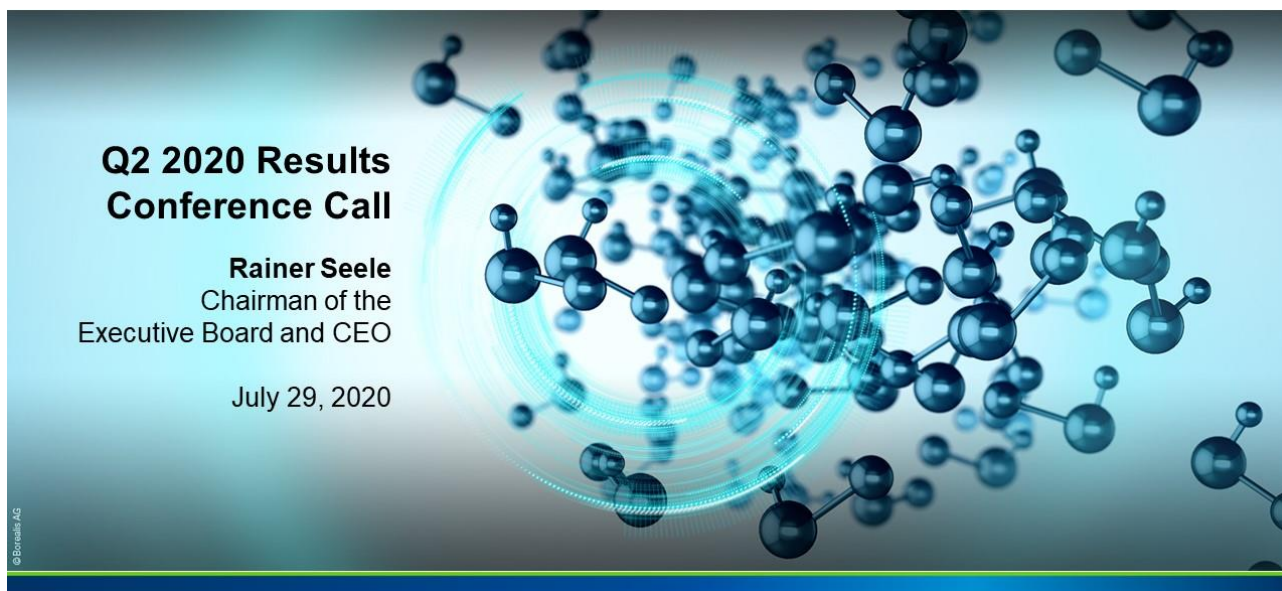


OMV Q2 2020 Results Conference Call

July 29, 2020

OMV Aktiengesellschaft



The energy for a better life.  **OMV**

Rainer Seele

Chairman of the Executive Board and CEO

The spoken word applies

Disclaimer

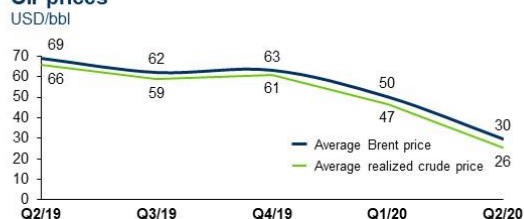
This report contains forward-looking statements. Forward-looking statements may be identified by the use of terms such as “outlook,” “expect,” “anticipate,” “target,” “estimate,” “goal,” “plan,” “intend,” “may,” “objective,” “will”, and similar terms or by their context. These forward-looking statements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

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Macro environment – all indicators down significantly

Oil prices



OMV indicator refining margin



Gas prices



Ethylene/propylene net margin ²



Note: All figures are quarterly averages
¹ Converted to MWh using a standardized calorific value across the portfolio
² Spread between market prices of ethylene/propylene and naphtha including standard processing consumption



Ladies and gentlemen, good morning and thank you for joining us today.

The second quarter of 2020 was one of the most challenging quarters in years. We were confronted not only with the biggest oil crisis in decades, but also with an unprecedented collapse in demand due to the coronavirus pandemic. As a result, we have seen significant and simultaneous deterioration in both segments. Whereas Downstream proved more resilient and performance declined to a lesser extent, Upstream was substantially negatively impacted by extremely low oil and gas prices. Let me start by providing a brief review of the economic environment.

