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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 point, 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. Thank you.



Florian Greger - OMV Aktiengesellschaft - VP & Head of IR

Yes. Thank you, Tanaya. Good morning, ladies and gentlemen, and welcome to OMV's Earnings Call for the Fourth Quarter and Full Year 2018. With me on the call are Rainer Seele, OMV's Chairman and CEO; Reinhard Florey, our CFO; Hans Pleininger, our Deputy COO and in the Board responsible for Upstream; and Manfred Leitner, the Executive Board member for Downstream.

Rainer Seele will walk you through OMV's financial performance and review our progress on the strategy 2025. Following his presentation, all 4 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

Yes, good morning, ladies and gentlemen, and thank you for joining us today. 2018 was really an outstanding year for OMV. We were able to deliver a record operational performance and to achieve many of the strategic targets we announced at our Capital Markets Day in London in March last year.

Let me start by briefly reviewing the last quarter of 2018, and then I will move on to our strategic progress.

The fourth quarter of 2018 was extremely volatile from a macro perspective. Brent peaked in October at USD 86/bbl and then fell to around USD 50/bbl at the end of December, averaging USD 69/bbl in the quarter. This massive contraction was caused by record production in Saudi Arabia, Russia and the United States, softer impact than expected from sanctions on Iran as well as concerns about slowing global economic growth.

The refining indicator margin was also very volatile. In October, we saw the lowest monthly average for the entire year, below USD 3/bbl and later in the quarter, levels above USD 8/bbl. The margin averaged USD 5.2/bbl in the fourth quarter, down 8% versus both the third quarter in 2018 and the fourth quarter in 2017.

European gas prices were 28% higher than in the same period of 2017, but rather flat compared to the third quarter of 2018.

The general trend in the fourth quarter, however, was a moderate decrease compared to the peak of almost EUR 30 per MWh towards end of the third quarter of 2018. This is explained by a solid LNG supply to Europe, triggered by weak Asian demand and a warm year-end 2018 in Europe. On the back of cheap feedstock cost, ethylene and propylene margins were very strong in the fourth quarter of 2018, 17% higher than in the previous quarter and 26% higher than in the same period of last year.

Let me now briefly point out the highlights of the fourth quarter of 2018. OMV delivered a Clean CCS operating result of more than EUR 1 billion for the second quarter in a row. Clean CCS earnings per share increased by 1/3 versus the same quarter last year to EUR 1.50. Our cash generation remained strong with an operating cash flow of EUR 1.1 billion. These impressive figures were driven by our strong operations. In Upstream, we reached a record production of 447,000 bbl/d and continued to reduce our production cost per barrel to \$6.03 per barrel.

In Downstream, as in the previous quarter, we ran our refineries at an exceptional utilization rate of 98%. We also maintained our focus on cost. Strict cost management measures throughout the entire organization led to savings of more than EUR 100 million in 2018 compared to 2017.

In the last month of 2018, we made progress towards our strategic goals. In November, we signed the acquisition of a 50% stake in Sapura Upstream, and we closed the divestment of our share in the Polarled gas pipeline in the Nyhamna gas processing plant in Norway.

In December, we acquired a 5% share in the giant sour gas in condensate field Ghasha, further increasing our footprint in Abu Dhabi. In the same month, we divested part of our Upstream business in Tunisia and closed the acquisition of Shell's Upstream assets in New Zealand, significantly increasing our production in Asia-Pacific region.



Let me now turn briefly to our financial performance in the fourth quarter of 2018. The Clean CCS operating result increased by 53% from EUR 688 million in the fourth quarter of '17 to EUR 1,053,000,000. The clean tax rate was 36% compared to 28% in the previous year's quarter, due to considerably stronger Upstream contribution, particularly from the countries with high tax rate fiscal regimes, such as Norway and Libya. Clean CCS net income attributable to stockholders rose by 34% to EUR 490 million.

Our Upstream business experienced a strong quarter, driven by an improved operational performance in higher oil and gas prices. The clean operating results recorded an impressive increase of 68% to EUR 578 million. Our results were negatively impacted by hedging in the amount of EUR 58 million. We closed our gas hedges in the beginning of this year, therefore, we have no oil and gas hedges in place for 2019.

Market effects had a positive impact of EUR 106 million compared to the fourth quarter of '17. OMV's realized oil price rose by 12%, while the realized gas price was down by 4% following the inclusion of Urengoyskoye in our portfolio. This is due to the pricing formula for Urengoyskoye where half of the volumes are sold at Russian prices, which are lower than European prices.

As I already mentioned in the previous year -- in the previous quarter call, the other half is sold at European prices with a time lag of 2 months, therefore, the upward movement in the European gas market from the third quarter is reflected in our realized prices of the fourth quarter. The improvement in our operations and portfolio had a positive impact of EUR 139 million. Production went up by 70,000 bbl/d, Urengoyskoye contributed 106,000 barrels. The production of SARB and Umm Lulu fields in Abu Dhabi started in the third quarter of last year and increased to 17,000 bbl/d on average in the fourth quarter of 2018.

Aasta Hansteen in Norway started production mid-December 2018. Production in Romania decreased by 8,000 bbl/d due to natural decline compared to the fourth quarter in 2018 -- in 2017, sorry. We were able to reduce our production cost by almost 30% to USD 6.3/bbl on the back of higher production, our cost-reduction program and favorable currency development.

In our Downstream business, the Clean CCS operating result increased to EUR 445 million, up 25%. The Downstream Oil result rose by 22% to EUR 381 million. While refining margins were slightly lower, we experienced a substantially higher ethylene and propylene margin. Our operational performance was very strong, driven by the exceptional refining utilization rate, higher volumes and good retail and commercial margins.

The commercial business in Germany and Austria benefited from the supply disruptions in southern Germany caused by extremely low levels of the Rhine River and refinery outage in the region.

The petrochemicals result more than doubled from EUR 37 million to EUR 78 million due to the strong margins. The contribution from Borealis to the clean operating results decreased considerably to EUR 67 million due to negative inventory valuation effects and declining integrated polyolefin margins. The Clean CCS operating result in Downstream Gas rose from EUR 45 million to EUR 64 million, mainly attributable to a higher power result and an insurance compensation related to the Baumgarten incident. Natural gas sales volumes slightly increased, mainly driven by Germany.

