OMV Petrom Q2/18 Results

August 2, 2018
Christina Verchere, CEO

OMV Petrom

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Key messages Q2/18

Financial performance

Operating Cash Flow
RON 1.4 mn

Clean CCS Operating result
RON 735 mn

Clean CCS ROACE
9.5%

Operational drivers

Production 160 kboe/d, -5% yoy
OPEX USD 11.7/boe, +12% yoy

Petrobrazi turnaround successfully completed
Retail sales volumes +1% yoy; non-retail sales volumes -26% yoy

Gas sales volumes -11% yoy
Higher net electrical output

HSSE

LTIR[1] 6m/18: 0.34

12-month rolling average LTIR[1] below industry benchmark

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

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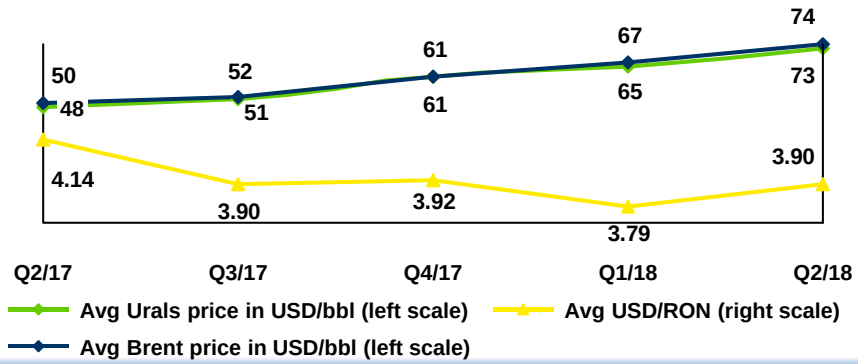
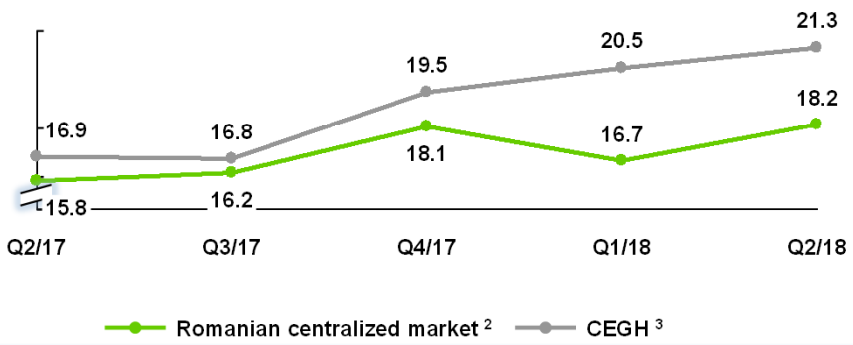
Economic environment

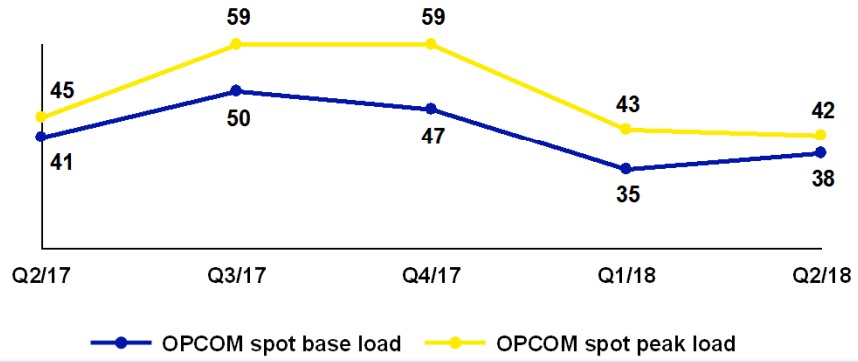
Oil price (USD/bbl)



Gas prices[1] (EUR/MWh)



Power prices in Romania[1] (EUR/MWh)



Romania

- **GDP growth**[4] Q1/18**:** 4.2% yoy; **CPI**[4]: June 18/June 17 +5.4%; Q2/18 +1.03%
- **Demand Q2/18 yoy:** Fuels[5] +1.7%; Gas[6] -9%; Power[7] +1%
- **Offshore Law** approved
- **Energy Law** amended

