

OMV Petrom Romanian Investors and Analysts Event

May 13, 2019



OMV Petrom S.A.



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The energy for a better life.

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Agenda

9:45 – 10:00 Registration and welcome coffee

10:00 – 12:00	Strategic Highlights	Christina Verchere, CEO
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Upstream priorities	Peter Zeilinger, EB member
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Downstream Oil priorities	Radu Căprău, EB member
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Downstream Gas priorities	Franck Neel, EB member
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Q1/19 Results	Christina Verchere, CEO Alina Popa, CFO
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Q&A session	www.sli.do: #B885
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12:00 – 13:00 Lunch & networking

Progress towards achieving strategic objectives

Strong performance and attractive shareholder return

Enhancing competitiveness



- Intensive drilling campaign
- Continuous optimization of the producing portfolio
- Increase operational efficiency

Developing growth options



- Progressing Neptun Deep project
- Polyfuel project in refinery
- Auchan partnership in retail
- Higher throughput per filling station

Regional expansion



- Assessment of growth opportunities in selected core regions

2018 Highlights

- Capital expenditure RON 4.3 bn
- Clean CCS ROACE 14.3%
- FCF after dividends RON 2 bn
- Dividend growth 35% yoy
- Total shareholder return 11.5%

Upstream:

Focus on the most profitable barrels



Enhance competitiveness

- ▶ Value over volume approach
- ▶ Simplify footprint and reduce complexity
- ▶ Further modernize and increase the run life of our equipment
- ▶ Apply innovative techniques to maximize recovery

