

# Full Year 2004 Results A Year of Transformation

Wolfgang Ruttenstorfer, CEO

March 15, 2005

# Milestones in Implementing Growth Strategy

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- ▶ Closing of Petrom acquisition
  - ▶ Balances asset portfolio with addition of significant reserves and production
  - ▶ Establishes undisputed R&M leadership in OMV focus area
  - ▶ Provides opportunities for long-term profit growth
  - ▶ Positions OMV for future consolidation in Central and Eastern Europe
- ▶ Acquisition of remaining 50% of OMV Istrabenz
- ▶ Streamlining of E&P portfolio
- ▶ Final Integration of Preussag and Bayernoil/BP acquisitions
  
- ▶ Successful completion of EUR 657 million share capital increase and EUR 550 million convertible bond issue

# Profitable Growth and Favorable Market Environment

in EUR mn	2004	2003	+ / -
Clean EBIT	979	705	39%
Clean income from ordinary activities	1,007	658	53%
Clean net income	678	433	57%
Clean EPS	25.1	16.1	56%
Dividend in EUR per share <sup>1</sup>	4.4	4.0	10%
ROfA (%) <sup>2</sup>	22.4	16.4	37%
ROACE (%) <sup>2</sup>	15.9	11.6	36%
ROE (%) <sup>2</sup>	19.4	15.4	26%

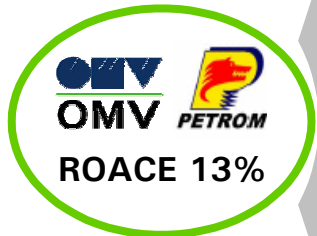
<sup>1</sup> Proposal to the Annual Stockholders' Meeting for 2004

<sup>2</sup> Adjusted: calculation based on figures excluding Petrom




# OMV's Targets for 2008

2008



- ▶ Doubling of market share to 20% in CEE/Danube area
- ▶ Increasing refining capacity only to meet this target
- ▶ Increasing the target production of oil and gas from 160,000 boe/d to 350,000 boe/d
- ▶ Achieving an integration ratio between E&P : R&M higher than 0.5 : 1
- ▶ Expanding of gas marketing and trading volumes to 10 bcm and strengthening the hub Baumgarten
- ▶ Securing #2 global market position in melamine

# Major Steps Towards our Targets for 2008



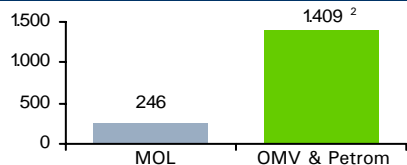
	Basis 2001	2004	post Petrom	Target 2008
<b>Oil and gas production (boe/d)</b>	78,000	125,000	345,000	350,000
<b>Market share in Danube area (%)</b>	9	14	18	20
<b>Retail stations</b>	1,160	1,773	2,385	—
<b>Refining capacity (mn t)</b>	13.0	18.4	26.4	—
<b>Gas marketing volumes (bcm)</b>	6.6	8.4 <sup>1</sup>	8.4 <sup>1</sup>	10
<b>Melamine sales volumes (mn t)</b>	0.08	0.15	0.15	—

<sup>1</sup> OMV Erdgas and EconGas

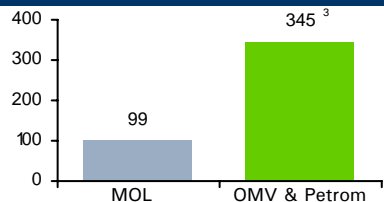


# Leading Position in the Attractive CEE Market

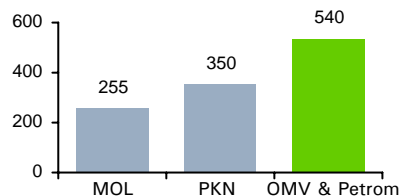
## Reserves (million boe)<sup>1</sup>



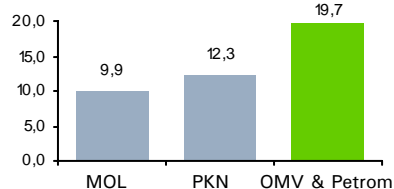
## Production (000 boe/d)<sup>1</sup>



## Refining Capacity (000 b/d)<sup>1</sup>



## Oil Product Sales (mt)<sup>1</sup>



- OMV Refineries
- Petrom Refineries
- Danube River
- Other Large Refineries (> 3.5 mn t or c.70,000 b/d)

Source: Company Reports

<sup>1</sup> Data as at December 31, 2004; MOL and PKN as December 31, 2003 as 2004 figures not available

<sup>2</sup> Petrom: estimated proved reserves based on cumulative production 2005 to 2043

<sup>3</sup> Petrom pro forma production

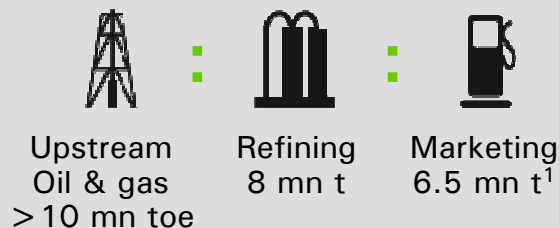
# Petrom Vision for 2008

## Core businesses Petrom 2008

Exploration & Production	200,000 – 220,000 boe/d production
Refining & Marketing	> 35% market share in Romania <sup>1</sup> 8 mn t refining capacity
Gas	6 bcm gas sales

- ▶ Petrom is a profitable company with a ROACE of 13%
- ▶ With a Romanian production volume of 200,000 – 220,000 boe/d, further E&P activities in Caspian region
- ▶ Petrom leads the Romanian downstream operations in market share and network efficiency for company owned filling stations
- ▶ Beyond Romanian borders Petrom develops a competitive export position (e.g. Turkey) and supplies markets in Bulgaria and Serbia
- ▶ Petrom's gas business fully leverages the market liberalization, supplying gas to all relevant customer channels
- ▶ Focus on further improvement of cost structure, increased productivity and approaching industry benchmarks

## Integration Petrom 2008



<sup>1</sup> assumption total market Romania 2008 11.3 mn t  
total sales volume Romania 4.5 mn t, export 2 mn t

# Petrom First Milestones...

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- ▶ Management Committee in place with new organization
  - ▶ **Gheorghe Constantinescu**, CEO, Communication, HR, HSE
  - ▶ **Werner Schinhan**, Deputy CEO, Corporate Development, Corporate Affairs, Treasury, Chemicals
  - ▶ **Reinhard Pichler**, CFO
  - ▶ **Werner Ladwein**, Exploration & Production
  - ▶ **Florian Constantinescu**, Refining
  - ▶ **Tamas Mayer**, Marketing
- ▶ 12 quarter action plan for Petrom
- ▶ First price increases for natural gas
- ▶ Pump station prices in line with international quotations
- ▶ Introduction of new salary and incentive system for senior management



# Full Year 2004 Results A Year of Transformation

## Strong Financial Results

David Davies, CFO

# Financial Review

Q4/04	Q4/03	in EUR mn	2004	2003	+ / -
184	167	EBIT	926	644	44%
307	208	Clean EBIT	979	705	39%
14	(27)	Financial charges	28	(47)	—
198	140	Income from ord. activities	954	596	60%
320	181	Clean income from ord. act.	1,007	658	53%
(63)	(51)	Taxes on income	(312)	(203)	54%
135	90	Net income	642	393	63%
218	116	Clean net income	678	433	57%
5.0	3.3	EPS in EUR	23.8	14.6	63%
8.0	4.3	Clean EPS in EUR	25.1	16.1	56%
—	—	Dividend in EUR per share <sup>1</sup>	4.4	4.0	10%

