

OMV Petrom Q3/20 Results

Christina Verchere, CEO

October 29, 2020



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The energy for a better life.

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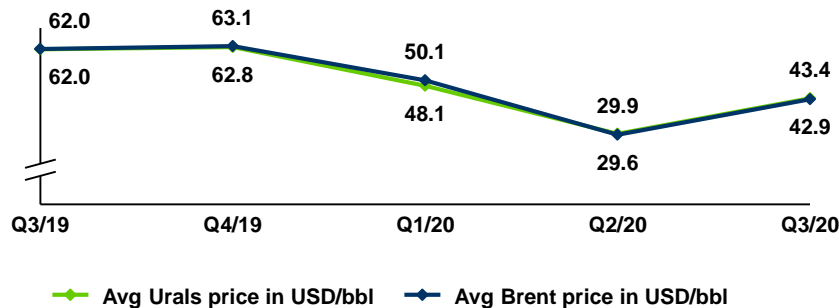
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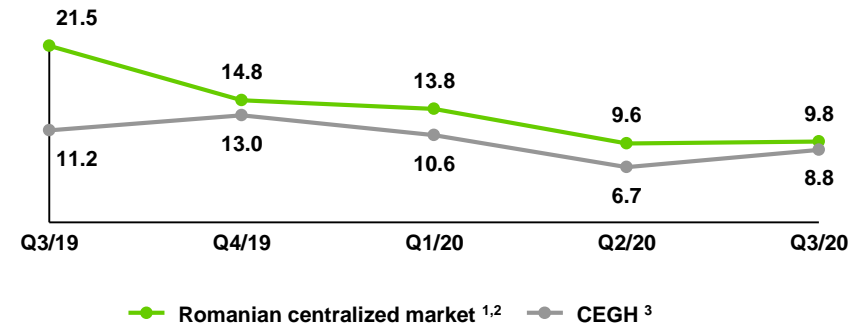
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Economic environment

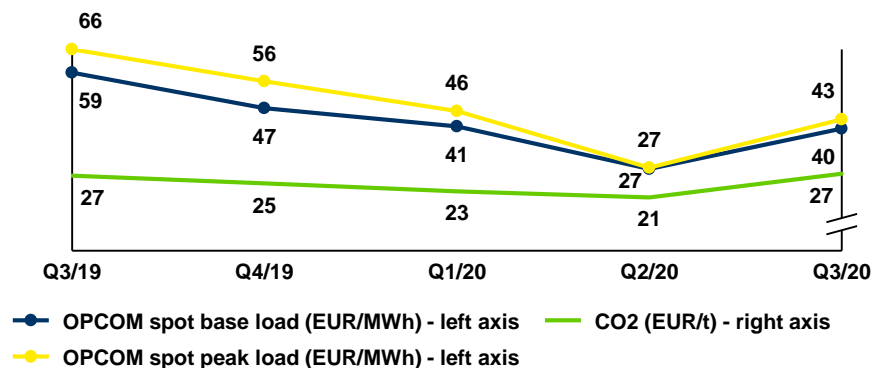
Oil price (USD/bbl)



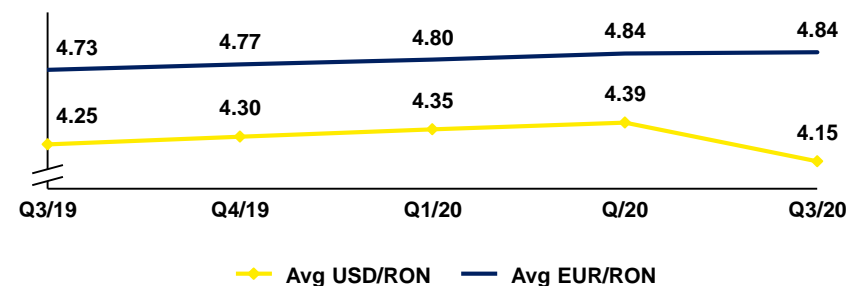
Gas prices (EUR/MWh)¹



Power prices in Romania¹ and CO₂ prices



FX (RON/USD and RON/EUR)



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

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:

- ▶ Q2/20¹: -10.2% yoy
- ▶ 2020e²: -4.8% yoy

CPI annual inflation:

- ▶ Sep 20/Sep 19¹: 2.45%;
- ▶ 2020e²: 2.9%

Demand:

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

¹ Romanian National Institute of Statistics; ² IMF, October 2020; ³ Fuels refer only to retail diesel and gasoline; OMV Petrom estimates based on Romanian Petroleum Association data; ⁴ According to company estimates; ⁵ According to preliminary data available from the grid operator

