OMV

October 29, 2024

Q3 2024 Results Conference Call

Alfred Stern
Chairman of the Executive Board and CEO

The spoken word applies

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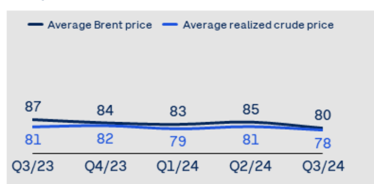
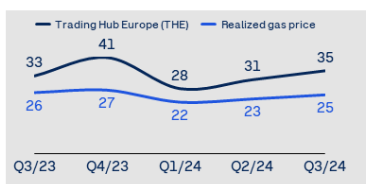
Macro environment

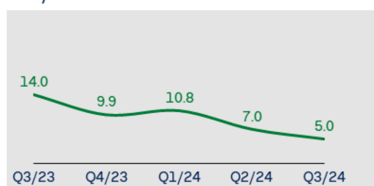
Oil prices
USD/bbl



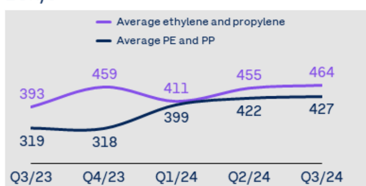
Gas prices
EUR/MWh



Refining indicator margin Europe
USD/bbl



Olefin and polyolefin indicator margins Europe
EUR/t



Q3 2024 vs. Q3 2023	
Brent oil	−7%
THE gas price	+6%
Europe refining indicator margin	−64%
Europe olefin indicator margin	+18%
Europe PE/PP indicator margin	+34%

Slide 3: Macro environment

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

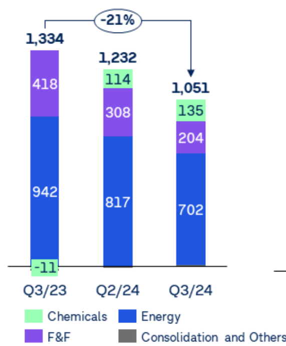
Despite a softer macro environment characterized by lower oil prices and a further decline in refining margins, and the outage in Libya, OMV has continued to deliver solid earnings. This performance was underpinned by significantly increased earnings in Chemicals and a very strong retail business. At 4.4 billion euros, cash flow from operations in the first nine months remained strong and was only slightly below the same period last year.

In the third quarter, the Brent crude oil price experienced a downward trend because of concerns about fourth quarter demand and the year ahead, largely driven by lower-than-expected demand growth in China. The European gas hub prices increased, despite high gas storage levels in Europe, on the back of geopolitical developments in the Middle East and concerns about a stop to Russian supplies through the Ukrainian pipeline. European refining margins were very volatile, reaching a yearly low in August, but they regained some strength in September. Weaker-than-expected summer demand exerted pressure on gasoline crack spreads, while falling freight rates increased import volumes from the Middle East and the US.

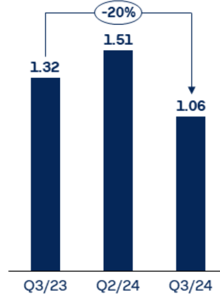
Olefin indicator margins in Europe increased compared to the previous quarter, supported by declining naphtha prices, and continued logistical challenges in the Red Sea. However, the market fundamentals did not change much. The market is still affected by the macroeconomic slowdown and downturn in several sectors like construction, automotive, and consumer goods. Polyolefin indicator margins improved slightly compared to the previous quarter.

Overview Q3 2024

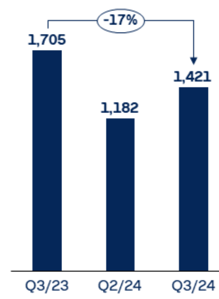
Clean CCS
Operating Result
EUR mn



Clean CCS EPS
EUR



Cash flow from
operating activities
EUR mn



Operational performance
Q3 2024 vs. Q3 2023

Polyolefin sales volumes
+9%

Fuel sales volumes
+2%

Hydrocarbon production
−9%

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Slide 4: Overview Q3 2024

Compared to the strong prior-year quarter, the Clean CCS Operating Result declined by 21 percent to around 1.1 billion euros. This was driven by a decline in Fuels & Feedstock on the back of significantly lower refining margins and lower oil and gas sales impacted by the outage in Libya. A considerably improved Chemicals result partly compensated for this.

