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The spoken word applies. Check against delivery.

## Christina Verchere – OMV Petrom – CEO

### Slide 1 – Intro

Good afternoon, ladies and gentlemen, and a warm welcome from my side. Thank you for joining our call. I hope you and your families are all safe and healthy.

In the third quarter we have continued to promptly manage challenges brought by COVID crisis, maintaining our business continuity and keeping promises to our stakeholders. In July, when we last talked, we were expecting another difficult quarter, however results proved to be above expectations, reflecting better commodity prices, strong recovery in fuels demand, high asset utilization and strong cash flow generation. Most important, we had an excellent performance in safety, translated into a low lost time injury rate in the third quarter.

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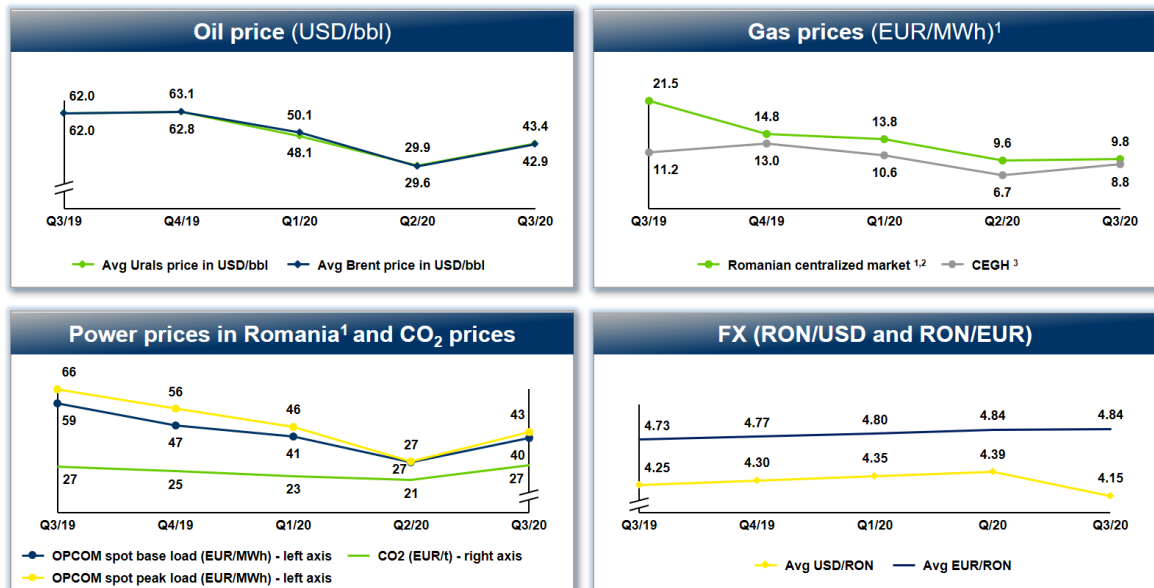
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**Slide 2 – Legal Disclaimer**

Before going into details, please let me first draw your attention to our Legal Disclaimer, which you can read in detail on slide 2.

## 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

### Slide 3 – Economic environment

Let me start with some highlights regarding commodity prices and main currencies in the third quarter of 2020.

The oil prices recovered versus the previous quarter, being supported on the supply side by OPEC+'s high compliance to the agreed production cuts. Non-OPEC output reductions, for instance the ones caused by adverse weather conditions in the US, also contributed to supply tightness. With regards to demand, the third quarter sales benefitted from the driving season, loosened restrictions and increasing global mobility. In July and August, Brent price had an upward trend with reduced volatility. In September, Brent price weakened on oversupply concerns in the context of the prolonged COVID-19 crisis. Overall for the third quarter, Brent prices averaged 43 US dollars per barrel, 45 percent up quarter-on-quarter, but still 31 percent down year-on-year.

Urals traded at an average premium to Brent of 0.43 US dollars per barrel, down from the record high premiums of more than 2 US dollars per barrel seen in June. These premiums proved unsustainable, as buyers looked elsewhere for cheaper alternatives in a weak demand environment.

European gas prices, reflected on our graph by the CEGH, started to recover in the third quarter. At a level of 8.8 EUR per megawatt-hour, they were approximately 30 percent higher compared to the previous quarter, but still approximately 20 percent lower year-on-year.

Driven by easing of lockdowns and increased economic activity, European gas demand returned to the previous year's level starting August. Significant price support came from the reduced imported LNG volumes into Europe, mainly driven by decrease of US production. European net storage injection slowed down and rather stabilized, but storage levels remain substantially above long-term average.

On the Romanian centralized gas markets, prices followed the same trend, but with a different pace. The day-ahead price averaged 9.8 EUR per megawatt-hour, approximately 54 percent lower year-on-year. Short term Romanian gas prices are getting more aligned with European hub prices. However, the Romanian forward gas prices are more divergent from CEGH prices, as the Gas Release Program is putting a downward pressure through the starting prices mechanism.

Base load electricity prices in Romania were down around 31 percent year-on-year in EUR terms, but around 50 percent higher quarter-on-quarter. The spark spreads were positive in the third quarter, due to the lower gas prices and despite higher CO2 prices.

RON has appreciated versus the dollar in the third quarter of 2020, resulting in a USD 3 percent weaker versus the RON year-on-year, while the EUR appreciated by 2 percent versus the RON.

