

# OMV Petrom Q4/22 Results

## Christina Verchere, CEO

February 2, 2023



OMV Petrom S.A.



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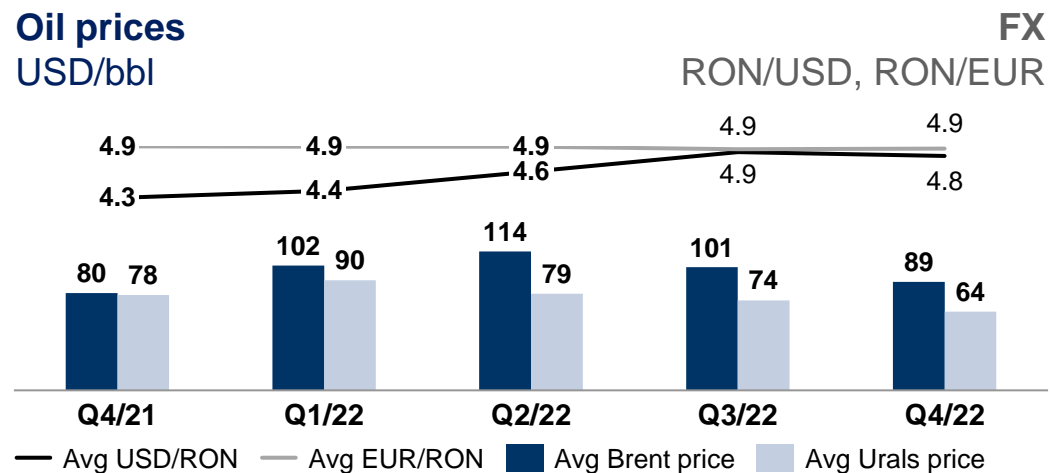
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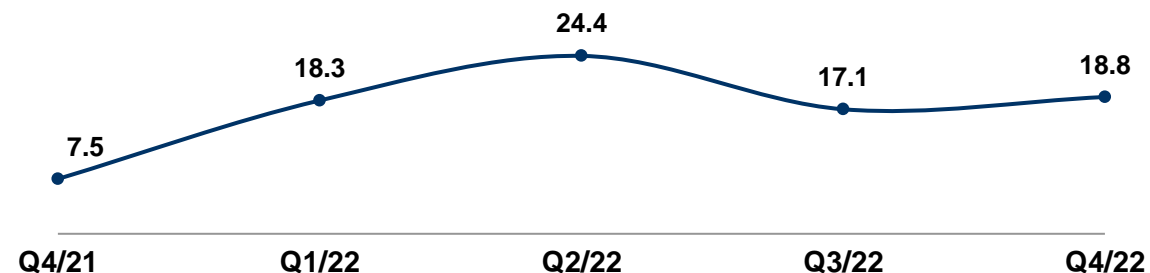
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# Still high and volatile commodity prices

