OMV Petrom Q2 2026 Conference Call – Q&A Transcript

OMV Petrom published its results for January – June and Q2 2026 on July 31, 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/corrections included in brackets.***

Question from Oleg Galbur (ODDO BHF): I have several questions. The first one is related to Neptun Deep. You highlighted the successful installation of the offshore production platform. Could you also please update us on the key remaining milestones before first gas? Also, if possible, provide a more precise indication as to whether startup is expected in the first half or the second half of 2027. Also, if possible, once production starts, how quickly do you expect the project to ramp up to its plateau production level? Are we talking about up to one year or rather more than one year time?

Secondly, in the refining business. Would you remind us what share of Petrobrazi crude intake comes from non-equity sources and where this crude is typically sourced from? Given the recent volatility in crude differentials versus Brent, did the movement in differentials to Brent have any meaningful impact on your realised refining margins relative to the reported indicator refining margins?

Thirdly, on market environment. Could you comment on how the market environment has evolved since the end of Q2, so basically in July? Specifically, how do fuel crack spreads in July compare with the second quarter average? Are you seeing any signs of margin normalisation as we move into H2 or do market conditions remain broadly supportive?

Answer from Cristian Hubati (EB member E&P): It is quite intense period of time for Neptun. We are very excited to progress according with the schedule and with the budget. In front of us, what we are having right now, basically, we need to finalise the drilling in the Domino field. Pelican South is already finalised. We are progressing with installing the subsea equipment, making the connection of the subsea production systems with the shallow water platform, as we are continuing with the connection of the main gas pipeline to the shore and as well to the platform, finalising the NGMS, testing the shallow water platform, and after that, entering into cold commissioning, hot commissioning of the whole installation.

That will be in a nutshell what is in front of us until the first gas. One more to add, it is also finalising the field support vessel, which is right now in the full stage of installing the equipment on the hull.

As regards to the startup, for the time being, we are maintaining the 2027 estimation. Please be patient with us for a while. We will come soon with news once we are de-risking the schedule and we are progressing on that.

With regards to the production startup and ramp-up, usually, if everything is going as per plan, the ramp-up should be a fast process rather than a slow one, I would say. So we are not {seeing} for troubles over there.

Answer from Radu Căprău (EB member R&M): When you talk about the share of the non-equity, it is approximately 40% to 45% {of total processed crude}, the imported crudes, and we bring them from areas of non-Black Sea and {non}-Middle East. We talk about Latin America, North America, Africa. The differentials, indeed, we are seeing now slightly a new trend coming back, actually, the trend that we were seeing after the Strait of Hormuz {closure started}, so an increase in premiums.

In all honesty, when we look to the existing refining margin in July, which is extremely generous, {we see} a relatively small impact overall.

When we look ahead, as I mentioned before, we are seeing very strong refining margins as we speak. They should stay strong due to the driving season in the next months, over September, most probably, before seeing in the quarter four an easing of those refining margins.

Diesel, as you very well know, it stays very short. On top of the situation from Middle East, we are seeing the bans of exports from Russia. They are impacting, of course, the general demand. That could be a reason, even for Q4, {for continued} relatively strong diesel cracks. While gasoline definitely will stay strong {during} the driving season.

Question from Irina Răilean (Mosaiq8): My first question is regarding this new legislative framework. How do you see it? How this new framework compares with the old one from April? Is it more favourable in terms of solidarity tax and margin caps? If you have, at this point, any estimate of potential impact for Q2?

My second question relates to the windfall tax. I remember it was a discussion last year, I think, that the windfall tax and the gas taxation in general will also be revised. If you have any updates here, it will be very nice to have them.

My third question is regarding the Gas and Power outlook for the second half of the year. If you have here any comments regarding power production, regarding the gas trading activity, prices, did they normalise following the conflict?

Christina Verchere (CEO): Alina, you can go into some of the breakdowns of that. I just want to check. You said you want to understand the impact for 2Q? Just to make sure I heard that correctly, yes?

Irina Răilean: Yes.

Christina Verchere: After that, Franck can go into the Gas and Power.

