



## OMV Petrom Group: results<sup>1</sup> for January – March 2018

including unaudited interim condensed consolidated financial statements as of and for the period ended March 31, 2018

### Highlights Q1/18

- ▶ **Clean CCS Operating Result at RON 958 mn, up 25% yoy**
- ▶ **EPS at RON 0.0151, 38% higher yoy**
- ▶ **Free cash flow at RON 729 mn, up 13% yoy**
- ▶ **Clean CCS ROACE at 10.5%**

The Q1/18 Clean CCS Operating Result increased to RON 958 mn, with Upstream contributing around two thirds of the total. Upstream benefitted from higher realized oil and gas prices, fully offsetting the production decline and the negative foreign exchange effects. The Downstream Oil Clean CCS Operating Result declined by 13% yoy due to a decrease of around USD 1/bbl of the refining margin, partly offset by higher retail sales. The Downstream Gas Clean Operating Result more than doubled yoy, mainly driven by improved power business.

All the above translated into an operating cash flow of RON 1.8 bn in Q1/18, 42% higher yoy. During the quarter, we made investments of RON 843 mn, 139% up yoy. The CAPEX increase was mainly driven by a high level of drilling activity and preparations related to the planned refinery turnaround.

Q1/18	Q4/17	Q1/17	Δ% <sup>2</sup>	Key performance indicators (in RON mn)	2017
958	573	767	25	Clean CCS Operating Result <sup>3</sup>	3,273
1,080	820	798	35	Operating Result	3,270
752	434	586	28	Clean CCS net income attributable to stockholders <sup>3,4,5</sup>	2,488
854	642	619	38	Net income attributable to stockholders <sup>4</sup>	2,491
0.0133	0.0077	0.0103	28	Clean CCS EPS (RON) <sup>3,4,5</sup>	0.0439
0.0151	0.0113	0.0109	38	Earnings Per Share (RON) <sup>4</sup>	0.0440
1,796	1,508	1,262	42	Cash flow from operating activities	5,954
729	664	646	13	Free cash flow after dividends	2,666
-	-	-	n.a.	Dividend/share (RON)	0.020

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

<sup>2</sup> Q1/18 vs. Q1/17;

<sup>3</sup> 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);

<sup>4</sup> After deducting net result attributable to non-controlling interests;

<sup>5</sup> Excludes additional special income from a legal dispute reflected in the financial result.



## Content

Directors' report (condensed, unaudited) .....	3
Financial highlights .....	3
Group performance.....	4
Outlook 2018 .....	6
Business segments.....	7
Upstream.....	7
Downstream .....	9
Group interim condensed consolidated financial statements (unaudited) .....	11
Declaration of the management.....	22
Further information .....	23

## Directors' report (condensed, unaudited)

### Financial highlights

Q1/18	Q4/17	Q1/17	Δ% <sup>1</sup>	in RON mn	2017
4,875	5,142	4,653	5	Sales <sup>2</sup>	19,435
<b>958</b>	<b>573</b>	<b>767</b>	<b>25</b>	<b>Clean CCS Operating Result <sup>3</sup></b>	<b>3,273</b>
645	340	460	40	Clean Operating Result Upstream <sup>3,4</sup>	1,674
321	360	311	3	Clean CCS Operating Result Downstream <sup>3</sup>	1,753
(22)	(28)	(21)	(3)	Clean Operating Result Co&O <sup>3</sup>	(74)
14	(99)	17	(16)	Consolidation	(80)
16	1	17	(4)	Clean Group effective tax rate (%)	14
752	434	586	28	Clean CCS net income <sup>3,7</sup>	2,487
<b>752</b>	<b>434</b>	<b>586</b>	<b>28</b>	<b>Clean CCS net income attributable to stockholders <sup>3,6,7</sup></b>	<b>2,488</b>
0.0133	0.0077	0.0103	28	Clean CCS EPS (RON) <sup>3,6,7</sup>	0.0439
<b>958</b>	<b>573</b>	<b>767</b>	<b>25</b>	<b>Clean CCS Operating Result <sup>3</sup></b>	<b>3,273</b>
<b>71</b>	<b>145</b>	<b>5</b>	<b>n.m.</b>	<b>Special items <sup>5</sup></b>	<b>(105)</b>
50	103	26	90	CCS effects: Inventory holding gains/(losses)	102
<b>1,080</b>	<b>820</b>	<b>798</b>	<b>35</b>	<b>Operating Result Group</b>	<b>3,270</b>
632	442	471	34	Operating Result Upstream <sup>4</sup>	1,661
447	540	322	39	Operating Result Downstream	1,768
(22)	(28)	(21)	(2)	Operating Result Co&O	(76)
23	(134)	26	(12)	Consolidation	(82)
(63)	(134)	(56)	(11)	Net financial result	(366)
1,017	686	742	37	Profit before tax	2,904
16	6	17	(4)	Group effective tax rate (%)	14
854	642	618	38	Net income	2,489
<b>854</b>	<b>642</b>	<b>619</b>	<b>38</b>	<b>Net income attributable to stockholders <sup>6</sup></b>	<b>2,491</b>
0.0151	0.0113	0.0109	38	Earnings Per Share (RON) <sup>6</sup>	0.0440
-	-	-	n.a.	Dividend/share (RON)	0.020
1,796	1,508	1,262	42	Cash flow from operating activities	5,954
729	664	646	13	Free cash flow after dividends	2,666
(3,626)	(2,897)	(872)	(316)	Net debt/(cash)	(2,897)
843	1,246	353	139	Capital expenditure	2,969
10.5	9.8	5.5	91	Clean CCS ROACE (%) <sup>3,7</sup>	9.8
10.8	9.9	5.3	103	ROACE (%)	9.9
13,606	13,790	14,532	(6)	OMV Petrom Group employees at period end	13,790

Figures in this and the following tables may not add up due to rounding differences.

<sup>1</sup> Q1/18 vs. Q1/17;

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

<sup>3</sup> Adjusted for exceptional, non-recurring items; Clean CCS figures exclude special items and inventory holding effects (CCS effects) resulting from Downstream Oil; special items include temporary effects from commodity hedging (in order to mitigate Income Statement volatility);

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

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

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

<sup>7</sup> Excludes additional special income from a legal dispute reflected in the financial result;

Throughout the report, where not specified differently, amounts related to Downstream represent totals of Downstream Oil and Downstream Gas.

