

OMV increases share in Borealis to 75%

Rainer Seele

Chairman of the
Executive Board and CEO

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AGENDA

- ▶ **Transaction highlights & strategic rationale**
- ▶ Borealis at a glance
- ▶ Combined market positions
- ▶ Financials
- ▶ Summary

OMV signs transformative agreement for increasing its share in Borealis to 75%



- ▶ OMV acquires additional 39% share in Borealis, **increasing its share to a controlling interest of 75%**
 - ▶ Purchase price of USD 4.68 bn
 - ▶ OMV is entitled to dividends distributed after 31 December 2019
- ▶ **Expected to close by end of 2020**, subject to regulatory approvals
- ▶ Company will be **fully consolidated in OMV Group's financials**
- ▶ **EPS accretive** from first year onwards
- ▶ **Gearing ratio excluding leases to be reduced to around 30% by end of 2021**, supported by defined measures, including a **EUR 2 bn divestment program**

Strategic rationale – forward integration along the value chain



Gain access to **attractive growth business and markets**



Strengthen forward integration along value chain, increasing **natural hedge**



Increase operating **cash generation** immediately and substantially



Benefit from **operational integration** and **synergies**



Become a technology **leader in circular economy**

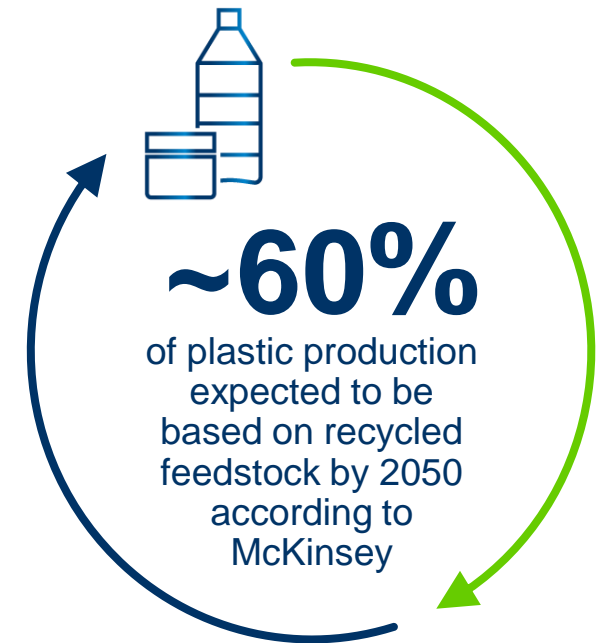
Strategic rationale – OMV repositions in a low-carbon world



CEO Rainer Seele:

“We will change our portfolio towards products that are demanded in a low-carbon world ...

... and, we want to become a leading player in circular economy”



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Borealis – leading polymer producer with a focus on innovation

Key financials

Sales 2019 ²

EUR 9.8 bn

Net profit 2019

EUR 0.9 bn

Operating cash flow 2019 ²

EUR 1.4 bn

Market presence

Leading polyolefin producer

5.7 mt
#8 globally

Strong monomer base

3.6 mt

Leading fertilizer producer

#3 in
Europe

Major operations in Austria, Belgium, France, Nordics and Germany

European base

Strong position in Middle East and Asia

40% in
Borouge JV

Expanding US position

50% in
Baystar JV ¹

Employees

Employees excluding JV

~6,900 ³

Employees working in R&D

>500

Note: Capacities include 40% Borouge capacities and 50% Baystar capacities.

¹ Purchase of 50% share from NOVA Chemicals into Novealis Holdings signed, closing expected in H1 2020

² Excluding Borealis net working capital changes; including dividends from Borouge

