OMV Q3 2021 Results Conference Call

October 29, 2021

OMV Aktiengesellschaft

Alfred Stern

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.

This is my first earnings call as CEO of OMV and I have the pleasure of presenting some fantastic financial results.

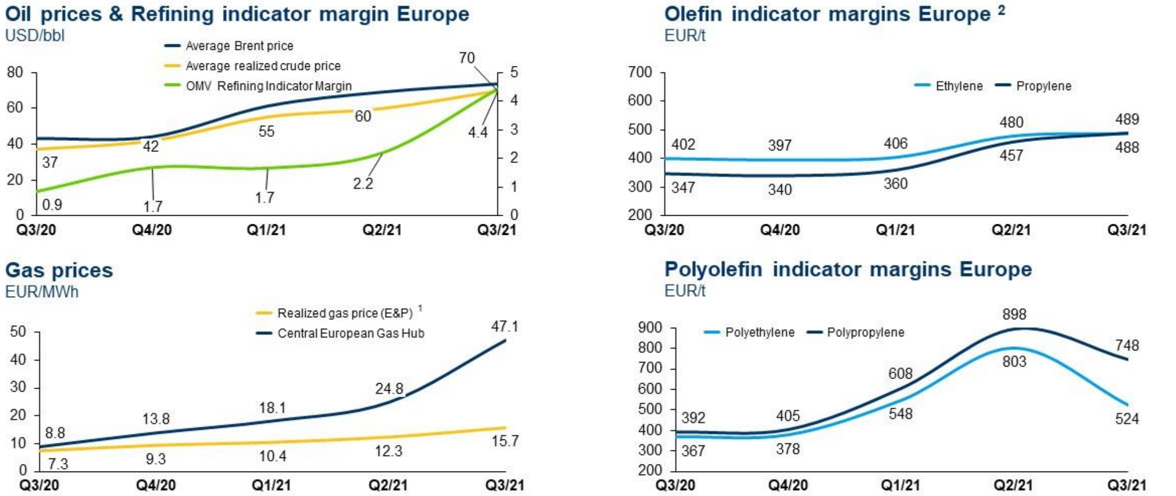
Oil prices continued to rise, natural gas prices surged to a record high, refining margins saw a marked recovery, and European olefin and polyolefin margins started to normalize, but remained at healthy levels. Underpinned by the strong macro environment and our expansion into the chemicals business, we were able to achieve a new record in our quarterly earnings and cash flows.

We now have a very strong foundation to shape the significant transformation that our industry is experiencing. We see change as an opportunity. We are excellently positioned not only through our financial strength but also through our innovation capabilities and technological expertise. We want to continue to grow value and provide better solutions for society. We are working intensively on a strategy update with a particular focus on circular economy and sustainability.

And, ladies and gentlemen, let me say this again: We are committed to the Paris Climate Agreement. We are planning to announce our new strategy in the first quarter of 2022. In the meantime, I look forward to talking to many of you over the coming weeks and months.

Let’s come back to the third quarter of 2021. Let me start with a brief review of the market environment.

Macro environment – strong prices and margins across all commodities



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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 of 18%

Slide 3: Macro environment – strong prices and margins across all commodities

The third quarter of 2021 was the fifth consecutive quarter of sequential Brent price improvement. At 74 Dollars per barrel, Brent was up 7 percent quarter-on-quarter and 71 percent year-on-year. Prices breached 80 Dollars per barrel – the highest level since the fourth quarter of 2018. This upward momentum was driven by demand recovery, a strong OPEC+ quota compliance and supply outages. In September hurricane Ida caused oil supply losses of approximately 30 million barrels, resulting in a sharp drawdown of global oil stocks.

European gas prices continued their upward climb in the third quarter, driven by low European storage levels in a physically tight market. Storages were not able to sufficiently fill due to limited imports over the summer, a heavy maintenance season in Norway and the UK, and limited LNG arrivals in Europe due to strong demand in Asia. At 47 Euros per megawatt hour, Central European gas prices were up 90 percent quarter-on-quarter and more than four times higher year-on-year.

At 4.4 Dollars per barrel, the European refining indicator margin doubled compared with the previous quarter and was five times higher than in the same quarter of the previous year. The increase was driven by higher naphtha, gasoline and diesel cracks. Outages of refineries on the U.S. Gulf Coast, a demand uptick in transportation diesel and jet, continued high petchem demand, and lower naphtha exports from the US contributed to the increase.

