

OMV Petrom Q1/18 Results

May 3, 2018



OMV Petrom

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Key messages Q1/18



Free cash flow of RON 729 mn

Clean CCS Operating Result at RON 958 mn

Clean CCS EPS up 28% yoy

Q1/18 LTIR¹ at 0.38 (Q1/17: 0.17)



Upstream: production 162 kboe/d, -5% yoy; OPEX USD 11.89/boe, +13% yoy



Downstream Oil: refining margins USD -1.0/bbl yoy; retail sales volumes +1% yoy



Downstream Gas: gas sales volumes -8% yoy; net electrical output +19% yoy

¹ Lost time injury rate (employees and contractors) for OMV Petrom Group

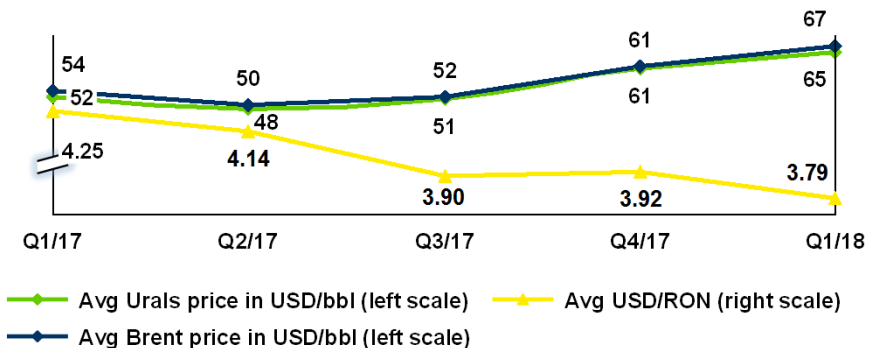


Economic environment

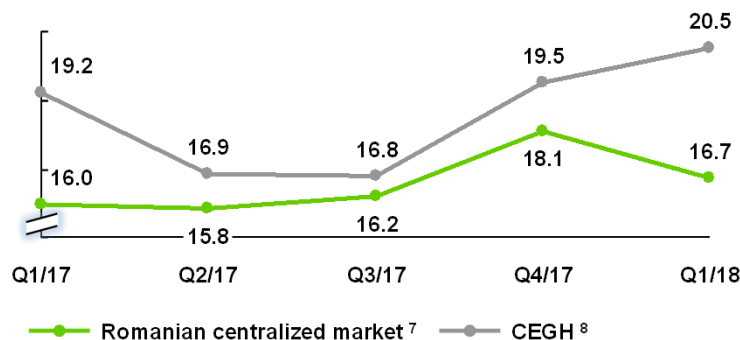
Romania

- ▶ Q4/17 GDP growth¹: 6.9% yoy; Q1/18 CPI¹: 5% yoy
- ▶ Demand Q1/18 yoy: Fuels²: +1.8%; Gas³: stable; Power⁴: +3%
- ▶ Offshore Law in approval process; expected new draft Royalty Law
- ▶ Updated gas royalties methodology
- ▶ Supplementary gas taxation⁵ extended indefinitely

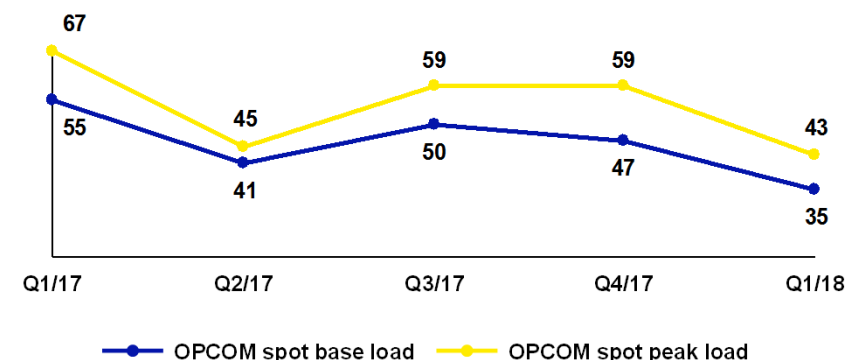
Oil price (USD/bbl) and FX (USD/RON)



Gas prices⁶ (EUR/MWh)



Power prices in Romania⁶ (EUR/MWh)