³ Including mtm plastics GmbH, Ecoplast GmbH and Rosier

Borealis – technology leader with innovative solutions

Innovative company

6,900 patents granted and 3,000 patents pending as of 2019

Technology leader in polymer production and recycling

High share of **specialty products**

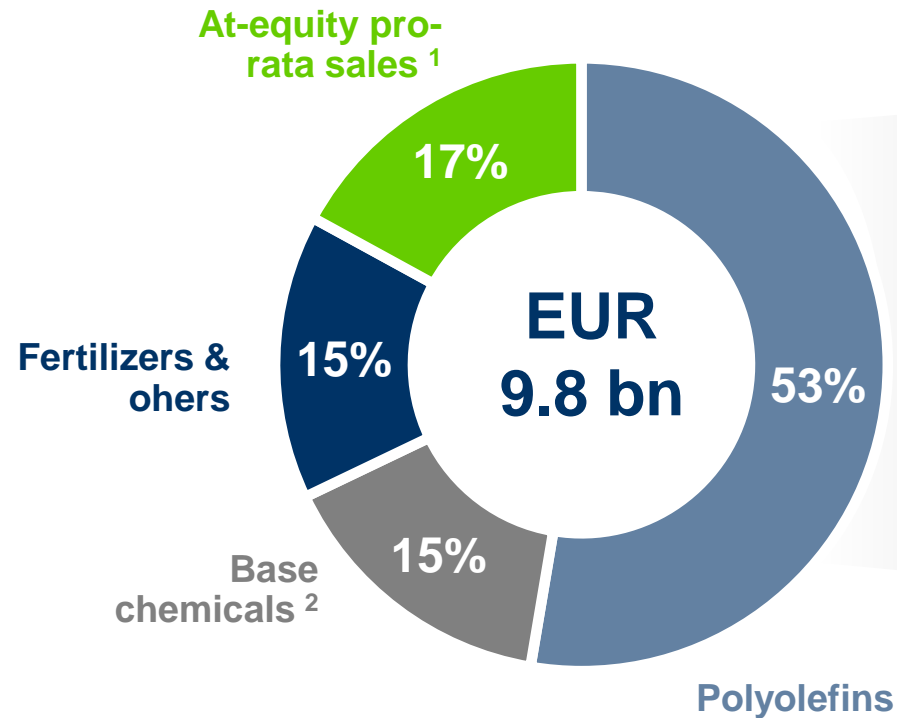
Borstar®



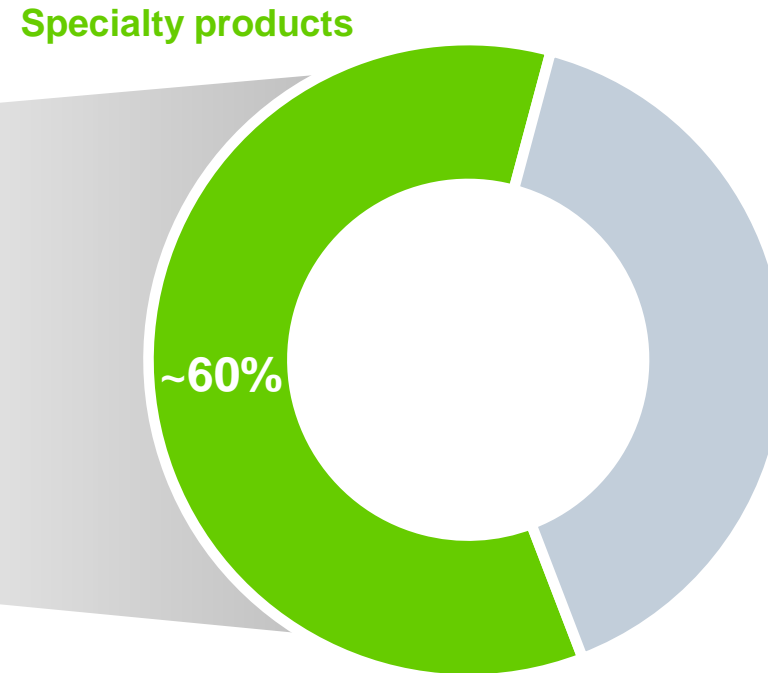
- ▶ **Borstar® is a multi-modal proprietary technology** that yields special properties and structural benefits
- ▶ **PE and PP with good processability for demanding applications** – broad molecular weight distribution with favourable mechanical properties
- ▶ **Cost effective and smaller environmental footprint** by accelerating converting processes
- ▶ **Borstar® makes Borealis a partner of choice**

Borealis – strong profit contribution from specialties

Total Sales by segment, 2019



Specialty products in Borealis margin, 2019

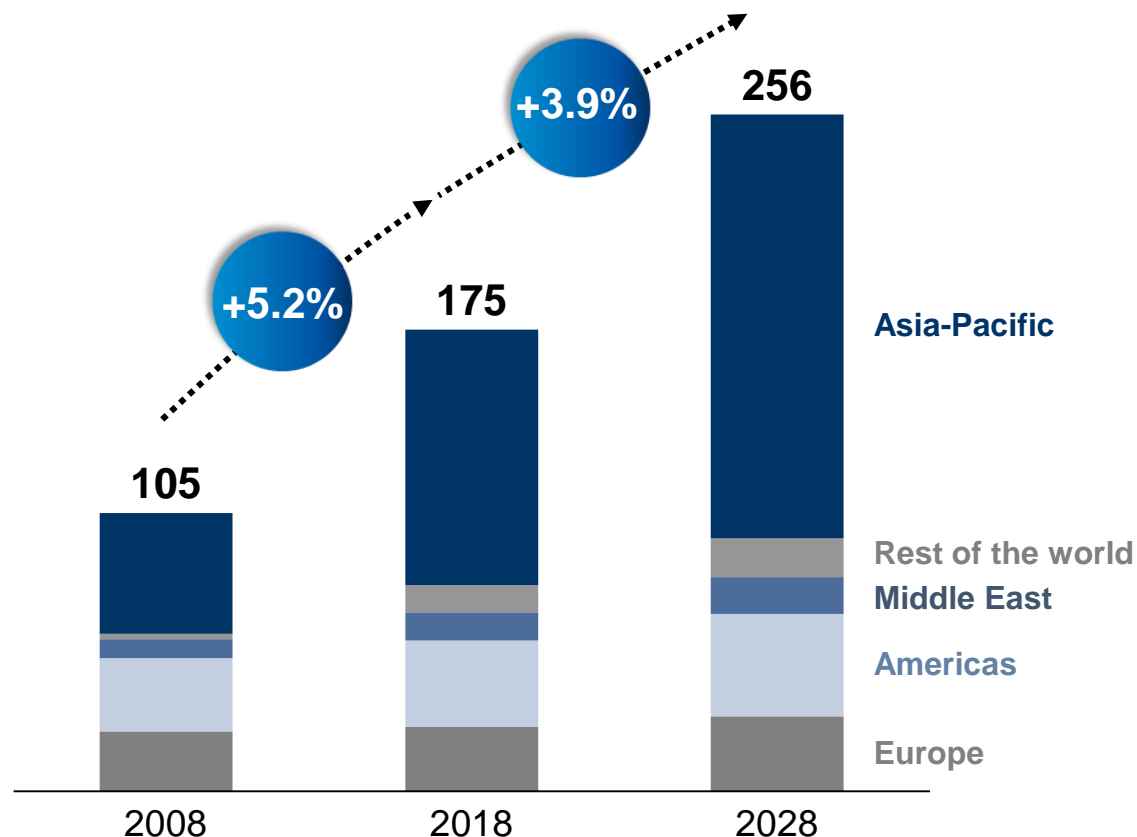


¹ including 40% Borouge sales

² Base chemicals defined as Ethylene, Propylene, Butadiene, Aromatics, Acetone and Phenol

