OMV Petrom Group Factsheet Q4/20

February 4, 2021

Highlights Q4/20[i]

Group

- Swift measures and the integrated business model partly counterbalanced the challenging environment
- Clean CCS Operating Result at RON 0.5 bn, 58% lower
- Clean CCS net income attributable to stockholders at RON 0.4 bn, down 59%
- Cash flow from operating activities at RON 1.2 bn, 30% lower
- CAPEX at RON 0.8 bn, down 43%
- Free cash flow after dividends at RON 0.7 bn, 5% lower
- Clean CCS ROACE at 6.4%, 7 pp lower
- Dividend proposal 2020[ii]: RON 0.031/share, flat yoy
- LTIR: 0.25 (Q4/19: 0.17)[iii]

Upstream

- Clean Operating Result at RON 26 mn vs. RON 700 mn in Q4/19, mainly due to lower oil and gas prices
- Production decreased by 7.6%, mainly due to the steep decline in 4461 Totea South well and planned maintenance activities
- Production cost increased by 11% to USD 11.4/boe, driven by lower production available for sale and unfavorable FX, partly compensated by ongoing cost optimization

Downstream Oil

- Clean CCS Operating Result at RON 275 mn, down 24% on declining refining margins and weak demand, partly counterbalanced by gains from middle distillate margin hedges and good operational performance of the sales channels
- OMV Petrom indicator refining margin at USD 2.00/bbl, down 57%
- Refinery utilization rate at 96%, compared to 98% in Q4/19, reflecting lower demand
- Retail volumes 5% lower, impacted by mobility restrictions

Downstream Gas

- Clean Operating Result at RON 230 mn, almost three times higher than in Q4/19, driven by the excellent power business performance
- Gas sales volumes down by 33%, due to a high base effect from regulatory-driven sales in Q4/19
- Net electrical output at 1.18 TWh, 7% lower due to planned shutdown of Brazi power plant

Key events

- OMV Petrom signed the transaction for the sale of its 100% shareholding in Kom-Munai LLP (KOM) and Tasbulat Oil Corporation LLP (TOC) in Kazakhstan to Magnetic Oil Limited, closing expected in H1/21
- New development drilling campaign started in the shallow waters of the Istria block, Black Sea
- OMV Petrom increased the annual bio-blending capacity at Petrobrazi from 200 kilotons to approximately 350 kilotons, following investments of EUR ~21 mn
- OMV Petrom launched in Romania the first OMV Climate Neutral card for businesses to offset fuel carbon emissions
- OMV Petrom continued its forestation actions as part of the “Romania plants for tomorrow” campaign: 550,000 trees planted in 2020

[i] All comparisons described relate to the same quarter in the previous year except where mentioned otherwise.
[ii] Subject to approval by the Supervisory Board and the General Meeting of Shareholders.
[iii] Lost-time injury rate (employees and contractors). The number of lost time injuries (fatalities and lost workday injuries) per one million hours worked.

