

Capital Markets Day Strategy 2030 – Q&A Transcript

OMV Petrom published the updated strategic directions on December 7, 2021. The investor and analyst conference call were broadcast as a live audio-webcast at 2:30 pm local time. Below is the transcript of the questions and answers session, which contains minor modifications from the original for accuracy or clarification, none of which change the substance of the original.

Raphaël Dubois (Société Générale): I have two questions. One is about renewable power. Could you please tell us if you intend to go alone or find a partner? Have you considered making an acquisition instead of building from scratch, your way into this new business? And still on renewable power, is there a mix of merchant price versus PPA that you target? And finally, still on renewable power. Can you share with us what sort of prices you can currently see? And if there is any cap that would be implemented in renewable capacity, if you were operating now?

Christina Verchere: Raphaël, thank you very much for your questions and thank you for joining us this afternoon. Franck, the floor is yours on renewables.

Franck Neel: Yeah. Thank you, Raphaël, for your question. Let us take the first one about partner or not. Indeed, what we are looking for is a mixed solution with our development of renewable power. So, we will look for partnership, but we will also develop renewables ourselves. So, I think it would depend on the different project we will see on the market. We will see that if a financial partner wants to collaborate with us. We will see some developers who are looking to sell project as well, ready-to-build. So, there will be a mix.

And we see also land-owners who want to work with us on the development of the projects. Or you will see a combination between our own lands, work with land-owners or buy ready-to-build, there will be a mix of projects on that.

In terms of the power, as we mentioned during the strategy, what Christina was explaining, is we are looking to sell green power to our customers. What we are looking is to establish PPA or short-term contracts with our customers in terms of green electricity. So, to come back to you, it will be certainly a mix of merchant and PPA. We see that the market has started to develop on PPA, not PPA of 10 years but PPA below five years. So, we will look at this type of market for electricity.

In terms of cap, I am not so sure what do you have in mind but what we have is a minimum target linked to our CAPEX and linked to the profitability we are looking for. I am not so sure what you were asking on that, but if you can maybe be a bit more precise.

Raphaël Dubois: Sorry, I was not very clear. If you could just tell us what are current power prices in Romania? And also, we have heard of some countries imposing a cap on prices that can be obtained. Will it be the case currently in Romania?

Franck Neel: So, in terms of power price, at the moment, as I think everywhere in Europe, you see quite an increase of energy prices, gas and power and CO2. So, in Romania, you have the same trend. So, we have a power price which is quite at a premium versus other countries, which also give us confidence in terms of the need of the new capacity, especially in renewable power. We are focusing also on the solar energy because peak power is quite expensive today in Romania. So that is why also we want to capture the demand and the needs we have in the peak.

We are looking at prices. If we look day ahead, we are looking at more than €200 per megawatt at the moment. So, looking forward, of course, the prices are lower. But we see a mix between the spot and the future market, we see a spread between the spot and the future market as such.

Now about the cap, yes, different countries, due to this winter situation, have introduced some cap, including Romania. Romania put not really a cap but a tax on power above a certain amount, which is nearly €100 per megawatt hour. So, the tax is triggered at quite a high level, but it is an exceptional measure due to this situation on the market to protect the household and vulnerable customers.

Christina Verchere: And does not include fossil fuels.

Franck Neel: No, this tax does not apply to fossil fuels, so only for renewable, including hydro.

Oleg Galbur (Raiffeisen Bank International): I have three questions. The first question refers to the Refining & Marketing segment. Could you please provide more details on segment's earnings split, or at least disclose the profitability per filling stations, which is shown on slide #31 in order to help us understand what is driving the Refining & Marketing EBIT growth over the next five years? And the Retail segment by itself is becoming more and more important for the overall earnings generation for the whole Group. According to my expectation, it should become a larger contributor than the E&P segment by 2025. And therefore, helping us understand the developments in these sub segment in the retail business.

My next question refers to the low carbon CAPEX. Based on the current legal framework, how much, or at least which of your planned low carbon projects could be eligible for the EU co-financing under the Next Generation programme or the multi-annual financial framework?

And last but not least on dividends. Firstly, you have mentioned that paying special dividends is also possible provided that CAPEX plans are funded. Could you please help us understand what exactly does it mean, especially in the context of the current strong cash position and the expected earnings generation, while near-term CAPEX would be below the average for the period? And secondly, how should we think of the 5% to 10% annual increase of dividend per share? Would, for example, 10% be the maximum annual increase or depending on earnings generation in that specific year, there might be years with higher than 10% or lower than 5% increases in DPS?

Christina Verchere: Oleg, thank you very much for your questions, and again, thank you for joining us. Radu, do you want to jump in on the Refining & Marketing question. Then Alina, I think dividends for sure and how we are assuming with regards to EU funds within our CAPEX.

