OMV Petrom Group Factsheet Q1/23
April 28, 2023

Highlights Q1/23[i]

Group
- Clean CCS Operating Result at RON 2.1 bn, 7% lower, supported by good operational performance which partly counterbalanced the impact of lower commodity prices, in the context of numerous regulatory interventions
- Clean CCS net income attributable to stockholders of the parent at RON 1.9 bn, up 5%
- Cash flow from operating activities at RON 4.7 bn, 77% higher
- CAPEX at RON 1.0 bn, up 52%
- Free cash flow after dividends at RON 3.3 bn, 72% higher
- Clean CCS ROACE at 37%, 19 pp higher
- TRIR: 0.53 (Q1/22: 0.33)[ii]

Exploration and Production
- Clean Operating Result at RON 985 mn vs. RON 1,106 mn in Q1/22, mainly due to lower oil and gas prices and lower sales volumes
- Production decreased by 4.1%, mainly due to natural decline, partly offset by the contribution of workovers and new wells
- Production cost slightly increased by 2% to USD 14.5/boe, mainly driven by lower production available for sale partly offset by favorable FX

Refining and Marketing
- Clean CCS Operating Result at RON 616 mn, similar to Q1/22, as lower refining margins were broadly offset by improved sales channels performance
- OMV Petrom indicator refining margin[iii] at USD 16.6/bbl, down 9% on lower product spreads, mainly for diesel
- Refinery utilization rate at 98%, similar to Q1/22
- Total refined product sales volumes 2% higher, supported by non-retail performance

Gas and Power
- Clean Operating Result at RON 723 mn, similar to Q1/22, mainly supported by strong margins from storage gas and power transactions outside Romania
- Gas sales volumes up 3.3%, in the context of 13% estimated yoy decline in demand, driven by overall resilient customer portfolio, as well as sales to the regulated market and supply of last resort customers
- Stable power output, in the context of Brazi power plant's planned outage of the full capacity in both March 2023 and March 2022

Key events
- OMV Petrom and Transgaz signed a transport contract for Black Sea gas
- Changes in the Executive Board (new EB member for Exploration and Production) and the mandate of the Executive Board renewed for another 4 years
- Supervisory Board and Ordinary General Meeting of Shareholders (OGMS) approved Executive Board's initial proposal for 2022 base dividend per share of RON 0.0375, up 10% yoy; Executive Board announced the intention for a special dividend to be distributed in 2023, exact value to be communicated in mid-2023

[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 Q2/22, the refining indicator margin reflects the change in crude oil reference price from Urals to Brent in OMV Petrom. The value of the indicator refining margin for Q1/22 was not restated.

Financial highlights

Q1/23	Q4/22	Q1/22	Δ%[1]	in RON mn	2022
9,473	17,096	11,898	(20)	Sales revenues [2]	61,344
2,095	**2,067**	**2,241**	**(7)**	**Clean CCS Operating Result[3]**	**12,198**
985	1,076	1,106	(11)	Clean Operating Result Exploration and Production[3,4]	5,433
616	861	626	(2)	Clean CCS Operating Result Refining and Marketing [3]	4,019
723	132	727	(1)	Clean Operating Result Gas and Power	2,942
(24)	(32)	(22)	(6)	Clean Operating Result Co&O[3]	(96)
(205)	30	(195)	(5)	Consolidation	(99)
16	14	17	(5)	Clean CCS Group effective tax rate (%)	16
1,881	1,855	1,788	5	Clean CCS net income[3]	10,272
1,881	**1,855**	**1,788**	**5**	**Clean CCS net income attributable to stockholders of the parent[3,6]**	**10,273**
0.0302	0.0300	0.0293	3	Clean CCS EPS (RON)[3,6]	0.1679
2,095	**2,067**	**2,241**	**(7)**	**Clean CCS Operating Result[3]**	**12,198**
(356)	(823)	(162)	(119)	Special items[5]	(320)
(122)	(126)	107	n.m.	CCS effects: Inventory holding gains/(losses)	160
1,617	**1,119**	**2,185**	**(26)**	**Operating Result Group**	**12,039**
987	(736)	1,105	(11)	Operating Result Exploration and Production[4]	3,612
529	734	707	(25)	Operating Result Refining and Marketing	4,076
352	1,170	599	(41)	Operating Result Gas and Power	4,662
(25)	(118)	(30)	17	Operating Result Co&O	(250)
(226)	68	(195)	(16)	Consolidation	(61)
154	90	(82)	n.m.	Net financial result	17
1,771	**1,209**	**2,104**	**(16)**	**Profit before tax**	**12,056**
16	5	17	(3)	Group effective tax rate (%)	15
1,481	1,144	1,748	(15)	Net income	10,300
1,481	**1,145**	**1,748**	**(15)**	**Net income attributable to stockholders of the parent[6]**	**10,301**
0.0238	0.0185	0.0287	(17)	EPS (RON)[6]	0.1684
—	—	—	—	Dividend/share (RON)	0.0375[7]
4,660	1,762	2,640	77	Cash flow from operating activities	11,337
3,290	846	1,911	72	Free cash flow after dividends	3,794
(16,727)	(13,463)	(11,257)	49	Net debt/(cash) including leases	(13,463)
(17,368)	(14,118)	(11,927)	46	Net debt/(cash) excluding leases	(14,118)
959	1,261	629	52	Capital expenditure	3,551
37.3	38.0	17.8	109	Clean CCS ROACE (%)[3]	38.0
36.0	38.1	15.5	132	ROACE (%)	38.1
7,735	7,742	7,907	(2)	OMV Petrom Group employees end of period	7,742
0.53	0.21	0.33	61	TRIR	0.38

