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Industry Report

Extraction of crude petroleum
and natural gas

2016

ROMANIA

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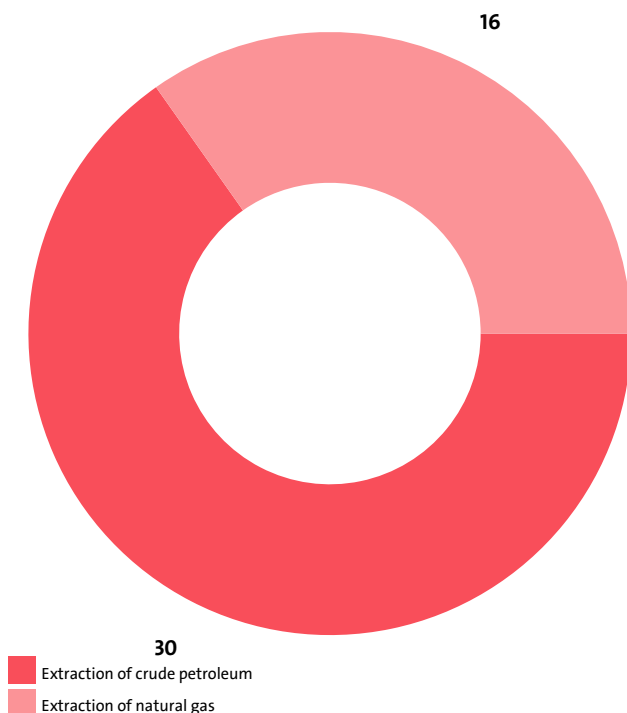
I. KEY INDICATORS

- The Extraction of crude petroleum and natural gas industry in Romania was represented by 46 companies at the end of 2016, compared to 46 in the previous year and 48 in 2014.
- The industry's net profit amounted to RON 1,183,237,598 in 2016.
- The industry's total revenue was RON 19,094,224,747 in 2016, down by 13.04% compared to the previous year.
- The combined costs of the companies in the Extraction of crude petroleum and natural gas industry reached RON 17,508,778,162 in 2016, down by 25.15% year-on-year.
- The industry's total revenue makes up 2.05% to the country's Gross domestic product (GDP) in 2016, compared to 2.55% for 2015 and 3.02% in 2014.
- A total of 21,599 people were employed in the Extraction of crude petroleum and natural gas industry in 2016, compared to 22,789 in 2015 and 25,122 in 2014.
- Most of the companies in the industry are based in Bucharest, followed by Prahova and Salaj.

II. INTRODUCTION

In 2016 the companies in the Extraction of crude petroleum and natural gas industry numbered 46, distributed in 2 sectors.

INDUSTRY STRUCTURE BY SECTORS AND NUMBER OF COMPANIES



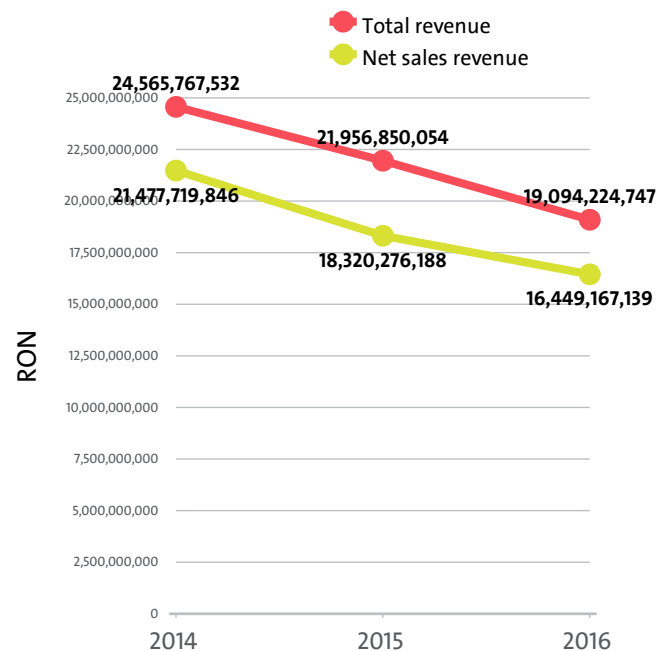
In 2015 there were a total of 46 companies operating in the industry. In 2014 their number totalled 48.