Financial highlights

Q4/20	Q3/20	Q4/19	Δ% [1]	in RON mn	2020	2019	Δ%
4,595	5,053	7,296	(37)	Sales revenues [2]	19,717	25,485	(23)
467	**570**	**1,120**	**(58)**	**Clean CCS Operating Result [3]**	**2,287**	**4,573**	**(50)**
26	(46)	700	(96)	Clean Operating Result Upstream [3, 4]	7	2,845	(100)
505	563	447	13	Clean CCS Operating Result Downstream [3]	2,171	1,783	22
(30)	(22)	(30)	(0)	Clean Operating Result Co&O [3]	(84)	(89)	6
(34)	76	4	n.m.	Consolidation	193	34	471
15	16	15	(2)	Clean CCS Group effective tax rate (%)	16	16	1
382	471	938	(59)	Clean CCS net income [3, 7]	1,931	3,864	(50)
382	**471**	**938**	**(59)**	**Clean CCS net income attributable to stockholders [3,6,7]**	**1,931**	**3,863**	**(50)**
0.0067	0.0083	0.0166	(59)	Clean CCS EPS (RON) [3,6,7]	0.0341	0.0682	(50)
467	**570**	**1,120**	**(58)**	**Clean CCS Operating Result [3]**	**2,287**	**4,573**	**(50)**
31	(562)	(89)	n.m.	Special items [5]	(425)	(370)	(15)
41	(53)	17	137	CCS effects: Inventory holding gains/(losses)	(396)	42	n.m.
539	**(44)**	**1,049**	**(49)**	**Operating Result Group**	**1,467**	**4,245**	**(65)**
100	(1,097)	496	(80)	Operating Result Upstream [4]	(985)	2,589	n.m.
507	1,058	605	(16)	Operating Result Downstream	2,317	1,913	21
(32)	(20)	(38)	15	Operating Result Co&O	(105)	(156)	33
(35)	14	(14)	(154)	Consolidation	240	(102)	n.m.
(17)	(8)	(8)	(119)	Net financial result	12	32	(63)
522	**(52)**	**1,041**	**(50)**	**Profit/(loss) before tax**	**1,479**	**4,277**	**(65)**
11	21	16	(32)	Group effective tax rate (%)	13	15	(15)
465	(41)	875	(47)	Net income/(loss)	1,291	3,635	(64)
465	**(41)**	**875**	**(47)**	**Net income/(loss) attributable to stockholders [6]**	**1,291**	**3,635**	**(64)**
0.0082	(0.0007)	0.0154	(47)	EPS (RON) [6]	0.0228	0.0642	(64)
—	—	—	—	Dividend/share	0.0310[9]	0.0310	0
1,249	1,719	1,775	(30)	Cash flow from operating activities	5,556	6,803	(18)
697	1,059	734	(5)	Free cash flow after dividends	652	1,730	(62)
(6,486)	(5,841)	(5,982)	8	Net debt/(cash) including leases	(6,486)	(5,982)	8
(7,167)	(6,540)	(6,683)	7	Net debt/(cash) excluding leases	(7,167)	(6,683)	7
821	816	1,432	(43)	Capital expenditure	3,206	4,225	(24)
6.4	8.4	13.8	(53)	Clean CCS ROACE (%) [3, 7]	6.4	13.8	(53)
4.1	5.6	12.9	(68)	ROACE (%)	4.1	12.9	(68)
10,761	11,798	12,347	(13)	OMV Petrom Group employees end of period	10,761	12,347	(13)
0.25	0.19	0.17	47	LTIR [8]	0.15	0.31	(52)

[1] Q4/20 vs. Q4/19

[2] Sales revenues excluding petroleum excise tax;

[3] Adjusted for special items; Clean CCS (current cost of supply) figures exclude special items and inventory holding effects (CCS effects) resulting from Downstream Oil; special items include temporary hedging effects (in order to mitigate Income Statement volatility);

[4] Excluding intersegmental profit elimination shown in the line "Consolidation";

[5] Special items, representing exceptional, non-recurring items, are added back or deducted from the Operating Result; for more details please refer to each specific segment;

[6] After deducting net result attributable to non-controlling interests;

[7] Excludes additional special income related to field divestments reflected in the financial result;

[8] Lost-time injury rate (employees and contractors); this figure assists in the evaluation of the average injury frequency with more than one day of work lost related to the working time performed.

[9] Subject to approval by the Supervisory Board and the General Meeting of Shareholders.

Outlook for the full year 2021

All the below is based on the assumption of no significant lockdowns by year end.

Market environment

- For the full year 2021, OMV Petrom expects the **average Brent oil price** to range between USD 50 /bbl and USD 55/bbl (2020: USD 42/bbl)
- **Refining margins** are expected to be above 4 USD/bbl (2020: USD 2.9/bbl)
- **Demand for oil products** and **power** is expected to be above 2020, while **demand for gas** is expected to be broadly similar to 2020.

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- **CAPEX** excluding acquisitions is anticipated to be around RON 2.9 bn (2020: RON 3 bn)
- We expect a **positive free cash flow before dividends** (2020: RON 0.7 bn)
- **Neptun Deep:** we expect the Offshore Law to be amended in the first part of 2021, as recently stated by the Romanian authorities
- **Partnership with Auchan:** up to 100 MyAuchan stores to be opened in upgraded Petrom-branded filling stations (at year-end 2020: 25 stores)
- We target to **reduce carbon intensity** by 27% until 2025 vs. 2010 (2020: by 25% until 2025 vs. 2010).