<sup>1</sup> Proposal to the Annual Stockholders' Meeting for 2004



# Strong Cash Generation

in EUR mn	2004	2003	+ / -
Net income	642	393	63%
Depreciation	514	435	18%
Other	(182)	(25)	—
Sources of funds	974	803	21%
Decrease in net working capital	27	136	(80)%
Cash flow from operating activities	1,001	939	7%
Cash flow from investments	(1,115)	(1,589)	(30)%
Cash flow from disposal of assets	216	93	132%
Free cash flow pre dividend	102	(557)	—
Dividend	(108)	(97)	11%
Free cash flow	(6)	(654)	—



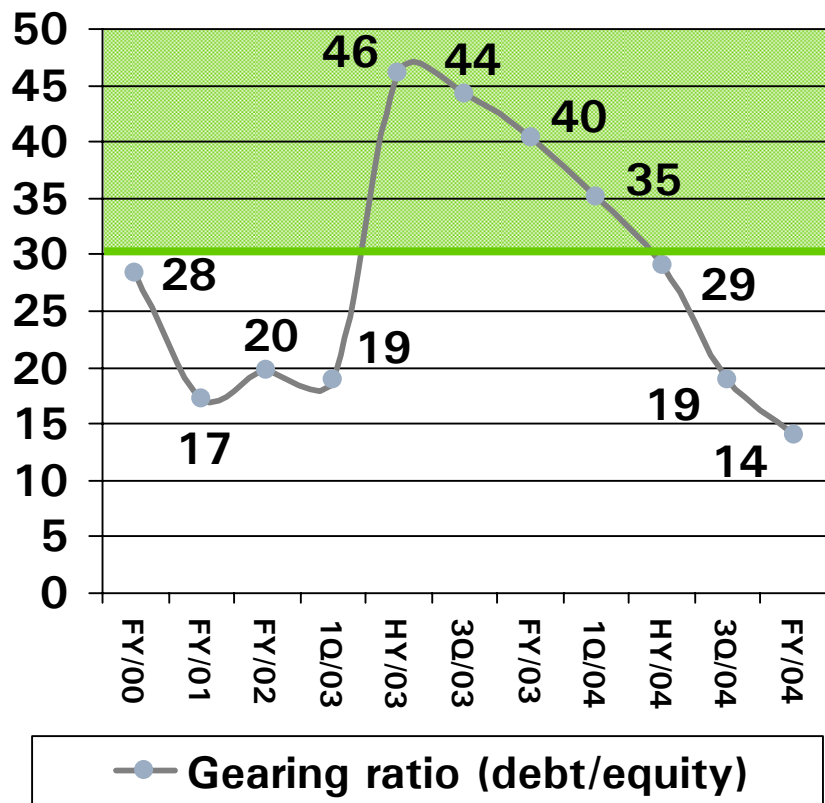
# 13% ROACE Remains Primary Goal

		2003	2004 incl. Petrom assets	2004 excl. Petrom assets	Target 2008 <sup>1</sup>
ROfA	E&P	24.9%	-	39.9%	20%
	R&M	14.6%	-	21.1%	12%/14%
	Gas	15.6%	-	15.8%	16%
	Chemicals	12.6%	-	7.0%	15%
ROfA	Group	16.4%	14.1%	22.4%	16%
ROACE	Group	11.6%	12.7%	15.9%	13%
ROE	Group	15.4%	15.9%	19.4%	16%-18%

<sup>1</sup> Mid cycle: Brent USD 18/bbl, EUR/USD 1:1, Refining margins USD 2/bbl



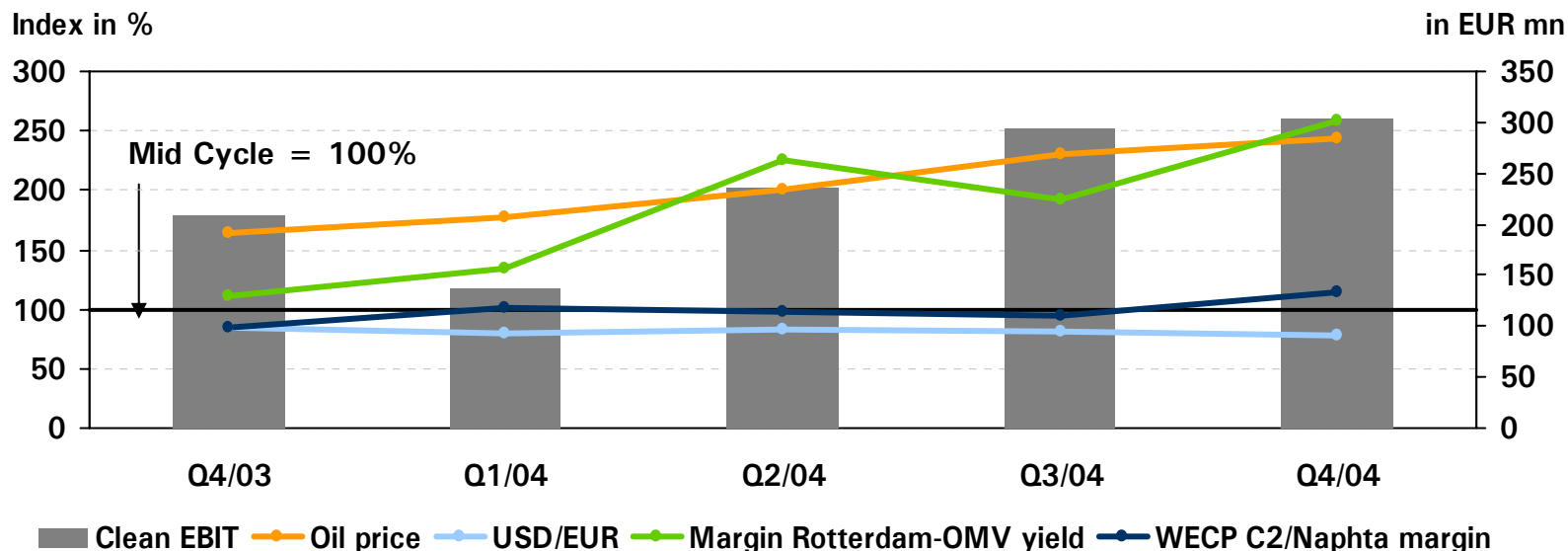
# Gearing Substantially Reduced



Gearing ratio target of  $\leq 30\%$

EUR mn	2004
Net debt	748
Cash in Petrom	1,067
<b>Net debt excl. cash in Petrom</b>	<b>1,815</b>
Equity	5,381
Minority interests	1,464
<b>Equity excl. minority interests</b>	<b>3,932</b>
<b>Adjusted gearing</b>	<b>46.2%</b>

