OMV Group Factsheet Q2 2021

July 28, 2021

Key Performance Indicators [1]

Group

- Clean CCS Operating Result increased significantly to EUR 1,299 mn
- Clean CCS net income attributable to stockholders of the parent amounted to EUR 643 mn, clean CCS Earnings Per Share were EUR 1.97
- Cash flow from operating activities excluding net working capital effects grew substantially to EUR 1,725 mn
- Organic free cash flow before dividends totaled EUR 948 mn
- Clean CCS ROACE at 8%
- Total Recordable Injury Rate (TRIR) at 0.94

Exploration & Production

- Production grew by 26 kboe/d to 490 kboe/d
- Production cost increased by 9% to USD 6.8/boe

Refining & Marketing

- OMV refining indicator margin Europe declined by 2% to USD 2.2/bbl
- Natural gas sales volumes increased by 37% to 44.4 TWh

Chemicals & Materials

- Polyethylene indicator margin Europe increased by 105% to EUR 803/t, polypropylene indicator margin Europe grew by 98% to EUR 898/t
- Polyolefin sales volumes decreased by 3% to 1.42 mn t.

Note: Figures in the following tables may not add up due to rounding differences. 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 Q2/21 period; all comparisons described relate to the same quarter in the previous year except where otherwise mentioned.

Outlook

Market environment

For 2021, OMV expects the average Brent crude oil price to be in the range between USD 65/bbl and USD 70/bbl (previous forecast: in the range between USD 60/bbl and USD 65/bbl; 2020: USD 42/bbl). In 2021, the average realized gas price is anticipated to be higher than EUR 12/MWh (previous forecast: higher than 11/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 production cuts imposed by governments.
- Organic CAPEX for Exploration & Production is anticipated to come in at around 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 Europe is expected to be at the previous year's level (previous forecast: above 2020 level; 2020: USD 2.4/bbl).
- In 2021, fuels and other sales volumes in OMV's markets in Europe are projected to be higher compared to 2020 (2020: 15.5 mn t). Retail and commercial margins are forecast to be below those in 2020.
- 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 ethylene indicator margin Europe is expected to be at the prior-year level (2020: EUR 435/t). The propylene indicator margin Europe is projected to be above the prior-year level (previous forecast: at 2020 level; 2020: EUR 364/t).
- The steam cracker utilization rate is expected to be above 90% (2020: 73%).
- The polyethylene indicator margin Europe in 2021 is forecast to substantially exceed the prior-year level (2020: EUR 350/t). The polypropylene indicator margin Europe is expected to be substantially higher than the prior-year level (2020: EUR 413/t).
- The polyethylene sales volume excl. JVs in 2021 is projected to be above the prior-year level (previous forecast: slightly above 2020; 2020: 1.76 mn t). The polypropylene sales volume excl. JVs is expected to be above the prior-year level (previous forecast: in line with 2020; 2020: 2.12 mn t).
- Organic CAPEX related to Chemicals & Materials is predicted at 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)

