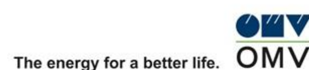
OMV Q4 2020 Results Conference Call

February 4, 2021

OMV Aktiengesellschaft



Rainer Seele

Chairman of the Executive Board and CEO

The spoken word applies

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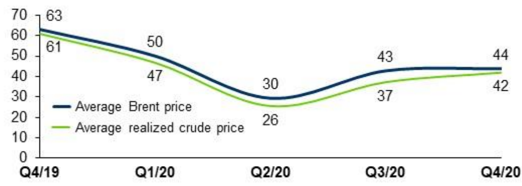
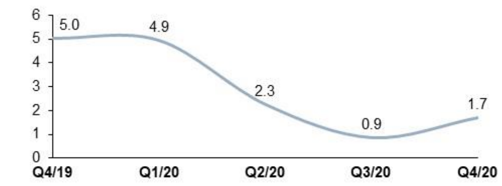
Ladies and gentlemen, good morning and thank you for joining us.

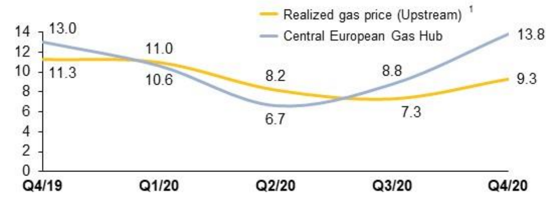
As usual, my presentation today will include the fourth quarter results, our dividend proposal for the business year 2020 and the outlook for this year. Additionally, I will give an update on our divestment program and on our 2025 strategic directions. We are currently working on a full strategic update, which we plan to present to you this summer at our Capital Markets Day. Following my presentation, I will invite Alfred to give you some insights into the Borealis business.

The fourth quarter of 2020 was yet another challenging quarter for our industry, albeit with a more supportive macro environment quarter-on-quarter. Upstream significantly improved on the back of higher realized oil and gas prices and the resumption of production in Libya. While still impacted by a weak refining margin, Downstream benefitted from the improved performance of Borealis and the full consolidation of its business into our results since the end of October. Let me start by providing a brief review of the economic environment.

Macro environment – improved crude oil and gas prices, but still below prior-year level







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

Slide 3: Macro environment – improved crude oil and gas prices, but still below prior- year level

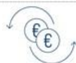
Despite the ongoing oil price recovery, at 44 Dollars per barrel, Brent was only 3 percent higher quarter-on-quarter and still 30 percent lower year-on-year. While the price fell to 36 Dollars per barrel by the end of October on the return of Libyan production, uncertainty surrounding the US elections and growing pessimism regarding oil demand, Brent finished the year at over 50 Dollars per barrel. The upward momentum was driven by optimism regarding the coronavirus vaccine and economic stimulus measures.

European gas prices increased substantially. At 14 Euro per megawatt-hour, Central European gas prices were 57 percent higher than in the previous quarter, and up 6 percent compared to the same quarter of 2019. The substantial increase was driven by a solid demand supported by cold weather and the reduced LNG supply into Europe due to strong demand in Asia.

At 1.7 Dollars per barrel, the European refinery indicator margin rebounded from the very low level recorded in the third quarter. However it was still 66 percent below the fourth quarter of 2019. The improvement was driven by higher jet cracks, partly offset by the increase in the Brent price, and weaker demand following tighter restrictions in Europe.

Ethylene and propylene margins were at a similar level to the fourth quarter of 2019, but slightly below the third quarter of 2020. Despite the unusual tight markets towards year-end, when spot prices traded above contract prices in some periods, C2/C3 margins went under pressure as the rise in naphtha prices outpaced the increase in contract prices in December. Benzene and butadiene margins improved significantly compared to the third quarter but remained below the level of the fourth quarter 2019.

Key messages



FINANCIAL PERFORMANCE

Clean CCS Operating Result of **EUR 524 mn**

(33)% y-o-y
+65% q-o-q

Borealis fully consolidated starting end of October 2020

Quarterly cash flow from operating activities[1] of **EUR 0.8 bn**

2020 Dividend Per Share of EUR 1.85 [2]

STRONG OPERATIONS

Quarterly production of **472 kboe/d**

Production cost at **USD 6.2/boe**

Refinery utilization rate in Europe **of 81%**

Strong **polyolefin sales**

DELIVERING THE STRATEGY

Closed acquisition of **additional 39% share in Borealis**

Signed **divestment of OMV retail network in Germany** to EG Group

Signed divestment of Upstream business in **Kazakhstan**

FID for **biofuel production** (co-processing) in Austria

Committed to **H2Accelerate**

[1] Excluding net working capital effects [2] as proposed by the Executive Board; subject to confirmation by the Supervisory Board and the AGM 2021

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Slide 4: Key messages

Our clean CCS Operating Result rose sharply by 65 percent to 524 million Euros versus the third quarter, on the back of substantially improved Upstream and very strong Borealis performance, whose results have been fully consolidated since the end of October. However, the Group's result remained 33 percent below the same quarter of last year.

