



# OMV Petrom Q4/20 Results

## Christina Verchere, CEO

February 4, 2021



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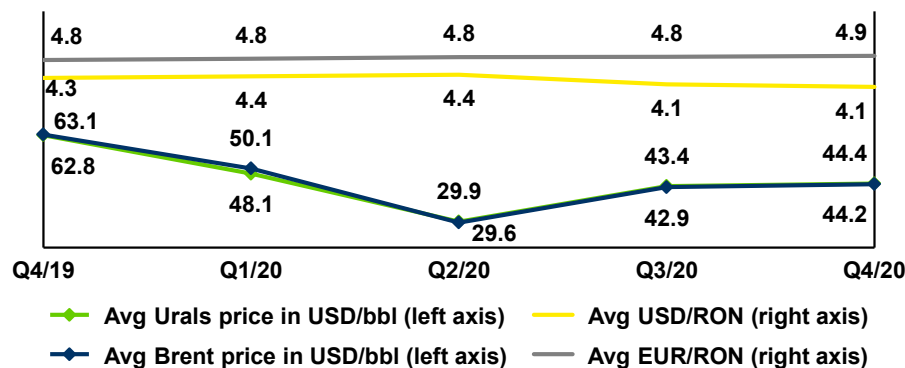
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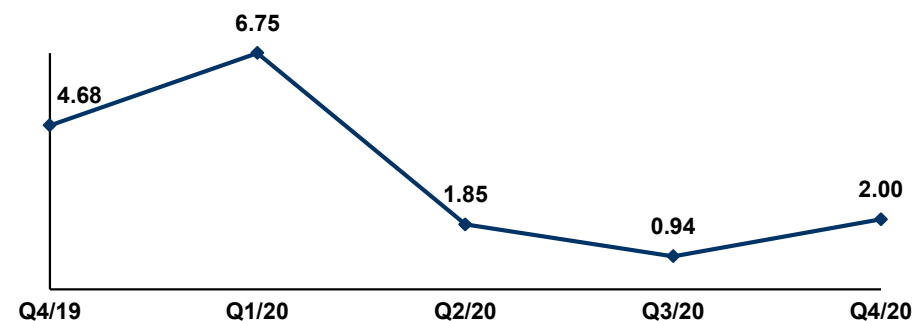
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# Economic environment

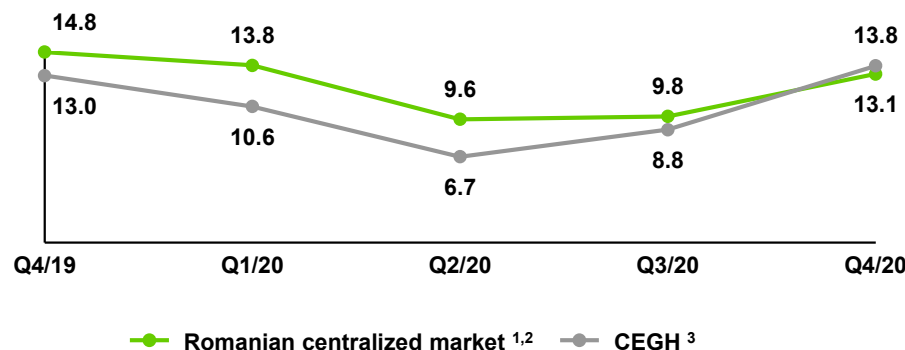
## Oil price (USD/bbl) and FX (RON/USD)



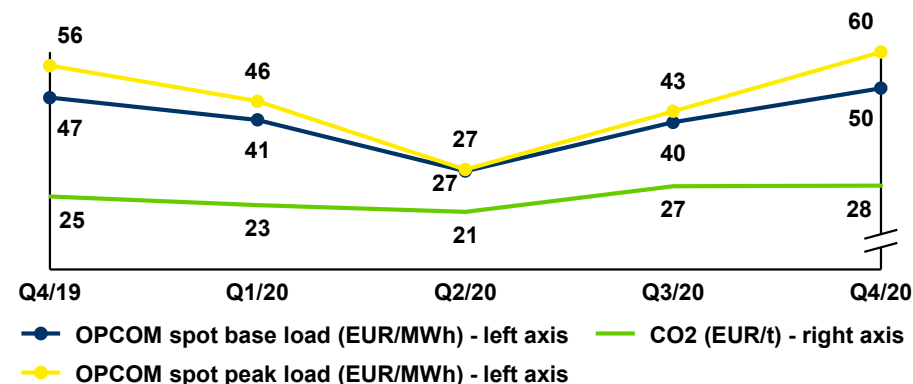
## OMV Petrom indicator refining margin (USD/bbl)



## Gas prices (EUR/MWh)<sup>1</sup>



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



<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:

- ▶ State of alert prolonged until mid-February
- ▶ Vaccination program ongoing
- ▶ Health and social, fiscal and monetary measures
- ▶ National Investment and Economic Relaunch Plan

