

OMV Petrom Group Factsheet Q2/23

July 28, 2023

Highlights Q2/23ⁱ

OMV Petrom Group

- ▶ Clean CCS Operating Result at RON 1.6 bn, 56% lower, still showing resilience in the context of significantly lower commodity prices and asset utilization impacted by maintenance activities
- ▶ Clean CCS net income attributable to stockholders of the parent at RON 1.5 bn, down 51%
- ▶ Cash flow from operating activities at RON 0.4 bn, 89% lower
- ▶ CAPEX at RON 1.4 bn, up 89%
- ▶ Free cash flow after dividends outflow of RON 3.5 bn in Q2/23, compared with an inflow of RON 1.1 bn in Q2/22
- ▶ Clean CCS ROACE at 31%, 4 pp higher
- ▶ TRIR: 0.66 (Q2/22: 0.48)ⁱⁱ
- ▶ Special dividend proposal: RON 0.045/shareⁱⁱⁱ leading to a total dividend yield of 19.6%^{iv}

Exploration and Production

- ▶ Clean Operating Result at RON 1,152 mn vs. RON 1,889 mn in Q2/22, mainly due to lower oil and gas prices and volumes
- ▶ Production decreased by 5.3%, mainly due to natural decline and planned maintenance activities, partly offset by the contribution of new wells and workovers
- ▶ Production cost increased by 41% to USD 15.4/boe, mainly due to a positive one-off effect in Q2/22, lower production available for sale, and cost inflation

Refining and Marketing

- ▶ Clean CCS Operating Result at RON 142 mn vs. RON 1,197 mn in Q2/22, mainly reflecting lower refining margins and refinery utilization
- ▶ OMV Petrom indicator refining margin at USD 11.2/bbl, down 54% as a result of weaker product spreads
- ▶ Refinery utilization rate at 31%, compared to 86% in Q2/22 in the context of the 8 week turnaround
- ▶ Retail sales volumes 5% higher

Gas and Power

- ▶ Clean Operating Result at RON 471 mn vs. RON 816 mn in Q2/22, in the context of significantly lower market prices and extended regulatory and fiscal interventions
- ▶ Brazi power plant was in prolonged planned outage with the entire capacity in Q2/23
- ▶ Gas sales to third parties up 8%, reflecting successfully rerouted quantities not used for power production

Key events

- ▶ OMV Petrom took the final investment decision for the Neptun Deep project and, together with its partner Romgaz, approved the development plan and submitted it to the regulator for endorsement
- ▶ OMV Petrom and CE Oltenia signed the financing contracts to build four photovoltaic parks
- ▶ OMV Petrom signed an agreement for the purchase of several photovoltaic parks in Romania with a targeted installed capacity of around 710 MW
- ▶ OMV Petrom paid RON ~1.5 bn additional tax representing the solidarity contribution on refined crude oil for 2022
- ▶ OMV Petrom discovered new hydrocarbon resources in Romania, totaling more than 30 mn boe

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 Special dividend subject to approval by the Supervisory Board and the General Meeting of Shareholders.

^{iv} Including the RON 0.0375 base dividend and using the share price as of December 30, 2022.