The clean CCS tax rate remained stable at 47 percent, as the impact of the outage in Libya was offset by higher sales in the UAE, a lower share of results from low-tax businesses, and additional one-off effects. Consequently, Clean CCS earnings per share declined by 20 percent.

Thanks to our integrated business model, cash flow from operating activities rose by around 240 million euros compared with the previous quarter to more than 1.4 billion euros. The improved Chemicals segment accounted for one third of the Group's total cash flow in the third quarter of this year. However, compared to the strong third quarter of last year, cash flow from operating activities decreased by some 280 million euros.

Polyolefin sales volumes including joint ventures grew by 9 percent year-on-year. Fuel sales volumes were notably robust and increased marginally. Oil and gas production was 9 percent lower year-on-year.

Delivering the Strategy 2030

Selected projects

Energy

- Gas discovery in the Norwegian Sea
- OMV Petrom closed the acquisition of several photovoltaic projects from Jantzen Renewables and two renewable power deals (photovoltaic capacity and wind power) from Renovatio in Romania

Chemicals

- Borealis and Infinium to turn carbon emissions into plastics

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Slide 5: Delivering the Strategy 2030

We remained focused on executing our strategy.

In August, we completed a successful exploration drilling campaign in the Norwegian Sea. The well encountered gas with estimated recoverable volumes between 30 and 140 mn boe. The discovery is approximately 65 kilometers from an existing gas pipeline and the Aasta Hansteen gas hub and could unlock significant potential in the area.

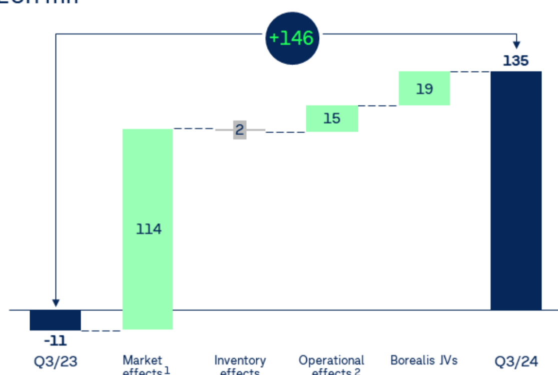
OMV Petrom closed the acquisition of several photovoltaic projects from the Danish company Jantzen Renewables. The projects are now at the ready-to-build stage. The installed power of these photovoltaic parks will be around 710 megawatts, putting them among the most significant projects of this type and development stage in Southeastern Europe. Additionally, OMV Petrom completed the acquisition of the 50 percent share in Electrocentrale Borzești from Renovatio Infrastructure. The latter owns renewable energy projects with a capacity of approximately 1,000 megawatts, comprising mainly wind power farms, which are expected to start production between 2025 and 2027. With this transaction, OMV Petrom became a producer of renewable energy, as a small part of the assets are already producing and delivering renewable energy to the grid.

Taking into account all the announced renewable power projects, OMV Petrom's annual production share is projected to reach around 2.4 terawatt hours. We are therefore on track to achieve our 2030 strategic goal of 3 to 4 terawatt hours of renewable power.

In Chemicals, we have entered into an agreement with Infinium, the world's first supplier of commercial volumes of eNaphtha, in order to expand our portfolio of sustainable products. The eNaphtha is produced using renewable power, water, and CO2 and has nearly zero process emissions. The volumes will be manufactured in Texas by Infinium and shipped to Borealis' Porvoo facility in Finland.

Chemicals – substantially increased earnings driven by improved margins and higher sales volumes

Clean Operating Result
EUR mn



[1] Based on externally published sensitivities for OMV base chemicals and Borealis excl. JVs; not adjusted to account for effect of intercompany profit elimination

[2] Includes the contribution from OMV base chemicals, Borealis excl. JVs, the effect of intercompany profit elimination, and other effects

- Market environment
  - Higher olefin indicator margins (ethylene +15%, propylene +23%)
  - Higher polyolefin indicator margins (PE +45%, PP +23%)
- Operational effects
  - Higher cracker utilization rate (83% vs. 70% in Q3/23)
  - Higher polyolefin sales volumes excluding JVs by 12%; increase across all end-use industries on the back of slightly higher demand and additional volumes following the acquisition of Rialti and Integra
- Borealis JVs
  - Borouge contribution increased, mainly as a result of higher sales volumes, partly offset by a weaker market environment in Asia
  - Baystar contribution improved, driven by a significantly higher cracker utilization rate and higher sales volumes due to the ramp-up of the Bay 3 plant

Slide 6: Chemicals – substantially increased earnings driven by improved margins and higher sales volumes

Let me now come to the performance of our business segments.