Slide 3: Macro environment – all indicators down significantly

The oil market experienced extreme volatility during the quarter. Following a prolonged period of disagreement among OPEC+ on production cuts and a decrease in global oil demand by more than 20 million barrels per day in April due to the COVID-19 pandemic, the Brent price fell to a 21-year low, and WTI turned negative for the first time ever. After the trough in April, prices rebounded to around 40 Dollars per barrel, as demand slowly showed signs of recovery, and global oil supply fell sharply due to the agreed OPEC+ cuts. Brent averaged 30 Dollars per barrel in the quarter, down 41 percent from the previous quarter and 57 percent from the same quarter of last year.

European gas prices further declined in the second quarter. CEGH spot prices dropped 57 percent compared with the second quarter of 2019 and 37 percent versus the first quarter of this year. The decline was driven by a combination of weak demand, high storage levels and increased LNG imports.

The OMV indicator refining margin plummeted to 2.3 Dollars per barrel, which was 54 percent lower quarter-on-quarter and 29 percent down year-on-year. This was driven by a sharp decline in demand due to the lockdown measures in response to COVID-19. While the margin in April was supported by a sharp drop in crude prices, the dramatic demand decline across the entire product range sent cracks into free fall in May. Toward the end of the quarter, crude prices regained strength and contributed further to the overall decline of cracks, even turning margins temporarily negative in June. In addition, we have also seen an increase in the Urals-Brent differential, which adversely impacted the Petrom refinery indicator margin.

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Ethylene and propylene margins declined by 14 percent quarter-on-quarter and 17 percent year-on-year, despite a strong start in April. In May and June margins came under pressure from rising feedstock cost. Demand in the second quarter remained robust, supported by packaging and healthcare. While construction improved slowly during the quarter, demand from the automotive sector remained subdued.

Key messages



FINANCIAL PERFORMANCE

Clean CCS Operating Result of **EUR 145 mn (-86% y-o-y)** with a substantial deterioration in Upstream and decline in Downstream

Quarterly cash flow from operating activities of **EUR 0.5 bn**

Dividend Per Share for 2019 of **EUR 1.75**



STRONG OPERATIONS

Quarterly production of **464 kboe/d**

Production cost at **USD 6.2/boe**

Refinery **utilization rate of 79%**



DELIVERING THE STRATEGY

Signed MoU with **Lafarge, VERBUND and Borealis** to capture and utilize CO₂ on an industrial scale

Started construction of Austria's largest **photovoltaic plant** in cooperation with VERBUND

New **2025 CO₂ emissions targets** and **2050 ambition**

Slide 4: Key messages

The disagreement among OPEC+ countries on production cuts in March combined with the coronavirus pandemic led to an unprecedented simultaneous deterioration of the market environment for both Upstream and Downstream. A combination of low oil and gas prices, challenging refining margins, and weak demand led to a sharp decrease of the clean CCS Operating Result to 145 million Euros.

In this extremely challenging market environment in the second quarter, we were able to deliver a cash flow from operating activities – including net working capital effects – of 545 million Euros, demonstrating the strength of our integrated portfolio.

As communicated yesterday, in line with our dividend policy, we will propose to the Annual General Meeting a dividend of 1.75 Euros per share for the financial year 2019, and thus, maintain it at the previous year's level. This is an adjustment to the previous proposal, reflecting the exceptionally difficult market environment. However, it underlines OMV's resilience and financial strength to maintain the dividend and offers our shareholders an attractive dividend.

At 464 thousand barrels per day, our Upstream production was 5 percent lower than in the same quarter last year due to the shutdown of our operations in Libya. Production cost was reduced by 10 percent to 6.2 Dollars per barrel. In Downstream, we were able to run our refineries at almost 80 percent, a decent rate given the sharp demand decline. However, this is significantly below our usual utilization rate of over 90 percent.

Despite the extremely challenging environment and the necessary crisis management, we have not lost sight of our long-term ESG initiatives.

In June, we signed a Memorandum of Understanding with Lafarge, VERBUND and Borealis for collaboration on carbon capture and usage. The objective is to capture CO₂ from Lafarge's cement plant in Austria and use it as a raw material. In combination with green hydrogen produced by VERBUND, the captured CO₂ will be transformed by OMV to renewable based hydrocarbons. These can in turn be used to produce renewable-based fuels or be utilized by Borealis as a feedstock to manufacture value-added plastics.

