

# Capital Market Story

June 2020



OMV Petrom S.A.



**OMV Petrom**

The energy for a better life.

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All figures throughout this presentation refer to OMV Petrom Group (herein after also referred to as "the Group"), unless otherwise stated. The financials represent OMV Petrom Group's consolidated results prepared according to IFRS (Q1/20 financials are unaudited). The financials are expressed in RON mn and rounded to closest integer value, so minor differences may result upon reconciliation.

Starting January 2017, OMV Petrom's consolidated Income Statement has been restructured in line with industry best practice in order to better reflect the operations of the Group and enhance transparency for investors. For more information, please see OMV Petrom's Investor News published on April 6, 2017, which can be found on the company's website [www.omvpetrom.com](http://www.omvpetrom.com), section Investors › Investor News.



# Investment proposition



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# OMV Petrom's Investment Proposition

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**Integrated oil and gas company**

**High safety standards**

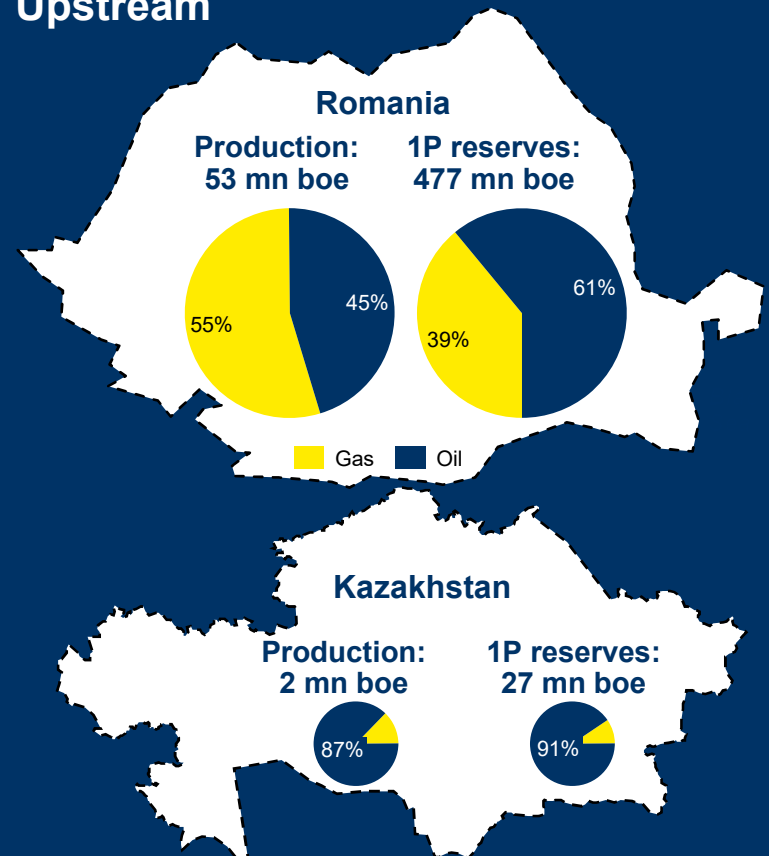
**Earnings resilience and  
capital stewardship**

**Cost efficiency and  
operational excellence**

**Strong cash conversion  
and attractive shareholder  
return**

# Operating in the integrated oil and gas sector

## Upstream



## Downstream

Petrobrazî refinery, 4.5 mn t/yr capacity

793 filling stations, operated via 2 brands: Petrom and OMV

5.5 mn t total refined product sales (thereof 2.8 mn t retail sales)

Brazi gas-fired power plant (capacity 860 MW)

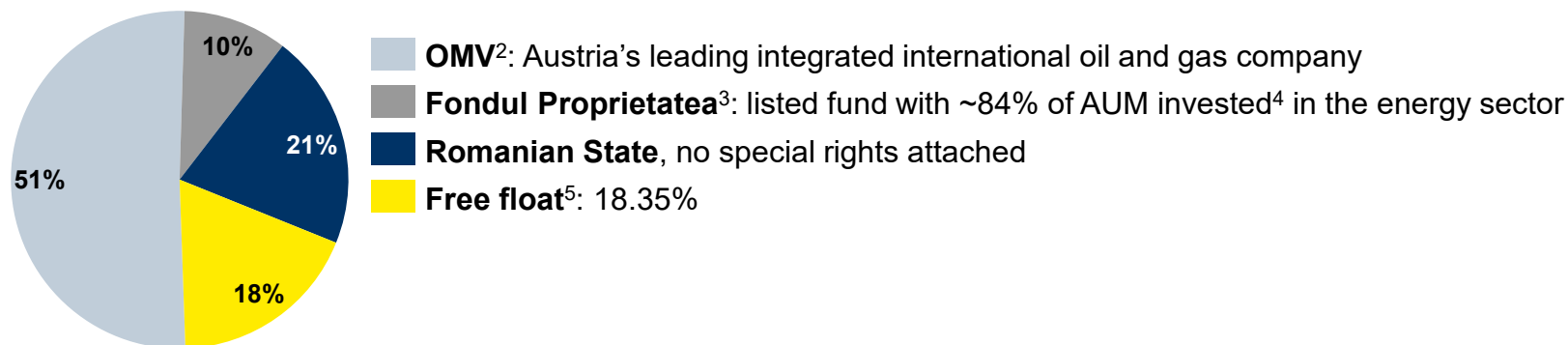
Gas sales 5.2 bcm (54.8 TWh)



All data refers to 2019

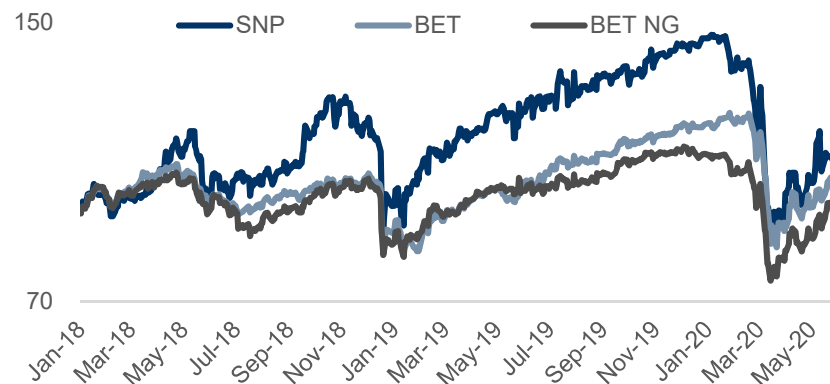
# Shareholder structure and capital market environment

## OMV Petrom S.A. shareholder structure<sup>1</sup> (%)



## Share price performance<sup>6</sup>

Index Jan 2018 = 100



## Share information

<b>Bucharest Stock Exchange Symbol</b>	SNP
<b>Ordinary shares</b>	56,644,108,335
<b>London Stock Exchange Symbol</b>	PETB (GDR)
<b>GDRs<sup>7</sup> outstanding as at end-May 2020</b>	181,353

<sup>1</sup> As of December 31, 2019; <sup>2</sup> Shareholder since December 2004; <sup>3</sup> Fondul Proprietatea holds 9.9985% of OMV Petrom shares; <sup>4</sup> As of end-April 2020; <sup>5</sup> Premium tier on the Bucharest Stock Exchange and main market on the London Stock Exchange; <sup>6</sup> Rebased quotations on the Bucharest Stock Exchange; <sup>7</sup> 1 GDR = 150 ordinary shares

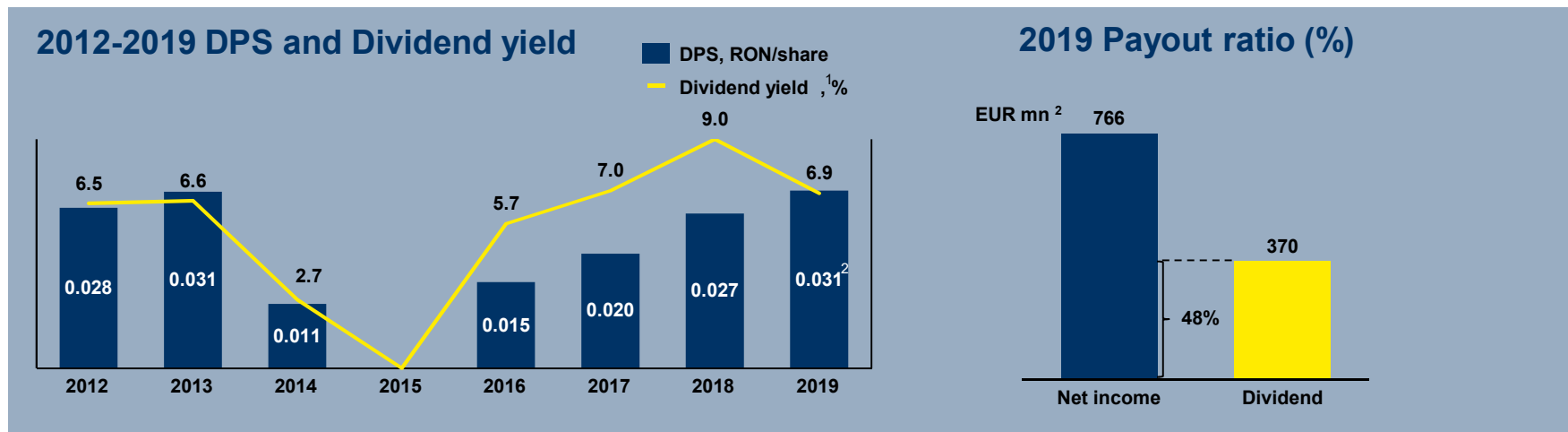


# Attractive shareholders' return

## Dividend Policy

OMV Petrom S.A. is committed to deliver a competitive shareholder return throughout the business cycle, including paying a progressive dividend. We aim to increase our dividend each year or at least maintain it at the previous year's level, in line with the financial performance and investment needs, considering the long term financial health of the Company.

**Total shareholder return<sup>1</sup> 2019: 59%**



<sup>1</sup> Calculated based on the closing share price as of the last trading day of the respective year; <sup>2</sup> Calculated at NBR average RON/EUR rate: 4.7453

# Sustainability Strategy 2025



## HSSE vision: “ZERO Harm – NO Losses”

- ▶ Zero work related fatalities
- ▶ Stabilize Lost-Time Injury Rate at below 0.3

## Carbon efficiency

- ▶ Reduce OMV Petrom’s carbon intensity of operations by 27%<sup>1</sup> until 2025 (vs. 2010)
- ▶ Phase out existing routine flaring and venting latest until 2030

## Employees

- ▶ Increase share of female employees at management level up to 30% by 2025
- ▶ Increase next generation of talents through Fresh Graduate

## Innovation

- ▶ Implement Advanced Recovery pilots in OMV Petrom Upstream
- ▶ Co-process biogenic materials in Petrobrazi refinery by 2025

## Business Principles and Social Responsibility

- ▶ Maintain social license to operate
- ▶ Assess Community Grievance Mechanism of all OMV Petrom Business Divisions against UN Effectiveness Criteria

<sup>1</sup> For details please refer to the OMV Petrom’s Sustainability Report

# Our HSSE vision: “ZERO Harm – NO Losses”

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- ▶ 2019 LTIR<sup>1</sup>: 0.31
- ▶ **Upstream:**
  - ▶ Assets Moesia, Petromar and Kazakhstan recorded ZERO LTI in 2019
  - ▶ Asset Moesia achieved 10 mn man-hours without LTI
- ▶ **Downstream Oil:**
  - ▶ 7 mn man-hours without LTI and the end of 2019
- ▶ **Downstream Gas:**
  - ▶ ZERO LTI in 2019
  - ▶ 2.5 mn man-hours without LTI

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

# Investing to reduce the environmental impact



- ▶ GHG<sup>1</sup> intensity: reduction by 22% in 2019 vs. 2010
- ▶ Freshwater Withdrawal Intensity: reduction by 36% in 2019 vs. 2012
- ▶ CDP Climate Change score<sup>2</sup>: A-

## ▶ Upstream:

- ▶ EUR 50 mn investment for a new energy efficient gas treatment process (low temperature separation) at Hurezani, Gorj county (the largest gas treatment facility in the country)



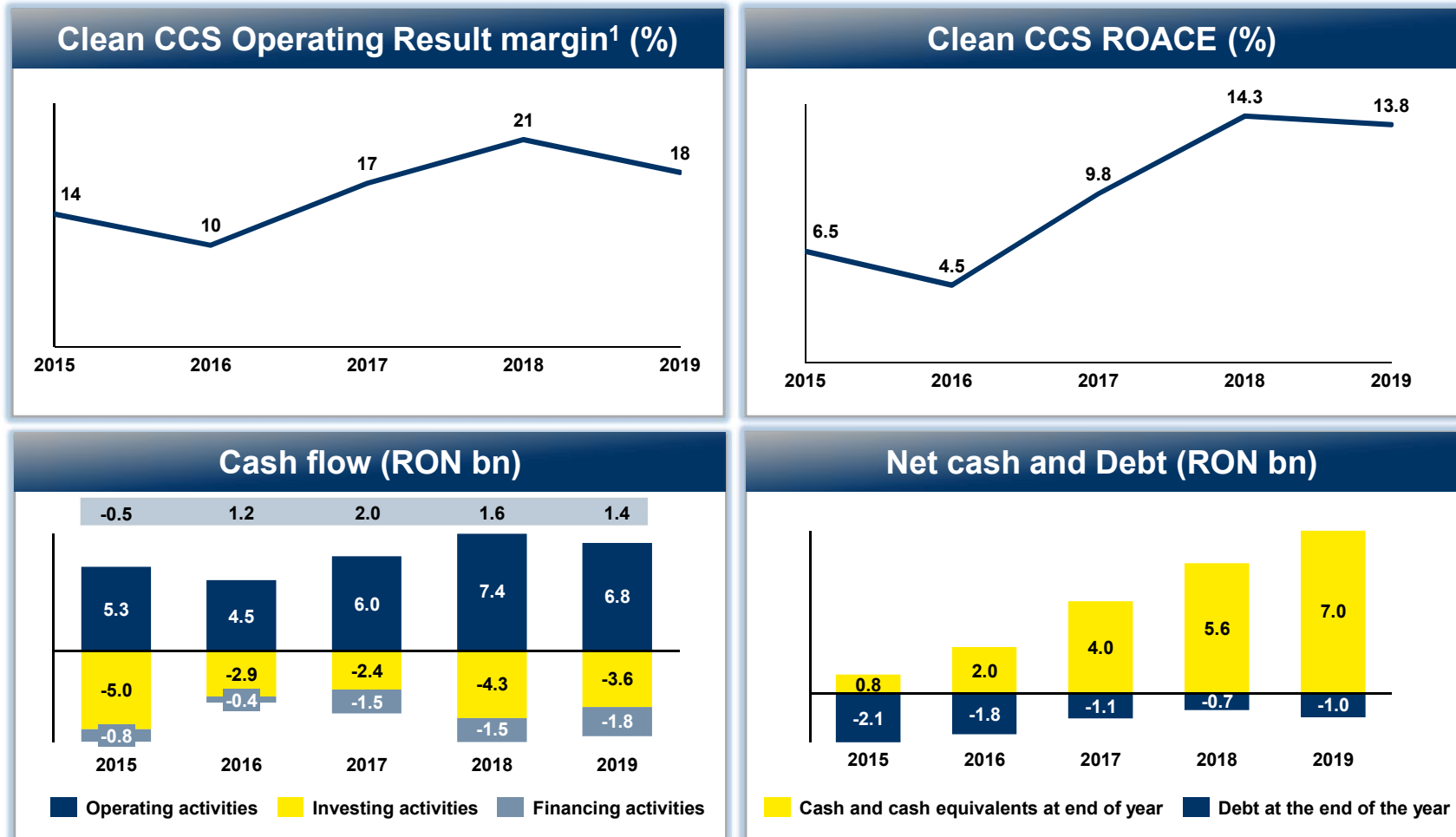
## ▶ Downstream Oil:

