

# Q3

Quarterly Report 2020



OMV Group

October 29, 2020

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## Disclaimer regarding forward-looking statements

This report contains forward-looking statements. Forward-looking statements usually 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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# OMV Group Report January–September and Q3 2020 Including Condensed Consolidated Interim Financial Statements as of September 30, 2020

## Key Performance Indicators <sup>1</sup>

### Group

- ▶ Clean CCS Operating Result decreased by 67% to EUR 317 mn
- ▶ Clean CCS net income attributable to stockholders amounted to EUR 80 mn, clean CCS Earnings Per Share were EUR 0.24
- ▶ Cash flow from operating activities of EUR 791 mn
- ▶ Organic free cash flow before dividends of EUR 432 mn
- ▶ Clean CCS ROACE at 6%
- ▶ Lost-Time Injury Rate at 0.20

### Upstream

- ▶ Production decreased to 444 kboe/d
- ▶ Production cost at USD 7.5/boe

### Downstream

- ▶ OMV indicator refining margin declined to USD 0.9/bbl
- ▶ Natural gas sales volumes increased by 22% to 33.3 TWh

## Key events

- ▶ On September 29: Results of OMV's Annual General Meeting
- ▶ On September 23: VERBUND acquires OMV's 51% stake in Gas Connect Austria
- ▶ On September 22: OMV refinery implements multiple energy-efficiency measures to reduce CO<sub>2</sub>
- ▶ On September 21: OMV revises oil price assumptions
- ▶ On September 9: Reinhard Florey reappointed as CFO of OMV
- ▶ On September 3: SapuraOMV announces Bakong first production from SK408 gas fields
- ▶ On August 25: OMV issues new hybrid notes with a total volume of EUR 1.25 billion in two tranches
- ▶ On July 30: OMV's industry association memberships in alignment with the Paris Agreement
- ▶ On July 29: OMV takes next steps towards reducing carbon footprint

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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. In the interest of a fluid style that is easy to read, non-gender-specific terms have been used in the OMV Group Report.

<sup>1</sup> Figures reflect the Q3/20 period; all comparisons described relate to the same quarter in the previous year except where otherwise mentioned.

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# Directors' Report (condensed, unaudited)

## Group performance

### Financial highlights

In EUR mn (unless otherwise stated)

Q3/20	Q2/20	Q3/19	Δ% <sup>1</sup>		9m/20	9m/19	Δ%
3,696	3,138	5,949	(38)	Sales revenues <sup>2</sup>	11,594	17,387	(33)
<b>317</b>	<b>145</b>	<b>949</b>	<b>(67)</b>	<b>Clean CCS Operating Result<sup>3</sup></b>	<b>1,162</b>	<b>2,755</b>	<b>(58)</b>
(24)	(152)	449	n.m.	Clean Operating Result Upstream <sup>3</sup>	(39)	1,492	n.m.
335	309	490	(32)	Clean CCS Operating Result Downstream <sup>3</sup>	1,145	1,292	(11)
(12)	(3)	(11)	(2)	Clean Operating Result Corporate and Other <sup>3</sup>	(30)	(36)	17
18	(9)	21	(13)	Consolidation: elimination of intersegmental profits	86	7	n.m.
38	19	36	2	Clean CCS Group tax rate in %	32	36	(4)
160	124	593	(73)	Clean CCS net income <sup>3</sup>	704	1,702	(59)
<b>80</b>	<b>65</b>	<b>457</b>	<b>(83)</b>	<b>Clean CCS net income attributable to stockholders<sup>3,4</sup></b>	<b>460</b>	<b>1,314</b>	<b>(65)</b>
0.24	0.20	1.40	(83)	Clean CCS EPS in EUR <sup>3</sup>	1.41	4.02	(65)
<b>317</b>	<b>145</b>	<b>949</b>	<b>(67)</b>	<b>Clean CCS Operating Result<sup>3</sup></b>	<b>1,162</b>	<b>2,755</b>	<b>(58)</b>
<b>(997)</b>	<b>(12)</b>	<b>(108)</b>	<b>n.m.</b>	<b>Special items<sup>5</sup></b>	<b>(1,174)</b>	<b>(71)</b>	<b>n.m.</b>
72	(70)	64	13	CCS effects: inventory holding gains/(losses)	(451)	73	n.m.
<b>(607)</b>	<b>63</b>	<b>905</b>	<b>n.m.</b>	<b>Operating Result Group</b>	<b>(463)</b>	<b>2,758</b>	<b>n.m.</b>
(1,044)	(237)	382	n.m.	Operating Result Upstream	(1,290)	1,432	n.m.
444	342	518	(14)	Operating Result Downstream	768	1,398	(45)
(12)	(5)	(16)	29	Operating Result Corporate and Other	(37)	(55)	33
5	(38)	22	(76)	Consolidation: elimination of intersegmental profits	96	(17)	n.m.
(59)	8	(29)	(100)	Net financial result	(128)	(82)	(56)
(666)	70	875	n.m.	Profit before tax	(591)	2,675	n.m.
31	18	39	(8)	Group tax rate in %	21	37	(16)
(458)	58	535	n.m.	Net income	(468)	1,689	n.m.
(487)	24	425	n.m.	Net income attributable to stockholders <sup>4</sup>	(622)	1,323	n.m.
(1.49)	0.07	1.30	n.m.	Earnings Per Share (EPS) in EUR	(1.90)	4.05	n.m.
791	545	1,074	(26)	Cash flow from operating activities	2,457	3,075	(20)
368	111	(1,520)	n.m.	Free cash flow before dividends	960	(925)	n.m.
368	(109)	(1,520)	n.m.	Free cash flow after dividends	740	(1,697)	n.m.
432	120	594	(27)	Organic free cash flow before dividends <sup>6</sup>	1,147	1,741	(34)
1,830	3,401	3,865	(53)	Net debt excluding leases	1,830	3,865	(53)
2,853	4,416	4,903	(42)	Net debt including leases	2,853	4,903	(42)
11	21	23	(12)	Gearing ratio excluding leases in %	11	23	(12)
363	386	2,769	(87)	Capital expenditure <sup>7</sup>	1,218	4,144	(71)
363	372	609	(40)	Organic capital expenditure <sup>8</sup>	1,158	1,505	(23)
6	8	13	(7)	Clean CCS ROACE in % <sup>3</sup>	6	13	(7)
1	5	13	(13)	ROACE in %	1	13	(13)
19,228	19,434	20,083	(4)	Employees	19,228	20,083	(4)
0.20	0.12	0.39	(49)	Lost-Time Injury Rate per 1 mn hours worked	0.16	0.36	(57)

<sup>1</sup> Q3/20 compared to Q3/19<sup>2</sup> Sales revenues excluding petroleum excise tax<sup>3</sup> Adjusted for special items and CCS effects; further information can be found below the table "Special items and CCS effects"<sup>4</sup> After deducting net income attributable to hybrid capital owners and net income attributable to non-controlling interests<sup>5</sup> The disclosure of special items is considered appropriate in order to facilitate the 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.<sup>6</sup> 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).<sup>7</sup> Capital expenditure including acquisitions; notably the acquisition of a 15% stake in ADNOC Refining and Trading JV in the amount of USD 2.43 bn in Q3/19<sup>8</sup> Organic capital expenditure is defined as capital expenditure including capitalized Exploration and Appraisal expenditure and excluding acquisitions and contingent considerations.

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**Third quarter 2020 (Q3/20) compared to third quarter 2019 (Q3/19)**

**Consolidated sales revenues** decreased by 38% to EUR 3,696 mn due to the overall lower global commodity price environment and fallen liquid hydrocarbon sales volumes. The **clean CCS Operating Result** declined by 67% from EUR 949 mn to EUR 317 mn, primarily due to lower prices and reduced demand. The contribution of Upstream was EUR (24) mn (Q3/19: EUR 449 mn). In Downstream, the clean CCS Operating Result amounted to EUR 335 mn (Q3/19: EUR 490 mn). The consolidation line was EUR 18 mn in Q3/20 (Q3/19: EUR 21 mn). OMV Petrom's contribution to the Group's clean CCS Operating Result totaled EUR 118 mn (Q3/19: EUR 262 mn).

During Q3/20, OMV revised its Brent oil price planning assumptions to reflect a faster paced energy transition. This resulted in net impairments of tangible and intangible assets which, adjusted for tax effects, had an overall EUR (594) mn negative impact on OMV Group's net result of the third quarter.

