

OMV Petrom Group results¹ for January – September and Q3 2018

including unaudited interim condensed consolidated financial statements as of and for the period ended September 30, 2018

Highlights Q3/18

- ▶ **Clean CCS Operating Result RON 1.7 bn, up 62% yoy**
- ▶ **Operating cash flow RON 2.4 bn, up 62% yoy**
- ▶ **Clean CCS EPS up 78% yoy**
- ▶ **Clean CCS ROACE at 11.8%**

In the first nine months of 2018, OMV Petrom benefited from improved commodity prices and higher power demand. Our 9m/18 Clean CCS Operating Result reached RON 3.4 bn, 25% higher yoy, with Upstream being the main contributor. The Downstream Clean CCS Operating Result amounted to RON 1.2 bn with a strong operational performance partially compensating the effects of the refinery turnaround in Q2/18 and the weaker refining margin environment compared to 2017.

Our operating cash flow increased to RON 5.6 bn in 9m/18, mirroring the Clean CCS Operating Result trend. In line with our guidance, we increased investments yoy, almost doubling the number of wells and sidetracks in Upstream, completing the refinery turnaround and advancing other Downstream Oil projects. As a result, our cash outflow for investing activities reached RON 3.1 bn. The 9m/18 free cash flow after dividends amounted to RON 1.3 bn.

In September 2018, we signed the transfer of nine marginal fields to Mazarine Energy, continuing our Upstream portfolio optimization initiatives.

The offshore law was approved by Parliament. We are currently reviewing the law to understand how it will impact our offshore business. Given the timeframe, we do not see a Neptun Deep final investment decision in Q4/18.

Q3/18	Q2/18	Q3/17	Δ% ²	Key performance indicators (in RON mn)	9m/18	9m/17	Δ%
1,685	735	1,042	62	Clean CCS Operating Result ³	3,378	2,701	25
1,681	701	873	93	Operating Result	3,462	2,450	41
1,382	462	778	78	Clean CCS net income attributable to stockholders ^{3,4,5}	2,597	2,054	26
1,379	434	639	116	Net income attributable to stockholders ⁴	2,667	1,849	44
0.0244	0.0082	0.0137	78	Clean CCS EPS (RON) ^{3,4,5}	0.0458	0.0363	26
0.0243	0.0077	0.0113	116	EPS (RON) ⁴	0.0471	0.0326	44
2,376	1,388	1,470	62	Cash flow from operating activities	5,561	4,446	25
1,217	(637)	959	27	Free cash flow after dividends	1,310	2,002	(35)

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

² Q3/18 vs. Q3/17;

³ Adjusted for exceptional, non-recurring 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 After deducting net result attributable to non-controlling interests;

⁵ Excludes additional special income from a legal dispute reflected in the financial result.

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Directors' report (condensed, unaudited)

Financial highlights

Q3/18	Q2/18	Q3/17	Δ% ¹	in RON mn	9m/18	9m/17	Δ%
6,260	4,976	5,032	24	Sales ²	16,111	14,294	13
1,685	735	1,042	62	Clean CCS Operating Result ³	3,378	2,701	25
965	820	428	126	Clean Operating Result Upstream ^{3,4}	2,430	1,334	82
639	221	651	(2)	Clean CCS Operating Result Downstream ³	1,181	1,394	(15)
(18)	(18)	(17)	(4)	Clean Operating Result Co&O ³	(57)	(46)	(24)
98	(288)	(20)	n.m.	Consolidation	(175)	19	n.m.
16	23	16	1	Clean Group effective tax rate (%)	18	17	6
1,383	462	778	78	Clean CCS net income ³	2,597	2,053	26
1,382	462	778	78	Clean CCS net income attributable to stockholders ^{3,6,7}	2,597	2,054	26
0.0244	0.0082	0.0137	78	Clean CCS EPS (RON) ^{3,6,7}	0.0458	0.0363	26
1,685	735	1,042	62	Clean CCS Operating Result ³	3,378	2,701	25
(63)	(191)	(173)	64	Special items ⁵	(183)	(250)	27
59	157	5	n.m.	CCS effects: Inventory holding gains/(losses)	267	(0)	n.m.
1,681	701	873	93	Operating Result Group	3,462	2,450	41
951	813	332	186	Operating Result Upstream ⁴	2,396	1,219	97
651	215	570	14	Operating Result Downstream	1,312	1,227	7
(19)	(28)	(19)	(2)	Operating Result Co&O	(69)	(48)	(43)
98	(299)	(11)	n.m.	Consolidation	(178)	52	n.m.
(30)	(135)	(111)	73	Net financial result	(228)	(232)	2
1,650	566	762	117	Profit before tax	3,234	2,218	46
16	23	16	1	Group effective tax rate (%)	18	17	5
1,379	434	638	116	Net income	2,667	1,848	44
1,379	434	639	116	Net income attributable to stockholders ⁶	2,667	1,849	44
0.0243	0.0077	0.0113	116	EPS (RON) ⁶	0.0471	0.0326	44
2,376	1,388	1,470	62	Cash flow from operating activities	5,561	4,446	25
1,217	(637)	959	27	Free cash flow after dividends	1,310	2,002	(35)
(4,205)	(2,987)	(2,258)	(86)	Net debt/(cash)	(4,205)	(2,258)	(86)
998	1,260	811	23	Capital expenditure	3,100	1,724	80
11.8	9.5	9.1	29	Clean CCS ROACE (%) ^{3,7}	11.8	9.1	29
12.9	10.1	7.9	62	ROACE (%)	12.9	7.9	62
13,249	13,421	13,886	(5)	OMV Petrom Group employees at end of period	13,249	13,886	(5)

¹ Q3/18 vs. Q3/17

² Sales excluding petroleum excise tax;

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

⁴ Excluding intersegmental profit elimination shown in the line Consolidation;

⁵ Special items, representing exceptional, non-recurring items, are added back or deducted from 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 from a legal dispute reflected in the financial result.

Group performance

Third quarter 2018 (Q3/18) vs. third quarter 2017 (Q3/17)

Consolidated sales increased by 24% compared to Q3/17, supported by higher prices for petroleum products and natural gas and by higher electricity sales volumes, partially offset by lower sales volumes of natural gas and petroleum products. Downstream Oil represented 81% of total consolidated sales, while Downstream Gas accounted for 17% and Upstream for 2% (sales in Upstream being largely intra-group sales rather than third-party sales).

The **Clean CCS Operating Result** of RON 1,685 mn was higher by 62% compared with Q3/17 and reflects the favorable market conditions. The planned turnaround at the Petrobrazi refinery in Q2/18 led to higher levels of stored equity crude and approximately RON (260) mn unrealized profit, eliminated in the consolidation line in Q2/18; higher utilization rate of the refinery after the turnaround led to lower levels of crude oil inventory at the end of Q3/18, resulting in a positive effect, that contributed to the RON 98 mn total consolidation line result.

