OMV Group Factsheet Q2 2019

Key Performance Indicators [1]

Group

- Clean CCS Operating Result increased significantly by 44% to EUR 1,047 mn
- Clean CCS net income attributable to stockholders amounted to EUR 510 mn, clean CCS Earnings Per Share were EUR 1.56
- High cash flow from operating activities of EUR 1,135 mn
- Organic free cash flow before dividends of EUR 728 mn
- Clean CCS ROACE at 14%

Upstream

- Production rose by 70 kboe/d to 490 kboe/d
- Production cost decreased by 9% to USD 6.9/boe

Downstream

- OMV indicator refining margin stood at USD 3.2/bbl
- Natural gas sales increased by 8% to 26.8 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 slightly below 500 kboe/d in 2019 (previous forecast: around 500 kboe/d; 2018: 427 kboe/d), depending on the security situation in Libya. From April, Libya is expected to produce above 35 kboe/d (2018: 30 kboe/d) until the year-end.
- Refining indicator margin is expected to be below USD 5/bbl (2018: USD 5.2/bbl). Petrochemical margins are anticipated to be similar to those in 2018 (previous forecast: slightly lower than 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 Q2/19 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)

Q2/19	Q1/19	Q2/18	Δ% [1]		6m/19	6m/18	Δ%
6,035	5,403	5,706	6	Sales [2]	11,438	10,683	7
1,047	**759**	**726**	**44**	**Clean CCS Operating Result [3]**	**1,806**	**1,544**	**17**
650	393	457	42	Clean Operating Result Upstream [3]	1,043	895	16
428	374	338	26	Clean CCS Operating Result Downstream [3]	801	714	12
(13)	(12)	(6)	(113)	Clean Operating Result Corporate and Other [3]	(25)	(6)	n.m.
(17)	4	(64)	73	Consolidation: elimination of intersegmental profits	(13)	(60)	78
39	34	49	(21)	Clean Group tax rate in %	37	41	(11)
627	482	346	81	Clean CCS net income [3]	1,109	837	32
510	**346**	**272**	**88**	**Clean CCS net income attributable to stockholders [3, 4]**	**857**	**649**	**32**
1.56	1.06	0.83	88	Clean CCS EPS in EUR [3]	2.62	1.99	32
1,047	**759**	**726**	**44**	**Clean CCS Operating Result [3]**	**1,806**	**1,544**	**17**
25	**12**	**(168)**	**n.m.**	**Special items [5]**	**38**	**(103)**	**n.m.**
14	(5)	44	(68)	CCS effects: inventory holding gains/(losses)	9	61	(85)
1,087	**766**	**602**	**80**	**Operating Result Group**	**1,853**	**1,502**	**23**
644	406	363	77	Operating Result Upstream	1,050	840	25
474	407	318	49	Operating Result Downstream	880	736	20
(14)	(24)	(13)	(10)	Operating Result Corporate and Other	(38)	(14)	(173)
(16)	(23)	(66)	75	Consolidation: elimination of intersegmental profits	(39)	(61)	36
(25)	(28)	(47)	47	Net financial result	(53)	(137)	62
1,062	738	555	91	Profit before tax	1,800	1,364	32
38	33	50	(24)	Group tax rate in %	36	41	(12)
658	496	276	139	Net income	1,154	807	43
543	354	203	167	Net income attributable to stockholders [4]	897	610	47
1.66	1.08	0.62	167	Earnings Per Share (EPS) in EUR	2.75	1.87	47
1,135	866	1,233	(8)	Cash flow from operating activities	2,001	2,309	(13)
719	(124)	(386)	n.m.	Free cash flow before dividends	595	152	n.m.
(52)	(124)	(1,078)	95	Free cash flow after dividends	(176)	(541)	67
728	418	781	(7)	Organic free cash flow before dividends [6]	1,146	1,426	(20)
3,292	3,186	2,848	16	Net debt	3,292	2,848	16
21	20	20	3	Gearing ratio in %	21	20	3
493	881	1,747	(72)	Capital expenditure [7]	1,374	2,086	(34)
493	404	506	(3)	Organic capital expenditure [8]	897	845	6
14	12	13	7	Clean CCS ROACE in % [3]	14	13	7
13	12	12	10	ROACE in %	13	12	10
20,192	20,225	20,086	1	Employees	20,192	20,086	1

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

[1] Q2/19 compared to Q2/18

[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.

