OMV Group Factsheet Q4 2019

Key Performance Indicators [1]

Group

- Clean CCS Operating Result decreased by 26% to EUR 781 mn
- Clean CCS net income attributable to stockholders amounted to EUR 310 mn, clean CCS Earnings Per Share were EUR 0.95
- High cash flow from operating activities of EUR 981 mn
- Organic free cash flow before dividends of EUR 378 mn
- Clean CCS ROACE at 11%
- Cost savings of more than EUR 130 mn versus 2017 achieved
- Dividend Per Share of EUR 2.00 proposed [2]; increase of 14% compared to the previous year

Upstream

- Production strongly increased by 58 kboe/d to 505 kboe/d and for the first time above 500 kboe/d in a quarter
- Production cost remained flat at USD 6.4/boe

Downstream

- OMV indicator refining margin stood at USD 5.0/bbl
- Natural gas sales increased by 37% to 44.7 TWh

Outlook for 2020

- For the year 2020, OMV expects the average Brent oil price to be at USD 60/bbl (2019: USD 64/bbl). In 2020, the average realized gas price is anticipated to be lower compared to the previous year (2019: EUR 11.9/MWh).
- In 2020, organic CAPEX (including capitalized E&A and excluding acquisitions) is projected to come in at EUR 2.4 bn (2019: EUR 2.3 bn). Organic CAPEX for Upstream (including capitalized E&A and excluding acquisitions) is anticipated to come in at EUR 1.6 bn in 2020 (2019: EUR 1.6 bn). In 2020, Exploration and Appraisal expenditure is expected to be at EUR 350 mn (2019: EUR 360 mn).
- OMV expects total production to be around 500 kboe/d in 2020 (2019: 487 kboe/d), depending on the security situation in Libya.
- Refining indicator margin is expected to be above USD 5/bbl (2019: USD 4.4/bbl). Petrochemical margins are anticipated to be slightly below EUR 400/t (2019: EUR 433/t).
- Total refined product sales in 2020 are forecasted to be on a similar level compared to 2019 (2019: 20.9 mn t). In OMV's markets, retail and commercial margins are predicted to be slightly lower than those in 2019.
- The utilization rate of the European refineries is expected to be around 95% (2019: 97%). In 2020, there is no major turnaround planned for our refineries in Europe.
- Natural gas sales volumes in 2020 are projected to be above those in 2019 (2019: 137 TWh). Natural gas sales margins are forecasted to be at least at the prior-year level.

Note: Figures in the following tables may not add up due to rounding differences. Differences between percentages are displayed as percentage points throughout the document.
[1] Figures reflect the Q4/19 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 2020

Group performance

Financial highlights

In EUR mn (unless otherwise stated)