[1] Q1/23 vs. Q1/22

[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; figures from previous periods have been adjusted retrospectively as per IFRS requirements following the share capital increase finalized in Q4/22;

[7] Base dividend only

Outlook for the full year 2023

Market environment

- For the full year 2023, OMV Petrom expects the **average Brent oil price** to be above USD 80/bbl (2022: USD 101/bbl)
- **Refining margin** is expected to be above USD 9/bbl (2022: USD 16.6/bbl[iv])
- In Romania **demand** for oil products in retail is expected to be slightly above 2022 level, while demand for gas and power to be lower compared to 2022 (previous guidance, all broadly stable yoy)
- Legislative measures introduced for the gas and power markets were prolongued until end-March 2025 with regards to prices, margins, storage and contributions.

Financial highlights

- **CAPEX** is anticipated to increase by approximately 70% to around RON 6 bn, with higher investments dedicated mainly to the Neptun Deep project, accelerated low and zero carbon projects and the Petrobrazi refinery turnaround. Investments require predictable and stable regulatory and fiscal environment. (2022: RON 3.6 bn)
- We expect a **positive free cash flow before dividends,** yet lower yoy, due to higher investments (2022: RON 8.2 bn)
- **Attractive returns to shareholders**: 2022 base dividend of RON 0.0375/share approved by the OGMS; Executive Board announced the intention for a special dividend to be distributed in 2023, exact value to be communicated in mid-2023

Strategic direction: Optimize traditional business

Exploration and Production

- **Production:** expected to be around 110 kboe/d excluding possible divestments (2022: 119 kboe/d)
- **Portfolio optimization:** continue to focus on the most profitable barrels, through assessing selective fields divestments
- **Investments:** around RON 2.9 bn, including Neptun Deep (2022: RON 2.6 bn): drilling around 55 new wells and sidetracks and perform around 450 workovers (2022: 55 new wells and sidetracks; 647 workovers)

Refining and Marketing

- **Partnership with Auchan:** MyAuchan stores in all 400 Petrom-branded filling stations planned by year-end, one year ahead of the initial plan (at year-end 2022: 275 stores)
- The **refinery utilization rate** is estimated to be above 85% considering the 42-day turnaround started in April (2022: 95%)
- Total **refined product sales** are forecasted to slightly decline yoy (2022: 5.5 mn t), on lower production due to the refinery turnaround; retail fuel sales expected to slightly increase yoy

Gas and Power

- Total **gas sales volumes** are estimated to be lower yoy (2022: 46 TWh), mainly on lower supply, both from equity and third parties and still lower demand
- **Net electrical output** is forecasted to be lower yoy (2022: 5.0 TWh), in the context of a longer than initially planned outage of the Brazi power plant, now estimated for four months for the entire capacity (2022: one month for full capacity and one month for half capacity)