[1] Prices estimated by OMV Petrom based on available public information; the prices in EUR/MWh are translated at the NBR average RON/EUR rate; [2] All transactions concluded in the respective quarter, irrespective of delivery period and product type; [3] Day-ahead market Central European Gas Hub; [4] Romanian National Institute of Statistics; [5] Fuels refer only to retail diesel and gasoline; OMV Petrom estimates based on Romanian National Institute of Statistics data; [6] According to Romanian Energy Regulatory Agency reports until April 2018 and company estimates; [7] According to preliminary data available from the grid operator

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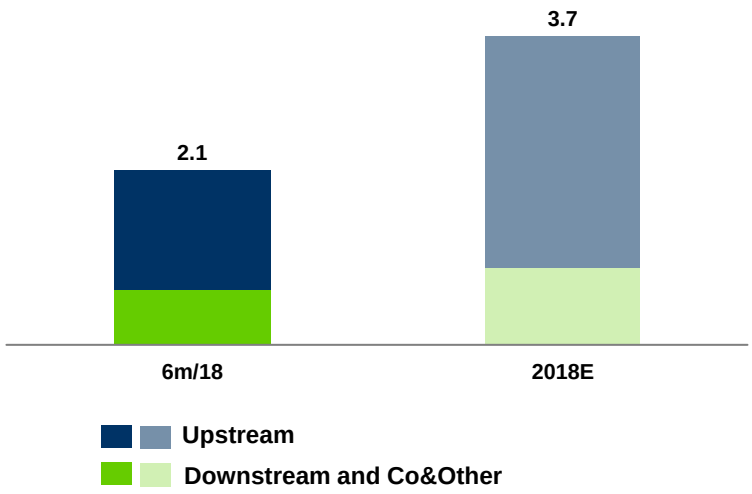
CAPEX and E&A

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



CAPEX incl. capitalized E&A

- **6m/18** at RON 2.1 bn:
  - 45 new wells and sidetracks drilled
  - ~470 workovers performed
  - Refinery turnaround
  - Brazi power plant partial shut-down
- **2018E maintained** at RON 3.7 bn:
  - Drilling >100 development wells and sidetracks
  - ~1,000 workovers
  - Polyfuel project

E&A expenditure

- 3 wells spudded in 6m/18
- 3 wells in testing
- 2018E exploration expenditure RON ~460 mn

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August 2, 2018
Stefan Waldner, CFO

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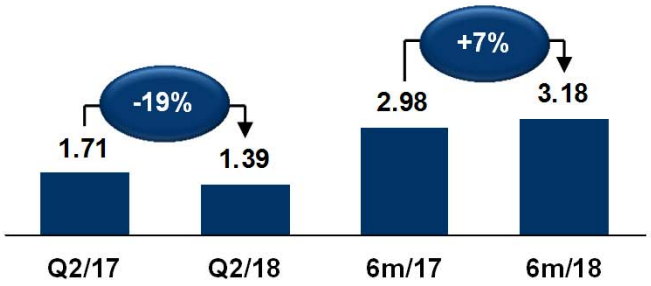
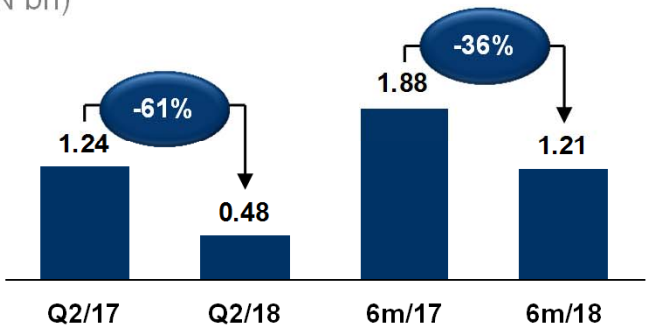
Cash Flow highlights

Operating Cash Flow
(RON bn)



- Q2/18 OCF[1] down due to lower Operating Result
- Q2/18 NWC[2]: cash outflow RON 76 mn
- Q2/17 NWC[2]: cash inflow RON 275 mn