- ▶ EUR 46 mn investment for a closed blowdown system at Petrobrazi refinery to eliminate the emissions of volatile organic compounds from the Coker unit
- ▶ EUR 19 mn total investment for modernizing the fuel terminal in Arad by using the best available international technologies in the field

<sup>1</sup> Greenhouse gases; for details please refer to the OMV Petrom's Sustainability Report; <sup>2</sup> received in 2019, based on the response of OMV Group – 2018 data



# Turning efficiency savings into cash flow

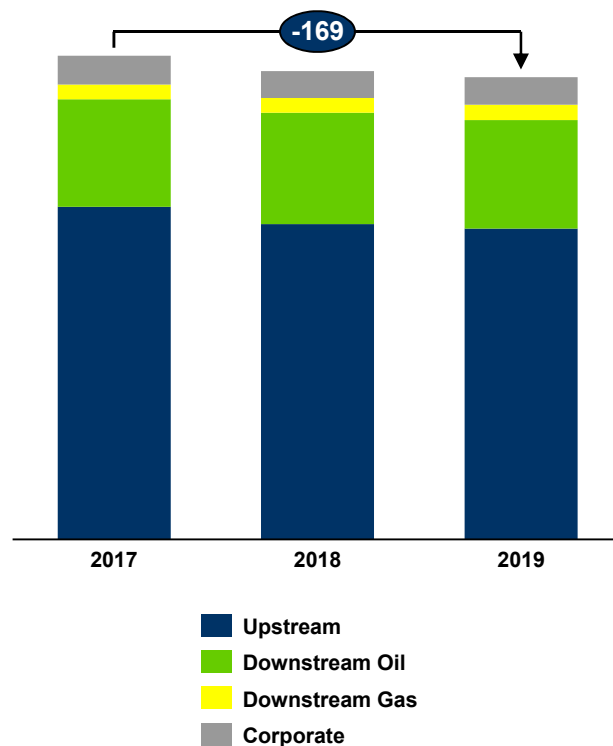


<sup>1</sup> Clean CCS Operating Result / Sales; Sales were restated to reflect the new Income Statement structure

# Cost efficiency and operational excellence

## Total operating cost<sup>1</sup>

(RON mn)



<sup>1</sup> On comparable basis with 2017

## Key drivers 2019 vs. 2017

- ▶ **Upstream:** efficiency programs implemented led to cost base reduction by -7%
- ▶ **Corporate Costs:** -6%
- ▶ **Headcount:** further downsized -10%

# Strategy 2021+



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# OMV Petrom's strategic directions

Enhancing competitiveness	Developing growth options	Regional expansion
<ul style="list-style-type: none"> <li>▶ Highest integration value</li> <li>▶ Operational excellence</li> <li>▶ Improved recovery</li> <li>▶ Streamlined producing portfolio</li> <li>▶ Dual brand strategy in retail</li> </ul>	<ul style="list-style-type: none"> <li>▶ Sustainability of the reserves base</li> <li>▶ Exploration portfolio</li> <li>▶ Enhanced offer and customer experience</li> <li>▶ Petrochemicals and technological opportunities</li> </ul>	<ul style="list-style-type: none"> <li>▶ Selective investments in Upstream</li> <li>▶ Regional gas player</li> </ul>

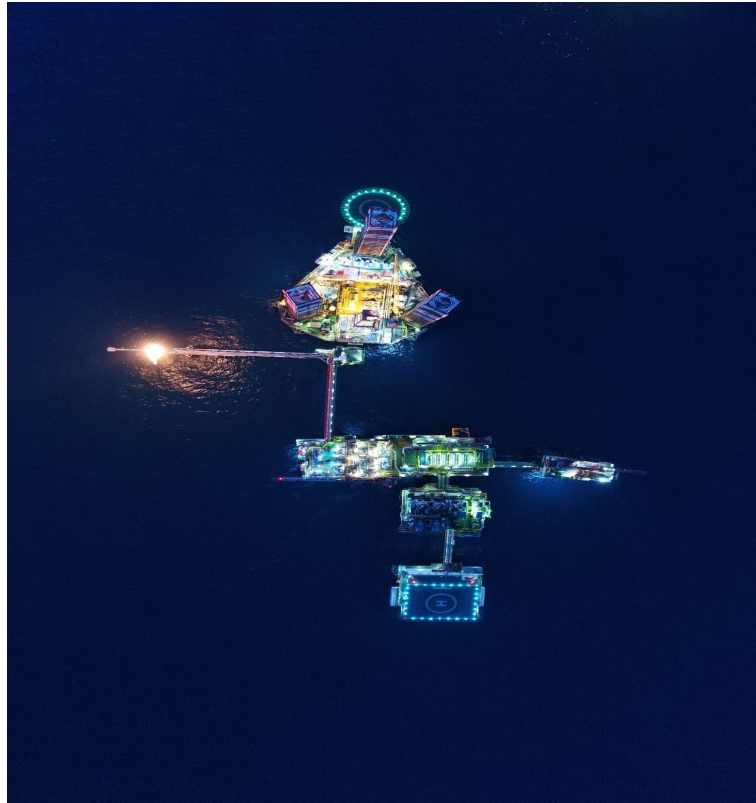
Strategic enablers		
<b>People &amp; Organizational Culture</b> 	<b>Technology &amp; Innovation</b> 	<b>Sustainability</b> 

**Commitment to deliver attractive shareholder return**



# Upstream: Strategic achievements 2017 - 2019

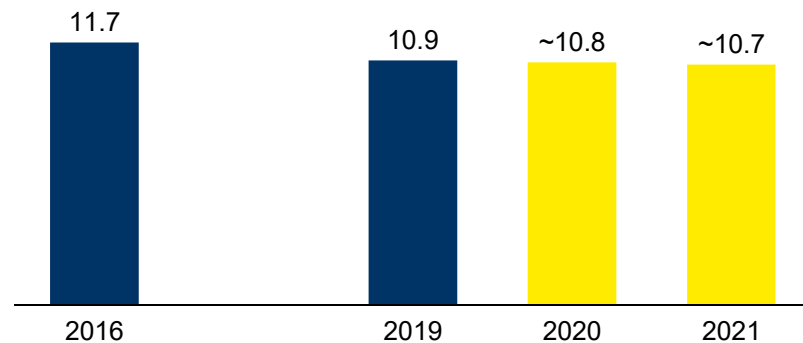
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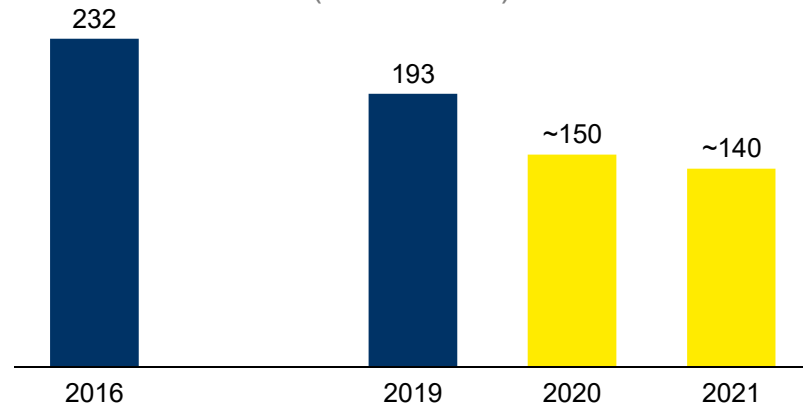
- ▶ **11 USD/boe** stabilized production cost despite production decline
- ▶ **Neptun Deep** concept selected and project maturation towards Final Investment Decision
- ▶ **28 marginal fields divested, additional 40 are being transferred**
- ▶ **Simplified footprint**, 7 producing assets
- ▶ **70%** automated wells and modernized/automated facilities
- ▶ **>50 mn boe** class 4 and 5 deep onshore gas and oil resources added through exploration ready for appraisal/ testing
- ▶ Contract signed to enter offshore **Bulgaria**

# Upstream: focus on the most profitable barrels

**Unit cost development**  
(USD/ boe)



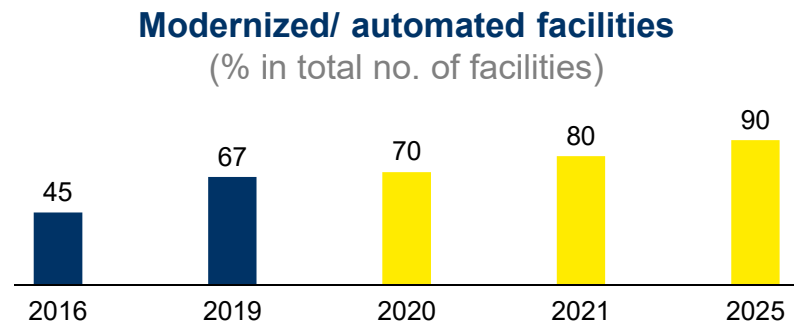
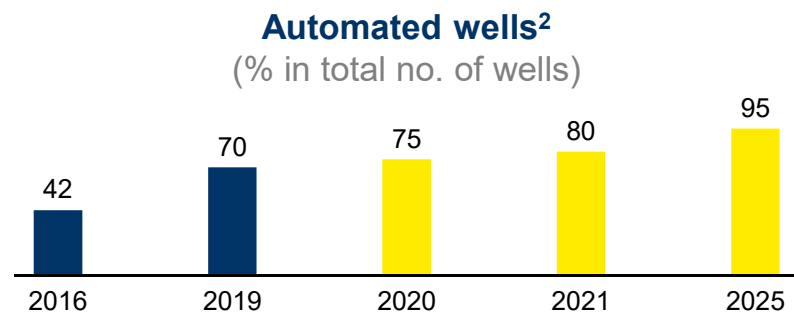
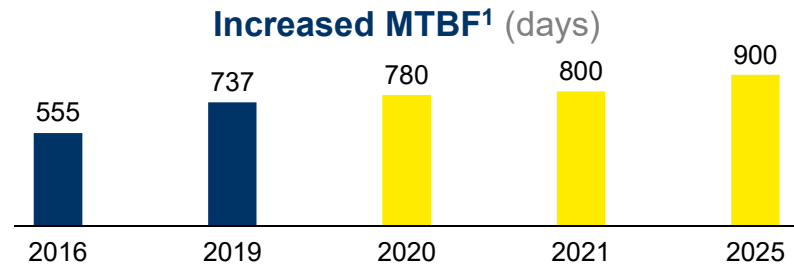
**Footprint development <sup>1</sup>**  
(no. of fields)



<sup>1</sup> Romania only; <sup>2</sup> IOR – Improved Oil Recovery; EOR – Enhanced Oil Recovery

- ▶ Maintain strict cost and capital discipline and rigorous project reviews
- ▶ Drill around 100 new wells & sidetracks per year
- ▶ Maintain high workover activity to manage production decline
- ▶ Apply innovative IOR/ EOR<sup>2</sup> techniques to maximize recovery (e.g. polymer injection)
- ▶ Simplify footprint and reduce complexity
- ▶ Target underexplored Near Field Opportunities in the proximity of existing infrastructure

# Upstream: continued operational excellence



<sup>1</sup> Mean time between failures; <sup>2</sup> Oil and gas producing wells

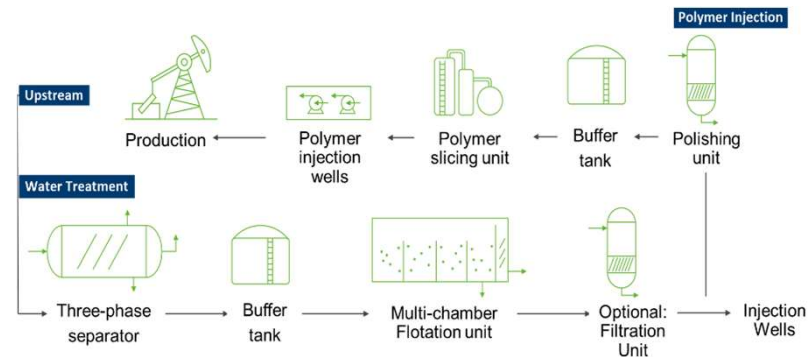
- ▶ Increase MTBF<sup>1</sup> by focusing on root cause analysis and identification of new technologies
- ▶ Increase degree of automation and digitalization
- ▶ Modernize and simplify facilities
- ▶ Reach 95% automated wells and 90% modernized/ automated facilities