Key messages Q3/20

Financial performance



Clean CCS Operating result

RON 0.6 bn



Operating Cash Flow

RON 1.7 bn



Clean CCS ROACE

8.4%

Operational highlights



Managed crisis with no business interruptions, good net working capital and asset utilization

Upstream:

- ▶ Natural decline and increased maintenance works partly compensated by contribution of a well put in production in Q4/19

Downstream Oil:

- ▶ Refining utilization above European average, good performance on all sales channels

Downstream Gas:

- ▶ Excellent power performance; resilient gas portfolio



Strategic highlights



- ▶ **Agreement to extend the partnership with Auchan** in the entire Petrom-branded network
- ▶ **Partnership with Enel X** to install 10 fast recharging stations for electric cars
- ▶ **Black Sea: Romania:** Neptun Deep: no progress on offshore law; **Bulgaria:** Closing of Han Asparuh acquisition; **Georgia:** negotiations ongoing

HSSE

LTIR¹ Oct 19 – Sep 20: 0.14; strongest performance since 2017

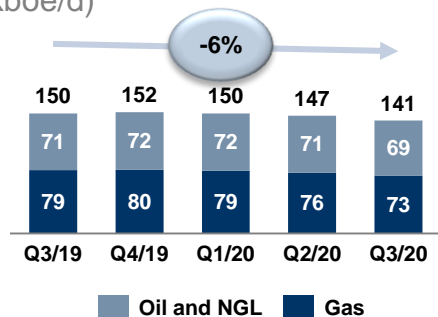
¹ Lost time injury rate (employees and contractors) for OMV Petrom Group

Operational KPIs

Upstream

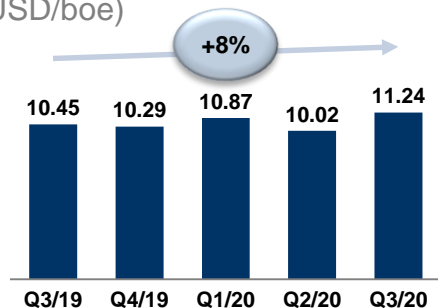
Hydrocarbon production

(kboe/d)



OPEX

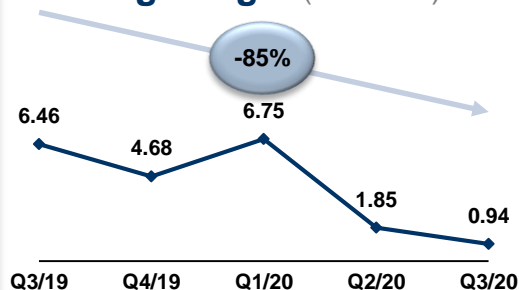
(USD/boe)



Downstream Oil

OMV Petrom Indicator refining margin

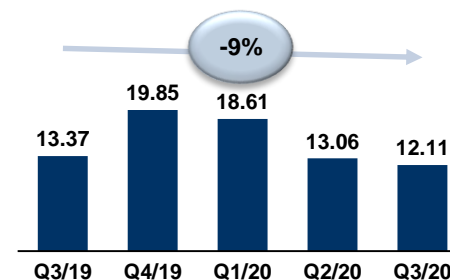
(USD/bbl)



Downstream Gas

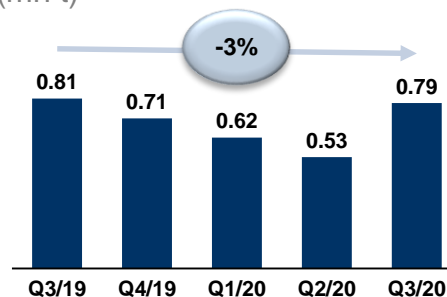
Gas sales volumes

(TWh)



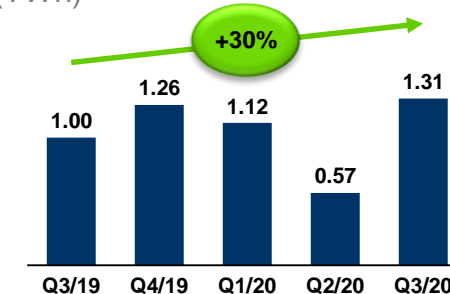
Retail sales volumes

(mn t)