European demand for olefins and polyolefins was strong, especially in the packaging, hygiene, and medical sectors. The ongoing global logistics limitations and reduced supply from the United States due to the recent hurricane season put constraints on additional imports into Europe. Ethylene and propylene indicator margins were slightly above the previous quarter and significantly above the prior-year quarter, despite the increase in naphtha costs. Demand for propylene was very strong, with propylene prices reaching and even exceeding ethylene prices in September. European prices for polypropylene were quite stable, while polyethylene prices declined by roughly 10 percent from the historical peak recorded in the second quarter of this year, driven by seasonally lower demand and capacity returning to production. Due to rising feedstock cost, the polyolefin margins decreased at a faster rate, though remaining well above historic averages and the third quarter of 2020.

Key messages

FINANCIAL PERFORMANCE	STRONG OPERATIONS	DELIVERING THE STRATEGY
Clean CCS Operating Result of **EUR 1.8 bn** 5.6x y-o-y	Quarterly production of **470 kboe/d**	Signed divestment of **25% share in Wisting oil field, Norway**
Quarterly cash flow from operating activities excluding NWC of **EUR 2.0 bn** + 192% y-o-y	Production cost at **USD 6.7/boe**	
Clean CCS EPS of EUR 2.39 10x y-o-y	**Refinery utilization rate** in Europe of **91%**	
	Steam cracker utilization rate in Europe of **88%**	
	Polyolefin sales incl. JVs **(1)% y-o-y**	

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Slide 4: Key messages

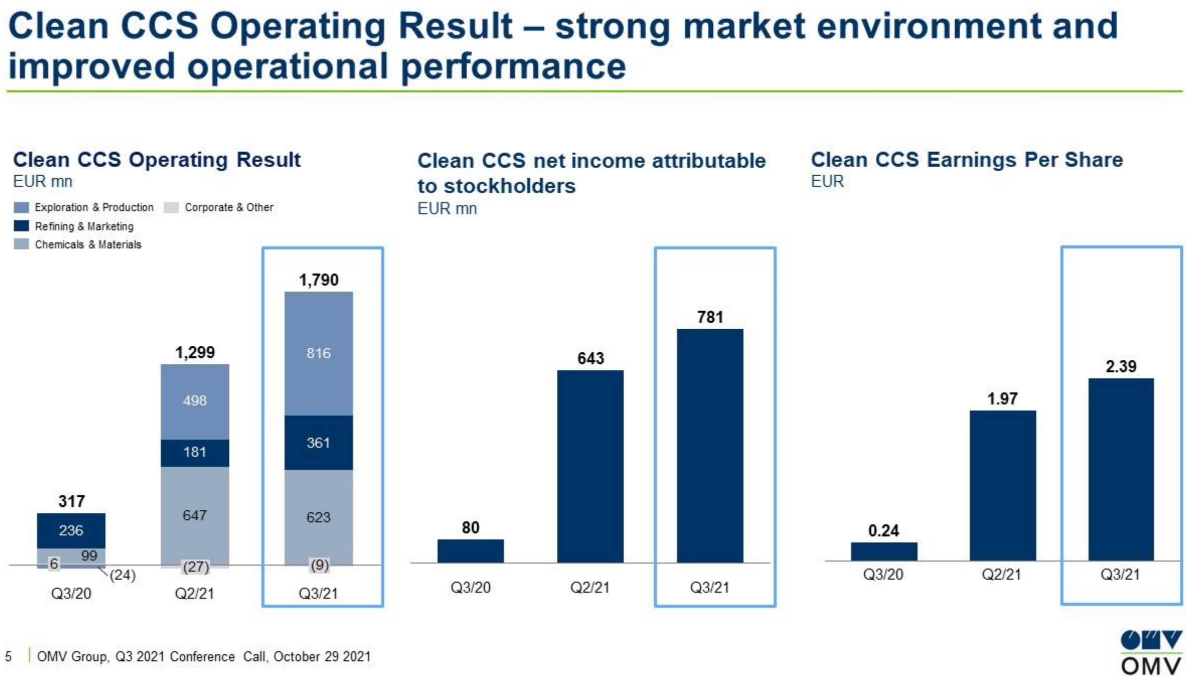
At 1.8 billion Euros, our clean CCS Operating Result reached a new all-time high for the second consecutive quarter. The result further increased by almost half a billion Euros compared with the previous quarter and was roughly six times higher than in the third quarter of 2020.

For the first time ever in a quarter, we were able to deliver a cash flow from operating activities – excluding net working capital effects – of 2 billion Euros.

Our Clean CCS Earnings per Share surged to 2.39 Euros, up tenfold year-on-year.

