

OMV Petrom Group Factsheet Q1 2022

April 29, 2022

Highlights Q1/22ⁱ

Group

- ▶ Clean CCS Operating Result at RON 2.2 bn, 243% higher, in the context of unprecedentedly high and volatile commodity prices impacted by the Russia-Ukraine war and post COVID recovery
- ▶ Clean CCS net income attributable to stockholders at RON 1.8 bn, up 244%
- ▶ Cash flow from operating activities at RON 2.6 bn, 129% higher
- ▶ CAPEX at RON 0.6 bn, up 10%
- ▶ Free cash flow after dividends increased by 351% to RON 1.9 bn
- ▶ Record high dividends of RON 1.9 bn for FY 2021 to be paid starting June 6
- ▶ Clean CCS ROACE at 17.8%, 12 pp higher
- ▶ TRIR: 0.33 (Q1/21: 0.44)ⁱⁱ

Exploration and Productionⁱⁱⁱ

- ▶ Clean Operating Result at RON 1,106 mn vs. RON 311 mn in Q1/21 due to higher oil and gas prices
- ▶ Production decreased by 12.7%, mainly due to divestments and high natural decline in the main fields
- ▶ Production cost increased by 13% to USD 14.2/boe, mainly driven by lower production and higher electricity costs, partly compensated by positive FX effects

Refining and Marketingⁱⁱⁱ

- ▶ Clean CCS Operating Result at RON 626 mn, up 103% reflecting exceptional refining margin environment, higher utilization of the refinery and robust demand
- ▶ OMV Petrom indicator refining margin at USD 18.31/bbl, up 553% as a result of higher product spreads, mainly for diesel and gasoline
- ▶ Refinery utilization rate at 98%, compared to 95% in Q1/21
- ▶ Retail volumes 9% higher, however margins were lower

Gas and Powerⁱⁱⁱ

- ▶ Clean Operating Result at RON 727 mn, 301% higher, mainly due to strong gas margins from storage and 3rd party transactions
- ▶ Gas sales volumes down by 11%, mainly on lower supply
- ▶ Net electrical output of 0.99 TWh, 16% lower, as Brazi power plant was in planned outage with the entire capacity in March 2022

Key events

- ▶ OMV Petrom has completed the first photovoltaic park that supplies green energy for its own operations
- ▶ In January, Fondul Proprietatea's holding in OMV Petrom reduced to 2.98% following the sale of a 4% stake via an Accelerated Book Building
- ▶ OMV Petrom joins the efforts of the civil society and authorities in Romania to support refugees from Ukraine in cooperation with UNICEF and the Romanian Red Cross

ⁱ All comparisons described relate to the same quarter in the previous year except where mentioned otherwise.

ⁱⁱ Total Recordable Injury Rate; the number of recordable injuries (fatalities + lost workday cases + restricted work day cases + medical treatment cases) calculated as 12 months rolling average per 1,000,000 hours worked.

ⁱⁱⁱ Starting with January 1, 2022, OMV Petrom's business segments were renamed as follows: Upstream to Exploration and Production; Downstream Oil to Refining and Marketing, and Downstream Gas to Gas and Power.

Financial highlights

Q1/22	Q4/21	Q1/21	Δ% ¹ in RON mn	2021
11,898	8,965	4,861	145 Sales revenues ²	26,011
2,241	1,500	653	243 Clean CCS Operating Result³	4,346
1,106	588	311	255 Clean Operating Result Exploration and Production ^{3,4}	1,814
626	550	308	103 Clean CCS Operating Result Refining and Marketing ³	2,041
727	444	181	301 Clean CCS Operating Result Gas and Power	781
(22)	(35)	(24)	9 Clean Operating Result Co&O ³	(87)
(195)	(46)	(122)	(60) Consolidation	(203)
17	17	16	7 Clean CCS Group effective tax rate (%)	17
1,788	1,160	520	244 Clean CCS net income ^{3,7}	3,353
1,788	1,160	520	244 Clean CCS net income attributable to stockholders^{3,6,7}	3,353
0.0316	0.0205	0.0092	244 Clean CCS EPS (RON) ^{3,6,7}	0.0592
2,241	1,500	653	243 Clean CCS Operating Result³	4,346
(162)	(129)	(61)	(167) Special items ⁵	(1,058)
107	122	114	(6) CCS effects: Inventory holding gains/(losses)	421
2,185	1,493	707	209 Operating Result Group	3,709
1,105	588	302	265 Operating Result Exploration and Production ⁴	1,660
707	760	486	45 Operating Result Refining and Marketing	2,663
599	212	133	350 Operating Result Gas and Power	(253)
(30)	(20)	(34)	10 Operating Result Co&O	(99)
(195)	(46)	(182)	(8) Consolidation	(263)
(82)	(87)	(34)	(137) Net financial result	(311)
2,104	1,406	672	213 Profit before tax	3,398
17	15	15	15 Group effective tax rate (%)	16
1,748	1,188	573	205 Net income	2,864
1,748	1,188	573	205 Net income attributable to stockholders⁶	2,864
0.0309	0.0210	0.0101	205 EPS (RON) ⁶	0.0506
—	—	—	— Dividend/share (RON)	0.0341
2,640	2,018	1,152	129 Cash flow from operating activities	6,997
1,911	1,239	424	351 Free cash flow after dividends	3,003
(11,257)	(9,391)	(6,881)	64 Net debt/(cash) including leases	(9,391)
(11,927)	(10,051)	(7,550)	58 Net debt/(cash) excluding leases	(10,051)
629	994	571	10 Capital expenditure	2,821
17.8	12.7	5.7	214 Clean CCS ROACE (%) ^{3,7}	12.7
15.5	10.8	3.9	296 ROACE (%)	10.8
7,907	7,973	9,224	(14) OMV Petrom Group employees end of period	7,973
0.33	0.60	0.44	(25) TRIR ⁸	0.53