**Our HSSE vision:
ZERO Harm – NO Losses**

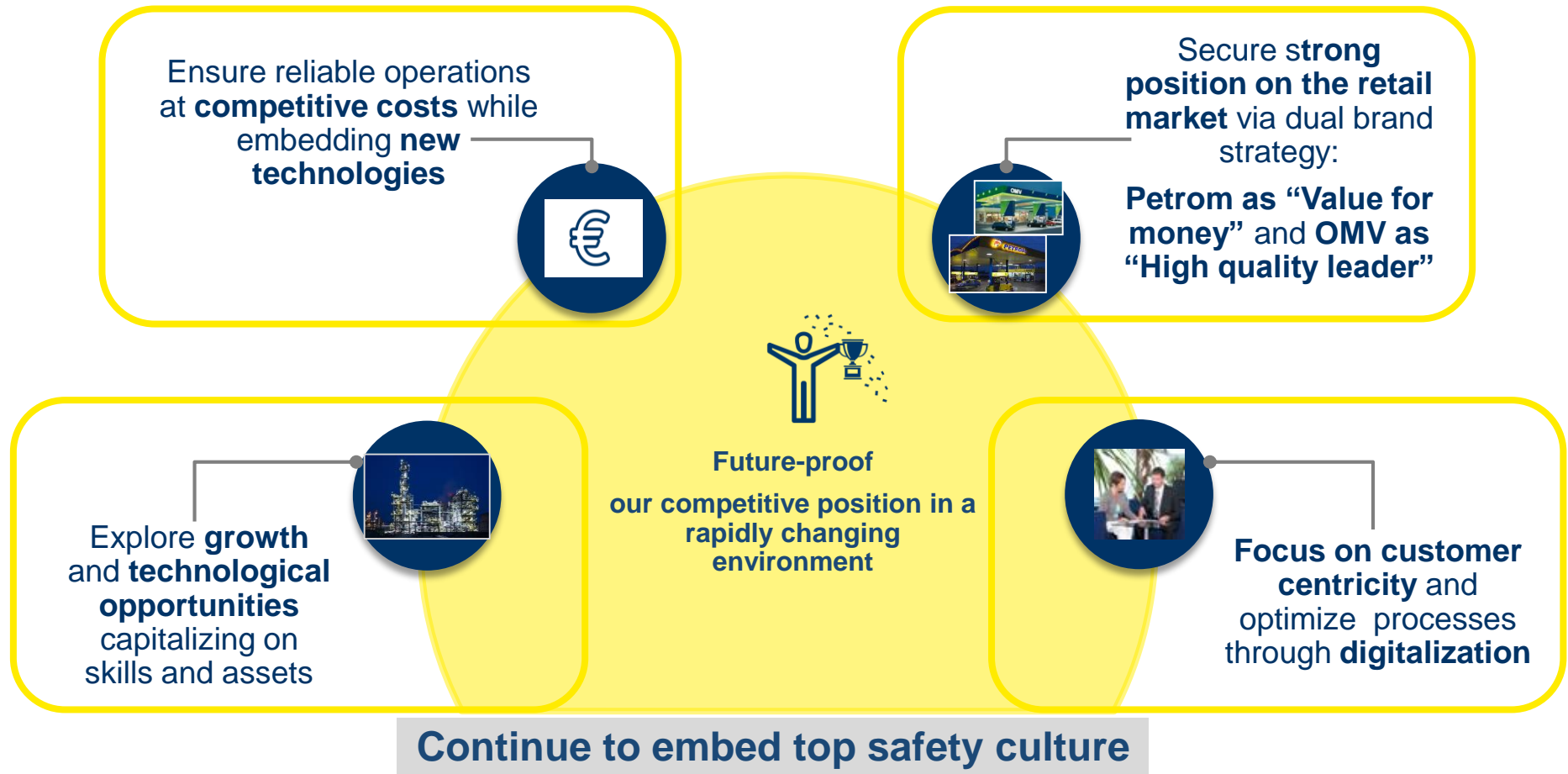
Developing growth options

- ▶ Drill 100 - 150 new wells per year
- ▶ Mature 100 mn boe from resources to reserves, excluding deep water
- ▶ Develop Black Sea opportunity



Downstream Oil:

Be the Downstream Oil champion in the region



Downstream Gas:

Increase value captured from market opportunities

Maintain
the leading position
on the Romanian gas market
and
pursue growth directions



- ✓ Clean safety record
- ✓ Capitalize on assets, existing footprint and skills
- ✓ Adapt business model to the new regulatory framework
- ✓ Cost discipline



- ▶ Improve agility, automate processes
- ▶ Develop origination and trading activities



- ▶ Grow power sales to end customers
- ▶ Maximize availability of Brazi power plant



- ▶ Pursue development on new markets

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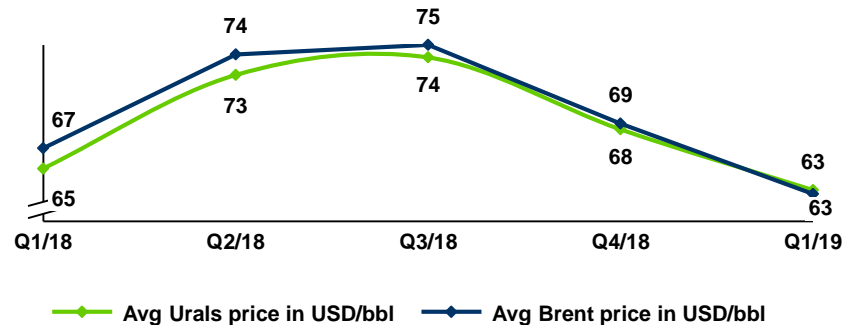
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Q&A session [www.sli.do: #B885](https://www.sli.do/#B885)

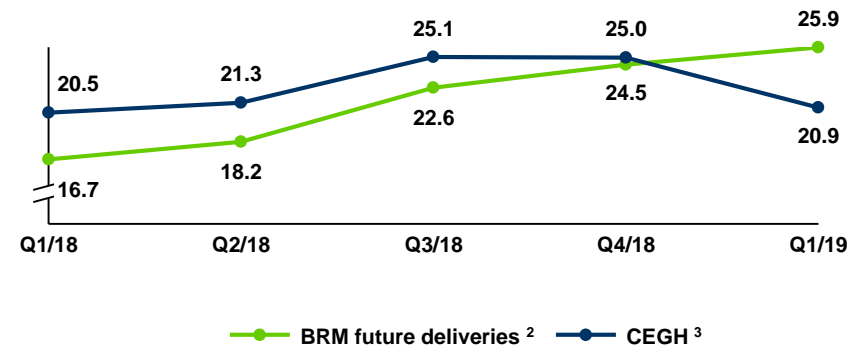
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Economic environment

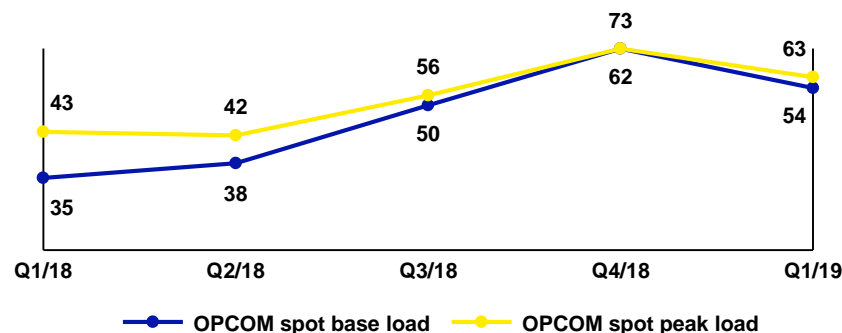
Oil price (USD/bbl)