# IOR/ EOR<sup>1</sup> (Polymer) projects in OMV Petrom

## Polymer Flooding

- ▶ After primary and secondary recovery, typically a large amount of oil still remains in the reservoir providing a significant potential for EOR methods
- ▶ Polymer flooding is applied to enhance the amount of oil that can be extracted from the reservoir and targets to increase the total recovery by up to 15% of the original oil in place

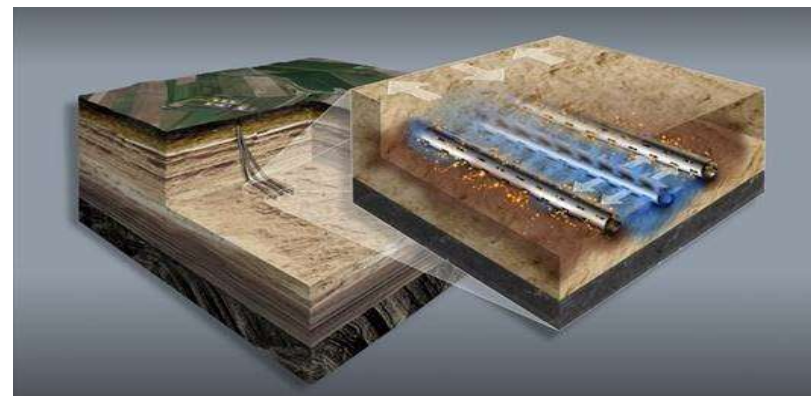
## Surface Concept



## IOR/ EOR<sup>1</sup> Polymer Projects & Status

- ▶ Independenta Phase I - polymer injection ongoing
- ▶ Vata Polymer Pilot - engineering ongoing
- ▶ Preajba, Cartojani, Otesti, Slatioarele, Moreni Pilot Projects - develop phase
- ▶ Independenta & Vata Roll Out Projects - develop phase

## Polymer Injection Scheme



<sup>1</sup> IOR – Improved Oil Recovery; EOR – Enhanced Oil Recovery



# Upstream: Expand in Black Sea region capitalizing on existing skills and know-how



## Romania – Neptun Deep

- ▶ OMV Petrom (50%), ExxonMobil (50%, Operator)
- ▶ Domino-1 discovery in 2012 (first offshore deep water exploration well)
- ▶ Resources Domino-1 discovery of 250-500 mn boe<sup>1</sup>
- ▶ JV Expenditures to date (Exploration & Appraisal) over USD 1.5 bn<sup>2</sup>
- ▶ Two seismic acquisition campaigns: 2009; 2012 – 2013
- ▶ Second exploration drilling campaign successfully finalized in January 2016
  - ▶ Drilled 7 wells
  - ▶ Successful well test of Domino structure
- ▶ Matured through concept selection phase

## Bulgaria – Han Asparuh

- ▶ Contract to acquire 30% share in the Han Asparuh deep offshore exploration license from OMV E&P<sup>3</sup>
- ▶ OMV E&P (30%), Total (40%, Operator), Repsol (30%)
- ▶ First exploration well, Polshkov-1, drilled in 2016, followed by Rubin-1 in 2017, and Melnik-1 in 2018
- ▶ Geological and geophysical studies to be performed to identify additional exploration drilling targets
- ▶ Supports OMV Petrom's regional expansion strategy

<sup>1</sup> 100 %, initial estimate as communicated for the Domino-1 well in February 2012; <sup>2</sup> Gross Value; <sup>3</sup> Closing of the transaction is subject to certain conditions precedent and is expected by mid-2020

# Downstream Oil: Strategic achievements 2017-2019

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- ▶ 4-5 year refinery turnaround cycle
- ▶ <8% Fuel & Loss in 2019
- ▶ 97% refinery utilization rate in 2019
- ▶ Polyfuel plant
- ▶ Coker unit closed blowdown system

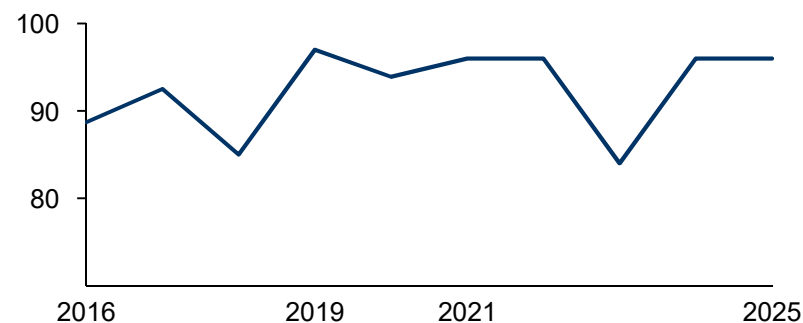


- ▶ Fully modernized fuel storage network
- ▶ MyAuchan, first convenience store in a filling station in Romania
- ▶ >5 mn l throughput/ filling station in Romania
- ▶ >25% growth of non-fuel sales (vs. 2016)

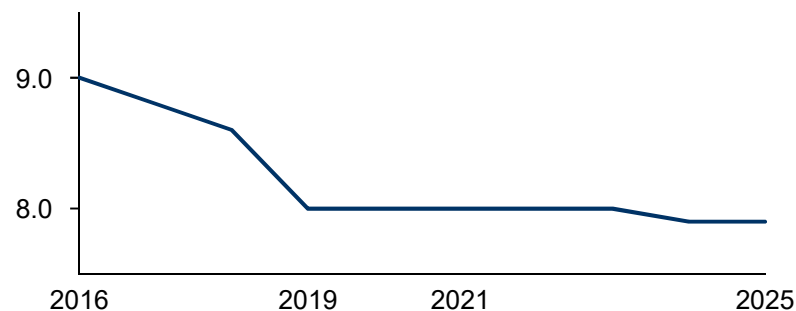


# Downstream Oil: high level of performance in Petrobrasi refinery

Utilization rate (%)



Fuel and Loss (%)



- ▶ Improve refinery operations to international benchmarks
- ▶ Maintain cost discipline
- ▶ 4-5 year turnaround cycle, limiting disruption of production and achieving cost savings
- ▶ Implement digital technologies in refinery to automate processes for maintenance and operations
- ▶ Started supplying 0.5% Sulphur marine fuel oil in December 2019; only provider in the region, supporting emissions reduction

# Downstream Oil: high-value products and technological opportunities in refining



Polyfuel project	Coker Unit	High-value products
<ul style="list-style-type: none"> <li>▶ Increase output of high-demand and high-value products by reconversion of liquefied petroleum gas (LPG) and low-grade light gasoline</li> <li>▶ Total investment ~EUR 65 mn</li> <li>▶ A unique, environmentally-friendly technology</li> </ul>	<ul style="list-style-type: none"> <li>▶ Total investment of ~EUR 46 mn</li> <li>▶ A closed blowdown system ensuring complete elimination of volatile organic compounds emissions, thus supporting the reduction of the environmental impact</li> </ul>	<ul style="list-style-type: none"> <li>▶ Evaluate petrochemicals opportunities</li> <li>▶ Sustainable use of hydrocarbons to decrease carbon footprint</li> <li>▶ Opportunity to increase profitability (i.e. bio-oil co-processing ensuring independency on restricted supply)</li> </ul>

# Downstream Oil: enhance offer and customer experience in retail

Secure strong position on the retail market by clearly differentiating our two brands



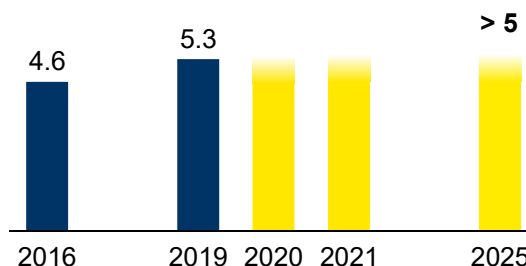
**Best value for money**

## Together for Romania!

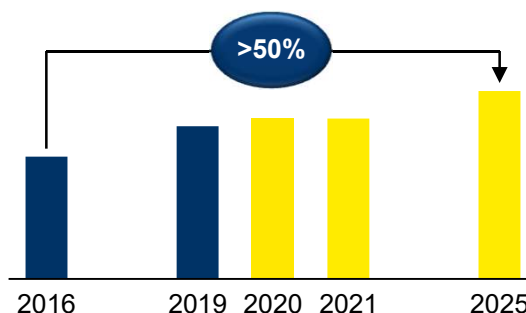
- ▶ Undisputed leader in fuel retail in Romania
- ▶ Strategic partnerships and programs increasing customer loyalty:
  - ▶ Auchan: encouraging pilot results; MoU signed to extend partnership
  - ▶ Subway: 11 locations running
- ▶ Refreshed design and dedicated communication and activations to attract younger families



**Increase throughput per filling station in Romania**  
(mn l)



**Non-oil Business sales**



**Top quality leader**

## Energy for a better life

- ▶ OMV MaxxMotion Performance Fuels:
  - ▶ Recognized by customers as the top quality fuels in Romania
  - ▶ “Prolonged life of the engine” via unique cleaning molecules
- ▶ VIVA concept as differentiator through constant innovation and best customer experience
- ▶ “Close 2 you” – high quality products and efficient solutions focused on customer needs





# MyAuchan in Petrom – first convenience store in a filling station in Romania

## Enhance customer experience

**Save time** through convenient  
(24/7) **one-stop destination**

**Fair, accessible pricing**  
at every customer point

**Refreshed, welcoming**  
on-site look & feel



<sup>1</sup> Subject to successful negotiations; <sup>2</sup> Subject to contract signing

# IMO 2020: OMV Petrom ready to capture market opportunities from new regulations (1/2)



## Refinery well positioned for new regulations

- ▶ **Advantaged by crude oil slate....:**
  - Over 80% of crude oil input with <0.5% sulfur content
- ▶ **... and refining yield:**
  - Over 70% white products<sup>1</sup>
  - Around 40% diesel
  - No High Sulfur Fuel Oil production

## New Marine Fuel Oil (MFO) product with 0.5% Sulfur

- ▶ **MFO 0.5% produced in Petrobraz**i following minor investment completed on time and budget
- ▶ **Ready to offer the new product in Constanta port**, tapping into new business in the Black Sea
- ▶ **Expected shortage of Marine Fuel Oil (MFO) 0.5%** in the first years starting 2020

## Financial impact

- ▶ Sensitivities of impact in refining margin:
  - + 10 USD/t in Diesel crack spread → approx. USD +16 mn
  - - 10 USD/t in LSFO<sup>2</sup> crack spread → approx. USD (1) mn
- ▶ OMV Petrom to capture full market benefit in 2020-2024

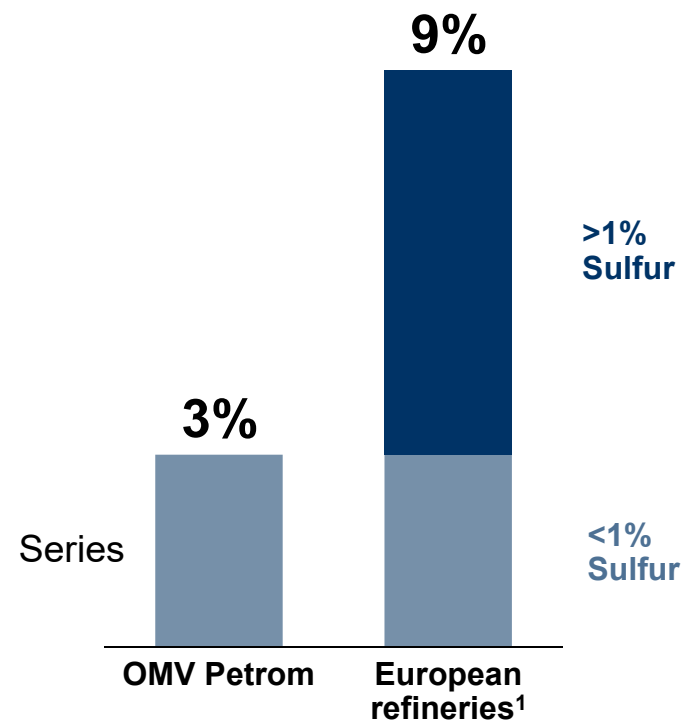
<sup>1</sup> White products include LPG, Gasoline, Diesel, Jet fuel; <sup>2</sup> Low Sulfur Fuel Oil

# IMO 2020: OMV Petrom ready to capture market opportunities from new regulations (2/2)

## IMO global sulfur regulations

- ▶ Global sulfur limit for ships: from 4.5% in 2005, to 3.5% in 2012 and 0.5% in 2020
- ▶ Ship owners have the following options:
  1. Continue to use Heavy Fuel Oil (install scrubbers)
  2. Switch to new grade of Marine Fuel Oil (0.5% sulfur)
  3. Switch to marine gasoil
  4. Switch to LNG

## Heavy Fuel Oil Yield (%)



<sup>1</sup> Source: Wood Mackenzie 2018 report- 84 European refineries

# Downstream Gas: Strategic achievements

## 2017 - 2019

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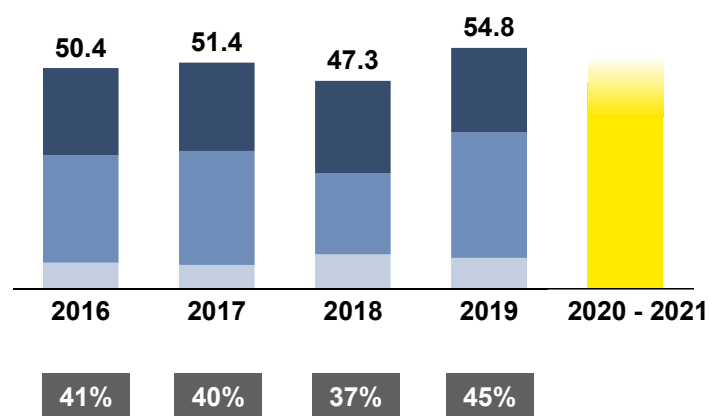
- ▶ Strengthened **leading** position on the Romanian gas market
- ▶ **51 TWh** avg. yearly gas sales
- ▶ Diversified **sourcing** to extend **supply portfolio**
- ▶ **3.2 TWh** Brazi power plant avg. yearly net electrical output
- ▶ Gas and power operations successfully **integrated**
- ▶ **Regional operations** in neighbouring countries
- ▶ **Digitalization** program started