The **Clean Group effective tax rate** was 16% (Q3/17:16%). **Clean CCS net income attributable to stockholders** was RON 1,382 mn (Q3/17: RON 778 mn).

Special items comprised net charges of RON (63) mn, mainly consisting of unrealized losses from the valuation of electricity forward contracts, while **inventory holding gains** amounted to RON 59 mn in Q3/18. In Q3/17, we recorded net special charges of RON (173) mn and inventory holding gains of RON 5 mn.

The **Reported Operating Result** of RON 1,681 mn for Q3/18 almost doubled compared with Q3/17, also being positively influenced by the full availability of the Brazi power plant and the Petrobrazi refinery after completion of the planned turnaround in Q2/18.

The **net financial result** improved from a loss of RON (111) mn in Q3/17 to a loss of RON (30) mn in Q3/18, reflecting mainly lower interest expenses in relation to the discounting of receivables and higher interest income on bank deposits.

As a result, **profit before tax** for Q3/18 amounted to RON 1,650 mn, more than double compared with the Q3/17 value of RON 762 mn.

Income tax amounted to RON (271) mn, while the **effective tax rate** was 16% in Q3/18 (Q3/17: 16%).

Net income attributable to stockholders of the parent was RON 1,379 mn (Q3/17: RON 639 mn).

Cash flow from operating activities amounted to RON 2,376 mn, higher than RON 1,470 mn in Q3/17, mainly driven by the higher operating result. **Free cash flow after dividends** resulted in a cash inflow of RON 1,217 mn (Q3/17: RON 959 mn).

Capital expenditure in Q3/18 amounted to RON 998 mn, higher than RON 811 mn in Q3/17. Upstream investments in Q3/18 were RON 796 mn, compared to RON 675 mn in Q3/17. Downstream investments amounted to RON 201 mn (Q3/17: RON 135 mn).

Due to the significant cash balance at September 30, 2018, OMV Petrom Group maintained a **net cash** position of RON 4,205 mn (December 31, 2017: RON 2,897 mn).

Special items and CCS effect

Q3/18	Q2/18	Q3/17	Δ% ¹	Special items and CCS effect (in RON mn)	9m/18	9m/17	Δ%
1,685	735	1,042	62	Clean CCS Operating Result	3,378	2,701	25
(63)	(191)	(173)	64	Special items	(183)	(250)	27
(8)	(23)	(12)	37	thereof personnel and restructuring	(46)	(40)	(17)
-	0	(45)	100	thereof unscheduled depreciation	-	(53)	100
(55)	(168)	(116)	53	thereof other	(136)	(157)	13
59	157	5	n.m.	CCS effect: Inventory holding gains/(losses)	267	(0)	n.m.
1,681	701	873	93	Operating Result Group	3,462	2,450	41

¹ Q3/18 vs. Q3/17

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.

Cash flow

Q3/18	Q2/18	Q3/17	Δ% ¹	Summarized cash-flow statement (in RON mn)	9m/18	9m/17	Δ%
2,244	1,464	1,651	36	Sources of funds	5,482	4,527	21
2,376	1,388	1,470	62	Cash flow from operating activities	5,561	4,446	25
(1,159)	(904)	(511)	(127)	Cash flow from investing activities	(3,129)	(1,602)	(95)
1,218	485	959	27	Free cash flow	2,432	2,844	(14)
(64)	(1,359)	(55)	(16)	Cash flow from financing activities	(1,461)	(998)	(46)
0	1	(0)	n.m.	Effect of exchange rates on cash and cash equivalents	1	(1)	n.m.
1,153	(873)	904	28	Net increase / (decrease) in cash and cash equivalents	972	1,845	(47)
3,797	4,670	2,937	29	Cash and cash equivalents at beginning of period	3,979	1,996	99
4,951	3,797	3,841	29	Cash and cash equivalents at end of period	4,951	3,841	29
1,217	(637)	959	27	Free cash flow after dividends	1,310	2,002	(35)

¹ Q3/18 vs. Q3/17

Third quarter 2018 (Q3/18) vs. third quarter 2017 (Q3/17)

In Q3/18, the inflow of funds from profit before tax, adjusted for non-cash items such as depreciation and impairments, net change of provisions and other non-cash adjustments, as well as net interest and income tax paid, was RON 2,244 mn (Q3/17: RON 1,651 mn). Changes in **net working capital** generated a cash inflow of RON 133 mn (Q3/17: outflow of RON 181 mn). **Cash flow from operating activities** increased by RON 906 mn compared to Q3/17, reaching RON 2,376 mn.

In Q3/18, **cash flow from investing activities** resulted in an outflow of RON 1,159 mn (Q3/17: RON 511 mn) mainly related to payments for investments in intangible assets and property, plant and equipment, largely in the Upstream and Downstream Oil segments.

Cash flow from financing activities reflects an outflow of funds amounting to RON 64 mn (Q3/17: RON 55 mn), mainly arising from the repayment of tranches due in relation to a loan from European Investment Bank.

Free cash flow (defined as cash flow from operating activities less cash flow from investing activities) showed an inflow of funds of RON 1,218 mn (Q3/17: RON 959 mn). **Free cash flow after dividends** resulted in a cash inflow of RON 1,217 mn (Q3/17: RON 959 mn).

Risk management

The scope of OMV Petrom's business activity, both existing and planned, and the markets in which the Company operates in naturally expose the Company to significant commodity price, foreign exchange, operational and other risks. A detailed description of risks and risk management activities can be found in the 2017 Annual Report (pages 66-69).

According to the last OMV Petrom Group risk assessment exercise in September 2018, the main uncertainties that could impact the Company's performance remain the commodity price risk, operational risks, as well as political and regulatory risk.

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

In terms of regulatory risk, the Company is in dialogue with the Romanian authorities on topics of relevance for the industry. In recent months, we have seen a number of fiscal and regulatory initiatives discussed and/or implemented. This increases legislative volatility and influences the overall business environment.

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

Outlook for the full year 2018

Market environment

- ▶ For the full year 2018, OMV Petrom expects the **average Brent oil price** to be at USD 74/bbl (revised up from USD 70/bbl). The Brent-Urals spread is anticipated to widen compared to 2017;
- ▶ **Refining margins** are expected to be below USD 7/bbl;
- ▶ **Demand for oil products, gas and power** is expected to be broadly similar to 2017.

Taxation and regulatory environment

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

- ▶ Amendments to Law 123/2012 were introduced in Q2/18 including the increase of minimum quotas of gas volumes to be traded on the Romanian centralized markets. Clarifying secondary legislation remains pending;
- ▶ The Offshore Law was approved by the Chamber of Deputies and awaits promulgation by the President. We are currently assessing the impact on our offshore operations and investment decisions.

