OMV Group Factsheet Q1 2019

Key Performance Indicators [1]

Group

- Clean CCS Operating Result decreased by 7% to EUR 759 mn, in particular due to a lower contribution from Upstream mainly following force majeure in Libya
- Clean CCS net income attributable to stockholders amounted to EUR 346 mn, clean CCS Earnings Per Share were EUR 1.06
- High cash flow from operating activities of EUR 866 mn
- Organic free cash flow before dividends of EUR 418 mn
- Clean CCS ROACE at 12%

Upstream

- Production rose by 37 kboe/d to 474 kboe/d
- Production cost decreased by 8% to USD 6.8/boe

Downstream

- OMV indicator refining margin stood at USD 4.0/bbl
- Natural gas sales increased by 15% to 38.1 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 (2018: EUR 1.3 bn). In 2019, Exploration and Appraisal expenditure is expected to be at EUR 350 mn (2018: EUR 300 mn).
- OMV expects total production to be around 500 kboe/d in 2019 (2018: 427 kboe/d), depending on the security situation in Libya. Production at El Sharara in Libya resumed in March, 2019. Starting with Q2/19, Libya is expected to produce above 35 kboe/d (2018: 30 kboe/d) until year-end.
- Refining indicator margin is expected to be below USD 5/bbl (previous forecast: around 5 USD/bbl; 2018: USD 5.2/bbl). Petrochemical margins are anticipated to be slightly lower than those in 2018 (2018: EUR 448/t).
- Total refined product sales in 2019 are forecasted to be at a similar level compared to those in 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 those in 2018 (2018: 114 TWh). Natural gas sales margins are forecasted to be lower in 2019 compared to 2018.

[1] Figures reflect the Q1/19 period; all comparisons described relate to the same quarter in the previous year except where otherwise mentioned

Group performance

Financial highlights

In EUR mn (unless otherwise stated)

Q1/19	Q4/18	Q1/18	Δ% [1]		2018
5,403	6,640	4,977	9	Sales [2]	22,930
759	**1,053**	**818**	**(7)**	**Clean CCS Operating Result [3]**	**3,646**
393	578	438	(10)	Clean Operating Result Upstream [3]	2,027
374	445	376	(1)	Clean CCS Operating Result Downstream [3]	1,643
(12)	(7)	0	n.m.	Clean Operating Result Corporate and Other [3]	(21)
4	37	4	14	Consolidation: elimination of intersegmental profits	(3)
34	36	35	(2)	Clean Group tax rate in %	39
482	643	491	(2)	Clean CCS net income [3]	2,108
346	**490**	**377**	**(8)**	**Clean CCS net income attributable to stockholders [3, 4]**	**1,594**
1.06	1.50	1.15	(8)	Clean CCS EPS in EUR [3]	4.88
759	**1,053**	**818**	**(7)**	**Clean CCS Operating Result [3]**	**3,646**
12	**273**	**64**	**(81)**	**Special items [5]**	**(149)**
(5)	(67)	17	n.m.	CCS effects: inventory holding gains/(losses)	27
766	**1,259**	**899**	**(15)**	**Operating Result Group**	**3,524**
406	812	478	(15)	Operating Result Upstream	2,122
407	400	417	(3)	Operating Result Downstream	1,420
(24)	(22)	(1)	n.m.	Operating Result Corporate and Other	(47)
(23)	68	6	n.m.	Consolidation: elimination of intersegmental profits	28
(28)	(50)	(90)	69	Net financial result	(226)
738	1,209	809	(9)	Profit before tax	3,298
33	34	34	(5)	Group tax rate in %	40
496	793	531	(7)	Net income	1,993
354	608	406	(13)	Net income attributable to stockholders [4]	1,438
1.08	1.86	1.24	(13)	Earnings Per Share (EPS) in EUR	4.40
866	1,117	1,076	(20)	Cash flow from operating activities	4,396
(124)	368	538	n.m.	Free cash flow before dividends	1,043
(124)	281	538	n.m.	Free cash flow after dividends	263
418	576	645	(35)	Organic free cash flow before dividends [6]	2,495
3,186	2,014	2,292	39	Net debt	2,014
20	13	16	20	Gearing ratio in %	13
881	1,120	339	160	Capital expenditure [7]	3,676
404	589	339	19	Organic capital expenditure [8]	1,893
12	13	13	(7)	Clean CCS ROACE in % [3]	13
12	12	5	143	ROACE in %	12
20,225	20,231	20,595	(2)	Employees	20,231