Radu Caprau: Thank you very much for the question, Oleg. Indeed, Retail will be a significant part of our business, but it is a significant part of our business as well today. We believe that Retail is going to play an important role in this decade, and as well in the next decade that will follow, considering the fact that we have a very, very strong presence into the market and that we have a significant and solid base.

So, therefore, we are going to develop in that segment and offer a diverse mobility solution, adding, as was shown by Christina, the alternative mobility solutions and, developing the convenience offer. And we need to be cognisant that digital is going to play an important role in the future.

As well, refinery will remain a very important player in the downstream segment, because as we have shown there, we believe that we are going to have strong margins and, we are going to further capitalise on the integration of our assets. So, basically, we are going to have a high utilisation rate of the refinery and all the products are going to

end in our sales channel. So, ending in our sales channels, that means that we are going to capitalise on all our assets, both refinery and retail.

And we have a specific valuable position at the moment, because as I was mentioning, by having a strong retail but also commercial position, we can, in the future, reduce our third-party supply and basically consolidate more our equity sales in our network. So, I would say, if you look at the landscape of today, this is going to stay with a proportional contribution to the downstream oil also in the future, considering the value of the retail and refinery as well in the period to come.

Alina Popa: I will continue first with the question related to the CAPEX. We believe that most, if not all of our low or zero carbon projects might qualify for EU funds. So, we will definitely apply for it. In our economics and modelling, we assumed rather on the conservative side the EU funding. However, we will do our best and we will apply for EU funds and subsidies. What is important, capital discipline and strong business case; we put thresholds of 9% internal rates of returns for all this low and zero carbon projects in order to make sure that we deliver expected returns.

So, this would be on the CAPEX side. The next question was on the dividends. And I could refer to both base dividends but also special. So, it all depends on both our financial performance but also market and business environment. So, in a good market and business environment, we should expect to see dividend growth towards the high-end of the interval, towards 10%. In a more negative situation, we would expect towards the lower side.

When it comes to the special dividend, there are some uncertainties which exist currently in our business plan. Of course, we need to look how this 2021 year will end, but more important than that, is the uncertainty about Neptun Deep timing and especially related to Offshore Law, which is the main trigger that will determine when we will have the FID for Neptun.

So once all these uncertainties will be clarified, we will be in a better position to provide estimates and details about special dividends.

Daniela Mandru (Swiss Capital): I would like to discuss a little bit more about your game-changing project, Neptun Deep project. My first question is, what is the net present value of the Neptun Deep project in a base case scenario? And related to this question, if you can disclose to us, what are your long-term gas prices in the base case scenario for this NPV computation and the OPEX per boe, of course, assumptions?

The next question would regard the main expected amendments to Offshore Law to start Neptun Deep project. And I had other questions already answered. So, this would be all for now. No, sorry, I remember another one. The expected realised gas price in 2021, please remember the fact that Romgaz is disclosing the price. So, I do not see any threat to you in disclosing this price. And if you do not disclose this price, please at least let us know the expected realised gas price increase in 2022, so the increase for the next year?

Christina Verchere: Thank you very much, Daniela. I will take on the Offshore Law amendments and then Alina will talk about Neptun economics, and Franck will take on realised gas prices. So, Dana, thank you very much for your questions.

As we talked about, and as you rightly said, Neptun Deep, we see as a game-changer for OMV Petrom and also for Romania. Without it, we actually see that the country will need to import about 50% of its gas by 2030. So, we do see it as fundamental for energy security, economic prosperity, but also very key actually in the climate change agenda and energy transition to displace some of the coal power generation that is in the country.

Key for this obviously to move this project forward will be amendments to the Offshore Law. The three key areas that we are looking at, one is the stability clause, ultimately to make sure that when the gas comes on stream, that you do not suddenly find that your tax system changes. This is not uncommon and generally required on all major capital investments in the oil and gas arena.

The second component is the fiscal take. The fiscal take is very high from a competitive perspective versus other parts of the EU for the offshore. Three to five times higher than that, which is a disproportionate distribution of the economic rent of this project. And the final one is the right to freely market gas, some of which has already been addressed through the gas release programme but needs amendments in the Offshore Law for that. So, these are the fundamental aspects.

Once we are able to see that, and the prerequisites are in place, we estimate five years until first gas. So, I think it is really important to be able to move this forward. We do see encouraging signs. Obviously, we can see that the Romgaz and Exxon transaction appears to be getting closed. On the point of time that that completes, we will take over the operatorship and be ready to take on that role. And we do see this as a strong signal from the Romanian authorities who want to change the Offshore Law plus their commitment obviously to Romgaz as the main shareholder for that.