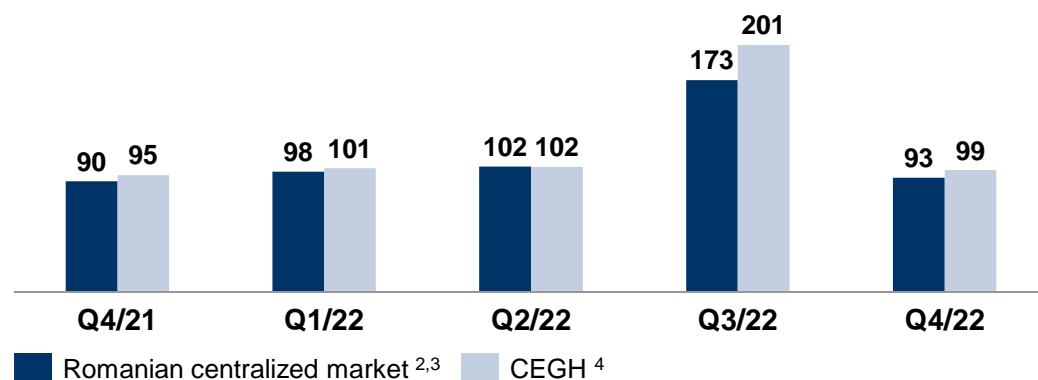
**Oil prices**  
USD/bbl



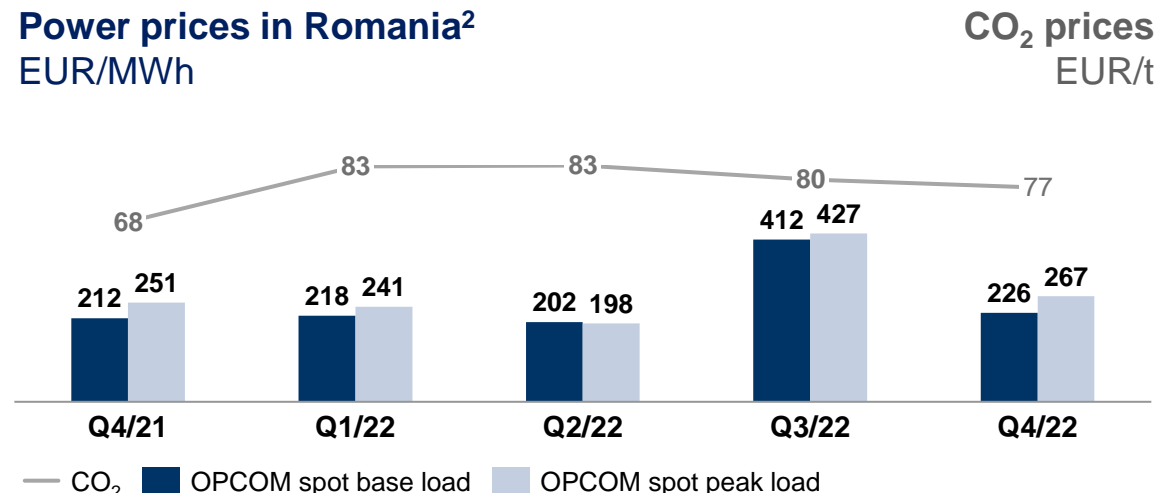
**OMV Petrom indicator refining margin<sup>1</sup>**  
USD/bbl



**Gas prices<sup>2</sup>**  
EUR/MWh



**Power prices in Romania<sup>2</sup>**  
EUR/MWh



<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

# Romanian environment: 2022 GDP stronger than expected; mixed demand evolution

## GDP growth

► **GDP:** Q3/22<sup>1</sup>: 4.6% yoy; 9m/22<sup>1</sup>: 4.9%; 2023e<sup>2</sup>: +3.1% yoy; 2024e<sup>2</sup>: 3.8%

## Inflation on an upward trend

► **CPI:** December 22/December 21<sup>1</sup>: 16.4%; 2023e<sup>3</sup>: 11.2%; 2024e<sup>3</sup>: 4.2%

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



Demand	Q4/22 yoy	2022 yoy
Fuels <sup>5</sup>	+6%	+2%
Gas <sup>6</sup>	-22%	-16%
Power <sup>7</sup>	-12%	-8%

<sup>1</sup> Romanian National Institute of Statistics (seasonally adjusted); <sup>2</sup> IMF, October 2022; <sup>3</sup> National Bank of Romania (November 2022 report); <sup>4</sup> Fitch, Moody's, S&P (October 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

# Regulatory and fiscal environment has further deteriorated

## New regulations in 2022

### Gas and power market:

- ▶ **Law 357:** approving GEO 119; most deadlines extended to March 2025
- ▶ **GEO 153:** obligation to sell a significant part of the electricity produced at a fixed price; applicability Jan 2023 – March 2025

### Fuels market:

- ▶ **GEO 106:** voluntary pump discount of 50 ban/liter; applicability for Q3-Q4/22

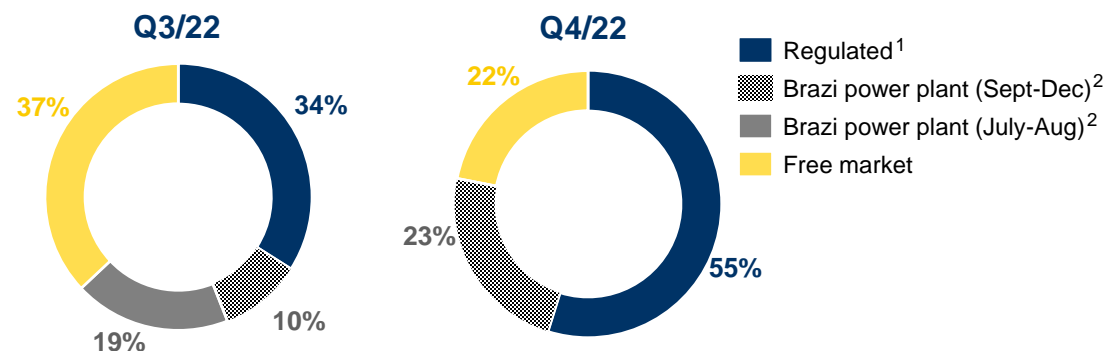
### EU solidarity tax - GEO 186

- ▶ Implements in Romanian legislation the solidarity contribution for fossil fuel companies provided by the EU Regulation 1854 2022
- ▶ May be subject to changes during the Parliamentary process

## 2022 specific sector taxes

	2022 yoy	2022 bn RON
Total direct taxes and contributions, thereof	3.7 times	9.7
Royalties	2.3 times	2.1
Gas windfall tax	3.1 times	3.2
Power windfall tax	NEW	1.5

## Gas sales portfolio



<sup>1</sup> Includes sales quantities subject to GEO 27 and GEO 119 (households, heat producers for households, cost plus, trading, supplier of last resort); <sup>2</sup> Brazi power plant is subject to GEO 119 starting September 2022

