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PRESENTATION

Operator

Welcome to the OMV Group's conference call. (Operator Instructions) You should have received a presentation by e-mail. However, if you do not have a copy of the presentation, the slides and the speech can be downloaded at www.omv.com. Simultaneously to this conference call, a live audio webcast is available on OMV's website.

At this time, I would like to refer you to the disclaimer, which includes our position on forward-looking statements. These forward-looking statements are based on beliefs, estimates and assumptions currently held by and information currently available to OMV. By their nature, forward-looking statements are subject to risks and uncertainties that will or may occur in the future and are outside the control of OMV. Therefore, recipients are cautioned not to place undue reliance on these forward-looking statements. OMV disclaims any obligation and does not intend to update these forward-looking statements to reflect actual results, revised assumptions and expectations and future developments and events. This presentation does not contain any recommendation or invitation to buy or sell securities in OMV.

I would now like to hand the conference over to Mr. Florian Greger, Head of Investor Relations. Please go ahead Mr. Greger.

Florian Greger

Thank you, Stephy. Good morning, ladies and gentlemen, and welcome to OMV's earnings call for the first quarter of 2018.

OMV had a good start to the year with a strong set of results with the latest acquisitions, we also achieved important milestones in the execution of our strategy. With me on the call are Rainer Seele, OMV's Chairman and CEO; Reinhard Florey, our Chief Financial Officer; and Hans Pleininger, our Deputy CMO in the board responsible for upstream.

Rainer Seele will walk you through the highlights of the quarter and give you more color on recent transactions. Afterwards, Reinhard Florey will discuss OMV's financial performance.



Following their presentation, the 3 board members are available to answer your questions.

And now I will hand it over to Rainer.

Rainer Seele - OMV Aktiengesellschaft - Chairman of Executive Board & CEO

Thank you. Good morning, ladies and gentlemen, and thanks for joining us. Florian is right. OMV had a successful start into 2018, showing strong operational and financial performance.

Before -- now coming to the business development, let me briefly review the economic environment. In the first quarter of 2018, oil prices stabilized with Brent averaging at \$67 per barrel. This was 24% higher than the average during the same period last year. The oil price strengthened predominantly against the backdrop of higher geopolitical risks as well as a continued strong compliance with the production cut by the OPEC countries.

Gas prices were 7% above the same period last year, supported by the exceptional cold weather in Europe in February and March, with record prices spikes on the spot markets. The OMV indicator refining margin was down 12% compared to the first quarter of last year, reflecting the strong upward momentum of the crude price as well as lower margins, particularly for heavy fuel oil and naphtha, which could not be offset by higher margins from middle distillates.

Net margins for both ethylene and propylene increased versus the previous year quarter mainly due to higher product prices.

In addition, we saw a weaker U.S. dollar that depreciated by 15% against the euro compared to first quarter 2017.

So let me now briefly point out the highlights of the first quarter of 2018. As I said before, we had a successful start into '18. OMV delivered a clean CCS operating result of EUR 818 million and generated a free cash flow of EUR 538 million.

Our hydrocarbon production reached a historical high of 437,000 barrels per day supported by the production from Yuzhno Russkoye field in Russia. We managed to further decrease our production costs from \$8.9 to \$7.4 per barrel on the back of a higher production coupled with the successful implementation of our cost-reduction program.

Going forward, we will, of course, continue to improve our cost base. Our new efficiency program targets savings of at least EUR 100 million by 2020 as compared to 2017.

In the last 3 months, we made significant progress in the implementation of our strategy, which we presented to you at our Capital Markets Day mid-March in London. In February, we signed the divestment of our upstream business in Pakistan.

In March, we expanded our position in New Zealand by increasing our stake in 2 producing fields. At the end of April, we achieved a major milestone in building a material position in Abu Dhabi.

Now I have to say next, what's coming up in May. It's only February, March and April. So you heard about May, June in our next conference call.

So ladies and gentlemen, I'm delighted to announce that last Sunday, we signed a concession agreement with ADNOC for the acquisition of a 20% stake in 2 oil fields in Abu Dhabi. The concession area consists of 2 offshore fields underdevelopment, Umm Lulu and SARB, as well as 2 smaller of fields, Bin Nasher and Al Bateel.