### Recent regulatory changes

- ▶ **Full liberalization** of Romanian power market starting with January 1<sup>st</sup>, 2021
- ▶ Draft law re. **vulnerable consumers** under public consultation

## Macroeconomic environment

### GDP growth:

- ▶ Q3/20<sup>1</sup>: -5.7% yoy; 9m/20: -4.5% yoy
- ▶ 2020e<sup>2</sup>: -5.2% yoy
- ▶ 2021e<sup>2</sup>: +3.8% yoy

### CPI inflation:

- ▶ Dec 20/Dec 19<sup>1</sup>: 2.1%
- ▶ 2020<sup>1</sup>: 2.6%

### Demand:

	12m/20 yoy	Q4/20 yoy
Fuels <sup>3</sup>	-6%	-3%
Gas <sup>4</sup>	+5%	+9%
Power <sup>5</sup>	-4%	+1%

<sup>1</sup> Romanian National Institute of Statistics; <sup>2</sup> European Commission, November 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

# Key messages Q4/20

## Financial performance



### Clean CCS Operating result

RON 0.5 bn



### Operating Cash Flow

RON 1.2 bn



### Clean CCS ROACE

6.4%



### Dividend proposal <sup>1</sup>

RON 1.8 bn

## Operational highlights



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

### Upstream

- ▶ Natural decline of mature fields partly compensated by contribution of new wells and workovers

### Downstream Oil

- ▶ Refining utilization above European average; solid fuel margins

### Downstream Gas

- ▶ Excellent power performance; resilient gas portfolio

## Strategic highlights



- ▶ **Petrom filling stations:** started extensive modernization program and MyAuchan integration
- ▶ **Petrobraz:** increased bio-blending capacity
- ▶ **Kazakhstan** divestment: contract signed

## HSSE

**LTIR<sup>2</sup> 2020:** 0.15; strongest annual performance since privatization

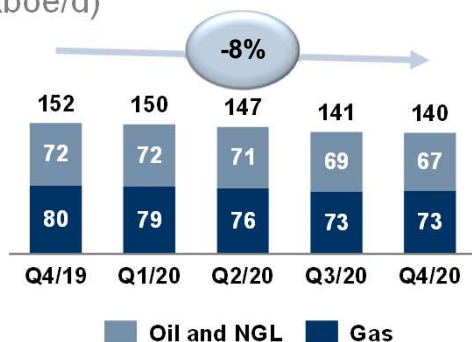
**GHG<sup>3</sup> intensity 2020:** -25% vs. 2010

<sup>1</sup> Executive Board's proposal subject to approvals of the Supervisory Board and Annual General Meeting of Shareholders on April 27, 2021; <sup>2</sup> Lost time injury rate (employees and contractors) for OMV Petrom Group; <sup>3</sup> Greenhouse gases