Financial highlights

Q2/23	Q1/23	Q2/22	Δ% ¹ in RON mn	6m/23	6m/22	Δ%
8,391	9,473	13,683	(39) Sales revenues ²	17,864	25,581	(30)
1,614	2,095	3,660	(56) Clean CCS Operating Result³	3,709	5,901	(37)
1,152	985	1,889	(39) Clean Operating Result Exploration and Production ^{3,4}	2,137	2,995	(29)
142	616	1,197	(88) Clean CCS Operating Result Refining and Marketing ³	758	1,824	(58)
471	723	816	(42) Clean Operating Result Gas and Power	1,194	1,543	(23)
(11)	(24)	(15)	28 Clean Operating Result Co&O ³	(34)	(37)	7
(139)	(205)	(228)	39 Consolidation	(345)	(423)	19
16	16	17	(1) Clean CCS Group effective tax rate (%)	16	17	(2)
1,471	1,881	2,980	(51) Clean CCS net income ^{3,7}	3,351	4,768	(30)
1,471	1,881	2,980	(51) Clean CCS net income attributable to stockholders of the parent^{3,6,7}	3,351	4,768	(30)
0.0236	0.0302	0.0489	(52) Clean CCS EPS (RON) ^{3,6,7}	0.0538	0.0782	(31)
1,614	2,095	3,660	(56) Clean CCS Operating Result³	3,709	5,901	(37)
(25)	(356)	(450)	94 Special items ⁵	(381)	(612)	38
(30)	(122)	322	n.m. CCS effects: Inventory holding gains/(losses)	(152)	429	n.m.
1,559	1,617	3,532	(56) Operating Result Group	3,176	5,718	(44)
1,149	987	1,887	(39) Operating Result Exploration and Production ⁴	2,136	2,992	(29)
89	529	1,590	(94) Operating Result Refining and Marketing	618	2,298	(73)
492	352	323	52 Operating Result Gas and Power	844	922	(8)
(33)	(25)	(40)	18 Operating Result Co&O	(58)	(70)	18
(138)	(226)	(228)	39 Consolidation	(364)	(423)	14
145	154	(91)	n.m. Net financial result	299	(173)	n.m.
1,704	1,771	3,441	(50) Profit before tax prior to solidarity contribution	3,475	5,545	(37)
(1,983)	-	-	n.a. Solidarity contribution on refined crude oil ⁸	(1,983)	-	n.a.
(279)	1,771	3,441	n.m. Profit/(loss) before tax	1,492	5,545	(73)
(93)	16	16	n.m. Group effective tax rate (%)	37	16	127
(537)	1,481	2,898	n.m. Net income/(loss)	944	4,646	(80)
(537)	1,481	2,898	n.m. Net income/(loss) attributable to stockholders of the parent⁶	944	4,646	(80)
(0.0086)	0.0238	0.0475	n.m. EPS (RON) ⁶	0.0152	0.0762	(80)
412	4,660	3,746	(89) Cash flow from operating activities	5,072	6,386	(21)
(3,476)	3,290	1,111	n.m. Free cash flow after dividends	(186)	3,022	n.m.
(13,231)	(16,727)	(12,337)	7 Net debt/(cash) including leases	(13,231)	(12,337)	7
(13,852)	(17,368)	(12,987)	7 Net debt/(cash) excluding leases	(13,852)	(12,987)	7
1,434	959	760	89 Capital expenditure	2,393	1,389	72
31.3	37.3	26.9	16 Clean CCS ROACE (%) ^{3,7}	31.3	26.9	16
22.6	36.0	25.3	(11) ROACE (%)	22.6	25.3	(11)
7,700	7,735	7,839	(2) OMV Petrom Group employees end of period	7,700	7,839	(2)
0.66	0.53	0.48	38 TRIR	0.60	0.41	46

¹ Q2/23 vs. Q2/22

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 2022;

⁷ Excludes the special item related to solidarity contribution on refined crude oil; ⁸ Solidarity contribution on refined crude oil is a special item in the computation of Clean CCS Net Income

Outlook for the full year 2023

Market environment

- ▶ For the full year 2023, OMV Petrom expects the **average Brent oil price** to be between USD 75/bbl and USD 80/bbl (previous guidance: above USD 80/bbl; 2022: USD 101/bbl)
- ▶ **Refining margin** is expected to be above USD 10/bbl (previous guidance: above USD 9/bbl; 2022: USD 16.6/bbl^v)
- ▶ 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
- ▶ Legislative measures introduced for the gas and power markets with regards to prices, margins, storage and contributions remain in place until end-March 2025. For companies that produce and refine crude oil, a contribution of RON 350 for each tonne of crude oil processed for 2022 and 2023 was introduced in May; the contribution for 2023 is due for payment at the end of June 2024.

Financial highlights

- ▶ **CAPEX** is anticipated to be around RON 6 bn, higher by approximately 70% yoy, with increased 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**: a base dividend of RON 0.0375/share was paid starting June and a special dividend of RON 0.0450/share was proposed by the Executive Board^{vi}; this translates into a total dividend yield of 19.6%^{vii}.