¹ Q1/22 vs. Q1/21

² Sales revenues excluding petroleum excise tax;

³ Adjusted for special items; Clean CCS (current cost of supply) figures exclude special items and inventory holding effects (CCS effects) resulting from Refining and Marketing; special items include temporary hedging effects (in order to mitigate Income Statement volatility);

⁴ Excluding intersegmental profit elimination shown in the line "Consolidation";

⁵ Special items, representing exceptional, non-recurring items, are added back or deducted from the Operating Result; for more details please refer to each specific segment;

⁶ After deducting net result attributable to non-controlling interests;

⁷ Excludes additional special income reflected in the financial result;

⁸ Total Recordable Injury Rate; the number of recordable injuries (fatalities + lost workday cases + restricted work day cases + medical treatment cases) calculated as 12 months rolling average per 1,000,000 hours worked

Outlook for the full year 2022

All the below is based on the assumption of no significant lockdowns and no significant supply disruptions.

Market and regulatory environment

- ▶ For the full year 2022, OMV Petrom expects the **average Brent oil price** to be around USD 95/bbl (previous guidance USD 75/bbl; 2021: USD 71/bbl); Urals average discount to Brent is expected to remain high and volatile, reflecting the challenging geopolitical context
- ▶ **Refining margin** is expected to be significantly above the 2021 level (previous guidance: around USD 6/bbl; 2021: USD 5.5/bbl)
- ▶ **Demand for oil products** to be on an upward trend; we expect demand for **power** to be broadly similar to 2021, while demand for **gas** to be lower than in 2021
- ▶ OUG 27 introduced temporary measures applicable to the gas and power markets between April 2022 – March 2023 with regards to prices, margins, storage and taxes.

Financial highlights

- ▶ **CAPEX** is anticipated to increase to around RON 4 bn, depending on the investment climate (2021: RON 2.8 bn)
- ▶ We expect a **positive free cash flow after base dividends** (2021: RON 3 bn)
- ▶ **Attractive returns to shareholders**: 5%-10% p.a. base dividend growth.

Strategic direction: Optimize traditional business

Exploration and Production

- ▶ **Production**: contain decline at around 7% yoy in Romania, excluding portfolio optimization (2021: -7.6%)
- ▶ **Portfolio optimization**: continue to focus on the most profitable barrels, through assessing selective fields divestments
- ▶ **Investments**: around RON 2.6 bn (2021: RON 2.0 bn): drill around 60 new wells and sidetracks and perform around 600 workovers (2021: 36 new wells and sidetracks; 695 workovers).

Refining and Marketing

- ▶ **Partnership with Auchan**: accelerate to more than 270 MyAuchan stores opened in upgraded Petrom-branded filling stations by year-end, ahead of plan (at year-end 2021: 128 stores)
- ▶ The **refinery utilization rate** is estimated to be above 95% (2021: 97%)
- ▶ Total **refined product sales** are forecasted to be broadly similar to previous year (2021: 5.3 mn t).

Gas and Power

- ▶ Total **gas sales volumes** are estimated to be lower yoy (2021: 49 TWh), mainly due to lower supply
- ▶ **Net electrical output** is forecasted to be lower yoy, in the context of a 2-month planned shutdown of the Brazi power plant in H1/22 (2021: 4.8 TWh).