# Positive Environment Continued



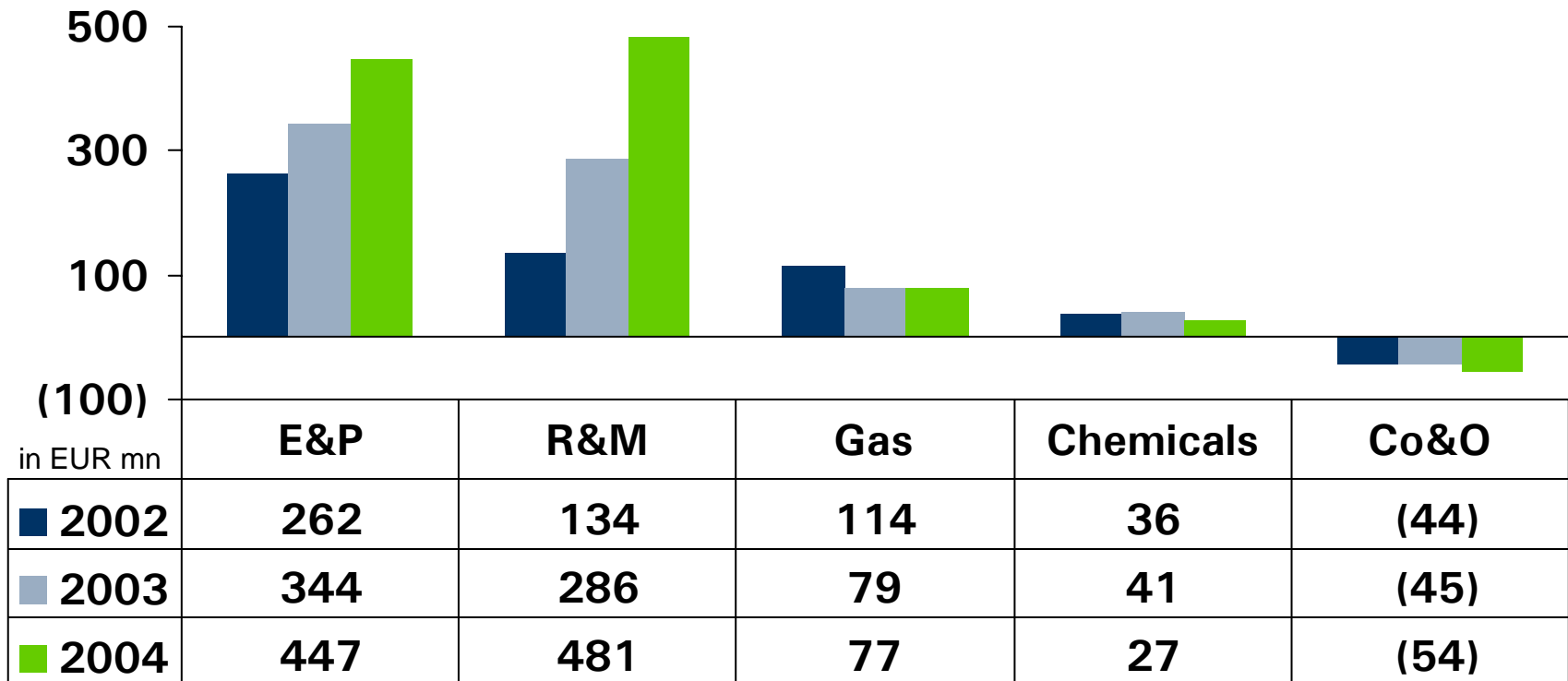
## Comparison to 2003:

- ▶ 2004: crude oil price Brent up 9.4 USD/bbl,  
refining margin up 1.45 USD/bbl, USD down 11.1 Euro-Cent
- ▶ Q4/04: crude oil price Brent up 14.6 USD/bbl,  
refining margin up 3 USD/bbl, USD down 9.3 Euro-Cent



# E&P and R&M Driving Profitability

OMV Group clean EBIT: FY 2004 EUR 979 mn; Q4/04 EUR 307 mn

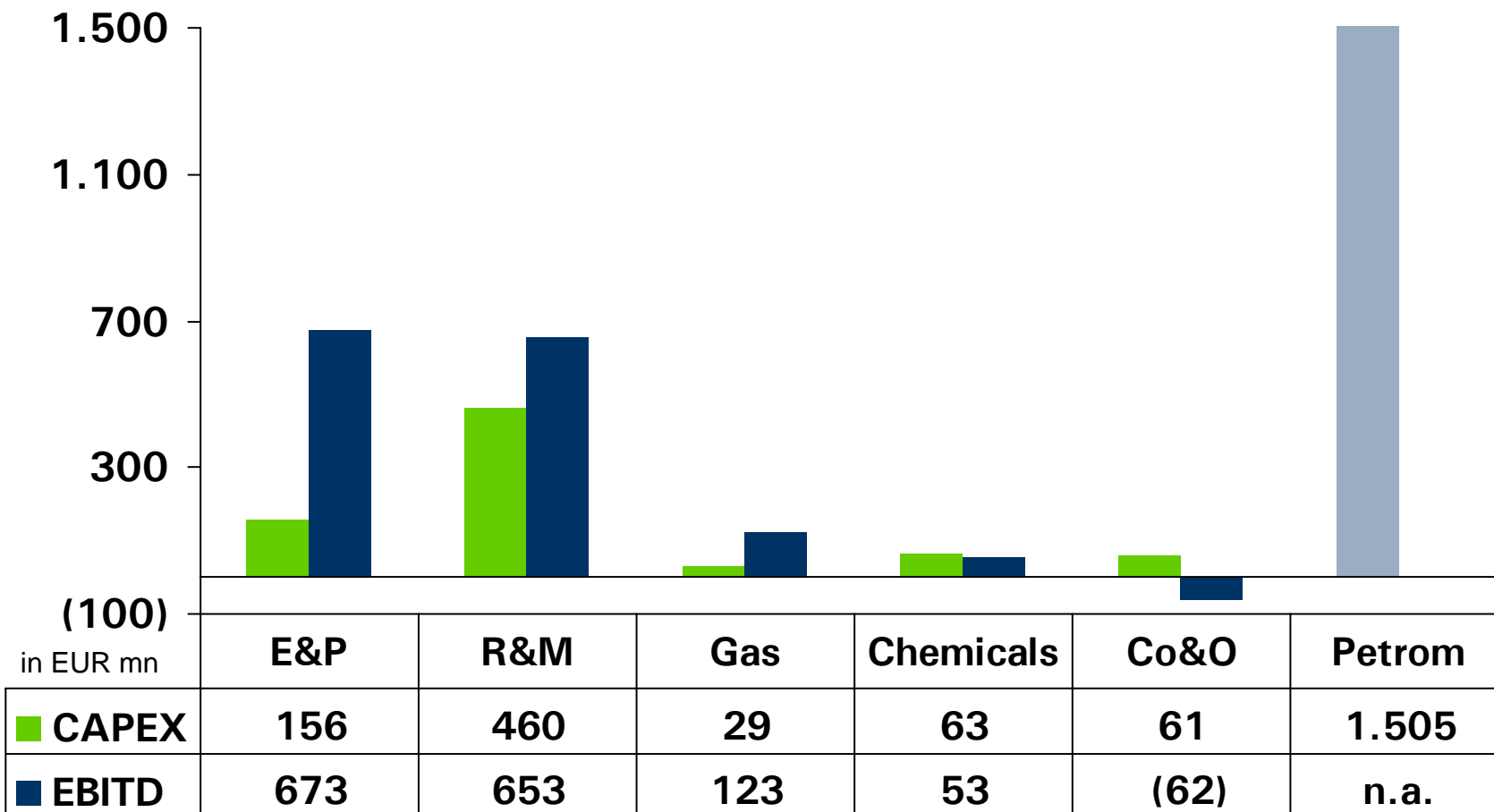


# Special Items

in EUR mn	Q4/04	2004	2003
<b>EBIT</b>	<b>184</b>	<b>926</b>	<b>644</b>
Personnel restructuring costs	51	73	35
Unscheduled depreciation	46	67	35
New calculation for abandonment			9
New pension regulation			(12)
Asset disposals		(114)	
Capital increase	23	23	
Other	3	4	(5)
<b>Total special items</b>	<b>123</b>	<b>53</b>	<b>61</b>
<b>Clean EBIT</b>	<b>307</b>	<b>979</b>	<b>705</b>



