



# OMV Petrom Q3/19 Results Christina Verchere, CEO

October 30, 2019

OMV Petrom S.A.



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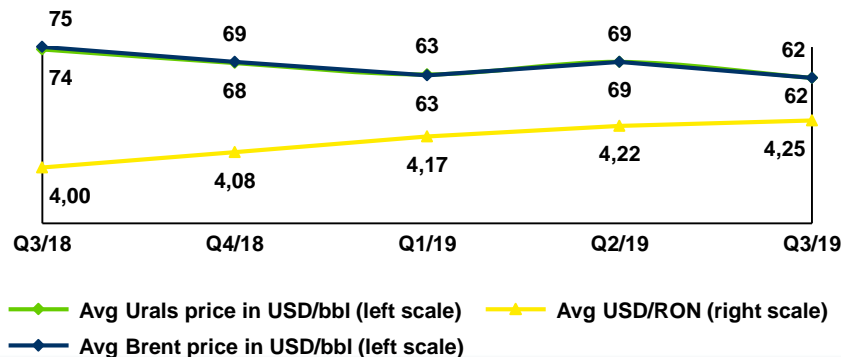
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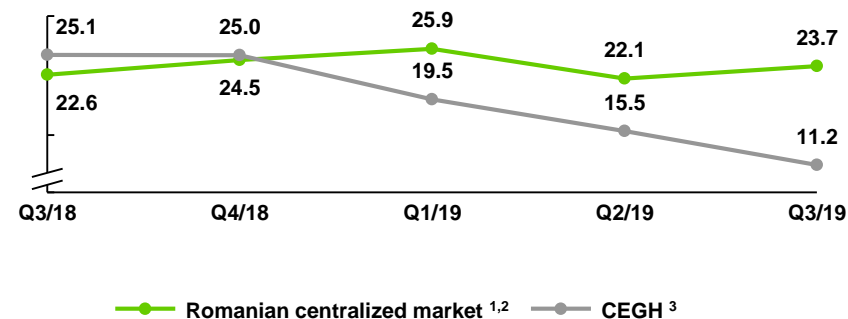
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# Economic environment

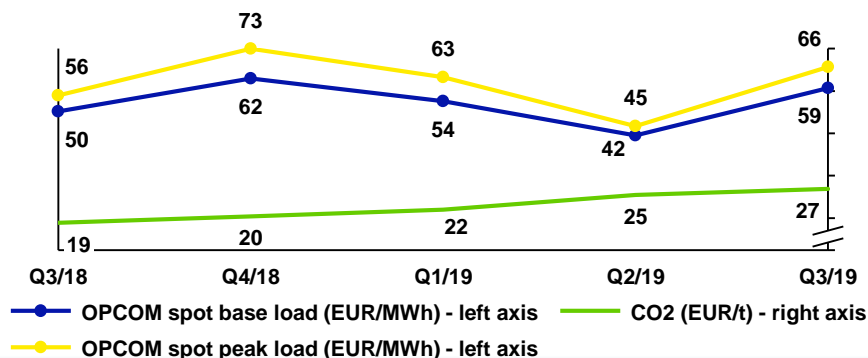
## Oil price (USD/bbl)



## Gas prices (EUR/MWh)



## Power prices in Romania<sup>1</sup> and CO<sub>2</sub> prices



## Romania

- **GDP growth<sup>4</sup> Q2/19:** 4.5% yoy; **CPI<sup>4</sup>:** Sep 19/Sep 18 +3.49%
- **Demand Q3/19 yoy:** Fuels<sup>5</sup> +6.5%; Gas<sup>6</sup> -3%; Power<sup>7</sup> stable
- **Demand 9m/19 yoy:** Fuels<sup>5</sup> +5.9%; Gas<sup>6</sup> -3%; Power<sup>7</sup> -1%
- **Amendments to oil and gas legislation under discussion**

