

# OMV Petrom Q1/22 Results

## Christina Verchere, CEO

April 29, 2022

OMV Petrom S.A.



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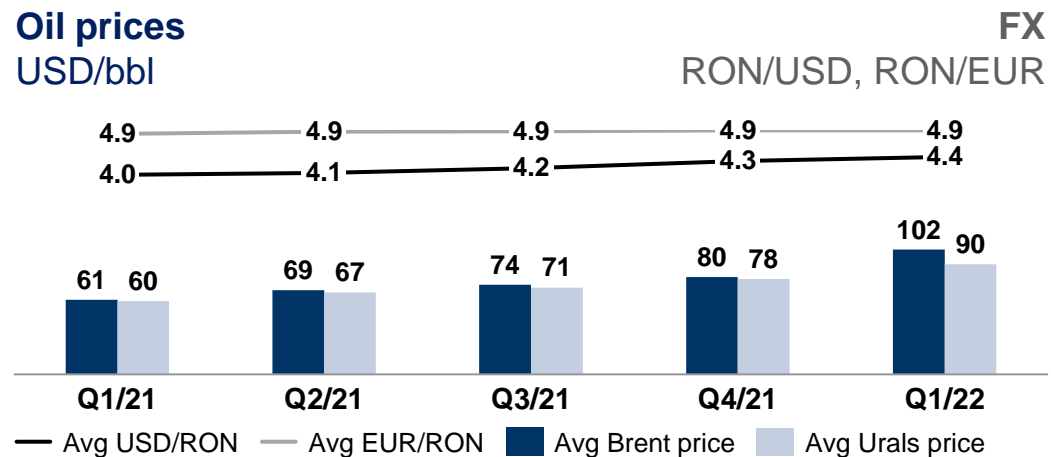
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# Very high and volatile commodity prices

