

Q2

Quarterly Report 2020

July 29, 2020

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Disclaimer regarding forward-looking statements

This report contains forward-looking statements. Forward-looking statements usually may be identified by the use of terms such as “outlook,” “expect,” “anticipate,” “target,” “estimate,” “goal,” “plan,” “intend,” “may,” “objective,” “will,” and similar terms or by their context. These forward-looking statements are based on beliefs and assumptions currently held by and information currently available to OMV. By their nature, forward-looking statements are subject to risks and uncertainties, both known and unknown, because they relate to events and depend on circumstances that will or may occur in the future and are outside the control of OMV. Consequently, the actual results may differ materially from those expressed or implied by the forward-looking statements. Therefore, recipients of this report are cautioned not to place undue reliance on these forward-looking statements.

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OMV Group Report January–June and Q2 2020 Including Condensed Consolidated Interim Financial Statements as of June 30, 2020

Key Performance Indicators ¹

Group

- ▶ Clean CCS Operating Result decreased by 86% to EUR 145 mn
- ▶ Clean CCS net income attributable to stockholders amounted to EUR 65 mn, clean CCS Earnings Per Share were EUR 0.20
- ▶ Cash flow from operating activities of EUR 545 mn
- ▶ Organic free cash flow before dividends of EUR 120 mn
- ▶ Clean CCS ROACE at 8%
- ▶ Lost-Time Injury Rate at 0.12

Upstream

- ▶ Production decreased to 464 kboe/d
- ▶ Production cost reduced to USD 6.2/boe

Downstream

- ▶ OMV indicator refining margin declined to USD 2.3/bbl
- ▶ Natural gas sales volumes increased by 21% to 32.3 TWh

Key events

- ▶ On July 28: OMV Executive Board confirms existing dividend policy and adjusts dividend proposal to EUR 1.75 per share
- ▶ On July 28: OMV intends to issue a new Hybrid Bond
- ▶ On July 10: OMV reconfirmed as FTSE4Good Index Constituent
- ▶ On July 8: OMV and VERBUND begin construction on Austria's largest area photovoltaic plant
- ▶ On June 24: Lafarge, OMV, VERBUND and Borealis join hands to capture and utilize CO₂ on an industrial scale
- ▶ On June 15: Elena Skvortsova takes her seat as new OMV Executive Board member for Marketing & Trading
- ▶ On June 16, OMV issued senior bonds with a total volume of EUR 1.5 bn.
- ▶ On April 9, OMV issued senior bonds with a total volume of EUR 1.75 bn.

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 Q2/20 period; all comparisons described relate to the same quarter in the previous year except where otherwise mentioned.

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Directors' Report (condensed, unaudited)

Group performance

Financial highlights

In EUR mn (unless otherwise stated)

Q2/20	Q1/20	Q2/19	Δ% ¹		6m/20	6m/19	Δ%
3,138	4,760	6,035	(48)	Sales revenues ²	7,898	11,438	(31)
145	699	1,047	(86)	Clean CCS Operating Result³	844	1,806	(53)
(152)	137	650	n.m.	Clean Operating Result Upstream ³	(15)	1,043	n.m.
309	501	428	(28)	Clean CCS Operating Result Downstream ³	810	801	1
(3)	(15)	(13)	73	Clean Operating Result Corporate and Other ³	(18)	(25)	26
(9)	77	(17)	49	Consolidation: elimination of intersegmental profits	68	(13)	n.m.
19	33	39	(20)	Clean CCS Group tax rate in %	30	37	(7)
124	420	627	(80)	Clean CCS net income ³	544	1,109	(51)
65	316	510	(87)	Clean CCS net income attributable to stockholders^{3,4}	381	857	(56)
0.20	0.97	1.56	(87)	Clean CCS EPS in EUR ³	1.17	2.62	(56)
145	699	1,047	(86)	Clean CCS Operating Result³	844	1,806	(53)
(12)	(165)	25	n.m.	Special items⁵	(177)	38	n.m.
(70)	(453)	14	n.m.	CCS effects: inventory holding gains/(losses)	(523)	9	n.m.
63	81	1,087	(94)	Operating Result Group	144	1,853	(92)
(237)	(9)	644	n.m.	Operating Result Upstream	(246)	1,050	n.m.
342	(18)	474	(28)	Operating Result Downstream	324	880	(63)
(5)	(20)	(14)	63	Operating Result Corporate and Other	(25)	(38)	35
(38)	128	(16)	(130)	Consolidation: elimination of intersegmental profits	90	(39)	n.m.
8	(77)	(25)	n.m.	Net financial result	(69)	(53)	(31)
70	5	1,062	(93)	Profit before tax	75	1,800	(96)
18	n.m.	38	(20)	Group tax rate in %	114	36	78
58	(68)	658	(91)	Net income	(11)	1,154	n.m.
24	(159)	543	(96)	Net income attributable to stockholders ⁴	(135)	897	n.m.
0.07	(0.49)	1.66	(96)	Earnings Per Share (EPS) in EUR	(0.41)	2.75	n.m.
545	1,121	1,135	(52)	Cash flow from operating activities	1,666	2,001	(17)
111	481	719	(85)	Free cash flow before dividends	592	595	(1)
(109)	481	(52)	(109)	Free cash flow after dividends	372	(176)	n.m.
120	594	728	(84)	Organic free cash flow before dividends ⁶	714	1,146	(38)
3,401	3,232	2,309	47	Net debt excluding leases	3,401	2,309	47
4,416	4,262	3,292	34	Net debt including leases	4,416	3,292	34
21	19	14	6	Gearing ratio excluding leases in %	21	14	6
386	469	493	(22)	Capital expenditure ⁷	855	1,374	(38)
372	422	493	(24)	Organic capital expenditure ⁸	795	897	(11)
8	11	14	(6)	Clean CCS ROACE in % ³	8	14	(6)
5	8	13	(8)	ROACE in %	5	13	(8)
19,434	19,702	20,192	(4)	Employees	19,434	20,192	(4)
0.12	0.15	0.32	(63)	Lost-Time Injury Rate per 1 mn hours worked	0.14	0.35	(60)

¹ Q2/20 compared to Q2/19² Sales revenues excluding petroleum excise tax³ 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 interests⁵ 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 acquisitions⁸ Organic capital expenditure is defined as capital expenditure including capitalized Exploration and Appraisal expenditure and excluding acquisitions and contingent considerations.

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Second quarter 2020 (Q2/20) compared to second quarter 2019 (Q2/19)

Consolidated sales revenues decreased by 48% to EUR 3,138 mn due to the overall lower global commodity price environment and fallen liquid hydrocarbon sales volumes. The **clean CCS Operating Result** declined by 86% from EUR 1,047 mn to EUR 145 mn. The contribution of Upstream was EUR (152) mn (Q2/19: EUR 650 mn). In Downstream, the clean CCS Operating Result amounted to EUR 309 mn (Q2/19: EUR 428 mn). The consolidation line was EUR (9) mn in Q2/20 (Q2/19: EUR (17) mn). OMV Petrom's contribution to the Group's clean CCS Operating Result totaled EUR 56 mn (Q2/19: EUR 215 mn).

The **clean CCS Group tax rate** was 19%, significantly lower than in the same quarter last year (Q2/19: 39%), reflecting the lower contribution from Upstream, in particular from countries with high tax regimes. The **clean CCS net income** weakened to EUR 124 mn (Q2/19: EUR 627 mn). The **clean CCS net income attributable to stockholders** was EUR 65 mn (Q2/19: EUR 510 mn). **Clean CCS Earnings Per Share** came in at EUR 0.20 (Q2/19: EUR 1.56).

Net **special items** of EUR (12) mn were recorded in Q2/20 (Q2/19: EUR 25 mn). **CCS effects** of EUR (70) mn were recognized in Q2/20. The OMV Group's reported **Operating Result** fell by 94% to EUR 63 mn (Q2/19: EUR 1,087 mn). OMV Petrom's contribution to the Group's reported Operating Result declined by 86% to EUR 29 mn (Q2/19: EUR 210 mn).

The **net financial result** improved to EUR 8 mn (Q2/19: EUR (25) mn) following the recognition of an interest income from clearance of the arbitration proceedings at the International Chamber of Commerce Paris against the Ministry of Environment in Romania, as well as due to increased dividend income. With a **Group tax rate** of 18% (Q2/19: 38%) net income amounted to EUR 58 mn (Q2/19: EUR 658 mn). The **net income attributable to stockholders** declined strongly to EUR 24 mn (Q2/19: EUR 543 mn). **Earnings Per Share** amounted to EUR 0.07 (Q2/19: EUR 1.66).

