



## **Christina Verchere**

Chief Executive Officer and President of the Executive Board

## **Alina Popa**

Chief Financial Officer

The spoken word applies. Check against delivery.

## Christina Verchere – OMV Petrom – CEO

### Slide 1 – Intro

Good afternoon, ladies and gentlemen, and a warm welcome from my side. Thank you for joining our call. It is a real pleasure to present to you today OMV Petrom's performance for the second quarter of 2022.

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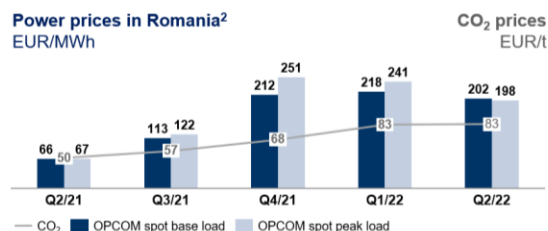
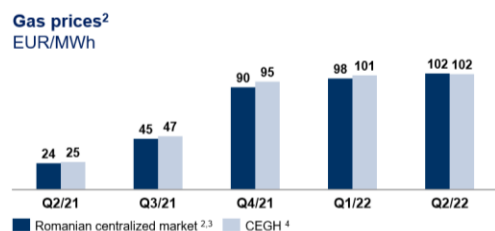
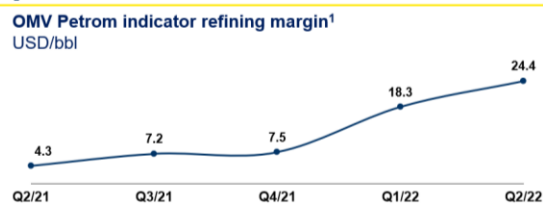
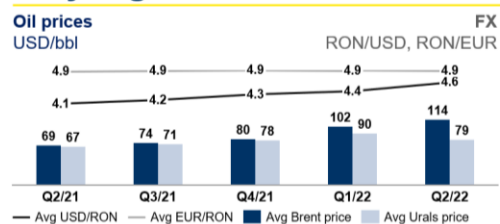
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**Slide 2 – Legal Disclaimer**

Please let me first draw your attention to our Legal Disclaimer, which you can read in detail on slide 2.

## Very high and volatile commodity prices



<sup>1</sup> Starting Q2/22, the indicator refining margin reflects the change in crude oil reference price from Urals to Brent. The values of the indicator refining margin for the previous periods were not restated;  
<sup>2</sup> Prices translated at NBR average RON/EUR rate; <sup>3</sup> Day-ahead price, un-weighted average computed based on daily trades published on BRM platform; <sup>4</sup> Day-ahead market Central European Gas Hub, un-weighted average

### Slide 3 – Higher and very volatile commodity prices

Let me start with some highlights regarding commodity prices and main currencies in the second quarter of 2022.

Brent oil price continued its growth to an average of 114 dollars per barrel in the second quarter of 2022, 65 percent higher year-on-year. The development of the oil price was highly volatile, with concerns over demand, most notably in China, combined with Russian supply risks. The price range during the quarter went from just under 100 dollars per barrel, after a release of strategic reserves in early April, to above 120 dollars per barrel at the end of May, when China loosened its COVID restrictions and the EU agreed to a ban on seaborne Russian oil imports. Other conflicting factors, such as Libyan supply reductions and a strengthening US dollar further added to oil price volatility. During the quarter, the average Brent price rose by more than 9 percent, from 110 dollar per barrel to 120 dollars per barrel.

Urals differentials versus Brent collapsed over the second quarter to a record discount of around 35 dollar per barrel, as European buyers continued to self-sanction Russian oil. The EU also agreed to an embargo on most Russian oil imports, with around 90 percent of oil imports from Russia to be cut by the end of this year.

In the second quarter of 2022 and on a year-on-year basis, the RON depreciated versus the US dollar by 14 percent, but was stable against the Euro.

In the context of an extraordinarily high Urals-Brent differential, triggered by the geopolitical context, starting from the second quarter of 2022, the transfer price between Exploration & Production and Refining & Marketing was adjusted to Brent instead of Urals, as Urals is no longer a relevant reference.

OMV Petrom indicator refining margin in the second quarter, reflecting the change in reference crude price from Urals to Brent, reached 24 dollars and 44 cents per barrel - a record high value. This was as a result of the higher product spreads, mainly for diesel and gasoline.

