

# OMV Petrom Group Factsheet Q4/23

## February 1, 2024

### Highlights Q4/23<sup>i</sup>

#### OMV Petrom Group

- ▶ Clean CCS Operating Result at RON 2.2 bn, 9% higher
- ▶ Clean CCS net income attributable to stockholders of the parent at RON 2.1 bn, up 11%
- ▶ Cash flow from operating activities at RON 2.0 bn, 15% higher
- ▶ CAPEX at RON 1.3 bn, up 5%
- ▶ Free cash flow after dividends outflow of RON 1.9 bn, reflecting payment of special dividends of RON 2.8 bn
- ▶ Clean CCS ROACE at 27%, 11 pp lower
- ▶ TRIR: 0.14 (Q4/22: 0.21)<sup>ii</sup>
- ▶ Base dividend proposal for 2023: RON 0.0413/share<sup>iii</sup>, up 10% yoy; a special dividend is also planned to be announced in 2024

#### Exploration and Production

- ▶ Clean Operating Result at RON 909 mn vs. RON 1,076 mn in Q4/22, reflecting lower oil and gas prices and sales volumes
- ▶ Production decreased by 6.8%, mainly due to natural decline and planned maintenance activities, partly offset by the contribution of workovers and new wells
- ▶ Production cost increased by 33% to USD 17.8/boe, mainly due to cost inflation, lower production available for sale, and unfavorable FX
- ▶ 2023 Reserve Replacement Rate at 207% as a result of significant proved reserves additions realized following Neptun Deep FID

#### Refining and Marketing

- ▶ Clean CCS Operating Result at RON 729 mn vs. RON 861 mn in Q4/22, mainly reflecting lower refining margins and utilization rate, partially offset by higher sales channels' margins
- ▶ OMV Petrom indicator refining margin at USD 10.8/bbl, down 43% as a result of lower product spreads
- ▶ Refinery utilization rate at 95% vs. 99% in Q4/22 in the context of a refinery slowdown in December 2023
- ▶ Retail sales volumes broadly flat

#### Gas and Power

- ▶ Clean Operating Result at RON 514 mn increased vs. RON 132 mn in Q4/22, in context of good operational performance and a low base effect
- ▶ Stable total gas sales volumes, higher end user sales and Brazi power plant offtake, lower wholesales
- ▶ Brazi power plant output at 1.7 TWh in Q4/23, record high level, covering a record 12% share in Romania's generation mix

#### Key events

- ▶ OMV Petrom signed the largest acquisition of green projects in Romania with Renovatio in renewable power and e-mobility
- ▶ Neptun Deep project: more than 80% of the execution agreements awarded by year-end
- ▶ OMV Petrom signed an agreement to purchase 50% of "Respira Verde", a local leader in the collection of used cooking oil

<sup>i</sup> All comparisons described relate to the same quarter in the previous year except where mentioned otherwise.

<sup>ii</sup> Total Recordable Injury Rate; the number of recordable injuries (fatalities + lost workday cases + restricted work day cases + medical treatment cases) per 1,000,000 hours worked.

<sup>iii</sup> Base dividend subject to approval by the Supervisory Board and the General Meeting of Shareholders.