Q2/21	Q1/21	Q2/20	Δ [1]		6m/21	6m/20	Δ
7,266	6,429	3,138	132%	Sales revenues [2]	13,695	7,898	73%
1,299	**870**	**145**	**n.m.**	**Clean CCS Operating Result [3]**	**2,169**	**844**	**157%**
498	361	(152)	n.m.	Clean Operating Result Exploration & Production [3]	859	(15)	n.m.
181	108	231	(22)%	Clean CCS Operating Result Refining & Marketing [3]	289	599	(52)%
647	442	78	n.m.	Clean Operating Result Chemicals & Materials [3]	1,089	211	n.m.
(16)	(7)	(3)	n.m.	Clean Operating Result Corporate & Other [3]	(23)	(18)	(26)%
(10)	(34)	(9)	(15)%	Consolidation: elimination of intersegmental profits	(44)	68	n.m.
33	27	19	14	Clean CCS Group tax rate in %	31	30	1
853	599	124	n.m.	Clean CCS net income [3]	1,452	544	167%
643	**424**	**65**	**n.m.**	**Clean CCS net income attributable to stockholders of the parent [3, 4]**	**1,067**	**381**	**180%**
1.97	1.30	0.20	n.m.	Clean CCS EPS in EUR [3]	3.26	1.17	180%
1,299	**870**	**145**	**n.m.**	**Clean CCS Operating Result [3]**	**2,169**	**844**	**157%**
(127)	**63**	**(12)**	**n.m.**	**Special items [5]**	**(64)**	**(177)**	**64%**
66	225	(70)	n.m.	CCS effects: inventory holding gains/(losses)	291	(523)	n.m.
1,238	**1,158**	**63**	**n.m.**	**Operating Result Group**	**2,396**	**144**	**n.m.**
383	349	(237)	n.m.	Operating Result Exploration & Production	733	(246)	n.m.
207	400	246	(16)%	Operating Result Refining & Marketing	606	95	n.m.
678	465	96	n.m.	Operating Result Chemicals & Materials	1,143	229	n.m.
(20)	(10)	(5)	n.m.	Operating Result Corporate & Other	(29)	(25)	(17)%
(10)	(46)	(38)	73%	Consolidation: elimination of intersegmental profits	(56)	90	n.m.
(31)	(46)	8	n.m.	Net financial result	(77)	(69)	(11)%
1,207	1,112	70	n.m.	Profit before tax	2,319	75	n.m.
33	25	18	15	Group tax rate in %	29	114	(85)
809	835	58	n.m.	Net income	1,644	(11)	n.m.
622	654	24	n.m.	Net income attributable to stockholders of the parent [4]	1,276	(135)	n.m.
1.90	2.00	0.07	n.m.	Earnings Per Share (EPS) in EUR	3.90	(0.41)	n.m.
1,725	1,711	431	n.m.	Cash flow from operating activities excl. net working capital effects	3,436	1,269	171%
1,561	1,065	545	187%	Cash flow from operating activities	2,626	1,666	58%
1,450	414	111	n.m.	Free cash flow before dividends	1,863	592	n.m.
604	376	(109)	n.m.	Free cash flow after dividends	980	372	163%
948	532	120	n.m.	Organic free cash flow before dividends [6]	1,479	714	107%
7,148	7,870	3,401	110%	Net debt excluding leases	7,148	3,401	110%
8,339	9,077	4,416	89%	Net debt including leases	8,339	4,416	89%
34	37	21	13	Gearing ratio excluding leases in %	34	21	13
28	30	21	7	Leverage ratio in %	28	21	7
659	493	386	71%	Capital expenditure [7]	1,152	855	35%
632	487	372	70%	Organic capital expenditure [8]	1,119	795	41%
8	6	8	0	Clean CCS ROACE in % [3]	8	8	0
13	11	5	8	ROACE in %	13	5	8
23,530	24,197	19,434	21%	Employees	23,530	19,434	21%
0.94	0.80	0.65	43%	Total Recordable Injury Rate (TRIR) [9]	0.94	0.65	43%

[1] Q2/21 compared to Q2/20

[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 effects from commodity hedging for material transactions are included.

[6] Organic free cash flow before dividends is cash flow from operating activities less cash flow from investing activities excluding disposals and material inorganic cash flow components (e.g., acquisitions).

[7] Capital expenditure including acquisitions

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

[9] Calculated as 12 months rolling average per 1 mn hours worked

Second quarter 2021 (Q2/21) compared to second quarter 2020 (Q2/20)

Consolidated sales revenues increased substantially by 132% to EUR 7,266 mn due to the additional revenues stemming from full consolidation of Borealis as well as higher market prices and sales volumes. The **clean CCS Operating Result** improved by EUR 1,154 mn from EUR 145 mn to a record EUR 1,299 mn. The clean Operating Result of Exploration & Production grew to EUR 498 mn (Q2/20: EUR (152) mn), while the clean CCS Operating Result of Refining & Marketing declined to EUR 181 mn (Q2/20: EUR 231 mn). In Chemicals & Materials, the clean Operating Result rose sharply to EUR 647 mn (Q2/20: EUR 78 mn). The consolidation line was EUR (10) mn in Q2/21 (Q2/20: EUR (9) mn).

