OMV Group Factsheet Q4 2018

Key Performance Indicators [1]

Group

- Clean CCS Operating Result increased by 53% to EUR 1,053 mn
- Clean CCS net income attributable to stockholders amounted to EUR 490 mn, clean CCS Earnings Per Share were EUR 1.50
- High cash flow from operating activities of EUR 1,117 mn
- Strong organic free cash flow after dividends of EUR 489 mn
- Clean CCS ROACE at 13%
- Cost savings of more than EUR 100 mn versus 2017 achieved
- Dividend Per Share of EUR 1.75 [2] proposed; increase of 17% compared to the previous year

Upstream

- Production rose by 70 kboe/d to 447 kboe/d
- Production cost decreased by 29% to USD 6.3/boe

Downstream

- OMV indicator refining margin stood at USD 5.2/bbl
- Natural gas sales increased by 5% to 32.7 TWh

Outlook for 2019

- For the year 2019, OMV expects the average Brent oil price to be at USD 65/bbl (2018: USD 71/bbl). In 2019, average European gas spot prices are anticipated to be lower compared to 2018.
- In 2019, organic CAPEX (including capitalized E&A and excluding acquisitions) is projected to come in at EUR 2.3 bn (2018: EUR 1.9 bn). Organic CAPEX for Upstream (including capitalized E&A and excluding acquisitions) is anticipated to come in at EUR 1.5 bn in 2019.
- OMV expects total production to be around 500 kboe/d in 2019 (2018: 427 kboe/d). Production at El Sharara in Libya is currently suspended. The field is expected to resume production as of March 2019, after which we assume a total contribution from Libya of 35 kboe/d (2018: 30 kboe/d) until year-end, depending on the security situation.
- Refining indicator margin will be at the level of around USD 5/bbl (2018: USD 5.2/bbl). Petrochemical margins will be slightly lower than in 2018 (2018: EUR 448/t).
- Total refined product sales in 2019 are forecasted to be on similar level compared to 2018 (2018: 20.3 mn t). In OMV's markets, retail and commercial margins are predicted to be similar compared to those in 2018.
- There is no planned turnaround of the refineries in 2019. Therefore, the utilization rate of the refineries is expected to be higher than in 2018 (2018: 92%).
- Natural gas sales volumes in 2019 are projected to be above to those in 2018 (2018: 114 TWh). Natural gas sales margins are forecasted to be lower in 2019 compared to 2018.

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[1] Figures reflect the Q4/18 period; all comparisons described relate to the same quarter in the previous year except where otherwise mentioned
[2] As proposed by the Executive Board; subject to confirmation by the Supervisory Board and the Annual General Meeting 2019

Group performance

Financial highlights

In EUR mn (unless otherwise stated)

