



OMV STRATEGY **2025**

CAPITAL MARKETS DAY
London | March 13, 2018

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Capital Markets Day

Manfred Leitner
Downstream Executive Board Member

London, March 13, 2018

OMV Aktiengesellschaft

OMV Downstream in a nutshell – 2017

~15%
Gas



~50%
Fuels

~35%
Petrochemicals

Focus on Europe

0.4

Lost Time Injury
Rate

17.8 mn t

Refining capacity

2.5 mn t

Petrochemical
capacity

2,039

Retail sites

36%

Share in Borealis

11 bcm

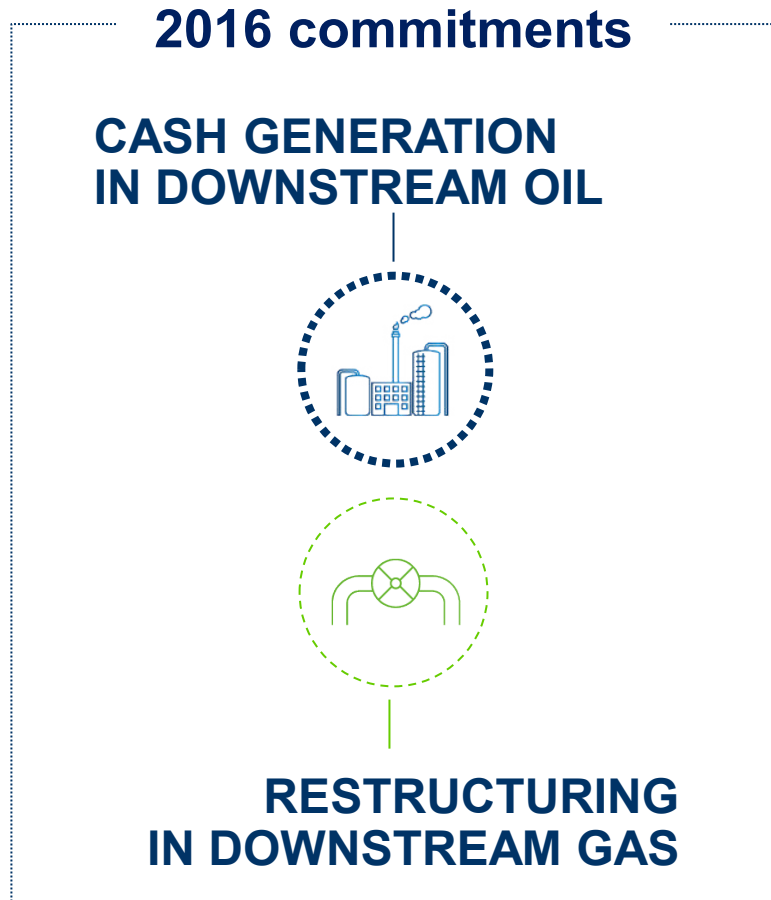
Gas sales

**Downstream Company
of the Year ¹**

Schwechat refinery, Austria

Awarded by Petroleum Economist in 2017

We delivered on our promises



DOWNSTREAM OIL

- ✓ Improved operational excellence
- ✓ Maintained strict capital and cost discipline
- ✓ Divested Turkish oil business (OMV Petrol Ofisi)
- ✓ Acquired Austrian discount retail network

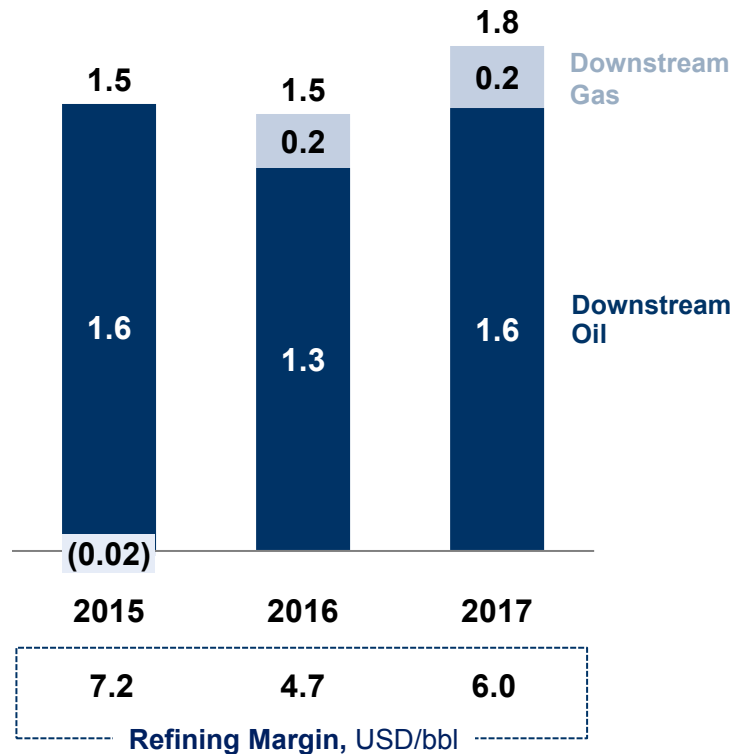
DOWNSTREAM GAS

- ✓ Created lean basis for European gas sales business
- ✓ Divested wind power business in Romania
- ✓ Reduced exposure in regulated infrastructure
- ✓ Signed financing agreements for Nord Stream 2

