



# OMV Petrom Q1/21 Results Christina Verchere, CEO

April 29, 2021

# Legal Disclaimer

---

This presentation does not, and is not intended to, constitute or form part of, and should not be construed as, constituting or forming part of, any actual offer to sell or issue, or any solicitation of any offer to purchase or subscribe for, any shares issued by the Company or any of its subsidiaries in any jurisdiction or any inducement to enter into investment activity; nor shall this document or any part of it, or the fact of it being made available, form the basis of, or be relied on in any way whatsoever. No part of this presentation, nor the fact of its distribution, shall form part of or be relied on in connection with any contract or investment decision relating thereto; nor does it constitute a recommendation regarding the securities issued by the Company. The information and opinions contained in this presentation and any other information discussed in this presentation are provided as at the date of this presentation and are therefore of a preliminary nature, have not been independently verified and may be subject to updating, revision, amendment or change without notice. Where this presentation quotes any information or statistics from any external source, it should not be interpreted that the Company has adopted or endorsed such information or statistics as being accurate.

No reliance may be placed for any purpose whatsoever on the information contained in this presentation, or any other material discussed verbally. No representation or warranty, express or implied, is given as to the accuracy, fairness or correctness of the information or the opinions contained in this document or on its completeness and no liability is accepted for any such information, for any loss howsoever arising, directly or indirectly, from any use of this presentation or any of its content or otherwise arising in connection therewith.