Turning to the cash flow. The fourth quarter was again strong with an operating cash flow of EUR 1.1 billion. As a result, we reached a record operating cash flow of EUR 4.4 billion for the full year, a remarkable increase of EUR 1 billion compared to 2017. The cash flow from divestments for the full year 2018 amounted to EUR 0.5 billion coming from the ongoing optimization of our portfolio. Organic investments were EUR 1.9 billion, around EUR 300 million higher than previous year, due to higher capital expenditure in Romania, Norway and the UAE.

The cash outflow for inorganic investments came in at EUR 1.9 billion, reflecting the acquisitions of our share in the oil fields in Abu Dhabi as well as of Shell's Upstream business in New Zealand. The organic cash flow rose by 34% to EUR 2.5 billion. This means, ladies and gentlemen, that we achieved a free cash flow of almost EUR 300 million after the payment of a record dividend and the major acquisitions in 2018.

In March of last year, we presented our strategy 2025. I would like to briefly remind you what we promised 1 year ago and then give an overview of our progress. We set ourselves ambitious financial targets. We strive to increase the Clean CCS operating result from a level of EUR 3 billion in 2017 to at least EUR 4 billion in 2020 and at least EUR 5 billion in 2025. In addition, we committed to a gearing ratio of equal or less than 30% and a ROCE target of at least 12% in the mid- to long-term. We also aim for a positive free cash flow after dividends and strive to reward our shareholders through our progressive dividend policy.



How did we plan to achieve all of this? In Upstream, we promised to grow volumes in our core regions and to develop Asia-Pacific into a new core region while bringing production cost to a level below \$8 per barrel. Furthermore, we promised to double our reserves until 2025 and achieve a reserve replacement rate of more than 100% every year.

In Downstream Oil, we were following a twofold strategy. On the one hand, we are upgrading our European refineries more towards petrochemicals and jet fuel. And on the other hand, we want to export our successful European business to growing markets in Asia by establishing an integrated position in the region.

In Downstream Gas, we are striving for a volume growth strategy with a focus on Germany, the largest gas market in continental Europe.

Ladies and gentlemen, 2018 was, for OMV, a year of strong strategy execution. I'm extremely pleased how we delivered on our commitments. Let me briefly talk about the highlights of this year.

We achieved the highest Clean CCS operating result in OMV's history, EUR 3.6 billion. To put this into perspective, we have more than doubled our earnings since 2015, and we are well on track to reach more than EUR 4 billion in 2020, as guided in our strategy. While Downstream has been a very consistent contributor to earnings over the last years, the profitability of Upstream increased tremendously from around EUR 100 million in 2015 to EUR 2 billion in 2018. Higher earnings also translated into higher returns. With ROCE of 13%, we are on track for our mid- and long-term target of at least 12%.

Let me now come to the most important KPI for me when managing the company, cash flow. This is how we run the company. I would like to highlight a few things. First, OMV is resilient to oil price volatility. The natural hedge provided by our integrated and balanced Upstream and Downstream business is key to our ability to generate strong and sustainable cash flows. Second, with some EUR 4 billion in the last 2 years, we are on a new level of cash generation. Third, we do not stop here. All of our acquisitions were focused on immediate or near-term cash flow-generating assets. Hence, going forward, we expect our cash flow to further increase to above EUR 5 billion in the midterm.

Well, the next slide speaks for itself. Our portfolio changes and efficiency efforts have boosted the size and competitiveness of our Upstream business. Since 2015, our production has increased by some 40% while costs decreased by almost 50%.

In 2018, we further strengthened our reserve base by adding around 200 million barrels to our reserves. This enabled us to achieve a reserve replacement rate of 160% over a 3-year average. The main contributors were the acquisition of SARB and Umm Lulu fields and the successful development of the Turonian reservoir in the Russian gas fields Urengoyskoye. Additionally, we made significant positive reserve revisions due to the increase of our shares in New Zealand and the production performance and successful development activities in Norway. OMV's reserve replacement strategy is focused both on expanding in regions with significant reserves of oil and gas and on exploration appraisal activities. 2018 was a great year for E&A. 10 out of 16 wells drilled were successful, and we made one of the best and largest discoveries in our industry, the gas and condensate fields Hades & Iris in Norway. The preliminary result indicates a discovery size of up to 75 million barrels of reserves. OMV holds a 30% interest and operates the fields. Additionally, in Norway, we were awarded 11 exploration licenses in the beginning of 2019.

So we are well on track with our growth targets in Upstream. We were extremely active last year, delivering a good pipeline of growth projects that will help us to reach our targets. The 500,000 bbl/d target announced for 2020 will be within reach in 2019 already, 1 year earlier than promised in our strategy. This, however, depends on the securities -- security situation in Libya. Growth will come from the ramp-up of our oil field SARB and Umm Lulu, expected to reach more than 40,000 bbl/d by 2023; the ramp-up of gas fields Aasta Hansteen to around 20,000 barrels in 2019; and the start-up of our Nevada gas project in Tunisia towards the end of 2019.

Sapura OMV Upstream will add approximately 10,000 bbl/d to our portfolio. Its production increases in the near term, driven by 2 gas developments: first, gas from Phase I is anticipated to come onstream in 2020; phase II is expected to start production in 2023 and will boost production to 60,000 bbl/d. We expect to close the transaction with Gazprom for the Achimov IV/V field in summer this year. Production is estimated to start at the end of 2020 and reach plateau of more than 80,000 bbl/d in 2025.

Neptun provides a further upside to our long-term growth. We planned to take the final investment decision last year, but the Romanian government passed the offshore law only in mid-November 2018. Additionally, on December 29, the government introduced new measures which negatively impact the gas market. Thus, the current legislative status does not fulfill our prerequisites to take an FID.