This transaction gives OMV access to 2 new oil developments, which a very -- with a very long concession life. The concession starts retroactively on March 9, 2018, and expires on March 8, 2058. The participation fee amounts to USD 1.5 billion. ADNOC will retain a 60% stake in the fields while OMV and Cepsa will each own 20%. With this transaction, OMV reaches an important milestone in the successful execution of its strategy.

Participation in this concession offers OMV access to one of the world's largest deposits of oil. The 40-year deal substantially strengthens OMV's reserve base by adding 450 million barrels of oil. The fields have an attractive production profile, both in terms of volumes and costs with an expected long plateau period. The oil production at plateau, net to OMV, is expected to be above 40,000 barrels per day.

We anticipate a long-term plateau production, which will be reached early in the next decade. The development of the 2 fields is nearly completed. The Umm Lulu field started producing from early production facilities in 2016, and SARB will start producing towards the end of 2018.

Total CapEx, net to OMV, is forecasted to be up to \$2 billion for the entire concession period of 40 years. In the first 5 years, OMV will invest roughly \$150 million per annum.

As announced in our strategy, our preference is for cash-generating assets, and this transaction is no exception.

Following the ramp-up of production to plateau level, OMV will enjoy a long-term and substantial cash flow contribution. With our new upstream assets, we are establishing a material long-term upstream position in the hydrocarbon-rich Middle Eastern region. And of course, we are further strengthening our long-term partnership with ADNOC.

We are very pleased that ADNOC has selected OMV as one of its partners of choice. And we are absolutely, convinced that OMV's proven technological know-how will add value to the field operations.

Let's talk about our second acquisition, Shell's upstream business in New Zealand, which we announced just a few days after our Capital Markets Day. Through this transaction, our stake in the Pohokura field, the largest gas-producing field in New Zealand, increased from 26% to 74% and in the Maui field from 10% to almost 94%.

OMV plans to assume operatorship in both joint ventures. We also acquired Shell's interest in the Great South Basin exploration block, offering upside potential to our position in New Zealand. The purchase price amounts to \$578 million, and the effective economic date is January 1, 2018. The acquisition is likely to close by the end this year.

The deal adds up to 100 million barrels of recoverable reserve -- resources to OMV's portfolio and immediate production and cash flows. The assets were producing 31,000 barrels per day in the first 2 months of 2018. The offshore production from the Pohokura field has been halted since mid-March 2018 following a technical issue. We expect to restart the production in the third quarter of 2018.

With the 2 recent acquisitions, we further diversified our portfolio. The weight of the Middle East Africa and Australasia doubled to 20% and our exposure to Russia is now 10%. The majority of our assets in both upstream and downstream remains in Europe.

Going forward, we aim to keep our portfolio balanced, our strategy is to acquire upstream assets in hydrocarbon-rich regions with low production costs as well as to internationalize the downstream business, taking advantage of the market growth in the Middle East and Asia.

And now I hand over to Reinhard who will present to you the first quarter 2018 results. Reinhard?

Reinhard Florey - OMV Aktiengesellschaft - CFO and Member of Executive Board

Thank you very much. Good morning also from my side. Happy to inform you now about our financial performance in the first quarter 2018.

The clean CCS operating result increased to EUR 818 million from EUR 805 million in the first quarter of last year. The results demonstrate the benefit of OMV's integrated portfolio as the negative market effects in downstream were more than offset by a substantially higher contribution from upstream.

Last year's result was supported by positive one-offs. In turn, in this first quarter 2018, currency headwinds impacted OMV in the amount of roughly EUR 100 million.



Clean CCS net income attributable to stockholders decreased to EUR 377 million in the first quarter of 2018 from EUR 502 million due to the higher tax rate. Clean CCS earnings per share were at EUR 1.15 in quarter 1 2018.

The clean tax rate amounted to 35%, which is 15 percentage points higher than the prior year quarter, which was mainly driven by an increased contribution from the higher tax upstream countries in a higher oil price environment. For the full year 2018, we expect the clean tax rate to be in the low 30s following a higher oil price.

