Global Search for Oil and Gas

OMV Upstream explores and produces oil and gas profitably, safely and sustainably in Europe, the Middle East, Africa, and Australasia. As part of an integrated oil and gas company, we supply the raw materials for affordable energy and innovative products that make people’s lives easier, and we do so in a sustainable, efficient, cost-attractive and safe way. All these commitments combined are the added value of OMV and a promise of quality for all its partners and customers.

This why OMV generates around 90% of production from EU/OECD countries and is investing in assets in low-cost countries to guarantee reserve replenishment. It is also why OMV is a leader in various technologies for oil and gas exploration, enabling it to maximize production even from very mature fields and to maintain its solid safety record.

At the end of 2016, OMV Upstream was active in 15 countries across the globe and had proven reserves (1P) of 1.03 bn boe, as well as proven and probable reserves (2P) of 1.7 bn boe. The Reserve Replacement Rate (RRR) was 101%. With oil and gas production roughly even, at about 50% each, daily production was 311 kboe/d in 2016, which equals total production of 113.8 mn boe. Upstream was responsible for around 40% of the EUR 2.878 bn cash flow from operating activities in 2016 and contributed around EUR 26 mn to Clean EBIT.

In 2016 OMV exercised strict cost discipline, cutting Upstream production costs by 12% and CAPEX by 29% and slashing E&A expenditure by 51% – at the same time as increasing production from 303 kboe/d in 2015 to 311 kboe/d. While two-thirds of production is in Romania and Austria, we have started to optimize our international portfolio by focusing on low-cost, high-reserve regions and high-value projects. OMV has an excellent track record in exploiting mature basins, using the latest technologies in order to increase the recovery rates and produce oil and gas in a way that is both cost-effective and responsible.

Worldwide Upstream portfolio

Our Upstream activities are focused on four core regions (1) CEE, (2) the North Sea, (3) the Middle East and Africa and (4) Russia.

A core region is defined as having an annual production rate above 50 kboe/d and being self-funded. Furthermore, OMV is targeting acquisitions in regions with attractive cost positions, like the Middle East and Russia, to reduce its portfolio cost and to draw on ample opportunities for reserve replenishment.

In 2016, our RRR was boosted to 101%, buoyed by the recent booking of reserves from OMV’s 10% shareholding in Pearl Petroleum Company, the expansion of OMV’s position in Libya and positive reserves revisions, mainly in Norway and Romania. Going forward, OMV will further exploit its Near Field Opportunities in Romania and Norway and leverage on a series of long-term strategic partnerships.

The focus on our core regions combined with future growth in Russia and the Middle East should guarantee sustainable reserve replacement and ensure OMV’s competitiveness in the long run.
Value over Volume growth in Upstream

Besides a high ROACE, all of our future assets have to meet four criteria: stable cash flow generation, stable production for a reasonable amount of time, high reserves and low production costs. Consequently, all of our investments must prove to be profitable for each barrel we produce – value over volume growth is the principle that sets the tone for Upstream’s key priorities:

Cash management:
► Maintain spending discipline on CAPEX, OPEX and E&A. From 2014 to 2016 OMV achieved a 29% reduction in OPEX and reduced E&A expenditure from EUR 693 mn to EUR 307 mn.
► Enhance the Group-wide cost reduction and capital efficiency program
► Focus on highly profitable barrels

Reserve replenishment:
Maintain a 100% RRR, focus on acquisitions in low-cost regions and reduce risk exposure in exploration portfolio. The acquisition of 24.99% in the Yuzhno Russkoye gas field in Russia will ensure the fulfillment of OMV’s strategic target of 100% for five years (based on 2016 production volume).

Strategic partnerships:
Strengthen strategic partnerships to reduce risk, expand technological know-how and access profitable fields.