Second quarter 2019 (Q2/19) compared to second quarter 2018 (Q2/18)

Consolidated sales increased by 6% to EUR 6,035 mn, primarily as a result of higher sales volumes and realized oil prices in Upstream. The **clean CCS Operating Result** strongly increased by 44% from EUR 726 mn to EUR 1,047 mn. The contribution of Upstream was EUR 650 mn (Q2/18: EUR 457 mn). The operational performance amounted to EUR 239 mn and was mainly caused by the sales contribution from Libya due to the lifting schedule and OMV's acquisitions in Abu Dhabi (Q2/18), New Zealand (Q4/18), and Malaysia (Q1/19). These effects were partially offset by lower production in Romania and Austria, as well as in Pakistan as a result of the divestment of OMV's Upstream companies in Q2/18. Positive net market effects were EUR 71 mn mainly due to higher average realized oil prices and positive FX effects. This was partially offset by lower average realized gas prices. The higher depreciation of EUR (118) mn was mainly related to OMV's acquisitions in New Zealand, Abu Dhabi, and Malaysia. In Q2/19, the Downstream clean CCS Operating Result grew considerably to EUR 428 mn (Q2/18: EUR 338 mn). The Downstream Gas result decreased due to lower results in the gas storage and power businesses. This was more than offset by an increased Downstream Oil contribution, following a strong performance from the commercial and retail businesses, as well as the petrochemicals business. The consolidation line was EUR (17) mn in Q2/19 (Q2/18: EUR (64) mn). OMV Petrom's clean CCS Operating Result amounted to EUR 215 mn (Q2/18: EUR 159 mn).

The **clean Group tax rate** was 39% compared to 49% in Q2/18, due to a proportionally lower Upstream contribution from high tax rate fiscal regimes and a comparatively higher Downstream result contribution in Romania, as a result of the planned turnaround at the Petrobrazi refinery in Q2/18. **Clean CCS net income** improved substantially to EUR 627 mn (Q2/18: EUR 346 mn). **Clean CCS net income attributable to stockholders** increased significantly to EUR 510 mn (Q2/18: EUR 272 mn). **Clean CCS Earnings Per Share** rose significantly to EUR 1.56 (Q2/18: EUR 0.83).

Net **special items** of EUR 25 mn were recorded in Q2/19 (Q2/18: EUR (168) mn), mainly related to unrealized commodity derivatives. **CCS effects** of EUR 14 mn were recognized in Q2/19. OMV Group's reported **Operating Result** increased by 80% to EUR 1,087 mn (Q2/18: EUR 602 mn). OMV Petrom's contribution to the Group's reported Operating Result rose by 34% to EUR 210 mn (Q2/18: EUR 156 mn).

The **net financial result** improved to EUR (25) mn (Q2/18: EUR (47) mn). The improvement was mainly related to higher interest income. With a **Group tax rate** of 38% (Q2/18: 50%), **net income** more than doubled to EUR 658 mn (Q2/18: EUR 276 mn). **Net income attributable to stockholders** increased strongly to EUR 543 mn (Q2/18: EUR 203 mn). **Earnings Per Share** for the quarter more than doubled to EUR 1.66 (Q2/18: EUR 0.62).

As of June 30, 2019, **net debt** amounted to EUR 3,292 mn compared to EUR 2,848 mn as of June 30, 2018. The **gearing ratio** slightly increased to 21% (June 30, 2018: 20%), impacted by the implementation of IFRS 16 from January 1, 2019. The gearing ratio in Q2/18 was impacted by the acquisition of a 20% stake in an offshore concession in Abu Dhabi. For further details see Note Financial Liabilities in the Group Interim Financial Statements.