Strategic direction: Grow regional gas

- ▶ **Neptun Deep**: a new draft of the Offshore Law was published, currently in public consultation phase. Authorities aim for fast tracking it for Parliamentary approval in H1/22. Depending on the final content and the timing of the revised Offshore Law, final investment decision is expected in H1/23
- ▶ **Han Asparuh offshore Bulgaria**: spud one exploration well in 2023 and continue prospectivity and evaluation
- ▶ **Georgia Offshore Exploration Block II**: seismic acquisition envisaged in H2/22.

Strategic direction: Transition to low and zero carbon

- ▶ We target to **reduce carbon intensity** by 30% until 2030 vs. 2019 (2021: 10% lower vs. 2019)
- ▶ **Alternative mobility**: we plan to have approximately 100 recharging stations installed by the end of 2022
- ▶ Progress in developing a **renewable power portfolio**
- ▶ First steps towards producing **second generation bioethanol**.

Business segments

First quarter 2022 (Q1/22) vs. first quarter 2021 (Q1/21)

Exploration and Production

- ▶ **Clean Operating Result at RON 1,106 mn vs. RON 311 mn in Q1/21, due to higher oil and gas prices**
- ▶ **Production decreased by 12.7% mainly due to the divestments and high natural decline in the main fields**
- ▶ **Production cost increased by 13% to USD 14.20/boe, mainly driven by lower production and higher electricity costs, partly compensated by favorable FX effect**

Clean Operating Result was RON 1,106 mn vs. RON 311 mn in Q1/21, driven by higher prices and favorable FX (stronger USD vs. RON) and lower depreciation, partly offset by higher Exploration and Production taxation, lower volumes, as well as increased production costs and exploration expenses.

Special items amounted to RON (0.5) mn in Q1/22, while in Q1/21 they amounted to RON (9) mn, in both quarters consisting mainly of personnel restructuring charges. **Reported Operating Result** was RON 1,105 mn vs. RON 302 mn in Q1/21.

Hydrocarbon production decreased by 12.7% due to the divestment of production assets from Kazakhstan (resulting in a 6.2 kboe/d decline yoy) in Q2/21, the transfer of 40 marginal onshore oil and gas fields to Dacian Petroleum in Q4/21 (resulting in a 1.0 kboe/d decline yoy), and the high natural decline in the main fields in Romania.

In Romania, hydrocarbon production declined by 8.6% to 10.91 mn boe or 121.3 kboe/d (Q1/21: 11.95 mn boe or 132.7 kboe/d), or 7.9% excluding portfolio optimization. Crude oil and NGL production dropped by 5.9% to 5.25 mn bbl mainly due to high natural decline and the transfer of marginal fields to Dacian Petroleum. Gas production decreased by 11.0% to 5.67 mn boe due to high natural decline in the main fields (Totea Deep and Lebada East), well 4461 Totea South and the transfer of marginal fields to Dacian Petroleum.

Hydrocarbon sales volumes decreased by 11% due to the same factors which affected the production.

Production cost increased by 13% to USD 14.20/boe, due to lower production available for sale and increased expenses (mainly higher electricity and service costs driven by inflation), partly offset by favorable FX effect (stronger USD against RON). In Romania, production cost in USD increased by 13% to USD 14.20/boe, while in RON terms it increased by 23% to RON 62.62/boe.

Exploration expenditures increased to RON 32 mn, due to higher 3D seismic acquisition activities, partly offset by lower plugging and abandonment costs for deep wells.

Exploration expenses increased to RON 36 mn, due to higher domestic 3D seismic activities and higher exploration well write-offs.

Capital expenditure was lower due to lower drilling and workover activities, partially counterbalanced by higher progress for running business projects.

In Q1/22, we finalized the drilling of 10 new wells and sidetracks (Q1/21: 12 new wells and sidetracks).

Refining and Marketing

- ▶ **Clean CCS Operating Result at RON 626 mn, up 103% reflecting exceptional refining margin environment, higher utilisation of the refinery and robust demand**
- ▶ **Retail sales volumes up by 9%, however margins were lower**

Refining and Marketing Clean CCS Operating Result increased to RON 626 mn in Q1/22 (Q1/21: RON 308 mn), following significantly higher refining margins, increased fuels demand and higher utilisation of the refinery, partly offset by higher utilities costs and lower retail and commercial margins. **Reported Operating Result** of RON 707 mn (Q1/21: RON 486 mn), reflected RON (26) mn net special charges (mainly related to hedging), as well as positive CCS effects of RON 107 mn.