Compared to the third quarter of 2023, the clean Operating Result of Chemicals grew substantially by 146 million euros. This growth was primarily driven by an improved market environment and higher sales volumes, while inventory valuation effects were still negative at minus 14 million euros, similar to the prior-year quarter.

In our European business we recorded positive market effects of 114 million euros, attributable to rising olefin and polyolefin indicator margins.

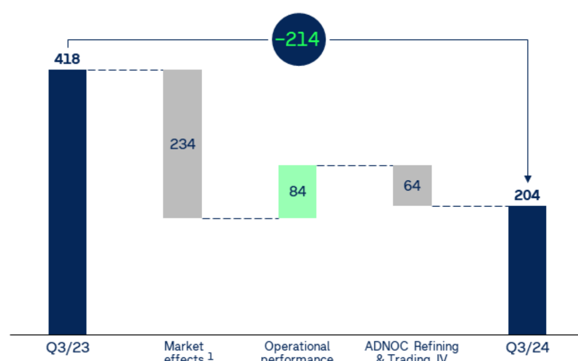
The utilization rate of our European crackers increased substantially by 13 percentage points to 83 percent. The outage at the Burghausen refinery was more than compensated for by higher utilization rates at other crackers, which had undergone planned turnarounds in the same quarter of 2023.

The contribution of Borealis excluding joint ventures grew strongly by 118 million euros, thanks to a considerably stronger polyolefin business. Compared to the third quarter of 2023, the polyolefin sales volumes excluding joint ventures rose by 12 percent We have seen an increase in all Borealis end-use industries, on the back of slightly better demand, as well as additional volumes following the acquisition of the sustainable compounder Rialti and the mechanical recycler Integra. The sales volumes and the total realized margin increased for both standard and specialty products.

The contribution of the JVs grew by 19 million euros, as a result of better performance at Borouge and a less negative contribution from Baystar. The Borouge result improved primarily due to record production levels and highest-ever quarterly sales volumes and increased benchmark premiums. The contribution from Baystar also improved, driven by a significantly higher cracker utilization rate of around 90 percent. Additionally, we were able to increase sales volumes due to the ramp-up of the Borstar PE plant. While Baystar achieved a positive EBIT in the third quarter, its net income contribution — and consequently its contribution to OMV — is not yet positive, though it showed an improvement compared to the second quarter.

F&F – significantly lower refining margins, partially compensated for by higher Marketing contribution

Clean CCS Operating Result
EUR mn



- Lower refining indicator margin by USD 9/bbl driven by lower gasoline cracks and middle distillates cracks
- Stable refinery utilization rate Europe (84%); the higher utilization rate of the Schwechat refinery was offset by an outage at the Burghausen refinery
- Retail contribution increased, driven by higher margins and volumes
- Slightly lower commercial result, as higher jet fuel sales were offset by slightly lower margins
- ADNOC Refining & Global Trading performance decreased significantly by EUR 64 mn, mainly due to lower refining and trading margins

[1] Market effects based on refining indicator margin Europe

Slide 7: F&F – significantly lower refining margins, partially compensated for by higher Marketing contribution

The clean CCS Operating Result of Fuels & Feedstock decreased to 204 million euros, driven by significantly lower refining indicator margins in Europe and the Middle East. This was partially compensated for by a strong retail contribution and higher supply effects.

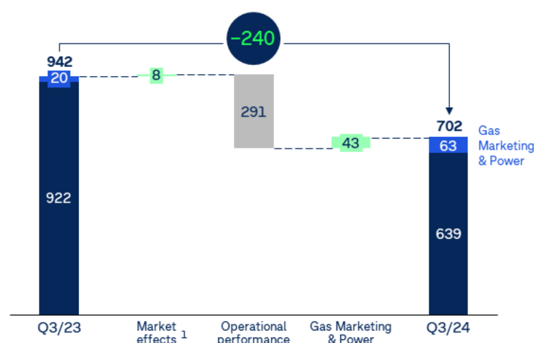
The refining indicator margin for Europe declined by 9 dollars per barrel, resulting in a negative impact of around 230 million euros. The refining utilization rate was stable compared to the prior-year quarter, as the CDU outage at the Burghausen refinery was compensated for by a higher utilization rate at Schwechat.