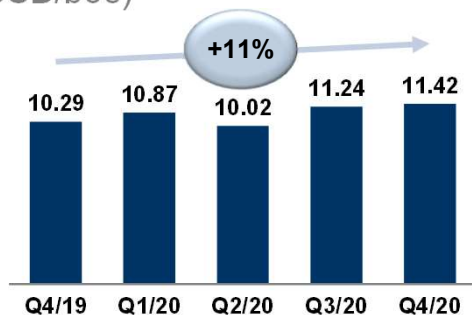
# Operational KPIs

## Upstream

### Hydrocarbon production (kboe/d)

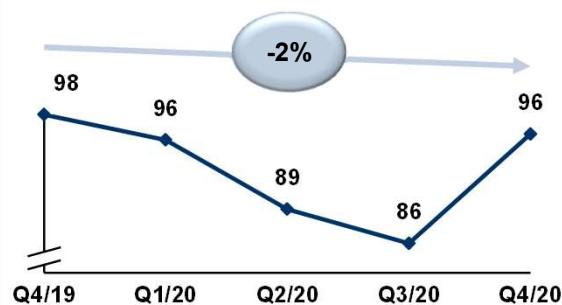


### OPEX (USD/boe)

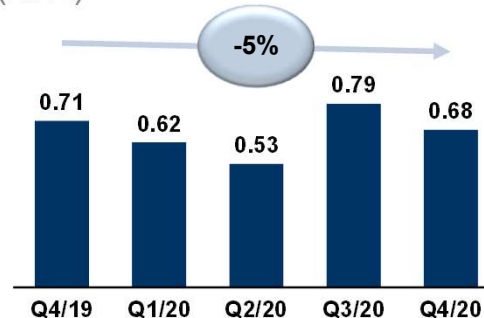


## Downstream Oil

### Refinery utilization rate (%)

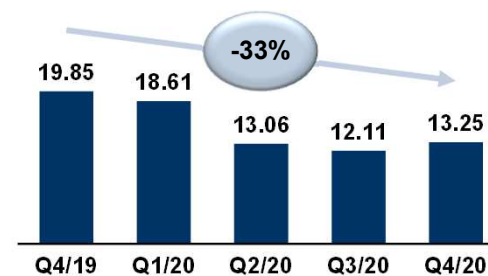


### Retail sales volumes (mn t)

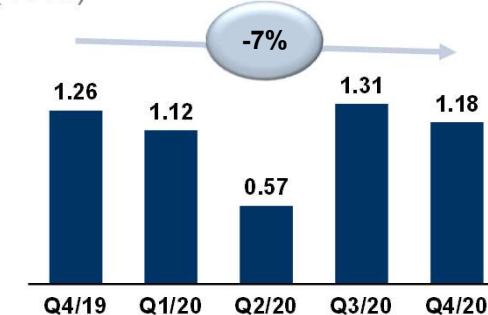


## Downstream Gas

### Gas sales volumes (TWh)



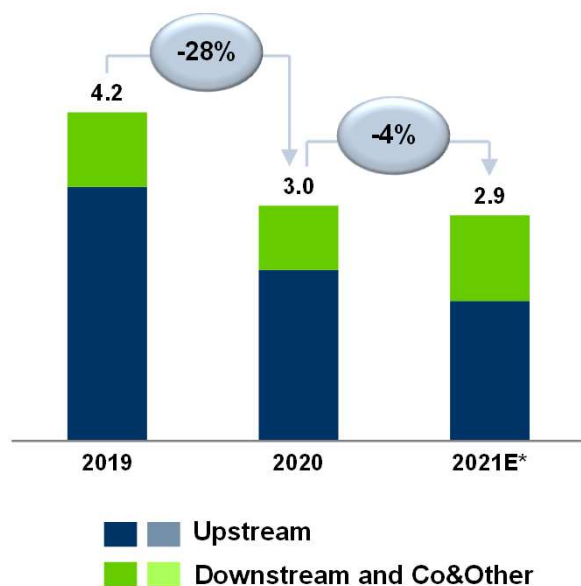
### Net electrical output (TWh)



# CAPEX and E&A

## Group organic CAPEX\*

(RON bn)



\*CAPEX including E&A and excluding acquisitions

## Organic CAPEX

- ▶ **2020** at RON 3.0 bn:
  - ▶ 63 new wells and sidetracks
  - ▶ 830 workovers
  - ▶ Securing long-term logistic access to Petrobrazil refinery
  - ▶ Bio-compliance blending project
- ▶ **2021E** at RON ~2.9 bn:
  - ▶ Wells and sidetracks: up to 40
  - ▶ Workovers: >700
  - ▶ Coke drums replacement and other development initiatives at Petrobrazil

## E&A

### 2020 at RON 0.2 bn:

- ▶ 3D seismic acquisition in Urziceni East block started in Q4/19 and finalized in Q1/20
- ▶ 1 well drilled (JOA with Hunt; Hunt operator), 2 wells tested, all unsuccessful

### 2021E at RON ~0.2 bn:

- ▶ up to 2 exploration wells
- ▶ a new large regional 3D seismic campaign in X-Craiova Block
- ▶ seismic data processing in Bulgaria to firm up potential drilling candidates

**Acquisition:** Han Asparuh RON ~0.2 bn in Q3/20

# OMV Petrom achievements on strategic objectives

## 2021+ Strategic Objectives



### Upstream

- ▶ Exploit full potential of Romanian opportunities
- ▶ Improve competitiveness
- ▶ Mature Neptun resources
- ▶ Develop opportunities for regional diversification



### DS Oil

- ▶ Ensure reliable operations at competitive costs
- ▶ Secure strong retail position via dual brand strategy
- ▶ Focus on customer centric organization, digitalization
- ▶ Explore selective petrochemicals opportunities



### DS Gas

- ▶ Integrated gas and power business model
- ▶ Develop origination and trading
- ▶ Become regional gas player
- ▶ Provide integrated energy solutions

<sup>1</sup> Production Sharing Contract

## 2020 Achievements



- ✓ Production cost stabilized at **~11 USD/boe**
- ✓ **40 marginal fields are being divested**, process to be finalized in H1/21
- ✓ **>70%** automated wells and modernized / automated facilities
- ✓ **Entered offshore Bulgaria**
- ✓ **Entering offshore Georgia**; signing of PSC<sup>1</sup> expected in Q1/21
- ✓ **Kazakhstan divestment contract signed**; closing expected in H1/21

- ✓ **<8%** Fuel & Loss; **~92%** refinery utilization rate, above European average
- ✓ **Increased bio-blending capacity** from 200 kt to ~350 kt
- ✓ Contract signed to open **~400 MyAuchan stores in 5 years**, modernization of Petrom branded filling stations began
- ✓ **~5 mn l** throughput/ filling station in Romania
- ✓ **Partnership signed with Enel X & Eldrive** to install 40 fast recharging stations for electric cars by end of 2021

