



**OMV Petrom Q2/18
Results**

**August 2, 2018
Christina Verchere,
CEO**



OMV Petrom

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Key messages Q2/18

Financial performance



Operating Cash Flow
RON 1.4 mn



Clean CCS Operating result
RON 735 mn



Clean CCS ROACE
9.5%

Operational drivers



Production 160 kboe/d, -5% yoy
OPEX USD 11.7/boe, +12% yoy



Petrobrazil turnaround successfully completed
Retail sales volumes +1% yoy; non-retail sales volumes -26% yoy



Gas sales volumes -11% yoy
Higher net electrical output

HSSE

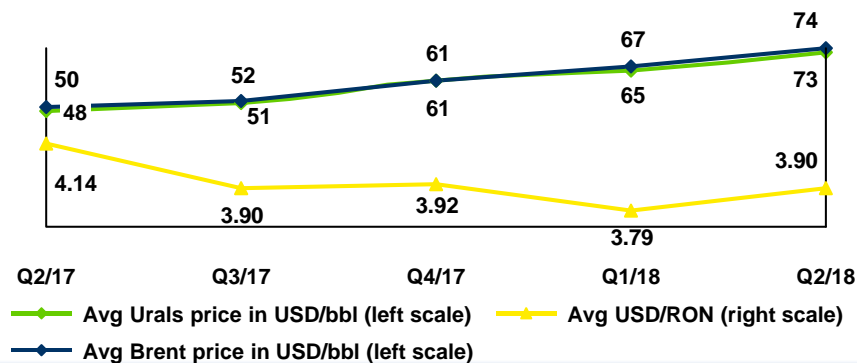
LTIR¹ 6m/18: 0.34
12-month rolling average LTIR¹ below industry benchmark

¹ Lost time injury rate (employees and contractors) for OMV Petrom Group

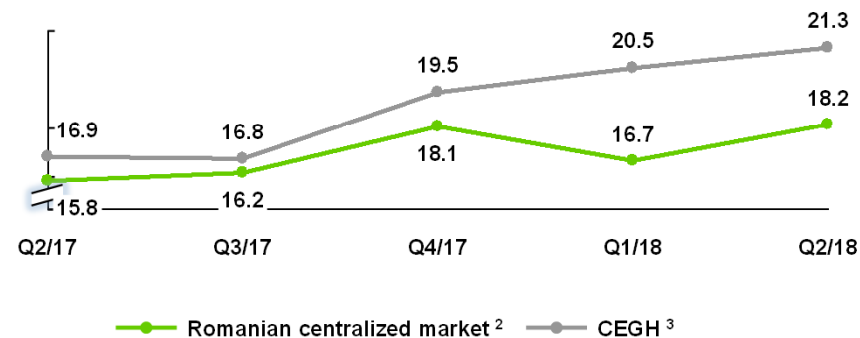


Economic environment

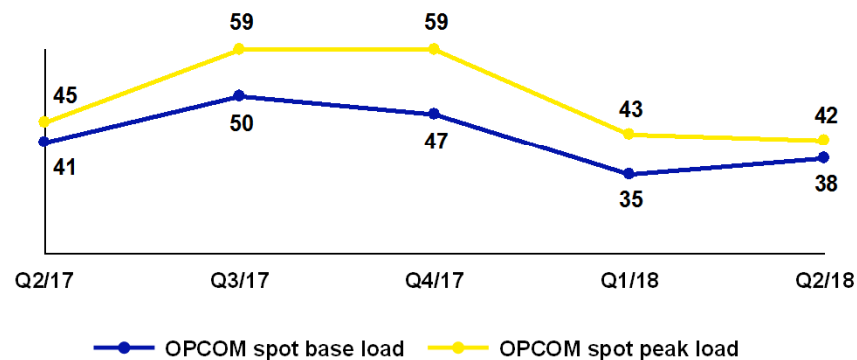
Oil price (USD/bbl)



Gas prices¹ (EUR/MWh)



Power prices in Romania¹ (EUR/MWh)



