

OMV Q4 2020 Results Conference Call

February 4, 2021

OMV Aktiengesellschaft



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The spoken word applies

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Borealis at a glance - leading polyolefin producer with a focus on innovation



- ▶ Long history and expertise in polyolefins business, established 25 years ago by three oil & gas companies (Neste, OMV, Statoil)
- ▶ Global footprint in ~250 mn t global polyolefin market, showing above GDP growth
- ▶ Leading global market position (#8): strong base in Europe (#2) and international growth projects
- ▶ Innovation leadership via proprietary Borstar® technology, venture-based licencing only
- ▶ Leader in circular economy and mechanical recycling
- ▶ Advantaged feedstock and high feedstock flexibility providing resilience and a hedge to oil price volatility
- ▶ Significant share of specialty products and presence in value-add applications with strong growth potential
- ▶ Strong customer relationships and brand name

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Slide 3: Borealis at a glance – leading polyolefin producer with a focus on innovation

Ladies and gentlemen,

Good morning and a warm welcome from me as well. It is my pleasure to give you further insight into Borealis today.

I would like to start with a recap of who we are. Borealis is one of the world's leading providers of advanced and circular polyolefin solutions and a European market leader in base chemicals, fertilizers and plastics recycling. We have a long history and expertise in the polyolefin business. Our company was established 25 years ago by three oil companies, Neste, OMV and Statoil. Today, we have a global footprint in an approximately 250 million ton global polyolefin market that is expected to grow above the GDP rate. Our base in Europe is strong, and we have access to international markets through our joint ventures Borouge and Baystar.

We are strong innovators and differentiate ourselves from the competition thanks to our unique proprietary Borstar® technology, which we only license to venture partners. Our innovation capabilities make us a leading force in the circular economy and our Borcycle™ technology ensures our leadership in the field of mechanical recycling.

Our production assets benefit from access to advantaged feedstock, high feedstock flexibility and olefin integration. This setup makes us resilient to market price swings and is a hedge against oil price volatility.

We have a significant share of specialty products in our portfolio with a wide end-use industry reach and strong growth potential. A significant part of our polyolefin solutions are used for products with long end-use life. Our innovation & technology capabilities providing solutions for our customers have ensured excellent relationships with them over the years along with a strong Borealis brand name.

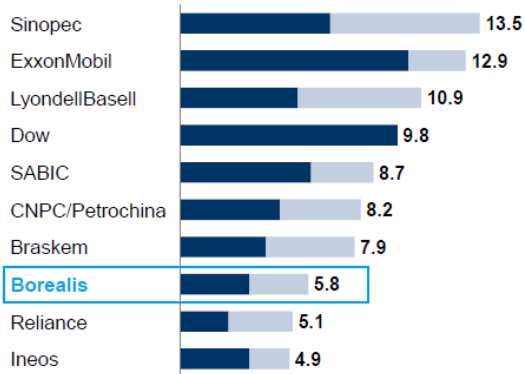
“Life demands progress – We are re-inventing for more sustainable living” is the guiding principle for everything we do at Borealis.

Borealis is the second largest polyolefin producer in Europe and among the top 10 worldwide

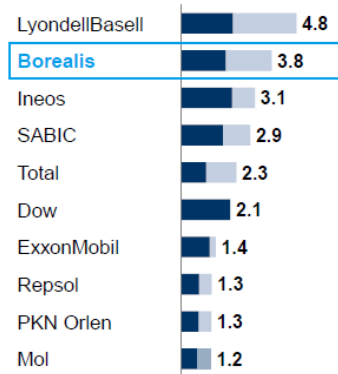
Capacities 2019, based on ownership share
mn t

■ PE ■ PP

World



Europe



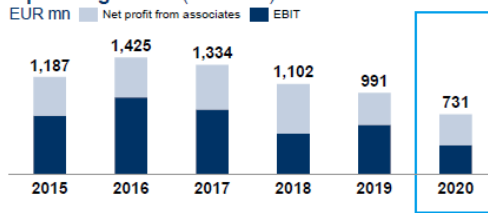
Slide 4: Borealis is the second largest polyolefin producer in Europe and among the top 10 worldwide

We are a global player with a well-balanced production portfolio split between polyethylene and polypropylene.