## Group performance

---

### First quarter 2018 (Q1/18) vs. first quarter 2017 (Q1/17)

**Consolidated sales** slightly increased by 5% compared to Q1/17, supported by higher prices for petroleum products and natural gas and by higher electricity sales volumes, partly offset by lower sales volumes of natural gas and lower electricity prices. Downstream Oil represented 70% of total consolidated sales, while Downstream Gas accounted for 28% and Upstream for 2% (sales in Upstream being largely intra-group sales rather than third-party sales).

The **Clean CCS Operating Result** increased in Q1/18 by 25% to RON 958 mn, supported by a favorable market environment and cost discipline. The **Clean CCS net income attributable to stockholders** was RON 752 mn (Q1/17: RON 586 mn).

In Q1/18 **special items** comprised a net income of RON 71 mn, while **inventory holding gains** amounted to RON 50 mn. In Q1/17, net special income amounted to RON 5 mn and inventory holding gains totaled RON 26 mn.

The **Reported Operating Result** for Q1/18 increased to RON 1,080 mn, compared to RON 798 mn in Q1/17, driven mainly by higher sales revenues and cost optimization.

The **net financial result** slightly deteriorated from a loss of RON (56) mn in Q1/17 to a loss of RON (63) mn in Q1/18, reflecting mainly higher FX losses partially offset by the net increase in interest income.

As a result, the **profit before tax** for Q1/18 amounted to RON 1,017 mn and increased by 37% compared with Q1/17.

**Income tax** amounted to RON (163) mn, while the effective tax rate was 16% in Q1/18 (Q1/17: 17%).

**Net income attributable to stockholders** was RON 854 mn (Q1/17: RON 619 mn).

**Cash flow from operating activities** amounted to RON 1,796 mn, 42% higher yoy, mainly driven by the higher operating result. **Free cash flow after dividends** resulted in a cash inflow of RON 729 mn (Q1/17: RON 646 mn).

**Capital expenditure** increased to RON 843 mn in Q1/18 compared to RON 353 mn in Q1/17, consisting mainly of Upstream investments to the amount of RON 653 mn in Q1/18, compared to RON 324 mn in Q1/17. Downstream investments amounted to RON 190 mn (Q1/17: RON 29 mn), of which RON 189 mn were in Downstream Oil (Q1/17: RON 28 mn).

OMV Petrom Group reported a **net cash** position of RON 3,626 mn at the end of Q1/18, up from RON 2,897 mn at the end of Q4/17.

## Cash flow

Q1/18	Q4/17	Q1/17	Δ% <sup>1</sup>	Summarized cash-flow statement (in RON mn)	2017
<b>1,775</b>	<b>1,626</b>	<b>1,438</b>	<b>23</b>	<b>Sources of funds</b>	<b>6,153</b>
1,796	1,508	1,262	42	Cash flow from operating activities	5,954
(1,067)	(844)	(616)	(73)	Cash flow from investing activities	(2,446)
<b>729</b>	<b>664</b>	<b>646</b>	<b>13</b>	<b>Free cash flow</b>	<b>3,508</b>
(37)	(526)	9	n.m.	Cash flow from financing activities	(1,524)
(1)	0	(0)	n.m.	Effect of exchange rates on cash and cash equivalents	(1)
<b>691</b>	<b>138</b>	<b>655</b>	<b>6</b>	<b>Net increase in cash and cash equivalents</b>	<b>1,983</b>
3,979	3,841	1,996	99	Cash and cash equivalents at beginning of the period	1,996
<b>4,670</b>	<b>3,979</b>	<b>2,651</b>	<b>76</b>	<b>Cash and cash equivalents at end of the period</b>	<b>3,979</b>
<b>729</b>	<b>664</b>	<b>646</b>	<b>13</b>	<b>Free cash flow after dividends</b>	<b>2,666</b>

<sup>1</sup> Q1/18 vs. Q1/17

### First quarter 2018 (Q1/18) vs. first quarter 2017 (Q1/17)

In Q1/18, 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 for net interest and income tax paid, was RON 1,775 mn (Q1/17: RON 1,438 mn). Changes in **net working capital** generated a cash inflow of RON 22 mn (Q1/17: outflow of RON 176 mn). **Cash flow from operating activities** increased by RON 534 mn compared to Q1/17, reaching RON 1,796 mn.

**Cash flow from investing activities** resulted in Q1/18 in an outflow of RON 1,067 mn (Q1/17: RON 616 mn) mainly related to investments in property, plant and equipment and intangible assets in the Upstream segment.

**Cash flow from financing activities** implied an outflow of funds amounting to RON 37 mn (Q1/17: inflow of RON 9 mn), reflecting the repayment of tranches from the loan to the European Investment Bank in both quarters, while Q1/17 also reflected higher cash pooling balances payable to the associate OMV Petrom Global Solutions.

**Free cash flow** (defined as cash flow from operating activities less cash flow from investing activities) showed an inflow of funds of RON 729 mn (Q1/17: RON 646 mn). **Free cash flow less dividend payments** resulted in a cash inflow of RON 729 mn (Q1/17: RON 646 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 February 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 being 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, regulatory and fiscal environment

- ▶ For the full year 2018, OMV Petrom expects the **average Brent oil price** to be at USD 68/bbl (revised up from USD 60/bbl). The Brent-Urals spread is anticipated to widen compared to 2017;
- ▶ **Refining margins** are expected to be below the 2017 level;
- ▶ Growing private consumption in Romania is estimated to support the **demand for oil products**;
- ▶ In Romania, we expect a broadly similar **demand for gas and power** as compared to 2017;
- ▶ **Taxation and royalties:**

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

- The Offshore Law is awaiting approval from the Chamber of Deputies;
- A new draft Royalty Law is expected to be issued for public consultation this year;
- Starting April 1, 2018, the tax on additional revenues obtained from gas price liberalization has been extended indefinitely and the tax rate has increased from 60% to 80% for realized gas prices higher than RON 85/MWh; the increase applies only to the difference between realized prices and RON 85/MWh.

### OMV Petrom Group

- ▶ We expect to generate a **positive free cash flow after dividends** supported by the favorable commodity prices;
- ▶ **CAPEX** (including capitalized exploration and appraisal) is currently anticipated to be about RON 3.7 bn, of which around 75% in Upstream;
- ▶ **Neptun Deep**: final investment decision is expected in the second half of this year;
- ▶ We aim 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, further 50–60 fields to be divested;
- ▶ **Investments**: around RON 2.8 bn (excluding E&A), including more than 100 new wells and sidetracks, around 1,000 workovers and the Neptun Deep project;
- ▶ **Exploration**: exploration expenditures are estimated to be around RON 230 mn.

