

# OMV Petrom Q3/21 Results

## Christina Verchere, CEO

October 29, 2021



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The energy for a better life.

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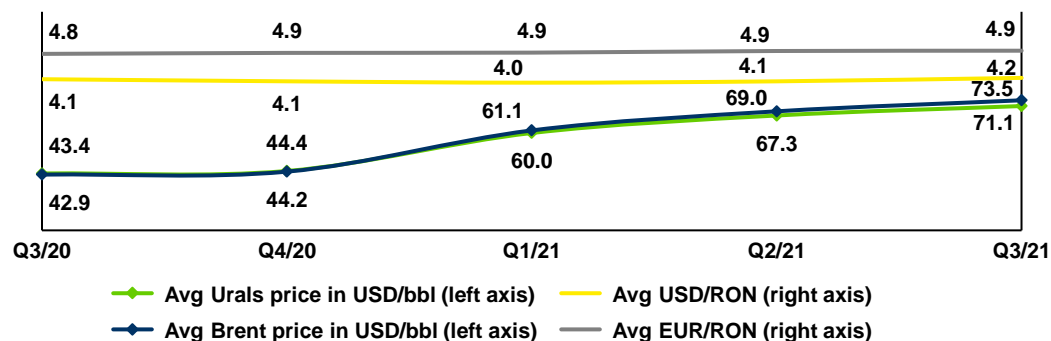
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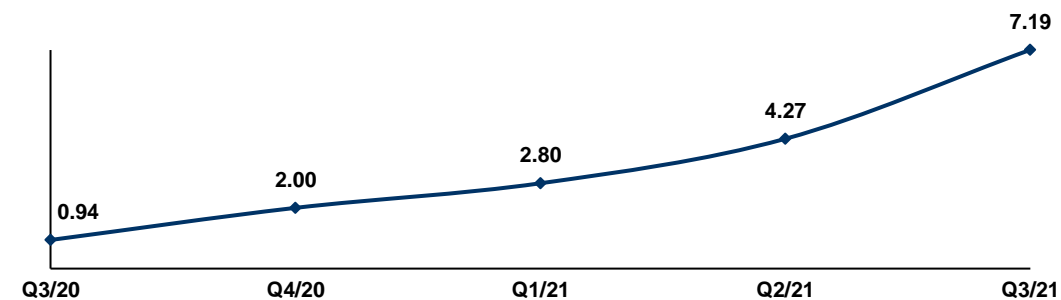
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# Increasing commodity prices

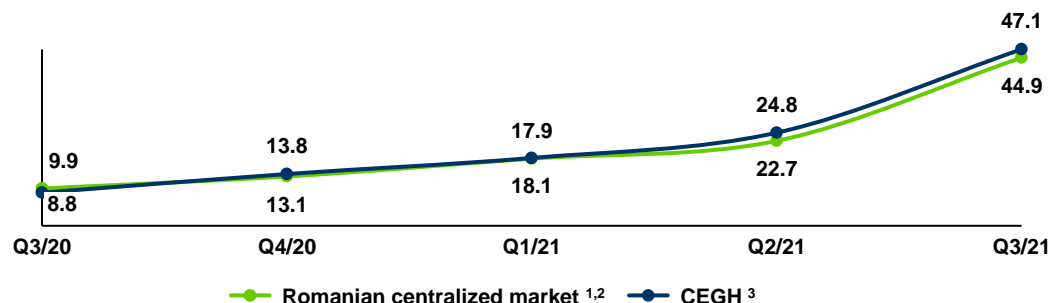
## Oil price (USD/bbl) and FX (RON/USD)



