Q4 and full-year 2018 Results Conference Call

Rainer Seele
Chairman of the
Executive Board and CEO

February 6, 2019

OMV Aktiengesellschaft

The energy for a better life. OMV

Disclaimer

This report contains forward-looking statements. Forward-looking statements may be identified by the use of terms such as “outlook,” “expect,” “anticipate,” “target,” “estimate,” “goal,” “plan,” “intend,” “may,” “objective,” “will” and similar terms or by their context. These forward-looking statements are based on beliefs and assumptions currently held by and information currently available to OMV. By their nature, forward-looking statements are subject to risks and uncertainties, both known and unknown, because they relate to events and depend on circumstances that will or may occur in the future and are outside the control of OMV. Consequently, the actual results may differ materially from those expressed or implied by the forward-looking statements. Therefore, recipients of this report are cautioned not to place undue reliance on these forward-looking statements.

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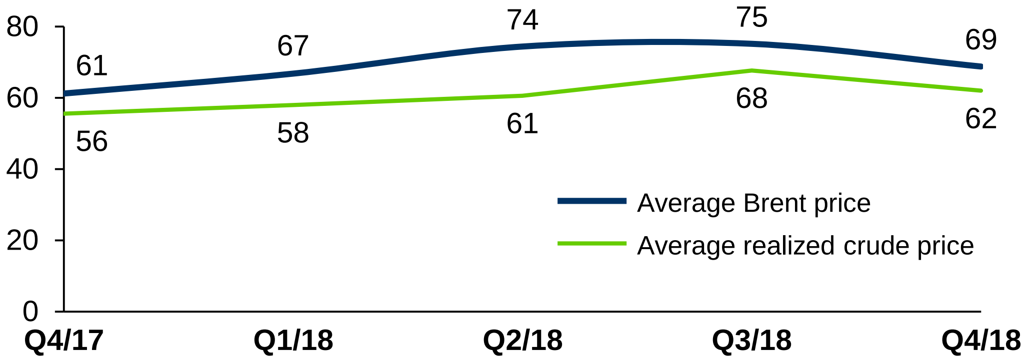
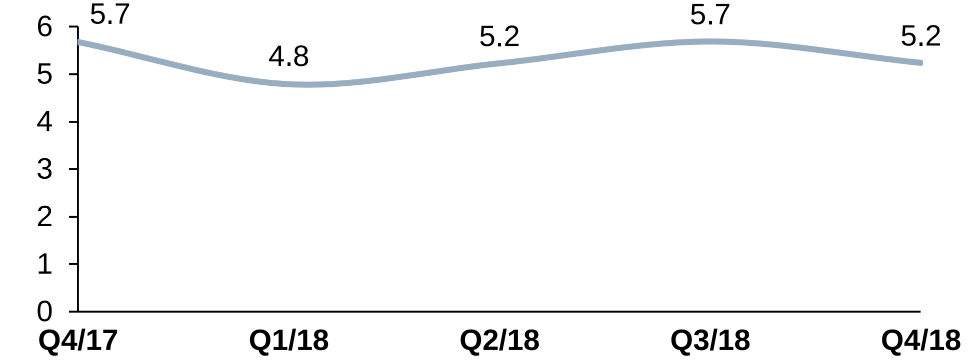
Macro environment – Higher oil and gas prices, healthy refining margins

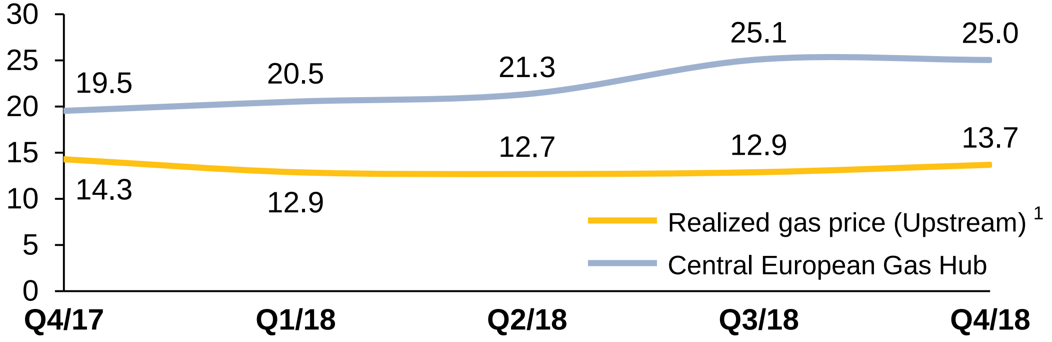
Oil prices
USD/bbl



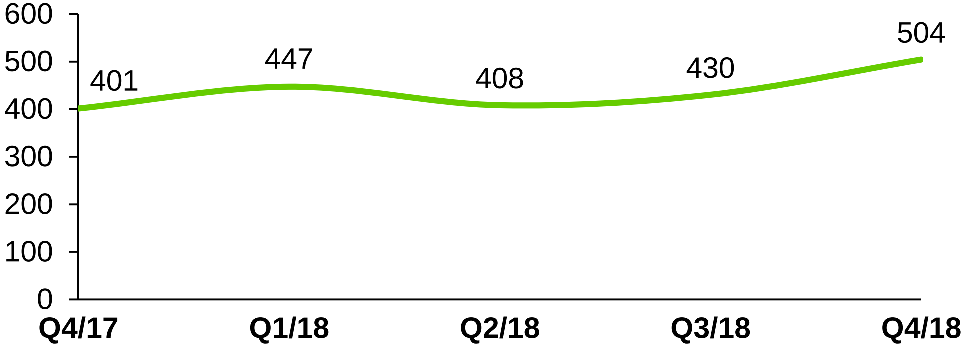
OMV indicator refining margin
USD/bbl



Gas prices
EUR/MWh



Ethylene/propylene net margin [2]
EUR/t



Note: All figures are quarterly averages [1] Converted to MWh using a standardized calorific value across the portfolio
[2] Spread between market prices of ethylene/propylene and naphtha including standard processing consumption

Key messages Q4 2018

FINANCIAL PERFORMANCE

Excellent clean CCS Operating Result of EUR 1.1 bn

Clean CCS EPS of EUR 1.50

Operating cash flow of EUR 1.1 bn

STRONG OPERATIONS

Refineries at **98% utilization rate**

Record production of **447 kboe/d**

Production cost decreased to **USD 6.3/boe**

Full year cost savings of ≥ EUR 100 mn

DELIVERING THE STRATEGY

Closed **New Zealand** acquisition

Divested part of Upstream **Tunisia**

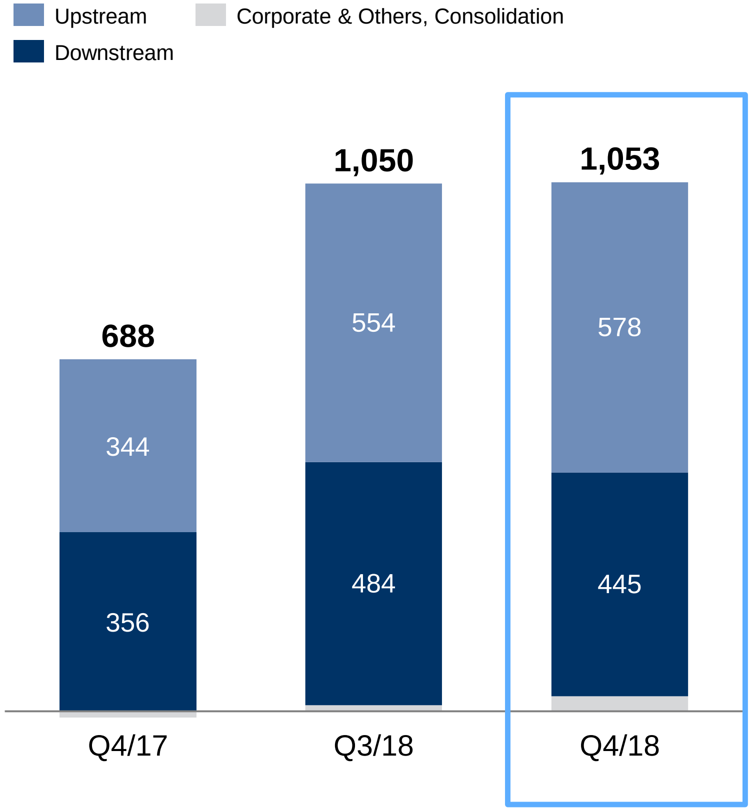
Signed agreement for a **5% share** in the Ghasha gas field in **Abu Dhabi**

Signed acquisition of **50% share in Sapura Upstream**

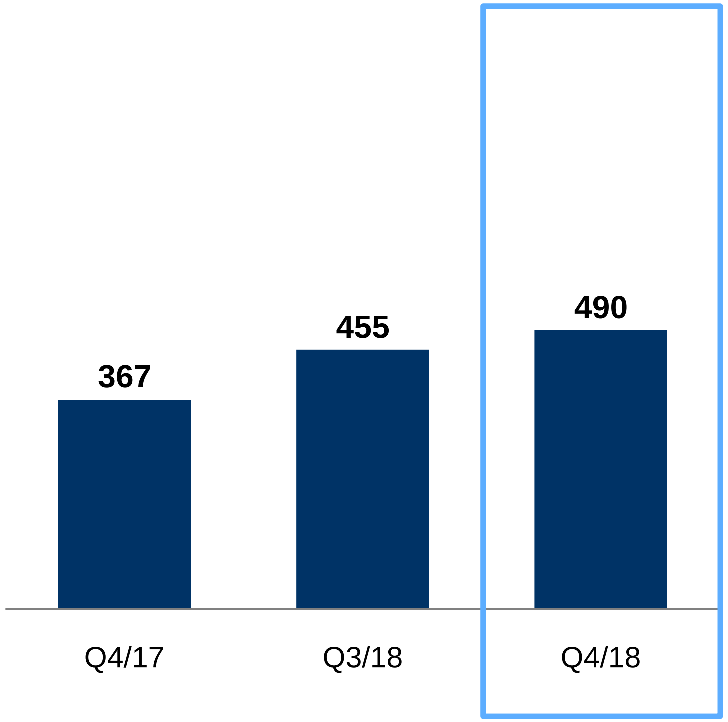
Closed divestment of share in **North Sea** gas infrastructure

Another strong quarter – Clean CCS Operating Result of more than EUR 1 bn achieved