## Financial highlights

Q4/23	Q3/23	Q4/22	Δ% <sup>1</sup> in RON mn	2023	2022	Δ%
10,282	10,662	17,096	(40) Sales revenues <sup>2</sup>	38,808	61,344	(37)
<b>2,243</b>	<b>2,530</b>	<b>2,067</b>	<b>9 Clean CCS Operating Result<sup>3</sup></b>	<b>8,482</b>	<b>12,198</b>	<b>(30)</b>
909	1,131	1,076	(15) Clean Operating Result Exploration and Production <sup>3,4</sup>	4,177	5,433	(23)
729	993	861	(15) Clean CCS Operating Result Refining and Marketing <sup>3</sup>	2,480	4,019	(38)
514	437	132	290 Clean Operating Result Gas and Power	2,145	2,942	(27)
(31)	(27)	(32)	2 Clean Operating Result Co&O <sup>3</sup>	(93)	(96)	3
122	(4)	30	307 Consolidation	(227)	(99)	(129)
10	16	14	(28) Clean CCS Group effective tax rate (%)	15	16	(8)
2,055	2,058	1,855	11 Clean CCS net income <sup>3,7</sup>	7,463	10,272	(27)
<b>2,055</b>	<b>2,057</b>	<b>1,855</b>	<b>11 Clean CCS net income attributable to stockholders of the parent<sup>3,6,7</sup></b>	<b>7,464</b>	<b>10,273</b>	<b>(27)</b>
0.0330	0.0330	0.0300	10 Clean CCS EPS (RON) <sup>3,6,7</sup>	0.1198	0.1679	(29)
<b>2,243</b>	<b>2,530</b>	<b>2,067</b>	<b>9 Clean CCS Operating Result<sup>3</sup></b>	<b>8,482</b>	<b>12,198</b>	<b>(30)</b>
(250)	(207)	(823)	70 Special items <sup>5</sup>	(838)	(320)	(162)
(32)	94	(126)	74 CCS effects: Inventory holding gains/(losses)	(91)	160	n.m.
<b>1,961</b>	<b>2,417</b>	<b>1,119</b>	<b>75 Operating Result Group</b>	<b>7,554</b>	<b>12,039</b>	<b>(37)</b>
907	1,128	(736)	n.m. Operating Result Exploration and Production <sup>4</sup>	4,170	3,612	15
635	1,064	734	(13) Operating Result Refining and Marketing	2,318	4,076	(43)
354	276	1,170	(70) Operating Result Gas and Power	1,474	4,662	(68)
(74)	(29)	(118)	37 Operating Result Co&O	(161)	(250)	36
138	(22)	68	102 Consolidation	(248)	(61)	(309)
44	(79)	90	(52) Net financial result	263	17	n.m.
2,004	2,338	1,209	66 Profit before tax prior to solidarity contribution	7,817	12,056	(35)
(375)	(372)	-	n.a. Solidarity contribution on refined crude oil <sup>8</sup>	(2,729)	-	n.a.
<b>1,630</b>	<b>1,966</b>	<b>1,209</b>	<b>35 Profit before tax</b>	<b>5,088</b>	<b>12,056</b>	<b>(58)</b>
9	18	5	70 Group effective tax rate (%)	21	15	43
1,482	1,604	1,144	30 Net income	4,030	10,300	(61)
<b>1,482</b>	<b>1,604</b>	<b>1,145</b>	<b>29 Net income attributable to stockholders of the parent<sup>6</sup></b>	<b>4,030</b>	<b>10,301</b>	<b>(61)</b>
0.0238	0.0257	0.0185	29 EPS (RON) <sup>6</sup>	0.0647	0.1684	(62)
—	—	—	— Total dividend/share (RON)	0.0413 <sup>9</sup>	0.0825 <sup>10</sup>	n.a.
—	—	—	— thereof base dividend/share (RON)	0.0413 <sup>9</sup>	0.0375	10
2,031	3,011	1,762	15 Cash flow from operating activities	10,114	11,337	(11)
(1,883)	1,352	846	n.m. Free cash flow after dividends	(717)	3,794	n.m.
(12,551)	(14,525)	(13,463)	(7) Net debt/(cash) including leases	(12,551)	(13,463)	(7)
(13,229)	(15,158)	(14,118)	(6) Net debt/(cash) excluding leases	(13,229)	(14,118)	(6)
1,323	988	1,261	5 Capital expenditure	4,704	3,551	32
26.5	25.2	38.0	(30) Clean CCS ROACE (%) <sup>3,7</sup>	26.5	38.0	(30)
13.0	11.4	38.1	(66) ROACE (%)	13.0	38.1	(66)
7,714	7,703	7,742	(0) OMV Petrom Group employees end of period	7,714	7,742	(0)
0.14	0.61	0.21	(33) TRIR	0.50	0.38	32