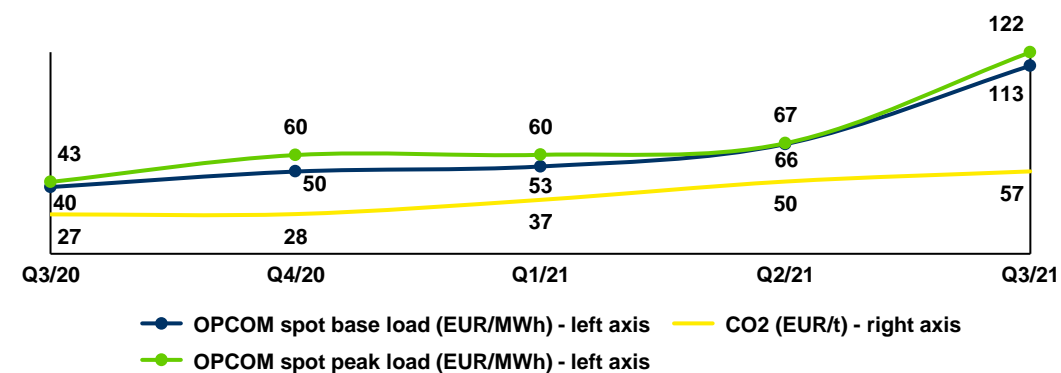
## OMV Petrom indicator refining margin (USD/bbl)



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



## Power prices in Romania<sup>1</sup> and CO2 prices



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



# Romanian environment recovered to pre-COVID levels

## Strong GDP growth; CPI on an upward trend

- ▶ **GDP:** Q2/21<sup>1</sup>: 14.4% yoy; 2021e<sup>2</sup>: +7.0% yoy
- ▶ **CPI:** Sep 21/Sep 20<sup>1</sup>: 6.3%; 2021e<sup>3</sup>: 5.6%

## Recent regulatory changes

- ▶ Law regarding vulnerable consumers approved
- ▶ Draft legislation for temporary measures related to high gas and power invoices



Demand	Q3/21 yoy	9m/21 yoy	9m/21 vs. 9m/19
Fuels <sup>4</sup>	+8%	+14%	+7%
Gas <sup>5</sup>	-13%	+3%	+7%
Power <sup>6</sup>	+3%	+7%	+1%

<sup>1</sup> Romanian National Institute of Statistics (seasonally adjusted); <sup>2</sup> IMF, "World Economic Outlook", October 2021; <sup>3</sup> National Bank of Romania; <sup>4</sup> Fuels refer only to 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 Q3/21

## Financial resilience

### Clean CCS Operating result

RON 1.3 bn  
+135% yoy

### Operating Cash Flow

RON 2.3 bn  
+35% yoy

### Clean CCS ROACE

9.5%  
vs. 8.4% in Q3/20

## Good operational performance

- DS Oil: record quarter in terms of refinery utilization and sales volumes
- Brazi power plant output increased yoy
- Higher yoy contribution from drilling and workovers partly compensating the impact of natural decline

## Strategic focus

- Neptun: ready to act as Operator for Neptun Deep Block<sup>1</sup>
- MyAuchan: roll-out continued with 91 units operational
- LNG: 1<sup>st</sup> delivery in September
- Electric mobility: 15 EV chargers installed so far