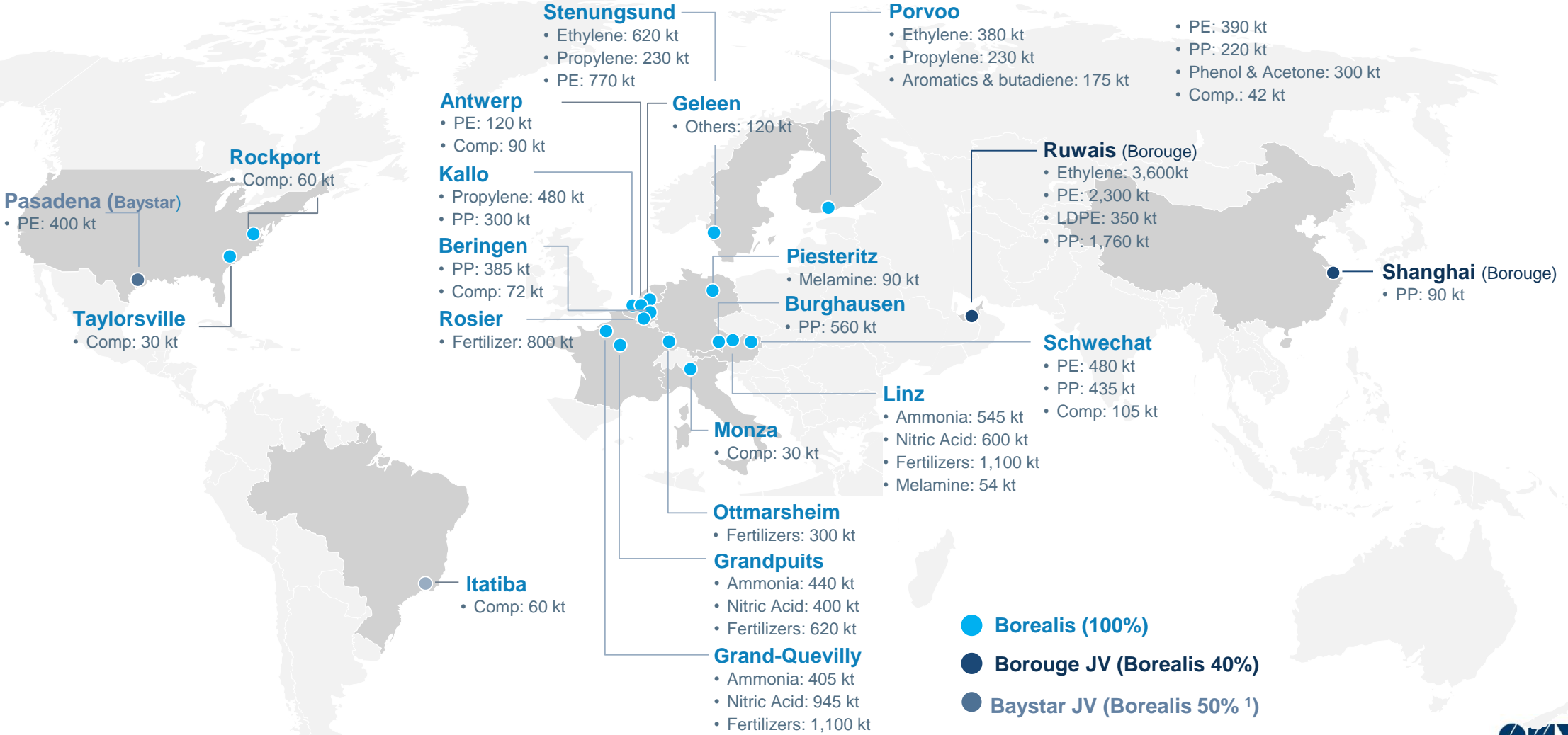
Access to market with strong growth perspectives driven by economic growth and improving living standards

Polyolefins ¹ demand 2008 - 2028
Mt, CAGR



- ▶ **Fast growing market:** CAGR ~4% until 2028, above GDP growth
- ▶ **Asia is the main driver of growth** (CAGR ~5%)
- ▶ **Growth triggered by economic growth and improving living standards** in emerging countries and steady growth in mature economies
 - ▶ While PE consumption per person is ~30 kg in developed countries, it is around 1 kg in developing countries
- ▶ Market segments to drive the growth: packaging, automotive, building and construction and textile

Borealis has a global footprint



¹ Purchase of 50% share from NOVA Chemicals into Novealis Holdings signed, closing expected in H1 2020



Borouge, the largest polyolefin site in the world – benefitting from competitive feedstock and access to Asian growth markets



- ▶ The **world's largest integrated polyolefins complex**
 - ▶ JV between ADNOC (60%) and Borealis (40%) established in 1998, first operations started in 2001
 - ▶ Following the start up of Borouge 3 in 2015, capacity increased to 4.5 mn t
 - ▶ PP5 unit will increase capacity to 5.0 mn t and will be the tenth Borstar[®] unit in Ruwais
 - ▶ ~ 3,000 employees
- ▶ Combining **competitive feedstock** for the ethane based crackers and **direct access to Asian growth markets** via deep-water harbor
- ▶ **Strong growth in earnings** over the last decade – net profit reached a level of EUR 0.9 bn in 2019

Well positioned for growth in cost-advantaged locations

Europe



Belgium – new PDH ¹ plant in Kallo, located in proximity to port of Antwerp

- ▶ Cost advantaged feedstock: propane
- ▶ 750 kt p.a. PDH plant
- ▶ In execution; start-up 2022
- ▶ Investment EUR ~1 bn

Americas



Texas (US) – Baystar JV with Total

- ▶ 1,000 kt p.a ethane cracker; in execution; start-up 2020
- ▶ 625 kt p.a. Borstar[®] PE plant; start-up 2021
- ▶ Investment (50%^{2 3}): USD ~2 bn, thereof USD ~0.7 bn paid

Middle East



Abu Dhabi – Borouge

- ▶ **New Borstar[®] PP plant** at Borouge 3 (PP5)
 - ▶ Capacity: 480 kt p.a.
 - ▶ Expected start-up in 2021
 - ▶ Investments (40%): USD ~0.2 bn
- ▶ **Borouge 4 (FEED)**
 - ▶ 1,800 kt p.a. cracker

