



Strategy 2030:  
Transforming for a  
lower carbon future

Bucharest | December 7, 2021

OMV Petrom S.A.

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## Our speakers today

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**Christina Verchere**  
CEO  
Presenter



**Alina Popa**  
CFO  
Presenter



**Chris Veit**  
EB Member  
Exploration & Production



**Radu Caprau**  
EB Member  
Refining & Marketing



**Franck Neel**  
EB Member  
Gas & Power



# Agenda

- 1 | **Strategy overview**
- 2 | Energy context
- 3 | Transition to low and zero carbon
- 4 | Grow regional gas
- 5 | Optimize traditional business
- 6 | Financial frame
- 7 | Closing remarks

# OMV Petrom: transforming for a lower carbon future

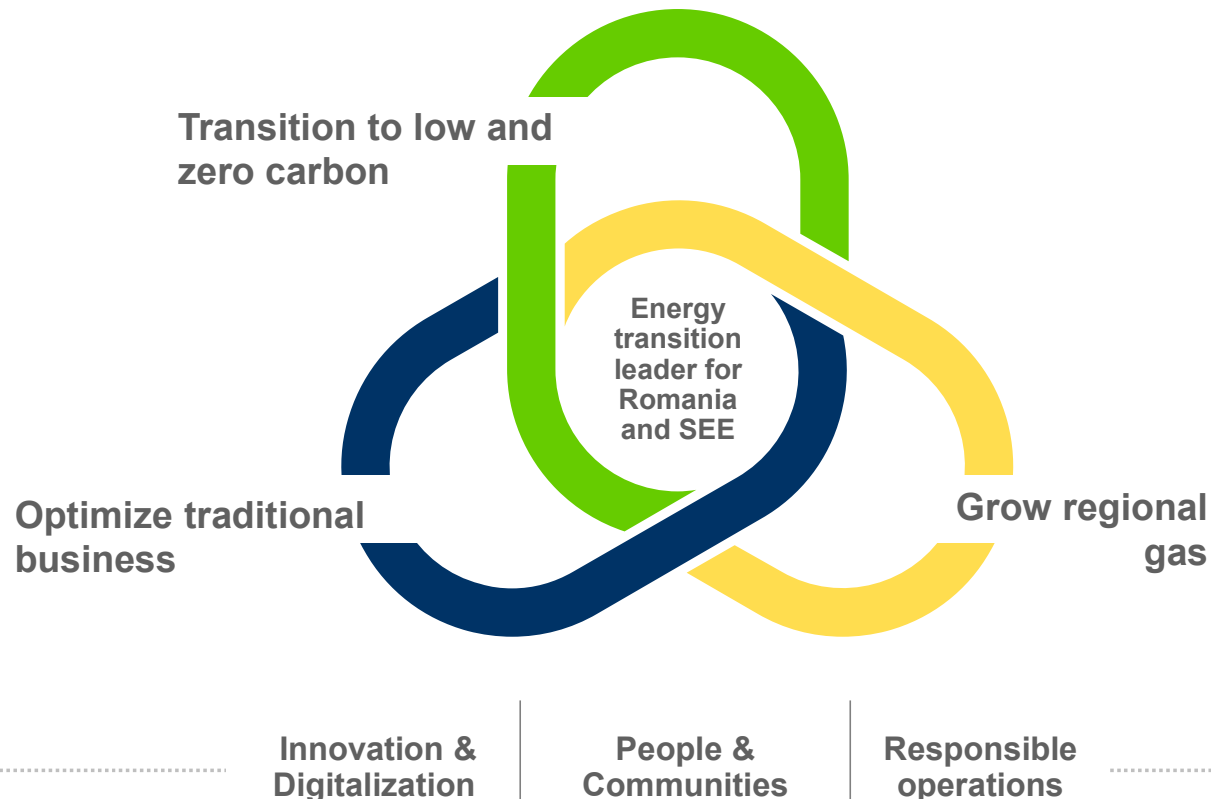
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- ▶ **We will lead the energy transition in South-East Europe**, capitalizing on emerging market opportunities
- ▶ **Romania is among the fastest growing economies in Europe**, driving increasing energy demand
- ▶ OMV Petrom is well placed to meet this demand with **lower carbon Black Sea gas** and significant investment in **renewable power, biofuels, alternative mobility and new technologies**
- ▶ We are committed to achieve **Net Zero operations by 2050**
- ▶ By 2030 **we will reduce the carbon emissions of our operations by ~30%<sup>1</sup>**, gas will make up 70% of our hydrocarbon production and **~35% of our capex will shift to low and zero carbon business**
- ▶ Combined with **a disciplined approach to capital allocation**, we will generate **significant free cash flow with strong growth in profits** – supporting our investments across the business and delivering strong returns for shareholders through the decade
- ▶ **We maintain a relentless focus on our stakeholders:** employees, communities, customers and shareholders

Starting with January 1, 2022, OMV Petrom's business segments will be renamed as follows: Upstream to Exploration & Production; Downstream Oil to Refining & Marketing, and Downstream Gas to Gas & Power. Figures on this and the following slides are rounded, and they may not add up. In this presentation Clean CCS EBIT refers to Clean CCS Operating Result <sup>1</sup> Scope 1 and 2 emissions; reduction vs 2019

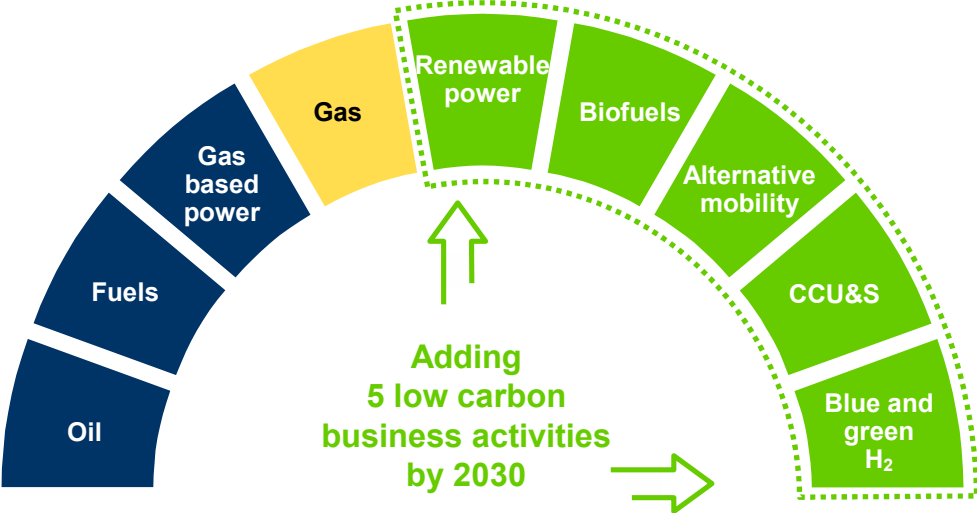
# OMV Petrom Strategy 2030: Transforming for a lower carbon future

Strong capital discipline & dividend policy



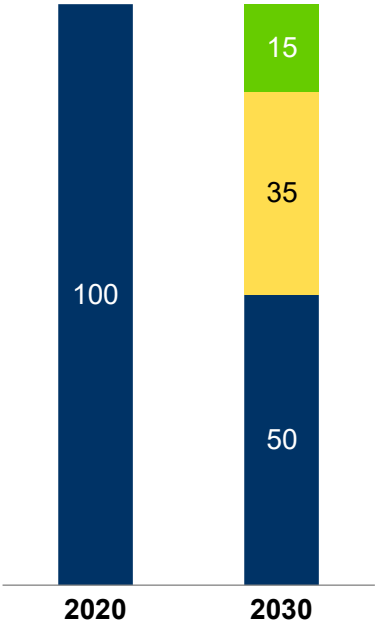
# OMV Petrom: Building a diversified, integrated energy transition business