Free Cash Flow
(RON bn)



- Q2/18 CAPEX more than double yoy
- CFI[3] following CAPEX trend
- Dividends paid in Q2/18: RON 1.1 bn

[1] Operating Cash Flow; [2] Net Working Capital; [3] Cash flow from investing activities

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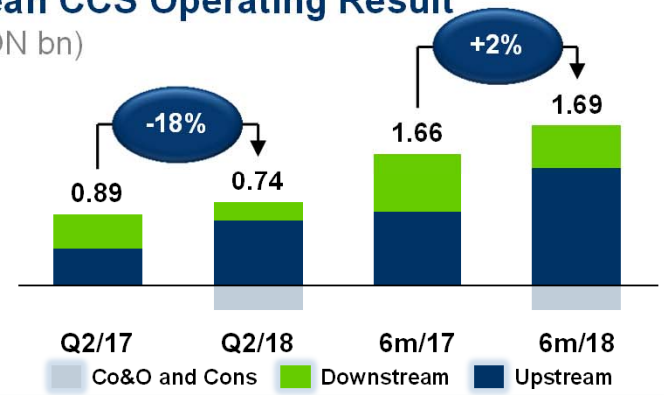
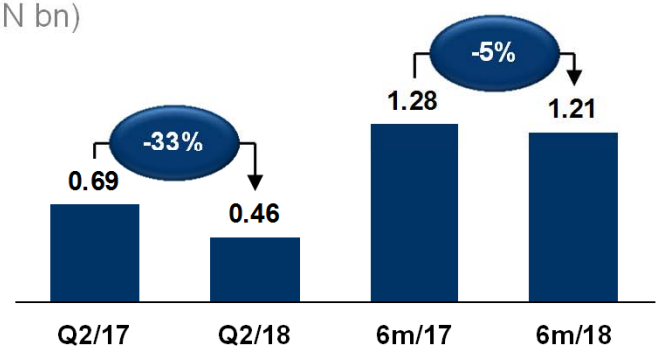
Income Statement highlights

Clean CCS Operating Result
(RON bn)



- Clean CCS Operating Result reflects:
  - Favorable commodities prices
  - Petrobrazi turnaround
  - RON 73 mn insurance revenues booked in Q2/17
  - Consolidation reflects mainly crude oil stocks due to Petrobrazi turnaround

Clean CCS Net Income[1]
(RON bn)



- Clean CCS Net Income lower:
  - Higher net financial loss
  - Effective tax rate 23% in Q2/18 (17% in Q2/17)

