

OMV Petrom Q2 2025 Conference Call – Q&A Transcript

OMV Petrom published its results for January – June and Q2 2025 on July 31, 2025. The investor and analyst conference call was broadcast as a live audio-webcast at 3:00 pm local time. **Below is the transcript of the question-and-answer session, with edits for readability and clarifications/additions included in brackets.**

Question from Oleg Galbur (ODDO BHF): Thank you for the presentation and for the opportunity to ask questions. I have four. So firstly, on the litigation gains, could you please tell us what was the exact impact on the operating results and on financial results? And could you also explain why was this gain not reported under special items? Because frankly, it was a bit confusing for us to interpret correctly the E&P segment performance.

Secondly on the special dividend decisions. So from the way you phrase it in the report, it seems that you have delayed the decision, although you must have already pretty good visibility on this year's performance. So my question is: are there any particular reasons for that? Could it be related to possible exclusion of Petrom from FTSE indexes, for example?

My next question relates to your investments in green energy projects. After the most recent acquisition in Bulgaria, it looks like Petrom should be able to achieve its 2030 targets in terms of installed capacity. Do you see more room to grow in this space? In other words, do you plan to invest more money in renewables, at least opportunistically?

And lastly, could you please provide us the volume of gas to be sold at regulated prices in Q3 and Q4?

Christina Verchere (CEO): Oleg, thank you very much for your questions. Alina, maybe you take the litigation and the special dividends, but also the FTSE indices question. Franck, maybe you'll take the {question on the} volume on the gas market and I will take that energy transition investment number.

Answer from Alina Popa (CFO): So starting with the first question, the net positive impact of litigations in the operational result was approximately 200 million RON. And the positive impact in the financial result was approximately 170 million RON, both in Q2 2025. Now, this is related to old topics related to fiscal treatment for some transactions that happen many years ago, more than ten years ago. Legal process took very long, and it was concluded by the court in Q2 2025. Therefore, the impacts were booked in Q2.

The reason why they were not reflected as special {item, is that} when we booked the expenses related to this litigation, actually, the provisions related to this, they were also not special {items} at that time, and then we followed the original treatment of the expense. Also, when we reversed, we have a revenue. This is the simple technical explanation.

And moving now to special dividend. You know very well our dividend policy and dividend guidance we have when it comes to base dividend, we announced 7.5% increase versus previous year. It was approved, the payment started in June. When it comes to special dividends, we pay them in a favourable market environment and provided our CapEx plans are funded. For the decision, we debated a lot what mid of the year means in our company, so we had some lively debates on that. We announced now that we will take the decision by end of September. So in Q3, this is what we announced together with the report today. And this decision is based on three main elements. Number one is the progress on our significant projects. We are in the most intensive investment period of our history with a lot of projects ongoing. We will assess the progress of all that. Second one, which is probably the most unknown at this point in time, is related to the significant changes in the regulatory and fiscal {legislation} going on in Romania right now. There are several fiscal packages that have been announced, but {we} are still assessing {them} and there are still potentially more to come. So we want to have full clarity on the extent to which such fiscal and regulatory measures will have an impact on our company.

And the third dimension is related to the overall market environment in oil, gas prices, refining margins and our financial results. And there, yes, we do have quite some clarity based on the first two quarters already. But later in September we will have a decision when it comes to {special dividend}.

Now, this has nothing to do with the FTSE. And let me explain a bit the FTSE situation, because I think it's important to go through that as well. So our share price had a very strong evolution in the last few years. So if we look year to date we had approximately 10% {appreciation}, if you look at last three years {it is} above 45%. FTSE has three criteria. First is size of market capitalisation, we have no issues at all on that. Second is size of free float. No issues at all on that. And the liquidity test is the third one where we are struggling.

