OMV Group Factsheet Q1 2018

Key Performance Indicators [1]

Group

- Clean CCS Operating Result increased by 2% to EUR 818 mn
- Clean CCS net income attributable to stockholders amounted to EUR 377 mn, clean CCS Earnings Per Share were EUR 1.15
- Free cash flow after dividends at EUR 538 mn
- High cash flow from operating activities of EUR 1 bn
- Clean CCS ROACE at 13%

Upstream

- Record level of production at 437 kboe/d, up by 103 kboe/d
- Production cost decreased by 17% to USD 7.4/boe

Downstream

- OMV indicator refining margin at USD 4.8/bbl
- Natural gas sales increased to 33.0 TWh

Outlook for 2018

- For the year 2018, OMV expects the average Brent oil price to be at USD 68/bbl (previous forecast: USD 60/bbl). In 2018, average European gas spot prices are anticipated to be on a similar level compared to 2017.
- In 2018, CAPEX (including capitalized E&A and excluding acquisitions) is projected to come in around EUR 1.9 bn. CAPEX for Upstream (including capitalized E&A and excluding acquisitions) is anticipated to come in around EUR 1.3 bn in 2018.
- OMV expects total production to be above 420 kboe/d in 2018 (previous forecast: 420 kboe/d). Production from Russia is planned to contribute around 100 kboe/d. Production in Libya is forecasted to be at a similar level to that of 2017. It is foreseen that production in Q2/18 and Q3/18 will be lower predominantly due to planned maintenance activities in Russia and Norway.
- Refining margins are projected to be lower than in 2017. Petrochemical margins are forecasted to be at a similar level to those in 2017.
- In OMV's markets, retail and commercial margins are predicted to be on a level similar to 2017. Total refined product sales will be lower in 2018 compared to 2017 following the divestment of OMV Petrol Ofisi in June 2017.
- The utilization rate of the refineries is expected to be above 90% in 2018, despite the planned turnaround at the Petrobrazi refinery which started mid-April 2018 and is scheduled for approximately six weeks.
- Natural gas sales volumes are projected to be higher in 2018 than in 2017. Natural gas sales margins are forecasted to be at a similar level in 2018 to those in 2017.

[1] Figures reflect the Q1/18 period; all comparisons described relate to the same quarter in the previous year except where mentioned otherwise

Group performance

Financial highlights

In EUR mn (unless otherwise stated)

Q1/18	Q4/17	Q1/17	Δ% [1]		2017
4,977	4,906	5,518	(10)	Sales [2]	20,222
818	**688**	**805**	**2**	**Clean CCS Operating Result [3]**	**2,958**
438	344	321	36	Clean Operating Result Upstream [3]	1,225
376	356	494	(24)	Clean CCS Operating Result Downstream [3]	1,770
0	14	(13)	n.m.	Clean Operating Result Corporate and Other [3]	(16)
4	(27)	3	14	Consolidation: elimination of inter-segmental profits	(21)
35	28	20	71	Clean Group tax rate in %	25
491	448	602	(18)	Clean CCS net income [3]	2,035
377	**367**	**502**	**(25)**	**Clean CCS net income attributable to stockholders [3, 4]**	**1,624**
1.15	1.12	1.54	(25)	Clean CCS EPS in EUR [3]	4.97
818	**688**	**805**	**2**	**Clean CCS Operating Result [3]**	**2,958**
64	**(115)**	**210**	**(69)**	**Special items [5]**	**(1,281)**
17	58	22	(22)	CCS effects: inventory holding gains/(losses)	55
899	**631**	**1,037**	**(13)**	**Operating Result Group**	**1,732**
478	294	508	(6)	Operating Result Upstream	1,218
417	384	540	(23)	Operating Result Downstream	584
(1)	(13)	(16)	93	Operating Result Corporate and Other	(48)
6	(34)	5	6	Consolidation: elimination of inter-segmental profits	(21)
(90)	(69)	(49)	(84)	Net financial result	(246)
809	562	988	(18)	Profit before tax	1,486
34	25	17	97	Group tax rate in %	43
531	421	816	(35)	Net income	853
406	311	712	(43)	Net income attributable to stockholders [4]	435
1.24	0.95	2.18	(43)	Earnings Per Share (EPS) in EUR	1.33
1,076	742	923	17	Cash flow from operating activities	3,448
538	(1,445)	1,320	(59)	Free cash flow	1,681
538	(1,532)	1,320	(59)	Free cash flow after dividends	1,013
645	146	496	30	Organic free cash flow after dividends [6]	1,194
2,292	2,005	1,669	37	Net debt	2,005
16	14	12	42	Gearing ratio in %	14
339	2,290	302	12	Capital expenditure [7]	3,376
13	14	10	39	Clean CCS ROACE in % [3]	14
5	6	3	45	ROACE in %	6
20,595	20,721	22,210	(7)	Employees	20,721