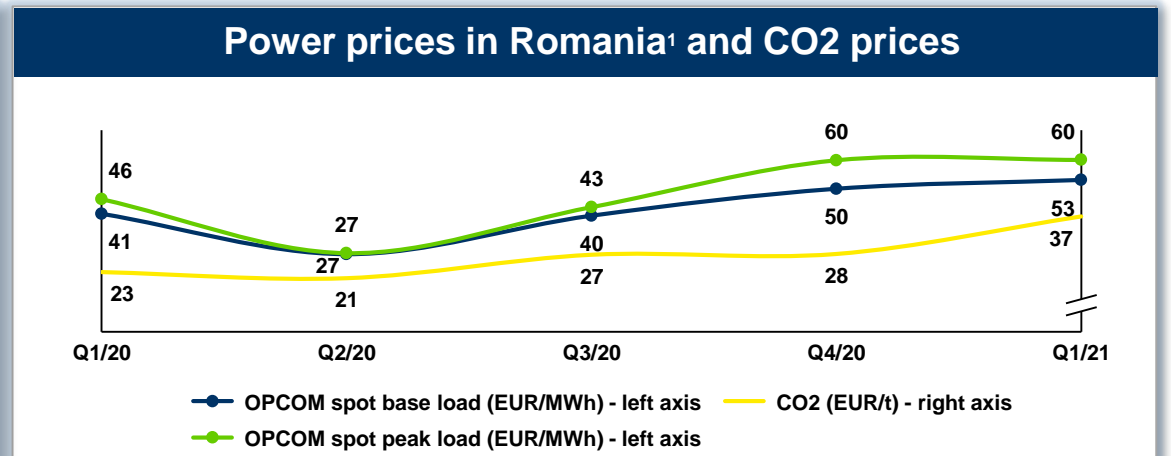
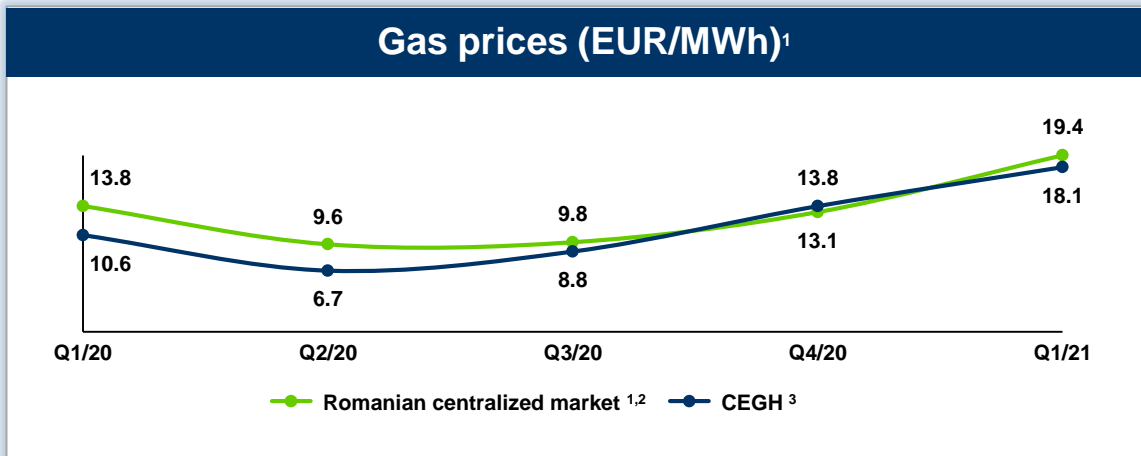
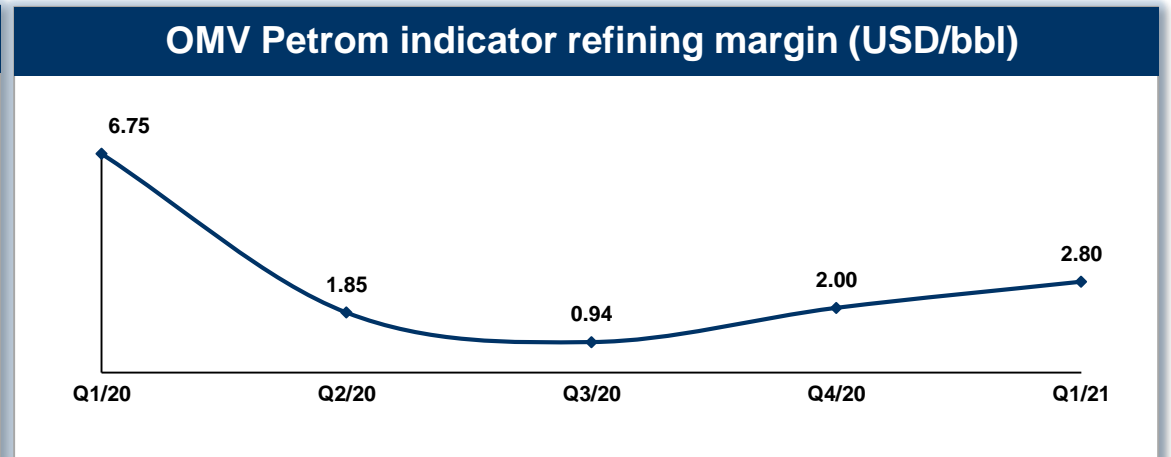
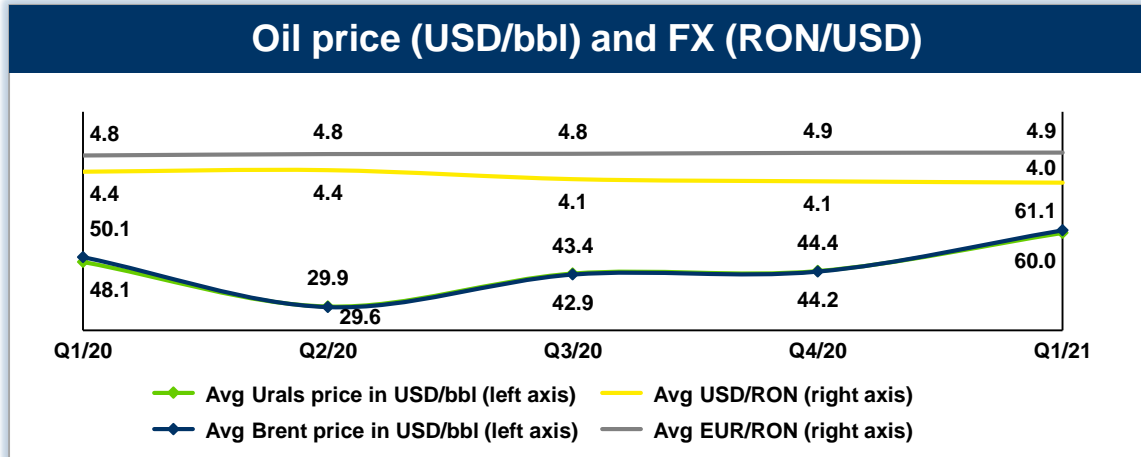
This presentation may contain forward-looking statements. These statements reflect the Company's current knowledge and its expectations and projections about future events and may be identified by the context of such statements or words such as "anticipate," "believe", "estimate", "expect", "intend", "plan", "project", "target", "may", "will", "would", "could" or "should" or similar terminology. By their nature, forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond the Company's control that could cause the Company's actual results and performance to differ materially from any expected future results or performance expressed or implied by any forward-looking statements.