Strategic direction: Grow regional gas

- Progressing **Neptun Deep project** towards final investment decision: estimated for mid-2023, assuming all pre-requisities are in place
- **Han Asparuh offshore Bulgaria:** continue preparation work aiming to spud one exploration well in 2024
- **Georgia Offshore Exploration Block II:** seismic acquisition remains on hold

Strategic direction: Transition to low and zero carbon

- We target to **reduce carbon intensity** by 30% until 2030 vs. 2019 (2022: ~11% lower vs. 2019)
- Progress in developing a **renewable power portfolio via partnerships**
- Further developments towards producing **sustainable aviation fuel and second generation bioethanol**
- **E-mobility**: continue to expand the EV charging network with the plan to double the existing number of charging points (at year end-2022: 120 fast and ultra fast charging points installed);
- **EU funds**: we are advancing on securing EU funds for various projects (renewables, green hydrogen and EVs)

[iv] Based on Brent

Business segments

First quarter 2023 (Q1/23) vs. first quarter 2022 (Q1/22)

Exploration and Production

- **Clean Operating Result at RON 985 mn vs. RON 1,106 mn in Q1/22, mainly due to lower oil and gas prices and lower sales volumes**
- **Production decreased by 4.1% mainly due to natural decline, partly offset by the contribution of workovers and new wells**
- **Production cost slightly increased by 2% to USD 14.5/boe, mainly driven by lower production available for sale partly offset by favorable FX**

Clean Operating Result was RON 985 mn vs. RON 1,106 mn in Q1/22, driven by the lower oil and gas prices and lower sales volumes, partly offset by lower amount related to E&P taxes, lower exploration expenses and favorable FX (stronger USD vs. RON).

Special items amounted to RON 2 mn. **Reported Operating Result** was RON 987 mn vs. RON 1,105 mn in Q1/22.

Hydrocarbon production decreased by 4.1% to 10.5 mn boe or 116.3 kboe/d (Q1/22: 10.9 mn boe or 121.3 kboe/d), reflecting the natural decline in the main fields, partly offset by the contribution of workovers and new wells. Crude oil and NGL production dropped by 4.0% to 5.0 mn bbl, mainly due to natural decline. Gas production decreased by 4.2% to 5.4 mn boe mainly due to natural decline in the main fields (Totea Deep and Lebada East).

Hydrocarbon sales volumes decreased by 4% due to the same factors which affected the production.

Production cost slightly increased by 2% to USD 14.5/boe, mainly due to lower production available for sale, partly offset by favorable FX (stronger USD vs. RON). Production cost in RON terms increased by 6% to RON 66.4/boe.

Exploration expenditures increased to RON 53 mn, mainly due to increased drilling expenditures, partially offset by lower seismic activities.

Exploration expenses decreased to RON 17 mn, mainly due to lower seismic activities and lower write-offs.

Capital expenditure increased to RON 550 mn, due to ongoing 3D development seismic acquisition, higher exploration drilling activities as well as increased investments for running business projects.

In Q1/23, we finalized the drilling of 8 new wells and sidetracks, including 1 exploration well (Q1/22: 10 new wells and sidetracks).

Refining and Marketing

- **Clean CCS Operating Result at RON 616 mn, similar to Q1/22, as lower refining margins were broadly offset by improved sales channels performance**
- **OMV Petrom indicator refining margin at USD 16.6/bbl, down 9% on lower product spreads, mainly for diesel**
- **Total refined product sales volumes 2% higher, supported by non-retail performance**

Clean CCS Operating Result reached RON 616 mn in Q1/23, broadly similar with Q1/22 (RON 626 mn), as the lower refining margin was partially offset by higher retail and commercial margins and higher sales volumes. **Reported Operating Result** of RON 529 mn (Q1/22: RON 707 mn), reflected negative CCS effects of RON (101) mn (Q1/22: positive effects), due to lower crude oil quotations, and RON 14 mn net special gains (Q1/22: RON (26) mn net special loss) mainly in relation to hedging.

OMV Petrom indicator refining margin decreased by USD 1.7/bbl to USD 16.6/bbl in Q1/23, due to lower product spreads, mainly diesel. The **refinery utilization rate** was 98% in Q1/23 (Q1/22: 98%).