### Downstream

- ▶ **The refinery utilization** rate is targeted to exceed 85%; this includes the impact of the planned six-week full-site turnaround scheduled for Q2/18;
- ▶ In Q2/18 we expect a negative impact on the **Clean CCS Operating Result** due to the planned refinery turnaround;
- ▶ Relatively similar **gas sales volumes** and higher **net electrical output** vs. 2017;
- ▶ **Six-week planned shutdown at the Brazi power plant** in Q2/18.

## Business segments

### Upstream

Q1/18	Q4/17	Q1/17	Δ% <sup>1</sup>	in RON mn	2017
1,259	1,177	1,058	19	Clean Operating Result before depreciation <sup>2</sup>	4,333
645	340	460	40	Clean Operating Result <sup>2</sup>	1,674
(13)	102	11	n.m.	Special items	(13)
632	442	471	34	Operating Result <sup>2</sup>	1,661
653	962	324	102	Capital expenditure	2,435
65	119	41	60	Exploration expenditures	235
32	221	51	(38)	Exploration expenses	308
11.89	12.44	10.52	13	OPEX (USD/boe)	10.90

  

Q1/18	Q4/17	Q1/17	Δ% <sup>1</sup>	Key performance indicators	2017
14.59	15.14	15.31	(5)	Total hydrocarbon production (mn boe)	61.18
162	165	170	(5)	Total hydrocarbon production (kboe/d) <sup>3</sup>	168
6.60	6.68	6.85	(4)	Crude oil and NGL production (mn bbl)	27.33
1.22	1.30	1.29	(5)	Natural gas production (bcm)	5.18
43.20	45.73	45.69	(5)	Natural gas production (bcf)	182.95
13.5	14.3	14.3	(6)	Total hydrocarbon sales volume (mn boe)	57.8
65.17	60.77	52.21	25	Average Urals price (USD/bbl)	53.23
57.36	52.61	45.09	27	Average Group realized crude price (USD/bbl)	45.77

<sup>1</sup> Q1/18 vs. Q1/17;

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

<sup>3</sup> Production figures in kboe/d are rounded.

### First quarter 2018 (Q1/18) vs. first quarter 2017 (Q1/17)

- ▶ **Strong Clean Operating Result supported by higher oil and gas prices**
- ▶ **Daily production decreased by around 5%, due to natural decline and one-time effects**
- ▶ **OPEX of USD 11.89/boe impacted by FX rate development**

The **Clean Operating Result** improved to RON 645 mn, mainly driven by higher prices, lower total production costs and exploration expenses, which were partly offset by FX effects (USD 11% weaker against RON), lower sales volumes, as well as higher royalties (due to higher prices and the change of gas reference price to CEGH – Central European Gas Hub).

The **Reported Operating Result** was impacted by special items, mainly related to personnel restructuring.

Group **production cost** (OPEX) in USD/boe was 13% higher than in Q1/17, mainly due to an FX impact and lower production available for sale. In Romania, production cost in USD/boe increased by 13% to USD 11.92 /boe, while in RON terms, stayed broadly stable at RON 45.14/boe, 1% above the Q1/17 level.

**Group hydrocarbon production** decreased by around 5% due to natural decline, the divestment of marginal fields, as well as the one-time effect of works and equipment replacement in the Totea – Hurezani area.

In **Romania**, daily hydrocarbon production was 155.6 kboe/d and total production amounted to 14.0 mn boe. Crude oil and NGL production in Romania was 6.1 mn bbl, 3% lower than in Q1/17. This mainly reflected natural decline and the marginal fields' divestment. Gas production in Romania was 7.94 mn boe, around 6% lower than Q1/17. This was mainly influenced by natural decline in the main gas fields, as well as the one-time effect of works and equipment replacement in the Totea – Hurezani area.

In **Kazakhstan**, total production amounted to 0.59 mn boe, 7% lower compared to Q1/17, mainly due to interventions at key wells and wells waiting for intervention.

In Q1/18, we finalized the drilling of 22 new wells and sidetracks.

**Group hydrocarbon sales volumes** decreased by 6% compared to Q1/17, with lower sales both in Romania and Kazakhstan.

**Exploration expenses** slightly decreased in Q1/18 to RON 32 mn.

**Exploration expenditures** increased to RON 65 mn due to higher onshore drilling activities.

**Investments** in Upstream activities doubled compared to the Q1/17 level, mainly due to the higher number of wells drilled, workovers performed and intensified works in facilities projects.



## Downstream

Q1/18	Q4/17	Q1/17	Δ% <sup>1</sup>	in RON mn	2017
514	557	500	3	Clean CCS Operating Result before depreciation <sup>2</sup>	2,524
321	360	311	3	Clean CCS Operating Result <sup>2</sup>	1,753
243	319	280	(13)	thereof Downstream Oil	1,533
78	41	32	144	thereof Downstream Gas	220
84	43	(6)	n.m.	Special items	(90)
42	138	17	141	CCS effect: Inventory holding gains/(losses) <sup>2</sup>	104
447	540	322	39	Operating Result	1,768
190	283	29	n.m.	Capital expenditure	533

Q1/18	Q4/17	Q1/17	Δ% <sup>1</sup>	Key performance indicators Downstream Oil	2017
6.56	6.16	7.58	(13)	Indicator refining margin (USD/bbl) <sup>3</sup>	7.75
1.11	1.10	1.10	0	Refining input (mn t) <sup>4</sup>	4.48
94	91	95	(1)	Refinery utilization rate (%)	93
1.12	1.26	1.13	(1)	Total refined product sales (mn t)	5.07
0.58	0.67	0.57	1	thereof retail sales volumes (mn t) <sup>5</sup>	2.70
<b>Key performance indicators Downstream Gas</b>					
14.20	13.41	15.50	(8)	Gas sales volumes (TWh)	51.40
12.13	11.13	13.75	(12)	thereof to third parties (TWh)	45.30
0.89	1.05	0.75	19	Net electrical output (TWh)	2.71
163	215	249	(34)	OPCOM spot average electricity base load price (RON/MWh)	220

<sup>1</sup> Q1/18 vs. Q1/17;

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

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

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

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

### First quarter 2018 (Q1/18) vs. first quarter 2017 (Q1/17)

- ▶ **Downstream Oil: The Clean CCS Operating Result decreased by 13% reflecting the deteriorated refining margin environment; retail volumes up by 1%**
- ▶ **Downstream Gas: higher Clean Operating Result on improved power business**

The **Clean CCS Operating Result** increased to RON 321 mn in Q1/18 from RON 311 mn in Q1/17, as the improved result of the Downstream Gas segment offset the lower Downstream Oil result. The **Reported Operating Result** was RON 447 mn, reflecting special income of RON 84 mn and inventory holding gains of RON 42 mn, while the Q1/17 figure of RON 322 mn reflected net special charges of RON (6) mn and inventory holding gains of RON 17 mn.

