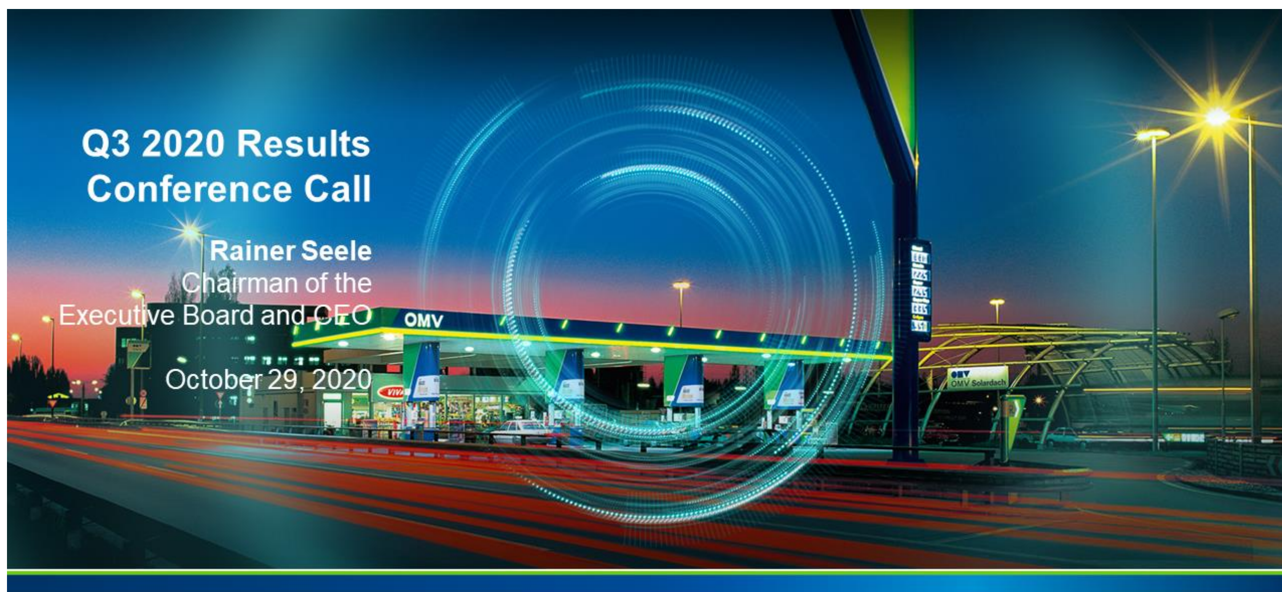
OMV Q3 2020 Results Conference Call

October 29, 2020



Rainer Seele

Chairman of the Executive Board and CEO

The spoken word applies

Disclaimer

This report contains forward-looking statements. Forward-looking statements may be identified by the use of terms such as “outlook,” “expect,” “anticipate,” “target,” “estimate,” “goal,” “plan,” “intend,” “may,” “objective,” “will”, and similar terms or by their context. These forward-looking statements are based on beliefs and assumptions currently held by and information currently available to OMV. By their nature, forward-looking statements are subject to risks and uncertainties, both known and unknown, because they relate to events and depend on circumstances that will or may occur in the future and are outside the control of OMV. Consequently, the actual results may differ materially from those expressed or implied by the forward-looking statements. Therefore, recipients of this report are cautioned not to place undue reliance on these forward-looking statements.
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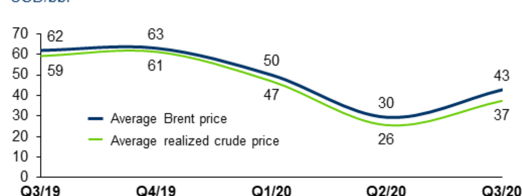
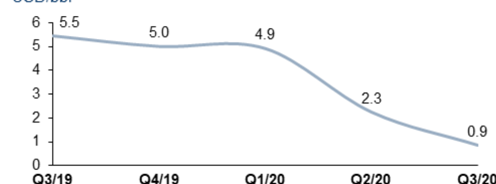
Macro environment – improved crude oil price, but significantly lower refining margin

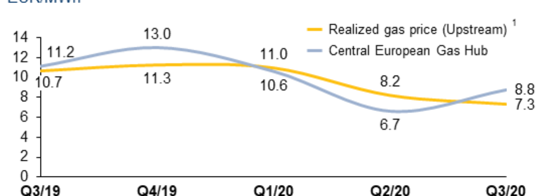
Oil prices
USD/bbl



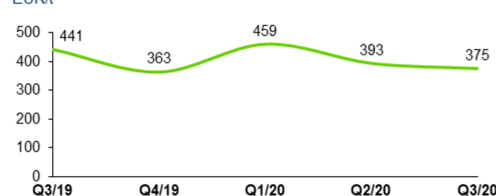
OMV indicator refining margin Europe
USD/bbl



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

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

The third quarter of 2020 has been another challenging quarter for our industry, however with a recovery in oil and gas prices versus previous quarter. Upstream improved from the previous-quarter lows on the back of higher oil prices, while Downstream proved resilient; and this, despite the lowest refining margin in a decade. Let me start by providing a brief review of the economic environment.