Total refined product sales volumes were up 2% vs. Q1/22, driven by higher non retail sales. Group retail sales volumes, which accounted for 53% of total refined product sales, decreased by 3%, considering the high base effect from Q1/22 at the start of the Ukraine conflict. Our Group retail sales slightly underperformed in our operating markets, mainly in Romania. However, we registered an improved performance in the non-fuel business margin. Q1/23 non-retail sales volumes increased by 9%, mainly helped by a strong increase in jet sales volumes and higher exports.

Investments amounted to RON 380 mn (Q1/22: RON 121 mn), mostly directed to the Refining business, for projects connected with the major planned turnaround of Petrobrazi refinery and for ongoing projects such as coke drums replacement, a new crude oil tank and new aromatic complex.

Gas and Power

- **Clean Operating Result at RON 723 mn, similar to Q1/22, mainly supported by strong margins from storage gas and power transactions outside Romania**
- **Gas sales volumes up 3.3%, in the context of 13% estimated yoy decline in demand, driven by overall resilient customer portfolio, as well as sales to the regulated market and supply of last resort customers**
- **Stable power output, in the context of Brazi power plant's planned outage of full capacity in both March 2023 and March 2022**

Clean Operating Result was RON 723 mn in Q1/23 (Q1/22: RON 727 mn), reflecting good operational performance in both gas and power business lines, in the context of numerous regulatory interventions. **Reported Operating Result** of RON 352 mn (Q1/22: RON 599 mn) reflected RON (371) mn net special charges, mainly in relation to net temporary losses from electricity forward contracts.

The gas business had a good performance, with very good contribution from gas volumes extracted from storage, partly offset by lower margins from equity and 3rd party gas, in the context of highly regulated gas sales portfolio. The power business also had a very good performance built on transactions outside Romania and strong captured spark spreads, supported also by contribution from balancing and ancillary services.

As per OMV Petrom's estimates, national **gas** consumption was 13% lower compared to Q1/22, an estimated lowest level for a first quarter so far in the last two decades, as a result of warm weather and industry not being able to recover from 2022 lows.

On the Romanian centralized markets, the weighted average price of natural gas for transactions with medium and long-term standardized products concluded in Q1/23 irrespective of delivery period (0.8 TWh) was RON 253/MWh[v,vi] (Q1/22: RON 469/MWh). The average price for the quantities delivered during the quarter was RON 381/MWh (Q1/22: RON 372/MWh)[vii]. Regarding short-term deliveries, on BRM day-ahead market, the average price[viii] in Q1/23 was RON 270/MWh (Q1/22: RON 485/MWh).

In Q1/23, OMV Petrom's total gas sales volumes were up 3.3% yoy, at 13.1 TWh, a very good performance considering the significant drop in overall consumption in the country. As a result, our market share (gas sales volumes in Romania per national gas consumption) increased to 32% in Q1/23 from 26% in Q1/22. The significantly higher gas volumes extracted from storage compensated the lower supply from both equity and third party sources. Gas volumes sold to third parties were 4% higher yoy, proving resilience of our customer portfolio and successful sales efforts in bringing new customers. Sales to regulated market (households and district heating companies) of around 4 TWh in Q1/23 (no such obligation in Q1/22) also contributed

[v] OMV Petrom estimates based on available public information;

[vi] 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;

[vii] Based on monthly data, as published by BRM on https://www.brm.ro/cotatii-gaze-naturale/; retrieved on April 26, 2023;

[viii] Average computed based on daily trades published on BRM platform.

to increased volumes. Gas sales volumes in Romania were at 12.3 TWh, of which around 90% from equity gas and 10% from third parties.

At the end of Q1/23, OMV Petrom had 0.8 TWh natural gas in storage (end of Q1/22: 0.0 TWh).

As per currently available information from the grid operator, national **electricity** consumption decreased by 10% in Q1/23 compared to the same quarter of 2022, while national production increased by 4%, Romania switching to a net power exporter position in Q1/23, from net power importer in Q1/22.

In Q1/23 the Brazi power plant generated a net electrical output of 1.0 TWh, similar compared to Q1/22, as the power plant was in planned outage with the entire capacity in both March 2023 and March 2022.

Investments amounted to RON 17 mn (Q1/22: RON 49 mn), in both quarters being mainly directed to Brazi power plant planned outage.

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