With that, I will hand over to Alina to cover the economics of Neptun Deep.

Alina Popa: Thank you, Christina. Thank you, Daniela, for the questions. So, we provided today some important information that will enable you to calculate the net present value. And I will summarise them as follows: CAPEX for Neptun is up to €2 billion. Then we disclosed the internal rate of return; that should be above 12%. We disclosed the production at plateau of around 70,000 boe per day for a period of approximately 10 years of plateau. After that, being followed by the natural decline. And we also disclosed an overall resource number, estimated recoverable resources for Neptun of 50 bcm.

So, I think the only information missing to calculate the net present value is the gas price. You can estimate with various gas prices, but for our view, I will hand over to Franck now.

Franck Neel: Thank you, which, of course, is not easy to forecast, as you can imagine, gas price on this horizon. I will just not give you the details, but I could tell you that we are quite conservative, and we are looking for a price scenario between €22 and €25 per megawatt hour. So, I think it is quite conservative for this period and we have also a downside scenario around €17, €18 per megawatt hour.

In terms of your other question about 2021, I think, again, you would be a bit frustrated. We are not disclosing our realised gas price, but we are slightly above Romgaz, if you want to know.

In terms of next year, we will see an increase, that is for sure, and quite significant, because as you say in 2021, most of the sales were done in the beginning of the year, even at the end of last year. So, the prices were not necessary capturing this increase of gas price, which was incredible, especially in Q4 and at the beginning of Q4 in October. But what we see is that what we have signed already for next year is at a much higher price than this year.

Just to give you a number today on the gas release programme, we sold at €70 per megawatt hour calendar year 2022, that information which is available on the gas release programme. It would not be our realised gas price for next year. I do not think, but it would give you an idea, so certainly we see an increase for next year.

Christina Verchere: And I think if I could just add one thing, although we will see obviously increase in our realisation price, there is a supplemental tax that kicks in above RON 85 per megawatt hour, 80% tax kicks in, in the

supplemental tax. So, we do not see the full benefit of the higher prices coming through into the bottom line in the exploration and production business because of the supplemental tax. This is an important thing as you are working on your modelling. So, thank you, Daniela, for your questions.

Chris Veit: I think one answer we are missing actually on the OPEX.

Christina Verchere: Okay, please.

Chris Veit: Maybe to give you also some indication on the OPEX. Of course, Neptun Deep will have a major impact on our OPEX. We disclosed that the production cost will be about \$13 per BOE, and with Neptun Deep included, we will try to achieve, actually, \$7. So, this gives you a basis for the calculation.

Jonathan Lamb (Wood & Company): You did not mention what your gas price assumption is, long-term. You have oil price assumption, CO2 assumptions, but not gas price assumptions.

Christina Verchere: Franck, you just want to mention that again?

Franck Neel: Yeah. We just mentioned it. But it was between €22 and €25 per megawatt hour.

Christina Verchere: Did you catch that, Jonathan, okay?

Jonathan Lamb: Actually no. I did not. I just have a speaker malfunction.

Christina Verchere: Okay. He said €22 to €25, yeah?

Franck Neel: Yes.

Christina Verchere: €22 to €25 per megawatt hour is our long-term price assumption for gas.

Alina Popa: For the gas hubs.

Jonathan Lamb: Okay. One other question. Under the gas page, you said you see 20 times customer increase, if I understand that right? Does that mean a big change in your gas business model?

Franck Neel: Yes, Jonathan. So, it is not only gas. I would say it is gas and power. So, what we are looking is we are developing our portfolio, especially on the SME segment. And we have developed a new digital platform this year. We are already live on gas. We will be live on power next year. And our target is to increase our market share, especially the number of customers in the SME segment to complete our B2B footprint we have today.

Irina Răilean (Banca Transilvania): Part of my questions have already been answered, so I have just a follow-up question regarding Neptun Deep and especially what is the CAPEX amount that has been spent up to this point for this project, if you just could remind us about this figure?

Alina Popa: So, what we have announced, we have spent, together with Exxon, until now is more than \$1.5 billion. This is the CAPEX number.

Irina Răilean: And could we assume 50% - 50%?

Alina Popa: Yes. Absolutely, yes. 50% our share, yes.

Alexander Burgansky (Renaissance Capital): I have a few questions. If I can start with Petrobrazî refinery, please. Can you please explain a little bit your strategic hope to decarbonise your refinery business? Also, how adaptable is your refinery to the renewables? And so, assuming that you want to increase the share of renewable production

down the road, what percent of your existing assets at refinery could be adapted to that renewable? So, do you need to build new facilities and you cannot utilise the existing assets?

