

Triggered by the revision of price assumptions, the largest Romanian oil and gas company OMV Petrom, a part of Austrian OMV Group, estimates non-cash net impairments of around 72 million euros after tax.

In Upstream segment, the company expects total non-cash net impairments of around 164 million euros after tax, as it reduced its long-term Brent oil price assumptions from 75 dollars/barrel to 60 dollars. The impairments include both write-offs of exploration intangibles and net impairments for tangible assets.

Meanwhile, in Downstream Gas segment, the company revised the long-term power and CO₂ price assumptions taking into account the improved power generation market. This led to the full reversal of impairments for the Brazi gas-fired power plant, amounting to around 92 million euros after tax.

Bottom line, the above changes in the planned commodity prices will result in net impairment charges of around 72 million euros after tax in third quarter of 2020.

OMV Petrom CEO Christina Verchere said that the company's integrated business model proves once again its benefits, especially in an expected lower oil price environment. OMV Petrom will continue to pursue its strategy execution, with the aim to supply energy in a sustainable and cleaner manner, with natural gas playing a significant role in the energy transition.

OMV Petrom recorded a net profit in the amount of 179 million euros in the first half of 2020, which is 56 % lower compared to the same period last year. Sales fell by 11 %, following a downtrend in commodity prices and lower sales volumes for petroleum products, partially offset by the increase in natural gas volumes sold. Downstream Oil represented 65 % of total consolidated sales, while Downstream Gas accounted for 33 % and Upstream for 1 %.

In the second quarter only, OMV Petrom recorded a net profit of 44.3 million euros, down 74 % compared to the same quarter in 2019, driven in large part by lower crude and gas prices.