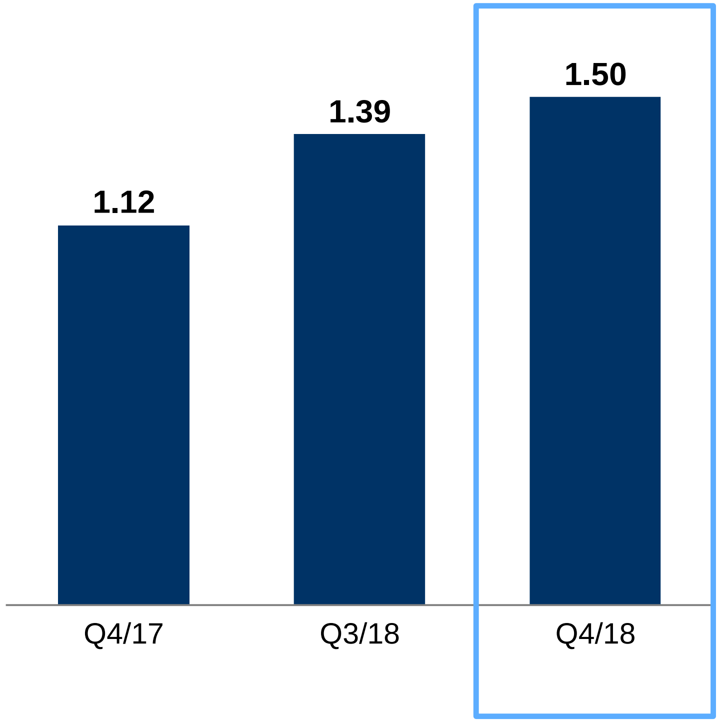
Clean CCS Operating Result
EUR mn



Clean CCS net income attributable to stockholders
EUR mn



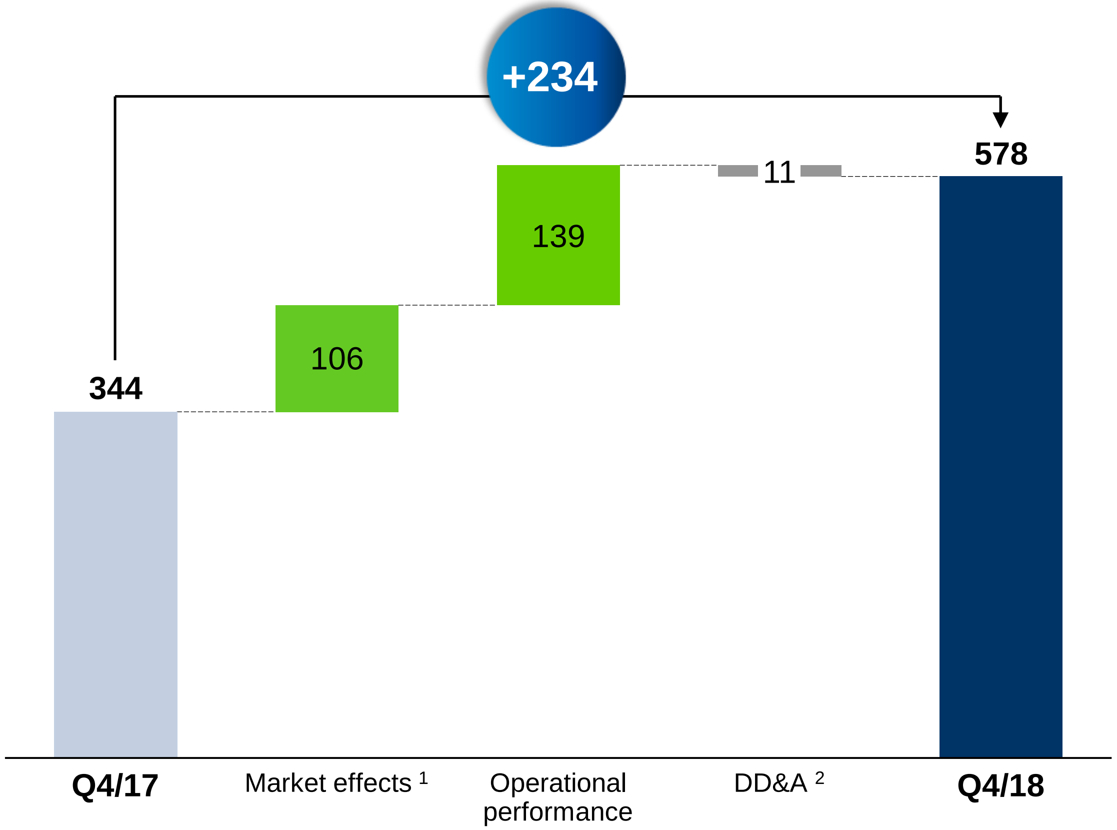
Clean CCS Earnings Per Share
EUR



Upstream – Increased sales volumes and favorable price environment and

Clean Operating Result

EUR mn



[1] Market effects defined as oil and gas prices, foreign exchange impact, price effect on royalties and hedging, selling and distribution costs in Russia

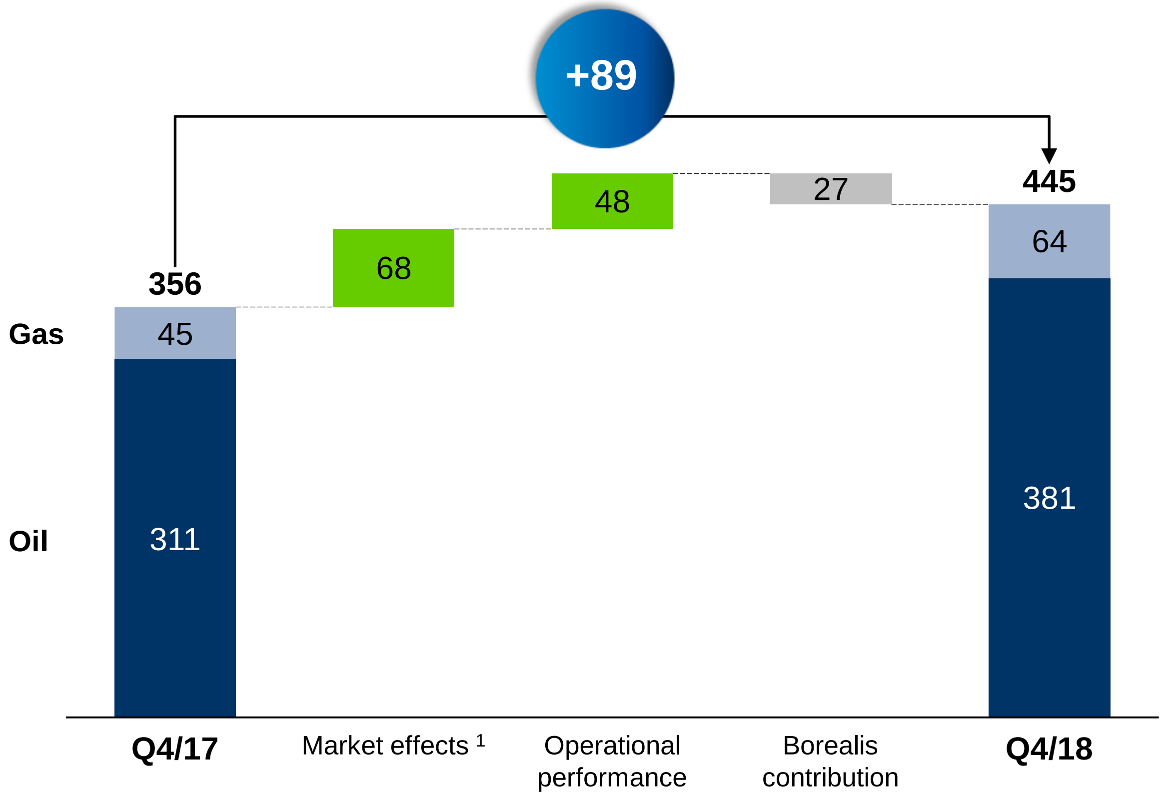
[2] Depreciation, Depletion and Amortization

Q4/18 vs. Q4/17

- Realized oil price increased by 12%
- Realized gas price decreased by 4% (following acquisition in Russia)
- Hedging impact in Q4/18 of EUR (58) mn (vs. EUR (27) mn in Q4/17 and EUR (59) mn in Q3/18)
- Production of 447 kboe/d (up by +70 kboe/d):
  - Russia (+70 kboe/d)
  - UAE (+17 kboe/d)
  - Romania (-8 kboe/d)
  - Pakistan divestment (-8 kboe/d)
- Sales volumes increased by 4 mn boe mainly following higher production
- Production costs reduced to USD 6.3/boe (-29%)
- Higher depreciation mainly due to Russia and UAE, partially offset by positive reserves revisions and sale of Pakistan

Downstream – Strong earnings driven by higher volumes and good margins

Clean CCS Operating Result
EUR mn



[1] Market effects defined as refining indicator margin, petrochemical margins and spark spreads

Q4/18 vs. Q4/17

Oil

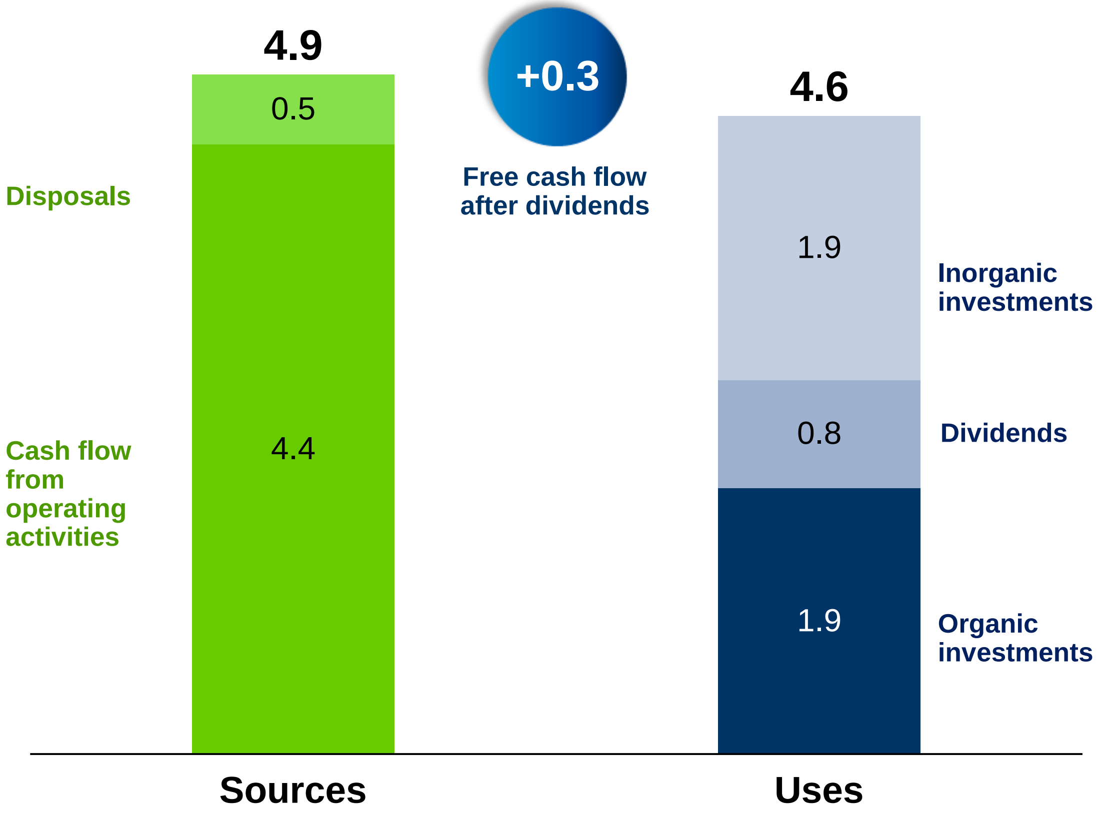
- Good market environment due to petrochemicals
  - Refining indicator margin at USD 5.2/bbl (-8%)
  - Substantially higher ethylene/propylene net margin (+26%)
- Improved operational performance
  - Refineries utilization rate at a very high level of 98%
  - Total refined product sales increased by 6%
  - Retail: higher margins and slightly higher volumes
  - Commercial: higher margins and volumes
  - Petrochemicals: higher volumes (+8%)
- Lower contribution from Borealis, due to challenging market in polyolefins and fertilizers, as well as a negative inventory effect