In Downstream, we remained firmly focused on operational excellence and cost efficiency, generating strong returns and cash flows. In 2018, excluding Petrol Ofisi, our sales in retail and commercial increased the average throughput of our filling stations in Peru from 3.7 million to 3.8 million liters. In the last 3 years, our Downstream business generated an organic free cash flow of over EUR 1 billion per year, reaching EUR 1.4 billion in 2018, the highest organic free cash flow in a decade. Downstream will continue to be a strong cash generator for OMV, and we see further upside through IMO 2020. OMV runs landlocked refineries and does not sell a lot of maritime fuel. It currently produces fuel oil with high sulfur content only at the Schwechat refinery. With a fuel oil yield of only 2% and a middle distillate yield of 50%, our refining business is excellently positioned for IMO 2020. We will be able to produce the new marine fuel oil with no additional cost, as we benefit from our suites equity crudes in Romania and Austria. We also do not need to invest in order to adapt to the market. Just to give you an example of how we could benefit from the expected widening of the spread between fuel oil and distillates. An increase of \$10 in the diesel crack spread will generate an additional income of EUR 70 million in our operating results, while a decrease of \$10 in the fuel oil crack would be only a small loss of EUR 800,000. The expected widening differentials between sweet and sour crude will provide further upside in Upstream as 85% of our produced crude is sweet.

Ladies and gentlemen, just a few days ago, OMV signed a landmark strategic partnership with ADNOC for a 15% stake in ADNOC Refining and a to-be-established trading joint venture. Through this transaction, OMV becomes a strategic partner and the fourth largest refinery in the world, which is forward integrated into petrochemicals. ADNOC Refining includes the Rovi refineries east and west as well as the Abu Dhabi Refinery and has a total capacity of 922,000 bbl/d. As outlined in our strategy last year, OMV aims at growing in Downstream Oil business by exporting its successful refining and petrochemicals business model to international growth markets. With this transaction, we take a decisive step to deliver on our strategy. With a 15% stake in ADNOC Refining and the future trading joint venture, we follow the same integrated business model of Downstream Oil that defines our success in Europe at the doorstep of attractive growth markets such as Asia-Pacific. The estimated purchase price, thus the cash out, is roughly \$2.5 billion based on 2018 year-end net debt. The final value is dependent on the net debt as of closing and certain working capital adjustments. The enterprise value for our 15% share amounts to approximately \$2.9 billion. Closing of this transaction is expected in the third quarter of 2019. Our stake in ADNOC Refining and the trading joint venture will be consolidated at equity in OMV's financial statements. The partners have agreed on an attractive dividend policy.

Based on the current scope of the assets and the business plan, we expect to receive dividends already in 2020 for the financial year 2019. In the midterm, we are anticipating a dividend yield in excess of 10% per year, based on the purchase price.

Last but not least, the transaction will be accretive to OMV's earnings per share from the first year onwards. With this transaction, OMV is building an integrated value chain in Abu Dhabi similar to our successful business model in Europe. This allows us to enhance profitability, increase optionality and reduce volatility. OMV has built oil and gas concessions in Abu Dhabi, with already producing high-quality oil from SARB and Umm Lulu and a substantial gas and condensate potential from the Ghasha field. With the newly acquired stake in ADNOC Refining and the trading JV, we continue to diversify down the value chain and manage the best integrated margin. Accordingly, OMV refining and petrochemicals capacities increased by 40% and 10%, respectively. The Rovi site is well integrated into petrochemicals with Borouge, the largest polyolefin site in the world. Borouge is jointly owned by Borealis and ADNOC, which allows for synergies along the value chain. In Abu Dhabi, OMV benefits from a stable and reliable framework for investments while having an access to low-cost and long-life oil and gas reserves. With the integrated material position in Abu Dhabi, OMV now sits at the heart of the global supply and demand for petroleum and chemicals products.

OMV's balance sheet remained very healthy and showed strong liquidity, with a cash position of EUR 4 billion at the end of 2018. Net debt amounted to EUR 2 billion, and the gearing ratio stood at 30%, and that is after acquisitions of EUR 1.7 billion last year. Based on a 30% gearing ratio, we have a headroom of EUR 2.6 billion. Both rating agencies, Moody's as well as Fitch, confirmed our strong investment-grade rating after the recent announcement of the transaction with ADNOC Refining.

Let me now come to our organic investments. We have substantially reduced the level of the organic investments from an average of EUR 3.1 billion in the year 2013 to 2015 to an average of EUR 1.8 billion in the last 3 years. Going forward, the guided level of EUR 2 billion to EUR 2.5 billion per year until 2025 is sufficient to maintain our portfolio and finance our growth projects.



Ladies and gentlemen, we have worked hard since we communicated our 2025 strategy last year. We were able to close major deals significantly faster than anticipated. We have committed about 60% of our 8-year acquisition budget, but we have executed the vast majority of our 2025 strategy, generating significant growth in Upstream and a clear path of growth in Downstream. As promised, the acquisitions focus on short and midterm cash flow-generating assets, enabling us to transform OMV into a stronger and a more profitable company. In 2019, we will focus on cash flows and on consolidating our new businesses. In the short and midterm, there are no further big acquisitions planned apart from the ones communicated. As a consequence, we will make a shift in our capital allocation priorities. First, we will continue to develop our projects and grow the company organically. Secondly, after executing the announced transactions, we will have a clear focus on dividends and delivering on our progressive dividend policy. The third priority is debt reduction. Fourth is acquisitions. And we are reconfirming the mid- and long-term target of minimum 12% ROCE.

Last year, we introduced a new dividend policy. We committed ourselves to increase the dividend every year or at least maintain it at the respective previous year's level. In line with our promises, we proposed to the Annual General Meeting a dividend of EUR 1.75 per share for 2018. This is an increase of 17% compared to the previous year and marks a new record in OMV's history. Since 2015, we have increased our dividend at an average rate of 21% per year. We herewith reconfirm our progressive dividend policy.

Let me now conclude with the outlook for 2019. For the full year, we're forecasting an average oil price of USD 65/bbl and European gas spot prices lower than in 2018. Organic CapEx is projected to come in at around EUR 2.3 billion, thereof, EUR 1.5 billion in Upstream, including development CapEx for Sapura Upstream. Production is expected to be around 500,000 bbl/d but depends on the security situation in Libya. The production at Shuwait is currently suspended. The field is expected to resume production as of March 2019, after which, we will -- we assume a total contribution from Libya of 35,000 bbl/d until year-end. Therefore, in the first quarter of 2019, we are expecting a decline of around 80% in sales volumes in Libya compared to the fourth quarter of last year. In addition, production in New Zealand at the Pohokura offshore field will be stopped due to planned maintenance activities for around 30 days, starting February 2019.