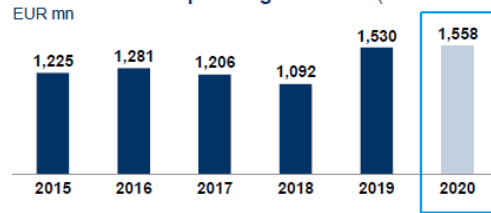
With a total polyolefin production capacity of 5.8 million tons, we rank number 8 globally. In Europe, our production capacity of 3.8 million tons puts us second in the market.

Strong financial track record

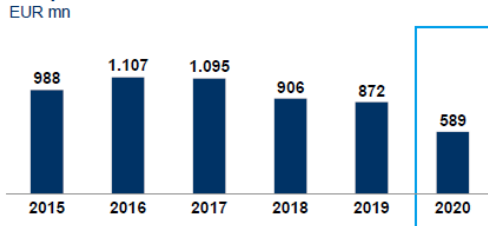
Operating result (incl. JVs)



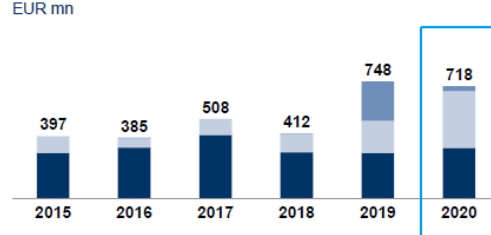
Cash flow from operating activities (incl. JV dividends)



Net profit



CAPEX



Slide 5: Strong financial track record

Borealis is a highly profitable business and has consistently delivered strong financials over the years.

In a very challenging 2020, which featured a global pandemic, an economic slowdown, volatile oil prices and significant polyolefin capacity additions, our operating result - calculated as our EBIT plus the net income contributions from our at-equity participations - came in only 26 percent lower than the previous year. This showcases the resilience of our business model, our innovative product portfolio, our cost discipline, as well as our balanced geographical footprint and feedstock profile.

The contribution from our European polyolefin business remained mostly stable and the contribution from the joint ventures in the Middle East and the United States was only slightly lower. However, our European operations in base chemicals were significantly impacted as a result of negative inventory effects and decreased light feedstock advantage versus naphtha in our steam crackers. In addition, the Fertilizers contribution was down from the strong 2019 figure.

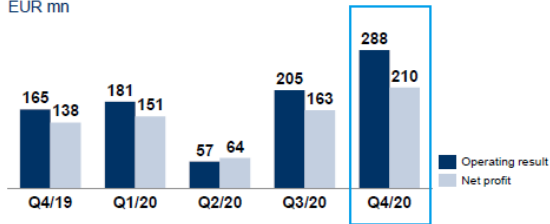
Despite these effects, we were able to deliver an operating cash flow above the previous year's level.

If we look at the uses of cash, we differentiate between our running business and our growth and transformation efforts. The underlying CAPEX requirement for our business was between 300 and 500 million euros per year in the period 2015 to 2019. In general, we are a high free cash flow company. As Rainer mentioned, we are currently in a growth phase and our CAPEX spending will be above average until 2023. In response to the difficult situation in 2020, we cut CAPEX by approximately 30 percent from the initial level budgeted for 2020 and leveled out our growth projects to 2023. After that, we expect an increase in cash flows from new projects and a decrease in the level of CAPEX for growth projects.

Resilient business model underpinned by solid 2020 financials

Quarterly operating result (incl. JVs) and net profit 2020

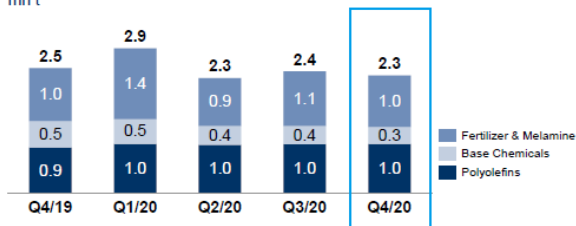
EUR mn



- ▶ Strong operating cash flow and net profit even in a volatile market environment
- ▶ Balanced application portfolio including high share of specialty grades, proving resilience
- ▶ Specialty grades less exposed to general market volatility