We were able to deliver a good quarterly cash flow from operating activities – excluding net working capital effects – of 830 million Euros, demonstrating the strength of our integrated portfolio.

Building on our strong financials, we deliver on our progressive dividend policy. We will propose a Dividend Per Share of 1 Euro and 85 cents for the business year 2020 to the Annual General Meeting. This is an increase of 10 cents versus 2019 and marks a new record in OMV's history.

Looking at the operations, our Upstream production was 7 percent lower year-on-year, primarily due to lower production level in Libya and reduced oil demand. The production cost came down again from the third quarter to below 7 Dollars per barrel. In Downstream, our refineries in Europe ran at 81 percent utilization, despite maintenance activities and strict lockdowns across Europe. This was significantly above the European average of 68 percent. Borealis showed an excellent performance quarter-on-quarter, with higher polyolefin sales volumes in Europe and Asia.

The fourth quarter was a milestone in executing our strategy. On October 29, we closed the acquisition of an additional 39 percent share in Borealis. OMV now owns a controlling interest of 75 percent in the company.

Alongside the Borealis acquisition, we took further significant steps in our previously announced 2-billion-Euro divestment program. In December, we signed the sale agreement of the German OMV retail network and the divestment of the Upstream business in Kazakhstan. Both transactions are expected to close in 2021.

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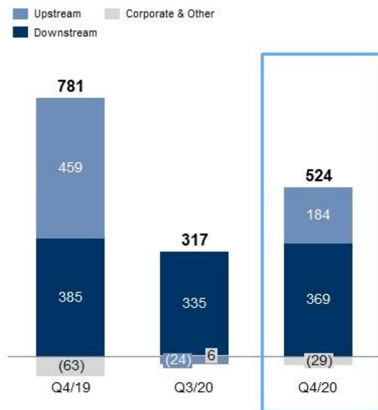
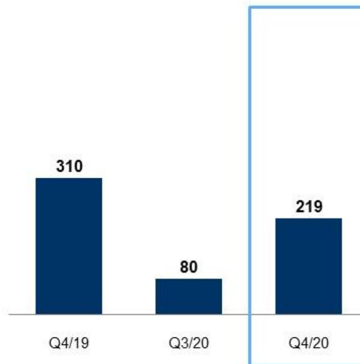
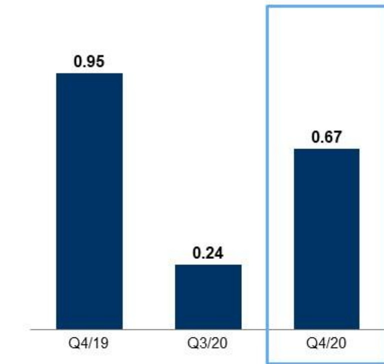
Following our goal of reducing the carbon intensity of our product portfolio, we decided to invest 200 million Euros into co-processing – the simultaneous conversion of biomass and fossil feedstock – at our Schwechat refinery. This will allow OMV to transform biomass, obtained from vegetable oil or waste, into up to 160 thousand tons of biodiesel starting in 2023. OMV's annual carbon footprint will therefore further decrease by up to 360 thousand tons.

In December, together with Daimler Truck, IVECO, Volvo and Shell, we committed to work together to help create the conditions for the mass-market roll-out of hydrogen trucks in Europe. We believe that hydrogen is an essential fuel for the complete decarbonisation of the truck sector.

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







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

Let's now turn to our financial performance in the fourth quarter of 2020.

Our clean CCS Operating Result decreased by 257 million Euros versus the prior-year quarter, due to a decline in Upstream of 275 million Euros caused by the adverse market environment. Downstream earnings were down slightly versus the prior-year quarter. The negative impact of maintenance activities at our refineries and lower demand was almost entirely compensated by a positive hedging contribution as well as the strong performance of Borealis and its full consolidation in our results.

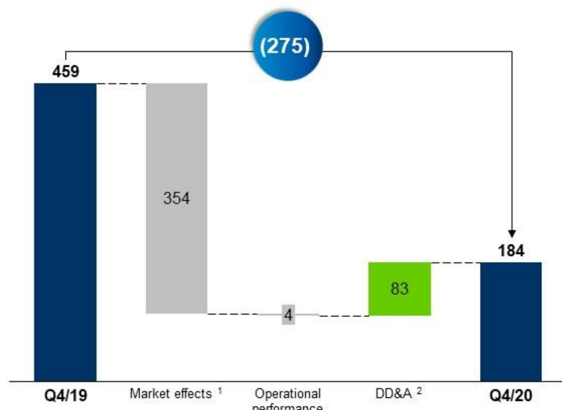
The clean CCS tax rate decreased to 33 percent, which was 10 percentage points lower year-on-year, driven by a proportionally lower Upstream contribution, in particular from countries with high tax fiscal regimes.

Clean CCS net income attributable to stockholders decreased by 29 percent to 219 million Euros. Clean CCS Earnings Per Share was 67 cents.

With the closing of the Borealis transaction, OMV realized a step-up in the valuation of the previous 36 percent share in Borealis of around 1.3 billion Euros and tax synergies that raise OMV's equity position by around 300 million Euros via deferred tax assets and further effects. As a result, net income rose strongly to 1.9 billion Euros.

