OMV Capital Markets Day 2022

March 16, 2022

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The spoken word applies

Capital Markets Day 2022

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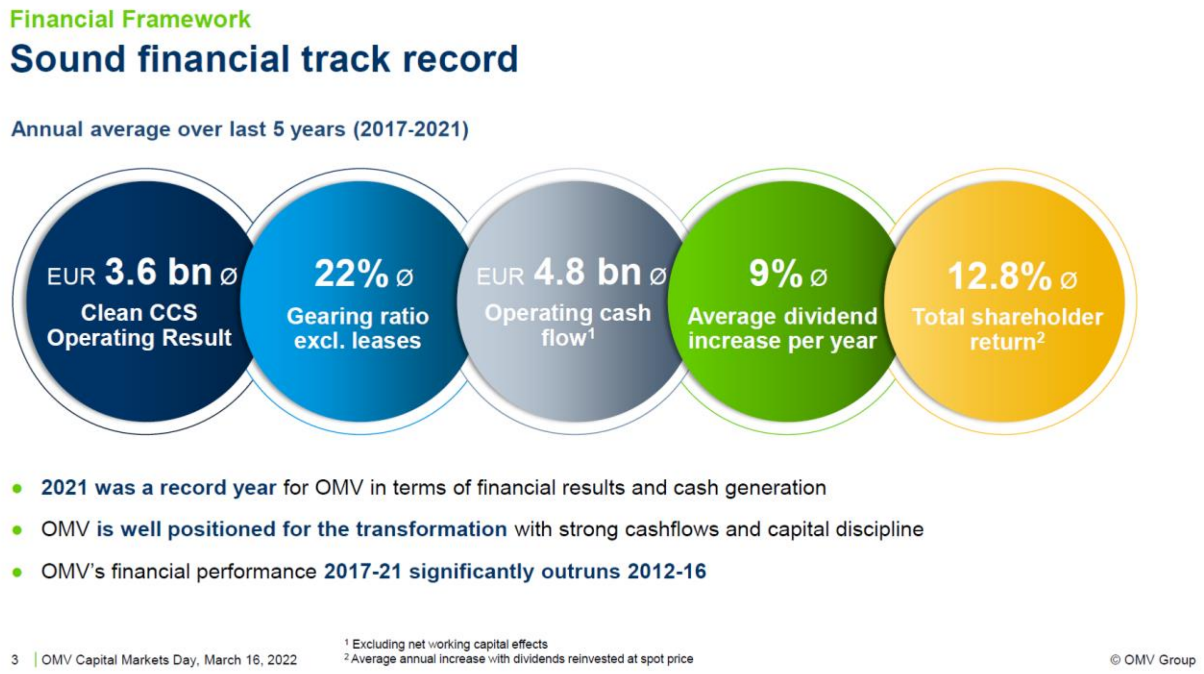
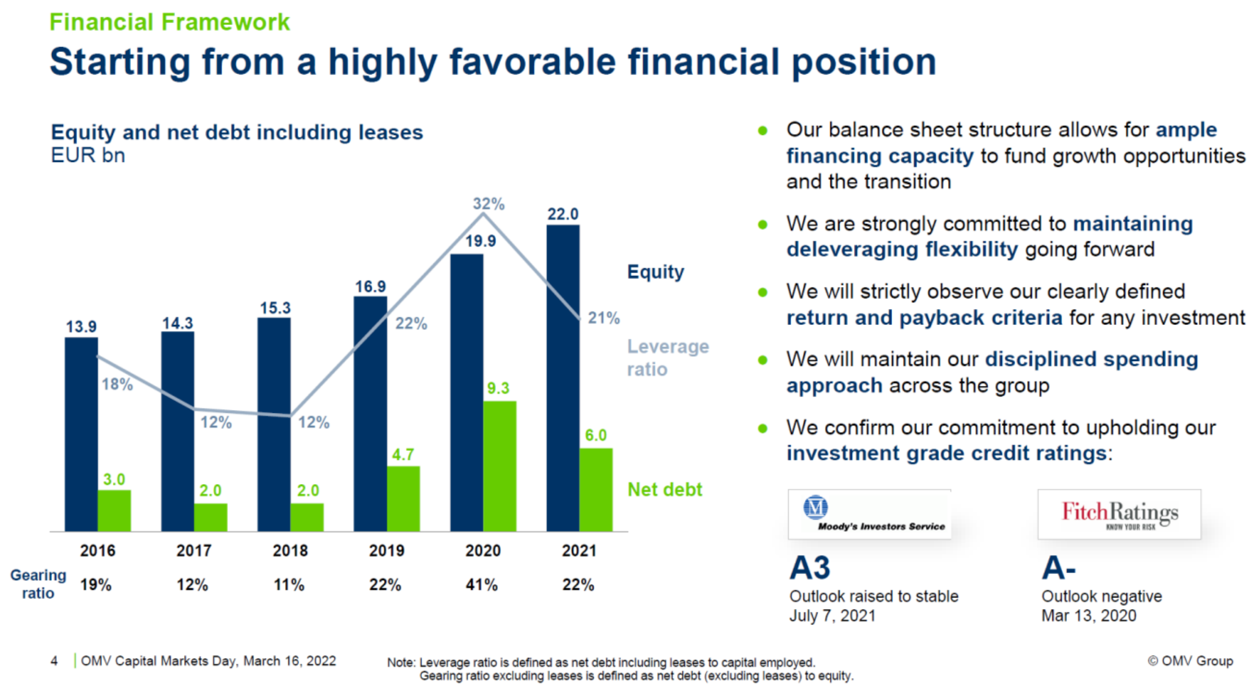
Ladies and Gentlemen, good afternoon and a warm welcome also from my side. In the next 30 minutes I will guide you through the financial implications of OMV’s “Strategy 2030”.