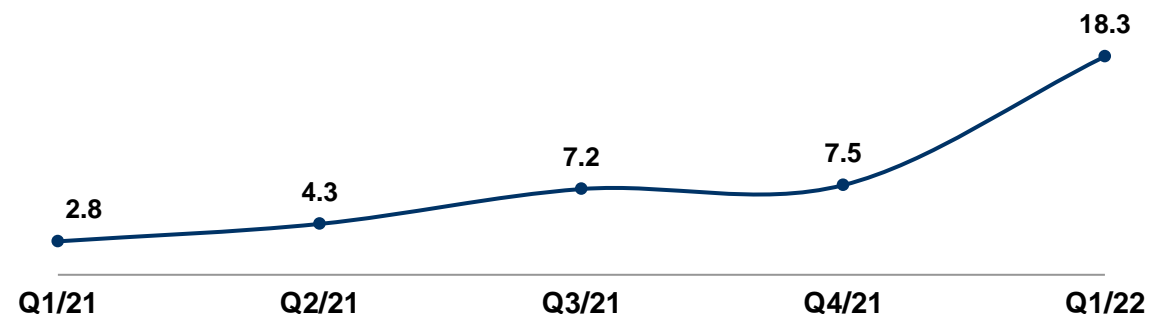
## Oil prices

USD/bbl



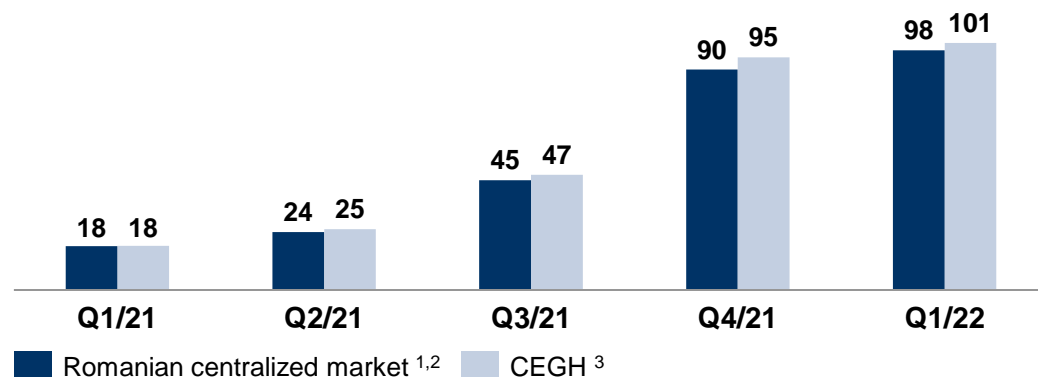
## OMV Petrom indicator refining margin

USD/bbl



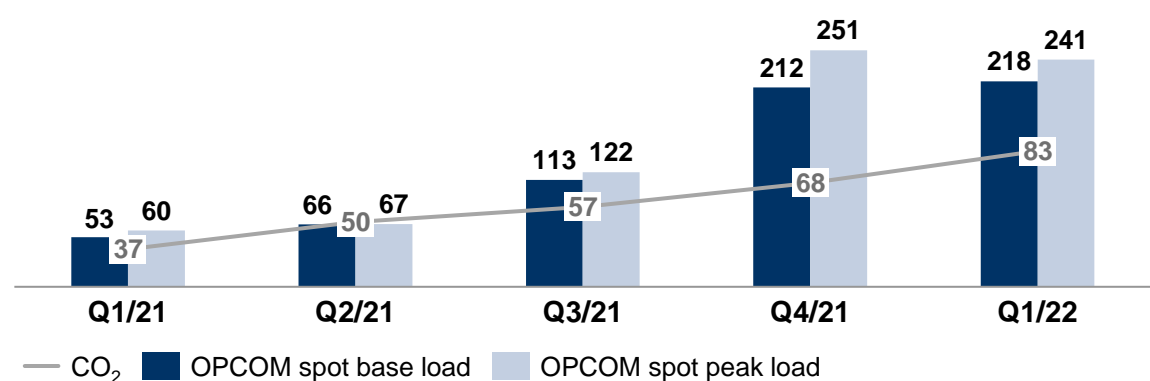
## Gas prices<sup>1</sup>

EUR/MWh



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

EUR/MWh



## CO<sub>2</sub> prices

EUR/t

<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

# Challenging Romanian environment

## Geopolitical and regulatory context

### ► War in Ukraine

- Romania's security of supply: relatively low dependency on energy imports
- OMV Petrom: supporting humanitarian effort through NGOs; no business disruptions

### ► Ordinance 27/2022: temporary measures to address high energy prices (April 2022 – March 2023)

- Price caps for gas and power
- Regulated prices for producers: for HH<sup>1</sup> and heat producers for HH
- Regulated supply component for gas and power
- Gas storage obligation
- Windfall tax for power producers

### ► Offshore Law amendment: under public consultation

## Romanian macro environment

### GDP growth decelerating

► GDP: 2021<sup>2</sup>: 5.6% yoy; 2022e<sup>3</sup>: +2.2% yoy

### CPI on an upward trend

► CPI: Mar 22/Mar 21<sup>2</sup>: 10.2%; 2022e<sup>4</sup>: 9.6%

Rating agencies<sup>5</sup> reconfirmed investment grade (Apr 2022)

Demand	Q1/22 yoy	2021 yoy
Fuels <sup>6</sup>	+7%	+12%
Gas <sup>7</sup>	-11%	+2%
Power <sup>8</sup>	-4%	+5%

<sup>1</sup> Households; <sup>2</sup> Romanian National Institute of Statistics (seasonally adjusted); <sup>3</sup> IMF, World Economic Outlook, April 2022; <sup>4</sup> National Bank of Romania; <sup>5</sup> Fitch, Moody's, S&P; <sup>6</sup> Fuels refer only to retail diesel and gasoline; OMV Petrom estimates; <sup>7</sup> According to company estimates; <sup>8</sup> According to preliminary data available from the grid operator

# Key messages Q1/22

## Strong financial performance

### Clean CCS Operating result

RON 2.2 bn

**+243%** yoy

### Operating Cash Flow

RON 2.6 bn

**+129%** yoy

### Clean CCS ROACE

17.8%

vs. **5.7%** in Q1/21

## Prepared to cope with challenges

- ▶ Integrated business model expected to support financial results
- ▶ Relatively low exposure to Russia
- ▶ Resilience in highly volatile market, supported by business optimization and strict cost discipline

