

# OMV Petrom Q4/21 Results

## Christina Verchere, CEO

February 3, 2022



Picture: Brazi Power Plant

OMV Petrom S.A.



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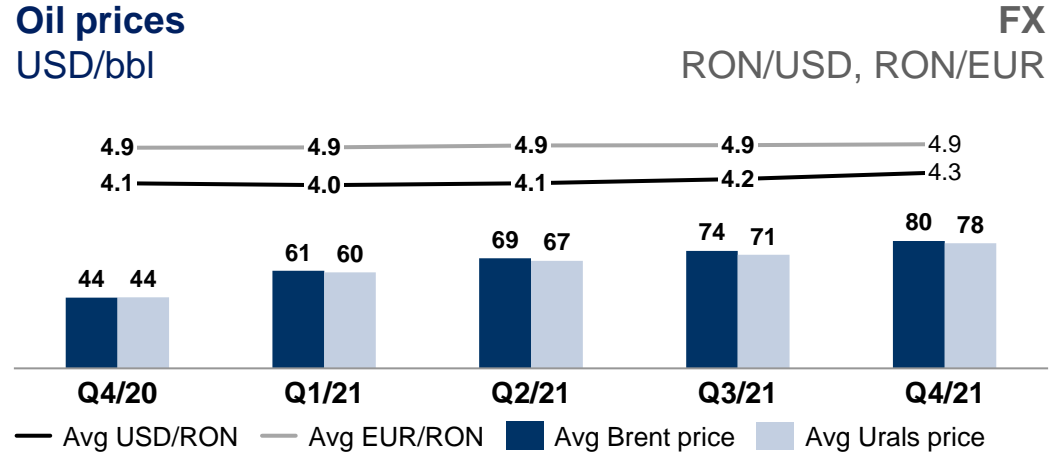
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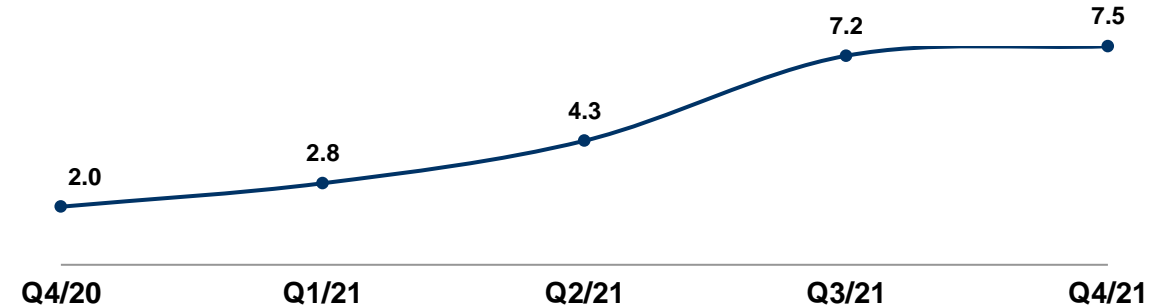
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# Increasing, but still volatile commodity prices