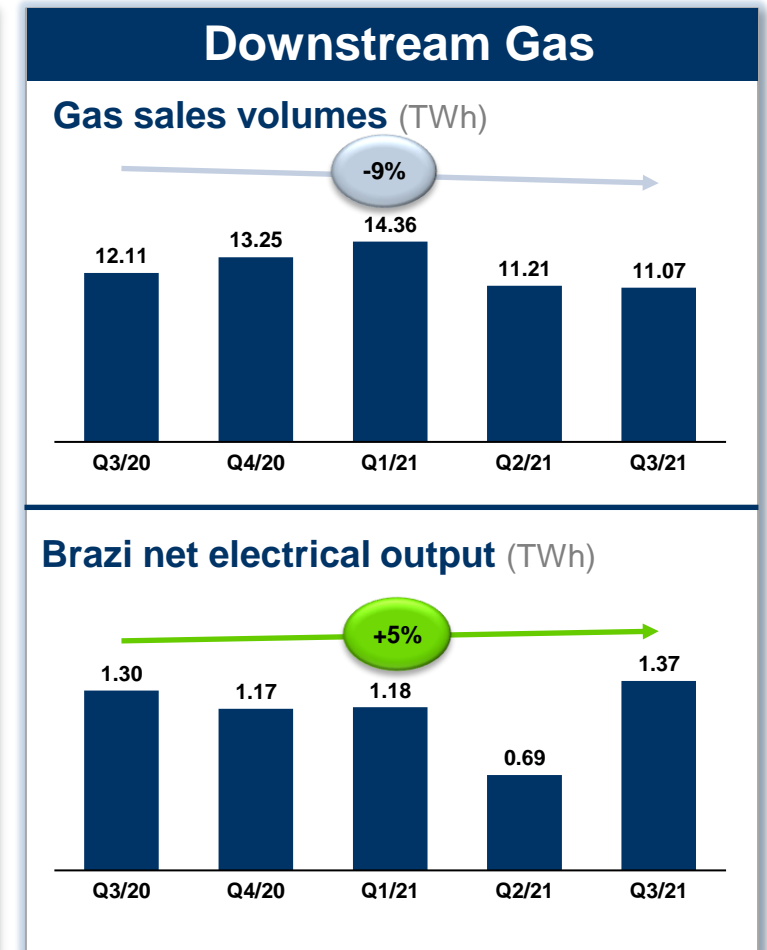
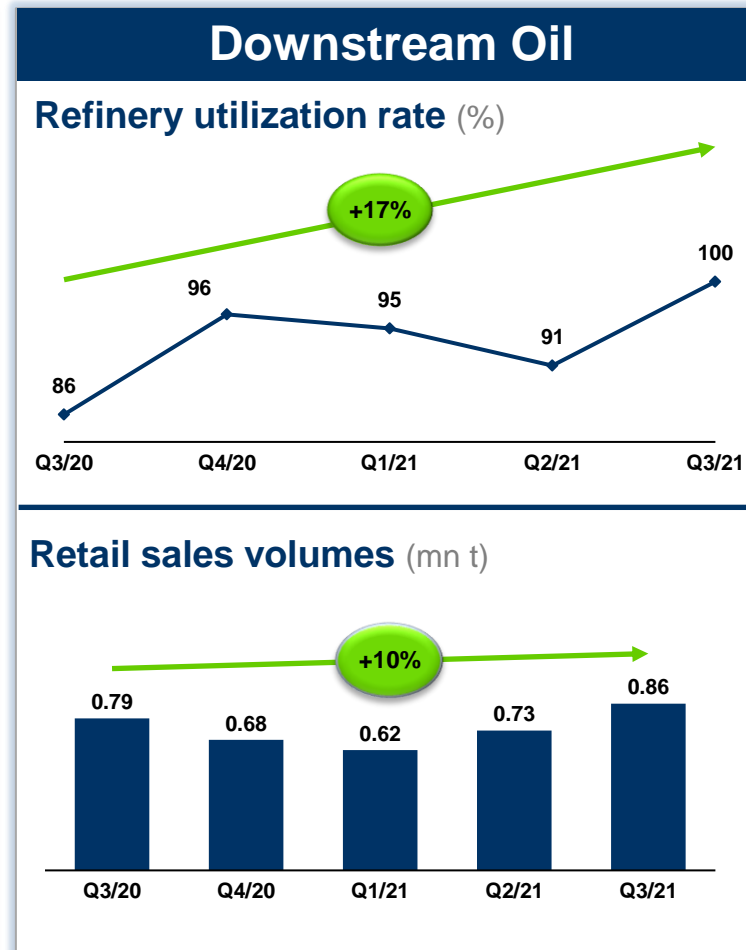
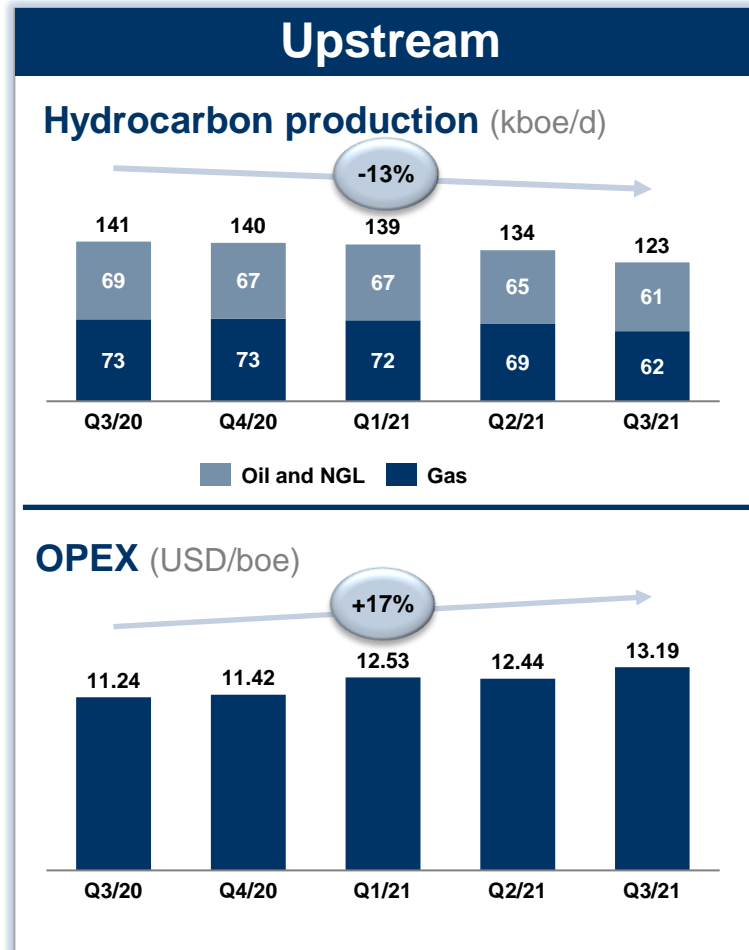
## HSSE

