OMV Factsheet Q3/16

November 9, 2016

OMV Aktiengesellschaft

Key Messages

- Positive free cash flow after dividends in Q3/16 as wells as 9m/16
- 2016 and 2017 CAPEX guidance reduced
- 2016 E&A expenditure forecast reduced; 2017 E&A expenditure confirmed
- Sale agreement for 49% in Gas Connect Austria signed

OMV has agreed to sell 100% of the shares in its wholly owned subsidiary OMV (U.K.) Limited to Siccar Point Energy Limited, Aberdeen.
OMV UK has interests in 22 licenses. The key assets (and OMV's share) are: Jade (5.6%), Cambo (47.5%), Schiehallion (11.8%), Rosebank (20%), Tornado (76%), Suilven (75%), Jackdaw (26%).
The overall transaction value is envisaged to amount to up to USD 1 bn. It consists of a firm payment of USD 750 mn and a contingent payment related to the Rosebank Final Investment Decision in the amount of up to USD 125 mn. On top, the parties agreed on a purchase price adjustment with respect to CAPEX to the effective date of January 1, 2016. This results in a further consideration in the amount of approximately USD 125 mn. The transaction is subject to conditions, including regulatory approval and is anticipated to close in the first quarter of 2017.

Financial highlights

Q2/16	Q3/16	Q3/15	Δ%	in EUR mn	9m/16	9m/15	Δ%
4,614	5,249	5,932	(12)	Sales [1]	13,853	17,484	(21)
(603)	(319)	(980)	67	EBIT Upstream	(1,025)	(845)	(21)
362	378	174	117	EBIT Downstream	877	531	65
(15)	(8)	0	n.m.	EBIT Corporate and Other	(27)	(9)	n.m.
(44)	11	78	(85)	Consolidation: Elimination of inter-segmental profits	(15)	46	n.m.
(300)	**63**	**(728)**	**n.m.**	**EBIT Group**	**(190)**	**(277)**	**31**
46	131	8	n.m.	thereof EBIT OMV Petrom group	255	297	(14)
(608)	(350)	(1,073)	67	Special items [2]	(973)	(1,266)	23
94	(3)	(149)	98	CCS effects: Inventory holding gains/(losses)	(13)	(213)	94
0	38	52	(26)	Clean EBIT Upstream [3]	(59)	201	n.m.
250	377	402	(6)	Clean CCS EBIT Downstream [3]	852	931	(9)
(12)	(7)	3	n.m.	Clean EBIT Corporate and Other [3]	(23)	(4)	n.m.
(24)	7	37	(82)	Consolidation: Elimination of inter-segmental profits	26	75	(65)
214	**415**	**495**	**(16)**	**Clean CCS EBIT [3]**	**796**	**1,203**	**(34)**
49	137	239	(43)	thereof clean CCS EBIT OMV Petrom group [3]	278	520	(47)
72	75	9	n.m.	Net financial result	188	78	141
(228)	138	(719)	n.m.	Profit before tax	(2)	(199)	99
(117)	129	(461)	n.m.	Net income	148	52	183
(168)	48	(456)	n.m.	Net income attributable to stockholders [4]	(26)	(84)	69
222	**447**	**367**	**22**	**Clean CCS net income attributable to stockholders [3, 4]**	**842**	**968**	**(13)**
(0.51)	0.15	(1.40)	n.m.	Earnings Per Share (EPS) in EUR	(0.08)	(0.26)	69
0.68	1.37	1.13	22	Clean CCS EPS in EUR [3]	2.58	2.97	(13)
1,036	652	1,135	(43)	Cash flow from operating activities	2,267	2,400	(6)
551	239	524	(54)	Free cash flow before dividends	645	103	n.m.
172	239	524	(54)	Free cash flow after dividends	266	(426)	n.m.
3.17	2.00	3.48	(43)	Cash flow per share in EUR	6.94	7.35	(6)
3,992	3,743	5,398	(31)	Net debt	3,743	5,398	(31)
29	27	39	(31)	Gearing ratio in %	27	39	(31)
489	403	600	(33)	Capital expenditure	1,359	1,997	(32)
49	6	36	(83)	Group tax rate in %	7,307	126	n.m.

Figures in this table may not add up due to rounding differences.