<sup>1</sup> Q4/23 vs. Q4/22

<sup>2</sup> Sales revenues excluding petroleum excise tax;

<sup>3</sup> 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);

<sup>4</sup> Excluding intersegmental profit elimination shown in the line "Consolidation";

<sup>5</sup> 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;

<sup>6</sup> After deducting net result attributable to non-controlling interests;

<sup>7</sup> Excludes the special item related to solidarity contribution on refined crude oil;

<sup>8</sup> Solidarity contribution on refined crude oil is a special item in the computation of Clean CCS Net Income;

<sup>9</sup> Subject to approval by the Supervisory Board and the General Meeting of Shareholders; it refers to base dividend only; a special dividend is also planned to be announced in 2024;

<sup>10</sup> Includes RON 0.0375/share base dividend for 2022 and RON 0.0450/share special dividend declared and paid in 2023.

## Outlook for the full year 2024

### Market environment

- ▶ For the full year 2024, OMV Petrom expects the **average Brent oil price** to be around USD 80/bbl (2023: USD 82.6/bbl)
- ▶ **Refining margin** is expected to be around USD 10/bbl (2023: USD 14.0/bbl<sup>iv</sup>)
- ▶ In Romania, **demand** for retail fuels, gas and power is expected to be slightly above 2023 level
- ▶ Legislative measures for the gas and power markets remain in place until end-March 2025. Companies that produce and refine crude oil pay a contribution of RON 350 for each tonne of crude oil processed for 2022 and 2023; the contribution for 2023 is due for payment at the end of June 2024 and amounts to RON 1.24 bn.
- ▶ A new tax on turnover was introduced as of January 1<sup>st</sup> (0.5% for OMV Petrom S.A. and OMV Petrom Marketing S.R.L.) with an estimated total annual impact of below RON 250 mn in 2024. The new tax is applicable in 2024-2025.

### Financial highlights

- ▶ **Organic CAPEX** estimated at RON 6.5 bn (2023: RON 4.7 bn), with increased investments dedicated mainly to the Neptun Deep as well as low and zero carbon projects, mostly SAF/HVO, renewables and EVs. Additional investments for the announced low and zero carbon M&A transactions would bring total CAPEX to around RON 8 bn. Investments require predictable and stable regulatory and fiscal environment.
- ▶ We expect a marginally positive **free cash flow before dividends**, in the context of higher investments (2023: RON 4.4 bn)
- ▶ **Attractive returns to shareholders:** for 2023, the Executive Board is proposing a base DPS of RON 0.0413/share<sup>v</sup>, up 10% yoy, at the high end of the 5-10% p.a. range stated in the dividend guidance. In addition, a special dividend is planned to be announced in 2024.

### Strategic direction: Optimize traditional business

#### Exploration and Production

- ▶ **Production:** expected to be above 106 kboe/d (2023: 113 kboe/d), considering no divestments
- ▶ **Portfolio optimization:** continue to focus on the most profitable barrels, through assessing selective fields divestments
- ▶ **Investments:** around RON 4.7 bn (2023: RON 2.6 bn), of which around half for Neptun Deep. We plan to drill around 40 new wells and sidetracks and perform up to 500 workovers (2023: 45 new wells and sidetracks and 497 workovers)

#### Refining and Marketing

- ▶ The **refinery utilization rate** is estimated to be above 95% (2023: 80% due to the planned turnaround)
- ▶ Total **refined product sales** are forecasted to be higher yoy (2023: 5.5 mn t); retail fuel sales expected to be also higher yoy

#### Gas and Power

- ▶ Total **gas sales volumes** are estimated to be lower yoy (2023: 47 TWh), mainly on lower supply
- ▶ **Net electrical output** is forecasted to be higher yoy (2023: 4.2 TWh), reflecting a shorter Brazi power plant planned outage