# Key messages Q4/22

## Strong financial performance

### Clean CCS Operating result

RON 2.1 bn

**+38%** yoy

### Operating Cash Flow

RON 1.8 bn

**-13%** yoy

### Clean CCS ROACE

38.0%

**+25pp** yoy

## Good operational performance

- ▶ Good contribution from drilling and workover partly offset natural decline
- ▶ Refinery utilization: 99%
- ▶ Refined products sales +5% yoy; retail sales +7% yoy
- ▶ Gas sales volume +2% yoy

## Strategic focus

- ▶ Base dividend proposal<sup>1</sup>: RON 0.0375/share, 10% up yoy; special dividend considered for 2023
- ▶ Neptun Deep: DoC<sup>2</sup> submitted; FID estimated mid-2023<sup>3</sup>
- ▶ Renewable power: partnership for first ~450 MW concluded
- ▶ Aromatics: production capacity to increase by 50 kt/y by 2026
- ▶ G&P: growth beyond equity production; diversifying supply sources, including LNG

## HSSE

**TRIR<sup>4</sup>**: 0.38

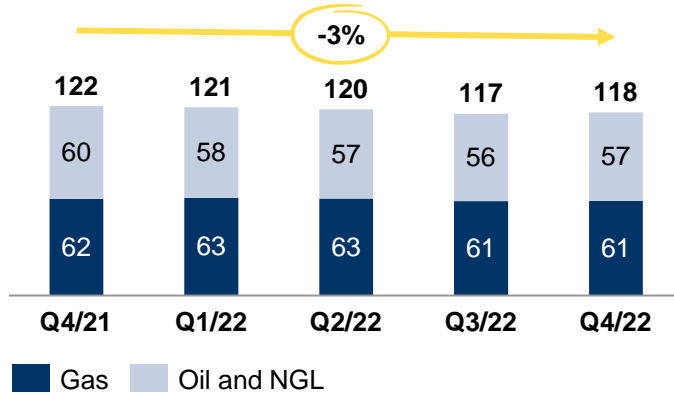
**GHG intensity<sup>5</sup>**: slightly decreased yoy

<sup>1</sup> Executive Board's proposal subject to approvals of the Supervisory Board and Annual General Meeting of Shareholders on April 26, 2023; a special dividend is also planned to be paid in 2023, with the exact amount to be announced in mid-2023; <sup>2</sup> Declaration of Commerciality; <sup>3</sup> Assuming key prerequisites in place; <sup>4</sup> Total Recordable Injury Rate, 2022; <sup>5</sup> Greenhouse gases intensity 2022

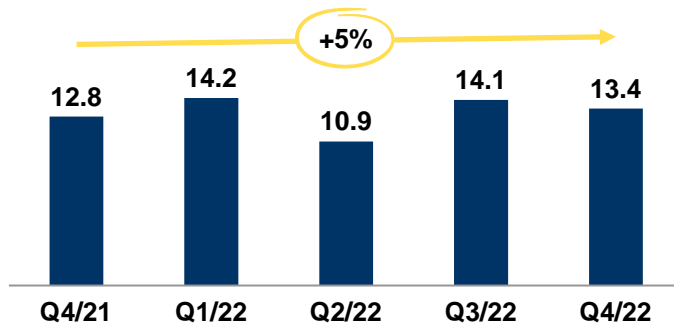
# Good operational performance in the context of lower market demand