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In early July, together with VERBUND, we have started the construction of the largest photovoltaic plant in Austria. The plant will generate around 14 gigawatt hours annually, equivalent to supplying 4,400 households, and will prevent 10,000 metric tons of carbon emissions per year.

Start-up of the first phase with approximately 80 percent of the capacity will be in November 2020. The plant will supply our Upstream operations with green electricity and will help us reduce our Scope 2 emissions.

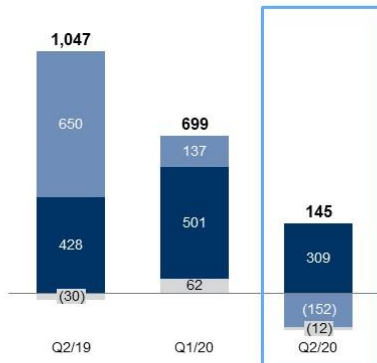
Last but not least, this morning, we announced new and more ambitious targets for Scope 1 and 3 emissions for 2025 as well as our 2050 ambition for our operations. I will talk in greater detail about these after the quarterly results.

Clean CCS Operating Result substantially impacted by lower oil and gas prices and reduced demand

Clean CCS Operating Result

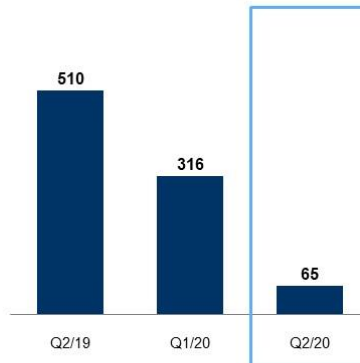
EUR mn

Upstream Corporate & Other, Consolidation
Downstream



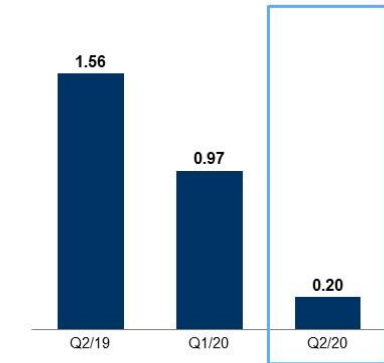
Clean CCS net income attributable to stockholders

EUR mn



Clean CCS Earnings Per Share

EUR



Slide 5: Clean CCS Operating Result substantially impacted by lower oil and gas prices and reduced demand

Let's now come to our financial performance in the second quarter of 2020.

Our clean CCS Operating Result decreased by around 900 million Euros versus the prior-year quarter, primarily due to a sharp decline in Upstream of around 800 million Euros caused by the adverse market environment. Downstream earnings were down 118 million Euros versus the prior-year quarter. This was due to lower margins and volumes in all markets, partially offset by a positive hedging contribution and very strong performance by our gas business.

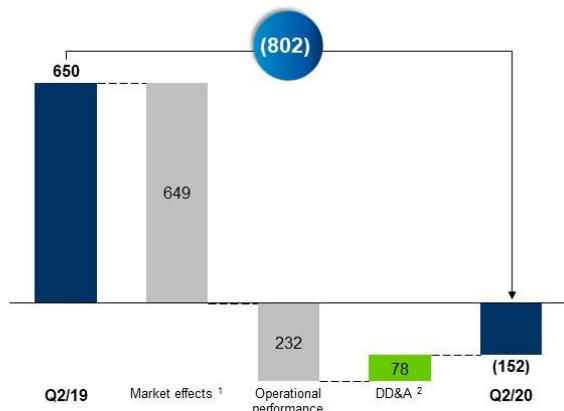
The clean tax rate amounted to 19 percent, which was 20 percentage points lower year-on-year. This was the result of a proportionally lower Upstream contribution from high tax-rate fiscal regimes and a comparatively higher Downstream contribution.

Clean CCS net income attributable to stockholders decreased by 87 percent to 65 million Euros. Clean CCS Earnings Per Share came in at 20 cents.