OMV Petrom Group

- ▶ We expect a **positive free cash flow after dividends** supported by the favorable commodity prices;
- ▶ **CAPEX** (including capitalized exploration and appraisal) is currently anticipated to be around RON 3.7 bn, of which around 75% will be in Upstream;
- ▶ We do not see a **Neptun Deep final investment decision** in Q4/18;
- ▶ We are aiming for a **sustainable cost base** supported by ongoing efficiency programs.

Upstream

- ▶ **Production:** manage decline at around 4% yoy, not including portfolio optimization initiatives;
- ▶ **Portfolio optimization:** continue to focus on most profitable barrels; agreement to transfer nine licenses signed with Mazarine Energy in September 2018; divestment process for further fields ongoing;
- ▶ **Investments:** more than 100 new wells and sidetracks and around 1,000 workovers;
- ▶ **Exploration:** exploration expenditures are estimated to be around RON 0.5 bn.

Downstream

- ▶ **Refinery utilization** rate estimated at around 85%; this includes the impact of the six-week full-site turnaround performed in Q2/18;
- ▶ Lower **gas sales volumes** on decreasing equity supply, and higher **net electrical output** vs. 2017.

Business segments

Upstream

Q3/18	Q2/18	Q3/17	Δ% ¹	in RON mn	9m/18	9m/17	Δ%
1,581	1,426	1,044	51	Clean Operating Result before depreciation and amortization, impairments and write ups ²	4,266	3,156	35
965	820	428	126	Clean Operating Result ²	2,430	1,334	82
(14)	(6)	(96)	85	Special items	(34)	(115)	71
951	813	332	186	Operating Result ²	2,396	1,219	97
796	788	675	18	Capital expenditure	2,237	1,473	52
129	119	39	229	Exploration expenditures	313	117	168
9	53	18	(49)	Exploration expenses	94	88	7
10.41	11.67	10.23	2	OPEX (USD/boe)	11.32	10.39	9

Q3/18	Q2/18	Q3/17	Δ% ¹	Key performance indicators	9m/18	9m/17	Δ%
14.74	14.59	15.31	(4)	Total hydrocarbon production (mn boe)	43.91	46.04	(5)
160	160	166	(4)	Total hydrocarbon production (kboe/d)	161	169	(5)
6.77	6.75	6.84	(1)	Crude oil and NGL production (mn bbl)	20.13	20.65	(3)
1.22	1.20	1.30	(6)	Natural gas production (bcm)	3.64	3.89	(6)
43.04	42.34	45.79	(6)	Natural gas production (bcf)	128.58	137.22	(6)
13.7	13.7	14.6	(6)	Total hydrocarbon sales volume (mn boe)	41.0	43.5	(6)
74.16	72.74	51.36	44	Average Urals price (USD/bbl)	70.70	50.72	39
66.35	64.65	44.05	51	Average Group realized crude price (USD/bbl)	62.83	43.57	44

¹ Q3/18 vs. Q3/17;

² Excluding intersegmental profit elimination

Third quarter 2018 (Q3/18) vs. third quarter 2017 (Q3/17)

- ▶ **Strong Clean Operating Result supported by higher prices**
- ▶ **Daily production decreased by around 4%, mainly due to natural decline**
- ▶ **OPEX in USD/boe of 10.41 impacted mainly by lower production**

The **Clean Operating Result** improved to RON 965 mn, mainly driven by higher oil and gas prices, which compensated for the lower oil and gas volumes and higher royalties.

The **Reported Operating Result** was impacted by special items, mainly in relation to personnel restructuring provisions in Q3/18 and to the reassessment of receivables and provisions in Q3/17.

Group **production costs** (OPEX) in USD/boe were 2% higher than in Q3/17, mainly due to lower production available for sale, which was partly counterbalanced by ongoing cost optimization and favorable FX effects. In Romania production costs in USD/boe increased by 3% to USD 10.53/boe.

Group hydrocarbon production decreased due to lower production both in Romania and Kazakhstan.

In **Romania**, daily hydrocarbon **production** was 153.3 kboe/d and total production stood at 14.1 mn boe. Crude oil and NGL production in Romania was 6.22 mn bbl, broadly in line with the production in Q3/17, as the natural decline and marginal fields divestment effects were almost compensated by the production from new wells and workovers. Gas production in Romania decreased by 6% to 7.88 mn boe (Q3/17: 8.41 mn boe) mainly due to natural decline in main fields (Totea Deep and Lebada East).

In **Kazakhstan**, total production amounted to 0.64 mn boe, 4% lower compared to the same period of 2017, mainly due to natural decline and the increased number of wells waiting for intervention and workover.

Group hydrocarbon **sales volumes** decreased by 6% compared to Q3/17, due to lower volumes available for sale both in Romania and Kazakhstan.

Exploration expenses decreased to RON 9 mn, as Q3/17 was impacted by exploration write-offs.

Exploration expenditures increased to RON 129 mn, as onshore exploration drilling activities intensified.

Investments in Upstream activities were 18% above the Q3/17 level, mainly due to higher drilling activities.

In 9m/18, we finalized the drilling of 74 new wells and sidetracks, of which two were exploration wells.

Downstream

Q3/18	Q2/18	Q3/17	Δ% ¹	in RON mn	9m/18	9m/17	Δ%
826	407	849	(3)	Clean CCS Operating Result before depreciation and amortization, impairments and write ups ²	1,747	1,967	(11)
639	221	651	(2)	Clean CCS Operating Result ²	1,181	1,394	(15)
544	195	540	1	thereof Downstream Oil	981	1,214	(19)
95	26	112	(15)	thereof Downstream Gas	200	179	11
(48)	(174)	(76)	38	Special items	(138)	(133)	(4)
59	168	(5)	n.m.	CCS effect: Inventory holding gains/(losses) ²	269	(33)	n.m.
651	215	570	14	Operating Result	1,312	1,227	7
201	471	135	49	Capital expenditure	862	250	245

Q3/18	Q2/18	Q3/17	Δ% ¹	Key performance indicators Downstream Oil	9m/18	9m/17	Δ%
6.62	6.72	8.75	(24)	Indicator refining margin (USD/bbl) ³	6.63	8.28	(20)
1.20	0.59	1.15	4	Refining input (mn t) ⁴	2.89	3.39	(15)
98	49	93	6	Refinery utilization rate (%)	81	94	(14)
1.39	1.13	1.40	(1)	Total refined product sales (mn t)	3.64	3.81	(5)
0.78	0.68	0.78	0	thereof retail sales volumes (mn t) ⁵	2.05	2.03	1
				Key performance indicators Downstream Gas			
9.74	10.51	10.70	(9)	Gas sales volumes (TWh)	34.44	37.99	(9)
7.54	9.51	9.09	(17)	thereof to third parties (TWh)	29.18	34.17	(15)
1.04	0.42	0.75	39	Net electrical output (TWh)	2.35	1.65	42
233	178	230	2	OPCOM spot average electricity base load price (RON/MWh)	191	222	(14)

