OMV Q4 and full year 2019 Results Conference Call

February 6, 2020

OMV Aktiengesellschaft

Rainer Seele

Chairman of the Executive Board and CEO

The spoken word applies

Disclaimer

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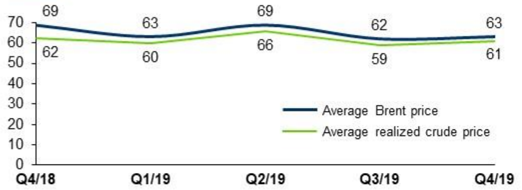
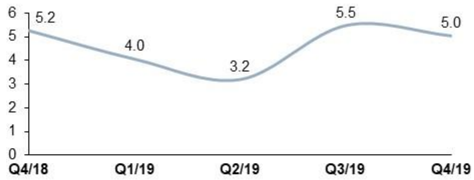
Macro environment – Weaker market environment than in Q4/18 in Upstream and Downsteam

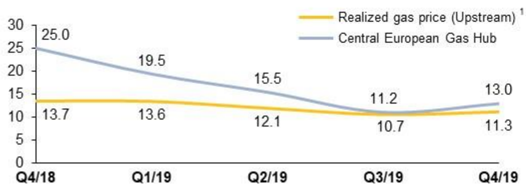
Oil prices
USD/bbl



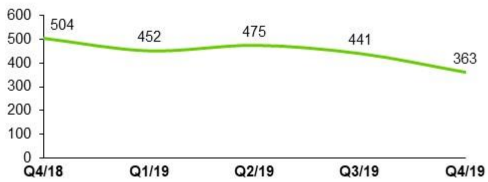
OMV indicator refining margin
USD/bbl



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

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Ladies and gentlemen, good morning and thank you for joining us today.

The fourth quarter of 2019 was characterized by significant volatility. Low gas prices and weaker petrochemical margins offset OMV's substantial increase in production to above the 500 thousand per day barrel mark and the outstanding refinery utilization. Let me start by briefly reviewing the economic environment.

Slide 3: Macro environment – Weaker market environment than in Q4/18 in both Upstream and Downstream

In the fourth quarter of 2019, the Brent oil price averaged 63 Dollars per barrel, slightly up quarter-on-quarter, but 8 percent down year-on-year. Prices showed an upwards trend throughout the fourth quarter, moving from just under 60 Dollars per barrel in October to a seven month high at the end of 2019 of around 68 Dollars per barrel. The main drivers were the emerging optimism over a possible trade deal between the US and China as well as the OPEC+ decision to further cut production.

European gas prices saw a slight increase compared with the third quarter, but they were almost 50 percent lower than the fourth quarter of 2018. Global LNG overcapacities continued to push surplus volumes into Europe. Prices were shortly supported by colder weather in November; however, they started to decrease by mid-December as a gas transit agreement between Russia and the Ukraine became more and more likely.

The refining margin averaged 5 Dollars per barrel, 8 percent lower quarter-on-quarter and 4 percent lower year-on-year. The decrease however masks a very volatile quarter. October saw a strong jump in the margin to 7.5 Dollars per barrel, while in December the refining margin fell to an average of 2.7 Dollars per barrel, driven by weak middle distillates and a rising oil price.

The ethylene and propylene margin declined by 18 percent versus the third quarter and by 28 percent versus the fourth quarter of 2018. For both products, the market became long, aggravated by year-end destocking activities. Butadiene margins were substantially below the previous year's level and benzene margins decreased as well.

