OMV Petrom Q4 2025 Conference Call – Q&A Transcript

OMV Petrom published its results for January – December and Q4 2025 on February 4, 2026. 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 three. I'll ask {them} one by one because they're long and I don't want to lose some details.

So my first question refers to your CAPEX in 2025. Can you comment on the difference between your most recent guidance for 2025 from last October, when you guided for an organic CAPEX of RON 8 billion and today's reported figure of RON 7.7 billion? Where does the difference come from?

Also, can you explain why does the cash flow statement shows a significantly lower CAPEX for 2025 of only RON 6.8 billion? Does it mean that the cash outflow in 2026 might be significantly higher than your guidance of an organic CAPEX of RON 9 billion? So that would be my first question.

Answer from Alina Popa (CFO): We always try the best we can to estimate as reliably as possible. However, in real life, there are a lot of things that can happen. So indeed, we are slightly below our CAPEX estimation from the latest {guidance}. I mean, we have a lot of projects, as you might appreciate, a lot of projects ongoing and a lot of estimation going on with percentages of completion. And that's why we cannot be exactly precise. And we try our best. So there is no particular reason I can highlight there from this perspective. It's just a normal - reality is not spot on estimation all the time.

When it comes to cash flow statement, the CAPEX number is always adjusted with the level of payables at the end of the period and the beginning of the period. So from that perspective, of course, we have milestone payments on many of our major projects, while CAPEX is recognised based on percentage of completion.

Now, yes, we can see the same in 2026. I cannot say that I expect a significant difference for this RON 9 billion from today's perspective, but we always have a difference between CAPEX recognised on percentage of completion and then cash outflows based on milestones, depending on how the contracts are.

Question from Oleg Galbur: Okay. Understood. Thank you. Then my second question refers to upstream production costs. I'm having a bit of difficulties in understanding your guidance for opex/boe, especially when comparing it with OMV's guidance, which expects higher opex/boe this year. So maybe you could provide a bit more details on the different moving parts behind your guidance to understand why you expect lower average number this year versus last year, especially when we look at the economic environment, and when we expect still quite a high inflation in Romania, probably more than 5%, and also the decline in your production stays, while the construction tax is still in place?

And third question is very short one on your production guidance. If you could provide a split by oil and gas production decline for 2026, that would be very helpful.

Christina Verchere (CEO): Alina will take the production cost one, and Christi on the production guidance for 2026.

Answer from Alina Popa: Oleg, on the opex/boe. So what we have ongoing is our significant number of efficiency and cost programmes that we are running. Now these cover various topics, trying to simplify our footprint, trying to automate, trying to reduce complexity and so on. So depending on how successful {we} will be in all these efficiency programmes, we will see to what extent we will be going down below 17. We put in our guidance above 16, staying above this, just to signal that we aim to go with costs lower; it all depends on how successful we will be in all these efforts that we are doing in order to improve our performance on production costs.

Oleg Galbur: Okay. Understood. Good luck with that.

Alina Popa: Thank you. We need it.

Answer from Cristian Hubati (EB member Exploration & Production): Regarding the guidance for the production. As you know, as mentioned, 2025 was the second best year in terms of {production} decline in the last eight years, something which we are proud of.

During the year, you know that we're accommodating different shutdowns of the facilities, which is a normal process in order to maintain safe operations. In Q4 2025, the production was mainly affected by the natural decline of our mature fields and by one of our biggest facility in Hurezani which {had a different timing of maintenance, in 2024 in Q3, while in 2025 later in Q4}. This was compensated with workovers and drilling performance.

However, the production of oil and liquids basically, dropped by 7% year-on-year. Much better performance was in gas, almost stable.

So basically for the 2026, we're maintaining {our guidance at over} 100,000 boe per day, considering as well the weather impact, which we have in the Q1, which is quite severe, and we have some hiccups.

Question from Oleg Galbur: Maybe I will just quickly rephrase my question. Do you expect the gas production to decline or to stay flat in 2026?

Answer from Cristian Hubati: We're expecting a better performance in gas than in oil, which is proved as well by the performance in 2025.

Question from Ioana Andrei (UniCredit Bank): I have a few questions. First, regarding the new royalty quotas and the changes to the supplementary gas taxation as outlined in the report. Could you elaborate on the specific changes in respect to the gas windfall tax? And can you please give us a guidance regarding the impact on the new onshore royalties quota for 2026?

Second, regarding the updated E&P production guidance for 2030 at 170,000 barrels of oil equivalent per day. Could you clarify what is driving the increase? Is this from reduced natural decline or maybe higher output from Neptun Deep? And if you please could you give us the new guidance on the natural decline for more than one year at least.