Gas

- Slightly higher natural gas sales volumes driven by Germany, partially offset by Romania and Turkey
- Higher contribution from Gas Connect Austria due to insurance compensation for Baumgarten

Free cash flow of EUR 0.3 bn after record dividends and major acquisitions

Sources and uses [1] in 2018
EUR bn



- Cash flow from operating activities increased to EUR 4.4 bn (FY/17: EUR 3.4 bn)
- Cash inflow from disposals of EUR 502 mn mainly due to sale of the Upstream business in Pakistan, part of the Upstream business in Tunisia, Polarled/Nyhamna in Norway as well as the sale of OMV Samsun (FY/17: EUR 1.8 bn)
- Organic investments of EUR 1.9 bn (FY/17: EUR 1.6 bn)
- Inorganic investments of EUR 1.9 bn mainly related to the Abu Dhabi acquisition in April (FY/17: EUR 2.0 bn)
- Organic free cash flow of EUR 2.5 bn [2] (FY/17: EUR 1.9 bn)
- Free cash flow after dividends of EUR 0.3 bn (FY/17: EUR 1.0 bn)

[1] Excluding financing activities

[2] Organic free cash flow is Cash flow from operating activities less Organic cash flow from investing activities. Organic cash flow from investing activities is Cash flow from investing activities excluding disposals and material inorganic cash flow components (e.g. acquisitions)

OMV Strategy 2025 – In a nutshell

Profitable growth

- Clean CCS Operating Result
  - **≥EUR 4 bn in 2020** and
  - **≥EUR 5 bn in 2025**
- **ROACE target ≥12%** mid- and long-term
- **Positive free cash flow** after dividends
- Long-term **gearing ratio** target of **≤30%**
- **Progressive dividend policy**

Expand integrated portfolio

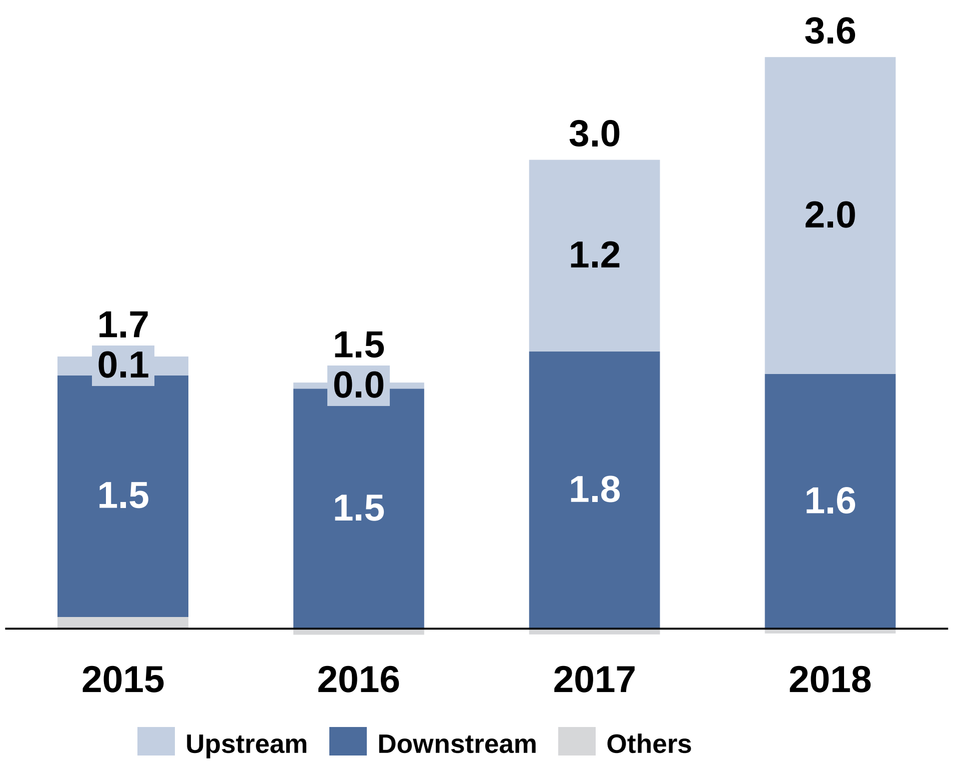
- Leverage on proven concept of **integration**
- Significantly **internationalize** Upstream and Downstream
- Build **strong gas market presence** in Europe

Operational excellence

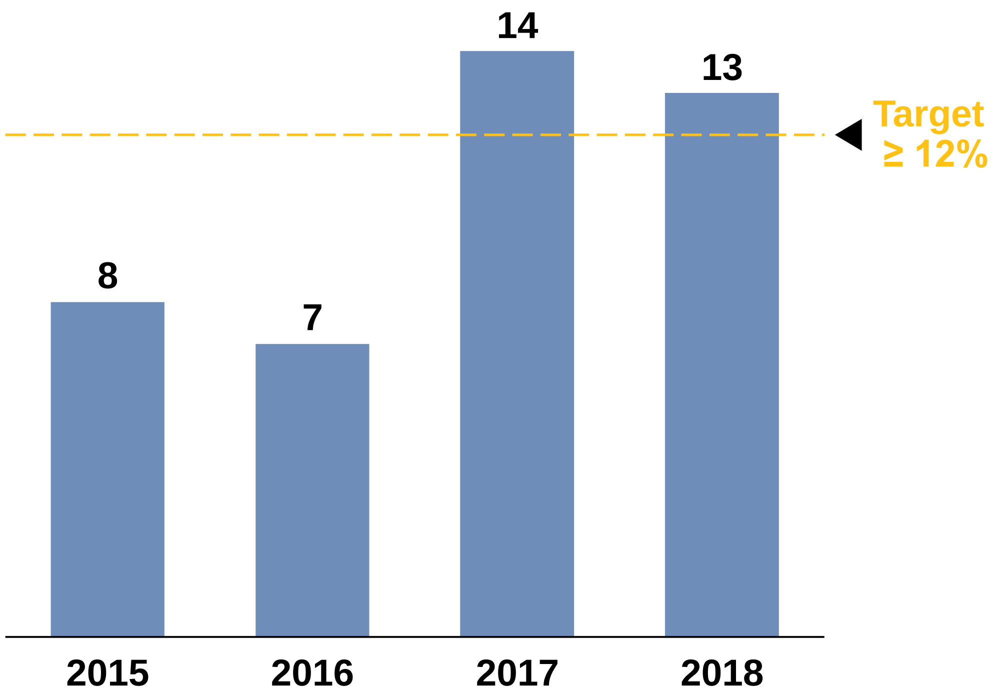
- Extend record of **operational excellence**
- **Cost discipline**

2018 – Record Clean CCS Operating Result in OMV's history

Clean CCS Operating Result
EUR bn

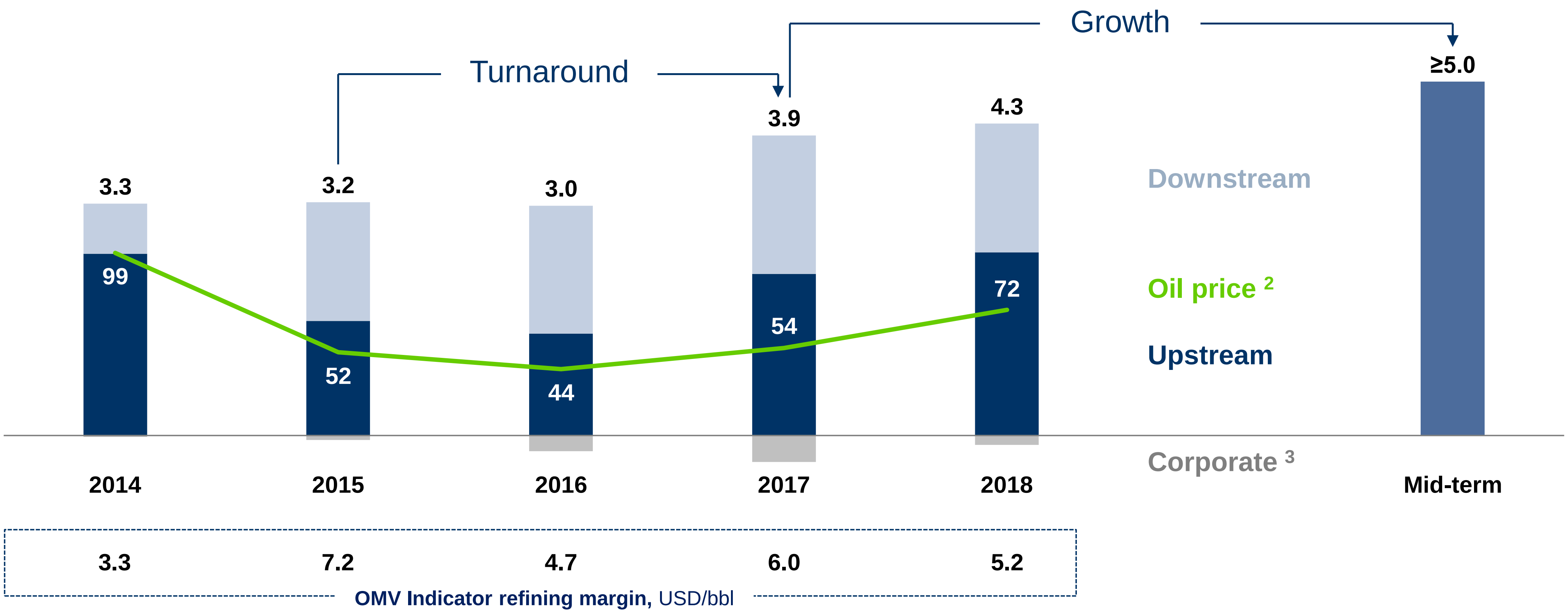


Clean CCS ROACE
In %



A new level of sustainable cash generation and potential for increase above EUR 5 bn mid-term