As of June 30, 2020, the **net debt excluding leases** amounted to EUR 3,401 mn compared to EUR 2,309 mn on June 30, 2019, mainly due to the acquisition of a 15% stake in the ADNOC Refining business in Q3/19. As of June 30, 2020, the **gearing ratio excluding leases** stood at 21% (June 30, 2019: 14%).

Total **capital expenditure** came in at EUR 386 mn (Q2/19: EUR 493 mn), with the majority spent in Upstream. In Q2/20, **organic capital expenditure** decreased by 24% to EUR 372 mn (Q2/19: EUR 493 mn).

January to June 2020 (6m/20) compared to January to June 2019 (6m/19)

Consolidated sales revenues decreased by 31% to EUR 7,898 mn, driven by the overall lower global commodity price environment and fallen sales volumes. The **clean CCS Operating Result** declined considerably from EUR 1,806 mn in 6m/19 to EUR 844 mn. The contribution from Upstream amounted to EUR (15) mn (6m/19: EUR 1,043 mn). In Downstream, the clean CCS Operating Result stood at EUR 810 mn (6m/19: EUR 801 mn). The consolidation line was EUR 68 mn in 6m/20 (6m/19: EUR (13) mn). OMV Petrom's contribution to the Group's clean CCS Operating Result amounted to EUR 259 mn (6m/19: EUR 478 mn).

The **clean CCS Group tax rate** in 6m/20 was 30% (6m/19: 37%), reflecting the lower contribution from Upstream, in particular from countries with high tax regimes. The **clean CCS net income** went down to EUR 544 mn (6m/19: EUR 1,109 mn). The **clean CCS net income attributable to stockholders** amounted to EUR 381 mn (6m/19: EUR 857 mn). **Clean CCS Earnings Per Share** was EUR 1.17 (6m/19: EUR 2.62).

Net **special items** of EUR (177) mn were recorded in 6m/20 (6m/19: EUR 38 mn), mainly due to asset impairments in New Zealand, Tunisia, and Austria following revised short-term oil and gas price assumptions as well as write-off of exploration licenses. **CCS effects** of EUR (523) mn were recognized in 6m/20. The OMV Group's reported **Operating Result** decreased substantially to EUR 144 mn (6m/19: EUR 1,853 mn). The contribution of OMV Petrom to the Group's reported Operating Result declined to EUR 202 mn (6m/19: EUR 478 mn).

The **net financial result** decreased to EUR (69) mn (6m/19: EUR (53) mn) mainly due to the negative FX result which was only partly offset by higher dividend income and by the recognition of an interest income from clearance of the arbitration proceedings initiated at the International Chamber of Commerce Paris against the Ministry of Environment in Romania. With a high **Group tax rate** of 114% (6m/19: 36%) due to an overall low profit from ordinary activities and result contributions from high tax regimes in Upstream, the **net income** amounted to EUR (11) mn (6m/19: EUR 1,154 mn). The **net income attributable to stockholders** was EUR (135) mn compared to EUR 897 mn in 6m/19. **Earnings Per Share** decreased to EUR (0.41) compared to EUR 2.75 in 6m/19.

As of June 30, 2020, the **net debt excluding leases** amounted to EUR 3,401 mn compared to EUR 2,309 mn on June 30, 2019, mainly due to a lower cash position impacted by the acquisition of a 15% stake in the ADNOC Refining business in Q3/19. As of June 30, 2020, the **gearing ratio excluding leases** stood at 21% (June 30, 2019: 14%).

Total **capital expenditure** amounted to EUR 855 mn (6m/19: EUR 1,374 mn) with the majority in Upstream. In 6m/19, total capital expenditure included the acquisition of a 50% interest in SapuraOMV in the amount of USD 540 mn. **Organic capital expenditure** was reduced by 11% to EUR 795 mn (6m/19: EUR 897 mn) as a reaction to the worsened economic environment.

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Special items and CCS effect

In EUR mn

Q2/20	Q1/20	Q2/19	Δ% ¹		6m/20	6m/19	Δ%
145	699	1,047	(86)	Clean CCS Operating Result²	844	1,806	(53)
(12)	(165)	25	n.m.	Special items	(177)	38	n.m.
(3)	(3)	(6)	49	thereof personnel restructuring	(6)	(15)	58
(52)	(117)	0	n.m.	thereof unscheduled depreciation	(170)	(1)	n.m.
3	0	0	n.m.	thereof asset disposals	3	12	(72)
40	(44)	31	28	thereof other	(5)	41	n.m.
(70)	(453)	14	n.m.	CCS effects: inventory holding gains/(losses)	(523)	9	n.m.
63	81	1,087	(94)	Operating Result Group	144	1,853	(92)

¹ Q2/20 compared to Q2/19² Adjusted for special items and CCS effects

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. These items can be divided into four sub-categories: personnel restructuring, unscheduled depreciation and write-ups, asset disposals, and other.

Furthermore, to enable effective performance management in an environment of volatile prices and comparability with peers, the **Current Cost of Supply (CCS)** effect is eliminated from the accounting result. The **CCS effect**, also called inventory holding gains and losses, is the difference between the cost of sales calculated using the current cost of supply and the cost of sales calculated using the weighted average method after adjusting for any changes in valuation allowances. In volatile energy markets, measurement of the costs of petroleum products sold based on historical values (e.g., weighted average cost) can have distorting effects on reported results. This performance measurement enhances the transparency of results and is commonly used in the oil industry. OMV, therefore, publishes this measurement in addition to the Operating Result determined according to IFRS.

Cash flow**Summarized cash flow statement**

In EUR mn

Q2/20	Q1/20	Q2/19	Δ% ¹		6m/20	6m/19	Δ%
431	838	1,038	(59)	Sources of funds	1,269	2,235	(43)
545	1,121	1,135	(52)	Cash flow from operating activities	1,666	2,001	(17)
(434)	(641)	(415)	(4)	Cash flow from investing activities	(1,074)	(1,405)	24
111	481	719	(85)	Free cash flow	592	595	(1)
2,945	(606)	(697)	n.m.	Cash flow from financing activities	2,339	(926)	n.m.
0	(38)	5	(90)	Effect of exchange rate changes on cash and cash equivalents	(37)	(4)	n.m.
3,056	(162)	27	n.m.	Net (decrease)/increase in cash and cash equivalents	2,894	(335)	n.m.
2,776	2,938	3,664	(24)	Cash and cash equivalents at beginning of period	2,938	4,026	(27)
5,832	2,776	3,691	58	Cash and cash equivalents at end of period	5,832	3,691	58
2	7	—	n.a.	thereof cash disclosed within Assets held for sale	2	—	n.a.
5,830	2,769	3,691	58	Cash and cash equivalents presented in the consolidated statement of financial position	5,830	3,691	58
(109)	481	(52)	(109)	Free cash flow after dividends	372	(176)	n.m.
120	594	728	(84)	Organic Free cash flow before dividends²	714	1,146	(38)

¹ Q2/20 compared to Q2/19² 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).**Second quarter 2020 (Q2/20) compared to second quarter 2019 (Q2/19)**

In Q2/20, **sources of funds** decreased to EUR 431 mn (Q2/19: EUR 1,038 mn), significantly impacted by a worsened market environment. Net working capital effects generated a cash inflow of EUR 114 mn, compared to EUR 96 mn in Q2/19. As a result, **cash flow from operating activities** amounted to EUR 545 mn in Q2/20 (Q2/19: EUR 1,135 mn).

Cash flow from investing activities showed an outflow of EUR (434) mn compared to EUR (415) mn in Q2/19. Cash flow from investing activities in Q2/20 included a cash outflow of EUR (18) mn related to the financing agreements for the Nord Stream 2 pipeline project.

Free cash flow amounted to EUR 111 mn (Q2/19: EUR 719 mn).

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Cash flow from financing activities recorded an inflow of EUR 2,945 mn compared to an outflow of EUR (697) mn in Q2/19, mainly attributable to the issuance of bonds of EUR 3.25 bn in Q2/20. Dividend payments decreased significantly, as the Annual General Meeting was postponed to September 29, 2020, and thus no dividends to OMV Aktiengesellschaft stockholders were paid in Q2/20.

Free cash flow after dividends declined to EUR (109) mn in Q2/20 (Q2/19: EUR (52) mn).

Organic free cash flow before dividends decreased to EUR 120 mn (Q2/19: EUR 728 mn).