Also, I was wondering if you could talk a little bit about petrochemicals. That was one of the options that was available to you to maybe boost the investments and build some of petrochemical businesses. Obviously, you decided not to do that, so why did you not make a decision to go into petrochemicals? And also, finally on that part, if you could also talk a little bit about your existing hydrogen experience. I assume that you are producing hydrogen for refinery operations. So how much hydrogen are you producing now? What type of hydrogen? And how do you plan to expand your hydrogen production?

Then my other question is on the financials. So, can you please give a guidance for CAPEX for 2022? And also, your commitment not to exceed the 20% gearing. I was wondering under what oil price assumptions do you expect that you will need to resort to some kind of debt financing at all. I mean, obviously currently you have a large net cash position. So that gearing, when does that come into play and what is your first assumption?

And then finally just a clarification on the Neptun Deep CAPEX, so the €2 billion that you are talking about and the gearing and the investments that you spend today. So, the internal rates of returns that you are talking about for Neptun Deep, does that incorporate the investments that have been spent to date?

Christina Verchere: Thank you very much, Alexander. Radu, do you want to start with the Petrobrazi and then Alina into the financials. And maybe just a point of clarification on the Neptun CAPEX there.

Radu Caprau: On the Petrobrazi refinery, so as I was mentioning earlier, we believe that our refinery has good grounds to run on very high rates. So, we assume for the end of this decade actually running on average 95%, except the two years when we have turnarounds. But still early end of 2040, we are seeing rates of 85%.

On that, how do we integrate the renewables? Absolutely a fair question. As mentioned here, we talk about two directions. One direction relates to the fact that we see the biofuel second generation ethanol, which could be in itself a standalone solution, or it could be an integrated solution in the refinery, and we are looking to both options. Also, when we talk about the HVO/SAF unit, it could be a stand-alone solution but also a more integrated solution. But we see it as being an integrated solution in the refinery.

So basically, building on our asset base and integrating those new solutions will definitely generate synergies and benefits for the refinery. And for decarbonisation, we need to optimise. We work on our existing asset base, and we are optimising it. And for the medium term, we are looking on how renewables could help us on further optimising the Scope 1 and Scope 2, so decarbonising our facility.

Another aspect that our industry has to look into in CCUS. And on the CCUS, by the way, we have a project that we are looking into. It is a demonstration plant built on together with some other partners in a programme funded by EU, which was kicked off this year and we are going to test it in 2024, but it is something that we need to learn, and we need to apply it for the future.

When we talk about petchem, why not? Well, petchem was not completely excluded because, for example, in our aromatics unit which gets to the end of its lifetime, we decided to increase the capacity and have a significant increased production on one hand. On the other hand, of course, we are having a much more modern and efficient unit. But that is the thing that we are going to do on a short term.

And to look into higher petchem development, you will need a certain scale, while our refinery is managing 4.5 million tonnes and is not having the scale to encourage on going on units that could significantly grow. But we believe that

the biofuels which are right now the answer for the sustainable refinery production could be, on a long-term, the solution for the bio-petrochemicals. But that is the value of those biofuels because you see the value of it today, but you see the value of it as well tomorrow as a potential feedstock for bio-petchem.

On hydrogen, in our experience, we have certain production but most of it we are buying off the fence. Anyways, we are looking into developing a new unit green hydrogen in the refinery to integrate it for the benefit of our production and for the decarbonisation of our oil production, and as well for learning in this field. I hope I was answering all the questions.

Alina Popa: Alexander, I will continue with the financials. So, the first question was about CAPEX. We provided the guidance for CAPEX for the next four years, so 2022 to 2025, an average of €1.1 billion. When we look at 2022, we do not provide now the exact details, but you should consider lower than this average. But definitely would be higher than what we have spent in 2021, the reason being that we are still not there with the final investment decision on Neptun.

The next question was about gearing. So, the gearing limit of 20%. So indeed, right now we are on a net cash position, a net cash position which is due to the several years of delay with Neptun year-after-year. Now once we will start spending the CAPEX for Neptun, in addition we have announced today significantly higher CAPEX than what we spent in the last five years.

So, in a couple of years, you will see our net cash position definitely decreasing year-by-year and also going into net debt position. Now, depending on the oil price and the market environment in general, what we have done, we have tested our strategy for a downside price scenario. This downside price scenario for us was with oil price at \$50 per barrel and refining margin at \$3 to \$4 per barrel.

In such a downside price scenario, we will reach this limit of 20%, but we will be in a position not to exceed it, and at the same time, to be able to largely spend our CAPEX plan of €11 billion and also to keep our commitment of growing dividends by 2030.