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 around 80% considering the prolonged turnaround in Q2/23 and slower ramp up (previous guidance: above 85%; 2022: 95%)
- ▶ Total **refined product sales** are forecasted to be lower yoy (2022: 5.5 mn t), due to the refinery turnaround; retail fuel sales expected to be higher 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, as well as depressed demand
- ▶ **Net electrical output** is forecasted to be lower yoy (2022: 5.0 TWh), reflecting the Brazi power plant prolonged planned outage in H1/23 for the entire capacity (2022: one month for full capacity and one month for half capacity)

Strategic direction: Grow regional gas

- ▶ **Neptun Deep project**: obtain endorsement of development plan from the regulator; awarding of main contracts and permitting will follow
- ▶ **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**

^v Based on Brent

^{vi} Special dividend subject to approval by the Supervisory Board and the General Meeting of Shareholders

^{vii} Including the RON 0.0375 base dividend and using the share price as of December 30, 2022

- ▶ **E-mobility:** continue to expand the EV charging network aiming to reach 240 charging points by year end (year end-2022: 120 fast and ultra fast charging points installed)
- ▶ **EU funds:** we are working on securing EU funds for various projects (renewables, green hydrogen and EV charging points)

Business segments

Second quarter 2022 (Q2/23) vs. second quarter 2022 (Q2/22)

Exploration and Production

- ▶ **Clean Operating Result** at RON 1,152 mn vs. RON 1,889 mn in Q2/22, mainly due to lower oil and gas prices and volumes
- ▶ **Production** decreased by 5.3% mainly due to natural decline and planned maintenance activities, partly offset by the contribution of new wells and workovers
- ▶ **Production cost** increased by 41% to USD 15.4/boe, mainly due to a positive one-off effect in Q2/22, lower production available for sale, and cost inflation

Clean Operating Result was RON 1,152 mn vs. RON 1,889 mn in Q2/22, driven by the lower oil and gas prices and volumes, higher production costs and unfavorable FX (stronger RON vs. USD), partly offset by lower E&P taxation and impairments.

Special items amounted to RON (3) mn, at the same level as in Q2/22. **Reported Operating Result** was RON 1,149 mn vs. RON 1,887 mn in Q2/22.

Hydrocarbon production in Romania decreased by 5.3% to 10.3 mn boe or 113.7 kboe/d (Q2/22: 10.9 mn boe or 120.1 kboe/d), reflecting the natural decline in the main fields (Suplacu de Barcau, Totea Deep, Lebada Est and Lebada Vest) and the effect of planned maintenance activities, partly offset by the contribution of new wells and workovers. Crude oil and NGL production dropped by 4.3% to 5.0 mn bbl and the gas production decreased by 6.2% to 5.3 mn boe.

Hydrocarbon sales volumes decreased by 6% due to the same factors which affected the production.

Production cost increased by 41% to USD 15.4/boe, mainly due to the positive one-off effect related to a tax audit in Q2/22. In addition, production costs reflected lower volumes available for sale, an increase in overall costs and the unfavorable FX (weaker USD vs. RON). Production cost in RON terms increased by 37% to RON 70.0/boe.

Exploration expenditures slightly increased to RON 32 mn, mainly due to higher geological and geophysical (G&G) costs, partially offset by lower exploration seismic activities.

Exploration expenses increased to RON 18 mn, mainly due to higher G&G costs, partially offset by lower exploration seismic activities.

Capital expenditure increased to RON 611 mn, mainly due to 3D development seismic acquisition and intensified activities for Neptun Deep, partially counterbalanced by lower workover and drilling activities.

Refining and Marketing

- ▶ **Clean CCS Operating Result** at RON 142 mn vs. RON 1,197 mn in Q2/22, mainly reflecting lower refining margins and refinery utilization
- ▶ **OMV Petrom indicator refining margin** at USD 11.2/bbl, down 54% as a result of weaker product spreads
- ▶ **Retail sales volumes** up by 5%

Clean CCS Operating Result decreased to RON 142 mn in Q2/23 (Q2/22: RON 1,197 mn), mainly due to lower refining margin and refinery utilization, partially offset by higher retail volumes and margins. The negative impact of the turnaround (maintenance costs and margin loss) amounted to around RON 355 mn. The result was also negatively impacted by reassessment of environmental provisions. **Reported Operating Result** of RON 89 mn (Q2/22: RON 1,590 mn), reflected negative CCS effects of RON (31) mn (Q2/22: RON 322 mn positive effects), due to lower crude oil quotations, and RON (21) mn net special loss (Q2/22: RON 71 mn net special gain), mainly in relation to hedging.