[1] *Attributable to stockholders of the parent*

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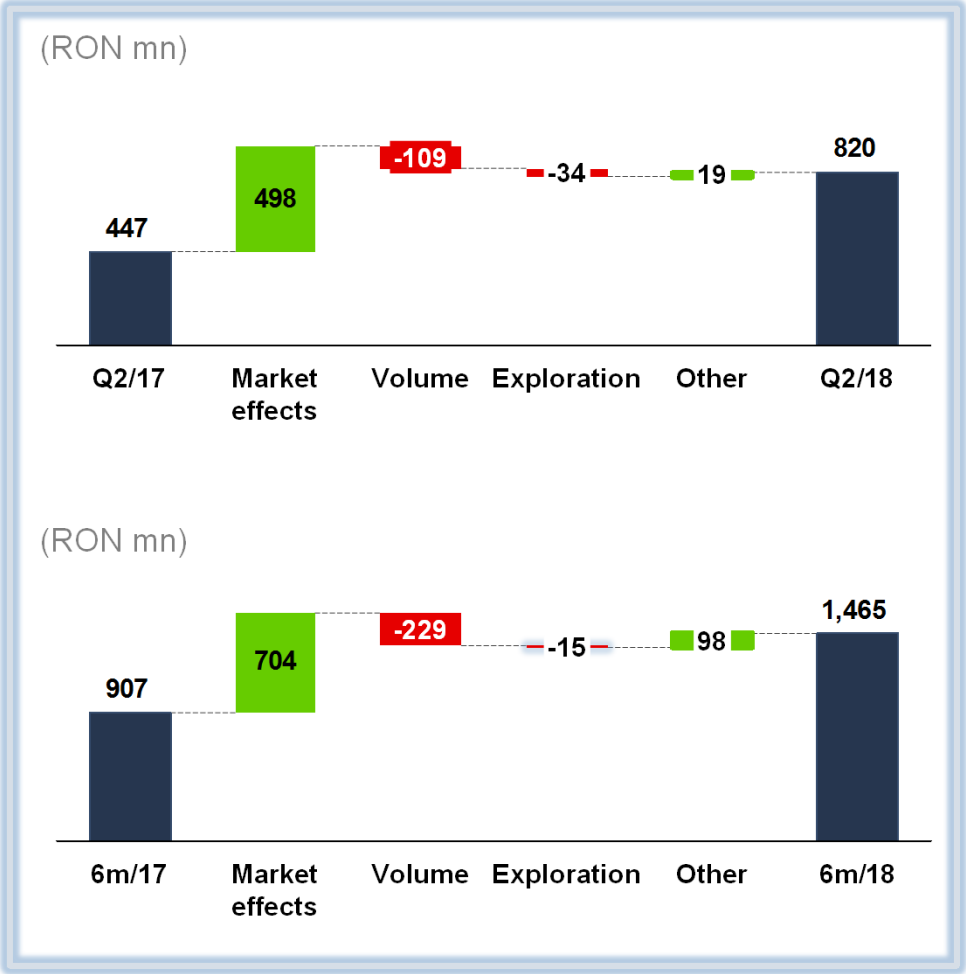
Upstream Clean Operating Result



- Higher realized oil prices
- Lower total production costs

- Negative FX development
- Sales volumes -6%
- Higher exploration expenses

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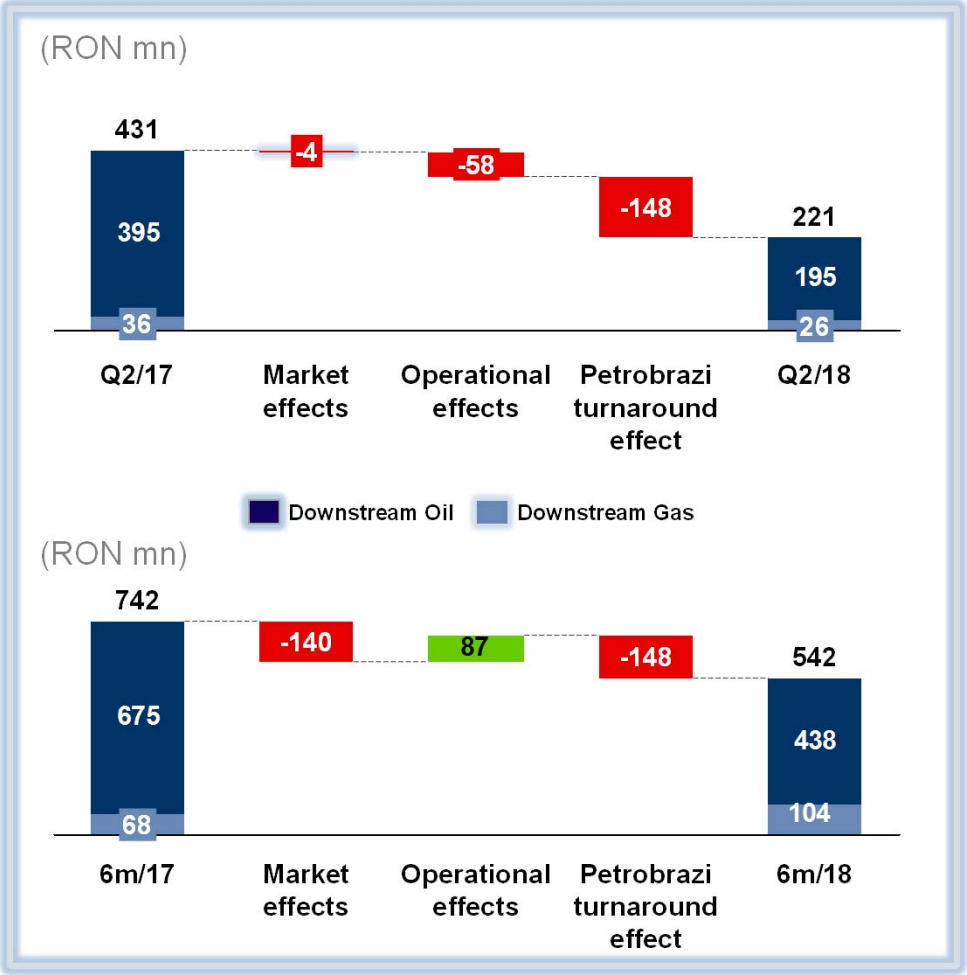
Downstream Clean CCS Operating Result