Figures in this and the following tables may not add up due to rounding differences.
[1] Q1/19 compared to Q1/18
[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
[4] After deducting net income attributable to hybrid capital owners and net income attributable to non-controlling interests
[5] 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 and temporary effects from commodity hedging for material transactions are included.
[6] Organic free cash flow before dividends is cash flow from operating activities less cash flow from investing activities, excluding disposals and material inorganic cash flow components (e.g. acquisitions).
[7] Capital expenditure including acquisitions
[8] Organic capital expenditure is defined as capital expenditure including capitalized Exploration and Appraisal expenditure and excluding acquisitions and contingent considerations.

First quarter 2019 (Q1/19) compared to first quarter 2018 (Q1/18)

Consolidated sales increased by 9% to EUR 5,403 mn, primarily as a result of higher realized oil and gas prices. The **clean CCS Operating Result** decreased by 7% from EUR 818 mn to EUR 759 mn, mainly due to a lower Upstream result of EUR 393 mn (Q1/18: EUR 438 mn). Positive net market effects to the amount of EUR 98 mn as a result of higher realized oil and gas prices and positive FX effects were more than offset by a negative operational performance and higher depreciation. The negative operational performance to the amount of EUR (56) mn was mainly caused by the missing sales contribution from Libya in Q1/19 that had a negative effect of EUR (144) mn compared to Q1/18. This effect was partially offset by higher sales in the United Arab Emirates and Yemen. The higher depreciation of EUR (87) mn was mainly related to the acquisitions in New Zealand in Q4/18 and the United Arab Emirates in Q2/18 as well as OMV's participation in the new company SapuraOMV Upstream Sdn. Bhd. ("SapuraOMV"). In Q1/19, the Downstream clean CCS Operating Result remained almost stable at EUR 374 mn (Q1/18: EUR 376 mn). The Downstream Gas result declined, due to a lower realization of arbitrage opportunities in the markets and a lower gas storage business result. This was offset by an increased Downstream Oil contribution following a strong performance from the commercial and retail businesses. The consolidation line amounted to EUR 4 mn in Q1/19 (Q1/18: EUR 4 mn). OMV Petrom's clean CCS Operating Result amounted to EUR 262 mn (Q1/18: EUR 206 mn).

The **clean Group tax rate** was 34% compared to 35% in Q1/18, due to a lower Upstream contribution from the high tax rate fiscal regime in Libya. The **clean CCS net income** reached EUR 482 mn (Q1/18: EUR 491 mn). **Clean CCS net income attributable to stockholders** decreased to EUR 346 mn (Q1/18: EUR 377 mn). **Clean CCS Earnings Per Share** came in at EUR 1.06 (Q1/18: EUR 1.15).

Net **special items** of EUR 12 mn were recorded in Q1/19 (Q1/18: EUR 64 mn), mainly related to temporary hedging effects and unrealized commodity derivatives. **CCS effects** of EUR (5) mn were recognized in Q1/19. OMV Group's reported **Operating Result** decreased to EUR 766 mn (Q1/18: EUR 899 mn). OMV Petrom's contribution to the Group's reported Operating Result increased to EUR 268 mn (Q1/18: EUR 231 mn).

The **net financial result** amounted to EUR (28) mn (Q1/18: EUR (90) mn). The improvement was mainly related to foreign exchange gains and other lower financing costs. With a **Group tax rate** of 33% (Q1/18: 34%), **net income** amounted to EUR 496 mn (Q1/18: EUR 531 mn). **Net income attributable to stockholders** was at EUR 354 mn (Q1/18: EUR 406 mn). **Earnings Per Share** for the quarter decreased to EUR 1.08 (Q1/18: EUR 1.24).