The **clean CCS Group tax rate** was 38% (Q3/19: 36%). 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. The **clean CCS net income** weakened to EUR 160 mn (Q3/19: EUR 593 mn). The **clean CCS net income attributable to stockholders** was EUR 80 mn (Q3/19: EUR 457 mn). **Clean CCS Earnings Per Share** came in at EUR 0.24 (Q3/19: EUR 1.40).

Net **special items** of EUR (997) mn were recorded in Q3/20 (Q3/19: EUR (108) mn), which were mainly related to the impairments triggered by OMV's revision of its long-term Brent crude oil price planning assumptions. **CCS effects** of EUR 72 mn were recognized in Q3/20. The OMV Group's reported **Operating Result** fell to EUR (607) mn (Q3/19: EUR 905 mn). OMV Petrom's contribution to the Group's reported Operating Result declined to EUR (10) mn (Q3/19: EUR 201 mn).

The **net financial result** amounted to EUR (59) mn (Q3/19: EUR (29) mn) and was impacted mainly by negative FX effects. With a **Group tax rate** of 31% (Q3/19: 39%) net income amounted to EUR (458) mn (Q3/19: EUR 535 mn). The **net income attributable to stockholders** declined sharply to EUR (487) mn (Q3/19: EUR 425 mn). **Earnings Per Share** amounted to EUR (1.49) (Q3/19: EUR 1.30).

As of September 30, 2020, the **net debt excluding leases** amounted to EUR 1,830 mn compared to EUR 3,865 mn on September 30, 2019, mainly due to a higher cash balance following the issuance of hybrid bonds. As of September 30, 2020, the **gearing ratio excluding leases** stood at 11% (September 30, 2019: 23%).

Total **capital expenditure** came in at EUR 363 mn (Q3/19: EUR 2,769 mn). In Q3/19, total capital expenditure was mainly related to the acquisition of a 15% stake in ADNOC Refining and Trading Joint Venture in the amount of USD 2.43 bn. In Q3/20, **organic capital expenditure** decreased by 40% to EUR 363 mn (Q3/19: EUR 609 mn).

**Special items and CCS effect**

In EUR mn

Q3/20	Q2/20	Q3/19	Δ% <sup>1</sup>		9m/20	9m/19	Δ%
317	145	949	(67)	<b>Clean CCS Operating Result<sup>2</sup></b>	1,162	2,755	(58)
(997)	(12)	(108)	n.m.	<b>Special items</b>	(1,174)	(71)	n.m.
(33)	(3)	(15)	(120)	thereof personnel restructuring	(39)	(29)	(31)
(914)	(52)	(13)	n.m.	thereof unscheduled depreciation	(1,084)	(14)	n.m.
3	3	1	n.m.	thereof asset disposals	6	13	(53)
(53)	40	(81)	35	thereof other	(57)	(40)	(43)
72	(70)	64	13	CCS effects: inventory holding gains/(losses)	(451)	73	n.m.
<b>(607)</b>	<b>63</b>	<b>905</b>	<b>n.m.</b>	<b>Operating Result Group</b>	<b>(463)</b>	<b>2,758</b>	<b>n.m.</b>

<sup>1</sup> Q3/20 compared to Q3/19<sup>2</sup> Adjusted for special items and CCS effects

The disclosure of **special items** is considered appropriate in order to facilitate the analysis of the ordinary business performance. To reflect comparable figures, certain items affecting the result are added back or deducted. These items can be divided into four sub-categories: personnel restructuring, unscheduled depreciation and write-ups, asset disposals, and other.

Furthermore, to enable effective performance management in an environment of volatile prices and comparability with peers, the **Current Cost of Supply (CCS)** effect is eliminated from the accounting result. The **CCS effect**, also called inventory holding gains and losses, is the difference between the cost of sales calculated using the current cost of supply and the cost of sales calculated using the weighted average method after adjusting for any changes in valuation allowances. In volatile energy markets, measurement of the costs of petroleum products sold based on historical values (e.g., weighted average cost) can have distorting effects on reported results. This performance measurement enhances the transparency of results and is commonly used in the oil industry. OMV, therefore, publishes this measurement in addition to the Operating Result determined according to IFRS.

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**Cash flow****Summarized cash flow statement**

In EUR mn							
Q3/20	Q2/20	Q3/19	Δ% <sup>1</sup>		9m/20	9m/19	Δ%
687	431	1,067	(36)	Sources of funds	1,956	3,302	(41)
791	545	1,074	(26)	Cash flow from operating activities	2,457	3,075	(20)
(423)	(434)	(2,594)	84	Cash flow from investing activities	(1,498)	(4,000)	63
368	111	(1,520)	n.m.	Free cash flow	960	(925)	n.m.
1,158	2,945	991	17	Cash flow from financing activities	3,497	65	n.m.
(24)	0	(4)	n.m.	Effect of exchange rate changes on cash and cash equivalents	(61)	(9)	n.m.
1,502	3,056	(533)	n.m.	Net (decrease)/increase in cash and cash equivalents	4,396	(869)	n.m.
5,832	2,776	3,691	58	Cash and cash equivalents at beginning of period	2,938	4,026	(27)
<b>7,334</b>	<b>5,832</b>	<b>3,157</b>	<b>132</b>	<b>Cash and cash equivalents at end of period</b>	<b>7,334</b>	<b>3,157</b>	<b>132</b>
3	2	—	n.a.	thereof cash disclosed within assets held for sale	3	—	n.a.
<b>7,331</b>	<b>5,830</b>	<b>3,157</b>	<b>132</b>	<b>Cash and cash equivalents presented in the consolidated statement of financial position</b>	<b>7,331</b>	<b>3,157</b>	<b>132</b>
<b>368</b>	<b>(109)</b>	<b>(1,520)</b>	<b>n.m.</b>	<b>Free cash flow after dividends</b>	<b>740</b>	<b>(1,697)</b>	<b>n.m.</b>
<b>432</b>	<b>120</b>	<b>594</b>	<b>(27)</b>	<b>Organic free cash flow before dividends<sup>2</sup></b>	<b>1,147</b>	<b>1,741</b>	<b>(34)</b>

<sup>1</sup> Q3/20 compared to Q3/19<sup>2</sup> 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).**Third quarter 2020 (Q3/20) compared to third quarter 2019 (Q3/19)**

In Q3/20, **sources of funds** decreased to EUR 687 mn (Q3/19: EUR 1,067 mn) due to the significant impact of a worsened market environment. Net working capital effects generated a cash inflow of EUR 104 mn, compared to EUR 7 mn in Q3/19. As a result, **cash flow from operating activities** amounted to EUR 791 mn in Q3/20 (Q3/19: EUR 1,074 mn).

**Cash flow from investing activities** showed an outflow of EUR (423) mn compared to EUR (2,594) mn in Q3/19. The deviation is mainly attributable to the acquisition of a 15% stake in the ADNOC Refining business resulting in a cash outflow of EUR (2,104) mn in Q3/19.

**Free cash flow** amounted to EUR 368 mn (Q3/19: EUR (1,520) mn).

**Cash flow from financing activities** recorded an inflow of EUR 1,158 mn compared to EUR 991 mn in Q3/19. While Q3/20 contained the issuance of hybrid bonds with a nominal value of EUR 1.25 bn, in Q3/19 two bonds totaling a nominal value of EUR 1 bn were issued.

**Free cash flow after dividends** increased to EUR 368 mn in Q3/20 (Q3/19: EUR (1,520) mn).

**Organic free cash flow before dividends** decreased to EUR 432 mn (Q3/19: EUR 594 mn).

**Risk management**

As an international oil and gas company with operations extending from hydrocarbon exploration and production through to trading and marketing of mineral oil products and natural gas, OMV is exposed to a variety of risks, including market risks, financial risks, operational risks, and strategic risks. A detailed description of risks and risk management activities can be found in the 2019 Annual Report (pages 80–82).

The main uncertainties that can influence the OMV Group's performance are the commodity price risk, FX risk, operational risks, and also political and regulatory risks. The commodity price risk is monitored constantly, and appropriate protective measures with respect to cash flow are taken, if required. The inherent exposure to safety and environmental risks is monitored through HSSE (Health, Safety, Security, and Environment) and risk management programs, which have a clear commitment to keeping OMV's risks in line with industry standards.