Let me now come to the performance of our 2 business segments. Upstream experienced a strong quarter, supported by higher sales volumes and a good operational performance. The upstream clean operating result substantially increased from EUR 321 million to EUR 438 million.

Market effect had a negative impact of EUR 83 million compared to Q1 2017. The higher realized oil prices were more than offset by a weaker US dollar. OMV's realized oil price rose by 15% while the realized gas price in euro decreased by 16%.

In Q1 2018, we recorded a hedging loss of EUR 68 million compared to a gain of EUR 22 million in the first quarter 2017.

Our operational performance more than offset the negative market effects, increasing the results by EUR 191 million compared to the same quarter last year. OMV reached a record production of 437,000 barrels per day.

Yuzhno Russkoye fully kicked in and contributed 106,000 barrels per day while production from Libya amounted to 31,000 barrels per day, 15,000 barrels more than last year.

Hydrocarbon sales volumes developed in line with the increased production and amounted to 38.5 million barrels, which marks an increase of 35% compared to the first quarter of 2017. At the same time, OMV reduced its production cost by 17% to USD 7.4 per barrel.

Depreciation decreased and had a positive impact of EUR 9 million compared to Q1 2017, mainly reflecting positive reserve revisions and the classification of Pakistan as an asset held-for-sale.

The strong result in Downstream Gas was more than offset by a weaker refining margin and the divestment of OMV Petrol Ofisi last year. The clean CCS operating result amounted to EUR 376 million compared to EUR 494 million in Q1 2017. The operational performance in downstream continued to be on a high level despite the weaker market environment in Q1 2018.

The clean CCS operating result of Downstream Oil declined from EUR 411 million in Q1 2017 to EUR 282 million. This was mainly driven by the missing earning contribution from OMV Petrol Ofisi and a lower refining margin as well as negative effects from a weaker dollar.

OMV's indicator refining margin decreased by 12% from \$5.4 to \$4.8 per barrel in Q1 2018. The refinery utilization rate was at 93%. Excluding OMV Petrol Ofisi, retail volumes and margin increased slightly, whereas they declined in the commercial business.

The contribution from petrochemicals decreased by EUR 75 million to EUR 68 million in Q1 2018. The improved ethylene propylene net margins were more than offset by a sharp decrease of butadiene margins. Borealis contributed EUR 86 million compared to EUR 130 million in the first quarter of last year. The decrease was mainly due to lower polyolefin margins.

I'm very pleased that we reached a 5-year record result in Downstream Gas. We sold more volumes, increased margins and captured arbitrage opportunities in the market. The clean CCS operating result increased to EUR 94 million compared to EUR 82 million last year, which included positive one-off items.

Let's now continue with cash flow. In the first quarter of 2018, the cash flow from operating activities amounted to EUR 1.1 billion, an increase of EUR 153 million compared to the strong first quarter last year. The cash flow was driven by OMV's operational performance as well as the dividends distributed by Borealis in the amount of EUR 252 million.



Cash flow from investing activities showed an outflow of EUR 538 million. This includes another drawdown under the financing agreement for the Nord Stream 2 pipeline project as well as a downpayment for our New Zealand acquisition. In Q1 2018, the free cash flow amounted to EUR 538 million.

Excluding the payments related to the Nord Stream 2 and the New Zealand, we reached a strong organic free cash flow of EUR 645 million, illustrating OMV's strong cash generation capabilities once more.

OMV's balance sheet remained very healthy and showed strong liquidity. On the back of the strong cash generation, cash and cash equivalents increased by EUR 300 million to EUR 4.3 billion at the end of the quarter.

On March 14, OMV announced the recall of its EUR 750 million hybrid bond with a coupon rate of 6.75%, which was issued in 2011. As we decided to call and redeem this hybrid bond, we classified it as debt. Therefore, OMV's net debt increased to EUR 2.3 billion. And at the end of Q1 2018, the gearing ratio stood at 16%.

Now I will hand back to Rainer who will conclude with the outlook.