Q4/18	Q3/18	Q4/17	Δ% [1]		2018	2017	Δ%
6,640	5,607	4,906	35	Sales [2]	22,930	20,222	13
1,053	**1,050**	**688**	**53**	**Clean CCS Operating Result [3]**	**3,646**	**2,958**	**23**
578	554	344	68	Clean Operating Result Upstream [3]	2,027	1,225	66
445	484	356	25	Clean CCS Operating Result Downstream [3]	1,643	1,770	(7)
(7)	(9)	14	n.m.	Clean Operating Result Corporate and Other [3]	(21)	(16)	(31)
37	20	(27)	n.m.	Consolidation: elimination of intersegmental profits	(3)	(21)	87
36	38	28	30	Clean Group tax rate in %	39	25	56
643	628	448	43	Clean CCS net income [3]	2,108	2,035	4
490	**455**	**367**	**34**	**Clean CCS net income attributable to stockholders [3, 4]**	**1,594**	**1,624**	**(2)**
1.50	1.39	1.12	34	Clean CCS EPS in EUR [3]	4.88	4.97	(2)
1,053	**1,050**	**688**	**53**	**Clean CCS Operating Result [3]**	**3,646**	**2,958**	**23**
273	**(319)**	**(115)**	**n.m.**	**Special items [5]**	**(149)**	**(1,281)**	**88**
(67)	33	58	n.m.	CCS effects: inventory holding gains/(losses)	27	55	(51)
1,259	**763**	**631**	**99**	**Operating Result Group**	**3,524**	**1,732**	**103**
812	470	294	176	Operating Result Upstream	2,122	1,218	74
400	284	384	4	Operating Result Downstream	1,420	584	143
(22)	(11)	(13)	(64)	Operating Result Corporate and Other	(47)	(48)	3
68	20	(34)	n.m.	Consolidation: elimination of intersegmental profits	28	(21)	n.m.
(50)	(39)	(69)	28	Net financial result	(226)	(246)	8
1,209	725	562	115	Profit before tax	3,298	1,486	122
34	46	25	36	Group tax rate in %	40	43	(7)
793	393	421	89	Net income	1,993	853	134
608	221	311	96	Net income attributable to stockholders [4]	1,438	435	n.m.
1.86	0.68	0.95	96	Earnings Per Share (EPS) in EUR	4.40	1.33	n.m.
1,117	970	742	51	Cash flow from operating activities	4,396	3,448	28
368	523	(1,445)	n.m.	Free cash flow before dividends	1,043	1,681	(38)
281	523	(1,532)	n.m.	Free cash flow after dividends	263	1,013	(74)
489	493	146	n.m.	Organic free cash flow after dividends [6]	1,715	1,194	44
				Dividend Per Share (DPS) in EUR [7]	1.75	1.50	17
2,014	2,306	2,005	0	Net debt	2,014	2,005	0
13	16	14	(6)	Gearing ratio in %	13	14	(6)
1,120	470	2,290	(51)	Capital expenditure [8]	3,676	3,376	9
589	459	548	7	Organic capital expenditure [9]	1,893	1,636	16
13	12	14	(7)	Clean CCS ROACE in % [3]	13	14	(7)
12	11	6	96	ROACE in %	12	6	96
20,231	19,978	20,721	(2)	Employees	20,231	20,721	(2)

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

[1] Q4/18 compared to Q4/17

[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] 2018: as proposed by the Executive Board; subject to confirmation by the Supervisory Board and the Annual General Meeting 2019

[8] Capital expenditure including acquisitions

[9] Organic capital expenditure is defined as capital expenditure including capitalized Exploration and Appraisal expenditure excluding acquisitions and contingent considerations.

OMV

Fourth quarter 2018 (Q4/18) compared to fourth quarter 2017 (Q4/17)

Consolidated sales significantly increased by 35% to EUR 6,640 mn, primarily driven by higher oil, gas and product prices, as well as higher sales volumes. The **clean CCS Operating Result** was substantially up by 53% from EUR 688 mn to EUR 1,053 mn, mainly due to a considerably higher Upstream result of EUR 578 mn (Q4/17: EUR 344 mn). The significantly better operational performance had a positive impact of EUR 139 mn. This was largely attributable to higher sales volumes in Russia and the United Arab Emirates. Net market effects had a positive impact of EUR 106 mn. Higher average oil and gas prices were partially offset by hedging losses. In Q4/18, the Downstream clean CCS Operating Result rose notably to EUR 445 mn (Q4/17: EUR 356 mn), mainly driven by an increased result contribution from the commercial and retail businesses as well as from the petrochemical business. The consolidation line amounted to EUR 37 mn in Q4/18. OMV Petrom's clean CCS Operating Result amounted to EUR 306 mn (Q4/17: EUR 122 mn).

The **clean Group tax rate** was 36% compared to 28% in Q4/17, due to a considerably stronger Upstream contribution, particularly from high tax rate fiscal regimes such as Norway and Libya. The **clean CCS net income** reached EUR 643 mn (Q4/17: EUR 448 mn). **Clean CCS net income attributable to stockholders** strongly increased to EUR 490 mn (Q4/17: EUR 367 mn). **Clean CCS Earnings Per Share** came in at EUR 1.50 (Q4/17: EUR 1.12).

Net **special items** of EUR 273 mn were recorded in Q4/18 (Q4/17: EUR (115) mn), mainly related to temporary hedging effects and unrealized commodity derivatives. **CCS effects** of EUR (67) mn were recognized in Q4/18. OMV Group's reported **Operating Result** almost doubled to EUR 1,259 mn (Q4/17: EUR 631 mn). OMV Petrom's contribution to the Group's reported Operating Result substantially increased to EUR 380 mn (Q4/17: EUR 193 mn).