On the natural gas side, prices eased during the first two months of the second quarter, as a consequence of mild weather and increased LNG availability for Europe. The latter due to Chinese COVID lockdowns and warm weather in Northeast Asia that lowered local demand. These developments offset the effects stemming from lower Russian deliveries that started with a supply cut for Poland and Bulgaria.

June saw prices rallying again, mainly driven by further reductions of Russian natural gas supplies to Europe. Consequently, the second quarter ended higher than it started for many of the European hub price benchmarks.

Gas prices on the Romanian centralized markets also increased, with day-ahead prices more than 4 times higher year-on-year to an average of 102 Euro per megawatt-hour and in line with CEGH.

Base load electricity prices in Romania tripled year-on-year but decreased by 7 percent quarter-on-quarter. Market spark spreads were negative in the second quarter of 2022, as high electricity prices were offset by historically high gas and CO<sub>2</sub> prices. The CO<sub>2</sub> price increased by 67 percent year-on-year, in the context of a reduction in the number of CO<sub>2</sub> allowances.

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## Challenging Romanian environment

### Geopolitical and regulatory context

- ▶ **War in Ukraine**
  - ▶ Romania's security of supply: relatively low dependency on energy imports
  - ▶ OMV Petrom: fully transitioned to non-Russian supply; no business disruptions
- ▶ **Temporary measures to address high prices**
  - ▶ Gas and power: April 2022 – March 2023
  - ▶ Fuels: 50 bani/l discount, July – September
- ▶ **Offshore Law**
  - ▶ Amendment in force since end-May
  - ▶ Improvements in terms of fiscal frame and stability
  - ▶ Further clarifications needed

### Romanian macro environment

**GDP strong rebound** ▶ GDP: Q1/22<sup>1</sup>: 6.4% yoy; 2022e<sup>2</sup>: +3.5–4.5% yoy

**Inflation on an upward trend** ▶ CPI: June 22/June 21<sup>1</sup>: 15.1%; 2022e<sup>3</sup>: 12.5%; 2023e<sup>3</sup>: 6.7%

Romania maintained investment grade by major rating agencies<sup>4</sup>

Demand	Q1/22 yoy	Q2/22 yoy	6m/22 yoy
Fuels <sup>5</sup>	+7%	-2%	+2%
Gas <sup>6</sup>	-11%	-19%	-13%
Power <sup>7</sup>	-4%	-6%	-5%

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

4 | OMV Petrom Q2/22 Results





### Slide 4 – Challenging Romanian environment

In the context of the Russia-Ukraine conflict, an energy supply security crisis has unfolded, sending commodity prices to new highs, with wider implications for the global economy.

The EU embargo on imports of Russian crude and oil products is increasing the pressure, as market players focus on securing alternative supplies ahead of the year-end deadline.

Unlike other countries in the region, Romania has a relatively low degree of dependency on energy imports: in 2021 the country ensured domestically approximately 35 percent of the crude oil, 60 percent of the fuel products, 80 percent of its natural gas, and more than 95 percent of its electricity needs.

Our most important goal remains to provide energy for our customers, for the industry and population and to ensure the security of supply. We have not experienced any disruptions in our business and we are prepared in case of further developments.

We fully comply with sanctions and since mid March we self-sanctioned to no longer import crude oil and diesel from Russia. Approximately 30 percent of the crude we process in Petrobrazi is imported, in the past most of it being supplied from Russia or through Russian ports. For the imported crude, we are now using a mix of crude oil grades from within the Black Sea, mainly CPC and Azeri, as well as North Africa grades. We are closely monitoring potential risks related to the Novorossiysk CPC terminal, thus we are also considering alternative supply sources and routes such as Mediterranean, West Africa and North Sea. As for diesel and jet, we have increased imports from non-Russian sources. Worth mentioning is that these alternative sources come with a price premium to Russian products.

For 2022, our equity gas production covers the majority of the current needs of our customers. Most third party acquisitions in Romania are from domestic sources, with limited imports being around 5 percent of total gas sales.

We are also looking to diversifying our supply sources and supply chains. We are exploring options for future years that include LNG supply and capacity booking.

Overall, so far sanctions have had no significant negative impact on our business performance.

We mentioned last quarter the temporary measures decided by the Romanian Government to address the high gas and power prices, applicable between April 2022 and March 2023.

In addition, the Government adopted temporary measures for the fuels market, applicable between July and September. We voluntarily comply with these measures and we decreased the fuels prices at Petrom and OMV filling stations by 50 bani, half of the amount being covered by the State. We expect the impact on our results to be in the mid double digit million EUR range.