# Downstream Gas: consolidate position on the Romanian gas market

**Diversify gas sales channels**

**Enhanced Origination and Portfolio management**

**Gas sales (TWh)**



**% in Romanian consumption**

■ End customers ■ Wholesalers\* ■ Brazi power plant

\*including regulated sales in 2019

- ▶ Sustainably preserve leading gas market position
- ▶ Maintain end-user portfolio while supplying all other sales channels
- ▶ Be the supplier of choice for the large industrial gas consumers
- ▶ Develop origination to diversify supply portfolio
- ▶ Capture highest integrated gas and power value
- ▶ Maximize availability of Brazi power plant
- ▶ Enhance offer and customer experience
- ▶ Improve agility, automate processes; be a digital pioneer in customer experience



# Downstream Gas: Value added through international expansion



- ▶ Enrich sale and supply portfolios to mitigate volume and Romanian market concentration risks
- ▶ Expand operations in the neighbouring countries (subject to framework and interconnectors development)
- ▶ Grow regionally with Neptun volumes monetization

# Success built on three core strategic enablers

## People & Organizational Culture

- ▶ Supporting Business Growth
- ▶ Leadership Development
- ▶ Employer Attractiveness
- ▶ Simplification & Digitalization
- ▶ Performance Management
- ▶ Diversity

## Technology & Innovation

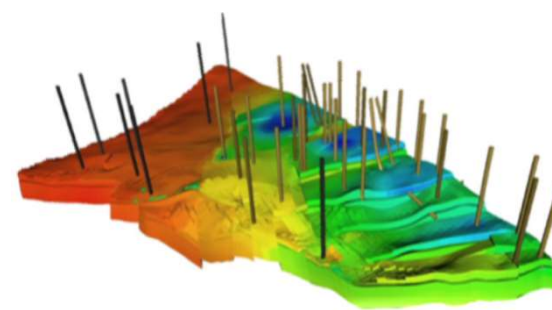
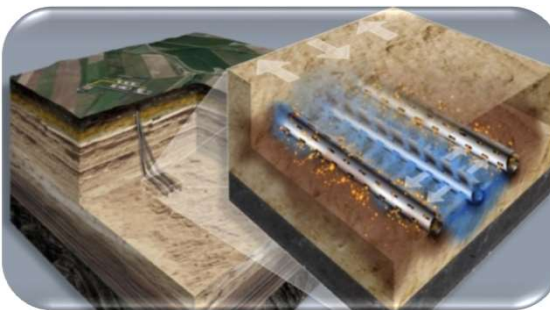
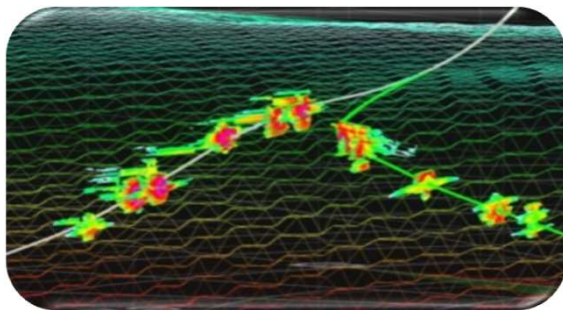
- ▶ Digital Journey: Upstream DigitUp; Downstream DigitalMotion; Corporate programs
- ▶ Digital Democracy: Tools & skills for the people; Leadership development
- ▶ Open Innovation: Big partnerships; Start-ups; Technology scouting & deployment
- ▶ Culture & New ways of working: Agile; Design thinking; Rapid prototyping; Hackathons

## Sustainability

- ▶ Safety: ZERO Harm - NO losses; Keep leading position in Process Safety
- ▶ Climate change: Reducing GHG intensity by 27%<sup>1</sup> until 2025 vs. 2010; No new projects with routine flaring and venting; Improvement of energy efficiency
- ▶ Social responsibility: Maintain social license to operate

<sup>1</sup> For details please refer to the OMV Petrom's Sustainability Report

# Upstream: Technology and Innovation for a sustainable future



- ▶ Digital Oil Field - well automation and online condition monitoring
- ▶ Standardized Narrow Band-Internet of Things (NB-IoT) - connectivity for the wells located in isolated areas and solution for cyber security
- ▶ Production automated forecasting - improved process and data availability
- ▶ Dashboard and Advanced Analytics via iPMS<sup>1</sup> - visualization and analytic solutions

- ▶ SAP Mobile Solution & Integrated well planning - automated coordination and management of operational, workover and drilling processes
- ▶ Smart Automated Reservoir Analysis - automated process to identify new opportunities
- ▶ First multilateral multistage stimulated offshore well drilled and put in production in 2018
- ▶ IOR/EOR<sup>2</sup> technologies and Grafysorber Nanotechnology Pilot – maximized recovery
- ▶ Upstream Automation Laboratory: proper environment for testing equipment/solutions



<sup>1</sup> integrated Production Management System; <sup>2</sup> Improved/Enhanced Oil Recovery

# Downstream: Automation and digitalization



## Refinery



### Digital Solutions in Refinery

- ▶ Electronic coordination and management of the maintenance and operations
- ▶ Refinery Dashboard - Data gathering and processing for monitoring and prediction
- ▶ Virtual Operator Training - Desktop-based 2D & 3D simulators
- ▶ eTop Turnaround Digital Board
- ▶ Terminal Automation System

### Digital Solutions in Retail

- ▶ Fast lane - payment at the pump for fuel (outdoor payment terminal)
- ▶ Electronic labels to improve filling stations (FS) operations and price accuracy
- ▶ Data analytics and Power BI reporting to enable business decisions
- ▶ Video analytics - harness retail assets to alert on HSSE events and improve FS operations through live information analysis
- ▶ Smart Apps, automated self-service interface for customers and partners

## Retail





# Q1/20 results review

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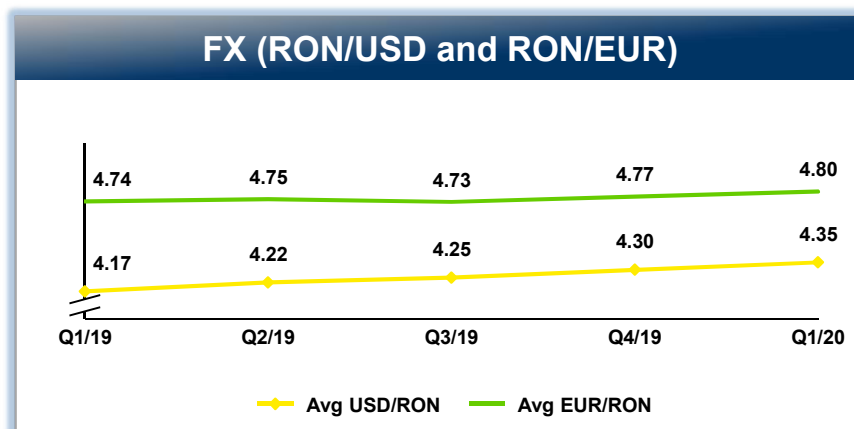
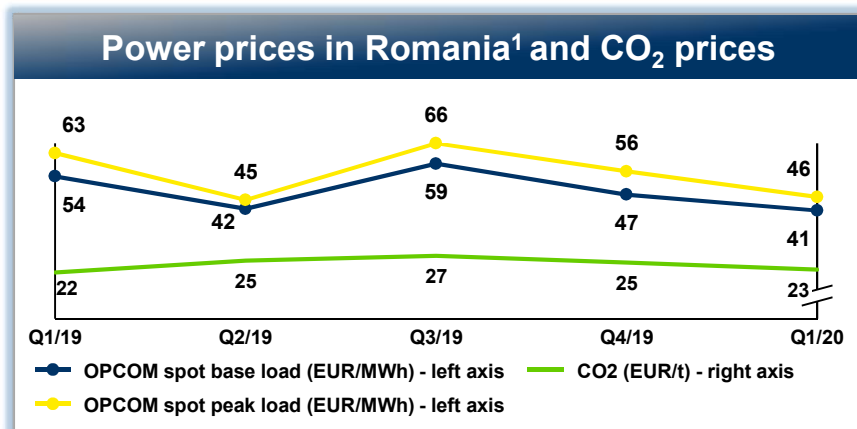
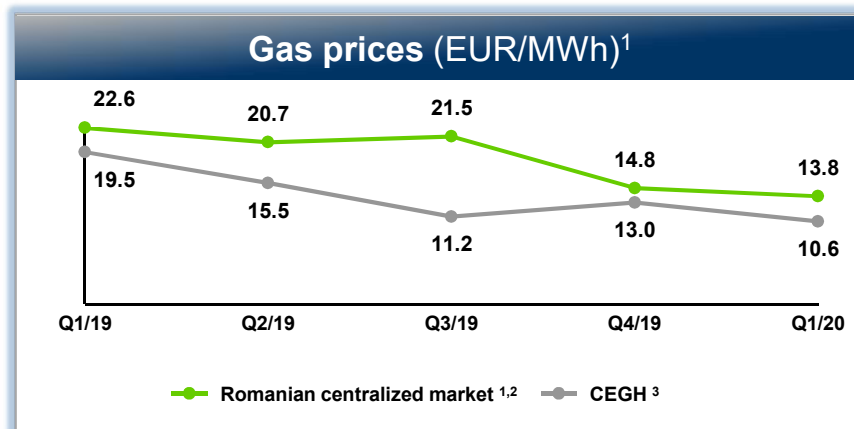
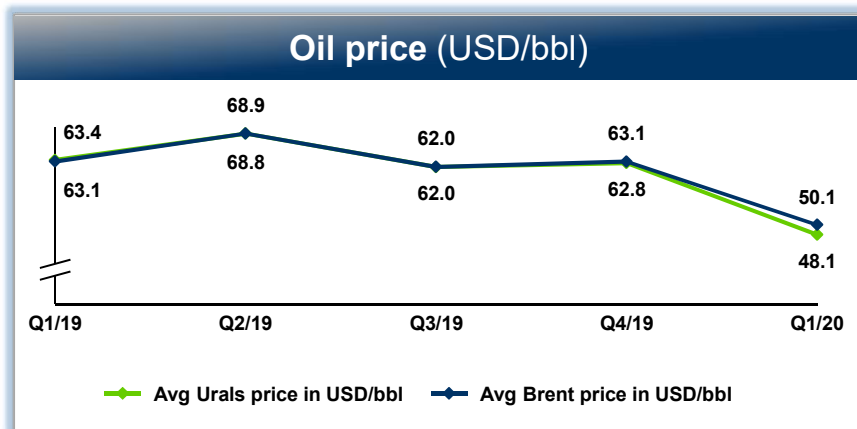


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# Economic environment



<sup>1</sup> Prices translated at NBR average RON/EUR rate; <sup>2</sup> Day-ahead price, average computed based on daily trades published on BRM platform; <sup>3</sup> Day-ahead market Central European Gas Hub

# Romanian environment

## Fiscal and regulatory framework

### Authorities' reaction to COVID:

- ▶ Emergency state since mid-March
- ▶ Health and social, fiscal and monetary measures
- ▶ Price cap for fuels, gas and power during emergency state

### Recent regulatory changes

#### Government Emergency Ordinance no. 1/2020:

- ▶ 2% fee on gas and power turnover eliminated starting Jan 2020
- ▶ Faster return to a liberalized market for gas (July 2020) and power (Jan 2021)

#### Draft ANRE order on gas release program

## Macroeconomic environment

### GDP growth:

- ▶ Q1/20<sup>1</sup>: +2.7% yoy
- ▶ 2020e<sup>2</sup>: -5% yoy

### CPI annual inflation:

- ▶ Mar 20/Mar 19<sup>1</sup>: 3.1%;
- ▶ 2020e<sup>2</sup>: 1.4%

### Demand Q1/20 yoy:

Fuels <sup>3</sup>	+4.6%
Gas <sup>4</sup>	-2%
Power <sup>5</sup>	-3%

<sup>1</sup> Romanian National Institute of Statistics; <sup>2</sup> IMF, April 2020: -5%; <sup>3</sup> Fuels refer only to retail diesel and gasoline; OMV Petrom estimates based on Romanian Petroleum Association data;

<sup>4</sup> According to company estimates; <sup>5</sup> According to preliminary data available from the grid operator

# Key messages Q1/20

## Financial performance



### Clean CCS Operating result

RON 1.0 bn



### Operating Cash Flow

RON 1.4 bn



### Clean CCS ROACE

12.5%

## Operational highlights

### Upstream:

- ▶ Strong hydrocarbon production performance
- ▶ Largest onshore 3D seismic survey in Europe (Urziceni East block) finalized

### Downstream Oil:

- ▶ Excellent operational performance, partly offset by the start of the pandemic crisis

### Downstream Gas:

- ▶ Increased gas trading to maintain customer portfolio while meeting CMO and regulated market provisions