January to June 2020 (6m/20) compared to January to June 2019 (6m/19)

In 6m/20, **sources of funds** dropped to EUR 1,269 mn (6m/19: EUR 2,235 mn). Working capital components generated a cash inflow of EUR 397 mn (6m/19: outflow of EUR (234) mn). **Cash flow from operating activities** amounted to EUR 1,666 mn, down by EUR 335 mn compared to 6m/19.

Cash flow from investing activities showed an outflow of EUR (1,074) mn in 6m/20, compared to EUR (1,405) mn in 6m/19. The deviation is mainly attributable to a cash outflow of EUR (460) mn related to the acquisition of a 50% interest in the new company SapuraOMV in 6m/19. Cash flow from investing activities in 6m/20 included a cash outflow of EUR (18) mn related to the financing agreements for the Nord Stream 2 pipeline project.

Free cash flow amounted to EUR 592 mn (6m/19: EUR 595 mn).

Cash flow from financing activities showed an inflow of EUR 2,339 mn compared to an outflow of EUR (926) mn in 6m/19, mainly attributable to the issuance of bonds of EUR 3.25 bn in 6m/20. Dividend payments decreased significantly, as the Annual General Meeting was postponed to September 29, 2020, and thus no dividends to OMV Aktiengesellschaft stockholders were paid in 6m/20.

Free cash flow after dividends increased to EUR 372 mn in 6m/20 (6m/19: EUR (176) mn).

Organic free cash flow before dividends declined to EUR 714 mn (6m/19: EUR 1,146 mn).

Risk management

As an international oil and gas company with operations extending from hydrocarbon exploration and production through to trading and marketing of mineral oil products and natural gas, OMV is exposed to a variety of risks, including market risks, financial risks, operational risks, and strategic risks. A detailed description of risks and risk management activities can be found in the 2019 Annual Report (pages 80–82).

The main uncertainties that can influence the OMV Group's performance are the commodity price risk, FX risk, operational risks, and also political and regulatory risks. The commodity price risk is being monitored constantly and appropriate protective measures with respect to cash flow are taken, if required. The inherent exposure to safety and environmental risks is monitored through HSSE (Health, Safety, Security, and Environment) and risk management programs, which have a clear commitment to keeping OMV's risks in line with industry standards.

The global outbreak of the COVID-19 pandemic continues to have a major impact on global economic development. While oil prices slightly increased during the second quarter following supply reductions, they still remain significantly volatile. Recent increases in COVID-19 cases around the world could lead to delays in the assumed demand recovery, following the response of governments and citizens. Thus, the consequences of the COVID-19 pandemic and the extent and duration of the economic impact cannot be reliably estimated from today's perspective. However, OMV is closely monitoring the development and regularly evaluating the impact on the Group's cash flow and liquidity position. OMV is responding to the situation with targeted measures to safeguard the Company's economic stability and the secure supply of energy. The health and wellbeing of every employee is the top priority. At the same time, OMV is implementing targeted measures to safeguard the Company's financial strength, namely reduction of investments, cost cutting, and postponing acquisition projects.

From today's perspective, we assume that based on the measures listed above the Company's ability to continue as a going concern is not impacted.

More information on current risks can be found in the Outlook section of the Directors' Report.

Transactions with related parties

Please refer to the selected explanatory notes of the consolidated interim financial statements for disclosures on significant transactions with related parties.

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Outlook

Market environment

- ▶ For the year 2020, OMV expects the average Brent crude oil price to be at USD 40/bbl (2019: USD 64/bbl). In 2020, the average realized gas price is now anticipated to be lower than EUR 10/MWh (previous forecast: to be at EUR 10/MWh; 2019: EUR 11.9/MWh).

Group

- ▶ In 2020, organic CAPEX is projected to come in at around EUR 1.7 bn (previous forecast: below EUR 1.8 bn; 2019: EUR 2.3 bn).¹

Upstream

- ▶ OMV expects total production to be between 450 kboe/d and 470 kboe/d in 2020 (previous forecast: between 440 kboe/d and 470 kboe/d; 2019: 487 kboe/d) depending on the security situation in Libya and imposed production cuts by governments.
- ▶ Organic CAPEX for Upstream is anticipated to come in at EUR 1.1 bn in 2020 (2019: EUR 1.6 bn).¹
- ▶ In 2020, Exploration and Appraisal (E&A) expenditure is expected to be at EUR 250 mn (2019: EUR 360 mn).

Downstream

- ▶ The OMV indicator refining margin is expected to be around USD 3/bbl (previous forecast: around USD 4/bbl; 2019: USD 4.4/bbl).
- ▶ Petrochemical margins are anticipated to be slightly below the previous year's level (previous forecast: at the previous year's level; 2019: EUR 433/t).
- ▶ Total refined product sales in 2020 are forecasted to be lower compared to 2019 (2019: 20.9 mn t). In OMV's markets, retail margins are predicted to be higher than in 2019 (previous forecast: at the prior-year level) and commercial margins are predicted to be at the prior-year level.
- ▶ The utilization rate of the European refineries is expected to be around 85% (previous forecast: around 80%; 2019: 97%). In 2020, there is no major turnaround planned for our refineries in Europe.
- ▶ Natural gas sales volumes in 2020 are projected to be substantially above those in 2019 (previous forecast: above those in 2019; 2019: 137 TWh).

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

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Business segments

Upstream

In EUR mn (unless otherwise stated)

Q2/20	Q1/20	Q2/19	Δ% ¹		6m/20	6m/19	Δ%
207	588	1,121	(82)	Clean Operating Result before depreciation and amortization, impairments and write-ups	795	1,933	(59)
(152)	137	650	n.m.	Clean Operating Result	(15)	1,043	n.m.
(85)	(146)	(6)	n.m.	Special items	(231)	7	n.m.
(237)	(9)	644	n.m.	Operating Result	(246)	1,050	n.m.
251	335	341	(27)	Capital expenditure ²	585	1,133	(48)
50	112	93	(46)	Exploration expenditure	162	162	0
83	119	71	16	Exploration expenses	202	118	72
6.21	6.44	6.93	(10)	Production cost in USD/boe	6.32	6.87	(8)

Key Performance Indicators

464	472	490	(5)	Total hydrocarbon production in kboe/d	468	482	(3)
177	183	214	(17)	thereof oil and NGL production in kboe/d	180	205	(12)
287	289	275	4	thereof natural gas production in kboe/d	288	278	4
16.1	16.6	19.5	(17)	Crude oil and NGL production in mn bbl	32.7	37.0	(12)
152.5	153.6	146.1	4	Natural gas production in bcf	306.1	292.8	5
434	446	484	(11)	Total hydrocarbon sales volumes in kboe/d	440	456	(4)
173	182	235	(27)	thereof oil and NGL sales volumes in kboe/d	177	204	(13)
261	264	249	5	thereof natural gas sales volumes in kboe/d	263	252	4
29.56	50.10	68.86	(57)	Average Brent price in USD/bbl	40.07	65.95	(39)
25.64	46.78	65.91	(61)	Average realized crude price in USD/bbl ³	36.28	63.47	(43)
2.77	3.71	4.16	(33)	Average realized gas price in USD/1,000 cf ³	3.24	4.44	(27)
8.23	10.99	12.13	(32)	Average realized gas price in EUR/MWh ^{3,4}	9.62	12.85	(25)
1.101	1.103	1.124	(2)	Average EUR-USD exchange rate	1.102	1.130	(2)

¹ Q2/20 compared to Q2/19² In 6m/19, capital expenditure including acquisitions in particular included a payment in the amount of USD 540 mn for a 50% interest in the newly formed company SapuraOMV.³ Average realized prices include hedging effects.⁴ The average realized gas price is converted to MWh using a standardized calorific value across the portfolio.

Second quarter 2020 (Q2/20) compared to second quarter 2019 (Q2/19)

- The clean Operating Result sharply declined to EUR (152) mn because of substantially lower oil and gas prices.
- Production decreased by 26 kboe/d to 464 kboe/d, mainly as a result of the production shutdown in Libya.
- Production costs were lowered by 10% to USD 6.2/boe.

In Q2/19, the **clean Operating Result** sharply declined from EUR 650 mn to EUR (152) mn. A very challenging market environment and a reduced operational performance weighed on the result. Less depreciation moderately offset these effects. Net market effects had a negative impact of EUR (649) mn as a consequence of materially lower average realized oil and gas prices. The operational performance lowered returns by EUR 232 mn, as no liftings came out of Libya in Q2/20. In the prior-year quarter, the sales contribution from Libya was above average due to the lifting schedule. These reductions were partially offset by lower E&A expenses, particularly in Austria and Norway, and higher sales volumes in Malaysia. Depreciation decreased by EUR (78) mn due to reserves revisions in New Zealand and a shut-in production in Libya. In Q2/20, OMV Petrom contributed EUR (26) mn to the clean Operating Result (Q2/19: EUR 163 mn).