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## Romanian environment

### Fiscal and regulatory framework

#### Authorities' reaction to COVID:

- ▶ State of alert since mid-May
- ▶ Health and social, fiscal and monetary measures
- ▶ National Investment and Economic Relaunch Plan

#### Recent regulatory changes

- ▶ Update of the gas release program
- ▶ ANRE order on free connection of households to the natural distribution networks

### Macroeconomic environment

#### GDP growth:

- ▶ Q2/20<sup>1</sup>: -10.2% yoy
- ▶ 2020e<sup>2</sup>: -4.8% yoy

#### CPI annual inflation:

- ▶ Sep 20/Sep 19<sup>1</sup>: 2.45%;
- ▶ 2020e<sup>2</sup>: 2.9%

#### Demand:

	9m/20 yoy	Q3/20 yoy
Fuels <sup>3</sup>	-6.1%	+0.6%
Gas <sup>4</sup>	+3%	+13%
Power <sup>5</sup>	-5%	-2%

<sup>1</sup> Romanian National Institute of Statistics; <sup>2</sup> IMF, October 2020; <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



### Slide 4 – Romanian environment

Romania has been under a state of alert since May. Triggered by a steep increase in number of cases, this month the Romanian authorities have imposed stricter localized measures such as closure of some schools, as well as limited entertainment and travel in some areas. By the end of September, the Government spent approximately 3% of GDP due to the COVID crisis, mainly on fiscal measures and higher investments.

The financing of further support measures as well as the economic recovery from 2021 onwards strongly depend on Romania's capability to attract EU funds. As mentioned in our previous call, early July the Government published the National Investment and Economic Relaunch Plan, a 100 billion EUR long-term investment plan to revive the economy. Most of it is geared towards infrastructure development, however details on the projects and financing mechanisms are still pending. European Union's Recovery and Resilience Plan as well as the SURE program could also support Romania's economic recovery.

Besides EU funds, the speed of economic recovery is strongly dependent on private investments and, in this context, the oil and gas industry can play a key role. In September, the European Commission announced its plans to further increase the target for greenhouse gas emissions cuts by 2030, as part of a broader European Green Deal program aimed at reaching climate neutrality by mid-century. Consequently, the role of gas projects such as Neptun Deep in the transition to a lower-carbon energy system is increasing.

In terms of regulatory environment, in the first nine months of the year, the Romanian energy market was subject to frequent changes. At the beginning of July 2020, the gas price cap was removed and deliveries under the Gas Release Program (GRP) started. Subsequently, several changes were implemented: the producers' obligation increased from 30 percent of production to 40 percent less own and technological consumption, while the pricing mechanism was linked to local prices only, thus creating regulatory volatility. While we acknowledge the steps forward towards a fully liberalized market, we view the current administrative interventions of the GRP causing market imbalances.

Worth mentioning is the fact that, at the beginning of October, ANRE published an Order regarding the connection of households to the gas distribution network. For households, gas connection to the distribution network will be free of charge. We expect this Order to generate an increase in the households gas demand in the years to come.

With regards to macro indicators, the Romanian GDP decreased in the second quarter of 2020 by 10.2 percent. However, at full year level, Romania's economic performance is likely to be above EU's, according to the IMF, which improved Romania's 2020 GDP estimate to a drop of -4.8 percent year-on-year, versus the previous estimate of -5.0 percent. Nevertheless, domestic macroeconomic imbalances, such as budget or current account deficits, are widening.

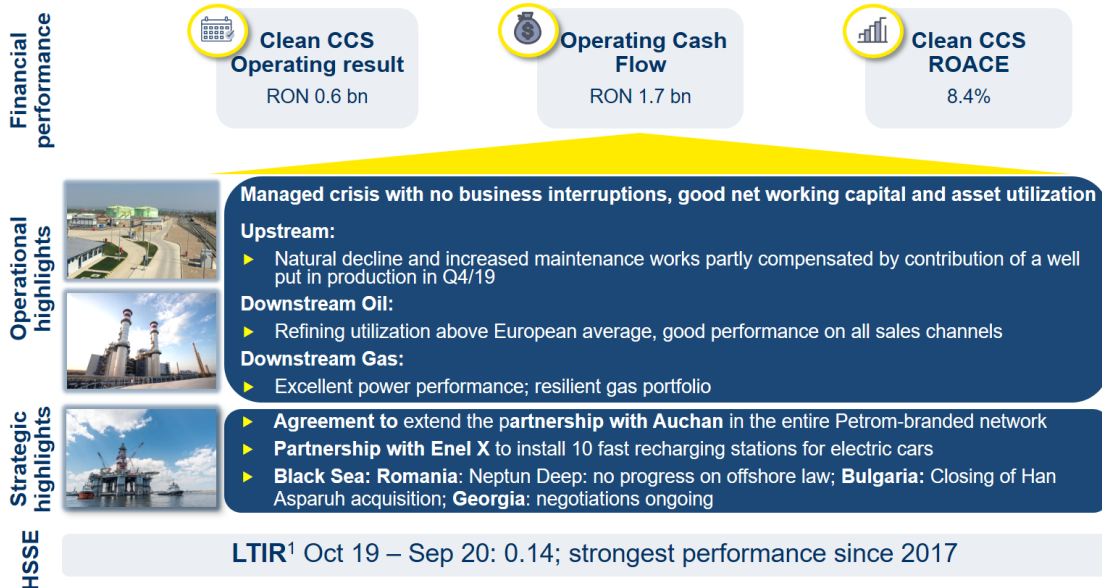
The annual inflation index in September 2020 versus September 2019 was 2.45 percent.

Looking at the Romanian energy sector in the third quarter of 2020, the market demand for our products was mixed. Demand for retail fuels slightly increased by 0.6 percent year-on-year, with different trends for gasoline, which decreased by 0.7 percent, and diesel, which saw a 1 percent increase. Gas demand increased by an estimated 13 percent in the third quarter versus the same period of 2019, mainly due to gas-to-power and fertilizers industries, boosted by lower gas prices. Power demand decreased by 2 percent. Domestic power production increased by 3 percent year-on-year, but from a relatively low base, Romania remaining a net importer. The lower contribution from coal and nuclear was compensated by higher hydro and gas generation.

For the full year 2020, we expect a mixed evolution of demand for our products: demand for fuels and power is foreseen to be lower than in 2019, reflecting the weak economic environment, while demand for gas is estimated to be broadly similar to 2019, supported by gas intensive industries.