Total **capital expenditure** amounted to EUR 493 mn (Q2/18: EUR 1,747 mn), whereby EUR 341 mn was invested in Upstream. In Q2/18, total capital expenditure reflected the acquisition of a 20% stake in two offshore oil fields in Abu Dhabi from ADNOC to the amount of USD 1.5 bn. **Organic capital expenditure** declined by 3% to EUR 493 mn (Q2/18: EUR 506 mn). In Upstream, organic capital expenditure was primarily undertaken in Romania, Norway, and the United Arab Emirates. In Downstream, organic capital expenditure was predominantly related to investments in refining in Austria and Germany, as well as to retail investments.

Business Segments

Upstream

Second quarter 2019 (Q2/19) compared to second quarter 2018 (Q2/18)

- Production strongly increased to 490 kboe/d, up by 70 kboe/d
- Production cost decreased by 9% to USD 6.9/boe

The **clean Operating Result** substantially increased from EUR 457 mn in Q2/18 to EUR 650 mn. The operational performance amounted to EUR 239 mn and was mainly caused by the sales contribution from Libya due to the lifting schedule and OMV's acquisitions in Abu Dhabi (Q2/18), New Zealand (Q4/18), and Malaysia (Q1/19). These effects were partially offset by lower production in Romania and Austria, as well as in Pakistan as a result of the divestment of OMV's Upstream companies in Q2/18. Positive net market effects were EUR 71 mn mainly due to higher average realized oil prices and positive FX effects. This was partially offset by lower average realized gas prices. The higher depreciation of EUR (118) mn was mainly related to OMV's acquisitions in New Zealand, Abu Dhabi, and Malaysia. In Q2/19, OMV Petrom contributed EUR 163 mn to the clean Operating Result compared to EUR 177 mn in Q2/18.

Net **special items** amounted to EUR (6) mn in Q2/19 (Q2/18: EUR (94) mn). The **Operating Result** substantially increased to EUR 644 mn (Q2/18: EUR 363 mn).

At USD 6.9/boe, the **production cost** excluding royalties declined by 9% as a result of higher quantities and the positive FX development. The production cost of OMV Petrom decreased by 4% to USD 11.2/boe mainly due to a positive FX environment and optimization initiatives.

Total hydrocarbon production rose by 17% to 490 kboe/d, primarily due to the acquisitions in New Zealand, Abu Dhabi, and Malaysia, as well as the production contribution from Aasta Hansteen in Norway. This was partially offset by lower production from 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 6% to 151 kboe/d mostly because of natural decline. **Total hydrocarbon sales volumes** increased to 44.1 mn boe (Q2/18: 35.7 mn boe) following the acquisitions in New Zealand, Abu Dhabi, and Malaysia. The contribution from Libya also increased due to the lifting schedule. These effects were partially offset by lower volumes from Romania and Tunisia, as well as Pakistan following the divestment of OMV's Upstream companies.

Brent prices traded in the range of USD 70/bbl to USD 75/bbl until mid-May driven by an overcompliant implementation of the OPEC+ production cut and concerns of supply tightness, before falling to the range of USD 60/bbl to USD 65/bbl as the market focus shifted to global oil demand growth fears triggered by the escalation of the US/China trade conflict and a more pessimistic global macro outlook. By the end of June, prices increased to levels of around USD 65/bbl after the escalation of the US/Iran conflict. Quarter versus quarter, the **average Brent price** decreased by 7% to around USD 69/bbl. The Group's **average realized** crude price increased by 9%, since in Q2/18 the average realized crude price was impacted negatively by hedging effects. The **average realized gas price** in USD/1,000 cf decreased by 10% mainly caused by warmer than expected winter temperatures, above average storage levels all across Europe, and a doubling of LNG imports to Europe. Realized gas prices were impacted by a hedging loss of EUR (8) mn in Q2/19.