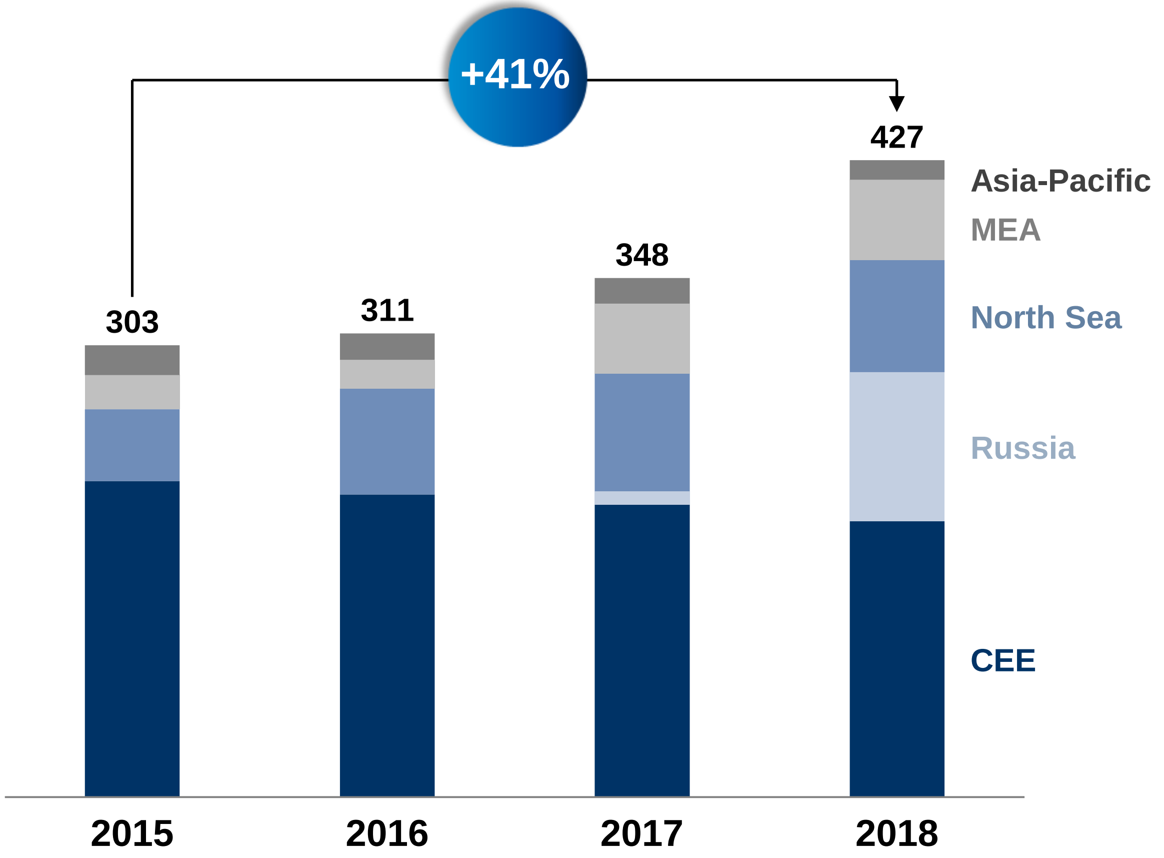
Cash generation and oil price development [1]
Sources of funds, EUR bn



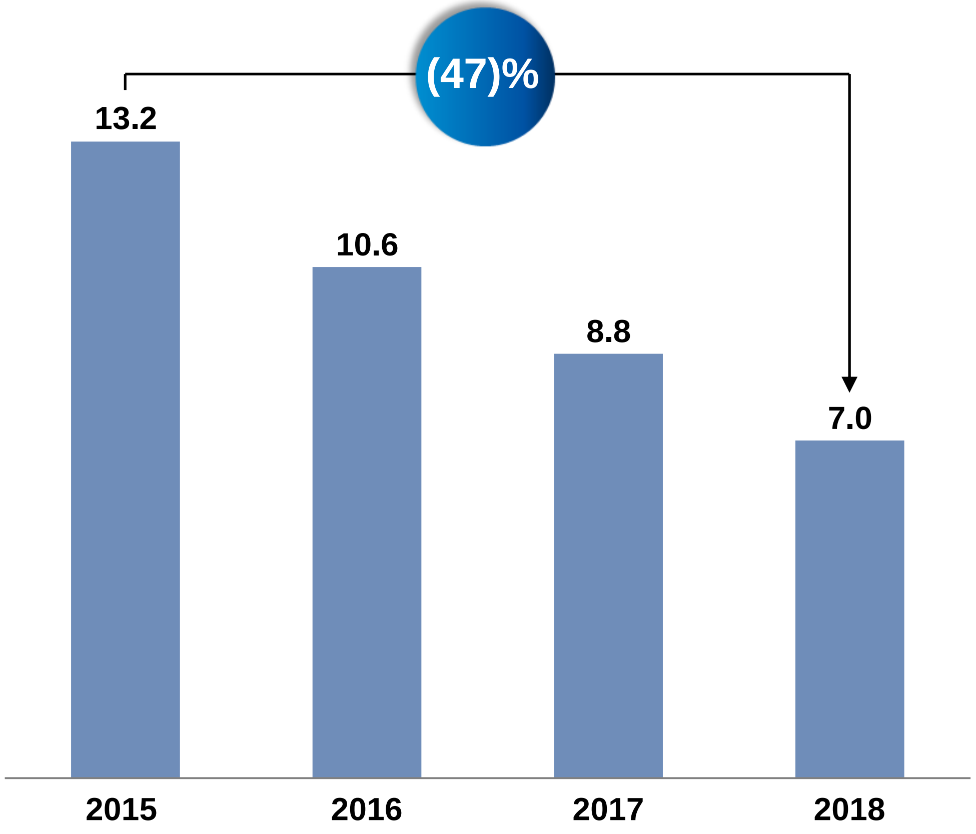
[1] Sources of funds: cash flow from operating activities excluding changes in net working capital; [2] in USD/bbl; [3] Corporate and Others

