

OMV Q4 and full-year 2016 conference call

Rainer Seele
Chairman of the
Executive Board and CEO

February 16, 2017

OMV Aktiengesellschaft

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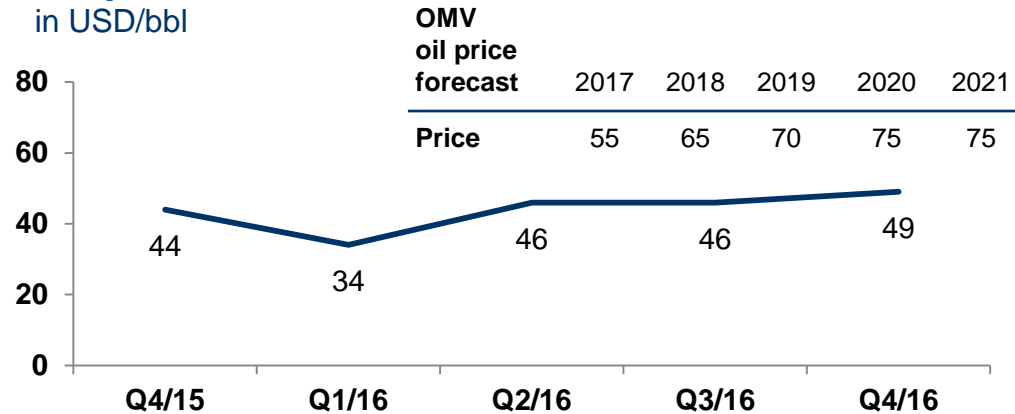
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Development of economic environment

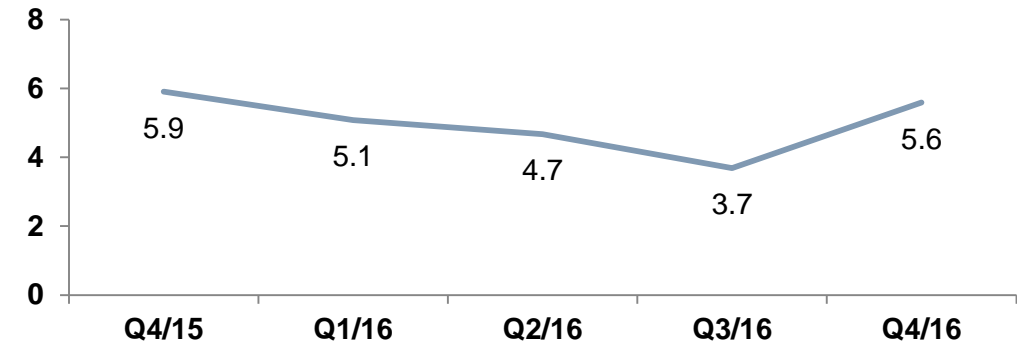
Oil price Brent

in USD/bbl



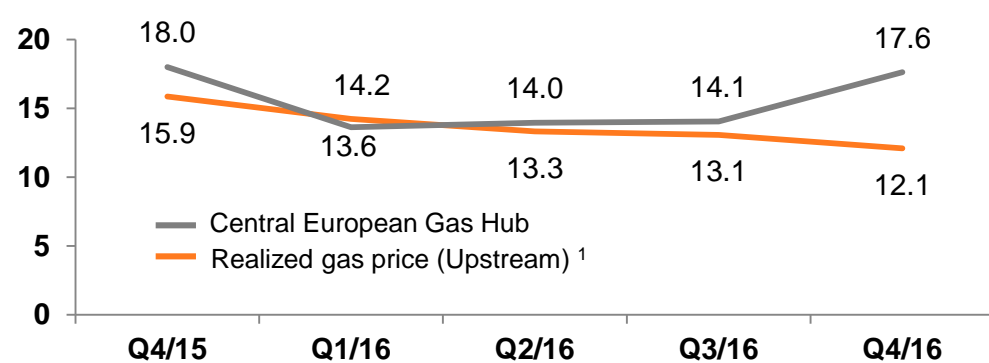
OMV indicator refining margin

in USD/bbl



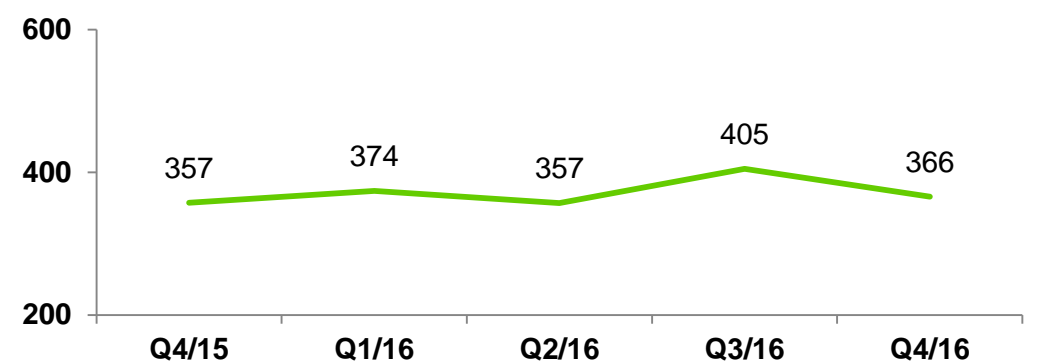
Gas prices

in EUR/MWh



Ethylene/propylene net margin ²

in EUR/t



¹ Converted to MWh using a standardized calorific value across the portfolio
Note: All figures are quarterly averages.

² Spread between market prices of ethylene/propylene and naphtha including standard processing consumption

OMV delivered on strategy in 2016



PORTFOLIO RESHAPING

Sold Upstream OMV UK
Signed asset swap with
Gazprom
Achieved RRR of 101%
Sold 49% in
Gas Connect Austria



COST SAVINGS

Cost savings of
EUR 200 mn
achieved - ahead of
target



STRONG CASH FLOW

Strong operating cash
flow despite weaker
market conditions
High positive free cash
flow after dividends



DIVIDEND

Dividend Per
Share of EUR 1.20

Strategic steps towards building sustainable Upstream portfolio

Divestments

- ▶ Scaled down exposure in high-cost regions
- ▶ Reduced exploration activities in non-core region of Sub-Saharan Africa



Acquisitions

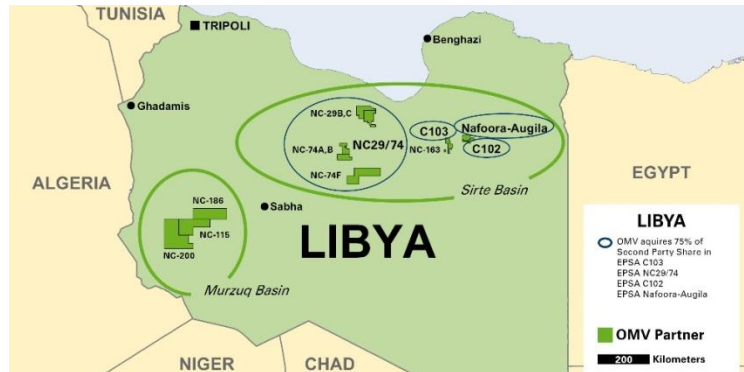
- ▶ Signed Gazprom asset swap binding agreement
- ▶ Extended operations in Libya
- ▶ Achieved Reserve Replacement Rate of 101% in 2016

Strengthened strategic partnerships

- ▶ Gazprom
- ▶ National Oil Corporation of Libya, ADNOC

OMV in Libya: Operations restarted

OMV operations in Libya



- ▶ OMV restarted production in Murzuq and Sirte basins in 2016

Expansion of capacity

- ▶ OMV increased stake in four Exploration and Production Sharing Agreements in the Sirte Basin (C103, NC29/74, C102 and Nafoura Augila)
- ▶ OMV holds now 10% in Nafoura Augila and 12% in remaining blocks
- ▶ Expansion of production capacity from 30 kbb/d to 40 kbb/d
- ▶ Increase of 2P developed reserves by 52 mn bbl
- ▶ OMV's production is expected to reach 10 kbb/d on average in 2017