## Strategic highlights

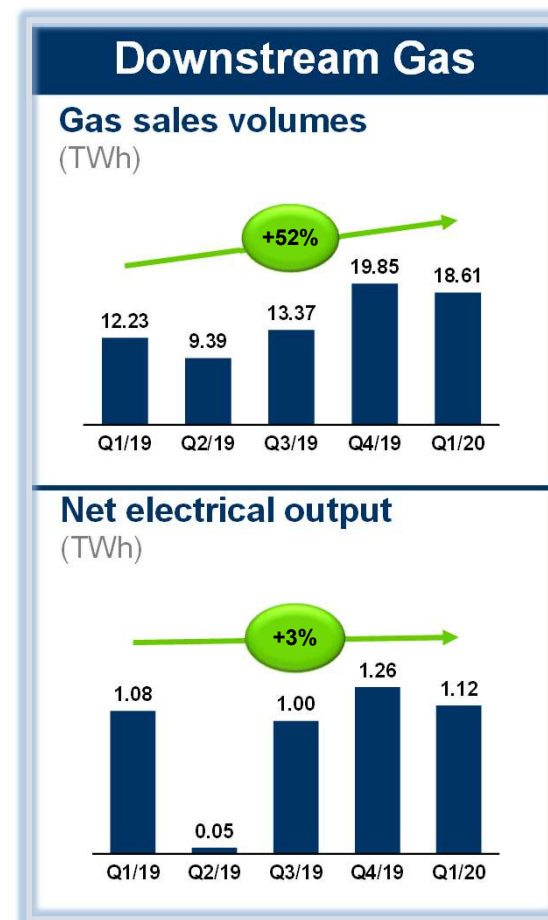
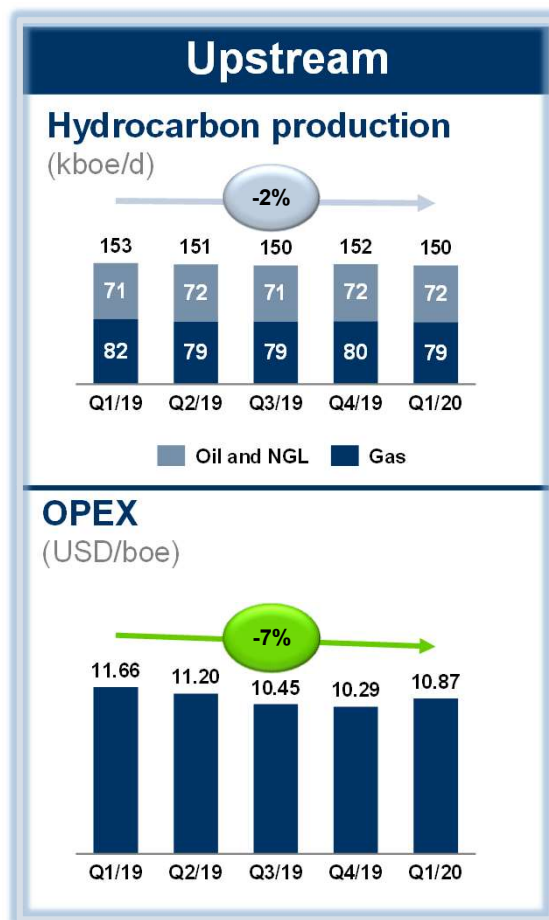
- ▶ Initial dividend maintained<sup>1</sup>, based on a **strong balance sheet**
- ▶ Neptun Deep: no progress on offshore law
- ▶ **Negotiations** with Auchan are ongoing

## HSSE

LTIR<sup>2</sup> Apr 19 – Mar 20: 0.24; **LTIR Q1/20: 0.0**

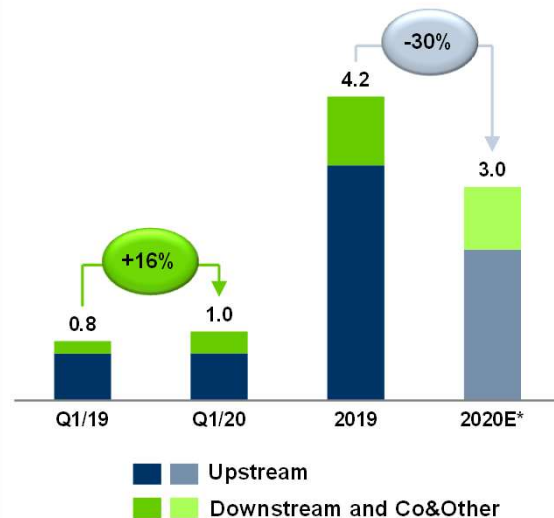
<sup>1</sup> Initial Management proposal approved by the General Meeting of Shareholders on April 27; <sup>2</sup> Lost time injury rate (employees and contractors) for OMV Petrom Group

# Operational KPIs



# CAPEX and E&A

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



*\*CAPEX including capitalized exploration and appraisal and excluding acquisitions*

## CAPEX incl. capitalized E&A

- ▶ **Q1/20** at RON 1.0 bn:
  - ▶ 20 new wells and sidetracks
  - ▶ ~210 workovers
  - ▶ Securing long term logistic access to Petrobrazi refinery
  - ▶ Bio compliance blending project
- ▶ **2020E** at RON ~3.0 bn (from RON 4.2 bn previous guidance):
  - ▶ Wells and sidetracks (reduced by >30% from ~100)
  - ▶ Workovers (constant level yoy)
  - ▶ Compliance and environmental projects

## E&A

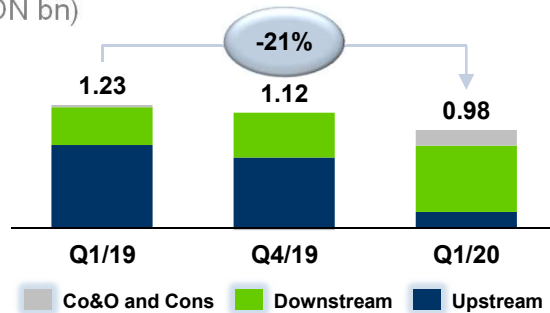
- ▶ **Q1/20** at RON 0.07 bn:
  - ▶ 3D seismic acquisition in Urziceni East block started in Q4/19 and finalized in Q1/20
  - ▶ 1 well in testing phase
- ▶ **2020E** at RON ~0.2 bn (from RON 0.3 bn previous guidance):
  - ▶ 1 well planned to be tested by year end
  - ▶ 2 wells and seismic operations postponed



# Income Statement highlights

## Clean CCS Operating Result

(RON bn)

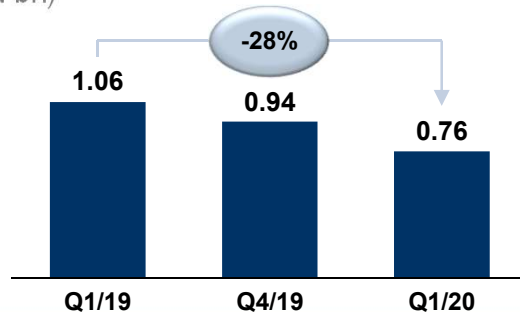


► Q1/20 Clean CCS Operating Result reflects:

- Lower oil and gas prices
- Improved refining margin
- Positive consolidation line

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

(RON bn)



► Q1/20 Clean CCS Net Income reflects:

- Lower Clean CCS Operating Result
- Negative Financial Result

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

# Special items and CCS effect

RON mn	Q1/20	Q4/19	Q1/19
<b>Clean CCS Operating Result</b>	<b>975</b>	<b>1,120</b>	<b>1,227</b>
CCS effects: Inventory holding gains / (losses)	(239)	17	38
Special items	94	(89)	23
Thereof Upstream	(27)	(204)	50
Downstream Oil	27	(6)	21
Downstream Gas	114	129	1
Corporate and Other	(21)	(8)	(49)
<b>Operating Result</b>	<b>830</b>	<b>1,049</b>	<b>1,288</b>

## Q1/20 CCS effect

- Negative due to decrease in quotations

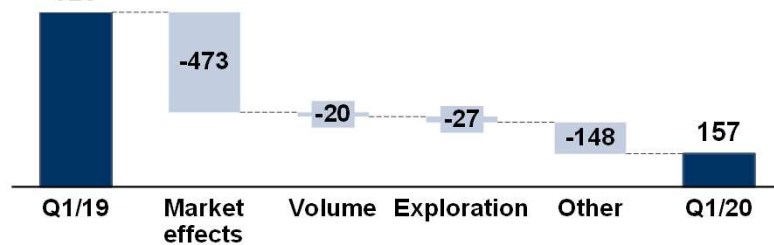
## Q1/20 Special Items

- Gain from forward contracts in Downstream Gas
- Impairment of production assets

# Clean CCS Operating Result

## Upstream

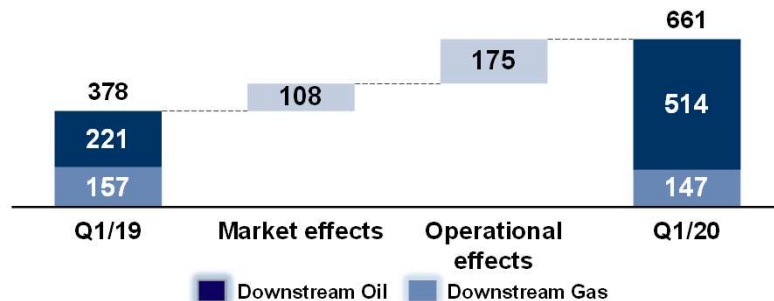
(RON mn)



- ▶ Lower oil and gas prices
- ▶ Higher exploration expenses
- ▶ Higher depreciation
- ▶ Favourable FX

## Downstream

(RON mn)

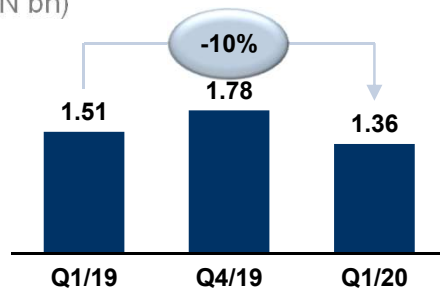


- ▶ Higher refining margin
- ▶ 96% refining utilization rate
- ▶ Refined products sales +1%
- ▶ Gas sales volumes: +52%
- ▶ Improved power performance built on forward contracts
- ▶ Lower gas prices

# Cash Flow highlights

## Cash Flow from Operating Activities

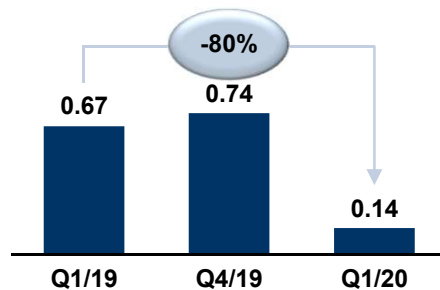
(RON bn)



- **Q1/20 CFO:** lower decrease than Operating Result due to higher depreciation, impairments and provisions

## Free Cash Flow <sup>1</sup>

(RON bn)



- **Q1/20 CFO<sup>2</sup>:** -10% yoy
- **Q1/20 CFI<sup>3</sup>:** +46% yoy

<sup>1</sup> Before dividends; <sup>2</sup> Cash Flow from Operating Activities; <sup>3</sup> Cash flow from investing activities

Swift reaction to  
market environment

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# OMV Petrom's response to COVID-19 and the new market environment

## Partner for Romania

- Working intensively with authorities to **contain impact on operations and critical infrastructure**
- **Reliable and responsible tax payer**



## Prepared to cope with challenges

- **Proven track record** in managing economic crises
- **Integrated business model** expected to support financial results
- **Resilience in highly volatile market**, supported by **business optimization** and strict **cost discipline**



## Rapid response to COVID-19

- **Health and safety – our first priority**
- **Protection and disinfection** of work spaces
- Implemented **work from home and flexible time, process digitalization** in place to a large extent, qualified **digital signature** in roll-out
- **Ensure security of supply:** oil products, gas, power
- Filling stations: **increased sanitizing measures**



## Adjustment to oil price and demand drop

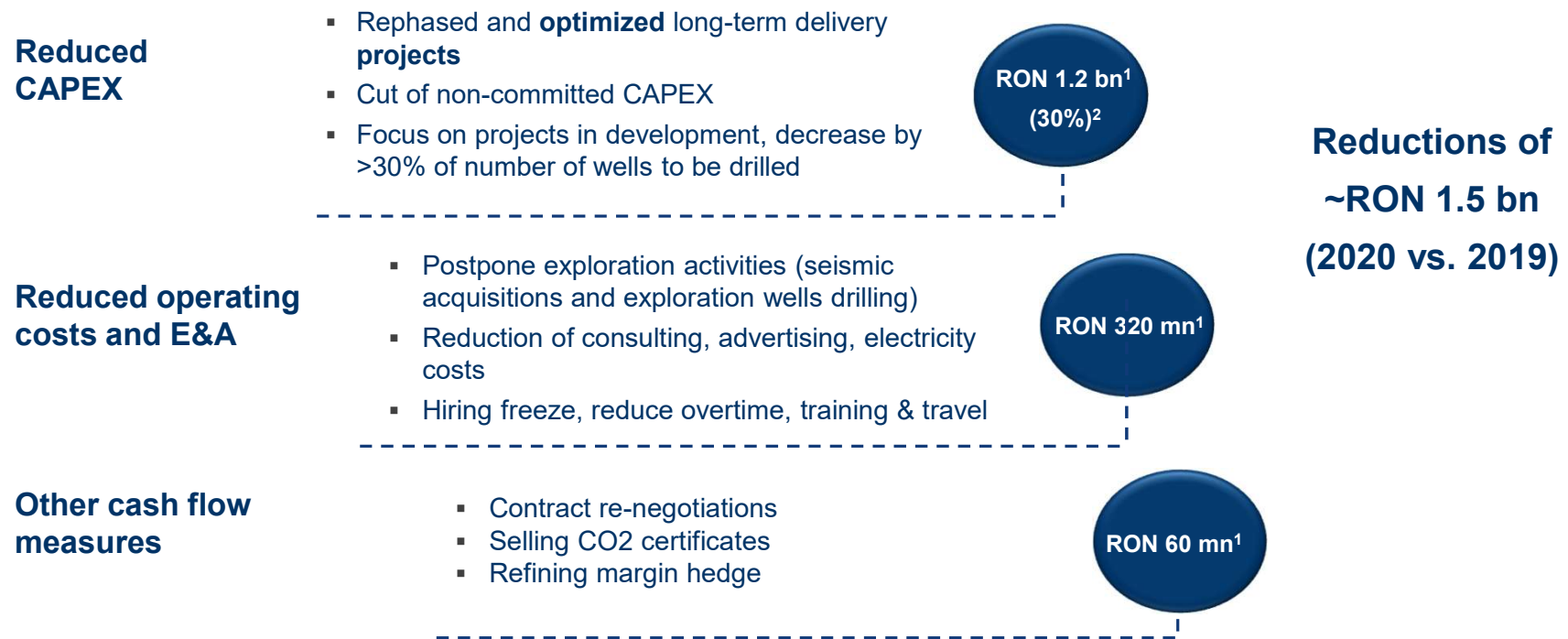
- Intensify **CAPEX prioritization** and **cost reduction**
- **Refinery utilization rate** adjusted downwards to slightly above 80% in April
- Postpone key assets shutdowns
- Continue **portfolio optimization**