## Strategic focus

- ▶ Neptun Deep: draft Offshore Law published
- ▶ First PV park to supply green energy for Petrom's own operations
- ▶ MyAuchan: roll-out accelerated, targeting 270 by year-end
- ▶ Digitalization: ~60 FS with fast payment terminals, targeting 100

## HSSE

**TRIR<sup>1</sup>: 0.50**

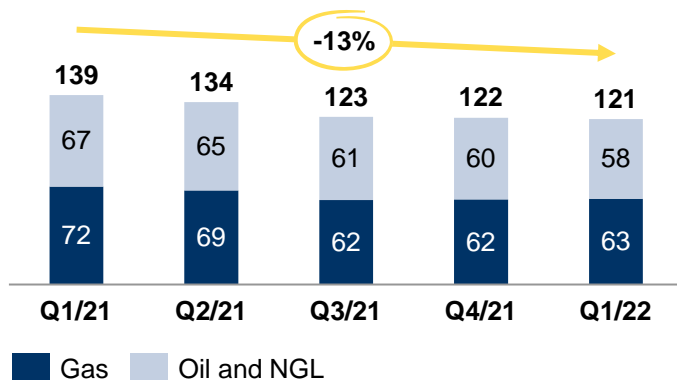
**GHG<sup>2</sup> intensity:** broadly flat yoy

<sup>1</sup> Total Recordable Injury Rate, April 2021-March 2022; <sup>2</sup> Greenhouse gases

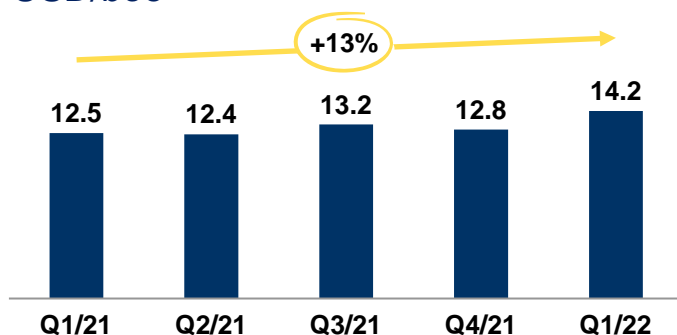
# Operational performance reflects mixed market demand