NUMBER OF COMPANIES IN EXTRACTION OF CRUDE PETROLEUM AND NATURAL GAS INDUSTRY BY SECTORS

SECTOR	2016	2015	2014
EXTRACTION OF CRUDE PETROLEUM	30	33	34
EXTRACTION OF NATURAL GAS	16	13	14

III. REVENUES

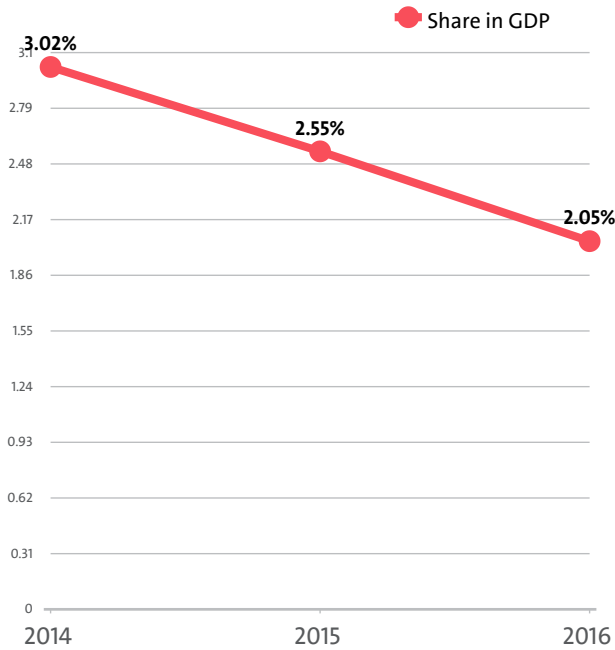
The total revenue in the industry was RON 19,094,224,747 in 2016, RON 21,956,850,054 in 2015 and 24,565,767,532 in 2014.



The companies in the Extraction of crude petroleum and natural gas market of Romania earned combined net sales revenues of RON 16,449,167,139 in 2016.

In annual terms, sales marked a decline of 10.21% compared to 2015. In comparison to 2014 they dropped by 23.41%. In 2015 sales dropped by 14.70% year-on-year.

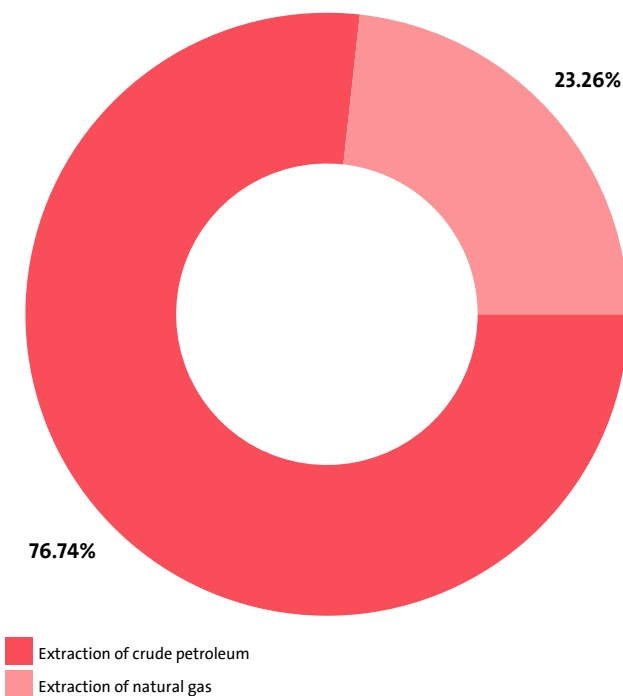
The Extraction of crude petroleum and natural gas industry total revenue make up 2.05% to the country's GDP in 2016, compared to 2.55% for 2015 and 3.02% in 2014.



We expect, based on the trend in the last three years, the total revenue of the Extraction of crude petroleum and natural gas industry to change at a compound annual growth rate (CAGR) of -11.84% in 2017.

Extraction of crude petroleum contributed net sales revenue of RON 12,622,788,954 or 76.74% of the total net sales in the industry, and sector Extraction of natural gas - RON 3,826,378,185 (23.26%).

INDUSTRY'S NET SALES REVENUE STRUCTURE BY SECTORS



There was no industry's sector to report a growth in net sales revenues. In terms of annual drop, the top position was occupied by Extraction of natural gas with 15.33%.