Rainer Seele - OMV Aktiengesellschaft - Chairman of Executive Board & CEO

Thank you, Reinhard. Let me conclude with the outlook for 2018. Based on our operational performance, we update our production guidance. Throughout the first months of this year, we saw the oil price stabilizing at the level around \$70 per barrel. Based on this, we have decided to update the oil price forecast to \$68 per barrel for the full year 2018.

For the year 2018, we expect an average production of more than 420,000 barrels per day. Following a very strong first quarter, we anticipate production in second and third quarter 2018 to be lower due to planned maintenance activities in Russia and Norway as well as seasonally lower demand for Russian gas.

Moreover, production in New Zealand is currently impacted by pipeline issues, which we expect to have resolved in the third quarter. Production towards the end of the year is expected to be back to a similar level as in the strong first quarter.

The announced acquisitions in New Zealand and Abu Dhabi provide further upside. In mid-April, we started the planned turnaround at the Petrobrasi refinery, which is scheduled for approximately 6 weeks.

Thank you for your attention. Now Reinhard, Hans and I are more than happy to take your questions.

Florian Greger

Yes. Thank you, Rainer and Reinhard. Let's now come to your questions.

QUESTIONS AND ANSWERS

Florian Greger

(Operator Instructions) The first question comes from Mehdi Ennebati, Societe Generale.



Mehdi Ennebati - *Societe Generale Cross Asset Research - Equity Analyst*

So I will ask 2 questions, please. The first one regarding your production guidance of 500 kboe by 2020. So taking into account the assets acquisition from New Zealand and Abu Dhabi, it looks like you should reach this guidance by 2019. And regarding 2020, thanks to the ramp-up from Abu Dhabi production, you should be materially higher than 500 kboe even if we take no contribution from Achimov. So can you please tell me if I am missing something there or if I am too much optimistic? Second question regard with, again, the asset acquisition in Abu Dhabi. I wanted to know if you will be able to deduct the purchase price of (inaudible) from the taxes so this could materially improve the economics of those fields, which are already good in my view. And if you don't want to answer the second question, I am asking another one. Can you just please make an update on Achimov? Where are we there in terms of approval from different parties?

Rainer Seele - *OMV Aktiengesellschaft - Chairman of Executive Board & CEO*

Well, thank you, Mehdi. Well, your first question is an easy one. That's the reason why I'd take it. You are following the picture, yes? When we presented the strategy on the Capital Markets Day, of course, the 2 acquisitions were not firm at that time. Given your calculation, I agree with you that we might reach the 500,000 barrels per day earlier than 2020, so that's correct. And then 2020, if one or the other project also will kick in successfully, I agree that we will outperform the target of 500,000 barrels per day. So 2020, at least 501,000 barrels per day production of OMV. So your second question, you have answered yourself. We don't give any guidance on taxes and depreciation deducted because of confidentiality agreements we do have with ADNOC. Please understand that. On Achimov, I would like to hand over to Hans.

Johann Pleininger - *OMV Aktiengesellschaft - Deputy Chairman of the Executive Board*

Regarding Achimov, we are sticking to a project time line. We are negotiating still the project and no change. We want to close the project until end of the year.

Mehdi Ennebati - *Societe Generale Cross Asset Research - Equity Analyst*

And regarding the approval from the different parties in Russia and Norway, can you tell us how this is going on?

Rainer Seele - *OMV Aktiengesellschaft - Chairman of Executive Board & CEO*

We haven't started any approval process yet.

Florian Greger

The next question come from Henri Patricot, UBS.

Henri Jerome Dieudonne Marie Patricot - *UBS Investment Bank, Research Division - Associate Director and Equity Research Analyst*

A couple of questions from me. The first one, just want to follow up on (inaudible) I wonder if there's any indication you can give us on the cash flow contribution as well as in the asset. And then secondly, just on the guidance you've given on the tax rate because tax rate was 35% in the first quarter. You mentioned coming in the low 30s for the full year, with an oil price of \$68, above the average in Q1. So my question is how come the tax rate will be lower across the year when the oil price is expected to go up for the remainder of 2018 that's just given.