Upstream – significantly weaker oil and gas market environment and no sales in Libya

Clean Operating Result

EUR mn



¹ Market effects defined as oil and gas prices, foreign exchange impact, price effect on royalties, and hedging, selling, and distribution costs in Russia

² Depreciation, Depletion, and Amortization

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Q2/20 vs. Q2/19

- ▶ Significantly weaker market environment
 - ▶ Average realized oil price decreased by 61%
 - ▶ Average realized gas price decreased by 32%
 - ▶ Positive FX impact due to stronger EUR/USD
- ▶ Production of 464 kboe/d (-26 kboe/d)
 - ▶ Libya (-35 kboe/d)
 - ▶ Romania (-4 kboe/d)
 - ▶ Austria and New Zealand (each -3 kboe/d)
 - ▶ Malaysia (+11 kboe/d) due to ramp-up of SK408 gas field
 - ▶ Norway (+5 kboe/d)
 - ▶ UAE (+3 kboe/d)
- ▶ Sales volumes decreased by 51 kboe/d due to lower production and overlifting in Libya in Q2/19
- ▶ Production costs decreased to USD 6.2/boe (-10%)
- ▶ Lower depreciation due to New Zealand reserves revision and lower production volumes



Slide 6: Upstream – significantly weaker oil and gas market environment and no sales in Libya

Let me now discuss the performance of our two business segments.

Compared to the second quarter of 2019, the Upstream clean Operating Result decreased to minus 152 million Euros. Main drivers were a negative market effect of 649 million Euros, a direct reflection of substantially lower oil and gas prices, and the missing contribution from Libya.

OMV's realized oil price decreased by 61 percent, thus slightly more than Brent. This was because of the timing of the liftings, which were more skewed to the beginning of the quarter, when prices were lower and higher discounts were necessary. While the CEGH gas price dropped by 57 percent, the OMV realized gas price declined by only 32 percent due to the limited exposure of our portfolio to European hub prices. Market prices in Romania, New Zealand, and Malaysia declined less steeply than European hub prices, while domestic prices in Russia remained stable.

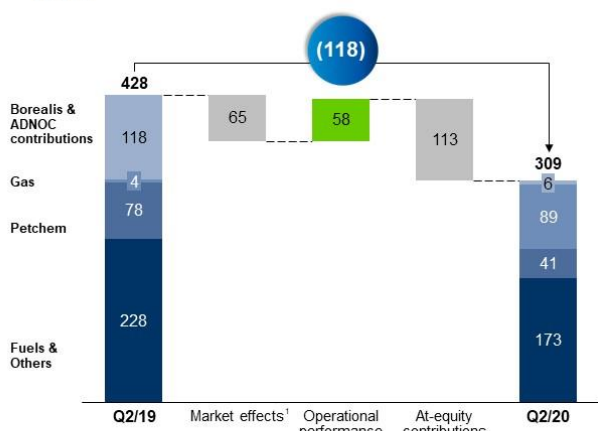
Production decreased by 26 to 464 thousand barrels per day, mainly due to Libya, where the fields have been shut in for the entire quarter. The decline has been partially offset by higher production in Malaysia, Norway, and the UAE.

Total sales volumes declined by roughly 50 thousand barrels per day, thus, more than production. This is explained by the fact that in the prior-year quarter we had above-average sales in Libya, as we had sold our total production volume from the first half of 2019 in the second quarter, due to the security situation in the country. The negative impact of lower sales revenues was partially offset by lower E&A expenses.

Depreciation decreased by 78 million Euros compared to the second quarter of 2019 due to reserves revisions in New Zealand and lower production.

Downstream – significantly weaker market environment, partially offset by positive hedging impact and higher gas contribution

Clean CCS Operating Result EUR mn



¹ Market effects defined as refining indicator margin and petrochemical margins

Q2/20 vs. Q2/19

- ▶ Weaker market environment
 - ▶ Refining indicator margin at USD 2.3/bbl (-29%)
 - ▶ Ethylene/propylene net margins at EUR 393/t (-17%)
- ▶ Operational performance
 - ▶ European refinery utilization rate down by 17 ppt to 79%
 - ▶ Total refined product sales lower (-23%)
 - ▶ Lower retail; lower volumes, but to a large extent offset by higher margins driven by crude oil collapse
 - ▶ Lower commercial fuels performance due to reduced volumes
 - ▶ Positive contribution from margin hedging
 - ▶ Better storage result and trading activities; significantly higher power result in Romania
- ▶ Borealis and ADNOC contributions
 - ▶ Negative ADNOC contribution due to adverse marketing environment and turnaround
 - ▶ Lower Borealis contribution, driven by significant negative inventory valuation effects, decreased light feedstock advantage versus naphtha, and an unplanned outage of the steam cracker in Sweden



Slide 7: Downstream – significantly weaker market environment, partially offset by positive hedging impact and higher gas contribution

Downstream earnings were more resilient than Upstream. The clean CCS Operating Result declined by 28 percent to 309 million Euros, primarily due to lower demand and weaker margins as a result of the coronavirus pandemic. A positive contribution from margin hedges, strong performance by the gas business and oil trading as well as improved retail margins supported the result.

