



## Highlights Q1/17

- ▶ Clean CCS Operating Result at EUR 805 mn
- ▶ Clean CCS net income attributable to stockholders at EUR 502 mn  
Clean CCS Earnings Per Share of EUR 1.54
- ▶ Record free cash flow in a 54 USD/bbl oil price environment of EUR 1.3 bn
- ▶ Production cost decreased to below USD 9/boe

## Portfolio changes

- ▶ Signed acquisition of 24.99% stake in Yuzhno Russkoye gas field in Russia
- ▶ Signed sale of OMV Petrol Ofisi in Turkey
- ▶ Signed financing agreements for Nord Stream 2

## Outlook for 2017

- ▶ For the year 2017, OMV expects the average Brent oil price to be at USD 55/bbl
- ▶ The gas market environment in Europe continues to be characterized by oversupply. However, average gas prices on European spot markets are expected to show an increase in 2017 compared to 2016, since there was a cold winter in Europe in the first quarter of 2017.
- ▶ CAPEX (including capitalized E&A and excluding acquisition) is expected to come in at EUR 1.9 bn in 2017; E&A expenditure expected to amount to EUR 300 mn in 2017
- ▶ OMV targets a cost reduction of more than EUR 250 mn in 2017 compared to 2015
- ▶ OMV expects total production to be 320 kboe/d in 2017
- ▶ Refining margins are projected to be on a similar level compared to 2016. Following a strong performance in Q1/17, refining margins are expected to trend downwards for the rest of the year due to persisting overcapacity in the market.
- ▶ Petrochemical margins are expected to be higher compared to the levels in 2016. Commercial and retail margins in OMV's markets excluding Turkey are expected to be on a similar level compared to 2016.

**OMV's expected clean CCS operating result in Q2/17 compared to Q1/17 will be negatively affected in the amount of approximately EUR 80 mn by the planned turnaround at the Schwechat refinery leading to higher operating costs and a lower contribution as well as planned maintenance activities in Upstream.**

## Financial highlights

Q4/16	Q1/17	Q1/16	Δ% in EUR mn (unless otherwise stated)	2016
5,407	5,518	3,991	38 Sales <sup>1</sup>	19,260
(28)	508	(102)	n.m. Operating Result Upstream	(1,046)
(90)	540	232	133 Operating Result Downstream	1,106
(29)	(16)	(4)	n.m. Operating Result Corporate and Other	(56)
(21)	5	18	(70) Consolidation: Elimination of inter-segmental profits	(36)
<b>(169)</b>	<b>1,037</b>	<b>143</b>	<b>n.m. Operating Result Group</b>	<b>(32)</b>
76	177	77	129 thereof Operating Result OMV Petrom group	330
(601)	210	(15)	n.m. Special items <sup>2</sup>	(1,574)
20	22	(104)	n.m. CCS effects: Inventory holding gains/(losses)	6
91	321	(96)	n.m. Clean Operating Result Upstream <sup>3</sup>	40
362	494	319	55 Clean CCS Operating Result Downstream <sup>3</sup>	1,533
(27)	(13)	(4)	(191) Clean Operating Result Corporate and Other <sup>3</sup>	(50)
(14)	3	44	(92) Consolidation: Elimination of inter-segmental profits	12
<b>412</b>	<b>805</b>	<b>262</b>	<b>n.m. Clean CCS Operating Result<sup>3</sup></b>	<b>1,535</b>
102	170	92	85 thereof clean CCS Operating Result OMV Petrom group <sup>3</sup>	380
(59)	(49)	(55)	10 Net financial result	(198)
(228)	988	88	n.m. Profit before tax	(230)
(331)	816	136	n.m. Net income	(183)
(378)	712	95	n.m. Net income attributable to stockholders <sup>4</sup>	(403)
<b>153</b>	<b>502</b>	<b>174</b>	<b>189 Clean CCS net income attributable to stockholders<sup>3,4</sup></b>	<b>995</b>
(1.16)	2.18	0.29	n.m. Earnings Per Share (EPS) in EUR	(1.24)
0.47	1.54	0.53	189 Clean CCS EPS in EUR <sup>3</sup>	3.05
611	923	579	59 Cash flow from operating activities	2,878
436	1,320	(145)	n.m. Free cash flow before dividends	1,081
349	1,320	(145)	n.m. Free cash flow after dividends	615
803	1,320	(145)	n.m. Free cash flow after dividends inclusive non-controlling interest changes <sup>5</sup>	1,105
1.87	2.83	1.78	59 Cash flow per share in EUR	8.82
2,969	1,669	4,181	(60) Net debt	2,969
21	12	29	(61) Gearing ratio in %	21
519	302	467	(35) Capital expenditure	1,878
–	–	–	n.a. Dividend Per Share (DPS) in EUR <sup>6</sup>	1.20
(45)	17	(54)	n.m. Group tax rate in %	21

Figures in this and the following tables may not add up due to rounding differences.

<sup>1</sup> Sales excluding petroleum excise tax.

<sup>2</sup> Special items are exceptional, non-recurring items; starting with Q1/17 the special items include temporary effects from commodity hedging for material Downstream and Upstream hedging transactions (in order to mitigate possible income statement volatility).

<sup>3</sup> Adjusted for special items; clean CCS figures exclude fuels' inventory holding gains/losses (CCS effects) resulting from the refineries and OMV Petrol Ofisi.

<sup>4</sup> After deducting net income attributable to hybrid capital owners and net income attributable to non-controlling interests.

<sup>5</sup> In Q4/16 and 2016, the non-controlling interest change mainly includes the cash inflow from the sale of a 49% minority stake in Gas Connect Austria.

<sup>6</sup> 2016: As proposed by the Executive Board and confirmed by the Supervisory Board, subject to confirmation by the Annual General Meeting in 2017.