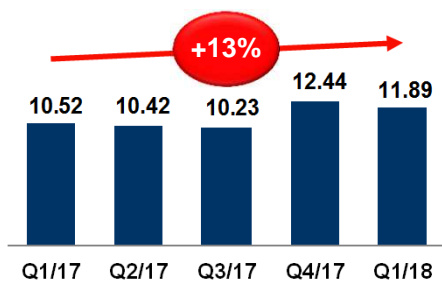
¹ Romanian National Institute of Statistics; ² Fuels refer only to retail diesel and gasoline; OMV Petrom estimates based on Romanian National Institute of Statistics data; ³ According to company estimates; ⁴ According to preliminary data available from the grid operator; ⁵ Introduced at the beginning of 2013 simultaneously with the start of gas price liberalization; ⁶ Prices estimated by OMV Petrom based on available public information; the prices in EUR/MWh are translated at the exchange rate 4.5 RON/EUR until Q1/17 and at the NBR average RON/EUR rate afterwards; ⁷ All transactions concluded in the respective quarter, irrespective of delivery period and product type; ⁸ Day-ahead market Central European Gas Hub



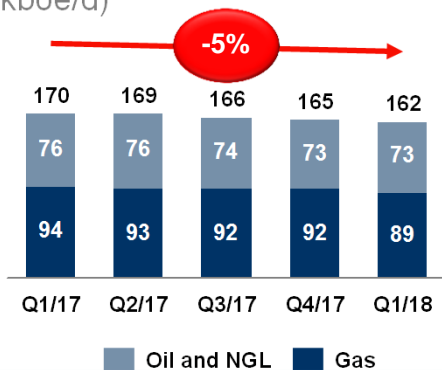
Operational KPIs

Upstream

OPEX (USD/boe)

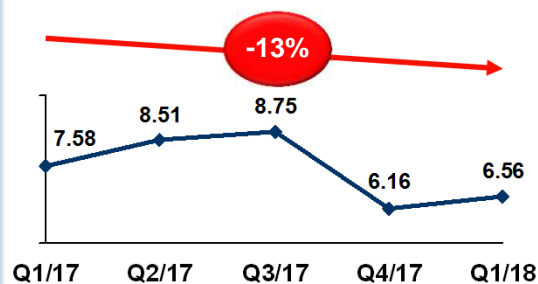


Hydrocarbon production (kboe/d)

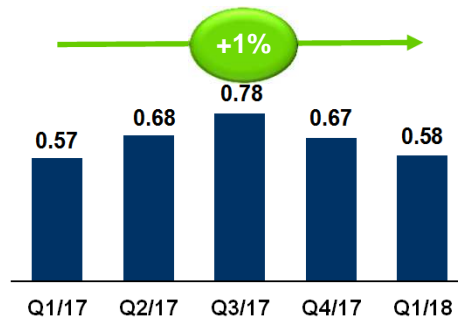


Downstream Oil

OMV Petrom Indicator refining margin (USD/bbl)

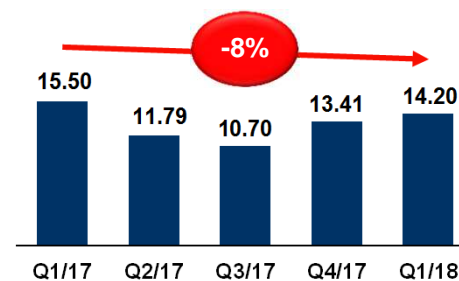


Retail sales volumes (mn t)

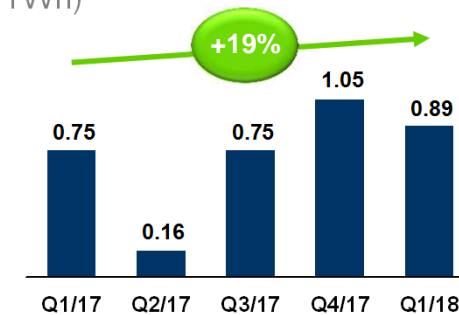


Downstream Gas

Gas sales volumes (TWh)



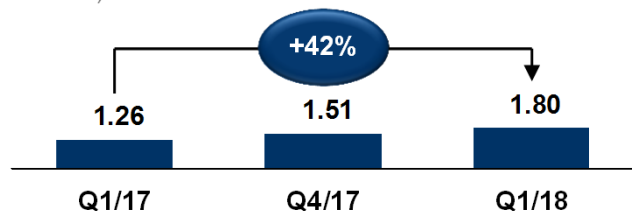
Net electrical output (TWh)



Cash Flow highlights

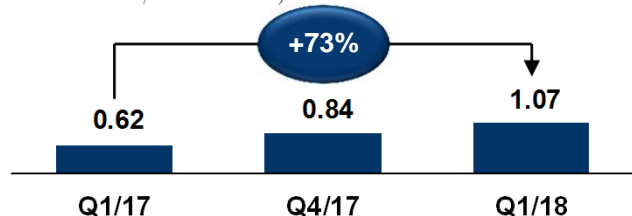
Operating Cash Flow

(RON bn)