In Q2/20, net **special items** amounted to EUR (85) mn (Q2/19: EUR (6) mn), which were mainly related to an exploration license expiry in Malaysia in the amount of EUR (48) mn. The **Operating Result** decreased strongly to EUR (237) mn (Q2/19: EUR 644 mn).

Production cost excluding royalties declined by 10% year over year to USD 6.2/boe, mainly as a result of further cost reduction measures and reduced activity during the COVID-19 lockdown. OMV Petrom cut its production cost to USD 10.0/boe.

Total hydrocarbon production decreased by 26 kboe/d to 464 kboe/d. Force majeure in Libya and slightly lower production in Romania and Austria were to some extent counterbalanced by higher output in Malaysia, Norway, and the United Arab Emirates. OMV Petrom's total production was down by 4 kboe/d to 147 kboe/d mostly because of natural decline. **Total hydrocarbon sales volumes** declined to 434 kboe/d (Q2/19: 484 kboe/d) following mainly no liftings in Libya. In the prior-year quarter, Libya's contribution was above average due to the lifting schedule. This was partially offset by higher sales volumes in Malaysia.

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The crude oil market went through an extremely volatile period over the past quarter. Following a disagreement on further production cuts in an OPEC+ meeting in March and the resulting increase of crude oil supply came the COVID-19 pandemic, which saw oil demand fall sharply by over 20 mn bbl/d in April. Market concerns regarding insufficient global storage capacities in light of the resulting vast oversupply led to significantly lower oil prices. Brent fell to a 21-year low of around USD 13/bbl and for a brief period WTI turned negative for the first time ever. Oil prices have, however, managed to recover to levels of around USD 40/bbl as demand slowly recovered, while OPEC+ cuts entering into force in May finally curtailed supply. On a quarterly comparison, the **average Brent price** went down significantly by 57% to USD 29.6/bbl. The Group's **average realized crude price** declined by 61%. European gas markets were hit by a combination of weak demand, full storages, and increased LNG imports. Wide-ranging lockdown measures across Europe in response to the COVID-19 pandemic were reflected in decreasing commercial, industrial, and gas-to-power demand. Starting mid-quarter, first signs of improvement began to show. Despite the gradual lift of lockdown restrictions, demand in natural-gas-intensive industries is still far from recovering to 2019 levels. Storages are unusually well utilized for the time of year with a record filling level of ~80% at the end of June. On the supply side we continue to see substantial LNG oversupply triggered by massive capacity ramp-ups. These effects led to falling natural gas prices. The **average realized gas price** in USD/1,000 cf declined by 33%.

Capital expenditure including capitalized E&A decreased significantly as a result of cost saving measures and reduced activity during the COVID-19 lockdown from EUR 341 mn to EUR 251 mn in Q2/20. In Q2/20, organic capital expenditure was primarily directed to projects in Romania, Norway, the United Arab Emirates, and New Zealand. **Exploration expenditure** decreased by 46% to EUR 50 mn in Q2/20 and was mainly related to exploration activities in Norway and Malaysia.

January to June 2020 (6m/20) compared to January to June 2019 (6m/19)

The **clean Operating Result** sharply decreased from EUR 1,043 mn to EUR (15) mn in 6m/20. Net market effects had a negative impact of EUR (881) mn as a consequence of materially lower average realized oil and gas prices. A reduced operational performance lowered returns by EUR 293 mn and was mainly a consequence of the force majeure situation and the ensuing liftings short-fall in Libya in the first half of the year. Higher sales volumes in Malaysia had a balancing effect. Depreciation decreased by EUR (116) mn due to reserves revisions in New Zealand and less production in Libya. In 6m/20, OMV Petrom contributed EUR 7 mn to the clean Operating Result compared to EUR 337 mn in 6m/19.

Net **special items** amounted to EUR (231) mn in 6m/20 (6m/19: EUR 7 mn), following mainly asset impairments in New Zealand, Tunisia, and Austria as a result of revised short-term oil and gas price assumptions and an exploration license expiry in Malaysia in the amount of EUR (48) mn. The **Operating Result** decreased sharply to EUR (246) mn (6m/19: EUR 1,050 mn).

Production cost excluding royalties decreased by 8% to USD 6.3/boe, mainly as a result of further cost saving initiatives and reduced activity during the COVID-19 lockdown. At OMV Petrom, production cost decreased by 9% to USD 10.4/boe.

Total hydrocarbon production declined by 14 kboe/d to 468 kboe/d, as force majeure lowered contributions from Libya. There was also slightly less production coming from Romania and Russia. More output in Malaysia and in Norway slightly offset this. OMV Petrom's total production went down by 3 kboe/d to 149 kboe/d, mainly due to natural decline. **Total sales volumes** decreased to 440 kboe/d (6m/19: 456 kboe/d) as a consequence of the Libyan force majeure situation. This was partially offset by higher sales volumes in Malaysia.

In 6m/20, the **average Brent price** reached USD 40/bbl, a significant decrease by 39%. The Group's **average realized crude price** declined sharply by 43%. The **average realized gas price** in USD/1,000 cf went down by 27%. In 6m/20, realized gas prices were supported by a realized hedging gain of EUR 8 mn.

Capital expenditure including capitalized E&A was EUR 585 mn in 6m/20 (6m/19: EUR 1,133 mn). The first half-year of 2019 included a payment of USD 540 mn for the purchase of the 50% interest in SapuraOMV. In 6m/20, organic capital expenditure was primarily directed to projects in Romania, Norway, and the United Arab Emirates. **Exploration expenditure** stayed flat at EUR 162 mn and was mainly related to activities in New Zealand, Norway, and Malaysia.

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Downstream

In EUR mn (unless otherwise stated)

Q2/20	Q1/20	Q2/19	Δ% ¹		6m/20	6m/19	Δ%
433	634	563	(23)	Clean CCS Operating Result before depreciation and amortization, impairments and write-ups ²	1,066	1,069	0
309	501	428	(28)	Clean CCS Operating Result ²	810	801	1
41	93	78	(47)	thereof petrochemicals	134	148	(9)
24	54	118	(79)	thereof Borealis	78	190	(59)
(18)	(7)	n.a.	n.a.	thereof ADNOC Refining & Trading	(25)	n.a.	n.a.
89	92	4	n.m.	thereof gas	181	82	120
75	(14)	33	127	Special items	60	44	37
(41)	(504)	13	n.m.	CCS effects: inventory holding gains/(losses)	(546)	35	n.m.
342	(18)	474	(28)	Operating Result	324	880	(63)
128	128	140	(8)	Capital expenditure ³	256	222	15

Key Performance Indicators

2.26	4.93	3.18	(29)	OMV indicator refining margin in USD/bbl ⁴	3.63	3.62	0
393	459	475	(17)	Ethylene/propylene net margin in EUR/t ^{4,5}	428	463	(8)
79	94	96	(17)	Utilization rate refineries in %	86	97	(10)
4.16	4.60	5.38	(23)	Total refined product sales in mn t	8.76	10.17	(14)
1.23	1.44	1.63	(25)	thereof retail sales volumes in mn t	2.66	3.09	(14)
0.57	0.61	0.57	0	thereof petrochemicals in mn t	1.18	1.19	(1)
32.32	48.03	26.76	21	Natural gas sales volumes in TWh	80.35	64.82	24

Note: As of Q1/20, the reporting structure of the Downstream Business Segment was restructured to comprehensively reflect the operations of the Downstream business. For comparison only, figures of previous periods are presented in the same structure.

¹ Q2/20 compared to Q2/19

² Adjusted for special items and CCS effects; further information can be found below the table "Special items and CCS effects"

³ Capital expenditure including acquisitions

⁴ Actual refining and petrochemical margins realized by OMV may vary from the OMV indicator refining margin, the ethylene/propylene net margin, and the market margins due to factors including different crude oil slate, product yield, operating conditions, or feedstock.

⁵ Calculated based on West European Contract Prices (WECP) with naphtha as feedstock

Second quarter 2020 (Q2/20) compared to second quarter 2019 (Q2/19)

- ▶ The COVID-19 pandemic negatively impacted all Downstream business units except for the gas business.
- ▶ The challenging market environment led to lower sales volumes, refining margins, and refinery utilization rates.
- ▶ A positive impact from margin hedges and a stronger performance of the gas business supported the result.

