</b>	<b>11,319.74</b>

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

### Revenues from contracts with customers

in RON mn						6m/20
	Upstream	Downstream	thereof Downstream Oil	thereof Downstream Gas	Corporate & Other	Total
Crude oil and NGL	125.04	30.19	30.19	-	-	155.23
Natural gas, LNG and power	2.81	3,096.55	4.89	3,091.66	-	3,099.36
Fuels and heating oil	-	4,688.74	4,688.74	-	-	4,688.74
Other goods and services	19.12	1,568.32	1,527.24	41.08	7.12	1,594.56
<b>Total</b>	<b>146.97</b>	<b>9,383.80</b>	<b>6,251.06</b>	<b>3,132.74</b>	<b>7.12</b>	<b>9,537.89</b>

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>

### Income tax

Q2/20	Q1/20	Q2/19	In RON mn	6m/20	6m/19
15.39	126.48	174.19	Taxes on income	141.87	335.54
2.50	123.64	158.30	Current taxes	126.14	337.86
12.89	2.84	15.89	Deferred taxes – expense / (revenue)	15.73	(2.32)
7%	16%	17%	Group effective tax rate	14%	15%

## Notes to the statement of financial position

### Commitments

As at June 30, 2020 OMV Petrom Group's commitments for the acquisition of intangible assets and property, plant and equipment amounted to RON 994 mn (December 31, 2019: RON 972 mn), mainly relating to exploration and production activities in Upstream.

### Inventories

As of June 30, 2020 inventories included CO2 certificates which were classified as trading inventories and therefore measured at fair value in amount of RON 138 mn (December 31, 2019: nil).

During the six months ended June 30, 2020, there were no material write-downs of inventories.

### 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). Total dividends paid during 6m/20 amounted to RON 1,739 mn.

The total number of own shares held by the Company as of June 30, 2020 amounted to 204,776 (December 31, 2019: 204,776).

### Financial liabilities

As of June 30, 2020, short and long-term interest-bearing debts and lease liabilities amounted to RON 1,006 mn (December 31, 2019: RON 1,031 mn), thereof RON 675 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 and inventories held for trading (in RON mn)	June 30, 2020				December 31, 2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Inventories	138.07	-	-	138.07	-	-	-	-
Derivatives designated and effective as hedging instruments	-	75.59	-	75.59	-	227.01	-	227.01
Other derivatives	-	1,118.84	-	1,118.84	-	54.63	-	54.63
<b>Total</b>	<b>138.07</b>	<b>1,194.43</b>	<b>-</b>	<b>1,332.50</b>	<b>-</b>	<b>281.64</b>	<b>-</b>	<b>281.64</b>

Financial liabilities and liabilities associated with assets held for sale (in RON mn)	June 30, 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	-	(107.52)	-	(107.52)	-	(194.03)	-	(194.03)
Other derivatives	-	(673.87)	-	(673.87)	-	(19.69)	-	(19.69)
Net amount of assets and liabilities associated with assets held for sale	-	(5.42)	-	(5.42)	-	(6.55)	-	(6.55)
Other financial liabilities	-	-	(14.31)	(14.31)	-	-	(14.31)	(14.31)
<b>Total</b>	<b>-</b>	<b>(786.81)</b>	<b>(14.31)</b>	<b>(801.12)</b>	<b>-</b>	<b>(220.27)</b>	<b>(14.31)</b>	<b>(234.58)</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 amount to RON 331 mn (December 31, 2019: RON 330 mn). The estimated fair value of these liabilities was RON 335 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

Q2/20	Q1/20	Q2/19	Δ% <sup>1</sup>	in RON mn	6m/20	6m/19	Δ%
1,252.49	1,839.25	2,327.85	(46)	Upstream	3,091.74	4,602.69	(33)
49.72	61.30	57.20	(13)	Downstream <sup>2</sup>	111.02	121.22	(8)
21.70	25.58	26.60	(18)	thereof Downstream Oil	47.28	56.02	(16)
50.42	80.43	60.59	(17)	thereof Downstream Gas	130.85	132.94	(2)
(22.40)	(44.71)	(29.99)	25	thereof intersegmental elimination Downstream	(67.11)	(67.74)	1
47.79	51.86	50.84	(6)	Corporate and Other	99.65	99.95	(0)
<b>1,350.00</b>	<b>1,952.41</b>	<b>2,435.89</b>	<b>(45)</b>	<b>Total</b>	<b>3,302.41</b>	<b>4,823.86</b>	<b>(32)</b>

<sup>1</sup> Q2/20 vs. Q2/19;

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

### Sales to external customers

Q2/20	Q1/20	Q2/19	Δ% <sup>1</sup>	in RON mn	6m/20	6m/19	Δ%
72.33	77.58	147.41	(51)	Upstream	149.91	234.45	(36)
3,903.47	6,000.77	5,743.85	(32)	Downstream	9,904.24	11,069.35	(11)
2,698.29	3,853.19	4,746.80	(43)	thereof Downstream Oil	6,551.48	8,539.84	(23)
1,205.18	2,147.58	997.05	21	thereof Downstream Gas	3,352.76	2,529.51	33
7.74	7.30	8.41	(8)	Corporate and Other	15.04	15.94	(6)
<b>3,983.54</b>	<b>6,085.65</b>	<b>5,899.67</b>	<b>(32)</b>	<b>Total</b>	<b>10,069.19</b>	<b>11,319.74</b>	<b>(11)</b>