- ✓ Record high result of the **integrated gas and power business model**
- ✓ Strengthened **leading position on the Romanian gas market**  
57 TWh record high **gas sales volumes** in 2020
- ✓ 4.1 TWh Brazi power plant record high **net electrical output** in 2020
- ✓ **Extend supply portfolio** with 3<sup>rd</sup> party gas volumes
- ✓ **Regional operations** in neighboring countries

People &  
Organizational Culture



Technology & Innovation



Sustainability







# OMV Petrom Q4/20 Results

## Alina Popa, CFO

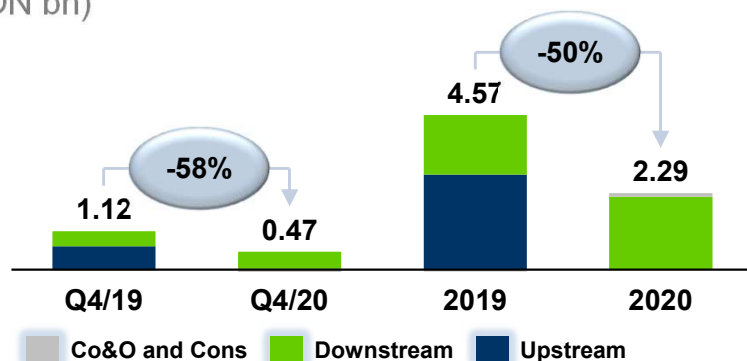
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# Income Statement highlights

## Clean CCS Operating Result

(RON bn)

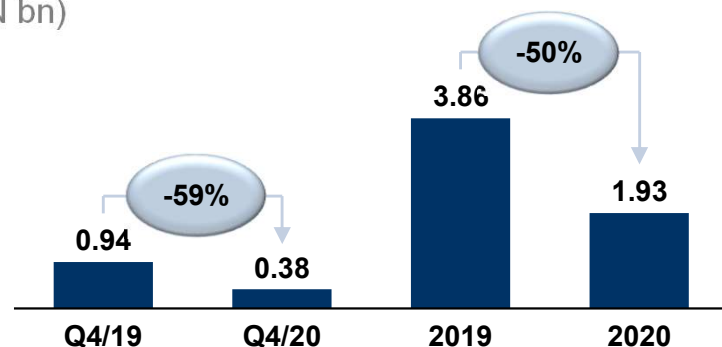


### ► Q4/20 Clean CCS Operating Result reflects:

- 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)



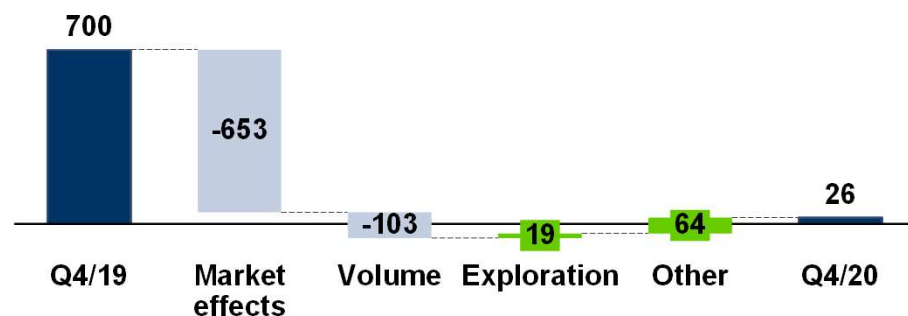
### ► Q4/20 Clean CCS Net Income reflects:

- Development of operating result

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

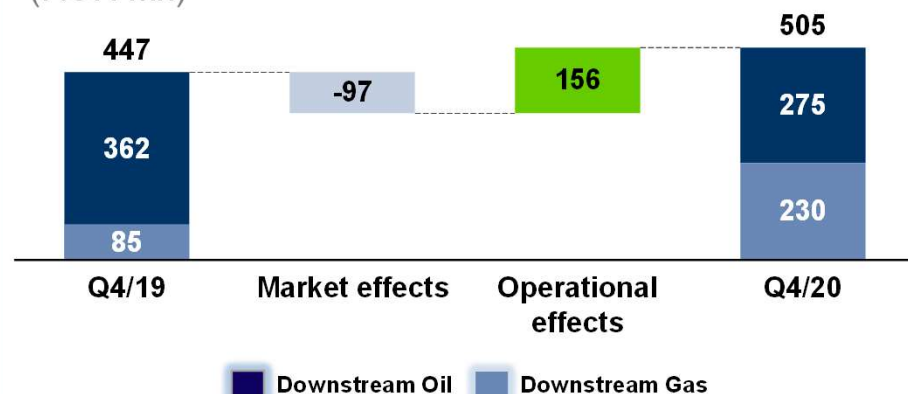
# Clean CCS Operating Result

## Upstream (RON mn)



- Lower oil and gas prices
- Hydrocarbon sales -7%
- Lower clean exploration expenses
- Ongoing cost optimization
- Lower depreciation