¹ Q3/18 vs. Q3/17;

² Current cost of supply (CCS): 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 OMV Group reporting standard;

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

Third quarter 2018 (Q3/18) vs. third quarter 2017 (Q3/17)

- ▶ **Downstream Oil: stable Clean CCS Operating Result driven by very high utilization rate despite a lower refining margin**
- ▶ **Downstream Gas: good result, built on optimization of products and client portfolios**

The **Clean CCS Operating Result** decreased to RON 639 mn in Q3/18 (Q3/17: RON 651 mn), due to the lower result of the Downstream Gas segment. The **Reported Operating Result** of RON 651 mn reflected **special charges** of RON (48) mn (mainly unrealized losses from the valuation of electricity forward contracts), fully counterbalanced by positive **CCS effects** of RON 59 mn (due to higher crude quotations towards the end of the quarter).

In Q3/18, the **Downstream Oil Clean CCS Operating Result** slightly increased to RON 544 mn, reflecting the good operating performance, despite lower refining margin.

The **OMV Petrom indicator refining margin** decreased yoy by USD 2.13/bbl to USD 6.62/bbl in Q3/18, mainly as a result of the increased crude oil price. The **refinery utilization rate** was 98% in Q3/18, reflecting the temporarily higher throughput run following the Q2/18 refinery turnaround.

Total refined product sales were lower by 1% vs. Q3/17, reflecting the decrease in non-retail sales. Group retail sales volumes, which accounted for 56% of total refined product sales, were slightly above Q3/17 level despite increased competition in Romania. The Retail result was also supported by a good non-oil business contribution. Q3/18 non-retail sales volumes decreased by 3% yoy, reflecting the sales channels optimization.

The **Downstream Gas Clean Operating Result** was RON 95 mn in Q3/18, reflecting the optimization of products and clients portfolios, and full availability of the Brazi power plant; also, the Q3/18 result included RON 47 mn estimated insurance revenues related to the Brazi power plant, compared to RON 80 mn booked in Q3/17 for the same reason.

As per OMV Petrom's estimates, national **gas** demand increased by approximately 5% compared to the same quarter of last year. On the Romanian centralized markets, the weighted average price of natural gas for transactions closed in Q3/18 (3.8 TWh¹) with delivery until end-2019 was RON 105/MWh^{1,2}.

In Q3/18, OMV Petrom's gas sales volumes were 9% lower vs. Q3/17, mainly triggered by lower equity gas production. At the end of Q3/18, OMV Petrom had 3.5 TWh in storage, compared to 2.7 TWh at the end of Q3/17.

As per currently available information from the grid operator, national **electricity** production was 7% higher, while national demand was 1% higher compared to the same quarter of 2017; net exports increased accordingly.

The net electrical output was 1.04 TWh in Q3/18, as the Brazi power plant was functional at full capacity (Q3/17: 0.75 TWh; half capacity of Brazi plant available).

Total **Downstream investments** amounted to RON 201 mn (Q3/17: RON 135 mn) and were directed to Downstream Oil, mainly for the Polyfuel growth project and the Arad fuel storage revamp.

¹ OMV Petrom estimates based on available public information;

² The gas price for transactions on the Romanian centralized markets refers to various products in terms of storage costs, flexibility and timing.

Group interim condensed consolidated financial statements as of and for the period ended September 30, 2018 (unaudited)

Interim consolidated income statement (unaudited)

Q3/18	Q2/18	Q3/17	in RON mn	9m/18	9m/17
6,259.87	4,975.95	5,032.41	Sales revenues	16,110.61	14,293.52
74.40	52.73	141.69	Other operating income	156.50	308.19
3.33	3.00	3.23	Net income from equity-accounted investments	9.13	6.83
6,337.60	5,031.68	5,177.33	Total revenues and other income	16,276.24	14,608.54
(2,243.88)	(1,806.47)	(1,837.20)	Purchases (net of inventory variation)	(5,523.35)	(4,994.79)
(741.24)	(850.86)	(709.43)	Production and operating expenses	(2,370.61)	(2,293.05)
(300.54)	(302.88)	(211.65)	Production and similar taxes	(881.57)	(691.92)
(812.18)	(763.58)	(864.69)	Depreciation, amortization and impairment charges	(2,355.42)	(2,436.19)
(499.63)	(497.08)	(507.91)	Selling, distribution and administrative expenses	(1,450.97)	(1,425.79)
(9.07)	(52.62)	(17.67)	Exploration expenses	(93.63)	(87.70)
(50.26)	(56.96)	(155.87)	Other operating expenses	(138.64)	(228.88)
1,680.80	701.23	872.91	Operating Result	3,462.05	2,450.22
54.05	34.48	28.90	Interest income	117.64	67.10
(80.89)	(183.24)	(126.73)	Interest expenses	(336.39)	(266.59)
(3.53)	13.51	(13.05)	Other financial income and expenses	(9.54)	(32.40)
(30.37)	(135.25)	(110.88)	Net financial result	(228.29)	(231.89)
1,650.43	565.98	762.03	Profit before tax	3,233.76	2,218.33
(271.02)	(132.32)	(123.85)	Taxes on income	(566.61)	(370.64)
1,379.41	433.66	638.18	Net income for the period	2,667.15	1,847.69
1,379.06	433.86	638.55	thereof attributable to stockholders of the parent	2,667.47	1,848.84
0.35	(0.20)	(0.37)	thereof attributable to non-controlling interests	(0.32)	(1.15)
0.0243	0.0077	0.0113	Basic earnings per share (RON)	0.0471	0.0326

Interim consolidated statement of comprehensive income (unaudited)

Q3/18	Q2/18	Q3/17	in RON mn	9m/18	9m/17
1,379.41	433.66	638.18	Net income for the period	2,667.15	1,847.69
1.20	1.76	9.14	Exchange differences from translation of foreign operations	2.15	30.09
-	-	-	Realized gains on hedges recycled to income statement	-	-
1.20	1.76	9.14	Total of items that may be reclassified ("recycled") subsequently to the income statement	2.15	30.09
-	-	-	Re-measurement gains on defined benefit plans	-	-
-	-	-	Total of items that will not be reclassified("recycled") subsequently to the income statement	-	-
(12.92)	(11.98)	5.06	Income tax relating to items that may be reclassified ("recycled") subsequently to the income statement	(6.95)	24.67
-	-	-	Income tax relating to items that will not be reclassified ("recycled") subsequently to the income statement	-	-
(12.92)	(11.98)	5.06	Total income taxes relating to components of other comprehensive income	(6.95)	24.67
(11.72)	(10.22)	14.20	Other comprehensive income/(loss) for the period, net of tax	(4.80)	54.76
1,367.69	423.44	652.38	Total comprehensive income for the period	2,662.35	1,902.45
1,371.31	427.09	651.36	thereof attributable to stockholders of the parent	2,664.39	1,897.60
(3.62)	(3.65)	1.02	thereof attributable to non-controlling interests	(2.04)	4.85