Key messages

FINANCIAL PERFORMANCE

Clean CCS Operating Result of **EUR 781 mn (-26% y-o-y)** impacted by weaker market environment in Upstream and Downstream

Quarterly cash flow from operating activities [1] of **EUR 963 mn**

Dividend Per Share of EUR 2.00 (+ 14% vs. 2018)

[1] Excluding net working capital effects

STRONG OPERATIONS

Quarterly production of **505 kboe/d**

Production cost at **USD 6.4/boe**

Refinery **utilization rate of 98%**

DELIVERING THE STRATEGY

Agreed to sell share in mature oil field in **New Zealand**

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Slide 4: Key messages Q4 2019

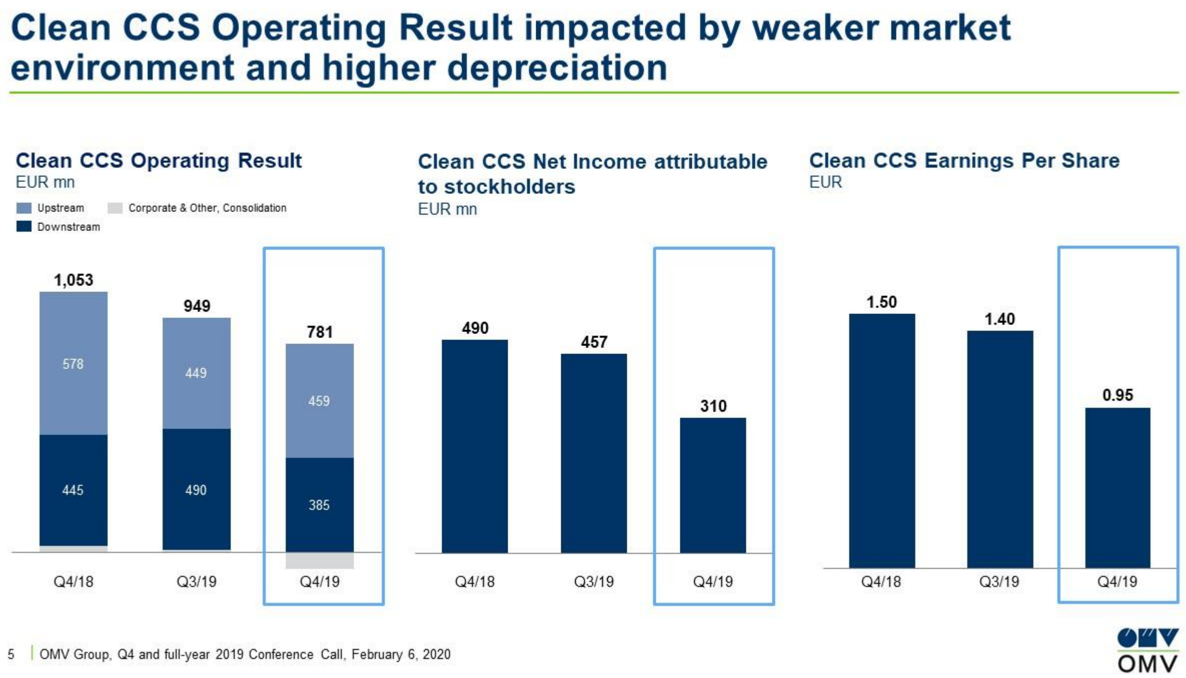
Although we had a better operational performance, the clean CCS Operating Result declined by 26 percent to 781 million Euros. This was due to the weaker market environment, in particular in gas and petrochemicals, as well as higher depreciation.

Despite the market headwinds, our quarterly cash flow from operating activities – excluding net working capital effects – remained robust at 963 million Euros.

We continued to show a strong operational performance. In Upstream, we increased our production to more than 500 thousand barrels per day for the first time in a quarter, while our cost remained below 7 Dollars per barrel. In Downstream, our refineries ran at an exceptional rate of 98 percent.

In the fourth quarter, we continued with our active portfolio management. In November, we agreed to divest the 69 percent interest in the Maari field in New Zealand. This is a mature field with an average production in 2018 of around 5 thousand barrels per day, net to OMV. The divestment further optimizes our portfolio and will change OMV in New Zealand to a gas-only producer. It is yet another step in our strategy to shift our Upstream production towards gas in order to reduce the carbon intensity of our portfolio.