[1] Sales excluding petroleum excise tax

[2] Special items are exceptional, non-recurring items and include unrealized gains/losses on commodity derivatives (starting with Q2/15), which are added back or deducted from EBIT. For more details please refer to Business Segments

[3] Adjusted for special items. Clean CCS figures exclude inventory holding gains/losses (CCS effects) resulting from the fuels refineries and OMV Petrol Ofisi

[4] After deducting net income attributable to hybrid capital owners and net income attributable to non-controlling interests

Business Segments Q3/16 vs. Q2/16

Upstream

- **Clean EBIT increased substantially to EUR 38 mn**
- **Strict capital discipline resulted in continued low CAPEX and exploration expenditure**
- **Cost savings initiatives led to a further decrease in OPEX in USD/boe**

The average **Brent price** in USD was stable and the Group's average **realized crude price** was up by 12%, driven by the positive hedging result in the amount of EUR 26 mn. The average **realized gas price** in USD/1,000 cf decreased by 3%. **Total OMV daily production** of oil, NGL and gas decreased by 5% to 301 kboe/d, mainly due to planned turnaround activities in the Norwegian fields Gullfaks and Gudrun. OMV Petrom's total daily oil and gas production declined by 2% to 174 kboe/d. **Total sales volumes** were 4% higher since part of Q2/16 production volumes were sold in Q3/16.
In spite lower production volumes, **production costs** excluding royalties (OPEX) in USD/boe declined further by 1%. This was mainly attributable to the ongoing cost saving initiatives. At OMV Petrom, OPEX decreased by 7% to USD 11.27/boe.
Clean EBIT increased substantially from break-even in Q2/16 to EUR 38 mn owing to a higher realized oil price in Q3/16. **Exploration expenses** dropped to EUR 57 mn vs. EUR 653 mn in Q2/16, which included impairments of exploration assets.
Negative **special items** recorded in the quarter amounted to EUR (357) mn. These are mainly related to the EUR 458 mn impairment of OMV's Upstream assets in the UK. This impairment was partly offset by a write-up in the amount of EUR 116 mn, related to the ongoing divestment process of an Upstream asset in the Middle East and Africa region. **Reported EBIT** amounted to EUR (319) mn (Q2/16: EUR (603) mn).
Capital expenditure in Upstream was slightly down at EUR 308 mn and primarily attributable to investments in Norway, Romania and Tunisia. **Exploration expenditure** amounted to EUR 68 mn mainly reflecting activities in the North Sea region, in Bulgaria and Romania.

Downstream

- **Downstream Oil increased substantially**
- **Strong contribution from the retail and commercial businesses**
- **Downstream Gas performed well again**

Clean CCS EBIT increased from EUR 250 mn to EUR 377 mn in Q3/16, driven by a substantially higher result from Downstream Oil. Decreased crude prices over the quarter contributed to negative CCS effects of EUR (8) mn. This was compensated for by positive special items amounting to EUR 8 mn. **Reported EBIT** was EUR 378 mn.
After the planned turnaround activities in Q2/16, the utilization rate of the refineries was on a high level at 97% in Q3/16. The increased utilization has supported higher refined product sales amounting to 8.4 mn t (Q2/16: 7.7 mn t). The OMV indicator refining margin decreased from USD 4.7/bbl in Q2/16 to USD 3.7/bbl in Q3/16 mainly due to lower gasoline and naphtha spreads. The lower refining margin was more than offset by a strong contribution from the retail and commercial businesses. Sales volumes have increased seasonally and retail as well as commercial margins were higher, backed by strong customer demand for OMV's products. OMV Petrol Ofisi's performance was also seasonally strong with EUR 36 mn. The performance of the petrochemicals business strongly increased from EUR 57 mn to EUR 75 mn due to higher sales volumes and improved product spreads. Clean CCS EBIT of **Downstream Oil** increased substantially from EUR 178 mn to EUR 312 mn.
At EUR 65 mn, **Downstream Gas** again recorded a very good result. This included a one-time gain of EUR 22 mn, mainly related to the clearance of a contract. In comparison, the Q2/16 Downstream Gas clean EBIT amounted to EUR 72 mn, and included positive one-off effects of approximately EUR 40 mn. Natural gas sales volumes decreased by 9% to 22.19 TWh, mostly due to lower sales volumes in Austria. The contribution of the gas transportation business increased from EUR 30 mn in Q2/16 to EUR 36 mn. The power business remained challenging.
The contribution from **Borealis**, which is accounted for at-equity and shown in the financial result of the OMV Group, was strong at EUR 110 mn, supported by an improved performance of the base chemicals business, as well as a higher contribution from Borouge.
Capital expenditure in Downstream decreased to EUR 94 mn (Q2/16: EUR 171 mn). Downstream Oil accounted for EUR 73 mn.

Outlook

- Brent oil price: Annual average of USD 44/bbl expected
- European gas markets: Gas prices on European spot markets expected to show a seasonally upward trend in Q4/16 compared to Q3/16
- Refining: OMV’s Q4/16 indicator refining margin is expected to be above the Q3/16 level; Utilization rate >90% in Q4/16
- Production: Slightly above 300 kboe/d (excluding Libya and Yemen)
- CAPEX: EUR 2.0 bn (75% Upstream)
- E&A expenditure: EUR 0.36 bn
- Cost reduction: EUR 100 mn

OMV expects Q4/16 clean CCS EBIT to be below the strong level in Q3/16. The main reasons are the seasonal decline in the Downstream Oil business compared to Q3/16. The previous quarter was supported by high product demand during the driving season. In addition, we do not anticipate any one-off gains in clean EBIT of Downstream Gas in Q4/16.