Q4/19	Q3/19	Q4/18	Δ% [1]		2019	2018	Δ%
6,074	5,949	6,640	(9)	Sales [2]	23,461	22,930	2
781	**949**	**1,053**	**(26)**	**Clean CCS Operating Result [3]**	**3,536**	**3,646**	**(3)**
459	449	578	(21)	Clean Operating Result Upstream [3]	1,951	2,027	(4)
385	490	445	(13)	Clean CCS Operating Result Downstream [3]	1,677	1,643	2
(31)	(11)	(7)	n.m.	Clean Operating Result Corporate and Other [3]	(67)	(21)	n.m.
(33)	21	37	n.m.	Consolidation: elimination of intersegmental profits	(25)	(3)	n.m.
43	36	36	7	Clean Group tax rate in %	38	39	(1)
420	593	643	(35)	Clean CCS net income [3]	2,121	2,108	1
310	**457**	**490**	**(37)**	**Clean CCS net income attributable to stockholders [3, 4]**	**1,624**	**1,594**	**2**
0.95	1.40	1.50	(37)	Clean CCS EPS in EUR [3]	4.97	4.88	2
781	**949**	**1,053**	**(26)**	**Clean CCS Operating Result [3]**	**3,536**	**3,646**	**(3)**
7	**(108)**	**273**	**(97)**	**Special items [5]**	**(64)**	**(149)**	**57**
37	64	(67)	n.m.	CCS effects: inventory holding gains/(losses)	110	27	n.m.
824	**905**	**1,259**	**(35)**	**Operating Result Group**	**3,582**	**3,524**	**2**
448	382	812	(45)	Operating Result Upstream	1,879	2,122	(11)
449	518	400	12	Operating Result Downstream	1,847	1,420	30
(36)	(16)	(22)	(66)	Operating Result Corporate and Other	(91)	(47)	(93)
(36)	22	68	n.m.	Consolidation: elimination of intersegmental profits	(54)	28	n.m.
(47)	(29)	(50)	5	Net financial result	(129)	(226)	43
777	875	1,209	(36)	Profit before tax	3,453	3,298	5
41	39	34	7	Group tax rate in %	38	40	(2)
458	535	793	(42)	Net income	2,147	1,993	8
355	425	608	(42)	Net income attributable to stockholders [4]	1,678	1,438	17
1.09	1.30	1.86	(42)	Earnings Per Share (EPS) in EUR	5.14	4.40	17
981	1,074	1,117	(12)	Cash flow from operating activities	4,056	4,396	(8)
342	(1,520)	368	(7)	Free cash flow before dividends	(583)	1,043	n.m.
256	(1,520)	281	(9)	Free cash flow after dividends	(1,441)	263	n.m.
378	594	576	(34)	Organic free cash flow before dividends [6]	2,119	2,495	(15)
				Dividend Per Share (DPS) in EUR [7]	2.00	1.75	14
4,686	4,903	2,014	133	Net debt	4,686	2,014	133
28	29	13	15	Gearing ratio in %	28	13	15
773	2,769	1,120	(31)	Capital expenditure [8]	4,916	3,676	34
746	609	589	27	Organic capital expenditure [9]	2,251	1,893	19
11	13	13	(2)	Clean CCS ROACE in % [3]	11	13	(2)
11	13	12	(1)	ROACE in %	11	12	(1)
19,845	20,083	19,984	(1)	Employees	19,845	19,984	(1)

[1] Q4/19 compared to Q4/18
[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] 2019: as proposed by the Executive Board; subject to confirmation by the Supervisory Board and the Annual General Meeting 2020
[8] Capital expenditure including acquisitions
[9] Organic capital expenditure is defined as capital expenditure including capitalized Exploration and Appraisal expenditure and excluding acquisitions and contingent considerations.

OMV

Fourth quarter 2019 (Q4/19) compared to fourth quarter 2018 (Q4/18)

Consolidated sales decreased by 9% to EUR 6,074 mn, driven by lower prices in Downstream and lower oil and gas prices in Upstream, which could partially be compensated by higher sales volumes. The **clean CCS Operating Result** decreased by 26% from EUR 1,053 mn to EUR 781 mn. The contribution of Upstream was EUR 459 mn (Q4/18: EUR 578 mn). The adverse market environment and higher depreciation negatively impacted the result. Better operational performance could only partially offset these effects. Net market effects of EUR (91) mn impacted the result negatively. Lower average realized oil and gas prices were the main reason. Conversely lower hedging losses and positive FX effects provided support. Depreciation rose by EUR (75) mn after acquisitions in New Zealand (Q4/18), the United Arab Emirates (Q2/18), and Malaysia (Q1/19), and the higher production in Norway and Libya. The operational performance raised the result by EUR 47 mn, mainly owing to acquisitions in New Zealand, Malaysia, and the United Arab Emirates, and higher sales in Libya. These increments were partially offset by fewer oil liftings in Norway and lower Romanian production. In Downstream, the clean CCS Operating Result declined by 13% to EUR 385 mn (Q4/18: EUR 445 mn). A decline in Downstream Oil was partially compensated by an increased Downstream Gas result. The Downstream Oil clean CCS Operating Result dropped by 20% from EUR 381 mn in Q4/18 to EUR 303 mn, mainly following a weaker contribution from the petrochemicals business as a result of lower margins. The Downstream Gas clean CCS Operating Result grew considerably from EUR 64 mn in Q4/18 to EUR 82 mn, mainly following a higher contribution from the storage business. The consolidation line was EUR (33) mn in Q4/19 (Q4/18: EUR 37 mn). OMV Petrom's clean CCS Operating Result totaled EUR 234 mn (Q4/18: EUR 306 mn).