## Exploration and Production

### Hydrocarbon production kboe/d

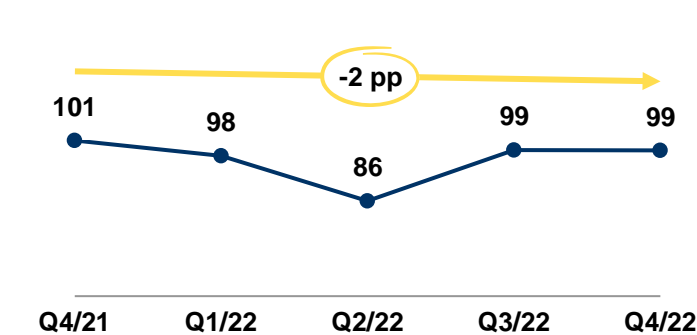


### Production cost USD/boe

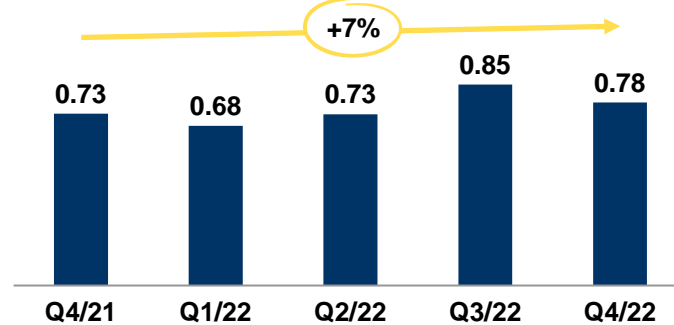


## Refining and Marketing

### Refinery utilization rate %

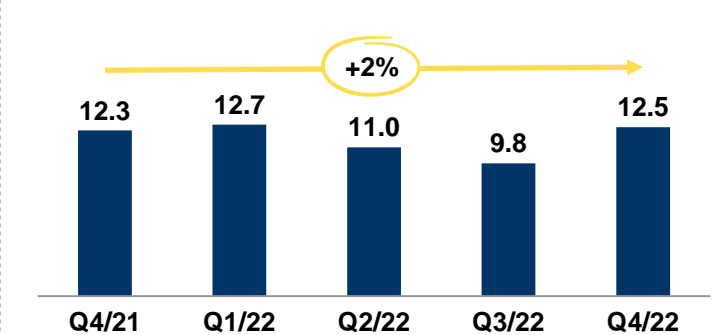


### Retail sales volumes mn t

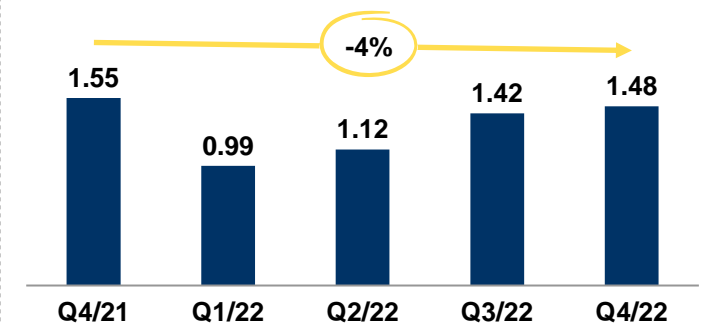


## Gas and Power

### Gas sales volumes TWh

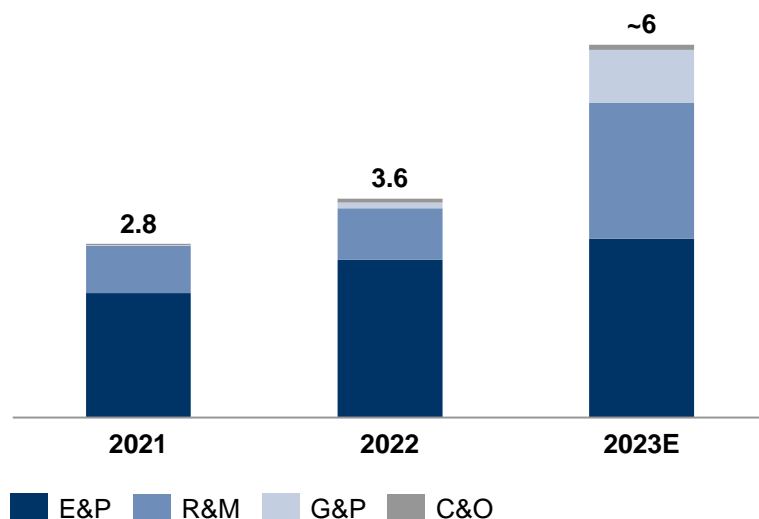


### Brazi net electrical output TWh



# Increasing CAPEX

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



### 2022

#### ► RON 3.6 bn:

- 55 new wells and sidetracks; ~650 workovers
- Energy efficiency and EOR projects
- Coke drums replacement
- Preparations for major turnaround in Petrobrazil in 2023
- Planned shutdown for Brazil power plant

### 2023E

#### ► RON ~6 bn:

- Wells and sidetracks: ~55; ~450 workovers
- Neptun Deep project
- Planned major turnaround in Petrobrazil refinery
- New aromatic unit
- Advanced ethanol and SAF/HVO in Petrobrazil
- Planned shutdown for Brazil power plant
- Additional new renewable power projects

<sup>1</sup> CAPEX including E&A





# Strategy 2030 – Transforming for a lower carbon future

		Execution in 2022	Focus areas in 2023
<b>Transition to low and zero carbon</b>	▶ <b>Renewable power</b>	Partnership concluded with CEO for 450 MW	Continue developing our renewables portfolio
	▶ <b>Biofuels</b>	First batch of SAF produced at Petrobrazî	Progress with the 1 <sup>st</sup> SAF/HVO plant
	▶ <b>Aromatics</b>	FID for new unit at the Petrobrazî refinery	Production capacity to increase by 50 kt/y by 2026
	▶ <b>Alternative mobility</b>	120 EV charging points operational	Further expand EV charging network
<b>Grow regional gas</b>	▶ <b>Neptun Deep</b>	Operatorship mid-2022; DoC <sup>1</sup> end-2022	FID mid-2023
	▶ <b>Bulgaria offshore</b>	Preparations for drilling one exploration well	Spud one well in 2023-2024
<b>Optimize traditional business</b>	▶ <b>MyAuchan</b>	275 new stores opened by end-2022	Finalize roll-out in 400 Petrom-branded stations
	▶ <b>Asset utilization</b>	Increased drilling; Petrobrazî refinery: 95%; Brazi – highest ever annual utilization of the power plant	Continue portfolio optimization; Petrobrazî refinery >85%; Brazi planned shutdown
	▶ <b>Gas &amp; Power</b>	Diversified supply sources	Intensified regional operations, including diversified supply sources
	▶ <b>Carbon intensity of our operations</b>	2022 vs. 2019: -11%; methane intensity: 0.48%, -35%yoy	Progress towards reaching -30% by 2030 vs. 2019; methane emissions intensity target: <0.2% by 2025
	▶ <b>Attractive shareholders return</b>	Record high dividend paid, RON 4.5 bn (base and special)	Base dividend to be paid for 2022: +10% yoy <sup>2</sup> ; special dividend to be announced mid-2023

