August 10, 2017

OMV Group Factsheet Q2 2017

Highlights [1]

Group

- Clean CCS Operating Result doubled to EUR 662 mn
- Clean CCS net income attributable to stockholders amounted to EUR 282 mn, clean CCS Earnings Per Share were EUR 0.86
- Operating Result and net income were negatively impacted by recycling of FX losses [2] following the divestment of OMV Petrol Ofisi
- Strong free cash flow after dividend payments at EUR 747 mn
- Strong operating cash flow generation in 6m/17 fully covering investments and increased dividend payments

Upstream

- Hydrocarbon production increased to a ten-year quarterly high of 339 kboe/d
- Production cost decreased by 19% to USD 8.7/boe

Downstream

- OMV indicator refining margin rose to USD 6.0/bbl
- Ethylene/propylene net margins strongly increased

Outlook for 2017

- For the year 2017, OMV expects the average Brent oil price to be at USD 52/bbl (previous forecast: USD 55/bbl).
- The gas market environment in Europe continues to be characterized by structural oversupply. However, average gas prices in European spot markets are expected to be higher in 2017 compared to 2016, due to the cold winter in Europe in the first quarter of 2017.
- 2017 CAPEX (including capitalized E&A and excluding acquisitions) is expected to come in at EUR 1.8 bn (previous forecast: EUR 1.9 bn). CAPEX for Upstream is expected to come in at EUR 1.2 bn in 2017 (previous forecast: EUR 1.3 bn).
- OMV targets a cost reduction of more than EUR 250 mn in 2017 compared to 2015.
- OMV expects total production of around 330 kboe/d in 2017 (previous forecast: 320 kboe/d).
- In the second half of 2017, production in Libya is forecasted to be about 20 kboe/d. Production in Tunisia, Norway and the CEE region is expected to be slightly lower compared to the strong first half year.
- Refining margins are projected to be higher than in 2016.
- Petrochemical margins are expected to be higher compared to the levels in 2016. Following strong performance in 6m/17, petrochemical margins are expected to trend downwards for the rest of the year.
- In OMV's markets excluding Turkey, retail margins are forecasted to be higher, while commercial margins are expected to be on a similar level compared to 2016.

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[1] Figures above are reflecting the Q2/17 period, all comparisons described above relate to the previous year quarter except where mentioned otherwise
[2] In Q2/17, the income statement was impacted by the recycling of FX losses following the depreciation of the Turkish lira against the euro, since the acquisition in 2010. There was no impact on cash flow and balance sheet in Q2/17.

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Group performance

Financial highlights

in EUR mn (unless otherwise stated)

Q2/17	Q1/17	Q2/16	Δ %[1]		6m/17	6m/16	Δ %
5,152	5,518	4,614	12	Sales[2]	10,670	8,605	24
662	**805**	**331**	100	**Clean CCS Operating Result[3]**	**1,467**	**593**	**147**
259	321	3	n.m.	Clean Operating Result Upstream[3]	580	(93)	n.m.
411	494	363	13	Clean CCS Operating Result Downstream[3]	904	683	32
(13)	(13)	(12)	(11)	Clean Operating Result Corporate and Other[3]	(26)	(16)	(58)
5	3	(24)	n.m.	Consolidation: Elimination of inter-segmental profits	8	20	(57)
35	20	5	n.m.	Clean Group tax rate in %	27	(2)	n.m.
393	602	273	44	Clean CCS net income[3]	995	504	98
282	**502**	**222**	27	**Clean CCS net income attributable to stockholders[3, 4]**	**784**	**396**	**98**
0.86	1.54	0.68	27	Clean CCS Earnings Per Share in EUR[3]	2.40	1.21	98
662	**805**	**331**	100	**Clean CCS Operating Result[3]**	**1,467**	**593**	**147**
(1,322)	**210**	**(608)**	(117)	**Special items[5]**	**(1,112)**	**(623)**	**(78)**
(34)	22	94	n.m.	CCS effects: Inventory holding gains/(losses)	(12)	(10)	(22)
(694)	**1,037**	**(183)**	n.m.	**Operating Result Group**	**343**	**(40)**	**n.m.**
169	508	(600)	n.m.	Operating Result Upstream	677	(702)	n.m.
(857)	540	476	n.m.	Operating Result Downstream	(318)	707	n.m.
(14)	(16)	(15)	5	Operating Result Corporate and Other	(30)	(19)	(57)
8	5	(44)	n.m.	Consolidation: Elimination of inter-segmental profits	14	(27)	n.m.
(62)	(49)	(45)	(38)	Net financial result	(111)	(99)	(11)
(756)	988	(228)	n.m.	Profit before tax	232	(140)	n.m.
(23)	17	49	n.m.	Group tax rate in %	148	114	30
(928)	816	(117)	n.m.	Net income	(112)	19	n.m.
(1,028)	712	(168)	n.m.	Net income attributable to stockholders[4]	(316)	(73)	n.m.
(3.15)	2.18	(0.51)	n.m.	Earnings Per Share in EUR	(0.97)	(0.22)	n.m.
991	923	1,036	(4)	Cash flow from operating activities	1,914	1,615	19
1,329	1,320	551	141	Free cash flow before dividends	2,649	406	n.m.
747	1,320	172	n.m.	Free cash flow after dividends	2,067	27	n.m.
943	1,669	3,992	(76)	Net debt	943	3,992	(76)
7	12	29	(76)	Gearing ratio in %	7	29	(76)
397	302	489	(19)	Capital expenditure	698	956	(27)
11	10	7	56	Clean CCS ROACE in %[3]	11	7	56
(1)	3	(9)	84	ROACE in %	(1)	(9)	84
21,140	22,210	23,172	(9)	Employees	21,140	23,172	(9)