OMV Petrom portfolio 2030

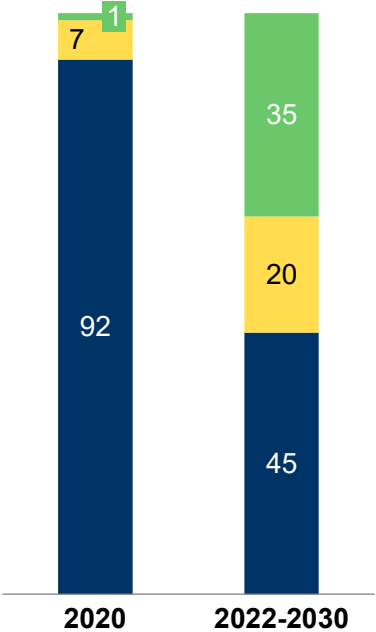


Low and zero carbon    Regional gas    Traditional business

Clean CCS EBIT %



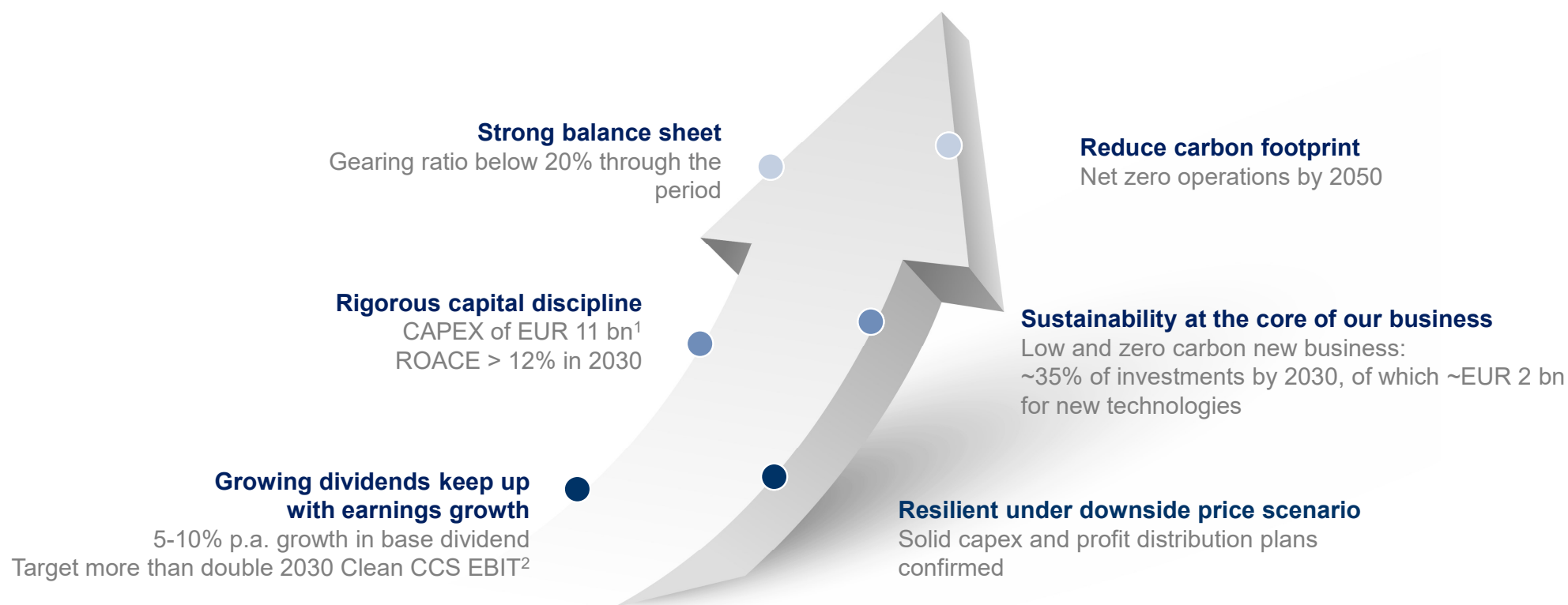
CAPEX %





# OMV Petrom investment proposition: growth, dividends and sustainability

## Strong value creation







## Strategy in a nutshell



# Agenda

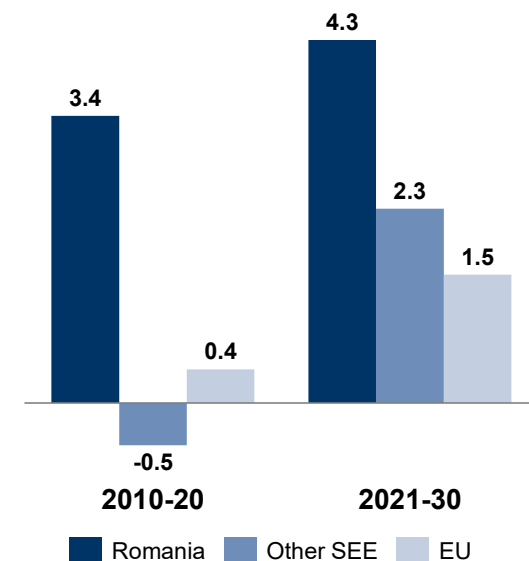
- 1 | Strategy overview
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# Romania is one of Europe's fastest growing economies, in a rapidly changing energy context

European energy environment is going through significant transformation

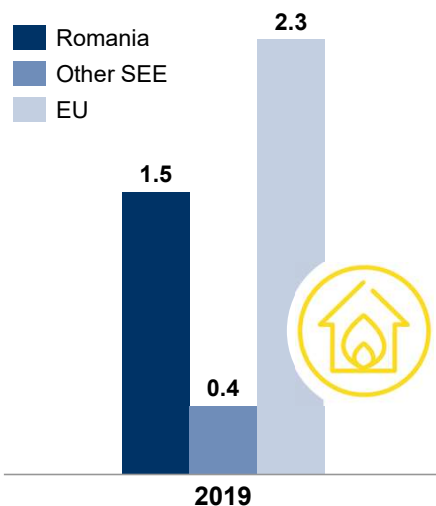


Romanian GDP per capita set to grow<sup>1</sup> CAGR, %

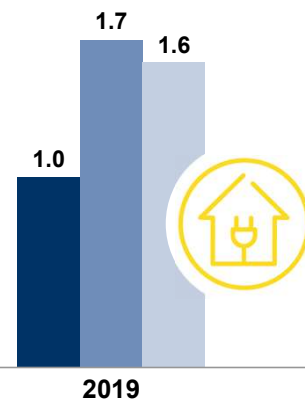


# Strong growth in energy demand in Romania to 2030

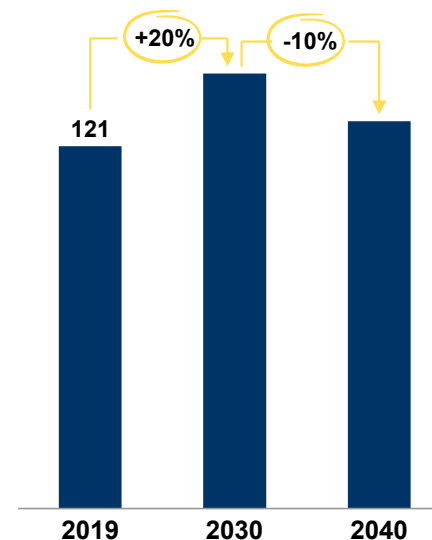
**Gas - household consumption<sup>1</sup>**  
MWh per capita



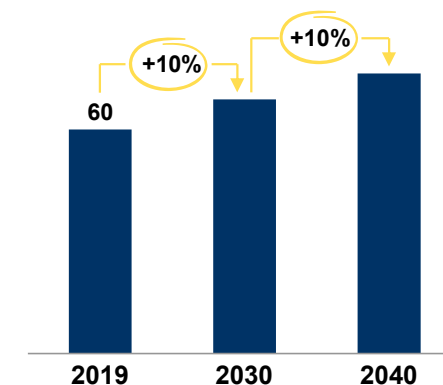
**Power - household consumption<sup>1</sup>**  
MWh per capita