**Sustainable investment proposition**

<sup>1</sup> Declaration of Commerciality; <sup>2</sup> Executive Board's proposal subject to approvals of the Supervisory Board and Annual General Meeting of Shareholders on April 26, 2023; a special dividend is also planned to be paid in 2023, with the exact amount to be announced in mid-2023



# OMV Petrom Q4/22 Results

Alina Popa, CFO

February 2, 2023



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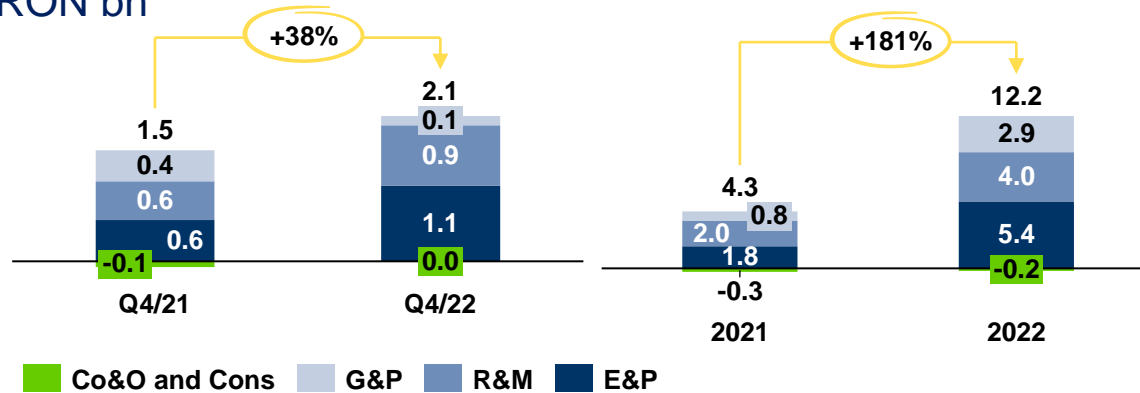
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# Income Statement: strong results

## Clean CCS Operating Result

RON bn

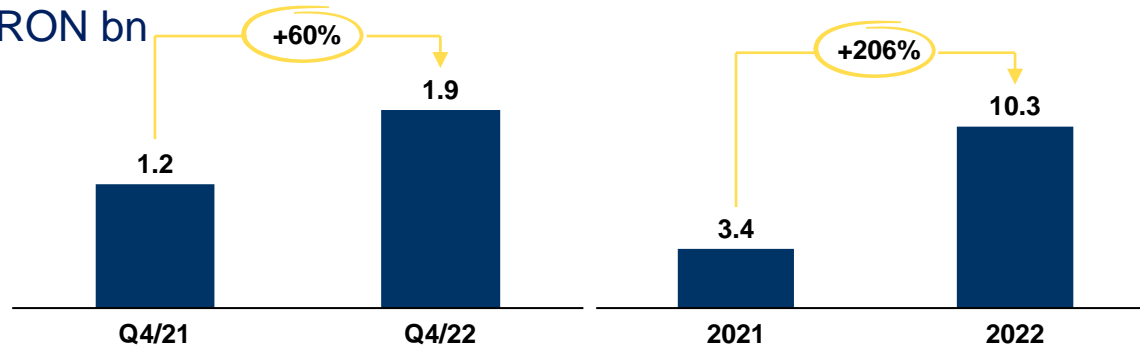


### ► Q4/22 Clean CCS Operating Result reflects:

- Higher commodity prices and refining margin
- Higher sales volumes for all our products
- Higher power and fuel taxes