The utilization rate decreased to 79 percent due to the contraction of demand and maintenance works at our Schwechat refinery in June. The flexible setup and forward integration into petrochemicals allowed us to crack jet fuel into monomers, and thus to run our refineries above the European average.

Total refined product sales were down by 23 percent due to coronavirus-related travel restrictions. Jet fuel volumes dropped by more than 90 percent. At the same time, sales volumes at our retail stations were down by around 50 percent in April, by about 25 percent in May, and by some 10 to 15 percent in June. Lower volumes in retail were to a great extent compensated by improved fuel margins. The commercial business decreased year-on-year due to lower volumes.

In the petrochemicals business, sales volumes were stable, but the result fell by 47 percent to 41 million Euros due to lower margins.

The contribution from Borealis decreased from 118 to 24 million Euros, as a result of significantly negative inventory valuation effects, decreased light feedstock advantage versus naphtha, and an unplanned outage of the steam cracker in Sweden. Polyolefin sales volumes in Europe were almost stable year-on-year, because lower demand in the automotive and construction industries was compensated for by an increase in demand in packaging and healthcare. Borouge recorded higher sales volumes, but weaker polyolefin prices in Asia negatively impacted earnings.

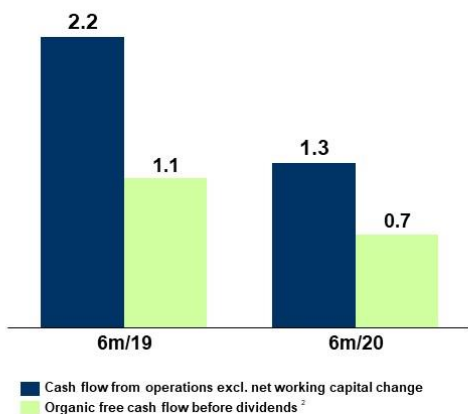
The clean CCS contribution of ADNOC Refining and Trading amounted to minus 18 million Euros, mainly due to the difficult market environment and the extended shutdown. After the major turnaround was completed, the refinery ramped up in May and June, and operations at the rFCC unit are now stable.

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Our gas business returned excellent performance and contributed 89 million Euros to our result, an increase of 85 million versus the prior-year quarter. This was due to a better storage result, improved trading performance, and significantly higher earnings from power in Romania. Gas sales volumes rose by 21 percent, driven by increased sales in Romania, Germany, the Netherlands and Belgium.

Cash flow from operating activities excluding net working capital effects of EUR 1.3 bn in first six months of 2020

Organic cash flow 6m/20
EUR bn



Cash flows 6m/20 vs. 6m/19

- ▶ Decrease of EUR 966 in cash flow from operating activities excl. net working capital change
- ▶ Net working capital effects of EUR 397 mn (6m/19: EUR (234) mn)
- ▶ Cash flow from operating activities of EUR 1.7 bn (6m/19: EUR 2 bn)
- ▶ Organic cash flow from investing activities¹ at EUR (952) mn (6m/19: EUR (855) mn)
- ▶ Organic free cash flow before dividends of EUR 0.7 bn (6m/19: EUR 1.1 bn)
- ▶ Payment of dividends of EUR 220 mn (6m/19: EUR 772 mn), thereof:
 - ▶ OMV Petrom minorities: EUR 174 mn (6m/19: EUR 154 mn)
 - ▶ Gas Connect Austria minority: EUR 28 mn (6m/19: EUR 29 mn)
 - ▶ Hybrid owners: EUR 14 mn (6m/19: EUR 14 mn)
- ▶ Inorganic cash flow from investing activities of EUR (122) mn

¹ Organic cash flow from investing activities is cash flow from investing activities excluding divestments and material inorganic cash flow components (e.g. acquisitions).
² Organic free cash flow before dividends is cash flow from operating activities less Organic cash flow from investing activities.