Answer from Alina Popa (CFO): I will explain a bit. You referred to the new framework. That is why Christina asked the question, because you referred to the new framework, and then the new framework starts actually in August. I will explain both.

New framework, new law, because it was decided by the Parliament now, is not yet published in the Official Gazette. So please bear with us. I will explain what is our understanding right now, but we do not have yet all the calculations and so on. As soon as it is published, our teams, of course, will immediately start working on implementation and calculations.

What we understand {from} the drafts that were available is that there are three main dimensions of this new law that covers the following. Number one, it is about capping the retail and commercial margins at 2025 level, adjusted with inflation. Also here, it is mentioned {that} there is no cap for refining margin.

Second one, it is about the solidarity tax, and this is similar with what we had in the past. It is just that now it is a solidarity tax that is calculated using a progressive tax rate, depending not only on Brent quotations, but also on diesel quotations, whichever results in a higher rate. That is the second dimension, the solidarity tax. The third mechanism, less impacting us directly but important for the consumers, is a dynamic excise adjustment mechanism, which allows for a reduction in excise somewhere between 5% to 25% to be decided by authorities two times per month.

This is our understanding of this new legislation. It starts in August, after it is finally approved and published in the Official Gazette, and it will be applicable for three months with possibility of prolongation.

When it comes to Q2 and your other question, what was the impact in Q2 of the previous.

Irina Răilean: Sorry, in Q3, I wanted to say.

Alina Popa: You wanted in Q3. Yes. We do not have an impact calculated for Q3. We wait for all the details to come. As you can appreciate, this is very recent. We have seen drafts basically this week. We do not have a calculation for Q3.

With regards to your second question on the windfall gas taxation, there is no change, no development into this one currently.

Answer from Franck Neel (EB member G&P): For Gas and Power, first of all, we had the maintenance in the Q2 of the shutdown of the Brazi power plant, and it is fully operational now since 22nd of July. We do not expect any other interruption; {it will} be available until the end of the year. That is a strong driver, of course, in our results for Gas and Power for Q3, Q4. Q3, we expect to be in line with last year's {Q3} currently.

On gas price, volatility, as you may have seen, is very high. It is very hard to forecast the evolution of winter, {and the weather, impacting} the gas demand, etc. We see quite high prices for this winter due to the fact {that} we also inject now {at } high prices in the storage. That will have an impact, of course, also in the winter time.

Question from Daniela Mandru (Swiss Capital): I have two follow-up questions and other questions. My first, regarding the Neptun Deep production in 2027. My initial assumption would be a half full year plateau. I have seen other data, Transgaz, for example, estimates higher rates of production. Could you guide on next year production on Neptun Deep? What is your expectation?

The other question regards these taxes. My understanding was that solidarity tax would last only in Q2. Now we are speaking of prolonged solidarity tax. Also, in the last call, you said that you will have more views on the increased royalties that would be partly offset by decreased windfall taxes. Now my understanding {is} that you still do not have any news on the issue. These are the following up questions.

Now I would like to know regarding especially the Low and Zero carbon pillar. How much cumulative CAPEX do you expect to have invested in the Low and Zero carbon pillar by the end of 2026? That is for me to know how to project the rest, to estimate the rest up to 2030.

Then also on Low and Net Zero carbon, I have seen that you already are operating more than expected, 1,600 units of EVs by the end of 2026, with more than 1,000 units by the end of 2025. The question is, what is the EBIT on these EV units last year, this year expected? Probably it is booked in G&P. What is the level of the EBIT from this business?

Also regarding the biofuel that will enter production in 2028. Can you guide on the full rate EBIT of this biofuel pillar in 2028 or 2029? Because probably 2029 will be operating at full rate, or at an optimal rate, let us say.

I have another question regarding the gas offer that you made recently. I have seen that the offers are valid until the end of September 2026, but there is no mentioning about the period of the delivery. For what period? Because from what I have seen, the prices there are hovering around €60 per megawatt hour, excluding other supply tariffs and distribution tariffs.

Alina Popa: Daniela, we did not understand. Which offer are you referring to?

Daniela Mandru: I am referring to the gas supply offer. You recently launched gas supply offers with the underlying commodity price of RON 200 per megawatts {hour} for households and RON 255 per megawatt {hour} for non-household customers, excluding taxes, other tariffs. The figures are taken from your site.