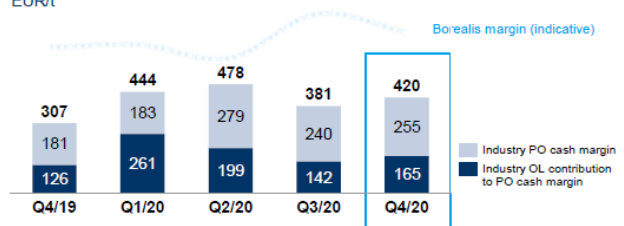
Sales volumes (excl. JVs)

mn t



Industry vs. Borealis margin

EUR/t



Slide 6: Resilient business model underpinned by solid 2020 financials

Let me show you briefly how 2020 developed for Borealis.

I would like to start by pointing out to you that - generally speaking - the recovery for our business has been remarkable. Throughout the year we have seen strong consumer driven demand for our products. The second quarter was the most difficult with reduced demand in the durables sectors, and low prices. In the second half of the year we have seen a strong recovery, resulting in a strong fourth quarter.

You can see our quarterly sales performance - excluding our share from the joint ventures - split into our main three product categories: polyolefins, base chemicals and fertilizers. While our polyolefin business makes up less than 50 percent of our sales volume, it accounts for around 70 percent of our sales revenue.

In the fertilizer business, we sold around 1 million tons per quarter, slightly lower than in 2019. However, the result declined significantly in the second half of the year versus the strong year 2019, due to weaker industry margins and operational issues. The price of natural gas – a key feedstock for production – further increased in the fourth quarter, putting additional pressure on margins, as price adjustments are usually lagging behind feedstock cost increases.

Base chemicals sales volumes were lower than in 2020 than in 2019, with a very strong first quarter posting sales around 500 thousand tons followed by a decrease due to our cracker outages in Sweden and in Finland. Both crackers are now operating again and we expect volumes to pick up in the first quarter. The Base chemicals contribution was also adversely affected by decreased light feedstock advantage versus naphtha, especially in the second and third quarters.

Despite a very challenging 2020, the polyolefin sales volumes in Europe increased by over 2% year-on-year. We sold around 970 thousand tons of polyolefins quarterly. In the second quarter the automotive and construction sectors recorded a significant decline, due to the lockdowns across Europe. However, we managed to compensate parts of the lower demand in these sectors with higher sales in health care and packaging. This shows the significant breadth of applications for our products and the versatility of our portfolio. The sales volumes of both Borouge and Baystar increased by around 10 percent year over year.

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On the whole, integrated polyolefin industry margins increased in 2020 versus the previous year, driven by a stronger polyolefin market in both Europe and Asia.

Borealis benefits from a large share of specialty grades in its portfolio, which ensured robust financial performance in the polyolefin segment in 2020. These specialty grades account for approximately 60 percent of the margin and 40 percent of polyolefin sales volumes. Specialty grades are products with superior, differentiated properties and added value for the customer created through innovation & technology. These products command a higher margin than the standard industry margin and are less exposed to market volatility. Energy, Automotive and Advanced Products are the main sectors for which Borealis produces specialty grades. Polyolefin sales for the Energy industry, where Borealis is a global leader, remained stable throughout the year.

Leading polyolefin producer with strong global market presence and resilient portfolio focusing on specialties



PP PE approx. volume share in application

- ▶ Large share of specialty products and application know-how, increasing earnings resilience (60% margin share)
- ▶ Leading supplier in the **Energy and Pipe** industry
- ▶ One of the largest product offerings in the **healthcare business**
- ▶ Market growth above **GDP** in almost all segments
- ▶ Providing polymer solutions with long use-life

PE pressure pipes for gas and water utilities	Power cables	Automotive
~50 years	~40 years	~15-20 years

Slide 7: Leading polyolefin producer with strong global market presence and resilient portfolio focusing on specialties

Borealis' polyolefin business operates in five industry clusters, focusing on end customer applications. Innovation is at the core of our operations and we strive every day to develop innovative solutions for our customers. With around 10,000 patent applications successfully filed and patents granted, we believe we are one of the most innovative polyolefin companies in Europe. Our guiding principle is to re-invent for a more sustainable living.