Figures in this and the following tables may not add up due to rounding differences

[1] Q1/18 compared to Q1/17

[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 fuels refineries and OMV Petrol Ofisi

[4] After deducting net income attributable to hybrid capital owners and net income attributable to non-controlling interests

[5] The disclosure of special items is considered appropriate in order to facilitate analysis of the ordinary business performance; to reflect comparable figures, certain items affecting the result are added back or deducted; special items from equity-accounted companies are included; starting with Q1/17, temporary effects from commodity hedging for material Downstream and Upstream transactions are included

[6] Organic free cash flow after dividends is cash flow from operating activities less cash flow from investing activities, excluding disposals and material inorganic cash flow components (e.g. acquisitions), and less dividend payments

[7] Capital expenditure including acquisitions; notably OMV completed the acquisition of a 24.99% share in the Yuzhno Russkoye field in the amount of EUR 1,719 mn on November 30, 2017

Business Segments

Upstream

First quarter 2018 (Q1/18) compared to first quarter 2017 (Q1/17)

- Strong increase of clean Operating Result to EUR 438 mn
- Record production of 437 kboe/d
- Production cost decreased by 17% to USD 7.4/boe

The **clean Operating Result** substantially improved from EUR 321 mn in Q1/17 to EUR 438 mn, due to a significantly better operational performance in the amount of EUR 191 mn. This was largely attributable to higher sales volumes following the acquisition of the interest in the Yuzhno Russkoye gas field and the higher production contribution from Libya. Net market effects had an impact of EUR (83) mn on OMV's result. Higher average realized oil prices could not offset the negative FX impact of the US dollar against the euro. In Q1/18, OMV Petrom contributed EUR 139 mn to the clean Operating Result compared to EUR 102 mn in Q1/17.

Net **special items** amounted to EUR 40 mn in Q1/18 mainly associated with temporary hedging effects. The **Operating Result** decreased to EUR 478 mn (Q1/17: EUR 508 mn).

At USD 7.4/boe, **production cost** excluding royalties declined by 17% as a result of higher production coupled with the ongoing cost reduction program, partly offset by negative FX impacts due to USD devaluation. Production cost of OMV Petrom increased by 13% to USD 11.9/boe mainly due to an unfavorable FX environment and lower volumes.

Total hydrocarbon production rose by 31% to 437 kboe/d, primarily due to Russia's contribution of 106 kboe/d and a higher Libyan production by 15 kboe/d. OMV Petrom's total production was down by 5% to 162 kboe/d, mostly because of natural decline. **Total sales volumes** were up by 35% and were mainly attributable to the contribution from Russia following the acquisition of the interest in the Yuzhno Russkoye gas field as well as higher sales volumes in Libya and Norway.

In Q1/18, the **average Brent price** rose by 24% to about USD 67/bbl, predominantely due to higher geopolitical risk as well as a continued strong compliance with the production cut by the OPEC countries. The Group's **average realized** crude price increased by 15%. The **average realized gas price** in USD/1,000 cf decreased by 3%, as Q1/18 reflects the full contribution from Russia. Realized prices were impacted by a realized hedging loss of EUR (68) mn in Q1/18.