And the last questions I noted was related to the Neptun internal rate of return of 12%. Yes, I do confirm that this rate of return considers the CAPEX already spent until now.

Tamas Pletser (Erste Group Bank): First of all, just a remark. I was pretty much astonished how profitable your project Deep Neptun can be. So, thanks very much for all the details. I think it is a positive driver. And most of the colleagues asked the questions. I have only two. First of all, can you tell us a little bit about your CCS opportunities? I know that Romania has a lot of depleted oil and gas fields, so I suppose you should have a lot of opportunities to store CO₂. Do you have any figures? Do you have any estimates how much potentially do you have? That would be my first question.

And my second question just to follow-up on this Neptun project. You mentioned this \$7 per barrel OPEX. Is this decline only coming from Neptun or do you expect some changes for your traditional portfolio for production cost?

Christina Verchere: Thank you, Tamas. Chris, I think his questions are all for you.

Chris Veit: Yes. Concerning the CCS potential, I think it is understood that in the regional zero target on the climate change actually, CCS has to be integrated, otherwise this target is not achievable. And we see that the European legislation actually went already into the Romanian legislation by a law, actually in 2011. Emergency Ordinance 64 addresses that, taking over the legislation actually from the EU.

What we are doing here at the moment, we are looking in three aspects on the CCS potential. First is, of course, as you mentioned already, the existing gas reservoirs. Then second one is we look on the saline aquifers. But this means actually we need to explore for them because in the past actually, we never explored for saline aquifers. It is something in the oil and gas business you try to avoid actually.

And the third part relates to Neptun Deep or offshore. Here, we also see some potential intakes in the gas fields but also in Neptun Deep itself if we empty it, it could be possible CCS storage. The quantities, we mentioned them already. We want to store about 2 million tonnes per year and we are looking actually for storage for these volumes in the future.

The second one was on the OPEX number. I think here is a misunderstanding, the \$13 what I mentioned is all inclusive. This is the number today and together, in future when we produce in the Neptun Deep, it will come together to \$7 per BOE. This means Neptun Deep is, of course, less than the \$7.

Christina Verchere: Thank you, Chris. Tamas, I hope that answers your questions.

Raphaël Dubois: I have a few questions about transport fuels and refining. The first one is about slide 13, where you show diesel demand, gasoline demand dropping quite fast after 2030. Could you please remind us of the EV penetration rate that you expect in Romania by then and how much trust do you put in those forecasts? It seems a bit ambitious to expect that there will be so many EVs in Romania between 2030 and 2040, but I would like to be convinced.

Then on the refinery and it is linked. Can you share with us how you expect the competitive environment to evolve in Romania, refining-wise? Since you invest so much in Petrobrazi, you clearly expect some of your competitors probably to close down and accommodate for the lower diesel and gasoline demand by then? Can you maybe share with us how many refineries you will expect to be closed in Romania by when?

And finally, and it is still very much linked, biofuels. Most of the capacity that you are going to bring to the markets is in 2030. It is in nine years from now. So how come it takes so long to bring capacity to the market? And you talk about agricultural product waste when most of your peers talk of used cooking oil or animal fat. So, does it mean that you will not try to diversify your feedstock into those used cooking oil and animal fat, you will only take on some agricultural product waste?

Radu Caprau: So, on the transportation fuels and evolution to 2030 and 2040 on diesel and gasoline. For the reasons explained by Christina, we believe that we have significant opportunities for growth in the transportation segment for good reasons. As mentioned, just a couple of them, indeed, the fact that motorization index is lower, the fact that we see a significant economic growth in the following period and as well transportation – for the heavy transportation there is no obvious alternative.

So, if we look at all these numbers, the growth for this decade, I think, it is a very solid assumption. And by the way, all the assumptions we are having here are not only in-house, but as well tested with external providers.

Our assumption on EV, to be more precise on your particular question, Raphaël, so we are seeing these days, approximately, or maximum 1% from the fleet being electrical and hybrid. It is important. For the period to come till 2030, we assume that this figure might reach approximately 20%, assuming an accelerated adoption of the electro mobility.

Ambitious or not, if you are looking to the European assumptions, those could be a bit even more ambitious, but we believe that the attraction and the increased rate is going to be at a relatively slower pace. Why we believe that after

2030 the demand is going to decrease? Because of the efficiency gains, the electro mobility, the promotion of the public transport, all of those will be adverse to the classical fuels, and as well the bio-component will be further increased.

So that is for us the logical assumption / conclusion to believe that in 2040 we are going to see that decrease. Still, as I was mentioning a bit earlier, we see the refinery utilisation to the level of 95% end of this decade, 85% towards the end of next decade.