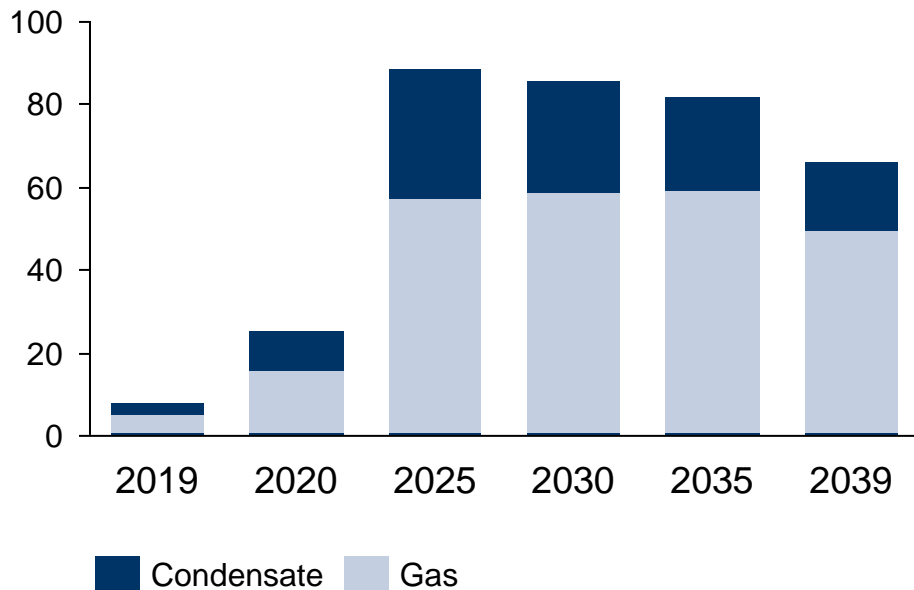
Strategic fit in Upstream portfolio

- ▶ Production increase at very attractive costs
- ▶ OMV's proven technological capabilities in operating mature fields
- ▶ OMV constantly purchases Libyan crude for use in its refineries

Asset swap between Gazprom and OMV progressing well

OMV's share of Achimov's IV/V production development

in kboe/d



Project status

- ▶ Signing of final transaction expected by mid-2017
- ▶ Closing expected by end of 2018

Investments

- ▶ 40% of total EUR 900 million CAPEX to be invested for 2017 and 2018 after closing
- ▶ Leverage on already built infrastructure and pipeline system of Achimov I and II

Take-or-pay agreement

- ▶ **Pricing structure:** ~70% gas - partly sold at Russian domestic prices; remainder sold at European netback prices by the Joint Venture. ~30% condensate with better margins than gas

- ▶ Will be shown in the income statement as **equity-accounted investment**

Optimized Downstream portfolio

Gas sales business

- ▶ Acquired, restructured and integrated gas sales and trading businesses (renamed *OMV Gas Marketing & Trading*)
- ▶ Started gas sales in Germany



Gas transportation business

- ▶ Reduced exposure in regulated Gas business by selling 49% share in Gas Connect Austria
- ▶ Alternative options to support Nord Stream 2 project under evaluation

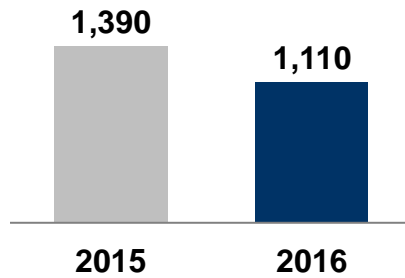
Ongoing

- ▶ Binding offers for OMV Petrol Ofisi received
- ▶ Divestment expected to be concluded in 2017

Solid performance in 2016

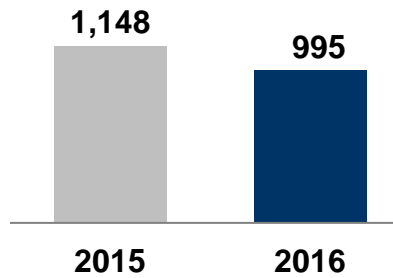
Clean CCS EBIT

in EUR mn



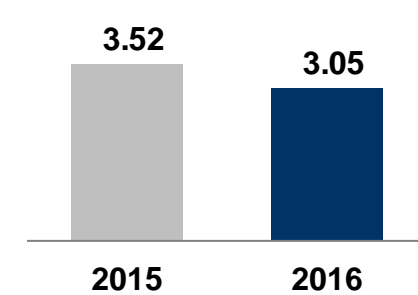
Clean CCS Net Income attributable to stockholders

in EUR mn



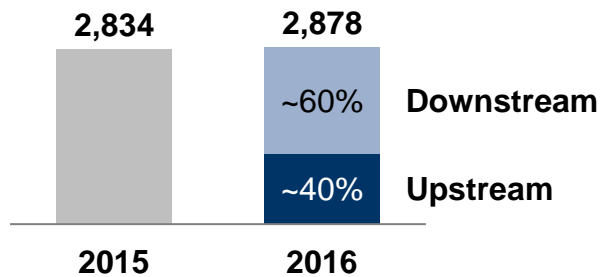
Clean CCS Earnings Per Share

in EUR



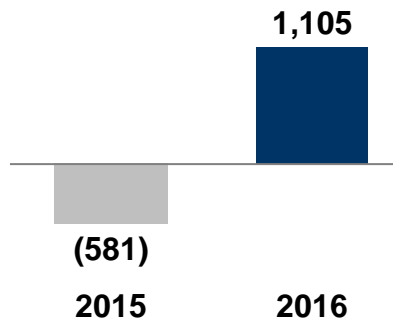
Cash flow from operating activities

in EUR mn



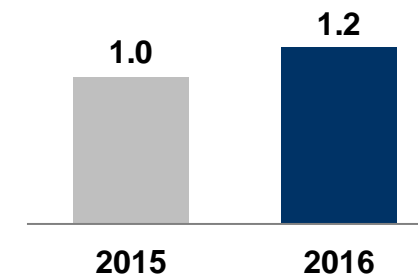
Free cash flow after dividends incl. non-controlling interest changes ¹

in EUR mn



Dividend Per Share

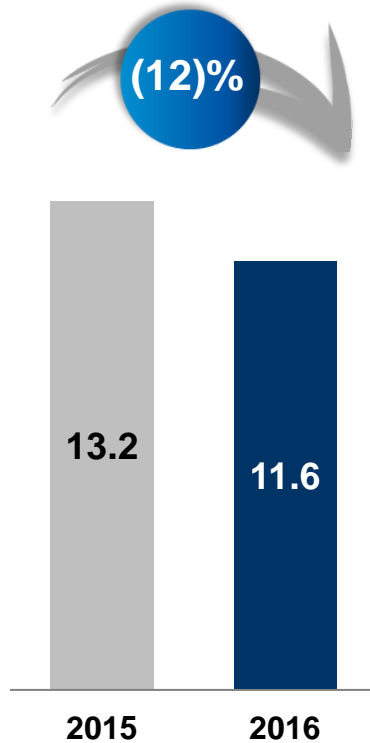
in EUR



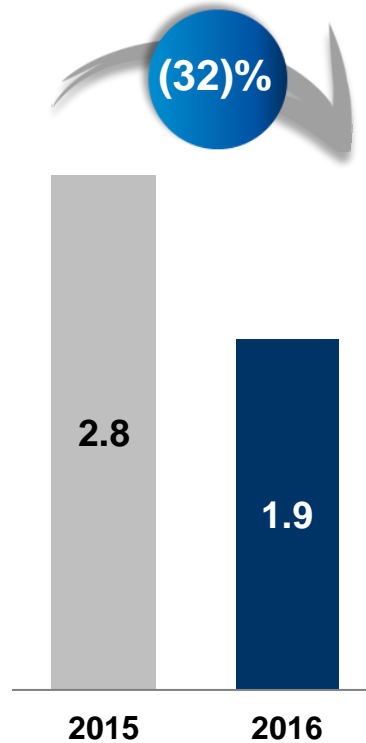
¹ In 2016 non-controlling interest changes mainly include the proceeds from divesting the 49% minority stake in Gas Connect Austria