## Exploration and Production

### Hydrocarbon production kboe/d

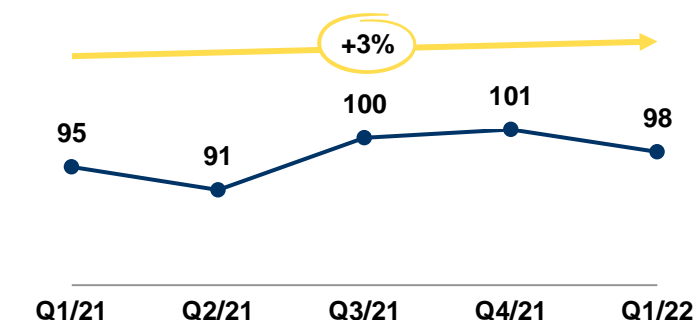


### Production cost USD/boe

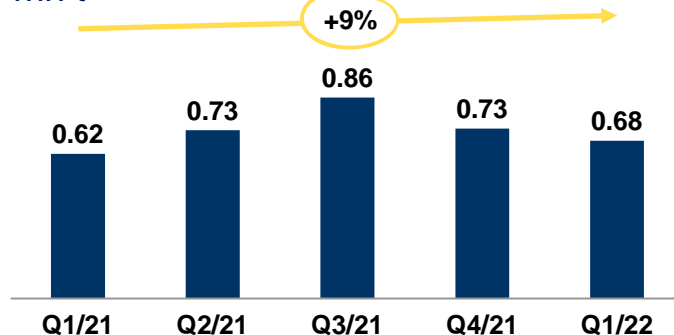


## Refining and Marketing

### Refinery utilization rate %

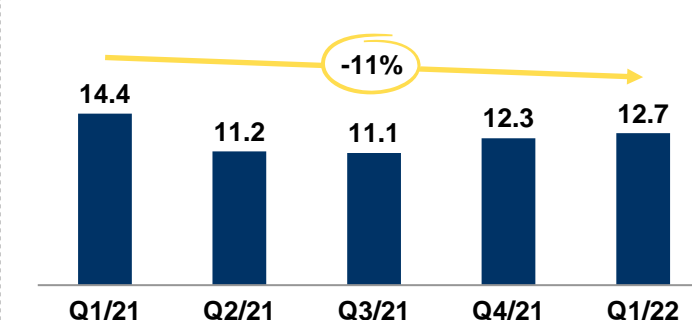


### Retail sales volumes mn t

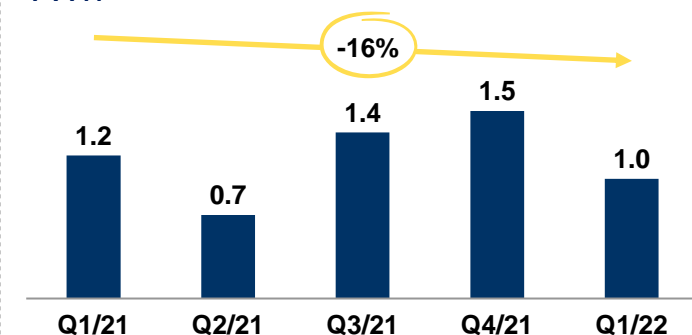


## Gas and Power

### Gas sales volumes TWh

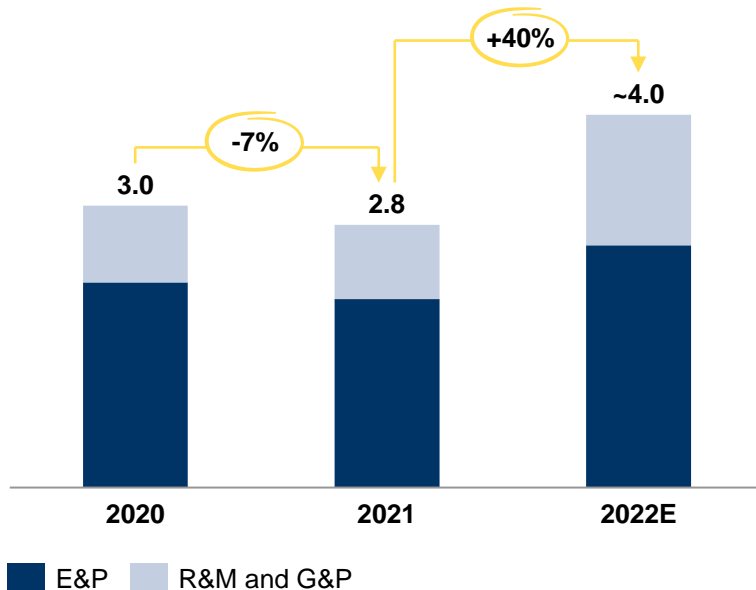


### Brazi net electrical output TWh



# CAPEX ramping up

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



### Organic CAPEX

#### Q1/22

##### ► RON 0.6 bn:

- 10 new wells and sidetracks; 150 workovers
- Preliminary works for coke drums replacement in Petrobraz
- Projects in the tank farm area in Petrobraz
- Securing railway access to Cluj storage
- Planned shutdown for Brazi power plant

#### 2022E

##### ► RON ~4.0 bn:

- Wells and sidetracks: ~60; ~600 workovers
- Coke drums replacement
- Ongoing projects in the tank farm area in Petrobraz
- Planned shutdown for Brazi power plant
- Start of photovoltaic projects

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



# OMV Petrom Q1/22 Results

## Alina Popa, CFO

April 29, 2022



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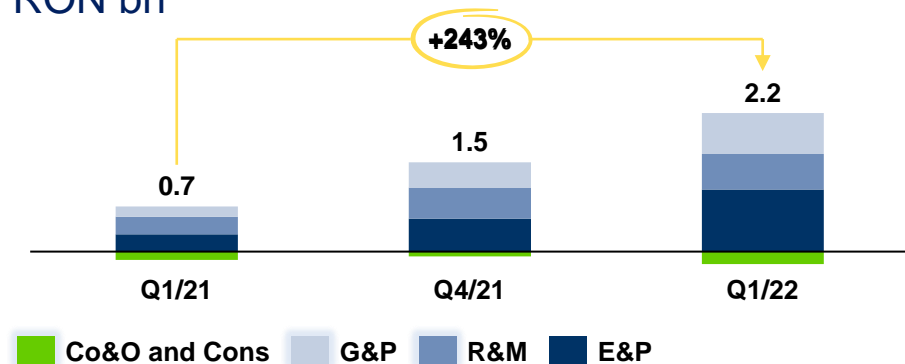
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# Income Statement: strong results reflect unprecedentedly high commodity prices and good operational performance

