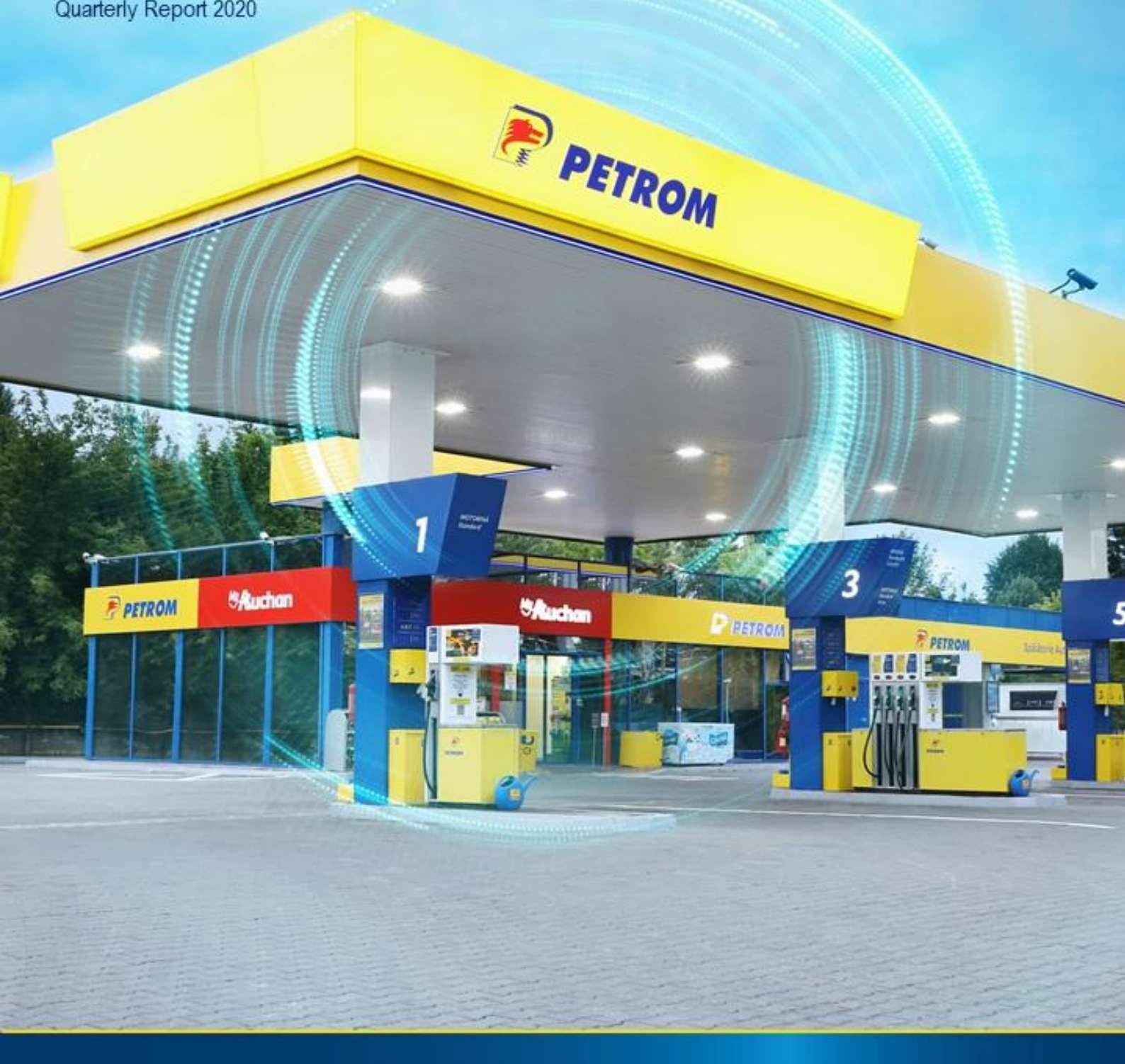


Q3

Quarterly Report 2020



Content

Directors' report (condensed, unaudited)	4
Financial highlights	4
Group performance	5
Outlook 2020	8
Business segments	9
Upstream	9
Downstream	11
Group interim condensed consolidated financial statements (unaudited)	13
Declaration of the management	23
Further information	24

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OMV Petrom Group results ¹ for January – September and Q3 2020

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

Highlights Q3/20 ²

Group

- ▶ Results supported by demand recovery from the COVID-19 crisis lows and enhanced by vertical integration
- ▶ Clean CCS Operating Result at RON 0.6 bn, 54% lower
- ▶ Clean CCS net income attributable to stockholders at RON 0.5 bn, down 54%
- ▶ Cash flow from operating activities at RON 1.7 bn, 18% lower
- ▶ CAPEX at RON 0.8 bn, down 24%
- ▶ Free cash flow after dividends at RON 1.1 bn, 23% lower
- ▶ Clean CCS ROACE at 8.4%, 6 pp lower
- ▶ LTIR: 0.19 (Q3/19: 0.40)³

Upstream

- ▶ Clean Operating Result at RON (46) mn vs. RON 546 mn in Q3/19, mainly due to lower oil and gas prices
- ▶ Production decline at 6%, reflecting natural decline and planned maintenance activities
- ▶ OPEX up 8% to USD 11.2/boe, on lower production available for sale and unfavorable FX

Downstream Oil

- ▶ Clean CCS Operating Result at RON 373 mn, 36% lower, on declining refining margins, partly counterbalanced by good performance of the sales channels in the context of the pandemic crisis
- ▶ OMV Petrom indicator refining margin at USD 0.94/bbl, down by 85%
- ▶ Refinery utilization rate at 86%, reflecting the planned shutdown in July
- ▶ Retail volumes lower by only 3%, reflecting recovering demand

Downstream Gas

- ▶ Clean Operating Result at RON 190 mn, more than 3 times higher, driven by the excellent power business performance
- ▶ Net electrical output 30% higher at 1.31 TWh, supported by positive spark spreads
- ▶ Gas sales volumes dropped 9%, on lower quantities sold to wholesalers

Key events

- ▶ OMV Petrom completed the acquisition of Han Asparuh offshore Bulgaria interest
- ▶ OMV Petrom and Auchan Retail Romania announced the agreement to extend their partnership. Approximately 400 MyAuchan proximity stores will be opened in the Petrom-branded filling stations network in Romania, in the next five years
- ▶ OMV Petrom and Enel X partnered to install 10 fast recharging stations for electric cars in filling stations in Romania
- ▶ OMV Petrom recorded net impairments of RON 399 mn before tax, triggered by revision of mid- and long-term price assumptions
- ▶ OMV Petrom's Supervisory Board appointed Mr. Christopher Veit as new Executive Board member responsible for Upstream

¹ The financials are unaudited and represent OMV Petrom Group's (herein after also referred to as "the Group") results prepared according to IFRS; all the figures refer to OMV Petrom Group, unless otherwise stated; financials are expressed in RON mn and rounded to the closest integer value, so minor differences may result upon reconciliation; OMV Petrom uses the National Bank of Romania exchange rates for its consolidation process. Unless specified differently, amounts related to Downstream represent totals of Downstream Oil and Downstream Gas.