The global outbreak of the COVID-19 pandemic continues to have a major impact on the global economic development. While oil prices increased slightly during the second quarter following supply reductions, they still remain significantly volatile. Recent increases in COVID-19 cases around the world could lead to delays in the assumed demand recovery, following the response of governments and citizens. Thus, the consequences of the COVID-19 pandemic and the extent and duration of the economic impact cannot be reliably estimated from today's perspective. However, OMV is closely monitoring the development and regularly evaluating the impact on the Group's cash flow and liquidity position. OMV is responding to the situation with targeted measures to safeguard the Company's economic stability and the secure supply of energy. The health and wellbeing of every employee is the top

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priority. At the same time, OMV is implementing targeted measures to safeguard the Company's financial strength, namely reduction of investments, cost cutting, and postponing acquisition projects.

From today's perspective, we assume that based on the measures listed above, the Company's ability to continue as a going concern is not impacted.

More information on current risks can be found in the Outlook section of the Directors' Report.

#### **Transactions with related parties**

Please refer to the selected explanatory notes of the consolidated interim financial statements for disclosures on significant transactions with related parties.

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## Outlook

### Market environment

- ▶ For the year 2020, OMV expects the average Brent crude oil price to be at USD 40/bbl (2019: USD 64/bbl). In 2020, the average realized gas price is anticipated to be lower than EUR 10/MWh (2019: EUR 11.9/MWh).

### Group

- ▶ In 2020, organic CAPEX is projected to come in at around EUR 1.7 bn (2019: EUR 2.3 bn).<sup>1</sup>

### Upstream

- ▶ OMV expects total production to be between 450 kboe/d and 470 kboe/d in 2020 (2019: 487 kboe/d) depending on the security situation in Libya and imposed production cuts by governments.
- ▶ Organic CAPEX for Upstream is anticipated to come in at EUR 1.1 bn in 2020 (2019: EUR 1.6 bn).<sup>1</sup>
- ▶ In 2020, Exploration and Appraisal (E&A) expenditure is expected to be at EUR 250 mn (2019: EUR 360 mn).

### Downstream

- ▶ The OMV indicator refining margin is expected to be around USD 2.5/bbl (previous forecast: around USD 3/bbl; 2019: USD 4.4/bbl).
- ▶ Petrochemical margins are anticipated to be slightly below the previous year's level (2019: EUR 433/t).
- ▶ Total refined product sales in 2020 are forecast to be lower compared to 2019 (2019: 20.9 mn t). In OMV's markets, retail margins are predicted to be higher than in 2019, and commercial margins are predicted to be at the prior-year level.
- ▶ The utilization rate of the European refineries is expected to be around 85% (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 substantially above those in 2019 (2019: 137 TWh).

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<sup>1</sup> Organic capital expenditure is defined as capital expenditure including capitalized Exploration and Appraisal expenditure and excluding acquisitions and contingent considerations.



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## Business segments

### Upstream

In EUR mn (unless otherwise stated)

Q3/20	Q2/20	Q3/19	Δ% <sup>1</sup>		9m/20	9m/19	Δ%
315	207	892	(65)	Clean Operating Result before depreciation and amortization, impairments and write-ups	1,109	2,825	(61)
(24)	(152)	449	n.m.	Clean Operating Result	(39)	1,492	n.m.
(1,020)	(85)	(67)	n.m.	Special items	(1,251)	(60)	n.m.
(1,044)	(237)	382	n.m.	Operating Result	(1,290)	1,432	n.m.
204	251	448	(54)	Capital expenditure <sup>2</sup>	789	1,581	(50)
26	50	78	(66)	Exploration expenditure	188	240	(22)
650	83	39	n.m.	Exploration expenses <sup>3</sup>	852	157	n.m.
7.50	6.21	6.33	18	Production cost in USD/boe	6.70	6.69	0

### Key Performance Indicators

444	464	480	(7)	Total hydrocarbon production in kboe/d	460	481	(4)
165	177	211	(22)	thereof oil and NGL production in kboe/d	175	207	(15)
279	287	269	4	thereof natural gas production in kboe/d	285	275	4
15.2	16.1	19.4	(22)	Crude oil and NGL production in mn bbl	47.9	56.4	(15)
150.0	152.5	144.2	4	Natural gas production in bcf	456.1	436.9	4
422	434	466	(9)	Total hydrocarbon sales volumes in kboe/d	434	459	(6)
165	173	221	(26)	thereof oil and NGL sales volumes in kboe/d	173	210	(18)
258	261	244	5	thereof natural gas sales volumes in kboe/d	261	249	5
42.94	29.56	62.00	(31)	Average Brent price in USD/bbl	41.06	64.59	(36)
37.35	25.64	58.98	(37)	Average realized crude price in USD/bbl <sup>4</sup>	36.62	61.89	(41)
2.64	2.77	3.63	(27)	Average realized gas price in USD/1,000 cf <sup>4</sup>	3.04	4.17	(27)
7.27	8.23	10.70	(32)	Average realized gas price in EUR/MWh <sup>4, 5</sup>	8.84	12.14	(27)
1.169	1.101	1.112	5	Average EUR-USD exchange rate	1.125	1.124	0

<sup>1</sup> Q3/20 compared to Q3/19<sup>2</sup> In 9m/19, capital expenditure including acquisitions in particular included a payment in the amount of USD 540 mn for a 50% interest in the newly formed company SapuraOMV.<sup>3</sup> Exploration expenses include an impairment of intangible assets (recognized as special items in the operating result).<sup>4</sup> Average realized prices include hedging effects.<sup>5</sup> The average realized gas price is converted to MWh using a standardized calorific value across the portfolio of 10.8 MWh for 1,000 cubic meters of natural gas.

### Third quarter 2020 (Q3/20) compared to third quarter 2019 (Q3/19)

- The clean Operating Result declined sharply to EUR (24) mn because of substantially lower oil and gas prices.
- Production fell by 36 kboe/d to 444 kboe/d, mainly as a result of the shutdown in Libya.
- Production cost grew to USD 7.5/boe due to lower production volumes

In Q3/20, the **clean Operating Result** declined sharply from EUR 449 mn to EUR (24) mn. A very challenging market environment and weaker operational performance weighed on the result. Net market effects had a negative impact of EUR (398) mn, mainly a consequence of materially lower average realized oil and gas prices and adverse FX effects. Operational performance lowered returns by EUR (163) mn, as there were no liftings from Libya in Q3/20 due to the force majeure situation. These reductions were partially offset by lower E&A expenses, particularly in Romania and Austria, and higher sales volumes in Malaysia. A positive impact also came from depreciation, which was EUR (87) mn lower, as a result of less production and a reduced asset base due to impairments. In Q3/20, OMV Petrom contributed EUR (11) mn to the clean Operating Result (Q3/19: EUR 115 mn).

In Q3/20, net **special items** amounted to EUR (1,020) mn (Q3/19: EUR (67) mn), which were mainly related to the impairments triggered by OMV's revision of its long-term Brent crude oil price planning assumptions. The **Operating Result** decreased strongly to EUR (1,044) mn (Q3/19: EUR 382 mn).

**Production cost** excluding royalties increased by 18% year-over-year to USD 7.5/boe. While lower production is one key reason for the increase, the cost of ramping up production in Malaysia and higher production costs in the United Arab Emirates are others. OMV Petrom's production cost amounted to USD 11.2/boe.

**Total hydrocarbon production** decreased by 36 kboe/d to 444 kboe/d. Force majeure in Libya, lower natural gas demand in New Zealand and natural decline in Romania were to some extent counterbalanced by higher output in Malaysia and the United Arab Emirates. OMV Petrom's total production was down by 9 kboe/d at 141 kboe/d, mostly because of natural decline. **Total hydrocarbon sales volumes** declined to 422 kboe/d (Q3/19: 466 kboe/d) as there were no liftings in Libya. This was partially offset by higher sales volumes in Malaysia.

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After a highly volatile Q2/20, the Brent oil price benchmark embarked on a more stable path of recovery during the first two months of Q3/20, occasionally exceeding USD 45/bbl in August. With the growth of global COVID-19 infections restarting in September, insecurity about the further spread of the pandemic and its effects on the global economy and on oil demand impacted investor confidence. Volatility thus came back to the oil price development, which closed the quarter in the low forties. Overall, the **average Brent price** recovered visibly by 45% over the quarter, to USD 42.9/bbl. In a yearly comparison however, the COVID-19 pandemic and the ongoing producer price war still exerted a strong negative pressure on the oil price development. This is why the Group's **average realized crude price** declined by 37% year-over-year. Concerning natural gas, demand in Europe gradually recovered to the previous year's level during the course of the quarter, apart from the usual seasonal effects. Consumption had degraded during Q2 on the back of the economic slowdown and widespread restrictions. Starting in late June, the easing of lockdowns and increased economic activity raised consumption, and by August it had almost reached the level of a year earlier. The recovery was supported by substantially lower prices, which improved the competitiveness of gas-fired power generation versus coal. The industrial sector also showed a positive trend, and demand almost improved to the prior-year level. Despite this recent recovery, natural gas prices still remain on a much lower level than a year ago, a consequence of the weak economic environment. In total, OMV's **average realized gas price** in USD/1,000 cf declined by 27% over the year.