## OMV Petrom: Attractive investment proposition

- **Strong financial position**
- **Progressive dividend policy**
- **Attractive dividend yield**

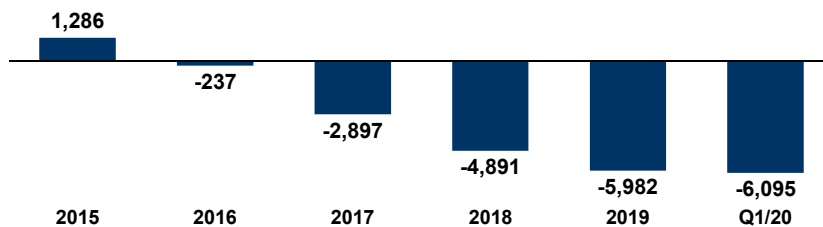
# Strong response to adjust to the weak market environment



<sup>1</sup> 2020 revised guidance vs. 2019 absolute amount; <sup>2</sup> Vs. 2019 and initial plan for 2020

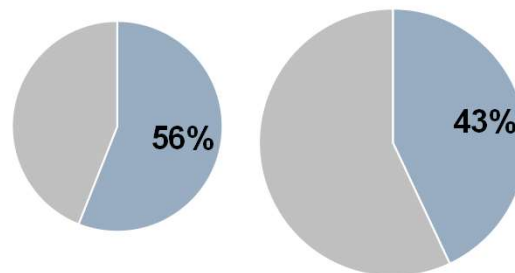
# Prepared to cope with challenges

**Net Debt/(Cash)**  
(RON mn)

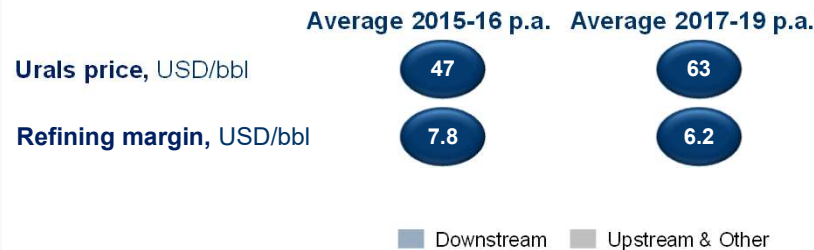


- ▶ Strong balance sheet
- ▶ No gearing

**Group's Clean CCS Operating Result breakdown**  
(%)



- ▶ Integrated business model supports financial results



# Outlook 2020



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# Sensitivities in 2020

OMV Petrom Group main sensitivities		Operating Result impact
Brent oil price	USD +1/bbl	~EUR +20 mn
Equity gas price	EUR +1/MWh	~EUR +18 mn
OMV Petrom indicator refining margin	USD +1/bbl	~EUR +25 mn
Exchange rates (EUR/USD)	USD appreciation by 5 USD cents	~EUR +50 mn



# Outlook 2020

Indicators	Actual 2019	Assumptions/Targets 2020
Brent oil price	USD 64.21/bbl	USD 40/bbl (Previously: USD 60/bbl)
Production	152 kboe/d	decline below 5% yoy <sup>1</sup>
Refining margin	USD 4.67/bbl	USD >5.0/bbl
CAPEX <sup>2</sup>	RON 4.2 bn	RON ~3.0 bn (Previously: RON ~4.2 bn)
FCF after dividends <sup>3</sup>	RON 1.7 bn	Negative (Previously: Positive)

<sup>1</sup> Not including portfolio optimization; <sup>2</sup> CAPEX including capitalized exploration and appraisal and excluding acquisitions; <sup>3</sup> FCF before dividends is expected to be positive; as we kept unchanged the dividend proposal, FCF after dividends is expected to turn negative

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# FY19 results review



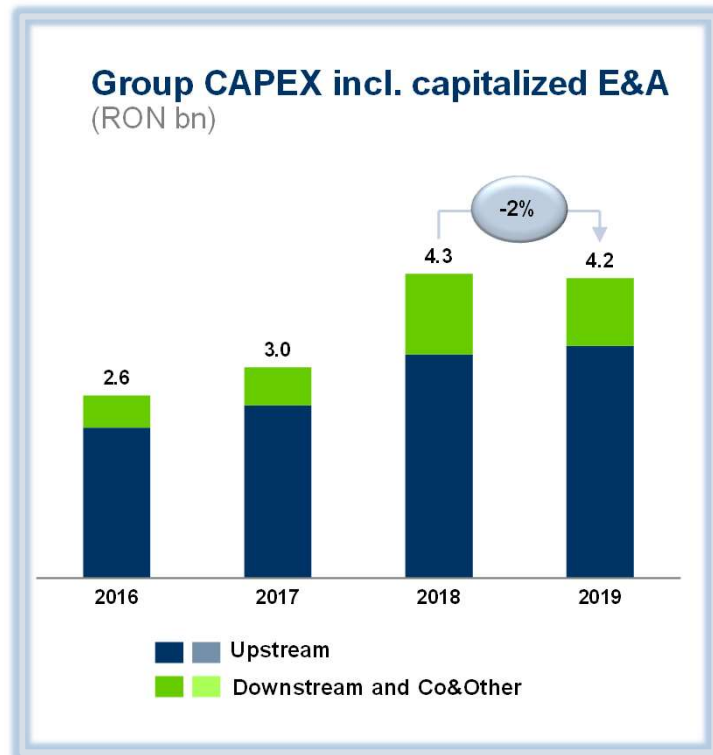
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# CAPEX and E&A



## CAPEX incl. capitalized E&A

- ▶ **2019 at RON 4.2 bn:**
  - ▶ 100 new wells and sidetracks
  - ▶ ~900 workovers
  - ▶ Shallow offshore drilling campaign
  - ▶ Coker Closed Blowdown system
  - ▶ CCPP Brazi planned shut down
  - ▶ Recognition of assets under IFRS 16 Leases

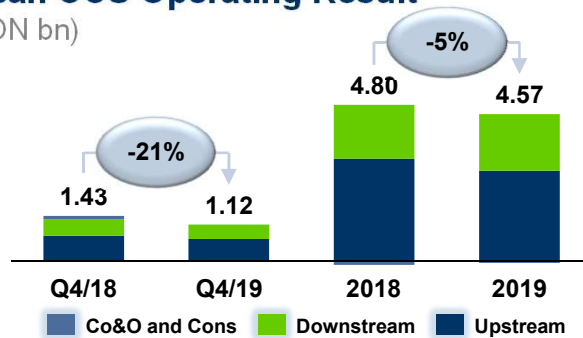
## E&A

- ▶ **2019 at RON 0.4 bn:**
  - ▶ 2 wells drilled in 2019
  - ▶ 4461 Totea South well production started in October

# Income Statement highlights

## Clean CCS Operating Result

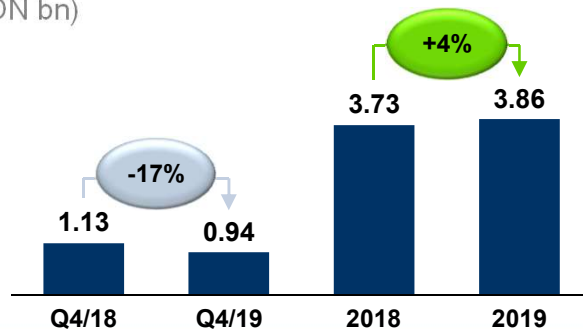
(RON bn)



- Q4/19 Clean CCS Operating Result reflects:
  - Lower oil prices
  - Higher sales volumes of fuels and gas
  - Favorable FX development and prices for natural gas

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

(RON bn)



- Q4/19 Clean CCS Net Income reflects:
  - Lower Clean CCS Operating Result
  - Higher Financial Result

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



# Special items and CCS effect

RON mn	Q4/19	Q4/18	2019	2018
<b>Clean CCS Operating Result</b>	<b>1,120</b>	<b>1,426</b>	<b>4,573</b>	<b>4,804</b>
CCS effects: Inventory holding gains / (losses)	17	(81)	42	186
Special items	(89)	406	(370)	223
Thereof Upstream	(204)	340	(255)	306
Downstream Oil	(6)	13	(204)	9
Downstream Gas	129	60	156	(73)
<b>Operating Result</b>	<b>1,049</b>	<b>1,751</b>	<b>4,245</b>	<b>5,213</b>

## Q4/19



- ▶ Gain from forward contracts in Downstream Gas



- ▶ Impairment of assets held for sale in Upstream

## 2019



- ▶ Gain from forward contracts in Downstream Gas

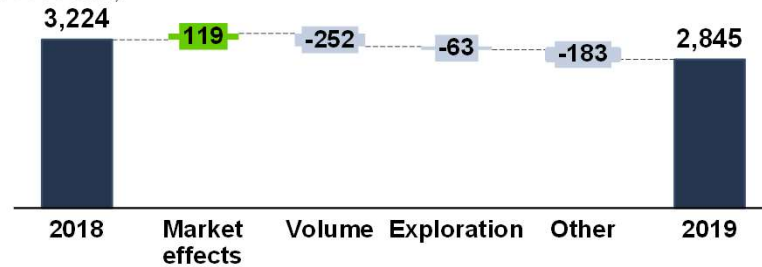


- ▶ Impairment of assets held for sale in Upstream
- ▶ Estimated soil remediation costs in relation to Arpechim refinery

# Clean CCS Operating Result

## Upstream

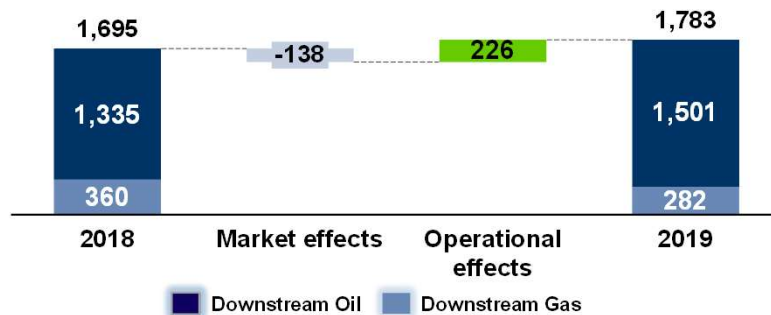
(RON mn)



- ▶ Favourable FX
- ▶ Higher realized gas prices
- ▶ Clarification of a tax topic
- ▶ Lower crude prices
- ▶ Sales volumes -4%

## Downstream

(RON mn)

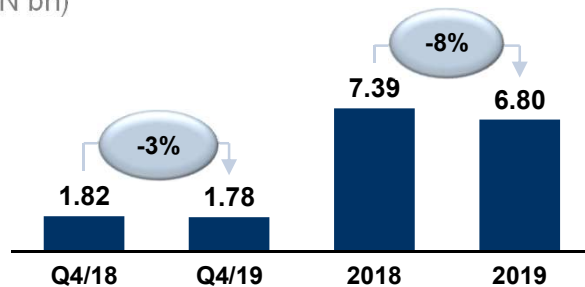


- ▶ 97% refining utilization rate
- ▶ 2018 refinery turnaround low base
- ▶ Refined products sales +10%
- ▶ Higher gas sales volumes
- ▶ Lower refining margins

# Cash Flow highlights

## Cash Flow from Operating Activities

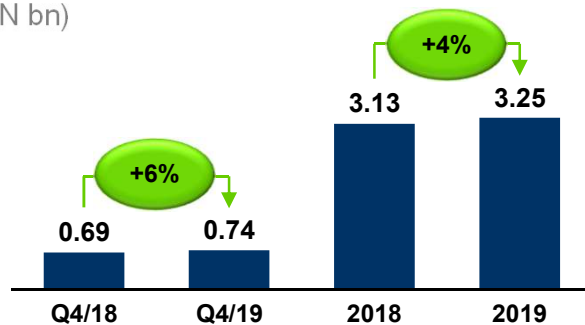
(RON bn)



- Q4/19 CFO: lower decrease than Operating Result due to higher depreciation and impairments

## Free Cash Flow

(RON bn)



- Q4/19 CFO<sup>1</sup> -3% yoy
- Q4/19 CFI<sup>2</sup> -8% yoy

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

# Upstream KPIs

## OPEX<sup>1</sup> (USD/boe)

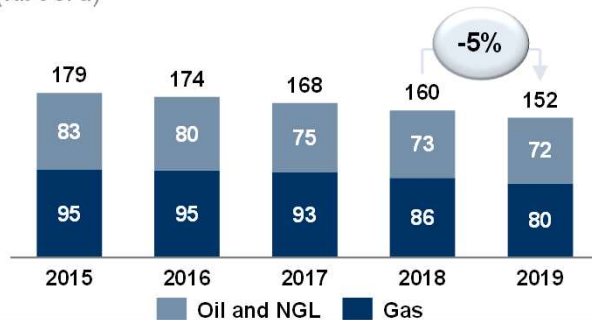


## Key drivers 2019 vs. 2018

Lower OPEX, in USD/boe terms, -3%:

- ▶ Favourable FX
- ▶ Lower production available for sale

## Hydrocarbon production (kboe/d)



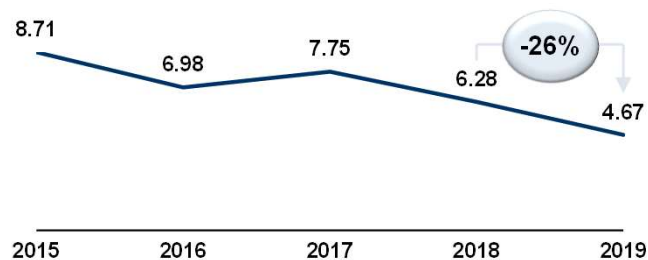
Total Upstream production -5%, due to:

- ▶ Natural decline
- ▶ Surface works
- ▶ Marginal fields divestments
- ▶ Contribution from new wells

<sup>1</sup> OMV Petrom aligned the production cost definition with its industry peers. Administrative expenses and selling and distribution costs are excluded from 2017 onwards. 2016 OPEX figures were re-calculated accordingly. Previous years' figures were not recalculated.