The **clean CCS Operating Result** decreased by 28% to EUR 309 mn (Q2/19: EUR 428 mn) as effects of the COVID-19 pandemic weighed on demand, dragging down refining margins and refinery utilization rates. Hedging contracts helped absorb some of the adverse refining margin effects, and strong retail margins partially offset weakening demand. Our oil trading and natural gas marketing activities were able to raise contributions. OMV Petrom's input to the clean CCS Operating Result of Downstream amounted to EUR 90 mn (Q2/19: EUR 70 mn).

The **OMV indicator refining margin** weakened by 29% to USD 2.3/bbl (Q2/19: USD 3.2/bbl), mainly a consequence of the persistently weak macro environment. Lower middle distillates and gasoline cracks were to some extent compensated for by lower feedstock cost and higher fuel oil and naphtha cracks. In Q2/20, the **utilization rate of the refineries** was at a relatively resilient level of 79% (Q2/19: 96%), owed in part to our ability to switch from jet fuel to petrochemical production. Some maintenance activity took place at the Schwechat refinery in June. At 4.2 mn t, **total refined product sales volumes** went down by 23% in the wake of the COVID-19-related travel restrictions affecting retail and commercial sales volumes in all of our markets. Better margins were able to somewhat cancel out the adverse volume effects.

The contribution of the **petrochemicals business** fell by 47% to EUR 41 mn (Q2/19: EUR 78 mn) due to lower margins. While the **ethylene/propylene net margin** dropped by a relatively moderate degree, the benzene and butadiene spreads contracted sharply. Still, cracker utilization came in to around 90%.

The contribution of **Borealis** decreased by EUR 94 mn to EUR 24 mn (Q2/19: EUR 118 mn). Unfavorable inventory valuation effects, an unplanned outage of the Stenungsund cracker, and a decreased light feedstock advantage versus naphtha weighed on the results. Polyolefin sales volumes were stable, as lower demand from the automotive and construction industries was almost fully counterbalanced by rising demand from healthcare and packaging. The performance of Borouge was impacted by weak market conditions in Asia and low local naphtha prices that neutralized the advantage of processing ethane.

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The contribution of **ADNOC Refining & Trading** amounted to EUR (18) mn, also owed to the difficult market environment. In addition, performance was still restricted by the unplanned delay of the maintenance turnaround at the Ruwais refineries. The Trading JV is currently in the set-up phase.

The contribution of the **gas business** grew to EUR 89 mn (Q2/19: EUR 4 mn), mainly as a consequence of a better performance of the storage business and lower depreciation. Gas Connect Austria is reclassified as an asset held for sale. The power business in Romania provided strong support thanks to favorable forward contracts and a one-off revenue recovery stemming from a 2019 power price regulation. **Natural gas sales volumes** rose significantly from 26.8 TWh to 32.3 TWh, driven by higher sales volumes in Romania, the Netherlands, Belgium, and Germany.

Net **special items** amounted to EUR 75 mn (Q2/19: EUR 33 mn) and were mainly related to unrealized commodity derivatives. **CCS effects** of EUR (41) mn are mainly a consequence of the maintenance turnaround at ADNOC Refining & Trading. As a result, the **Operating Result** of Downstream decreased to EUR 342 mn compared to EUR 474 mn in Q2/19.

Capital expenditure in Downstream amounted to EUR 128 mn (Q2/19: EUR 140 mn). In Q2/20, organic capital expenditure was predominantly related to investments in the European refineries and in the retail business.

January to June 2020 (6m/20) compared to January to June 2019 (6m/19)

At EUR 810 mn, the **clean CCS Operating Result** remained at a similar level compared to the same period of the previous year (6m/19: EUR 801 mn). Negative effects of COVID-19 on demand and margins were offset by the monetization of CO₂ certificates, a significant positive contribution of middle distillate margin hedges and oil trading, as well as a strong retail and natural gas business. OMV Petrom's input to the clean CCS Operating Result of Downstream amounted to EUR 227 mn (6m/19: EUR 153 mn).

The **OMV indicator refining margin** was stable at USD 3.6/bbl (6m/19: USD 3.6/bbl). While spreads for lighter products declined, those for heavier output rose. Feedstock costs dropped considerably as a result of lower crude oil prices. In 6m/20, the **utilization rate of the refineries** was at 86% (6m/19: 97%), relatively resilient in light of the lockdown measures related to COVID-19. At 8.8 mn t, **total refined product sales volumes** went down by 14%, due to the lower demand. The result from the retail business increased as higher margins were able to compensate for lower sales volumes.

The contribution of the **petrochemicals business** contracted by 9% to EUR 134 mn (6m/19: EUR 148 mn). The **ethylene/propylene net margin** softened somewhat, while the benzene net margin increased sharply, having been impacted by an oversupplied market in 6m/19. The butadiene net margin weakened considerably.

The contribution of **Borealis** decreased by EUR 111 mn to EUR 78 mn (6m/19: EUR 190 mn), caused by unfavorable inventory valuation effects, an unplanned outage at the Stenungsund cracker, and a decreased light feedstock advantage versus naphtha. Borouge delivered a lower result caused by weak market conditions in Asia. The fertilizer business improved thanks to lower natural gas prices and higher volumes.

In 6m/20, the contribution of **ADNOC Refining & Trading** amounted to EUR (25) mn. As of Q1/20, the ADNOC Refining & Trading result is calculated based on Current Cost of Supply (CCS) and excludes inventory holding gains/losses. In 6m/20, the result was negatively impacted by an extensive turnaround of the Ruwais refinery complex, which started at the beginning of February and lasted into Q2/20. In addition, a weak market environment in Asia weighed on the result. The Trading JV is currently in the set-up phase.

The contribution of the **gas business** more than doubled to EUR 181 mn (6m/19: EUR 82 mn), mainly as a consequence of a better performance of the storage business and lower depreciation. Gas Connect Austria is reclassified as an asset held for sale. The power business in Romania provided strong support thanks to favorable forward contracts and a one-off revenue recovery stemming from a 2019 power price regulation. **Natural gas sales volumes** rose significantly from 64.8 TWh to 80.3 TWh, driven by higher sales volumes in Romania, the Netherlands, Belgium, and Germany. The increase in natural gas sales volumes in Romania was partially a consequence of allocations to the regulated gas market and obligations to the centralized markets.

Net **special items** amounted to EUR 60 mn (6m/19: EUR 44 mn) and were mainly related to unrealized commodity derivatives. **CCS effects** of EUR (546) mn were caused by the sharp drop in crude oil prices in 6m/20. As a result, the **Operating Result** of Downstream decreased to EUR 324 mn compared to EUR 880 mn in 6m/19.

Capital expenditure in Downstream amounted to EUR 256 mn (6m/19: EUR 222 mn). In 6m/20, organic capital expenditure was predominantly related to investments in the European refineries and in the retail business.

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Consolidated Interim Financial Statements (condensed, unaudited)

Income statement (unaudited)

In EUR mn (unless otherwise stated)

Q2/20	Q1/20	Q2/19		6m/20	6m/19
3,138	4,760	6,035	Sales revenues	7,898	11,438
120	203	102	Other operating income	323	211
(22)	(45)	142	Net income from equity-accounted investments	(67)	229
23	54	118	thereof Borealis	78	190
3,236	4,918	6,279	Total revenues and other income	8,154	11,879
(1,625)	(2,961)	(3,437)	Purchases (net of inventory variation)	(4,587)	(6,648)
(402)	(438)	(420)	Production and operating expenses	(840)	(806)
(72)	(111)	(125)	Production and similar taxes	(183)	(248)
(492)	(633)	(576)	Depreciation, amortization, and impairment charges	(1,125)	(1,125)
(424)	(470)	(474)	Selling, distribution, and administrative expenses	(894)	(933)
(83)	(119)	(71)	Exploration expenses	(202)	(118)
(75)	(104)	(89)	Other operating expenses	(179)	(147)
63	81	1,087	Operating Result	144	1,853
17	0	4	Dividend income	17	4
54	34	51	Interest income	89	92
(63)	(75)	(77)	Interest expenses	(139)	(152)
0	(36)	(3)	Other financial income and expenses	(36)	4
8	(77)	(25)	Net financial result	(69)	(53)
70	5	1,062	Profit before tax	75	1,800
(13)	(73)	(404)	Taxes on income	(86)	(646)
58	(63)	658	Net income for the period	(11)	1,154
24	(159)	543	thereof attributable to stockholders of the parent	(135)	897
19	19	19	thereof attributable to hybrid capital owners	38	37
15	72	96	thereof attributable to non-controlling interests	87	219
0.07	(0.49)	1.66	Basic Earnings Per Share in EUR	(0.41)	2.75
0.07	(0.49)	1.66	Diluted Earnings Per Share in EUR	(0.41)	2.75

