OMV Group Factsheet Q4 2020

Key Performance Indicators [1]

Group

- Clean CCS Operating Result came in at EUR 524 mn
- Clean CCS net income attributable to stockholders amounted to EUR 219 mn, clean CCS Earnings Per Share were EUR 0.67
- Cash flow from operating activities excluding net working capital effects [2] of EUR 830 mn
- Organic free cash flow before dividends of EUR 126 mn
- Clean CCS ROACE at 5%
- Lost-Time Injury Rate at 0.35
- Cost savings of more than EUR 300 mn versus 2019 achieved [3]
- Dividend Per Share of EUR 1.85 proposed [4]; increase of 6% compared to the previous year

Upstream

- Production decreased to 472 kboe/d
- Production cost decreased to USD 6.2/boe

Downstream

- OMV refining indicator margin significantly declined by 66% to USD 1.7/bbl
- Natural gas sales volumes increased by 13% to 50.4 TWh

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.

[1] Figures reflect the Q4/20 period; all comparisons described relate to the same quarter in the previous year except where otherwise mentioned.

[2] Displayed as sources of funds in the cash flow statement

[3] Initial target of around EUR 200 mn in OPEX savings and reduction of exploration expenditures

[4] As proposed by the Executive Board; subject to confirmation by the Supervisory Board and the Annual General Meeting 2021

Outlook

Following the reorganization of the OMV Group, starting with Q1/21 OMV will change its reporting structure. The Business Segments will be reported as follows: Exploration & Production, Refining & Marketing, and Chemicals & Materials.

Market environment

For 2021, OMV expects the average Brent crude oil price to be in the range between USD 50/bbl and USD 55/bbl (2020: USD 42/bbl). In 2021, the average realized gas price is anticipated to be higher than EUR 10/MWh (2020: EUR 8.9/MWh).

Group

- In 2021, organic CAPEX is projected to come in at around EUR 2.7 bn [1], including non-cash effective CAPEX related to leases of around EUR 0.2 bn.

Exploration & Production

- OMV expects total production to be at around 480 kboe/d in 2021 (2020: 463 kboe/d), depending on the security situation in Libya and imposed production cuts by governments.
- Organic CAPEX for Exploration & Production is anticipated to come in at EUR 1.1 bn in 2021.
- In 2021, Exploration and Appraisal (E&A) expenditure is expected to be at around EUR 230 mn (2020: EUR 227 mn).

Refining & Marketing

- The OMV refining indicator margin is expected above the previous year's level (2020: USD 2.4/bbl).
- Total refined product sales in 2021 are projected to be higher compared to 2020 (2020: 17.8 mn t). In OMV's markets, retail margins are forecast to be lower than in 2020 and commercial margins are predicted to be higher than the prior-year level.
- The utilization rate of the European refineries is expected to remain at the prior-year level (2020: 86%). In 2021, there is no major turnaround planned for our refineries in Europe.
- Natural gas sales volumes in 2021 are projected to be above those in 2020 (2020: 164 TWh).
- Organic CAPEX in Refining & Marketing and Corporate are forecast at around EUR 0.7 bn.

Chemicals & Materials

- The European ethylene indicator margin is expected to be at the prior year's level (2020: EUR 435/t). The European propylene indicator margin is projected to be at the prior year's level as well (2020: EUR 364/t).
- The polyethylene sales volume of Borealis AG in 2021 is projected to be slightly above the prior-year level (2020: 1.76 mn t). The polypropylene sales volume of Borealis AG is expected to be in line with the prior-year level (2020: 2.12 mn t).
- The European polyethylene indicator margin in 2021 is forecast to be above the previous year's level (2020: EUR 350/t). The European polypropylene indicator margin is expected to be above the previous year's level. (2020: EUR 413/t).
- Organic CAPEX related to Chemicals & Materials amount to around EUR 0.9 bn.

[1] Organic capital expenditure is defined as capital expenditure including capitalized Exploration and Appraisal expenditure and excluding acquisitions and contingent considerations.