# Downstream Oil KPIs

## OMV Petrom Indicator refining margin (USD/bbl)

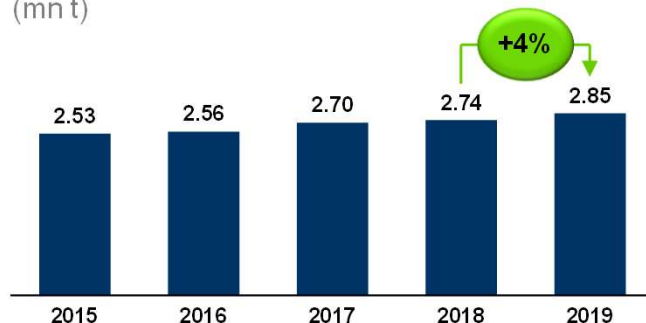


## Key drivers 2019 vs. 2018



- ▶ Refining margin -26% yoy, due to lower products spreads

## Retail sales volumes (mn t)



- ▶ Retail sales up 4% yoy, driven by higher demand
- ▶ Refined product sales +10% following 2018 refinery turnaround



# Downstream Gas KPIs

## Gas sales volumes

(TWh)

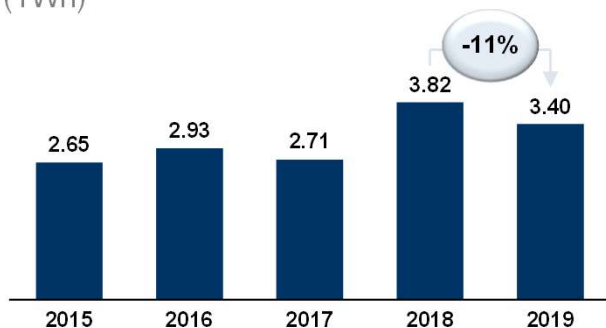


## Key drivers 2019 vs. 2018

- ▶ Higher gas sales volumes, built on third party acquisitions
- ▶ Gas sales to regulated market: 12.51 TWh

## Net electrical output

(TWh)



- ▶ Lower net electrical output
- ▶ Power sales to regulated market: 1.14 TWh
- ▶ Still positive spark spreads, although lower yoy

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# Appendix



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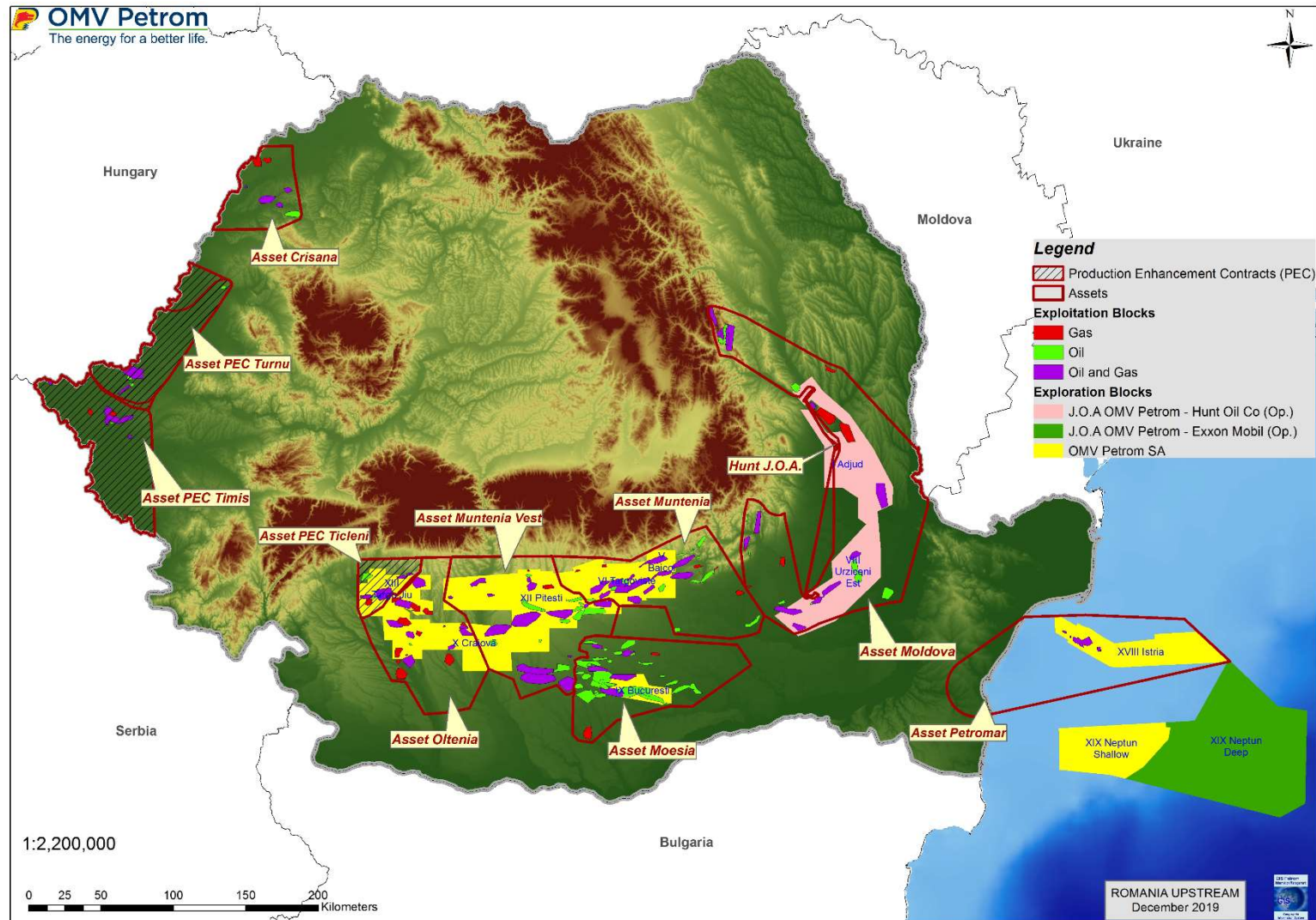


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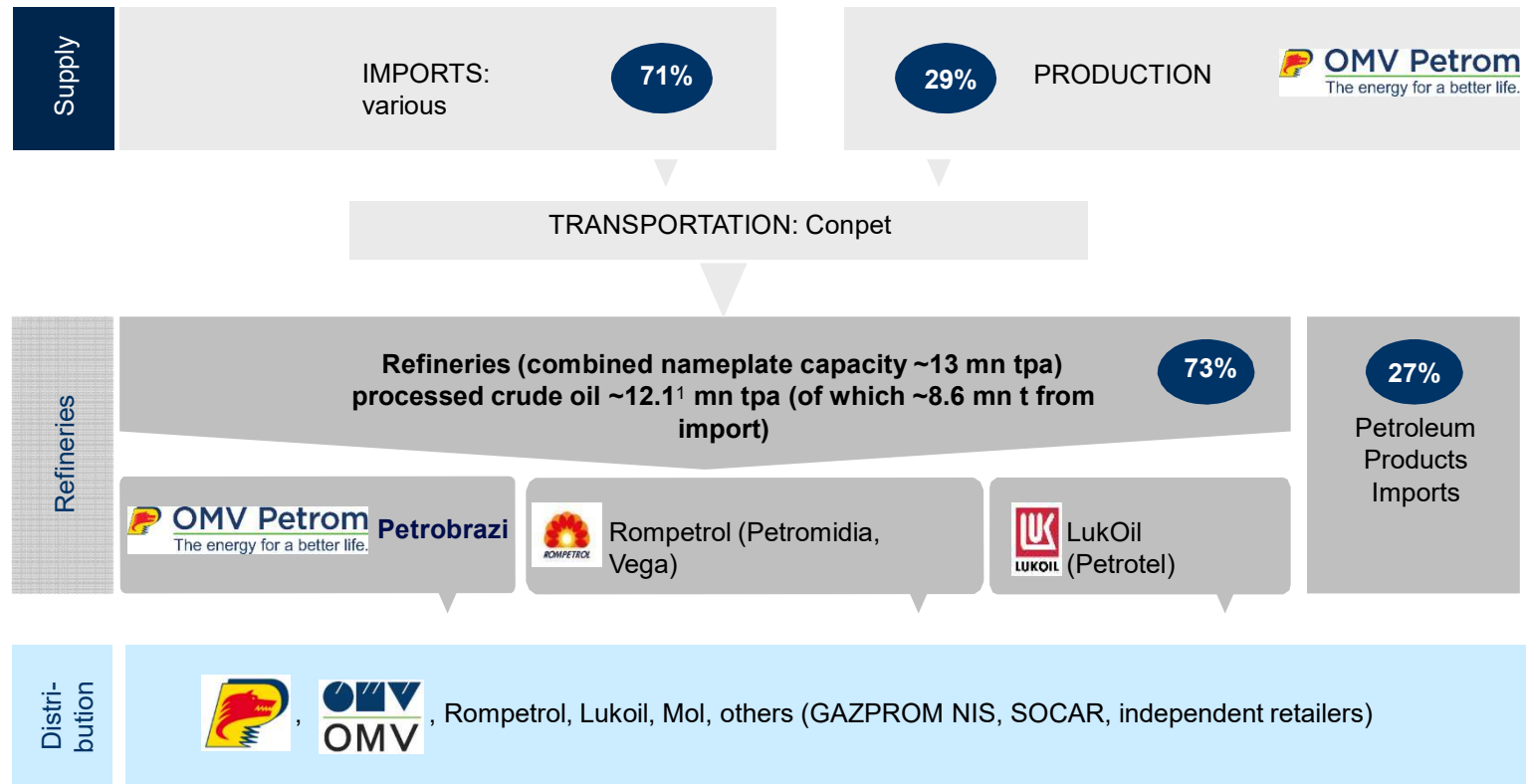
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# Upstream Romania map