The **clean Group tax rate** was 43% compared to 36% in Q4/18, following a higher contribution from high tax rate fiscal regimes in Upstream, especially Libya. **Clean CCS net income** dropped to EUR 420 mn (Q4/18: EUR 643 mn). **Clean CCS net income attributable to stockholders** was EUR 310 mn (Q4/18: EUR 490 mn). **Clean CCS Earnings Per Share** came in at EUR 0.95 (Q4/18: EUR 1.50).

Net **special items** of EUR 7 mn were recorded in Q4/19 (Q4/18: EUR 273 mn). In Q4/18, net special items were mainly related to temporary hedging effects and unrealized commodity derivatives. **CCS effects** of EUR 37 mn were recognized in Q4/19. OMV Group's reported **Operating Result** decreased by 35% to EUR 824 mn (Q4/18: EUR 1,259 mn). OMV Petrom's contribution to the Group's reported Operating Result declined by 43% to EUR 217 mn (Q4/18: EUR 380 mn).

The **net financial result** amounted to EUR (47) mn (Q4/18: EUR (50) mn). With a **Group tax rate** of 41% (Q4/18: 34%), **net income** decreased to EUR 458 mn (Q4/18: EUR 793 mn). **Net income attributable to stockholders** declined to EUR 355 mn (Q4/18: EUR 608 mn). **Earnings Per Share** amounted to EUR 1.09 (Q4/18: EUR 1.86).

As of December 31, 2019, **net debt** equaled EUR 4,686 mn compared to EUR 2,014 mn as of December 31, 2018. The **gearing ratio** increased to 28% (December 31, 2018: 13%). This was mainly due to the acquisition of a 15% stake in the ADNOC Refining business in 2019 as well as the implementation of IFRS 16 starting from January 1, 2019. For further details, see the preliminary financial statements.

Total **capital expenditure** came in at EUR 773 mn (Q4/18: EUR 1,120 mn). In Q4/18, the acquisition of Shell's Upstream business in New Zealand for USD 579 mn was included. In Q4/19, **organic capital expenditure** increased by 27% to EUR 746 mn (Q4/18: EUR 589 mn). In Upstream, organic capital expenditure was primarily directed to projects in Romania, Norway, Austria, and the United Arab Emirates. In Downstream, organic capital expenditure was predominantly related to investments in the European refineries and in retail.

Business Segments

Upstream

Fourth quarter 2019 (Q4/19) compared to fourth quarter 2018 (Q4/18)

- Production strongly increased to 505 kboe/d, up by 58 kboe/d and for the first time above 500 kboe/d in a quarter

- Production cost remained flat at USD 6.4/boe

The **clean Operating Result** declined from EUR 578 mn in Q4/18 to EUR 459 mn. The adverse market environment and higher depreciation negatively impacted the result. Better operational performance could only partially offset these effects. Net market effects of EUR (91) mn impacted the result negatively. Lower realized oil and gas prices were the main reason. Conversely, lower hedging losses and positive FX effects provided support. Depreciation rose by EUR (75) mn after acquisitions in New Zealand (Q4/18), the United Arab Emirates (Q2/18), and Malaysia (Q1/19), and the higher production in Norway and Libya. The operational performance raised the result by EUR 47 mn, mainly owing to acquisitions in New Zealand, Malaysia, and the United Arab Emirates, and higher sales in Libya. These increments were partially offset by fewer oil liftings in Norway and lower Romanian production. In Q4/19, OMV Petrom contributed EUR 147 mn to the clean Operating Result, compared to EUR 170 mn in Q4/18.