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

³ Lost-time injury rate (employees and contractors). The number of lost time injuries (fatalities and lost workday injuries) per one million hours worked.

Directors' report (condensed, unaudited) Financial highlights

Q3/20	Q2/20	Q3/19	Δ% ¹	in RON mn	9m/20	9m/19	Δ%
5,053	3,984	6,869	(26)	Sales revenues ²	15,122	18,189	(17)
570	276	1,228	(54)	Clean CCS Operating Result ³	1,821	3,452	(47)
(46)	(130)	546	n.m.	Clean Operating Result Upstream ^{3,4}	(19)	2,144	n.m.
563	443	637	(12)	Clean CCS Operating Result Downstream ³	1,667	1,337	25
(22)	(9)	(21)	(3)	Clean Operating Result Co&O ³	(54)	(59)	9
76	(28)	66	14	Consolidation	227	30	n.m.
16	12	16	3	Clean CCS Group effective tax rate (%)	16	16	1
471	318	1,024	(54)	Clean CCS net income ^{3,7}	1,549	2,926	(47)
471	317	1,024	(54)	Clean CCS net income attributable to stockholders ^{3,6,7}	1,548	2,926	(47)
0.0083	0.0056	0.0181	(54)	Clean CCS EPS (RON) ^{3,6,7}	0.0273	0.0517	(47)
570	276	1,228	(54)	Clean CCS Operating Result ³	1,821	3,452	(47)
(562)	12	(246)	(129)	Special items ⁵	(456)	(281)	(62)
(53)	(145)	(44)	(20)	CCS effects: Inventory holding gains/(losses)	(437)	25	n.m.
(44)	143	939	n.m.	Operating Result Group	928	3,196	(71)
(1,097)	(118)	512	n.m.	Operating Result Upstream ⁴	(1,085)	2,093	n.m.
1,058	435	383	176	Operating Result Downstream	1,811	1,309	38
(20)	(10)	(28)	30	Operating Result Co&O	(73)	(118)	38
14	(164)	72	(80)	Consolidation	275	(88)	n.m.
(8)	87	(13)	39	Net financial result	29	40	(27)
(52)	229	926	n.m.	Profit/(loss) before tax	957	3,236	(70)
21	7	15	41	Group effective tax rate (%)	14	15	(7)
(41)	214	785	n.m.	Net income/(loss)	826	2,760	(70)
(41)	214	785	n.m.	Net income/(loss) attributable to stockholders ⁶	826	2,760	(70)
(0.0007)	0.0038	0.0139	n.m.	EPS (RON) ⁶	0.0146	0.0487	(70)
1,719	1,230	2,094	(18)	Cash flow from operating activities	4,306	5,027	(14)
1,059	(1,239)	1,383	(23)	Free cash flow after dividends	(44)	996	n.m.
(5,841)	(4,841)	(5,394)	8	Net debt/(cash) including leases	(5,841)	(5,394)	8
(6,540)	(5,517)	(5,986)	9	Net debt/(cash) excluding leases	(6,540)	(5,986)	9
816	611	1,079	(24)	Capital expenditure	2,385	2,793	(15)
8.4	10.3	14.7	(43)	Clean CCS ROACE (%) ^{3,7}	8.4	14.7	(43)
5.6	8.5	15.1	(63)	ROACE (%)	5.6	15.1	(63)
11,798	11,938	12,611	(6)	OMV Petrom Group employees end of period	11,798	12,611	(6)
0.19	0.19	0.40	(53)	LTIR ⁸	0.12	0.36	(67)

¹ Q320 vs. Q3/19

² Sales revenues excluding petroleum excise tax;

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

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

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

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

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

⁸ Lost-time injury rate (employees and contractors). The number of lost time injuries (fatalities and lost workday injuries) per one million hours worked.

Group performance

Third quarter 2020 (Q3/20) vs. third quarter 2019 (Q3/19)

Consolidated sales decreased by 26% compared to Q3/19, negatively impacted by lower commodity prices and sales volumes. Downstream Oil represented 74% of total consolidated sales, while Downstream Gas accounted for 24% and Upstream for 2% (sales in Upstream being largely intra-group sales rather than third-party sales).

The **Clean CCS Operating Result** of RON 570 mn in Q3/20 was lower than RON 1,228 mn in Q3/19, mainly due to negative evolution in Upstream, triggered by lower crude oil and gas prices. The decrease in Downstream contribution is due to the weak refining margin in Downstream Oil, partially compensated by increased contribution of Downstream Gas driven by the improved performance of the power business. The **Clean CCS Group effective tax rate** was 16% (Q3/19: 16%). **Clean CCS net income attributable to stockholders** was RON 471 mn (Q3/19: RON 1,024 mn).

Special items comprised net charges of RON (562) mn, mainly related to net impairments booked in Upstream amounting to RON 918 mn before tax, triggered by the updated price assumptions, mainly for oil, and full reversal of impairments for Brazi gas-fired power plant amounting to RON 519 mn before tax, following revision of the long-term power and CO2 price assumptions. **Inventory holding losses** amounted to RON (53) mn in Q3/20. In Q3/19, **special items** comprised net special charges of RON (246) mn, mainly consisting of future estimated soil remediation costs in relation to Arpechim refinery, while **inventory holding losses** amounted to RON (44) mn.

Reported Operating Result for Q3/20 decreased to a loss of RON (44) mn, compared to RON 939 mn profit in Q3/19, mainly driven by the net impairments triggered by the revision of price assumptions and 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 improved from a loss of RON (13) mn in Q3/19 to a loss of RON (8) mn in Q3/20.

As a result, we incurred a **loss before tax** for Q3/20 of RON (52) mn, compared to a profit before tax of RON 926 mn in Q3/19.

Income tax amounted to RON 11 mn, while the **effective tax rate** was 21% in Q3/20 (Q3/19: 15%).

Net income/(loss) attributable to stockholders of the parent was RON (41) mn (Q3/19: RON 785 mn).

Cash flow from operating activities amounted to RON 1,719 mn, lower than RON 2,094 mn in Q3/19 mainly as a result of lower commodity prices and sales volumes in the current market environment. **Free cash flow after dividends** resulted in a cash inflow of RON 1,059 mn (Q3/19: RON 1,383 mn).

Capital expenditure amounted to RON 816 mn in Q3/20, down 24% yoy, thereof RON 635 mn for organic capex, while the difference relates to the acquisition of Han Asparuh offshore Bulgaria interest. Of total amount, RON 626 mn were directed to Upstream, of which RON 445 mn represented organic capex (Q3/19: RON 940 mn). Downstream investments amounted to RON 184 mn (Q3/19: RON 117 mn), almost entirely routed to Downstream Oil. Corporate and Other investments were RON 5 mn (Q3/19: RON 22 mn).

OMV Petrom Group reported a **net cash position including leases** of RON 5,841 mn as at September 30, 2020, slightly down from RON 5,982 mn as at December 31, 2019 and higher than RON 5,394 mn as at September 30, 2019.