We recognize the need for the government to support consumers in these very unusual times. However the frequent interventions, particularly in the gas and power segments, bring volatility and instability for the market participants and increased risks of market disfunctions, including increased risk of security of supply. Therefore, they should be temporary in nature and with robust impact assessment.

Also on the regulatory side, the amended Offshore Law entered into force on the 25<sup>th</sup> of May. It contains improved fiscal and stability clauses, but certain free market related provisions still need to be clarified.

Moving to the macroeconomic environment, in the first quarter of 2022 Romanian GDP increased by 6.4 percent year-on-year, above the European average of 5.2 percent. The growth in the first quarter exceeded expectations and triggered in June an upward revision of the IMF estimates for Romania's GDP growth for both 2022 and 2023, to 3.5 to 4.5 percent year-on-year, from the previous April estimate of 2.2 percent for 2022. In its revision, IMF refers to the strong rebound after the COVID wave in autumn 2021, noting also the new pressures and risks posed by the war in Ukraine and rising inflation.

The consumer price index in the month of June 2022 versus June 2021 was 15.1 percent. Wage pressure and increase in energy prices are the main drivers, with official forecasts from the National Bank of Romania estimating the peak of inflation to be in the second quarter of 2022.

Looking at the energy sector in the second quarter of 2022, the Romanian demand for our products generally decreased.

Demand for retail fuels decreased by around 2 percent year-on-year, while the commercial market demand increased by almost 7 percent year-on-year. Jet demand continued to recover, increasing by 107 percent year-on-year, from a low basis, due to continued strong recovery in flights. And exceeded for the first time, pre-COVID levels by with 1 percent.

Gas demand, as per internal estimations, decreased by 19 percent year-on-year, as consumption was impacted by high energy prices. Moreover, last year's unusually high consumption due to cold weather led to a high base effect.

Power demand was lower by 6 percent year-on-year, while domestic power production decreased by 10 percent year-on-year, Romania being a net importer of power in the second quarter of 2022, compared to a net exporter position in the similar period of last year. Power production from hydro had a steeply decreasing contribution to the generation mix, due to dry weather. In addition nuclear power was lower due to a planned outage. This was partly compensated by an increase in gas and renewable production.

## Key messages Q2/22

### Strong financial performance

#### Clean CCS Operating result

RON 3.7 bn

**+330%** yoy

#### Operating Cash Flow

RON 3.7 bn

**+148%** yoy

#### Clean CCS ROACE

26.9%

vs. **7.4%** in Q2/21

### Good operational performance

- ▶ Total refined product sales +6% yoy
- ▶ Refinery utilization 86%, above European average
- ▶ Net electrical output +62% yoy
- ▶ Benefitting from high integration, business optimisation and strict cost management

### Strategic focus

- ▶ Record high dividend to be paid in 2022, RON 4.5 bn<sup>1</sup>
- ▶ Neptun Deep: ready to become operator; FID estimated mid-2023<sup>2</sup>
- ▶ First batch of SAF<sup>3</sup> produced at Petrobraz
- ▶ MyAuchan: exceeded 200 stores, targeting 280 by year-end
- ▶ Renewable power: negotiations for first ~450 MW partnership agreements in progress

### HSSE

**TRIR<sup>4</sup>:** 0.49

**GHG intensity<sup>5</sup>:** slightly decreased yoy

<sup>1</sup> Base dividend plus special dividend; <sup>2</sup> Assuming key prerequisites in place; <sup>3</sup> Sustainable aviation fuel; <sup>4</sup> Total Recordable Injury Rate, July 2021-June 2022; <sup>5</sup> Greenhouse gases intensity 6m/22

### Slide 5 – Key messages Q2/22

On slide 5, we present the key highlights for the quarter.

At Group level, Clean CCS Operating Result of 3.7 billion RON was the highest quarterly result ever recorded, and more than quadrupled year-on-year, on good operational performance in an unprecedentedly favorable market context with high, but volatile commodity prices.

Our operating cash flow increased by 148 percent year-on-year, to 3.7 billion RON, while Clean CCS ROACE reached 26.9 percentage points.

All our business segments, registered record quarterly clean results. In Exploration and Production, this was supported by higher realized commodity prices and improved production costs. In Refining and Marketing, by the record refinery margin and the strong refined product sales. In Gas and Power, by the excellent result of international gas transactions, with volumes acquired at lower prices in previous periods and increased power production.