In Q1/18, the **Downstream Oil Clean CCS Operating Result** decreased to RON 243 mn, impacted by the deteriorated refining margin environment.

The **OMV Petrom indicator refining margin** decreased yoy by USD 1.02/bbl to USD 6.56/bbl in Q1/18, mainly due to negative impact from the increased crude oil price. The **refinery utilization rate** in Q1/18 was marginally lower at 94% (Q1/17: 95%).

Total **refined product sales** were similar to Q1/17. Group retail sales volumes, which accounted for 52% of total refined product sales, increased by 1% yoy as a result of higher demand in Romania. The Q1/18 non-retail sales volumes decreased by 3% yoy as a result of sales channels optimization.

The **Downstream Gas Clean Operating Result** increased to RON 78 mn in Q1/18 from RON 32 mn in Q1/17 mainly on improved power business, as the Q1/17 result was negatively impacted by Brazi power plant unavailability of half capacity and by provisions for outstanding receivables of RON (7) mn.

As per OMV Petrom's estimates, national **gas** demand was relatively stable in Q1/18 yoy. On the Romanian centralized markets, the weighted average price of natural gas for transactions closed in Q1/18 (26.6 TWh<sup>1</sup>), with delivery until Q3/19, was RON 77.9/MWh<sup>1,2</sup>.

In Q1/18, in the context of lower gas production, OMV Petrom's total gas sales volume dropped by 8% yoy. Lower sales to wholesalers due to a milder winter in January–February were partly compensated by increased sales to end-users and higher offtake by the Brazi power plant. On the centralized markets, OMV Petrom sold 5.7 TWh in Q1/18, with delivery until Q3/19, at an average price<sup>2</sup> in line with the market price. At the end of Q1/18, OMV Petrom's storage level was 0.3 TWh.

According to preliminary gross data available from the grid operator, national **electricity** demand increased by 3%, while production increased by 2% yoy on the basis of high hydro and coal contribution to the production mix; the net export balance was 16% lower yoy.

The Brazi power plant was available at full capacity throughout Q1/18 and generated 0.89 TWh net electrical output, higher by 25% yoy, but still limited by significantly lower spark spreads as compared to Q1/17. The Q1/17 net electrical output figure also included 0.03 TWh electricity generated by the Dorobantu wind park, which was divested at the end of 2017.

**Total Downstream investments** amounted to RON 190 mn (Q1/17: RON 29 mn), of which RON 189 mn were in Downstream Oil (Q1/17: RON 28 mn). Investments in Downstream Oil were mostly directed to the planned full-site refinery turnaround and the Polyfuel growth project.

---

<sup>1</sup> OMV Petrom estimates based on available public information;

<sup>2</sup> 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 (unaudited)

### Interim consolidated income statement (unaudited)

Q1/18	Q4/17	Q1/17	in RON mn	2017
4,874.79	5,141.56	4,652.63	Sales revenues	19,435.08
29.37	55.38	54.60	Other operating income	363.57
2.80	1.53	2.24	Net income from equity-accounted investments	8.36
<b>4,906.96</b>	<b>5,198.47</b>	<b>4,709.47</b>	<b>Total revenues and other income</b>	<b>19,807.01</b>
(1,473.00)	(1,702.74)	(1,560.70)	Purchases (net of inventory variation)	(6,697.53)
(778.51)	(868.52)	(791.25)	Production and operating expenses	(3,161.57)
(278.15)	(237.46)	(248.96)	Production and similar taxes	(929.38)
(779.66)	(909.18)	(762.32)	Depreciation, amortization and impairment charges	(3,345.37)
(454.26)	(545.25)	(460.94)	Selling, distribution and administrative expenses	(1,971.04)
(31.94)	(220.58)	(51.16)	Exploration expenses	(308.28)
(31.42)	105.39	(35.83)	Other operating expenses	(123.49)
<b>1,080.02</b>	<b>820.13</b>	<b>798.31</b>	<b>Operating Result</b>	<b>3,270.35</b>
29.11	25.60	24.15	Interest income	92.70
(72.26)	(132.17)	(70.40)	Interest expenses	(398.76)
(19.52)	(27.77)	(10.19)	Other financial income and expenses	(60.17)
<b>(62.67)</b>	<b>(134.34)</b>	<b>(56.44)</b>	<b>Net financial result</b>	<b>(366.23)</b>
<b>1,017.35</b>	<b>685.79</b>	<b>741.87</b>	<b>Profit before tax</b>	<b>2,904.12</b>
(163.27)	(44.17)	(123.74)	Taxes on income	(414.81)
<b>854.08</b>	<b>641.62</b>	<b>618.13</b>	<b>Net income for the period</b>	<b>2,489.31</b>
<b>854.23</b>	<b>641.97</b>	<b>618.50</b>	<b>thereof attributable to stockholders of the parent</b>	<b>2,490.81</b>
(0.15)	(0.35)	(0.37)	thereof attributable to non-controlling interests	(1.50)
<b>0.0151</b>	<b>0.0113</b>	<b>0.0109</b>	<b>Basic earnings per share (RON)</b>	<b>0.0440</b>

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

Q1/18	Q4/17	Q1/17	in RON mn	2017
<b>854.08</b>	<b>641.62</b>	<b>618.13</b>	<b>Net income for the period</b>	<b>2,489.31</b>
0.95	11.44	2.20	Exchange differences from translation of foreign operations	41.53
-	-	-	Realized gains on hedges recycled to income statement	-
<b>0.95</b>	<b>11.44</b>	<b>2.20</b>	<b>Total of items that may be reclassified ("recycled") subsequently to the income statement</b>	<b>41.53</b>
-	10.16	-	Re-measurement gains on defined benefit plans	10.16
-	<b>10.16</b>	-	<b>Total of items that will not be reclassified ("recycled") subsequently to the income statement</b>	<b>10.16</b>
5.97	0.49	2.88	Income tax relating to items that may be reclassified ("recycled") subsequently to the income statement	25.16
-	(1.63)	-	Income tax relating to items that will not be reclassified ("recycled") subsequently to the income statement	(1.63)
<b>5.97</b>	<b>(1.14)</b>	<b>2.88</b>	<b>Total income taxes relating to components of other comprehensive income</b>	<b>23.53</b>
<b>6.92</b>	<b>20.46</b>	<b>5.08</b>	<b>Other comprehensive income for the period, net of tax</b>	<b>75.22</b>
<b>861.00</b>	<b>662.08</b>	<b>623.21</b>	<b>Total comprehensive income for the period</b>	<b>2,564.53</b>
859.42	662.34	622.95	thereof attributable to stockholders of the parent	2,559.94
1.58	(0.26)	0.26	thereof attributable to non-controlling interests	4.59