Upgraded and cost-competitive Upstream portfolio

Production volume
In Kboe/d

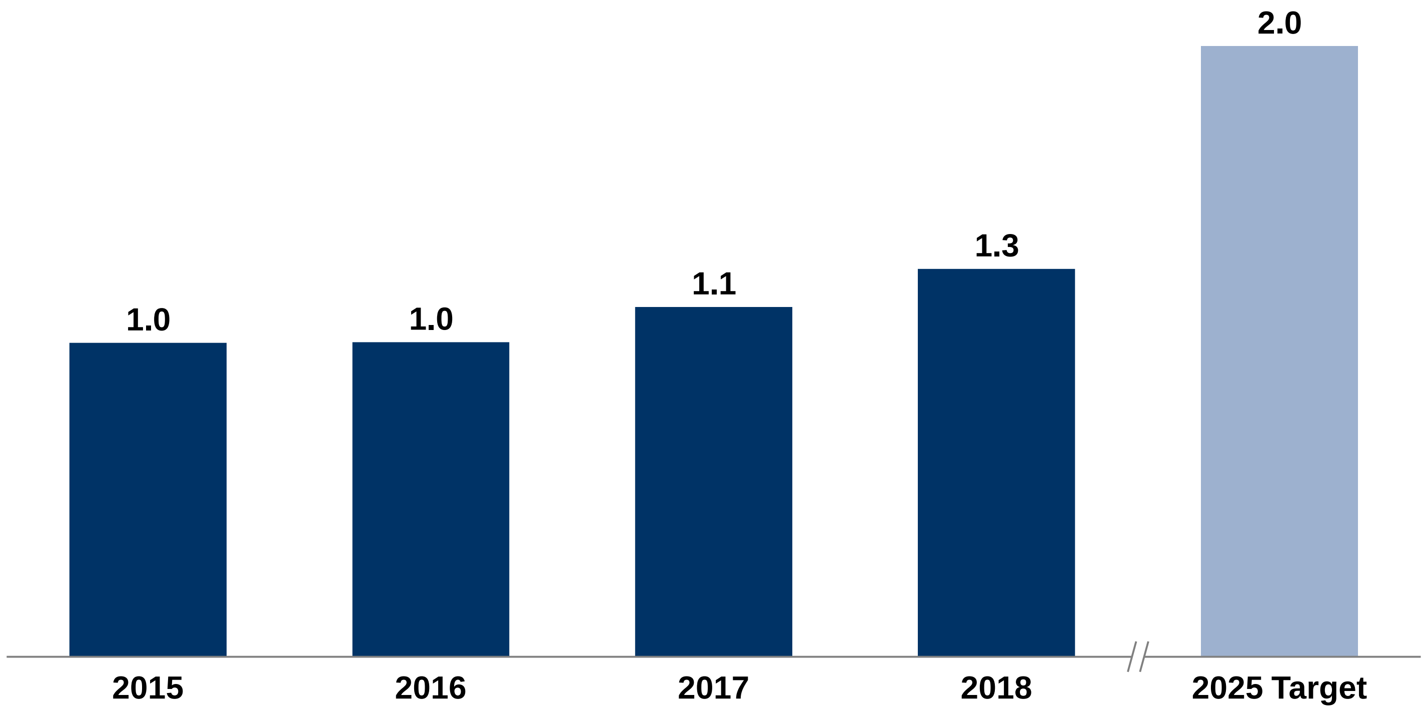


Production cost
In USD/bbl



Strengthened reserves base

1P Reserves
Mn boe



Reserve Replacement Rate
3 years Ø, %

160

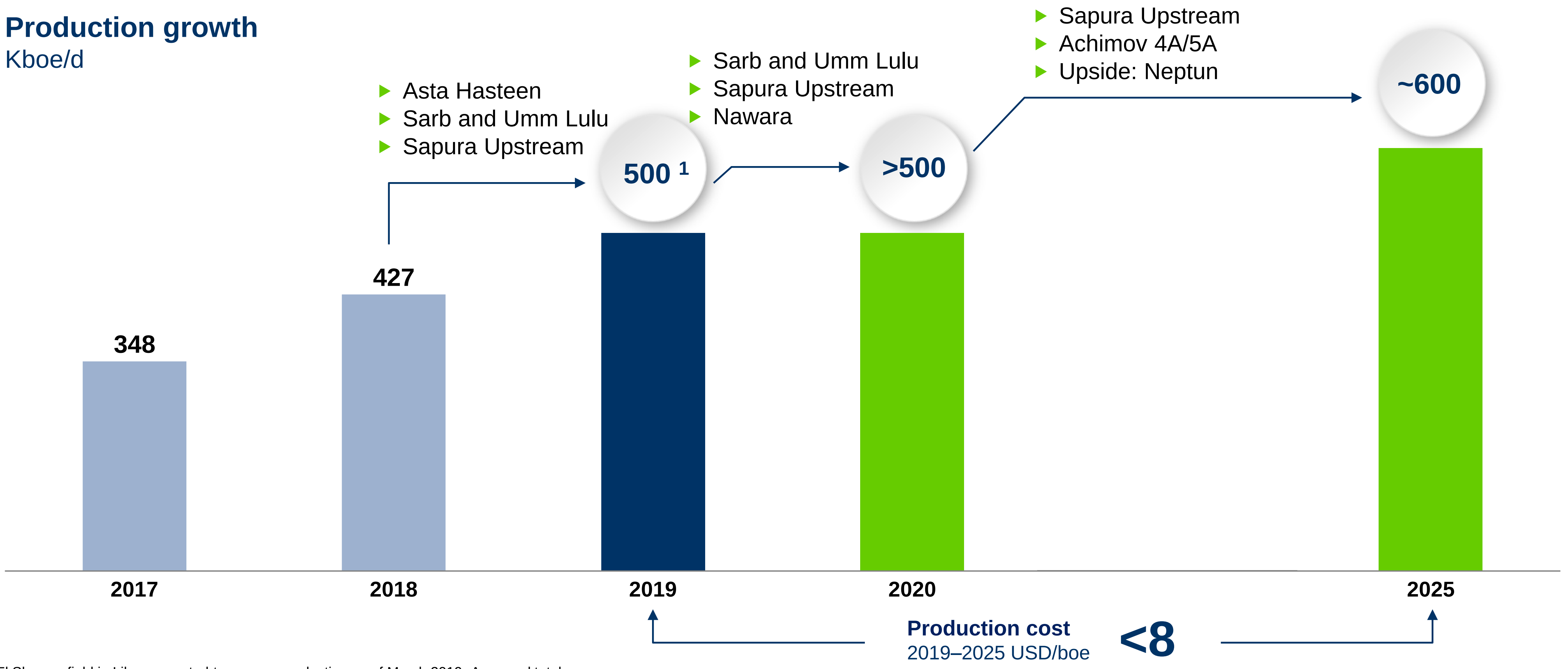
As of end of 2018

Reserves life
years

8

As of end of 2018

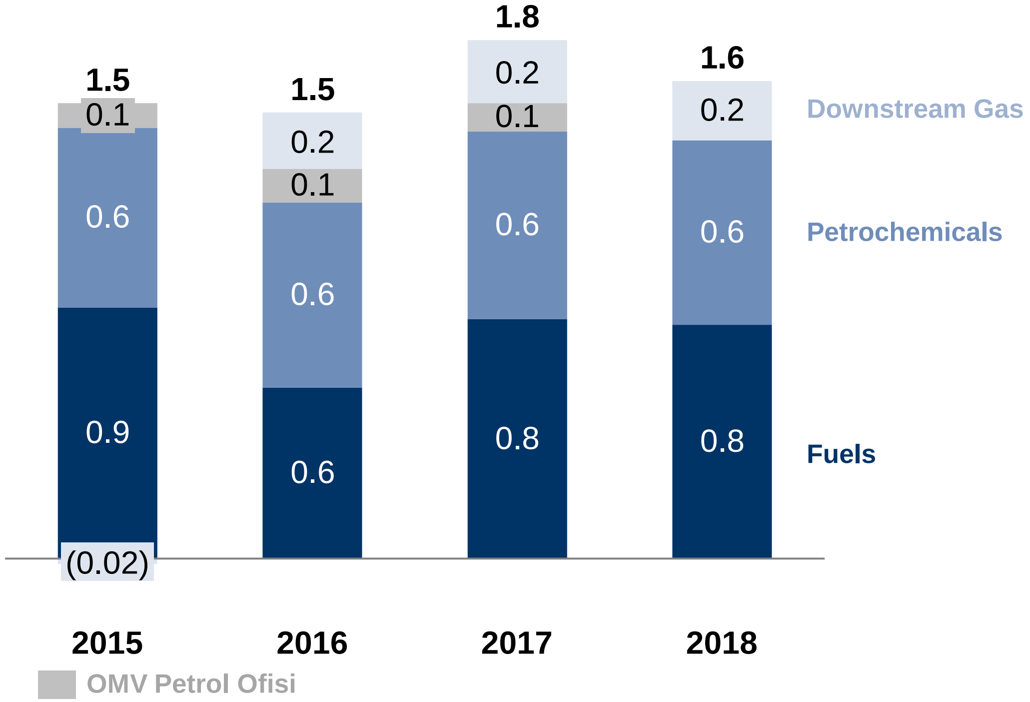
Strong project pipeline for further production growth



[1] El Sharara field in Libya expected to resume production as of March 2019. Assumed total contribution from Libya of 35 kboe/d until year-end, depending on the security situation.

Downstream – Consistently strong cash generator

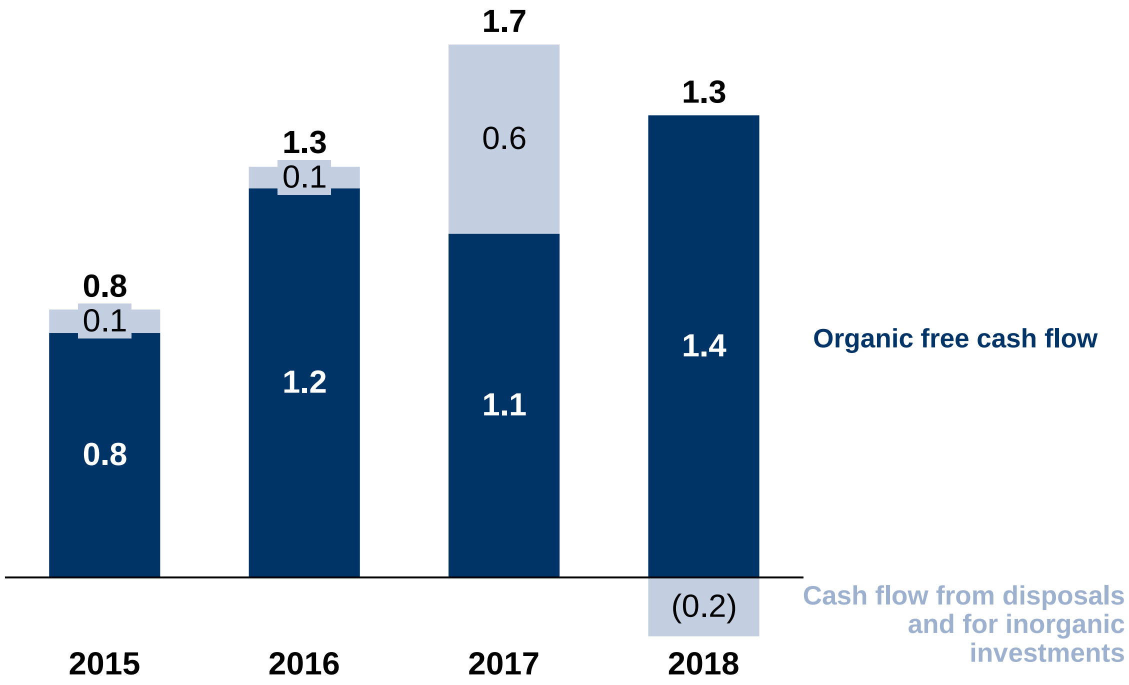
Clean CCS Operating Result
EUR bn



2015	2016	2017	2018
7.2	4.7	6.0	5.2

Refining Margin, USD/bbl

Downstream Free Cash Flow
EUR bn



Excellently positioned for IMO 2020 to capture upside

No investment required

No refinery turnaround in 2019 and 2020

Balanced sour/sweet crude slate

Able to **produce** new grade of **marine fuel oil**

Advantaged Romanian and Austrian **equity crude**

Positioned to capture significant upside

Middle distillate yield

50%

Heavy fuel oil yield

2%

Diesel crack spread +USD 10/t

+USD 70 mn [1]

HFO crack spread USD (10)/t

USD (0.8) mn [1]

+ Upside in Upstream
85% of produced crude is sweet [2]

[1] Impact in Clean CCS Operating Result, [2] < 0.5% sulfur content

OMV and ADNOC form a strategic downstream partnership – Decisive step to deliver OMV Strategy 2025

- OMV acquires a 15% interest in ADNOC Refining and in a to-be-established Trading Joint Venture (ADNOC 65%, ENI 20%)
- OMV becomes a strategic partner in the 4th largest refinery in the world, integrated into petrochemicals (total capacity: 922 kbbl/d)
- Trading Joint Venture follows same successfully integrated Downstream Oil business model as OMV in Europe – with access to attractive markets
- Estimated purchase price of ~USD 2.5 bn based on estimated 2018 year-end net debt; final value dependent on net debt at closing and working capital adjustments
    - Enterprise value of ~USD 2.9 bn [1] for 15%
- Closing of the transaction is expected in Q3 2019
- Transaction will be financed from cash and through long-term senior bonds; the share will be consolidated at-equity

[1] subject to customary closing adjustments

Benefitting from an integrated position in Abu Dhabi – One of the world's major oil and gas centers

OMV's integrated value chain in Abu Dhabi enhances profitability, increases optionality and reduces volatility

Upstream

Sarb and Umm Lulu — **20.0%** OMV's share

Ghasha — **5.0%** OMV's share

- Delivering high-quality oil production growth
- Maximizing value from substantial gas and condensate resources

Refining & Trading

ADNOC Refining — **15.0%** OMV's share

Trading JV — **15.0%**[1] OMV's share

- Operating the fourth largest refinery in the world
- Increase in OMV refining and petchem capacity by 40% and 10%
- Managing an integrated margin via Trading JV

Petrochemicals / Polymers

Borouge — **14.4%**[2] OMV's share

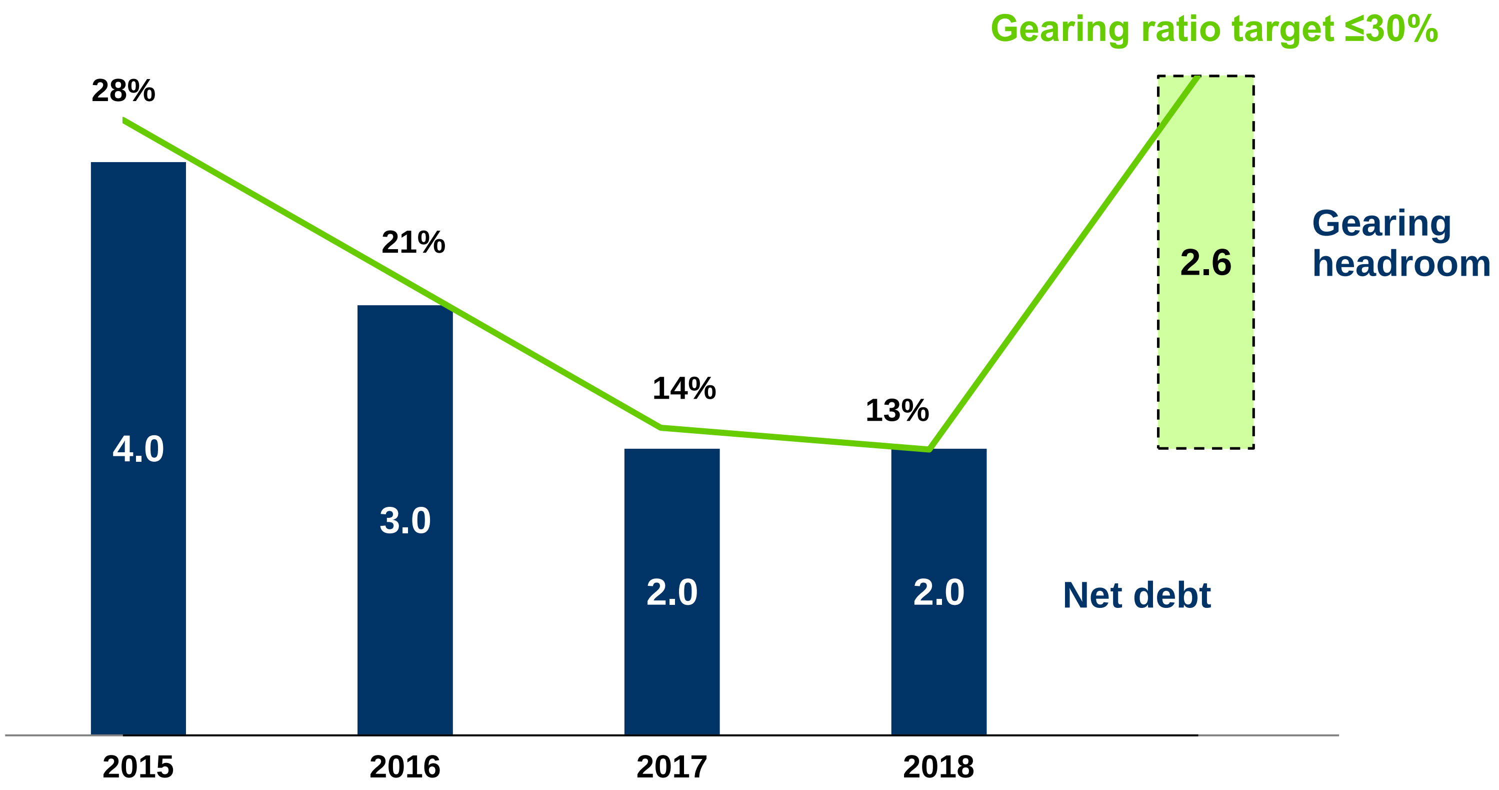
- Operating the largest polyolefin site in the world
- Providing innovative, value-creating plastics solutions