### Strategic direction: Grow regional gas

- ▶ **Neptun Deep project:** finalize awarding of the main contracts, focus on permitting activities, start construction and prepare to spud the first well in 2025
- ▶ **Han Asparuh offshore Bulgaria:** took over operatorship, continue exploration activity
- ▶ **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 (2023 preliminary: ~11% lower vs. 2019)

<sup>iv</sup> Based on Brent

<sup>v</sup> Subject to approval by the Supervisory Board and the General Meeting of Shareholders

- ▶ Progress in developing the **renewable power portfolio**; we expect to close in 2024 the announced M&A transactions, subject to regulatory approvals; we envisage gradually starting electricity production in 2024
- ▶ **E-mobility**: accelerate the expansion of the EV charging network in the region with the ambition to reach around 1,000 charging points by year-end, including from announced M&A transaction (end-2023: around 270 charging points)
- ▶ **EU funds**: we are working on securing EU funds for various low and zero carbon projects

## Business segments

### Fourth quarter 2023 (Q4/23) vs. fourth quarter 2022 (Q4/22)

## Exploration and Production

- ▶ **Clean Operating Result** at RON 909 mn vs. RON 1,076 mn in Q4/22, reflecting lower oil and gas prices and sales volumes
- ▶ **Production** decreased by 6.8% mainly due to natural decline and planned maintenance activities, partly offset by the contribution of workovers and new wells
- ▶ **Production cost** increased by 33% to USD 17.8/boe, mainly due to cost inflation, lower production available for sale, and unfavorable FX
- ▶ **2023 Reserve Replacement Rate** at 207% as a result of significant proved reserves additions realized following Neptun Deep FID

**Clean Operating Result** was RON 909 mn vs. RON 1,076 mn in Q4/22, mainly driven by lower oil and gas prices and sales volumes, higher production costs, and unfavorable FX (stronger RON vs. USD), partly offset by lower E&P taxation.

**Special items** amounted to RON (3) mn, while in Q4/22 they amounted to RON (1,812) mn and reflected mainly net impairments. **Reported Operating Result** was RON 907 mn vs. RON (736) mn loss in Q4/22.

**Hydrocarbon production** decreased by 6.8% to 10.1 mn boe or 110.0 kboe/d (Q4/22: 10.9 mn boe or 118.0 kboe/d), reflecting the natural decline in the main fields (Lebada Est, Lebada Vest, Totea Deep) and the effect of planned maintenance activities, partly offset by the contribution of new wells and workovers. Crude oil and NGL production dropped by 5.7% to 4.9 mn bbl, while gas production decreased by 7.8% to 5.2 mn boe.

**Hydrocarbon sales volumes** decreased by 7%, in line with production decline.

**Production cost** increased by 33% to USD 17.8/boe, mainly due to cost inflation, lower volumes available for sale, and unfavorable FX (weaker USD vs. RON). Production cost in RON terms increased by 27% to RON 82.4/boe.

**Exploration expenditures** decreased to RON 51 mn, mainly due to lower exploration drilling activities.

**Exploration expenses** increased to RON 56 mn, mainly due to higher exploration seismic activities, partially offset by lower geological and geophysical costs.

**Capital expenditure** slightly increased to RON 871 mn, mainly due to higher Neptun Deep development costs, partially counterbalanced by lower activities for drilling and 3D seismic acquisition.

In 2023, we finalized the drilling of 45 new wells and sidetracks, including 3 exploration wells (2022: 55 new wells and sidetracks, 3 exploration wells).

As of December 31, 2023, the **total proved oil and gas reserves** in the OMV Petrom's portfolio increased to 424 mn boe (2022: 380 mn boe), mainly due to the Neptun Deep project maturation. For the single year 2023, the **Reserve Replacement Rate** increased to 207% (2022: 10%). The three-year average Reserve Replacement Rate (excluding Kazakhstan) increased to 80% in 2023 (2022: 31%). The 2023 **proved and probable oil and gas reserves** amounted to 694 mn boe (2022: 741 mn boe).