Group performance

Financial highlights

In EUR mn (unless otherwise stated)

Q4/20	Q3/20	Q4/19	Δ% [1]		2020	2019	Δ%
4,956	3,696	6,074	(18)	Sales revenues [2]	16,550	23,461	(29)
524	**317**	**781**	**(33)**	**Clean CCS Operating Result [3]**	**1,686**	**3,536**	**(52)**
184	(24)	459	(60)	Clean Operating Result Upstream [3]	145	1,951	(93)
369	335	385	(4)	Clean CCS Operating Result Downstream [3]	1,514	1,677	(10)
(17)	(12)	(31)	44	Clean Operating Result Corporate and Other [3]	(47)	(67)	30
(12)	18	(33)	62	Consolidation: elimination of intersegmental profits	74	(25)	n.m.
33	38	43	(10)	Clean CCS Group tax rate in %	32	38	(6)
321	160	420	(23)	Clean CCS net income [3]	1,026	2,121	(52)
219	**80**	**310**	**(29)**	**Clean CCS net income attributable to stockholders [3, 4]**	**679**	**1,624**	**(58)**
0.67	0.24	0.95	(29)	Clean CCS EPS in EUR [3]	2.08	4.97	(58)
524	**317**	**781**	**(33)**	**Clean CCS Operating Result [3]**	**1,686**	**3,536**	**(52)**
954	**(997)**	**7**	**n.m.**	**Special items [5]**	**(220)**	**(64)**	**n.m.**
35	72	37	(4)	CCS effects: inventory holding gains/(losses)	(416)	110	n.m.
1,513	**(607)**	**824**	**84**	**Operating Result Group**	**1,050**	**3,582**	**(71)**
153	(1,044)	448	(66)	Operating Result Upstream	(1,137)	1,879	n.m.
1,392	444	449	n.m.	Operating Result Downstream	2,160	1,847	17
(19)	(12)	(36)	46	Operating Result Corporate and Other	(56)	(91)	38
(12)	5	(36)	66	Consolidation: elimination of intersegmental profits	83	(54)	n.m.
(47)	(59)	(47)	0	Net financial result	(175)	(129)	(35)
1,466	(666)	777	89	Profit before tax	875	3,453	(75)
(33)	31	41	(74)	Group tax rate in %	(69)	38	(107)
1,946	(458)	458	n.m.	Net income	1,478	2,147	(31)
1,880	(487)	355	n.m.	Net income attributable to stockholders [4]	1,258	1,678	(25)
5.75	(1.49)	1.09	n.m.	Earnings Per Share (EPS) in EUR	3.85	5.14	(25)
679	791	981	(31)	Cash flow from operating activities	3,137	4,056	(23)
(3,771)	368	342	n.m.	Free cash flow before dividends	(2,811)	(583)	n.m.
(4,430)	368	256	n.m.	Free cash flow after dividends	(3,690)	(1,441)	(156)
126	432	378	(67)	Organic free cash flow before dividends [6]	1,273	2,119	(40)
				Dividend Per Share (DPS) in EUR [7]	1.85	1.75	6
8,130	1,830	3,632	124	Net debt excluding leases	8,130	3,632	124
9,347	2,853	4,686	99	Net debt including leases	9,347	4,686	99
41	11	22	19	Gearing ratio excluding leases in %	41	22	19
32	15	22	10	Leverage ratio in %	32	22	10
4,830	363	773	n.m.	Capital expenditure [8]	6,048	4,916	23
726	363	746	(3)	Organic capital expenditure [9]	1,884	2,251	(16)
5	6	11	(6)	Clean CCS ROACE in % [3]	5	11	(6)
8	1	11	(4)	ROACE in %	8	11	(4)
25,291	19,228	19,845	27	Employees	25,291	19,845	27
0.35	0.20	0.28	23	Lost-Time Injury Rate per 1 mn hours worked	0.32	0.34	(6)