Interim consolidated statement of financial position (unaudited)

in RON mn	September 30, 2018	December 31, 2017
Assets		
Intangible assets	2,954.39	2,611.13
Property, plant and equipment	26,422.47	27,143.50
Investments in associated companies	57.83	49.62
Other financial assets	2,225.00	2,317.15
Other assets	71.74	59.94
Deferred tax assets	1,507.59	1,545.35
Non-current assets	33,239.02	33,726.69
Inventories	2,197.44	2,082.80
Trade receivables	1,774.29	1,513.03
Other financial assets	178.81	243.96
Other assets	459.88	507.83
Cash and cash equivalents	4,950.77	3,979.05
Current assets	9,561.19	8,326.67
Assets held for sale	137.03	5.43
Total assets	42,937.24	42,058.79
Equity and liabilities		
Share capital	5,664.41	5,664.41
Reserves	24,271.74	22,815.26
Stockholders' equity	29,936.15	28,479.67
Non-controlling interests	0.47	(58.64)
Total equity	29,936.62	28,421.03
Provisions for pensions and similar obligations	223.70	224.84
Interest-bearing debts	297.39	558.68
Provisions for decommissioning and restoration obligations	6,417.51	7,274.81
Other provisions	237.63	274.24
Other financial liabilities	145.32	160.51
Other liabilities	15.08	16.08
Deferred tax liabilities	17.40	-
Non-current liabilities	7,354.03	8,509.16
Trade payables	3,088.23	2,805.44
Interest-bearing debts	277.12	328.62
Income tax liabilities	275.52	80.70
Other provisions and decommissioning	628.44	904.33
Other financial liabilities	469.90	371.25
Other liabilities	797.33	638.26
Current liabilities	5,536.54	5,128.60
Liabilities associated with assets held for sale	110.05	-
Total equity and liabilities	42,937.24	42,058.79

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, 2018	5,664.41	22,765.94	49.34	(0.02)	28,479.67	(58.64)	28,421.03
Net income/(loss) for the period	-	2,667.47	-	-	2,667.47	(0.32)	2,667.15
Other comprehensive income for the period	-	-	(3.08)	-	(3.08)	(1.72)	(4.80)
Total comprehensive income for the period	-	2,667.47	(3.08)	-	2,664.39	(2.04)	2,662.35
Dividend distribution	-	(1,132.88)	-	-	(1,132.88)	(0.08)	(1,132.96)
Change in non-controlling interests and other	-	(65.64)	(9.39)	-	(75.03)	61.23	(13.80)
September 30, 2018	5,664.41	24,234.89	36.87	(0.02)	29,936.15	0.47	29,936.62

in RON mn	Share capital	Revenue reserves	Other reserves ¹	Treasury shares	Stockholders' equity	Non-controlling interests	Total equity
January 1, 2017	5,664.41	21,116.26	(11.30)	(0.02)	26,769.35	(63.16)	26,706.19
Net income/(loss) for the period	-	1,848.84	-	-	1,848.84	(1.15)	1,847.69
Other comprehensive income for the period	-	-	48.76	-	48.76	6.00	54.76
Total comprehensive income for the period	-	1,848.84	48.76	-	1,897.60	4.85	1,902.45
Dividend distribution	-	(849.66)	-	-	(849.66)	(0.07)	(849.73)
Change in non-controlling interests and other	-	-	0.04	-	0.04	-	0.04
September 30, 2017	5,664.41	22,115.44	37.50	(0.02)	27,817.33	(58.38)	27,758.95

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

Interim condensed consolidated statement of cash flows (unaudited)

Q3/18	Q2/18	Q3/17	Summarized statement of cash flows (in RON mn)	9m/18	9m/17
1,650.43	565.98	762.03	Profit before tax	3,233.76	2,218.33
(72.08)	27.10	59.83	Net change in provisions	(3.86)	60.94
(13.45)	1.09	(11.99)	Losses/(Gains) on the disposal of non-current assets	(12.18)	(19.26)
807.99	797.78	864.38	Depreciation, amortization and impairments including write-ups	2,419.24	2,465.75
(31.32)	15.13	0.68	Net interest (paid)/received	(15.56)	(18.88)
(95.82)	(162.91)	(116.76)	Tax on profit paid	(302.49)	(335.72)
(2.21)	219.79	92.49	Other non-monetary adjustments	163.13	156.31
2,243.54	1,463.96	1,650.66	Sources of funds ¹	5,482.04	4,527.47
70.36	(129.53)	(184.35)	(Increase)/Decrease in inventories	(115.30)	(241.96)
(100.84)	(51.13)	(116.61)	(Increase)/Decrease in receivables	(157.62)	137.79
163.20	105.14	120.29	Increase in liabilities	351.99	22.61
2,376.26	1,388.44	1,469.99	Cash flow from operating activities	5,561.11	4,445.91
(1,186.79)	(911.68)	(582.70)	Intangible assets and property, plant and equipment	(3,179.30)	(1,682.58)
28.16	8.04	12.70	Proceeds from sale of non-current assets	36.65	21.15
-	-	59.32	Proceeds from sale of subsidiaries and businesses, net of cash disposed	13.21	59.32
(1,158.63)	(903.64)	(510.68)	Cash flow from investing activities	(3,129.44)	(1,602.11)
(63.96)	(236.42)	(55.03)	Decrease in borrowings	(337.66)	(156.57)
(0.52)	(1,121.46)	(0.37)	Dividends paid	(1,122.06)	(841.61)
-	(1.01)	-	Decrease in non-controlling interest	(1.01)	-
(64.48)	(1,358.89)	(55.40)	Cash flow from financing activities	(1,460.73)	(998.18)
0.16	1.27	(0.04)	Effect of exchange rate changes on cash and cash equivalents	0.78	(0.83)
1,153.31	(872.82)	903.87	Net increase/(decrease) in cash and cash equivalents	971.72	1,844.79
3,797.46	4,670.28	2,936.92	Cash and cash equivalents at beginning of period	3,979.05	1,996.00
4,950.77	3,797.46	3,840.79	Cash and cash equivalents at end of period	4,950.77	3,840.79
1,217.63	484.80	959.31	Free cash flow	2,431.67	2,843.80
1,217.11	(636.66)	958.94	Free cash flow after dividends	1,309.61	2,002.19

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, 2018

Legal principles

The interim condensed unaudited consolidated financial statements as of and for the nine-month period ended September 30, 2018 (9m/18) have been prepared in accordance with IAS 34 Interim Financial Reporting.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual consolidated financial statements as of December 31, 2017.