At 33%, the **clean CCS Group tax rate** was higher than in the same quarter last year (Q2/20: 19%) due to the contribution from high tax regime countries turning from negative in Q2/20 to positive in Q2/21. The **clean CCS net income** increased to EUR 853 mn (Q2/20: EUR 124 mn). The **clean CCS net income attributable to stockholders of the parent** was EUR 643 mn (Q2/20: EUR 65 mn). **Clean CCS Earnings Per Share** grew to EUR 1.97 (Q2/20: EUR 0.20).

Net **special items** of EUR (127) mn were recorded in Q2/21 (Q2/20: EUR (12) mn) and mainly related to temporary hedging effects, write-offs, and provisions. **CCS effects** of EUR 66 mn were recognized in Q2/21. The OMV Group's reported **Operating Result** was up considerably to EUR 1,238 mn (Q2/20: EUR 63 mn).

The **net financial result** decreased to EUR (31) mn (Q2/20: EUR 8 mn). This development was mainly due to a lower net interest result and foreign exchange effects. With a **Group tax rate** of 33%, **net income** grew substantially to EUR 809 mn (Q2/20: EUR 58 mn). The **net income attributable to stockholders of the parent** increased considerably to EUR 622 mn (Q2/20: EUR 24 mn). **Earnings Per Share** rose to EUR 1.90 (Q2/20: EUR 0.07).

As of June 30, 2021, the **net debt excluding leases** amounted to EUR 7,148 mn compared to EUR 3,401 mn on June 30, 2020, mainly due to increased financing impacted by the acquisition of an additional 39% share in Borealis. As of June 30, 2021, the **gearing ratio excluding leases** stood at 34% (June 30, 2020: 21%). For further information on the gearing ratio, please see section "Financial liabilities". The leverage ratio defined as (net debt including leases) / (equity + net debt including leases) amounted to 28% as of June 30, 2021 (June 30, 2020: 21%).

Total **capital expenditure** came in at EUR 659 mn (Q2/20: EUR 386 mn) and was mainly driven by organic projects, with the majority in the Exploration & Production and Chemicals & Materials segments. In Q2/21, **organic capital expenditure** was up by 70% to EUR 632 mn (Q2/20: EUR 372 mn), mainly due to the full consolidation of Borealis.

Business segments

Exploration & Production

Second quarter 2021 (Q2/21) compared to second quarter 2020 (Q2/20)

- The clean Operating Result grew robustly to EUR 498 mn, thanks to strong positive market effects.
- Production up by 26 kboe/d to 490 kboe/d, driven by Libya, Malaysia, and Tunisia; sales volumes followed suit.
- Production cost increased to USD 6.8/boe due to adverse FX effects.

In Q2/21, the **clean Operating Result** increased markedly from EUR (152) mn in Q2/20 to EUR 498 mn. A very solid operational performance was bolstered by a highly beneficial market environment . Net market effects boosted returns by EUR 521 mn, owing to extraordinary commodity price growth. Adverse factors were FX movements and hedging losses. Operational performance added another EUR 130 mn on the back of higher production and sales volumes, mainly driven by the return to full operations in Libya and the commissioning of new natural gas fields in Malaysia and Tunisia. A lower number of exploration write-offs reduced E&A expenses, improving the result.

In Q2/21, net **special items** amounted to EUR (114) mn (Q2/20: EUR (85) mn), mainly consisting of temporary natural gas hedging effects. The **Operating Result** improved to EUR 383 mn (Q2/20: EUR (237) mn).

Production cost excluding royalties increased to USD 6.8/boe (Q2/20: USD 6.2/boe), mainly owing to adverse FX effects.

The **total hydrocarbon production** volume expanded by 26 kboe/d to 490 kboe/d. Libyan production was at full capacity during the entire quarter, while it had been severely affected by a force majeure situation in the same period last year. Output in Malaysia and Tunisia grew on the back of the commissioning of new natural gas fields. Natural decline in Romania, lower natural gas extraction in New Zealand, and the full divestment of operations in Kazakhstan in May 2021 stifled production growth to some extent. **Total hydrocarbon sales volumes** rose to 459 kboe/d (Q2/20: 434 kboe/d) following the trend in production volume.