[1] Entity to be established
[2] OMV owns a 36% stake in Borealis, which in turn owns 40% in Borouge

Healthy balance sheet with substantial gearing headroom

Net debt and gearing ratio

EUR bn



Cash position
EUR bn [1]

4.0

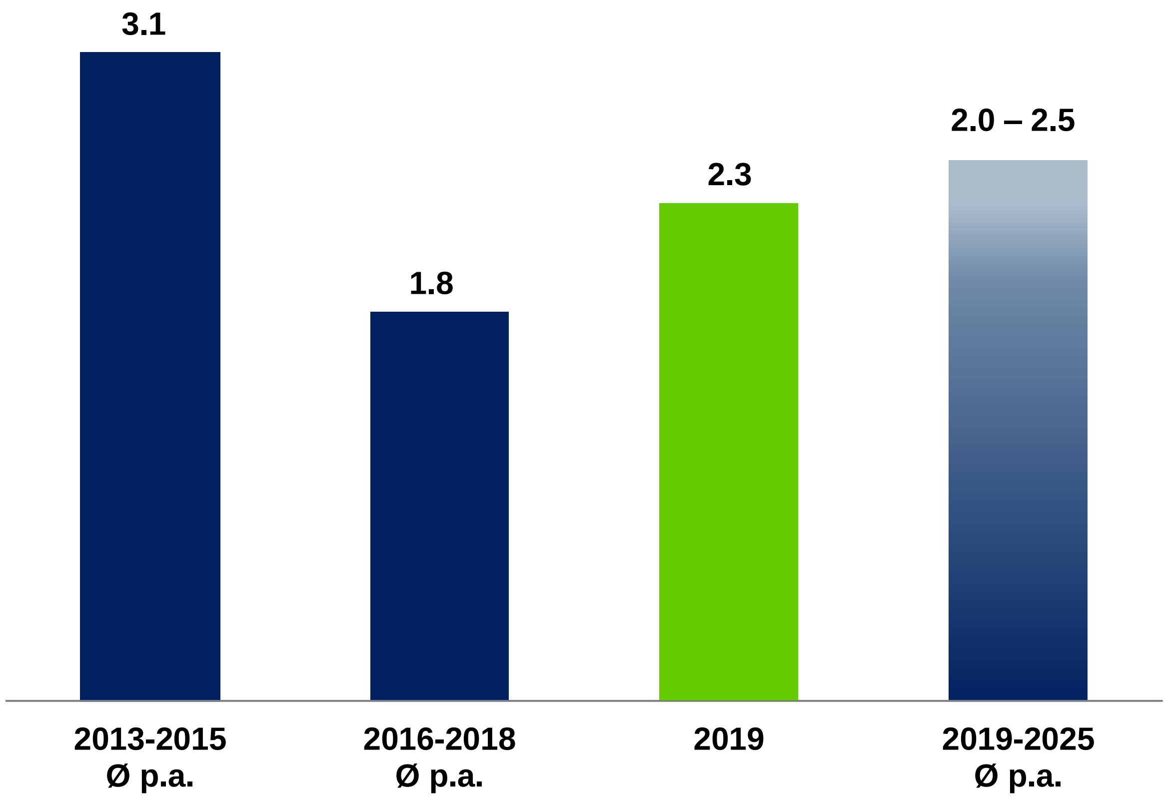
Undrawn revolving credit facilities
EUR bn [1]

3.5

[1] As of end of 2018

Focus on disciplined organic investments

Organic CAPEX
EUR bn



- Increase in 2019 organic Capex guidance **reflects a strong pipeline of growth projects**

Shift in capital allocation priorities

Previous priorities		New priorities
Organic Capex	**1**	**Organic Capex**
Acquisitions	**2**	**Dividends**
Dividends	**3**	**Debt reduction**
Debt reduction	**4**	**Acquisitions**

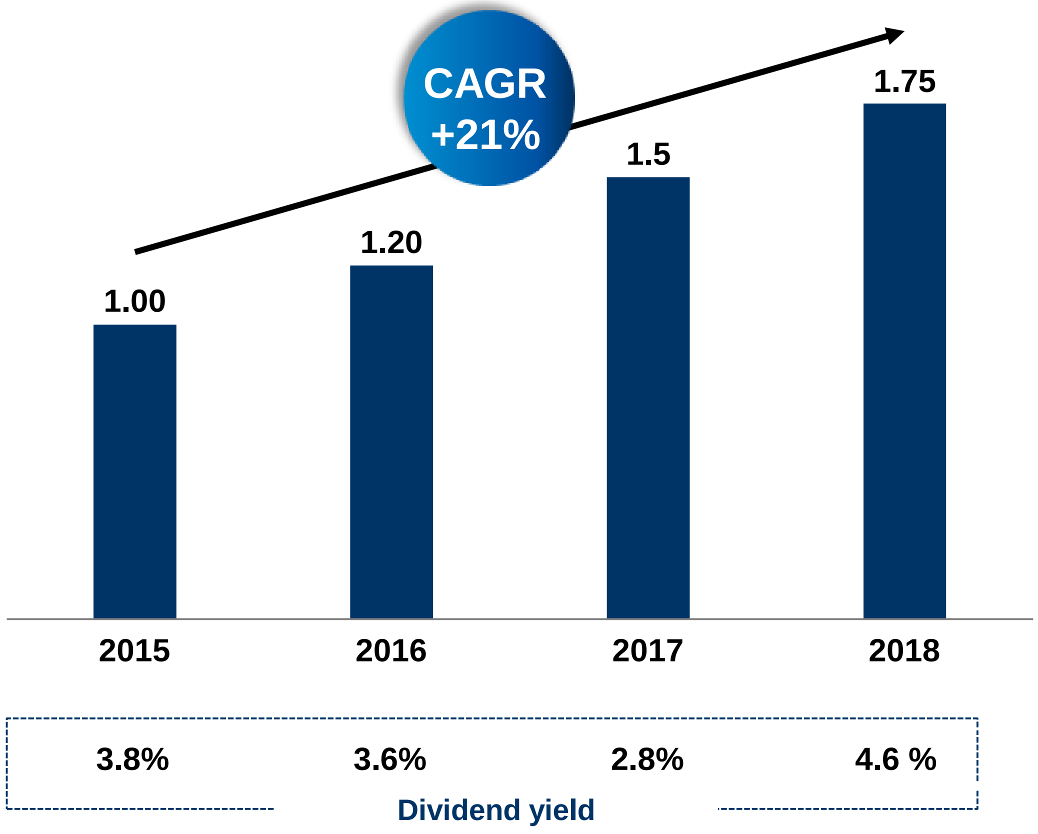
ROACE TARGET

≥12%

Mid- and long-term

Delivering on our progressive dividend policy – Record dividends in 2018

Dividend per share
EUR



- **Record dividend of EUR 1.75** per share for 2018 proposed **(+17% vs. 2017**)
- We are committed to delivering an **attractive and predictable shareholder return** through the business cycle
- Progressive dividend policy: **OMV aims to increase the dividend or at least maintain it at the previous year's level**

Outlook 2019

	2018	Outlook 2019
Brent oil price (USD/bbl)	71	65
NCG gas price (EUR/MWh)	23	<23
Total hydrocarbon production (kboe/d)	427	500 [1]
OMV indicator refining margin (USD/bbl)	5.2	~5.0
Ethylene/propylene net margin (EUR/t)	448	<448
Utilization rate refineries (%)	92	>92
Organic Capex (EUR bn)	1.9	2.3
E&A expenditures (EUR mn)	300	350

[1] El Sharara field in Libya expected to resume production as of March 2019. Assumed total contribution from Libya of 35 kboe/d until year-end, depending on the security situation.