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## Key messages Q3/20



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

### Slide 5 – Key messages Q3/20

On slide 5, we present the key highlights for the quarter.

During this challenging period, we secured our business, proved our agility and maintained our commitment towards all our stakeholders. We ensured business continuity, with high safety standards, good asset utilization and strong working capital management.

Overall for our company, the third quarter financial and operating results reflect the challenges of the COVID crisis, which we managed swiftly, also capitalizing on the benefits of our integrated business model. Crude oil prices were still significantly down year-on-year, but improved quarter-on-quarter, fuels demand recovered at a stronger pace than expected in July, while our power performance was excellent.

At the group level, Clean CCS Operating Result was almost 0.6 billion RON, 54 percent lower than in the third quarter of 2019.

Our operating cash flow decreased by only 18 percent year-on-year, to 1.7 billion RON, helped by strong net working capital management. Despite this decrease, under these challenging circumstances, we are very proud of our cash performance in the third quarter.

The Clean CCS ROACE decreased on a year-on-year basis by 6.3 percentage points, to 8.4 percent, reflecting the weak economic environment.

In Upstream, we managed production, workover operations and construction works without interruptions and at high safety standards in the current COVID-19 pandemic context. Hydrocarbon production decreased 6 percent year-on-year, due to natural decline and planned maintenance works, partly compensated by the contribution of new wells and workovers.

In Downstream Oil, operational performance was supported by cost optimizations, optimal asset utilization in the context of planned shut-down of Petrobrazi refinery and well-managed stock levels, in an environment still affected by the COVID-19 pandemic.

In Downstream Gas, the power business had an excellent contribution, while our gas portfolio showed a good resilience in a declining year-on-year gas price environment.

With regards to strategy execution, in Downstream Oil, together with Auchan, we announced the agreement to extend our partnership for opening MyAuchan proximity stores in Petrom-branded filling stations. The partnership represents an innovative approach for the Romanian market and brings together two of the brands renowned on the Romanian market for the advantageous quality-price ratio. Approximately 400 MyAuchan proximity stores will be opened in the Petrom filling stations network in Romania, in the next five years. With this opportunity, Petrom filling stations will enter a modernization process which will include, besides the setting up of MyAuchan stores, the rebranding of the identity elements together with a modernization program of the filling stations facilities.

Concerning our plans regarding electric mobility, our approach is to develop the electric vehicle recharging infrastructure in our filling stations network, in partnership with other players in this field. Thus, in September we announced a partnership with Enel X for installing 10 fast recharging stations for electric cars in filling stations in Romania. This comes after the announcement in the second quarter of the partnership with Eldrive, for installing 30 fast charging stations for electric cars in filling stations in Romania and Bulgaria.

In Upstream, we completed the acquisition of the Han-Asparuh offshore exploration block in Bulgaria. Following Repsol's exit, the Bulgarian regulator approved the allocation of Repsol's 30 percent participating interest to the remaining two partners. Thus, OMV Petrom's share in the block is now 42.9 percent, alongside Total, with 57.1 percent, as operator. The 3D seismic acquisition was finalized and the data interpretation is ongoing.

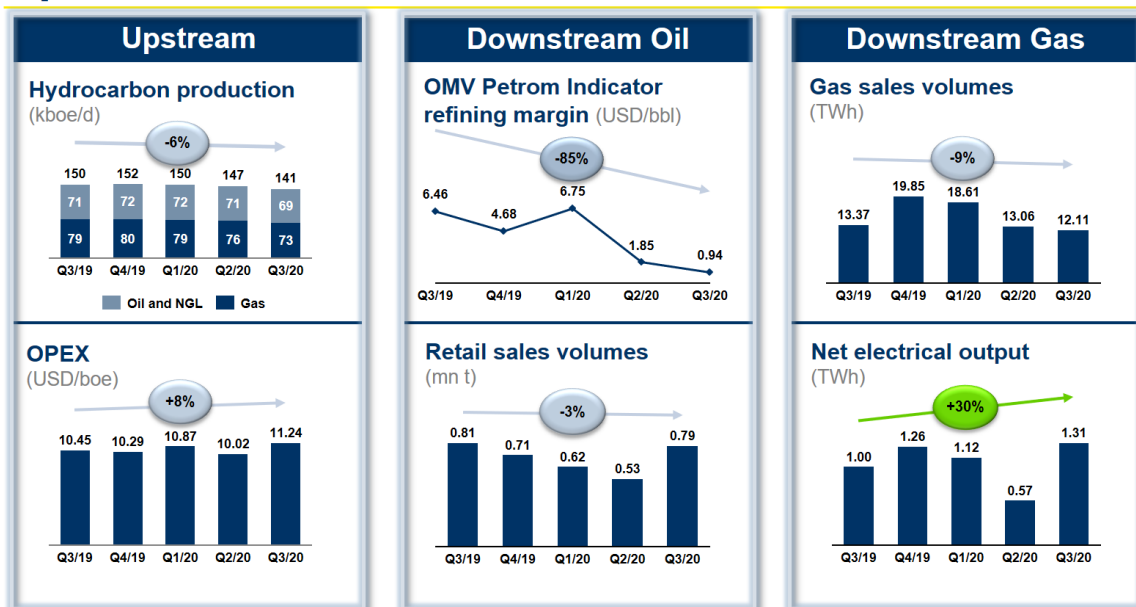
In the Eastern Black Sea, following the successful bidding procedure, the ongoing negotiations of the production sharing contract for Georgia Offshore Exploration Block II are estimated to be finalized by year-end.

We remain keen to see the Neptun Deep strategic project being developed. The final investment decision depends on several key prerequisites including the Offshore Law. According to public statements, the Offshore Law is intended to be changed through a parliamentary process to be initiated after the next parliamentary elections in December.

On HSSE, the Lost Time Injury Rate on a 12-month rolling basis was 0.14, better than international benchmark and our strongest performance since 2017.