As at March 31, 2019, **net debt** amounted to EUR 3,186 mn compared to EUR 2,292 mn as at March 31, 2018. The **gearing ratio** increased to 20% (March 31, 2018: 16%), mainly related to the implementation of IFRS 16 starting with January 1, 2019. For further details see Note Financial Liabilities in the Group Interim Financial Statements.

Total **capital expenditure** amounted to EUR 881 mn (Q1/18: EUR 339 mn) and accounted in particular for the participation in the company SapuraOMV to the amount of USD 540 mn. As a result of the first-time application of IFRS 16, right-of-use assets and corresponding lease liabilities for contracts previously treated as operating leases were accounted for on the balance sheet as of January 1, 2019. The total effect of IFRS 16 on **capital expenditure** arising from right-of-use assets in Q1/19 amounted to EUR 17 mn, the majority of which was attributable to the Downstream segment. **Organic capital expenditure** rose by 19% to EUR 404 mn (Q1/18: EUR 339 mn) and was undertaken primarily in Upstream, especially in Romania, Norway and the United Arab Emirates. In Downstream, organic capital expenditure was EUR 83 mn in Q1/19 and was mainly attributable to investments in the refineries in Romania and Austria as well as in the retail business.

Business Segments

Upstream

First quarter 2019 (Q1/19) compared to first quarter 2018 (Q1/18)

- Production increased to 474 kboe/d, up by 37 kboe/d

- Production cost decreased by 8% to USD 6.8/boe

The **clean Operating Result** decreased from EUR 438 mn in Q1/18 to EUR 393 mn. Positive net market effects to the amount of EUR 98 mn as a result of higher realized oil and gas prices and positive FX effects were more than offset by a negative operational performance and higher depreciation. The negative operational performance to the amount of EUR (56) mn was mainly caused by the missing sales contribution from Libya in Q1/19 that had a negative effect of EUR (144) mn compared to Q1/18. This effect was partially offset by higher sales in the United Arab Emirates and Yemen. The higher depreciation of EUR (87) mn was mainly related to the acquisitions in New Zealand in Q4/18 and the United Arab Emirates in Q2/18 as well as OMV's participation in the new company SapuraOMV. In Q1/19, OMV Petrom contributed EUR 174 mn to the clean Operating Result compared to EUR 139 mn in Q1/18.

Net **special items** amounted to EUR 13 mn in Q1/19 (Q1/18: EUR 40 mn) mainly associated with temporary hedging effects of EUR 14 mn. The **Operating Result** decreased to EUR 406 mn (Q1/18: EUR 478 mn).

At USD 6.8/boe, **production cost** excluding royalties declined by 8% as a result of the positive FX development and higher quantities. Production cost of OMV Petrom decreased by 2% to USD 11.7/boe mainly due to a positive FX environment.

Total hydrocarbon production rose by 9% to 474 kboe/d, primarily due to the acquisitions in Abu Dhabi in Q2/18 and New Zealand in Q4/18 as well as the production contribution from Aasta Hansteen. This was partially offset by lower production from Libya following force majeure at the El Sharara field, and Romania as well as Pakistan as a result of the divestment of OMV's Upstream companies in Q2/18. OMV Petrom's total production was down by 6% to 153 kboe/d mostly because of natural decline. **Total hydrocarbon sales volumes** were flat with 38.4 mn boe. Increased sales volumes from the Asia-Pacific region following the acquisition of Shell's assets and the participation in SapuraOMV were offset by the missing contribution from Libya and lower production in the Central Eastern Europe region.

Since year-end 2018, Brent prices have recovered and increased by around 35% at the end of the quarter. This was mainly attributable to US oil sanctions on Venezuela, lower OPEC+ production, the market expectation that OPEC+ supply cuts will be continued until June and a more positive outlook for demand. Quarter versus quarter, the **average Brent price** decreased by 6% to around USD 63/bbl. The Group's **average realized** crude price increased by 3%. The **average realized gas price** in USD/1,000 cf decreased by 3% mainly caused by warmer than expected temperatures and above average storage levels all across Europe. Realized gas prices were impacted by a hedging loss of EUR (18) mn in Q1/19.