Figures in this and the following tables may not add up due to rounding differences.
[1] Q2/17 compared to Q2/16
[2] Sales excluding petroleum excise tax
[3] Adjusted for special items; clean CCS figures exclude fuels' inventory holding gains/losses (CCS effects) resulting from the refineries and OMV Petrol Ofisi
[4] After deducting net income attributable to hybrid capital owners and net income attributable to non-controlling interests
[5] Special items are exceptional, non-recurring items; starting with Q1/17 the special items also include temporary effects from commodity hedging for material Downstream and Upstream hedging transactions (in order to mitigate possible income statement volatility)

Business Segments

Upstream

Second quarter 2017 (Q2/17) compared to second quarter 2016 (Q2/16)

- Strong increase of clean Operating Result due to higher prices and sales volumes
- Record-high production of 339 kboe/d, increased by 22 kboe/d compared to Q2/16
- Production cost decreased by 19% to USD 8.7/boe

The **clean Operating Result** substantially increased from EUR 3 mn to EUR 259 mn. This was driven by higher realized oil and gas prices and favorable FX effects in the amount of total EUR 109 mn. This includes hedging gains of EUR 17 mn in Q2/17 (Q2/16: hedging losses of EUR (18) mn). Furthermore, mainly liftings in Libya and higher sales volumes in Norway positively impacted the result by EUR 91 mn. Lower depreciation and production cost also supported the result. Depreciation decreased by EUR 43 mn mainly as a result of the effect of upward reserves revisions in Q4/16.

OMV Petrom contributed EUR 98 mn to the clean Operating Result in Q2/17 compared to EUR 43 mn in Q2/16. Negative **special items** amounted to EUR 90 mn. This includes a lower foreseen contingency encashment following the Rosebank field divestment in the amount of EUR 36 mn. The EUR-USD FX development of the total contingency payments, due in US dollars, led to an additional negative impact of the foreseen value in the amount of EUR 13 mn. In addition, an intangible asset write-off in Norway in the amount of EUR 19 mn was booked in Q2/17. The **Operating Result** amounted to EUR 169 mn (Q2/16: EUR (600) mn).

At USD 8.7/boe, **production cost** excluding royalties (OPEX) were down by 19% as a result of a higher production coupled with the successful implementation of the cost reduction program. Despite lower production volumes, production costs at OMV Petrom decreased by 13% to USD 10.4/boe due to the abolishment of infrastructure tax and strict cost management.