Looking at operations, our E&P production was 6 percent higher than in the third quarter of last year, primarily due to the return to full operations in Libya, a lower OPEC quota in the United Arab Emirates, and higher gas production in Norway. We have also seen an improvement in operations in R&M and C&M. The utilization rate of our refineries in Europe was 91 percent and the steam cracker utilization rate was 88 percent. Borealis once again delivered an excellent performance, driven by a very strong margin environment. Polyolefin sales volumes were stable in Europe, while those of the JVs recorded a slight decrease due to limited shipping container availability.

We also made further progress with our divestment program. Yesterday we announced the sale of our 25 percent share in the Wisting oil field in Norway to Lundin. The divestment is part of our E&P strategy to increase the share of natural gas over oil to reduce the carbon intensity of our product portfolio. We are focusing increasingly on low-carbon projects, shifting away from the substantial capital expenditures required for developing this project over the next years.


Clean CCS Operating Result – strong market environment and improved operational performance
Clean CCS Operating Result
EUR mn
Exploration & Production
Corporate & Other
Refining & Marketing
Chemicals & Materials
317
236
6
99
(24)
Q3/20
1,299
498
181
647
(27)
Q2/21
1,790
816
361
623
(9)
Q3/21
Clean CCS net income attributable to stockholders
EUR mn
80
643
781
Q3/20
Q2/21
Q3/21
Clean CCS Earnings Per Share
EUR
0.24
1.97
2.39
Q3/20
Q2/21
Q3/21
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Slide 5: Clean CCS Operating Result – strong market environment and improved operational performance

Let’s now turn to our financial performance in the third quarter of 2021.

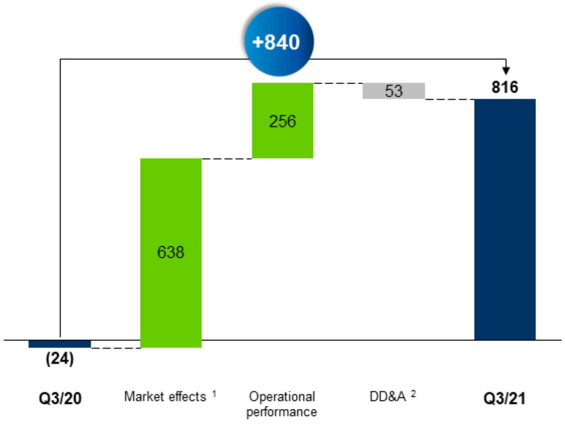
Our clean CCS Operating Result rose sharply by almost 1.5 billion Euros, compared with the third quarter of 2020, which was heavily impacted by the pandemic. All three segments contributed to the positive development. We saw a sharp increase in the Exploration & Production results, an improvement in Refining & Marketing and a continued strong contribution from the Chemicals & Materials business.

The clean CCS tax rate increased to 41 percent, which was 3 percentage points higher than in the same quarter last year. This was due to a significantly larger contribution from high-tax regime countries in Exploration & Production.

Clean CCS net income attributable to stockholders surged almost tenfold to 781 million Euros. Clean CCS Earnings Per Share amounted to 2 Euro and 39 cents.

Exploration & Production – considerably higher realized oil and gas prices, increased sales volumes

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, including write-ups

Q3/21 vs. Q3/20

- Significantly stronger market environment
  - Average realized crude oil price increased by 86%
  - Average realized natural gas price increased by 116%
  - Realized gas hedging loss of EUR (109) mn in Q3/21
  - Negative FX impact due to weaker USD/EUR
- Production of 470 kboe/d (+26 kboe/d)
  - Libya (+36 kboe/d)
  - Norway (+9 kboe/d)
  - UAE (+9 kboe/d)
  - Tunisia (+5 kboe/d)
  - Romania (-11 kboe/d)
  - Malaysia (-9 kboe/d)
  - Kazakhstan (-7 kboe/d)
  - New Zealand (-6 kboe/d)
- Sales volumes increased by +43 kboe/d following higher production volumes and a lifting catch-up effect in Libya
- Production costs decreased to USD 6.7/boe (-11%)

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Slide 6: Exploration & Production – considerably higher realized oil and gas prices, increased sales volumes

Let me now discuss the performance of our business segments.

The Clean Operating Result of Exploration & Production rose considerably to 816 million Euros from minus 24 million Euros in the third quarter of 2020. The driving factors were higher realized oil and gas prices, higher production and improved sales volumes due to a liftings catch-up effect in Libya. The increase in production was attributable to the return to full operations in Libya, a lower OPEC quota in the United Arab Emirates, and higher gas production in Norway.