¹ Propane Dehydrogenated

² Purchase of 50% share from NOVA Chemicals into Novelis Holdings signed, closing expected in H1 2020

³ Share in existing Baystar JV assets included

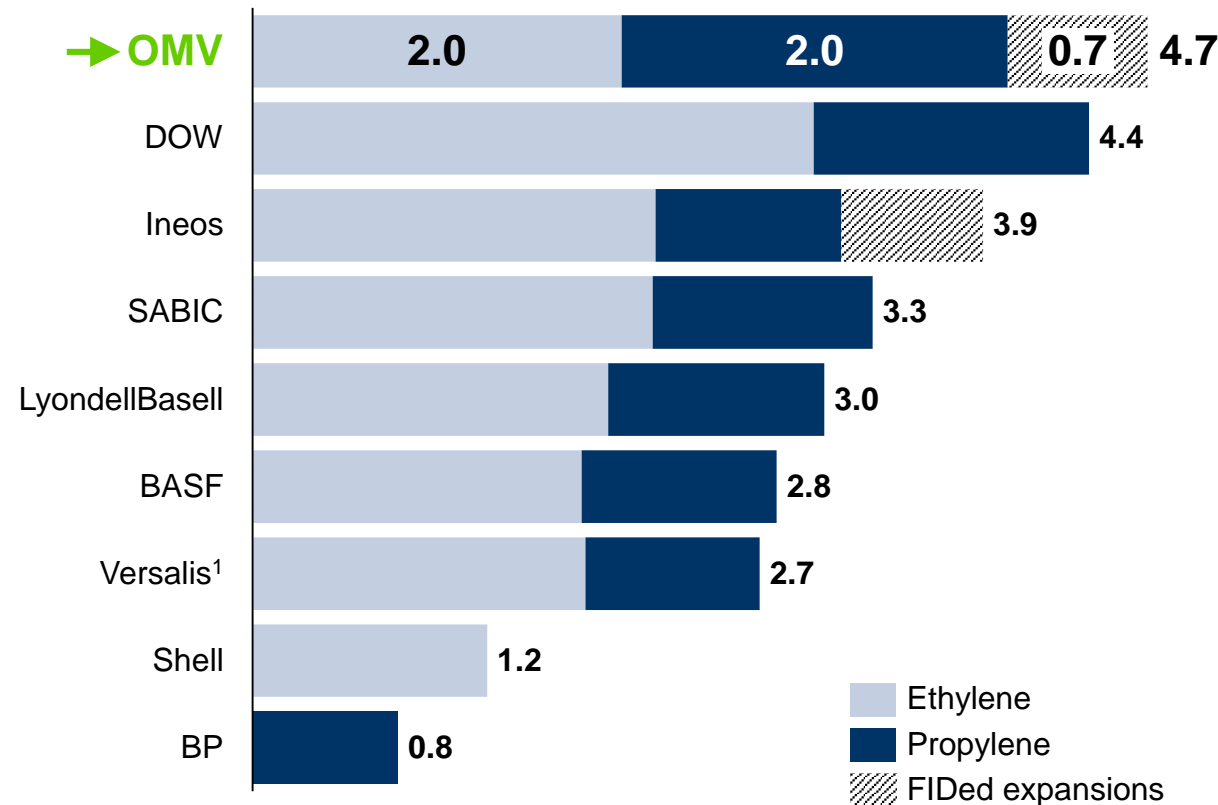
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OMV to become #1 in ethylene and propylene capacity in Europe

Top ethylene & propylene capacities in Europe

Mn t



▶ **OMV's global monomer capacity will increase by over 50% to 6.4 mn t**

▶ Thereof European ethylene and propylene: 4.0 mn t

▶ Thereof aromatics and butadiene: 0.6 mn t

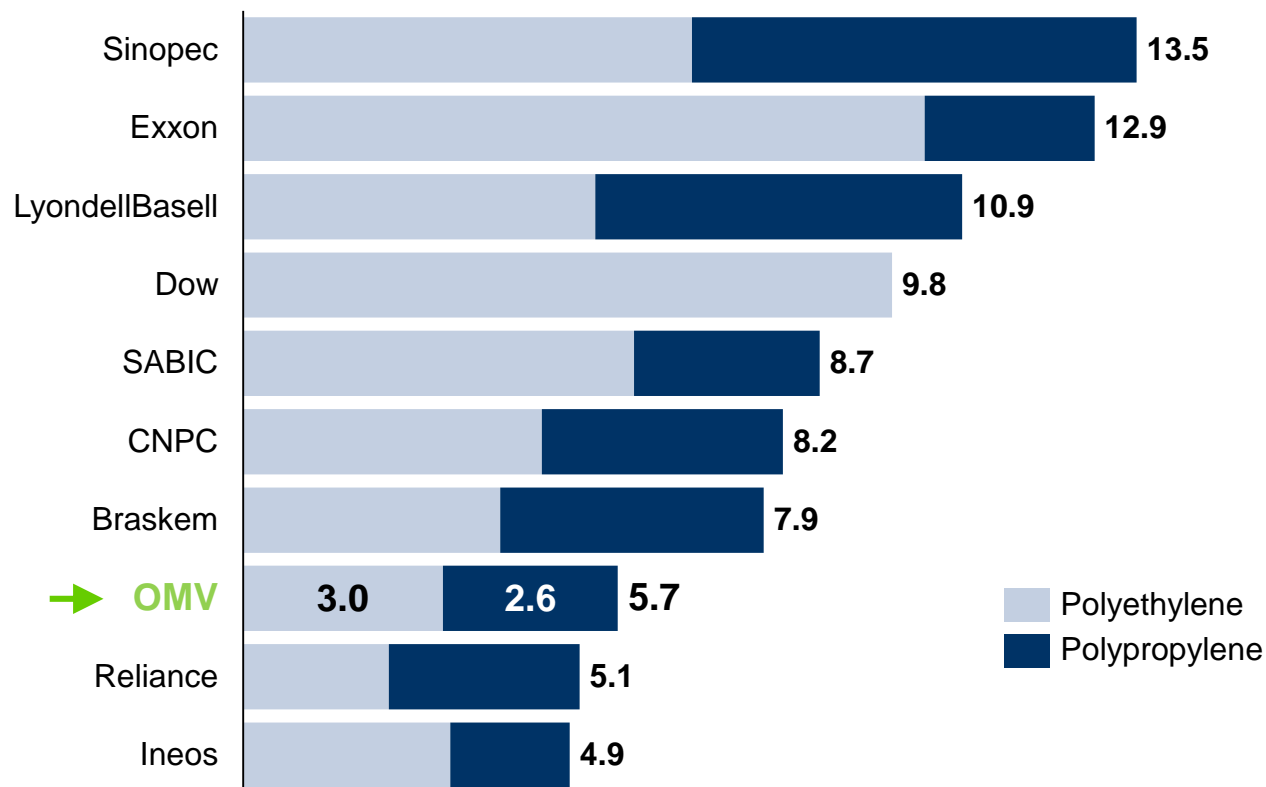
▶ PDH plant in Belgium will add further 0.75 mn t of capacity in 2022, **increasing OMV's European ethylene and propylene capacity to 4.7 mn t**