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## Operational KPIs





### Slide 6 – Operational KPIs

On slide 6, I would like to present to you the operational performance, as reflected in our KPIs in the third quarter of 2020.

Let me start with **Upstream**.

The hydrocarbon production declined by almost 6 percent year-on-year in the third quarter of 2020, due to a concentration of maintenance activities in the third quarter, caused by COVID-19 situation. For the first 9 months of the year, the decrease was 3 percent.

Daily crude oil and NGL production decreased in the third quarter by 3 percent year-on-year, mainly due to natural decline.

Gas production decrease was steeper, by 9 percent year-on-year, due to natural decline in the main fields and the impact of the planned maintenance activities, mainly in the Hurezani area. The decline was partly compensated by the contribution from new wells and workovers, including the 4461 Totea South exploration well, which started production in the fourth quarter of 2019.

OPEX per barrel of oil equivalent increased by 8 percent year-on-year, to a level of 11 dollars and 24 cents. This was driven mainly by the lower production available for sale and the negative exchange rate impact, partly compensated by ongoing cost optimization.

In **Downstream Oil**, the indicator refining margin decreased sharply in the third quarter by 85 percent or around 5.5 dollars per barrel year-on-year, to below 1 dollar per barrel, mainly as an effect of falling product spreads, particularly for diesel and gasoline. The refinery utilization rate was 86 percent, reflecting two weeks' planned shutdown in July. We consider this utilization level an excellent performance under the COVID-19 circumstances, compared to an average utilization of 72 percent for European refineries, according to estimates by an external energy research and consulting company.

The lower demand was, however, reflected by the year-on-year decrease in total refined product sales volumes and group retail sales volumes, by 7 percent and 3 percent respectively, still a better development compared to our expectations at the beginning of the quarter.

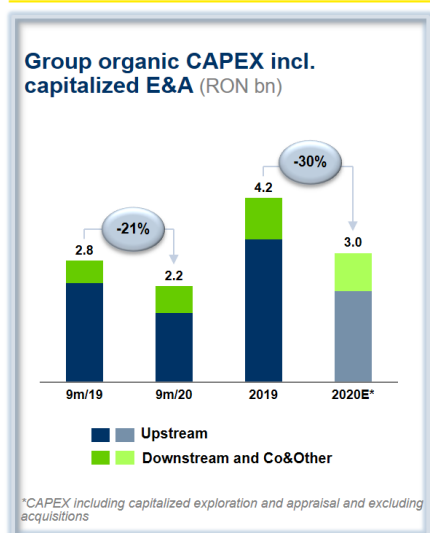
In **Downstream Gas**, total gas volumes decreased by 9 percent year-on-year to 12 terawatt-hour, from the record-high third quarter sales in 2019,

generated by the obligation to sell on the regulated and the centralized markets. Since July 2020, OMV Petrom no longer has an obligation to supply the gas regulated market, following market liberalization.

Net electrical output was 1.3 terawatt-hour, 30 percent higher than in the third quarter of 2019. In addition to its significant forward position, the power plant had an important contribution on the balancing and ancillary services markets, enabled by its high flexibility. The power plant accounted for approximately 10 percent of Romania's power generation in the third quarter. According to allocations in place, 0.05 terawatt-hour were supplied to the regulated power market at a price of around RON 223 per megawatt-hour.

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## CAPEX and E&A



### Organic CAPEX incl. capitalized E&A

- ▶ **9m/20** at RON 2.2 bn:
  - ▶ 43 new wells and sidetracks
  - ▶ ~610 workovers
  - ▶ Securing long-term logistic access to Petrobrazi refinery
  - ▶ Bio-compliance blending project
- ▶ **2020E** at RON ~3.0 bn:
  - ▶ Wells and sidetracks: ~60
  - ▶ Workovers: ~800
  - ▶ Compliance and environmental projects

### E&A

- 9m/20** at RON 0.12 bn:
  - ▶ 3D seismic acquisition in Urziceni East block started in Q4/19 and finalized in Q1/20
  - ▶ 1 well drilled in Q3/20 (JOA with Hunt; Hunt operator)
- ▶ **2020E** at RON ~0.2 bn:
  - ▶ 1 well planned to be tested in Q4/20

**Acquisition:** Han Asparuh RON ~0.2 bn in 9m/20

### Slide 7 – CAPEX and E&A

Slide 7 provides an overview of CAPEX and exploration and appraisal activities for the first nine months of 2020 and the outlook for the whole year.

Total CAPEX amounted to 2.4 billion RON, 15 percent lower year-on-year.

The majority was directed to Upstream, where we continued our drilling activities, at a slightly increased pace compared with previous quarter; therefore we had an average of 5 active rigs during the third quarter, still a reduced number year-on-year, mainly as a consequence of the COVID-19 pandemic. We finalized the drilling of 43 new wells and sidetracks and performed more than 610 workover jobs.

Downstream investments during the third quarter were mostly directed to Downstream Oil, mainly related to a long-term land rental contract in the Aviation business and to various works performed in the context of the refinery planned shut-down. In addition to the projects mentioned above, in the first 9 months investments were performed mostly for securing long-term logistic access through railway lines at Petrobrazi refinery and to the upgrade of unloading and storage facilities for bio-blending components.

In the third quarter, we also completed the acquisition of the Han-Asparuh offshore exploration block in Bulgaria.

At Group level, for 2020, we maintain our CAPEX guidance of about 3 billion RON, excluding acquisitions.

In Upstream, we slowed down drilling activities this year. For the whole year, we currently plan to drill around 60 new wells and sidetracks, and perform around 800 workover jobs.

In Downstream, we postponed the non-committed CAPEX, delayed the investments in some growth projects, mainly for studies and engineering, while maintaining our focus on safety, compliance and running business investments.