And if I may one more on dividends. Of course, it was a pleasant surprise to see the special dividend proposal at this stage. Does this reflect a change in timing, or do you feel taking into consideration potential other special dividends in the second half of the year?

Christina Verchere: Alina, maybe you want to take question one on the royalties and then coming into dividends. And then, Cristian, on the E&P production.

Answer from Alina Popa: So indeed, at the end of December, we have announced this set of principles that we have agreed with the Romanian state. And basically the main objective for us was clearly to have 15-year prolongation of our production licenses, which is very important considering the level of investment that we want to continue in this area.

Now, what we did, we have agreed the principles and the objectives, but not all the details are fully established. And we are working with the Romanian authorities and expect in first quarter this year, 2026, that we have all the necessary details that we can provide to you in order to estimate {properly an} impact.

Now, we have communicated, and when it comes to royalties, we are talking about a 40% increase in royalty rates {for onshore assets}, but {we cannot provide details} at this stage with regards to the supplementary taxation. All this will be available, we believe, at the end of Q1, when we will finalise all the legal and contractual matters related to this agreement with the Romanian state.

Question from Ioana Andrei: But in the end, we should expect a positive impact from the windfall tax or a neutral one? How should we perceive it?

Answer from Alina Popa: There will be an adjustment in the windfall tax in the sense of decreasing this tax, but overall, it will not compensate the increase of royalties. So overall, it's a negative impact for the company.

And now I'm going to the second question with regards to dividends. So what we have done - what was the logic of our announcement today, was that in this context of record high investments, we want in the same time to provide clarity that we respect our dividend policy. So respecting our dividend policy means not only giving a progressive base dividend, but also giving a special to achieve this minimum 40% of operating cash flow, what we have announced {for base plus special dividend in total}.

That's why we thought, okay, it makes sense and it's better for clarity and transparency, to announce both numbers together this time, just to give clarity on that. Because in such a year with record high investments, it's important to have the dividend at the minimum level. We don't say we don't give, but we give it at the minimum level, respecting at the same time the dividend guidance and the dividend policy and also considering the challenging macroeconomic environment we have around us. So for this year this is the announcement which contains both base and special dividend.

Answer from Cristian Hubati: with regards to 2030 production target at above 170,000 boe per day. It's an ambition. I think we mentioned that in the previous session as well. It's a very ambitious target from our side. It's focusing to compensate basically the {natural} decline throughout drilling, workover and NFOs. You know that our campaigns or NFOs {Near Field Opportunities} are quite successful in the last years.

In terms of traditional gas, as said before, basically, we're expecting a lower decline. We're seeing better results. Compounded annual {change rate} is positive. We are targeting a plus 1% with a {production} of 60,000 boe per day in 2030. As regards oil, we are expecting minus 2% decline of the production in 2030 to around 40,000. All the numbers are excluding Neptun.

Question from Ioana Andrei: Can you please repeat for the gas side? For the traditional gas side, what is the production?

Answer from Cristian Hubati: In traditional, as I said, 60,000, excluding Neptun.

Question from Jonathan David Lamb (Wood & Co): An additional question about dividends. I was actually expecting to see dividends basically the same as they were for 2024. Does the fact that you've reduced {total} dividend by 10%, what does that tell us about how you see cash flows this year? And are you worried about getting too much leverage? Which I wouldn't think you are, because you seem to have very strong balance sheet.

Answer from Alina Popa: Indeed - I mean, we thought it's right that lower results are being reflected in lower dividends as well, considering also that our CAPEX level is significantly higher. Nevertheless, what we expect from this year, we are on a net cash position, but we expect by the end of the year we will be close to net debt or zero level. So we are coming to a net debt position, probably {at the} end of this year, beginning of next year. This year we see a lot of challenges from macro perspective, from commodity price perspective. And considering the high investment cycle we are in, we thought, okay, we go to the minimum level of our dividend guidance.

That was the logic. We keep overall our promise that we will be, on average, 50% of our {operating} cash flows are given to the shareholders over the strategy period. But in the highest year of investment, we go to 40%.

Question from Daniela Mandru (Swiss Capital): I have a question regarding the dividends. I've seen that you estimate for {this} year the free cash flow dividend before dividends to be negative. So within this context, so out of {this} year profit, it would be normal to pay no dividends, or otherwise, probably you will need debt to pay dividends. So the question is, will you pay dividends also next year out of 2026 profit?

The second question regards the results for the last quarter. So I didn't understood. So for me it was a - sincerely speaking, it was a surprise that you recorded that deferred tax of close to RON 350 million. So my assumption was that part of those special items have been deductible. So I don't know, maybe you clarify this.