# CAPEX as a Driver for Long-term Profitability

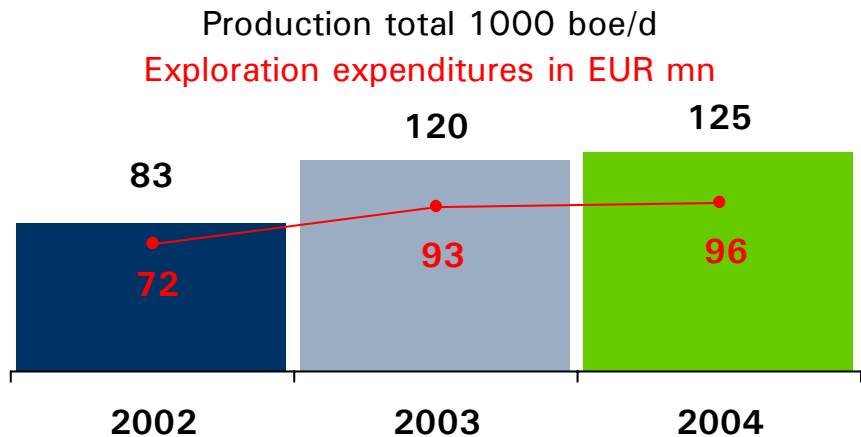


# Opening Balance Sheet of Petrom Applying Purchase Accounting as of November 30, 2004

in EUR mn	
Fixed assets	2,667
Inventories	385
Accounts receivable	534
Cash in hand, checks and cash at bank	1,064
Prepaid expenses and deferred charges	7
<b>Total assets</b>	<b>4,657</b>
Stockholders' equity	2,954
Provisions	222
Liabilities	507
Accrued decommissioning and environmental costs	961
Deferred income	13
<b>Total liabilities</b>	<b>4,657</b>

# E&P

## Benefiting from High Oil Price Environment



### 2004 in EUR mn

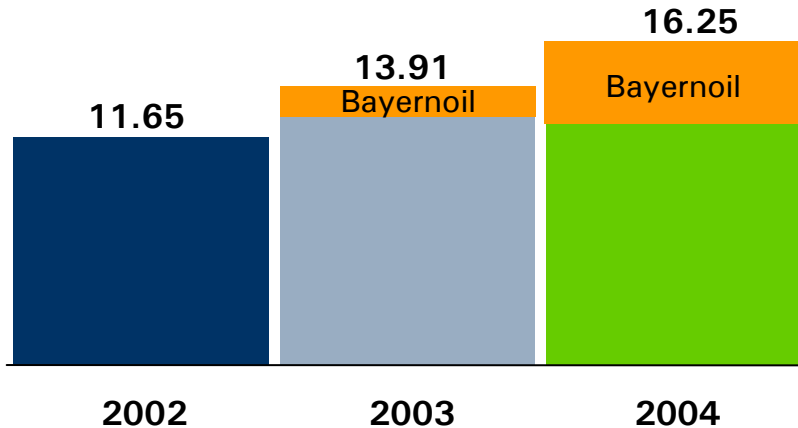
EBIT: 459 (↑ 51%)

Clean EBIT: 447 (↑ 30%)

- ▶ Production volumes up to 125,000 boe/d, up 5% due to Pakistan
- ▶ Realized oil price at USD 34/bbl up 27%
- ▶ Hedging expenses of EUR 48 mn
- ▶ Opex at USD 5.61/boe up 7%, mainly due to a weaker USD
- ▶ Extraordinary write-offs in assets EUR 50 mn (EUR 26 mn in Australia and EUR 20 mn in Ecuador), Sudan EUR 97 mn gain
- ▶ Exploration expenditures increased to EUR 96 mn

# R&M – Bayernoil and Strong Margins Drive Refining Results

Total refining production volume mn tons



## 2004 in EUR mn

**EBIT:** 442 (↑ 67%)

**Thereof PCh:** 93.7 (↑ 2%)

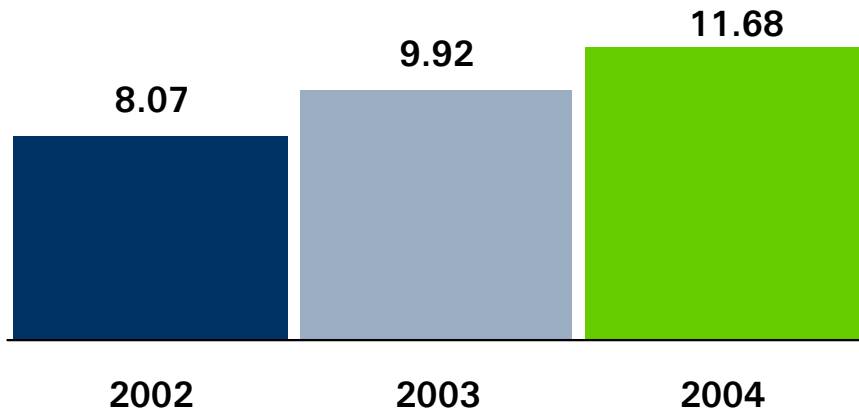
**Clean EBIT:** 481 (↑ 68%)

## Refining:

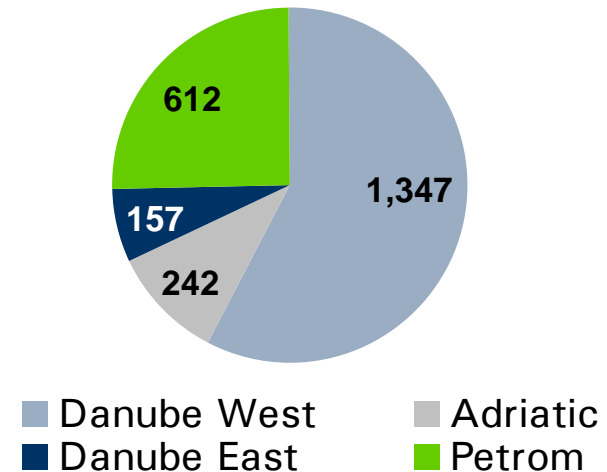
- ▶ Bulk production volumes increased by 19%
- ▶ Increased bulk margins and widened sweet-sour spread
- ▶ Petrochemical production volumes increased by 5%
- ▶ Petrochemical margins under pressure, due to high crude oil prices
- ▶ Hedging expenses of EUR 82 mn