The rise in oil prices continued during Q2/21. Demand optimism backed by the first signs of a post-COVID-19 economic recovery ultimately outpaced fears concerning Indian demand weakness and additional supply from Iran by the end of May. High OPEC+ quota compliance, the prolongation of Iran talks, and the growing understanding that the expanding influence of ESG criteria on investment decisions is limiting future supply growth put prices on a growth trajectory during the final weeks of the quarter. The **average Brent price** increased notably during the quarter, averaging USD 69.0/bbl. Compared to last year, the oil price more than doubled. This is why the Group's **average realized crude oil price** advanced by 134% year over year. On the natural gas side, the cold European spring led to an extension of the withdrawal period from already low storages for over a month at a time when repletion usually restarts. With additional imports via LNG and from Russia being limited, European natural gas prices experienced their strongest quarterly surge in over a decade. Prices exceeding EUR 33/MWh at the end of June 2021 had not been seen in Europe since 2008. OMV's **average realized natural gas price** in EUR/MWh was almost 50% higher than in the same quarter last year.

Capital expenditure including capitalized E&A rose from EUR 251 mn to EUR 291 mn in Q2/21, as the COVID-19 pandemic had led to a significant activity cutback in the same quarter last year. In Q2/21, organic capital expenditure was primarily directed at projects in Romania, Norway, and the United Arab Emirates. **Exploration expenditure** was cut by 6% to EUR 47 mn in Q2/21 and mainly related to activities at SapuraOMV.

Refining & Marketing

Second quarter 2021 (Q2/21) compared to second quarter 2020 (Q2/20)

- Easing of COVID-19 related restrictions led to higher sales volumes and a higher refinery utilization rate in Europe.
- A lower contribution from the gas business followed weaker storage and power performance.
- Margin hedges contributed positively to the result, although to a lesser extent than in Q2/20.

The **clean CCS Operating Result** decreased to EUR 181 mn (Q2/20: EUR 231 mn). A stronger retail business and improved performance of ADNOC Refining and Trading were more than offset by a lower contribution from the gas business. The **OMV refining indicator margin Europe** declined by 2% to USD 2.2/bbl (Q2/20: USD 2.3/bbl). Higher naphtha, gasoline, and jet fuel cracks were cancelled out by increased feedstock costs, and lower diesel and gasoil cracks. In Q2/21, the **utilization rate of the European refineries** improved by 6 percentage points to 85% (Q2/20: 79%). The rise was driven by growing demand due to the easing of COVID-19-related restrictions. At 4.0 mn t, **fuels and other sales volumes Europe** increased significantly by 12% in the wake of eased travel restrictions. Commercial quantities grew by around 5%, thanks to higher demand for jet fuel compared to Q2/20, when imposed lockdowns had a major impact on aviation activity. The retail business made a strong contribution to results driven by a strong rebound in amounts sold by 29% and an improved contribution from the non-oil business, partially offset by lower margins compared to the high levels seen in Q2/20.

The contribution of **ADNOC Refining & Trading** improved to EUR (5) mn (Q2/20: EUR (18) mn). Following the successful launch at the end of 2020, ADNOC Global Trading provided strong support to the result. This was limited by a lower contribution from ADNOC Refining driven by a weak market environment and an outage of the RFCC unit at the end of May 2021.

The contribution of the **gas business** decreased to EUR 26 mn (Q2/20: EUR 89 mn), predominantly a consequence of a weaker storage result as well as a lower contribution from the power business. In Q2/20, the power business in Romania experienced a one-off revenue recovery stemming from a 2019 power price regulation. In addition, it was impacted by unfavorable power forward contracts in Q2/21. The divestment of Gas Connect Austria to VERBUND was successfully closed at the end of May 2021, resulting in a lower contribution. **Natural gas sales volumes** rose considerably by 37% from 32.3 TWh to 44.4 TWh, mainly on account of higher sales volumes in Germany and the Netherlands. This development was partially offset by lower sales volumes in Romania and Austria.

Net **special items** amounted to EUR (40) mn (Q2/20: EUR 56 mn) and related primarily to commodity derivatives. In Q2/21, **CCS effects** of EUR 66 mn were recorded as a consequence of an increasing crude oil price level in the quarter. Consequently, the **Operating Result** of Refining & Marketing declined by 16% to EUR 207 mn (Q2/20: EUR 246 mn).