Let me start by looking at where we stand today. You still remember our record results of 2021, but I think what is even more relevant than this one record year is the quality and resilience of our performance over the full past five years. We have delivered very strong clean CCS operating results at an average of 3.6 billion Euros per year. Our annual average operating cash generation of 4.8 billion Euros is rock solid and resilient and our balance sheet with a 5-year average gearing excluding leases of 22% is in a healthy state. We have focused on ensuring that our shareholders participate in our success through our progressive dividend payments which resulted in an average annual dividend increase of 9% and a very competitive annual shareholder return rate of 12.8%. So, I can say with firm conviction that we are financially well prepared for the transition ahead.

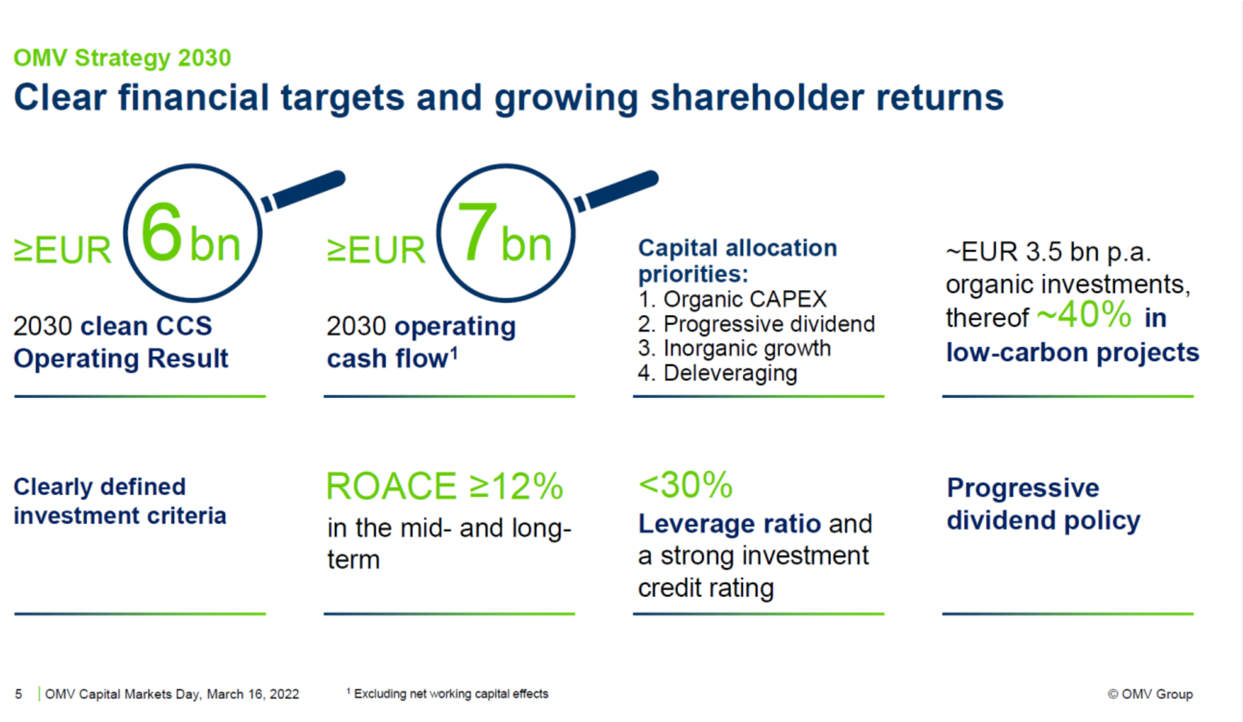


If we have a look at our balance sheet development over the past years, we can demonstrate not only our financial stability but also our great ability to deleverage quickly when our indebtedness reached a level above our threshold.

Before I go into detail about our balance sheet structure, I need to update you about one housekeeping item. We are changing our main indebtedness metric from gearing, defined as net debt excluding leases to equity, to leverage, defined as net debt including leases to capital employed. The main reason for this is to make it easier for you to compare our debt situation with that of our peers, most of whom also use this metric.

The acquisition of Borealis was the largest in OMV's history, and we made it at very difficult times, namely during the outbreak of a global virus pandemic. Nevertheless, we have proven that we can return to our target balance sheet structure within less than a year. This is just the most recent of several examples that testify our exceptional de-leveraging speed and flexibility. It is primarily the result of our excellent free cash flow generation, further supported by divestment proceeds where required.

Thanks to this development, we are now in the desirable position of being able to raise substantial funds for growth projects. It is our clear intention to maintain this flexibility in deleveraging by nurturing the key drivers, namely organic cash conversion and the ability to divest non-strategic assets. And of course we will exert the utmost discipline when deciding about new investment projects and spending plans. Maintaining our investment grade ratings is a key element of this endeavor.



Alfred has already given you the summary of our financial targets, and later I will go a bit more into the details. Again, as a summary, based on our macroeconomic assumptions, we are striving to achieve a Clean CCS Operating Result of over 6 billion Euros and an Operating Cash Flow of over 7 billion Euros, both by 2030.

Our capital allocation priorities comprise organic capex, our progressive dividend policy, inorganic growth and deleveraging.