Total hydrocarbon production increased by 7% to a quarterly ten-year high of 339 kboe/d primarily due to the production contribution from Libya of 24 kboe/d. Production in Norway also increased despite maintenance activities at the Gullfaks field. OMV Petrom's total daily oil and gas production was down to 169 kboe/d, mainly due to natural decline. **Total sales volumes** increased by 8% due to regular liftings from Libya and higher liftings from Norway.

In Q2/17, the **average Brent price** in USD was up by 9%, mainly due to production cuts by OPEC members. The Group's **average realized crude price** increased by 19%. The **average realized gas price** in USD/1,000 cf rose by 11%. Realized prices increased more than the benchmark quotations since they were supported by positive realized hedging results of EUR 17 mn in Q2/17.

Capital expenditures including capitalized E&A in Upstream were EUR 227 mn compared to EUR 316 mn in Q2/16. Investments were undertaken primarily in Norway and Romania. **Exploration expenditures** fell by 19% to EUR 40 mn and were mainly related to activities in the United Arab Emirates, Norway and Romania.

Downstream

Second quarter 2017 (Q2/17) compared to second quarter 2016 (Q2/16)

- Strong Downstream result due to significantly higher refining and petrochemical margins
- Successfully completed full-site turnaround at Schwechat refinery
- Divestment of OMV's Turkish subsidiary, OMV Petrol Ofisi, closed on June 13, 2017

The **Clean CCS Operating Result** increased from EUR 363 mn in Q2/16 to EUR 411 mn in Q2/17 resulting from improved results in Downstream Oil.

Downstream Oil clean CCS Operating Result rose from EUR 289 mn to EUR 382 mn, mainly driven by higher refining and petrochemical margins. The **OMV indicator refining margin** increased from USD 4.7/bbl to USD 6.0/bbl. This was largely attributable to stronger fuel oil and middle distillates margins, which were partially offset by the higher feedstock cost due to the increased crude price. The **utilization rate of the refineries** was 77% in Q2/17, reflecting the turnaround at the Schwechat refinery. In Q2/16, the utilization rate was 72% as a result of turnarounds in the Schwechat and Petrobrazi refineries. Compared to previous year's quarter, the turnaround impact was higher due to more complex activities and a more favorable margin environment. At 6.9 mn t**, total refined product sales** decreased by 9%. This was due to lower sales volumes in OMV Petrol Ofisi following the divestment on June 13, 2017, as well as lower petrochemical sales due to turnaround activities. Average retail margins and total volumes increased in all regions excluding Turkey. Commercial sales volumes were above Q2/16 while margins slightly declined (excluding Turkey).

The clean CCS Operating Result of the petrochemicals business declined slightly to EUR 50 mn. Increased petrochemical margins almost offset the impact of the refinery turnaround. The contribution from Borealis declined by EUR 18 mn to EUR 94 mn, mainly due to negative inventory effects. OMV Petrom contributed EUR 87 mn to the clean CCS Operating Result. The clean CCS Operating Result of OMV Petrol Ofisi amounted to EUR 44 mn. The lower depreciation coming from the reclassification of OMV Petrol Ofisi to assets held for sale had a positive impact of EUR 31 mn on the result.

Downstream Gas clean CCS Operating Result reached EUR 29 mn compared to EUR 74 mn in Q2/16. The result of the previous year quarter included one-off and valuation effects of EUR 41 mn. The performance of Gas Connect Austria decreased by EUR 6 mn to EUR 26 mn following the change in regulated tariffs. **Natural gas sales volumes** increased from 24.4 TWh to 26.0 TWh. The power business remained challenging.

The **Operating Result** of Downstream amounted to EUR (857) mn compared with EUR 476 mn in Q2/16. This result reflects negative **special items** of EUR (1,231) mn, mainly related to the divestment of OMV Petrol Ofisi. Upon closing of the divestment, a recycling of FX losses was recorded in OMV's Group net income in the amount of approximately EUR 1.2 bn. This stems from the negative development of the Turkish lira against the euro since the acquisition of OMV Petrol Ofisi in 2010. **CCS effects** of EUR (37) mn were booked due to decreasing crude prices during Q2/17.

Capital expenditures in Downstream remained stable at EUR 168 mn. Downstream Oil investments accounted for EUR 154 mn, mainly attributable to the Schwechat turnaround activities.

Disclaimer regarding forward-looking statements