Let me take you briefly through the five 5 sectors. Starting from the left with the Automotive industry, Borealis focuses on light-weighting of cars in interior, exterior and under-the-bonnet applications. In Pipe and Fittings, Borealis supplies infrastructure-, hot water, and oil & gas pipes. In Consumer Products, Borealis' main markets are blown film, thin wall packaging, and caps & closures. Advanced Products mainly features our healthcare applications, appliances and polyolefin solutions, with a strong position in these markets. Borealis has one of the largest product offerings in the healthcare business. Last but not least, we have the Energy cluster, which produces solutions for wires and cables, capacitor films and solar panels, among other applications. From a volume-share perspective, Consumer Products is the largest segment, accounting for approximately half of our polyolefin sales volumes. The other sectors each account for 10 to 15 percent of total sales volumes.

Our polyolefin solutions have a long use-life. For example, our pressure pipes for gas and water utilities have a life or around 50 years, power cables 40 years, and automotive components around 15 to 20 years.

Borealis providing solutions to growing energy market

Leading supplier to the energy industry

- ▶ Strong market growth
- ▶ Borealis' Borstar® process one of the few to fulfill high material requirements
- ▶ Borealis' process meets exceptional cleanliness requirements to avoid transmission interruptions
- ▶ Borealis' technology makes power grids more robust and reliable, reducing transmission losses

- ▶ Long-distance energy transportation with 640 kV DC cable – world record!
- ▶ Borlink™ technology powering German energy transition, HVDC cable compounds used for majority of corridor projects, driving renewable energy transition

- ▶ Ongoing innovations like encapsulation materials and backsheets for solar modules
- ▶ Global supply strengthened with recent acquisitions of South-Korean compounder DYM Solution

Slide 8: Borealis providing solutions to growing energy market

I would like to briefly highlight our Energy sector. Ladies and gentlemen, Borealis is number one in the world in this market! This is a true specialty business, given the complexity of the required products, and can be served by only a few players globally.

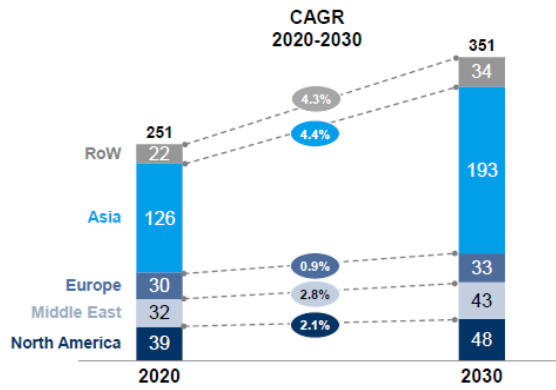
What puts us in such an exceptional position? Our Borstar® technology is one of the few in the industry to fulfill the very high material requirements of this industry. Our production process meets the exceptional cleanliness requirements which are necessary to avoid transmission interruptions, for example. Our Borlink™ technology makes power grids more robust and reliable, thereby reducing transmission losses.

With our technology, it is possible to transport energy from renewable sources more efficiently and over longer distances to the end consumer. Cross-linked polyethylene power cables made with our Borlink™ technology will be used for the majority of the corridor projects in Germany. Comprising three separate corridors, this huge project is the major enabler of the German Energiewende, or energy transition.

We further strengthened our global position with the acquisition of a controlling stake in South Korean compounder DYM Solution last year. This move ensures a global supply and enlarges our asset footprint and global product offering.

Polyolefins continue to show above-average market growth

Polyolefin demand by region
mn t



- ▶ Polyolefin market (representing ~50% of global polymer market) growing above global GDP and showing higher increase vs. remaining polymer market
- ▶ Strong global increase (+~100 mn t), with even stronger growth rates in Polypropylene
- ▶ Regional growth in all markets driven by Asian market, followed by Middle East and North America
- ▶ Borealis well set up for global supply into growing markets
- ▶ Further expansion into Middle East /Asia-Pacific (Borouge) as well as North America (Baystar)