The retail contribution was stronger compared to the third quarter of 2023, driven by excellent unit margins and slightly higher sales volumes. This growth was supported by the recently acquired filling stations in Austria and Slovakia, which are strategically strengthening our refinery integration. The commercial result was slightly lower, due to marginally reduced margins, though this was partially offset by a slight increase in sales volumes.

The contribution from ADNOC Refining and Global Trading decreased significantly by 64 million euros, impacted by lower refining and trading margins.

Energy – earnings decline mainly due to lower sales volumes caused by Libya outage

Clean Operating Result
EUR mn



- Market environment
  - Lower realized crude oil price (–3%), lower realized natural gas price (–3%)
  - A decrease in the gas-related supplemental taxes in Romania
- Oil and gas production of 332 kboe/d (–32 kboe/d)
  - Libya (–13 kboe/d)
  - Norway (–11 kboe/d)
  - New Zealand (–9 kboe/d)
- Sales volumes lower by 39 kboe/d, in line with production decline
- Production cost increased to USD 10.6/boe (+18%) as a result of lower production volumes and positive one-offs in Q3/23
- Increased Gas Marketing & Power contribution
  - Gas West increased by EUR 123 mn
  - Gas & Power East decreased by EUR 80 mn

[1] Market effects defined as oil and gas prices, foreign exchange impact, price effect on royalties, and hedging

Slide 8: Energy – earnings decline mainly due to lower sales volumes caused by Libya outage

The clean Operating Result of the Energy segment decreased to 702 million euros, mainly because of lower sales volumes. A better Gas Marketing & Power result was able to partly offset this.

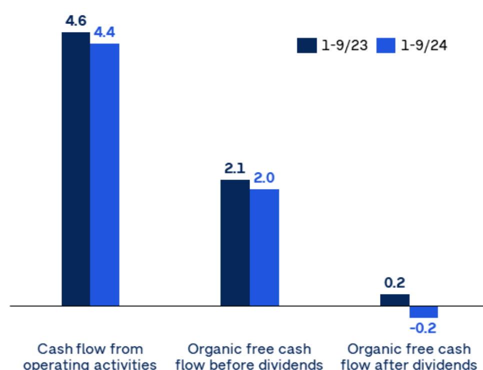
The market effects supported the result by 8 million euros compared to the third quarter of 2023. Slightly lower oil and gas prices and an unfavorable euro-dollar foreign exchange were compensated for by a decrease in the gas-related supplemental taxes in Romania.

Production volumes decreased by 32 thousand boe per day, due to the unplanned outages in Libya between early August and the end of the third quarter, along with planned maintenance activities and natural decline in Norway and New Zealand. In turn, we saw increased output in the United Arab Emirates and in Malaysia driven by the ramp-up of Jerun. Production cost increased to over 10 dollars per barrel, mainly on the back of lower production. Sales volumes decreased by 39 thousand boe per day in line with the production profile.

The result for Gas Marketing & Power increased by 43 to 63 million euros. This growth was primarily driven by a significantly higher contribution of 123 million euros from Gas West. The prior-year quarter for Gas West was adversely impacted by a one-off transport provision, which was much less significant in the third quarter of this year. The result of Gas & Power in Romania decreased considerably, due to a significant decline of the power business result, impacted by the change in legislation that came into effect in April 2024, as well as lower gas margins and increased storage costs.

Cash flow from operating activities slightly below 1–9/23

1-9/24 vs. 1-9/23
EUR bn



- Significant increase in cash flow from operating activities excluding net working capital effects to EUR 4.1 bn, supported by lower tax payments in Norway
  - Dividends received in 1-9/24 from Borouge of EUR 435 mn (1–9/23: EUR 450 mn) and ADNOC Refining & Global Trading of EUR 251 mn (1–9/23: EUR 274 mn)
- Organic cash flow from investing activities[1] of EUR −2.5 bn
- **Dividends of EUR 2.2 bn** paid in 1–9/24
  - OMV stockholders **regular and special dividends for 2023**: **EUR 1.7 bn** (1–9/23: EUR 1.7 bn)
  - OMV Petrom minority shareholders **regular and specials dividends for 2023**: EUR 430 mn (1–9/23: EUR 228 mn)
  - Borealis minority shareholders: EUR 39 mn
  - Hybrid bond holders: EUR 44 mn (1–9/23: EUR 48 mn)
- Inorganic cash flow from investing activities of EUR −321 mn, thereof
  - Acquisitions and loans granted: EUR -729 mn
  - Divestments and other cash inflows2: EUR 407 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).