Last, but not least, we deliver on our progressive dividend policy and once again increase our dividend. We will propose to the Annual General Meeting a Dividend Per Share of 2 Euros, up 14 percent versus the previous year.


Clean CCS Operating Result impacted by weaker market environment and higher depreciation
Clean CCS Operating Result
EUR mn
Upstream
Corporate & Other, Consolidation
Downstream
1,053
578
445
949
449
490
781
459
385
Q4/18
Q3/19
Q4/19
Clean CCS Net Income attributable to stockholders
EUR mn
490
457
310
Q4/18
Q3/19
Q4/19
Clean CCS Earnings Per Share
EUR
1.50
1.40
0.95
Q4/18
Q3/19
Q4/19
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Slide 5: Clean CCS Operating Result impacted by weaker market environment and higher depreciation

Let’s now turn to more details of our financial performance in the fourth quarter of 2019.

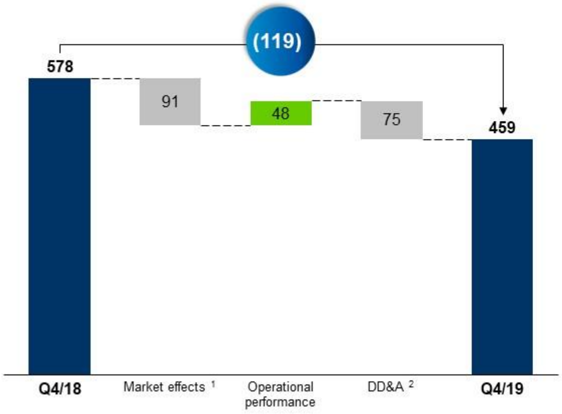
Our clean CCS Operating Result decreased by 26 percent versus the strong prior-year quarter. In Upstream, earnings were 21 percent lower year-on-year, significantly impacted by weaker gas prices and higher depreciation. Downstream earnings were down 13 percent versus the prior-year quarter, which had benefitted from strong petrochemical margins and a favorable regional supply situation.

The clean tax rate amounted to 43 percent, 7 percentage points above the previous year’s quarter, following a higher contribution from high tax rate fiscal regimes in Upstream, especially Libya.

Clean CCS net income attributable to stockholders decreased by 37 percent to 310 million Euros. Clean CCS Earnings Per Share came in at 95 cents.

Upstream – Higher gas sales volumes offset by weaker market environment, fewer oil liftings in Norway, and higher depreciation

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

Q4/19 vs. Q4/18

- Weaker market environment
  - Realized oil price decreased by 2%
  - Realized gas price decreased by 18%
  - Positive FX impact due to stronger USD/EUR
- Production of 505 kboe/d (up by +58 kboe/d):
  - New Zealand (+31 kboe/d) due to acquisition of Shell's assets
  - Malaysia (+15 kboe/d) following SapuraOMV acquisition
  - Norway (+10 kboe/d) mainly due to Aasta Hansteen
  - UAE (+5 kboe/d) following Umm Lulu/Sarb ramp-up
  - Libya (+5 kboe/d)
  - Romania (-6 kboe/d) mainly due to natural decline
- +50 kboe/d higher sales volumes; increase mostly in gas, fewer oil liftings in Norway
- Production costs almost flat at USD 6.4/boe (+2%)
- Higher depreciation due to acquisitions and higher production in Norway and Libya

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Slide 6: Upstream – Higher gas sales volumes offset by weaker market environment, fewer oil liftings in Norway, and higher depreciation

Let me now come to the performance of our two business segments.

Compared to the fourth quarter of 2018, the Upstream clean Operating Result decreased by 119 million to 459 million Euros, mainly due to weaker prices, lower oil sales in Norway and higher depreciation.

Market effects had a negative impact of 91 million Euros, a reflection of lower realized oil and gas prices, partially compensated by a stronger US Dollar. OMV’s realized oil price decreased by 2 percent. While the CEGH gas price dropped sharply by 48 percent, the OMV realized gas price decreased by 18 percent. This is explained by the international portfolio of OMV: only 40 percent of our gas sales are linked to European hub prices. The market prices in the other countries recorded a lower decline, while the realized gas prices in Romania slightly increased.