TRIR<sup>2</sup>: 0.47

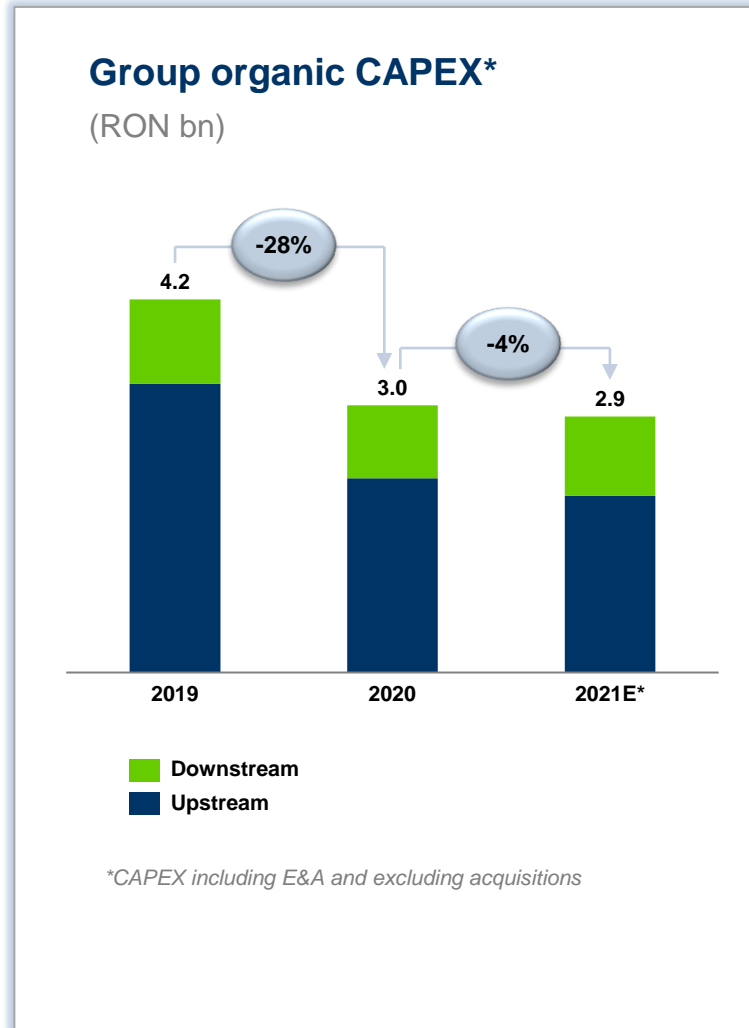
GHG<sup>3</sup> intensity: further decreased yoy