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

RON bn

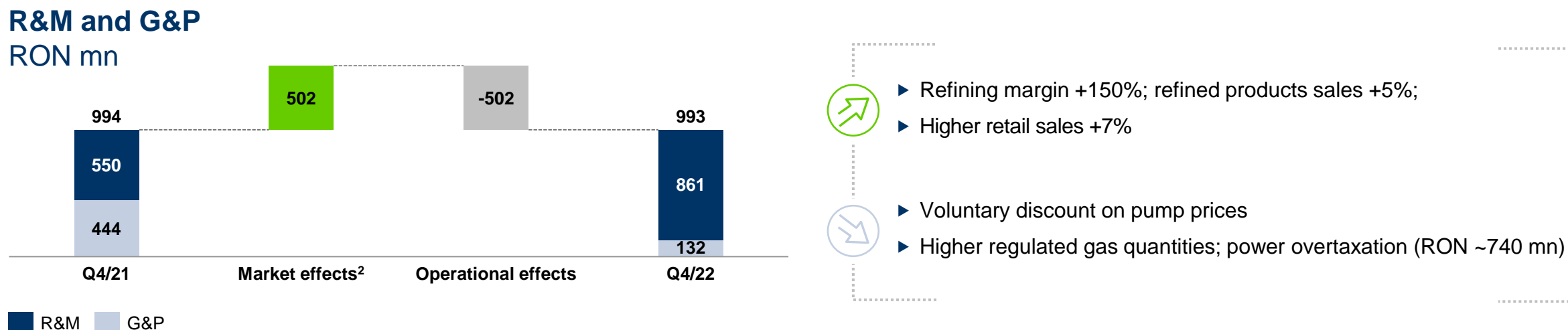
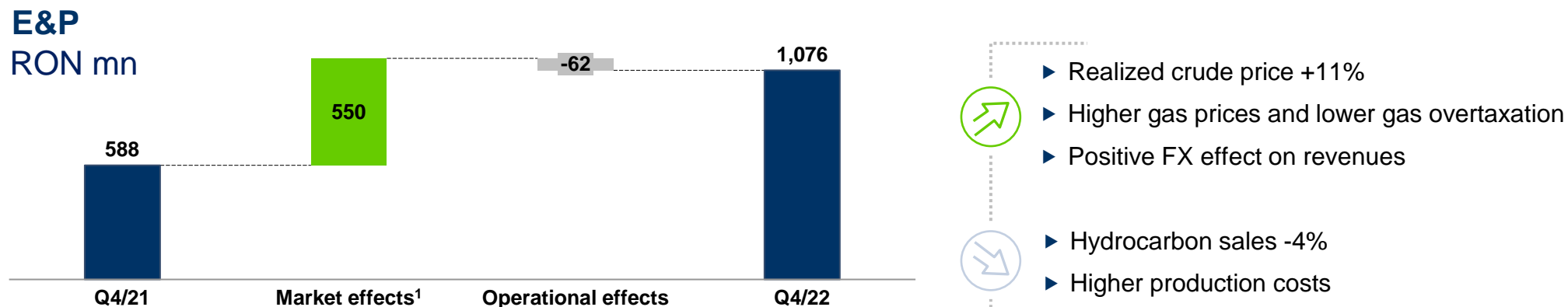


### ► Q4/22 Clean CCS Net Income evolution reflects:

- Development of operating result
- Lower taxes on income
- Higher interest on bank deposits

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

# Clean CCS Operating Results improved in E&P and R&M; G&P affected by increased regulation and overtaxation



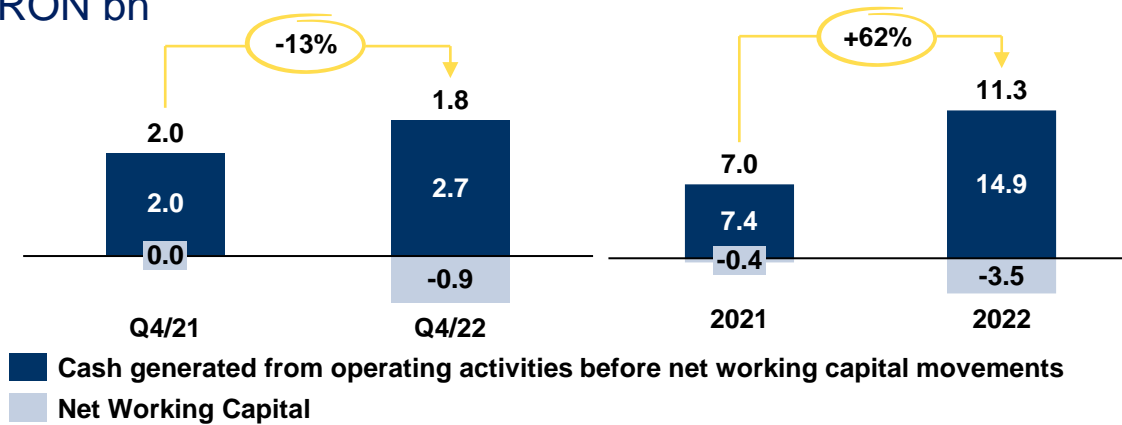
<sup>1</sup> Market effects defined as oil and gas prices, foreign exchange impact on revenues, price effect on royalties (including gas over-taxation); <sup>2</sup> Market effects based on refining indicator margin; starting Q2/22, the indicator refining margin reflects the change in crude oil reference price from Urals to Brent; the values of the indicator refining margin for the previous periods were not restated