# R&M – Increased Market Share but Marketing Margins Under Pressure

Marketing sales volume in mn tons



OMV retail network



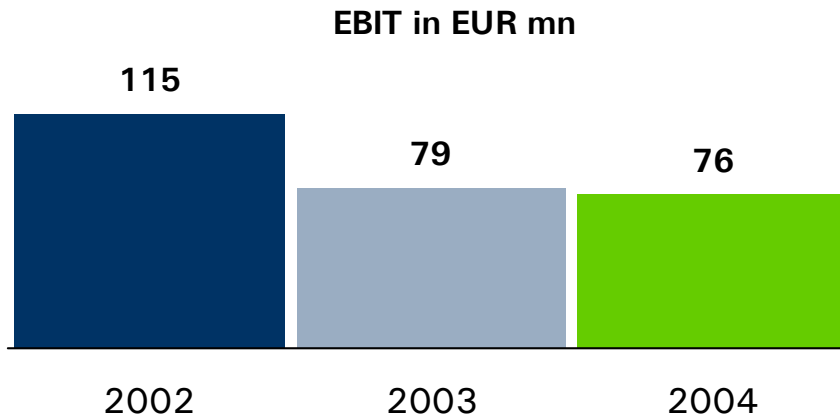
## Marketing:

- ▶ Retail sales volumes increased by 16%
- ▶ Percentage of filling stations with VIVA markets increased
- ▶ Retail margins remain under strong pressure (down by 8%)
- ▶ Market share reaches 14%, 2% increase compared to last year

# Gas

## Results Stabilized After Market Liberalization

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### 2004 in EUR mn

EBIT: 75.5 (↓ 4%)

Clean EBIT: 77.0 (↓ 3%)

- ▶ Transportation volumes sold increased by 2%
- ▶ Natural gas volumes sold decreased by 2%
- ▶ Higher expenses due to upgrading of measurement system at storage facilities (2004: EUR 8.5 mn)

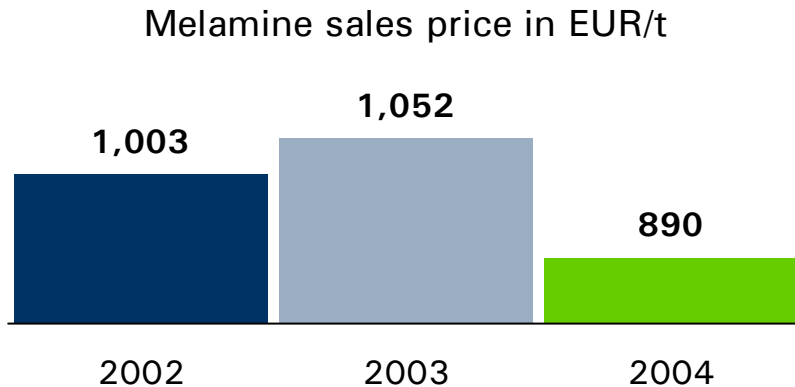
# Chemicals – Strong Fertilizer Business Partly Compensates Lower Melamine Margins

## 2004 in EUR mn

**EBIT:** 24.9 (↓ 42%)<sup>1</sup>

**Clean EBIT:** 27.5 (↓ 33%)<sup>1</sup>

<sup>1</sup> In contrast to 2004 the 2003 figures included Polyfelt



- ▶ Melamine margins down by 31% due to competitive price pressure and weaker USD
- ▶ Melamine sales volumes increased by 21%
- ▶ Fertilizer margins increased by 10%
- ▶ Fertilizer sales volumes remain stable
- ▶ Trial production in Piesteritz (Germany) commenced

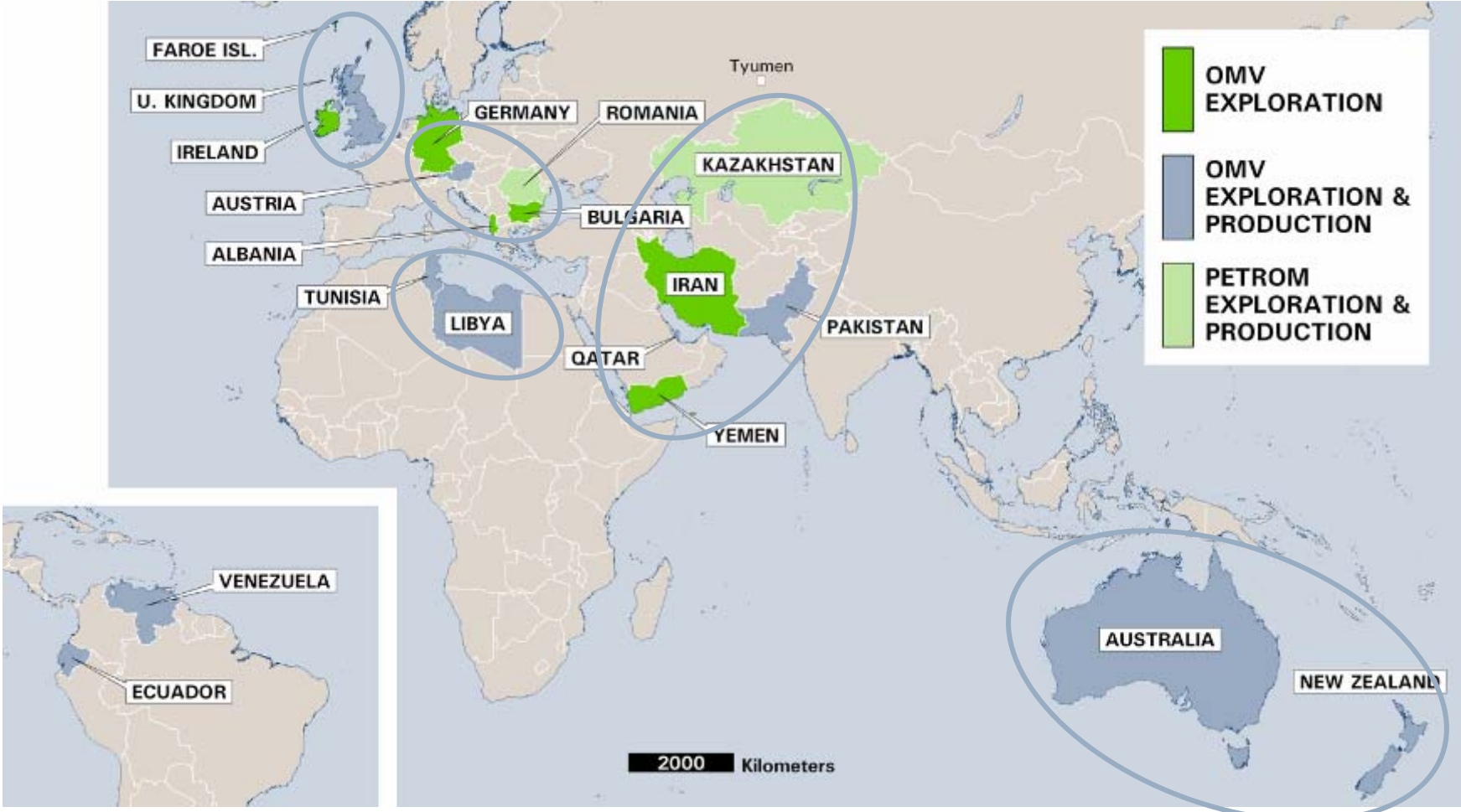
# Exploration & Production

A new Dimension with Petrom

Helmut Langanger, E&P



# OMV and Petrom – Solid Base for Further Growth



# 2004 – A Year of Transformation

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- ▶ Average production 125,000 boe/d, up 5%
- ▶ Year end proved reserves increased from 410 mn boe in 2003 to 1,409 mn boe, thereof Petrom 1,025 mn boe<sup>1</sup>
- ▶ Acquisition of Petrom provides:
  - ▶ Doubling of 2008 production target of 160,000 boe/d
  - ▶ Tripling of reserves
  - ▶ Growth potential in Kazakhstan
  - ▶ Highly experienced HR base
- ▶ E&P portfolio streamlined: sale of exploration activities in Sudan, Cabimas oil field in Venezuela and Australian gas assets
- ▶ Preussag assets successfully integrated