**Gas demand Romania<sup>2</sup>**  
TWh



**Power demand Romania<sup>2</sup>**  
TWh



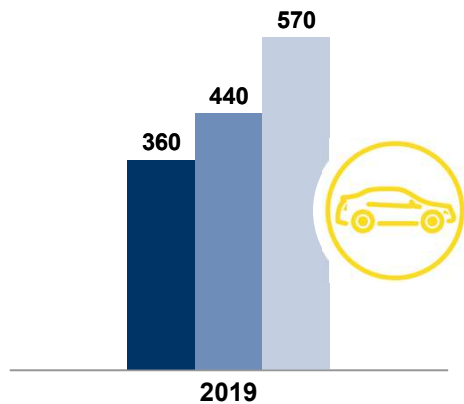
<sup>1</sup> Other SEE excludes Romania but includes: Bulgaria, Serbia, Cyprus and Greece; Source: Eurostat

<sup>2</sup> 2019 gas and power demand statistics based on ANRE/Transelectrica official data; gas and power estimates based on internal data and forecasts



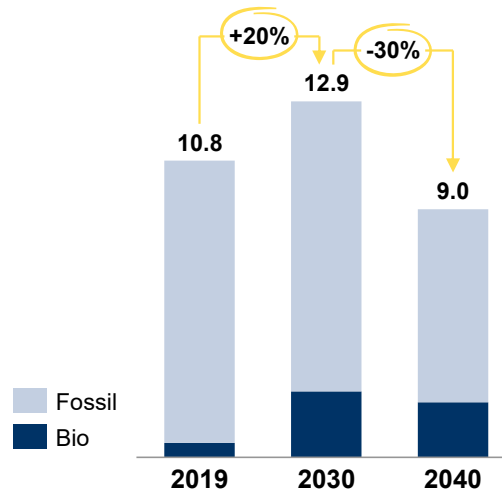
# Economic growth and rising living standards drive fuel consumption growth to 2030

**Motorization rate<sup>1</sup>**  
cars/1000 inhabitants



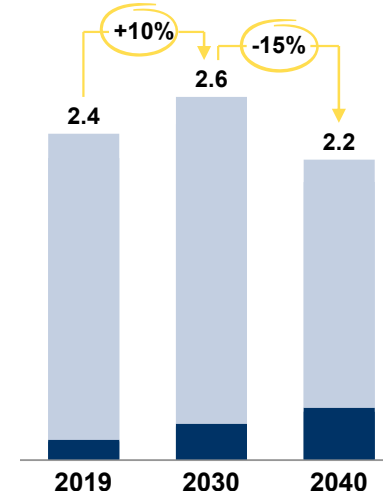
■ Romania ■ Other SEE ■ EU

**Diesel demand<sup>2,3</sup>**  
mn t



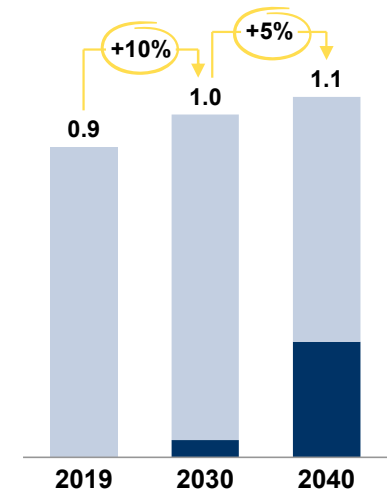
Biofuels content<sup>4</sup> 5% → 22%

**Gasoline demand<sup>2,3</sup>**  
mn t



6% → 17%

**Jet demand<sup>2,3</sup>**  
mn t



0% → 32%

<sup>1</sup> Source: Motorization rate: ACEA – European Automobile Manufacturers Association; Other SEE excludes Romania but includes: Bulgaria, Serbia, Cyprus and Greece; <sup>2</sup> Energy demand: OMV Petrom internal data and forecasts; Data refer to OMV Petrom operating region which includes Romania, Bulgaria, Moldova and Serbia; <sup>3</sup> Scaling of the bar charts is not equal; <sup>4</sup> internal estimates



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## Key directions to decarbonization

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**Decarbonize current operations**

**Expand lower carbon gas business**

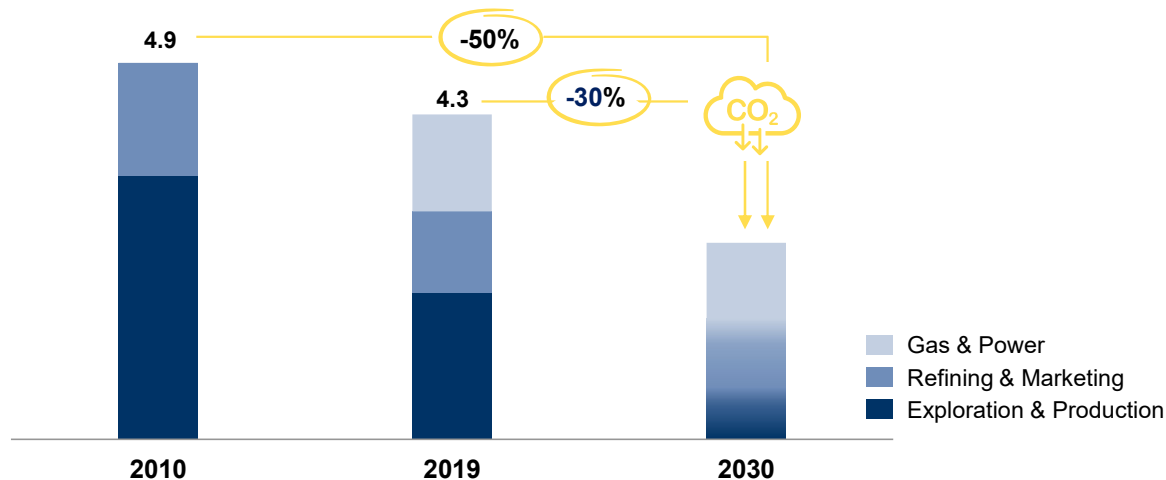
**Pursue new low and zero carbon business opportunities**