**Capital expenditure** including capitalized E&A decreased significantly as a result of cost saving measures and reduced activity during the COVID-19 pandemic, from EUR 448 mn to EUR 204 mn in Q3/20. In Q3/20, organic capital expenditure was primarily directed at projects in Romania, Norway, the United Arab Emirates, and New Zealand. **Exploration expenditure** declined by 66% to EUR 26 mn in Q3/20 and was mainly related to activities in Norway and Romania.

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## Downstream

In EUR mn (unless otherwise stated)

Q3/20	Q2/20	Q3/19	Δ% <sup>1</sup>		9m/20	9m/19	Δ%
454	433	628	(28)	Clean CCS Operating Result before depreciation and amortization, impairments and write-ups <sup>2</sup>	1,520	1,697	(10)
335	309	490	(32)	Clean CCS Operating Result <sup>2</sup>	1,145	1,292	(11)
47	41	59	(20)	thereof petrochemicals	181	206	(12)
59	24	75	(21)	thereof Borealis	137	264	(48)
(49)	(18)	(10)	n.m.	thereof ADNOC Refining & Trading	(74)	(10)	n.m.
78	89	28	178	thereof gas	258	110	135
23	75	(36)	n.m.	Special items	84	8	n.m.
85	(41)	63	35	CCS effects: inventory holding gains/(losses)	(461)	98	n.m.
444	342	518	(14)	Operating Result	768	1,398	(45)
155	128	2,281	(93)	Capital expenditure <sup>3</sup>	411	2,503	(84)

### Key Performance Indicators

0.87	2.26	5.46	(84)	OMV indicator refining margin in USD/bbl <sup>4</sup>	2.69	4.25	(37)
375	393	441	(15)	Ethylene/propylene net margin in EUR/t <sup>4, 5</sup>	409	456	(10)
90	79	96	(6)	Utilization rate refineries in %	87	96	(9)
4.68	4.16	5.60	(16)	Total refined product sales in mn t	13.44	15.76	(15)
1.75	1.23	1.81	(3)	thereof retail sales volumes in mn t	4.41	4.90	(10)
0.58	0.57	0.56	4	thereof petrochemicals in mn t	1.76	1.75	1
33.27	32.32	27.17	22	Natural gas sales volumes in TWh	113.62	92.00	24

Note: As of Q1/20, the reporting structure of the Downstream Business Segment was restructured to comprehensively reflect the operations of the Downstream business. For comparison only, figures of previous periods are presented in the same structure.

<sup>1</sup> Q3/20 compared to Q3/19

<sup>2</sup> Adjusted for special items and CCS effects; further information can be found below the table "Special items and CCS effects"

<sup>3</sup> Capital expenditure including acquisitions; notably the acquisition of a 15% stake in ADNOC Refining and Trading JV in the amount of USD 2.43 bn in Q3/19

<sup>4</sup> Actual refining and petrochemical margins realized by OMV may vary from the OMV indicator refining margin, the ethylene/propylene net margin, and the market margins due to factors including different crude oil slate, product yield, operating conditions, or feedstock.

<sup>5</sup> Calculated based on West European Contract Prices (WECP) with naphtha as feedstock

### Third quarter 2020 (Q3/20) compared to third quarter 2019 (Q3/19)

- The COVID-19 pandemic led to a challenging market environment, negatively impacting refining margins and refined product sales.
- A positive impact from margin hedges, a stronger performance of the gas business and a resilient retail business supported the result.

The **clean CCS Operating Result** decreased by 32% to EUR 335 mn (Q3/19: EUR 490 mn) as effects of the COVID-19 pandemic weighed on demand and refining margins. Hedging contracts and a stronger contribution from the gas and the retail businesses helped absorb some of the adverse market effects. OMV Petrom's input to the clean CCS Operating Result of Downstream amounted to EUR 118 mn (Q3/19: EUR 138 mn).

The **OMV indicator refining margin** weakened by 84% to USD 0.9/bbl (Q3/19: USD 5.5/bbl), mainly a consequence of the persistently weak macro environment and high inventories. Substantially lower middle distillate and lower gasoline cracks dragged down the refining margin. Lower feedstock cost and higher fuel oil and naphtha cracks could only slightly offset this effect. In Q3/20, the **utilization rate of the refineries** was at a resilient level of 90% (Q3/19: 96%). At 4.7mn t, **total refined product sales volumes** went down by 16% in the wake of the COVID-19 pandemic. This was mainly attributable to commercial sales volumes; in particular, the demand for jet fuel declined. Sales volumes in retail decreased only slightly, and better margins were able to more than offset the adverse volume effects.

The contribution of the **petrochemicals business** declined to EUR 47 mn (Q3/19: EUR 59 mn) due to lower margins. While the **ethylene/propylene net margin** decreased by 15%, the benzene and butadiene spreads contracted sharply. The decline in margins could not be fully offset by increased petrochemical sales volumes and an increased operational performance benefiting from lower cost of the feedstock mix.

The contribution of **Borealis** decreased by EUR 16 mn to EUR 59 mn (Q3/19: EUR 75 mn). This was the result of weaker integrated polyolefin margins, a less favorable fertilizer market environment and a weaker contribution from Borouge, which were partially offset by positive inventory effects and slightly increased sales volumes. Polyolefin sales volumes improved slightly following rising demand from healthcare and packaging. The performance of Borouge was impacted by weaker market conditions in Asia.

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The contribution of **ADNOC Refining & Trading** declined by EUR 40 mn to EUR (49) mn (Q3/19: EUR (10) mn). This was mainly attributable to an adverse market environment, which led to lower margins and utilization rates. The Trading JV is currently in the final set-up phase.

The contribution of the **gas business** more than doubled to EUR 78 mn (Q3/19: EUR 28 mn), mainly as a consequence of the stronger performance of the power and storage businesses as well as lower depreciation. Gas Connect Austria is reclassified as an asset held for sale. The power business in Romania provided strong support thanks to favorable forward contracts. **Natural gas sales volumes** rose significantly from 27.2 TWh to 33.3 TWh on account of higher sales volumes in Germany, the Netherlands, Hungary and Austria, and were slightly offset by lower sales in Romania.

Net **special items** amounted to EUR 23 mn (Q3/19: EUR (36) mn) and were mainly related to a write-up of the Brazi power plant, partially offset by unrealized commodity derivatives. In Q3/200, **CCS effects** of EUR 85 mn were mainly a consequence of an increasing price level in the quarter. As a result, the **Operating Result** of Downstream decreased to EUR 444 mn compared to EUR 518 mn in Q3/19.

**Capital expenditure** in Downstream amounted to EUR 155 mn (Q3/19: EUR 2,281 mn). In Q3/19 capital expenditure was mainly related to the acquisition of a 15% stake in ADNOC Refining and Trading Joint Venture in the amount of USD 2.43 bn. In Q3/20, organic capital expenditure was predominantly related to investments in the European refineries and in the retail business.

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# Consolidated Interim Financial Statements (condensed, unaudited)

## Income statement (unaudited)

In EUR mn (unless otherwise stated)

