# OMV Group Factsheet Q3 2017

## Key Performance Indicators [1]

### Group

- Clean CCS Operating Result increased by 52% to EUR 804 mn
- Clean CCS net income attributable to stockholders amounted to EUR 472 mn, clean CCS Earnings Per Share were EUR 1.45
- Strong free cash flow after dividend payments at EUR 478 mn
- High cash flow from operating activities of EUR 792 mn
- Clean CCS ROACE at 12%

### Upstream

- High level of production at 341 kboe/d, up by 40 kboe/d
- Production cost decreased by 13% to USD 8.8/boe

### Downstream

- OMV indicator refining margin nearly doubled to USD 7.0/bbl
- Natural gas sales increased to 24 TWh
- Power business had a significantly improved performance

## Outlook for 2017

- For the year 2017, OMV expects the average Brent oil price to be at USD 52/bbl
- The gas market environment in Europe continues to be characterized by structural oversupply; however, average gas prices in European spot markets are anticipated to be higher in 2017 compared to 2016, due to weather conditions
- 2017 CAPEX (including capitalized E&A and excluding acquisitions) is projected to come in around EUR 1.7 bn (previous forecast: EUR 1.8 bn) CAPEX for Upstream (including capitalized E&A and excluding acquisitions) is anticipated to come in around EUR 1.1 bn in 2017 (previous forecast: EUR 1.2 bn)
- OMV targets a cost reduction of more than EUR 250 mn in 2017 compared to 2015
- OMV expects total production of above 330 kboe/d in 2017
- In the second half of 2017, production in Libya is forecasted to be above 20 kboe/d
- Refining margins are projected to be significantly higher than in 2016
- Petrochemical margins are forecasted to be higher compared to the levels in 2016; following strong performance in 6m/17, petrochemical margins are expected to trend downward for the rest of the year
- In OMV’s markets, excluding Turkey, retail margins are forecasted to be higher, while commercial margins are estimated to be on a level similar to 2016

[1] Figures reflect the Q3/17 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)

| Q3/17 | Q2/17 | Q3/16 | Δ% [1] | | 9m/17 | 9m/16 | Δ% |
|---|---|---|---|---|---|---|---|
| 4,646 | 5,152 | 5,249 | (11) | Sales [2] | 15,316 | 13,853 | 11 |
| | | | | | | | |
| **804** | **662** | **529** | **52** | **Clean CCS Operating Result [3]** | **2,270** | **1,123** | **102** |
| 300 | 259 | 41 | n.m. | Clean Operating Result Upstream [3] | 880 | (52) | n.m. |
| 510 | 411 | 488 | 4 | Clean CCS Operating Result Downstream [3] | 1,414 | 1,171 | 21 |
| (4) | (13) | (7) | 41 | Clean Operating Result Corporate and Other [3] | (30) | (23) | (29) |
| (3) | 5 | 7 | n.m. | Clean Consolidation: Elimination of inter-segmental profits | 6 | 26 | (77) |
| 19 | 35 | (10) | n.m. | Clean Group tax rate in % | 24 | (6) | n.m. |
| 592 | 393 | 523 | 13 | Clean CCS net income [3] | 1,587 | 1,027 | 55 |
| **472** | **282** | **447** | **6** | **Clean CCS net income attributable to stockholders [3, 4]** | **1,257** | **842** | **49** |
| 1.45 | 0.86 | 1.37 | 6 | Clean CCS EPS in EUR [3] | 3.85 | 2.58 | 49 |
| | | | | | | | |
| **804** | **662** | **529** | **52** | **Clean CCS Operating Result [3]** | **2,270** | **1,123** | **102** |
| **(55)** | **(1,322)** | **(350)** | **84** | **Special items [5]** | **(1,166)** | **(973)** | **(20)** |
| 9 | (34) | (3) | n.m. | CCS effects: Inventory holding gains/(losses) | (3) | (13) | 74 |
| **758** | **(694)** | **177** | **n.m.** | **Operating Result Group** | **1,101** | **137** | **n.m.** |
| 247 | 169 | (316) | n.m. | Operating Result Upstream | 924 | (1,017) | n.m. |
| 517 | (857) | 489 | 6 | Operating Result Downstream | 199 | 1,196 | (83) |
| (5) | (14) | (8) | 34 | Operating Result Corporate and Other | (35) | (27) | (31) |
| 0 | 8 | 11 | n.m. | Consolidation: Elimination of inter-segmental profits | 13 | (15) | n.m. |
| (66) | (62) | (39) | (69) | Net financial result | (177) | (139) | (28) |
| 692 | (756) | 138 | n.m. | Profit before tax | 924 | (2) | n.m. |
| 21 | (23) | 6 | n.m. | Group tax rate in % | 53 | 7,307 | (99) |
| 544 | (928) | 129 | n.m. | Net income | 432 | 148 | 192 |
| 439 | (1,028) | 48 | n.m. | Net income attributable to stockholders [4] | 124 | (26) | n.m. |
| 1.35 | (3.15) | 0.15 | n.m. | Earnings Per Share (EPS) in EUR | 0.38 | (0.08) | n.m. |
| | | | | | | | |
| 792 | 991 | 652 | 21 | Cash flow from operating activities | 2,706 | 2,267 | 19 |
| 478 | 1,329 | 239 | 100 | Free cash flow before dividends | 3,127 | 645 | n.m. |
| 478 | 747 | 239 | 100 | Free cash flow after dividends | 2,545 | 266 | n.m. |
| | | | | | | | |
| 450 | 943 | 3,743 | (88) | Net debt | 450 | 3,743 | (88) |
| 3 | 7 | 27 | (88) | Gearing ratio in % | 3 | 27 | (88) |
| 388 | 397 | 403 | (4) | Capital expenditure | 1,086 | 1,359 | (20) |
| 12 | 11 | 7 | 67 | Clean CCS ROACE in % [3] | 12 | 7 | 68 |
| 1 | (1) | (6) | n.m. | ROACE in % | 1 | (6) | n.m. |
| | | | | | | | |
| 20,747 | 21,140 | 22,838 | (9) | Employees | 20,747 | 22,838 | (9) |