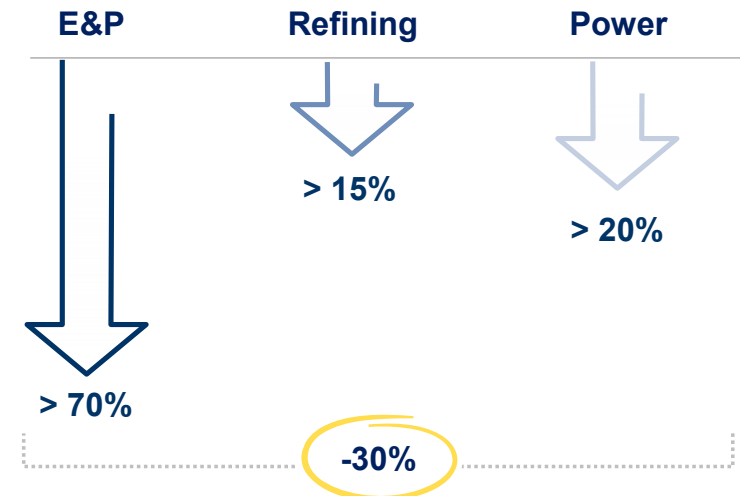


# Paving the way to Net Zero operations in 2050

Scope 1 – 2<sup>1</sup> emissions  
mn t CO<sub>2</sub> eq



Scope 1 – 2 carbon intensity<sup>2</sup>  
reduction %



## Actions aimed at reducing Scope 1 & 2 by 2030

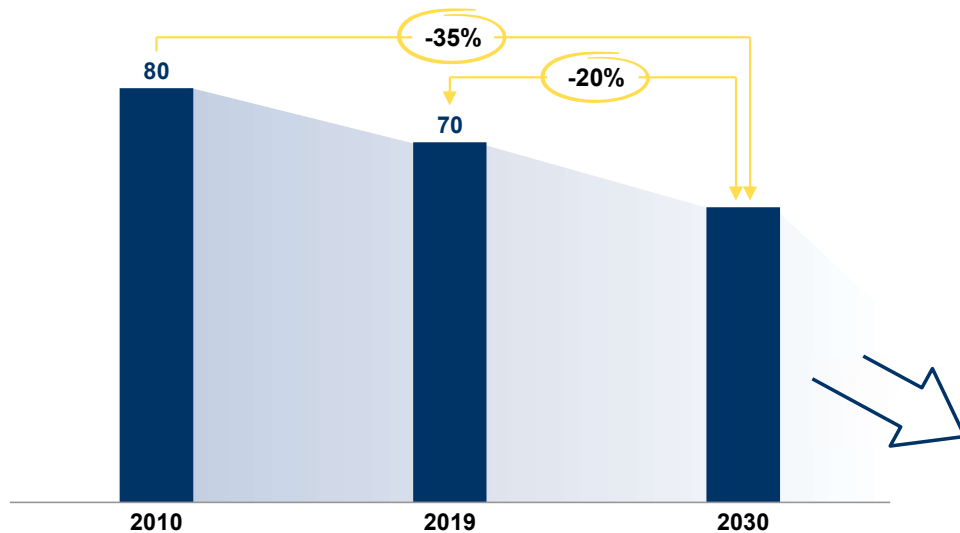
- ▶ Achieve less than 0.2% methane intensity
- ▶ Detect and **reduce fugitive emissions** in E&P and R&M
- ▶ Phase out existing and **no new projects with routine flaring and venting**
- ▶ Portfolio optimization in E&P
- ▶ Produce electricity from associated gases or thermal energy and generate renewable power for own consumption





# Carbon intensity of energy supply to drop ~20% by 2030

**Scope 1 – 3** Net carbon intensity of energy supply  
g CO<sub>2</sub> eq/MJ



- ▶ ~ 20% reduction in Scope 1-3 carbon emissions<sup>1</sup>
- ▶ EU Taxonomy eligible CAPEX to reach 35%<sup>2</sup>
- ▶ Lower and zero carbon energy for customers, to account for ~60% in total products sold in 2030

## Focused actions to decrease emissions

- ▶ Increased equity gas sales, the cleanest fossil fuel
- ▶ Carbon offsetting measures
- ▶ New technologies (mainly CCU&S and H<sub>2</sub>)
- ▶ Selective presence into the most profitable sales channels

<sup>1</sup> 2030 vs 2019; Carbon intensity of energy supply = Total emissions (all Scope 1 + all Scope 2 + all Scope 3 for energy products only) / Energy Supply;  
<sup>2</sup> by 2030

# Well positioned to capture Romania's solar potential and develop a renewable power portfolio



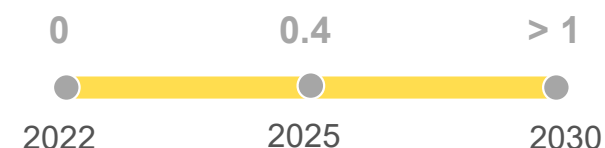
## Renewable power

## Opportunities

## OMV Petrom target total capacity, including partnerships, GW

### Photovoltaic

- ▶ Romania: the highest solar potential in the region
- ▶ > 10% contribution to the 2030 total estimated solar capacities in Romania<sup>1</sup>
- ▶ Build on our 10-year experience in the power market
- ▶ Opportunity to offer green electricity to our customers and long-term power purchase agreements (PPAs)
- ▶ Optimization of balancing services based on the integration with Brazi power plant



<sup>1</sup> 7.4 GW estimated total solar capacities in 2030 in Romania by the European Commission, Policy scenario for delivering the European Green Deal, MIX scenario (MIX scenario - relies on both carbon price signal extension to road transport and buildings and intensification of energy and transport policies)



# Biofuels to exceed 15% in our total fuel production in 2030



Biofuel	Opportunities	OMV Petrom target capacity, kt/year
Advanced ethanol: Cellulosic ethanol from straws	<ul style="list-style-type: none"><li>▶ Romania: unique combination of straw availability and cost</li><li>▶ Upgrading agricultural residues with potential for carbon-negative ethanol when combined with CCS</li><li>▶ Ethanol<sup>1</sup> expected to grow as a blend in gasoline, optional feed for SAF<sup>2</sup> and green petrochemicals</li></ul>	<div><div></div><div>050150</div><div>202220232030</div></div>
Sustainable aviation fuel and renewable diesel: SAF/HVO <sup>1</sup>	<ul style="list-style-type: none"><li>▶ Romania: strong agriculture sector and opportunity to upgrade agricultural products waste to high value HVO/SAF</li><li>▶ Flexibility between SAF or HVO</li><li>▶ Best option can be ensured based on aviation fuel/diesel market evolution</li></ul>	<div><div></div><div>0450</div><div>20222030</div></div>

<sup>1</sup> The only uncapped biofuel ; <sup>2</sup>SAF/HVO: sustainable aviation fuel (bio jet) and hydrotreated vegetable oil



# Future mobility: capturing new energy mix opportunities

## Electro Mobility



Grow e-mobility offer and become the preferred partner for electric fleets

## H<sub>2</sub> mobility



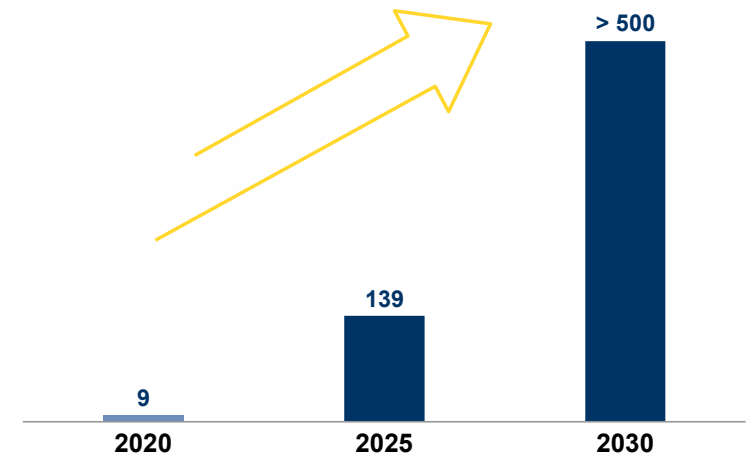
Active contribution to the development of H<sub>2</sub> mobility - solution to decarbonize heavy duty transport

## Gas Mobility



Position for regional LNG mobility leadership and value driven CNG investments. Leverage on our proven concept of integration to generate growth in gas mobility

## Charging points with alternative fuels







# Unique opportunities in new energy technologies



- ▶ Romania: significant on- & offshore long-term CO<sub>2</sub> storage potential to be evaluated
- ▶ OMV Petrom holds in-depth knowledge of geological structures
- ▶ Potential partnering with hard-to-abate industries
- ▶ Evaluate CO<sub>2</sub> capture and storage demonstration project
- ▶ Test CO<sub>2</sub> capture and utilization technology in Petrobrazi refinery