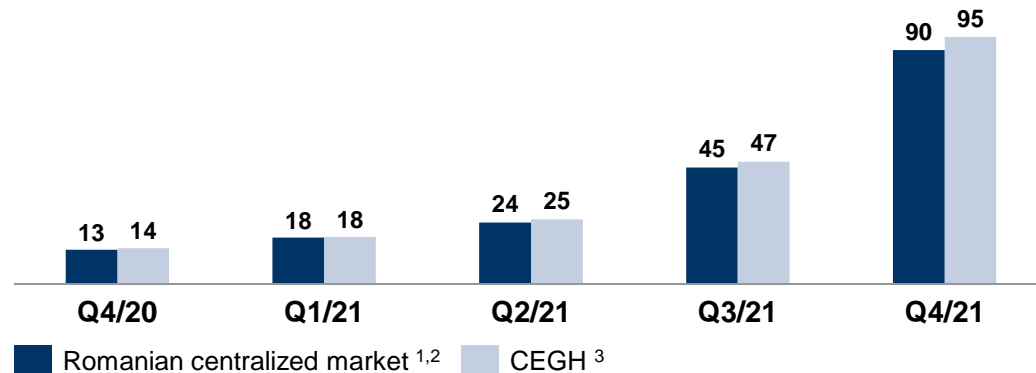
## Oil prices USD/bbl



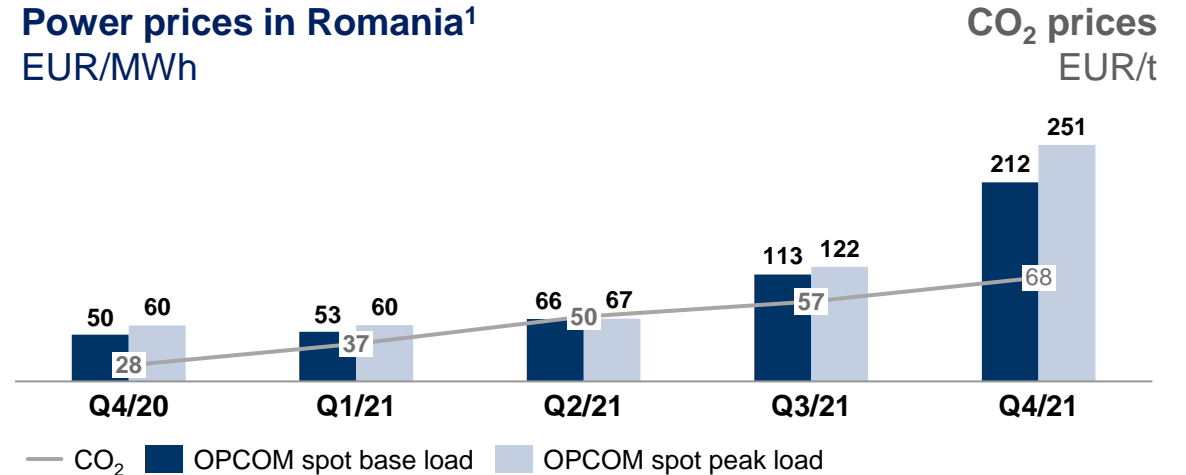
## OMV Petrom indicator refining margin USD/bbl



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

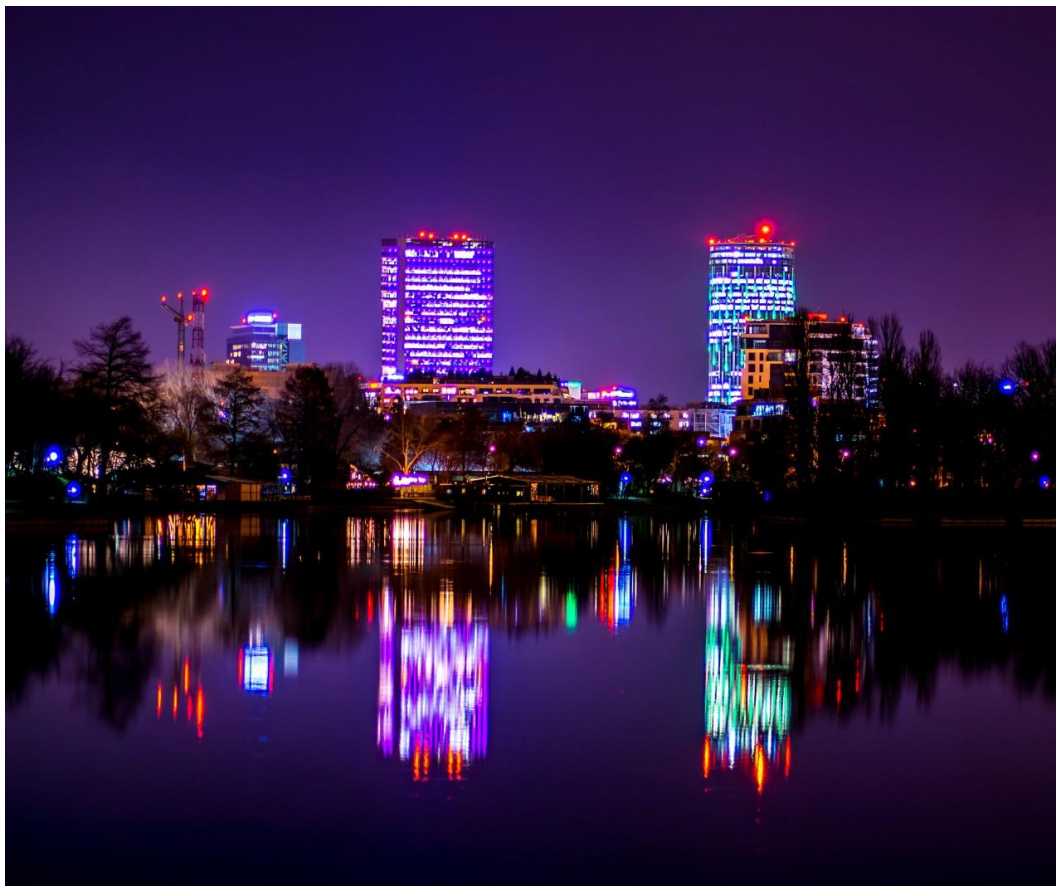


## Power prices in Romania<sup>1</sup> EUR/MWh



<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; increasing inflationary and regulatory pressure



## Strong GDP growth; CPI on an upward trend

- ▶ **GDP:** 9m/21<sup>1</sup>: 6.9% yoy; 2021e<sup>2</sup>: +7.0% yoy
- ▶ **CPI:** Dec 21/Dec 20<sup>1</sup>: 8.2%

## Recent regulatory changes

- ▶ Temporary measures related to high gas and power invoices
- ▶ GRP: partial re-allocation of 2022 volumes into 2023

Demand	Q4/21 yoy	2021 yoy	2021 vs. 2019
<b>Fuels<sup>3</sup></b>	+7%	+12%	+6%
<b>Gas<sup>4</sup></b>	+1%	+2%	+8%
<b>Power<sup>5</sup></b>	flat	+5%	+1%