Strict cost discipline

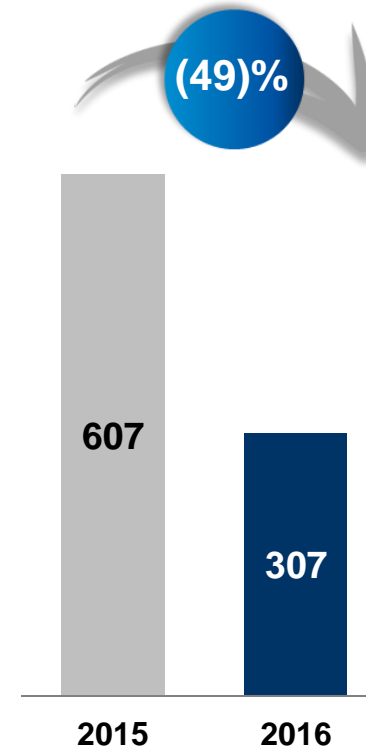
Upstream production costs
Opex in USD/boe



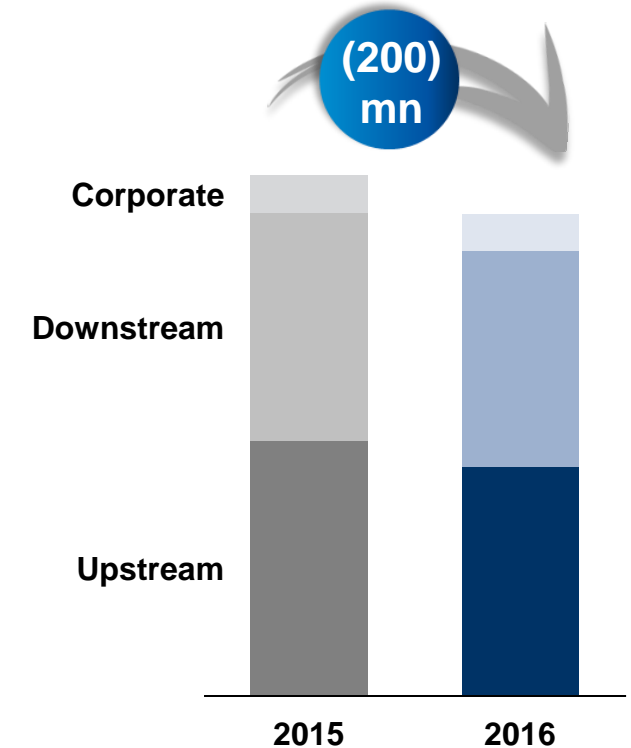
Capex
in EUR bn



E&A expenditure
in EUR mn



Operating cost savings ¹
in EUR mn

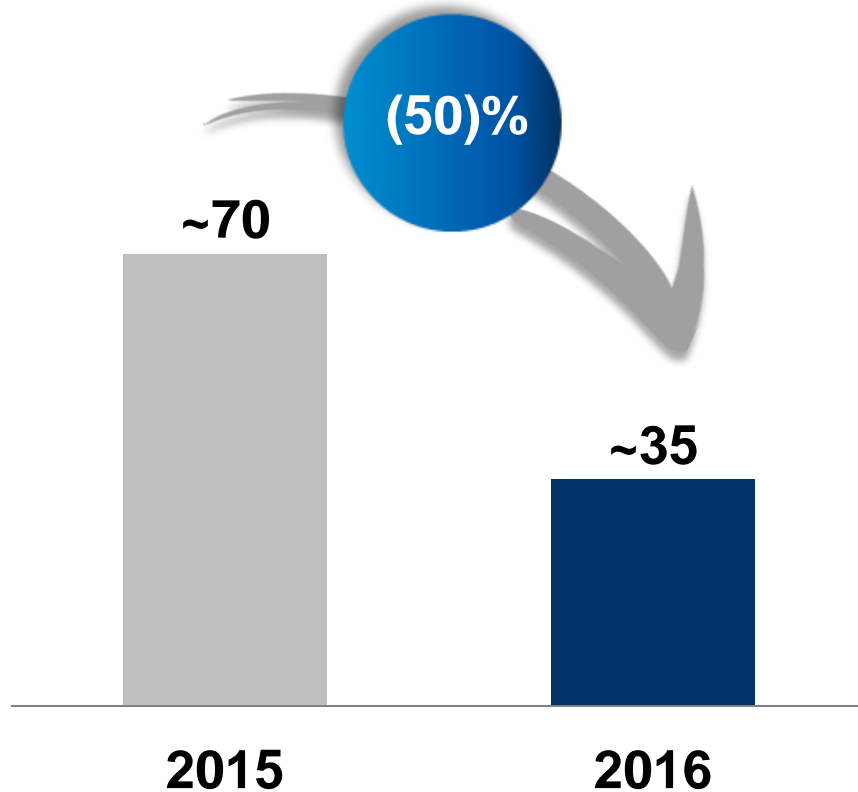


¹ Like-to-like comparison

Financial resilience: oil price free cash flow break-even lowered

Brent oil price free cash flow ¹ break-even

OMV Group, in USD/bbl



Free cash flow break-even decreased to 35 USD/bbl

- ▶ Significant reductions in CAPEX, cost and stringent focus on cash generation
- ▶ Free cash flow after dividends excl. proceeds from divestments of non-current assets:
 - ▶ 2015: EUR (656) mn
 - ▶ 2016: EUR 356 mn
- ▶ Brent oil price sensitivity on OMV Group in 2016:
 - ▶ USD +1/bbl: EUR +35 mn operating cash flow

¹ Calculation of the oil price cash flow break-even: free cash flow after dividends excl. „Proceeds from sale of non-current assets“ and „Net impact from the sale of subsidiaries and businesses, net of cash disposed“ adjusted for proceeds from disposal of fixed assets (i.e. securities, loan repayments) excl. the share in the Gate terminal in 2015



OMV Q4 and full-year
2016 conference call





Reinhard Florey
Chief Financial Officer

February 16, 2017

OMV Aktiengesellschaft

Financial highlights

► **Financial stability** improved

		2016	2015
Free cash flow after dividends incl. non-controlling interest changes ¹ (EUR mn)		1,105	(581)
Net debt (EUR bn)		3.0	4.0
Gearing (%)		21	28
Net special items (EUR bn)		(1.4)	(3.0)

- **Financial firepower** for strategic transactions improved: EUR 1.7 bn in cash generated from divestment activities until February 2017
- **Reported ROACE** improved to 1% vs. (6)% in 2015

¹ In 2016 non-controlling interest changes mainly include the proceeds from divesting the 49% minority stake in Gas Connect Austria

Cash flow development

EUR mn	Q4/16	Q4/15	2016	2015
Net income	(145)	(1,308)	3	(1,255)
Depreciation, amortization, impairments including write-ups	1,006	2,162	3,598	5,153
Change in net working capital components	(266)	(221)	(148)	(400)
Other	16	(200)	(575)	(664)
Cash flow from operating activities	611	434	2,878	2,834
Cash flow used for investments	(401)	(628)	(2,141)	(3,066)
Cash flow from divestment proceeds	226	51	344	193
Free cash flow	436	(143)	1,081	(39)
Dividends	87	0	466	530
Free cash flow after dividends incl. non-controlling interest changes ¹	803	(143)	1,105	(581)

¹ In 2016 non-controlling interest changes mainly include the proceeds from divesting the 49% minority stake in Gas Connect Austria

Solid operational results

EUR mn	Q4/16	Q4/15	2016	2015
Clean CCS EBIT	315	187	1,110	1,390
Upstream	85	(62)	26	139
Downstream	270	247	1,122	1,178
Corporate and Other	(27)	(39)	(50)	(43)
Consolidation	(14)	41	12	116