Net **special items** amounted to EUR (11) mn in Q4/19 (Q4/18: EUR 234 mn). A write-up following the announced divestment of the Maari field in New Zealand and positive temporary hedging effects were more than offset by write-offs in Romania and Tunisia. The Q4/18 figures were mainly associated with temporary hedging effects of EUR 185 mn. The **Operating Result** decreased to EUR 448 mn (Q4/18: EUR 812 mn).

At USD 6.4/boe, the **production cost** excluding royalties remained flat year over year. OMV Petrom lowered the production cost by 4% to USD 10.3/boe.

Total hydrocarbon production rose by 58 kboe/d to 505 kboe/d, following asset purchases in New Zealand, Malaysia, and the United Arab Emirates, and higher production in Norway. OMV Petrom's total production was down by 5 kboe/d to 152 kboe/d mostly because of natural decline. **Total hydrocarbon sales volumes** rose to 43.9 mn boe (Q4/18: 39.4 mn boe) following the mentioned acquisitions and was mainly attributable to higher gas volumes. This was partially offset by lower sales volumes in Tunisia and Norway.

In Q4/19, oil prices showed an upward trend throughout the quarter, starting from just under USD 60/bbl in October, and finishing 2019 at a seven-month high. The quick output rebound in Saudi Arabia, a worsening global demand outlook, and higher non-OPEC supply prospects for 2020 kept the Brent upside in check early in the quarter. In the second half of November, the Brent price started growing, as optimism over a US-China trade deal and speculations on a deeper OPEC+ production cut spread. Following the OPEC+ announcement about additional production cuts, Brent ended the year at around USD 67/bbl. However, compared to Q4/18, the **average Brent price** was down by 8% at USD 63/bbl. The Group's **average realized** crude price declined by 2%. With relatively warm weather moderating the usual heating season demand pickup in Europe, gas storages remained almost completely full during Q4/19. This raised market sensitivity towards supply additions. Due to relatively mild weather in Asia, global LNG overcapacities continued to push surplus volumes into Europe. Prices were shortly supported by colder weather in November, but by the end of December Russia and the Ukraine had concluded a gas transit agreement, further depressing gas prices. The **average realized gas price** in USD/1,000 cf decreased by 21%. Realized gas prices were impacted by a hedging loss of EUR (17) mn in Q4/19.

Capital expenditure including capitalized E&A amounted to EUR 489 mn in Q4/19 (Q4/18: EUR 903 mn). In Q4/18, the acquisition of Shell's Upstream business in New Zealand for USD 579 mn was included. In Q4/19, organic capital expenditure was primarily directed to projects in Romania, Norway, Austria, and the United Arab Emirates. **Exploration expenditure** rose by 29% to EUR 120 mn in Q4/19 and was mainly related to activities in Norway, New Zealand, and Romania.

Proved reserves (1P) as of December 31, 2019, increased to 1,332 mn boe (thereof OMV Petrom [3]: 504 mn boe). With a one-year Reserve Replacement Rate (RRR) of 135% (2018: 180%), a value of over 100% has now been achieved four years in a row. The three-year RRR reached 166% (2018: 160%). The increase in proved reserves is mainly attributed to the participation in the 50% interest in SapuraOMV in Malaysia. Further significant revisions followed successful drilling and development activities and positive production performance in Russia, Norway, and New Zealand. **Proved and probable reserves (2P)** increased to 2,378 mn boe (thereof OMV Petrom [3]: 786 mn boe) mostly due to the acquisition in Malaysia and successful development activities in the Ghasha concession in the United Arab Emirates.

[3] OMV Petrom covers Romania and Kazakhstan.