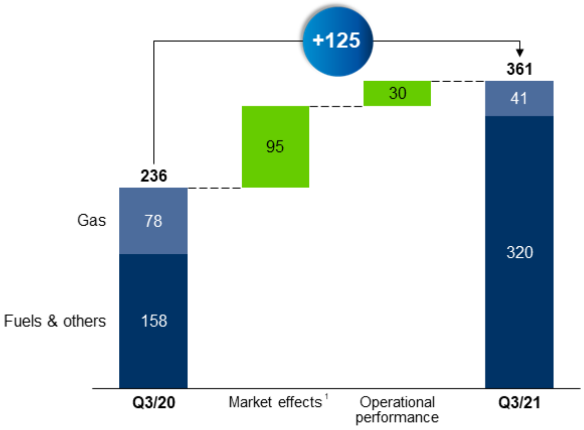
Compared with the third quarter of 2020, OMV's realized oil price increased by 86 percent and thus more than Brent. Our overall realized gas price more than doubled compared with the prior-year quarter. It increased less than the European gas prices, as only 20 percent of our gas production is directly linked to European spot pricing. Half of these volumes – about 10 percent of our total gas production – benefitted from the surging prices, while the other 10 percent was hedged at 20 Euro per megawatt hour. The remaining 80 percent of our gas portfolio is linked to domestic markets, where we have also seen increases, albeit more modest ones. The BAFA benchmark, based on which half of our production volumes in Russia are priced, trended upwards as well.

Our production rose by 26 to 470 thousand boe per day, due to a higher contribution from Libya, the UAE, Norway, and Tunisia. This was partially offset by a natural decline in Romania, maintenance activities in various countries, as well as divestments in Malaysia and Kazakhstan. In Russia, booster compressors were installed during the annual maintenance activities, and we expect production to increase again to above 100 thousand boe per day.

Total sales volumes increased by 43 thousand boe per day, due to higher production volumes and a significant catch-up effect of liftings in Libya.

Refining & Marketing – stronger refining margins, higher sales volumes and positive ADNOC Refining & Trading contribution

Clean CCS Operating Result
EUR mn



[1] Market effects based on refining indicator margin Europe

Q3/21 vs. Q3/20

- Stronger market environment
  - Significantly higher refining indicator margin Europe (USD 4.4./bbl vs USD 0.9/bbl)
- Operational performance
  - Almost flat refinery utilization rate Europe (91% vs. 90%)
  - Stronger retail performance due to higher volumes (+7%) and unit margins, as well as increased non-fuel sales
  - Higher commercial performance due to higher volumes (+21%), driven by jet fuel and higher unit margins
  - Lower contribution from margin hedges
  - Positive ADNOC Refining and Trading contribution due to higher refining margins and utilization rate
  - Lower gas result mainly driven by divestment of Gas Connect Austria in May

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Slide 7: Refining & Marketing – stronger refining margins, higher sales volumes and positive ADNOC Refining & Trading contribution

The clean CCS Operating Result in Refining & Marketing grew by 53 percent year-on-year to 361 million Euros, due to stronger refining margins, higher sales volumes, and a positive contribution from ADNOC Refining and Trading. The increase was partially offset by the divestment of Gas Connect Austria in May. Margin hedges contributed positively to the result, however to a much lesser extent than in the prior-year quarter.

We have seen a robust demand recovery. Total sales volumes were 14 percent above the third quarter of 2020, with a significant uptick in jet fuel sales. Both, the commercial and the retail businesses, delivered an improved contribution, driven by higher unit margins and sales. Retail volumes were slightly above the pre-pandemic level. Jet fuel volumes recorded a strong increase compared with the third quarter of last year, but were on average still 40 percent below pre-pandemic volumes.

The contribution from ADNOC Refining and Trading improved significantly from minus 49 million Euros to 6 million Euros, due to increased refining margins and higher utilization rates. ADNOC Global Trading, which started its activities at the end of 2020, contributed to this result.

The results from the gas business declined from the outstanding high level of the prior-year quarter to 41 million Euros. The result was impacted by the divestment of Gas Connect Austria, higher storage expenses and a lower contribution from the power business in Romania. However, we benefitted from the high market volatility through supply and sales contracts. Gas sales volumes rose by 20 percent, on account of higher sales in Germany and the Netherlands and were slightly offset by lower sales in Austria, Hungary, and Romania.