Reinhard Florey - *OMV Aktiengesellschaft - CFO and Member of Executive Board*

This is Reinhard. Regarding cash flow contributions from the Abu Dhabi project, what we are able to disclose for now that we will have positive cash flows as of 2019, and they will remain positive clearly for the last time of the project. Regarding the tax rate, I think, what you have to take into

account that, of course, there has been a certain shift in Q1 to the high tax countries in upstream. And we will have a little bit more of a balancing effect also with downstream kicking in then again after the turnaround of Petrobrazil again in the second half of the year, and therefore, we see that the tax rate in general will be at the low 30s as we indicated.

Florian Greger

Next is Ilkin Karimli, Crédit Suisse.

Ilkin Karimli - *Crédit Suisse AG, Research Division - Analyst*

Two from me as well. Just on your dividend policy, if my understanding is correct, the future growth depends on your earnings and cash flow visibility. So the new deals that you are doing, you're adding base plus stable long life cash flows. So any chance you can comment on how you see the dividend evolution going forward after the deals that you have announced? And then second question, building up on the earlier one. And so you're basically hitting your production targets. Can we now assume that M&A going forward will be focused more on the refining than on gas?

Rainer Seele - *OMV Aktiengesellschaft - Chairman of Executive Board & CEO*

Regarding the dividend policy, we have announced updated dividend policy in the context of our new strategy. And as we are now executing the new strategy, the dividend policy, of course, will be exactly as indicated, which will be a progressively rising dividend policy, which will keep the dividend at least at the level of the previous year or -- and our aim is to increase it progressively.

Reinhard Florey - *OMV Aktiengesellschaft - CFO and Member of Executive Board*

Well, Ilkin, yes, we are focusing also M&A activities on downstream. That's clearly the case, but we will continue also M&A activities in upstream. First of all, we have said that until 2025, we will have EUR 5 billion for upstream M&A activities. So if I sum it up, I'm not at EUR 5 billion. So therefore, there is something more to come. And given our priorities this year, there will be next transaction in M&A, and that's of course, finalizing our asset swap. So I have to prepare myself to drink vodka in 2018 because we would like to finalize it. And this is a very important transaction for us because this is more or less the project which would bring our production guidance to the 600, which we are targeting until 2025.

So if we are successful, and that's my production guidance, then we should meet also the 600,000 barrels per day, of course, earlier than 2025. But it is up to the development in Siberia. So therefore, I have to say, yes, we are continuing with M&A activities but -- in both, but the budget for upstream is not a bit smaller than for downstream.

Florian Greger

Next question is from Yuriy Kukhtanych, Deutsche Bank.

Yuriy Kukhtanych - *Deutsche Bank AG, Research Division - Research Associate*

Two questions from me, please. First, why did you decide to redeem the hybrid bond? And the second question is regarding the ruble depreciation in Russia. What impact on unit production cost and broader financials do you expect from depreciating currency in Russia?



Reinhard Florey - OMV Aktiengesellschaft - CFO and Member of Executive Board

Taking on your first question, why did we redeem the hybrid bond. I mentioned that we had quite high level of -- 6.75% of this hybrid bond. Now as we are closing into the call date that has happened in April, we decided that we would hold the hybrid. We have also issued that there is still opportunities for us to again (inaudible) hybrid bond up to a volume of EUR 500 million if we think we would need that. And that certainly also provides us to go into better conditions than the conditions we had with the old one. So in that sense, I think, it's very reasonable, given the financing cost that we had for this hybrid bond. Regarding the ruble depreciation that you're mentioning. The ruble depreciation is something that is very much in the context of the overall change that we have in the currencies. We have seen a higher depreciation there as we are currently seeing the business model of Yuzhno Russkoye only partly in rubles and partly also in Western currencies, the impact that we are seeing is minor.

Rainer Seele - OMV Aktiengesellschaft - Chairman of Executive Board & CEO

Yuri, regarding your question on production cost, we are not talking about single field production cost. But what you can assume in Russia for production cost on gas fields, that they are below U.S. dollars, below USD 2 per boe, and we are exactly in the same range.

Florian Greger

The next question is from Marc Kofler, Jefferies.