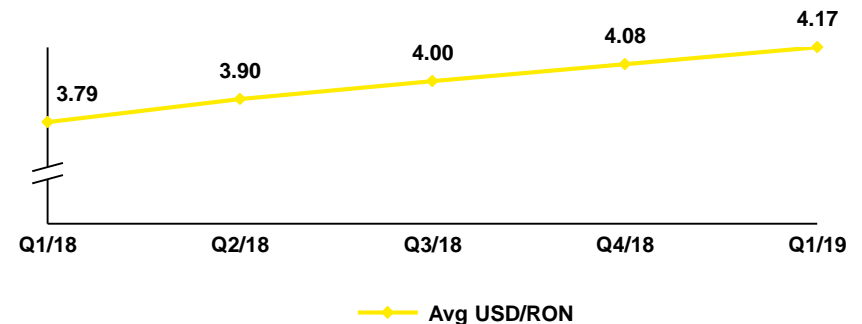
Gas prices (EUR/MWh)¹



Power prices in Romania (EUR/MWh)¹



FX (RON/USD)



¹ Prices translated at NBR average RON/EUR rate; ² All transactions with future delivery concluded on the Romanian commodities exchange (BRM) in the respective quarter; includes various products in terms of storage costs, flexibility and timing; ³ Day-ahead market Central European Gas Hub

Romanian environment

Macroeconomic environment

Provisional 2018 GDP growth¹:
+4.1% yoy;

Q4/18 GDP growth¹: +4.0% yoy

CPI annual inflation: Q1/19:
2.1%; Mar 19/Mar 18: 4.0%

Demand:	2018 yoy	Q1/19 yoy
Fuels²	+1.6%	+6.2%
Gas³	stable	-4%
Power⁴	+2%	-3%

Fiscal framework

**GEO 114/2018 amended by
GEO 19/2019:**

- gas price cap for households⁵: RON 68/MWh
- regulated power price for households
- 2% fee on gas and power operations ⁶
- 0.5% supplementary tax on crude revenues extended

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 For gas supplied to households and district heating companies supplying households; ⁶ The basis for this fee is calculated according to ANRE regulations

Key messages Q1/19

Financial performance



Operating Cash Flow
RON 1.5 bn



Clean CCS Operating result
RON 1.2 bn



Clean CCS ROACE
15.2%

Strategic Milestones



Portfolio optimization:

- ▶ Transfer of 9 marginal fields to Mazarine Energy Romania closed in March
- ▶ Divestment process for further fields ongoing



Polyfuel:

- ▶ Production started in March
- ▶ Innovative technology used to convert LPG into gasoline and diesel

HSSE

LTIR¹ Apr 18 – Mar 19: 0.23

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

Operational KPIs

Upstream

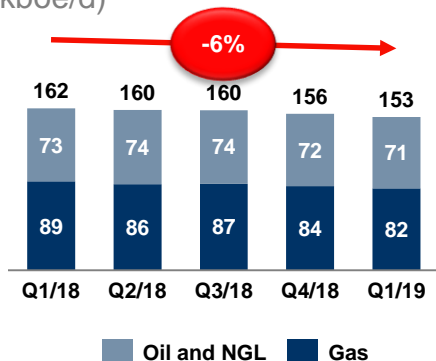
OPEX

(USD/boe)



Hydrocarbon production

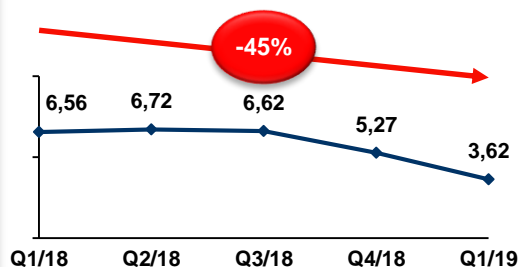
(kboe/d)



Downstream Oil

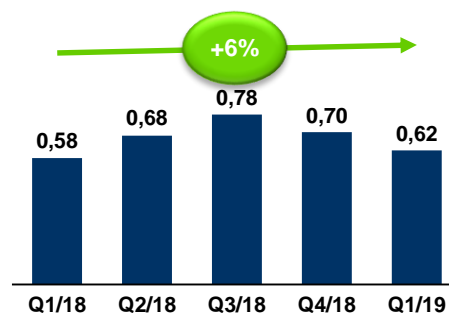
OMV Petrom Indicator

refining margin (USD/bbl)