Strong contributor to OMV Group financials

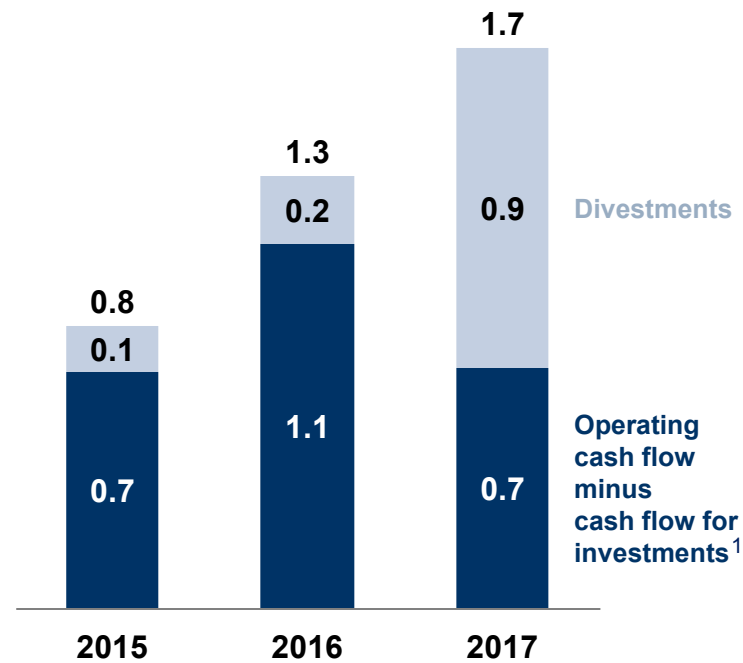
Improvement in operations

Clean CCS Operating Result, EUR bn



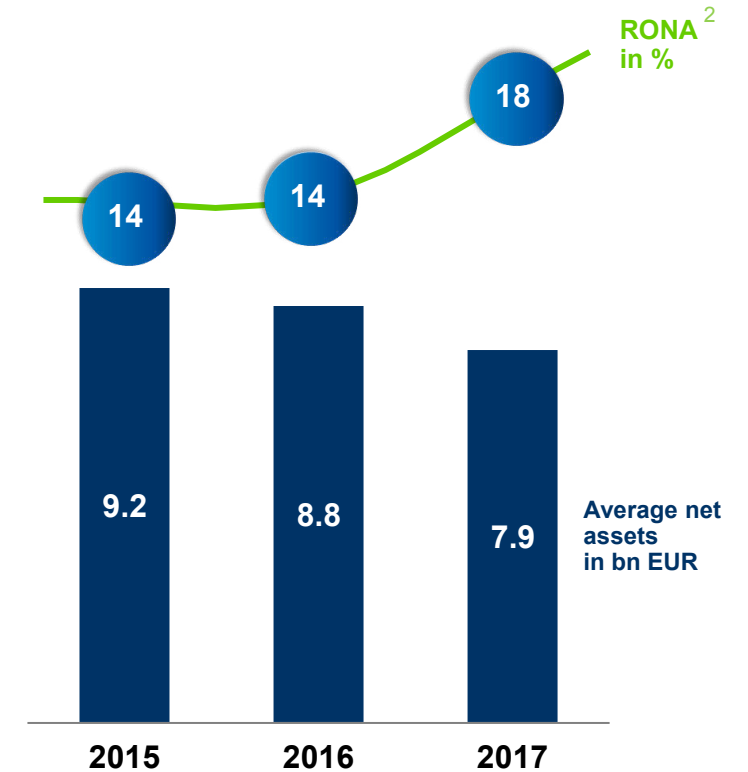
Strong cash flow generator

Free cash flow, EUR bn



¹ Including 324 mn EUR cash flow for investments in Nord Stream 2 in 2017

Attractive returns



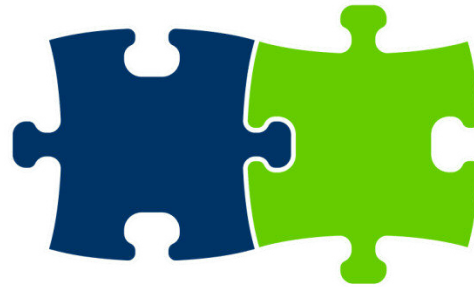
² Return On Net Assets = NOPAT divided by average net assets, expressed as a percentage

Key success factors for OMV Downstream

DOWNSTREAM OIL



- ▶ **#1st quartile** European refiner ¹ and olefin producer ²
- ▶ High share of **secure product outlets**
- ▶ Strong **retail brands** in core markets and premium fuels
- ▶ Excellent management of **integrated oil value chain**



DOWNSTREAM GAS



- ▶ **Integrated gas value chain** from well to customer
- ▶ Long-term **reliable partnerships** with Europe's major gas suppliers
- ▶ Positioned at the **center of Europe's transmission network** ³ in Baumgarten (Austria)

¹ According to Solomon benchmark. Fuel Net Cash Margin, Cash Opex, Maintenance, Energy intensity
² According to Solomon benchmark. Olefins Cash Opex, Maintenance, Energy intensity

³ OMV holds 51% stake in pipeline operator Gas Connect Austria

Downstream strategy 2025



Europe

- ▶ **Downstream Oil:** Further strengthen competitive position
- ▶ **Downstream Gas:** Become the leading integrated supplier with a strong market presence from North West to South East Europe

International

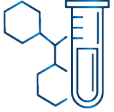















- ▶ Export successful European refining and petrochemical business model to international growth markets
- ▶ Increase petrochemical and refining capacity

Europe – further grow competitive position

Cash generator

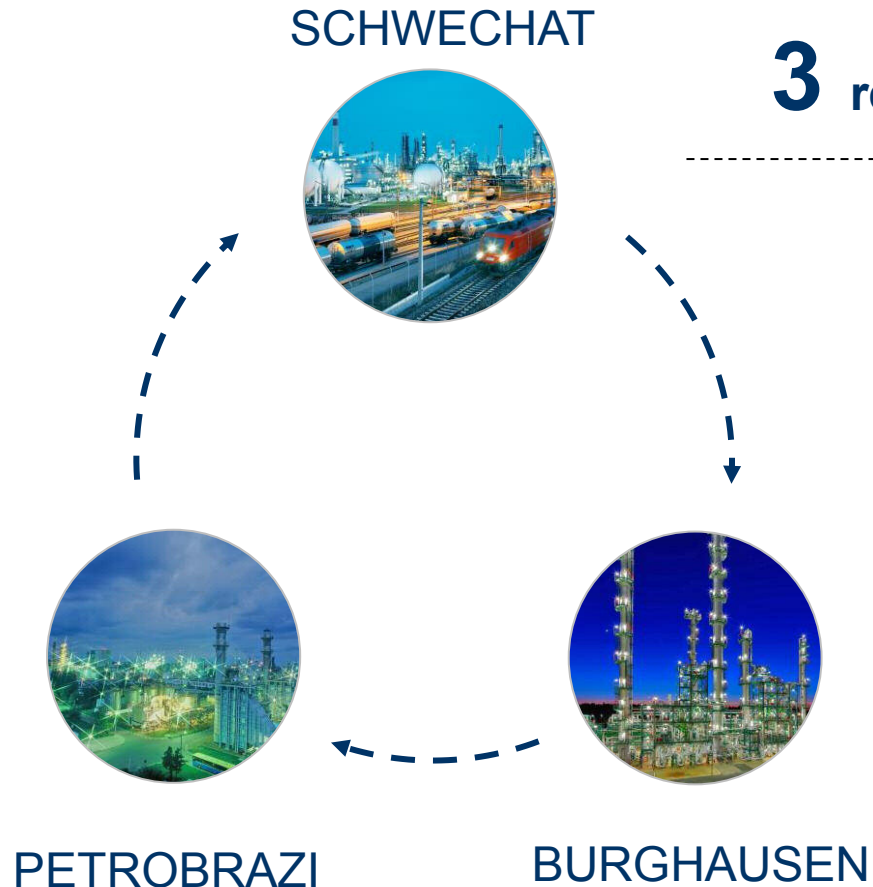
- ▶ Operational excellence
- ▶ Shift to higher value products
- ▶ Further increase captive sales channels
- ▶ Double gas sales volumes
- ▶ Stringent cost management