Q4/16 vs. Q4/15

- ▶ Clean CCS EBIT: +68%
- ▶ Upstream increased due to lower exploration expenses and depreciation
- ▶ Higher contribution from Downstream Gas

2016 vs. 2015

- ▶ Solid result despite weaker market conditions
- ▶ Strong contribution from Downstream Oil
- ▶ Increased Downstream Gas results

Income statement summary

EUR mn	Q4/16	Q4/15	2016	2015
Clean CCS EBIT	315	187	1,110	1,390
CCS effect	20	(155)	6	(368)
Special items	(415)	(1,761)	(1,388)	(3,028)
EBIT	(81)	(1,729)	(271)	(2,006)
Financial result	39	18	227	97
<i>Borealis</i>	86	87	399	356
Taxes	(103)	403	47	654
Net income	(145)	(1,308)	3	(1,255)
<i>attributable to non-controlling interests</i>	21	(305)	118	(197)
<i>attributable to hybrid capital owners</i>	26	14	103	42
<i>attributable to stockholders</i>	(192)	(1,017)	(217)	(1,100)
Clean CCS net income attributable to stockholders	153	180	995	1,148

2016 special items mainly related to portfolio optimization

Net special items in 2016

in EUR mn



Net special items in Upstream

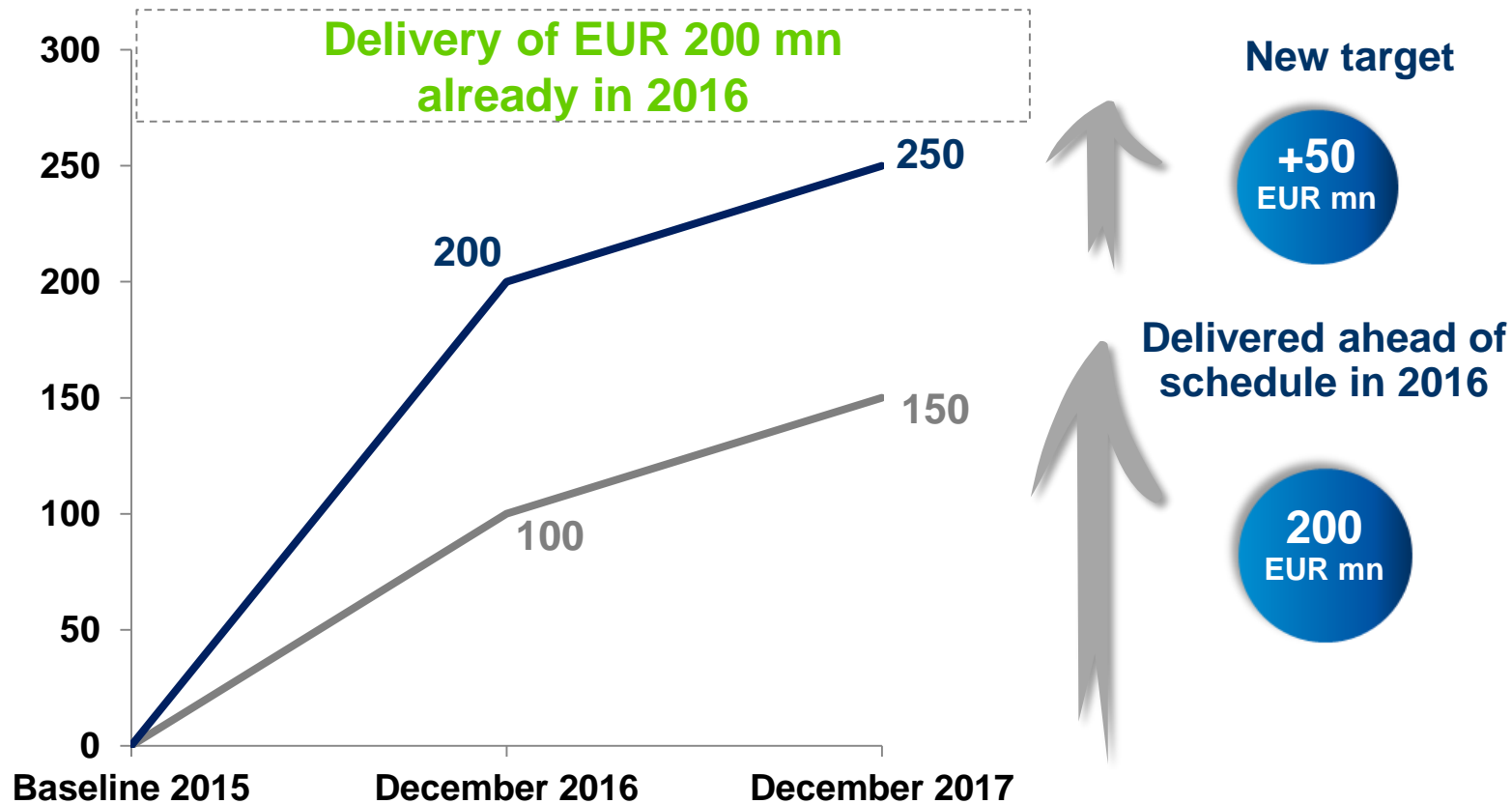
- ▶ Mainly related to divestments
 - ▶ Rosebank field at EUR (553) mn
 - ▶ OMV UK Upstream subsidiary at EUR (493) mn

Net special items in Downstream

- ▶ Impairment of OMV Petrol Ofisi (EUR (148) mn), following the reclassification of the asset as asset held for sale
- ▶ Lowered spark spreads led to an impairment of Samsun power plant (EUR (101) mn)
- ▶ Lowered long-term summer/winter spread assumptions led to an impairment of the German gas storage Etzel (EUR (73) mn)

Increased cost savings target for 2017

Operating cost ¹ reduction
in EUR mn



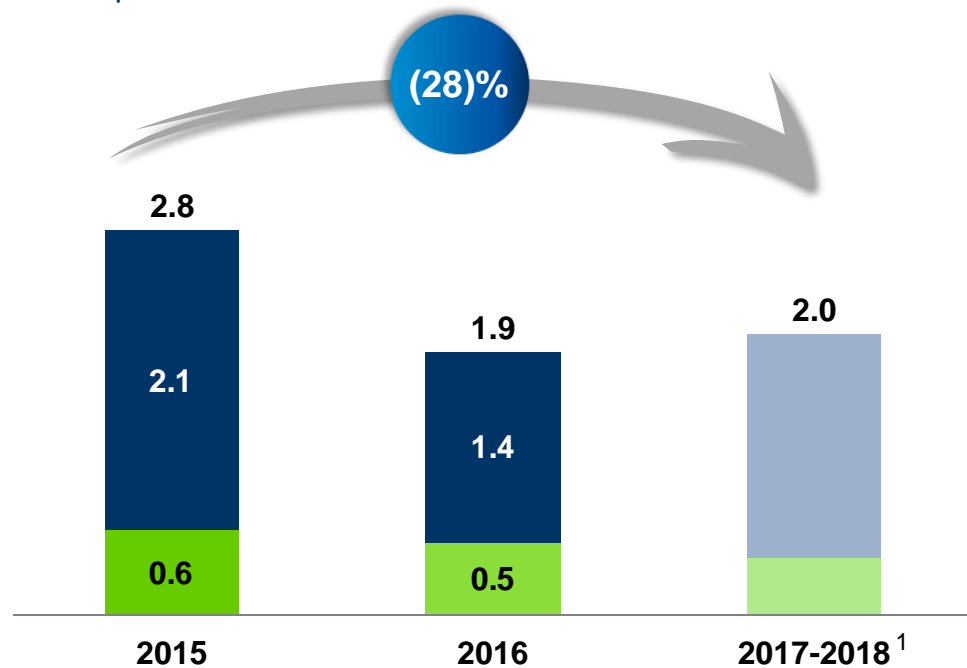
- ▶ Procurement savings
- ▶ Cross-divisional (Upstream – Downstream) benchmark on operating costs and best practice sharing (e.g. maintenance)
- ▶ Organizational efficiencies (e.g. EconGas)
- ▶ Shared services efficiencies
- ▶ Streamline of processes (e.g. IT, reporting)

¹ On comparable basis.