## Interim consolidated statement of financial position (unaudited)

in RON mn	March 31, 2018	December 31, 2017
<b>Assets</b>		
Intangible assets	2,677.16	2,611.13
Property, plant and equipment	27,130.95	27,143.50
Investments in associated companies	52.41	49.62
Other financial assets	2,335.21	2,317.15
Other assets	58.79	59.94
Deferred tax assets	1,549.99	1,545.35
<b>Non-current assets</b>	<b>33,804.51</b>	<b>33,726.69</b>
Inventories	2,103.45	2,082.80
Trade receivables	1,477.75	1,513.03
Other financial assets	163.02	243.96
Other assets	590.37	507.83
Cash and cash equivalents	4,670.28	3,979.05
<b>Current assets</b>	<b>9,004.87</b>	<b>8,326.67</b>
Assets held for sale	5.43	5.43
<b>Total assets</b>	<b>42,814.81</b>	<b>42,058.79</b>
<b>Equity and liabilities</b>		
Share capital	5,664.41	5,664.41
Reserves	23,669.75	22,815.26
<b>Stockholders' equity</b>	<b>29,334.16</b>	<b>28,479.67</b>
Non-controlling interests	(57.06)	(58.64)
<b>Total equity</b>	<b>29,277.10</b>	<b>28,421.03</b>
Provisions for pensions and similar obligations	224.01	224.84
Interest-bearing debts	339.00	558.68
Provisions for decommissioning and restoration obligations	7,255.55	7,274.81
Other provisions	258.37	274.24
Other financial liabilities	154.12	160.51
Other liabilities	15.42	16.08
<b>Non-current liabilities</b>	<b>8,246.47</b>	<b>8,509.16</b>
Trade payables	2,591.80	2,805.44
Interest-bearing debts	518.57	328.62
Income tax liabilities	194.14	80.70
Other provisions and decommissioning	983.93	904.33
Other financial liabilities	228.06	371.25
Other liabilities	774.74	638.26
<b>Current liabilities</b>	<b>5,291.24</b>	<b>5,128.60</b>
<b>Total equity and liabilities</b>	<b>42,814.81</b>	<b>42,058.79</b>

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

in RON mn	Share capital	Revenue reserves	Other reserves <sup>1</sup>	Treasury shares	Stockholders' equity	Non-controlling interests	Total Equity
<b>January 1, 2018</b>	<b>5,664.41</b>	<b>22,765.94</b>	<b>49.34</b>	<b>(0.02)</b>	<b>28,479.67</b>	<b>(58.64)</b>	<b>28,421.03</b>
Net income/(loss) for the period	-	854.23	-	-	854.23	(0.15)	854.08
Other comprehensive income for the period	-	-	5.19	-	5.19	1.73	6.92
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>854.23</b>	<b>5.19</b>	<b>-</b>	<b>859.42</b>	<b>1.58</b>	<b>861.00</b>
Dividend distribution	-	-	-	-	-	-	-
Other decreases	-	(4.93)	-	-	(4.93)	-	(4.93)
<b>March 31, 2018</b>	<b>5,664.41</b>	<b>23,615.24</b>	<b>54.53</b>	<b>(0.02)</b>	<b>29,334.16</b>	<b>(57.06)</b>	<b>29,277.10</b>

in RON mn	Share capital	Revenue reserves	Other reserves <sup>1</sup>	Treasury shares	Stockholders' equity	Non-controlling interests	Total Equity
<b>January 1, 2017</b>	<b>5,664.41</b>	<b>21,116.26</b>	<b>(11.30)</b>	<b>(0.02)</b>	<b>26,769.35</b>	<b>(63.16)</b>	<b>26,706.19</b>
Net income/(loss) for the period	-	618.50	-	-	618.50	(0.37)	618.13
Other comprehensive income for the period	-	-	4.45	-	4.45	0.63	5.08
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>618.50</b>	<b>4.45</b>	<b>-</b>	<b>622.95</b>	<b>0.26</b>	<b>623.21</b>
Dividend distribution	-	-	-	-	-	-	-
<b>March 31, 2017</b>	<b>5,664.41</b>	<b>21,734.76</b>	<b>(6.85)</b>	<b>(0.02)</b>	<b>27,392.30</b>	<b>(62.90)</b>	<b>27,329.40</b>