Capital expenditure including capitalized E&A amounted to EUR 341 mn in Q2/19 (Q2/18: EUR 1,584 mn). In Q2/18, capital expenditure including capitalized E&A was mainly related to the acquisition of a 20% stake in two offshore oil fields in Abu Dhabi from ADNOC to the amount of USD 1.5 bn. Organic capital expenditure was undertaken primarily in Romania, Norway, and the United Arab Emirates. **Exploration expenditure** rose by 24% to EUR 93 mn in Q2/19 and was mainly related to activities in Norway, Romania, and New Zealand.

Downstream

Second quarter 2019 (Q2/19) compared to second quarter 2018 (Q2/18)

- Increased Downstream Oil result driven by a strong commercial and retail performance
- High refinery utilization rate of 96% and increased total refined product sales

The **clean CCS Operating Result** grew considerably to EUR 428 mn in Q2/19 (Q2/18: EUR 338 mn). A strong Downstream Oil result was partially compensated by the decline in Downstream Gas.

The **Downstream Oil clean CCS Operating Result** grew by 34% from EUR 318 mn in Q2/18 to EUR 427 mn, following a strong result contribution from the commercial and retail businesses and an increased result of the petrochemicals business. The **OMV indicator refining margin** dropped by 39% to USD 3.2/bbl (Q2/18: USD 5.2/bbl). The strong decline in naphtha and the lower middle distillate margins could not be offset by increased heavy fuel oil margins and lower feedstock costs as a result of decreased crude prices. The **utilization rate of the refineries** reached a high level of 96% in Q2/19. In Q2/18, the utilization rate was 77% mainly following the planned six-week turnaround at the Petrobrazi refinery. At 5.4 mn t, **total refined product sales** rose by 8%. The retail business had an improved contribution following higher margins and slightly increased sales volumes. In the commercial business, sales volumes and margins went up compared to Q2/18. The commercial business benefited in Q2/19 from a tight supply situation following a refinery outage and the Druzhba pipeline contamination. OMV Petrom contributed with EUR 73 mn (Q2/18: EUR 42 mn) to the clean CCS Operating Result of Downstream Oil.

The clean CCS Operating Result of the petrochemicals business rose by 43% to EUR 78 mn in Q2/19 (Q2/18: EUR 55 mn) supported by a considerably higher **ethylene/propylene net margin**. The butadiene and benzene net margins decreased compared to Q2/18. The share from Borealis to the clean Operating Result increased to EUR 118 mn in Q2/19 (Q2/18: EUR 106 mn), mainly following a positive impact stemming from a settlement agreement regarding the pending tax cases in Finland. The integrated polyolefin margins were at a healthy level and the performance of the fertilizer business improved due to lower gas prices.

The **Downstream Gas clean CCS Operating Result** decreased from EUR 20 mn in Q2/18 to EUR 0 mn due to a lower gas storage and power business result. The contribution from Gas Connect Austria increased from EUR 20 mn to EUR 27 mn mainly following higher transportation revenues. **Natural gas sales volumes** increased from 24.8 TWh to 26.8 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 0.0 TWh in Q2/19 (Q2/18: 0.7 TWh) following an unfavorable market environment in Romania and the divestment of the Samsun power plant in Q3/18. OMV Petrom's clean CCS Operating Result of Downstream Gas amounted to EUR (4) mn in Q2/19 (Q2/18: EUR 6 mn).
Net **special items** were EUR 33 mn (Q2/18: EUR (66) mn), which are mainly related to unrealized commodity derivatives. **CCS effects** of EUR 13 mn were booked as a result of rising crude prices during Q2/19. The **Operating Result** of Downstream increased sharply to EUR 474 mn compared to EUR 318 mn in Q2/18.

Capital expenditure in Downstream amounted to EUR 140 mn (Q2/18: EUR 159 mn) and included capital expenditure to the amount of EUR 22 mn related to IFRS 16. Downstream Oil capital expenditure was EUR 108 mn (Q2/18: EUR 139 mn). In Q2/19, organic capital expenditure predominantly related to investments in refining in Austria and Germany, as well as to retail investments.

Disclaimer regarding forward-looking statements