Upstream – weaker realized oil and gas prices and lower production

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

Q4/20 vs. Q4/19

- Significantly weaker market environment
  - Average realized oil price decreased by 32%
  - Average realized gas price declined by 18%
  - Negative FX impact
- Production of 472 kboe/d (-33 kboe/d)
  - Libya (-16 kboe/d)
  - Romania (-11 kboe/d)
  - New Zealand (-10 kboe/d)
  - Russia (-9 kboe/d)
  - Norway (-5 kboe/d)
  - Malaysia (+21 kboe/d) due to start-up of SK408 gas field
- Sales volumes decreased by 23 kboe/d due to lower production
- Production costs decreased to USD 6.2/boe (-3%)
- Lower depreciation due to lower production volumes as well as the effect from impairments and reserves revision

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Slide 6: Upstream – weaker realized oil and gas prices and lower production

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

Compared to the fourth quarter of 2019, the Upstream Clean Operating Result decreased significantly to 184 million Euros. The main drivers were negative market effects of 354 million Euros – a direct reflection of substantially lower oil and gas prices.

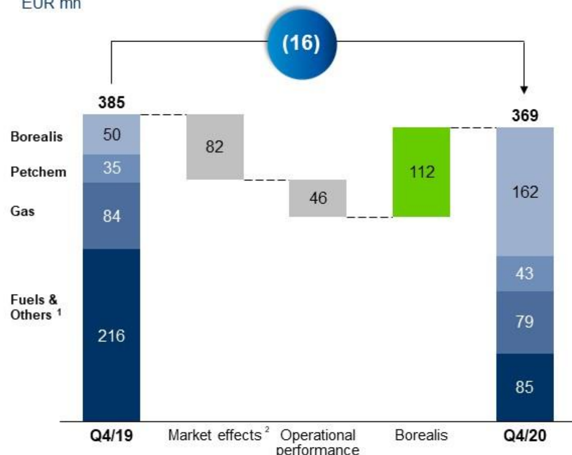
OMV's realized oil price decreased by 32 percent, in line with Brent. The realized gas price declined by 18 percent, while the Austrian hub prices were slightly higher than the fourth quarter of 2019. This was due to a decline of gas prices in Romania and in Malaysia and the two-month time lag effect for half of our Russian gas volumes.

Production decreased by 33 to 472 thousand barrels per day, due to a lower contribution from Libya, natural decline in Romania and weaker demand in New Zealand. In Russia, production was slightly lower than in the fourth quarter of 2019 due to works at a booster compressor that will enable increased production starting with the third quarter of this year. In Malaysia, the production more than doubled to 36 thousand barrels per day, as a result of the start-up of the SK408 gas fields.

Total sales volumes declined by 23 thousand barrels per day and are thus roughly in line with the decrease of production.

Depreciation was 83 million Euros lower than in the fourth quarter of 2019, due to reduced production and a lower asset base because of impairments taken in the third quarter.

Downstream – weaker market environment almost offset by Borealis full consolidation and positive hedging impact



[1] Including at-equity contribution from ADNOC Refining & Trading JV
[2] Market effects defined as refining indicator margin and petrochemical margins; do not yet include result impact from Borealis crackers

Q4/20 vs. Q4/19

- Weaker market environment
  - Refining indicator margin Europe at USD 1.7/bbl (-66%)
  - Ethylene/propylene net margin at EUR 369/t (+2%)
- Operational performance
  - Positive contribution from margin hedging
  - Lower refinery utilization rate and refined product sales
  - Strong retail performance
  - Decreased commercial fuels performance mainly caused by significant drop in jet fuel demand
  - Lower gas storage result, partly compensated by significantly higher power result in Romania
  - Lower ADNOC Refining & Trading JV contribution due to significantly lower refining margin
  - Go live of ADNOC Global Trading in December
- Borealis (fully consolidated starting October 29, 2020)
  - Higher polyolefin sales volumes with stronger margins and positive inventory effects; lower fertilizer business
  - Improved Borouge performance

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Slide 7: Downstream – weaker market environment almost offset by Borealis full consolidation and positive hedging impact

The clean CCS Operating Result in Downstream decreased slightly year-on-year to 369 million Euros. The impact of the weaker refining margins and lower demand was almost offset by a positive contribution from margin hedges, a strong performance in retail as well as a better performance of Borealis and the full consolidation of its results for the last two months of 2020.

Total refined product sales were 16 percent below the fourth quarter of 2019, mainly driven by the significant drop in jet fuel volumes. Sales volumes in retail were 10 percent lower than the respective quarter of 2019, due to strict lockdowns across Europe. But this effect was compensated for by strong unit margins, a higher share of premium fuel sales and cost reductions.

In the petrochemicals business, the result increased by 9 million to 43 million Euros.

The contribution from Borealis to Downstream results rose substantially, from 50 to 162 million Euros, on account of two factors: the improvement in the quarterly performance of Borealis and the consolidation of the entire business into our results after the closing at the end of October.