Downstream

Fourth quarter 2019 (Q4/19) compared to fourth quarter 2018 (Q4/18)

- Downstream Oil was negatively impacted by a weaker petrochemicals business

- High refinery utilization rate of 98%

The **clean CCS Operating Result** declined by 13% to EUR 385 mn (Q4/18: EUR 445 mn). A decline in Downstream Oil was partially compensated by an increased Downstream Gas result.

The **Downstream Oil clean CCS Operating Result** dropped by 20% from EUR 381 mn in Q4/18 to EUR 303 mn, mainly following a weaker contribution from the petrochemicals business as a result of lower margins. The **OMV indicator refining margin** declined by 4% to USD 5.0/bbl (Q4/18: USD 5.2/bbl). Lower middle distillate margins could not be fully compensated by stronger gasoline and naphtha margins. Feedstock costs decreased as a result of lower crude prices. The **utilization rate of the refineries** remained at the very high level of 98% in Q4/19 (Q4/18: 98%). At 5.2 mn t, **total refined product sales** went down slightly by 1%. As a consequence of lower margins, the retail business contributed less, despite higher sales volumes. The contribution from the commercial business also declined compared to Q4/18, as lower sales volumes canceled out higher margin effects. In Q4/18, the commercial business had benefited from low Rhine water levels and a refinery outage of a competitor. OMV Petrom contributed EUR 78 mn (Q4/18: EUR 75 mn) to the clean CCS Operating Result of Downstream Oil. In Q4/19, the contribution from ADNOC Refining and Trading amounted to EUR 18 mn. The result was positively impacted by one-off effects. The Trading JV is currently in the set-up phase.

The clean CCS Operating Result of the petrochemicals business decreased sharply by 56% to EUR 35 mn (Q4/18: EUR 78 mn). Lower petrochemical margins were only partially offset by lower costs of the feedstock mix, which also includes other intermediates besides naphtha. The **ethylene/propylene net margin** and the butadiene net margin declined considerably. The benzene net margin also weakened, but to a lesser extent. The share from Borealis to the clean Operating Result decreased to EUR 50 mn in Q4/19 (Q4/18: EUR 67 mn), mainly following a lower contribution from Borouge and lower integrated polyolefin margins. Positive inventory valuation effects and a better fertilizer business contribution due to lower gas prices provided some support to Borealis' result.

The **Downstream Gas clean CCS Operating Result** grew considerably from EUR 64 mn in Q4/18 to EUR 82 mn, mainly following a higher contribution from the storage business. The contribution from Gas Connect Austria declined from EUR 36 mn to EUR 22 mn as Q4/18 had profited from an insurance compensation related to the Baumgarten incident, and a higher contribution from participations. **Natural gas sales volumes** increased significantly from 32.7 TWh to 44.7 TWh, primarily a consequence of higher volumes in Romania and in Germany. Lower sales volumes in Turkey partially reduced this effect. **Net electrical output** went down to 1.3 TWh in Q4/19 (Q4/18: 1.5 TWh) following a weaker market environment. OMV Petrom's clean CCS Operating Result of Downstream Gas amounted to EUR 18 mn in Q4/19 (Q4/18: EUR 34 mn).

Net **special items** amounted to EUR 23 mn (Q4/18: EUR 54 mn) and were mainly related to unrealized commodity derivatives. **CCS effects** of EUR 40 mn were booked as a result of increasing crude prices during Q4/19. The **Operating Result** of Downstream grew to EUR 449 mn compared to EUR 400 mn in Q4/18.

Capital expenditure in Downstream amounted to EUR 270 mn (Q4/18: EUR 204 mn), mainly stemming from Downstream Oil. Capital expenditure included EUR 19 mn related to IFRS 16. Downstream Oil capital expenditure was EUR 245 mn in Q4/19 (Q4/18: EUR 186 mn). In Q4/19, organic capital expenditure was predominantly related to investments in the European refineries and in retail.

Disclaimer regarding forward-looking statements