<sup>1</sup> Romanian National Institute of Statistics (seasonally adjusted); <sup>2</sup> European Commission, "Autumn Economic Forecast", November 2021; <sup>3</sup> Fuels refer only to retail diesel and gasoline; OMV Petrom estimates; <sup>4</sup> According to company estimates; <sup>5</sup> According to preliminary data available from the grid operator

# Key messages Q4/21

## Strong financial performance

### Clean CCS Operating result

RON 1.5 bn

**+222%** yoy

### Operating Cash Flow

RON 2.0 bn

**+62%** yoy

### Clean CCS ROACE

12.7%

vs. **6.4%** in Q4/20

## Good operational performance

- ▶ Record high quarterly Brazi power plant output, +32% yoy
- ▶ Record quarter in terms of refinery utilization, 101%
- ▶ Refined products sales +11% yoy

## Strategic focus

- ▶ Dividend proposal<sup>1</sup>: 0.0341/share, 10% up yoy
- ▶ MyAuchan: roll-out more than 30% complete
- ▶ Expanding electromobility in four SEE countries
- ▶ Divestment closed for 40 marginal fields

## HSSE

**TRIR<sup>2</sup>: 0.53**

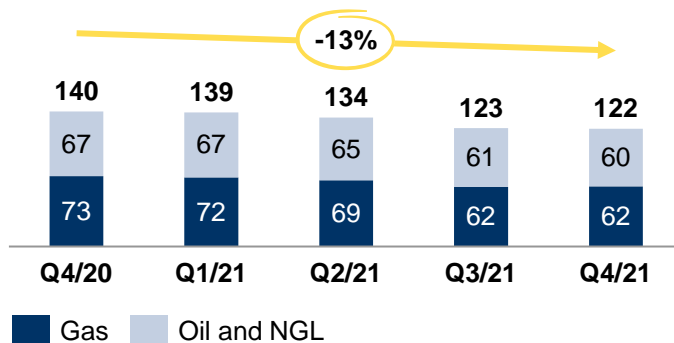
**GHG<sup>3</sup> intensity: -10%**

<sup>1</sup> Executive Board's proposal subject to approvals of the Supervisory Board and Annual General Meeting of Shareholders on April 27, 2022; <sup>2</sup> Total Recordable Injury Rate, January-December 2021; <sup>3</sup> Greenhouse gases, estimated vs. 2019

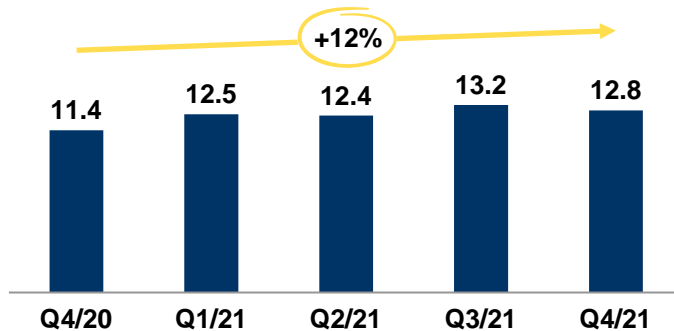
# Operational performance reflects recovering market demand in a volatile environment