TOP COMPANIES' REVENUE BY SECTORS

SEGMENT	COMPANY	TOTAL REVENUE (RON)	NET SALES REVENUE (RON)
EXTRACTION OF NATURAL GAS			
	SNGN ROMGAZ SA	3,997,583,082	3,411,867,658
	AMROMCO ENERGY SRL	267,399,815	248,386,001
	STRATUM ENERGY ROMANIA LLC WILMINGTON SUCURSALA BUCURESTI	196,404,093	161,827,877
EXTRACTION OF CRUDE PETROLEUM			
	OMV PETROM SA	14,076,569,825	12,523,026,161
	LUKOIL OVERSEAS ATASH B.V., AMSTERDAM, OLANDA SUCURSALA BUCURESTI	211,632,188	605,179
	EXXONMOBIL EXPLORATION AND PRODUCTION ROMANIA LIMITED NASSAU (BAHAMAS) SUCURSALA BUCURESTI	66,851,489	0

The top 10 companies in terms of total revenue in Extraction of crude petroleum and natural gas accounted for 99.50% of the industry's total in 2016, 99.51% in 2015 and 99.75% in 2014.

TOP 10 COMPANIES BY TOTAL AND NET SALES REVENUE IN THE INDUSTRY

RANK	COMPANY	TOTAL REVENUE (RON)	NET SALE REVENUE (RON)
1	OMV PETROM SA	14,076,569,825	12,523,026,161
2	SNGN ROMGAZ SA	3,997,583,082	3,411,867,658
3	AMROMCO ENERGY SRL	267,399,815	248,386,001
4	LUKOIL OVERSEAS ATASH B.V., AMSTERDAM, OLANDA SUCURSALA BUCURESTI	211,632,188	605,179
5	STRATUM ENERGY ROMANIA LLC WILMINGTON SUCURSALA BUCURESTI	196,404,093	161,827,877
6	EXXONMOBIL EXPLORATION AND PRODUCTION ROMANIA LIMITED NASSAU (BAHAMAS) SUCURSALA BUCURESTI	66,851,489	0
7	PETROSANTANDER ROMANIA SRL	57,742,431	46,860,612
8	BLACK SEA OIL & GAS SRL	57,521,714	210,954
9	HUNT OIL COMPANY OF ROMANIA SRL	35,336,448	9,057,830
10	BRENT EXPLORATION & PRODUCTION SRL	30,925,258	1,401,589

The total revenues of the top 10 companies in the Extraction of crude petroleum and natural gas were 2.04% of GDP in 2016, compared to 2.53% for 2015 and 3.01% in 2014.

The top 10 by assets in the Extraction of crude petroleum and natural gas industry made up RON 16,355,008,056, or 99.43% of the total net sales revenue.

TOP 10 BY TOTAL ASSETS IN THE INDUSTRY

RANK	COMPANY	RON
1	OMV PETROM SA	41,238,507,345
2	SNGN ROMGAZ SA	11,343,875,942
3	EXXONMOBIL EXPLORATION AND PRODUCTION ROMANIA LIMITED NASSAU (BAHAMAS) SUCURSALA BUCURESTI	2,943,305,366
4	LUKOIL OVERSEAS ATASH B.V., AMSTERDAM, OLANDA SUCURSALA BUCURESTI	1,173,701,499
5	STRATUM ENERGY ROMANIA LLC WILMINGTON SUCURSALA BUCURESTI	301,890,141
6	AMROMCO ENERGY SRL	251,287,100
7	BLACK SEA OIL & GAS SRL	246,414,432

8	AMROMCO ENERGY, L.L.C. NEW YORK - SUCURSALA PLOIESTI	117,847,307
9	FORA OIL AND GAS SRL	56,941,022
10	HUNT OIL COMPANY OF ROMANIA SRL	56,796,149

TOP 10 COMPANIES BY TOTAL REVENUE IN THE SECTOR EXTRACTION OF NATURAL GAS WERE:

COMPANY	RON
SNGN ROMGAZ SA	3,997,583,082
AMROMCO ENERGY SRL	267,399,815
STRATUM ENERGY ROMANIA LLC WILMINGTON SUCURSALA BUCURESTI	196,404,093
BLACK SEA OIL & GAS SRL	57,521,714
PETRO VENTURES EUROPE B.V. MAASTRICHT - SUCURSALA BUCURESTI	10,794,384
RAFFLES ENERGY SRL	10,663,543
AURELIAN PETROLEUM SRL	6,901,511
GAS PLUS INTERNATIONAL B.V. HAGA SUCURSALA BUCURESTI	5,271,509
ZETA PETROLEUM (SUCEAVA) SRL	1,505,329
CHEVRON ROMANIA EXPLORATION AND PRODUCTION SRL	705,468

The 10 largest companies in terms of total revenue in sector Extraction of crude petroleum and natural gas earned total revenue of RON 4,554,750,448 and accounted for 23.85% of the industry's total revenue.