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

## Interim condensed consolidated statement of cash flows (unaudited)

Q1/18	Q4/17	Q1/17	Summarized statement of cash flows (in RON mn)	2017
<b>1,017.35</b>	<b>685.79</b>	<b>741.87</b>	<b>Profit before tax</b>	<b>2,904.12</b>
41.12	(153.90)	(10.21)	Net change in provisions	(92.96)
0.18	(2.32)	(0.75)	Losses/ (Gains) on the disposal of non-current assets	(21.58)
813.47	1,114.60	792.17	Depreciation, amortization and impairments including write-ups	3,580.35
0.63	(8.50)	(6.90)	Net interest (paid)/received	(27.38)
(43.76)	(111.32)	(92.19)	Tax on profit paid	(447.04)
(54.45)	101.21	14.38	Other non-monetary adjustments	257.52
<b>1,774.54</b>	<b>1,625.56</b>	<b>1,438.37</b>	<b>Sources of funds <sup>1</sup></b>	<b>6,153.03</b>
(56.13)	63.00	48.62	(Increase)/Decrease in inventories	(178.96)
(5.65)	(350.73)	(27.05)	Increase in receivables	(212.94)
83.65	170.59	(197.76)	Increase/(Decrease) in liabilities	193.20
<b>1,796.41</b>	<b>1,508.42</b>	<b>1,262.18</b>	<b>Cash flow from operating activities</b>	<b>5,954.33</b>
(1,080.83)	(924.14)	(617.53)	Intangible assets and property, plant and equipment	(2,606.72)
-	-	-	Investments and other financial assets	-
0.45	7.06	1.32	Proceeds from sale of non-current assets	28.21
13.21	72.94	-	Proceeds from the sale of subsidiaries and businesses, net of cash disposed	132.26
<b>(1,067.17)</b>	<b>(844.14)</b>	<b>(616.21)</b>	<b>Cash flow from investing activities</b>	<b>(2,446.25)</b>
(37.28)	(525.72)	9.04	Increase/ (Decrease) in borrowings	(682.29)
(0.08)	(0.57)	(0.05)	Dividends paid	(842.18)
<b>(37.36)</b>	<b>(526.29)</b>	<b>8.99</b>	<b>Cash flow from financing activities</b>	<b>(1,524.47)</b>
(0.65)	0.27	(0.07)	Effect of exchange rate changes on cash and cash equivalents	(0.56)
<b>691.23</b>	<b>138.26</b>	<b>654.89</b>	<b>Net increase in cash and cash equivalents</b>	<b>1,983.05</b>
3,979.05	3,840.79	1,996.00	Cash and cash equivalents at beginning of period	1,996.00
<b>4,670.28</b>	<b>3,979.05</b>	<b>2,650.89</b>	<b>Cash and cash equivalents at end of period</b>	<b>3,979.05</b>
<b>729.24</b>	<b>664.28</b>	<b>645.97</b>	<b>Free cash flow</b>	<b>3,508.08</b>
<b>729.16</b>	<b>663.71</b>	<b>645.92</b>	<b>Free cash flow after dividends</b>	<b>2,665.90</b>

<sup>1</sup> Representing cash generated from operating activities before working capital movements

## **Selected notes to the interim condensed consolidated financial statements (unaudited)**

### **Legal principles**

The interim, condensed, unaudited consolidated financial statements as of and for the three-month period ended March 31, 2018 ("Q1/18") 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 Q1/18 included in this report are unaudited and an external limited review by an auditor was not performed.

The interim condensed consolidated financial statements for Q1/18 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.

### **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 to better represent 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 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 Group's equity upon initial application of IFRS 9 is RON (5) mn.

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

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 has 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 which do not qualify for revenue recognition. Without the adoption of IFRS 15, sales revenues and related costs would have been higher by RON 97 mn, without any impact on the margin. Besides this change, IFRS 15 did not have any material impacts on OMV Petrom Group's interim financial statements.

### **Changes in the consolidated Group**

Compared with the consolidated financial statements as of December 31, 2017, there were no changes in the consolidated Group.

The detailed structure of the consolidated companies in OMV Petrom Group at March 31, 2018 is presented in Appendix 1 to the current report.



## Seasonality and cyclicality

Seasonality is of particular significance in Downstream.

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

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

In addition to the interim condensed consolidated financial statements and notes, further information on the main factors affecting the interim condensed consolidated financial statements as of and for the three-month period ended March 31, 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.

Q1/18	Q4/17	Q1/17	Δ% <sup>1</sup>	NBR FX rates	2017
4.655	4.617	4.522	3	Average EUR/RON FX rate	4.568
3.786	3.923	4.246	(11)	Average USD/RON FX rate	4.051
4.658	4.660	4.551	2	Closing EUR/RON FX rate	4.660
3.778	3.892	4.262	(11)	Closing USD/RON FX rate	3.892

<sup>1</sup> Q1/18 vs. Q1/17

## Notes to the income statement

### Revenues

in RON mn	Q1/18
Revenues from contracts with customers	4,770.82
Revenues from other sources	103.97
<b>Total sales revenues</b>	<b>4,874.79</b>

## Revenues from contracts with customers

in RON mn						Q1/18
	Upstream	Downstream	thereof Downstream Oil	thereof Downstream Gas	Corporate & Other	Total
Crude oil and NGL	101.39	-	-	-	-	101.39
Natural gas, LNG and power	1.63	1,279.01	2.50	1,276.51	-	1,280.64
Fuels and heating oil	-	2,542.15	2,542.15	-	-	2,542.15
Other goods and services	12.59	828.34	827.25	1.09	5.71	846.64
<b>Total</b>	<b>115.61</b>	<b>4,649.50</b>	<b>3,371.90</b>	<b>1,277.60</b>	<b>5.71</b>	<b>4,770.82</b>

## Income tax

Q1/18	Q4/17	Q1/17	In RON mn	2017
<b>163.27</b>	<b>44.17</b>	<b>123.74</b>	<b>Taxes on income</b>	<b>414.81</b>
168.31	59.60	115.74	Current taxes	406.72
(5.04)	(15.43)	8.00	Deferred taxes – expense / (revenue)	8.09
16%	6%	17%	Group effective tax rate	14%

## Notes to the statement of financial position

### Commitments

As at March 31, 2018 OMV Petrom Group's commitments for investments amounted to RON 1,493 mn (December 31, 2017: RON 978 mn).

### Inventories

During the three months ended March 31, 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 financial year 2017 for the gross amount of RON 1,133 mn (gross dividend per share of RON 0.020).

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

### Financial liabilities

As of March 31, 2018, short- and long-term interest bearing debts and finance leases amounted to RON 1,045 mn (December 31, 2017: RON 1,082 mn), thereof RON 187 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)	March 31, 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	-	39.02	-	39.02	-	7.86	-	7.86
<b>Total</b>	<b>-</b>	<b>39.02</b>	<b>-</b>	<b>39.02</b>	<b>-</b>	<b>7.86</b>	<b>-</b>	<b>7.86</b>

Financial instruments on liability side (in RON mn)	March 31, 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	-	(10.48)	-	(10.48)	-	(56.96)	-	(56.96)
<b>Total</b>	<b>-</b>	<b>(10.48)</b>	<b>-</b>	<b>(10.48)</b>	<b>-</b>	<b>(56.96)</b>	<b>-</b>	<b>(56.96)</b>

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

Interest-bearing debts amounting to RON 858 mn (December 31, 2017: RON 887 mn) are valued at amortized cost. The estimated fair value of these liabilities was RON 865 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

Q1/18	Q4/17	Q1/17	Δ% <sup>1</sup>	in RON mn	2017
2,114.20	2,103.23	1,936.48	9	Upstream	7,758.41
54.68	54.00	66.41	(18)	Downstream <sup>2</sup>	232.98
25.71	20.55	21.94	17	thereof Downstream Oil	80.04
54.83	63.29	78.72	(30)	thereof Downstream Gas	264.07
(25.86)	(29.84)	(34.25)	24	thereof intersegmental elimination Downstream Oil and Downstream Gas	(111.13)
40.19	49.43	40.31	(0)	Corporate and Other	173.29
<b>2,209.07</b>	<b>2,206.66</b>	<b>2,043.20</b>	<b>8</b>	<b>Total</b>	<b>8,164.68</b>