None of the future projections, expectations, estimates or prospects in this presentation should in particular be taken as forecasts or promises nor should they be taken as implying any indication, assurance or guarantee that the assumptions on which such future projections, expectations, estimates or prospects have been prepared or the information and statements contained herein are accurate or complete. As a result of these risks, uncertainties and assumptions, you should in particular not place reliance on these forward-looking statements as a prediction of actual results or otherwise. This presentation does not purport to contain all information that may be necessary in respect of the Company or its shares and in any event each person receiving this presentation needs to make an independent assessment.

The Company undertakes no obligation publicly to release the results of any revisions to any forward-looking statements in this presentation that may occur due to any change in its expectations or to reflect events or circumstances after the date of this presentation.

This presentation and its contents are proprietary to the Company and neither this document nor any part of it may be reproduced or redistributed to any other person.

# Improving 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 shows early signs of recovery

## FISCAL AND REGULATORY FRAMEWORK

### Authorities' reaction to COVID:

- State of alert prolonged until mid-May
- Vaccination program ongoing
- Health and social, fiscal and monetary measures in place
- EU funds to support Government investments

### Recent regulatory changes

- Romanian power market **fully liberalized** as of Jan 2021
- Draft law regarding **vulnerable consumers** in Parliament

## MACROECONOMIC ENVIRONMENT

### GDP growth:

- Q4/20<sup>1</sup>: -1.8% yoy; 2020<sup>1</sup>: -3.9% yoy
- 2021e<sup>2</sup>: +6.0% yoy

### CPI inflation:

- Mar 21/Mar 20<sup>1</sup>: 3.1%
- 2020<sup>1</sup>: 2.6%

Rating agencies<sup>3</sup> reconfirmed investment grade (Apr 2021)

Demand Q1/21 yoy:	Fuels <sup>4</sup>	+0.5%
	Gas <sup>5</sup>	+ 6%
	Power <sup>6</sup>	+ 4%

<sup>1</sup> Romanian National Institute of Statistics; <sup>2</sup> IMF World Economic Outlook, April 2021; <sup>3</sup> S&P, Fitch; <sup>4</sup> Fuels refer only to retail diesel and gasoline; OMV Petrom estimates based on Romanian Petroleum Association data; <sup>5</sup> According to company estimates; <sup>6</sup> According to preliminary data available from the grid operator

# Key messages Q1/21

## Financial resilience

### Clean CCS Operating result

RON 0.7 bn  
-33% yoy

### Operating Cash Flow

RON 1.2 bn  
-15% yoy

### Clean CCS ROACE

5.7%  
12.5% in Q1/20

## Sound operational performance

- Hydrocarbon production decline broadly in line with expectations
- Refining utilization above European average
- Stable retail sales volumes
- Captured market opportunities capitalizing on Brazi power plant flexibility

## Further pursued our strategy execution

- Neptun: ready to act as Operator for Neptun Deep Block<sup>1</sup>
- MyAuchan: roll-out in Petrom filling stations according to plan
- Regional expansion to Georgia: Production Sharing Agreement signed
- Kazakhstan asset sale – closing in Q2/21