Special items and CCS effect

Q3/20	Q2/20	Q3/19	Δ% ¹	Special items and CCS effect (in RON mn)	9m/20	9m/19	Δ%
570	276	1,228	(54)	Clean CCS Operating Result	1,821	3,452	(47)
(562)	12	(246)	(129)	Special items	(456)	(281)	(62)
(128)	(1)	(40)	(221)	thereof personnel and restructuring	(139)	(52)	(167)
(407)	0	-	n.m.	thereof unscheduled depreciation	(435)	-	n.m.
(27)	13	(206)	87	thereof other	118	(229)	n.m.
(53)	(145)	(44)	(20)	CCS effect: Inventory holding gains/(losses)	(437)	25	n.m.
(44)	143	939	n.m.	Operating Result Group	928	3,196	(71)

¹ Q3/20 vs. Q3/19

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	September 30, 2020	December 31, 2019
Assets		
Non-current assets	34,676.95	34,932.64
Current assets (incl. Assets held for sale)	11,728.41	12,562.59
Total assets	46,405.36	47,495.23
Equity and liabilities		
Total equity	32,711.20	33,501.37
Non-current liabilities	8,071.51	8,197.30
Current liabilities (incl. Liab assoc with assets held for sale)	5,622.65	5,796.56
Total equity and liabilities	46,405.36	47,495.23

Compared to December 31, 2019, **non-current assets** slightly decreased by RON 256 mn, to RON 34,677 mn, mainly due to decrease in intangible assets and property, plant and equipment as depreciation, net impairments triggered by revision of price assumptions and decrease in decommissioning asset following reassessment, exceeded the additions during the period. In Upstream, the net impairments include both write-offs of exploration intangibles and net impairments for tangible assets, while in Downstream Gas, the previously recorded impairments for Brazi gas-fired power plant were fully reversed.

The net reduction in **current assets (including assets held for sale)** was mainly due to lower trade receivables due to lower sales, lower inventories due to lower volumes and unit costs for petroleum products and decrease in cash and cash equivalents following the payment of dividends, partially compensated by higher financial assets in relation to margin hedges in the refinery.

Equity decreased to RON 32,711 mn as of September 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 was 70% as of September 30, 2020, compared with 71% as of December 31, 2019.

As at September 30, 2020, **total liabilities** decreased by RON 300 mn compared to December 31, 2019 mainly due to lower **current liabilities (including liabilities associated with assets held for sale)** which decreased by RON 174 mn, largely from lower trade payables following lower acquisitions, partly compensated by higher financial liabilities in relation to margin hedges in the refinery.

Cash flow

Q3/20	Q2/20	Q3/19	Δ% ¹	Summarized cash-flow statement (in RON mn)	9m/20	9m/19	Δ%
1,353	774	1,856	(27)	Sources of funds	3,586	5,228	(31)
1,719	1,230	2,094	(18)	Cash flow from operating activities	4,306	5,027	(14)
(659)	(730)	(710)	7	Cash flow from investing activities	(2,612)	(2,516)	(4)
1,060	499	1,383	(23)	Free cash flow	1,695	2,511	(33)
(94)	(1,785)	(34)	(176)	Cash flow from financing activities	(1,898)	(1,780)	(7)
(3)	(1)	1	n.m.	Effect of exchange rate changes on cash and cash equivalents	(0)	2	n.m.
963	(1,287)	1,350	(29)	Net increase/(decrease) in cash and cash equivalents	(203)	732	n.m.
5,847	7,134	4,992	17	Cash and cash equivalents at beginning of period	7,014	5,609	25
6,810	5,847	6,342	7	Cash and cash equivalents at end of period	6,810	6,342	7
1,059	(1,239)	1,383	23	Free cash flow after dividends	(44)	996	n.m.

¹ Q3/20 vs. Q3/19

Third quarter 2020 (Q3/20) vs. third quarter 2019 (Q3/19)

In Q3/20, 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 1,353 mn (Q3/19: RON 1,856 mn). Changes in **net working capital** generated a cash inflow of RON 366 mn (Q3/19: RON 238 mn). **Cash flow from operating activities** decreased by RON 375 mn compared to Q3/19, reaching RON 1,719 mn.

In Q3/20, **cash flow from investing activities** resulted in an outflow of RON 659 mn (Q3/19: RON 710 mn) mainly related to payments for investments in intangible assets and property, plant and equipment, largely in the Upstream segment, counterbalanced to some extent by the partial collection of a receivable in relation to the government grant for Brazi power plant investment.

Free cash flow (defined as cash flow from operating activities less cash flow from investing activities) showed an inflow of funds of RON 1,060 mn (Q3/19: RON 1,383 mn).

Cash flow from financing activities reflects an outflow of funds amounting to RON 94 mn (Q3/19: RON 34 mn), mainly arising from the repayment of the tranche due in relation to a loan from the European Investment Bank.

Free cash flow after dividends resulted in a cash inflow of RON 1,059 mn (Q3/19: RON 1,383 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 have still remained 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 27 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 significant lockdowns 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 around USD 3/bbl (previously: below USD 4/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.

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. Subsequently, several changes were implemented related to producers' obligation, creating regulatory volatility and putting pressure on gas prices.

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 around RON 0.3 bn yoy;
- ▶ Given our strong balance sheet, we paid in June RON 1.74 bn dividends for FY 2019; based on our strong cash generation capability, for the full year we aim for a slightly positive **free cash flow after dividends** (previously: negative);
- ▶ **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 a stable and competitive fiscal framework and a free gas market;
- ▶ **Partnership with Auchan**: the roll-out in the Petrom-branded network will start in Q4/20, alongside the rebranding of the filling stations;
- ▶ We are focused on energy efficiency and decreasing the emissions from our operations; our target is 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 and simplify footprint:
 - ▶ transfer 40 marginal fields to Dacian Petroleum, closing aimed around year-end;
 - ▶ marketing process under way to divest Kazakhstan assets;
 - ▶ focus on our strategic Black Sea assets.
- ▶ **CAPEX**: around RON 2 bn (2019: RON 3.2 bn), excluding acquisitions; drill around 60 new wells and sidetracks and perform around 800 workover jobs (previously: a constant level of workovers yoy);
- ▶ **Exploration**: exploration expenditures around RON 0.2 bn (2019: RON 0.4 bn);
- ▶ **Regional expansion**: 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% (2019: 97%);
- ▶ We estimate **total gas sales volumes** to be at similar level to 2019; 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 net electrical output** to be higher vs. 2019; the Brazi power plant has received a 0.13 TWh allocation to supply the regulated **power** market in Q4/20 at a RON 223/MWh regulated price; Brazi power plant: a two week planned shutdown for the entire capacity, already finalized in October.