<sup>1</sup> Prices translated at NBR average RON/EUR rate; <sup>2</sup> All transactions concluded on the Romanian commodities exchanges (BRM and OPCOM) in the respective quarter; includes various products in terms of storage costs, flexibility and timing; <sup>3</sup> Day-ahead market Central European Gas Hub; <sup>4</sup> Romanian National Institute of Statistics (INS); <sup>5</sup> Fuels refer only to retail diesel and gasoline; Company estimates based on INS data; <sup>6</sup> Company estimates; <sup>7</sup> Preliminary data from the grid operator



# Key messages Q3/19

## Financial performance



### Clean CCS Operating result

RON 1.2 bn



### Operating Cash Flow

RON 2.1 bn



### Clean CCS ROACE

14.7%

## Operational highlights



### Upstream:

- ▶ Workovers and new wells and sidetracks partly compensated natural decline
- ▶ New shallow offshore drilling campaign progressing
- ▶ Well 4461 Totea South started experimental production

### Downstream Oil:

- ▶ Excellent operational performance, increased market demand

### Downstream Gas:

- ▶ Good performance triggered by high gas volumes sold

## Strategic Project



### Neptun Deep:

- ▶ Recent initiatives to amend key oil and gas legislation are a step forward
- ▶ Committed to dialogue with the authorities on the way forward

## HSSE

LTIR<sup>1</sup> Oct 2018 – Sep 2019: 0.30

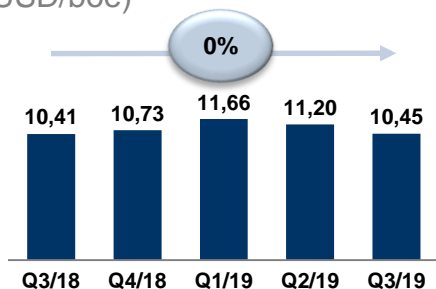
<sup>1</sup> Lost time injury rate (employees and contractors) for OMV Petrom Group

# Operational KPIs

## Upstream

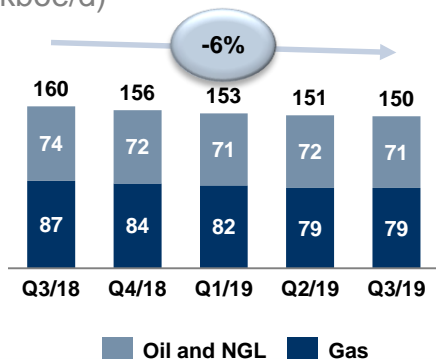
### OPEX

(USD/boe)



### Hydrocarbon production

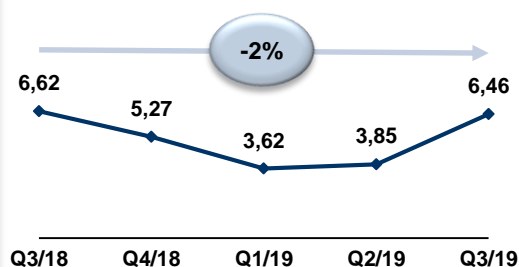
(kboe/d)



## Downstream Oil

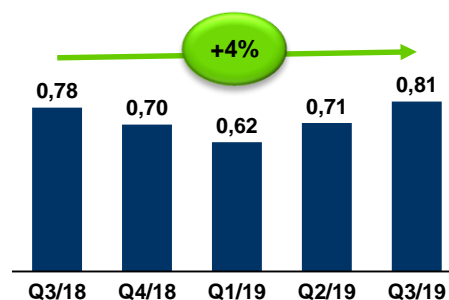
### OMV Petrom Indicator

refining margin (USD/bbl)



### Retail sales volumes

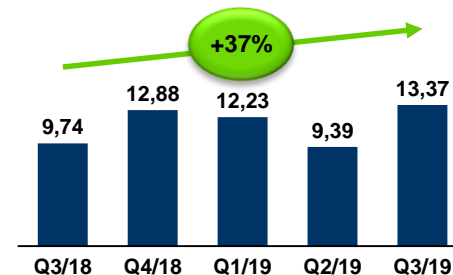
(mn t)