Slide 9: Polyolefins continue to show above-average market growth

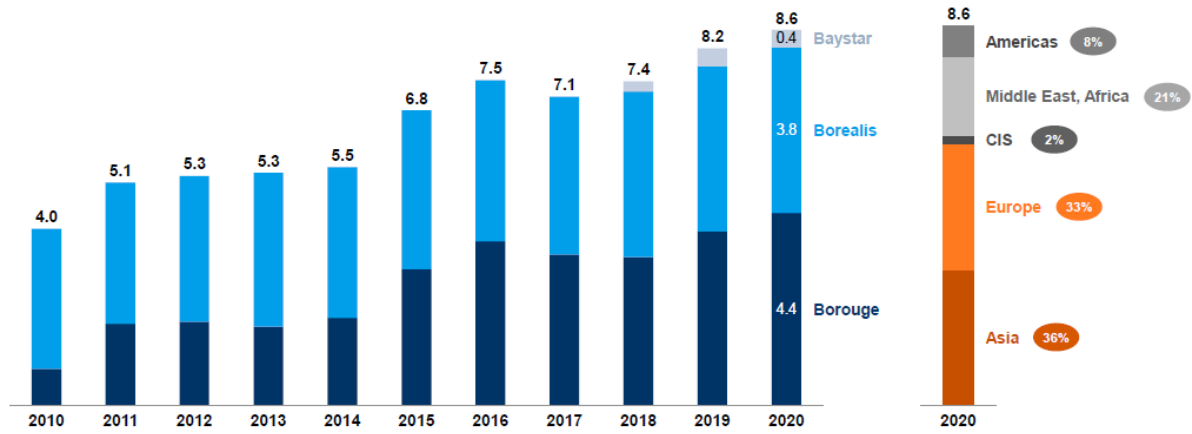
At 250 million tons, the polyolefin market accounts for roughly half of the global plastics market. Its outlook is attractive with a growth rate of 3.4 percent, above global GDP, until 2030.

Polyolefins are increasingly being used as a substitute for other energy-intensive materials and they remain essential for various industries such as packaging, construction, transportation, healthcare, pharmaceuticals, and electronics. These sectors underpin the robust overall rise in demand, which stems primarily from Asia. Demand in mature markets such as Europe and North America is expected to remain generally healthy in line with economic development.

If we look into the developments of polyethylene and polypropylene separately, we expect superior growth for polypropylene, due to rising demand for lightweight materials for automotive components, construction equipment, and consumer electronic products.

Together with Borouge and Baystar, Borealis supplies polyolefins across the globe

PO sales volume and regional split¹
mn t



10 | OMV Group, Q4 2020 Conference Call, February 4, 2021 ¹ Including 100% of JV volumes (Baystar and Borouge), excl. Geleen



Slide 10: Together with Borouge and Baystar, Borealis supplies polyolefins across the globe

The strong growth trajectory over the last ten years on this chart illustrates the successful development of the Group. Borealis, Borouge and Baystar have a truly global reach with a peak sales volume of 8.6 million tons globally, including 100 percent of each company's sales.

The sales figure more than doubled over the last decade, primarily due to the expansion of Borouge, which is a true success story of the long-term partnership with ADNOC. The joint venture has successfully combined the leading edge Borstar® technology, with competitive feedstock and access to the Asian growth markets.

The main sales markets are Asia, accounting for more than a third of sales, and Europe. Currently, Baystar accounts for only a small percentage of sales. However, with our focus on geographic expansion, the share of sales attributable to North America will grow significantly after the start-up of the expansion project.

Borealis benefits from feedstock cost advantage, integration, and high flexibility

▶ **Central Europe**

- ▶ Integration with OMV refineries, over the fence supply with ethylene and propylene

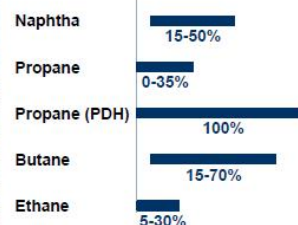
▶ **Nordics/Benelux**

- ▶ High feedstock flexibility in Sweden and Finland
- ▶ Borealis caverns and logistic infrastructure in Sweden, Finland, and Belgium allow for optimization of feedstock slate leveraging market price volatility
- ▶ Propane dehydrogenation unit in Kalo, Belgium, with a new PDH unit under construction

▶ **Middle East/ North America**

- ▶ Advantaged feedstock based on ethane

Average feedstock flexibility at Borealis' crackers



Optimization potential and light feedstock cracking flexibility shows Borealis' crackers in Q1 net cash margin benchmark

Slide 11: Borealis benefits from feedstock cost advantage, integration, and high flexibility

Another key success factor for Borealis is the operational production set-up. In Central Europe, Borealis benefits from the integration with OMV's refineries in Austria and Germany, where olefins are supplied over the fence.

