

# OMV Petrom Q4/23 Results

## Christina Verchere, CEO

February 1, 2024



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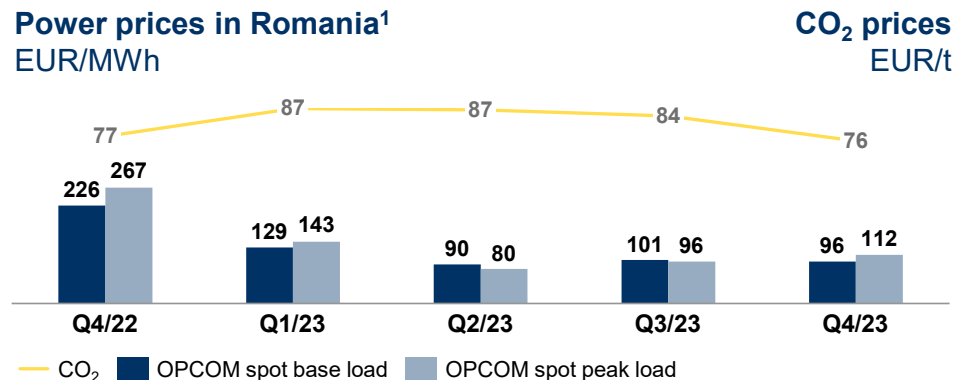
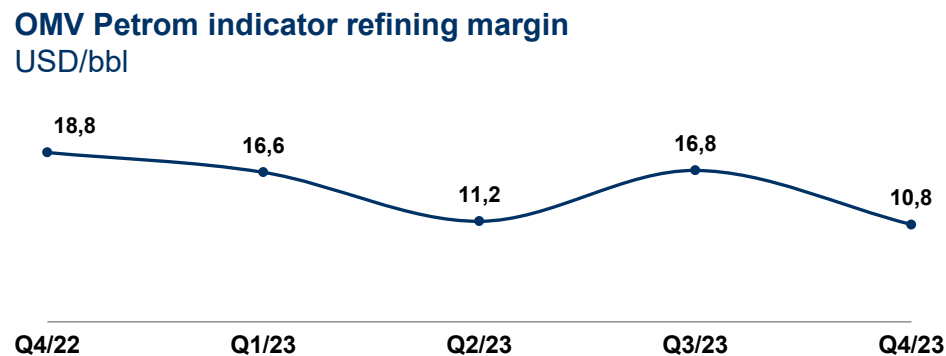
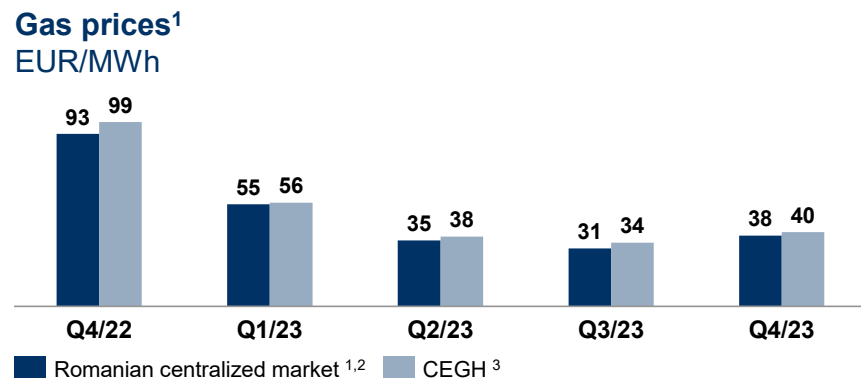
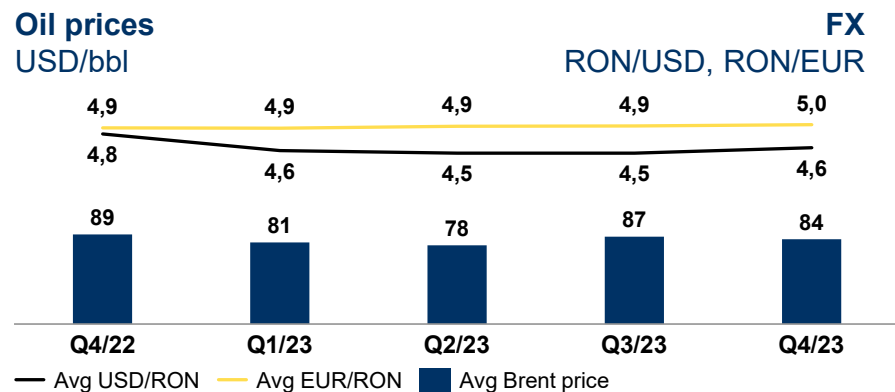
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## Commodity prices