## Clean CCS Operating Result

RON bn

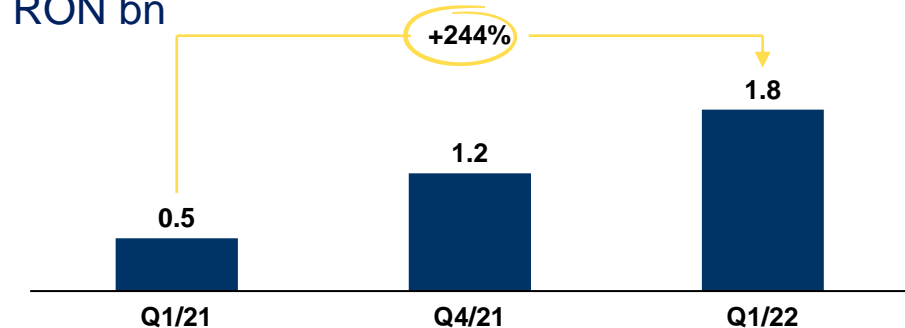


### ► Q1/22 Clean CCS Operating Result reflects:

- Significantly higher commodity prices and refining margins
- Higher sales volumes for fuels and power
- Higher taxes

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

RON bn



### ► Q1/22 Clean CCS Net Income evolution reflects:

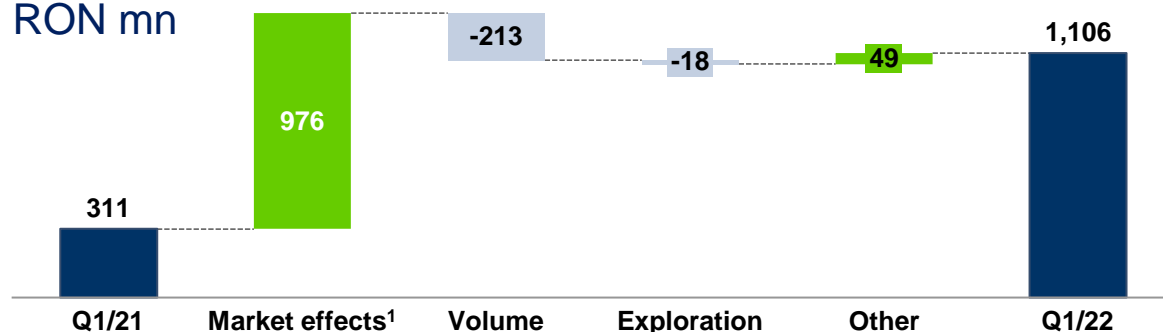
- Development of operating result
- Higher interest expenses in relation to the discounting of receivables

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

# Clean CCS Operating Results improved throughout all business segments

## E&P

RON mn



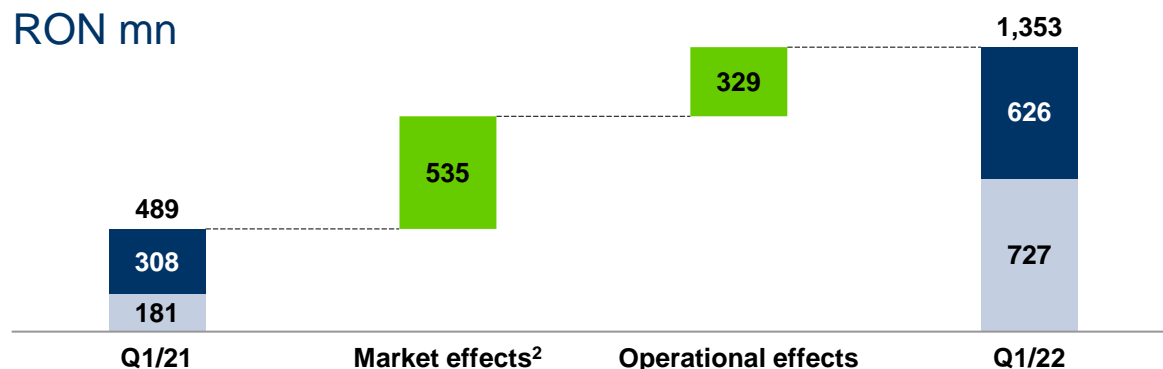
- ▶ Realized crude price +58%
- ▶ Higher gas price, partially offset by royalties and gas overtaxation
- ▶ Positive FX effect on revenues