Romania

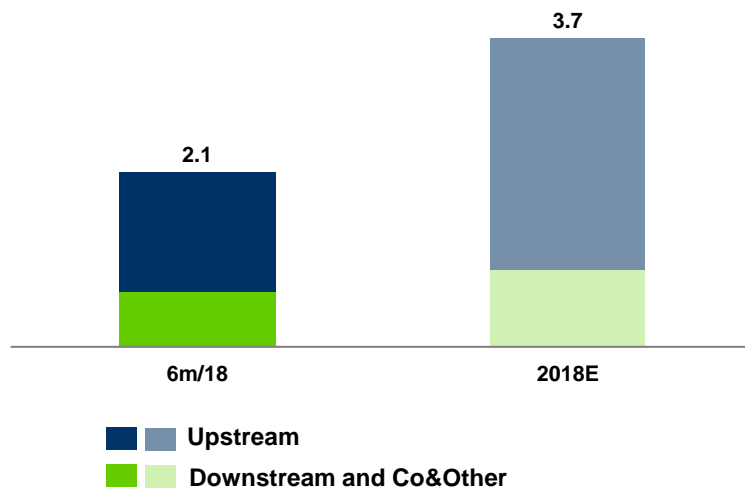
- ▶ **GDP growth⁴ Q1/18:** 4.2% yoy; **CPI⁴:** June 18/June 17 +5.4%; Q2/18 +1.03%
- ▶ **Demand Q2/18 yoy:** Fuels⁵ +1.7%; Gas⁶ -9%; Power⁷ +1%
- ▶ **Offshore Law approved**
- ▶ **Energy Law amended**

¹ Prices estimated by OMV Petrom based on available public information; the prices in EUR/MWh are translated at the NBR average RON/EUR rate; ² All transactions concluded in the respective quarter, irrespective of delivery period and product type; ³ Day-ahead market Central European Gas Hub; ⁴ Romanian National Institute of Statistics; ⁵ Fuels refer only to retail diesel and gasoline; OMV Petrom estimates based on Romanian National Institute of Statistics data; ⁶ According to Romanian Energy Regulatory Agency reports until April 2018 and company estimates; ⁷ According to preliminary data available from the grid operator



CAPEX and E&A

Group CAPEX incl. capitalized E&A (RON bn)



CAPEX incl. capitalized E&A

- ▶ **6m/18** at RON 2.1 bn:
 - ▶ 45 new wells and sidetracks drilled
 - ▶ ~470 workovers performed
 - ▶ Refinery turnaround
 - ▶ Brazi power plant partial shut-down
- ▶ **2018E maintained** at RON 3.7 bn:
 - ▶ Drilling >100 development wells and sidetracks
 - ▶ ~1,000 workovers
 - ▶ Polyfuel project

E&A expenditure

- ▶ 3 wells spudded in 6m/18
- ▶ 3 wells in testing
- ▶ 2018E exploration expenditure RON ~460 mn





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Results**

**August 2, 2018
Stefan Waldner,
CFO**

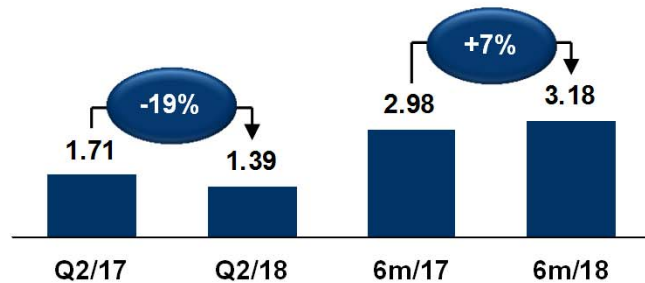


OMV Petrom

Cash Flow highlights

Operating Cash Flow

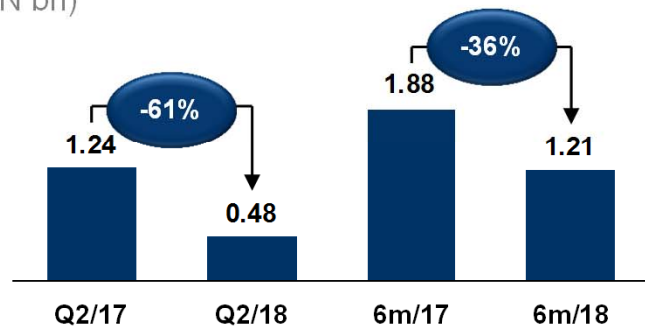
(RON bn)