Borealis recorded excellent results in the fourth quarter. In Europe, the company benefitted from higher polyolefin sales volumes with stronger margins and positive inventory effects. These were partially offset by the decreased light feedstock advantage versus naphtha and an unplanned outage of the steam cracker in Finland. In addition, the fertilizer business was down year-on-year due to operational issues and decreased margins. Borouge recorded a significant improvement, mainly driven by increased polyolefin volumes and prices in Asia.

The contribution from ADNOC Refining and Trading came in at minus 33 million Euros, due to still-depressed refining margins. ADNOC Global Trading went live in December.

Our gas business contributed 79 million Euros to our result, which is a slight decrease versus the prior-year quarter. The results were impacted by a lower performance of the storage business, which was almost compensated for by significantly higher earnings from the power business in Romania. Gas sales volumes rose by 13 percent, on account of increased sales in Germany and the Netherlands, slightly offset by lower sales in Romania.

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Stringent cost discipline

- **Operational efficiency** in both Upstream and Downstream
- **Process optimization and harmonization**
- Capture economies of scale and **strictly manage overhead costs**
- **Leverage digitalization** and optimize IT processes
- **Procurement savings** and contractor renegotiations

Efficiency program 2015-2017 [1]
Efficiency program 2018-2020 [2]
Response to challenging environment in 2020 [3]

[1] versus 2015 on a comparable basis
[2] versus 2017 on a comparable basis
[3] versus 2019 on a comparable basis

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Slide 8: Stringent cost discipline

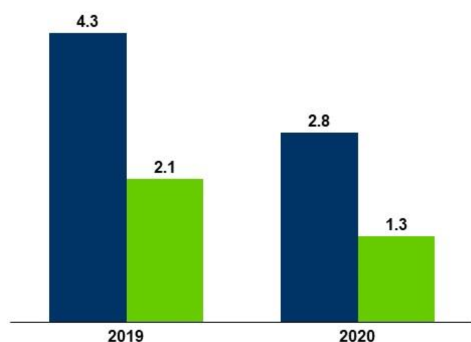
As a measure to preserve cash in the challenging year 2020, we initiated another substantial cost cutting program in March. Our target was savings of around 200 million Euros in Opex and exploration expenditures.

By the end of 2020, we delivered around 310 million Euros: roughly 180 million Euros is from Opex savings on a comparable basis to 2019 and around 130 million Euros from the reduction in exploration expenditure. We expect that these savings will be carried through in subsequent years.

As shown in the development since 2016, we are continuously focused on driving efficiency through our cost base and we have a strong track record of delivery.

OMV Group – good organic free cash flow of EUR 1.3 bn in 2020

Cash flow 12m/20 vs. 12m/19
EUR bn



Cash flow from operating activities excl. net working capital effects
Organic free cash flow before dividends [2]

- Decrease of EUR 1.5 bn in cash flow from operating activities excluding net working capital effects
  - Borealis dividend of EUR 108 mn (12/19: EUR 297 mn)
- Net working capital effects of EUR 351 mn (12m/19: EUR (208) mn)
- **Cash flow from operating activities of EUR 3.1 bn** (12m/19: EUR 4.1 bn)
- Organic cash flow from investing activities [1] at EUR (1.9) bn (12m/19: EUR (1.9) bn)
- **Organic free cash flow before dividends of EUR 1.3 bn** (12m/19: EUR 2.1 bn)
- Payment of dividends of EUR 879 mn (12m/19: EUR 858 mn)
- Inorganic cash flow from investing activities of EUR (4.1) bn
  - Thereof acquisition of 39% share in Borealis EUR (3.9) bn

[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.

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Slide 9: OMV Group – good organic free cash flow of EUR 1.3 bn in 2020

At 830 million Euros, fourth-quarter cash flow from operating activities – excluding net working capital effects – was up 21 percent from the previous quarter and just 14 percent lower than in the fourth quarter of 2019. Net working capital effects generated a cash outflow of 151 million Euros.

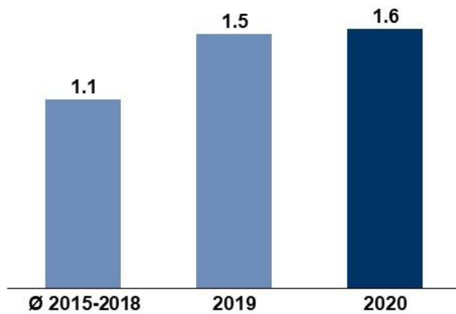
Looking at the full year picture, cash flow from operating activities excluding net working capital effects amounted to 2.8 billion Euros – down 35 percent compared to 2019. This is mainly attributable to Upstream, which was severely impacted by the decline in oil and gas prices. Since net working capital effects showed a big positive swing in 2020, cash flow from operating activities came in at 3.1 billion Euros.

Despite the very challenging market environment, we were able to deliver an organic free cash flow before dividends of 1.3 billion Euros. The result shows the quality and resilience of our integrated business portfolio. Our organic free cash flow was more than sufficient to cover the payment of dividends in the amount of 879 million Euros.

The inorganic cash flow from investing activities was 4.1 billion Euros, mainly reflecting the acquisition of the additional share in Borealis.