Moving to exploration and appraisal activities, in the exploration block VIII-Urziceni East, the interpretation of the data obtained through 3D seismic acquisition is ongoing and we are now developing the prospect inventory. In the third quarter of 2020, we also drilled one exploration well in the joint operation agreement with Hunt.

In 2020, we expect exploration expenditures to be around 0.2 billion RON, as we postponed some of the initially planned drilling activity and seismic acquisition. The planned activities for the fourth quarter include the testing of one exploration well.

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## Ongoing response to the current crisis while progressing with our sustainability journey

**Health and safety** – our first priority  
 Ensuring **security of energy supply**  
 Managing crisis with **no business interruptions**  
**Integrated business model** continues to support financial results  
 Continuous **business optimization** and strict **cost discipline**  
 Commitment for **progressive dividend policy**  
**Free cash flow after dividend** for the full year: slightly positive



### Environment

- Continued delivery on carbon efficiency targets through sustained investments
- TCFD supporter
- Develop electric vehicles recharging infrastructure in our filling stations



### Social

- Reliable and responsible tax player
- Extend work from home and flexible time
- Accelerate process digitalization and employees upskilling
- Support Romanian health and education systems during times of crisis



### Governance

- Executive Board: good mix of experience, expertise, qualification and diversity
- Climate related risks on the Boards' agenda
- Strong crisis management capability
- Increased communication to capital markets



### Slide 8 – Ongoing response to the current crisis while progressing with our sustainability journey

It's been three quarters since we started to update the capital markets on the impact of and our reaction to the current crisis. What we hoped to be a short period event, turned into a challenging and unpredictable business environment, particularly for the oil and gas industry.

Current oil price environment and demand drop required timely and appropriate measures to reduce the impact on our financial position. While maintaining health and safety as our top priority, we have intensified our efforts for CAPEX prioritization, portfolio optimization and cost reduction, and Alina will provide more details on these financial measures.

There is no doubt, this coronavirus outbreak has tested the world's and our organization's resilience. However, during these times, we have maintained business continuity at all times, kept our commitment towards all our stakeholders and strengthened our confidence in our ability to cope with challenges.

We have a strategic role in ensuring energy supply for Romania and we hold true to our mission of providing energy in all forms: oil products, natural gas and electricity.

Despite the impact of COVID-19 and of depressed commodities prices on our operations and results, we remained committed to maintaining a strong balance sheet and continuing to offer an attractive progressive dividend to our shareholders going forward. Our strong cash flow generation capability, demonstrated in the first 9 months of this year, supports this commitment and offers us confidence that, for the full year we can achieve a slightly positive free cash flow after dividends.

One of the key success factors of our efficient and rigorous crisis response has been our approach to sustainability, already embedded in the DNA of our company at the time when the crisis began. The fact that we have clear set targets and reporting processes on safety, diversity, carbon efficiency, innovation, business principles and social responsibility has provided us with a framework for navigating the unknown of this unprecedented crisis, by taking into account our diverse stakeholders.

With regards to **environment** and climate change, our strong performance in reducing greenhouse gas emissions registered last year has continued

throughout the first nine months of 2020. This is supported by the energy efficiency projects in which we are constantly investing in order to reduce greenhouse gas emissions.

As mentioned earlier, we entered into strategic partnerships in the electromobility segment in order to develop the recharging infrastructure for electric vehicles in our network. In addition, we invested in the installment of photovoltaic panels in 78 of our filling stations and continued to support forestation projects, as well as educational initiatives for energy efficiency.

Moving now to the **social** aspects of our business, besides the health and safety of our employees and customers, we are also focused on contributing to the fight against the pandemic, from supporting the national healthcare system to assisting our communities. In these unsettling times, we remained a reliable partner for Romania, and a reliable and responsible tax payer.

We are working hard to upgrade the agility of our business by digitalizing as many of our processes as possible. Digital tools and new ways of working have proven essential in overcoming some of the challenges brought on by the pandemic. They have also revealed further opportunities for digital transformation and innovation.

As the COVID-19 pandemic continues to spread across the world, we are all reminded of the importance of leadership and good **governance**.

From a long-term sustainability perspective, a strategic risk assessment process is in place, and, based on an annual assessment, we ensure a robust approach of strategic risks. The climate change risk, defined as strategic risk, ranks high on the Board agenda.

Whilst the current economic uncertainty looks set to continue in the near term, we believe the sustainability of our business ensures a strong basis for our future performance. Our performance during this crisis and our approach on sustainability allows us to remain an attractive investment proposition, being able to pursue our strategic directions while offering attractive returns.

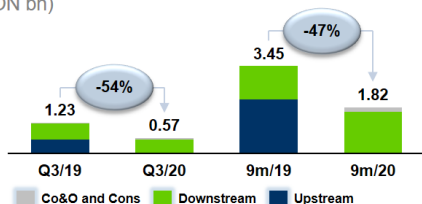
With that, please let me now hand over to Alina, who will go into the quarterly financials and the outlook for the year 2020 in detail.

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## Income Statement highlights

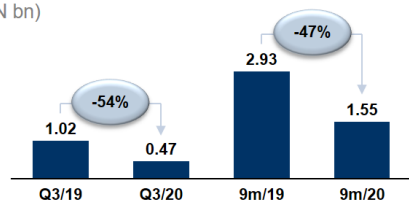
### Clean CCS Operating Result (RON bn)



#### ► Q3/20 Clean CCS Operating Result reflects:

- Lower oil and gas prices
- Weak refining margin
- Decreased fuel sales volumes partially offset by solid margins
- Significantly higher contribution from power

### Clean CCS Net Income<sup>1</sup> (RON bn)



#### ► Q3/20 Clean CCS Net Income reflects:

- Unfavourable market environment

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

### Slide 10 – Income Statement highlights

Thank you, Christina, and good afternoon also from my side.

I will continue the presentation with slide 10, starting with some highlights from the Income Statement, with focus on the developments of the third quarter of 2020 versus the similar period of 2019.