## Downstream Gas

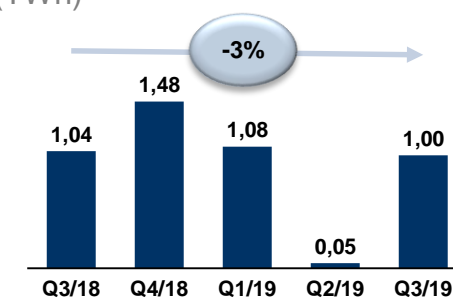
### Gas sales volumes

(TWh)



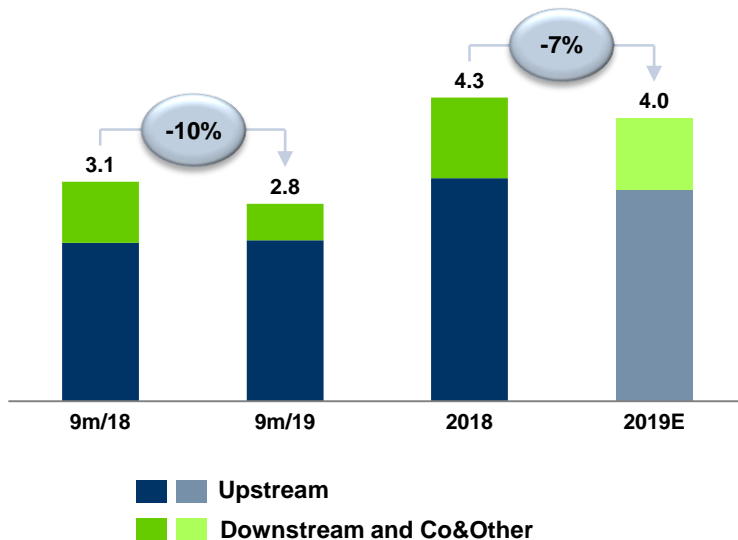
### Net electrical output

(TWh)



# CAPEX and E&A

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



## CAPEX incl. capitalized E&A

- ▶ **9m/19** at RON 2.8 bn:
  - ▶ 65 new wells and sidetracks drilled
  - ▶ ~700 workovers performed
  - ▶ Shallow offshore drilling campaign started
  - ▶ Coker Closed Blowdown system
  - ▶ CCPP Brazi planned shut down
  - ▶ Recognition of assets under IFRS 16 Leases
- ▶ **2019E** RON ~4.0 bn:
  - ▶ Drilling ~100 wells and sidetracks
  - ▶ Maintain a constant level of workovers yoy

## E&A

- ▶ 2 wells spud in 9m/19
- ▶ 4461 Totea South well started experimental production in October
- ▶ Large 3D seismic acquisition campaign started with Hunt Oil Company of Romania S.R.L. as operator
- ▶ 2019E exploration expenditure RON ~0.4 bn





# OMV Petrom Q3/19 Results

## Alina Popa, CFO

October 30, 2019

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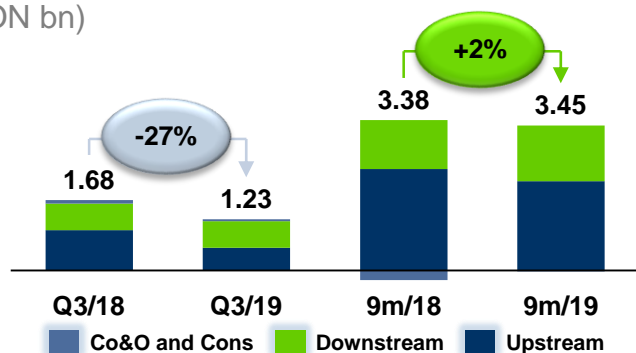
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# Income Statement highlights

## Clean CCS Operating Result

(RON bn)