Business segments

Upstream

Q3/20	Q2/20	Q3/19	Δ% ¹	in RON mn	9m/20	9m/19	Δ%
559	461	1,235	(55)	Clean Operating Result before depreciation and amortization, impairments and write-ups ²	1,792	4,065	(56)
(46)	(130)	546	n.m.	Clean Operating Result ²	(19)	2,144	n.m.
(1,051)	12	(34)	n.m.	Special items	(1,066)	(51)	n.m.
(1,097)	(118)	512	n.m.	Operating Result ²	(1,085)	2,093	n.m.
626	485	940	(33)	Capital expenditure ³	1,768	2,273	(22)
25	19	91	(73)	Exploration expenditures	116	321	(64)
661	18	94	n.m.	Exploration expenses	725	188	285
11.24	10.02	10.45	8	OPEX (USD/boe)	10.70	11.10	(4)

Q3/20	Q2/20	Q3/19	Δ% ¹	Key performance indicators	9m/20	9m/19	Δ%
141.3	147.3	150.3	(6)	Total hydrocarbon production (kboe/d)	146.3	151.6	(3)
68.8	71.1	70.9	(3)	thereof crude oil and NGL production (kbb/d)	70.5	71.4	(1)
72.5	76.2	79.4	(9)	thereof natural gas production (kboe/d)	75.8	80.2	(6)
13.00	13.41	13.83	(6)	Total hydrocarbon production (mn boe)	40.09	41.39	(3)
6.33	6.47	6.52	(3)	Crude oil and NGL production (mn bbl)	19.33	19.48	(1)
1.02	1.06	1.12	(9)	Natural gas production (bcm)	3.18	3.35	(5)
36.08	37.49	39.48	(9)	Natural gas production (bcf)	112.25	118.43	(5)
12.26	12.93	13.09	(6)	Total hydrocarbon sales volume (mn boe)	38.06	38.93	(2)
133.3	142.1	142.2	(6)	Total hydrocarbon sales volume (kboe/d)	138.9	142.6	(3)
70.6	76.0	74.3	(5)	thereof crude oil and NGL sales volume (kbb/d) ⁴	73.5	74.7	(2)
62.6	66.1	67.9	(8)	thereof natural gas sales volume (kboe/d)	65.4	67.9	(4)
43.38	29.86	61.95	(30)	Average Urals price (USD/bbl)	40.63	64.66	(37)
36.29	24.45	53.99	(33)	Average Group realized crude price (USD/bbl)	33.64	56.64	(41)

¹ Q3/20 vs. Q3/19

² Excluding intersegmental profit elimination;

³ Including capitalized exploration and appraisal;

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

Third quarter 2020 (Q3/20) vs. third quarter 2019 (Q3/19)

- ▶ **Clean Operating Result at RON (46) mn vs. RON 546 mn in Q3/19, mainly due to lower oil and gas prices**
- ▶ **Production decline at 6%, reflecting natural decline and planned maintenance activities**
- ▶ **OPEX up 8% to USD 11.2/boe, on lower production available for sale and unfavorable FX**

Clean Operating Result was a RON (46) mn loss vs. a RON 546 mn profit in Q3/19, mainly driven by lower oil and gas prices, lower sales volumes and unfavorable FX (weaker USD against RON), which were partly compensated by lower clean exploration expenses, royalties, as well as selling and distribution expenses.

Special items amounted to RON (1,051) mn, reflecting impairments and restructuring charges. The restructuring costs were triggered by ongoing projects for outsourcing of certain production support activities. **Reported Operating Result** was a loss of RON (1,097) mn vs. a RON 512 mn profit in Q3/19.

Group production costs (OPEX) in USD increased by 8% to USD 11.24/boe, mainly due to lower production available for sale and unfavorable FX, partly compensated by ongoing cost optimization. In Romania, production costs in USD were up by 9% to USD 11.41/boe, while in RON terms they increased by 6% to RON 47.19/boe.

Group hydrocarbon production decreased by 5.97% due to lower production in Romania, while production in Kazakhstan slightly increased.

In **Romania**, hydrocarbon production was 12.35 mn boe or 134.3 kboe/d (Q3/19: 13.21 mn boe or 143.6 kboe/d). Crude oil and NGL production in Romania declined by 3.6% to 5.77 mn bbl mainly due to natural decline. Gas production in Romania decreased by 8.9% to 6.58 mn boe due to natural decline in the main fields (Totea Deep and Lebada East) and planned maintenance activities, especially at Hurezani, partly counterbalanced by the contribution of exploration well 4461 Totea South.

In **Kazakhstan**, hydrocarbon production increased by 5.6% to 0.65 mn boe mainly due to workover and interventions activities.

Group hydrocarbon sales volumes decreased by 6.3% compared with Q3/19 due to lower sales in Romania.

Exploration expenditures decreased to RON 25 mn as less drilling activities were performed.

Exploration expenses increased to RON 661 mn in Q3/20 mainly due to write-off of exploration wells as a result of the change in mid- and long-term oil price assumptions.

Capital expenditure including capitalized E&A declined by 33% mainly due to reduced development drilling and exploration activities as well as due to a high base in Q3/19, from recognition of assets under IFRS 16 "Leases" for a long-term contract.

In 9m/20, we finalized the drilling of 43 new wells and sidetracks, including one exploration well (9m/19: 65 new wells and sidetracks, including one exploration well).

Downstream

Q3/20	Q2/20	Q3/19	Δ% ¹	in RON mn	9m/20	9m/19	Δ%
779	653	858	(9)	Clean CCS Operating Result before depreciation and amortization, impairments and write-ups ²	2,305	1,958	18
563	443	637	(12)	Clean CCS Operating Result ²	1,667	1,337	25
373	292	580	(36)	thereof Downstream Oil	1,179	1,140	3
190	150	57	231	thereof Downstream Gas	488	197	148
486	1	(205)	n.m.	Special items	629	(171)	n.m.
9	(9)	(49)	n.m.	CCS effect: Inventory holding gains/(losses) ²	(484)	143	n.m.
1,058	435	383	176	Operating Result	1,811	1,309	38
184	124	117	57	Capital expenditure	604	473	28

Q3/20	Q2/20	Q3/19	Δ% ¹	Key performance indicators Downstream Oil	9m/20	9m/19	Δ%
0.94	1.85	6.46	(85)	Indicator refining margin (USD/bbl) ³	3.19	4.67	(32)
1.05	1.09	1.23	(15)	Refining input (mn t) ⁴	3.32	3.52	(6)
86	89	99	(14)	Refinery utilization rate (%)	90	96	(6)
1.38	1.15	1.49	(7)	Total refined product sales (mn t)	3.72	4.05	(8)
0.79	0.53	0.81	(3)	thereof retail sales volumes (mn t) ⁵	1.94	2.13	(9)
				Key performance indicators Downstream Gas			
12.11	13.06	13.37	(9)	Gas sales volumes (TWh)	43.78	35.00	25
9.28	11.77	11.22	(17)	thereof to third parties (TWh)	37.13	30.13	23
-	1.45	4.47	(100)	thereof to the regulated market ⁶ (TWh)	6.97	7.42	(6)
1.31	0.57	1.00	30	Net electrical output (TWh)	2.99	2.13	40
195	130	278	(30)	OPCOM spot average electricity base load price (RON/MWh)	174	243	(29)

¹ Q3/20 vs. Q3/19;

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

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

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

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

⁶ Compared to the figure published in Q3/19, the figure for 9m/19 was updated in order to include the sales through the affiliate company.