Capital expenditure including capitalized E&A increased to EUR 792 mn in Q1/19 (Q1/18: EUR 255 mn). This included in particular the payment to the amount of USD 540 mn for the participation of the 50% interest in the new company SapuraOMV. Capital expenditure related to IFRS 16 was not material. In Q1/19 organic capital expenditure was undertaken primarily in Romania, Norway, and the United Arab Emirates. **Exploration expenditure** rose by 12% to EUR 69 mn in Q1/19 and was mainly related to activities in Norway, Austria and Romania.

Downstream

First quarter 2019 (Q1/19) compared to first quarter 2018 (Q1/18)

- Increased Downstream Oil result driven by a strong commercial and retail performance

- High refinery utilization rate of 98% and increased total refined product sales

The **clean CCS Operating Result** was flat at EUR 374 mn in Q1/19 (Q1/18: EUR 376 mn). The declined Downstream Gas result was offset by an increased contribution from Downstream Oil.

The **Downstream Oil clean CCS Operating Result** grew by 6% from EUR 282 mn in Q1/18 to EUR 299 mn, following a strong result contribution from the commercial and retail businesses. The **OMV indicator refining margin** dropped by 16% to USD 4.0/bbl (Q1/18: USD 4.8/bbl). The sharp decline in naphtha and gasoline margins could not be offset by increased middle distillate margins and lower feedstock costs as a result of decreased crude prices. The **utilization rate of the refineries** reached a very high level of 98% in Q1/19, compared to 93% in Q1/18. At 4.8 mn t, **total refined product sales** rose by 6%. The retail business had an improved contribution following slightly higher margins and sales volumes. In the commercial business, sales volumes and margins went up compared to Q1/18. The commercial business in Germany and Austria benefitted in Q1/19 from the supply situation in southern Germany impacted by a refinery outage. OMV Petrom contributed with EUR 50 mn (Q1/18: EUR 52 mn) to the clean CCS Operating Result of Downstream Oil.

The clean CCS Operating Result of the petrochemicals business marginally rose to EUR 70 mn in Q1/19 (Q1/18: EUR 68 mn) supported by slightly higher sales volumes. The ethylene/propylene net margin slightly increased and the butadiene margin rose strongly compared to Q1/18. The benzene margin fell sharply following an oversupplied market. The share from Borealis to the clean Operating Result decreased to EUR 72 mn in Q1/19 (Q1/18: EUR 86 mn) following lower integrated polyolefin margins, negative inventory valuation effects and a planned turnaround at Borouge 3. The performance of the fertilizer business improved due to lower gas prices.

Downstream Gas clean CCS Operating Result decreased from EUR 94 mn in Q1/18 to EUR 75 mn. The previous year's quarter was positively impacted by the successful realization of arbitrage opportunities in the markets. In Q1/19 the gas storage business experienced a lower result. The contribution from Gas Connect Austria slightly weakened from EUR 27 mn to EUR 25 mn. **Natural gas sales volumes** increased from 33.0 TWh to 38.1 TWh, primarily following a successful market offensive in Germany and the Netherlands, partially offset by lower sales volumes in Turkey and Romania. **Net electrical output** went down to 1.1 TWh in Q1/19 (Q1/18: 1.5 TWh) following the divestment of the Samsun power plant in Q3/18. The Brazi power plant delivered a stronger result contribution supported by considerably higher spark spreads and net electrical output. OMV Petrom contributed with EUR 34 mn in Q1/19 (Q1/18: EUR 17 mn) to the clean CCS Operating Result of Downstream Gas.

Net **special items** were EUR 11 mn (Q1/18: EUR 26 mn), which are mainly related to unrealized commodity derivatives. **CCS effects** of EUR 22 mn were booked as a result of rising crude prices during Q1/19. The **Operating Result** of Downstream slightly decreased to EUR 407 mn compared to EUR 417 mn in Q1/18.

Capital expenditure in Downstream amounted to EUR 83 mn (Q1/18: EUR 82 mn) and included capital expenditure to the amount of EUR 13 mn related to IFRS 16. Downstream Oil capital expenditure was EUR 74 mn (Q1/18: EUR 69 mn). In Q1/19 organic capital expenditure predominantly related to investments in refining in Romania and Austria, as well as to retail investments.

Disclaimer regarding forward-looking statements