## Upstream

### Hydrocarbon production kboe/d

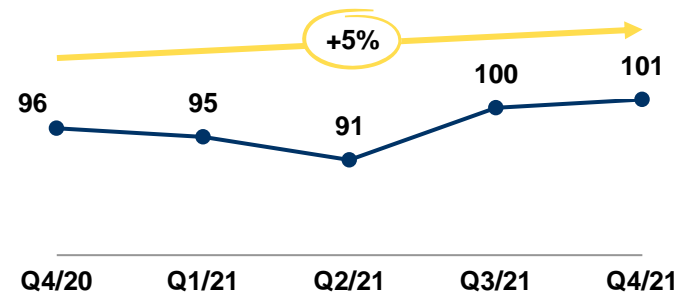


### Production cost USD/boe

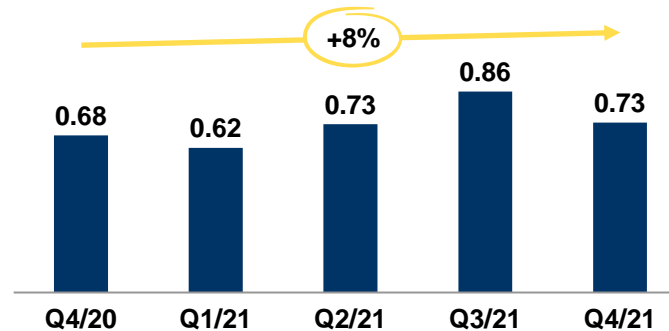


## Downstream Oil

### Refinery utilization rate %

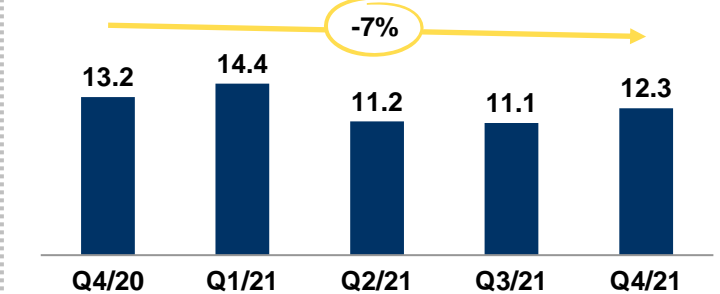


### Retail sales volumes mn t

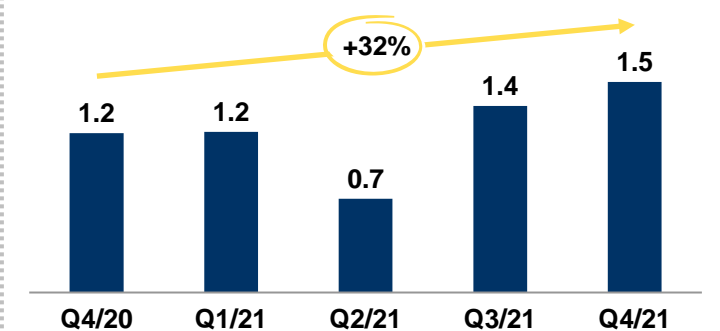


## Downstream Gas

### Gas sales volumes TWh

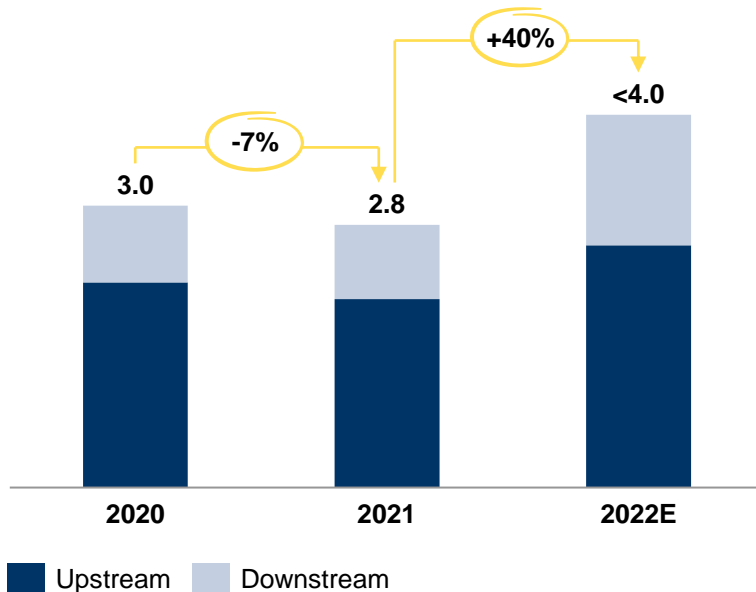


### Brazi net electrical output TWh



# CAPEX ramping up

## Group organic CAPEX<sup>1</sup> RON bn



### Organic CAPEX

#### 2021

##### ► RON 2.8 bn:

- 36 new wells and sidetracks; ~700 workovers
- Continued investments in modernization of the current facilities
- Projects in the tank farm area in Petrobrazil
- Preliminary works for coke drums replacement in Petrobrazil

#### 2022E

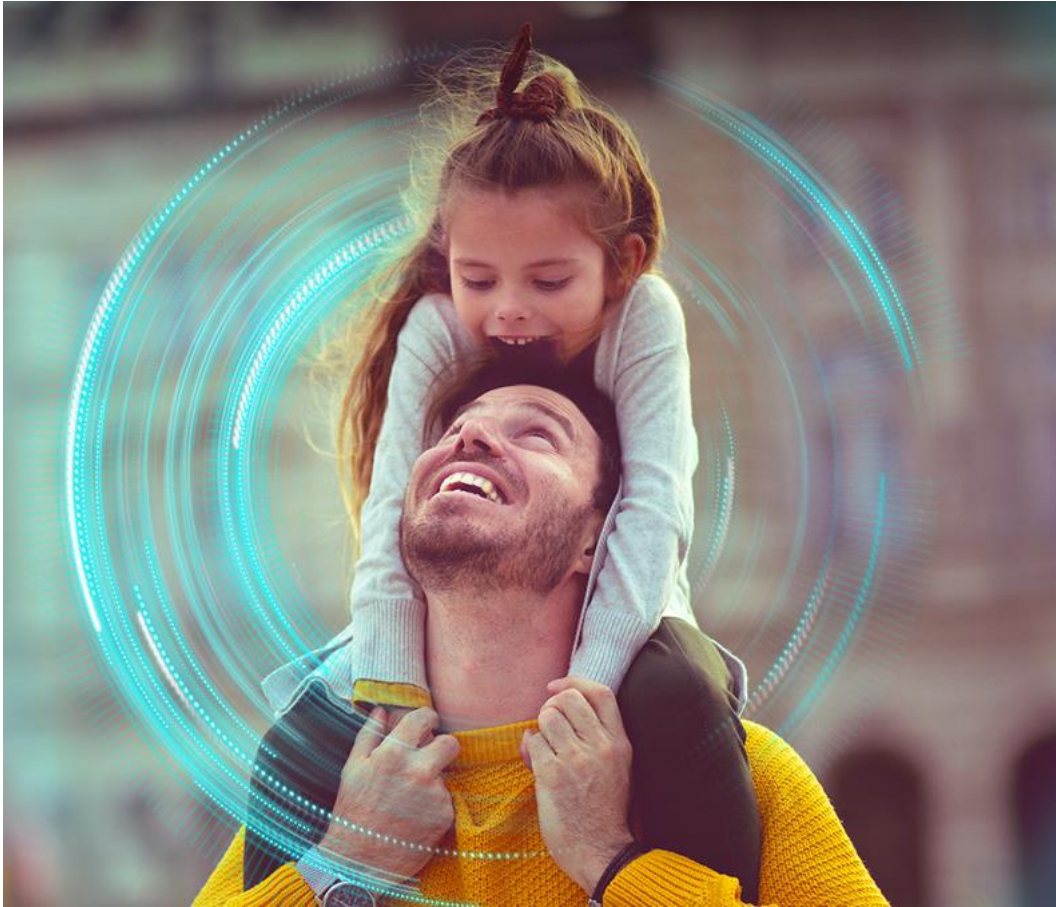
##### ► Up to RON ~4.0 bn:

- Wells and sidetracks: ~60; ~600 workovers
- Coke drums replacement
- Ongoing projects in the tank farm area in Petrobrazil
- Planned shutdown for CCPP Brazil
- Start of photovoltaic projects

<sup>1</sup> CAPEX including E&A and excluding acquisitions



# Strategy 2030 – focus areas in 2022



## Transition to low and zero carbon

- ▶ **Alternative mobility:** ~100 recharging stations to be installed
- ▶ **Renewable power:** develop the portfolio
- ▶ **Bioethanol:** first steps towards producing second generation bioethanol

## Grow regional gas

- ▶ **Neptun:** FID in 2023
- ▶ **Bulgaria:** spud one well in 2022-2023
- ▶ **Georgia:** seismic acquisition in H2/22

## Optimize traditional business

- ▶ **Auchan:** open >100 new stores
- ▶ **Asset utilization:** Increased drilling and continued portfolio optimization; Petrobrazil refinery >95%

## Sustainable investment proposition

- ▶ **Carbon intensity of our operations:** progress towards reaching -30% by 2030 vs. 2019
- ▶ **Attractive shareholders return:** dividend payment +10% yoy



# OMV Petrom Q4/21 Results

## Alina Popa, CFO

February 3, 2022



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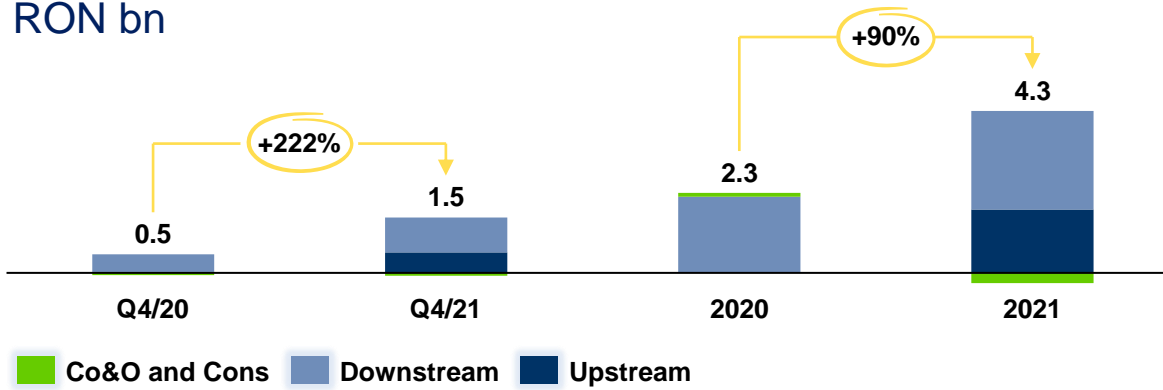
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# Income Statement: results mainly supported by strong asset utilization and demand recovery