# Lower commodity prices

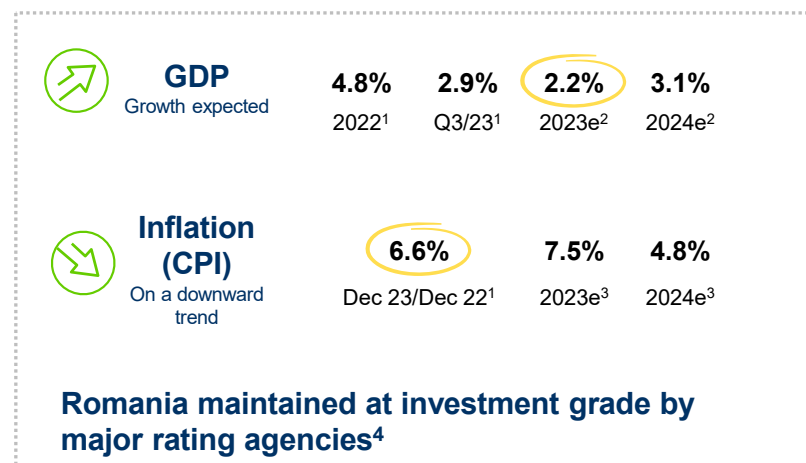


<sup>1</sup> Prices translated at NBR average RON/EUR rate; <sup>2</sup> Day-ahead price, un-weighted average computed based on daily trades published on BRM platform; <sup>3</sup> Day-ahead market Central European Gas Hub, un-weighted average



## Romanian environment

# Mixed demand evolution despite economic growth



	Demand		
	Q4/23 yoy	2023 yoy	2022 yoy
Fuels <sup>5</sup>	+3%	+4%	+2%
Gas <sup>6</sup>	+8%	-6%	-16%
Power <sup>7</sup>	+1%	-5%	-8%

<sup>1</sup> Romanian National Institute of Statistics (seasonally adjusted, Jan 2024 report); <sup>2</sup> European Commission (November 2023); <sup>3</sup> National Bank of Romania (November 2023); <sup>4</sup> S&P (October 2023), Fitch (September 2023), Moody's (Nov 2023); <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

## Romanian regulatory and fiscal framework

# Persisting regulated business environment

### Regulatory interventions

#### Gas and power sector:

**Law 357/2022 and Law 206/2023:** price caps for gas and power, price cap for gas used in power production, regulated quantities, regulated margins, storage obligation for gas; obligation to sell a significant part of the electricity produced at a fixed price; applicable until Mar 2025

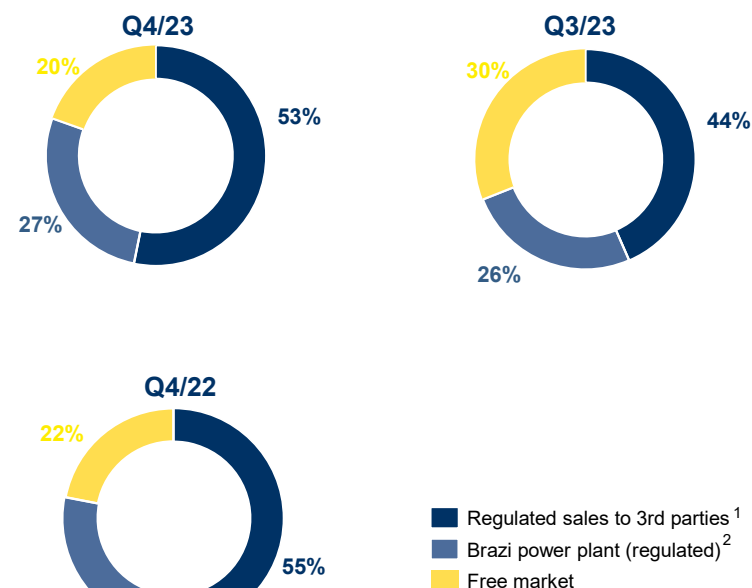
#### EU solidarity tax – Law 119/2023 (EU Regulation 1854 2022):