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Chemicals & Materials – continued strong performance of Borealis, underpinned by attractive market environment

Clean Operating Result
EUR mn

Q3/21 vs. Q3/20

- Significantly stronger market environment
  - Higher ethylene and propylene indicator margins (+22%, +41%)
  - Strong European PE and PP indicator margins (+43%, +91%)
- Higher steam cracker utilization rate (88% vs 64%)
- Significantly higher OMV base chemicals contribution due to stronger market environment
- Borealis excluding JVs
  - Stable polyolefin sales volumes, with a higher share of specialties (e.g. Energy segment)
  - Higher NITRO results due to reclassification of the business as an asset held for sale
  - Positive inventory valuation effects in olefins, polyolefins and Nitro
  - Full consolidation in Q3/21 vs. 36% of net income in Q3/20
- Borealis JVs
  - Stronger performance driven by improved market prices in Asia and US, partially offset by lower volumes at Borouge
  - Increased contribution due to full consolidation of Borealis

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[1] Based on externally published quotations and volumes for main product categories; excluding inventory effects; not adjusted for effect from intercompany profit elimination

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Slide 8: Chemicals & Materials – continued strong performance of Borealis, underpinned by attractive market environment

The clean Operating Result of Chemicals & Materials increased from 99 to 623 million Euros. This outstanding development was driven by strong margins, positive inventory valuation effects and the full consolidation of Borealis.

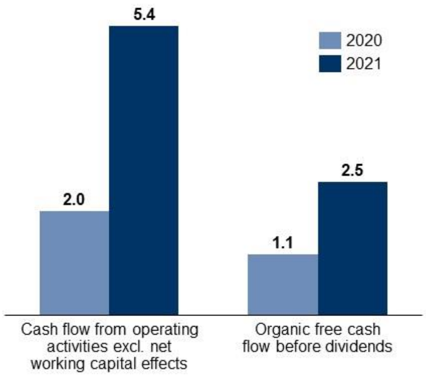
The contribution of OMV base chemicals more than doubled due to higher ethylene and propylene indicator margins. Butadiene and benzene margins were also significantly higher than prior-year quarter.

Borealis again delivered an excellent performance. Excluding the Joint Ventures, earnings grew from 59 to 400 million Euros. The Borealis base chemicals business improved due to higher margins and steam cracker utilization as well as positive inventory valuation effects. In the third quarter of 2020, contrary to 2021, it included positive light feedstock advantage. Polyolefin earnings rose sharply, driven by substantially higher margins and positive inventory valuation effects. Polyolefin sales volumes in Europe were stable overall, but the share of specialty products grew, primarily driven by the Energy segment, where we can see an increase in investments in renewable energy and the related power grid. The contribution from the fertilizer business was higher, as it benefitted from positive inventory valuation effects and the reclassification as an asset held for sale. This was partially offset by reduced ammonia production and higher variable costs following record high natural gas prices.

The contribution from Borealis Joint Ventures – Borouge and Baystar – came in at 137 million Euros and benefited from an increase in polyolefin prices in Asia and the United States. Polyolefin sales volumes of the JVs declined slightly by 3 percent, due to lower volumes at Borouge. The decrease was caused by logistics constraints due to limited shipping container availability in Asia.

Record cash flow from operating activities excluding net working capital effects of EUR 5.4 bn in 9m/21

Cash flow 9m/21 vs. 9m/20
EUR bn



- Increase of **EUR 3.5 bn** in cash flow from operating activities excluding net working capital effects
- Net working capital effects of EUR (1.2) bn (9m/20: EUR 502 mn)
- **Cash flow from operating activities of EUR 4.2 bn** (9m/20: EUR 2.5 bn)
- Organic cash flow from investing activities [1] at EUR (1.7) bn (9m/20: EUR (1.3) bn)
- **Organic free cash flow before dividends [2] of EUR 2.5 bn** (9m/20: EUR 1.1 bn)
- Dividends paid of EUR (917) mn, thereof:
  - OMV stockholders: EUR (605) mn (9m/20: EUR 0 mn) [3]
  - OMV Petrom minorities: EUR (171) mn (9m/20: EUR (174) mn)
  - Borealis minorities: EUR (38) mn (9m/20: EUR 0 mn)
  - Gas Connect Austria minorities: EUR (31) mn (9m/20: EUR (28) mn)
  - Slovenia minorities: EUR (21) mn (9m/20: EUR 0 mn)
  - Hybrid owners: EUR (48) mn (9m/20: EUR (14) mn)
- Inorganic cash flow from investing activities of EUR 363 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.
[3] Dividend in 2020 was paid in Q4 2020.