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

[1] Q3/17 compared to Q3/16

[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 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] 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

**Third quarter 2017 (Q3/17) compared to third quarter 2016 (Q3/16)**

- Strong increase of clean Operating Result mainly due to a higher contribution from Norway and Libya as well as higher realized oil and gas prices
- Significantly higher production at 341 kboe/d

The **clean Operating Result** substantially improved from EUR 41 mn in Q3/16 to EUR 300 mn. Compared to Q3/16, lower costs and higher sales volumes contributed EUR 102 mn to the result. This was largely attributable to lower costs, primarily in Norway, and increased sales volumes from the restart of production in Libya in Q4/16. In addition, OMV benefited from net market effects of EUR 32 mn. Stronger realized oil and gas prices were partially offset by the depreciation of the US dollar against the euro and by a lower realized hedging gain of EUR 10 mn in Q3/17. The Upstream clean Operating Result also included EUR 90 mn due to a settlement by Pearl. On August 30, 2017, the Kurdistan Regional Government of Iraq and Dana Gas PJCS, Crescent Petroleum and Pearl (OMV share 10%) reached a settlement over a dispute concerning certain matters under the Heads of Agreement on the Khor Mor and Chemchemal fields. As a result of this settlement, OMV received EUR 50 mn in the form of a dividend from Pearl, while the remainder was put into a dedicated account for future investments in Khor Mor. OMV Petrom contributed EUR 93 mn to the clean Operating Result compared to EUR 45 mn in Q3/16.

Net **special items** amounted to EUR (53) mn. These were mainly related to unrealized hedging losses totaling EUR (33) mn and due to reassessments of receivables and provisions. The **Operating Result** grew substantially to EUR 247 mn (Q3/16: EUR (316) mn).

At USD 8.77/boe, **production cost** excluding royalties declined by 13% as a result of a higher production coupled with the successful implementation of the cost reduction program. Production costs of OMV Petrom fell by 8% to USD 10.23/boe. The abolishment of infrastructure tax and strict cost management more than offset lower production volumes.