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

# Operational performance reflects recovering market demand in a challenging environment



# CAPEX and E&A: cautious approach maintained in a volatile market



## Organic CAPEX

- ▶ **9m/21** at RON 1.8 bn:
  - ▶ 29 new wells and sidetracks; ~530 workovers
  - ▶ Projects in the tank farm area in Petrobrazi
  - ▶ Preliminary works for coke drums replacement in Petrobrazi
- ▶ **2021E** at RON ~2.9 bn:
  - ▶ Wells and sidetracks: ~35; ~700 workovers
  - ▶ Continued investments in modernization of the current facilities
  - ▶ Coke drums replacement
  - ▶ Projects in the tank farm area and other development initiatives at Petrobrazi

## Exploration & Appraisal (E&A)

- ▶ **9m/21** at RON 0.1 bn:
  - ▶ Geological and geophysical activities
  - ▶ Activities for identifying potential drilling candidates for 2022-23 in Bulgaria
- ▶ **2021E** at RON ~0.2 bn:
  - ▶ One exploration well spudded in October
  - ▶ A new regional 3D seismic campaign in X-Craiova Block started in October
  - ▶ Seismic data processing in Bulgaria to firm up potential drilling candidates



# OMV Petrom Q3/21 Results

## Alina Popa, CFO

October 29, 2021

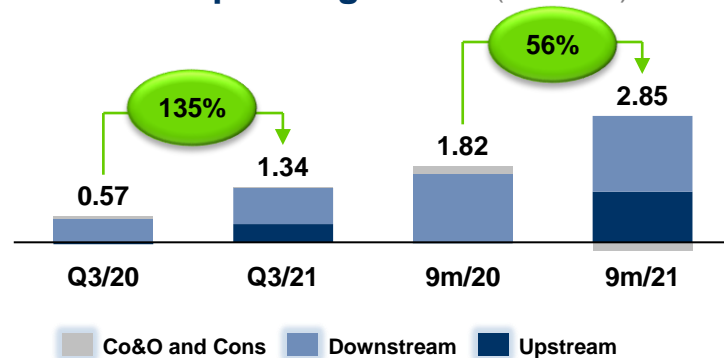


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# Income Statement: results mainly supported by improved commodity prices

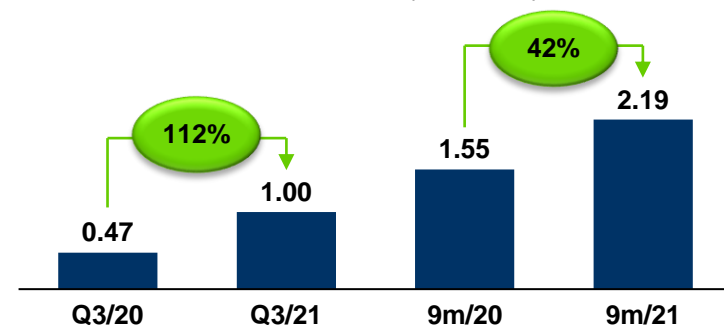
## Clean CCS Operating Result (RON bn)



► Q3/21 Clean CCS Operating Result evolution reflects:

- Higher oil prices and refining margins
- Lower contribution from power forward contracts