## Refining and Marketing

- ▶ **Clean CCS Operating Result** at RON 729 mn vs. RON 861 mn in Q4/22, mainly reflecting lower refining margins and utilization rate, partially offset by higher sales channels' margins
- ▶ **OMV Petrom indicator refining margin** at USD 10.8/bbl, down 43% as a result of lower product spreads
- ▶ **Retail sales** broadly flat

**Clean CCS Operating Result** decreased to RON 729 mn in Q4/23 (Q4/22: RON 861 mn), mainly due to lower refining margin and refinery utilization rate, partially offset by higher retail and commercial margins. **Reported Operating Result** of RON 635 mn (Q4/22: RON 734 mn), reflected negative CCS effects of RON (49) mn (Q4/22: RON (164) mn negative effects), due to lower crude oil quotations, and RON (45) mn net special loss (Q4/22: RON 36 mn net special gain), mainly in relation to hedging.

**OMV Petrom indicator refining margin** decreased by USD 8.0/bbl to USD 10.8/bbl in Q4/23, as a result of lower product spreads, mainly for diesel, gasoline and jet. The **refinery utilization rate** was 95% in Q4/23 (Q4/22: 99%), reflecting a slowdown of the Petrobrazi refinery in December.

**Total refined product sales** volumes were up 1% vs. Q4/22. Group retail sales volumes, which accounted for 52% of total refined product sales, were broadly flat. In addition, we registered an improved performance in the non-fuel business margin. In Q4/23 non-retail sales volumes increased by 3% supported by higher exports.

**Investments** amounted to RON 414 mn (Q4/22: RON 359 mn). The majority of investments were directed to the refining business, for ongoing projects such as the new aromatic complex, as well as to the electric vehicles (EV) charging network expansion in Retail.

## Gas and Power

- ▶ **Clean Operating Result** at RON 514 mn increased vs. RON 132 mn in Q4/22, in the context of good operational performance and a low base effect
- ▶ **Stable total gas sales volumes, higher end user sales and Brazi power plant offtake, lower wholesales**
- ▶ **Brazi power plant output** at 1.7 TWh in Q4/23, record high level, covering a record 12% share in Romania's generation mix

**Clean Operating Result** was RON 514 mn in Q4/23 (Q4/22: RON 132 mn), reflecting good performance in both gas and power business lines, with strong gas sales volumes and record high net electrical output, partly offset by the steep decrease in gas and power prices and lower margins. The Q4/22 result was affected by a provision for risks assessed by the Group in the area of sector specific taxation.

**Reported Operating Result** of RON 354 mn (Q4/22: RON 1,170 mn) reflected RON (160) mn net special charges, mainly in relation to net temporary effects from electricity forward contracts.

The gas business recorded a good, yet lower contribution yoy, with higher sales volumes to our end users portfolio. The challenging market context, with declining prices, impacted realized margins both on equity and third party gas, especially on transactions concluded outside Romania. The power business result was built on high Brazi power plant production and on transactions concluded outside Romania.

As per OMV Petrom's estimates, national **gas** consumption was 8% higher compared to Q4/22, supported by some industrial offtake uplift as well as higher gas to power consumption.

On the Romanian centralized markets, the weighted average price of natural gas for transactions with medium and long-term standardized products concluded in Q4/23, irrespective of delivery period was RON 222/MWh<sup>vi,vii</sup> (Q4/22: RON 568/MWh). The average price for the quantities delivered during the quarter was RON 220/MWh (Q4/22: RON 364/MWh)<sup>viii</sup>. Regarding short-term deliveries, on the BRM day-ahead market, the average price<sup>ix</sup> in Q4/23 was RON 189/MWh (Q4/22: RON 458/MWh).

In Q4/23, OMV Petrom's total gas sales volumes were stable yoy, at 12.5 TWh, with higher end users sales and Brazi power plant offtake and reduced volumes sold to wholesalers. Gas sales to third parties recorded a 7% decrease vs. Q4/22, with lower volumes to households and district heating for households of 2.2 TWh, in line with the obligation (Q4/22: 2.7 TWh), and also to the non-regulated wholesale market. Gas sales volumes in Romania were stable yoy at 11.4 TWh, 67% covered by equity gas and 33% from third party sources.