We continued our strategic focus on preparing OMV Petrom for capturing the energy transition opportunities announced in our Strategy 2030.

On the 26<sup>th</sup> of July, the General Meeting of Shareholders approved the proposal for distribution of special dividends of 0.0450 RON per share. The 2.5 billion RON will be paid starting 2<sup>nd</sup> of September, translating into a record-high amount to be paid this year as base dividends and special dividends, totalling 4.5 billion RON.

Regarding our Neptun Deep strategic project, the closing of the transaction between Romgaz and ExxonMobil is expected in the third quarter. Once finalized, OMV Petrom will become the operator of the Neptun Deep block, as agreed in April last year. We welcome the amended Offshore Law, however clarifications are still needed from the authorities. Assuming key prerequisites will be in place, FID is expected in mid-2023.

In June, we announced the production of the first batch of sustainable aviation fuel in Petrobrazi. With this, we are progressing towards our goal to reach an annual combined production of sustainable aviation fuel and hydrotreated vegetable oil of about 450 thousand tons by the end of the decade.

In Retail, the integration of MyAuchan proximity shopping stores into the modernized Petrom branded filling stations continued. In June, we reached 204 stores opened in Petrom filling stations, half of the total

number agreed with our partner to be opened by end-2023. This year, about 80 more proximity stores will be inaugurated.

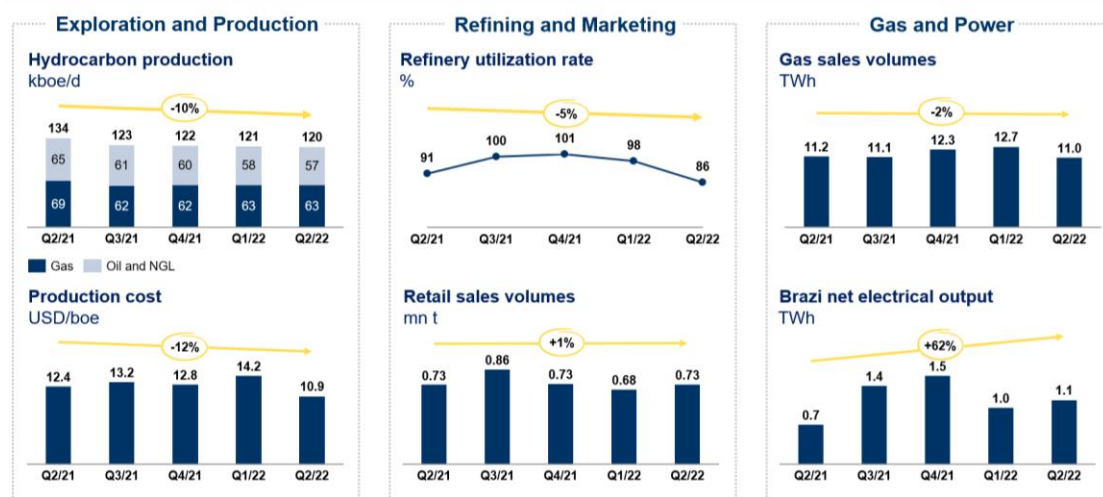
In Gas and Power, we are progressing towards our target of reaching 1 GW photovoltaic installed capacity by 2030. Negotiations with our intended partner, Complexul Energetic Oltenia, are in progress and we expect to sign the shareholders' agreement for the special purpose entities in the third quarter. Together, we aim to build four photovoltaic parcs with a total installed capacity of 455 MW.

On HSSE, the Total Recordable Injury Rate for the 12-month rolling period July 2021 to June 2022 was 0.49.

The GHG intensity slightly decreased at Group level, with lower index levels in Exploration and Production and at the Brazi power plant, reflecting our ongoing initiatives to reduce carbon emissions.

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## Good operational performance in the context of mixed market demand





### Slide 6 – Good operational performance in the context of mixed market demand

On slide 6, I would like to present the operational performance and I will start with **Exploration and Production**.

Hydrocarbon production decreased by 10 percent due to the divestment of production assets from Kazakhstan in the second quarter of 2021, the divestment of the 40 marginal fields to Dacian Petroleum in the fourth quarter of 2021 and the high natural decline in the main fields in Romania. Excluding portfolio optimization, production in Romania decreased by 7.6 percent. Compared to the first quarter, the production decreased by 1 percent.