Borealis – strong and stable cash flow generation in 2020

Borealis
Operating cash flow 2020
(including dividends from at-equity participations)
EUR bn



Note: Borealis stand-alone view

Uses of cash in 2020

- Running CAPEX of around EUR 0.5 bn p.a.
- Dividends
- M&A
  - Acquisition of NOVA Chemicals' 50% ownership interest in Novealis (Baystar JV 50% Total, 50% Novealis)
  - Acquisition of a controlling stake in South Korean compounder DYM Solution Co.
- Growth projects
  - PDH Kallo plant in Belgium
  - Baystar JV steam cracker and Borstar® PE plant in Texas, USA

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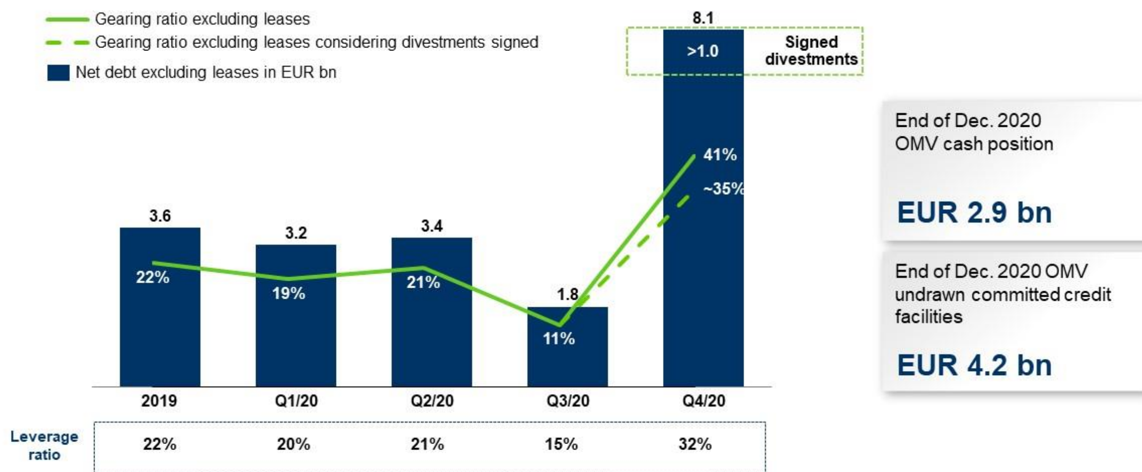
Slide 10: Borealis – strong and stable cash flow generation in 2020

Let’s now have a quick look at the Borealis cash generation. It is very impressive that even in the crisis year 2020, Borealis delivered a very strong operating cash flow of 1.6 billion Euros – a slight increase versus 2019. This includes the dividends from the participations Borouge and Baystar.

Building on the cash flow strength, Borealis is currently investing in growth. In 2020, the company made two significant acquisitions: the additional 25 percent stake of Nova Chemicals in the US-based Baystar joint venture, where now Borealis holds 50 percent, and a controlling stake in the South Korean compounder DYM Solution, solidifying Borealis’ position in the global wire and cable market.

In 2020, Borealis also invested into a new propylene plant in Belgium, one of the largest and most efficient PDH plants globally, and into the Baystar complex in Texas. These projects will significantly increase the Borealis’ cash generation ability.


Temporary increase in net debt following Borealis acquisition
Gearing ratio excluding leases
Gearing ratio excluding leases considering divestments signed
Net debt excluding leases in EUR bn
8.1
>1.0
Signed divestments
41%
~35%
3.6
3.2
3.4
1.8
22%
19%
21%
11%
2019
Q1/20
Q2/20
Q3/20
Q4/20
Leverage ratio
22%
20%
21%
15%
32%
End of Dec. 2020 OMV cash position
EUR 2.9 bn
End of Dec. 2020 OMV undrawn committed credit facilities
EUR 4.2 bn
Note: Gearing ratio excluding leases is defined as net debt excluding leases-to-equity
Leverage ratio defined as net debt including leases-to-capital employed
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Slide 11: Temporary increase in net debt following Borealis acquisition

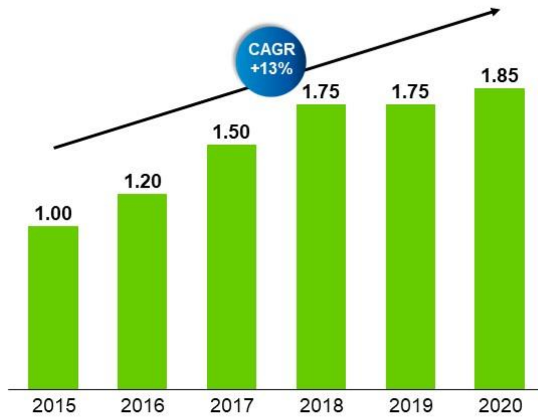
Net debt excluding leases increased to 8.1 billion Euros, following the acquisition of the additional shares in Borealis. Consequently, our gearing ratio excluding leases – defined as net debt to equity – rose to 41 percent.