## Clean CCS Operating Result

RON bn

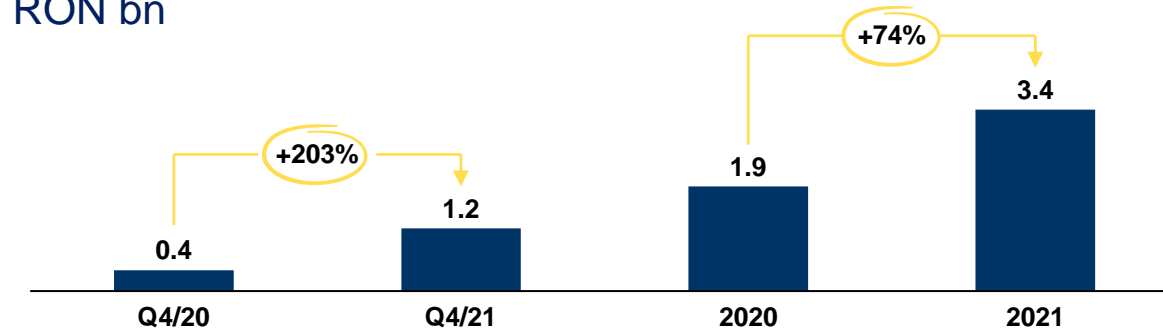


### ► Q4/21 Clean CCS Operating Result reflects:

- Higher oil prices and refining margins
- Excellent power performance

## Clean CCS Net Income<sup>1</sup>

RON bn



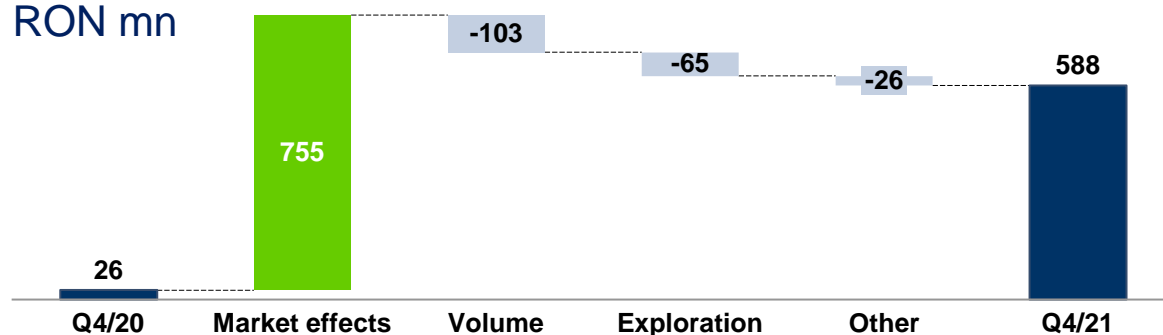
### ► Q4/21 Clean CCS Net Income evolution reflects:

- 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 on oil and power businesses

## Upstream RON mn

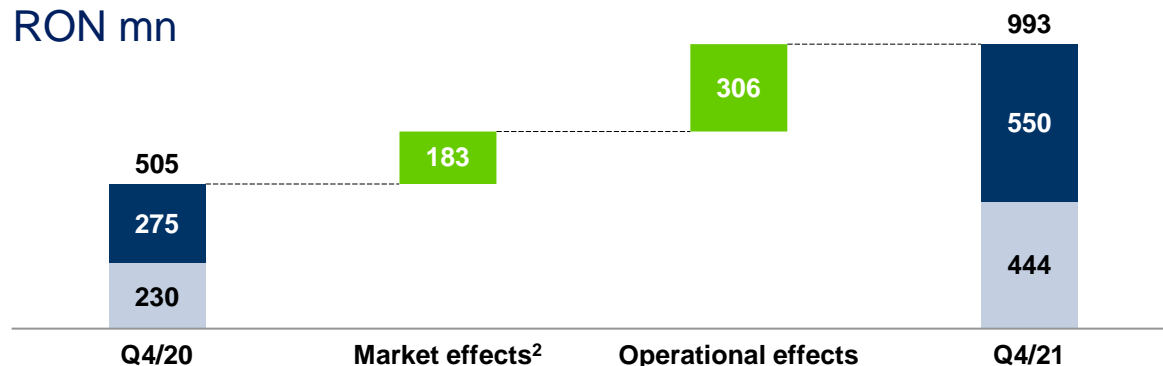


- ▶ Realized crude price +88%
- ▶ Higher gas price, offset by royalties and gas overtaxation
- ▶ Positive FX effect on revenues



- ▶ Hydrocarbon sales -12%
- ▶ Higher production costs

## Downstream RON mn



- ▶ Significantly higher refining margins
- ▶ Higher refined products sales +11%
- ▶ Excellent power business performance



- ▶ Gas sales volumes: -7%
- ▶ Negative contribution of power forward contracts

■ Downstream Oil ■ Downstream Gas

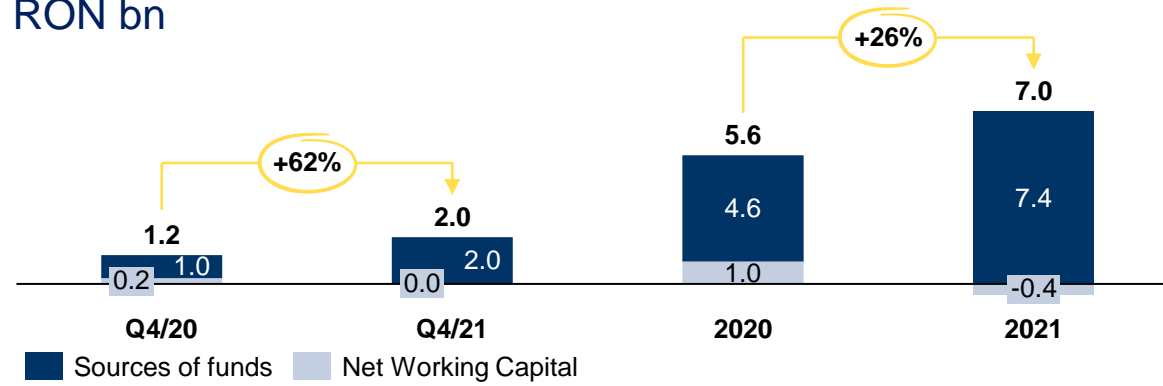
<sup>1</sup> Market effects defined as oil and gas prices, foreign exchange impact on revenues, price effect on royalties (including gas over-taxation); <sup>2</sup> Market effects based on refining indicator margin