Third quarter 2020 (Q3/20) vs. third quarter 2019 (Q3/19)

- ▶ **Downstream Oil: Clean CCS Operating Result at RON 373 mn, 36% lower, on declining refining margins, partly counterbalanced by good performance of the sales channels in the context of the pandemic crisis; refinery utilization rate at 86%, reflecting the planned shutdown; retail sales volumes down by 3%**
- ▶ **Downstream Gas: Very good results from the integrated business model: excellent power business performance, as well as good resilience of our gas business**

Clean CCS Operating Result decreased to RON 563 mn in Q3/20 (Q3/19: RON 637 mn), reflecting the lower Downstream Oil result, partly offset by significantly higher result in Downstream Gas. **Reported Operating Result** of RON 1,058 mn reflecting **special income** of RON 486 mn (mainly from the full reversal of impairments for Brazi gas-fired power plant) and a **CCS gain** of RON 9 mn.

In Q3/20, **Downstream Oil Clean CCS Operating Result** decreased to RON 373 mn (Q3/19: RON 580 mn), negatively impacted by the lower indicator refining margin and the planned shutdown in July. Sales volumes were still affected by the pandemic crisis, but recovered better than expected at the beginning of the quarter. The negative effects were also counterbalanced to some extent by good performance of the sales channels, the positive impact related to middle distillate margin hedges and by strict cost management.

OMV Petrom indicator refining margin decreased by USD 5.5/bbl to USD 0.94/bbl in Q3/20, mainly as a result of falling product spreads (particularly diesel and gasoline). The **refinery utilization rate** was 86% in Q3/20 (Q3/19: 99%) reflecting the two weeks' shutdown in July.

Total **refined product sales** volumes were down 7% vs. Q3/19, reflecting the weaker demand under the pandemic crisis circumstances. Group retail sales volumes, which accounted for 57% of total refined product

sales, decreased by 3% compared to Q3/19, being affected by lower traffic. Q3/20 non-retail sales volumes decreased by 12% yoy, reflecting the lower domestic demand and higher export sales.

Downstream Gas Clean Operating Result was RON 190 mn in Q3/20 (Q3/19: RON 57 mn), reflecting the excellent contribution from power forward contracts complemented by balancing market and ancillary services revenues. The gas business proved a very good portfolio resilience in the context of declining gas prices.

As per OMV Petrom's estimates, national **gas** consumption increased by approximately 13% compared to Q3/19. Since July 2020, the Romanian gas market is fully liberalized. On the centralized markets, the weighted average price of natural gas for transactions with medium and long-term standardized products closed in Q3/20 (20.3 TWh) was RON 56/MWh^{4,5} (Q3/19: RON 112/MWh for standard products traded). Regarding short-term deliveries, on BRM day-ahead market, the average price⁶ in Q3/20 was RON 48/MWh (Q3/19: RON 102/MWh).

In Q3/20, OMV Petrom's total gas sales volumes decreased by 9% to 12.11 TWh. Gas volumes sold to third parties were 17% lower vs. Q3/19, mainly due to a high base effect from Q3/19 that included obligations for the regulated and the centralized markets.

On the centralized markets, OMV Petrom sold 4.2 TWh in standard products in Q3/20 at an average price in line with the market price⁴. At the end of Q3/20, OMV Petrom had 3.0 TWh natural gas in storage, compared to 4.3 TWh at the end of Q3/19.

As per currently available information from the grid operator, national **electricity** consumption was 2% lower compared to the same quarter of 2019, while national production increased by 3%. Romania was a net importer of electricity in Q3/20, as in Q3/19.

The Brazi power plant generated in Q3/20 a net electrical output of 1.30 TWh, 30% higher compared to 1.00 TWh in Q3/19, on positive spark spreads. The power plant accounted for approximately 10% of Romania's power generation in Q3/20. According to allocations in effect, 0.05 TWh were supplied to the regulated power market at a regulated price of around RON 223/MWh.

Total **Downstream investments** amounted to RON 184 mn (Q3/19: RON 117 mn), in both periods almost all amounts directed to Downstream Oil, in Q3/20 mainly related to recognition of assets under IFRS 16 "Leases" for a long-term land rental contract and various works performed in the context of the refinery planned shut-down. In Q3/19, investments were mainly directed to the upgrade of unloading and storage facilities for bio-blending components at Petrobrazi refinery.

⁴ OMV Petrom estimates based on available public information

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

⁶ Average computed based on daily trades published on BRM platform

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

Interim condensed consolidated income statement (unaudited)

Q3/20	Q2/20	Q3/19	in RON mn	9m/20	9m/19
5,052.94	3,983.54	6,869.37	Sales revenues	15,122.13	18,189.11
785.64	87.80	33.80	Other operating income	1,081.83	227.28
1.47	(1.03)	2.58	Net income/(loss) from equity-accounted investments	4.32	4.15
5,840.05	4,070.31	6,905.75	Total revenues and other income	16,208.28	18,420.54
(2,194.67)	(1,621.63)	(3,107.52)	Purchases (net of inventory variation)	(6,510.41)	(7,317.77)
(864.29)	(731.23)	(1,017.37)	Production and operating expenses	(2,539.72)	(2,608.77)
(174.31)	(210.78)	(262.72)	Production and similar taxes	(710.10)	(853.98)
(1,341.65)	(809.91)	(846.04)	Depreciation, amortization and impairment charges	(3,019.84)	(2,452.22)
(504.78)	(441.23)	(555.03)	Selling, distribution and administrative expenses	(1,474.01)	(1,624.75)
(661.40)	(17.90)	(94.50)	Exploration expenses	(725.20)	(188.18)
(142.98)	(95.13)	(83.88)	Other operating expenses	(300.93)	(178.68)
(44.03)	142.50	938.69	Operating Result	928.07	3,196.19
76.75	147.45	46.25	Interest income	276.66	247.66
(73.41)	(52.35)	(69.00)	Interest expenses	(233.16)	(209.19)
(11.14)	(8.60)	9.86	Other financial income and expenses	(14.49)	1.22
(7.80)	86.50	(12.89)	Net financial result	29.01	39.69
(51.83)	229.00	925.80	Profit/(loss) before tax	957.08	3,235.88
11.11	(15.39)	(140.49)	Taxes on income	(130.76)	(476.03)
(40.72)	213.61	785.31	Net income/(loss) for the period	826.32	2,759.85
(40.74)	213.60	785.27	thereof attributable to stockholders of the parent	826.29	2,759.78
0.02	0.01	0.04	thereof attributable to non-controlling interests	0.03	0.07
(0.0007)	0.0038	0.0139	Basic earnings per share (RON)	0.0146	0.0487

Interim condensed consolidated statement of comprehensive income (unaudited)