Contribution of 350 RON/t of crude oil processed for 2022 and 2023, for companies that produce and refine crude oil

#### Recent updates of the Fiscal Code include:

- additional tax of 0.5% on turnover for companies operating in the oil and gas sector; applicable 2024-2025
- 1% tax on companies' revenues for companies with a turnover greater than EUR 50 mn; payable if this is greater than the 16% profit tax; applicable from 2024

### Highly regulated gas sales portfolio



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

## Key messages Q4/23

# Continued to deliver on our Strategy 2030

### Good financial performance

Clean CCS Operating result

**RON 2.2 bn**

+9% yoy

Operating Cash Flow

**RON 2.0 bn**

+15% yoy

Clean CCS ROACE

**26.5%**

-11.5 pp yoy

### Operational performance

- ▶ Hydrocarbon production -7% yoy, better than expected
- ▶ Refined product sales: +1% yoy; refinery utilization above European average
- ▶ Record high quarterly net electrical output: +16% yoy

### Strategic focus

- ▶ Base dividend proposal<sup>1</sup>: RON 0.0413/share, up 10% yoy; special dividend to be announced in 2024
- ▶ Neptun Deep: contracted drilling rig and integrated drilling services
- ▶ Renewable power: partnership with Renovatio (50%) to develop ~1GW, mainly wind power
- ▶ E-mobility: signed acquisition of RAM<sup>2</sup>; to become largest e-mobility player in Romania

### HSSE

**TRIR<sup>3</sup>: 0.50**

**GHG intensity<sup>4</sup>: -11%**

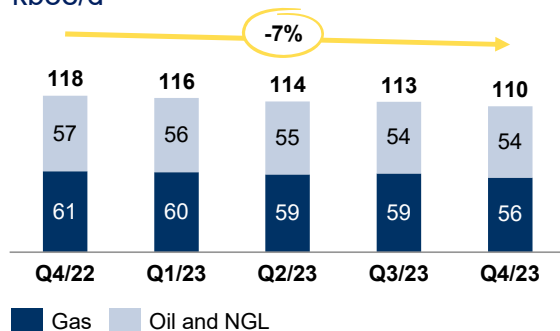
<sup>1</sup> Executive Board's proposal subject to approvals of the Supervisory Board and Annual General Meeting of Shareholders; <sup>2</sup> Renovatio Asset Management; <sup>3</sup> Total Recordable Injury Rate, 2023; <sup>4</sup> Greenhouse gases intensity 2023 vs. 2019 (preliminary)