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Slide 9: Cash flow from operating activities slightly below 1-9/23

Turning to cash flows, at 1.4 billion euros our third-quarter cash flow from operating activities was solid. However, it declined by 25 percent compared with the strong prior-year quarter, on the back of lower net income, impacted by the softer macro environment. Net working capital effects in the quarter were marginally positive, while they were negative in the prior-year quarter. This means, the cash flow from operating activities came in 17 percent lower versus the prior-year quarter.

Cash flow from investing activities showed an outflow of more than 1 billion euros, compared to around 250 million euros in the prior-year quarter, which was positively impacted by the successful divestment of the Borealis nitrogen business. The outflows in the third quarter of 2024 were related to the acquisition of a filling station network in Austria, investments in renewable energy projects in Romania and additional drawdowns linked to the financing of Borouge 4.

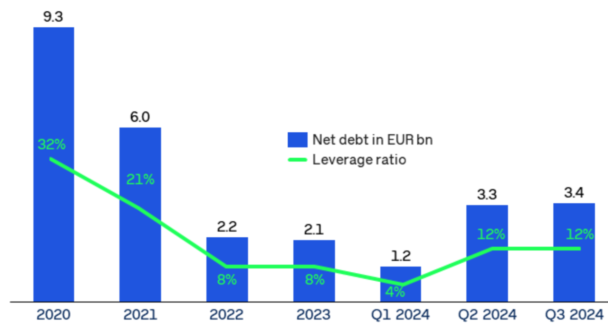
Over the nine-month period, cash flow from operating activities, excluding net working capital, was 18 percent higher than in the same period in the previous year. Net working capital effects were positive, but lower by approximately 800 million euros compared with the first nine months of 2023. As a consequence, at 4.4 billion euros, the cash flow from operating activities was 4 percent below the prior-year period.

Cash flow from investing activities for the nine-month period amounted to 2.8 billion euros, representing a 37 percent increase compared to the same period in 2023. This rise is mainly attributable to two factors: the positive impact of the divestment of the nitrogen business in July 2023 and a series of strategic acquisitions made in 2024, including renewable projects in Romania, filling stations in Austria, and mechanical recycling capacities in Bulgaria.

Our free cash flow before dividends was around 1.7 billion euros.

Maintaining a low leverage ratio and high cash position

Healthy balance sheet
EUR bn, %



End of Sept. 2024
OMV cash position[1]

EUR **5.9** bn

End of Sept. 2024
OMV undrawn committed credit facilities

EUR **4.2** bn

[1] Includes cash from assets held for sale

Note: Leverage ratio is defined as net debt including leases to capital employed.

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Slide 10: Maintaining a low leverage ratio and high cash position

Moving on to the balance sheet, in the third quarter, our net debt increased marginally to 3.4 billion euros, while our leverage ratio remained stable at 12 percent. Please note that we expect the divestment of our Malaysia business to be completed by year-end for an overall cash consideration of approximately 900 million dollars, subject to closing adjustments.

At the end of September, OMV had a cash position of 5.9 billion euros and 4.2 billion euros in undrawn committed credit facilities.

OMV has successfully diversified its gas supply sources and is not dependent on Russian gas

- Secured European transport capacities via Germany and Italy into Austria
  - **Fully covering OMV's sales volumes in Austria**
  - Up to 40 TWh p.a. in 2024–2026
  - Up to 27 TWh p.a. in 2027–2028
- Norwegian gas supply from **equity production** (~25 TWh in 2023) and long-term contracts for additional **third-party supply** (~20 TWh in 2024)
- **Long-term regasification capacity** at the LNG GATE Terminal in Rotterdam (up to 36 TWh p.a. OMV's share)
- **Romania to become a net exporter** after start-up of Neptun Deep in 2027

Russian gas volumes supplied to Austria

- Currently, OMV receives **~5 TWh monthly** from Gazprom
- In the event of a delivery cut, the financial impact on OMV will be limited to a **one-month forward hedge position and is estimated at around mid-double digit million EUR**
- e.g., In the event of a cut, OMV would need to buy the monthly volumes on spot. Assuming the spot prices would increase by EUR 5/MWh, this would lead to a EUR 25 mn impact on the Clean CCS Operating Result

[1] Volumes for the entire project. OMV Petrom holds a 50% share and is the operator

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Slide 11: OMV has successfully diversified its gas supply sources and is not dependent on Russian gas

Before we discuss the outlook for the rest of the year, I would like to provide an update on the status of the gas marketing and trading activities of OMV. Over the past two and a half years, we have made remarkable progress in securing and diversifying our gas supply sources. These efforts have successfully eliminated our dependency on Russian gas, representing a significant milestone in enhancing the energy security and stability of our operations.