## Downstream (RON mn)



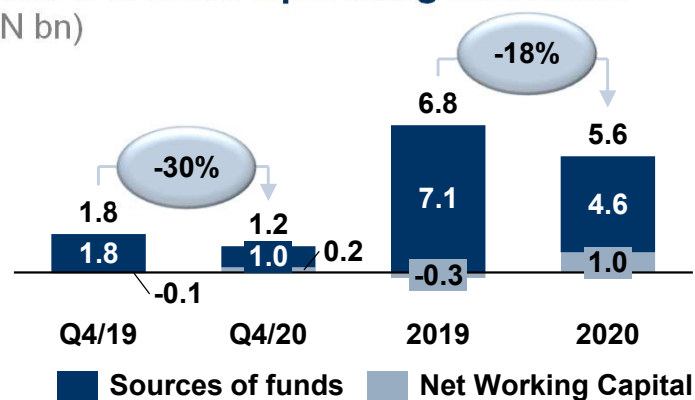
- Significantly stronger power performance built on forward contracts; higher contribution from balancing market and ancillary services
- Hedge deals, solid fuel margins and strict cost management
- Lower refining margin; refined products sales -10%
- Lower gas prices; gas sales volumes: -33%



# Cash Flow highlights

## Cash Flow from Operating Activities

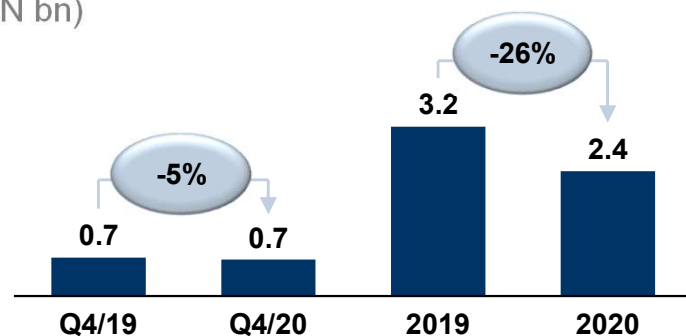
(RON bn)



- **Q4/20 CFO:** lower decrease than Operating Result due to improved net working capital

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

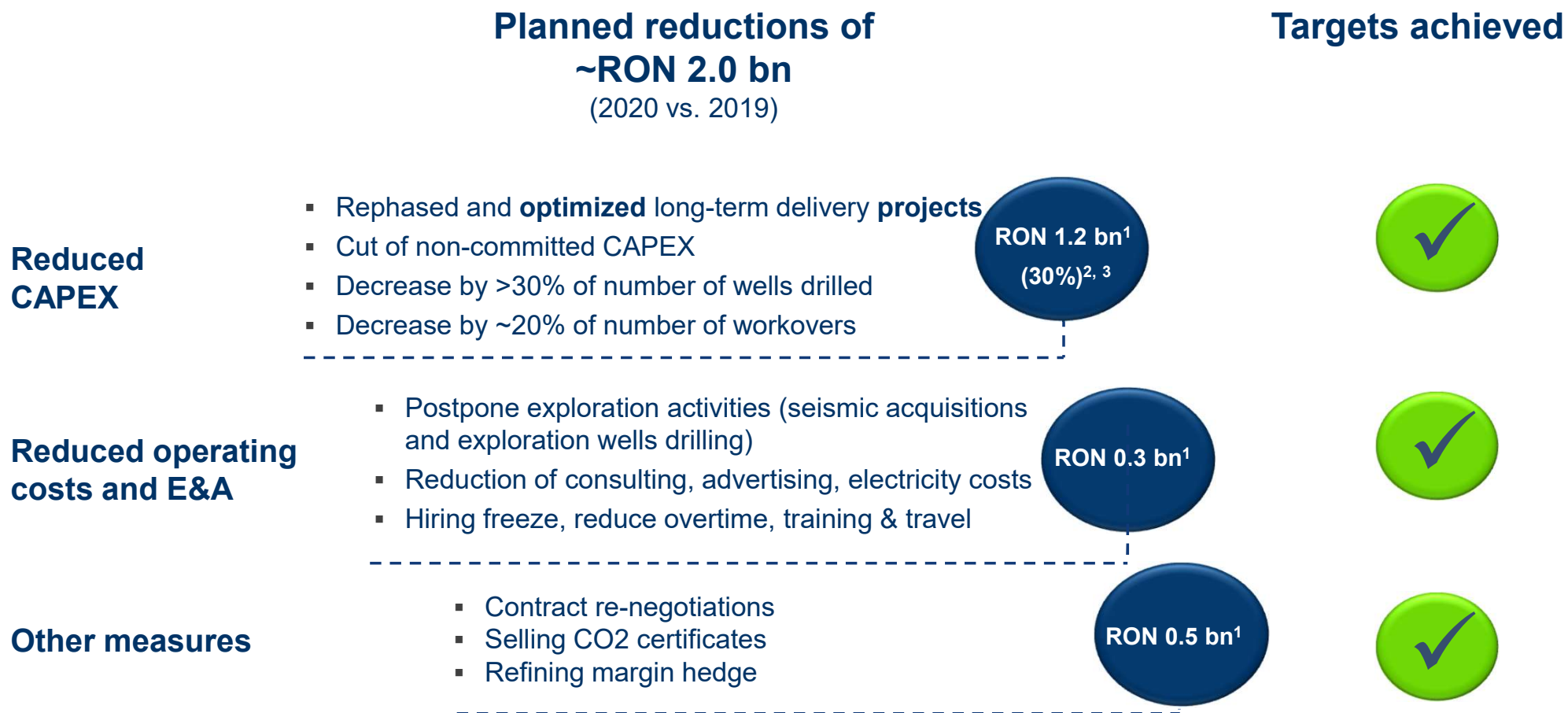
(RON bn)