Retail sales volumes

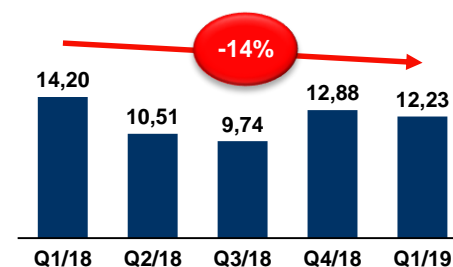
(mn t)



Downstream Gas

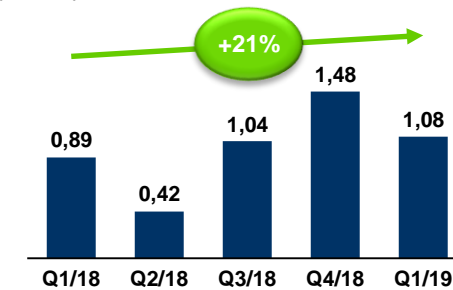
Gas sales volumes

(TWh)



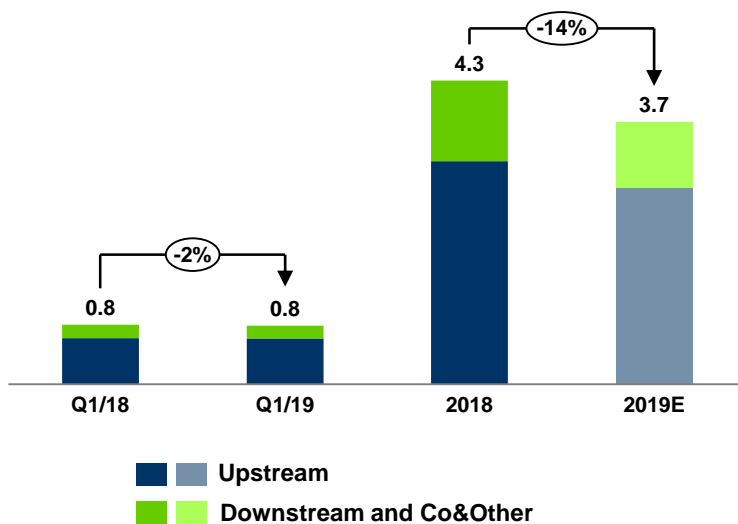
Net electrical output

(TWh)



CAPEX and E&A

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



CAPEX incl. capitalized E&A

► Q1/19 at RON 0.8 bn:

- 21 new wells and sidetracks drilled
- 244 workovers performed
- compliance projects in refining

2019E RON ~3.7 bn:

- Drilling ~100 wells and sidetracks
- Maintain a constant level of workovers yoy

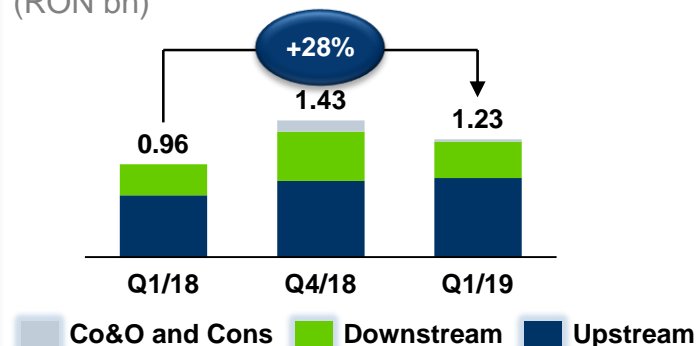
E&A

- 2 wells spudded in Q1/19
- 2 wells in experimental production
- Testing completed for 1 well
- 2019E exploration expenditure RON ~0.4 bn

Income Statement highlights

Clean CCS Operating Result

(RON bn)

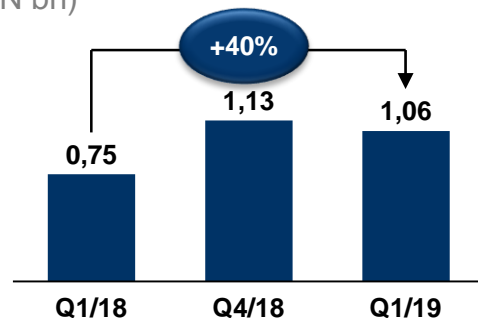


► Clean CCS Operating Result reflects:

- Favorable commodities prices and FX development
- Higher sales volumes of fuels and electricity
- Lower exploration expenses

Clean CCS Net Income¹

(RON bn)



► Financial result reflects:

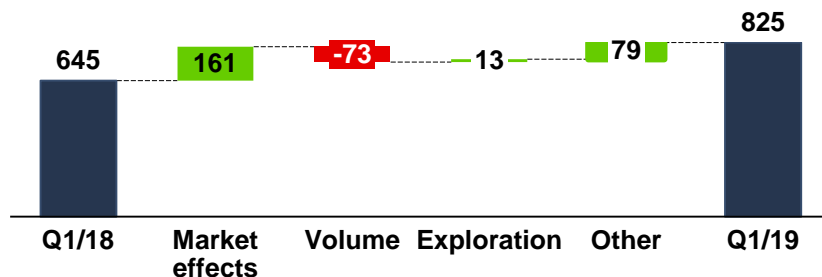
- Higher interest income
- Favourable FX effects

¹ Attributable to stockholders of the parent

Clean CCS Operating Result

Upstream

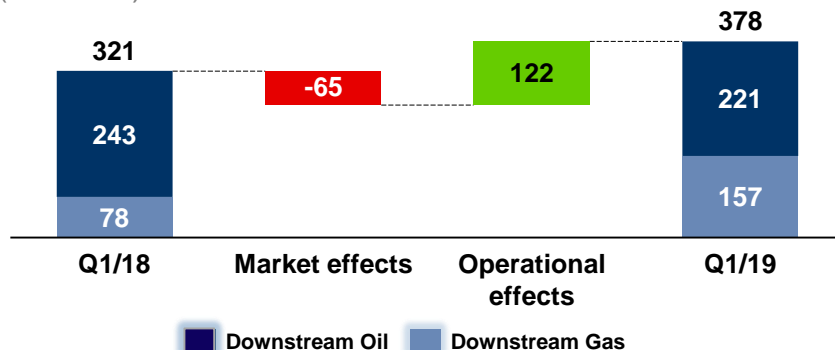
(RON mn)



- Higher realized gas prices
- Favourable FX
- Clarification of a tax topic
- Lower exploration expenses
- Sales volumes -5%

Downstream

(RON mn)

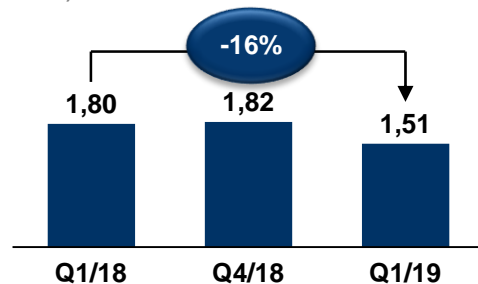


- 96% refining utilization rate
- Refined products sales +5%
- Higher electrical output
- Lower refining margins
- Lower gas sales volumes

Cash Flow highlights

Operating Cash Flow

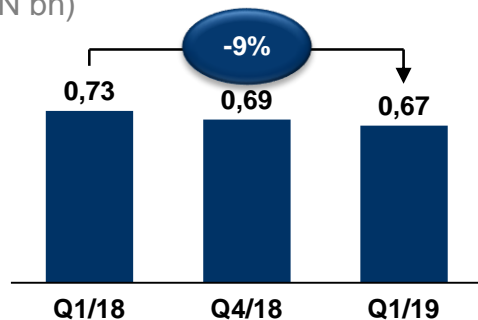
(RON bn)



- ▶ Q1/19 Net working capital: cash outflow RON 188 mn
- ▶ Higher cash outflow for profit tax yoy, RON ~160 mn

Free Cash Flow

(RON bn)



- ▶ Q1/19 OCF¹ -16% yoy
- ▶ Q1/19 CAPEX -2% yoy
- ▶ Q1/19 CFI² -21% yoy

¹ Operating Cash Flow; ² Cash flow from investing activities

Outlook 2019

Indicators	Actual 2018	Assumptions/Targets 2019
Brent oil price	USD 71/bbl	USD 65/bbl
Refining margin	USD 6.28/bbl	USD <6.00/bbl (previously USD ~6.28/bbl)
Production	160 kboe/d	~ -5% yoy ¹
CAPEX	RON 4.3 bn	RON 3.7 bn
FCF after dividends	RON 2.0 bn	positive

¹ Not including portfolio optimization

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Q&A Session

Join online:

www.sli.do: #B885

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