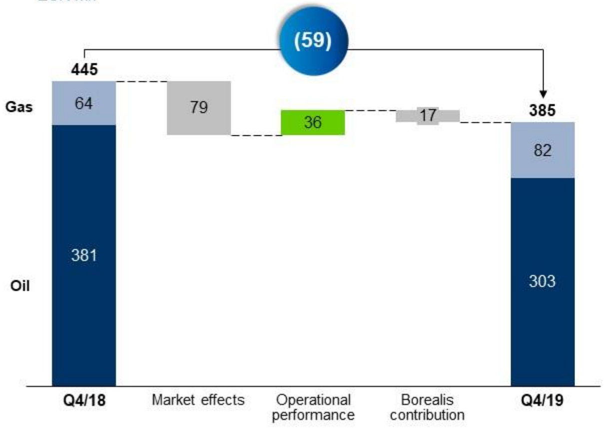
Production went up by 58 to 505 thousand barrels per day, driven by the acquisitions in New Zealand and Malaysia, as well as the production ramp-up of Aasta Hansteen in Norway and of our fields in Abu Dhabi. In Libya, we were able to produce 35 thousand barrels per day, higher than in the same period last year. Production in Romania decreased due to natural decline and the divestment of marginal fields, partly compensated by the start-up of new wells. At the end of December, SapuraOMV started production at the Larak gas field, which is part of SK408.

Our total sales volumes increased by 50 thousand barrels per day, mainly coming from gas in Malaysia and New Zealand. Oil sales were only marginally higher, as we recorded one less oil lifting in Norway than in the fourth quarter of 2018 due to the lifting schedule.

Our production cost was basically flat at 6.4 Dollars per barrel. Depreciation increased by 75 million Euros due to our acquisitions and higher production in Norway and Libya.

Downstream – Weaker market environment in petrochemicals partially offset by stronger Gas and ADNOC contribution

Clean CCS Operating Result
EUR mn



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

Q4/19 vs. Q4/18

Oil

- Weaker market environment
  - Refining indicator margin at USD 5/bbl (-4%)
  - Ethylene/propylene net margins at EUR 363/t (-28%)
- Operational performance
  - Refinery utilization rate at 98%
  - Normalized regional supply situation; lower retail margins and commercial volumes
  - Decreased contribution from petrochemicals (-56%); lower margins partially offset by reduced feedstock costs
  - Positive ADNOC contribution
- Lower contribution from Borealis (-27%) mainly due to a decreased contribution from Borouge, partially offset by positive inventory effects

Gas

- Higher natural gas sales
- Positive storage effects due to realization of summer/winter spreads
- Baumgarten incident insurance reimbursement in Q4/18

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Slide 7: Downstream – Weaker market environment in petrochemicals partially offset by stronger Gas result and ADNOC contribution

In Downstream, the clean CCS Operating Result decreased by 13 percent to 385 million Euros.

The Downstream Oil result was 303 million Euros, 20 percent below the prior-year quarter, primarily due to materially weaker petrochemical margins. The refining margin declined slightly, as a result of weaker middle distillate cracks, which were partly offset by higher gasoline and naphtha cracks.

Our operational performance was once again strong, reflected in the outstanding refining utilization rate of 98 percent, well above the European average around 80 percent. The supply shortages in the fourth quarter of 2018, driven by a refinery outage in Southern Germany and the low Rhine water levels, normalized in the fourth quarter of 2019. As a result, retail margins and commercial volumes decreased.

The petrochemicals result declined sharply by 56 percent to 35 million Euros, due to substantially lower margins, which could only be partially offset by lower feedstock costs. The contribution from Borealis decreased by 25 percent to 50 million Euros. The main drivers were a lower Borouge result, impacted by the weak Asian markets, and softer integrated polyolefin margins.