Sales decreased by 26 percent year-on-year, negatively impacted by lower commodity prices and sales volumes.

In the third quarter of 2020, Upstream Clean Operating Result remained negative, mainly due to lower oil and gas prices. Downstream Clean CCS Operating Result decreased by 12 percent year-on-year, reflecting the weaker result in Downstream Oil which could not be offset by the significant improvement of the Downstream Gas result.

The clean consolidation line of 76 million RON in the third quarter of this year reflects the lower unit margins and lower petroleum products stocks.

Consequently, the Group Clean CCS Operating Result decreased by 54 percent year-on-year.

The net financial result slightly improved from a loss of (13) million RON in the third quarter of 2019 to a loss of (8) million RON in the third quarter of 2020.

As a result, the Clean CCS net income attributable to stockholders decreased by 54 percent year-on-year to 471 million RON.

The reported Net income attributable to stockholders was negative, at (41) million RON due to the special items and inventory holding effects, which I will detail on the following slide.

## Special items and CCS effect

RON mn	Q3/20	Q3/19	9m/20	9m/19
<b>Clean CCS Operating Result</b>	<b>570</b>	<b>1,228</b>	<b>1,821</b>	<b>3,452</b>
CCS effects: Inventory holding gains / (losses)	(53)	(44)	(437)	25
Special items	(562)	(246)	(456)	(281)
Thereof Upstream	(1,051)	(34)	(1,066)	(51)
Downstream Oil	3	(214)	28	(197)
Downstream Gas	483	9	601	26
<b>Operating Result</b>	<b>(44)</b>	<b>939</b>	<b>928</b>	<b>3,196</b>

### Q3/20

- ▶ Impairment of Upstream assets due to update of long-term oil price assumptions
- ▶ Provision for restructuring, mainly in Upstream



- ▶ Reversal of impairment of Brazil power plant

### Q3/19

- ▶ Estimated soil remediation costs in relation to Arpechim refinery

### Slide 11 – Special items and CCS effect

On slide 11, we bridge the Clean CCS Operating Result to the Reported Operating Result.

For the third quarter of 2020, we recorded inventory holding losses of (53) million RON due to the decrease of crude prices over the quarter. For comparison, in the third quarter of the previous year we recorded inventory holding losses in amount of (44) million RON.

Looking at special items, in the third quarter of 2020 we had a special net charge of (562) million RON. This is mainly due to an impairment of Upstream assets, as a result of the revision of the long-term oil price assumptions. For 2021, we expect an oil price of 50 dollars per barrel, driven by continued macroeconomic impact of the COVID-19 pandemic. The oil price expectations for 2022 and 2023 were reduced to 60 dollars per barrel from 70 and 75 dollars per barrel, respectively. For the years 2024 to 2029, we assumed a Brent oil price of 65 dollars per barrel, which is expected to gradually decline to 60 dollars per barrel until 2035. From 2035 onwards, we used a Brent oil price of 60 dollars per barrel. The revised oil price assumptions resulted in net impairments of around 920 million RON before tax in Upstream, of which around two thirds are write-offs of exploration intangibles and the rest are net impairments for tangible assets.

In addition, net special charges included also restructuring costs triggered by ongoing projects in Upstream for outsourcing of certain production support activities.

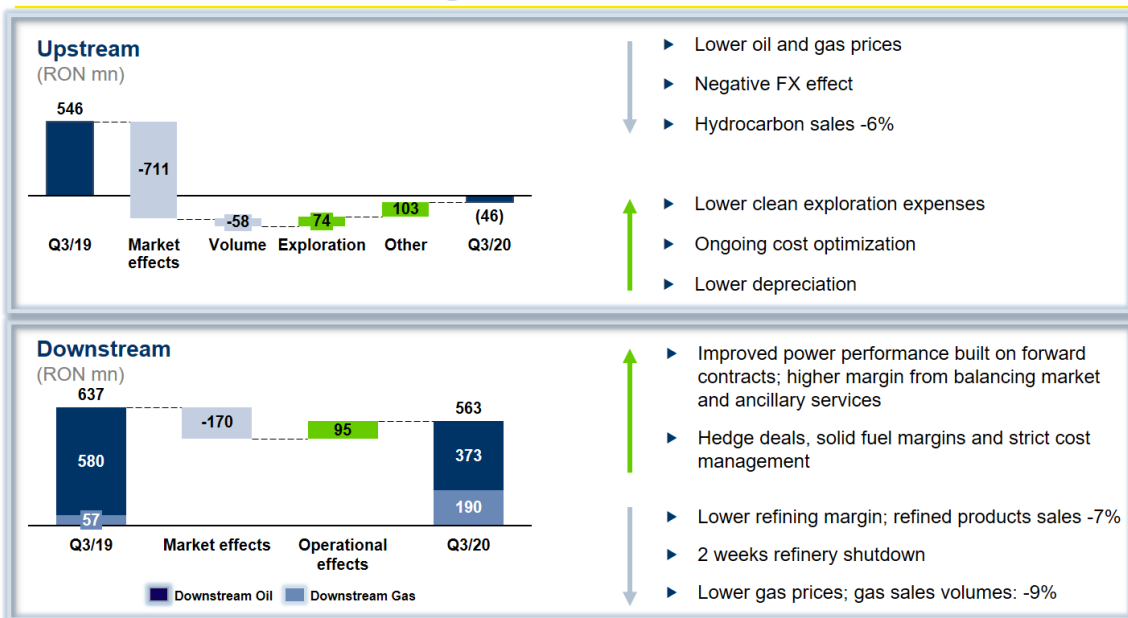
In Downstream Gas, the long-term power and CO2 price assumptions were revised taking into account the improved power generation market. This led to the full reversal of impairments for Brazi gas-fired power plant, amounting to around 520 million RON before tax.