Exploration and appraisal expenditures are expected to be EUR 350 million. Refining margins are projected to be around USD 5/bbl. Petchem margins are estimated to be a bit lower than in 2018. The utilization rate of refineries is expected to be above 92%, as there is no planned turnaround. Total product sales will be on a similar level compared to 2018. Retail and commercial margins will also similar compared to 2018. Natural gas volumes are projected to be higher than in 2018, but margins are forecasted to be lower. The new regulations in Romania set a gas price cap and a regulated price for household electricity until February 2022, as well as a 2% financial contribution on turnover from gas and electricity activities. Our preliminary assessment accounts for a mid-double-digit million euros impact on the Petrom's operating result based on 2018 figures. We expect the clean tax rate for the year 2019 to be around 40%.

Thank you for your attention. And now my colleagues are more than happy to answer your questions.

QUESTIONS AND ANSWERS

Florian Greger - OMV Aktiengesellschaft - VP & Head of IR

Yes. Thank you, Rainer. Let's now come to your questions. (Operator Instructions) The first question is from Mehdi Ennebati, Societe Generale.

Mehdi Ennebati - Societe Generale Cross Asset Research - Equity Analyst

So one question regarding the production costs for the Upstream division, which was particularly low at USD 6.3/bbl, the [last relation] of oil equivalent in Q4. With all the acquisitions that you've completed recently and with the start-up and ramp-up of some key fields, should we consider the actual production costs to keep going down in 2019 and 2020, considering Libyan production remains unchanged, or do you think it will be difficult to go further down from the current low level? And I have a second question. It's about Yuzhno Russkoye. So can you tell us if the dividend you will receive in 2020, based on 2019 operations, is above or below the midterm \$200 million guidance that you provided us when you announced the acquisition? So I am asking this question because natural gas prices have been particularly high in 2019, which is positive. But you have also been impacted by some taxation change in Russia. So just wanted to have some color there.



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

Okay, Mehdi, I will answer your first question regarding production question. It's enhanced for Upstream. So production cost, as you see, is USD 6.3/bbl is quite a very good number, also in the international comparison with other companies. So there are not many companies who can beat this number in average on production costs. We were coming from USD 16.6/bbl in 2016, and we are right now at USD 6.3/bbl. What you can expect is that we are further optimizing our production costs, also in the new assets, which we have been acquiring just recently. What you can expect is that the costs are not going down to 0. Yes? That's impossible. But you can expect it will stay between USD 6/bbl and USD 7/bbl with the current portfolio that we have.

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

Mehdi, this is Reinhard speaking. Your question on the dividend of Yuzhno Russkoye. We keep to our expectation that we have pronounced that we will have annual dividends in the range of USD 200 million also for 2019. Of course, this has a certain dependency on the exchange rate. So take this on the assumption of similar exchange rate, U.S. dollar to ruble, as we would have had in 2018.

Florian Greger - OMV Aktiengesellschaft - VP & Head of IR

The next question is from Michael Alsford, Citi.

Michael J Alsford - Citigroup Inc, Research Division - Director

So a couple from me, please. Just quickly on Neptun. Clearly, there's been some changes from a regulatory and obviously, price perspective in Romania. I'm just wondering if you can elaborate a little bit more in terms of your comment as why it doesn't fulfill the prerequisites for FID. My understanding was that gas cap was a 3-year cap. Is it more around the climate for investment in Romania, or is it actually more around the changes to the offshore oil and gas law that's causing you to say that the returns are not as high as you need to deliver on the FID? And the second thing was just on your targets. You clearly are well on track for delivery of these targets and ran operating profit and cash flow over the medium to longer term. I'm just wondering if you could remind us as to what is the macro, sort of, outlook or assumptions that you've put into that calculation.

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

Regarding the macro outlook assumptions that are behind that, more or less these assumptions have not changed a lot to what we had so far. So what we are assuming is that on the long end, we will see an oil price between USD 70/bbl and USD 80/bbl. Take the average of USD 75/bbl on the longer end. We have given the guidance for 2019 of USD 65/bbl, so there will be a gradual increase that we see over the years in our long-term perspective. On the gas prices, we'd rather see a stable development in a range of around USD 20. So -- and on the refining margin, we would see more or less around -- or slightly below the USD 5 so that we have a more or less stable environment in that range as well.

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

Michael, I'll take your question on Neptun. Let me start with a clear statement. OMV and Petrom is highly committed to the Neptun project, yes? Don't take me wrong with the comment I did. It's more concerning the climate in Romania. What really concerns me is that Romania is moving away from a liberated gas market. It's not the duration of the gas cap, it is the future and the framework in Romania. The fiscal framework has worsened, and the political risk in the country has increased. Therefore, I think investors have to regain confidence into Romania. And I'm one of them, yes? I'm one of them. I'm struggling myself. And we have discussed it within our Board. And I also discussed it with Christina Verchere, and she will continue the dialogue with the Romanian government to set up the right framework to go for a positive FID. As I said, right now it's not sufficient. What we need is, of course, a much higher fiscal stability. I don't want to see any upcoming surprises like we have seen on the 29th of December. We need competitive terms. We need a liberated gas market, and we need, of course, the key infrastructure in Romania to export our



volumes because this project is clearly designed for Europe, not purely for Romania. Therefore, any restrictions to export the gas to supply European neighbors, you could see that with some comments from Hungary, which are very much concerned that Neptun development might be delayed because Hungary needs the gas from Romania to diversify their supplies into the country. So I think we should see, of course, a European solidarity, and we need to have the right framework. Then we will decide.

Florian Greger - OMV Aktiengesellschaft - VP & Head of IR

Thanks, Michael. The next question comes from Thomas Adolff, Crédit Suisse.

Thomas Yoichi Adolff - Crédit Suisse AG, Research Division - Head of European Oil & Gas Equity Research and Director

Two questions from me as well. And the first one is related to the ADNOC refining asset or company that you bought into and more specifically on the dividend. And I remember you saying on the last call that you expect to get a dividend in 2020 for the 2019 earnings, but I wondered whether that dividend is for the full year or only for the period after you closed the deal or just over a quarter. Secondly, just on Petrom production. Sequentially, the decline looks fast, so I just wondered whether we should model a similar sequential decline. Or do you expect it to be less, and why?