CAPEX guidance reduced to EUR 2 bn

Group CAPEX

incl. capitalized E&A in EUR bn

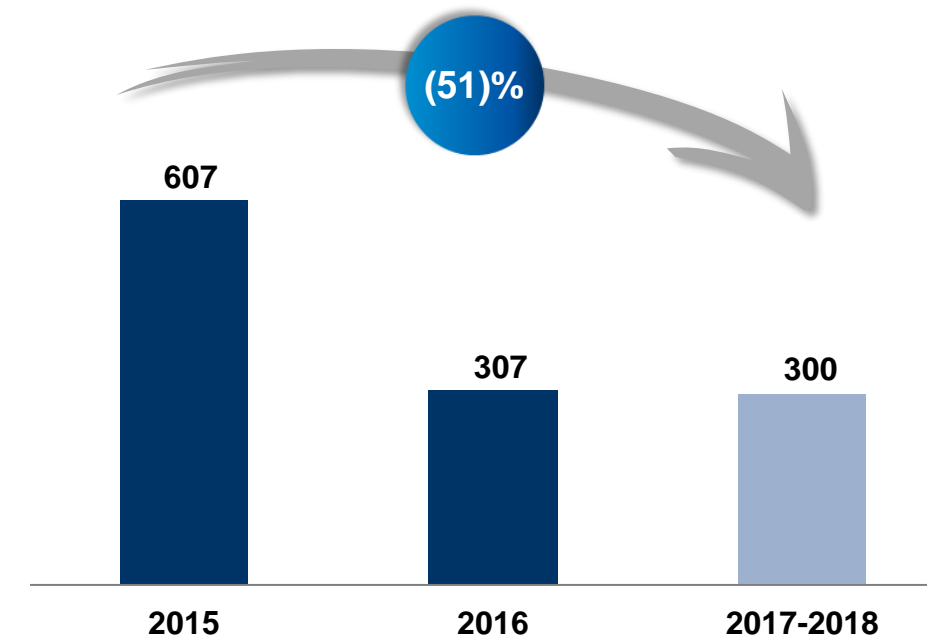


■ Upstream
■ Downstream

Corporate and Other CAPEX figures are not depicted in the graph

E&A expenditure

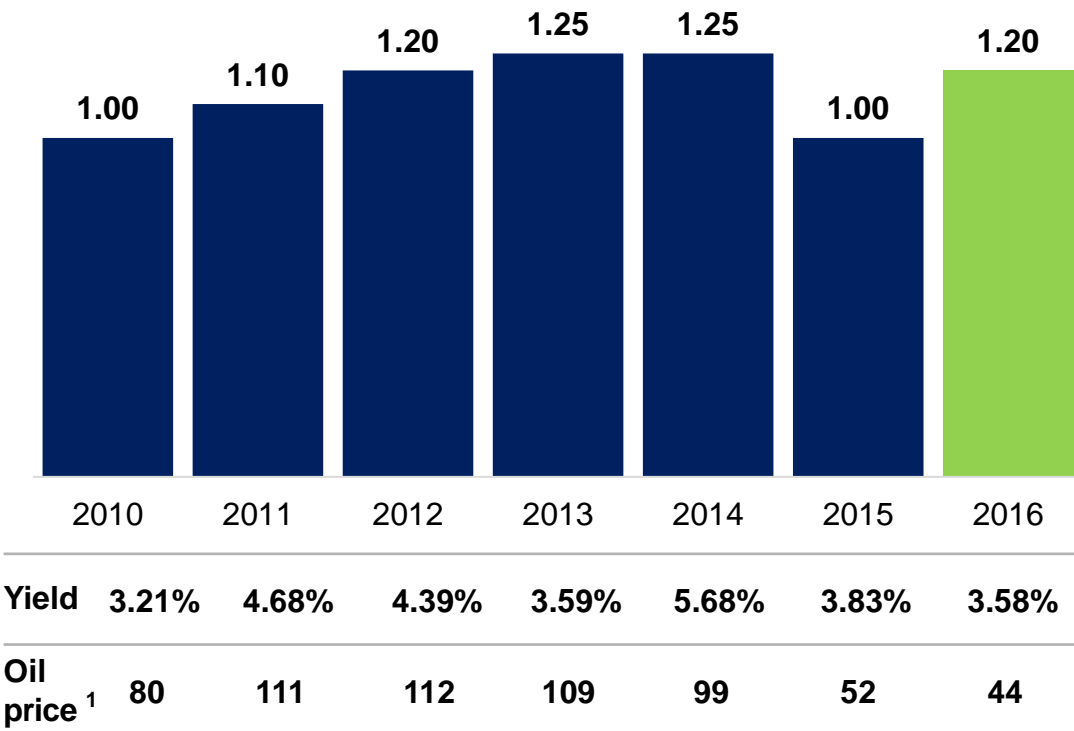
in EUR mn



¹ Group Capex guidance does not include Achimov IV/V investments

New dividend policy

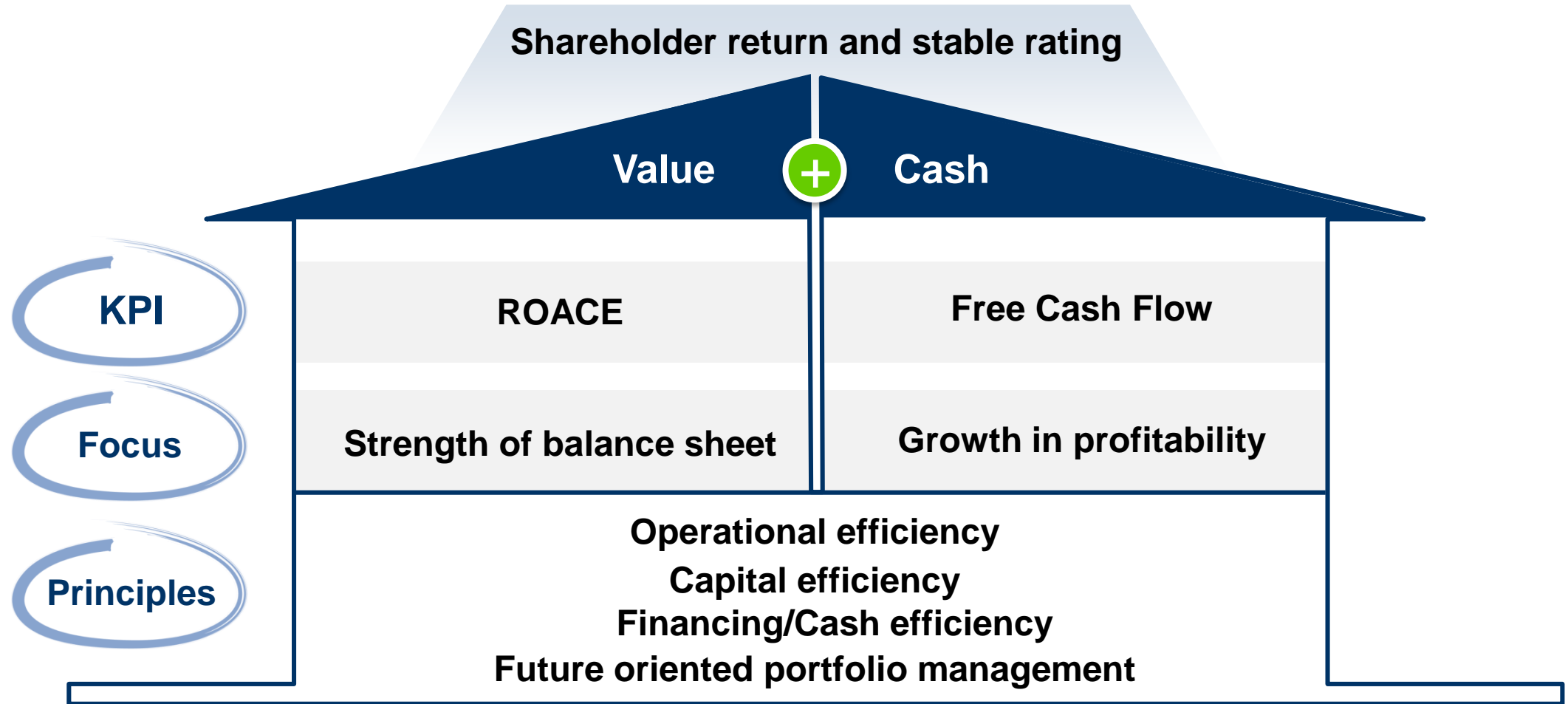
Dividend per share in EUR



¹ Brent in USD/bbl

- ▶ We are committed to delivering an **attractive and predictable** shareholder return through the business cycle
- ▶ **Floor dividend of EUR 1** per share projected, provided that this will not be to the detriment of the Company's long-term financial health or stability
- ▶ OMV intends **to grow the cash dividend progressively**, in line with the Group's free cash flow and net income development
- ▶ Rate of progression will take into account the Group's investment needs and strategic capital allocation priorities

Financial steering framework of OMV



Outlook 2017

	2016	Forecast 2017
Brent oil price (USD/bbl)	44	55
CEGH gas price (EUR/MWh)	15	> 15
Total hydrocarbon production (kboe/d)	311	320 ¹
OMV indicator refining margin (USD/bbl)	4.7	< 4.7
Utilization rate refineries	89%	>90%
CAPEX (EUR bn) ²	1.9	2
E&A expenditures (EUR mn)	307	300
Cost savings vs. 2015 (EUR mn) ³	200	250

¹ including production from Pearl Petroleum Company