OMV Petrom indicator refining margin decreased by USD 13.3/bbl to USD 11.2/bbl in Q2/23, as a result of lower product spreads, mainly for diesel, gasoline and jet. The **refinery utilization rate** was 31% in Q2/23 (Q2/22: 86%), reflecting the planned turnaround of the Petrobrazi refinery which was prolonged by two weeks due to discovery maintenance.

Total refined product sales volumes were down 10% vs. Q2/22, impacted by refinery turnaround. Group retail sales volumes, which accounted for 64% of total refined product sales, increased by 5% reflecting the higher demand. In addition, we registered an improved performance in the non-fuel business margin. In the context of lower product availability, triggered by the refinery turnaround, the Q2/23 non-retail sales volumes decreased by 28%, both exports and commercial sales in Romania.

Investments amounted to RON 767 mn (Q2/22: RON 141 mn). The majority of investments were directed to the Refining business, for projects connected with the planned turnaround of Petrobrazi refinery and for ongoing projects such as coke drums replacement, the new crude oil tank and the new aromatic complex.

Gas and Power

- ▶ **Clean Operating Result at RON 471 mn vs. RON 816 mn, in the context of significantly lower market prices and extended regulatory and fiscal interventions**
- ▶ **Brazi power plant was in prolonged planned outage with the entire capacity in Q2/23**
- ▶ **Gas sales to third parties up 8%, reflecting successfully rerouted quantities not used for power production**

Clean Operating Result was RON 471 mn in Q2/23 (Q2/22: RON 816 mn), reflecting good performance in both gas and power business lines, in the context of the full shutdown of Brazi power plant and a challenging market environment, with a negative impact from legislation in place. The result also reflected the reversal of a provision for risks assessed by the Group in the area of sector specific taxation.

Reported Operating Result of RON 492 mn (Q2/22: RON 323 mn) reflected RON 21 mn net special gains, mainly in relation to net temporary effects from electricity forward contracts.

The gas business result had a lower contribution, impacted by reduced realized margins from equity gas and from transactions outside Romania, partly compensated by good margins from imported gas volumes. The power business performance was built on transactions concluded outside Romania.

As per OMV Petrom's estimates, national **gas** consumption was 12% lower compared to Q2/22, mainly as a result of Brazi power plant outage and reduced industrial gas offtake.

On the Romanian centralized markets, the weighted average price of natural gas for transactions with medium and long-term standardized products concluded in Q2/23, irrespective of delivery period was RON 168/MWh^{viii,ix} (Q2/22: RON 471/MWh). The average price for the quantities delivered during the quarter was RON 252/MWh (Q2/22: RON 406/MWh)^x. Regarding short-term deliveries, on the BRM day-ahead market, the average price^{xi} in Q2/23 was RON 175/MWh (Q2/22: RON 506/MWh).

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

^{ix} 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;

^x Based on monthly data, as published by BRM on <https://www.brm.ro/cotatii-gaze-naturale/>; retrieved on July 25, 2023;

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

In Q2/23, OMV Petrom's total gas sales volumes were down 13.7% yoy, at 9.5 TWh, as a result of no volumes consumed in Brazi power plant. Gas volumes were successfully rerouted and sold to third parties, resulting in 8% increase vs. Q2/22, on the back of much larger yoy volumes to households and district heating for households (Q2/23: 2.6 TWh vs. Q2/22: 0.5 TWh) and Supplier of Last Resort customers. Gas sales volumes in Romania were at 9.0 TWh, of which 70% was supplied from equity gas and 30% from third party sources.

On the centralized markets, OMV Petrom sold 0.2 TWh in standard products in Q2/23, independent of delivery period, at an average price in line with the market price^{xi}. At the end of Q2/23, OMV Petrom had 2.1 TWh natural gas in storage (end of Q2/22: 1.5 TWh).

As per currently available information from the grid operator, national **electricity** consumption decreased by 7% in Q2/23 compared to the same quarter of 2022, while national production increased by 5%, Romania being a net power exporter in Q2/23 (net power importer in Q2/22).

In Q2/23, the Brazi power plant was in planned outage with its entire capacity, compared only to half of its capacity in April in Q2/22.

Investments amounted to RON 42 mn (Q2/22: RON 43 mn), mainly directed to Brazi power plant planned maintenance.

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