Manfred Leitner - OMV Aktiengesellschaft - Member of Executive Board

I'll take the first question on the dividend in ADNOC Refining. The effective date will be at closing, yes? And we expect the closing for the third quarter 2019, and that's the reason why I do not believe that we can account for a full year dividend for 2019.

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

Thomas, regarding the second question regarding Petrom question, how you can model the decline, let's say, 2 reasons. So one is the natural decline which you have to take into consideration. The second one is that we're optimizing our portfolio. So we will go ahead. We have been starting already last year that we sell, let's say, minor fields which are not highly economic anymore. So all in all, you can expect a decline per year of roughly 5%.

Florian Greger - OMV Aktiengesellschaft - VP & Head of IR

We now come to Rob Pulleyn, Morgan Stanley.

Robert John Pulleyn - Morgan Stanley, Research Division - Analyst

Just one from me, and I don't think this has been brought up just yet. But could we maybe talk a little bit about Achimov, which I think is obviously expected for this year? Is there any sort of update around the timing or the potential transaction cost now that it looks like the terms of the deal will change given what happened in Norway?

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

Well, Rob, there's not so much update I can give to you. We only can say that we are now -- we were heavily busy to run the deal in Abu Dhabi, yes? So our priorities with the resources were more in Abu Dhabi in the last months. And now we are going to set up more meetings with the Gazprom. The major challenge right now, and this is the most important one, is we have not agreed on the price. We are expecting that we are going to close the deal at summer this year. So something between June and September. Then we will hopefully come out with the number, and we will close the deal. Honestly speaking, I'm not too much in a hurry, Rob, to find now a quick run on an agreement because we are talking about a development



project. We are expecting that Achimov will start production in the early 20s. So it doesn't matter whether we are going to close the deal yesterday or tomorrow. So we have to close the deal before production starts so that we are benefiting especially with the cash return with the production profile. The project has taken already FID. All I can hear is that the project is well on track. So there is no strong need that OMV should join the club as early as possible. Gazprom and Wintershall are running their projects extremely professional.

Robert John Pulleyn - *Morgan Stanley, Research Division - Analyst*

Okay. Well, we'll -- I'm sure we'll wait to hear some news on that through the summer. And if I can just ask on refining. You mentioned IMO 2020, and we share your enthusiasm. When do you think that this will start to become evident in your refining margins? I mean, they recognize the guidance for 2019. Is that a reflection that really this will only kick in once IMO 2020 is live in 2020 and there won't be much of an anticipatory effect in the second half? Or could you maybe add a little bit of color about how you expect the progression to that end point?

Manfred Leitner - *OMV Aktiengesellschaft - Member of Executive Board*

What we would expect is that the impact will start potentially in the fourth quarter 2019 already because you have to prepare your product qualities and specifications in order to stay in business or to actually even increase your business in terms of the maritime sales. Obviously, the biggest impact will be coming in the beginning of the 2020s. And over time, at the same time, I mean, the industry will adapt and invest, and you will then potentially see 2 years later, again, a certain relief. This is how we see the development coming.

Florian Greger - *OMV Aktiengesellschaft - VP & Head of IR*

Thanks, Rob. Next question is from Josh Stone, Barclays.

Joshua Eliot Dweck Stone - *Barclays Bank PLC, Research Division - Analyst*

I had 2 questions, please. Firstly, on the cost savings, you've achieved your targets almost 2 years early. Can you talk about the potential for actually for you to see more cost savings from here? Or should we think about we've -- we hit the floor on that now? And then secondly, just on Nord Stream 2, if you could update, some progress on the pipeline there and what still needs to happen for us to see the pipeline start up at the end of the year.

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

Well, Josh, first of all, I'm impressed that we could make that cost savings much earlier than we have anticipated and announced to the financial markets. What I can say is that the ice is getting thinner, yes? We will have a discussion now within our Board to agree on a new cost-saving target. What I can say is we will set a new target because we would like to address clearly to the financial markets that cost has the highest priority in all our thinking. But it's getting more challenging as we have done already a pretty great job here. Just remind, our operating cost from \$16.60 in 2014 to \$6.30 in the fourth quarter, yes? There's a -- I think the main work is done -- you also can find it in the numbers of profitability.

In terms of Nord Stream, well, we can say 600 kilometers of the pipe has already been laid. 600 is also the number we have financed of the project until year-end. So we will continue to catalyze Nord Stream 2 company to lay that pipe as quickly as possible because the permits are in place. All we have to see is when the permit from Denmark will move on our table. That's determining, I think, the timing until year-end. If everything is according to plan, we are well on track to see first gas end of this year.

Florian Greger - *OMV Aktiengesellschaft - VP & Head of IR*

We now come to Henri Patricot, UBS.

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

Reinhard, 2 questions from me. I just want to follow up on the topic of IMO 2020. And you mentioned that you plan to stop using some -- a new grade of marine fuel. Can you give us perhaps some sense of the volumes involved? And I know you're going to produce this fuel basically, obviously, without reducing your sulfur content of existing fuel oil production. And secondly, I wanted to follow up on the new priorities in terms of capital allocation with dividends above debt reduction because I would expect your gearing to be slightly above the ceiling at some point this year once you close the Achimov transaction. Would you still consider raising the dividend in such a scenario? Or is it -- would you just be maintaining the dividend at the EUR 1.75 level?

Manfred Leitner - OMV Aktiengesellschaft - Member of Executive Board

I'll take the question on the IMO. Currently, what we are producing is in just only in Schwechat refinery, and the total product yield is less than 2% of heavy side for fuel oil. And this is such a low volume that we will be in a position to go ahead with maritime sales. This is not our main sales channel anyway as in the past. So there will not be any change so we will not have to invest. And it has already been mentioned by Rainer in the -- in his speech that we are having a big benefit as well because of the sweet crude production in -- on the equity. And that is for Romania and for Austria. This is sulfur free, close to sulfur free. And so therefore, that's a big benefit that we are having in the crude slate. This is something which we believe will be just a big -- a new competitive advantage because many of our competing refineries will have to do a lot in order stay there.

Just one remark to ADNOC refining in that respect. In ADNOC refining, there is nearly no heavy fuel production. So that's close to 0. And that's, again, showing that the quality of the production assets we have bought in there is extremely high.