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Slide 9: Record cash flow from operating activities excluding net working capital effects of EUR 5.4 bn in 9m/21

Turning to cash flow, our third-quarter operating cash flow ─ excluding net working capital effects ─ reached a historical record of 2 billion Euros, and thus almost tripled compared with the previous year's quarter.

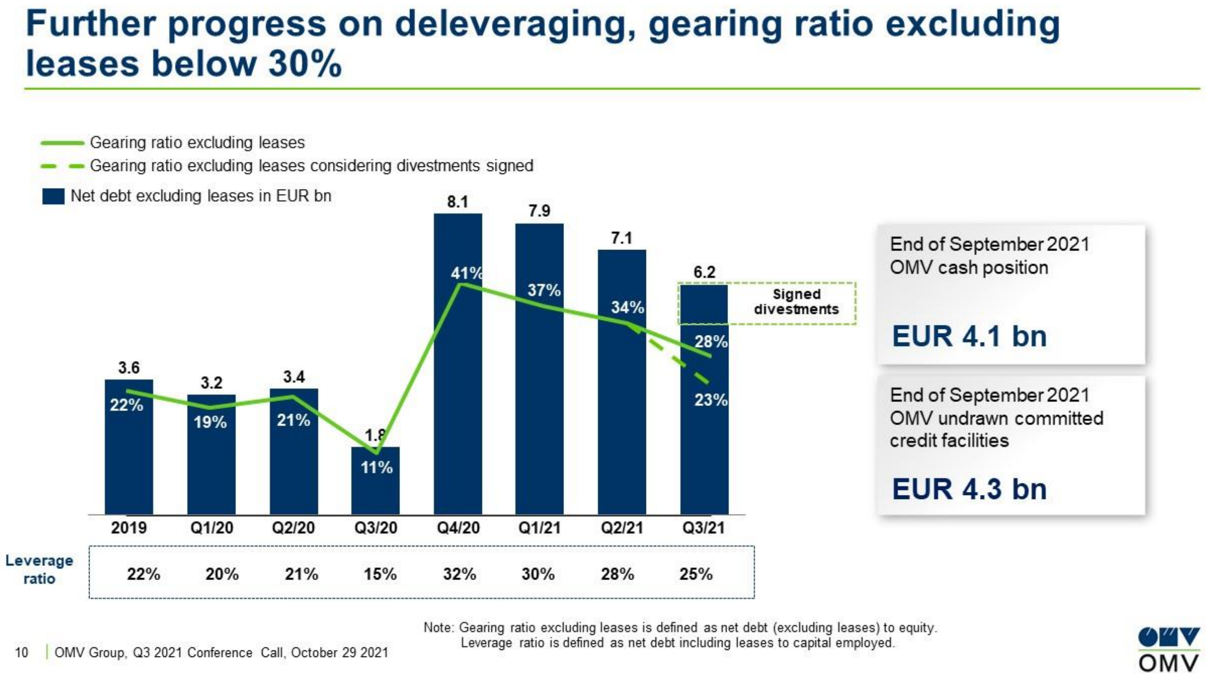
Net working capital effects generated a substantial cash outflow of about 400 million Euros in the quarter, mainly attributable to substantially higher oil and gas prices. Despite the considerably negative effects, we recorded an excellent cash flow from operating activities for the quarter of above 1.6 billion Euros.

Looking at the nine-month picture, cash flow from operating activities ─ excluding net working capital effects ─ amounted to 5.4 billion Euros – a huge increase of almost 3.5 billion Euros compared with the first nine months of last year. This is a remarkable achievement as we generated for the first time more than a 5-billion-Euro cash flow from operating activities excluding net working capital effects. And this after only three quarters.

Despite a big swing in net working capital effects, cash flow from operating activities increased by 72 percent to 4.2 billion Euros. While in the first nine months of 2020, we recorded an inflow of 502 million Euros, in the same period of this year we had an outflow of 1.2 billion Euros.

The organic cash outflow from investing activities amounted to around 1.7 billion Euros, which is 31 percent higher than in the same period last year. This is primarily attributable to the new segment Chemicals & Materials.

The organic free cash flow before dividends for the first nine months came in at around 2.5 billion Euros and thus contributed significantly to the deleveraging of the company.