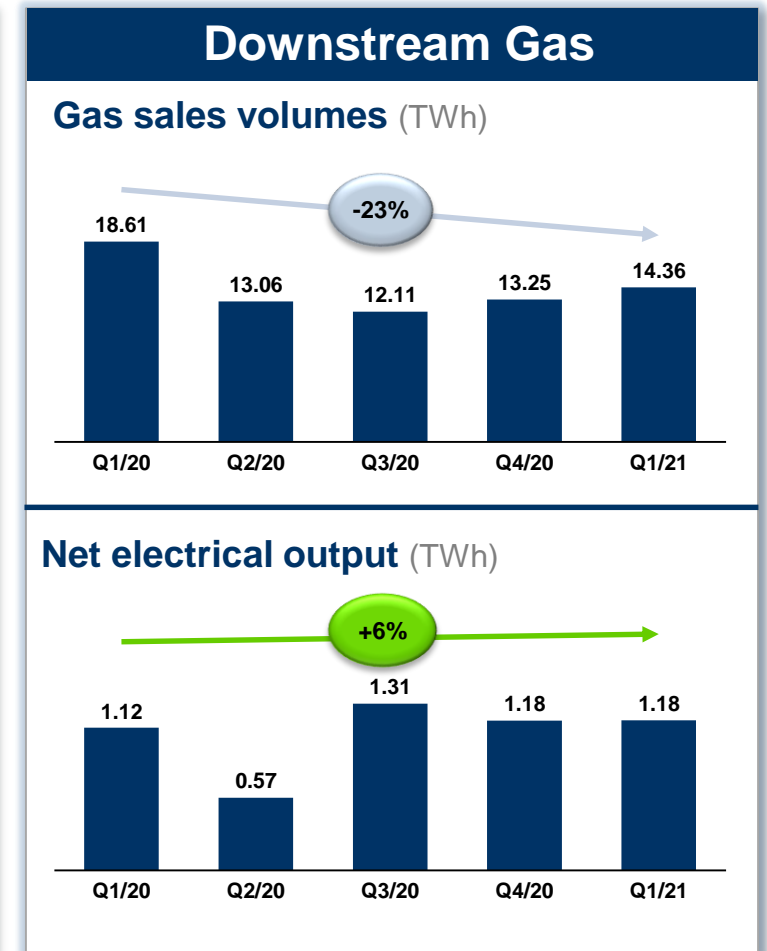
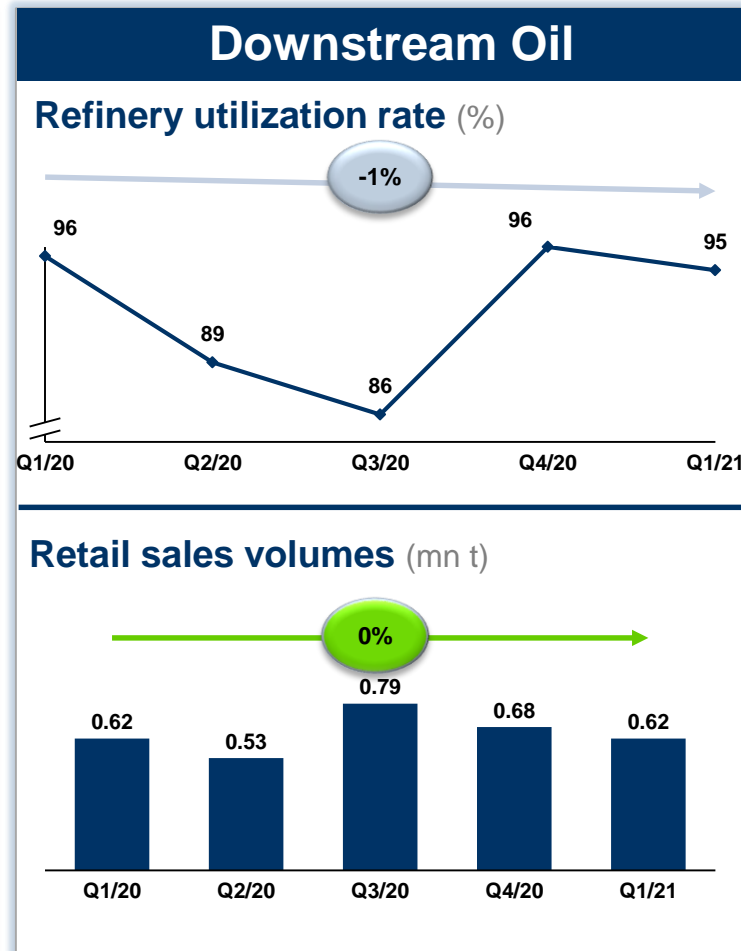
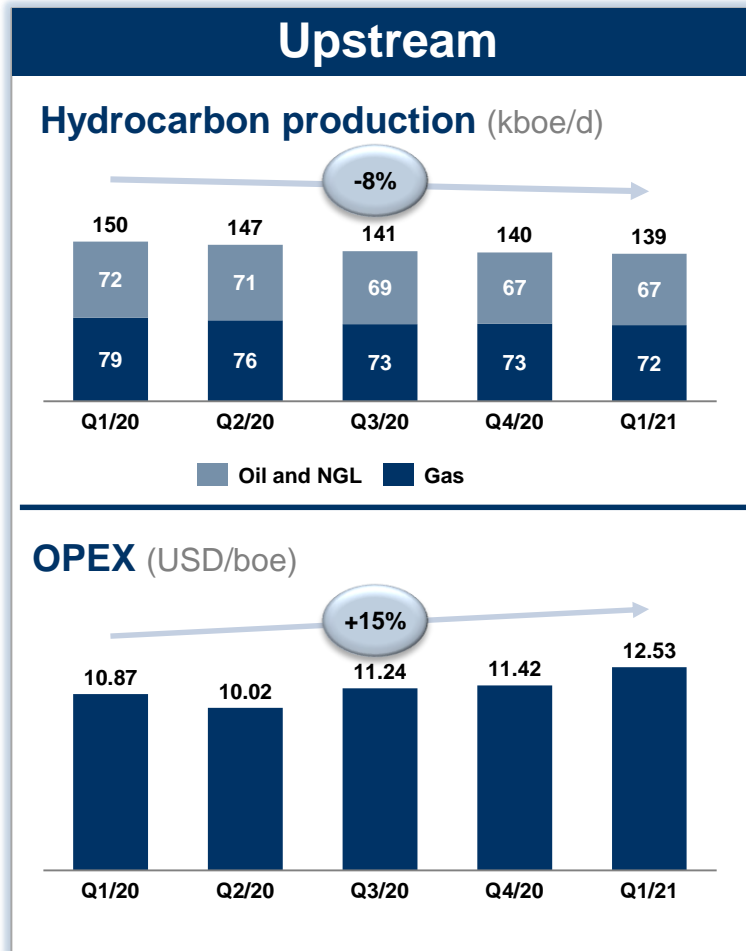
## HSSE