## Operational performance

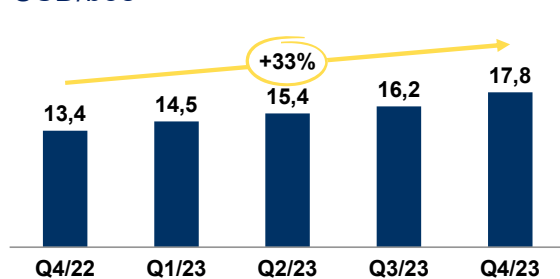
# Resilient performance

### Exploration and Production

#### Hydrocarbon production kboe/d

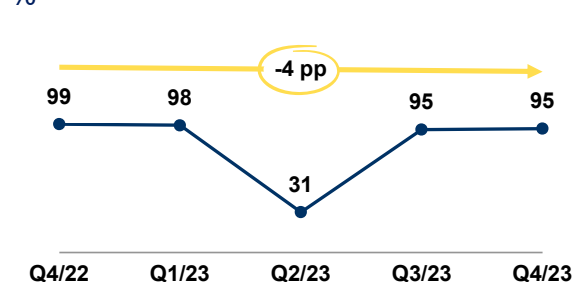


#### Production cost USD/boe

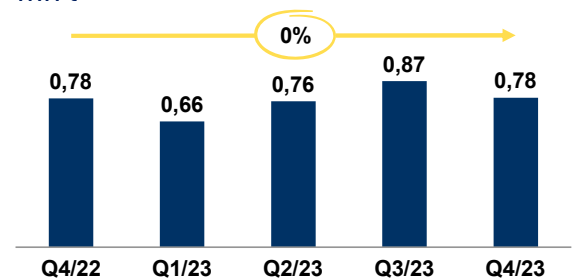


### Refining and Marketing

#### Refinery utilization rate %

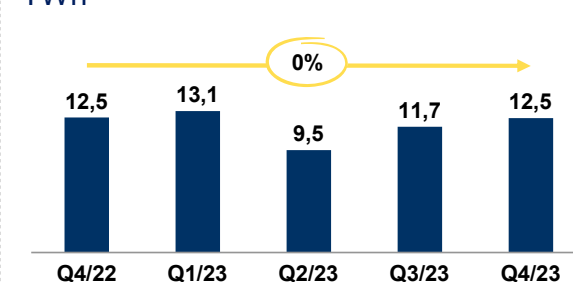


#### Retail sales volumes mn t

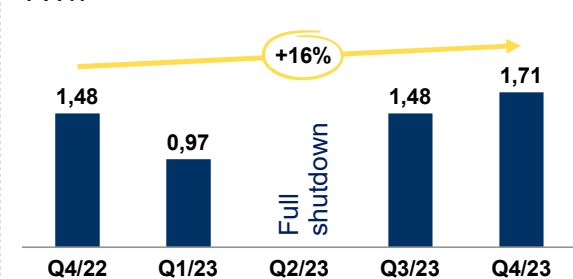


### Gas and Power

#### Gas sales volumes TWh



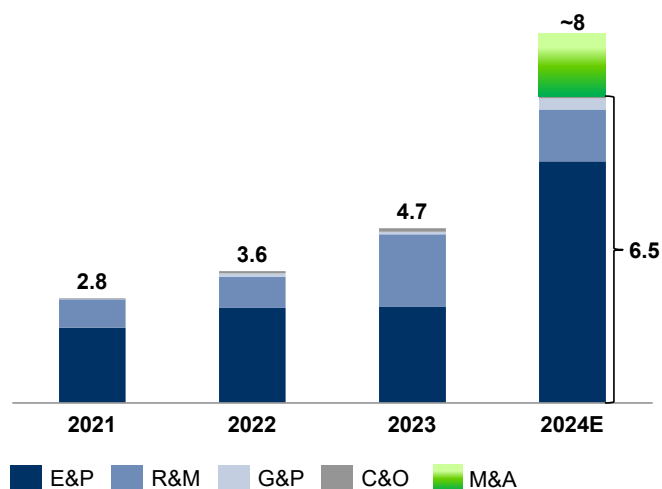
#### Brazi net electrical output TWh



## CAPEX

# Entering the most investment intensive period in our history

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



### 2023

#### ► RON 4.7 bn:

- 45 new wells and sidetracks; ~500 workovers
- Neptun Deep project
- Coke drums replacement
- Major planned turnaround in Petrobrazil refinery
- New aromatic unit
- Major planned shutdown for Brazil power plant
- Filling stations modernization and EV charging network expansion

### 2024E

#### ► RON ~8 bn:

- Neptun Deep project
- Wells and sidetracks: ~40; <500 workovers
- SAF/HVO<sup>2</sup> production unit in Petrobrazil
- New aromatic unit
- Develop renewable power projects
- M&A – announced low and zero carbon transactions