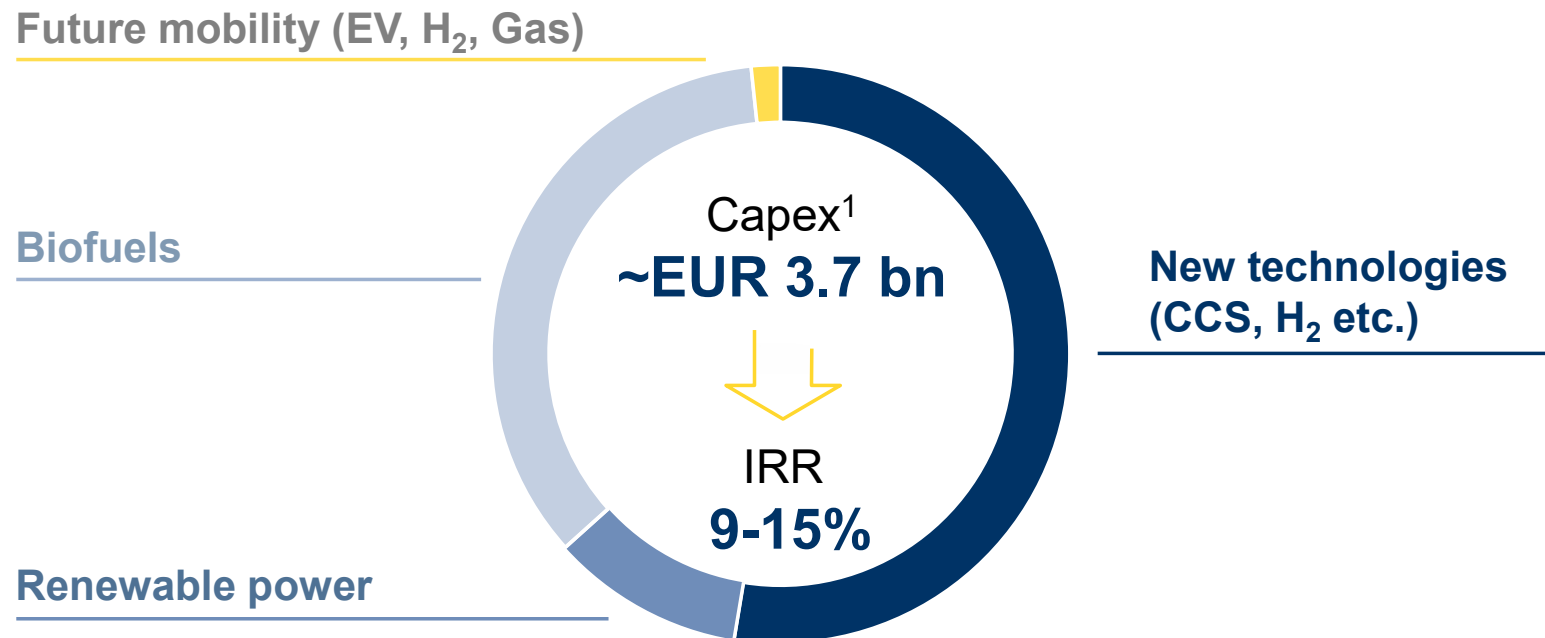
- ▶ Romania: gas production and renewable energy availability - opportunity for blue and green H<sub>2</sub> production
- ▶ OMV Petrom to become an integrated H<sub>2</sub> player, long term
- ▶ H<sub>2</sub> to decarbonize own operations, other industries, used as feedstock and fuel in mobility
- ▶ Invest in green and blue H<sub>2</sub> production technologies
- ▶ Test new technologies, such as methane pyrolysis

## OMV Petrom targets – CCS and H<sub>2</sub>

2022-2025: Technical feasibility, commercial evaluation, and assessment of partnerships opportunities

Development and implementation

# Investing in low and zero carbon businesses generating attractive return



<sup>1</sup> Projects selection and prioritization will be based on risk and return assessments, including regulatory developments, that might end up in different allocation between technologies, within the ~EUR 3.7 bn capex plan



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# Neptun Deep: a strategic gas project for OMV Petrom



## OMV Petrom's perspective<sup>1</sup>

<b>FID<sup>2</sup></b> end-year	2022/23	<b>Estimated recoverable resources</b> bcm	~50
<b>First Gas<sup>2</sup></b>	2026/27	Net to OMV Petrom	
<b>Production at plateau</b> kboe/d	~70	<b>Development CAPEX</b> EUR bn	< 2
Net to OMV Petrom		Net to OMV Petrom	
<b>► Operator<sup>1</sup>:</b> OMV Petrom		<b>► Block area:</b> ~7,500 sq-km	
<b>► JV ownership<sup>1</sup>:</b> 50% OMV Petrom, 50% Romgaz		<b>► Development area water depth:</b> 100 – 1,000 m	





## Neptun Deep



# Build additional opportunities in the Black Sea



**New offshore  
exploration wells**

**2 - 4**

By 2030

**Exploration expenditures  
EUR mn**

**~30**

Annual average 2022-2030

## **Bulgaria – Han Asparuh**

- ▶ OMV Petrom (42.9%), TotalEnergies (57.1% Operator)
- ▶ Status: 5,000 km<sup>2</sup> 3D seismic data processing
- ▶ 1 well expected in 2022/23; 2-3 follow up options

## **Georgia – Block II**

- ▶ OMV Petrom (100%)
- ▶ Government signed in March 2021
- ▶ Status: preparing for 3D seismic campaign in 2022

**Explore other opportunities**





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# Maximize potential of current E&P assets

## Value over volume

- ▶ Maximize economic recovery:
  - ▶ > 400 workovers p.a.
  - ▶ > 60 wells to be drilled p.a.
- ▶ Advanced technologies to enhance recovery rates by 5-10%<sup>1</sup>
- ▶ 3% decline rate per year, by 2025, excluding divestment<sup>2</sup>

## Strict cost management

- ▶ Enhance competitiveness through cost optimization
- ▶ Streamline footprint and reduce complexity
- ▶ Modernize and automate > 95% of facilities and wells<sup>3</sup>

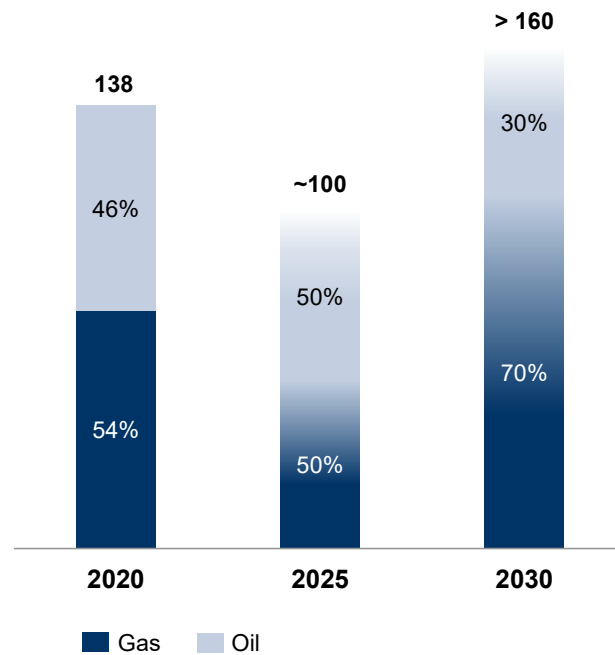
## Focus on most profitable barrels

- ▶ Portfolio optimization
- ▶ Disciplined approach on capex allocation
- ▶ ~95% of our oil fields to remain operating cash flow positive at USD 30/bbl by 2030