- ▶ Hydrocarbon sales -11%
- ▶ Higher production costs

## R&M and G&P

RON mn



- ▶ Record high refining margins
- ▶ Higher refined products sales +5%
- ▶ Excellent margin on gas from storage and 3<sup>rd</sup> party gas



- ▶ Weaker retail and commercial margins
- ▶ Gas sales volumes: -11%
- ▶ Negative contribution of power forward contracts

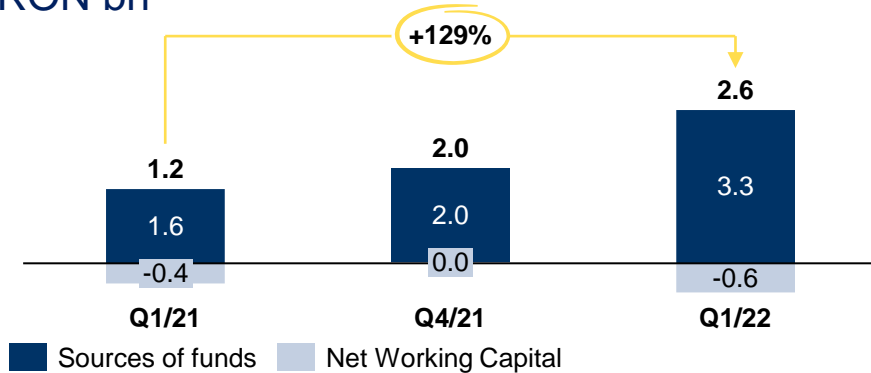
■ R&M ■ G&P

<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

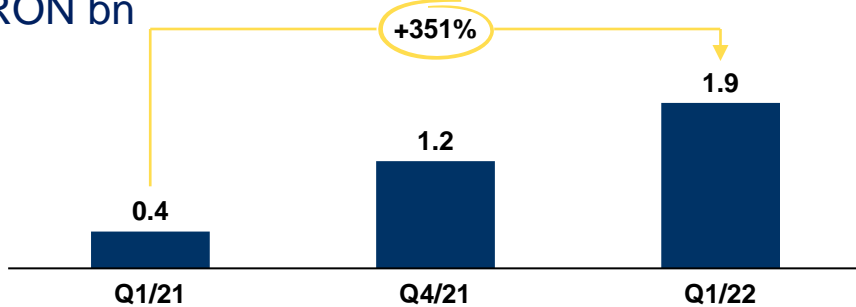


### ► Q1/22 Cash Flow from Operating Activities:

- Increase driven by Operating Result
- Negative NWC, higher yoy

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

RON bn



### ► Q1/22 Free Cash Flow:

- Increase driven by Operating Cash Flow
- Cash outflow from Investing activities flat yoy

<sup>1</sup> Before dividends



# Outlook

Indicators	Actual 2021	Assumptions/ Targets 2022
<b>Brent oil price</b>	USD 70.9/bbl	USD 95/bbl (prev. USD 75/bbl)
<b>Production in Romania</b>	127 kboe/d <sup>1</sup>	Decline ~7% yoy <sup>1</sup>
<b>Refining margin</b>	USD 5.5/bbl	Significantly higher yoy (prev. USD ~6/bbl)
<b>CAPEX</b>	RON 2.8 bn	RON ~4.0 bn <sup>2</sup>
<b>FCF before dividends</b>	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 +15 mn
Equity gas price	EUR +1/MWh	~EUR +10 mn
OMV Petrom indicator refining margin	USD +1/bbl	~EUR +25 mn
Exchange rates EUR/USD	USD appreciation by 5 USD cents	~EUR +50 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.