The reason for that, what we see is that the number of investors, middle and long term investors in Petrom is increasing, and generally this is a good thing. It's not a bad thing, especially as we are a company in an industry which is investing mid and long term. So that shows the trust of the investors in us. But it comes with the unintended consequences of this low liquidity. And this is where we have the challenges around this third criteria related to FTSE. We will see. We will monitor the progress. It should be somewhere in August, September when we will see the final decision from FTSE.

Answer from Christina Verchere: Maybe I'll just say a couple of points on investment in energy transition in general and then actually probably the details should come from Franck. What I just want to highlight at the higher level of energy transition investment, I think you can see that there are some areas where we go faster and there are some areas where we go a bit slower. So for example, when we put out our strategy update last year, we increased our target to 2.5 GW for our renewable power portfolio, including with partnerships. And that was an increase from 1 gigawatt in our original one. So this is a clear example of where we were going larger. And then actually in biofuels we went a bit slower.

And the main message there is that we will need to watch how things are unfolding to make sure that we are investing appropriately and then as we put the assets {in function} and bring the new assets in that they are fully being utilised. It's going to be a real ability to sort of predict how the market is going to unfold, always to make sure that we are maximising the use of our assets and not putting any assets into the market that won't be fully utilised.

So that gives you just a little bit of example to make sure that we're being flexible and careful, and also always making sure that we get double digit rates of returns for our low and zero carbon investments. But maybe Franck you want to add a little bit with regards to renewable in general.

Answer from Franck Neel (EB member Gas & Power): You know, we are quite busy now to build our renewable portfolio. So as we mentioned in our slides, {we have} about 800 megawatt under construction of photovoltaic {projects}. And we will start also the construction of two wind projects in the second half of the year. So a very busy schedule. And we will have a new project in Bulgaria. So yes, we are in line with our targets. We will achieve our target.

What we are looking at on top is not necessarily new renewable capacity, it is power storage. So this is where we have a PV plant to install also power storage, as we see quite a good opportunity and good return there. So that's what we are focusing on at the moment in terms of business development.

And in terms of your question on gas, so we have this regulation until {end} March 2026, which impacts two things. One is the price to sell to the B2C customers and the district heating {companies}, and that's capped at 120 RON per megawatt hour, but with no supplementary tax on gas for these sales, which is quite significant in Romania. And also for the storage of gas for the B2B, where we also supply at 120 RON per megawatt hour as well. And this will cover around 65% of our sales for 2025.

Question from Oleg Galbur: Thank you very much for that. But just as a follow up, do we have a specific number for the third quarter and fourth quarter?

Answer from Franck Neel: It's nearly the same. I think it's 60, 65% per quarter. So there is a mix between injection, now for storage is mainly Q2, Q3, but then we have the winter sales for the households. So it's quite stable around 65%.

Question from Oleg Galbur: Okay. But in terms of megawatts you don't have a number yet?

Alina Popa: Oleg, are you referring to the sales to households and district heating?

Question from Oleg Galbur: Exactly.

Answer from Alina Popa: Yes. We can provide these numbers. So if we refer to Q2 2025, 2.6 terawatt hours. First half 2025, 6 terawatt hours. Q3 2025, 2.1 terawatt hours. Full year forecast 2025, 10.1 terawatt hours. And we have also Q1 2026, 2.6 terawatt hours.

Answer from Franck Neel: But it may change. That's our forecast {based on allocations}.

Question from Tamas Pletser (Erste Group Research): I got two questions. First of all, I think you mentioned during the presentation that in the second quarter you booked around 60 million {RON} payment as a construction tax in the E&P segment. I just wanted to ask this confirmation. And also, what was the impact of the oil and gas revenue tax in the same period? I suppose this is also affecting E&P, so if you can tell a little bit more on this, that that would be really helpful.

And the second question I have is on your gas and power business, you mentioned that the regulation for the gas part of the business will change only in 2026. Can we expect this segment to return to profitability in the third or the fourth quarter, or in the first quarter next year, even before the regulation changes for the gas part of that business?