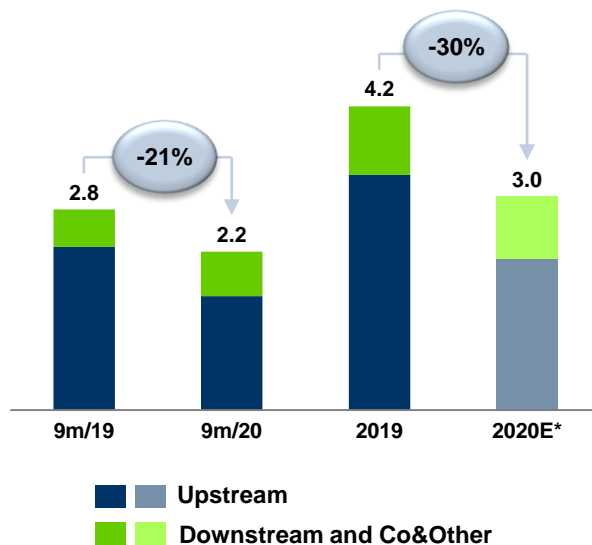
Net electrical output

(TWh)



CAPEX and E&A

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



*CAPEX including capitalized exploration and appraisal and excluding acquisitions

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

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

OMV Petrom Q3/20 Results

Alina Popa, CFO

October 29, 2020



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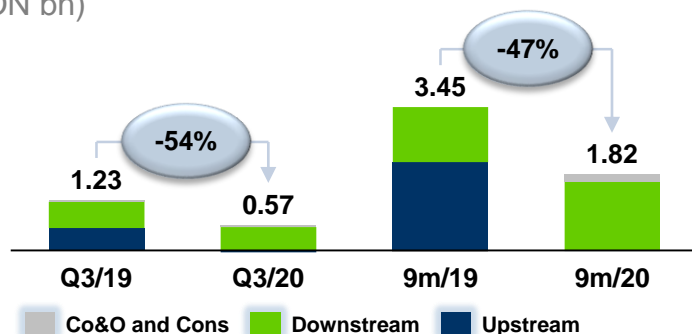


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Income Statement highlights

Clean CCS Operating Result

(RON bn)

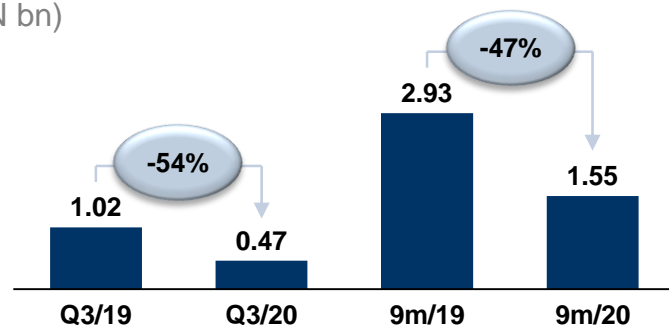


► Q3/20 Clean CCS Operating Result reflects:

- 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 Income¹

(RON bn)



► Q3/20 Clean CCS Net Income reflects:

- Unfavourable market environment

¹ Attributable to stockholders of the parent

Special items and CCS effect

RON mn	Q3/20	Q3/19	9m/20	9m/19
Clean CCS Operating Result	570	1,228	1,821	3,452
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
Operating Result	(44)	939	928	3,196

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 Brazi power plant

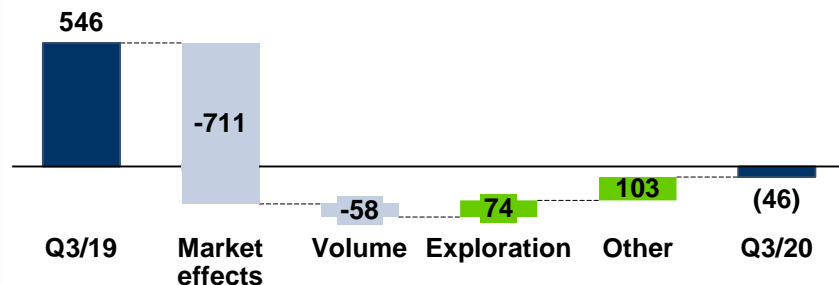
Q3/19

- ▶ Estimated soil remediation costs in relation to Arpechim refinery

Clean CCS Operating Result

Upstream

(RON mn)