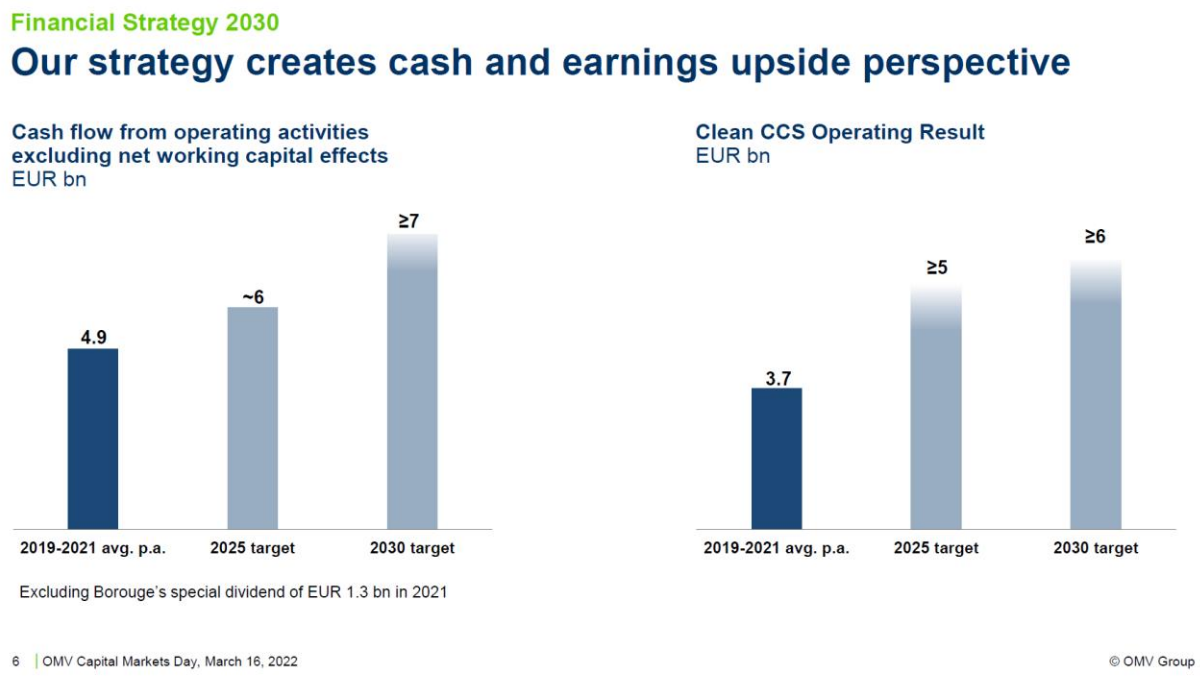
Our organic capex will amount to around 3.5 billion Euros each year for the years until 2030. Of that, our intention is to spend at least 40% for low-carbon projects as a yearly average until 2030.

For each of our investment projects, we have defined clear investment criteria including hurdle rates and payback periods, individually differentiated for our businesses. I will come to that later.

Our target return as defined by ROACE is a minimum of 12%, in the mid and long-term.

Maintaining a solid balance sheet structure remains at the core of our activities. We have set ourselves the goal of keeping the leverage ratio at a maximum of 30%, along with the clear objective of maintaining our investment grade credit rating.

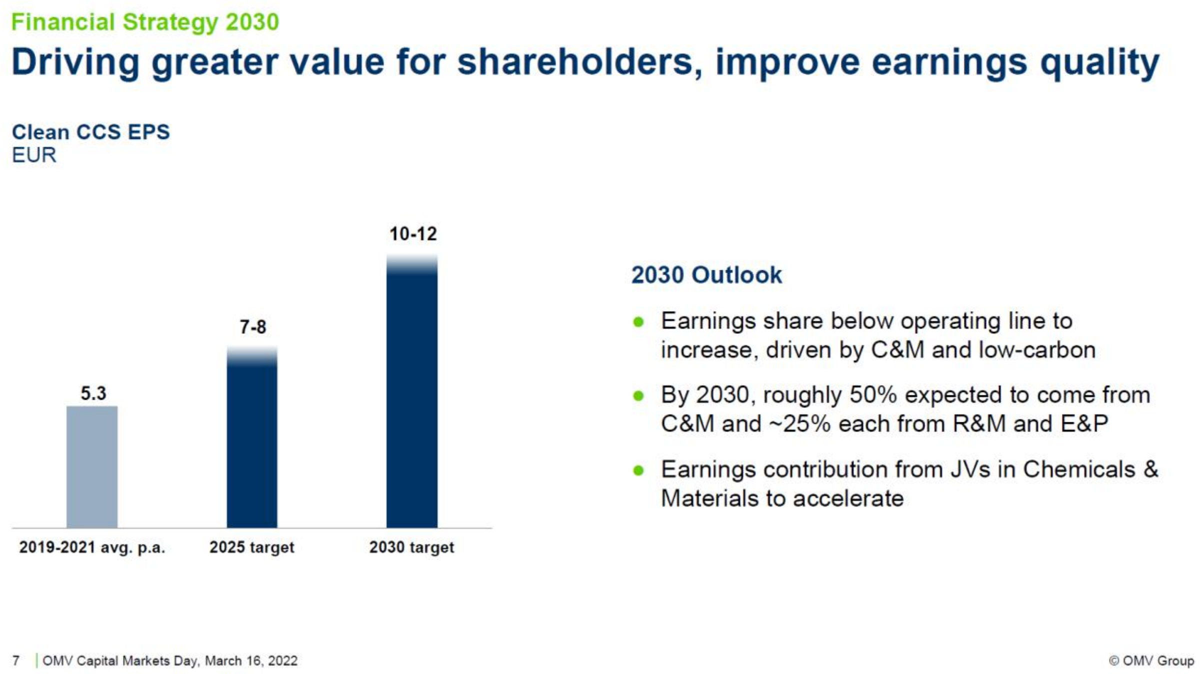
And, we confirm our commitment to our progressive dividend policy, which is designed to express our appreciation for our shareholders.