Capital expenditure in Refining & Marketing was EUR 126 mn (Q2/20: EUR 115 mn). In Q2/21, organic capital expenditure predominantly related to investments in the European refineries and retail stations.

Chemicals & Materials

Second quarter 2021 (Q2/21) compared to second quarter 2020 (Q2/20)

- Record high polyolefin and increased olefin indicator margins in Europe boosted the contribution of Borealis excluding JVs.
- Borealis JVs benefited from a strong polyolefin market environment in Asia and the United States.
- Following the closing of the acquisition of an additional 39% stake on October 29, 2020, OMV holds a 75% stake in Borealis, which is thus fully consolidated in OMV's figures, leading to higher contributions.

The **clean Operating Result** climbed to EUR 647 mn (Q2/20: EUR 78 mn), mainly due to record high European polyolefin margins, increased olefin margins, and positive inventory valuation effects. The full consolidation of Borealis also added to the result.

The contribution of OMV base chemicals grew due to higher ethylene and propylene indicator margins and higher sales volumes. The **ethylene indicator margin Europe** increased by 14% to EUR 480/t (Q2/20: EUR 421/t), while the **propylene indicator margin Europe** increased to a greater extent, by 25%, to EUR 457/t (Q2/20: EUR 365/t). Propylene demand benefited from a strong recovery in the automotive sector compared to Q2/20, and constrained supply levels supported both indicator margins in Q2/21.

The **utilization rate of the European steam crackers** operated by OMV and Borealis improved significantly by 19 percentage points to 93% in Q2/21 (Q2/20: 74%). Q2/20 experienced an unplanned outage at the Stenungsund steam cracker that led to a lower utilization rate.

The contribution of **Borealis excluding JVs** grew by EUR 406 mn to EUR 430 mn (Q2/20: EUR 24 mn), which was mainly attributable to the outstanding performance of the polyolefin business, an increased contribution from the base chemicals business, and positive inventory valuation effects. The Borealis base chemicals business improved due to higher margins and positive inventory valuation effects. In Q2/20, an unplanned outage of the Stenungsund steam cracker and significant negative inventory effects had weighed on the result. The polyolefin business saw a steep rise mainly driven by higher margins and positive inventory valuation effects; in addition, a stronger contribution from the automotive segment supported the improvement. The **European polyethylene indicator margin** more than doubled to EUR 803/t (Q2/20: EUR 391/t), and the **European polypropylene indicator margin** also nearly doubled to EUR 898/t (Q2/20: EUR 453 /t). Both indicator margins were supported by strong demand in the European markets coupled with a tightening supply-demand balance. A heavy maintenance season limited regional supply, and logistics constraints inhibited additional supply from outside of Europe. Polyethylene sales volumes remained stable, while polypropylene sales volumes grew by 6% compared to Q2/20. In particular, the automotive and advanced products segments drove demand, while volumes in the consumer segment declined. The contribution of the nitrogen business improved compared to Q2/20 due to positive inventory effects and the reclassification as asset held for sale. This was partially offset by higher natural gas prices.

The contribution of the **Borealis JVs** amounted to EUR 136 mn in Q2/21 and benefited from an increase in polyolefin prices in Asia and the United States. Polyethylene sales volumes generated by the JVs decreased by 17%, while polypropylene sales volumes from the JVs were down by 11% compared to Q2/20. The lower volumes are explained by a shift of orders into Q3/21 due to the implementation of an advanced ERP system at Borouge, which went live successfully at the end of June but caused some delays in shipments. Baystar sales volumes remained stable compared to Q2/20.

Net **special items** amounted to EUR 31 mn (Q2/20: EUR 18 mn) and mainly related to commodity derivatives. The **Operating Result** of Chemicals & Materials soared to EUR 678 mn compared to EUR 96 mn in Q2/20.

Capital expenditure in Chemicals & Materials amounted to EUR 236 mn (Q2/20: EUR 13 mn). Following the closing of the acquisition of an additional 39% stake on October 29, 2020, capital expenditure also includes Borealis. In Q2/21, besides ordinary ongoing business investments, organic capital expenditure predominantly related to investments for the construction of the new propane dehydrogenation plant in Belgium by Borealis as well as for the turnaround of the Phenol and Aromatics units at the Porvoo site.

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