Marc B. Kofler - Jefferies LLC, Research Division - Equity Analyst

I just wanted to follow-up on a few points, please. Rainer, you talked about still being very active in both the upstream and mid-downstream when it comes to acquisitions. I'd be interested if oil price moving up to \$75 type of region year-to-date if that's had any impact on the relative merits in your mind at least in terms of upstream versus downstream and the opportunity there for inorganic moves? And then, secondly, just in terms of the New Zealand Shell acquisition, can you just say briefly how some of the political or rather some of the comments you had from politicians there about the future of the oil and gas industry, how that impacts your thoughts from these assets and indeed, if there's any impact there about the Great South Basin exploration potential?

Rainer Seele - OMV Aktiengesellschaft - Chairman of Executive Board & CEO

Marc, I agree with you. If the oil price is further on the rise, the window of opportunities in upstream M&A market is going to narrow. And we have to calculate it, but if we are talking about the oil price impact in the M&A market, we are talking in the first instance the impact in the oil asset market. So that's why I think OMV has also gas assets and gas production, which might be interesting to us. So that's the reason why, I think, the oil price will have an impact in the M&A markets. And given the fact that we have been and is cyclically already very active in the M&A market upstream. And given the fact that the pipeline we do have the OMV in the upstream business is already pretty nicely loaded, I agree with you when the oil price will go up, and the window of opportunity in downstream should have better projects in the pipeline.

Johann Pleininger - OMV Aktiengesellschaft - Deputy Chairman of the Executive Board

Marc, regarding New Zealand. First of all, the transfer of the assets from Shell to OMV, everything is going very well. We got also support from the politicians. Your question is referring, as I assume, regarding the exploration, which was announced just recently from the government that they are not going for the next tender on exploration licenses. From our point of view, regarding Great South Basin, first of all, this has no impact at all. It has no impact on existing licenses, neither on production licenses nor on exploration licenses. We are in a very good position in New Zealand. We are having around 50% of all available exploration licenses in New Zealand. So even if there would be a tender of licenses right now, we would not go for it because we have sufficient licenses for the next 10, 15 years to explore. So we don't see any impact on our business, not on the production assets as well as on the exploration activities.



Florian Greger

And next is Matt Lofting, JPMorgan.

Matthew Peter Charles Lofting - *JP Morgan Chase & Co, Research Division - VP*

Yes. Two, please. Firstly, just on CapEx. I mean, if I adjust Q1 CapEx for the cash outflows related to Nord Stream 2 and the prepayment on New Zealand. I mean it looks like the run-rate was light versus before the full year guidance of EUR 1.9 billion. Can you just talk about how much of that's related to phasing versus continued capital efficiency benefits or gains that are ultimately sort of driving enhanced downside against the sort of the EUR 1.9 billion guidance for the full year? And then secondly, you talked earlier in the presentation around that sort of the hedging losses within the upstream result for Q1. To what extent OMV's hedged on a forward basis through to year-end? And conceptually, why, given the strength of the cash flow and balance sheet position, you even see hedging is necessary at this point?

Rainer Seele - *OMV Aktiengesellschaft - Chairman of Executive Board & CEO*

I will start with one remark on CapEx, yes? We reconfirm the EUR 1.9 billion CapEx guidance for the year 2018, Matt. This is also including additional CapEx, which is coming with the acquisition, for example, of the Abu Dhabi concessions. Again, we said that the Abu Dhabi concessions will come with a rough indication around \$150 this year -- \$150 million. And we are absorbing the \$150 million within our budget so that we stick to the EUR 1.9 billion for 2018. Reinhard?

Reinhard Florey - *OMV Aktiengesellschaft - CFO and Member of Executive Board*

Your question regarding the hedging losses. Yes, you're right. There have been some hedging losses in Q1. The reason for hedging actually for us is that we are still as we are in a strategy of growth, protecting our cash flows. So this is not at all a speculative hedging policy. It is a protective hedging policy. And to your question, we are more hedged in the first half of the year 2018 than in the second half of 2018. So there is less of attention in that respect with rising oil prices in the second half.

Florian Greger

Next is Michael Alsford, Citi.