Looking now in more detail into our ambitious cash flow and earnings targets, we can see both steady but also short-term ambitious development. Comparing future targets with recent history is challenging because the last few years have been so exceptional in many respects. While 2020 was clearly one of the most challenging years in our history, 2021 was certainly one of the best. We have therefore decided to provide you the average of the last three years for comparison. So compared to this average, our 2025 target of around 6 billion Euros of operating cash flow excluding net working capital effects is a 22% increase, and our 2030 target of at least 7 billion Euros for this metric represents a plus of 43%. The clean CCS operating result targets that you see on the right-hand side of the slide also represent a very ambitious growth ambition compared to the previous three years' average, of 35% for 2025, and of 62% for 2030.

I have to be completely frank with you on one point. The transition will not always be smooth, and it will undoubtedly require higher than usual investment for a limited period of time. Nevertheless, we are confident we can reach this goal, because the business we are refocusing on, the chemicals business, is a highly profitable one and circularity will prove its financial benefit as we scale up. We demonstrated last year that the Borealis acquisition created value from day one, and this is the principle that we want to adhere to for our further expansion into the Chemicals and low-carbon space. We have the capability and we have the know-how to turn the quality assets into value. OMV will again emerge stronger from this transformation in the end.

This also means that we want to rely only for initial investment periods on our traditional upstream and downstream fossil fuel business to cross-fund the development of low-carbon activities. We firmly believe that we can create the most value by ensuring that every business venture we engage in can stand on its own feet financially as quickly as possible.



One of the key financial benefits of moving further downstream in the hydrocarbons value chain is in comparison to Upstream lower taxes on earnings. While tax rates in some upstream regimes can be between 70% and 90%, taxation on chemical production and low-carbon solutions is only a fraction of that.

In addition, the contribution from our chemicals joint ventures will also increase, thanks to the investment projects we are pursuing at Borouge and Baystar.

All in all, I think it is reasonable to expect that by 2030, half of our earnings will come from the new Chemicals and Materials segment, and a quarter each from Exploration and Production and Refining and Marketing, of course depending on commodity prices.

We are confident that we can reach an Earnings per Share target range between 7 and 8 Euros a share by 2025, which would be an improvement by as much as 57% compared to the previous three years' average. We think that it is realistic to assume that longer-term, our new strategy will drive our earnings to an EPS range between 10 and 12 Euros a share by 2030, which would be more than double of the average that we reached in the last three years.

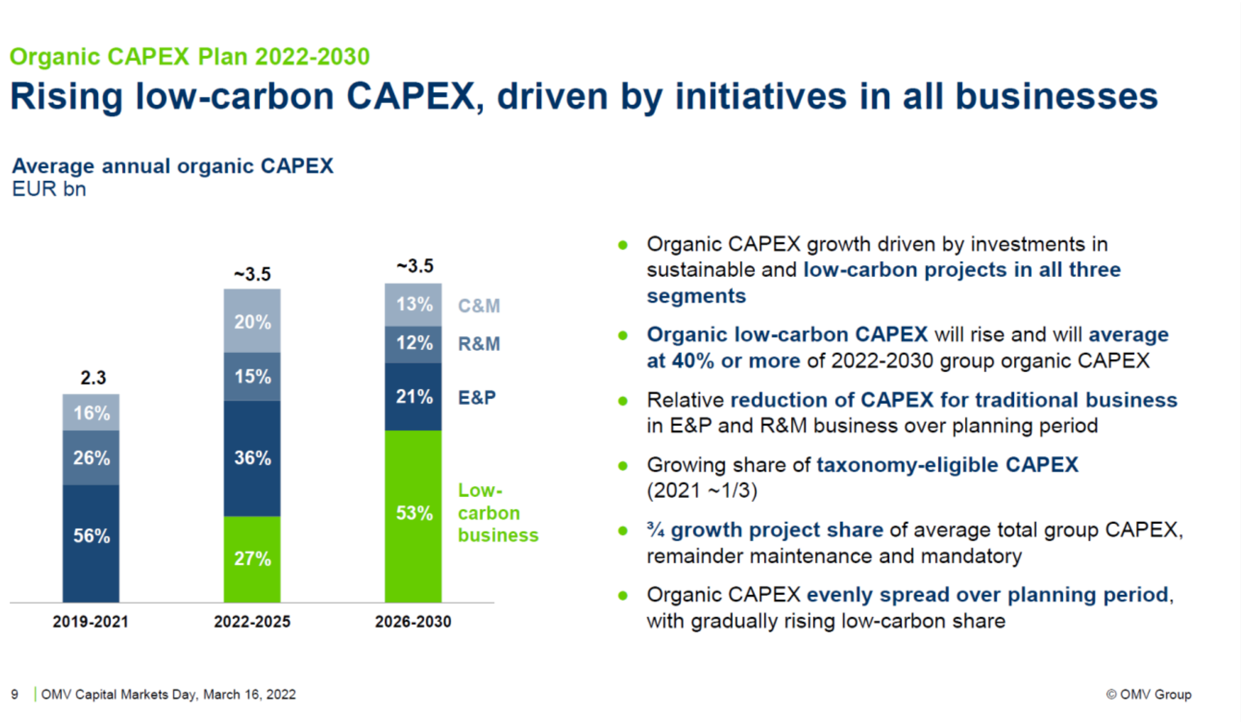
While it is nice talking about these financial gains that we are aiming at, we mustn't forget that other than the earnings growth, the reason why we are embarking on this new strategy is to lower OMV's carbon footprint. We are taking the goals of the low-carbon measures outlined to you earlier very seriously. The Executive Board's renumeration guidelines are a manifestation of this. Our bonuses are measured not only by the financial success that we achieve, but also by how much we have been successful in turning OMV into a low-emissions company.

I now would like to guide you through our updated capital allocation priorities. As in our previous strategy, organic capex remains our number one priority when it comes to cash utilization.