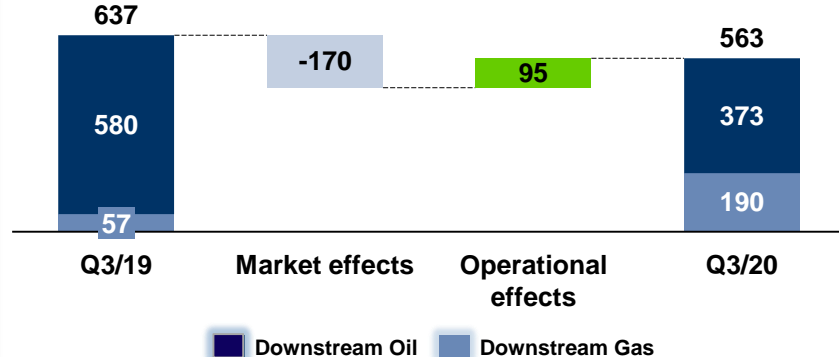


- ▶ Lower oil and gas prices
- ▶ Negative FX effect
- ▶ Hydrocarbon sales -6%

- ▶ Lower clean exploration expenses
- ▶ Ongoing cost optimization
- ▶ Lower depreciation

Downstream

(RON mn)



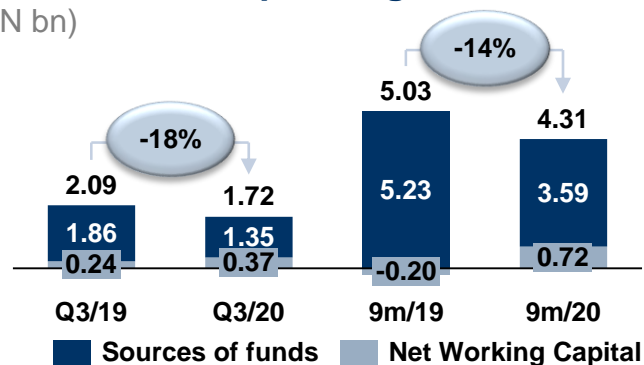
- ▶ Improved power performance built on forward contracts; higher margin from balancing market and ancillary services
- ▶ Hedge deals, solid fuel margins and strict cost management

- ▶ Lower refining margin; refined products sales -7%
- ▶ 2 weeks refinery shutdown
- ▶ Lower gas prices; gas sales volumes: -9%

Cash Flow highlights

Cash Flow from Operating Activities

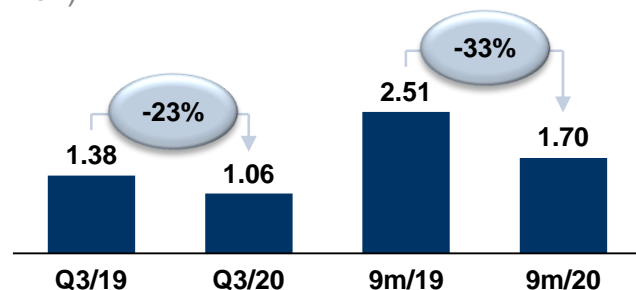
(RON bn)



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

Free Cash Flow ¹

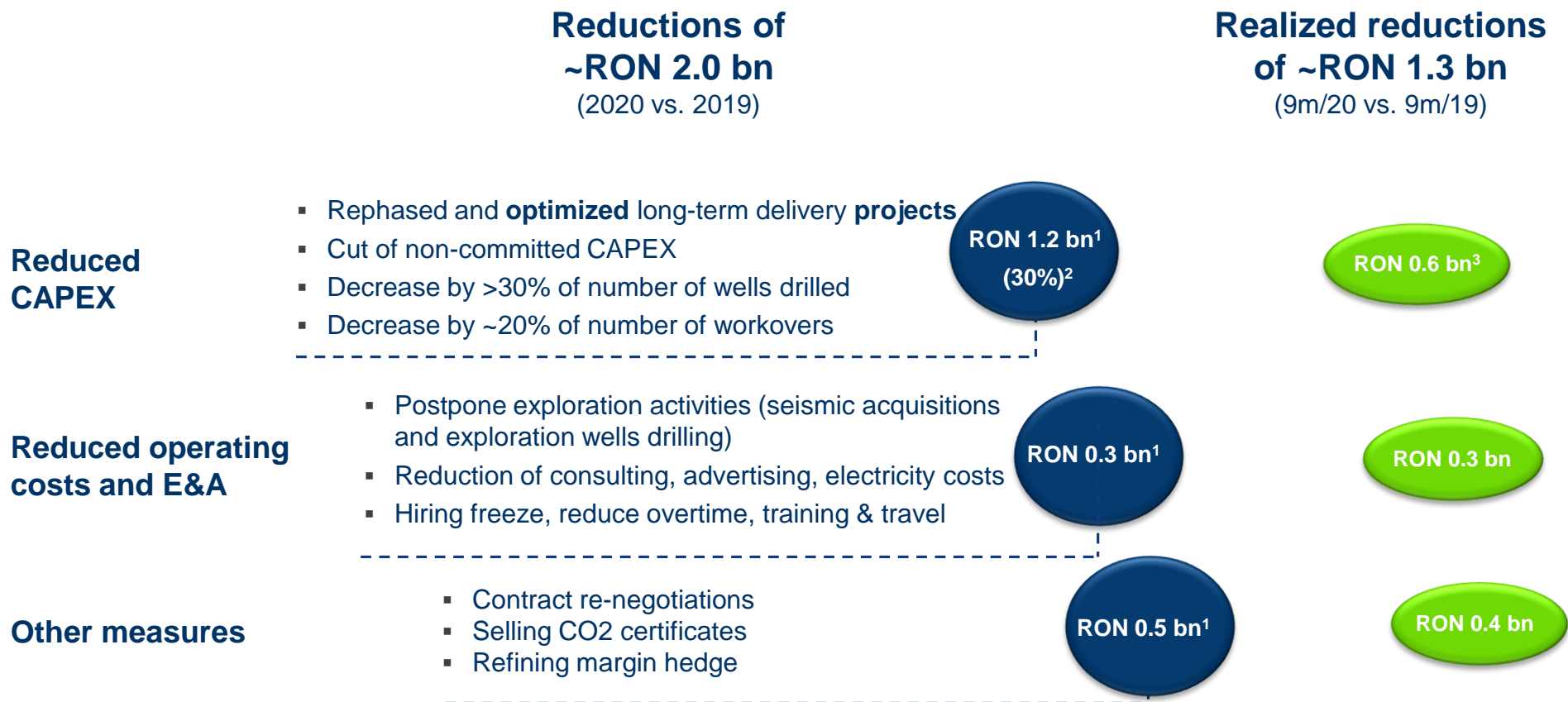
(RON bn)