OMV will upgrade its European refining assets to market changes

	European market 2016 - 2025	OMV European production volume 2025	
		Change	2025 volumes
 Petrochemicals		 	2.8 mn t
 Fuels – Jet		 	1.9 mn t
 Fuels – Gasoline & Diesel		 	9.8 mn t
 Heavy Products		 	0.9 mn t

- ▶ **Up to EUR ~ 1 bn** planned investments for upgrades in 2018 - 2025
- ▶ Increase production of **petrochemicals**
- ▶ Maximize **jet fuel production** and leverage the direct pipeline connection to Vienna and Munich airports
- ▶ Become **heavy fuel oil free** in Western refineries
- ▶ Upgrade to higher value products in **Petrobrazil refinery**
- ▶ **Stable total refining** capacity of 17.8 mn t

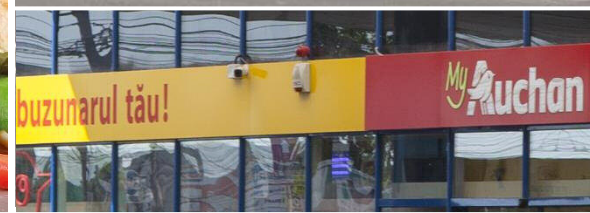
Continuous efforts on operational excellence



3 refining sites = **1** integrated refinery concept

- ▶ Optimize asset utilization through **intermediate product exchanges**
- ▶ Increase the **share of higher value products** with minimum investments
- ▶ Identify and **maximize high margin feedstock**
- ▶ **EUR ~ 50 mn benefits yearly**

OMV Retail – strong brands driving value growth



OMV

- ▶ 65% of network
- ▶ Premium fuels; share in sales **doubled since 2012**
- ▶ **Leading shop and gastronomy concept** in CEE
- ▶ **Non-oil business is one third contributor** to retail margin

Petrom

- ▶ 25% of network
- ▶ Most trusted retail brand in Romania
- ▶ Pilot cooperation with **hypermarket Auchan**

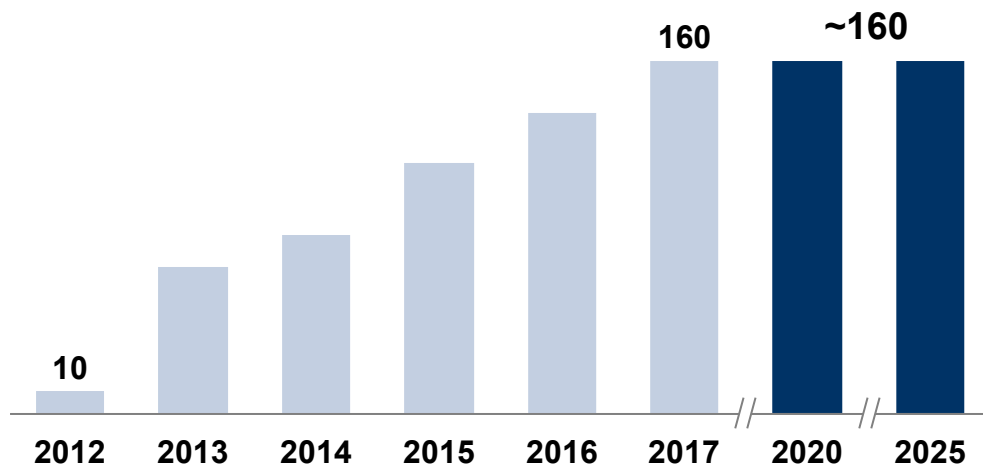
Avanti and Diskont

- ▶ 10% of network
- ▶ Perceived as most competitive in pricing

Retail ambitions for the future

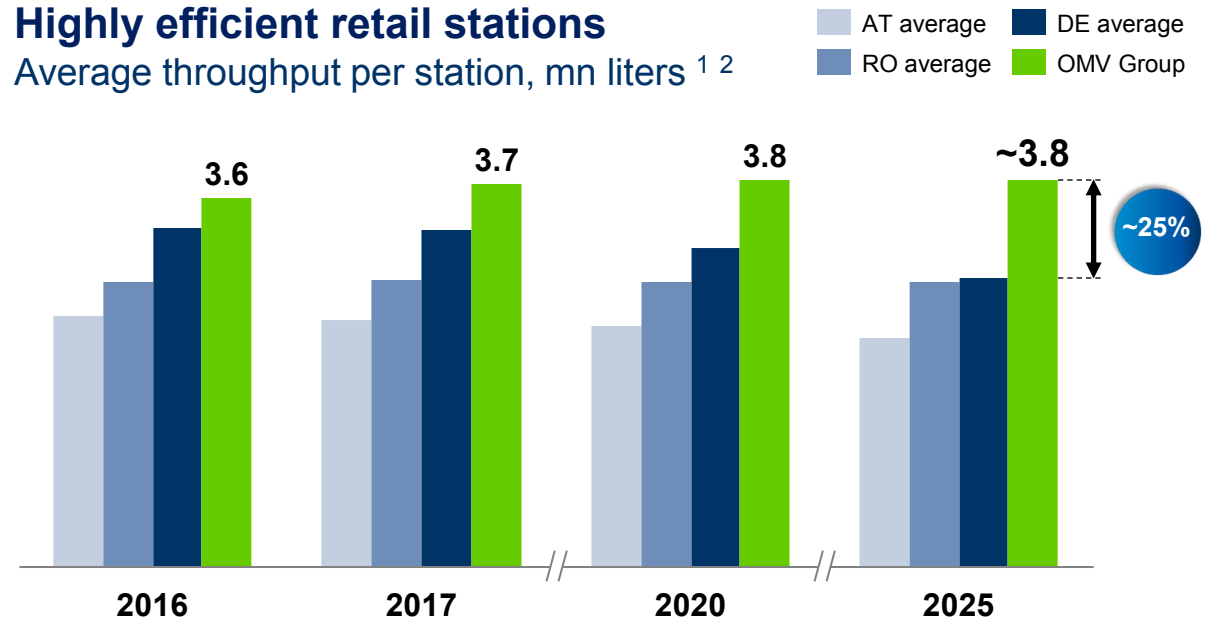
Profitability turnaround in last 6 years