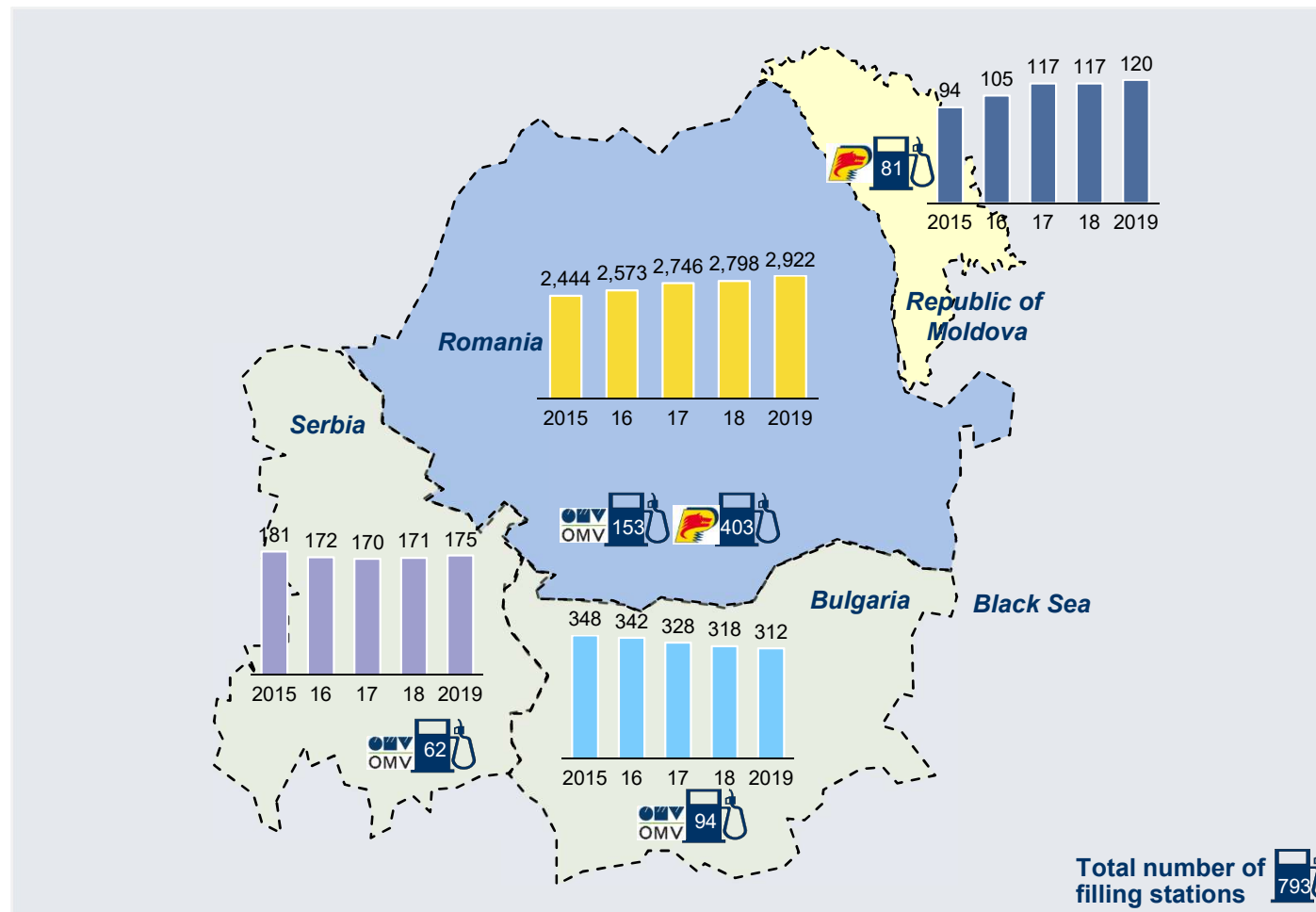
# Romanian oil market overview in 2019



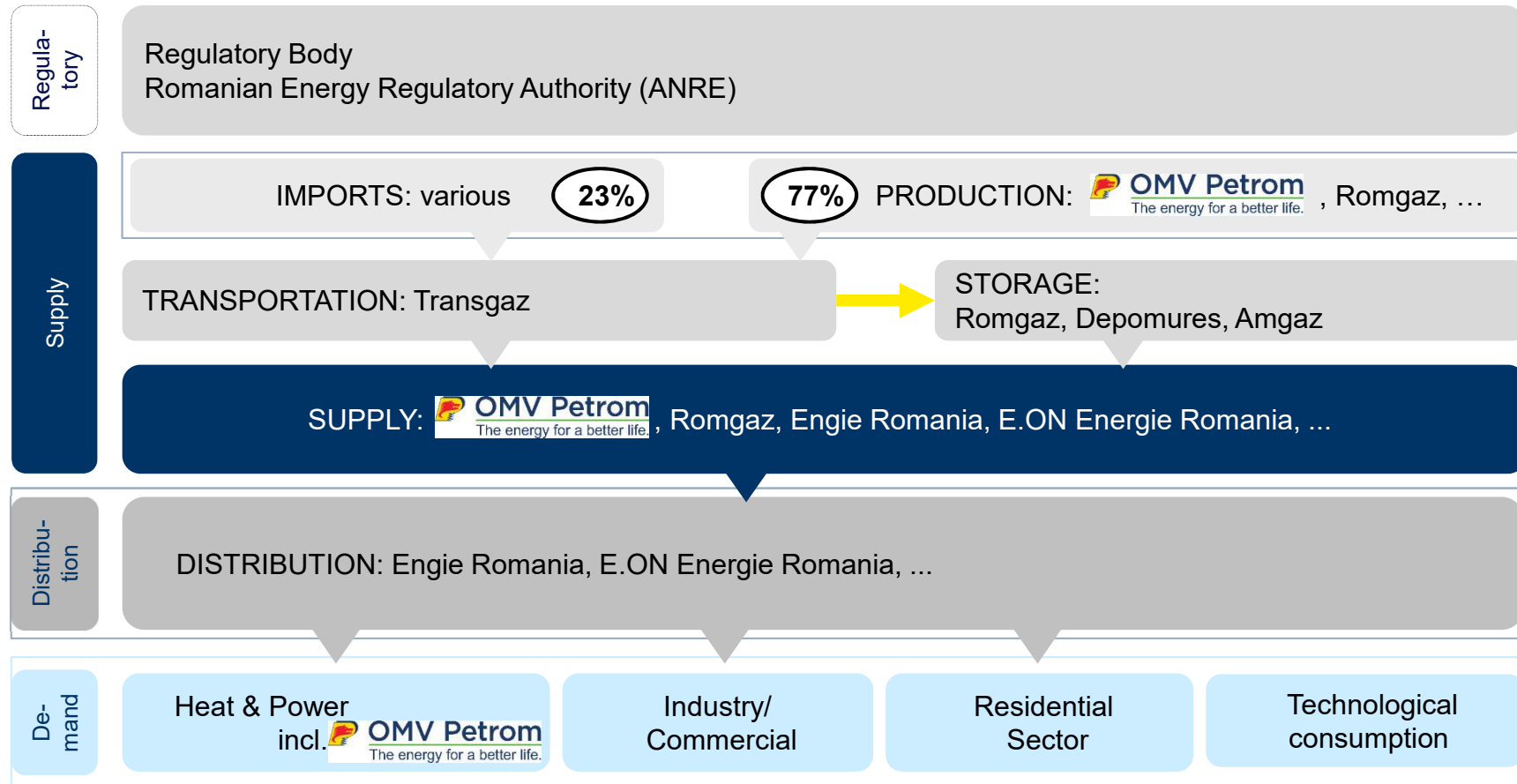
<sup>1</sup> Only crude oil processed (other feedstock not included). Data source: National Institute of Statistics (INS) and OMV Petrom calculations



# OMV Petrom Group fuel retail sales (mn l)

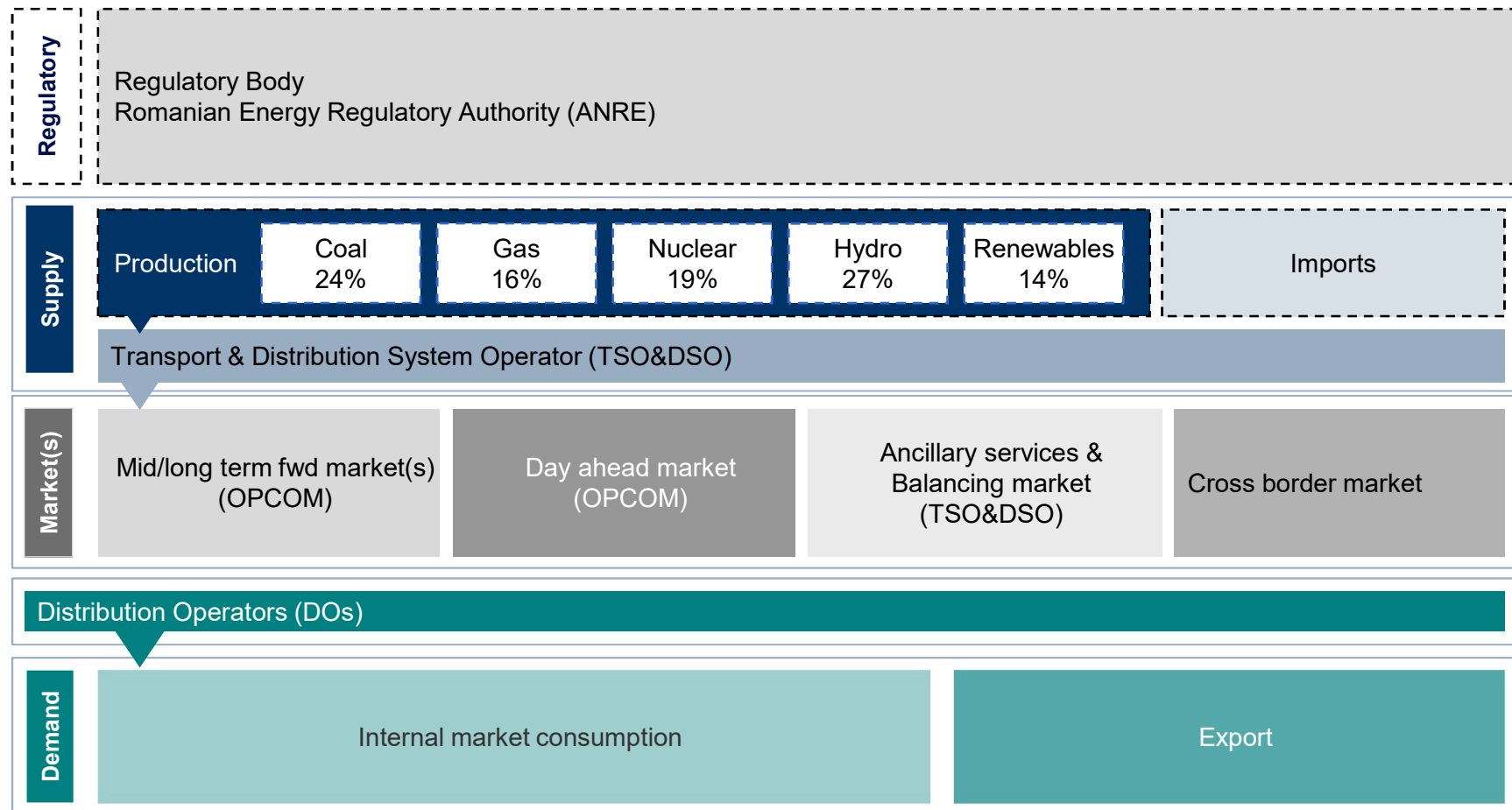


# Romanian gas market overview in 2019



Data source: ANRE monthly monitoring reports 2019

# Romanian power market overview in 2019



*Data source: Transelectrica real-time system data, may be subject to change*

# Cash flow Statement

RON mn	2015	2016	2017	2018	2019
Cash flow from operating activities (CFO)	5,283	4,454	5,954	7,385	6,803
Thereof, Change in net working capital (NWC)	146	-27	-199	32	-256
Cash flow from investing activities (CFI)	-4,953	-2,896	-2,446	-4,261	-3,556
Cash flow from financing activities (CFF), of which	-794	-376	-1,524	-1,495	-1,844
Dividends paid	-631	-1	-842	-1,123	-1,516
Cash and equivalents at end of period	813	1,996	3,979	5,609	7,014
Free cash flow (FCF)	329	1,559	3,508	3,125	3,246
Free cash flow after dividends	-301	1,558	2,666	2,002	1,730

# Income Statement

RON mn		2015	2016	2017	2018	2019
Sales <sup>1</sup>		18,493	16,647	19,435	22,523	25,485
Clean CCS Operating Result		2,529	1,700	3,273	4,804	4,573
Thereof	Upstream	919	575	1,674	3,224	2,845
	Downstream Oil	1,315	1,112	1,533	1,335	1,501
	Downstream Gas	-145	11	220	360	282
	Corporate and Other	-68	-62	-74	-87	-89
	Consolidation	509	65	-80	-28	34
Operating Result		-522	1,476	3,270	5,213	4,245
Financial result <sup>1</sup>		-204	-211	-366	-299	32
Taxes		36	-227	-415	-836	-642
Net income <sup>2</sup>		-676	1,043	2,491	4,078	3,635
Clean CCS net income <sup>2</sup>		1,801	1,162	2,488	3,728	3,863

<sup>1</sup> Restated to reflect the new Income Statement structure; <sup>2</sup> Attributable to stockholders of the parent



# Operating Result

RON mn		2015	2016	2017	2018	2019
<b>Clean CCS Operating Result</b>		<b>2,529</b>	<b>1,700</b>	<b>3,273</b>	<b>4,804</b>	<b>4,573</b>
Thereof	Upstream	919	575	1,674	3,224	2,845
	Downstream Oil	1,315	1,112	1,533	1,335	1,501
	Downstream Gas	-145	11	220	360	282
	Corporate and Other	-68	-62	-74	-87	-89
	Consolidation	509	65	-80	-28	34
<b>Operating Result</b>		<b>-522</b>	<b>1,476</b>	<b>3,270</b>	<b>5,213</b>	<b>4,245</b>
Thereof	Upstream	-1,815	401	1,661	3,531	2,589
	Downstream Oil	1,230	1,289	1,681	1,385	1,475
	Downstream Gas	-216	3	86	286	438
	Corporate and Other	-68	-65	-76	-106	-156
	Consolidation	346	-153	-82	116	-102

# Key financial indicators (consolidated) – restated<sup>1</sup>

in RON mn	2016	2017	2018	2019	Q1/19	Q2/19	Q3/19	Q4/19	Q1/20
Sales	16,647	19,435	22,523	25,485	5,420	5,900	6,869	7,296	6,086
Clean CCS Operating Result	1,700	3,273	4,804	4,573	1,227	998	1,228	1,120	975
Operating Result <sup>2</sup>	1,476	3,270	5,213	4,245	1,288	969	939	1,049	830
Operating result before depreciation	4,940	6,854	8,085	7,879	2,043	1,868	1,859	2,109	1,696
Clean CCS net income attributable to stockholders	1,162	2,488	3,728	3,863	1,056	845	1,024	938	760
Net income attributable to stockholders	1,043	2,491	4,078	3,635	1,151	823	785	875	653
Cash flow from operating activities	4,454	5,954	7,385	6,803	1,505	1,429	2,094	1,775	1,358
Free cash flow after dividends	1,558	2,666	2,002	1,730	666	-1,053	1,383	734	136
Non-current assets	35,129	33,727	33,549	34,933	34,036	34,231	35,163	34,933	34,728
Total equity	26,706	28,421	31,368	33,501	32,538	31,823	32,619	33,501	34,408
Net debt / (cash)	-237	-2,897	-4,891	-5,982	-5,237	-4,160	-5,394	-5,982	-6,095
CAPEX	2,575	2,969	4,289	4,225	826	887	1,079	1,432	958
Gearing ratio	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.	n.m.
Clean CCS EPS (RON)	0.0205	0.0439	0.0658	0.0682	0.0186	0.0149	0.0181	0.0166	0.0134
EPS (RON)	0.0184	0.0440	0.0720	0.0642	0.0203	0.0145	0.0139	0.0154	0.0115
Clean CCS ROACE	5%	10%	14%	14%	15%	16%	15%	14%	13%
Payout ratio	81%	45%	38%	48%					
Dividend per share (gross, RON)	0.0150	0.0200	0.0270	0.031					
Employees at the end of the period	14,769	13,790	13,201	12,347	12,853	12,767	12,611	12,347	12,135
<b>NBR rates</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>Q1/19</b>	<b>Q2/19</b>	<b>Q3/19</b>	<b>Q4/19</b>	<b>Q1/20</b>
EUR/RON average	4.49	4.57	4.65	4.75	4.74	4.75	4.73	4.77	4.80
USD/RON average	4.06	4.05	3.94	4.24	4.17	4.22	4.26	4.31	4.35

<sup>1</sup> Restated to reflect the new Income Statement structure; <sup>2</sup> Specific Upstream taxes in Romania for 2018 amounted to RON 1,206 mn, representing 13.1% of total Upstream hydrocarbon revenues, and include royalties (RON 831 mn) and supplementary oil and gas taxation (RON 375 mn). Specific Upstream taxes in Romania for 2019 amounted to RON 1,227 mn, representing 13.5% of total Upstream hydrocarbon revenues, and include royalties (RON 707 mn), supplementary oil and gas taxation (RON 473 mn) and 2% ANRE contribution for gas production activities (RON 47 mn). For 2019, the 2% ANRE contribution for gas supply and electricity production and supply activities was in amount of RON 45 mn; Specific Upstream taxes in Romania for Q1/20 amounted to RON 320 mn, representing 17.4% of total Upstream hydrocarbon revenues, and include royalties (RON 177 mn) and supplementary oil and gas taxation (RON 143 mn).

# Contact Investor Relations

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### 2020 Financial Calendar:

July 29: Q2 2020 results

October 29: Q3 2020 results