# Cash flow

## Cash Flow from Operating Activities

RON bn

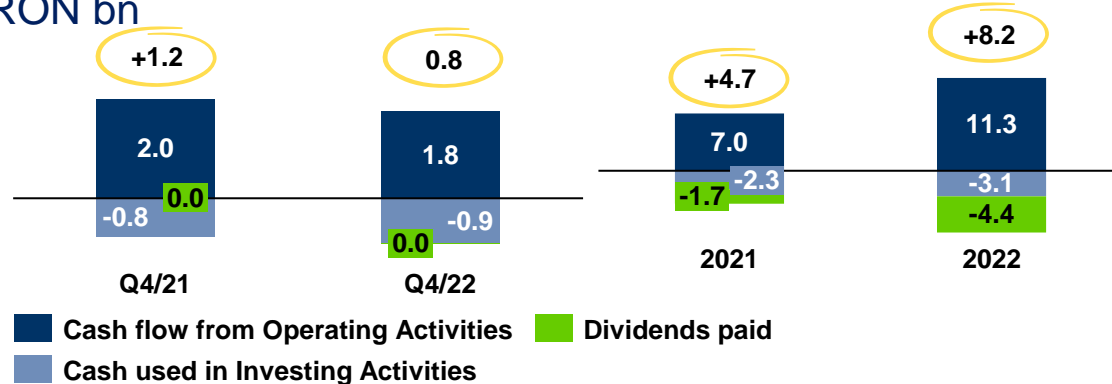


### ► Q4/22 Cash Flow from Operating Activities:

- Increase in operating cash flow before working capital changes
- Negative NWC

## Free Cash Flow after dividends

RON bn

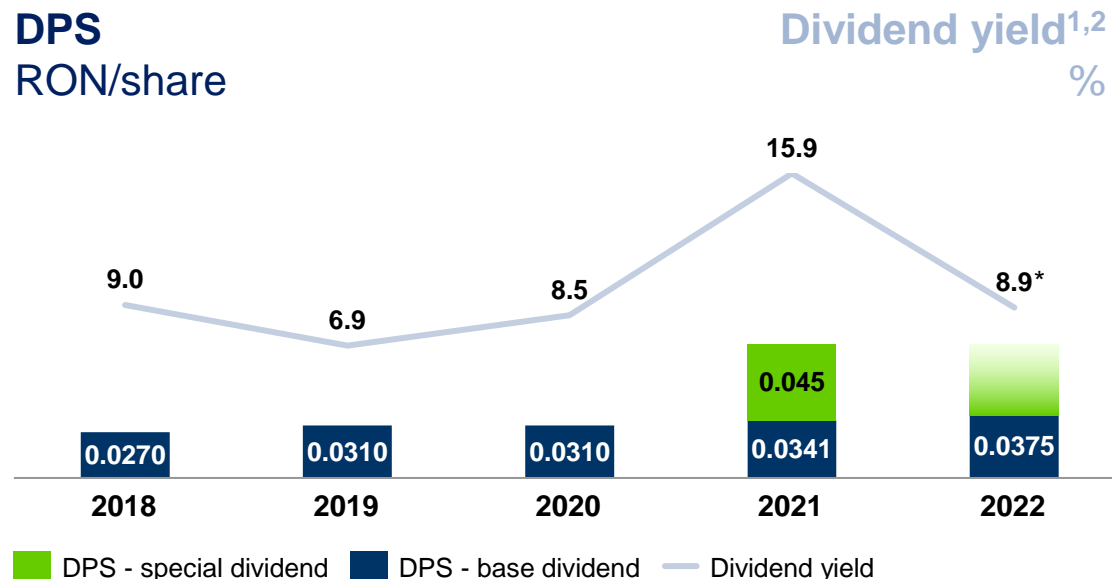


### ► Q4/22 Free Cash Flow after dividends:

- Increase in operating cash flow before working capital changes
- Cash outflow from investing activities 18% higher yoy

# 2022 Base dividend proposal: RON 2,337 mn, up 10% in line with policy

- ▶ Base DPS<sup>1</sup> 2022: RON 0.0375, +10% yoy
- ▶ Dividend yield<sup>2</sup> 2022: 8.9% (2021: 15.9%, including special dividend)
- ▶ Payout ratio 2022: 23% (2021: 156%, including special dividend)
- ▶ Special dividend to be announced mid-2023



<sup>1</sup> Executive Board's proposal subject to approvals of the Supervisory Board and Annual General Meeting of Shareholders on April 26, 2023; <sup>2</sup> Calculated based on the closing share price as of the last trading day of the respective year, unadjusted for the land share capital increase and special dividend; \* Calculated using base dividend only

# Outlook

Indicators	Actual 2022	Assumptions/ Targets 2023	Assumptions/ Targets 2024-2025 averages
<b>Brent oil price</b>	USD 101.3/bbl	USD >80/bbl	USD ~75/bbl
<b>Production <sup>1</sup></b>	119 kboe/d	~110 kboe/d	95 – 100 kboe/d
<b>Refining margin <sup>2</sup></b>	USD 16.6/bbl	USD >9/bbl	USD ~9/bbl
<b>CAPEX</b>	RON 3.6 bn	RON ~6 bn	RON ~7 bn
<b>FCF before dividends</b>	RON 8.2 bn	Marginally positive	Positive

<sup>1</sup> Excluding possible divestments; <sup>2</sup> Starting Q2/22, the indicator refining margin reflects the change in crude oil reference price from Urals to Brent.