TRIR<sup>2</sup>: 0.38

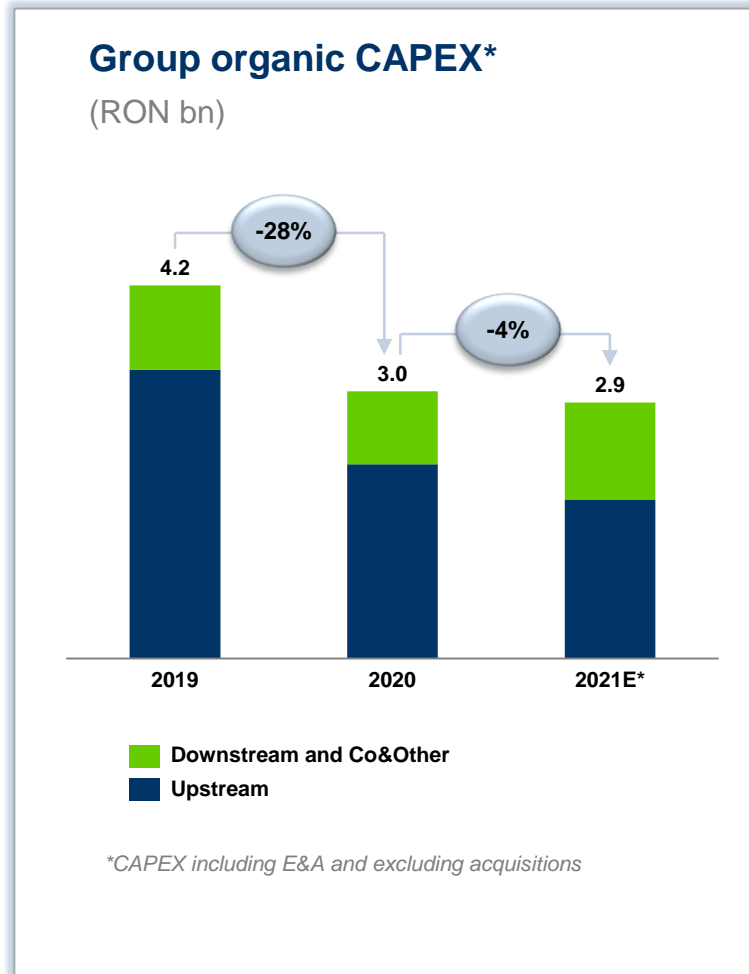
GHG<sup>3</sup> intensity: further decreased yoy

<sup>1</sup> In the event Romgaz enters the joint venture; <sup>2</sup> Total Recordable Injury Rate, April 2020 – March 2021; <sup>3</sup> Greenhouse gases