Upstream

- **Production:** maintain decline at around 5% yoy in Romania, excluding portfolio optimization (2020: below 5%)
- **Portfolio optimization:** continue to focus on the most profitable barrels:
    - Transfer of 40 marginal fields to Dacian Petroleum, closing expected in H1/21
    - Kazakhstan assets divestment to Magnetic Oil Limited, closing expected in H1/21
- **Investments, excluding acquisitions:** at RON 1.8 bn (2020: RON 2.2 bn):
    - Drill up to 40 new wells and sidetracks and perform more than 700 workovers (2020: 63 new wells and sidetracks; 830 workovers)
- **Exploration:** exploration expenditures around RON 0.2 bn (2020: RON 0.2 bn)
- **Regional expansion:**
    - Han Asparuh offshore Bulgaria: seismic data processing towards maturing future drilling candidates
    - Georgia Offshore Exploration Block II: signing of Production Sharing Contract expected in Q1/21

Downstream

- The **refinery utilization rate** is estimated to be above 95% (2020: 92%)
- Total **refined product sales** are forecasted to be higher compared to 2020 (2020: 5.0 mn t)
- Total **gas sales volumes** are estimated to be lower vs. 2020 (2020: 57 TWh), in part due to regulatory-requirements in 2020
- **Net electrical output** is forecasted to be higher vs. 2020 (2020: 4.2 TWh); Brazi power plant: a planned shutdown to take place in Q2/21 (2020: in Q4).

Business segments

Fourth quarter 2020 (Q4/20) vs. fourth quarter 2019 (Q4/19)

Upstream

- **Clean Operating Result at RON 26 mn vs. RON 700 mn in Q4/19, mainly due to lower oil and gas prices**
- **Production decreased by 7.6% mainly due to the steep decline in 4461 Totea South well and planned maintenance activities**
- **Production cost increased by 11% to USD 11.42/boe, driven by lower production available for sale and unfavorable FX, partly compensated by ongoing cost optimization**

Clean Operating Result was a RON 26 mn profit vs. a RON 700 mn profit in Q4/19, driven by lower oil and gas prices, which were partly compensated by lower Upstream taxation, depreciation and exploration expenses.

Special items amounted to RON 73 mn, reflecting mainly the write up of impairments as a result of clasification to assets and liabilities held for sale of the Kazkhstan operations planned to be divested, partly offset by impairments and net impact from reassessment of provisions. **Reported Operating Result** was a RON 100 mn profit, vs. a RON 496 mn profit in Q4/19.

Group production costs (OPEX) in USD increased by 11% to USD 11.42/boe, due to lower production available for sale and unfavorable FX (weaker USD against RON), which were partly offset by ongoing cost optimization. In Romania, production costs in USD increased by 5% to USD 11.33/boe, while in RON terms they remained broadly stable at RON 46.19/boe.

Group hydrocarbon production decreased by 7.6% due to lower production both in Romania and Kazakhstan.

In Romania, hydrocarbon production was 12.34 mn boe or 134.2 kboe/d (Q4/19: 13.31 mn boe or 144.7 kboe/d). Crude oil and NGL production in Romania dropped by 5.7% to 5.72 mn bbl mainly due to natural decline. Gas production in Romania decreased by 8.6% to 6.63 mn boe due to natural decline in the main fields (Totea Deep and Lebada East) and well 4461 Totea South, as well as planned maintenance activities.

In Kazakhstan, hydrocarbon production decreased by 15% to 0.55 mn boe mainly due to planned maintenance works.

Group hydrocarbon sales volumes decreased by 7% due to lower sales both in Romania and Kazakhstan.

Exploration expenditures decreased to RON 79 mn, due to less onshore drilling activities and less seismic acquisition.

Exploration expenses increased to RON 89 mn, due to higher decommissioning provisions for exploration wells and write-off of exploration wells, partly offset by lower seismic acquisition expenses.

Capital expenditure declined by 38%, mainly due to lower development drilling and exploration activities, reduced activities for facilities projects following reprioritization, and recognition in Q4/19 of assets under IFRS 16 “Leases” for a long-term contract.