- ▶ Q2/18 OCF¹ down due to lower Operating Result
- ▶ Q2/18 NWC²: cash outflow RON 76 mn
- ▶ Q2/17 NWC²: cash inflow RON 275 mn

Free Cash Flow

(RON bn)



- ▶ Q2/18 CAPEX more than double yoy
- ▶ CFI³ following CAPEX trend
- ▶ Dividends paid in Q2/18: RON 1.1 bn

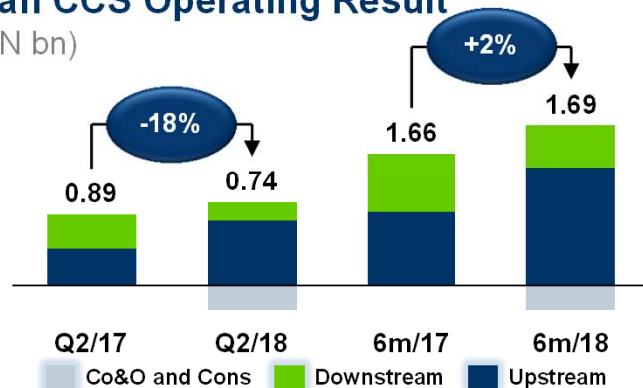
¹ Operating Cash Flow; ² Net Working Capital; ³ Cash flow from investing activities



Income Statement highlights

Clean CCS Operating Result

(RON bn)

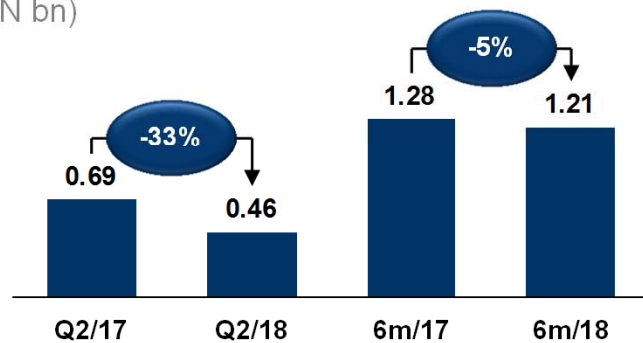


► Clean CCS Operating Result reflects:

- Favorable commodities prices
- Petrobrazil turnaround
- RON 73 mn insurance revenues booked in Q2/17
- Consolidation reflects mainly crude oil stocks due to Petrobrazil turnaround

Clean CCS Net Income¹

(RON bn)



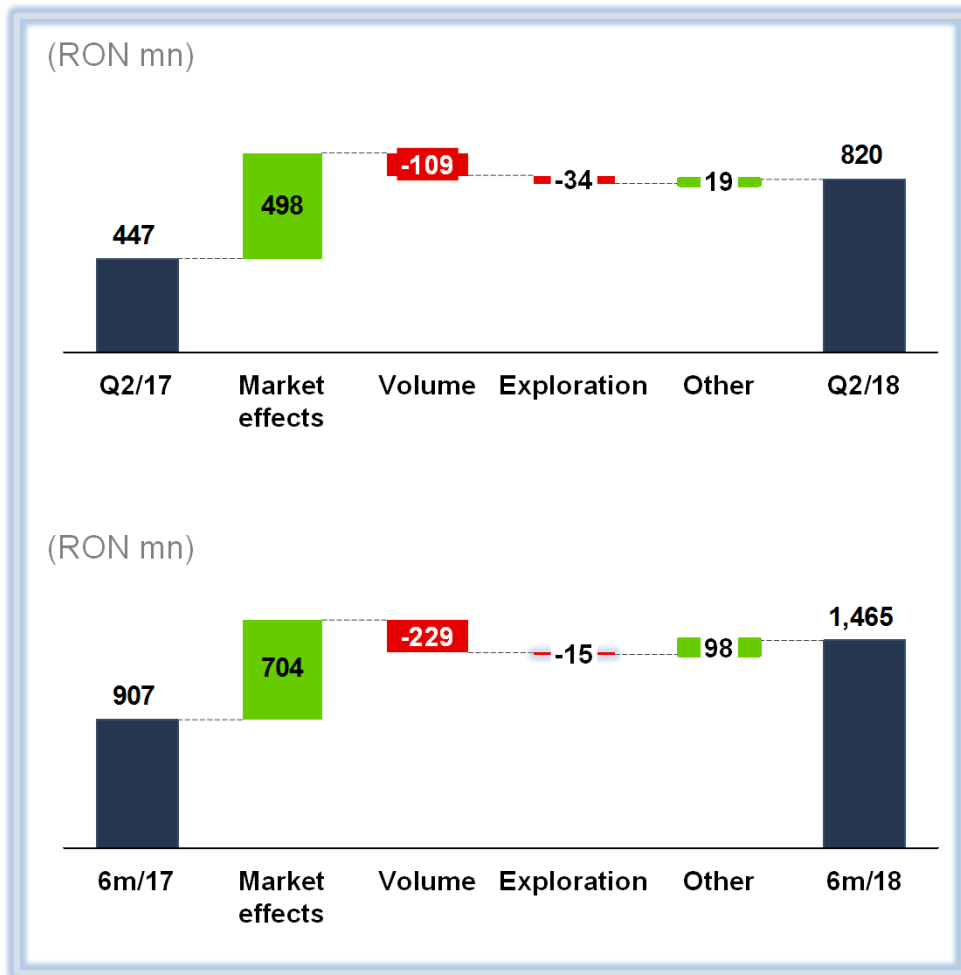
► Clean CCS Net Income lower:

- Higher net financial loss
- Effective tax rate 23% in Q2/18 (17% in Q2/17)

¹ Attributable to stockholders of the parent



Upstream Clean Operating Result

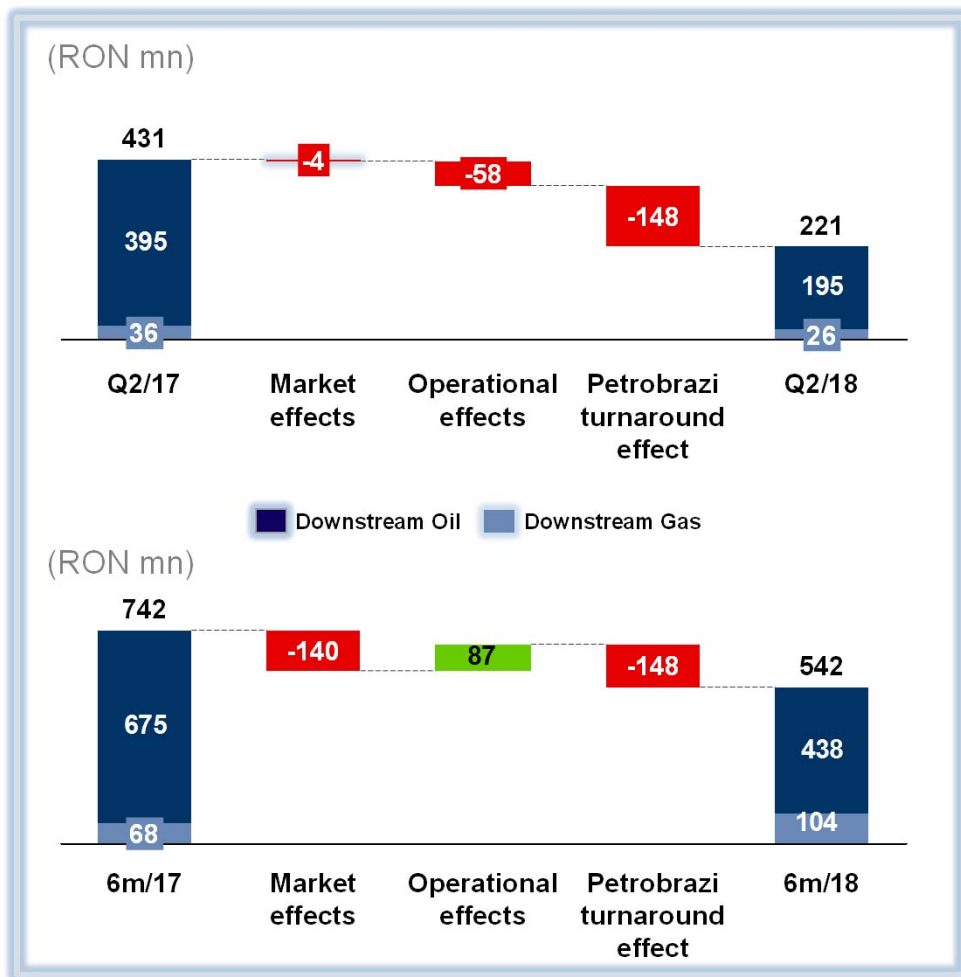


- ↑
 - ▶ Higher realized oil prices
 - ▶ Lower total production costs

- ↓
 - ▶ Negative FX development
 - ▶ Sales volumes -6%
 - ▶ Higher exploration expenses