Q3/20	Q2/20	Q3/19		9m/20	9m/19
3,696	3,138	5,949	Sales revenues	11,594	17,387
296	120	32	Other operating income	618	243
42	(22)	68	Net income from equity-accounted investments	(24)	297
59	23	75	thereof Borealis	136	264
<b>4,034</b>	<b>3,236</b>	<b>6,048</b>	<b>Total revenues and other income</b>	<b>12,188</b>	<b>17,927</b>
(1,987)	(1,625)	(3,370)	Purchases (net of inventory variation)	(6,574)	(10,019)
(432)	(402)	(463)	Production and operating expenses	(1,272)	(1,269)
(67)	(72)	(114)	Production and similar taxes	(251)	(363)
(950)	(492)	(587)	Depreciation, amortization, and impairment charges	(2,075)	(1,713)
(456)	(424)	(483)	Selling, distribution, and administrative expenses	(1,350)	(1,416)
(650)	(83)	(38)	Exploration expenses	(852)	(156)
(98)	(75)	(87)	Other operating expenses	(277)	(235)
<b>(607)</b>	<b>63</b>	<b>905</b>	<b>Operating Result</b>	<b>(463)</b>	<b>2,758</b>
2	17	0	Dividend income	19	4
40	54	38	Interest income	128	130
(71)	(63)	(78)	Interest expenses	(209)	(231)
(30)	0	11	Other financial income and expenses	(66)	15
<b>(59)</b>	<b>8</b>	<b>(29)</b>	<b>Net financial result</b>	<b>(128)</b>	<b>(82)</b>
<b>(666)</b>	<b>70</b>	<b>875</b>	<b>Profit before tax</b>	<b>(591)</b>	<b>2,675</b>
208	(13)	(340)	Taxes on income	123	(986)
<b>(458)</b>	<b>58</b>	<b>535</b>	<b>Net income for the period</b>	<b>(468)</b>	<b>1,689</b>
<b>(487)</b>	<b>24</b>	<b>425</b>	<b>thereof attributable to stockholders of the parent</b>	<b>(622)</b>	<b>1,323</b>
21	19	19	thereof attributable to hybrid capital owners	59	56
8	15	91	thereof attributable to non-controlling interests	95	310
<b>(1.49)</b>	<b>0.07</b>	<b>1.30</b>	<b>Basic Earnings Per Share in EUR</b>	<b>(1.90)</b>	<b>4.05</b>
(1.49)	0.07	1.30	Diluted Earnings Per Share in EUR	(1.90)	4.05



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Statement of comprehensive income (condensed, unaudited)

In EUR mn

Q3/20	Q2/20	Q3/19		9m/20	9m/19
<b>(458)</b>	<b>58</b>	<b>535</b>	<b>Net income for the period</b>	<b>(468)</b>	<b>1,689</b>
(434)	(8)	204	Exchange differences from translation of foreign operations	(779)	270
(86)	(196)	(22)	Gains/(losses) on hedges	91	(81)
(56)	(12)	25	Share of other comprehensive income of equity-accounted investments	(74)	15
<b>(576)</b>	<b>(215)</b>	<b>208</b>	<b>Total of items that may be reclassified ("recycled") subsequently to the income statement</b>	<b>(762)</b>	<b>204</b>
(43)	(56)	(55)	Remeasurement gains/(losses) on defined benefit plans	0	(137)
(94)	(28)	20	Gains/(losses) on hedges that are subsequently transferred to the carrying amount of the hedged item	(122)	87
0	(8)	(10)	Share of other comprehensive income of equity-accounted investments	(9)	(17)
<b>(137)</b>	<b>(92)</b>	<b>(44)</b>	<b>Total of items that will not be reclassified ("recycled") subsequently to the income statement</b>	<b>(131)</b>	<b>(66)</b>
21	44	10	Income taxes relating to items that may be reclassified ("recycled") subsequently to the income statement	(19)	25
27	14	0	Income taxes relating to items that will not be reclassified ("recycled") subsequently to the income statement	29	(5)
<b>48</b>	<b>59</b>	<b>10</b>	<b>Total income taxes relating to components of other comprehensive income</b>	<b>10</b>	<b>20</b>
<b>(665)</b>	<b>(249)</b>	<b>174</b>	<b>Other comprehensive income for the period, net of tax</b>	<b>(883)</b>	<b>158</b>
<b>(1,123)</b>	<b>(191)</b>	<b>709</b>	<b>Total comprehensive income for the period</b>	<b>(1,352)</b>	<b>1,847</b>
(1,114)	(200)	598	thereof attributable to stockholders of the parent	(1,441)	1,526
21	19	19	thereof attributable to hybrid capital owners	59	56
(30)	(9)	92	thereof attributable to non-controlling interests	30	265

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**Statement of financial position (unaudited)**

In EUR mn

	<b>Sep. 30, 2020</b>	<b>Dec. 31, 2019</b>
<b>Assets</b>		
Intangible assets	3,074	4,163
Property, plant and equipment	14,376	16,479
Equity-accounted investments	4,724	5,151
Other financial assets	2,760	2,414
Other assets	55	56
Deferred taxes	763	686
<b>Non-current assets</b>	<b>25,752</b>	<b>28,950</b>
Inventories	1,485	1,845
Trade receivables	1,840	3,042
Other financial assets	3,171	3,121
Income tax receivables	31	11
Other assets	263	297
Cash and cash equivalents	7,331	2,931
<b>Current assets</b>	<b>14,121</b>	<b>11,248</b>
Assets held for sale	1,205	177
<b>Total assets</b>	<b>41,078</b>	<b>40,375</b>
<b>Equity and liabilities</b>		
Share capital	327	327
Hybrid capital	3,228	1,987
Reserves	8,771	10,698
<b>Equity of stockholders of the parent</b>	<b>12,327</b>	<b>13,012</b>
Non-controlling interests	3,676	3,851
<b>Equity</b>	<b>16,002</b>	<b>16,863</b>
Provisions for pensions and similar obligations	1,033	1,111
Bonds	8,192	5,262
Lease liabilities	789	934
Other interest-bearing debts	102	620
Provisions for decommissioning and restoration obligations	3,596	3,872
Other provisions	577	572
Other financial liabilities	502	301
Other liabilities	138	157
Deferred taxes	872	1,132
<b>Non-current liabilities</b>	<b>15,802</b>	<b>13,961</b>
Trade payables	2,570	4,155
Bonds	360	540
Lease liabilities	102	120
Other interest-bearing debts	362	148
Income tax liabilities	183	332
Provisions for decommissioning and restoration obligations	104	87
Other provisions	378	293
Other financial liabilities	3,691	2,818
Other liabilities	886	903
<b>Current liabilities</b>	<b>8,636</b>	<b>9,395</b>
Liabilities associated with assets held for sale	638	156
<b>Total equity and liabilities</b>	<b>41,078</b>	<b>40,375</b>

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**Statement of changes in equity (condensed, unaudited)**

In EUR mn

	Share capital	Capital reserves	Hybrid capital	Revenue reserves	Other reserves <sup>1</sup>	Treasury shares	Equity of stockholders of the parent	Non-controlling interests	Total equity
<b>January 1, 2020</b>	<b>327</b>	<b>1,506</b>	<b>1,987</b>	<b>9,832</b>	<b>(635)</b>	<b>(4)</b>	<b>13,012</b>	<b>3,851</b>	<b>16,863</b>
Net income for the period	—	—	—	(563)	—	—	(563)	95	(468)
Other comprehensive income for the period	—	—	—	1	(820)	—	(819)	(65)	(883)
<b>Total comprehensive income for the period</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>(562)</b>	<b>(820)</b>	<b>—</b>	<b>(1,382)</b>	<b>30</b>	<b>(1,352)</b>
Capital increase	—	—	1,241	—	—	—	1,241	—	1,241
Dividend distribution and hybrid coupon	—	—	—	(587)	—	—	(587)	(209)	(796)
Disposal of treasury shares	—	3	—	—	—	1	4	—	4
Share-based payments	—	(3)	—	—	—	—	(3)	—	(3)
Increase/(decrease) in non-controlling interests	—	—	—	5	—	—	5	(5)	—
Reclassification of cash flow hedges to balance sheet	—	—	—	—	36	—	36	8	44
<b>September 30, 2020</b>	<b>327</b>	<b>1,506</b>	<b>3,228</b>	<b>8,688</b>	<b>(1,419)</b>	<b>(3)</b>	<b>12,327</b>	<b>3,676</b>	<b>16,002</b>

<sup>1</sup> "Other reserves" contain exchange differences from the translation of foreign operations, unrealized gains and losses from hedges, and the share of other comprehensive income of equity-accounted investments.

	Share capital	Capital reserves	Hybrid capital	Revenue reserves	Other reserves <sup>1</sup>	Treasury shares	Equity of stockholders of the parent	Non-controlling interests	Total equity
<b>January 1, 2019</b>	<b>327</b>	<b>1,511</b>	<b>1,987</b>	<b>8,830</b>	<b>(744)</b>	<b>(6)</b>	<b>11,905</b>	<b>3,436</b>	<b>15,342</b>
Net income for the period	—	—	—	1,379	—	—	1,379	310	1,689
Other comprehensive income for the period	—	—	—	(128)	331	—	203	(45)	158
<b>Total comprehensive income for the period</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1,251</b>	<b>331</b>	<b>—</b>	<b>1,582</b>	<b>265</b>	<b>1,847</b>
Dividend distribution and hybrid coupon	—	—	—	(586)	—	—	(586)	(188)	(775)
Disposal of treasury shares	—	3	—	—	—	2	5	—	5
Share-based payments	—	(10)	—	—	—	—	(10)	—	(10)
Increase/(decrease) in non-controlling interests	—	—	—	—	—	—	—	299	299
Reclassification of cash flow hedges to balance sheet	—	—	—	—	(39)	—	(39)	0	(39)
<b>September 30, 2019</b>	<b>327</b>	<b>1,504</b>	<b>1,987</b>	<b>9,495</b>	<b>(452)</b>	<b>(4)</b>	<b>12,857</b>	<b>3,811</b>	<b>16,668</b>

<sup>1</sup> "Other reserves" contain exchange differences from the translation of foreign operations, unrealized gains and losses from hedges, and the share of other comprehensive income of equity-accounted investments.