<sup>1</sup> CAPEX including E&A; <sup>2</sup> SAF/HVO: sustainable aviation fuel (bio jet) and hydrotreated vegetable oil



Strategy 2030 in action

## Outstanding year for strategy execution



### Neptun Deep

- FID taken in June 2023
- >80% of execution contracts awarded
- Reserves recognition contributing to 207% RRR



### Renewable power

- CE Oltenia partnership<sup>1</sup>: 450 MW; EU financing contract signed
- Teleorman PV projects: 710 MW
- Renovatio partnership<sup>1</sup>: ~1GW, mostly wind



### E-mobility

- 270 charging points installed at end-2023
- EU financing of EUR 12 mn for >300 EV charging points
- RAM<sup>2</sup> acquisition signed – to become the largest e-mobility player in Romania



### Attractive dividends

- Record high paid in 2023
- Base DPS: RON 0.0375/share
- Special DPS: RON 0.045/share
- 19.6% total dividend yield<sup>3</sup>

<sup>1</sup> Of which OMV Petrom 50%; <sup>2</sup> Renovatio Asset Management; <sup>3</sup> Using the share price on December 30, 2022

# OMV Petrom Q4/23 Results

## Alina Popa, CFO

February 1, 2024

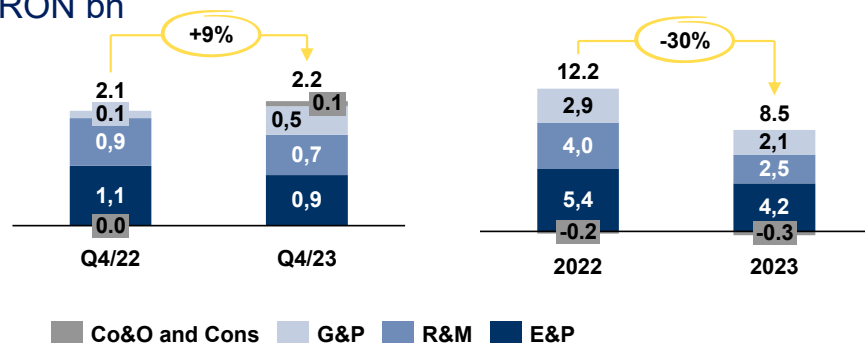


## Income Statement

# Robust results

### Clean CCS Operating Result

RON bn

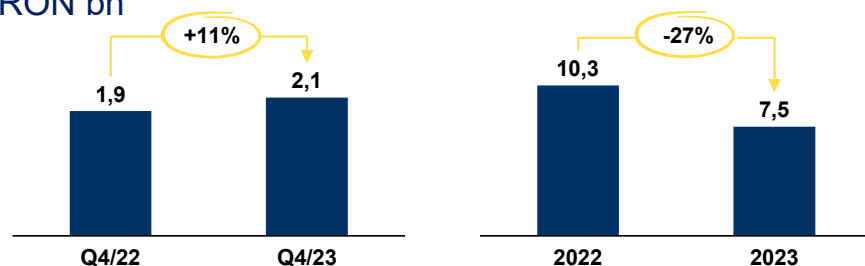


#### ► Q4/23 Clean CCS Operating Result reflects:

- Lower commodity prices and refining margin
- Lower electricity sales quantities
- Higher refined products
- Q4/22 impacted by provision for risks related to sector specific taxation

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

RON bn



- #### ► Q4/23 Clean CCS Net Income evolution in line with development of operating result