[1] Q4/20 compared to Q4/19
[2] Sales revenues excluding petroleum excise tax
[3] Adjusted for special items and CCS effects; further information can be found below the table "Special items and CCS effects."
[4] After deducting net income attributable to hybrid capital owners and net income attributable to non-controlling interests
[5] 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 hedging effects for material transactions are included.
[6] Organic free cash flow before dividends is cash flow from operating activities less cash flow from investing activities excluding disposals and material inorganic cash flow components (e.g., acquisitions)
[7] 2020: as proposed by the Executive Board; subject to confirmation by the Supervisory Board and the Annual General Meeting 2021
[8] Capital expenditure including acquisitions
[9] Organic capital expenditure is defined as capital expenditure including capitalized Exploration and Appraisal expenditure and excluding acquisitions and contingent considerations.

Fourth quarter 2020 (Q4/20) compared to fourth quarter 2019 (Q4/19)

Consolidated sales revenues decreased by 18% to EUR 4,956 mn due to the overall lower global commodity price environment and reduced sales volumes for most products partially offset by higher natural gas sales volumes and two months of fully-consolidated Borealis results in the Downstream segment. The **clean CCS Operating Result** declined by 33% from EUR 781 mn to EUR 524 mn. The contribution of Upstream was EUR 184 mn (Q4/19: EUR 459 mn). In Downstream, the clean CCS Operating Result amounted to EUR 369 mn (Q4/19: EUR 385 mn). The consolidation line was EUR (12) mn in Q4/20 (Q4/19: EUR (33) mn). OMV Petrom's contribution to the Group's clean CCS Operating Result totaled EUR 95 mn (Q4/19: EUR 234 mn).

The **clean CCS Group tax rate** was 33%, significantly lower than in the same quarter last year (Q4/19: 43%). This reflects the reduced contribution from Upstream, in particular from countries with high tax regimes. The **clean CCS net income** weakened to EUR 321 mn (Q4/19: EUR 420 mn). The **clean CCS net income attributable to stockholders** was EUR 219 mn (Q4/19: EUR 310 mn). **Clean CCS Earnings Per Share** came in at EUR 0.67 (Q4/19: EUR 0.95).

Net **special items** of EUR 954 mn were recorded in Q4/20 (Q4/19: EUR 7 mn), which were mainly the result of the step-up in the valuation of the previously owned 36% share in Borealis AG. **CCS effects** of EUR 35 mn were recognized in Q4/20. The OMV Group's reported **Operating Result** increased considerably by 84% to EUR 1,513 mn (Q4/19: EUR 824 mn). OMV Petrom's contribution to the Group's reported Operating Result declined by 49% to EUR 110 mn (Q4/19: EUR 217 mn).

The **net financial result** stood at EUR (47) mn (Q4/19: EUR (47) mn). The **Group tax rate** was significantly affected by income from tax synergies from the acquisition of additional shares in Borealis that led to a write-up of deferred tax assets in the Austrian tax group (among other effects). **Net income** thus amounted to EUR 1,946 mn (Q4/19: EUR 458 mn). The **net income attributable to stockholders** increased considerably to EUR 1,880 mn (Q4/19: EUR 355 mn). **Earnings Per Share** amounted to EUR 5.75 (Q4/19: EUR 1.09).

As of December 31, 2020, **net debt excluding leases** amounted to EUR 8,130 mn compared to EUR 3,632 mn on December 31, 2019, mainly due to increased financing as a result of the acquisition of an additional 39% share in Borealis AG. As of December 31, 2020, the **gearing ratio excluding leases** stood at 41% (December 31, 2019: 22%). For further information on the gearing ratio, please see section "Financial liabilities" on page **Error! Bookmark not defined.**.

The leverage ratio KPI was introduced as an additional metric to measure OMV's debt level. It is defined as (net debt including leases) / (equity + net debt including leases), and amounted to 32% in Q4/20 (Q4/19: 22%).