▶ **Strong operational advantages from forward integration** – in 2019, OMV sold 80% of its monomers in Western Europe to Borealis

OMV extends value chain into polymers, immediately becoming one of the world's leading producers

Top 10 polyolefins capacities Globally, 2018

Mn t



- ▶ Extension of value chain provides a **natural hedge against cyclicity**
- ▶ Integrated value chain allows **margin optimization**
- ▶ OMV gains **access to high growth segment of polymers**
- ▶ OMV to become **#8 globally** and **#2 in Europe**

OMV aims to become a significant player in circular economy

Total investments of up to EUR 1 bn for innovative sustainable solutions planned until 2025



Waste collection

- ▶ **Co-founder** of the project STOP
- ▶ Support to create a **sustainable waste management system**
- ▶ Reduce ocean plastic pollution in emerging countries



Design for recycling & mechanical recycling

- ▶ **Technology leader** within the industry
- ▶ Design for recycling – solutions to replace difficult-to-recycle materials with **100% recyclable** ones
- ▶ **2 recycling plants** in Austria and Germany

&



Chemical recycling

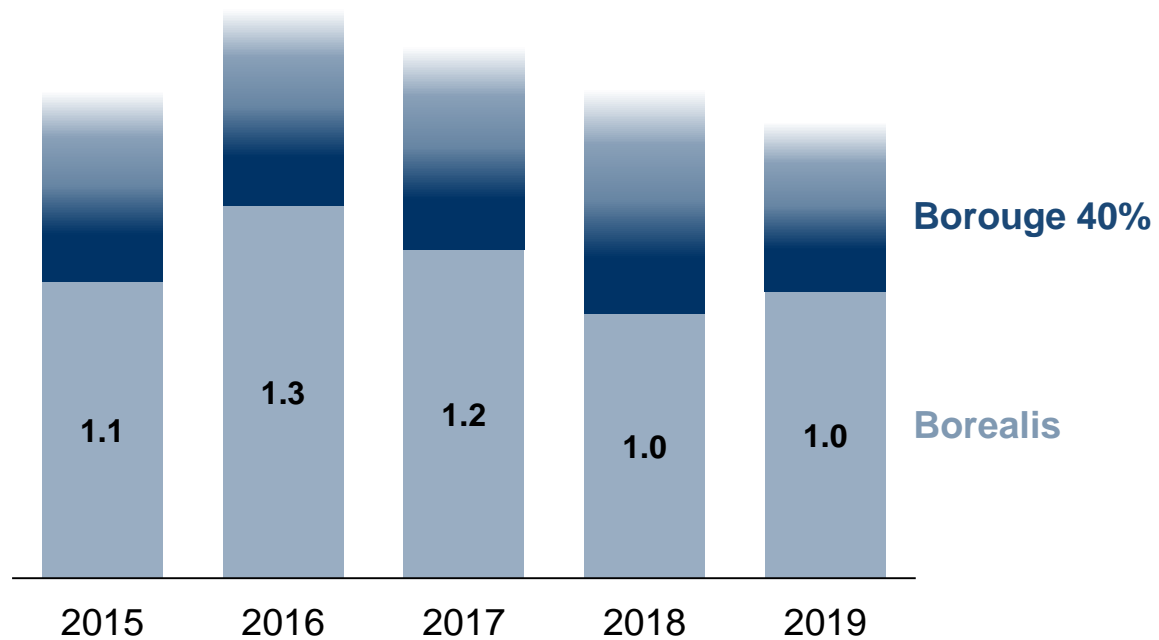
- ▶ **ReOil®** – patented technology, converting of plastic waste into **high-quality synthetic crude**
- ▶ Substantially **lower CO2 emissions**
- ▶ Successful operation of **pilot plant**
- ▶ **Target: Upscaling to commercial plant of 200 kta by 2025**