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

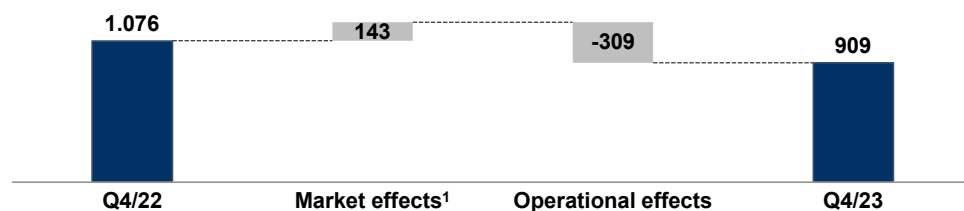


## Clean CCS Operating Result

# Solid Operating Results

### E&P

RON mn



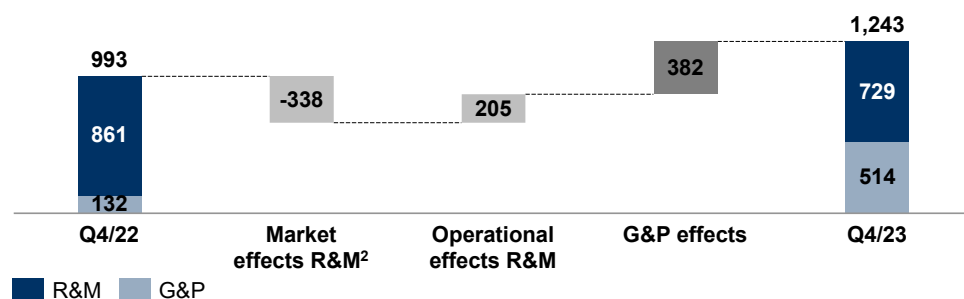
► Lower E&P taxation



- Realized crude price -6%; lower realized gas price
- Hydrocarbon sales -7%
- Higher production costs
- Negative FX effect

### R&M and G&P

RON mn



- Refined products sales +1%
- Higher retail and commercial margins; improved non-fuel business margin
- Record power production, +16% yoy; strong result from power transactions outside Romania
- Provision for risks related to sector specific taxation set up in Q4/22



- Refining margin -43%
- Lower gas and power prices

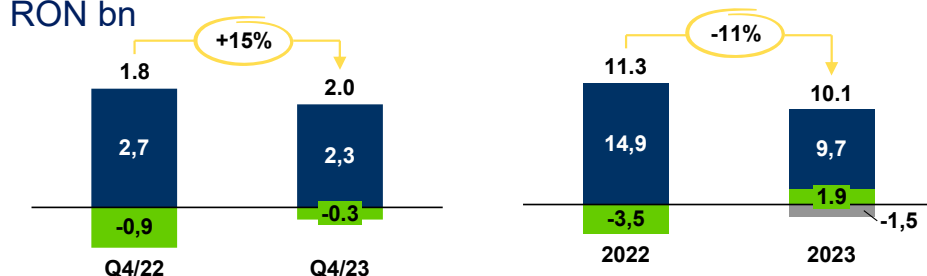
<sup>1</sup> Market effects defined as oil and gas prices, foreign exchange impact on revenues, price effect on royalties (including gas over-taxation); <sup>2</sup> Market effects based on refining indicator margin

## Cash flow

# Strong cash generation, improved working capital

## Cash Flow from Operating Activities

RON bn



■ Cash generated from operating activities before NWC movements<sup>1</sup>

■ Net Working Capital

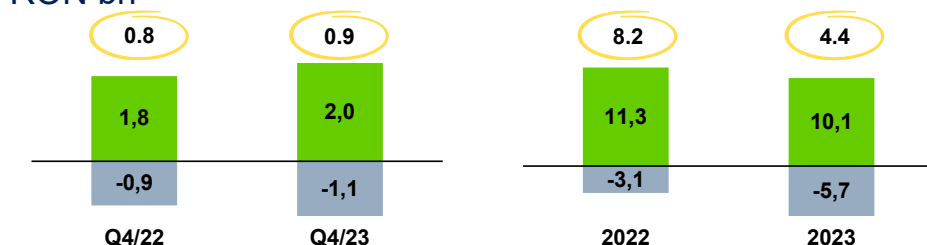
■ Solidarity contribution

### ► Q4/23 Cash Flow from Operating Activities:

- Decrease in operating cash flow before working capital changes
- Improved working capital