The interim condensed consolidated financial statements for 9m/18 included in this report are unaudited and an external limited review by an auditor was not performed.

The interim condensed consolidated financial statements for 9m/18 have been prepared in million RON (RON mn, RON 1,000,000). Accordingly there may be rounding differences.

General accounting policies

The accounting policies and valuation methods adopted in 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, 2017, except for the adoption of new standards effective as of January 1, 2018. The Group has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

The Group has initially adopted IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers from January 1, 2018.

A number of other amendments and interpretations have been effective since January 1, 2018, but they do not have a material effect on the Group's financial statements.

The Group is required to adopt IFRS 16 Leases from January 1, 2019.

IFRS 9 Financial Instruments

IFRS 9 introduces key changes to the classification and measurement of financial assets being based on a business model and contractual cash flows approach and implements a new impairment model based on expected credit losses. In addition, changes to hedge accounting have been made with the objective of better representing the effect of risk management activities that an entity adopts to manage exposures.

Except for hedge accounting, IFRS 9 is to be applied retrospectively. As permitted by IFRS 9, OMV Petrom Group did not restate the figures of the comparative period. The retrospective impact of applying IFRS 9 was accounted for through adjustments to the opening balances of the respective positions in equity as at January 1, 2018.

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVTPL).

As explained in the notes below, there are no significant differences between the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for classes of the Group's financial assets as at January 1, 2018.

Under IAS 39 all trade receivables were measured at amortized cost less any impairment. Upon the application of IFRS 9, however, few receivables eligible for factoring are measured at FVTPL as they are held within a business model with an objective to sell them.

Available-for-sale financial assets in OMV Petrom Group include investments. As a general rule, IFRS 9 requires that equity instruments be measured at fair value through profit or loss. At initial recognition, the Group may make an irrevocable election to present in other comprehensive income (OCI) subsequent changes in the fair value of an investment in an equity instrument within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies. Under IFRS 9, all equity investments will be designated as measured at fair value through OCI. Consequently, all fair value gains and losses will be reported in OCI; no impairment losses will be recognized in profit or loss and no gains or losses will be reclassified to profit or loss on disposal.

There is no impact on the Group's classification and measurement of financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss. The Group does not have any such liabilities.

The new impairment model requires the recognition of impairment provisions based on expected credit losses rather than only incurred credit losses, as is the case under IAS 39. Financial assets measured at amortized cost are subject to the impairment provisions of IFRS 9. In general, the application of the expected credit loss model results in earlier recognition of credit losses and increases the amount of loss allowance recognized for the relevant items. Impairment losses are calculated based on a three-stage model using the credit default swap, internal or external counterparty rating and the associated probability of default. For certain financial instruments such as trade receivables, impairment losses are assessed under a simplified approach recognizing lifetime expected credit losses. The related impact in OMV Petrom Group's equity upon initial application of IFRS 9 is RON (5) mn.

Measurement category (in RON mn)	Loss allowance under IAS39	Remeasurement	Loss allowance under IFRS 9
Loans and receivables (IAS 39)/ Financial assets at amortized cost (IFRS 9)			
Cash and cash equivalents	-	-	-
Trade receivables	251.63	0.62	252.25
Other financial assets	884.84	4.38	889.22
Total	1,136.47	5.00	1,141.47

Under IFRS 9, generally more hedging instruments and hedged items will qualify for hedge accounting. As at December 31, 2017, the Group had no hedging relationships for which hedge accounting was applied, therefore the adoption of IFRS 9 has no impact on financial statements in respect of hedge accounting.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 replaced the previous revenue recognition requirements in IFRS and applies to all revenue arising from contracts with customers. According to the new standard, revenue is recognized to depict the transfer of promised goods or services to a customer in an amount that reflects the consideration to which the Group expects to be entitled in exchange for those goods or services. Revenue is recognized when, or as, the customer obtains control of the goods or services.

The Group adopted the new standard on January 1, 2018 using the modified retrospective method, with the cumulated adjustment from initially applying this standard recognized at January 1, 2018. As a result, the Group has not applied the requirements of IFRS 15 to the comparative periods presented.

Initial application of IFRS 15 does not have an impact on the Group's retained earnings.

Under IFRS 15, there are more transactions in which OMV Petrom Group acts in the capacity of an agent. An agent recognizes revenue for the commission or fee earned for facilitating the transfer of goods or services. The assessment according to the new standard is based on whether the Group controls the specific goods or services before transferring to the customer, rather than whether it has exposure to significant risks and rewards associated with the sale of the goods or services. Furthermore, under IFRS 15 more transactions have to be considered as non-monetary exchanges between entities in the same line of business that do not qualify for revenue recognition. Without the adoption of IFRS 15, sales revenues and related costs would have been higher by RON 245 mn, without any impact on the margin. Besides this change, IFRS 15 did not have any material impact on OMV Petrom Group's interim financial statements.

Estimated impact of the adoption of IFRS 16 Leases

This standard will replace IAS 17 and sets out new rules for lease accounting. The Group is currently assessing the impact of IFRS 16 on its consolidated financial statements. The most significant impact identified is that the Group will recognize new assets and liabilities for its operating leases, unless an exemption from IFRS 16 is applicable.

The analysis of the existing inventory of lease contracts indicates that the recognition of a right-of-use asset and lease liability for the existing lease contracts as of the reporting date would lead to an increase in property, plant and equipment and debt of approximately RON 260 mn on January 1, 2019.

In the income statement, depreciation charges and interest expense will be reported instead of lease expense. This will lead to a slight increase in the operating result which will be offset by higher interest expense. The final impact will depend on various factors, such as the lease portfolio in place and interest rates prevailing at the transition date. Analysis of the impact will continue in the fourth quarter of 2018.

IFRS 16 is effective for annual periods beginning on or after January 1, 2019. OMV Petrom will initially apply IFRS 16 on January 1, 2019 using the modified retrospective approach for transition.

Changes in the consolidated Group

In Q2/18 OMV Petrom SA increased its interest in Kom Munai LLP (Kazakhstan) to 100%, by acquiring the remaining 5% non-controlling interest.

The detailed structure of the consolidated companies in OMV Petrom Group at September 30, 2018 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 generally higher during the cold winter months. Electricity consumption is also generally higher during winter as a supplementary measure to produce heat and due to fewer daylight hours and the need for more artificial lighting. In addition, during very hot summer periods, the increased usage of air cooling systems can also significantly increase electricity consumption. Natural gas sales and electricity generation may also be significantly affected by climatic conditions, such as unusually hot or cold temperatures. Consequently, the results reflect the seasonal character of the demand for natural gas and electricity, and may be influenced by variations in climatic conditions.