On competition evolution, so in our investments in the refinery, as I was earlier mentioning, I was talking about the integration of our assets. And that gives us the confidence that we need to have a high utilization rate and equity products being used and sold in our sales channels, that gives us the confidence, as I said, for this high utilisation.

And the investments in the biofuels are just going to make our products more sustainable for this period and for the period to come. Is the refining industry going to be under pressure in this decade and next decade? Yes. Who is going to close? I would not go for that, but obviously the refineries are going to be under scrutiny, but we believe that we have good grounds to run profitably in the next decades.

On the biofuels, you ask me why we go so late. We are going to go on a relative gradual adoption of those biofuels. So, we are going to look into the biofuels' development in the immediate period to come. And to be honest, if we see that there is a significant opportunity going faster than most probably the end of the decade, we can definitely accelerate all these programmes.

But on specific biofuels initiatives, because we are not going to talk about the singular plant, we talk about more plants or more investments, we are going to start those already in this MTP medium term plan cycle that we are referring right now.

Irina Răilean: I have some more questions about Neptun Deep. Could you remind us a little bit about the timeframe? So, we expect final decision next year or up to 2023, then first gas in 2026-2027. And after that, is it correct 10 years of plateau production of 70,000 BOE per day. And after that, possible natural decline period? This is what I understood. Please just confirm or correct me.

And also, about Neptun Deep, in your view, what will be the destination of the natural gas? Will it be for export? How do you see or where do you see the market for Neptun Deep gas?

And regarding the gas prices guidelines, I just wanted to better understand, is this guidance like an average for the 2022-2030, or is this rather 2025-2030, longer term assumption? And could this also be seen as an assumption for Neptun Deep gas prices?

And the final one is regarding gas demand in Romania. I saw in the presentation a 20% increase in 2030. Where do you see this increase to come from?

Christina Verchere: Thank you, Irina. I will take the first one with regards to the timeframe and some of your assumptions there, and then Franck, to you for all the gas demand, gas prices and gas destination questions. But Irina, I think you summarised it very well. I think what we have already said is if the Offshore Law changes are made this year, then we believe it is possible that we would see being able to FID in 2022.

However, in the event that the Offshore Law changes are not made this year, we believe FID will move into 2023. And from FID until first gas is four years. And we have, yes, shared now the plateau production is 70,000 barrels a

day equivalent net to OMV Petrom, plateau for 10 years and decline thereafter. So, I think the way you have summarised it was actually perfect from that.

So, with that, Franck, I hand over to you.

Franck Neel: So, three question on the gas. In terms of marketing of Neptun gas, first of all, of course we will look to our market first, to the local market in Romania. And I think it is also linked to your last question about the demand. Of course, it will also depend on the situation of the supply-demand on the horizon for 2026 or 2025. So, there is also the infrastructure now in Romania if there is an oversupply in Romania, to be able to export the gas, but when the supply and demand will be close to the first gas, we will see what the situation on that will be.

But what we are confident, and what is also important for us in terms of decision of investment, for future decision of investment, is to have the infrastructure to be able in case of oversupply, to have access to other markets. And then we will look at the market where we have a better net back value for the gas; that is important, of course, for the economics.

In terms of gas price scenario, what we are looking at, it is a range of €22-€25 per megawatt hour I was mentioning, is for the entire period of our strategy.

And in terms of the gas consumption, well, we see already an increase of gas consumption this year compared to last year. There is quite an increase of number of connections, which is important due to the economic growth, but also due to the increase of the network on the distribution side. So, we see more households and more buildings connected to gas, taking market share from other fossil fuels, especially coal and wood and district heating. So that gives us confidence that we see this trend ongoing at the moment.

Also, of course, the big volume will come from the switch from coal to gas. And here, it is part of the strategy of the national government in terms of energy transition to make sure to reduce the CO2 in Romania. And we can reduce by almost 60% by switching from coal to gas. So, this will increase the demand.

And what we expect as well, but we did not put in this numbers but after that, it is also the hydrogen demand in Romania, where there is a potential for blue hydrogen, because, as Chris was mentioning, carbon storage will be in facilities that we can see in the market. And when you look at the carbon price today, we are close to be already breakeven compared to grey hydrogen. So, we are confident that there will be also an economy on the blue hydrogen.

Oleg Galbur: The first one, in 2030, you estimate that the EBIT generated by low and zero carbon projects should be in the range of €200 million. Could you please tell us how much of this is expected to be generated by new technologies such as carbon capture, hydrogen and others?

Second question on investments in the solar energy. Would current regulatory environment justify the planned investments in this field? And I am asking in the context of the disappointments faced by investors in the wind energy in Romania, which currently are facing unfavourable regulation.