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



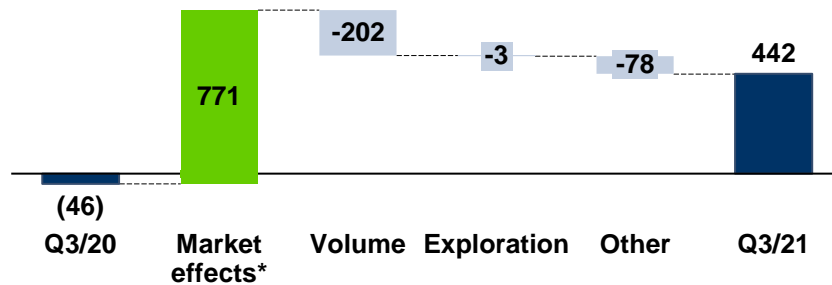
► Q3/21 Clean CCS Net Income reflects:

- Development of operating result
- Higher interest expenses in relation to the discounting of receivables

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

# Clean CCS Operating Results: improved commodity prices and refining margins

## Upstream (RON mn)



\* Market effects defined as oil and gas prices, foreign exchange impact on revenues, price effect on royalties (including gas over-taxation)

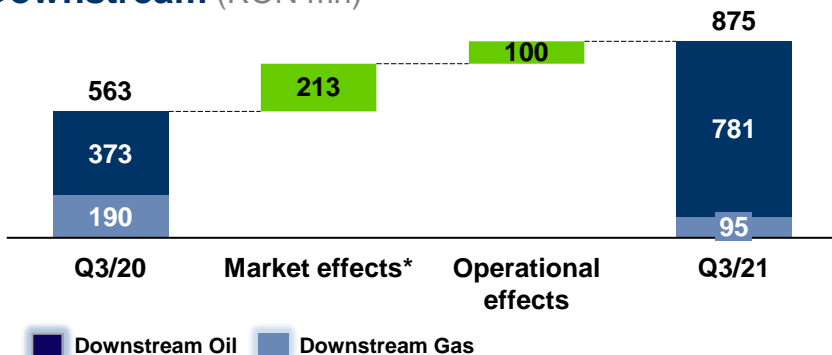


- ▶ Realized crude price +73%
- ▶ Higher gas price, majority offset by royalties and gas over-taxation
- ▶ Positive FX effect on revenues



- ▶ Hydrocarbon sales -12%
- ▶ Higher depreciation

## Downstream (RON mn)



\* Market effects based on refining indicator margin



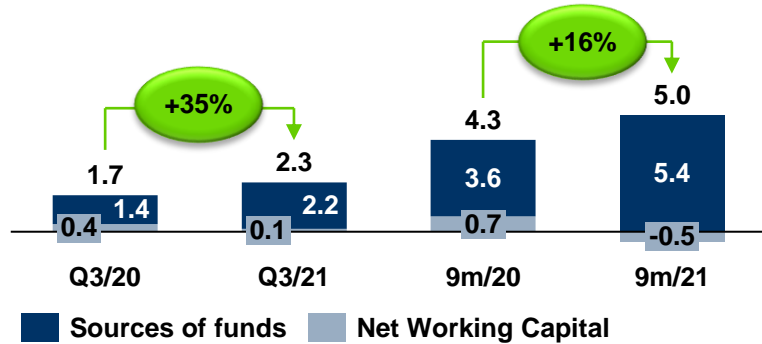
- ▶ Significantly higher refining margins;
- ▶ Higher refined products sales +11%
- ▶ Higher power contribution from balancing market and ancillary services



- ▶ Gas sales volumes: -9%
- ▶ Significantly lower contribution of power forward contracts

# Cash Flow: supported by higher commodity prices

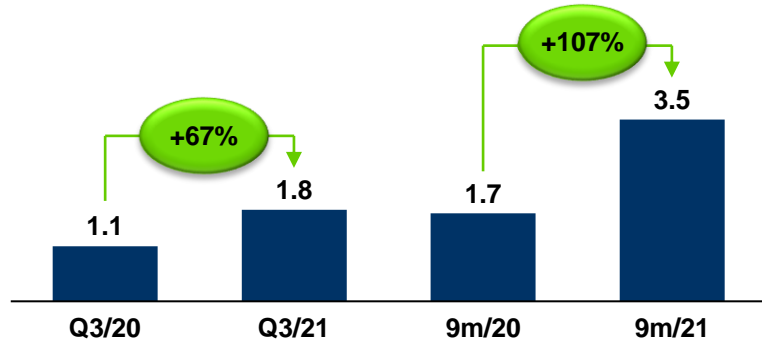
## Cash Flow from Operating Activities (RON bn)