Operating Result per filling station, EUR 1,000 ¹



Highly efficient retail stations

Average throughput per station, mn liters ^{1 2}



- ▶ Maintain **retail profitability** in a declining market
- ▶ **Grow non-oil business** as key differentiator to attract customers
- ▶ Further optimize **cost efficiencies**

- ▶ **Increase sales volumes**
 - ▶ Average throughput per station **above country market averages**
 - ▶ Increase market share in Austria and expand to South German, Hungarian and Slovenian **discount retail market**

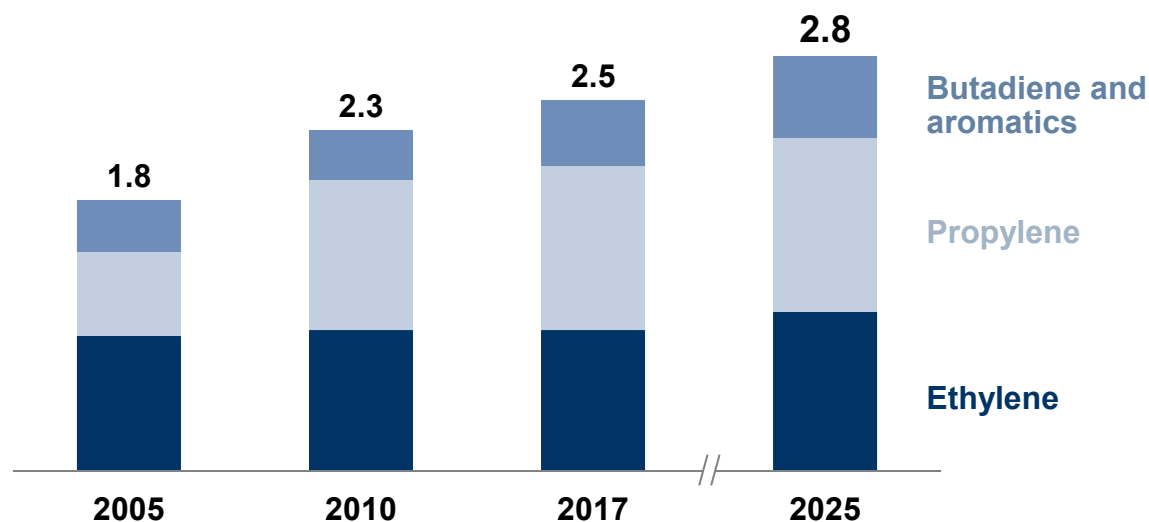
¹ Excluding OMV Petrol Ofisi

² Country averages. Source: Wood Mackenzie

Strong petrochemicals position in Europe and potential for future growth

Production capacity

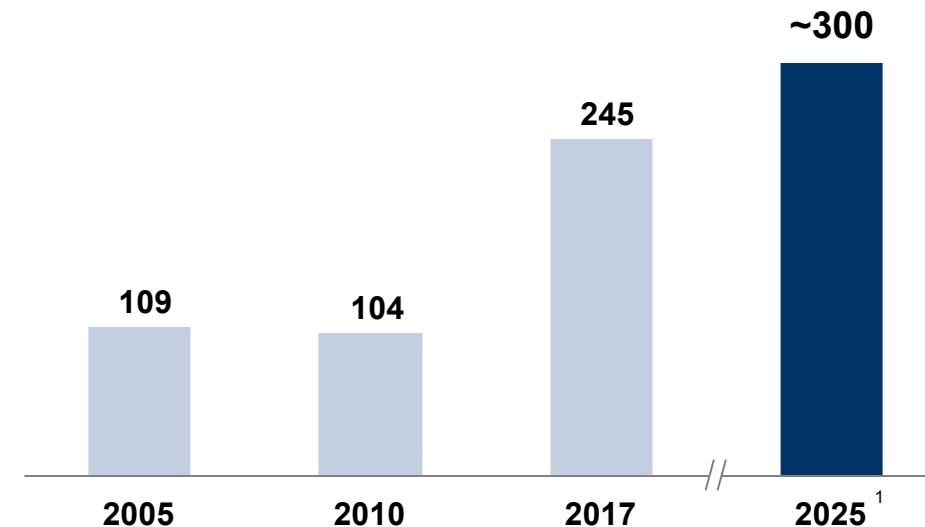
Mn t p.a.



- ▶ Strong partnerships with long-term customers
- ▶ Projects under preparation
 - ▶ Increase production of higher value butene (high purity iso-butene) by 2020
 - ▶ **Steam cracker expansion** in Burghausen by 2021