Production cost per barrel of oil equivalent decreased by 12 percent year-on-year, to a level of 10 dollars and 91 cents. This was driven mainly by a one-off effect related to a tax audit and the favorable FX evolution, partly offset by lower production available for sale. We continue to focus on containing costs and counteracting the pressure coming from suppliers by intensifying our procurement activities.

In **Refining and Marketing**, the refinery utilization rate was 86 percent, impacted by the April planned shut down.

Total refined product sales volumes recorded a 6 percent year-on-year increase. The retail sales volumes only slightly increased, reflecting a slow down in fuels demand, starting in June. Non-retail sales increased by 14 percent year-on-year, mainly helped by the improved commercial sales, supported by the partial recovery of the aviation business.

In **Gas and Power**, total gas volumes were slightly down year-on-year, in the context of lower market demand and supported by higher third party supply, which almost compensated our decreasing equity gas production. This represents very good performance considering the current context with gas supply tightness. In the second quarter, we increased our share in Romanian gas consumption to 51 percent compared to 44 percent in the second quarter of last year. Starting this quarter, we delivered to the regulated market (households, as well as heat producers for households consumption) the gas quantities as per received allocation. In the second quarter, the quantities subject to capped prices represented a very small portion of our total gas sales, as, when Ordinance 27 was introduced, most of our volumes were already contracted.

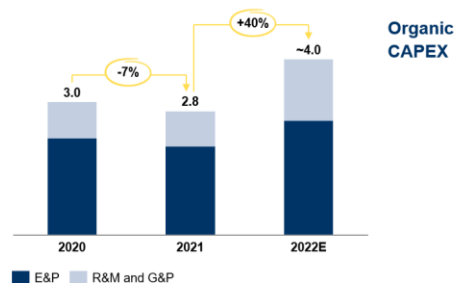
Brazi net electrical output was 62 percent higher year-on-year, covering 8 percent in Romania's generation mix. The power plant was in a planned

outage for half of its capacity in April 2022 versus being at full capacity in April 2021.

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## Increasing CAPEX

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



6m/22

► RON 1.4 bn:

- 21 new wells and sidetracks; >320 workovers
- Energy efficiency and EOR projects
- Coke drums replacement
- Projects in the tank farm area in Petrobraz
- Planned shutdown for Brazil 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 Brazil power plant
- Start of photovoltaic projects

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

7 | OMV Petrom Q2/22 Results



### Slide 7 – Increasing CAPEX

Moving now to slide 7, total organic CAPEX amounted to 1.4 billion RON in the first half of 2022, 15 percent higher year-on-year.

The majority, 1 billion RON, was directed to Exploration and Production, where we finalized the drilling of 21 new wells and sidetracks and performed over 320 workover jobs.

In Refining and Marketing, most of the investments were for the ongoing major projects at the Petrobrazî refinery.

In Gas and Power, the majority of investments were directed to the Brazi power plant planned maintenance shutdown.

For 2022, we maintain our estimated CAPEX of around 4 billion RON, approximately 40 percent higher year-on-year. Regarding our E&A activities, in offshore Bulgaria we plan to spud one exploration well in 2023 and continue prospectivity and evaluation. In Georgia Block II, the seismic acquisition tendering is ongoing, with the timing still to be determined.

## Continued focus on sustainability



<sup>1</sup> Based on OMV Group's response

8 | OMV Petrom Q2/22 Results

### GHG intensity index



**~10% lower**  
2021 vs. 2019

H1/22: downward trend continued

### Energy efficiency projects



**EUR 36 mn**  
Invested in 2021

G2P 1.75 MW installed

### Planting for Romania



**~EUR 1.5 mn**  
Invested in 2021

Continue the largest privately funded forestation campaign

### Social involvement



**EUR 11 mn**  
Invested in 2021

~double vs. 2020  
Support for ~350 communities

### Diversity



**31%**  
Women in management 2021

Ahead of target for 2025

### Remuneration report



**2021**  
Published for the 1<sup>st</sup> time

EB remuneration linked to sustainability targets

### Slide 8 – Continued focus on sustainability

Moving now to slide 8, I am happy to share with you our progress in terms of sustainability, which is an important topic on our Board's agenda.

For us, 2021 was a milestone year, with the launch of our Strategy 2030 and our ambitious target to transform for a lower carbon future. We put forward the largest private investment plan in the Romanian energy sector, totaling EUR 11 bn, of which around 35% will go to low and zero carbon solutions.

