Challenges and opportunities for an integrated oil and gas company

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CEO and Chairman of the Executive Board
OMV Aktiengesellschaft
OMV has positioned itself as an integrated market leader in Central and Southeastern Europe

**E&P: Solid player in second tier**
- Oil & gas production is running at a total of about 317,000 boe/d, proved reserves (P1) approximately 1.2 bn boe
- International E&P portfolio spread across 17 countries comprising six core regions
- Focus on OECD and areas from which OMV markets can be supplied

**R&M: Clear market leader**
- 20% market share in 13 CEE and SEE markets
- Five refineries with 25.8 mn t/y capacity and a network of 2,433 filling stations
- 42% stake in leading Turkish marketing company Petrol Ofisi
- Integrated petrochemical business and 36% stake in Borealis

**G&P: Turntable in supply and logistics**
- Shipping of some 75 bcm per year of natural gas to Western Europe
- Operation of storage facilities with a capacity of 2.3 bcm
- Gas sales of 13 bcm in CEE, SEE and Turkey
- Long-term Russian and Norwegian supply contracts and access to equity gas

Figures refer to 2009; since Q1/10 R&M is active in 12 CE/SEE markets
Cost pressure remains a challenge for the energy industry

- Upstream construction costs rose by 1.7% in Q2 2010
- Steel price fluctuations and the consequences of the spill could cause a second post-recession dip in the UCCI later this year
- Steel prices rose more quickly than expected in Q2 2010 with Chinese demand growth being the driving factor
- Aging workforce and a limited number of new engineers entering the market will add to the escalation

Remark: Year 2000 indicates 100%
Source: CERA (July 2010)
Energy demand growth is mainly driven by emerging regions, with limited growth from developed countries

Remark: Growth rates until 2015 for oil, gas and electricity consumption in CEE, SEE and Turkey
Source: OMV analysis
**Difficult access to resources due to power of NOCs**

<table>
<thead>
<tr>
<th>Proven oil reserves (in bn barrels)</th>
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<tbody>
<tr>
<td>Saudi-Arabia</td>
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<td>Iran</td>
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<tr>
<td>Iraq</td>
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<tr>
<td>Kuwait</td>
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<td>Venezuela</td>
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<td>Brazil</td>
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<td>Mexico</td>
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<td>Norway</td>
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<td>Azerbaijan</td>
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</tbody>
</table>

- Top-20 oil producing countries representing 93% of proven oil reserves, but no or limited access to ~70% of these reserves
- Increased worldwide competition as NOCs are expanding outside host countries and IOCs fight for OECD assets

Changing energy mix driven by tightening CO₂ regime

Drivers of changing energy mix

- Tightening CO₂ regime (e.g. ETS)
- Subsidies to promote renewable energies (e.g. feed-in tariffs)
- Efficiency targets (e.g. EU 20-20-20)
- Cost degression of alternative energy sources (e.g. photovoltaic wafers)
- Public awareness of climate change

EU-27 energy demand mix

<table>
<thead>
<tr>
<th>Source: IEA/WEO 11/2009</th>
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<tbody>
<tr>
<td>1 Remark: The 450 scenario is a ‘green’ scenario of the IEA and depicts a world in which collective policy action is taken to limit the long-term concentration of greenhouse gases in the atmosphere to 450 ppm CO₂-equivalent</td>
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OMV’s response to challenges

### Market challenges

- Cost development
- Energy demand growth driven by emerging regions, limited growth from developed countries
- Difficult access to resources due to power of national oil companies (NOCs)
- Changing energy mix mainly driven by tightening CO₂ regime

### OMV’s positioning

- Cost initiatives with clear targets
- Capital discipline
- Position as integrated energy company in SEE and Turkey
- Stronger E&P position
- Integrated business model to develop international E&P portfolio
- 80% of E&P production in EU & OECD countries
- Strengthen G&P business division also by investments in combined cycle gas-fired power plants (CCPP)
- Selective investments in renewable power
OMV’s benefit from integrated portfolio

OMV landscape today

Proven USP of OMV

Market leadership in growth market
- OMV’s expansion into CEE, SEE and Turkey laid the ground for successful growth
- 20% R&M market share in the region
- Gas initiatives to reach significant market share in the region

Integration as key advantage for OMV
- Integrated activities from upstream assets, supply, logistics, refining to marketing and trading and power generation
- Key argument for successful acquisition of Petrom and Northern Iraq assets

Access to equity oil & gas
- E&P activities in our markets and neighbouring regions
- Supply diversification enabled through key logistics projects (Nabucco and LNG)

Solid financial structure
- Conservative financial policy with low gearing ratio
- Investments are prioritized
OMV’s 3plus strategy and its strategic thrust

The OMV 3plus strategy: Combination of our 3 strengths leads to sustainable growth

- 3 markets - **PLUS** supply regions strengthening market position (and vice-versa)
- 3 business segments - **PLUS** synergies through leveraging integration
- 3 values: Pioneers, Professionals, Partners - **PLUS** expansion of the business portfolio towards sustainability

**Strategic thrust**

<table>
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<th>Regional focus</th>
<th>Portfolio adaptation</th>
<th>Integration and costs</th>
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<tbody>
<tr>
<td>Move to growth markets in SEE and Turkey and connect to supply regions.</td>
<td>Grow through integration and strengthen E&amp;P and G&amp;P businesses.</td>
<td>Use integration to create value through synergies and facilitate access to business opportunities. Strict cost and capital discipline.</td>
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