I have seen the prices, but we do not know the delivery period. Probably it is Q3. I do not know.

Christina Verchere: Let us make sure we can get through all your questions, Daniela. Cristi, you will take the question with regards to Neptun Deep. Alina, maybe you can take taxes, solidarity, and low-carbon business. I will touch on the production licenses, but Alina can cover the royalty component of it. We move into value space on EV and biofuels {with Radu}. We will close on gas with Franck. We will all answer questions. Please, Cristi, the floor is yours.

Answer from Cristian Hubati: As you know, {there is} very strong progress from Neptun Deep project. We installed 160 kilometre of pipeline. We installed the fibre optic. We are making strong progress on the NGMS side. We had finalised the micro tunnel pipeline laying also over there.

Last 3.5 weeks, we reached Black Sea with the jacket, and we installed that successfully. Last two weeks, we managed to bring across the Cape of Good Hope, the shallow water platform that was installed successfully, a really complex operation. We also finalised the drilling in the Pelican South. We drilled another two wells in Domino. We are progressing very strongly.

However, the overall progress is based on the scheduled de-risking. It is a final process based on which we are de-risking as well the startup. We are not at the point where we can change our prediction for 2027. Once we will get into that point, which we expect soon, we will come back and we will reduce the window.

Question from Daniela Mandru: Sorry, but the window is pretty clear. It would be fair if I am doing an update now, to take 50% of the net production to OMV Petrom to be produced next year out of Neptun Deep, I am referring to the full plateau rate, 50% of the full plateau rate? It would be fair and too low, too high, I do not know what to say. Because 2027 is very close. It is next year.

Answer from Christina Verchere: Daniela, obviously, we must give equal information to everybody. At this point in time, we are saying 2027. Of course, you can average that to how you feel right for your models and totally understand that. We will come back later to narrow that window down. Please be assured, we must give equal information to everybody, and this is the information we are able to give to everybody. Everybody else is doing their models accordingly to that. Be assured, as soon as we can, we will come and narrow that down for you and provide you with some of those answers to that.

Answer from Alina Popa: I will continue with the solidarity contribution. Indeed, you are right. Solidarity contribution was introduced for Q2 only. In July, it was not applicable anymore. Now, recently, this week, there were discussions in the Romanian Parliament, and based on the public information available, they came to a conclusion to reintroduce a solidarity contribution, into a law this time, because of the government situation. It was a vote in the Parliament.

This is not yet published. This I have mentioned. That is not yet published in the Official Gazette. That is why we are still waiting for all the final details. Based on our understanding, it will be a new solidarity contribution applicable starting August after it will come into force that I explained a bit earlier in terms of how this will work.

You asked about royalties and competitive supplementary taxation. Indeed, at the end of last year, we had an agreement in principle with Romanian state for prolongation by 15 years of OMV Petrom licenses, and this came with this increase of royalties by 40% and an adjustment also on supplementary taxation.

Although we worked intensively and we were quite in advanced stage of implementation, this is not yet finalised. You know very well the situation of the Romanian government right now. So it takes longer than initially estimated, but there is no change in the principles. Nevertheless, it is not yet done. We cannot communicate until we will have it finalised overall.

Question from Daniela Mandru: Royalties will increase, partly offset by lower windfall taxes. If I am assuming this offset of being 50% of the royalties increase, I am good. I am too optimistic, I am too pessimistic. At least a hint.

Answer from Alina Popa: Daniela, it is not yet finalised, so we are not in a position to guide you yet. That is why we cannot give this information at this stage. It is just simply not written. There are discussions on principles. As soon as we have more information, of course, we will provide it to you. At this stage, that is all we can say, what we said last time as well.

I move to the next one, which is the Low and Zero carbon. You ask by the end of the year. I would estimate that it will be somewhere above €1 billion spent for Low and Zero carbon projects by end of 2026. Because I am here, I will cover a little bit of what is the impact from biofuels and generally for this Low and Zero carbon.