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

In addition to the interim condensed consolidated financial statements and notes, further information on main factors affecting the interim condensed consolidated financial statements as of and for the nine month period ended September 30, 2018 is given as part of the description of OMV Petrom Group's Business Segments in the Directors' Report.

Exchange rates

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

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

Q3/18	Q2/18	Q3/17	Δ% ¹	NBR FX rates	9m/18	9m/17	Δ%
4.647	4.652	4.581	1	Average EUR/RON FX rate	4.651	4.552	2
3.995	3.904	3.901	2	Average USD/RON FX rate	3.896	4.094	(5)
4.664	4.661	4.599	1	Closing EUR/RON FX rate	4.664	4.599	1
4.021	4.003	3.898	3	Closing USD/RON FX rate	4.021	3.898	3

¹ Q3/18 vs. Q3/17

Notes to the income statement

Revenues

in RON mn	9m/18
Revenues from contracts with customers	16,243.23
Revenues from other sources	(132.62)
Total sales revenues	16,110.61

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

Revenues from contracts with customers

in RON mn						9m/18
	Upstream	Downstream	thereof Downstream Oil	thereof Downstream Gas	Corporate & Other	Total
Crude oil and NGL	336.44	75.97	75.97	-	-	412.41
Natural gas, LNG and power	4.06	3,367.69	7.26	3,360.43	-	3,371.75
Fuels and heating oil	-	9,702.13	9,702.13	-	-	9,702.13
Other goods and services	40.41	2,700.47	2,698.71	1.76	16.06	2,756.94
Total	380.91	15,846.26	12,484.07	3,362.19	16.06	16,243.23

Income tax

Q3/18	Q2/18	Q3/17	In RON mn	9m/18	9m/17
271.02	132.32	123.85	Taxes on income	566.61	370.64
233.83	109.48	111.80	Current taxes	511.62	347.12
37.19	22.84	12.05	Deferred taxes – expense / (revenue)	54.99	23.52
16%	23%	16%	Group effective tax rate	18%	17%

Notes to the statement of financial position

Commitments

As at September 30, 2018 OMV Petrom Group's commitments for investments amounted to RON 1,248 mn (December 31, 2017: RON 978 mn).

Inventories

During the nine months ended September 30, 2018, there were no material write downs of inventories.

Equity

At the Annual General Meeting of Shareholders held on April 26, 2018, the shareholders of OMV Petrom S.A. approved the distribution of dividends for the 2017 financial year for the gross amount of RON 1,133 mn (gross dividend per share of RON 0.020). Payment of the dividends started on June 19, 2018.

The total number of own shares held by the Company as of September 30, 2018 was 204,776 (December 31, 2017: 204,776).

Financial liabilities

As of September 30, 2018, short- and long-term interest bearing debts and finance leases amounted to RON 746 mn (December 31, 2017: RON 1,082 mn), thereof RON 171 mn liabilities for finance leases (December 31, 2017: RON 195 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 instruments on asset side (in RON mn)	September 30, 2018				December 31, 2017			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Derivatives designated and effective as hedging instruments	-	-	-	-	-	-	-	-
Other derivatives	-	40.65	-	40.65	-	7.86	-	7.86
Total	-	40.65	-	40.65	-	7.86	-	7.86

Financial instruments on liability side (in RON mn)	September 30, 2018				December 31, 2017			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Liabilities on derivatives designated and effective as hedging instruments	-	-	-	-	-	-	-	-
Liabilities on other derivatives	-	(229.77)	-	(229.77)	-	(56.96)	-	(56.96)
Total	-	(229.77)	-	(229.77)	-	(56.96)	-	(56.96)

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

Interest-bearing debts amounting to RON 575 mn (December 31, 2017: RON 887 mn) are valued at amortized cost. The estimated fair value of these liabilities was RON 580 mn (December 31, 2017: RON 894 mn). The carrying amount of all other financial assets and financial liabilities that were measured at amortized cost approximates their fair value.

Segment reporting

Intersegmental sales

Q3/18	Q2/18	Q3/17	Δ% ¹	in RON mn	9m/18	9m/17	Δ%
2,417.05	2,349.46	1,807.83	34	Upstream	6,880.71	5,655.18	22
57.17	60.51	56.72	1	Downstream ²	172.36	178.98	(4)
31.38	40.52	20.09	56	thereof Downstream Oil	97.61	59.49	64
41.84	43.76	57.16	(27)	thereof Downstream Gas	140.43	200.78	(30)
(16.05)	(23.77)	(20.53)	22	thereof intersegmental elimination Downstream Oil and Downstream Gas	(65.68)	(81.29)	19
41.83	50.65	46.74	(11)	Corporate and Other	132.67	123.86	7
2,516.05	2,460.62	1,911.29	32	Total	7,185.74	5,958.02	21

¹ Q3/18 vs. Q3/17;

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

Sales to external customers

Q3/18	Q2/18	Q3/17	Δ% ¹	in RON mn	9m/18	9m/17	Δ%
130.07	138.53	145.54	(11)	Upstream	385.84	347.01	11
6,122.35	4,827.58	4,877.80	26	Downstream	15,697.21	13,921.11	13
5,042.37	4,054.28	3,930.90	28	thereof Downstream Oil	12,487.34	10,723.88	16
1,079.98	773.30	946.90	14	thereof Downstream Gas	3,209.87	3,197.23	0
7.45	9.84	9.07	(18)	Corporate and Other	27.56	25.40	9
6,259.87	4,975.95	5,032.41	24	Total	16,110.61	14,293.52	13

¹ Q3/18 vs. Q3/17

Total sales (not consolidated)

Q3/18	Q2/18	Q3/17	Δ% ¹	in RON mn	9m/18	9m/17	Δ%
2,547.12	2,487.99	1,953.37	30	Upstream	7,266.55	6,002.19	21
6,179.52	4,888.09	4,934.52	25	Downstream ²	15,869.57	14,100.09	13
5,073.75	4,094.80	3,950.99	28	thereof Downstream Oil	12,584.95	10,783.37	17
1,121.82	817.06	1,004.06	12	thereof Downstream Gas	3,350.30	3,398.01	(1)
(16.05)	(23.77)	(20.53)	22	thereof intersegmental elimination Downstream Oil and Downstream Gas	(65.68)	(81.29)	19
49.28	60.49	55.81	(12)	Corporate and Other	160.23	149.26	7
8,775.92	7,436.57	6,943.70	26	Total	23,296.35	20,251.54	15

¹ Q3/18 vs. Q3/17;