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

Henri, an honest word. You haven't changed, my friend, yes? Yes? You have always concerns about our dividend. I don't know what I shall do, yes? Since -- 4 years in a row, we have increased the dividend. And now you are -- have concerns -- now we have increased the dividend to above expectations, and now we have concerns about the next dividend, okay. Give me some time to run the business. I can repeat what we have said. We are fully committed to our progressive dividend policy. And the way we discuss it in our Board is not how many acquisitions we have done or how many divestments we have done, it is just the business here. And if we have a successful business here, you should participate as a shareholder from the successful development of our business. And that's the way we are doing it.

Coming back to your gearing question with the 30%, well, honestly speaking, we have to wait and see what -- which number Achimov really is kicking into our books and when we are going to find that agreement, yes? And then it's also a question how is the cash flow, the operating cash flow, developing during 2019. I know I have so many ifs, yes? But if I look into the numbers which I have seen from Reinhard which he keeps as a real secret, yes, we might -- can surpass the 30% threshold, but this will be only for 1 or 2 quarters maybe, yes? But it's depending really on all the other issues I have mentioned. We don't know the cash flow. We don't know Achimov numbers. So therefore, it's a clear message. 30% is our target. We will work on that target, and we will do our best with our cash flow management that we meet all the targets we have promised to all of you in the financial markets.

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

Okay, [Mr. Rainer]. There's not too much concern there. It's just I wasn't expecting to see such a significant increase for this year. So wondering -- give me a sense of the interplay between debt reduction and the dividend growth. So yes, that's pretty good.

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

Henri, with the higher dividend this year, we would like to send a clear signal to the market that the dividend has a high priority now for the Board of OMV.

Florian Greger - OMV Aktiengesellschaft - VP & Head of IR

We now move on to Jason Gammel of Jefferies.

Jason Gammel - Jefferies LLC, Research Division - Equity Analyst

Congratulations on the progress you've made in the strategic plan. I wanted to come back to the \$5 billion cash flow target over the medium term that you put forward. It's a pretty robust number. And even at the high end of the CapEx guidance range, it looks like about a 17% free cash flow yield. So my question really is, what are the factors that have given you the confidence to put forward this type of a target? Is it really just seeing the completion of the deals that you've done and the performance of the underlying assets? Or are there other factors? And then maybe just coming back to the discussion you just had. What would you say is the appropriate gearing ratio for the company over the longer term, recognizing that the flows around the acquisitions will cause some noise in the near term?

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

Jason, if we are taking the cash flow targets, we view under the assumptions that we have taken, and we think that the assumptions set that we have is a rather robust one, that this kind of cash flow targets are not only achievable, it is something that has been prepared very well through the portfolio change and portfolio enhancement that we have done already now and will further expand in 2019. So this gives us the confidence that this increase in the cash flows will be reality also expressed by our target on ROCE of 12%. If you take the reality of this ROCE, it means that the capital employed, which we increase significantly by these acquisitions and still we stay with a target of 12%, which gives us a return that, of course, also is reflected in the cash flow. If we are taking this as a basis, then we should be able to deliver on that. And if you're talking what is the appropriate gearing ratio, I think we have been clear with the target that we have seen. We think that 30% or below is the appropriate gearing ratio, and this is our target. So we have some air to breathe. We will use this headroom in order to further continue on our road of our strategy, but we will not overstretch in that respect.

Florian Greger - OMV Aktiengesellschaft - VP & Head of IR

We now come to Michele Della Vigna, Goldman Sachs.

Michele Della Vigna - Goldman Sachs Group Inc., Research Division - Co-Head of European Equity Research & MD

Congratulations on the strong results and the dividend increase. I had 2 questions, if I may. The first one is, on your long-term target of 600,000 bbl/d of production in 2025, I just wanted to check if you expect all of that to come from your existing resources and from organic CapEx, or if there was still an element of acquisitions in that. And secondly, I just was wondering if you could give us an idea of how IFRS 16 is likely to impact your gearing, given the different accounting for the leases.

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

I will answer your first question whether we will achieve the 600,000. So what you see currently, we are aiming for 500,000 already this year. So if you look into our portfolio, what will come onstream or what's next, then I have to say it's organic and one M&A deal which has not been closed, which is the Achimov deal. But if you add the additional production which will come from Southeast Asia, Malaysia, we want to increase the production up to 60,000 barrels. Nevada will come onstream at the end of the year with 10,000 bbl/d. Then we will ramp up our production in UAE beyond 40,000 bbl/d. So -- and Rainer mentioned in his speech that Achimov is the only one which is missing, let's say, in this regard where we haven't closed the deal. But what we are aiming for in 2019, we can expect another 80,000. And if you add all this to the 500,000, then we are clearly beyond the 600,000, and we see as an upside even on top of it Neptun, where we said this will bring another 60,000 to 70,000 BOE per day. So we

are clear on that, that we will achieve the 600,000-barrel organic growth. Mainly in addition is only the M&A, which is outstanding the Achimov IV/V.

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

And Michele, regarding IFRS 16, as of 2019, IFRS 16 is a reality. So we will have to account for some EUR 700 million in additional debt. The effect of that will be a gearing impact of around 4.5% increase on our gearing. We have taken that into account, but we have not changed our gearing target of 30%.

Florian Greger - OMV Aktiengesellschaft - VP & Head of IR

Now we come to Alwyn Thomas, Exane BNP Paribas.

Alwyn Thomas - Exane BNP Paribas, Research Division - Analyst of Oil and Gas

Just actually to follow up on Michele's question around the 600,000 target in 2025. I wanted to ask a little bit about whether you think it might be possible to accelerate the developments, particularly at Wisting and Hades & Iris, given the reasonable progress you've made there on resources and whether they could come within the scope of the plan. And then my second question is really just looking into the first quarter of this year, whether you're able to give an update on where the refining indicator was in January. And any particular trends in the Downstream for the first quarter?

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

Updates regarding 600,000 and the question regarding Wisting and Hades & Iris. Wisting and Hades & Iris is in this calculation of the 600,000. It's not included what I have been mentioning before. So this will come on top. Regarding timing, we said regarding Wisting we want to take Final Investment Decision at around 2020, '21. Regarding Hades & Iris, it's almost the same timing. So you can expect that both fields will come onstream rather beyond 2025. But this will come on top of it, which means additional production from these 2 fields.