And then a follow-up question regarding the opex. In fact, what are your targets? Okay, I understand that you will reduce, you hope to reduce operating costs this year, but I don't know. You have a minimum/maximum. So because you express that everything will depend on. But maybe you have some scenarios. So a minimum and maximum reduction, something like this, in order for us to be able to estimate the opex level for 2026.

Christina Verchere: Alina, maybe you want to take the first two on dividends and on deferred tax; and {I'll take the one on} opex.

Answer from Alina Popa: So on the dividends, we will continue to respect our dividend policy, which says that we provide minimum 40% of our operating cash flow. So what we have guided when we said free cash flow negative, this means operating cash flow minus investment cash flow. Because we have the highest investment in our history, yes, we will have free cash flow negative, but the dividend will be given based on operating cash flow at a level of minimum 40%. So the straight answer is yes, we will continue to give dividends and respect our dividend policy at a minimum of 40% of operating cash flow.

With regards to the second question on the deferred tax, it's basically indeed part of the special items. You always judge what is the expectation based on the preliminary information available. And when it comes to environmental and abandonment costs that we announced that we will have - we will take on our own cost. Our estimation at this point in time is that this will be treated from a tax perspective, like we treat all our environmental costs. We mean that they will be deductible. And that's why based on this, we have a deferred tax asset created for this figure.

Answer from Christina Verchere: I'll talk about the operating costs a little bit here. We announced previously that we - our goal is to take €150 million out of our cost base from 2024 to 2027. This is approximately 20% of the cost base overall. It is - there is no doubt that it's challenging, but I think part of the DNA of OMV Petrom is very, very strong financial and capital discipline. And so we are working hard on that. Alina and Cristi have talked about some of the aspects that we're working on to be able to do that. But we're also looking at our efficiency. We look at our contracting. We also look at our headcount.

We have decreased the size of the company by about 1,000 people this year as well, predominantly through voluntary {leave} programmes and retirements as well. So we're pulling all the levers we can to be able to make sure we get the cost base right for the size of our company. It's a lot of focus and a lot of work that we do on it, but I remain confident that we will be able to deliver it.

So if I wanted to give you a model, take 2024 and {re}state it until 2027, we're taking 150 million {EUR} of savings out. Yes, there will be some upward pressures on top of that as well, but that's the bulk of what we're looking to achieve.

Question from Daniela Mandru: But here, for example last year, so if I'm looking at opex, it increased in absolute terms. So there is no decrease in real terms. So yes, if you say 150 million {EUR} decrease in three years, I should expect that to decrease this opex. This OPEX decreases by around 50 million {EUR} per year on average.

Answer from Christina Verchere: I can understand that. Of course, we're focusing on what we can impact. We unfortunately can't impact the foreign exchange. We cannot impact construction tax, these kinds of things. We're focusing on what we can impact. So yes, I agree there will be some sort of headwinds on that, some things that are not necessarily in our control. But these are the underlying performance targets that we have.

Question from Daniela Mandru: I've seen that this year will be impacted also by - you guided the increase of {E&A} capital expenditure {to} RON 0.3 billion. Yes, but I would like to - it's hard to estimate, but I'm trying to estimate the exploration expenses derived from this {E&A} exploration expenditures. So you guided RON 300 million in exploration expenditure. And I would like to know what would be the exploration expenses for this year? What will be passed through P&L? That is the question.

Answer from Christina Verchere: So actually, you're right. So you're right, on page 11 of the Investor News, we estimate that it's about RON 300 million of exploration expenditure.

The P&L impact will depend on the {exploration} results, of course. So, of course, I would like it to also be a success. But this is exploration. This is deepwater exploration, has quite a different risk profile. So that the P&L effect will have to come with the results come in. I think it's fair to say when you look in the past, our exploration activity has been much smaller. We did a lot of exploration activity during getting ready and discovering the Pelican South and Domino fields for Neptun. We've been meanwhile doing onshore stuff, but it's quite small actually, the onshore compared to the deepwater. So this is much more significant, what we've got ahead of us. So let's see what happens here.

Question from Laura Simion (BRD GSG): First one regarding the re-allocation of CAPEX for this year of RON 1 billion to traditional and regional gas segments. This implies an increased cost for the Neptun Deep project, or where will be directed this additional CAPEX?

And the second question is related to the Refining segment. You guided to flat retail sales and higher {total refined product} sales, which means the growth is from the commercial side.

Answer from Christina Verchere: So just a quick one on the CAPEX reallocation. This is not a reallocation of CAPEX to Neptun Deep, Neptun Deep project stays on track, on cost and on schedule for that. This is ultimately a movement of CAPEX, but only in the E&P. It keeps doing very well, E&P, so {also on} the onshore side. But also let's see how the exploration plays out with regards to that. But no, it's not for Neptun Deep.