- Higher Brazi power plant availability
- Positive realized contribution from forward contracts

- Lower refining margins
- Lower refined product sales due to Petrobrazi turnaround
- Lower spark spreads
- Lower gas sales volumes
- 2017 included RON 73 mn insurance revenues

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Outlook 2018

Indicators	Actual 2017	Assumptions/Targets 2018
Brent oil price	USD 54/bbl	USD 70/bbl (previous: USD 68/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*

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Q&A

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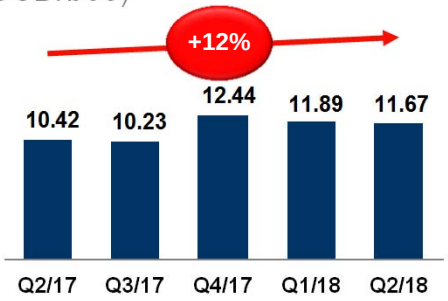
Backup

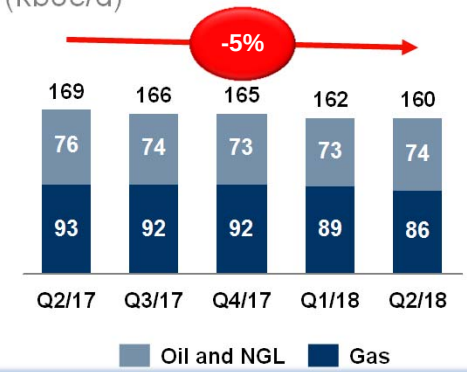
Operational KPIs

Upstream

OPEX
(USD/boe)

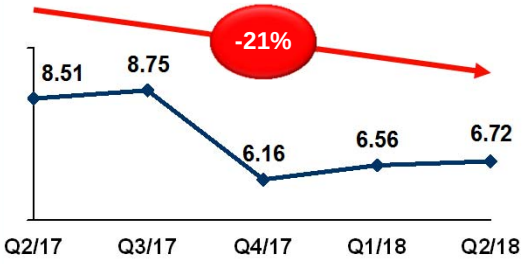


Hydrocarbon production
(kboe/d)

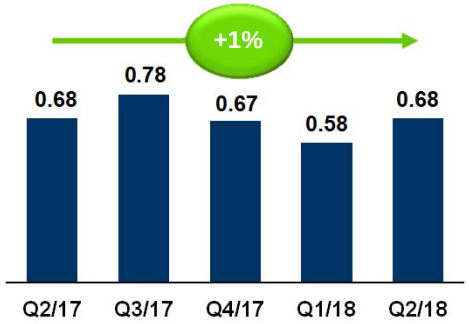


Downstream Oil

OMV Petrom Indicator refining margin (USD/bbl)

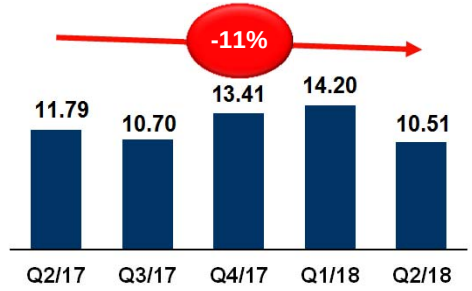


Retail sales volumes (mn t)



Downstream Gas

Gas sales volumes
(TWh)



Net electrical output
(TWh)

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