However, this is only a temporary increase, as our divestment program will lead to a quick deleveraging. If we consider the divestments already signed totaling a net debt reduction of more than 1 billion Euro, our gearing ratio excluding leases would be around 35 percent. Our disposal program continues in 2021 with the second divestment package announced today. We aim to reach a gearing ratio excluding leases of around 30 percent by the end of this year.

To allow for a better comparability with our industry peers, we have introduced the leverage ratio as a new KPI starting this quarter. This will be calculated as the ratio of net debt including leases to capital employed. As of end of 2020, the leverage ratio stood at 32 percent. In 2021, we will report both ratios – the gearing ratio excluding leases and the leverage ratio.

At the end of December 2020, OMV had a cash position of 2.9 billion Euros and 4.2 billion Euros in undrawn committed credit facilities.

Clear commitment to our progressive dividend policy



- **Record dividend of EUR 1.85** per 2020 proposed (+6% vs. 2019)
- We are committed to deliver an **attractive shareholder return**
- **Progressive dividend policy:** OMV aims to increase the dividend or at least maintain it at the respective previous year's level

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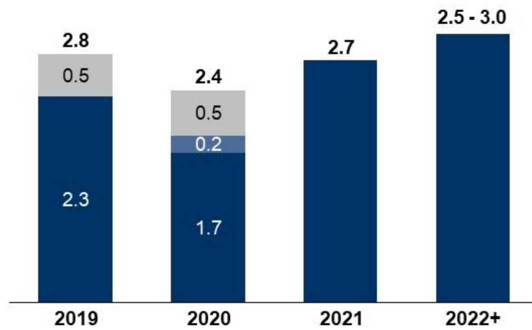
Slide 12: Clear commitment to our progressive dividend policy

Ladies and gentlemen, as I already mentioned, for the fiscal year 2020, we propose an increase in our Dividend per Share to 1 Euro and 85 cents. Since 2015, we have increased our dividends at an average rate of 13 percent per year. We herewith reconfirm our progressive dividend policy.

Disciplined capital spending supports high free cash flows from combined businesses



[1] 2020 excluding Borealis EUR 0.2 bn after full consolidation

Main projects in 2021

- **EUR 2.7 bn**
  - thereof **~EUR 200 mn leases**
- **Upstream**
  - Malaysia, UAE, New Zealand, Norway
- **Downstream**
  - Energy transition projects (e.g. Re-Oil®, co-processing)
  - Expansion of steam cracker in Burghausen
- **Borealis**
  - PDH Kallo plant in Belgium

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Slide 13: Disciplined capital spending supports high free cash flows from combined businesses

I will now move on to the outlook and start with the capital spending.

In 2020, as one of the measures to preserve cash, we cut our organic Capex to 1.7 billion Euros – a decrease of around 30 percent to the original budget for last year. And we delivered on the planned reduction! However, due to the full consolidation of Borealis in the last two months of 2020, total recorded organic Capex was 1.9 billion Euros.

Going forward, we are planning to spend around 2.5 to 3 billion Euros for OMV Group, including Borealis. Borealis is currently in a growth phase and its organic Capex is expected to be higher in the next two years compared to the 2019 level.

In 2021, we are expecting an organic Capex of around 2.7 billion Euros, which includes non-cash items, such as leases of around 200 million Euros. The Capex split will reflect our new priorities: the investments in chemicals, circular economy and low carbon solutions will account for around 40 percent of the entire spending.

In Upstream, we plan to invest in our development projects, notably in Malaysia and the UAE. In Downstream, we will invest in sustainable energy projects, such as co-processing and Re-Oil®, and in the expansion of our steam cracker in Burghausen. At Borealis, the focus will be on the major growth project in Belgium – the PDH plant, which will come on stream in 2023.

The strict capital discipline reflects our capital priorities: reducing our debt following the Borealis acquisition and delivering on our progressive dividend policy.

Borealis synergies of at least EUR 800 mn by year-end 2025

- Operational cost savings
- Combined purchasing
- Debottlenecking
- Value chain optimization
- Tax benefits

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Slide 14: Borealis synergies of at least EUR 800 mn by year-end 2025

I would like to give you a bit more insights into the phasing of the synergies program, we announced following the Borealis acquisition. We expect synergies of at least 800 million Euros from operational cost savings, combined purchasing, debottlenecking, value chain optimization, as well as tax benefits until end of 2025.

The program is well on track. Already in this year, we expect to realize synergies of 50 to 80 million Euros. Next year these will increase to around 150 million Euros and for the period from 2023 to 2025, we expect around 200 million Euros yearly through 2025.

Update on the EUR 2 bn divestment program

Signed divestments

51% share in Gas Connect Austria
- Closing expected in H1/21
- Net debt reduction of EUR 570 mn

OMV retail network in Germany
- Closing expected in 2021
- Net debt reduction of ~ EUR 500 mn

Kazakhstan Upstream operations
- Closing expected in H1/21

New Zealand – Maari field
- Closing expected in H1/21

Ongoing divestments

Divestment of the NITRO business[1]
- Fertilizer, technical nitrogen and the melamine products
- Leading European player
- Non-core asset

Divestment of operations in Slovenia
- 120 retail sites and commercial business
- Limited integration with refinery

Other assets already announced
- Four oil fields in Malaysia

Additional assets to be announced in 2021

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1 Ammonia, Nitric Acid, Fertilizers (excluding Rosier), and Melamine

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Slide 15: Update on the EUR 2 bn divestment program

Let me now give you an update on our divestment program.