Clean CCS Operating Result petrochemicals

EUR mn



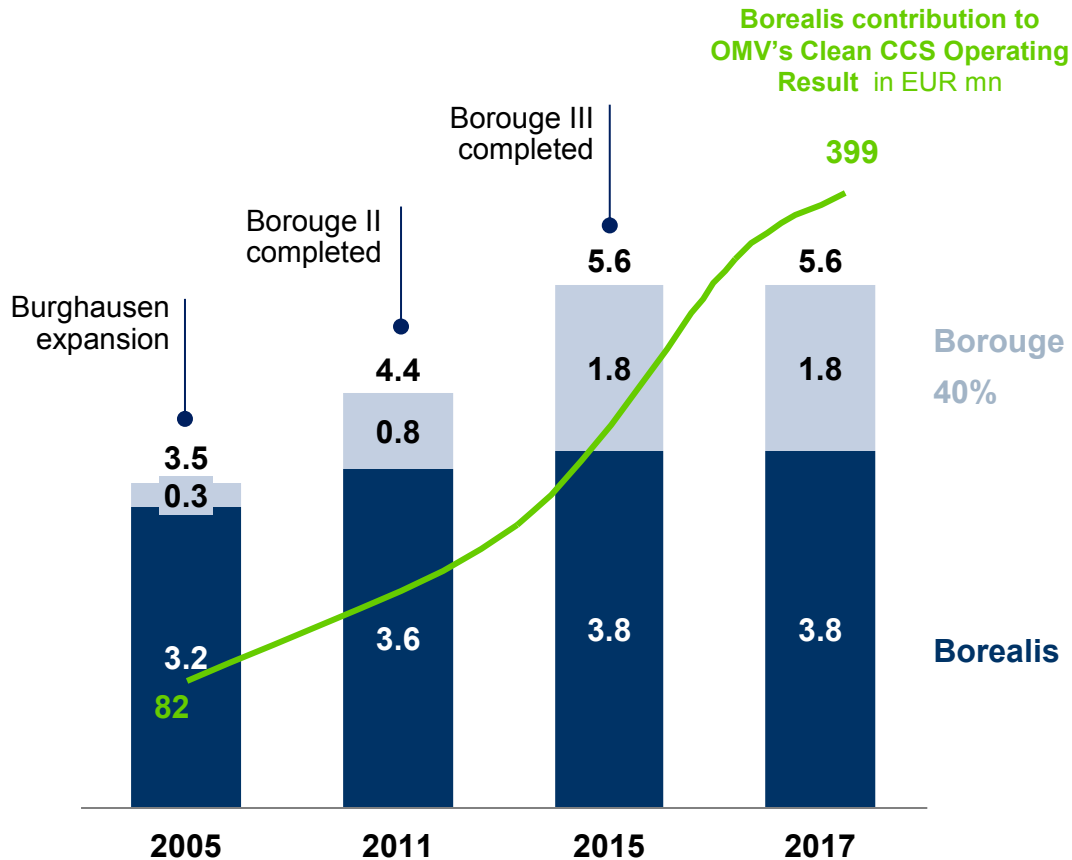
- ▶ Petrochemical projects under evaluation
 - ▶ Evaluate expansion in **Schwechat** together with Borealis
 - ▶ Evaluate potential for **Petrobrazil** refinery
 - ▶ Screen market for petrochemical opportunities

¹ Ethylene/propylene net margin at the level of actual 2017. Butadiene margin 2017 normalized.

The share in Borealis is a core asset in OMV Downstream and a basis for further growth

Polyolefin production capacity

Mn t p.a.



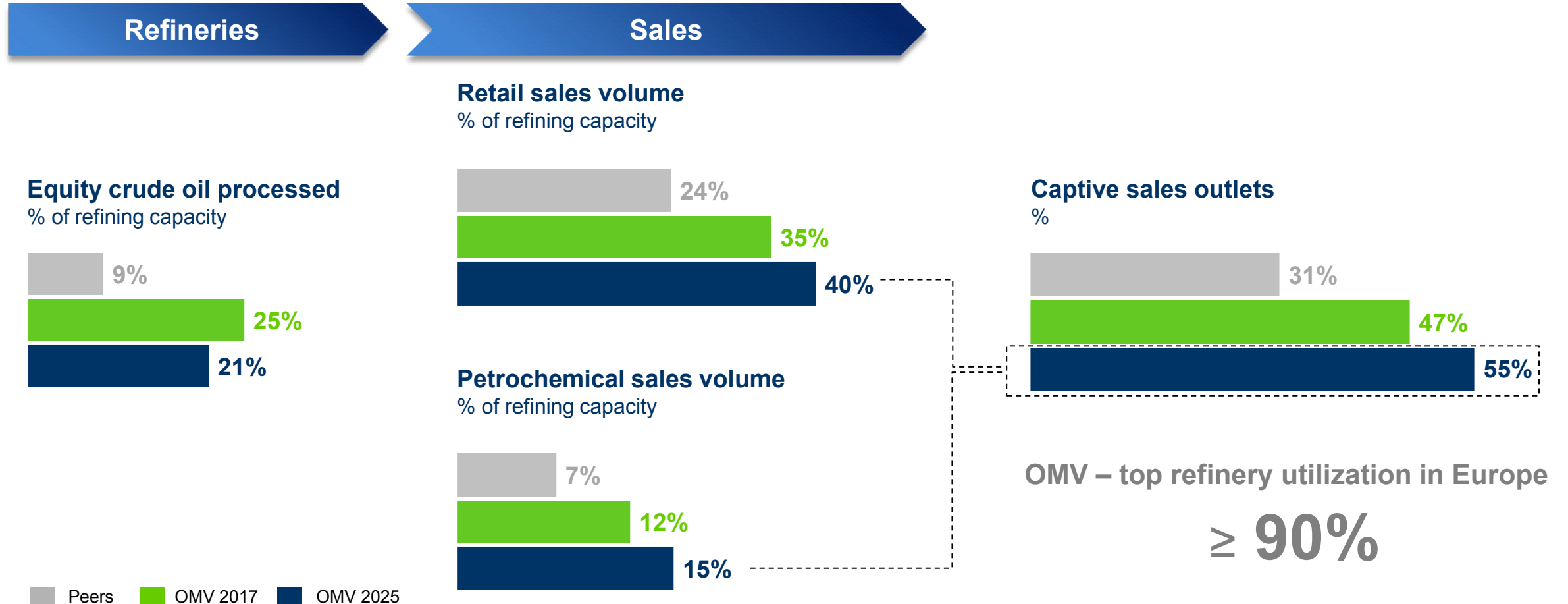
Borealis

- ▶ **#6** in polyolefins **globally** (incl. 100% of Borouge)
- ▶ **#2** in polyolefins in **Europe**
- ▶ **JV with ADNOC** in Borouge, Abu Dhabi – largest polyolefin site in the world
- ▶ Growth projects in USA and UAE
- ▶ **Strong contributor** to OMV's profitability (36% share in Borealis)

Borealis – OMV cooperation

- ▶ Site integration „**across the fence**“ in Schwechat and Burghausen
- ▶ Operational synergies