Slide 3: Macro environment – improved oil price, but a significantly lower refining margin

In the third quarter, at 43 Dollars per barrel, the Brent price was 31 percent lower compared to the same quarter of last year, but recovered from the lows seen in the second quarter. On average, it was 45 percent higher than in previous quarter. The price recovery was driven by improved market fundamentals both on the demand and the supply side. While global oil demand in the second quarter was down by almost 16 million barrels per day, it improved in the third quarter on the back of loosened restrictions and increasing global mobility, but was still 7 million barrels per day lower compared to average levels. The OPEC+ supply discipline continued to take significant volumes off the market, supported by reductions in non-OPEC supply.

We have seen a similar development in gas prices. At 8.8 Euro per megawatt hour, Central European gas prices were 32 percent higher than in the previous quarter, but 21 percent lower than in the same quarter of 2019. Driven by the easing of lockdowns and increased economic activity, European gas demand returned to the previous year's level starting in August. Significant price support came from reduced import LNG volumes into Europe, mainly driven by decreased U.S. production. European net storage injection slowed down, but filling levels remain substantially above the long-term average.

At slightly below 1 Dollar per barrel, the European refinery indicator margin reached its lowest level in 10 years. This was a decline of 84 percent compared to the third quarter of 2019 and 61 percent versus the previous quarter. The main reason for the collapse of the refining margin was significantly lower middle distillates cracks, which in September reached their lowest level in 20 years. As air traffic is still very subdued, high jet blending and resilient refinery utilization rates have led to a significant oversupply situation.

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Ethylene and propylene margins recovered from the low levels seen in June. On average, the margins were 15 percent lower versus the third quarter of 2019 and 5 percent lower than in the previous quarter. Benzene and butadiene margins further decreased from the already low levels in the second quarter. Demand for packaging remained robust, and a slow recovery was seen in the construction sector, which provided some support to the petrochemical demand.

Key messages

FINANCIAL PERFORMANCE

Clean CCS Operating Result of **EUR 317 mn**

(67)% y-o-y

+119% q-o-q

Quarterly cash flow from operating activities of **EUR 0.8 bn**

STRONG OPERATIONS

Quarterly production of **444 kboe/d**

Production cost at **USD 7.5/boe**

Refinery **utilization rate of 90%**

Strong gas **storage** business

DELIVERING THE STRATEGY

Long-term **oil price revision**

Signed sale agreement with VERBUND for 51% stake in **Gas Connect Austria**

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Slide 4: Key messages

Despite a challenging demand environment in the third quarter, we were able to achieve quite a resilient result, due to our integrated and diversified value chain. Our clean CCS Operating Result amounted to 317 million Euros, and thus more than doubled versus the second quarter. However, it remained 67 percent below the same quarter of last year.

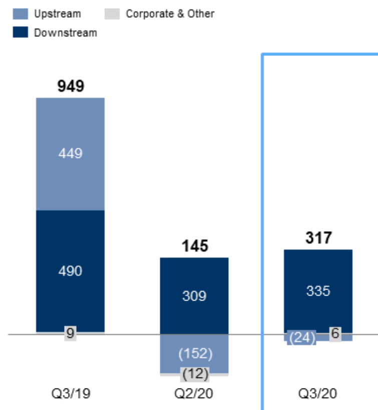
We were able to deliver a quarterly cash flow from operating activities of almost 800 million Euros, demonstrating the strength of our integrated portfolio.

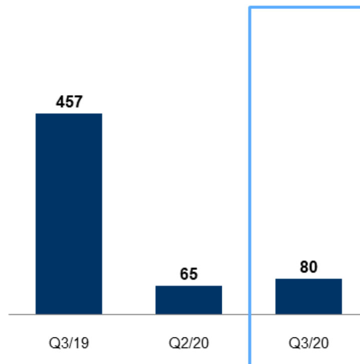
At 444 thousand barrels per day, our Upstream production was 7 percent lower than in the same quarter of last year mainly due to the shutdown of our operations in Libya. The decreased production volumes, portfolio mix and one-off items negatively impacted our cost, which increased this quarter to 7.5 Dollars per barrel. Going forward, we expect the cost to go down again to below 7 Dollars per barrel. In Downstream, we were able to run our refineries at 90 percent, supported by stronger demand in retail and petrochemicals. Gas showed again an excellent performance, as we were able to benefit from favorable summer/winter spreads in the storage business.