Downstream

- **Downstream Oil: Clean CCS Operating Result at RON 275 mn, down 24% on declining refining margins and weak demand, partly counterbalanced by gains from middle distillate margin hedges and good operational performance of the sales channels; refinery utilization rate at 96%; retail sales volumes down by 5%**
- **Downstream Gas: Very strong contribution to the Group results, Clean CCS Operating Result at RON 230 mn, built on excellent power business performance**

Clean CCS Operating Result increased to RON 505 mn in Q4/20 (Q4/19: RON 447 mn), reflecting the significant improvement of the Downstream Gas result, offsetting the weaker result in Downstream Oil. **Reported Operating Result** of RON 507 mn mainly reflected positive CCS effects of RON 42 mn.

In Q4/20, **Downstream Oil Clean CCS Operating Result** decreased to RON 275 mn (Q4/19: RON 362 mn), impacted by lower refining margins and volumes sold, which were still affected by the reduced demand. The negative effects were counterbalanced to some extent by the positive impact related to middle distillate margin hedges, by good operational performance of our sales channels and by strict cost management.

OMV Petrom indicator refining margin decreased by USD 2.68/bbl to USD 2.00/bbl in Q4/20, as a result of falling product spreads, mainly for gasoline, jet and diesel. The **refinery utilization rate** was 96% in Q4/20 (Q4/19: 98%) reflecting the weaker demand in the domestic market, but supported by placing more equity products on all our markets while reducing third-party supply.

Total refined product sales volumes were down 10% vs. Q4/19, triggered by weaker demand. Group retail sales volumes, which accounted for 53% of total refined product sales, decreased by 5% compared to Q4/19 as an effect of traffic restrictions. Q4/20 non-retail sales volumes decreased by 14% yoy, due to lower demand in most of our markets and the decline in the aviation business.

Downstream Gas Clean Operating Result was almost three times higher than in Q4/19, at RON 230 mn in Q4/20 (Q4/19: RON 85 mn), reflecting the excellent contribution from power forward contracts complemented by balancing market and ancillary services revenues. Gas business also had a positive contribution, despite lower gas prices and also lower wholesales volumes.

As per OMV Petrom's estimates, national **gas** consumption increased by approximately 9% compared to Q4/19.

On the Romanian centralized markets, the weighted average price of natural gas for transactions with medium and long-term standardized products closed in Q4/20 (12.7 TWh) was RON 66/MWh[iv,v] (Q4/19: RON 101/MWh for standard products traded). Regarding short-term deliveries, on BRM day-ahead market, the average price[vi] in Q4/20 was RON 64/MWh (Q4/19: RON 71/MWh).

In Q4/20, OMV Petrom's total gas sales volumes decreased by 33% to 13.25 TWh, the regulatory-driven large sales volumes in Q4/19 creating a high base effect. Gas volumes sold to third parties were 38% lower vs. Q4/19, with lower wholesales volumes while maintaining the end-users portfolio.

On the centralized markets, OMV Petrom sold 4.0 TWh in standard products in Q4/20 at an average price in line with the market price[v]. At the end of Q4/20, OMV Petrom had 2.0 TWh natural gas in storage, compared to 3.0 TWh at the end of Q4/19.

As per currently available information from the grid operator, national **electricity** consumption was 1% higher compared to the same quarter of 2019, while national production decreased by 1%, thus leading to a net importer position in Q4/20.

The Brazi power plant generated in Q4/20 a net electrical output of 1.17 TWh, below the 1.26 TWh in Q4/19, due to the annual plant's planned shutdown performed in Q4/20.

Total **Downstream investments** amounted to RON 198 mn (Q4/19: RON 430 mn), thereof RON 193 mn in Downstream Oil (Q4/19: RON 426 mn). In Q4/20, most amounts in Downstream Oil were routed to increasing the capacity for bio-blending components, to preliminary works related to coke drums replacement and railway facilities at Petrobrazi refinery. In Q4/19, investments were significantly higher, mainly directed to ongoing projects in the refinery, to retail (mainly Art Petrol network acquisition in Romania) and to a new terminal in Serbia.

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[iv] OMV Petrom estimates based on available public information;

[v] Standard products refers to all products offered on the BRM and OPCOM trading platforms i.e. weekly products, monthly products, quarterly products, gas-year products etc. and the price could include storage related tariffs in connection with the gas volumes sold/extracted from storage;

[vi] Average computed based on daily trades published on BRM platform.