Slide 8: Cash flow from operating activities excluding net working capital effects of EUR 1.3 bn in first six months of 2020

At 431 million Euros, second-quarter cash flow from operating activities – excluding net working capital effects – was solid, given the extremely challenging market environment. However, it declined sharply compared with the strong prior-year level. Net working capital effects generated a cash inflow of 114 million Euros. Consequently, cash flow from operating activities came in at 545 million Euros for the quarter.

Looking at the half-year picture, cash flow from operating activities excluding net working capital effects amounted to 1.3 billion Euros – a decrease of almost 1 billion Euros compared to the first half of last year.

Cash flow from operating activities decreased by 17 percent to 1.7 billion Euros as net working capital effects showed a big swing. While in the first half of 2019 we recorded an outflow of 234 million Euros, we had an inflow of 397 million Euros in the first six months of this year.

The organic free cash flow before dividends decreased by 38 percent to 714 million Euros. This was the result of the substantial deterioration in the macro environment.

Healthy balance sheet

Net debt excluding leases,
Gearing ratio excluding leases
EUR bn, %



End of June 2020
OMV cash position

EUR 5.8 bn

In Q2/20 issued senior bonds,
in particular for financing the
Borealis deal ¹

EUR 3.25 bn

End of June 2020 OMV
undrawn committed credit
facilities

EUR 3.2 bn

Remaining OMV
committed acquisition facility
for the Borealis deal ¹

EUR 0.75 bn

¹ The OMV committed acquisition facility for the acquisition of a controlling interest in Borealis at signing amounted to EUR 4 bn, of which EUR 3.25 bn has been successfully refinanced with the senior bonds issued in Q2/20

Slide 9: Healthy balance sheet

OMV's balance sheet remained very healthy and showed a strong liquidity at the end of June with a cash position of 5.8 billion Euros and 3.2 billion Euros in undrawn committed credit facilities.

Compared to the first quarter of 2020, net debt excluding leases increased slightly to 3.4 billion Euros. Consequently, our gearing ratio – defined as net debt to equity – rose slightly to 21 percent.

In the second quarter, we issued senior bonds with a total volume of 3.25 billion euros at very attractive rates, and thus have successfully refinanced a major part of the committed facility for the acquisition of the controlling interest in Borealis in the amount of 4 billion Euros.

In April, we issued three tranches of senior bonds for a combined amount of 1.75 billion Euros. In June, we issued two additional tranches of senior bonds totaling 1.5 billion Euros: a three-year note of 750 million with a coupon rate of 0 percent and a ten-year note with a coupon rate of 0.75 percent.

Borealis deal and divestment projects progressing well



Acquisition of controlling interest in Borealis

- ▶ Regulatory approvals on track
- ▶ Joint project to identify synergies underway
- ▶ Closing expected by year-end



Divestment of share in Gas Connect Austria

- ▶ Binding offer received from VERBUND
- ▶ Ongoing negotiations
- ▶ Signing expected by year-end



Divestment of OMV retail network in Germany

- ▶ Around 40 parties interested
- ▶ Shortlist invited to data room
- ▶ Binding offers expected in the next months

Slide 10: Borealis deal and divestment projects progressing well

I would like to give you a quick update on our portfolio measures.

Our acquisition of the majority in Borealis is on track. We have already received regulatory approvals in several countries and expect this transaction to be closed until end of the year. Meanwhile, we have set up joint teams to identify synergies.

We have received a binding offer from VERBUND for the divestment of our 51 percent share in Gas Connect Austria. The agreement is expected to be signed by year-end.

There is great interest in our second ongoing divestment project – the sale of our retail network in Germany. Around 40 companies have indicated interest in acquiring the network. We have opened the data room to a shortlist of interested parties and the due diligence process is currently underway. We expect binding offers to be submitted in the next months.

Last but not least, we expect to close the sale of the Maari field in New Zealand in the third quarter.