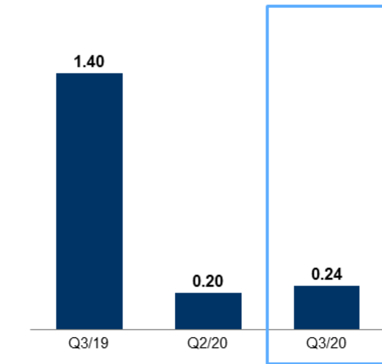
Given the outlook for the macroeconomic environment and long-term supply and demand fundamentals, we revised our long-term oil price planning assumptions. This resulted in non-cash net impairments of around 600 million Euros post-tax, which are classified as special items in the quarterly results.

In the third quarter, we took a first major step in our divestment program. On September 23 we signed the sale agreement with VERBUND for the 51 percent stake in Gas Connect Austria. This will lead to a substantial deleveraging effect.

Clean CCS Operating Result substantially impacted by lower oil and gas prices and reduced demand







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Slide 5: Clean CCS Operating Result substantially impacted by lower oil and gas prices and reduced demand

Let’s now come to our financial performance in the third quarter of 2020.

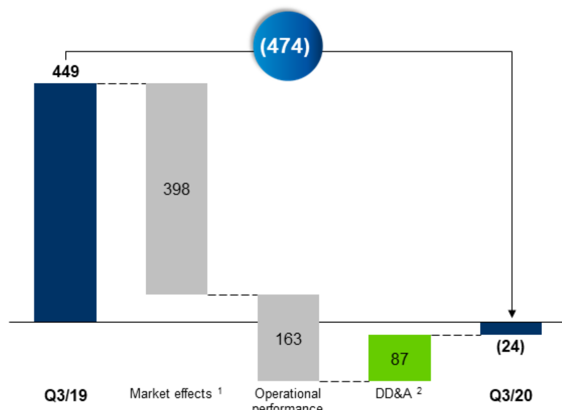
Our clean CCS Operating Result decreased by 632 million Euros versus the prior-year quarter, primarily due to a sharp decline in Upstream of 474 million Euros caused by the adverse market environment. Downstream earnings were down 155 million Euros versus the prior-year quarter. This was due to lower margins and volumes in all markets, partially offset by a positive hedging contribution and a very strong performance by our gas business.

The clean CCS tax rate increased to 38 percent, which was 2 percentage points higher year-on-year. This was the result, among other factors, of a higher Downstream tax rate due to a lower result from the major at-equity accounted investments.

Clean CCS net income attributable to stockholders decreased by 83 percent to 80 million Euros. Clean CCS Earnings Per Share was 24 cents.

Upstream – significantly weaker oil and gas prices and missing contribution from Libya

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

Q3/20 vs. Q3/19

- Significantly weaker market environment
  - Average realized oil price decreased by 37%
  - Average realized gas price declined by 32%
  - Negative FX impact
- Production of 444 kboe/d (-36 kboe/d)
  - Libya (-35 kboe/d)
  - New Zealand (-10 kboe/d)
  - Romania (-9 kboe/d)
  - Norway and Russia (each -4 kboe/d)
  - Malaysia (+26 kboe/d) due to ramp-up of SK408 gas field
- Sales volumes decreased by 43 kboe/d due to lower production
- Production costs increased to USD 7.5/boe (+18%) due to lower production and FX effect
- Lower depreciation due to lower production volumes and effect of impairments

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Slide 6: Upstream – significantly weaker oil and gas prices and missing contribution from Libya

Let me now discuss the performance of our two business segments.

Compared to the third quarter of 2019, the Upstream Operating Result decreased sharply to minus 24 million Euros. The main drivers were negative market effects of 398 million Euros - a direct reflection of substantially lower oil and gas prices - and the missing contribution from Libya.

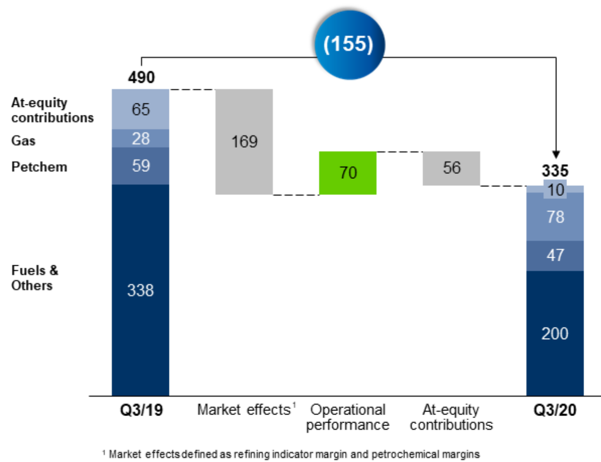
OMV's realized oil price decreased by 37 percent, thus slightly more than Brent. This includes discounts and lifting effects as well as a negative impact from operational hedging instruments, which we had placed in spring as a downside protection for the third quarter. The realized gas price declined by 32 percent, and thus more than the decrease in Austrian hub prices. This was due to a more steeply decline of gas prices in Romania and in Malaysia and the two-month time lag effect for half of our Russian gas volumes.