# Strong cash flow generation

## Cash Flow from Operating Activities

RON bn

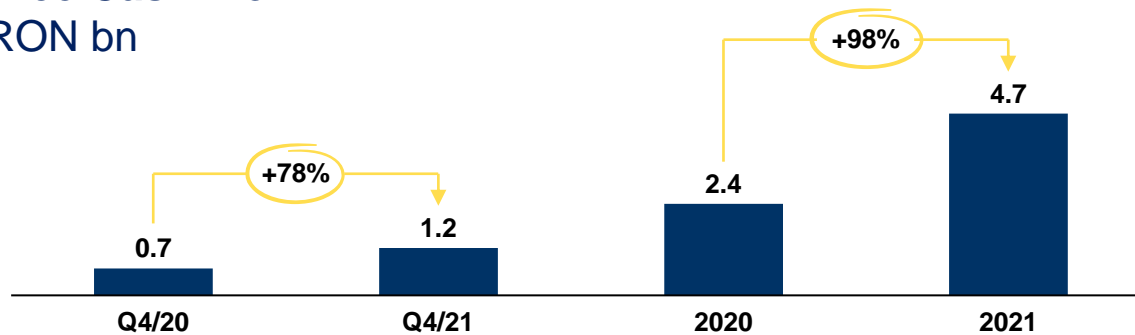


### ► Q4/21 Cash Flow from Operating Activities:

- Increase driven by Operating Result
- Positive NWC, lower yoy

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

RON bn



### ► Q4/21 Free Cash Flow:

- Increase driven by Operating Cash Flow
- Cash outflow from Investing activities +41% yoy

<sup>1</sup> Before dividends

# 2021 Dividend proposal: RON 1,932 mn

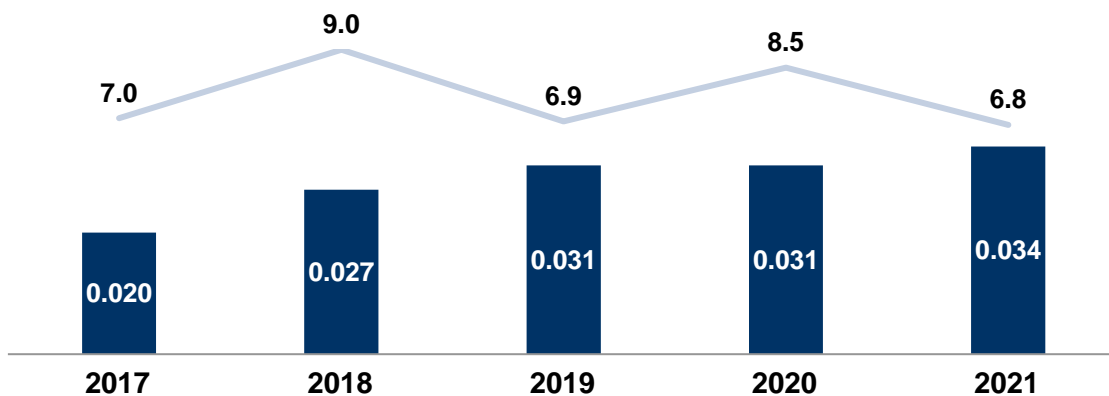
- ▶ DPS<sup>1</sup> 2021: RON 0.0341, +10% yoy
- ▶ Dividend yield<sup>2</sup> 2021: 6.8%, (2020: 8.5%)