Borealis operates two crackers in Stenungsund and in Porvoo. Both have high feedstock flexibility and can use naphtha, butane, ethane and propane. Our crackers can use up to 70 percent light feedstock and up to 50 percent naphtha. The cracker intake can be adjusted to the actual market conditions.

In Belgium, Borealis runs a propane dehydrogenation unit, based on 100 percent propane feedstock.

In addition, Borealis operates caverns and logistics infrastructure in Sweden, Finland and Belgium, allowing for optimization of the feedstock slate and leveraging market price volatility. Borealis is thus able to capture significant feedstock advantage.

In the Middle East, via Borouge, as well as in North America, via Baystar, Borealis benefits from attractive feedstock cost based on ethane. The advantage of the set-up brings us into a first quartile net cash margin position in our industry.

Borealis well positioned to participate in market expansion via global growth projects



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

- ▶ Cost advantaged feedstock: **propane**
- ▶ Further integration of European feedstock
- ▶ Attractive hub with flexibility in ARA region
- ▶ World scale 750 k t plant



Project progress:
~50%
Start-up plan: Q2 2023



Texas (US) – Baystar JV with Total

- ▶ Cost advantaged feedstock **Ethane**
- ▶ First Borstar® PE plant in North America to follow the customer
- ▶ Value chain partner and global supply of specialty grades
- ▶ Strong local sales force presence in the Americas



Project progress:
Cracker: in commissioning
Start-up plan: April 2021
Borstar® PE units: ~50%
Start-up plan: Q1 2022



Abu Dhabi – Borouge

- ▶ Cost-advantaged feedstock **ethane**
- ▶ Further expand successful partnership with ADNOC (PP5/ Borouge 4)
- ▶ Leverage strong presence to supply growing Asia-Pacific market
- ▶ Borouge Pte. (headquarters in Singapore) as established sales force on the ground



Project progress:
PP5: ~90%, start-up plan: Q3 2021
Borouge 4: FEED

Slide 12: Borealis well positioned to participate in market expansion via global growth projects

As mentioned earlier, Borealis is actively pursuing a growth and geographic expansion journey. Europe is Borealis' core and base. Here, we are advancing the largest single green-field investment in Borealis' history, our new world-scale Propane Dehydrogenation Unit in Kallo, Belgium. Given the growth in demand for polypropylene and decline in production via the "classic" cracker route and being based to a higher percentage on ethane, on-purpose propylene production has increased in relevance. With its location in the Antwerp-Rotterdam-Amsterdam area, one of the largest chemical clusters in the world, we are exceptionally well positioned to sell excess propylene to third parties. About 50 percent of the project is completed, the plant is scheduled to start operations in the second quarter of 2023.

In North America, the expansion of our Baystar joint venture with Total is progressing well. The 1 million-ton cracker is already in the commissioning phase, and we expect start-up in April. The construction of the new world-scale polyethylene plant is well underway. The polyethylene capacity of this site will increase by 625 thousand tons to more than 1 million. Start-up is expected approximately a year from now. This plant will be the first to use our Borstar technology in North America, enabling us to supply our customers globally with specialty grades. At the same time, it will benefit from advantaged ethane feedstock.

Building on our very successful partnership with Borouge, we are currently building a fifth Borstar polypropylene plant, which will increase our capacity by half a million tons to 5 million, a more than 10% capacity increase. Expected start-up is in the third quarter of this year. We are also analyzing other growth opportunities, such as Borouge 4. This project is currently in the FEED stage.

Borealis acts as frontrunner in transforming the industry toward circularity



~60% of plastic production expected to be based on recycled feedstock by 2050, according to McKinsey

- ▶ Changing industry trends leading to strong market demand for recycled polyolefins (rPO)
- ▶ Borealis has the right capabilities to develop solutions for its customers
- ▶ Borealis leading in circular economy solutions
Four mechanical recycling plants in Austria and Germany (~100 k t capacity)
- ▶ Together with OMV's leading chemical recycling technology (ReOil®), well set to be a frontrunner in circularity

Target 2025:

Make rPO a significant part of our product portfolio by more than tripling production volume – 350 k t p.a.