Production decreased by 36 to 444 thousand barrels per day, due to the shutdown in Libya, lower demand in New Zealand and natural decline in Romania. This was partially offset by higher production in Malaysia as a result of the startup of the SK408 gas fields.

Total sales volumes declined by 43 thousand barrels per day, and thus roughly in line with the decrease of production.

Depreciation was 87 million Euros lower than in the third quarter of 2019, due to reduced production and a lower asset base as a result of impairments.

Downstream – significantly weaker market environment, partially offset by positive hedging impact and higher gas contribution



Q3/20 vs. Q3/19

- Weaker market environment
  - Refining indicator margin at USD 0.9/bbl (-84%)
  - Ethylene/propylene net margins at EUR 375/t (-15%)
- Operational performance
  - European refinery utilization rate at 90%
  - Lower total refined product sales (-16%)
  - Improved retail performance
  - Decreased commercial fuels performance mainly caused by significant fall in jet fuel demand
  - Positive contribution from margin hedging
  - Better storage result and trading activities; significantly higher power result in Romania
- At-equity contributions
  - Negative ADNOC contribution due to significantly lower refining margin and lower utilization rate
  - Decreased Borealis contribution, as a result of lower integrated polyolefin margins and lower fertilizer result, partially offset by positive inventory effects and higher volumes

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Slide 7: Downstream – significantly weaker market environment, partially offset by positive hedging impact and higher gas contribution

Downstream earnings were more resilient than Upstream. The clean CCS Operating Result declined by 32 percent to 335 million Euros, primarily due to significantly weaker refining margins. A positive contribution from margin hedges, a strong performance of the gas business, and improved retail margins supported the result.

The utilization rate increased from 79 percent in the second quarter to 90 percent. However, utilization was below the third quarter of 2019, when we recorded a rate of 96 percent. The integration with our strong retail network and the forward integration into petrochemicals, which allowed us to crack jet fuel into monomers, enabled us to run our refineries above the European average of around 70 percent.

Total refined product sales improved from the previous quarter, but remained 16 percent below the third quarter of 2019, mainly driven by the significant drop in jet fuel volumes. Sales volumes at our retail stations recovered and were almost at the prior year’s level. The strong performance of retail was supported by improved margins. The commercial business decreased year on year due to lower volumes.

In the petrochemicals business, our sales volumes were 4 percent higher, but the result decreased by 12 to 47 million Euros due to lower margins. Naphtha prices more than doubled versus the beginning of the second quarter and the higher feedstock costs could not be passed through entirely to the market in the same period.

The contribution from Borealis decreased from 75 to 59 million Euros, driven by lower integrated polyolefin margins and lower fertilizer result, partially offset by positive inventory effects and increased sales volumes. We recorded an increased demand in healthcare and packaging. Automotive demand recovered, but it is still below that of the prior-year quarter. The performance of Borouge was impacted by weaker polyolefin prices in Asia.

The clean CCS contribution of ADNOC Refining and Trading dropped by 40 million Euros, due to the significant decline of refining margins and a lower utilization rate as a consequence of lower demand.

Our gas business showed once again an excellent performance and contributed 78 million Euros to our result, which is an increase of 50 million versus the prior-year quarter. This was

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due to a better storage result and significantly higher earnings from the power business in Romania. Gas sales volumes rose by 22 percent, on account of increased sales in Germany, the Netherlands, Hungary and Austria, which were slightly offset by lower sales in Romania.