OMV will further improve its best in class captive sales volume

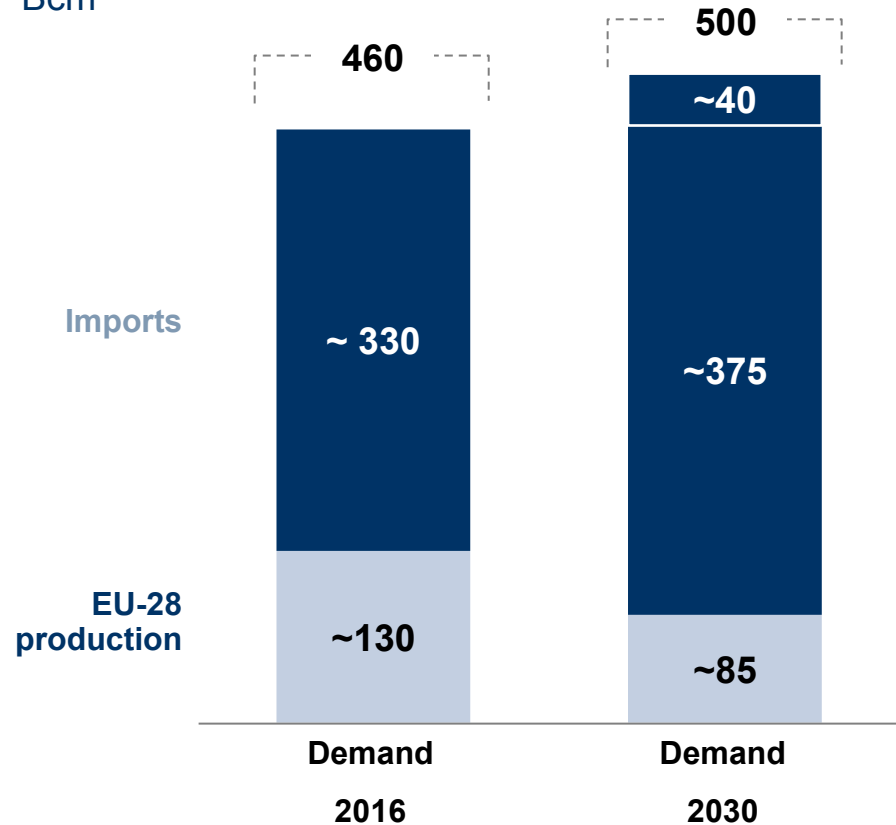


OMV in 2017 excluding OMV Petrol Ofisi
Peers: BP Europe, ENI Europe, Exxon Europe, Lotos, MOL, NIS, Phillips 66 Europe, PKN Orlen, Repsol Europe, Rompetrol, Shell Europe, Total Europe. Values as of 2016.

Europe needs more natural gas

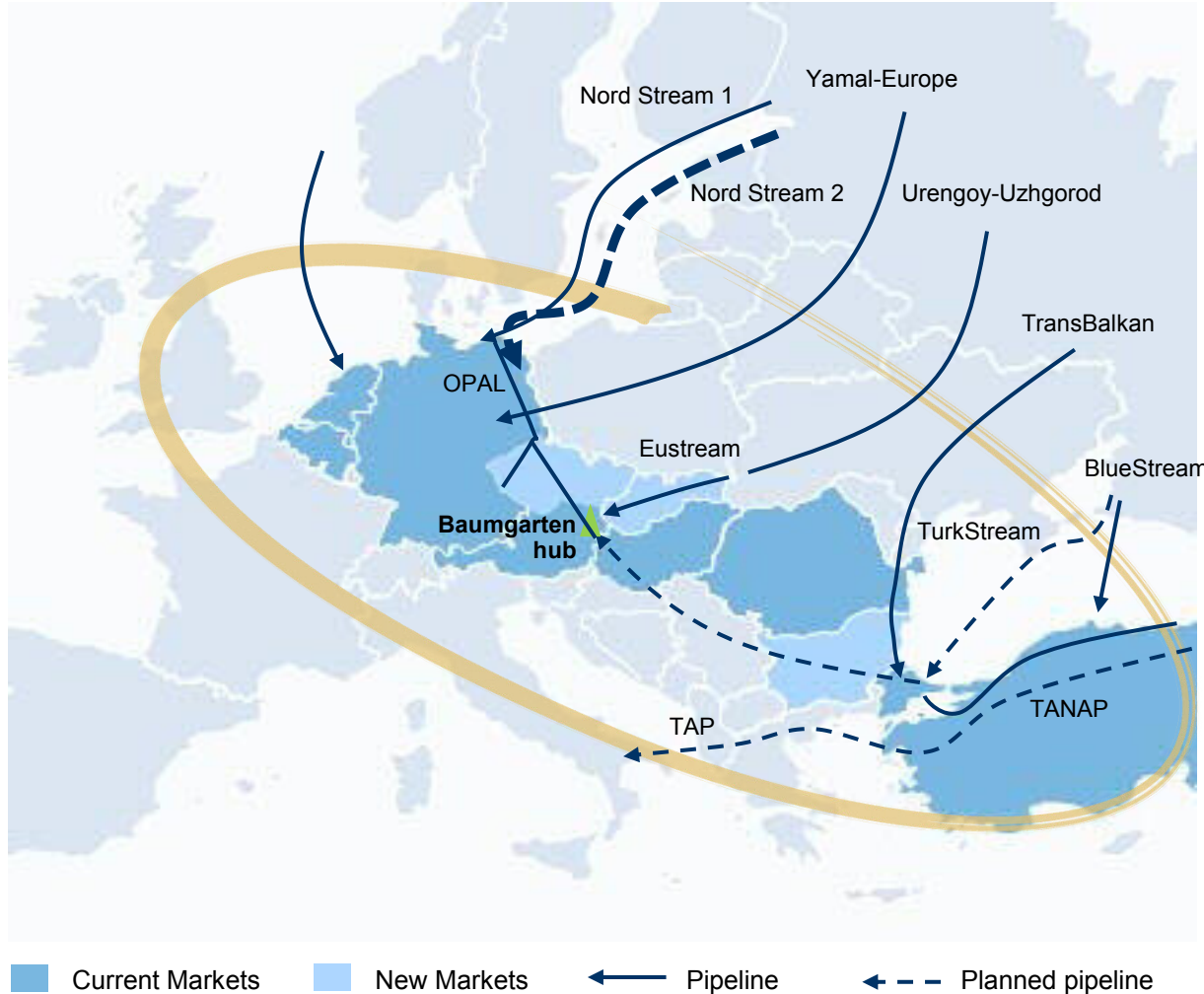
EU-28 gas supply and demand

Bcm



- ▶ Increasing European gas demand supported by the switch from coal to gas
- ▶ **Declining European indigenous production** requires further **gas import volumes**