<sup>1</sup>Petrom: estimated proved reserves based on cumulative production 2005 to 2043

# Operational Highlights

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- ▶ Exploration and appraisal successes in UK, Libya, Iran, Austria
- ▶ North Sea:
  - ▶ OMV UK for the first time operator of exploration licenses
  - ▶ Oil field Howe on stream
  - ▶ Faeroe Islands: 5 exploration blocks acquired
- ▶ Pakistan:
  - ▶ First full year of production in Sawan
  - ▶ Production level doubled to 17,000 boe/d
- ▶ New Zealand:
  - ▶ Favorable gas prices agreed
  - ▶ Pohokura development started
- ▶ Russia: opened Tyumen office for evaluation of upstream projects in Western Siberia

# Proved Reserves and Production

## Proved Reserves

as of December 31, 2004 in mn boe

Austria and CEE	1,156
OMV	149
Petrom <sup>1</sup>	1,007
North Sea	33
North Africa	103
Middle East/Caspian	71
OMV	54
Petrom	17
Australia/New Zealand	30
South America	17
<b>TOTAL</b>	<b>1,409<sup>2</sup></b>

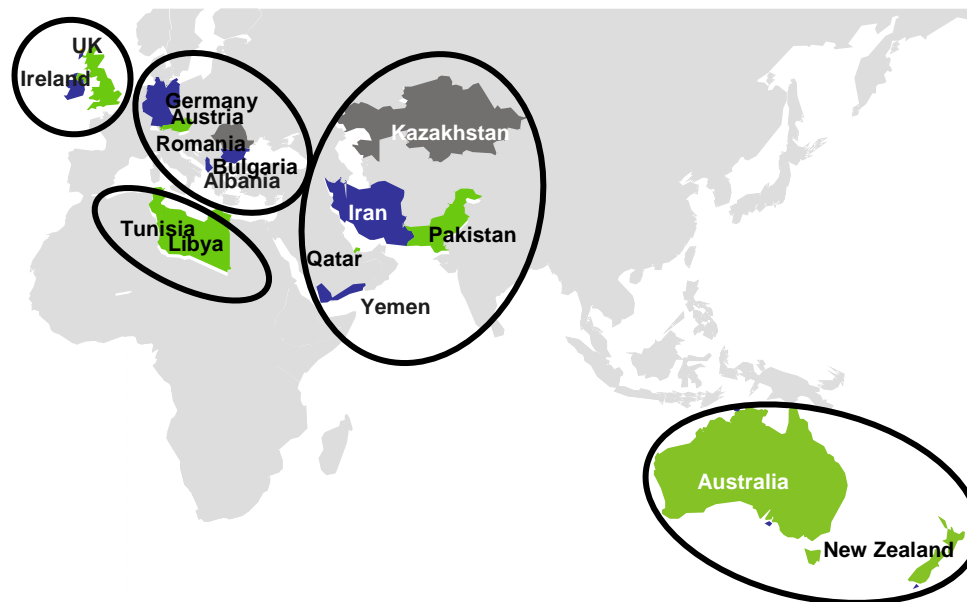
## Production in 2004, in boe/d

Austria and CEE	39,000
North Sea	15,000
North Africa	32,000
Middle East	18,000
Australia/New Zealand	10,000
South America	12,000
<b>TOTAL</b>	<b>125,000<sup>2</sup></b>

<sup>1</sup> Petrom: estimated proved reserves based on cumulative production 2005 to 2043