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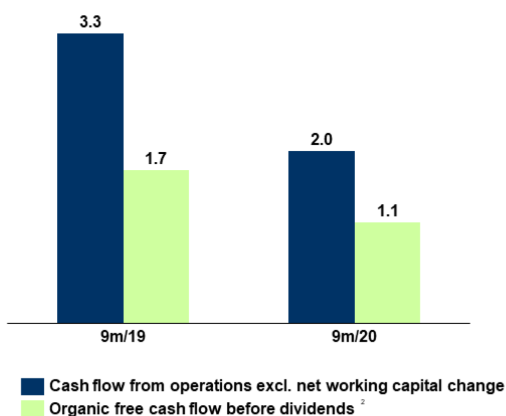
Solid organic free cash flow of EUR 1.1 bn in 9m/20

Organic cash flow 9m/20

EUR bn



Cash flow from operations excl. net working capital change

Organic free cash flow before dividends [2]

Cash flows 9m/20 vs. 9m/19

- Decrease of EUR 1.3 bn in cash flow from operating activities excl. net working capital change
- Net working capital effects of EUR 502 mn (9m/19: EUR (227) mn)
- Cash flow from operating activities of EUR 2.5 bn (9m/19: EUR 3.1 bn)
- Organic cash flow from investing activities [1] at EUR (1,311) mn (9m/19: EUR (1,334) mn)
- Organic free cash flow before dividends of EUR 1,147 mn (9m/19: EUR 1,741 mn)
- Payment of dividends of EUR 220 mn (9m/19: EUR 772 mn), thereof:
  - OMV Petrom minorities: EUR 174 mn (9m/19: EUR 154 mn)
  - Gas Connect Austria minority: EUR 28 mn (9m/19: EUR 29 mn)
  - Hybrid owners: EUR 14 mn (9m/19: EUR 14 mn)
  - OMV stockholders: EUR 0 (9m/19: EUR 572 mn)
- Inorganic cash flow from investing activities of EUR (187) mn

[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: Solid organic free cash flow of EUR 1.1 bn in 9m/20

At 687 million Euros, third-quarter cash flow from operating activities – excluding net working capital effects – was up 60 percent from the lows of the previous quarter. However, it declined compared with the strong prior-year level. Net working capital effects generated a cash inflow of 104 million Euros. Consequently, cash flow from operating activities came in at 791 million Euros for the quarter.

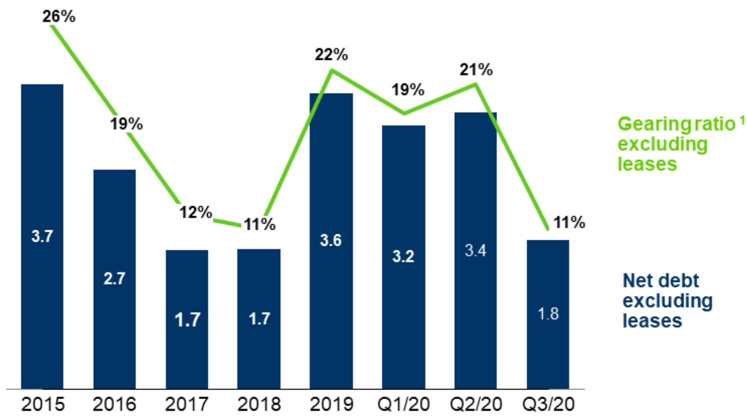
Looking at the nine month picture, cash flow from operating activities excluding net working capital effects amounted to 2 billion Euros – a decrease of 1.3 billion Euros compared to the first nine months of last year. This was mainly attributable to Upstream, which was severely impacted by the decline in oil and gas prices.

Cash flow from operating activities decreased by 20 percent to 2.5 billion Euros as net working capital effects showed a big positive swing. While in the first nine months of 2019 we recorded an outflow of 227 million Euros, we had an inflow of 502 million Euros in the same period of this year.

Organic free cash flow before dividends came in at 1.1 billion Euros for the first nine months of the year. While this is a clear decrease versus previous year, the result shows the quality and resilience of our integrated business portfolio in this very challenging environment.

Healthy balance sheet

Net debt excluding leases
Gearing ratio excluding leases
EUR bn, %



End of Sept. 2020 OMV cash position

EUR 7.3 bn

End of Sept. 2020 OMV undrawn committed credit facilities

EUR 3.2 bn

[1] Defined as net debt to equity

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Slide 10: Healthy balance sheet

OMV's balance sheet remained very healthy and showed a strong liquidity with a cash position of 7.3 billion Euros and 3.2 billion Euros in undrawn committed credit facilities at the end of September. The cash position includes the proceeds from senior bonds of 3.25 billion Euros and the proceeds from the hybrid bonds of 1.25 billion Euros, which were issued in the second and third quarter of this year, to refinance the committed facility for the acquisition of the additional shares in Borealis.

Compared to the second quarter of 2020, net debt excluding leases decreased to 1.8 billion Euros. Consequently, our gearing ratio excluding leases – defined as net debt to equity – was reduced to 11 percent. The impairments recorded in the third quarter due to the revision of our long-term oil price planning assumptions only had a minor impact on our gearing ratio.