OMV aims to double the natural gas sales and build a strong market presence in Europe



- ▶ **Increase equity gas volumes** in Norway, Romania and Russia
- ▶ Leverage **Nord Stream 2** to support Baumgarten hub
- ▶ **Secure utilization** of LNG terminal in Rotterdam
- ▶ Increase sales volumes to **>20 bcm by 2025**
- ▶ Reach **10%** market share in **Germany**
- ▶ Evaluate **inorganic growth options** in commercially attractive business segments

Develop international Downstream Oil position

Export successful European model to growing markets

- ▶ Establish 1-2 core regions outside Europe; MoU with ADNOC
- ▶ Expand petrochemical position
- ▶ Grow refining capacity



Long term
Nearly double
refining capacity

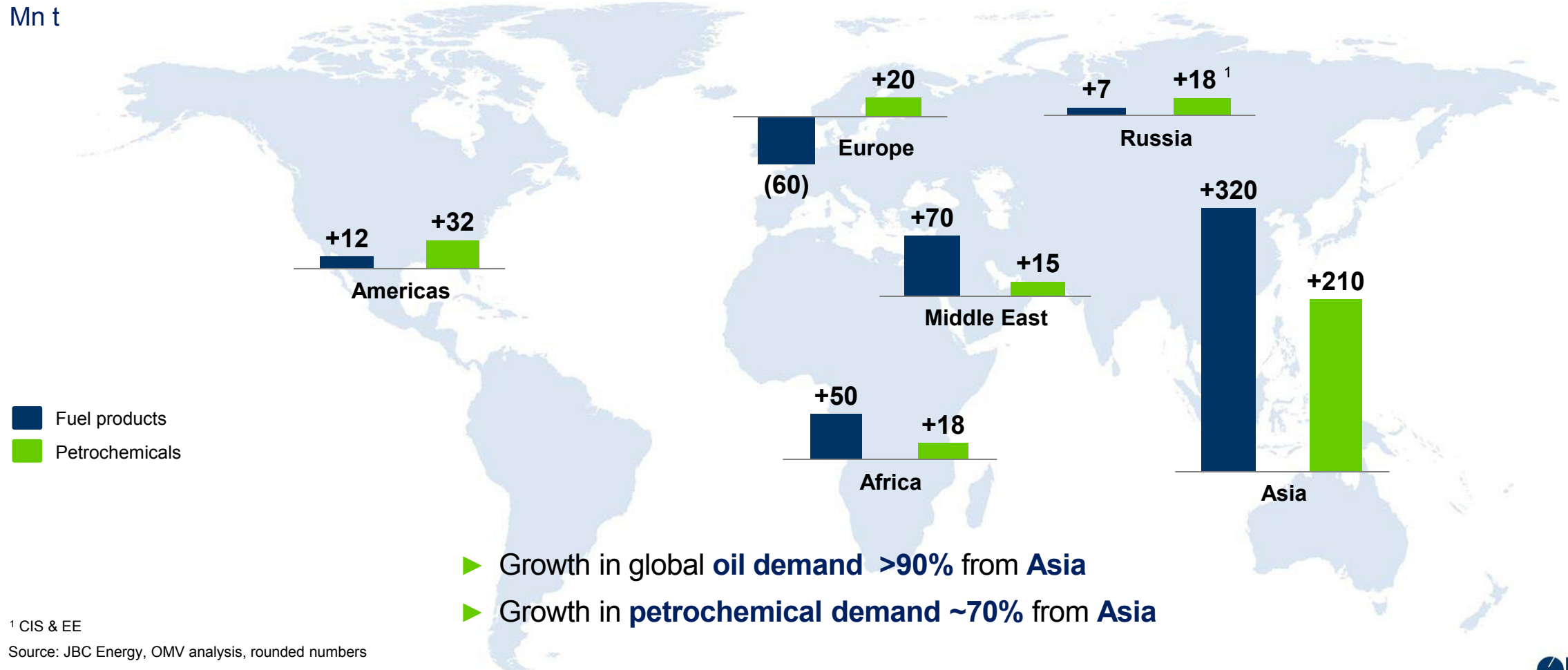
Acquisition budget
until 2025, EUR bn

~5

The majority of demand growth driven by Asia

Development of fuels and petrochemicals demand 2016 to 2030

Mn t



- ▶ Growth in global **oil demand** >90% from **Asia**
- ▶ Growth in **petrochemical demand** ~70% from **Asia**