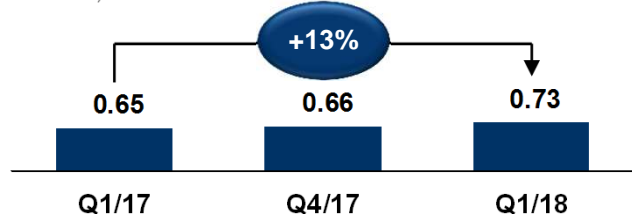
Investing Cash Flow

(net outflow, RON bn)



Free Cash Flow

(RON bn)



- ▶ Q1/18 OCF¹ up due to higher Operating Result
- ▶ Q1/18 NWC²: cash inflow RON 22 mn
- ▶ Q1/17 NWC²: cash outflow RON 176 mn
- ▶ Q1/18 CAPEX more than double yoy
- ▶ CFI³ following CAPEX trend
- ▶ Q1/18 FCF⁴ reflects OCF favourable development and is impacted by higher CFI

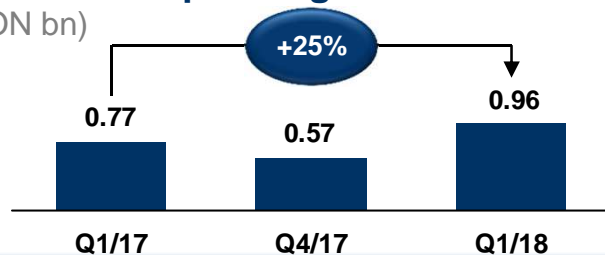
¹ Operating Cash Flow; ² Net Working Capital; ³ Cash flow from investing activities; ⁴ Free Cash Flow



Income Statement highlights

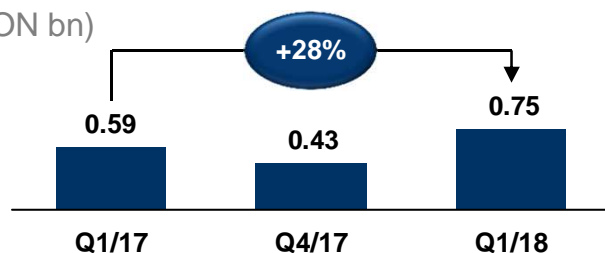
Clean CCS Operating Result

(RON bn)



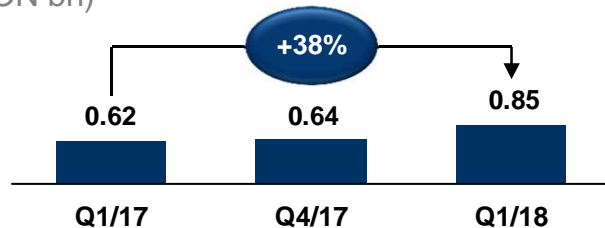
Clean CCS Net Income¹

(RON bn)



Net Income¹

(RON bn)



- ▶ Clean CCS Operating Result reflects:
 - ▶ Market conditions (prices, demand)
 - ▶ Strict cost discipline
 - ▶ Lower exploration expenses

- ▶ Clean CCS Net Income higher:
 - ▶ Effective tax rate 16% in Q1/18 (17% in Q1/17)
 - ▶ Marginally higher net financial loss

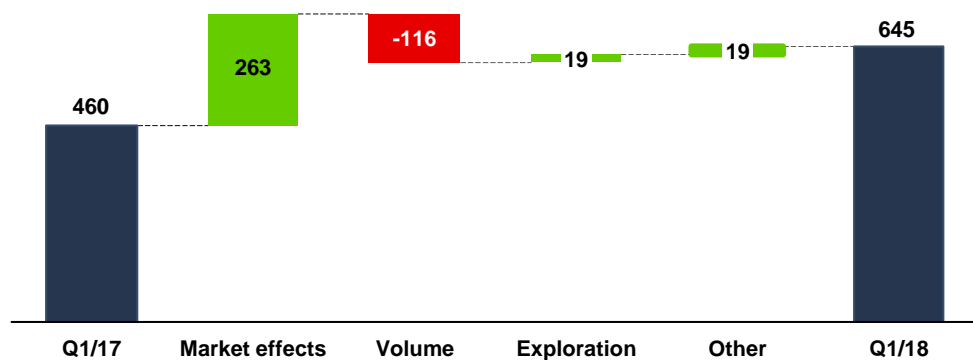
- ▶ Net Income includes:
 - ▶ Special income
 - ▶ CCS effects (inventory holding gains)