- Q3/20 CFO²: -18% yoy
- Q3/20 CFI³: -7% yoy

¹ Before dividends; ² Cash Flow from Operating Activities; ³ Cash flow from investing activities

Strong response to adjust to the weak market environment



¹ 2020 revised guidance vs. 2019 absolute amount; ² Vs. 2019 and initial plan for 2020; ³ Organic CAPEX reductions

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

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 ¹
Refining margin	USD 4.67/bbl	USD 3.19/bbl	USD ~3/bbl (previously: USD <4/bbl)
CAPEX ²	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)

¹ Not including portfolio optimization; ² CAPEX including capitalized exploration and appraisal and excluding acquisitions

Q&A



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Back-up



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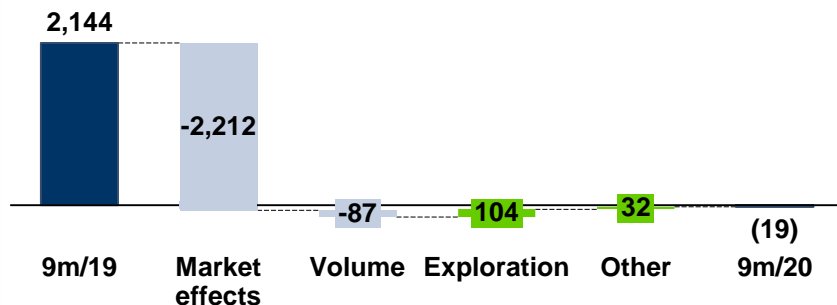


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Clean CCS Operating Result

Upstream

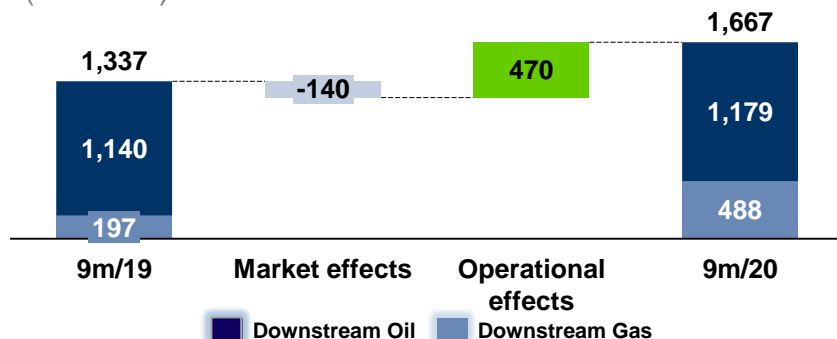
(RON mn)



- Lower oil and gas prices
- One-off positive effect in Q1/19
- Favourable FX
- Lower clean exploration expenses

Downstream

(RON mn)



- Gas sales volumes: +25%
- Improved power performance built on forward contracts
- Lower refining margin
- Refined products sales -8%
- Lower gas prices