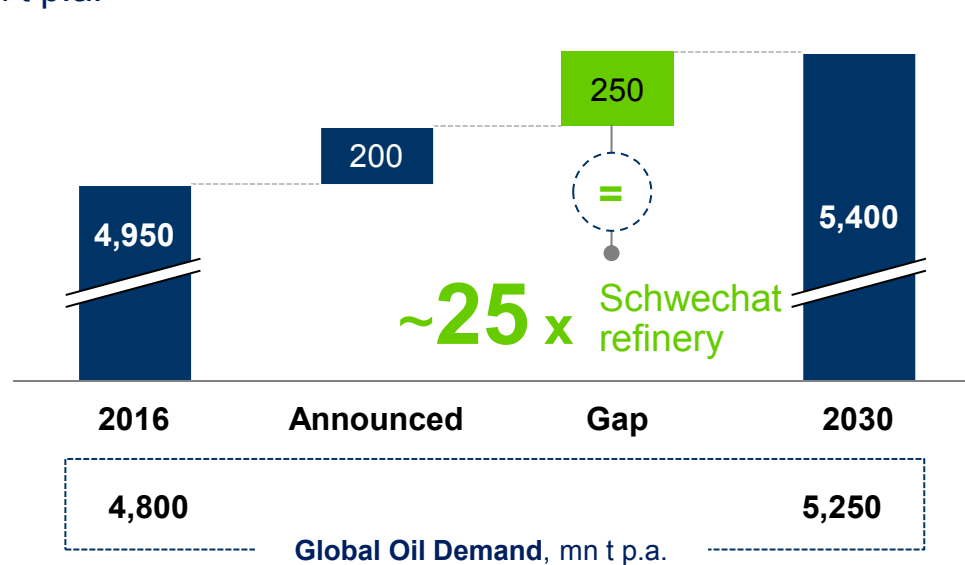
¹ CIS & EE

Source: JBC Energy, OMV analysis, rounded numbers

Increase in demand triggers substantial capacity additions

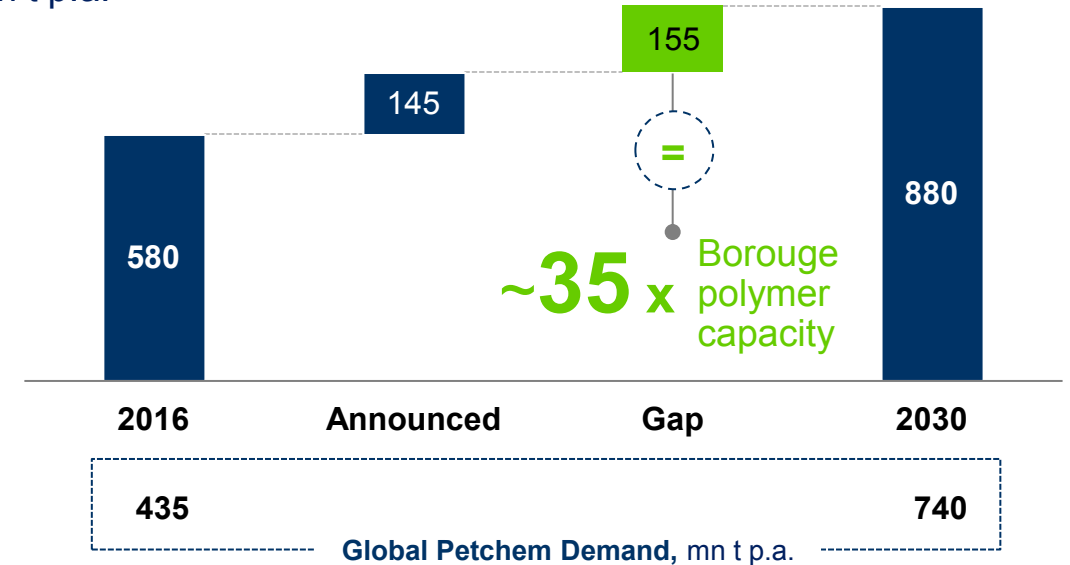
Global refinery capacity vs. demand ¹

Mn t p.a.



Petrochemicals capacity vs. demand

Mn t p.a.



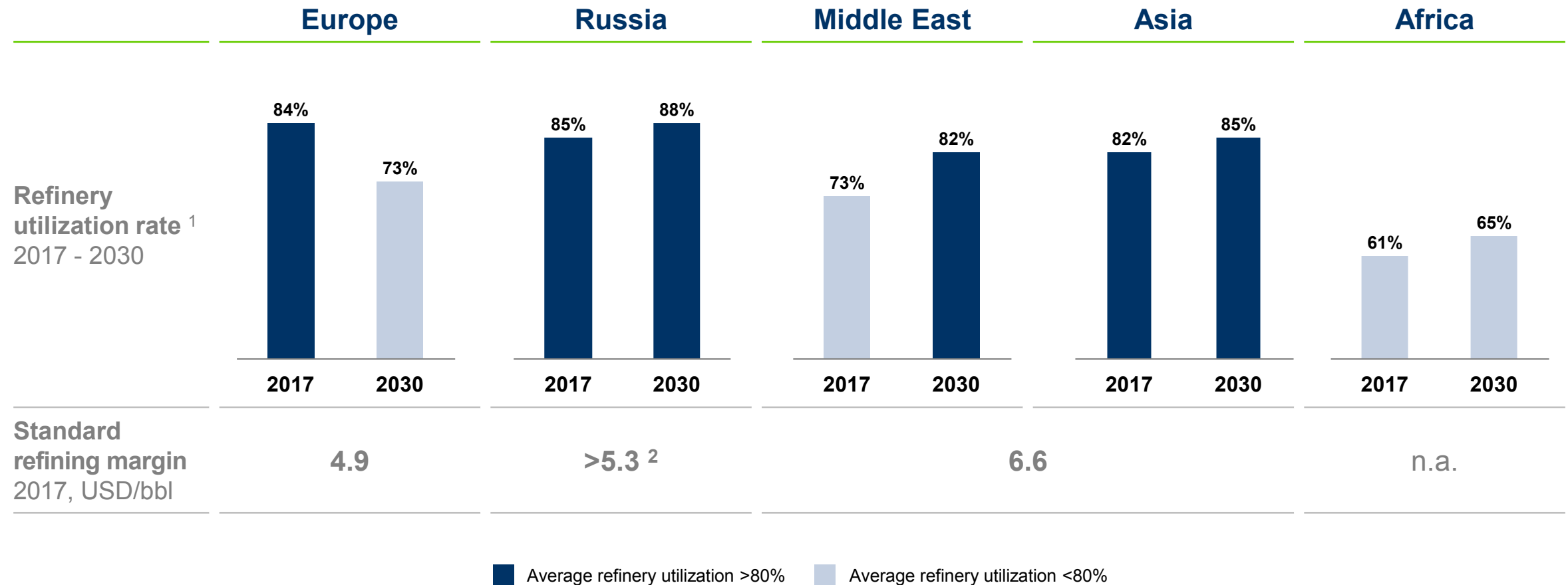
- ▶ **450 mn t p.a.** growth required to close the supply gap
- ▶ Main capacity additions will be located in the **Middle East and Asia**
- ▶ In Europe and Americas only minor new builds

- ▶ **300 mn t p.a.** growth required to close the supply gap
- ▶ Growth in Middle East is driven by **further downstream integration**
- ▶ Further **petrochemical plants** will be located in Asia

¹ Including products from use of natural gas liquids and biofuels supply

Source: JBC Energy, IEA, OMV analysis, rounded numbers, conversion factor mn bbl/d to mn t p.a. is 50

Strong oil demand required utilization rates above 80% in Asia, Middle East and Russia



Source: JBC Energy and OMV analysis

¹ Utilization calculated as crude throughput divided by refinery capacity

² Premium to the refining margin as a result of the Russian export duty system

Downstream strategy 2025 – Key takeaways

EUROPE

Stay Downstream Oil champion

Become the leading integrated supplier of natural gas

INTERNATIONAL

Export our know-how to international growth markets