² including capitalized Exploration & Appraisal expenditures

³ On comparable basis.

OMV Vision 2020

We are the energy – for a better life

Restructuring

- ▶ Streamlined portfolio
- ▶ Integrated gas sales and trading businesses
- ▶ Achieved > EUR 200 mn cost savings
- ▶ Significantly reduced the oil price free cash flow break-even

Value added growth

- ▶ **Upstream**
 - ▶ Growing in low-cost regions with rich hydrocarbon reserves
 - ▶ Optimize operating assets
 - ▶ Improve value with a risk-balanced portfolio
 - ▶ Achieve RRR $\geq 100\%$
- ▶ **Gas**: Expand European gas sales business to monetize OMV's supply position
- ▶ **Oil**: Extend refinery value chain towards higher value products
- ▶ Leverage on strong partnerships



OMV is producing and marketing oil & gas, innovative energy and high-end petrochemical solutions – in a responsible way

2015

2016

2017

2020

Financial discipline



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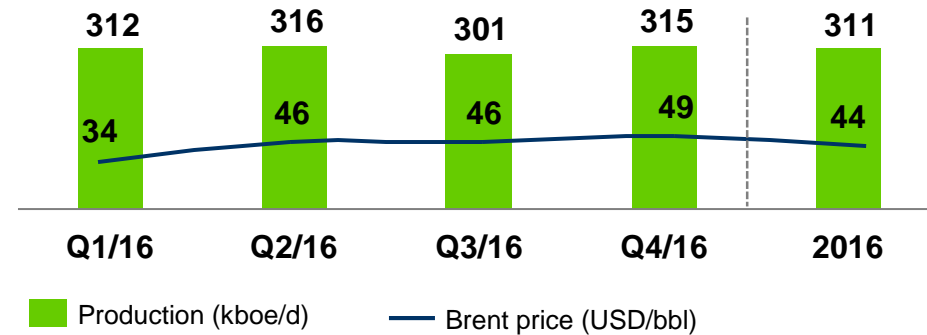
BACK-UP

OMV Aktiengesellschaft

Quarterly development in 2016

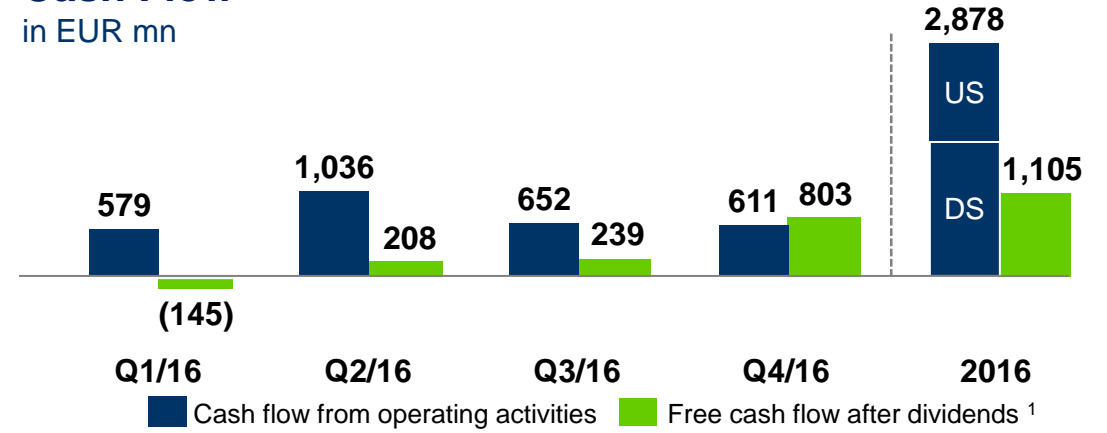
Production

in kboe/d



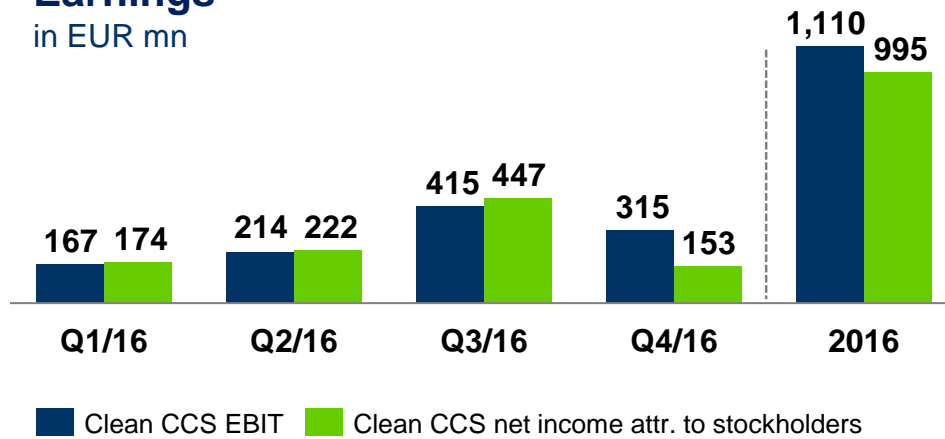
Cash Flow

in EUR mn



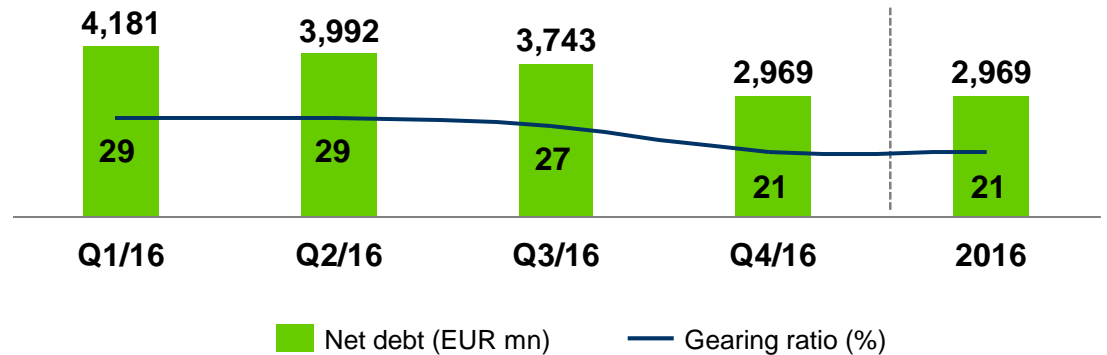
Earnings

in EUR mn



Net debt

in EUR mn



Figures on this and the following slides may not add up due to rounding differences.