Capital expenditures including capitalized E&A increased to EUR 255 mn in Q1/18 (EUR 209 mn in Q1/17). Organic investments were undertaken primarily in Romania and Norway. **Exploration expenditures** rose by 15% to EUR 61 mn and were mainly related to activities in Norway, Romania and Austria.

Downstream

First quarter 2018 (Q1/18) compared to first quarter 2017 (Q1/17)

- Strong Downstream Gas result supported by higher volumes and increased margins
- Downstream Oil was impacted by the missing contribution from OMV Petrol Ofisi and a weaker refining market environment

The **clean CCS Operating Result** amounted to EUR 376 mn in Q1/18 (Q1/17: EUR 494 mn). The higher result from Downstream Gas was more than offset by a weaker Downstream Oil result due to the missing earnings contribution from OMV Petrol Ofisi and a lower refining margin.

The **Downstream Oil clean CCS Operating Result** declined from EUR 411 mn in Q1/17 to EUR 282 mn. This was partially due to the divestment of OMV Petrol Ofisi in June 2017, which contributed EUR 53 mn to the clean CCS Operating Result in Q1/17. Furthermore, the **OMV indicator refining margin** decreased by 12% to USD 4.8/bbl (Q1/17: USD 5.4/bbl). Increased crude prices resulted in higher feedstock costs and lower margins, in particular for heavy fuel oil and naphtha, which could not be offset by slightly increased middle distillate margins. The OMV indicator refining margin was additionally impacted by negative FX effects. The **utilization rate of the refineries** was 93% in Q1/18. In Q1/17, the utilization rate reached a level of 96% supported by stock building for the planned turnaround at the Schwechat refinery, which took place in the second quarter of 2017. At 4.5 mn t, **total refined product sales** decreased by 31% due to the divestment of OMV Petrol Ofisi which contributed 2.0 mn t in Q1/17. Excluding OMV Petrol Ofisi total refined product sales remained flat, sales volumes and margins grew slightly in the retail business, while they slightly decreased in the commercial business. OMV Petrom contributed EUR 52 mn to the clean CCS Operating Result of Downstream Oil.

The clean CCS Operating Result of the petrochemicals business decreased by EUR 5 mn to EUR 68 mn in Q1/18. An improved ethylene/propylene net margin was almost offset by the sharp decline in the butadiene margin, which experienced a peak in the first half of 2017. In addition, increased prices of the feedstock mix, which also includes other intermediates besides naphtha, impacted the result. The contribution from Borealis to the clean Operating Result decreased to EUR 86 mn in Q1/18 (Q1/17: EUR 113 mn). This was mainly due to lower polyolefin margins in Q1/2018 and positive inventory effects in Q1/17.

Downstream Gas clean CCS Operating Result increased from EUR 82 mn in Q1/17 to EUR 94 mn. The previous year's quarter was positively impacted by valuation effects related to supply and storage hedges as well as future contracts. The Q1/18 result reached its five-year record, as it was supported by higher sales volumes coupled with increased margins and the successful realization of arbitrage opportunities in the markets. Lower annual temperatures led to a strong demand for natural gas. The contribution from Gas Connect Austria remained flat at EUR 27 mn (Q1/17: EUR 26 mn). **Natural gas sales volumes** rose from 32.3 TWh to 33.0 TWh, primarily due to increased sales volumes in Germany and Turkey, which were partially offset by lower sales volumes in Romania. Despite decreased net electrical output, caused by an unfavorable market environment, the contribution from the power business increased as a result of a positive hedging contribution. OMV Petrom contributed EUR 17 mn to the clean CCS Operating Result of Downstream Gas.

Net **special items** recorded in Q1/18 amounted to EUR 26 mn, mainly related to unrealized commodity derivatives. **CCS effects** of EUR 15 mn were booked as a result of rising crude prices during Q1/18. The **Operating Result** of Downstream decreased by 23% to EUR 417 mn compared to EUR 540 mn in Q1/17.

Capital expenditures in Downstream amounted to EUR 82 mn (Q1/17: EUR 91 mn), of which EUR 69 mn (Q1/17: EUR 84 mn) were in Downstream Oil.

Disclaimer regarding forward-looking statements