AGENDA

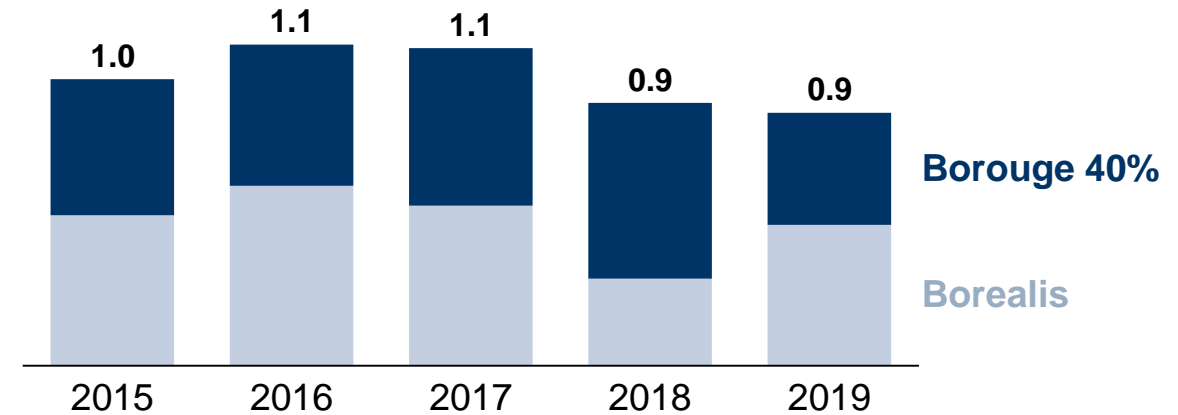
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Borealis – strong earnings track record