We are well on track and are confident about delivering the envisaged 2 billion Euros by end of this year. We were able to sign agreements on all three divestments in the first package by end of last year, resulting in a deleveraging effect of more than 1 billion Euros. Today, we are announcing the second package, which comprises two divestments.

First, Borealis will start the sales process for the nitrogen business, which includes the fertilizer, technical nitrogen and the melamine products. Borealis operates fertilizer production plants at the heart of important crop-producing regions in Austria and France. With around 60 warehouses across Europe and around 5 million tons of products supplied annually, Borealis is one of Europe's leading fertilizer producers. The company’s share in Rosier, which operates the production sites in The Netherlands and Belgium, is not presently being considered within the potential sales process. Borealis is also one of the global market leaders in melamine, the most valuable and sophisticated product in the nitrogen chain. The majority of the Borealis’ melamine production is destined for the wood-based panel industry. Borealis will continue to focus on its core activities of providing innovative solutions in polyolefins and base chemicals.

And second, we will start the divestment process for our retail and commercial operations in Slovenia. We are currently the second largest retail player in the country after the national company and we are active in the commercial fuel market, as well. OMV operates 120 filling stations equipped with forecourts and located on highways and in the main demand centers, having a throughput above the OMV average. However, the integration with our Schwechat refinery in Austria is limited, as we partly supply the network through the import storage terminal at Koper, on the Adriatic coast.

A third divestment package will follow during the course of this year.

We aim to accelerate cash flow generation to deleverage the company, while at the same time generating value.

Outlook 2021

	2020	Outlook 2021
Brent oil price (USD/bbl)	42	50-55
Average realized gas price (EUR/MWh)	8.9	> 10
Total hydrocarbon production (kboe/d)	463	~ 480
OMV indicator refining margin in Europe (USD/bbl)	2.4	> 2.4
European ethylene indicator margin (EUR/t)	435	435
European propylene indicator margin (EUR/t)	364	364
European polyethylene indicator margin (EUR/t) [1]	350	> 350
European polypropylene indicator margin (EUR/t) [2]	413	> 413
Utilization rate European refineries (%)	86	86
Organic CAPEX (EUR bn)	1.9 [1]	2.7

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1 HD BM FD EU Domestic EOM (ICIS low) - Ethylene CP WE (ICIS)
2 PP Homo FD EU Domestic EOM (ICIS low) – Propylene CP WE (ICIS)
3 Including Borealis CAPEX, consolidated since Oct 29, 2020

Slide 16: Outlook 2021

Let us now come to our main assumptions for this year.

Before I go into details, I would like to mention that, starting with the first quarter, we have changed our structure to three reporting segments: Exploration & Production, Refining & Marketing, and Chemicals & Materials.

Starting with Exploration & Production, for the full year 2021, we assume an average Brent price in the low 50ies and an average realized gas price above 10 Euros per megawatt hour.

We expect average production of around 480 thousand barrels per day in 2021, depending on the security situation in Libya and imposed production cuts by governments. We currently assume a contribution from Libya of around 35 thousand barrels per day. We have hedged a quarter of our production for the first half of the year at a price of around 55 Dollars per barrel.

We expect increased production in the UAE, due to the full ramp-up of the Umm Lulu oil field. The planned divestments of our oil fields in Malaysia, Kazakhstan and New Zealand will have a negative impact on production volumes.

The refining indicator margin is projected to be above the previous year's level of 2.4 Dollars per barrel. We have again hedged part of our middle distillate volumes and we expect a positive low double-digit million Euro contribution in every quarter of 2021.

The utilization rate of the European refineries is expected to be at the prior-year level. There are no major turnarounds planned this year.

Total product sales volumes are projected to be higher than in 2020. Retail margins are estimated fall below the very strong 2020 level, impacted by the upward trend in Brent price. Commercial margins are expected to be higher due to an assumed rebound in the aviation industry.

Let me now come to Chemicals & Materials. Starting with first quarter, instead of the petrochemical margin, which we reported before, we will now publish the ethylene and propylene indicator margins separately. In addition, we will disclose the polyethylene and polypropylene indicator margins and volumes.

The European ethylene margin and the propylene margin are projected to be at prior-year level. The European polyethylene and polypropylene indicator margins are estimated to be above the prior-year level.

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The polyethylene sales volumes are projected to be slightly above the prior-year level, while the polypropylene sales volumes are expected to be in line with 2020.

We expect the clean tax rate for the year 2021 to be in the mid- to high thirties.