TOP 10 COMPANIES BY TOTAL REVENUE IN THE SECTOR EXTRACTION OF CRUDE PETROLEUM WERE:

COMPANY	RON
OMV PETROM SA	14,076,569,825
LUKOIL OVERSEAS ATASH B.V., AMSTERDAM, OLANDA SUCURSALA BUCURESTI	211,632,188
EXXONMOBIL EXPLORATION AND PRODUCTION ROMANIA LIMITED NASSAU (BAHAMAS) SUCURSALA BUCURESTI	66,851,489
PETROSANTANDER ROMANIA SRL	57,742,431
HUNT OIL COMPANY OF ROMANIA SRL	35,336,448
BRENT EXPLORATION & PRODUCTION SRL	30,925,258
KMG ROMPETROL SERVICES CENTER SRL	19,054,310
MIHOC OIL SRL	7,823,273
PETROMAR RESOURCES SA	7,100,721
ECO CRIS OIL & GAS SRL	6,631,795

The 10 largest companies in terms of total revenue in sector Extraction of crude petroleum and natural gas earned total revenue of RON 14,519,667,738 and accounted for 76.04% of the industry's total revenue.

IV. EXPENSES

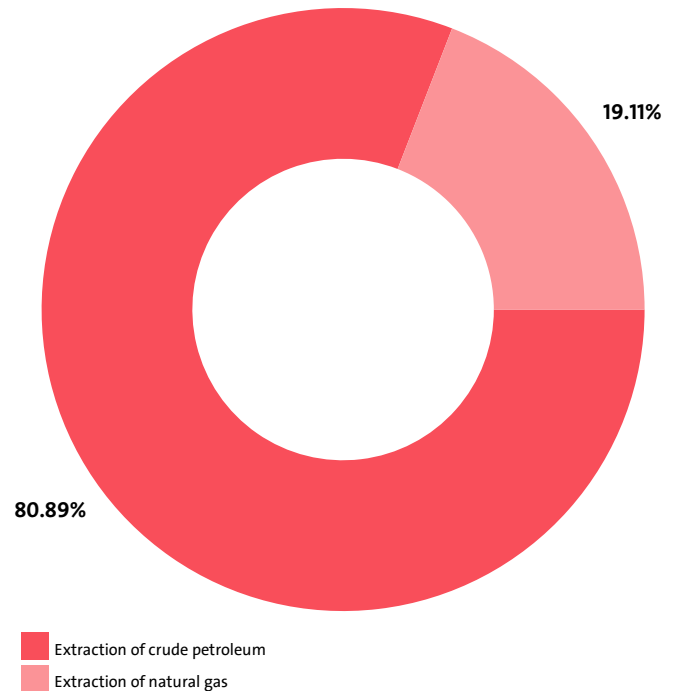
The combined costs of the companies in the Extraction of crude petroleum and natural gas industry reached RON 17,508,778,162 in 2016.

In annual terms, total expenses went down by 25.15% compared to 2015 and fell by 16.67% in comparison to 2014.

We expect, based on the trend in the last three years, the total costs of the Extraction of crude petroleum and natural gas industry to change at a compound annual growth rate (CAGR) of -8.71% in 2017.

Extraction of crude petroleum reported the highest total costs, of RON 14,162,404,894, followed by Extraction of natural gas with RON 3,346,373,268.

INDUSTRY'S TOTAL COSTS STRUCTURE BY SECTORS



The biggest spenders in the industry, with costs of over 10% of industry's costs, numbered 2, including OMV PETROM SA, SNGN ROMGAZ SA. Below 5% threshold are 44 companies, including HUNT OIL COMPANY OF ROMANIA SRL, PETROLSUN PROJECTS SRL, "CARPATHIAN ENERGY" - COMPANIE PETROLIERA SRL, ESTATE PETROLEUM SRL, ALPHA METAL OIL AND GAS SRL.