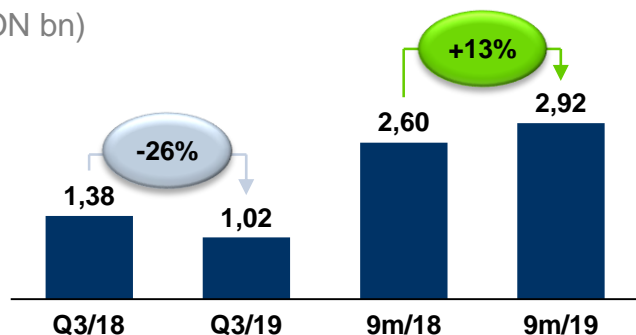


► Q3/19 Clean CCS Operating Result reflects:

- Lower oil prices
- Higher sales volumes of fuels, gas and power
- Favorable FX development and prices for natural gas and electricity

## Clean CCS Net Income<sup>1</sup>

(RON bn)



► Financial result reflects:

- Positive impact from discounting of receivables

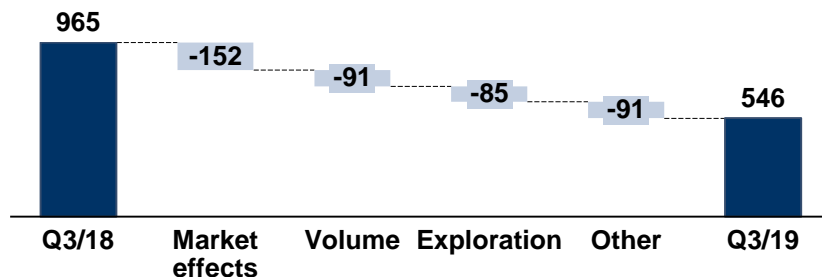
<sup>1</sup> Attributable to stockholders of the parent



# Clean CCS Operating Result

## Upstream

(RON mn)



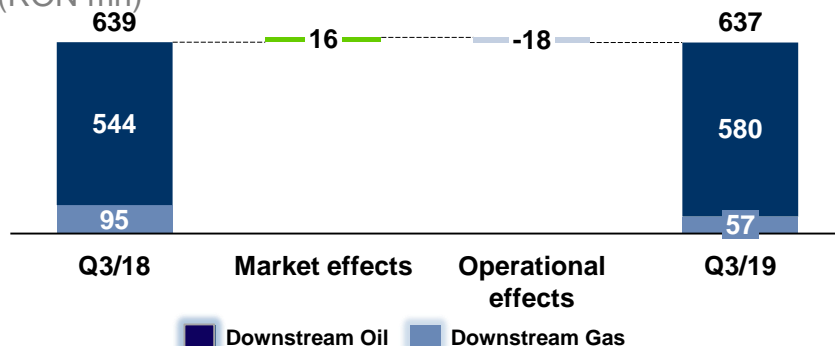
- ▶ Favourable FX
- ▶ Higher realized gas prices



- ▶ Lower crude prices
- ▶ Sales volumes -5%
- ▶ Higher exploration expenses

## Downstream

(RON mn)



- ▶ 99% refining utilization rate
- ▶ Refined products sales +7%
- ▶ Gas sales volumes: +37%

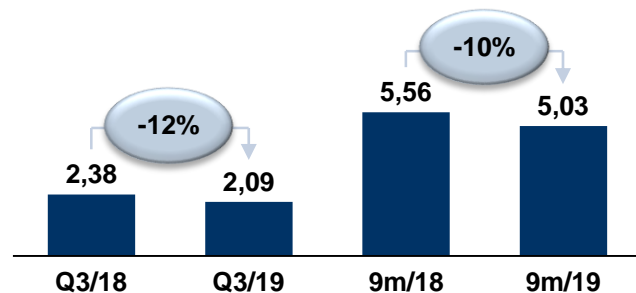


- ▶ Slightly lower refining margin in USD/bbl
- ▶ Power sales to regulated market