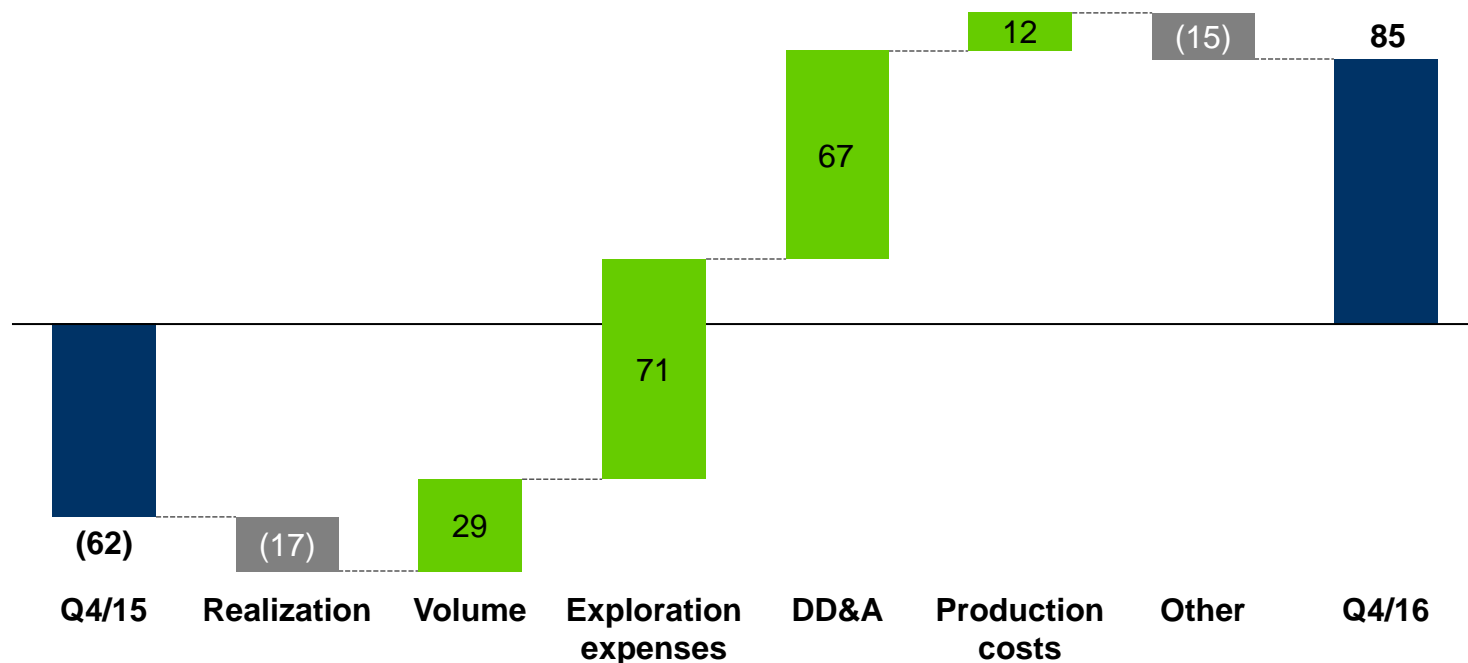
¹ Figure represents free cash flow after dividends including non-controlling interest changes. In Q4/16 and 2016 it includes mainly the proceeds from divesting the 49% minority stake in Gas Connect Austria

Strict cost management and higher production turn Q4/16

Upstream clean EBIT positive

Clean EBIT

in EUR mn



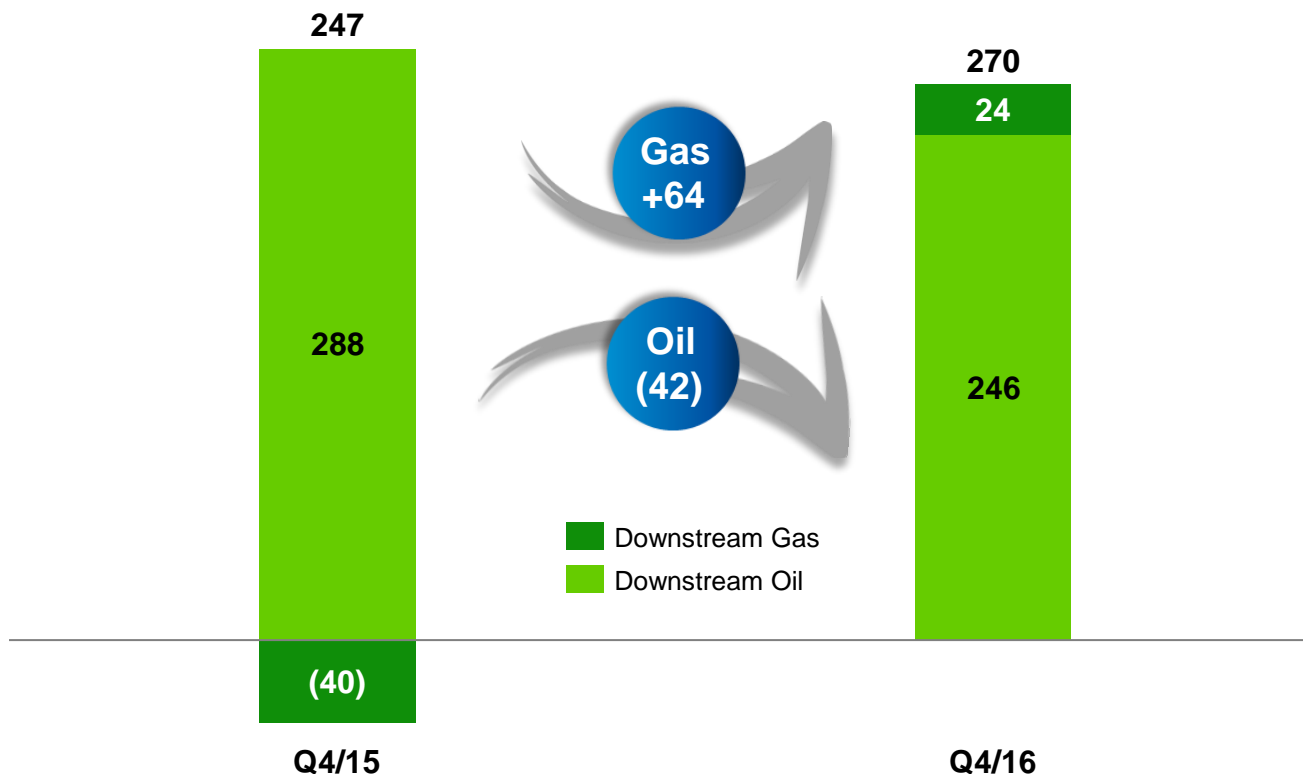
Q4/16 vs. Q4/15

- ▶ Higher realized oil price by 12% to 45 USD/bbl and lower realized gas price by 25% to EUR 12/MWh
- ▶ Production rose by 2% to 315 kbbbl/d
- ▶ Sales volumes increased by 3%
- ▶ Lower exploration expenses due to reduced activities across the portfolio
- ▶ Lower depreciation due to the effect of the lower asset base and positive reserve revisions
- ▶ Upstream production cost reduced by 8% to USD 11.3/boe

Downstream's performance remained very strong

Clean CCS EBIT

in EUR mn



Q4/16 vs. Q4/15

Oil

- ▶ High utilization rate at 96%
- ▶ Total refined product sales increased to 7.9 mn t
- ▶ Stable petrochemicals business
- ▶ Slightly lower OMV indicator refining margin at USD 5.6/bbl
- ▶ Different product mix; lower jet fuel margins