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**Summarized statement of cash flows (condensed, unaudited)**

In EUR mn

<b>Q3/20</b>	<b>Q2/20</b>	<b>Q3/19</b>		<b>9m/20</b>	<b>9m/19</b>
<b>(458)</b>	<b>58</b>	<b>535</b>	<b>Net income for the period</b>	<b>(468)</b>	<b>1,689</b>
1,381	545	603	Depreciation, amortization and impairments including write-ups	2,637	1,780
(258)	81	8	Deferred taxes	(257)	65
(2)	(2)	—	Losses/(gains) on the disposal of non-current assets	(5)	(14)
57	61	64	Net change in provisions	126	7
(34)	(311)	(143)	Other adjustments	(77)	(226)
<b>687</b>	<b>431</b>	<b>1,067</b>	<b>Sources of funds</b>	<b>1,956</b>	<b>3,302</b>
(91)	69	(200)	(Increase)/decrease in inventories	338	(266)
186	382	(18)	(Increase)/decrease in receivables	902	357
9	(338)	226	(Decrease)/increase in liabilities	(738)	(318)
<b>791</b>	<b>545</b>	<b>1,074</b>	<b>Cash flow from operating activities</b>	<b>2,457</b>	<b>3,075</b>
			<b>Investments</b>		
(388)	(424)	(542)	Intangible assets and property, plant and equipment	(1,396)	(1,553)
(24)	(18)	(2,105)	Investments, loans and other financial assets	(98)	(2,207)
(51)	—	—	Acquisitions of subsidiaries and businesses net of cash acquired	(65)	(460)
			<b>Disposals</b>		
40	9	54	Proceeds in relation to non-current assets	62	185
—	—	(1)	Proceeds from the sale of subsidiaries and businesses, net of cash disposed	—	36
<b>(423)</b>	<b>(434)</b>	<b>(2,594)</b>	<b>Cash flow from investing activities</b>	<b>(1,498)</b>	<b>(4,000)</b>
(81)	3,203	976	(Decrease)/increase in long-term borrowings	2,564	886
(3)	(39)	16	(Decrease)/increase in short-term borrowings	(89)	(49)
—	(220)	—	Dividends paid	(220)	(772)
1,241	—	—	Hybrid bond	1,241	—
<b>1,158</b>	<b>2,945</b>	<b>991</b>	<b>Cash flow from financing activities</b>	<b>3,497</b>	<b>65</b>
(24)	—	(4)	Effect of exchange rate changes on cash and cash equivalents	(61)	(9)
<b>1,502</b>	<b>3,056</b>	<b>(533)</b>	<b>Net (decrease)/increase in cash and cash equivalents</b>	<b>4,396</b>	<b>(869)</b>
5,832	2,776	3,691	Cash and cash equivalents at beginning of period	2,938	4,026
<b>7,334</b>	<b>5,832</b>	<b>3,157</b>	<b>Cash and cash equivalents at end of period</b>	<b>7,334</b>	<b>3,157</b>
3	2	—	thereof cash disclosed within assets held for sale	3	—
<b>7,331</b>	<b>5,830</b>	<b>3,157</b>	<b>Cash and cash equivalents presented in the consolidated statement of financial position</b>	<b>7,331</b>	<b>3,157</b>
<b>368</b>	<b>111</b>	<b>(1,520)</b>	<b>Free cash flow</b>	<b>960</b>	<b>(925)</b>
<b>368</b>	<b>(109)</b>	<b>(1,520)</b>	<b>Free cash flow after dividends</b>	<b>740</b>	<b>(1,697)</b>

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## Selected notes to the consolidated interim financial statements

### Legal principles

The condensed consolidated interim financial statements for the nine months ended September 30, 2020, have been prepared in accordance with IAS 34 "Interim Financial Statements."

The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual statements and should be read in conjunction with the Group's annual financial statements as of December 31, 2019.

The condensed consolidated interim financial statements for 9m/20 are unaudited, and an external review by an auditor was not performed.

The condensed consolidated interim financial statements for 9m/20 have been prepared in million EUR (EUR mn, EUR 1,000,000). Accordingly, there may be rounding differences.

In addition to the consolidated interim financial statements, further information on main items affecting the consolidated interim financial statements as of September 30, 2020, is given as part of the description of OMV's business segments in the Directors' Report.

### Accounting policies

The accounting policies in effect on December 31, 2019, remain largely unchanged. The amendments effective since January 1, 2020, did not have a material effect on the Group's interim financial statements.

### Changes in the consolidated Group

Compared with the consolidated financial statements as of December 31, 2019, the consolidated Group changed as follows:

#### Changes in consolidated Group

Name of company	Registered office	Type of change <sup>1</sup>	Effective date
<b>Downstream</b>			
OMV Deutschland Marketing & Trading GmbH & Co. KG	Burghausen	First consolidation	April 1, 2020
OMV Deutschland Operations GmbH & Co. KG	Burghausen	First consolidation	April 1, 2020
OMV Gas Marketing & Trading d.o.o.	Zagreb	Deconsolidation (L)	June 30, 2020
OMV Offshore Bulgaria GmbH	Vienna	Parent company change <sup>2</sup>	August 31, 2020

<sup>1</sup> "First consolidation" refers to newly formed or existing subsidiaries. "Deconsolidation (L)" refers to companies deconsolidated following a liquidation process.

<sup>2</sup> 100% shares of OMV Offshore Bulgaria GmbH have been transferred from OMV Exploration & Production GmbH to OMV Petrom S.A.

### Other significant transactions

#### Downstream

On March 12, 2020, OMV and Mubadala Investment Company, the Abu Dhabi-based strategic investment company, signed the share purchase agreement for the acquisition of the additional 39% share in Borealis AG for a purchase price of USD 4.68 bn, whereby OMV is entitled to all dividends in relation to such additional share in Borealis distributed after December 31, 2019. The amendment agreement signed on March 26, 2020, provides for the purchase price to be paid by OMV in two tranches: USD 2.34 bn at closing of the transaction and USD 2.34 bn no later than December 31, 2021, at a market interest rate from closing. OMV has the option to pay the deferred amount in full or in part at closing of the transaction or following closing at the end of each month until December 31, 2021.

To mitigate the foreign currency risk, OMV decided to hedge 100% of the firm commitment by executing FX options (combination of options that constitute a net purchase option), FX forwards and by using USD deposits. These hedging instruments are accounted for as a cash flow hedge and will be included and recognized adjusting the consideration given for the purchase price allocation. The hedging strategy follows actual payments of USD and any changes in timing will be handled via FX swaps or USD deposits. As of September 30, 2020, a negative amount before taxes of EUR (64) mn was recognized in other comprehensive income.

Due to divestment plans to sell the 51% stake in Gas Connect Austria GmbH, the Gas Connect Group and associated goodwill were reclassified to assets and liabilities held for sale in Q1/20 without an impact on the income statement at that time. The sales agreement with VERBUND was signed on September 23, 2020.

OMV plans to divest the retail network (287 filling stations) in Germany, which led to the reclassification of the assets and liabilities to held for sale as of June 30, 2020. The reclassification did not lead to any impairment loss.



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### Seasonality and cyclicity

Seasonality is of significance, especially in the Downstream business segment. For details, please refer to the section “Business segments.”

### Notes to the income statement

#### Impairment charges

##### Upstream

The COVID-19 pandemic continues to have a major impact on global economic development. While oil prices increased slightly during the second quarter following supply reductions, they still remain significantly volatile. Recent increases in COVID-19 cases around the world could lead to delays in the assumed demand recovery, following the response of governments and citizens.

In Q1/20, OMV changed the short-term assumptions as follows: Brent oil price USD 40/bbl for 2020 (reduced from USD 60/bbl) and USD 50/bbl for 2021 (reduced from USD 70/bbl), and realized gas price EUR 10/MWh in 2020 (reduced from EUR 12/MWh). This led to a pre-tax impairment of EUR 120 mn in Q1/20 for the producing oil and gas assets, mainly related to assets in New Zealand.