# Cash Flow highlights

## Cash Flow from Operating Activities

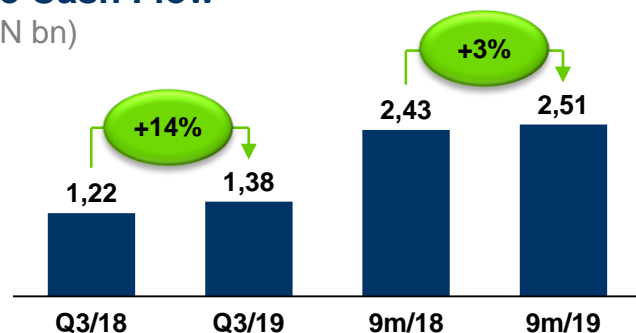
(RON bn)



- ▶ Q3/19 Net working capital: cash inflow RON 238 mn (Q3/18: RON 133 mn)
- ▶ Lower Operating Result

## Free Cash Flow

(RON bn)



- ▶ Q3/19 CFO<sup>1</sup> -12% yoy
- ▶ Q3/19 CFI<sup>2</sup> -39% yoy

<sup>1</sup> Cash Flow from Operating Activities; <sup>2</sup> Cash flow from investing activities

# Outlook 2019

Indicators	Actual 2018	Actual 9m/19	Assumptions/Targets 2019
Brent oil price	USD 71/bbl	USD 64.59/bbl	USD 65/bbl
Refining margin	USD 6.28/bbl	USD 4.67/bbl	USD ~5.00/bbl
Production	160 kboe/d	152 kboe/d	~ -5% yoy <sup>1</sup>
CAPEX	RON 4.3 bn	RON 2.8 bn	RON 4.0 bn
FCF after dividends	RON 2.0 bn	RON 1.0 bn	positive

<sup>1</sup> Not including portfolio optimization





Q&A

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Back-up

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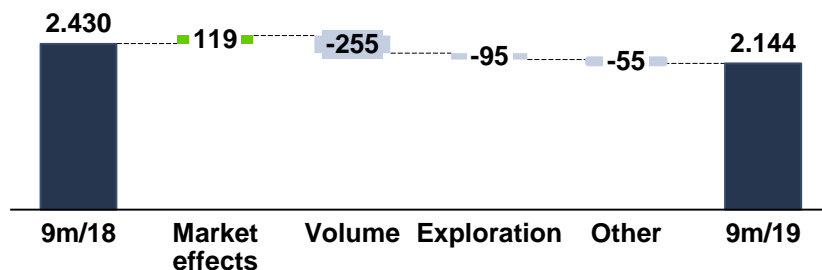
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# Clean CCS Operating Result

## Upstream

(RON mn)



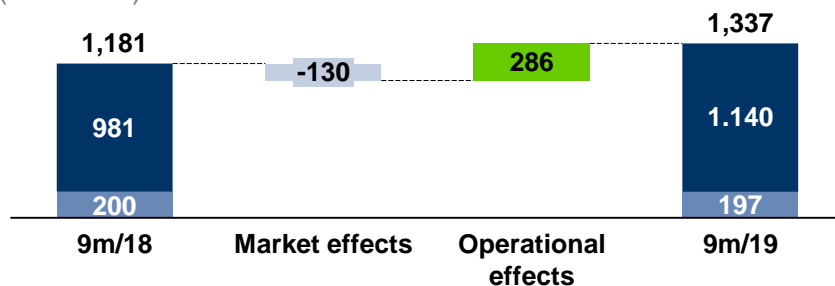
- ▶ Favourable FX
- ▶ Higher realized gas prices
- ▶ Clarification of a tax topic



- ▶ Lower crude prices
- ▶ Sales volumes -5%

## Downstream

(RON mn)



- ▶ 96% refining utilization rate
- ▶ 2018 refinery turnaround low base
- ▶ Refined products sales +11%
- ▶ Higher gas sales volumes



- ▶ Lower refining margins

Downstream Oil Downstream Gas