The ADNOC Refining and Trading business contributed 18 million Euros in the fourth quarter of 2019. We still had some operational challenges, as the rFCC was not running stable throughout the quarter. The result was positively impacted by a one-time effect. The Trading Joint Venture is expected to start in the third quarter of this year.

The clean CCS Operating Result in Downstream Gas grew significantly to 82 million Euros, mainly due to the storage business, where we recorded the unwinding of summer/winter spread hedges. The gas sales volumes increased by 37 percent year-on-year driven by sales in Romania and Germany, where we managed to increase our market share to 5 percent at the end of the year.

2019 cash flow from operating activities excluding net working capital effects at EUR 4.3 bn

Organic cash flow 12m/19
EUR bn

Cash flows 12m/19 vs. 12m/18

- Increase of sources of funds by EUR 41 mn
  - Borealis dividends in Q4/19 of EUR 153 mn (FY/19: EUR 297 mn, FY/18: EUR 360 mn)
- Net working capital effects of EUR (208) mn (12m/18: EUR 173 mn)
- Organic cash flow from investing activities[1] at EUR (1.9) bn (12m/18: EUR (1.9) bn)
- Organic free cash flow before dividends of EUR 2.1 bn (12m/18: EUR 2.5 bn)
- Payment of dividends of EUR 858 mn (12m/18: EUR 779 mn)
- Inorganic cash flow from investing activities of EUR (2.7) bn

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

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Slide 8: 2019 cash flow from operating activities excluding net working capital effects at EUR 4.3 bn

Turning to cash flow, the fourth quarter was again strong with an operating cash flow – excluding net working capital effects – of 963 million Euros. This includes a dividend from Borealis of 153 million Euros.

Looking at a full-year picture, the operating cash flow – excluding net working capital effects – slightly increased to 4.3 billion Euros.

We delivered 2.1 billion Euros in organic free cash flow in 2019, 15 percent lower versus the year before, due to negative net working capital effects.

The cash outflow for inorganic investments came in at 2.7 billion Euros, primarily reflecting the payment for the 15 percent shareholding in ADNOC Refining and Trading as well as the 50 percent share in SapuraOMV.


Strong full year results despite weaker market environment
Clean CCS Operating Result
EUR bn
Upstream
Downstream
Corporate & Others
1.7
0.1
1.5
1.5
0.0
1.5
3.0
1.2
1.8
3.6
2.0
1.6
3.5
2.0
1.7
-0.1
2015
2016
2017
2018
2019
Cash flow from operating activities 1
EUR bn
~3.0
≥4.0
3.2
3.0
3.9
4.2
4.3
2015
2016
2017
2018
2019 2
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1 Excluding changes in net working capital
2 As of Q1/19 it includes also net changes in short-term provisions. 2018 figures were adjusted.
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Slide 9: Strong full year results despite weaker market environment

Putting our last year’s performance into perspective: despite a weaker macro environment, we managed to achieve a clean CCS Operating Result of 3.5 billion Euros in 2019, almost at the record level of the year before. Both business segments delivered a strong result.

Our cash delivery continued to be strong. We are clearly on a structurally new level of cash generation. In the last three years, we delivered an operating cash flow – excluding net working capital effects – of some 4 billion Euros. The natural hedge provided by our integrated and balanced Upstream and Downstream segments is key for our ability to generate strong and sustainable cash flows, despite market volatility.