We have secured annual transport capacities through Germany and Italy of up to 40 terawatt hours for 2025 and 2026, and up to 27 terawatt hours for 2027 and 2028. These volumes ensure that we can fully meet our customer requirements in Austria. Our gas supply sources include our equity production in Norway, which yielded approximately 25 terawatt hours in 2023, as well as long-term third-party contracts with non-Russian players amounting to around 20 terawatt hours. Additionally, our stake in the LNG GATE Terminal in Rotterdam provides us with around 36 terawatt hours per year, forming a robust backbone for our supply chain. Looking ahead, the start-up of the Neptun Deep project in 2027 is expected to further enhance Romania's role as a regional energy player.

OMV currently receives approximately 5 terawatt-hours of gas monthly from Gazprom. In the event of a delivery cut, we are prepared to immediately switch to other sources and still meet all our customer commitments. As we hedge the Russian volumes one month ahead, we would need to purchase any missing volumes on the spot market. Should European hub prices rise in response to a supply cut, we may face a certain risk. However, this risk is limited to the short term — at most one month — and, in our view, is limited financially. For example, if spot prices were to increase by 5 euros per megawatt-hour, it might negatively impact our Clean CCS Operating Result by 25 million euros. However, please keep in mind that in such a scenario, we would benefit from higher European gas hub prices in our E&P business. From today's perspective, the overall impact on OMV from a potential stop of Russian gas deliveries is estimated to be rather small.

Updated outlook 2024

		2023	1–9/24	FY 2024
MARKET	Brent oil price (USD/bbl)	83	83	**80–85** (previous ~85)
	THE (Trading Hub Europe) gas price (EUR/MWh)	41	31.5	**30–35**
	OMV average realized gas price (EUR/MWh)	29	23	**~25**
	Ethylene indicator margin Europe (EUR/t)	507	503	**~490**
	Propylene indicator margin Europe (EUR/t)	389	384	**~370**
	Polyethylene indicator margin Europe (EUR/t)[1]	322	429	**>400**
	Polypropylene indicator margin Europe (EUR/t)[2]	355	402	**~400**
	OMV refining indicator margin Europe (USD/bbl)	11.7	7.6	**~7** (previous ~8)
OPERATIONS	Utilization rate steam crackers Europe (%)	80	84	**~85**
	Borealis polyolefin sales volumes excl. JVs (mn t)	3.5	2.8	**3.9**
	Utilization rate European refineries (%)	85	86	**Slightly <90** (previous ~90)
	Fuel sales volumes (mn t)	16.3	12.1	**>16.3**
	Hydrocarbon production (kboe/d)	364	341	**330–350**
	Organic CAPEX (EUR bn)	3.7	2.4	**3.8**

[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)

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Slide 12: Updated outlook 2024

Let me conclude with an updated outlook for this year.

Given the recent decline in the Brent oil price, we now estimate that the full-year value will range between 80 and 85 dollars per barrel. We continue to maintain our forecast for the THE gas price at 30 to 35 euros per megawatt hour, and for the OMV average realized gas price at around 25 euros per megawatt hour.

In the Chemicals segment, we are reconfirming our full-year guidance for the olefin and polyolefin indicator margins. Our expectation for Borealis polyolefin sales volumes, excluding joint ventures, remains unchanged at 3.9 million tons, representing a 10 percent increase compared to 2023.

We are lowering the refining indicator margin to approximately 7 dollars per barrel for the full year. Due to the outage at the Burghausen refinery in the third quarter, we are adjusting our full-year utilization rate to just below 90 percent. Despite this, we continue to expect total fuel sales volumes to surpass 2023 levels. The contribution from Retail and Commercial, although seasonally declining in the fourth quarter, will remain robust.

In Energy, we expect to close the divestment of our Malaysian assets by the end of the year. Excluding these assets, we anticipate higher production in the fourth quarter, primarily due to the resumption of operations in Libya at the beginning of October. We are now producing at normal rates in Libya, around 30 thousand barrels per day.

The guidance for the clean tax rate for the full year remains unchanged at around 45 percent.

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