If you look in our Capital Markets presentation, we show there the impact of Low and Zero carbon business in 2030. It is approximately 15% of our EBIT in 2030. EBIT in 2030, we say €1.5 billion, above €1.5 billion, 15% of that is Low and Zero carbon. If you want to go lower than that, you can roughly estimate half of it in Gas and Power, meaning renewables, half of it in Refining and Marketing, biofuels, EVs, and other stuff.

Question from Daniela Mandru: I remember, it is not 15% of €1.5 billion, but 20%. Around €300 million, no?

Answer from Alina Popa: Yes. It is approximately. We will come with more details. At this stage, that is all we have.

Question from Daniela Mandru: 15% of it will go in R&M, biofuels.

Answer from Alina Popa: Approximately half is biofuel. Primary biofuel.

Answer from Franck Neel: Your question about the two gas offers available on the website. It is an obligation from the regulator that we have to put some offers available for customers, and it is available during three months, {from} 1st June and 1st September, and it is valid for a contract starting during this period, but less than 12 months.

Question from Daniela Mandru: This is an offer for 12 months?

Answer from Franck Neel: Maximum 12 months, yes.

Question from Daniela Mandru: Okay. Maximum valid until September 2026.

Answer from Franck Neel: 1st September

{Correction: the offer is valid for four months until 30th September 2026}.

Question from Daniela Mandru: Okay. From this, because this is an offer. Oblige or not oblige, it is your offer. From this, may I deduct the fact that you are seeing the gas prices at €60 per megawatt also next year?

Answer from Franck Neel: You could say today we will see for the wintertime, because what we are looking {at} is {that} we inject now the gas price {at} around €60, and you have the cost of storage, etc. Winter prices around this, that is our expectation.

Simona Emilia Cruțu: Daniela, thank you very much for your questions. If we have follow-ups, we can take it offline through IR. We can now move to the next question if that is okay.

Question from Laura Simion (BRD Groupe SG): I have a few follow-up questions. First one regarding to the gas business. You mentioned that because of the late extension of the regulations in March, you had to buy larger quantities from third parties in order to fulfil both regulatory obligations and the contracts already signed. I wonder if this will be the case also for the next quarters. If you already signed the contracts with delivery also in Q3 and Q4, and you will need to buy more from third parties. This is one question.

The other was on the negative financial results. If there is no one-off, it is just the net interest result and probably the foreign exchange net result.

Answer from Franck Neel: Yes, {it impacts} also the next quarters because it was positioning from the year as such. What is also important is we are doing more {trading activities} in term of increasing our sales, so the volume are increasing. We try to compensate this by additional trading and {with} additional volumes that we want to deliver this year. It is a way to compensate this negative impact.

Answer from Alina Popa: Moving to the negative financial result. If we look by comparison with last year, last year we had a significant one-off effect in Q2 2025. If we look in Q2 2026, to a large extent, it is the interest income. Of course, less interest income as we are decreasing our cash position. Then we have the unwinding expense for the provisions, which is significant for us. There are some small elements of one-off nature with some impairments that we did for some financial assets, but nothing, I would say, significant in that respect.

Question from Oleg Galbur: I have an additional question, because I would be interested in hearing your thoughts on fuel hedging. Given the increased volatility in fuel crack spreads and refining margins, would it be feasible from a practical perspective to hedge a portion of Petrom's refining margins exposure? Is this something management would consider as part of the risk management framework? If you could comment on this.

Answer from Radu Căprău: If we look back {to} what happened in the previous period, hedging at that time would have looked very good and very interesting, but would have been a wrong decision, to be honest. We did the right thing not hedging it.

We are in the position where we are looking at all the options, but considering the high volatility we are seeing, from today's perspective, that is not the best choice to hedging it. We are always looking into it, and if we see very good opportunities, we are going ahead on that. But not being hedged before, for us, was a very good decision.

Question from Oleg Galbur: If I would read between lines, it would mean that you expect the volatility to persist and the high margin environment as well. Would that be a fair conclusion?

Answer from Radu Căprău: At least for Q3, as I was trying to suggest before. Q3, we are seeing a strong refining margin quarter. Potentially Q4 could be as well in the light of a very short diesel market overall and low stocks, but not to the level of Q3. That would be the way we are {currently} seeing evolution of the margins in this year.

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