Q3/20	Q2/20	Q3/19	in RON mn	9m/20	9m/19
(40.72)	213.61	785.31	Net income/(loss) for the period	826.32	2,759.85
(3.66)	0.33	12.69	Exchange differences from translation of foreign operations	7.60	25.66
(82.13)	(112.09)	(1.11)	Gains/(losses) on hedges	220.00	(4.96)
(85.79)	(111.76)	11.58	Total of items that may be reclassified ("recycled") subsequently to the income statement	227.60	20.70
-	-	-	Re-measurement gains on defined benefit plans	-	-
20.44	10.10	-	Gains/(losses) on hedges that are subsequently transferred to the carrying amount of the hedged item	(156.27)	-
20.44	10.10	-	Total of items that will not be reclassified ("recycled") subsequently to the income statement	(156.27)	-
13.35	18.03	(0.29)	Income tax relating to items that may be reclassified ("recycled") subsequently to the income statement	(35.00)	(0.05)
(3.27)	(1.62)	-	Income tax relating to items that will not be reclassified ("recycled") subsequently to the income statement	25.00	-
10.08	16.41	(0.29)	Total income taxes relating to components of other comprehensive income	(10.00)	(0.05)
(55.27)	(85.25)	11.29	Other comprehensive income/(loss) for the period, net of tax	61.33	20.65
(95.99)	128.36	796.60	Total comprehensive income/(loss) for the period	887.65	2,780.50
(96.01)	128.34	796.56	thereof attributable to stockholders of the parent	887.61	2,780.42
0.02	0.02	0.04	thereof attributable to non-controlling interests	0.04	0.08

Interim condensed consolidated statement of financial position (unaudited)

in RON mn	September 30, 2020	December 31, 2019
Assets		
Intangible assets	2,802.84	3,132.01
Property, plant and equipment	27,703.33	27,944.72
Investments in associated companies	31.26	26.94
Other financial assets	2,396.95	2,122.57
Other assets	222.48	215.47
Deferred tax assets	1,520.09	1,490.93
Non-current assets	34,676.95	34,932.64
Inventories	2,221.22	2,464.45
Trade receivables	1,332.26	1,891.86
Other financial assets	887.80	486.10
Other assets	267.60	489.44
Cash and cash equivalents	6,810.36	7,013.54
Current assets	11,519.24	12,345.39
Assets held for sale	209.17	217.20
Total assets	46,405.36	47,495.23
Equity and liabilities		
Share capital	5,664.41	5,664.41
Reserves	27,046.31	27,836.45
Stockholders' equity	32,710.72	33,500.86
Non-controlling interests	0.48	0.51
Total equity	32,711.20	33,501.37
Provisions for pensions and similar obligations	233.30	240.70
Interest-bearing debts	125.16	197.88
Lease liabilities	557.47	572.15
Provisions for decommissioning and restoration obligations	6,337.41	6,456.08
Other provisions	629.44	588.87
Other financial liabilities	149.00	106.82
Other liabilities	14.32	13.89
Deferred tax liabilities	25.41	20.91
Non-current liabilities	8,071.51	8,197.30
Trade payables	2,552.53	3,372.35
Interest-bearing debts	144.83	132.25
Lease liabilities	141.95	128.79
Income tax liabilities	69.83	205.21
Other provisions and decommissioning	999.91	623.31
Other financial liabilities	804.46	372.54
Other liabilities	683.25	738.36
Current liabilities	5,396.76	5,572.81
Liabilities associated with assets held for sale	225.89	223.75
Total equity and liabilities	46,405.36	47,495.23

Interim condensed consolidated statement of changes in equity (unaudited)

in RON mn	Share capital	Revenue reserves	Other reserves ¹	Treasury shares	Stockholders' equity	Non-controlling interests	Total equity
January 1, 2020	5,664.41	27,736.81	99.66	(0.02)	33,500.86	0.51	33,501.37
Net income for the period	-	826.29	-	-	826.29	0.03	826.32
Other comprehensive income for the period	-	-	61.32	-	61.32	0.01	61.33
Total comprehensive income for the period	-	826.29	61.32	-	887.61	0.04	887.65
Dividend distribution	-	(1,755.96)	-	-	(1,755.96)	(0.07)	(1,756.03)
Reclassification of cash flow hedges to balance sheet	-	-	78.21	-	78.21	-	78.21
September 30, 2020	5,664.41	26,807.14	239.19	(0.02)	32,710.72	0.48	32,711.20

in RON mn	Share capital	Revenue reserves	Other reserves ¹	Treasury shares	Stockholders' equity	Non-controlling interests	Total equity
January 1, 2019	5,664.41	25,653.10	50.13	(0.02)	31,367.62	0.48	31,368.10
Net income for the period	-	2,759.78	-	-	2,759.78	0.07	2,759.85
Other comprehensive income for the period	-	-	20.64	-	20.64	0.01	20.65
Total comprehensive income for the period	-	2,759.78	20.64	-	2,780.42	0.08	2,780.50
Dividend distribution	-	(1,529.38)	-	-	(1,529.38)	(0.07)	(1,529.45)
September 30, 2019	5,664.41	26,883.50	70.77	(0.02)	32,618.66	0.49	32,619.15

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

Interim condensed consolidated statement of cash flows (unaudited)

Q3/20	Q2/20	Q3/19	Summarized statement of cash flows (in RON mn)	9m/20	9m/19
(51.83)	229.00	925.80	Profit/(loss) before tax	957.08	3,235.88
186.99	72.54	229.28	Net change in provisions	338.67	273.37
(12.70)	(15.09)	(14.08)	Net gains on the disposal of non-current assets	(28.36)	(73.89)
1,239.61	813.87	922.36	Depreciation, amortization and impairments including write-ups	2,921.66	2,574.55
41.80	35.90	28.79	Net interest received	117.67	86.89
(9.47)	(122.11)	(153.47)	Tax on profit paid	(310.69)	(546.40)
(41.39)	(239.94)	(82.89)	Other non-monetary adjustments	(410.40)	(322.59)
1,353.01	774.17	1,855.79	Sources of funds¹	3,585.63	5,227.81
143.53	210.06	94.93	(Increase)/decrease in inventories	343.88	(239.80)
115.60	334.45	77.66	(Increase)/decrease in receivables	608.00	(24.02)
106.86	(89.11)	65.20	Increase/(decrease) in liabilities	(231.02)	63.20
1,719.00	1,229.57	2,093.58	Cash flow from operating activities	4,306.49	5,027.19
(816.12)	(748.36)	(917.17)	Intangible assets and property, plant and equipment	(2,788.82)	(2,887.46)
-	-	-	Investments, loans and other financial assets	-	38.19
156.69	17.94	206.91	Proceeds in relation to non-current assets	177.14	254.47
-	-	-	Proceeds from the sale of subsidiaries and businesses, net of cash disposed	-	78.58
(659.43)	(730.42)	(710.26)	Cash flow from investing activities	(2,611.68)	(2,516.22)
(93.53)	(46.48)	(33.48)	Net decrease in borrowings	(158.68)	(265.51)
(0.54)	(1,738.47)	(0.58)	Dividends paid	(1,739.19)	(1,514.78)
(94.07)	(1,784.95)	(34.06)	Cash flow from financing activities	(1,897.87)	(1,780.29)
(2.60)	(1.12)	1.00	Effect of exchange rate changes on cash and cash equivalents	(0.12)	1.70
962.90	(1,286.92)	1,350.26	Net increase/(decrease) in cash and cash equivalents	(203.18)	732.38
5,847.46	7,134.38	4,991.55	Cash and cash equivalents at beginning of period	7,013.54	5,609.43
6,810.36	5,847.46	6,341.81	Cash and cash equivalents at end of period	6,810.36	6,341.81
1,059.57	499.15	1,383.32	Free cash flow	1,694.81	2,510.97
1,059.03	(1,239.32)	1,382.74	Free cash flow after dividends	(44.38)	996.19

¹ Representing cash generated from operating activities before working capital movements

Selected notes to the interim condensed consolidated financial statements as of and for the period ended September 30, 2020 (unaudited)

Legal principles

The unaudited interim condensed consolidated financial statements as of and for the nine-month period ended September 30, 2020 ("9m/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 9m/20 included in this report are unaudited and an external review by an auditor was not performed.