Further progress on deleveraging, gearing ratio excluding leases below 30%
Gearing ratio excluding leases
Gearing ratio excluding leases considering divestments signed
Net debt excluding leases in EUR bn
3.6
3.2
3.4
1.8
8.1
7.9
7.1
6.2
22%
19%
21%
11%
41%
37%
34%
28%
23%
Signed divestments
2019
Q1/20
Q2/20
Q3/20
Q4/20
Q1/21
Q2/21
Q3/21
Leverage ratio
22%
20%
21%
15%
32%
30%
28%
25%
End of September 2021 OMV cash position
EUR 4.1 bn
End of September 2021 OMV undrawn committed credit facilities
EUR 4.3 bn
Note: Gearing ratio excluding leases is defined as net debt (excluding leases) to equity.
Leverage ratio is defined as net debt including leases to capital employed.
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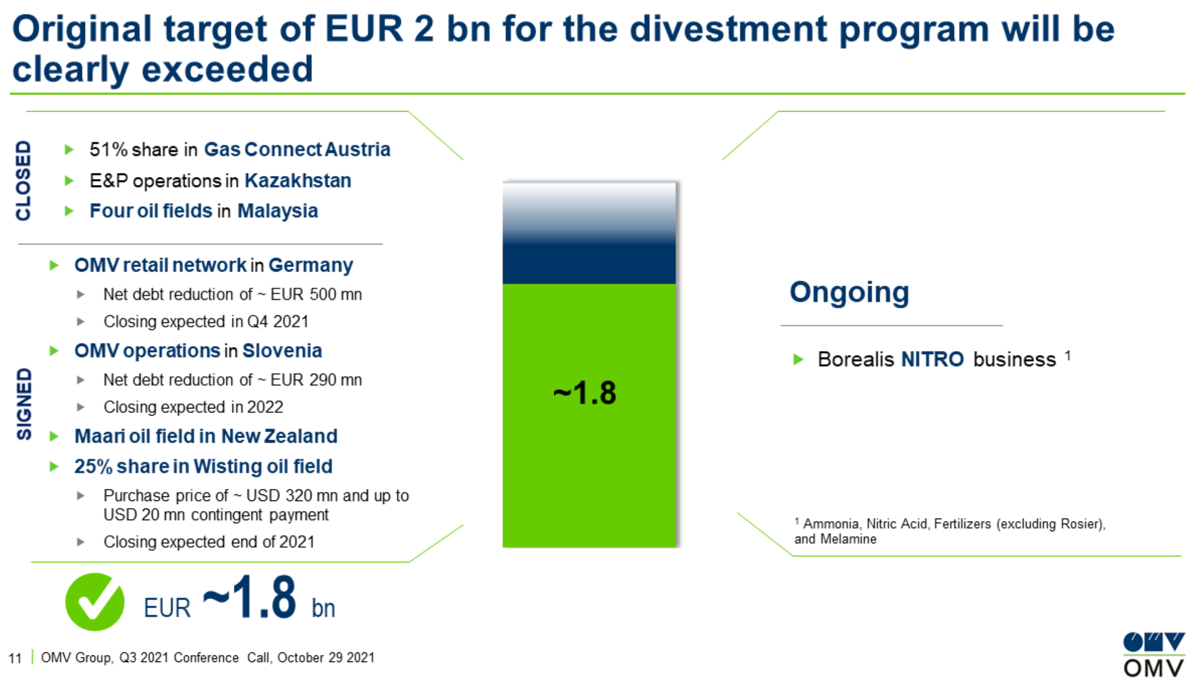
Slide 10: Further progress on deleveraging, gearing ratio excluding leases below 30%

Thanks to the outstanding cash generation and the progress with the disposal program, net debt excluding leases decreased by 934 million Euros to 6.2 billion Euros compared to the second quarter of this year. Consequently, our gearing ratio excluding leases – defined as net debt excluding leases to equity – decreased by another 6 percentage points to 28 percent. Ladies and gentlemen, as promised, we deleveraged fast and we have already exceeded our end-of-the-year target of a gearing ratio excluding leases of around 30 percent.

If we considered the divestment projects already signed, which will lead to a further net debt reduction of around 1.1 billion Euros, our gearing ratio excluding leases would be at 23 percent, down by another 5 percentage points.

At the end of September 2021, OMV had a cash position of 4.1 billion Euros and 4.3 billion Euros in undrawn committed credit facilities.

Given our strong balance sheet, in October we decided to repay one tranche of hybrid bonds in the amount of 750 million Euros with a coupon of 5.25 percent. In addition, we repaid a 500 million Eurobond with a coupon of 4.25 percent, as it had reached maturity. While this significantly improves our financing cost, it has an impact on the gearing ratio, which is expected to increase by around 5 percentage points. Despite this effect, we will be below the envisaged gearing ratio of maximum 30 percent by the end of the year.