<sup>1</sup> Q1/18 vs. Q1/17;

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

### Sales to external customers

Q1/18	Q4/17	Q1/17	Δ% <sup>1</sup>	in RON mn	2017
117.24	111.29	112.52	4	Upstream	458.30
4,747.28	5,022.06	4,532.20	5	Downstream	18,943.17
3,390.69	3,746.32	3,215.31	5	thereof Downstream Oil	14,470.20
1,356.59	1,275.74	1,316.89	3	thereof Downstream Gas	4,472.97
10.27	8.21	7.91	30	Corporate and Other	33.61
<b>4,874.79</b>	<b>5,141.56</b>	<b>4,652.63</b>	<b>5</b>	<b>Total</b>	<b>19,435.08</b>

<sup>1</sup> Q1/18 vs. Q1/17

### Total sales (not consolidated)

Q1/18	Q4/17	Q1/17	Δ% <sup>1</sup>	in RON mn	2017
2,231.44	2,214.52	2,049.00	9	Upstream	8,216.71
4,801.96	5,076.06	4,598.61	4	Downstream <sup>2</sup>	19,176.15
3,416.40	3,766.87	3,237.25	6	thereof Downstream Oil	14,550.24
1,411.42	1,339.03	1,395.61	1	thereof Downstream Gas	4,737.04
(25.86)	(29.84)	(34.25)	24	thereof intersegmental elimination Downstream Oil and Downstream Gas	(111.13)
50.46	57.64	48.22	5	Corporate and Other	206.90
<b>7,083.86</b>	<b>7,348.22</b>	<b>6,695.83</b>	<b>6</b>	<b>Total</b>	<b>27,599.76</b>

<sup>1</sup> Q1/18 vs. Q1/17;

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

### Segment and Group profit

Q1/18	Q4/17	Q1/17	Δ% <sup>1</sup>	in RON mn	2017
631.89	442.33	471.07	34	Operating Result Upstream	1,661.34
446.76	540.47	322.20	39	Operating Result Downstream	1,767.65
290.83	507.06	302.02	(4)	thereof Operating Result Downstream Oil	1,681.34
155.93	33.41	20.18	n.m.	thereof Operating Result Downstream Gas	86.31
(21.81)	(28.26)	(21.42)	(2)	Operating Result Corporate and Other	(76.25)
<b>1,056.84</b>	<b>954.54</b>	<b>771.85</b>	<b>37</b>	<b>Operating Result segment total</b>	<b>3,352.74</b>
23.18	(134.41)	26.46	(12)	Consolidation: Elimination of intersegmental profits	(82.39)
<b>1,080.02</b>	<b>820.13</b>	<b>798.31</b>	<b>35</b>	<b>OMV Petrom Group Operating Result</b>	<b>3,270.35</b>
<b>(62.67)</b>	<b>(134.34)</b>	<b>(56.44)</b>	<b>(11)</b>	<b>Net financial result</b>	<b>(366.23)</b>
<b>1,017.35</b>	<b>685.79</b>	<b>741.87</b>	<b>37</b>	<b>OMV Petrom Group profit before tax</b>	<b>2,904.12</b>

<sup>1</sup> Q1/18 vs. Q1/17

## Assets<sup>1</sup>

in RON mn	March 31, 2018	December 31, 2017
Upstream	23,140.20	23,083.23
Downstream	6,213.38	6,211.02
thereof Downstream Oil	5,018.36	4,993.73
thereof Downstream Gas	1,195.02	1,217.29
Corporate and Other	454.53	460.38
<b>Total</b>	<b>29,808.11</b>	<b>29,754.63</b>

<sup>1</sup> Segment assets consist of intangible assets and property, plant and equipment

## Other notes

### Significant transactions with related parties

Significant transactions in the form of supply 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 National Securities Commission Regulation No. 1/2006)

Financial ratio	Formula	Value
Current ratio	Current Assets / Current Liabilities <sup>1</sup>	1.70
Indebtedness Ratio (%)	Interest-bearing debts (long term) / Equity*100	1.16
Days in receivables	Receivables average balance / Turnover*90	27.61
Fixed assets turnover <sup>2</sup>	Turnover / Fixed assets	0.65

<sup>1</sup> Current Assets include Assets held for sale and Current Liabilities include Liabilities associated with assets held for sale;

<sup>2</sup> Fixed assets turnover is calculated based on turnover for Q1/18\*(360/90) days.

## Subsequent events

On **April 26, the Ordinary General Meeting of Shareholders** (OGMS) approved the 2018 Income and Expenditure Budget of OMV Petrom S.A. with investments estimated at RON 5.55 bn (which also include OMV Petrom S.A. contribution to share participation in OMV Petrom Group's subsidiaries, which are eliminated at Group level).

The OGMS approved the distribution of dividends for the financial year 2017 for the gross amount of RON 1,133 mn (gross dividend per share of RON 0.020).

The OGMS reappointed Ernst & Young Assurance Service S.R.L. as the Company's financial auditor for 2018.

The OGMS approved changes in the Supervisory Board. Sevil Shhaideh was appointed member of the Supervisory Board as proposed by the Ministry of Energy, as shareholder, replacing Mihai Busuioc who waived his mandate in October 2017. Hans Christopher Veit was also appointed member of the Supervisory Board as proposed by the majority shareholder, OMV, replacing Johann Pleininger who waived his mandate in April 2018. Their mandates are valid until April 28, 2021.

On **April 26, the Supervisory Board** of OMV Petrom S.A. appointed Franck Neel as the new Executive Board member for Downstream Gas of OMV Petrom. In line with OMV Petrom's articles of association, the appointment has been made for the remaining term of the mandate granted to Lacramioara Diaconu-Pintea, who waived her mandate, i.e. until April 16, 2019. Franck Neel accepted the appointment and he will assume the position, at the latest on August 1, 2018.

On the same date, Stefan Waldner informed the Supervisory Board that he is not available for the position of CFO beyond the remaining term of his mandate, ending on April 16, 2019, but will continue to be in charge until then. Therefore, the Supervisory Board of OMV Petrom S.A. appointed Alina-Gabriela Popa, as the new CFO and Executive Board Member of OMV Petrom as of April 17, 2019.