Good progress on EUR 2 bn divestment program

Divestment of OMV retail network in Germany
- Signing expected in Q4/20
- Closing expected in H1/21

Divestments in Upstream
- Maari field in New Zealand – closing expected in Q4/20
- Kazakhstan Upstream operations
- Four oil fields in Malaysia

Divestment of 51% share in Gas Connect Austria
- Signed on Sept. 23, 2020
- Closing expected in H1/21

Net debt reduction
EUR (570) mn

Other assets to be announced

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Slide 10: Good progress on EUR 2 bn divestment program

I would like to give you a quick update on our portfolio measures.

As mentioned in the beginning of the presentation, we signed the sale agreement with VERBUND for the 51 percent stake in Gas Connect Austria. This transaction is an important step in our efforts to deleverage the company, following the acquisition of the additional stake in Borealis. It will reduce OMV’s debt by more than 570 million Euros. Closing is expected in the first half of 2021.

As already indicated in the previous quarter earnings call, there is great interest for the sale of our retail network in Germany. We have received binding offers and started negotiations with a shortlist of interested parties. We expect signing by the end of this year.

Last but not least, we are also progressing with our divestments in Upstream. In New Zealand, we expect to close the sale of the Maari field in New Zealand until end of this year. We are also making good progress regarding the intention to sell our Kazakhstan assets as well as the oil fields in Malaysia.

Updated outlook 2020

	2019	Outlook 2020
Brent oil price (USD/bbl)	64	**40**
Average realized gas price (EUR/MWh)	11.9	**<10**
Total hydrocarbon production (kboe/d)	487	**450–470** [1]
OMV European indicator refining margin (USD/bbl)	4.4	**~ 2.5** (previously ~3.0)
Ethylene/propylene net margin (EUR/t)	433	**<433**
Utilization rate European refineries (%)	97%	**~85%**
Organic CAPEX (EUR bn)	2.3	**~1.7** [2]
E&A expenditures (EUR mn)	360	**250**

[1] Depending on the security situation in Libya and potential imposed production cuts by governments

[2] Excluding Borealis consolidation after closing

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Slide 11: Updated outlook 2020

Let us now come to the outlook.

Based on the developments we have seen so far, we maintained our forecast of an average Brent price of 40 Dollars per barrel for 2020. Despite the recent positive developments in gas price, we assume that the average realized gas price will remain below 10 Euros per megawatt hour for the full year.

We expect average production in Upstream to be between 450 and 470 thousand barrels per day in 2020, depending on the security situation in Libya. The production of the El Sharara field in Libya restarted on October 11 and is ramping up. Excluding volumes from Libya, production in the fourth quarter is estimated to be at a similar level as in the third quarter of 2020 due to the divestment of the Maari field in New Zealand, as well as maintenance in Malaysia and Norway.

The refining indicator margin averaged 2.7 Dollars per barrel in the first nine months of the year, with a significant decline in the third quarter. As we do not expect an increase in jet fuel demand, which burdens the middle distillates spreads, we now assume an indicator refining margin of around 2.5 Dollars per barrel for the full year. As guided before, we expect a positive contribution from margin hedging in the amount of a mid-range, double-digit million Euro figure in the fourth quarter, which is not reflected in the indicator margin.

For petrochemicals, we estimate the 2020 ethylene/propylene net margin to be slightly below the previous year’s level.

The utilization rate of our European refineries is expected to be around 85 percent in 2020. In the fourth quarter, we are undertaking scheduled maintenance works at Schwechat refinery for roughly three weeks.

We anticipate product sales to remain below the level of last year. Retail sales volumes have recovered to almost 2019 level in the third quarter, but we expect a decline versus the prior-year level in the fourth quarter. Jet demand will remain subdued, with many airlines cancelling flights in winter. Based on the developments in the first nine months, retail margins will likely be higher than in 2019, while commercial margins are expected to remain at the level of the previous year.

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Organic CAPEX is projected to come in at around 1.7 billion Euros, excluding Borealis consolidation after closing. Exploration and appraisal expenditures are expected to be 250 million Euros.

The clean tax rate for the year 2020 is estimated to be in low to mid-thirties, excluding Borealis consolidation effect.

OMV completes the acquisition of additional 39% share in Borealis

Schwechat site, Austria

- OMV acquires additional 39% share in Borealis, **increasing its share to a controlling interest of 75%**
  - Purchase price of USD 4.68 bn
  - Cash-out (net of cash acquired) of **EUR 3.8 bn** paid in full at closing
  - Borealis will be **fully consolidated** in OMV's financials
  - **EPS accretive** from first year onward
  - Synergies of more than **EUR 800 mn** until 2025
- OMV becomes **#1** in European ethylene and propylene capacity and **#8** in global polymer capacity

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Slide 12: OMV completes the acquisition of additional 39% share in Borealis

Ladies and gentlemen, this morning, following completion of all regulatory approvals, we closed the acquisition of the additional 39 percent share in Borealis, thus increasing our stake to 75 percent.