Updated outlook 2020

	2019	Outlook 2020
Brent oil price (USD/bbl)	64	40
Average realized gas price (EUR/MWh)	11.9	< 10 (previously ~10)
Total hydrocarbon production (kboe/d)	487	450–470 (previously 440–470 ¹)
OMV European indicator refining margin (USD/bbl)	4.4	~ 3.0 (previously ~4.0)
Ethylene/propylene net margin (EUR/t)	433	< 433 (previously ~433)
Utilization rate European refineries (%)	97%	~ 85% (previously ~80%)
Organic CAPEX (EUR bn)	2.3	~ 1.7 (previously <1.8)
E&A expenditures (EUR mn)	360	250

¹ Depending on the security situation in Libya and potential imposed production cuts by governments.

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Slide 11: Updated Outlook 2020

We have updated our outlook for the full year 2020.

Based on the developments we have seen so far, we maintain our forecast of an average Brent price of 40 Dollars per barrel for 2020. We update our view on the average realized gas price, which we now estimate to be below 10 Euros per megawatt hour for the full year.

We expect average production in Upstream to be between 450 and 470 thousand barrels per day in 2020, depending on the security situation in Libya and production cuts imposed by governments. Production in the third quarter is anticipated to be below the average of the first six months of 2020 due to maintenance in Russia, Norway, and Malaysia, which will negatively impact production by some 20 thousand barrels per day.

The refining indicator margin averaged 3.6 Dollars per barrel in the first half of the year. During this period, we saw an extremely volatile margin with a sharp downward trend in May and June. Thus, for the full year, we now assume an indicator refining margin of around 3 Dollars per barrel. As guided before, we expect a positive contribution from margin hedging in the amount of a mid-range, double-digit million Euro figure for each quarter, which is not reflected in the indicator margin.

For petrochemicals, we estimate the ethylene/propylene net margin to be slightly below the previous year's level.

The utilization rate of our European refineries is now expected to be around 85 percent in 2020. In July, we are undertaking scheduled maintenance works at our refinery in Romania for around 2 weeks.

We expect product sales to recover from the low levels of the second quarter. Retail sales volumes have already recovered from the trough in April to almost the prior-year level in July. We also see a slow recovery in jet fuel, but demand in the second half year will remain subdued. By the end of 2020, we assume that demand will improve to minus 50 percent compared to the same period last year. Retail margins will likely be higher than in 2019, while commercial margins are expected to remain at the level of the previous year.

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Organic CAPEX is now projected to come in at around 1.7 billion Euros, 1.1 billion Euros of which will be in Upstream. Exploration and appraisal expenditures are expected to be 250 million Euros.

The clean tax rate for the year 2020 is estimated to be in the low thirties.

OMV sets new, more ambitious emissions targets for 2025

SCOPE 1 – target 2025 (vs. 2010)

Reduce the carbon intensity of operations¹ by

 **≥30%** (previously 19%)

- ▶ **≥60% reduction** in the Upstream carbon intensity
- ▶ **≥20% reduction** in the Refining carbon intensity
- ▶ **≥1 Mio t CO₂ equivalent** reduction in Group operated assets vs. 2020

Status year-end 2019

- ▶ Reduction of 22% vs. 2010

SCOPE 3 – target 2025 (vs. 2010)

Reduce the carbon intensity of product portfolio² by

 **>6%** (previously 4%)

- ▶ **≥60% share** of low and zero carbon products in OMV portfolio
 - ▶ Increase share of **natural gas**
 - ▶ Increase volumes of **petrochemicals**
 - ▶ Increase **biogenic or waste-based** share in products

Status year-end 2019

- ▶ Reduction of 4% vs. 2010

Slide 12: OMV sets new, more ambitious emission targets for 2025

This concludes my comments on the second quarter, which was one of the most challenging in recent history. However, also in such difficult times, we continue to work on the most important issue for our industry going forward – climate change. We have taken an active approach in successfully repositioning OMV in a low-carbon world, and we are fully committed to the Paris Climate Agreement.

By the end of last year, we had reduced the carbon intensity of our operations – Scope 1 – by 22 percent and of our product portfolio – Scope 3 – by 4 percent. In absolute terms, we have lowered our GHG emissions by 1.8 million tons of CO₂ equivalent over the last ten years.

I am pleased today to announce our new, more ambitious targets for CO₂ reduction by 2025, and our new important long-term commitment for our operations. To demonstrate our focus on a lower carbon footprint, these targets have been integrated into the long-term incentive plans for our Executive Board members and senior management starting this year.