For comparison, in the third quarter of 2019, special items comprised a net charge of (246) million RON, mainly due to the provision for estimated soil remediation costs in relation to Arpechim refinery.

The Reported Operating Result was negative, at (44) million RON.



## Clean CCS Operating Result





### Slide 12 – Clean CCS Operating Result

Let me go on to slide 12, which shows the major building blocks for the development of the Clean CCS Operating Result in the third quarter of 2020.

I will start with Upstream, where the negative market effect deviation of 711 million RON reflects the steep decrease in oil and gas prices.

The negative volume deviation reflects the hydrocarbon sales, which were 6 percent lower year-on-year.

Clean exploration expenses were lower by 74 million RON, as less write-offs of exploration wells were recorded.

Other deviations include mainly lower sales and distribution expenses and lower total production costs, due to ongoing cost optimization, as well as lower depreciation.

As a result of the market environment, Upstream Clean Operating Result remained negative, at (46) million RON.

Looking at the lower chart, in the third quarter of 2020 the Clean CCS Operating Result of Downstream decreased by 12 percent compared to the third quarter of 2019, reflecting a significantly improved performance in Downstream Gas and a weaker result in Downstream Oil.

In Downstream Oil, the negative market effect reflects the decreased refining margin, mainly as a result of falling product spreads. Refinery utilization rate was 86 percent in the third quarter of this year, reflecting the two weeks of shutdown in July. The solid performance of the sales channels with robust margins contributed to a good Downstream Oil result given the context of the pandemic crisis. Total refined product sales volumes were down 7 percent year-on-year, reflecting the lower demand during the pandemic-related movement restrictions. Group retail sales volumes decreased by 3 percent year-on-year, affected by lower traffic. The non-retail sales volumes decreased by 12 percent year-on-year, reflecting the lower domestic demand and higher export sales.

The refining margin hedges had a positive effect of around 60 million RON in the Clean CCS Operating Result in the third quarter of 2020.

The development of Downstream Gas Clean Operating Result shows the benefits of our integration model and is reflected on slide 12 in the operational effects: the performance of the gas business, affected by lower

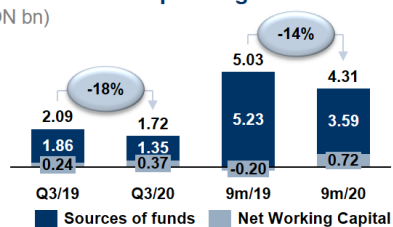
prices and sales volumes, was more than compensated by the power business which recorded an excellent performance, built on forward contracts. With an excellent availability of 99 percent in the third quarter, the Brazi power plant covered 10 percent of the Romanian electricity production and 12 percent of the balancing market.

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## Cash Flow highlights

### Cash Flow from Operating Activities

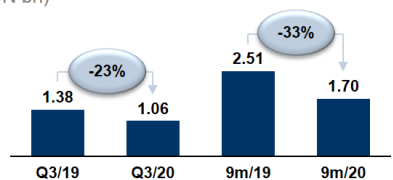
(RON bn)



- Q3/20 CFO: lower decrease than Operating Result due to improved net working capital

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

(RON bn)



- Q3/20 CFO<sup>2</sup>: -18% yoy
- Q3/20 CF<sup>3</sup>: -7% yoy

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

### Slide 13 – Cash Flow highlights

On slide 13, I would like to continue with the highlights of our cash flow statement.

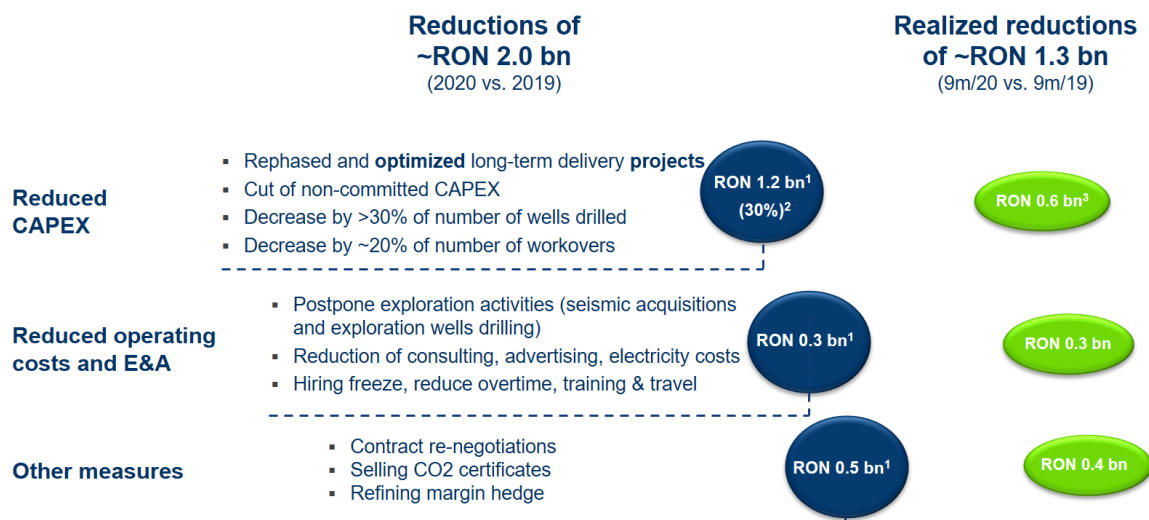
In the third quarter of 2020, we achieved an operating cash flow of 1.7 billion RON, 18 percent lower year-on-year. Operating cash flow decreased to a much lower extent than Operating Result mainly due to the strong working capital management. We recorded a cash inflow from net working capital of 366 million RON in the third quarter of 2020. Inventories generated an inflow in amount of 144 million RON, mainly due to lower petroleum products stocks as a result of seasonally higher sales and the refinery shutdown, partly offset by increased volumes of gas into storage. Decrease in receivables generated an inflow in amount of 116 million RON, mainly as a result of reimbursement of excise for exports of petroleum products. Trade payables increased by 107 million RON following higher acquisitions of crude oil driven by increased utilization of the Petrobrazi refinery after the July shutdown.