The purchase price of the transaction amounts to 4.68 billion Dollars. Based on closing adjustments, the cash-out for OMV, net of cash acquired, is 3.8 billion Euros. The adjustments include the first quarter dividends to which OMV is entitled based on the increased shareholding, in the amount of 129 million Dollars, currency effects, and the cash position of Borealis at closing. Following the successful issuance of senior and hybrid bonds of 4.5 billion Euros, OMV paid the entire amount in full at closing.

Through this acquisition, OMV becomes the largest producer of olefins in Europe and one of the largest polyolefin producers worldwide. This is a decisive step in our transformation to position OMV successfully for the future. On the one hand, we are convinced that chemicals and polymers will be – without any doubt – also needed in 2050 and beyond. On the other hand, with this transaction, our portfolio changes towards non-energy, low-emission products, as they are not burned. Chemicals are an important pillar of our Scope 3 emissions intensity reduction strategy.

As already announced at signing, we expect to achieve material synergies from the combined businesses. Following the work of joint teams to identify synergies in the last six months, we now increase the synergy potential from 700 to more than 800 million Euros until 2025. The synergies will come from operational cost savings, combined purchasing, debottlenecking, increased capital efficiency, and tax benefits.

Very resilient operating cash flow of Borealis of EUR 1.1 bn

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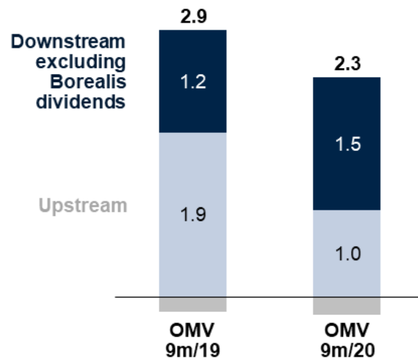
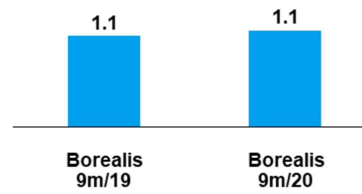
Operating cash flow
EUR bn



Borealis
Operating cash flow (incl. Borouge dividends)
EUR bn



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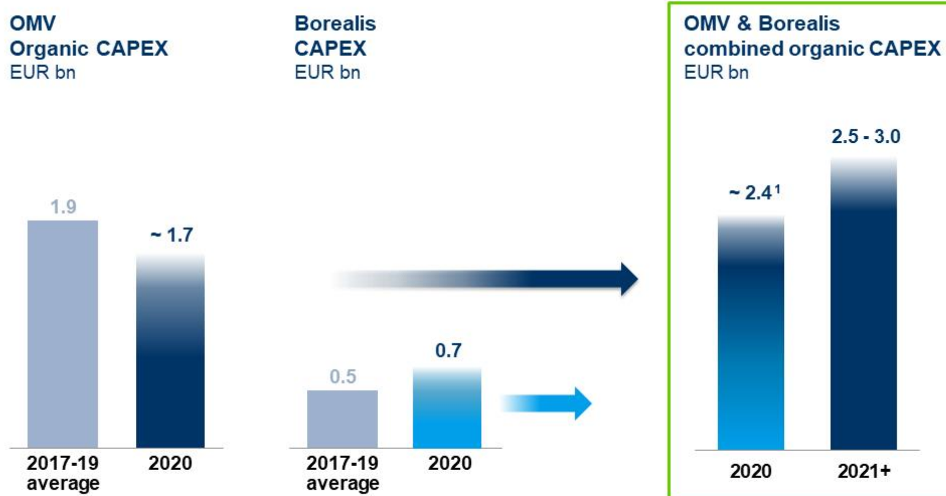
Slide 13: Very resilient operating cash flow of Borealis of EUR 1.1 bn

Extending the value chain not only enables us to participate in an attractive growth market, but also improves our natural hedge against cyclicality. Let us have a look at the cash generation ability of both OMV and Borealis.

As I already mentioned, in the first nine months of 2020, OMV’s operating cash flow excluding Borealis dividends amounted to 2.3 billion Euros. Compared to the same period of 2019, the operating cash flow decreased by around 20 percent, mainly driven by a lower contribution from Upstream.

As you can see, Borealis delivered a very resilient operating cash flow including the dividends from Borouge of 1.1 billion Euros, despite the difficult macro environment. That is 6 percent higher than the same period of last year.

Borealis has been a highly profitable business with strong cash flows in the last five years and we believe that the long-term fundamentals of the business will continue to be strong. This challenging year has demonstrated how vital Borealis products are in our everyday life, especially in a crisis such as the COVID-19 pandemic, and also has confirmed Borealis competitive advantages: strong and diversified customer portfolio and resilient specialty products. Just to give you an example of such products: Borealis holds a global market share of approximately 15 percent of the pipe market.