Downstream Clean CCS Operating Result



- ▶ Higher Brazi power plant availability
- ▶ Positive realized contribution from forward contracts
- ▶ Lower refining margins
- ▶ Lower refined product sales due to Petrobrazil turnaround
- ▶ Lower spark spreads
- ▶ Lower gas sales volumes
- ▶ 2017 included RON 73 mn insurance revenues



Outlook 2018

Indicators	Actual 2017	Assumptions/Targets 2018
Brent oil price	USD 54/bbl	USD 70/bbl (previous: USD 68/bbl)
Refining margin	USD 7.75/bbl	<USD 7.75/bbl
Production	168 kboe/d	~ -4% yoy ¹
CAPEX	RON 3.0 bn	RON 3.7 bn
FCF after dividends	RON 2.7 bn	positive

¹ Not including portfolio optimization initiatives



Q&A



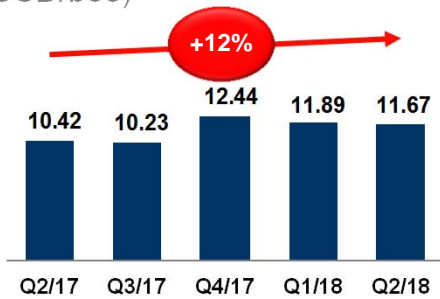
Backup



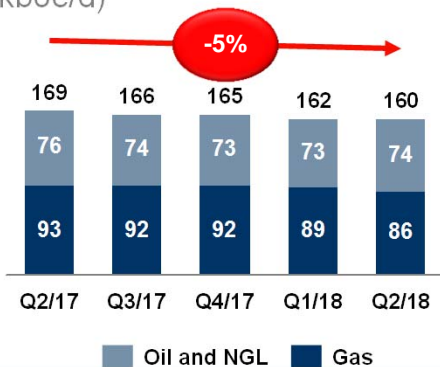
Operational KPIs

Upstream

OPEX (USD/boe)

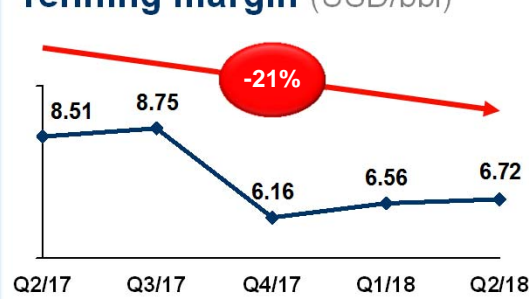


Hydrocarbon production (kboe/d)

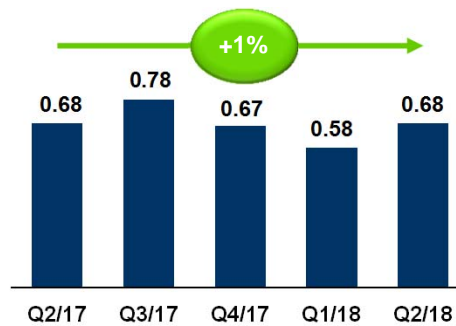


Downstream Oil

OMV Petrom Indicator refining margin (USD/bbl)

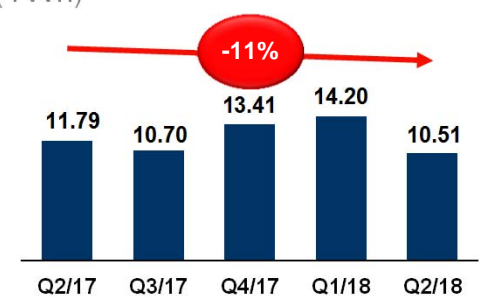


Retail sales volumes (mn t)



Downstream Gas

Gas sales volumes (TWh)



Net electrical output (TWh)