Second in line is now the progressive dividend policy in recognition of the support we receive from our shareholders.

Inorganic spending takes the third rank. We see the option of rapidly growing our new core business via M&A as an opportunistic way to accelerate our transformation if conditions are right.

Last but not least, maintaining a solid balance sheet structure and a debt level that preserves our investment grade ratings takes fourth place. However, depending on our leverage situation, the ranking of inorganic growth and the deleveraging target, so third and fourth place, can switch.



When talking about our organic capex plan, there is one consideration that stands out among all the others. This is the creation of essential low-carbon activities within OMV. We will not just establish these activities in one particular business or segment. All the areas in which we operate, be it Exploration and Production, Refining, Retail or Chemicals will pursue their own low-carbon goals, and thus contribute to the overall transformation of our company.

It will of course take some time to ramp up these "green" operations, and this is what we are trying to illustrate here with the share of capex in a first and a second phase within the planning period. But over the entire period between 2022 and 2030 at least 40% of our organic capex spending is earmarked for low-carbon projects. And within these low-carbon investments, an increasing share will be eligible for the taxonomy of sustainable activities defined by the European Commission.

When looking at how our planned organic low carbon capex share of 53% for the 2026 to 2030 period plays out for each segment. Upstream accounts for 24% of the overall group organic capex number. As mentioned, the main initiatives in this context will be carbon capture and storage and geothermal. We will also seek to cut emissions from operations by investing in renewable power generation for our own needs. The green organic capex share at R&M is slated at 19% of group organic capex. We are aiming to raise the share of sustainable fuels and chemical feedstock, and we are looking at synthetic fuels and green hydrogen. In C&M, the share will be 10%, and here we are looking at sustainable polyolefins and circular economy, as described earlier.

Capital Allocation Framework

Updated and detailed investment criteria

	Traditional business			Low-carbon business (all segments)
	E&P	R&M	C&M	
IRR minimum, %	11-17	9-11	10-12	Segmental country WACC
Payback period, years	<10 at FID	<10	<15	<20
Overall return minimum	ROACE ≥ 12%			

E&P amortization requirements

- Liquids before 2035
- Natural gas before 2040

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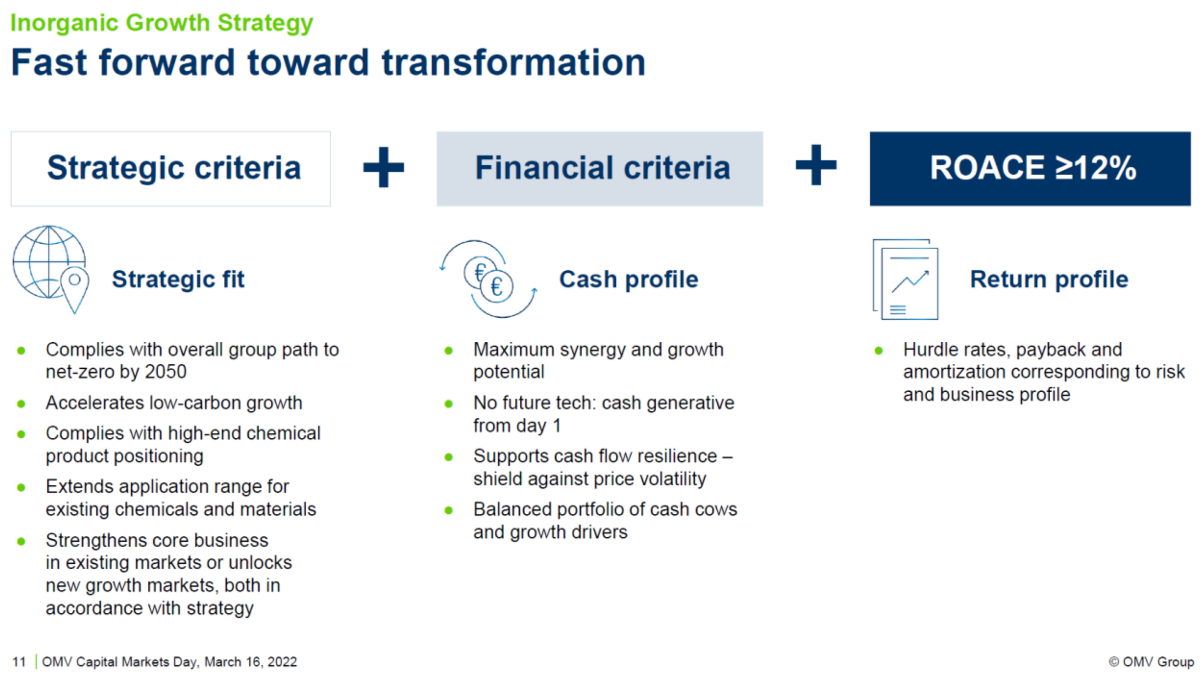
I would like to elaborate on the return and payback criteria that we apply to each investment project. There will be no exceptions to these standards. It is a first for us today that we are disclosing the different return thresholds for the different segments. What remains unchanged however, is that the overall minimum return for the group remains at 12% of average capital employed. New and important to note is the difference in amortization requirements for liquids and natural gas, due to our firm ambition to phase out fossil hydrocarbon production, however liquids more quickly than natural gas.