- **Q4/20 CFO<sup>2</sup>:** -30% yoy
- **Q4/20 CFI<sup>3</sup>:** -47% yoy

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

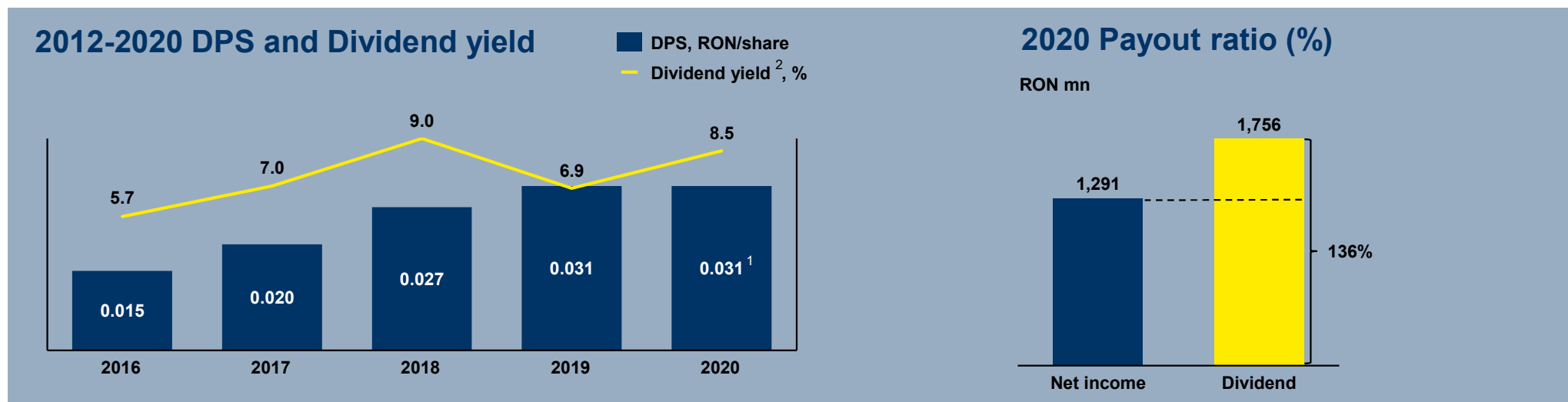
# Strong response to adjust to the weak market environment



<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

# 2020 Dividend proposal: RON 1,756 mn

- ▶ DPS<sup>1</sup> 2020: RON 0.031, flat yoy
- ▶ Dividend yield<sup>2</sup> 2020: 8.5%, higher than 6.9% in 2019



<sup>1</sup> Executive Board's proposal subject to approvals of the Supervisory Board and Annual General Meeting of Shareholders on April 27, 2021; <sup>2</sup> Calculated based on the closing share price as of the last trading day of the respective year