### ► Q3/21 Cash Flow from Operating Activities:

- Increase driven by Operating Result
- Positive NWC

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



### ► Q3/21 Free Cash Flow:

- Increase driven by Operating Cash Flow
- Cash Flow from Investing activities -16% yoy

<sup>1</sup> Before dividends



# Outlook: 2021 oil price and refining margin estimates revised upwards

Indicators	Actual 2020	Assumptions/ Targets 2021	Assumptions/ Targets 2022-2023 averages
Brent oil price	USD 41.8/bbl	USD 70/bbl (prev. USD 65-70/bbl)	USD 60/bbl
Production	145 kboe/d	Decline ~7% yoy <sup>1</sup> (prev. ~6% yoy <sup>1</sup> )	Decline ~5% yoy <sup>1</sup>
Refining margin	USD 2.9/bbl	USD ~5/bbl (prev. ~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



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Back-up



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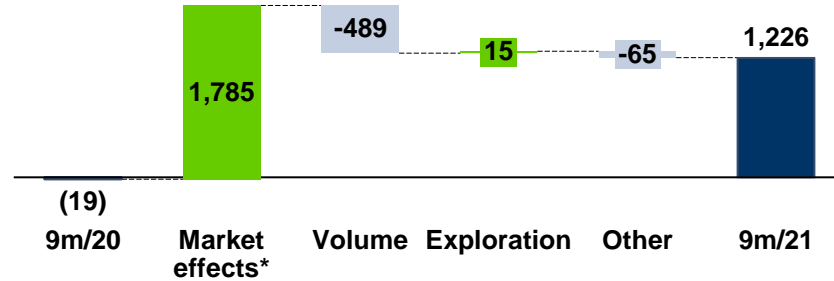
# Sensitivities in 2021

OMV Petrom Group main sensitivities		Operating Result impact
Brent oil price	USD +1/bbl	~EUR +17 mn
Equity gas price	EUR +1/MWh	~EUR +15-20* 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

*\*Depending on the level of gas prices and the gap between CEGH and OMV Petrom's realized prices*

# Clean CCS Operating Results: improved oil price

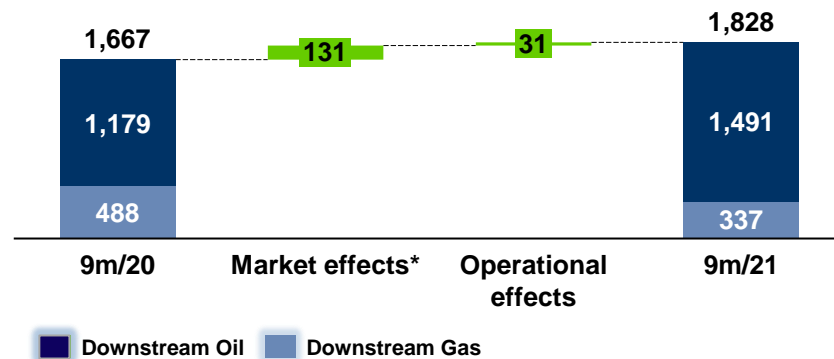
## Upstream (RON mn)



\* Market effects defined as oil and gas prices, foreign exchange impact on revenues, price effect on royalties (including gas over-taxation)

- Realized crude price +63%
- Lower exploration expenses
- Hydrocarbon sales -10%
- Higher production costs
- Negative FX effect

## Downstream (RON mn)



\* Market effects based on refining indicator margin

- Higher refining margin
- Refined products sales +6%
- Improved margins on gas extracted from storage
- Higher power contribution from balancing market and ancillary services
- Gas sales volumes: -16%
- One-offs in 9m/20 (in relation to CO2 certificates and power income)