# Sound operational performance in a challenging market environment



# CAPEX and E&A – Cautious approach in a volatile market



## Organic CAPEX

- ▶ **Q1/21** at RON 0.6 bn:
  - ▶ 12 new wells and sidetracks
  - ▶ ~200 workovers
  - ▶ Projects in the tank farm area in the Petrobrazi refinery
  - ▶ Preliminary works for coke drums replacement at Petrobrazi
- ▶ **2021E** at RON ~2.9 bn:
  - ▶ Wells and sidetracks: up to 40
  - ▶ Workovers: >700
  - ▶ Coke drums replacement and other development initiatives at Petrobrazi

## Exploration & Appraisal (E&A)

- ▶ **Q1/21** at RON 0.02 bn:
  - ▶ Geological and geophysical activities
- ▶ **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

# Increasing focus on sustainability

## GHG intensity index

2020 vs 2010: -26%  
Q1/21: downward trend continued

## Energy efficiency

2020: EUR 36 mn invested  
Q1/21: G2P 1.75 MW installed

## Planting for Romania

2021: EUR 1.5 mn to be spent for the largest privately funded forestation campaign



## Social involvement

2020: EUR 6 mn invested  
Support for ~350 communities

## Diversity

2020: diverse, inclusive and talented workforce  
26% women in management positions

## Remuneration policy

EB remuneration linked to sustainability targets

## Increased disclosure

Aligning disclosure on climate change risks and opportunities to TCFD<sup>1</sup> recommendations

<sup>1</sup> Task Force on Climate-related Financial Disclosures





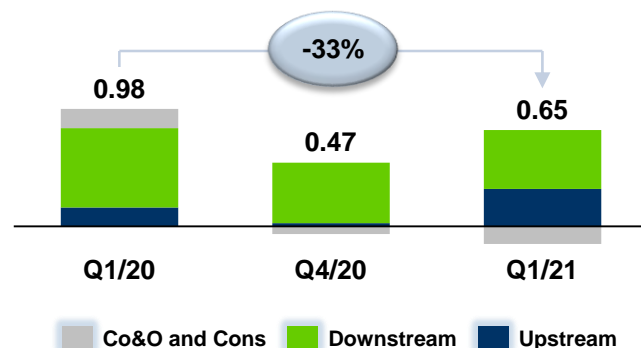
# OMV Petrom Q1/21 Results

## Alina Popa, CFO

April 29, 2021

# Income Statement: lower contribution from Downstream Oil, higher from Upstream and Downstream Gas

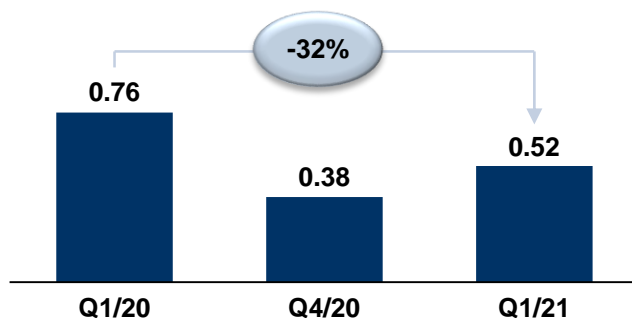
Clean CCS Operating Result (RON bn)



► Q1/21 Clean CCS Operating Result evolution reflects:

- Higher oil prices
- Lower refining margin
- Increased contribution in both gas and power businesses
- One-off positive effect of CO2 sales in Q1/20
- Negative Consolidation effect

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



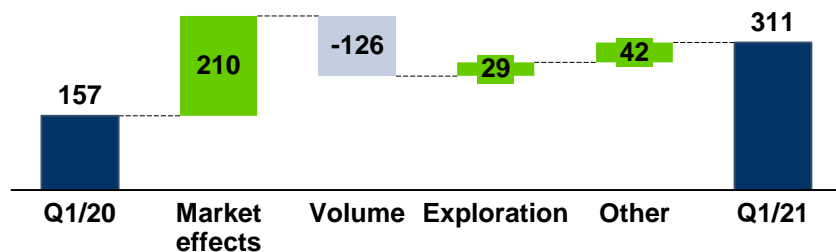
► Q1/21 Clean CCS Net Income reflects:

- Development of operating result

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

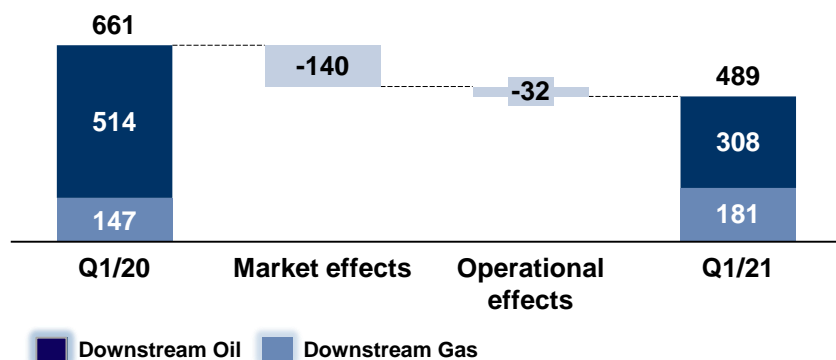
# Clean CCS Operating Results: improved realised oil prices and weaker refining margins

## Upstream (RON mn)



- ▶ Oil price +25%
- ▶ Lower depreciation
- ▶ Lower exploration expenses
- ▶ Hydrocarbon sales -8%
- ▶ Lower gas price
- ▶ Negative FX effect

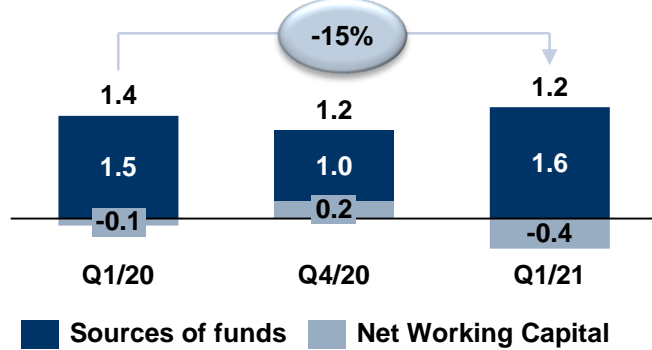
## Downstream (RON mn)



- ▶ Improved margins on gas extracted from storage
- ▶ Higher power contribution from balancing market and ancillary services
- ▶ Lower refining margin; refined products sales -4%
- ▶ Lower gas prices; gas sales volumes: -23%
- ▶ Q1/20 included one-off CO2 sale

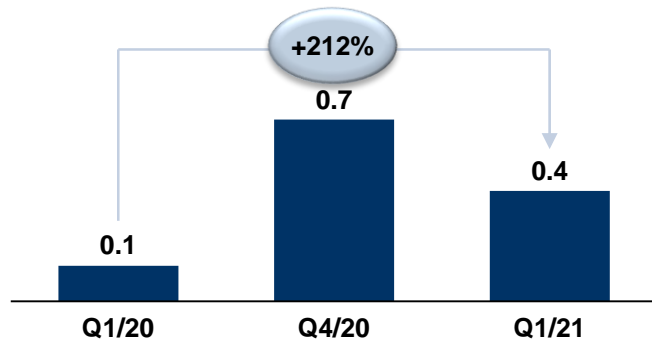
# Cash Flow: higher commodity prices impact net working capital

## Cash Flow from Operating Activities (RON bn)



- ▶ Q1/21 CFO: in line with Operating Result
- ▶ Net working capital: mainly reflects higher commodity prices

## Free Cash Flow<sup>1</sup> (RON bn)



- ▶ Q1/21 CFO<sup>2</sup>: -15% yoy
- ▶ Q1/21 CFI<sup>3</sup>: -40% yoy

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

# Outlook: 2021 oil price estimate revised upwards

Indicators	Actual 2020	Assumptions/ Targets 2021	Assumptions/ Targets 2022-2023 averages
<b>Brent oil price</b>	USD 41.84/bbl	USD 60-65/bbl (prev. USD 50-55/bbl)	USD 60/bbl
<b>Production</b>	145 kboe/d	Decline ~5% yoy <sup>1</sup>	Decline ~5% yoy <sup>1</sup>
<b>Refining margin</b>	USD 2.9/bbl	>USD 4/bbl	USD ~5/bbl
<b>CAPEX<sup>2</sup></b>	RON 3.0 bn	RON ~2.9 bn	RON ~3.8 bn
<b>FCF after dividends<sup>3</sup></b>	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