Upstream’s Technology Strengths

Innovative technologies, combined with a sustainable approach to the environment, resources and people, are our ticket to future resources in attractive regions like North Africa, the Middle East and Russia. In Austria and Romania we focus on maximizing recovery from onshore mature fields, as 70% of our current production and reserves come from such fields.

Our technological edge at OMV integrates the world’s highest safety and efficiency standards while making significant contributions to more profitable, more environmentally friendly oil and gas production. Our Unique Selling Point is that we continuously strive for fast piloting and the implementation of new methods to maximize our success in extracting oil and gas.

Through our worldwide operations, we have also gained great experience in operating in harsh, sensitive and remote areas that pose particular challenges not only to man and technology, but also to the environment. Since minimizing the environmental impact of operations is an integral part of our production philosophy, environmentally friendly corrosion and hydrate inhibitors are a standard feature, and our experts apply state-of-the-art technologies in formation water recycling, microbiological treatment and soil remediation.

OMV Upstream in 2016

<table>
<thead>
<tr>
<th>Metric</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>kboe/d daily oil and gas production</td>
<td>311</td>
</tr>
<tr>
<td>mn boe total oil and gas production</td>
<td>113.8</td>
</tr>
<tr>
<td>bn boe proven oil and gas reserves</td>
<td>1.03</td>
</tr>
<tr>
<td>bn boe probable reserves</td>
<td>1.7</td>
</tr>
<tr>
<td>% Reserves Replacement Rate</td>
<td>101</td>
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</tbody>
</table>
Mature fields
Around two thirds of OMV production come from mature fields (mainly Romania and Austria), which requires continuous enhancement of recovery rates and life time improvement.
- Enhanced Oil Recovery
- Improved Oil Recovery
- Managed Pressure Drilling & Underbalanced Drilling
- Artificial Lift
- Produced Water Handling
- Life Time Improvement

Complex developments
OMV’s experience in the development of oil and gas fields in challenging environments require technologies for H2S removal, stimulation, drilling and the usage of specific materials.
- Sour Fields
- Extended Reach Drilling
- Casing While Drilling
- High Pressure Stimulation
- Materials Selection

Geosciences
OMV’s geosciences expertise includes technologies which cover Upstream challenges ranging from near-field to frontier exploration.
- Applied Structural Geology
- 3D Petroleum Systems Modeling
- Play &Prospect Generation
- Seismic Data Acquisition, Processing & Imaging
- Reservoir Geophysics
- Geophysical Reservoir Monitoring

OMV’s Upstream Milestones
1971 First international exploration and production project in Tunisia
1985 Acquisition of a stake in oil production in Libya
1993 Discovery of the onshore Miano gas field (Pakistan)
1998 Discovery of the onshore Sawan gas field (Pakistan)
1999 Takeover of the Australian exploration company CULTUS Petroleum
2003 Acquisition of the Upstream business of Preussag Energie
2004 Acquisition of 51% in Petrom makes Romania OMV Upstream’s top producer
2009 Production start in the offshore Maari oil field (New Zealand)
2011 Purchase of Upstream assets from Pioneer (Tunisia) and Petronas (Pakistan)
2012 Domino-1 offshore discovery in the Neptun block (Black Sea)
2013 Offshore acquisition of stakes in Gudrun, Gullfaks (both Norway) and Schiehallion, Rosebank (both UK)
2014 Completion of the biggest 3D seismic campaign in OMV history in the Han Asparuh offshore block (Bulgaria)
2015 Wisting Central II offshore discovery (Norway)
2016 Production at offshore Maari field (New Zealand) reaches 30 mn boe gross
2016 Basic Agreement for potential asset swap with Gazprom: OMV to receive 24.98% in Russian Achimov IV & V for 38.5% in OMV (Norge) AS
2017 Acquisition of 24.99% in Yuzhno Russkoye gas field (Russia)

Contact
OMV Exploration & Production GmbH
Trabrennstraße 6-8
1020 Vienna, Austria
Tel.: + 43 1 40440-0
info.ep@omv.com
www.omv.com