Total **capital expenditure** came in at EUR 4,830 mn (Q4/19: EUR 773 mn) and was mainly related to the acquisition of an additional 39% share in Borealis AG for USD 4.68 bn. In Q4/20, **organic capital expenditure** decreased slightly by 3% to EUR 726 mn (Q4/19: EUR 746 mn).

Business segments

Upstream

Fourth quarter 2020 (Q4/20) compared to fourth quarter 2019 (Q4/19)

- The clean Operating Result dropped sharply to EUR 184 mn because of substantially lower oil and gas prices.
- Production fell by 33 kboe/d to 472 kboe/d, as new production in Malaysia partially offset declines in other areas.
- Production cost decreased to USD 6.2/boe.

In Q4/20, the **clean Operating Result** contracted sharply from EUR 459 mn to EUR 184 mn. A very challenging market environment weighed most strongly on results, along with a minor negative influence from operational performance. Net market effects had a negative impact of EUR (354) mn, mainly a consequence of materially lower average realized oil and gas prices and adverse FX effects. Operational performance lowered returns marginally by EUR (4) mn, as the production volume decreased. The absence of any major exploration write-offs lowered E&A expenses, improving the result. A positive impact also came from depreciation, which was EUR (83) mn lower, as a result of less production, impairments and reserve revisions. In Q4/20, OMV Petrom contributed EUR 5 mn to the clean Operating Result (Q4/19: EUR 147 mn).

In Q4/20, net **special items** amounted to EUR (31) mn (Q4/19: EUR (11) mn). The **Operating Result** contracted strongly to EUR 153 mn (Q4/19: EUR 448 mn).

Production cost excluding royalties declined slightly to USD 6.2/boe (Q4/19: USD 6.4/boe). OMV Petrom's production cost amounted to USD 11.4/boe.

The **total hydrocarbon production** volume decreased by 33 kboe/d to 472 kboe/d. Libyan production ramped up gradually during the quarter, following the end of the force majeure situation. Natural decline in Romania, lower natural gas demand in New Zealand caused by the COVID-19 pandemic and less Russian natural gas output due to low pipeline pressure were offset to a large extent by higher volumes in Malaysia from newly commissioned fields. OMV Petrom's total production was down by 12 kboe/d to 140 kboe/d, due to natural decline. **Total hydrocarbon sales volumes** fell to 454 kboe/d (Q4/19: 477 kboe/d), broadly following production developments.

After a decline in October, the Brent oil price benchmark restarted its recovery path in November, and surpassed the USD 50/bbl threshold for the first time in nine months early December. Better visibility concerning the development and deployment of a vaccine against COVID-19 restored some investor confidence and created a cautiously optimistic sentiment about a further economic rebound during 2021. In a quarterly comparison, the **average Brent price** increased further, to USD 44.2/bbl. In a yearly comparison however, the COVID-19 pandemic still exerted a strong negative pressure on the oil price development. This is why the Group's **average realized crude price** receded by 32% year over year. On the natural gas side, the tentatively positive economic sentiment was supported by substantial cold spells in the Northern hemisphere at the start of the heating season, driving up demand. Natural gas supply faced restraints triggered by a strike in Norway and global LNG outages. These developments drove European hub prices above last year's level during Q4/20. Due to OMV's non-European natural gas exposure and a time lag to hub prices in some markets, the **average realized gas price** in USD/1,000 cf was still lower than in the same quarter last year, by some 12%.

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 489 mn to EUR 301 mn in Q4/20. In Q4/20, organic capital expenditure was primarily directed at projects in Romania, Norway, the United Arab Emirates, and New Zealand. **Exploration expenditure** was cut by 68% to EUR 39 mn in Q4/20 and was mainly related to activities in Romania and Norway.

Downstream

Fourth quarter 2020 (Q4/20) compared to fourth quarter 2019 (Q4/19)

- The COVID-19 pandemic led to a challenging market environment, negatively impacting refining margins and refined product sales volumes.
- Following the closing of the acquisition of the additional 39% stake on October 29, 2020, OMV now holds a 75% stake in Borealis, which is thus fully consolidated in OMV's financial figures, leading to a substantially higher contribution
- A positive impact from margin hedges and a resilient retail business supported the result.