Disciplined capital spending supports high free cash flows from combined businesses
OMV
Organic CAPEX
EUR bn
1.9
~ 1.7
2017-19 average
2020
Borealis
CAPEX
EUR bn
0.5
0.7
2017-19 average
2020
OMV & Borealis
combined organic CAPEX
EUR bn
~ 2.4 1
2.5 - 3.0
2020
2021+
1 Pro-forma illustration including full year Capex of Borealis. OMV will consolidate it only starting with October 29, 2020
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Slide 14: Disciplined capital spending supports high free cash flows from combined businesses

Capital discipline is an essential lever for high free cash flow generation. OMV has proven to be very disciplined in recent years and we will maintain this focus also going forward.

While OMV’s operating cash flow increased from 3 to around 4 billion Euros in the period from 2017 to 2019, our organic capital spending averaged 1.9 billion Euros. In 2020, as a measure to safeguard our financial strength, we decreased the organic CAPEX by approximately 30 percent to below 1.7 billion Euros.

Borealis is also a highly cash generative company as you have seen in the previous slide, but one with a relatively low capital intensity. The company achieved an operating cash flow including Borouge dividends of around 1.3 billion Euros per year on average in the period 2017 to 2019, while having spent only around half a billion Euros for investments.

Borealis organic CAPEX is expected to be higher in the next two years compared to the 2019 level, as the company is finalizing two main growth projects: the PDH plant in Belgium, as well as the ethane cracker and polyethylene plant in Texas. After 2022, while their cash generation ability will increase as a result of the start-up of growth projects, organic CAPEX will go back to historical levels of around half a billion Euros.

If we look at the combined picture, capital discipline remains a priority for the OMV Group. The combined capital spending for next year is estimated to be between 2.5 and 3 billion Euros. We are funding the growth of the Borealis projects, balancing our capital spending with Upstream and our innovative Downstream projects. If the macro environment remains challenging next year, our spending will be adjusted towards the lower end of this range.

Our near-term focus will be on net debt reduction to strengthen the balance sheet and maintain our investment credit grade, while, at the same time, delivering on our progressive dividend policy.

Thank you for your attention. Before we come to your questions, I hand over to Reinhard for some additional remarks on the Borealis transaction.

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Ladies and gentlemen, good morning from my side as well.

It has been emphasized already: the closing of the Borealis acquisition is a true game changer for OMV – not only repositioning OMV from a strategic perspective but also changing our financials, as we will fully consolidate Borealis in our books starting today. Therefore, before coming to your questions, I would like to use the opportunity to run you through the financial implications of this important deal.

Starting with the closing, Borealis will be now fully consolidated in our figures. Borealis is holding major participations in joint ventures, most notably the 40 percent stake in Borouge and the 50 percent stake in Baystar. These participations will now be reflected at equity in our operating result.

A bigger OMV also means a bigger balance sheet. The overall assets of Borealis amount to around 14.4 billion Euros on a 100 percent basis. I will give you now a preliminary view as of today's perspective. If we deduct the previous 36 percent participation, which was reflected in our books with 2.3 billion Euros, the remaining amounts to around 12 billion Euros. Deducting the purchase price, this means our balance sheet will expand by around 8 billion Euros. Let me elaborate a bit on the changes in our balance sheet on the equity and liabilities side.

- OMV's equity base will increase because of two incremental effects. Firstly, the step-up in the valuation of our 36 percent share. Secondly, some tax synergies that raise OMV's equity position via deferred tax assets. In total, we are currently expecting that these two effects will lead to a gain of around 1.6 billion Euros on a preliminary accounting view, which will be booked as a special item in our fourth quarter results.
- In addition, based on the purchase price, we will book a non-controlling interest for Mubadala's remaining minority stake in Borealis of around 2.5 billion Euros. This will be shown as non-controlling interest among the equity positions.
- On the debt side, OMV's net debt will increase in the fourth quarter, reflecting the cash-out of 3.8 billion Euros, and the Borealis debt consolidation. As of end of September, the Borealis debt stood at around 2.0 billion Euros including leases and at 1.8 billion Euros excluding leases.

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Based on these effects and the payment of the dividends in the fourth quarter, we are currently expecting to end the year with a gearing ratio – defined as net debt excluding leases to equity – of around 45 percent. That’s, however, only a snapshot, as the focus shifts to debt reduction now. We expect to deleverage the company fast: we will see the impact from the major divestments announced already in the first half next year. Nevertheless, we won’t stop there. We will inform you about further divestments in the beginning of next year.

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