Michael J Alsford - *Citigroup Inc, Research Division - Director*

I've just got a couple of follow-ups, if I could. So just firstly, clearly, this is a smaller part of the business, but the Downstream Gas was pretty strong in 1Q. I mean, clearly, I know it was a good trading environment, given colder weather. But I was wondering whether you can maybe talk about whether some of that has to do with the changes you've made in that business in terms of its efficiency and I guess, access to customers. That was the first question. Secondly, I just wanted to get a sense as to what your follow-up plans are in Norway following the recent exploration success there. And if you don't mind, just finally, I don't know if there's any update on Neptun and any gas price discussions regarding that project.

Rainer Seele - *OMV Aktiengesellschaft - Chairman of Executive Board & CEO*

Well, I take the Downstream Gas question. First of all, if we remember what we have said, what is really needed to make our Downstream Gas business profitable again, it was a clear story. We need higher volumes to make the infrastructure busy, which we have booked some years ago. And the problem was that we had so -- full basket of capacities we had to pay for, but we had no customers to deliver the money and to monetize the costs for the infrastructure we have booked. Given the fact that we have seen pretty high volumes, especially in the first quarter, the costs we have for infrastructure, we could pass on to customers more than the quarters before. And secondly, you are absolutely right. The real majority of

the profitability in Q1 was really the extremely good trading environment with lots of volatilities. We have seen price spikes up to EUR 30 plus per megawatt hour. It's a dream coming true from St. Peter if we get these price spikes in the market. And of course, the region optimization, especially that we can go for the arbitrage between the hubs, that's one of the reasons why OMV is more Europeanizing the gas trading business, especially towards the West. We do have a real strong position already in the East, but extending our trading activities towards the West where we do see the liquid trading hubs is offering us such a trading upside potential, which would result then also in better numbers of profitability. So I hand over to Hans.

Johann Pleininger - OMV Aktiengesellschaft - Deputy Chairman of the Executive Board

Mike, the question regarding Norway, and I think you're addressing your question regarding Hadis & Iris, the exploration success which we had just recently there. So what we're doing right now is we are evaluating the volumes. We give the range between 40 million and 240 million boe from both prospects. This was 1 well, 1 in the lower horizon and 1 in the deeper horizon. What we're doing right now is we are planning the next phase, which is the appraisal phase. So those volumes, we need to get more certainty on it. And in order to confirm it, we would -- we go for the next appraisal phase there. Regarding Neptun, it's still in time. So we are planning for FID in the second half of the year, and we still plan for fresh gas in 2021.

Florian Greger

Next question is from Tristan de Jerphanion, Kepler Cheuvreux.

Tristan de Jerphanion - Kepler Cheuvreux, Research Division - Oil and Gas Equity Analyst

Two quick ones please on ADNOC and especially the ramp-up of the concessions. So you said long-term plateau production will be above 40,000 boe per day, net OMV, likely you'll reach a little beyond 2020. Could you please give us some colors on the ramp-up period, please and what should we expect in terms of production for this year and 2019, please? And secondly, quick one, does OMV have the ambition to become asset leader on the SARB and Umm Lulu concession or not?

Rainer Seele - OMV Aktiengesellschaft - Chairman of Executive Board & CEO

Tristan, I would like to answer both of your questions. So you are right, 40,000 boe per day we're expecting by 2021. Second, regarding the ramp-up phase, what we're doing right now, we have shutting Umm Lulu due to commissioning of oil-driven facilities on [Cirkum] island. So that's the reason why Umm Lulu is not producing, because Umm Lulu was already -- started up the production in 2016. So towards the end of the year, in Q4, we will start our production on Lulu again, and SARB will come on stream. What you can expect for 2019 is around 20,000 boe per day, average production in 2019; and as I said, 2021, 40,000 boe. Regarding asset leads, yes, we applied for the asset leads, but this will be decided by ADNOC and will be announced by ADNOC.

Florian Greger

Yes. Ladies and gentlemen, this brings us to the end of our conference call. We would like to thank you for joining us today. Should you have any further questions, please contact the Investor Relations team, and we will be happy to help you. Goodbye, and have a nice day.



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