Employment expenses in the Extraction of crude petroleum and natural gas industry fell by 10.32% on the year to RON 2,369,163,572 in 2016.

The monthly costs per employee in the Extraction of crude petroleum and natural gas industry averaged RON 9,141 in 2016, RON 9,660 in 2015 and RON 8,786 in 2014.

EMPLOYMENT EXPENSES IN EXTRACTION OF CRUDE PETROLEUM AND NATURAL GAS BY SECTORS IN 2016

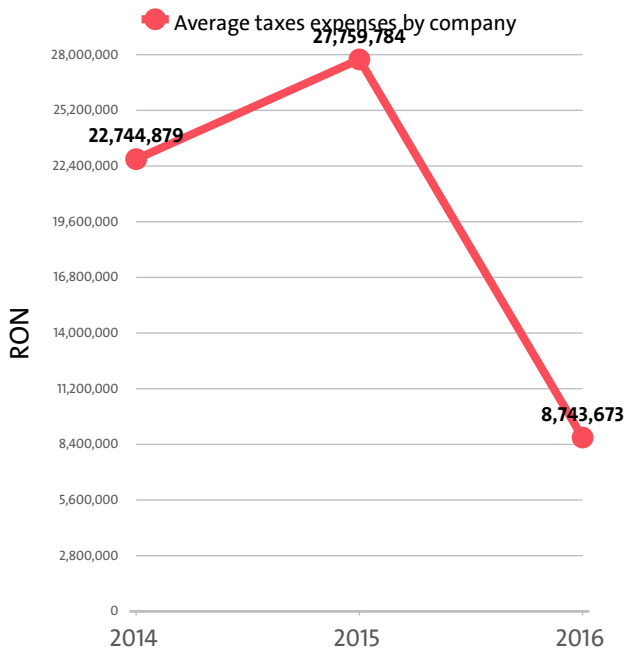
RANK	SECTOR	EMPLOYMENT EXPENSES (RON)	AVERAGE EXPENSES PER EMPLOYEE (RON)
1	EXTRACTION OF CRUDE PETROLEUM	1,750,143,136	115,628
2	EXTRACTION OF NATURAL GAS	619,020,436	95,779

THE TOP 10 COMPANIES BY AVERAGE MONTHLY COSTS PER EMPLOYEE IN THE INDUSTRY

RANK	COMPANY	RON
1	BLACK SEA OIL & GAS SRL	40,706
2	LUKOIL OVERSEAS ATASH B.V., AMSTERDAM, OLANDA SUCURSALA BUCURESTI	40,380
3	PANBRIDGE SRL	32,599
4	HUNT OIL COMPANY OF ROMANIA SRL	28,730
5	R.F.D. OIL AND GAS SRL	16,646
6	FORA OIL AND GAS SRL	15,601
7	STRATUM ENERGY ROMANIA LLC WILMINGTON SUCURSALA BUCURESTI	13,632
8	EXXONMOBIL EXPLORATION AND PRODUCTION ROMANIA LIMITED NASSAU (BAHAMAS) SUCURSALA BUCURESTI	13,042

9	AURELIAN PETROLEUM SRL	10,909
10	ZETA PETROLEUM (ROMANIA) SRL	10,056

The industry's tax expenses stood at RON 402,208,987 in 2016. In 2015 it paid taxes of RON 1,276,950,070. In 2014 the industry paid RON 1,091,754,232 in taxes.



EXPENSES ON TAXES BY SECTORS

RANK	SECTOR	RON	Y/Y CHANGE
1	EXTRACTION OF NATURAL GAS	258,011,674	-37.37%
2	EXTRACTION OF CRUDE PETROLEUM	144,197,313	-83.33%

V. PROFITABILITY

The industry's net profit amounted to RON 1,183,237,598 in 2016, compared to a net loss of RON 1,644,390,805 in 2015 and a net profit of RON 2,462,836,725 in 2014.