During Q3/20, OMV updated its mid-term plan and revised its long-term planning assumptions. The long-term Brent oil price assumptions were reduced to USD 60/bbl real, from USD 75/bbl applied before. The detailed Brent oil price assumptions are as follows:

- ▶ For 2021, OMV confirmed its oil price forecast of USD 50/bbl.
- ▶ The oil price expectations for 2022 and 2023 were reduced to USD 60/bbl from USD 70/bbl and USD 75/bbl, respectively.
- ▶ For the years 2024 to 2029, OMV assumed a Brent oil price of USD 65/bbl (before USD 75/bbl), which is expected to gradually decline to USD 60/bbl until 2035.
- ▶ From 2035 onwards, OMV used a Brent oil price of USD 60/bbl.
- ▶ All assumptions for the years 2025 onwards are based on 2025 real terms.

This led to pre-tax impairments (net of write-ups) of EUR 1,016 mn in Q3/20 for exploration and appraisal, development and production oil and gas assets, mainly related to assets in New Zealand, Romania, Austria, and Abu Dhabi. A potential 1 percentage point increase of the after-tax discount rate would lead to additional post-tax impairments of EUR 200 mn to EUR 300 mn for producing assets and assets currently in the development phase as well as exploration and appraisal assets.

##### Downstream

During Q3/20, the long-term power and CO<sub>2</sub> price assumptions were revised taking into account the improved power generation market. This led to the full reversal of impairments for the Brazi gas-fired power plant in Romania amounting to EUR 107 mn pre-tax.

#### Inventory valuation

9m/20 was significantly impacted by net impairments of inventories amounting to EUR 54 mn due to a significant price decrease.

#### Sales revenues

In EUR mn

	9m/20	9m/19
Revenues from contracts with customers	11,354	17,062
Revenues from other sources	240	325
<b>Total sales revenues</b>	<b>11,594</b>	<b>17,387</b>

Other revenues mainly include net revenues from commodity sales/purchases transactions that are within the scope of IFRS 9 “Financial Instruments,” the adjustment of revenues from considering the national oil company’s profit share as income tax in certain production sharing agreements in the Upstream business segment, the hedging result, and rental and lease revenues.

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**Revenues from contracts with customers**

In EUR mn

	Upstream	Downstream	Corporate & Other	9m/20	
					Total
Crude oil, NGL, condensates	596	338	—		934
Natural gas and LNG	558	2,316	—		2,873
Fuel, heating oil, and other refining products	—	5,293	—		5,293
Petrochemicals	—	1,060	—		1,060
Natural gas storage, transmission, distribution, and transportation	9	174	—		183
Other goods and services	20	987	2		1,010
<b>Total</b>	<b>1,182</b>	<b>10,169</b>	<b>2</b>		<b>11,354</b>

**Revenues from contracts with customers**

In EUR mn

	Upstream	Downstream	Corporate & Other	9m/19	
					Total
Crude oil, NGL, condensates	918	686	—		1,604
Natural gas and LNG	659	3,724	—		4,383
Fuel, heating oil, and other refining products	—	8,443	—		8,443
Petrochemicals	—	1,349	—		1,349
Natural gas storage, transmission, distribution, and transportation	14	170	—		184
Other goods and services	17	1,080	2		1,099
<b>Total</b>	<b>1,609</b>	<b>15,452</b>	<b>2</b>		<b>17,062</b>

**Taxes on income and profit**

In EUR mn (unless otherwise stated)

Q3/20	Q2/20	Q3/19		9m/20	9m/19
(50)	69	(332)	Current taxes	(135)	(921)
258	(81)	(8)	Deferred taxes	257	(65)
<b>208</b>	<b>(13)</b>	<b>(340)</b>	<b>Taxes on income and profit</b>	<b>123</b>	<b>(986)</b>
31	18	39	Effective tax rate in %	21	37

**Notes to the statement of financial position****Commitments**

As of September 30, 2020, OMV had contractual obligations for the acquisition of intangible assets and property, plant and equipment of EUR 1,140 mn (December 31, 2019: EUR 1,343 mn), mainly relating to exploration and production activities in Upstream.

**Equity**

On September 29, 2020, the Annual General Meeting approved the distribution of a dividend of EUR 1.75 per share, resulting in a total dividend distribution of EUR 572 mn to OMV Aktiengesellschaft stockholders. The payment date was on October 8, 2020. Dividend distributions and payment to minority shareholders amounted to EUR 209 mn in 9m/20.

An interest payment to hybrid capital owners amounting to EUR 14 mn was also made in 9m/20.

Two new hybrid bonds with a total size of EUR 1.25 bn were issued on September 1, 2020. According to IFRS the proceeds of the hybrid bond (less costs of issuance) were fully treated as equity.

The total number of own shares held by the Company as of September 30, 2020, amounted to 297,846 (December 31, 2019: 372,613).

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**Financial liabilities****Gearing ratio excluding leases**

In EUR mn (unless otherwise stated)

	<b>Q3/20</b>	<b>Q4/19</b>	<b>Δ%</b>
Bonds	8,552	5,802	47
Other interest-bearing debts <sup>1</sup>	612	769	(20)
<b>Debt</b>	<b>9,164</b>	<b>6,570</b>	<b>39</b>
Cash and cash equivalents <sup>2</sup>	7,334	2,938	150
<b>Net debt</b>	<b>1,830</b>	<b>3,632</b>	<b>(50)</b>
<b>Equity</b>	<b>16,002</b>	<b>16,863</b>	<b>(5)</b>
<b>Gearing ratio in %</b>	<b>11</b>	<b>22</b>	<b>(11)</b>

<sup>1</sup> Including other interest-bearing debts that were reclassified to liabilities associated with assets held for sale<sup>2</sup> Including cash and cash equivalents that were reclassified to assets held for sale

On April 9, 2020, OMV issued senior bonds with a total volume of EUR 1.75 bn. The transaction consisted of three tranches: EUR 0.5 bn at a coupon of 1.500% due April 9, 2024, EUR 0.5 bn at a coupon of 2.000% due April 9, 2028, and EUR 0.75 bn at a coupon of 2.375% due April 9, 2032.

On June 16, 2020, OMV issued senior bonds with a total volume of EUR 1.5 bn. The transaction consisted of two tranches: EUR 0.75 bn at a coupon of 0.000% due June 16, 2023, and EUR 0.75 bn at a coupon of 0.750% due to June 16, 2030.

**Fair value measurement**

Financial instruments recognized at fair value are disclosed according to the fair value measurement hierarchy as stated in Note 2 of the OMV Consolidated Financial Statements 2019.

**Fair value hierarchy of assets including assets & liabilities held for sale**

In EUR mn

	<b>Sep. 30, 2020</b>				<b>Dec. 31, 2019</b>			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Investments in other companies designated as at FVOCI	—	—	16	<b>16</b>	—	—	24	<b>24</b>
Inventories <sup>1</sup>	88	—	—	<b>88</b>	—	—	—	<b>—</b>
Derivatives designated and effective as hedging instruments	—	33	—	<b>33</b>	—	284	—	<b>284</b>
Other derivatives	625	2,190	—	<b>2,815</b>	241	2,150	—	<b>2,391</b>
Other financial assets at fair value <sup>2</sup>	—	—	737	<b>737</b>	—	—	721	<b>721</b>
Net amount of assets and liabilities associated with asset held for sale	—	6	—	<b>6</b>	—	8	—	<b>8</b>
<b>Total</b>	<b>713</b>	<b>2,229</b>	<b>753</b>	<b>3,695</b>	<b>241</b>	<b>2,443</b>	<b>745</b>	<b>3,428</b>

<sup>1</sup> Includes CO<sub>2</sub> certificates, which were classified as trading inventories and therefore measured at fair value<sup>2</sup> Includes an asset from reserves redetermination rights related to the acquisition of interests in the Yuzhno-Russkoye field and contingent considerations from the divestments of the 30% stake in the Rosebank field and of OMV (U.K.) Limited**Fair value hierarchy of financial liabilities**

In EUR mn

	<b>Sep. 30, 2020</b>				<b>Dec. 31, 2019</b>			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Liabilities on derivatives designated and effective as hedging instruments	—	24	—	<b>24</b>	—	237	—	<b>237</b>
Liabilities on other derivatives	622	1,949	—	<b>2,571</b>	266	1,976	—	<b>2,241</b>
<b>Total</b>	<b>622</b>	<b>1,972</b>	<b>—</b>	<b>2,595</b>	<b>266</b>	<b>2,213</b>	<b>—</b>	<b>2,478</b>