**Total hydrocarbon production** increased by 13% to 341 kboe/d, primarily due to Libya's contribution of 28 kboe/d and higher Norwegian production of 82 kboe/d. In Q3/16, the Libyan oil fields were shut-in and production from Norway was negatively impacted by planned maintenance. Starting in 2017, total hydrocarbon production includes the contribution from Pearl. OMV Petrom's total oil and gas production was down to 166 kboe/d, mostly because of natural decline. **Total sales volumes** were up by 4% and were mainly attributable to liftings from Libya.

In Q3/17, the **average Brent price** in US dollar rose by 14%, predominately due to a continued strong compliance with the production cut by the OPEC countries and increased demand. The Group's **average realized crude price** increased by 9%, somewhat less than Brent owing to heavier crudes in the OMV portfolio and the timing of liftings. The **average realized gas price** in USD/1,000 cf improved by 17%. The realized price went up less than the benchmark quotation given that the majority of OMV's gas production is subject to different pricing mechanisms. OMV recorded a positive realized gas hedging result of EUR 12 mn in Q3/17.

**Capital expenditures** including capitalized E&A were EUR 272 mn compared to EUR 308 mn in Q3/16. OMV primarily invested in Romania and Norway. **Exploration expenditures** fell by 23% to EUR 53 mn and were mainly related to activities in Norway, Romania and Bulgaria.

### Downstream

**Third quarter 2017 (Q3/17) compared to third quarter 2016 (Q3/16)**

- Strong Downstream result due to substantially higher refining and increased petrochemical margins
- Significantly improved power business

The **clean CCS Operating Result** increased from EUR 488 mn in Q3/16 to EUR 510 mn, driven by a higher contribution from Downstream Oil.

**Downstream Oil clean CCS Operating Result** rose from EUR 422 mn in Q3/16 to EUR 450 mn. Substantially higher refining margins and improved petrochemical margins positively contributed to the result. This was partially offset by the impact of the divestment of OMV Petrol Ofisi in June 2017 as well as by unrealized hedging losses. In Q3/16, OMV Petrol Ofisi contributed EUR 36 mn to the clean CCS Operating Result. The **OMV indicator refining margin** nearly doubled from USD 3.69/bbl in Q3/16 to USD 7.04/bbl. This was predominantly attributable to stronger middle and light distillate margins, which were partially offset by higher feedstock cost due to the increased crude prices. The **utilization rate of the refineries** was 96% in Q3/17, a level similar to that in Q3/16. At 5.39 mn t, **total refined product sales** decreased by 36%, mainly due to the divestment of OMV Petrol Ofisi, which contributed 2.9 mn t in Q3/16. Excluding the contribution from OMV Petrol Ofisi, retail sales volumes grew in Q3/17, whereas retail margins slightly declined. Commercial sales volumes and margins, excluding OMV Petrol Ofisi, came down compared to Q3/16. OMV Petrom contributed EUR 118 mn to the clean CCS Operating Result.The clean CCS Operating Result of the petrochemicals business increased to EUR 84 mn, due to improved petrochemical margins. The contribution from Borealis declined from EUR 110 mn to EUR 98 mn in Q3/17, as a result of lower polyolefin margins.

**Downstream Gas clean CCS Operating Result** was EUR 60 mn compared to EUR 66 mn in Q3/16. The previous year quarter included a one-off effect of EUR 22 mn related to clearance of a gas contract. The contribution of Gas Connect Austria decreased to EUR 24 mn, mainly because of the change in regulated tariffs. **Natural gas sales volumes** rose from 22.19 TWh in Q3/16 to 24.00 TWh primarily due to increased sales volumes in Germany and Turkey. The power business recorded a higher output and benefited from significantly improved spark spreads.

The **Operating Result** of Downstream amounted to EUR 517 mn compared with EUR 489 mn in Q3/16. **CCS effects** of EUR 7 mn were booked due to rising crude prices during Q3/17.

**Capital expenditures** in Downstream remained stable at EUR 114 mn, with EUR 83 mn thereof in Downstream Oil.

## Disclaimer regarding forward-looking statements