TOP COMPANIES BY HIGHEST NET PROFIT IN EXTRACTION OF CRUDE PETROLEUM AND NATURAL GAS

RANK	COMPANY	RON
1	SNGN ROMGAZ SA	1,024,579,217
2	OMV PETROM SA	907,853,264
3	BRENT EXPLORATION & PRODUCTION SRL	27,724,241
4	AMROMCO ENERGY SRL	10,950,532
5	GHINDA PRODCOM SRL	767,167

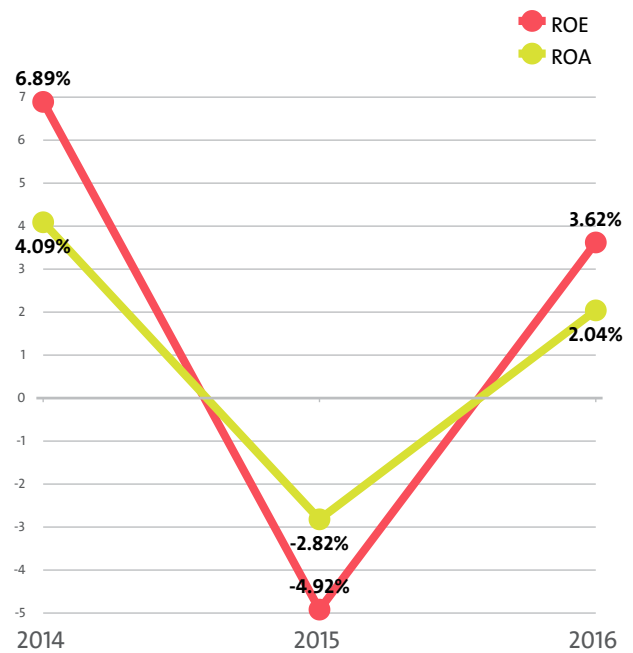
TOP COMPANIES BY HIGHEST NET LOSS IN EXTRACTION OF CRUDE PETROLEUM AND NATURAL GAS

RANK	COMPANY	RON
1	EXXONMOBIL EXPLORATION AND PRODUCTION ROMANIA LIMITED NASSAU (BAHAMAS) SUCURSALA BUCURESTI	577,330,839
2	LUKOIL OVERSEAS ATASH B.V., AMSTERDAM, OLANDA SUCURSALA BUCURESTI	72,970,448
3	PETROSANTANDER ROMANIA SRL	30,872,666

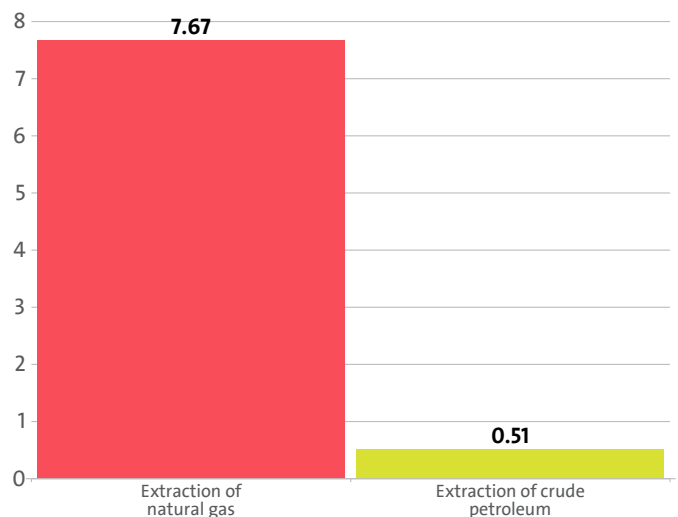
4	BLACK SEA OIL & GAS SRL	22,696,670
5	GAS PLUS INTERNATIONAL B.V. HAGA SUCURSALA BUCURESTI	14,823,924

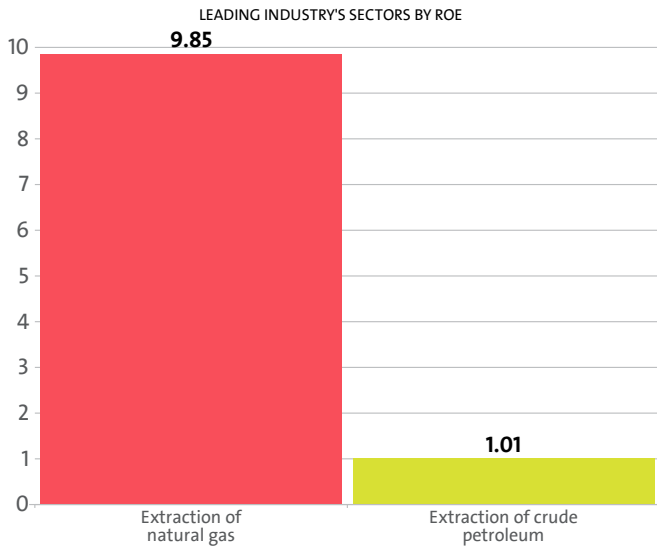
The Extraction of crude petroleum and natural gas industry's return on equity (ROE) is 3.62% compared to -4.92% in 2015 and 6.89% in 2014.

