OMV Petrom – Successful transformation of a state owned company in SEE
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Operationally integrated oil & gas player

Upstream

Romania
- 3.9 mn toe/yr crude oil and NGL
- 5.3 bcm/yr gas
- 671 mn boe proven reserves (~10 yrs of current production)

Kazakhstan
- 0.38 mn toe/yr crude oil and NGL
- 0.05 bcm/yr gas
- 19 mn boe proven reserves

Oil: Supplies 100% of oil for Petrobrazi refinery

Donstream Gas
- Gas sales 4.4 bcm/yr (up to 40% of Romanian demand)
- Brazi gas-fired power plant (860 MW)
- Dorobantu wind park (45 MW)

Downstream Oil
- Petrobrazi refinery (4.2 mn t/yr capacity)
- 3.4 mn t marketing sales
- 780 filling stations (Romania, Bulgaria, Serbia, Moldova)

Gas: 100% gas sales to Romanian customers

2014 FIGURES
Largest group in Romania & South-eastern Europe

- Privatized in 2004 by OMV AG acquiring 51%
- OMV Petrom is an integrated oil & gas player with international presence (RO, MD, BG, SRB, KZ)
- Key figures 2014
  - Market capitalization (year end): EUR 5.2 bn
  - Group turnover: EUR 4.9 bn
  - Clean CCS EBIT: EUR 1.2 bn
  - Operating Cash flow: EUR 1.5 bn
  - CAPEX: EUR 1.4 bn

Shareholder Structure

- **OMV**: Austria’s largest listed industrial company; integrated international oil and gas company
- **Property Fund**: listed fund, ~90% of AUM invested in the energy sector, managed by Franklin Templeton
- **State** holding
- **Free float**
From a state owned company to a modern, competitive and successful European player
Profound restructuring & transformation both in the business segments …

**Upstream**
- Natural decline largely mitigated
- New technologies
- Infrastructure modernization

**Downstream Gas**
- Gas-fired power plant (860 MW, 57% efficiency)
- Strong position in the Romanian gas market
- Total net electrical output 1.3 TWh in 2014, equiv. ~5% of the national electricity production

**Downstream Oil**
- Refinery modernized (4.5 million tons per year)
- Retail network (2014: 780 filling stations, Petrom and OMV brands in RO, SRB, BG and MD)
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2005

Extreme decentralization
> 60 legal entities
1,400 sites & offices
>100 accounting departments

Overstaffed
~4,000 people in accounting departments

Old & fragmented IT
>100 applications used by the finance teams
6,000-8,000 people using PCs with different software & specifications

7 months to produce the IFRS financial statements!

2014

Central accounting, one location
~600 skilled employees*, international services
SAP

8 days monthly, 4 weeks quarterly

* thereof 150 HR Administration
Office environment then and now
Today, Finance & Controlling enables managing the group effectively and efficiently

**CONTROL**
Ensure compliance, control and risk optimization based on transparent management information

**CHALLENGE**
Enable business to optimize performance and to achieve competitive advantage for the group

**SUPPORT**
Drive business and finance integration through effective and efficient finance processes and systems

**Added value:**
Contribution to clear profit orientation, to increase shareholder value and to an excellent external reputation of the group
Successful transformation translates into attractive financial performance

Operating cash flows, EUR bn

<table>
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<th>Year</th>
<th>2010</th>
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<th>12</th>
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ROACE, %

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Operating cash flows / Capex ratio, %

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Gearing ratio, %

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<th>2014</th>
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<td>12</td>
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* Clean CCS ROACE
Pillar of stability and reliable partner for the Romanian economy

Largest private employer
~17,000 direct employees and more than 60,000 indirect jobs

Main energy supplier
Accounts for ~40% of oil, gas and fuel supply, and up to 10% of power generation capacity in Romania

Largest investor in the energy sector
Over EUR 1 bn/year investments since privatization

Largest contributor to state budget
EUR ~2.5bn in 2014

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1 Include: profit tax, royalties, employer social contributions, excises incl. custom duties, VAT, employee related taxes, other direct and indirect taxes, dividends paid to Romanian State
Efficient management of cost & investment within OMV Petrom
Managing for the long term …

- Manage cash flows, keep balance sheet strong, generate competitive returns
- Manage revenues and cost
- Select and manage CAPEX projects
... with currently low visibility
We select CAPEX projects looking at various metrics

- **Scenarios** regarding market environment one of which being a USD 50/bbl flat stress case

- **Hurdle Rates** are set based on WACC and differ per segment due to
  - different risk profiles and
  - strategic intent

- **Project selection criteria** include
  - Internal Rate of Return
  - Net Present Value
  - Discounted Profitability Index
  - Amortization time
Regular monitoring and assessments to improve decisions on and execution of CAPEX projects

- Monthly report on project / program level (including Forecasts)
- Ad hoc analysis and deep dives
  - performance of drilling
  - work-over performance
- Annual post investment appraisals
- Interim investment appraisals
“Energize” targeted improving RoACE by 2% over two years
F4F to improve Free Cash Flows 2015/16

Fit4Fifty will be tackled by 6 program modules

1. Corporate Functions
2. Divisional OPEX
3. Supplier Management
4. Integration of SVP measures within area of responsibility
5. Coordination with other units in divisional/funneling measures driven by top-down inputs
6. Alignment with SVP measures

Interlocking of bottom-up measures with top-down alignment within the entire process

Measure development

- Baselining
  - Actual spend, last 3 years
  - Planned budget
  - Data on line-item level

Kick-off Meetings

- Review Board meetings

Decentralized development of structural measures

- Identification of measures
- Quantification of effects
- Categorization of risk

Final organizational design

Execution of measures

- Integrate in FC15 & BG16
- Change Management

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- 2015 measures fully cash-effective this year
- Structural measures (organizational change) to be implemented within 12 months

Savings potential needs to be identified and realized as quickly as possible