On our journey to reach Net Zero operations by 2050, we aim for a 30% reduction in the carbon emissions of our operations by 2030, versus 2019.

In 2021 we managed to decrease Scope 1 and 2 carbon intensity by approximately 10 percent, a downward trend which continued this year. In Exploration and Production, the gas to power and combined heat and power installed capacity increased to around 70 megawatts. These small power plants mainly exploit the energy of the associated gases that otherwise cannot be used, and ensure around 70 percent of Exploration and Production annual electricity consumption. Overall, investments in energy efficiency projects amounted to 36 million EUR, 17% higher year-on-year.

Last year, we also continued our contribution to the largest privately funded forestation campaign and planted another 600 thousand seedlings, paving the way to reaching our goal of 2 million seedlings in total by the end of 2022.

Moving now to the social aspects of our business, we keep a relentless focus on safety and health, and genuine respect for diversity. We also want to be a strategic partner for the development of our communities. Last year, we spent 11 million euro for social projects in our sites, almost double versus the previous year.

With regards to governance, in April this year we published our first Remuneration report, which has as key design principles, a high-performance orientation and share-based long-term incentives.

By including sustainability targets in terms of monitoring of safety metrics as well as CO<sub>2</sub> reduction targets, we underline our commitment to sustainability.

In the end, I want to highlight that our efforts to increase performance and disclosure in terms of ESG were recognized by important ratings agencies. For example, Sustainalytics placed us among the top 3%

performing peer companies and improved our score and rating versus the previous assessment.

Please let me now hand over to Alina, who will go into the financials and the outlook in detail.



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## OMV Petrom Q2/22 Results Alina Popa, CFO

July 28, 2022

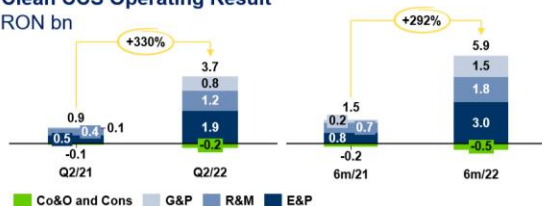


OMV Petrom S.A.



### Income Statement: strong results

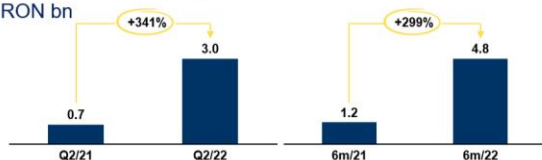
#### Clean CCS Operating Result RON bn



#### ► Q2/22 Clean CCS Operating Result reflects:

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

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



#### ► Q2/22 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

10 | OMV Petrom Q2/22 Results



### Slide 10 – Income Statement: strong results

Thank you, Christina, and good afternoon also from my side.

I will continue the presentation with slide 10, starting with some highlights of the Income Statement, with focus on the developments of the second quarter of 2022 versus the similar period of 2021.

Sales increased by 160 percent year-on-year, reflecting higher commodity prices and higher sales volumes of petroleum products and electricity, as well as relatively stable gas sales volumes.

Exploration and Production Clean Operating Result increased to 1.9 billion RON, from 0.5 billion RON in the second quarter of last year, in the context of higher commodity prices and favorable exchange rate. This effect was partly offset by increased taxation and lower volumes.

Refining and Marketing Clean CCS Operating Result almost tripled year-on-year, reaching 1.2 billion RON, following significantly higher refining margin, partly offset by lower retail margins.

Gas and Power Clean Operating Result increased to 816 million RON, from 61 million RON in the second quarter last year, reflecting strong performance in both gas and power businesses.

The clean consolidation line of (228) million RON in the second quarter of 2022 reflects mainly the unrealized profits elimination as a result of higher margin for crude oil and petroleum products, due to higher quotations.

Consequently, the Group Clean CCS Operating Result increased year-on-year by 330 percent, to 3.7 billion RON.

For the second quarter of 2022, we recorded inventory holding gains of 322 million RON, compared to 83 million RON in the second quarter of last year. In both periods, they reflect the increase of crude prices over the quarter.

Net special charges of (450) million RON were recorded in the second quarter of 2022, compared to (403) million RON in the second quarter of last year. In both periods, they mainly refer to net temporary losses from power forward contracts.