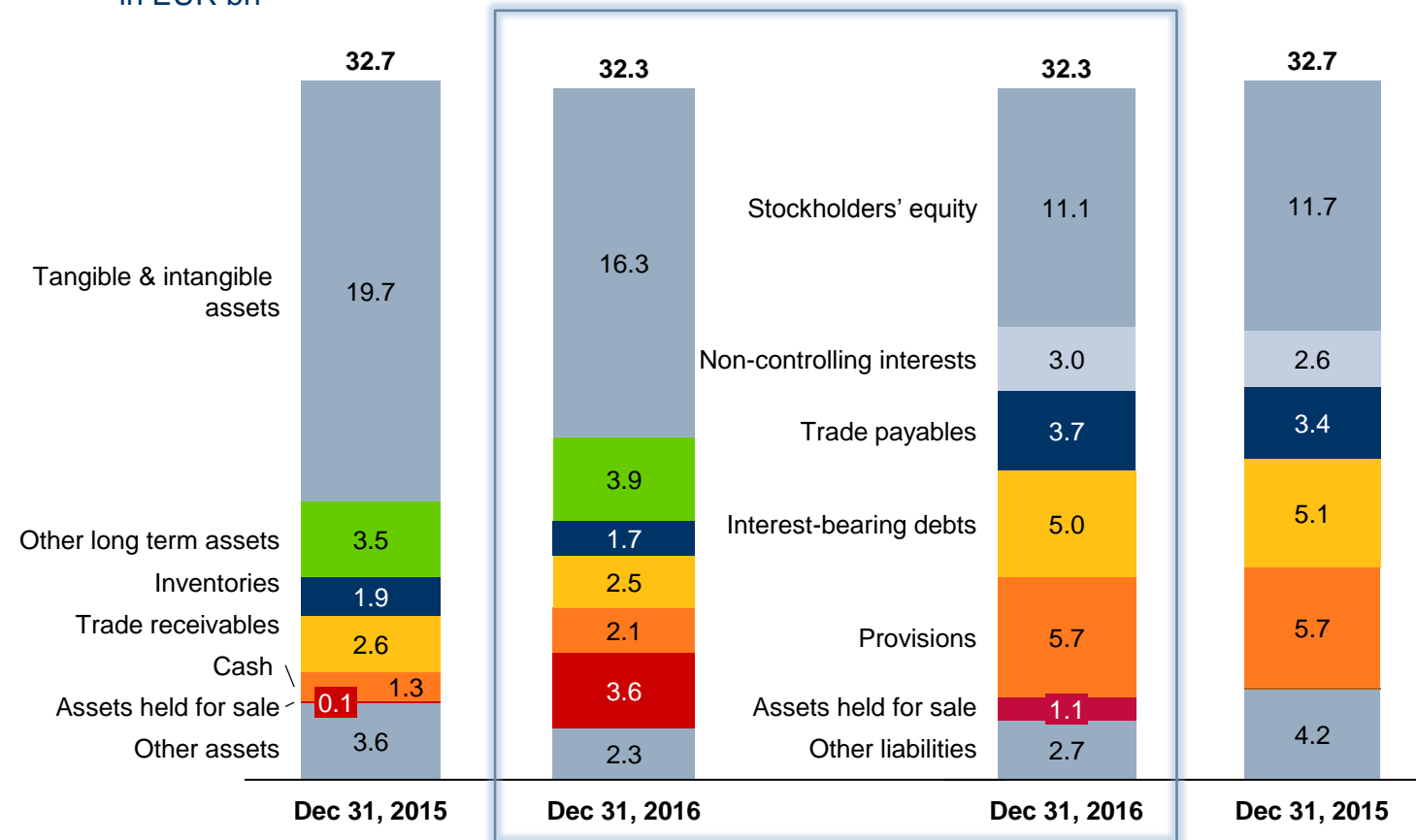
Gas

- ▶ Stable Gas Connect Austria contribution
- ▶ Gas sales volumes increased to 29.8 TWh
- ▶ Gas sales result impacted by mark-to-market valuations

Strong balance sheet

Balance Sheet 2016 vs. 2015

in EUR bn



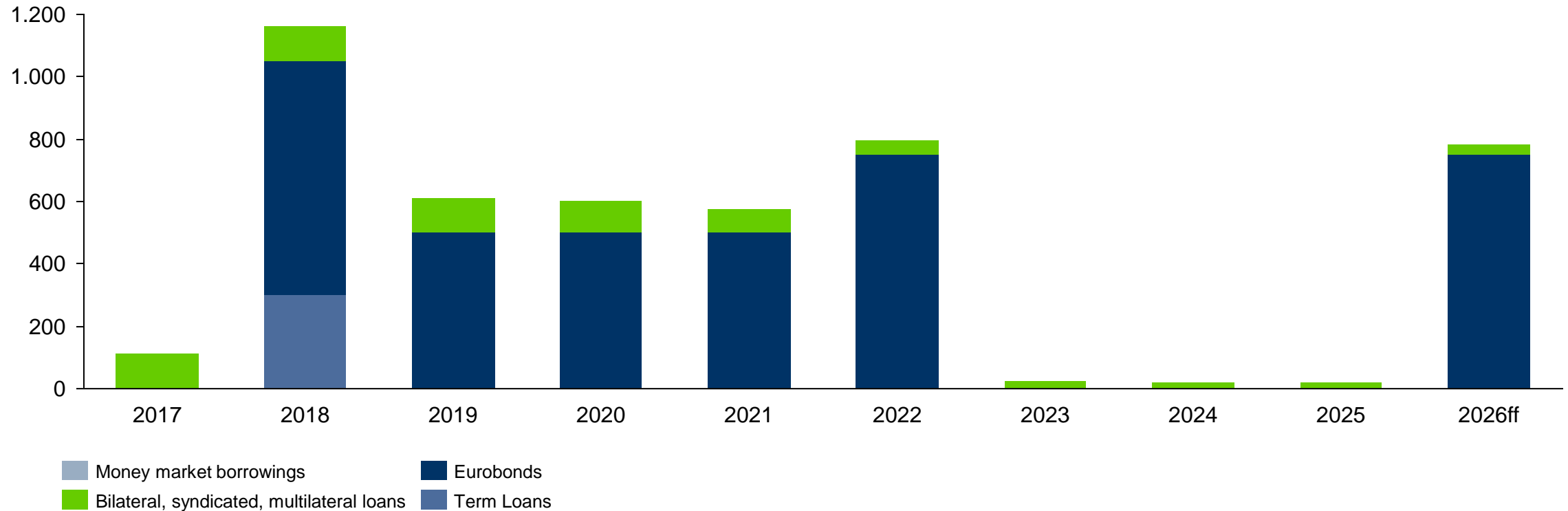
Highlights 2016

- ▶ EUR 3.4 bn reduction in tangible and intangible assets mainly due to reclassification as assets held for sale and to impairments booked during the period
- ▶ Assets held for sale
 - ▶ OMV (U.K.) Limited
 - ▶ OMV Petrol Ofisi
- ▶ Equity accounted investments increased reflecting the strong equity result from Borealis
- ▶ The overall cash position increased by EUR 1.1 bn¹
- ▶ Equity ratio stable at 44%

¹ Including cash of OMV Petrol Ofisi and OMV UK, which is included in Assets held for sale

Managing the maturity of debt

Debt maturity profile in EUR mn



Hybrids not depicted in the graph

Sensitivities on OMV Group in 2017

2017 impact
in EUR mn

	EBIT	Operating cash flow
Brent oil price (USD +1/bbl)	+35	+30
Gas price (EUR +1/MWh)	+20	+15
OMV indicator refining margin (USD +1/bbl)	+110	+85
Petrochemicals margin (EUR +10/to)	+15	+10
EUR-USD (USD appreciates by 10 US cents)	+160	+125

Note: Materially different Brent and FX levels (vs. current levels) would lead to different sensitivity results.