Thirdly, again on Neptun, of course. I did my maths and calculated the production costs for Neptun, and I cannot put \$1.50 per BOE, so I would be thankful if you could provide a feedback on this number. And also, I was wondering what level of taxes you have assumed for the IRR calculation for the project. Are you just taking the current royalty levels, or have you also assumed some additional taxes?

And last question on the upstream production guidance for 2030. I was wondering whether it includes contributions from other new projects besides Neptun Deep. And if yes, how much?

And let me just provide also a very short feedback on the first question I asked in the previous round about the split of refining and marketing earnings. I understand that you are not willing yet to disclose this split, and I am sure that you have your own reasons. But I was thinking that it would be pity not to have a better visibility on the segments' earnings, especially, as I was trying to say, with the retail segment becoming the largest earnings contributor at the Group level by 2025.

Christina Verchere: Thank you, Oleg. Thank you for the feedback. Alina, do you want to talk about the EBIT for low and zero projects, then maybe Franck, maybe talk a little bit about the PV and comparisons with regards to the wind side. Then let us come to the low and zero and then while you are at it Alina, do you want to take on the tax with regards to Neptun and then we come back onto the OPEX for Neptun Deep. So, Franck, we start with you.

Franck Neel: Okay. Thank you, Oleg, for the question. I think what you referred to is a situation in the year 2010-2012 when there was the first wave of renewable power in Romania and where there was a green certificate scheme done by the regulator, which was very attractive at that time, and maybe too attractive. And then the regulator decided to change this.

What we see today, which gives us more confidence, in fact, is first of all, the cost per megawatt of the technology has dropped quite a lot, especially for solar, so if you look at 2010 compared to today, the drop of per megawatt has dropped. And that has made solar more profitable than 10 years ago. Also, the power price, if you look at the situation on the power price, we mentioned it before, we have the peak, especially the peak power price when we produce with solar is much higher than what we get from the wind, for example, where you tend to produce rather during the off-peak hours.

So that is also a benefit that we see today. And to be fair, we are quite glad that we can get a profitable development and investment without having a regulatory support because it is always a risk that you may lose it. So, that gives us more confidence in fact to be able to invest in this technology.

Now we may also benefit from EU funds for the investments because we have the Modernisation Fund, the 10-D that benefits a few countries in Europe, about 10 countries; Romania is one of them. And this will help us to also to reduce part of our CAPEX that is to be covered by EU funds and you got them at the beginning when you take your final investment decision. You do not need to wait for a regulatory framework on that.

So more confident because we do not need any support from regulatory bodies and we see today the cost per megawatt, the power price and maybe what I should add as well, the strong demand from our customers. When we look at our customers today, for their energy transition for offsetting for CO2 footprint, they are looking for green power, which also gives us a guarantee of origin support for our green power.

Alina Popa: I will continue with the EBIT. So indeed, EBIT in 2030 for low and zero carbon is around €200 million. The part related to new technologies is really minor there, if we refer to the hydrogen and CCS. So, most of it comes from solar and biofuels.

And related to the question on Neptun taxation. We have assumed already a modified tax related to Neptun. And this is why we waited so much for the change in Offshore Law because this is absolutely essential, both from a perspective of stability of the taxation framework in the free market, but also from a competitive tax regime perspective.

So, what we have used in the calculation is the latest draft available, which was published by the government back in 2019, which was an improved taxation versus what is today in the Offshore Law.

Chris Veit: On the production cost, I must say, Oleg, you did your maths quite good, but you are not exactly there but in the range. So, we are not that low in production cost on Neptun Deep but a little bit higher but not that 1.5.

Christina Verchere: And production in 2030, anything from outside Neptun Deep, Bulgaria and Georgia?

Chris Veit: Yes, of course, we have models also for Bulgaria and Georgia. There we are doing exploration work at the moment. Next year, we are going to drill in Bulgaria a well. And the structures are similar to what we have seen in Neptun Deep, and we are hoping for an exploration success, of course, at the end of the decade there also.

Christina Verchere: But in the end, they are reliant on exploration success, Oleg, so not significant obviously at the 2030 stage, because we have to see the exploration success first. And we take a note of your comment with regards to the importance of the retail business. We also do see that, and we will take note of your request for more visibility.

Daniela Mandru: I would like to insist a little bit on the realised gas price this year. Please just confirm my assumptions. According to my computation, your realised gas price is around RON 120 per megawatt hour. Am I far from the actuals or I am okay?

Franck Neel: As I say, you are not too far. We are a bit above.

Raphaël Dubois: One more question on Neptun and I feel sorry asking as I think the transaction between Romgaz and Exxon is not even inked. But do you see room for a third-party joining, for a third upstream player or another industrial player to join to develop this game-changer project, as you call it?