Starting **May 1, 2018**, Christina Verchere assumed the position of President of the Executive Board and CEO of OMV Petrom S.A.

# Declaration of the management

We confirm to the best of our knowledge that the unaudited interim condensed consolidated financial statements for the three month period ended March 31, 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 three months of the financial year 2018 and their impact on the interim condensed consolidated financial statements, as well as a description of the principal risks and uncertainties.

**Bucharest, May 3, 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



**Lacramioara Diaconu-Pintea**  
Member of the Executive Board  
Downstream Gas



**Neil Anthony Morgan**  
Member of the Executive Board  
Downstream Oil



## Further information

### Abbreviation and definitions

bbbl	barrel(s), i.e. 159 liters
cf, 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
CEO	Chief Executive Officer
Co&O	Corporate and Other
CAPEX	Capital expenditure
	Current cost of supply
	Inventory holding gains and losses represent 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 distorting effect on reported results (Operating Result, Net income, etc.).
CCS / CCS effects / Inventory holding gains / (losses)	The amount disclosed as CCS effects represents the difference between the charge to the income statement for inventory on a weighted average basis (adjusted for the change in valuation allowances related to realizable value) and the charge based on the current cost of supply.
	The current cost of supply is calculated monthly using data from our refinery's supply and production systems at Downstream Oil level.
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	Liquefied 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)
Special items	Special items are expenses and income reflected in the financial statements that are disclosed separately, as they are not part of underlying ordinary business operations. They are being disclosed separately in order to enable investors to better understand and evaluate OMV Petrom Group's reported financial performance.
t	metric tonne(s); 1t of crude oil = 7.193 bbl for Romania or 7.78 bbl for Kazakhstan
TWh	terawatt hour
USD	United States dollar
yoy	year-on-year



## Appendix 1

### Consolidated companies in OMV Petrom Group at March 31, 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)	95.00%	OMV Petrom Aviation S.A. <sup>1</sup>	100.00%
Petrom Exploration & Production Ltd.	99.99%	Petrom Moldova S.R.L. (Republic of Moldova)	100.00%
		OMV Bulgaria OOD (Bulgaria)	99.90%
		OMV Srbija DOO (Serbia)	99.96%
Downstream Gas		Corporate & Other	
OMV Petrom Gas S.R.L.	99.99%	Petromed Solutions S.R.L.	99.99%

<sup>1</sup> 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 and unaudited condensed consolidated financial statements

## Appendix 2

### Significant transactions with related parties

During the first three months of the financial year 2018, OMV Petrom Group had the following significant transactions with related parties (including significant balances as of March 31, 2018):

Related party (in RON mn)	Purchases Q1/18	Balances payable March 31, 2018
OMV Supply & Trading Limited	147.55	27.48
OMV Petrom Global Solutions S.R.L.	110.48	110.00
OMV Refining & Marketing GmbH	38.87	63.59
OMV Exploration & Production GmbH	17.77	24.86

Related party (in RON mn)	Revenues Q1/18	Balances receivable March 31, 2018
OMV Deutschland GmbH	114.69	55.61
OMV Refining & Marketing GmbH	43.76	8.85
EconGas GmbH	20.10	6.38
OMV International Services GmbH	0.15	26.84

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

Related party (in RON mn)	Purchases Q1/17	Balances payable December 31, 2017
OMV Petrom Global Solutions S.R.L.	106.08	92.33
OMV Supply & Trading Limited	353.97	0.97
OMV Refining & Marketing GmbH	43.74	68.14

Related party (in RON mn)	Revenues Q1/17	Balances receivable December 31, 2017
OMV Supply & Trading Limited	232.96	-
OMV Deutschland GmbH	87.11	44.27
OMV Refining & Marketing GmbH	28.26	22.66

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

### Contact

OMV Petrom Investor Relations

Tel: +40 372 161930; Fax: +40 21 30 68518

E-mail address: [investor.relations.petrom@petrom.com](mailto:investor.relations.petrom@petrom.com)

**Next release:** The next results announcement for Q2 and January – June 2018 will be released on August 2, 2018, presenting OMV Petrom consolidated results prepared according to IFRS.

### Disclaimer

*This report does not, and is not intended to, constitute or form part of, and should not be construed as, constituting or forming part of, any actual offer to sell or issue, or any solicitation of any offer to purchase or subscribe for, any shares issued by OMV Petrom S.A. (the Company) or any of its subsidiaries in any jurisdiction or any inducement to enter into investment activity; nor shall this document or any part of it, or the fact of it being made available, form the basis of, or be relied on in any way whatsoever. No part of this report, nor the fact of its distribution, shall form part of or be relied on in connection with any contract or investment decision relating thereto; nor does it constitute a recommendation regarding the securities issued by the Company. The information and opinions contained in this report are provided as at the date of this report and may be subject to updating, revision, amendment or change without notice. Where this report quotes any information or statistics from any external source, it should not be interpreted that the Company has adopted or endorsed such information or statistics as being accurate.*

*No reliance may be placed for any purpose whatsoever on the information contained in this report, or any other material discussed verbally. No representation or warranty, express or implied, is given as to the accuracy, fairness or currentness of the information or the opinions contained in this document or on its completeness and no liability is accepted for any such information, for any loss howsoever arising, directly or indirectly, from any use of this report or any of its content or otherwise arising in connection therewith.*

*This report may contain forward-looking statements. These statements reflect the Company's current knowledge and its expectations and projections about future events and may be identified by the context of such statements or words such as "anticipate," "believe," "estimate," "expect," "intend," "plan," "project," "target," "may," "will," "would," "could" or "should" or similar terminology. By their nature, forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond the Company's control that could cause the Company's actual results and performance to differ materially from any expected future results or performance expressed or implied by any forward-looking statements.*

*None of the future projections, expectations, estimates or prospects in this report should in particular be taken as forecasts or promises nor should they be taken as implying any indication, assurance or guarantee that the assumptions on which such future projections, expectations, estimates or prospects have been prepared or the information and statements contained herein are accurate or complete. As a result of these risks, uncertainties and assumptions, you should in particular not place reliance on these forward-looking statements as a prediction of actual results or otherwise. This report does not purport to contain all information that may be necessary in respect of the Company or its shares and in any event each person receiving this report needs to make an independent assessment. The Company undertakes no obligation publicly to release the results of any revisions to any forward-looking statements in this report that may occur due to any change in its expectations or to reflect events or circumstances after the date of this report. This report and its contents are proprietary to the Company and neither this document nor any part of it may be reproduced or redistributed to any other person.*