Healthy balance sheet

Net debt and gearing ratio

Cash position
EUR bn [1]

2.9

Undrawn revolving credit facilities
EUR bn [1]

3.2

[1] As of end of 2019

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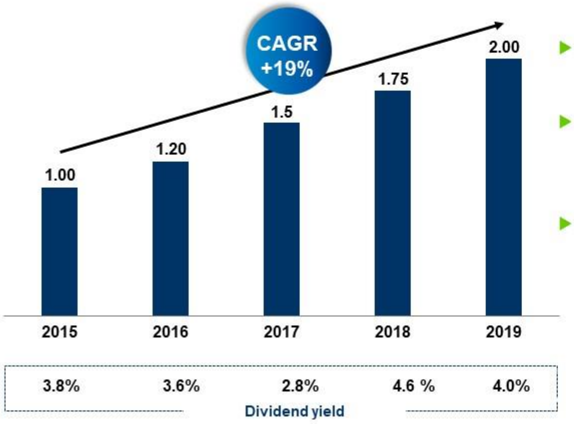
Slide 10: Healthy balance sheet

Despite major acquisitions, OMV's balance sheet remained very healthy and showed strong liquidity with a cash position of 2.9 billion Euros at the end of the fourth quarter.

Following the payment of the 15 percent share in ADNOC Refining and Trading in July 2019, the net debt increased materially in the third quarter of 2019. However, we were already able to decrease it to 4.7 billion Euros in the fourth quarter. Consequently, our gearing ratio declined to 28 percent. This includes the impact of IFRS 16 of around 5 percentage points versus 2018.

Delivering on our progressive dividend policy – Record dividends in 2019

Dividend Per Share
EUR



- **Record dividend of EUR 2.00** per share for 2019 proposed **(+14% vs. 2018)**
- 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**

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Slide 11: Delivering on our progressive dividend policy – Record dividends in 2019

Ladies and gentlemen, as I already mentioned, we will again deliver on our progressive dividend policy. We will propose to the Annual General Meeting a dividend of 2 Euros per share for 2019. This is an increase of 14 percent compared to the previous year and marks another record in OMV's history.

Since 2015, we have increased our dividends at an average rate of 19 percent per year.

We herewith reconfirm our progressive dividend policy.

Outlook 2020

	2019	Outlook 2020
Brent oil price (USD/bbl)	64	60
Average realized gas price (EUR/MWh)	11.9	<11.9
Total hydrocarbon production (kboe/d)	487	~500 [1]
OMV European indicator refining margin (USD/bbl)	4.4	>5.0
Ethylene/propylene net margin (EUR/t)	433	<400
Utilization rate European refineries (%)	97%	~95%
Organic CAPEX (EUR bn)	2.3	2.4
E&A expenditures (EUR mn)	360	350

[1] Depending on the security situation in Libya

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Slide 12: Outlook 2020

Let’s now come to the outlook for this year.

For 2020, we assume an average Brent price of 60 Dollars per barrel and expect the average realized gas price to be below the level of 2019.

The refining indicator margin is projected to be above 5 Dollars per barrel. We have hedged around 60 percent of our total middle distillates volumes at the high crack level we have seen in October last year.

Petrochemical margins have recovered from the low levels we have seen in the fourth quarter of 2019. For the full year 2020, we estimate these margins to average slightly below 400 Euro per ton.

On the operational level:

- As demonstrated in the fourth quarter of 2019, we have the capacity to produce more than 500 thousand barrels a day. However, as the production in Libya is currently shut in, we expect an average production of around 500 thousand barrels per day in 2020. This depends of course on the security situation in Libya.
- We expect increased production in Malaysia and Tunisia, while we assume a decline in Romania, Russia and New Zealand.
- Exploration and appraisal expenditures are expected to be around 350 million Euros.
- The utilization rate of the European refineries is expected to be around 95 percent in 2020. There are no major turnarounds planned in Europe this year. However, we will have scheduled maintenance works at our refineries in Austria and Romania, mainly in the second quarter. In Abu Dhabi, there is also a planned maintenance shutdown in the first half of this year.
- Total product sales will be on a similar level compared to 2019. Retail and commercial margins are predicted to be slightly lower than those in 2019, as the regional supply shortages normalized at the end of 2019.