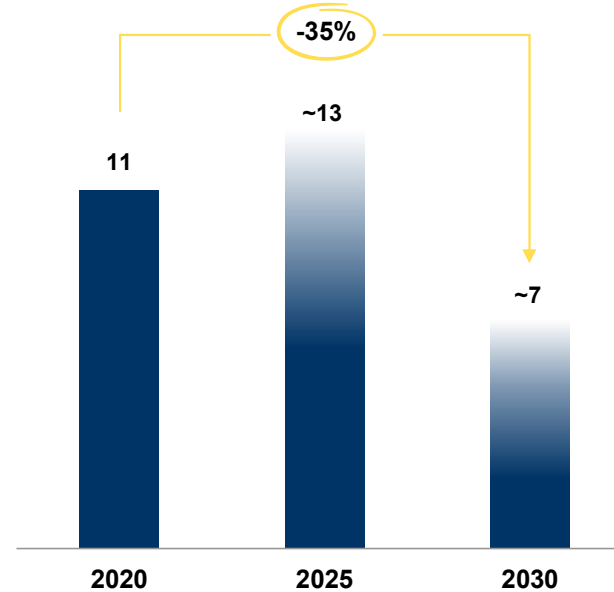


# Transforming while delivering strong cash flows

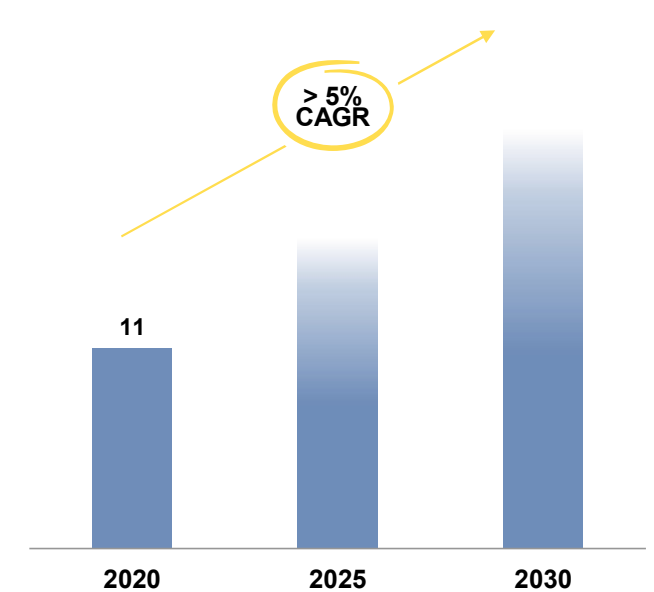
Hydrocarbon production  
kboe/d



Production cost  
USD/boe



Operating cash flow  
USD/boe







# Petrobrazili to capture demand growth



**Refinery  
utilization<sup>1</sup>**  
%

**> 95**

Annual average 2022-2030

**Expand aromatics**  
kt/year

**+50**

2026

**Black liquid  
products yield<sup>2</sup>**

**-50%**

2030 vs 2020

**Bottom of the  
barrel upgrade<sup>3</sup>**  
kt/year

**~200**

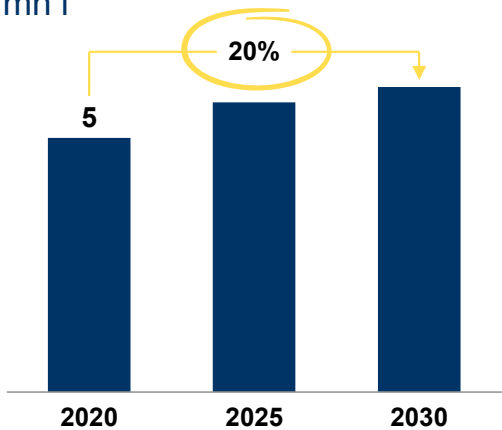
2030



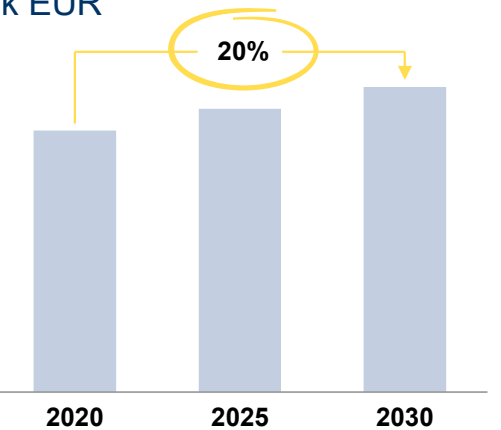
# Dual brand strategy to drive new value



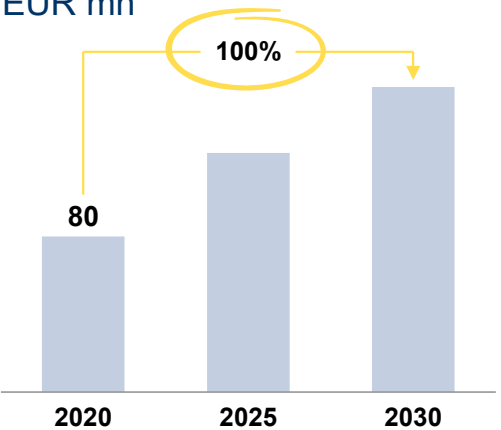
Throughput per filling station<sup>1</sup>  
mn l



Profitability per filling station<sup>2</sup>  
k EUR



Non-fuel business margin<sup>2</sup>  
EUR mn



<sup>1</sup> in Romania ; <sup>2</sup> Data refer to OMV Petrom operating region which includes Romania, Bulgaria, Moldova and Serbia



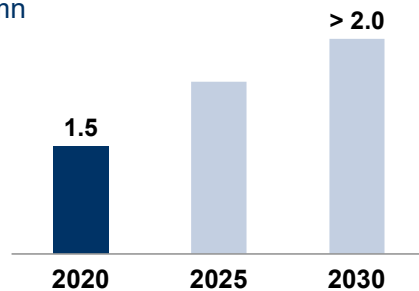
# Mobility services of the future



## #The future is diverse

**Customer access** – is a competitive advantage which will allow us to make a difference by meeting our diverse clients' needs while decarbonising mobility

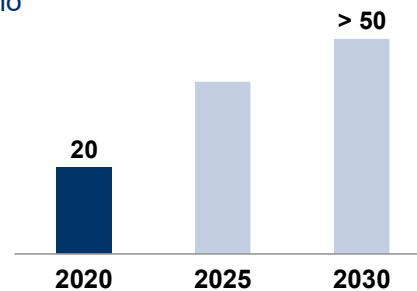
Customers / day<sup>1</sup>  
mn



## #Mobility and service hub

**Service stations** – enable our network to increase receptiveness to customers as part of a greater ecosystem, minding environmental footprint