OMV Petrom indicator refining margin increased by USD 15.51/bbl to USD 18.31/bbl in Q1/22, as a result of higher product spreads, mainly for diesel and gasoline, as well as unprecedentedly high Urals differential to Brent, generated by the geopolitical context. The **refinery utilization rate** was 98% in Q1/22 (Q1/21: 95%), supported by increased demand and the integration with our sales channels which allowed us to place the equity products in our operating region.

Total refined product sales volumes were up 5% vs. Q1/21, driven by improved demand. Group retail sales volumes, which accounted for 56% of total refined product sales increased by 9% compared to Q1/21, supported by robust fuels demand. Non-fuel business also advanced yoy. Q1/22 non-retail sales volumes increased by 1% yoy, with the partial recovery of the aviation business and the increased sales on the local market being offset by lower export volumes.

Refining and Marketing investments amounted to RON 121 mn (Q1/21: RON 56 mn). In Q1/22, majority of the investments were directed for the ongoing major projects in the Petrobrazi refinery (mainly site construction works for a new crude oil tank and for coke drums replacement) and to recognition of right of use assets under IFRS 16 Leases for a long term contract for securing railway access to Cluj storage.

Gas and Power

- ▶ **Clean CCS Operating Result at RON 727 mn, up 301%, mainly due to strong gas margins from storage and 3rd party transactions**
- ▶ **Gas sales volumes down by 11%, mainly on lower supply**
- ▶ **Net electrical output of 0.99 TWh, 16% lower, as Brazi power plant was in planned outage with the entire capacity in March 2022**

Gas and Power Clean Operating Result was RON 727 mn in Q1/22 (Q1/21: RON 181 mn). **Reported Operating Result** of RON 599 mn (Q1/21: RON 133 mn), reflected RON (128) mn net special charges, mainly in relation to temporary losses from electricity and CO2 forward contracts.

The excellent result in Q1/22 was generated mainly by the gas business built on positive effect from increasing prices on storage margin and 3rd party transactions, as well as on a very good performance from short term optimization and balancing. The power business also had a good contribution to Q1/22 results even in the context of Brazi power plant outage.

As per OMV Petrom's estimates, national **gas** consumption was 11% lower compared to Q1/21 on reduced end-users consumption.

On the Romanian centralized markets, the weighted average price of natural gas for transactions with medium and long-term standardized products closed in Q1/22 (9.4 TWh) was RON 469/MWh^{iv,v} (Q1/21: RON 81/MWh for standard products traded).

^{iv} OMV Petrom estimates based on available public information;

^v Standard products refers to all products offered on the BRM and OPCOM trading platforms i.e. weekly products, monthly products, quarterly products, gas-year products etc. and the price could include storage related tariffs in connection with the gas volumes sold/extracted from storage;

The average price for the quantities delivered during the quarter was RON 372/MWh (Q1/21: RON 71/MWh)^{vi}. Regarding short-term deliveries, on BRM day-ahead market, the average price^{vii} in Q1/22 was RON 485/MWh (Q1/21: RON 87/MWh).

In Q1/22, OMV Petrom's total gas sales volumes decreased to 12.72 TWh, mainly as a result of decreasing equity gas production. Gas volumes sold to third parties were 9% lower vs. Q1/21.

On the centralized markets, OMV Petrom sold 2.6 TWh in standard products in Q1/22 at an average price in line with the market price^{iv, v}. At the end of Q1/22, OMV Petrom had no natural gas in storage (end of Q1/21: 0.4 TWh).

As per currently available information from the grid operator, national **electricity** consumption was 4% lower compared to the same quarter of 2021, while national production was 7% lower, Romania remaining a net power importer in Q1/22 (same as in Q1/21).

The Brazi power plant generated in Q1/22 a net electrical output of 0.99 TWh, below the 1.18 TWh in Q1/21, representing 7% in Romania's generation mix. The power plant was in planned outage with the entire capacity in March 2022.

Gas and Power investments amounted to RON 49 mn (Q1/21: RON 1 mn). In Q1/22, majority of investments were directed to the Brazi power plant planned shutdown.

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Contact

OMV Petrom Investor Relations

Tel: +40 372 161930; Fax: +40 21 30 68518

E-mail address: investor.relations.petrom@petrom.com

^{vi} Based on monthly data, as published by BRM on <https://www.brm.ro/cotatii-gaze-naturale/>; retrieved on April 28th, 2022

^{vii} Average computed based on daily trades published on BRM platform.