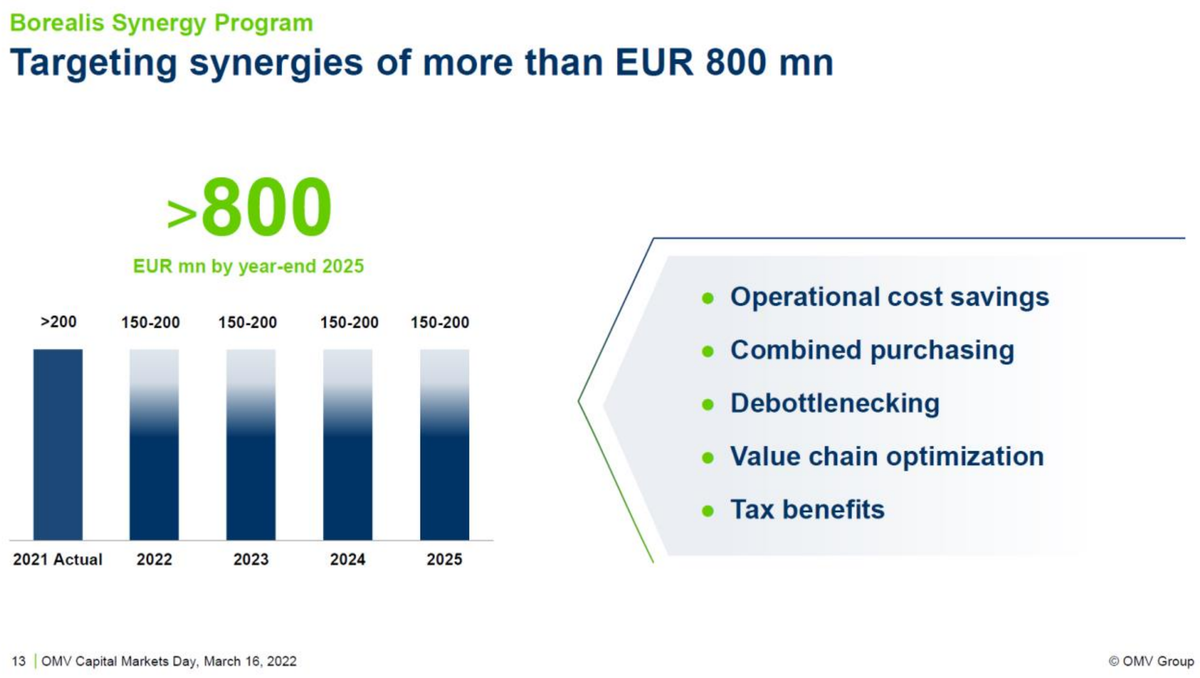
Now to our M&A ambitions. It is a stringent imperative that any acquisition we might consider must bring us closer to our strategic transformation goal, either lowering emissions or expanding our high-value chemicals exposure. It should leverage OMV's core competences by finding new future-fit applications for them. Among other things, we are known to be one of the most efficient refinery operators, and we are known for our management of mature oil fields. We will no longer grow in these areas, but we will capitalize on the decades-long experience gathered from these activities. And with Borealis, we are a world-class chemicals producer. This is the area where we see the greatest potential to grow inorganically while maximizing returns. We are convinced there are many new and additional areas of application for our range of chemicals and materials that we can enter. The market position in new and existing geographies is also a key factor.

On the financials side, the potential to realize synergies with existing and acquired operations and the associated growth potential are clearly the most important criteria. It is a given that the sectors in which we want to grow are coveted by many. Therefore, we can only justify an acquisition if we can make a very strong case for synergy returns, cost savings and growth. We are a technological leader in many areas, not only when it comes to products but also regarding internal processes. For an example, we are confident that we can leverage our outstanding capabilities in the area of digitization to extract maximum synergy potential from any acquisition.

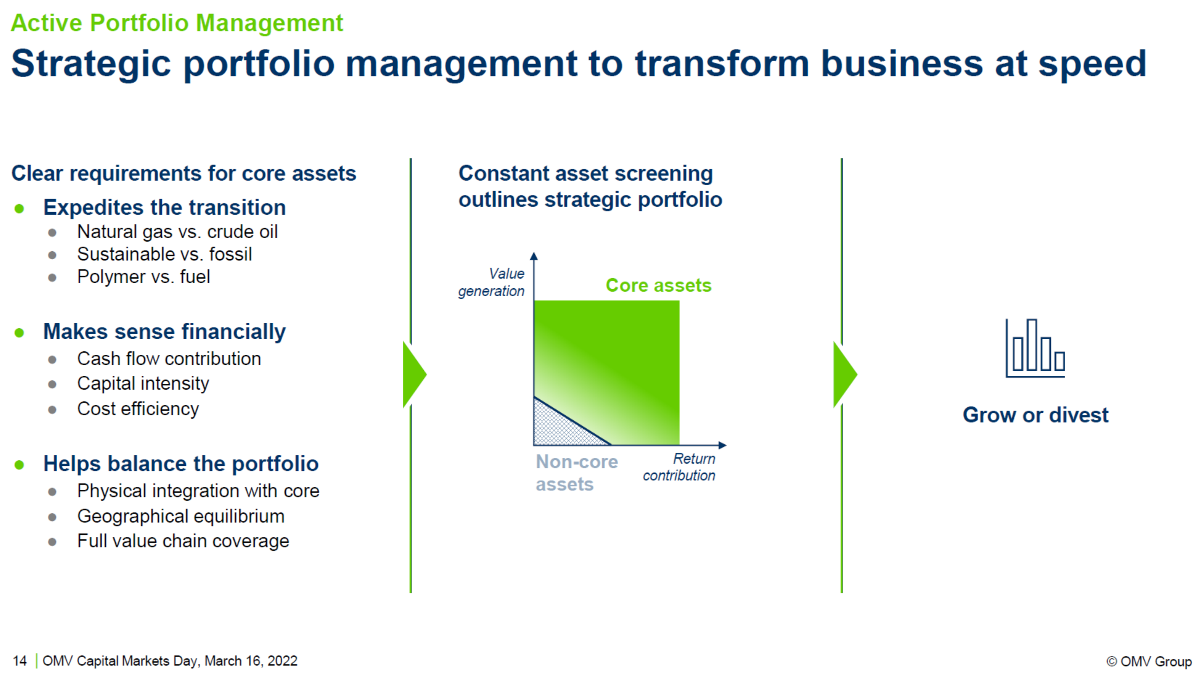
Another important aspect is cash resilience. Since the well-known advantage of traditional upstream-downstream integration is eroded by growing emission concerns, we need to find other integrated ways to protect our cashflows from the volatile market environment. Our approach to solving this problem is to engage in high-end as well as sustainable chemicals that the market needs, regardless of the prevailing oil price level and integrated value chain with refineries in both directions.