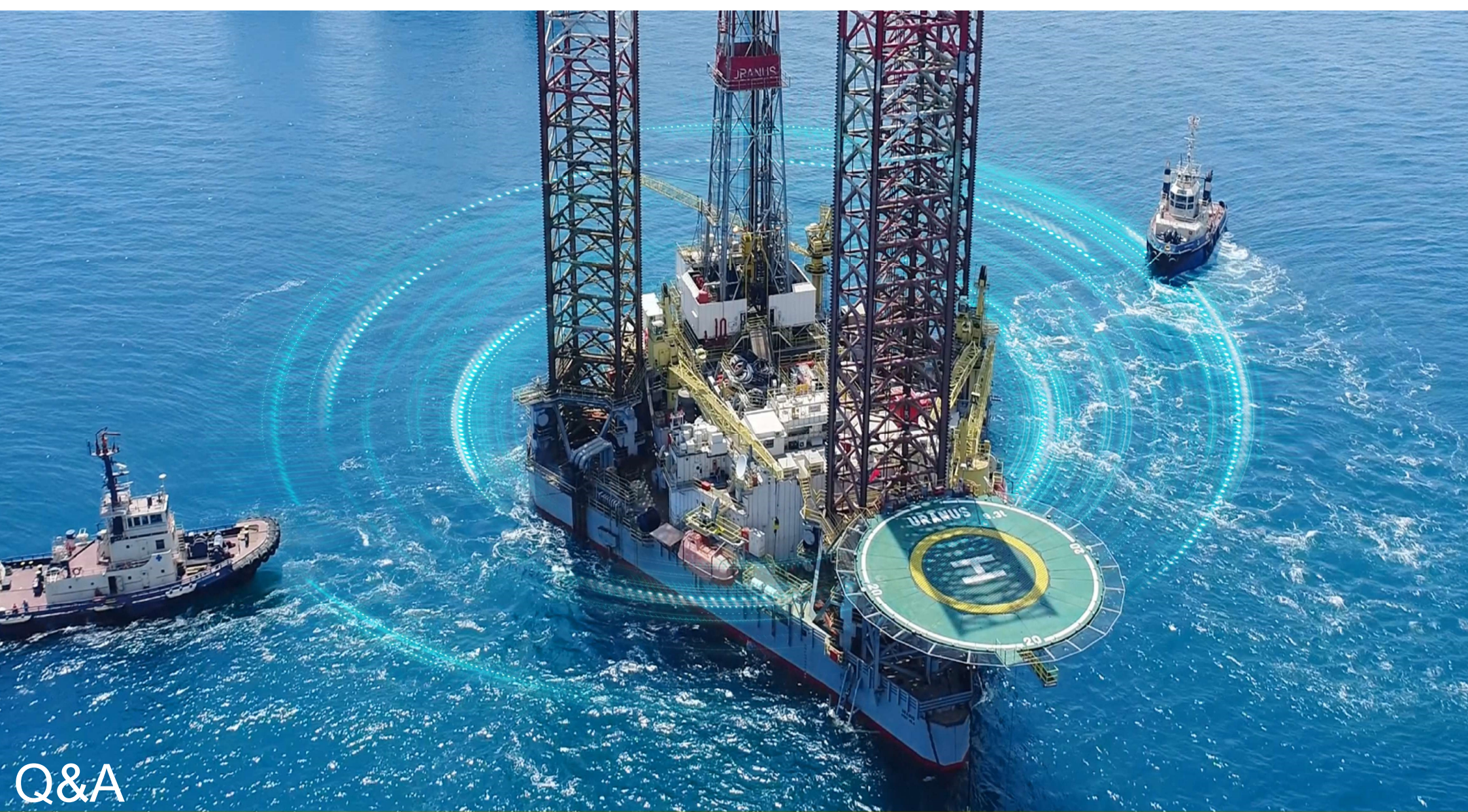


# Outlook

Indicators	Actual 2020	Assumptions/Targets 2021	Assumptions/Targets 2022-2023 averages
Brent oil price	USD 41.84/bbl	USD 50-55/bbl	USD 60/bbl
Production	145 kboe/d	Decline ~5% yoy <sup>1</sup>	Decline ~5% yoy <sup>1</sup>
Refining margin	USD 2.9/bbl	>USD 4/bbl	USD ~5/bbl
CAPEX <sup>2</sup>	RON 3.0 bn	RON ~2.9 bn	RON ~3.8 bn
FCF after dividends <sup>3</sup>	RON 0.7 bn	Positive	Positive