The interim condensed consolidated financial statements for 9m/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 September 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, the consolidated Group changed as follows:

On August 31, 2020, OMV Petrom S.A. completed the acquisition of 100% shares in OMV Offshore Bulgaria GmbH from OMV Exploration & Production GmbH, which holds an interest in Han Asparuh offshore block in Bulgaria; the new subsidiary is consolidated starting with the acquisition date.

The detailed structure of the consolidated companies in OMV Petrom Group at September 30, 2020 is presented in Appendix 1 to the current report.

Seasonality and cyclicity

Seasonality is of particular significance in Downstream.

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

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

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

Exchange rates

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

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

Q3/20	Q2/20	Q3/19	Δ% ¹	NBR FX rates	9m/20	9m/19	Δ%
4.845	4.837	4.732	2	Average EUR/RON FX rate	4.826	4.738	2
4.146	4.394	4.255	(3)	Average USD/RON FX rate	4.293	4.217	2
4.870	4.842	4.751	2	Closing EUR/RON FX rate	4.870	4.751	2
4.162	4.323	4.349	(4)	Closing USD/RON FX rate	4.162	4.349	(4)

¹ Q3/20 vs. Q3/19

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 have still remained 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.

In Q1/20, OMV Petrom changed the short-term price assumptions. The Brent oil price assumptions were USD 40/bbl for 2020 (reduced from USD 60/bbl) and USD 50/bbl for 2021 (reduced from USD 70/bbl). The change in the short-term assumptions led to an impairment of RON 28 mn before tax to property, plant and equipment.

During Q3/20, OMV Petrom updated its mid-term plan and revised its long-term planning assumptions. The long-term Brent oil price assumptions were reduced to USD 60/bbl real, from USD 75/bbl applied before. The detailed Brent oil price assumptions are as following:

- For 2021, OMV Petrom confirmed its oil price forecast of USD 50/bbl;
- The oil price expectations for 2022 and 2023 were reduced to USD 60/bbl from USD 70/bbl and USD 75/bbl, respectively;
- For the years 2024 to 2029, OMV Petrom assumed a Brent oil price of USD 65/bbl (before USD 75/bbl), which is expected to gradually decline to USD 60/bbl until 2035;
- From 2035 onwards, OMV Petrom used a Brent oil price of USD 60/bbl (before USD 75/bbl);
- All assumptions for the years 2025 onwards are based on 2025 real terms.

This led to impairments (net of write-ups) of RON 918 mn before tax in Q3/20 in Upstream, which include both write-offs of exploration intangibles and net impairments for tangible assets.

Downstream Gas

During Q3/20, the long-term power and CO2 price assumptions were revised taking into account the improved power generation market. This led to the full reversal of impairments for Brazi gas-fired power plant, in amount of RON 519 mn before tax.

Sales revenues

in RON mn	9m/20	9m/19
Revenues from contracts with customers	14,439.89	18,207.24
Revenues from other sources	682.24	(18.13)
Total sales revenues	15,122.13	18,189.11

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						9m/20
	Upstream	Downstream	thereof Downstream Oil	thereof Downstream Gas	Corporate & Other	Total
Crude oil and NGL	203.18	39.20	39.20	-	-	242.38
Natural gas, LNG and power	3.82	4,240.29	7.11	4,233.18	-	4,244.11
Fuels and heating oil	-	7,360.54	7,360.54	-	-	7,360.54
Other goods and services	29.04	2,552.34	2,480.44	71.90	11.48	2,592.86
Total	236.04	14,192.37	9,887.29	4,305.08	11.48	14,439.89

in RON mn						9m/19
	Upstream	Downstream	thereof Downstream Oil	thereof Downstream Gas	Corporate & Other	Total
Crude oil and NGL	305.07	48.64	48.64	-	-	353.71
Natural gas, LNG and power	4.45	4,230.27	10.10	4,220.17	-	4,234.72
Fuels and heating oil	-	10,568.67	10,568.67	-	-	10,568.67
Other goods and services	36.72	3,002.21	2,997.92	4.29	11.21	3,050.14
Total	346.24	17,849.79	13,625.33	4,224.46	11.21	18,207.24

Income tax

Q3/20	Q2/20	Q3/19	In RON mn	9m/20	9m/19
(11.11)	15.39	140.49	Taxes on income - expense/(revenue)	130.76	476.03
53.26	2.50	164.91	Current taxes	179.40	502.77
(64.37)	12.89	(24.42)	Deferred taxes	(48.64)	(26.74)
21%	7%	15%	Group effective tax rate	14%	15%

Notes to the statement of financial position

Commitments

As at September 30, 2020 OMV Petrom Group's commitments for the acquisition of intangible assets and property, plant and equipment amounted to RON 896 mn (December 31, 2019: RON 972 mn), mainly relating to exploration and production activities in Upstream.

Inventories

As of September 30, 2020 inventories included CO2 certificates which were classified as trading inventories and therefore measured at fair value in amount of RON 139 mn (December 31, 2019: nil).

During the nine months ended September 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 9m/20 amounted to RON 1,739 mn.

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

Financial liabilities

As of September 30, 2020, short- and long-term interest-bearing debts and lease liabilities amounted to RON 969 mn (December 31, 2019: RON 1,031 mn), thereof RON 699 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)	September 30, 2020				December 31, 2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Inventories	138.86	-	-	138.86	-	-	-	-
Derivatives designated and effective as hedging instruments	-	48.43	-	48.43	-	227.01	-	227.01
Other derivatives	-	785.51	-	785.51	-	54.63	-	54.63
Total	138.86	833.94	-	972.80	-	281.64	-	281.64

Financial liabilities and liabilities associated with assets held for sale (in RON mn)	September 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	-	(36.40)	-	(36.40)	-	(194.03)	-	(194.03)
Other derivatives	-	(465.49)	-	(465.49)	-	(19.69)	-	(19.69)
Net amount of assets and liabilities associated with assets held for sale	-	(16.72)	-	(16.72)	-	(6.55)	-	(6.55)
Other financial liabilities	-	-	(14.31)	(14.31)	-	-	(14.31)	(14.31)
Total	-	(518.61)	(14.31)	(532.92)	-	(220.27)	(14.31)	(234.58)

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

Interest-bearing debts amount to RON 270 mn (December 31, 2019: RON 330 mn). The estimated fair value of these liabilities was RON 273 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

Q3/20	Q2/20	Q3/19	Δ% ¹	in RON mn	9m/20	9m/19	Δ%
1,314.63	1,252.49	2,144.43	(39)	Upstream	4,406.37	6,747.12	(35)
49.77	49.72	58.17	(14)	Downstream ²	160.79	179.39	(10)
22.03	21.70	26.04	(15)	thereof Downstream Oil	69.31	82.06	(16)
58.22	50.42	47.45	23	thereof Downstream Gas	189.07	180.39	5
(30.48)	(22.40)	(15.32)	(99)	thereof intersegmental elimination Downstream	(97.59)	(83.06)	(17)
47.14	47.79	50.23	(6)	Corporate and Other	146.79	150.18	(2)
1,411.54	1,350.00	2,252.83	(37)	Total	4,713.95	7,076.69	(33)