Let me now turn to the sources and uses balance of our new strategy. We want to illustrate here how much headroom we would have available, given our cash flow expectation from now until 2030. This headroom is significant, so we can use it both for increasing the dividend and growing inorganically if opportunities arise. This means that the amount of dividend we will pay is not directly limited by the indebtedness in the respective year. We have shown in the past that we can raise the dividend even if our leverage exceeds the prescribed thresholds. We would like to keep this option open in the future.

What we have not shown in this graphic is the additional earnings potential arising from the synergies that we intend to leverage and the proceeds from the divestment of non-strategic assets. So, we see the headroom indicated in the chart as the minimum we can enhance with proceeds from disposals and cost savings potential from the synergies.

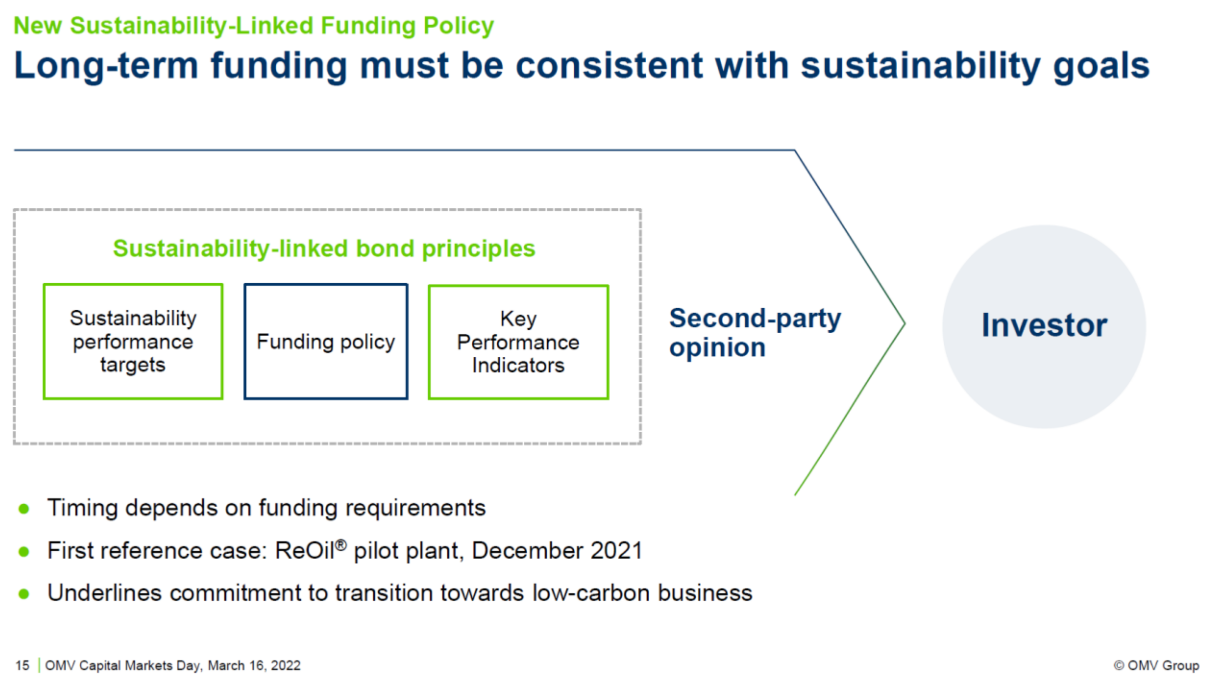


Talking about synergies, I would like to cite as an example our recent acquisition of a majority in Borealis. This was the largest transaction in our corporate history. Already in the first year of full consolidation, the synergies surpass 200 million Euros. We are confident that total synergies will exceed 800 million Euros by 2025. We would like to use this example as a guideline how to realize synergies following future acquisitions.



We take a pragmatic approach to defining our core assets: they must create value and make money. If some of them do not meet the defined criteria in one or both dimensions, we will fix or sell them. To give you an idea of what I mean by this, I have listed some of the key requirements that an asset that we classify as “core” must meet.

We see divestments primarily as a way of streamlining our business to help us focus on what we do best. Our core activities. Of course, divestments have a welcome side effect, namely the divestment proceeds. Using them to reduce a potential debt overhang is useful of course, but certainly not the most important consideration. Given our strong deleveraging abilities, which I described earlier, we are in the advantageous position of using divestments as a refocusing rather than a funding tool.



I would now like to talk a little bit about our new funding policy that we are introducing. We would ultimately like to link our funding instruments to the achievement of certain low-carbon targets, whether in relation to our sustainability strategy or our greenhouse gas emission goals.

We have already taken a first step towards green financing with a loan for the ReOil® pilot plant, but we will implement this framework on a larger scale as the financing need arises for OMV. We will adhere to clearly outlined performance targets and indicators and we will seek second party opinion to ensure full transparency for our investors and to what extend the targets are being met.

For us, this is just another way to support OMV’s transition into a low-carbon company. We need to ensure that the sustainability objectives we have set ourselves are relevant to all aspects of our operations, including our approach to Group financing.