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Statement of comprehensive income (condensed, unaudited)

In EUR mn

Q2/20	Q1/20	Q2/19		6m/20	6m/19
58	(68)	658	Net income for the period	(11)	1,154
(8)	(338)	(24)	Exchange differences from translation of foreign operations	(346)	66
(196)	373	0	Gains/(losses) on hedges	178	(59)
(12)	(6)	(11)	Share of other comprehensive income of equity-accounted investments	(18)	(11)
(215)	29	(36)	Total of items that may be reclassified ("recycled") subsequently to the income statement	(186)	(4)
(56)	100	(4)	Remeasurement gains/(losses) on defined benefit plans	43	(82)
(28)	(1)	2	Gains/(losses) on hedges that are subsequently transferred to the carrying amount of the hedged item	(29)	67
(8)	(1)	(16)	Share of other comprehensive income of equity-accounted investments	(9)	(7)
(92)	98	(18)	Total of items that will not be reclassified ("recycled") subsequently to the income statement	6	(22)
44	(84)	(0)	Income taxes relating to items that may be reclassified ("recycled") subsequently to the income statement	(40)	15
14	(13)	12	Income taxes relating to items that will not be reclassified ("recycled") subsequently to the income statement	2	(5)
59	(97)	12	Total income taxes relating to components of other comprehensive income	(38)	10
(249)	31	(42)	Other comprehensive income for the period, net of tax	(218)	(16)
(191)	(38)	615	Total comprehensive income for the period	(229)	1,138
(200)	(127)	487	thereof attributable to stockholders of the parent	(327)	928
19	19	19	thereof attributable to hybrid capital owners	38	37
(9)	70	109	thereof attributable to non-controlling interests	61	173

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Statement of financial position (unaudited)

In EUR mn

	June 30, 2020	Dec. 31, 2019
Assets		
Intangible assets	3,861	4,163
Property, plant and equipment	15,092	16,479
Equity-accounted investments	4,866	5,151
Other financial assets	2,908	2,414
Other assets	58	56
Deferred taxes	659	686
Non-current assets	27,445	28,950
Inventories	1,410	1,845
Trade receivables	1,643	3,042
Other financial assets	5,034	3,121
Income tax receivables	47	11
Other assets	270	297
Cash and cash equivalents	5,830	2,931
Current assets	14,233	11,248
Assets held for sale	1,194	177
Total assets	42,873	40,375
Equity and liabilities		
Share capital	327	327
Hybrid capital	1,987	1,987
Reserves	10,428	10,698
Equity of stockholders of the parent	12,742	13,012
Non-controlling interests	3,711	3,851
Equity	16,453	16,863
Provisions for pensions and similar obligations	994	1,111
Bonds	8,190	5,262
Lease liabilities	778	934
Other interest-bearing debts	158	620
Provisions for decommissioning and restoration obligations	3,732	3,872
Other provisions	556	572
Other financial liabilities	647	301
Other liabilities	144	157
Deferred taxes	1,111	1,132
Non-current liabilities	16,311	13,961
Trade payables	2,390	4,155
Bonds	376	540
Lease liabilities	102	120
Other interest-bearing debts	362	148
Income tax liabilities	167	332
Provisions for decommissioning and restoration obligations	100	87
Other provisions	332	293
Other financial liabilities	4,842	2,818
Other liabilities	816	903
Current liabilities	9,488	9,395
Liabilities associated with assets held for sale	621	156
Total equity and liabilities	42,873	40,375

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Statement of changes in equity (condensed, unaudited)

In EUR mn

	Share capital	Capital reserves	Hybrid capital	Revenue reserves	Other reserves ¹	Treasury shares	Equity of stockholders of the parent	Non-controlling interests	Total equity
January 1, 2020	327	1,506	1,987	9,832	(635)	(4)	13,012	3,851	16,863
Net income for the period	—	—	—	(98)	—	—	(98)	87	(11)
Other comprehensive income for the period	—	—	—	40	(232)	—	(192)	(26)	(218)
Total comprehensive income for the period	—	—	—	(57)	(232)	—	(290)	61	(229)
Dividend distribution and hybrid coupon	—	—	—	(14)	—	—	(14)	(209)	(223)
Disposal of treasury shares	—	3	—	—	—	1	4	—	4
Share-based payments	—	(5)	—	—	—	—	(5)	—	(5)
Reclassification of cash flow hedges to balance sheet	—	—	—	—	35	—	35	8	43
June 30, 2020	327	1,504	1,987	9,760	(832)	(3)	12,742	3,711	16,453

¹ "Other reserves" contain exchange differences from the translation of foreign operations, unrealized gains and losses from hedges, and the share of other comprehensive income of equity-accounted investments.

	Share capital	Capital reserves	Hybrid capital	Revenue reserves	Other reserves ¹	Treasury shares	Equity of stockholders of the parent	Non-controlling interests	Total equity
January 1, 2019	327	1,511	1,987	8,830	(744)	(6)	11,905	3,436	15,342
Net income for the period	—	—	—	935	—	—	935	219	1,154
Other comprehensive income for the period	—	—	—	(73)	104	—	30	(46)	(16)
Total comprehensive income for the period	—	—	—	862	104	—	965	173	1,138
Dividend distribution and hybrid coupon	—	—	—	(586)	—	—	(586)	(188)	(775)
Disposal of treasury shares	—	3	—	—	—	2	5	—	5
Share-based payments	—	(11)	—	—	—	—	(11)	—	(11)
Increase/(decrease) in non-controlling interests	—	—	—	—	—	—	—	309	309
Reclassification of cash flow hedges to balance sheet	—	—	—	—	1	—	1	0	1
June 30, 2019	327	1,503	1,987	9,105	(639)	(4)	12,278	3,729	16,008

¹ "Other reserves" contain exchange differences from the translation of foreign operations, unrealized gains and losses from hedges, and the share of other comprehensive income of equity-accounted investments.

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Summarized statement of cash flows (condensed, unaudited)

In EUR mn

Q2/20	Q1/20	Q2/19		6m/20	6m/19
58	(68)	658	Net income for the period	(11)	1,154
545	711	616	Depreciation, amortization and impairments including write-ups	1,255	1,177
81	(81)	37	Deferred taxes	1	57
(2)	(0)	(1)	Losses/(gains) on the disposal of non-current assets	(2)	(14)
61	8	(91)	Net change in provisions	69	(57)
(311)	268	(180)	Other adjustments	(43)	(83)
431	838	1,038	Sources of funds	1,269	2,235
69	360	107	(Increase)/decrease in inventories	429	(65)
382	333	555	(Increase)/decrease in receivables	715	376
(338)	(410)	(566)	(Decrease)/increase in liabilities	(747)	(544)
545	1,121	1,135	Cash flow from operating activities	1,666	2,001
			Investments		
(424)	(584)	(492)	Intangible assets and property, plant and equipment	(1,008)	(1,010)
(18)	(56)	(26)	Investments, loans and other financial assets	(74)	(102)
—	(14)	0	Acquisitions of subsidiaries and businesses net of cash acquired	(14)	(460)
			Disposals		
9	13	83	Proceeds in relation to non-current assets	22	131
—	—	19	Proceeds from the sale of subsidiaries and businesses, net of cash disposed	—	36
(434)	(641)	(415)	Cash flow from investing activities	(1,074)	(1,405)
3,203	(558)	276	(Decrease)/increase in long-term borrowings	2,645	(90)
(39)	(48)	(202)	(Decrease)/increase in short-term borrowings	(86)	(65)
(220)	0	(771)	Dividends paid	(220)	(772)
2,945	(606)	(697)	Cash flow from financing activities	2,339	(926)
0	(38)	5	Effect of exchange rate changes on cash and cash equivalents	(37)	(4)
3,056	(162)	27	Net (decrease)/increase in cash and cash equivalents	2,894	(335)
2,776	2,938	3,664	Cash and cash equivalents at beginning of period	2,938	4,026
5,832	2,776	3,691	Cash and cash equivalents at end of period	5,832	3,691
2	7	—	thereof cash disclosed within Assets held for sale	2	—
			Cash and cash equivalents presented in the consolidated statement of financial position		
5,830	2,769	3,691		5,830	3,691
111	481	719	Free cash flow	592	595
(109)	481	(52)	Free cash flow after dividends	372	(176)

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Selected notes to the consolidated interim financial statements

Legal principles

The condensed consolidated interim financial statements for the six months ended June 30, 2020, have been prepared in accordance with IAS 34 “Interim Financial Statements.”

The condensed consolidated interim financial statements do not include all the information and disclosures required in the annual statements and should be read in conjunction with the Group’s annual financial statements as of December 31, 2019.