Updated strategic priorities 2025

STRATEGIC PRIORITIES

- **Transition into an integrated chemical company**
- Continue to leverage the **proven concept of integration** along the value chain
- **Maximize value** of existing traditional oil and gas portfolio
- Expand portfolio of **low- and zero-carbon products**

FINANCIAL FRAMEWORK

- Clean CCS operating result of EUR ≥5 bn by 2025
- Cash flow from operating activities [1] of **EUR ≥ 5 bn** by 2025
- ROACE target ≥ 12%
- **Positive free cash flow** after dividends
- **Gearing ratio** target of **≤ 30%**
- **Progressive dividend policy**
- Strengthen balance sheet and deliver **attractive shareholder returns**

[1] Excluding net working capital effects

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Slide 17: Updated strategic priorities 2025

Ladies and gentlemen,

Since March 2018, when we announced our strategy, we have substantially transformed our portfolio and reached significant milestones. Upstream has developed into a high-quality, low-cost asset base focused on gas. Production and reserves increased and are more regionally balanced. In Downstream, we expanded our refining footprint internationally and, most significantly for the future direction of the company, we have extended our value chain into high-value chemicals.

Following these significant developments in our portfolio, today I would like to give you a brief update on our main strategic directions to 2025. As I mentioned in the beginning, we are currently working on our strategy update and we will provide you with a comprehensive picture at our upcoming Capital Markets Day.

As I mentioned, going forward we have changed our board structure, having established Chemicals & Materials as a new business segment, to better reflect our future strategic priorities.

At Group level, we are focusing on chemicals growth, leveraging the integrated value chain, and maximizing value through our traditional oil and gas portfolio. We are aware that reducing emission is the license to operate in a low-carbon future. Therefore, we are focusing on expanding our portfolio of low- and zero-carbon products: natural gas, chemical products, and alternative fuels.

Something that will not change is the financial framework we presented to you in 2018. We reconfirm our aim to achieve a Clean CCS Operating Result and an Operating cash flow excluding net working capital effects of at least 5 billion Euros by 2025 each. The Group strives for a ROACE of at least 12 percent, while maintaining a strong balance sheet and a strong investment credit rating.

Updated strategic priorities 2025

EXPLORATION & PRODUCTION

- **Run portfolio for value**, harvesting the cash flow
- Maintain production **corridor of ~ 450-500 kboe/d**, with overweight on gas
- Manage **production cost below USD 7/boe**
- Drive digital transformation to further strengthen competitiveness
- **Lower carbon intensity** by ≥ 60% vs. 2010

CHEMICALS & MATERIALS REFINING & MARKETING

- Leverage Borealis as platform for **chemicals growth**
- Realize **integration synergies** with Borealis of EUR ≥ 800 mn
- Strive for **leadership in circular plastics** economy
- Optimize asset utilization and **maximize margin generation** across the integrated value chain
- Reduce **carbon footprint** of our operations
- Become the **leading gas integrated supplier** with a strong market presence from Northwest to Southeast Europe
- Achieve **10% gas market share in Germany**

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Slide 18: Updated strategic priorities 2025

While the financial framework remains unchanged, we are revising some of our business targets, due to the significant developments in our portfolio and the fast changing landscape of our industry.

In Exploration and Production, the business will be run for value, and we will harvest cash flow to enable transformation at Group level. We are revising the previously announced 2025 targets of 600 thousand barrels per day in production volume and 1P reserves of 2 billion barrels. We are no longer pursuing growth in production. Based on the current portfolio, including our organic projects pipeline, we expect to maintain a relatively stable production corridor of around 450 to 500 thousand barrels per day, with around 60 percent gas by 2025. Our unit production cost will remain below 7 Dollars per barrel, supported by our various initiatives in digitalization. The exploration and appraisal activities will concentrate on gas and low-cost opportunities with a total budget of around 200 million Euros per year.

Exploration and Production will focus on the target of a 60 percent reduction in carbon intensity of our operations. This effort will include portfolio changes, phase out of routine gas flaring, and venting, methane emissions reduction and projects like the photovoltaic plant in Austria for electrification of our own operations.

OMV will leverage Borealis as a platform for growth, focusing on delivering the organic projects, as well as building a material circular economy portfolio. We will invest in chemical and mechanical recycling of post-consumer plastic waste with the clear aim of becoming a leader in this emerging market.

In the refining business, we will continue to be an industry leader, focusing on cost and operational efficiency. We no longer aim to further increase our refining capacity, but we plan to shift the output of our refineries towards petrochemicals, to reflect expected demand changes. In addition, we are exploring projects in the areas of conventional and advanced biofuels, synthetic fuels, hydrogen and energy efficiency. We have earmarked investments of 1 billion Euros by end of 2025 in recycling and innovative solutions for energy transition.

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For our gas business, we reconfirm the strategy we presented in 2018. We believe gas will play an important role in the energy transition towards low to zero carbon future in the markets we operate in. We have made significant progress since then. We expanded our market presence to Northwest Europe and increased sales by almost 50 percent. In Germany, the biggest gas market in Europe, we reached a 7 percent market share by the end of 2020. Going forward, we will strive to increase sales volumes by an additional 50 percent, with a target of a 10 percent market share in Germany. We want to become the leading integrated gas supplier from Northwest to Southeast Europe.

Thank you for your attention. Now over to Alfred. After his presentation, my colleagues and I will be happy to take your questions.