The carbon intensity of the Group's operations will be reduced by at least 30 percent by 2025 compared to our 2010 baseline – a substantial improvement versus the initial target of 19 percent. We not only look at carbon intensity per unit produced, but also at total absolute emissions. We plan to decrease this figure by more than 1 million tons of CO₂ equivalent in the next five years. These targets do not yet include Borealis. We will incorporate Borealis into our targets after closing.

In Upstream, we aim to reduce carbon intensity by more than 60 percent in 2025 compared to 2010. This effort will include portfolio changes, a reduction of routine gas flaring and venting and other projects like the photovoltaic plant in Austria for powering our Upstream production.

In Downstream, we plan to reduce the carbon intensity from our refineries by more than 20 percent. This reduction will come from improved energy efficiency and optimization and modernization activities in the refineries. One example of modernization is the turbine revision program at the power plant in Schwechat. The CO₂ reduction of this project is in the magnitude of 40 thousand tons per year. First part was commissioned last year and the second part will be finished within the next days.

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But we are not only looking into our own direct emissions. We were one of the first oil and gas companies to define a target for our product portfolio several years ago. Our strategy is clear: We want to focus on low and zero carbon products.

What does it mean for us? More gas and more petrochemical products, which are non-energy, low-emission products, as they are not burned. In addition, we will blend more bio content – bio- or waste-based oils and bioethanol – into our transportation fuels.

We are now aiming for a reduction of the carbon intensity of the products we sell of more than 6 percent by 2025.



Slide 13: OMV's ambition is net-zero carbon emissions in operations by no later than 2050

Today, we are not only providing an update on our mid-term targets, but also announcing a clear commitment to where we see ourselves in 2050. Ladies and gentlemen, we aim for net-zero emissions from our future operations, including Borealis, by no later than 2050.

One thing is clear – attaining this transformative ambition will require us to leave familiar paths, to develop fundamentally innovative low-emission technologies. I am firmly convinced that openness to innovation inside and outside OMV will be essential for success. Therefore, we will pursue such a culture not only among our own employees, but also in the broad group of stakeholders in our industry. New technologies need not only the right mind set and creativity, but also strong partnerships and the right regulatory framework.

CCS and CCU technologies are good examples of that. Scrubbing carbon dioxide from flue gas reduces carbon emissions by 55 to 90 percent. However, in order to realize the full potential of these technologies, we need more research and policies that support investments. The aforementioned project here in Austria together with Lafarge, VERBUND, and Borealis is an initial important step in the area of CCU, which is still in the early stages. We believe there will be much more potential going forward.

In our view, green hydrogen will be another key pillar of a low-carbon future. Hydrogen is carbon-free, non-toxic, and can be used to generate heat or electricity, wherever it is needed, leaving behind only water vapor. Hydrogen can be used to power cars, supply electricity and heat homes, all with zero carbon emissions. Hydrogen is also an essential component of ammonia, which is a key ingredient in most fertilizers. Therefore, the development of industrial-scale and commercially viable green hydrogen technologies is tremendously important.

In petrochemicals, there is huge potential for reducing greenhouse gas emissions. For instance, when renewable electricity would be used to replace fossil fuels in the operation of steam crackers, GHG emissions can be reduced by up to 90 percent. The key challenge is to develop a process that is not only technologically feasible, but also competitive.

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Borealis is part of a consortium with other leading petrochemical companies that have joined forces, invest in R&D and share know-how to assess possibilities in this area.

Last but not least, we believe that recycling – both mechanical and chemical – will become much more important in view of its potential to substantially reduce greenhouse gas emissions. To give you an example: Our proprietary ReOil® technology has shown that CO₂ emissions can be reduced by 45 percent when crude oil is replaced by synthetic oil obtained from post-consumer plastics. This demonstrates the tremendous potential. We aim to become a leading player in the circular economy. With Borealis in our portfolio, we will have a much stronger platform to achieve this.

The net-zero ambition for our operations is important but is only the first step. Of course, we are aware that we also need to address the emissions caused by our product portfolio. We will share with you our ambition in that area at our Capital Markets Day next year.

As part of our commitment to the Paris Agreement, we have conducted an in-depth analysis of how the activities and policy positions of key industry associations align with those of OMV. The report will be published tomorrow. This is a starting point for an ongoing process in which OMV will actively monitor its membership in industry associations to ensure that their positions align with our own.

Thank you for your attention. Now, my colleagues and I will be happy to take your questions.