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**Financial assets and liabilities valued at amortized cost for which fair values are disclosed<sup>1</sup>**

In EUR mn

	Carrying amount	Fair value	Fair value level		
			Level 1	Level 2	Level 3
			<b>Sep. 30, 2020</b>		
Bonds	66	65	8	57	—
<b>Financial assets</b>	<b>66</b>	<b>65</b>	<b>8</b>	<b>57</b>	<b>—</b>
Bonds	8,552	9,237	9,237	—	—
Other interest-bearing debt	464	475	—	475	—
<b>Financial liabilities</b>	<b>9,016</b>	<b>9,711</b>	<b>9,237</b>	<b>475</b>	<b>—</b>
			<b>Dec. 31, 2019</b>		
Bonds	78	77	5	72	—
<b>Financial assets</b>	<b>78</b>	<b>77</b>	<b>5</b>	<b>72</b>	<b>—</b>
Bonds	5,802	6,317	6,317	—	—
Other interest-bearing debt	769	792	—	792	—
<b>Financial liabilities</b>	<b>6,570</b>	<b>7,109</b>	<b>6,317</b>	<b>792</b>	<b>—</b>

<sup>1</sup> Excluding assets and liabilities held for sale

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**Segment reporting****Intersegmental sales**

In EUR mn							
Q3/20	Q2/20	Q3/19	Δ% <sup>1</sup>		9m/20	9m/19	Δ%
460	413	862	(47)	Upstream	1,546	2,736	(43)
15	15	22	(30)	Downstream	54	64	(16)
89	88	87	3	Corporate and Other	265	256	4
<b>565</b>	<b>516</b>	<b>971</b>	<b>(42)</b>	<b>Total</b>	<b>1,865</b>	<b>3,056</b>	<b>(39)</b>

**Sales to third parties**

In EUR mn							
Q3/20	Q2/20	Q3/19	Δ% <sup>1</sup>		9m/20	9m/19	Δ%
372	286	649	(43)	Upstream	1,157	1,916	(40)
3,322	2,850	5,299	(37)	Downstream	10,433	15,468	(33)
1	1	1	32	Corporate and Other	3	3	28
<b>3,696</b>	<b>3,138</b>	<b>5,949</b>	<b>(38)</b>	<b>Total</b>	<b>11,594</b>	<b>17,387</b>	<b>(33)</b>

**Total sales (not consolidated)**

In EUR mn							
Q3/20	Q2/20	Q3/19	Δ% <sup>1</sup>		9m/20	9m/19	Δ%
832	700	1,510	(45)	Upstream	2,703	4,652	(42)
3,338	2,865	5,321	(37)	Downstream	10,487	15,533	(32)
91	89	88	3	Corporate and Other	269	259	4
<b>4,260</b>	<b>3,654</b>	<b>6,920</b>	<b>(38)</b>	<b>Total</b>	<b>13,459</b>	<b>20,443</b>	<b>(34)</b>

**Segment and Group profit**

In EUR mn							
Q3/20	Q2/20	Q3/19	Δ% <sup>1</sup>		9m/20	9m/19	Δ%
(1,044)	(237)	382	n.m.	Operating Result Upstream	(1,290)	1,432	n.m.
444	342	518	(14)	Operating Result Downstream	768	1,398	(45)
(12)	(5)	(16)	29	Operating Result Corporate and Other	(37)	(55)	33
(612)	100	883	n.m.	Operating Result segment total	(559)	2,775	n.m.
				Consolidation: elimination of intersegmental profits	96	(17)	n.m.
5	(38)	22	(76)		96	(17)	n.m.
(607)	63	905	n.m.	OMV Group Operating Result	(463)	2,758	n.m.
(59)	8	(29)	(100)	Net financial result	(128)	(82)	(56)
<b>(666)</b>	<b>70</b>	<b>875</b>	<b>n.m.</b>	<b>OMV Group profit before tax</b>	<b>(591)</b>	<b>2,675</b>	<b>n.m.</b>

<sup>1</sup> Q3/20 compared to Q3/19**Assets<sup>1</sup>**

In EUR mn		
	Sep. 30, 2020	Dec. 31, 2019
Upstream	12,700	15,049
Downstream	4,488	5,315
Corporate and Other	262	277
<b>Total</b>	<b>17,450</b>	<b>20,642</b>

<sup>1</sup> Segment assets consist of intangible assets and property, plant and equipment. They do not include assets reclassified to held for sale.**Other notes****Transactions with related parties**

In 9m/20, there were arm's length supplies of goods and services between the Group and equity-accounted companies, except for transactions with OJSC Severneftegazprom, which are not based on market prices but on cost plus defined margin.



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**Material transactions with equity-accounted investments**

In EUR mn

	9m/20		9m/19	
	Sales and other income	Purchases and services received	Sales and other income	Purchases and services received
Borealis	796	28	970	32
GENOL Gesellschaft m.b.H. <sup>1</sup>	72	1	141	1
Erdöl-Lagergesellschaft m.b.H.	38	54	63	41
Deutsche Transalpine Oelleitung GmbH	0	21	0	28
OJSC Severneftegazprom	—	110	—	130
Trans Austria Gasleitung GmbH <sup>2</sup>	7	17	7	15

<sup>1</sup> In 2019, transactions with GENOL Gesellschaft m.b.H. and GENOL Gesellschaft m.b.H. & Co KG are included, while in 2020, transactions were only with GENOL Gesellschaft m.b.H. (business of GENOL Gesellschaft m.b.H. & Co KG was transferred to GENOL Gesellschaft m.b.H. in October 2019).

<sup>2</sup> Trans Austria Gasleitung GmbH was reclassified to held for sale in Q1/20.

**Balances with equity-accounted investments**

In EUR mn

	Sep. 30, 2020	Dec. 31, 2019
Loans receivable	2	—
Trade receivables	25	84
Other receivables	12	41
Trade payables	62	63
Other payables	0	1
Contract liabilities	151	170

**Dividend distributed from equity-accounted investments**

In EUR mn

	9m/20	9m/19
Abu Dhabi Petroleum Investments LLC	5	—
Borealis AG	108	144
Deutsche Transalpine Oelleitung GmbH	1	—
OJSC Severneftegazprom	14	6
Pearl Petroleum Company Limited	21	17
PEGAS CEGH Gas Exchange Services GmbH	1	1
Società Italiana per l'Oleodotto Transalpino S.p.A.	1	—
Trans Austria Gasleitung GmbH <sup>1</sup>	16	9
<b>Total Group</b>	<b>166</b>	<b>179</b>

<sup>1</sup> Trans Austria Gasleitung GmbH was reclassified to held for sale in Q1/20.

Information on the government-related entities can be found in the OMV Consolidated Financial Statements 2019 (Note 35 Related Parties). There have been no changes up to the publication of the condensed consolidated interim financial statements for 9m/20.

On March 12, 2020, OMV and Mubadala Investment Company signed the share purchase agreement for the acquisition of the additional 39% share in Borealis AG. More details can be found in the section "Other significant transactions."

**Subsequent events**

On October 2, 2020, OMV Aktiengesellschaft, as party in the privatization agreement, initiated arbitration proceedings against the Romanian State, in accordance with the International Chamber of Commerce ("ICC") Rules, in Paris, France regarding certain notices of claims unpaid by the Romanian State in relation to well decommissioning and environmental restoration obligations amounting to EUR 32 mn.

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## Declaration of the Management

We confirm to the best of our knowledge that the condensed consolidated interim financial statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Group as required by the applicable accounting standards and that the Group Directors' Report gives a true and fair view of the important events that have occurred during the first nine months of the financial year and their impact on the condensed consolidated interim financial statements, the principal risks and uncertainties for the remaining three months of the financial year, and the major related-party transactions to be disclosed.

Vienna, October 28, 2020

The Executive Board

Rainer Seele m.p.  
Chairman of the Executive Board  
and Chief Executive Officer

Reinhard Florey m.p.  
Chief Financial Officer

Johann Pleininger m.p.  
Deputy Chairman of the Executive Board  
and Chief Upstream Operations Officer

Thomas Gangl m.p.  
Chief Downstream Operations Officer

Elena Skvortsova m.p.  
Chief Commercial Officer

October 29, 2020

## Further Information

### Next events

- ▶ OMV Group Trading Update Q4/20: January 14, 2021
- ▶ OMV Group Report January–December and Q4 2020: February 4, 2021

The entire OMV financial calendar and additional information can be found at: [www.omv.com](http://www.omv.com)

### OMV contacts

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