Answer from Radu Caprau (EB member Refining & Marketing): So indeed we have indicated flat retail in 2026 in the context of the pressure that comes from pricing, especially from the increased excise in the last year and also from 1st January. So that's what we expect from retail and higher {refined product} sales overall, indeed, because we are going to have the refinery back to full production, while in 2025 we were having a few weeks planned shutdown and therefore a bit lower volume. So we are going to recover these volumes and put them into the market. And that's the reason for higher {refined product} sales.

Question from Tamas Pletser (Erste Bank): Two questions on my side. First, when do you expect the Han Asparuh exploration results to be announced?

The second question would be, what is your expectation on the liberalisation on the gas side? Can we expect a similar impact on the Gas & Power and Exploration & Production segments as {in the case of} the power liberalisation or not? I presume not, but I'm very curious what you are going to say on this.

Christina Verchere: I'll hand it over to let Christi talk because we're in real time today with regards to Han Asparuh in the first round. And then after that, Franck will talk about gas {market} liberalisation.

Answer from Cristian Hubati: As you know, practically, we have a campaign of exploration in Bulgaria at Han Asparuh, with two wells. We started with spud at Vinekh in December 2025. We reached the {total depth} for the moment. First results of the well are not coming as expected. Anyhow, drilling data are under review and we're {looking} if we need to do additional testing of the well.

Our next prospect in the campaign is in Krum, where we are targeting different reservoir and sands and {where} we're planning the spudding in Q1 2026. Given {the farm down strategy in Han Asparuh}, the cost of the Vinekh well allocated to us is basically around €30 million.

Question from Tamas Pletser: And do you see any date when you can come out to the market and say something on this potential?

Answer from Cristian Hubati: As soon as possible? I don't want to commit and to be late after that. Just a short - just a correction. It’s €15 million, not €30 million is the Vinekh well cost.

Question from Tamas Pletser: €15 million. That's your share of the exploration {capex} for this?

Answer from Cristian Hubati: Indeed.

Answer from Christina Verchere: {As a} reminder, obviously, is that we {have} a farm down strategy. And in doing that farm down strategy, obviously when new partners come in, they have a tendency to carry you. Therefore, the financial exposure for us is lower in this situation, which is normal in a farm down strategy, in terms of risk management overall.

Answer from Franck Neel (EB member Gas & Power): So in terms of gas {market} liberalisation, so that's what we are forecasting, from 1st April 2026. So we still have Q1 on a regulated market {basis}, with a cap for our gas production for the B2C and the district heating. So we expect this to be released from 1st of April.

In terms of financial impact, yes, it's difficult to judge, but it's completely different than for power. For the Gas and Power {segment}, it’s not a significant impact, because we are a sales organisation for E&P.

For E&P, of course, the impact is different between the cap and having access to a free market. It would depend on the free market price. I mean, at the moment we are at around 150 RON per megawatt hour if you look at summer and winter price. But of course, there's also some impact of taxation and what will be the final taxation, what Alina was mentioning by the end of Q1. So we need to understand this before looking what the final impact of this liberalisation {is} versus regulation. That's difficult to judge at the moment.

Simona Crutu (Head of IR): If there are no further questions online, we got several questions offline via emails, and I will read them out loud, if that's okay with you. The first one refers to refining margins. You're guiding to $9 per barrel for 2026 versus $12.4 in 2025. What is driving this down? Crack spreads or company specific issues?

Second, when will you drill Anaconda-1? What's the resource potential, if successful?

And third, production trajectory for Neptun Deep. Any additional colour on when does it start producing and what's the ramp up profile? What first gas date is assumed in the 2027-2028 average guidance of more than 130 {kboe/d}?

Answer from Radu Caprau: So we do not talk about specific company related reasons for this indicator refining margin (RIM). Actually, it's market fundamentals. So we are seeing the 2026 on a downward trend, while road transport remains under pressure. But still {RIM would} be above the five-year average. In January, the refining margin was kind of confirming our assumption. And most, it's going to be further softening in February, March versus the previous year.

So we believe that this is an indication, around 9. It's a robust one considering again market fundamentals. While we could see some potential improvements of the margin in the context of Russian refinery outages, capacity rationalisation in Europe and US, of course, the geopolitical uncertainties.

Answer from Cristian Hubati: Anaconda. Basically, it's an exploration well, which we were pursuing, is around 40 kilometres southeast from the Neptun Deep block. Basically, we are planning to drill that after we're finishing the drilling in the Neptun Deep, you can extrapolate when this will be.

Neptun Deep first gas. So as you know, we set 2027. Allow us to progress with the project. It's a very intense project. It's a very intense year for us in terms of execution in the field. And once we are progressing into the project, we'll come with more detail throughout the year. I'm as well keen to communicate when, what we need is to make some progress.

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