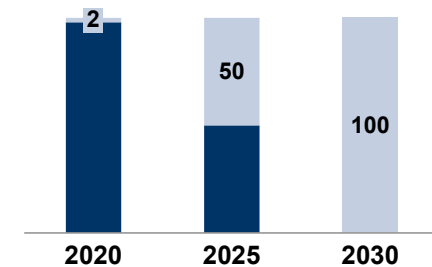
Services in our filling stations  
no



## #Digitally enabled smart mobility

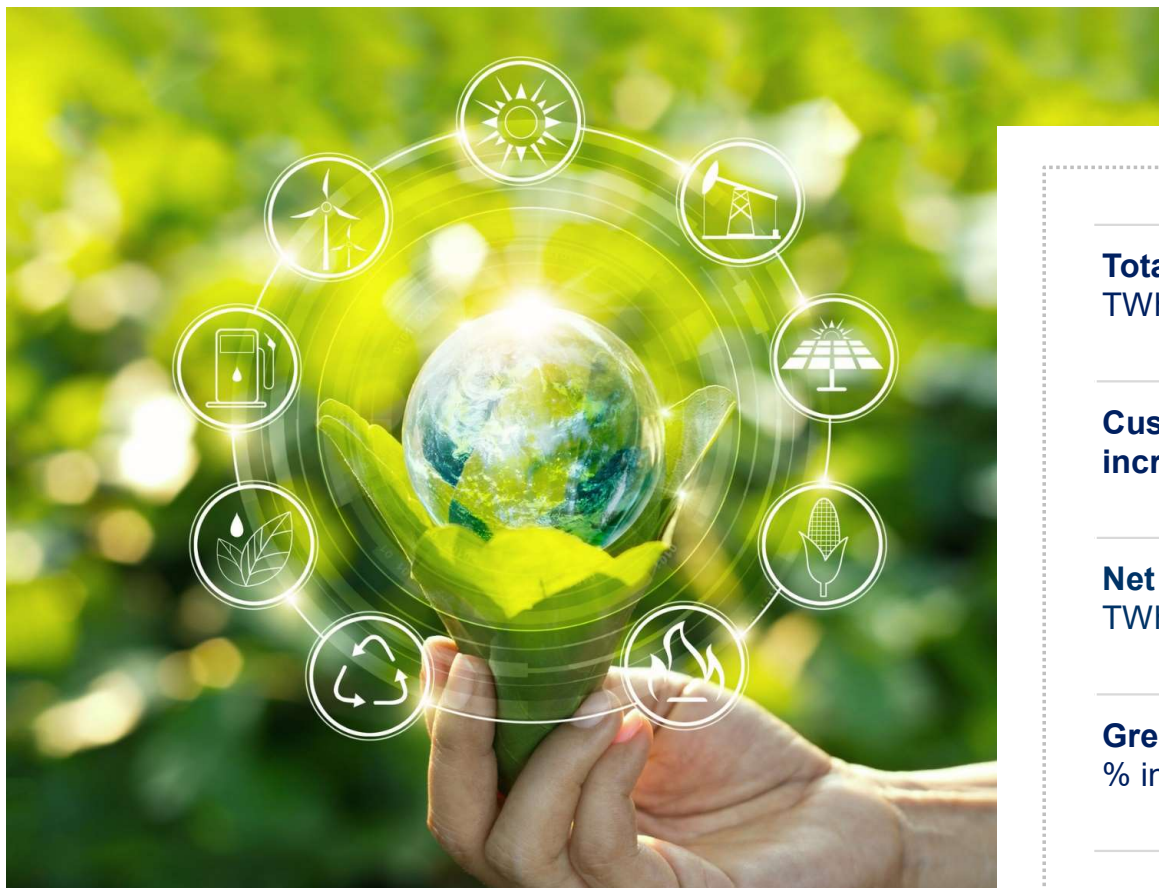
**One single digital gate to our brand** – focus on customers, by offering timely and tailor-made future experiences

Share of the network with fast payment<sup>2</sup>  
%





# Support gas and power customers in their energy transition



**Total gas sales**  
TWh

**70**

2030

**Customers**  
increase

**20x**

2030 vs 2020

**Net electrical output**  
TWh/year

**> 3.5**

Average 2022-2030

**Green power sales volume**  
% in total

**> 20%**

2030





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# Our strategy is enabled by a resilient financial frame

## Rigorous capital discipline

- ▶ CAPEX<sup>1</sup> of ~EUR 11 bn
- ▶ ~35% CAPEX for low & zero carbon business
- ▶ Strong Internal Rates of Return

## Strong financial performance

- ▶ We target more than double clean CCS EBIT by 2030<sup>2</sup>
- ▶ ROACE > 12% by 2030

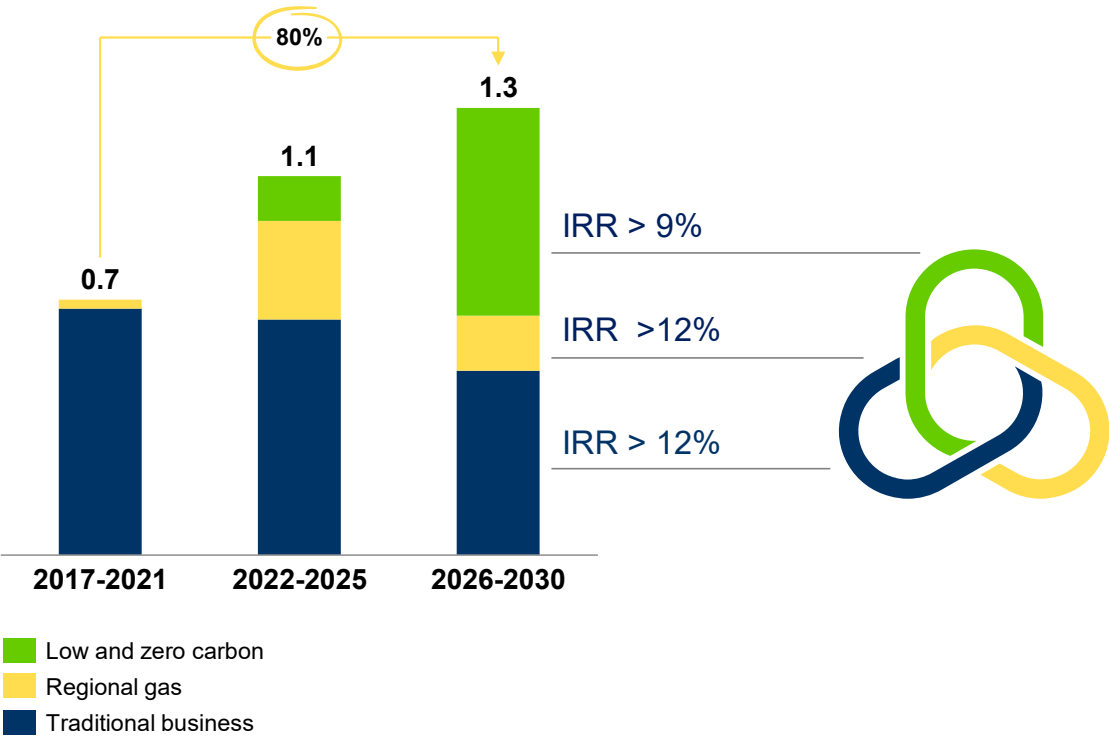
## Attractive returns to shareholders

- ▶ 5%-10% p.a. dividend growth
- ▶ Dividends<sup>1</sup> ~40% Operating Cash Flow
- ▶ Gearing ratio<sup>3</sup> < 20%