¹ Q3/20 vs. Q3/19;

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

Sales to external customers

Q3/20	Q2/20	Q3/19	Δ% ¹	in RON mn	9m/20	9m/19	Δ%
90.57	72.33	116.55	(22)	Upstream	240.48	351.00	(31)
4,954.03	3,903.47	6,744.96	(27)	Downstream	14,858.27	17,814.31	(17)
3,717.72	2,698.29	5,098.76	(27)	thereof Downstream Oil	10,269.20	13,638.60	(25)
1,236.31	1,205.18	1,646.20	(25)	thereof Downstream Gas	4,589.07	4,175.71	10
8.34	7.74	7.86	6	Corporate and Other	23.38	23.80	(2)
5,052.94	3,983.54	6,869.37	(26)	Total	15,122.13	18,189.11	(17)

¹ Q3/20 vs. Q3/19

Total sales (not consolidated)

Q3/20	Q2/20	Q3/19	Δ% ¹	in RON mn	9m/20	9m/19	Δ%
1,405.20	1,324.82	2,260.98	(38)	Upstream	4,646.85	7,098.12	(35)
5,003.80	3,953.19	6,803.13	(26)	Downstream ²	15,019.06	17,993.70	(17)
3,739.75	2,719.99	5,124.80	(27)	thereof Downstream Oil	10,338.51	13,720.66	(25)
1,294.53	1,255.60	1,693.65	(24)	thereof Downstream Gas	4,778.14	4,356.10	10
(30.48)	(22.40)	(15.32)	(99)	thereof intersegmental elimination Downstream	(97.59)	(83.06)	(17)
55.48	55.53	58.09	(4)	Corporate and Other	170.17	173.98	(2)
6,464.48	5,333.54	9,122.20	(29)	Total	19,836.08	25,265.80	(21)

¹ Q3/20 vs. Q3/19;

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

Segment and Group profit

Q3/20	Q2/20	Q3/19	Δ% ¹	in RON mn	9m/20	9m/19	Δ%
(1,096.98)	(117.93)	511.78	n.m.	Operating Result Upstream	(1,084.81)	2,093.47	n.m.
1,058.10	434.59	383.16	176	Operating Result Downstream	1,810.89	1,308.63	38
384.68	281.12	316.88	21	thereof Operating Result Downstream Oil	722.36	1,085.28	(33)
673.42	153.47	66.28	n.m.	thereof Operating Result Downstream Gas	1,088.53	223.35	387
(19.53)	(10.05)	(28.04)	30	Operating Result Corporate and Other	(72.78)	(118.17)	38
(58.41)	306.61	866.90	n.m.	Operating Result segment total	653.30	3,283.93	(80)
14.38	(164.11)	71.79	(80)	Consolidation	274.77	(87.74)	n.m.
(44.03)	142.50	938.69	n.m.	OMV Petrom Group Operating Result	928.07	3,196.19	(71)
(7.80)	86.50	(12.89)	39	Net financial result	29.01	39.69	(27)
(51.83)	229.00	925.80	n.m.	OMV Petrom Group profit/(loss) before tax	957.08	3,235.88	(70)

¹ Q3/20 vs. Q3/19

Assets¹

in RON mn	September 30, 2020	December 31, 2019
Upstream	22,761.96	23,802.46
Downstream	7,307.50	6,808.65
thereof Downstream Oil	5,790.73	5,738.25
thereof Downstream Gas	1,516.77	1,070.40
Corporate and Other	436.71	465.62
Total	30,506.17	31,076.73

¹ 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 2 October 2020, OMV AG, as party in the privatization agreement, initiated arbitration proceedings against the Romanian State, in accordance with the International Chamber of Commerce ("ICC") Rules, in Paris, France regarding certain notices of claims unpaid by the Romanian State in relation to well decommissioning and environmental restoration obligations amounting to RON 156 million.

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

Financial ratio	Formula	Value
Current ratio	Current Assets / Current Liabilities ¹	2.09
Indebtness Ratio (%)	Interest- bearing debts (long-term)/ Equity*100	0.38
	Interest- bearing debts (long-term)/ (Interest- bearing debts (long-term)+Equity)*100	0.38
Days in receivables	Receivables average balance / Turnover*270	28.78
Fixed assets turnover ²	Turnover / Fixed assets	0.66

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

² Fixed assets turnover is calculated based on annualized turnover for 9m/20*(360/270) days.

Declaration of the management

We confirm to the best of our knowledge that the unaudited interim condensed consolidated financial statements for the nine-month period ended September 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 nine 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, October 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

Christopher Veit
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
Organic capital expenditure	Capital expenditure including capitalized Exploration and Appraisal expenditure and excluding acquisitions and contingent considerations
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 September 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. ¹	100.00%
OMV Offshore Bulgaria GmbH (Austria)	100.00%	Petrom Moldova S.R.L. (Moldova)	100.00%
Petrom Exploration & Production Ltd.	99.99%	OMV Bulgaria OOD (Bulgaria)	99.90%
		OMV Srbija DOO (Serbia)	99.96%
Downstream Gas		Corporate & Other	
OMV Petrom Gas S.R.L.	99.99%	Petromed Solutions S.R.L.	99.99%

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

Associated company, accounted for at equity

OMV Petrom Global Solutions S.R.L.	25.00%
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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 nine months of the financial year 2020, OMV Petrom Group had the following significant transactions with related parties and balances as of September 30, 2020:

Related party (in RON mn)	Purchases 9m/20	Balances payable September 30, 2020
OMV Supply & Trading Limited	763.45	211.38
OMV Petrom Global Solutions S.R.L.	389.95	114.58
OMV Gas Marketing & Trading GmbH	124.63	4.02
OMV Refining & Marketing GmbH	123.84	48.97
OMV – International Services Ges.m.b.H.	4.81	66.03

Related party (in RON mn)	Revenues 9m/20	Balances receivable September 30, 2020
OMV Gas Marketing & Trading GmbH	301.98	1.34
OMV Deutschland GmbH	111.37	-
OMV Refining & Marketing GmbH	59.81	11.08
OMV Deutschland Marketing & Trading GmbH & Co. KG	56.54	31.39
OMV – International Services Ges.m.b.H.	-	16.20

During the first nine 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 9m/19	Balances payable December 31, 2019
OMV Supply & Trading Limited	1,470.96	204.02
OMV Petrom Global Solutions S.R.L.	389.48	116.65
OMV Gas Marketing & Trading GmbH	230.89	51.55
OMV Refining & Marketing GmbH	145.30	49.24
OMV – International Services Ges.m.b.H.	3.68	81.39

Related party (in RON mn)	Revenues 9m/19	Balances receivable December 31, 2019
OMV Deutschland GmbH	222.15	44.57
OMV Gas Marketing & Trading GmbH	137.86	36.37
OMV Refining & Marketing GmbH	42.03	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

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