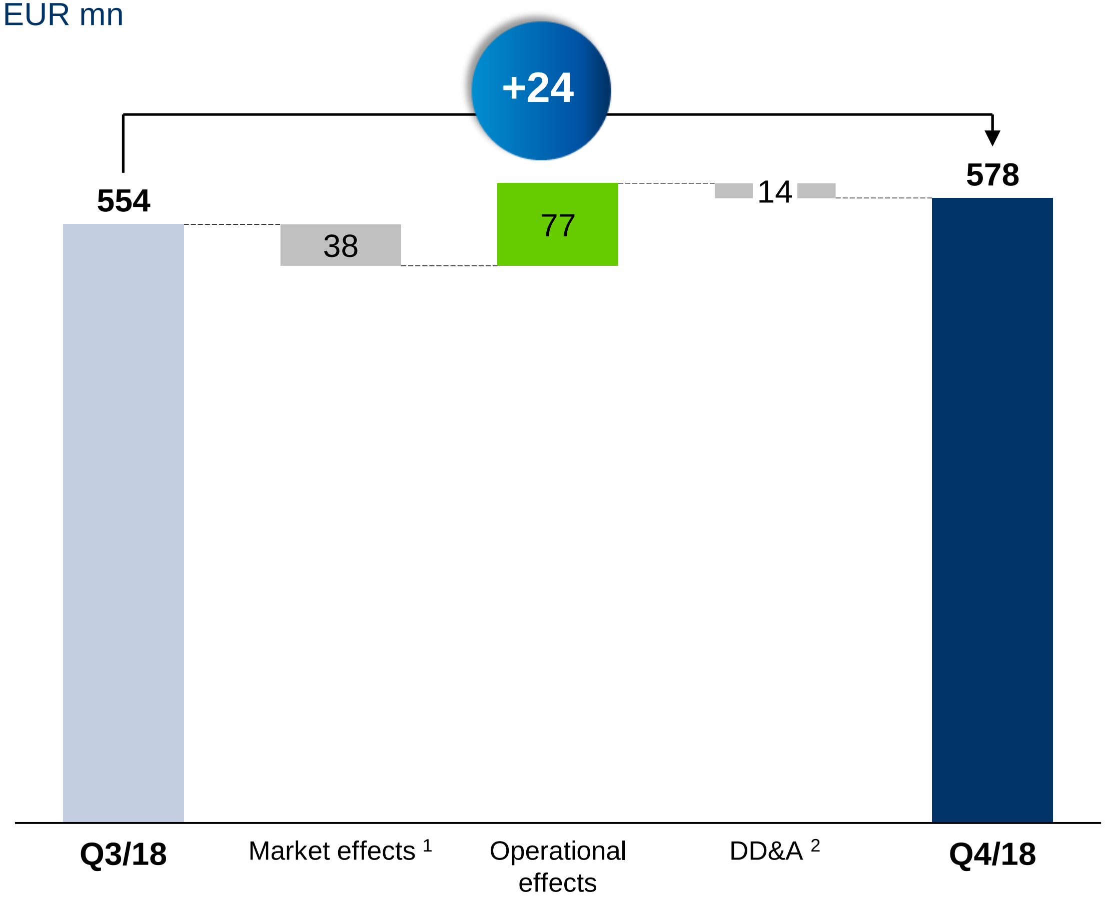
OMV

BACKUP

Upstream – Result supported by higher realized prices

Clean Operating Result

EUR mn



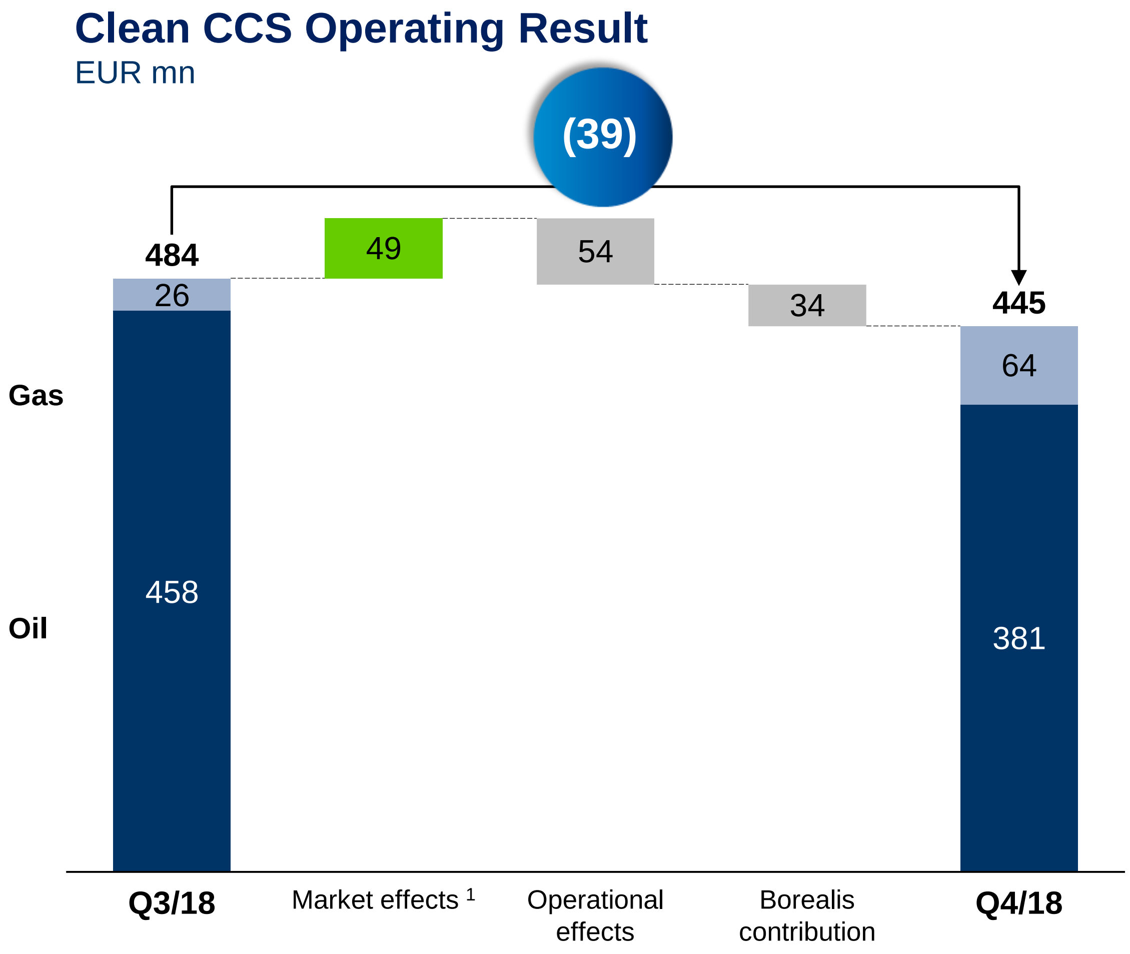
[1] Market effects defined as oil and gas prices, foreign exchange impact, price effect on royalties and hedging, selling and distribution costs in Russia

[2] Depreciation, Depletion and Amortization

Q4/18 vs. Q3/18

- Realized oil price decreased by 8%
- Realized gas price increased by 7%
- Hedging impact in Q4/18 of EUR (58) mn (vs. EUR (27) mn in Q4/17 and EUR (59) mn in Q3/18)
- Positive FX impact due to stronger USD/EUR
- Production of 447 kboe/d (+41 kboe/d)
  - Russia (+17 kboe/d)
  - UAE (+14 kboe/d)
  - Norway (+11 kboe/d)
- Higher sales in Q4 following production development
- Production costs decreased to USD 6.3/boe (-8%)
- Higher depreciation mainly following production start-up in Abu Dhabi

Downstream – Improved operational performance and higher refining margins



Q4/18 vs. Q3/18

Oil

- Market environment stronger due to petrochemicals
  - Lower refining margin (-8%)
  - Improved ethylene/propylene net margins (+17%)
- Maintained very high utilization rate (98%)
- Slightly lower total refined product sales (-5%)
- Retail and Commercial: seasonally lower volumes, offset by higher margins
- Petrochemicals: slightly lower volumes (-3%)
- Lower contribution from Borealis, due to negative inventory effects

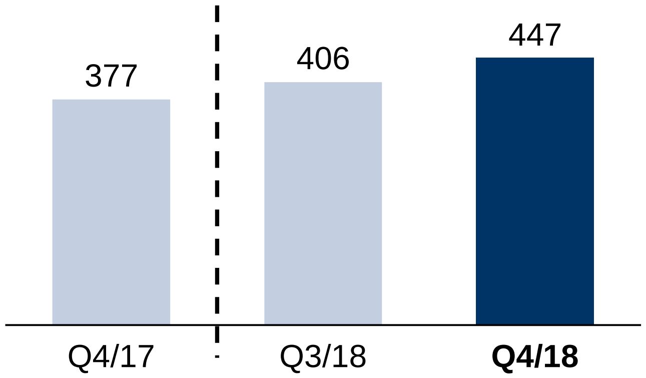
Gas

- Higher natural gas sales volumes due to seasonality
- Higher contribution from Gas Connect Austria due to insurance compensation for Baumgarten incident

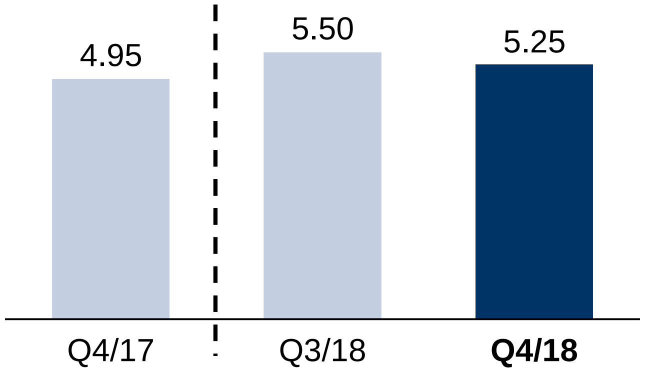
[1] Market effects defined as refining indicator margin, petrochemical margins and spark spreads