Slide 13: Borealis acts as frontrunner in transforming the industry toward circularity

Ladies and gentlemen, in addition to the significant growth opportunities, we also see changing patterns in our industry. Demand for recycled plastics is increasing due to increasing awareness of the importance of using our resources sustainably. We recognize this as a significant growth opportunity.

Borealis is a leader in this emerging industry. We were among the first plastic manufacturers to work toward a circular economy several years ago. Ever since then, we have been consistent in our efforts and have focused on mechanical recycling and design for circularity. We currently run four mechanical recycling plants in Austria and Germany with a capacity of around 100 thousand tons. Recently we announced a collaboration on a demo plant for advanced recycling in Germany together with TOMRA, a Norwegian collection and sorting machine manufacturer, and Zimmerman, a German waste management company. The plant is one of the world's most advanced mechanical recycling plants and represents a first step toward developing highly demanding applications for various industries, such as automotive and consumer products.

We see fundamental rethinking of the approach toward packaging and products. Packaging is the biggest single use of plastic, accounting for more than a quarter of global demand. Large consumer product companies are taking steps to accelerate the use of recycled and renewable materials in their products. Just to give you an example, Unilever, a major global consumer products company, recently announced that it aims for all of its plastic packaging to be reusable, recyclable, or compostable by 2025, and it intends to use at least 25 percent recycled plastic in its packaging by the same year. Additionally, European legislation sets a 50 percent recycling target by 2025 for all member states.

Using our proprietary Borcycle recycling technology, we are able to transform waste into recycled polyolefins. What is very important is that we can offer a consistent supply of versatile high-quality recyclate to producers and brand owners in various industries. We project that the recycling market will expand beyond the average polyolefin growth rate, driven by a change in people's willingness to pay for more sustainable products and government initiatives geared toward reducing greenhouse gas emissions.

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In this emerging market, we aim to make recycled polyolefins a significant part of our portfolio and more than triple the volume produced to 350 thousand tons by 2025.

OMV's recycling activities using its Re-Oil® technology complement our efforts in this area. The Re-Oil® technology chemically recycles plastic waste into raw materials, which then can be used by Borealis to produce polyolefins. Thus, we can offer to customers 100 percent circular and sustainable polyolefins. Nestlé has now become the first Borealis customer to use these polyolefins in consumer goods packaging.

We are very active in circular economy efforts, and partnerships play a very important role for us. We must work together to build a circular economy. Three years ago we created our Everminds™ collaboration platform dedicated to promoting a more circular mindset in the industry and collaborating with upstream and downstream value chain partners to accelerate the transition to a circular plastic economy.

Just to give you one example: Together with our value chain partners Neste and Henkel, we produced the first polypropylene from renewable feedstock, derived entirely from waste and residue streams. These premium polyolefins have the same material performance as virgin polyolefins, yet with a lower carbon footprint. Henkel is including renewable polypropylene content in the packaging of one of its major brands.

Strong position for continued leadership in circularity and outperforming the market

- ▶ **Global footprint** with a leading position in polyolefin industry clusters
- ▶ **Advancing growth** with projects in Asia-Pacific, United States, and Europe
- ▶ **Asset integration, advantaged feedstock, and flexibility**
- ▶ **Significant share of specialty products** with strong customer relationships
- ▶ **Innovative strength and Borstar® technology development**
- ▶ **Well positioned to advance in circular economy jointly with OMV**
- ▶ **Healthy balance sheet and high operating cash flow generation**



**Embrace
circularity
for a more
mindful
future!**

Slide 14: Strong position for continued leadership in circularity and outperforming the market

I know you are all waiting for the question-and-answer session, so I won't keep you any longer.

But there are four quick things that I would like you to take away from this presentation:

We are a growth company and exceptionally well positioned to benefit from strong market growth.

We are a global leading player in specialty products with a strong feedstock position.

We are very innovative and focused on the circular economy.

Last, but not least, we are a company that generates very high free cash flow.

Thank you for your attention.