The condensed consolidated interim financial statements for 6m/20 are unaudited and an external review by an auditor was not performed.

The condensed consolidated interim financial statements for 6m/20 have been prepared in million EUR (EUR mn, EUR 1,000,000). Accordingly, there may be rounding differences.

In addition to the consolidated interim financial statements, further information on main items affecting the consolidated interim financial statements as of June 30, 2020, is given as part of the description of OMV’s business segments in the Directors’ Report.

Accounting policies

The accounting policies in effect on December 31, 2019, remain largely unchanged. The amendments effective since January 1, 2020, do not have a material effect on the Group’s financial statements.

Changes in the consolidated Group

Compared with the consolidated financial statements as of December 31, 2019, the consolidated Group changed as follows:

Changes in consolidated Group

Name of company	Registered office	Type of change ¹	Effective date
Downstream			
OMV Deutschland Marketing & Trading GmbH & Co. KG	Burghausen	First consolidation	April 1, 2020
OMV Deutschland Operations GmbH & Co. KG	Burghausen	First consolidation	April 1, 2020
OMV Gas Marketing & Trading d.o.o.	Zagreb	Deconsolidation (L)	June 30, 2020

¹ “First consolidation” refers to newly formed or existing subsidiaries. “Deconsolidation (L)” refers to companies deconsolidated following a liquidation process.

Other significant transactions

Downstream

On March 12, 2020, OMV and Mubadala Investment Company, the Abu Dhabi-based strategic investment company, signed the share purchase agreement for the acquisition of the additional 39% share in Borealis AG for a purchase price of USD 4.68 bn, whereby OMV is entitled to all dividends in relation to such additional share in Borealis distributed after December 31, 2019. The amendment agreement signed on March 26, 2020, provides for the purchase price to be paid by OMV in two tranches: USD 2.34 bn at closing of the transaction and USD 2.34 bn no later than December 31, 2021, at a market interest rate from closing. OMV has the option to pay the deferred amount in full or in part at closing of the transaction or following closing at the end of each month until December 31, 2021.

To mitigate the foreign currency risk, OMV decided to hedge 75% of the firm commitment by executing FX options (combination of options that constitute a net purchase option) and FX forwards. These hedging instruments are accounted for as a cash flow hedge and will be included and recognized adjusting the consideration given for the purchase price allocation. The hedging strategy follows actual payments of USD and any changes in timing will be handled via FX swaps. The positive market value of these hedging instruments amounted to EUR 50 mn as of June 30, 2020.

OMV plans the sale of its 51% stake in Gas Connect Austria GmbH. This led to the reclassification of the Gas Connect Group and associated goodwill to assets and liabilities held for sale in Q1/20 without an impact on the Income Statement at that time.

OMV plans to divest the retail network (287 filling stations) in Germany, which led to the reclassification of the assets and liabilities to held for sale as of June 30, 2020. The reclassification did not lead to any impairment loss.

Seasonality and cyclicity

Seasonality is of significance, especially in the Downstream Business Segment. For details, please refer to the section “Business Segments.”

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Notes to the income statement

Impairment charges

Upstream

The COVID-19 pandemic continues to have a major impact on the global economic development. While oil prices slightly increased during the second quarter following supply reductions, they still remain significantly volatile. Recent increases in COVID-19 cases around the world could lead to delays in the assumed demand recovery, following the response of governments and citizens. While OMV updated its short-term oil and gas price assumptions already during the first quarter, the consequences of the COVID-19 pandemic and the resulting long-term operational and economic impact cannot be reliably estimated from today's perspective. OMV continues to analyze the market developments and to assess the impacts on the long-term price assumptions during the next quarters.

In Q1/20, OMV changed the short-term assumptions as follows: Brent oil price USD 40/bbl for 2020 (reduced from USD 60/bbl) and USD 50/bbl for 2021 (reduced from USD 70/bbl) and realized gas price EUR 10/MWh in 2020 (reduced from EUR 12/MWh). This led to a post-tax impairment of EUR 84 mn in Q1/20 for the producing oil and gas assets, mainly related to assets in New Zealand. The change in the expected short-term oil and gas prices is not considered to have an immediate effect on the E&A portfolio, as none of the major assets is planned to come on stream in the near term.

A potential change of OMV's long-term price assumptions to USD 60/bbl of Brent crude and EUR 13/MWh of realized gas price would lead to additional post-tax impairments of EUR 700 mn to EUR 900 mn for all producing assets and assets currently in the development phase. The impact does not take into account cost and CAPEX reduction measures and any other changes in the broader environment.

Inventory valuation

6m/20 was significantly impacted by net impairments of inventories amounting to EUR 62 mn, driven by a significant price decrease.

Sales revenues

In EUR mn

	6m/20	6m/19
Revenues from contracts with customers	7,694	11,240
Revenues from other sources	204	198
Total sales revenues	7,898	11,438

Other revenues mainly include net revenues from commodity sales/purchases transactions that are within the scope of IFRS 9 "Financial Instruments," the adjustment of revenues from considering the national oil company's profit share as income tax in certain production sharing agreements in the Upstream Business Segment, the hedging result, and rental and lease revenues.

Revenues from contracts with customers

In EUR mn

	Upstream	Downstream	Corporate & Other	6m/20 Total
Crude oil, NGL, condensates	394	262	—	655
Natural gas and LNG	394	1,709	—	2,103
Fuel, heating oil, and other refining products	—	3,460	—	3,460
Petrochemicals	—	716	—	716
Gas storage, transmission, distribution, and transportation	6	115	—	121
Other goods and services	14	623	2	638
Total	808	6,885	2	7,694

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Revenues from contracts with customers

In EUR mn

	Upstream	Downstream	Corporate & Other	6m/19 Total
Crude oil, NGL, condensates	595	472	—	1,067
Natural gas and LNG	458	2,601	—	3,058
Fuel, heating oil, and other refining products	—	5,406	—	5,406
Petrochemicals	—	928	—	928
Gas storage, transmission, distribution, and transportation	9	113	—	122
Other goods and services	13	645	1	659
Total	1,075	10,164	1	11,240

Taxes on income and profit

In EUR mn (unless otherwise stated)

Q2/20	Q1/20	Q2/19		6m/20	6m/19
69	(154)	(367)	Current taxes	(85)	(589)
(81)	81	(37)	Deferred taxes	(1)	(57)
(13)	(73)	(404)	Taxes on income and profit	(86)	(646)
18	n.m.	38	Effective tax rate in %	114	36

Notes to the statement of financial position**Commitments**

As of June 30, 2020, OMV had contractual obligations for the acquisition of intangible assets and property, plant and equipment of EUR 1,101 mn (December 31, 2019: EUR 1,343 mn), mainly relating to exploration and production activities in Upstream.

Inventories

As of June 30, 2020, inventories included CO₂ certificates which were classified as trading inventories and therefore measured at fair value in amount of EUR 88 mn (December 31, 2019: nil).

Equity

No dividend was distributed to OMV Aktiengesellschaft shareholders in 6m/20. For the year 2019, a dividend payment of EUR 1.75 per share will be proposed to the Annual General Meeting, which will be held on September 29, 2020. Dividend distributions to minority shareholders amounted to EUR 209 mn in 6m/20.

An interest payment to hybrid capital owners amounting to EUR 14 mn was also made in 6m/20.

The total number of own shares held by the Company as of June 30, 2020, amounted to 297,846 (December 31, 2019: 372,613).

Financial liabilities**Gearing ratio excluding leases**

In EUR mn (unless otherwise stated)

	Q2/20	Q4/19	Δ%
Bonds	8,566	5,802	48
Other interest-bearing debts ¹	667	769	(13)
Debt	9,233	6,570	41
Cash and cash equivalents ²	5,832	2,938	99
Net Debt	3,401	3,632	(6)
Equity	16,453	16,863	(2)
Gearing ratio in %	21	22	(1)

¹ Including other interest-bearing debts that were reclassified to liabilities associated with assets held for sale

² Including cash and cash equivalents that were reclassified to assets held for sale

On April 9, 2020, OMV issued senior bonds with a total volume of EUR 1.75 bn. The transaction consisted of three tranches: EUR 0.5 bn at a coupon of 1.500% due April 9, 2024, EUR 0.5 bn at a coupon of 2.000% due April 9, 2028, and EUR 0.75 bn at a coupon of 2.375% due April 9, 2032.

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On June 16, 2020, OMV issued senior bonds with a total volume of EUR 1.5 bn. The transaction consisted of two tranches: EUR 0.75 bn at a coupon of 0.000% due June 16, 2023, and EUR 0.75 bn at a coupon of 0.750% due to June 16, 2030.