The Extraction of crude petroleum and natural gas's return on assets (ROA) was 2.04%, while in 2015 it amounted to -2.82% and 4.09% in 2014.



LEADING INDUSTRY'S SECTORS BY ROA





TOP COMPANIES BY HIGHEST AVERAGE NET PROFIT PER EMPLOYEE IN EXTRACTION OF CRUDE PETROLEUM AND NATURAL GAS

RANK	COMPANY	RON	COMPANY HEADQUARTERS (CITY)
1	BRENT EXPLORATION & PRODUCTION SRL	1,732,765	PRAHOVA
2	SNGN ROMGAZ SA	167,909	MEDIAS
3	ZETA PETROLEUM (ROMANIA) SRL	144,650	BUCHAREST
4	OMV PETROM SA	63,133	BUCHAREST
5	AMROMCO ENERGY SRL	43,454	PRAHOVA

The average net sales revenue per employee in the Extraction of crude petroleum and natural gas industry amounted to RON 761,571 in 2016, down by 5.27% compared to 2015 and down by 10.92% compared to 2014.

The Extraction of crude petroleum and natural gas sector generated an average RON 884,033 in total revenue per employee. In 2015 and 2014 the figure was RON 963,485 and RON 977,859, respectively.

The average total revenue per company in the Extraction of crude petroleum and natural gas industry decreased to RON 415,091,842 in 2016 from RON 477,322,827 in 2015. The 2014 value was RON 511,786,824.

A company in the Extraction of crude petroleum and natural gas sector made on average a net sales revenue of RON 357,590,590 in 2016, compared to RON 398,266,874 in 2015 and RON 447,452,497 in 2014.

The Extraction of crude petroleum and natural gas industry made 1.38% of the overall sales country-wide, decreasing its market share by 0.22 pp.

AVERAGE REVENUES PER EMPLOYEE IN EXTRACTION OF CRUDE PETROLEUM AND NATURAL GAS IN 2016

SECTOR	AVERAGE NET SALES REVENUE (RON)	AVERAGE TOTAL REVENUE (RON)	NUMBER OF EMPLOYEES
EXTRACTION OF NATURAL GAS	592,044	704,869	6,463
EXTRACTION OF CRUDE PETROLEUM	833,958	960,535	15,136

AVERAGE REVENUE PER COMPANY IN EXTRACTION OF CRUDE PETROLEUM AND NATURAL GAS IN 2016

SECTOR	AVERAGE NET SALES REVENUE (RON)	AVERAGE TOTAL REVENUE (RON)	NUMBER OF COMPANIES
EXTRACTION OF CRUDE PETROLEUM	420,759,632	484,621,776	30
EXTRACTION OF NATURAL GAS	239,148,637	284,723,217	16

The total indebtedness of the companies in the Extraction of crude petroleum and natural gas industry was RON 13,636,490,508 versus RON 11,398,445,122 a year ago. In 2014 the industry's indebtedness totalled RON 13,541,471,494.

INDUSTRY'S INDEBTEDNESS BY SECTORS (RON)

SECTOR	2016	2015	2014
EXTRACTION OF CRUDE PETROLEUM	11,295,501,309	9,295,857,517	11,238,648,635
EXTRACTION OF NATURAL GAS	2,340,989,199	2,102,587,605	2,302,822,859

Debt-to-assets ratio of the companies in the industry is 0.23 in 2016. It was 0.20 in 2015 and 0.22 in 2014.