Operational KPIs

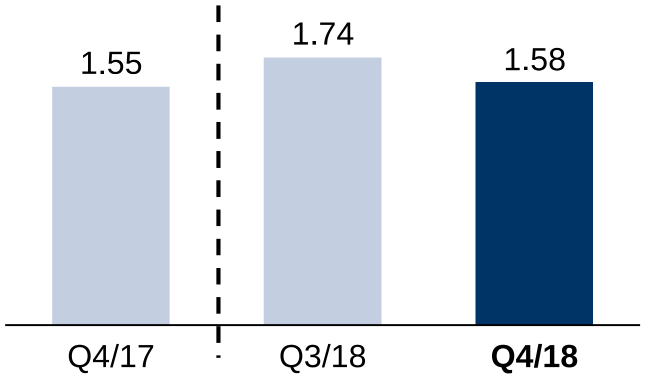
Hydrocarbon production
kboe/d



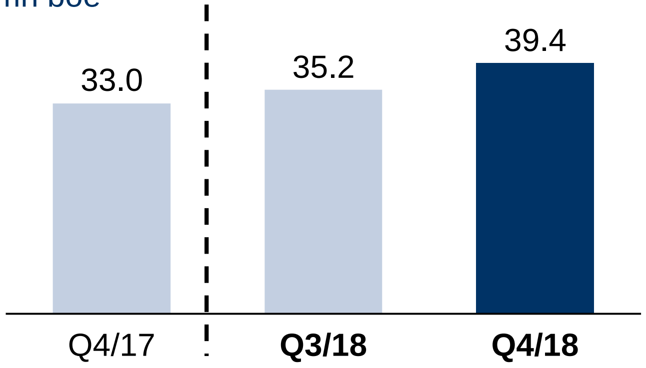
Refined product sales
mn t



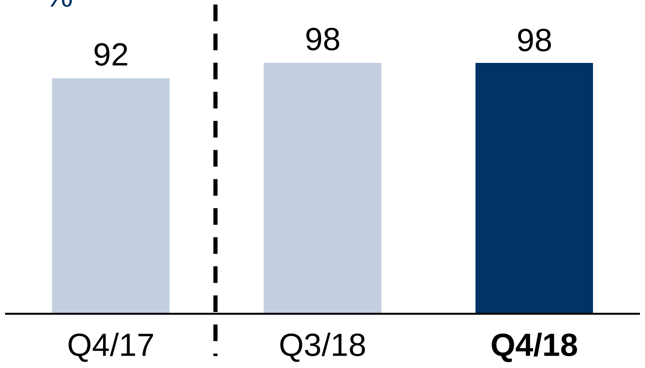
Retail sales
mn t



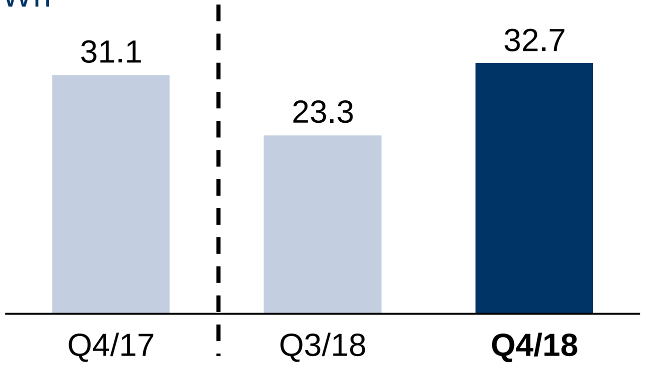
Hydrocarbon sales
mn boe



Refinery utilization rate
%

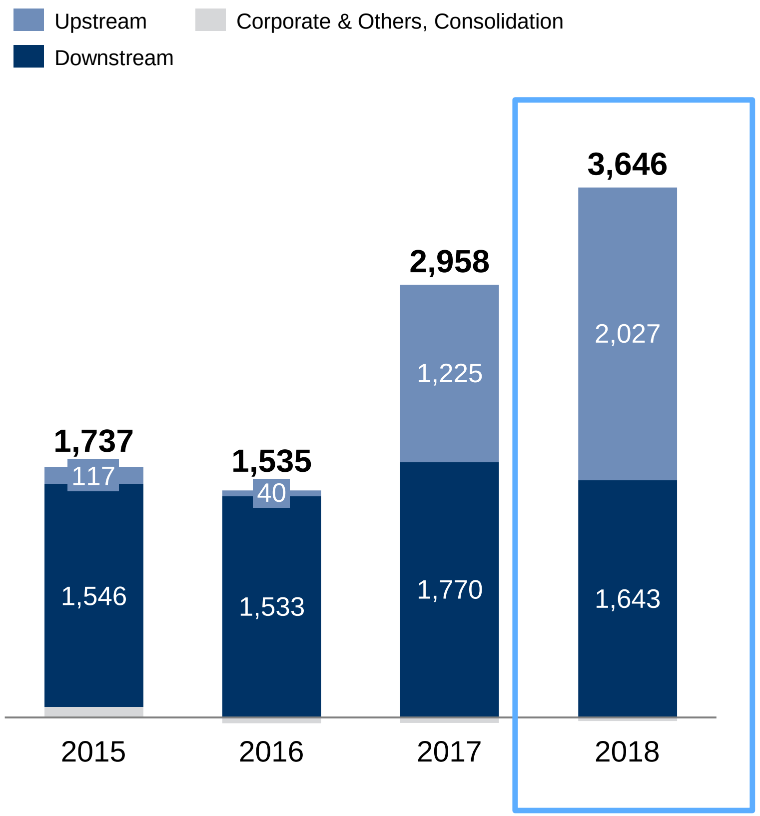


Natural gas sales
TWh

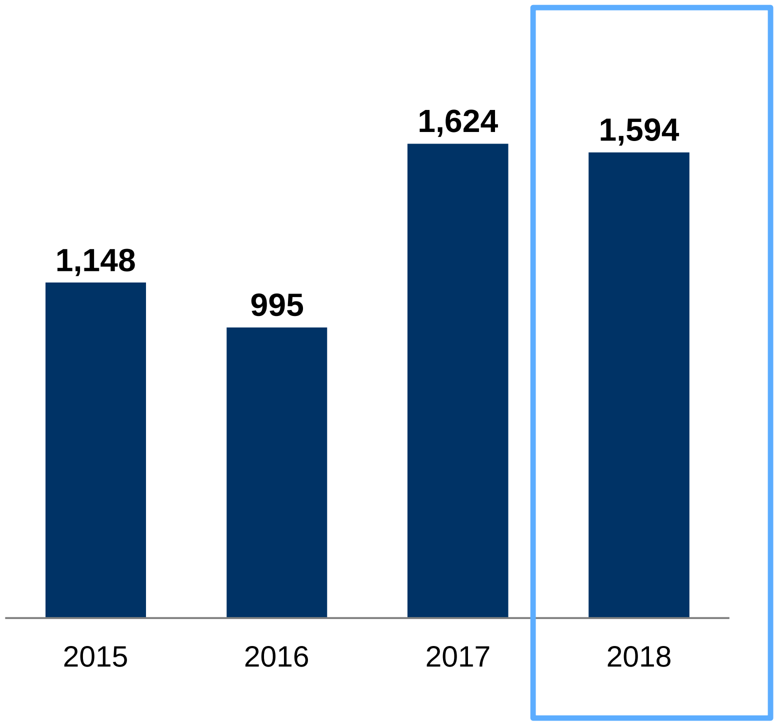


Full-year 2018 Clean CCS Results

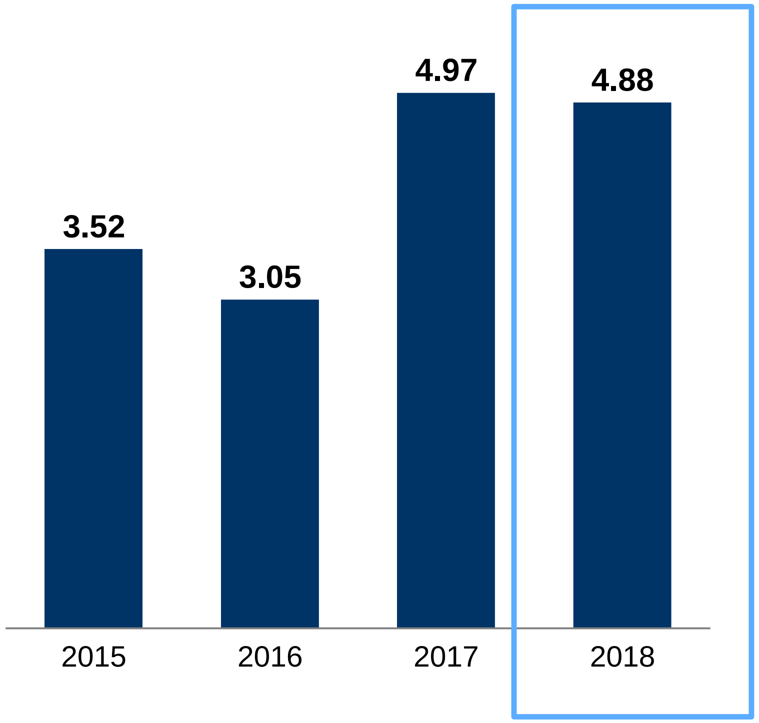
Clean CCS Operating Result
EUR mn



Clean CCS net income attributable to stockholders
EUR mn



Clean CCS Earnings Per Share
EUR

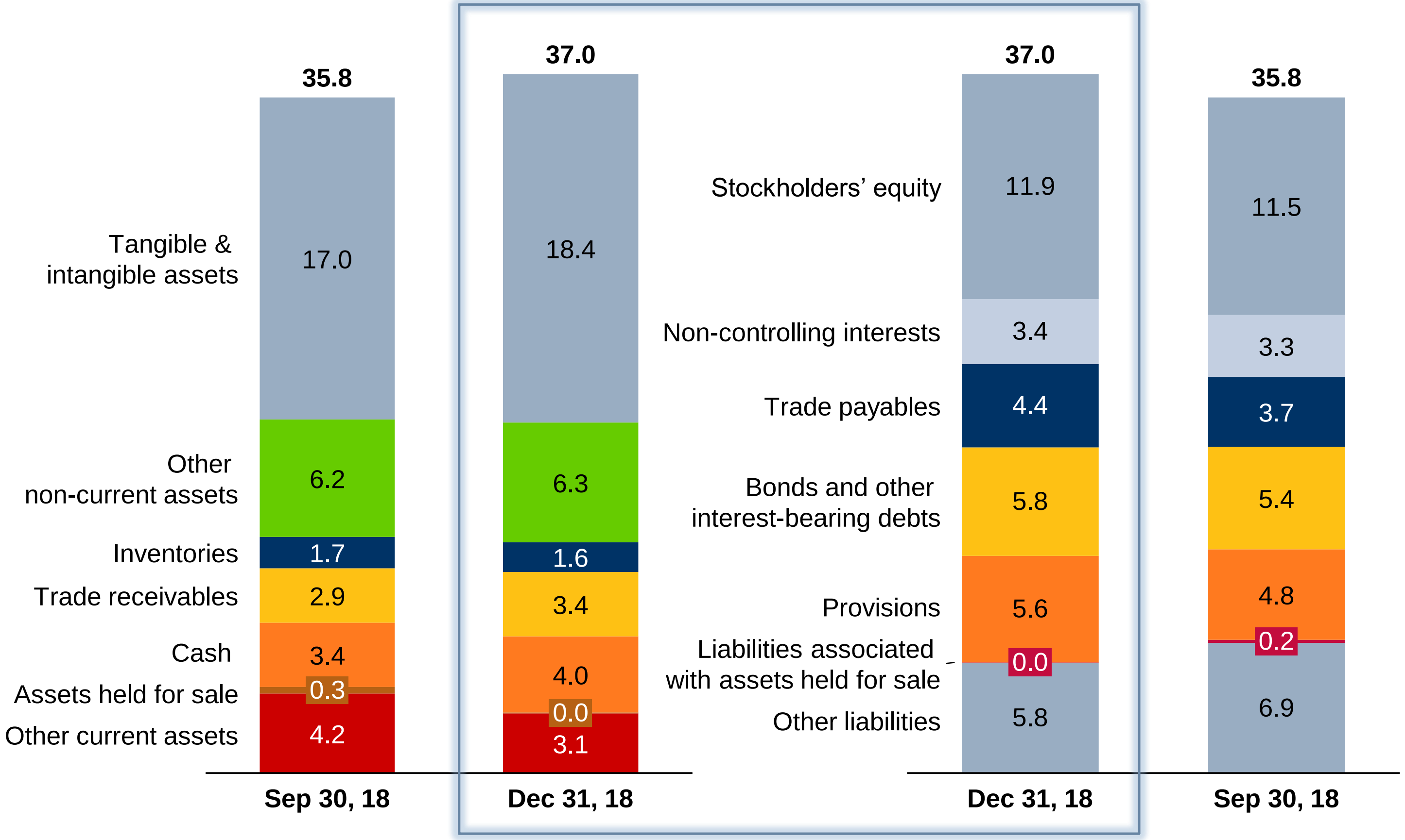


OMV

Strong balance sheet

Balance Sheet Dec 31, 2018 vs. Sep 30, 2018

EUR bn



Highlights

Assets

- Acquisition of Shell's Upstream business in New Zealand impacting balance sheet, especially increase in tangible and intangible assets and provisions

Assets/Liabilities held for sale

- Closing of Polarled/Nyhamna sale (Norway)

Sensitivities of OMV Group in 2019

Annual impact [1] in EUR mn	**Clean CCS Operating Result**	**Operating cash flow**
Brent oil price (USD +1/bbl)	+60	+30
OMV invoiced gas price (EUR +1/MWh)	+150	+105
CEGH/NCG gas price [3] (EUR +1/MWh)	+50	+25
OMV indicator refining margin (USD +1/bbl) [2]	+105	+80
Ethylene/propylene net margin (EUR +10/t)	+20	+15
EUR-USD (USD changes by USD 0.01)	+30	+15

[1] Excluding hedging

[2] Excluding at-equity accounted investments; does not include inventory impact

[3] CEGH/NCG sensitivity derived from sales in Austria, Norway and Russia (to the extent that sales prices are not linked to domestic Russian gas price)

Materially different Brent and FX levels (vs. current levels) would lead to different sensitivity results.