¹ Attributable to stockholders of the parent



Upstream Clean Operating Result supported by higher realized prices

Upstream Clean Operating Result
(RON mn)

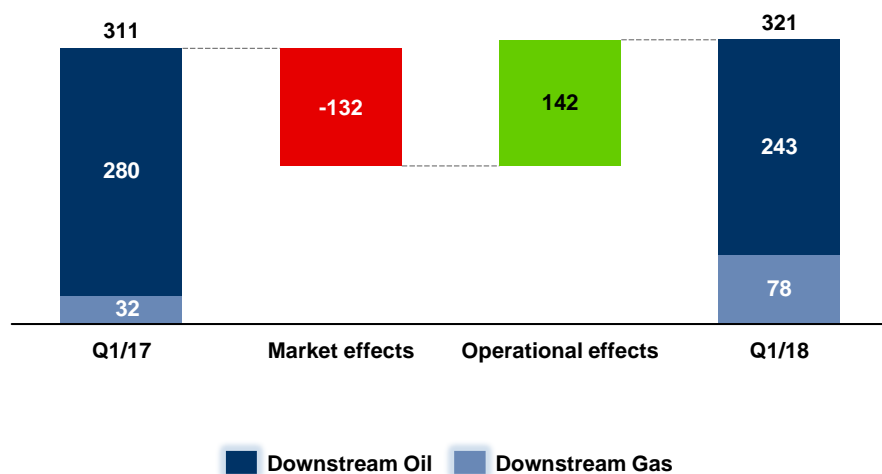


Key drivers Q1/18 vs. Q1/17

- ▶ Higher realized oil prices, +27%
- ▶ Lower total production costs
- ▶ Lower exploration expenses
- ▶ Negative FX development
- ▶ Sales volumes -6%

Downstream Clean CCS Operating Result: operational performance offset market effects

Downstream Clean CCS Operating Result (RON mn)

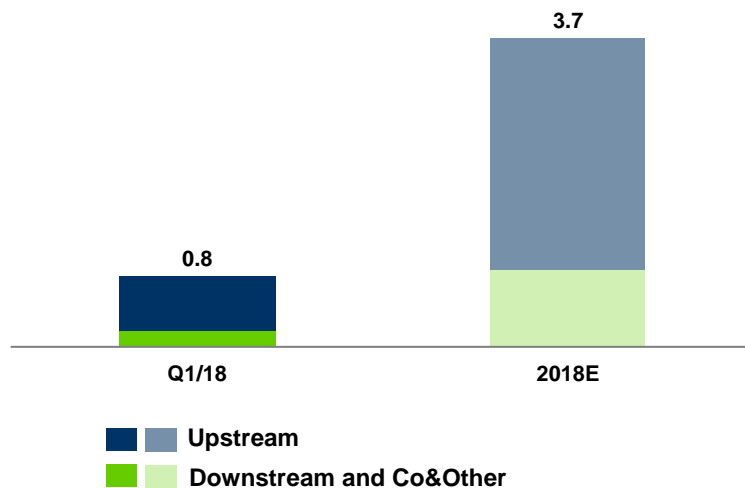


Key drivers Q1/18 vs. Q1/17

- ▶ Improved power business
- ▶ Higher fuel sales following increased retail demand
- ▶ Lower refining margins
- ▶ Lower spark spreads
- ▶ Lower gas sales

CAPEX and E&A

Group CAPEX incl. capitalized E&A (RON bn)



CAPEX incl. capitalized E&A

- ▶ **Q1/18** at RON 0.8 bn:
 - ▶ 22 new wells and sidetracks drilled
 - ▶ ~230 workovers performed
- ▶ **2018E maintained** at RON 3.7 bn:
 - ▶ Drilling >100 development wells and sidetracks
 - ▶ ~1,000 workovers
 - ▶ Refinery turnaround; Polyfuel project
 - ▶ Planned partial shut-down Brazi power plant

E&A expenditure

- ▶ 2 wells spudded in Q1/18
- ▶ 2 wells in testing
- ▶ 2018E exploration expenditure RON ~230 mn

Outlook 2018

Indicators	Actual 2017	Assumptions/Targets 2018
Brent oil price	USD 54/bbl	USD 68/bbl (previous: USD 60/bbl)
Refining margin	USD 7.75/bbl	<USD 7.75/bbl
Production	168 kboe/d	~ -4% yoy ¹
CAPEX	RON 3.0 bn	RON 3.7 bn
FCF after dividends	RON 2.7 bn	positive

¹ Not including portfolio optimization initiatives



Q&A