Manfred Leitner - OMV Aktiengesellschaft - Member of Executive Board

On Q1 Downstream, a few observations. We have started with lower refining margins. Currently, they are recovering again. We have started with various from petrochemical margins, which would potentially even overcompensate the lower refining margins. Our utilization is, again, extremely high. So we are running at full capacity. And our retail sales are doing well in addition. So all in all, a mixed picture, if you wanted, Downstream Oil. But overall, I would expect a pretty attractive first quarter again. In gas, obviously what you see is that the sales, yes, could be better if the temperatures would be lower. And this is something which, unfortunately, we cannot manage. If we could, we would have a much stronger winter for much longer. So most probably, sales could be a little bit lower than last year at the same time. But overall, a good quarter.

Florian Greger - OMV Aktiengesellschaft - VP & Head of IR

Thanks, Alwyn. And we now come to Yuriy Kukhtanych, Deutsche Bank.

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

Just 2 questions from me, please. First question would be on dividend from Petrom. Looking at the compares, what happened last year was -- and so it's a huge shift in fiscal terms in Romania from the government. Petrom is increasing dividend by 35% year-on-year. And my question is whether this is an indicator of potentially changing the approach to investments in the countries from OMV and if you could just talk a bit more on what



was behind that decision. So that would be my first question. And second question, what is driving the current petrochemicals trends in your view and in the fourth quarter? And how big is the component of the cheap naphtha in these margins?

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

Yuriy, let me come to the first question around the dividend of Petrom. The dividend of Petrom is a clear consequence of a very good year 2018 and a situation where, again, a positive cash balance has been produced by the company. The company is in an environment which has a certain volatility, and I think Rainer has -- had very clear words around that. But we don't take dividend policy as political statements. Dividend policy is the reward of our shareholders for the performance that we have been able, with the support of the shareholders, to deliver, and this is the way how we are going forward. The dividend policy of Petrom is also the same in its essence as we have in OMV, and this is why we are sticking to it.

Manfred Leitner - OMV Aktiengesellschaft - Member of Executive Board

On the petrochemical margins, I would share your observation. Obviously, the low naphtha cracks and the low naphtha value is supporting petrochemical margins. We believe that over the year, these naphtha values will go up again, and that's exactly the reason why we have guided a lower petrochemical margin environment than last year.

Florian Greger - OMV Aktiengesellschaft - VP & Head of IR

The next question is from Chris Kuplent, Bank of America Merrill Lynch. Are you still there?

Christopher Kuplent - BofA Merrill Lynch, Research Division - Head of European Energy Equity Research

Sorry, hope you could hear me now.

Florian Greger - OMV Aktiengesellschaft - VP & Head of IR

Yes, we can hear you now very clearly.

Christopher Kuplent - BofA Merrill Lynch, Research Division - Head of European Energy Equity Research

Great. Two more questions, if I may. The first one you're probably expecting. You've achieved EUR 3.6 billion of EBIT in 2018, and I was just wondering whether you could revisit your 2020, not really your 2025, but your 2020 guidance that you established and put that into context how confident you feel now after almost 12 months have gone by since we saw you here in London at that Capital Markets Day when you published that more than EUR 4 billion or at least EUR 4 billion EBITDA for 2020. And Manfred, perhaps if you could remind us what kind of IMO assumptions you have already embedded into that 2020 earnings guidance or if it's not a guidance, expectations. And then the second question is just a follow-up on your EUR 2.3 billion CapEx guidance for 2019. Does that include a contingency or any element of Neptun already? Or if you do have a positive decision regarding the FID, would that come on top of this organic CapEx guidance?

Manfred Leitner - OMV Aktiengesellschaft - Member of Executive Board

I'll start with the IMO assumptions. We are -- in our planning, we are, I have to say, pretty conservative on that because we do not want to inflate any expectations that we cannot deliver. However, what we clearly see is that the middle distillate cracks will be higher than -- compared to pre-IMO times. Whether this is now \$30, \$40 per ton, I mean, it is something which is more a matter of taste. It's very difficult to assess it. There will, however, be a certain impact of costs. And you have seen the \$10 per ton is already giving us EUR 70 million per year. So it will potentially go into the 3-digit millions, of course.

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

Chris, I can reconfirm that the Board is extremely confident that we will deliver on our targets, which we have promised last year in our Capital Markets Day. So you will see at least EUR 4 billion of operating result in 2020. That's what we are targeting, yes? And the reason why I am positive on that issue is because if you look at our numbers, there is a growth story behind OMV. And there is a growth story, especially in 2020, kicking in, in 2 business units. It's not just the 500,000-plus per barrel what Hans has mentioned when he was talking about the production development, it's also the Upstream -- the Downstream business with the new acquisitions. So therefore, let's wait and see. I think OMV is well on track to deliver on the targets. What I don't promise to you is that we are going to deliver the 2020 targets earlier, yes? We stick to the 2020 now. As we come to the CapEx profile, we have not budgeted any Neptun investments in our numbers for 2019.

Florian Greger - OMV Aktiengesellschaft - VP & Head of IR

Next question is again Mehdi Ennebati, Societe Generale.

Mehdi Ennebati - Societe Generale Cross Asset Research - Equity Analyst

Just a follow-up question on CapEx. So can you provide us the reason of the CapEx increase in 2020 versus 2019, so EUR 400 million additional CapEx? I just wanted to know, where does this come from? And a question regarding the exploration budgets, which is slightly up from EUR 300 million to EUR 350 million. So how many wells do you expect to drill in 2019 versus 2018? And can you tell us also the portion of appraisal wells and the pure exploration wells? And where are you drilling those wells mainly?

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

Sorry, Mehdi, I will take the exploration question. And so we're planning to spend EUR 350 million. The increase of EUR 50 million is coming from -- because what we have included is also Sapura. Here we spend roughly the difference from the EUR 300 million, what we had in the recent years. Now excluding Sapura because this needs to be discussed with the management on-site, how many wells we will drill, so I am referring only on the wells which will be drilled in OMV excluding Sapura. So we will drill 11 exploration wells and 2 appraisal wells. Thereof, 3 exploration, 1 appraisal in Romania; 4 exploration and 1 appraisal in Norway; 1 exploration in Austria; and the rest of 3 wells in Libya, Tunisia and New Zealand.