And second question on the renewable power. Will you use project finance to boost the IRR beyond 9%? And if so, what sort of gearing should we expect?

Christina Verchere: Thank you, Raphaël. With regards to Neptun Deep, we look forward to the first transaction happening, Raphaël, and we await that one and look forward to that hopefully being successful, I believe Romgaz has the GSM vote this week. So, I think we should know shortly on that and look forward in the event that they get the approvals that they want to work into the joint venture. I think we will just start with that one for now, Raphaël. Franck, on the financing for renewable power?

Franck Neel: Yes, what we are talking about, the IRR, we were mentioning is in the unleveraged area. So yes, as we mentioned, we could increase this by project financing. But we have the equity and the cash to finance our project. Now we will, of course, look at it as part of this roadmap for photovoltaic and for renewable power, if we need to do project financing or not. And we do not close the door on that, but as said, today we are talking about unleveraged IRR.

Kian Huat Lim (CSAM Asset Management): Given that CAPEX is planned to be significantly higher in the coming years, how would the company rank the following the three priorities: CAPEX, gearing ratio kept at 20%, progressive dividend policy?

Christina Verchere: I had my view actually. Alina has her view on that one. So, I will start with the big picture and then hand to Alina for the financial frame. One, we believe fundamentally that there is a big investment opportunity to create the longevity of OMV Petrom within the energy transition and support Romania in its role of its Fit for 55 within the European Union and largest energy company in Romania. We feel that we have the investment

opportunities with the right rates of return to be able to do that. So, to me, I would put CAPEX at the forefront of that.

Having said that, I think strength of our balance sheet, combined with our investment opportunities, allows us also at the same time to do progressive dividend. And I think that is why we feel our investment proposition is very, very powerful in that regard.

With regards to gearing, I think that is for managing the downside price, should it happen. We want to be able to maintain our investment levels, again, fundamentally because we start with a very strong balance sheet. But I will quickly turn to my CFO and make sure she actually agrees.

Alina Popa: Very good answer. Yes, indeed. So, CAPEX is definitely our first priority. And then what I would add, is for this exact reason, we have tested our strategy for this downside price scenario, making sure that we can spend our CAPEX and be able to give growing dividends. And even in a downside price scenario, we are keeping our gearing ratio below 20% because we believe this is a healthy gearing ratio for our industry. So, thank you for the question.

Jonathan Lamb: You mentioned pricing, bottom-of-barrel upgrading but you do not say very much in detail there. What are your thoughts? What technologies are you looking at?

Radu Caprau: Bottom of the barrel, it is a special project on which we are looking into, and we have at least the options for the moment on the table, all of them pretty solid as of today even. Bitumen, carbon black are two obvious ones as of today. If you look only for the bitumen perspective, you can definitely see a significant demand for now and as well for the next decades. So, we see definitely a good opportunity to develop at least one of those two projects during this strategy period. And as said, the demand is there to be seen for the long time, even though as well for the carbon black, for example, we see a significant demand in Romania without having the production here. So, we have at least two solid initiatives that we are exploring as of today.

Christina Verchere: Thank you. Jonathan, I hope that answers your question.

Jonathan Lamb: I was surprised I did not see ReOil anywhere in there, the OMV technology?

Radu Caprau: ReOil, it is one of the options that OMV is exploring in a sense that actually they move from demonstration plant to industrial plant, and it is definitely an option that we could consider at a certain point in time. We need to see more substantial developments on that side from OMV and it could be an option for the future, but on specific topic related to the bottom of the barrel, those would be the two initiatives that we are looking into.

Daniela Mandru: So, regarding the gas price, yes, probably, the realised gas price was RON 110 per megawatt. This is clear. So, let us go to OPEX per BOE. Yes, it is regarding the Neptun Deep. I just made the computation. My implied level is around \$4 per barrel. It is okay?

Chris Veit: I need to think about the iterations.

Christina Verchere: Is it a little high, is it a little low?

Chris Veit: It is a bit high at the beginning but on average it is a good fit.

Christina Verchere: Thank you very much to all of you for participating and for joining us today. We are very excited to present our new strategy to you. OMV Petrom is now setting up for the energy transition with the commitment to reach net zero operations by 2050. We also put forward the largest private investment plan in the Romanian energy

sector while targeting to increase rewards to our shareholders. We strongly feel we are on the right direction, and we will all work very hard to make OMV Petrom a successful transition story.

Over the next days, we will meet with some of you in our scheduled virtual road show. There will be more road shows to come next year when we hope to be able to meet you either virtually, or if we are really lucky, maybe in person. As always, for further information please do not hesitate to contact our Investor Relations team. We wish you all the very best. Thank you very much for joining us today and stay safe!

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