ESG Ratings

ESG ratings make OMV a leader among its peers

	Dow Jones Sustainability Indices	MSCI ESG Ratings	ISS ESG Corporate ESG Performance Prime	Sustainalytics	EcoVadis 2021 Platinum
Relative rating vs. industry peers	Top 10%	Top 10%	Top 5%	Top 7%	Top 1%
OMV SCORE	72	AAA	B–	26.7 (medium risk)	Platinum Medal

Publication dates of results: DJSI November 2021, MSCI August 2021, ISS-ESG August 2020, Sustainalytics December 2021, EcoVadis August 2021.

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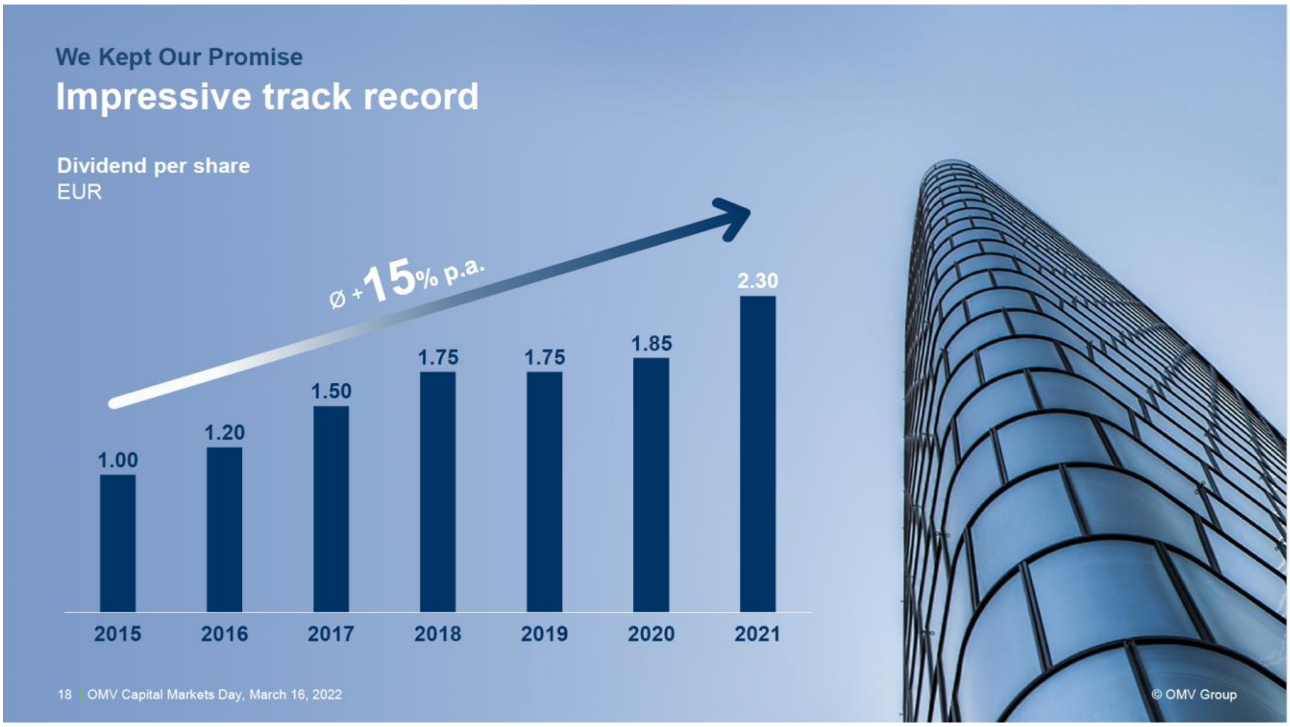
This holistic approach that we pursue at OMV to reduce the impact of our operations on the environment has been recognized by the most important rating agencies. I think we can be proud to count ourselves among the leading oil and gas companies when it comes to ESG ratings.

I now come to the last and in many respects most important part of my remarks, namely our dividend policy. What I can report to you here is that we confirm our long-term commitment to our shareholders. Therefore, our dividend policy remains unchanged. OMV continues to aim to increase the dividend every year or at least maintain the level of the respective previous year.



And you can see, this long-term commitment has paid off. A CAGR of 15% since 2015 is definitely something to be proud of. It is the result of a culmination of everything we stand for at OMV: strong cash generation, a solid balance sheet, and sound growth perspective.

And this brings me to the last slide of my presentation today. As discussed, we are well aware that keeping a firm stand and our high ethical standards in the current crisis caused by Russian aggression will put a burden on our balance sheet and a limited number of our assets. We have announced the estimated magnitudes of these value adjustments and are proud to be in a position where we can digest those impacts without significantly weakening OMV's financial position. This allows us to continue without hesitation and in trust of our financial strength with our ambitious and future-oriented strategy 2030.

So in a nutshell, those are my messages to you: our transition towards chemicals and low-carbon business will increase cashflow and profitability and it will improve the quality of our earnings. We consider our move toward chemicals and low-carbon businesses as the perfect combination to reduce our carbon footprint while remaining a highly profitable company generating attractive returns for its shareholders. We see acquisitions as the turbo boost option that can bring us closer to this goal, but we will not make them at any price and only if potential synergies and the expected growth potential make sense. Therefore, we have defined a new capital allocation framework that directs us to focus on our strategy in our investments. And we consider divestment not as an emergency funding tool, but a way to better concentrate on what we are best at. And finally, we are sticking to our progressive dividend policy which offers significant benefits to our shareholders in the future.

OMV is preparing for the future already now and will emerge stronger from the transformation: Our carbon footprint will be significantly reduced and the portfolio will contain more growth options and generate higher but less volatile earnings and cash flows. This is our understanding of creating shareholder value.

With that, I would like to thank you for your attention, and I hand the floor back to Florian.