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

And Mehdi, regarding your question, where's the difference of the EUR 400 million in our organic CapEx, the major difference comes in Upstream, of course from Sapura and of SARB and Umm Lulu. Those are the biggest single investment differences that we have in Upstream. And of course, in Downstream, we have announced in the western refineries that there will be investments in petrochemicals parts, which will also increase on the Downstream side the money that we'll spend on organic basis.

Florian Greger - OMV Aktiengesellschaft - VP & Head of IR

And we have a follow-up question from Thomas Adolff, Crédit Suisse.

Thomas Yoichi Adolff - Crédit Suisse AG, Research Division - Head of European Oil & Gas Equity Research and Director

I Just wanted to go back to ADNOC, if I may. And you've obviously flagged the attractive product slate of, I think, 95% [light] products. But presumably, that's also a function of extremely light crude slate. So I wondered if you can provide us with a bit more detail on the investment programs at ADNOC. At which point can we expect ADNOC refinery to process heavier crude? And then, I guess, the second question just quickly on Libya. In your outlook statement, you were quite specific when to expect productions to resume. Why March? Is there anything that I've missed there?

Manfred Leitner - OMV Aktiengesellschaft - Member of Executive Board

Yes, on ADNOC refining, your observation is right. Currently, there is predominantly [lighter] crude, which is a pretty high-quality sweet crude in the crude slate. And -- but there is an investment project already FID-ed. It's the so-called Crude Flexibility Project, which then both at the same time keep the attractive product slate but allows ADNOC refining to go to more heavier crudes like Upper Zakum, for instance. And obviously, that's a project that will have to be invested over the next 2, 3 years and will then come onstream and bring a lot of gross margin in addition. Looks like a very stable project with a pretty attractive rate of return.

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

Well, Thomas, I take your question on Libya. Right now it's not in the hands of OMV. NOC is managing to find a solution with the militias so that they secure the situation in our operating fields, will allow us to send back workers into the fields. So we are depending on an agreement, which hopefully will be done as quick as possible by NOC. Well, what is the reason for March? Well, there is no reason in Libya. But I can explain to you it has to do with math, yes? We wanted to keep the 500,000 bbl/d as a very good number for 2019. And then we have found out we only can keep the 500,000 when the -- and then production will start in March. That's how we calculated March, yes? But there is no really backing of information in Libya, yes?

Florian Greger - OMV Aktiengesellschaft - VP & Head of IR

The next question is from Peter Low, Redburn.

Peter James Low - Redburn (Europe) Limited, Research Division - Research Analyst

Just a follow-up on Libya. Are you able to give us any indication of the financial contribution that came from Libya in 4Q as that was largely dropping out, I guess, in the first quarter? And a second on just -- on reserve replacement, clearly very strong, led by acquisitions. Are you able to share what organic underlying reserve replacement was in the year?

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

On Libya, we are not, for specific countries, giving indications on that. But the one thing that you have always to take into account is that you have a higher impact on the operating result and a lower impact on the net result as we are dealing with the rather high tax rate in that country. So that is, I think, the indication that you'd probably have to adjust also in your models.

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

Peter, regarding reserve replacement rates, so we have achieved in 2017 a yearly reserve replacement rate of 191%; in 2018, 180%. And from this 180%, 130% we achieved through our M&A and 50% was via organic growth, so -- which is an -- also an -- which shows the extraordinary success in exploration where we have drilled 16 wells. And out of the 16, 11 were successful, leading mainly to this 50% of reserve replacement rate from organic point of view.

Florian Greger - OMV Aktiengesellschaft - VP & Head of IR

And we have a follow-up question from Alwyn Thomas, Exane BNP Paribas.

Alwyn Thomas - *Exane BNP Paribas, Research Division - Analyst of Oil and Gas*

Just a follow-up from me. Are you going to include the ADNOC refining margin within your growth indicator or do a separate one? And I guess maybe what gross margin would you expect from the ADNOC refining business relative to your indicator?

Manfred Leitner - *OMV Aktiengesellschaft - Member of Executive Board*

The -- if ADNOC refining in our financials will be consolidated at equity, we will not change our own indicator margin by that. But to give you an indication on the comparative refining margins in Asia, and obviously this is something which very much depends on the configuration of the refinery. If you don't produce any heavy fuel oil, this would have an impact which is in excess potentially of USD 2/bbl already. And if you then see that there is a lot of petrochemical stuff in that refining margin as well indirectly, then you will have potential another dollar. So, I mean, this is just giving you the -- an indication that in ADNOC refining, the margin will be pretty much higher than you are seeing in our European indicator margins.

Florian Greger - *OMV Aktiengesellschaft - VP & Head of IR*

Now we have a question from Jürgen Walter, Raiffeisen Bank International.

Jürgen Walter - *Raiffeisen Bank International AG, Research Division - Financial Analyst*

Thanks for taking my question, which is around your debt capital market strategy. Regarding financing the ADNOC refining transaction, could you please give more color on a potential size and timing of issuing long-term bonds, also considering the 2 senior bond maturities is within a few months starting this November?

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

Regarding the financing of the ADNOC refining acquisition, I'm not worried so much about the financing pressure that we would have. We are currently having at the end of the year 2018 a cash on hand of EUR 4 billion. And this then provides the financial means that we have both for the Sapura deal, for the Ghasha deal as well as for the payments for ADNOC. Of course, if we then go into the direction where we have to honor the dividend payments, where we have potential payments for a conclusion of the Achimov deal, then we'll ask ourselves about the financing. We are currently having a very good situation on the bond markets, so I'm not worried about the ability of refinancing for OMV at attractive conditions, and we'll decide that at the stage where this will be relevant.

Florian Greger - *OMV Aktiengesellschaft - VP & Head of IR*

Okay, ladies and gentlemen, we are at the end of our conference call. Thank you all for joining us. If you have any further questions, please reach out to the Investor Relations team, and we are very happy to help you. We wish you a good day, and goodbye.

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

Bye, everybody.

Operator

That concludes today's teleconference call. A replay of the call will be available for 1 week. The number is printed on the telecom sent invitation. Or alternatively, please contact OMV's Investor Relations Department directly to obtain the replay numbers. Thank you.



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