The **net financial result** amounted to EUR (50) mn (Q4/17: EUR (69) mn). The increase was mainly related to higher interest income. With a **Group tax rate** of 34% (Q4/17: 25%), **net income** amounted to EUR 793 mn (Q4/17: EUR 421 mn). **Net income attributable to stockholders** nearly doubled to EUR 608 mn (Q4/17: EUR 311 mn). **Earnings Per Share** for the quarter substantially increased to EUR 1.86 (Q4/17: EUR 0.95).

Cash flow from operating activities grew from EUR 742 mn in Q4/17 to EUR 1,117 mn, supported by an improved market environment and positive net working capital effects. **Free cash flow after dividends** rose to EUR 281 mn compared to EUR (1,532) mn in Q4/17, as Q4/17 was significantly impacted by the acquisition of an interest in the Yuzhno Russkoye gas field that led to a cash outflow of EUR (1,644) mn.

On December 31, 2018, **net debt** amounted to EUR 2,014 mn compared to EUR 2,005 mn. On December 31, 2018, the **gearing ratio** stood at 13% (December 31, 2017: 14%).

Organic capital expenditure rose by 7% to EUR 589 mn (Q4/17: EUR 548 mn) and was undertaken primarily in Upstream, especially in Romania, Norway, Austria and the United Arab Emirates. In Downstream, organic capital expenditure slightly decreased in Q4/18, resulting primarily from Downstream Gas. Total **capital expenditure** amounted to EUR 1,120 mn (Q4/17: EUR 2,290 mn) and accounted for the acquisition of Shell's Upstream business in New Zealand in Q4/18. In Q4/17 OMV acquired a 24.99% interest in the Yuzhno Russkoye gas field.

Business Segments

Upstream

Fourth quarter 2018 (Q4/18) compared to fourth quarter 2017 (Q4/17)

- Strong increase of clean Operating Result to EUR 578 mn
- Production increased to 447 kboe/d, up by 70 kboe/d
- Production cost decreased by 29% to USD 6.3/boe

The **clean Operating Result** substantially improved from EUR 344 mn in Q4/17 to EUR 578 mn, due to a significantly better operational performance in the amount of EUR 139 mn. This was largely attributable to higher sales volumes following the acquisition of the interest in the Yuzhno Russkoye gas field in Q4/17 and the acquisition of a 20% stake in two offshore oil fields in Abu Dhabi in Q2/18. This was partially offset by lower quantities in Romania as well as the missing contribution from Pakistan, following the divestment of OMV's Upstream companies in Q2/18. Net market effects had a positive impact of EUR 106 mn. Higher average oil and gas prices were partially offset by hedging losses. In Q4/18, OMV Petrom contributed EUR 170 mn to the clean Operating Result compared to EUR 70 mn in Q4/17.

Net **special items** amounted to EUR 234 mn in Q4/18 mainly associated with temporary hedging effects of EUR 185 mn. The **Operating Result** nearly tripled to EUR 812 mn (Q4/17: EUR 294 mn).

At USD 6.3/boe, **production cost** excluding royalties declined by 29% as a result of higher production supported by cost-saving programs and optimization initiatives as well as positive FX impacts. Production cost of OMV Petrom decreased by 14% to USD 10.7/boe, mainly due to various cost optimization initiatives.

Total hydrocarbon production rose by 18% to 447 kboe/d, primarily due to Russia's contribution of 106 kboe/d and the acquisition of a 20% stake in two offshore oil fields in Abu Dhabi in Q2/18. This was partially offset by lower production from Romania due to natural decline, the divestment of OMV's Upstream companies in Pakistan in Q2/18 as well as a lower contribution from New Zealand due to repair works at the Pohokura pipeline. OMV Petrom's total production was down by 5% to 156 kboe/d mostly because of natural decline. **Total sales volumes** were up by 19% and mainly attributable to the contribution from Russia and supported by higher sales volumes in the United Arab Emirates. This was partially offset by lower sales volumes in Romania, Pakistan and New Zealand.

In Q4/18, the **average Brent price** rose by 12% to around USD 69/bbl, as OPEC announced production cuts in order to reverse global surplus production ahead of softer than expected Iran sanctions, while fears of slowing global economic growth impacted prices negatively. The Group's **average realized** crude price increased by 12%. The **average realized gas price** in USD/1,000 cf decreased by 6% as Q4/18 reflects the full contribution from Russia. Realized oil and gas prices were impacted by a hedging loss of EUR (58) mn in Q4/18.