## Free Cash Flow <sup>2</sup>

RON bn



■ Cash flow from Operating Activities ■ Cash used in Investing Activities

### ► Q4/23 Free Cash Flow<sup>2</sup>:

- Reflects trends in Operating Cash Flow
- Cash outflow from investing activities 24% higher yoy

<sup>1</sup> Before solidarity contribution; <sup>2</sup> before dividends

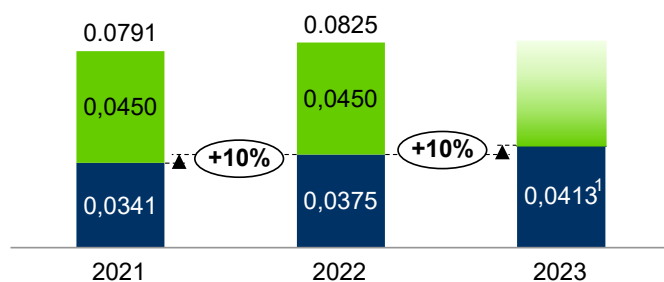


## Dividend proposal for 2023

# Base dividend up 10% yoy, special dividend to be announced

### Progressive base dividends

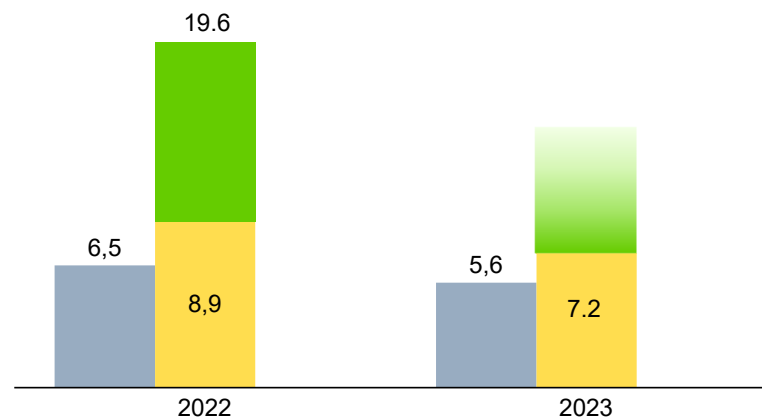
DPS  
RON/share



Special dividend per share  
Base dividend per share

### Competitive among our peers

Dividend yield 2022-2023 <sup>2,3</sup>  
%



Peers' median  
OMV Petrom base  
OMV Petrom special dividend

<sup>1</sup> Executive Board's proposal subject to approvals of the Supervisory Board and General Meeting of Shareholders; <sup>2</sup> OMV Petrom DY calculated based on the closing share price as of the last trading day of the respective year; <sup>3</sup> Dividends distributed for fiscal years 2022-2023; Peers' median does not include buy backs, and refers to Shell, BP, TotalEnergies, Equinor, Repsol, Galp Energia, Neste Oil, Eni, Orlen, MOL and Tupras.

## Outlook

# 2024-2026

Indicators	Actual 2023	Assumptions/ Targets 2024	Assumptions/ Targets 2025-2026 averages
Brent oil price	USD 82.6/bbl	USD ~80/bbl	USD ~70-75/bbl
Production <sup>1</sup>	113.3 kboe/d	>106 kboe/d	~100 kboe/d
Refining margin	USD 14.0/bbl	USD ~10/bbl	USD ~10/bbl
CAPEX	RON 4.7 bn	RON ~8 bn	RON ~8 bn
FCF before dividends	RON 0.9 bn	Marginally positive	Marginally negative

<sup>1</sup> Excluding possible divestments

# Q&A

February 1, 2024





# Back-up

February 1, 2024



## Sensitivities

# EBIT impact in 2024

2024 sensitivities	Change	EBIT impact
Brent oil price	USD +1/bbl	~EUR +15 mn
OMV Petrom indicator refining margin	USD +1/bbl	~EUR +30 mn
Exchange rates EUR/USD	USD appreciation by 5 USD cents	~EUR +50 mn





**OMV Petrom**

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