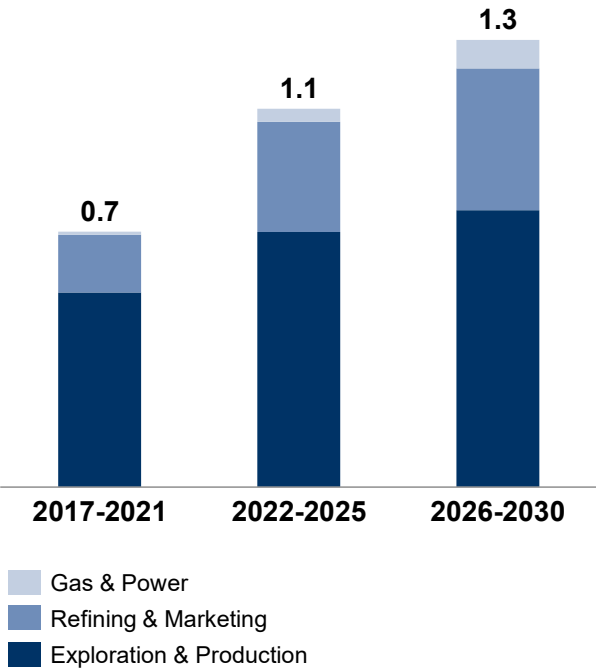
## Financial Frame

# Rigorous capital discipline underpins strategic directions

Average annual CAPEX per strategic pillar  
EUR bn

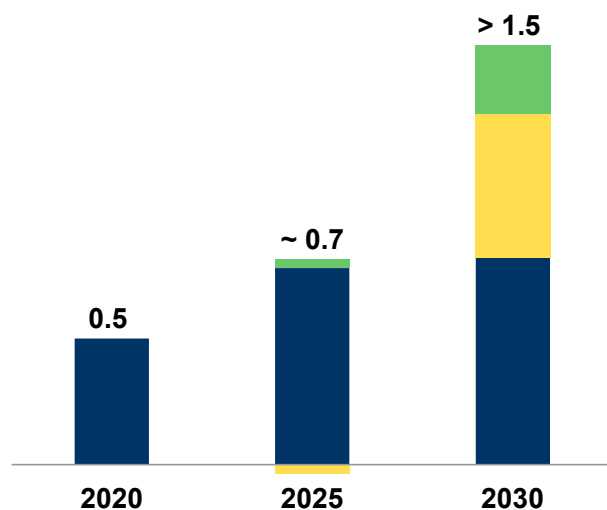


CAPEX breakdown per business segment  
EUR bn

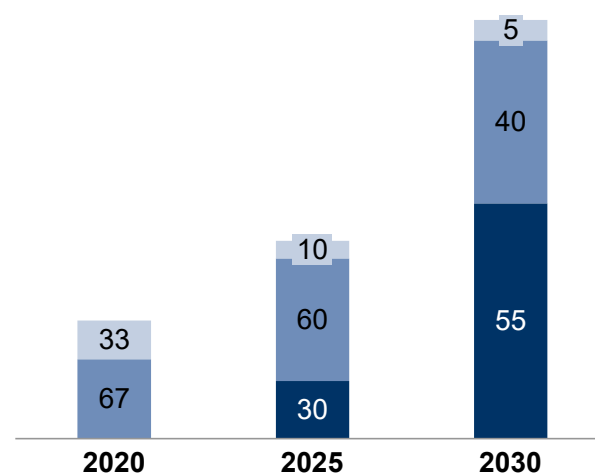


# Strong financial performance across the entire business

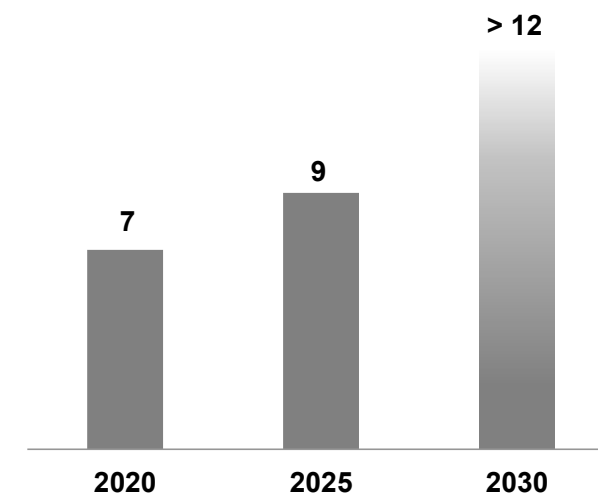
**Clean CCS EBIT  
per strategic pillar<sup>1</sup>**  
EUR bn



**Clean CCS EBIT  
per business segment<sup>1</sup>**  
%



**Clean CCS ROACE**  
%



Low and zero carbon  
Regional gas  
Traditional business

Gas & Power  
Refining & Marketing  
Exploration & Production



# Committed to highly competitive dividend distribution over the strategic cycle

**Dividend increase**  
p.a. on average



**Special dividends**

In favorable market environment, at management discretion, provided that our CAPEX plans are funded.



**Dividends**  
% of operating cash flow<sup>1</sup>

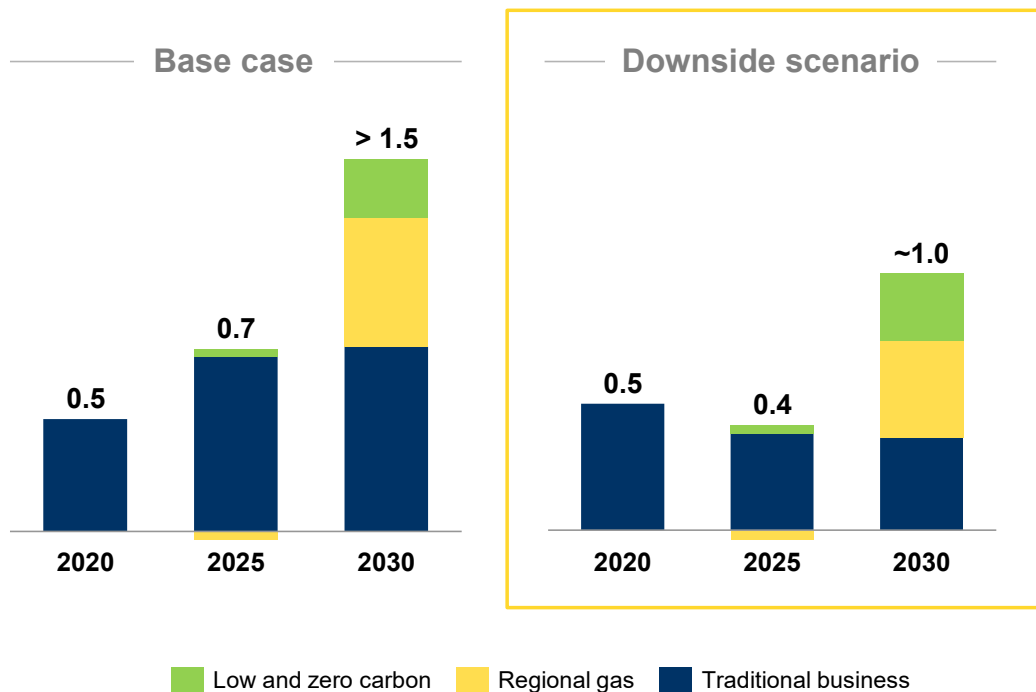


**Dividend  
policy**

Committed to deliver a competitive shareholder return throughout the business cycle, including paying a **progressive dividend**, in line with financial performance and investment needs, considering the long-term financial health of the Company.

# Resilience under downside-price scenario<sup>1</sup>

## Clean CCS EBIT EUR bn



## Under downside price scenario:

- ▶ 2030 Clean CCS EBIT to double versus 2020
- ▶ Commitment to pay progressive dividends maintained
- ▶ CAPEX plans largely unchanged by 2030
- ▶ Gearing ratio below 20% throughout the period

# We deliver sustainable long-term value for our shareholders

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A background image showing two hands gently holding a small green seedling in a field. The sun is shining brightly in the background, creating a warm, golden glow. The image is partially obscured by a dark overlay on the right side where the agenda is located.

# Agenda

- 1 | Strategy overview
- 2 | Energy context
- 3 | Transition to low and zero carbon
- 4 | Grow regional gas
- 5 | Optimize traditional business
- 6 | Financial frame
- 7 | Closing remarks**



# Strategy 2030: Transforming for a lower carbon future

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## **Capture growth business opportunities to ensure leading role in Energy Transition in Romania and SEE**

- ▶ The largest private investor in the Romanian energy sector
- ▶ Black Sea gas to play a key role

## **Net zero operations by 2050**

- ▶ Significantly reduce carbon intensity of our operations
- ▶ Implement new and test pre-commercial technologies

**Traditional integrated business to ensure strong cash flow generation and profit contribution, while supporting transformation and attractive shareholder returns**

**We have a key role in strengthening Romania and SE Europe's security of supply and the EU's energy resilience**



# Contact

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# OMV Petrom

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The energy for a better life.

# Backup slides

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# Sensitivities and price assumptions

2022 sensitivities			EBIT impact		Price assumptions <sup>2</sup>		2022 – 2030	
Brent oil price			USD +1/bbl	~EUR +17 mn	Brent oil USD/bbl		65 – 70	
Equity gas price			EUR +1/MWh	~EUR +10-15 <sup>1</sup> mn	Indicator refining margin USD/bbl		5 – 6	
OMV Petrom indicator refining margin			USD +1/bbl	~EUR +25 mn	CO <sub>2</sub> EUR/tCO <sub>2</sub>		55 – 100	
Exchange rates EUR/USD			USD appreciation by 5 USD cents	~EUR +35 mn	Electricity price EUR/MWh		70 – 90	

# Our current business model