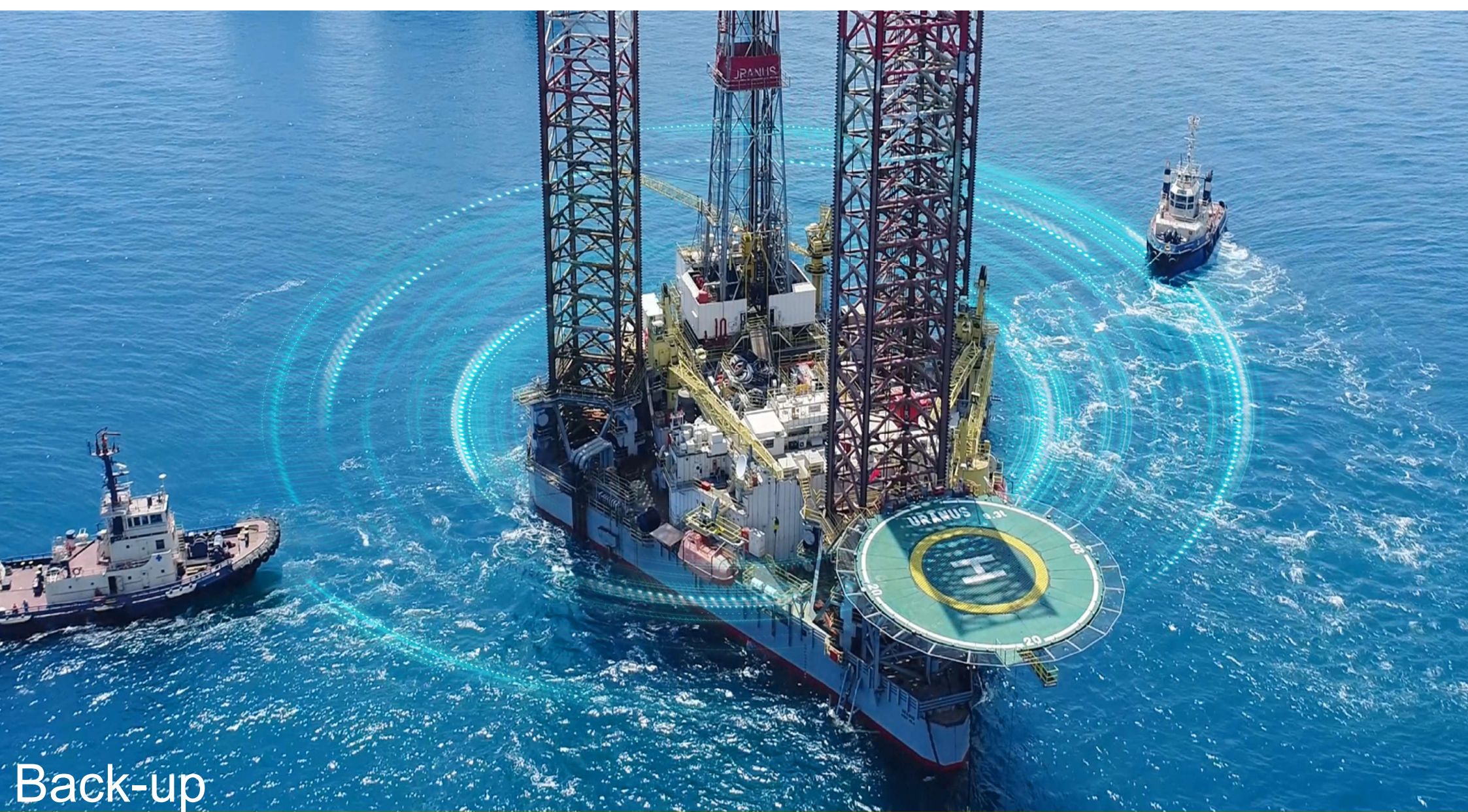
<sup>1</sup> Romania only, and excluding portfolio optimization; <sup>2</sup> CAPEX excluding acquisitions for 2021-2023, and also development CAPEX for major strategic projects in 2022-2023; <sup>3</sup> Organic FCF after dividends





Q&A





Back-up

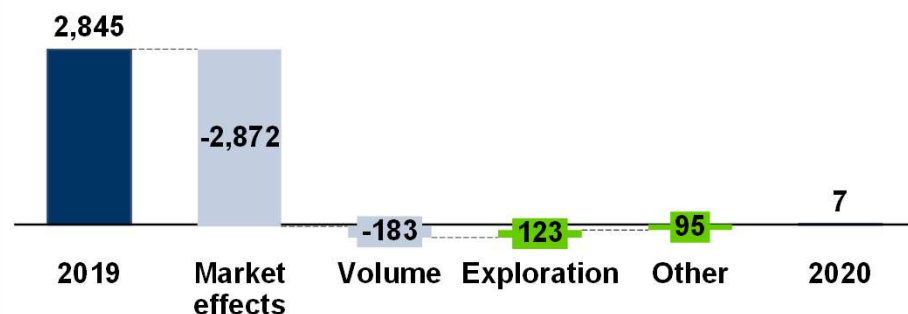


# Sensitivities in 2021

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 +35 mn

# Clean CCS Operating Result

## Upstream (RON mn)

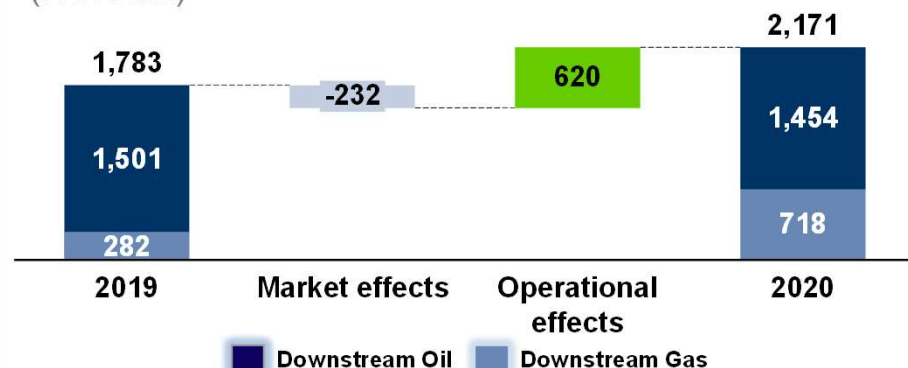


- ▶ Lower oil and gas prices
- ▶ One-off positive effect in Q1/19



- ▶ Lower clean exploration expenses
- ▶ Ongoing cost optimization

## Downstream (RON mn)



- ▶ Significantly stronger power performance built on forward contracts
- ▶ Gas sales volumes: +4%



- ▶ Lower refining margin
- ▶ Refined products sales -9%
- ▶ Lower gas prices