Borealis and pro-rata Borouge EBITDA
EUR bn

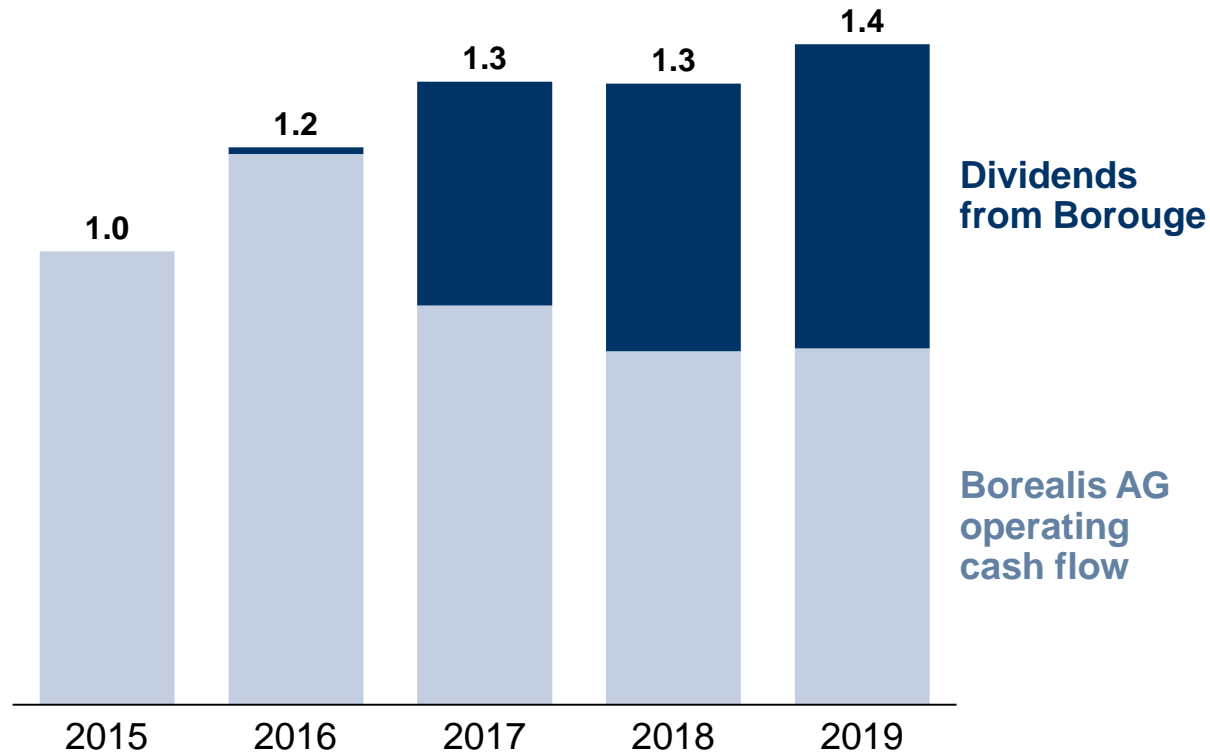


Borealis and pro-rata Borouge net income
EUR bn

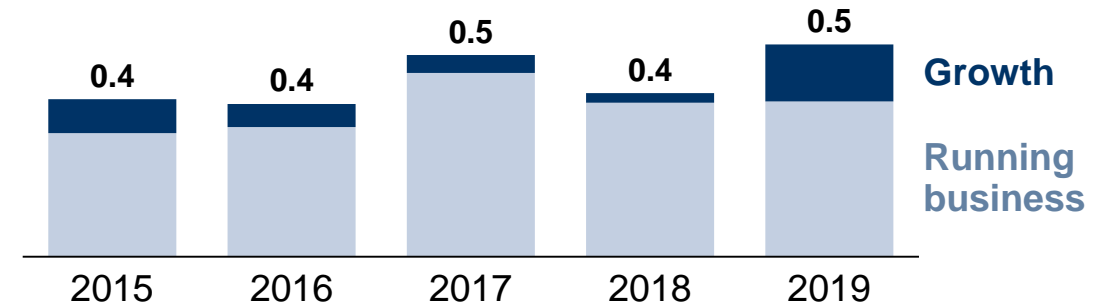


Borealis – highly cash generative operations

Operating cash flow ¹
EUR bn



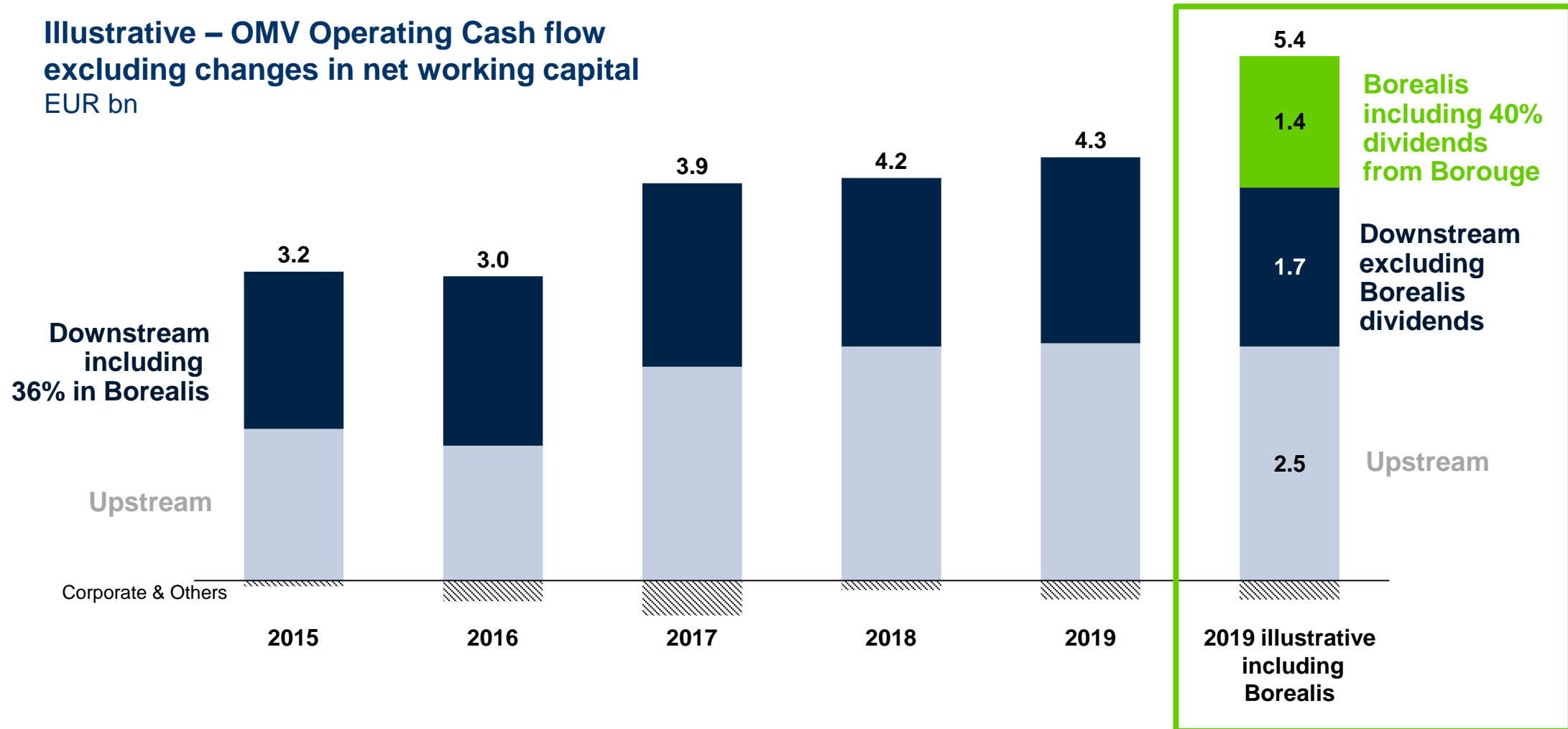
Borealis investments (excluding leases)
EUR bn



¹ excl. changes in net working capital

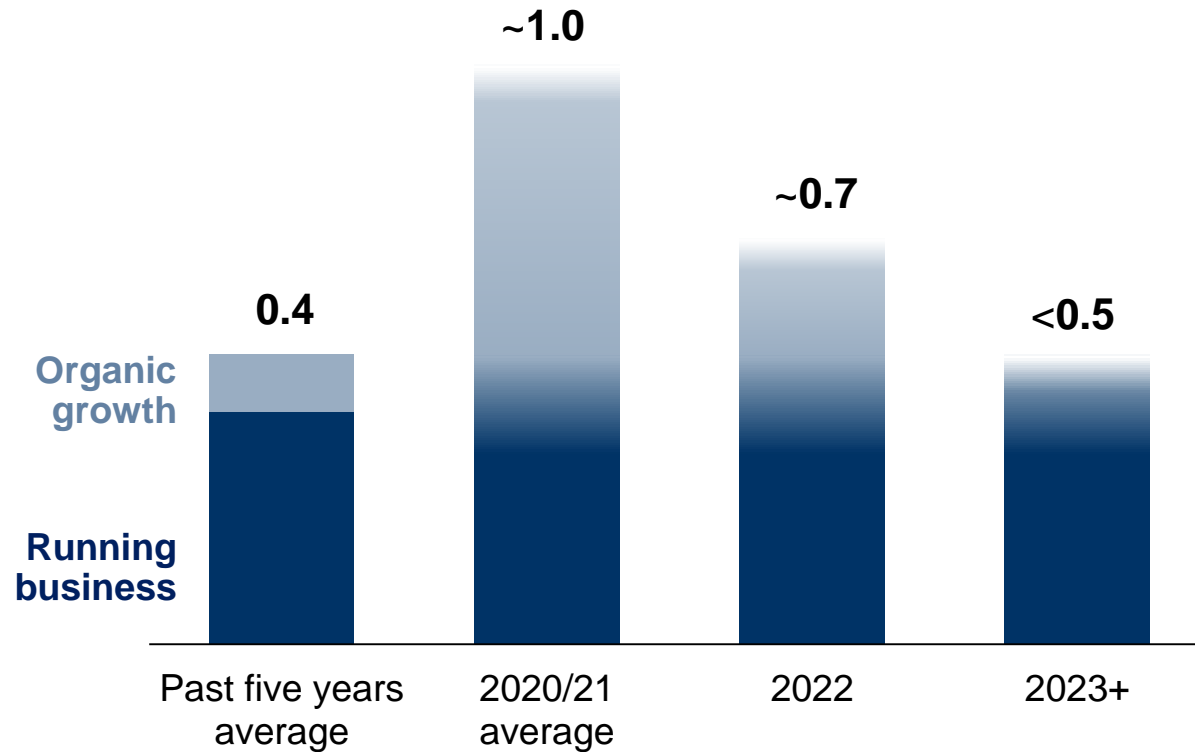
OMV to reach a new level of operating cash flow