The **clean CCS Operating Result** decreased slightly to EUR 369 mn (Q4/19: EUR 385 mn) as negative effects of the COVID-19 pandemic significantly weighed on refining margins and on demand. A substantially higher contribution from Borealis and positive effects from hedging contracts as well as the strong retail business helped largely compensate the adverse market effects. OMV Petrom's input to Downstream's clean CCS Operating Result amounted to EUR 103 mn (Q4/19: EUR 96 mn).

The **OMV refining indicator margin** declined by 66% to USD 1.7/bbl (Q4/19: USD 5.0/bbl), mainly as a consequence of the persistently weak macro environment and high inventories. Substantially lower middle distillate and weaker gasoline cracks dragged down the refining margin. Cheaper feedstock and higher fuel oil and naphtha cracks could only slightly offset this effect. In Q4/20, the **utilization rate of the refineries** came in at 81% (Q4/19: 98%). The decrease was mostly a consequence of maintenance activities at the Schwechat refinery and lower demand due to the COVID-19 pandemic. At 4.4 mn t, **total refined product sales volumes** were down by 16% in the wake of imposed travel restrictions. This was mainly attributable to lower commercial sales volumes; in particular, the demand for jet fuel plummeted. Sales volumes in retail eased by 10%, but improved margins and cost reductions were able to more than offset these adverse volume effects.

The contribution of the **petrochemicals business** rose to EUR 43 mn (Q4/19: EUR 35 mn) mainly driven by lower customer discounts due to the decreased price level. The **ethylene/propylene net margin** increased slightly by 2%, while benzene and butadiene spreads experienced a sharp decline.

The contribution of **Borealis** improved considerably by EUR 112 mn to EUR 162 mn (Q4/19: EUR 50 mn), mainly as a result of the full consolidation of the Borealis result following the acquisition of an additional 39% share on October 29, 2020. In Europe, Borealis benefitted from higher polyolefin sales volumes, especially in the packaging and automotive segments, stronger polyolefin margins and positive inventory effects. The positive developments were partially offset by a reduced light feedstock advantage versus naphtha and an unplanned outage of the steam cracker in Finland. In addition, the result of the fertilizer business was lower compared to Q4/19, due to operational issues and decreased margins on the back of higher natural gas prices which could not be fully passed through to the market. Borouge recorded a significant improvement, mainly driven by stronger polyolefin volumes and prices in Asia.

The contribution of **ADNOC Refining & Trading** declined considerably to EUR (33) mn (Q4/19: EUR 18 mn). This was mainly attributable to an adverse market environment, which led to lower margins and utilization rates. In addition the Q4/19 result was positively influenced by one-off effects. Despite adverse market circumstances ADNOC Global Trading was successfully launched at the beginning of December.

The contribution of the **gas business** decreased to EUR 79 mn (Q4/19: EUR 84 mn), mainly as a consequence of a weaker storage and supply result. 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 by 13% from 44.7 TWh to 50.4 TWh mainly on account of higher sales volumes in Germany and the Netherlands. These were partially offset by lower sales volumes in Romania.

Net **special items** amounted to EUR 987 mn (Q4/19: EUR 23 mn). With the closing of the Borealis transaction, OMV realized a step-up in the valuation of the previous 36% share in Borealis and booked a special item of around EUR 1.3 bn. In Q4/20, **CCS effects** of EUR 36 mn were recorded as a consequence of the increasing price level in the quarter. As a result, the Downstream's **Operating Result** rose sharply to EUR 1,392 mn compared to EUR 449 mn in Q4/19.

Capital expenditure in Downstream amounted to EUR 4,519 mn (Q4/19: EUR 270 mn) and was mainly related to the acquisition of an additional 39% stake in Borealis for USD 4.68 bn. In Q4/20, organic capital expenditure was predominantly related to investments in the European refineries as well as following the construction of the new propane dehydrogenation plant in Belgium by Borealis.

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