Fair value measurement

Financial instruments recognized at fair value are disclosed according to the fair value measurement hierarchy as stated in Note 2 of the OMV Consolidated Financial Statements 2019.

Fair value hierarchy

In EUR mn

	June 30, 2020				Dec. 31, 2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets including assets held for sale								
Equity investments	—	—	16	16	—	—	24	24
Inventories	88	—	—	88	—	—	—	—
Derivatives designated and effective as hedging instruments	—	97	—	97	—	284	—	284
Other derivatives	772	3,612	—	4,384	241	2,150	—	2,391
Other financial assets at fair value ¹	—	—	717	717	—	—	721	721
Net amount of assets and liabilities associated with assets held for sale	—	6	—	6	—	8	—	8
Total	859	3,716	733	5,308	241	2,443	745	3,428

	June 30, 2020				Dec. 31, 2019			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial liabilities								
Liabilities on derivatives designated and effective as hedging instruments	—	40	—	40	—	237	—	237
Liabilities on other derivatives	779	3,245	—	4,024	266	1,976	—	2,241
Total	779	3,285	—	4,064	266	2,213	—	2,478

¹ Includes an asset from reserves redetermination rights related to the acquisition of interests in the Yuzhno-Russkoye field and contingent considerations from the divestments of the 30% stake in the Rosebank field and of OMV (U.K.) Limited

Financial assets and liabilities valued at amortized cost for which fair values are disclosed

In EUR mn

	June 30, 2020		Dec. 31, 2019	
	Carrying amount	Fair Value	Carrying amount	Fair Value
Bonds ¹	72	71	78	77
Financial assets	72	71	78	77
Bonds	8,566	9,162	5,802	6,317
Other interest-bearing debt ²	667	677	769	792
Financial liabilities	9,233	9,839	6,570	7,109

¹ Including bonds that were reclassified to assets held for sale

² Including other interest-bearing debts that were reclassified to liabilities associated with assets held for sale

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Segment reporting**Intersegmental sales**

In EUR mn							
Q2/20	Q1/20	Q2/19	Δ% ¹		6m/20	6m/19	Δ%
413	673	1,011	(59)	Upstream	1,086	1,874	(42)
15	23	20	(23)	Downstream	38	42	(9)
88	88	84	5	Corporate and Other	176	169	4
516	784	1,114	(54)	Total	1,301	2,085	(38)

Sales to third parties

In EUR mn							
Q2/20	Q1/20	Q2/19	Δ% ¹		6m/20	6m/19	Δ%
286	499	751	(62)	Upstream	785	1,268	(38)
2,850	4,260	5,283	(46)	Downstream	7,111	10,169	(30)
1	1	1	4	Corporate and Other	2	2	26
3,138	4,760	6,035	(48)	Total	7,898	11,438	(31)

Total sales (not consolidated)

In EUR mn							
Q2/20	Q1/20	Q2/19	Δ% ¹		6m/20	6m/19	Δ%
700	1,171	1,762	(60)	Upstream	1,871	3,142	(40)
2,865	4,284	5,303	(46)	Downstream	7,149	10,211	(30)
89	89	85	5	Corporate and Other	178	171	4
3,654	5,545	7,149	(49)	Total	9,199	13,524	(32)

Segment and Group profit

In EUR mn							
Q2/20	Q1/20	Q2/19	Δ% ¹		6m/20	6m/19	Δ%
(237)	(9)	644	n.m.	Operating Result Upstream	(246)	1,050	n.m.
342	(18)	474	(28)	Operating Result Downstream	324	880	(63)
(5)	(20)	(14)	63	Operating Result Corporate and Other	(25)	(38)	35
100	(47)	1,103	(91)	Operating Result segment total	54	1,892	(97)
(38)	128	(16)	(130)	Consolidation: elimination of intersegmental profits	90	(39)	n.m.
63	81	1,087	(94)	OMV Group Operating Result	144	1,853	(92)
8	(77)	(25)	n.m.	Net financial result	(69)	(53)	(31)
70	5	1,062	(93)	OMV Group profit before tax	75	1,800	(96)

¹ Q2/20 compared to Q2/19**Assets¹**

In EUR mn		
	June 30, 2020	Dec. 31, 2019
Upstream	14,308	15,049
Downstream	4,376	5,315
Corporate and Other	269	277
Total	18,953	20,642

¹ Segment assets consist of intangible assets and property, plant and equipment. They do not include assets reclassified to held for sale.**Other notes****Transactions with related parties**

In 6m/20, there were arm's length supplies of goods and services between the Group and equity-accounted companies, except for transactions with OJSC Severneftegazprom, which are not based on market prices but on cost plus defined margin.

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Material transactions with equity-accounted investments

In EUR mn

	6m/20		6m/19	
	Sales and other income	Purchases and services received	Sales and other income	Purchases and services received
Borealis	535	19	663	22
GENOL Gesellschaft m.b.H. ¹	54	0	91	1
Erdöl-Lagergesellschaft m.b.H.	26	38	50	27
Deutsche Transalpine Oelleitung GmbH	0	14	0	15
OJSC Severneftegazprom	—	82	—	90
Trans Austria Gasleitung GmbH ²	4	11	4	10

¹ In 2019, transactions with GENOL Gesellschaft m.b.H. and GENOL Gesellschaft m.b.H. & Co KG are included, while in 2020, transactions were only with GENOL Gesellschaft m.b.H. (business of GENOL Gesellschaft m.b.H. & Co KG was transferred to GENOL Gesellschaft m.b.H. in October 2019).

² Trans Austria Gasleitung GmbH was reclassified to held for sale in Q1/20.

Balances with equity-accounted investments

In EUR mn

	June 30, 2020	Dec. 31, 2019
Loans receivable	2	—
Trade receivables	22	84
Other receivables	26	41
Trade payables	66	63
Other payables	14	1
Contract liabilities	157	170

Dividend distributed from equity-accounted investments

In EUR mn

	6m/20	6m/19
Abu Dhabi Petroleum Investments LLC	5	—
Borealis AG	108	144
OJSC Severneftegazprom	14	6
Pearl Petroleum Company Limited	13	12
PEGAS CEGH Gas Exchange Services GmbH	1	1
Trans Austria Gasleitung GmbH ¹	16	9
Total Group	156	173

¹ Trans Austria Gasleitung GmbH was reclassified to held for sale in Q1/20.

Information on the government-related entities can be found in the OMV Consolidated Financial Statements 2019 (Note 35 Related Parties). There have been no changes up to the publication of the condensed consolidated interim financial statements for 6m/20.

On March 12, 2020, OMV and Mubadala Investment Company signed the share purchase agreement for the acquisition of the additional 39% share in Borealis AG. More details can be found in the section “Other significant transactions.”

Subsequent events

On July 9, 2020, the Arbitral Tribunal issued the Final Award on the arbitration initiated by OMV Aktiengesellschaft (“OMV AG”) at the International Chamber of Commerce Paris (“ICC”) against the Romanian Ministry of Environment regarding certain claims unpaid by the Ministry of Environment for costs incurred by OMV Petrom S.A. with well decommissioning and environmental remediation works. The Arbitral Tribunal requested the Ministry of Environment to reimburse to OMV Petrom S.A. the amount of approx. EUR 59 mn (almost the entire amount initially requested) and related interest. The impact of the award is reflected in the Q2/20 results and is mainly related to the recognition of an interest income in the net financial result.

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Declaration of the Management

We confirm to the best of our knowledge that the condensed consolidated interim financial statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Group as required by the applicable accounting standards and that the Group Directors' Report gives a true and fair view of the important events that have occurred during the first six months of the financial year and their impact on the condensed consolidated interim financial statements, the principal risks and uncertainties for the remaining six months of the financial year, and the major related-party transactions to be disclosed.

Vienna, July 29, 2020

The Executive Board

Rainer Seele m.p.
Chairman of the Executive Board
and Chief Executive Officer

Reinhard Florey m.p.
Chief Financial Officer

Johann Pleininger m.p.
Deputy Chairman of the Executive Board
and Chief Upstream Operations Officer

Thomas Gangl m.p.
Chief Downstream Operations Officer

Elena Skvortsova m.p.
Chief Commercial Officer

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Further Information

Next events

- ▶ OMV Ordinary Annual General Meeting: September 29, 2020
- ▶ OMV Group Trading Update Q3/20: October 8, 2020
- ▶ OMV Group Report January–September and Q3 2020: October 29, 2020

The entire OMV financial calendar and additional information can be found at: www.omv.com

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