<sup>1</sup> Q2/20 vs. Q2/19

### Total sales (not consolidated)

Q2/20	Q1/20	Q2/19	Δ% <sup>1</sup>	in RON mn	6m/20	6m/19	Δ%
1,324.82	1,916.83	2,475.26	(46)	Upstream	3,241.65	4,837.14	(33)
3,953.19	6,062.07	5,801.05	(32)	Downstream <sup>2</sup>	10,015.26	11,190.57	(11)
2,719.99	3,878.77	4,773.40	(43)	thereof Downstream Oil	6,598.76	8,595.86	(23)
1,255.60	2,228.01	1,057.64	19	thereof Downstream Gas	3,483.61	2,662.45	31
(22.40)	(44.71)	(29.99)	25	thereof intersegmental elimination Downstream	(67.11)	(67.74)	1
55.53	59.16	59.25	(6)	Corporate and Other	114.69	115.89	(1)
<b>5,333.54</b>	<b>8,038.06</b>	<b>8,335.56</b>	<b>(36)</b>	<b>Total</b>	<b>13,371.60</b>	<b>16,143.60</b>	<b>(17)</b>

<sup>1</sup> Q2/20 vs. Q2/19;

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

### Segment and Group profit

Q2/20	Q1/20	Q2/19	Δ% <sup>1</sup>	in RON mn	6m/20	6m/19	Δ%
(117.93)	130.10	707.06	n.m.	Operating Result Upstream	12.17	1,581.69	(99)
434.59	318.20	358.40	21	Operating Result Downstream	752.79	925.47	(19)
281.12	56.56	359.56	(22)	thereof Operating Result Downstream Oil	337.68	768.40	(56)
153.47	261.64	(1.16)	n.m.	thereof Operating Result Downstream Gas	415.11	157.07	164
(10.05)	(43.20)	(25.72)	61	Operating Result Corporate and Other	(53.25)	(90.13)	41
<b>306.61</b>	<b>405.10</b>	<b>1,039.74</b>	<b>(71)</b>	<b>Operating Result segment total</b>	<b>711.71</b>	<b>2,417.03</b>	<b>(71)</b>
(164.11)	424.50	(70.70)	(132)	Consolidation	260.39	(159.53)	n.m.
<b>142.50</b>	<b>829.60</b>	<b>969.04</b>	<b>(85)</b>	<b>OMV Petrom Group Operating Result</b>	<b>972.10</b>	<b>2,257.50</b>	<b>(57)</b>
<b>86.50</b>	<b>(49.69)</b>	<b>28.51</b>	<b>203</b>	<b>Net financial result</b>	<b>36.81</b>	<b>52.58</b>	<b>(30)</b>
<b>229.00</b>	<b>779.91</b>	<b>997.55</b>	<b>(77)</b>	<b>OMV Petrom Group profit before tax</b>	<b>1,008.91</b>	<b>2,310.08</b>	<b>(56)</b>

<sup>1</sup> Q2/20 vs. Q2/19

## Assets<sup>1</sup>

in RON mn	June 30, 2020	December 31, 2019
Upstream	23,629.85	23,802.46
Downstream	6,811.66	6,808.65
thereof Downstream Oil	5,784.82	5,738.25
thereof Downstream Gas	1,026.84	1,070.40
Corporate and Other	448.42	465.62
<b>Total</b>	<b>30,889.93</b>	<b>31,076.73</b>

<sup>1</sup> Segment assets consist of intangible assets and property, plant and equipment. Assets reclassified to held for sale are not included. 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.

### Subsequent events

On July 9, 2020, the Arbitral Tribunal issued the Final Award on the arbitration initiated by OMV Aktiengesellschaft ("OMV AG") at the International Chamber of Commerce Paris ("ICC") against the Romanian Ministry of Environment, regarding certain claims unpaid by the Ministry of Environment for costs incurred by OMV Petrom S.A. with well decommissioning and environmental remediation works. The arbitral tribunal requested the Ministry of Environment to reimburse to OMV Petrom S.A. the amount of RON 287.62 mn (almost the entire amount initially requested) and related interest. The impact of the award is reflected in Q2/20 results and is mainly related to recognition of an interest income in the net financial result.



## **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, 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 six 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, July 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

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) 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.
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, 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. <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%
Downstream Gas		Corporate & Other	
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%
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Appendices 1 and 2 form part of the interim unaudited condensed consolidated financial statements

## Appendix 2

### Significant transactions with related parties

During the first six months of the financial year 2020, OMV Petrom Group had the following significant transactions with related parties and balances as of June 30, 2020:

Related party (in RON mn)	Purchases 6m/20	Balances payable June 30, 2020
OMV Supply & Trading Limited	542.69	45.09
OMV Petrom Global Solutions S.R.L.	257.25	53.56
OMV Gas Marketing & Trading GmbH	113.71	14.25
OMV Refining & Marketing GmbH	78.55	36.27
OMV – International Services Ges.m.b.H.	2.87	48.32

Related party (in RON mn)	Revenues 6m/20	Balances receivable June 30, 2020
OMV Gas Marketing & Trading GmbH	296.60	0.54
OMV Deutschland GmbH	111.37	36.85
OMV Supply & Trading Limited	29.54	13.45
OMV – International Services Ges.m.b.H.	-	20.19

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 December 31, 2019:

Related party (in RON mn)	Purchases 6m/19	Balances payable December 31, 2019
OMV Supply & Trading Limited	951.57	204.02
OMV Petrom Global Solutions S.R.L.	255.35	116.65
OMV Refining & Marketing GmbH	109.42	49.24
OMV Gas Marketing & Trading GmbH	107.88	51.55
OMV Exploration & Production GmbH	33.87	35.54

Related party (in RON mn)	Revenues 6m/19	Balances receivable December 31, 2019
OMV Deutschland GmbH	143.10	44.57
OMV Gas Marketing & Trading GmbH	78.35	36.37
OMV Refining & Marketing GmbH	14.21	14.68
OMV – International Services Ges.m.b.H.	-	12.75

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

#### Contact

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