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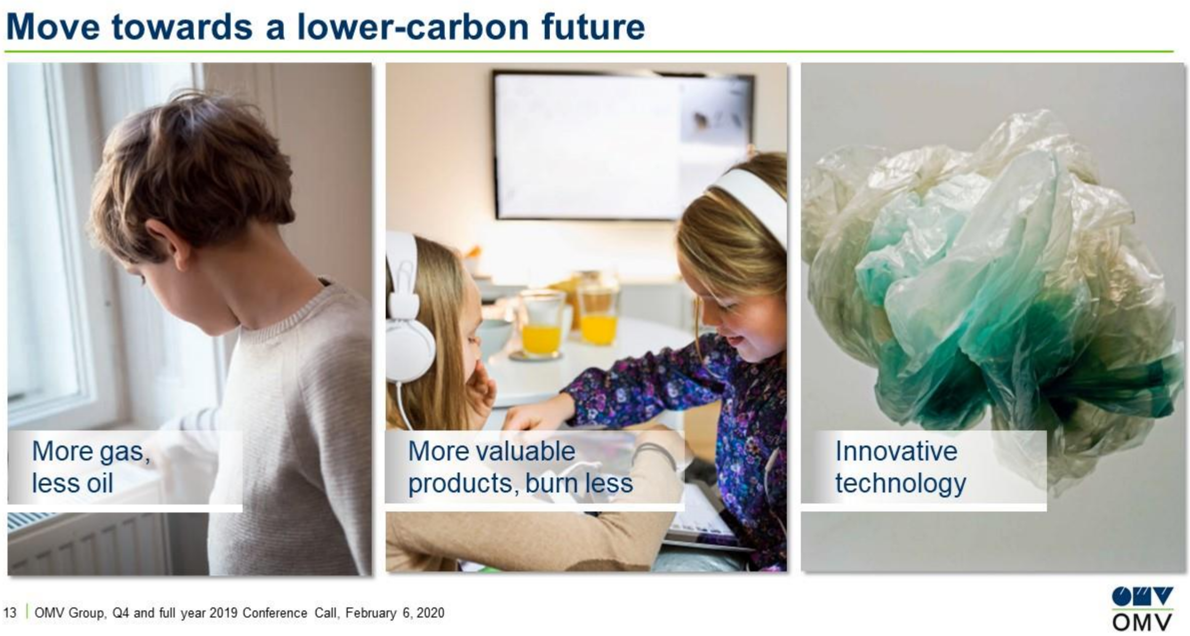
- Natural gas sales volumes in 2020 are projected to be above those in 2019.
- Organic CAPEX is projected to come in at around 2.4 billion Euros, thereof 1.6 billion Euros in Upstream.
- We expect the clean tax rate for the year 2020 to be in the high thirties.


Move towards a lower-carbon future
More gas,
less oil
More valuable
products, burn less
Innovative
technology
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Slide 13: Move towards a lower-carbon future

Before we come to your questions, I would like to address an important topic that has shaped the public discussions and which is of particular importance for the future of our industry: how to tackle the climate change.

We take this topic very seriously. Our strategy is based on three pillars:

- more gas, less oil
- more valuable products, burn less – and
- develop innovative technologies.

And, we have already made progress. We have increased our gas share to around 60 percent, we are active in e-mobility solutions, we work on processing bio-fuels and we are at the forefront for research in chemical recycling of plastics. We have further advanced with our ReOil® process and are now focusing on the scale up – first to a demonstration plant with a capacity of up to 20 thousand tons per year and then to an industrial-scale plant of 200 thousand tons per year, the latter expected by 2025.

But, ladies and gentlemen, the world is transitioning fast. We will intensify our efforts to position ourselves successfully in a lower-carbon world. This means we have to continue to actively shape our portfolio. And, this includes not only divestments, but again also acquisitions. Both need to fit into the three areas I mentioned before and have to be financially attractive.

Let me conclude my remarks with announcing that we will hold a Capital Markets Day mid of this year. We plan to give you an update on our strategy and present how we want to position ourselves in a fundamentally changing environment.

Thank you for your attention. Now my colleagues and I are happy to take your questions.