On the centralized markets, OMV Petrom sold 0.2 TWh in standard products in Q4/23, independent of delivery period, at an average price in line with the market price<sup>vii</sup>. At the end of Q4/23, OMV Petrom had 2.0 TWh natural gas in storage (end of Q4/22: 3.7 TWh).

As per currently available information from the grid operator, national **electricity** consumption slightly increased by 1% in Q4/23 compared to the same quarter of 2022, while national production increased by 2%, Romania being a net power exporter in both Q4/23 and Q4/22.

In Q4/23, the Brazi power plant generated a new record high net electrical output, reaching 1.7 TWh (1.5 TWh in Q4/22), covering 12% in Romania's generation mix, the highest quarterly contribution to the national power security of supply since the start of operations in 2012.

#### Disclaimer

This report does not, and is not intended to, constitute or form part of, and should not be construed as, constituting or forming part of, any actual offer to sell or issue, or any solicitation of any offer to purchase or subscribe for, any shares issued by OMV Petrom S.A. (the Company) or any of its subsidiaries in any jurisdiction or any inducement to enter into investment activity; nor shall this document or any part of it, or the fact of it being made available, form the basis of, or be relied on in any way whatsoever. No part of this report, nor the fact of its distribution, shall form part of or be relied on in connection with any contract or investment decision relating thereto; nor does it constitute a recommendation regarding the securities issued by the Company. The information and opinions contained in this report are provided as at the date of this report and may be subject to updating, revision, amendment or change without notice. Where this report quotes any information or statistics from any external source, it should not be interpreted that the Company has adopted or endorsed such information or statistics as being accurate.

No reliance may be placed for any purpose whatsoever on the information contained in this report, or any other material discussed verbally. No representation or warranty, express or implied, is given as to the accuracy, fairness or currentness of the information or the opinions contained in this document or on its completeness and no liability is accepted for any such information, for any loss howsoever arising, directly or indirectly, from any use of this report or any of its content or otherwise arising in connection therewith.

This report may contain forward-looking statements. These statements reflect the Company's current knowledge and its expectations and projections about future events and may be identified by the context of such statements or words such as "anticipate", "believe", "estimate", "expect", "intend", "plan", "project", "target", "may", "will", "would", "could" or "should" or similar terminology. By their nature, forward-looking statements are subject to a number of risks and uncertainties, many of which are beyond the Company's control that could cause the Company's actual results and performance to differ materially from any expected future results or performance expressed or implied by any forward-looking statements.

None of the future projections, expectations, estimates or prospects in this report should in particular be taken as forecasts or promises nor should they be taken as implying any indication, assurance or guarantee that the assumptions on which such future projections, expectations, estimates or prospects have been prepared or the information and statements contained herein are accurate or complete. As a result of these risks, uncertainties and assumptions, you should in particular not place reliance on these forward-looking statements as a prediction of actual results or otherwise. This report does not purport to contain all information that may be necessary in respect of the Company or its shares and in any event each person receiving this report needs to make an independent assessment. The Company undertakes no obligation publicly to release the results of any revisions to any forward-looking statements in this report that may occur due to any change in its expectations or to reflect events or circumstances after the date of this report. This report and its contents are proprietary to the Company and neither this document nor any part of it may be reproduced or redistributed to any other person.

#### Contact

OMV Petrom Investor Relations

Tel: +40 372 161930; Fax: +40 21 30 68518

E-mail address: investor.relations.petrom@petrom.com

<sup>vi</sup> OMV Petrom estimates based on available public information;

<sup>vii</sup> 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;

<sup>viii</sup> Based on monthly data, as published by BRM on <https://brm.ro/statistici-monitorizare-piete-gaze-naturale/>; retrieved on January 29, 2023;

<sup>ix</sup> Average computed based on daily trades published on BRM platform.