<sup>2</sup> rounded

## OMV's five core regions

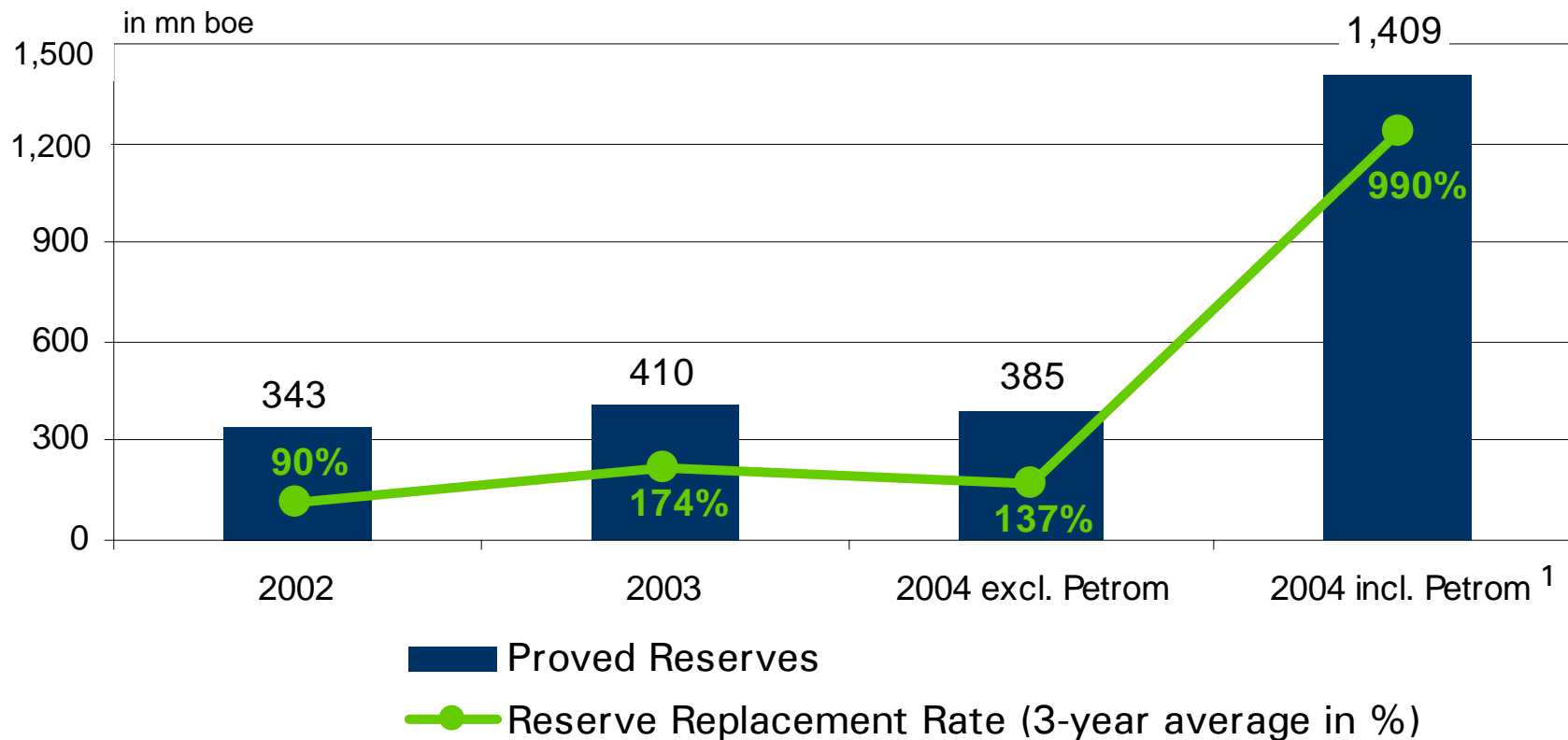


- OMV Exploration
- OMV Exploration Production
- Petrom Exploration Production

Graph excludes non-core assets: Ecuador and Venezuela

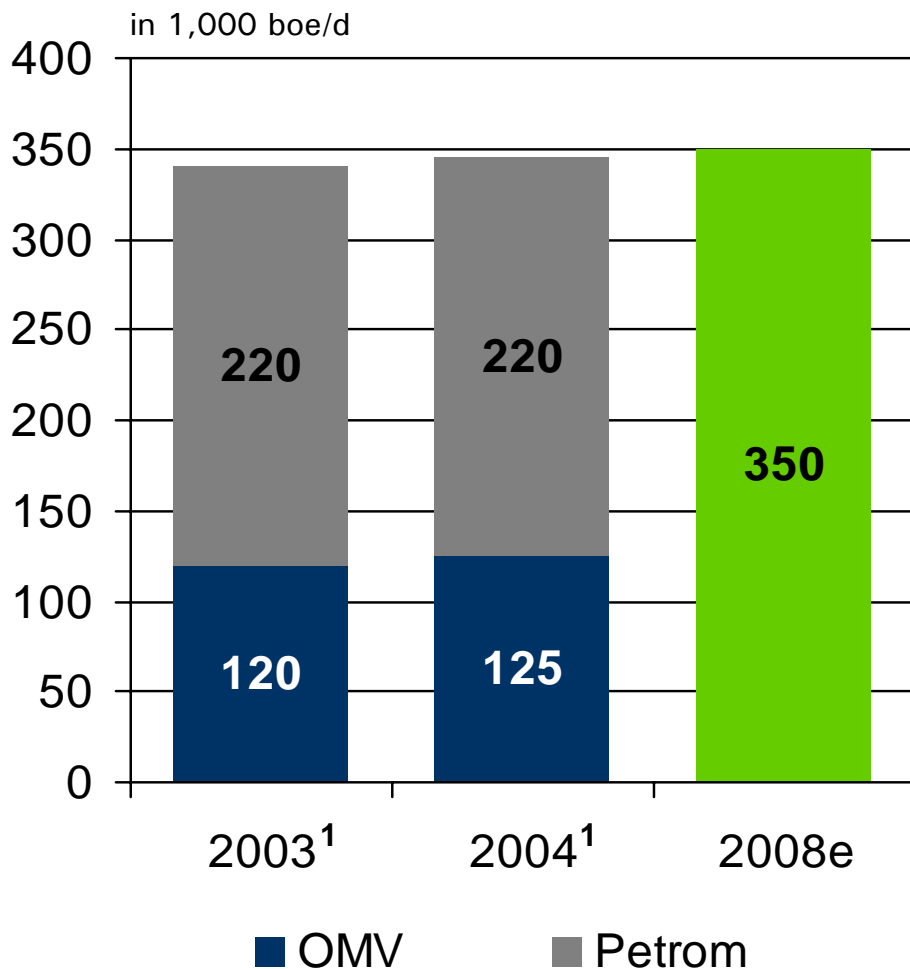


# Reserves Development – A Step Change



<sup>1</sup> Petrom, estimated proved reserves based on cumulative production 2005–2043

# Production Development OMV and Petrom



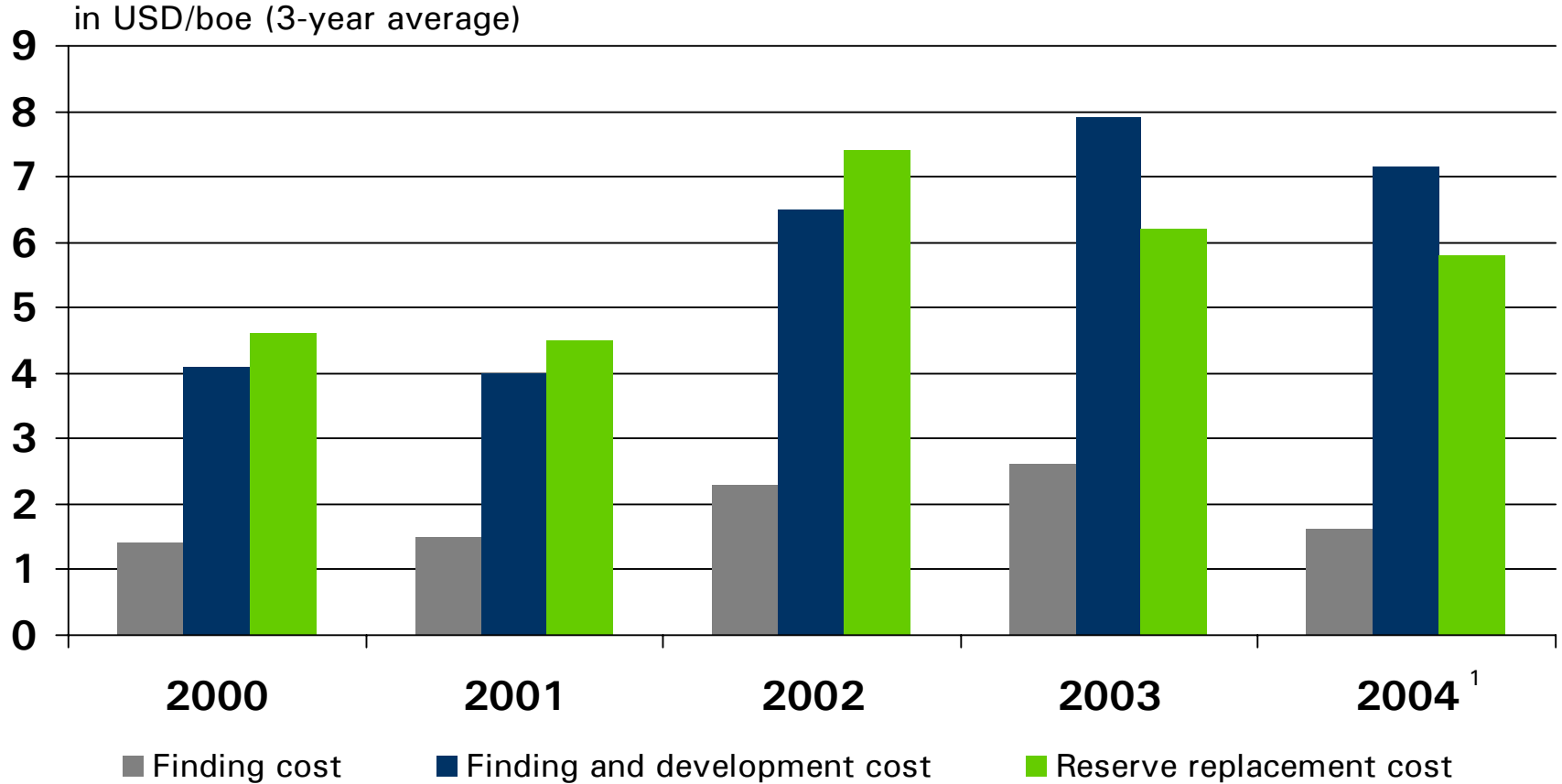
► Production split 2004:

OMV 60:40 oil:gas

Petrom 50:50 oil:gas

<sup>1</sup> Petrom pro forma

# Unit Cost Performance



<sup>1</sup> Sudan sale included

# Petrom Concession Areas in Romania



- ▶ Petrom is largest oil and gas producer in Romania
- ▶ Similar challenges as in Vienna Basin
- ▶ 300 oil and gas fields
- ▶ 13,800 oil wells; 1,400 gas wells
- ▶ 770 oil and gas plants; 15,000 km field pipelines

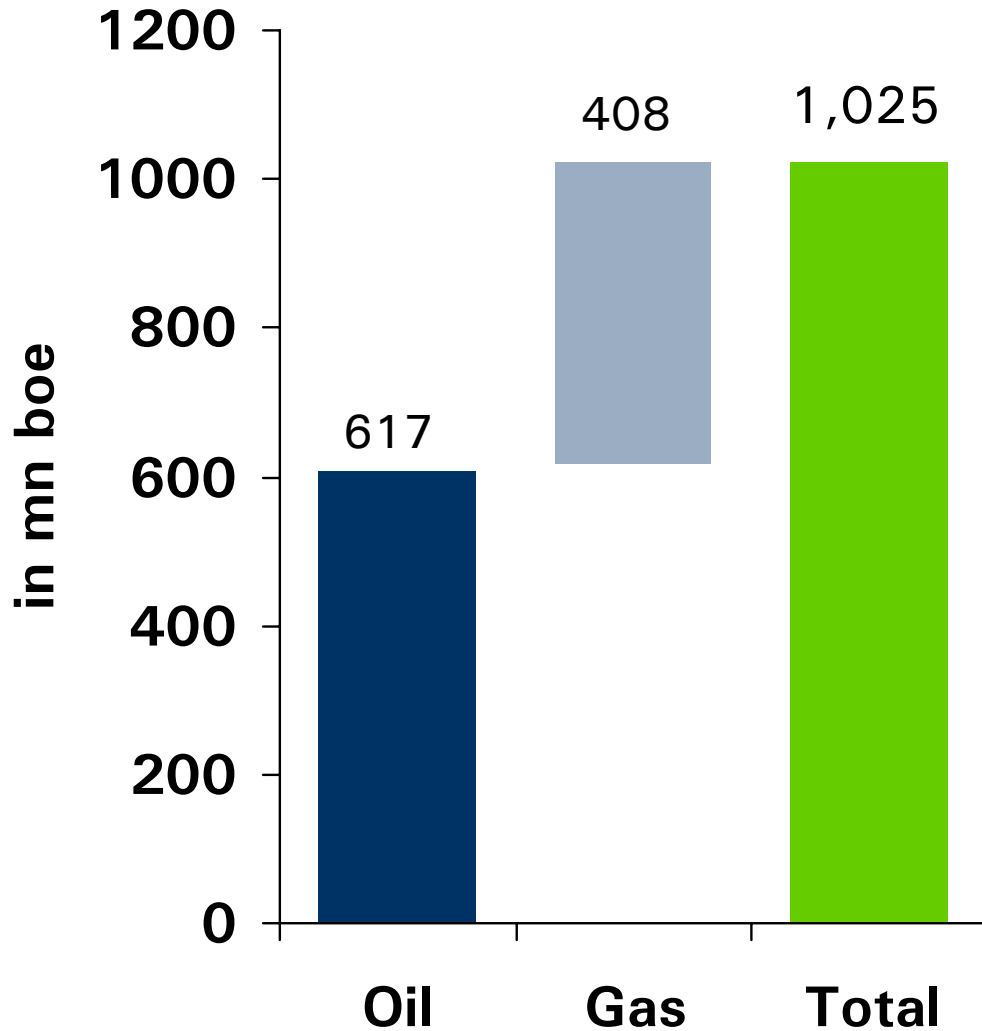


# Petrom Concession Areas in Kazakhstan



- ▶ 6 oil and gas licences
- ▶ Production 2004 approx. 2,000 bbl/d
- ▶ Growth potential to be evaluated

# Petrom Reserves – A Treasure to be Unlocked



- ▶ Estimated proved reserves based on cumulative production 2005–2043
- ▶ Production Petrom in 2004: 220,000 boe/d

# Petrom – Tremendous Opportunity for E&P

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- ▶ OMV's onshore skills and Petrom's resources offer a unique opportunity for added value
- ▶ Plan to repeat Vienna Basin success story
- ▶ Licenses in Kazakhstan provide a base for further growth
- ▶ Restructuring required to exploit value
- ▶ Development of gas market offers significant earnings potential
- ▶ Reserves audit planned for 2005/06
- ▶ Substantial challenges in HSEQ
- ▶ Introduce western standard business processes

# Petrom – Technology Key for Success

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- ▶ Conduct active exploration program based on 3D seismic
- ▶ Shut-in non-commercial wells
- ▶ Streamline plant configuration
- ▶ Implement automation of wells and facilities
- ▶ Extend running time of equipment
- ▶ Optimize artificial lifting system
- ▶ Redesign water flood patterns
- ▶ Increase efficiency of well interventions
- ▶ Improve abandonment of wells and facilities
- ▶ Apply state-of-the-art reservoir management

# Outlook 2005

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- ▶ Production of 330,000 boe/d – 340,000 boe/d
- ▶ Petrom
  - ▶ Stabilize production at 210,000 – 220,000 boe/d
  - ▶ Increase operational efficiency
  - ▶ Commence reserves audit
- ▶ Streamline portfolio, sell Latin American assets
- ▶ Strengthen core regions
- ▶ Continue Pohokura development
- ▶ Evaluate projects in Western Siberia
- ▶ Upgrade exploration portfolio
- ▶ Acquire producing properties

# Outlook 2005

Wolfgang Ruttenstorfer, CEO

# Outlook 2005: Weaker market environment will be compensated by Petrom's contribution

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- ▶ Group
  - ▶ Lower corporate tax rate
  - ▶ First year of reporting in IFRS
- ▶ Petrom
  - ▶ P&L will be included for the first time
  - ▶ High cost position aggravated by ROL exchange rate
  - ▶ Will be earnings accretive
- ▶ E&P
  - ▶ High oil price levels
  - ▶ Continuing weakness of USD
- ▶ R&M
  - ▶ Lower refining margins and 6 week turnaround in Schwechat
  - ▶ Improved market conditions in Marketing
- ▶ Gas
  - ▶ Slightly reduced results due to IFRS reporting
- ▶ Chemicals
  - ▶ Full production in Germany and higher melamine margins

# Investment Drivers

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- ▶ Leading position in the attractive CEE market
- ▶ Balanced and integrated asset portfolio
- ▶ Focused exploration and production portfolio with growth potential
- ▶ Strategically positioned in gas and chemicals
- ▶ Successful track record of growth and acquisitions