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

Segment and Group profit

Q3/18	Q2/18	Q3/17	Δ% ¹	in RON mn	9m/18	9m/17	Δ%
951.07	813.35	332.20	186	Operating Result Upstream	2,396.31	1,219.01	97
650.56	214.74	569.92	14	Operating Result Downstream	1,312.06	1,227.18	7
604.59	350.52	523.02	16	thereof Operating Result Downstream Oil	1,245.94	1,174.28	6
45.97	(135.78)	46.90	(2)	thereof Operating Result Downstream Gas	66.12	52.90	25
(18.83)	(28.02)	(18.52)	(2)	Operating Result Corporate and Other	(68.66)	(47.99)	(43)
1,582.80	1,000.07	883.60	79	Operating Result segment total	3,639.71	2,398.20	52
98.00	(298.84)	(10.69)	n.m.	Consolidation: Elimination of intersegmental profits	(177.66)	52.02	n.m.
1,680.80	701.23	872.91	93	OMV Petrom Group Operating Result	3,462.05	2,450.22	41
(30.37)	(135.25)	(110.88)	73	Net financial result	(228.29)	(231.89)	2
1,650.43	565.98	762.03	117	OMV Petrom Group profit before tax	3,233.76	2,218.33	46

¹ Q3/18 vs. Q3/17

Assets¹

in RON mn	September 30, 2018	December 31, 2017
Upstream	22,476.19	23,083.23
Downstream	6,456.91	6,211.02
thereof Downstream Oil	5,354.07	4,993.73
thereof Downstream Gas	1,102.84	1,217.29
Corporate and Other	443.76	460.38
Total	29,376.86	29,754.63

¹ Segment assets consist of intangible assets and property, plant and equipment

Other notes

Significant transactions with related parties

Significant transactions in the 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 Appendix 2.

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

Financial ratio	Formula	Value
Current ratio	Current Assets / Current Liabilities ¹	1.72
Indebtness Ratio (%)	Interest- bearing debts (long term)/ Equity*100	0.99
	Interest- bearing debts (long term)/ (Interest- bearing debts (long term)+Equity)*100	0.98
Days in receivables	Receivables average balance / Turnover*270	27.55
Fixed assets turnover ²	Turnover / Fixed assets	0.73

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

² Fixed assets turnover is calculated based on turnover for 9m/18*(360/270) days.

Subsequent events

Following the agreement of the parties and given the NAMR approval obtained in October 2018, OMV Petrom SA took over the entire interest in all four joint operating agreements with Repsol. The ongoing projects, as well as the pending commitments according to the concession agreement will be fulfilled by OMV Petrom SA.

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, 2018 give a true and fair view of OMV Petrom Group's assets, liabilities, financial position and profit or loss, as required by the applicable accounting standards, and that the Directors' Report gives a true and fair view of important events that have occurred during the first nine months of the 2018 financial year and their impact on the interim condensed consolidated financial statements, as well as a description of the principal risks and uncertainties.

Bucharest, October 31, 2018

The Executive Board



Christina Verchere
Chief Executive Officer
President of the Executive Board



Stefan Waldner
Chief Financial Officer
Member of the Executive Board



Peter Zeilinger
Member of the Executive Board
Upstream



Franck Neel
Member of the Executive Board
Downstream Gas



Radu Caprau
Member of the Executive Board
Downstream Oil

Further information

Abbreviation and definitions

ANRE	Romanian Energy Regulatory Authority
NAMR	National Agency for Mineral Resources
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
CEGH	Central European Gas Hub
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
OGMS	Ordinary General Meeting of Shareholders
HSSE	Health, Safety, Security and Environment
IFRSs; IASs	International Financial Reporting Standards; International Accounting Standards
LNG	Liquified natural gas
mn	million
MWh	megawatt hour
NBR	National Bank of Romania
Net debt/(cash)	Interest bearing debts plus finance lease liabilities less cash and cash equivalents
NGL	Natural Gas Liquids
n.a.	not applicable/not available (as the case may be)
n.m.	not meaningful i.e. deviation exceeds (+/-) 500% or comparison is made between positive and negative values

NOPAT	Net Operating Profit After Tax = Net income attributable to stockholders of the parent, adjusted for net interest on net borrowings, +/- result from discontinued operations, +/- tax effect of adjustments
OPCOM	The administrator of the Romanian electricity market
Operating Result	The "Operating result" includes the former indicator EBIT ("Earnings Before Interest and Taxes") and the net result from equity-accounted investments.
Operating Result before depreciation	Former EBITD = Operating Result Before Interest, Taxes, Depreciation and amortization, impairments and write-ups of fixed assets, including reversals
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 September 30, 2018

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.A. ¹	100.00%
Petrom Exploration & Production Ltd.	99.99%	Petrom Moldova S.R.L. (Moldova)	100.00%
		OMV Bulgaria OOD (Bulgaria)	99.90%
		OMV Srbija DOO (Serbia)	99.96%
Downstream Gas		Corporate & Other	
OMV Petrom Gas S.R.L.	99.99%	Petromed Solutions S.R.L.	99.99%

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

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

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

Appendix 2

Significant transactions with related parties

During the first nine months of the financial year 2018, OMV Petrom Group had the following significant transactions with related parties and balances as of September 30, 2018:

Related party (in RON mn)	Purchases 9m/18	Balances payable September 30, 2018
OMV Petrom Global Solutions S.R.L.	349.59	102.30
OMV Supply & Trading Limited	506.33	110.80
OMV Refining & Marketing GmbH	206.80	43.64
OMV Exploration & Production GmbH	57.92	20.32

Related party (in RON mn)	Revenues 9m/18	Balances receivable September 30, 2018
OMV Deutschland GmbH	261.21	47.13
OMV Refining & Marketing GmbH	118.45	20.88
OMV Gas Marketing & Trading GmbH	74.70	10.94
OMV International Services GmbH	-	25.34

During the first nine months of the financial year 2017, OMV Petrom Group had the following significant transactions with related parties and balances as of December 31, 2017:

Related party (in RON mn)	Purchases 9m/17	Balances payable December 31, 2017
OMV Supply & Trading Limited	968.26	0.97
OMV Petrom Global Solutions S.R.L.	323.58	92.33
OMV Refining & Marketing GmbH	131.08	68.14
OMV Aktiengesellschaft	35.79	50.06

Related party (in RON mn)	Revenues 9m/17	Balances receivable December 31, 2017
OMV Supply & Trading Limited	309.64	-
OMV Deutschland GmbH	206.09	44.27
OMV Refining & Marketing GmbH	97.66	22.66
OMV International Services GmbH	0.75	26.73

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

Contact

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Next release: The next results announcement for January – December and Q4 2018 will be released on February 6, 2019, presenting OMV Petrom consolidated results prepared according to IFRS.

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