For comparison, in the third quarter of 2019 we recorded a cash inflow from net working capital of 238 million RON.

Our net payments for investments amounted to 0.66 billion RON in the third quarter of 2020 versus 0.71 billion RON in the third quarter of 2019.

The net cash position increased to 5.8 billion RON at the end of the third quarter of 2020 versus 5.4 billion RON at the end of the third quarter of 2019.

## 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; <sup>3</sup> Organic CAPEX reductions

### **Slide 14 – Strong response to adjust to the weak market environment**

Triggered by the challenging environment, we took swift financial measures to maintain the strength of our balance sheet.

As announced with our previous results, we expect our capital expenditure, exploration expenditure and operating costs for the full year 2020 at a total level of 6.7 billion RON, reduced from the initially planned amount of 8.2 billion RON communicated in February.

On the CAPEX side, we already reduced drilling, re-phased and optimized long-term delivery projects and postponed the non-committed investments. Total organic CAPEX in the first nine months of the year decreased by 0.6 billion RON compared to the similar period of last year, while for the full year we expect organic capital expenditures to reduce by 1.2 billion RON versus last year.

Regarding operational costs and exploration and appraisal expenditures for 2020, our target is a reduction of 0.3 billion RON compared to 2019, reductions that have already been achieved in the first nine months of the year.

Other measures include the sale of CO2 certificates, middle distillates margin hedges and contract re-negotiations of around 0.5 billion RON, of which we already realized around 0.4 billion RON in the first nine months of the year.

## 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 +20 mn
OMV Petrom indicator refining margin	USD +1/bbl	~EUR +25 mn
Exchange rates (EUR/USD)	USD appreciation by 5 USD cents	~EUR +30 mn



### Slide 15 – Sensitivities in 2020

We are witnessing increased volatility and a twofold pressure on oil prices: from both the supply and the demand side, with global forecasts being currently pessimistic due to the coronavirus outbreak.

Given this high volatility of commodities' prices and the uncertainty of the economic situation, we present on slide 15 the sensitivities of our Operational Result to commodities' prices, as well as to exchange rates. I believe this helps our shareholders to roughly assess the impact of any price movement.

For commodities, a change of Brent crude price of one USD per barrel of oil equivalent, would have an effect on our Operating Result of around 20 million EUR in 2020.

A change in the average realized gas price of one EUR per megawatt-hour would have an effect on our Operating Result of around 20 million EUR in 2020. The impact represents the sensitivity for Upstream Operating Result and is valid for gas prices ranging between 10 and 17.5 EUR per megawatt-hour, as outside these limits the gas over-taxation would be different.

A change of one USD per barrel of the refining margin would have an effect on our Operating Result of around 25 million EUR.

For the exchange rates, an appreciation of the USD versus the EUR by 5 USD-cents would have a positive effect on our Operating Result of around 30 million EUR.

## Outlook 2020

Indicators	Actual 2019	Actual 9m/20	Assumptions/Targets 2020
Brent oil price	USD 64.21/bbl	USD 41.06/bbl	USD 40/bbl
Production	152 kboe/d	146 kboe/d	decline below 5% yoy <sup>1</sup>
Refining margin	USD 4.67/bbl	USD 3.19/bbl	USD ~3/bbl (previously: USD <4/bbl)
CAPEX <sup>2</sup>	RON 4.2 bn	RON 2.2 bn	RON ~3.0 bn
FCF after dividends	RON 1.7 bn	RON (0.04) bn	Slightly positive (previously: negative)

<sup>1</sup> Not including portfolio optimization; <sup>2</sup> CAPEX including capitalized exploration and appraisal and excluding acquisitions

### Slide 16 – Outlook 2020

Let me conclude our presentation with the outlook for the full year 2020, on slide 16.

Here I would like to highlight our main market assumptions for 2020 and how they compare to the actual figures for 2019 and for the first nine months of 2020. Worth mentioning that all these expectations assume no further significant lockdowns by the end of the year.

We anticipate oil price to be on average at 40 USD per barrel this year, unchanged from the previous quarter guidance and in line with the first nine months of 2020.

In Upstream, we aim to contain the hydrocarbon production decline versus 2019 below 5 percent, not including portfolio optimization. We will continue to focus on the most profitable barrels: we aim to close the transfer of 40 marginal fields to Dacian Petroleum around year-end. Furthermore, we continue our marketing process to divest our Kazakhstan assets and we are focusing on our strategic Black Sea region and Romanian mature onshore fields.

Taking into consideration the nine months developments, in Downstream Oil, we estimate refining margins to be around 3 dollars per barrel, revised down from below USD 4 per barrel.

For this year we expect a positive free cash flow before dividends. Given our strong balance sheet, in June we paid dividends of 1.74 billion RON for the financial year 2019, thus our free cash flow after dividends was negative in the second and the third quarter. For the full year, we aim for a slightly positive free cash flow after dividends.

For the full year, we expect a mixed evolution of the demand for our products: the retail fuels demand is expected to drop by less than 10 percent this year, and our sales to be in line with the market. Non-retail sales are expected to drop by approximately 10%. The steepest drop is expected for jet demand, foreseen to decrease by more than 50 percent year-on-year. Demand for power is also expected to be lower than in 2019, reflecting the weak economic environment, while the demand for gas is estimated to be broadly similar to 2019, supported by gas intensive industries and gas to power consumption.

We will continue our dialogue with the authorities and we are looking forward to seeing the key oil and gas legislation amended, in order to enable large scale gas projects in Romania.

With this, I close our presentation and thank you for your attention.

We are now available for your questions.

Q&A



OMV Petrom S.A.



Back-up



OMV Petrom S.A.



## Clean CCS Operating Result