Original target of EUR 2 bn for the divestment program will be clearly exceeded
CLOSED
51% share in Gas Connect Austria
E&P operations in Kazakhstan
Four oil fields in Malaysia
SIGNED
OMV retail network in Germany
Net debt reduction of ~ EUR 500 mn
Closing expected in Q4 2021
OMV operations in Slovenia
Net debt reduction of ~ EUR 290 mn
Closing expected in 2022
Maari oil field in New Zealand
25% share in Wisting oil field
Purchase price of ~ USD 320 mn and up to USD 20 mn contingent payment
Closing expected end of 2021
EUR ~1.8 bn
~1.8
Ongoing
Borealis NITRO business 1
1 Ammonia, Nitric Acid, Fertilizers (excluding Rosier), and Melamine
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Slide 11: Original target of EUR 2 bn for the divestment program will be clearly exceeded

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

Since the announcement of the program last year in March, we have signed agreements resulting in a deleveraging effect of around 1.8 billion Euros. After the successful closing of three projects this year, we realized around 700 million Euros. In the fourth quarter, we expect additional closings with a deleveraging effect of around 800 million Euros. This includes the sale agreement for the retail stations in Germany and the before mentioned divestment of our 25 percent share in the Wisting oil field. The sales price for our stake in Wisting amounts to 320 million Dollars. In addition, there is a contingent payment of up to 20 million Dollars depending on the final project Capex. Closing of the transaction is expected by end of this year.

The closing of the divestment of our Slovenian retail and commercial business is expected next year.

The sales process for Borealis' NITRO business is progressing well. We consider the high gas price environment only a temporary challenge and we still expect to sign the transaction by the end of the year.

Updated outlook 2021

	2020	9m/2021	Outlook FY 2021
Brent oil price (USD/bbl)	42	68	**~70** (previously 65–70)
Average realized gas price (EUR/MWh)	8.9	13	**>15** (previously >12)
Total hydrocarbon production (kboe/d)	463	485	**>480** (previously ~480)
OMV indicator refining margin Europe (USD/bbl)	2.4	2.80	**~3.5** (previously ~2.4)
Utilization rate European refineries (%)	86	86	**>86** (previously ~86)
Europe ethylene indicator margin (EUR/t)	435	458	**>435** (previously 435)
Europe propylene indicator margin (EUR/t)	364	435	**≫364** (previously >364)
Europe polyethylene indicator margin (EUR/t) [1]	350	623	**≫350**
Europe polypropylene indicator margin (EUR/t) [2]	413	750	**≫413**
Borealis sales volumes excluding JVs (in mn t)	3.88	2.99	**>3.88**
Organic CAPEX (EUR bn)	1.9 [3]	1.7	**2.7**

[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] Borealis CAPEX consolidated since October 29, 2020

Slide 12: Updated outlook 2021

Let me conclude with an update on our outlook for this year.

Based on the developments we have seen so far, we now expect an average Brent price of around 70 Dollars per barrel for 2021 and an average realized gas price of more than 15 Euros per megawatt hour.

We have no oil hedges in place, but we have hedged around 10 percent of our gas production at around 27 Euros per megawatt hour in the fourth quarter of this year and at 29 Euros per megawatt hour in the first quarter of 2022.

We have slightly raised the full-year production guidance to more than 480 thousand boe per day in 2021. In the fourth quarter, we expect production to be above that of the third quarter. Volumes in Russia are expected to exceed 100 thousand boe per day, following the installation of booster compressors. On the other hand, sales volumes will not benefit anymore from the liftings catch-up effect in Libya.

In Refining & Marketing, we have increased our estimate for the refining indicator margin by more than 1 Dollar to around 3.5 Dollars per barrel, given the improvements we have seen in recent months. The utilization rate of our European refineries is now anticipated to be above the prior-year level.

In Chemicals & Materials, we now expect the European ethylene margin to be above and the propylene margin to be substantially above the respective prior-year level. The utilization rate of our steam crackers is forecast to stay above 90 percent.

In polyolefins, we expect a balanced market in the fourth quarter, supported by good demand and ongoing constraints on deep-sea container availability, limiting imports into Europe. However, given the rising energy prices and an increase in European production, polyolefin margins are expected to decline, but stay substantially above the level of 2020. We are reconfirming the outlook for the polyolefin volumes of Borealis excluding JVs, which are expected to be higher than in 2020.

The clean tax rate for the full year is expected to be in the high-thirties.

Thank you for your attention. Now Reinhard and I will be happy to take your questions.