## Business Segments Q1/17 vs. Q1/16

### Upstream

- ▶ **Clean Operating Result increased substantially to EUR 321 mn**
- ▶ **Ten-year-high quarterly production of 335 kboe/d**
- ▶ **Production cost decreased significantly to USD 8.91/boe**

In Q1/17, the average **Brent price** in USD was up by 58% mainly due to OPEC compliance with the production cut. The Group's average **realized crude price** increased by 63%. The average **realized gas price** in USD/1,000 cf increased by 5%. Realized prices increased more than the benchmark quotations since they were supported by positive realized hedging results of EUR 22 mn in Q1/17 as well as favorable FX effects.

**Total OMV daily production** of oil, NGL and gas increased by 7% to a quarterly ten-year high of 335 kboe/d, supported by the production contribution from Libya and higher production from Norway. OMV Petrom's total daily oil and gas production was down to 170 kboe/d due to natural decline. **Total sales volumes** increased by 8% due to regular liftings from Libya and higher liftings from Norway.

At USD 8.91/boe, **production costs** excluding royalties (OPEX) in USD/boe were down by 20% as a result of the successful implementation of the cost reduction program coupled with higher production. Also, OMV aligned the production cost definition with its industry peers. Administrative expenses and selling and distribution costs will be excluded from 2017

onwards. At OMV Petrom, production costs decreased by 13% to USD 10.52/boe despite lower production following the abolishment of the infrastructure tax and strict cost management.

The **Clean Operating Result** substantially increased from EUR (96) mn to EUR 321 mn mainly due to higher prices and favorable FX effects coupled with higher sales volumes. The total positive impact on earnings therefrom was EUR 376 mn in Q1/17 compared to Q1/16. Moreover, lower depreciation and production cost supported the result. Depreciation decreased by EUR 32 mn following the effect of upward reserves revisions in Q4/16, which means that the unit of production factor for the depreciation decreases because of higher proved reserves. In addition, the Upstream asset base value is lower following the divestment of OMV (U.K.) Limited. OMV Petrom contributed EUR 102 mn to the clean operating result. The **exploration expenses** were EUR 32 mn in Q1/17, down from EUR 36 mn in Q1/16. Positive special items recorded in the quarter amounted to EUR 187 mn, mainly related to net FX gains of EUR 136 mn following closing of the OMV (U.K.) Limited divestment and positive unrealized hedging impact. The **reported Operating Result** amounted to EUR 508 mn (Q1/16: EUR (102) mn).

**Capital expenditure including capitalized E&A** in Upstream was EUR 209 mn in Q1/17 compared to EUR 373 mn in Q1/16. Investments were undertaken primarily in Norway and Romania. **Exploration expenditure** fell by 54% to EUR 53 mn and reflected activities mainly in the United Arab Emirates and Romania.

## Downstream

- ▶ **Clean CCS Operating Result increased by 55% to EUR 494 mn resulting from better results in Downstream Oil and Downstream Gas**
- ▶ **High petrochemicals' and indicator refining margins increased results**
- ▶ **Borealis generated a stronger result of EUR 113 mn**

The **Clean CCS Operating Result** increased from EUR 319 mn in Q1/16 to EUR 494 mn in Q1/17 resulting from good results in both Downstream Oil and Downstream Gas.

**Downstream Oil** clean CCS Operating Result increased from EUR 296 mn to EUR 411 mn and was supported by good performance in the refining business, including petrochemicals and a stronger contribution from Borealis. In addition, the lower depreciation coming from the reclassification of OMV Petrol Ofisi to assets held for sale had a positive impact of EUR 37 mn on the result. The refineries' utilization rate increased to 96% in Q1/17 compared to 90% in Q1/16, capturing an increased OMV indicator refining margin from USD 5.1/bbl in Q1/16 to USD 5.4/bbl in Q1/17. The increase in the refining margin was largely supported by higher middle distillates' margins. At 6.5 mn t, total refined product sales decreased by 4% due to lower commercial sales volumes in OMV Petrol Ofisi. The petrochemicals business contributed EUR 74 mn to the clean CCS Operating Result, up from EUR 53 mn in Q1/16. This was supported by increased propylene net margins and a very strong increase in butadiene and benzene margins. While retail margins decreased, the retail volumes increased in all markets. Borealis, which is accounted for at equity, generated an increased result from EUR 92 mn in Q1/16 to EUR 113 mn in Q1/17 due to positive inventory effects and strong olefin margins. OMV Petrom contributed EUR 62 mn to the clean CCS Operating Result. The Operating Result of OMV Petrol Ofisi amounted to EUR 53 mn. There was no depreciation recognized for OMV Petrol Ofisi, following the reclassification to assets held for sale in Q4/16.

**Downstream Gas** clean CCS Operating Result reached EUR 82 mn in Q1/17 compared to EUR 23 mn in Q1/16. The result was supported mainly by valuation effects related to supply and storage hedges as well as future contracts in the amount of EUR 43 mn. The performance of Gas Connect Austria decreased from EUR 32 mn in Q1/16 to EUR 26 mn in Q1/17 following the change in regulated tariffs.

Natural gas sales volumes remained on a similar level compared to the same quarter in the previous year at 32.3 TWh. The power business remained challenging.

The reported Operating Result for Downstream amounted to EUR 540 mn compared with EUR 232 mn in Q1/16. This result reflects positive CCS effects of EUR 20 mn due to increased crude prices over Q1/17 and positive special items of EUR 26 mn mainly related to OMV Petrol Ofisi.

Capital expenditure in Downstream remained stable at EUR 91 mn, and thereof Downstream Oil investment accounted for EUR 84 mn.

### Disclaimer regarding forward looking statements

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