Illustrative – OMV Operating Cash flow
excluding changes in net working capital
EUR bn



Cash outflows related to growth mostly in 2020/21

Borealis organic Capex excluding leases and excluding Baystar JV EUR bn



▶ Borealis Organic Capex

- ▶ Running business capex to remain below EUR 500 mn
- ▶ Growth capex in 2020/21 mainly driven by PDH plant
- ▶ **Acquisition of additional 50% in Novealis Holding and funding of Baystar JV growth projects expected in 2020 and 2021 (~ USD 1.3 bn)**
 - ▶ Acquisition of additional 50% in Novealis Holding expected to close in H1/20
- ▶ Growth capex in **Borouge expected to be self funded**

Gearing ratio to be reduced to around 30% by the end of 2021

1

Divestments of EUR 2 bn by 2021

- ▶ Gas Connect Austria
- ▶ OMV retail stations in Germany
- ▶ Kazakhstan Upstream business

2

Postponement and re-evaluation of projects

- ▶ Postponement of Achimov 4/5 acquisition to 2022 (EUR >1 bn)
- ▶ FID Neptun earliest in 2021

3

CAPEX reduction

- ▶ Reduction of OMV CAPEX by EUR 200 mn to EUR 2.2 bn in 2020
- ▶ Further optimization of combined business in 2021/22

4

Substantial synergies

- ▶ EUR 700 mn until end of 2025, including tax benefits

**GEARING RATIO
TARGET**
excluding leases

~30%
by end of 2021

First assets part of the divestment program



Gas Connect Austria

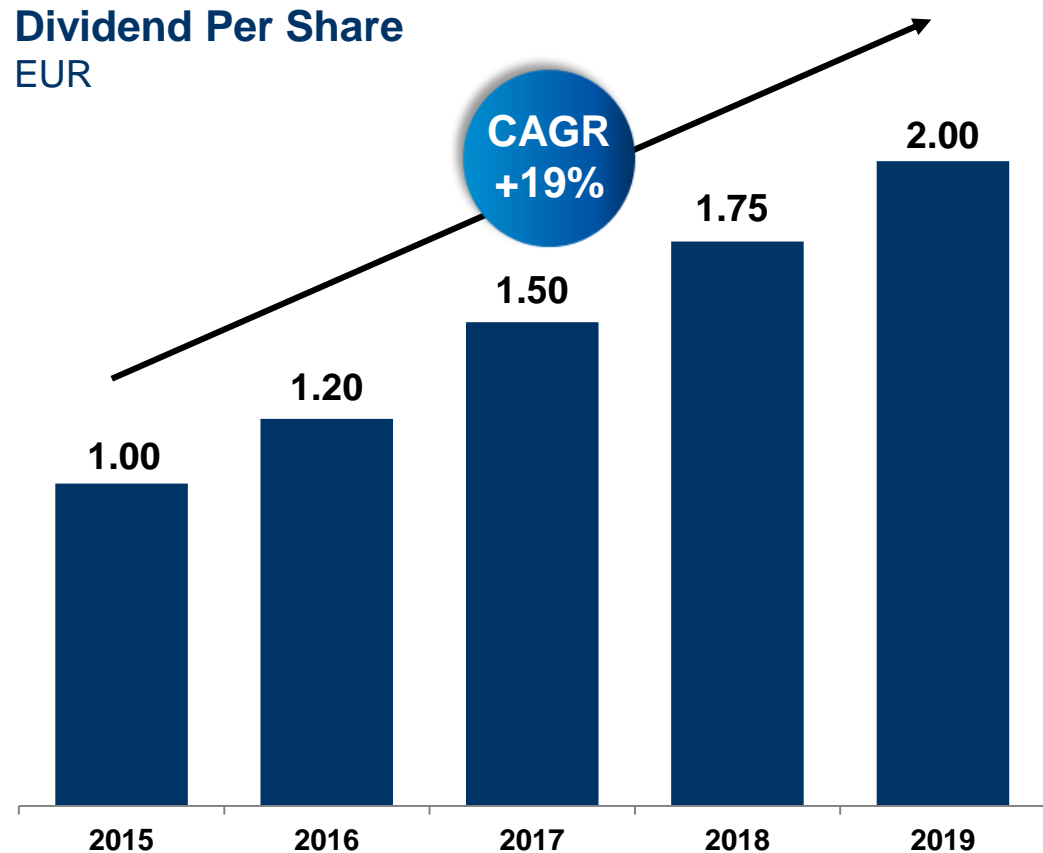
- ▶ Ownership: **OMV 51%**, AS Gasinfrastruktur 49% (thereof, Allianz Group 60% and Snam 40%)
- ▶ Central hub in the European natural gas network
- ▶ Clean Operating Result in 2019 of EUR 97 mn
- ▶ **Strategic rationale:** OMV intends to exit completely the regulated gas transport business



OMV retail network in Germany

- ▶ 287 retail stations branded OMV in Germany
- ▶ Average throughput of 3.3 million liters
- ▶ **Strategic rationale:** Limited integration with refinery, as Burghausen is focused on petrochemicals and middle distillates

Progressive dividend policy reconfirmed



- ▶ We reconfirm the commitment to delivering an **attractive and predictable shareholder return** through the business cycle
- ▶ OMV aims to **increase the dividend or at least maintain it at the respective previous year's level**

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Summary



- ▶ **OMV is repositioning in a low-carbon world**, gaining access to markets with long-term growth perspectives
- ▶ OMV will become a **leader in petrochemicals and polymers**
- ▶ OMV aims to become a **leader in high-growth recycling industry**
- ▶ The deal will be **immediately EPS accretive**
- ▶ Measures in place to **reduce gearing ratio to around 30%** (excluding leases) by end of 2021
- ▶ Reconfirmation of **progressive dividend policy**