Q&A

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Back-up

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# Sensitivities in 2023

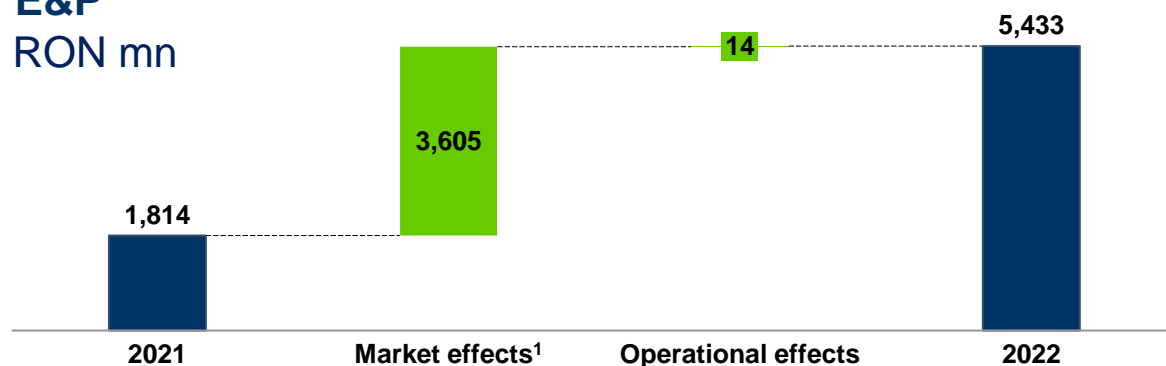
2023 sensitivities		EBIT impact
Brent oil price	USD +1/bbl	~EUR +15 mn
Equity gas price <sup>1</sup> in a free market scenario	EUR +1/MWh	~EUR +10 mn
OMV Petrom indicator refining margin	USD +1/bbl	~EUR +25 mn
Exchange rates EUR/USD	USD appreciation by 5 USD cents	~EUR +50 mn

<sup>1</sup> This sensitivity is valid in a free market scenario and 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 throughout all business segments

## E&P

RON mn



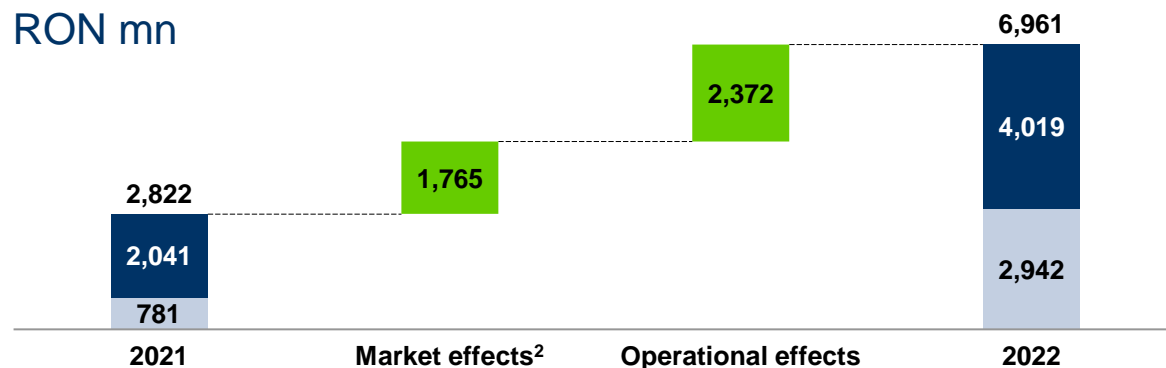
- ▶ Realized crude price +45%
- ▶ Higher gas price, partially offset by higher royalties and gas overtaxation
- ▶ Positive FX effect on revenues
- ▶ Lower depreciation



- ▶ Hydrocarbon sales -7%
- ▶ Higher production costs, +3%

## R&M and G&P

RON mn



- ▶ Refining margins +203%; higher refined products sales +3%
- ▶ Excellent margin on gas from storage and 3<sup>rd</sup> party gas; higher power production



- ▶ Voluntary discount on pump prices
- ▶ Negative contribution of power forward contracts; new power overtaxation starting Q2/22, increased in H2/22

■ 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; 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