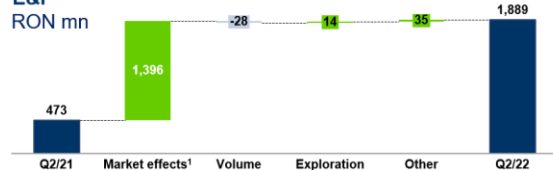
The Clean CCS net income attributable to stockholders more than quadrupled year-on-year to almost 3 billion RON.

The reported Net income attributable to stockholders was 2.9 billion RON, from 406 million RON in the second quarter of 2021.

## Clean CCS Operating Results improved throughout all business segments

### E&P

RON mn



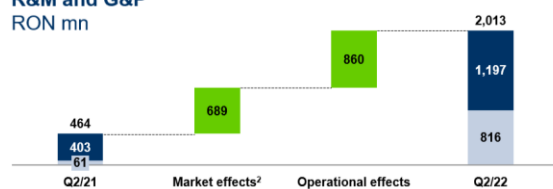
- Realized crude price +74%
- Higher gas price, partially offset by royalties and gas overtaxation
- Positive FX effect on revenues
- Lower production costs



- Hydrocarbon sales -10%

### R&M and G&P

RON mn



- Record high refining margin; higher refined products sales +6%
- Excellent margin on 3<sup>rd</sup> party gas; higher power production



- Weaker retail margins
- Negative contribution of power forward contracts; new power overtaxation

<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; starting Q2/22, the indicator refining margin reflects the change in crude oil reference price from Urals to Brent; the values of the indicator refining margin for the previous periods were not restated

**Slide 11 – Clean CCS Operating Results improved throughout all business segments**

Let me go on to slide 11, which shows the major building blocks for the development of the Clean CCS Operating Result.

I will start with Exploration and Production, where Clean Operating Result significantly improved to 1.9 billion RON. The positive market effect deviation of almost 1.4 billion RON was triggered by the steep increase in oil and gas prices and favorable evolution of the USD versus RON. Nevertheless, gas market price increase was offset to a large extent by the specific Exploration and Production gas tax, driven by high supplementary taxation and further increased by the current methodology of royalties being partly based on CEGH price, which was significantly higher than the realized price.

The negative volume deviation of (28) million RON is due to the 10 percent lower hydrocarbon sales. Clean exploration expenses decreased by 14 million RON and other deviations include lower production costs, driven by a one-off effect related to a tax audit overcompensating both cost inflation, and higher depreciation.

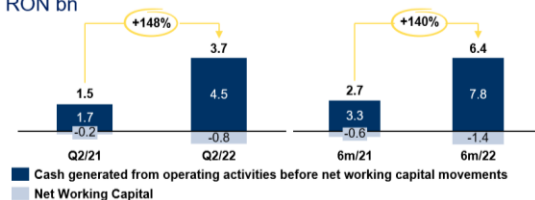
Looking at the lower chart, Refining and Marketing Clean CCS Operating Result almost tripled compared to the second quarter of 2021. The positive market effect reflects the record high refining margin as a result of higher product spreads. Operational effects in Refining and Marketing were overall positive and mainly reflect higher year-on-year volumes for refined products and improved commercial performance, partly counterbalanced by lower retail margins.

In Gas and Power, the Clean Operating Result significantly increased year-on-year reaching a record high for these lines of business. The gas business recorded a very strong result, driven by the positive effect of increasing prices on international gas transactions, with volumes sourced in the previous periods at lower prices. The power business also had a good contribution to the second quarter of 2022 results, built on an environment with increasing prices and higher power production. These positive effects were only partly offset by the negative impact from the power forward sale contracts concluded in previous periods and the newly introduced power over-taxation.

## Excellent cash flow generation

### Cash Flow from Operating Activities

RON bn

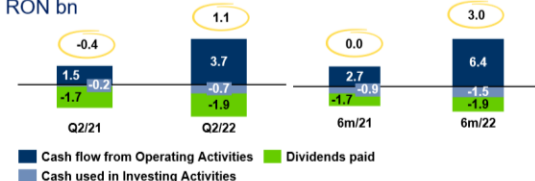


#### ► Q2/22 Cash Flow from Operating Activities:

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

### Free Cash Flow after dividends

RON bn



#### ► Q2/22 Free Cash Flow after dividends:

- Increase driven by Operating Cash Flow
- Cash outflow from investing activities significantly increased yoy
- Base dividends paid in June

### Slide 12 – Excellent cash flow generation

On slide 12, I would like to continue with the highlights of our cash flow statement.