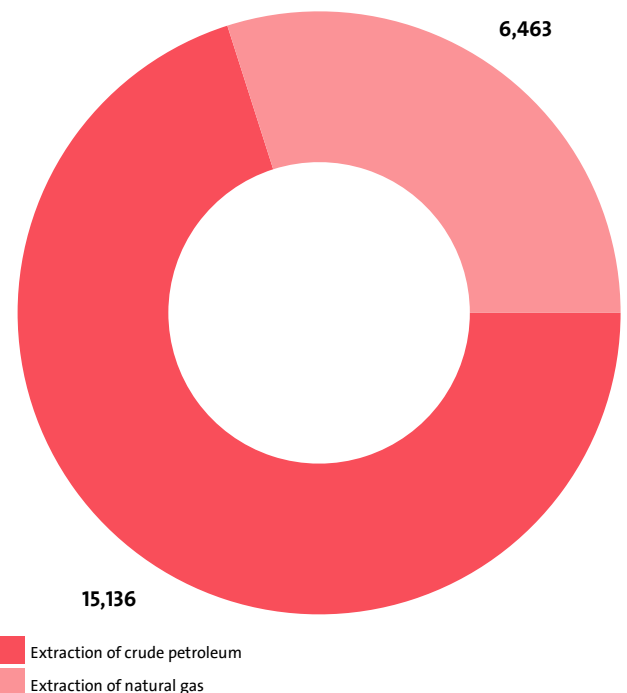
VI. EMPLOYMENT

A total of 21,599 people were employed in the Extraction of crude petroleum and natural gas market at the end of 2016, compared to 22,789 in 2015 and 25,122 in 2014.

NUMBER OF EMPLOYEES BY INDUSTRY SECTORS

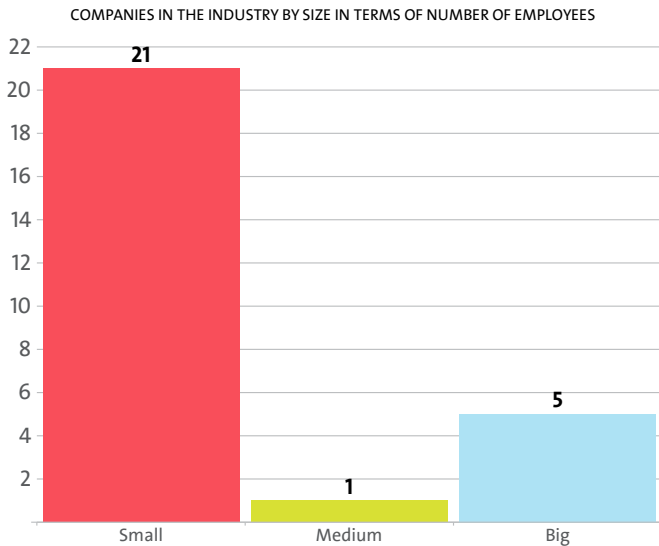
SECTOR	NUMBER	SHARE OF INDUSTRY TOTAL
EXTRACTION OF CRUDE PETROLEUM	15,136	70.08%
EXTRACTION OF NATURAL GAS	6,463	29.92%

ALLOCATION OF EMPLOYEES BY INDUSTRY'S SECTORS



The analysis on companies' sizes by the number of employees, shows that 21 firms have less than 50 employees*, 1 have between 50 and 250 employees* and 5 companies employ more than 250*.

* Companies without data in the number of employees at end of the year are not taken into consideration.



The employees of the leading 10 companies in terms of numbers make up 99.46% of the workforce in the industry in 2016.

TOP 10 COMPANIES BY SHARE IN INDUSTRY'S TOTAL NUMBER OF EMPLOYEES

RANK	COMPANY	NUMBER OF EMPLOYEES	SHARE
1	OMV PETROM SA	14,380	66.58%
2	SNGN ROMGAZ SA	6,102	28.25%
3	PETROSANTANDER ROMANIA SRL	306	1.42%
4	KMG ROMPETROL SERVICES CENTER SRL	259	1.20%
5	AMROMCO ENERGY SRL	252	1.17%
6	STRATUM ENERGY ROMANIA LLC WILMINGTON SUCURSALA BUCURESTI	65	0.30%
7	MIHOC OIL SRL	49	0.23%
8	GHINDA PRODCOM SRL	32	0.15%
9	R.F.D. OIL AND GAS SRL	19	0.09%
10	RAFFLES ENERGY SRL	18	0.08%

The Extraction of crude petroleum and natural gas industry is the 46th largest employer in the country with 21,599 employees with the largest employer being Retail trade, except of motor vehicles and motorcycles with 437,697 and Activities of extraterritorial organisations and bodies at the bottom with 1 employees.

We expect, based on the trend in the last three years, the number of employees of the Extraction of crude petroleum and natural gas industry to change at a compound annual growth rate (CAGR) of -7.28% in 2017.

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