**Total shareholder return<sup>1,2</sup> 2021: +46% (2020: -12%)**

**DPS**  
RON/share

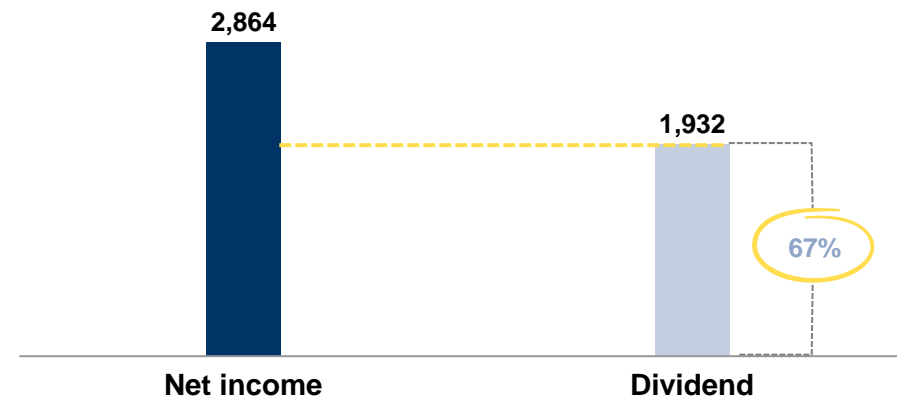
**Dividend yield<sup>1,2</sup>**  
%



■ DPS — Dividend yield

**2021 Financials**  
RON mn

**2021 Payout ratio**  
%



<sup>1</sup> Executive Board's proposal subject to approvals of the Supervisory Board and Annual General Meeting of Shareholders on April 27, 2022; <sup>2</sup> Calculated based on the closing share price as of the last trading day of the respective year

# Outlook

Indicators	Actual 2021	Assumptions/ Targets 2022
Brent oil price	USD 70.9/bbl	USD 75/bbl
Production in Romania	127 kboe/d <sup>1</sup>	Decline ~7% yoy <sup>1</sup>
Refining margin	USD 5.5/bbl	USD ~6/bbl
CAPEX	RON 2.8 bn	Up to RON 4.0 bn <sup>2</sup>
FCF before dividends	RON 4.7 bn	Positive

<sup>1</sup> Excluding portfolio optimization; <sup>2</sup> Depending on investment climate



Q&A



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Back-up



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# Sensitivities in 2022

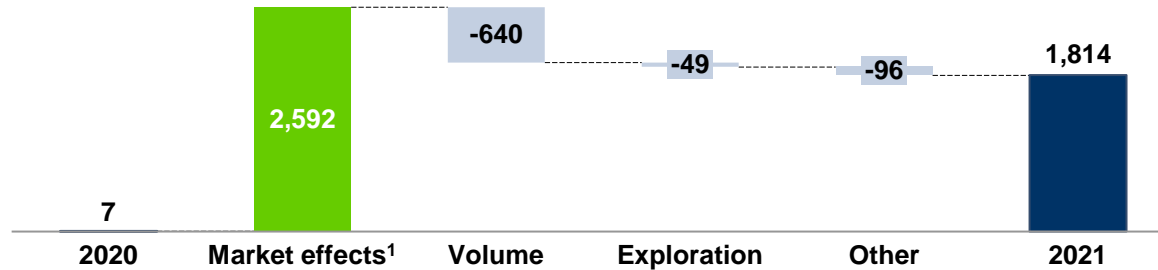
2022 sensitivities		EBIT impact
Brent oil price	USD +1/bbl	~EUR +17 mn
Equity gas price	EUR +1/MWh	~EUR +10-15 <sup>1</sup> mn
OMV Petrom indicator refining margin	USD +1/bbl	~EUR +25 mn
Exchange rates EUR/USD	USD appreciation by 5 USD cents	~EUR +35 mn

<sup>1</sup> This sensitivity is valid for gas prices in RO of >85 RON/MWh and a realized price broadly in line with CEGH. For significant deviations between the realized price and CEGH, the sensitivity may become significantly lower.



# Clean CCS Operating Results: improved oil price

## Upstream RON mn



▶ Realized crude price +75%



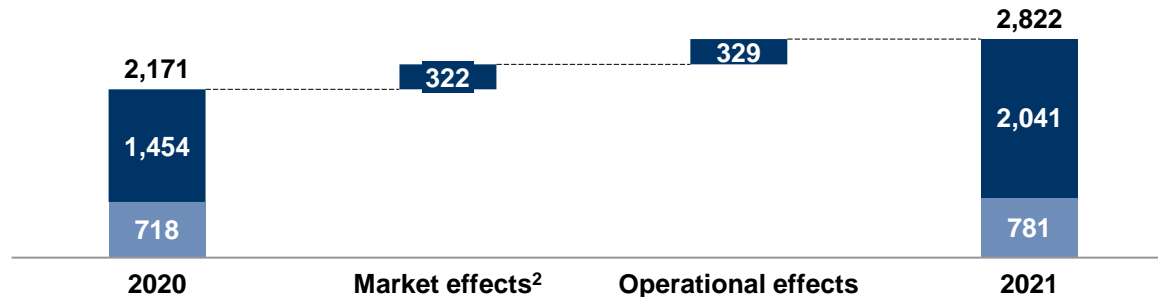
▶ Hydrocarbon sales -11%

▶ Higher production costs

▶ Higher exploration expenses

▶ Negative FX effect

## Downstream RON mn



▶ Significantly higher refining margin; refined products sales +7%

▶ Improved margins on gas extracted from storage

▶ Higher power contribution from balancing market and ancillary services



▶ Gas sales volumes: -14%

▶ One-offs in 2020 (in relation to CO2 certificates and power income)

■ Downstream Oil ■ Downstream Gas

<sup>1</sup> Market effects defined as oil and gas prices, foreign exchange impact on revenues, price effect on royalties (including gas over-taxation); <sup>2</sup> Market effects based on refining indicator margin