In the second quarter of 2022, we achieved an operating cash flow of 3.7 billion RON, 148 percent higher year-on-year, reflecting the positive trend of the Operating Result and the negative net working capital changes.

Regarding the evolution of the net working capital, in the second quarter of 2022 we recorded a cash outflow of 762 million RON, compared to 169 million RON in the second quarter of 2021. The outflow in the second quarter of 2022 was due to the increase in inventories driven by higher unit costs following the increase in quotations, as well as by higher quantities of crude oil, petroleum products and natural gas in stock. Receivables also increased due to the higher price environment. This was partly counterbalanced by the increase in liabilities mainly due to higher acquisitions of imported crude oil, petroleum products and materials in order to cover market needs.

Our net payments for investments amounted to 0.72 billion RON in the second quarter of 2022, significantly higher year-on-year, as the second quarter of last year reflected the net proceeds from disposal of Kazakhstan assets amounting to around 0.5 billion RON.

Our base dividends for the financial year 2021, amounting to RON 1.9 billion, were paid in June.

The net cash position including leases increased to 12.3 billion RON at the end of the second quarter of 2022 versus 6.5 billion RON at the end of the second quarter of 2021.

The special dividends approved by the General Meeting of Shareholders on the 26<sup>th</sup> of July, in total amount of 2.5 billion RON, will be paid starting 2<sup>nd</sup> of September.

## Outlook

Indicators	Actual 2021	Actual 6m/22	Assumptions/ Targets 2022
<b>Brent oil price</b>	USD 70.9/bbl	USD 107.9/bbl	USD >100/bbl (prev. USD 95/bbl)
<b>Production in Romania</b>	127 kboe/d <sup>1</sup>	120 kboe/d	Decline <7% yoy <sup>1</sup> (prev. ~7% yoy)
<b>Refining margin<sup>2</sup></b>	USD 5.5/bbl	USD 15.2/bbl	USD >15/bbl (prev. Significantly higher yoy)
<b>CAPEX</b>	RON 2.8 bn	RON 1.4 bn	RON ~4.0 bn <sup>3</sup>
<b>FCF after dividends</b>	RON 3.0 bn	RON 3.0 bn	Positive

<sup>1</sup> Excluding portfolio optimization; <sup>2</sup> Starting Q2/22, the indicator refining margin reflects the change in crude oil reference price from Urals to Brent. The values of the indicator refining margin for the previous periods were not restated. <sup>3</sup> Depending on investment climate



### Slide 13 – Outlook

Let me conclude our presentation with the Outlook, on slide 13.

We expect Brent oil price in 2022 to be above 100 dollars per barrel, higher than our previous assumption of 95 dollars per barrel and significantly above the range of 65-70 dollars per barrel assumed in our strategy.

Regarding production, in 2022 we aim to contain the year-on-year hydrocarbon production decline, excluding portfolio optimization, at below 7 percent, and we expect a lower decline for oil than for gas.

We expect inflationary pressure on our costs to persist throughout the year. Therefore, we currently see production cost above 13 dollars per barrel of oil equivalent for the year 2022.

In Refining and Marketing, we expect extreme market volatility for both crude and product prices. We currently estimate the 2022 refining margins to higher than 15 dollars per barrel, reflecting the exceptionally high margins in the first half of the year. The refinery utilization rate is estimated to be above 95 percent in 2022.

As Christina mentioned earlier, CAPEX is expected to be around 4.0 billion RON in 2022, of which 2.6 billion RON in Exploration and Production and 0.8 billion in Refining and Marketing.

In 2022, we expect a positive free cash flow, even after the payment of both base and special dividends.

Retail demand is expected to be broadly flat year-on-year, while gas and power are expected to be lower than in 2021.

Our total refined product sales are forecasted to be similar with 2021. Total gas sales volumes are estimated to be lower, while net electrical output is expected to be higher, given the high utilization of the power plant in the first half of the year.

We currently do not expect new full lockdowns, but, if this is the case, we have a good track record in managing our operations. The outlook figures are also based on the assumptions of no significant supply disruptions.

With this, I close our presentation and thank you for your attention.

We are now available for your questions.



## 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 +75 mn

<sup>†</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.

16 | OMV Petrom Q2/22 Results



## Clean CCS Operating Results improved throughout all business segments



<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; starting Q2/22, the indicator refining margin reflects the change in crude oil reference price from Urals to Brent; the values of the indicator refining margin for the previous periods were not restated

17 | OMV Petrom Q2/22 Results