Capital expenditure including capitalized E&A decreased to EUR 903 mn in Q4/18 (Q4/17: EUR 2,074 mn). This includes the acquisition of Shell's Upstream business in New Zealand. In Q4/17, capital expenditure including capitalized E&A was mainly attributable to the acquisition of the interest in the Yuzhno Russkoye gas field. Organic capital expenditure was undertaken primarily in Romania, Norway, Austria and the United Arab Emirates. **Exploration expenditure** rose by 11% to EUR 93 mn and was mainly related to activities in Romania, Austria and Norway.

Downstream

Fourth quarter 2018 (Q4/18) compared to fourth quarter 2017 (Q4/17)

- Downstream Oil result grew significantly driven by a strong commercial and retail performance, which supported the very high utilization rate of the refineries of 98%
- Clean CCS Operating Result of the petrochemicals business more than doubled

The **clean CCS Operating Result** grew considerably to EUR 445 mn in Q4/18 (Q4/17: EUR 356 mn). Both, Downstream Oil as well as Downstream Gas reached a significantly better result.

The **Downstream Oil clean CCS Operating Result** grew by 22% from EUR 311 mn in Q4/17 to EUR 381 mn, following a strong result contribution from the commercial and retail businesses as well as from the petrochemical business. The **OMV indicator refining margin** decreased by 8% to USD 5.2/bbl (Q4/17: USD 5.7/bbl). Increased crude prices resulted in higher feedstock costs, negatively impacting the indicator refining margin. While naphtha and gasoline margins declined, middle distillate and heavy fuel oil margins improved. The **utilization rate of the refineries** reached a very high level of 98% in Q4/18, compared to 92% in Q4/17. At 5.3 mn t, **total refined product sales** rose by 6%. The retail business had a strong contribution due to higher margins combined with slightly increased sales volumes. In the commercial business, sales volumes and margins went up considerably compared to Q4/17. Furthermore the commercial business in Germany and Austria profited from supply disruptions in southern Germany caused by extremely low Rhine water levels and a refinery outage. OMV Petrom contributed EUR 75 mn (Q4/17: EUR 69 mn) to the clean CCS Operating Result of Downstream Oil.

The clean CCS Operating Result of the petrochemicals business more than doubled to EUR 78 mn in Q4/18 (Q4/17: EUR 37 mn). The increase was mainly driven by the ethylene/propylene net margin, which experienced a strong gain compared to Q4/17 but was partially offset by higher customer discounts due to the increased price level. In addition, the Q4/17 result was negatively impacted by an unplanned shutdown. The share from Borealis to the clean Operating Result decreased considerably to EUR 67 mn in Q4/18 (Q4/17: EUR 94 mn). A strong contribution from Borouge could not offset negative inventory valuation effects and declining integrated polyolefin margins. The performance of the fertilizer business remained under pressure.

Downstream Gas clean CCS Operating Result increased from EUR 45 mn in Q4/17 to EUR 64 mn. The Q4/18 result was mainly impacted by a higher power result and a higher contribution from Gas Connect Austria. The contribution from Gas Connect Austria grew from EUR 21 mn to EUR 36 mn mainly due to an insurance compensation related to the Baumgarten incident and a higher contribution from participations. **Natural gas sales volumes** increased from 31.1 TWh to 32.7 TWh, primarily following higher sales volumes in Germany, which were partially offset by lower sales in Romania and Turkey. **Net electrical output** decreased to 1.5 TWh in Q4/18 (Q4/17: 1.9 TWh). A higher contribution from the Brazi power plant, supported by increased spark spreads, could not offset the missing share from the Samsun power plant following the divestment in Q3/18. OMV Petrom contributed EUR 34 mn in Q4/18 (Q4/17: EUR 10 mn) to the clean CCS Operating Result of Downstream Gas.

Net **special items** amounted to EUR 54 mn, which are mainly related to unrealized commodity derivatives and partially offset by an impairment of the Borealis fertilizer business. **CCS effects** of EUR (99) mn were booked as a result of the drop in crude prices during Q4/18. The **Operating Result** of Downstream slightly increased to EUR 400 mn compared to EUR 384 mn in Q4/17.

Capital expenditure in Downstream amounted to EUR 204 mn (Q4/17: EUR 207 mn), of which EUR 186 mn (Q4/17: EUR 169 mn) was related to Downstream Oil.

Disclaimer regarding forward-looking statements