Christina Verchere: Tamas, thanks very much for your questions. Alina on the tax and Franck, very glad to see regulation changing.

Answer from Alina Popa: Construction tax for in Q2 2025 was approximately 70 million RON. And as there was an incentive for paying it earlier, {so} we paid it fully in Q2. When it comes to oil and gas taxation, we have royalties, approximately 175 million {RON in} royalties paid in Q2 both {for} crude oil and gas. And then we have {taxes on} natural gas, the supplementary taxes for gas. Additionally, {the tax on turnover}, approximately 95 million RON in {H1} 2025.

Question from Tamas Pletser: But I think you mentioned in the presentation, I don't remember precisely, I think it was page seven. You mentioned this oil and gas revenues tax. What was that one, this 0.5%, which is applicable until the end of 2025? What was the value of that tax? If you can mention that would be helpful.

Answer from Alina Popa: It refers to tax on turnover. So there is a tax on turnover of 0.5% applicable for 2024 and 2025, it should end in 2025, this is for full year 2025, approximately 250 million, up to 250 million RON for the entire year. So yess, {around} 60 million per quarter.

Answer from Franck Neel: On the gas and power, yes, we definitely will come back to, I would say more positive results. Definitely the last years have been very difficult with this regulation on power. So as you know, there were two taxes, namely, one was {for} above 400 RON per megawatt hour and including our CO2 costs, we had a 100% tax {in Q1/25} and then 80% tax in Q2 this year. So this will disappear {from} 1st July. And also the tax on power and gas trading disappears as well. So that's really very beneficial of course for the business.

Now we depend on the spot trade, of course, but we see already an improvement. We will see positive results already for Q3 and Q4. And our target is to recover the losses from Q1, Q2 by the end of the year.

Question from Laura Simion (BRD GSG): Thank you for taking my questions. In fact, I have only one question remaining because some of them were answered earlier. Regarding your expectation of the demand for your products, especially retail, you mentioned in the presentation an estimate of the National Bank for the inflation this year, which is quite outdated in May. They said in the last policy decision {meeting} that inflation will be much higher than their May estimates. So considering this inflation spike in the second half of the year, do you still see demand stable?

Answer from Radu Caprau (EB member R&M): Thank you, Laura, for the question. I'll be answering this one. Generally when we have adjustments, like in this particular case for us from tomorrow, of the excise and the VAT, we do not see an immediate impact into the demand. So, generally for the base products the demand stays for a while on a similar level. So we do stay with the actual forecast of having stable demand. Most probably the impact is going to be visible and felt in the sense of decreasing from next year onwards, beginning of next year, as we are calling, on mid-term. And in general, when we talk about the impact on sales related to the macroeconomic indicators, the economic growth is the one that gives us the best indication on that, which indeed is relatively slow or reduced for this year, but still on positive trends.

Question from Oleg Galbur: Thank you for letting me ask a follow up question. I would like to ask you if you can spend a few minutes and elaborate on the impact of the US dollar depreciation on your second quarter results? Because you're mentioning the impact on different segments, so I would like to ask you maybe to give us more colour on what was the impact on the segment level and also on the consolidated level, maybe. So, in other words

if you know and can share with us on a like for like basis, what would have been the net profit results in a stable FX environment?

Answer from Alina Popa: we don't have such a calculation. I mean, I think probably the place where you see this impact the most is if you look into the production cost in E&P. Production cost in E&P if we look at Q2 versus Q1, we have a \$1.1 per barrel negative impact, increasing production costs, because the dollar weakened versus first quarter. So overall clearly we have, when the dollar is weakening, we have a negative impact in our results, but we don't have such a calculation. What we do present is a sensitivity, in the page on sensitivities at the end of our presentation. You can see there the sensitivity for US dollar appreciation by \$0.10. We have approximately €90 million EBIT impact. So you can use that one to do some estimations but {we} do not provide more {information} on that.

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